Quarterly Commentary

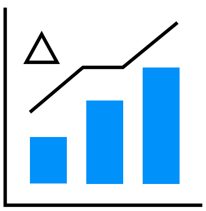
New York's 529 Advisor-Guided College Savings Program®

Market commentary

The third quarter of 2025 saw positive returns across most major asset classes as trade tensions subsided, AI euphoria continued, and expectations for near-term rate cuts from the Federal Reserve (the Fed) ramped up.

In the equity market, growth stocks (+8.6%) beat their value peers (+6.0%) as excitement around the tech sector ratcheted higher. Emerging market stocks (+11.0%) outperformed developed market stocks (7.4%), with the Chinese market leading the charge, buoyed by the extension of the US-China trade truce and AI optimism.

Key themes & markets from the third quarter:



- The best performing major equity market over the quarter was the MSCI Asia ex-Japan Index, up 11.1%.
- In the US, the S&P 500 Index returned a solid 8.1% over the quarter. There were some intra-quarter wobbles, namely following the July non-farm payrolls release and a sell-off in US Treasuries in September.

Gains were supported by a decent second quarter earnings season and a resilient macro backdrop.

- Bond markets were volatile throughout the quarter as global political uncertainty and concerns around fiscal sustainability came into focus.
- Small cap stocks (+8.6%) and REITs (+4.4%) were fueled by resilient global activity data and rising expectations for near-term policy easing from the Fed.
- In credit markets, a weaker US dollar was a tailwind for emerging market debt, which was up 4.4% on the quarter. Spreads tightened across high yield and investment grade bonds. The US high yield market (+2.4%) outperformed its European equivalent (+1.9%)

Performance commentary

In the second quarter of 2025, despite volatility, the Plan's age-based and asset allocation portfolios produced strong positive returns, with higher equity content portfolios outperforming more conservative portfolios.

Performance contributors
Asset allocation positioning being overweight equites and credit contributed to returns with the equity market rebounding and outperforming fixed income markets.

Performance detractors
Manager selection detracted with notable underperformance by a fundamental global equity manager, caught offsides on stock selection during tariff volatility.

What this means for investors

- **Reacceleration of growth:** We expect the U.S. economy to reaccelerate over 2026 given lower rates and fiscal stimulus; there is scope for business cycle to extend, and we see upside risks to global growth given policy response to tariff threats.
- **Opportunities to increase risk:** Potential for growth to recover toward trend next year and improving earnings revisions call for a moderate overweight to equities; our conviction in a risk-on tilt is increasing at the margin.
- **Moderating credit exposure:** All-in yields around 7% in high yield and low distress ratio supportive for credit, but little scope for further spread compression implies a more neutral stance to credit.
- **All eyes on the fed and inflation:** U.S. inflation remains above target, but the Fed is now responding to soft labor market data and has tilted more dovish; we expect a further two rate cuts in 2025 with another in 2026.
- **Risks we are watching:** More persistent reacceleration of inflation, unduly hawkish Fed, tariffs, labor market weakness and sharp tightening of credit conditions.

