

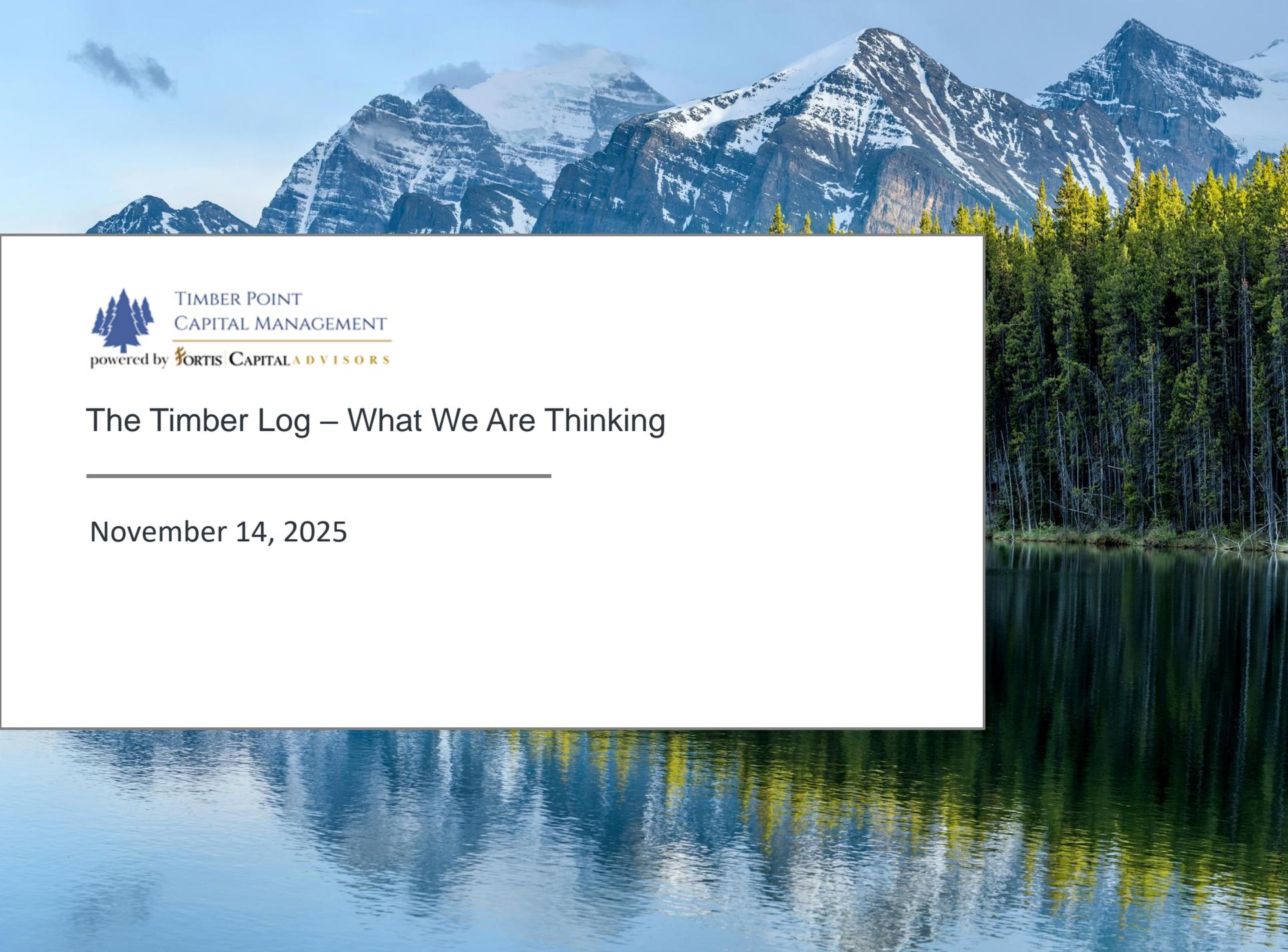


TIMBER POINT
CAPITAL MANAGEMENT

powered by FORTIS CAPITAL ADVISORS

The Timber Log – What We Are Thinking

November 14, 2025



Periodic Market Returns

Asset Class Summary							11/12/25
Asset Class	1 Week	1 Month	3 Month	YTD	1 Year	3 Year	5 Year
U.S. Stock	0.82%	4.35%	6.43%	16.99%	14.73%	20.55%	14.90%
Global Stock Ex U.S.	2.61%	3.43%	8.37%	30.54%	28.30%	17.28%	9.30%
U.S. Bond	0.55%	0.27%	2.48%	7.04%	6.80%	5.02%	-0.26%
Global Bond	0.58%	0.23%	0.94%	7.75%	6.82%	4.42%	-1.74%
U.S. Real Estate	1.10%	2.22%	2.13%	4.97%	0.60%	6.01%	5.71%

Region Summary							11/12/25
Region	1 Week	1 Month	3 Month	YTD	1 Year	3 Year	5 Year
U.S. Stock	0.82%	4.35%	6.43%	16.99%	14.73%	20.55%	14.90%
Global Stock Ex U.S.	2.61%	3.43%	8.37%	30.54%	28.30%	17.28%	9.30%
Emerging Markets	1.82%	3.16%	12.25%	33.50%	30.40%	17.38%	6.09%
Europe Stock	3.32%	3.89%	6.84%	32.06%	30.50%	17.94%	11.30%
Asia Pacific Stock	1.89%	2.76%	9.40%	28.49%	26.32%	17.27%	6.74%
Latin America Stock	3.18%	11.60%	15.75%	51.51%	35.44%	12.52%	11.97%

Sector Summary							11/12/25
Sector	1 Week	1 Month	3 Month	YTD	1 Year	3 Year	5 Year
Cyclical							
Consumer Cyclical	-1.29%	4.02%	5.13%	6.75%	10.81%	18.96%	10.40%
Financials	2.03%	2.89%	2.64%	12.19%	9.47%	16.33%	17.12%
Materials	3.44%	1.50%	-0.82%	6.29%	-2.77%	4.83%	7.49%
Real Estate	1.08%	1.70%	1.47%	4.06%	-0.48%	5.81%	5.98%
Sensitive							
Comm. Services	0.11%	0.66%	3.34%	18.32%	18.20%	32.81%	13.51%
Energy	3.24%	5.90%	7.51%	7.97%	-0.55%	2.41%	27.34%
Industrials	0.78%	3.00%	2.06%	18.37%	10.41%	17.60%	14.72%
Technology	-0.40%	5.58%	9.72%	26.99%	25.24%	31.21%	20.54%
Defensive							
Consumer Defensive	1.82%	-1.00%	-5.78%	0.24%	-1.53%	4.43%	5.77%
Health Care	4.92%	7.54%	17.02%	12.56%	5.65%	6.45%	8.37%
Utilities	1.20%	-0.31%	4.91%	21.27%	17.91%	13.16%	9.87%

Source: YCharts, TPCM

ROW equity markets continue to outpace the US in 2025, and on a TTM basis (1 year on chart), have basically provided 2x the return. However, longer term time periods (3 and 5 years) illustrate the strong and sustained outperformance of US markets.

