

Monthly Market Perspectives

'What You Need to Know'

December 5, 2025

A Perfectly Normal Pause

After a strong run of gains through the first 10 months of the year, markets took a breather in November. Investors appeared cautious amid an ambiguous data environment, uncertainty about growth prospects and the evolving trajectory of central-bank policy. While the month featured both risk-on and risk-off tones, when it all shook out, most major asset classes held steady or posted very modest gains. The whip saw action reflected a market searching for direction as investors look for clues on where we go from here.

Global bond markets were largely flat in November, with total-return gains near 0.2%, as weakening labour-market data and soft consumer confidence lent support. Here at home, Canadian bonds rose slightly adding to an impressive 3.8% year-to-date gain as yields continued to drift lower across the curve with both mid- and short-term maturities contributing to a broader stable return environment.

Equity markets broadly reflected the cautious tone. In the U.S., the benchmark index rose just 0.2%, despite a robust earnings season. According to JP Morgan Asset Management, the U.S. Q3 earnings cycle concluded with about 81% of companies beating consensus estimates and year-over-year earnings growth around 13% – yet “strong earnings... failed to ignite another leg up.” This disconnect put valuations into focus. As a result, we saw a bit of a rotation as Technology and “growth” names underperformed while Health Care and Communication Services showed notable leadership.

Canadian equities fared better as the S&P/TSX gained a strong 3.9%, pushing year-to-date returns to a remarkable 30.0%. The rally was far from uniform – strong showings from materials and small caps helped offset sluggishness in more defensive or interest-rate-sensitive names.

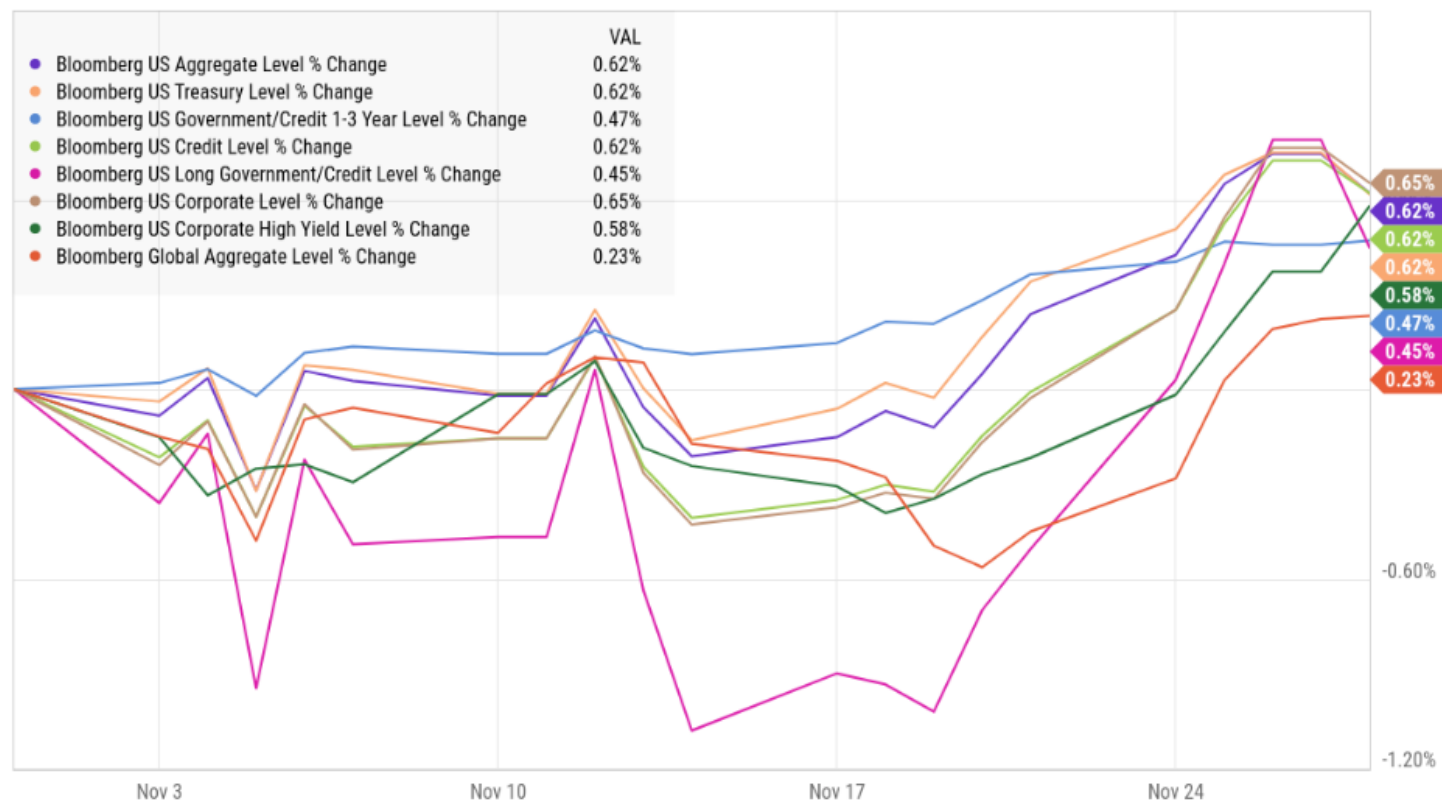
Globally, performance was muted. The world-equity index was essentially flat on the month, as emerging markets lagged and developed markets eked out only modest gains.

