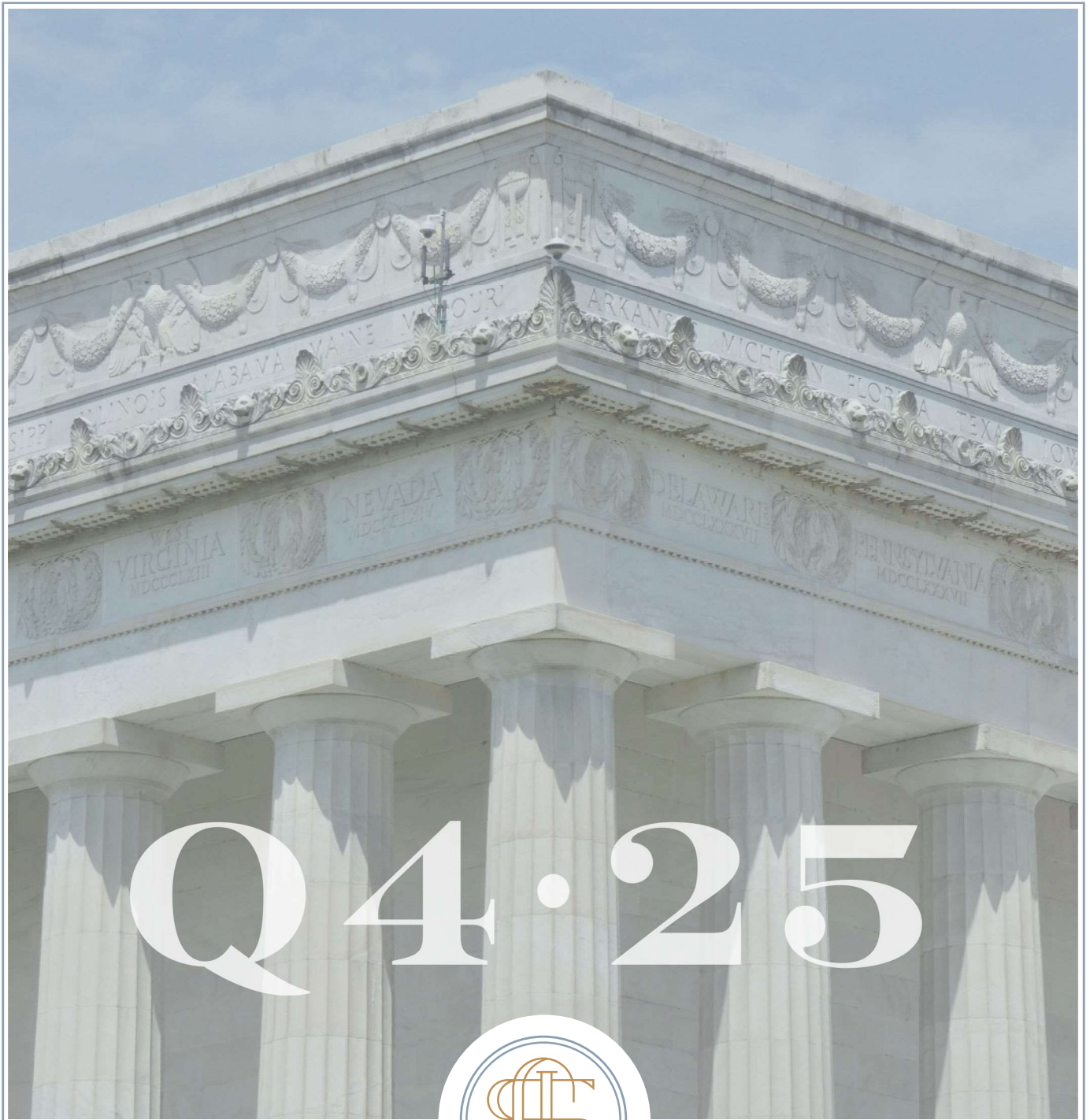


QUARTERLY MARKET REVIEW

FOURTH QUARTER 2025



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JANUARY 23, 2026

Dear Investors,

2025 was a historically strong year for markets despite the many events that took place along the way. The past year delivered no shortage of headlines, including April's tariff announcements, ongoing developments in artificial intelligence, the passage of the One Big Beautiful Bill Act, and shifting expectations for economic growth. Through it all, U.S. equities rose to new record highs, international markets outperformed their domestic counterparts, and bonds continued their rebound.

