2026 Year Ahead Outlook

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Be Fearless: The Bucking Bull Returns But...Global Equity Markets Are In A Secular Bull Market

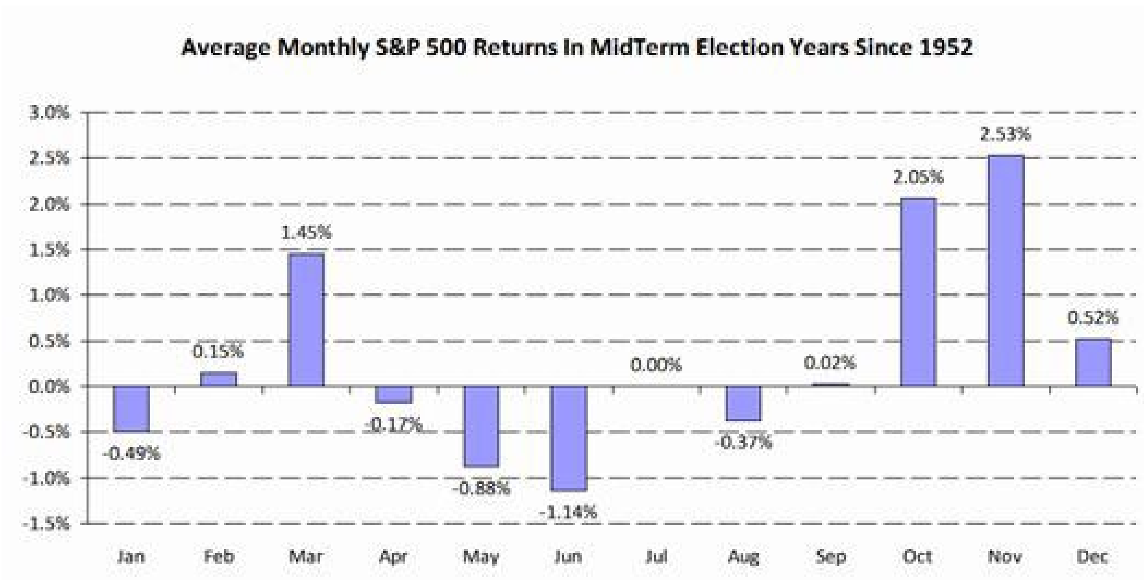
November
2025

Executive Summary

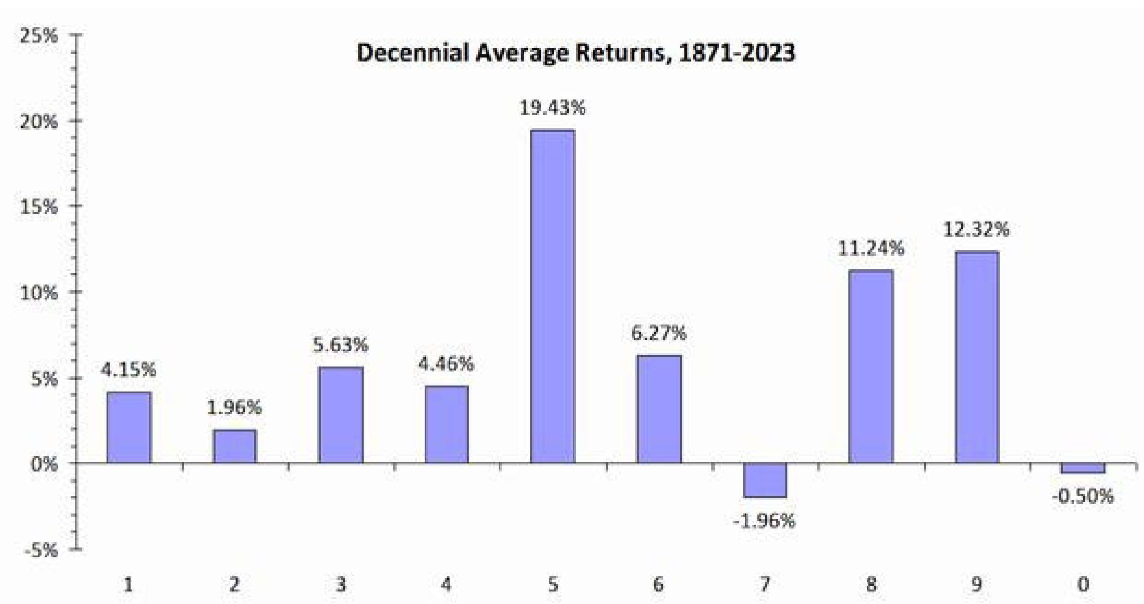
Our high conviction call is that the equity market remains in a global secular bull market as we enter 2026. But with stocks up 100% since the lows of 2022, the equity market may have more of a consolidation year in 2026. We will enter 2026 with valuations at the upper band. Investors are almost all in; that is, they're nearly fully invested. We are also in the mid-term election year of a presidential cycle, which historically has a correction from April to September, leaving stocks up 6% on average for the year. When we overlay the decennial pattern, we get a return of 6% as well. [The decennial pattern is the idea that years ending in the same digit tend to show similar stock-market behavior, creating a long-term rhythm that investors can look to as a historical guide, but not a guarantee.] So, the Bucking Bull looks to return in 2026, but investors need to be *fearless* and stay invested! Why? Because we project the S&P 500 will reach 10,000-13,000 by the end of the decade. The better value for investors is exploring overseas as international markets have now entered into a new secular bull market and have more attractive valuations.

2026 Is The Year Of The Reset With The S&P 500 Still Trending Higher To 7500

While we expect volatility in 2026, we do expect a positive return with the S&P 500 reaching 7500 by the end of next year. As of this writing, that would make for a gain of 11.4%. We expect sector rotation to and around Growth and Value but maintain that leadership will remain with Growth. Moreover, we see Technology and Tech-related stocks maintaining leadership, but they will digest some of their extraordinary gains, in our view. Semiconductors, we believe, remain the key leadership industry with insatiable demand driven by data centers – the new main infrastructure being built in the United States. Estimates run as high as $7.0 trillion being invested through 2030 on the data center buildout. Meanwhile, the Value areas of Healthcare and Energy, which have significantly lagged in performance, have improved – but we don't expect a change to leadership by these sectors.



Source: Bloomberg, Sanctuary Wealth, November 2025



Source: Bloomberg, Sanctuary Wealth, November 2025

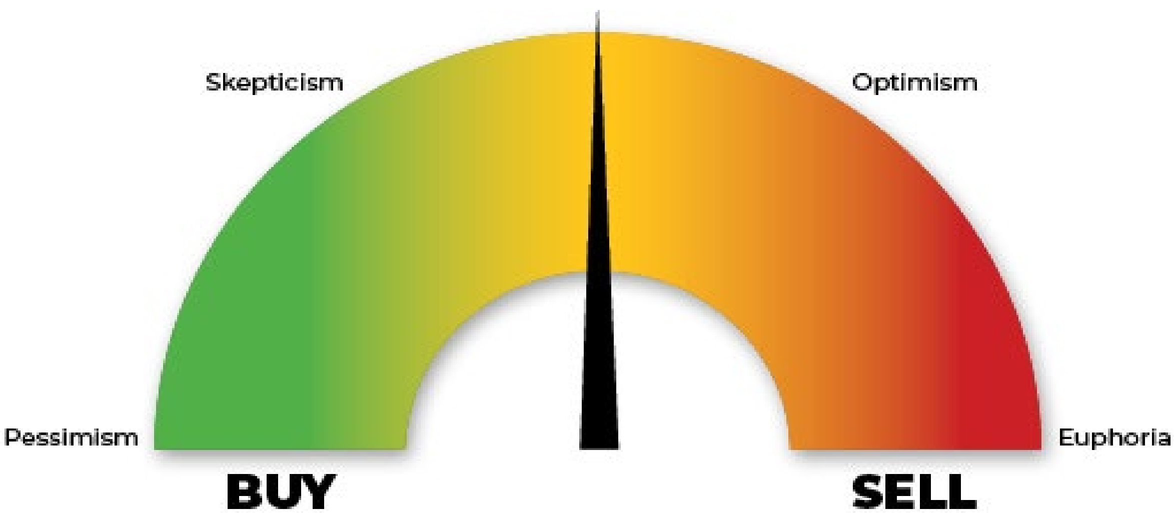
Is There A Bubble In Stocks? No.

There has been much discussion about the Artificial Intelligence (AI) trade being in a bubble. We do not believe that's the case today, but we do think the market is moving into an early bubble period. We have compared the S&P 500 to the period of the 1920s. In fact, Ed Yardeni, President of Yardeni Research and a long-time Wall Street economist and strategist, has been calling this market the "Roaring 20s" and we agree. When we overlay the S&P 500 with the equity market from the 1920s, the current market is tracking the pattern from 100 years ago. So, we believe we are moving into the early phase of what will eventually become a bubble. Within a secular bull market, some of the greatest returns come in the last years of that trend – up 166% on average over the last five years.

We also compared today's equity market to the late-cycle bubbles of the 1920s and the 1990s, and the parallels are striking. Current performance is very similar to those periods' pre-bubble run-ups, reinforcing our view that we're only in the early stages of a bubble build. Historically, the bulk of secular bull market gains occur near the end of the cycle, and a 100% or a doubling in performance from today's level would align with our long-term S&P 500 target of 10,000-13,000 by the end of the decade.

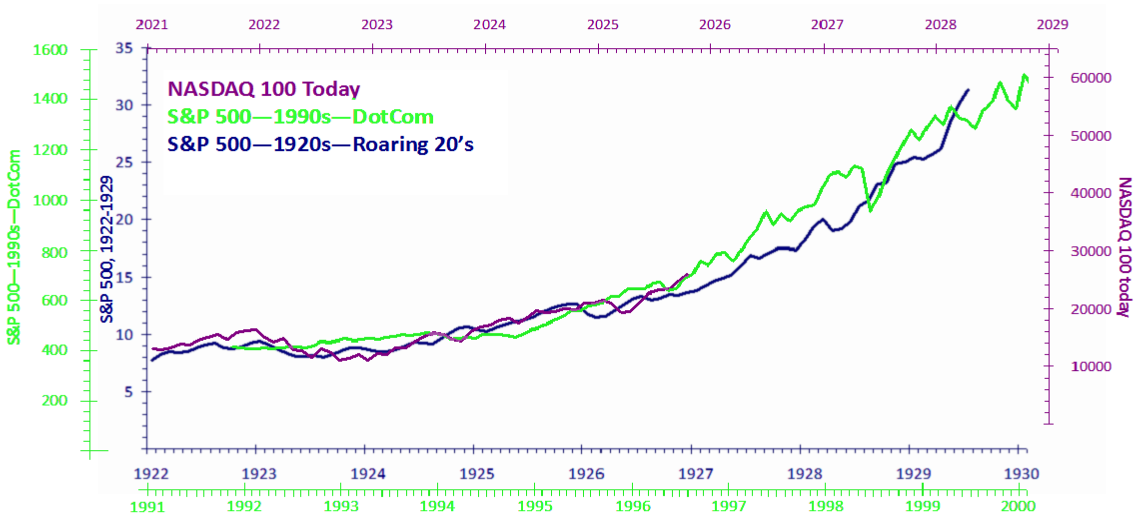
Sir John Templeton had a wonderful way of describing the cycle of secular bull markets. He said, **"***Bull markets are born on pessimism, grown on skepticism, mature on optimism, and die on euphoria.*" We are likely in the growing on skepticism phase, trying to move into the optimism phase. This still leaves a long runway for equity markets to rally.

We Believe We Are Between Skepticism and Optimism



Source: Sanctuary Wealth, November 2025

The S&P 500 Is Tracking Periods of the 1920s And 1990s – Not Bubblish Yet



Source: Bloomberg, Sanctuary Wealth, November 2025

Valuations Are Stretched

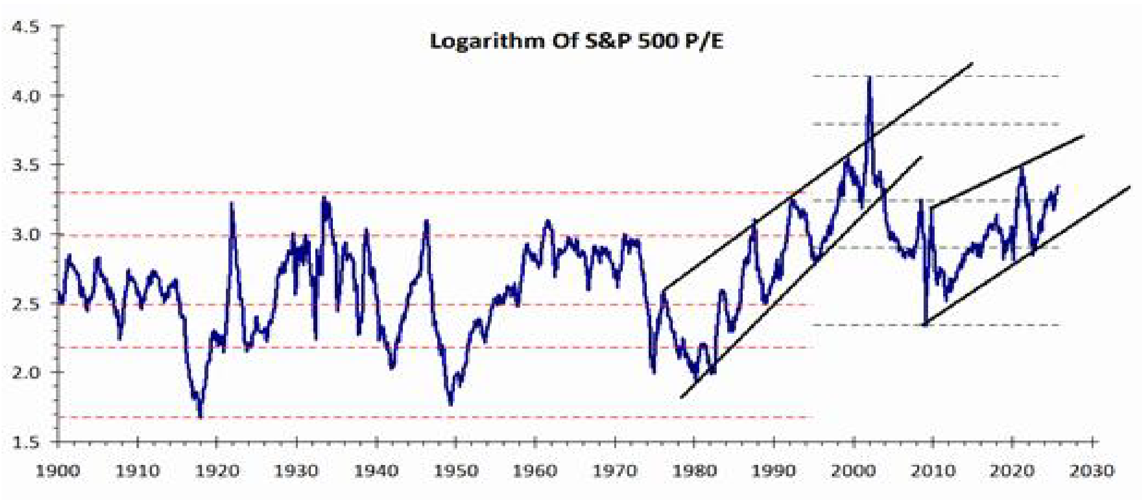
With the U.S. equity market rallying 100% off the bear market low, it is leaving valuations near their historical highs. Earnings have been robust but so have the price moves. We believe we will see some valuation compression in 2026. We do expect earnings to be positive, but the comps to this year may be challenging for some companies – which may cause valuations to fall. Also, we expect the Fed to pursue interest rate cuts, but seasonal pressure typically pushes interest rates higher into December and 1Q26 which could weigh on stock prices.

The Forward P/E Is Elevated...

Source: Bloomberg, Sanctuary Wealth, November 2025

...We Expect Over Time For P/Es To Continue To Expand Out Into The Decade

In a secular bull market, price/earnings ratios historically have expanded, and the greatest expansion occurred during the late 1990s' dot-com bubble. We believe we are in a similar period where P/E ratios will expand out into the end of the decade. But based on where P/E multiples stand today, we believe there will be some multiple contractions, putting pressure on equity prices.

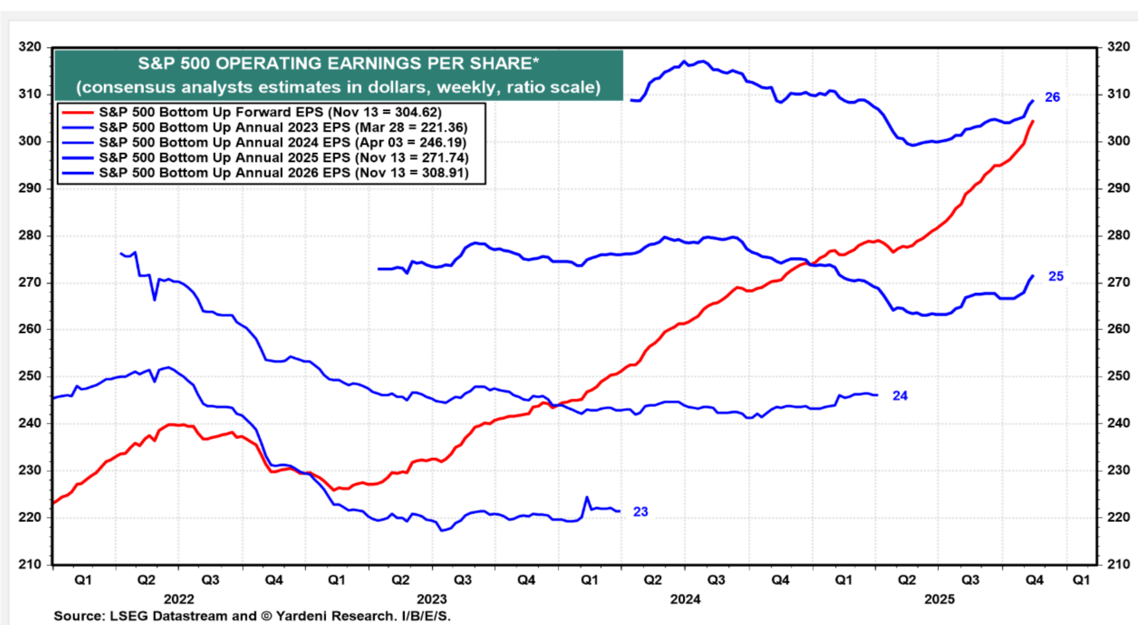


Source: Bloomberg, Sanctuary Wealth, November 2025

2026 Earnings Will Be Hard To Beat

The earnings growth rate for the S&P 500 has exploded with earnings exceeding analyst projections by 7% in 3Q25. Earnings came in at 15% for the quarter year-to-year. We expect earnings to continue to expand, but they may slow down in 2026. We are also expecting a strong U.S. Dollar and, if this occurs, it could have a negative impact on earnings and earnings expectations. We believe 2026 could also be a reset for earnings.

