# “Gimme Shelter”

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

November 2025

Principle WEALTH

# Today's Agenda

1. Markets
2. Economy & Policy
3. Everything Else

# S&P 500 Returns – Positive For 6 Months In A Row


Source: SubuTrade.com, as of 10/31/2025

# Asset Class Returns – Move On From Cash

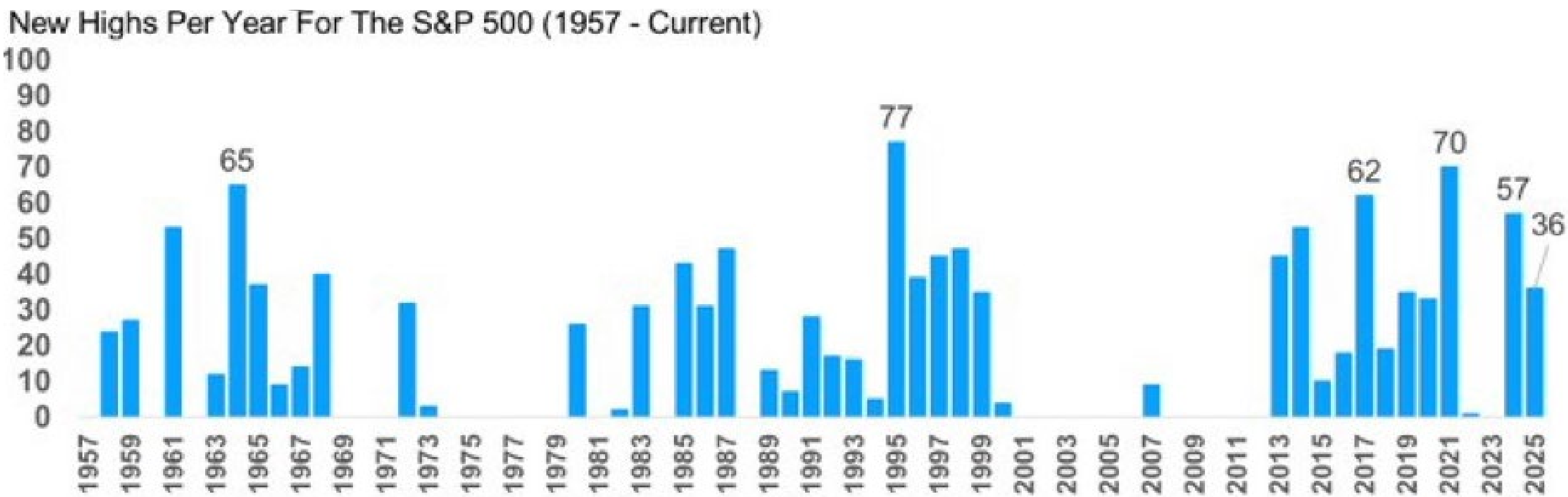
| 2010 - 2024 | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Ann.** | **Vol.** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024** | **YTD** |
| Large Cap 13.9% | Small Cap 20.6% | REITs 27.9% | REITs 8.3% | REITs 19.7% | Small Cap 38.8% | REITs 28.0% | REITs 2.8% | Small Cap 21.3% | EM Equity 37.8% | Cash 1.8% | Large Cap 31.5% | Small Cap 20.0% | REITs 41.3% | Comdty. 16.1% | Large Cap 26.3% | Large Cap 25.0% | EM Equity 28.2% |
| Small Cap 10.3% | EM Equity 17.9% | Small Cap 26.9% | Fixed Income 7.8% | High Yield 19.6% | Large Cap 32.4% | Large Cap 13.7% | Large Cap 1.4% | High Yield 14.3% | DM Equity 25.6% | Fixed Income 0.0% | REITs 28.7% | EM Equity 18.7% | Large Cap 28.7% | Cash 1.5% | DM Equity 18.9% | Small Cap 11.5% | DM Equity 25.7% |
| REITs 9.4% | REITs 16.8% | EM Equity 19.2% | High Yield 3.1% | EM Equity 18.6% | DM Equity 23.3% | Fixed Income 6.0% | Fixed Income 0.5% | Large Cap 12.0% | Large Cap 21.8% | REITs -4.0% | Small Cap 25.5% | Large Cap 18.4% | Comdty. 27.1% | High Yield -12.7% | Small Cap 16.9% | Asset Alloc. 10.0% | Large Cap 14.8% |
| Asset Alloc. 7.2% | DM Equity 16.5% | Comdty. 16.8% | Large Cap 2.1% | DM Equity 17.9% | Asset Alloc. 14.9% | Asset Alloc. 5.2% | Cash 0.0% | Comdty. 11.8% | Small Cap 14.6% | High Yield -4.1% | DM Equity 22.7% | Asset Alloc. 10.6% | Small Cap 14.8% | Fixed Income -13.0% | Asset Alloc. 14.1% | High Yield 9.2% | Asset Alloc. 12.9% |
| High Yield 5.9% | Comdty. 16.1% | Large Cap 15.1% | Cash 0.1% | Small Cap 16.3% | High Yield 7.3% | Small Cap 4.9% | DM Equity -0.4% | EM Equity 11.6% | Asset Alloc. 14.6% | Large Cap -4.4% | Asset Alloc. 19.5% | DM Equity 8.3% | Asset Alloc. 13.5% | Asset Alloc. -13.9% | High Yield 14.0% | EM Equity 8.1% | Small Cap 10.4% |
| DM Equity 5.7% | Large Cap 15.1% | High Yield 14.8% | Asset Alloc. -0.7% | Large Cap 16.0% | REITs 2.9% | Cash 0.0% | Asset Alloc. -2.0% | REITs 8.6% | High Yield 10.4% | Asset Alloc. -5.8% | EM Equity 18.9% | Fixed Income 7.5% | DM Equity 11.8% | DM Equity -14.0% | REITs 11.4% | Comdty. 5.4% | High Yield 9.6% |
| EM Equity 3.4% | Asset Alloc. 10.4% | Asset Alloc. 13.3% | Small Cap -4.2% | Asset Alloc. 12.2% | Cash 0.0% | High Yield 0.0% | High Yield -2.7% | Asset Alloc. 8.3% | REITs 8.7% | Small Cap -11.0% | High Yield 12.6% | High Yield 7.0% | High Yield 1.0% | Large Cap -18.1% | EM Equity 10.3% | Cash 5.3% | Comdty. 9.4% |
| Fixed Income 2.4% | High Yield 9.4% | DM Equity 8.2% | DM Equity -11.7% | Fixed Income 4.2% | Fixed Income -2.0% | EM Equity -1.8% | Small Cap -4.4% | Fixed Income 2.6% | Fixed Income 3.5% | Comdty. -11.2% | Fixed Income 8.7% | Cash 0.5% | Cash 0.0% | EM Equity -19.7% | Fixed Income 5.5% | REITs 4.9% | Fixed Income 6.1% |
| Cash 1.2% | Fixed Income 4.7% | Fixed Income 6.5% | Comdty. -13.3% | Cash 0.1% | EM Equity -2.3% | DM Equity -4.5% | EM Equity -14.6% | DM Equity 1.5% | Comdty. 1.7% | DM Equity -13.4% | Comdty. 7.7% | Comdty. -3.1% | Fixed Income -1.5% | Small Cap -20.4% | Cash 5.1% | DM Equity 4.3% | REITs [illegible] |
| Comdty. -1.0% | Cash 0.9% | Cash 0.1% | EM Equity -18.2% | Comdty. -1.1% | Comdty. -9.5% | Comdty. -17.0% | Comdty. -24.7% | Cash 0.3% | Cash 0.8% | EM Equity -14.2% | Cash 2.2% | REITs -5.1% | EM Equity -2.2% | REITs -24.9% | Comdty. -7.9% | Fixed Income 1.3% | Cash 3.2% |

Source: J.P Morgan Asset Management, Guide To The Markets, as of 10/31/2025

# The Set-Up

1. All-Time Highs In The Stock Market
2. Seasonal Strength
3. Foreign Investors Are Buying U.S. Assets
4. Sales Are Growing
5. Profits Are Growing
6. Buybacks Are Growing
7. Dividends Are Growing
8. Dry Powder Is Near An All-Time High
9. Capex Is Growing
10. Monetary Policy Easing
11. Deregulation
12. Productivity Rising
13. Inflation Near Target
14. Full Employment
15. Low Consumer Debt
16. Hidden Fiscal Stimulus Coming Q1

# Bull Markets Bring All Time Highs, And Many Of Them




Source: Carson Investment Research, FactSet, as of 10/28/2025

# Embrace The Journey

**Frequency and magnitude of historical equity market risk (since 1950)**

- 3 corrections of **5%** per year
- 1 correction of **10%** per year
- 1 correction of **>15%** once every 3 years
- 1 correction of **>20%** once every 5 years

**Opportunity:**

**~11% annual historical return**

**S&P 500 "batting average"**

(i.e., % of positive calendar years) since 1950

**75%**

Source: Fidelity Investments, Morningstar, as of 06/30/2025

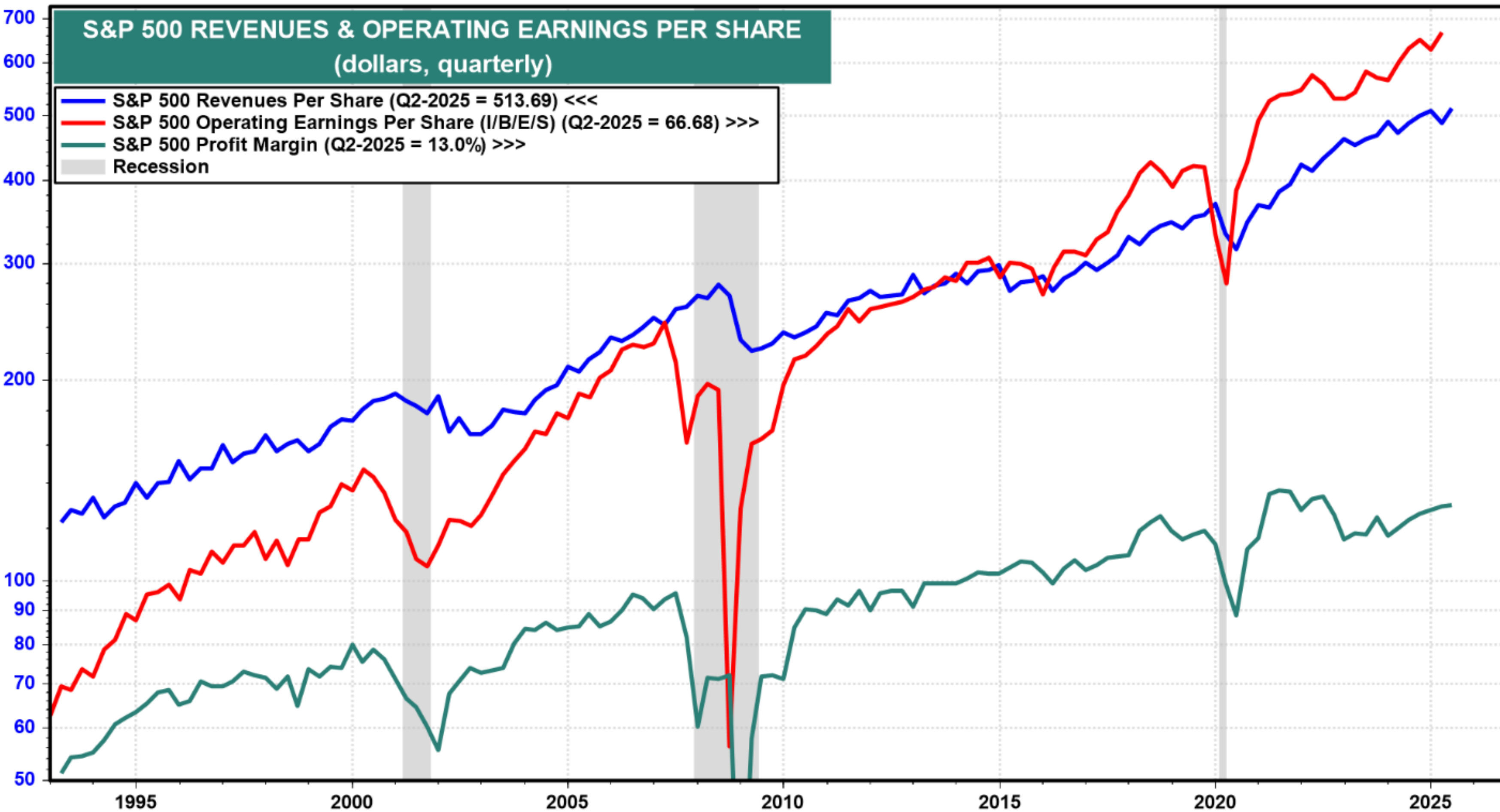
# Welcome To Green Season

Various S&P 500 Index 6-Month Returns

| 6-Month Period | Average % Change | % Higher |
|---|---|---|
| Nov-Apr | 7.0% | 76.0% |
| Oct-Mar | 6.6% | 69.3% |
| Dec-May | 5.3% | 70.7% |
| July-Dec | 4.8% | 72.0% |
| Sept-Feb | 4.7% | 69.3% |
| Aug-Jan | 4.6% | 70.7% |
| Mar-Aug | 4.5% | 72.0% |
| Feb-July | 4.4% | 72.0% |
| Jan-June | 4.3% | 69.3% |
| June-Nov | 3.5% | 68.0% |
| Apr-Sept | 3.0% | 65.3% |
| May-Oct | 2.1% | 65.3% |

