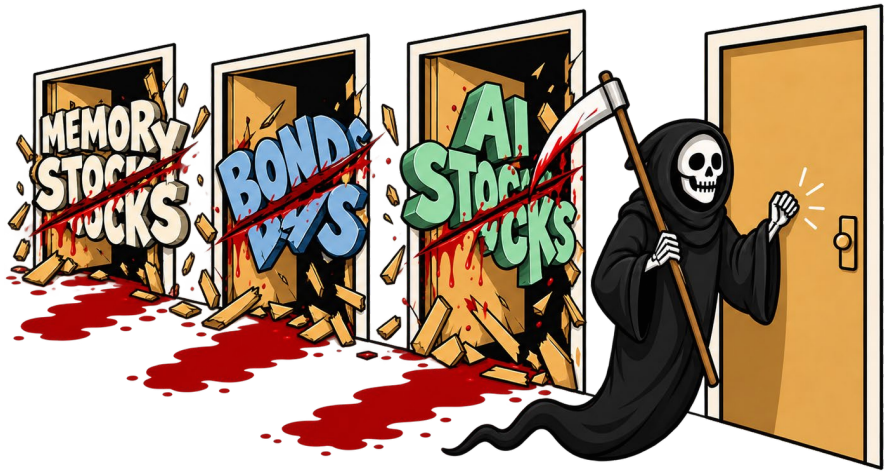


“Don’t Fear the Reaper”

Market Update with Robert Paolucci, CFP®
& Julina Ogilvie, CIMA®, CPWA®, CEPA®

November 2026

Principle WEALTH





Today's Agenda

1. The Set-Up
2. Markets
3. Economy & Policy
4. Market Anomalies
5. Everything Else

The Past Thirty Days...

1. Treasury Yields Drop Below 5%
2. No Rate Change At The Fed
3. AI Stocks Dip Ahead Of Midterm Elections
4. A Government, Divided
5. Anthropic Is Going Public

The Current Set-Up

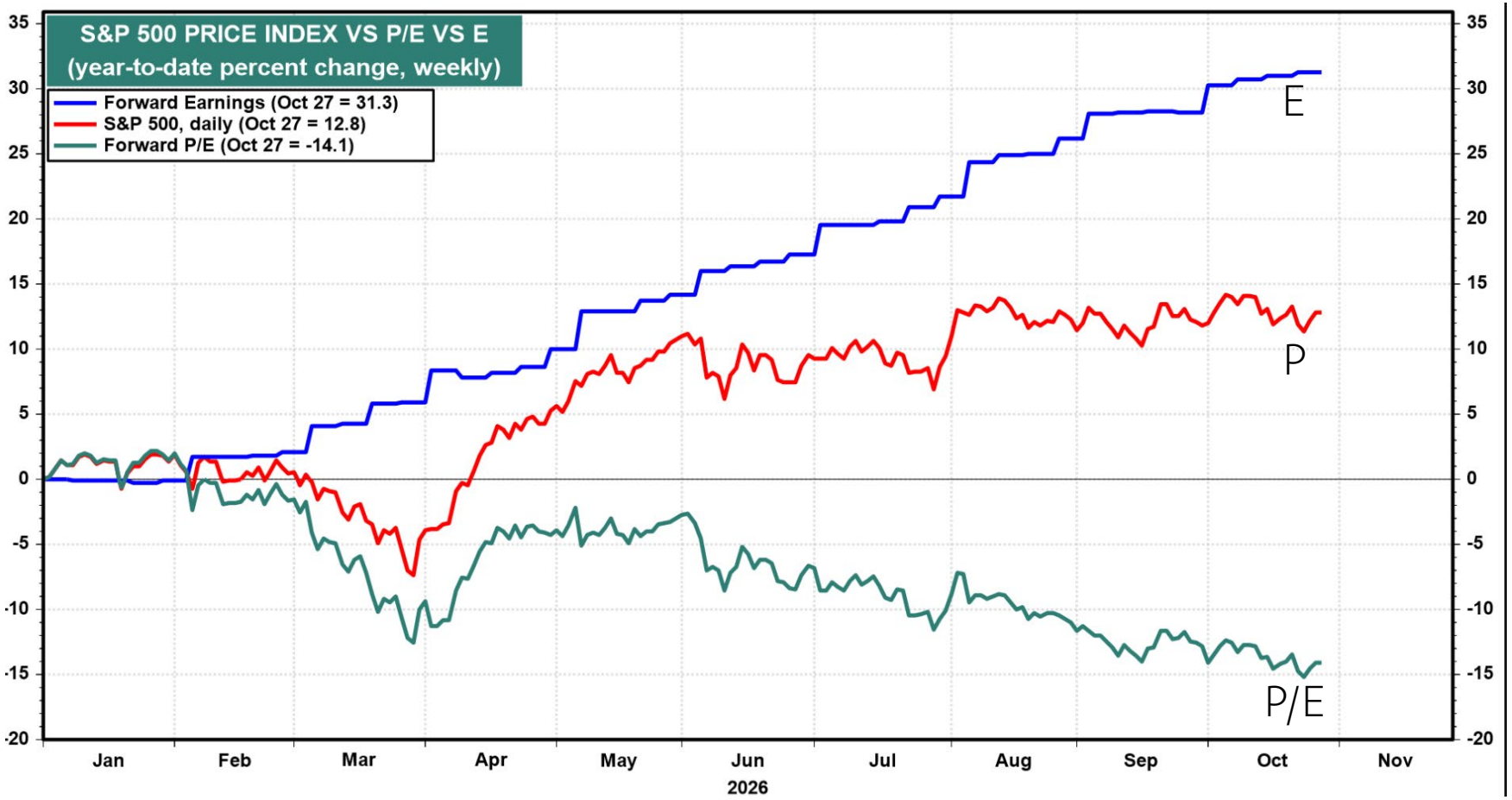
1. Earnings and earnings outlook rising
2. Economic growth is strong
3. Valuations lower vs start of the year (P/E ratio)
4. Interest rates are 27% lower than 36 months ago
5. Inflation is down ~52% from 48 months ago
6. Liquidity is at an all-time high
7. Pro-business tax/spending bill
8. Household assets near all-time high
9. Household liabilities relative to assets near all-time low
10. Buybacks rising
11. Dividends rising
*12. Midterms are over

12. Rapid policy change
*13. 10-year yield coming off its multi-decade high
14. Rising housing supply
*15. Fed is on pause
16. Wars in Iran and Ukraine
17. Oil prices high
18. Gas and diesel prices high

Key:
*= Change from last month
Green = Positive
Yellow = Neutral
Red = Negative

Source: Principle Wealth, as of 10/31/2026

Prices Are Rising **And** The Market Is Cheaper, Thanks To Earnings



Source: Yardeni Research, LSEG Datastream, as of 10/27/2026

Principle WEALTH

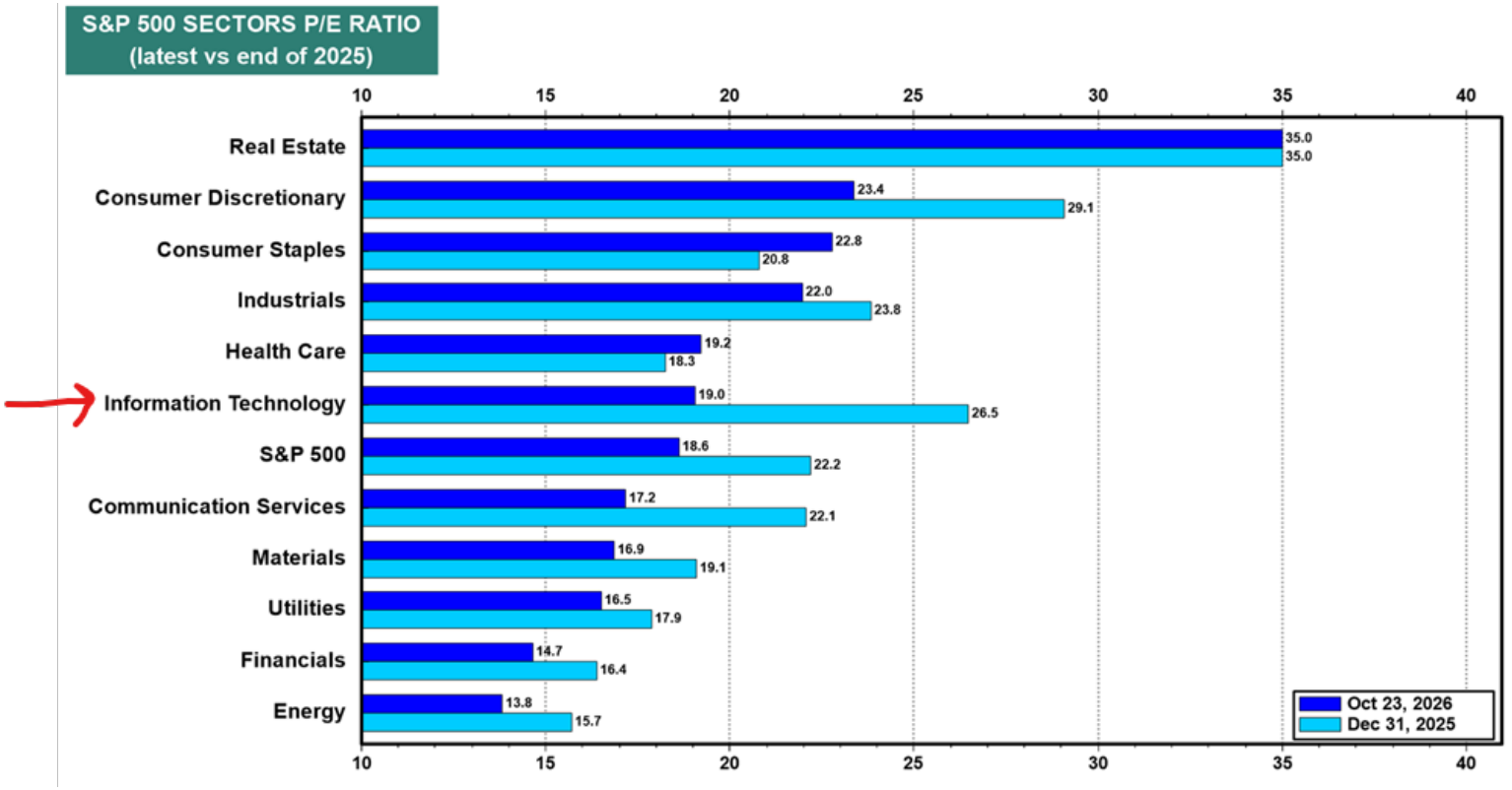
Nasdaq Hasn't Looked This Cheap In Over Three Years



