

Market Update

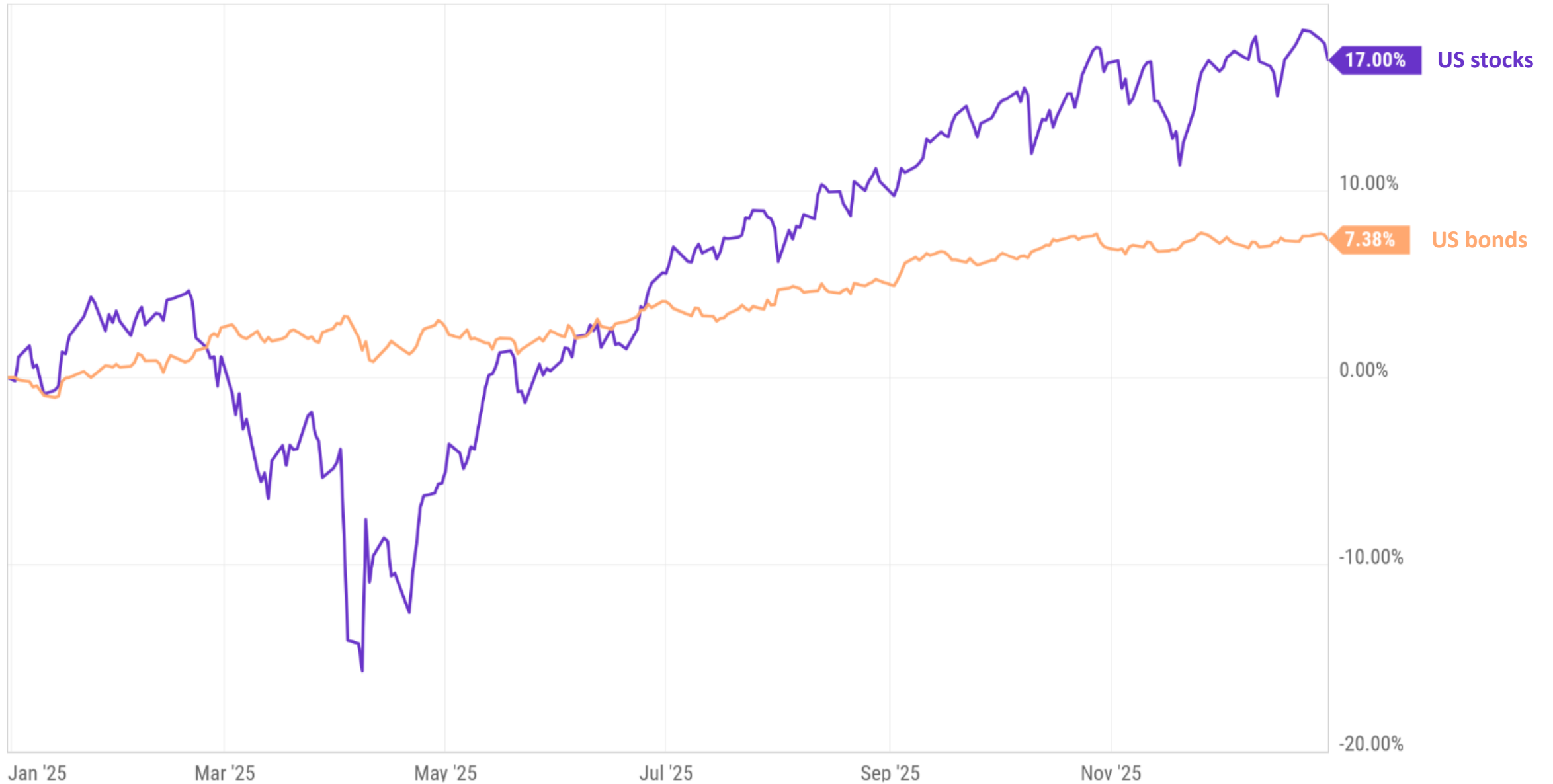
1Q 2026

A large, light gray decorative swirl graphic that starts from the left, loops upwards and to the right, then loops back down and to the left, framing the company name.

THE WEALTH GROUP

AUSTIN B. COLBY & ASSOCIATES

2025 stocks & bond returns



what comes next after three great years?

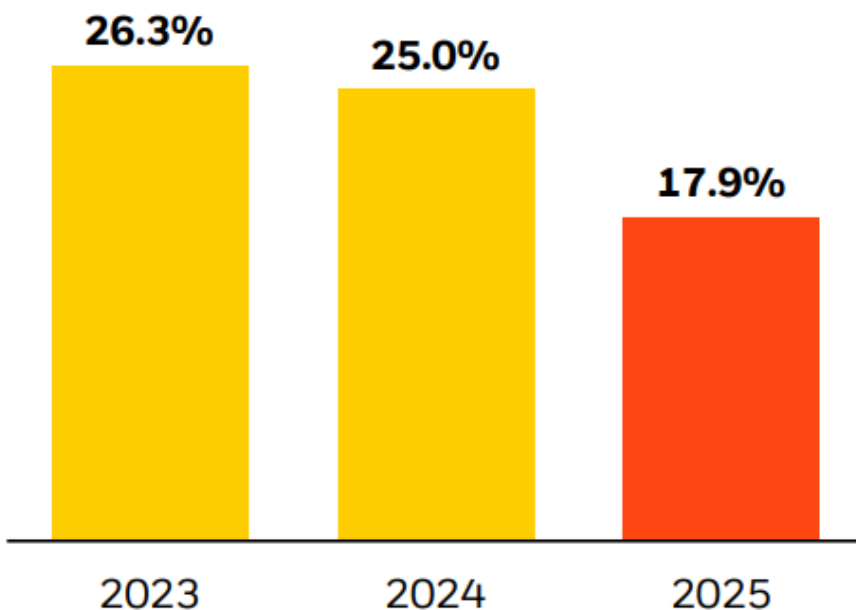
U.S. STOCKS UP 15% THREE YEARS IN A ROW

U.S. stocks have posted 15%+ gains for three straight years—8th time ever

In the prior seven instances, stocks delivered double-digit gains the following year four times.

Calendar year performance for U.S. stocks

1/1/2023 - 12/31/2025

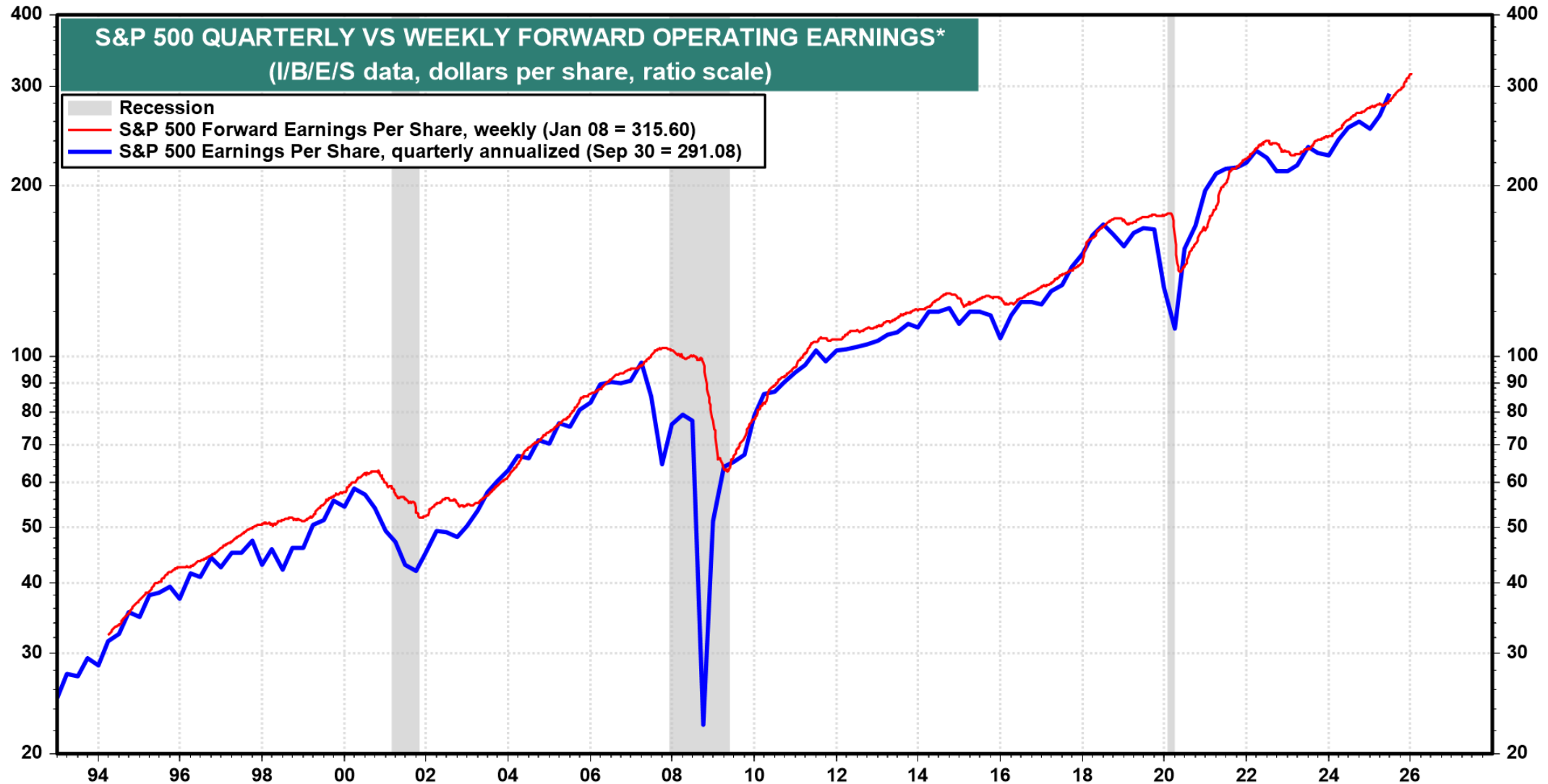


3-year streaks of 15% or more returns for stocks

Since 1926

Year 1	Year 2	Year 3	The following year
1942 (20.3%)	1943 (25.9%)	1944 (19.8%)	1945 (36.4%)
1943 (25.9%)	1944 (19.8%)	1945 (36.4%)	1946 (-8.1%)
1949 (18.8%)	1950 (31.7%)	1951 (24.0%)	1952 (18.4%)
1950 (31.7%)	1951 (24.0%)	1952 (18.4%)	1953 (-1.0%)
1995 (37.6%)	1996 (23.0%)	1997 (33.4%)	1998 (28.6%)
1996 (23.0%)	1997 (33.4%)	1998 (28.6%)	1999 (21.0%)
1997 (33.4%)	1998 (28.6%)	1999 (21.0%)	2000 (-9.1%)
2023 (26.3%)	2024 (25.0%)	2025 (17.9%)	2026 ?
Avg (27.1%)	Avg (26.4%)	Avg (24.9%)	Avg (12.3%)

earnings growth story firmly intact



Source: LSEG Datastream and © Yardeni Research.

