

Weekly Market Recap

December 15, 2025

Index	Price	Price Returns	
	Close	Week	YTD
S&P 500® Index	6,827	-0.6%	16.1%
Dow Jones Industrial Average	48,458	1.0%	13.9%
NASDAQ	23,195	-1.6%	20.1%
Russell 2000® Index	2,552	1.2%	14.4%
MSCI EAFE Index	2,856	0.9%	26.3%
Ten-Year Treasury Yield	4.19%	0.1%	0.3%
Oil WTI ¹ (\$/bbl ²)	\$57.49	-4.3%	-19.8%
Bonds ³	\$99.81	-0.2%	7.0%

¹WTI = West Texas Intermediate Oil. ²bbl = Barrel. ³Bonds are represented by the iShares U.S. Aggregate Bond ETF. Sources: Bloomberg L.P.; FactSet.

Last Week:

U.S. Equity Market

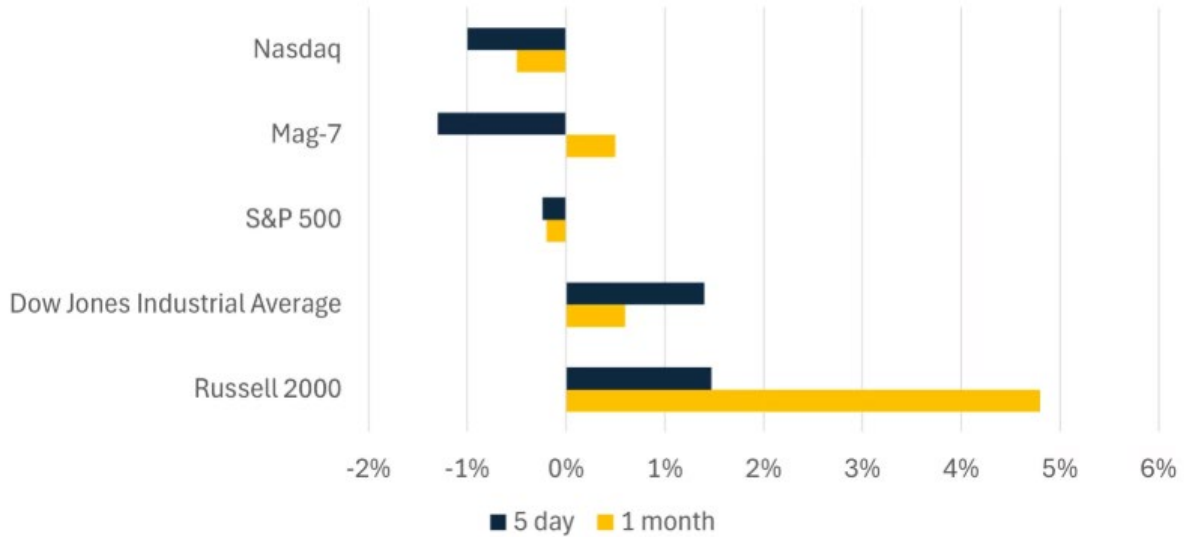
- U.S. large-cap equities (S&P 500 Index) fell -0.6% as the Federal Reserve (Fed) cut short term rates by 0.25% and Fed Chair Jerome Powell's comments were less hawkish than expected. The artificial intelligence (AI) trade underperformed, and the cyclical rotation gained further traction supported by the Fed comments and positive fiscal drivers in 2026 including lower taxes and depreciation expense tailwinds. Some cautious AI takeaways included Oracle's earnings report that had disappointing free cash flow (FCF) and elevated capital expenditures (capex), and Broadcom sold off after a strong earnings report. Economic positives last week included resilient consumer spending, benign credit issues, less onerous tariff impact, lending growth, accelerating capital markets activity, and well received Treasury auctions. The 10-year Treasury yield rose to 4.19% from 4.14%.
- S&P 500 Index Sector Returns:
 - Materials (+2.4%) rose, led by precious mining stocks and industrial gas companies.
 - Financials (+2.3) rose, led by banks and fintech.
 - Industrials (+1.4%) rose, led by airlines and aerospace and defense companies.
 - Consumer staples (+1.1%) and healthcare (+0.4%) outperformed, as investors tend to favor more value-oriented sectors.
 - Consumer discretionary (+0.3%) rose, led by Tesla, travel stocks, and home improvement retailers.
 - Energy (-0.6%) fell, with the price of oil falling -4.3%.
 - Real Estate (-0.8%) fell, led lower by senior living communities and office real estate investment trusts.
 - Utilities (-1.1%) fell, led lower by American Electric and Southern Company.
 - Technology (-2.3%) fell, led lower by AI semiconductor stocks and Oracle (disappointing FCF and elevated capex).
 - Communication services (-3.2%) fell, led lower by social media and internet search stocks.