Bottom Line

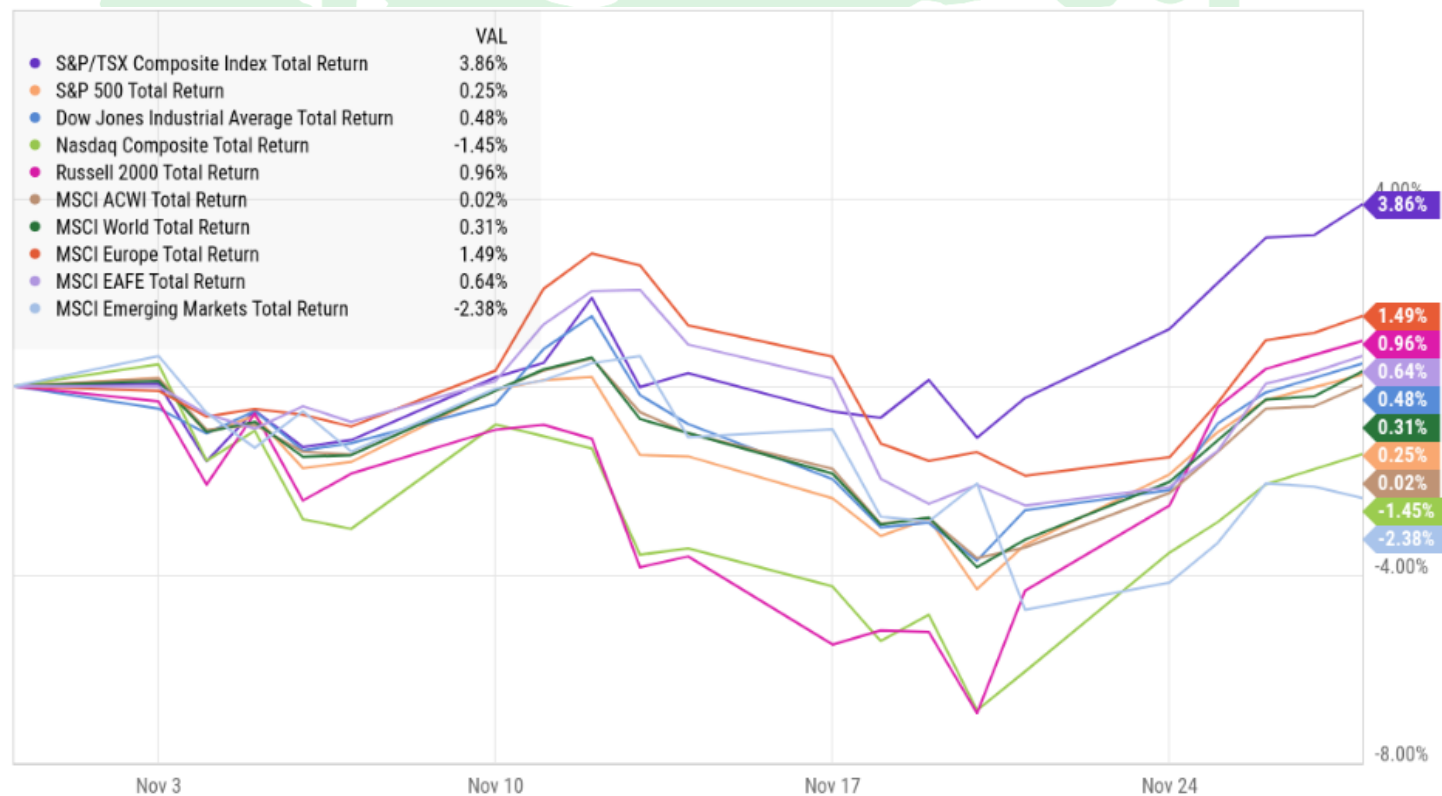
Overall, November reflected a healthy and perfectly normal pause—an environment where leadership rotated, valuations recalibrated, and markets continued to digest this year’s substantial gains while setting the stage for year-end positioning. With strong earnings on the books, yet little enthusiasm beyond already lofty valuations, investors seemed hesitant to commit fresh capital to the expensive parts of the market.