* Forward earnings per share is a time-weighted average of analysts' consensus earnings estimates for the current year and the coming year.

Technology stocks continued to outperform, but valuations edged lower

Robust earnings drove the U.S. equity market higher, especially within technology stocks.

Tech stocks continued to outperform in 2025

17.9%

24.0%

S&P 500

Tech

Tech stocks valuations went down slightly in 2025

40

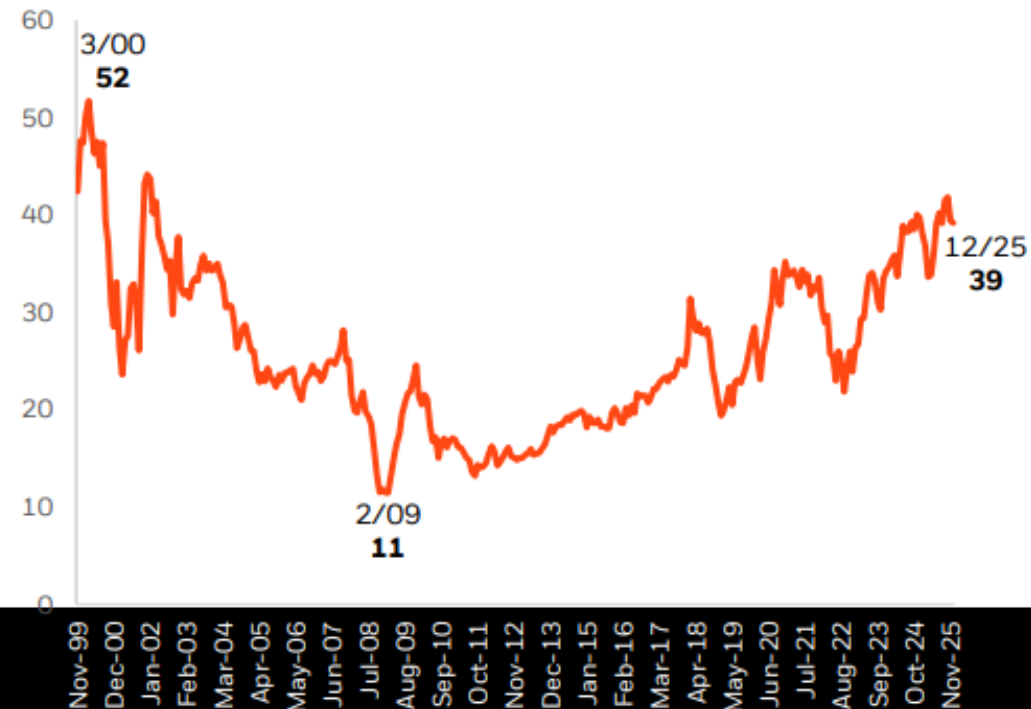
39

2024

2025

Technology stock valuations are elevated but no where near record highs

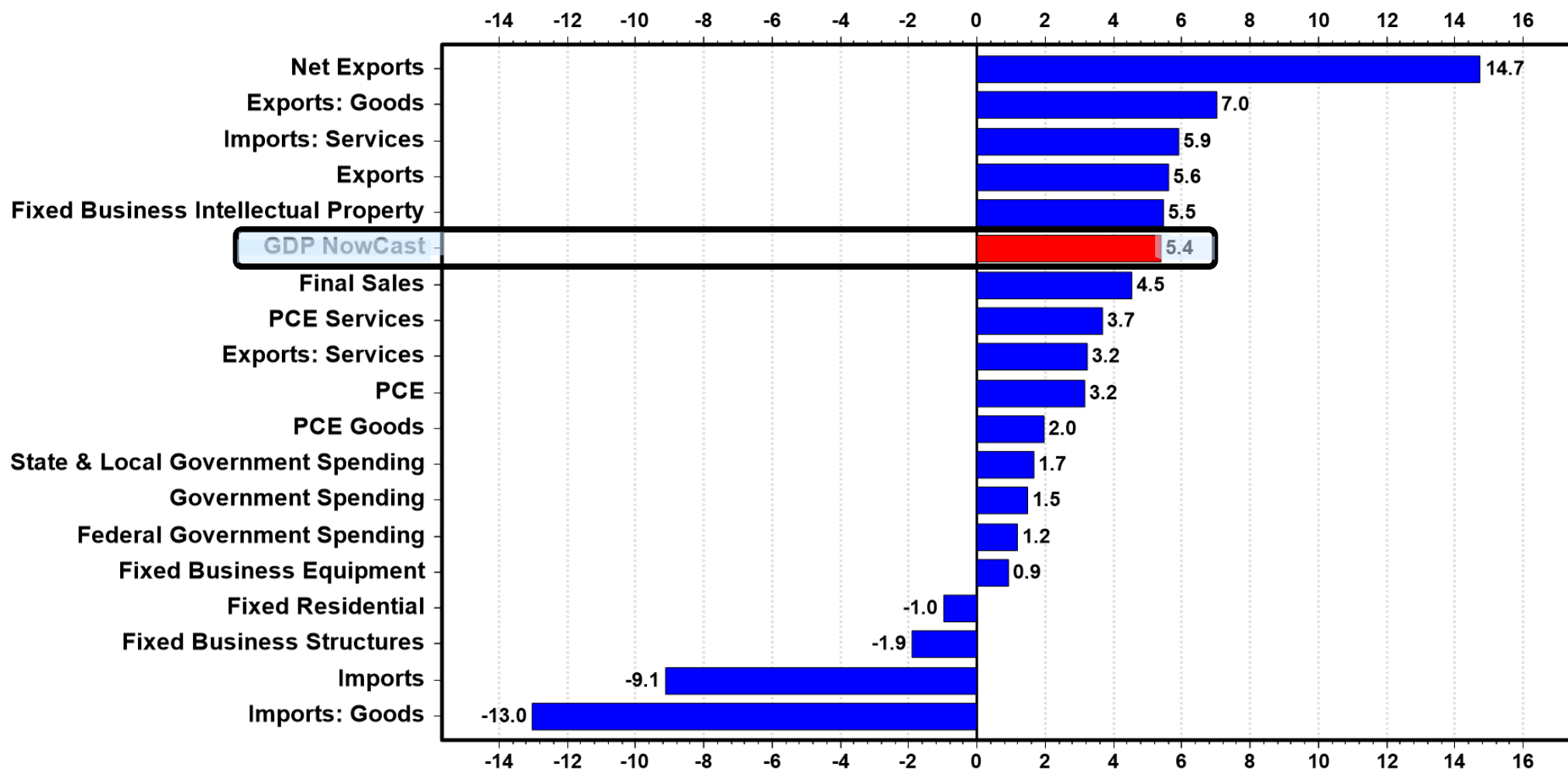
P/E ratio, trailing 12-month earnings, 1999 – 2025



Source: Morningstar as of 12/31/25. 2024 as represented by valuations as of 12/31/24 and 2025 as represented by valuations as of 12/31/25. Stock market represented by the S&P 500 Index, Technology stocks represented by the S&P 500 Sec/Information Technology index. S&P 500 by the S&P 500 Index. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

