

# Navigating Economic Uncertainty: Market Reflections

## Presented By:

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ADVISORS for  
WHAT'S NEXT

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# Welcome and Meet Your Team



**Brandon Adams, CFA®, CAIA®**  
*Chief Investment Officer, Partner*

*Brandon Adams' professional journey to the position of Partner and Chief Investment Officer with [RKL Private Wealth](#) began in ninth grade when his grandmother introduced him to his first mutual fund. Sparking a curiosity that would shape Brandon's future, this early interest led him to take in books like Benjamin Graham's "The Intelligent Investor" and became both a personal and professional calling to be of service to others.*

*With a professional history rooted in portfolio management and analysis, as well as endowment portfolio research and reporting, Brandon brings a wealth of knowledge to RKL Private Wealth. As CIO, Brandon leads the investment team in risk management and portfolio construction, specializing in creating custom investment solutions aimed at maximizing clients' return objectives while minimizing risk. Brandon is also well-versed in Alternative Investment Allocations, encompassing all aspects of portfolio construction, manager selection, and vintage year diversification.*

*Beyond his role at RKL, Brandon is active in various professional organizations. He is a member of the CFA Institute and the CFA Society of Philadelphia. He also dedicates time to the Water Street Mission, where he is a member of the Finance Committee. These affiliations reflect Brandon's commitment to his professional development, industry engagement, and community service.*

# Presentation Outline

01.

U.S. Economic  
Landscape

02.

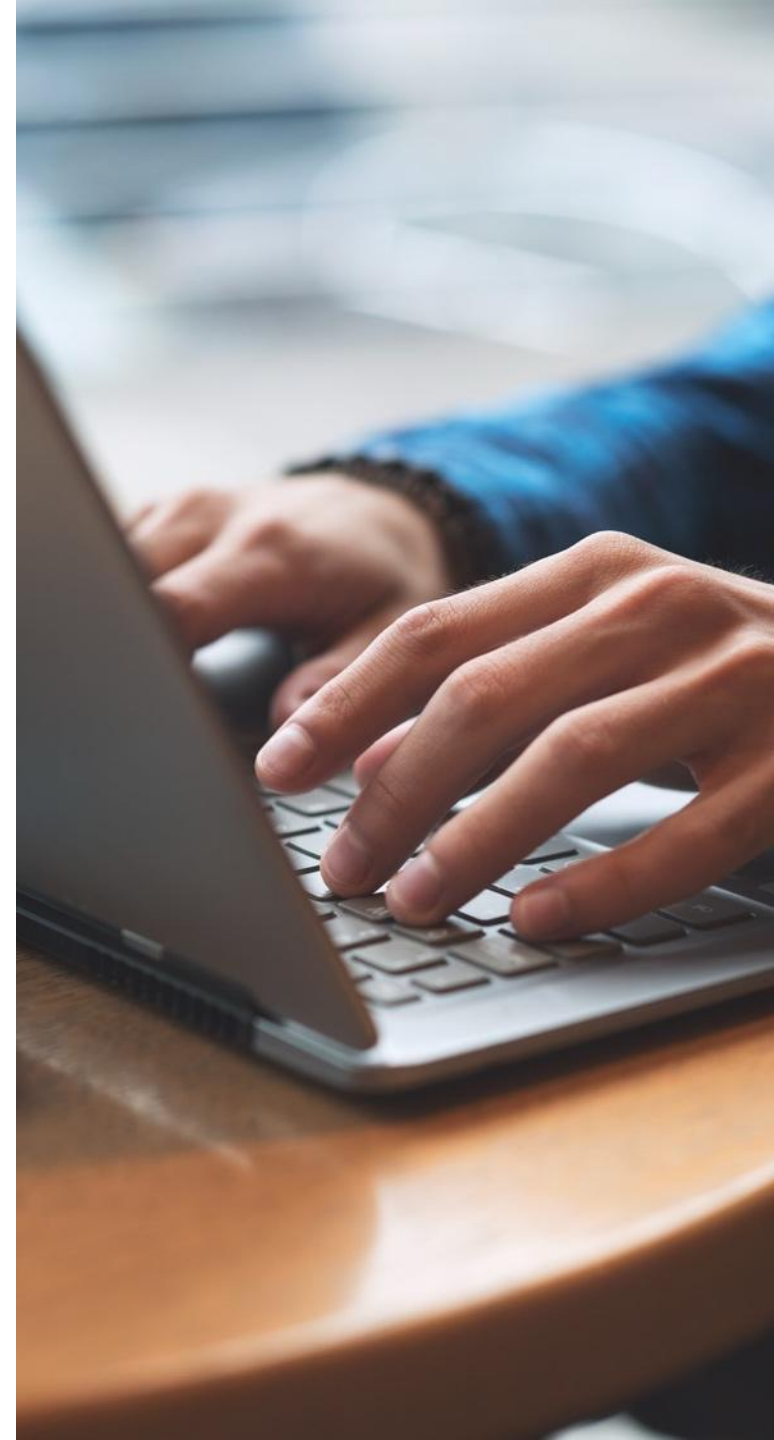
Equity Market  
Update

03.

Fixed-Income  
Market Update

04.

The AI Effect on  
Financial Markets



# U.S. Economic Landscape

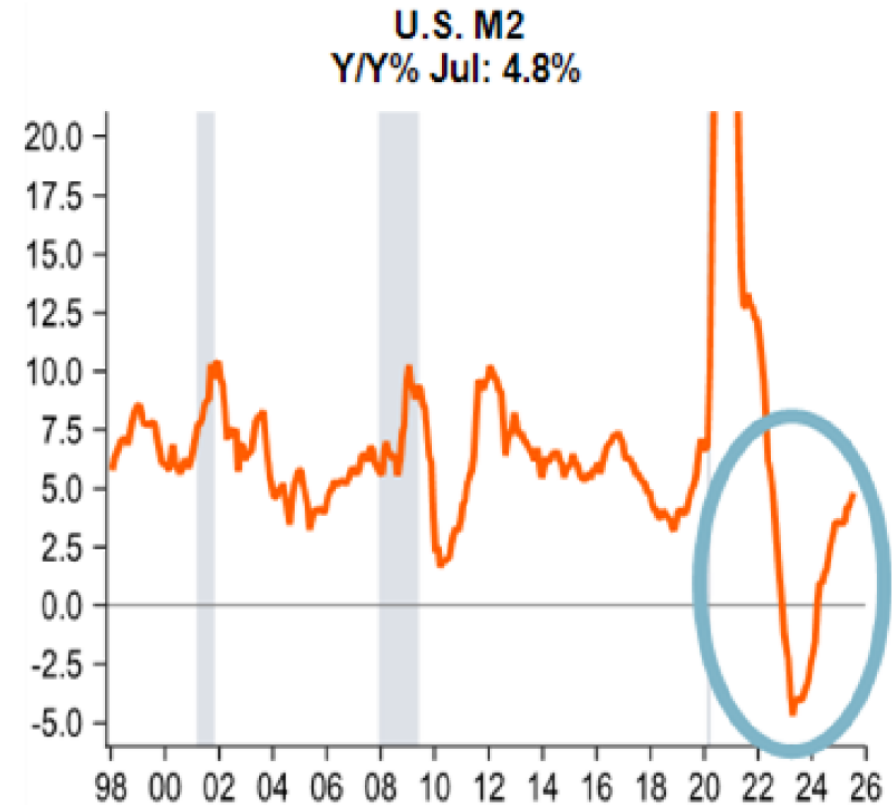
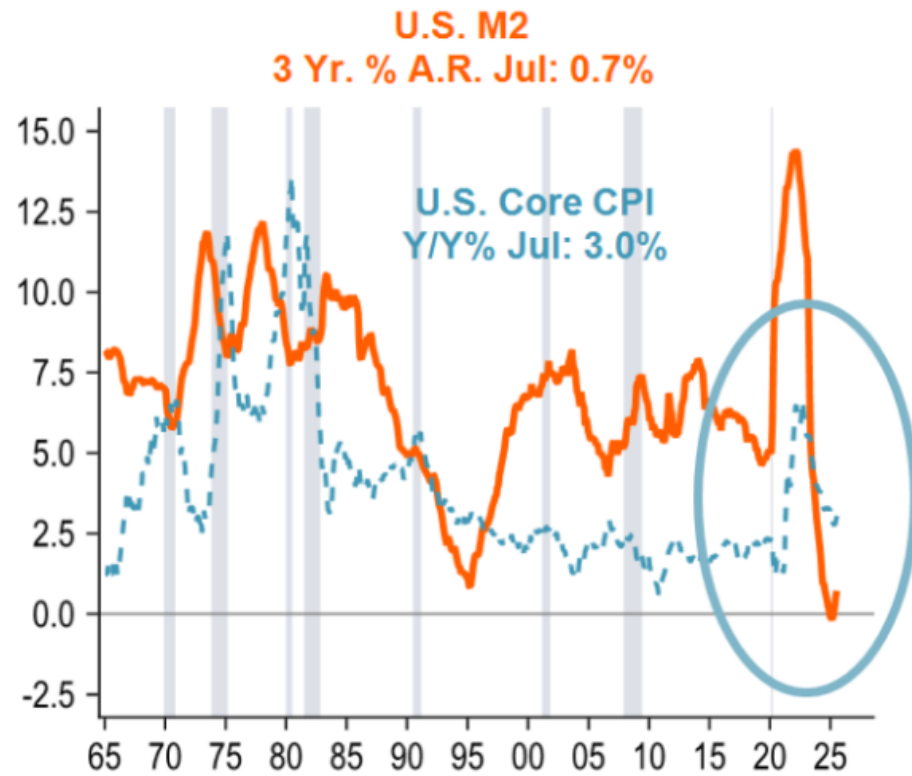


# U.S. Economy

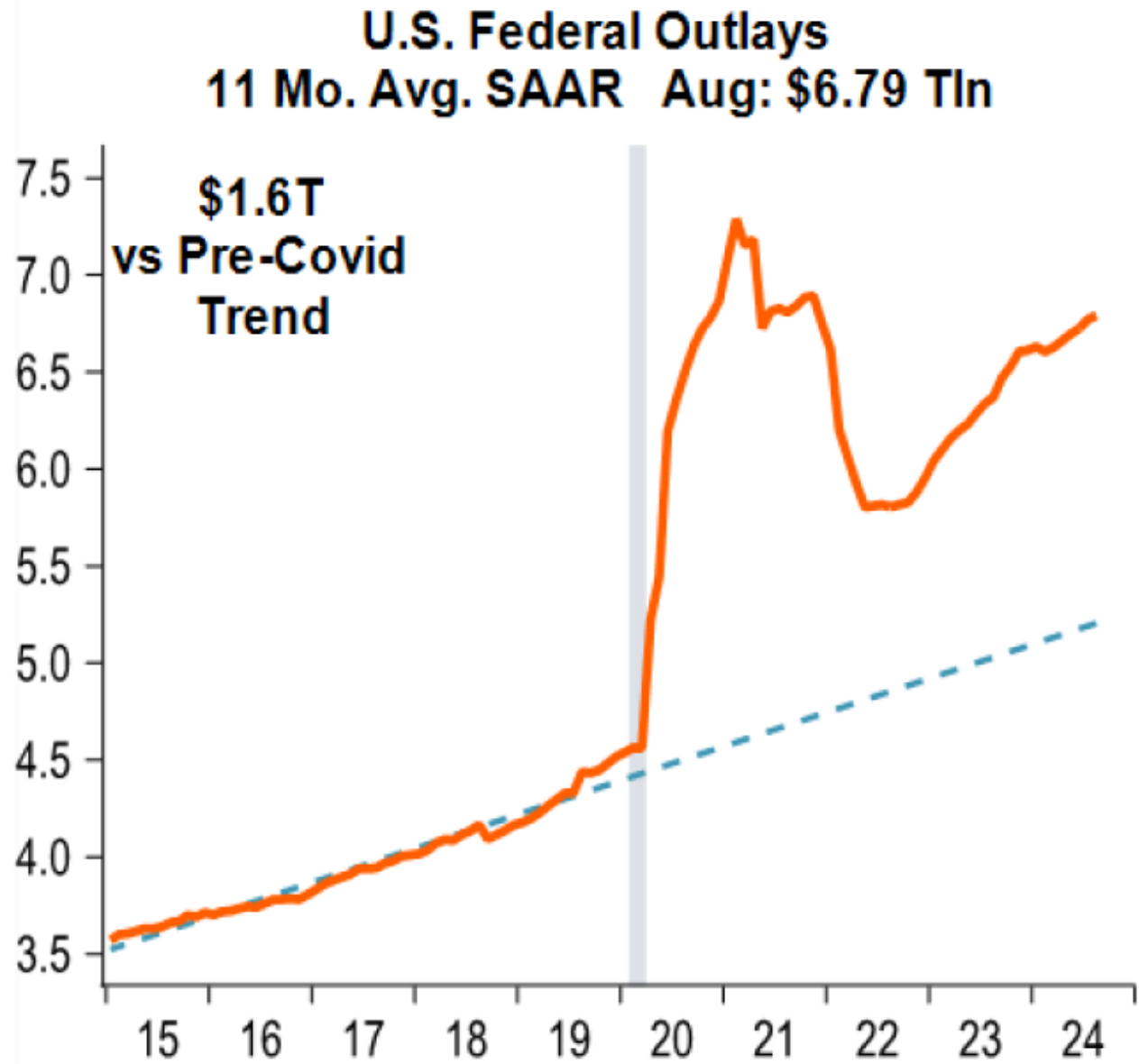
	4Q24	1Q25	2Q25	3Q25
U.S. ECONOMIC DATA				
Real GDP (QoQ%)	1.9	-0.6	3.8	-
Consumer Price Index (YoY%)	2.7	2.7	2.5	2.9
Personal Consumption Expenditures (YoY%)	2.6	2.6	2.4	-
U-3 Unemployment Rate Total (%)	4.2	4.1	4.2	4.3
U-6 Unemployed, Marginally Attached, & Part-Time (%)	7.5	7.9	7.7	8.1
Initial Jobless Claims (Thousands)	209	219	232	219
Continuing Jobless Claims (Thousands)	1871	1844	1954	1916
Federal Reserve Common Inflation Expectations (%)	2.1	2.2	2.3	2.3

(Source: Bloomberg, as of December 4, 2025)

