OpenArc
CORPORATE ADVISORY

Market Brief

MACRO

Growth: November was dominated by the end of the 43-day U.S. government shutdown, which restored some economic visibility but left major holes – October's key jobs and inflation releases were canceled. The delayed September nonfarm payrolls showed +119,000 jobs added (a surprise beat) while unemployment ticked up to 4.4%. Business activity stayed mixed as ISM Manufacturing fell to 48.2 (deeper contraction), while services remained in expansion (latest 52.4). Overall, the picture was cooling but not collapsing, with uncertainty elevated due to the data disruption.

Inflation: With October inflation data unavailable, the market leaned on the most recent official prints: September CPI at +3.0% YoY and +0.3% MoM, with core inflation near 3% as well, reflecting sticky services inflation even as shelter pressures gradually cool. The shutdown-related data gaps kept confidence in the trend lower than normal.

Monetary Policy: Rate expectations were the dominant macro driver in November. After October's cut, markets oscillated sharply mid-month, then converged on a high probability of another 25 bp cut at the December 10th FOMC. Several commentators emphasized that the policy path beyond December remains the bigger debate – especially with inflation still above target and data distortions from the shutdown – yet the direction of travel remains toward gradual easing, with the market pricing two additional cuts in 2026.

MARKET

Equities: US stocks ended November up about +0.2% on the S&P 500, but the month was defined by volatility and rotation. The Nasdaq finished down over -1.5%, Emerging Markets were down over -1.7%, while midcaps were up over +2.1%. Leadership broadened meaningfully: Health Care surged over +9.2%, as investors rotated toward defensives and quality, while Technology fell, down over -4.8%, reflecting renewed scrutiny of AI valuations and capex intensity.

Bonds: Fixed income delivered a solid, steady November as yields moved lower and markets leaned into additional easing. Core bonds finished up over +0.6%, with investment-grade corporates up over +0.9% and high yield up over +0.8%. Treasury yields declined across most of the curve, with the front end leading, supporting broad positive returns. Credit conditions were generally orderly, though IG spreads widened modestly amid heavy issuance, including tech-related borrowing tied to data-center investment. Municipals and securitized were also positive.

Currencies: Currency markets were driven primarily by shifting rate expectations and relative growth narratives. After prior weakness, the U.S. dollar stabilized as investors repriced the Fed's near-term path and global policy gaps narrowed. With the shutdown disrupting the usual flow of U.S. economic data, FX responded more to central-bank outlooks and risk sentiment than to clean domestic prints. Europe's relative outperformance (less AI concentration and stronger financials/healthcare mix) helped steady developed-market FX dynamics, while parts of Asia remained more sensitive to tech-driven swings.

Commodities: Commodities were mixed in November, with precious metals continuing to lead. Gold was up over +5.3% on the month, extending its strong 2025 trend as investors favored hedges amid fiscal and macro uncertainty and shifting rate expectations. Energy was weaker with oil down over -2%, reflecting softer demand expectations and ample supply dynamics.

CIO SNAPSHOT

We maintain a tactical risk-on stance in our asset allocation, reflecting our confidence in the current market's return potential. We remain overweight equities, and recently increased exposure to U.S. markets funded from International Developed, as we believe robust U.S. earnings growth continues to underpin domestic equity performance. Within equities, we are responsibly bullish on the AI supercycle, with targeted allocations to technology and power infrastructure, and are optimistic on financials and defense, supported by lighter regulation and elevated fiscal spending, respectively. In fixed income, we hold a neutral position in duration to manage rate sensitivity, while emphasizing higher-yielding opportunities that deliver compelling income generation in today's environment.

