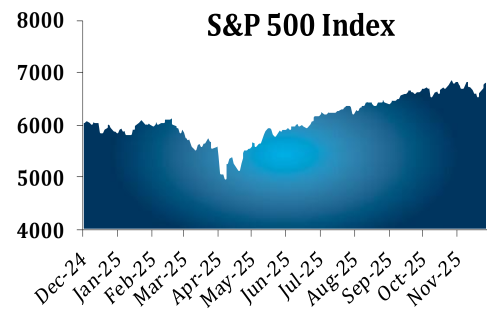
This Month in the Markets

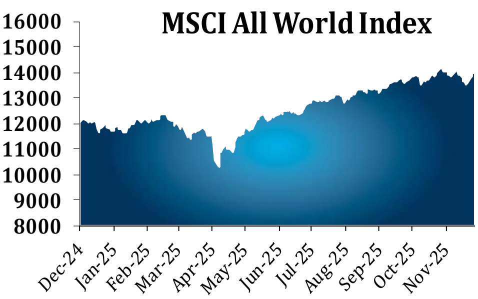
November 2025

Equity Commentary: Mixed Bag

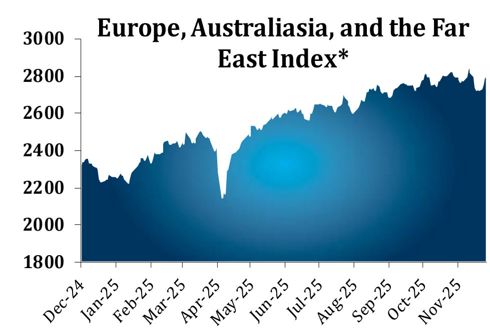
November 2025 was a month of high volatility and sharp rotation that ended with a "mixed bag" for the major indices. While the S&P 500 (+0.2%) and Dow Jones Industrial Average (+0.5%) managed to stage a dramatic late-month recovery to extend their winning streaks to seven consecutive months, the tech-heavy Nasdaq Composite (-1.4%) faltered, snapping its own seven-month streak. The market saw a distinct "V-shaped" recovery; early in the month, the S&P 500 fell nearly 6% from its October highs due to government instability and tech profit-taking, only to rally furiously in the final week. A key theme was the divergence within the "Magnificent Seven"—Nvidia shares retreated significantly amid concerns over capital expenditure sustainability, while Alphabet (Google) surged, helping to prop up the broader market.



The MSCI ACWI Index was flat for the month while the MSCI EAFE Index was up 0.6%. The MSCI Emerging Markets Index sank 2.4% as technology-heavy indices such as Korea, suffered steeper losses. Value outperformed growth in terms of investment styles, with the MSCI All Country World Growth Index falling 1.5% while the MSCI ACWI Value Index rose 1.8%. The MSCI ACWI Healthcare Index was the strongest sector with a gain of 7.9%, driven by a rotation into safe havens and positive sentiment surrounding the White Houses “Genesis Mission” which earmarked significant funding for AI-driven drug discovery. Conversely, the MSCI ACWI Information Technology Index fell by 4.8%, primarily on fears of AI returns on investment and the continued capex spending spree.



The worst performing position for November was Axon Enterprises Inc, which fell 26.2% on concerns that the Federal shut-down would freeze its contract pipeline, and push sales into 2026. The best performer was Eli Lilly & Co. which surged 24.8% fueled by positive late-stage trial data for its new oral weight-loss pill.



We sold our position in Match Group Inc. (“MTCH”) in November. Our original thesis was built on a turnaround in revenue and users. However, Q3 earnings made it clear that a meaningful turnaround in revenue and user growth remains distant, with the company reporting just 1% YoY revenue growth and a 5% decline in paying users. Despite MTCH still maintaining a cheap valuation we felt capital would be better deployed in higher conviction opportunities.

We bought one position in November. We purchased shares of NRG Energy Inc. (“NRG”), which is an integrated power company with operations primarily in Texas and the East Coast. NRG operates primarily in deregulated markets, so it benefits from increasing power prices. The company should benefit from the massive rollout of datacenter electricity demand both through direct Independent Power Purchase Agreements directly with hyperscalers and through rising prices overall.

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Fixed Income Commentary: Trading Places

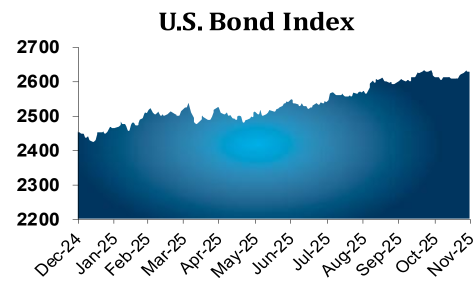
Credit spreads widened modestly while Treasury rates fell in November as markets digested the limited and stale economic data available during the government shutdown. The 10-year treasury yield reached an intra-month high of 4.16% before ending November at 4.01%. At the front end, the 2-year treasury yield declined from 3.57% to 3.49%, reflecting an increased market-implied probability of a December rate cut — rising from 68% to 83% based on fed funds futures. The Federal Open Market Committee (FOMC) delivers its next decision on December 10. Meanwhile, President Trump said he has selected the next Fed Chair and will announce the appointment before Christmas, with Kevin Hassett, his chief economic advisor, widely viewed as the leading candidate.

