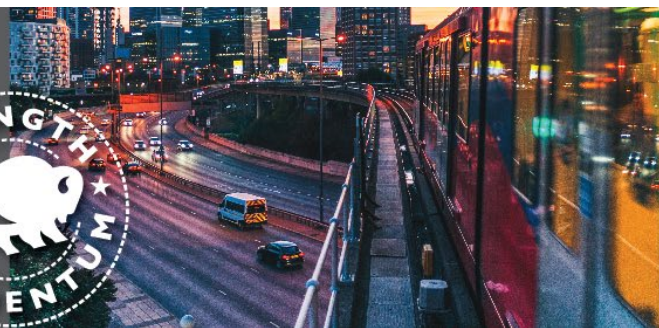


MARKET HIGHLIGHTS



Market Commentary
November 2025

By Andrew Cunningham, CFA, CMT, ChFC

Executive Summary

- U.S. equities stay resilient despite weaker economic data.
- Nvidia's strong earnings couldn't sustain market momentum.
- Corporate profits increased by 13.5% year-over-year in Q3.
- Revenue growth doubled GDP, with margins expanding despite tariffs.
- Market capitalization is concentrated in mega-cap technology stocks.
- Only 31% of S&P 500 stocks outperform the index.
- Sentiment shifts to mildly bearish, signaling a contrarian positive outlook.
- Fiscal stimulus has been postponed until mid-2026, leading to short-term uncertainty.
- AI adoption and industrial power themes influence the market outlook.
- Increasing debt levels pose long-term structural risks to economic growth.
- Short-term rates indicate uncertainty about future Fed cuts.
- Inflation expectations and fiscal concerns drive long-term yields.
- Investors position themselves for a steeper curve despite mixed macro signals.
- Foreign demand for long Treasuries declines, increasing risk,
- Investment-grade spreads are close to cycle lows, providing attractive exposure.
- High-yield spreads are tight, with limited upside without sustained growth.
- Private credit stress remains idiosyncratic, while systemic risk seems low.
- Policy changes drive mortgage-backed securities spread compression.
- Treasury issuance may limit long-term performance in the short term.
- Duration of overweight position maintained as a hedge against economic softness.

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Markets at a Glance:

Equity - TR (%)	1M	3M	YTD	1Y
MSCI EM LATIN AMERICA	5.6	12.4	49.7	35.0
NASDAQ COMPOSITE	-0.7	7.5	20.0	21.7
MSCI EM	-2.5	6.6	29.1	28.0
RUSSELL 2000 INDEX	-1.8	5.8	11.9	2.3
S&P 500 INDEX	-0.3	5.4	16.4	14.5
DOW JONES INDUS. AVG	0.0	4.5	12.4	7.1
MSCI WORLD	-0.7	4.2	18.9	16.4
MSCI AC ASIA PACIFIC	-2.7	4.1	24.1	23.7
MSCI WORLD x USA	-1.4	2.5	26.1	24.7
MSCI EAFE	-1.8	1.8	25.6	24.8
S&P500 EQUAL WEIGHTED IX	-1.0	1.1	9.6	2.9
Sectors - TR (%)	1M	3M	YTD	1Y
Healthcare	8.8	17.1	17.1	11.1
Communications	6.7	14.4	34.6	41.0
Information Technology	-3.2	7.1	22.2	24.3
Utilities	-2.8	5.1	19.8	12.0
Consumer Discretionary	-1.1	1.3	3.7	7.6
Energy	0.5	1.1	6.3	-3.7
Industrials	-1.9	0.5	16.4	7.4
Real Estate	-2.9	-0.7	4.5	-3.9
Financials	-1.1	-1.0	9.9	4.4
Consumer Staples	-1.3	-1.5	4.0	0.0
Materials	-1.5	-4.2	6.2	-5.4
Alternatives - TR (%)	1M	3M	YTD	1Y
ALERIAN MLP INDEX	4.6	1.6	10.0	6.9
FTSE NAREIT All Eq REITS	-2.0	0.3	3.6	-4.2
LS Managed Futures Index	-1.3	0.2	-1.2	-1.7
S&P LISTED PRIV EQUITY	-4.5	-8.9	-2.3	-5.9
BBG Galaxy Bitcoin Index	-21.0	-21.3	-6.5	-4.1