▲ Overweight
— Neutral
▼ Underweight

	Asset Class	***CIO View***
	Equities	
Regions	US Large Cap	▲
Regions	US Small Cap	▼
Regions	Developed International Equities	▼
Regions	EM Equities	—
Factors	Growth	▲
Factors	Quality	—
Factors	Value	▼
Sectors	Industrials	▲
Sectors	Technology	▲
Sectors	Healthcare	▼
Sectors	Financials	▲
	Fixed Income	
Factors	Credit	▲
Factors	Duration	—

Source: Dynasty Financial Partners, Bloomberg, Strategas, BCA, Goldman Sachs Research, YCharts, as of 11/30/2025

US Related

ETF	Description	November	YTD
SPY	S&P 500	0.19%	17.63%
DIA	Dow Jones Ind	0.44%	13.65%
QQQ	Nasdaq 100	-1.56%	21.59%
IJH	S&P Midcap 400	2.17%	7.44%
RSP	S&P 500 Eq Weight	1.92%	10.75%
QQQE	Nasdaq 100 Eq Weight	-1.49%	14.20%
IWB	Russell 1000	0.20%	17.15%
IWM	Russell 2000	1.02%	13.46%
IWV	Russell 3000	0.27%	17.02%

Factors

ETF	Description	November	YTD
IVW	Russell Growth	-0.95%	22.16%
IVE	Russell Value	1.74%	12.67%
IJK	Midcap 400 Growth	1.32%	7.60%
IJJ	Midcap 400 Value	3.25%	6.94%
IJT	Smallcap 600 Growth	2.47%	6.39%
IJS	Smallcap 600 Value	2.87%	5.70%
DVY	DJ Dividend	3.15%	12.24%
MTUM	Momentum	-1.56%	21.79%
USMV	Low Volatility	2.31%	8.54%
SIZE	Size	0.78%	10.19%
QUAL	Quality	0.91%	12.00%

Global

ETF	Description	November	YTD
EWA	Australia	-3.44%	10.00%
EWZ	Brazil	7.83%	52.10%
EWC	Canada	3.86%	31.65%
MCHI	China	-2.16%	34.05%
EWQ	France	0.65%	27.05%
EWG	Germany	0.47%	30.74%
EWH	Hong Kong	3.25%	36.38%
INDA	India	1.37%	3.93%
EWI	Italy	2.16%	49.74%
EWJ	Japan	-0.53%	24.71%
EWW	Mexico	2.84%	48.77%
EIDO	Indonesia	2.13%	3.73%
EWP	Spain	2.97%	68.26%
EIS	Israel	1.28%	35.48%
EWU	UK	1.12%	29.89%
EFA	EAFE	0.74%	28.08%
EEM	Emerging Mkts	-1.77%	31.15%
IOO	Global 100	0.63%	26.76%
VT	All World	0.21%	21.32%
CWI	All World ex US	0.32%	29.47%

Sectors

ETF	Description	November	YTD
XLY	Cons Disc	-1.45%	6.10%
XLP	Cons Stap	4.05%	2.90%
XLE	Energy	2.63%	8.20%
XLF	Financials	1.83%	11.49%
XLV	Health Care	9.29%	16.12%
XLI	Industrials	-0.88%	17.84%
XLB	Materials	4.35%	7.81%
XLRE	Real Estate	1.88%	4.84%
XLK	Technology	-4.81%	23.67%
XLC	Comm Services	0.51%	20.25%
XLU	Utilities	1.72%	22.24%
SMH	Semis	-2.96%	45.47%

Currencies

ETF	Description	November	YTD
FXB	British Pound	0.92%	8.14%
FXE	Euro	0.74%	13.01%
FXY	Yen	-1.24%	0.51%
DXY	Dollar	-0.24%	-8.30%

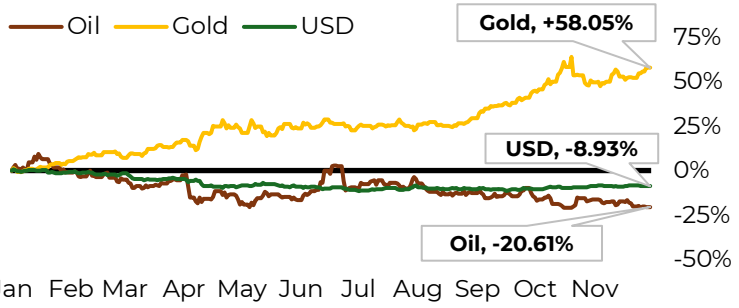
Fixed Income

ETF	Description	November	YTD
SHY	1-3 Yr Treasuries	0.44%	4.64%
IEI	3-7 Yr Treasuries	0.73%	7.13%
IEF	7-10 Yr Treasuries	0.99%	8.86%
TLH	10-20 Yr Treasuries	0.60%	8.21%
TLT	20+ Yr Treasuries	0.27%	7.09%
AGG	Aggregate Bond	0.61%	7.49%
TIP	T.I.P.S.	0.22%	7.43%
JNK	High Yield	0.82%	8.11%
MBB	Mortgage-Backed	0.59%	8.23%
LQD	IG Corporate	0.93%	8.70%
MUB	Muni Bond	0.21%	3.53%