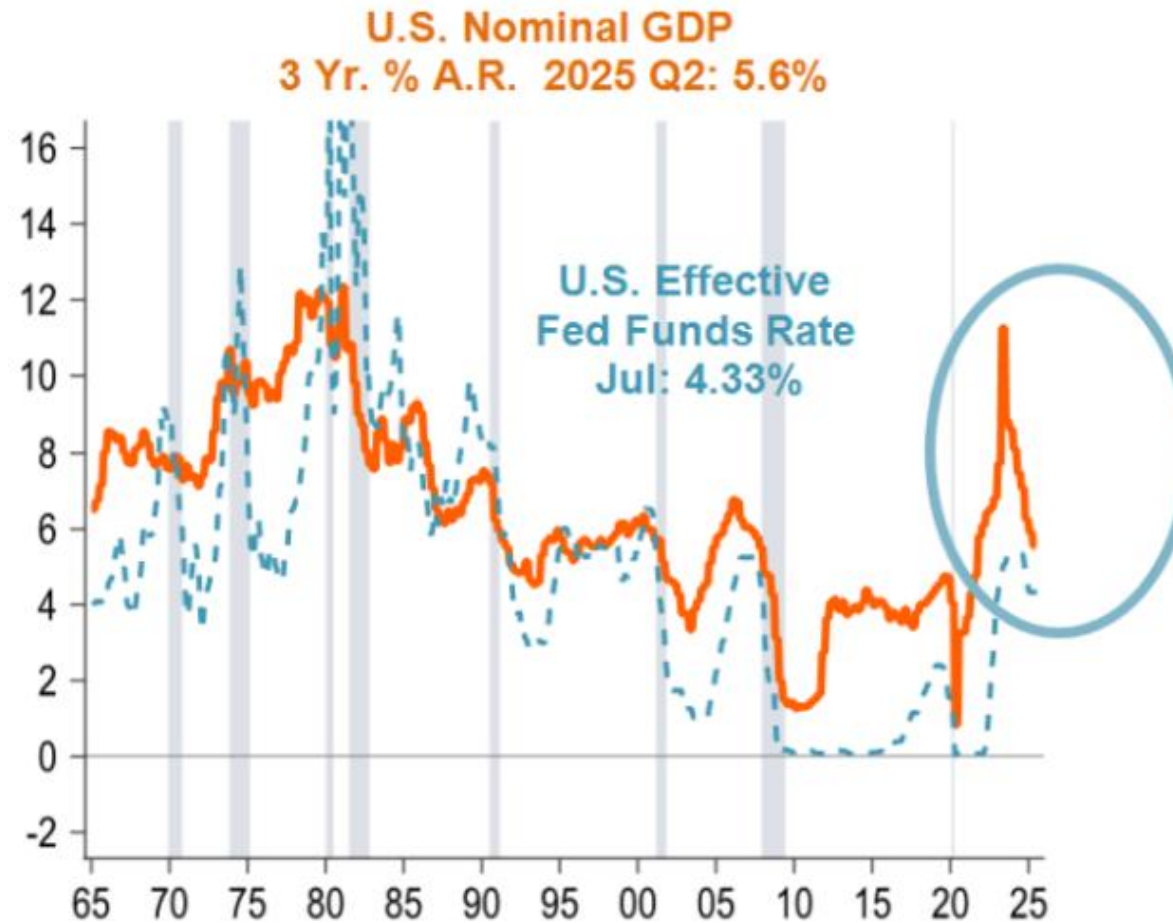
# Excess Liquidity



# Excess Liquidity



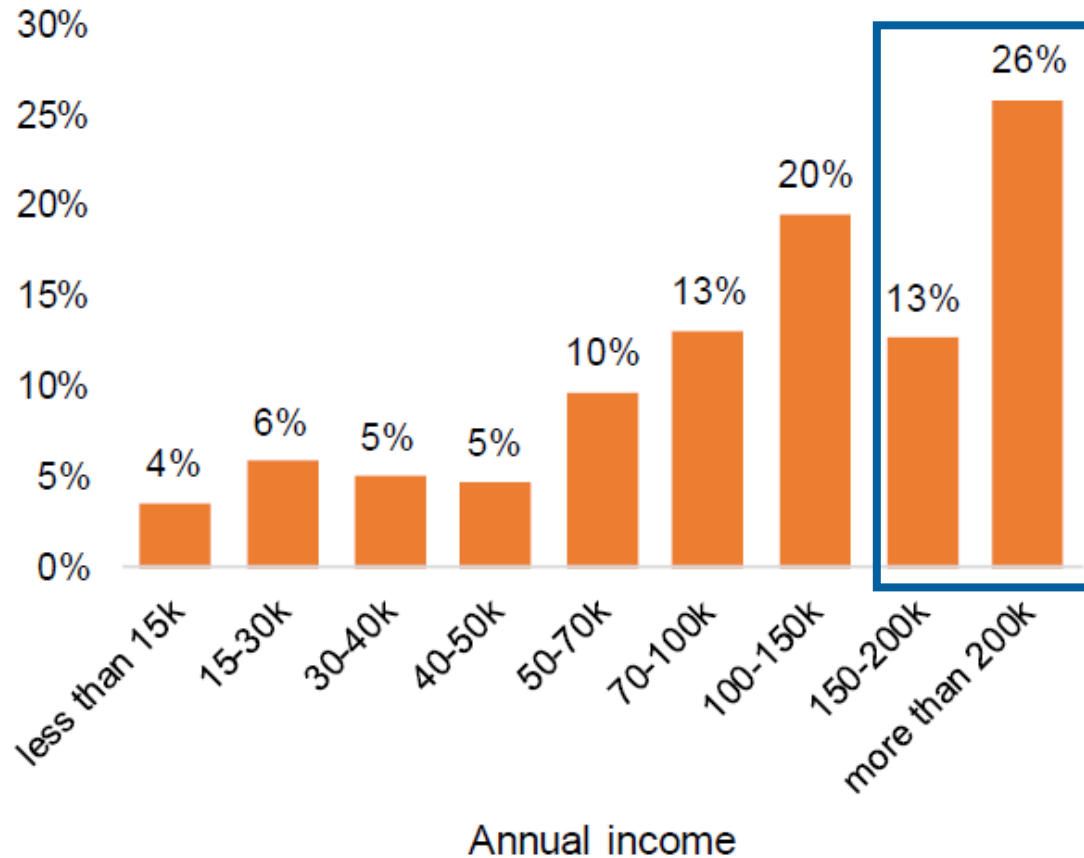
# U.S. Nominal GDP Growth



(Source: Piper Sandler, Macro Research, Economics, September 2025)



## % Consumer Spending



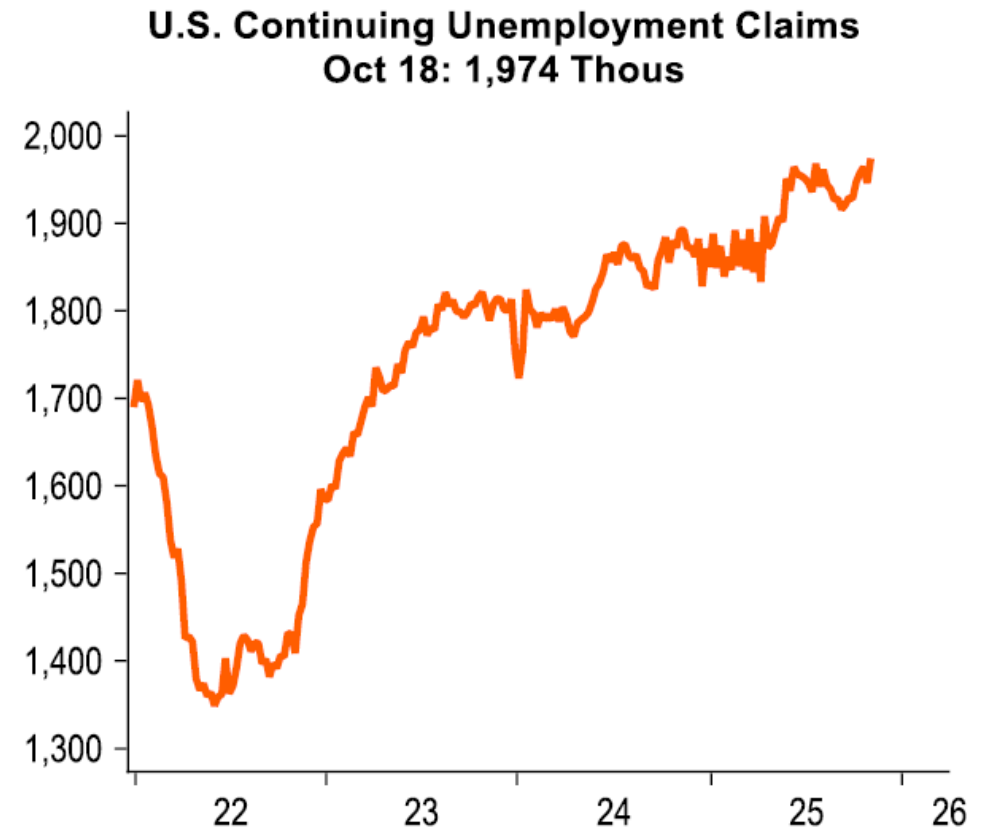
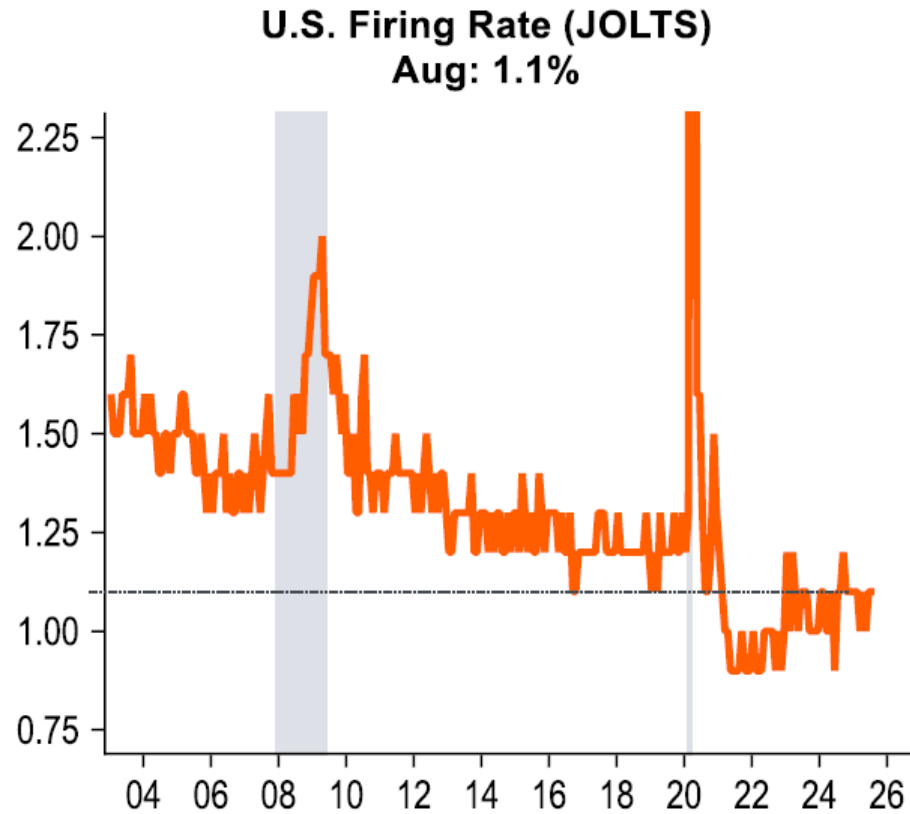
## Real Consumer Spending

Households making >\$150k account for almost 40% of all consumer spending.

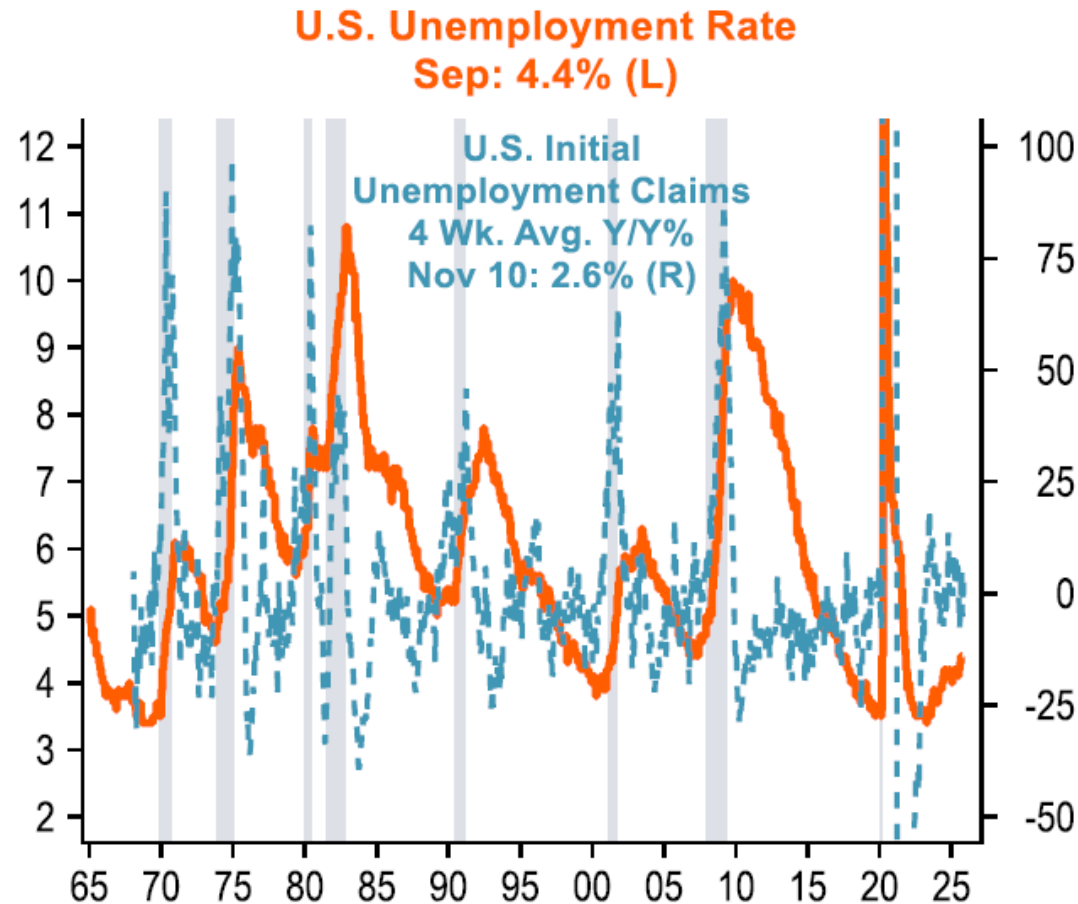
# U.S. Unemployment Rate



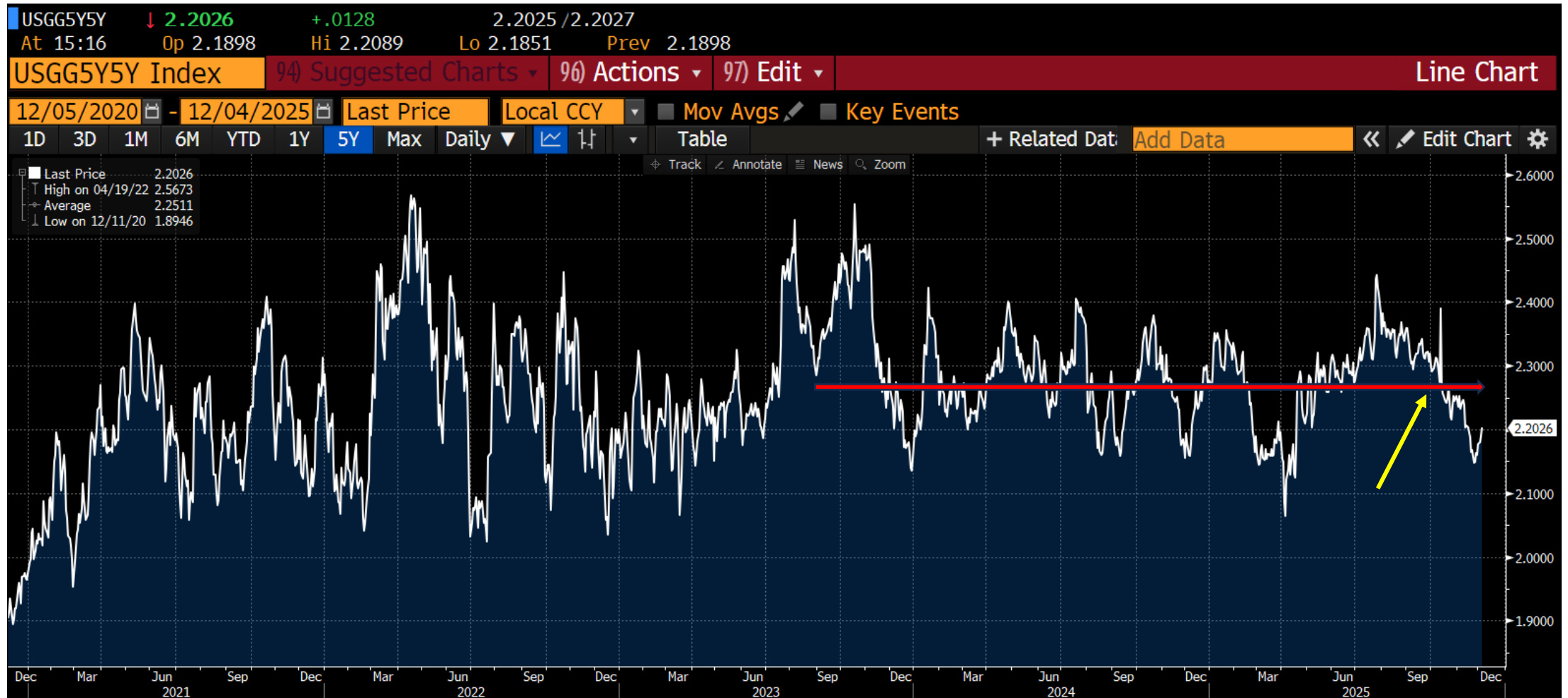
# Unemployment Claims Moving Higher



# Unemployment Claims Moving Higher



# U.S. 5yr Forward Breakeven

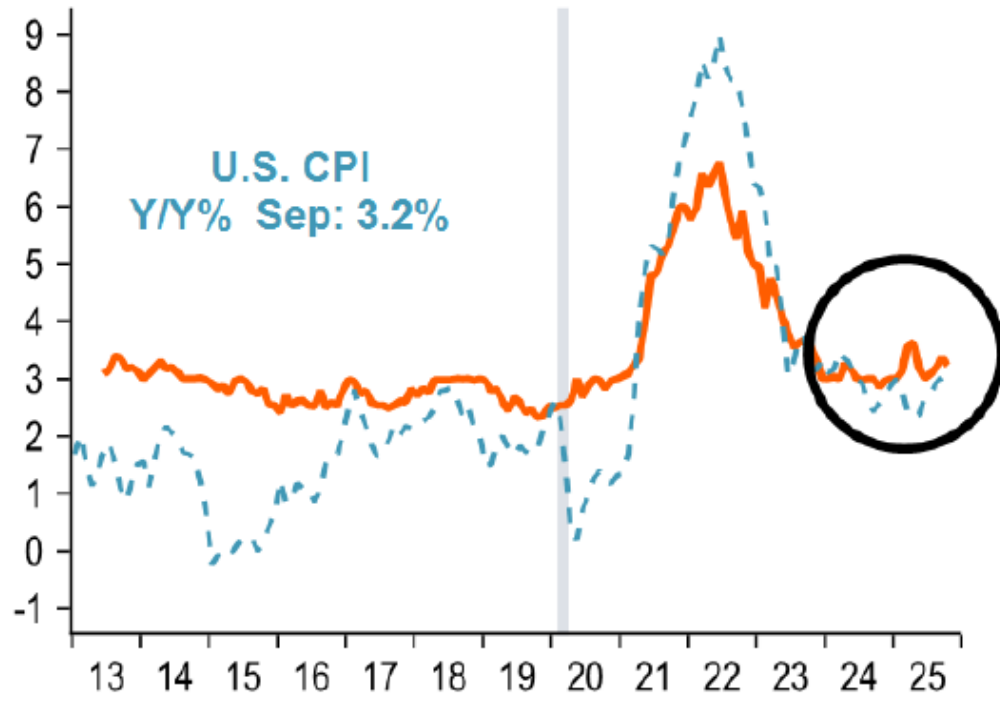


(Source: Bloomberg, as of December 4, 2025)

