Insights from Stifel's CIO Office

November 2026



INVESTMENT STRATEGY BRIEF

Can the AI Boom Continue?

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STIFEL

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Can the AI Boom Continue?



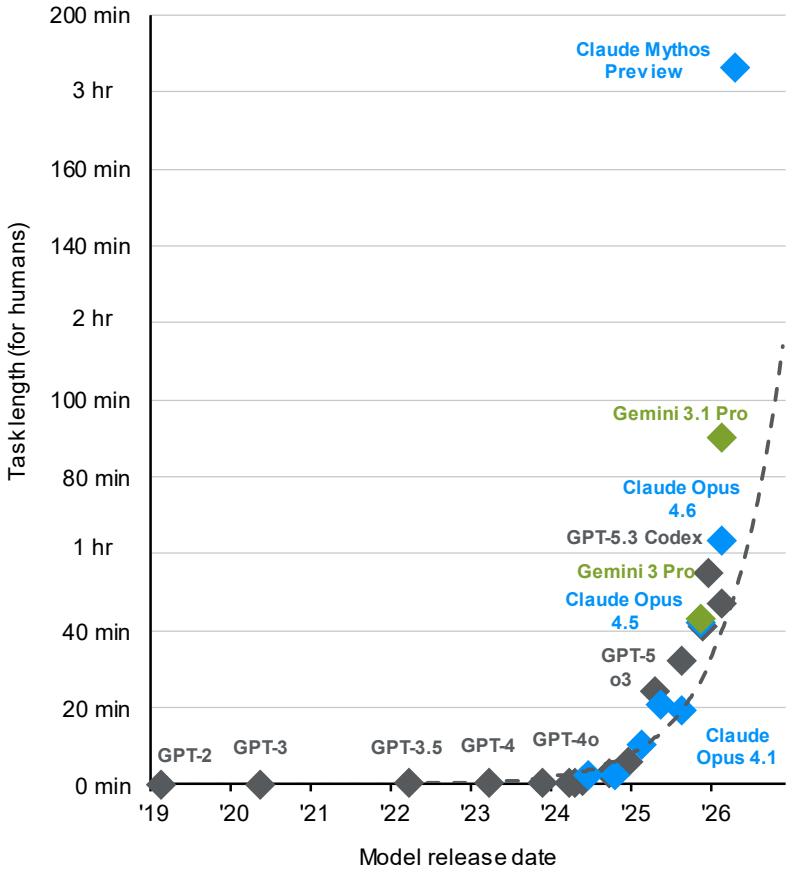
Beyond the build-out: companies outside big tech that use AI more are on track for around 3% faster earnings growth this quarter.

Source: Stifel CIO Office; BlackRock Investment Institute, weekly commentary (November 2, 2026).

AI CAPABILITIES AND ADOPTION

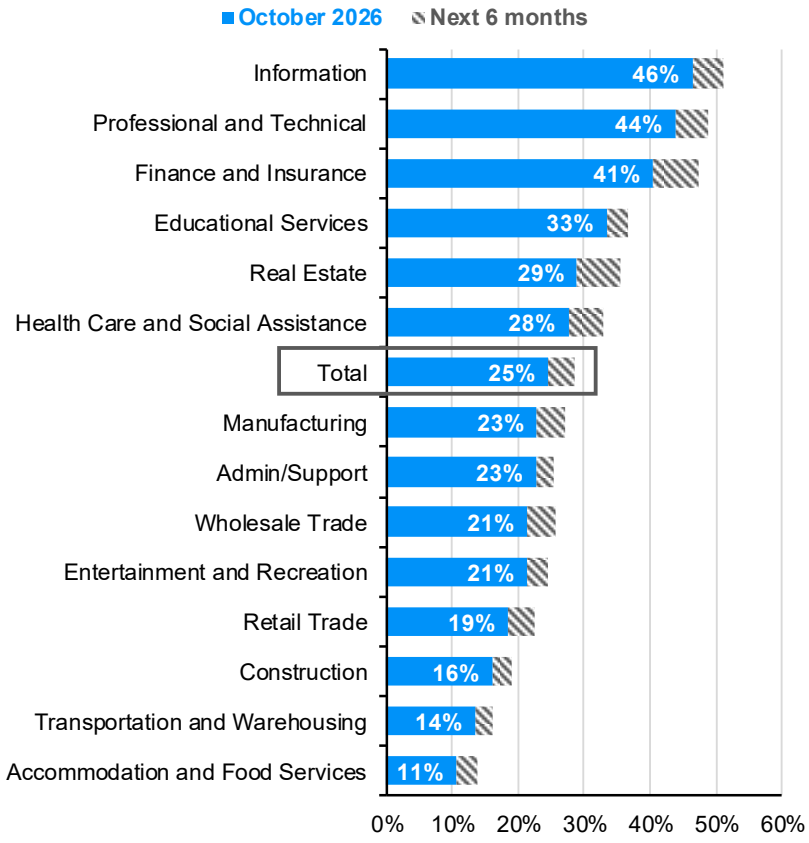
Length of tasks AI agents can autonomously complete

Time to complete tasks at 80% success, by model*



Businesses using AI in any business function

% of all firms reporting use of AI applications



Source: J.P. Morgan Asset Management; (Left) METR, "Measuring AI Ability to complete long tasks"; (Right) Census Business Trends and Outlook Survey. The length of tasks (measured by how long they take skilled human professionals) that generalist frontier model agents can complete autonomously with 80% reliability has been doubling approximately every 7 months for the last 6 years. *METR looks exclusively at multi-step software engineer, cybersecurity, general reasoning and machine learning tasks that require low or no prior context and are self-contained units of work.
Guide to the Markets – U.S. Data are as of November 20, 2026.

WASHINGTON POLICY OUTLOOK

Gridlock, With Openings: Chief Washington Policy Strategist Brian Gardner expects few major legislative changes, tougher budget negotiations, and more executive action over the next two years.

2027–2028: What Changes, What Holds

Area	Brian Gardner's view
Overall agenda	Divided government may slow President Trump's economic agenda, but **not reverse it**
Must-pass bills	Spending bills and a debt-ceiling increase give Democrats **leverage they would not otherwise have**
Possible deals	Drug-price regulation and a credit-card interest-rate cap; clean-energy tax credits **could be revived** through compromise
Trade & tariffs	Compromise doubtful: Congress unlikely to grant more tariff authority; President unlikely to give up current powers
Regulation	Agency agenda moves forward; congressional inquiries can slow it and pose **reputational risk** to some sectors
Data centers & AI	State-level restrictions likely; **federal moratorium remote**. Light-touch AI rules possible; tougher rules likely need a crisis

Brian Gardner: recent shutdowns have been political, rather than market, events.

Lame-Duck Session: What to Watch

- **Nominations first:** Senate Republicans likely to confirm as many judges as possible, plus cabinet changes, before losing control
- **Government funding:** Another stopgap (Continuing Resolution) into 2027 and the defense authorization bill (National Defense Authorization Act) are the base case; a shutdown is possible but not expected
- **Crypto:** the CLARITY Act will probably be dropped
- **Permitting reform:** Final Senate vote on the permitting bill possible this week; House must still pass it
- **Reconciliation:** A defense-funding and debt-ceiling bill would be difficult to unite Republicans around
- **Export controls:** Nvidia chip-sale reports add momentum for tougher limits in the defense bill

Source: Stifel Washington Policy Strategy, Brian Gardner, Potomac Perspective: Midterm Takeaways (November 4, 2026) and Potomac Perspective (November 16, 2026).

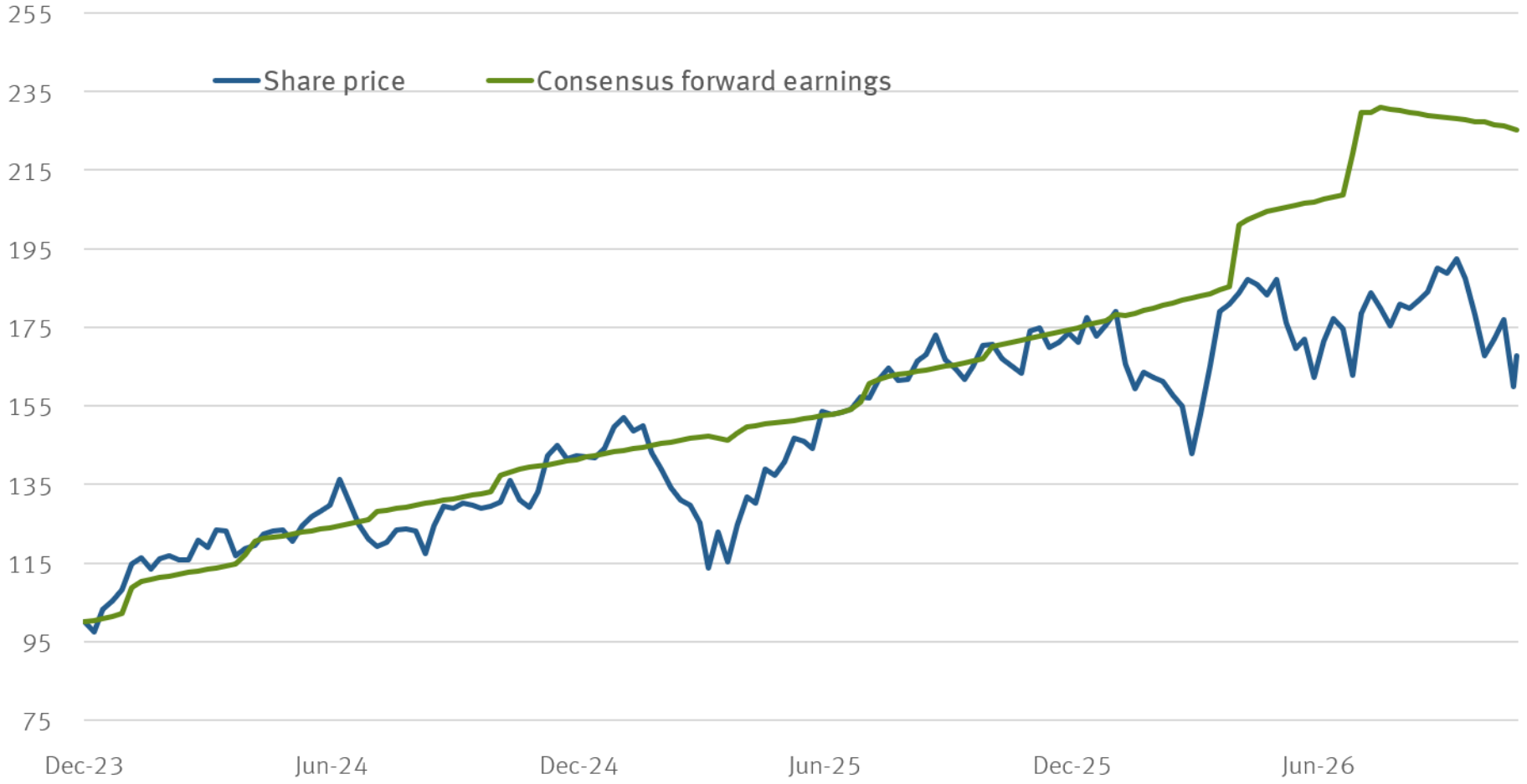
Potomac Perspective: Midterm Takeaways (November 4)

AI EARNINGS VS. PRICES

The AI pullback is a valuation reset, not an earnings break: Hyperscaler earnings keep rising while prices lag.

Share price vs. forward EPS

Average of 4 hyperscalers (December 31, 2023 = 100)

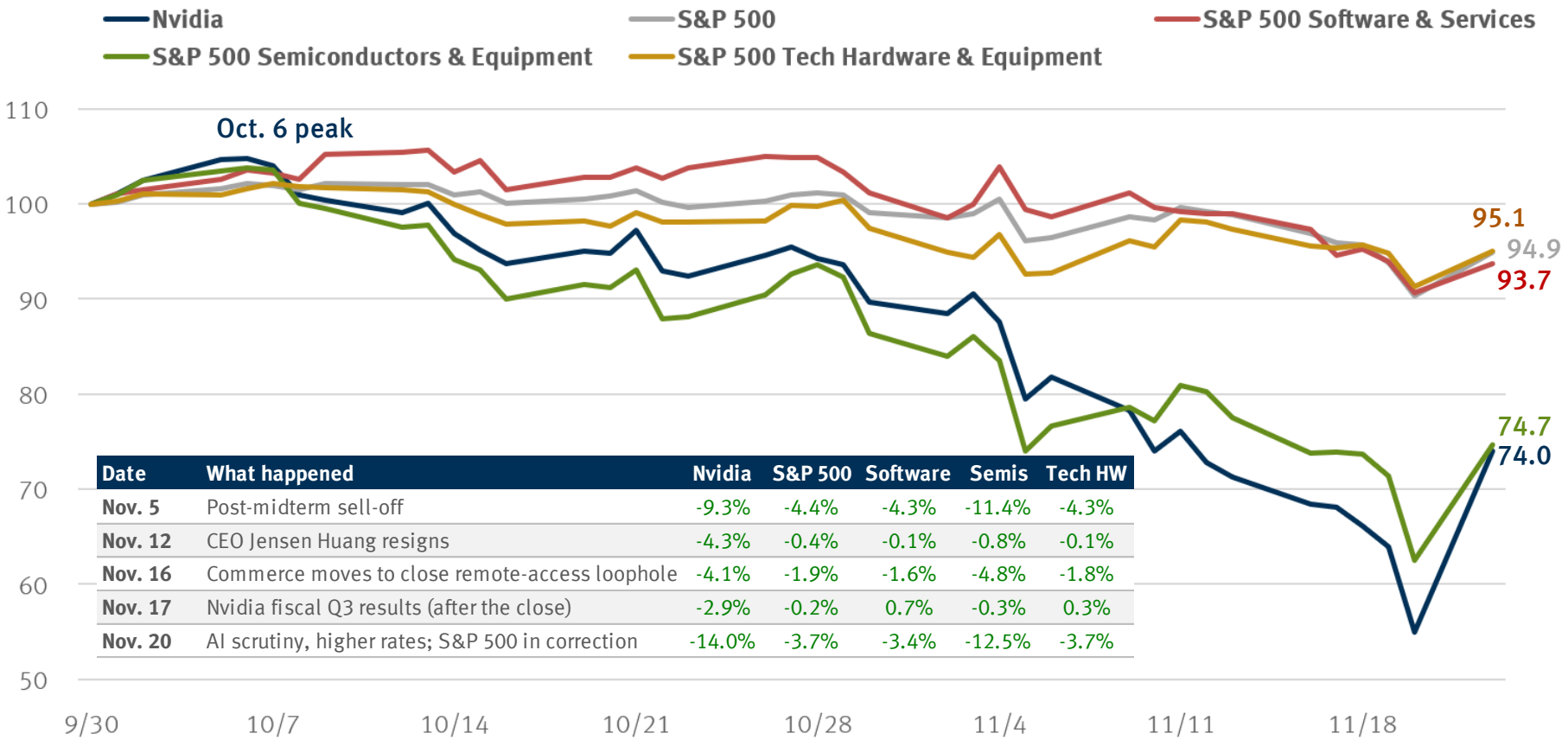


Source: Stifel CIO Office via Bloomberg, as of November 23, 2026 (Intra-day)
Average of Amazon, Alphabet, Meta, and Microsoft.

Chips have sold off hard.