Looking ahead, all eyes remain on macro data and central bank decisions set to be announced this week. In this environment, breadth and diversification will likely prove to matter more than ever.

Fixed Income Indices - November 2025



Equity Indices - November 2025



November Market Review

Fixed Income

- The Canadian fixed income universe ended November without any major movements, as market pricing implies the Bank of Canada is most likely done cutting rates.
- In the United States, Treasury gains were slightly higher, with markets almost fully pricing-in a Fed rate cut in December amid the highest unemployment rate since the pandemic.

Equities

- Global equities ended November relatively unchanged, with notable increase in volatility mid-month. The S&P/TSX finished at the top of the rankings, once again buoyed by its gold miners, while Emerging Markets underperformed.
- Within the S&P 500, the Health Care sector stood out, thanks in part to Eli Lilly's strong performance. On the other hand, Information Technology posted monthly losses as investor expectations become increasingly difficult to meet.

FX & Commodities

- Oil prices continued their downward trend in November, while gold once again posted significant monthly gains.
- The U.S. dollar depreciated slightly in November. Meanwhile, the Canadian dollar benefitted from government announcements of investments in the Energy sector.

Market Total Returns

Asset Classes	Nov	YTD	12M
Cash (S&P Canada T-bill)	0.2%	2.7%	3.0%
Bonds (ICE Canada Universe)	0.2%	3.8%	3.3%
Short Term	0.2%	4.0%	4.5%
Mid Term	0.2%	5.0%	5.0%
Long Term	0.4%	2.2%	-0.1%
Federal Government	0.1%	3.2%	3.0%
Corporate	0.2%	5.0%	5.0%
U.S. Treasuries (US\$)	0.6%	6.7%	4.9%
U.S. Corporate (US\$)	0.6%	8.1%	6.2%
U.S. High Yield (US\$)	0.5%	7.8%	7.3%
Canadian Equities (S&P/TSX)	3.9%	30.0%	25.7%
Communication Services	-1.3%	11.7%	1.5%
Consumer Discretionary	7.5%	28.9%	25.2%
Consumer Staples	8.8%	13.6%	12.9%
Energy	4.4%	21.2%	16.9%
Financials	4.1%	29.6%	27.5%
Health Care	-4.7%	-1.6%	-5.8%
Industrials	-1.3%	2.6%	-1.3%
Information Technology	-7.1%	26.6%	21.3%
Materials	14.6%	95.3%	84.9%
Real Estate	-1.8%	4.7%	-1.6%
Utilities	0.2%	22.7%	18.8%
S&P/TSX Small Caps	5.2%	46.7%	41.8%
U.S. Equities (S&P 500 US\$)	0.2%	17.8%	15.0%
Communication Services	6.4%	34.9%	39.7%
Consumer Discretionary	-2.4%	5.2%	7.7%
Consumer Staples	4.0%	5.6%	0.3%
Energy	2.5%	8.5%	-1.8%
Financials	1.9%	11.6%	5.5%
Health Care	9.3%	16.2%	9.0%
Industrials	-0.9%	17.9%	8.6%
Information Technology	-4.3%	24.4%	25.8%
Materials	4.2%	8.1%	-3.5%
Real Estate	2.0%	5.4%	-3.6%
Utilities	1.8%	22.3%	12.6%
Russell 2000 (US\$)	1.0%	13.5%	4.1%
World Equities (MSCI ACWI US\$)	0.0%	21.6%	18.7%
MSCI EAFE (US\$)	0.6%	28.0%	25.1%
MSCI Emerging Markets (US\$)	-2.4%	30.4%	30.3%
Commodities (GSCI US\$)	-0.1%	7.4%	11.0%
WTI Oil (US\$/barrel)	-5.1%	-19.1%	-14.2%
Gold (US\$/oz)	5.6%	60.0%	57.9%
Copper (US\$/tonne)	3.3%	29.8%	26.3%
Forex (US\$ Index DXY)	-0.3%	-8.3%	-5.9%
USD per EUR	0.6%	12.1%	9.9%
CAD per USD	-0.3%	-2.8%	-0.2%