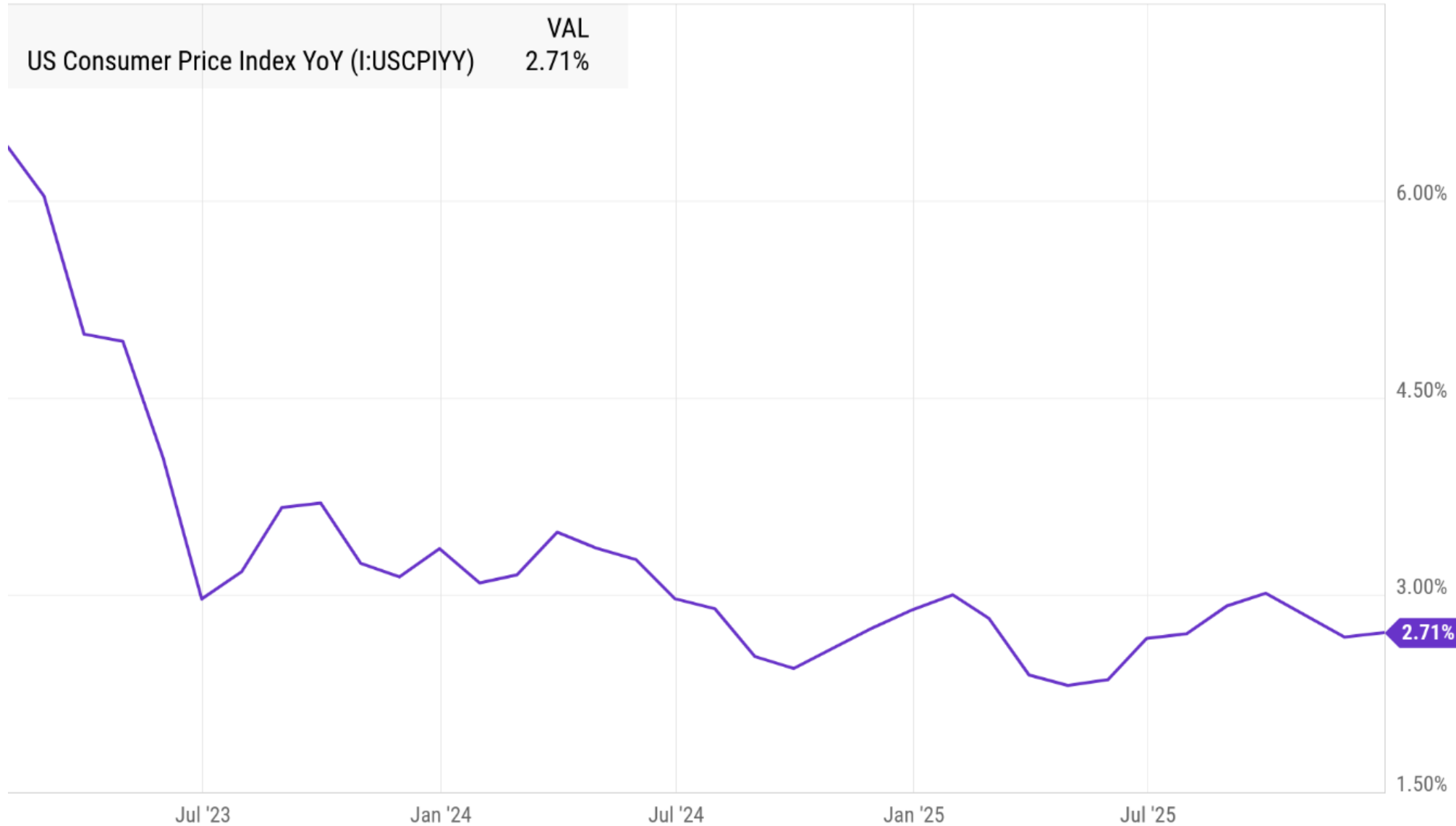
the resilient US economy

ATLANTA FED GDPNOW ESTIMATE FOR Q3-2025 (quarterly percent change, saar, January 21)



Source: LSEG Datastream and © Yardeni Research.

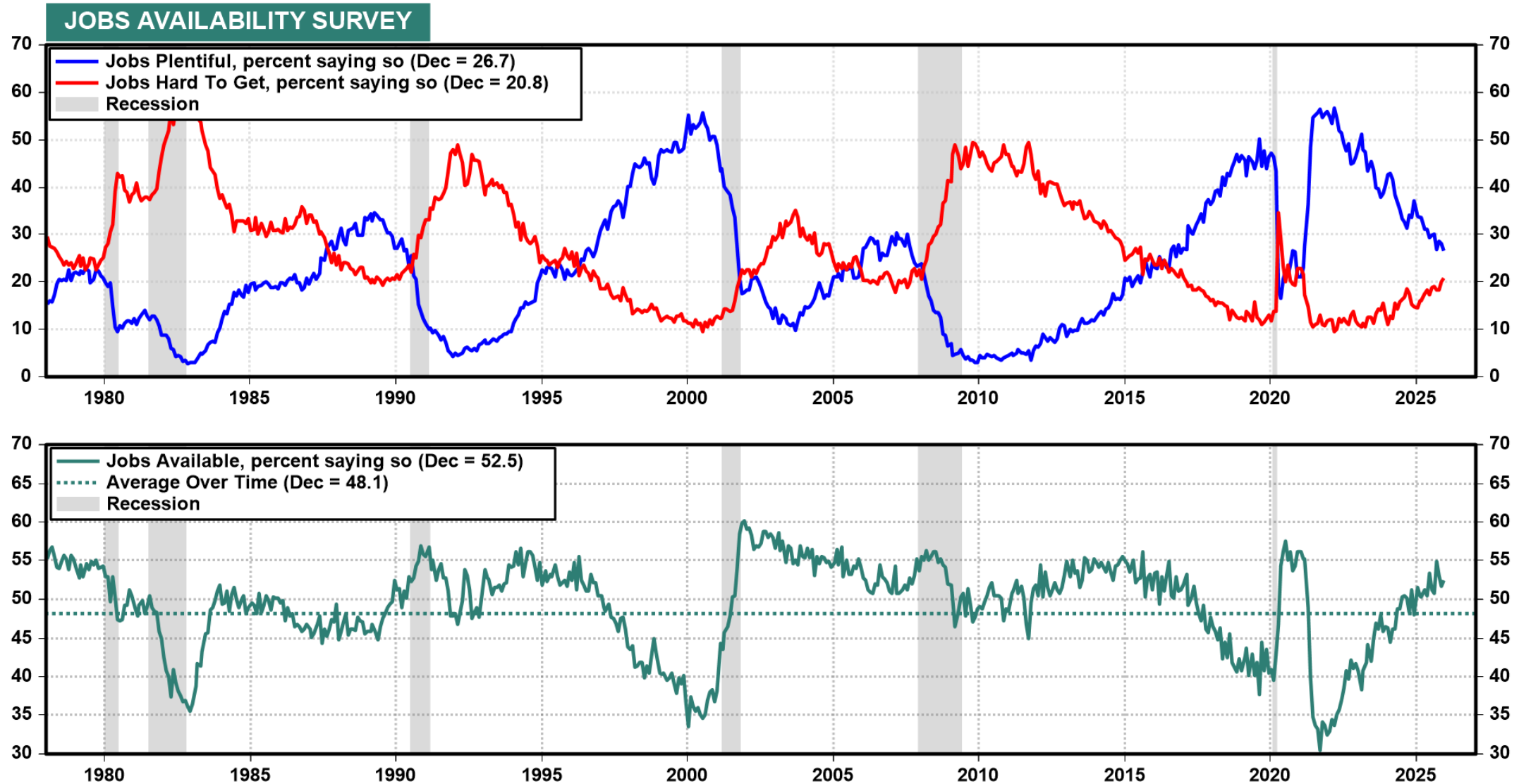
inflation benign but still higher than 2% target



alternative inflation tracker

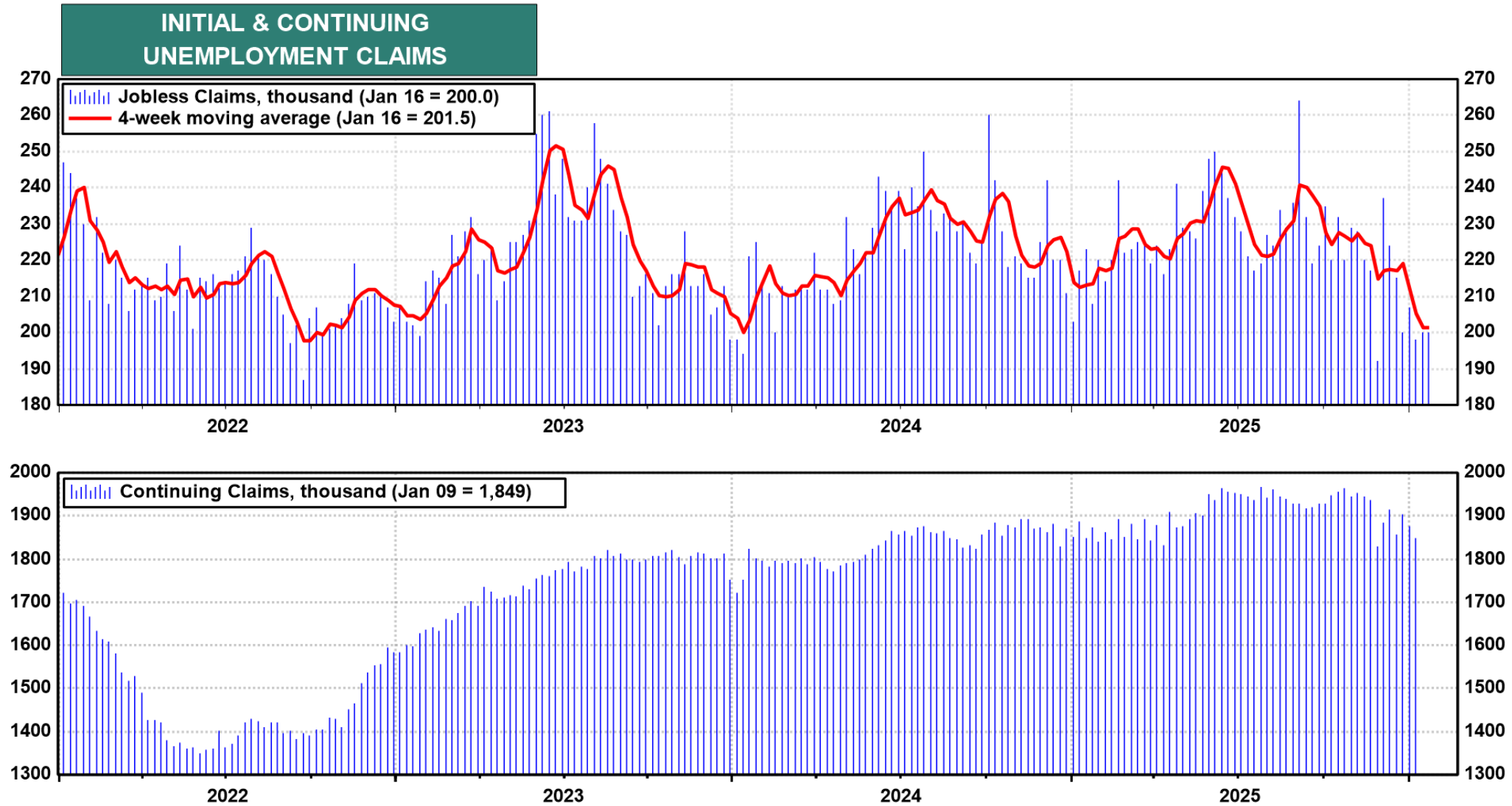


employment market check-in



Source: LSEG Datastream and © Yardeni Research. The Conference Board.

