



# Q3

## Quarterly Market Review

Third Quarter 2025



## 2025 Q3 Market Review

All the major asset classes\* rose in Q3 2025, and for Year to date. US equities and emerging market equities were the stronger performers in Q3. The key takeaway: a well-diversified portfolio remains critical for preserving and growing wealth over the long term.

In terms of major events, Q3 2025 was relatively quiet compared to the first half of the year—which saw a trade war in early April, escalating conflict in the Middle East, and ultimately the U.S. bombing of Iran’s nuclear facilities. The OBBB tax bill also passed in early Q3. And, looking ahead, I now expect a positive year for financial markets in 2025.

Favorable trends that should help in Q4 2025 include: strong corporate fundamentals e.g. robust earnings, good margins and healthy balance sheets. A high likelihood of a Fed rate cut. More tax clarity for investors following the OBBB. And, continued inflows in to AI projects due to investor enthusiasm for these projects.

But, the simmering negative economic and geopolitical events also remain - The trade war & tariffs, wars in the Middle East and Ukraine, unsettled US politics and a government shut down etc. The current thinking is that these simmering events are more likely to have a negative impact in 2026 rather than in 2025.

Earlier this year, I said: “I do not plan to make significant portfolio changes until markets settle. Trading during turmoil often amounts to market timing, which rarely works.” So far, this decision has served us well.

Of course, unexpected headline events can occur at any time, but such shocks cannot be reliably forecast. More importantly, they should not be a major concern for clients with well-structured, long-term investment portfolios designed to weather poor periods.

Rest assured, I continue to monitor both the markets and the portfolios clients have entrusted to me. Our carefully selected investments provide diversified exposure to hundreds of leading global companies across all the key economic sectors, and across global financial markets. These portfolios may fluctuate during market downturns, but are positioned to recover and grow as global economies stabilize and expand.

Our long-term philosophy for high-net-worth investors remains clear: diversify across major asset classes, maintain an equity bias to capture growth, and relentlessly control costs. We believe this is a very feasible strategy for building wealth and ensuring a secure retirement.

\*Asset classes: Cash, Fixed Income, Equities, Real Estate, and Commodities—covering the investable universe.

8 Oct 2025

## **Our evidence-based Investment Philosophy**

*We seek to double clients' wealth every 10-12 years and to do it without exposing portfolios to the risk of a permanent loss of capital. Our objective is to preserve the money you invest with us and to maintain its value over time. Of course, performance cannot be guaranteed, and past performance is not indicative of future results.*

*Our portfolios are sensibly diversified across the five main asset classes, and with markets becoming increasingly global, we seek opportunities regardless of where they are located.*

*We strive to manage investments prudently, using the value-style oriented approach of buying high quality investments when they are available at attractive (inexpensive) prices.*

*We select investments to get better total returns fully recognizing that risk management, cash requirements, tax considerations, social investing demand, etc. may reduce returns of portfolios.*

*We use both active and indexed portfolio management techniques depending on market conditions. When markets offer opportunities, or as we uncover compelling ideas, active portfolio management is useful. At other times our default position is to use evidence-based indexed investments.*

*We believe that market conditions are important, especially when clients add to or withdraw capital. At these times, we pay attention to market trends based on the relative attractiveness of major asset classes and our expectations about their future performance. But normally, we do not attempt to time the market; research suggests it is futile.*

*We use fundamental techniques, quantitative approaches, and behavioral finance to guide us when we buy and sell securities and strive to take the least amount of risk that is consistent with a client's objectives – as distinct from shooting for the highest returns.*

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*Past performance is not a guide to future performance.*

*DorchesterAdvisors is a Registered Investment Advisor in NJ, NY and MI.*

# Quarterly Market Review

This report features world capital market performance and a timeline of events for the past quarter. It begins with a global overview, then features the returns of stock and bond asset classes in the US and international markets. The report concludes with a quarterly topic.

## Overview:

Market Summary

World Stock Market Performance

US Stocks

International Developed Stocks

Emerging Markets Stocks

Country Returns

Real Estate Investment Trusts (REITs)

Commodities







Fixed Income

Global Fixed Income

Quarterly Topic: AI Is Everywhere,  
Including Your Portfolio

# Quarterly Market Summary































Returns (USD), as of September 30, 2025

	Stocks				Bonds	
	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
<b>Q3 2025</b>	8.18% 	5.33% 	10.64% 	4.22% 	2.03% 	0.49% 
<b>Since January 2001</b>						
Average Quarterly Return	2.5%	1.8%	2.7%	2.2%	1.0%	0.9%
Best Quarter	22.0% <b>2020 Q2</b>	25.9% <b>2009 Q2</b>	34.7% <b>2009 Q2</b>	32.3% <b>2009 Q3</b>	6.8% <b>2023 Q4</b>	5.4% <b>2023 Q4</b>
Worst Quarter	-22.8% <b>2008 Q4</b>	-23.3% <b>2020 Q1</b>	-27.6% <b>2008 Q4</b>	-36.1% <b>2008 Q4</b>	-5.9% <b>2022 Q1</b>	-4.1% <b>2022 Q1</b>

**Past performance is not a guarantee of future results.** Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), International Developed Stocks (MSCI World ex USA Index [net dividends]), Emerging Markets (MSCI Emerging Markets Index [net dividends]), Global Real Estate (S&P Global REIT Index [net dividends]), US Bond Market (Bloomberg US Aggregate Bond Index), and Global Bond Market ex US (Bloomberg Global Aggregate ex-USD Bond Index [hedged to USD]). S&P data © 2025 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2025, all rights reserved. Bloomberg data provided by Bloomberg.