Commodities

ETF	Description	November	YTD
DBC	Commodities	0.79%	7.86%
DBA	Agric Commod.	0.19%	-0.64%
USO	Oil	-2.05%	-5.93%
UNG	Nat. Gas	11.17%	-12.37%
GLD	Gold	5.37%	60.19%
SLV	Silver	16.36%	94.49%

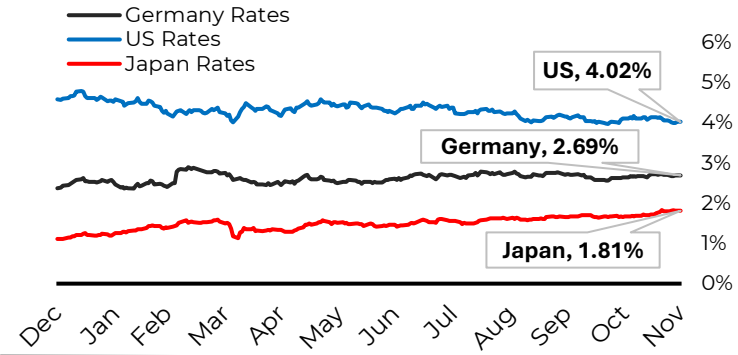
Commodity & Dollar Performance



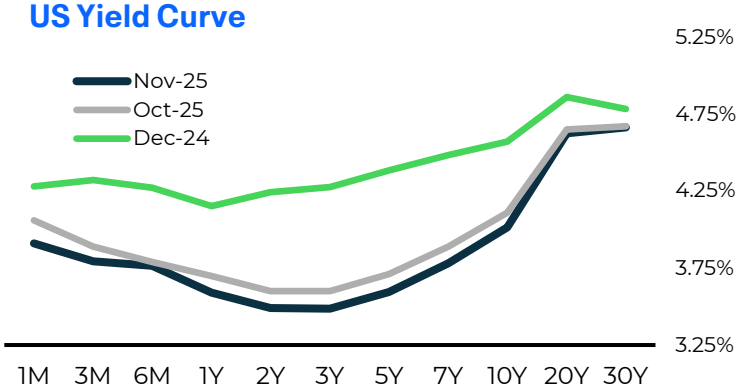
Dow Outshines the Nasdaq

In a reversal of the dominating trend of the past 2 years, the Dow Jones Industrial Average returned +0.44% while the Nasdaq 100 dropped -1.56%. Partly to blame was growth's broader underperformance as more defensive sectors like Healthcare and Consumer Staples returned +9.29% and +4.05% respectively.

10 Year Bond Yields



US Yield Curve



Economic Data	Prior Release Date	Prior Estimate	Prior Actual	Next Release Date	Upcoming Forecast Estimate
Effective Federal Funds Rate	12/10/2025	350-375 bps	350-375 bps	1/28/2026	350-375 bps
US Total Nonfarm Payrolls	11/20/2025	52,000	119,000	12/16/2025	50,000
US Unemployment Rate	11/20/2025	4.3%	4.4%	12/16/2025	4.5%
Core PCE Index YoY%	12/5/2025	2.8%	2.8%	-	-
US CPI YoY%	10/24/2025	3.1%	3.0%	12/18/2025	3.1%
US Real GDP QoQ%	9/25/2025	3.3%	3.8%	12/19/2025	3.2%

Source: Dynasty Financial Partners, Bloomberg, Strategas, BCA, Goldman Sachs Research, YCharts, as of 11/30/2025

