

Hawks and doves deliberate over turkey.

Economic Highlights

- Policymakers at the Federal Reserve (Fed) remain divided ahead of the Fed's meeting on December 10. While the government has started releasing data delayed by the government shutdown, the October and November inflation data and jobs reports will not be available before the meeting. Given this lack of data, the Fed will continue to rely on survey-based anecdotal evidence and information from private data providers. Both indicate economic momentum slowing.
- Expectations for rate cuts shifted significantly in November. By mid-month, futures markets priced in a 30% probability of a cut of 25-basis points (bps) in December. However, dovish comments from New York Fed President John Williams describing Fed policy as "modestly restrictive" triggered a swift repricing, pushing the odds of a December rate cut above 85% by month end.
- Futures markets ended November with only one rate cut fully priced in before June when Jerome Powell's term as Fed Chair ends. The next Fed Chair is broadly expected to be more dovish and supportive of further Fed easing.
- The September jobs report showed subdued job creation. The unemployment rate rose to 4.4% in September, its highest level since 2021 but still below long-run averages. Initial jobless claims are still at historically low levels, suggesting the labor market remains in a "no hire, no fire" environment.
- The Congressional Budget Office (CBO) estimated the government shutdown will reduce fourth quarter gross domestic product (GDP) growth by 1.0% to 1.5%, with most of the decline expected to be recovered in subsequent quarters.

Bond Markets

- After remaining rangebound for the first half of November, U.S. Treasury yields moved lower on dovish Fed commentary and labor market information released by private data service providers. Yields on 3-month, 2-year, and 10-year U.S. Treasuries ended the month at 3.80%, 3.49%, and 4.01% representing decreases of -1 bps, -8 bps, and -6 bps, respectively. The yield on the 30-year Treasury inched higher over the month by +1 bp to 4.66%, resulting in the yield curve steepening.
- Lower yields in November led to strong absolute bond returns across the board. The ICE BofA 3-month, 2-year, and 10-year U.S. Treasury indices returned +0.28%, +0.45%, and +1.01%, respectively.

Equity Markets

- Equity market volatility as measured by the VIX Index jumped to a six-month high in mid-November, driven by investor concerns over stretched valuations and labor market uncertainty. The mid-month sell-off was partially offset by renewed optimism around a December rate cut. The Nasdaq ended

down -1.4%, the S&P 500 was up +0.3%, and the Dow Jones Industrial Average gained +0.5%. The S&P 500 has returned 17.8% year-to-date.

- International equities were broadly flat for the month as the MSCI ACWI ex U.S. Net Index ended the month unchanged.
- Gold prices rebounded in mid-November and finished the month near all-time highs.