The AI pullback

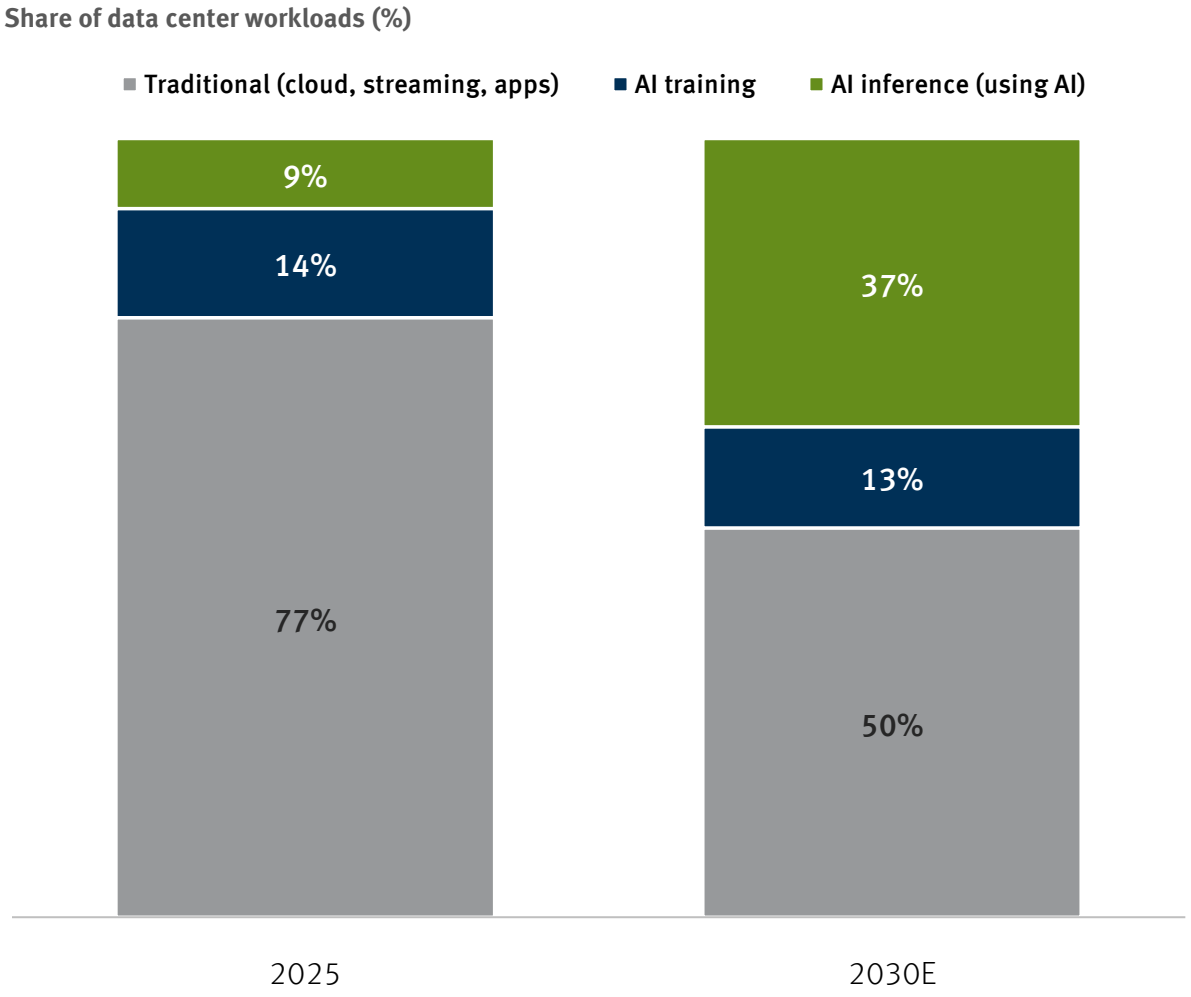
Price performance since Sept. 30, 2026 (indexed to 100)



Date	What happened	Nvidia	S&P 500	Software	Semis	Tech HW
Nov. 5	Post-midterm sell-off	-9.3%	-4.4%	-4.3%	-11.4%	-4.3%
Nov. 12	CEO Jensen Huang resigns	-4.3%	-0.4%	-0.1%	-0.8%	-0.1%
Nov. 16	Commerce moves to close remote-access loophole	-4.1%	-1.9%	-1.6%	-4.8%	-1.8%
Nov. 17	Nvidia fiscal Q3 results (after the close)	-2.9%	-0.2%	0.7%	-0.3%	0.3%
Nov. 20	AI scrutiny, higher rates; S&P 500 in correction	-14.0%	-3.7%	-3.4%	-12.5%	-3.7%

Source: Stifel CIO Office via Bloomberg, as of November 23, 2026 (Intra-day)
Past performance is no guarantee of future results.

Everything digital runs in one; AI is now the fastest-growing use.



Everyday Digital Life

- Email, streaming, search, banking and online shopping all run on servers in data centers.

AI Is the New Driver

- AI was about **a quarter** of data center work in 2025 and could be **half** by 2030, led by everyday use of AI tools.

Big Tech Is the Main Customer

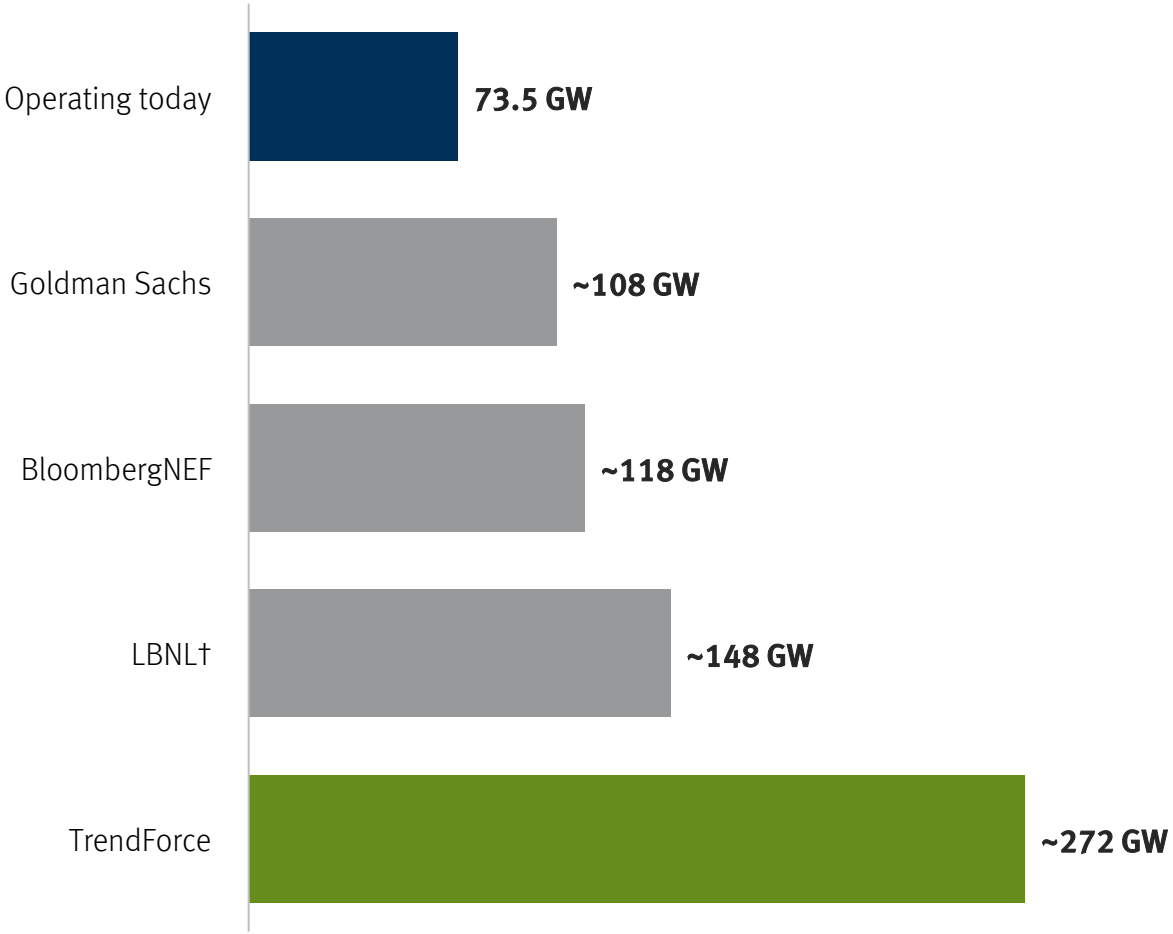
- Cloud giants are **59%** of demand; AI cloud providers 11% and AI labs 7%.

Source: Stifel CIO Office via JLL, 2026 Global Data Center Outlook (workload mix, 2030 estimate) and North America Data Center Report, Midyear 2026 (tenant demand); EPRI, Powering Intelligence 2026. Inference = using a trained AI model (e.g., asking a chatbot a question); training = building the model. Estimates may not come to pass.

WHY KEEP BUILDING?

Demand still outruns supply; 2030 forecasts are 1.5–3.7x today.

U.S. data center capacity today vs. 2030 demand forecasts (gigawatts)



The Space Is Full

- Vacancy has been about **1%** for three years; 95% of what's under construction is already spoken for.

The Chips Are Sold Out

- NVIDIA expects about 70% sales growth next year and says supply, not demand, is the limit.

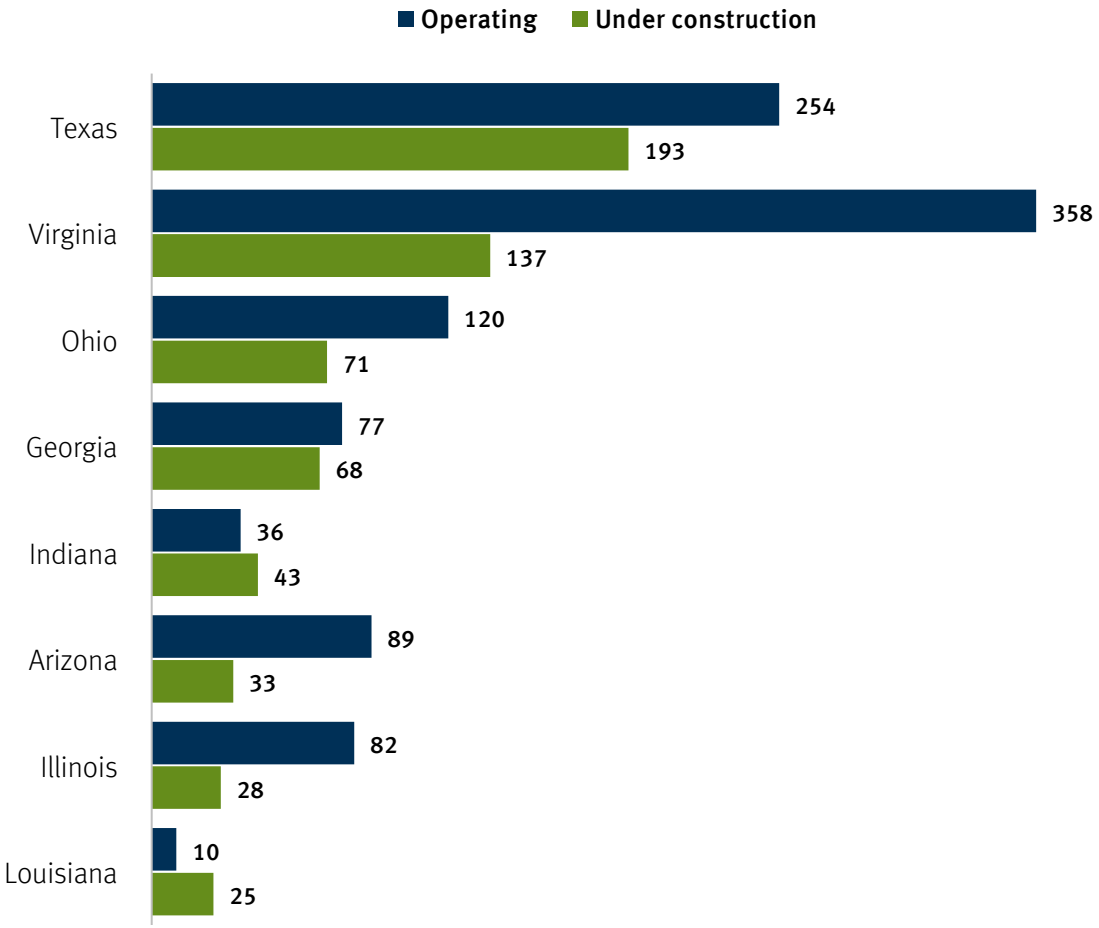
The Buyers Have Committed

- Cloud companies have **$2 trillion+** of signed business; big-tech spending is set to reach about $1.3 trillion in 2027.

Source: Stifel CIO Office via Avison Young (Q3 2026 inventory); Goldman Sachs Research (September 2026); BloombergNEF via Utility Dive (July 2026); LBNL (June 2026); TrendForce (September 2026); JLL (Midyear 2026); NVIDIA Q2 FY2027 earnings call (August 26, 2026). Forecasts measure power demand; today's figure is built capacity. †LBNL forecast as converted by TrendForce. Compare directionally.

Virginia is today's hub; Texas is building the most.

Data centers by state: operating vs. under construction



Today's Footprint

- The U.S. has **2,179** operating data centers. Virginia has the most, at 358.

What's Coming

- **888** more are under construction, about 88 GW of power. Texas leads with 193, and another 1,001 announced.

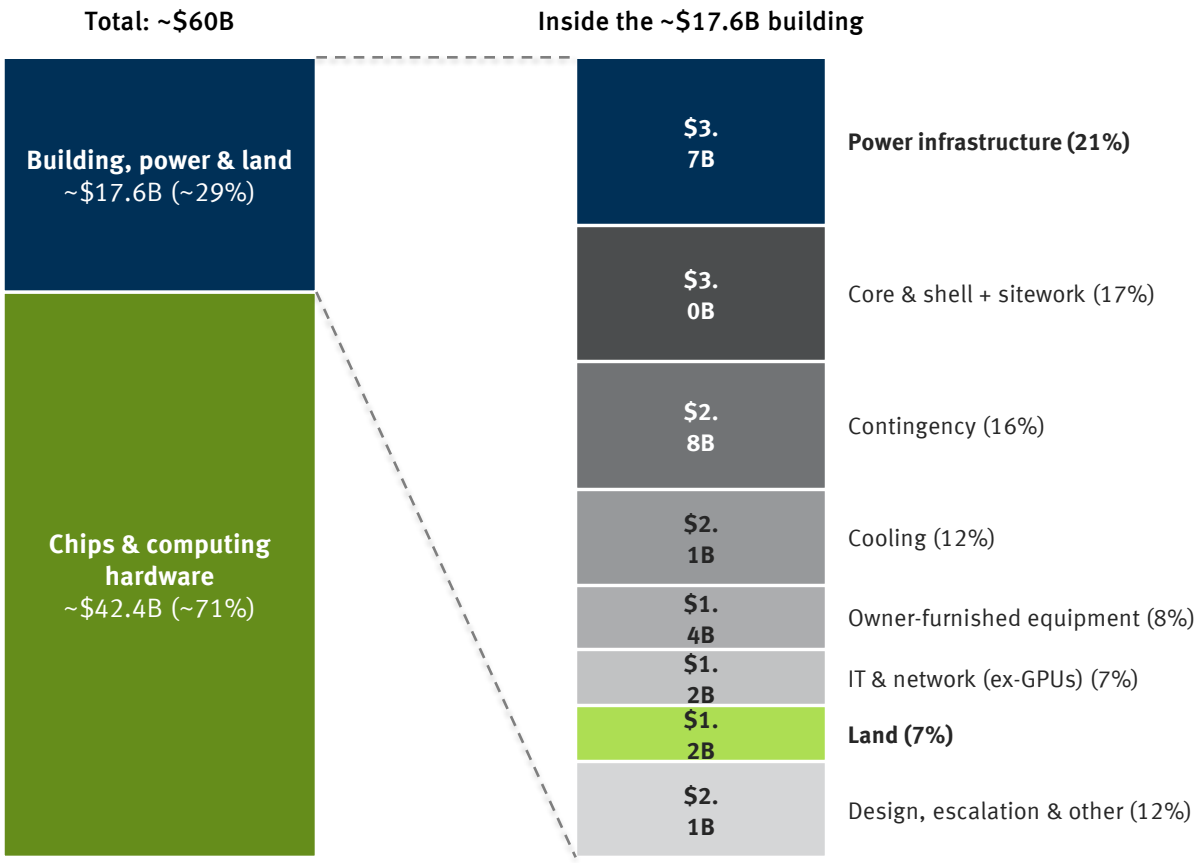
Planned Is Not Promised

- 4,529 more are announced but not started. 400+ local moratoriums now cover sites with 100+ GW of planned capacity.