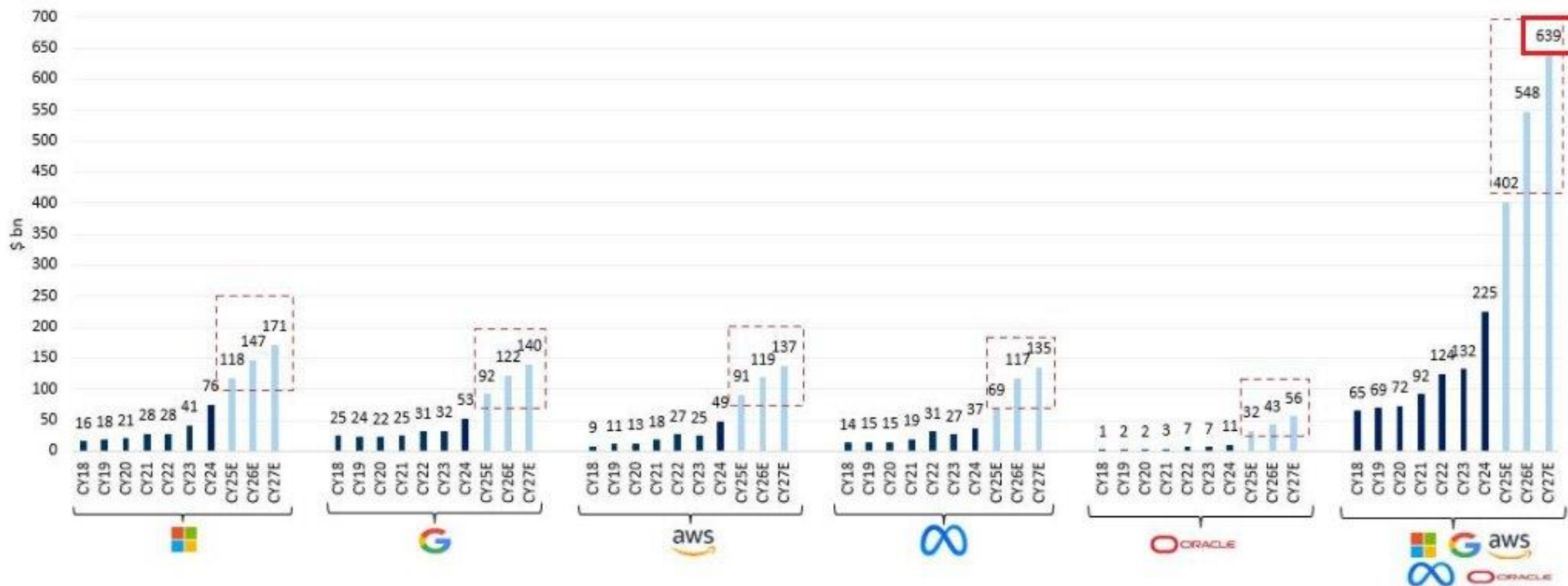
employment market check-in



Source: LSEG Datastream and © Yardeni Research. Bureau of Labor Statistics.

AI spending continues to ramp up

Exhibit 2: We expect Tier-1 hyperscalers to drive sustained CapEx growth in 2026 and 2027

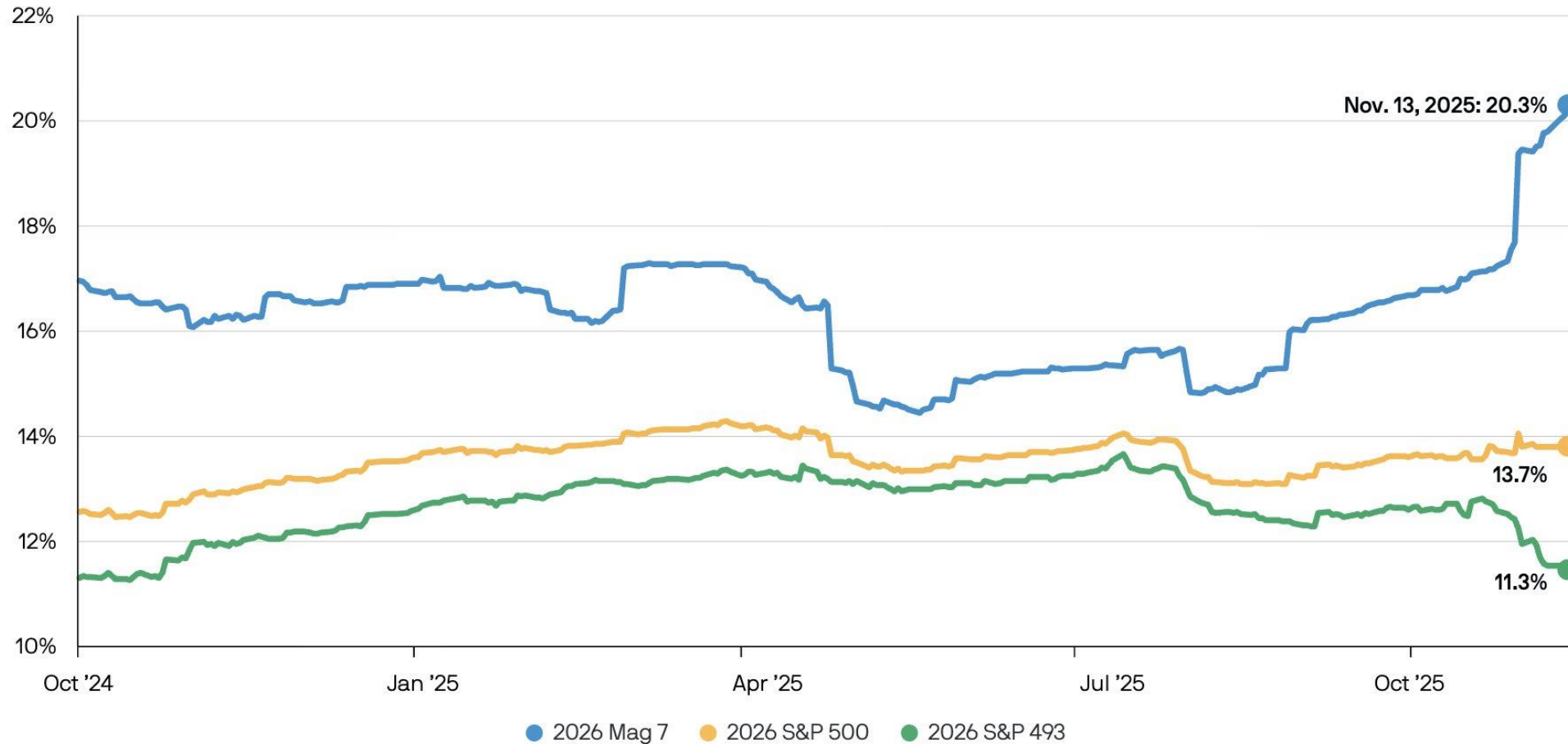


Source: Company data, Goldman Sachs Global Investment Research

Mag 7 leading the charge into 2026

2026 earnings estimates for the Mag 7 shoot up; S&P 493's shoot down

Exhibit 3: 2026 consensus EPS growth estimate



Source: FactSet, S&P Global, J.P. Morgan Asset Management. Magnificent 7 includes AAPL, AMZN, GOOGL/GOOG, META, MSFT, NVDA and TSLA.
Data are as of November 13, 2025.

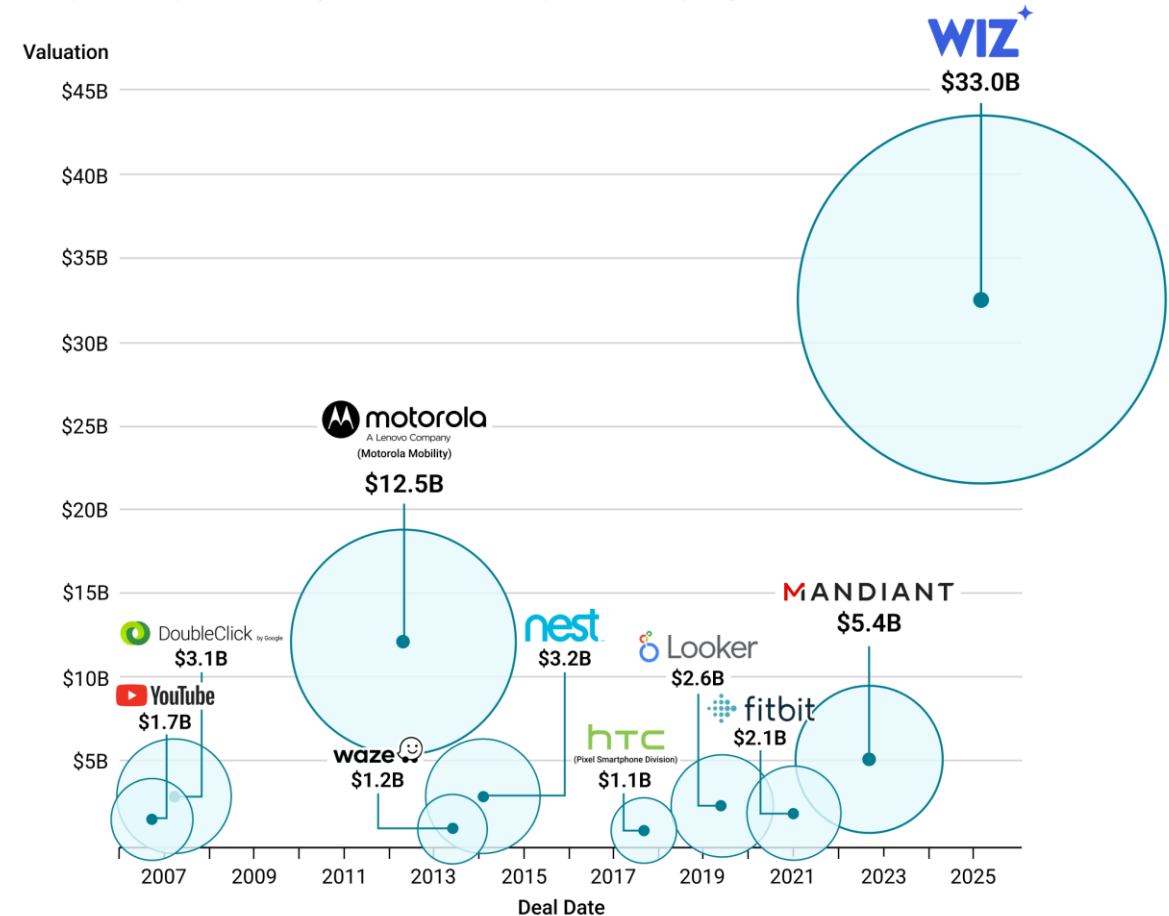
countering charges of concentration risk

- The US stock market is more concentrated today than ever in its history.
 - The top 10 companies in the S&P 500 Index constitute 40% of the Index value.
- However, today's tech giants have diversified revenue streams, and they have made acquisitions into other industries.