S&P 500 Operating Earnings Per Share: Analyst Earnings Have Finally Caught Up



The Risk Is One Or Two Quarters Where Earnings Growth Rates Slow

Exhibit 2: S&P 500 qtrly EPS forecasts
Bottom-up consensus vs. our estimates

	Btm-up analysts	YoY	BofA Strategy	YoY
2024	**$243**	**10%**	**$243**	**10%**
1Q25	63.68	13%	63.68	13%
2Q25	67.03	11%	67.03	11%
3Q25E	70.67	13%	70.00	11%
4Q25E	70.19	7%	70.50	7%
2025E	**$270**	**11%**	**$271**	**12%**
1Q26E	70.88	11%	69.00	8%
2Q26E	75.20	12%	73.25	9%
3Q26E	79.46	12%	76.75	10%
4Q26E	81.52	16%	79.00	12%
2026E	**$306**	**13%**	**$298**	**10%**

Source: FactSet, BofA US Equity & Quant Strategy
*Note: FactSet's 13% growth rate for 3Q uses Meta's GAAP EPS. Using pro-forma, we estimate 15% growth.
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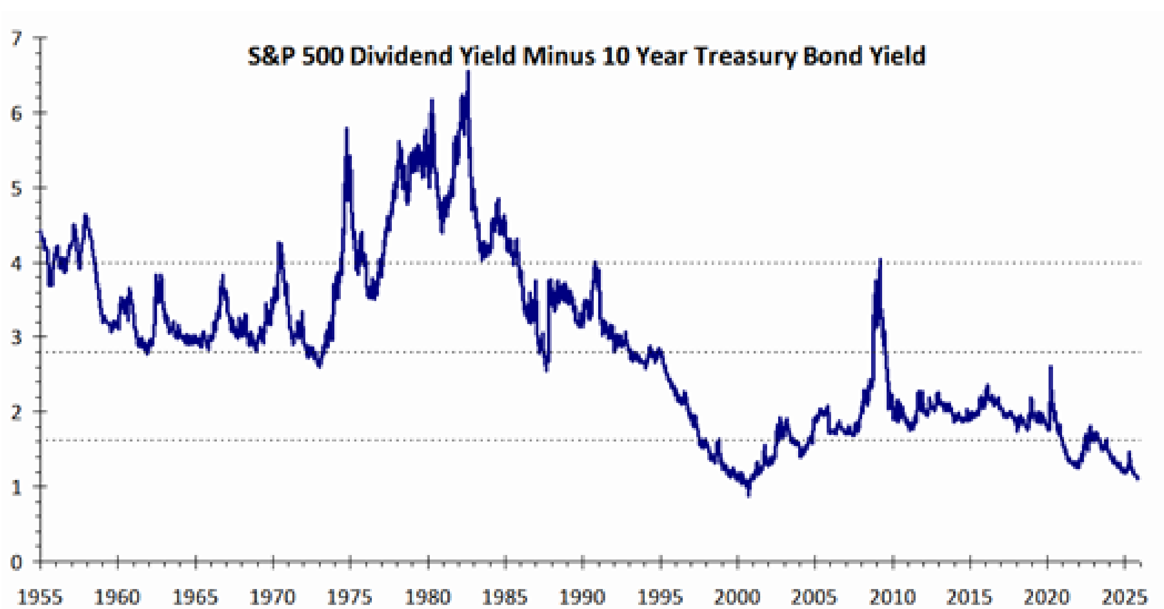
Source: Bank of America, November 10, 2025

Dividends Are Lowest Since The Early 2000s

Dividend yields have also come down sharply as stock prices have risen. Today the spread between the S&P 500 dividend yield and the 10-year Treasury yield is the narrowest it's been since 2004, and it was actually lower during 2000. This is another way of saying stocks have gotten expensive.



Source: Bloomberg and Sanctuary Wealth, November 2025

What Does This Mean For Investors As They Enter 2026

The message we want to send to investors for next year is to be *fearless* with setting their investment goals, and to begin to think about building a more diversified portfolio – one that incorporates a more global portfolio. Over the past year, non-U.S. equities have significantly outpaced the U.S. market, and we believe this marks the beginning of a new secular bull market in non-U.S. equities.

We don't expect non-U.S. equities to beat the U.S. every year going forward, but the upward bias returns for non-U.S. markets could last for the next 10 to 15 years. Valuations are much cheaper outside the U.S., but technology exposure is low. So, adding some valuation diversification makes sense in our view, especially as we do not believe valuations will significantly contract in the U.S. In fact, it is possible that valuations stay high and get higher, particularly in the Technology and Tech-related stocks. Why? This is where the earnings power and margin expansion are coming from, and the set of global technology stocks remains scarce. Most of the public technology companies are in the U.S., so the investment universe is quite limited. Scarcity for an investment that is in high demand increases prices. So, we expect Technology and Tech-related companies to remain market leaders, with AI driving an investment cycle. Earlier this year, McKinsey estimated a total investment of $7.0 trillion by 2030 in the overall buildout of data centers, "a staggering amount by any measure." We believe the equity market and Technology company valuations will remain elevated and could also continue to expand.

We also believe that non-U.S. equity markets are the emerging new leadership that should take over in the next decade. So, beginning a program of gradually adding non-U.S. exposure is a prudent move, in our view. We do believe the U.S. will maintain strong equity leadership, particularly in Technology, in the meantime.

> *Also supporting U.S. equities will be a stable to stronger U.S. dollar in 2026, which will help to attract and maintain capital to the U.S.*

Source: McKinsey & Co., April 28, 2025

The U.S. Is An Innovation Machine – Innovations Are Making A Bigger Faster Impact

All That's New Is Old

Our theme as we entered 2025 was "All That's New Is Old," meaning that the impact of technological innovations of AI, Blockchain, Robotics, Web 3.0 and Virtual Reality is not a new phenomenon. The U.S. has previously had periods of significant technological advancement that drove the economy and corporate earnings significantly higher, which drove stock prices significantly higher as well. Our thesis was that, this time, new drivers of our economy would translate into the leadership being Technology and Tech-related companies that have been driving earnings and rallying the S&P 500 toward 7000-7200.

Source: Sanctuary Wealth Year Ahead 2025

Main Economic Drivers: Production, Productivity, And Profit

We expect the new innovations of today to drive production, productivity and profit. There is an important relationship between production, productivity and profits. *Production* creates value; *productivity* multiplies it with less input; *profit* is what remains after costs. More production can raise profit, but higher productivity can do this reliably.

Innovation results in new products with new ways of production. New ways to do things often lead to better productivity. This process has driven the U.S. economy forward for two centuries, and that activity can deliver profits to society and to business.

> *Innovation drives production and productivity. Productivity is profit.*

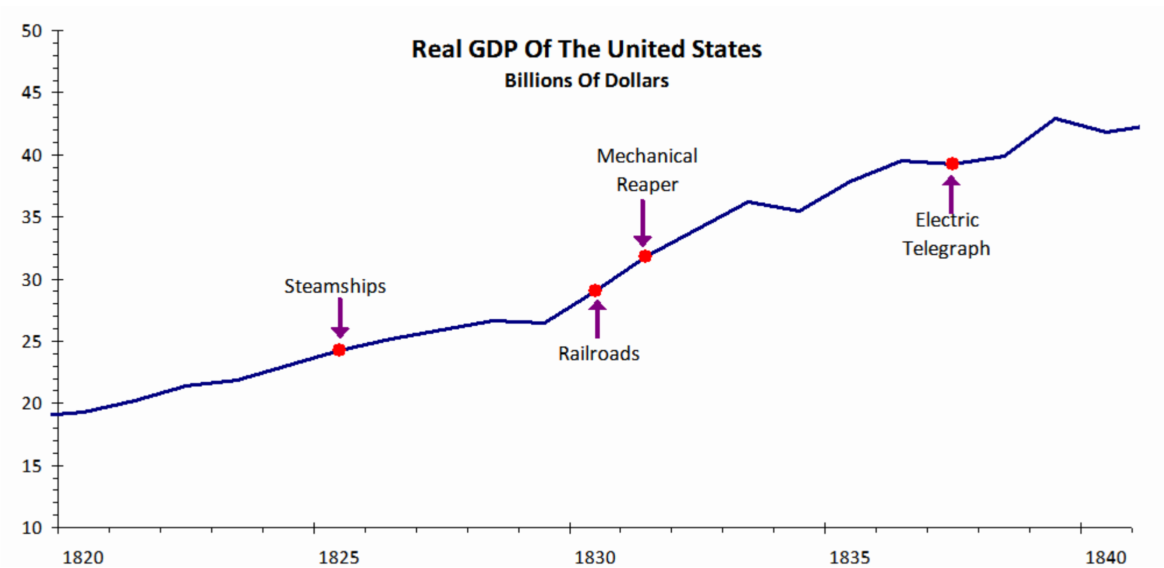
Let's look at some major historical innovations, how they have affected production and productivity, and how they built the fortunes of the U.S. We'll start with railroads, the seminal invention of the 19th Century.

Innovation And GDP Growth: The Effect Of Railroads

Railroads first entered the American economic landscape in 1830. Over the prior decade, the economy had grown at about 3.5%, and for the four years prior to the debut of railroads, at about 2.1%. So, the buildout of railroads contributed significantly to economic growth. Commercial rail traffic in the U.S. began in 1830, with the Baltimore and Ohio (B&O) Railroad launching scheduled passenger service in May and adding freight service about three months later.

Railroad fever took hold as track grew from about 70 miles in 1830 to over 1,900 miles in 1837, or an increase of about 2500%, almost 60% per year. Over the following four years, the economy grew at a staggering 6%–8% rate. Over the following century, railroads continued to expand in size, importance, and necessity. Over the past 200 years, economic development in the U.S. and other countries has often been measured by miles of railroads. Railroads remain an essential element of transportation today.

Economic Growth And Innovation, 1820–1840



Source: Maddison Historical Statistics, University of Groningen, Sanctuary Wealth, November 2025

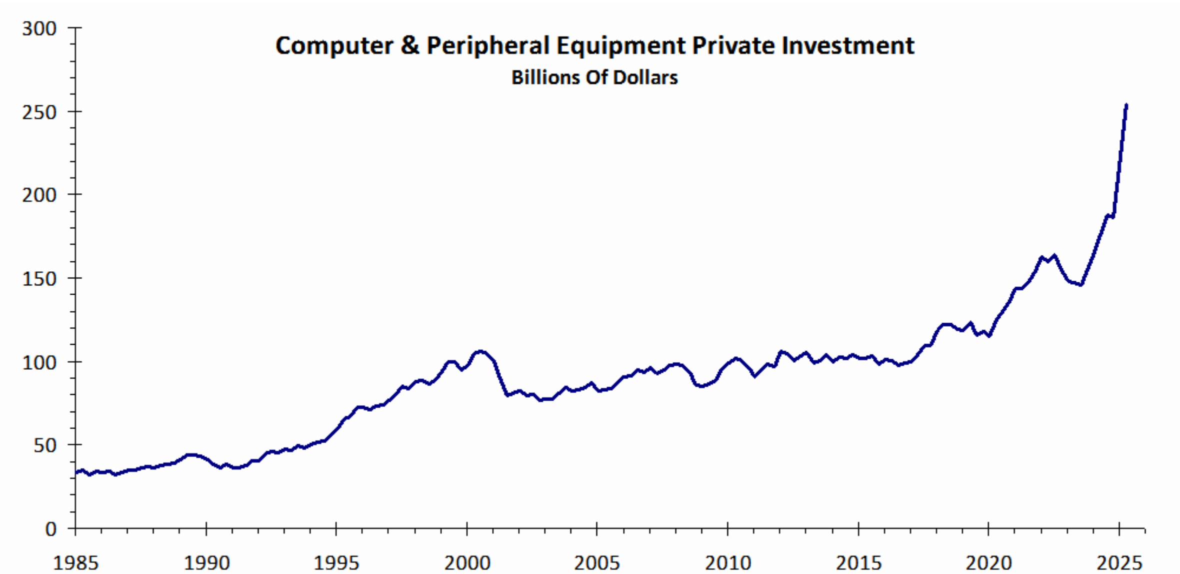
Innovation And GDP Growth Since 1955

Since 1955, the average annual growth in real GDP has been 2.81%. Historically, when major technological breakthroughs emerge – mainframe and personal computers, the internet and World Wide Web, smartphones and tablets, and social media – the economy has accelerated. In the six years that followed these innovations, economic growth averaged 3.15%, a gain of 34 basis points and a 12% improvement. But when we look at the period from 1993 to 1999, during the boom of the first mass use of the World Wide Web, the economy grew a staggering 4.85%. For the whole period of 1980 to 1999 – some 20 years of extraordinary technological development – economic growth averaged 4.02% annually. Contrast 4.02% and 4.85% with 2.81%.

We believe we are in the next phase of the Digital Era with the inventions and development of Artificial Intelligence, Robotics, Blockchain, Web 3.0 and Virtual Reality, and these new technologies have yet to take major effect on the economy, productivity and profits. They should have a profound impact on the world economy over the coming decade, in our view.

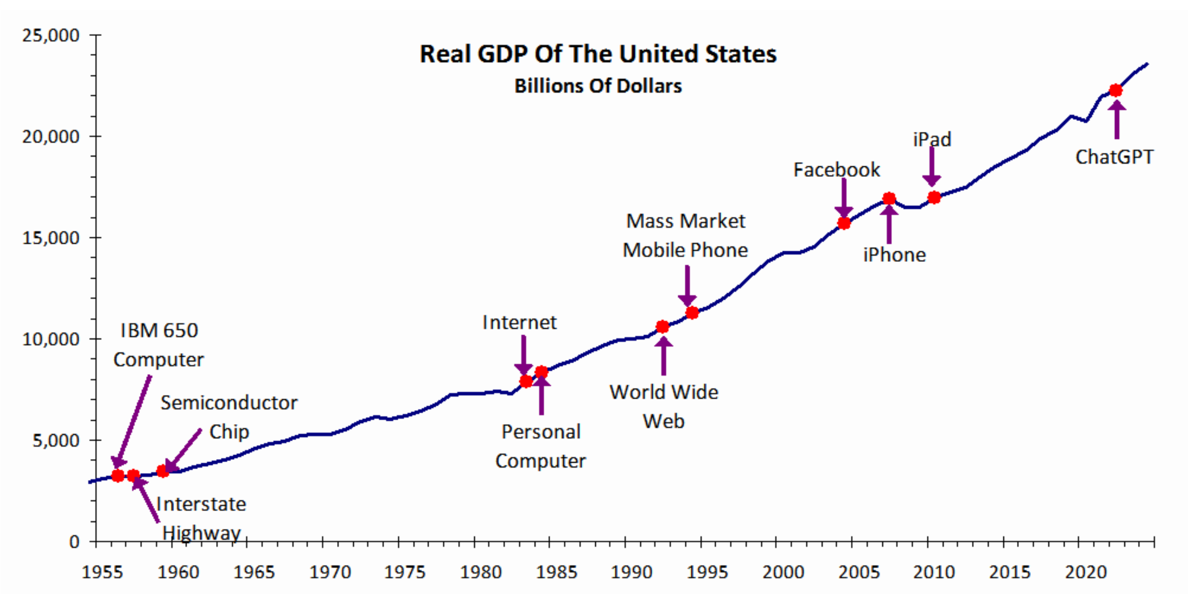
Current Investment in AI Is Having A Massive Impact Already

Spending on Computer & Peripheral Investment Is Soaring



Source: Bureau of Economic Analysis, Sanctuary Wealth, June 2025

Economic Growth And Innovation, 1955–Today



Source: Bureau of Economic Analysis, Sanctuary Wealth, November 2025

Technology Innovations, Productivity, And Corporate Earnings

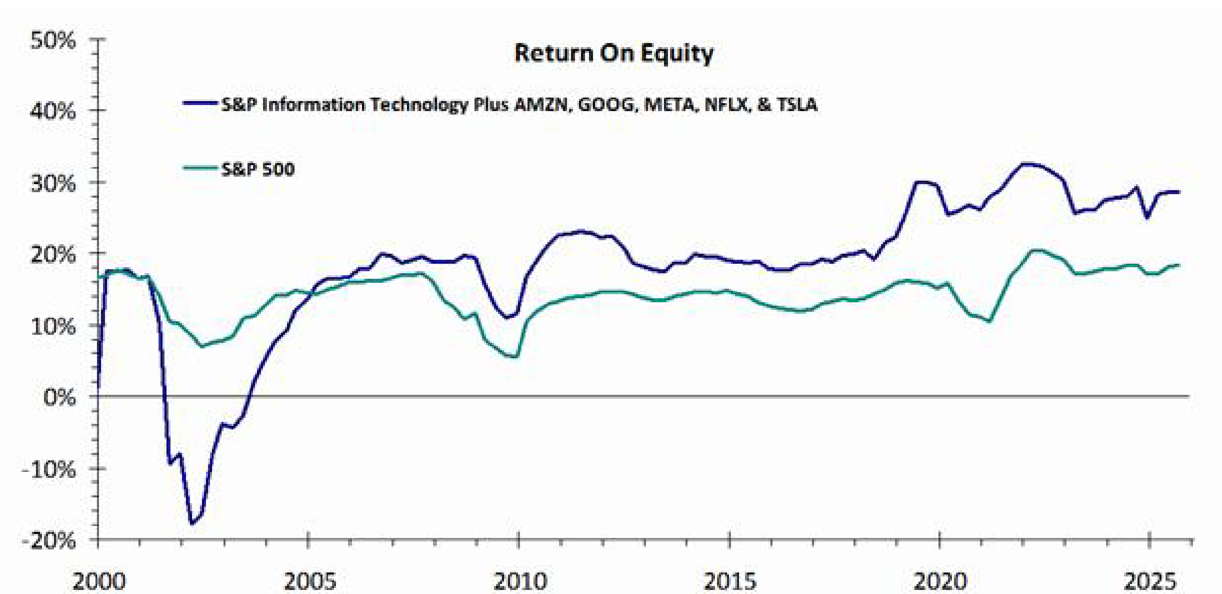
We believe AI and Robotics should dramatically increase productivity in the U.S., just as it has been increased by previous technological advances. In fact, productivity is already increasing, at double the annual pace we had been seeing. Higher productivity translates into higher corporate profits. Higher corporate profits translate into higher stock prices.

Productivity is measured by real gross domestic product (GDP) divided by hours worked. Real GDP is up 13% since Covid was declared a public health emergency at the end of January 2020. Hours worked are down about 2% since 2019 before Covid hit. That means productivity has risen nearly 11% over that time, which helps explain why we are seeing such a strong corporate profit cycle with earnings growing 15% from 3Q 2024 to 3Q 2025, according to Bank of America. We believe we have not yet fully realized the new technological innovations that are just entering the economy.

The nominal U.S. economy is over $30 trillion. It takes a lot to accelerate an economy that large, and we believe productivity from these new innovations can drive economic growth higher over the coming years. If the U.S. grows the way it did in the late 1990s, we should get GDP numbers in the 4% range over time.

