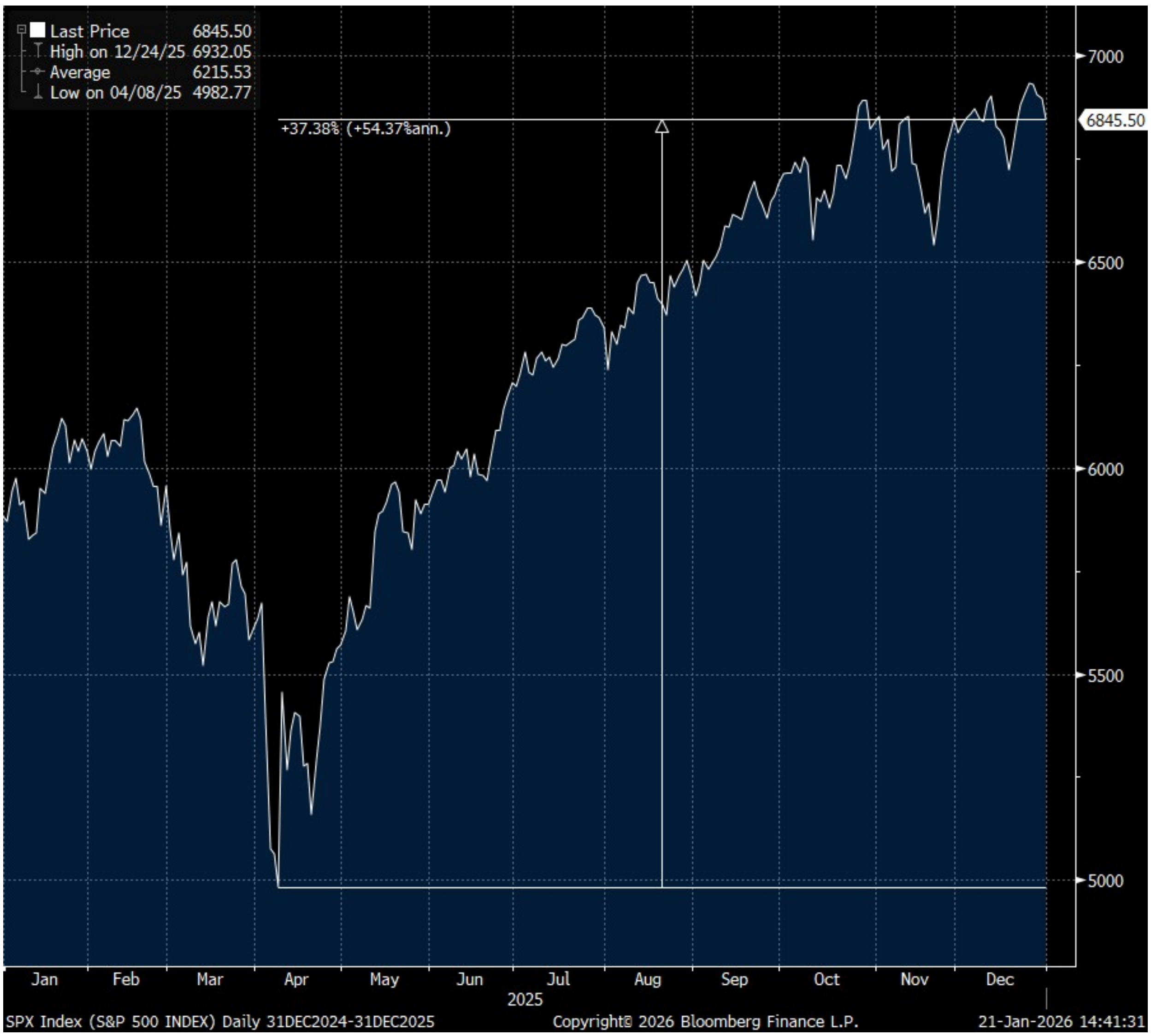
Fourth Quarter 2025 Market Review

All's well that ends well. While investors endured a difficult spring fling with a bear market following competitive concerns within the popular AI trade and the President's "Liberation Day" tariff shocker, those concerns quickly faded driving one of the strongest rallies off a bottom (April 8) in history. Stocks powered through another AI scare in November to end the year just off their all-time highs. It was the third consecutive year of double-digit gains for the S&P 500 with those gains once again led by large cap growth stocks.

