



NEXUS

WEALTH MANAGEMENT

OCTOBER, 2026

Global Stock Market Review

What Helped, What Hurt, & Your Key Takeaways

COVERING SEPTEMBER & THIRD QUARTER 2026

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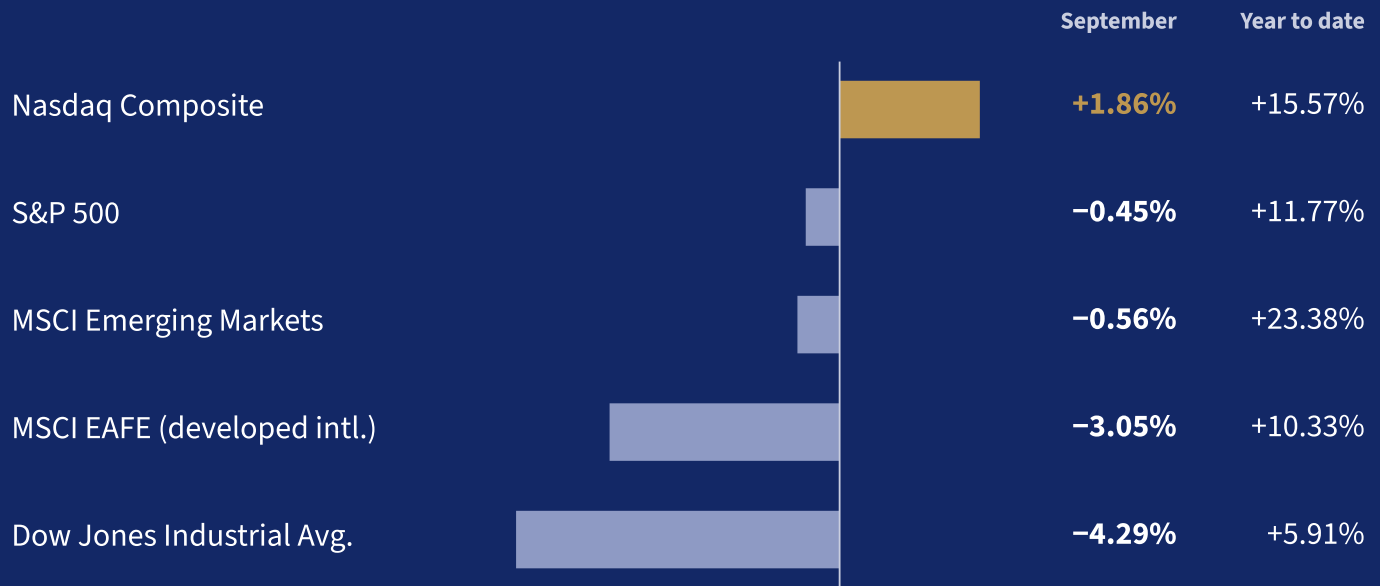
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Your Key Takeaways

Meet Robert Montes, CPFA®

Contact Info

September at a Glance



FED FUNDS TARGET

3.75%-4.00%

raised Sept. 16

10-YEAR TREASURY

5.29%

from 4.75% Aug. 31

3-MONTH T-BILL

4.20%

from 3.91% Aug. 31

BRENT CRUDE

~\$104

up ~42% for Q3

What it meant for a diversified mix: A simple hypothetical mix of 70% U.S. and 30% international stocks was up 1.50% for the third quarter and 11.71% for the year through September. That is steadier than any single headline index. It is closer to what a diversified household portfolio actually experiences.

September and year-to-date returns through Sept. 30, 2026; price returns for U.S. indexes; MSCI net total return in U.S. dollars. Hypothetical 70/30 = 70% Russell 1000 / 30% MSCI EAFE (net), rebalanced annually; index-based illustration, not an actual account; see Quarter in Review. You cannot invest directly in an index. Past performance is no guarantee of future results.

