

2025 in Review



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Data as of: 12/30/2025



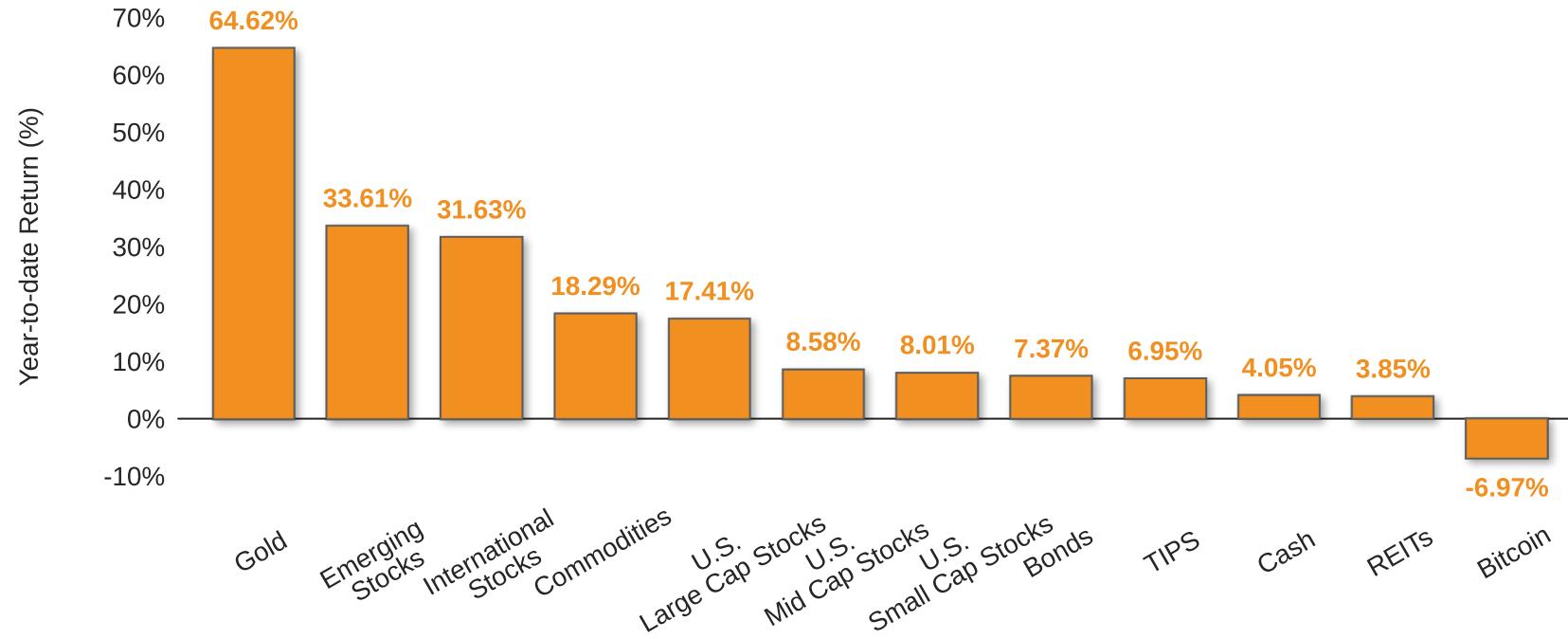
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2025 Asset Class Returns

2025 year-to-date asset class price returns

Year-to-date 2025.

2025 YEAR-TO-DATE ASSET CLASS RETURNS



Key Takeaways

- Understanding Asset Class Performance:** The chart illustrates the year-to-date price returns of various asset classes in 2025, providing a snapshot of how different investments have performed so far.
- A Recent Look at the Data:** Year-to-date, the worst performing asset class is Bitcoin with a return of -6.97%, while the best performing asset class is Gold with a return of 64.62%.
- Investment Implications:** The data presented can help investors understand how their portfolios align with the performance of different asset classes in the current year.

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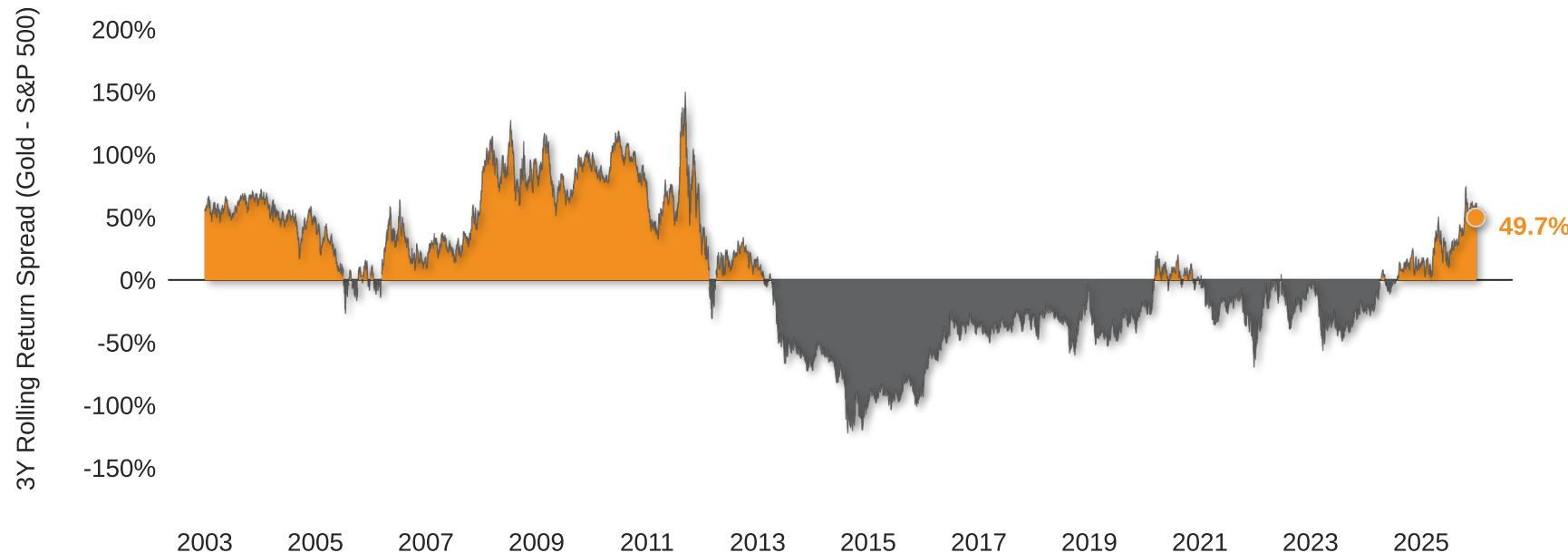
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Cycles of Gold vs S&P 500 Performance

Spread: Rolling 3-Year Gold Returns minus Rolling 3-Year S&P 500 Returns

Since 2003

● GOLD OUTPERFORMING ● GOLD UNDERPERFORMING



Key Takeaways

- **Measuring Cycles of Gold vs S&P 500 Performance:** The chart illustrates the rolling 3-year performance difference between gold and the S&P 500, showing how leadership between the two assets has shifted across different market cycles since 2003.
- **A Look at the Recent Data:** As of December 29, 2025, the rolling 3-year performance spread shows gold outperforming the S&P 500 by 49.7%.
- **Investment Implications:** The chart highlights that relative performance between gold and equities has historically rotated over time. Recognizing these shifts may help investors maintain diversified portfolios and better understand how different assets respond to evolving economic environments.