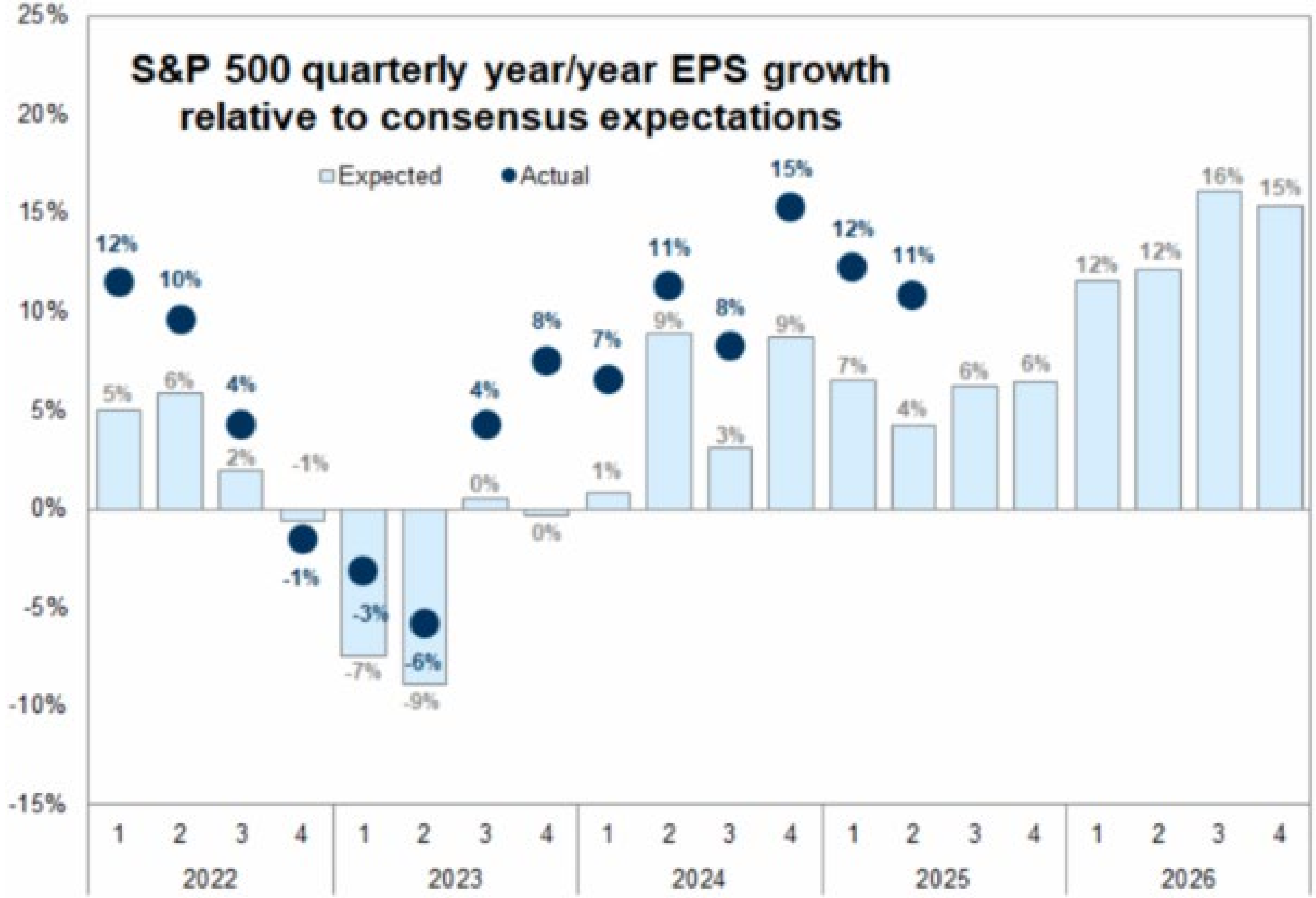
Source: Carson Investment Research, FactSet, as of 10/27/2025

# Sales And Earnings Rising



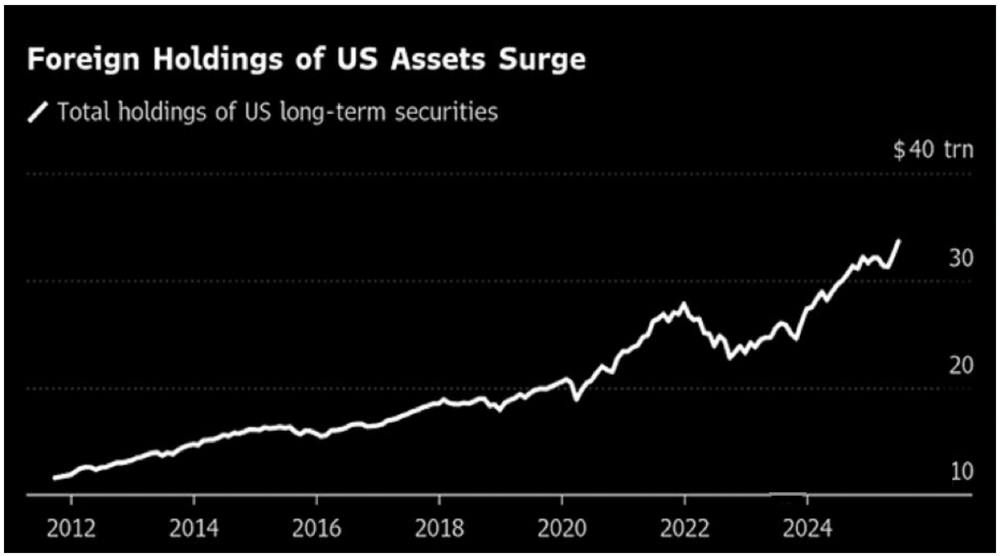

Source: LSEG Datastream, Yardeni Research, Standard & Poor's, as of 06/30/2025

# Earnings Tend To Be Better Than Forecasted




Sources: FactSet, Goldman Sachs Global Investment Research, as of 10/03/2025

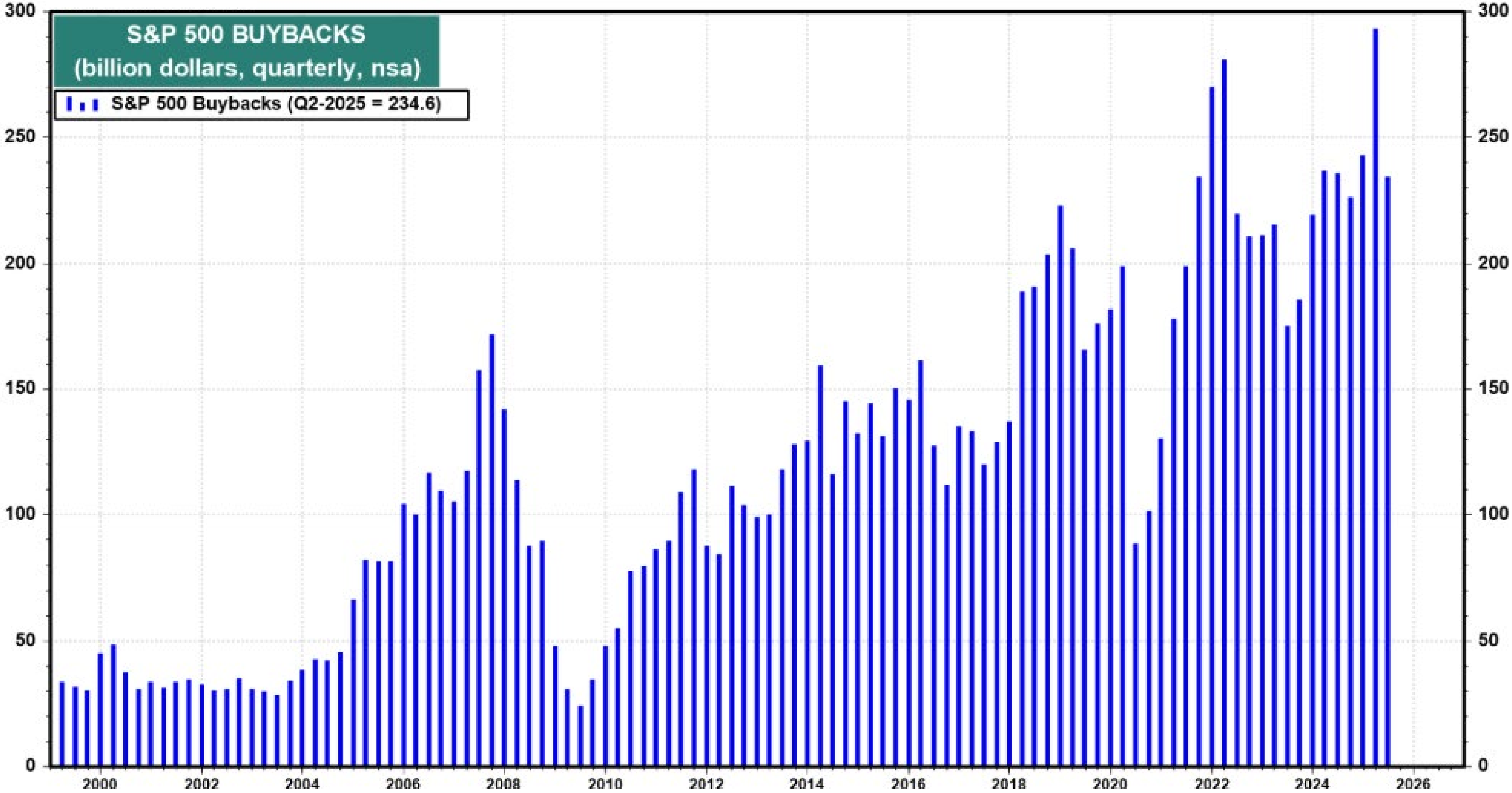
# Foreign Investors Are Investing In The U.S





