

Quarterly Recap

At-A-Glance

The S&P 500 ended the year at 6,845.50, 1.25% below its 39th all-time high of the year set on 12/24/25, its first Christmas Eve record since 2013. While gaining just 0.06% in December, the index has surged 38.65% from its April 8 correction low at 4,982.77.

The Dow Jones Industrial Average rose 0.92% in December and 4.03% in Q4, outpacing the S&P 500. For the year, however, the Dow-30 index (+14.92) trailed the broader market by nearly 3%.

Amongst the three major U.S. equity indices, the tech-heavy Nasdaq Composite performed best in 2025, gaining 21.14%. It's pace of gains slowed to 2.72% during the fourth quarter. The broad Nasdaq Index has surged 52.93% from its April low.

Spurred higher by rising gold prices but again moderated by falling crude oil, the Bloomberg Commodity Index rose 5.85% for the quarter, extending its full year gain to 15.77%.

Gold futures rose 2.03% in December, lifting its Q4 gain to 12.08% and full-year gain to 64.37%. The yellow metal finished the year at \$4,341.10 per ounce, albeit down from reaching an intra-day record of \$4,549 earlier in December.

U.S. WTI Crude Oil futures fell 1.93% for the month, closing at \$57.42/barrel. Oil widened its Q4 loss to -7.94% amid continuing OPEC+ pledges to raise production, extending its YTD retreat to -19.94%.

Fourth Quarter 2025 Recap

Market Indices ¹	December	4Q 2025	YTD
S&P 500	0.06%	2.66%	17.88%
Russell 3000	-0.02%	2.40%	17.15%
Russell 2000	-0.58%	2.19%	12.81%
MSCI EAFE	3.00%	4.86%	31.22%
MSCI Emerging Markets	2.99%	4.73%	33.57%
Bloomberg US Aggregate Bond	-0.15%	1.10%	7.30%
Bloomberg US Municipal Bond	0.09%	1.56%	4.25%
Bloomberg US Corporate High Yield	0.57%	1.31%	8.62%

¹FactSet (all equity performance is total return based, which include reinvested dividends).

The S&P 500 advanced nearly 18% in 2025, marking three back-to-back years of double-digit gains, following returns of 25.02% in 2024 and 26.29% in 2023. Such a feat is rare for Wall Street, occurring only five times before, this time being the sixth. Moreover, taken together, the S&P 500's "three-peat" performance was its seventh-best run on record, roughly returning almost 80% from the start of 2023.

Equity gains were supported by a resilient and growing economy, robust corporate earnings (up 13.5%Y/Y in Q3), enthusiasm about AI and optimism stemming from three interest rate cuts from the Federal Reserve. Stocks mildly trimmed gains at the end of December with the S&P 500, Dow Industrials and Nasdaq Composite each falling four straight trading days to close out 2025.

This year's winning performance was not without volatility, with markets experiencing a sharp early year selloff after President Trump introduced global trade tariffs that were initially more heavy-handed than expected. The S&P 500 suffered an 18% drawdown through April 8, while the Nasdaq Composite and small cap focused Russell 2000 slumped over 20% each. However, not even successive bouts of inflation fears, rising geopolitical concerns and shifting outlooks for Federal Reserve interest rate cuts have failed to derail the rally. Even so, precious metals brightly outshined stocks. It was the best year for gold and silver since 1979 and copper climbed 41%, capping its best year since 2009.

In delayed economic data, Inflation readings came in softer than expected but were viewed skeptically amid distortions related to the government shutdown. Labor market reports were mixed, with the Unemployment rate edging higher and weekly jobless claims declining.

International stocks continued to widely outperform the U.S. this year. After climbing 3% in December to cap a Q4 return of nearly 4.9%, the MSCI EAFE index of developed markets excluding the U.S. surged over 31% in 2025. Emerging markets broadly outperformed the U.S. in all three time periods, eclipsing the U.S. fourth quarter gains by 2.07% and not quite double the U.S. yearly gain, returning 33.57% in 2025.

As shown in the style box performance boxes below, U.S. Value and Blend outperformed Growth in December and the quarter, while Large Cap Growth retained its overall leadership for the year. Notably, Large Cap Value outpaced Mid Cap Growth by over 7.5% during the quarter. Continuing year-to-date returns trends, Large cap Growth (+18.56%) retained its position as the single best equity style in 2025, although all other styles narrowed their annual differentials.

December Returns				Quarterly Returns				Year-to-Date Returns			
	Value	Blend	Growth		Value	Blend	Growth		Value	Blend	Growth
Large Cap	0.68%	0.01%	-0.62%	Large Cap	3.81%	2.41%	1.12%	Large Cap	15.91%	17.37%	18.56%
Mid Cap	0.06%	-0.28%	-1.34%	Mid Cap	1.42%	0.16%	-3.70%	Mid Cap	11.05%	10.60%	8.66%
Small Cap	0.18%	-0.58%	-1.28%	Small Cap	3.26%	2.19%	1.22%	Small Cap	12.59%	12.81%	13.01%

Source: Cetera Investment Management, FactSet, FTSE Russell. Returns shown are total return, which include dividends. Investors cannot invest directly in indexes. Data as of 12/31/2025.

