RAYMOND JAMES | INVESTMENT MANAGEMENT

PORTFOLIO STRATEGY

Michael Gibbs, Managing Director, Lead Portfolio Manager | (901) 579-4346 | michael.gibbs@raymondjames.com
Joey Madere, CFA | (901) 529-5331 | joey.madere@raymondjames.com
Richard Sewell, CFA | (901) 524-4194 | richard.sewell@raymondjames.com
Mitch Clayton, CMT, Senior Technical Analyst | (901) 579-4812 | mitch.clayton@raymondjames.com

NOVEMBER 12, 2025 | 3:39 PM EST

Weekly Market Guide

Government Shutdown Coming to An End: It was a busy weekend in Washington, as lawmakers reached an agreement to end the longest government shutdown in history. While shutdowns are typically more noise than narrative-changing events, the extended duration introduced uncertainty by limiting macro data, complicating the Fed's decision-making process. Although a resolution was widely expected, one surprise was the decision not to extend ACA premium tax credits, set to expire at the end of 2025. Meanwhile, other stimulus measures are being discussed, including a 50-year mortgage option, streamlined assumable mortgages to support housing, and $2,000 tariff dividend payments to taxpayers. Overall, while the economy is currently in a soft patch, especially within the labor market, we believe the OBBB, deregulation agenda, and additional stimulus could reaccelerate growth into 2026, supporting strong earnings and reinforcing our upward bias for equities.

Divergences Persisting Increases Vulnerability to Consolidation of Gains: The S&P 500 recently tested its 50-day moving average and successfully held support, with constructive price action since. However, market breadth remains lackluster, bearish divergences persist, and investor enthusiasm appears to be fading. While near-term consolidation risk has increased, we view any pullback as a healthy pause after strong gains and would use weakness as a buying opportunity.

Maintain Diversification Given our Long-term Bias to the Upside: Market leadership remains concentrated in a narrow group of stocks, creating challenges for diversified long-only strategies. However, we believe markets tend to revert to the mean, making diversification an all-weather solution for long-term performance. While A.I. has become the dominant market force, the average stock remains compelling from a valuation perspective and likely offers higher "normalized" return potential over the next decade.

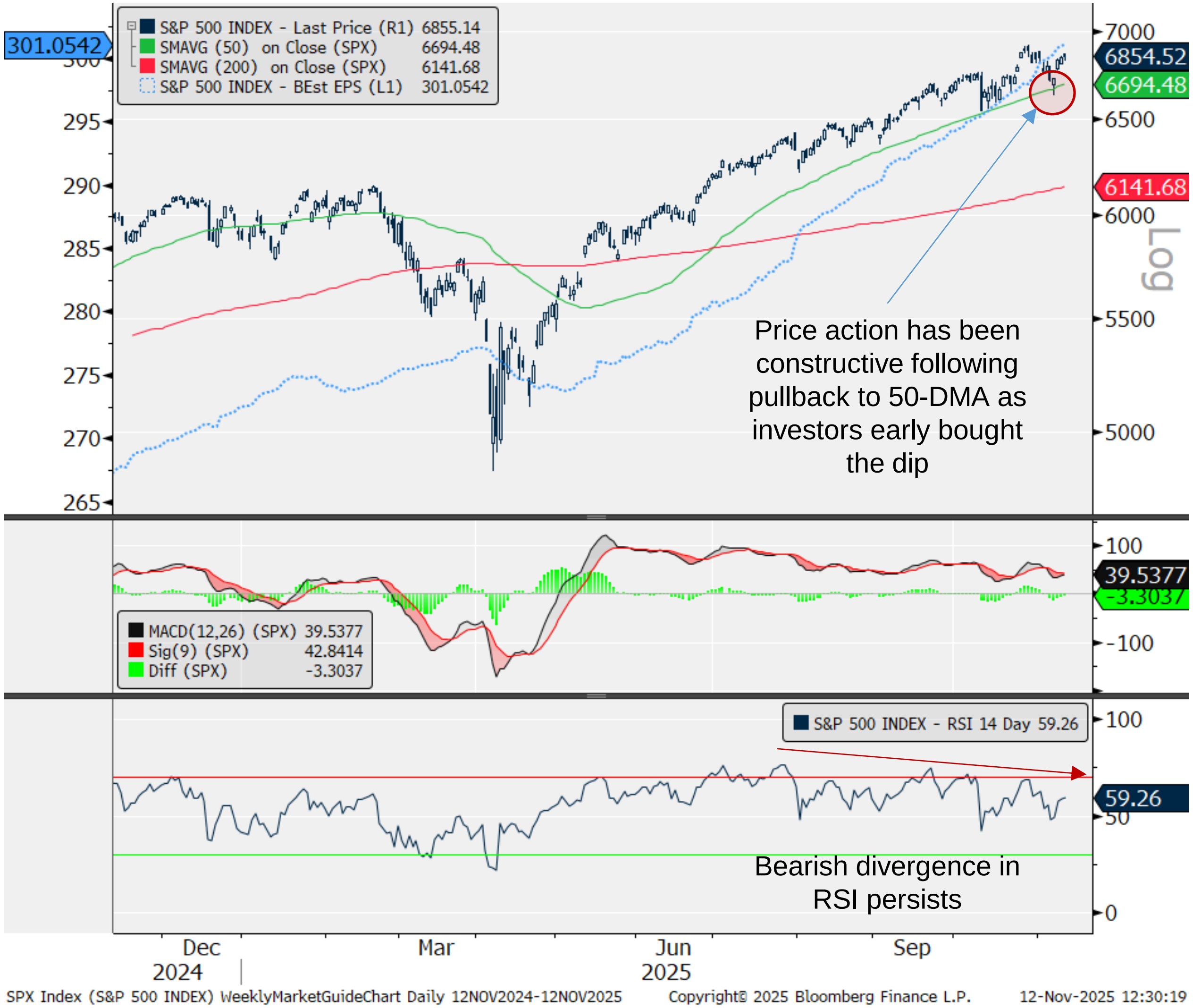
In sum, there are a lot of headlines and noise, but earnings are the ultimate driver of equities over the long-term- importantly, growth and forward estimates remain supportive of the uptrend in place. In the shorter-term, we do note some technical divergences beneath the surface that indicate a pause in the market's momentum (or potential rotation) may be overdue.