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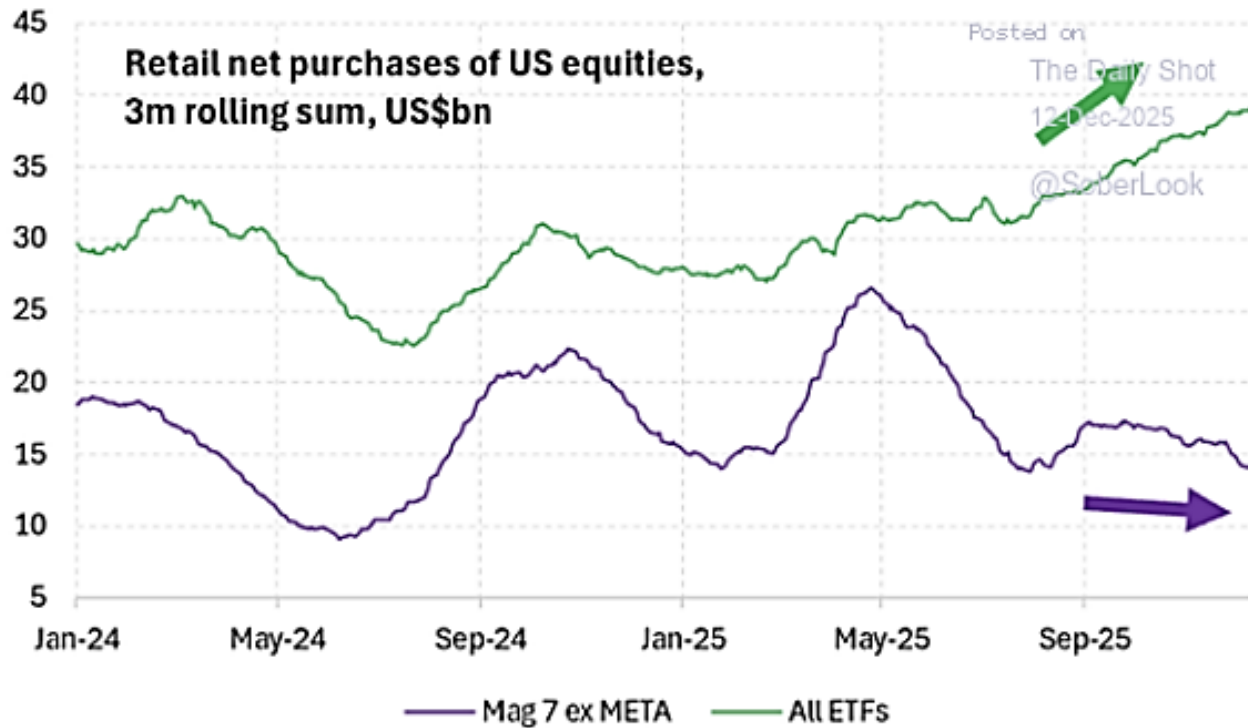
- Small caps as measured by the Russell 2000 and the Dow Jones Industrial Average have both outperformed in the past month and the last week as investors appear to be favoring cheaper, more cyclical stocks relative to the “Magnificent 7” (Mag 7) and AI stocks.

Small cap and blue chip stocks have clearly outperformed in recent weeks as large cap and tech peers take a breather



Sources: Bloomberg L.P.; Edward Jones.

- Retail investors have been rotating away from the Mag 7, and towards exchange-traded funds (ETFs).

