TRAVERSE PRIVATE WEALTH MONTHLY MARKET RECAP

November 4, 2026

Index	Asset Class	2026		2025
		Oct.	YTD	
Equity Indexes		**Total Returns**		
NASDAQ 100	Mega Cap U.S. Growth Equity	(6.6)%	13.0%	21.0%
S&P 500	Large Cap U.S. Equity	(0.9)	11.8	17.9
S&P 400	Mid Cap U.S. Equity	1.9	12.0	7.5
S&P 600	Small Cap U.S. Equity	3.2	17.7	6.0
MSCI All Country World	Global Equity	(1.6)	11.5	22.9
MSCI All Country World (Ex U.S.)	International Equity	(2.8)	11.5	33.1
MSCI Europe, Asia & Far East (EAFE)	International Developed Market Equity	(0.7)	10.0	31.9
MSCI Emerging Markets (EM)	International Emerging Market Equity	(8.0)	13.8	34.4
Fixed Income Indexes				
Bloomberg U.S. Aggregate Bond	U.S. Investment Grade Bond	2.4	(0.5)	7.3
S&P National AMT-Free Municipal Bond	U.S. Investment Grade Muni Bond	3.6	(0.3)	3.8
S&P Municipal Bond High Yield	U.S. Muni Bonds (Below Investment Grade)	3.3	0.7	3.3
Bloomberg U.S. Corp. High Yield	U.S. Corp Bonds (Below Investment Grade)	0.3	0.4	8.6
Index Blends: Stock/Bond				
80%/20%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		(0.8)	9.2	19.8
60%/40%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		0.0	6.8	16.6
40%/60%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		0.8	4.4	13.5
20%/80%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		1.6	1.9	10.4

Data as of 10/31/2026. Source: Morningstar, and blended benchmark returns are based on monthly rebalancing.

Please see important disclosures at end of this report.

Overview & Economy

Bubble Bursting. The sputtering in some equity market segments which started in the third quarter intensified in October. This appears primarily related to cracks which have become apparent for the growth trajectories among AI leaders, which in turn impacted stocks across the so-called AI trade. Remember that AI euphoria was responsible for the bulk of the sharp gains for global equities in the second quarter.

Equity market bubbles are periods denoted by exceptional appreciation in asset prices driven by anticipated market developments and growth which prove to be overly optimistic. It is increasingly difficult to deny, in our view, that the AI trade is just the latest example of a bubble. The "cracks" which have become apparent by recent corporate releases convey disruptions attributable to AI impacts across the Technology complex. These disruptions denote growth prospects which are now less than previously expected and, thereby, risks which appear greater. Some notable examples, representative of key technology business segments denoted by leading companies, include:

- Within enterprise software – **ServiceNow** (**NOW**) reported slower backlog growth in its core business prompting concerns about AI competitive threats. Its stock plunged 27% on that day (Oct. 29, 2026) and is down 51% from its early 2025 high.[1]
- Pertaining to the PC market – **Intel** (**INTC**) guided down its revenue growth outlook due to a softening PC demand, attributable to soaring costs for components and memory. Its stock plummeted 29% on that news (Oct. 30, 2026) and is down 55% from its June 2026 high.[2]

- Offering insights into the search business and also into hyperscaler buildouts – **Alphabet's** (**GOOGL**, **GOOG**) search advertising revenue growth fell short of expectations, while its aggressive capital expenditures related to its AI build-out pushed its free cash flow into the negative. Its share price dropped 13% on the day of this release (Oct. 29, 2026) and has declined 30% from its May 2026 high.[3]

Market strategists and equity analysts have, by and large, continued to defend their previous recommendations and have continued to convey optimism about AI business merits -- for both the hyperscalers and suppliers of computing components. And, as reflected by the major indexes, trends may still appear reasonably sanguine – particularly when you look at YTD returns. However, if one focuses on the stocks that led the parabolic AI trade on the way up, it's hard to interpret anything other than that *bubble is bursting*.

As of the date of this writing, the S&P Tech sector [as measured by the SPDR Tech Sector ETF (XLK)] is down an unalarming 13% from its recent high. This is because this sector includes a mix of perceived AI winners and losers. On the other hand, semiconductor stocks, as a group, are off 29% from their June 2026 highs [as measured by the iShares Semiconductor ETF (SOXX)]. We believe semis are a more direct depiction of the AI trade as this group was broadly viewed as winners of the AI buildout -- from providers of basic memory to complex microprocessors. Examples of the bubble bursting abroad include China's Star50 index which has declined 47% from its June 2026 high, and the South Korean KOSPI index which is down 38% from its June 2026 high.

Fortunately, so far, the implications from the *bursting bubble* for the broader market indexes has been largely contained by leadership rotations elsewhere – including towards company's, sectors and even geographies offering greater visibility and less risk. Examples include companies that are less cyclical and offering steady growth, emboldened by pristine balance sheets and strong free cash flows – such as leading Healthcare company **Eli Lilly** (**LLY**) and leading Consumer Staple company **Proctor & Gamble** (**PG**); just since Sept. 30, 2026, these stocks have gained 20% and 12%, respectively.

It remains to be seen if the leadership rotations can shore up and preserve this year's equity market gains. And, relatedly, equity market participants are diligently assessing the implications of the "blue tsunami" which has flipped both houses of the U.S. Congress in favor of Democrats. Ironically, while the new political mandate may lead to some headwinds for the buildout of new datacenters, this may actually serve to reduce the risk of reckless overbuilding, and thereby may moderate the AI trade corrections from here – at least for the hyperscalers.

We would be remiss not to comment on the upcoming mega IPO of AI poster child **Anthropic, PBC** (yes, this stands for "public benefit company"). Anthropic recently filed its preliminary SEC registration statement for its IPO, anticipated to be issued very soon. While the initial indications were for an offering size between $75-$100 billion, based on a total equity valuation of $1.5-$2.0 trillion, we hear scuttlebutt of some push-back from potential investors toward the lower-end of those ranges. An interesting rhyme with history – from the *Internet Bubble* actually – AT&T Wireless issued its IPO on April 27, 2000; it then represented the largest U.S. IPO in history, raising $10.6 billion, with an initial market cap of $68 billion. AT&T Wireless' IPO was completed about a month after the peak of the Internet Bubble.

Equity Markets

There was an interesting dichotomy in performance across global equities last month, with U.S. Small and Mid Caps gaining and all other major indexes we track declining. Worst last month were the Tech-ladened NASDAQ 100 and the MSCI EM indexes. Boosted by last month's strong relative gains, U.S. Small Caps assumed the YTD lead, although all major global equity indexes remain positive YTD by double-digits.

Fixed Income Markets

Bonds did better than stocks last month, as market interest rates declined some – although they remain elevated YTD. The Muni indexes outpaced their comparable taxable bond indexes, more than recouping their recent

underperformance. On a YTD basis, the intermediate-term investment grade bond indexes remain marginally down, whereas the high-yield bond indexes remain marginally up despite upticks in credit spreads.

Reference(s):

1) Yahoo!finance, "ServiceNow just Lost 34% in a Week…", Nov. 3, 2026 – *Link*
2) CNBC, "Intel foundry push faces critical test after stock's 45% plunge in October", Nov. 2, 2026 – *Link*
3) CNBC, "Alphabet tanks nearly 13% for worst day ever, losing $500 billion in value", Oct. 29, 2026 – *Link*

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