On a sector basis, Tech is the leader YTD, no great surprise, while utilities are next given the enormous AI driven power demand. Healthcare has made strong gains the past 3 months as pricing dynamics have become clearer and investors have rotated into a laggard group.

S&P 500 - Shutdowns

S&P 500 after Government Shutdown ends								
<i>SubuTrade.com, past 40 years</i>								
	1 Day Later	2 Days Later	3 Days Later	4 Days Later	1 Week Later	2 Weeks Later	1 Month Later	2 Months Later
October 18, 1986	-1.20%	-1.24%	-1.08%	0.18%	-0.24%	2.15%	1.83%	3.65%
December 20, 1987	0.15%	0.32%	1.61%	1.15%	-1.44%	3.80%	-2.62%	5.00%
October 9, 1990	-1.54%	-3.16%	-1.66%	-0.61%	-2.03%	2.38%	0.30%	7.42%
November 19, 1995	-0.54%	0.03%	-0.28%	-0.02%	0.21%	2.27%	1.98%	1.96%
January 6, 1996	0.28%	-1.18%	-2.96%	-2.27%	-2.42%	-0.79%	4.01%	5.72%
October 17, 2013	0.65%	0.66%	1.24%	0.76%	1.09%	1.35%	3.75%	2.76%
January 22, 2018	0.22%	0.16%	0.22%	1.41%	0.73%	-6.50%	-4.65%	-6.68%
January 25, 2019	-0.78%	-0.93%	0.61%	1.48%	1.57%	1.62%	4.85%	5.28%
November 12, 2025								
Average:	-0.34%	-0.67%	-0.29%	0.26%	-0.32%	0.79%	1.18%	3.14%
% Positive:	50%	50%	50%	63%	50%	75%	75%	88%

NASDAQ 100 after Government Shutdown ends								
<i>SubuTrade.com, past 40 years</i>								
	1 Day Later	2 Days Later	3 Days Later	4 Days Later	1 Week Later	2 Weeks Later	1 Month Later	2 Months Later
October 18, 1986	-0.77%	-0.90%	-0.63%	0.68%	0.55%	2.33%	1.42%	1.31%
December 20, 1987	0.83%	0.52%	2.15%	2.22%	-1.27%	6.17%	-1.47%	7.97%
October 9, 1990	-2.40%	-4.86%	-3.98%	-2.46%	-4.68%	2.75%	1.99%	14.81%
November 19, 1995	-2.91%	-2.48%	-3.36%	-1.78%	-2.53%	1.56%	-2.34%	-4.10%
January 6, 1996	-0.35%	-5.44%	-5.28%	-1.76%	-2.20%	-0.09%	8.91%	7.56%
October 17, 2013	1.59%	1.81%	1.99%	1.36%	1.85%	2.32%	3.67%	5.09%
January 22, 2018	0.83%	0.19%	0.15%	1.69%	1.19%	-5.94%	-2.13%	-3.24%
January 25, 2019	-1.33%	-2.28%	0.30%	1.76%	1.30%	1.85%	4.95%	7.67%
November 12, 2025								
Average:	-0.56%	-1.68%	-1.08%	0.21%	-0.72%	1.37%	1.87%	4.63%
% Positive:	38%	38%	50%	63%	50%	75%	63%	75%

Source: Subu Trade

The longest shutdown is now over with little to no gain for the Democrats. Contrary to popular belief, shutdowns have not resulted in equity market declines – and that was the case again in 2025, up 2.2%. Looking forward, equity market returns tend to be negative in the first week following reopening of government, but then turn nicely positive over a 1-month and 2-month timeframe. As well, we are now in a seasonally strong part of the year for equity returns.

Seasonality

Santa on the Way?

How Often the S&P 500 has Peaked for the Year Each Month since 1980			
	Number of Years	Percent of Total	Average Total Annual Return
January	5	11%	-18.6%
February	1	2%	1.3%
March	1	2%	-9.0%
April	1	2%	2.1%
May	1	2%	1.4%
June	0	0%	N/A
July	1	2%	-3.1%
August	1	2%	5.8%
September	2	4%	5.8%
October	4	9%	19.0%
November	4	9%	20.2%
December	24	53%	21.9%

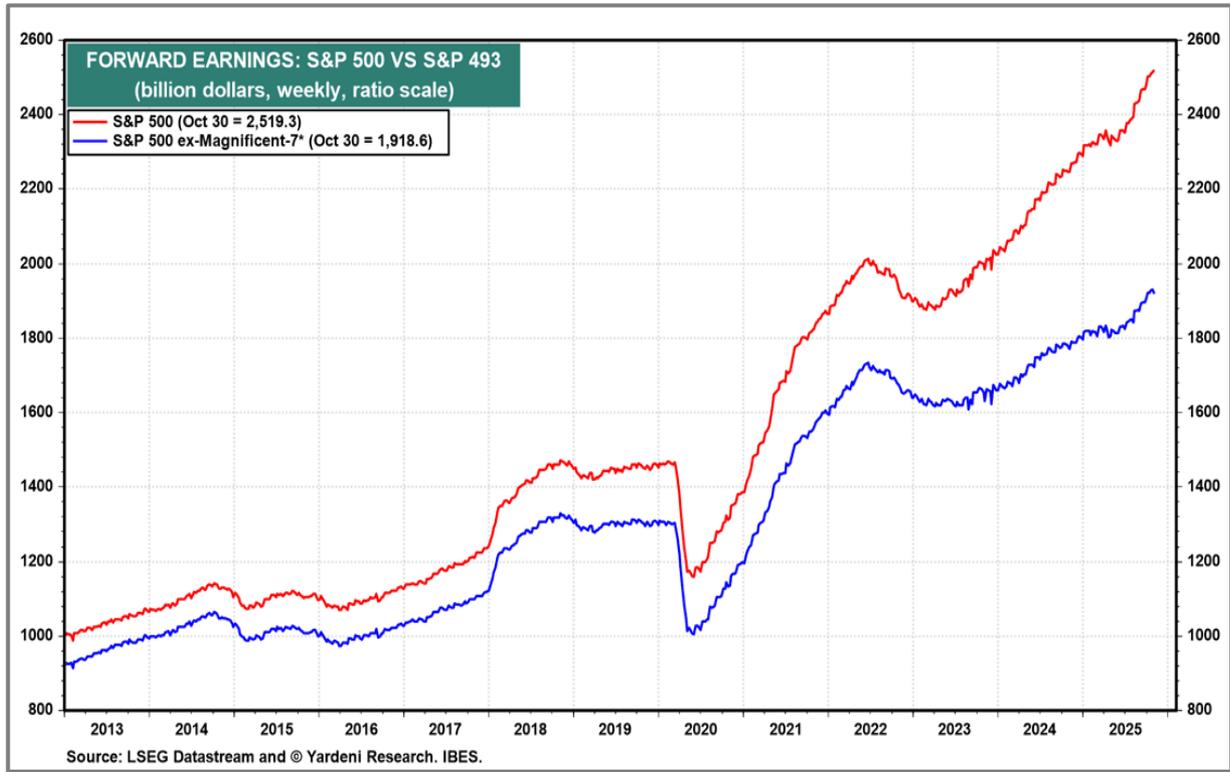
Source: DataTrek

Another way to skin the cat...or understand why the odds are in favor of a bull market that should continue....

