

# GREYCOURT

## Capital Market Flash Report

### US EQUITY

US equities rebounded from a drawdown of nearly five percent late in the month to end positive. The healthcare sector rebounded with clarity on policy, including the Affordable Care Act subsidies, as it came into the month at a relatively steep valuation discount. Technology dragged on performance with concerns about high valuations, and growth stocks were generally weak. Small caps enjoyed a slight return premium over large caps with investors looking for cheaper valuations.

	Month (%)	YTD (%)
S&P 500	0.2	17.8
Russell 1000	0.2	17.4
Russell 1000 Value	2.7	15.1
Russell 1000 Growth	-1.8	19.3
Russell 2000	1.0	13.5
Russell 2000 Value	2.8	12.4
Russell 2000 Growth	-0.7	14.5

### CURRENCIES

The yen weakened as markets weighed the risks of a potentially large increase in government spending. The U.S. dollar declined despite the end of the government shutdown. Although GDP appears strong, investors examined other economic indicators for signs of weakness. With additional rate cuts on the horizon, this added downward pressure on the dollar. Meanwhile, the euro advanced, supported by its perceived stability and a slight uptick in the European Commission's economic sentiment indicator.

	Month (%)	YTD (%)
US Dollar	-0.3	-8.3
Euro	0.6	12.1
Yen	-1.3	0.7
Renminbi	0.5	3.1
Canadian Dollar	0.5	3.2
Bitcoin	-16.9	-3.2

**November 2025** The S&P 500 managed to generate a small gain, rebounding from a trough over the last six trading days of the month. Investors continued to grapple with high valuations and the concentration of exposure in US large cap tech companies, as patience appears to be wearing thin for AI to demonstrate profitability. Government data reemerged to show a labor market that might not be so soft, but a gloomy consumer was paired with mixed signals from the Fed about a December rate cut.

### NON-US EQUITY

Developed market equities ended little changed, but not due to calm markets; market dispersion was high in November, with Europe outperforming Asia. Meanwhile, strong demand for mining, materials, and energy helped Canadian equities. Diplomatic disputes between China and Japan caused investors to worry about trade relationships between the two countries, leading to a selloff in both countries' equity markets. Elsewhere in Asia, steep valuations for AI related stocks spooked investors into looking for better deals.

	Month (%)	YTD (%)
MSCI All-Country World ex-US	0.0	29.2
MSCI Canada	4.2	33.3
MSCI EAFE	0.6	28.0
MSCI Europe	1.5	31.1
MSCI Japan	-0.7	24.4
MSCI Emerging Markets	-2.4	30.4
MSCI China	-2.5	33.0

### REAL ASSETS

Natural gas helped drive commodities higher as strong LNG exports and the demand for power generation remained supportive. Crude oil fell as concerns for oversupply among global producers emerged. Gold had a strong rally and while it did not reach its October peak, rate cuts, demand for a safe haven, and purchases by global central banks continued to support its price. MLPs surged alongside strong volumes and a positive outlook for investment to support power generation.

	Month (%)	YTD (%)
Commodities <sup>1</sup>	3.2	16.1
Energy	2.4	-1.5
Industrial Metals	0.5	14.1
Gold	5.9	58.7
Master Limited Partnerships <sup>2</sup>	6.2	11.6
Real Estate Investment Trusts <sup>3</sup>	2.3	5.4

### FIXED INCOME

Yields fell for most maturities in anticipation of a Fed rate cut in December which supported bond price returns, notably in intermediate term Treasuries. The US Aggregate Bond Index outperformed equities despite trivial levels of spread widening for investment grade securities. High yield bonds rose less with their shorter duration, but spreads narrowed late in the month alongside the equity market rally. Municipal bond yields ended the month with little change allowing investors to benefit from stable coupon collection.

	Month (%)	YTD (%)
US Aggregate	0.6	7.5
US Intermediate Treasuries	0.7	6.5
US Long Treasuries	0.4	7.4
US TIPS	0.2	7.4
Corporate IG Bonds	0.7	8.0
High-Yield Bonds	0.6	8.0
Tax-Exempt Bonds	0.2	4.8

### HEDGE STRATEGIES

Equity hedge had a small loss while equity market neutral was able to generate a solid gain. Some equity managers are sidestepping the risk of going short the US large cap tech leaders and instead are looking to short the peripheral "me too" companies claiming to have a business plan related to artificial intelligence. It will take more time for these plans to play out. Risk management kept relative value arbitrage and macro flat for the month. While the month offered a swoon in equity markets, the VIX ended up lower.

	Month (%)	YTD (%)
Equity Hedge	-0.1	8.9
Equity Market Neutral	0.6	5.7
Event Driven	0.2	5.6
Relative Value Arbitrage	0.0	5.9
Macro	0.0	4.0
Volatility Index (VIX = 16.35)	-6.3	-5.8

Data Source: FactSet. MSCI returns are gross USD. Currency returns are Simple Price Appreciation (SPA) USD basis. Fixed Income reported on Bloomberg Barclays Indices. <sup>1</sup>Bloomberg Commodity Indices. <sup>2</sup>Alerian MLP Index. <sup>3</sup>MSCI US REIT Index. Hedge Strategies reported on HFRX Indices SPA with a one-day lag. For complete Index Descriptions, see <http://www.greycourt.com/disclosure-of-indices/>. Investing involves risks and you may incur a profit or loss. Past performance is no guarantee of future results.

# Disclosures

---

All statements concerning future market or economic trends are the opinions of Greycourt's investment professionals. The statistical information presented in this report has been obtained from independent sources as noted. While Greycourt believes these sources to be reliable, Greycourt has not independently verified this information. None of the material contained in this package should be construed as a recommendation for a specific investment or strategy; this is not an offer to buy or sell securities. The investments or investment strategies discussed herein may not be suitable for every investor. Investing involves risks, including the risk of loss of the principal amount invested, and there is no assurance that any investment strategy will be successful.

© Greycourt & Co., Inc. 2025. All rights reserved.