



2025 MARKET SUMMARY

During 2025, capital markets were supported by a resilient economic backdrop, sustained capital investment related to artificial intelligence (“AI”), and a gradual shift in monetary policy expectations toward a more accommodative stance. While broad market indices delivered positive performance, returns were unevenly distributed across sectors and individual securities, reflecting differing sensitivities to macroeconomic conditions, valuation dynamics, and evolving investor sentiment. The U.S. economy remained stable throughout the year, avoiding recession despite moderating growth, as consumer spending and labor market conditions continued to provide support. Inflation trended lower from prior cyclical peaks, though progress was uneven, contributing to periodic shifts in market expectations around interest rate policy.

As the year progressed, the Federal Reserve transitioned away from a restrictive policy stance by implementing measured interest rate reductions, signaling a move toward more neutral monetary conditions. Looking ahead to 2026, the most likely scenario remains one of gradual, data-dependent easing rather than an aggressive rate-cutting cycle. Given ongoing uncertainty around inflation, labor markets, and economic growth, portfolio positioning is best approached with balance and discipline, two elements that are core to the Endowment Partners investment philosophy. Diversification across asset classes and sectors, along with an emphasis on quality, income generation, and risk management, remains central to maintaining portfolio resilience across a range of potential market outcomes.