Source: Stifel CIO Office via Aterio U.S. data center database (as of November 18, 2026); Wood Mackenzie (October 28, 2026). Counts are facilities; sizes vary widely. Top 8 states ranked by facilities under construction.

A $60 billion gigawatt: about 70% chips, about 2% land.

Illustrative cost of a 1-gigawatt AI data center ($ billions)



The Total

- A 1-gigawatt AI data center costs about **$60 billion** today, double five years ago.

The Chips

- About **70%** is chips and computing hardware. That share keeps rising.

The Building

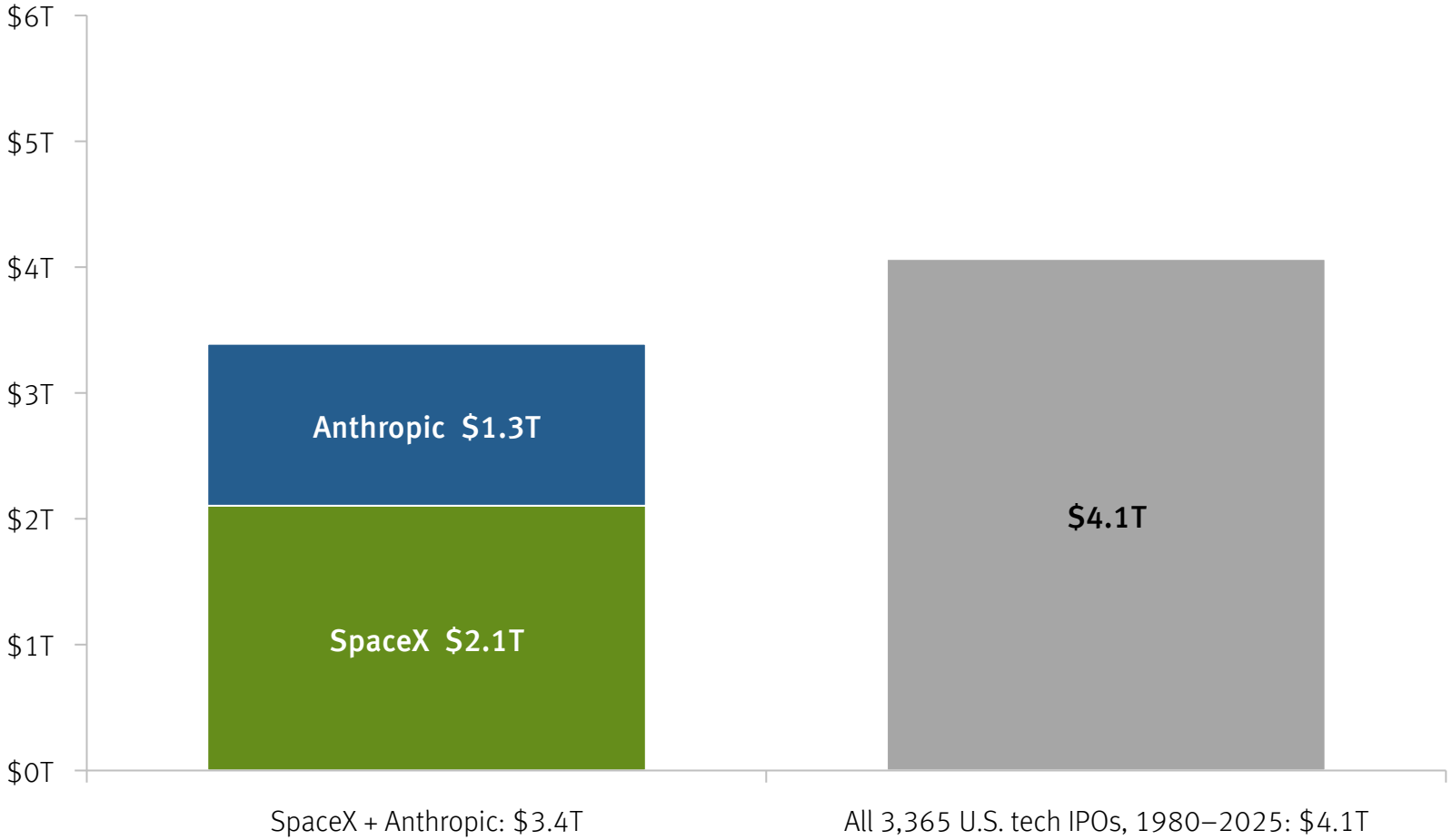
- About 30% is the building. Power gear is the biggest piece; land is only about **2%.**

Source: Stifel CIO Office illustration using NVIDIA Q2 FY2027 earnings call (August 26, 2026) and Cushman & Wakefield, 2026 Data Center Development Cost Guide ($17.6M per MW excluding chips; shares as reported by CRE Daily). Chips = $60B – $17.6B; assumes C&W's U.S. cost scales to 1 GW. Not a specific project. Cross-checks: J.P. Morgan AM (chips 67% of spending), Bernstein, Epoch AI.

AI CONCENTRATION GOES PUBLIC

AI concentration is going public: Two AI listings already equal more than 80% of 45 years of U.S. tech IPOs combined.

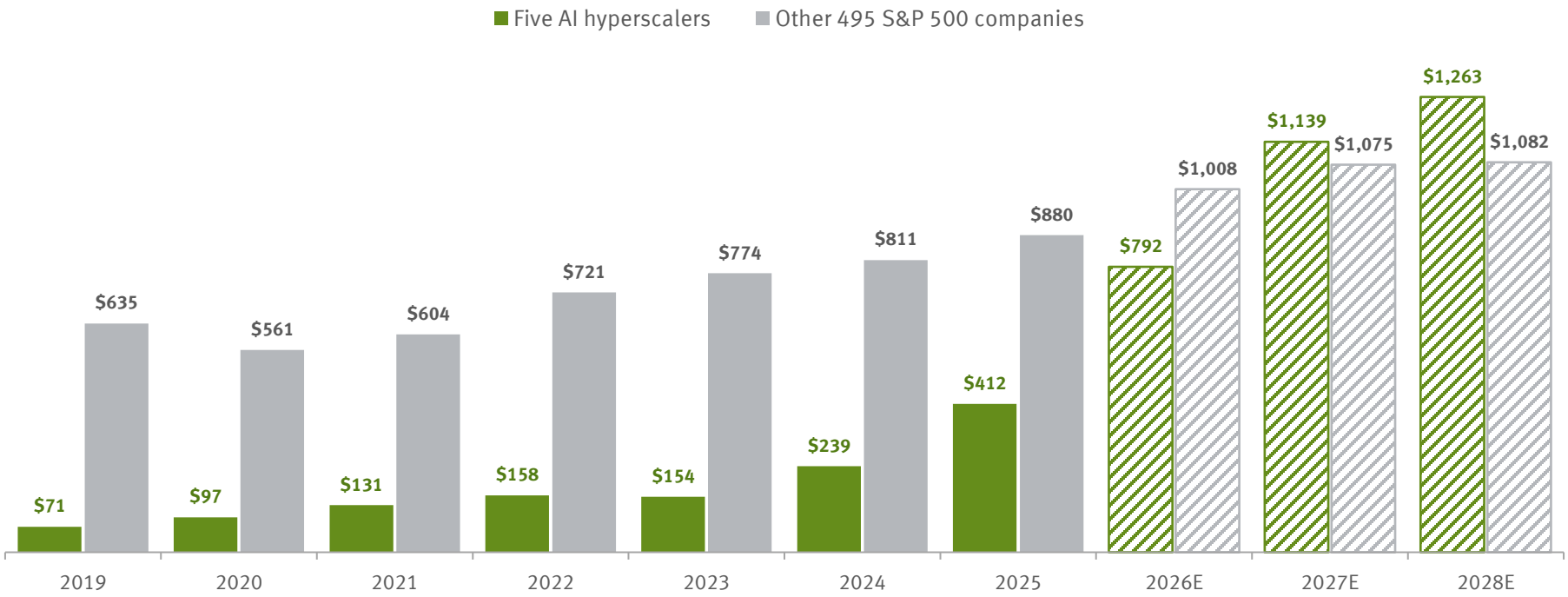
Two AI-era IPO valuations vs. 45 years of U.S. tech IPOs



Source: Stifel CIO Office via Jay Ritter, Univ. of Florida (nominal); company IPO prospectuses; Reuters; CNBC. Values = first-day close × post-IPO shares (all classes, undiluted), Ritter's method: SpaceX $160.95 (June 12, 2026); Anthropic $97.17 (November 19, 2026).

Five companies now spend a third of S&P 500 capex — by 2027, half.

Capital expenditures: Five AI hyperscalers vs. the rest of the S&P 500 ($ billions, calendar years)



Year	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Five's share	10%	15%	18%	18%	17%	23%	32%	44%	51%	54%

Source: Stifel CIO Office calculations using S&P Capital IQ standardized financials and consensus median estimates (as of October 14, 2026; Five's 2026E–28E: FactSet medians, November 19, 2026); current S&P 500 constituents. Five = Alphabet, Amazon, Meta, Microsoft, Oracle. Calendar-year basis. Other 495 excludes ~36 banks, insurers and REITs without a comparable capex line. 2026E–2028E calendarized consensus; companies without estimates held at 2025 levels. Includes non-AI spending.

U.S.-CHINA COMPETITION

Trade Talks and Tech Restrictions: Negotiations continue even as the U.S. tightens restrictions on China's access to advanced AI computing.

Trade Progress, Tighter Tech Limits

Area	Development
Leader meetings	Trump and Xi agreed to form a plan for a **more stable relationship**; a three-way meeting with Putin backed stable energy flows
Tariffs	Working toward reciprocal tariff reductions on about **$30 billion** of each other's goods
Offshore access	Chinese firms can **rent overseas computing** via the cloud; the chips never leave foreign data centers
New Commerce rule	Licenses above 12 million in total processing performance; customer ownership checks; **90 days** from November 19 to comply
Rerouting	Chip-export licenses for **Indonesia, Malaysia, Singapore, Thailand and Brazil**; exception for U.S. firms' own operations

What It Means for Investors

- **Nvidia demand intact:** quarterly revenue rose 103% to $115.8 billion; next-fiscal-year growth outlook raised from ~70% to 75%
- **China exposure unclear:** guidance excludes China data center compute revenue, but not clearly demand from Chinese customers using offshore facilities
- **Beyond the U.S. and China:** the rule may reshape overseas data center investment plans and which customers those facilities can serve
- **Revenue vs. commitments:** lost customers or chip delays could cut revenue while loans, leases and equipment commitments still come due

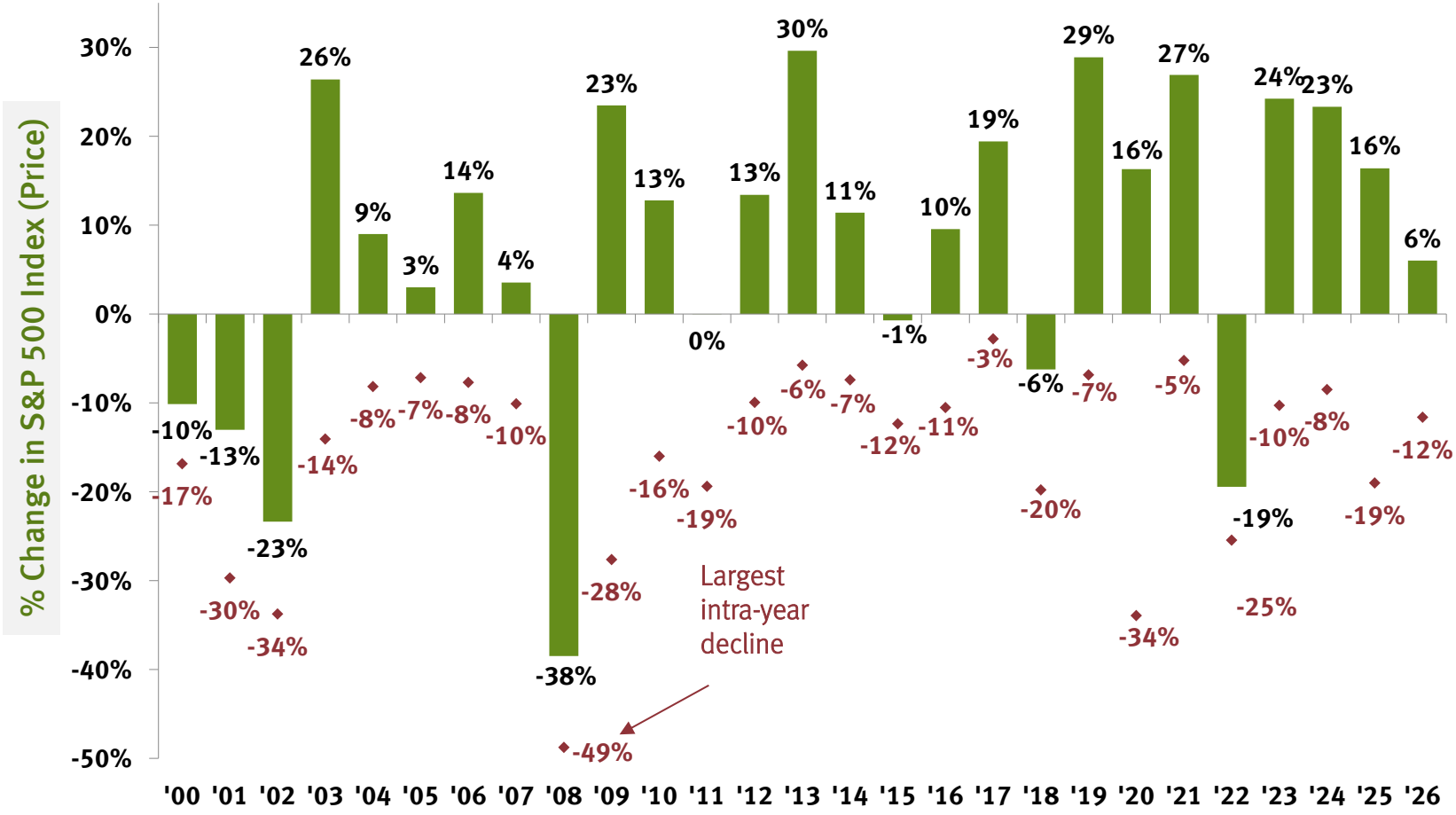
What We Think: rivalry can encourage economic progress, but restrictions and the changing relationship also create risks.

Source: Stifel CIO Office (Sight|Lines, November 20, 2026)

Sight|Lines: Productive Competition: A Next Chapter for the U.S. and China?

Managing through the ups and downs

The chart shows that despite a decline in stocks at some point each year (red dot and number), markets typically recover and returns for the full year (green bar) are historically positive most of the time.