# Long-Term Market Summary

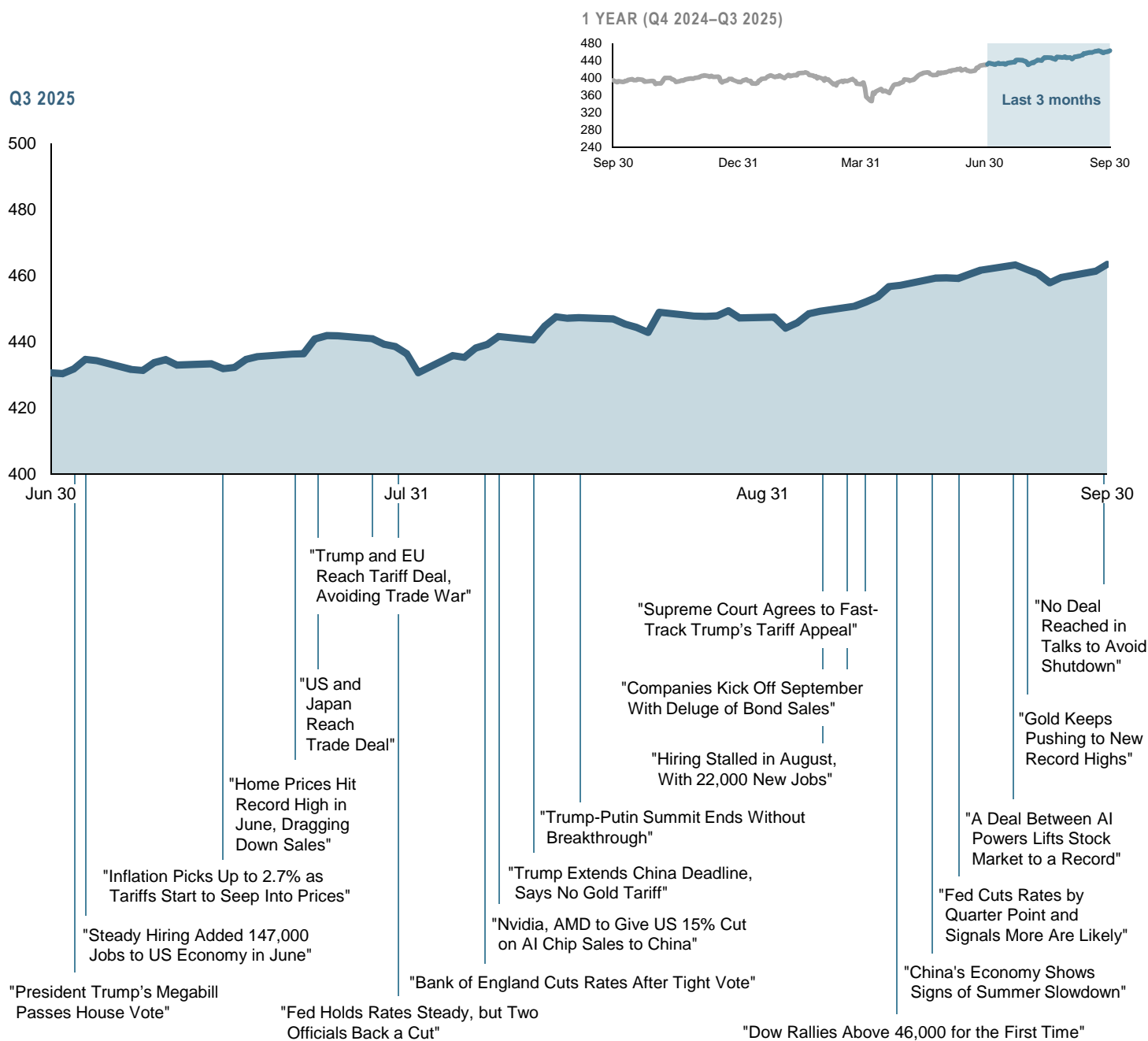
Returns (USD), as of September 30, 2025

	Stocks				Bonds	
	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
1 Year	17.41% 	16.03% 	17.32% 	-1.24% 	2.88% 	3.02% 
5 Years	15.74% 	11.60% 	7.02% 	6.58% 	-0.45% 	0.87% 
10 Years	14.71% 	8.41% 	7.99% 	4.37% 	1.84% 	2.58% 
15 Years	14.23% 	6.72% 	3.99% 	5.91% 	2.26% 	2.99% 
20 Years	10.75% 	5.63% 	6.11% 	4.40% 	3.23% 	3.42% 

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# World Stock Market Performance

