Month-End Summary – November 2025

Market Update

- **S&P 500 and Nasdaq Monthly Performance**:
  - The S&P 500 posted a modest gain of **+0.1%** in November, continuing its run of monthly advances this year
  - The Nasdaq Composite ended November down about **-1.5%**, weighed down by weakness in several large-cap technology and growth names
  - Despite a rough mid-month drawdown amid growth-stock jitters and uncertainty over monetary-policy direction, a late-month rebound, spurred by growing optimism around a coming interest-rate cut, helped stabilize markets
  - Market breadth broadened outside of tech: gains in healthcare, financials, and several cyclical sectors helped offset weakness in large-cap growth stocks, reflecting an improving level of participation beyond the "mega-cap tech only" leadership
- **Key Drivers of Market Volatility**:
  - The backdrop of rate cuts and policy easing that helped support markets in October gave way to greater uncertainty about growth, inflation, and interest-rate direction in November, which strained high-growth, high-valuation stocks (especially in tech/AI)
  - The resolution of the longest U.S. government shutdown (ended mid-November) removed one major overhang, but economic and data uncertainty persisted, limiting upside for risk assets for much of the month
  - Entering late November, markets increasingly priced in a possible near-term pivot by the FOMC, a sentiment shift that supported a rebound, though with more caution and sector rotation than in recent "all-in tech + growth" rallies
- **Labor market conditions continued to cool through November:**
  - With the federal government back online following the mid-November resolution of the shutdown, official labor data finally resumed. Early November reports pointed to slowing, but still positive, job growth, softer hiring intentions, and a continued easing of wage pressures compared to earlier in the year
  - With the return of full economic reporting, policymakers have a clearer read on employment and inflation heading into the December 9–10 FOMC meeting
  - While the Fed delivered two consecutive 25 bp cuts in September and October, officials have recently emphasized greater uncertainty, given mixed macro readings and an uneven post-shutdown data landscape
    - ***That said, probabilities for a 25 bp rate cut at the December meeting are ~95% which means that it is almost certain that they will cut***. *The question will be how this will be messaged in the Summary of Economic Projections*

Investment Committee Update

- The Investment Committee (IC) continues to monitor the overall economic and market environment as we make our way towards the end of 2025. As always, the below bullet remains in place and is the foundation for our investment decisions
  - Investment Committee continues to actively identify possible alterations (additions/removals) to our various strategies by utilizing our **rigorous 5-step due diligence process**
- **U.S. equities held firm despite mixed signals:** The equity market saw a modest but resilient rally during November. The prior momentum carried forward even as macroeconomic uncertainty persisted, showing investors remain willing to rotate sectors and tolerate volatility in search of value
- **A combination of factors was the market drivers and volatility during November:**
  - **Monetary policy expectations remain in flux:** While the Federal Reserve remains committed to a cautious stance, recent economic data—including a cooling but still-resilient labor market and sticky pockets of inflation—have left traders debating whether the next move will be a cut or a pause. The uncertainty has contributed to intermittent swings in bond and equity markets
  - **Economic re-opening of government operations reduces data blackout risk:** With the U.S. government shutdown resolved, key economic releases resumed in November. This improved data flow has reduced one layer of uncertainty, but new reports, especially around inflation, consumer spending, and employment, have provided a mixed picture, spurring volatility
  - **Sector rotation gains traction, supporting non-tech areas amid rate anxiety:** As interest-rate expectations and yield-curve dynamics fluctuated, investors broadened their scope beyond growth-heavy tech. Defensive sectors, value-type names, and yield-sensitive industries (financials, industrials, some consumer sectors) saw renewed interest, reflecting a shift from "pure growth" to a more diversified, balanced risk posture
- **Underlying fundamentals continue to remain steady**:
  - **Earnings resilience remained a key source of stability:** Corporate results for November continued to reflect broadly solid fundamentals. Free-cash-flow generation remained healthy, and margin performance was generally stable, even as revenue growth moderated
  - **Labor and demand trends continued to cool, but remained orderly:** With the restoration of full government data releases following the shutdown, November's official employment reports confirmed what private indicators had been signaling: hiring softened further but remained positive, job openings declined at a controlled pace, and wage growth continued to normalize toward the mid-3% range

November Sector Rotation: Defensive Leadership as Growth Stocks Take a Breather

- **Leadership shifted decisively toward defensive sectors** — Health Care (+9.3%), Consumer Staples (+4.1%), and Utilities (+1.7%) outperformed sharply as investors favored stability amid rising volatility and mixed macro signals
- **Technology and Consumer Discretionary lagged** — High-growth, rate-sensitive areas underperformed (Tech: –4.8%, Discretionary: –1.4%) as profit-taking, valuation concerns, and uncertainty around the Fed's December decision weighed on sentiment
- **Cyclical participation broadened late in the month** — Materials (+4.4%) and Energy (+2.6%) gained momentum as improving liquidity conditions and expectations of additional Fed easing supported a more balanced market backdrop
- Overall, November's sector performance may be reflecting a market transitioning toward stability and quality, with defensive strength and selective cyclicals balancing out weakness in high-growth areas as investors await clearer direction from the Federal Reserve