Sector performance favored Financials and Healthcare respectively in December and the fourth quarter as investors trimmed positions in high-flying Big Tech stocks on valuation concerns. Technology slipped 0.25% in December, trimming its fourth quarter gain to 1.42%. All 11 sectors finished positive for the year, with Communication Services and Technology boosted by outsized artificial intelligence (AI) tailwinds. Since their April 8 lows, Communication Services and Technology have surged respectively by 56.15% and 63.36%.

Top Sector Performers – December ¹		Bottom Sector Performers – December ¹	
Financials (+3.07%)		Consumer Staples (-1.59%)	
Materials (+2.22%)		Real Estate (-2.18%)	
Industrials (+1.27%)		Utilities (-5.11%)	
Top Performers – Fourth Quarter ¹		Bottom Performers – Fourth Quarter ¹	
Healthcare (+11.68%)		Consumer Staples (+0.01%)	
Communication Services (+7.26%)		Utilities (-1.40%)	
Financials (+2.02%)		Real Estate (-2.86%)	
Top Performers – YTD 2025 ¹		Bottom Performers – YTD 2025 ¹	
Communication Services (+33.55%)		Consumer Discretionary (+6.04%)	
Technology (+24.04%)		Consumer Staples (+3.90%)	
Industrials (+19.42%)		Real Estate (+3.15%)	

¹FactSet (all S&P 500 sector performance percentages are total return based, which include reinvested dividends). Data as of 12/31/2025.

In fixed-income performance, U.S. Treasurys (as measured by the Bloomberg U.S. Government Bond Index) gained 0.91% in the fourth quarter, boosting 2025 gains to 6.31%. Longer-term U.S. Government bonds returned slipped 0.04% in the final quarter, mildly trimming its 2025 return to 5.61%. Both Treasury indices posted their strongest year of returns since 2020.

In other fixed-income assets, investment-grade bonds of all types (as measured by the Bloomberg U.S. Aggregate Bond Index) climbed 1.10% in the fourth quarter, extending its full-year return to 7.30%. Non-investment-grade High-Yield corporate bonds advanced 1.31%, lifting its 2025 solid performance to 8.62%

U.S. municipal bonds performed best on a quarterly basis, gaining 1.56%, capping the year with a 4.25% return.

This report is created by Cetera Investment Management LLC. [@CeteraIM](#)



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Glossary

The **Bloomberg U.S. Aggregate Bond Index** is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included.

The **Bloomberg U.S. Municipal Bond Index** covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity, but in practice the index holding have a fluctuating average life of around 12.8 years.

The **Bloomberg U.S. Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years.

The **Bloomberg U.S. Government Bond Index** is comprised of the U.S. Treasury and U.S. Agency Indices. The index includes U.S. dollar-denominated, fixed-rate, nominal US Treasuries and US agency debentures (securities issued by US government owned or government sponsored entities, and debt explicitly guaranteed by the US government).

The **Bloomberg Commodity Index** is a broadly diversified index that allows investors to track commodity futures through a single, simple measure. It is composed of futures contracts on physical commodities and is designed to minimize concentration in any one commodity or sector. It currently includes 19 commodity futures in five groups. No one commodity can comprise less than 2% or more than 15% of the index, and no group can represent more than 33% of the index (as of the annual re-weightings of the components).

The **Cboe Volatility Index® (VIX®)** is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

The **MSCI EAFE** is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **MSCI All-Country World Index (ACWI)** is a market cap weighted index designed to represent performance of the full opportunity set of large- and mid-cap stocks across 23 developed and 26 emerging markets, covering more than 2,700 companies across 11 sectors and approximately 85% of the free float-adjusted market capitalization in each market.

The **Russell 1000 Growth Index** measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 1000 Value Index** measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values.

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap represents approximately 31% of the total market capitalization of the Russell 1000 companies.

The **S&P BSE SENSEX Index** is a free-float market-weighted index of 30 well-established and financially sound stocks on the Bombay Stock Exchange, representative of various industrial sectors of the Indian economy.

The **S&P 500** is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **Nasdaq Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad-based capitalization-weighted index.

The **Shanghai Composite Index** is a stock market index of all stocks (A shares and B shares) that are traded at the Shanghai Stock Exchange.

The **U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000. It has since reached a February 1985 high of 164.720, and has been as low as 70.698 in March 2008.

West Texas Intermediate (WTI) is a crude oil stream produced in Texas and southern Oklahoma which serves as a reference or "marker" for pricing a number of other crude streams. WTI is the underlying commodity of the New York Mercantile Exchange's oil futures contracts.