

Constructive Outlook for Risk Assets Amid a Shifting Market Cycle



OREGON PACIFIC
WEALTH MANAGEMENT
A Registered Investment Advisor

Exhibit 1: Trailing Returns as of November 28, 2025

Index/ETF	1-Mo	3-Mo	YTD	1-Y	3-Y	5-Y
Equities						
US Small-Caps (SPSM)	2.6%	2.7%	6.1%	-2.3%	8.7%	8.5%
US Mid-Caps (SPMD)	2.1%	2.1%	7.4%	-0.2%	11.4%	10.1%
US Value (SPYV)	1.6%	4.6%	12.7%	5.2%	14.9%	13.3%
International Developed Equities (SPDW)	0.8%	5.1%	30.7%	27.7%	16.8%	9.1%
US Large-Caps (SPY)	0.2%	6.2%	17.6%	15.5%	21.6%	15.0%
US Growth (SPYG)	-0.9%	7.7%	22.3%	24.3%	27.5%	15.9%
Broad-based Emerging Markets (SPEM)	-1.2%	5.9%	24.1%	23.3%	16.1%	5.7%
US Fixed Income						
US Treasury 7-10 Year (IEF)	1.0%	2.4%	8.9%	6.8%	3.5%	-1.7%
Investment Grade Corporate Bonds (SPBO)	0.8%	2.7%	8.2%	6.6%	6.4%	0.2%
High Yield Credit (JNK)	0.8%	1.8%	8.1%	7.4%	9.4%	4.0%
US Aggregate Bond Index (SPAB)	0.6%	2.4%	7.6%	6.1%	4.6%	-0.3%
Municipal Bonds (MUB)	0.2%	3.7%	3.5%	2.4%	3.6%	0.8%
Treasury Inflation Protected Notes (SPIP)	0.1%	1.0%	7.4%	5.9%	4.2%	1.2%
Commodities						
Silver (SLV)	16.4%	41.5%	94.5%	86.3%	38.5%	19.5%
Gold (GLD)	5.4%	21.9%	60.2%	59.1%	33.8%	18.2%
Broad-based Commodities (BCI)	3.1%	8.4%	15.5%	17.5%	3.3%	11.0%
Crude Oil (USO)	-2.1%	-5.0%	-5.9%	-0.9%	2.0%	17.9%

Source: FactSet. Data as of November 28, 2025. 1Y, 3Y, and 5Y numbers are annualized. Past performance is not indicative of future results.

Unsteady Markets See Month-End Rebound

Despite early volatility driven by the longest government shutdown on record, hawkish Fed signals, AI scrutiny, and elevated valuations, the S&P 500 Index finished slightly higher (+0.2%) as economic data came in mixed but softened, the Fed's tone turned more dovish, sentiment improved, and odds of a December interest rate cut increased. US small-caps and US mid-caps led gains (+2.6% and +2.1%, respectively), while emerging market equities and US growth were down (-1.2% and -0.9%, respectively). Bonds fared well as 7-10 year US Treasuries rose 1.0%, investment grade corporates gained 0.8%, and high yield credits increased 0.8%. Aside from crude oil (-2.1%), commodities produced positive returns as silver was up 16.4%, gold rose 5.4%, and broad-based commodities increased 3.1%.

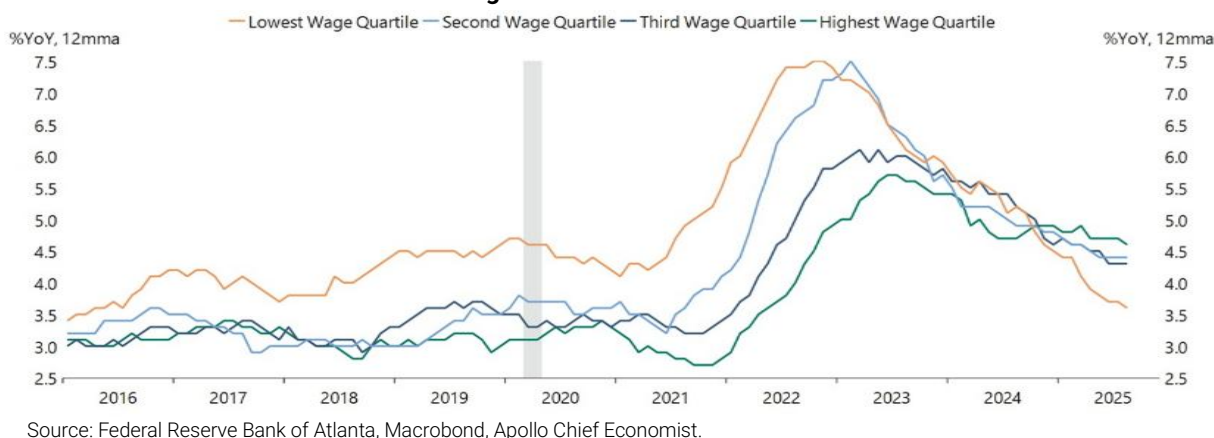
Hawkish Start, Softer Finish for Fed Outlook

