



Practical | Tactical



Summary

Stocks struggled for most of November but finished strong with most indexes building on this year's results. Sentiment surveys continue to show healthy skepticism, and we believe continued resilience supports a high probability of a further rally into year-end. Our investments fared well in November. We expect to complete RMDs by mid-December as we wrap up a pleasantly profitable 2025.

In planning to service accounts with Independent Solutions Wealth Management (ISWM), our goal is to make the transition as easy as possible for clients while assuring full transparency, which we believe is a cornerstone of our fiduciary relationship. We have determined that an important step in that process is updating client agreements to reflect this change.

Agreements will be sent using Adobe Sign in the next weeks. Considering the holidays, this may delay implementation a bit, but we hope to be up and running some time in Q1 2026. You can expect a separate email with instructions and additional information.

Key Market and Economic Data

- The S&P 500 edged up +0.1% in November, the Dow Jones Industrial Average advanced +0.3%, while the Nasdaq slipped -1.5%. Year-to-date figures show the S&P 500 up +16.4%, the Dow up +12.2%, and the Nasdaq up +21.0%.
- The Bloomberg U.S. Aggregate Bond Index increased +0.6% in November and stands up +7.5% year-to-date. The 10-year Treasury yield concluded November at 4.02%, having temporarily dropped below 4%.
- International developed markets advanced +0.5% in U.S. dollar terms per the MSCI EAFE Index, while emerging markets declined -2.5% according to the MSCI EM Index. Year-to-date, the MSCI EAFE Index has climbed +24.3% and the MSCI EM Index +27.1%.
- Bitcoin dropped approximately -17% in November, closing at \$91,176.
- Gold prices rose to \$4,218, slightly below October's record high of \$4,336.

What to Expect in Portfolios

Last month we said, "A pullback or correction is overdue, but investors remain resilient and are likely to buy the dip, limiting downside (especially through year-end)."

The first weeks of November were frustrating for many as a number of leading stocks and indexes faced steep pullbacks / corrections.

Some investors, including our tactical portfolio, bought the dip and were quickly rewarded as most indexes recovered quickly. Our current expectation is that the correction and recovery have increased the probability of further gains through year-end.

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November was flat to positive for most indexes, the tech-heavy Nasdaq being the exception.

This hides the fact that **stocks fell sharply for most of the month**. Peak to low, QQQ fell more than 7% in Nov., while EFA and SPY fell closer to 5%. All **recovered dramatically into month-end** as hope was restored that the Fed would continue rate cuts soon.

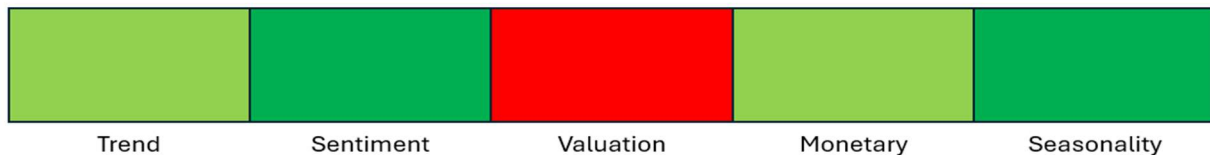


The chart below shows the net performance of our **most popular composite** since inception (120 accounts – see disclosures on page 4). The 6+ years shown have been volatile including COVID and the 2022 Bear market. **Our strategy and discipline led to greater participation in gains than declines, allowing us to add value through this volatile time.**



Insights and Commentary

Investing can be an emotional roller coaster, leading to costly mistakes. To navigate effectively as we seek greater participation in advances than declines, we have found it helpful to monitor a series of indicators and models based on 3 key tenants, (Don't Fight the Fed, Don't Fight the Trend, Follow Sentiment Except at Extremes) The tiles below summarize current conditions:



Our indicators remain optimistic this month with the notable exception of rich valuations.

November volatility impacted many sectors and asset classes. **Sentiment surveys support the thesis that many investors remain more conservatively positioned than they would be if they felt more confident.**

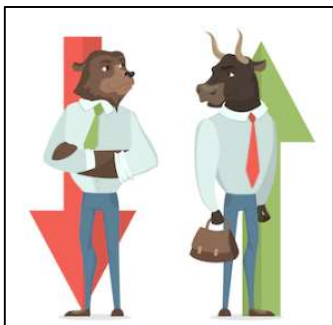
This helps reduce potential selling pressure. For example, when these investors want to withdraw funds, they can pull from their excess cash instead of needing to sell stocks. Also, they are less likely to sell based on negative news since they are already below their neutral allocation.

Less selling pressure also implies that it takes fewer buyers to push prices higher. The natural buying that takes place when 401k investments are deployed each month, for example, have a greater impact when pared with fewer sellers. This is one of the reasons gains are amplified when stocks rebound following pullbacks, corrections and bear markets.