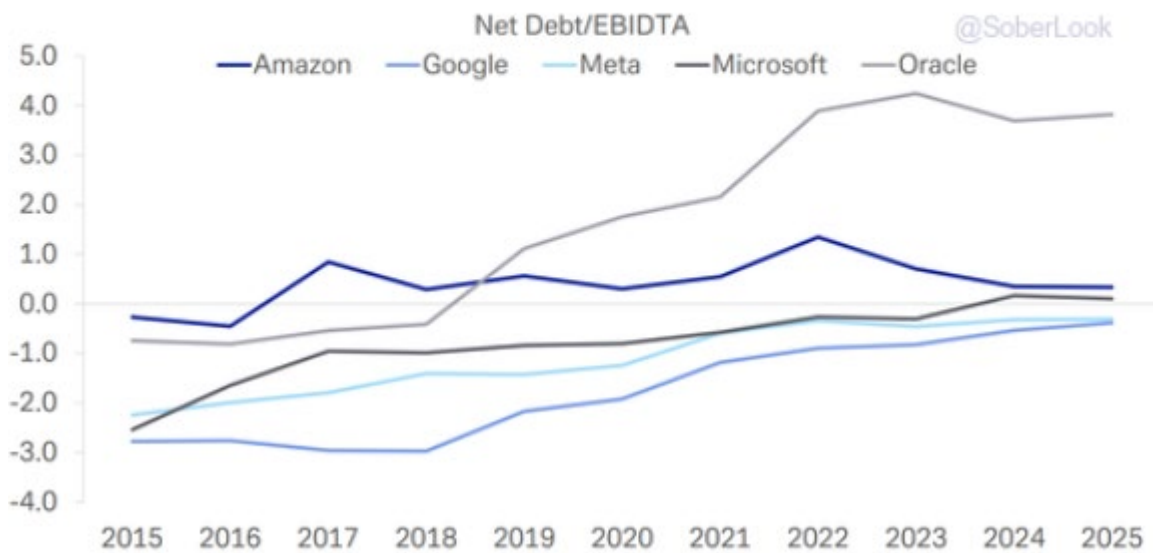


m= million. bn= billion. Sources: Vanda Track; The Daily Shot.

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- Except for Oracle, the rest of the mega-cap data center stocks have low debt levels relative to their earnings before interest, taxes, depreciation, and amortization (EBITDA).

Figure 1: Even the cash-rich hyperscalers have begun to issue more debt, with downstream companies also set to increase issuance over the coming months...



- Historically, the earnings growth for the tech sector has outpaced the earnings growth for the other sectors on a global basis for over the past 15 years.



EPS= earnings per share. TMT= technology, media, and telecommunications. Sources: Goldman Sachs; The Daily Shot. Data as of 11.05.2025.

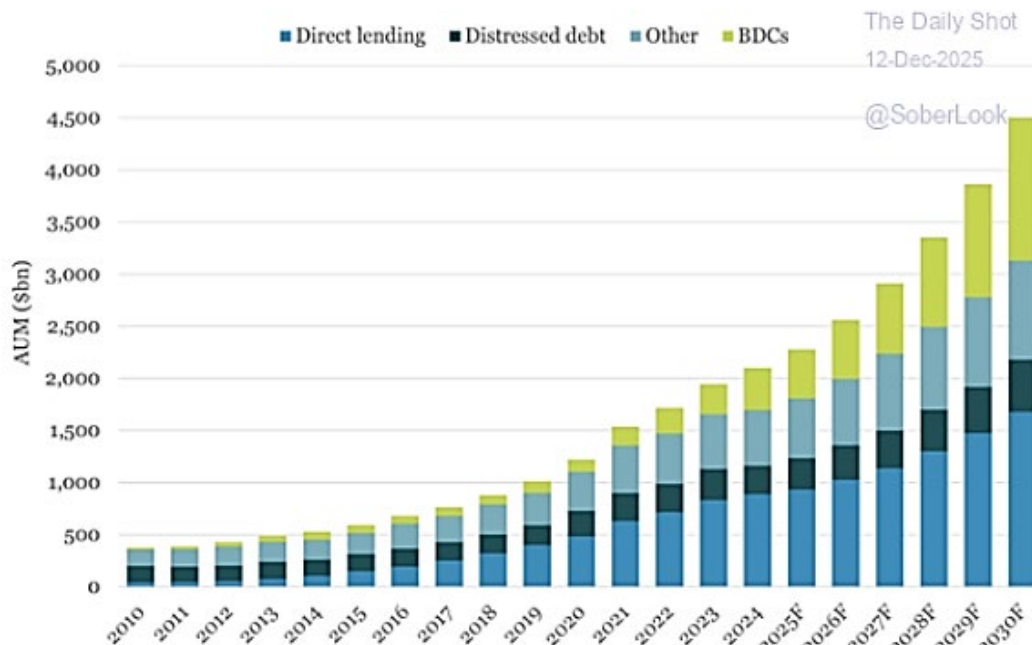
Fixed Income Markets

- When factoring inflation into the current interest rate scenario, interest rates have already declined and are expected to decline further in 2026.



