



Churchill
Management
Group
AT FOCUS PARTNERS WEALTH

Monthly Market Update

October 8, 2025

TACTICAL STRATEGIES

PREMIER WEALTH TACTICAL & PREMIER WEALTH TACTICAL CORE

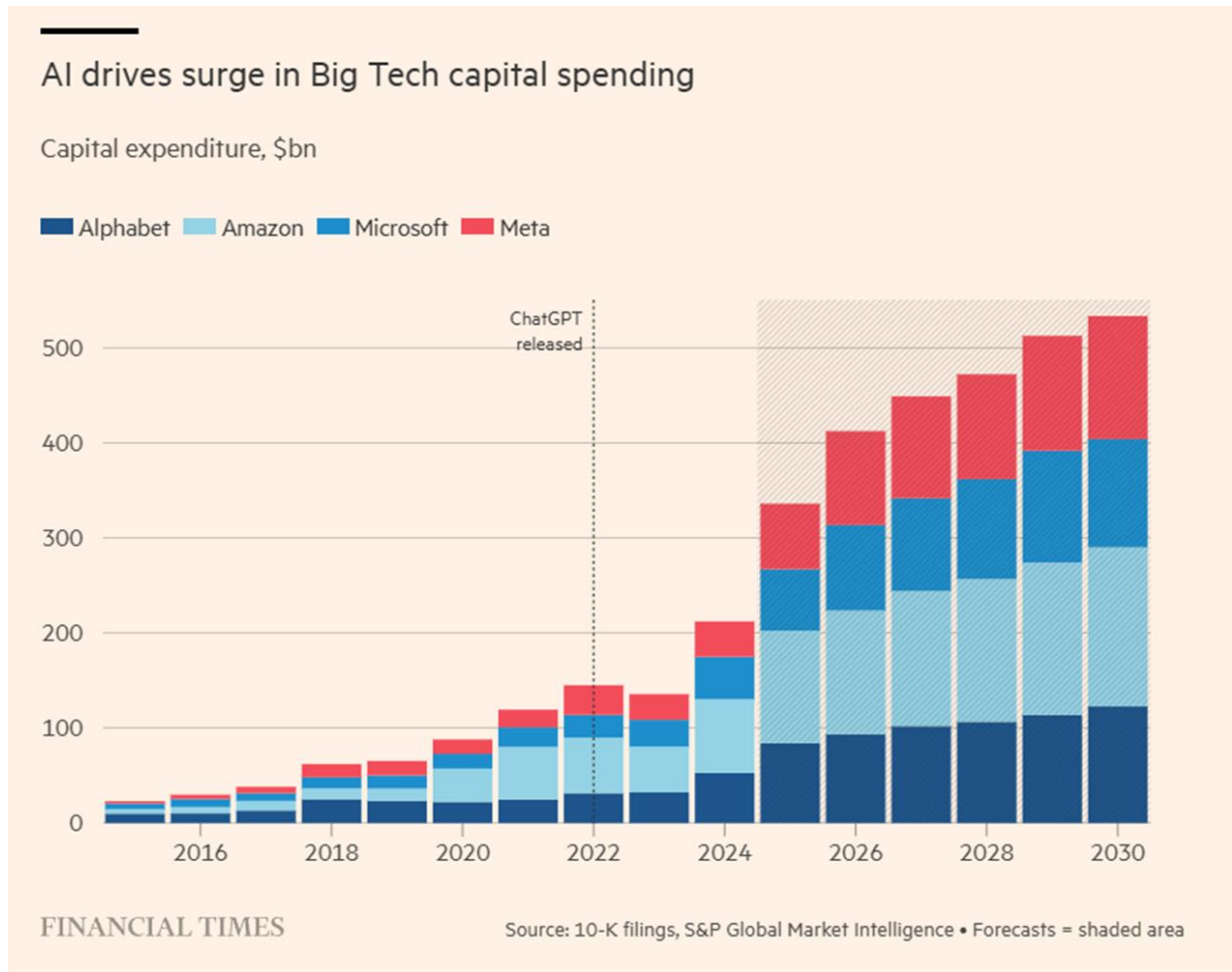
After five months of steady gains, markets enter October on solid footing, though conditions appear somewhat extended. The S&P 500 continues to notch new highs, supported by a favorable policy backdrop and resilient corporate profits. While October has a reputation for volatility, this year's elevated valuations and high expectations suggest that some natural consolidation could occur as earnings season approaches—before the typically more favorable year-end stretch.

