Prime Capital FINANCIAL

MONTH IN REVIEW

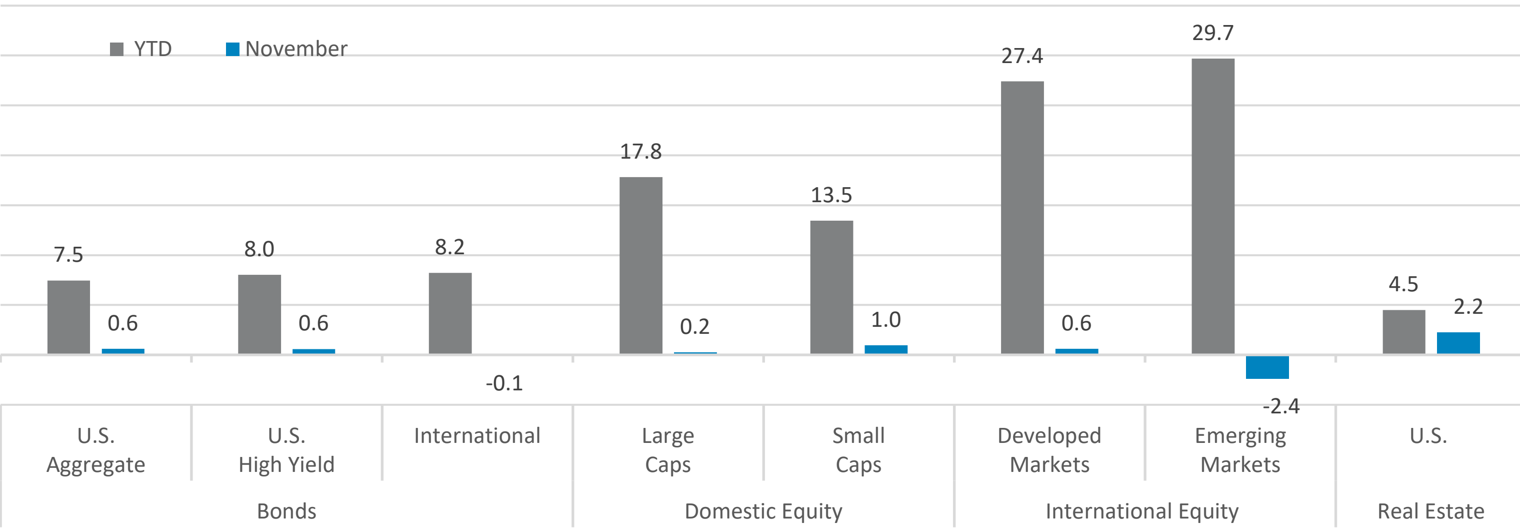
NOVEMBER 2025

Quick Takes

- **Mixed Stock Market.** November was a mixed month for U.S. equities as the S&P 500 ended the month just 0.25% higher and the Nasdaq 100 fell 1.6% as investor concerns about the government shutdown, Fed rate cuts, and the state of the AI trade drove market shifts. Small caps outperformed large caps as the Russell 2000 rose just under 1%.
- **Inflation and Interest Rates.** The 10Y treasury yield fell in November ending the month at 4%. September PPI was 2.7% coming in above expectations. CPI for October has not been released due to the recent government shutdown.
- **Weak Chinese Manufacturing.** Chinese manufacturing contracted in November despite higher exports to foreign markets marking the eighth consecutive month of contraction as measured by the RatingDog China Manufacturing PMI.
- **Google AI Chips.** Google's Ironwood tensor processing units (TPUs) are gaining ground among technology companies looking to reduce their dependence on Nvidia's graphics processing units (GPUs) for building out their AI infrastructure. Meta and Google were reportedly in talks in November for Meta to buy TPUs from Google for their data centers.

Asset Class Performance

Small caps outperformed large caps in November. While U.S. stocks outperformed emerging markets, developed market equities outperformed U.S. equities in November. Developed market equities, U.S. stocks, U.S. bonds, and real estate rose in November, emerging market equities and international bonds declined.



Source: Bloomberg, Goldman Sachs Investment Research, as of November 6, 2025. Asset-class performance is presented by using total returns for an index proxy that best represents the respective broad asset class. U.S. Bonds (Barclays U.S. Aggregate Bond TR), U.S. High Yield (Barclays U.S. HY 2% Issuer-Capped TR), International Bonds (Barclays Global Aggregate ex USD TR), Large Caps (S&P 500 TR), Small Caps (Russell 2000 TR), Developed Markets (MSCI EAFE NR USD), Emerging Markets (MSCI EM NR USD), Real Estate (FTSE NAREIT All Equity REITS TR).