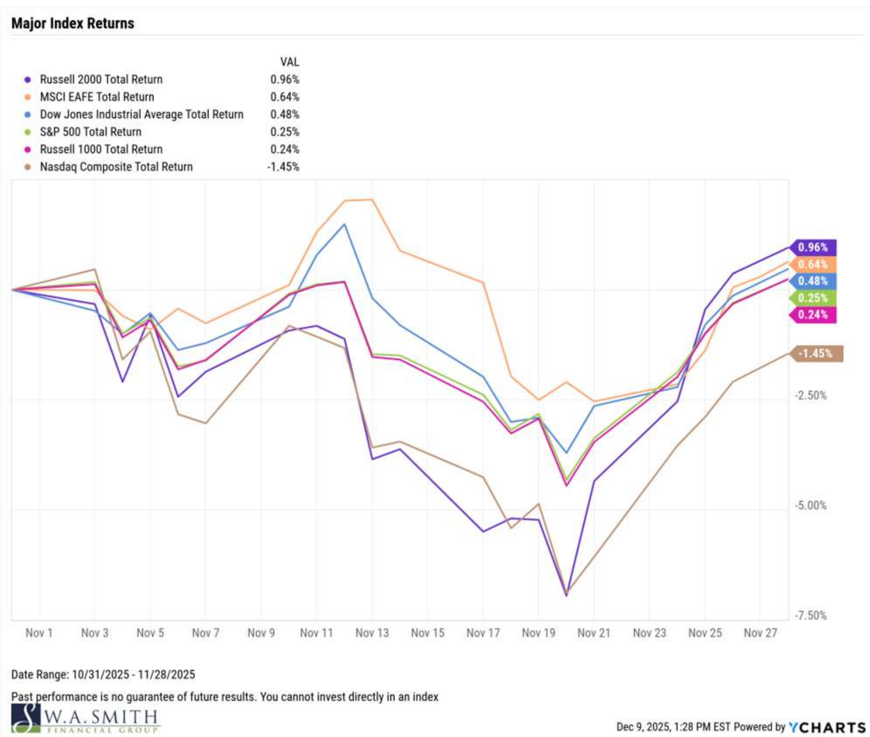
Summary Table: Sector Total Return (Nov. 1–28, 2025)

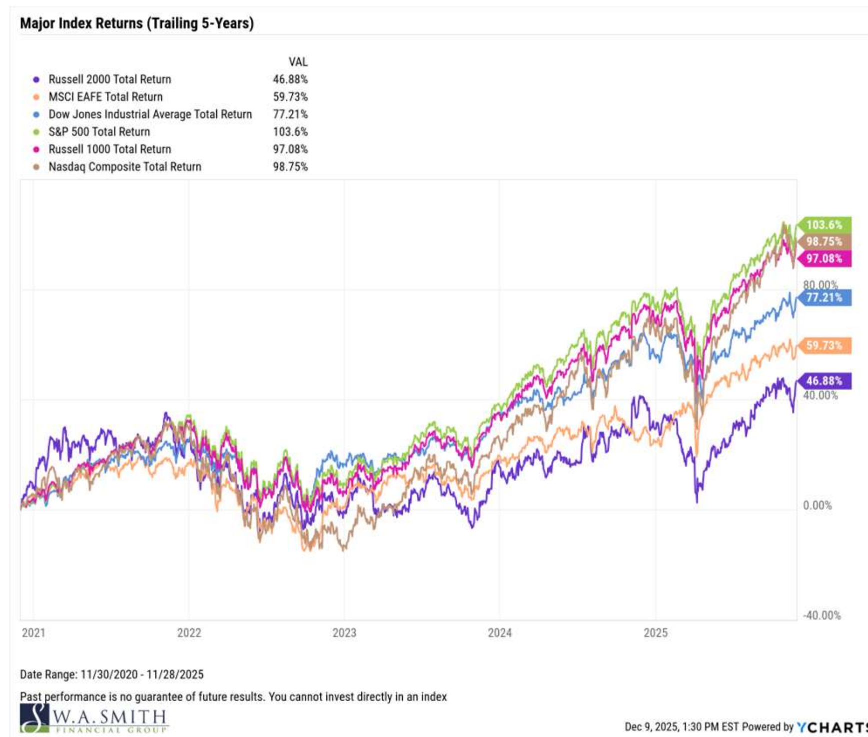
SECTOR	Ticker	Nov. 2025 Total Return (%)
Health Care	XLV	+9.3
Materials	XLB	+4.4
Consumer Staples	XLP	+4.1
Energy	XLE	+2.6
Real Estate	XLRE	+1.9
Financials	XLF	+1.8
Utilities	XLU	+1.7
Communication Services	XLC	+0.5
Industrials	XLI	-0.9
Consumer Discretionary	XLY	-1.4
Technology	XLK	-4.8