Federal Reserve officials entered November with uncertainty elevated due to limited economic data amid the recent government shutdown. Against that backdrop, Fed Chairman Jerome Powell delivered hawkish signals early in the month, cautioning that another rate cut at the next meeting was "far from a foregone conclusion," triggering a drop in the market-implied odds of a December cut. As the month progressed, incoming data painted a mixed picture. September Nonfarm Payrolls came in stronger than expected, but the Michigan Consumer Sentiment Index reading for November fell to its lowest level in roughly three and a half years, while the November Conference Board Consumer Confidence Index also dropped sharply, reflecting weaker employment perceptions and more cautious spending intentions. Meanwhile, the Core Producer Price Index (PPI) rose less than anticipated in September, suggesting some easing in underlying price pressures, and September Retail Sales posted its lowest monthly increase in four months, signaling softer consumer demand. These developments, along with dovish comments from John Williams, Mary Daly, and Christopher Waller, helped tilt sentiment back toward a December cut, with odds currently standing at over 87% according to the CME FedWatch Tool.

K-Shaped Economy

The US economy continues to signal a K-shaped profile, with areas of strength coexisting alongside signs of pressure. In recent years, nominal wages have risen, but the gains have been uneven. Apollo highlights that lower-income earners, who experienced relatively strong wage growth during the pandemic, have seen a noticeable slowdown in nominal wage gains over the past year. Meanwhile, corporate investment in areas such as automation, cloud infrastructure, and AI-related capital spending appears to be supporting growth for firms and households with greater capital or flexibility. This divergence may obscure financial strain among lower-income consumers who face slower wage growth, persistently high interest rates, and rising living costs. In this context, the Fed is challenged with weighing overall economic stability against uneven pressures when evaluating potential changes to monetary policy.

Exhibit 2: Atlanta Fed Median Nominal Wage Growth



Improving Earnings Landscape

Post-April lows, US earnings revisions breadth staged a V-shaped recovery. While it appeared to peak recently amid the seasonal weakness that historically begins in October, it has since re-accelerated, reinforcing that the underlying trend in corporate fundamentals remains supportive. Moreover, earnings growth for the median Russell 3000 stock continues to rebound, marking the strongest pace in nearly four years, while forward net income estimates are improving across the market-cap spectrum, with small-caps via the S&P 600 exhibiting the most pronounced momentum. Such improving earnings trends and broader participation across sectors point to a more constructive backdrop for equities moving forward.

Exhibit 3: S&P 500 Earnings Revisions Breadth

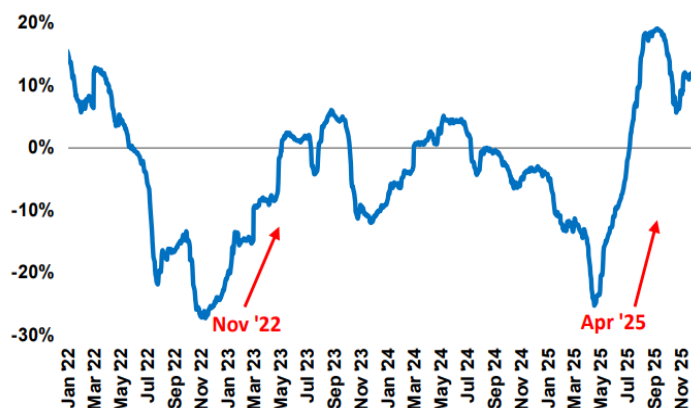
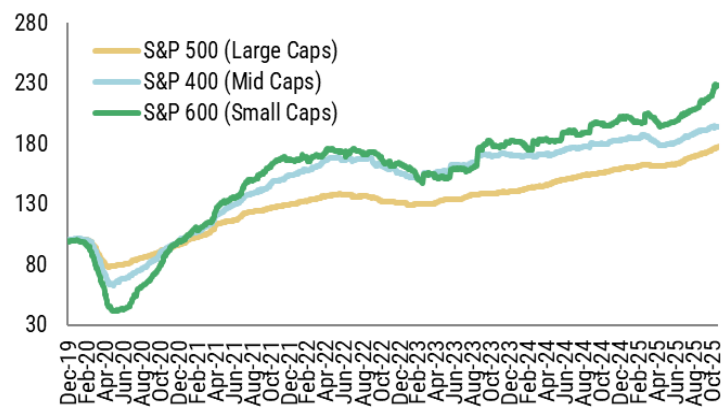