Why Your Emotions Need a Co-Pilot

Investing, at its core, should be simple: choose a sensible amount to invest, place it in a diversified portfolio, and allow time and compounding to do the heavy lifting. Yet most people find investing anything but simple—and that has nothing to do with intelligence or discipline. It's human nature.

We like to think of ourselves as logical decision-makers who occasionally feel emotions. In reality, we are emotional beings who occasionally think logically. And when it comes to money—one of the most emotionally charged aspects of life—those feelings can pull us in opposite directions, often at the worst possible moments.

Emotions—and how we manage them—are often the most overlooked part of investing, largely because they can't be measured or monetized. This month, I wanted to share a more thought-provoking message that highlights some of the emotional forces that most commonly shape investment decisions. My hope is that it reinforces and highlights the value of the work we do together and helps you navigate these challenges with clarity and confidence.

Fear and Greed: *The Tug-of-War*

These two emotions constantly compete for control.

Greed tells you: "We need more. Take the risk. Chase the big win."

Fear whispers: "Be careful. Something bad is coming. Protect what you have—now."

Both emotions are powerful, and both can be destructive when they make decisions on your behalf. Recognizing which one is pulling at you in the moment is the first step toward regaining balance. The second step is talking with someone whose perspective isn't influenced by your personal emotional swings—that's where I come in.

FOMO: *The Comparison Trap*

'Fear of Missing Out' strikes when you see others making money and wonder if you should jump into whatever trend they're chasing—crypto, collectibles, hot stocks, you name it.

But every investment only makes sense if it aligns with your goals, your plan, and your comfort level.

Part of my job is helping you sort out what's truly beneficial for your long-term success from what's just noise or peer pressure.

Anxiety: *The Modern Amplifier*

Investing anxiety is nothing new, but technology has turned the volume way up. Endless headlines, opinions, charts, and predictions can convince anyone that danger is around every corner.

The cure? Limiting the noise—and having a trusted professional to filter what matters and what doesn't. When you and I work together, you don't have to navigate uncertainty alone. You get clarity without the panic, and strategy without the stress.

Patience: The Quiet Superpower

Of all financial emotions, patience may be the most valuable. It encourages you to step back, breathe, and let time and compounding work their magic.

Most investment mistakes happen when people try to rush the process. Long-term investing works because it's long term. Patience rewards those who stay the course.

A Final Thought...

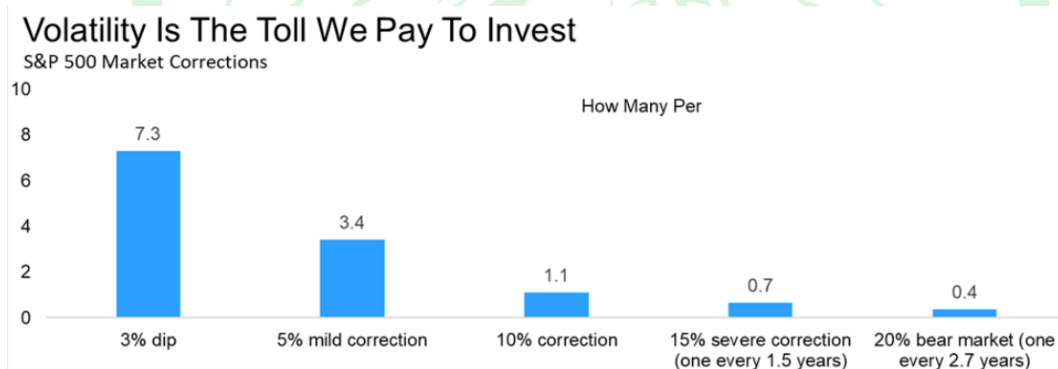
Emotions aren't the enemy—they're simply part of being human. But when it comes to your financial future, you don't have to manage them alone. If any of these feelings sound familiar, that's a sign it might be time for a conversation.