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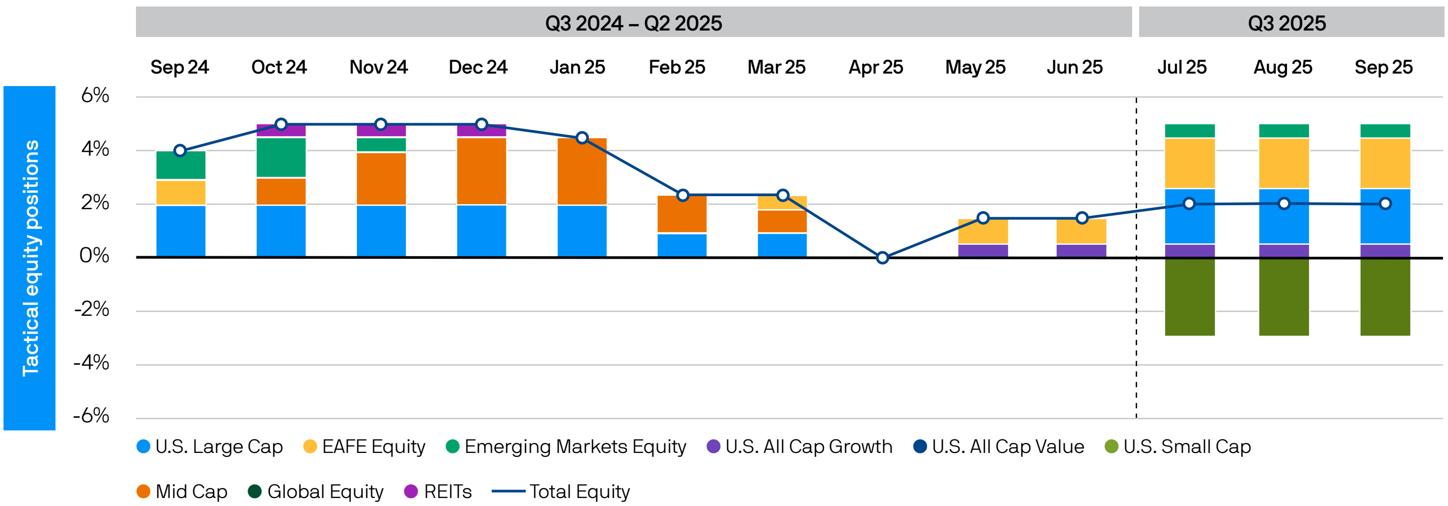
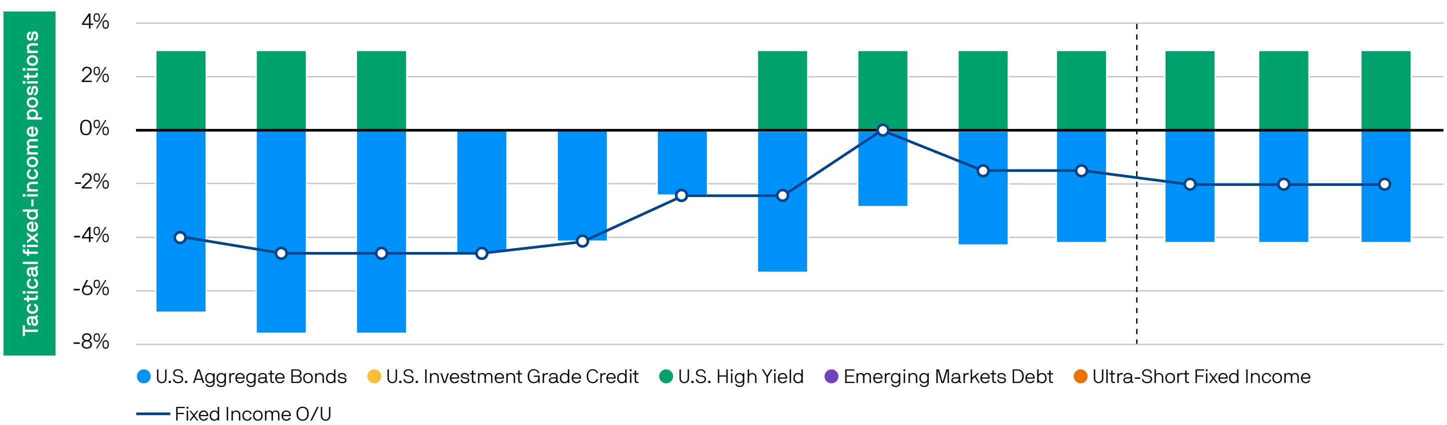
Asset allocation and chart commentary

- On an annual basis, the portfolio management team has an opportunity to make strategic asset allocation changes to the glidepath. On August 1st we simplified the portfolio allocation by shifting emerging markets equity and emerging markets debt from the strategic allocation to the tactical opportunity set of asset allocation options.
- In terms of positioning, the portfolio management team started the third quarter by slightly increasing the overweight to equities, positioning in US Growth and International equities, as well as an overweight to High Yield bonds.
- Throughout the quarter the team reexamined positions reflecting on new information around tariffs, resilient economic growth, moderating inflation and Fed action. The team maintained similar positioning while rebalancing to the new strategic portfolios. The quarter ended overweight equities and credit and funded by core bonds.

Evolution of equity and fixed-income positions | Age-based portfolio (11-12)





Source: J.P. Morgan Asset Management; as of 09/30/2025. *Shown for illustrative purposes only.* ***Past performance is no guarantee of future results***. The manager seeks to achieve the stated objectives. There can be no guarantee the objectives will be met. Tactical positions represent overweight/underweight relative to strategic asset allocation.

For more information

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- Consult your financial professional
- Visit www.ny529advisor.com
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[1] As of Sept. 30, 2025.

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