Introduction

Every month, our team sits down and reviews what happened across global stock markets. We pull it apart, figure out what mattered, and put it back together in a way that's actually useful — not just a wall of numbers, but a clear picture of where things stand and why.

The goal is simple. You should walk away from this recap understanding what helped the market, what got in the way, and what it all means for the decisions you're making about your financial future. That's it. No jargon, no noise — just the stuff that matters.

Markets move fast and the landscape shifts constantly. This overview is our way of making sure you're not left guessing. Think of it as a brief, honest summary of last month and our read on where things are headed next.

If you have questions — about this report, your investments, or anything else on your mind — reach out anytime. You can email me at Robert@NexusWealthManagement.org or call me directly at 406-369-3396. We're honored to be in your corner, and we don't take that lightly.





Key Market Drivers

1. Summary of the Month

September was a month of two markets. Technology carried the Nasdaq to a record high while most everything else gave ground. The Federal Reserve raised interest rates for the first time since 2023. Long-term Treasury yields climbed to their highest levels in nearly two decades. Oil stayed elevated with the Strait of Hormuz still far from normal. The S&P 500 finished slightly lower. The Dow had its weakest month since March. The year as a whole remains solidly positive. So if your September statement looked quieter than the headlines about record highs, don't be surprised: leadership was narrow, and higher yields weighed on almost everything outside of technology. So it was not uncommon to see portfolio values that didn't line up with the headlines about record growth.

2. Domestic Equity Performance Recap

- S&P 500: -0.45% in September, +11.77% YTD.
- Dow Jones Industrial Average: -4.29% in September, +5.91% YTD.
- Nasdaq Composite: +1.86% in September, +15.57% YTD.

The story this month was concentration and interest rates, not a change in corporate health. Technology and communication services led the major sectors. Utilities, real estate, and other rate-sensitive areas gave back ground as Treasury yields rose. Smaller companies felt it more — the Russell 2000 fell 5.40%. Third-quarter earnings reports begin in October, and expectations remain high. Consensus estimates still call for calendar-year 2026 S&P 500 earnings growth of roughly 31%. That's why we see September as a valuation adjustment rather than a break in the fundamental story.

3. Key Drivers

- The Fed raised rates. On September 16, the Federal Reserve voted 12-0 to raise the federal funds target by a quarter point to 3.75%–4.00% — its first increase since 2023. The median policymaker now expects one more increase before year-end.
- Inflation remained elevated. The August Consumer Price Index (CPI), released September 11, rose 0.4% for the month and 3.4% from a year earlier. Core CPI rose 0.3% for the month and 2.4% for the year. The Fed's preferred measure, August Personal Consumption Expenditures (PCE), released September 30, ran 3.4% on the headline and 3.0% on the core — slightly cooler than expected.
- Jobs held up. August payrolls rose 162,000 and unemployment stood at 4.1%. July, first reported as a decline, was revised to a gain of 21,000.
- Long-term yields moved sharply higher. The 10-year Treasury yield rose from 4.75% to 5.29% during the month, and the 30-year from 5.25% to 5.64%. Those are the highest levels in nearly two decades.
- Oil kept pressure on prices. Brent crude briefly traded above \$110 a barrel in mid-September and finished the quarter near \$104, up about 42% for the quarter. Crude shipments through the Strait of Hormuz have largely recovered under military escort, but fuel shipments remain constrained.
- Growth stayed resilient. Second-quarter GDP was revised up to a 2.2% annual rate, and August retail sales rose 1.2%.

Domestic Equity Overview



Positive Drivers of U.S. Equities

What Helped Performance

Technology and AI Leadership

Technology did the heavy lifting in September. The Nasdaq Composite rose 1.86% and set a record close of 27,244.28 on September 22. Technology and communication services led the major S&P 500 sectors while most others declined. We see artificial-intelligence investment as driven by committed, long-term spending on chips, power, and data centers — not by the cost of borrowing. J.P. Morgan made the same point after the Fed meeting: tighter policy is unlikely to change the course of AI-related capital spending.

