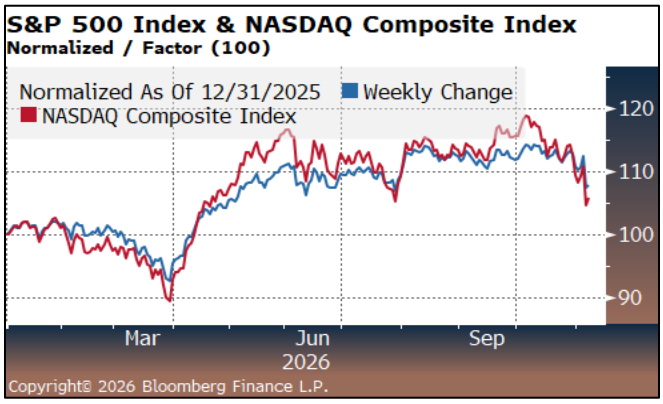
Market Commentary

November 2026

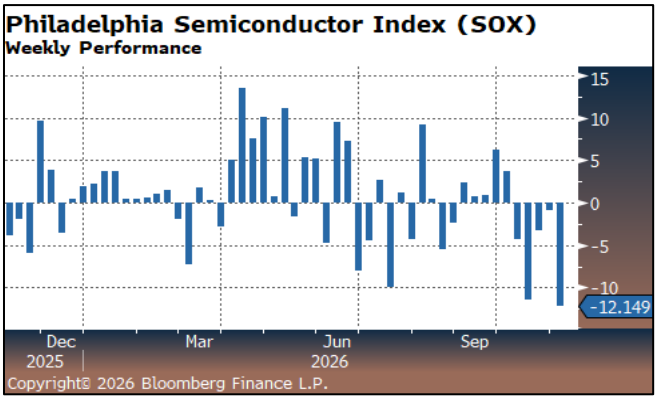
Executive Summary:

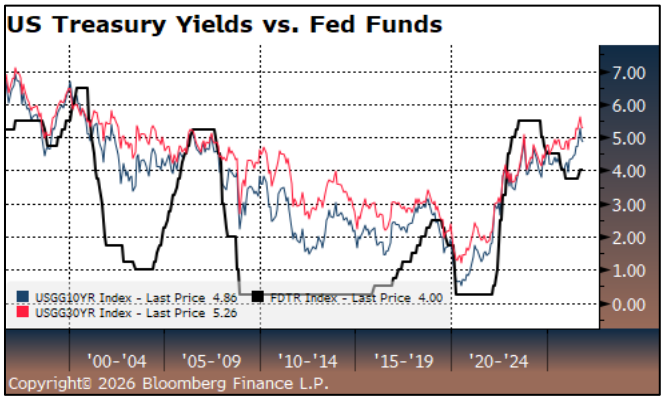
- **Sharp reversal:** Markets rallied after Democrats won both chambers, then fell on Thursday as the S&P 500 dropped 4.4% and the NASDAQ entered correction territory, driven by an AI-stock selloff.
- **Broadening leadership:** Money is rotating away from AI toward Energy, Health Care, Consumer Staples, small caps, and European equities.
- **Restrictive Fed, higher volatility:** With rates at 3.75%–4.00%, a strong jobs report, and a strong chance of a December hike, we expect more volatility and emphasize diversification, security selection, and valuation.

Democrats won control of both the House and Senate in last Tuesday's midterm elections, setting up divided government in Washington beginning in January.



Markets initially welcomed the result, but the relief did not last. On Wednesday, the first trading day after the election, the S&P 500 Index rose 1.6% and the NASDAQ Composite gained 1.4% as the end of election uncertainty, lower oil prices, and hopes for an end to the Iran conflict lifted sentiment. On Thursday, those gains were more than erased: the S&P 500 fell 4.4%, its worst session since April 2025, and the NASDAQ dropped 5.5% into correction territory. Concerns that a Democratic Congress and newly elected governors could tighten regulation of data-center construction triggered a broad selloff in AI-linked stocks, accelerating a rotation that began in October. The Philadelphia Semiconductor Index fell about 12% on the day, while Treasuries rallied on expectations that a divided Congress will limit new tax and spending initiatives. By the end of the week, the year-to-date total return for the S&P 500 and the NASDAQ Composite was 8.77% and 6.26%, respectively.



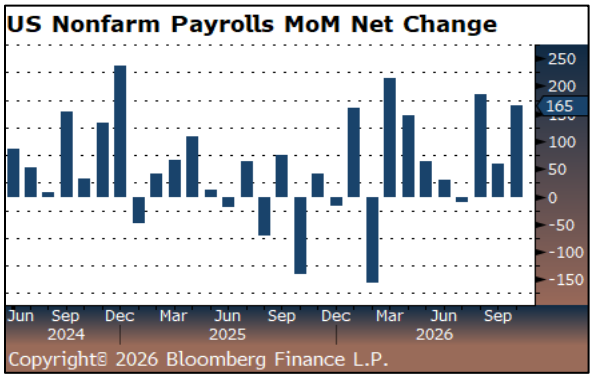


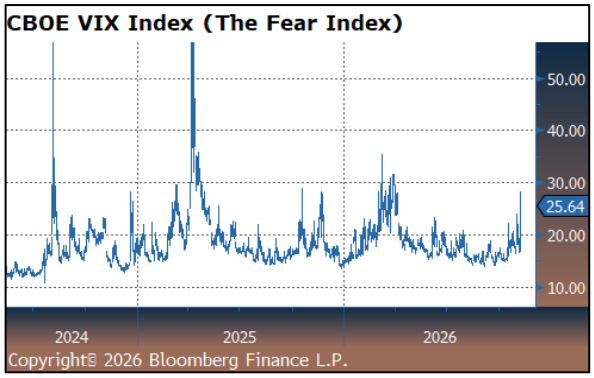
Leadership is broadening as money moves away from AI-related stocks. Energy (+40.9%), Health Care (+20.9%), and Consumer Staples (+19.4%) lead all sectors in the S&P 500 Index year-to-date while Communication Services (9.3%) lags the most.