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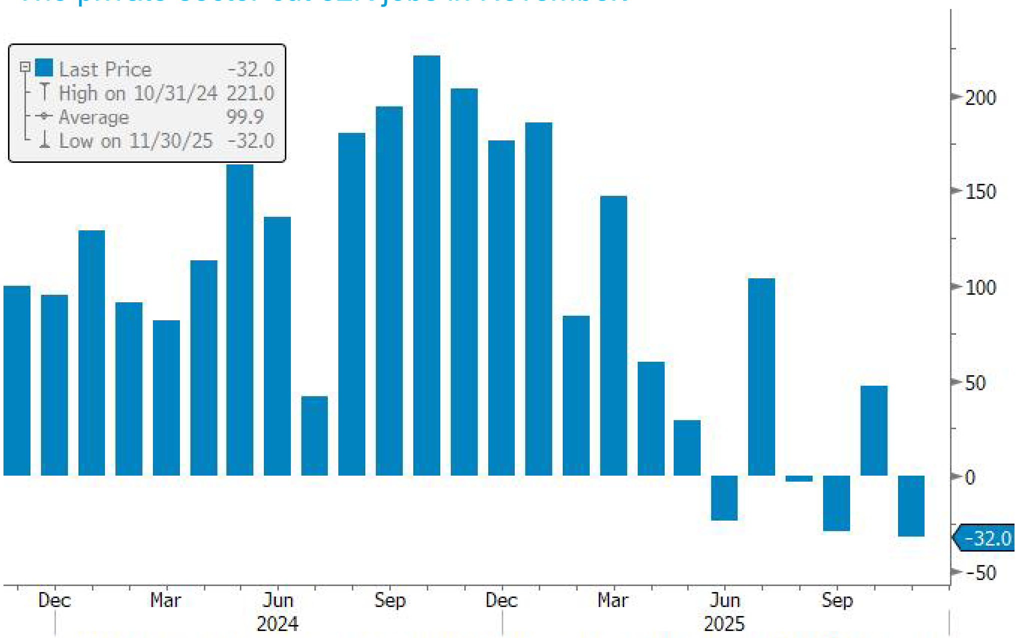
November 2025

Markets & Macroeconomics

Sparse data, Fed rate cut uncertainty moved markets in November.

ADP Private Nonfarm Payrolls

The private sector cut 32K jobs in November.



Source: Bloomberg, ADP

As the government shutdown reduced the availability of key data on the labor market and inflation, investors and economists had to rely on alternative sources in November to assess the state of the economy and determine the likelihood of different rate cut paths the Fed could take moving into the end of 2025 and into 2026. The Bureau of Labor Statistics indicated that they will not release a CPI or jobs report for October due to an inability to collect data on the normally reported figures. November's jobs report will be released on December 16 and November's CPI report will be released on December 18. Based on ADP employment data on private sector hiring, U.S. employers cut 32K positions in November versus an addition of 42K in October. Manufacturing, information, and professional services were the weakest sectors during the month and collectively cut 64K positions. Education and health and leisure and hospitality were the best sectors for job growth in November adding a combined 46K jobs. The BLS also released its jobs report for September, albeit later than previously expected because of the shutdown. While the report showed that the economy added 119K jobs in September, the August jobs figure was revised down from an addition of 22K jobs to a loss of 4K. The unemployment rate also rose to 4.4% in September from 4.3% in August. The lack of data and weakness in the labor market made investors temporarily pare bets on a Fed rate cut at the FOMC's December 29th meeting. The likelihood of a December rate cut priced in by interest rate futures markets was roughly 72% at the end of October. The likelihood of a cut being priced in fell to just 30% by November 19 before recovering to 86% by the end of the month after the release of the BLS's September jobs report. The most recent CPI report was released on October 24 for September. The headline CPI figure was 3% versus economists' forecast of 3.1% while core CPI was also 3.0%. The most recent PCE report was released on September 26 for August. This report showed 2.7% headline PCE inflation and core PCE inflation of 2.9%, both of which were in line with economists' expectations.

<u>Bottom Line</u>: The Fed is anticipated to cut rates in December and economic data releases are expected to return to some semblance of normal despite some shutdown-related interruptions and investor concerns. The labor market, meanwhile, remains relatively weak based on the best available data.