Equity Market Indices	Price Return Year to Date	Price Return 12 Months
Dow Jones Industrial Avg	12.7%	8.2%
S&P 500	16.4%	14.1%
S&P 500 (Equal-Weighted)	8.2%	2.5%
NASDAQ Composite	21.5%	21.6%
Russell 2000	10.2%	1.0%
MSCI All-Cap World	20.0%	16.9%
MSCI Developed Markets	25.2%	21.5%
MSCI Emerging Markets	30.4%	24.6%
NYSE Alerian MLP	0.7%	2.8%
MSCI U.S. REIT	1.8%	-4.4%

S&P 500 Sectors	Price Return Year to Date	Sector Weighting
Communication Svcs.	27.4%	10.2%
Information Technology	26.2%	35.3%
Utilities	18.2%	2.4%
Industrials	16.9%	8.1%
S&P 500	***16.4%***	-
Financials	9.9%	13.0%
Health Care	9.4%	9.4%
Consumer Discretionary	7.3%	10.5%
Energy	6.9%	2.9%
Materials	4.8%	1.7%
Real Estate	2.2%	1.7%
Consumer Staples	1.1%	4.8%

Source: FactSet

Technical: S&P 500



The S&P 500 recently tested its 50-day moving average (50-DMA) and successfully held that level, followed by constructive price action. However, market breadth remains lackluster, with bearish divergences persisting in key oscillators such as RSI, and participation is weak as the percentage of constituents trading above their 50-DMA remains subdued—suggesting the market may be losing momentum after a strong rally.