MSCI All Country World Index with selected headlines from Q3 2025

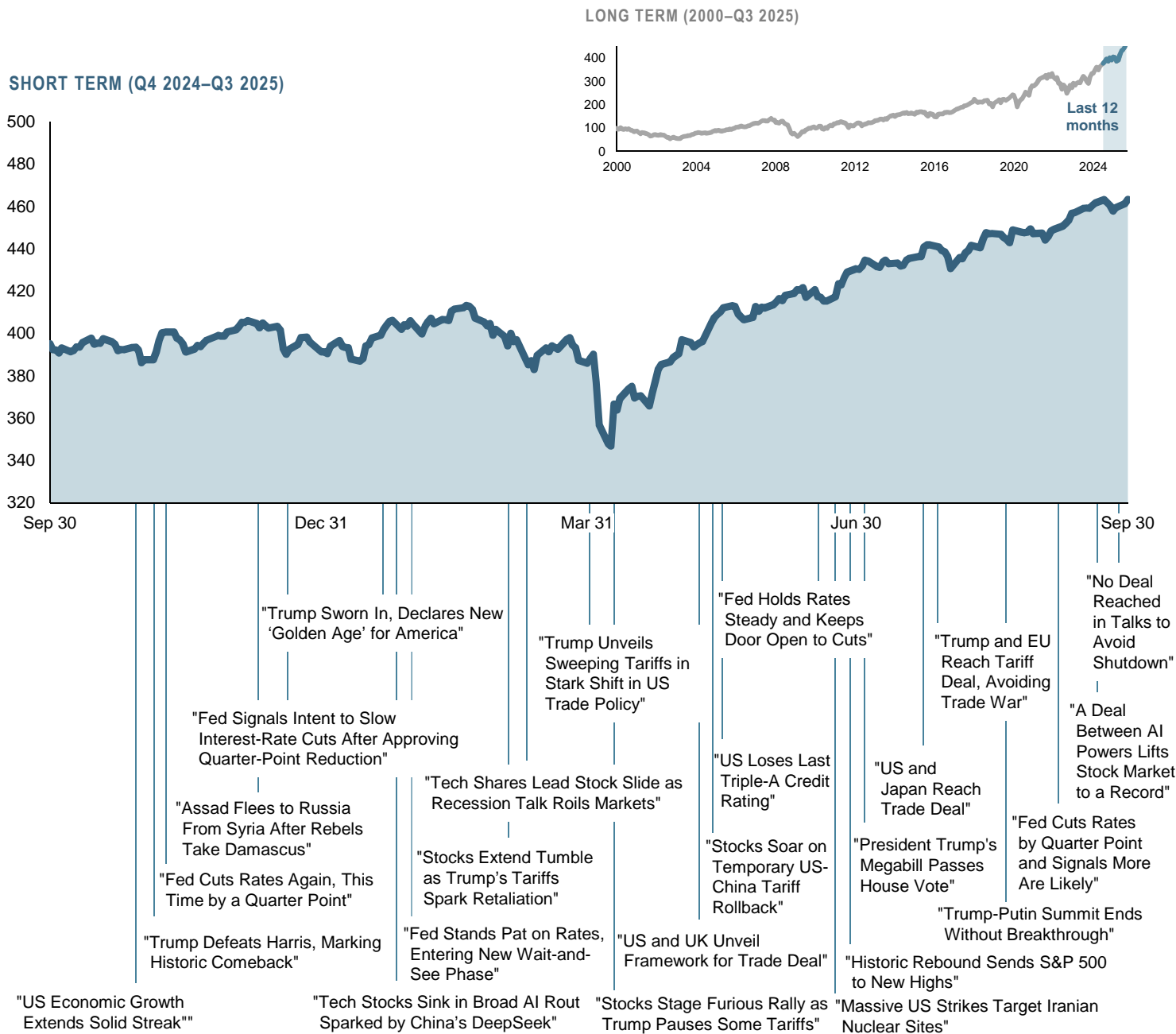


*These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.*

Graph Source: MSCI ACWI Index (net dividends). MSCI data © MSCI 2025, all rights reserved. Index level based at 100 starting January 2000. It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio. Past performance is not a guarantee of future results.

# World Stock Market Performance

MSCI All Country World Index with selected headlines from past 12 months



*These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.*

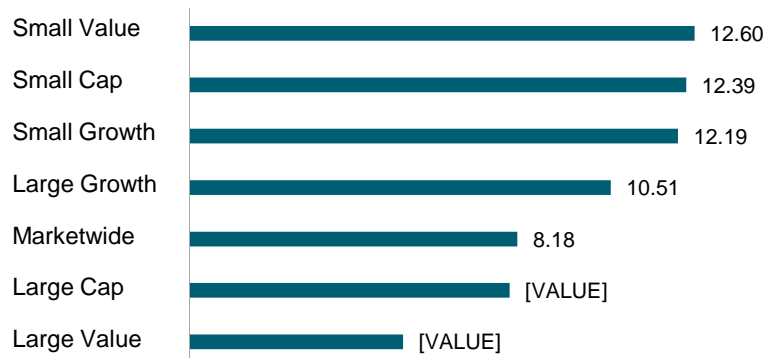


# US Stocks

Returns (USD), 3rd Quarter 2025

- The US equity market posted positive returns for the quarter and outperformed non-US developed markets, but underperformed emerging markets.
- Value underperformed growth.
- Small caps outperformed large caps.
- REIT indices underperformed equity market indices.

