

Weekly Mosaic – Hawkish Cut

Week of November 3rd, 2025

94.6

Consumer
Confidence,
Conference Board

Consumer confidence came in slightly higher than the anticipated 94.1 for the month of October, while slipping from an upwardly revised 95.6 in September. The underlying Expectations Index fell -2.9 points to 71.5.

-0.25%

Reduction in Federal
Funds Rate

As anticipated, the Federal Reserve reduced its policy rate by -0.25% this past Wednesday. In addition, the Fed announced that it will end its quantitative tightening campaign on December 1st of this year.

435.3

FHFA Home Price
Index

Home prices accelerated in August from a previous reading of 433.6 in July. Despite home prices remaining elevated, mortgage applications accelerated +7.1% on a week-over-week basis.

Top of Mind

The Federal Reserve (Fed) cut interest rates on Wednesday, lowering the Fed Funds policy rate to a range of 3.75% to 4.00%.

Uncertainty among the members of the Federal Open Market Committee (FOMC) appears to have grown after the last two interest rate cuts were not unanimous, with some members believing an interest rate cut wasn't necessary, while others favored a larger rate cut.

In addition to the policy rate adjustment, they set December 1st as the end date for their current balance sheet reduction (quantitative tightening) campaign.

The Fed will no longer allow its Treasury holdings to run off but will continue to let its holdings in Mortgage-Backed Securities mature, reinvesting those proceeds into Treasury Bills. The Fed Chairman indicated that the FOMC would like the composition of the Fed's balance sheet to have a similar duration profile to that of the entire Treasury market. The long end of the yield curve may have just lost a price-agnostic buyer, for the time being.

As the Federal Government remains shut down, the lack of economic data has started to weigh on the Fed's decision-making process, with the Fed Chairman pushing back on the certainty of an interest rate cut at their next meeting in December.

Index Returns

As of 10/31/2025 (%)	1-Week	QTD	YTD	1-Year	3-Year
S&P 500 TR	0.72	2.34	17.52	21.45	22.68
Russell Mid Cap TR	-1.50	-0.83	9.51	10.79	14.09
Russell 2000 TR	-1.35	1.81	12.39	14.41	11.94
MSCI EAFE NR	-0.45	1.18	26.61	23.03	20.06
MSCI EM NR	0.89	4.18	32.86	27.91	21.10
Bloomberg US Agg Bond TR	-0.57	0.62	6.80	6.16	5.60
Bloomberg Intermediate Corporate Bond TR	-0.46	0.38	6.98	7.12	7.26
Bloomberg High Yield Corporate TR	-0.08	0.16	7.39	8.16	10.20
Bloomberg Commodities TR	0.00	2.89	12.54	14.15	3.06

Price Levels

	10/31/2025	1 Mo	3 Mo	6 Mo	1-Year
US Dollar Index	99.80	97.71	99.14	100.03	103.98
10 Year Treasury Yield	4.09	4.10	4.21	4.31	4.28
West Texas Crude (WTI) \$/bbl	60.56	62.59	68.39	59.67	69.58



Current Positioning

Cautiously optimistic while intentionally avoiding some of the most expensive areas of the equity and credit markets.

	Min		Neutral		Max	
EQUITIES						Guarding against elevated levels of complacency and stretched valuations.
U.S. Equity						Relative advantages remain attractive; however, valuations have become less attractive. Our longstanding overweight to US equities relative to international equities remains.
Large						The balance sheet strength of many large cap companies remains attractive. However, their valuations are among the richest relative to other segments of US and international equities.
Mid						Absolute and relative valuations combined with a higher percentage of domestically driven supply chains and sales, combine to position mid-cap stocks attractive.
Small						Valuations continue to remain attractive against large caps and stand to benefit from less onerous regulations. Within small caps, we are focused on quality companies able to navigate an elevated interest rate environment.
Value						Overweight Energy and Financials while avoiding the cheapest valued companies, leading us away from deep value sectors and industries.
Growth						Driven by an underweight to Consumer Discretionary and Communication Services, neutral weight Technology.
International						International equity valuations are attractive and central banks around the world have largely shifted toward easing monetary policy.
Developed Markets						Overweight Japanese and Eurozone equities relative to benchmark.
Emerging Markets						Attractive valuations, global monetary easing, and stimulative measures in China, position emerging Asian equities to potentially benefit from multiple tailwinds.

