

NEWSLETTER

www.arvadawealth.com



Michael Hadden, CFA
Vice President

13305 Birch Dr. Suite 203 Omaha, NE
Direct: 402-218-2078
michael@arvadawealth.com
www.arvadawealth.com

3 BIG THINGS

1

Halloween season brought no tricks and all treats to financial markets. 2025 is continuing to be a global bull market as you'd be hard pressed to find many asset classes not advancing around the world. While there is no shortage of negative headlines, markets continue to climb the wall of worry and look to close out the third consecutive year of very strong returns.

2

Concentration continues to be a hot topic as US markets saw a return of the trade where our largest companies greatly outpaced the average stock throughout October. This trade seemed to only pick up steam to end the month where we saw multiple days of S&P 500 advancing while a equal weighted S&P 500 index declined. This is defined as weak breadth and typically indicative of a weaker market environment in comparison to a bull market where a broad array of stocks are advancing to new highs.

3

The Fed enacted their second consecutive 0.25% rate cut during October. This was widely expected by markets in advance of the decision. The meeting wasn't a total non-event though as Chairman Powell pushed back on a third cut in December being a done deal. Markets reset expectations with yields rising following his comments that there are a wide range of opinions on the board and the government shut down and lack of data is weighing on their future plan as well.

Quote of the month: "A further reduction in the policy rate at the December meeting is not a foregone conclusion. Far from it." - Jerome Powell, Chairman of the Federal Reserve Board

MARKET QUICKTAKES

ECONOMIC INSIGHTS IN A NUTSHELL

The government shutdown limited the amount of economic data that we received throughout October. There were still a few things that we were able to glean information from. Inflation data was still released and it came in lower than expectations, giving the Federal Reserve more confidence in being able to cut rates without the fear of inflation reaccelerating. Markets also received a boost in de-escalatory US-China trade tensions and President Trump and President Xi met and plan to meet again in April. Some company earnings reports did temper upward momentum in the economy as several consumer facing companies reported slowing activity. Both Mondelez and Kraft Heinz cited heightened consumer caution and inflation driven shifts in buying behavior.

STOCKS

For the second month in a row US growth stocks and emerging markets were the top two markets each advancing over 3% on the month. The majority of broad equity markets continued to see gains, but under the surface there is some weakening. As mentioned above the equal weighted S&P 500 (which we view as a more accurate representation of the US market as a whole) was actually down in October. This narrowing market could be a headwind to further gains into year end.

FIXED INCOME

After unmet demand for the supply issued earlier this year in the municipal bond market caused underperformance, muni bonds saw one of their strongest months of returns in October. Fixed income as a whole was broadly flat throughout the month. While rates decreased for the majority of October, comments made by Chairman Powell sent rates higher and rates roundtripped their way back to almost right where they began the month.

COMMODITIES

Commodities continued to move higher on the back of the performance of the metals subindustry. While we've often cited gold and silvers strong returns (which continued in October), industrial metals such as aluminum, copper, and zinc joined the party all moving higher during the month. Oil continues to be a weaker spot despite geopolitical risks, oversupply has continued to weigh on prices in the space.