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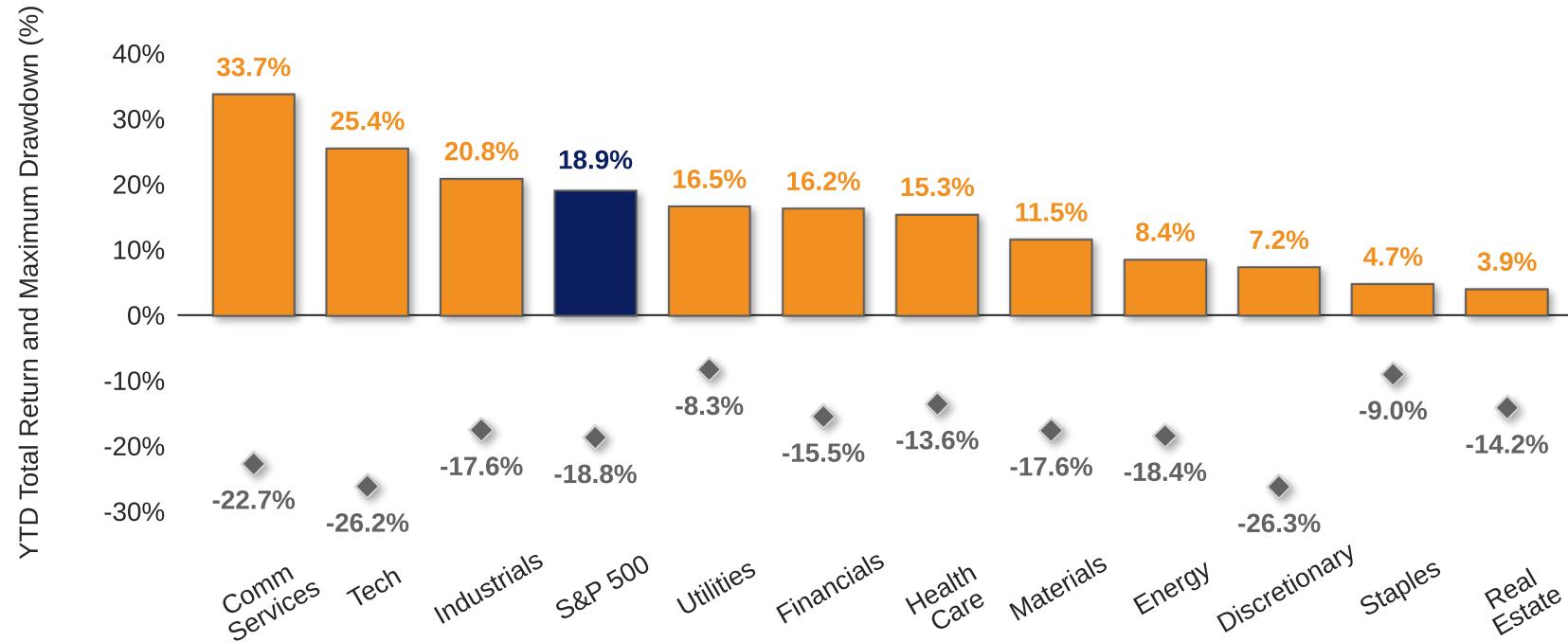
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S&P 500 Sector Performance in 2025

S&P 500 year-to-date (YTD) Sector Performance in 2025 (including dividends) with maximum drawdown

YTD 2025

YEAR-TO-DATE SECTOR RETURN S&P 500 MAXIMUM DRAWDOWN



Key Takeaways

- S&P 500 Year-to-Date Return:** The S&P 500 has posted a return of 18.9%, including dividends, so far in 2025.
- Sector Performance and Maximum Drawdowns:** The chart highlights the sector performance and maximum drawdowns for each sector year-to-date. Sector returns and drawdowns vary materially. The best and worst performing sectors year-to-date can be viewed in the chart along with their corresponding maximum drawdowns.
- Performance:** Analyzing sector performance helps reveal what's happening beneath the surface of overall market returns. By examining which sectors are performing well and which are struggling, investors can better understand the underlying drivers of market performance and portfolio composition.

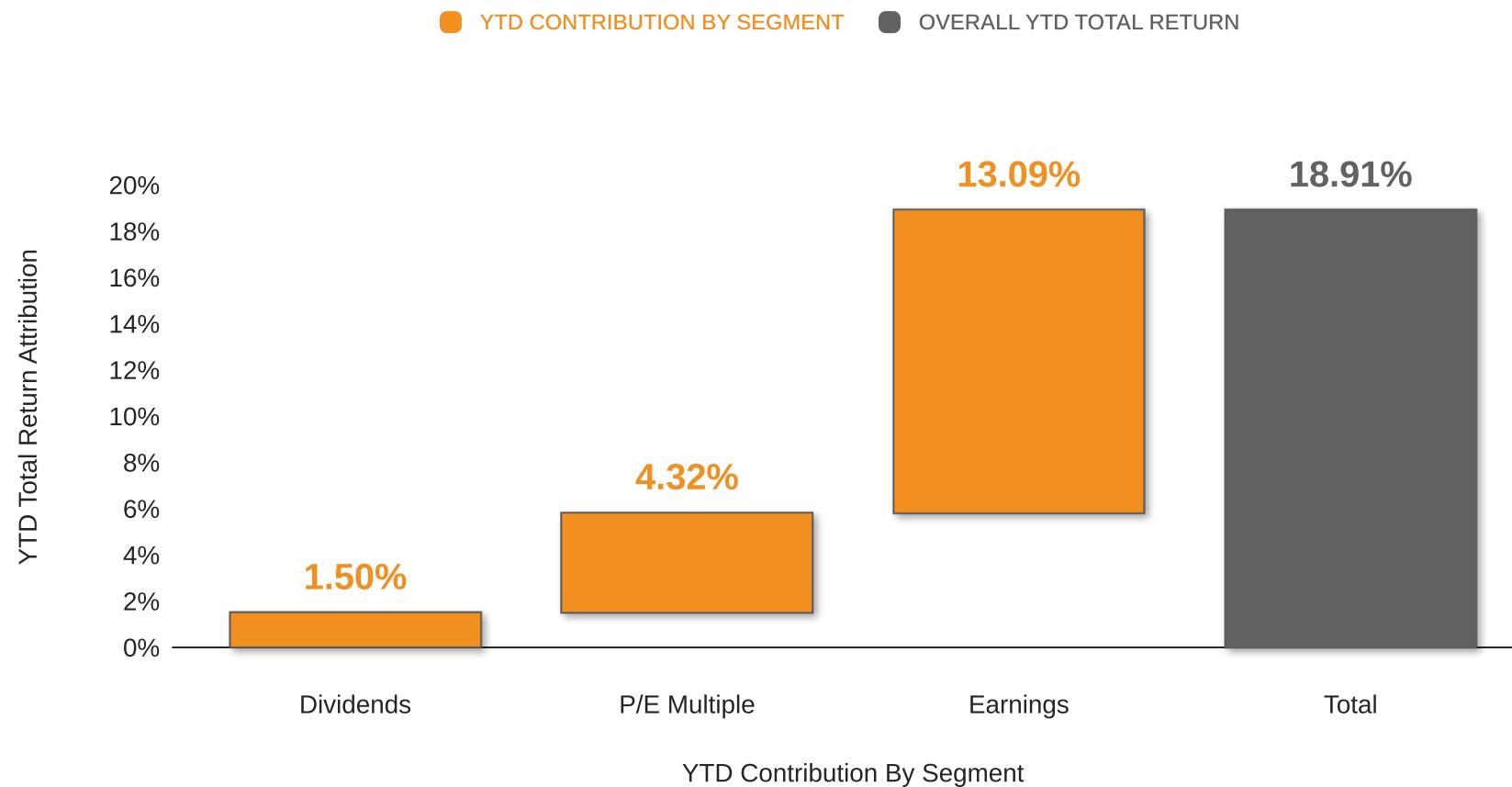
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Where Are Equity Returns Coming From In 2025?

S&P 500 YTD Total Return Broken Down By Contribution From Earnings, P/E Multiple, and Dividends

Year-to-date 2025



Key Takeaways

- **Measuring Return Drivers in 2025:** The chart shows the S&P 500's total return year-to-date broken down into the contribution from three segments: earnings growth, P/E multiple, and dividends.
- **A Recent Look at the Data:** Year-to-date, the S&P 500's total return is 18.91%.
- **Investment Implications:** Breaking down returns this way helps show whether market gains are being supported by underlying fundamentals or shifts in valuation.