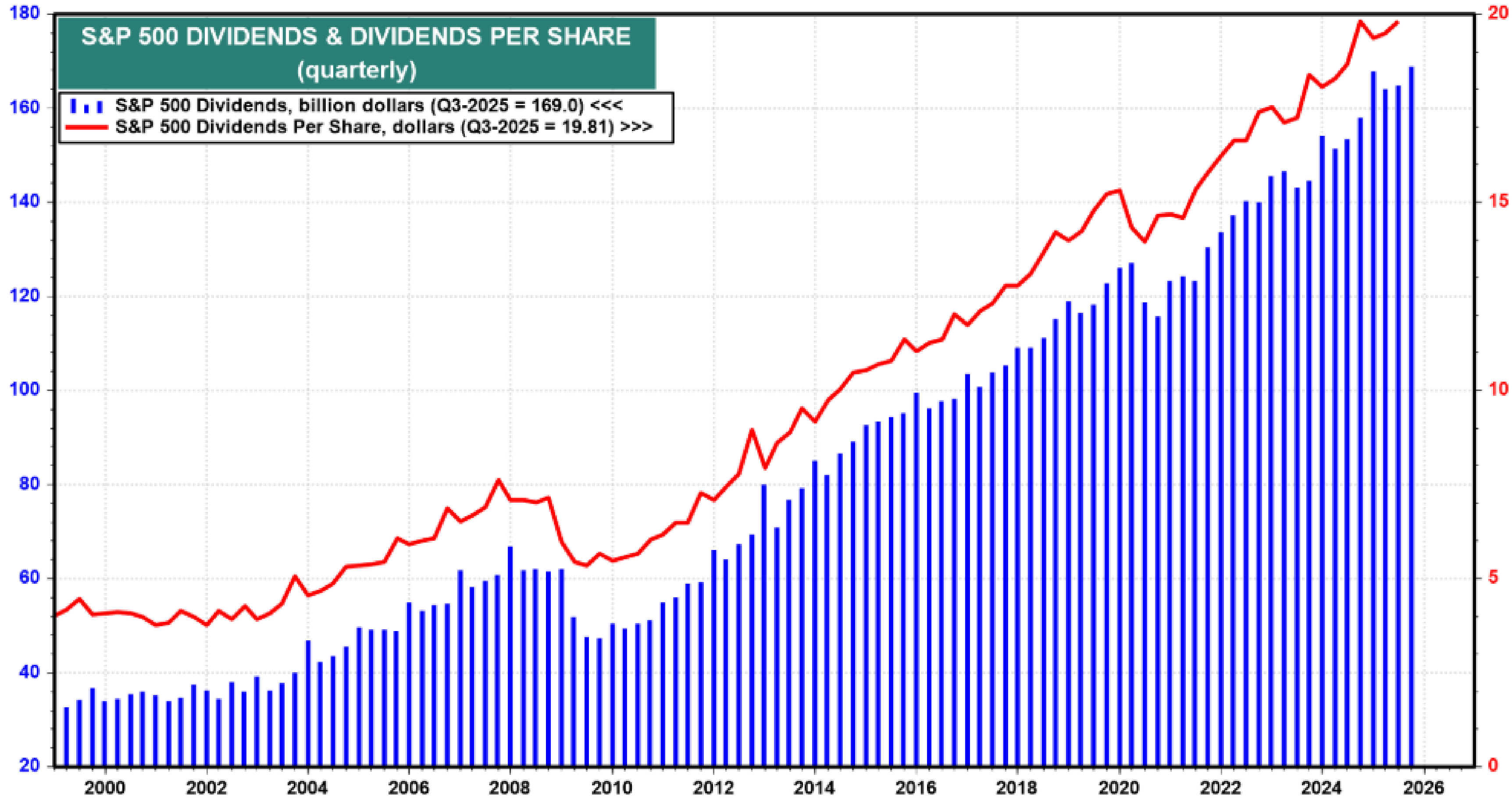
Sources: Bloomberg, U.S Treasury, Goldman Sachs Investment Research, as of 09/30/2025

# Invest In Yourself! Corporate Buybacks Continue To Grow



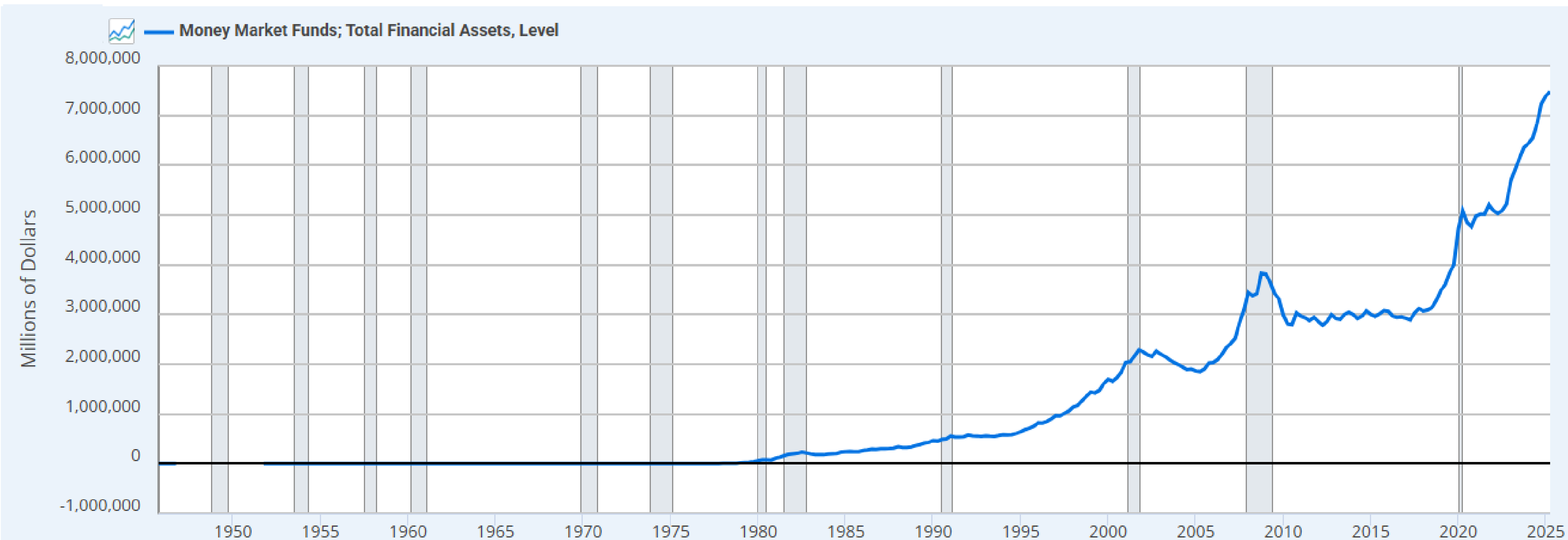

Source: LSEG Datastream, Yardeni Research, as of 06/30/2025

# Reward Your Believers! Dividends Continue To Grow




Source: LSEG Datastream, Yardeni Research, as of 06/30/2025

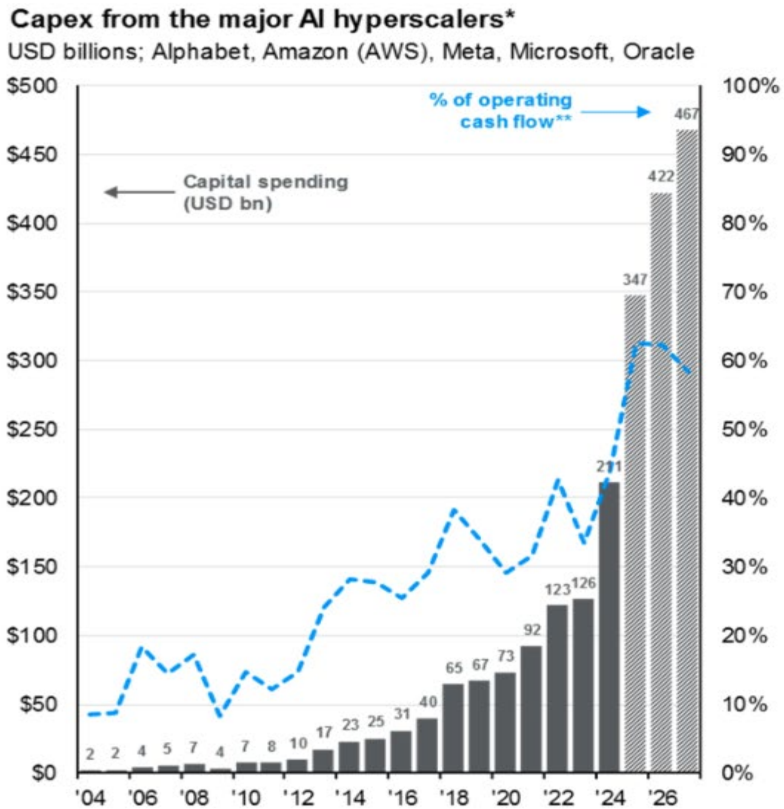
# Dry Powder Is At An All-Time High

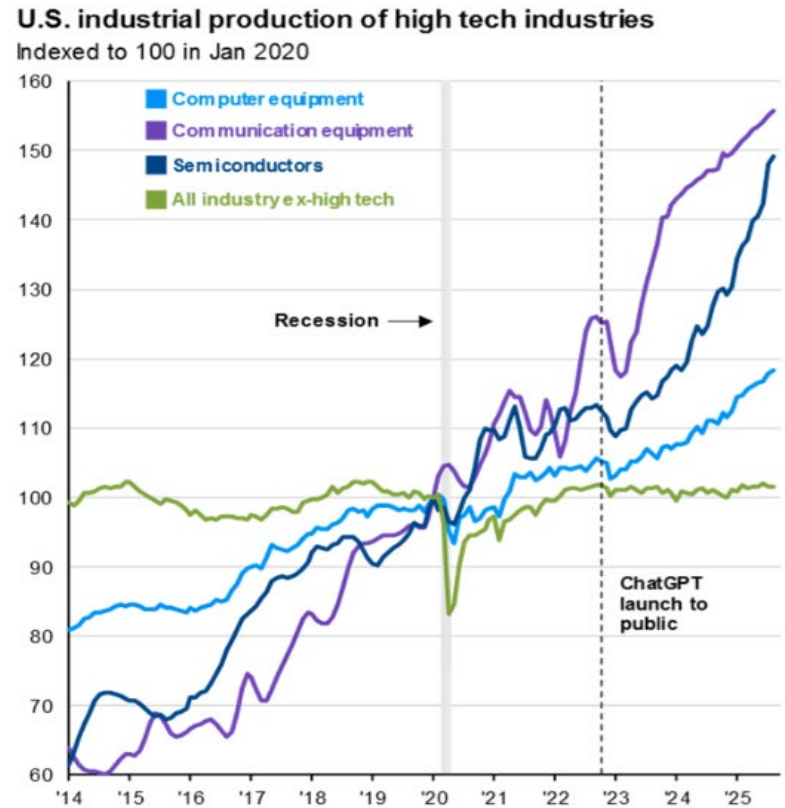



Source: FRED, as of 09/11/2025

# Capex Is Growing Fast

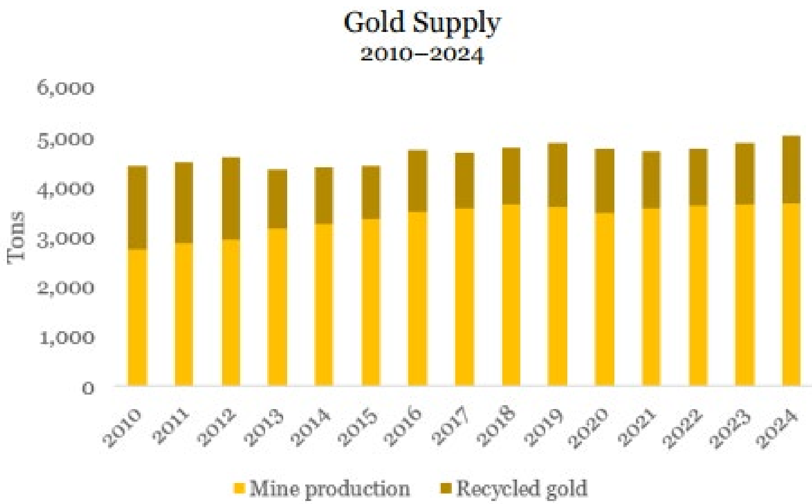
*Capex, or capital expenditure, refers to funds a company uses to acquire, upgrade, and maintain its long-term physical assets like buildings, machinery, or technology...*




Source: J.P Morgan Asset Management, Guide To The Markets, Company Filings, as of 10/31/2025

# Gold Speculation

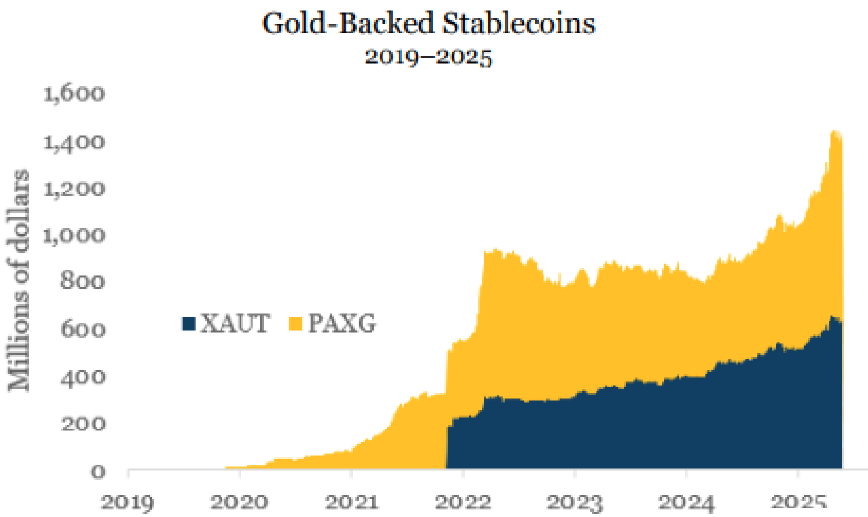



Gold tonnage hasn't changed much...

