Market Update · November 23, 2026

What Happened Last Week and Where We Go From Here

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> *Markets move every day, and some numbers below have already changed since we wrote this. What has not changed is how we think about your plan. This is our view of last week and what it means for you.*

Last week we saw stock markets drop across the world. The selling hit the companies that had driven most of this year's gains. If your statements or the headlines left you uneasy, that is a normal reaction. Below, we walk through what happened, what the numbers say and how we are thinking about your plan.

Last week

WHAT HAPPENED IN THE MARKETS LAST WEEK?

Since the start of October, stocks are down 10% globally. The decline intensified last week, with a drop of 8.5%. The fall in stock prices had been most severe within technology and other AI-related stocks, however, the selling was widespread last week. These recent declines have caused stocks to give up most of their gains for the year.

A few factors have been cited for the drop:

> **ELECTION RESULTS**
>
> With the Blue Wave on November 3rd, investors expect a more challenging environment for the data center buildout. A slower buildout could translate into less spending on chips and a longer timeline for companies investing in AI to see returns on this investment.

NVIDIA

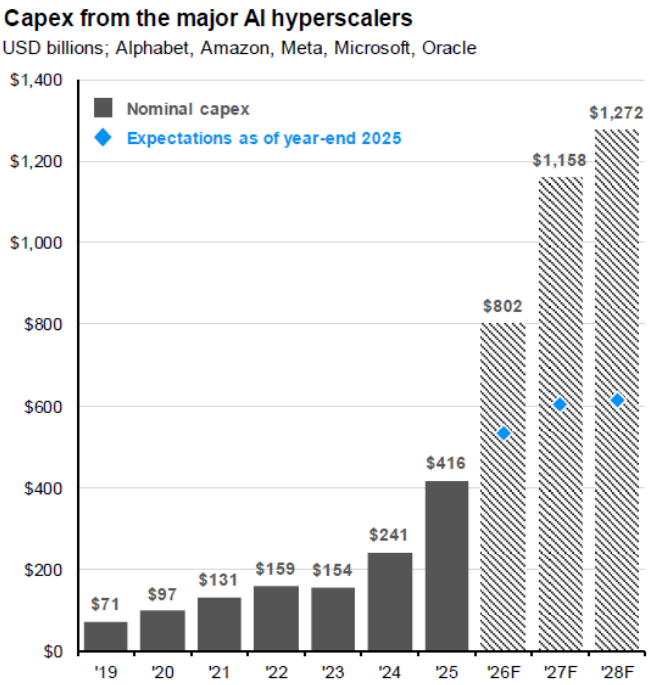
In late October, reports surfaced that Nvidia's founder and CEO, Jensen Huang, had a close relationship with a suspected Chinese spy. He stepped down as CEO on November 12, raising questions about the company's future leadership. Huang was also seen as an AI industry visionary, and his absence has increased uncertainty for investors. The news around Nvidia has also led to greater scrutiny on chip sales outside the United States, which could weigh on revenue growth. Despite a strong quarterly earnings report, Nvidia fell 23% last week and has seen its value drop by a third this year. Nvidia was previously valued at over $5.5 trillion and was the most valuable company in the world. The company has a large weight in market indices which are heavily impacted by the performance of NVDA stock.

AI FINANCING CONCERNS

Companies have spent a tremendous amount of money investing in AI. Hyperscalers are expected to spend over $1 trillion in capital expenditures next year compared to less than $200 billion in 2023. To finance this spending, companies initially used cash from profits. More recently, they have issued billions in bonds, and some are thinking about doing stock offerings. With interest rates going up and a huge demand for capital from these hyperscalers, investors are becoming more concerned with the cost of the AI buildout.

AI SPENDING HAS CLIMBED FAST

Capital expenditures of the major AI hyperscalers, USD billions.



Source: JPMorgan Guide to the Markets, 11/23/26.

2026 so far

HOW HAVE THE MARKETS FARED THIS YEAR?

Markets had a tough first quarter before rallying in the second and third quarters. Since the start of October, stocks have sold off again, although most are still slightly positive for the year. The recent pain has been especially noticeable in the technology space, as the NASDAQ has dropped 18% since the start of the quarter. Semiconductor stocks have been hit especially hard, dropping 35% since the start of October. It is worth noting that despite the recent pullback, the NASDAQ is essentially flat this year and Semiconductor stocks are up over 20% for the year.