S&P 500 vs 10Y Treasury Yields YTD

Stocks retreated and then recovered in November on AI and Fed cuts

Source: Bloomberg

November 2025

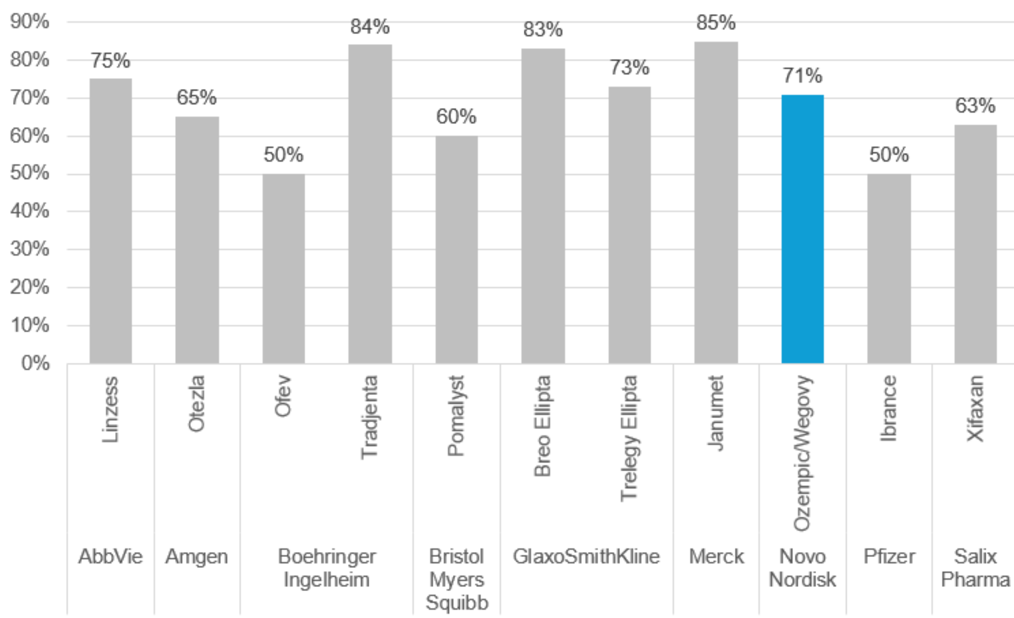
What's Ahead

GLP-1 agonist drugs and U.S. drug pricing.

While investors continue to monitor the state of the AI trade and concerns arise about AI companies' ability to monetize the technology in ways that justify the investment, the health care sector is beginning to have a moment. In November, large-cap U.S. health care stocks outperformed the S&P 500 and the Nasdaq 100. Particularly notable during the month for the sector was the intensification of competition between major companies in obesity and type-2 diabetes and the U.S. government's price negotiations for major drugs. Early in the month, Eli Lilly and Novo Nordisk reached an agreement with the Trump administration to lower the cost of their blockbuster GLP-1 receptor agonist drugs for obesity. Novo Nordisk and Eli Lilly will get a three-year reprieve from having to pay the administration's new pharmaceutical tariffs and greater access to patients looking to begin using the drugs who are on Medicare. Starting in 2026, Medicare patients will be able to use Zepbound (Eli Lilly's drug) and Wegovy (Novo Nordisk's incretin) for $245 per month after a $50 co-pay. Eli Lilly's CEO Dave Ricks indicated that the deal could give access to GLP-1s to 40 million patients who previously were ineligible to receive these drugs under the program. The Center for Medicare and Medicaid services (CMS) announced the negotiated prices on major drugs that will go into effect for Medicare patients in 2027. Novo Nordisk's Wegovy and Ozempic were among the drugs which are seeing their prices negotiated down along with Pfizer's Ibrance, a breast cancer drug, and Amgen's Otezla, a drug for the treatment of plaque psoriasis and other conditions. As these price negotiations continue and the Trump administration works with major companies to lower drug prices, major pharmaceutical and biotechnology companies are working to develop the next generation of weight loss and type-2 diabetes drugs. Eli Lilly is developing orforglipron, a GLP-1 pill, which management expects to launch in 2026. Citi analysts expect the new pill to have peak annual sales of $40 billion, likely after a few years on the market. For its part, Pfizer won a bidding war with Novo Nordisk to acquire Metsera, an early-stage biotechnology company that focuses on development of drugs for treatment of obesity. Pfizer agreed to pay $10 billion for the company with another $3 billion in possible further compensation if certain milestones are met.