1. Wiz (\$33B, 2025) – Cybersecurity
2. Motorola Mobility (\$12.5B, 2012) – Mobile
3. Mandiant (\$5.4B, 2022) – Cybersecurity
4. Nest Labs (\$3.2B, 2014) – Home automation
5. DoubleClick (\$3.1B, 2007) – Advertising
6. Looker (\$2.6B, 2019) – Business intelligence
7. Fitbit (\$2.1B, 2019) – Wearables
8. YouTube (\$1.7B, 2006) – Video sharing
9. Waze (\$1.15B, 2013) – Mapping
10. HTC – Pixel Smartphone Division (\$1.1B, 2017) – Mobile

Google's acquisition timeline

Top 10 acquisitions by valuation of acquired company



don't fade the US of A



don't fade the US of A



Michael Antonelli ✓

@BullandBaird



Wild stat:

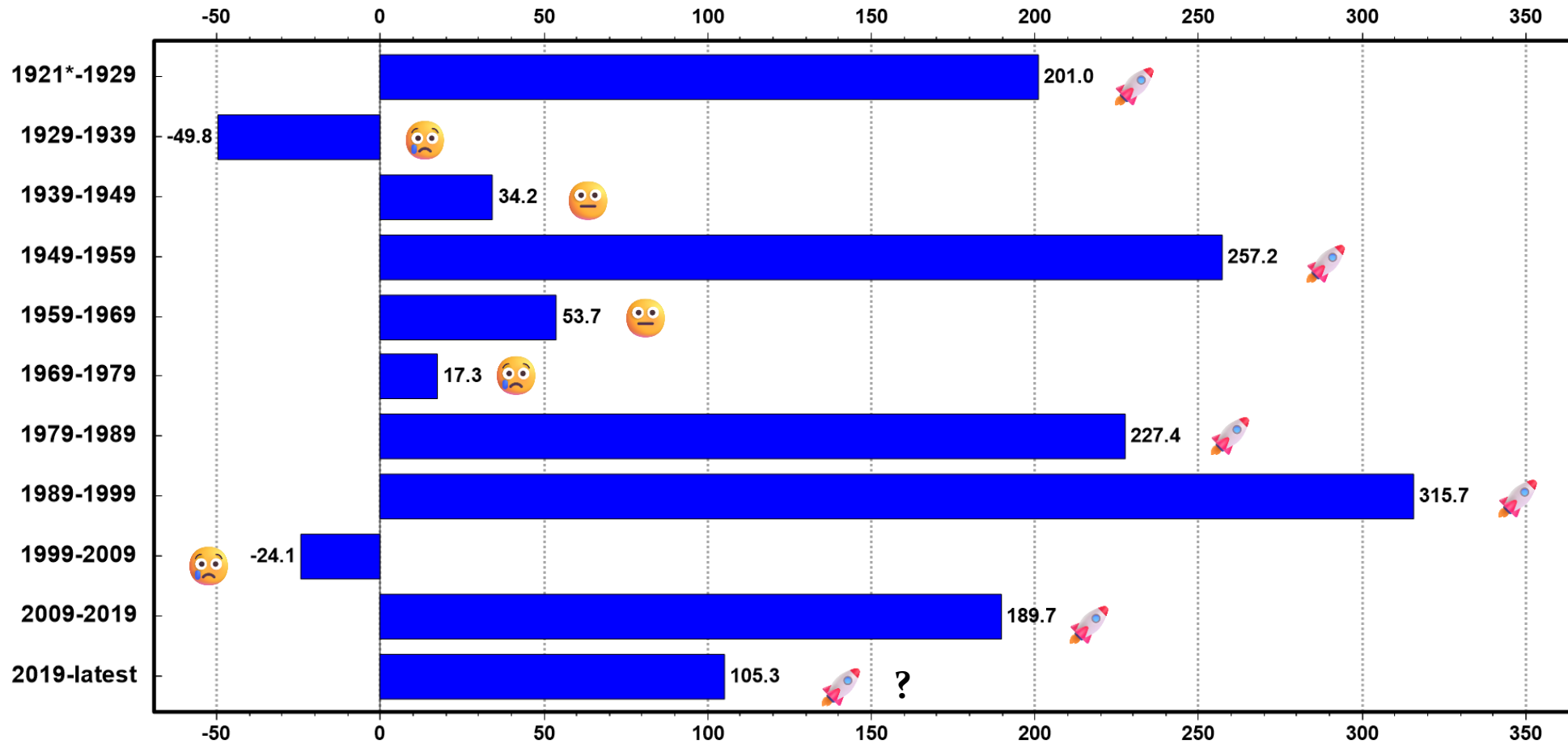
In the past 50 years Europe has created, from scratch, just 14 companies with a market cap >\$10B

In the US its 241.

9:36 AM · Dec 16, 2025 · **316.2K** Views

the feast or famine US stock market

S&P 500 PERCENT CHANGE THROUGHOUT THE DECADES
(all calculations are done from the end of each year: December 31st)



Scorecard:

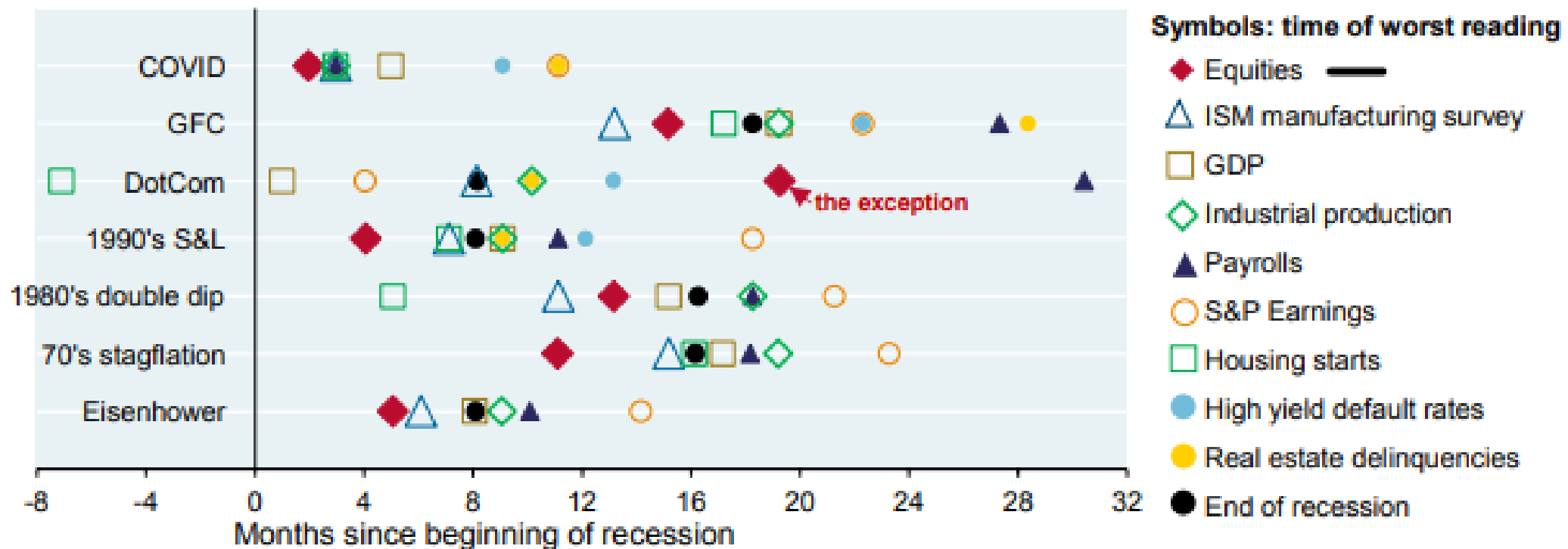
5.5 (52%) 🚀
3 (28.5%) 😬
2 (19%) 😬

Source: LSEG Datastream and © Yardeni Research. Standard & Poors.