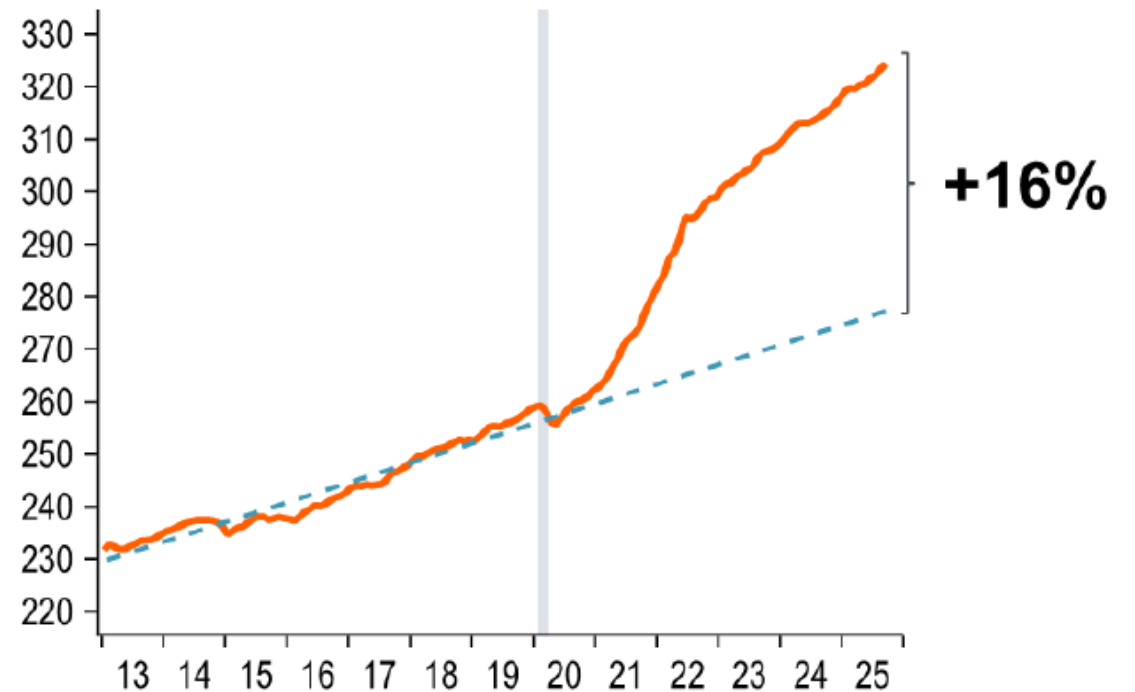


# Inflation Rates & Expectations

**NY Fed Survey of Consumer Expectations**  
**1 Yr. Ahead Inflation**  
**Oct: 3.2%**

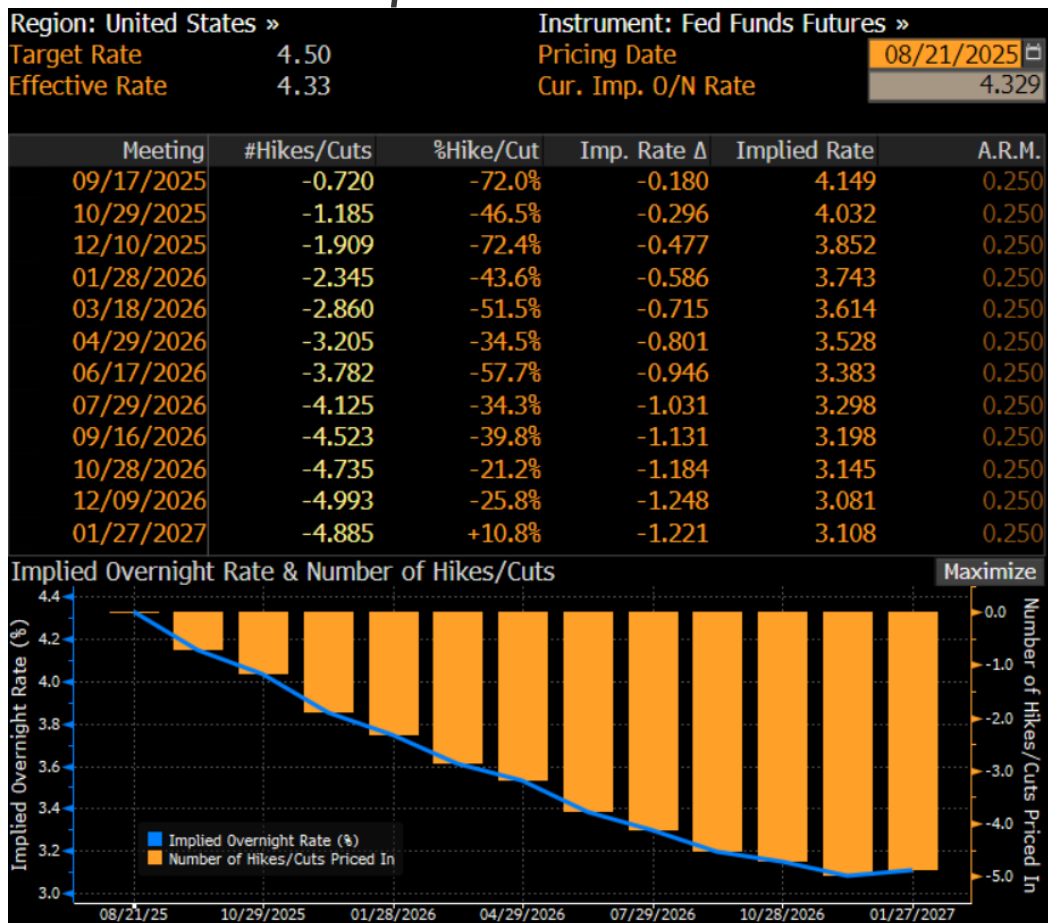


**U.S. CPI**  
**Sep: 324.4**



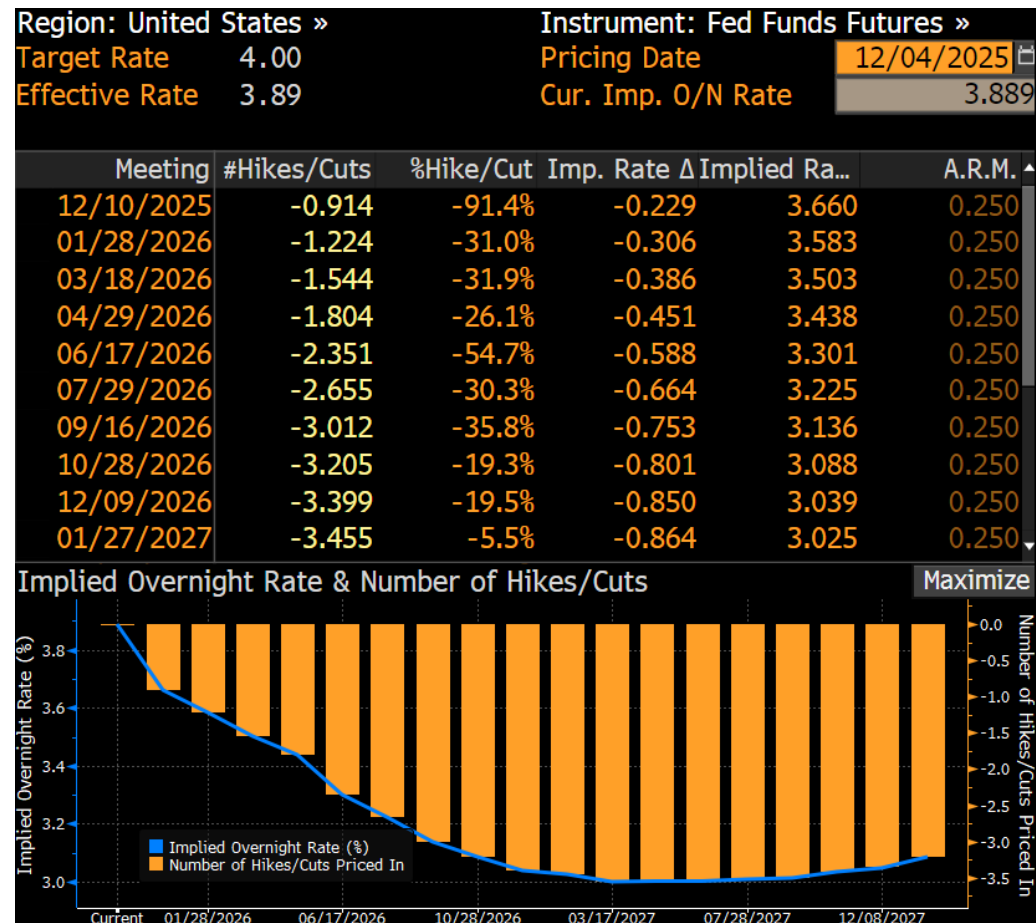
# World Interest Rate Probabilities

## Jackson Hole Speech



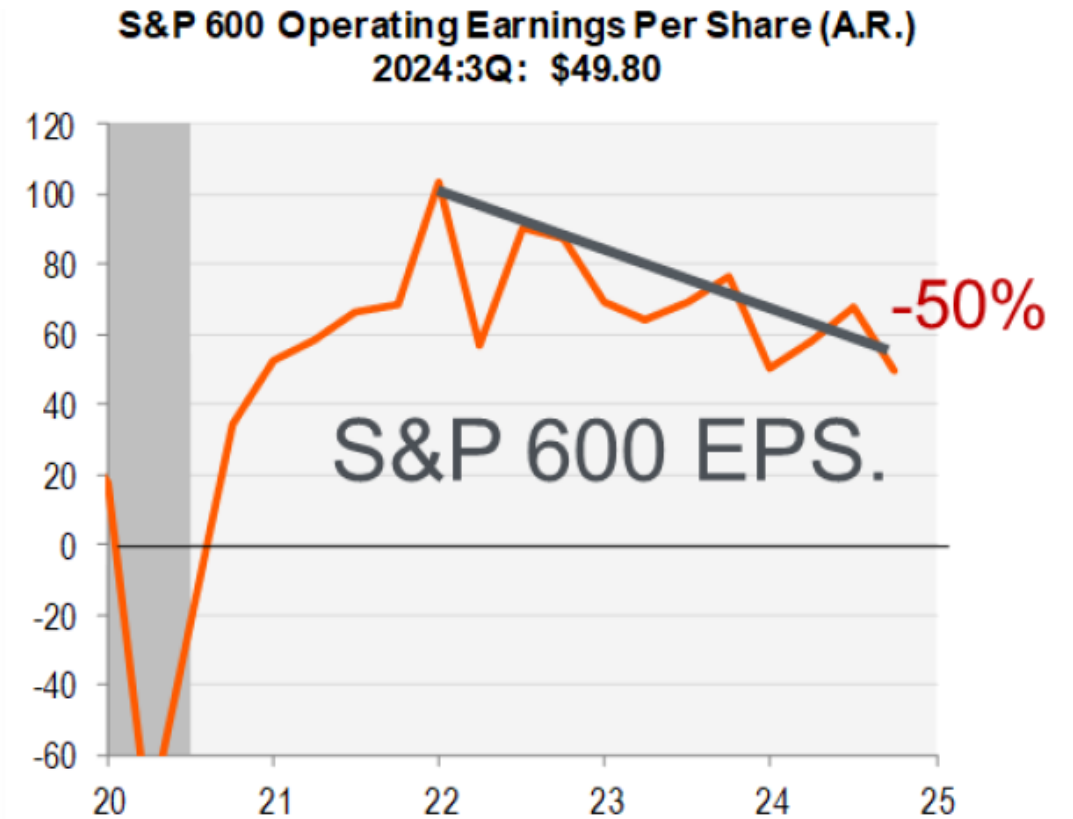
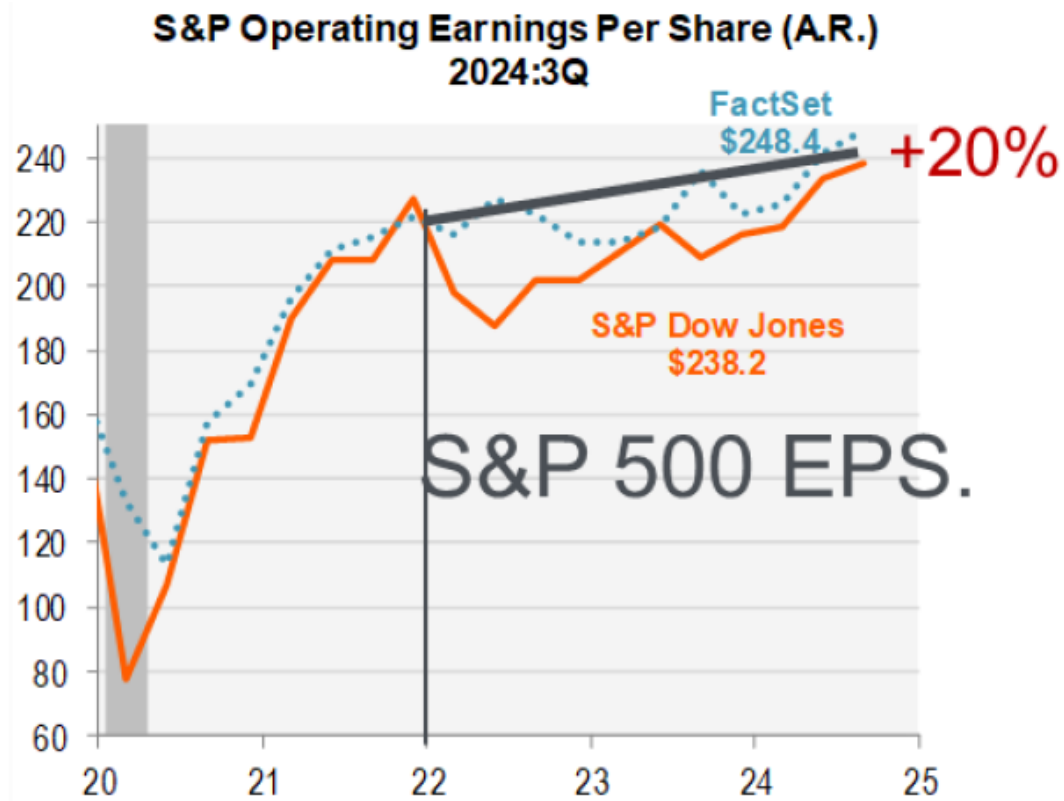
(Source: Bloomberg, as of December 4, 2025)