2026 RETURNS

MARKET	JANUARY 1 TO SEPTEMBER 30	OCTOBER 1 TO NOVEMBER 20	YEAR TO DATE (AS OF 11/20)
Global stocks	12.9%	**−10.0%**	1.6%
US large cap	13.1%	**−9.9%**	2.0%
US small cap	14.1%	**−3.5%**	10.0%
International developed	9.9%	**−7.5%**	1.7%
Emerging markets	22.7%	**−19.4%**	−1.1%
NASDAQ	20.8%	**−17.8%**	−0.6%
Semiconductors	89.2%	**−34.9%**	23.1%

Source: Morningstar. The following returns are used as market proxies: Global Stocks (VT), US Large Cap (SPY), US Small Cap (SPSM), International Developed (EFA), Emerging Markets (EEM), Nasdaq (QQQ), and Semiconductors (SOXX).

Earnings, valuations and history

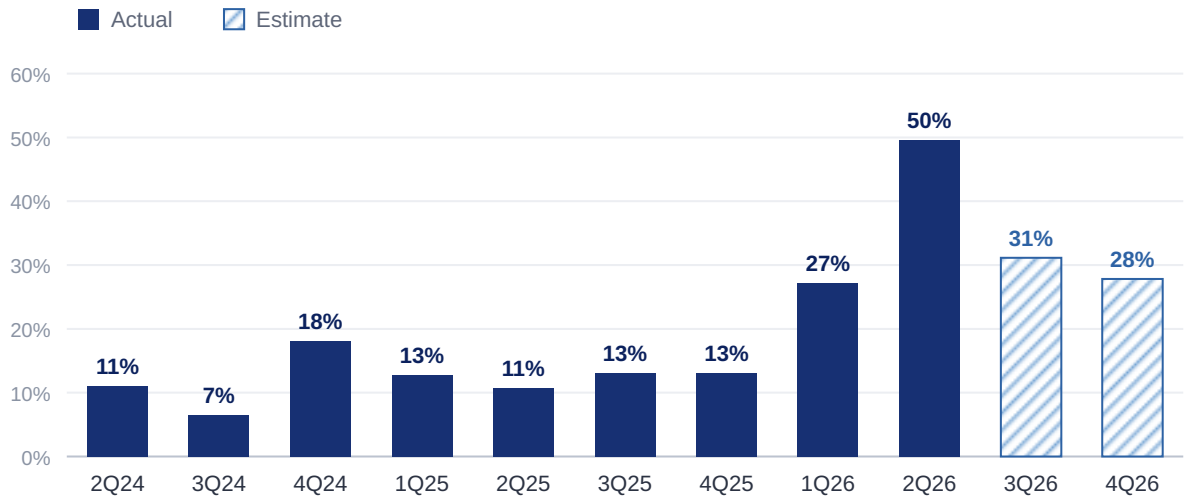
WHAT THE FUNDAMENTALS SAY

EARNINGS GROWTH HAS BEEN STRONG THIS YEAR

With 93% of companies reporting, S&P 500 earnings growth for the third quarter is 33%. Earnings are expected to grow at a double-digit pace in 2027 as well. Uncertainty around the AI business model and the spend on data centers next year has led investors to question their investment in AI-related companies.

S&P 500 QUARTERLY YEAR-OVER-YEAR EARNINGS GROWTH

Hatched bars are estimates.



Source: FactSet.

