

# Monthly Investment Report

December 2025



Financial markets delivered modest gains in November as easing inflation, resilient earnings, and declining bond yields supported sentiment despite softer economic momentum. The S&P 500 gained +0.20% and the Dow Jones Industrial Average rose +0.50%. The Nasdaq Composite declined -1.40% after a strong earlier performance. Market breadth improved, with mid-capitalization equities rising +2.00% and small-capitalization equities gaining +2.65%. Developed international markets advanced modestly, while emerging markets weakened due to currency pressures. Sector performance reflected a shift toward more stable earnings profiles. Health care rose +9.30% and telecommunications gained +6.30%. Information technology declined -4.30% as valuations adjusted, and investors grew more cautious toward rising artificial intelligence spending and signs of overexuberance regarding near-term AI potential. Economic conditions softened further. Consumer spending slowed, payroll growth eased, and wage gains moderated. Immigration policy changes tightened labor availability in industries reliant on undocumented workers, creating localized wage pressures. The federal government closure earlier in the year lasted 43 days and continues to distort several economic readings. Corporate fundamentals remained constructive and inflation improved. Treasury yields fell across maturities, supporting valuations and providing balance against softer economic signals.

## Capital Markets

**United States equity markets posted mixed but stable results in November.** Strong earnings supported S&P 500 (+0.20%) and Dow Jones Industrial Average (+0.50%), while the Nasdaq Composite declined -1.40% amid valuation adjustments. Broader participation lifted mid-capitalization equities by +2.00% and small-capitalization equities by +2.65%.

**Sector leadership concentrated in defensive growth and cash-flow resilient industries.** Health care gained +9.30% and telecommunications rose +6.30%. Information technology declined -4.30% as investors rotated toward more stable earnings and reassessed lofty expectations tied to artificial intelligence adoption and spending. Concerns about the pace and scale of AI investment contributed to a broader revaluation within the sector.

**International markets produced uneven results.** Europe excluding the United Kingdom, advanced +1.50%, the United Kingdom gained +1.40%, and Japan declined -0.70%. Emerging markets fell -2.40% due to currency weakness and uneven policy conditions.

**Bond markets strengthened as yields declined across maturities.** The Bloomberg United States Aggregate Bond Index gained +0.60%. Investment-grade corporate bonds advanced +0.60%, and high-yield bonds rose +0.60%. The 10-year Treasury yield fell to 4.01% from 4.08%, and the 2-year yield declined to 3.49% from 3.57%, resulting in a modestly steeper yield curve.

## Commodities posted broad gains, supported by shifting supply dynamics and improved risk sentiment.

The Bloomberg Commodities Index rose +3.20%. Natural gas surged +17.60% as colder weather patterns and lower storage levels boosted demand expectations. Gold advanced +5.50%, benefiting from declining real yields and renewed interest in portfolio hedges. Industrial metals were firmer, with copper up +2.00% on signs of stabilization in global manufacturing. Agricultural prices were steady, with corn rising +1.00%. Crude oil dropped -4.00% as higher production from major suppliers offset geopolitical concerns. The United States dollar fell -0.20% on the Bloomberg Dollar Index, providing marginal support to commodity pricing.

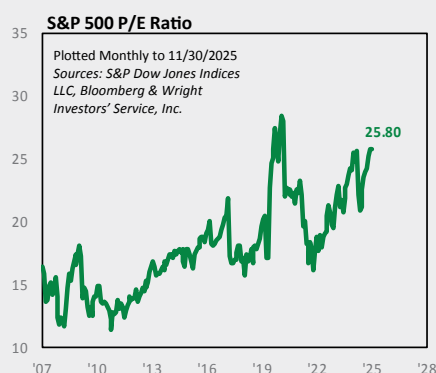
## U.S. Economy

### Economic data signaled continued moderation in November.

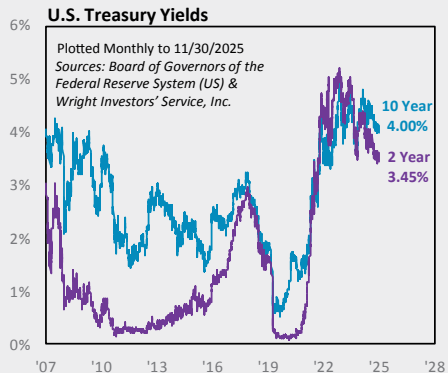
Consumer spending softened as households prioritized essential purchases. Retail activity slowed, and business surveys pointed to cooler momentum in service industries. Manufacturing indicators remained slightly below expansion levels as new orders and production moderated.

**Labor market trends continued to normalize.** Payroll gains slowed, job openings declined, and hiring intentions eased. Wage growth moderated, although earlier immigration policy changes tightened labor availability in industries such as construction, logistics, and agriculture. These dynamics suggested a transition toward slower but more balanced employment conditions.