## Current

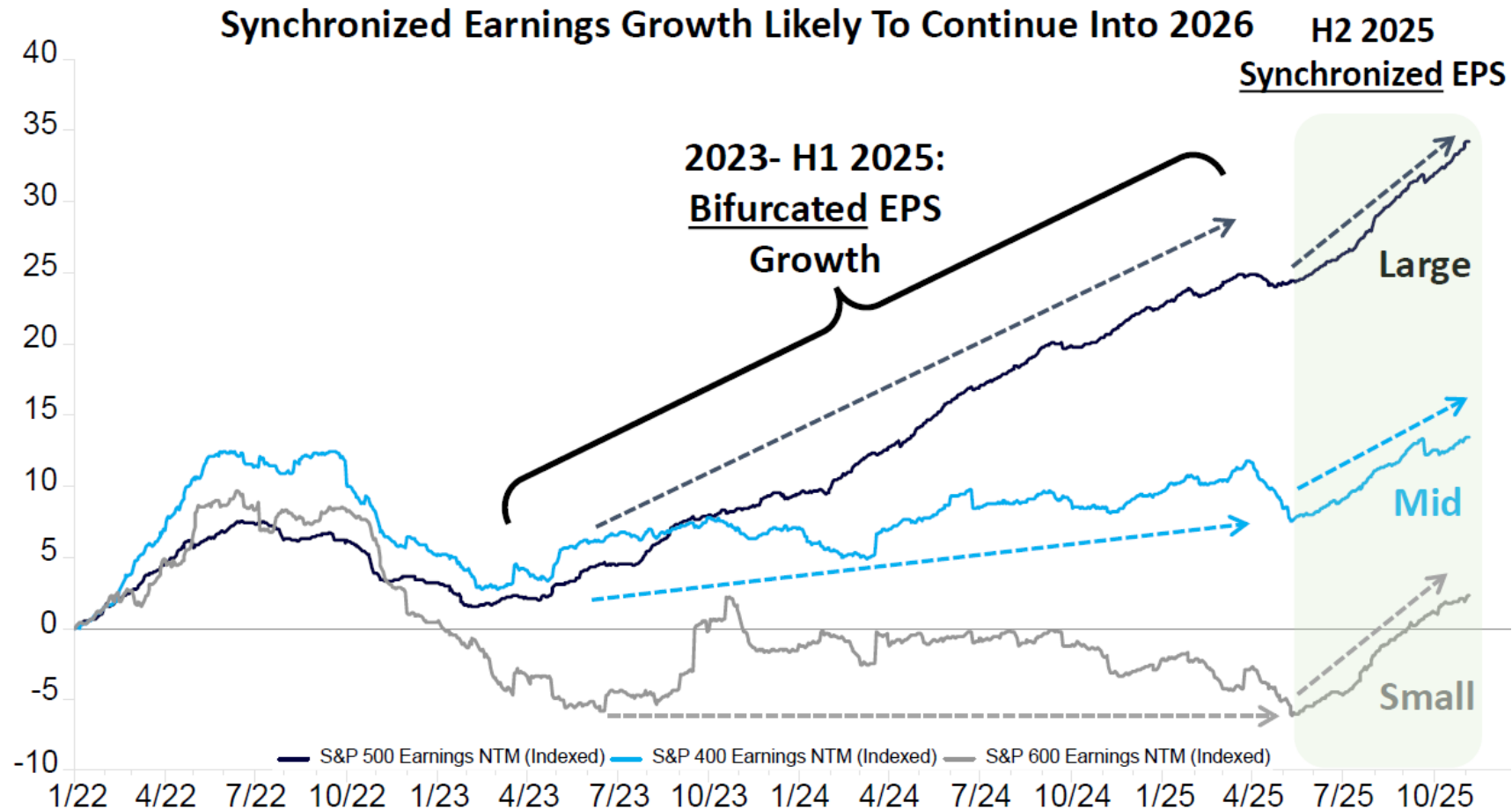


# Economic Green Shoots

# Bifurcated S&P Earnings

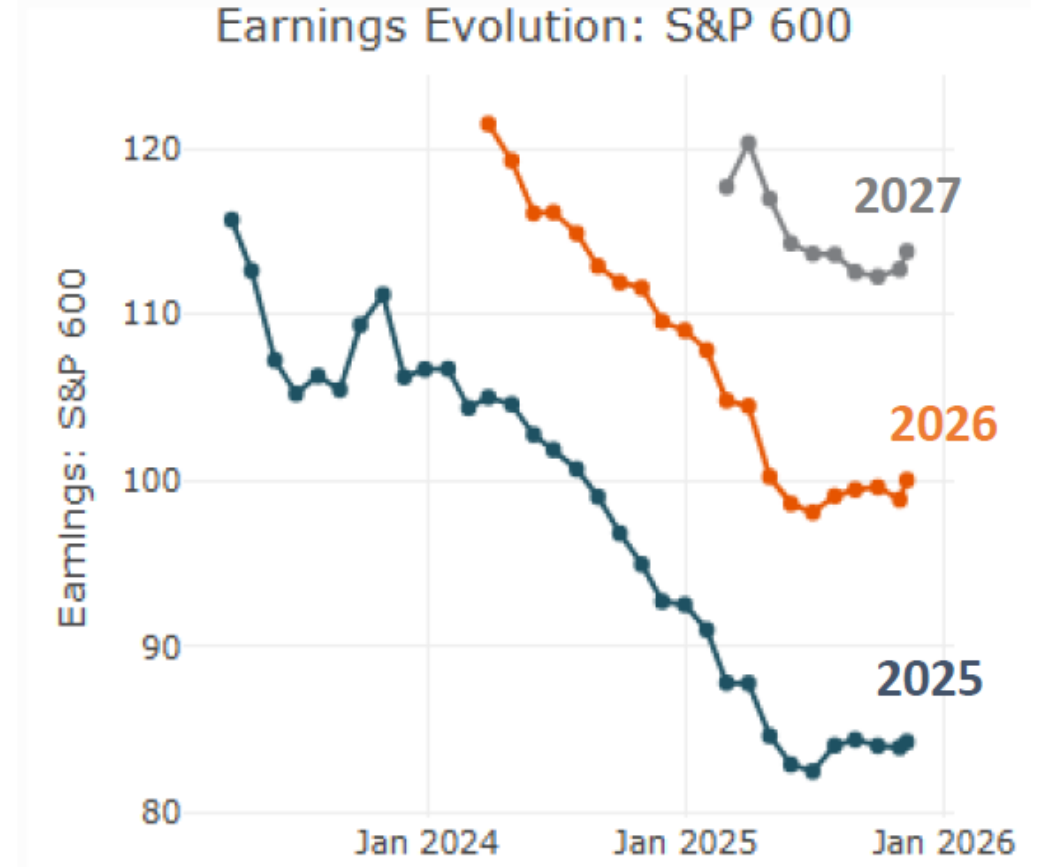
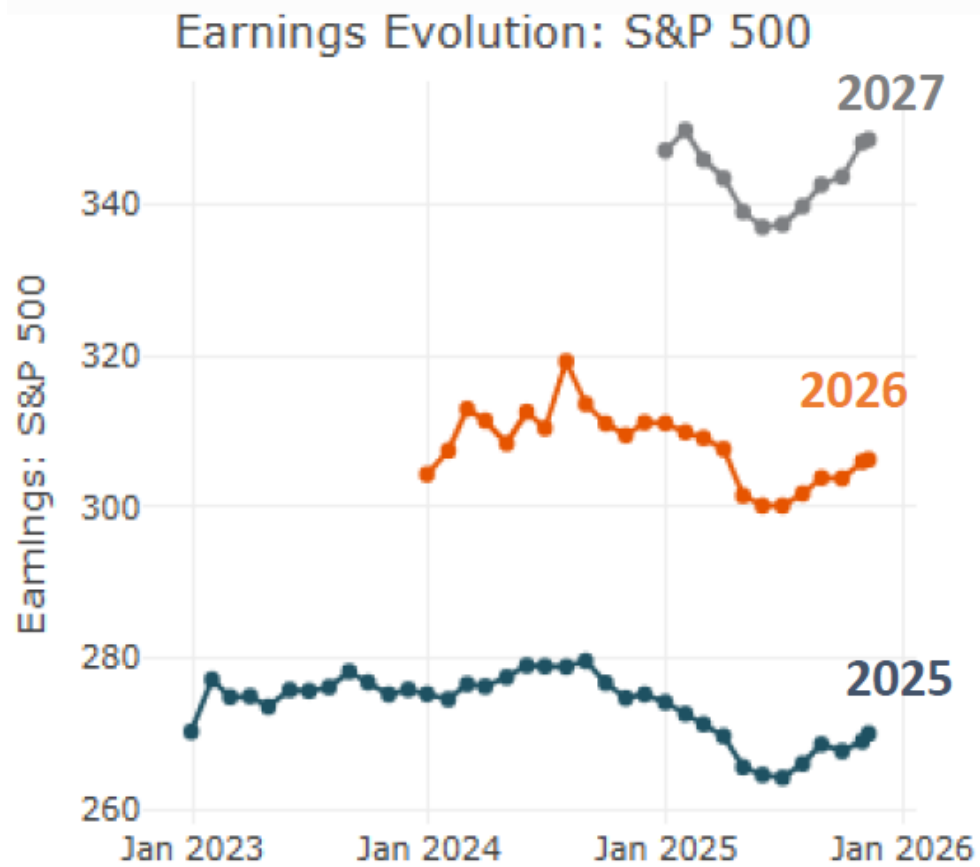


# Synchronized Earnings Growth?

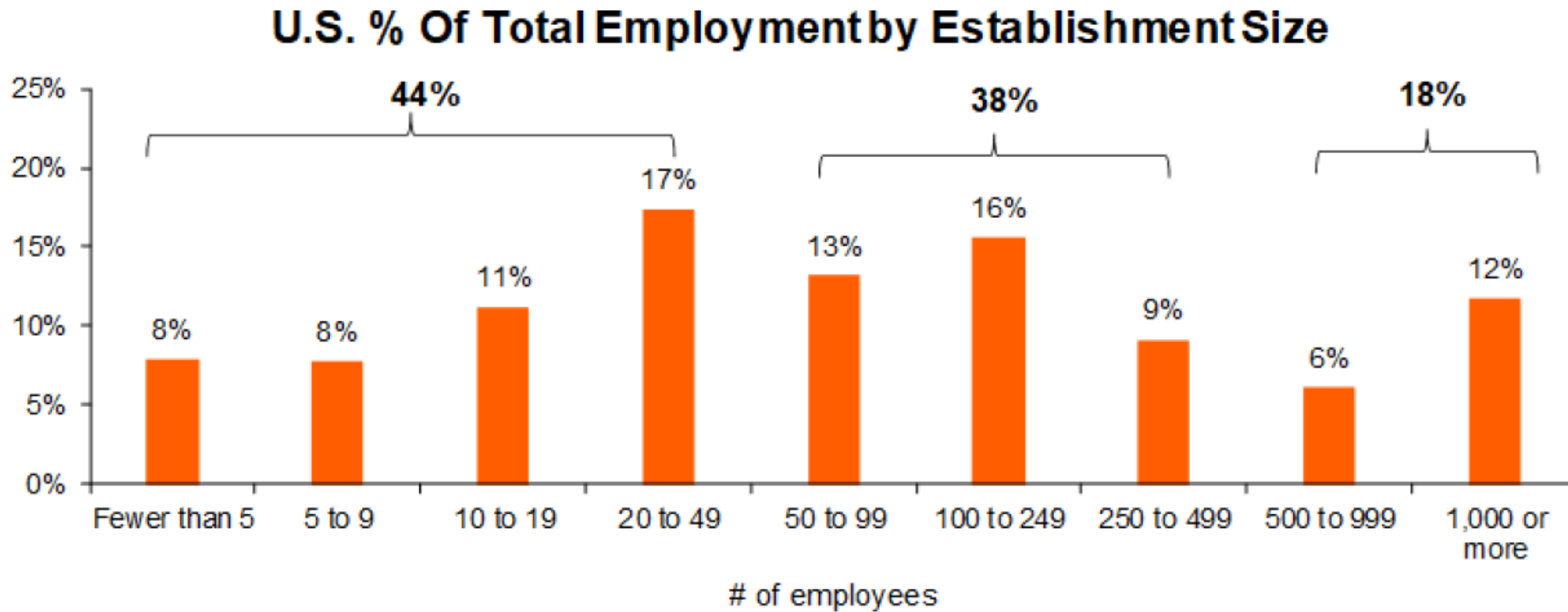




# Earnings Evolution Over Time



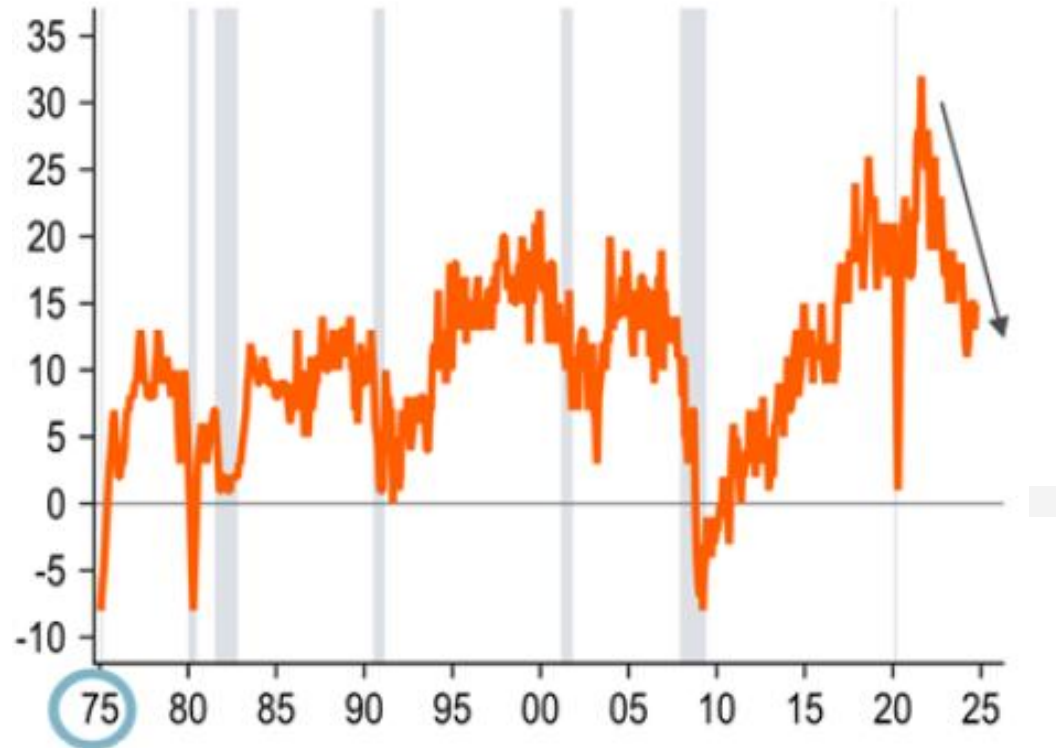
# Total Employment by Establishment Size



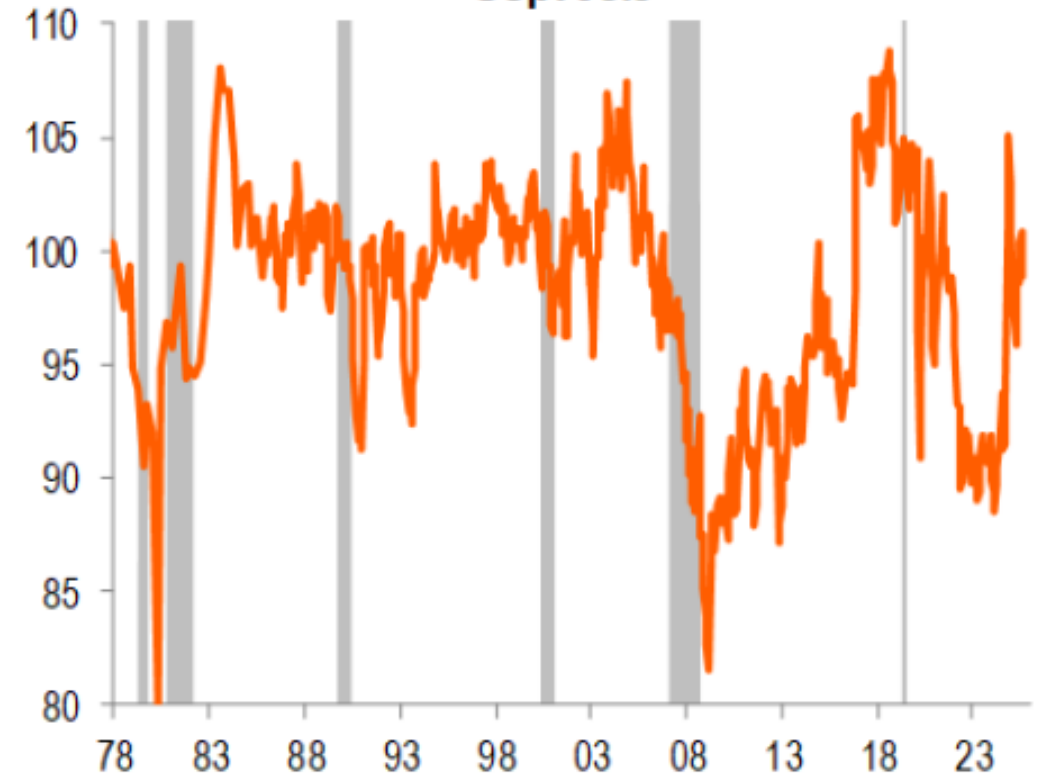
**Small & Mid size  
companies  
account for over  
70% of U.S.  
Employment**

# Small Business Lack of Optimism

**NFIB U.S. Small Business Optimism  
Hiring Plans**  
Oct: 15



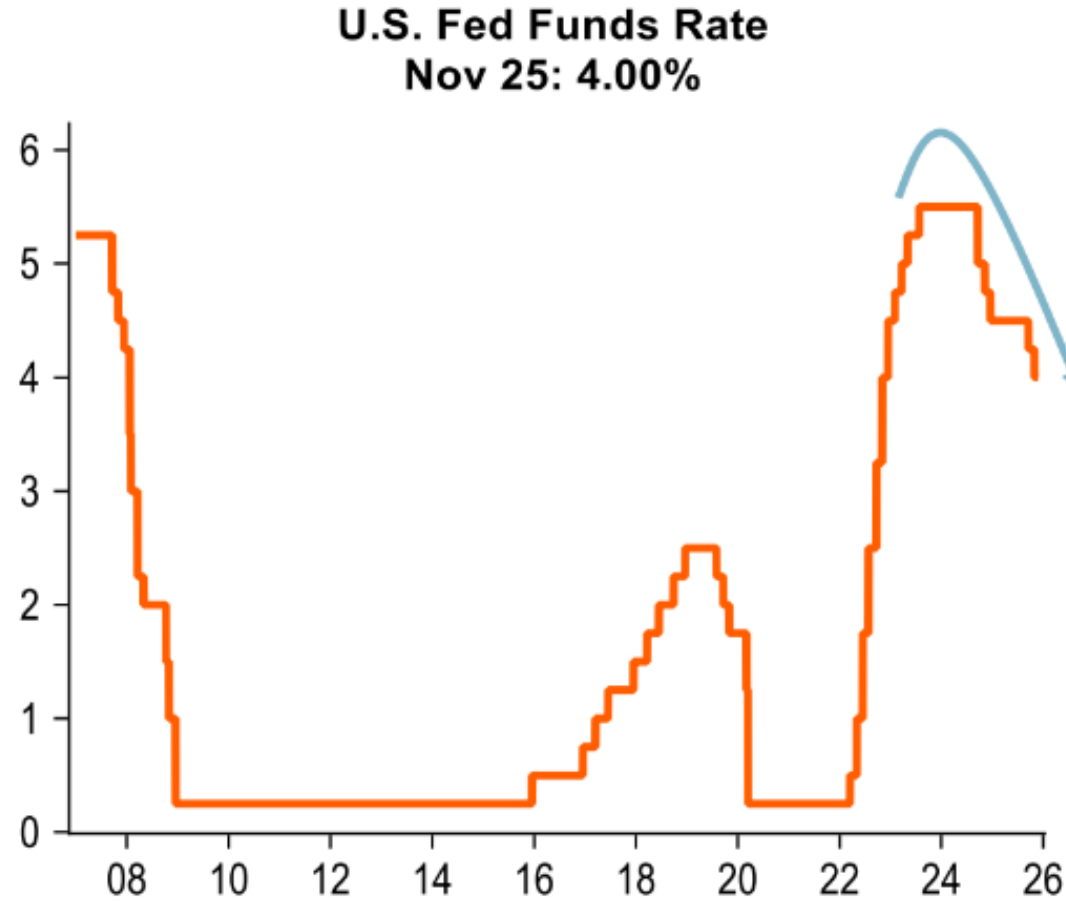
**NFIB U.S. Small Business Optimism Index**  
Sep: 98.8