Data source: Bloomberg

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US Style Returns (%) - Russell Indices

1M

	Value	Core	Growth
Large	0.5	-0.4	-1.2
Mid	-0.5	-1.5	-4.8
Small	-0.8	-1.8	-2.7

YTD

	Value	Core	Growth
Large	13.6	15.9	17.9
Mid	9.5	9.4	8.7
Small	11.2	11.9	12.5

US Factor Returns (%)	1M	3M	YTD	1Y
MSCI Value	0.8	10.7	26.5	16.5
MSCI Growth	0.1	8.1	20.3	23.7
MSCI Quality	1.2	7.0	15.0	12.4
S&P 500 High Beta	-3.8	5.8	25.3	17.8
MSCI High Dividend Yield	0.3	1.8	11.0	4.0
MSCI Momentum	-3.8	1.7	14.9	12.1
MSCI Size	-1.5	1.0	9.2	2.4
Commodities TR (%)	1M	3M	YTD	1Y
Silver	5.0	30.5	66.8	59.3
Gold	3.8	21.8	57.5	57.0
Copper	-1.7	11.2	22.6	20.4
Natural Gas	4.8	11.1	-3.8	0.6
BBG Commodities Index	-0.1	6.0	8.7	9.1
Wheat	2.1	-1.4	-12.1	-12.3
WTI Oil	-4.8	-6.7	-14.5	-12.6
Sugar	0.6	-10.4	-12.5	-17.9

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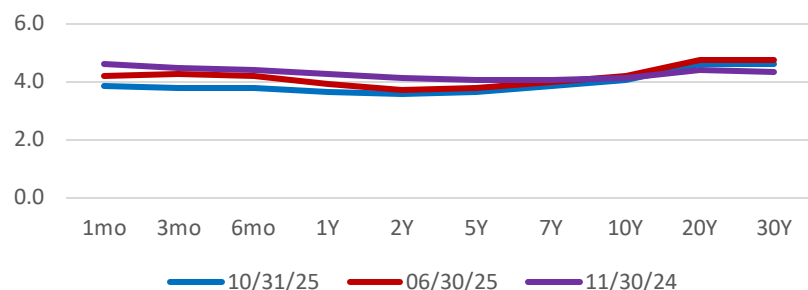
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Index Characteristics	FWD ERP	P/E TTM	P/S TTM	Div Yield
S&P 500	2.8%	26.9	3.3	1.2
MSCI EAFE	4.8%	16.2	1.6	3.0
MSCI EM	6.0%	16.1	1.6	2.5

US Treasury Yield Curve



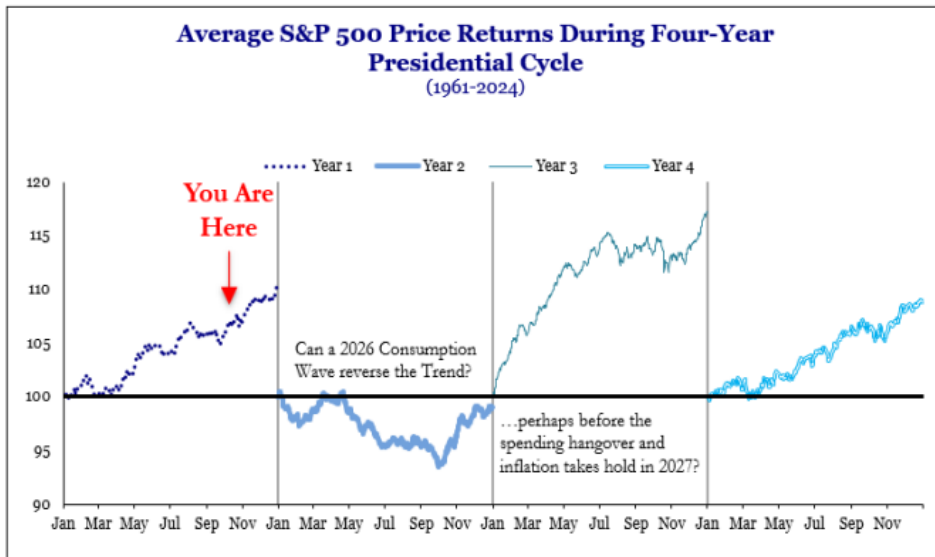
Fixed Income - TR (%)	1M	3M	YTD	1Y
10 - 20 Yrs	-0.1	4.0	11.2	8.5
Municipal Bond Index	0.1	3.9	4.1	3.1
Corporate	-0.3	2.4	7.9	6.3
US Agg 1-7 Yrs.	0.4	1.7	6.6	6.4
U.S. Corporate High Yield	0.1	1.5	7.6	7.3
1-3 Yr	0.3	1.3	5.0	5.4

