

MARKET MONITOR

Month in Review: December 2025

Index	Asset Class	2025		2024
		Dec	YTD	
Equity Indexes		Total Returns		
Russell 3000	U.S. Equity	0.54	17.15	23.81
S&P 500	Large Cap U.S. Equity	0.58	17.88	25.02
Russell 1000	Large Cap U.S. Equity	0.54	17.37	24.51
Russell 2000	Small Cap U.S. Equity	0.66	12.81	11.54
MSCI All Country World	Global Equity	1.35	21.57	17.93
MSCI All Country World (Ex U.S.)	International Equity	3.26	32.94	4.93
MSCI Europe, Asia & Far East (EAFE)	International Developed Market Equity	3.17	31.89	4.35
MSCI Emerging Markets (EM)	International Emerging Market Equity	2.92	34.36	8.05
Fixed Income Indexes				
Bloomberg U.S. Aggregate Bond	U.S. Investment Grade Bond	0.25	7.30	1.25
Bloomberg Municipal Bond	U.S. Investment Grade Muni Bond	0.18	4.25	1.05
Bloomberg Municipal Bond High Yield	U.S. Muni Bonds (Below Investment Grade)	-0.06	2.46	6.32
Bloomberg U.S. Corp. High Yield	U.S. Corp Bonds (Below Investment Grade)	0.72	8.62	8.19
Index Blends: Stock/Bond				
80%/20%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		1.20	19.25	14.09
60%/40%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		0.96	16.21	10.77
40%/60%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		0.72	13.20	7.53
20%/80%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		0.48	10.23	4.35
Data as of 12/31/2025. Sources are Ycharts for Index returns, and Envestnet Tamarac for Index Blend returns, based on monthly rebalancing.				

Please see important disclosures at end of this report.

Market Overview

In December 2025, the S&P 500 finished the year strong, contributing to a third straight year of double-digit gains despite late-month volatility, closing the year up roughly 17% YTD. Tech and AI-related mega caps remained major drivers of returns, though leadership broadened toward cyclicals and value sectors late in the month as market participants rotated away from concentrated tech exposure.¹

International equities outpaced U.S. markets in 2025, with developed markets outside the U.S. (as measured by the MSCI EAFE Index) delivering strong returns of roughly 31–32% YTD, reflecting broad gains across Europe and Asia-Pacific stocks. Emerging markets also posted robust performance, with the MSCI Emerging Markets Index rising 34% for the year and benefiting from strong contributions in tech-exposed Asian markets and commodity-linked economies.²

Treasury yields moved modestly higher toward year-end as investors reassessed growth, inflation, and fiscal supply dynamics. The 10-year Treasury yield ended the month around 4.15%, while the 2-year yield hovered near 3.5% and the 30-year near 4.8%, keeping the yield curve modestly positively sloped. Although the Federal Reserve delivered a 25 bp rate cut in December, policymakers signaled a cautious stance, reinforcing expectations for a shallow easing cycle in 2026.³

U.S. economic data heading into year-end showed continued resilience, though there were signs of moderation. Real GDP grew at a solid 4.3% annualized rate in Q3 2025, reflecting healthy consumer spending and business activity. Early estimates for Q4 growth have slowed to around 2.7%, pointing to softer momentum as the year closes. Meanwhile, leading indicators eased modestly late in the year, reinforcing a narrative of slower, but still positive, growth heading into 2026. Overall, the data suggest the economy is stabilizing after a strong run, with growth remaining on track even as it gradually moderates.⁴

Reference(s):

- 1) "2025 Stock Market Report." *Fidelity.com*, 1 Jan. 2026,
<https://www.fidelity.com/learning-center/trading-investing/markets-sectors/stock-market-report>
- 2) "Guide to the Markets." *JPMorgan Chase & Co.* 31 Dec. 2025,
<https://am.jpmorgan.com/us/en/asset-management/per/insights/market-insights/guide-to-the-markets/>
- 3) "10-Year Treasury Yield in Focus as Investors Monitor Economic Data." *CNBC*, 31 Dec. 2025,
<https://am.jpmorgan.com/us/en/asset-management/per/insights/market-insights/guide-to-the-markets/>
- 4) *Federal Reserve Bank of Atlanta. GDPNow. AtlantaFed.org*, 5 Jan. 2026,
<https://www.atlantafed.org/cqer/research/gdpnow>

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Reference to market index information is included for illustrative purposes only, as it is not possible to directly invest in an index. Indexes are unmanaged, hypothetical vehicles that serve as market indicators. Index total return performance data reflects the assumptions of the reinvestment of interest and dividends but does not include the deduction of fees or transaction costs which otherwise reduce performance of an actual portfolio. The blended indexes are shown for informational purposes only and are not representative of any particular investment or plan.

Index Definitions:

Russell 3000 – Index comprised of 3,000 largest U.S. stocks by market capitalization.

Russell 1000 – Index comprised of 1,000 largest U.S. stocks by market capitalization.

Russell 2000 – Index comprised of 2,000 smaller U.S. stocks by market capitalization within the Russell 3000.

S&P 500 – Compilation of 500 major U.S. stocks meeting certain criteria; market capitalization and float-weighted.

MSCI All Country World – Global equity index across market capitalizations with about 2,800 constituents, representing about 85% of the free float-adjusted market capitalization across 23 developed and 27 emerging markets.

MSCI All Country World ex USA – Global equity index across market capitalizations, which excludes the U.S., with about 2,300 constituents which represents free float-adjusted market capitalization across 22 developed and 27 emerging markets.

MSCI Europe, Asia & Far East (EAFE) – International equity index across market capitalizations, which excludes North America, with about 840 constituents which represents free float-adjusted market capitalization across 21 developed markets.

MSCI Emerging Markets (EM) – International equity index across market capitalizations with about 1,400 constituents which represents free float-adjusted market capitalization across 27 emerging markets.

Bloomberg U.S. Aggregate Bond – Widely followed bond benchmark comprised of investment grade, U.S. dollar denominated, fixed rate taxable bonds including Treasuries, government-related, corporate, mortgage-backed, and agency.

Bloomberg Municipal Bond – Broad benchmark of the US municipal tax-exempt investment grade bond market.

Bloomberg Municipal High Yield Bond – U.S. index of municipal bonds that are either not rated or rated below investment grade.

Bloomberg U.S. Corporate High Yield Bond – Index of fixed rate U.S. dollar denominated corporate bonds rated BB+ or below by Fitch and S&P.

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