Yet gold is up +56%?

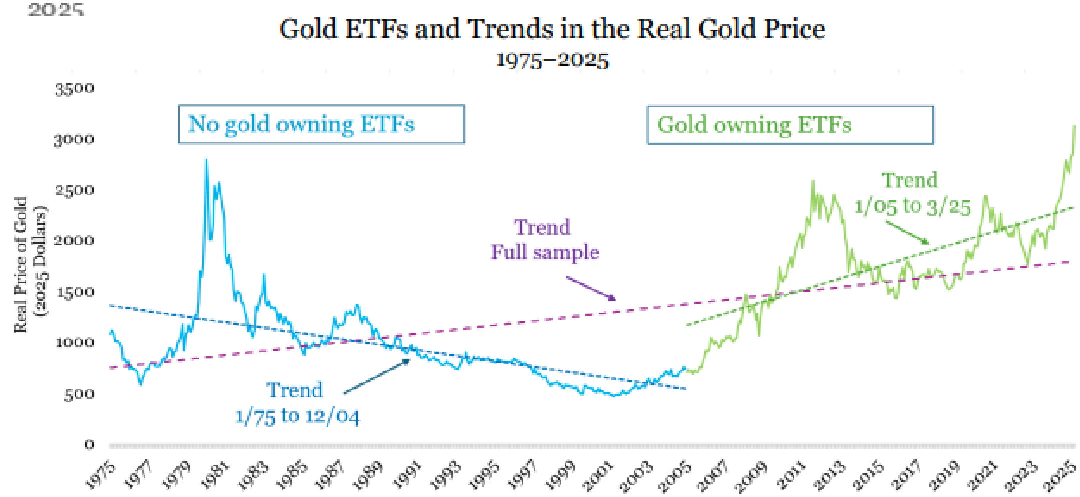

Sources: World Gold Council, YCharts, as of 10/23/2025

# Gold Speculation



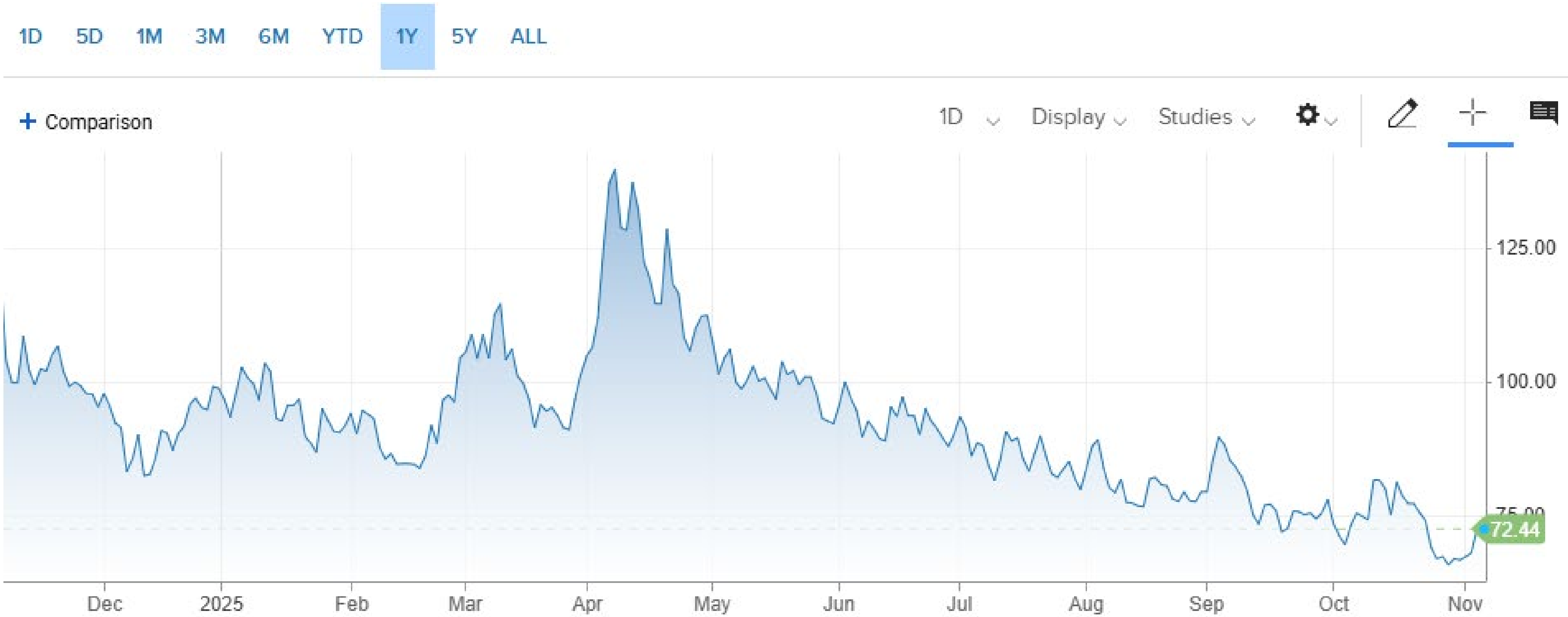

Demand for gold to back stablecoins is rising…

…and so is market speculation!




Sources: Paxo, Tether, Bloomberg, as of 10/03/2025

# Bond Market – Rate Volatility Has Come Down Significantly

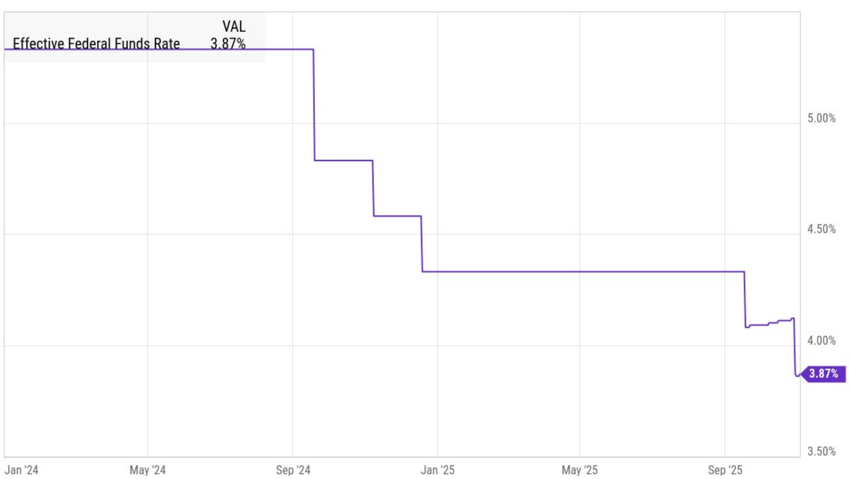



Source: CNBC, as of 11/07/2025

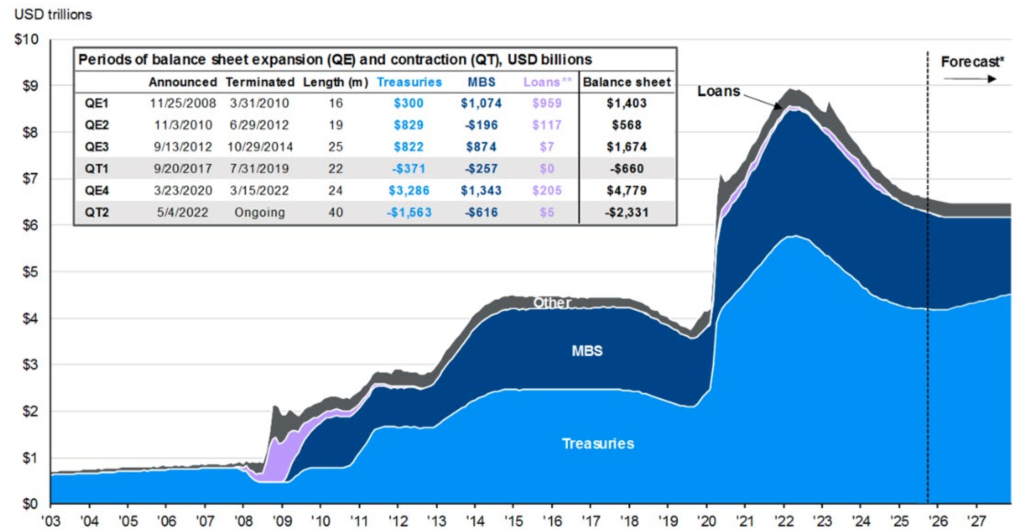
# Monetary Policy – The Fed's Double Shot

"…The Committee decided to lower the target range for the federal funds rate by ¼ percentage point to 3-3/4 to 4 percent…The Committee also decided to conclude the reduction of its aggregate securities holdings on December 1."
– Jerome Powell, 10/29/2025