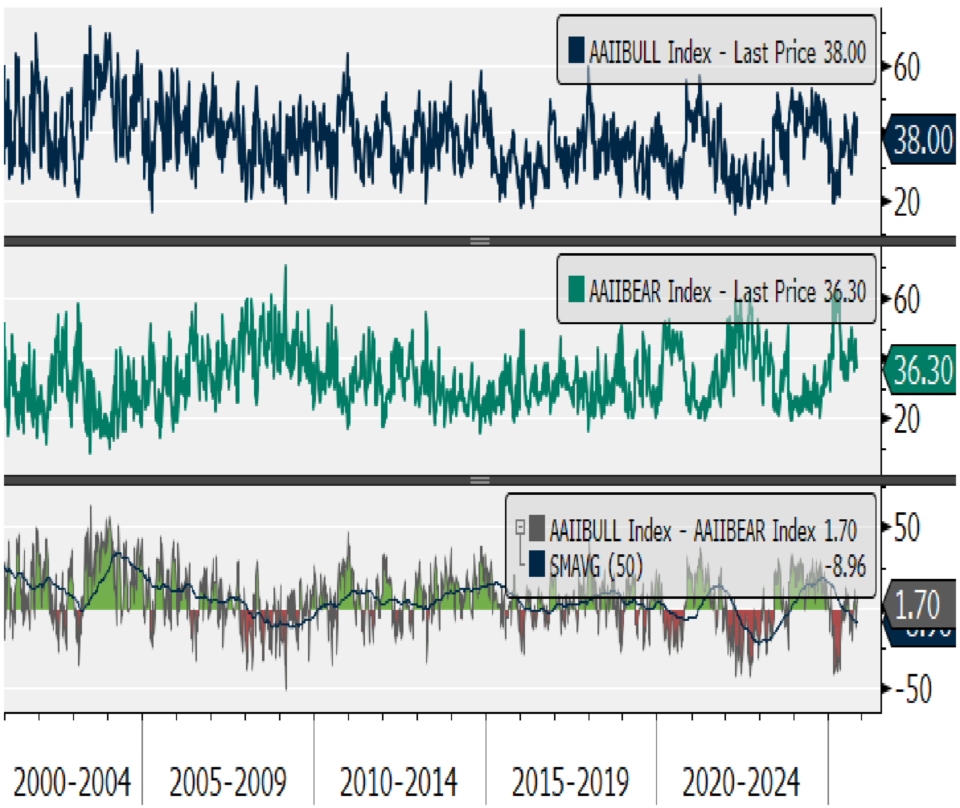
While these divergences are not precise timing tools, their growing number increases the probability of a pullback at some point. That said, we maintain a constructive outlook on equities and would view any near-term weakness as a healthy pause, continuing to favor buying on dips.

We see initial support at the 50-DMA (6,694), followed by 6,536 and 6,211, with resistance at the recent high of 6,920 and then 7,162.

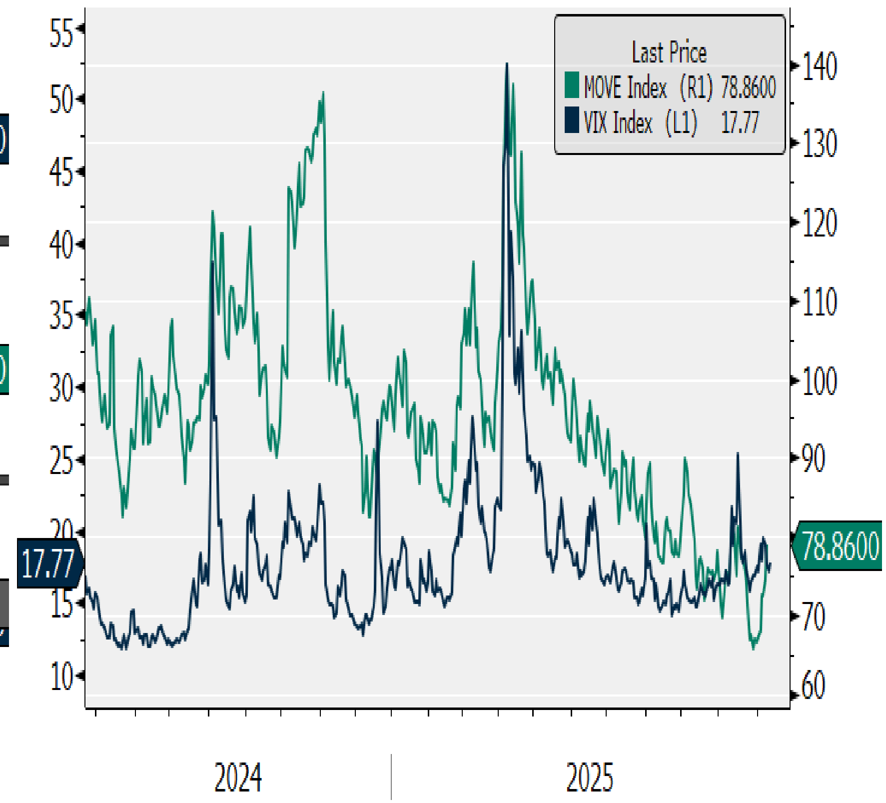
Source: Bloomberg, FactSet

Waning Market Enthusiasm

Despite markets trading just off their highs, investor enthusiasm appears to be waning. The latest AAII sentiment survey reflects a neutral balance between bullish and bearish views, while its 50-period moving average shows a negative sentiment reading—underscoring that equities continue to climb the proverbial “wall of worry”. At the same time, signs of complacency are emerging, with volatility gauges such as the MOVE (fixed income) and VIX (equities) hovering at low levels. Taken together, the combination of persistent divergences and fading bullish sentiment suggests the potential for a near-term consolidation phase.