S&P 500 Index (2025)



Source: Bloomberg

Select Equity/Fixed Income/ Commodity Index Performance

U.S. Equity Indices	Q1-25	Q2-25	Q3-25	Q4-25	2025
S&P 500 INDEX	-4.3%	10.9%	8.1%	2.7%	17.9%
NASDAQ Composite Index	-10.3%	18.0%	11.4%	2.7%	21.2%
Dow Jones Industrial Average	-0.9%	5.5%	5.7%	4.0%	14.9%
Russell 1000 Index	-4.5%	11.1%	8.0%	2.4%	17.3%
Russell 1000 Growth Index	-10.0%	17.8%	10.5%	1.1%	18.5%
Russell 1000 Value Index	2.1%	3.8%	5.3%	3.8%	15.9%
Russell Midcap real-time Index	-3.4%	8.5%	5.3%	0.2%	10.6%
Russell Midcap Growth Index	-7.1%	18.2%	2.8%	-3.7%	8.7%
Russell Midcap Value Index	-2.1%	5.3%	6.2%	1.4%	11.0%
Russell 2000 Index	-9.5%	8.5%	12.4%	2.2%	12.8%
Russell 2000 Growth Index	-11.1%	12.0%	12.2%	1.2%	13.0%
Russell 2000 Value Index	-7.7%	5.0%	12.6%	3.2%	12.6%
Invesco S&P 500 Equal Weight E	-0.7%	5.3%	4.8%	1.4%	11.2%
Global/International Indices					
MSCI World Index	-1.7%	11.6%	7.4%	3.2%	21.6%
MSCI World Excluding United St	6.4%	12.3%	5.4%	5.2%	32.6%
MSCI World Local	-2.4%	9.9%	7.7%	3.5%	19.5%
MSCI Emerging Markets Index	3.0%	12.2%	10.9%	4.7%	34.2%
MSCI EM Local	2.1%	7.0%	11.6%	5.2%	28.4%

U.S. Fixed Income	Q1-25	Q2-25	Q3-25	Q4-25	2025
Bloomberg US Agg Total Return	2.8%	1.2%	2.0%	1.1%	7.3%
Bloomberg US Treasury Total Re	2.9%	0.8%	1.5%	0.9%	6.3%
Bloomberg US Corporate Total R	2.3%	1.8%	2.6%	0.8%	7.8%
Bloomberg US Corporate High Yi	1.0%	3.5%	2.5%	1.3%	8.6%
Bloomberg US Agg 1-3 Year Tota	1.6%	1.3%	1.2%	1.2%	5.4%
Bloomberg US Agg 3-5 Year Tota	2.6%	1.8%	1.4%	1.3%	7.3%
Bloomberg US Agg 5-7 Year Tota	3.1%	1.8%	1.8%	1.4%	8.3%
Bloomberg US Agg 7-10 Year Tot	3.1%	1.4%	2.6%	1.5%	8.9%
Bloomberg US Agg 10+ Year Tota	3.4%	-0.1%	3.3%	0.0%	6.6%
Commodities					
Bloomberg Commodity Index	7.7%	-4.1%	2.6%	4.8%	11.1%
United States Oil Fund LP	2.4%	-5.5%	0.9%	-6.2%	-8.5%
SPDR Gold Shares	19.0%	5.8%	16.6%	11.5%	63.7%
iShares Silver Trust	17.7%	5.9%	29.1%	52.0%	144.7%
United States Copper Index Fun	25.6%	0.1%	-5.2%	16.5%	39.0%
Bloomberg Agriculture Subindex	0.9%	-5.1%	-1.9%	-0.4%	-6.3%
Bloomberg Galaxy Bitcoin Index	-11.7%	30.4%	6.3%	-23.6%	-6.5%