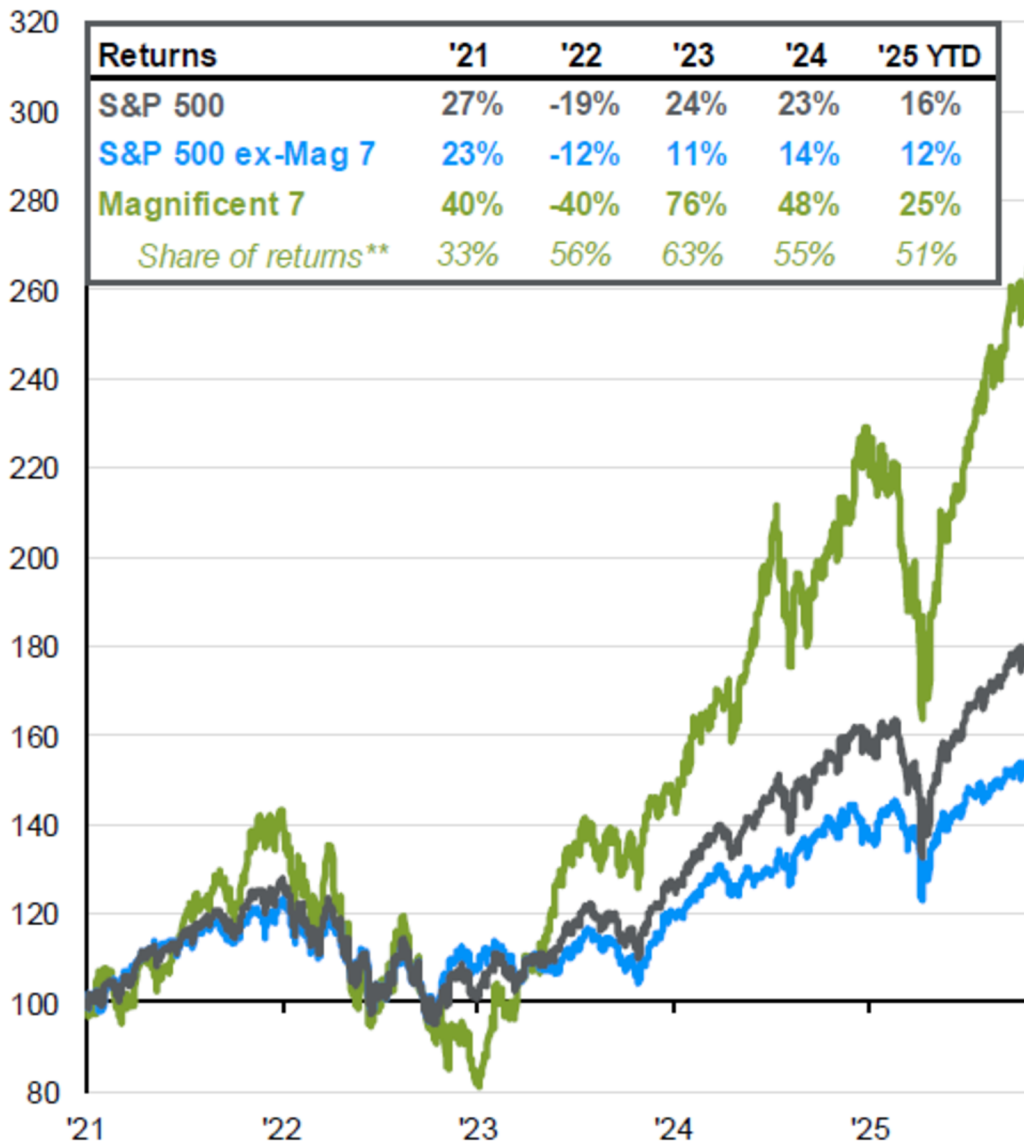
IEWS FROM MARKET STRATEGISTS

Many of you may have seen this chart as it is one I've referenced often in portfolio reviews. The below breaks out the Magnificent 7 performance compared to the other 493 or "ex-Mag 7" companies in the S&P 500. As you can see, dating back to 2023, the outperformance by the Mag 7 has been significant. Just earlier this year the story seemed like it was changing with the "ex-Mag 7" stocks remaining positive in April while the 7 largest stocks saw losses near 20%. While performance has shifted back in favor of the Mag 7, it is important to remember how quickly a small subset of stocks can reverse i.e. 2022. While we continue to like many of the Mag 7 companies, we own them in a much more thoughtful allocation in portfolios to avoid concentration that an index such as the S&P 500 exposes investors to.



Performance of "Magnificent 7" stocks in S&P 500*

Indexed to 100 on 1/1/2021, price return



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.