Source: Goldman Sachs, Bloomberg, as of 10/19/2026

Principle WEALTH

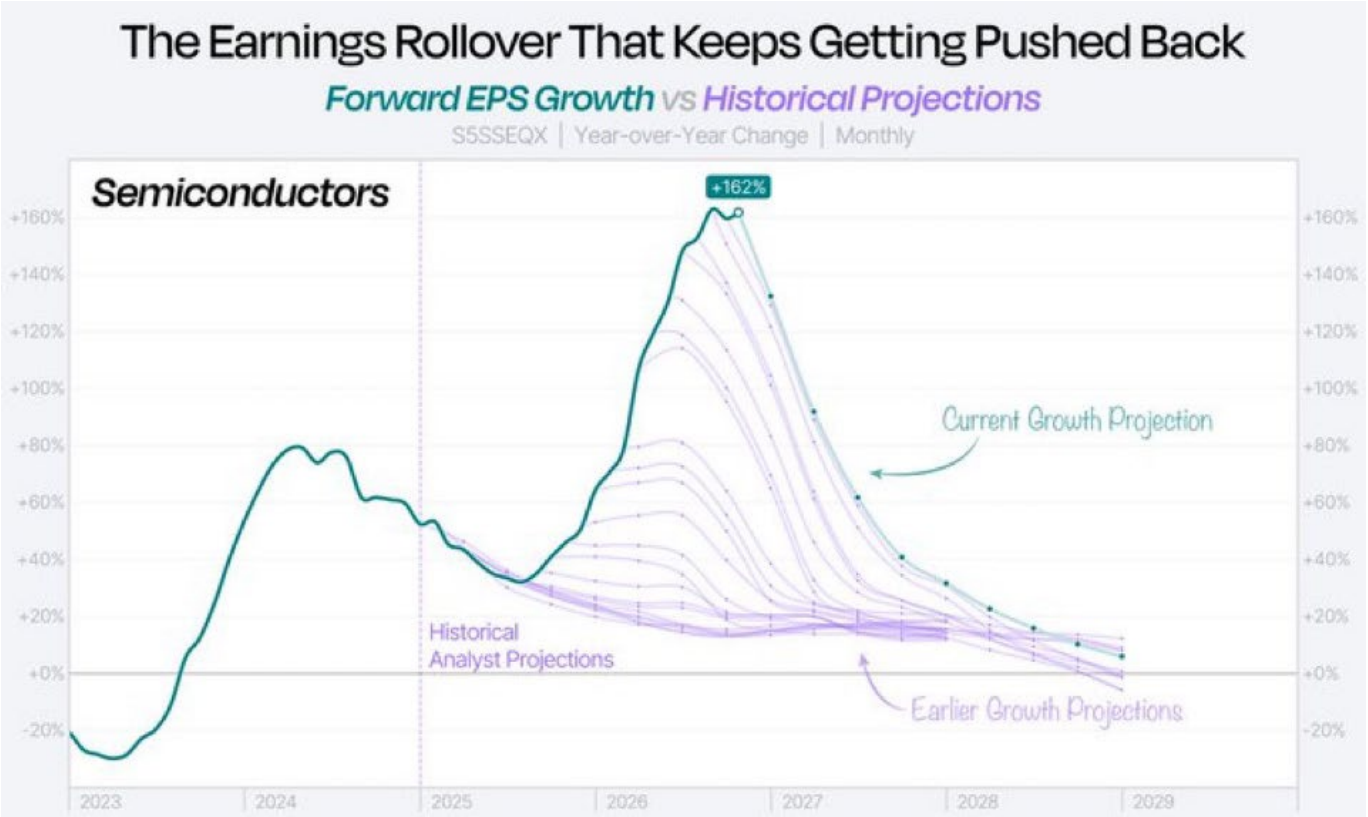
Sector Valuations – Then And Now



Source: Yardeni Research, LSEG Datastream, as of 10/23/2026

Principle WEALTH

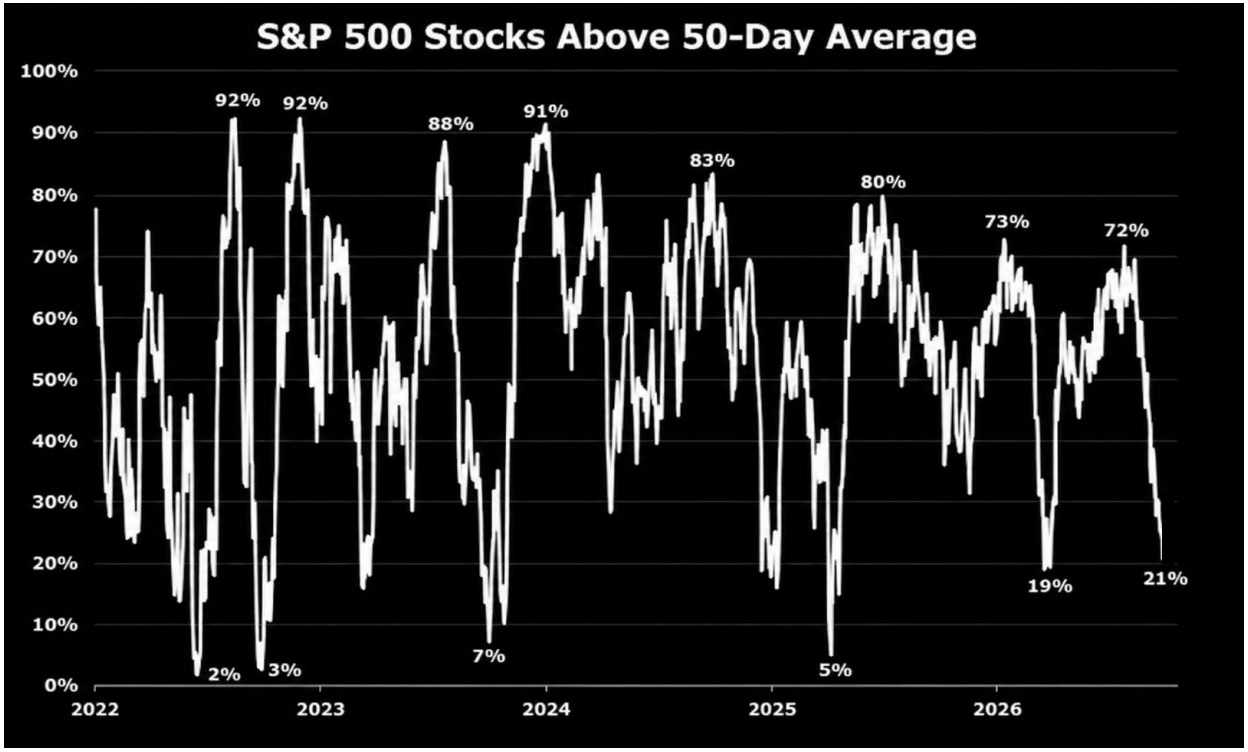
Expectations Vs Reality



Source: Duality Research, Bloomberg, as of 10/19/2026

Rotate!

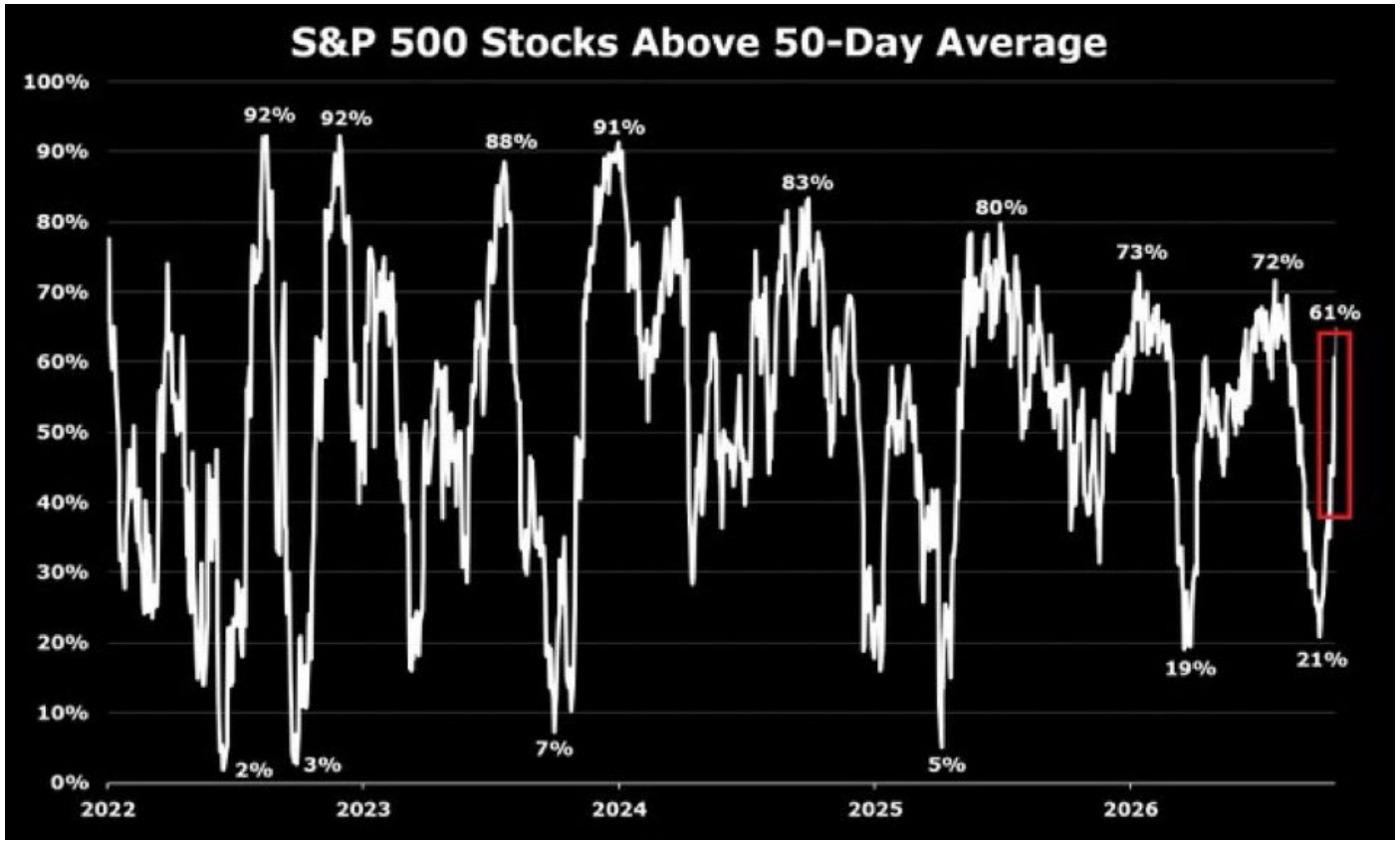
"Currently, just 21.4% of S&P 500 stocks trade above their 50-day moving average, down from ~70% in mid-August, marking their lowest reading since early April." – The Kobeissi Letter, October 5th, 2026