Monetary policy remains restrictive. The Federal Reserve held rates steady at its October meeting, keeping the target range at 3.75%–4.00% after September's 25-basis-

point increase. Markets now imply roughly a 75% probability of another increase in December, a view reinforced by Friday's October jobs report, which showed 165,000 jobs added versus roughly 65,000 expected.

Taken together, the election outcome, a still-restrictive Fed, and broadening market leadership point to a market in transition. The key uncertainties are the return on AI investment, the Fed's December decision, and policy actions during the lame-duck session. Thursday's reversal and jump in the VIX to the high-20s suggest investors are still adjusting. We see the potential for additional bouts of higher volatility through the end of the year and continue to emphasize diversification, disciplined security selection, and attention to valuation.





SECTORS	2025	YTD	EQUITY INDICES	TICKER	2025	YTD	COMM. & CURRENCIES	LAST CLOSE	YTD
S&P 500 COMM SVC	33.56%	-9.31%	S&P 500 INDEX	SPX	17.86%	8.77%	WTI CRUDE FUTURE Dec26	90.83	59.57%
S&P 500 CONS DISCRET IDX	6.04%	0.51%	DOW JONES INDUS. AVG	INDU	14.92%	8.06%	BRENT CRUDE FUTR Jan27	98.32	63.24%
S&P 500 CONS STAPLES IDX	3.90%	19.44%	NASDAQ COMPOSITE	CCMP	21.17%	6.26%	NATURAL GAS FUTR Dec26	3.00	-32.77%
S&P 500 ENERGY INDEX	8.68%	40.92%	S&P 400 MIDCAP INDEX	MID	7.48%	10.17%	LME COPPER 3MO ($)	13,768.00	10.83%
S&P 500 FINANCIALS INDEX	14.97%	5.58%	RUSSELL 1000 GROWTH INDX	RLG	18.55%	-5.15%	Gold Spot $/Oz	4,070.80	-5.48%
S&P 500 HEALTH CARE IDX	14.60%	20.93%	RUSSELL 1000 VALUE INDEX	RLV	15.88%	23.84%	Silver Spot $/Oz	51.92	-27.79%
S&P 500 INDUSTRIALS IDX	19.27%	5.80%	RUSSELL MIDCAP RT INDEX	RMC	10.59%	13.04%	Euro Spot	1.11	-5.08%
S&P 500 INFO TECH INDEX	24.04%	11.36%	RUSSELL 2000 INDEX	RTY	12.79%	12.20%	British Pound Spot	1.34	-0.64%
S&P 500 MATERIALS INDEX	10.54%	15.45%	MSCI ACWI ex US	NDUEACWZ	32.39%	8.25%	Japanese Yen Spot	158.48	-1.15%
S&P 500 REAL ESTATE IDX	3.15%	12.75%	MSCI EAFE	MXEA	32.03%	8.09%	DOLLAR INDEX SPOT	102.30	4.04%
S&P 500 UTILITIES INDEX	16.04%	3.24%	MSCI EM	MXEF	34.33%	9.12%			

Source: Bloomberg As of: 11/8/2026

Total Return

Bloomberg Barclays Bond Indices	2024	2025	YTD	Effective Duration	Avg. Maturity	Yield-to-Worst	Key Rates	
U.S. Aggregate	1.25%	7.30%	-0.15%	5.93	8.29	5.19%	Effective Fed Funds	3.88%
Intermediate	3.00%	6.97%	0.40%	3.81	4.30	4.90%	2-yr Treasury	4.51%
Global Agg ex USD	-4.22%	8.85%	-1.59%	6.54	8.09	3.30%	10-yr Treasury	4.86%
Inv Grade Corporate	2.13%	7.77%	-0.62%	6.66	10.16	5.75%	10-yr German Bond	3.25%
U.S. Corporate High Yield	8.19%	8.62%	0.80%	3.43	4.68	8.21%	Prime Rate	7.00%
Tax Exempt							30 Year Fixed Mortgage	7.25%
Muni 1-10 Yr Blend (1-12)	0.91%	5.14%	0.94%	4.41	6.36	3.48%		

Source: Bloomberg As of: 11/8/2026

The information and material contained herein is provided solely for general information purposes. This material is not intended to be investment advice nor is this information intended as an offer or solicitation for the purchase or sale of any security or other financial instrument. Any opinions expressed herein are given in good faith, are subject to change without notice, and are only current as of the stated date of their issue. Certain sections of this publication contain forward-looking statements that are based on the reasonable expectations, estimates, projections, and assumptions of the authors, but forward-looking statements are not guarantees of future performance and involve risks and uncertainties. Investment ideas and strategies presented may not be suitable for all investors. No responsibility or liability is assumed by The National Bank of Indianapolis, its parent company, its subsidiaries, or its affiliates for any loss that may directly or indirectly result from use of information, commentary, or opinions in this publication by you or any other person.