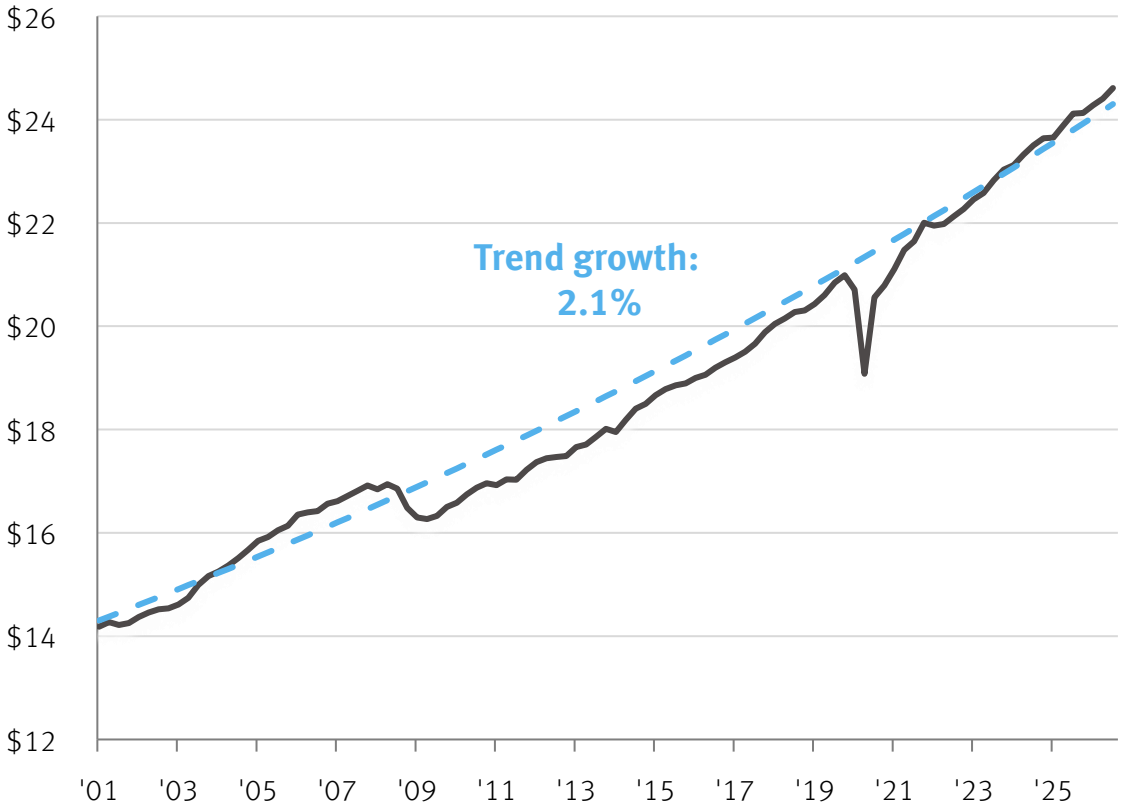
Source: Stifel CIO Office via Bloomberg, as of November 23, 2026 (Intra-Day). Past performance is no guarantee of future results.

Economy:
Strength Continues, But Late Cycle

ECONOMIC GROWTH AND THE COMPOSITION OF GDP

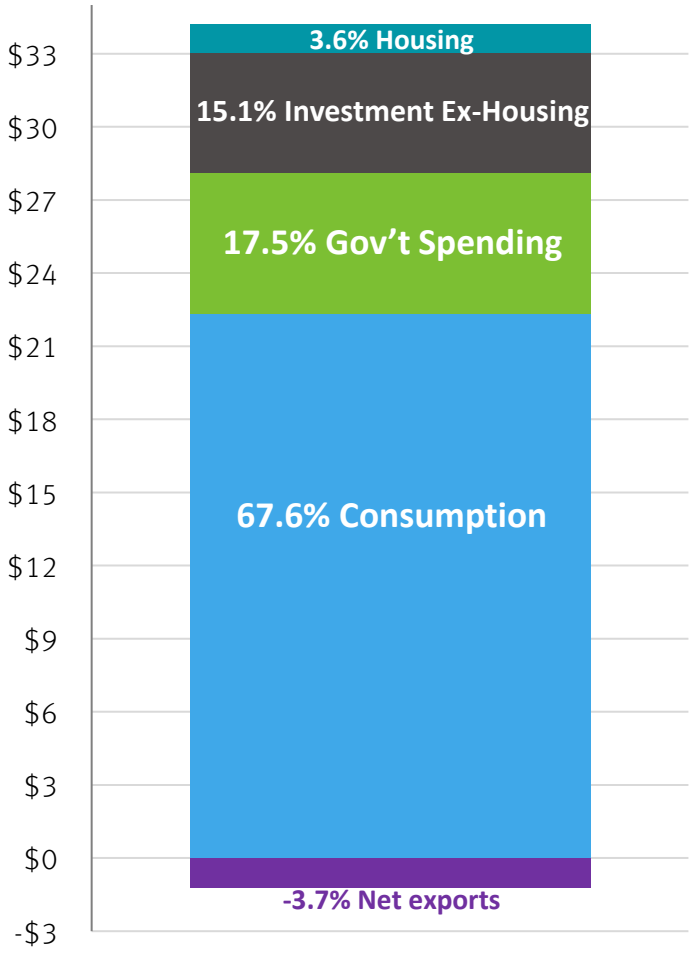
Real GDP

Trillions of chained (2017) dollars, seasonally adjusted at annual rates



Components of GDP

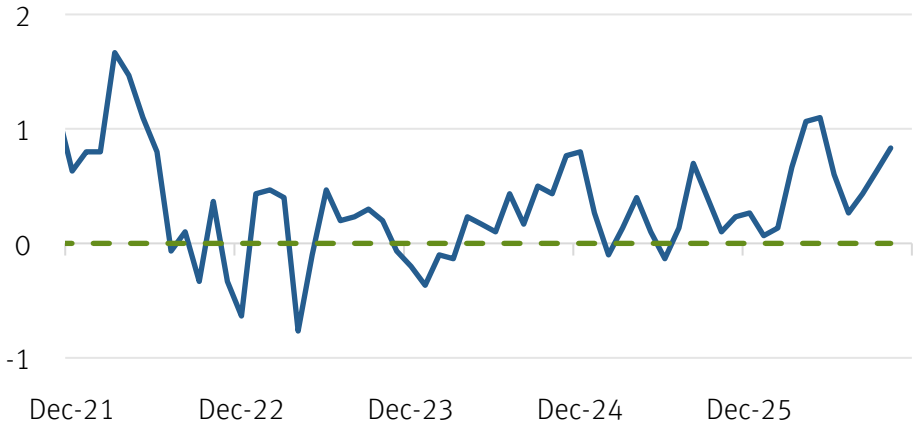
3Q26 nominal GDP, USD trillions



Source: Stifel CIO Office via Bloomberg, as of November 20, 2026.

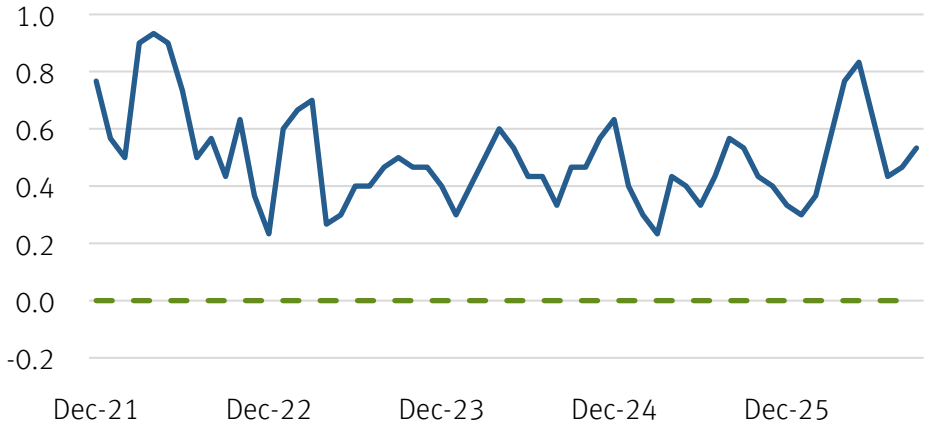
Retail Sales

Month-over-Month, 3-month Moving Average

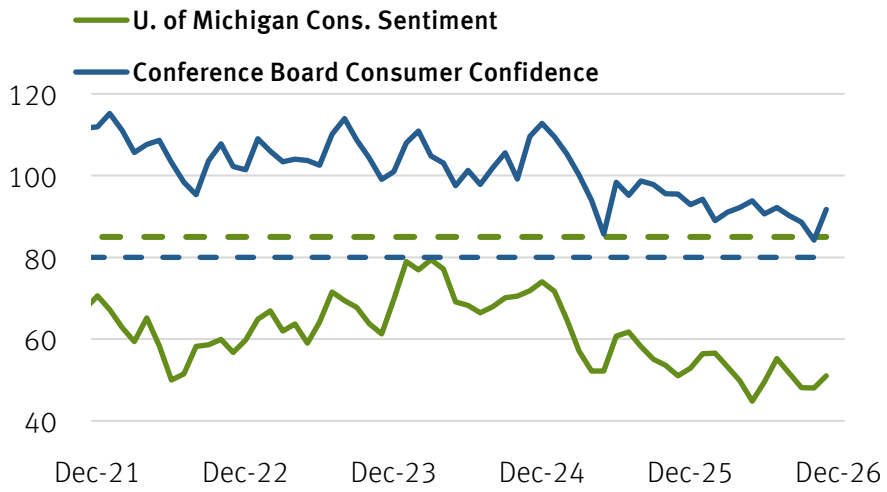


Personal Consumption MoM

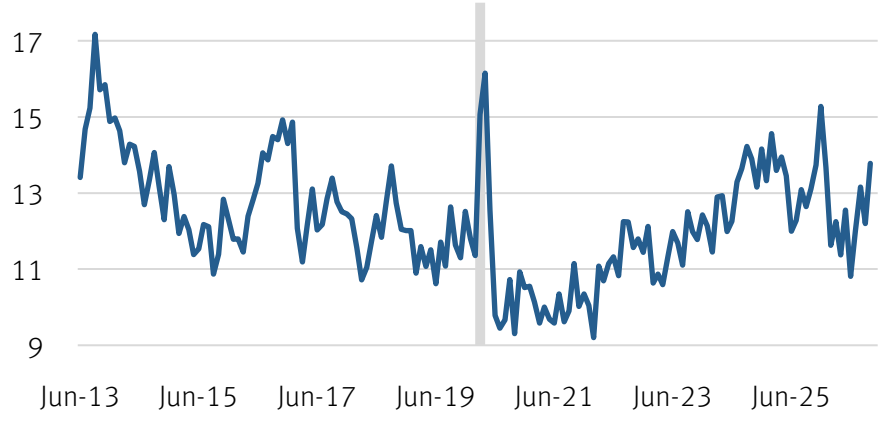
Month-over-Month, 3-month Moving Average



Consumer Confidence and Sentiment



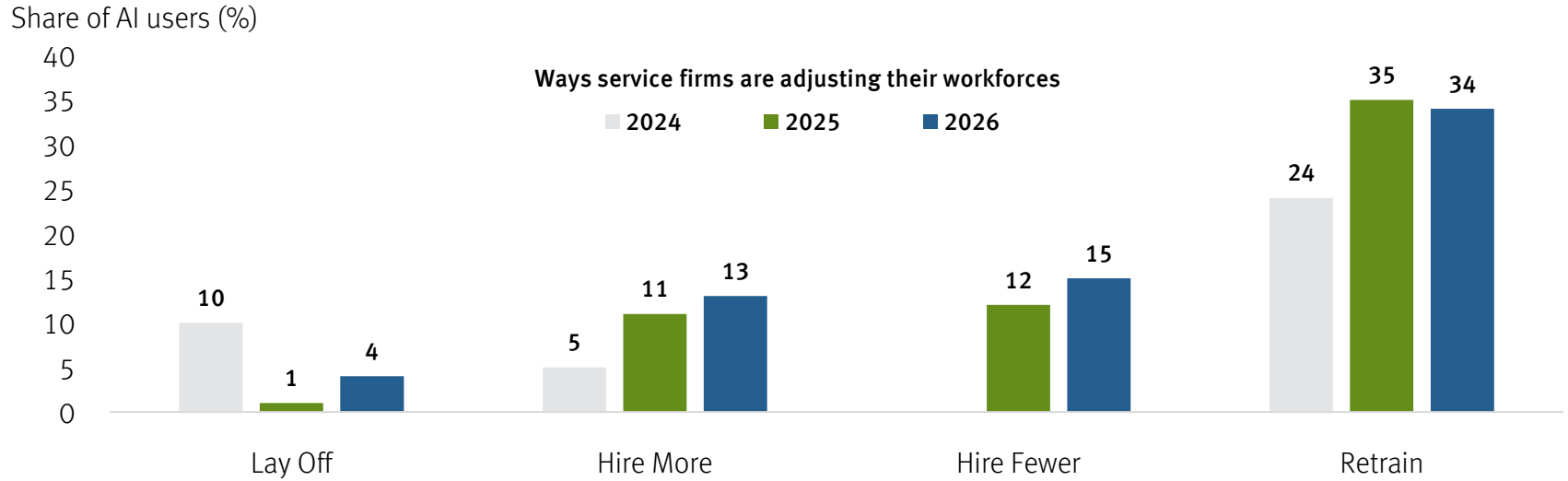
Mean probability of missing minimum debt payment over the next 3 months (%)



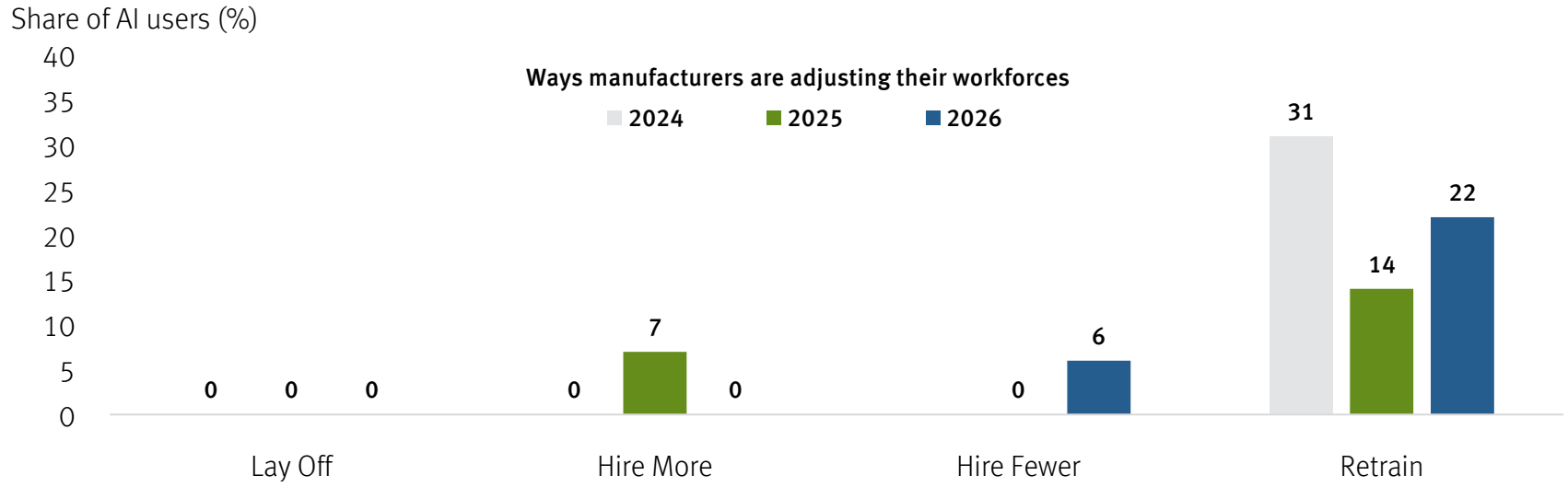
Source: Stifel CIO Office via Bloomberg, Apollo and Strategas Research Partners, as of November 20, 2026.

WORKERS ARE BEING RETRAINED TO USE AI

AI: Service firms are retraining, not firing



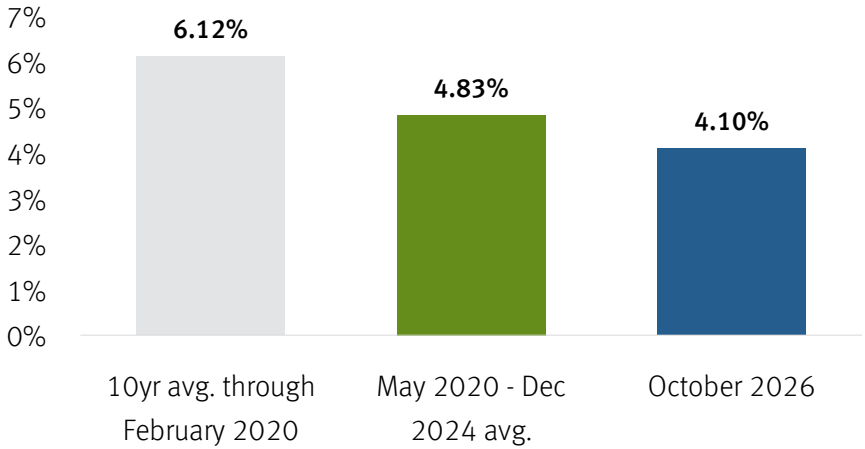
AI: Manufacturing firms are retraining, not firing



Source: Stifel CIO Office via Federal Reserve Bank of New York, Regional Business Surveys (August 2024, 2025, 2026), Apollo, as of November 20, 2026.
Note: Firms were not asked whether they hired fewer workers in 2024.