*January 1921

a good reason to hold onto stocks after painful periods

Equities tend to bottom first during recessions

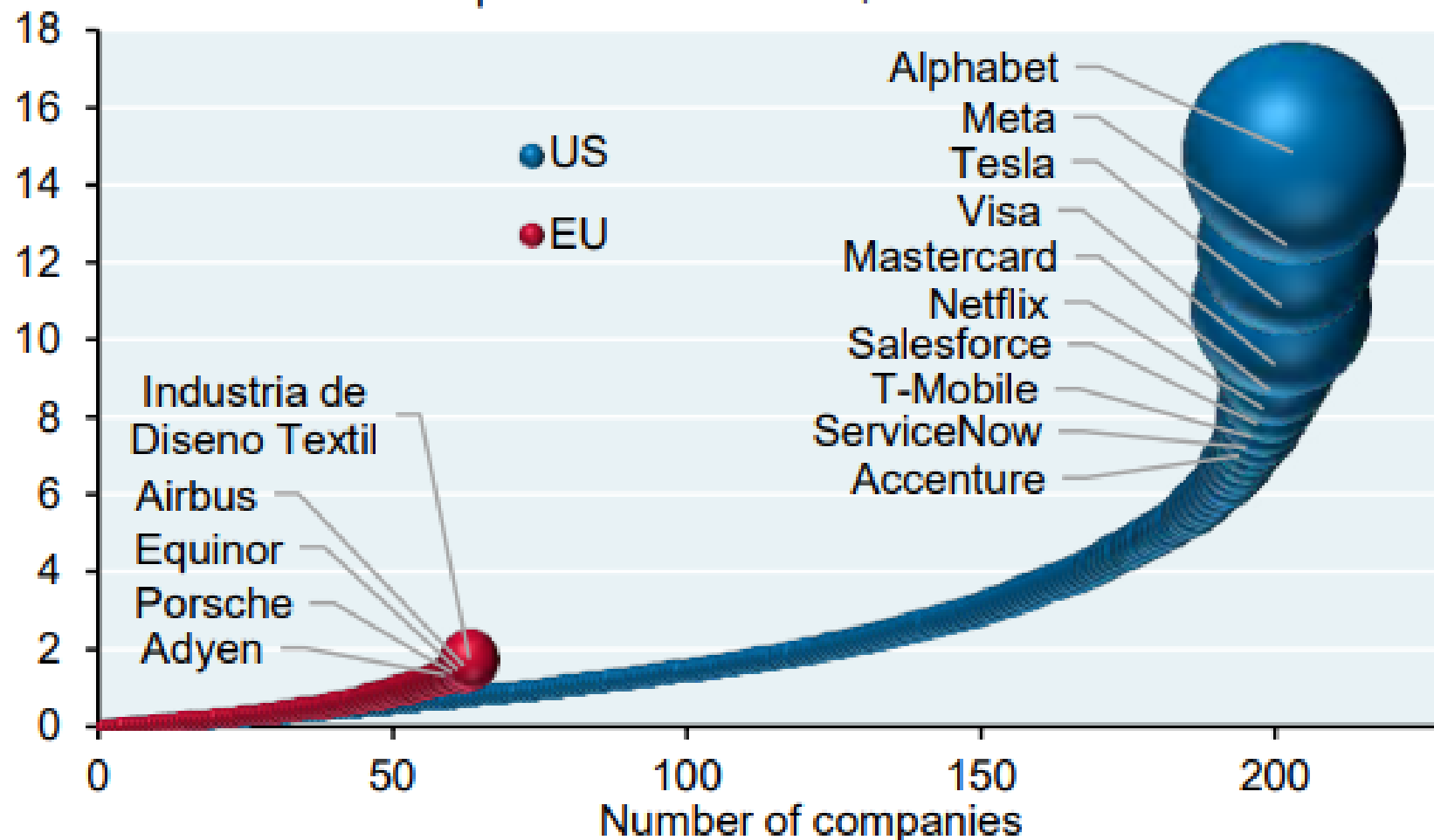


Source: BEA, Census, NAR, Shiller, Bloomberg, S&P/Dow Jones, JPMAM, 2025. Past performance is not a indicative of future results

the American Spirit

Creation of new public companies in the 21st century

Cumulative market cap in trillions of US\$



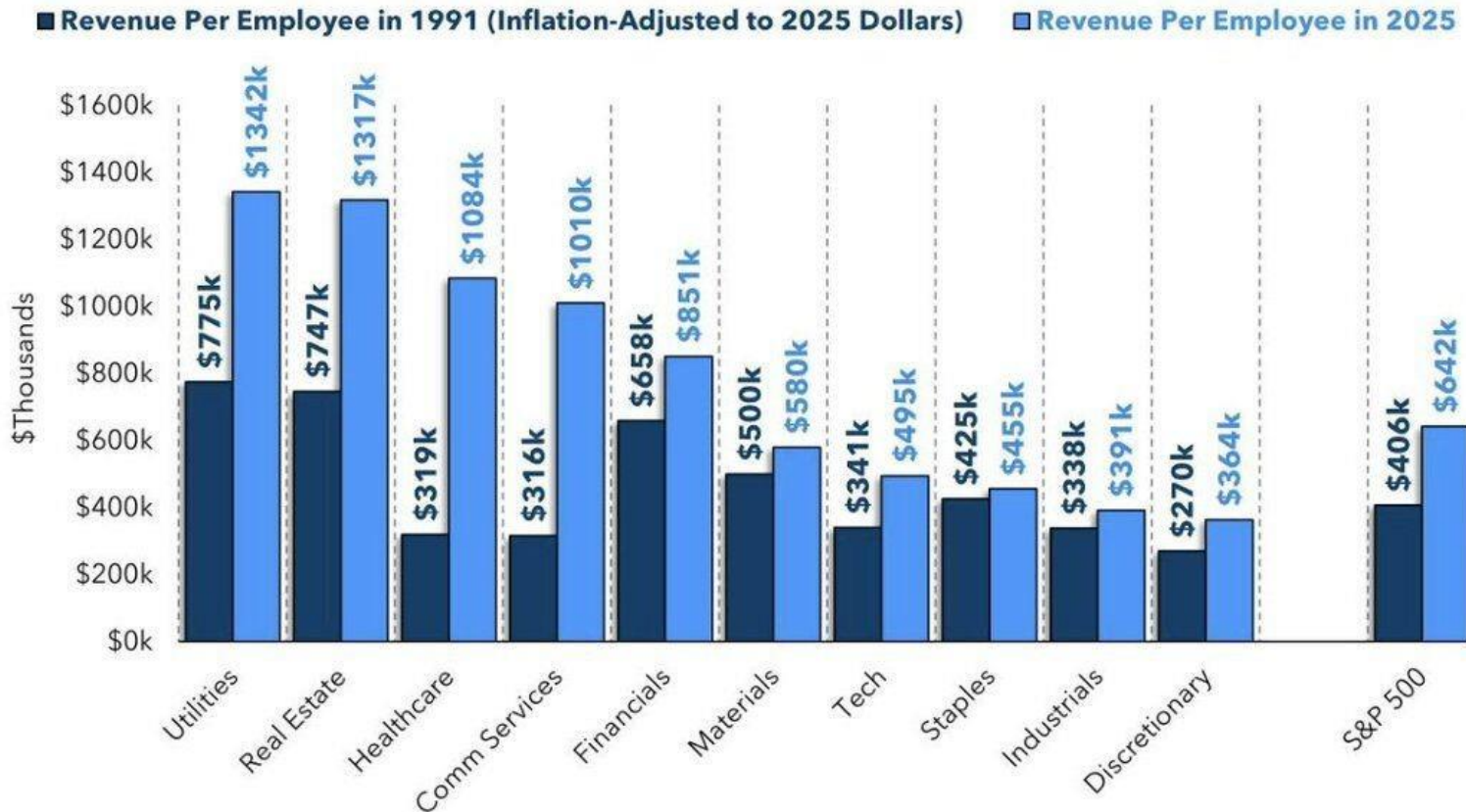
Source: Bloomberg, JPMAM, December 17, 2024

increasing productivity across the board

S&P 500: Revenue Per Employee THE COMPOUND

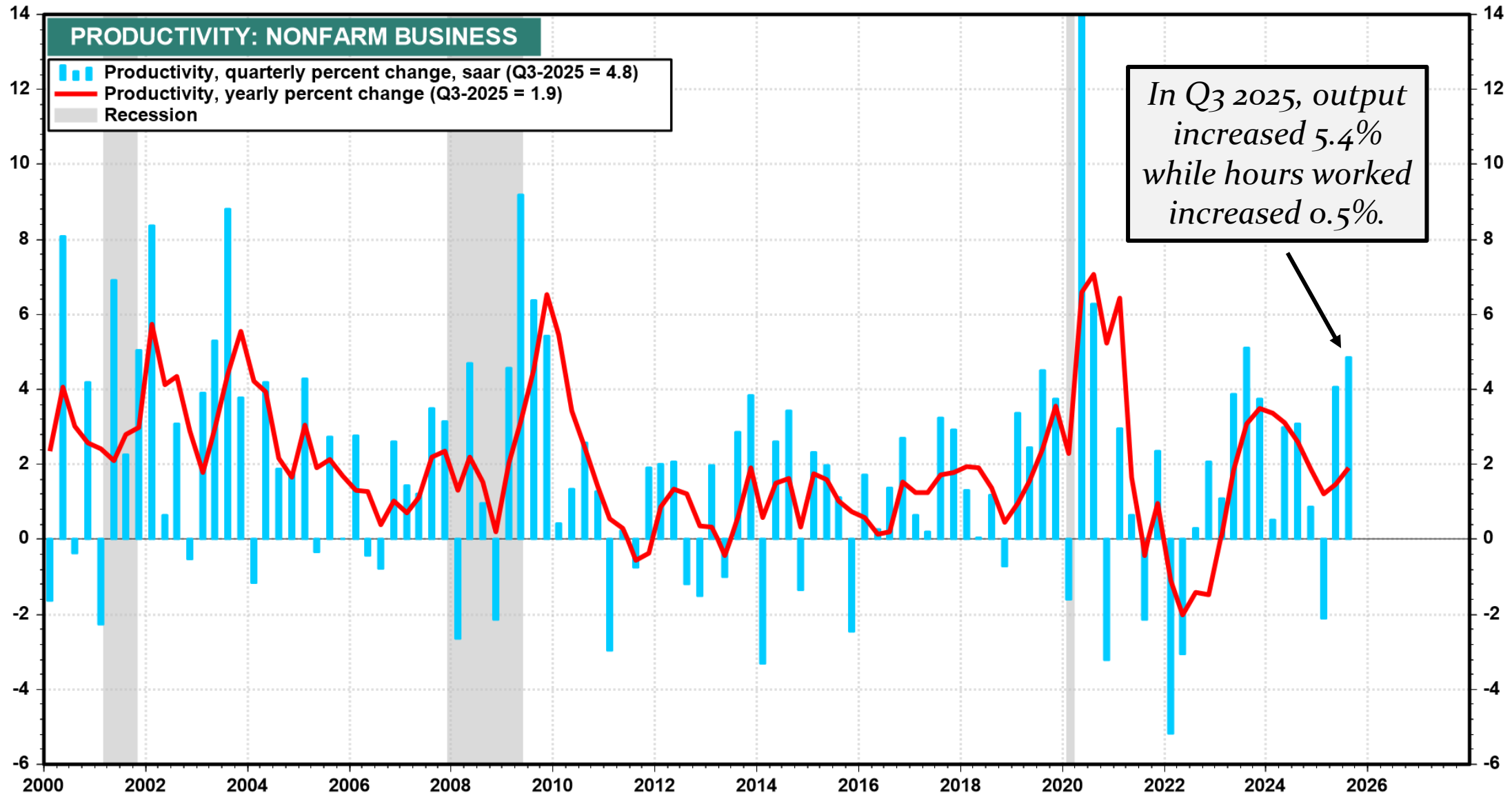
Revenue Per Employee by S&P 500 Sector. 1991 vs 2025.