I'm here to help you think clearly, stay grounded, and make decisions that align with your long-term goals. If you'd like to talk through what's on your mind, let's sit down and chart the path forward together.

Chart of the Month - The Toll We Pay to Invest

After a 38% rally over roughly six and a half months, the S&P 500 experienced some uncharacteristic November softness, marking its first 5% pullback in more than half a year. Given the strength of the recent run, a pause like this was not only expected—it was healthy. It helps shake out short-term traders and gives markets a chance to reset before potentially pushing toward new highs before the end of 2025.

That said, if this perfectly normal 5% dip has (or had) you feeling uneasy or panicked, it's a sign we should perhaps talk. Pullbacks of this size occur several times a year on average and are simply part of the investing journey. As the saying goes, "Volatility is the toll we pay to invest."



Seven Reasons December Should Be a Strong Month for Stocks

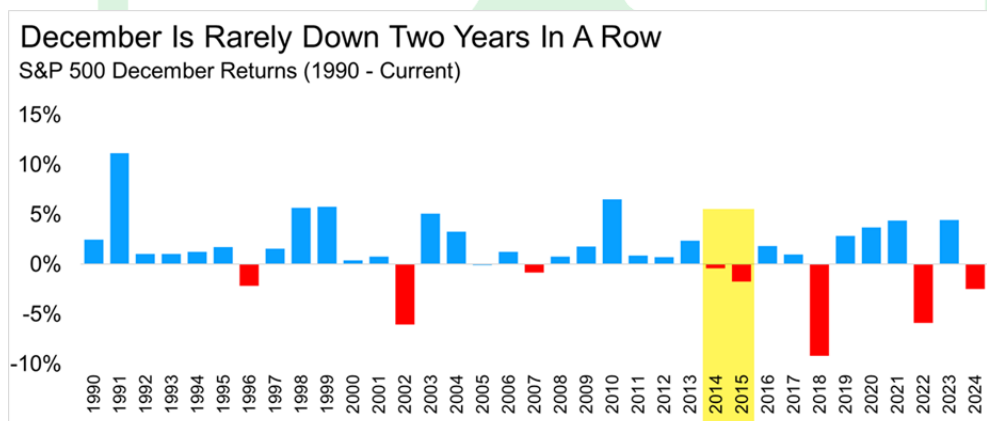
During the last week of November, we saw one of the best weeks of the year for stocks, as it was your typical late November seasonal strength. The natural question is whether this momentum can continue into December. Historically, the odds lean in investors' favour. After a year defined by resilience, shifting economic currents, and a healthy dose of volatility, the final month of the year often acts as a tailwind rather than a headwind.

Below are seven data-driven reasons why December has traditionally been a supportive environment for equities—and why it may again offer opportunity for long-term investors.

- 1. December Has the Highest Probability of Gains:** Since 1950, the S&P 500 has finished December positive more than 73% of the time—the highest win rate of any month. In other words, nearly three out of every four Decembers have rewarded investors with gains.