## Ranked Returns (%)



## Periodic Returns (%)

Asset Class	QTR	YTD	ANNUALIZED					
			1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Small Value	12.60	9.04	7.88	13.56	14.59	9.23	9.54	7.27
Small Cap	12.39	10.39	10.76	15.21	11.56	9.77	10.42	8.14
Small Growth	12.19	11.65	13.56	16.68	8.41	9.91	11.01	8.78
Large Growth	10.51	17.24	25.53	31.61	17.58	18.83	17.36	13.33
Marketwide	8.18	14.40	17.41	24.12	15.74	14.71	14.23	10.75
Large Cap	7.99	14.60	17.75	24.64	15.99	15.04	14.49	10.92
Large Value	5.33	11.65	9.44	16.96	13.88	10.72	11.24	8.19

## World Market Capitalization

**63%** US Market  
\$64.2 trillion

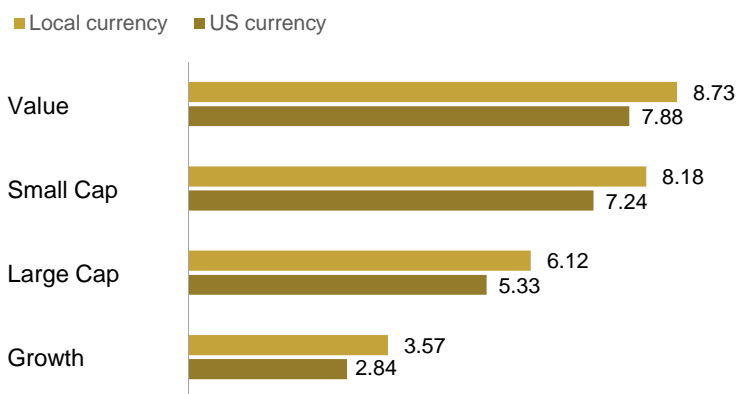
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# International Developed Stocks

Returns (USD), 3rd Quarter 2025

- Developed markets outside of the US posted positive returns for the quarter and underperformed both US and emerging markets.
- Value outperformed growth.
- Small caps outperformed large caps.

## Ranked Returns (%)



## Periodic Returns (%)

Asset Class	QTR	YTD	ANNUALIZED					
			1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Value	7.88	31.51	22.90	25.20	16.20	8.54	6.52	5.28
Small Cap	7.24	29.54	19.35	19.98	9.24	8.29	7.43	6.24
Large Cap	5.33	25.34	16.03	21.60	11.60	8.41	6.72	5.63
Growth	2.84	19.32	9.41	18.08	6.96	8.02	6.73	5.81

## World Market Capitalization



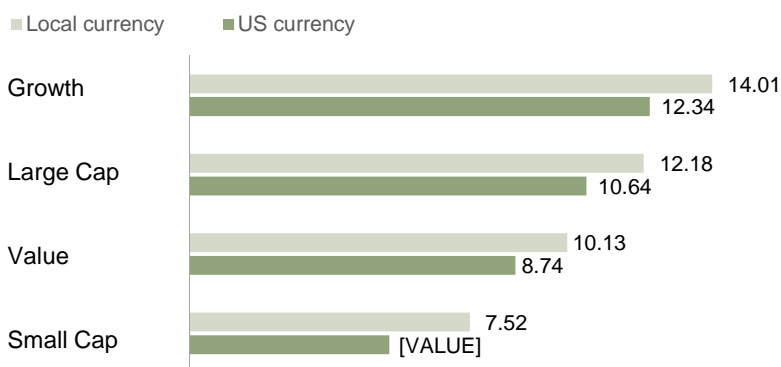
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# Emerging Markets Stocks

Returns (USD), 3rd Quarter 2025

- Emerging markets posted positive returns for the quarter and outperformed both US and non-US developed markets.
- Value underperformed growth.
- Small caps underperformed large caps.

## Ranked Returns (%)



## Periodic Returns (%)

Asset Class	QTR	YTD	ANNUALIZED					
			1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Growth	12.34	30.00	21.01	18.50	4.31	8.69	4.96	6.50
Large Cap	10.64	27.53	17.32	18.21	7.02	7.99	3.99	6.11
Value	8.74	24.79	13.30	17.81	9.90	7.14	2.90	5.62
Small Cap	5.36	16.67	8.28	17.91	12.51	8.48	4.72	7.60