FIXED INCOME						We believe opportunities within fixed income markets are attractive over the mid- to long-term time periods while recognizing volatility could persist over the short-term.
Duration						Slightly underweight duration as uncertainty around growth and inflation persist.
Treasury						Neutral US Treasuries, favor the securitized sector.
Corporate						Prefer short-term and intermediate-term investment grade corporate credit relative to long-term. High-quality bias remains with little value offered in the form of spreads across the high yield universe.
MBS/Securitized						Attractive relative yield, adequate spreads, and strong implied credit quality position the asset class attractively, specifically residential mortgages.

ALTERNATIVES						
Commodities						A persistent lack of a durable geopolitical risk premium, lower global trade, and slower global economic growth combine for a challenging environment for commodities moving forward.

CASH						Excess cash position is being driven by our active underweight to international equities.
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Mosaic by Madison Investments

Mosaic by Madison Investments represents Madison's global multi-asset product suite spanning the risk spectrum with a series of distinct portfolios across ETF/Mutual Fund and ETF mandates. Madison's Multi-Asset Solutions team has deep experience monitoring worldwide macroeconomic trends and their associated investment implications. Risk management and a commitment to consistency are key components of our philosophy and process. We believe that efficient asset allocation and downside volatility mitigation should lead to increased long-term client investment success.

Multi-Asset Solutions Team



Patrick Ryan, CFA
Chief Investment Strategist, Head of Multi-Asset Solutions, Portfolio Manager



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The S&P 500® Index is a large-cap market index which measures the performance of a representative sample of 500 leading companies in leading industries in the U.S.

The Russell Midcap® Index measures the performance of the mid-cap segment of the U.S. equity universe.

The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index, which represents approximately 11% of the total market capitalization of the Russell 3000® Index.

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The MSCI EAFE (Europe, Australasia & Far East) Index is a free-float adjusted market capitalization index that is designed to measure developed market equity performance, excluding the U.S. and Canada.

The MSCI Emerging Markets Index captures large and mid cap representation across 24 Emerging Markets (EM) countries. With 1,138 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each

The Bloomberg U.S. Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, mortgage backed securities, asset-backed securities and corporate securities, with maturities greater than one year.

The Bloomberg Commodity Total Return index (BCOM) is composed of futures contracts and reflects the returns on a fully collateralized investment in the BCOM. This combines the returns of the BCOM with the returns on cash collateral invested in 13 week (3 Month) U.S. Treasury Bills.

The Bloomberg US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk,

based on Barclays EM country definition, are excluded.

The Bloomberg US Intermediate Corporate Bond Index measures performance of United States dollar-denominated investment grade, fixed-rate, taxable corporate bond securities with maturities greater than or equal to one year, but less than ten years, that are issued by U.S and non-U.S. industrial, utility and financial issuers.

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All investing involves risks including the possible loss of principal. There can be no assurance the asset allocation portfolios will achieve their investment objectives. The portfolios may invest in equities which are subject to market volatility. In addition to the general risk of investing, the portfolio is subject to additional risks including investing in bond and debt securities, which includes credit risk, prepayment risk and interest rate risk. When interest rates rise, bond prices generally fall. Securities rated below investment grade are more sensitive to economic, political and adverse development changes.

Equity risk is the risk that securities held by the fund will fluctuate in value due to general market or economic conditions, perceptions regarding the industries in which the issuers of securities held by the fund participate, and the particular circumstances and performance of particular companies whose securities the fund holds. In addition, while broad market measures of common stocks have historically generated higher average returns than fixed income securities, common stocks have also experienced significantly more volatility in those returns.

Commodity values can be very volatile. They can be impacted by world or local events, government regulations and economic conditions. Investments in commodities can lose value.

Each portfolio is subject to the risks and expenses of the underlying funds in direct proportion to the allocation of assets among the underlying funds.

Upon request, Madison may furnish to the client or institution a list of all security recommendations made within the past year.

The Conference Board Consumer Confidence Index measures the level of consumer confidence in economic activity. It is a leading indicator as it can predict consumer spending, which plays a major role in overall economic activity. A value above 100 indicates an increase in consumer confidence and the chance that consumers will spend money on major purchases in the next year. A value below 100 indicates negative economic developments as consumers are likely to save their money.

The federal funds rate is the target interest rate range set by the Federal Open Market Committee (FOMC) for banks to lend or borrow excess reserves overnight. It influences monetary and financial conditions, short-term interest rates, and the stock market.

The Federal House Price Index (FHFA HPI®) is a comprehensive collection of publicly available house price indexes that measure changes in single-family home values based on data that extend back to the mid-1970s from all 50 states and over 400 American cities.

Bond Spread is the difference between yields on differing debt instruments of varying maturities, credit ratings, and risk, calculated by deducting the yield of one instrument from another.