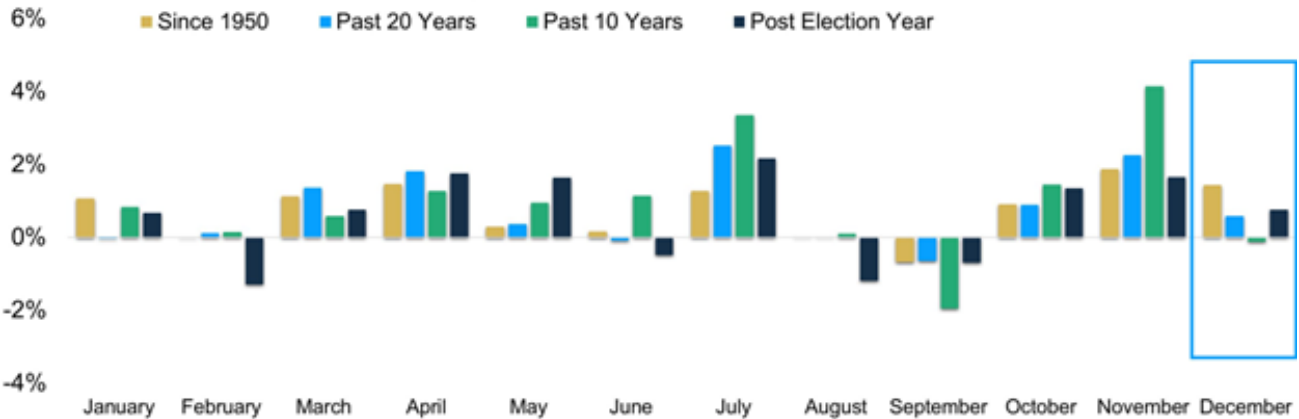
- 2. Back-to-Back Down Decembers Are Rare:** While last December ended in the red, consecutive negative Decembers are uncommon. The last time we saw two in a row was 2014–2015, and before that, 1980–1981. Statistically, the market tends to rebound rather than repeat weakness.



- 3. Historically One of the Strongest Months:** December ranks as the third-best month on average, returning about 1.4% since 1950. It's worth noting that the past decade has been a bit softer, but context matters: the historical trend still favours upside.

December Hasn't Been As Strong Lately

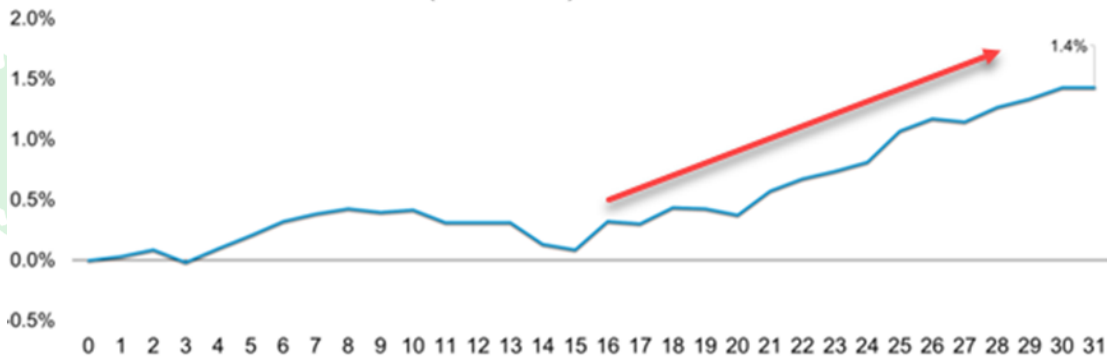
S&P 500 Index Average Monthly Returns (1950 - 2024)



- 4. The Real "Santa Claus Rally" Happens Late in the Month:** Many assume the Santa Claus Rally refers to the full month—but technically, it's the final five trading days of the year and the first two of January. And historically, that's where most of December's gains occur.

Santa Comes Later In December

S&P 500 Index Returns In December (1950 - 2024)



- 5. December Is Rarely the Worst Month:** Only once—in 2018—has December been the worst month of the year. In contrast, August and September have held that title far more often. With the Federal Reserve now leaning toward interest rate cuts, a repeat of 2018's circumstances appear unlikely.

December Rarely Is The Worst Month Of The Year

How Often Each Month Is The Worst Month Of The Year For The S&P 500 (1950 - 2024)



- 6. Strong Years Tend to Finish Strong:** When the S&P 500 is up more than 10% heading into November—as it was this year—the final two months have historically been positive 16 out of 16 times. That’s a remarkably consistent pattern suggesting that “year-end chasing” by investors and institutions often supports markets.