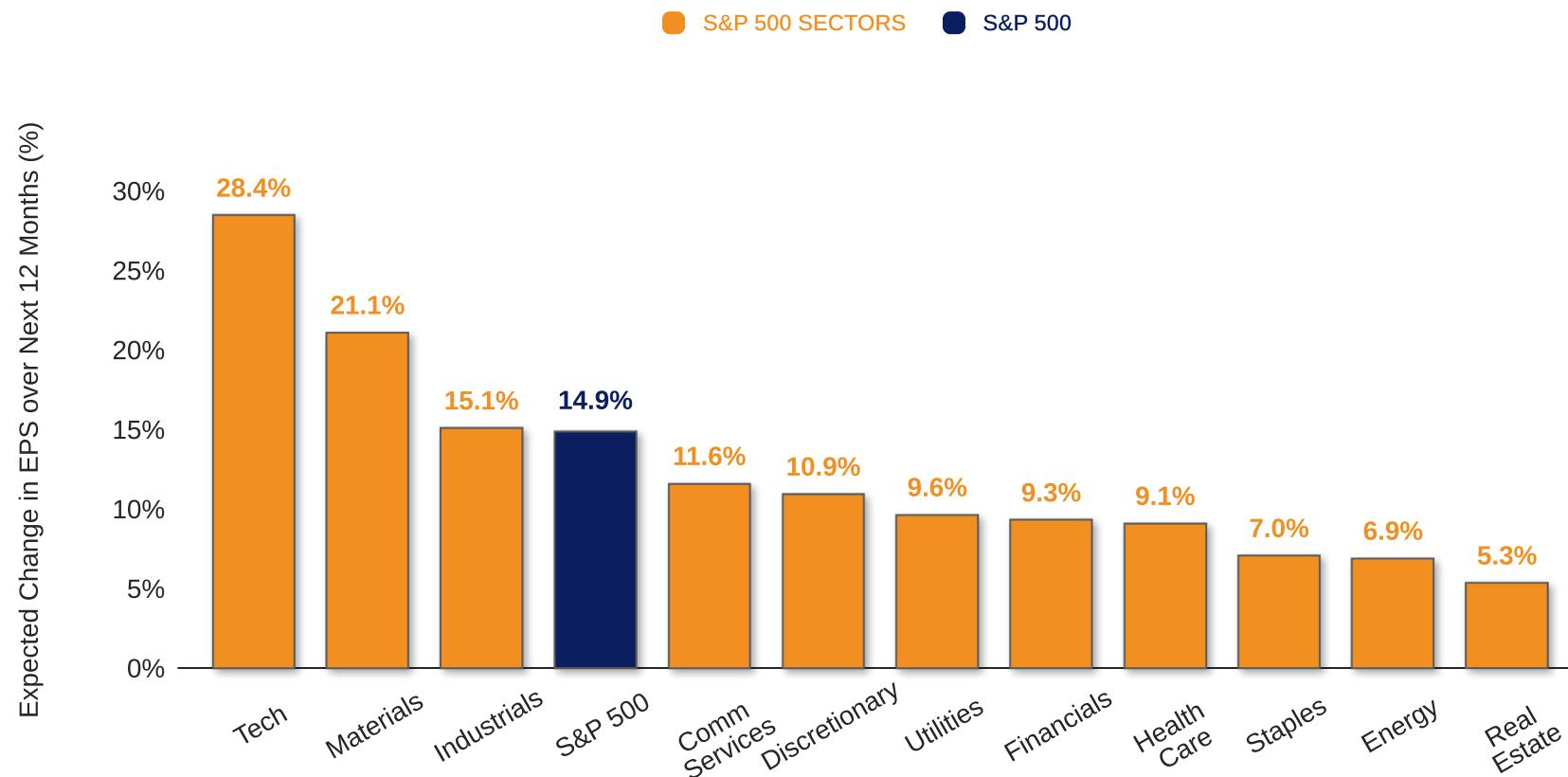
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Expected Earnings Growth by Sector

Consensus Expected Earnings Growth over the Next 12 Months

Current



Key Takeaways

- Expected Change in Earnings Per Share (EPS) Over the Next 12 Months:** This chart presents consensus expectations for the change in earnings per share (EPS) for the S&P 500 and its constituent sectors over the next 12 months.
- A Look at the Recent Data:** Current consensus estimates suggest that the S&P 500 is expected to grow earnings by 14.9% over the next 12 months. Sector-specific growth projections are also available in the chart.
- How Earnings Influence Market Performance:** Earnings have historically played a pivotal role in influencing market performance. Strong earnings growth expectations for the S&P 500 may indicate economic resilience, which can contribute to investor confidence and potentially drive stock prices higher.

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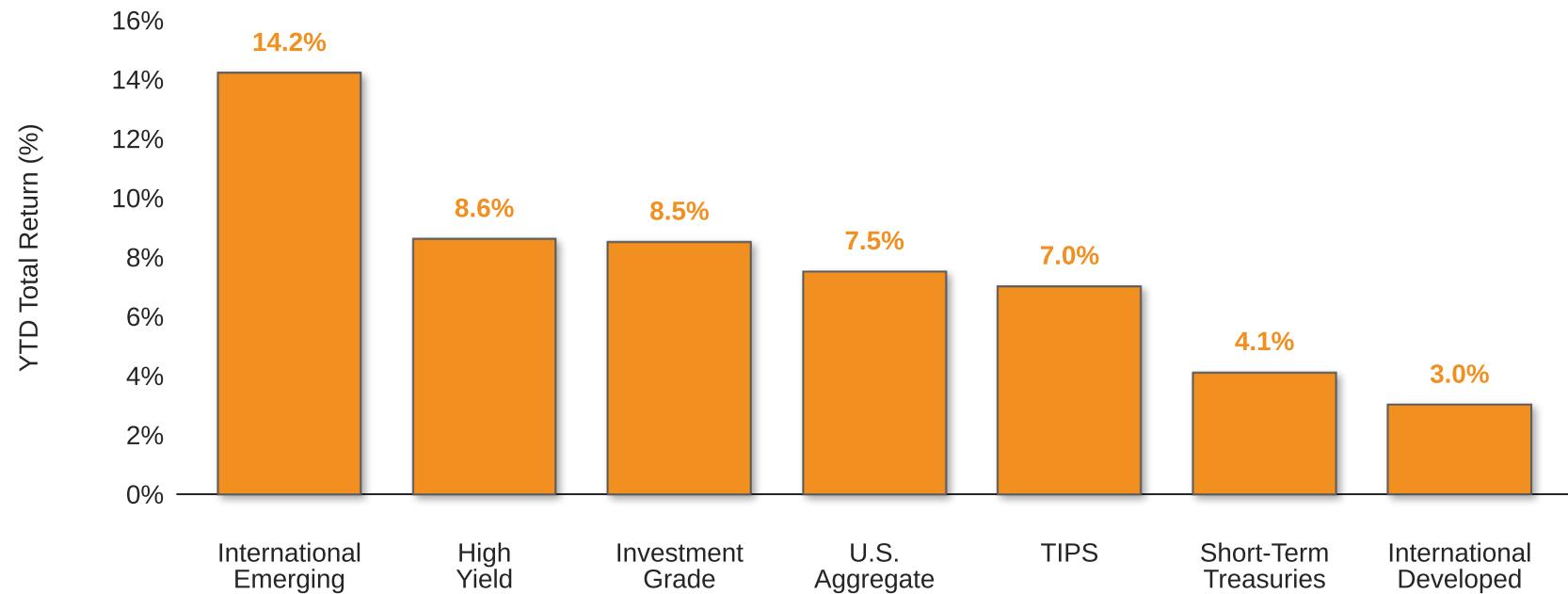
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Bond Performance by Segment in 2025

Short-Term Treasuries, U.S. Core, TIPS, Investment Grade, High Yield, International (Developed & Emerging) year-to-date (YTD) Total Returns

YTD 2025

YEAR-TO-DATE BOND PERFORMANCE



Key Takeaways

- Understanding Bond Performance in 2025:** This chart presents the year-to-date (YTD) total return performance across major bond market segments: Cash, U.S. Aggregate Bonds, TIPS (Treasury Inflation-Protected Securities), Investment Grade Credit, High Yield Credit, and International Bonds (Developed and Emerging Markets).
- A Recent Look at the Data:** The chart above shows year-to-date returns across key segments of the bond market, sorted from highest to lowest. This visual offers a straightforward comparison of performance among various bond categories.
- Investment Implications:** Analyzing bond performance across multiple sectors helps investors assess how factors like interest rates, credit spreads, and inflation expectations are impacting fixed income returns in different countries.