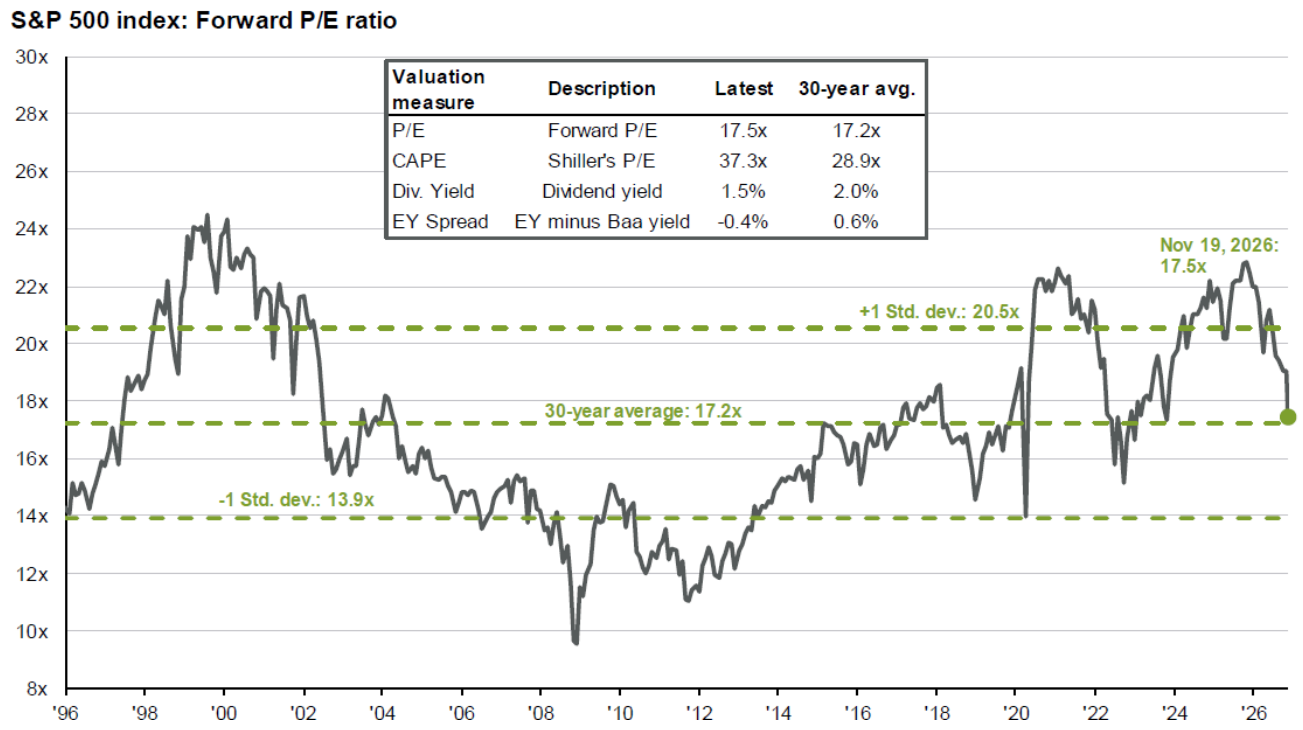
It is worth noting that there have been some concerns about the sustainability of these earnings. Although strong, some of the 2nd quarter jump was driven by one-time items such as an increase in the value of investments held by companies. For example, Amazon and Google have significant stakes in Anthropic. Also, AI infrastructure spending is driving around half of the recent earnings growth, however, this is expected to slow over time (Goldman Sachs, “Over-earning, but not an earnings bubble”, 9/17/26).

VALUATIONS ARE REASONABLE

The S&P 500's forward price-to-earnings ratio is around 17x, close to the average valuation over the last 30 years. Although earnings are up meaningfully this year, stock prices have not kept up. Over the coming years, whether the market valuations are reasonable, cheap, or expensive, will depend on if companies are able to meet the earnings growth that is currently forecasted by investors.

S&P 500 FORWARD P/E RATIO

Forward price-to-earnings, 1996 to November 19, 2026, against its 30-year average.