Exhibit 4: Indexed NTM Net Income Estimates



Will Equities Rally into Year-End?

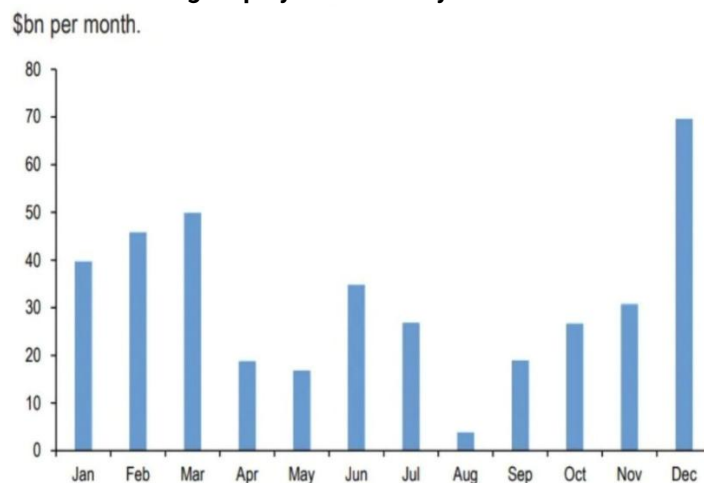
Historical data suggest that equities see positive run, on average, from Thanksgiving through year-end. Over the past 10 years, 20 years, and long-term periods, the Dow, S&P 500, and Nasdaq Composite have all typically recorded gains during this window, with the long-term averages showing particularly strong performance. Supporting this seasonal pattern, equity fund flows also tend to accelerate towards the end of the year, with December historically registering the largest monthly inflows, helping to underpin market liquidity.

Exhibit 5: Average Move from Thanksgiving to Year-End



Source: Dow Jones Market Data, WSJ. Long-term data since 1971 for Nasdaq Composite, and since 1950 for other indexes.

Exhibit 6: Average Equity Fund Flow By Calendar Month



Source: LSEG Lipper, Bloomberg Finance L.P., J.P. Morgan Flows & Liquidity, Seth Golden, Callum Thomas. Chart uses data from the past decade excluding US election years (2016, 2020, 2024).

Constructive Outlook for Risk Assets Amid a Shifting Market Cycle

Market volatility in November can likely be attributed to AI scrutiny, lending tightness, profit-taking, and positioning unwinds. We view many of these dynamics as part of a normal market cycle rather than a structural shift in fundamentals and remain constructive on markets as multiple factors point to a supportive environment. Tax cuts, tariff reductions, and interest rate cuts are expected to bolster growth, while year-end seasonality and potential additional stimulus could further lift activity. The Atlanta Fed GDPNow forecast for Q3 stands at 3.9%, and the recent earnings season was strong, with corporate balance sheets stable and earnings revision breadth trending higher after a period of seasonal weakness. Financial conditions are also set to ease further as quantitative easing resumes and rates are likely to move lower.

Although fixed income has posted solid headline gains this year, persistent inflation continues to erode a meaningful portion of those returns, reminding investors that nominal performance does not equate to real purchasing power. We also do not view this as the start of an AI-driven unwind bubble, as free cash flow for the median stock remains strong and P/E ratios normalized by profit margins do not appear stretched. Key questions for investors remain the duration of this cycle and whether inflation will persist. We believe a new cycle is emerging in which non-Mag 7 stocks are likely to be the new market leaders. While we continue to find high-quality US growth attractive, we favor exposure to real assets including gold and bitcoin, developed and emerging markets, tactical positioning in fixed income, and selective early-cycle sectors poised to benefit from the evolving market regime.

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