MONTHLY MARKET COMMENTARY, AS OF DECEMBER 2025

US Equity	Dec-25	YTD	Last 12m
S&P 500	0.1%	17.9%	17.9%
Russell 1000	0.0%	17.4%	17.4%
Russell 1000 Value	0.7%	15.9%	15.9%
Russell 1000 Growth	-0.6%	18.6%	18.6%
Russell 2000	-0.6%	12.8%	12.8%
Russell 2000 Value	0.2%	12.6%	12.6%
Russell 2000 Growth	-1.3%	13.0%	13.0%
International Equity			
MSCI All-Country World ex-US	3.0%	32.4%	32.4%
MSCI EAFE	3.0%	31.2%	31.2%
MSCI Europe	3.9%	35.4%	35.4%
MSCI Japan	0.5%	24.6%	24.6%
MSCI Emerging Markets	3.0%	33.6%	33.6%
Fixed Income			
U.S. Intermediate Treasuries	0.0%	6.5%	6.5%
U.S. Long Treasuries	-1.7%	5.6%	5.6%
U.S. TIPS	-0.4%	7.0%	7.0%
Corporate IG Bond	-0.2%	7.8%	7.8%
High-Yield Bonds	0.6%	8.6%	8.6%
Tax-Exempt Bonds	-0.1%	3.2%	3.2%
International Bonds	0.3%	8.2%	8.2%
Emerging Market Bonds	0.4%	11.1%	11.1%
Currencies			
Us Dollar	-1.1%	-9.4%	-9.4%
Euro	1.3%	13.4%	13.4%
Yen	0.3%	-0.3%	-0.3%
Emerging Markets	1.0%	7.2%	7.2%
Real Assets			
Commodities	-0.3%	15.8%	15.8%
Energy	-9.1%	-10.4%	-10.4%
Industrial Metals	6.4%	21.4%	21.4%
Gold	5.4%	64.5%	64.5%
Master Limited Partnerships	-1.6%	9.8%	9.8%
Real Estate Investment Trust	-2.3%	2.9%	2.9%

December 2025 closed the year with a more subdued tone across global markets, as investors shifted from return maximization to balance-sheet positioning and profit-taking after a strong multi-asset performance year. Risk appetite moderated into year-end, particularly in equities, while fixed income markets were supported by growing conviction that global monetary tightening cycles had definitively ended. Volatility remained contained, liquidity was thin due to seasonal effects, and markets largely consolidated gains accumulated earlier in the year rather than extending them. In this context, December functioned less as a directional month and more as a transition period into 2026, with asset prices increasingly driven by expectations around policy easing, earnings durability, and late-cycle dynamics.

Equity: Equities in the United States delivered a mixed performance in December, with broad indices finishing flat (S&P 500 up 0.1%) to modestly negative (Russell 2000 down 0.6%) after an extended rally throughout the year. Large-cap growth stocks, which had dominated performance for much of 2025, saw incremental profit-taking, while market breadth improved modestly as capital rotated toward defensive and value-oriented sectors (Russell 1000 Value up 0.7%). The absence of a traditional year-end rally reflected elevated valuations, slower earnings momentum and investor caution ahead of 2026. Despite the soft finish, U.S. equities closed the year with solid double-digit gains (S&P up 17.9%), supported by resilient corporate earnings, easing inflation pressures, and continued strength in structurally advantaged sectors such as technology and communications.

International developed equities outperformed U.S. markets during December (MSCI EAFE up 3.0%), benefiting from relatively more attractive valuations and a more advanced stage in the monetary easing narrative. European and UK equities were supported by declining real rates, improving financial conditions, and selective cyclical exposure, particularly in industrials and financials. Currency dynamics also contributed positively for dollar-based investors, as the U.S. dollar weakened modestly into year-end. On a full-year basis, international equities delivered strong returns (MSCI EAFE up 31.2%) and narrowed the performance gap versus U.S. markets, reinforcing the diversification benefits of global equity exposure.

Emerging market equities delivered a strong performance in December, with the MSCI Emerging Markets Index rising approximately 3% for the month, clearly outperforming US markets. Gains were broad-based, supported by a combination of easing financial conditions, a softer U.S. dollar, and improving investor sentiment toward higher-growth regions. Latin America continued to benefit from favorable real interest rates and commodity exposure, while select Asian markets rebounded as concerns around growth and policy uncertainty eased. The positive December performance capped a very strong year for emerging markets (up 33.6% for the year), which meaningfully outperformed developed equities in 2025, driven by monetary easing cycles, improved external balances, and renewed capital inflows into the asset class.

Fixed Income: Fixed income performance in December was mixed across segments, reflecting divergent behavior between duration-sensitive assets and credit. Long-duration U.S. Treasuries declined by approximately 1.7% during the month as longer-term yields moved higher, weighing on total returns. U.S. investment-grade corporate bonds also posted a modest decline of around 0.2%, as spread tightening was insufficient to offset duration effects. In contrast, high-yield bonds generated a positive return of roughly 0.6%, supported by carry and resilient credit fundamentals. Outside the U.S., both international developed market bonds and emerging market debt delivered positive returns, aided by lower yields in several markets, attractive carry, and favorable currency dynamics. Despite the uneven December performance, fixed income closed 2025 with improved results overall, led by credit-oriented and emerging market strategies as inflation eased and monetary policy shifted toward accommodation.

Liquid Real Assets: Real assets produced mixed results in December, with performance differing across subsectors. Commodities had a flat month after a strong year, as industrial metals prices reflected incremental growth acceleration. Gold remained supported by declining real yields and ongoing diversification demand, despite some short-term volatility, it ended 2025 as one of the top performing assets with a nearly 65% return. Real assets overall closed 2025 with solid performance, driven by inflation hedging characteristics, infrastructure-related investment, and sustained demand for hard assets in a late-cycle environment.

Sources:

i. *Bloomberg data.*
ii. *Review of markets over 2025 – JPM*
iii. *BlackRock Investment Institute –Monthly Market Commentary*

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