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Year-End Market Insights — November 2025

Reflecting on 2025

As we approach the close of 2025, it's worth taking a moment to reflect on what has been an extraordinary year for global markets.
*From **geopolitical and trade tensions**, energy transition pressures, and **U.S. airstrikes on Iranian nuclear facilities**, markets have once again proven remarkably resilient. Despite expectations of a sharp correction—oil spikes and equities down 10% or more—markets held firm.*

*Looking back over recent years, from COVID-19 to supply chain disruptions, inflation shocks, and aggressive rate hikes—events that might once have caused financial collapse have instead become **stress tests**. Markets no longer break; they reset.*

*At **Positive Dynamics**, we often hear from clients concerned that "the next crash is around the corner." Media headlines and big-name investors frequently predict downturns, citing overvaluation, geopolitical risk, or global instability.*
*We review and consider all perspectives—but remain grounded in our **long-term philosophy** of **global diversification, disciplined investing, and maintaining a growth mindset**. The constant noise must be taken with a grain of salt. While no one can predict the future, our strategy continues to guide clients' wealth through uncertainty and toward opportunity.*

Central Banks & Market Overview

*Monetary policy globally is beginning to **shift from fighting inflation to supporting growth**:*

Central Bank	***Rate***	***Trend***
U.S. Federal Reserve	*Cut rates; QT ends 1 Dec*	*Easing*
European Central Bank	*2.00%*	*Easing*
Bank of England	*4.00%*	*On Hold*
Reserve Bank of Australia	*3.60%*	*On Hold*
Bank of Japan	*0.50%*	*Stable*

Equity markets remain firm into year-end:

- ***S&P 500****: +16% YTD*
- ***FTSE 100****: Record highs*
- ***ASX 200****: Near cycle highs, +8.3% YTD*

What Lies Ahead – Our Summary of What the Experts are saying

Base Case: *Earnings growth continues, market breadth improves, and equities remain supported despite occasional volatility driven by policy and geopolitics.*

Bull Case: *The* ***AI investment cycle*** *extends productivity and growth, with the* ***S&P 500 reaching 6,600–7,000 by late-2025*** *and potentially* ***~7,750 by 2026****, if rates ease and manufacturing accelerates.*

Bear Case: *Persistent inflation or stagflation risks from debt and tariffs lead to renewed selloffs and compressed valuations as rates remain higher for longer.*

Expert Insights

Ray Dalio (Bridgewater Associates) *— Cautiously optimistic.*
Dalio warns that the U.S. is late in a "big debt cycle," likening rising debt costs to "plaque in arteries." His advice: don't abandon equities, but ***diversify with shock absorbers*** *like gold and real assets.*

***Tom Lee (Fundstrat)** — Constructive and bullish.*
*Lee sees **AI as a historic productivity driver**. He expects rate cuts and manufacturing growth to push the **S&P 500 to 6,600–7,000** by late-2025. Drawing on history, he notes that **labour shortages have always driven tech booms**—from the 1950s to the 1990s, and now again with AI. Tom, who served as an **equity research analyst at JPMorgan during the dot-com boom**, draws parallels between today's AI-driven rally and the tech mania of the late 1990s — but emphasizes the differences. "People believe this is just like the dot-com era, and while there are some similarities, we're far from it," Lee notes. "The current environment is fundamentally different because **AI is gaining real functionality**. The internet, by contrast, wasn't gaining function — it was simply driving a wave of spending.*

***Jamie Dimon (JPMorgan Chase)** — Cautious realism.*
*Dimon continues to warn of **underpriced inflation and geopolitical risk**, suggesting that **rates will remain higher for longer**. He advocates focusing on **quality, liquidity, and credit resilience**.*

***Mike Wilson (Morgan Stanley CIO)** — Turning more positive.*
*After a long cautious stretch, Wilson now sees a shift from a "rolling recession" to a "rolling recovery." He believes **a new bull market began in 2022**, suggesting investors **buy dips** as earnings growth broadens.*

Positive Dynamics View:
*We remain **positive on growth—eyes wide open**. Our portfolios are built on **balanced, globally diversified strategies** tailored to long-term client goals. We continue to focus on fundamentals, not fear, ensuring exposure across regions, sectors, and asset classes to navigate volatility confidently.*

Spotlight: Michael Burry vs. the AI Leaders

*You may have seen headlines about **Michael Burry**—of The Big Short fame—taking large short positions against **Nvidia (NVDA)** and **Palantir (PLTR)** as of September 2025, representing roughly **80% of Scion Asset Management's reported portfolio**.*

*It's important to remember that Burry has a history of being **early but ultimately right**. During the subprime crisis, his bet took **two to three years to pay off**, receiving heavy client criticism, — his investors nearly abandoned him, his fund's liquidity was collapsing, forcing him to freeze client redemptions to keep the trade going other. It is alleged that he even received death threats and threats of legal action against him.*

*Today, his AI short may or may not play out—but 13F filings are **lagging indicators**, and it's unclear whether he even still holds those positions. The key takeaway: even brilliant theses can test patience and timing. Headlines should never dictate long-term investment strategy.*

Valuations: "High P/Es" and Misconceptions

*The term "overvalued" is often thrown around, particularly regarding **Nvidia**. But **a high P/E ratio doesn't always mean overvaluation**—context matters.*

Let's compare NVIDIA against another well know but very different business with a very similar P/E to illustrate why a high P/E can mean different things and can easily be misconstrued.

Nvidia** - **computer chip manufacturer specializing in artificial intelligence (AI) - seen as Overvalued
Costco - wholesale retail chain supermarket - a market darling, rarely seen as Overvalued

Metric	***Nvidia (NVDA)***	***Costco (COST)***
P/E Ratio	*~53.6×*	*~50.7×*
FY25 Revenue Growth	*+114% YoY*	*+8.1% YoY*
Core Drivers	*AI data centers, software, networking*	*Membership renewals, pricing power, real estate moat*

Interpretation:

- ***Nvidia's high multiple** reflects explosive growth in AI infrastructure.*
- ***Costco's multiple** reflects consistent, predictable, annuity-like cash flow.*

*In short, **Nvidia prices in hyper-growth and innovation**, while **Costco prices in quality and stability**.*
High P/E" doesn't particularly = expensive/overvalued.

Final Thoughts

*At **Positive Dynamics**, our philosophy remains clear:*

- ***Stick to the strategy.***
- ***Control what we can control.***
- ***Invest with purpose and perspective.***

*We believe in **long-term, disciplined investing**—supported by research, diversification, and adaptability.*
*If you'd like to discuss your portfolio, or have friends or family who might appreciate our **positive yet no-nonsense approach to wealth management**, please don't hesitate to reach out.*

Warm regards,

The Positive Dynamics Team
Focused on clarity, conviction, and confidence in every market cycle.