Interest Rates (%)	10/31/25	09/30/25	06/30/25	11/30/24
US Fed Funds Effective Rate	3.86	4.09	4.33	4.58
US Generic Govt 1 Mth	3.90	4.10	4.21	4.61
US Generic Govt 3 Mth	3.80	3.93	4.29	4.49
US Generic Govt 12 Mth	3.68	3.61	3.97	4.28
US Generic Govt 5 Yr	3.69	3.74	3.80	4.05
US Generic Govt 10 Yr	4.08	4.15	4.23	4.17
BBG Tax Muni AGG YW	5.02	5.11	5.26	5.06
BBG UA Corporate YW	4.82	4.81	4.99	5.05
BBG U.S. Corp HY YW	6.78	6.70	7.06	7.14

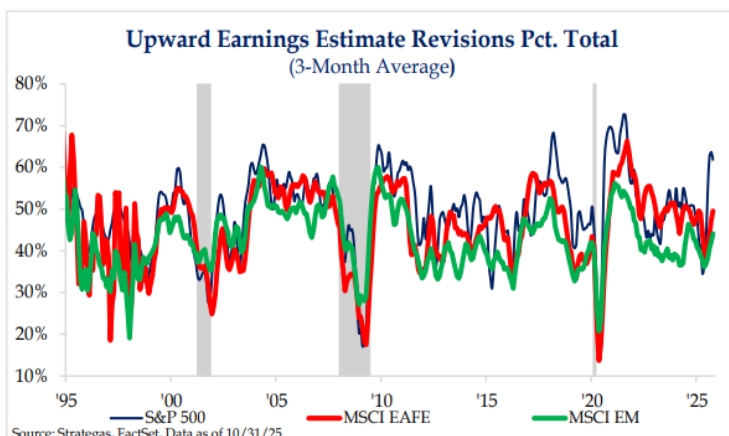
Data source: Bloomberg

Equity Highlights

U.S. equities have experienced a volatile month, characterized by a disconnect between strong stock performance and weaker economic data. The market peaked three weeks before Nvidia's strong earnings report, which initially boosted optimism but then quickly faded, highlighting investor caution. Despite solid corporate results, selling on good news indicates lingering worries about future earnings and macroeconomic conditions. Labor market unevenness and consumer weakness, worsened by the recent government shutdown, have dampened sentiment. While the OBBB legislation promises substantial stimulus, its full effects will not be felt until mid-2026, making near-term growth dependent on corporate strength and thematic momentum.