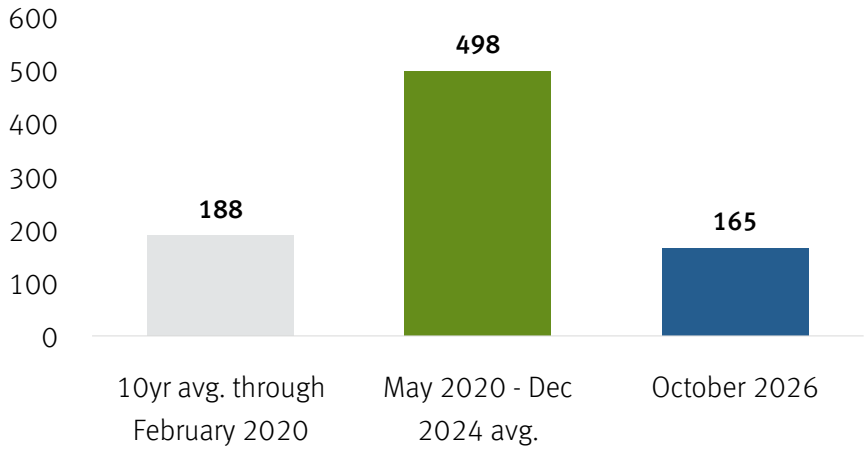
Unemployment Rate

Monthly



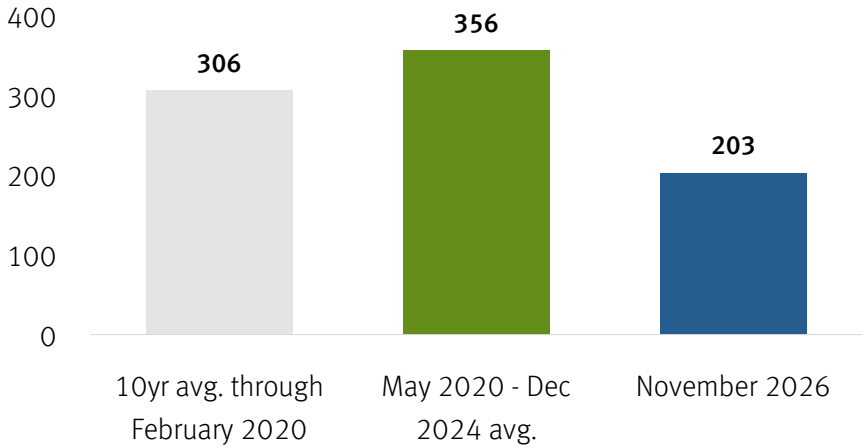
Nonfarm Payrolls

Monthly, thousands



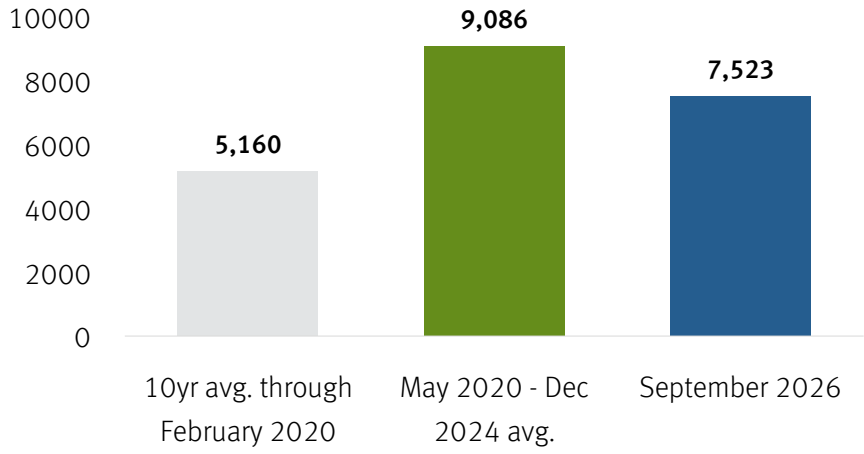
Jobless Claims

Weekly, thousands



JOLTS - Job Openings

Thousands



Source: Stifel CIO Office via Bloomberg, as of November 20, 2026.

COMMODITIES: LOWER, NOT LOW

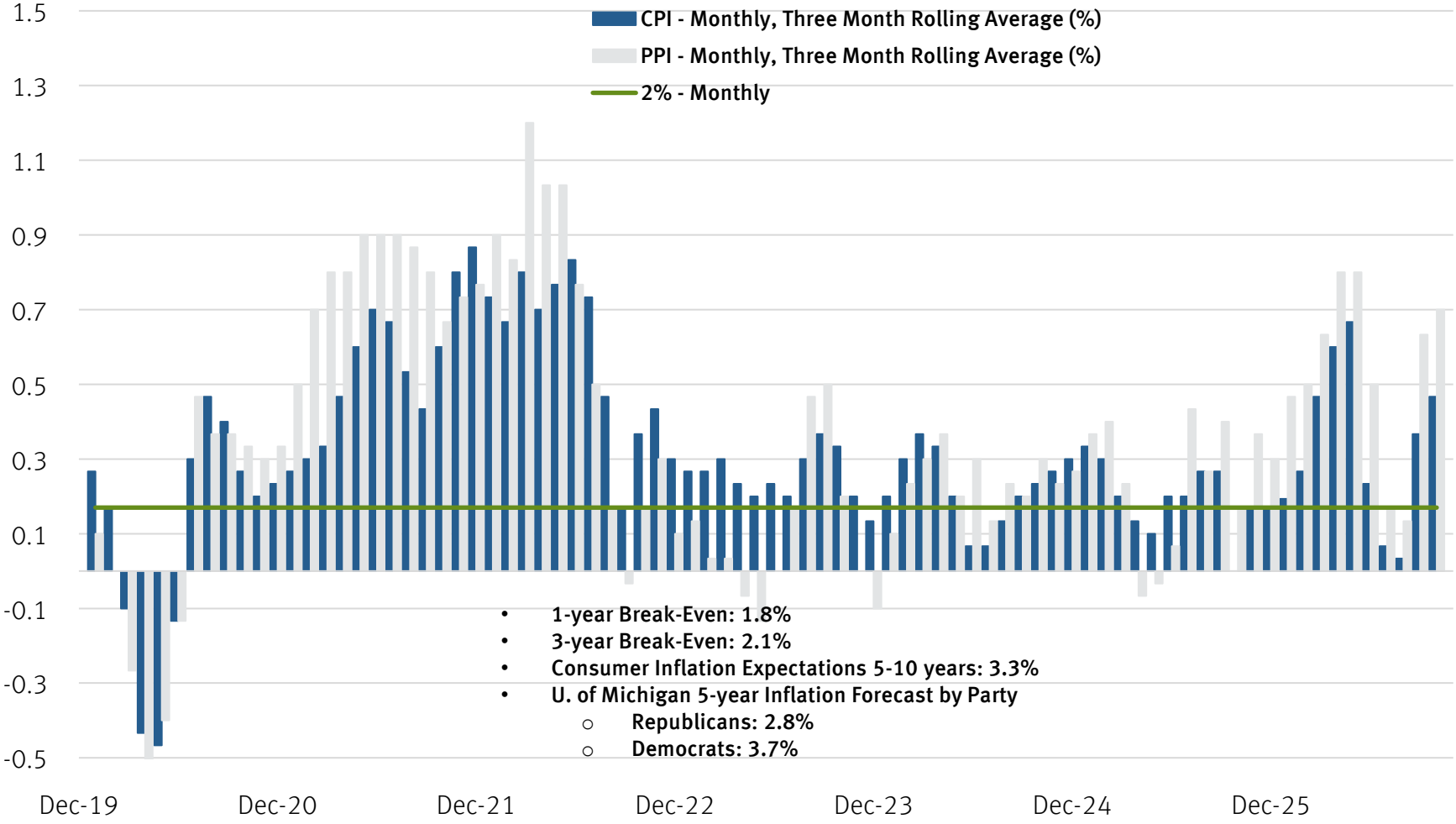
Higher rate expectations have pulled commodities to a 3-month low, but prices remain elevated, keeping AI buildout input costs high.

Bloomberg Commodity Price Index



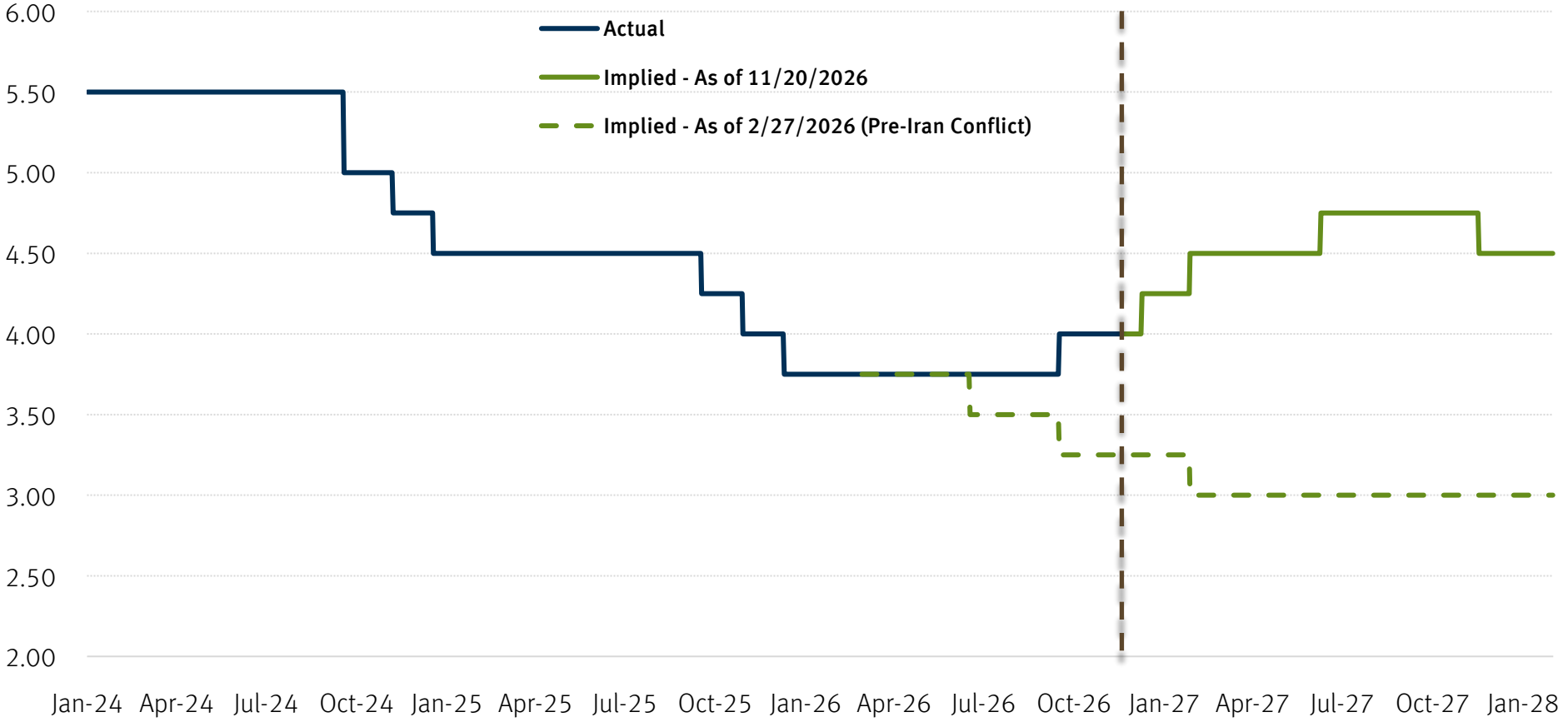
Source: Stifel CIO Office via Bloomberg, as of November 20, 2026.

Monthly Inflation Trends



Source: Stifel CIO Office via Bloomberg, as of November 20, 2026.
CPI = Consumer Price Index
PPI = Producer Price Index

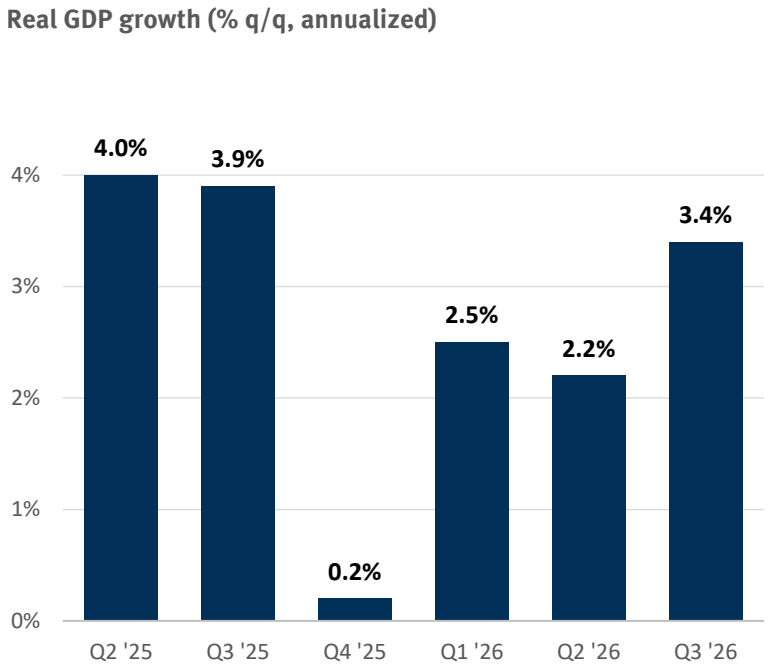
Fed Funds Target Rate - Upper Bound



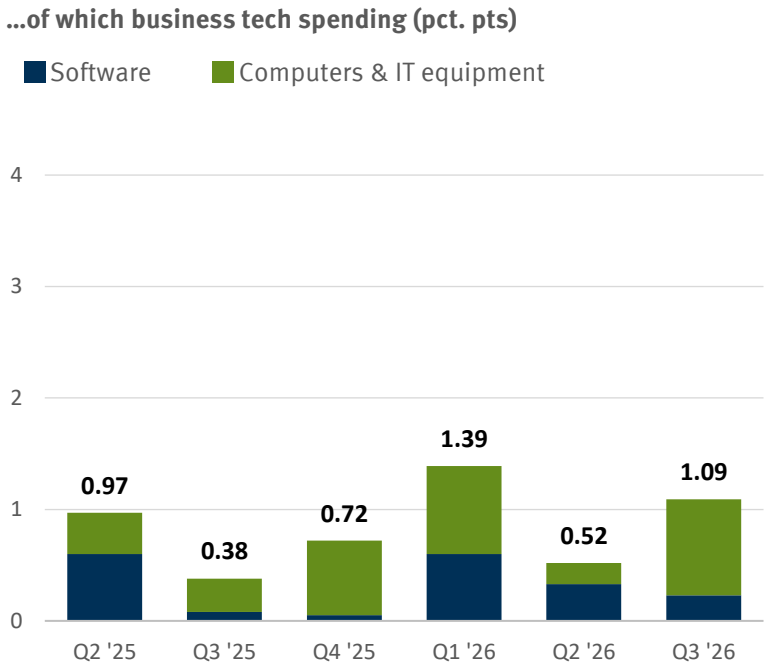
Source: Stifel CIO Office via Bloomberg, as of November 20, 2026.

AI IS SHOWING UP IN GDP

AI spending is now big enough to move the U.S. economy.