## Rate Cut

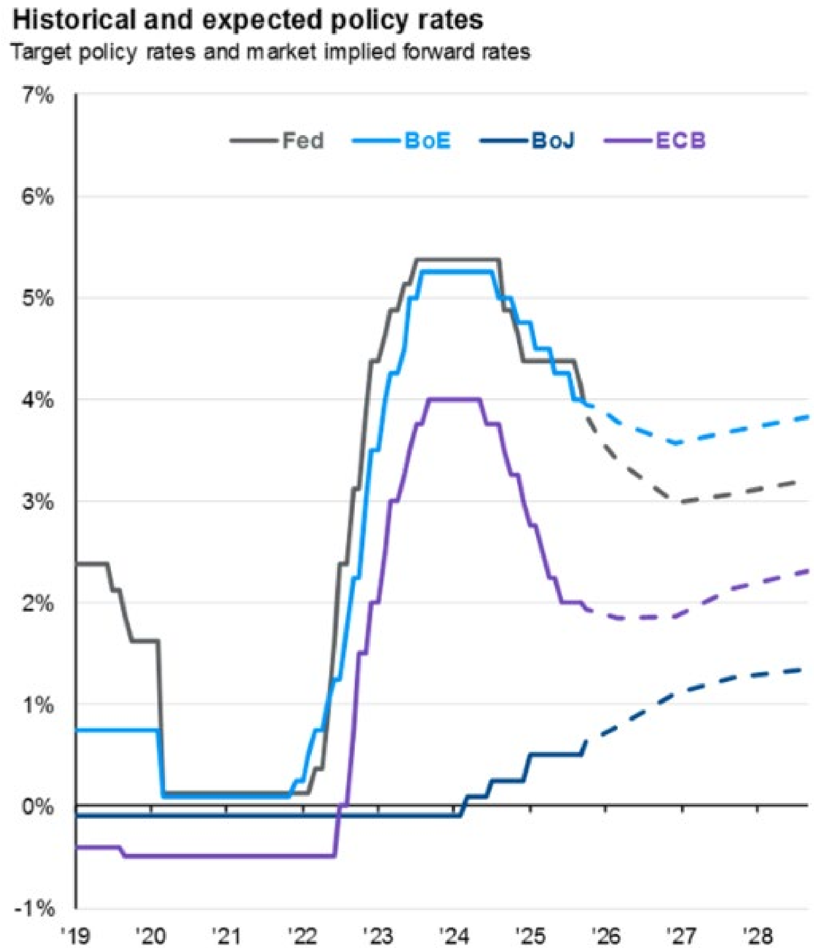



## R.I.P. QT2



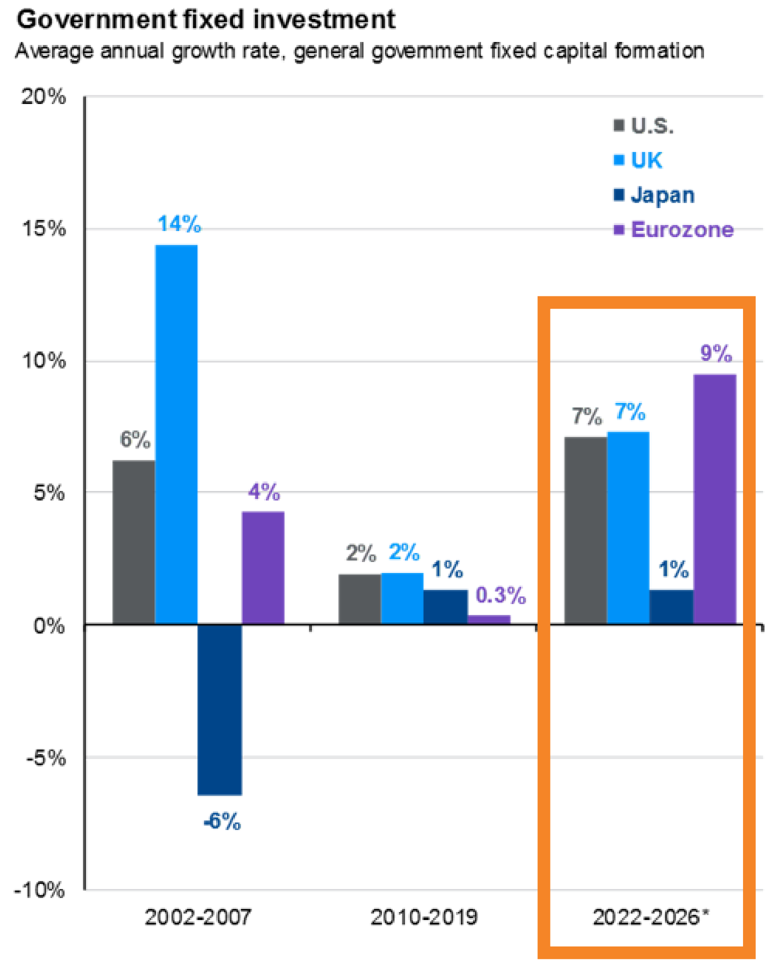

Sources: J.P Morgan Asset Management, Guide To The Markets, Federal Reserve, YCharts, as of 10/29/2025

# Monetary Policy – Global Convergence



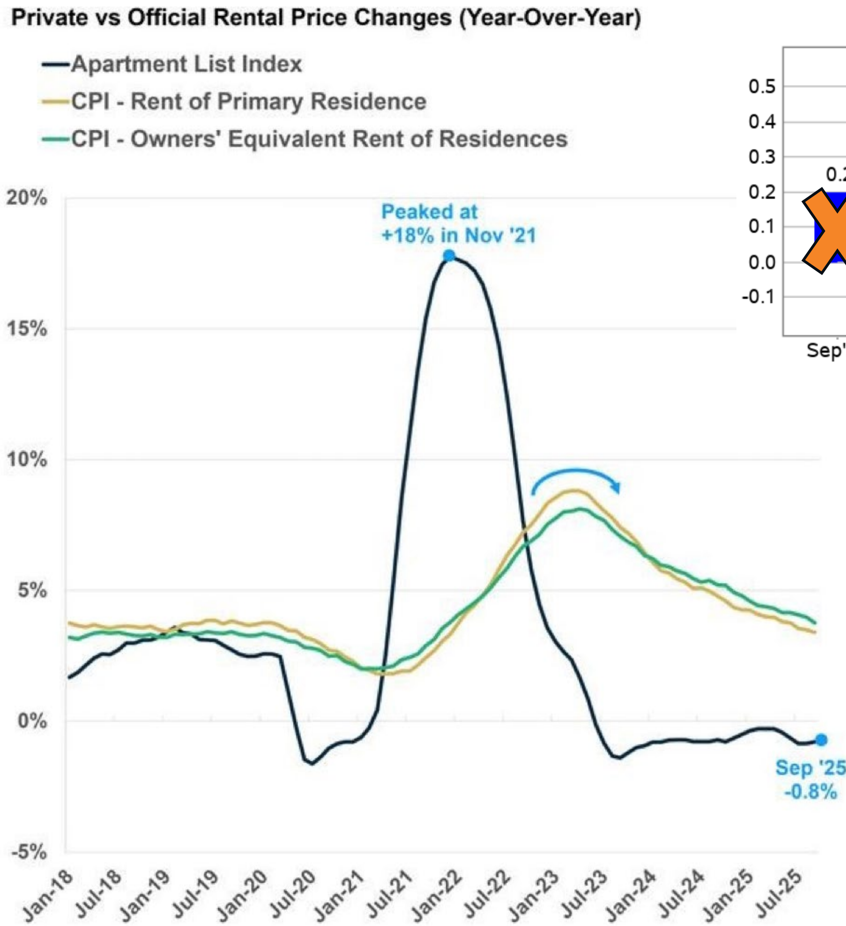

Source: J.P Morgan Asset Management, Guide To The Markets, as of 10/31/2025

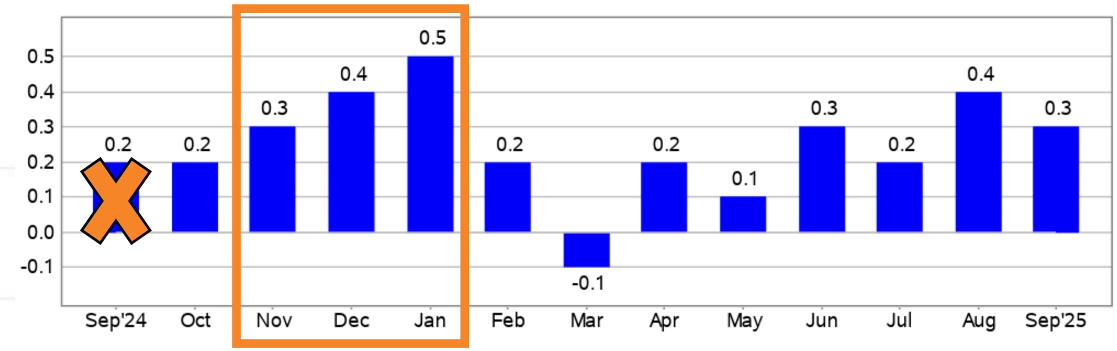
# Fiscal Policy – Global Convergence




Source: J.P Morgan Asset Management, Guide To The Markets, as of 10/31/2025

# "Gimme Shelter"…Will Bring Inflation Lower

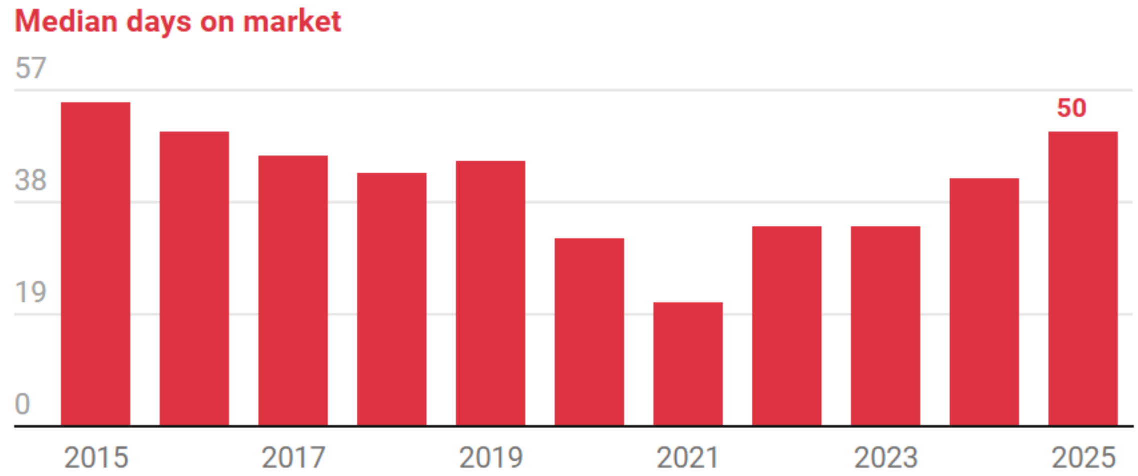


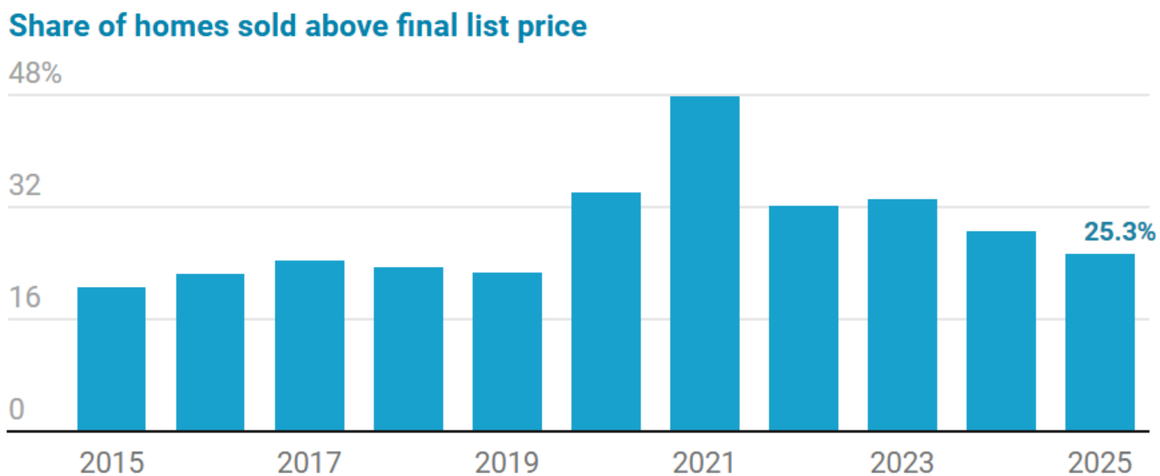




There are big numbers set to roll off…

Sources: Carson Investment Research, FRED, Apartment List, Bureau of Labor Statistics, as of 10/24/2025

# Housing – On The Market Longer For A Lower Price



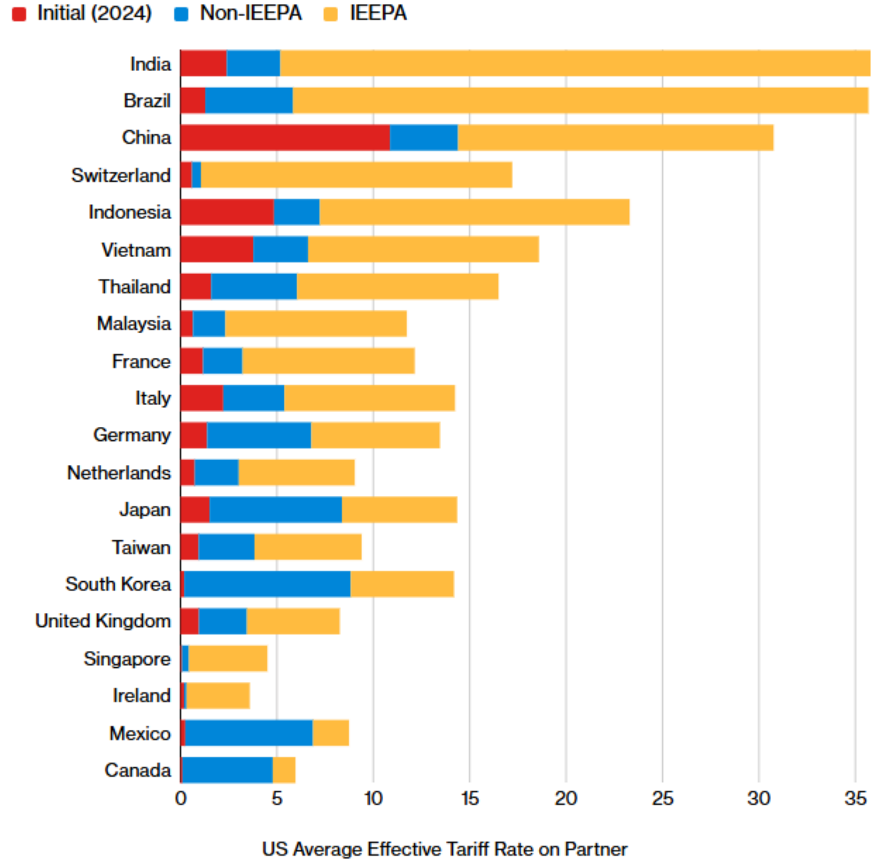

Source: Redfin, Datawrapper, as of 11/05/2025

# Tariffs – Supreme Court Battle Begins

Based on the Court's past record, we expect the Court may issue its decision in late February. February 20, 23, 24, and 25 could be possible dates for investors to watch.

