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Dear Valued Investor,

The last week of October delivered a flurry of impactful headlines across earnings, monetary policy, and geopolitics — each shaping the investment landscape as we head into year-end. Here are some key takeaways:

- **Corporate America continues to impress**. We're now more than 70% through third quarter earnings season and an impressive 83% of S&P 500 companies have exceeded earnings expectations, putting index companies collectively on track to deliver a fourth straight quarter of double-digit earnings growth. The surge in capital expenditures from Big Tech has been a standout theme. The top seven technology companies are now expected to invest more than $500 billion next year to build out AI infrastructure, underscoring the intensity of the AI arms race. While investors have generally welcomed this investment, the cool reception to Meta's (META) results highlights growing scrutiny.

- **The Federal Reserve (Fed) introduced uncertainty about the future path of rates**. Fed Chair Powell emphasized that a December rate cut was "far from a foregone conclusion." As anticipated, the Fed cut interest rates by 0.25% at its October Federal Open Market Committee (FOMC) meeting. However, the Committee remains divided, and the tone was less dovish than markets hoped, sending Treasury yields higher. Labor market commentary was also revealing, painting a picture of a "no hire, no fire" dynamic as companies mostly held headcounts steady amid economic uncertainty. From our perspective, labor market risks make the case for continued rate cuts into 2026 despite lingering upside risks to inflation.

- **U.S.-China trade truce reduced the risk of escalation**. President Trump and President Xi reached a one-year trade truce at the APEC summit in South Korea last week. Key elements include reduced U.S. tariffs, resumed China soybean purchases, and a pause on China's rare-earth export controls. The effective overall tariff burden is around 12%, well below most policy strategists' expectations in the mid-teens. Easing trade tensions and reduced tariffs have provided a tailwind for corporate earnings.

These significant developments were generally well received by financial markets — enough to clinch the sixth straight positive month for the S&P 500 Index and the seventh straight for the Nasdaq Composite. While past performance does not guarantee future results, November through April has historically been the best six-month period of the year for stocks, although some gains may have been pulled forward and concentrated market leadership introduces some fragility to a bull market that hasn't experienced a 5% pullback in nearly six months.

In closing, surprising earnings upside, easing trade tensions, and a favorable seasonal setup are balanced against supportive but less predictable monetary policy. We favor a selective tactical approach into year-end.

As always, please contact your financial advisor with questions.

Sincerely,



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All data is provided as of November 5, 2025.

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All index data from FactSet.

The Standard & Poor's 500 Index (S&P500) is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The NASDAQ Composite Index measures all NASDAQ domestic and non-U.S. based common stocks listed on The NASDAQ Stock Market. The market value, the last sale price multiplied by total shares outstanding, is calculated throughout the trading day, and is related to the total value of the Index.

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