The market tends to peak in December ~ 50% of the time, reflecting the fact that up markets tend to continue into the final month as investors chase returns and put money to work to position for the following year.

The fact that the market peaked on 10/29 (close, 687.39 on SPX), the historical likelihood that October will remain the peak is 12.5% (4 out of 32 times). The same odds favor November as the high. The odds move overwhelmingly in favor of December hitting a new high (75%, 24 out of 32). Perhaps fun with numbers, but those are the numbers...

S&P 500 & S&P 493 - Earnings

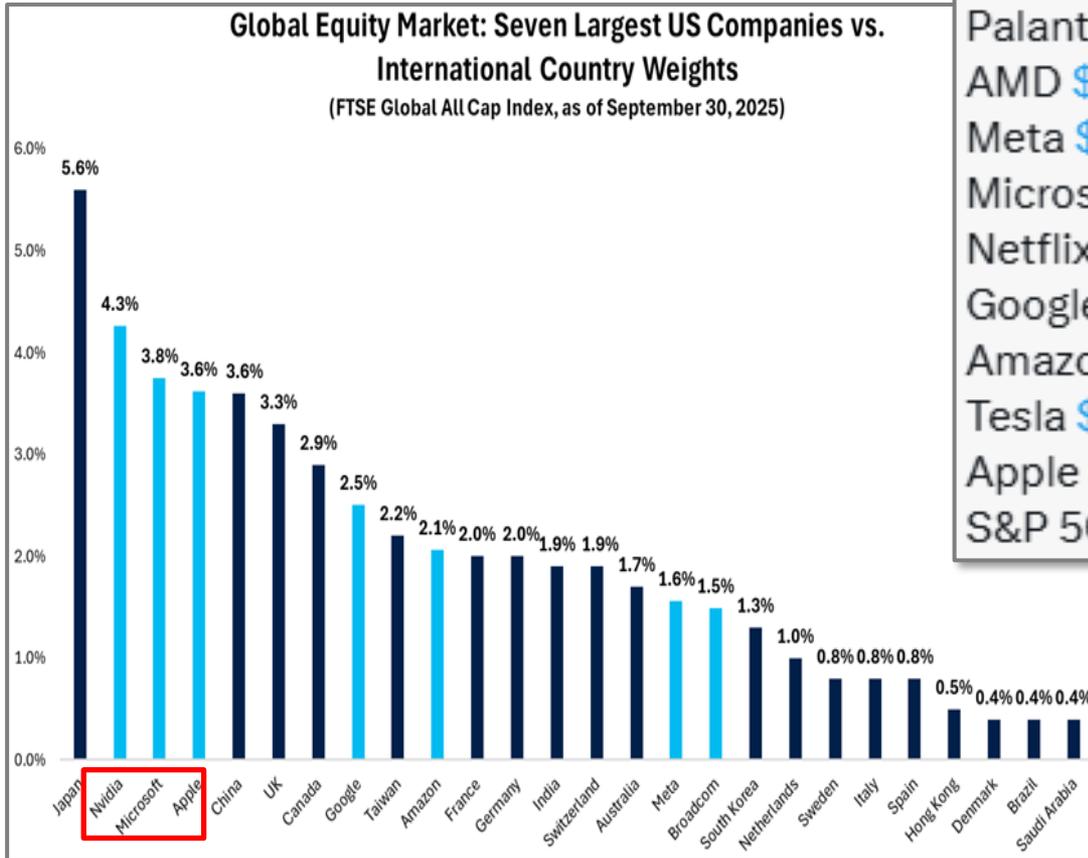


The narrative is that earnings gains are accruing to only a small number of companies, and sectors, but that is not the case.

Looking at the SPX 493, ex the Mag 7 (blue line), we see that earnings continue to grow post the Covid era acceleration ('20 and '21) and Fed hiking ('22 and '23). In fact, the growth rate has reaccelerated in the last two quarters.

In the SPX, Tech, Financials, Utilities and Materials are all estimated to post > 20% y/y eps growth in 3Q25, while Industrials are pegged at 15% - which compares to SPX estimated y/y eps growth of 13%. (Factset)

S&P 500 – AI Related Names



Q3 Revenue Growth, YoY % Change...

- Palantir **\$PLTR**: +63%
- AMD **\$AMD**: +36%
- Meta **\$META**: +26%
- Microsoft **\$MSFT**: +18%
- Netflix **\$NFLX**: +17%
- Google **\$GOOGL**: +16%
- Amazon **\$AMZN**: +13%
- Tesla **\$TSLA**: +12%
- Apple **\$AAPL**: +8%
- S&P 500 **\$SPY**: +6%

Source: Charlie Bilello, Creative Planning

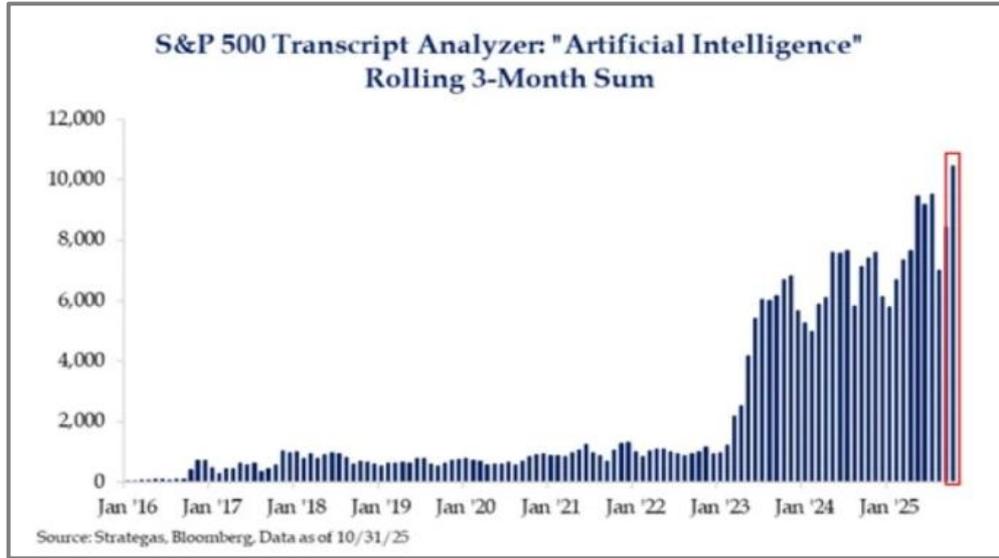
It's an AI world, and it is decidedly growth oriented! Just incredible revenue growth numbers for AI adjacent companies – especially when one factors in the absolute size of these companies.