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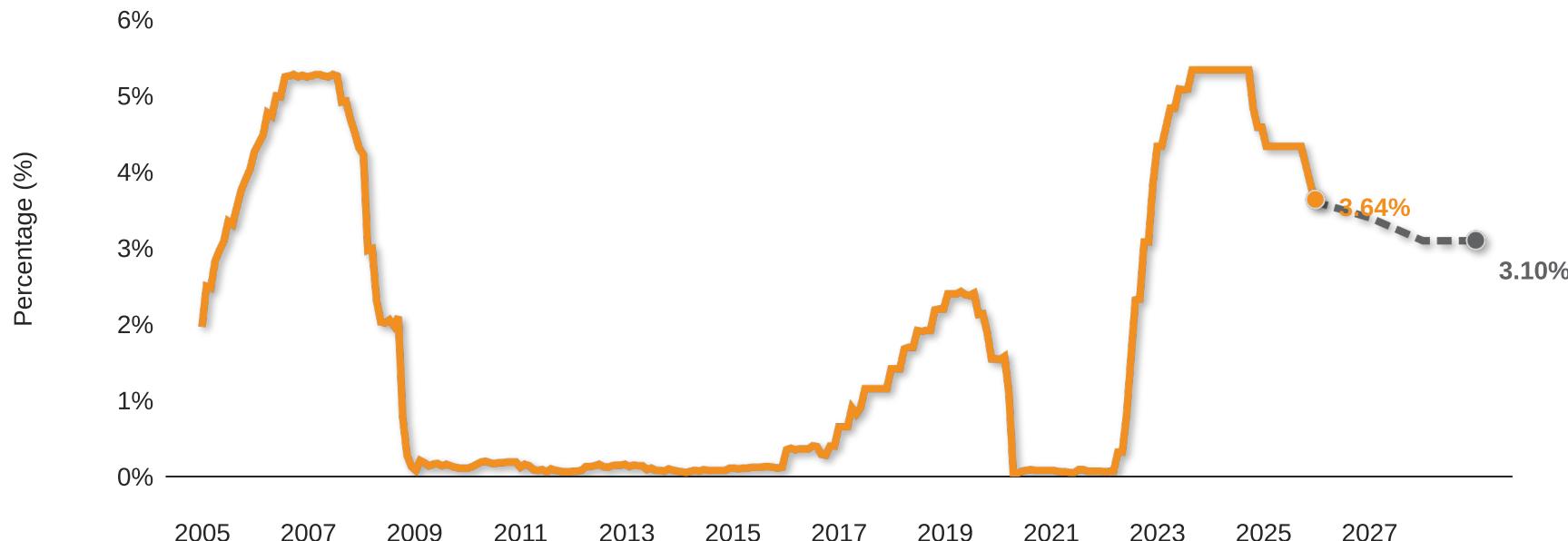
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Federal Funds Rate and FOMC Projection

Effective Federal Funds Rate (Actual) & FOMC Summary of Economic Projections (Median Expected)

Since 2005

EFFECTIVE FEDERAL FUNDS RATE (ACTUAL) FOMC SUMMARY OF ECONOMIC PROJECTIONS (MEDIAN EXPECTED)



Key Takeaways

- Understanding the Effective Federal Funds Rate:** The effective federal funds rate is the interest rate at which depository institutions lend reserve balances to other depository institutions overnight.
- Understanding the FOMC Summary of Economic Projections:** The FOMC (Federal Open Market Committee) Summary of Economic Projections includes the median projections of FOMC participants for key economic variables, including the federal funds rate.
- Recent Data and FOMC Expectations:** The Effective Federal Funds Rate, as of December, 2025, was 3.64%. The median expectation, according to the FOMC in their recent Summary of Economic Projections, was 3.10% by the end of December, 2028.

Source: © Exhibit A, FOMC Summary of Economic Projections via FRED | [Latest: 2025-12-26](#)

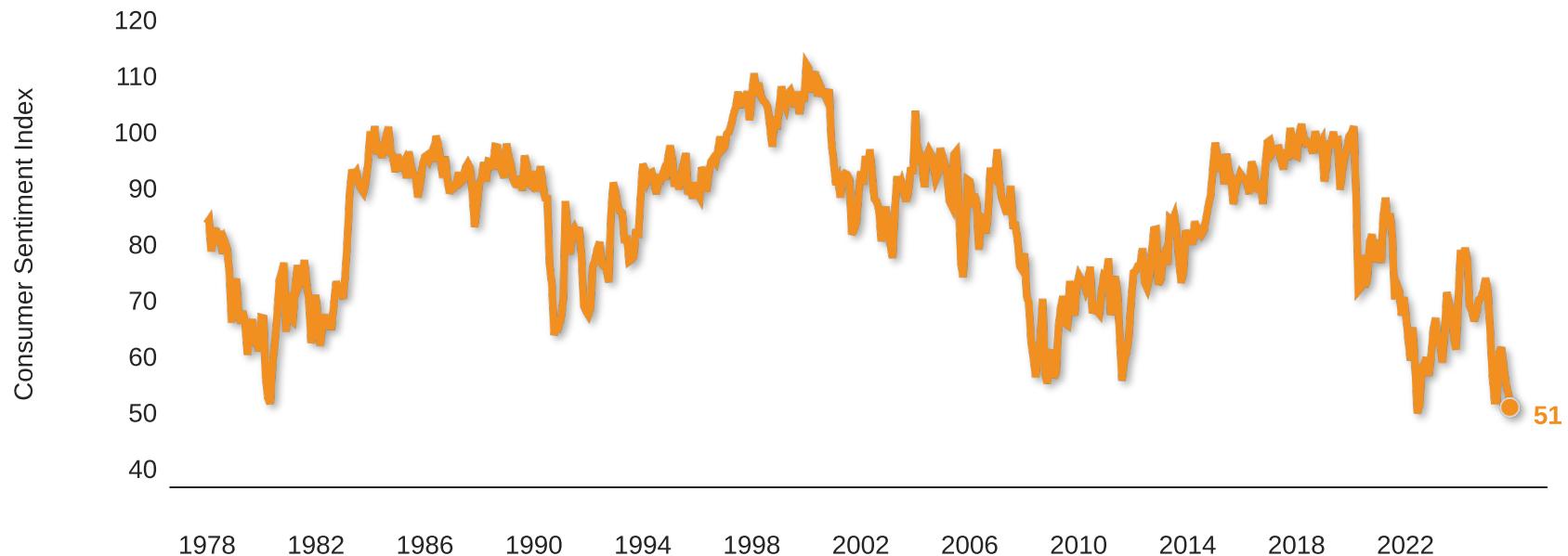
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Feelings About The U.S. Economy

University of Michigan Consumer Sentiment Index

Since 1978

UNIVERSITY OF MICHIGAN CONSUMER SENTIMENT INDEX



Key Takeaways

- Understanding Consumer Sentiment:** The University of Michigan Consumer Sentiment Index is a widely followed measure of U.S. consumer confidence. It reflects how optimistic or pessimistic consumers are about the economy, job prospects, and their personal financial situation.
- Recent Consumer Sentiment Data:** For the month of November, 2025, the Consumer Sentiment Index stood at 51.
- Market Implications:** Consumer sentiment plays a critical role in economic growth, as it can influence consumer spending, one of the largest drivers of the U.S. economy. A significant decline in consumer sentiment may signal potential slowdowns in spending, while an increase could suggest growing confidence in the economic outlook.

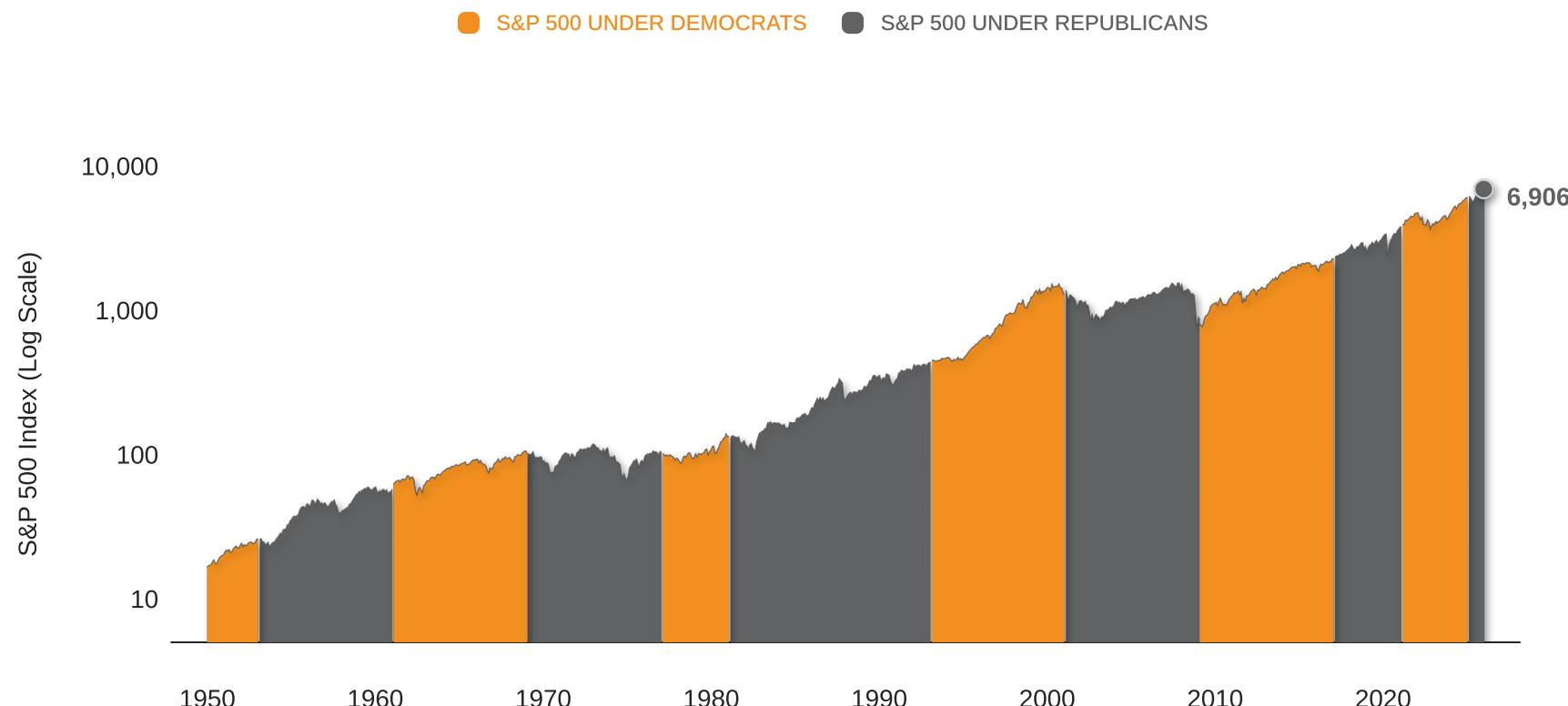
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Ignoring Politics When Investing