Technology Companies Have The Highest Return On Equity Within The Market

Technology Producing 30% ROE Compared To S&P 500's 20% ROE



Source: Bloomberg, Sanctuary Wealth, November 2025

Technology Still The Earnings Driver Of The Market

Exhibit 3: Net income growth of current S&P 500 constituents is tracking 15% in 3Q
S&P 500 consensus expectations based on current constituents & diluted shares (using actuals if reported, consensus if not yet reported)

	Earnings		Sales	
Sector	**YoY%**	**QoQ%**	**YoY%**	**QoQ%**
Consumer Disc.	7.4%	13.9%	7.2%	4.6%
Consumer Staples	(0.2%)	4.1%	4.6%	7.0%
Energy	(0.9%)	10.8%	1.0%	5.0%
Financials	23.7%	8.1%	9.4%	4.6%
Health Care	4.4%	0.8%	10.3%	3.6%
Industrials	15.1%	1.6%	6.5%	1.3%
Technology	26.5%	13.2%	15.4%	4.9%
Materials	17.7%	(4.9%)	3.1%	(3.7%)
Real Estate	5.1%	0.5%	7.4%	2.4%
Communication Services	14.8%	4.2%	8.8%	3.5%
Utilities	5.0%	53.9%	6.9%	14.7%
S&P 500	**14.7%**	**8.4%**	**8.2%**	**4.4%**
ex. Financials	**12.7%**	**8.4%**	**8.0%**	**4.3%**
ex. Energy	**15.4%**	**8.3%**	**8.8%**	**4.3%**
ex. Fins & Energy	**13.5%**	**8.3%**	**8.7%**	**4.3%**

Source: FactSet, BofA US Equity & US Quant Strategy

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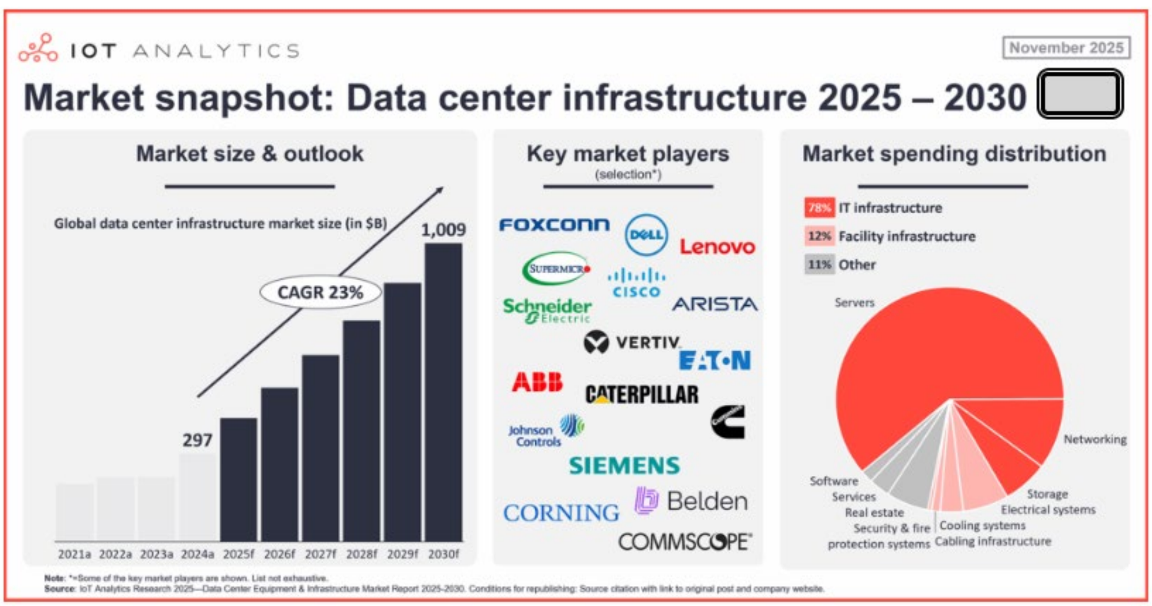
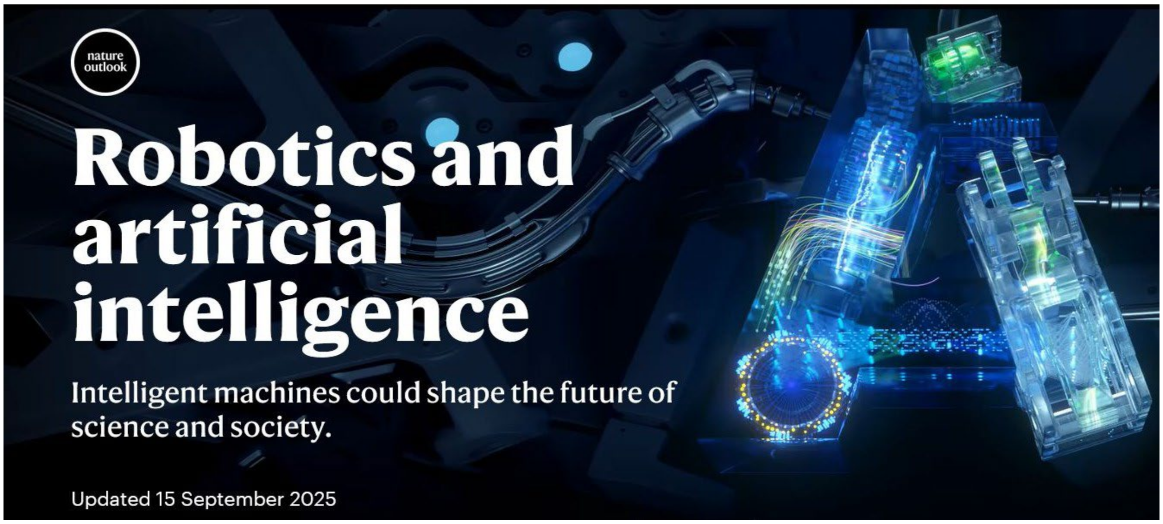
Source: Bank of American November 10, 2025

Data Centers Are The New Innovation Driving Infrastructure Spend & The Players



Source: IOT Analytics, November 2025

nature



Source: Nature, September 15, 2025

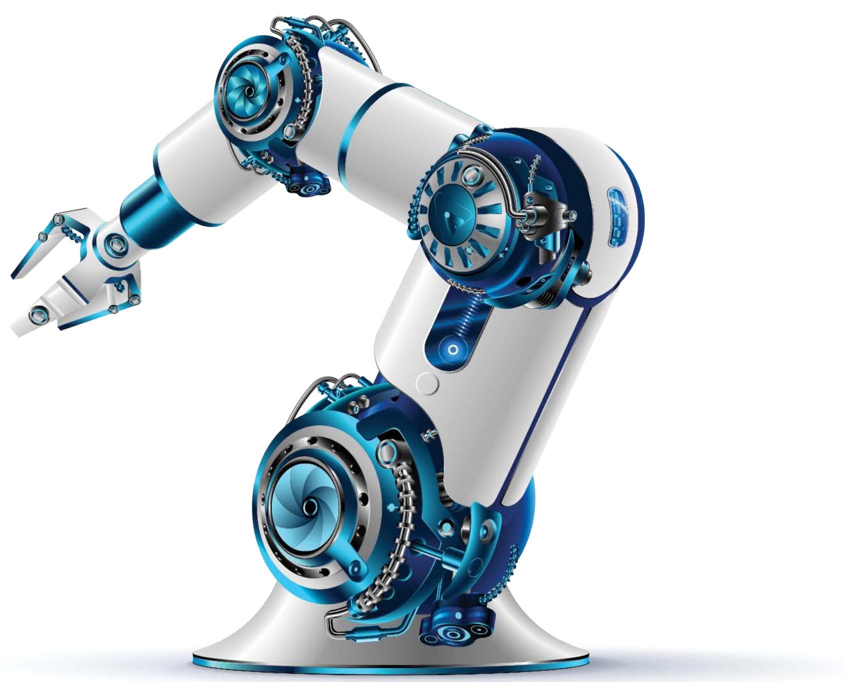
WORLD ECONOMIC FORUM

EMERGING TECHNOLOGIES

Physical AI is changing manufacturing – here's what the era of intelligent robotics looks like

Sep 9, 2025

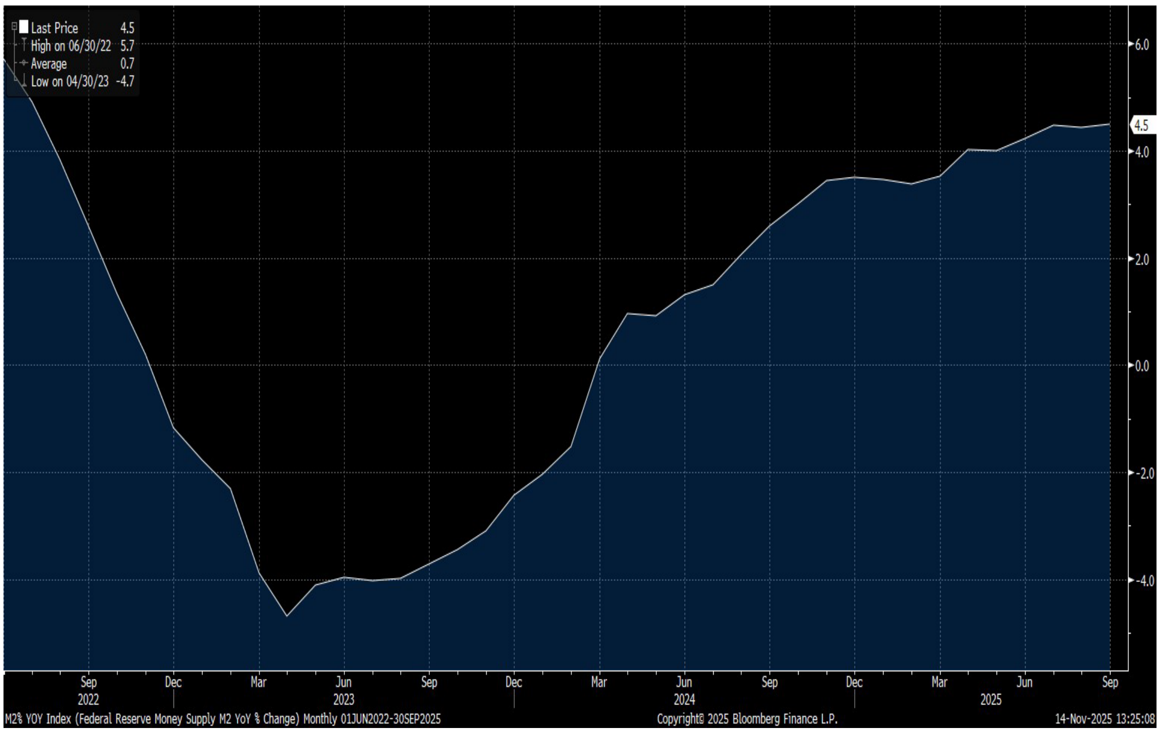
Source: World Economic Forum, September 9, 2025



Fed Supporting Economic Expansion

The economy is also getting support from a growing money supply. M2 – a broad measure of cash, checking, savings, and other easily spendable funds – is expanding at nearly 5% annually. The Fed has already cut interest rates by 100 basis points late last year and another 50 basis points since September, and it plans to end Quantitative Tightening, which is effectively another form of monetary easing.

Money Supply Is Growing Near 5% Supporting Economic Growth



Source: Bloomberg, November 2025

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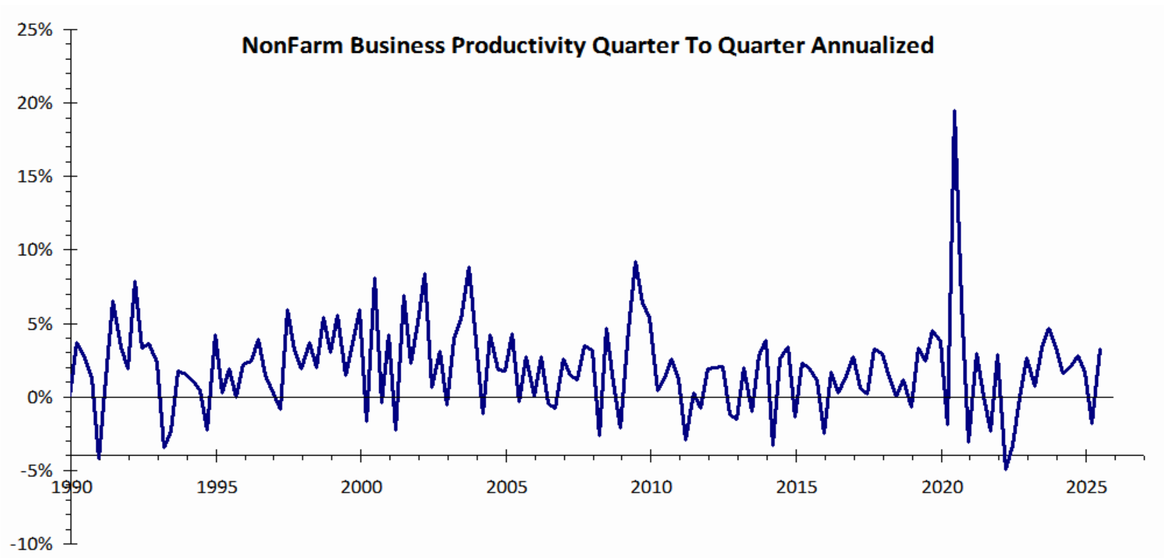
Productivity Is Already Improving

Economists typically measure productivity as the quarter-to-quarter annualized change in the ratio of hours worked to real GDP. That is, they calculate the change from one quarter to the next, then adjust it to reflect the amount productivity would have changed over a year's time had it continued to grow at that rate. As of the last report for 2Q 2025, nonfarm business productivity, on which analysts currently focus, was growing at a quarter-to-quarter annualized rate of 3.3%. With so many new innovations hitting the U.S. economy, we expect nonfarm business productivity to grow at rates that we saw from 1995 into the 2000s, which often was above 5% on a quarter-to-quarter basis.



Source: Bureau of Labor Statistics, Sanctuary Wealth, November 2025

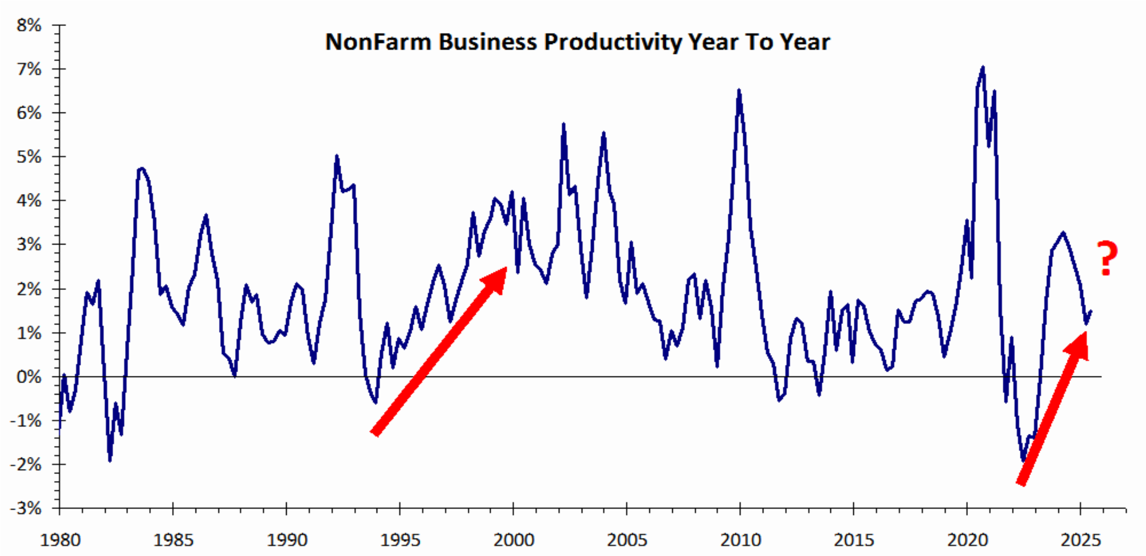
Where Is Productivity Going, And What Does That Mean For Profits?

Another way to analyze productivity is by its year-to-year change instead of its quarter-to-quarter annualized change. At the end of 2Q 2025, the year-to-year change was 1.5%. We think that rate should rise as AI and Robotics are integrated into the economy.

Looking back to the 1990s, Alan Greenspan, then Chairman of the Federal Reserve, was just beginning to understand the change to the economy. In testimony before Congress in February 1995, Greenspan first mentioned that new technologies – like computers and mobile phones – were influencing prices in ways the official indexes weren't capturing. He argued that productivity gains were being underestimated because output from emerging industries wasn't fully reflected in GDP. We suspect something similar is happening again today: many recent productivity improvements still aren't showing up in the official data. It will take time to understand and capture the efficiencies of AI, Robotics, Blockchain and Web 3.0.

> *But we are already seeing productivity gains, and as productivity rises, we expect profits and returns on capital to expand.*

Nonfarm Business Productivity May Be Rising As It Did In The 1990s



Source: Bureau of Labor Statistics, Sanctuary Wealth, November 2025

Leadership In The Equity Market To Remain Technology and Tech-Related But....

We believe the long-term leadership within the equity market will remain Technology and Tech-related with Semiconductors the main driver of the trend. This will keep the Growth area of the market the leading factor versus Value. But as we enter 2026, Technology and Growth are extended, and we expect this pocket of the market to correct and consolidate.

> *We believe investors need to remain fearless as the Bucking Bull is likely to cause periods of episodic volatility.*

This maps to the market following the cycle of the mid-term election year, which ends the year positively up 6% on average – despite volatility from April through September. This means the Value areas of the market may hold up better but should not sustain long-term leadership.

Diversification Will Be Important Driver of Portfolio Performance In 2026

We believe it is important to have a diversified portfolio entering 2026 as we expect the year to have volatility. Also, it may be beneficial to have some dry powder in the portfolio to seize possible opportunities to add to leadership areas of the market at a better value.

Equity Market Corrections Are Happening More Frequently

Equity market corrections used to happen every four years, where the equity market would reset with a 20%-30% correction. Today these corrections are happening more frequently as information is instantaneous and computer programs trade on every word they process. The S&P 500 has had four bear market corrections in eight years. This is twice the amount of volatility we have seen in the past. This increase in volatility can unnerve investors, but we always like to say that volatility brings opportunities. So, if we do get volatility in 2026, we want investors to remain *fearless*.

S&P 500 With 4 Bear Market Corrections Since 2018 (In 8 Years)

Source: Bloomberg with Annotations by Sanctuary Wealth, November 2025

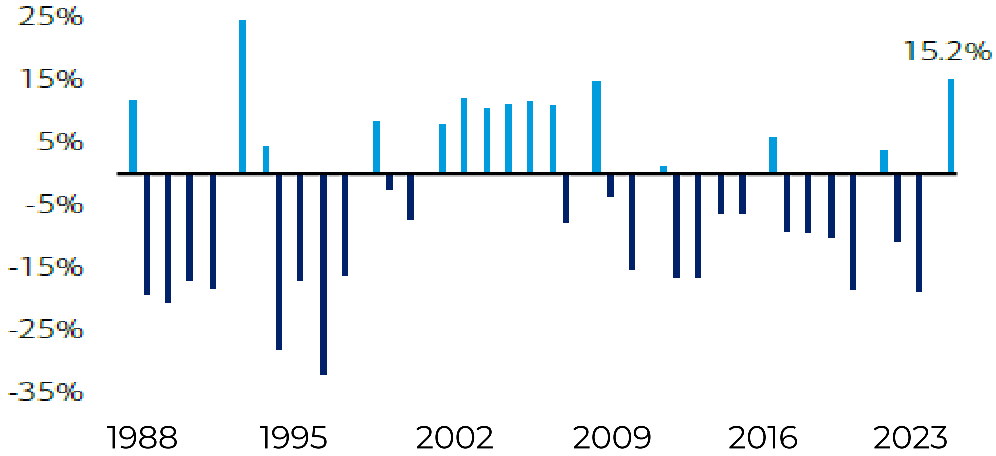
Non-U.S. Equity Markets Just Entering A Secular Bull Market

Non-U.S. equity markets have outperformed the S&P 500 this year, with Europe up 26.94%, Japan up 22.88%, and Emerging Markets up 28.84%. Global returns relative to the U.S. are on track to be the strongest in 30 years, supported by improving earnings growth and declining correlations with the U.S. market. We believe this signals the early stages of a secular bull market abroad. Valuations are also more attractive, and because these markets have far less Technology exposure than the U.S., they are inherently more Value-driven.