# Potential Positives For Growth & Productivity

- Federal Reserve “Rate-Cut Cycle”
- Lower Energy Prices
- More Manufacturing “Onshoring”
- Less Regulation/Deregulation

# Falling Fed Funds Rate

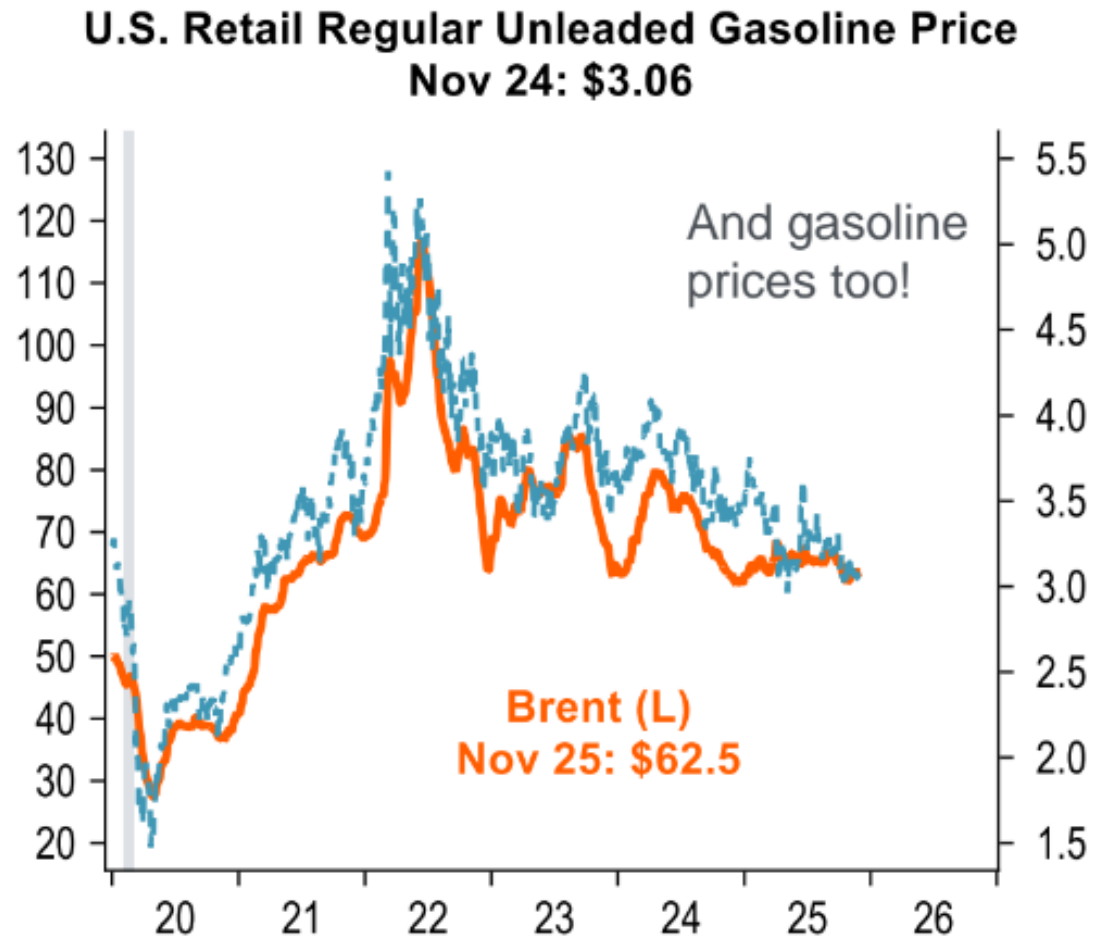




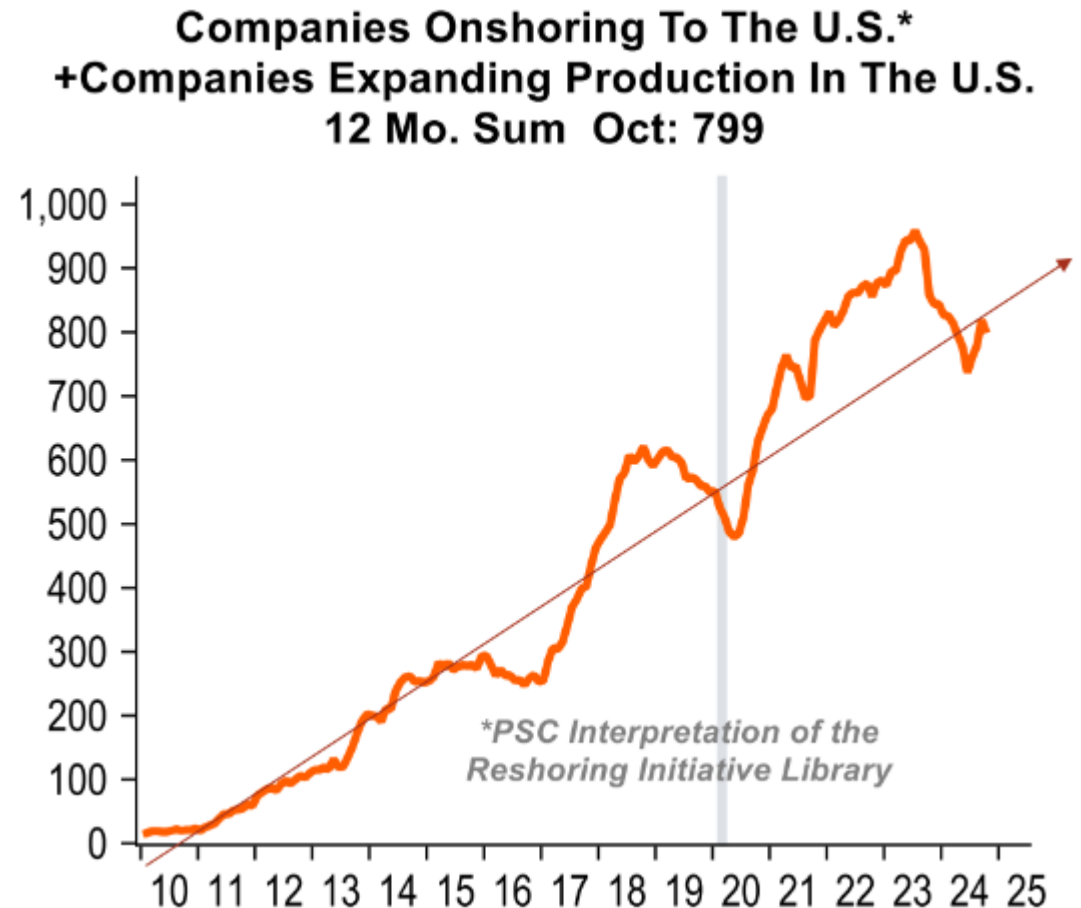
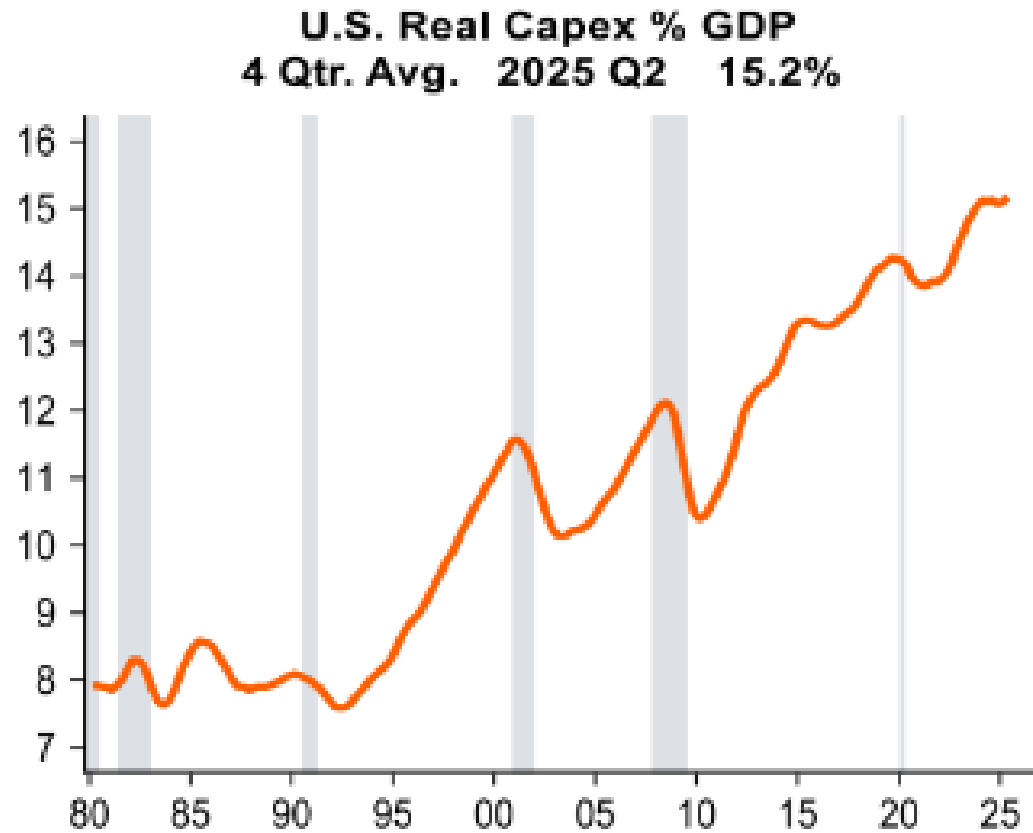
# Banks Easing Lending Standards



