DIAMOND CAPITAL MANAGEMENT
A Division of The National Bank of Indianapolis

Market Commentary

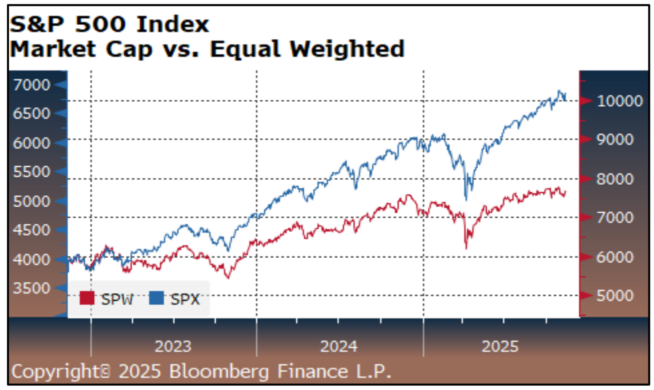
November 2025

THE NATIONAL BANK of INDIANAPOLIS

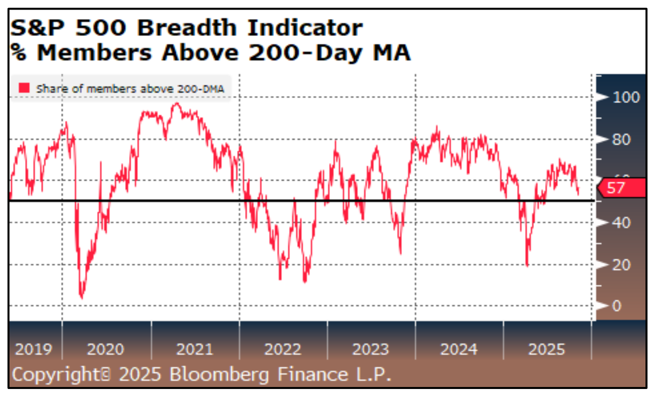
Executive Summary:

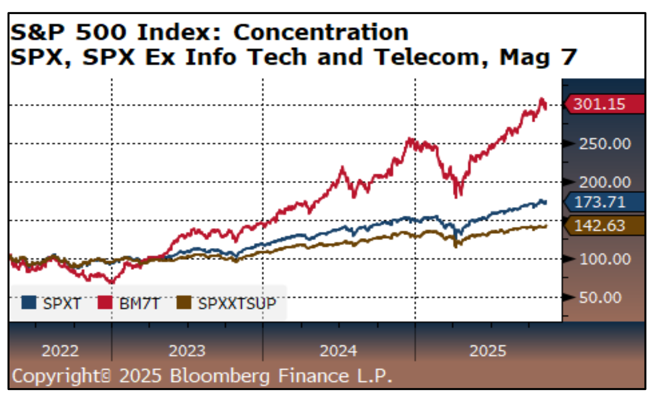
- **Strong Equity Market Performance**: U.S. equities continue to advance as the S&P 500, the Dow, and Nasdaq-100 are back to record high territory.
- **Technology and AI Leadership**: The technology sector continued to lead, powered by the "Magnificent Seven" stocks.
- **Economic and Policy Shifts**: Despite market strength, global economic signals remained fragile underscoring the importance of risk management and diversification.

With less than two months to go in 2025, the major U.S. stock indices are approaching another year of double-digit returns. The S&P 500 is up nearly 18%, the Dow Jones Industrial Average is above 14%, and the Nasdaq-100 has surged more than 22%. The ongoing rally has been fueled by robust Q3 earnings, easing U.S.-China trade tensions, and fading concerns about the negative impact of tariffs. Market breadth narrowed, with large-cap growth stocks outperforming while midcaps and equal-weight indices lagging slightly. While this can raise concern about concentration risk, this factor is less worrisome with all asset classes moving upward. Technology has led the charge, cementing its role as the market's growth engine. The "Magnificent Seven" collectively represents nearly 40% of the S&P 500 Index's market cap, helping to drive tech sector gains.



Highlighting the impact of technology and especially Artificial Intelligence on the overall market performance, Apple surpassed a $4 trillion market cap, underscoring investor confidence in its ecosystem. Microsoft finalized a landmark deal with OpenAI, acquiring a 27% stake and securing long-term access to advanced AI models, reinforcing its leadership in artificial intelligence. Computing chip manufacturer NVIDIA maintained its momentum as AI infrastructure spending accelerated across industries. Overall, the Technology Select Sector has advanced nearly 27% YTD, reflecting a strong investor appetite for innovation-driven growth.