The upcoming earnings season will be key in determining whether the recent rally can sustain its momentum or pause for a breather. Following an unusually strong second quarter—where more than 80% of companies exceeded expectations—investors will look closely to see if profit growth continues to broaden beyond the largest technology names.

Corporate guidance thus far points to steady consumer demand and solid capital spending, though margin pressures from wages and input costs could weigh on certain industries. Results from industrials, financials, and healthcare firms will provide important insight into how balanced this expansion truly is. Broad-based earnings strength would reinforce confidence that the rally is being driven by improving fundamentals—not just multiple expansion or enthusiasm surrounding a handful of mega-cap leaders.

Artificial intelligence remains front and center, but the story is evolving. What began as innovation in semiconductors and software has now spread across the economy, fueling a powerful new capital spending cycle. Companies are investing heavily in data centers,

power infrastructure, and automation—an emerging “AI Capex Cycle” that touches everything from utilities to logistics.



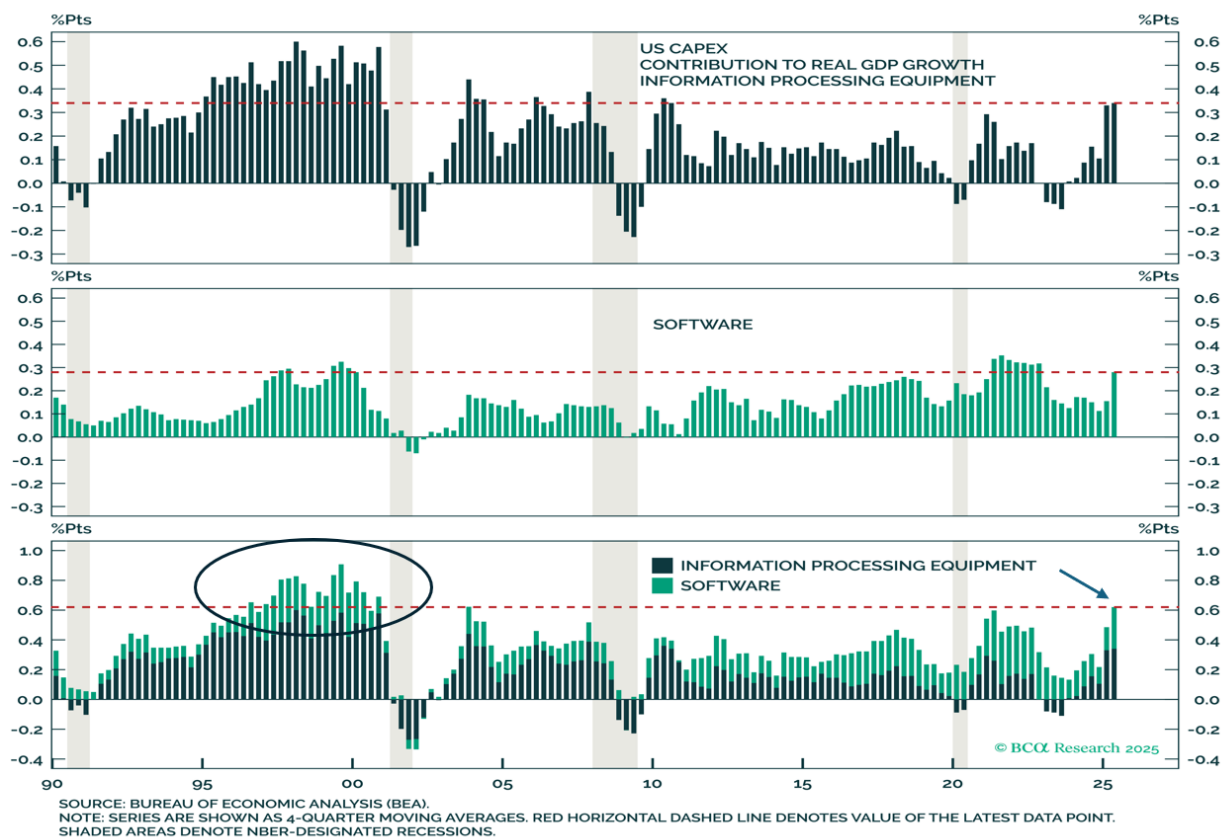
As of 10/3/25

Every dollar spent on AI computing capacity is estimated to generate several dollars of incremental investment in supporting industries, creating a multiplier effect that underscores the durability of this trend. Power grids, cooling systems, cybersecurity, and advanced manufacturing are all seeing rising capital flows as firms prepare for sustained digital demand. In this sense, AI has moved from being a technology story to a broader productivity and infrastructure story—one that could support multi-year gains in efficiency and profitability.