Q3 '26 = BEA advance estimate (October 29, 2026).



Q3 '26: computers & IT equipment 0.86 pts, software 0.23 pts.

Quarter	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26
GDP growth	2.2%	4.5%	3.6%	1.4%	3.6%	3.2%	2.4%	0.1%	4.0%	3.9%	0.2%	2.5%	2.2%	3.4%
From Tech	0.0%	0.1%	0.4%	0.1%	0.2%	0.4%	0.1%	1.3%	1.0%	0.4%	0.7%	1.4%	0.5%	1.1%

Source: U.S. Bureau of Economic Analysis via FRED (Table 1.5.2), reflecting the September 30, 2026 annual revision and October 29, 2026 advance 3Q26 estimate. Real GDP growth and contributions at annualized rates. Tech spending = business investment in software plus computers & IT (information processing) equipment; includes all IT, not only AI, and is before subtracting imported equipment. "~45%" = 4Q25–3Q26 tech (3.7 pts) vs. GDP growth (8.3 pts).

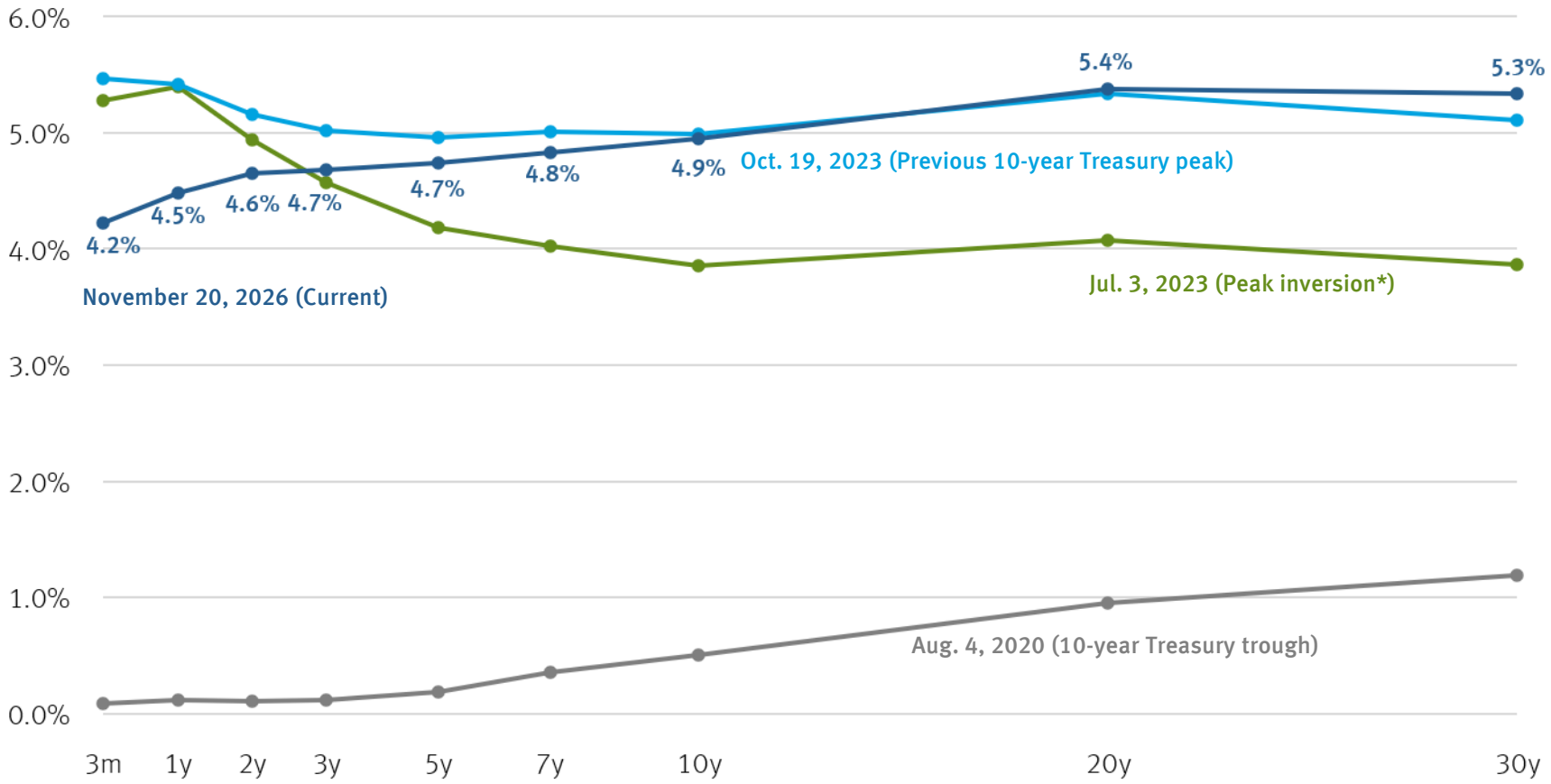
ECONOMIC FORECASTS

	Date of Estimate	2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026	Q4 2026	Q1 2027	Q2 2027	Q3 2027	Q4 2027	2026	2027
Actual		2.3	4.0	3.9	0.2	2.5	2.2	3.4							
January Consensus		*2.0*	*2.0*	*2.0*	*1.0*	*2.1*	*2.0*	*2.0*	*2.0*	*2.0*	*2.0*			*2.0*	*2.0*
Consensus	11/20/2026								2.1	2.1	2.2	2.2	2.2	2.3	2.3
Stifel	9/30/2026	2.3	0.6	3.2	4.1	2.2	1.8	3.8	2.5	3.2	2.8	2.5	2.2	2.4	2.8
Goldman Sachs	11/20/2026	2.2	2.7	3.5	1.6	3.5	2.6	3.4	2.4	2.4	2.4	2.5	2.4	2.4	2.5
Capital Economics	11/13/2026	2.3	2.5	4.3	3.4	2.5	1.8	3.2	2.5	2.6	2.7	2.2	2.0	2.4	2.6
Strategas	11/9/2026	2.2	2.5	2.5	2.5	1.5	1.8	3.5	2.3	1.0	1.8	2.0	1.7	2.4	1.9
UBS	11/13/2026	2.2	2.5	2.7	2.4	2.2	1.7	3.6	2.0	1.9	2.3	2.4	2.3	2.4	2.3
Wells Fargo	11/13/2026	2.2	1.8	3.7	2.1	2.9	1.8	3.2	2.4	2.1	2.3	2.6	2.4	2.4	2.5
Bloomberg Economics	10/23/2026	2.3	2.6	3.2	2.5	1.9	2.0	3.0	2.0	1.9	2.3	2.0	1.7	2.3	2.1
Barclays	11/13/2026	2.2	1.5	2.5	2.0	2.5	2.5	2.5	2.0	2.0	2.0	2.0	2.0	2.4	2.2
JPMorgan Chase	11/13/2026	2.3	2.5	3.0	3.0	2.5	2.0	3.5	1.8	2.3	2.3	n/a	n/a	2.3	2.2
Morgan Stanley	10/30/2026	2.2	2.1	2.0	2.0	1.9	2.3	2.5	2.2	2.2	2.4	2.5	2.5	2.4	2.4
Federal Reserve**	9/16/2026	1.7												2.3	2.4

Annualized percent change from prior quarter and year-over-year change are shown for quarterly and yearly periods, respectively. Stifel estimates based on Stifel sell-side Economics department estimates. **Percent change from fourth quarter to fourth quarter one year ago. "Consensus Estimates" for time periods that have passed represent actual results and consensus estimates in grey shaded boxes represent first estimate of year.
Source: Stifel CIO Office via Bloomberg, as of November 20, 2026. Federal Reserve estimates are as of September 16, 2026.

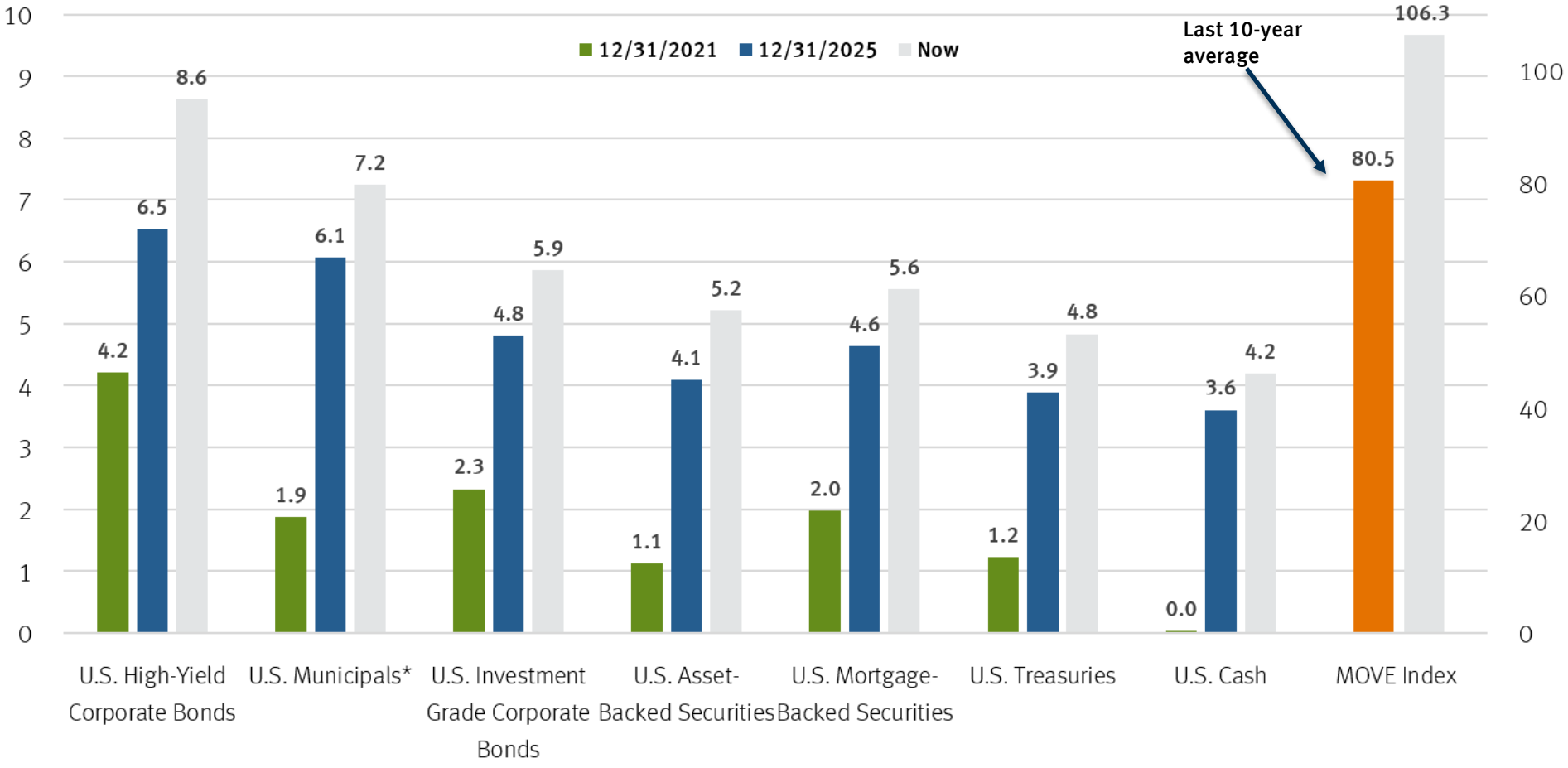
Fixed Income & Rates:
Higher for Longer, Watching the Edges

U.S. Treasury Yield Curve



*Peak inversion is measured by the spread between the yield on a 10-year Treasury and 2-year Treasury.
Source: Stifel CIO Office via Bloomberg, as of November 20, 2026.

Fixed Income Yield (Percentage)

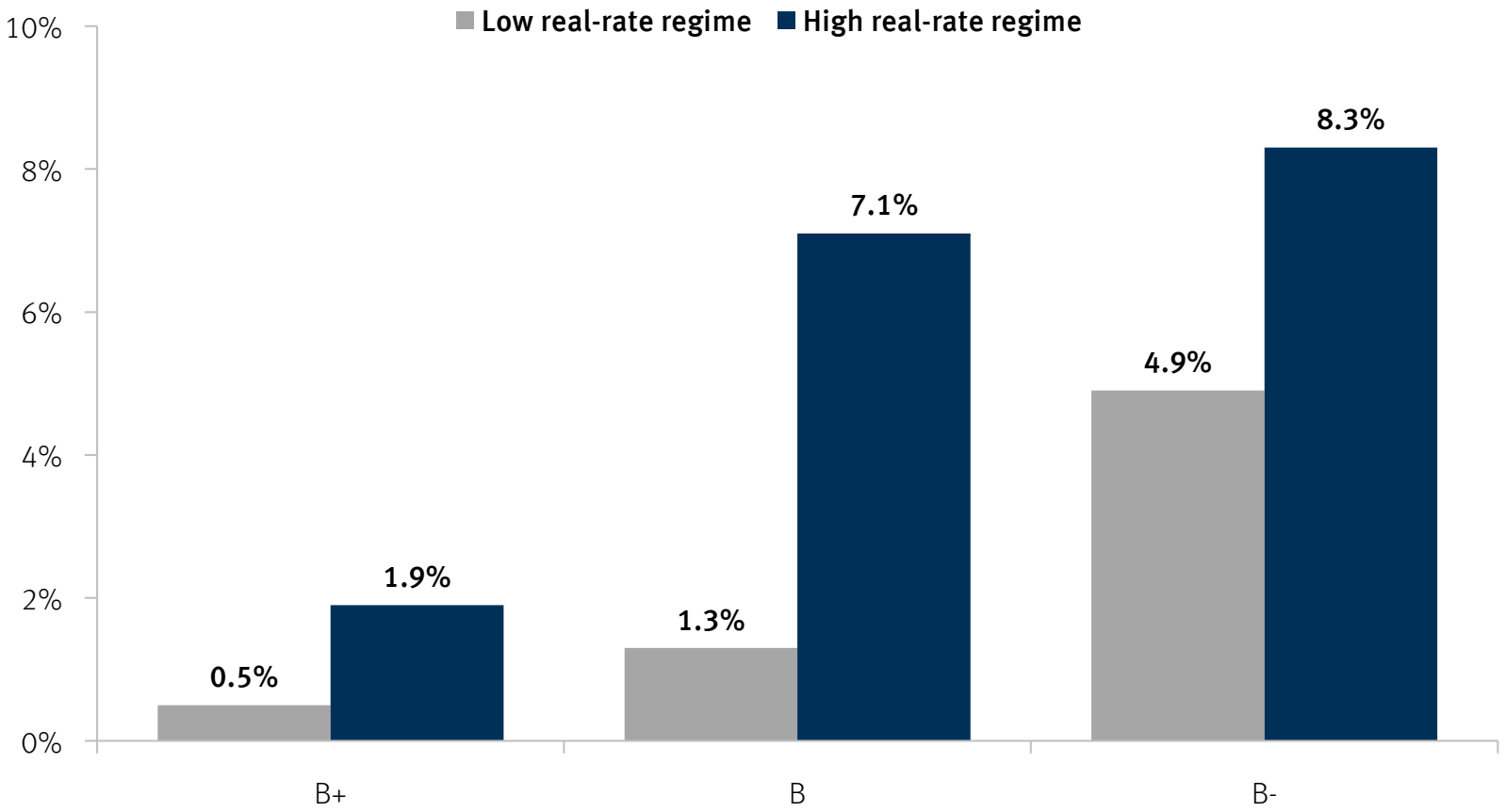


**Based on taxable equivalent yield. Taxable equivalent yield assumes a 37% federal tax and 3.8% net investment income tax. Move Index is shown on right-hand scale.*

Source: Stifel CIO Office via Bloomberg, as of November 20, 2026.

Higher real rates punish weak credits: B- defaults ran 8.3% a year in high real-rate regimes vs. 4.9% in low ones.