AAIIBULL Index (AAII US Investor Sentiment Bullish Readings) aaiibullbear2 Weekly 21DEC2000-12NOV2025 Copyright© 2025 Bloomberg Finance L.P. 12-Nov-2025 11:28:14

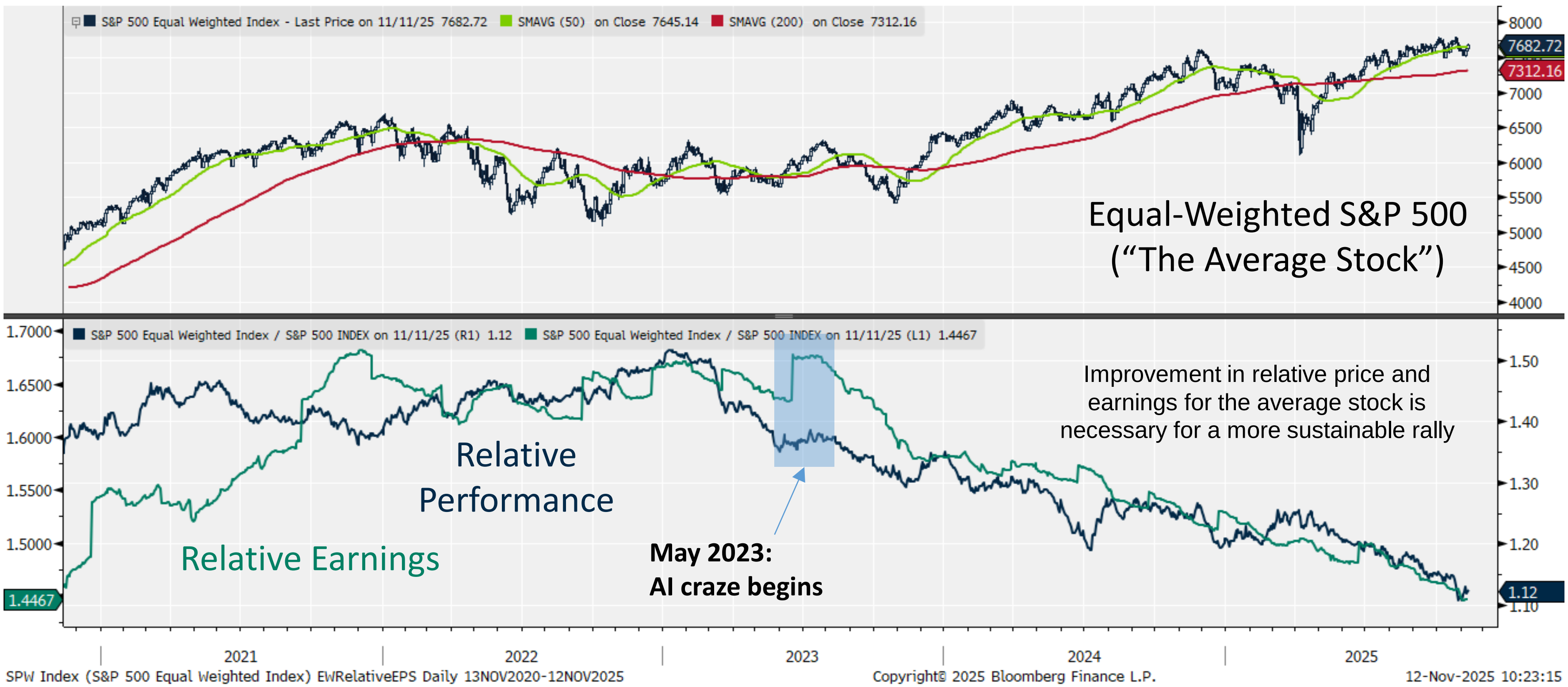


MOVE Index (ICE BofA MOVE Index) MOVEVIX Daily 22APR2024-12NOV2025 Copyright© 2025 Bloomberg Finance L.P. 12-Nov-2025 11:31:11

