

Furstenau Wealth Update December 29, 2025

The Markets

What is the most important principle of investing?

People have different opinions, but these three tend to be at or near the top of the list:

- Have a plan for reaching your financial goals.
- Hold a diversified portfolio that reflects your goals, circumstances, and risk tolerance.
- Keep a long-term perspective (a.k.a. avoid short-term noise, exercise long-term discipline).

2025 offered some wonderful opportunities for investors to practice that last one.

"It was a scary good year for investors. It was scary because the U.S. stock market plunged to several historic drops on worries about everything from President Donald Trump's tariffs to interest rates to a possible bubble in artificial-intelligence technology. In the end, though, it was a great year for anyone with the stomach to stick through the swings," reported Stan Choe of AP.

U.S. companies saw earnings grow in 2025

While geopolitics and policy uncertainty gave everyone a lot to think about, the performance of companies in the Standard & Poor's (S&P) 500 Index sustained investors' confidence and helped drive markets higher over the year. For example, John Butters of FactSet reports on earnings (what's left after a company subtracts its expenses from its income) for S&P 500 companies. Here's what he reported during 2025:

January to March 2025 (the first quarter of the year)

- Overall earnings for companies in the S&P 500 grew 12.9 percent.
- The Healthcare sector saw earnings grow 43.0 percent.
- The Energy sector saw earnings decline by 12.7 percent.

April to June 2025 (the second quarter of the year)

- Overall earnings for companies in the S&P 500 grew 11.7 percent.
- The Communication Services sector saw earnings grow by 45.6 percent.
- The Energy sector saw earnings decline by 18.0 percent.

July to September 2025 (the third quarter of the year)

- Overall earnings for companies in the S&P 500 grew 13.4 percent.
- The Information Technology sector saw earnings grow by 29.2 percent.
- The Communication Services sector saw earnings decline by 7.8 percent

Companies will begin to report on their 2025 fourth quarter earnings (for October through December) in January 2026.

Consumer confidence dipped over the year

By December 2025, consumer sentiment was nearly 30 points below the December 2024 level, according to the University of Michigan's Consumer Confidence Survey. While Michigan's sentiment index ticked

slightly higher from November to December, the Conference Board's consumer confidence index moved lower. Sabrina Escobar of Barron's reported:

"Consumers are wrapping up the year feeling pretty grinchy about the U.S. economy, with consumer confidence coming in below expectations and marking the fifth consecutive month of declines...The [Conference Board's] present situation index, which is based on views of current business and labor market conditions, plummeted by 9.5 points to 116.8 in December, reflecting how concerns about the current economy were weighing on consumers. Indeed, on net, people's views of their current financial situation dipped into negative territory for the first time in nearly four years."

Despite weakening sentiment, consumer spending remained solid

Historically, tracking consumer sentiment has been important because it correlated with consumer spending, which is a strong driver of economic growth in the United States. When consumers are pessimistic, spending tends to fall. When they are optimistic, spending tends to rise. In recent years, though, there has been a gap between how consumers feel and how they spend, reported Escobar.

That was certainly the case this year. Consumers weren't happy, but U.S. retail sales (excluding the automotive category) were up 3.9 percent year over year through the holidays. Online sales grew 7.4 percent and in-store sales were up 2.9 percent, according to a payment network's report.

What may be ahead?

It's impossible to predict what will happen in the new year. As we roll into 2026, keep the key principles of investing in mind. You are investing to meet specific financial goals. The chances of meeting those goals are better if you hold a diversified portfolio that aligns with your current circumstances and risk tolerance. While investing, it's important to keep a long-term perspective.

While market downturns can be unnerving, selling out of fear may lock in losses and make it more difficult to reach your long-term goals. Remaining invested and rebalancing the portfolio can be a better idea. The biggest market gains tend to occur in the early stages of a recovery, reported Charles Schwab.

Last week, major U.S. stock indexes finished higher, and yields on U.S. Treasuries remained relatively steady.