Source: The Kobeissi Letter, TradingView, as of 10/05/2026

Principle WEALTH

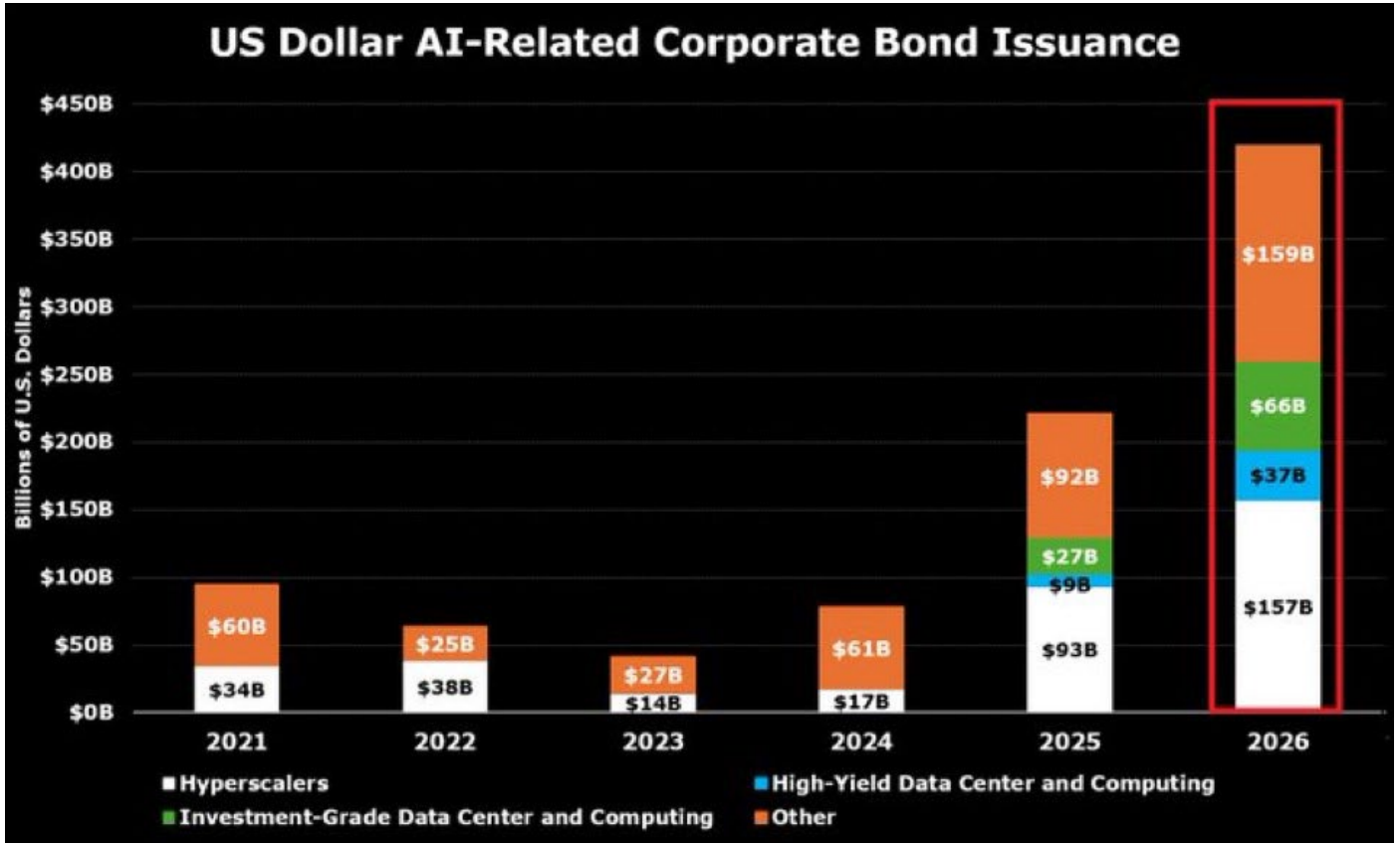
Pivot! Twenty Days Later



Source: The Kobeissi Letter, TradingView, as of 10/25/2026

Principle WEALTH

Companies Seeking Cash, Investors Seeking Yield



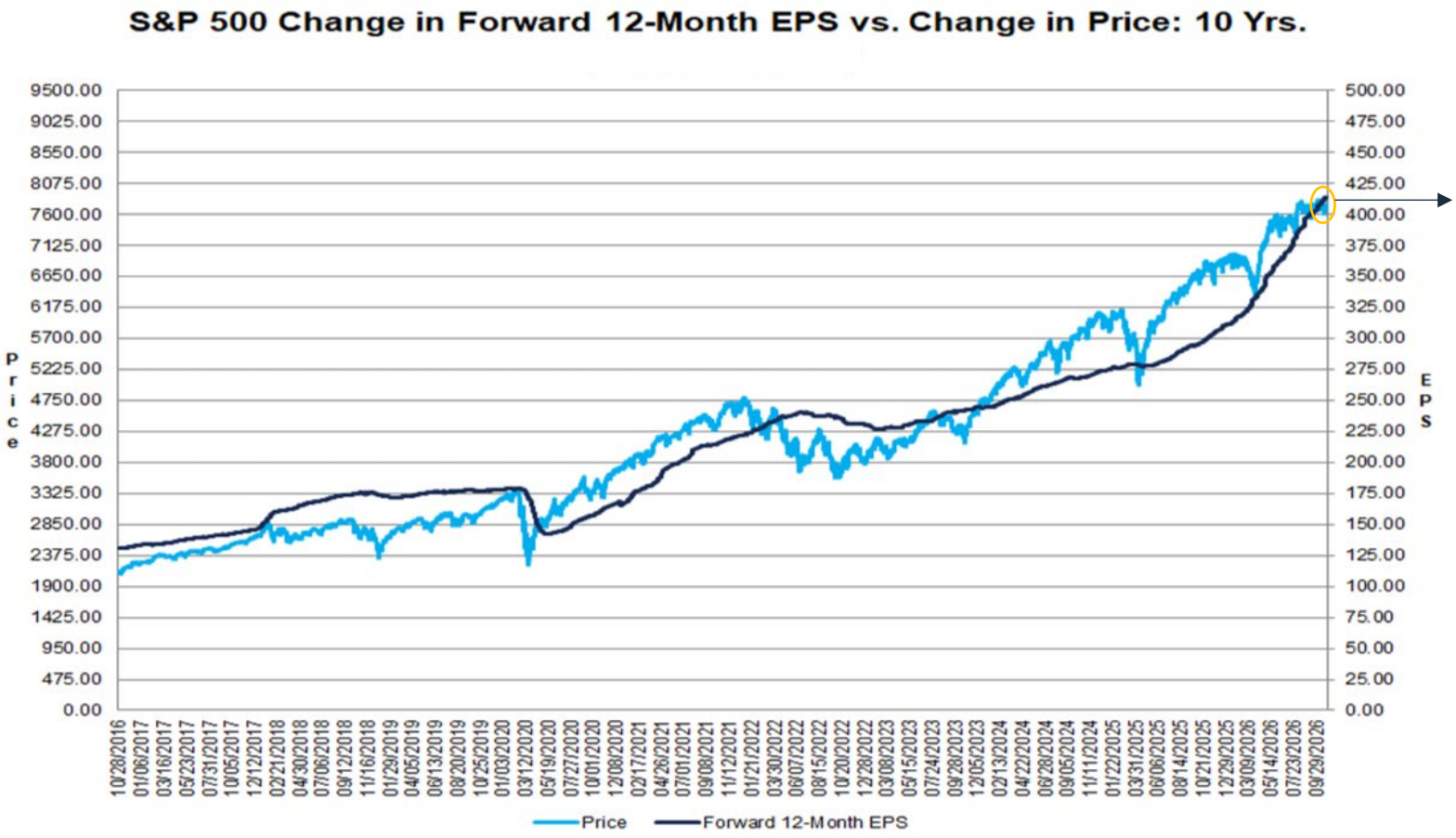
Source: The Kobeissi Letter, Goldman Sachs, Dealogic, as of 10/20/2026

Relative To Value, Growth Hasn't Been This Cheap In Ten Years



Source: Bloomberg, as of 10/19/2026

Earnings Continue To Climb Higher

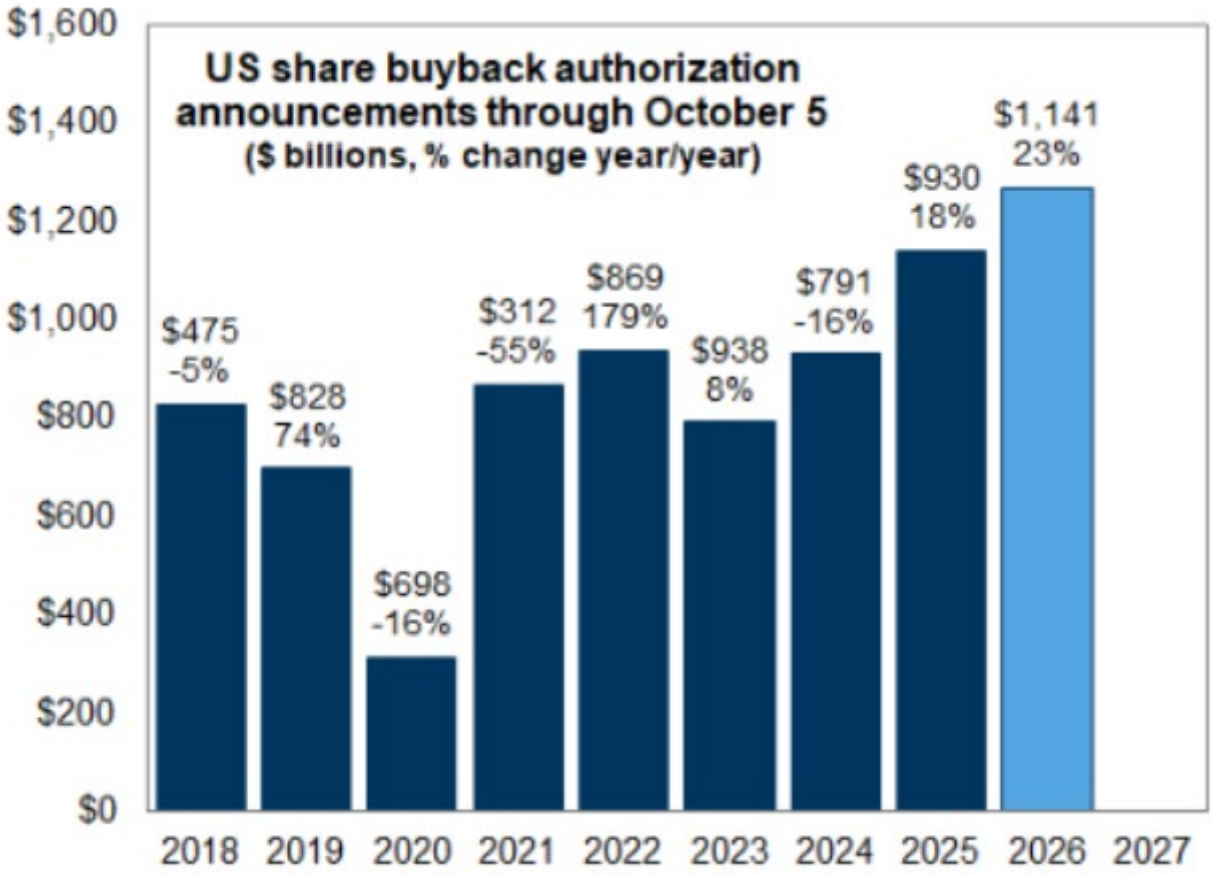


There's a gap between price and earnings!

