Market Update

JANUARY 2026

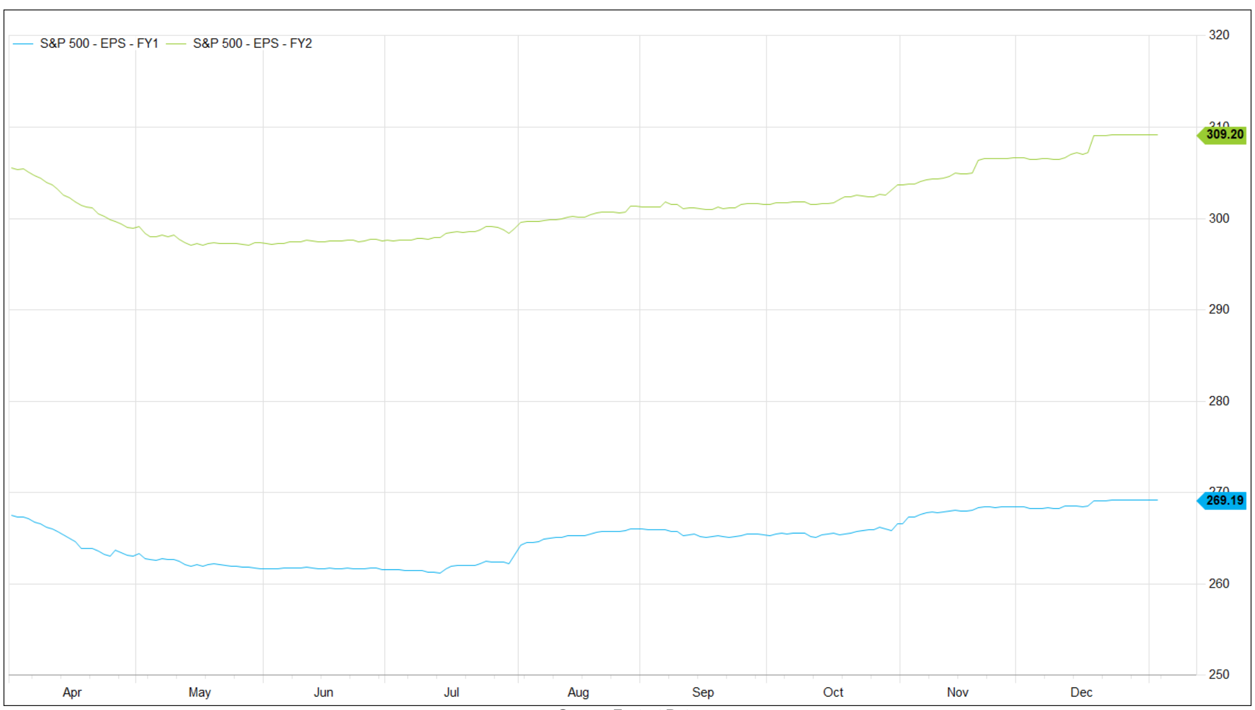
"Audentes Fortuna Iuvat - Fortune Favors the Bold"
-Virgil

Index	December 2025*	2025 YTD
S&P 500	0.1%	17.9%
Russell 2000	-0.6%	12.8%
MSCI World, Ex-US	3.0%	31.9%
Bloomberg AGG Bond	-0.3%	7.2%

*Total Returns Source: Factset Data

As we closed the books on 2025, markets delivered another remarkably strong year – one defined by powerful thematic trends, policy volatility, and resilient corporate fundamentals. Despite meaningful disruptions along the way, both stocks and bonds finished the year with broadly positive results, reflecting the adaptability of the U.S. economy and the continued influence of technological innovation. It paid to stay invested in 2025.