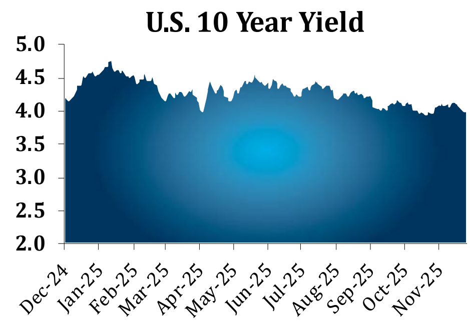
In November we executed two portfolio trades, rotating out of shorter-dated Bank of America and Chevron positions that were approaching maturity. We viewed the rise in yields as an attractive opportunity to extend maturities and increase the portfolio's duration (interest-rate risk). As a reminder, on the bond side we prefer companies with consistent, robust cash generation — the more "boring," the better. Our two purchases this month reflect that philosophy:

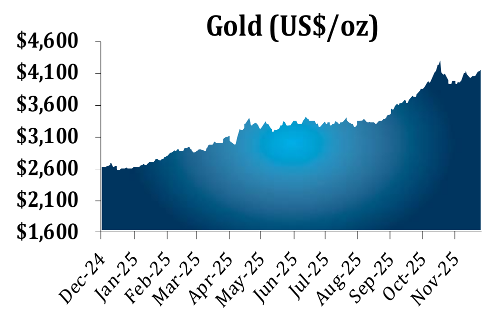
Uber Technologies (Baa1/BBB): Uber's operations span three key segments: Mobility (people), Delivery (restaurant, grocery, and retail), and Freight. Of Uber's $13.5 billion in Q3 revenue, Mobility accounted for 57%, Delivery 33%, and Freight 10%. Consensus expects Uber to generate approximately $10.3 billion of free cash flow in 2026, rising to $13 billion in 2027. The company maintains a very strong balance sheet, with net leverage of just 0.7x, $9 billion in cash and equivalents, and $12.2 billion of total debt. Given Uber's improving fundamentals and balance sheet profile, we view it as an upgrade candidate over the medium term. The 4.9% yield to maturity offered an attractive risk/reward opportunity for what we consider to be a high quality credit.

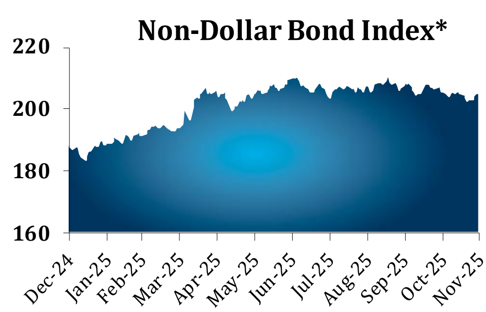
MSCI Inc. (Baa3, BBB-): MSCI provides a broad suite of index, analytics, ESG, climate, and data products, anchored by more than 246,000 equity indices. Its flagship benchmarks — including MSCI World, ACWI, EAFE, and Emerging Markets — are deeply embedded in the allocation frameworks of global asset managers, pension funds, sovereign wealth funds, and ETF sponsors. The company earns fees linked to the $17 trillion benchmarked to its indices. MSCI is projected to generate free cash flow of about $1.4 billion in 2026 and $1.6 billion in 2027. The company's highly recurring revenue base, consistently strong cash flow, and low leverage make it an attractive bond investment. We viewed the 1.02% credit spread and 5.18% yield to maturity as a compelling risk/reward.

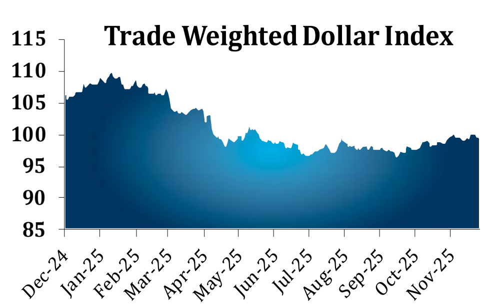
Following these two trades our fixed income portfolios are overweight duration versus the benchmark with a weighted average credit rating of A+. We remain underweight high yield credit versus our neutral allocation, preferring a more conservative approach to credit risk given historically tight valuations. We are also underweight non-USD exposure versus the benchmark, though we continue to assess opportunities to selectively add non-dollar exposure following the recent stabilization and modest appreciation of the U.S. dollar.











*Merrill Lynch Global Broad Market, Ex US Dollar Index

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