Source: FactSet, as of 10/30/2026

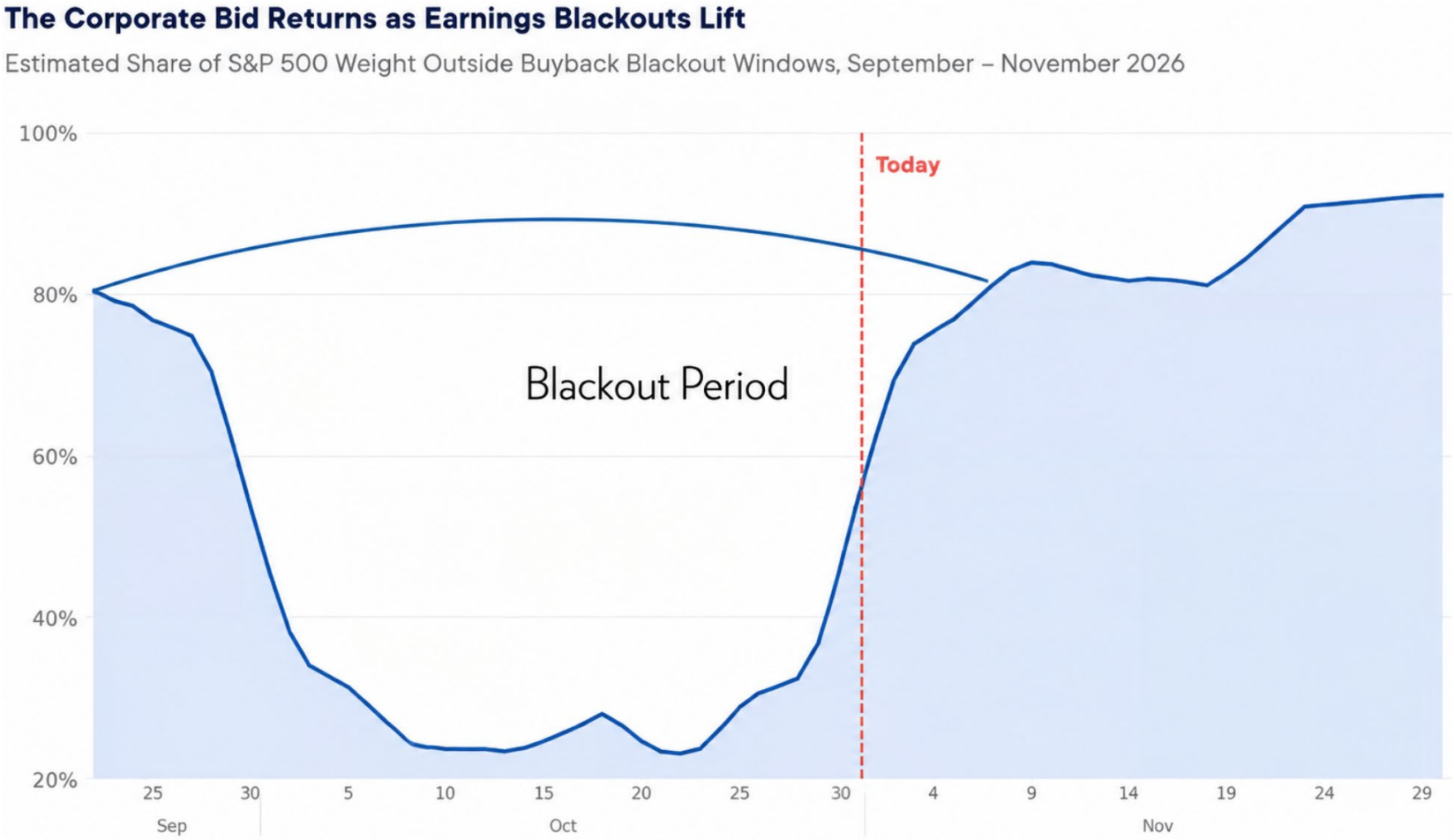
Principle WEALTH

Another Record For Corporate Buybacks



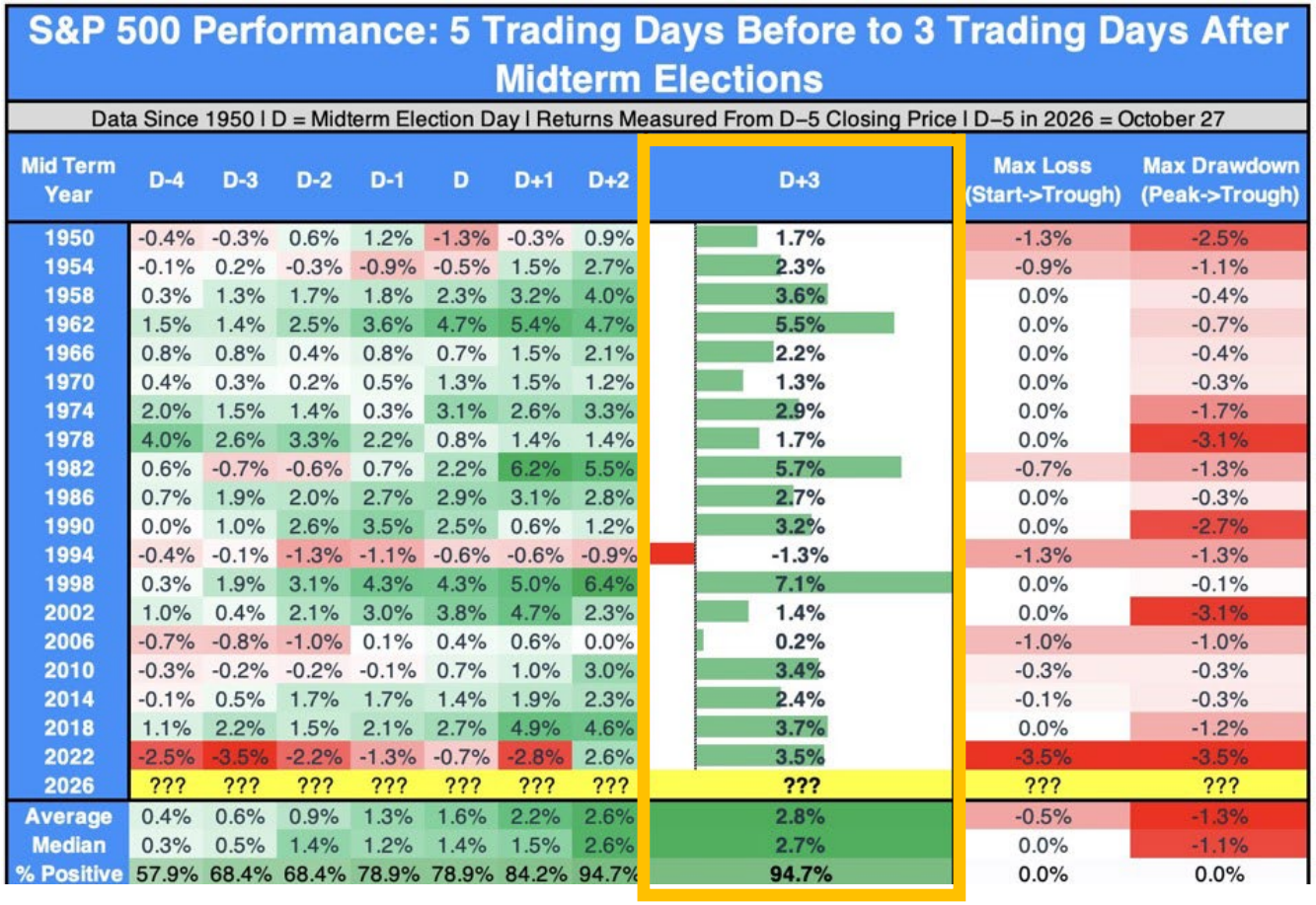
Source: Goldman Sachs Asset Management, as of 10/05/2026

...And Those Buybacks Are Coming Soon



Source: EventVestor, S&P Global, Citadel Securities, Global Market Intelligence, as of 11/02/2026

Election Day Is Here, And The Market Likes That!



S&P 500 Performance: 5 Trading Days Before to 3 Trading Days After Midterm Elections

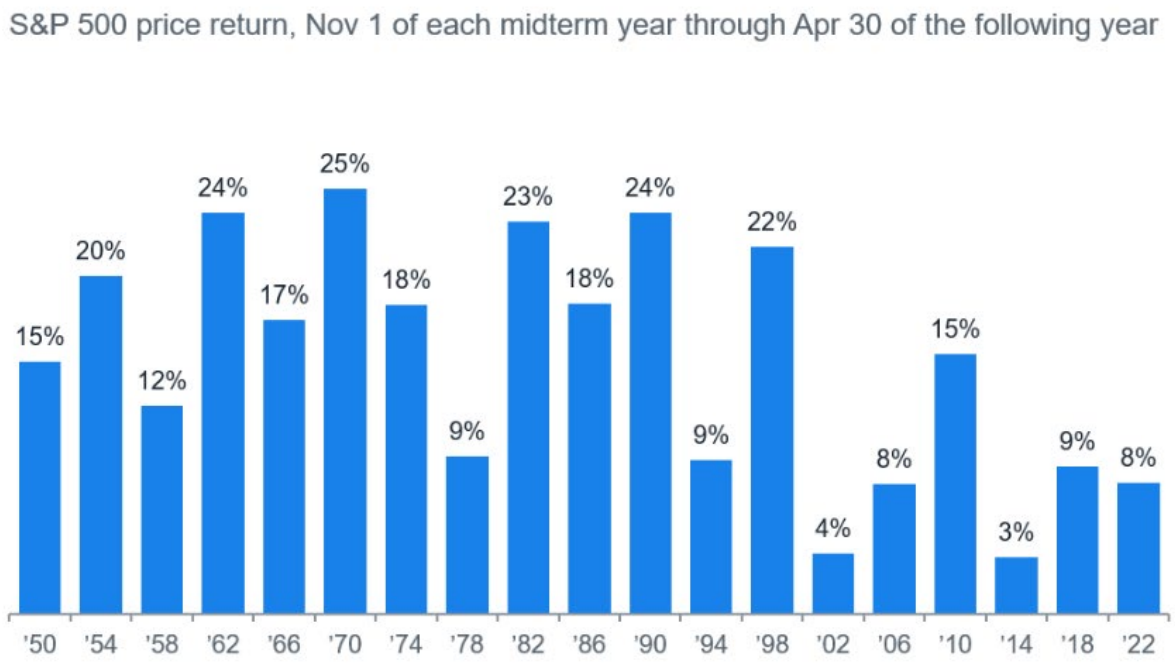
Data Since 1950 | D = Midterm Election Day | Returns Measured From D–5 Closing Price | D–5 in 2026 = October 27