**India, Brazil, China, Southeast Asia Have Most At Stake**

Trump's wide use of tariffs are subject to a Supreme Court review




Sources: Barclays Equity Research, Bloomberg, U.S Census, Bloomberg Economics, as of 10/31/2025

# Trade – Canada Apologizes And China Settles

## Canada's Mark Carney apologizes to Trump over anti-tariff ad

### U.S.–China Trade Deal Commitments (November 2025)

| Party | Commitment | Timing / Deadline | Notes / Conditions |
|---|---|---|---|
| China | Stop shipment of fentanyl-related chemicals to North America; stricter export controls globally. | Effective immediately | Addresses U.S. security concerns. |
| China | Suspend all retaliatory tariffs announced since March 4, 2025. | Effective November 2025 onward | Applies to U.S. farm goods and other sectors. |
| China | Suspend or remove non-tariff counter-measures against U.S. firms. | Under deal | Restores market access for U.S. firms. |
| China | Purchase at least 12 MMT U.S. soybeans in Nov–Dec 2025; 25 MMT annually in 2026–28. | 12 MMT by Dec 2025; 25 MMT per year 2026–28 | Large agricultural purchase target. |
| China | Resume purchases of U.S. sorghum and hardwood/softwood logs. | Under deal | Additional access for U.S. commodities. |
| China | Remove retaliatory actions against U.S. semiconductor firms. | Under deal | Improves tech supply chain stability. |
| China | Remove measures related to U.S. Section 301 investigation on maritime/logistics sectors. | Under deal | Improves maritime and logistics access. |
| China | Extend market-based tariff exclusion process for U.S. imports. | Until Dec 31 2026 | Extends trade benefits through 2026. |
| United States | Reduce tariffs on Chinese imports by 10 percentage points. | Effective Nov 10 2025 | Cuts cumulative rate from ~57% to ~47%. |
| United States | Maintain suspension of reciprocal tariffs (retain base 10% duty). | Until Nov 10 2026 | One-year truce period. |
| United States | Extend Section 301 tariff exclusions. | Until Nov 10 2026 | Provides trade continuity. |
| United States | Suspend new export-control rule expansion ('End-User Controls'). | Nov 10 2025 – Nov 10 2026 | Covers affiliates of certain listed entities. |
| United States | Suspend Section 301 responsive actions in maritime/logistics sectors. | Nov 10 2025 – Nov 10 2026 | Allows negotiation time. |

Source: NBC News, as of 11/01/2025

# Government Shutdown – Longest Ever

## Government Shutdown

**Time Since Oct 1, 2025 12:01 am**

| 35 | 15 | 26 | 30 |
|---|---|---|---|
| DYS | HRS | MIN | SEC |

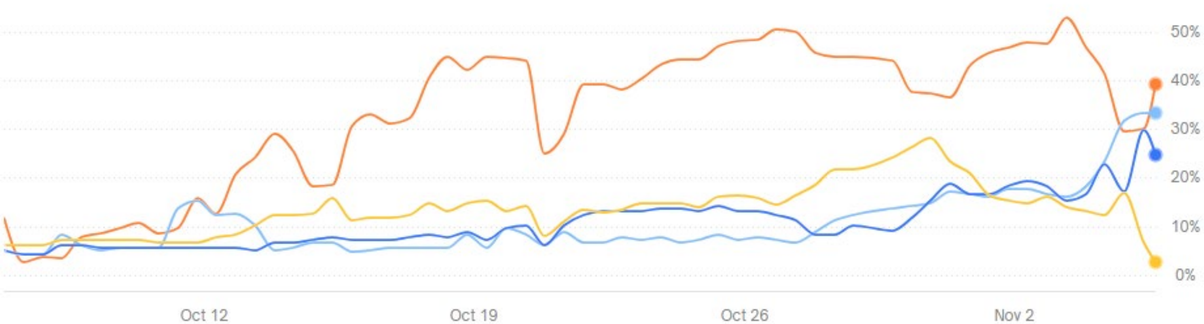
**When will the Government shutdown end?**

$7,324,134 Vol. Nov 15, 2025

PREDICTED

**November 14th** (44 days shutdown)

● November 16+ 39.5% ● November 8-11 34% ● November 12-15 25% ● November 4-7 2.9%




The market believes the shutdown will end in the middle of November.

Sources: Polymarket, as of 11/05/2025

# Government Shutdowns = Political Pressure, Not Policy Debates

*They end suddenly when the political or economic costs outweigh the perceived benefits for one side.*

**Base Case** – Shutdown ends **Nov 11–21**, likely via a short-term funding extension into 2026.

**Why It's Still Happening**

- **Political deadlock:** Neither party sees advantage in giving in. Polling shows **blame is evenly split**.
- **Limited voter pain:** Only ~27% of Americans feel personally affected; 70% of government employees are still working.
- **Public apathy:** Google searches and constituent calls have dropped off sharply.

**Historical Context**

- **2013 Shutdown (16 days)** – Ended when the **debt limit** deadline hit.
- **2018–19 Shutdown (34 days)** – Ended due to **air travel disruptions** and a **new Congress** changing control.

**Potential Catalysts for Ending**

- **Missed paychecks:**
    - *Air traffic controllers* (Nov 11)
    - *Military* (Nov 14)
- **Logistical strain:** Thanksgiving travel delays could heighten public anger.
- **Congressional clock:** The current funding bill expires **Nov 21**, forcing action.

**Possible Endgame Scenarios**

1. **Democrats join Republicans** to reopen without concessions (most likely).
2. **Grand bargain** includes ACA tax credit extension.
3. **Republicans act unilaterally**—via filibuster removal or reconciliation (least likely).

**The ACA Tax Credit Factor**

- **Republican incentive:** 77% of ACA enrollees live in **Trump-won states**; losing credits hurts their base.
- **Democratic strategy:** Lacking a major campaign strategy, may prefer to delay a deal and **campaign on healthcare in 2026**.

**Economic & Market Impact**

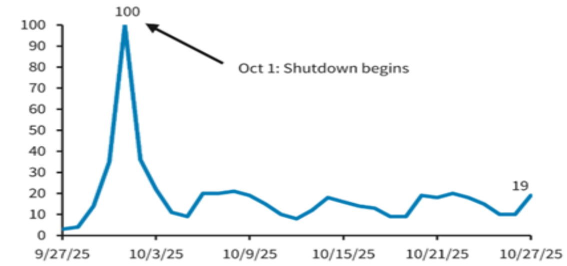
- **Short-term:** Minimal—delays in data and small GDP dip.
- **Long-term (if prolonged):** Consumer confidence erosion, headline market volatility, and eventual economic drag.

Sources: NBC, CBS, as of 11/07/2025

# Government Shutdowns = Political Pressure, Not Policy Debates

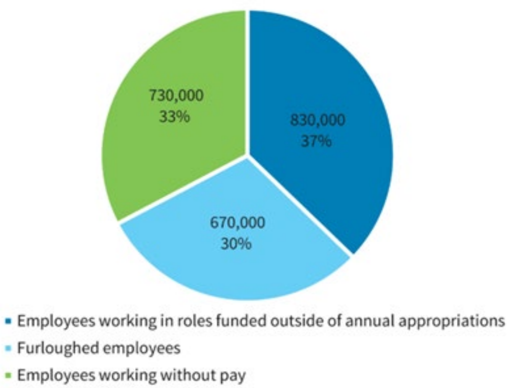
| Pollster | Date | Trump & Republicans in Congress | Democrats in Congress | Both Equally | Neither/Don't Know |
|---|---|---|---|---|---|
| Washington Post | Oct 1 | 47% | 30% | — | 23% |
| CBS News/YouGov | Oct 1–3 | 39% | 30% | 31% | — |
| Morning Consult | Oct 3–5 | 43% | 38% | — | — |
| AP-NORC | Oct 9–13 | 58% | 54% | — | — |
| YouGov/The Economist | Oct 10–13 | 39% | 33% | 20% | 8% |
| Reuters/Ipsos | Oct 15–20 | 50% | 43% | — | — |
| Quinnipiac | Oct 16–20 | 45% | 39% | 11% | — |
| YouGov/The Economist | Oct 17–20 | 39% | 31% | 24% | 7% |
| Washington Post/ABC News/Ipsos | Oct 24-28 | 45% | 33% | — | 22% |
| NBC News | Oct 24-28 | 52% | 42% | 4% | 2% |

Google search interest over time for "government shutdown"

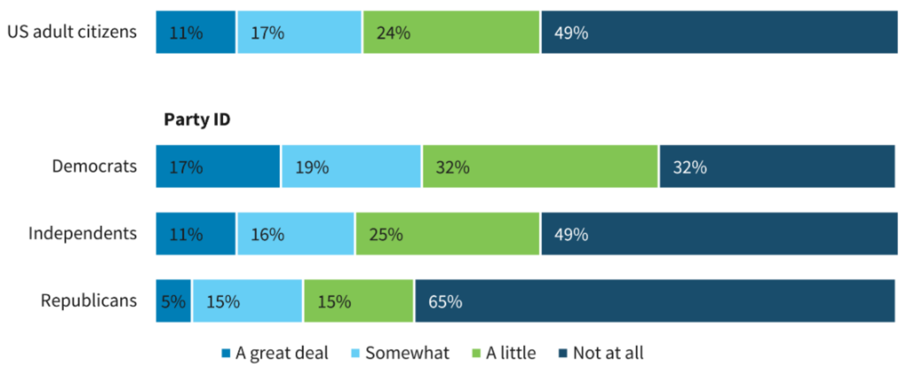



Numbers represent search interest relative to the highest point on the chart for the given region and time (US over past 30 days). 100 is the peak popularity for the term.