A Resilient Economy

The economy gave the market a solid floor. Second-quarter GDP was revised up to a 2.2% annual rate from 1.5%. August retail sales rose 1.2%. Weekly jobless claims stayed low at 197,000 late in the month. August payrolls added 162,000 jobs with unemployment at 4.1%. The Fed's own projections now show 2026 growth of 2.3%. This is an economy strong enough to absorb higher rates — and that is the most important reason we remain constructive.

A Fed Acting on Inflation

A rate increase is rarely welcome news, but credibility matters. The Fed's statement said the move would support a timelier return to its 2% inflation goal. Its long-run inflation projection stayed anchored at 2.0%. We read the decision as a central bank protecting the purchasing power of your savings. BlackRock described it the same way: a hike that strengthens Fed credibility against a backdrop of stronger growth is, on balance, good news for risk assets.

A Cooler Inflation Print at Month-End

The month closed with welcome relief. August PCE inflation came in at 3.4% on the headline and 3.0% on the core — below what forecasters expected. Real consumer spending still rose 0.6%. After the release, markets reduced their bets on another rate increase in October. One report does not make a trend, but it was the right direction at the right time.

Strong Earnings Expectations

Corporate profits remain the foundation underneath this market. Consensus expectations still call for roughly 31% earnings growth for the S&P 500 in 2026. Over the past twelve months, earnings have carried this market through tariffs, an oil shock, and a turn in Fed policy from cutting to raising rates. Third-quarter earnings reports begin this month, and they will tell us more than September's prices did. Over time, stock prices follow profits, so that is where our attention is.



Negative Drivers of U.S. Equities

What Hurt Performance

The Highest Long-Term Yields in Nearly Two Decades

Here is the simplest way to think about September: **bond yields rose, and that competed with stocks.** The 10-year Treasury yield rose more than half a percentage point during the month to 5.29% — its highest level since 2007. A year ago it sat near 4.16%. When a Treasury pays more than 5% with little risk, investors pay less for each dollar of company earnings. So even though nothing changed in the underlying story, most of the market still finished the month lower.

Oil and the Strait of Hormuz

Energy remained a source of pressure. Brent crude briefly topped \$110 a barrel in mid-September, eased late in the month amid talk of reopening the Strait of Hormuz, and finished the quarter near \$104. Gasoline prices were 27.4% higher than a year earlier in the August CPI report. Diesel prices reached record highs as fuel shipments from the Middle East stayed constrained. Higher fuel costs act like a tax on households and businesses — and that weighed on consumer-facing companies during the month.

Rate-Sensitive Sectors Lost Ground

The sectors investors own for steady dividends had a difficult month. Utilities, real estate, and consumer staples were among the weakest areas as higher Treasury yields made their income less competitive. Real estate also carries higher borrowing costs when rates rise. These are the parts of a portfolio many households hold for stability — and September was a reminder that they are sensitive to interest rates.

Narrow Leadership: Small Companies and the Dow

Leadership was narrow. The Russell 2000 index of smaller companies fell 5.40% in September. The Dow fell 4.29% for its weakest month since March, ending a five-month winning streak. Smaller companies tend to rely more on borrowing, so higher rates matter more to them. When a few large technology names lift the headline index while the broader market declines, a diversified account can feel quite different from the news.

Softer Consumer Mood

Consumers are feeling the pinch. The University of Michigan sentiment index stood at 48.1 in late September. Households expected inflation of 4.6% over the coming year. Spending has held up so far. Still, a gap between how people feel and what they spend rarely lasts forever — and we are watching it closely.



International Equity Overview





Positive Drivers of International Equities

What Helped Performance

Emerging Markets Held Up Better

Emerging markets were the steadier part of the international picture. The MSCI Emerging Markets Index slipped just 0.56% in September — well ahead of developed markets — and it is up 23.38% year to date. Strong earnings and the Asian semiconductor supply chain tied to AI keep us constructive. BlackRock made the same call, moving emerging markets from neutral in August to overweight in September.