You may have heard the statistic that missing the 10-best days of each year dramatically impacts total return. Tom Lee of FS Insight suggested in a report released 12/2/2025 that **ex-10 best days S&P500 return year to date in 2025 is a loss of -12% versus a +15% gain when those days are added back in.**

It's relevant to note that **most of these dramatic up days tend to be surrounded by or immediately following significant pullbacks. This highlights the importance of not over-reacting to negative news and selling into down markets.**

Pullbacks and corrections are depressing and can be scary as they are often featured in news headlines and tied to negative events and analysis. This can lead to emotionally driven mistakes. **Being disciplined doesn't mean we ignore news or market gyrations.** But instead of reacting emotionally, we incorporate indicators and decades of experience into our analysis to help guide our actions to manage risks and take advantage of buying opportunities. This strategy has served us well in 2025.



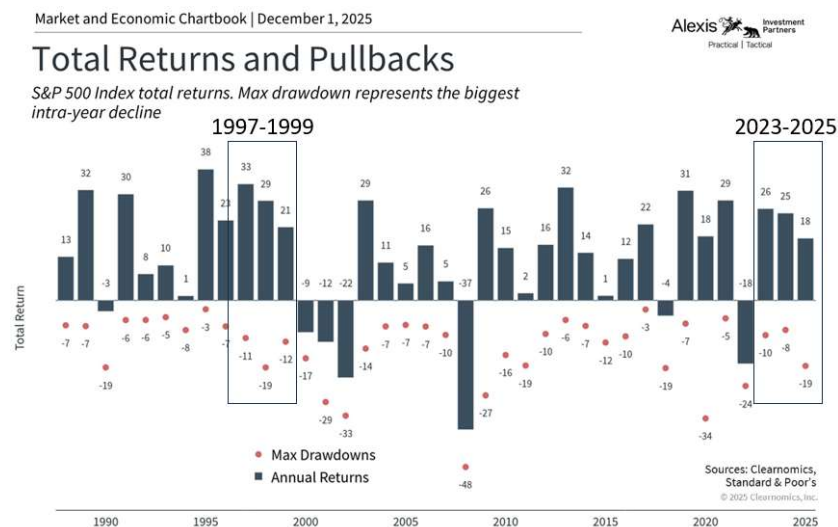
Update, Observations, Indicators and Outlook:

Our **Market Pulse** continues to highlight a **Bull Market** supported by trend strength, an easing Fed and healthy investor skepticism.

Entering December; **2025 is shaping up to be a very good year** despite significant pullbacks that derailed many investors who got caught up in fear of further losses.

When we look back at Alexis's Bloomberg interviews from March and May (surrounding the April trough of the -19% tariff tantrum), it's fun to note how close we are only months later to the 7000 S&P500 target the anchors argued was unrealistically optimistic. Alexis's main message: **it rarely pays to panic**, especially considering that we live in a complex world with many moving parts.

The S&P500 today stands at roughly 6850, up about +40% from the **April low of 4835**. This may seem extreme, but the chart below shows that years like this, while unusual, are not unprecedented.



We have noted parallels between the current market and late 1990s regularly in the last year(s) and continue to believe this is an important perspective to consider as we celebrate where we are and ponder the path forward.

Stocks are richly valued with heavy concentration in thematically focused tech names (AI today, the internet in the late 1990s). Volatility has increased but returns have been rewarding for those with the fortitude to buy dips and stay invested. Pessimists like to focus on the aftermath of the late 1990s as if that's a good reason to sit on the sidelines. **We believe it is critical to participate in the advance - both to help insulate against an eventual bear market and to allow for the possibility that history rhymes but fails to repeat.**

Market Pulse:

We try to avoid jargon, but a few terms are helpful when describing financial conditions.

Bull Market: markets trending up (making higher highs on rallies and higher lows in periods of decline). **We can expect periodic pullbacks and corrections, but these should be relatively short and shallow – followed by resumption of the up-trend.**

Consolidation: after a period of strong gains or steep declines sometimes markets become range bound, moving up and down by 3-5% over several weeks. After consolidation, the prior trend resumes.

Pullback: a decline of 3-5% that generally happens at least twice per year. Pullbacks often resolve within a few weeks.

Correction: a decline of 5% to 10% that typically happens once per year. Like pullbacks, markets recover quickly after corrections, generally within 3-6 months.

Bear Market: a decline of 20% or more. Many bear markets are fully recovered within 18-24 months, but severe bear markets like 2000-2003 and 2007-2009 can take 5-7 years or longer to recover from.

Bottoming Process: After a correction or bear market, stocks often bounce and re-test lows multiple times before recovery.

Alexis Investment Partners, LLC

103 Casterly Green Ct
Montgomery, TX 77316
925-457-5258
jason@alexisinvests.com
alexis@alexisinvests.com

Find us on the Web:
www.alexisinvests.com
www.LEXletf.com



Closing Comments:

Several clients have recently been speaking with friends who are looking to make a change either because they are nearing a life transition or have been unhappy with their current advisor.

We appreciate your referrals and are pleased that our company continues to enjoy steady growth. Our focus is always on providing exceptional service and performance and we are very grateful for your confidence and support!

Although our focus is on financial planning and investments, we also have relationships and resources to help with life and LTC insurance and annuities.

AIP acts as a 3(38) Fiduciary Advisor to 401k plans and has been able to help several small business owners reduce costs, significantly improve their plans and offload some of their liability as plan sponsors while creating a better experience for employees.

Please call and/or email me personally for most of your account servicing needs and especially when you have questions or concerns.

Disclosures

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