TRAVERSE PRIVATE WEALTH MONTHLY MARKET RECAP

December 3, 2025

Index	Asset Class	2025 Nov.	2025 YTD	2024
Equity Indexes		**Total Returns**		
NASDAQ 100	Mega Cap U.S. Growth Equity	(1.6)%	21.8%	25.9%
S&P 500	Large Cap U.S. Equity	0.3	17.8	25.0
S&P 400	Mid Cap U.S. Equity	2.1	7.4	13.9
S&P 600	Small Cap U.S. Equity	2.7	6.1	8.7
MSCI All Country World	Global Equity	0.0	21.6	18.0
MSCI All Country World (Ex U.S.)	International Equity	0.0	29.2	6.1
MSCI Europe, Asia & Far East (EAFE)	International Developed Market Equity	0.6	28.0	4.4
MSCI Emerging Markets (EM)	International Emerging Market Equity	(2.4)	30.4	8.1
Fixed Income Indexes				
Bloomberg U.S. Aggregate Bond	U.S. Investment Grade Bond	0.6	7.5	1.3
S&P National AMT-Free Municipal Bond	U.S. Investment Grade Muni Bond	0.3	3.6	1.3
S&P Municipal Bond High Yield	U.S. Muni Bonds (Below Investment Grade)	0.4	3.3	6.7
Bloomberg U.S. Corp. High Yield	U.S. Corp Bonds (Below Investment Grade)	0.6	8.0	8.2
Index Blends: Stock/Bond				
80%/20%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		0.3	18.9	14.5
60%/40%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		0.4	16.0	11.1
40%/60%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		0.5	13.1	7.7
20%/80%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		0.5	10.3	4.5

Data as of 11/30/2025. Source: Morningstar, and blended benchmark returns are based on monthly rebalancing.

Please see important disclosures at end of this report.

Overview & Economy

The emPHAsis is on the wrong syLLAble. Over recent months, equity investors have grown increasingly focused on when and if the Fed funds rate may be cut. Stocks have exhibited sharp day-to-day and even intraday volatility in response to news and commentary viewed to sway probabilities for a cut one way or the other. These immediate and consequential market reactions even appear analogous to the burgeoning prediction markets.[1] We consider such market responses to be highly myopic for many reasons, and review the most prominent considerations below:

(1) The impact to economic activity in response to changes in the Fed funds rate takes months, if not quarters, to unfold – a reasonable rule of thumb, in our view, would be 6-12 months. Nobel Prize winning economist Miton Friedman is credited for first stating the often-quoted depiction that "monetary policy affects economic activity with long and variable lags."[2]

(2) Bad economic news has recently come to be interpreted as good news, in that soft economic data is being considered by investors as increasing probability for Fed fund rate cuts, and vice versa. The purpose of monetary policy is to promote economic stability by moderating the peaks and valleys of the economic cycle. Specifically, the Federal Reserve operates under a dual mandate seeking to both control inflation and support employment. The Fed's role is not to seek to make an already healthy economy stronger.

(3) Since the Fed funds rate series was established in 1954, all economic recessions have overlapped or coincided with Fed fund rate cutting cycles. Of note, the S&P 500 declined during the three most recent Fed fund rate cutting cycles

by an average of -16.5% on a total return basis (these rate cutting cycles were Jan. 2001 to July 2003, Aug. 2007 to Dec. 2008, and Aug. 2019 to Apr. 2020). On the other hand, equity bull markets over recent decades have occurred over periods of rising Fed funds rates – reflecting the robust underlying economic conditions which the Fed was seeking to stabilize. Such has been the case for the robust equity market we have been benefiting from since the fall of 2022. Through the end of last month, and since Sept. 2022, the S&P 500 has delivered a profound total return of just over 100%, and this has been in the wake of Fed funds rate hikes totaling over 500 basis points from the spring of 2022 through Aug. 2024.

Contributing to, and possibly seeding the ***emPHAsis***, the Federal Reserve and its actions, or lack thereof, have been politicized by the Trump Administration – as we have previously written. In our view, there appears to be an unavoidable contradiction in the intermittent statements by the President and his cabinet that (a) the economy is strong, and (b) Fed Chair Powell is "incompetent" for not aggressively cutting rates.[3] One of these comments or the other appears either misguided or disingenuous. Overall, we are highly confident that for the current robust equity bull market to continue, it would be most dependent on strong economic conditions underpinning continued growth in corporate profits, and not on an economy that is in need of assistance from the Fed.

Equity Markets

Global equity markets were basically flat last month, with only modest variations exhibited by downticks by the YTD index leaders, and upticks by the YTD index laggards. Specifically, modest declines were logged by the NASDAQ 100, which still leads YTD within the U.S., and by the MSCI EM Index, which still leads YTD overall. Modest bounces were logged in November by U.S. Small & Mid Caps (i.e., S&P 400 and S&P 600, respectively), although both remain far behind YTD versus all the other major global equity indexes that we track.

Fixed Income Markets

All the bond indexes we track showed another positive total return month in November, with taxable bonds outpacing municipals by a couple tenths of a percent. And bonds outpaced stocks in the month, affirming their diversification attributes.

Reference(s):

1) Kavout Article, "The Rise of Prediction Markets", Nov. 27, 2025 – *Link*
2) Stanford: Dept. of History Interview, "Milton Friedman's 'long and variable lag,' explained", July 24. 2023 – *Link*
3) Fox Business Article, "Trump slams Fed Chair Jerome Powell…", November 20, 2025 – *Link*