> *So, by adding exposure of non-U.S. equity markets, you are adding Value to a portfolio.*

Global Equity Returns vs. U.S. On Pace For Best In 30 Years

Exhibit 8: 2025 on pace for best global vs. US returns in >30 years
MSCI All-Country World ex-US minus US total returns



Source: BofA Research Investment Committee, Bloomberg; 2025 annualized

Source: BofA RIC November 2025

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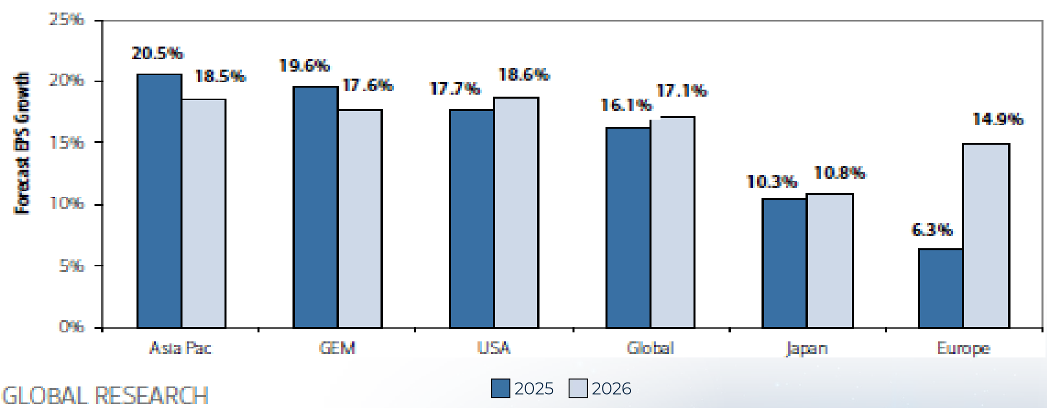
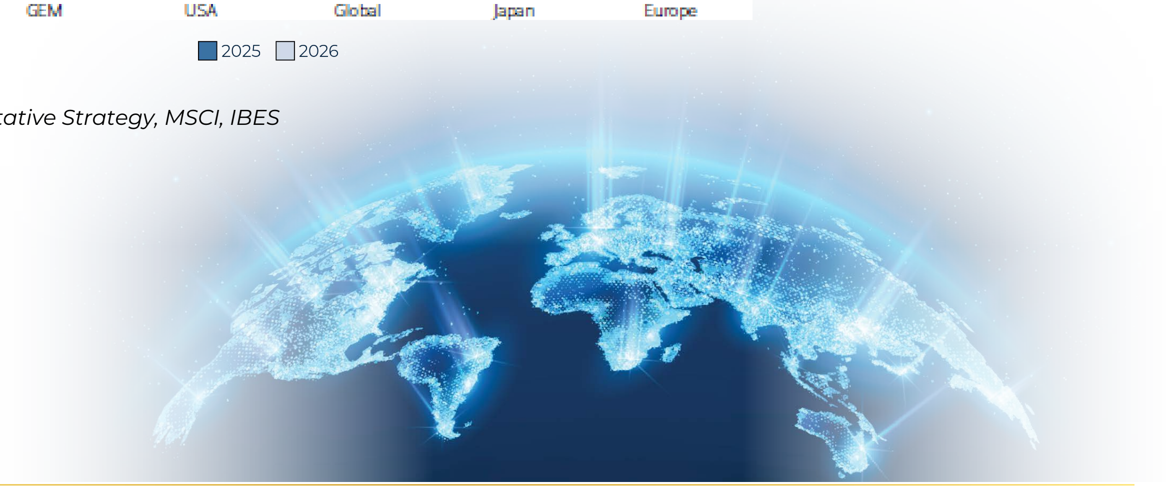
Global Rally Has Support Of Earning Growth Globally

Chart 39: Global EPS growth by region
The EPS growth forecast for 2025 is highest in Asia Pac, GEM and USA



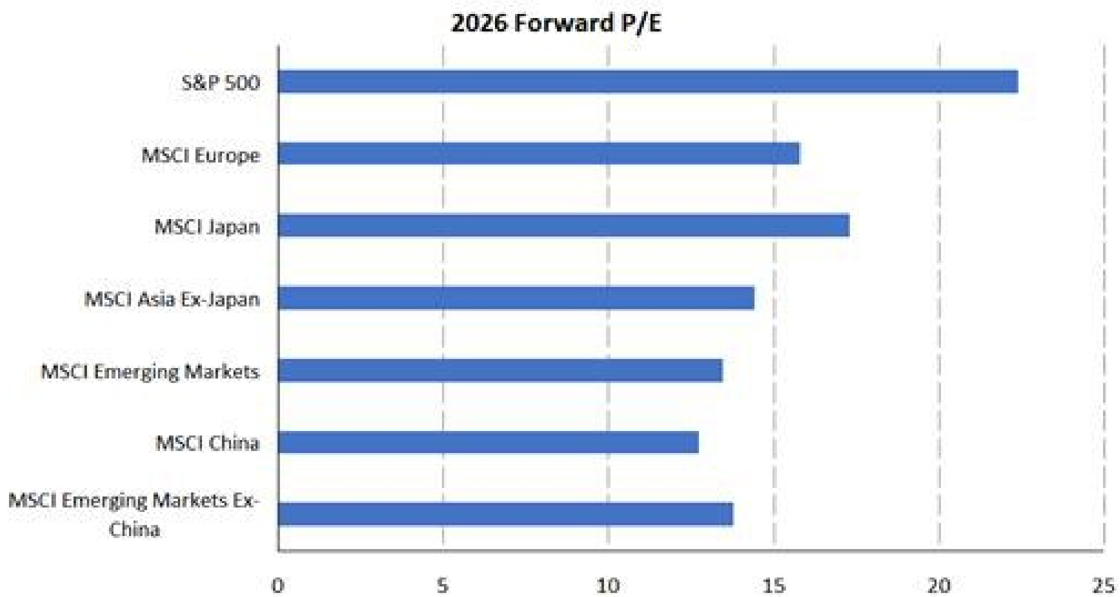
BofA GLOBAL RESEARCH

Source: BofA Global Quantitative Strategy, MSCI, IBES



Forward Price/Earnings Ratio For Global Equity Markets

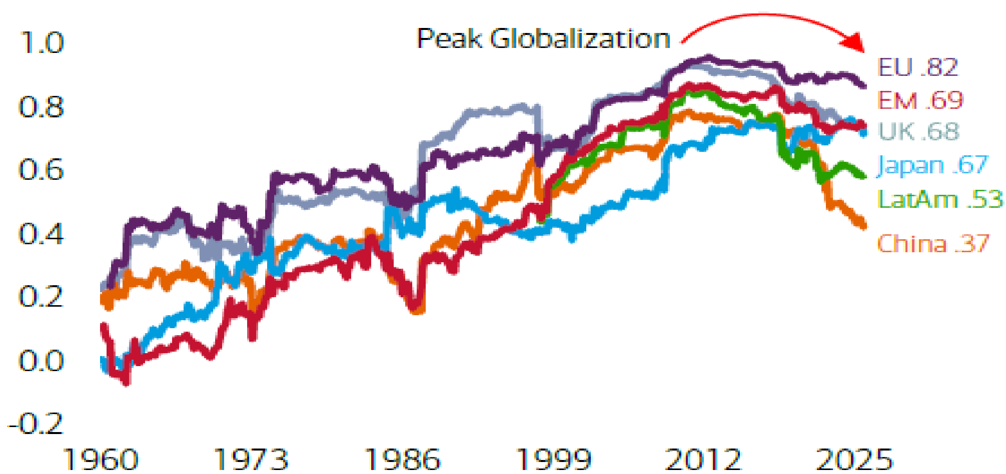
U.S. Most Expensive Emerging Markets and China The Cheapest



Source: Bloomberg, Sanctuary Wealth November 13, 2025

Global Equity Market Correlations Are Falling Relative to U.S.

Exhibit 17: Global economic rebalancing means lower correlations, better diversification
Rolling 10-year correlations of major international indices to S&P 500



Source: BofA Research Investment Committee, Global Financial Data

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Source: BofA; RIC November 2025

Japan Breaks Out Into A New Secular Bull Market

The Japanese equity market spent 35 years in a secular bear market with no advances to new highs. But this has significantly changed as the Japanese equity market has broken to new records as they redefine an economic growth strategy and corporate governance. The market is extremely overbought so some consolidation should be expected. But the trend is clear: further highs should be expected over the coming years as Japan is now in a new secular bull market.

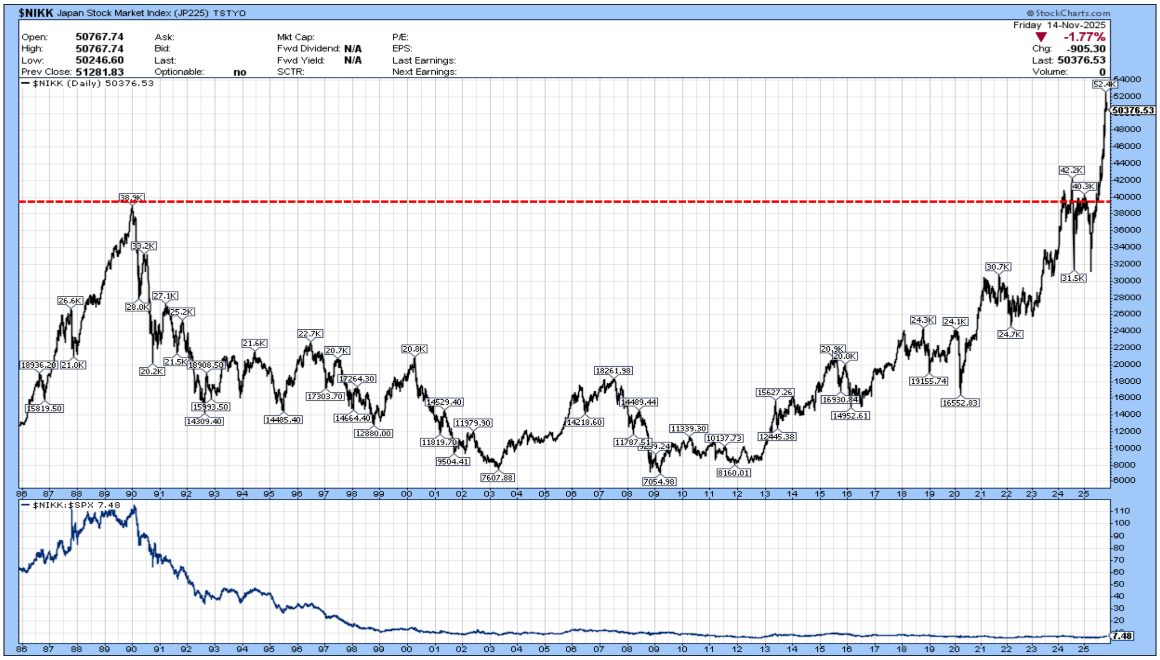
MSCI EAFE Breaks Out Into New Secular Bull Market

The MSCI EAFE index, which incorporates Europe, Australasia and the Far East, cleared its previous high set in 2007, setting the stage for these areas of the world to enter a new secular bull market. The relative ratio to the S&P 500 appears to be bottoming, in our view.

MSCI EAFE (Top) Relative To S&P 500 (Bottom)

Source: StockCharts.com with Annotations by Sanctuary Wealth, November 2025

Japan Long Term Stock Market (Top) With Relative To S&P 500 (Bottom)



Source: StockCharts.com with Annotations by Sanctuary Wealth, November 2025

Japan Short Term Stock Market (Top) With Relative To S&P 500 (Bottom)

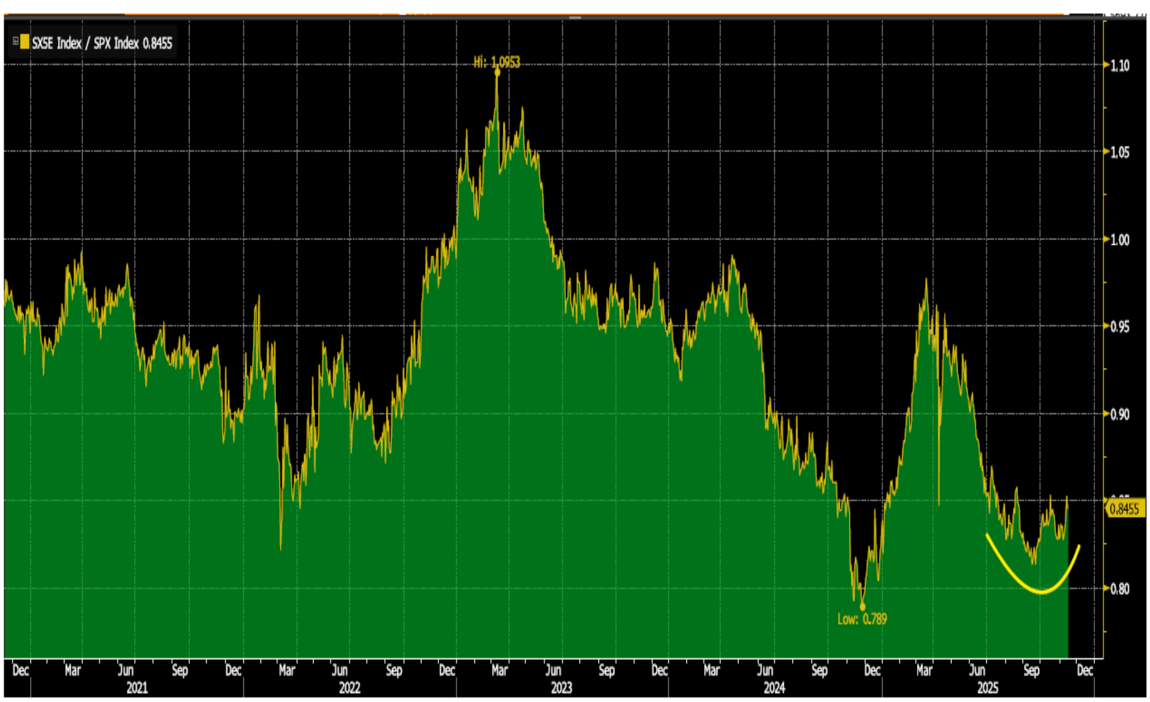
Source: StockCharts.com with Annotations by Sanctuary Wealth, November 2025

Euro Stoxx 50 Breaks Out Into A New Secular Bull Market

Euro Stoxx 50 Hits Record All-Time High

Source: Bloomberg with Annotations by Sanctuary Wealth, November 2025

Euro Stoxx 50 Relative To S&P 500 May Have Bottomed

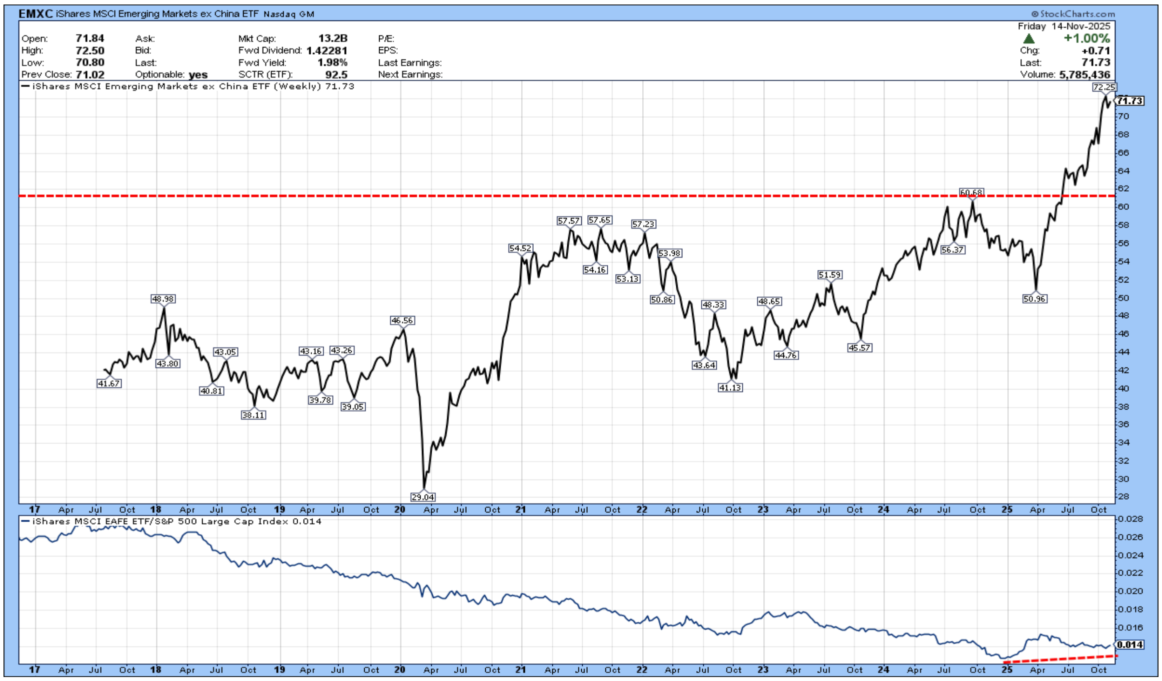


Source: Bloomberg with Annotations by Sanctuary Wealth, November 2025

Emerging Markets Ex China Also Breaks Out Into A New Secular Bull Market

Emerging Markets (EM) ex China have also joined the secular bull market in equities and remain one of the most attractive areas globally, based on valuations. China's equity market is improving but has not yet moved into a secular bull market. Its weak economy may be holding China back.