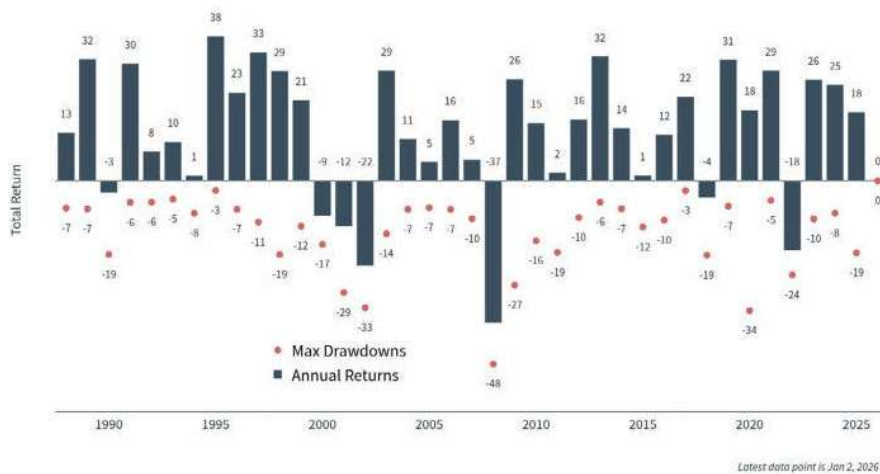
For the full-year 2025, the S&P 500, Nasdaq, and Dow Jones Industrial Average posted gains of +17.9%, +21.1%, and +14.9%, respectively, marking one their strongest multi-year stretches in decades. International equity markets outperformed domestic equity markets with the MSCI EAFE, MSCI World Ex U.S., and MSCI Emerging Markets indices posting full-year returns of +31.2%, +33.1%, and +33.6%. In U.S. fixed income markets, intermediate duration bonds, represented by the Bloomberg Barclays U.S. Aggregate Bond Index, returned +7.3% for the year. Gold ended the year at \$4,341 per ounce, marking a one-year return of +64%.¹

Global equities may have closed 2025 near all-time highs, but the bouts of volatility were not unnoticed. From peak to trough, the S&P 500 swung ~40% across the year, as illustrated in the chart below.ⁱⁱ

Market and Economic Chartbook | January 5, 2026

Total Returns and Pullbacks

S&P 500 Index total returns. Max drawdown represents the biggest intra-year decline



Latest data point is Jan 2, 2026

Source: Cleonomics, Standard & Poor's

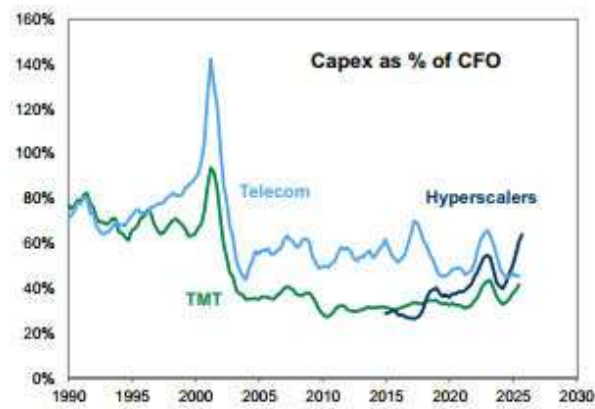
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Cleonomics. Market and Economic Chartbook. Total Returns and Pullbacks. 5 January 2026.

Three key themes defined 2025:

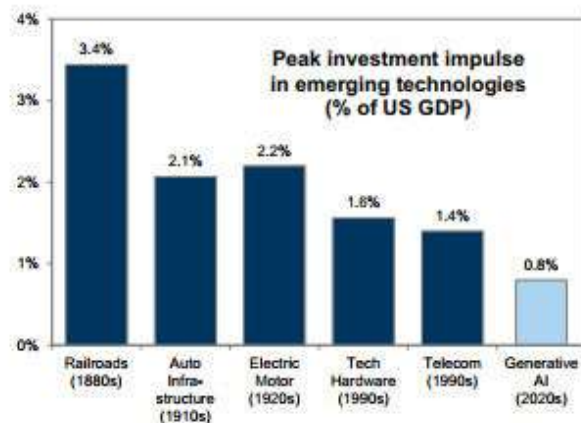
1. *Artificial intelligence.* From massive infrastructure investments to concerns about market concentration, AI grew as an important source of economic growth and market returns. The Magnificent 7 stocks now represent around one-third of the S&P 500, creating concentration risk particularly in investors’ portfolios that utilize passive equity indexes. The development of artificial intelligence has triggered a significant increase in capital expenditure, primarily by the largest technology companies. This new investment cycle has created concern around potential overspending and the damage that could cause to U.S. equity markets. Seen in the charts below, the projected level of capex remains below the precedent indicated by previous technology investment cycles. During the past four quarters, aggregate capex among the large public technology companies has equated to 6.4% of cash flows from operations ("CFO"), which is far below the S&P 500 telecom spending that reached 140% of cash flows from operations in the late 1990s. Additionally, the total AI capex roughly equates to 0.8% of U.S. GDP compared to previous investment cycles when spending reached 1.5% of U.S. GDP.ⁱⁱⁱ