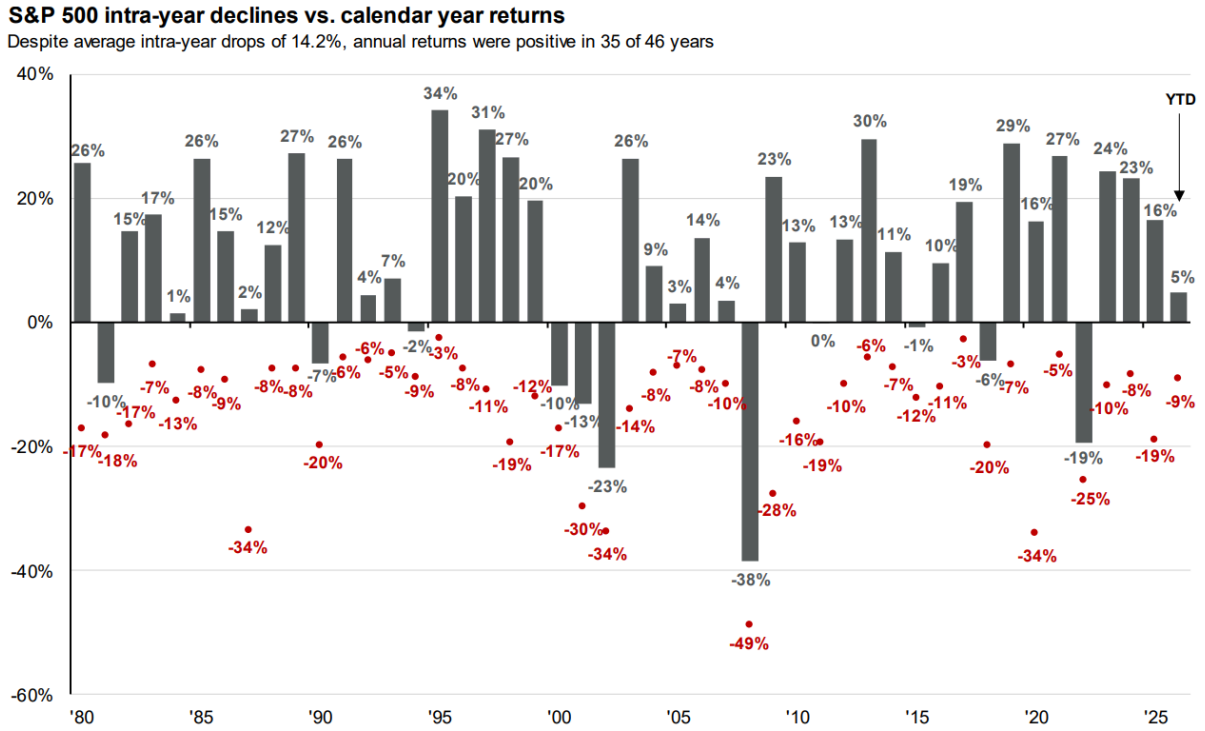
Source: JPMorgan Guide to the Markets, 11/20/2026.

MARKET PULLBACKS ARE NOT UNCOMMON

A 10% decline is not unusual. The chart below shows annual returns for the S&P 500 along with the largest intra-year decline. Even though the stock market provides positive returns on average, a double-digit decline is not uncommon. This is the type of volatility that comes with investing in the stock market, although it is still painful.

S&P 500 INTRA-YEAR DECLINES VS. CALENDAR-YEAR RETURNS

Bars show each year's return. Dots show the largest drop from a high within that year.



Source: JPMorgan Guide to the Markets, 11/20/26.

Our view

WHAT ARE OUR TAKEAWAYS FROM THE RECENT MARKET MOVES?

SENTIMENT HAS SHIFTED QUICKLY DESPITE SOLID FUNDAMENTALS

The shift from enthusiasm for the AI buildout to concerns around the risks of an uncertain outlook has happened quickly. However, it seems like stocks tend to grind higher on the way up and then face sharper drops on the way down.