PFMAM Strategy Recap

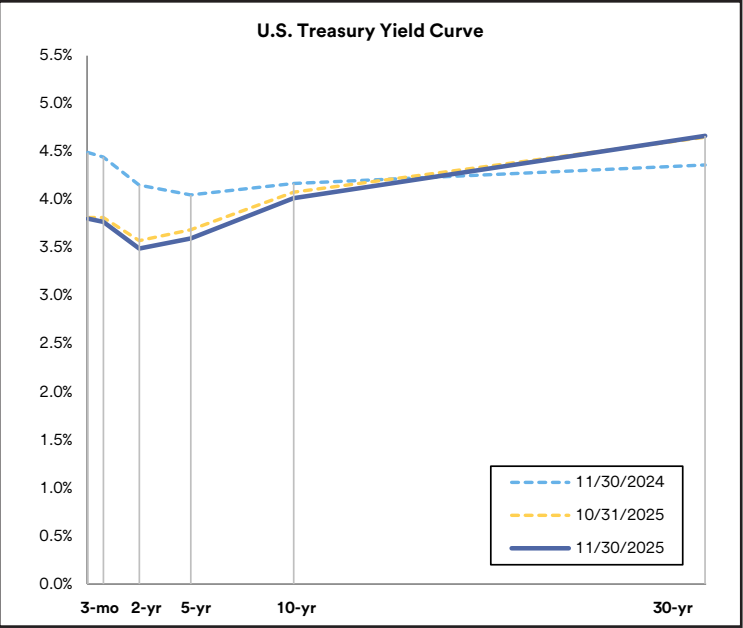
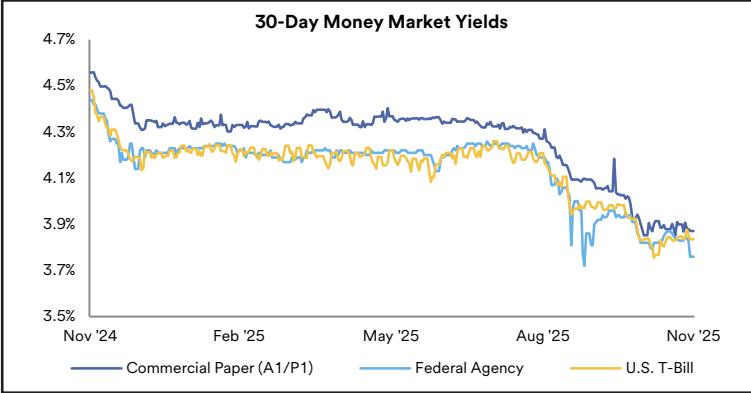
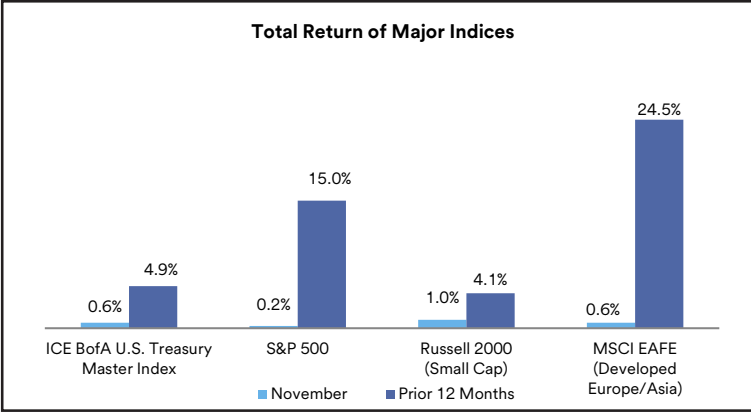
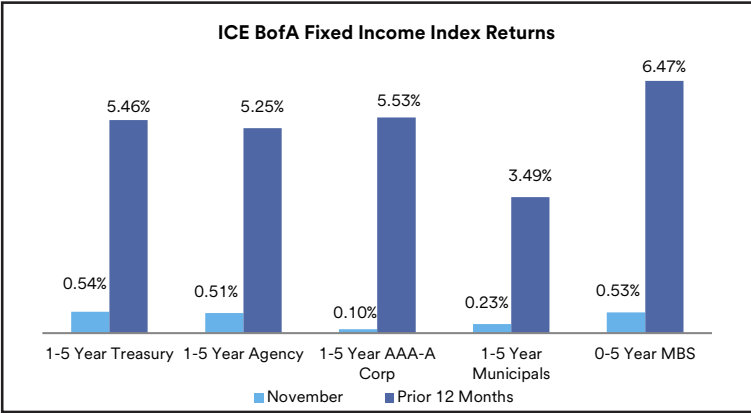
- We will continue to maintain portfolio durations near 100% of benchmarks. For shorter-duration strategies, we prefer a modestly longer duration stance relative to benchmarks as we expect Fed rate cuts to pressure shorter-term interest rates lower. For longer-duration strategies, we will maintain a curve steepening bias by modestly underweighting longer-duration securities relative to benchmarks.
- Spreads on federal agencies and supranationals remain narrow as issuance has been nearly non-existent. We do not anticipate any material changes or new issuance through the balance of the year and continue to favor other sectors.
- Investment-grade (IG) corporate bond spreads remained marginally wider relative to their October lows and excess returns were generally near zero for the month. Longer-maturity and lower-quality corporate bonds underperformed modestly as spreads on these securities widened slightly. We expect to remain selective in the sector through year-end and anticipate seasonal supply increases as the calendar turns.
- Spreads on asset-backed securities (ABS) stabilized and remained relatively unchanged, producing flat excess returns for the month. ABS continue to offer more spread than equivalent-duration corporates, presenting some opportunities. Credit metrics and the consumer remain strong, and credit enhancements are robust. We will also remain selective in the sector through the balance of the year.
- Excess returns on mortgage-backed securities (MBS) were also flat through November. The uptick in bond volatility weighed on the strong relative returns of the sector through the first half of the month. Shorter (15-year) collateral modestly bested their longer (30-year) counterparts by month-end. We are cautious on the sector moving forward as expectations for heightened fiscal policy uncertainty may continue to weigh on volatility and ultimately the sector over the near term.
- Credit spreads on the short end of the curve widened slightly across most tenors. U.S. Treasury gross issuance continued trending upward through November but is projected to turn negative in December. Volatility in the repo market has created idiosyncratic buying opportunities and has nudged the relative value of floating rate notes higher.

U.S. Treasury Yields				
Maturity	Nov 30, 2024	Oct 31, 2025	Nov 30, 2025	Monthly Change
3-Month	4.49%	3.82%	3.80%	-0.02%
6-Month	4.45%	3.82%	3.77%	-0.05%
2-Year	4.15%	3.58%	3.49%	-0.09%
5-Year	4.05%	3.69%	3.60%	-0.09%
10-Year	4.17%	4.08%	4.02%	-0.06%
30-Year	4.36%	4.65%	4.66%	0.01%

Spot Prices and Benchmark Rates				
Index	Nov 30, 2024	Oct 31, 2025	Nov 30, 2025	Monthly Change
1-Month SOFR	4.53%	4.00%	3.86%	-0.14%
3-Month SOFR	4.47%	3.89%	3.79%	-0.10%
Effective Fed Funds Rate	4.58%	3.86%	3.89%	0.03%
Fed Funds Target Rate	4.75%	4.00%	4.00%	0.00%
Gold (\$/oz)	\$2,657	\$3,997	\$4,218	\$222
Crude Oil (\$/Barrel)	\$68.00	\$60.98	\$58.55	-\$2.43
U.S. Dollars per Euro	\$1.06	\$1.15	\$1.16	\$0.01

Yields by Sector and Maturity				
Maturity	U.S. Treasury	Federal Agency	Corporates-AA-A Industrials	AAA Municipals
3-Month	3.80%	3.81%	4.03%	-
6-Month	3.77%	3.77%	4.02%	-
2-Year	3.49%	3.50%	3.86%	2.54%
5-Year	3.60%	3.61%	4.16%	2.52%
10-Year	4.02%	4.08%	4.68%	2.92%
30-Year	4.66%	-	5.47%	3.96%

Economic Indicators				
Indicator	Release Date	Period	Actual	Survey (Median)
Unemployment Rate	20-Nov	Sep	4.40%	4.30%
Change in Nonfarm Payrolls	20-Nov	Sep	119K	52K
Existing Home Sales MoM	20-Nov	Oct	1.20%	0.50%
U. of Mich. Consumer Sentiment	21-Nov	Nov F	51	50.6
Retail Sales Advance MoM	25-Nov	Sep	0.20%	0.40%
ISM Manufacturing	1-Dec	Nov	48.2	49
ADP Employment Change	3-Dec	Nov	-32K	10K



Source: Bloomberg. Data as of November 30, 2025, unless otherwise noted.

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