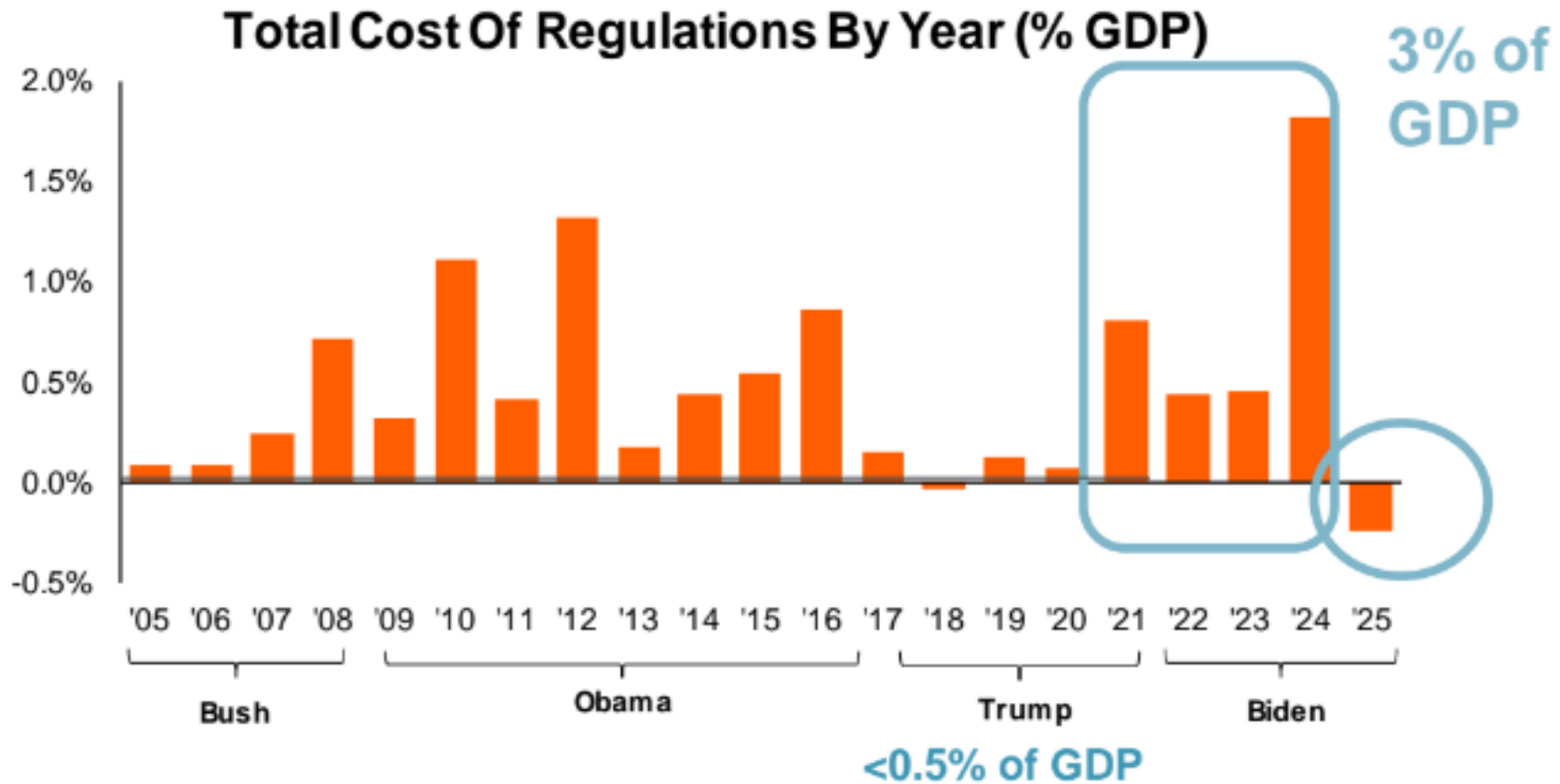
# Falling Oil Prices



# Capex & Companies Onshoring



# Cost of Regulations

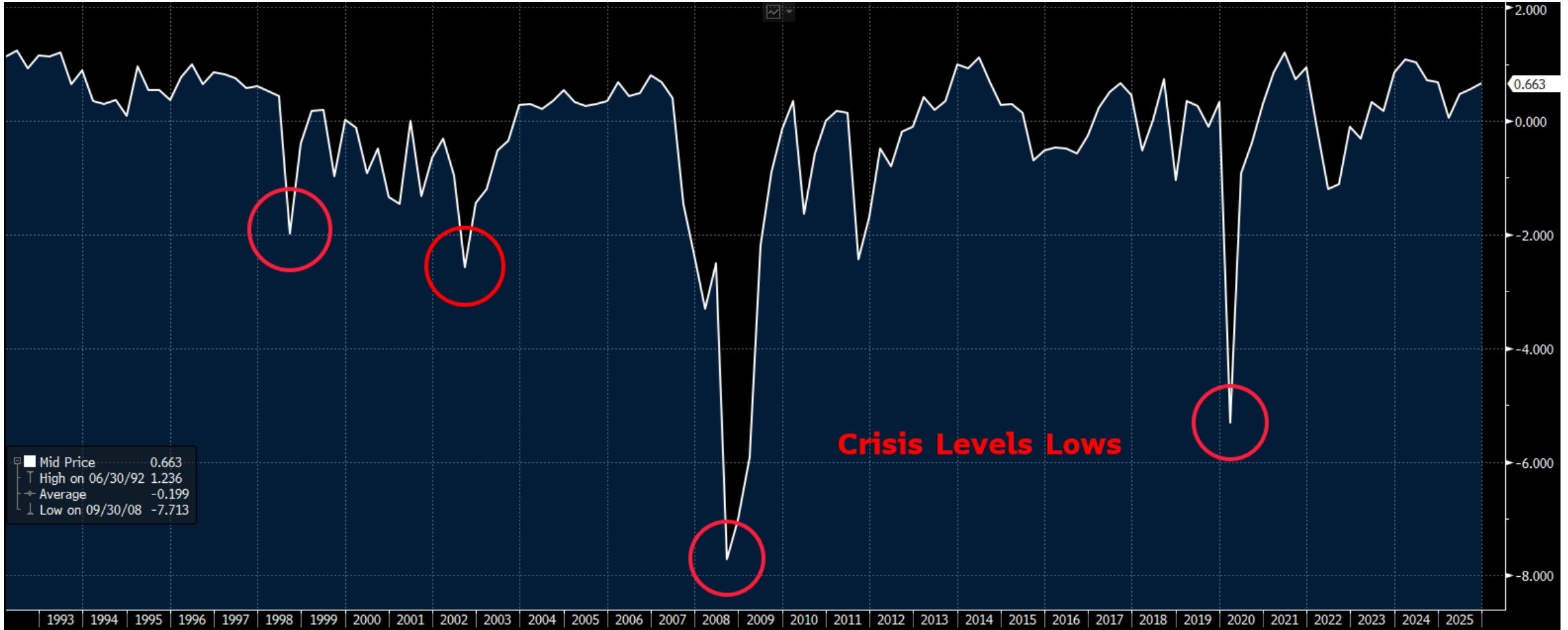


Source: Doug Holtz-Eakin,  
American Action Forum

# Equity Market Update



# U.S. Financial Conditions



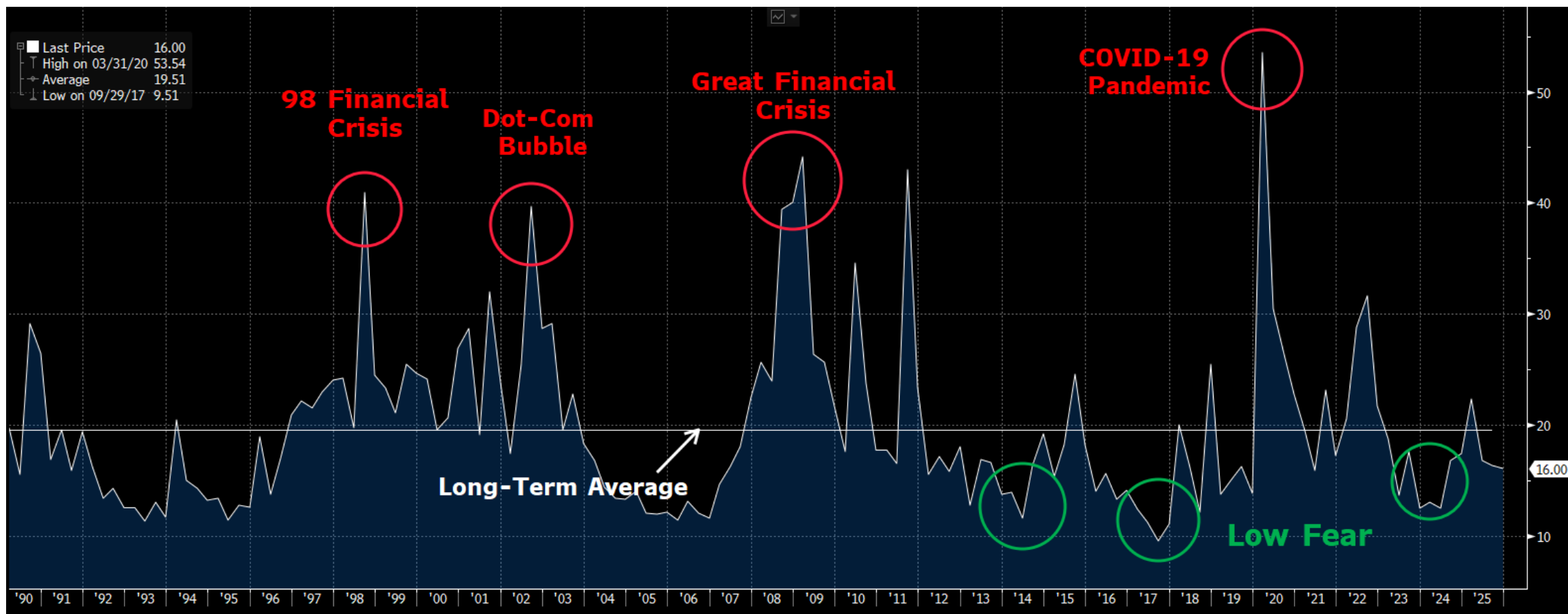
(Source: Bloomberg, Bloomberg United States Financial Conditions Index, as of December 4, 2025)

# S&P 500 Index (5 Yr. Movements)



(Source: Bloomberg, S&P 500, as of December 4, 2025)

# VIX Index (1990-Present)



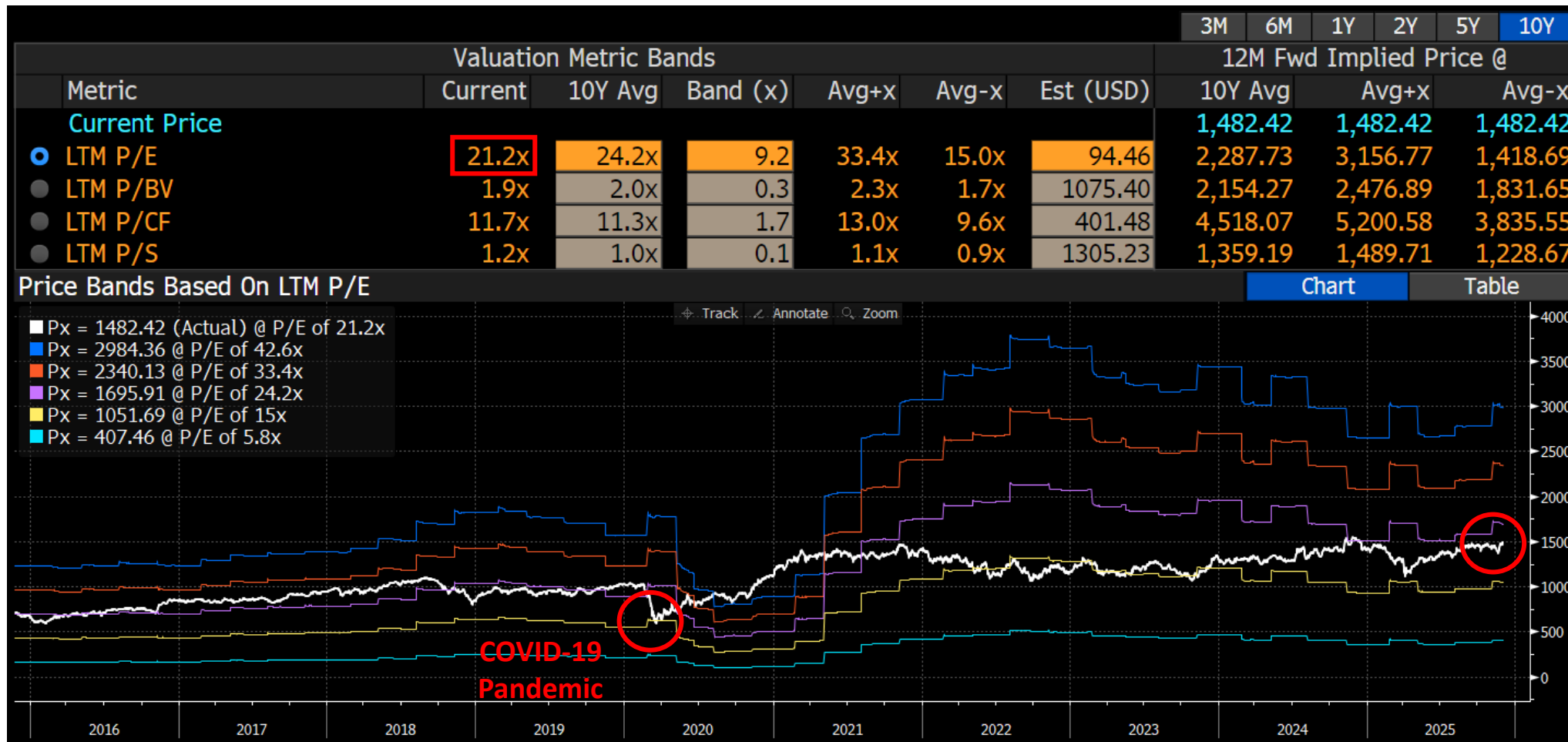
(Source: Bloomberg, VIX Index, as of December 4, 2025)

# U.S. Equity Valuations (S&P 500)



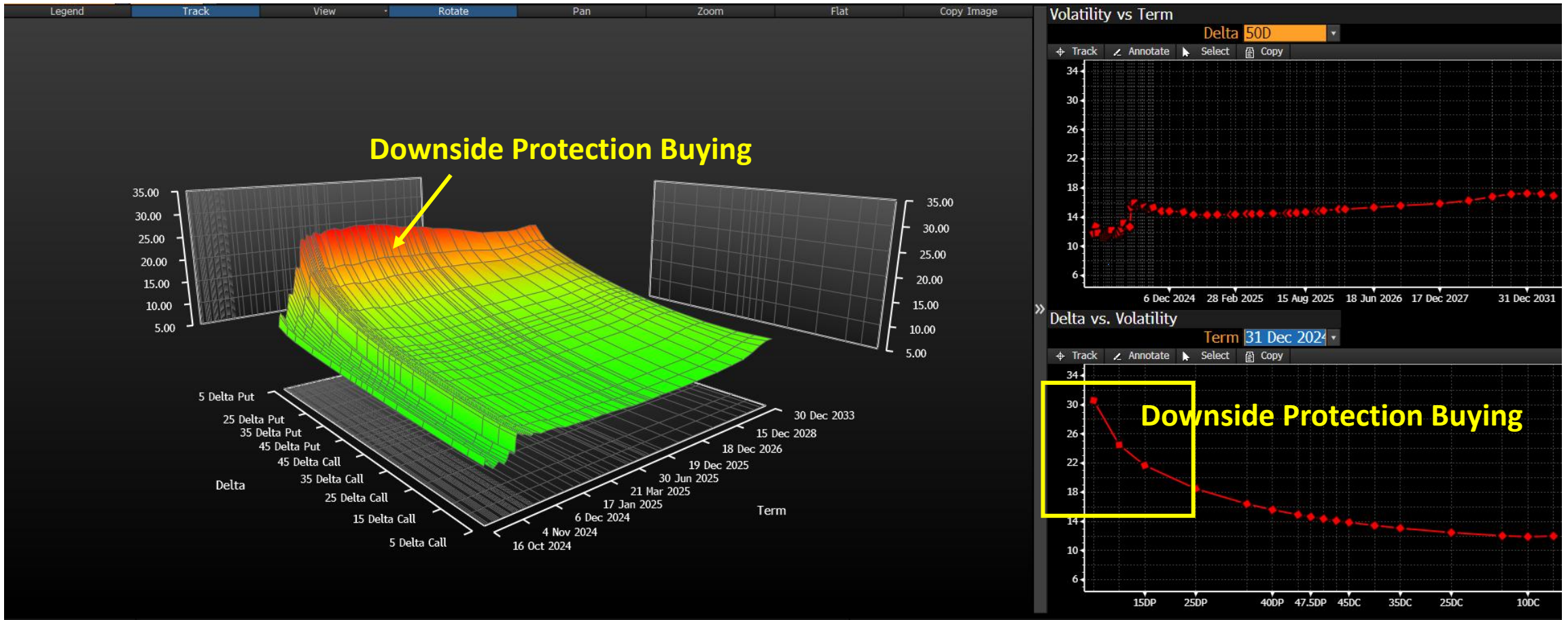
(Source: Bloomberg, S&P 500, as of December 4, 2025)

# U.S. Equity Valuations (S&P 600)



(Source: Bloomberg, S&P 600, as of December 4, 2025)

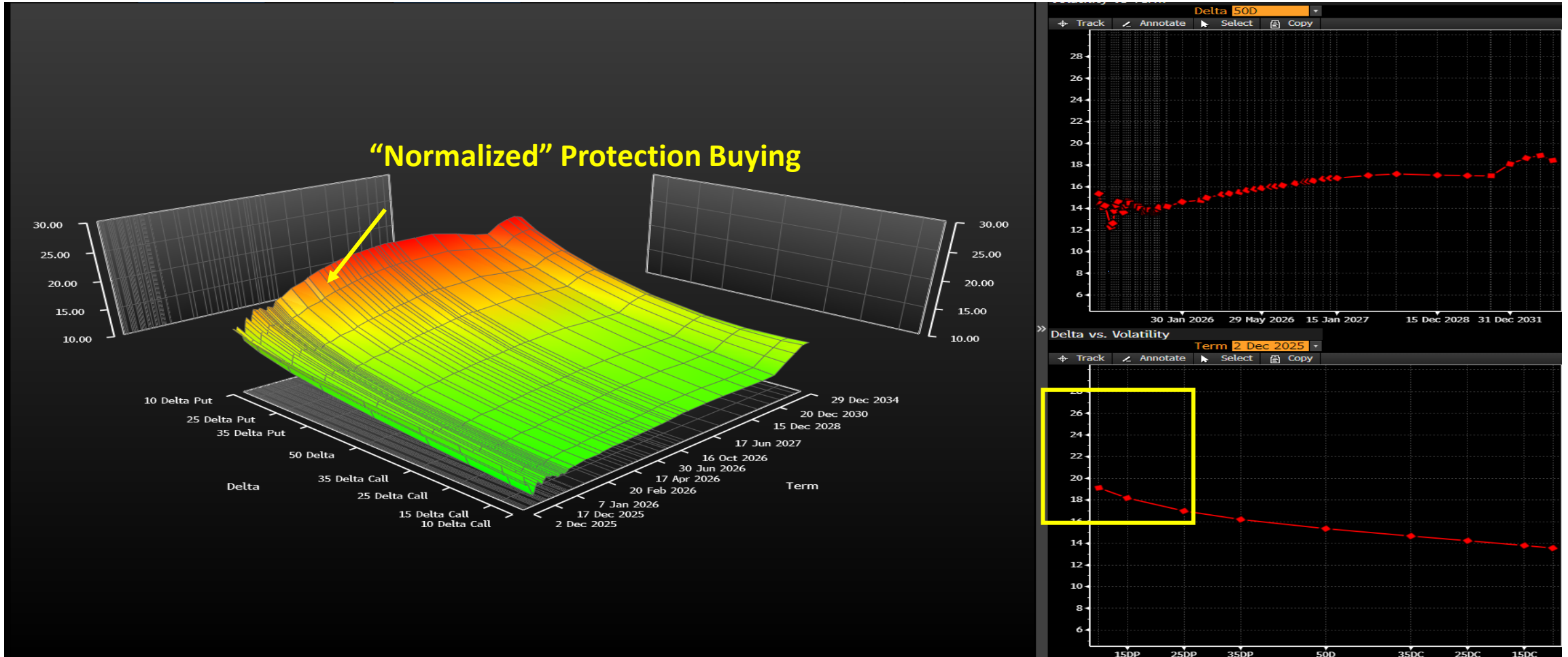
# S&P 500 Option Pricing (Previous Surface)



(Source: Bloomberg, S&P 500, as of October 1, 2024)



# S&P 500 Option Pricing (Current Surface)



(Source: Bloomberg, S&P 500, as of December 1, 2025)



# Asset Class Returns: Core

	Total Returns				
	YTD %	1 Year %	3 Year (Ann) %	5 Year (Ann) %	10 Year (Ann) %
<b>Core Asset Classes - Global Equity</b>					
U.S. Large Cap (S&P 500 Index)	17.69	13.84	20.52	14.73	14.53
U.S. Mid Cap (S&P 400 Index)	7.65	0.24	10.48	9.72	10.33
U.S. Small Cap (S&P 600 Index)	6.86	-1.60	7.80	8.10	9.39
International Markets (MSCI EAFE Index)	29.50	24.97	16.42	9.69	8.57
Emerging Markets (MSCI EM Index)	31.35	28.61	15.44	4.88	8.41
<b>Core Asset Classes - US Fixed Income</b>					
Fixed Income (US Aggregate Bond Index)	7.31	5.33	4.03	-0.24	1.99
U.S. Treasury	6.45	4.61	3.06	-0.85	1.38
Agencies	6.27	5.55	4.65	1.02	2.00
Municipal Bond	4.01	2.20	3.72	0.87	2.39
Corporate	7.80	5.36	5.36	0.11	3.21
U.S. MBS	8.34	6.40	4.18	0.16	1.57

(\* Dividends reinvested in the index) (Source: Bloomberg, as of December 4, 2025)