Returns Through December 31, 2025

Source: Bloomberg

Returns by Size and Style (Q4-25)

	Value	Core	Growth
S&P 500 (Large Cap)	3.2%	2.7%	2.2%
S&P 400 (Mid Cap)	2.1%	1.6%	1.3%
S&P 600 (Small Cap)	3.4%	1.7%	0.1%

Source: Blomberg

Returns by Size and Style (YTD December 2025)

	Value	Core	Growth
S&P 500 (Large Cap)	13.2%	17.9%	22.1%
S&P 400 (Mid Cap)	7.6%	7.5%	7.4%
S&P 600 (Small Cap)	6.7%	6.0%	5.4%

Large cap growth stocks clearly dominated returns for the year but there are continued signs that breadth may be improving as the fourth quarter's gains were led by small cap value – historically the most economically sensitive of the size/style boxes. As we discussed last quarter, various leading economic indicators are suggesting that the US economy may begin to re-accelerate in the coming quarters. At the same time, relatively stable inflation metrics and a weakening labor market spurred the Fed into action with three rate cuts to end the year. An improving economy coupled with rates cuts is often thought to be nirvana for small cap stocks and especially small cap value stocks so their leadership position in the quarter should be no surprise. While that leadership position can wane quickly given the perceived quality of many of those stocks, it is often a sign of positive things to come for stocks broadly. Small caps have also lagged large caps for five straight years and are in the midst of a nearly 15-year stretch of underperformance (the longest ever such streak) so even a marginal sentiment shift could mean a changing landscape going forward.

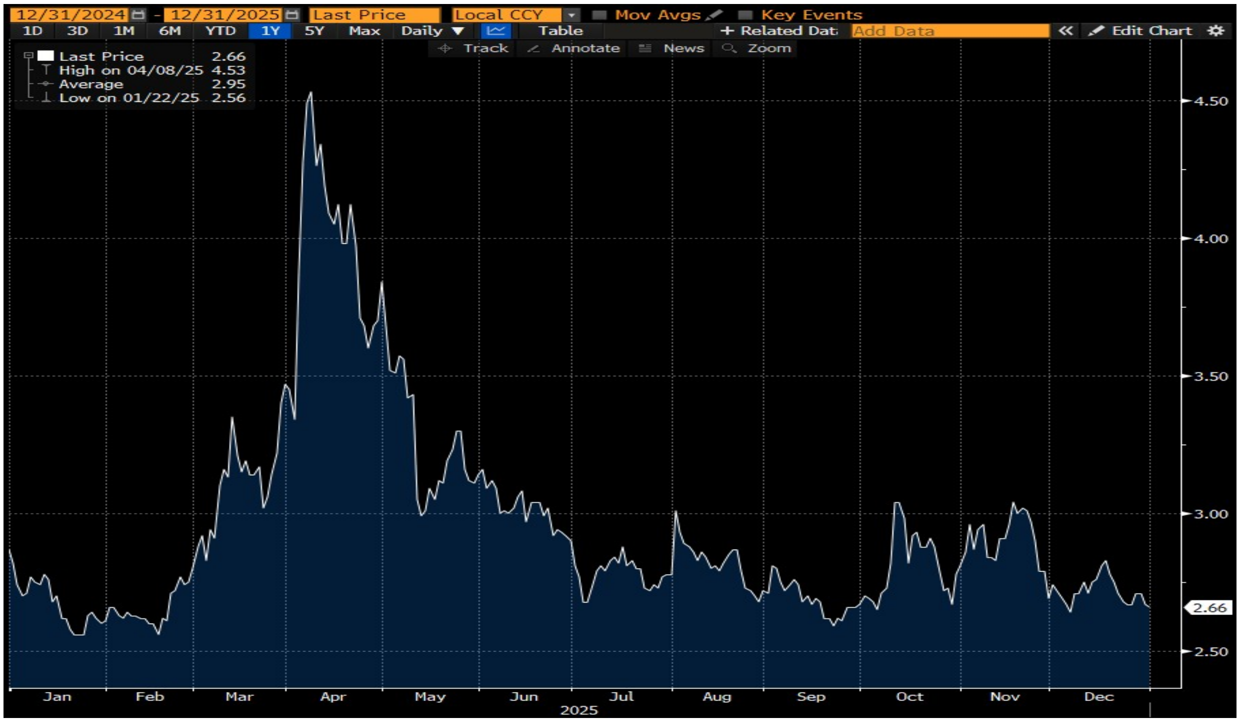
The Fed's renewed rate cutting cycle also drove bond yields lower across much of the Treasury curve, leading to solid returns across fixed income assets as well. The long end of the curve (10+ years) was the exception as bond investors are requiring a higher risk premium than has been present since the tumultuous years following the Great Financial Crisis given fiscal, inflationary, and monetary (e.g., Fed Independence) concerns. This has resulted in a significant steepening of the yield curve.