Data as of 12/26/25	1-Week	YTD	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 Index	1.4%	17.8%	14.8%	21.9%	13.2%	12.9%
Dow Jones Global ex-U.S. Index	1.5	28.2	28.2	14.2	5.3	5.7
10-year Treasury Note (yield only)	4.1	N/A	4.6	3.9	0.9	2.2
S&P GSCI Gold Index	3.8	72.4	71.6	35.7	19.3	15.6
Bloomberg Commodity Index	3.4	13.9	14.7	-0.3	8.0	3.8

S&P 500, Dow Jones Global ex-US, S&P GSCI Gold Index, Bloomberg Commodity Index returns exclude reinvested dividends. The three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.

Sources: Yahoo! Finance; MarketWatch; djindexes.com; U.S. Treasury.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

TEST YOUR KNOWLEDGE. A lot happened in 2025. Artificial intelligence captured the world's attention. Pope Leo XIV became the first American to head the Catholic Church. Alex Nedeljkovic became the first NHL goalie to score a goal and have an assist in the same game. Katie Ledecky broke her own 800-meter

freestyle world record for the 6th time. Wildfires ravaged Los Angeles, while Louisiana and Texas experienced their first-ever blizzard warnings. See what you know about 2025 by taking this brief quiz.

1. While no one knows exactly how much the company's space tourism flights cost, its rocket has been ferrying passengers to space to experience weightlessness and see the curvature of the Earth. What is the name of the rocket?
 - a. Spaceship Unity
 - b. Falcon 9
 - c. New Shepard
 - d. Blue Ghost
2. The Economist's country of the year for 2025 still has "huge problems". However, its civil war ended in 2024, and it is no longer a place where "jails [are] stuffed with political prisoners, and dissent [is] punished with torture or death." The country is forging new alliances. Its economy is improving and, overall, it "is far happier and more peaceful than it was in 2024. Fear is no longer universal. Life is not easy, but it is more or less normal for most people." Which country is it?
 - a. Sudan
 - b. Syria
 - c. Myanmar
 - d. Yemen
3. Although it received mixed reviews, a video game-based movie became incredibly popular in 2025. The show featured a scene in which Jason Momoa's character battles a zombie riding a chicken. It inspired at least one moviegoer(s) to:
 - a. Bring a live chicken to the theater.
 - b. Throw popcorn and soda.
 - c. Jump to their feet and cheer.
 - d. All of the above.
4. Nepal's ban on social media sparked an uprising across Kathmandu as the country's students protested. Which of the following did NOT happen because of Gen Z demonstrations?
 - a. The social media ban was lifted.
 - b. Smartphones were banned.
 - c. The prime minister resigned.
 - d. A nationwide curfew was imposed.

What 2025 events were memorable for you and your family?

Weekly Focus – Think About It

"Year's end is neither an end nor a beginning but a going on, with all the wisdom that experience can instill in us."

– Hal Borland, Writer, journalist, and naturalist

Answers: 1) c; 2) b; 3) d; 4) b

Best regards,

Ryan D. Furstenau

P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this email with their email address and we will ask for their permission to be added.

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- * The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.
- * All indexes referenced are unmanaged. The volatility of indexes could be materially different from that of a client's portfolio. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. You cannot invest directly in an index.
- * The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.
- * The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.
- * Gold represents the 3:00 p.m. (London time) gold price as reported by the London Bullion Market Association and is expressed in U.S. Dollars per fine troy ounce. The source for gold data is Federal Reserve Bank of St. Louis (FRED), <https://fred.stlouisfed.org/series/GOLDPMGBD228NLBM>.
- * The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.
- * The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.
- * The Dow Jones Industrial Average (DJIA), commonly known as "The Dow," is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.
- * The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.
- * International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.
- * Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
- * The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage is often obtainable in commodity trading and can work against you as well as for you. The use of leverage can lead to large losses as well as gains.
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