Mid Term Year	D-4	D-3	D-2	D-1	D	D+1	D+2	D+3	Max Loss (Start->Trough)	Max Drawdown (Peak->Trough)
1950	-0.4%	-0.3%	0.6%	1.2%	-1.3%	-0.3%	0.9%	1.7%	-1.3%	-2.5%
1954	-0.1%	0.2%	-0.3%	-0.9%	-0.5%	1.5%	2.7%	2.3%	-0.9%	-1.1%
1958	0.3%	1.3%	1.7%	1.8%	2.3%	3.2%	4.0%	3.6%	0.0%	-0.4%
1962	1.5%	1.4%	2.5%	3.6%	4.7%	5.4%	4.7%	5.5%	0.0%	-0.7%
1966	0.8%	0.8%	0.4%	0.8%	0.7%	1.5%	2.1%	2.2%	0.0%	-0.4%
1970	0.4%	0.3%	0.2%	0.5%	1.3%	1.5%	1.2%	1.3%	0.0%	-0.3%
1974	2.0%	1.5%	1.4%	0.3%	3.1%	2.6%	3.3%	2.9%	0.0%	-1.7%
1978	4.0%	2.6%	3.3%	2.2%	0.8%	1.4%	1.4%	1.7%	0.0%	-3.1%
1982	0.6%	-0.7%	-0.6%	0.7%	2.2%	6.2%	5.5%	5.7%	-0.7%	-1.3%
1986	0.7%	1.9%	2.0%	2.7%	2.9%	3.1%	2.8%	2.7%	0.0%	-0.3%
1990	0.0%	1.0%	2.6%	3.5%	2.5%	0.6%	1.2%	3.2%	0.0%	-2.7%
1994	-0.4%	-0.1%	-1.3%	-1.1%	-0.6%	-0.6%	-0.9%	-1.3%	-1.3%	-1.3%
1998	0.3%	1.9%	3.1%	4.3%	4.3%	5.0%	6.4%	7.1%	0.0%	-0.1%
2002	1.0%	0.4%	2.1%	3.0%	3.8%	4.7%	2.3%	1.4%	0.0%	-3.1%
2006	-0.7%	-0.8%	-1.0%	0.1%	0.4%	0.6%	0.0%	0.2%	-1.0%	-1.0%
2010	-0.3%	-0.2%	-0.2%	-0.1%	0.7%	1.0%	3.0%	3.4%	-0.3%	-0.3%
2014	-0.1%	0.5%	1.7%	1.7%	1.4%	1.9%	2.3%	2.4%	-0.1%	-0.3%
2018	1.1%	2.2%	1.5%	2.1%	2.7%	4.9%	4.6%	3.7%	0.0%	-1.2%
2022	-2.5%	-3.5%	-2.2%	-1.3%	-0.7%	-2.8%	2.6%	3.5%	-3.5%	-3.5%
2026	???	???	???	???	???	???	???	???	???	???
Average	0.4%	0.6%	0.9%	1.3%	1.6%	2.2%	2.6%	2.8%	-0.5%	-1.3%
Median	0.3%	0.5%	1.4%	1.2%	1.4%	1.5%	2.6%	2.7%	0.0%	-1.1%
% Positive	57.9%	68.4%	68.4%	78.9%	78.9%	84.2%	94.7%	94.7%	0.0%	0.0%

Source: Bluekurtic Market Insights, as of 10/27/2026

Principle WEALTH

Trick Or Treat? Post-Election Returns Tend To Be Strong, Historically



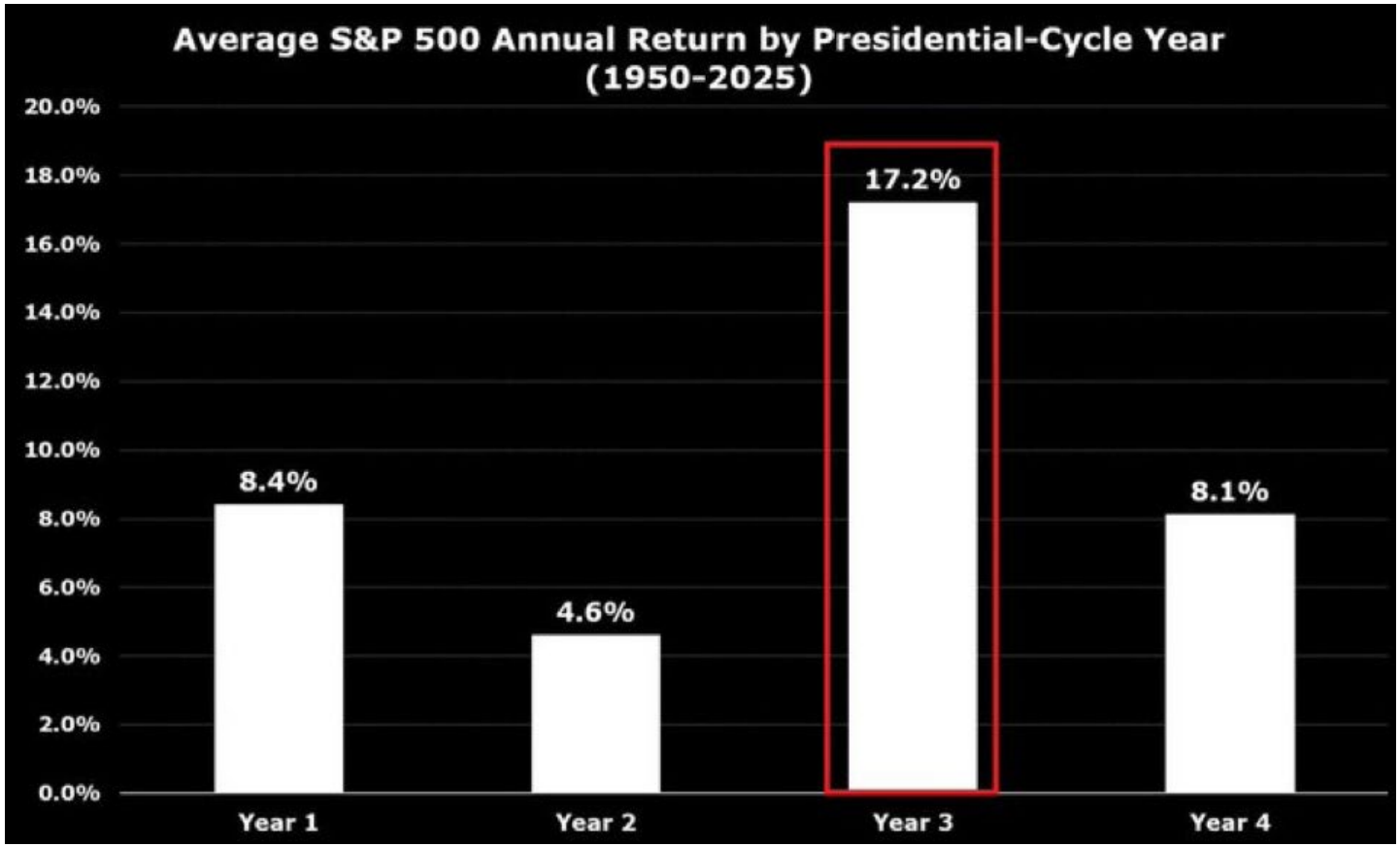
19 of 19
positive since 1950

+14.8%
average gain after midterms

+4.3%
average gain, same window in all other years

Source: Aptus Capital, S&P 500, as of 10/27/2026

The Best Year Of The Presidential Cycle Is Coming!



Source: The Kobeissi Letter, Silvia, FMP, Yahoo Finance, as of 10/27/2026

Principle WEALTH

Fed Policy – No Hike For Now

> This morning the FOMC decided to maintain the target rate for the federal funds rate at 3-3/4 to 4 percent, in support of the Federal Reserve's dual mandate.
>
> **Chairman Kevin Warsh at the FOMC Press Conference October 28, 2026**

The Federal Open Market Committee approved the following statement for release by a ~~12 – 0~~10 – 2 vote:

The Committee decided to ~~raise~~maintain the target range for the federal funds rate ~~by 1/4 percentage point to~~at 3-3/4 to 4 percent, in support of the Federal Reserve's dual mandate. The Committee is continuing its policy of maintaining ample reserves in the banking system.

Economic activity is expanding at a ~~solid~~strong pace. While uncertainty remains elevated owing, in part, to geopolitical developments, domestic spending has been resilient. Productivity growth is strong, and capital investment is robust. Job gains have kept pace with the workforce, and the unemployment rate has changed little.

Inflation remains elevated. ~~Today's policy action~~ The accumulation of more information will ~~support~~help the Committee determine the policy stance appropriate to ensure a ~~timelier~~timely return of inflation to the Committee's 2 percent goal. The Committee will deliver price stability.

Voting against the monetary policy action were Lisa D. Cook and Beth M. Hammack, who preferred to raise the target range for the federal funds rate by 1/4 percentage point at this meeting.