S&P 500 Price Under Democrats and Republicans

Since 1950



Key Takeaways

- **Ignoring Politics When Investing:** The data shows that the performance of the S&P 500 does not align consistently with political party control. Whether under Democratic or Republican administrations, market growth has occurred in both contexts.
- **Think Long-Term:** While short-term market fluctuations can be influenced by political events or changes, long-term performance tends to smooth out these effects. Investors should focus on their long-term goals rather than reacting to the political climate, as historical data shows that the S&P 500 has experienced growth under both parties over extended periods.
- **Investing Implications:** When zooming out on the long-term growth, historically, of the S&P 500, politics look more like a distraction vs a signal.

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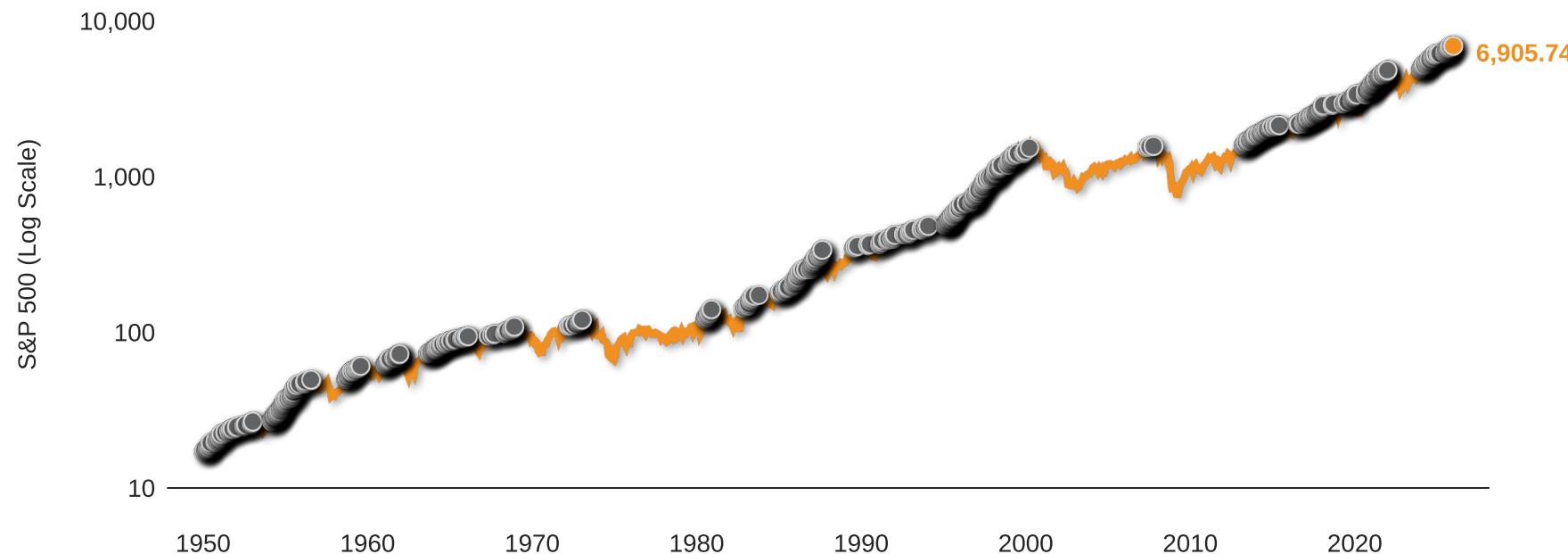
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All Time Highs in the S&P 500 are Common

S&P 500 price with dots for new all time highs

Since 1950.

■ S&P 500 PRICE ■ ALL TIME HIGHS



Key Takeaways

- **Tracking New All-Time Highs:** This chart displays the price of the S&P 500 over time, with dots marking when the index reaches new all-time highs.
- **Historical Perspective:** The chart highlights that the S&P 500 has consistently achieved new all-time highs throughout its history, despite the inevitable market fluctuations and periodic downturns.
- **Investment Implications:** The consistent occurrence of new all-time highs in the S&P 500 underscores the importance of maintaining a long-term investment strategy. It also shows that, historically, all time highs are not a reason to sell stocks. They are a normal part of the market's behavior.

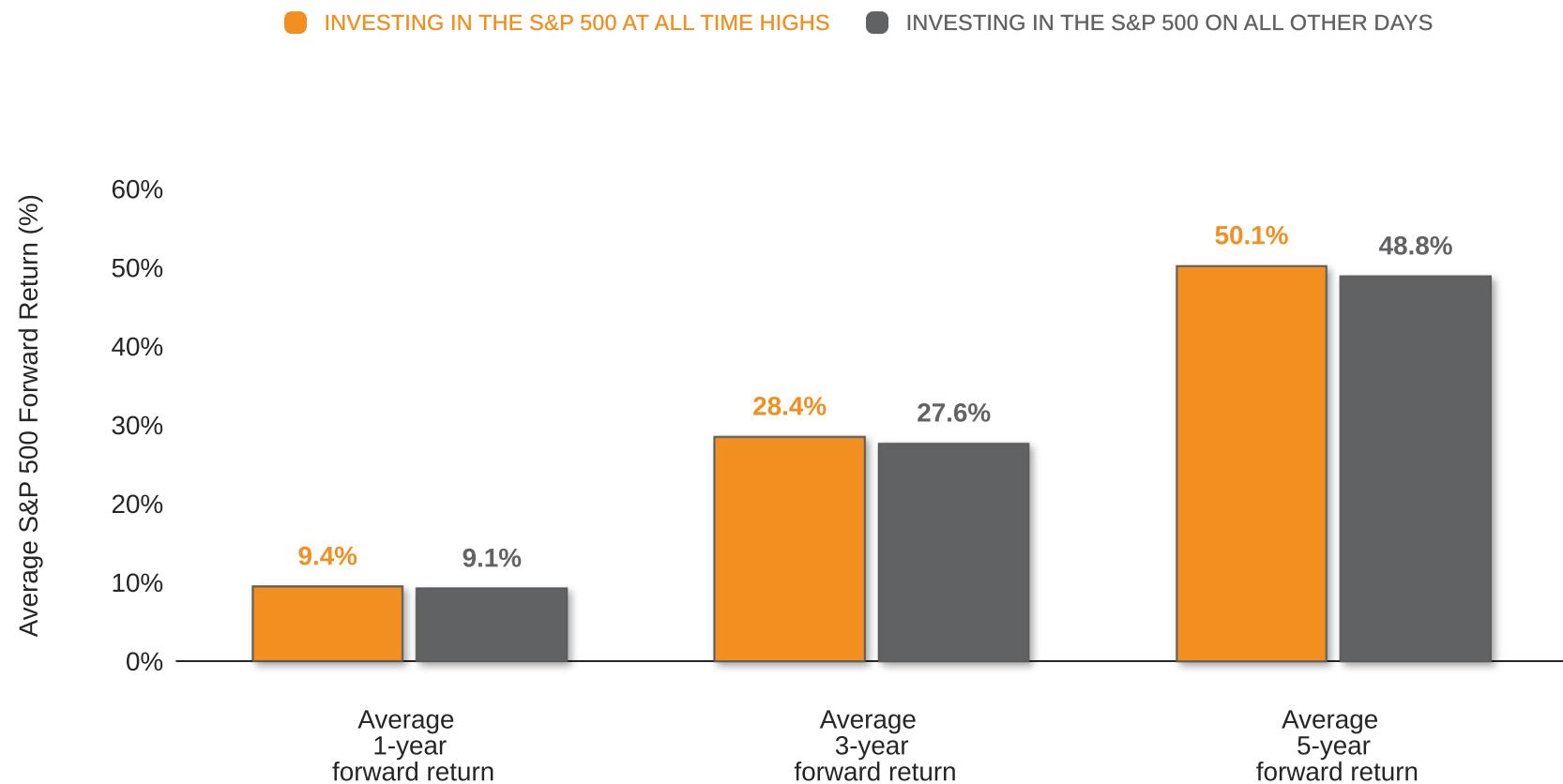
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Don't Fear All-Time-Highs

