

Weekly Market Recap

December 8, 2025

Index	Price	Price Returns	
	Close	Week	YTD
S&P 500® Index	6,870	0.3%	16.8%
Dow Jones Industrial Average	47,955	0.5%	12.7%
NASDAQ	23,578	0.9%	22.1%
Russell 2000® Index	2,522	0.8%	13.1%
MSCI EAFE Index	2,846	1.3%	25.8%
Ten-Year Treasury Yield	4.14%	0.1%	0.3%
Oil WTI ¹ (\$/bbl ²)	\$60.17	2.8%	-16.1%
Bonds ³	\$100.03	-0.8%	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) rose +0.3% as the odds that the Federal Reserve (Fed) will cut interest rates at the December meeting jumped back to 88% after falling to under 50% last month. Futures markets are also predicting that the next Fed Chair will be Kevin Hasset with an expectation of an early 2026 announcement. Labor data was mixed with November Automatic Data Processing (ADP) notably undershooting expectations to the lowest level since March of 2023. Initial claims fell to the lowest level since September of 2022 and continuing claims dropped sharply. November Institute of Supply Management (ISM) Services beat expectations with the highest level in nine months, and the employment component was the best since May (though still in contraction). The 10-year Treasury yield rose to 4.14% from 4.01%.
- S&P 500 Index Sector Returns:
 - Energy (+1.4%) rose, with the price of oil increasing +2.8%.
 - Technology (+1.4%) rose, led by artificial intelligence (AI) semiconductor and software stocks.
 - Communication services (+0.8%) rose, led by social media, traditional media, and internet search stocks.
 - Consumer discretionary (+0.8%) rose, led by Tesla and home improvement retailers.
 - Financials (+0.6%) rose, led by banks.
 - Industrials (+0.5%) rose, led by airlines and aerospace and defense companies.
 - Materials (-1.5%) fell, led lower by chemical companies.
 - Real Estate (-1.5%) fell, led lower by cell towers and apartments.
 - Consumer staples (-1.4%), healthcare (-2.7%), and utilities (-4.5%) underperformed, as investors tend to favor less-defensive sectors.

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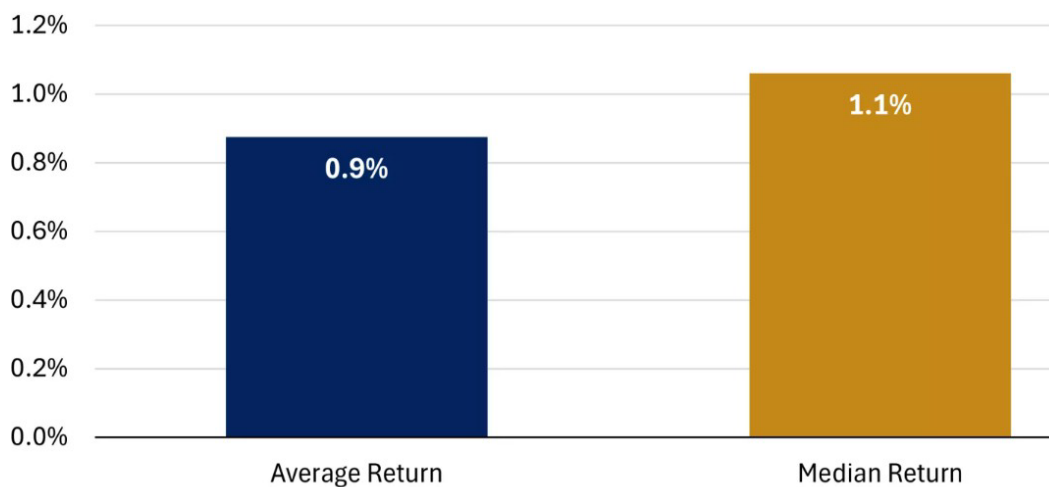
- Wall Street strategists expect U.S. equities to generate positive returns in 2026.



Sources: The Daily Shot; Financial Times; FactSet.