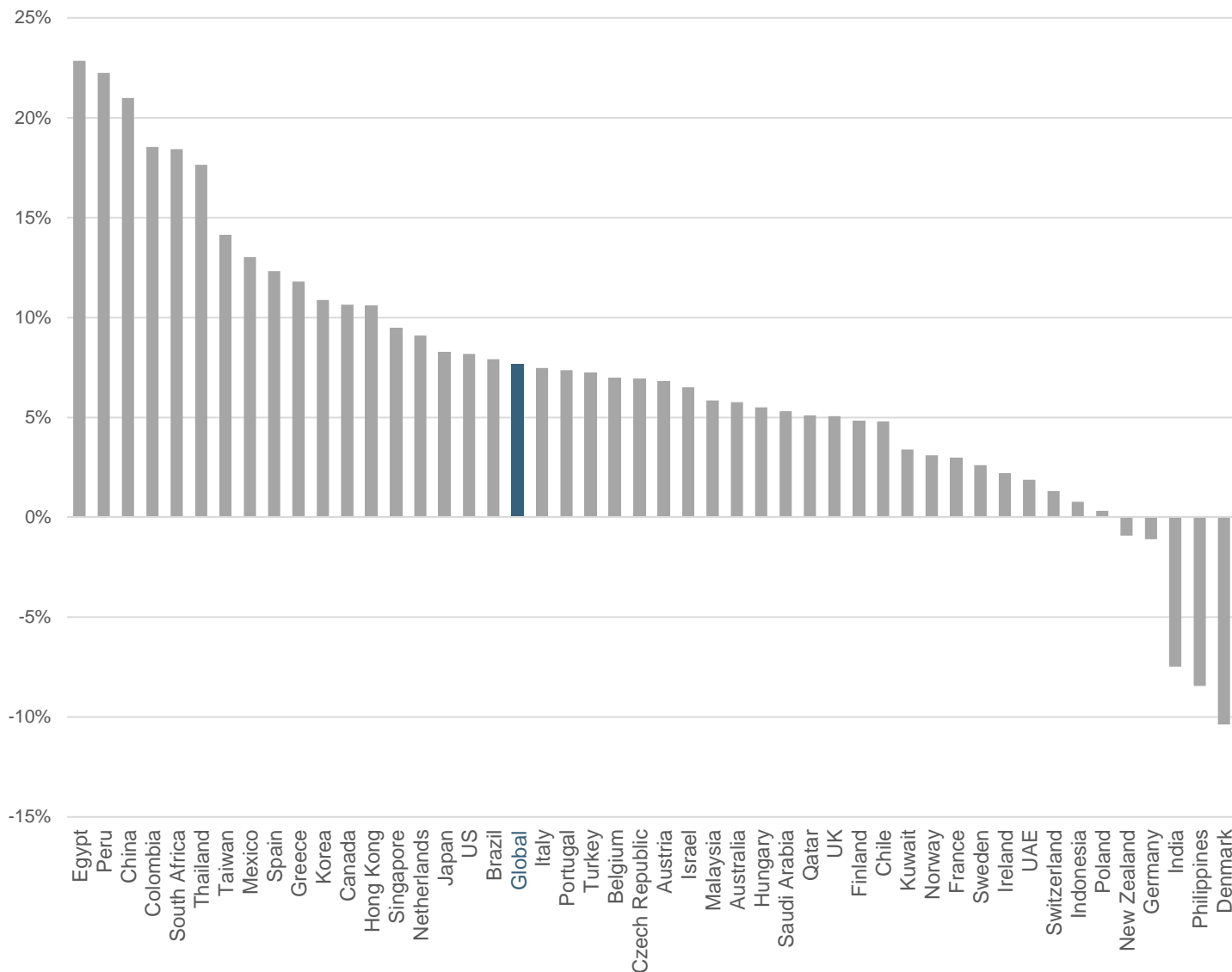
## World Market Capitalization



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# Country Returns

Returns (USD), 3rd Quarter 2025



**Past performance is no guarantee of future results.** Country returns are the country component indices of the MSCI All Country World IMI Index for all countries except the United States, where the Russell 3000 Index is used instead. Global is the return of the MSCI All Country World IMI Index. MSCI index returns are net dividend. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. MSCI data © MSCI 2025, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes.

# Real Estate Investment Trusts (REITs)

Returns (USD), 3rd Quarter 2025

- US real estate investment trusts outperformed non-US REITs during the quarter.

## Ranked Returns (%)



## Periodic Returns (%)

Asset Class	QTR	YTD	ANNUALIZED					
			1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
US REITS	5.09	4.50	-1.70	10.48	9.45	5.65	7.83	6.17
Global ex US REITS	3.62	22.42	3.61	9.89	3.65	2.65	3.97	2.88

## Total Value of REIT Stocks



Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Number of REIT stocks and total value based on the two indices. All index returns are net of withholding tax on dividends. Total value of REIT stocks represented by Dow Jones US Select REIT Index and the S&P Global ex US REIT Index. Dow Jones US Select REIT Index used as proxy for the US market, and S&P Global ex US REIT Index used as proxy for the World ex US market. Dow Jones and S&P data © 2025 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