Source: CNBC, as of 10/28/2026

But There Was Change! Fewer Voting Meetings

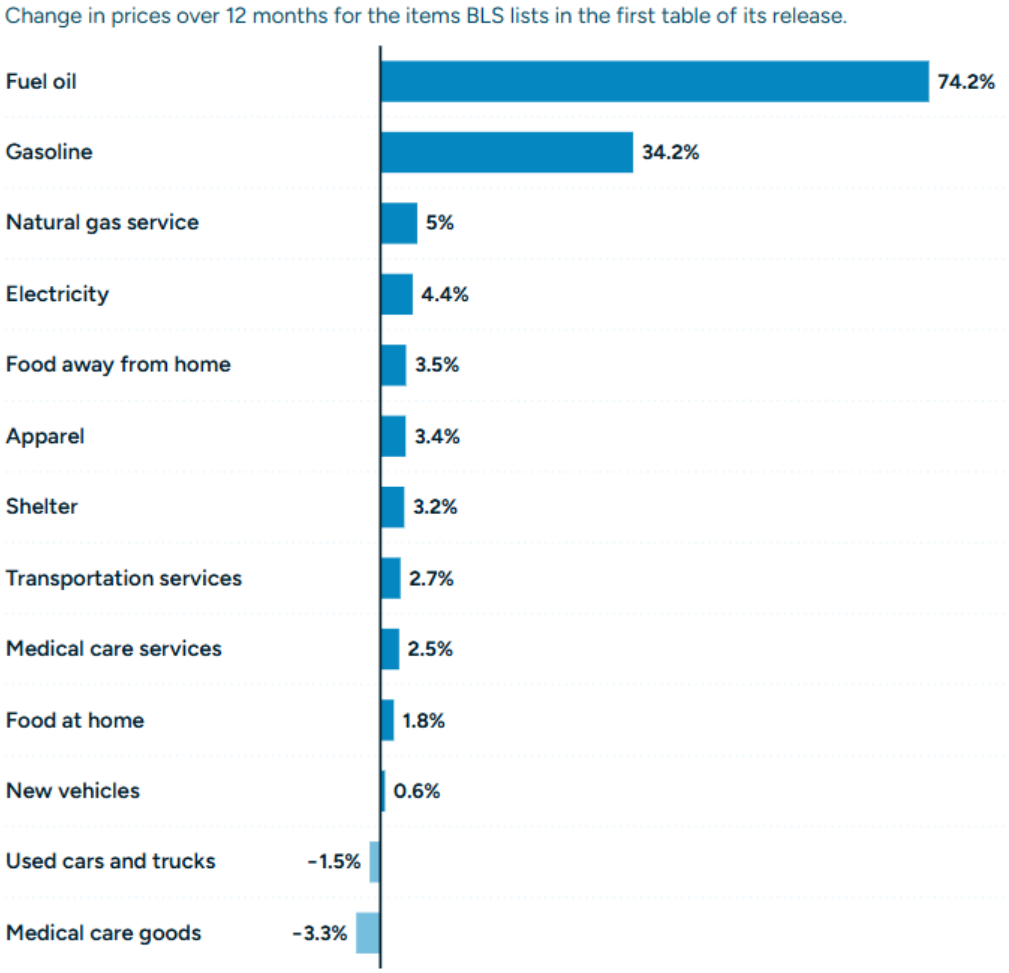
Calendar year	Scheduled rate-decision meetings	Strategy-only meetings	Total scheduled FOMC meetings	Change in rate-decision meetings vs. 2026
2026	8	0	8	—
2027 — announced plan	7	1	8	–1 (–12.5%)
2028 — announced plan	6	2	8	–2 (–25.0%)

Source: Federal Reserve, as of 10/28/2026

Inflation – The Devil Is In The Details

Combined 3.968% weight in CPI

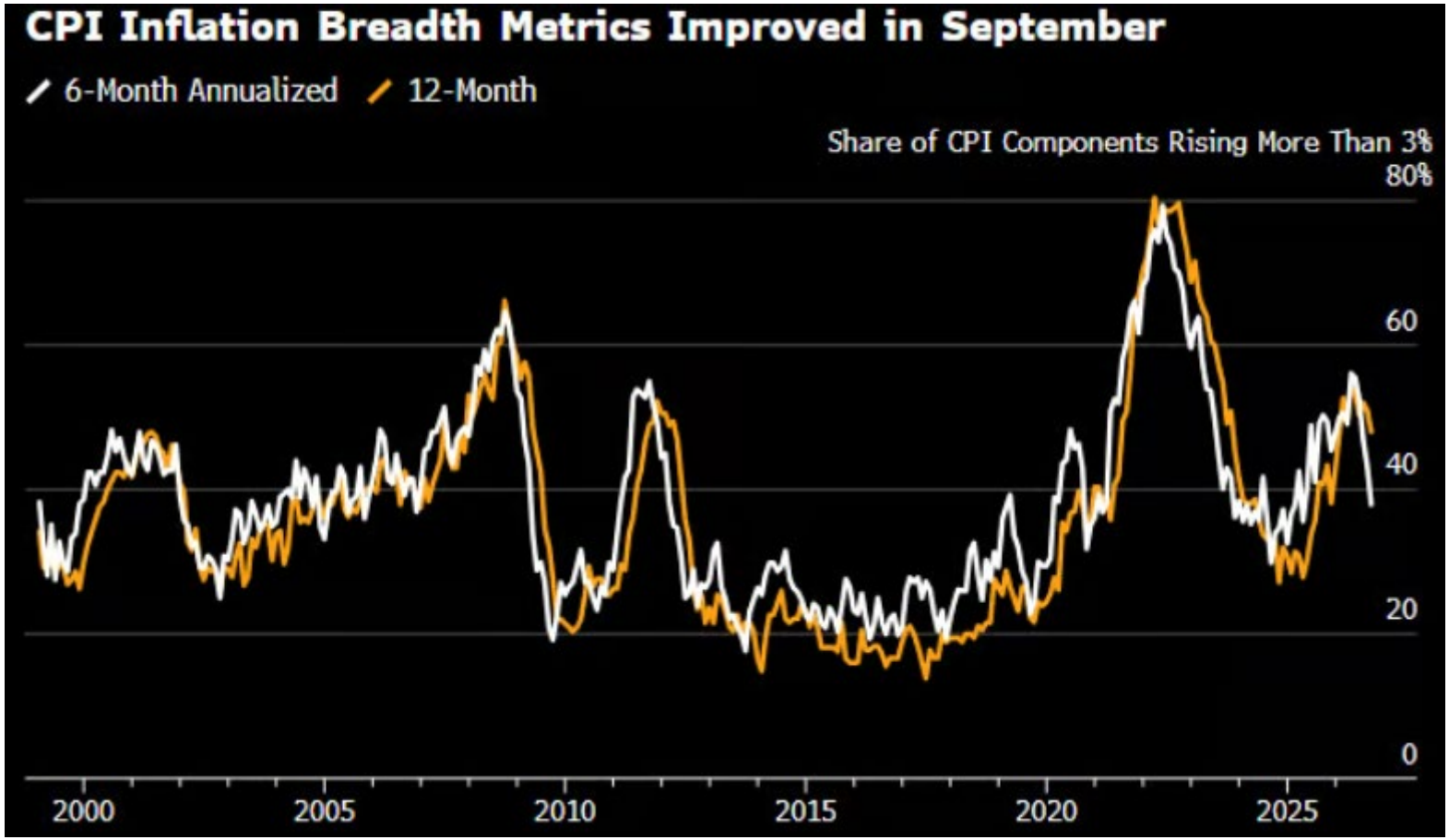
35% weight in CPI, 44.67% weight in Core CPI