Source: Bloomberg, FactSet

Equal-Weight S&P 500

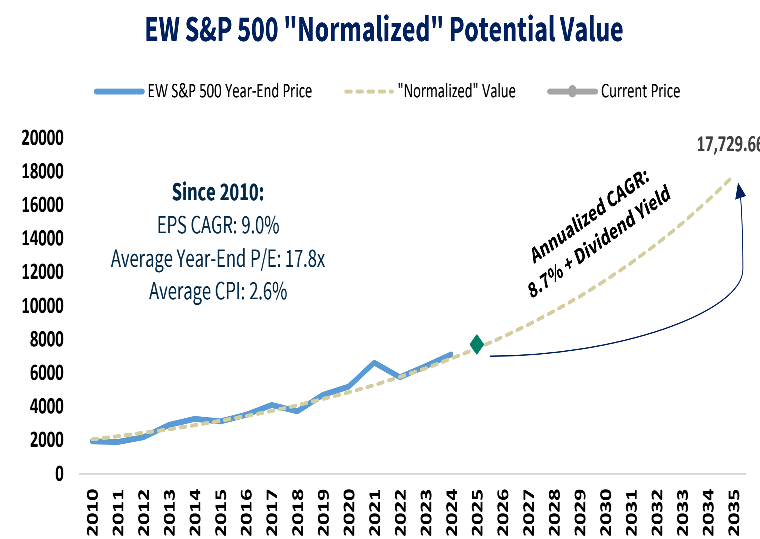
The dominance of a handful of stocks—both in terms of price performance and earnings—has created a challenging environment for diversified, long-only strategies. Over the past two years, the market has become increasingly narrow and concentrated in AI and tech-oriented names. While we believe the long-term potential of AI is undeniable, this level of concentration introduces risks if the market does not begin to broaden out. Currently, the average stock, as measured by the equal-weighted S&P 500, continues to lag in both relative performance and relative earnings compared to its cap-weighted counterpart, driven by heavy exposure to mega-cap tech. For a more sustainable rally, we believe improvement in relative price and earnings for the average stock is necessary, which should lead to a healthier broadening of market leadership.



Source: Bloomberg, FactSet

Opportunity for Active Management

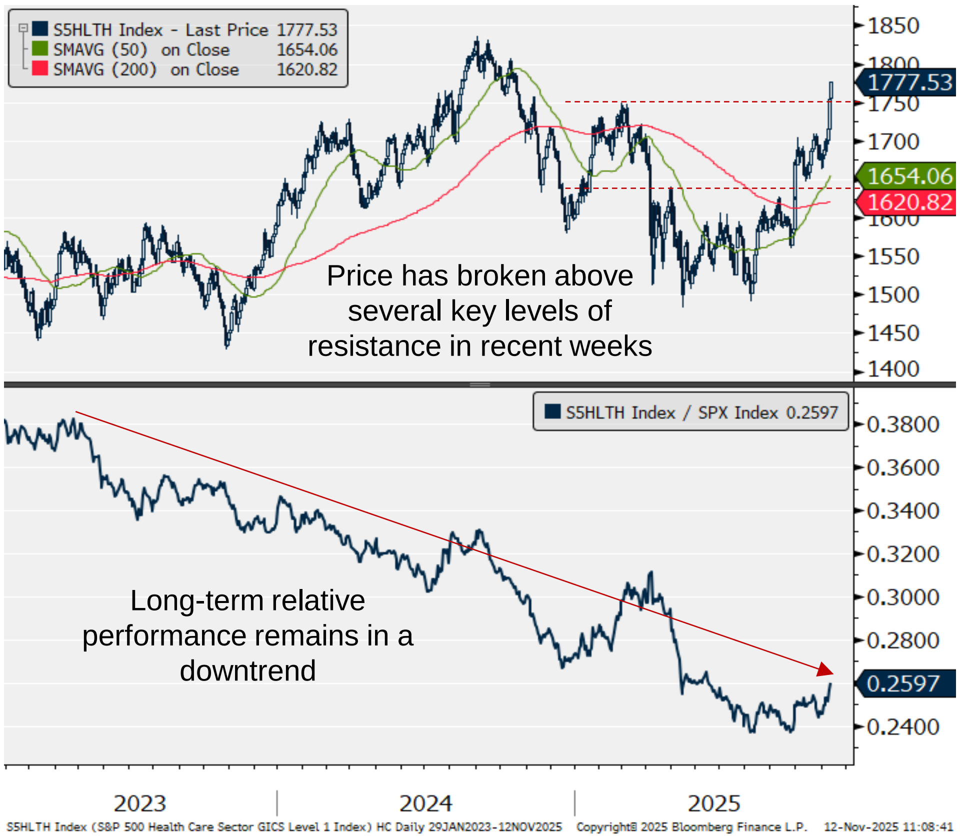
Given our view that markets tend to revert to the mean over time—and considering the sharp underperformance of the equal-weight index relative to the cap-weighted benchmark—we see an attractive opportunity for active management once market breadth begins to improve. Recently, AI has emerged as the dominant market driver, fueling a significant expansion in valuations for a concentrated group of stocks. However, the average stock remains compelling from a valuation standpoint and likely offers a higher "normalized" return potential over the next decade.

