

Monthly Market Update

November 2025

Highlights:

- The S&P 500 gained 2.3% in October, lifting year-to-date returns to 17.5%, though gains were driven by mega-cap AI-focused stocks.
- Beneath headline gains, the median S&P stock fell 1.7%, reflecting investor unease amid government gridlock, inflation, and slowing economic signals.
- Markets largely ignored October's quarter-point rate cut, anticipating additional easing despite Chairman Powell's cautionary tone.
- U.S.-China trade tensions eased after new tariff compromises, though consumers may still feel the cost in the coming months.
- Massive AI-related infrastructure spending continues, fueling optimism but raising questions about energy use, monetization, and long-term winners.

Once again, the major stock indices showed strong returns in October with the S&P 500 Index rising 2.3%, bringing the year-to-date return to 17.5%. The broader market, which saw the median stock in the S&P move down -1.7% for the month and the equal-weighted index dip -0.9%, may have done a better job of capturing the underlying economy and investor mood, which was colored by the government shutdown, persistent inflation, and indications of a slowing economy. The five largest companies in the S&P contributed 2.5% to the index return. The S&P's top 10 stocks account for nearly 40% of the index, the highest concentration yet recorded. The underlying theme for the rising mega-caps was artificial intelligence and confidence that the billions and trillions of investment in AI would eventually pay off. This trend was also evident among smaller stocks as the broader market was challenged, while speculative stocks with exposure to AI flourished.

Given the built-in expectations, the quarter-point drop in the Federal Reserve's benchmark interest rate in October was hardly a blip on the radar screen. Of more import may be the market's high confidence in another drop in December and at least two more in 2026. Lame

duck Fed Chairman Powell made a strong effort to moderate these expectations, saying a December cut is "not a foregone conclusion – far from it." Powell cited mixed opinions on the governing board and challenges posed by the absence of government-collected data during the shutdown. An interruption in the expected rate-cut trend could shake up investors.

Meanwhile, the on-again, off-again stress around tariffs and trade wars saw at least some temporary relief as President Trump and Chinese President Xi appeared to reach a compromise. In exchange for lower tariffs, China offered to resume soybean purchases, ease restrictions on rare-earth exports, and tighten efforts to curb fentanyl production. Nevertheless, there was increasing evidence that tariff costs were making their way to consumers. This is likely to become more evident as we enter the holiday shopping season.

Finally, we want to return to the massive build-out in data processing. Expectations remain high and widespread about AI's potential impact. The rabid spending on high-end processors and massive data centers confirms this consensus, even as it evidences some circularity as the world's largest companies spend among themselves. What remains in doubt is how all this capacity will be powered, and more to the point, how it will be monetized. The arms-race-like build-out suggests a scramble to be the biggest, best, and earliest, with the suggestion that a winner will emerge. But regular users of AI have become accustomed to AI's inability to distinguish reliable data from fabrications, and produce odd results known as hallucinations. This suggests that more discriminating, specialized AI engines may be required for specific applications, such as medical diagnostics. Instead of one winner, there may be room for many. As with past technological advances, from railway tracks to personal computers to fiber optics, the earliest and most aggressive spending may not portend the ultimate winners.



U.S. Equities (%)

	October	YTD	1 Year	3 Year	5 Year	10 Year
DJ Industrial Average	2.6	13.3	15.8	15.5	14.6	12.9
S&P 500	2.3	17.5	21.5	22.7	17.6	14.6
Russell 1000	2.2	17.1	21.1	22.3	17.1	14.4
Russell 1000 Value	0.4	12.1	11.1	13.4	14.3	10.0
Russell 1000 Growth	3.6	21.5	30.5	30.7	19.2	18.3
Russell Midcap	-0.8	9.5	10.8	14.1	12.3	10.6
Russell 2000	1.8	12.4	14.4	11.9	11.5	9.4

U.S. Equity Characteristics - S&P 500

	October	2024
Price/Earnings Ratio (NTM)	23.0	21.6
Weighted Avg. Market Cap (\$B)	1,496.9	1,117.1
Dividend Yield (%)	1.1	1.3

International Equities (%)

	October	YTD	1 Year	3 Year	5 Year	10 Year
ACWI	2.2	21.1	22.6	21.6	14.6	11.3
ACWI ex USA	2.0	28.6	24.9	20.3	11.2	7.7
MSCI EAFE	1.2	26.6	23.0	20.1	12.3	7.5
Emerging Markets	4.2	32.9	27.9	21.1	7.5	7.7
China	-3.8	36.2	33.7	25.4	-1.4	5.4
Japan	3.4	24.8	25.2	21.4	10.1	7.6
Germany	-2.1	30.1	28.5	26.2	12.4	6.8
United Kingdom	1.7	28.4	26.6	20.2	16.9	6.6
India	4.4	2.2	-1.2	10.9	13.8	9.4

Fixed Income (%)