Federal government civilian workers during the shutdown

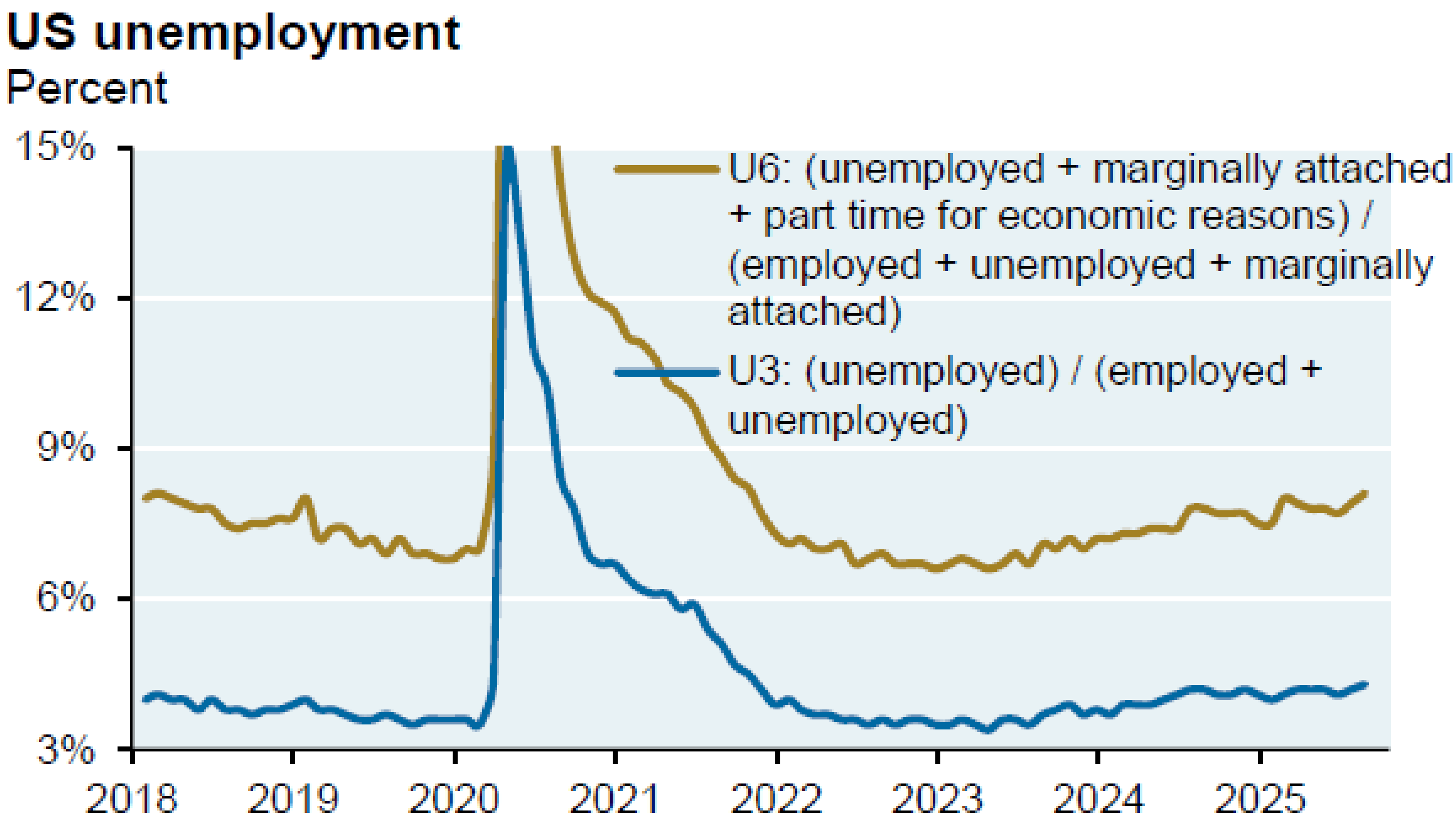



How much is the government shutdown affecting you personally?



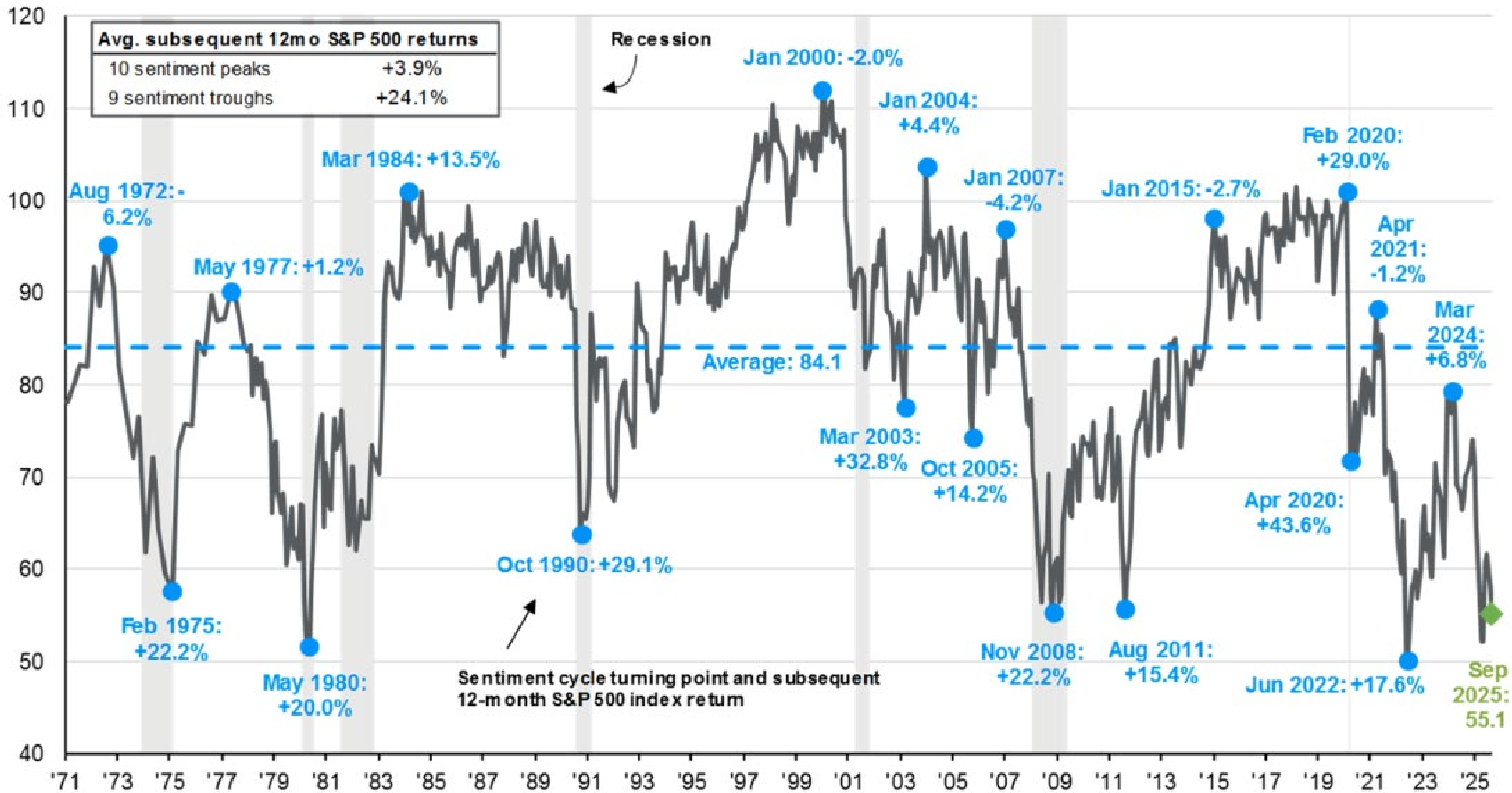

Sources: Barclays Research, The Economist, YouGov, as of 10/28/2025

# Employment – Nearly At Full Employment




Source: BLS, Bloomberg, J.P Morgan Asset Management, as of 08/31/2025

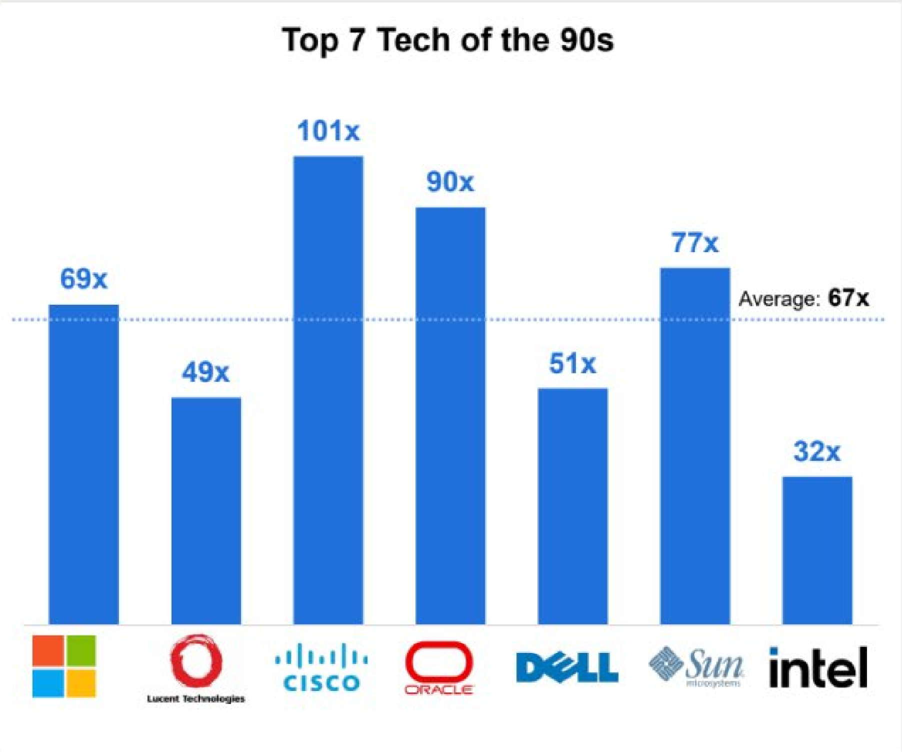
# Sentiment – Separate Politics From The Fundamentals



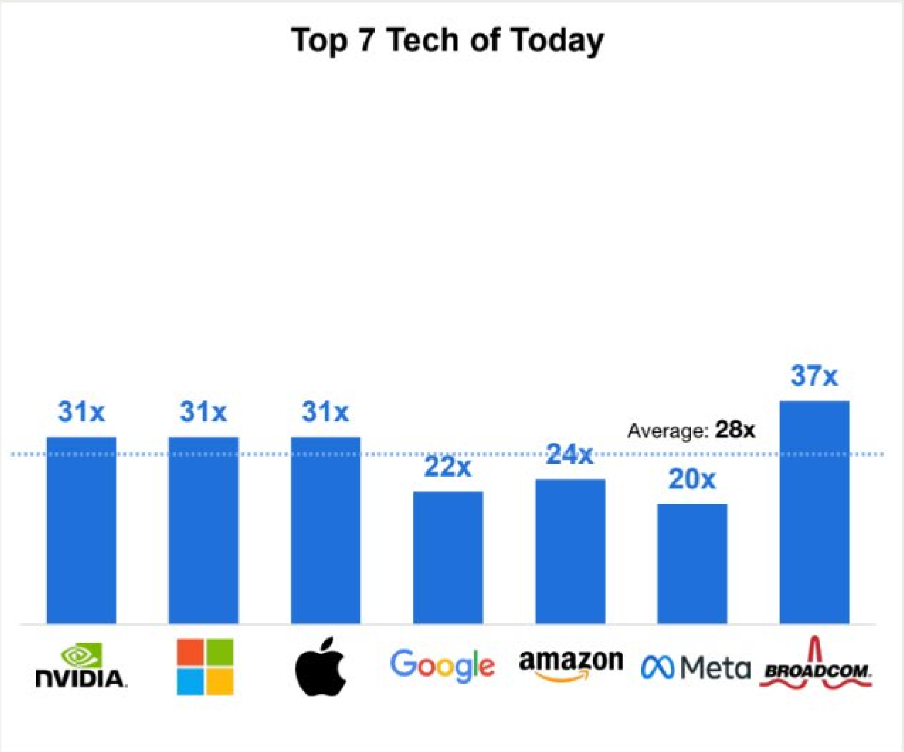

Source: J.P Morgan Asset Management, Guide To The Markets, University of Michigan, as of 09/30/2025

# Bubbles – This Is Not That

NTM P/E (1999)