S&P 500 ex-Mag 7 is calculated by backing out a weighted average Mag 7 price return from the S&P 500 price return. *Magnificent 7 includes AAPL, AMZN, GOOGL/GOOG, META, MSFT, NVDA, and TSLA.

Past performance is no guarantee of future results. Data as of October 31, 2025

EVERGREEN REMINDERS

As we've discussed throughout this month's newsletter the largest stocks continue to be incredible performers. While these companies continue to grow, if history is any guide there will likely be new entrants to the ten largest companies. This may be hard to consider given the dominance of the "Mag 7", but the chart below shows how much turnover we see from each decade in the largest ten companies in the S&P 500. Each new entrant decade over decade is highlighted below. While some names come in and out such as JPM, others have been persistent such as Microsoft dating back to 2000, there have been new up and comers. In fact, just five years ago Nvidia wasn't even in the top ten and now it is the largest and first \$5 Trillion company. While we maintain exposure to these quality companies we are always looking for what companies may be tomorrow's leaders as well.

Largest S&P 500 stocks by decade					
Rank	1990	2000	2010	2020	2025
1	IBM	GE	Exxon Mobil	Apple	Nvidia
2	Exxon Mobil	Exxon Mobil	Apple	Microsoft	Apple
3	GE	Pfizer	Microsoft	Amazon	Microsoft
4	Phillip Morris	Cisco	GE	Alphabet (Google)	Alphabet
5	Shell	Citi	Chevron	Meta (Facebook)	Amazon
6	Bristol Myers	Walmart	IBM	Tesla	Broadcom
7	Merck	Microsoft	Proctor & Gamble	Berkshire	Meta
8	Walmart	AIG	AT&T	Visa	Tesla
9	AT&T	Merck	Johnson & Johnson	Johnson & Johnson	Berkshire
10	Coca Cola	Intel	JPM	Walmart	JPM

Source: FactSet; Standard and Poors

BEYOND THE MARKET

LIFESTYLE HACK

Thanksgiving is right around the corner and client associate, Lexie Langley, found a great link for homemade centerpieces to wow all of your family and friends:

<https://www.thepioneerwoman.com/holidays-celebrations/g33970076/diy-thanksgiving-centerpieces/>

TECH TIP

With the holidays fast approaching, calendars become a mess and trying to coordinate amongst the family can cause chaos. Utilize an app such as TimeTree to be able share calendars to streamline scheduling. While the app has a paid version many features are useful when utilizing the free version as well. Calendars can also be set up for different aspects of your life. One for family, one for friends, maybe even one for book club.

LOCAL EVENTS THIS MONTH

- The Pentatonix are bringing their Christmas tour to the CHI Health Center the 15th
- Basketball season gets underway with Creighton having multiple home games on the 14th and 19th
- On the women's side, Nebraska hosts Creighton at Pinnacle Bank Arena on the 12th
- UNO's hockey season is underway as well. They play at Baxter Arena the 21st and 22nd
- A Christmas Carol will be at the Omaha Community Playhouse beginning November 21st and having shows Wednesday - Sunday through December 21st
- Lauritzen Gardens kicks off their "Bright Nights" on the 22nd. Explore the illuminated indoor gardens including a 20-foot-tall poinsettia tree
- The American Midwest Ballet will have a showing of The Nutcracker the 22nd

The S&P 500 Index consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market value weighted index with each stock's weight in the Index proportionate to its market value.

Wells Fargo Advisors Financial Network did not assist in the preparation of this report, and its accuracy and completeness are not guaranteed. The report herein is not a complete analysis of every material fact in respect to any company, industry, or security. The opinions expressed here reflect the judgement of the author as of the date of the report and subject to change without notice. Any market prices are only indications of market values and are subject to change. The material has been prepared or is distributed solely for information purposes and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy. Additional information is available upon request.

Investment products and services are offered through Wells Fargo Advisors Financial Network, LLC (WFAFN), Member SIPC. Arvada Wealth is a separate entity from WFAFN.

© 2024 Wells Fargo Advisors Financial Network, LLC. PM-02042027-8258263.1.1