Average S&P 500 1-Year, 3-Years, 5-Years Forward Returns Investing at All Time Highs vs All Other Days

Since 1950



Key Takeaways

- All-Time Highs Do Not Signal a Market Peak:** The chart compares the average forward returns for the S&P 500 over 1-year, 3-year, and 5-year periods when investing at all-time highs versus all other days.
- A Recent Look at the Data:** The historical data illustrates that average forward returns on a 1-year, 3-year, and 5-year basis are higher at all time highs in the S&P 500 vs all other days. For example, the average 5-year forward return from all time highs (since 1950) is 50.1%. This compares to a lower average 5-year forward return of 48.8% investing on days when the S&P 500 is below all time highs.
- Investment Implications:** The takeaway for investors is that market all-time highs do not automatically signify impending market downturns. In fact, historical data shows that investing during these periods has been followed by above average returns on a 1, 3, and 5 year go-forward basis.

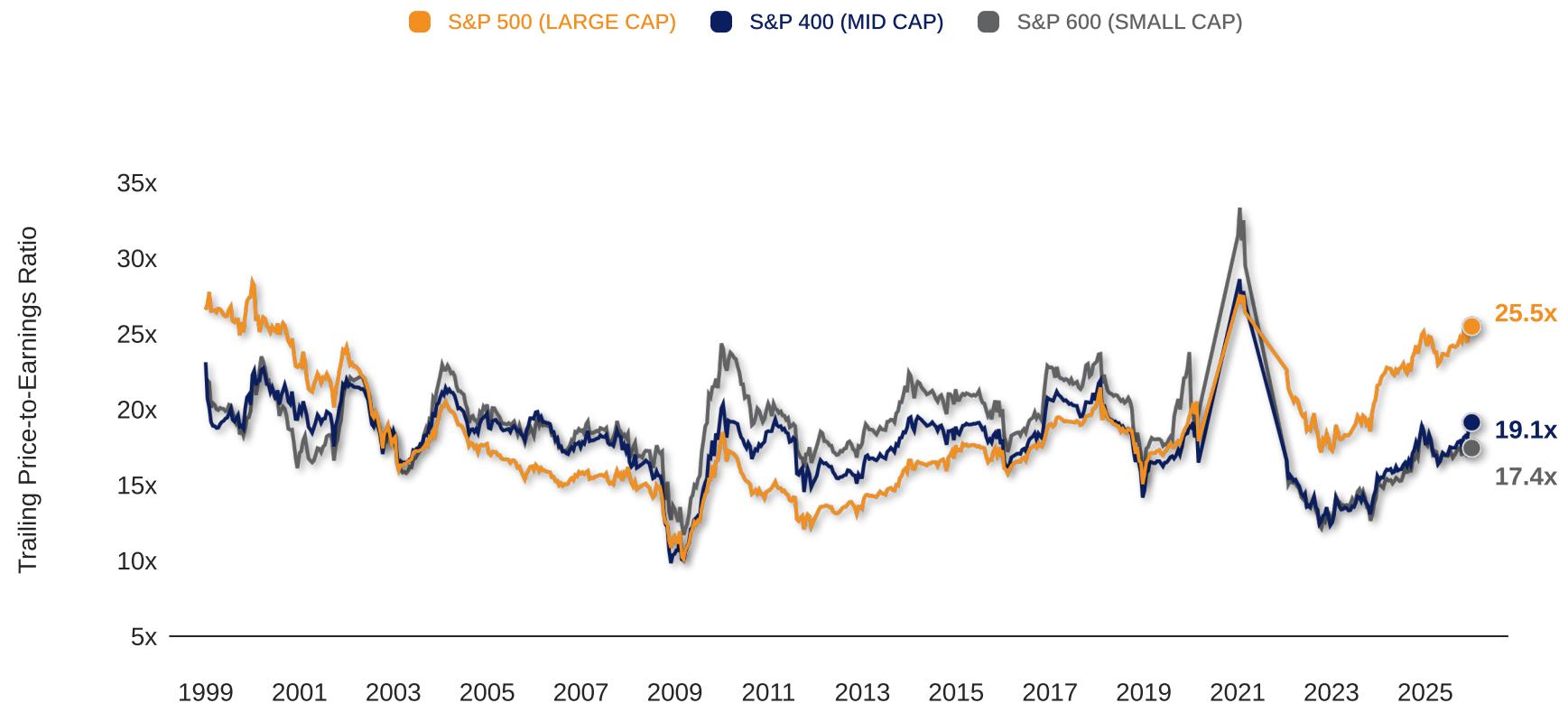
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A look at valuations

Trailing Price-to-Earnings Ratio Using Earnings Over the Past 12 Months for the S&P 500, S&P 400, and S&P 600

Since 1999



Key Takeaways

- Understanding The Price-to-Earnings (P/E) Ratio:** The P/E ratio is a widely used financial metric that represents the price investors are willing to pay for each dollar of earnings. A higher P/E ratio may indicate that stocks are expensive, while a lower P/E could suggest stocks are cheap.
- A Look at the Recent Data:** As of December 29, 2025, the Price-to-Earnings ratios for the S&P 500, S&P 400, and S&P 600 are as follows S&P 500 (Large-Cap): 25.5x, S&P 400 (Mid-Cap): 19.1x, S&P 600 (Small-Cap): 17.4x. These figures reflect the differences in valuation across large, mid, and small-cap stocks.
- Valuations and Market Sentiment:** P/E ratios are influenced by many financial factors, including earnings growth, interest rates, and investor sentiment, and provide valuable insights into the relative valuation of stocks and market expectations for future performance.

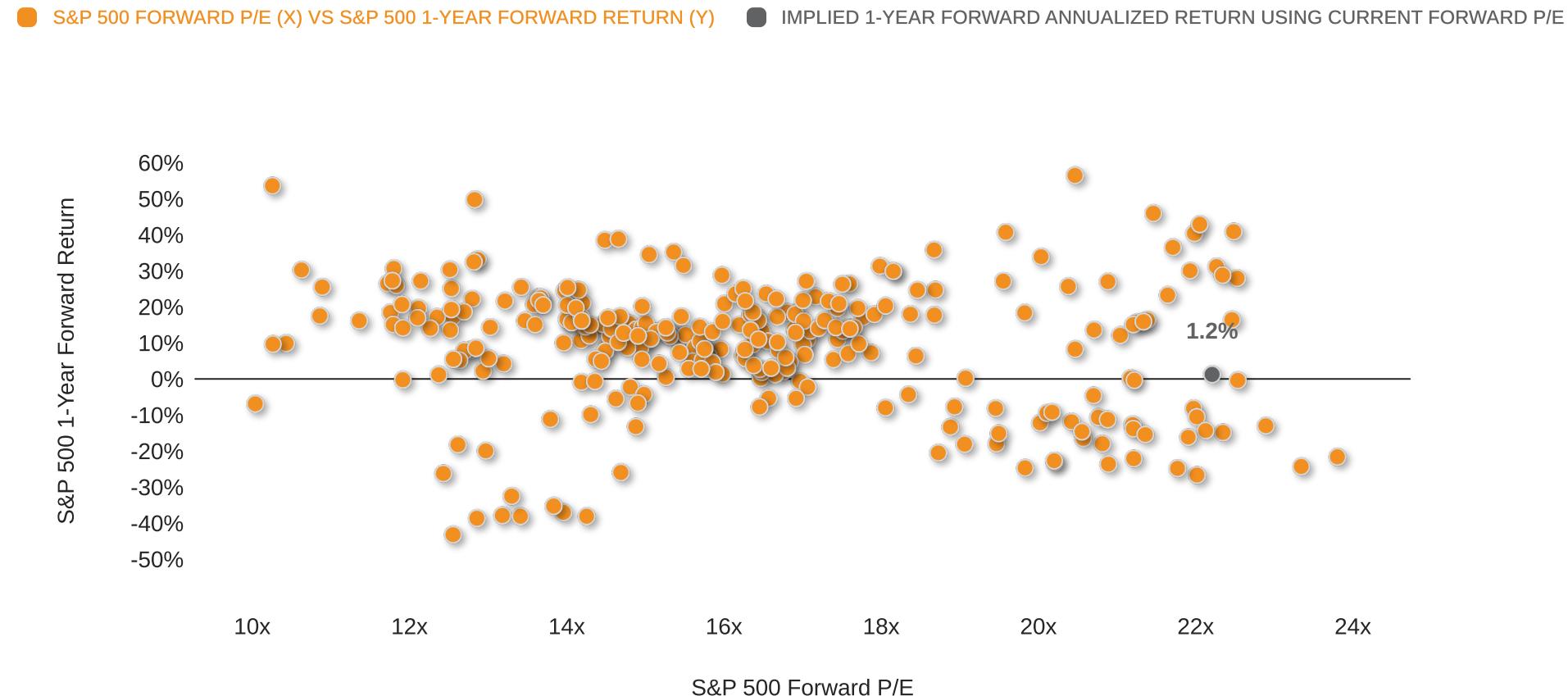
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Valuations are a Poor Predictor in the Short-Term