Source: Charlie Bilello, Creative Planning

When compared relative to entire country weights in the FTSE Global All Cap index, the AI adjacent companies are larger than China, Canada and the UK (NVDA, MSFT, AAPL) and in line with Taiwan and France (GOOGL, AMZN). Clear evidence of the US position as the global technology leader...

AI – Spreading Through the Economy

US Economy

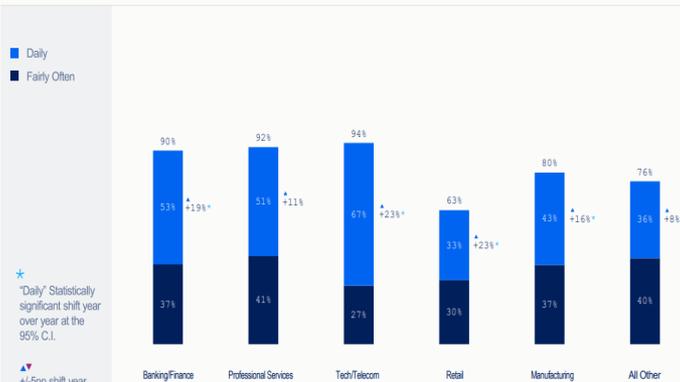


The spread of AI through the economy is a decided plus and is at least partly responsible for the increasing net margins of the SPX. No doubt, talk of AI can be performative for some companies hoping to catch a ride on the AI train, but the reality is that AI is moving from the experimentation and pilot phase to far broader adoption within all areas of companies.

Enterprise AI spend is spreading across industries, as opposed to just being focused in the technology sector. There is a new report from [Wharton](#), that highlights this fact as well as the expanded use case throughout the organization as the level of daily adoption grows by all employee levels. A very interesting read...

Most Industries See Rapid Uptake of Gen AI, Except Retail

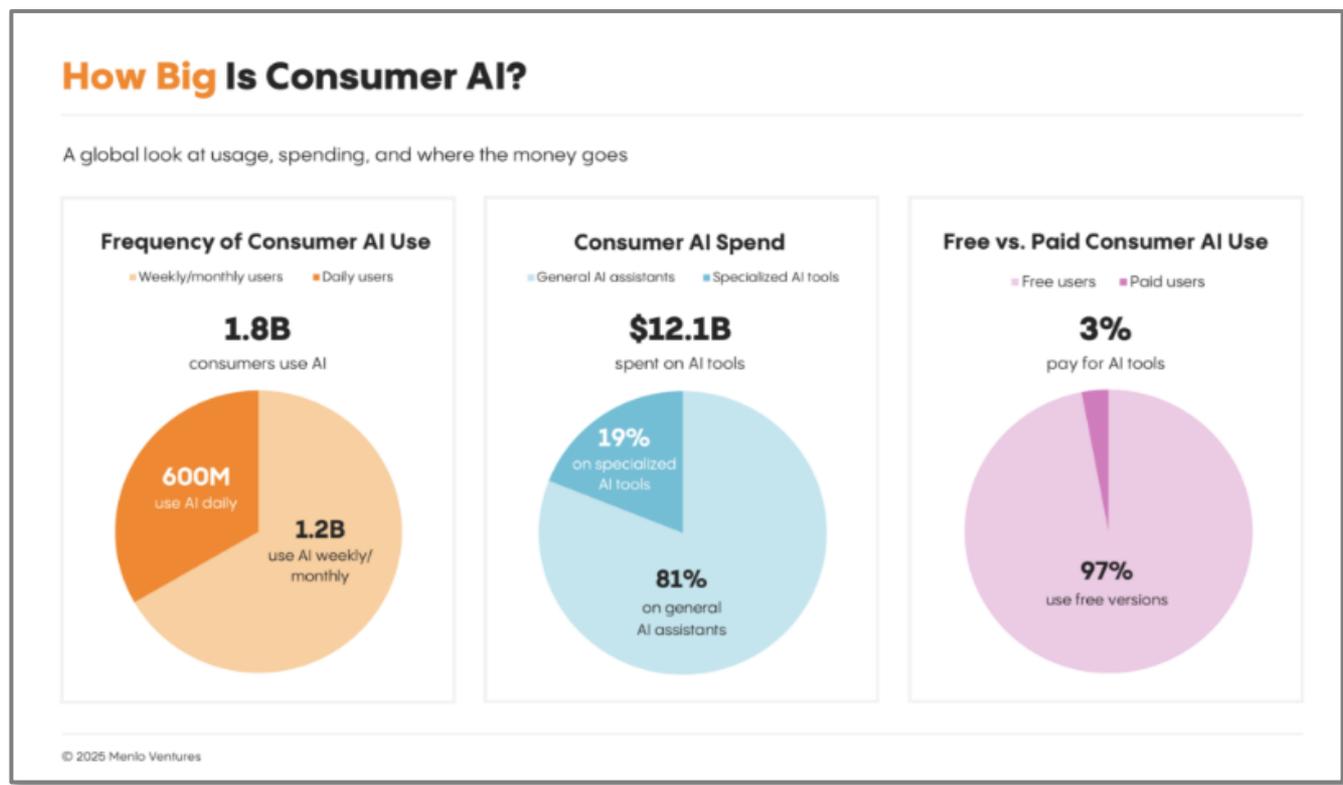
Usage in Workplace – Using Gen AI at Least Once a Week by Industry (Among Total)



Daily Gen AI usage is higher across industries compared to 2024. The leading sector (Tech/Telecom) and the slowest adopter (Retail) saw the same +23pp gain.

Gen AI has been cemented in Tech/Telecom workflows, with two in three using it daily (compared to half of those in Banking/Finance and Professional Services).