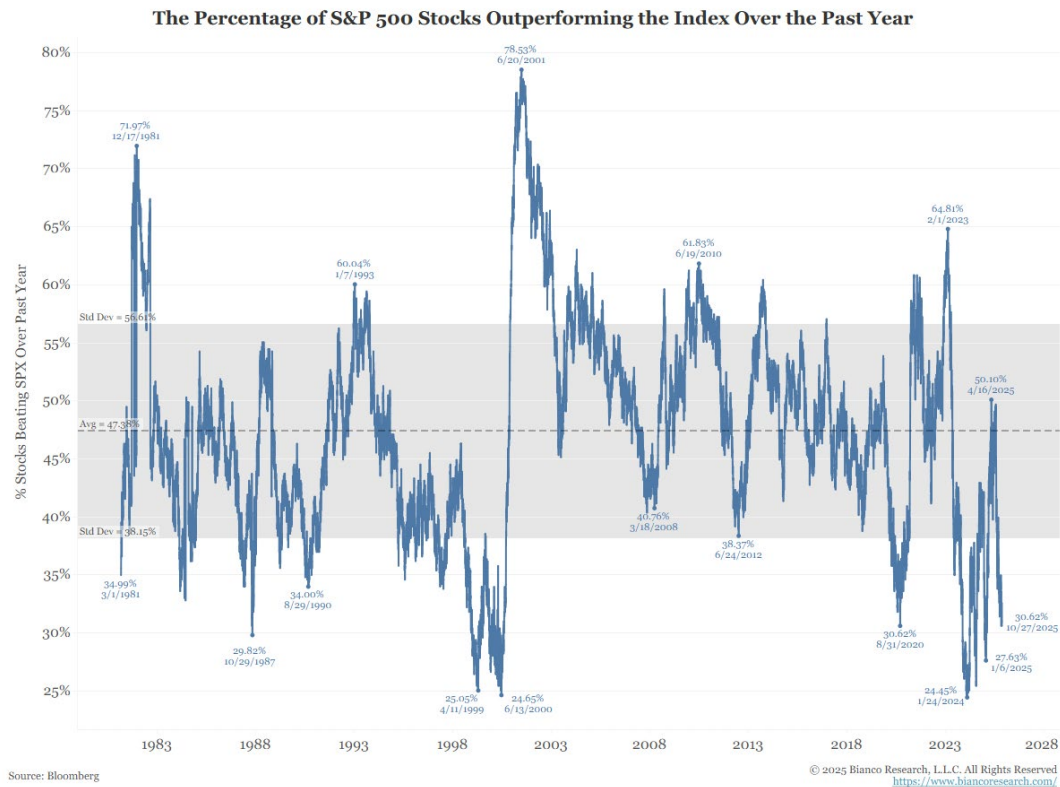
Earnings remain a key support for equities. Third-quarter results showed year-over-year profit growth of 13.5% and revenue growth of 8%, roughly double the 6.7% GDP growth rate. Margins expanded despite tariff-related pressures, and management guidance for 2026 indicates continued optimism, with consensus forecasts calling for 6% revenue and 14% earnings growth. This confidence contrasts with historical tendencies to under-promise, reinforcing bullish expectations for next year.



Critical points for the equity markets:

- U.S. equities stay resilient despite weaker economic data.
- Nvidia's strong earnings couldn't sustain market momentum.
- Corporate profits increased by 13.5% year-over-year in Q3.
- Revenue growth doubled GDP, with margins expanding despite tariffs.
- Market capitalization is concentrated in mega-cap technology stocks.
- Only 31% of S&P 500 stocks outperform the index.
- Sentiment shifts to mildly bearish, signaling a contrarian positive outlook.
- Fiscal stimulus has been postponed until mid-2026, leading to short-term uncertainty.
- AI adoption and industrial power themes influence the market outlook.
- Increasing debt levels pose long-term structural risks to economic growth.

Valuation dynamics highlight concentration risk. Correlation among S&P 500 constituents is near multi-decade lows, typically a sign of a stock picker's market. However, only 31% of stocks have outperformed the index, reflecting the outsized influence of mega-cap technology names. This pattern mirrors prior market peaks, where momentum-driven gains eventually reversed, broadening leadership.

