Alexis Investment Partners

Practical | Tactical

MONTHLY NEWSLETTER

November 2026





Summary

Popular **stock indexes struggled in October** – perhaps ironically, breadth (the percentage of stocks gaining vs losing) improved. Year-to-date gains remain impressive across the board and investors continue to show resilience despite increased volatility and sharply divided sentiment. We also note that **November marks a transition into a seasonally favorable period.**

Although many high-flying stocks have faced significant corrections over the last months, broad index trends remain positive and volatility has been consistent with past windows of consolidation. Many investors have expressed concerns related to mid-term elections. We view the mid-terms as a highly contentious clearing event – implying that **getting the election over with may be more important for markets (near-term) than the outcome itself.**

Key Market and Economic Drivers in October

• The S&P 500 and Nasdaq fell -0.9% and -5.3%, respectively, while the Dow Jones Industrial Average rose +1.7% in October. Year-to-date, they have gained +10.7%, +9.4%, and +7.7%, respectively (laggards led last month).
• International developed markets returned -0.8% based on the MSCI EAFE Index in U.S. dollar terms, while emerging markets were weak, down -8.1% based on the MSCI EM Index.
• The 30-year Treasury yield fell from its recent highs, closing the month at 5.31%. The 10-year Treasury yield ended the month at 4.93%, falling below 5%. The Bloomberg U.S. Aggregate Bond Index returned +2.4% for the month.
• Oil prices rose significantly in October, driven by renewed geopolitical tensions in the Middle East. Brent crude closed the month at $118 per barrel and WTI just below $103.
• The U.S. Dollar Index fell to 101.9 at the end of October. Gold ended the month at $3,873 per ounce, a recent low.
• The Fed held rates within the range of 3.75% to 4.00% at its October meeting, with two officials favoring a 25-basis point increase.

Source: Clearnomics, Investors FastTrack and Ned Davis Research

1. What to Expect in Portfolios

Last month we said, "October may be scary at times, this year with Fed risks and looming mid-term elections. That said, we are cautiously optimistic in terms of our Q4 outlook and expect potential volatility to be short lived and benign."

October was scary at times, especially the sharp selloff on the last day of the month.

Until the consolidation resolves to the upside, we have to remain open to the potential for deeper correction. We view this as a possibility, but **we currently assign a greater probability to a resumed rally into year-end. Leadership changes may be meaningful post mid-terms.**

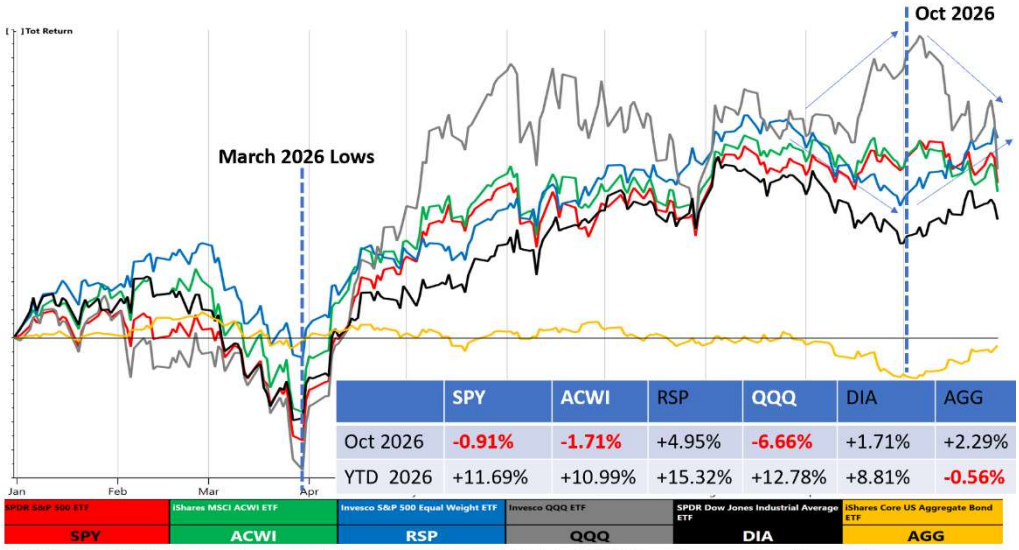
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2. Current Conditions and Composite Performance