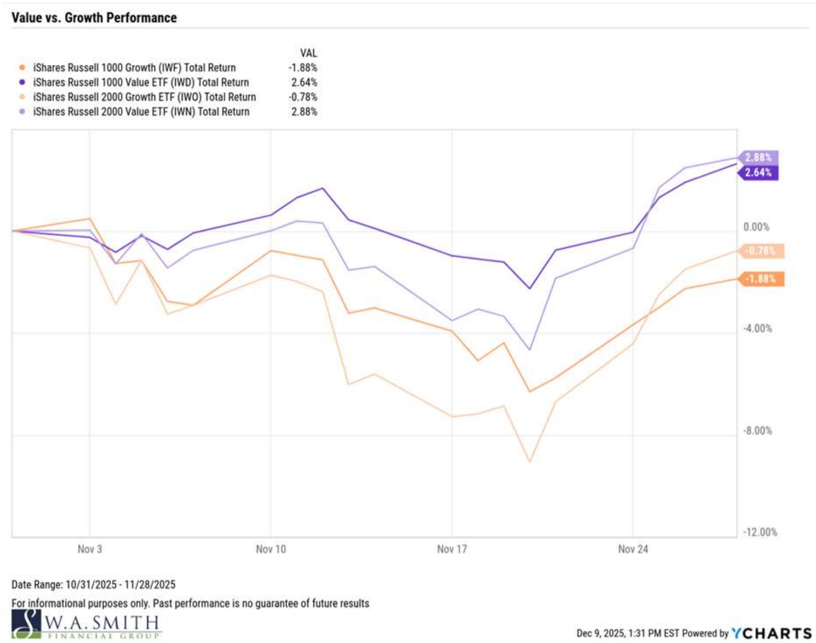
Takeaway: Sector leadership rotated away from technology and other high-growth stocks toward defensive areas (health care, staples, materials) and select cyclicals, as volatility and macro data oscillated. Late-month sentiment improvements and rising expectations for Fed rate cuts helped fuel a broad-based rally but couldn't fully reverse earlier underperformance in tech and discretionary segments.

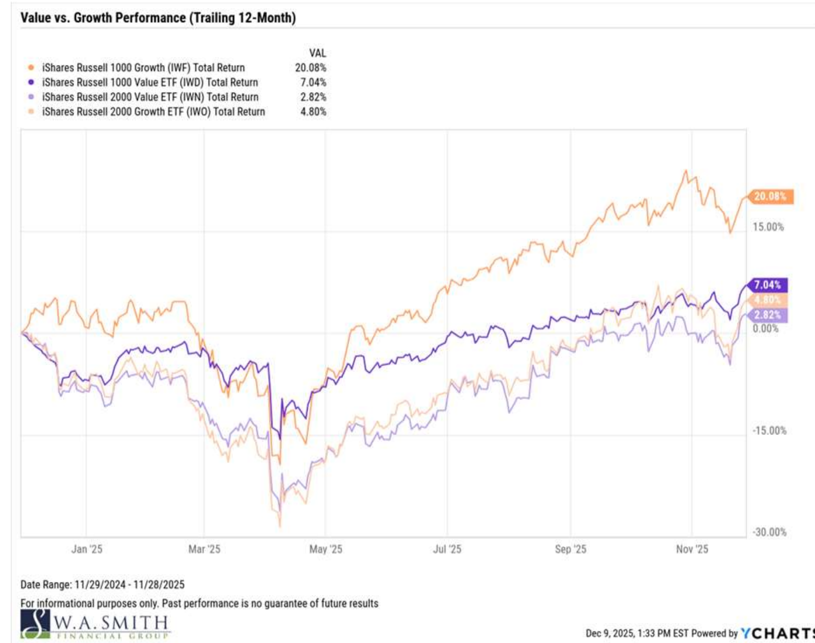
Major Index Performance: November Rotation vs. Long-Term Leadership

- **November saw modest gains across most major indices, with small caps leading:** The Russell 2000 (+0.96%) and MSCI EAFE (+0.64%) outperformed the Dow (+0.48%) and S&P 500 (+0.25%). The Nasdaq lagged at –1.45%, pressured by weakness in mega-cap tech. The month reflected a rotation away from growth-heavy leadership toward more cyclical and international exposure
- **Over the trailing five years, U.S. large caps remain dominant:** The S&P 500 (+103.6%), Nasdaq (+98.75%), and Russell 1000 (+97.08%) delivered the strongest returns, far outpacing small caps (+46.88%) and international equities (+59.73%). This reinforces the long-term structural advantage of U.S. mega-cap and large-cap businesses
- **Market leadership continues to narrow, raising the importance of allocation discipline:** While short-term performance favored smaller caps and developed international equities, long-term returns remain heavily concentrated in U.S. large-cap growth-oriented indices. This divergence underscores the need to blend cyclical opportunities with durable long-term exposures. It's important to note that shorter-term rotations can create tactical openings without altering long-term trends