- Historically, U.S. equities have had positive returns during the Santa Claus rally period (the last five trading days of the calendar year plus the first two trading days of the new year).

Since 1980, the S&P 500 has had positive average and median price returns during the Santa Claus rally period (%)



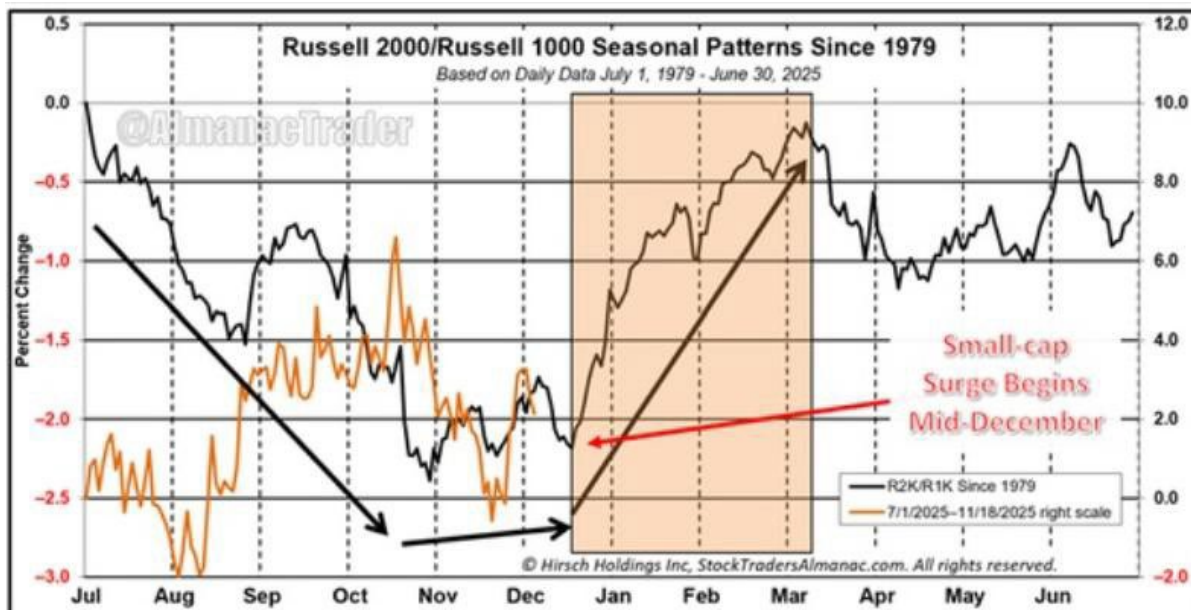
Past performance doesn't guarantee future results. An index is unmanaged, cannot be invested into directly and is not meant to depict an actual investment. Sources: FactSet; Edward Jones; S&P 500 Price Index.

- CNN Fear & Greed Index has bounced off extreme fear levels, but the index still remains in the fear zone.



Sources: CNN; The Daily Shot.

- Historically, small caps (Russell 2000 Index) have performed well from mid-December through March.