Tactical Asset Allocation Guide

Q4 2025

OpenArc CORPORATE ADVISORY

Legend

Underweight | Slight Underweight | Neutral | Slight Overweight | Overweight

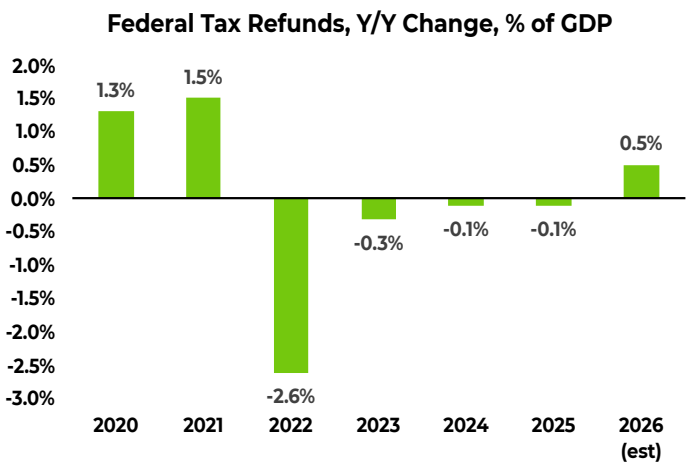
	Asset Class	View	Commentary
Equities	US Large Cap		Public company count has halved over the last two decades, concentrating quality in large caps. These firms benefit from diversified revenue streams and stronger balance sheets, positioning them to weather slowing growth better than smaller, cyclical peers.
	US Small Cap		Despite historical optimism during rate-cut cycles, small caps have underperformed when recessions are avoided—averaging +6% vs. +12% for large caps. Current leverage, weaker pricing power, and lower quality fundamentals suggest limited upside unless cuts accelerate and growth rebounds sharply.
	Developed International		Europe's fiscal push on defense and infrastructure and ECB flexibility to ease are positives. However, earnings delivery remains weak. Until growth materializes, we favor regions where valuations align with earnings momentum.
	Emerging Markets		Neutral stance persists as growth and earnings remain uneven. China's pivot to domestic consumption is structural but challenged by trade frictions. Upside in EM will be driven by AI growth, particularly in South Korea, Taiwan, and China
Factors	Growth		AI-driven demand continues to underpin growth stocks, supported by robust margins, free cash flow, and capex. In addition, adoption is starting to accelerate. While valuations are elevated, earnings delivery remains strong.
	Value		Value has lagged as growth dominates performance, fueled by AI and tech capex. Without a clear catalyst—such as a sharp rate-driven rotation – we maintain an underweight bias.
	Quality		We are neutral quality in our portfolio, as we believe that this current cycle has a combination of early innings as well as late stage.
Sectors	Technology		Tech earnings and profitability outpace the market, driven by structural AI demand and strong balance sheets. Despite trade tensions, secular growth trends remain intact.
	Financials		Easing regulation, steeper yield curve, and improving capital markets activity support financials. IPO and M&A pipelines are strengthening, adding cyclical upside. We are watching for credit quality deterioration if growth slows.
	Industrials		AI-driven power demand and infrastructure upgrades create tailwinds for industrials. Execution risk lies in cost inflation and project delays. Accelerated grid modernization funding is adding fuel to the fire.
Fixed Income	Duration		Two cuts priced in for 2026, but sticky inflation and fiscal stress limit downside for yields. We prefer favoring the front end of the yield curve as we expect curve steepening to continue.
	Credit		Elevated yields and stable fundamentals make credit attractive. IG spreads remain tight and HY offers carry but limited upside. We are comfortbale with the income from credit and like select structured credit assets.

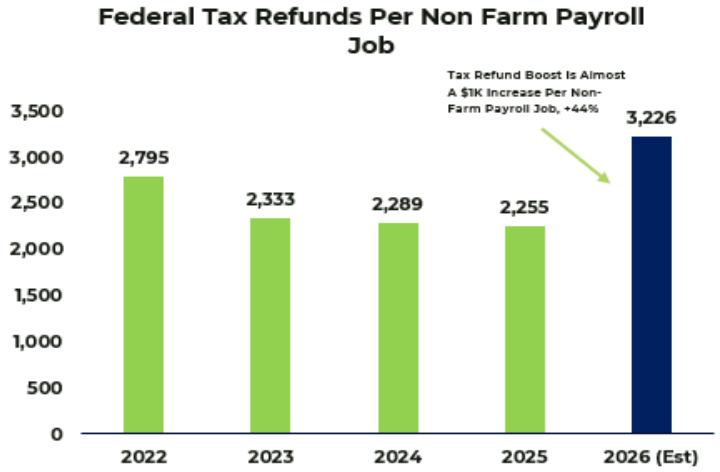
Source: Dynasty Financial Partners, Bloomberg, Strategas, BCA, Goldman Sachs Research, YCharts, as of 11/30/2025