MSCI Emerging Markets ex China (Top) Relative To S&P 500 (Bottom)



Source: *StockCharts.com with Annotations by Sanctuary Wealth, November 2025*

China Still In Secular Bear But Improving

China (Top) Relative To S&P 500 (Bottom)

Source: StockCharts.com with Annotations by Sanctuary Wealth, November 2025

Vietnam Was Just Added to Emerging Markets—And It Too Is In A Secular Bull Market

Vietnam's Ho Chi Minh Index Hits All-Time Highs

Source: Bloomberg, November 2025

Interest Rates To Trade In A Range With Risk Of Rising In 1Q26

Interest rates are clearly declining, but trends often are not in a straight line. We see the risk of interest rates rising in 1Q26. Seasonally it is common for rates to begin to rise in December as demand for cash is needed as companies close their books for the year. This upward bias in rates tends to carry over in the first quarter of the following year. We see this risk as we enter 2026. This should cause some volatility in portfolios, which is why we are stressing diversification for the year ahead.

2-Year Treasury Yield Risk Of Rising Before Falling

We think the 2-year Treasury yield is at risk of rising in 1Q26 to 3.6%-4.0%. Then we believe the downtrend will resume. The projections for the downtrend are 3.0%-2.5%. So, we see a wide range for rates in the coming 12-18 months.

2-Year Treasury Yields At Risk Of Rising 1Q26 To 3.6%-4.0%

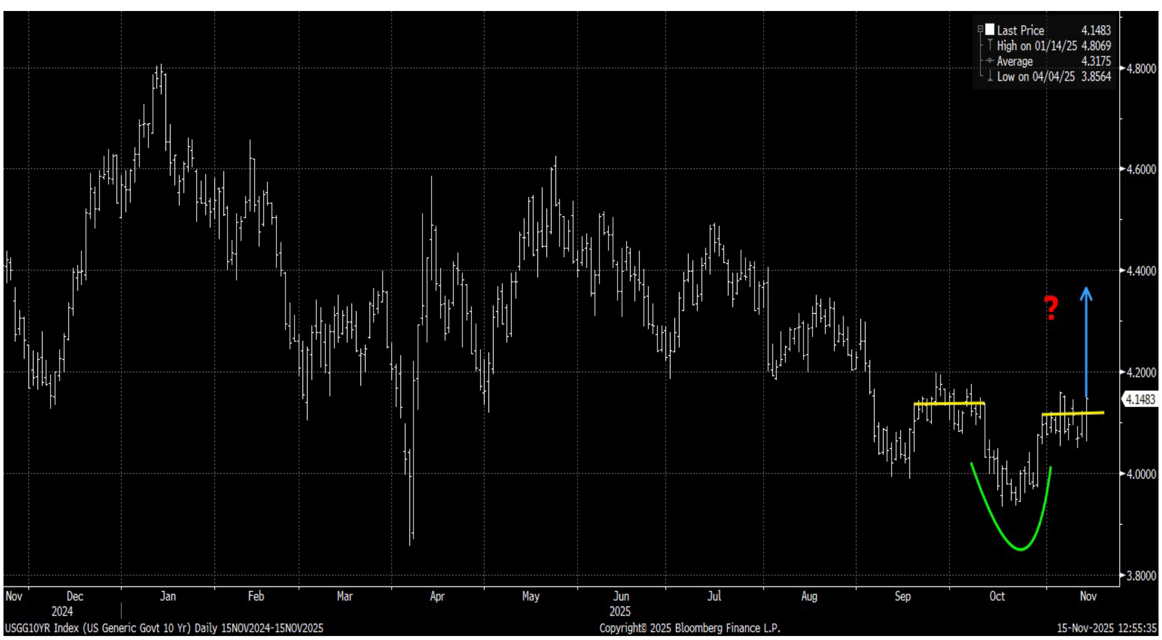
Source: Bloomberg with Annotations by Sanctuary Wealth, November 2025

2-Year Treasury Yield Long Term Trend Down Toward 3.0%-2.5%

Source: Bloomberg with Annotations by Sanctuary Wealth, November 2025

10-Year Treasury Yield At Risk Of Rising Before Falling

10-Year Treasury Yields At Risk Of Rising 1Q26 Toward 4.3%-4.4%

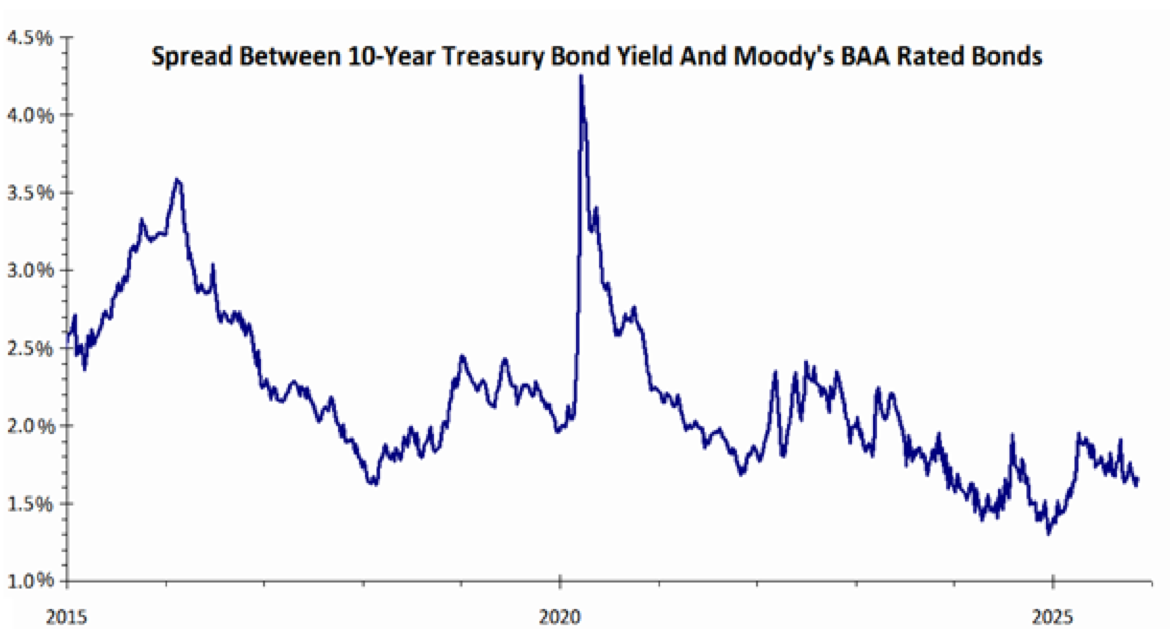


Source: Bloomberg with Annotations by Sanctuary Wealth, November 2025

10-Year Treasury Yields Long-Term Trending Toward 3.0%

Source: Bloomberg with Annotations by Sanctuary Wealth, November 2025

Spreads Remain Tight And Are Not Signaling Any Major Financial Risk



Source: Moody's, Bloomberg, November 2025

U.S. Dollar Remains In An Uptrend And Is Positioned To Rally

The U.S. Dollar has remained in an uptrend since the lows of 2008 from the Great Financial Crisis (GFC). But in 2025, the dollar corrected within this uptrend and is now very oversold on the 14-month stochastic. This positions the dollar to resume its uptrend in 2026. Higher interest rates would certainly help the dollar rally.

> *We should also note that higher interest rates tend to put pressure on risk assets as well as on precious metals like Gold.*

A higher U.S. Dollar would put pressure on international asset returns and also put pressure on multi-national company earnings. So, a higher dollar would also contribute to the volatility we expect in 2026.

U.S. Dollar With 14-Month Stochastic: Still In An Uptrend & Oversold

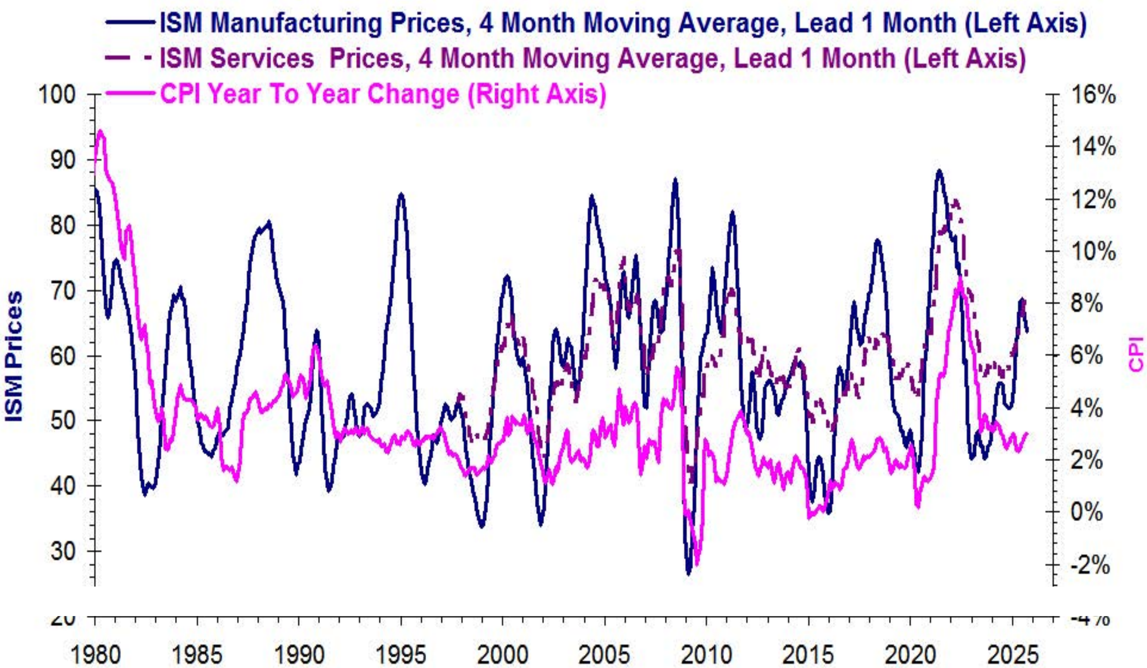
Source: Bloomberg with Annotations by Sanctuary Wealth, November 2025

What Could Make Yields Rise Outside Of Concerns Over The Deficit? Inflation Fears!

A risk to both the equity and fixed income markets in 2026 could be an uptick in inflation data. We are already getting a response from the Trump Administration as it has lowered tariffs on certain food products (such as coffee, tea, bananas and beef) that had gone up and hurt consumer grocery bills. Services inflation has risen sharply in the ISM Services survey, with the prices index jumping significantly. So far, the markets have not responded to this data.

Another pricing risk we see is raw industrial spot prices. They appear to be in a bullish basing pattern with the risk of moving higher.

ISM Prices vs. CPI

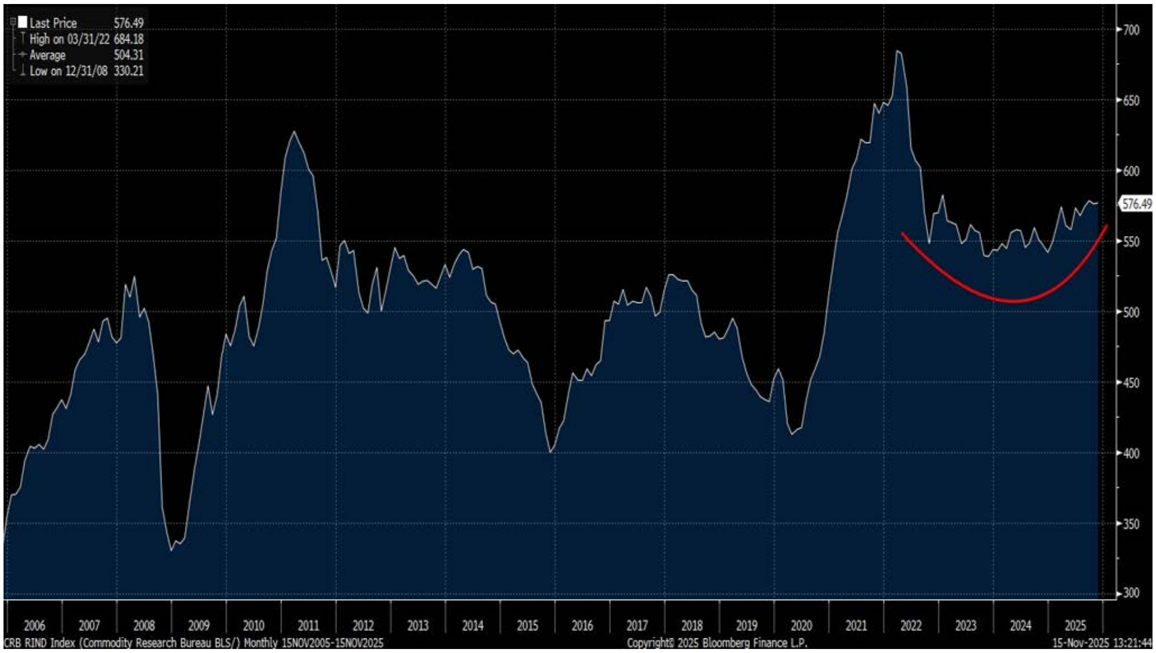


Source: Bureau of Labor Statistics, Institute for Supply Management, Sanctuary Wealth, November 2025

Spot Raw Industrial Prices At Risk Of Rising

Raw industrial commodity prices have been firming. The infrastructure demand for AI is likely going to put upward pressure on industrial prices.

Commodity Research Bureau Spot Raw Industrial Prices



Source: Bloomberg with Annotations by Sanctuary Wealth, November 2025

WTI Oil Prices Holding Down Commodity Pricing Overall & Bullish For The Consumer

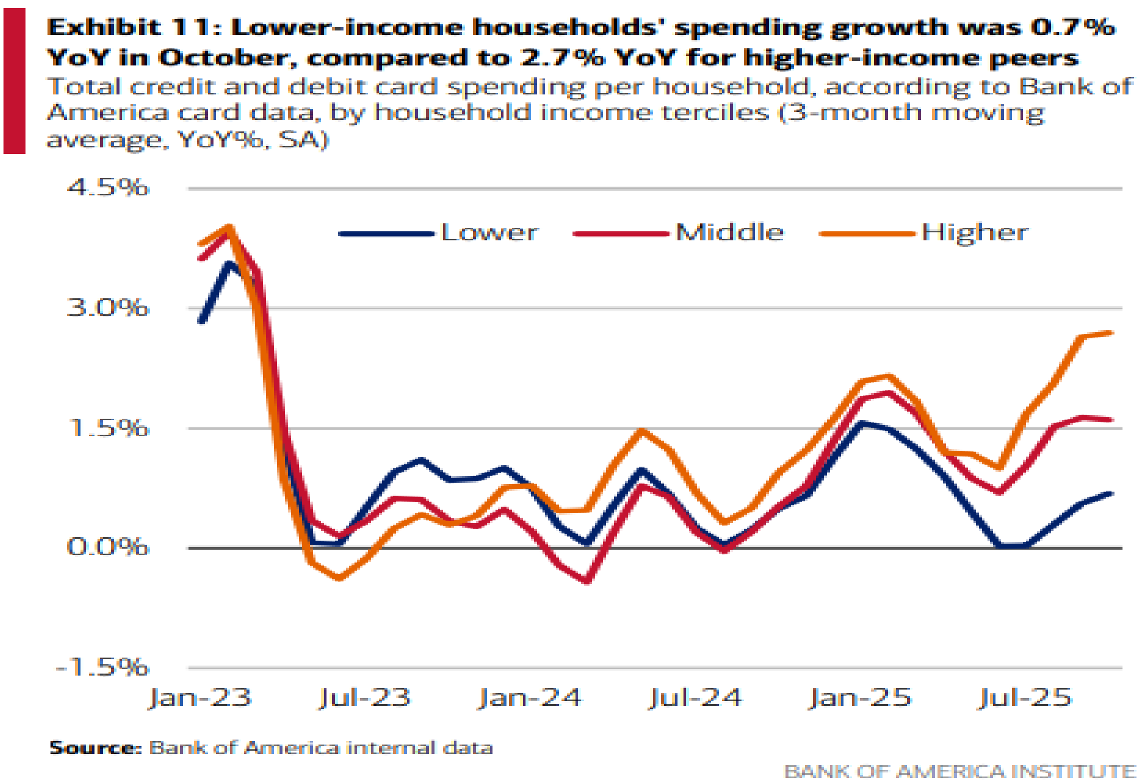
WTI Crude Oil Prices In A Clear Downtrend

Source: Bloomberg with Annotations by Sanctuary Wealth, November 2025

The Consumer Is Well Positioned Going Into 2026

Household net worth continues to rise and, with the stock market also continuing to rise, we expect that trend to continue. Housing has not gone down sharply and is, in fact, up substantially since Covid in 2020, which is also helping to keep net worth high. When consumers have increasing net worth, they tend to spend – and that's exactly what the data shows. But the economy has taken on what economists call a K-shaped pattern, where middle- and higher-income consumers are spending more, while lower-income consumers are spending but at a much slower pace. Having lower oil prices has also been helping the consumer. The important fact is that spending is still occurring across all groups; it's when spending contracts that the economy runs into real trouble.

The K Shaped Economy With High End Spending More While Low End Is Spending Less



Source: BofA, November 2025

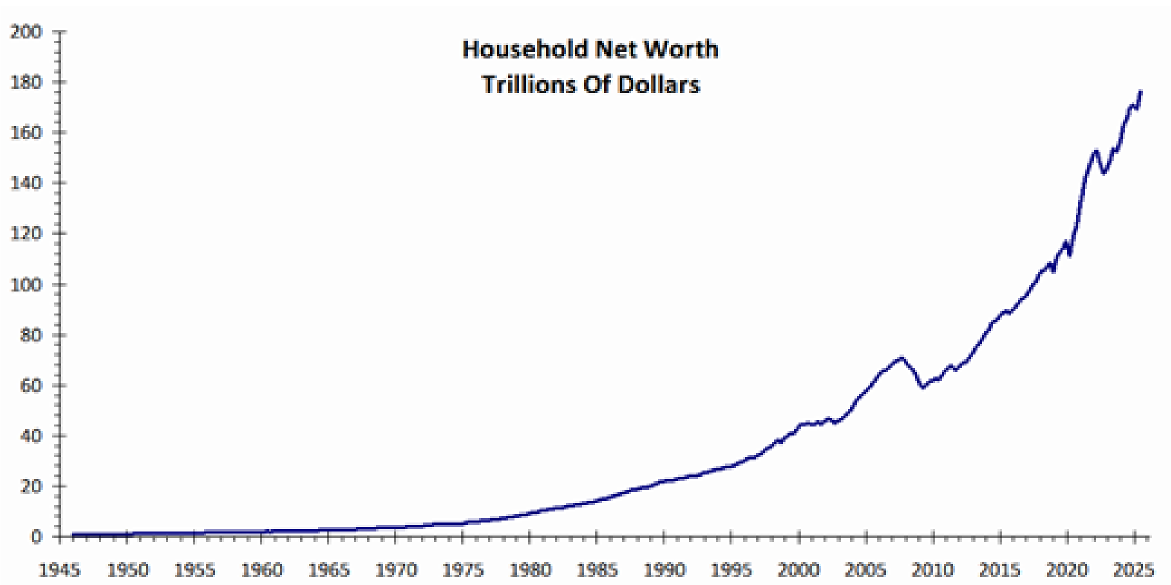
Employment Data In 2026 Will Be Important

Employment will become an important data point to watch in 2026 as companies have begun layoffs. But the supply of labor has also been sharply impacted with undocumented workers being deported – taking about 1 million people out of the workforce. If unemployment does not rise sharply, the consumer should remain in good shape. We also have the Trump Administration helping to bring down select food prices, which should also help the consumer, particularly at the lower end.