Annual default rates



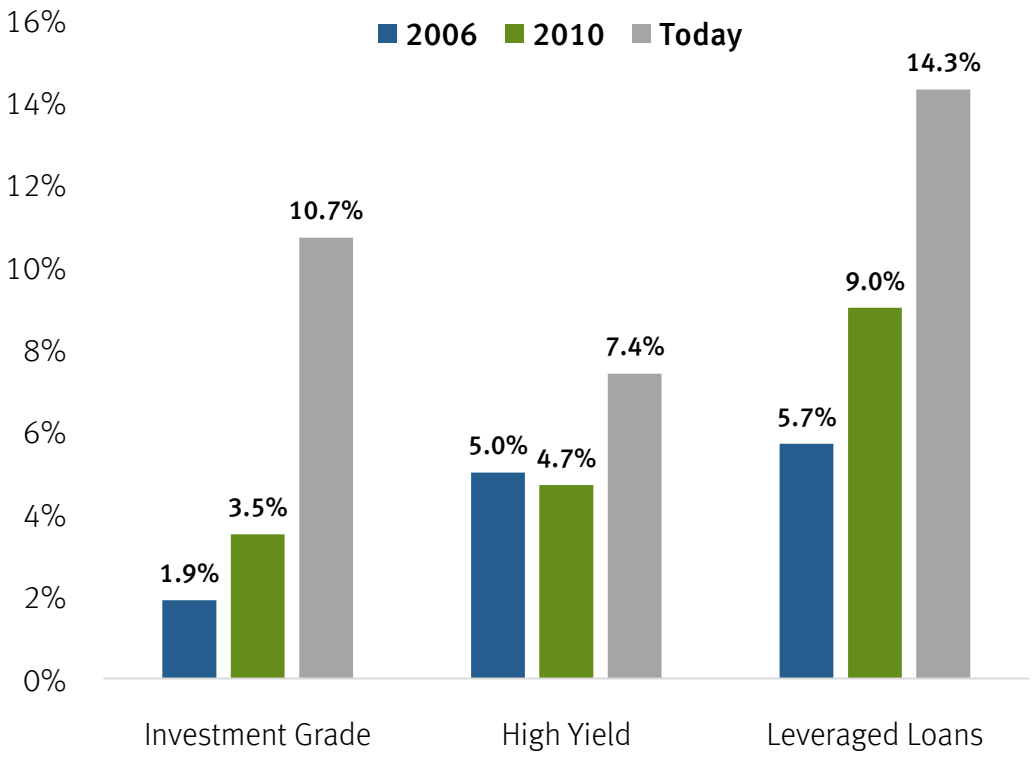
Source: Stifel CIO Office via Deutsche Bank, and BlackRock, as of September 30, 2026. Chart shows that since 1980, companies with lower credit ratings have been more likely to default on their debt, particularly when inflation-adjusted interest rates are high.

HOW IS AI BUILDOUT BEING FUNDED?

The AI buildout is becoming more credit-funded, competing with the Treasury for long-term capital.

Technology Sector Size

% of index market value



Borrowing to build

Record issuance: U.S. investment-grade issuance has passed $2 trillion this year for the first time (through November 17), topping the 2020 record; tech issuers are nearly a fifth (18%).

Crowding the long end: Hyperscaler bonds maturing in 10+ years equal about 13% of long-dated Treasury issuance this year – up from 1.5% in 2024 – and about a quarter of long-dated corporate issuance.

The price of capital: Meta sold 30-year debt in November at a 7.5% coupon, up from about 6.4% for Alphabet in August.

Balance sheets still strong: Hyperscaler net debt, including leases, is about 1.5x EBITDA, versus 2.7x for the median investment-grade issuer.

Our view: Not a broken bond market, but the cost of capital is now an active variable – we favor businesses that fund growth from cash flow and high-quality income over reaching for duration.

Source: Stifel CIO Office via Apollo (chart, as of May 21, 2026); MUFG via CFR (issuance, as of November 17, 2026); BIS Bulletin No. 140 (October 27, 2026; issuance through September 2026); Alphabet Form 8-K (August 10, 2026); Meta prospectus supplement (November 3, 2026); J.P. Morgan Asset Management (Guide to the Markets 4Q26, p. 37, as of November 13, 2026). EBITDA (Earnings before interest, taxes, depreciation, and amortization).

FISCAL TRAJECTORY

Federal debt has now passed $40 trillion.
The retirement and health promises already made add another $97 trillion.

Debt and Deficit

Debt: $41 trillion, 126% GDP

Deficit: $2.0 trillion, 6.2% GDP

Net Interest: Over $1.1 trillion

21% of Revenue

Promises Not Yet Funded

Next 75 Years, Present Value

Medicare: $65.3 trillion

Social Security: $31.9 trillion

Total: $97.2 trillion

Trust Funds Deplete: 2032, 2033

Stabilizing the debt takes 4.7% of GDP a year, and waiting raises the price.
The path is unsustainable; we see four possible paths forward.

Source: Stifel CIO Office, as of November 20, 2026. Debt: U.S. Treasury, Debt to the Penny, October 2026 month-end; all % of GDP use FY2026 nominal GDP (BEA). Deficit and net interest: CBO, Monthly Budget Review (October 8, 2026), FY2026 actual. Promises not yet funded (75-year present value) and trust fund depletion: 2026 Medicare and Social Security Trustees Reports (June 9, 2026). The 4.7% fiscal gap: Financial Report of the U.S. Government, FY2025 (U.S. Treasury, audited by GAO).

MARKET PERFORMANCE

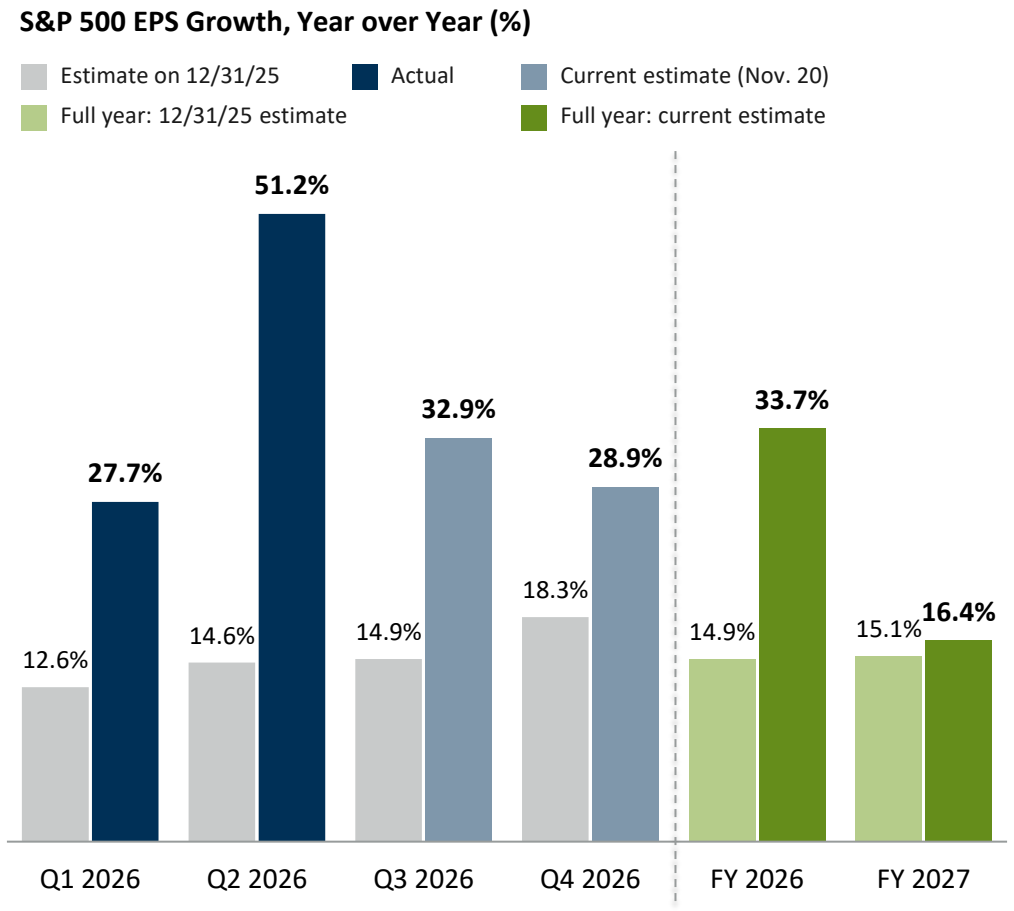
Index	2023	2024	2025	Since 2/28/26	Since 6/12/26	Year to Date
Bloomberg U.S. Agg	5.5%	1.3%	7.3%	-2.2%	-0.8%	-0.5%
Bloomberg U.S. HY Corp	13.4%	8.2%	8.6%	-1.0%	-2.0%	-0.3%
Bloomberg U.S. IG Corp	8.5%	2.1%	7.8%	-2.6%	-1.8%	-1.1%
Bloomberg U.S. Securitized	5.1%	1.5%	8.5%	-2.1%	-0.9%	-0.1%
Bloomberg U.S. Treasury	4.1%	0.6%	6.3%	-2.0%	-0.3%	-0.3%
Bloomberg U.S. Lev. Loan	12.8%	8.8%	5.5%	4.8%	2.6%	3.7%
Morningstar LSTA U.S. Lev. Loan	13.3%	9.0%	5.9%	4.8%	2.5%	3.7%

Source: Stifel CIO Office via Bloomberg, as of November 23, 2026 (Intra-Day).
Index performance is not indicative of any investment strategy; indexes are unmanaged. Figures are total index returns, shown for informational purposes. Some indexes are as of November 20, 2026.

Equities:
Earnings Holding, Valuation Reset

EARNINGS AND ESTIMATES KEEP RISING

Earnings, Not Multiples, Are Doing the Work — and Estimates Keep Rising



Q2 2026 headline lifted by one-time investment gains at several large technology companies. December 31 estimates shown are FactSet's January 9 figures, the closest published to year-end (Q1 on December 31: 12.7%).

Source: FactSet Earnings Insight (November 20, 2026: Q3/Q4 2026, CY 2026 and CY 2027 estimates, forward P/E, Q3 scorecard; January 9, 2026: earliest available 2026 quarterly and CY 2026 estimates, ~December 31, 2025). Q1–Q2 2026 actuals and CY 2027 start-of-year estimate: Stifel CIO Office via FactSet (September 2026). Returns: Bloomberg, Q3 2026.

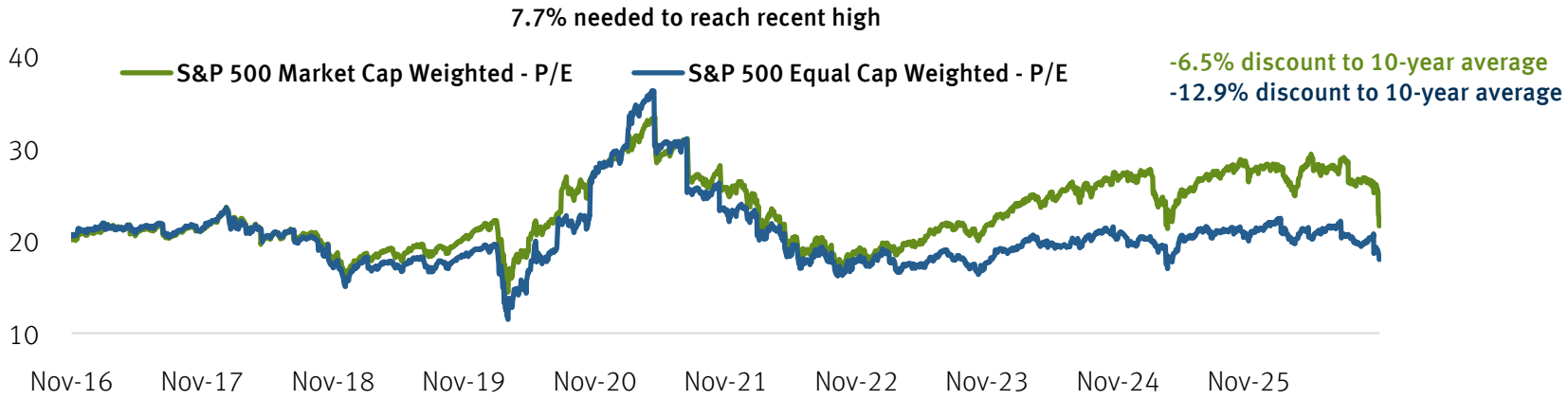
NEAR-TERM RISKS AND OPPORTUNITIES

EPS	S&P 500 P/E							
	15x	16x	17x	18x	19x	20x	21x	22x
$424	6,354	6,777	7,259	7,624	8,048	8,450	8,895	9,319
$415	6,225	6,640	7,112	7,470	7,885	8,280	8,715	9,130
$405	6,075	6,480	6,941	7,290	7,695	8,080	8,505	8,910
$395	5,925	6,320	6,770	7,110	7,505	7,881	8,295	8,690
$385	5,775	6,160	6,598	6,930	7,315	7,681	8,085	8,470
$375	5,625	6,000	6,427	6,750	7,125	7,481	7,875	8,250
$364	5,458	5,822	6,236	6,549	6,913	7,259	7,641	8,005

Consensus 2027 EPS

Consensus 2026 EPS

Current S&P 500 Index Level



Earnings

- For 2026, the forecast has been revised upward to 34.8%, compared to 15.3% at the beginning of the year.
- For 2027, the forecast has been revised upward to 16.4%, compared to 15.1% at the beginning of the year.

EPS = Earnings Per Share

*Source: Stifel CIO Office, FactSet, and Bloomberg, as of November 23, 2026 (Intra-Day). Some data is as of November 20, 2026

MARKET PERFORMANCE

Index	2023	2024	2025	Since 10/06/2026	Year to Date
S&P 500 Index	26.3%	25.0%	17.9%	-7.1%	7.1%
S&P 500 Eq. Weight.	13.8%	13.0%	11.4%	-2.3%	9.8%
S&P Quality High Dividend	5.5%	11.1%	3.3%	7.1%	21.7%
S&P 500 Low Vol. High Div.	1.7%	18.3%	3.7%	6.6%	12.0%
MSCI U.S. High Dividend	6.8%	11.7%	12.0%	2.1%	15.4%
NASDAQ Composite Index	44.7%	29.6%	21.2%	-12.6%	4.3%
S&P 500 Financials	12.1%	30.5%	15.0%	3.3%	3.0%
KBW Reg. Banking	-0.4%	13.2%	6.5%	-0.7%	10.5%
Bloomberg U.S. 1000	26.7%	24.2%	17.5%	-7.1%	7.0%
Bloomberg U.S. 1000 Eq. Wt.	19.9%	13.1%	10.9%	-2.6%	7.6%
Bloomberg U.S. 1000 Value	9.4%	13.6%	16.5%	0.6%	16.4%
Bloomberg U.S. 1000 Growth	36.1%	28.9%	17.9%	-9.5%	3.8%
Bloomberg Magnificent 7	107.0%	67.3%	24.9%	-10.1%	1.0%
NYSE FANG+ Index	96.4%	51.0%	20.8%	-15.5%	4.5%
S&P 600 Index	15.9%	8.6%	6.0%	-5.5%	10.2%
S&P 600 Quality Index	24.3%	7.8%	1.4%	-6.0%	3.9%
Bloomberg U.S. 2000	17.1%	12.0%	11.1%	-6.9%	6.9%
MSCI EAFE Index	18.2%	3.8%	31.2%	-6.8%	2.9%
MSCI EM Index	9.8%	7.5%	33.6%	-18.4%	2.9%

Source: Stifel CIO Office via Bloomberg, as of November 23, 2026 (Intra-Day). Index performance is not indicative of any investment strategy; indexes are unmanaged. Figures are total index returns, shown for informational purposes. Some indexes are as of November 20, 2026.

Long-Term Themes: Defining the Future

LONG-TERM INVESTMENT THEMES

THE FIVE THEMES



FOURTH INDUSTRIAL REVOLUTION

Technological innovation has broken down the boundaries between the physical, digital, and biological worlds.