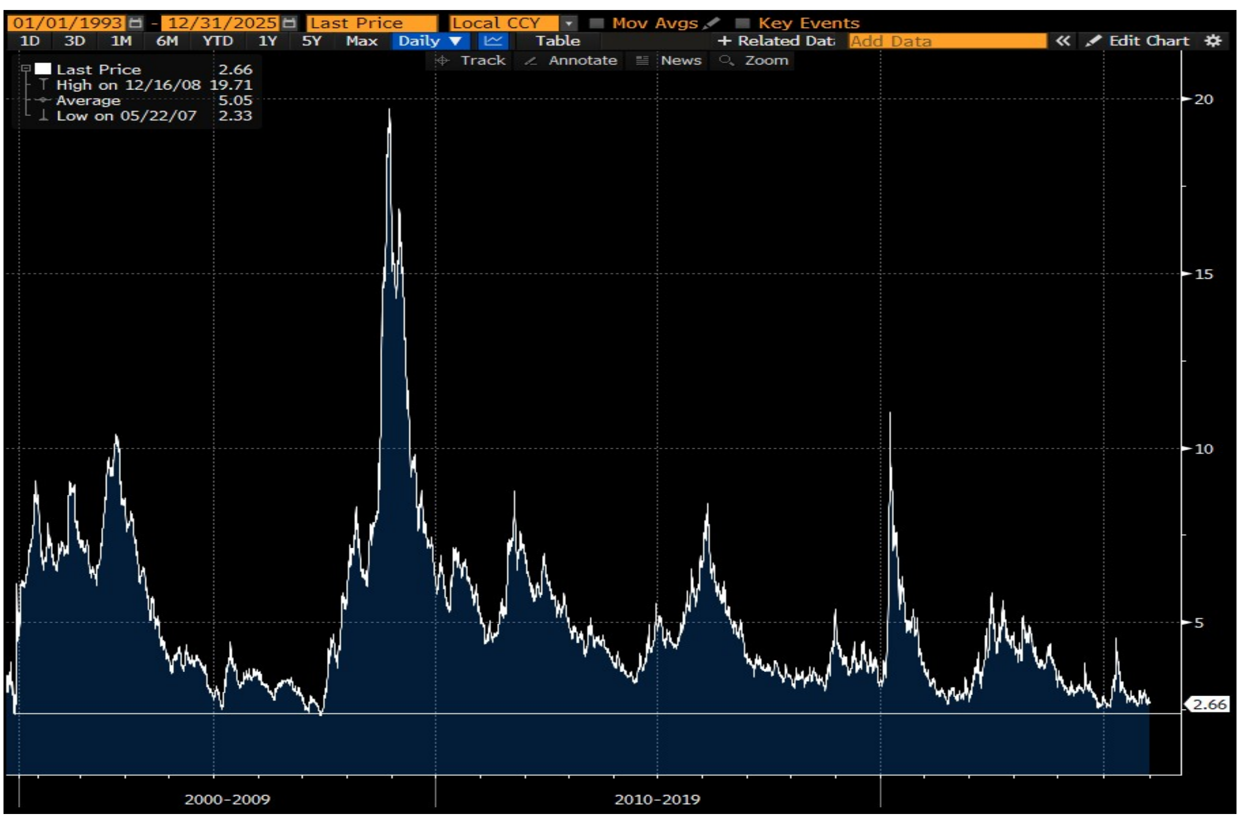
U.S. Treasury Yield Curve

Source: Bloomberg

Returns were even stronger on the corporate bond side as investor appetite for risk led to historically low credit spreads (basically the difference in yield between a specific security and the Treasury yield for the same maturity). While spreads, which are a measure of the perceived credit risk of the underlying security, spiked at the end of the first quarter and accelerated their move higher with the Liberation Day announcements, they quickly settled down once investors determined that the tariff announcements were primarily a negotiating tactic and returned to historically low levels by the end of the third quarter. Spreads did endure a couple of “mini-spikes” during the third and fourth quarters which we believe signals that spreads are near their floor but still managed to end the year near historic lows.

Credit Spread for the Bloomberg High Yield Index





Source: Bloomberg

Strategy Performance

We provide detailed fourth quarter performance commentary by strategy below, but we believe the volatility in 2025 provides a good reminder of why we invest the way we do. Risk-management, capital protection, and long-term compounding of returns are key elements of our investment philosophy. To that end, the vast majority of our strategies outperformed during both the April sell-off and the second quarter as a whole. Most strategies were then also able to keep up with or even outperform the strong second half rally after we repositioned the portfolios in the midst of the second quarter sell-off to take advantage of the expected recovery (e.g., decreased put protection, increased allocation to both international and US large cap growth equities, more interest rate and credit risk on the fixed income side).

IMPORTANT DISCLOSURES:

Our portfolio characteristics and holdings are subject to change at any time and are based on a representative portfolio. Holdings and portfolio characteristics of individual client portfolios may differ, sometimes significantly, from those shown. The investments presented are examples of the securities held, bought and/or sold in our strategies during the last 12 months. These investments may not be representative of the current or future investments of those strategies. You should not assume that investments in the securities identified in this presentation were or will be profitable. The performance data reflected in this material is both a gross and a net of an advisory fee. Net-of-fees returns reflect the gross-of-fees returns reduced by the impact of investment advisory fees. Diversification and asset allocation do not ensure a profit or guarantee against loss. We will furnish, upon your request, a list of all securities purchased, sold or held in the strategies during the 12 months preceding the date of this presentation. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of securities identified in this presentation. One or more of our officers or employees may have a position in the securities presented and may purchase or sell such securities from time to time. The benchmark shown for each model is a different weighted blend of various indexes or securities. Indexes are unmanaged, statistical composites, and their returns do not reflect payment of fees an investor would pay to purchase the securities they represent. Such costs would lower performance. It is not possible to invest directly in an index.

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The Standard & Poor's 500 b. (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot directly invest in an index.

The Russell 1000 Index measures the performance of the large-cap segment of the US equity universe. It includes the approximately 1,000 largest US stocks, representing approximately 93% of the value of the US equities market. It is not possible to invest directly in an index.

The Russell 2000 Index measures the performance of the small-cap segment of the US equity universe. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. It is not possible to invest directly in an index.

MSCI EAFE: The MSCI EAFE Index (Europe, Australasia, Far East) is designed to measure the equity market performance of developed markets outside of the U.S. and Canada. You cannot directly invest in this index.

MSCI Emerging Markets Index captures large and mid-cap representation across 24 Emerging Markets (EM) countries*. With 1,330 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

Bloomberg US Aggregate Index is a broad-based benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. You cannot directly invest in an index.

Bloomberg Barclays U.S. Corporate High Yield Index measures the market of USD-denominated, non-investment grade, fixed-rate, taxable corporate bonds. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. The index excludes emerging market debt. It is not possible to invest directly in an index."

FTSE (3M) Treasury Bill Index is intended to track the daily performance of 3-month US Treasury bills. The indices are designed to operate as a reference rate for a series of funds.