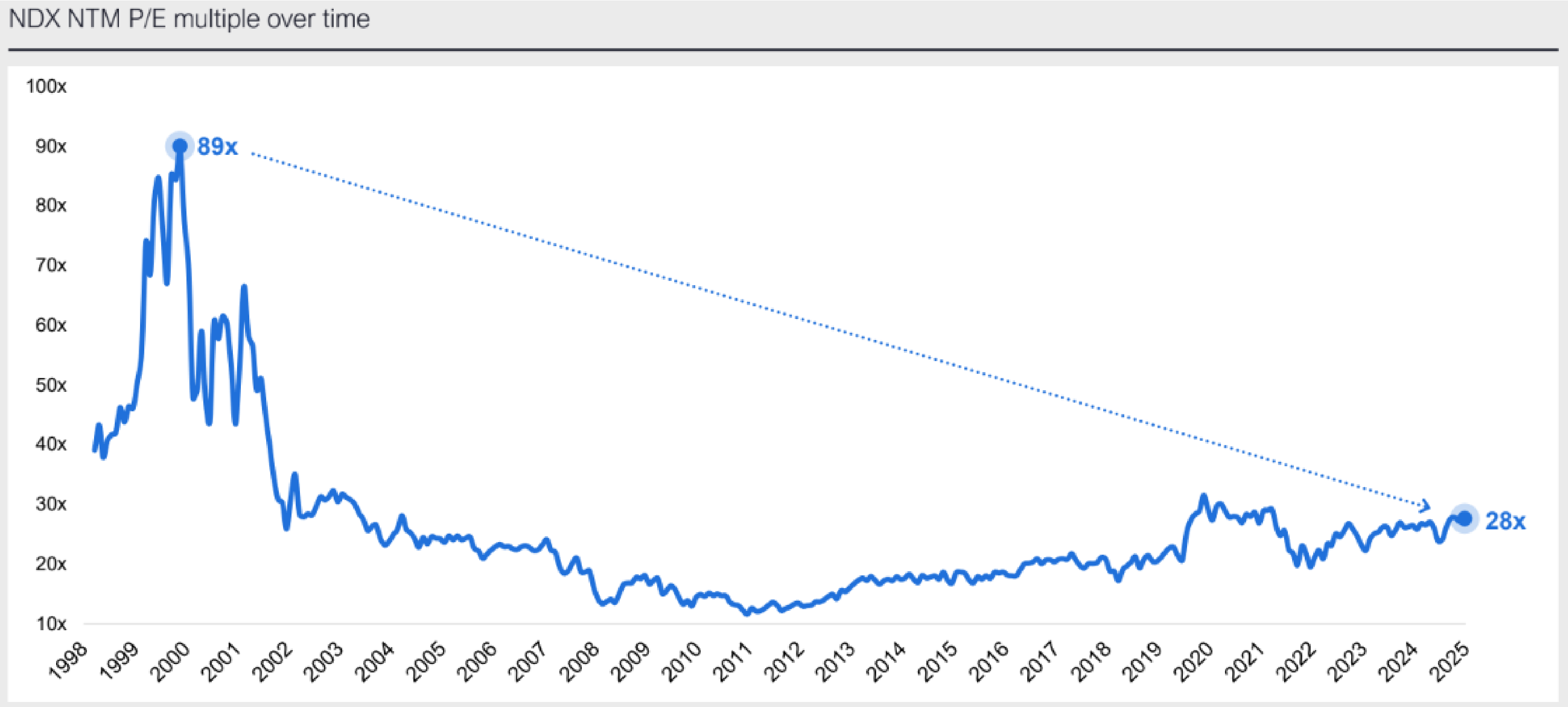



NTM P/E (today)



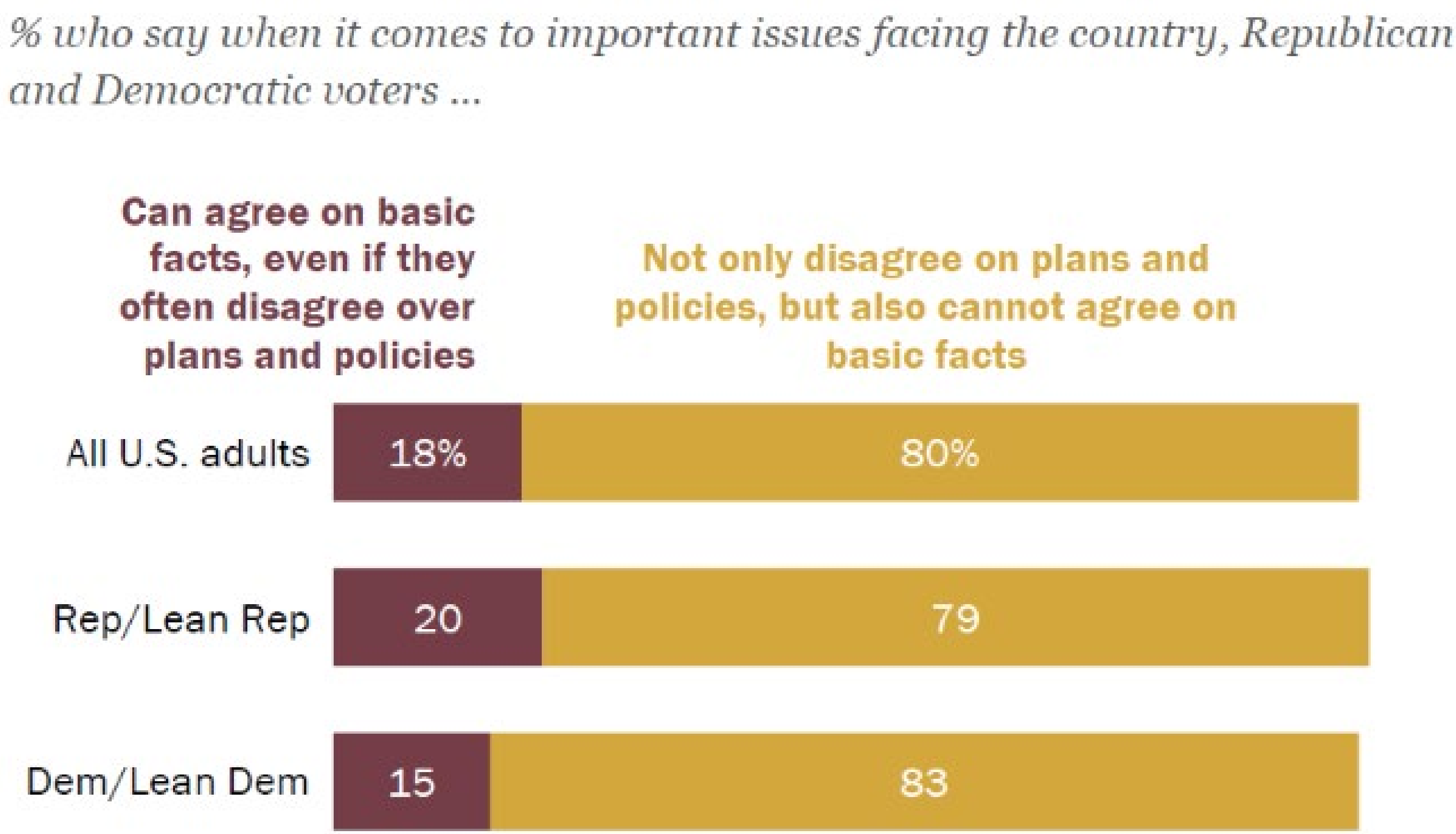

Source: Coatue, Bloomberg, Goldman Sachs, as of 10/14/2025

# Bubbles – This Is Not That



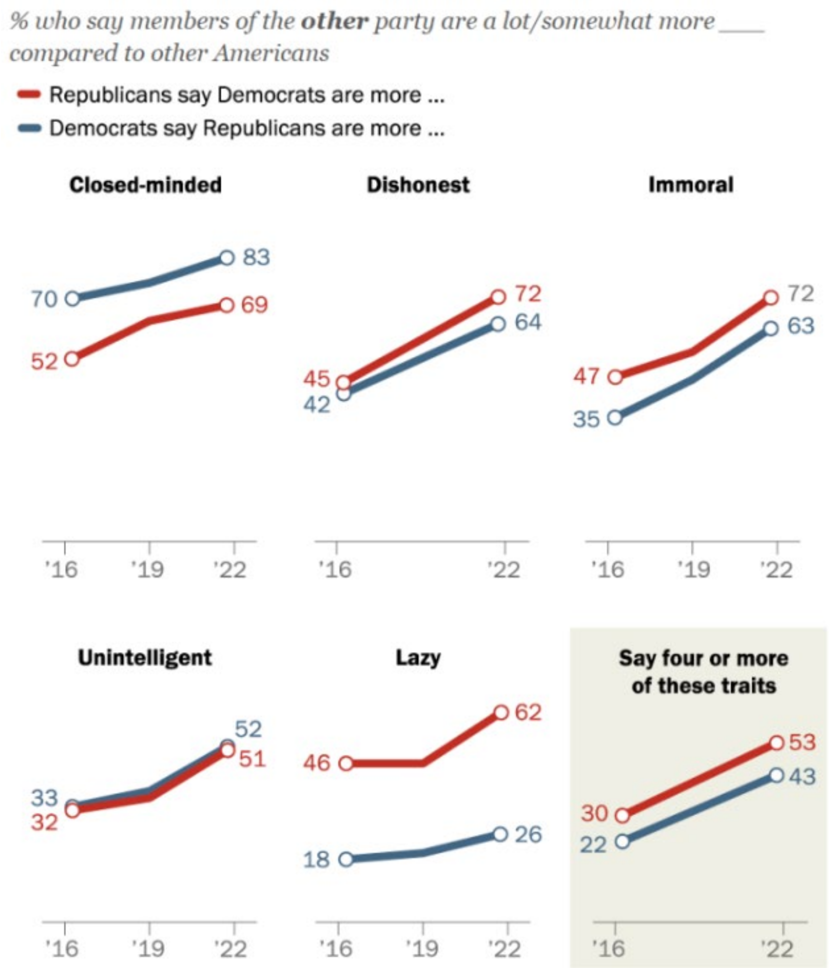

Source: Coatue, Bloomberg, as of 10/13/2025

# Can We Still Be Friends?



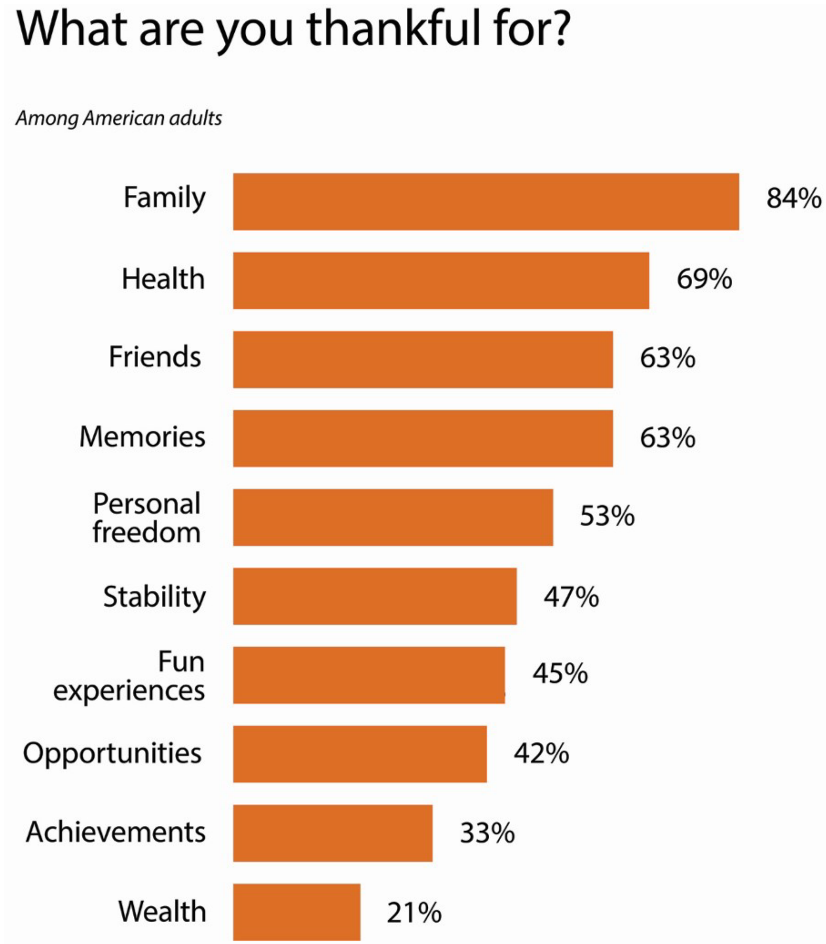

Source: Pew Research, as of 03/16/2025

# Can We Still Be Friends?




Source: Pew Research, as of 07/04/2022

# Happy Thanksgiving!




Source: LifeWay Research, as of 12/31/2024

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