1991 nominal values are inflation-adjusted to 2025 dollars today. Energy is excluded.



Source: [Chartkidmatt.com](https://www.chartkidmatt.com), The Compound Media, Bloomberg Finance L.P.

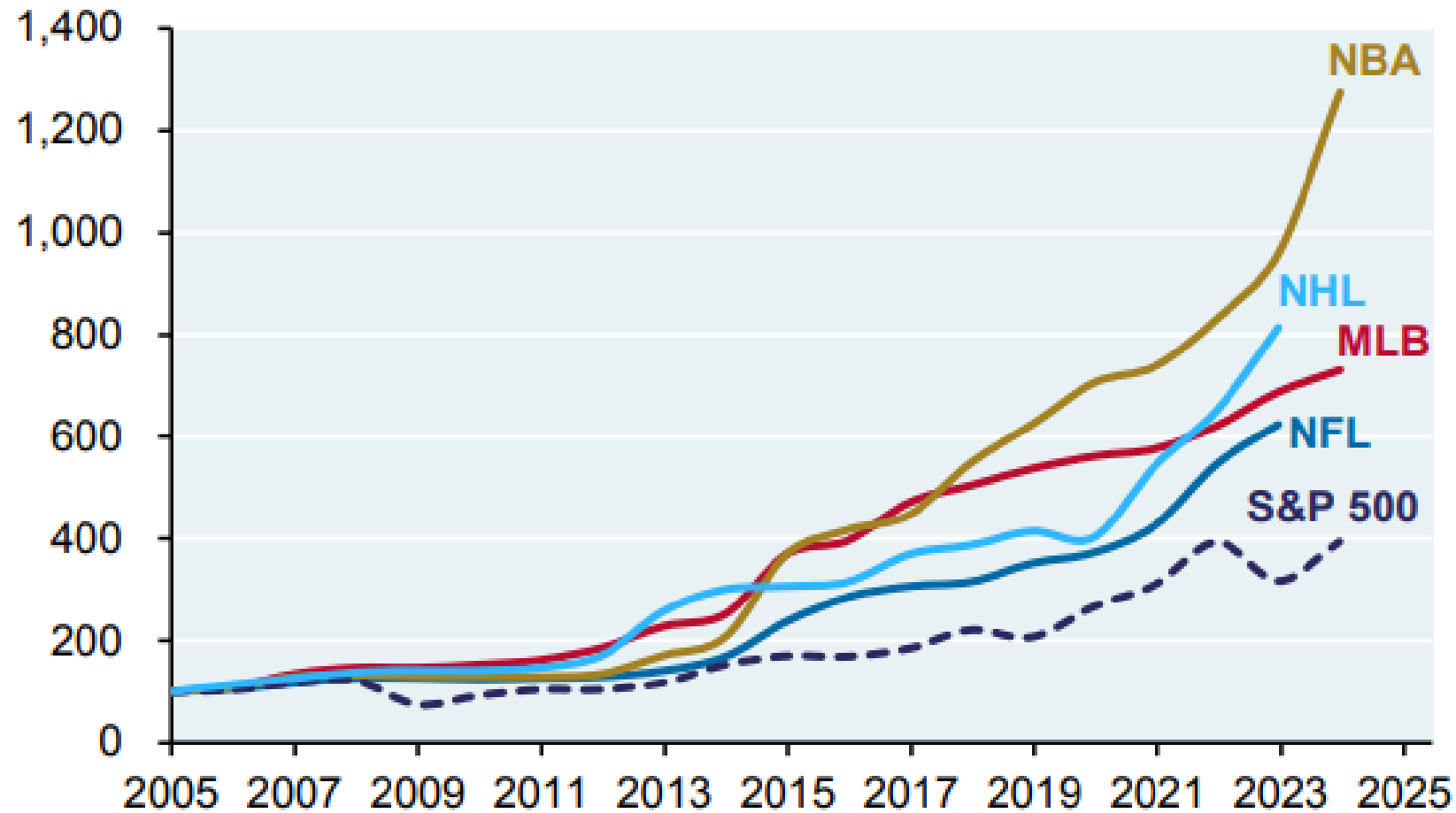
increasing productivity across the board



Source: LSEG Datastream and © Yardeni Research. Bureau of Labor Statistics.

Sport team valuations vs equity markets

Index (100 = 2005)