October can be described as **a reversal of September**, with the notable exception of the last day of the month when almost everything fell in tandem. **Breadth (the number of stocks gaining) improved significantly last month as evidenced by a rebound in the equal-weight S&P500 index (current year-to-date leader).**

AI related stocks tumbled such that **the tech-heavy Nasdaq 100 (QQQ) surrendered its year-to-date lead.** The pullback was significant for a number of leading names, pushing the Nasdaq into 10% correction territory. **Year-to-date gains remain robust. Bonds bounced as yields fell** – perhaps a sign that the Fed's current tightening cycle will be short-lived and inflation may slow.



	SPY	ACWI	RSP	QQQ	DIA	AGG
Oct 2026	-0.91%	-1.71%	+4.95%	-6.66%	+1.71%	+2.29%
YTD 2026	+11.69%	+10.99%	+15.32%	+12.78%	+8.81%	-0.56%

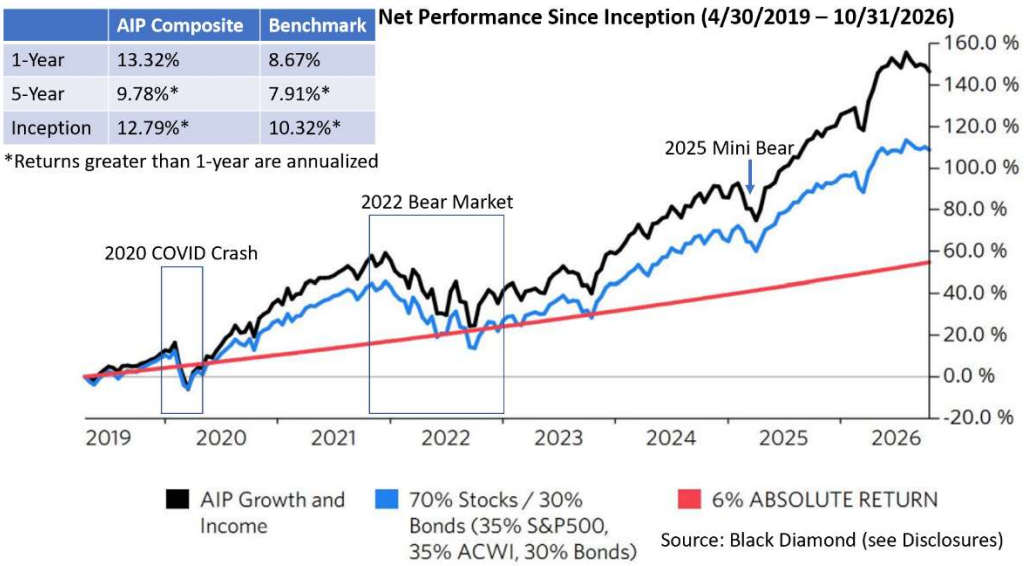
SPY (S&P500), ACWI (All Country World), RSP (S&P500 Equal Weight), DIA (Dow Jones), QQQ (Nasdaq), AGG (Aggregate Bond)

Source: Investors FastTrack

The chart below shows the net performance of our most popular composite since inception (120 accounts – see disclosures on page 4). The 7+ 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.

	AIP Composite	Benchmark
1-Year	13.32%	8.67%
5-Year	9.78%*	7.91%*
Inception	12.79%*	10.32%*

*Returns greater than 1-year are annualized



Source: Black Diamond (see Disclosures)

3. Indicators and Analysis

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 tenets — ***Don't Fight the Fed, Don't Fight the Trend, Follow Sentiment Except at Extremes.*** *The tiles below summarize current conditions:*

TREND	SENTIMENT	VALUATION	MONETARY	SEASONALITY

We evaluate market risk and return potential from a broad perspective, including a range of indicators, because markets are complex. Investors bid up stocks when they see legitimate reasons for long-term upside. Just as bull markets are born out of despair, bear markets develop on euphoria — and most are not event-driven.

Trend & Sentiment

Our **indicators improved this month** as seasonal headwinds become tailwinds in November.

From a trend perspective, most indexes remain in uptrends. The number of stocks participating in gains improved last month. Light green implies that we view trends as mildly bullish as stocks continue to consolidate early gains.

