

FINANCIAL FOCUS



A Pegasus Newsletter®

October 2025

Dear friends,

After a long, choppy summer, markets found their footing as the Fed finally delivered its first rate cut in September. Stocks shook off early volatility, bond yields eased, and gold rose to new highs as the “higher for longer” messaging seemed to change. Still, with most of the gains driven by a few mega-cap names, the market’s late summer rally leaves plenty to watch as we head into the fall.

By, Jaysen Bohrod, CFA

Market Commentary

In the third quarter, U.S. Equities delivered strong gains, supported by resilient earnings, dovish central bank expectations and strong investor confidence. The S&P 500 continued its rise, up just under 14% for the year, driven by mega-caps, especially in tech and Artificial Intelligence sectors. The technology heavy Nasdaq Composite is up 17%. Valuations across many equity markets remain elevated, especially in the US, as indicated by the forward P/E of 23.6 for the S&P 500, compared to a historical P/E of around 20. These high multiples have several assumptions baked in like continued earnings growth and higher margins, but we could see downside risk if these factors don’t continue to be strong.

The fixed income landscape in the third quarter remained volatile with the Federal Reserve lowering its benchmark funds rate by 25 basis points, its first cut of the cycle. On the short end of the yield curve, the 3 month Treasury fell from ~4.25% to just under 4% as the anticipation of the Fed rate cut put downward pressure on the yields. The 2 year yield was ~3.90% for all of July before falling to just over 3.5% at the end of September and the 10 year yield fell from 4.4% to just over 4%. The larger declines at the long end of the curve highlighted the sensitivity of the longer duration bonds to shifts in yields. The September rate cut has very important implications across markets and the economy. Lower yields can reduce some of the

discount rate pressure on equities, giving room for higher valuations as long as earnings don’t disappoint. The policy shift toward easing often gives investors more of a risk appetite, boosting equity flows into more cyclical and small capitalization stocks.

Gold has continued its strong run for the year, trading at all time highs of around \$3,980 per ounce. Given the macroeconomic backdrop (uncertainty, rate cuts, inflation risks), gold’s role as a portfolio diversifier and hedge remains strong. Oil has come under some downward pressure to just over \$61 per barrel. OPEC+ has tried to manage production levels but actual production has risen. U.S output remains near record highs at around 13.6 million barrels per day

Looking ahead into Q4, a few key variables will likely shape performance. The path of Fed policy, timing and size of further interest rate cuts, is critical. Markets have already priced in additional cuts, and any surprises in inflation or employment data could pose a challenge. Equities may face volatility if rate cuts are delayed or economic growth slows. Globally, investors will monitor the US/China trade discussions as well as other geopolitical developments, especially in the Middle East as catalysts for downside risks. In general, Q3 delivered strong risk asset returns but the margin for error is narrowing as we head forward.



Schwab's Changes to Move Money Transactions

For better security, move money transactions requiring client approval will only be available via Schwab's e-Authorization or DocuSign. Paper forms are no longer accepted at Schwab for ACH transfers, wires, check requests, or internal account transfers.

To prevent any delays when you need to transfer money, please make sure you know your Schwab log in username & password and that your phone number is correct on your account profile (to receive a security code). To reset your Schwab username or password, call Schwab at 1-800-515-2157.

HOW TO MAKE YOUR IRA CONTRIBUTIONS FOR 2025

**Before contributing, first confirm the amount with your accountant*

From the Schwab Mobile App:

-Video Instructions on how to use the Mobile Check Deposit:

<https://www.schwab.com/content/how-to-mobile-deposit>

-Video Instructions on how to Transfer Funds on the Schwab Mobile App:

<https://www.schwab.com/content/how-to-transfer-funds-using-schwab-mobile>

From the Schwab Website:

-Log into your account at <https://www.schwaballiance.com>

-Click the "Move Money" tab at the top of the homepage

-Click the "Transfers & Payments" subtab

-Click "Online Transfers" if your bank account is already linked to Schwab

OR Click "Link or Delete External Bank Accounts" on the right side if it's not linked already

-Follow the instructions to do an "Inbound / Incoming" transfer. Be sure to select the correct account, the correct type of contribution and the correct year.

Update Your Contact Information On Your Schwab Account

Cancelled Your Landline? - For your security, delete it from your Schwab Profile

Recently Moved? - Correct your home AND mailing addresses

Have a birth or death in the family? - Check your primary AND contingent beneficiaries

Have a Cell Phone? - Make sure the number is on your Schwab Profile so you can receive 2-factor authentication security codes

Office/Market Closure Dates

Nov. 27 & 28, 2025 – Thanksgiving

Dec. 25, 2025 – Christmas



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Exclusive of charts

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Historical performance results for investment indices, benchmarks, and/or categories have been provided for general informational/comparison purposes only, and generally do not reflect the deduction of transaction and/or custodial charges, the deduction of an investment management fee, nor the impact of taxes, the inurrence of which would have the effect of decreasing historical performance results. It should not be assumed that your Pegasus account holdings correspond directly to any comparative indices or categories. **Please Also Note:** (1) performance results do not reflect the impact of taxes; (2) comparative benchmarks/indices may be more or less volatile than your Pegasus accounts; and, (3) a description of each comparative benchmark/index is available upon request.