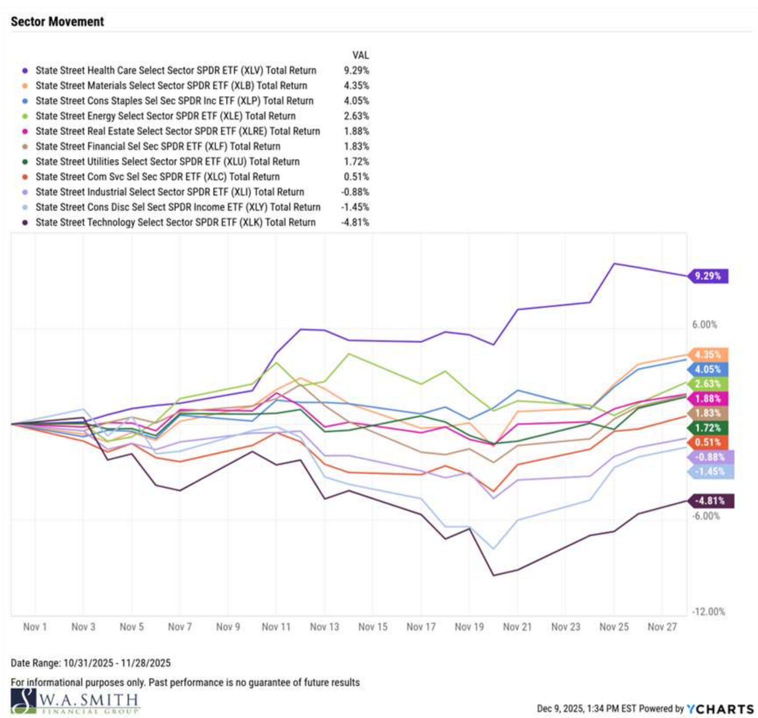


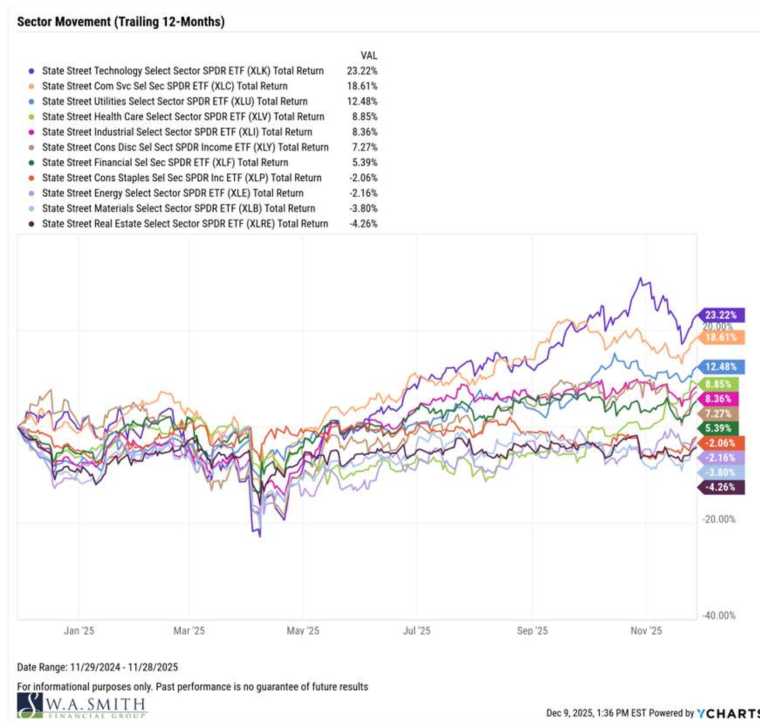
Growth Leadership Moderates as Value Strengthens into Year-End