Data as an Asset
Enhanced Computing
Smart World
Workforce Optimization



SECURING STRATEGIC RESOURCES

Companies and governments are prioritizing the development and protection of critical industries, resources, and services.

Food and Water Security
Modern Energy Systems
New Materials
Continental Shift



SHIFTING DEMOGRAPHICS

Changes in global population dynamics will bring about challenges and opportunities.

Millennials
Global Middle Class
Longevity Leap
Future of Health



THE NEW CONSUMER

Consumer preferences, expectations, and behavior are altering business models and corporate strategies.

Reimagined Convenience
Digitalization of Human Connectivity
Future of Finance
Future of Leisure



PRODUCTIVE COMPETITION

Rivalry ultimately drives innovation, improves quality of life, and creates value for consumers and the economy.

Geopolitical Tensions
Defense Modernization
Space Race
Transforming Business Models

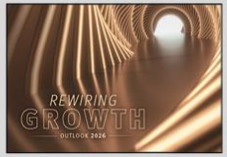
WHERE TO FIND STIFEL GUIDANCE

The Stifel CIO Office develops economic and market analysis, and corresponding investment guidance, for the benefit of Stifel clients. You can find all of our Stifel Guidance at:

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VIDEO | PODCAST | NEWSLETTER





VIDEO | PODCAST | NEWSLETTER





INVESTMENT STRATEGY BRIEF

DYNAMIC ASSET ALLOCATION

The following table summarizes our thinking across various asset classes and regions.

VIEW LEGEND

U Underweight | N Neutral | O Overweight

	ASSET CLASS	CHANGE	VIEW			COMMENTS
U.S. Equity	U.S. Large Cap Equity	=		N		While easing policy supports small caps, higher absolute rates and weaker earnings visibility offset the case; large caps offer greater earnings durability, supporting a neutral stance.
	U.S. Small Cap Equity	=		N		
	U.S. Large Cap Growth Equity	=		N		We believe investors should remain diversified across both growth and value styles. Recent rotation has been swift, but we believe it supports broader leadership rather than a wholesale move away from growth.
	U.S. Large Cap Value Equity	=		N		
Regional Equity Views	U.S. Equity	=		N		While recent volatility has eased valuation pressure, market concentration and high earnings expectations still leave returns sensitive to earnings execution.
	Non-U.S. Equity	=		N		Attractive valuations outside the U.S. are tempered by slower growth, policy divergence, and elevated geopolitical risk.
	Europe	=	U			Fiscal support and an easier policy backdrop are helping, but growth remains modest and uneven, with continued sensitivity to energy and external shocks. We remain selective rather than broadly constructive.
	Japan	=			O	Japan remains supported by reflation, improving domestic growth, and ongoing corporate reform. Better capital spending, rising shareholder returns, and a constructive earnings outlook support our overweight stance.
	Emerging Markets	=			O	Strong earnings growth and attractive valuations make emerging markets compelling. A weaker U.S. dollar and exposure to AI supply chains, global capex, and reshoring trends further support the case versus developed markets.
	China	=		N		Early signs of consumer improvement are emerging, but weak confidence, property softness, and uneven earnings visibility keep us selective. Risk/reward is becoming more balanced.

DYNAMIC ASSET ALLOCATION

The following table summarizes our thinking across various asset classes and regions.

	ASSET CLASS	CHANGE	VIEW			COMMENTS
Fixed Income	Treasuries	=	U			While Treasuries remain an important source of liquidity and portfolio ballast, heavy issuance, persistent fiscal deficits, and a higher-for-longer or volatile rate environment limit their return potential.
	Investment-Grade Credit	=			O	A resilient economy and strong corporate fundamentals support investment-grade corporates as a high-quality income source.
	Mortgage-Backed Securities	=			O	Agency MBS provide higher income and wider spreads than Treasuries, while offering comparable risk and stronger yields than most credit sectors.
	High Yield	=		N		Credit fundamentals remain solid, but spreads are tight. High yield offers income but less margin for error if growth slows. Neutral positioning reflects a preference for selectivity over beta exposure.
Alternatives	Private Assets	=		N		For investors interested in alternative investments and able to handle illiquidity, exposure to some combination of alternatives can be considered as part of a diversified portfolio.
	Hedge Funds	=		N		

VIEW LEGEND

U Underweight N Neutral O Overweight



APPENDIX: **DISCLOSURES**

The information contained herein has been prepared from sources believed to be reliable but is not guaranteed by us and is not a complete summary or statement of all available data, nor is it considered an offer to buy or sell any securities referred to herein. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situation, or needs of individual investors. There is no guarantee that the figures or opinions forecasted in this report will be realized or achieved. Employees of Stifel, Nicolaus & Company, Incorporated or its affiliates may, at times, release written or oral commentary, technical analysis, or trading strategies that differ from the opinions expressed within. Past performance is no guarantee of future results.

Index returns include the reinvestment of dividends but do not include adjustments for brokerage, custodian, and advisory fees.

Indices are unmanaged, do not reflect fees and expenses, and are not available for direct investment.

Investing involves risk, including the possible loss of principal. Asset allocation and diversification do not ensure a profit or protection against loss.

Neither Stifel nor its associates render legal or tax advice. Please consult with your legal and tax advisors regarding your particular circumstances.

Dollar-cost averaging does not assure a profit or protect against a loss. Investors should consider their ability to continue investing during periods of falling prices.

Rebalancing may have tax consequences, which you should discuss with your tax advisor.

Volatility is measured by calculating the standard deviation of the annualized returns over a given period of time.

Alternative Investments or Non-Traditional Assets – Alternative investments may include, but are not limited to: Real Estate Investment Trusts (REITs), Commodities, Futures, Hedge Funds, Venture Capital, Limited Partnerships, etc.

Real Estate – When investing in real estate companies, property values can fall due to environmental, economic, or other reasons, and changes in interest rates can negatively impact the performance.

Commodities and Futures – 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 that is often obtainable in commodity trading can work against you as well as for you. The use of leverage can lead to large losses as well as gains.

Hedge Funds – *Investors should be aware that hedge funds often engage in leverage, short-selling, arbitrage, hedging, derivatives, and other speculative investment practices that may increase investment loss. Hedge funds can be highly illiquid, are not required to provide periodic pricing or valuation information to investors and often charge high fees that can erode performance. Additionally, they may involve complex tax structures and delays in distributing tax information. While hedge funds may appear similar to mutual funds, they are not necessarily subject to the same regulatory requirements as mutual funds.*

Venture Capital – Venture capital investments involve substantial risks. The risks associated with investing in companies in the start-up or expansion stages of development are greater than those of companies in later stages, because the companies' business concepts generally are unproven and the companies have little or no track record.

Limited Partnerships – Generally, limited partnership investments are suitable only for a narrow class of relatively sophisticated investors. Limited partnership investments may be speculative in nature and be subject to resale restrictions or illiquidity. An investment is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

Bonds – When investing in bonds, it is important to note that as interest rates rise, bond prices will fall. High-yield bonds have greater credit risk than higher quality bonds.

Duration – Duration is a measure of the sensitivity of the price -- the value of principal -- of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years.

Standard Deviation – Standard deviation is a measure of the dispersion of a set of data from its mean. It is calculated as the square root of variance by determining the variation between each data point relative to the mean. If the data points are further from the mean, there is higher deviation within the data set.

International and Emerging Markets – There are special considerations associated with international investing, including the risk of currency fluctuations and political and economic events. Investing in emerging markets may involve greater risk and volatility than investing in more developed countries.

Private Equity – *Private equity funds are not appropriate for all investors. Investors should be aware that private equity funds may contain speculative investment practices that can lead to a loss of the entire investment. Private equity funds may invest in entities in which no secondary market exists and, as such, may be highly illiquid. The funds are not required to provide periodic pricing or valuation information to investors and often charge high fees that can erode performance. Additionally, they may involve complex tax structures and delays in distributing tax information.*

APPENDIX: INDEX DESCRIPTIONS

Short Positions – The investor should note that when a short position moves in an unfavorable way, the losses are theoretically unlimited. The broker will demand more collateral, and the manager might have to close out that short position at an inopportune time to limit any further losses.

Small Company Securities – Small company securities are typically more volatile and carry additional risks, since smaller companies generally are not as well established as larger companies.

Structured Investments – Structured investments can be an integral part of a well-diversified portfolio and an important complement to traditional investments. Recommendations of structured investments are subject to alignment of the client's investing needs with the specific features offered and the client's ability and willingness to bear the liquidity and issuer-default risks that may be associated with a particular investment.

Bloomberg U.S. Treasury Bills 1-3 Months Index includes all publicly issued zero-coupon U.S. Treasury Bills that have a remaining maturity of less than three months and more than one month, are rated investment grade, and have $250 million or more of outstanding face value.

Bloomberg U.S. Corporate IG Index is an unmanaged index considered representative of fixed-rate investment-grade taxable bond debt.

Bloomberg U.S. Aggregate Corporate Index is an unmanaged index considered representative of fixed-rate investment-grade taxable bond debt.

Bloomberg U.S. Corporate High Yield is an unmanaged index considered representative of fixed-rate, noninvestment-grade debt.

Bloomberg U.S. Government Bond Index is an unmanaged index considered representative of fixed-rate, investment-grade U.S. Government debt.

Bloomberg Global Aggregate This index provides a broad-based measure of the global investment-grade, fixed-rate debt market.

DXY Index is a measure of the value of the U.S. dollar relative to the value of a basket of currencies of the majority of the U.S.'s most significant trading partners.

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

The S&P 493 Index refers to the S&P 500 index excluding the seven dominant tech giants (Apple, Microsoft, Amazon, Alphabet, Meta, Tesla, and Nvidia), often called the "Magnificent 7."

S&P 500 Equal Weight Index is the equal-weight version of the widely regarded Standard & Poor's 500 Index, which is generally considered representative of the U.S. large capitalization market. The index has the same constituents as the capitalization-weighted S&P 500, but each company in the index is allocated a fixed weight of 0.20% at each quarterly rebalancing.

S&P 500 Financials Index comprises those companies included in the S&P 500 that are classified as members of the GICS® financials sector.

The S&P 600 Index is a capitalization-weighted index that represents the U.S. small capitalization market, including 600 domestic stocks chosen for market size, liquidity, and industry representation.

The S&P SmallCap 600 Quality Index is designed to measure the 120 highest-quality stocks in the S&P SmallCap 600 on the basis of their quality score, which is calculated using three fundamental measures: return on equity, accruals ratio, and financial leverage ratio.

Bloomberg U.S. 1000 Value Index provides exposure to companies with superior value factor scores based on their earnings yield, valuation, dividend yield, and growth.

Bloomberg U.S. 1000 Growth Index provides exposure to companies with superior growth factor scores based on their earnings yield, valuation, dividend yield, and growth.

Bloomberg U.S. 1000 Index is a float market-cap-weighted benchmark of the 1000 most highly capitalized U.S. companies.

Bloomberg U.S. 2000 Index is a float market-cap-weighted benchmark of the lower 2000 in capitalization of the Bloomberg U.S. 3000 Index.

The MSCI ACWI ex USA High Dividend Yield Index is based on MSCI ACWI ex USA, its parent index, and includes large and mid cap stocks across 22 Developed Markets (DM) and 25 Emerging Markets (EM) countries.

APPENDIX: **INDEX DESCRIPTIONS**

MSCI EAFE Index captures large and mid cap representation across Developed Markets countries around the world, excluding the U.S. and Canada. With 914 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

MSCI Emerging Markets (EM) Index captures large and mid cap representation across 23 Emerging Markets (EM) countries. With 837 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The MSCI Japan Index is designed to measure the performance of the large and mid cap segments of the Japanese market.

Morgan Stanley Market implied pace of hikes index (MSPOKE) is the number of Fed rate hikes in the 12 months following the first rate hike implied by the Eurodollar interest rate futures market.

The MSCI World Index is a free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of developed markets.

The NASDAQ Composite Index is a capitalization-weighted index that is comprised of all stocks listed on the National Association of Securities Dealers Automated Quotation System stock market, which includes both domestic and foreign companies.

The Bloomberg Magnificent 7 Total Return Index is an equal-dollar weighted equity benchmark consisting of a fixed basket of 7 widely-traded companies classified in the United States and representing the Communications, Consumer Discretionary and Technology sectors as defined by Bloomberg Industry Classification System (BICS).

The Economic Policy Uncertainty Index quantifies the level of uncertainty surrounding economic policy decisions. It combines data from newspaper articles, federal tax code expirations, and forecasts from economic forecasters. A higher index value suggests greater economic risks due to policy ambiguity, potentially leading businesses and consumers to delay decisions.

Wilshire 5000 Index is a market-capitalization-weighted index of the market value of all stocks actively traded in the United States.

VIX Index shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options.

EURO STOXX 50 is a stock index of Eurozone stocks designed by STOXX, an index provider owned by Deutsche Börse Group. According to STOXX, its goal is "to provide a blue-chip representation of Supersector leaders in the Eurozone.

Cash & Cash Equivalent is represented by the Bloomberg U.S. Treasury 3-6 months Bill Index, comprised of treasury bills issued by the U.S. government with less than one year to maturity.

U.S. Government Bonds is represented by the Bloomberg U.S. Government Bond Index, comprised of the U.S. Treasury and U.S. Agency indexes.

U.S. Corp IG Bonds is represented by the Bloomberg U.S. Corporate Bond Index, comprised of the investment grade, fixed-rate, taxable corporate bond market.

High-Yield Bonds is represented by the Bloomberg U.S. Corporate High Yield Bond Index, comprised of U.S. Dollar denominated, high-yield, fixed-rate corporate bond market securities.

U.S. LC (Large Cap) equities is represented by the Bloomberg U.S. 1000 Index, comprised of a float market-cap-weighted benchmark of the 1000 most highly capitalized U.S. companies.

U.S. SC (Small Cap) equities is represented by the Bloomberg U.S. 2000 Index, comprised of a float market-cap-weighted benchmark of the lower 2000 in capitalization of the Bloomberg U.S. 3000 Index.

S&P 500 Quality High Dividend Index is designed to measure the performance of S&P 500 members that exhibit both high quality and high dividend yield characteristics.

Moderate Bench stands for moderate benchmark portfolio return which is a blended portfolio of stocks (60% weight, represented by MSCI AC World Index) and bonds (40% weight, represented by Bloomberg U.S. Agg Gov/Credit).

APPENDIX: **INDEX DESCRIPTIONS**

MSCI AC World Index is comprised of equity securities belonging to 23 developed markets and 24 emerging markets countries.

Bloomberg U.S. Government/Credit Bond Index is comprised investment grade, dollar-denominated, fixed-rate Treasuries, government-related and corporate securities.

KBW Nasdaq Regional Banking Index seeks to reflect the performance of U.S. companies that do business as regional banks of thrifts.

NYSE FANG+ Index is an equal-dollar weighted index designed to track the performance of highly-traded growth stocks of technology and tech-enabled companies in the technology, media & communications and consumer discretionary sectors such as Facebook, Apple, Amazon, Netflix, and Alphabet's Google.

NCREIF Property Index is a quarterly, unleveraged composite total return for private commercial real estate properties held for investment purposes only.

MOVE Index measures U.S. bond market volatility by tracking a basket of OTC options on U.S. interest rate swaps. The Index tracks implied normal yield volatility of a yield curve weighted basket of at-the-money one-month options on the 2-year, 5-year, 10-year, and 30-year constant maturity interest rate swaps.

National Federation of Independent Business Small Business Optimism Index measures the overall optimism and outlook of small business owners regarding the economic conditions, sales expectations, hiring plans, and capital expenditures. It provides valuable insights into the sentiment of small businesses, which are a vital component of the U.S. economy.

The Michigan Consumer Sentiment Index (MCSI) is a survey of consumer confidence conducted by the University of Michigan. The index is published monthly following a survey of fifty core questions conducted by phone interviews with at least 500 continental U.S. households.

Bloomberg HHI (Herfindahl-Hirschman Index) measures concentration and is calculated by summing the squared weights of each S&P 500 constituent.