International Still Positive for the Year

One difficult month does not change the larger picture. The MSCI ACWI ex USA Index — covering both developed and emerging markets outside the United States — rose 1.60% for the third quarter and is up 13.03% year to date. That is a meaningful contribution to a diversified portfolio in a year when many investors questioned owning anything outside the United States.

Improving Earnings in Europe

Europe's corporate picture has improved. Earnings forecasts have strengthened as profitability has risen, even with higher energy costs in the background. We stay selective rather than broadly overweight. Franklin Templeton flagged the same improvement in its September work — a sign that Europe deserves a place in the conversation.

Selectivity Pays Abroad

Results inside international markets have been anything but uniform. In China, the broad MSCI China index was down about 11% this year through September 21, while its information technology segment was up about 7%. That gap is why we invest abroad with purpose — owning the right parts of a market matters more than owning a country label. BlackRock made the same point.



Negative Drivers of International Equities

What Hurt Performance

Developed Markets Pulled Back

Developed international markets had a difficult month. The MSCI EAFE Index — covering Europe, Australasia, and the Far East — fell 3.05% in September in U.S. dollar terms, and the MSCI World Index fell 1.19%. After a strong first half, developed markets were more exposed to higher energy prices and rising global yields.

Energy Costs for Importing Nations

Europe and Japan import much of their energy, so a prolonged oil shock matters more there than it does in the United States. With Brent up about 42% for the third quarter and shipping through the Strait of Hormuz still far from normal, energy-importing economies carried a heavier burden. That pressure showed up in developed-market returns more than in emerging ones.

Rising Global Yields

The rise in yields was not only an American story. Government bond yields climbed around the world to multi-decade highs, with the European Central Bank also tightening policy and the Bank of Japan expected to raise rates. Higher yields abroad weigh on stock valuations the same way they do at home. BlackRock and J.P. Morgan both described this global move.

A Firmer U.S. Dollar

The dollar edged higher over the third quarter. A stronger dollar shrinks the value of international returns once they are translated back into dollars. It is a reminder that international results and local-currency results are not the same number — part of the difference you see in your international holdings is the currency, not the companies.

Geopolitics and Trade

Geopolitical risk stayed part of the backdrop, from the Middle East to trade and technology tensions between the United States and China. Markets have been resilient, but these risks are not resolved. They matter most for regions with direct energy and trade exposure — which is why we size international positions with care rather than treating every pullback as an invitation.



Domestic Fixed Income Overview



Positive Drivers of Domestic Fixed Income

What Helped Performance

Income at the Highest Starting Yields in Years

Higher yields hurt bond prices in the short run. But they also raise the income bonds pay. At the end of September, the three-month Treasury bill yielded 4.20%, the 2-year 4.88%, and the 10-year 5.29%. Starting yield has historically been one of the most reliable guides to long-term bond returns. Today's starting point is far more attractive than what investors faced for most of the past decade. Vanguard made the same point after the Fed's decision.

Shorter Maturities Held Up Better

Positioning mattered. Shorter-term bonds are less sensitive to rate changes. So they held up better than long-dated Treasuries as yields climbed. We continue to prefer short- and intermediate-term bonds for income over a large bet on long maturities. BlackRock holds the same preference.

A Credible Fed

The Fed's decision to act supports bondholders over time. Persistent inflation is the biggest long-term risk to what a bond pays. A central bank that takes inflation seriously helps protect that value. The Fed's long-run inflation projection stayed at 2.0%. The cooler August PCE reading at month-end was an encouraging sign.

A Cushion if Growth Slows

Bonds still serve an important purpose in a portfolio. If the economy slows meaningfully, the Fed would likely lower rates. Today's higher yields give bonds more room to rise in price than they had in 2022. Vanguard shares that view. That cushion is one reason we keep bonds in portfolios — even in a year when they have been uncomfortable to own.