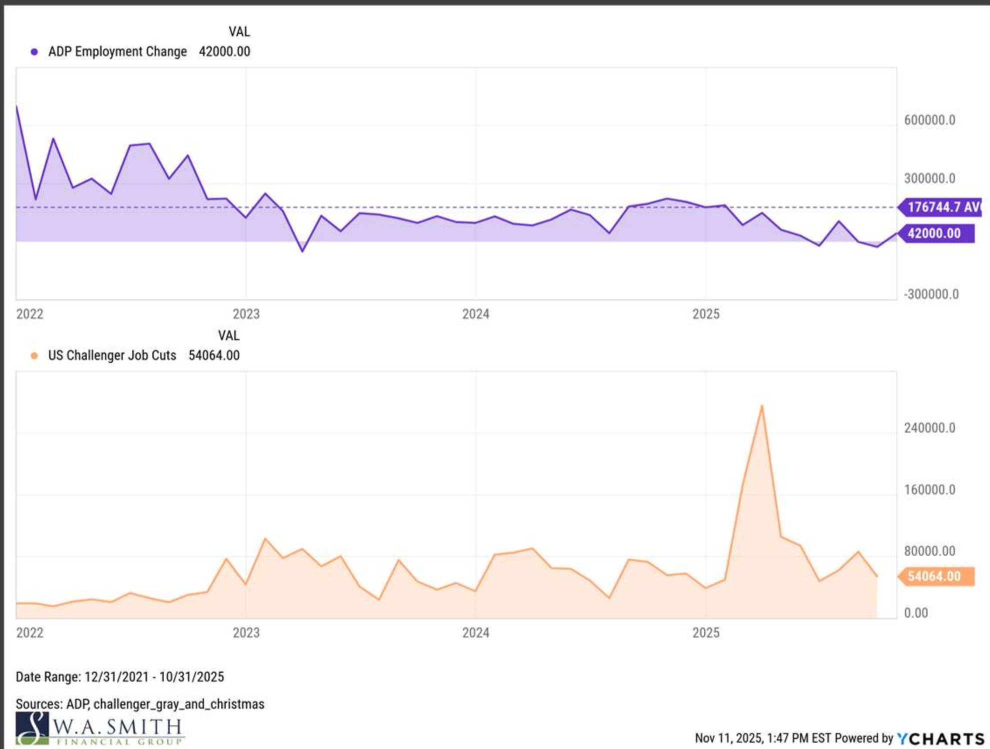
- **Value outperformed growth in November**, with large- and small-cap value (R1000V +2.64%, R2000V +2.88%) beating growth segments (R1000G –1.88%, R2000G –0.78%) as investors rotated toward defensives
- **Over 12 months, large-cap growth remains the clear leader**, with R1000G up +20%, far ahead of value indexes (+7% to +3%), driven by strong earnings and AI-related momentum underscoring investor preference for innovative, higher-earnings-growth companies amid easing inflation and interest rate expectations
- **Macro backdrop favors quality growth:** As the Fed transitions toward a more accommodative stance and inflation continues to moderate, investors have rewarded sectors with strong balance sheets (aka, strong fundamentals), pricing power, and structural tailwinds tied to technology and productivity gains
    - ***The likely December rate cut may modestly help growth****, but also supports value, especially small caps, through lower financing costs and improved economic stability*

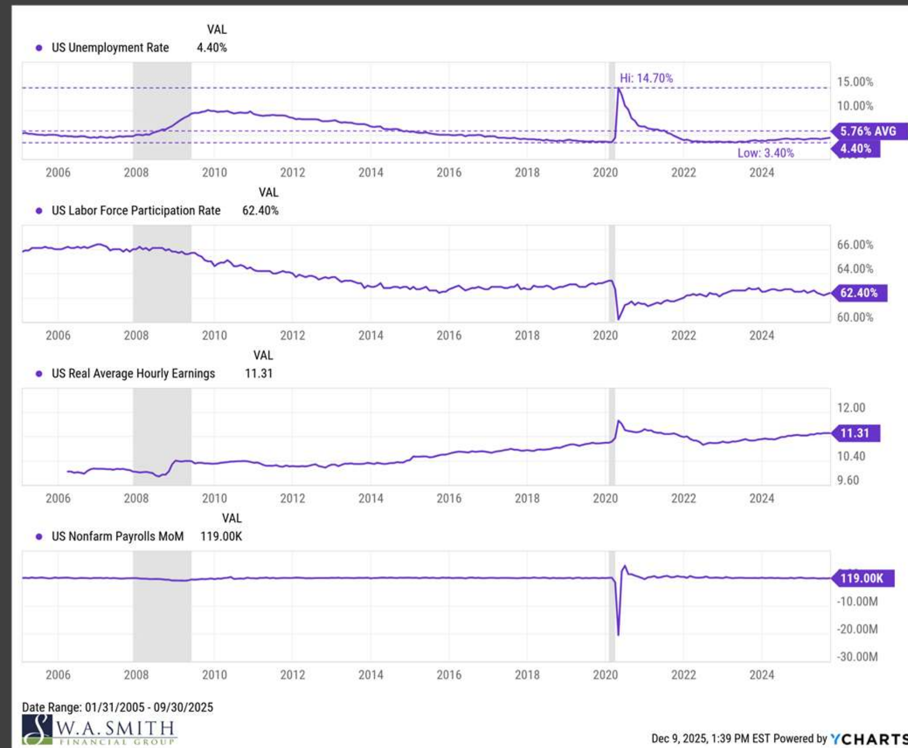
Defensive Sector Rotations In November: Likely Driven By Economic Uncertainty