Sentiment is starkly mixed. T**he stock market "wall of worry" remains intact.** The AAII sentiment survey (below) shows elevated bears. Bulls are very near the long-term average – so bears appear to have pulled from the "neutral" group. **Investor skepticism tends to limit drawdowns due to sidelined cash.** This appears to have proven supportive over recent months.

We like to say that markets care more about things getting better or worse than being good or bad. This is true of earnings growth, interest rates, and inflation – and is one reason investors mis-time investment decisions. Earnings are good – interest rates and inflation may be getting better?

Valuations, Seasonality & the Fed

Seasonality is a tailwind following the mid-terms. While seasonal patterns are difficult to rationalize, we respect that they are widely followed and it is often rewarding to align with these tendencies rather than fight them.

Valuations remain a headwind for long-term investors. Earnings growth is impressive, but stocks are priced based on strong growth continuing for many years – a feat that would be unprecedented. This is unlikely to change for the foreseeable future.

Rich valuations are a poor near-term timing indicator, and PE ratios often improve prior to market peaks. This is counter-intuitive, but we believe it reflects a transition from **peak earnings growth** to slower future growth (something we will be concerned about in the next quarters).

The Fed held rates steady in October but is expected to resume tightening in the coming months. **We don't like to fight the Fed**. Current monetary conditions appear only mildly restrictive – a headwind, but not yet a problem.

What Direction Do AAII Members Feel The Stock Market Will Be In The Next 6 Months?



Source: AAII.com

4. Observations and Outlook

Our **Market Pulse** shows stocks in a **Bull (rising) market.** In a bull market, pullbacks and corrections tend to be relatively short-lived.

I waited to finish this month's newsletter until after the midterms, as this appeared likely to be a catalyst worth discussing. Futures initially fell as **Democrats took control over both the Senate and House.** This was widely expected but the degree of victory was impressive. The initial negative reaction reversed sharply as results were finalized and stocks opened sharply higher.

This is consistent with our view of the midterms as a "clearing event". When a concern is widely known and discussed **the fear or what might happen prompts investors to hold back**. Once the event clears, these same investors tend to accept the outcome and move on. We can gauge the amount that they held back based on the strength of post-event engagement.

It will be interesting to see how policy evolves and the impact the elections have on markets and economic growth in the years ahead. **From an investment perspective, the outcome is likely to have greater impact on winners and losers than market direction.** We see strength in foreign stocks, retail and drug companies, for example, in part based on the prospect of fewer tariffs. Similarly, several Democrats ran on slowing the pace of the AI infrastructure buildout and companies benefiting from that activity are struggling. We want to be careful not to overreact to these changes but **identifying and adapting to durable leadership changes is a pillar of our investment strategy.**

Currently, our portfolios are aligned with our view that risks are balanced / leaning bullish and **we are cautiously optimistic – expecting both volatility and continued upside.**

We look forward to your questions and feedback and **hope that you look forward to the holidays.** To the extent you would like to meet or need to act on something prior to year-end, we remind you to **book appointments early as this tends to be a busy time of year, and processing times can be challenging to navigate.**



Market Pulse

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

Bull Market: markets trending up (higher highs on rallies, higher lows in declines). Expect periodic pullbacks and corrections – usually short and shallow – followed by resumption of the up-trend.

Consolidation: after strong gains or steep declines, markets sometimes become range-bound, moving up and down 3–5% over several weeks before the prior trend resumes.

Pullback: a decline of 3–5% that happens at least twice a year, typically resolving within a few weeks.

Correction: a decline of 5–10% that typically happens once a year, usually recovering within 3–6 months.

Bear Market: a decline of 20% or more. Most recover within 18–24 months, though severe ones (2000–03, 2007–09) can take 5–7 years or longer.

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

Quick Note — Required Minimum Distributions and Year-end Tax Planning

If you are required to take minimum distributions, we prefer to complete these in November as December timelines leave little margin. This includes qualified charitable contributions and direct tax payments. If you have any questions about this, please schedule a call asap. This is also a good time to decide on Roth conversions, consider tax loss harvesting and project 2026 income.

5. 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 aspiring to provide exceptional service and performance, and we are very grateful for your confidence and support!

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

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Disclosures

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