Q9. What is your experience using Gen AI for work purposes? (Note: Question wording updated in 2024)
2025: Banking/Finance (n=126), Professional Services (n=114), Tech/Telecom (n=168), Retail (n=107), Manufacturing (n=197), Other (n=184)



The answer to the above question is...BIG. But, it will depend on the timing and amount of adoption and willingness of individuals to pay for the Chat GPT – like tools in their life. Using the metrics above and a 50% adoption rate, assuming no increase in potential subscribers beyond the 1.8B (out of 5B internet subscribers = conservative), and a computed \$18.66/month figure (\$12.1B/(3% of 1.8B users)) implies a \$200B market TAM. This is just consumer AI and doesn't include advertising...OpenAI has put their '25 revenue estimate at \$20B with a 2030 target of \$175B. For perspective, the 12th largest company in the SPX, JPM, did \$95B of revenues TTM.

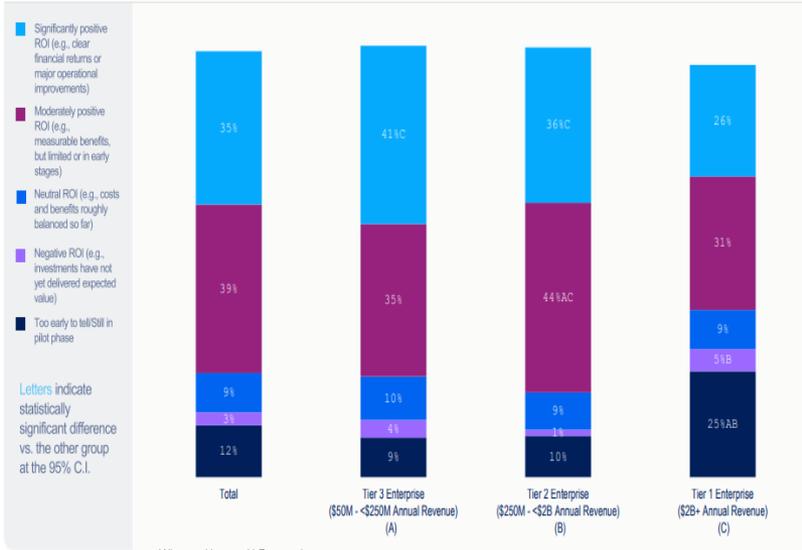
The fear that AI capex is just a big black hole has permeated the market since August when an [MIT study](#) showed that 95% of companies using AI were not achieving an ROI. The biggest criticism of this report is that it used only 52 companies and 150 responses to draw its conclusions.

[Wharton](#) has now published a study utilizing more than 800 responses which refutes the MIT study and lays out in great detail how and where AI adoption is taking place.

Gartner estimates that enterprise Gen AI spend in 2025 will double to \$750B.

Three-Fourths of Enterprises Report Positive Return on Investments

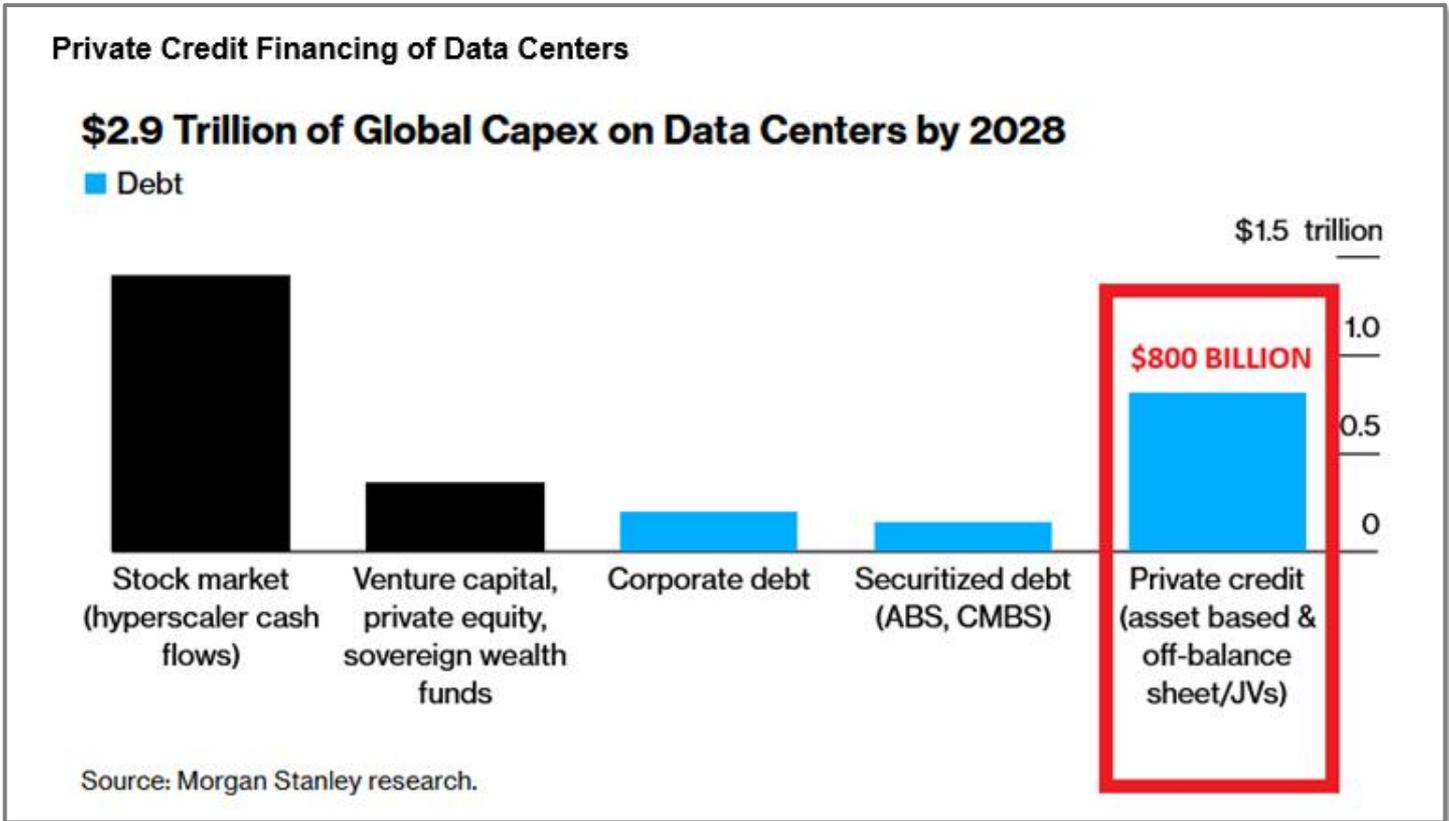
Return on Investment (ROI) by Company Size (Revenue in USD) (Among Total)



Tier 2 and Tier 3 enterprises lead the way in positive ROI, showing that along with measuring ROI, the investments in Gen AI are paying off.

A quarter of Tier 1 enterprises report too-early-to-tell ROI.