Sources: Edward Jones; Haver Analytics; Bloomberg L.P. November 2025 consumer price index (CPI) data based on Bloomberg L.P. consensus forecast.

- Private credit managers are expected by analysts to keep growing assets under management (AUM).



BDC= business development company. F= forecast. Sources: Fitch Ratings; Preqin; The Daily Shot. *AUM figures exclude funds denominated in yuan renminbi.

U.S. Economic and Political News

- U.S. consumer spending data continues to be resilient.

International Markets and News

- European markets (STOXX 600 Index) fell modestly as European Central Bank President Christine Lagarde said that the European economy is proving resilient to trade tensions and growing close to its potential.
- The Chinese stock market (Shanghai Composite) fell -0.3% as November CPI rose to +0.7% in November year-over-year, staying above zero for the second straight month.
- Japanese equities (Nikkei 225 Index) rose +0.7% as futures markets expectations increased for the Bank of Japan to hike interest rates at its December 18 – 19th meeting.

This Week:

- The volume of corporate earnings reports will be lighter this week.
- Economic data:
 - Monday: Empire Manufacturing, National Association of Home Builders Housing Market Index, Fed Governor Stephen Miran and NY Fed President John Williams speaking engagements;
 - Tuesday: Building Permits, Import/Export Prices, Housing Starts, Nonfarm Payrolls, Unemployment Rate, Average Weekly Hours, Average Hourly Earnings, Capacity Utilization, Industrial Production, Purchasing Managers Index Services Preliminary, Business Inventories, Redbook Chain Store, American Petroleum Institute Crude Inventories;
 - Wednesday: Mortgage Bankers Association Mortgage Purchase Applications, Retail Sales, Business Inventories, Department of Energy Crude Inventories, Fed Governor Christopher Waller, NY Fed President Williams, and NY Fed Head of Markets Anna Nordstrom speaking engagements;
 - Thursday: CPI, Current Account Balance, Philadelphia Fed Index, Leading Indicators, Treasury International Capital Flows, Weekly Jobless Claims, Energy Information Administration Natural Gas Inventories;
 - Friday: Limited U.S. economic data.

As always, thank you very much for your interest in our thoughts and support of our services.

Whitney Stewart, CFA®
Executive Director

Griffith Jones, Jr.
Executive Director

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Index Definitions

Performance is compared to an index, however, the volatility of an index varies greatly. Indices are unmanaged and investments cannot be made directly in an index.

The **S&P 500® Index** is a readily available, carefully constructed, market-value-weighted benchmark of common stock performance. Currently, the S&P 500 Composite includes 500 of the largest stocks (in terms of stock market value) in the United States and covers approximately 80% of available market capitalization.

The **Russell 2000® Index** measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000® Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000® is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

The **Dow Jones Industrial Average (DJIA)** is an index that tracks 30 large, publicly-owned blue chip companies trading on the New York Stock Exchange (NYSE) and the NASDAQ.

The **NASDAQ Composite Index** is the market capitalization-weighted index of over 2,500 common equities listed on the NASDAQ stock exchange. The types of securities in the index include American depositary receipts, common stocks, real estate investment trusts (REITs) and tracking stocks, as well as limited partnership interests. The index includes all Nasdaq-listed stocks that are not derivatives, preferred shares, funds, exchange-traded funds (ETFs) or debenture securities.

The **MSCI EAFE Index** is an equity index which captures large and mid-cap representation across 21 Developed Markets countries around the world, excluding the U.S. and Canada. With 900 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The **STOXX Europe 600 Index** is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 components, the STOXX Europe 600 Index represents large, mid and small capitalization companies across 17 countries of the European region: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

The **Nikkei 225** is a price-weighted index composed of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange.

The **Shanghai Stock Exchange Composite Index** is a capitalization-weighted index. The index tracks the daily price performance of all A-shares and B-shares listed on the Shanghai Stock Exchange.