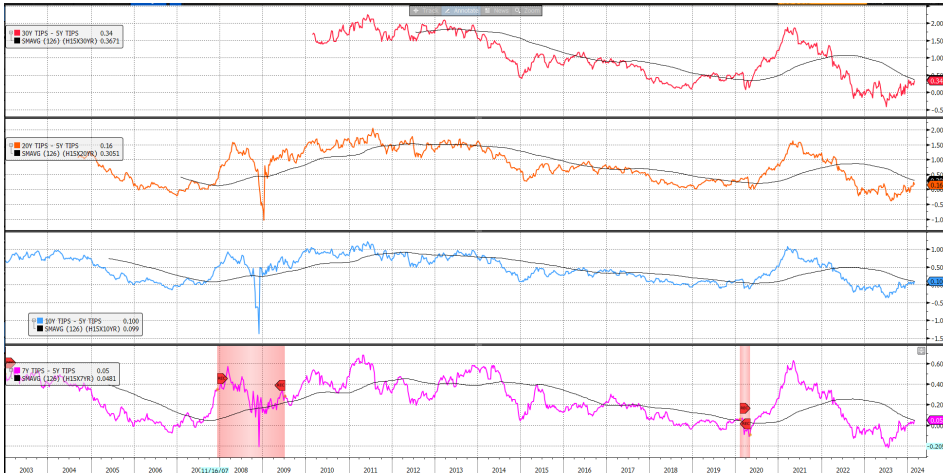


Sentiment indicators have reset, with the composite measure at the 44th percentile, signaling mild bearishness—a contrarian positive for forward returns. AAI survey data shows persistent caution, with bearish sentiment elevated and widespread concerns about market concentration. While near-term choppiness is likely, thematic drivers such as AI adoption, industrial power demand, and de-globalization trends support a constructive intermediate-term outlook.

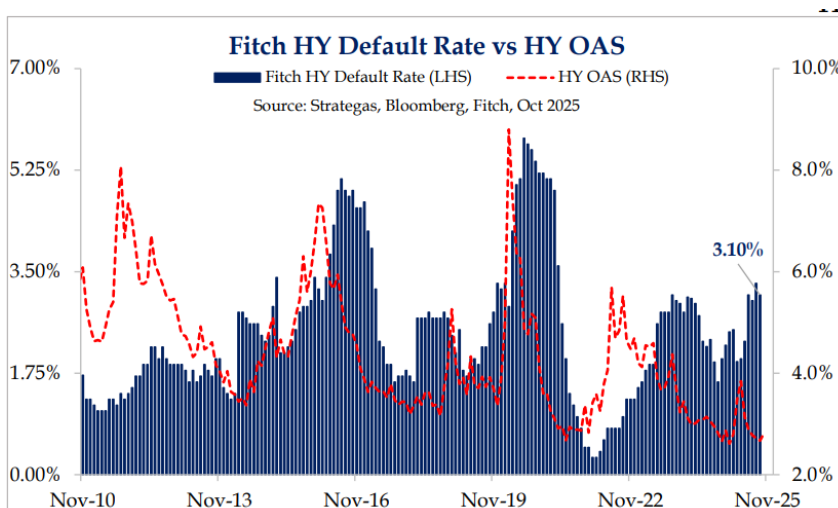
Risks remain centered on fiscal sustainability and rising debt burdens. Elevated leverage across sectors could constrain growth if debt service costs escalate, potentially triggering structural shifts in currency strength and geopolitical influence. For now, equity markets appear poised for a year-end rally, but selectivity and risk management remain critical amid persistent macro and policy uncertainties.

US Fixed Income Highlights

The U.S. fixed-income market remains influenced by opposing forces along the curve. Short-term rates show uncertainty about the future pace and extent of Fed rate cuts, while inflation expectations and fiscal worries set the baseline for long-term yields. Despite these pressures, swap data and analysis of the real yield curve indicate that investors remain motivated to position for a steeper yield curve. While concerns about the dollar losing its reserve currency status seem exaggerated, declining foreign demand for long-term Treasuries could speed up steepening, especially if inflation picks up again or fiscal conditions worsen. In such cases, enforced Fed actions, such as rate cuts and regulatory changes, might further undermine confidence in the dollar.



Credit markets have stabilized after October's volatility. Investment-grade spreads have narrowed toward cycle lows, supported by ample liquidity and strong fundamentals. Current levels below 100 bps make IG corporates appealing for additional exposure, while recession risk stays low through 2027. In contrast, high-yield spreads near 300 bps have limited upside unless economic growth continues indefinitely—a scenario considered unsustainable. Although high-yield default rates remain low, any future downturn could cause spreads to widen significantly, creating better entry points for speculative-grade strategies.