Source: CNBC, BLS, as of 10/14/2026

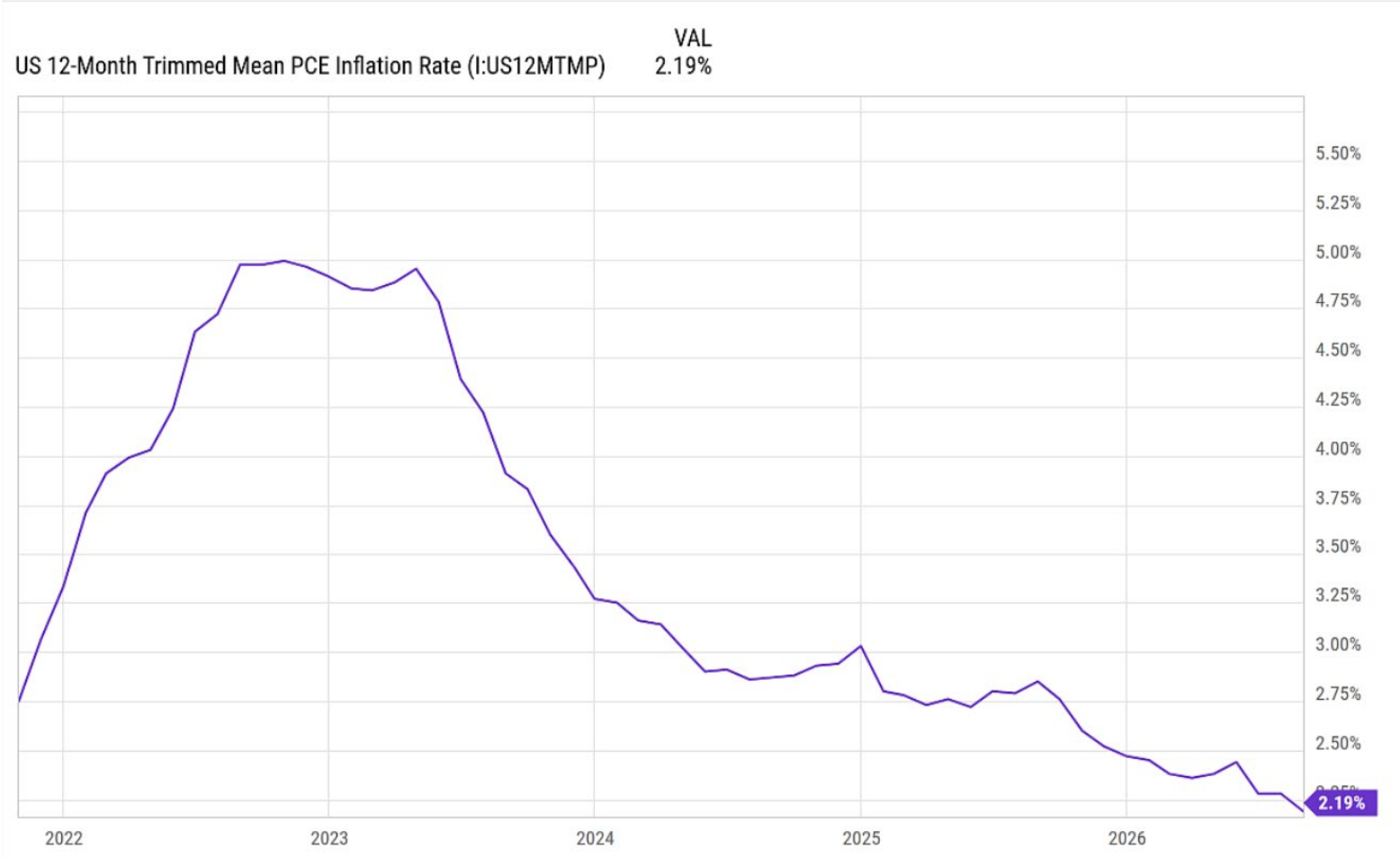
Principle WEALTH

Inflation Momentum – Six-Month And Twelve-Month Views



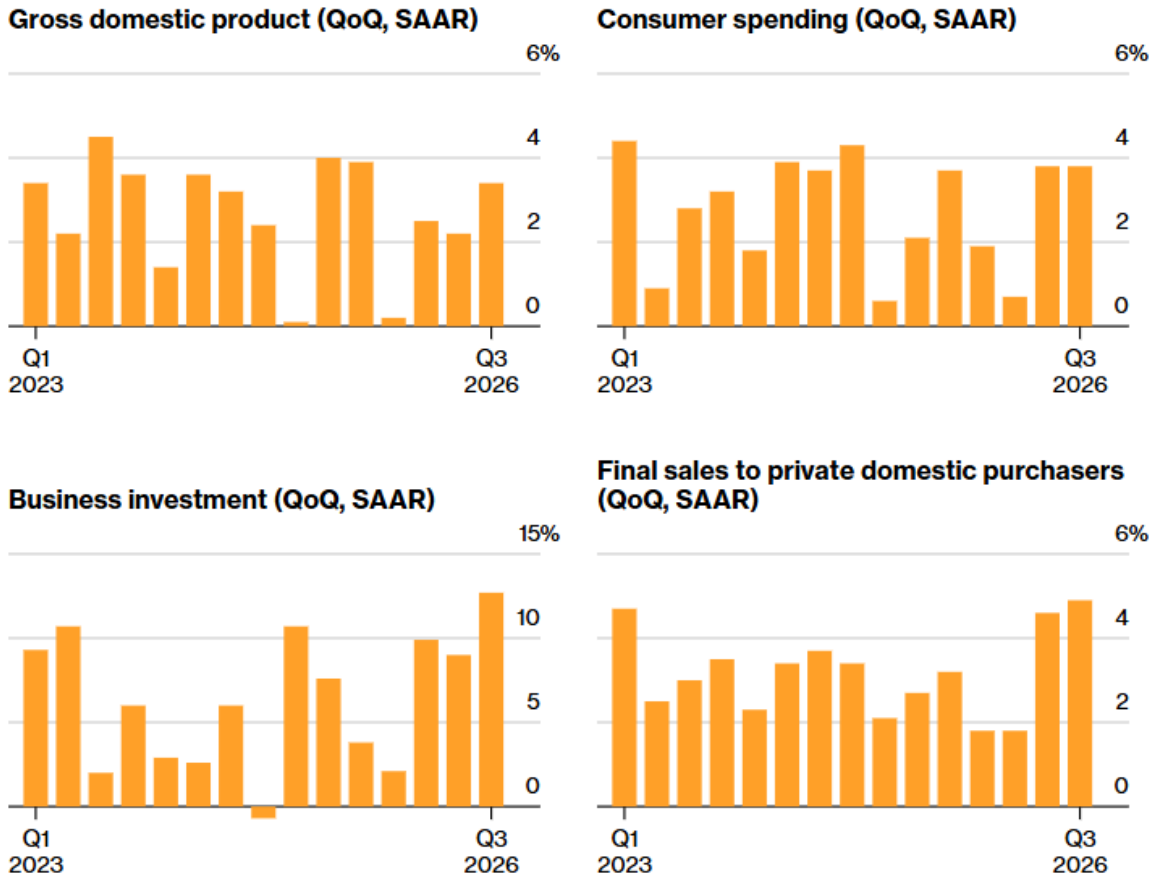
Source: Bloomberg, BLS, as of 10/14/2026

Remove The Extremes, And Inflation Is At Target!