Some worry that the parallels between today’s AI build-out and the dot-com investment cycle are similar, but one big difference is that today’s AI spending is translating into

tangible productivity gains, revenue growth, and infrastructure demand across multiple sectors — not just speculative business models built on future promises.

History reminds us that what ends every investment wave is ultimately oversupply—but for now, when compared to the dot-com cycle, AI still appears to be early in the expansionary phase where capital investment continues to feed both innovation and earnings growth.



As of 10/6/25

Despite these encouraging structural trends, October has historically been one of the more volatile months for equities. Elevated valuations, geopolitical noise, and high investor positioning can make markets more sensitive to short-term shocks as earnings season unfolds. While periods of consolidation or rotation would be neither surprising nor unhealthy at this stage, the broader backdrop remains constructive.

Credit conditions are benign, household balance sheets are strong, and the Federal Reserve's pivot toward easing should provide a stabilizing tailwind. Any near-term pullbacks are likely to represent pauses within a broader uptrend rather than the start of a reversal.

With AI investment expanding beyond technology and the economy maintaining its resilience, the long-term outlook remains positive. Should October bring volatility, our

current view is that it would likely be an opportunity within an ongoing environment defined by innovation, easing policy, and rising capital investments.

TACTICAL OPPORTUNITY

The portfolio remains heavily invested, reflecting our constructive outlook. It was a mixed month for the major names — Amazon, Boeing, Meta, and Netflix saw some weakness, while Apple, Google, and Nvidia stood out as notable outperformers.

FULLY INVESTED STRATEGIES

ETF SECTOR ROTATION

Tech continues to carry the day, easily remaining the best-performing sector since September 1st—up around 9% compared to the market's solid 4% gain.

Following Tech in strength were Utilities (up roughly 7%) and a surprise rebound from Healthcare (up about 5%). The Communications sector also participated, climbing around 4%.

Interestingly, five of the eleven sectors have been negative since September 1 — Real Estate, Consumer Staples, Financials, Energy, and Materials — with Staples being the weakest.

For the broader market, it was a mostly positive run but somewhat narrow, with leadership concentrated in Tech. Mid Caps were flat, and Small Caps gained around 3%. Growth handily outperformed Value (up 5% vs. up 1%).

Internationally, Emerging Markets staged a strong breakout, rising roughly 8%, while European stocks also moved higher but continued to lag the U.S. market.

EQUITY GROWTH OPPORTUNITY

Megacap stocks delivered another strong month, but notably, many of our Smaller-Cap holdings also participated in the rally. This segment, which has trailed for years, continues to make progress.

AI remained the key driver behind much of the outperformance, supported by rising capital expenditures across the tech ecosystem. The trickle-down effect is becoming increasingly evident, with digital storage, infrastructure, and AI-dependent companies all benefiting from the ongoing investment wave.

EQUITY GROWTH AND VALUE

The AI theme remained front and center, highlighted by strong gains from Advanced Micro Devices, Micron Technology, and Oracle Corp. over the past several weeks. Other growth leaders such as Tesla and Google also posted solid advances, reinforcing the broader tech momentum.

On the other hand, several large-cap names like Dollar General Corp, Home Depot, and Wells Fargo lagged behind, showing that strength remains concentrated in select areas of the market.

For now, we'll maintain our Tech and Growth tilt, as leadership continues to favor innovation-driven sectors.

EQUITY DIVIDEND INCOME

It was a solid month overall for the group, though performance varied across holdings. Generally, the closer to Tech or Utilities, the stronger the results. We anticipate only light rotation ahead as market leadership remains relatively consistent.

RISK BLENDED STRATEGIES

Our Risk Blended Strategies are a combination of both Premier Wealth Tactical Core and ETF Sector Rotation. Please see the above commentary for more information on each strategy.

- **Churchill Moderate:** 70% Premier Wealth Tactical Core / 30% ETF Sector Rotation
- **Churchill Moderately Aggressive:** 50% Premier Wealth Tactical Core / 50% ETF Sector Rotation
- **Churchill Aggressive:** 30% Premier Wealth Tactical Core / 70% ETF Sector Rotation

For a full description of each strategy, please [click here](#).

Best regards,

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