Price Discounts for Major Drugs on 2024 Price Negotiated by CMS

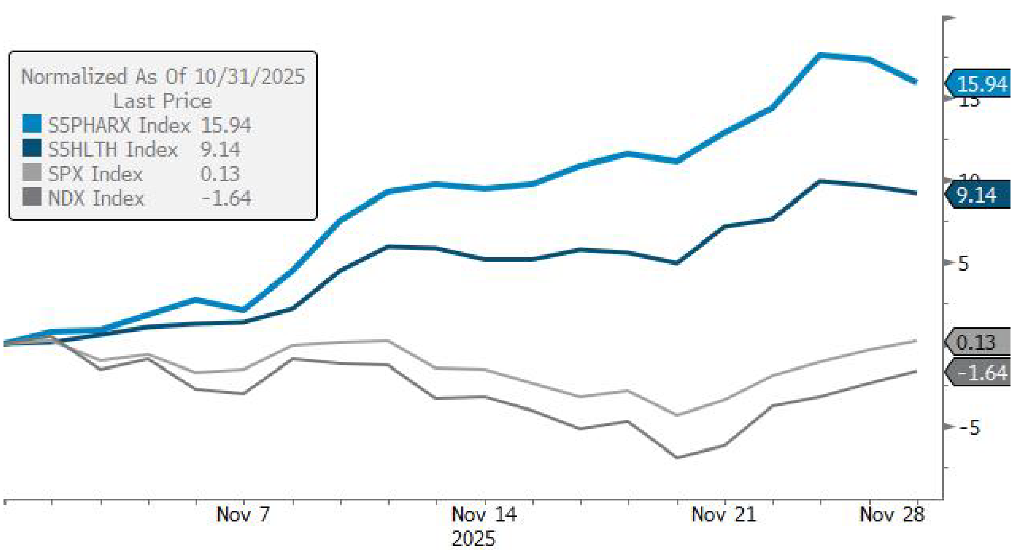
Medicare will pay 71% less for Wegovy and Ozempic in 2027 versus 2024



Source: CMS

Large-Cap U.S. Pharma Stock Performance versus the Indices

Large-cap pharma names outperformed the indices in November



Source: Bloomberg

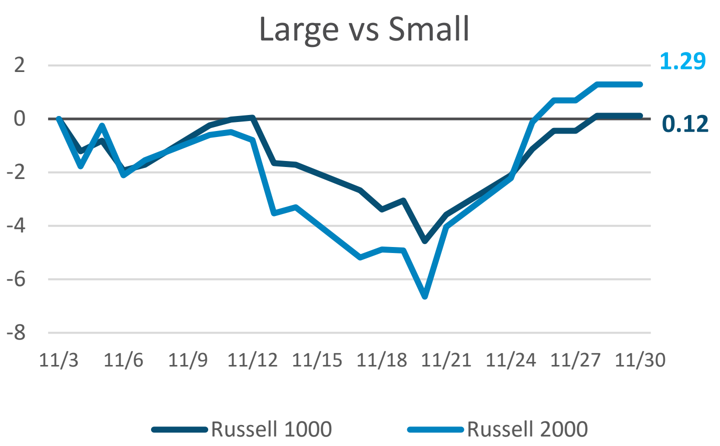
<u>Bottom Line</u>: The Center for Medicare and Medicaid Services is looking to lower drug prices as drug companies are looking to develop new weight loss drugs.