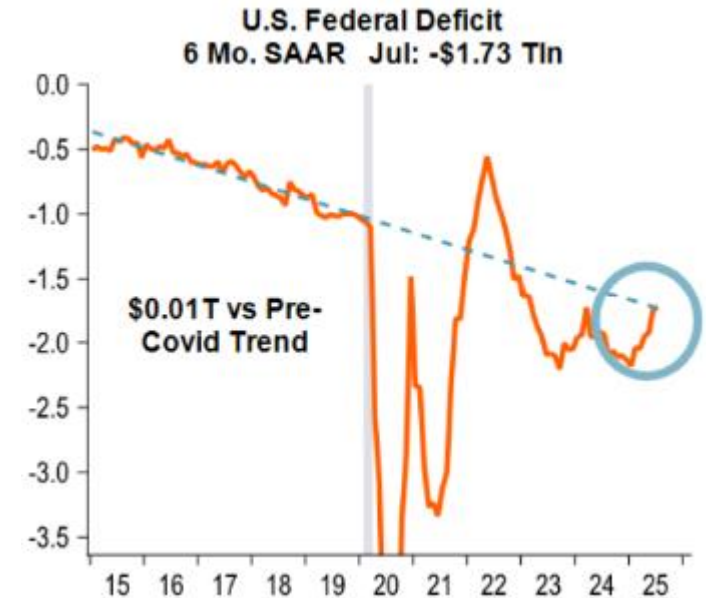
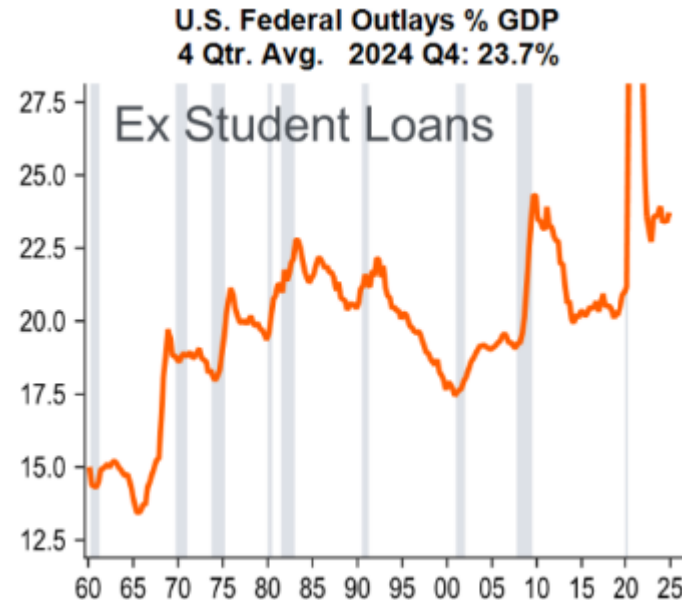
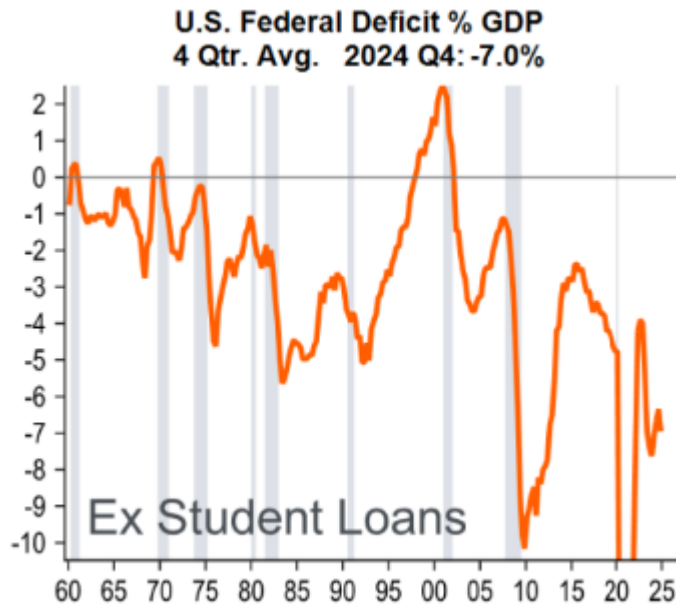
# Asset Class Returns: Satellite

	Total Returns				
	YTD %	1 Year %	3 Year (Ann) %	5 Year (Ann) %	10 Year (Ann) %
<b>Satellite Asset Classes</b>					
U.S. Corporate High Yield Index	8.13	7.38	9.30	4.63	6.23
Global High Yield Index	11.27	10.40	11.21	4.35	5.72
S&P Preferred Stock Index	-2.21	-5.09	-0.69	-4.13	-2.26
FTSE NAREIT U.S. REIT Index	3.71	-1.85	6.90	6.74	6.03
Alerian Master Limited Partnership (MLP) Index	12.54	7.86	18.97	23.89	9.78
Dow Jones Commodity Index	15.06	18.27	6.31	14.62	7.59
ThomsonReuters Private Equity Index	24.75	16.83	18.05	9.41	12.33
BBG Galaxy Bitcoin Index	-1.57	-7.01	75.17	37.09	73.88

(\* Dividends reinvested in the index) (Source: Bloomberg, as of December 4, 2025)

# Fixed-Income Market Update

# Elevated Spending Leading to Sticky Inflation



# Importers Covering ~60% of Tariff Costs....

## Who Is Paying The Tariffs On Consumer Goods

	consumer prices vs trend	consumer import prices vs trend	consumer tariff revenue \$b vs trend (ann.)	consumer % tariff paid	exporter to US % of tariff paid	US importer % tariff paid
Apr	0.4%	-0.9%	47	34.0%	24.1%	42.0%
May	0.5%	-1.2%	82	22.6%	18.4%	59.0%
Jun	0.8%	-0.9%	106	30.8%	10.5%	58.6%

# U.S. 10yr Treasury Yield (5Y)

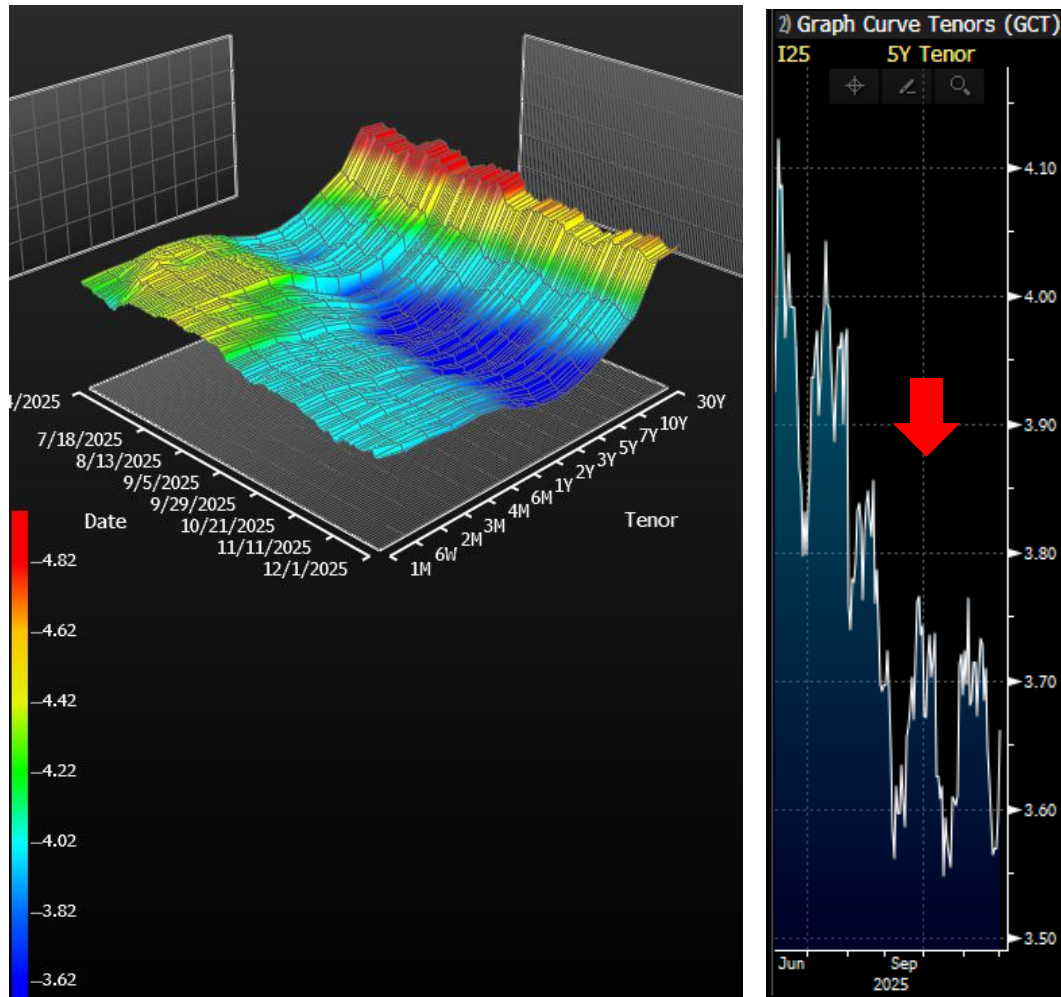


(Source: Bloomberg, USGG10YR Index, as of December 4, 2025)

# U.S. 10yr Treasury Yield



# U.S. Treasury Yield Curve (1Yr Movement)

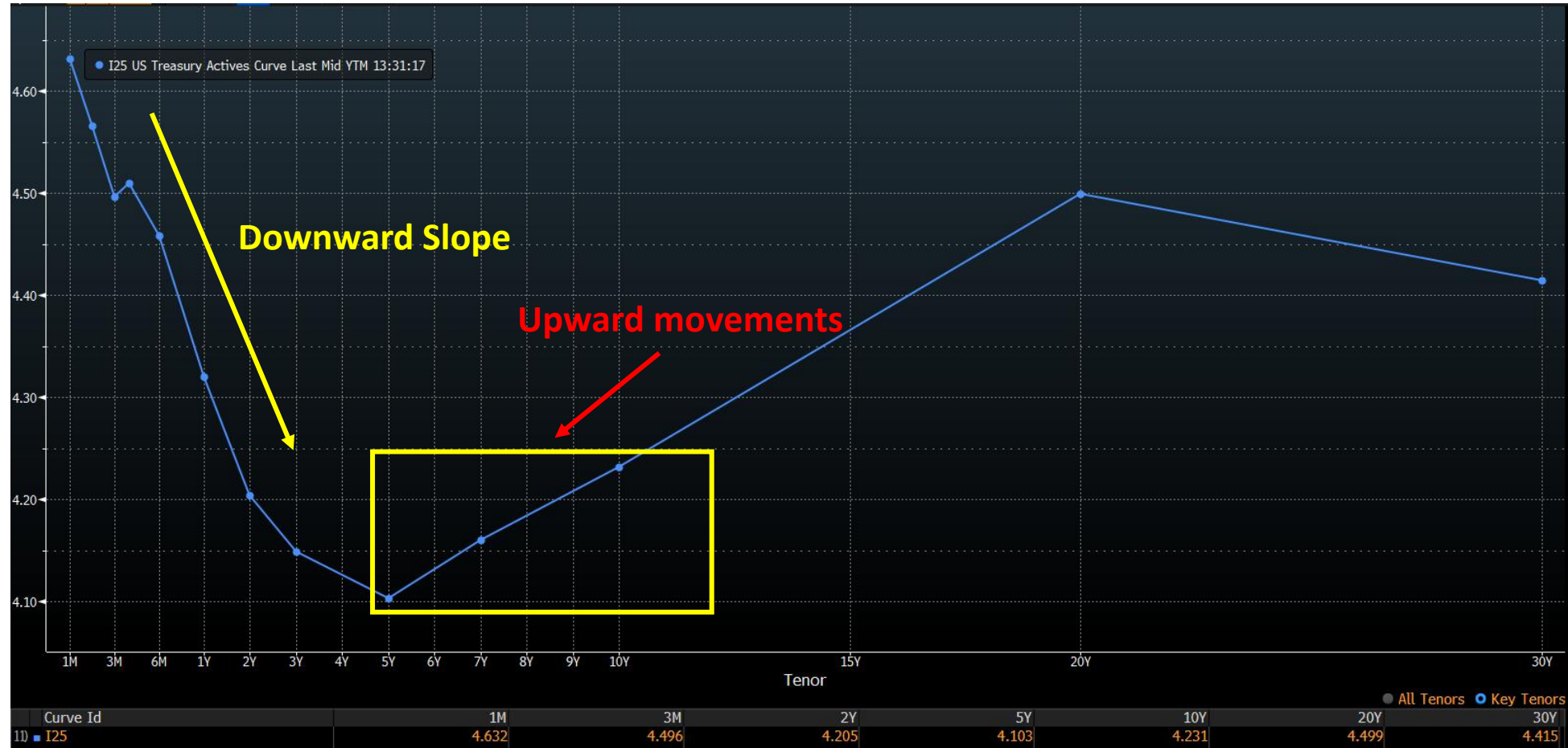


**The interest rate  
environment looks to  
remain volatile!**

(Source: Bloomberg, U.S. Treasury Actives Curve, as of December 1, 2025)

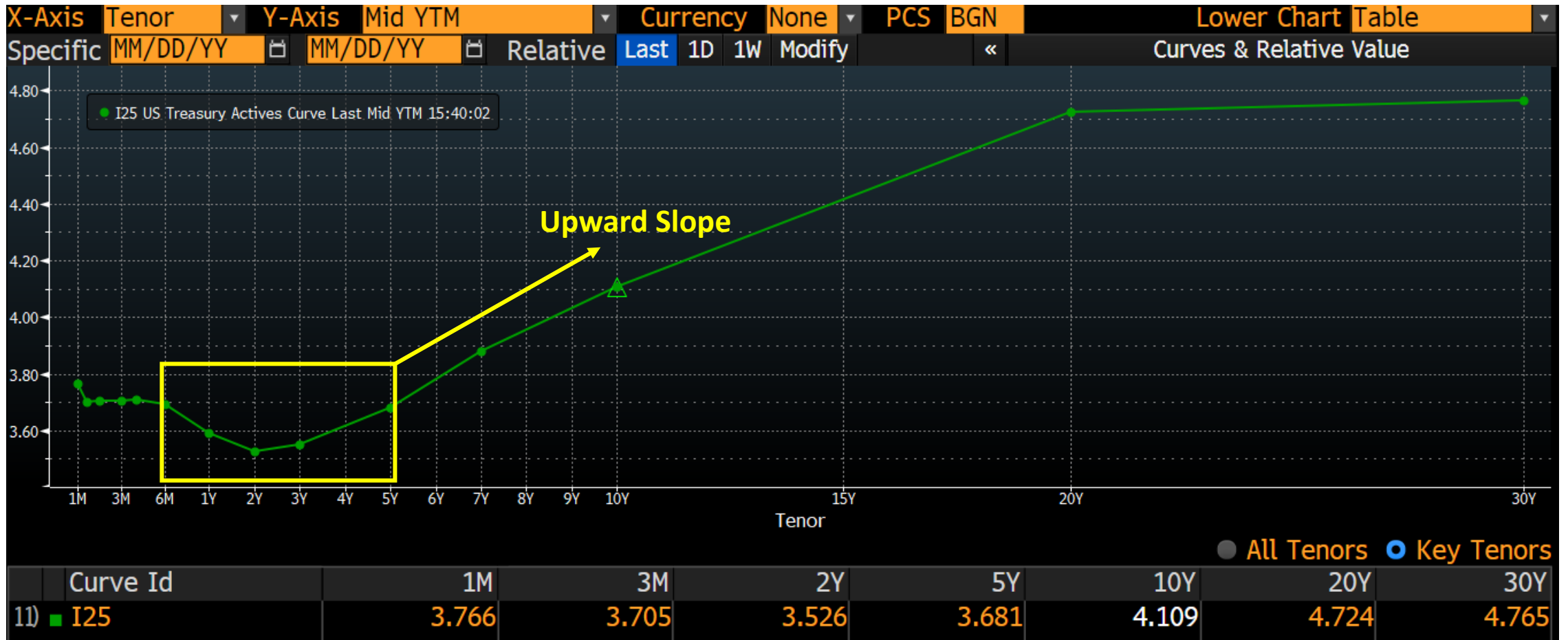


# U.S. Treasury Yield Curve (11/11/24)



(Source: Bloomberg, U.S. Treasury Actives Curve, as of November 11, 2024)

# U.S. Treasury Yield Curve (Current)



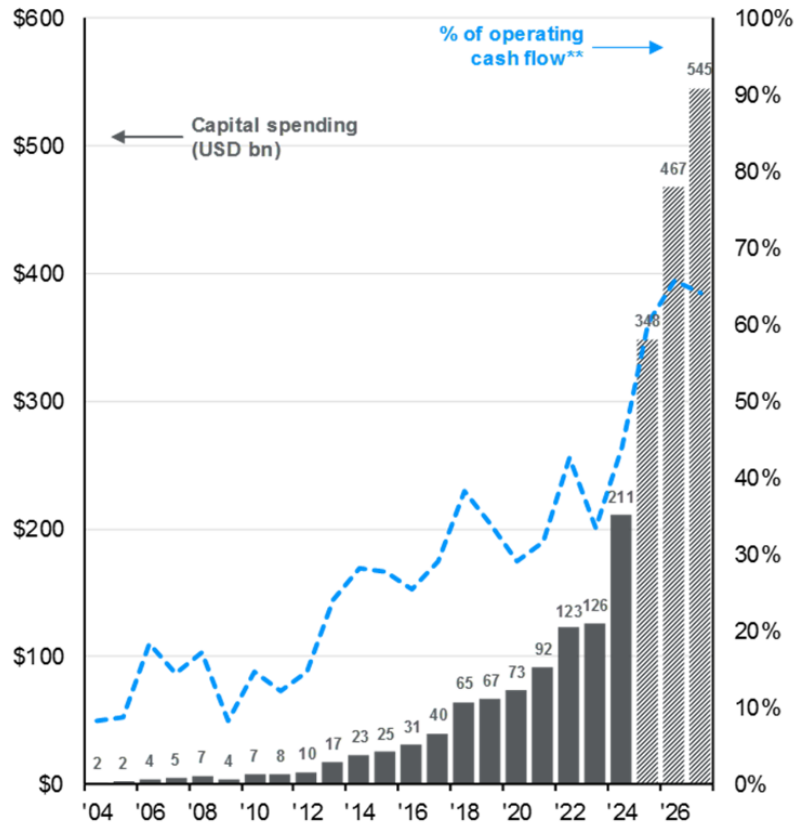
(Source: Bloomberg, U.S. Treasury Actives Curve, as of December 4, 2025)