The Consumer Is Fully Invested In Equities & Cash Levels Near Their Lows

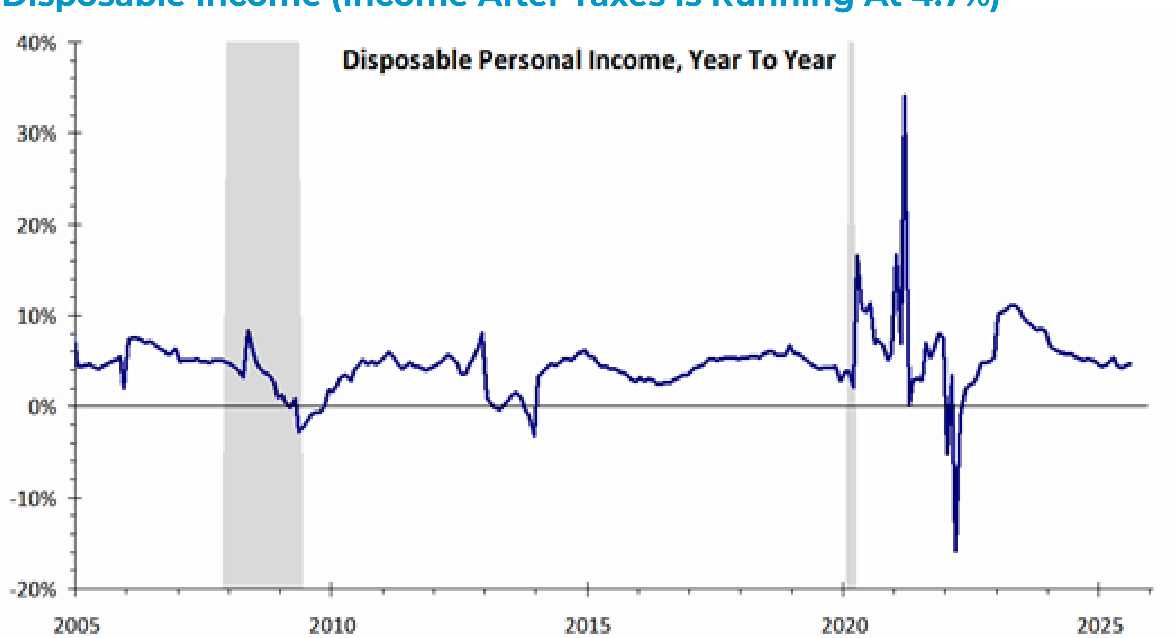
A risk we have going into 2026 is that consumers' equity allocation is very high, and their cash levels are near their lows. This is what we call a contrarian signal, meaning when investors are all in, there tend to be corrections or pullbacks in the market. So, we see this as a short-term tactical risk going into 2026.

Consumer Household Net Worth Continues to Climb And Is At $176 Trillion Dollars



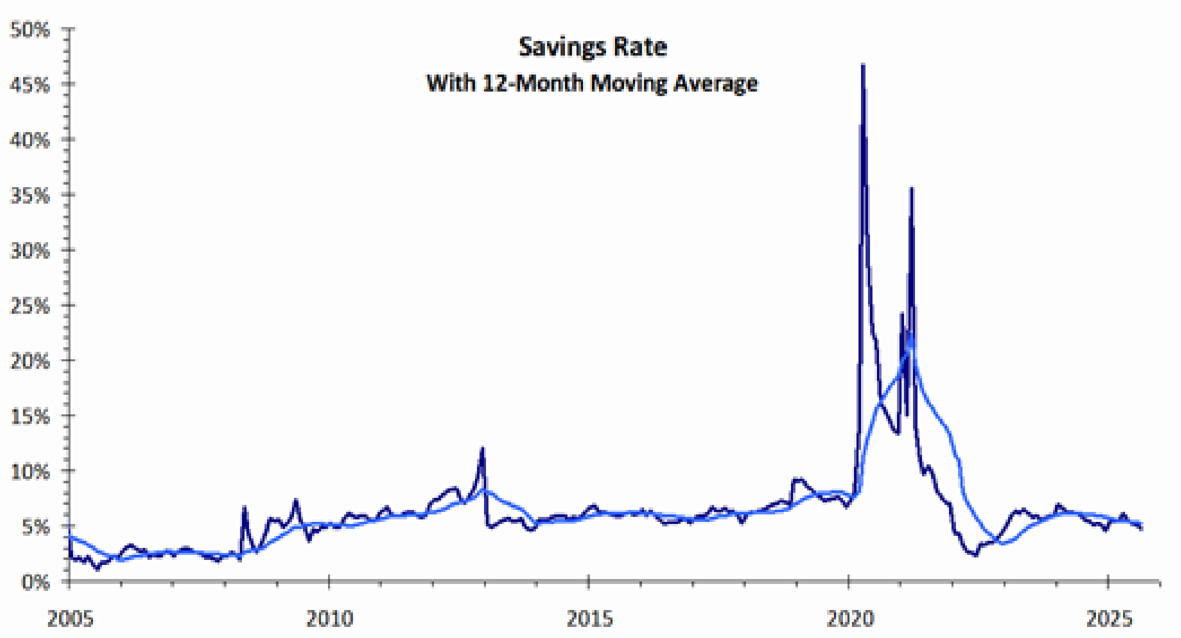
Source: Federal Reserve Flow of Funds, Sanctuary Wealth. June 2025

Disposable Income (Income After Taxes Is Running At 4.7%)



Source: Bureau of the Census, Sanctuary Wealth, September 2025

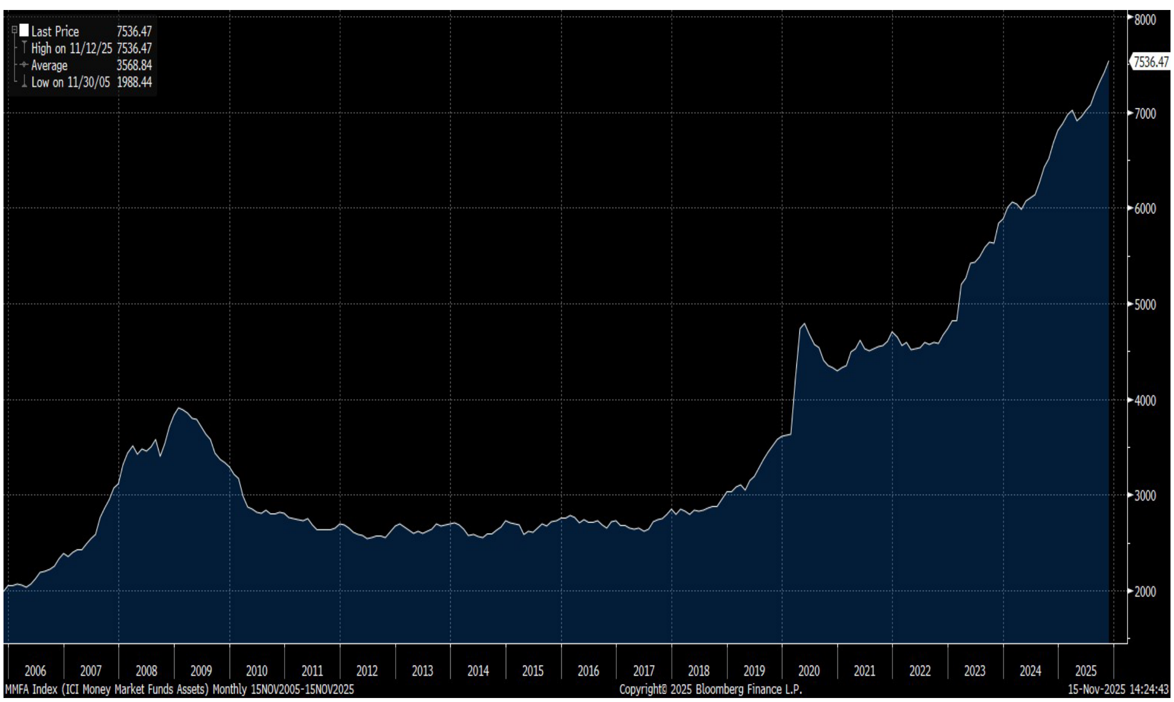
The Consumer Has A Savings Rate Of Nearly 5.0%...



Source: Bureau of the Census, Sanctuary Wealth, September 2025

...And Money Market Assets Continue To Sharply Rise To $7.5 Trillion

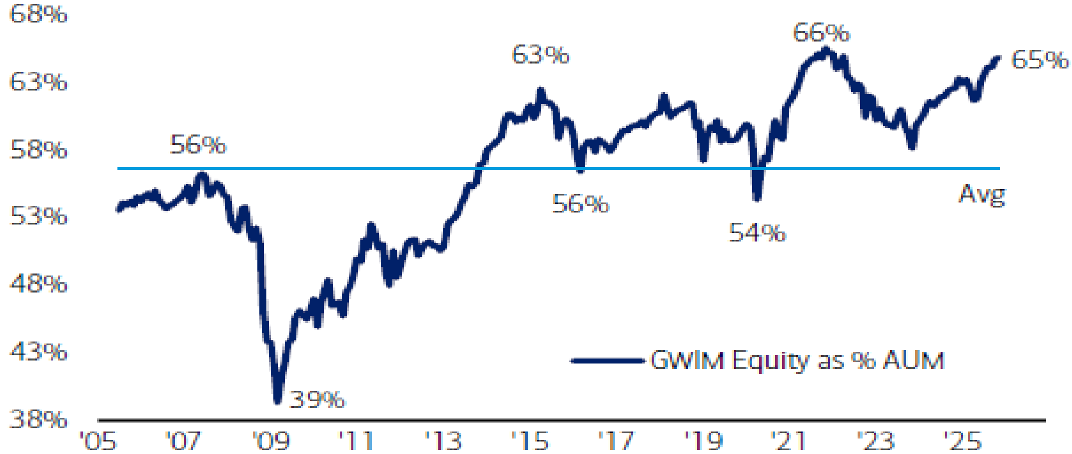
ICI Money Mountain Continues To Rise – Consumers Have Cash



Source: Investment Company Institute, Bloomberg, November 2025

But Consumers Are Almost Fully Invested In Equities – A Contrarian Negative Signal Equity Exposure Is High While Cash Levels Have Dropped

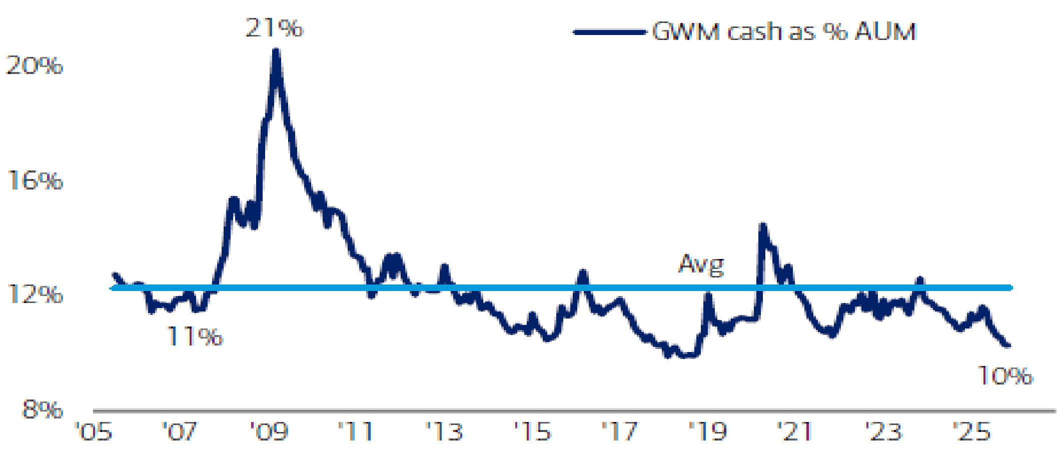
Chart 13: GWIM equity allocation at 66%
BofA private client equity holdings as % of AUM



Source: BofA Global investment Strategy

BofA GLOBAL RESEARCH

Chart 15: GWIM cash allocation at 10%
BofA private client cash holdings as % of AUM



Source: BofA Global investment Strategy

BofA GLOBAL RESEARCH

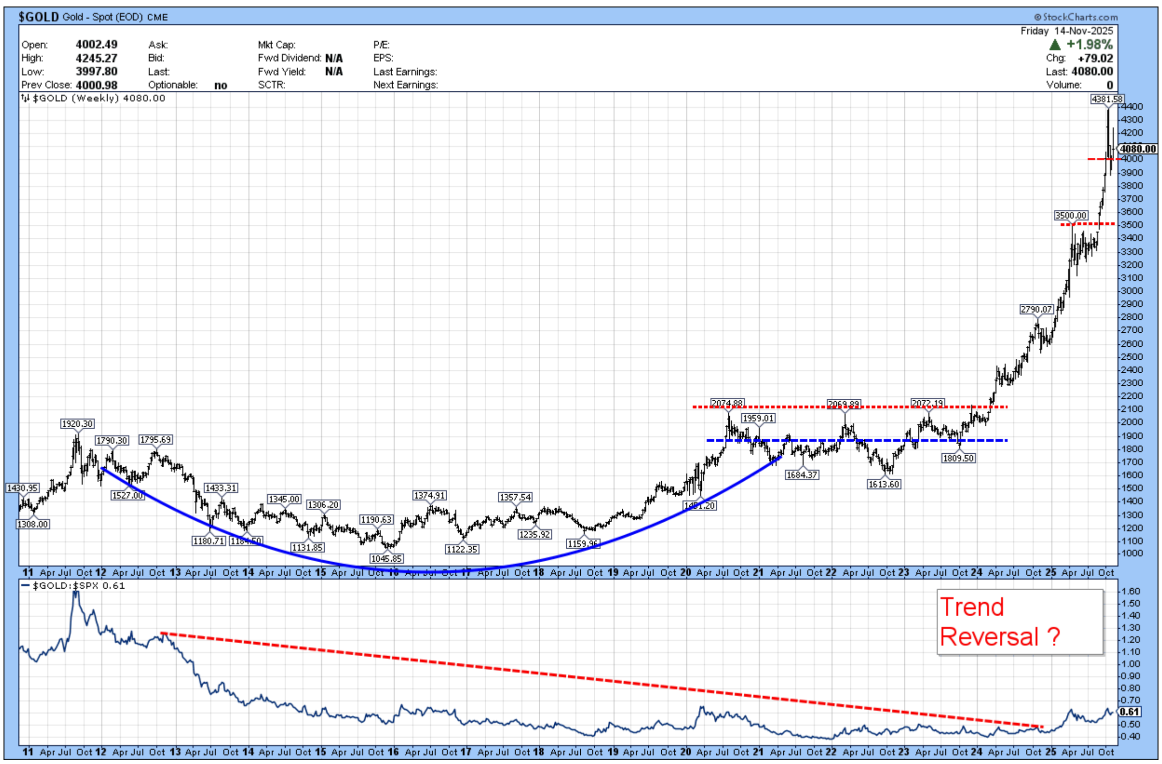
Source: BofA Flow Show, November 2025

Gold To Consolidate In Early 2026, Positioning For Rally Later In 2026

We remain Gold bulls, but with Gold the best performing asset in 2025 (up over 50%), we believe Gold will need to consolidate, likely in early 2026. This consolidation should allow Gold to continue its advance later in 2026. We are expecting Gold to continue its outperformance of the S&P 500. We believe investors should diversify by adding some Gold to their portfolios. We have a target on Gold of $5000.

Gold continues to remain attractive as Central Banks, particularly emerging markets like China, continue to diversify their currency holdings. We also believe Gold is rising, as inflation has remained elevated with the Fed not reaching its target of 2% in four years. Also, all the geopolitical risk has helped to drive investors toward owning Gold.

Gold (Top) With Gold Relative To S&P 500 (Bottom)



Source: StockCharts.com with Annotations by Sanctuary Wealth, November 2025

Silver Is Also Rising & Attempting A Major Breakout

Silver has been called 'poor man's gold' as it is cheaper to buy. But Silver is more of an industrial metal than a currency. Silver is testing its all-time high of $46, and we expect the metal will eventually break this level and begin the second leg of its rally. A breakout would point to Silver rallying toward $80-$100.

Silver Testing All-Time High – Breakout Should See The Metal Soar

Source: StockCharts.com with Annotations by Sanctuary Wealth, November 2025

Crypto: A New Innovation – More Focus Under Trump Administration

High risk/high return explains the crypto market. It has the highest volatility of any asset class today. Crypto, particularly Bitcoin, signifies the shift from paper and coin to the world of digital currencies. This space is embraced by the younger demographics. It's new and a big change.

President Trump has been advocating for the crypto markets and is aiming to position the U.S. as a global hub for cryptocurrency. So, we expect continued strong performance in the sector. But it is an extremely volatile market and we do expect this volatility to continue. Still, our view remains constructive and bullish.

New Capital Formation Under Blockchain and Crypto Market

One of the newest innovations is what's called "Web 3." It's not quite ready for widespread implementation, but over the rest of this decade, it likely will be, and its use should spread quickly, just as the use of the internet did 30 years ago. "Web 1" was the original internet. People built websites, and other people could come and read them. "Web 2" is what we have today: companies have built websites, and people come and post comments and exchange information on them – Facebook (META), Reddit and X (formerly Twitter) are prime examples – or they can engage in commerce, as with Amazon or eBay. Web 1 was a "read" environment, Web 2 is a "read/write" environment.