- **November leadership shifted firmly to defensive sectors:** Health Care (+9.3%), Materials (+4.35%), and Consumer Staples (+4.05%) led the month, while traditionally growth-oriented areas—Technology (-4.81%), Consumer Discretionary (-1.45%), and Industrials (-0.88%)—underperformed amid rising macro uncertainty and tighter financial conditions
- **Over the trailing 12 months, Technology and Communication Services remain the clear outperformers:** Tech (+23.22%) and Communication Services (+18.61%) continue to anchor market leadership thanks to strong AI-related demand and margin resilience, well ahead of Utilities (+12.48%), Health Care (+8.85%), and Industrials (+8.36%)
- **Cyclical and rate-sensitive segments lag both short- and long-term:** Energy (-2.16%), Materials (-3.80%), and Real Estate (-4.26%) remain under pressure on a 12-month basis, reflecting weaker global growth expectations, declining commodity momentum, and elevated long-duration financing costs impacting property-linked sectors







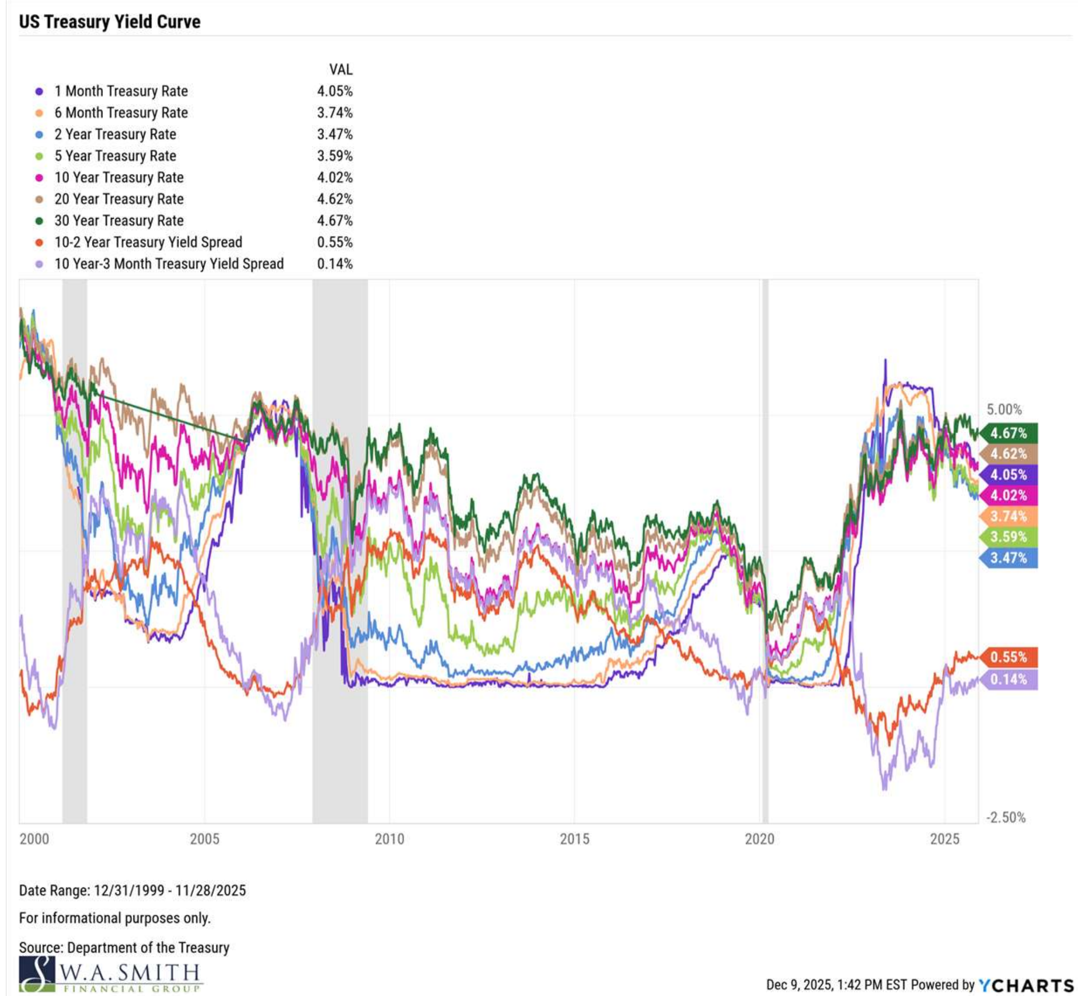


Shutdown Has Concluded; Labor Picture Is Still Unclear As Data Flow Is Lagging

- **Private Job Contraction:** The latest ADP report showed a surprising **contraction** in private sector employment, with **32,000 jobs shed** in November 2025, primarily driven by significant job cuts in the **small business segment**
- **Cooling Metrics:** The official **BLS Unemployment Rate** edged up to **4.4%** in September 2025, while the year-over-year growth in **Real Average Hourly Earnings** remained modest at **0.8%**, collectively indicating a deceleration in labor market momentum
- **End of the Shutdown:** The government shutdown has concluded, but its aftermath continues to **delay the release of official BLS employment data**. Critical information, such as the **October 2025 Unemployment Rate**, will **never be published** because the necessary household survey data could not be collected retroactively. This limits the full visibility of the labor market and forces policymakers to rely more heavily on alternative data sources, like ADP