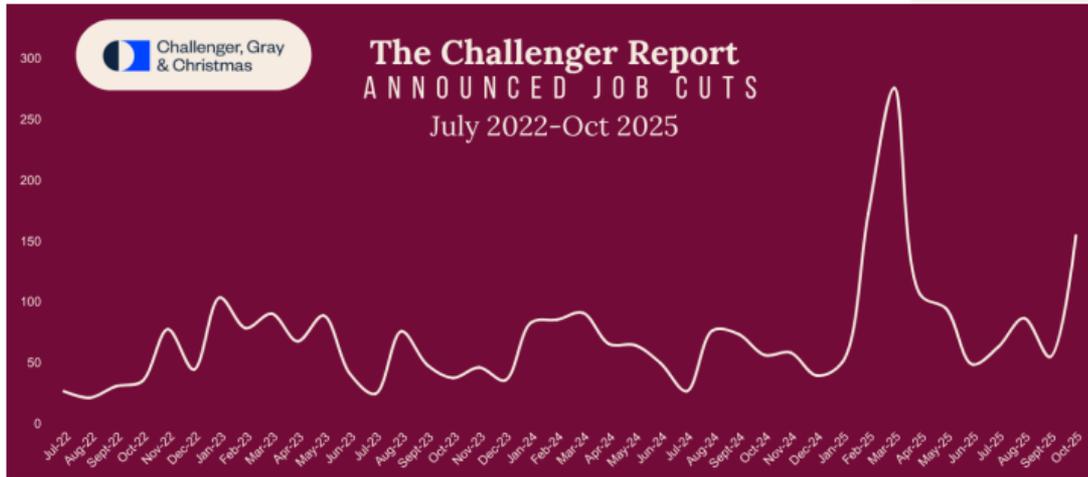
Does not include "Not applicable" so data does not add up to 100%. QSP3A. Based on internal conversations with colleagues and senior leadership, what has been the return on investment (ROI) from your organization's Gen AI initiatives to date? (Note: New question in 2025) Total: 2025 (n=801), Tier 3 Enterprise (n=218), Tier 2 Enterprise (n=428), Tier 1 Enterprise (n=155)



Beyond the fear of AI spend being an ROI blackhole, just the sheer amount of capital being deployed into the AI buildout is staggering. It is transforming business models from high FCF yielders into asset heavy, negative FCF spenders with an uncertain guide path on sustaining capex (not in 2026, capex will grow from the hyperscalers). The buildout will require all sources of capital and private credit, SPV's, ABS are all willing players at this point...but the market is worried. Our take is that the big \$ deals will be scaled back and timeframes extended when power generation becomes the gate on the buildout.

Labor Market Worries

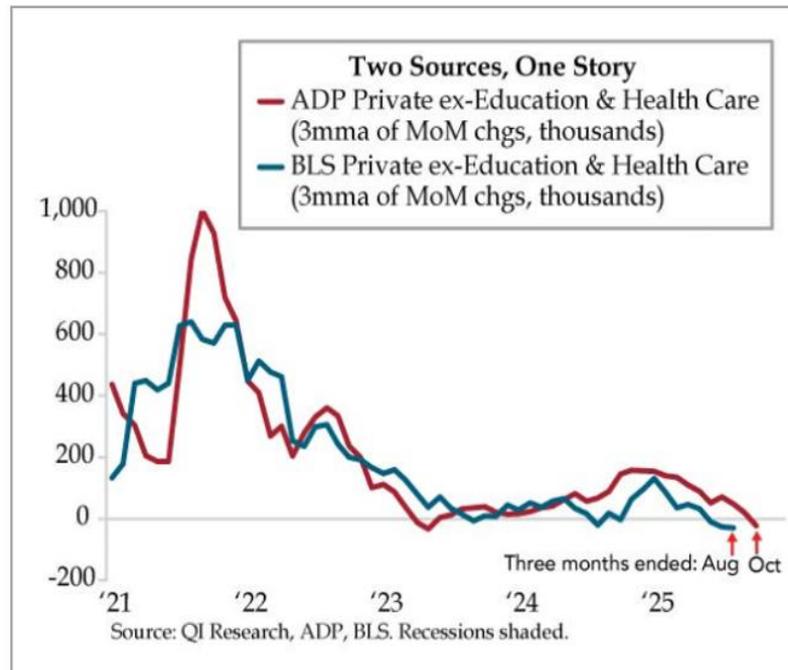
US Economy



Economic data is limited but what we have see has not been encouraging...Job cuts have been plentiful as laid out by Challenger which posted the highest level of jobs cuts in October since 2003.

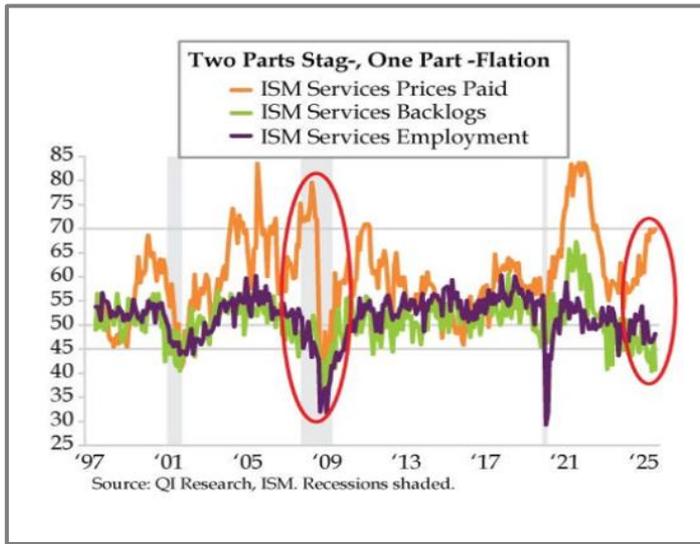
Recent Layoff Announcements:

1. UPS: 48,000 employees
2. Amazon: Up to 30,000 employees
3. Intel: 24,000 employees
4. Nestle: 16,000 employees
5. Accenture: 11,000 employees
6. Ford: 11,000 employees
7. Novo Nordisk: 9,000 employees
8. Microsoft: 7,000 employees
9. PwC: 5,600 employees
10. Salesforce: 4,000 employees
11. Paramount: 2,000 employees
12. Target: 1,800 employees
13. Kroger: 1,000 employees
14. Applied Materials: 1,444 employees
15. Meta: 600 employees



ADP headline payroll growth of 42K reversed 2 months of losses but the gains were largely in education and the government. As seen on the left, ex these two industries, private growth has been anemic which doesn't bode well for upcoming BLS data.