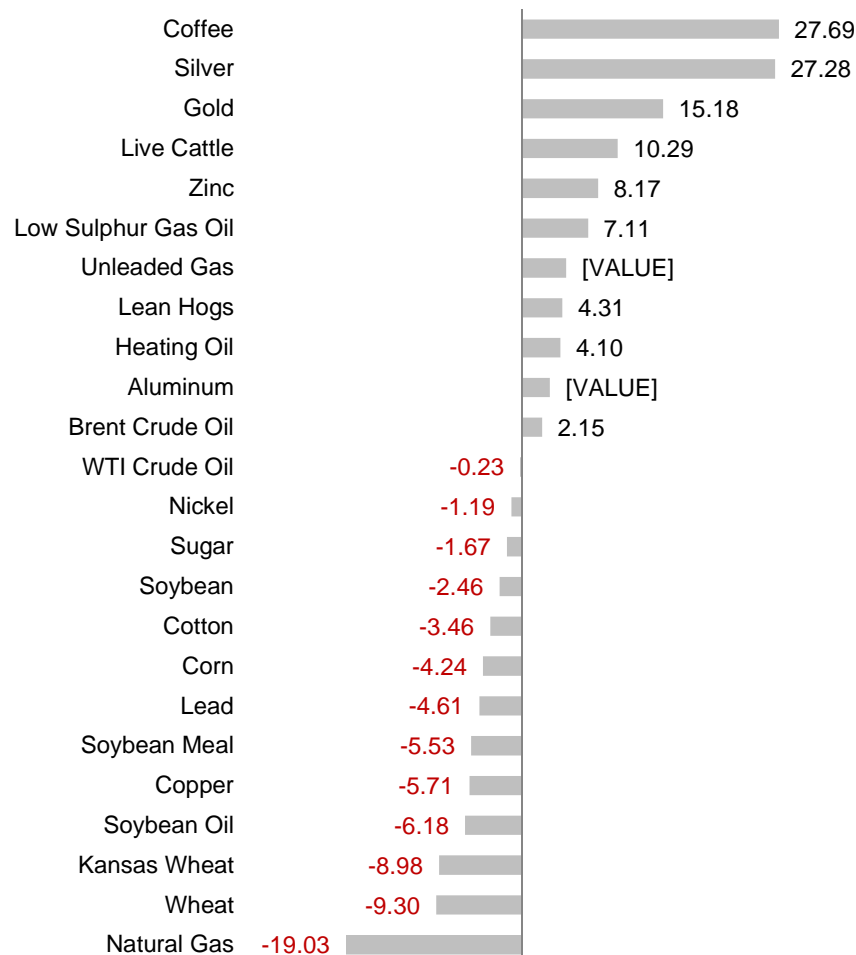
# Commodities

Returns (USD), 3rd Quarter 2025

The Bloomberg Commodity Total Return Index returned +3.65% for the third quarter of 2025.

Coffee and Silver were the best performers, returning +27.69% and +27.28% during the quarter, respectively. Natural Gas and Wheat were the worst performers, returning -19.03% and -9.30% during the quarter, respectively.

## Ranked Returns (%)



## Periodic Returns (%)

QTR	YTD	ANNUALIZED					
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
3.65	9.38	8.88	2.76	11.53	3.96	-0.51	-0.97

# Fixed Income

## Returns (USD), 3rd Quarter 2025

During the quarter, interest rates decreased within the US Treasury market.

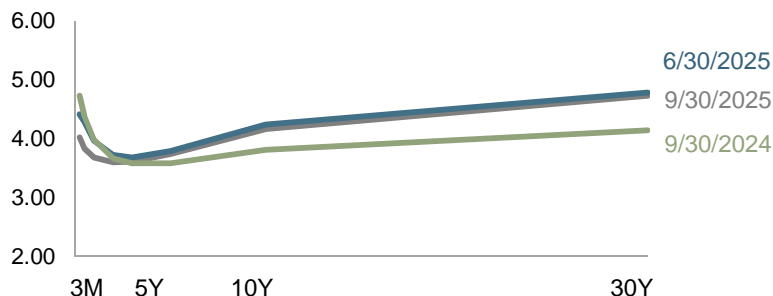
On the short end of the yield curve, the 1-Month US Treasury Bill yield decreased 8 basis points (bps) to 4.20%, while the 1-Year US Treasury Bill yield decreased 28 bps to 3.68%. The yield on the 2-Year US Treasury Note decreased 12 bps to 3.60%.

The yield on the 5-Year US Treasury Note decreased 5 bps to 3.74%. The yield on the 10-Year US Treasury Note decreased 8 bps to 4.16%. The yield on the 30-Year US Treasury Bond decreased 5 bps to 4.73%.

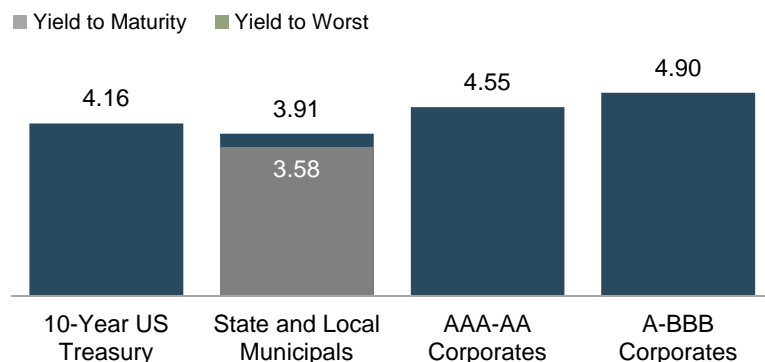
In terms of total returns, short-term US treasury bonds returned +1.17% while intermediate-term US treasury bonds returned +1.26%. Short-term corporate bonds returned +1.62% and intermediate-term corporate bonds returned +2.04%.<sup>1</sup>

The total returns for short- and intermediate-term municipal bonds were +1.53% and +2.77%, respectively. Within the municipal fixed income market, general obligation bonds returned +2.96% while revenue bonds returned +3.03%.<sup>2</sup>