"Web 3" is a "read/write/own" environment. Individuals can digitally mark their intellectual property, and using blockchain, they can sell it, lease it out, and derive an income from it as it passes from user to user (NFT, non-fungible token). People are already engaging in what are called "smart contracts," where the terms of an agreement are tracked and enforced automatically. The contract and its execution are documented on a blockchain, and although some of the information on the blockchain is encrypted, it is open for public inspection. Public records (such as births, marriages, deaths) and transactions (such as real estate transactions, bond transactions, stock transactions, automobile sales) can all be dealt with this way. More and more information is going to be on a blockchain.

Bitcoin (BTC) is on the blockchain, is a store of value, and is being treated as a medium of financial exchange. The younger generation accepts this. Ethereum (ETH) is very different from Bitcoin. ETH is a technology platform designed to support the development and execution of smart contracts.

The crypto market is extremely volatile with 100%+ moves up or down being common. The Bitcoin algorithm limits the amount of supply to 21 million, in an attempt to make it scarce like gold. In a world of 8 billion people, that is not a lot of supply.

Where Are We Today With Bitcoin

Bitcoin (BTC), as we have said, is a volatile asset and part of the cryptocurrency ecosystem. BTC peaked in early October, ahead of the S&P 500. Its subsequent decline signaled a risk-off trade (reducing risk), and several weeks later the equity market also peaked and began to sell off. BTC may again signal when the selling has run its course and investors are ready to put risk back on. So, looking at BTC technically, using the 14-week stochastic, we see BTC moving into an oversold reading – but no buy signal yet. We do see risk of more downside before BTC stabilizes. Technical support is near $90,000-$84,000. If support holds, which we believe it should, the upward trendline will remain intact. So, BTC has the ability to rally into year-end. We believe Bitcoin's long-term technical trend is tracking toward $150,000.

Bitcoin With Fibonacci Levels and 14-Week Stochastic

Source: Bloomberg with Annotations by Sanctuary Wealth, November 2025

10 Noteworthy Developments For Crypto In 3Q25

SEC Launches Project Crypto
SEC Chair Paul Atkins calls crypto regulatory shift a generational opportunity.

SEC Clears Path for ETPalooza
SEC rolls out its generic listing standards, providing a launching pad for crypto ETPs.

Crypto IPOs Heat Up
Bullish (BLSH), Gemini (GEMI), and Figure (FIGR) soar in stock market debuts.

Alts Outperform Bitcoin
BTC takes the back seat while ETH, SOL, XRP, and other major altcoins rise by double digits.

Digital Asset Treasuries
New treasury reserve vehicles for ETH, SOL, and other crypto assets push prices higher.

CLARITY Act Clears Hurdles
U.S. House passes comprehensive market structure legislation for crypto, sending it to the Senate.

Congress Passes GENIUS Stablecoin Act
President Trump signs GENIUS Act into law after it clears Congress with overwhelming bipartisan support.

Bitcoin Miners Rally on AI Pivot
Bitcoin mining stocks soar, boosted by investor outlook on data centers and AI services.

Stablecoin Summer
Stablecoin circulating supply exceeds $275 billion while Stripe, Visa, other fintechs, and AI companies ramp up activity.

Tokenization Arrives on Wall Street
Tokenization arrives as a driving force behind institutional interest and investment in crypto.

Source: Bitwise Asset Management 3Q25 Report

Asset Class Heat Map Including Bitcoin At End 3Q25

Bitcoin has been one of the top performing assets since 2011. This is a new asset with extreme volatility. Modeling to add some exposure to Bitcoin has proved to provide diversification and a higher return. Investors who cannot tolerate volatility should not consider diversifying into crypto assets.

Performance Of Major Assets And Asset Classes As Of 3Q25

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 (YTD)
Bitcoin 1,473.76%	Bitcoin 186.08%	Bitcoin 5,537.40%	U.S. REITs 30.38%	Bitcoin 33.74%	Bitcoin 124.81%	Bitcoin 1,349.04%	U.S. Bonds 0.01%	Bitcoin 93.95%	Bitcoin 308.17%	Bitcoin 57.25%	Commodities 21.23%	Bitcoin 156.89%	Bitcoin 119.58%	Gold 47.04%
Gold 10.10%	EM Equities 18.63%	U.S. Equities 32.39%	U.S. Equities 13.69%	U.S. REITs 2.52%	Commodities 19.53%	EM Equities 37.75%	Gold (1.56%)	U.S. Equities 31.49%	Gold 25.12%	U.S. REITs 43.06%	Gold (0.28%)	U.S. Equities 26.29%	Gold 27.22%	EM Equities 28.22%
U.S. REITs 8.69%	DM Equities 17.90%	DM Equities 23.29%	U.S. Bonds 5.97%	U.S. Equities 1.38%	U.S. Equities 11.96%	DM Equities 25.62%	U.S. Equities (4.38%)	U.S. REITs 25.84%	EM Equities 18.69%	Commodities 42.60%	U.S. Bonds (13.01%)	DM Equities 18.85%	U.S. Equities 25.02%	DM Equities 25.72%
U.S. Bonds 7.84%	U.S. REITs 17.77%	U.S. REITs 2.47%	Gold (1.44%)	U.S. Bonds 0.55%	EM Equities 11.60%	U.S. Equities 21.83%	U.S. REITs (4.57%)	DM Equities 22.66%	U.S. Equities 18.40%	U.S. Equities 28.71%	DM Equities (14.01%)	U.S. REITs 13.74%	U.S. REITs 8.75%	Bitcoin 22.50%
U.S. Equities 2.11%	U.S. Equities 16.00%	U.S. Bonds (2.02%)	EM Equities (1.82%)	DM Equities (0.39%)	U.S. REITs 8.60%	Gold 13.53%	Commodities (11.18%)	EM Equities 18.88%	DM Equities 8.28%	DM Equities 11.78%	U.S. Equities (18.11%)	Gold 13.10%	EM Equities 8.05%	U.S. Equities 14.83%
Commodities (2.39%)	Gold 7.06%	EM Equities (2.27%)	DM Equities (4.48%)	Gold (10.41%)	Gold 8.14%	Commodities 6.16%	DM Equities (13.36%)	Gold 18.31%	U.S. Bonds 7.51%	U.S. Bonds (1.54%)	EM Equities (19.74%)	EM Equities 10.27%	DM Equities 4.35%	U.S. Bonds 6.13%
DM Equities (11.73%)	U.S. Bonds 4.22%	Commodities (6.55%)	Commodities (26.43%)	EM Equities (14.60%)	U.S. Bonds 2.65%	U.S. REITs 5.07%	EM Equities (14.24%)	Commodities 12.94%	Commodities (7.53%)	EM Equities (2.22%)	U.S. REITs (24.51%)	U.S. Bonds 5.53%	Commodities 2.85%	Commodities 6.07%
EM Equities (18.17%)	Commodities 4.16%	Gold (28.28%)	Bitcoin (57.74%)	Commodities (26.68%)	DM Equities 1.51%	U.S. Bonds 3.54%	Bitcoin (73.71%)	U.S. Bonds 8.72%	U.S. REITs (7.57%)	Gold (3.64%)	Bitcoin (63.91%)	Commodities (5.33%)	U.S. Bonds 1.25%	U.S. REITs 4.72%

Source: Source: Bitwise Asset Management with data from Bloomberg. Data from December 31, 2010 to September 30, 2025.

Note: Asset classes are represented by the following. Bitcoin: BTC spot price. Gold: Gold spot price. U.S. REITs: MSCI U.S. REIT Gross Total Return Index. U.S. Bonds: Bloomberg U.S. Aggregate Bond Index. U.S. Equities: S&P 500 Total Return Index. Commodities: Deutsche Bank DBIQ Optimum Yield Diversified Commodity Index Total Return. DM Equities: MSCI EAFE Gross Total Return USD Index. EM Equities: MSCI Emerging Markets Gross Total Return USD Index. All calculations are total return, including dividends for the stated period.

Performance of an index is not illustrative of any particular investment. It is not possible to invest directly in an index. Index performance and equity performance do not include the fees and expenses that are charged by any fund. Fund returns may differ materially from the returns of an index or individual equity. Past performance is no guarantee of future results.

Leading Sectors May Have A Correction In 2026

We maintain that Technology and Tech-related sectors remain leadership within the market with Semiconductors the leading industry driving the secular bull market. These stocks have rallied sharply and are at risk of consolidating these gains in 2026.

Growth To Lead Value But 1Q26 May Have Some Volatility

Growth Relative To Value

Source: StockCharts.com with Annotations by Sanctuary Wealth, November 2025

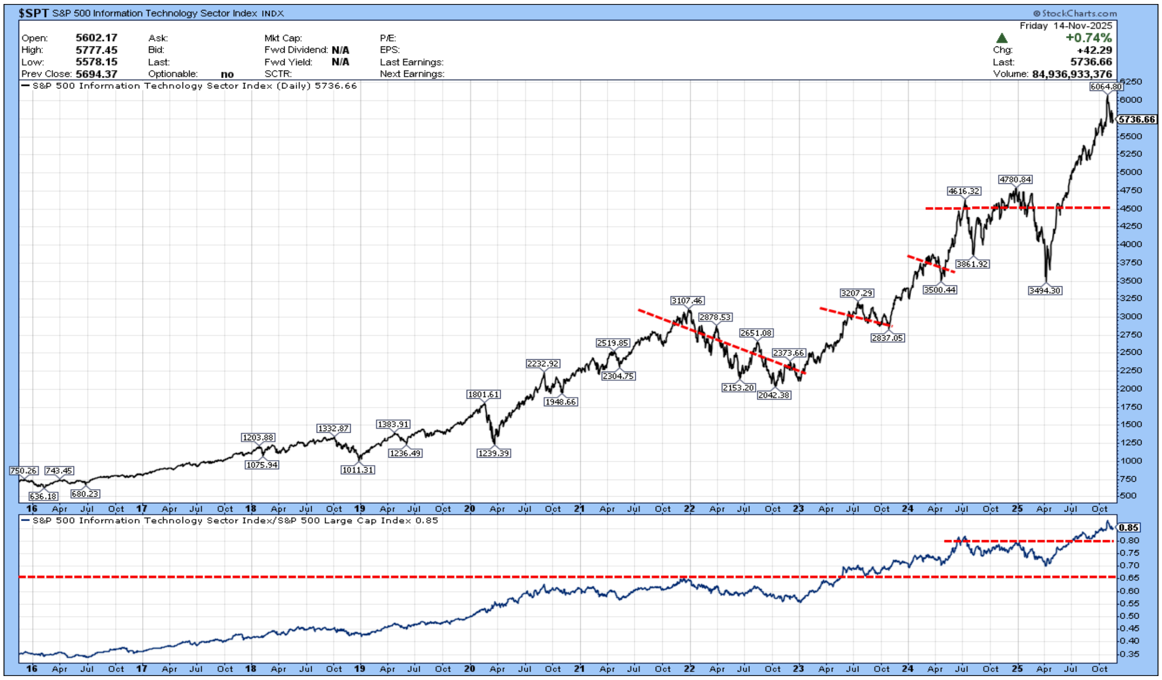
2026 Can Be A Reset Year

Growth stocks have been the best performing style in 2025. Many of the stocks within Growth, which are Technology and Tech-related, are very extended.

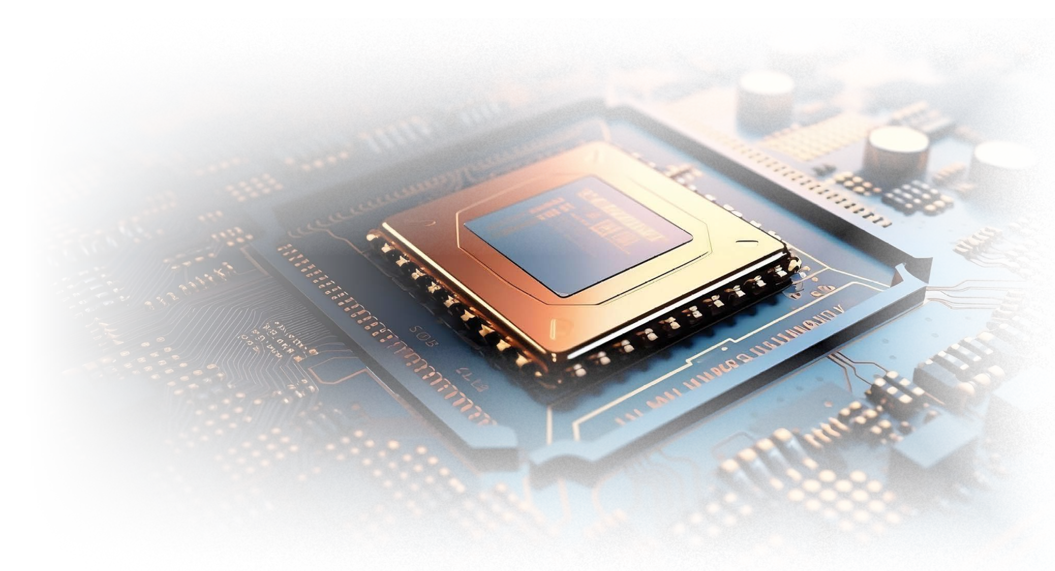
> *A temporary correction in Growth stocks should be expected in 2026, setting up a reset button for them to continue their leadership for the rest of the decade.*

Technology Remains Leadership But Extended

Technology (Top) Relative To S&P 500 (Bottom)



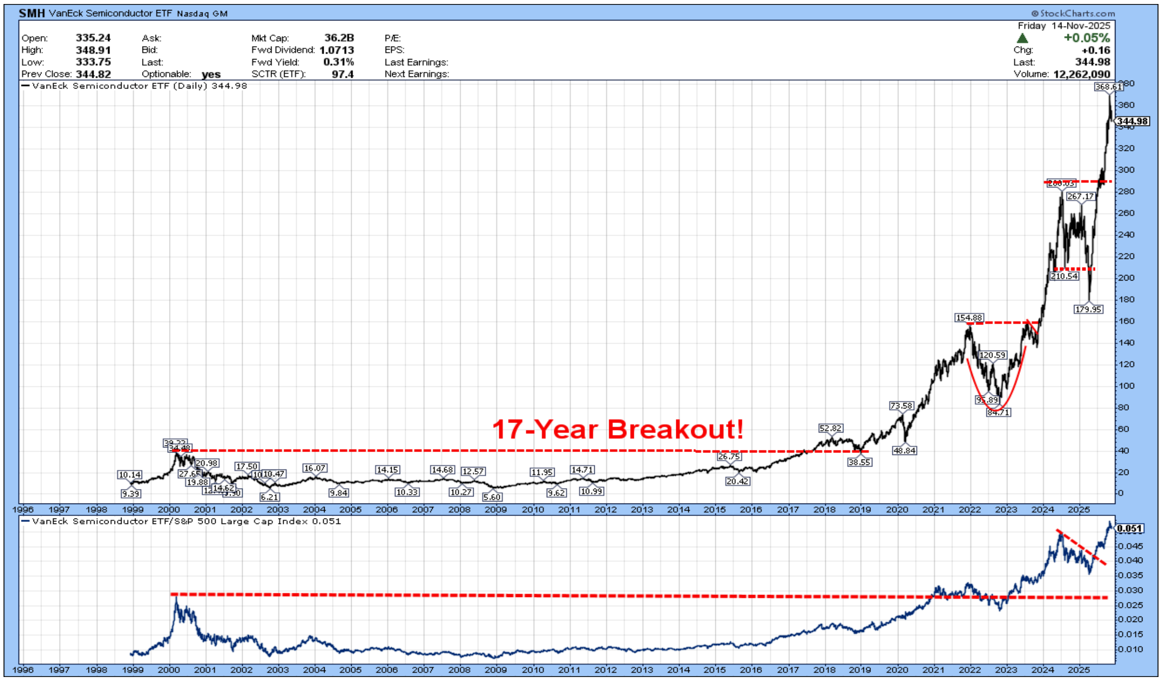
Source: StockCharts.com with Annotations by Sanctuary Wealth, November 2025



SpirePoint
PRIVATE CLIENT

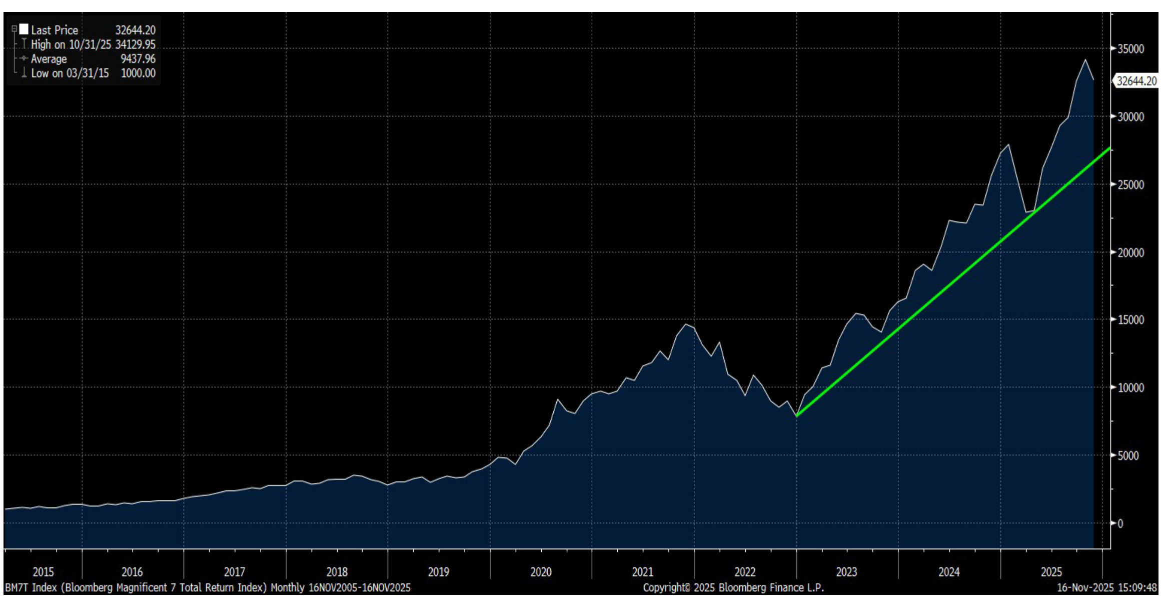
Semiconductors The Industry Leader But Also Very Extended

Semiconductors (Top) Relative To S&P 500 (Bottom)



Source: StockCharts.com with Annotations by Sanctuary Wealth, November 2025

Mag 7 Remains In An Uptrend But May Test It In 2026

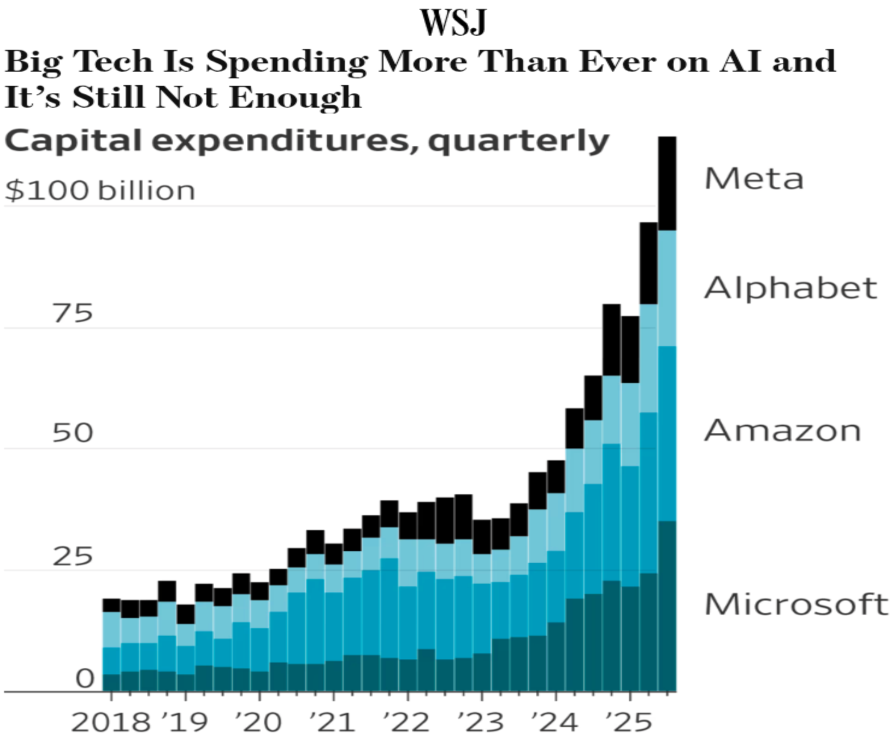


Source: Bloomberg with Annotations by Sanctuary Wealth, November 2025

The Bull And Bear Of CapEx

The amount of capex being spent – and expected to be spent – on the AI buildout is larger than the buildout of the internet and World Wide Web. Amazon, Meta, and Microsoft (in alliance with OpenAI) have announced $440 billion in data center investment in the next 12 months. The Stargate project, involving OpenAI, SoftBank, and Oracle, has announced an investment of up to $500 billion by 2030. Earlier this year, McKinsey estimated a total investment of $7.0 trillion by 2030 in the overall buildout of data centers, "a staggering amount by any measure." This is the largest capex spend in our lifetimes. It is expected to run in waves, but it is already driving strong earnings-growth rates and high returns on equity (ROE) for Tech companies.