Inflation & Monetary Policy



ISM services data saw a pickup in October to 52.4 from a worrisome 50.0 (neutral territory) in September. While activity and new orders sub-indices improved nicely, both backlog and employment sub-indices continued their decline. Most worrisome, prices paid continued to move higher which will be an input into the upcoming Fed meeting in December.

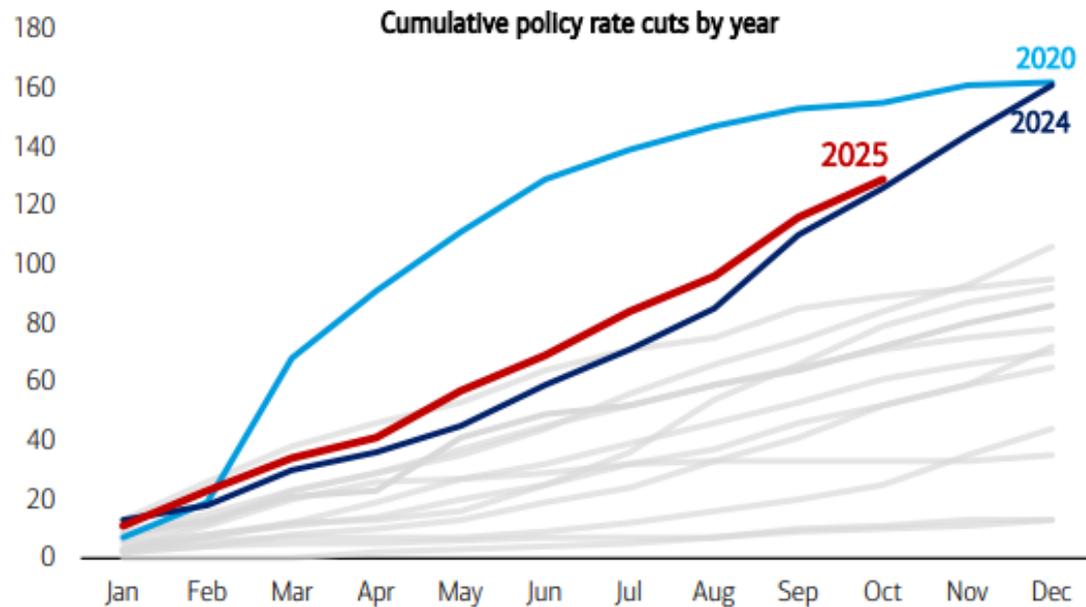
ISM manufacturing data continues to reside in contraction territory where it has been since March 2025.

Odds of a December Fed rate cut, which was a certainty one month ago, is now a coin toss. Chair Powell was quick to dash hopes of a predetermined path to another 25bps cut, while recent Governor commentary suggests a very split vote if taken today. "Data dependent" will be very true with the question of just how much data will be available before the next Fed decision on Dec 9th/10th.



Chart 7: '25 on pace for 3rd biggest year of global rate cuts

Cumulative policy rate cuts by year



Source: BofA Global Investment Strategy, Bloomberg

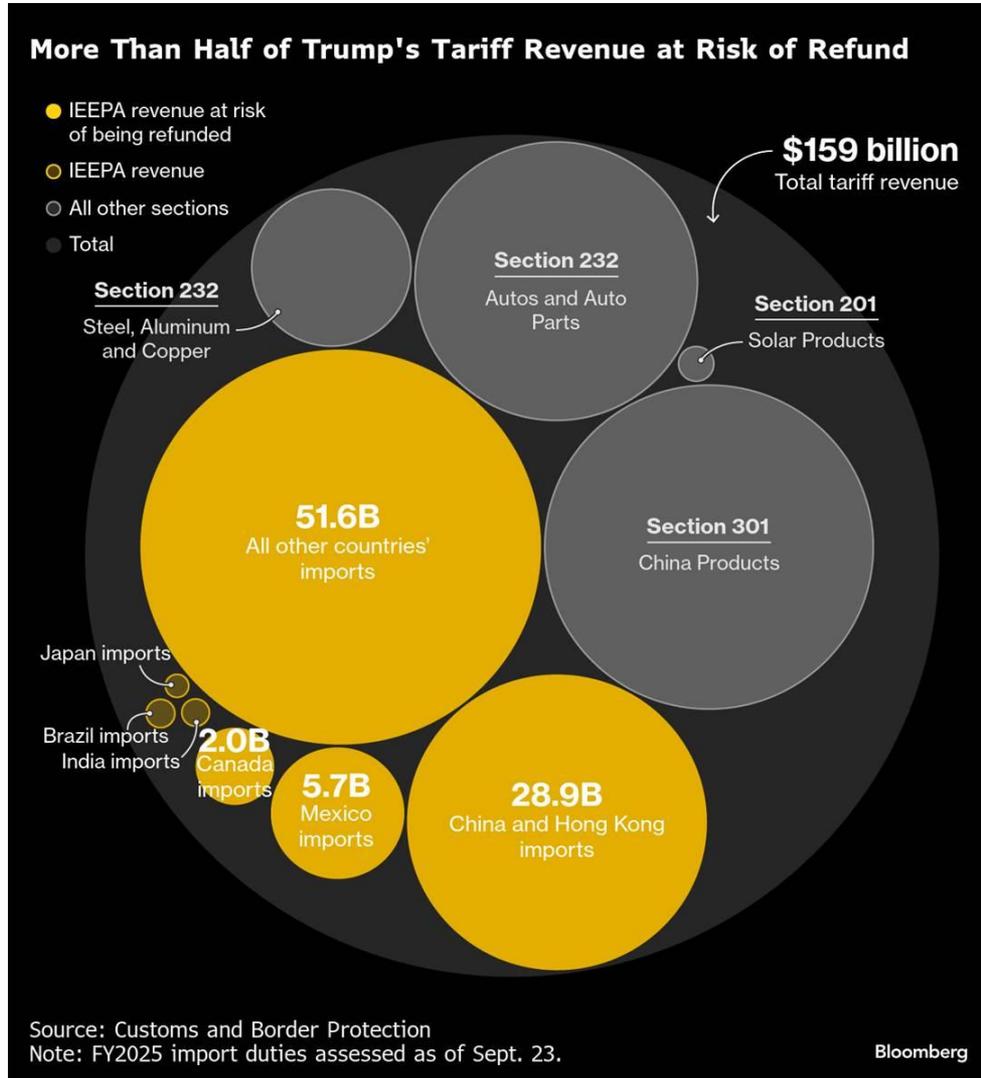
BofA GLOBAL RESEARCH

Global equity markets have been fueled by accommodative monetary policy that is reaching historic levels.

Among the market economies, only Japan has refrained from cutting rates as it deals with its first bout of inflation in decades.

Europe has signalled that they are on pause, and the US course is uncertain. Further global cuts from here are likely to be incremental, ex a severe contraction in GDP.