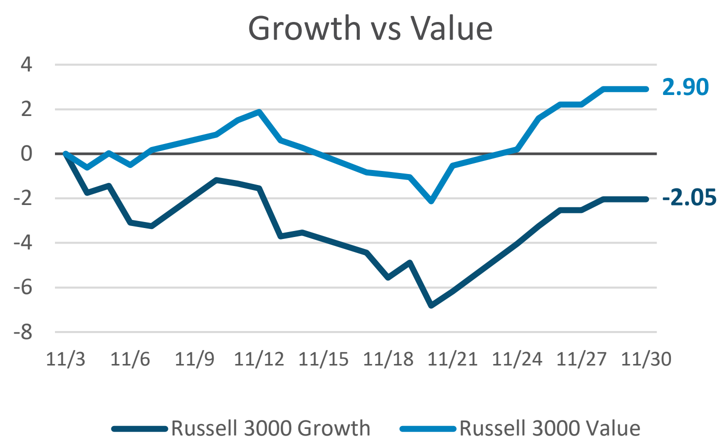
November 2025

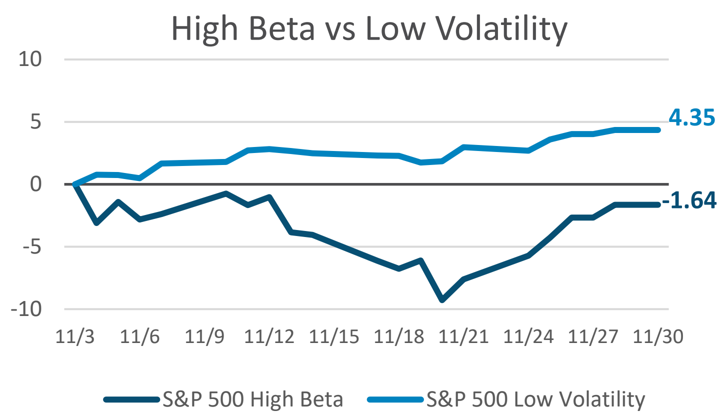
Equity Themes

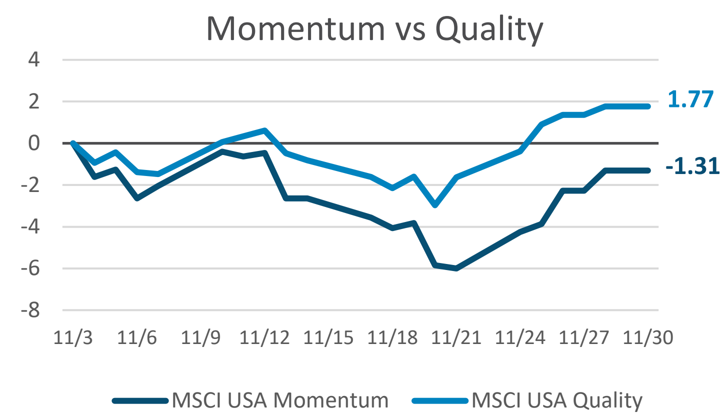
What Worked, What Didn't

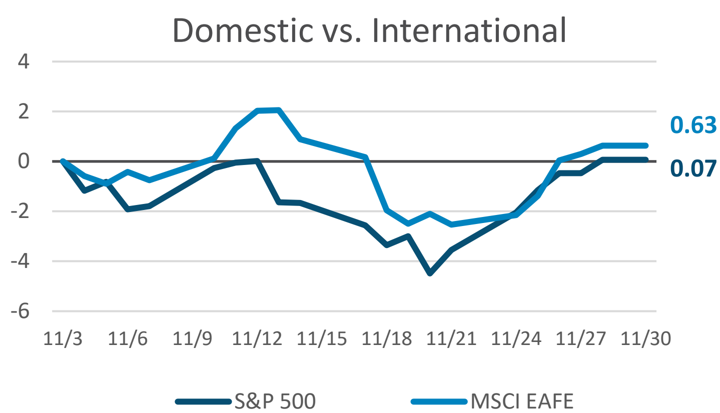
- **Small Outperformed Large while Value Outperformed Growth.** Market participants moved more into small caps and value stocks in November as investors shifted their allocations away from large-cap growth names post-earnings.
- **Low Volatility and Quality Outperformed.** Low volatility and quality outperformed in November as investors shifted their allocations.
- **International Over Domestic, Developed Over Emerging.** Domestic equities outperformed international stocks in November while emerging markets outperformed developed markets.

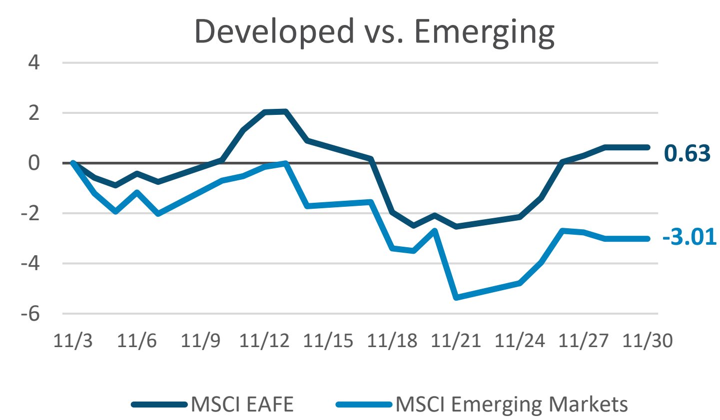












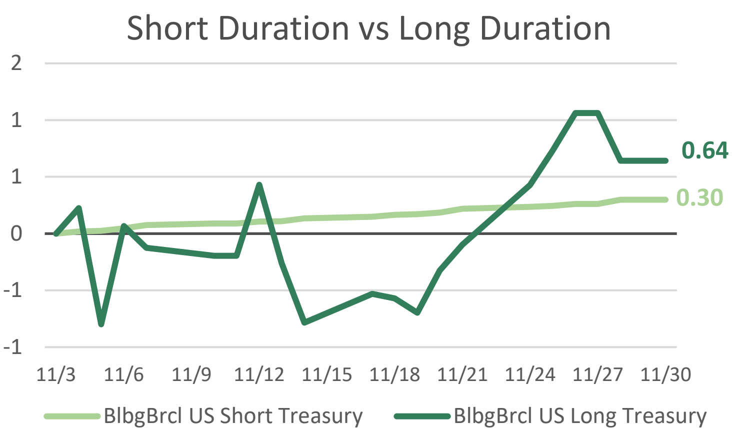
Source: Bloomberg.