Negative Drivers of Domestic Fixed Income

What Hurt Performance

A Sharp Rise in Long-Term Yields

September was difficult for longer-term bonds. The 10-year Treasury yield rose from 4.75% to 5.29% during the month. The 30-year rose from 5.25% to 5.64%. When yields rise, prices on existing bonds fall — and longer maturities feel it most. That is the central fixed-income story of the month.

A Fed Raising Rates

A year ago, the Fed was cutting interest rates. This September, it raised them to 3.75%–4.00%. The median policymaker expects one more increase before year-end. That is a meaningful change in direction over twelve months. Vanguard now expects one more increase, to 4.00%–4.25%, by year-end — a change from the hold it described this summer. Markets are pricing more increases than Fed officials have signaled. That gap keeps short-term yields elevated.

Inflation That Has Not Fully Cooled

Inflation has improved in places. But it has not finished the job. August producer prices were up 5.4% from a year earlier. Energy prices in the August CPI were up 16.3%. Until those pressures ease, investors will want to be paid more to lend for long periods. That keeps upward pressure on long-term yields.

Deficits and Heavy Borrowing

The supply of bonds keeps growing. Persistent federal deficits and heavy corporate borrowing tied to the AI investment cycle mean more bonds competing for the same pool of buyers. Investors are asking for more compensation to hold longer-term debt as a result. Vanguard and BlackRock both pointed to this pressure.

Bonds Have Not Always Offset Stock Declines

In September, both stocks and long-term bonds declined in the same month. When inflation and rates drive markets, bonds have been a less dependable offset to stock declines than in past decades. That is why we treat Treasuries as a source of income first and keep diversification broad — rather than relying on long-term bonds alone to steady a portfolio.



Quarter in Review

Third Quarter 2026 and the Long View

Index returns through September 30, 2026 (total return, U.S. dollars)

Period	Russell 1000	MSCI EAFE (net)	Hypothetical 70/30
Third Quarter 2026	+1.80%	+0.81%	+1.50%
Year to Date 2026	+12.30%	+10.33%	+11.71%
5 Years (annualized)	+13.01%	+9.32%	+11.94%
10 Years (annualized)	+15.04%	+9.07%	+13.29%
20 Years (annualized)	+11.16%	+5.38%	+9.48%

The quarter was positive for both U.S. and international stocks, even with a rough September. The longer stretches tell the more important story. Over twenty years — through the 2008 financial crisis, the 2020 pandemic, and the 2022 bear market — a simple mix of 70% U.S. and 30% international stocks grew about 9.5% per year. Staying invested through the hard parts did the work. The blend trailed the U.S. index over those periods, but international stocks led in other stretches, including 2025. Diversification is about owning more than one source of return, not predicting which one will lead.

How we calculated this: The hypothetical 70/30 portfolio holds 70% Russell 1000 Index (U.S. stocks) and 30% MSCI EAFE Index (developed international stocks), both total return in U.S. dollars, with MSCI EAFE shown net of dividend withholding taxes. Quarter and year-to-date figures assume a 70/30 mix at the start of each period. The 5-, 10-, and 20-year figures compound twelve-month returns ending each September 30, rebalanced to 70/30 once a year. Returns for periods ending September 30, 2026 were calculated from official FTSE Russell and MSCI index levels, because the September 30 index factsheets had not yet been published.

Hypothetical illustration using index returns only. Results do not reflect any fees, expenses, or taxes, and do not represent any actual account or investment. You cannot invest directly in an index. Past performance is no guarantee of future results.



Your Key Takeaways

At Nexus Wealth Management, we're committed to helping you build wealth over the long term — not just for the next quarter or year, but for decades. Markets will always fluctuate, but our focus is on a clear, actionable investing approach that stands the test of time. Here's our guidance on best practices and next steps for securing your financial future through long-term investing, along with some of the steps our team is already taking on your behalf.

A quiet September inside a solid year.

Focus – The S&P 500 slipped 0.45% in September and the Dow fell 4.29%, while the Nasdaq rose 1.86% to a record. For the year, the S&P 500 is up 11.77% and the Nasdaq 15.57%. Leadership was narrow, so a diversified account may have felt softer than the headlines about record highs.