S&P 500 Forward P/E (X) vs S&P 500 1-Year Forward Return (Y)

Since 2000



Key Takeaways

- Limited Correlation Between P/E and Short-Term Returns:** This chart illustrates the weak relationship between the S&P 500's forward price-to-earnings (P/E) ratio and its 1-year forward returns. Despite the P/E ratio being a commonly used indicator to assess market valuation, the chart shows that it does not consistently predict short-term market performance.
- A Look at the Data:** The chart reveals that, over time, there is no consistent correlation between the S&P 500's forward P/E ratio and the index's short-term, 1-year forward returns. In instances where the forward P/E ratio was high or low, the resulting returns over the next year have varied widely—sometimes producing positive returns, sometimes negative.
- Investment Implications:** The data highlights that relying solely on the forward P/E ratio for short-term predictions may not be a reliable strategy.

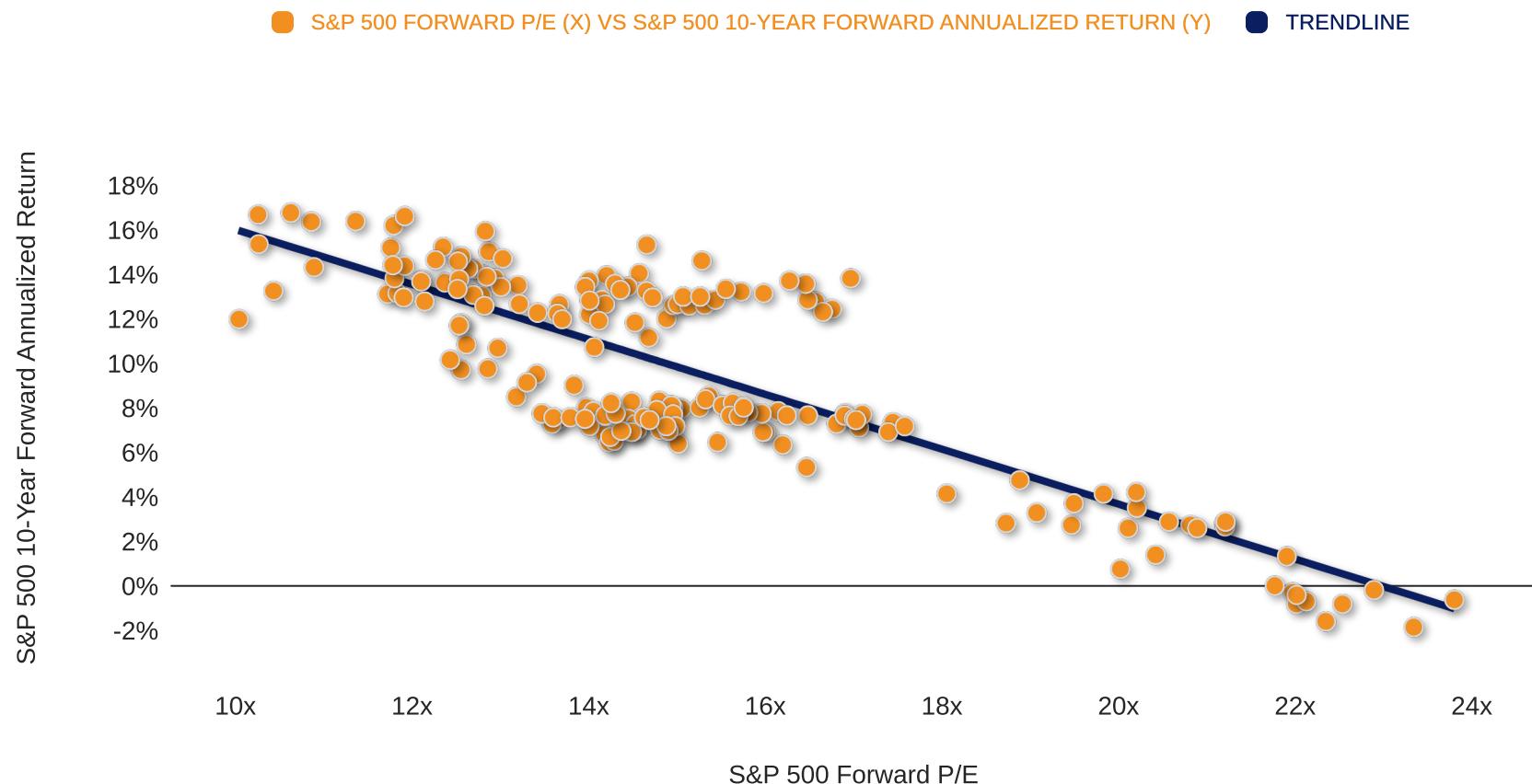
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Valuations Are a Solid Predictor in the Long-Term

S&P 500 Forward P/E (X) vs S&P 500 10-Year Forward Annualized Return (Y)

Since 2000



Key Takeaways

- Valuations as a Long-Term Indicator:** This chart illustrates the relationship between the S&P 500's forward price-to-earnings (P/E) ratio and its 10-year forward annualized returns. It suggests that, over the long term, valuations—represented by the forward P/E ratio—can be a useful factor in assessing potential future market performance.
- Observing the Data:** The data shows a noticeable trend: higher forward P/E ratios often align with lower 10-year annualized forward returns, and vice versa. This observation supports the idea that market valuations may provide meaningful insights for long-term investors.
- Investment Implications:** Historically, periods of higher P/E ratios have tended to correspond with lower subsequent returns, while lower P/E ratios have been associated with higher long-term returns.

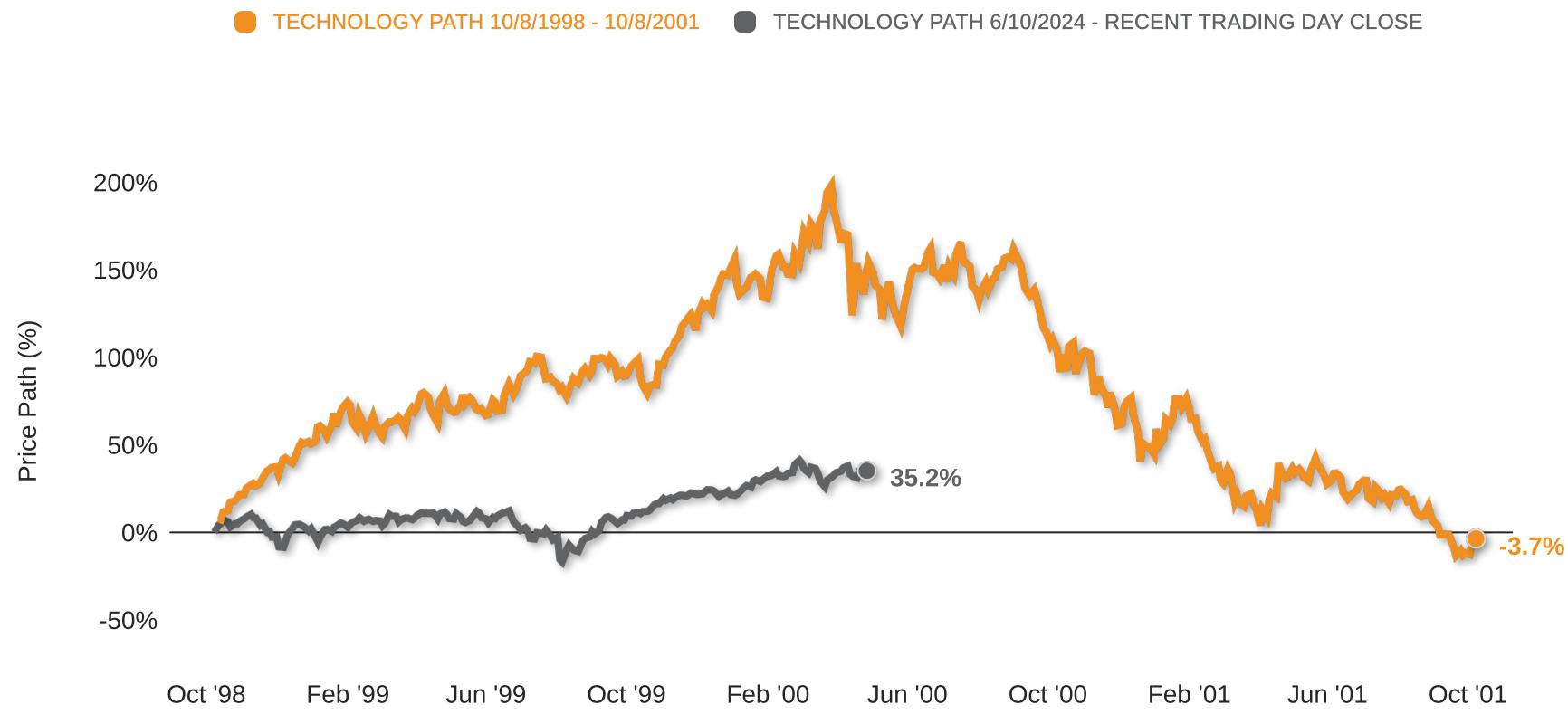
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How Does Today Compare To The Dotcom Bubble?