S&P 500 Earnings Estimates: F2025 and F2026



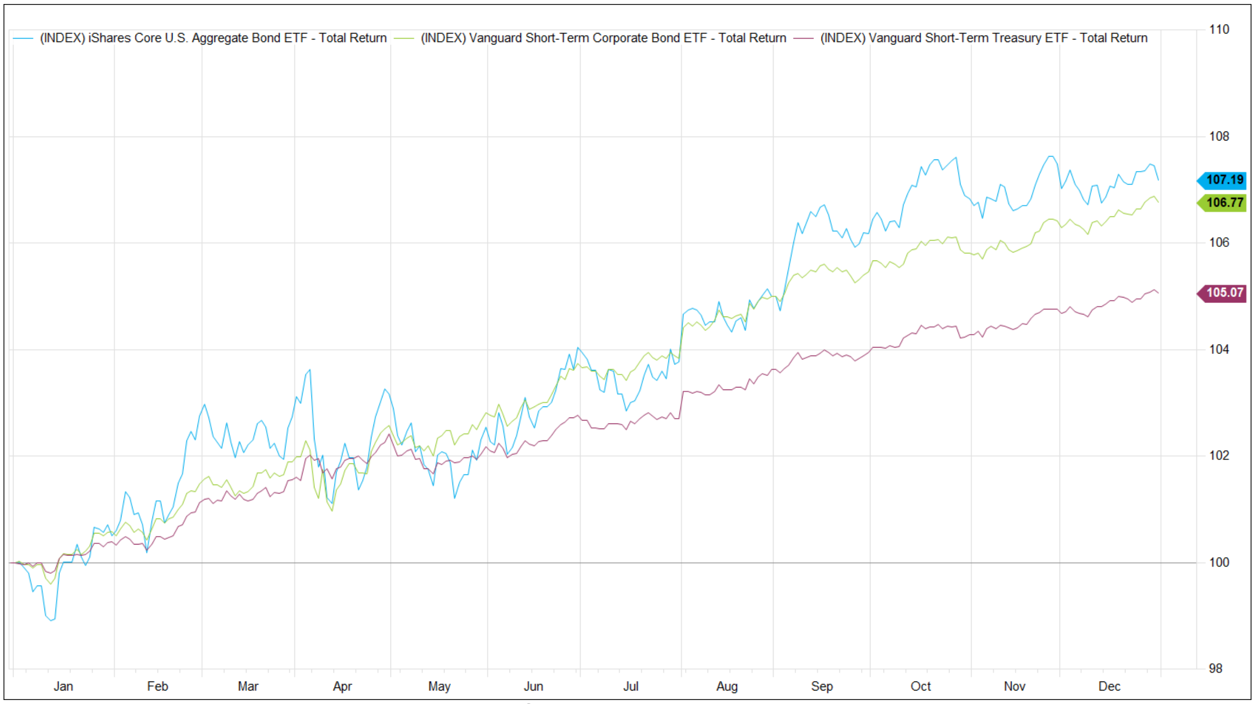
Source: Factset Data

U.S. equities posted robust returns, marking the third consecutive year of double-digit gains for major indexes. The S&P 500 finished the year up roughly 18%, supported by better-than-expected earnings, interest rate cuts, and persistent enthusiasm and demand for artificial intelligence. Up nearly 13%, US small caps lagged the S&P 500 while international stocks were the global leader appreciating more than 30%.

In April new tariff announcements triggered a rapid market selloff – the largest single day decline since the early COVID period. Markets rebounded quickly after partial tariff suspensions, ultimately hitting new highs later in the year as the administration's carrot and stick trade negotiating tactics persisted and corporate earnings estimates recovered.

Overall, 2025 demonstrated that while innovation driven sectors remain the market's growth engine, the broader corporate landscape continued to adapt effectively to shifting policy and economic conditions.

In the bond market investors navigated a complex environment marked by tariff shocks, fluctuating inflation expectations, and shifting interest rate forecasts. Despite early volatility, U.S. fixed income generated solid gains, helped by the Federal Reserve restarting the easing cycle in the fourth quarter. Easing inflation expectations and a stable/softer labor market give the FOMC cover to continue easing into 2026, supporting both equity and fixed income markets.



Source: Factset Data Research

At Seacoast Wealth Management smart stock selection in communications services, financials, healthcare, industrials, information technology and materials offset relative weakness in consumer discretionary and staples, leading to strong overall returns.

Within fixed income, incrementally higher corporate bond yields were offset by shorter-duration positioning when compared with the Bloomberg Aggregate Bond Index.

Looking ahead to 2026, we expect many of the year's defining themes – AI adoption, evolving trade policy, and Federal Reserve decision making – to continue influencing both risk and opportunity. We remain focused on thoughtful diversification, valuation discipline, and long-term investment horizons to drive sustainable returns for clients.

As always, we appreciate the opportunity to work with you, and if you have any questions, please do not hesitate to reach out to your Seacoast Wealth Management Associate.

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Sources: JP Morgan Asset Management; NASDAQ; FactSet; Bloomberg; Broadridge: *Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI, Cushing, OK); www.goldprice.org (spot gold/silver); Oanda/FX Street (currency exchange rates). News items are based on reports from multiple commonly available international news sources (i.e., wire services) and are independently verified when necessary with secondary sources such as government agencies, corporate press releases, or trade organizations. All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation for the purchase or sale of any securities, and should not be relied on as financial advice. Forecasts are based on current conditions, subject to change, and may not come to pass. U.S. Treasury securities are guaranteed by the federal government as to the timely payment of principal and interest. The principal value of Treasury securities and other bonds fluctuates with market conditions. Bonds are subject to inflation, interest-rate, and credit risks. As interest rates rise, bond prices typically fall. A bond sold or redeemed prior to maturity may be subject to loss. Past performance is no guarantee of future results. All investing involves risk, including the potential loss of principal, and there can be no guarantee that any investing strategy will be successful. The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 largest, publicly traded companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2,000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks.*