Key Insight – A single month rarely changes a long-term plan. The economy stays resilient and earnings expectations stay strong. That is why we see September as a pause driven by interest rates, not a change in direction.

Next Step – We are reviewing how September showed up across client accounts, so the plan — not a single statement — stays the guide.

Interest rates are the story to watch.

Focus – The Fed raised rates to 3.75%–4.00%, and the 10-year Treasury yield ended the month at 5.29% — up from about 4.16% a year ago. Higher rates touch stock valuations, bond prices, and borrowing costs all at once. For many families in Western Montana, that shows up in mortgage rates near 7%, higher yields on cash, and at the pump, where diesel has hit record highs.

Key Insight – Higher rates cut both ways. They make borrowing more expensive, and they make cash and short-term bonds more rewarding than they have been in years. Duration is a choice, not a default.

Next Step – We are monitoring duration, credit quality, and income positioning, and reviewing cash reserves so idle balances are working for you.

Diversification still earns its keep.

Focus – Emerging markets held up better than developed international markets in September, and international stocks remain up double digits for the year. The Quarter in Review page shows how a simple 70/30 U.S. and international mix has compounded over twenty years.

Key Insight – International exposure is not a bet that other markets will beat the United States in any given month. It is a way to own a different mix of companies, currencies, and risks, so no single market becomes the whole portfolio.

Next Step – We continue to evaluate global allocation targets and rebalance where appropriate, so U.S. technology leadership does not quietly become the whole portfolio.

Stay invested and stay selective.

Focus – Technology remains the market's engine, and that concentration can turn quickly. The long-term record rewards investors who stay the course through months like this one. Our approach is to stay constructive, selective, and disciplined about the price we pay.

Key Insight – Staying invested and staying selective are not in conflict. The investors who do best over decades tend to own quality, keep their balance, and avoid reacting to every headline.

Next Step – We stay on your personalized plan, making measured adjustments only when they support your long-term objectives. We will report back after third-quarter earnings season.

A good time to talk

September was a good reminder that a quiet statement and a noisy headline can both be true. If anything in this review raised a question, here are three conversations we are glad to have this fall.

- **A portfolio review.** With leadership this narrow, it is worth checking that your mix has not become more concentrated than you intended.
- **Cash and old accounts.** The three-month Treasury bill yielded 4.20% at the end of September. If you have idle cash or a 401(k) still with a former employer, we can walk through your options together.
- **Someone you care about.** If a friend or family member is uneasy about the headlines, we are happy to offer a second opinion.

Call 406-369-3396 or email Robert@NexusWealthManagement.org.



Meet Robert Montes, CPFA®

Robert Montes, CPFA®, has dedicated 17 years to the financial services industry since starting his career in 2006 — and every one of those years has shaped the advisor he is today. His journey took a remarkable turn when he paused his advising career to serve as an Army Ranger with the 2nd Ranger Battalion, deploying to Afghanistan as an infantryman in the Global War on Terrorism. That experience deepened what was already there — a genuine commitment to serving others — and it's the same instinct he brings to every client relationship now.

As a Certified Plan Fiduciary Advisor, Robert focuses on helping plan sponsors optimize retirement plans that attract and retain talent. He works alongside employers to build plans that do more than check a compliance box — plans that empower participants to achieve successful financial outcomes through real guidance on savings, investments, and financial literacy. His team works with around 950 households and manages approximately 1,300 client accounts.

When he steps away from the office, Robert's time belongs to his wife, Katie, and their children, Addison and Lincoln. He stays sharp through Jiu Jitsu and teaching shooting skills — two pursuits that, in their own ways, come down to discipline, focus, and putting in the work.

Contact Info

Nexus Wealth Management

2901 W. Broadway #210

Missoula, Mt 59808

406.369.3396

Robert@NexusWealthManagement.org

www.NexusWealthManagement.org

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