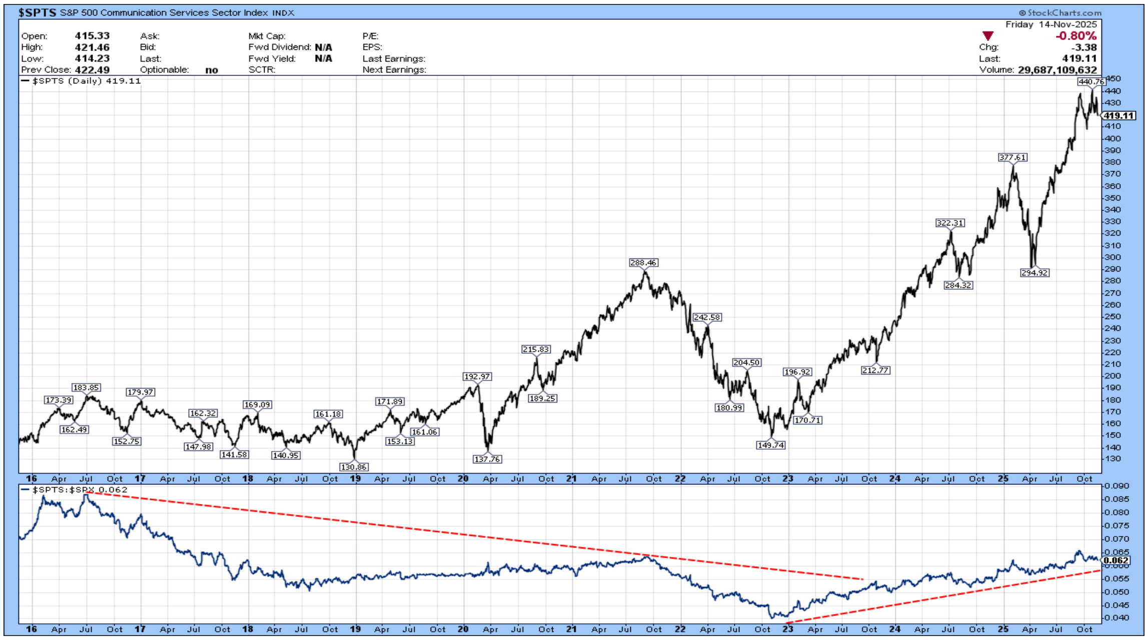
> *All this good news may have been priced into the stocks causing them to correct in 2026. In addition, earnings comps will be challenging in 2026. We expect earnings to continue to expand, but investors may be disappointed by a slowing in growth rates. Another risk is a temporary rise in interest rates, which is not priced into the markets. The higher beta stocks usually get hit the hardest.*



Source: Wall Street Journal, October 31, 2025

Communication Services Is A Tech Relative Sector Positioned To Consolidate

Communication Services (Top) Relative To S&P 500 (Bottom)



Source: StockCharts.com with Annotations by Sanctuary Wealth, November 2025

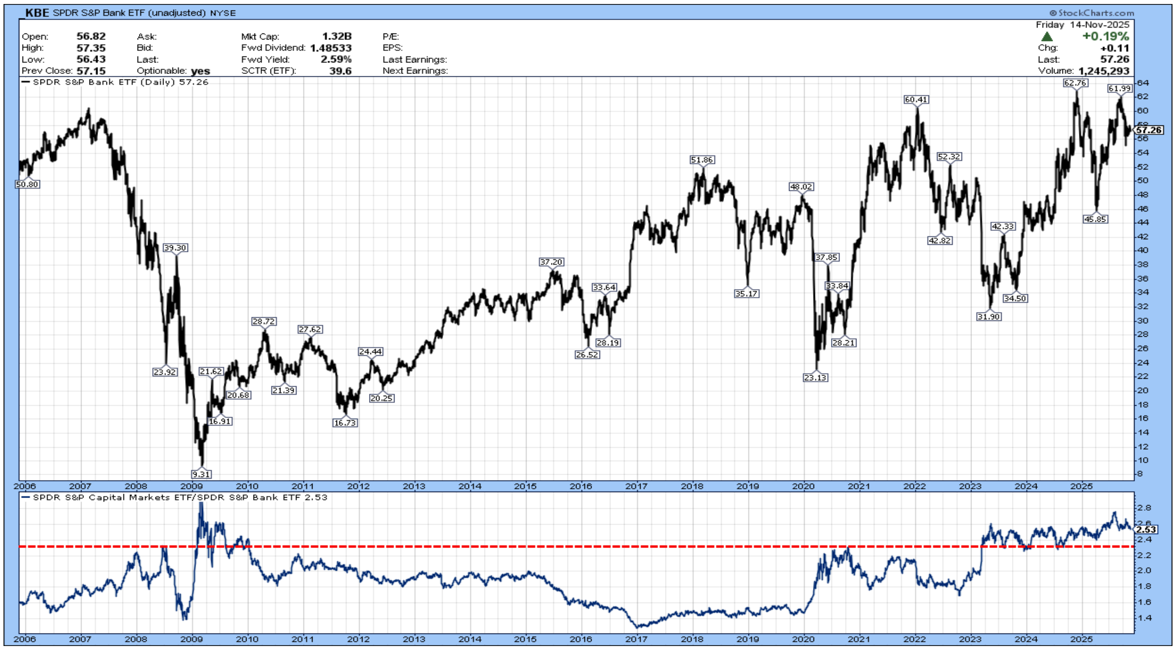
Financials Stable Supporting The U.S. Economy & Equity Market

Financials (Top) And Relative To S&P 500 (Bottom)

Source: StockCharts.com with Annotations by Sanctuary Wealth, November 2025

Banks Neutral Going Into 2026

Banks (Top) And Relative To S&P 500 (Bottom)



Source: StockCharts.com with Annotations by Sanctuary Wealth, November 2025

Energy Can Rally But Not Expecting Leadership

Energy (Top) And Relative To S&P 500 (Bottom)

Source: StockCharts.com with Annotations by Sanctuary Wealth, November 2025

Healthcare Correcting A Very Oversold Condition – Not New Leadership

Healthcare (Top) And Relative To S&P 500 (Bottom)

Source: StockCharts.com with Annotations by Sanctuary Wealth, November 2025

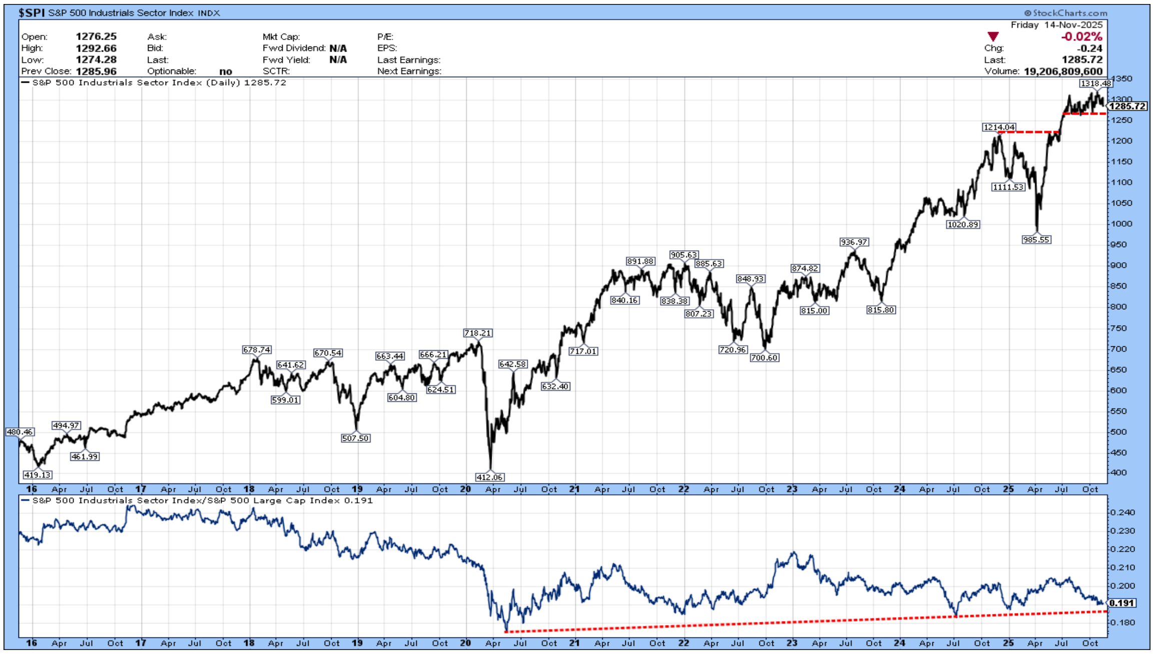
Biotechnology Leading In Healthcare – Best Value In The Sector

Biotechnology (Top) And Relative To S&P 500 (Bottom)

Source: StockCharts.com with Annotations by Sanctuary Wealth, November 2025

Value And Leadership In Industrials

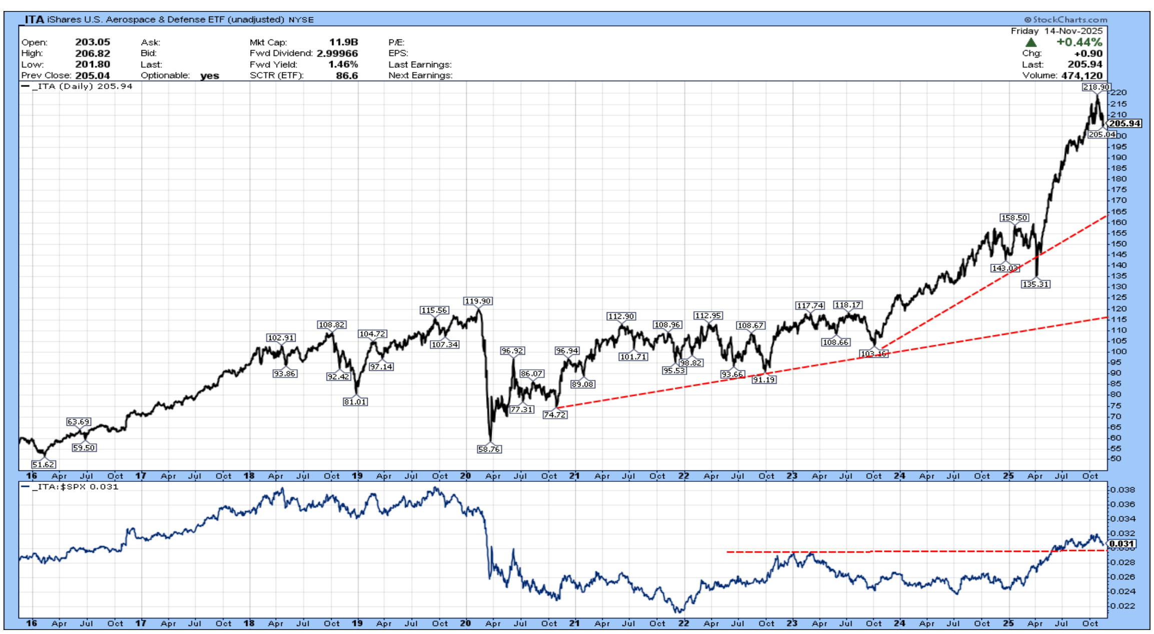
Industrials (Top) And Relative To S&P 500 (Bottom)



Source: StockCharts.com with Annotations by Sanctuary Wealth, November 2025

Aerospace & Defense Can Correct Sharply In An Uptrend

Aerospace & Defense (Top) And Relative To The S&P 500 (Bottom)



Source: StockCharts.com with Annotations by Sanctuary Wealth, November 2025

Gold Mining Juniors Favored In Materials But Can Consolidate

Gold Mining Juniors (Top) Relative To S&P 500 (Bottom)

Source: StockCharts.com with Annotations by Sanctuary Wealth, November 2025

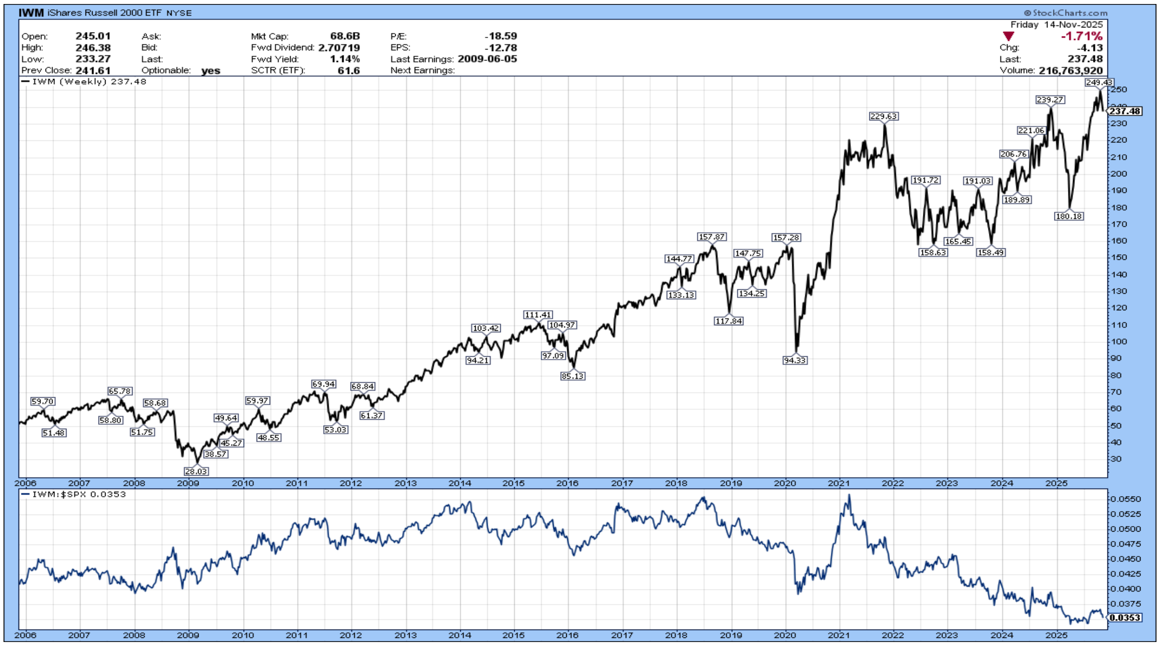
Utilities Favored For Income & Growth

Utilities (Top) And Relative To S&P 500 (Bottom)

Source: StockCharts.com with Annotations by Sanctuary Wealth, November 2025

Small Caps Are Expected To Continue To Underperform

Small Caps (Top) And Relative To S&P 500 (Bottom)



Source: StockCharts.com with Annotations by Sanctuary Wealth, November 2025

Last Words

2026: The Year Of The Reset, So Remain Fearless.

As we enter 2026, the equity market has had great performance since the lows of the bear market in 2022. We expect 2026 to be the reset year for the leadership of the market in the big Growth Technology stocks. We believe this reset will position stocks to continue their leadership into the end of the decade. Despite this anticipated correction in the large cap area of the market, we don't see leadership emerging from small caps.

The Value Is In The International Markets.

We like diversifying portfolios with exposure to non-U.S. equities—which still have value despite their strong rally in 2025. Non-U.S. equities have just entered a new secular bull market. The U.S. dollar should be stable and may have some strength, but this would not stop us from considering overseas exposure.

Interest rates are at risk of a seasonal uptick, which could cause some volatility with both the equity and fixed income markets. But stay focused on the long-term trend for interest rates to come down.

Gold & Silver To Remain In The Headlines.

Diversifying into the precious metals on pullbacks is still favored. We continue to see upside in Gold and Silver.

There Are Always Risks. Here's What They Can Be.

1. An unexpected uptick in inflation remains one of the biggest risks to both equity and fixed income markets.
2. The U.S. fiscal deficit is still very large. If bond market volatility increases, it could signal pressure for deficit reduction. In addition, the record 43-day government shutdown raises the risk of a credit downgrade by a major rating agency.
3. Earnings may continue to grow, but not as fast as investors have priced into the stocks.
4. A sharp rise in unemployment could make investors nervous about the economy.
5. Geopolitical risks remain.