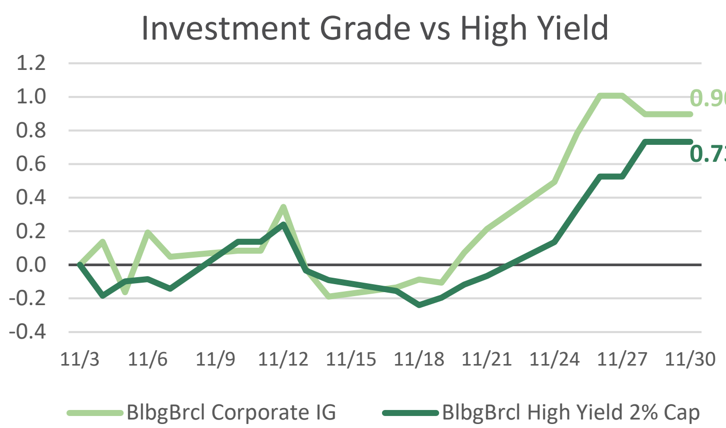
November 2025

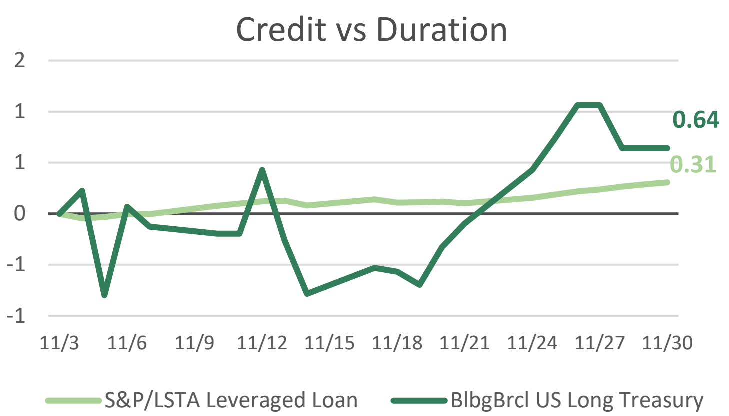
Bond Themes

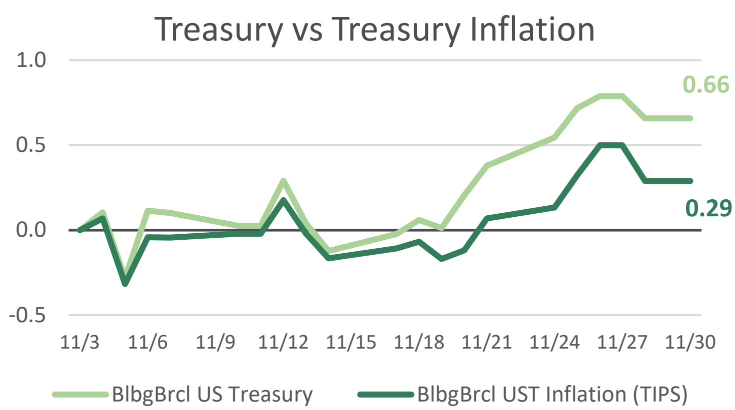
What Worked, What Didn’t

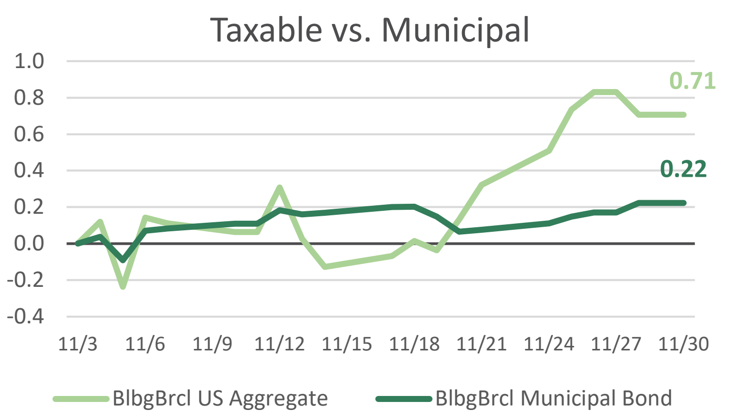
- **Long Duration Outperformed while Investment Grade Beat High Yield.** Long duration treasuries performed better in November outperforming short duration. Investment grade outperformed high yield during the month.
- **Duration Tops Credit while Treasuries Beat TIPS.** In November, duration outperformed credit while treasuries outperformed TIPS as core PPI came in below forecasts.
- **Taxable Beat Munis and Domestic Outperformed International.** Municipal bonds outperformed taxable bonds, while domestic bonds outperformed their international peers in November.