	October	YTD	1 Year	3 Year	5 Year	10 Year
Government Bond	0.6	6.0	5.2	4.3	-1.0	1.3
Municipal	1.2	3.9	4.2	5.5	1.2	2.4
U.S. Aggregate Bond	0.6	6.8	6.2	5.6	-0.2	1.9
Investment Grade Corporate	0.4	7.4	6.7	7.4	0.5	3.0
High Yield	0.2	7.4	8.2	10.2	5.5	5.9

U.S. Equity Sectors - S&P 500 (%)

	October	YTD	Weight
Communication Services	1.9	26.8	10.1
Consumer Discretionary	2.4	7.8	10.5
Consumer Staples	-2.3	1.5	4.7
Energy	-1.1	5.8	2.8
Financials	-2.8	9.6	12.9
Health Care	3.6	6.3	9.0
Industrials	0.5	18.9	8.1
Information Technology	6.2	29.9	36.1
Materials	-5.0	3.8	1.7
Real Estate	-2.6	3.4	1.8
Utilities	2.1	20.2	2.3

Key Asset Prices

	October	2024
EUR/USD	1.15	1.04
USD/CAD	1.40	1.44
USD/JPY	154.05	157.37
GBP/USD	1.31	1.25
Bitcoin (\$)	109,556.2	93,429.2
Gold (\$/oz)	4,003.0	2,608.0
Crude Oil (WTI) (\$/bbl)	61.8	72.4

U.S. Treasury Yields (%)

	October	2024
3-Month	3.9	4.4
6-Month	3.8	4.2
2-Year	3.6	4.3
5-Year	3.7	4.4
10-Year	4.1	4.6
30-Year	4.7	4.8



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Dow Jones Industrial Average® (The Dow®): a price-weighted measure of 30 US blue-chip companies, covering all industries except transportation and utilities.

S&P 500® Index: large cap market index which measures the performance of a representative sample of 500 leading companies in leading industries in the US.

Russell 1000® Index: measures the performance of the 1,000 largest companies in the Russell 3000® Index, which represents approximately 89% of the total market capitalization of the Russell 3000 Index.

Russell 1000® Growth Index: designed to track those securities within the broader Russell 1000 Index that FTSE Russell has determined exhibit growth characteristics.

Russell 1000® Value Index: designed to track those securities within the broader Russell 1000 Index that FTSE Russell has determined exhibit value characteristics.

Russell 2000® Index: a small cap market index which measures the performance of the smallest 2,000 companies in the Russell 3000® Index.

Russell Midcap® Index: mid cap market index that measures the performance of the mid cap segment of the US equity universe.

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MSCI ACWI ex USA Index: captures large and mid cap representation across 22 of 23 Developed Markets countries (excluding the US) and 23 Emerging Markets countries.

MSCI EAFE (Europe, Australasia & Far East) Index: a free-float adjusted market capitalization index designed to measure developed market equity performance,

excluding the U.S. and Canada.

Emerging Markets - MSCI Emerging Market Index captures large and mid cap representation across 24 Emerging Markets (EM) countries.

China - MSCI China Index captures large and mid cap representation across China A shares, H shares, B shares, Red chips, P chips and foreign listings (e.g. ADRs).

Japan - MSCI Japan Index is designed to measure the performance of the large and mid cap segments of the Japanese market.

Germany - MSCI Germany Index is designed to measure the performance of the large and mid cap segments of the German market.

United Kingdom - MSCI United Kingdom Index is designed to measure the performance of the large and mid cap segments of the UK market.

India - MSCI India Index is designed to measure the performance of the large and mid cap segments of the Indian market.

Government Bond - Bloomberg US Government Index measures the performance of US Treasury and Agency Indices, including Treasuries and US agency debentures.

Municipal - Bloomberg US Municipal Index covers the USD-denominated long-term tax-exempt bond market and has four main sectors: state and local general obligation, revenue, insured, and prerefunded bonds.

US Aggregate Bond - Bloomberg US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, USD-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, mortgage backed securities, asset-backed securities and corporate securities, with maturities greater than one year.

Investment Grade Corporate - Bloomberg US Credit Index measures the investment grade, USD-denominated, fixed-rate, taxable corporate and government related bond markets. It is composed of the US Corporate Index and a non-corporate component that includes foreign agencies, sovereigns, supranationals and local authorities.

High Yield - Bloomberg US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Bloomberg EM country definition, are excluded.

Weighted Avg. Market Cap: measures the size of the companies in which the portfolio invests. Market capitalization is calculated by multiplying the number of a company's shares outstanding by its price per share.

Price-to-Earnings (P/E) Ratio: measures how expensive a stock is. It is calculated by the weighted average of a stock's current price divided by the company's earnings per share of stock in a portfolio.

Dividend Yield: the portfolio's weighted average of the underlying holdings and not the yield of the portfolio.

Federal funds rate: the target interest rate range set by the Federal Open Market Committee (FOMC) for banks to lend or borrow excess reserves overnight. It influences monetary and financial conditions, short-term interest rates, and the stock market.

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