Tariffs – Show Me the Money

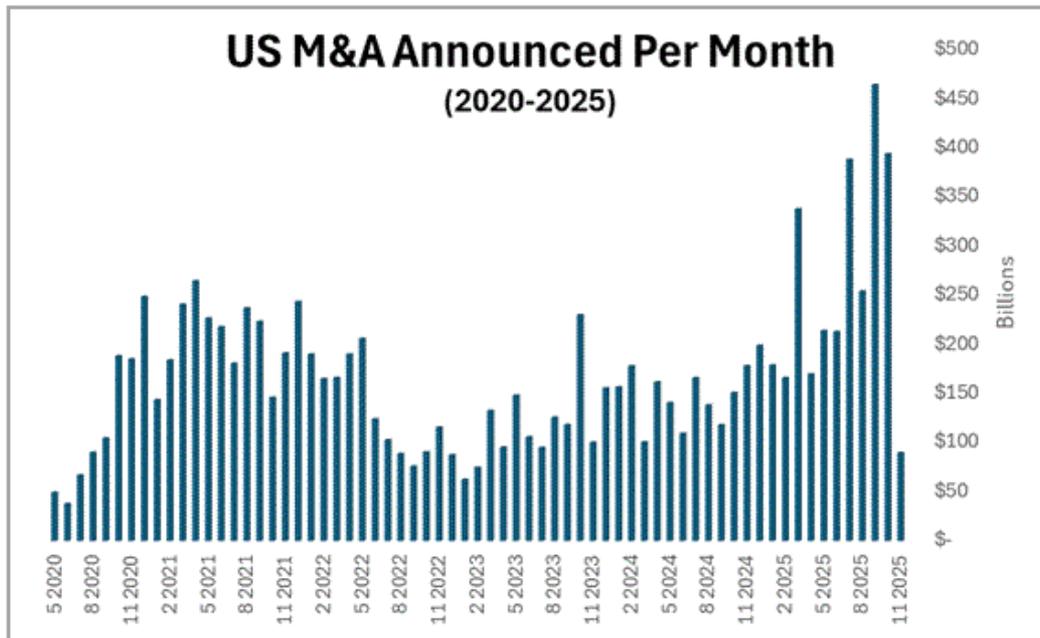


Has President Trump exceeded his authority by imposing broad tariffs under IEEPA is the main question that the Supreme Court is considering when it heard oral arguments on 11/5.

Two lower courts have already invalidated the tariffs under IEEPA setting up an important decision that could take place before the end of 2025.

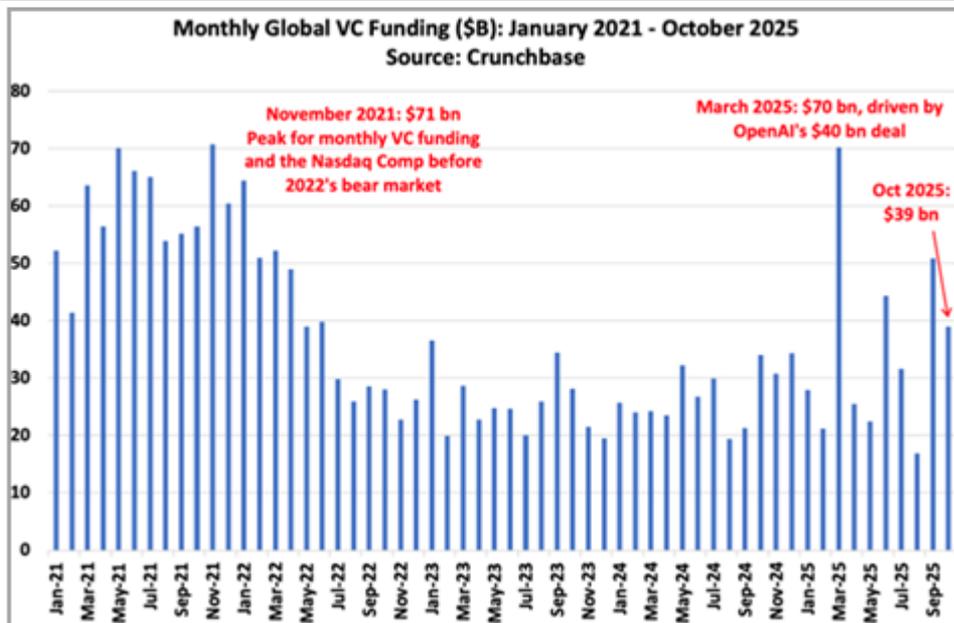
If invalidated, the question remains of what to do with the tariff money that has been raised. Trump has raised the possibility of a \$2K payment for specific income groups, with or without the decision. This could potentially be additive to the OBB tax provisions (> SALT deduction, no taxes on tips/overtime, etc.) that could provide a tailwind for the US economy as it enters 2026 and mid-term elections...

There Is a New Sherriff in Town



2025 has seen the largest amount of deals, ~ \$2.8T, since 2014. No doubt a more lenient antitrust environment is a big reason for the increased activity.

Tariffs could also be pushing companies to merge in an effort to create bigger scale and offset higher input costs and have greater flexibility to not pass costs on to consumers.



A still nascent recovery in global VC funding but the past few months could portend a market that is thawing. An improved IPO market that allows for return of funds to LP's is always welcome – and needed. AI-related funding (OpenAI in 3/25) is a key driver of increased investment.

IMPORTANT DISCLOSURES

The information in this report was prepared by Timber Point Capital Management, LLC. Opinions represent TPCM's opinion as of the date of this report and are for general information purposes only and are not intended to predict or guarantee the future performance of any individual security, market sector or the markets generally. Timber Point does not undertake to advise you of any change in its opinions or the information contained in this report. The information contained herein constitutes general information and is not directed to, designed for, or individually tailored to, any particular investor or potential investor.

This report is not intended to be a client-specific suitability analysis or recommendation, an offer to participate in any investment, or a recommendation to buy, hold or sell securities. Do not use this report as the sole basis for investment decisions. Do not select an asset class or investment product based on performance alone. Consider all relevant information, including your existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon.

This communication is provided for informational purposes only and is not an offer, recommendation, or solicitation to buy or sell any security or other investment. This communication does not constitute, nor should it be regarded as, investment research or a research report, a securities or investment recommendation, nor does it provide information reasonably sufficient upon which to base an investment decision. Additional analysis of your or your client's specific parameters would be required to make an investment decision. This communication is not based on the investment objectives, strategies, goals, financial circumstances, needs or risk tolerance of any client or portfolio and is not presented as suitable to any other particular client or portfolio.

Investment advice is offered through Fortis Capital Advisors, LLC, 7301 Mission Road, Suite 326, Prairie Village, KS 66208.