Technical Terms:

Assets under management (AUM) is the market value of the investments managed by a person or entity on behalf of clients. AUM is used in conjunction with management performance and management experience when evaluating a company. The **Composite Index of Leading Indicators**, or Leading Economic Index (LEI), is a monthly index published by The Conference Board that combines ten economic components to predict the direction of the U.S. economy. The **Consumer Price Index (CPI)** measures the monthly change in prices paid by U.S. consumers. The Bureau of Labor Statistics (BLS) calculates the CPI as a weighted average of prices for a basket of goods and services representative of aggregate U.S. consumer spending. The **Services PMI** (Purchasing Managers' Index) is a key economic indicator that measures business activity in the services sector. It provides a forward-looking perspective on the health of the economy, specifically within the service industry. **Earnings per Share (EPS)** is a common measure of profitability per share of a company's common stock. (Technical definitions are sourced from Corporate Finance Institute.) **World technology** is the broad application of scientific knowledge to create tools, systems, and methods (like AI, the internet, or even the wheel) that solve human problems, improve life, and transform societies, encompassing everything from basic skills to complex global systems that connect us all. **World Technology ex TMT** refers to the global technology sector excluding companies specifically classified under the Technology, Media, and Telecommunications (TMT) industry grouping. This segmentation is commonly used in financial analysis and investment banking. **Direct lending** is a private credit strategy where non-bank lenders (like private funds or BDCs) provide loans directly to middle-market companies, bypassing traditional banks, to offer customized, often floating-rate financing for growth, buyouts, or working capital, appealing to investors seeking higher yields and businesses needing flexible capital outside the syndicated loan market. **Distressed debt** refers to loans or securities from companies facing severe financial trouble, likely to default on payments, or in bankruptcy, causing these debts to trade at deep discounts to their face value due to high risk but offering high reward potential for investors who buy them cheaply, hoping for recovery or restructuring gains. A **Business Development Company (BDC)** is a specialized, publicly traded investment firm created to fund and grow small to mid-sized U.S. companies, acting as a bridge for Main Street investors to access private capital markets, providing both debt and equity financing alongside crucial management guidance, similar to private equity but with more accessibility and regulation. **Treasury International Capital (TIC) flows** refer to the massive, tracked movement of money and investments (like stocks, bonds, bank deposits) into and out of the U.S., reported monthly by the Treasury Department through its TIC system, showing whether foreigners are buying U.S. assets (inflows) or U.S. residents are buying foreign assets (outflows), crucial for understanding the U.S. balance of payments and financial health. The **Philadelphia Federal Index** (or Philly Fed Survey) is a regional federal-reserve-bank index measuring changes in business growth. The **NAHB/Wells Fargo Housing Market Index (HMI)** is designed to gauge and track the pulse of the single-family housing market. **Empire Manufacturing** most commonly refers to the Empire State Manufacturing Index (ESMI), a key monthly economic indicator from the New York Federal Reserve that surveys New York manufacturers to gauge business conditions, orders, shipments, employment, and prices, acting as a bellwether for the U.S. manufacturing sector and overall economic health. A **futures market** is a financial marketplace where participants trade standardized contracts (futures contracts) to buy or sell an asset (like commodities, currencies, or indices) at a predetermined price on a specific future date, allowing producers/consumers to hedge risk and speculators to profit from price movements, with exchanges clearing trades to ensure fulfillment. The **Consumer Price Index (CPI)** measures the average change over time in the prices urban consumers pay for a "market basket" of goods and services. The **federal funds rate** is the target interest rate set by the Fed at which commercial banks borrow and lend their extra reserves to one another overnight. **EBITDA** stands for Earnings Before Interest, Taxes, Depreciation, and Amortization, a financial metric showing a company's core operational profitability by adding back non-operating expenses (interest, taxes) and non-cash charges (depreciation, amortization) to net income. An **Exchange-Traded Fund (ETF)** is a type of investment fund that holds a collection of assets (like stocks, bonds, commodities) but trades on a stock exchange throughout the day, just like an individual stock, offering diversification and flexibility. The **"Magnificent 7" (Mag 7)** refers to seven dominant, mega-cap U.S. technology companies—Apple, Microsoft, Amazon, Alphabet (Google), Nvidia, Meta Platforms, and Tesla—that significantly drove stock market growth, especially in 2023, due to their huge influence on indexes like the S&P 500. **Capacity utilization** measures the percentage of a company's total potential output that is actually being produced, showing how efficiently resources (like machinery, workforce, or facilities) are being used over a period, calculated as (Actual Output / Maximum Potential Output) x 100%.

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