THIS SEEMS DIFFERENT FROM THE TECH BUBBLE OF 1999 TO 2002

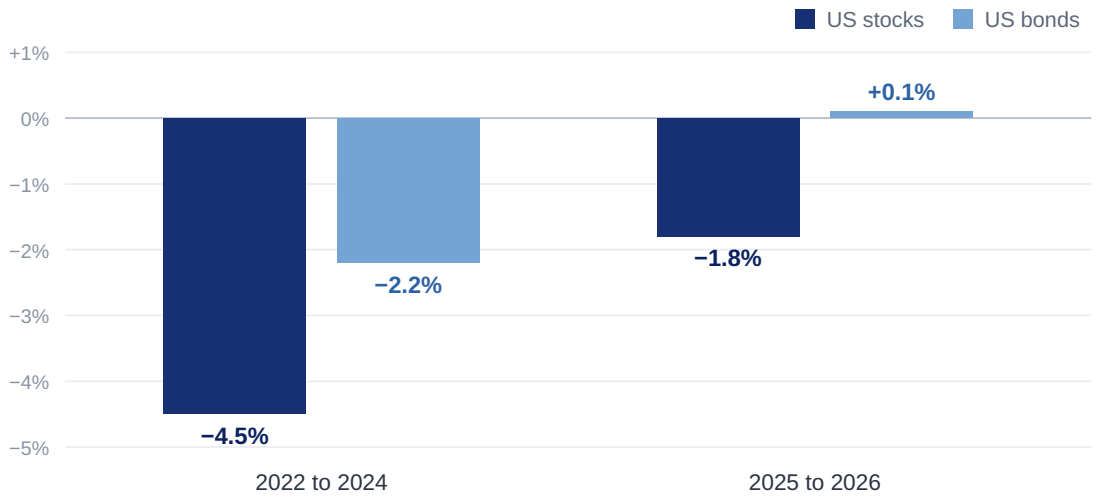
Some have commented that this market seems like the technology bubble around the year 2000. They are similar in that both involved companies with new technologies with a future that is unclear. However, valuations today are more reasonable, and the companies are more profitable.

BONDS HAVE GONE BACK TO SERVING THEIR ROLE AS A DIVERSIFIER

In recent years, bonds and stocks seemed to behave similarly with rising interest rates weighing on both stock and bond prices. Traditionally, bonds have served as a diversifier as bond prices go up when stock prices have fallen. Since the start of 2025, bonds have been doing a better job of providing support in months when stock markets are down. When compared to 2022-2024, the difference is meaningful.

AVERAGE MONTHLY RETURNS DURING STOCK MARKET DOWN MONTHS

Average return in the months when U.S. stocks fell.



Source: Dimensional Fund Advisors and author's calculations. U.S. Stocks are represented by the S&P 500 while U.S. Bonds are represented by the Bloomberg US Aggregate Bond Index.

Your plan

WHAT IS THE PATH FORWARD?

Recent market movements do not change how we approach managing your portfolio. We believe in a disciplined approach that supports your long-term goals, and we will keep applying it. It is built on four ideas.

1

STAYING IN THE GAME

The largest risk in a sharp decline is turning a temporary drop into a permanent loss by selling at the bottom. Your plan is built so that you do not have to.

2

PLANNING FOR MARKET DOWNTURNS

We plan for declines like this one. Your plan includes cash and bond reserves for the money you will need in the near term, so spending does not depend on selling stocks when prices are low.

3

DIVERSIFYING INVESTMENTS

Last week showed what happens when a few companies hold a large share of the market. Spreading money across asset classes, sectors and regions reduces how much any one theme can affect your plan, even when diversification does not help every week.

4

DESIGNING PORTFOLIOS AROUND YOUR CIRCUMSTANCES

No two households have the same timeline, income needs or tolerance for risk. We build portfolios around yours, and we revisit them when your life changes, not only when markets move.

TAKEAWAYS

The recent market moves have led to bigger swings in portfolio value. However, this is what we expect as investors in the stock market. We continue to take advantage of opportunities, however, there are no changes to our long-term strategy. If you have questions about how your portfolio is positioned or about the recent market moves, please reach out to me or anyone on our team.

Let's keep moving forward, together.

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SOURCES

- JPMorgan Guide to the Markets: capital expenditures of the major AI hyperscalers (11/23/26); S&P 500 forward P/E ratio and S&P 500 intra-year declines vs. calendar-year returns (11/20/26).
- Morningstar: 2026 returns for market proxies VT, SPY, SPSM, EFA, EEM, QQQ and SOXX through November 20, 2026.
- FactSet: S&P 500 third-quarter 2026 earnings growth, with 93% of companies reporting.
- Goldman Sachs, “Over-earning, but not an earnings bubble,” September 17, 2026.
- Dimensional Fund Advisors and author’s calculations: stock and bond returns in months when stocks were down; U.S. stocks represented by the S&P 500 and U.S. bonds by the Bloomberg US Aggregate Bond Index.



IMPORTANT DISCLOSURES

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