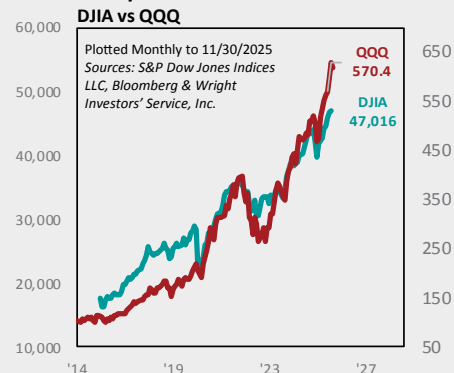
### P/Es Have Increased



### 2 Year & 10 Year Yields Both Fell



### US Equities Rallied



## Total Investment Returns—11.30.2025

|                                     | November | Last 12 Mos. |
|-------------------------------------|----------|--------------|
| Dow Jones Industrial Average        | 0.5%     | 8.0%         |
| Nasdaq Composite                    | -1.4%    | 22.4%        |
| S&P 500                             | 0.2%     | 15.0%        |
| S&P MidCap 400                      | 2.0%     | -0.2%        |
| S&P SmallCap 600                    | 2.7%     | -2.4%        |
| MSCI World (\$)                     | 0.3%     | 17.0%        |
| MSCI World ex U.S. (\$)             | 1.0%     | 24.6%        |
| Bloomberg U.S. Aggregate            | 0.6%     | 5.7%         |
| 90-Day Treasury Bills (Yield)       | 3.8%     | 4.5%         |
| CPI ex-Food & Energy SA* (Sep 2025) | 0.2%     | 3.0%         |

\*SA: Seasonally Adjusted

Sources: Bloomberg LP & Wright Investors' Service, Inc.

**Inflation trends improved but remained uneven.** Core consumer prices increased at a slower pace year-over-year, although several service categories remained firm. Shelter inflation moderated but remained elevated.

**The Federal Reserve left the policy rate unchanged at its November 19 meeting, noting that "progress toward the Committee's 2 percent inflation objective has slowed in recent months."** Minutes highlighted that some participants preferred caution to avoid persistent inflation risk, while others viewed slowing demand as evidence that inflation was easing. The Committee agreed that maintaining the current stance would provide time to confirm disinflation is sustainable. Market-based inflation expectations remained stable.

**Fiscal dynamics added uncertainty.** The earlier 43-day government shutdown, the longest in U.S. history, has delayed or distorted several indicators, and revisions to prior data remain likely as reporting backlogs are addressed.

## Investment Outlook

**The investment landscape reflects an evolving balance between slowing growth, improving inflation trends, resilient corporate earnings, and gradually declining interest rates.** Third-quarter earnings results were broadly positive, with a high proportion of companies exceeding expectations for both revenue and earnings. These fundamentals helped support valuations even as overall economic activity eased.

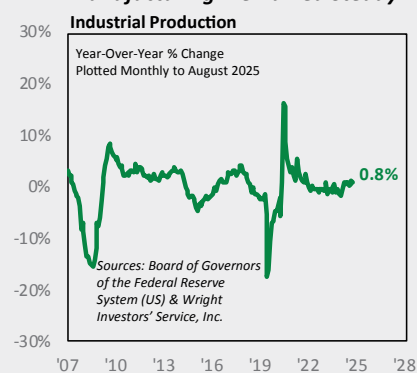
**Declining interest rates have reduced discount pressures and improved financial conditions.** The modest steepening of the yield curve suggests that markets expect a transition toward lower policy rates in 2026. Intermediate-duration fixed income remains well positioned, offering attractive income and improved downside protection. High-quality credit continues to benefit from durable balance sheet strength and low default expectations.

**A central question for the coming year is whether the recent moderation in inflation will persist or whether structural forces will generate renewed price pressure.** Potential contributors to higher inflation include increases in tariff rates, greater trade frictions, and reduced availability of undocumented immigrant labor in industries reliant on that workforce. These factors could raise wage and input costs even in a slowing economy. A countervailing influence is the potential for deeper demand moderation through 2026 as tighter financial conditions, slower employment growth, and more cautious household behavior emerge. Whether demand softens sufficiently to offset these supply-driven pressures is a crucial component of the analytic framework and will shape monetary policy, corporate margins, and valuation conditions.

**Geopolitical conditions improved at the margin.** Diplomatic engagement between Ukraine and Russia increased, raising cautious optimism for partial de-escalation. Relations between the United States and China also improved slightly, with selective tariff reductions, extended exclusions, and renewed dialogue reducing near-term risks to global supply chains.

**Although economic growth is slowing, the combination of easing inflation, resilient earnings, and declining yields supports a constructive backdrop for diversified portfolios.** Wright continues to emphasize disciplined diversification, liquidity, and quality across asset classes. Companies with strong balance sheets, durable cash flow profiles, and competitive positioning remain best suited for an evolving late-cycle environment. As the economy transitions toward a lower rate structure, opportunities should broaden across growth-oriented and value-oriented strategies, while high-quality fixed income remains a stabilizing anchor within balanced portfolios.

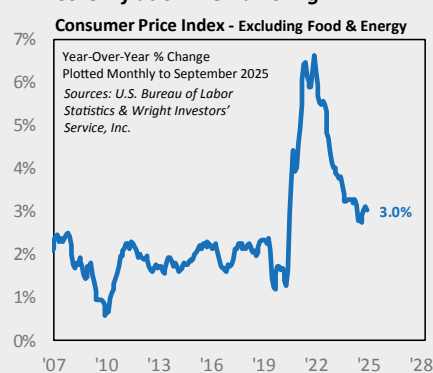
### Manufacturing: Remained Steady



### Consumer Spending: Strengthened



### Core Inflation: Remains High



**Source:** Bloomberg Index Services Limited. "Bloomberg", "Bloomberg Commodity Index" and the Bloomberg Bond Indices are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the index (collectively, "Bloomberg") and have been licensed for use for certain purposes by Wright Investors' Service, Inc. Bloomberg is not affiliated with Wright Investors' Service, Inc. and Bloomberg does not approve, endorse, review, or recommend Wright Products. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to Wright Products.

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