S&P 500 Returns After >10% YTD End Of October (1980-2024)

Year	S&P 500 Index Returns			
	YTD Return End Of October	November	December	Last Two Months Of The Year
1980	18.1%	10.2%	-3.4%	6.5%
1983	16.3%	1.7%	-0.9%	0.8%
1985	13.5%	6.5%	4.5%	11.3%
1986	15.5%	2.2%	-2.8%	-0.7%
1988	12.9%	-1.9%	1.5%	-0.5%
1989	22.6%	1.7%	2.1%	3.8%
1991	18.8%	-4.4%	11.2%	6.3%
1995	26.6%	4.1%	1.7%	5.9%
1996	14.5%	7.3%	-2.2%	5.0%
1997	23.5%	4.5%	1.6%	6.1%
1998	13.2%	5.9%	5.6%	11.9%
1999	10.9%	1.9%	5.8%	7.8%
2003	19.4%	0.7%	5.1%	5.8%
2006	10.4%	1.7%	1.3%	2.9%
2009	14.7%	5.7%	1.8%	7.6%
2012	12.3%	0.3%	0.7%	1.0%
2013	23.2%	2.8%	2.4%	5.2%
2017	15.0%	2.8%	1.0%	3.8%
2019	21.2%	3.4%	2.9%	6.4%
2021	22.6%	-0.8%	4.4%	3.5%
2024	19.6%	5.7%	-2.5%	3.1%
2025	16.3%	0.1%	?	?
Average		2.8%	2.0%	4.9%
Median		2.5%	1.7%	5.2%
% Higher		86.4%	76.2%	90.5%
Average Year (1950 - 2024)				
Average		1.9%	1.4%	3.3%
Median		2.2%	1.5%	3.6%
% Higher		69.3%	73.3%	77.3%

- 7. Long Winning Streaks Often Keep Going:** The market has recently logged seven consecutive positive months, one of the longest streaks on record. In past instances when streaks reached seven months, the following month was positive 10 out of 16 times, and three- and six-month forward returns were even stronger.

S&P 500 Returns After Seven Month Win Streaks (WWII - Current)

Date	Ultimate Win Streak	S&P 500 Index Returns			
		Next Month	Next 3 Months	Next 6 Months	Next Year
1/31/1950	11	1.0%	5.3%	4.6%	27.0%
3/31/1954	11	4.9%	8.4%	19.9%	35.8%
9/30/1958	11	2.5%	10.3%	10.7%	13.6%
5/31/1961	7	-2.9%	2.3%	7.2%	-10.4%
6/30/1964	8	1.8%	3.0%	3.7%	3.0%
10/31/1980	8	10.2%	1.6%	4.2%	-4.4%
2/28/1983	9	3.3%	9.7%	10.8%	6.1%
5/31/1991	7	-4.8%	1.4%	-3.7%	6.5%
3/31/1993	7	-2.5%	-0.3%	1.6%	-1.3%
6/30/1995	8	3.2%	7.3%	13.1%	23.1%
5/31/1996	8	0.2%	-2.6%	13.1%	26.8%
12/29/2006	8	1.4%	0.2%	6.0%	3.5%
9/30/2009	7	-2.0%	5.5%	10.6%	8.0%
5/31/2013	7	-1.5%	0.1%	10.7%	18.0%
10/31/2017	10	2.8%	9.7%	2.8%	5.3%
8/31/2021	7	-4.8%	1.0%	-3.3%	-12.6%
11/28/2025	7*	?	?	?	?
Average		0.8%	3.9%	7.0%	9.3%
Median		1.2%	2.7%	6.6%	6.3%
Higher		10	14	14	12
Count		16	16	16	16
% Higher		62.5%	87.5%	87.5%	75.0%

All Years Since 1950

Average	0.7%	2.2%	4.5%	9.2%
Median	1.0%	2.6%	4.9%	10.4%
% Positive	60.7%	66.0%	70.1%	73.8%

In closing, after a nice rally over past six and a half months, a pullback at some point is completely expected. Markets often do this to shake out some weak hands and reset expectations. Seasonality doesn't guarantee outcomes—but history, momentum, and market structure all suggest that December has the potential to reward disciplined, long-term investors who stay the course.

If you'd like to discuss what these trends may mean for your own portfolio, I'm always here to help you navigate year-end decisions with clarity and confidence.

As we know, staying invested and disciplined—rather than reacting to headlines or timing the market—has proven to be a winning strategy over time. My focus remains on keeping you informed of what really matters while not deviating from the course toward your long-term goals.

With the year quickly coming to a close, 2025 has provided investors once again a lot to be thankful for. Personally, I want to thank you for your trust and partnership—it's an absolute honour to guide you with clarity, discipline, and purpose.

Thanks for reading.



Aaron Pedlar, HBA, CHS, PFA