Curve Normalization Remains In Effect

- **Front-end continues to lead yields lower as easing expectations build:** Short-maturity yields fell further into late November, with the 1M, 3M, and 6M tenors drifting toward the mid–3% to low–4% range, reflecting strong market conviction that the Fed will cut rates at the December meeting. The front end is now firmly below early-year highs, signaling easier financial conditions and improving liquidity
- **The re-steepening trend has continued, with both key curve spreads turning positive:** The 10Y–2Y spread widened to +0.55%, and the 10Y–3M spread moved to +0.14%, marking continued progress away from the deep inversion seen earlier in 2025. This shift suggests markets expect a soft-landing path—moderating growth with controlled inflation—supported by incremental Fed easing rather than aggressive stimulus
- **Long-end remains anchored despite declines elsewhere, reflecting stable inflation expectations:** The 20Y (4.62%) and 30Y (4.67%) tenors remain essentially unchanged, with term premium, Treasury supply, and long-run inflation expectations preventing a deeper decline. The anchored back end indicates investors believe inflation is moving lower but not collapsing, keeping long-term rates elevated relative to the front and belly
- **Portfolio & market implications: constructive for fixed income, selectively supportive for equities:** A steeper curve with lower short-term rates enhances carry, roll-down, and duration opportunities in high-quality bonds. Rate-sensitive equity sectors (utilities, housing, infrastructure) should benefit, while the steady long end maintains a valuation ceiling for long-duration growth stocks. Overall, the curve's shift points to improving financial conditions without signaling recessionary stress



New Timeseries Analysis

Data as of: Dec. 9, 2025

Date Range: 12/30/2022 to 11/30/2025
Frequency: Monthly
Aggregation: End of Period (default)
Fill Method: No Fill

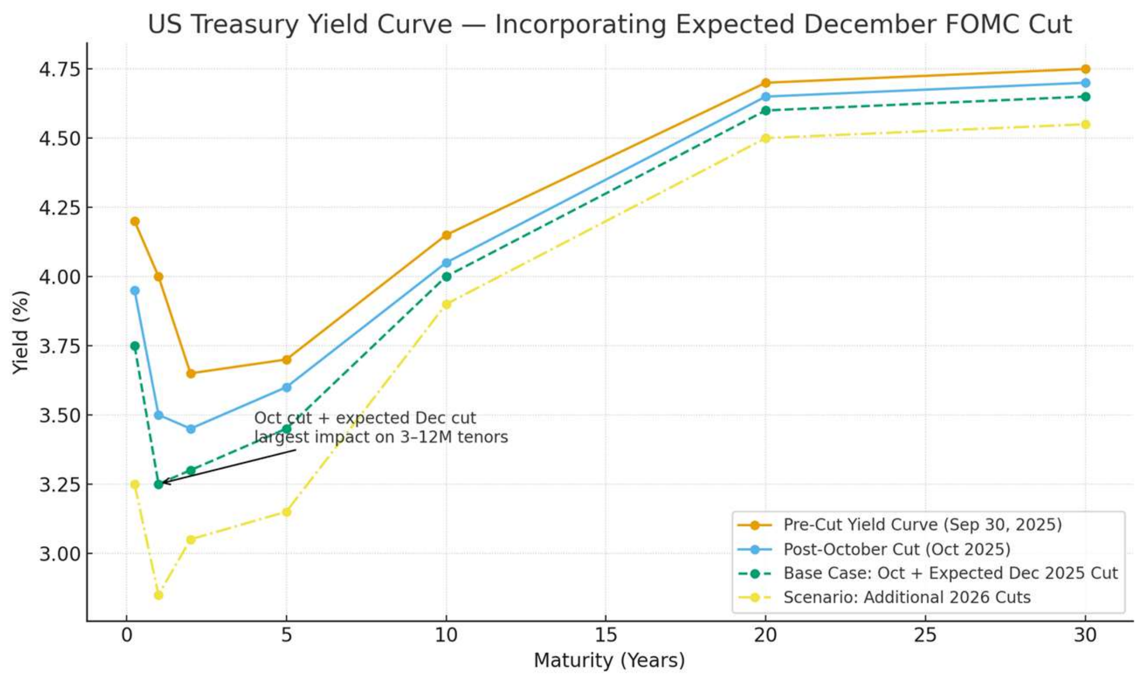
Symbol	Name	Metrics	Nov 30 '25	Oct 31 '25	Sep 30 '25	Aug 31 '25	Jul 31 '25	Jun 30 '25	May 31 '25	Apr 30 '25
I:10YTCMR	10 Year Treasury Rate		4.02%	4.11%	4.16%	4.23%	4.37%	4.24%	4.41%	4.17%
I:1MTCMR	1 Month Treasury Rat...		4.05%	4.06%	4.20%	4.41%	4.49%	4.28%	4.33%	4.35%
I:1YTCMR	1 Year Treasury Rate		3.61%	3.70%	3.68%	3.83%	4.10%	3.96%	4.11%	3.85%
I:20YTCMR	20 Year Treasury Rate		4.62%	4.65%	4.71%	4.86%	4.89%	4.79%	4.93%	4.68%
I:2YTCMR	2 Year Treasury Rate		3.47%	3.60%	3.60%	3.59%	3.94%	3.72%	3.89%	3.60%
I:30YTCMR	30 Year Treasury Rate		4.67%	4.67%	4.73%	4.92%	4.89%	4.78%	4.92%	4.66%
I:3MTCMR	3 Month Treasury Rat...		3.88%	3.89%	4.02%	4.23%	4.41%	4.41%	4.36%	4.31%
I:3YTCMR	3 Year Treasury Rate		3.49%	3.60%	3.61%	3.58%	3.89%	3.68%	3.87%	3.58%
I:5YTCMR	5 Year Treasury Rate		3.59%	3.71%	3.74%	3.68%	3.96%	3.79%	3.96%	3.72%
I:6MTCMR	6 Month Treasury Rat...		3.74%	3.79%	3.83%	4.01%	4.31%	4.29%	4.36%	4.19%