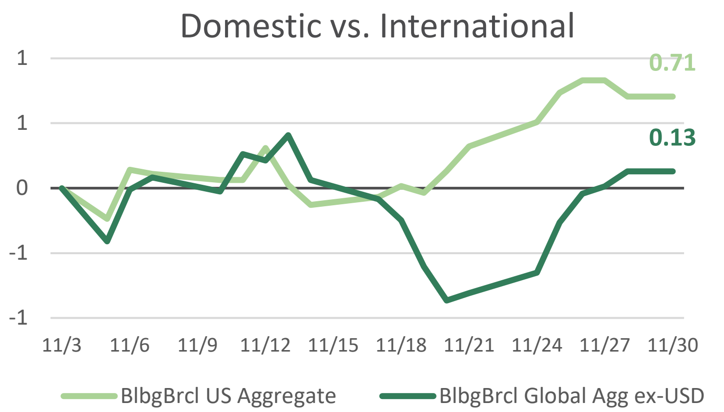












Source: Bloomberg.

November 2025

Asset Class Performance

The Importance of Diversification. From period to period there is no certainty what investment will be the best, or worst, performer. Diversification mitigates the risk of relying on any single investment and offers a host of long-term benefits, such as less portfolio volatility, improved risk-adjusted returns, and more effective compounding.

	Nov-03	Nov-04	Nov-05	Nov-06	Nov-07	Nov-10	Nov-11	Nov-12	Nov-13	Nov-14	Nov-17	Nov-18	Nov-19	Nov-20	Nov-21	Nov-24	Nov-25	Nov-26	Nov-28	Nov	YTD
High	EM 0.63	RE 0.22	SCG 1.78	IBD 0.51	RE 1.50	LCG 2.21	RE 1.18	IEQ 0.59	IBD 0.28	SCG 0.44	USB 0.02	SCV 0.47	LCG 0.74	USB 0.12	SCV 2.96	SCG 2.45	SCV 2.39	IEQ 1.10	MCG 0.77	LCV 2.90	EM 31.13
	LCG 0.49	USB 0.05	SCV 1.20	USB 0.37	MCG 1.23	EM 1.76	IEQ 0.73	LCV 0.37	USB -0.30	RE 0.23	HYB -0.16	RE 0.47	MCG 0.39	HYB -0.06	SCG 2.60	LCG 2.21	SCG 2.02	SCG 1.01	SCG 0.74	SCV 2.84	IEQ 28.07
	IEQ 0.04	HYB 0.01	EM 0.90	HYB 0.04	MCV 1.10	SCG 1.22	LCV 0.68	MCV 0.26	HYB -0.41	LCG 0.21	IBD -0.20	MCV 0.22	SCG 0.33	IBD -0.16	MCV 2.11	SCV 1.20	MCG 1.75	MCV 0.79	LCV 0.72	MCV 2.48	LCG 19.00
	SCV 0.03	IBD -0.28	MCV 0.71	IEQ -0.22	SCV 0.70	IEQ 1.05	MCV 0.44	60/40 0.08	60/40 -1.01	SCV 0.15	RE -0.67	SCG 0.12	HYB 0.05	RE -0.34	LCV 1.55	EM 1.05	MCV 1.63	SCV 0.77	MCV 0.44	RE 2.47	60/40 15.55
	60/40 -0.02	LCV -0.58	LCV 0.65	60/40 -0.33	LCV 0.65	MCG 0.98	SCV 0.38	IBD 0.03	IEQ -1.07	EM 0.05	60/40 -0.77	USB 0.06	USB 0.00	60/40 -0.85	IEQ 1.55	MCG 0.85	LCV 1.36	LCG 0.76	RE 0.39	HYB 1.06	LCV 14.92
	RE -0.11	60/40 -0.72	IEQ 0.64	RE -0.53	IEQ 0.37	SCV 0.77	60/40 0.35	EM 0.02	EM -1.17	HYB 0.02	LCG -0.94	HYB 0.03	60/40 -0.06	LCV -1.06	RE 1.54	LCV 0.71	IEQ 1.20	EM 0.72	LCG 0.39	IBD 0.98	IBD 14.92
	MCV -0.11	MCV -0.80	MCG 0.35	LCV -0.53	SCG 0.36	60/40 0.72	IBD 0.32	USB -0.04	RE -1.22	60/40 -0.11	LCV -1.08	MCG -0.04	LCV -0.12	MCV -1.24	MCG 1.40	MCV 0.64	RE 0.93	LCV 0.59	SCV 0.39	USB 0.73	SCG 14.43
	USB -0.12	IEQ -1.03	60/40 0.29	MCV -0.70	60/40 0.25	LCV 0.70	USB 0.30	SCV -0.08	LCV -1.22	USB -0.12	EM -1.18	LCV -0.12	SCV -0.29	SCV -1.37	60/40 0.89	60/40 0.60	60/40 0.78	60/40 0.56	IEQ 0.34	IEQ 0.70	SCV 12.38
	MCG -0.18	SCV -1.32	LCG 0.12	EM -0.74	HYB 0.09	MCV 0.68	HYB 0.11	LCG -0.18	MCV -1.62	MCG -0.16	IEQ -1.30	IBD -0.13	IEQ -0.30	EM -1.37	LCG 0.58	HYB 0.27	LCG 0.70	IBD 0.50	60/40 0.23	60/40 0.48	MCV 10.67
	LCV -0.25	LCG -1.75	HYB 0.10	MCG -1.16	IBD 0.01	HYB 0.34	EM 0.11	MCG -0.19	SCV -1.85	MCV -0.21	MCV -1.60	60/40 -0.36	MCV -0.31	IEQ -1.38	HYB 0.34	USB 0.20	IBD 0.38	MCG 0.50	EM 0.15	SCG -0.12	MCG 9.80
	HYB -0.31	EM -1.83	IBD 0.10	SCV -1.35	USB -0.04	IBD 0.15	LCG -0.19	HYB -0.20	LCG -2.12	IEQ -0.28	SCG -1.78	EM -0.50	EM -0.35	LCG -2.01	USB 0.24	IBD 0.16	EM 0.35	RE 0.45	HYB 0.05	MCG -2.09	HYB 8.06
	IBD -0.35	MCG -2.00	RE -0.01	LCG -1.63	LCG -0.16	USB -0.04	MCG -0.21	SCG -0.41	MCG -2.31	LCV -0.33	MCG -1.88	LCG -1.21	IBD -0.54	MCG -2.24	IBD 0.22	RE 0.14	HYB 0.35	USB 0.16	IBD 0.03	LCG -2.36	USB 7.49
Low	SCG -0.66	SCG -2.23	USB -0.27	SCG -2.14	EM -0.29	RE -0.19	SCG -0.25	RE -0.82	SCG -3.74	IBD -0.39	SCV -2.16	IEQ -1.30	RE -0.77	SCG -2.36	EM -0.02	IEQ 0.09	USB 0.16	HYB 0.10	USB -0.14	EM -2.39	RE 5.73