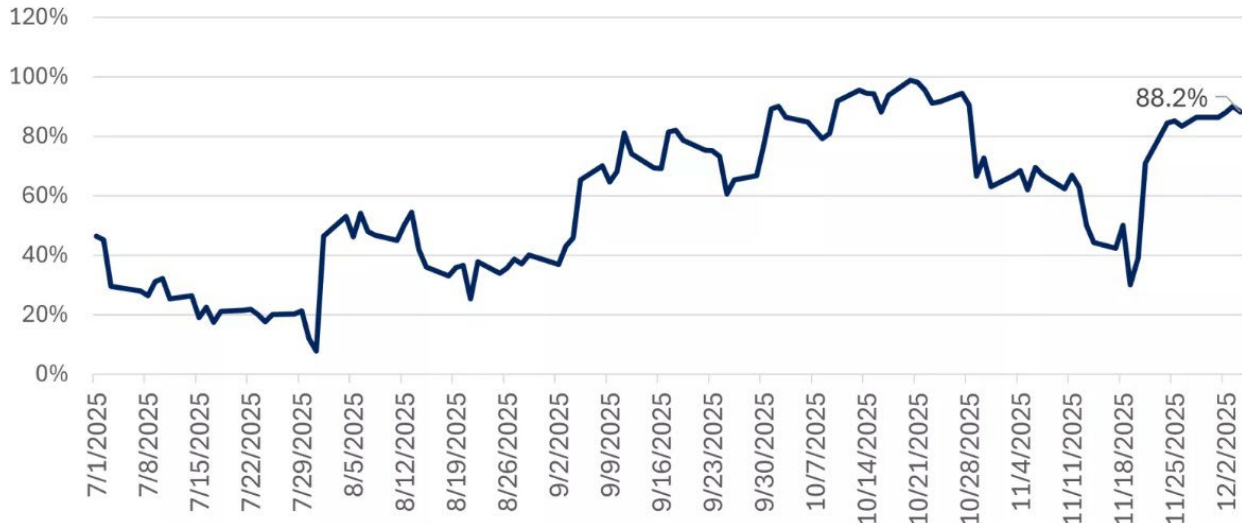


R2K: Russell 2000 Index. R1K: Russell 1000® Index. Sources: Almanac Trader; The Daily Shot.

Fixed Income Markets

- The futures markets are pricing a probability of 88% that the Fed may cut rates in their December meeting.

The probability of a Fed rate cut by 0.25% at the December meeting has returned to around 88%, after falling to under 50% last month

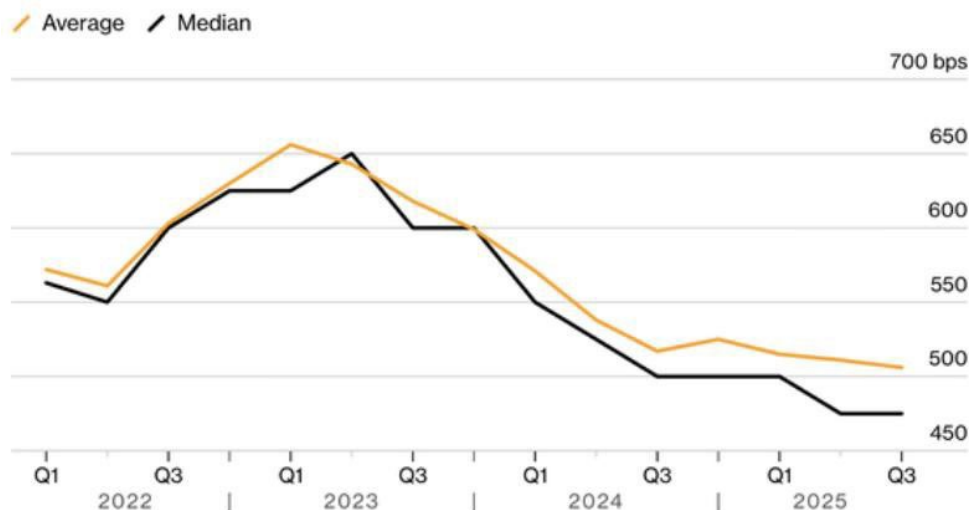


Sources: Edward Jones; CME Fedwatch.

- Private credit managers are accepting lower margins and potentially lower returns possibly due to increasing competition for private credit flow and/or falling interest rates.

Private Lenders Are Accepting Lower and Lower Margins

Median Spreads Fall Under 500 Basis Points in 2025



Note: The figures are based on all transactions reviewed by Wells Fargo's Corporate Debt Finance team, which includes both U.S. and European transactions. The vast majority of transactions are sourced in the U.S. Bps: basis points.

Source: Wells Fargo Corporate and Investment Banking.

U.S. Economic and Political News

- Smart Manufacturing missed and showed a decline in employment and a jump in prices.
- Preliminary December consumer sentiment showed a decline in inflation expectations.
- September Personal Consumption Expenditures (PCE) (delayed) was mostly in-line with analysts' expectations though spending was a touch light.

