

STOCKS CONTINUE THEIR CLIMB IN AUGUST

SEPTEMBER 2025

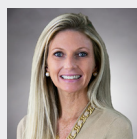


In August, major market indices posted solid gains. U.S. equities rose for a fourth consecutive month, with the S&P 500 Index up 2% and the Dow Jones Industrial Average rising nearly 3.4% for the month. International stocks also ended higher with a monthly return of 4% for the MSCI EAFE Index. Building on these gains, the S&P 500 has advanced almost 11% year-to-date through August, while the MSCI EAFE Index has surged nearly 23%.

In a reversal from the first seven months of 2025, smaller companies outperformed their larger counterparts in August. The Russell 2000 Index of small stocks rose over 7% in August and placed the small-cap index in positive territory for the first eight months of 2025. Interest rate expectations were a significant factor in the small-cap outperformance as investors anticipated potential rate cuts by the Federal Reserve. In its August meeting, the Fed signaled a potential rate cut in September due to a cooling U.S. labor market. Rate cuts lower borrowing costs of capital and could potentially boost consumer spending. In general, smaller companies are more impacted by interest rates as they often rely on financing to fund growth.

Finally, as it relates to S&P sector performance, Materials, Health Care and Energy stocks rose the most in August. The only sector to experience negative performance in the month was the yield-sensitive Utilities, as investors anticipated lower interest rates in the future.

As we move into the final months of the year, take a moment to check in on your finances. Are your short-term needs covered through an emergency fund? Are you making progress on long-term goals, such as saving for a child's education or your retirement? Your Jemma Financial Advisor can help walk you through it all.



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