# The AI Effect on Financial Markets

# Capital Investment Driving AI Infrastructure

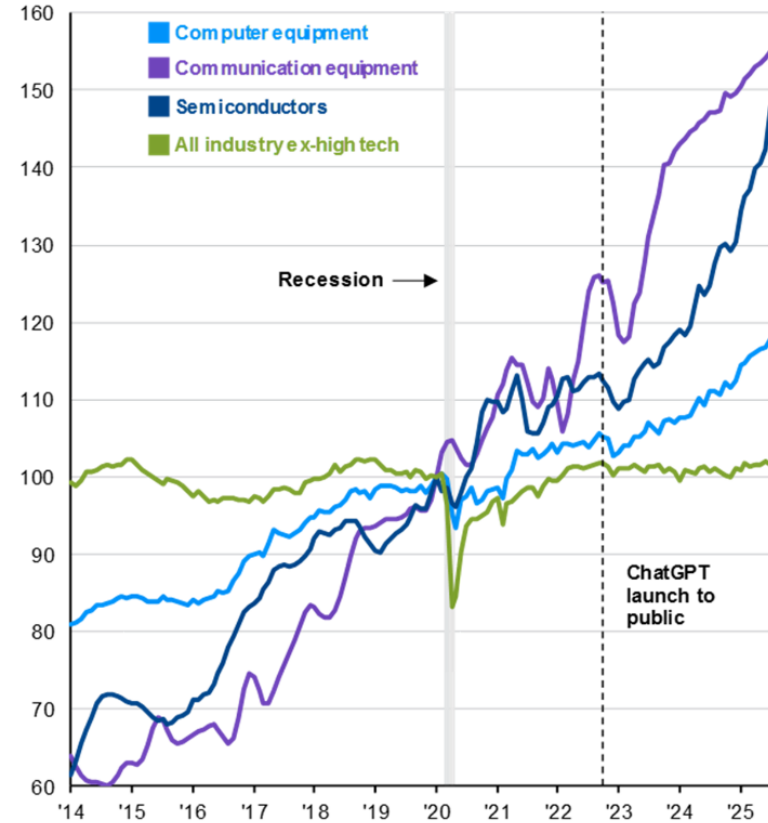
**Capex from the major AI hyperscalers\***

USD billions; Alphabet, Amazon (AWS), Meta, Microsoft, Oracle



**U.S. industrial production of high tech industries**

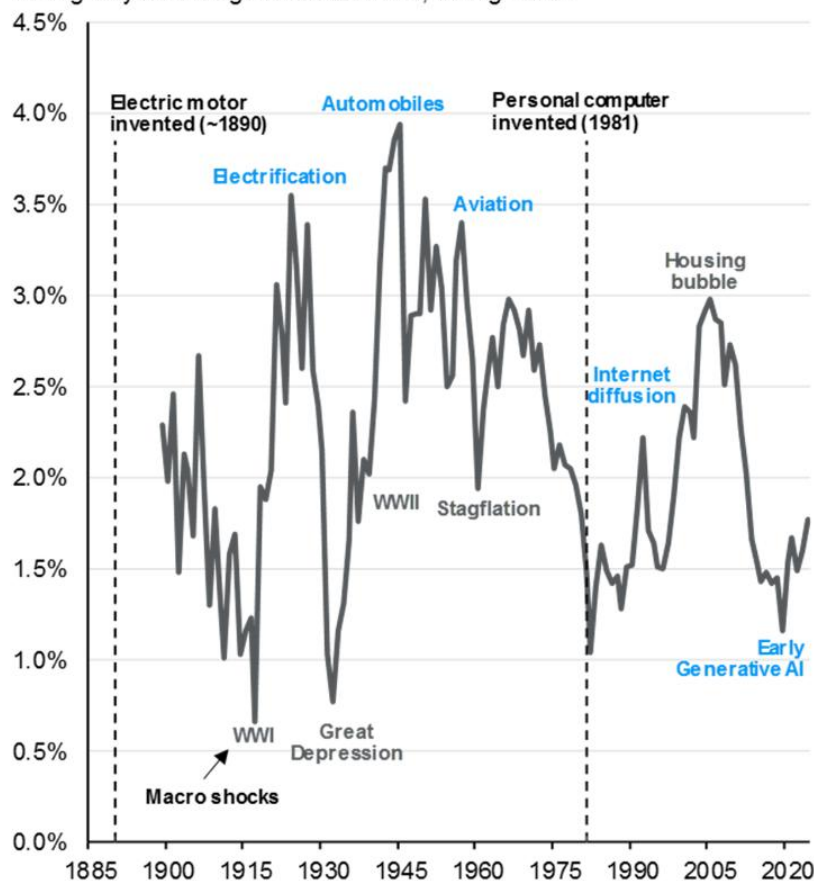
Indexed to 100 in Jan 2020



# Artificial Intelligence Implementation

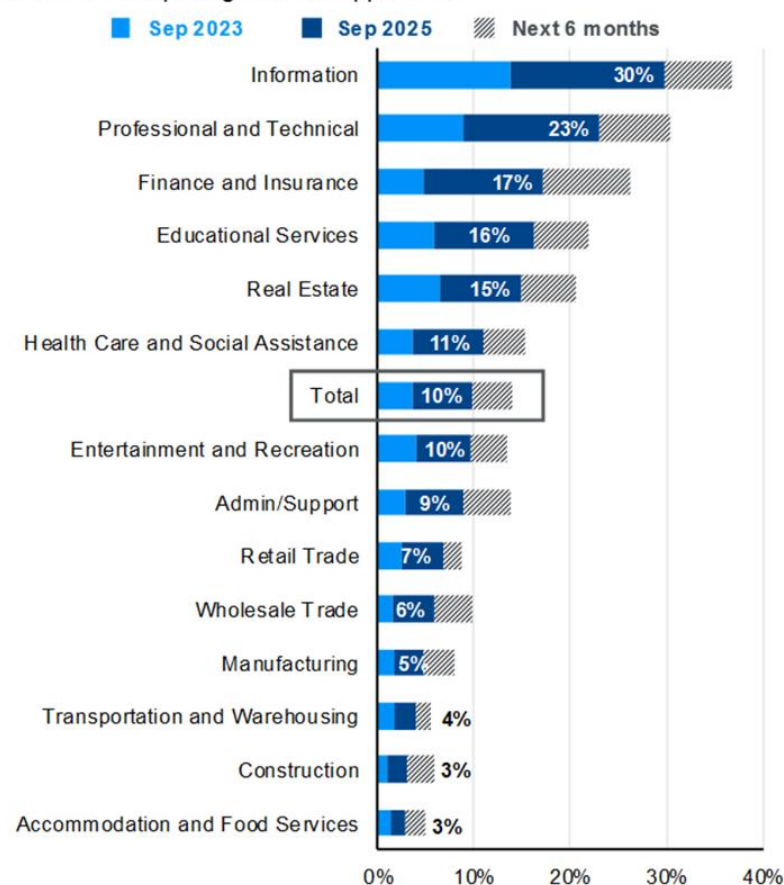
## U.S. labor productivity growth

Trailing 10-year average annualized rate, through 2024



## Businesses using AI to produce goods and services

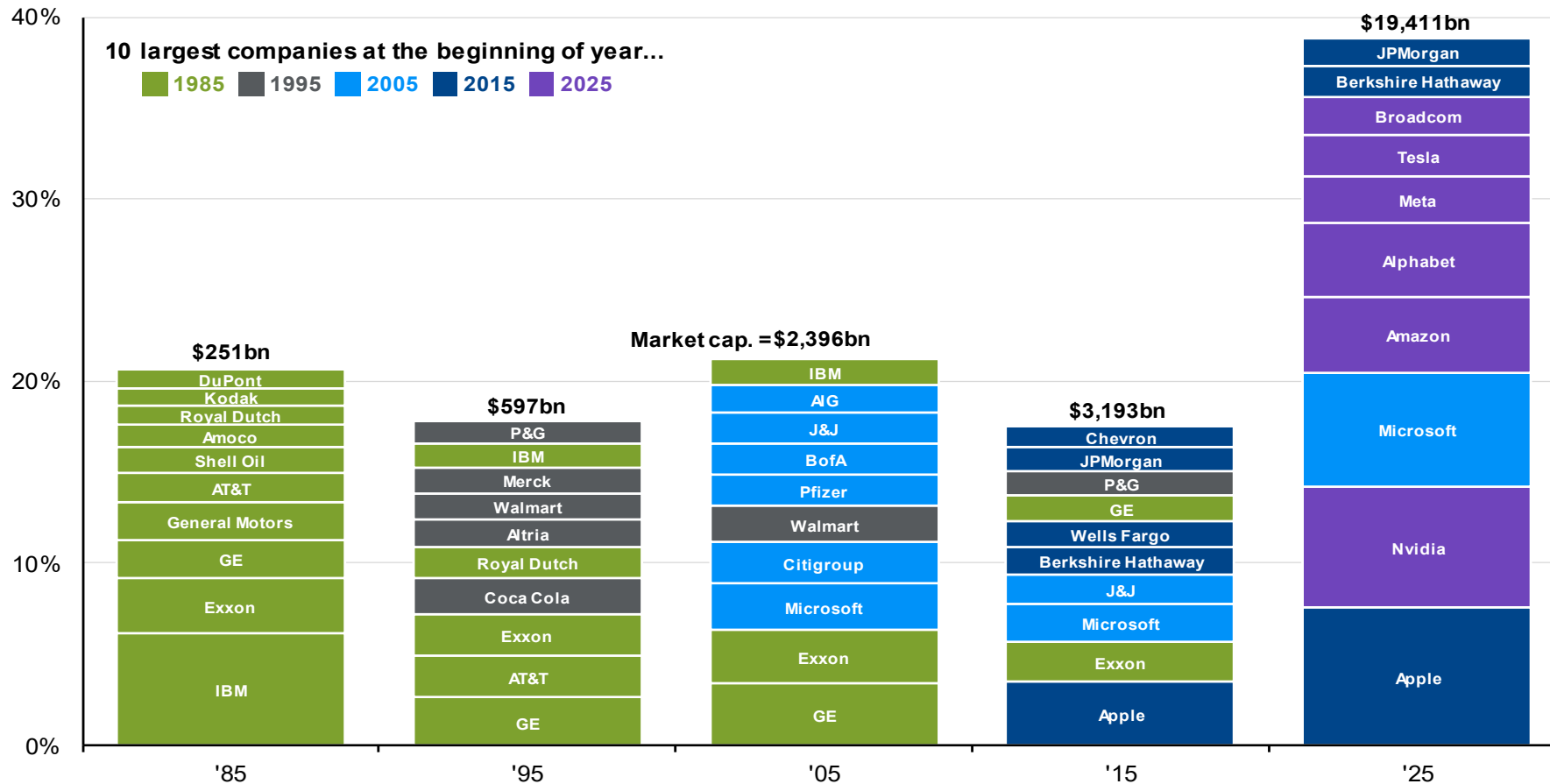
% of all firms reporting use of AI applications



# Market Cap Indices As A Momentum Trade

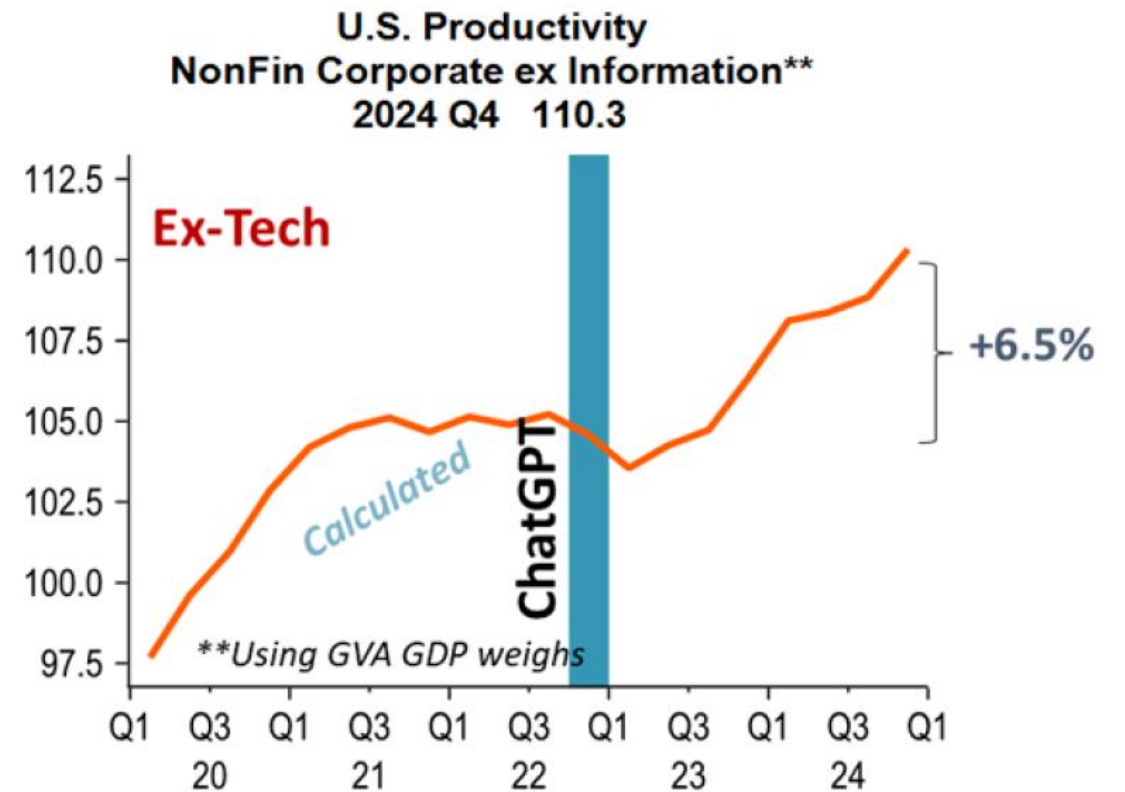
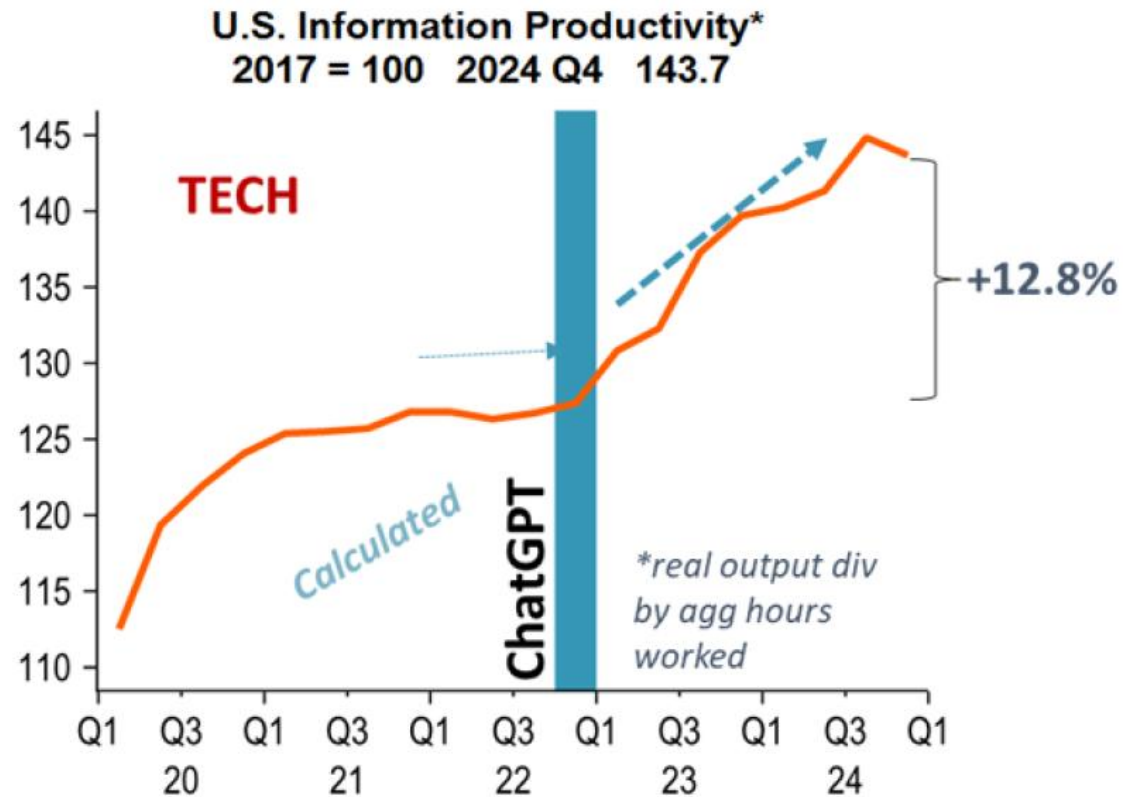
## Top 10 S&P 500 companies by market capitalization

Percent of S&P 500 market capitalization as of the first day of the indicated year



(Source: J.P. Morgan Asset Management, Guide-To-The-Markets, December 1, 2025)

# The AI Effect on Productivity





# U.S. Economy – Potential Implications

- U.S. economy has entered a "soft patch;" we do not see a recession on the horizon.
- Anticipate potential for higher GDP growth, primarily driven by capital expenditures (Capex), in 2026.
- Current inflation data supports the possibility of rate cuts in the future. Long-term inflation expectations remain anchored.
- Tariff uncertainty will likely limit the total number of rate cuts due to its inflationary pressure.



# Investor – Potential Implications

- The S&P 500 Index has recovered from its lows on April 8, 2025, climbing over 30% since that date. Price-to-earnings (P/E) valuations remain elevated compared to historical averages.
- The U.S. Treasury yield curve is currently U-shaped. According to the derivatives market, investors expect to see as many as six rate cuts through the end of 2026.
- It is important to be proactive in managing portfolio risk. Consider partial portfolio rebalancing to manage stock risk and lock in interest rates.

# Disclosure

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# Thank You!

Brandon Adams

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