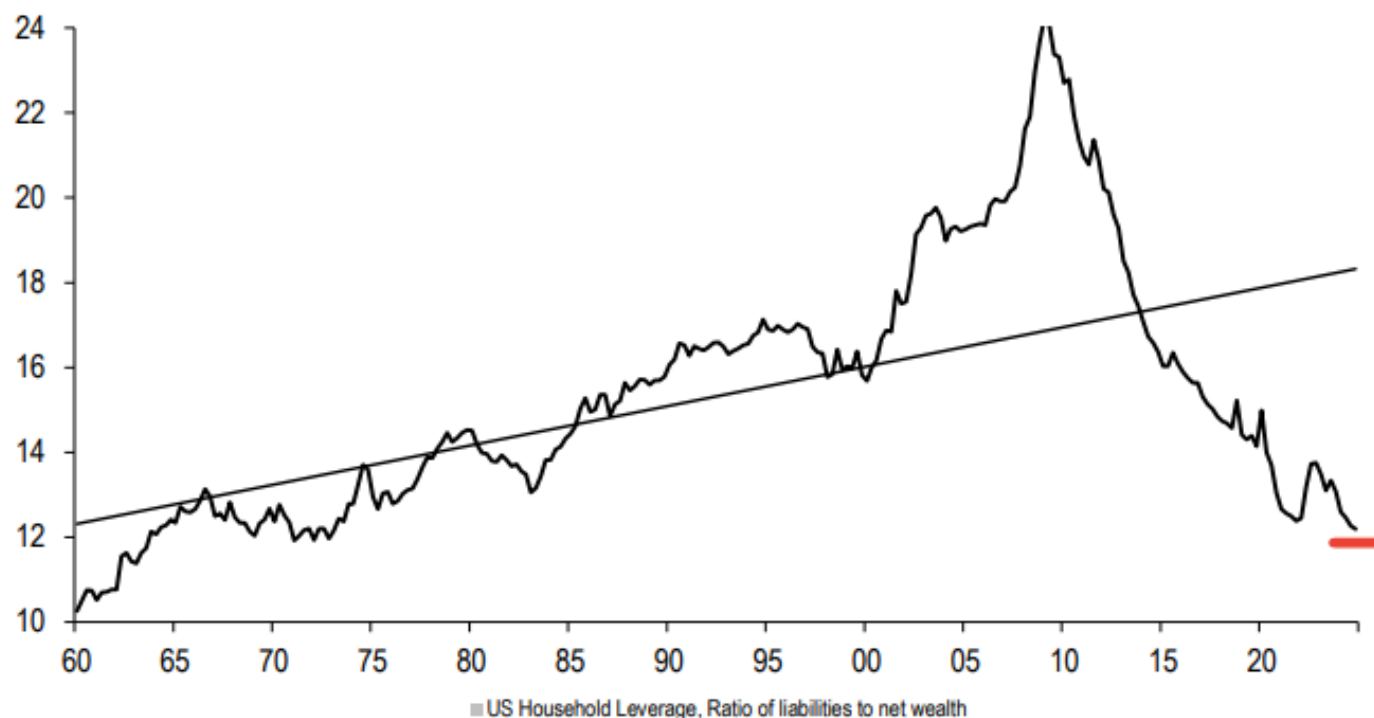


Source: JP Morgan Sports Coverage Team, Forbes, Bloomberg, 2024

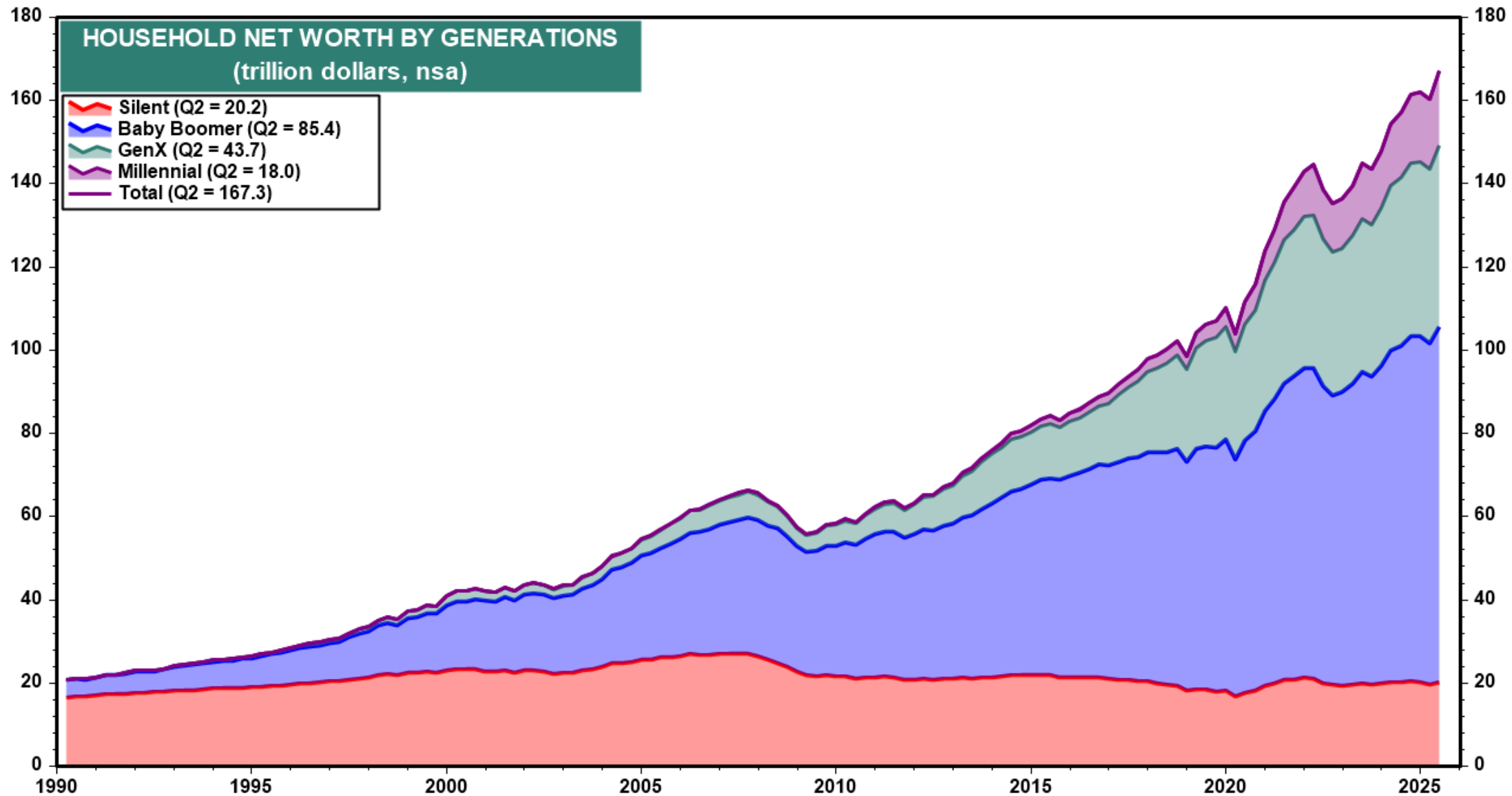
the deleveraging continues (a good thing)

Source: BEA

US household leverage (%)



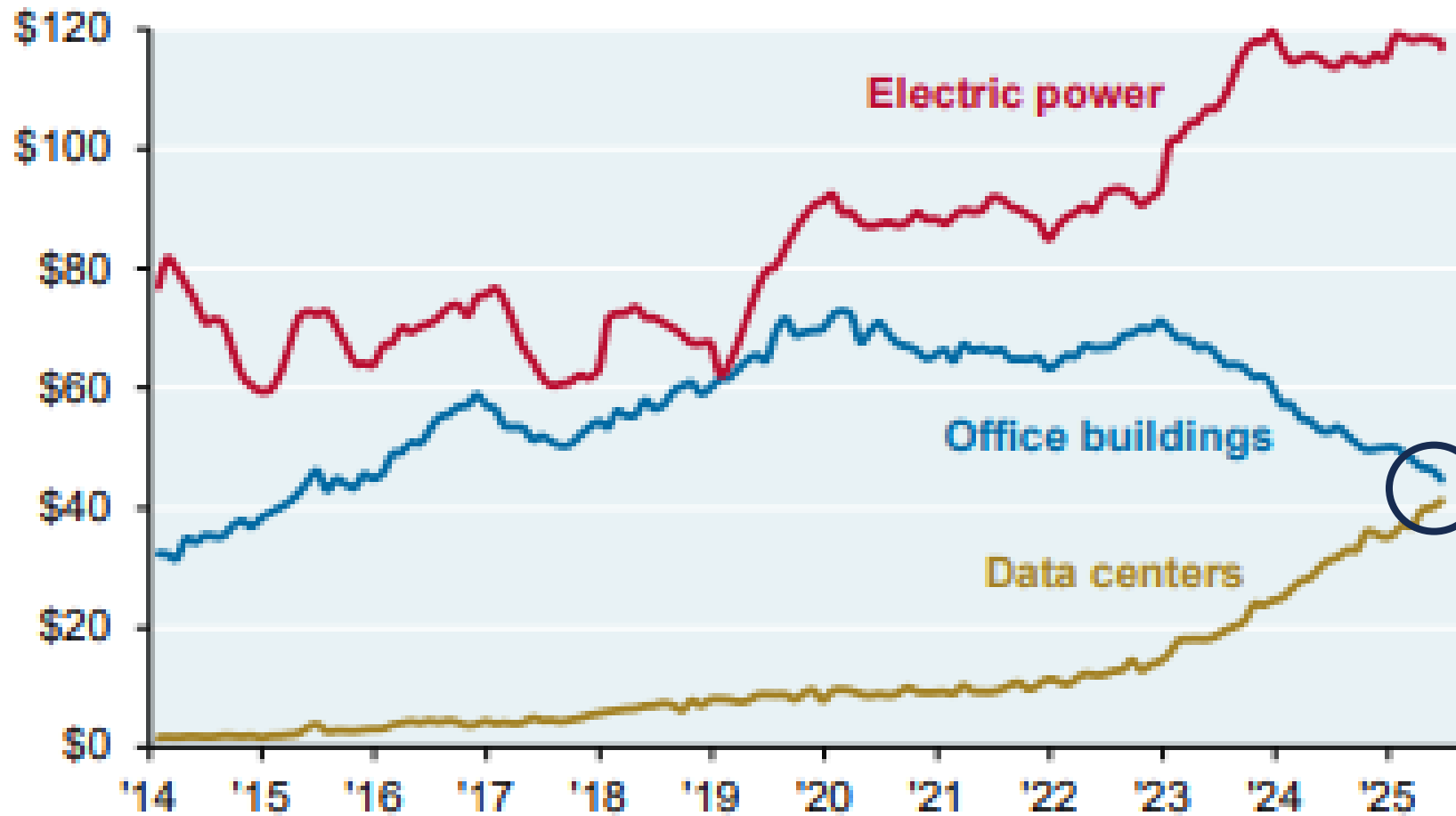
Source: FRB



Source: LSEG Datastream and © Yardeni Research. Federal Reserve Board.

US construction spending

US\$, billions, seasonally adjusted annual rate



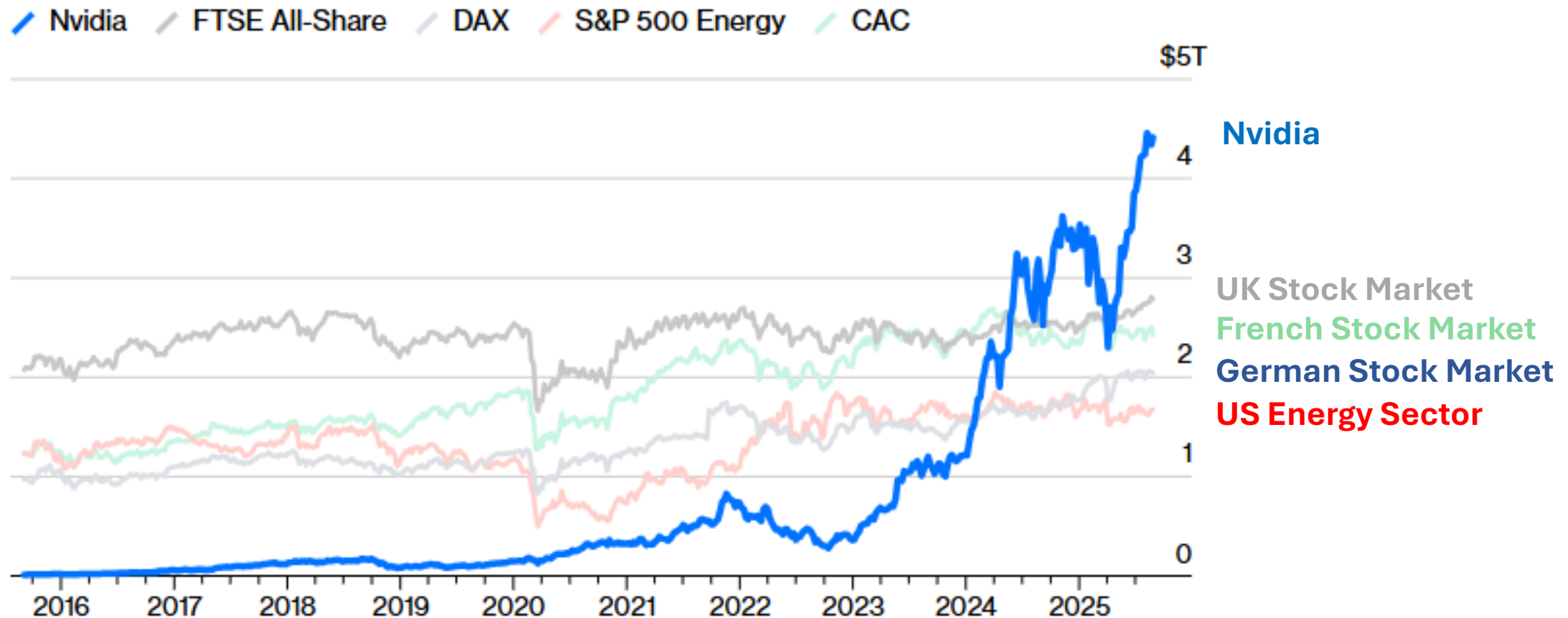
Data center construction spending soon overtaking office building construction

Source: Census Bureau, JPMAM, July 2025

Nvidia eating the world

Ncredible

Nvidia's market cap now exceeds the FTSE, CAC, DAX, and S&P Energy sector



Source: Bloomberg