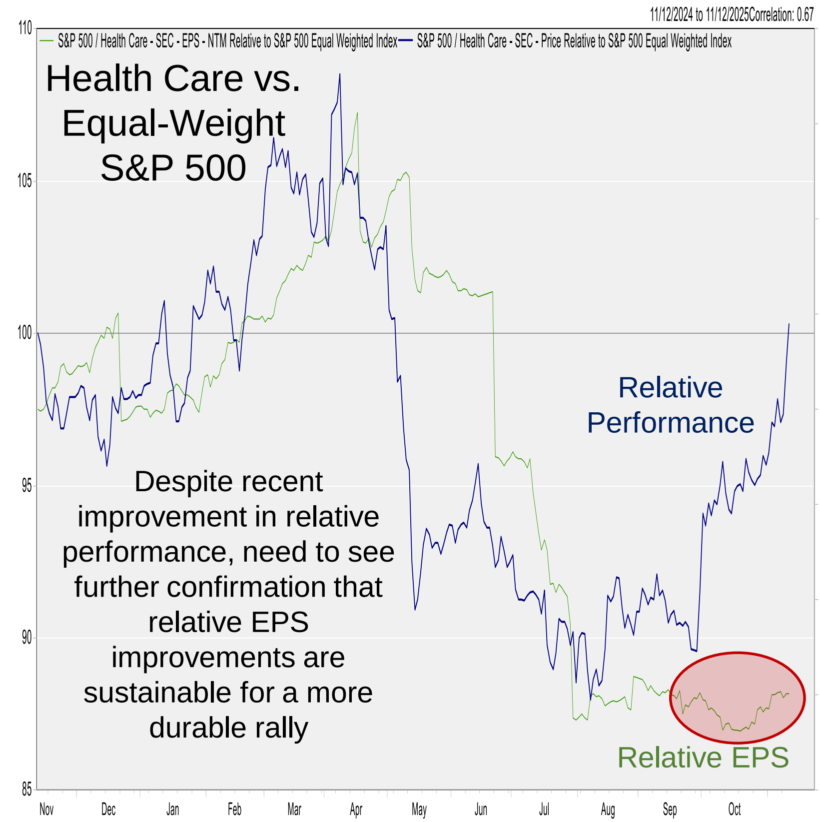


Source: Bloomberg, FactSet

Health Care

Health Care has shown sector leadership in recent weeks, with prices breaking above several key resistance levels. This improvement follows a multi-year stretch of underperformance, as long-term relative performance remains in a downtrend. To determine whether this is a short-term rotation or the start of something more sustainable, we are closely monitoring two factors: (1) a breakout in relative performance from the long-term downtrend and (2) further improvement in relative EPS—currently showing slight gains versus the equal-weighted S&P 500 but still lagging the cap-weighted index.