### US Treasury Yield Curve (%)



### Bond Yields Across Issuers (%)



### Periodic Returns (%)

Asset Class	QTR	YTD	ANNUALIZED					
			1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Bloomberg Municipal Bond Index	3.00	2.64	1.39	4.74	0.86	2.34	2.94	3.48
Bloomberg U.S. High Yield Corporate Bond Index	2.54	7.22	7.41	11.09	5.55	6.17	6.16	6.71
Bloomberg U.S. Government Bond Index Long	2.49	5.65	-3.44	0.46	-7.73	-0.09	1.96	3.36
Bloomberg U.S. TIPS Index	2.10	6.87	3.79	4.88	1.42	3.01	2.85	3.51
Bloomberg U.S. Aggregate Bond Index	2.03	6.13	2.88	4.93	-0.45	1.84	2.26	3.23
ICE BofA 1-Year US Treasury Note Index	1.14	3.13	3.85	4.46	2.28	1.91	1.38	1.90
ICE BofA US 3-Month Treasury Bill Index	1.08	3.17	4.38	4.77	2.98	2.08	1.41	1.71
FTSE World Government Bond Index 1-5 Years (hedged to USD)	1.01	4.01	4.17	4.72	1.62	1.96	1.81	2.47
FTSE World Government Bond Index 1-5 Years	0.63	7.71	4.07	5.47	0.14	1.07	0.19	1.71

1. Bloomberg US Treasury and US Corporate Bond Indices

2. Bloomberg Municipal Bond Index

One basis point (bps) equals 0.01%. **Past performance is not a guarantee of future results.** Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Yield curve data from Federal Reserve. State and local bonds, and the Yield to Worst are from the S&P National AMT-Free Municipal Bond Index. AAA-AA Corporates represent the ICE BofA US Corporates, AA-AAA rated. A-BBB Corporates represent the ICE BofA Corporates, BBB-A rated. Bloomberg data provided by Bloomberg. US long-term bonds, bills, inflation, and fixed income factor data © Stocks, Bonds, Bills, and Inflation (SBBI) Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld). FTSE fixed income indices © 2025 FTSE Fixed Income LLC, all rights reserved. ICE BofA index data © 2025 ICE Data Indices, LLC. S&P data © 2025 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Bloomberg data provided by Bloomberg.

# Global Fixed Income

## Yield curves (USD), 3rd Quarter 2025

Except for Canada, interest rates increased in the global developed markets for the quarter.

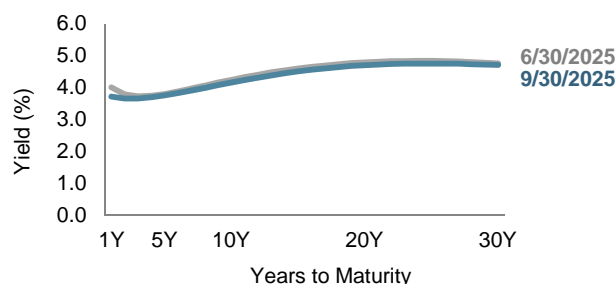
Realized term premiums were mixed across global developed markets. Outside the US, longer-term bonds generally underperformed shorter-term bonds during the quarter.

In Canada, short- to intermediate-term interest rates decreased, and long-term interest rates increased. The short-term maturity segment of the yield curve was generally flat but steepened in the three- to five-year maturity segment in Canada, Germany, UK and Australia.

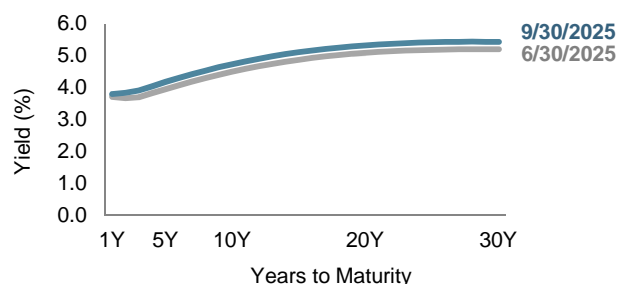
### Changes in Yields (bps) Since 06/30/2025

	1Y	5Y	10Y	20Y	30Y
US	-28.4	-4.7	-8.6	-9.0	-5.7
UK	9.3	22.5	23.5	23.6	23.6
Germany	14.1	13.2	9.3	16.9	17.9
Japan	21.3	26.2	22.4	22.7	22.7
Canada	-15.4	-11.2	-8.0	1.8	5.6
Australia	27.1	22.8	16.1	14.2	11.3