Front-end softness continued as short-term yields moved lower into November

- **Short-term yields edged lower in November**, with 1–12-month maturities slipping 1–5 bps as markets priced in a high probability of a December Fed rate cut and gained clarity following the end of the government shutdown
- **Intermediate maturities (1–10 years) also declined modestly**, falling 9–13 bps, reflecting softer economic data and easing policy expectations, while long-term yields (20–30 years) were essentially unchanged, indicating stable inflation expectations
- **The yield curve continued to re-steepen**, driven by faster declines in the front end versus the long end—consistent with a normalizing rate environment and a market that is cautiously aligning with a soft-landing outlook

Potential Market Impact of the Expected December FOMC Rate Cut

- **A December rate cut will potentially reinforce easing momentum and support risk assets:** Markets have largely priced in a 25 bp cut, and confirmation would likely **bolster sentiment**, especially in rate-sensitive areas such as real estate, small caps, and select cyclicals. Equities typically respond positively when the Fed signals confidence in a soft-landing narrative
    - *Please note that this is a hypothetical chart that shows what may happen in the event of a series of 25 bp rate cuts to end the year*
- **The yield curve is likely to steepen further as the front end adjusts downward:** Short-maturity yields would see the largest immediate reaction, extending the re-steepening already underway. Long-term yields may remain more anchored due to stable inflation expectations and elevated term premiums, reinforcing a **normalization of curve dynamics**
- **Credit spreads may tighten modestly as policy easing improves liquidity conditions:** A December cut could narrow spreads in investment-grade and high-yield markets as investors price in lower financing costs, reduced recession odds, and improved corporate cash-flow stability. However, overly tight spreads may limit how much further tightening can occur
- **Potential market implications: more supportive financial conditions, but selective risks remain:** While a near-term cut would ease borrowing costs and improve liquidity, markets may become increasingly sensitive to data confirming (or contradicting) the soft-landing outlook. High-valuation growth sectors could remain volatile, and credit markets may face pockets of stress if the economic slowdown is sharper than expected



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- **S&P 500 –** measures the performance of 500 widely held stocks in US equity market. Standard and Poors chooses member companies for the index based on market size, liquidity and industry group representation. Included are the stocks of industrial, financial, utility, and transportation companies. Since mid-1989, this composition has been more flexible and the number of issues in each sector has varied. It is market-capitalization weighted.
- **NASDAQ Composite Index** – a market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System.
- **Russell 1000** – The index measures the performance of the large-cap segment of the US equity securities. It is a subset of the Russell 3000 index and includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership.
- **Dow Jones Industrial Average Price Return Index** – a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry.
- **Russell 2000 Index** – measures the performance of the small-cap segment of the U.S. equity universe.
- **MSCI EAFE Index** – a stock market index that is designed to measure the equity market performance of developed markets outside of the U.S. & Canada. It is maintained by MSCI, Inc., a provider of investment decision support tools; the EAFE acronym stands for Europe, Australasia and Far East.