Legend

60/40 Allocation (60/40)	Large Growth (LCG)	Mid Growth (MCG)	Small Growth (SCG)	Intl Equity (IEQ)	U.S. Bonds (USB)	Intl Bonds (IBD)
	Large Value (LCV)	Mid Value (MCV)	Small Value (SCV)	Emg Markets (EM)	High Yield Bond (HYB)	Real Estate (RE)

Source: Sources for this market commentary derived from Bloomberg. Asset-class performance is presented by using market returns from an exchange-traded fund (ETF) proxy that best represents its respective broad asset class. Returns shown are net of fund fees and do not necessarily represent performance of specific mutual funds and/or exchange-traded funds recommended by Prime Capital Financial. The performance of those funds in November may be substantially different than the performance of the broad asset classes and to proxy ETFs represented here. U.S. Bonds (iShares Core U.S. Aggregate Bond ETF); High-Yield Bond (iShares iBoxx $ High Yield Corporate Bond ETF); Intl Bonds (SPDR® Bloomberg Barclays International Corporate Bond ETF); Large Growth (iShares Russell 1000 Growth ETF); Large Value (iShares Russell 1000 Value ETF); Mid Growth (iShares Russell Mid-Cap Growth ETF); Mid Value (iShares Russell Mid-Cap Value ETF); Small Growth (iShares Russell 2000 Growth ETF); Small Value (iShares Russell 2000 Value ETF); Intl Equity (iShares MSCI EAFE ETF); Emg Markets (iShares MSCI Emerging Markets ETF); and Real Estate (iShares U.S. Real Estate ETF). The return displayed as "Allocation" is a weighted average of the ETF proxies shown as represented by: 30% U.S. Bonds, 5% International Bonds, 5% High Yield Bonds, 10% Large Growth, 10% Large Value, 4% Mid Growth, 4% Mid Value, 2% Small Growth, 2% Small Value, 18% International Stock, 7% Emerging Markets, 3% Real Estate. 080223006 - MAH