Technology Price Path During The Dotcom Bubble vs Today

Dotcom Path: 10/8/1998 - 10/8/2001. Today: 6/10/2024 - Recent Trading Day Close.



Key Takeaways

- Tech Today vs The Dotcom Bubble:** The chart compares the technology sector's return path from Oct, 1998 to Oct, 2001 with the current period beginning in June, 2024.
- Returns Have Not Matched:** Viewing both periods together highlights that the return patterns have differed, with each timeframe reflecting its own unique market conditions rather than following a similar trajectory.
- Investing Implications:** While historical comparisons can be informative, past market episodes are not predictive of future results. The chart is intended only to provide context, showing that the current return path has not mirrored the movements observed during the Dotcom period.

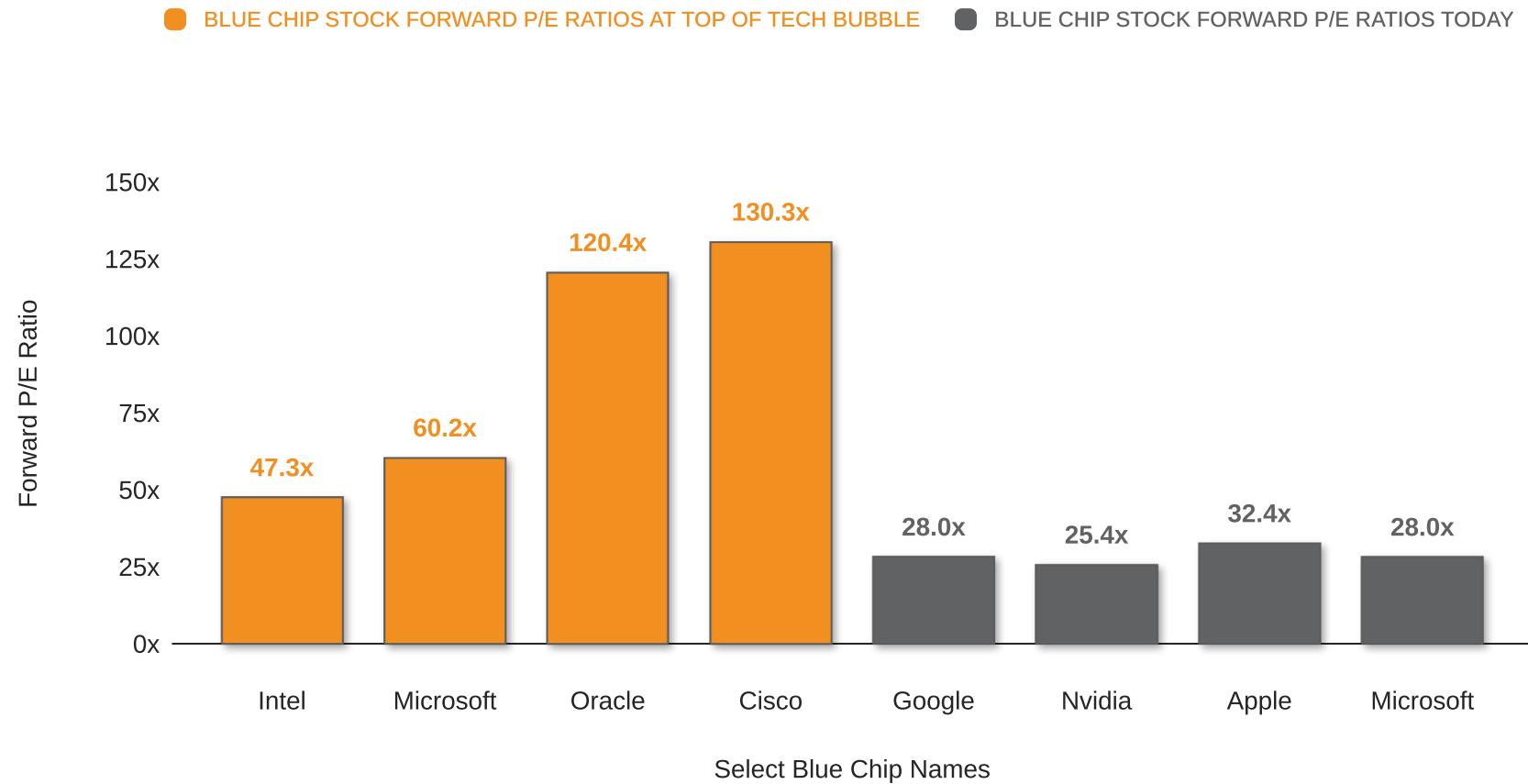
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Are We In A Bubble? Valuations In Dotcom Bubble vs Today

Forward P/E Ratios For Blue Chip Stocks in Dotcom Bubble vs Today.

Dotcom Peak = 3/24/2000.



Key Takeaways

- Valuations In Dotcom Bubble vs Today:** The chart shows the forward P/E ratios of select blue-chip names in the S&P 500 during the dotcom bubble compared with their current valuations.
- A Look at the Data:** At the March 2000 peak, leading tech names like Cisco and Oracle traded at extreme valuation multiples, with forward P/Es well above 100x. Today's largest S&P 500 constituents trade at far lower levels.
- Investment Implications:** For clients, the comparison highlights that while valuations have expanded, today's market environment is supported by stronger fundamentals, more diversified earnings, and greater profitability than during the 2000 cycle.

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Definitions

The S&P 500 tracks the performance of 500 large-cap U.S. companies, serving as a benchmark for the U.S. stock market. The index is weighted by market capitalization.

The 11 S&P 500 Sectors represent the 11 distinct categories of companies within the S&P 500 index, each reflecting a specific area of the economy. The sectors are listed in the chart above along the x axis. Each sector groups companies with similar business activities.

The NASDAQ Composite is a stock market index that includes over 3,000 companies listed on the NASDAQ exchange, with a strong focus on technology and growth sectors. It serves as a key indicator of tech and innovative industry performance.

The Dow Jones Industrial Average (DJIA) is a stock market index that tracks 30 large, publicly traded U.S. companies. It is a key benchmark for the overall performance of the U.S. stock market.

The Effective Federal Funds Rate is the interest rate at which depository institutions lend reserve balances to other depository institutions overnight. It is a key tool in U.S. monetary policy.

The University of Michigan Consumer Sentiment Index is a survey measuring U.S. consumer attitudes toward economic conditions, used to gauge consumer confidence and potential future spending behavior. When the index is rising, it shows that U.S. consumers are more optimistic on economic conditions. When the index is falling, it shows that U.S. consumers are becoming more pessimistic on economic conditions.

The S&P 400 measures the performance of 400 mid-sized U.S. companies, representing the mid-cap segment of the market. It is used as a benchmark for mid-cap stock performance.

The S&P 600 tracks the performance of 600 small-cap U.S. companies, representing the small-cap segment of the market. It is commonly used to gauge small-cap stock performance.

The Forward Price-to-Earnings (P/E) Ratio for an index measures its current price relative to expected earnings of the companies within the index over the next 12 months. It's calculated using consensus EPS estimates from FactSet and helps assess whether the index is overvalued or undervalued vs history based on future earnings expectations.

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