International Markets and News

- European markets (STOXX 600 Index) rose +0.4% on hopes that the U.S. Fed and the UK Central Bank will cut interest rates as Eurozone preliminary inflation ticked up to 2.2% in November from 2.1% in October.
- The Chinese stock market (Shanghai Composite) rose +0.4% as Chinese AI-related tech stocks followed similar increases to U.S. AI-related technology companies, and China's official manufacturing Purchasing Managers' Index (PMI) improved to 49.2 in November from 49.0 in October.
- Japanese equities (Nikkei 225 Index) rose +0.5% as a speech by Bank of Japan Governor Kazuo Ueda was perceived as hawkish and increased expectations for a December rate hike.

This Week:

- The volume of corporate earnings reports will be lighter this week.
- Economic data:
 - Monday: Limited U.S. data;
 - Tuesday: National Federation of Independent Business Small Business Index, Productivity (revised), Unit Labor Costs (revised), Job Openings and Labor Turnover Survey, American Petroleum Institute Crude Inventories;
 - Wednesday: Federal Open Market Committee Meeting, Mortgage Bankers Association Mortgage Purchase Applications, Employment Cost Index, Wholesale Inventories (Final), Treasury Monthly Budget, Department of Energy Crude Inventories;
 - Thursday: Producer Price Index, Trade Balance, 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

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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 **Russell 1000® Index** is a key stock market benchmark, representing the 1,000 largest U.S. companies by market capitalization. It's a subset of the broader Russell 3000 index and is owned and operated by FTSE Russell, based in the United Kingdom. The index is considered a bellwether index for large-cap investing.

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:

A **futures** market is where financial products are bought and sold for delivery at a predetermined date and price in the future. **CNN's Fear & Greed Index** is used to measure investor sentiment by analyzing how emotions like fear and greed impact stock market prices. The index is composed of seven indicators, including stock momentum and market volatility, providing insights into market sentiment and potential price movements. **The ISM Services PMI** (Purchasing Managers' Index) is a monthly economic indicator that measures the activity of the US services sector. It's published by the Institute for Supply Management (ISM) and is based on surveys of purchasing and supply managers in the services industry. **The Core Personal Consumption Expenditure (PCE) Index** is a measure of prices that people living in the U.S., or those buying on their behalf, pay for goods and services. **The Eurozone** is the economic region formed by those member countries of the European Union that have adopted the euro. **The Federal Open Market Committee (FOMC)** is the primary monetary policymaking body of the U.S. Federal Reserve System. **The Job Openings and Labor Turnover Survey (JOLTS)** tells us how many job openings there are each month, how many workers were hired, how many quit their job, how many were laid off, and how many experienced other separations (which includes worker deaths). **The National Federation of Independent Business (NFIB) Small Business Optimism Index** is a monthly index that measures the health of small businesses in the United States. The index is based on a survey of NFIB members and is a composite of 10 seasonally adjusted components. **The Producer Price Index (PPI)** is a measure of inflation at the wholesale level. It's compiled from thousands of indexes that measure producer prices by industry and product category. The index is published monthly by the U.S. Bureau of Labor Statistics (BLS). **The Core Personal Consumption Expenditure (PCE) Index** is a measure of prices that people living in the U.S., or those buying on their behalf, pay for goods and services. A monthly **Purchasing Managers Index (PMI)** highlighting the manufacturing sector is made available by the Institute for Supply Management (ISM), a nonprofit supply management organization. **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. **The employment cost index (ECI)** is a quarterly economic series detailing the changes in the costs of labor for businesses in the United States economy. **Smart Manufacturing** is the integration of advanced digital technologies with traditional manufacturing processes to improve efficiency, productivity, and flexibility. **Consumer sentiment** measures how confident people feel about their financial situation and the broader economy, making it a gauge of economic health. (Technical definitions are sourced from Corporate Finance Institute.)

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