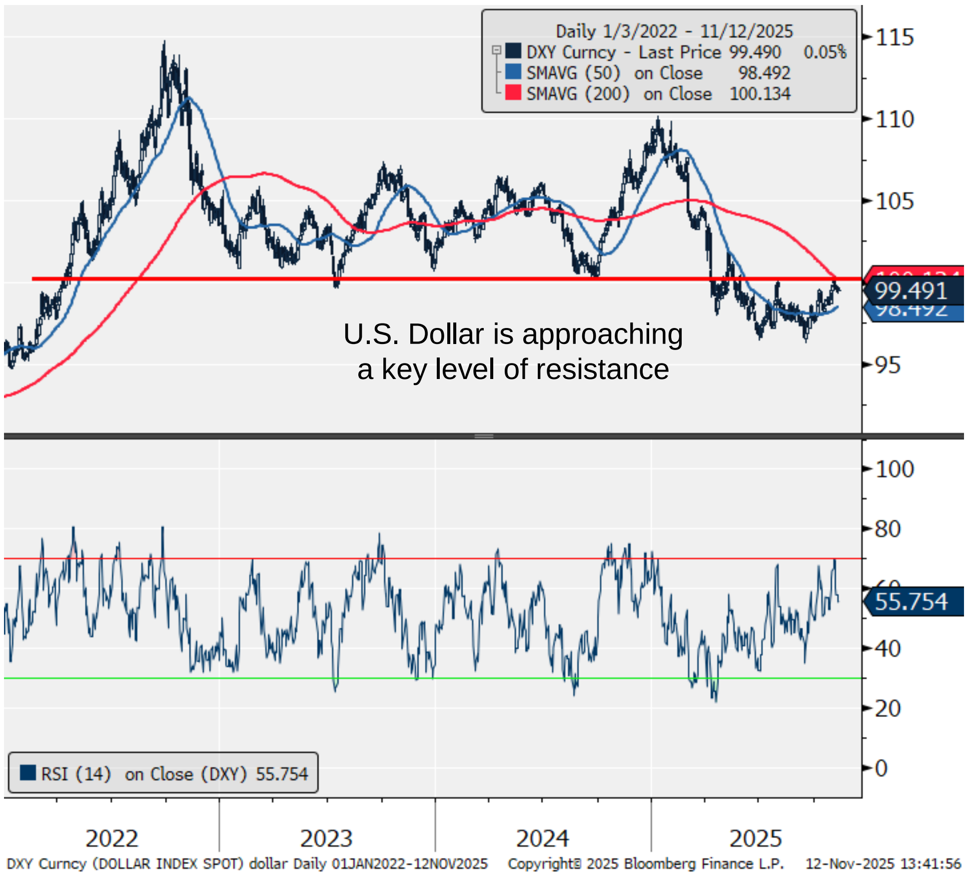


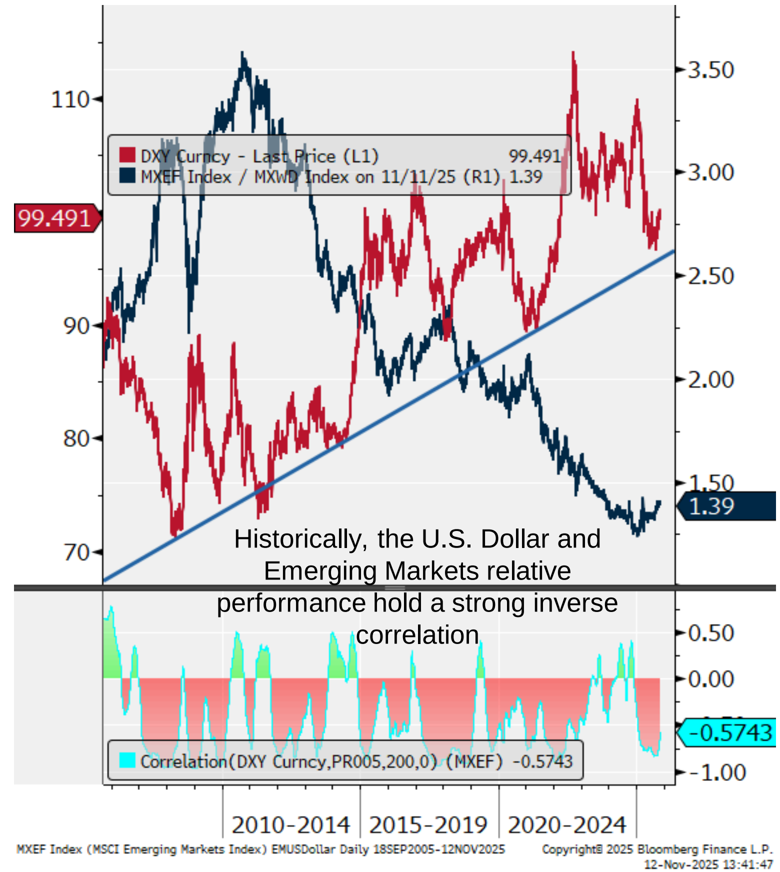


Source: Bloomberg, FactSet

U.S. Dollar

The U.S. Dollar is approaching a key resistance level. Historically, there has been a strong inverse correlation between the Dollar and the relative performance of Emerging Markets. A breakout in the Dollar could provide an additional tailwind for U.S.-centric companies; however, a rollover at this level would likely be a positive catalyst for Emerging Markets.