Critical points for the fixed-income markets:

- Short-term rates indicate uncertainty about future Fed cuts.
- Long-term yields are driven by inflation expectations and fiscal concerns.
- Investors position themselves for a steeper curve despite mixed macro signals.
- Foreign demand for long Treasuries declines, increasing risk,
- Investment-grade spreads are close to cycle lows, providing attractive exposure.
- High-yield spreads are tight, with limited upside without sustained growth.
- Private credit stress remains idiosyncratic, while systemic risk seems low.
- Policy changes drive mortgage-backed securities spread compression.
- Treasury issuance may limit long-term performance in the short term.
- Duration of overweight position maintained as a hedge against economic softness.

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Private credit concerns persist, but recent stress events, such as the First Brands bankruptcy, seem isolated. AI-related and data center bonds also display spreads well below recent peaks, indicating limited systemic risk for now. Liquidity remains strong, and policy adjustments—such as removing caps on Government Sponsored Enterprise ownership of MBS—should support further narrowing of the spread in mortgage-backed securities, which is a key indicator of future liquidity as well. Looking ahead, Treasury issuance trends may limit long-term performance, but improving growth outlooks and fiscal stimulus in 2026 suggest moderately higher rates over time. The economic forecast signals we’re in the midst of a fourth-quarter soft patch, but going into 2026, there are numerous supports for the U.S. economy, including lower rates, government fiscal policy, the World Cup, and America’s 250th birthday. For now, fixed-income allocations remain steady, with a duration overweight maintained as a hedge against any potential near-term economic softness.

Asset Class Return Rank

Asset Class	2021	2022	2023	2024	2025	10Y Cumulative	10Y Annualized
Gold	(4.2)	(0.8)	12.7	26.7	57.0	153.08	14.13
Emerging Market Stocks	(3.6)	(20.6)	9.0	6.5	30.0	89.49	7.50
Developed International Stocks	11.5	(14.4)	18.5	3.5	26.3	87.71	7.81
US Large Cap Growth Stocks	27.5	(32.7)	55.0	25.6	19.5	222.47	19.36
US Large Cap Stocks	26.4	(19.2)	26.5	24.3	15.7	154.33	14.32
USD Emerging Market Bonds	(2.2)	(18.7)	10.6	5.5	13.3	43.61	3.85
US Small Cap Stocks	14.6	(20.5)	16.9	11.4	11.8	104.73	9.48
International Agg Bond Market	(9.3)	(22.1)	5.6	(6.5)	9.3	1.35	(0.40)
US Mid Cap Stocks	22.5	(17.5)	17.1	15.2	9.3	116.74	10.75
US Corporate Investment Grade Bonds	(1.8)	(18.0)	9.4	0.9	8.5	36.85	3.23
US Corporate High Yield Bonds	3.8	(11.0)	11.6	8.0	7.9	56.24	5.37
US Agg Bond Market	(1.9)	(13.1)	5.7	1.4	7.5	22.06	2.01
US TIPS	5.7	(12.3)	3.8	1.7	7.4	31.71	2.98
20Y+ US Treasury	(4.6)	(31.3)	2.8	(8.1)	7.1	7.00	(0.28)
Commodities	41.5	19.4	(6.2)	2.2	5.3	77.99	6.80
US REITs	40.7	(26.3)	11.8	4.8	4.8	67.57	5.30
Cash (\$)	(0.1)	1.4	5.0	5.2	3.8	20.17	2.00
Preferred Shares	7.2	(18.2)	9.2	7.2	3.4	37.47	3.33
Agriculture	22.4	2.5	7.7	33.5	(2.8)	42.13	3.49
Bitcoin (Digital Assets)	58.3	(63.9)	153.7	122.5	(6.5)	2125.08	70.17

Highest Return	58.3	19.4	153.7	122.5	57.0	2125.08	70.17
Lowest Return	(9.3)	(63.9)	(6.2)	(8.1)	(6.5)	1.35	(0.40)
% Asset Classes Positive	60%	15%	95%	90%	90%	100%	88%

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