However, not all industries and sectors have fared as well as technology and AI. October showed more evidence of a fragile global economic backdrop: slowing growth, persistent inflation, and mounting debt risks along with geopolitical tensions and structural imbalances. The slowing labor market is a cause for concern although the lack of timely data from government agencies has made accurate economic forecasts difficult. While central banks are pivoting toward easing, policy uncertainty and concentrated sectoral gains (notably in tech) leave markets exposed to sharp corrections. For investors and businesses, risk management and diversification remain paramount.

The Federal Reserve delivered its second consecutive rate cut, lowering the federal funds target range by 25 basis points to 3.75%–4.00%. This move, widely anticipated, was aimed at countering a weakening labor market while managing inflation that remains above the 2% target. The Fed also announced it will end quantitative tightening (QT) on December 1, signaling a pivot toward more accommodative policy. Chair Powell emphasized "downside risks to employment" but cautioned that a December cut is not guaranteed.

SECTORS	2024	YTD	EQUITY INDICES	2024	YTD	COMM. & CURRENCIES	LAST CLOSE	YTD
S&P 500 COMM SVC	40.23%	28.34%	S&P 500 INDEX	25.00%	17.65%	WTI CRUDE FUTURE Dec25	61.04	-10.46%
S&P 500 CONS DISCRET IDX	30.14%	7.92%	DOW JONES INDUS. AVG	14.99%	14.24%	BRENT CRUDE FUTR Jan26	65.16	-8.92%
S&P 500 CONS STAPLES IDX	14.87%	3.17%	NASDAQ COMPOSITE	29.60%	22.22%	NATURAL GAS FUTR Dec25	4.57	3.90%
S&P 500 ENERGY INDEX	5.72%	9.88%	S&P 400 MIDCAP INDEX	13.89%	5.83%	LME COPPER 3MO ($)	10,796.00	23.13%
S&P 500 FINANCIALS INDEX	30.50%	11.24%	RUSSELL 1000 GROWTH INDX	33.35%	20.35%	Gold Spot $/Oz	4,141.91	58.64%
S&P 500 HEALTH CARE IDX	2.58%	11.09%	RUSSELL 1000 VALUE INDEX	14.35%	13.59%	Silver Spot $/Oz	50.96	77.11%
S&P 500 INDUSTRIALS IDX	17.30%	18.21%	RUSSELL MIDCAP RT INDEX	15.36%	10.27%	Euro Spot	1.16	11.26%
S&P 500 INFO TECH INDEX	36.61%	26.86%	RUSSELL 2000 INDEX	11.52%	11.45%	British Pound Spot	1.31	4.80%
S&P 500 MATERIALS INDEX	-0.04%	6.47%	MSCI ACWI ex US	5.53%	29.69%	Japanese Yen Spot	154.25	1.77%
S&P 500 REAL ESTATE IDX	5.23%	5.44%	MSCI EAFE	4.48%	29.03%	DOLLAR INDEX SPOT	99.44	-8.34%
S&P 500 UTILITIES INDEX	23.43%	21.02%	MSCI EM	8.01%	33.72%			

Source: Bloomberg As of: 11/11/2025

Bloomberg Barclays Bond Indices	Total Return 2023	2024	YTD	Effective Duration	Avg. Maturity	Yield-to-Worst	Key Rates	
U.S. Aggregate	5.53%	1.25%	6.77%	6.10	8.34	4.35%	Effective Fed Funds	3.87%
Intermediate	5.24%	3.00%	6.22%	3.86	4.33	3.96%	2-yr Treasury	3.59%
Global Agg ex USD	5.72%	-4.22%	8.35%	6.82	8.35	2.70%	10-yr Treasury	4.12%
Inv Grade Corporate	8.52%	2.13%	7.12%	7.00	10.51	4.85%	10-yr German Bund	2.66%
U.S. Corporate High Yield	13.45%	8.19%	7.37%	3.15	4.77	6.79%	Prime Rate	7.00%
Tax Exempt							30 Year Fixed Mortgage	6.28%
Muni 1-10 Yr Blend (1-12)	4.61%	0.91%	4.70%	4.08	6.37	2.99%		

Source: Bloomberg As of: 11/11/2025