Source: Bloomberg, FactSet

IMPORTANT INVESTOR DISCLOSURES

Gibbs Capital Management, a division of Eagle Asset Management (Eagle) a wholly-owned subsidiary of Raymond James Investment management.

All expressions of opinion in the foregoing reflect the judgment of Gibbs Capital Management and are subject to change without notice. Information in this report has been obtained from sources considered reliable, but we do not guarantee its accuracy, completeness, or timeliness. Content provided herein is for informational purposes only and should not be used or construed as investment advice or a recommendation regarding the purchase or sale of any security outside of a managed account. This should not be considered forward looking and does not guarantee the future performance of any investment.

It is important to review the investment objectives, risk tolerance, tax objectives and liquidity needs before choosing an investment style or manager. All investments carry a certain degree of risk, including loss. There is no assurance that any strategy will be successful, and no one particular investment style or manager is suitable for all types of investors. Indices are not available for direct investment. Any investor who attempts to mimic the performance of an index would incur fees and expenses which would reduce returns. Asset allocation and diversification does not ensure a profit or protect against a loss.

Sector investments are companies engaged in business related to a specific sector. They are subject to fierce competition and their products and services may be subject to rapid obsolescence. There are additional risks associated with investing in an individual sector, including limited diversification.

Commodities and currencies investing are generally considered speculative because of the significant potential for investment loss. Their markets are likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising.

Links to third-party websites are being provided for informational purposes only. Gibbs Capital Management is not affiliated with and does not endorse, authorize, or sponsor any of the listed websites or their respective sponsors. Gibbs Capital Management is not responsible for the content of any third-party website or the collection or use of information regarding any websites users and/or members.

Index Definitions

The **S&P 500** is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market.

The **Dow Jones Industrial Average (DJIA)** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange (NYSE) and the NASDAQ.

The **NASDAQ Composite** is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market.

The **MSCI World All Cap Index** captures large, mid, small and micro-cap representation across 23 Developed Markets (DM) countries. With 11,732 constituents, the index is comprehensive, covering approximately 99% of the free float-adjusted market capitalization in each country.

The **MSCI EAFE (Europe, Australasia, and Far East)** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 21 developed nations.

The **MSCI Emerging Markets Index** is designed to measure equity market performance in 23 emerging market countries. The index's three largest industries are materials, energy, and banks.

The **Russell 2000** index is an index measuring the performance of approximately 2,000 smallest-cap American companies in the Russell 3000 Index, which is made up of 3,000 of the largest U.S. stocks.

The **NYSE Alerian MLP** is the leading gauge of energy infrastructure Master Limited Partnerships (MLPs). The capped, float-adjusted, capitalization-weighted index, whose constituents earn the majority of their cash flow from midstream activities involving energy commodities, is disseminated real-time on a price-return basis (AMZ) and on a total-return basis (AMZX).

The **Barclays Intermediate Government/Credit Bond** index measures the performance of U.S. Dollar denominated U.S. Treasuries, government-related and investment grade U.S. corporate securities that have a remaining maturity of greater than one year and less than ten years.

The **Euro Stoxx 50 Index** is a market capitalization weighted stock index of 50 large, blue-chip European companies operating within Eurozone nations. Components are selected from the Euro STOXX Index which includes large-, mid- and small-cap stocks in the Eurozone.

The **China CSI 300** is a capitalization-weighted stock market index designed to replicate the performance of top 300 stocks traded in the Shanghai and Shenzhen stock exchanges. It had a sub-indexes CSI 100 Index and CSI 200 Index.

The **S&P 500 Futures** is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The **DJIA Futures** is a stock market index futures contract traded on the Chicago Mercantile Exchange`s Globex electronic trading platform. Dow Futures is based off the Dow 30 stock index.

The **Nasdaq 100 Futures** is a modified capitalization-weighted index of the 100 largest and most active non-financial domestic and international companies listed on the NASDAQ.

Europe: DAX (Deutscher Aktienindex (German stock index)) is a blue chip stock market index consisting of the 40 major German companies trading on the Frankfurt Stock Exchange.

Asia: Nikkei is short for Japan's Nikkei 225 Stock Average, the leading and most-respected index of Japanese stocks. It is a price-weighted index composed of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange.

Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results will vary. Past performance does not guarantee future results. Future investment performance cannot be guaranteed, investment yields will fluctuate with market conditions.