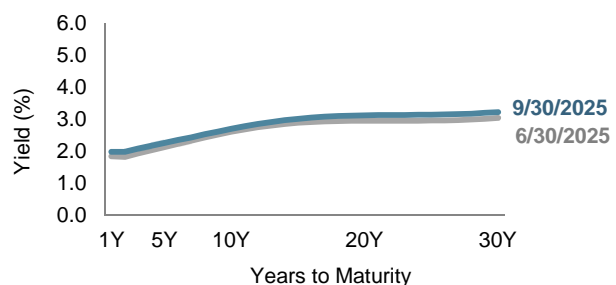
### US



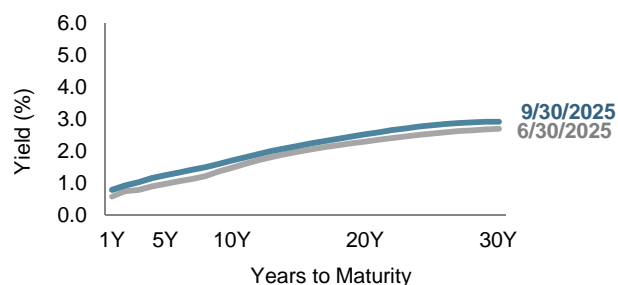
### UK



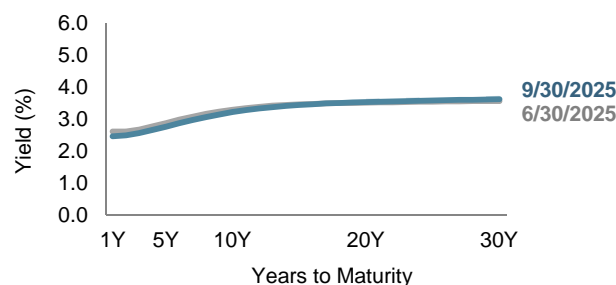
### Germany



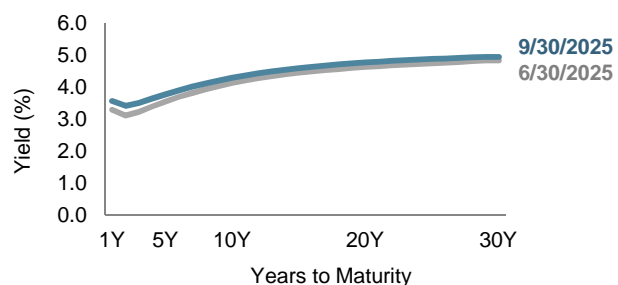
### Japan



### Canada



### Australia





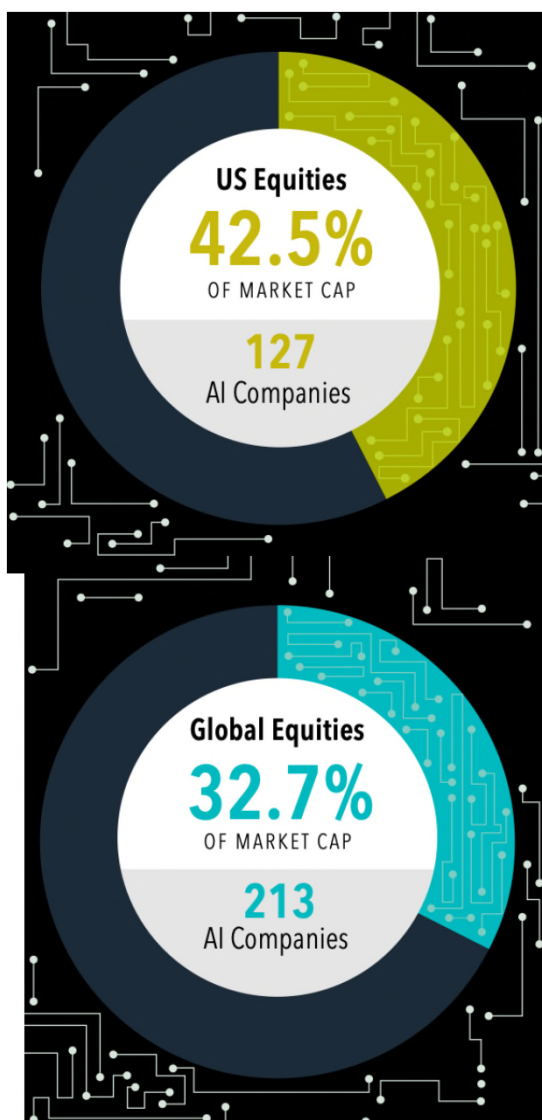
# AI Is Everywhere, Including Your Portfolio

Third Quarter 2025

Wes Crill, PhD, Senior Client Solutions Director and Vice President,  
Dimensional Fund Advisors

## PERCENT OF THE MARKET HELD BY THE TOP 5 AI ETFs

As of December 31, 2024



One of the most common investor questions regarding the rise of artificial intelligence (AI) is “How do I take advantage of it in my portfolio?” The good news for investors is diversified equity portfolios already have exposure, mainly because AI tools touch nearly every type of business these days.

Holdings of the five largest AI ETFs collectively span a sizable chunk of the market—42.5% of US stock market capitalization and 32.7% of global market cap. And it’s not just a few big companies like NVIDIA or Apple—in the US alone, 127 companies are included among these AI-focused strategies.

The pervasiveness of AI opportunities is evident when perusing the company names. The usual suspects from technology are well represented—all five hold NVIDIA—but less techy names like Caterpillar, Honeywell, and Thomson Reuters can be found within these ETFs. This exemplifies how AI is likely to touch virtually every business type, making it harder to predict the ultimate winners from the revolution. Broad diversification can help investors avoid missing out on these winners, wherever they show up.

# AI Is Everywhere, Including Your Portfolio

(continued from page 15)

**Past performance is no guarantee of future results.**

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