Exhibit 9: Historical capex as a share of cash flows from operations
hyperscalers include AMZN, GOOGL, META, MSFT, ORCL



Source: Compustat, Goldman Sachs Global Investment Research

Exhibit 10: Historical capex as a share of GDP



Source: BEA, Goldman Sachs Global Investment Research

Goldman Sachs Research. *US Equity Views: The trajectory of AI capex and the next beneficiaries of corporate AI adoption.* Pg. 7. 18 November 2025.

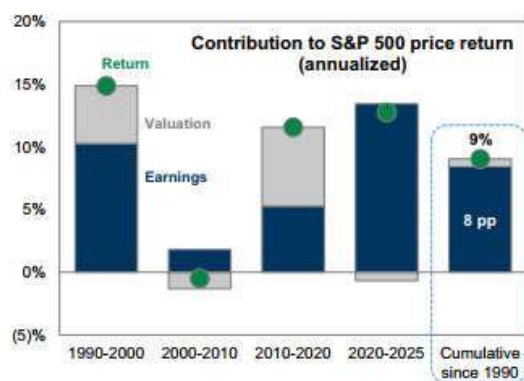
2. *Tariff policy.* While tariff announcements on and around April 2 (dubbed ‘Liberation Day’) created uncertainty, the policy shift ultimately had less economic impact than expected. Tariffs on imported goods have risen for many trading partners, yet the feared economic consequences largely failed to materialize. Companies adapted, tariffs were paused or scaled back, and consumer spending proved resilient. For investors, this highlights that the outcomes of policy changes in Washington, whether its trade or federal finances, do not always have an obvious effect on the economy or markets.

3. *Monetary policy.* Amid cooling inflation and a softening labor market, the U.S. Federal Reserve began cutting interest rates late in the year. The FOMC’s recent Summary of Economic Projections suggests additional rate cuts in each of 2026 and 2027. The Federal Reserve should remain in focus as Jerome Powell’s tenure as Fed Chair concludes in May, opening the door for new leadership that could influence monetary policy direction.

Looking ahead, there are relatively high expectations for U.S. corporate earnings growth in 2026 and 2027. Analysts anticipate S&P 500 companies will experience earnings-per-share growth of 14% and 10%, respectively – driven primarily by the technology sector.

The S&P 500 has now generated double-digit returns in six of the past seven years and has nearly doubled in value since the market bottom in 2022. While this may give investors pause, the contribution to return since 2020 has been wholly driven by earnings growth, not multiple expansion (left, 2020-2025), and a similar dynamic is expected in 2026 (right).^{iv} The S&P 500 forward P/E multiple for 2026 began the year at 22x, surprisingly the same valuation as it was to begin 2025 due to this robust earnings growth.

Exhibit 1: Earnings are the primary driver of equity returns



Source: Goldman Sachs Global Investment Research

Exhibit 2: Earnings drove the majority of S&P 500 returns in 2025 and our 2026 target embeds a similar dynamic



Source: Goldman Sachs Global Investment Research

Goldman Sachs Research. 2026 US Equity Outlook: Great Potential. Pg. 3. 6 January 2026.

The economic backdrop remains supportive heading into 2026, with consensus expectations calling for continued GDP growth, a resilient consumer, and central bank easing. That said, valuations are elevated relative to history, and market concentration remains high, increasing the potential for a wider range of outcomes. As we have experienced in recent years, volatility can create short-term opportunities in markets. During those uncomfortable times, it is prudent to remain focused on your long-term strategic risk allocation. Through periods filled with unknowns, we believe a balanced and disciplined investment approach is paramount to achieving long-term compounding growth.

As always, we appreciate the trust and confidence that you place in us.

Sincerely,
Your Sargent Investment Team

ⁱ Orion Advisor Solutions. *Blended Benchmark Performance*. 31 December 2025.

ⁱⁱ Clearnomics. *Market and Economic Chartbook: Total Returns and Pullbacks*. 5 January 2026.

ⁱⁱⁱ Goldman Sachs Research. *US Equity Views: The trajectory of AI capex and the next beneficiaries of corporate AI adoption*. Pg. 7. 18 November 2025.

^{iv} Goldman Sachs Research. *2026 US Equity Outlook: Great Potential*. Pg. 3. 6 January 2026.

Important Considerations:

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