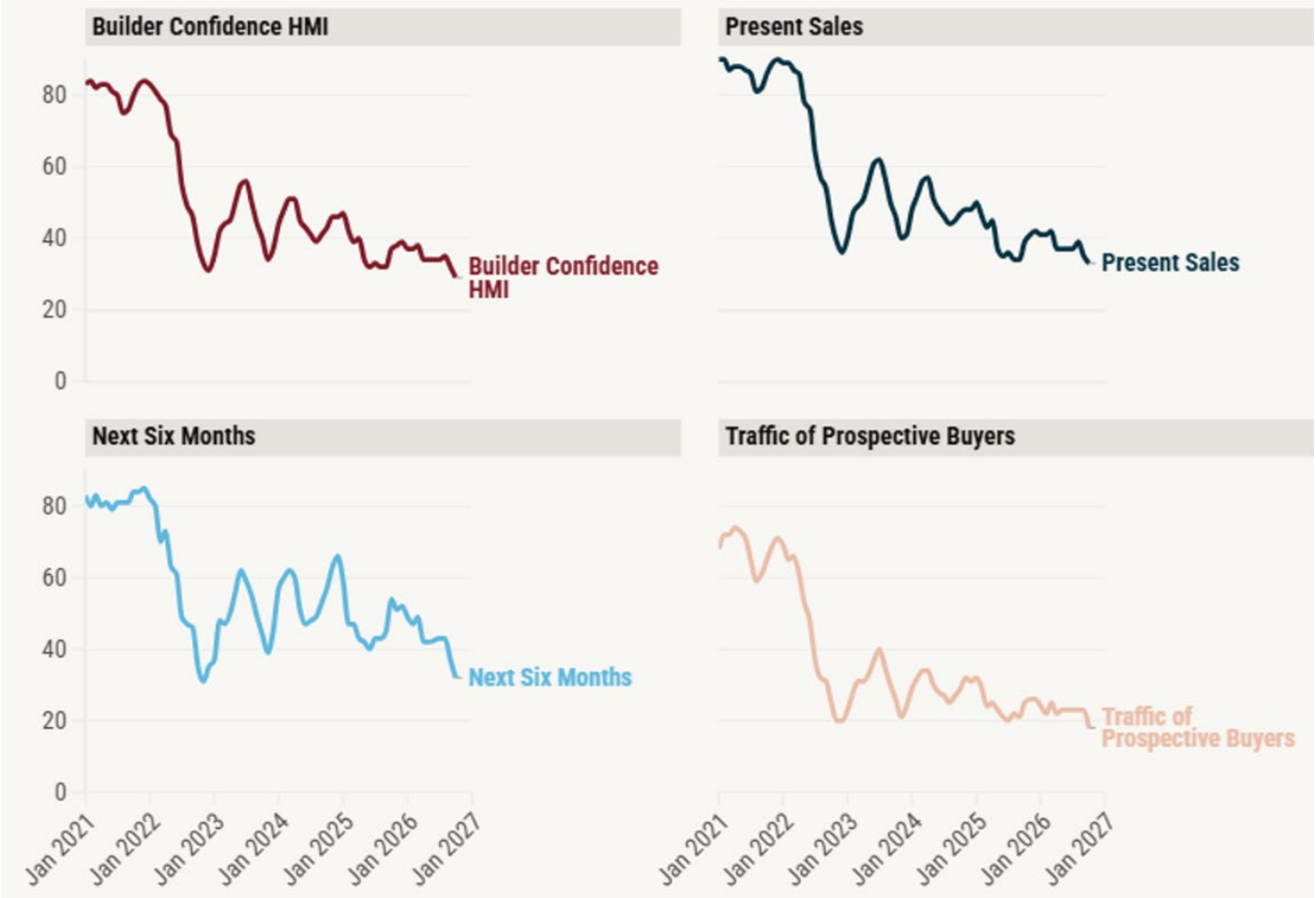
Source: YCharts, as of 09/30/2026

Economic Growth Is Strong



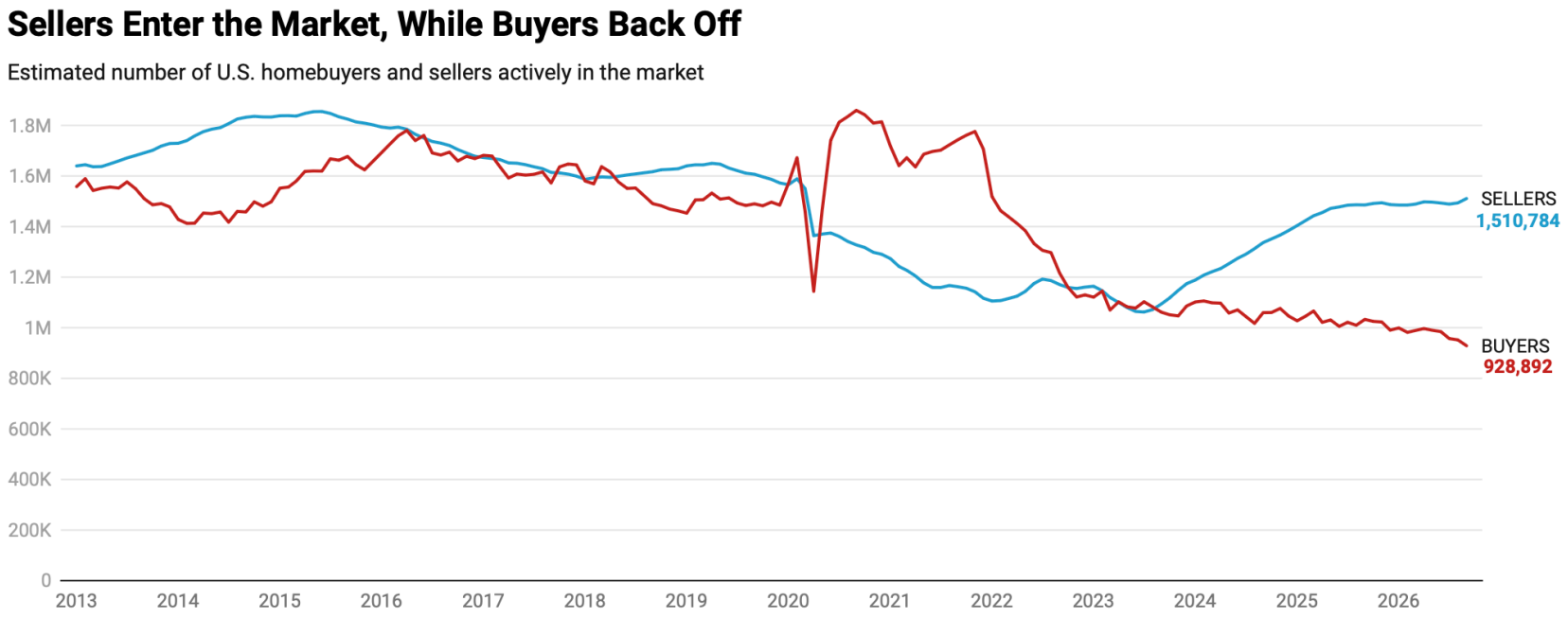
Source: Bloomberg, as of 09/30/2026

Housing Is Cooling Off



Source: NAHB, Wells Fargo, HousingWire, as of 10/19/2026

Housing – More Sellers Than Buyers



Source: Redfin Data, MLS, Datawrapper, as of 09/30/2026

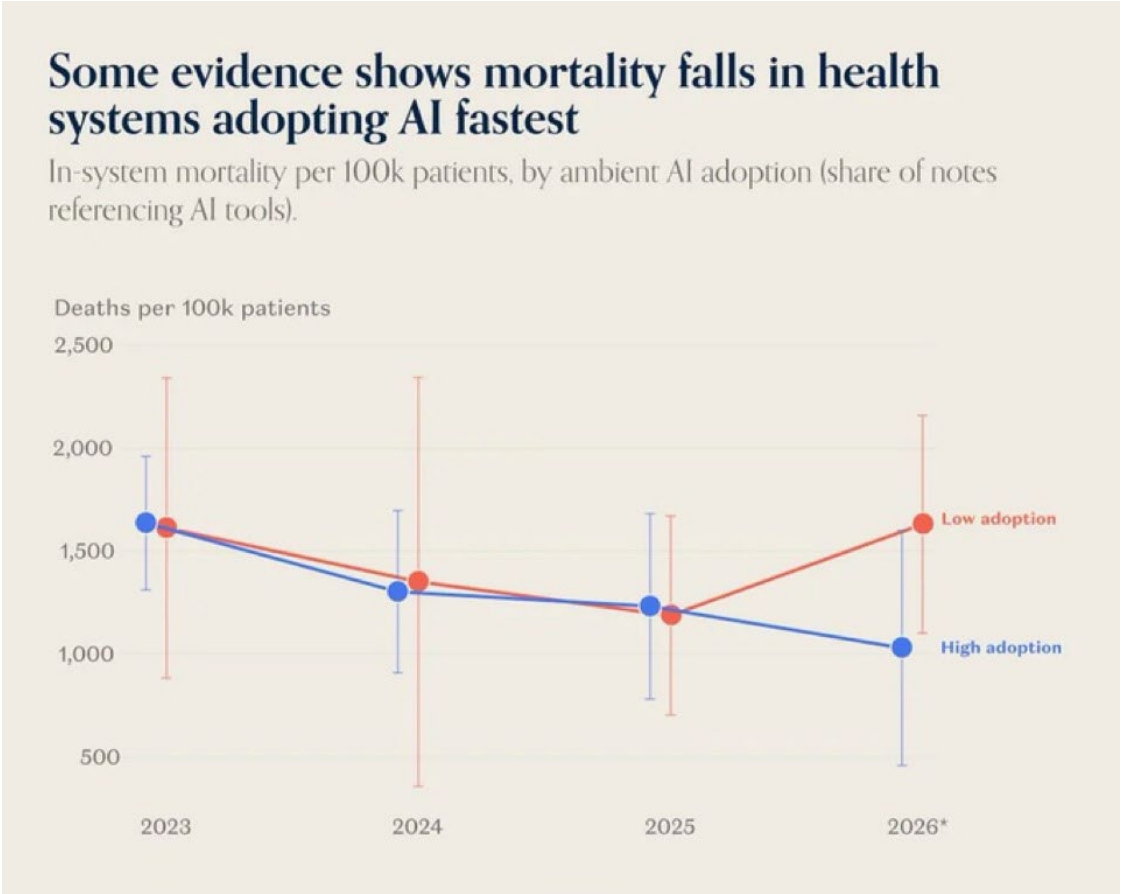
Midterm Elections – What Do The Betting Markets Say?

Outcome probabilities from Bloomberg prediction market data as of Nov 1, 2026; SPX reaction per JPM Market Intel

Scenario	Odds	Key Takeaways	Long-End Yields	SPX Reaction
Blue Wave *Dem House / Dem Senate*	**66%**	• Feared AI sell-off on regulation, but Trump won't sign bills limiting AI and Dems lack a veto-proof majority • Any dip is a buying opportunity for AI bulls; risk is the market de-grosses within the AI theme • "Investigation risk" for Trump-linked donors, incl. MegaCap Tech (per WSJ)	Slight decline on lower deficit spending	**-0.25% to +0.50%**
Split Congress *Dem House / GOP Senate*	**26%**	• Dems control gov't finances: expect deficit spending reduction • Effectively eliminates impeachment risk; investigation risk remains • Gridlock means 2027 budget fights, but shutdowns have limited economic/market impact	Potential decline	**+0.50% to +1.00%**
Red Wave *GOP House / GOP Senate*	**7%**	• Status quo prevails; no new regulatory risks • May embolden Trump to continue in Iran until a US-friendly deal or Iranian capitulation	Higher on continued elevated deficit spending	**+1.00% to +1.25%**
The Other Split *GOP House / Dem Senate*	**1%**	• Dems don't control financing, but split Congress means budget fights and potential shutdowns • Investigation risk remains (Senate has similar powers); impeachment can only start in the House	—	**+0.25% to +0.75%**

Source: ZeroHedge, J.P. Morgan Market Intel, Bloomberg, as of 11/01/2026

Live Long And Prosper! AI Is Saving Lives



Source: Protégé DataLab, A16Z, as of 10/27/2026

Anthropic Is Going Public!

How does Anthropic's cash pile measure up?

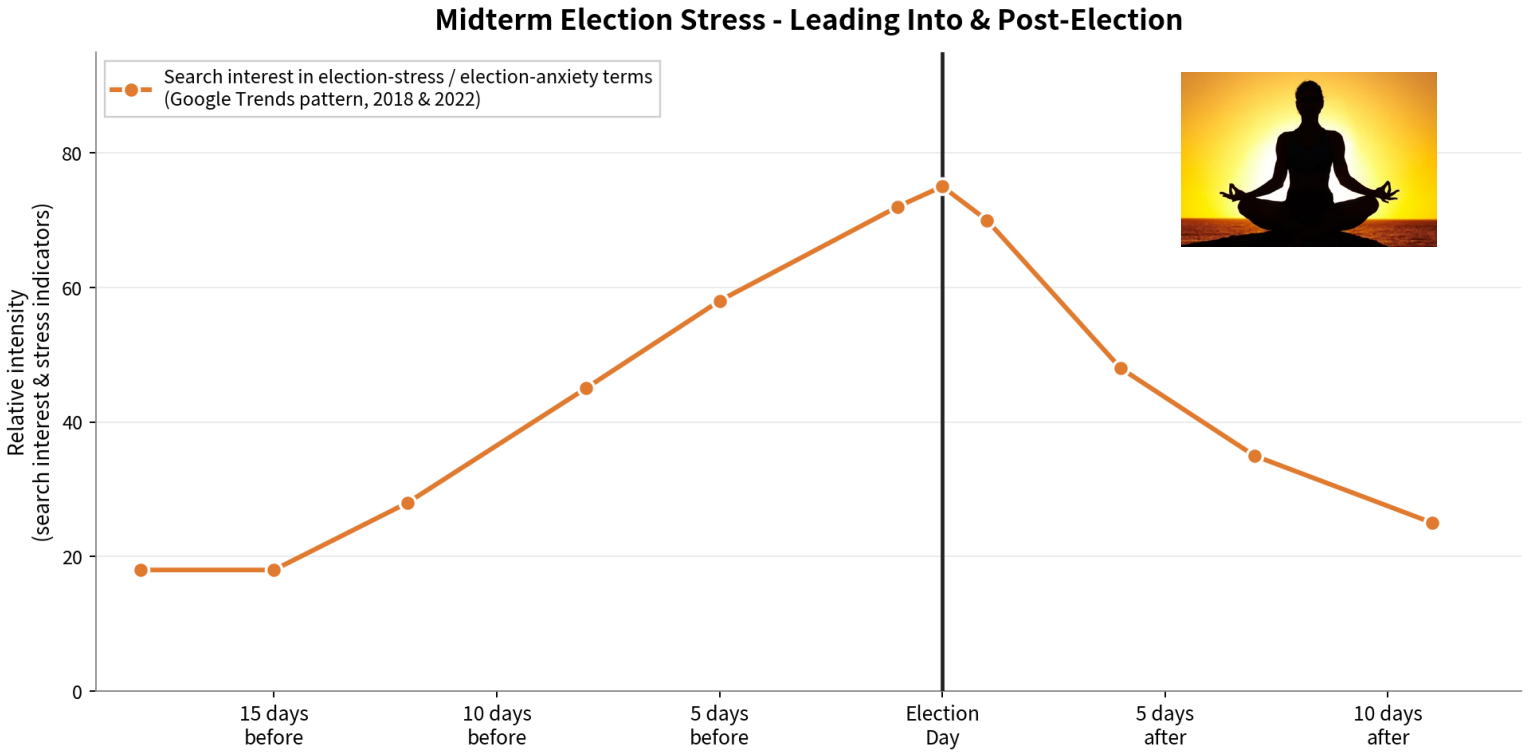
The AI giant is sitting on the third-largest total of cash and short-term investments of non-banking companies in the U.S.

	Cash + equivalents	Short-term investments	Total
Berkshire Hathaway BRK	$40.6B	$324.9B	$365.5B
Alphabet GOOGL	55.9B	186.6B	242.5B
Anthropic ANT	112.4B	19.3B	131.7B
Amazon AMZN	78.2B	44.8B	123B
Space Exploration Technologies SPCX	93.5B	6.5B	100B
Meta Platforms META	15.5B	74.8B	90.3B
Microsoft MSFT	20.9B	55.9B	76.8B
Nvidia NVDA	22.4B	40B	62.5B
Apple AAPL	39.5B	22.9B	62.4B
Tesla TSLA	15.2B	28.3B	43.5B
Elevance Health ELV	10.2B	27.3B	37.5B
Oracle ORCL	31.3B	605M	31.9B
UnitedHealth Group UNH	28.6B	2.9B	31.5B
Intel INTC	12.9B	16.9B	29.7B
MetLife MET	19.3B	8B	27.3B
Centene CNC	24.2B	2.9B	27.1B
Micron Technology MU	25B	1B	26B
General Motors GM	20.1B	4.6B	24.7B

Source: CNBC, as of 10/27/2026

Principle WEALTH

Lower Anxiety



Source: Google Trends, NC State University, as of 10/28/2026

Disclaimer

- The ticker symbols used are for illustrative purposes only, do not constitute a recommendation, and should not be treated as such. Please consult your financial professional for investment recommendations based on your particular investment objectives, risk tolerance, and time horizon.

- The views expressed in this commentary are subject to change based on market and other conditions. These documents may contain certain statements that may be deemed forward-looking statements. Please note that any such statements are not guarantees of any future performance and actual results or developments may differ materially from those projected. Any projections, market outlooks, or estimates are based upon certain assumptions and should not be construed as indicative of actual events that will occur.

- All information has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. There is no representation or warranty as to the current accuracy, reliability or completeness of, nor liability for, decisions based on such information and it should not be relied on as such.

- Principle Wealth Partners LLC is a registered investment advisor. Advisory services are only offered to clients or prospective clients where Principle Wealth Partners and its representatives are properly licensed or exempt from licensure. For current Principle Wealth Partners information, please visit the Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov by searching with Principle Wealth Partners' CRD #290180.