CIO Spotlight: Here comes the boom – the 2026 tax refund wave

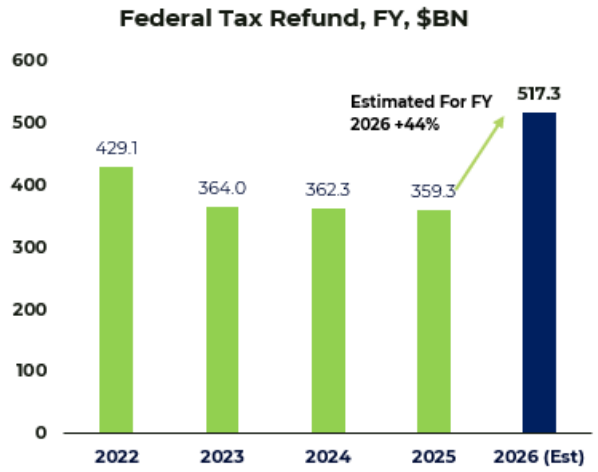
The Refund Tsunami Is Coming

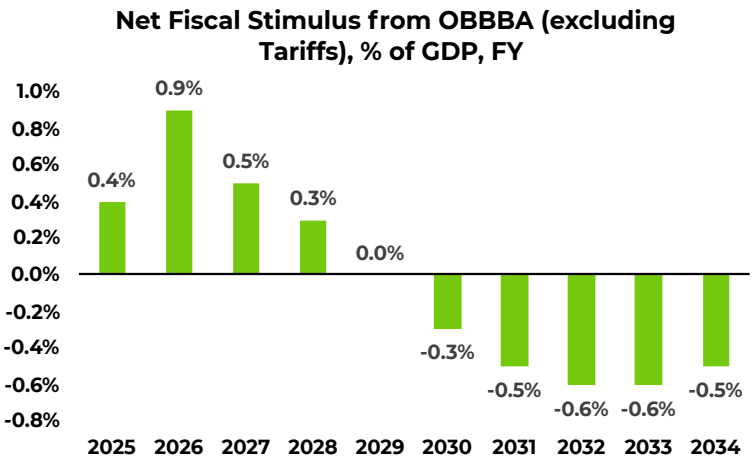
2026 is expected to deliver a significant boost to the U.S. economy, as several major forces converge. According to Strategas, fiscal policy changes under the One Big Beautiful Bill Act (OBBBA) including lower tax rates, a higher SALT deduction cap, expanded credits for children and seniors, and the elimination of taxes on tips and overtime should provide up to +0.5% boost to GDP next year. Notably, because the IRS maintained current withholding schedules until 2026, this should result in most of the benefit hitting in late 1Q and early 2Q.





Federal tax refunds are projected to rise by nearly +44%, surpassing $500 billion – an increase of nearly +$1,000 per non-farm payroll job. This influx of cash is expected to reach households between February and April, a period when consumers have historically shown a strong tendency to spend their refunds. Alongside direct consumer stimulus, business tax cuts and supply-side incentives – including immediate expensing for capital expenditures and expanded deductions for small businesses – are designed to encourage investment and employment, particularly in manufacturing.





Bottom Line

The anticipated increase in consumer spending is likely to have a positive effect on retail sales and state sales tax revenues. The fiscal impulse is further supported by expectations for easier liquidity conditions. While risks remain, such as labor market softness and potential government shutdowns, the overall outlook for 2026 is constructive. The combination of policy-driven cash flows and supportive economic conditions is poised to drive spending, investment, and growth across key areas of the economy.

Source: Dynasty Financial Partners, Bloomberg, Strategas, BCA, Goldman Sachs Research, YCharts, as of 11/30/2025

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Source: Dynasty Financial Partners, Bloomberg, Strategas, BCA, Goldman Sachs Research, YCharts, as of 11/30/2025