

Wednesday, December 3, 2025



# Webinar will begin shortly

*A smooth road to lifelong investing.*

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# Economic & Market Outlook

Using Scientifically Engineered Models

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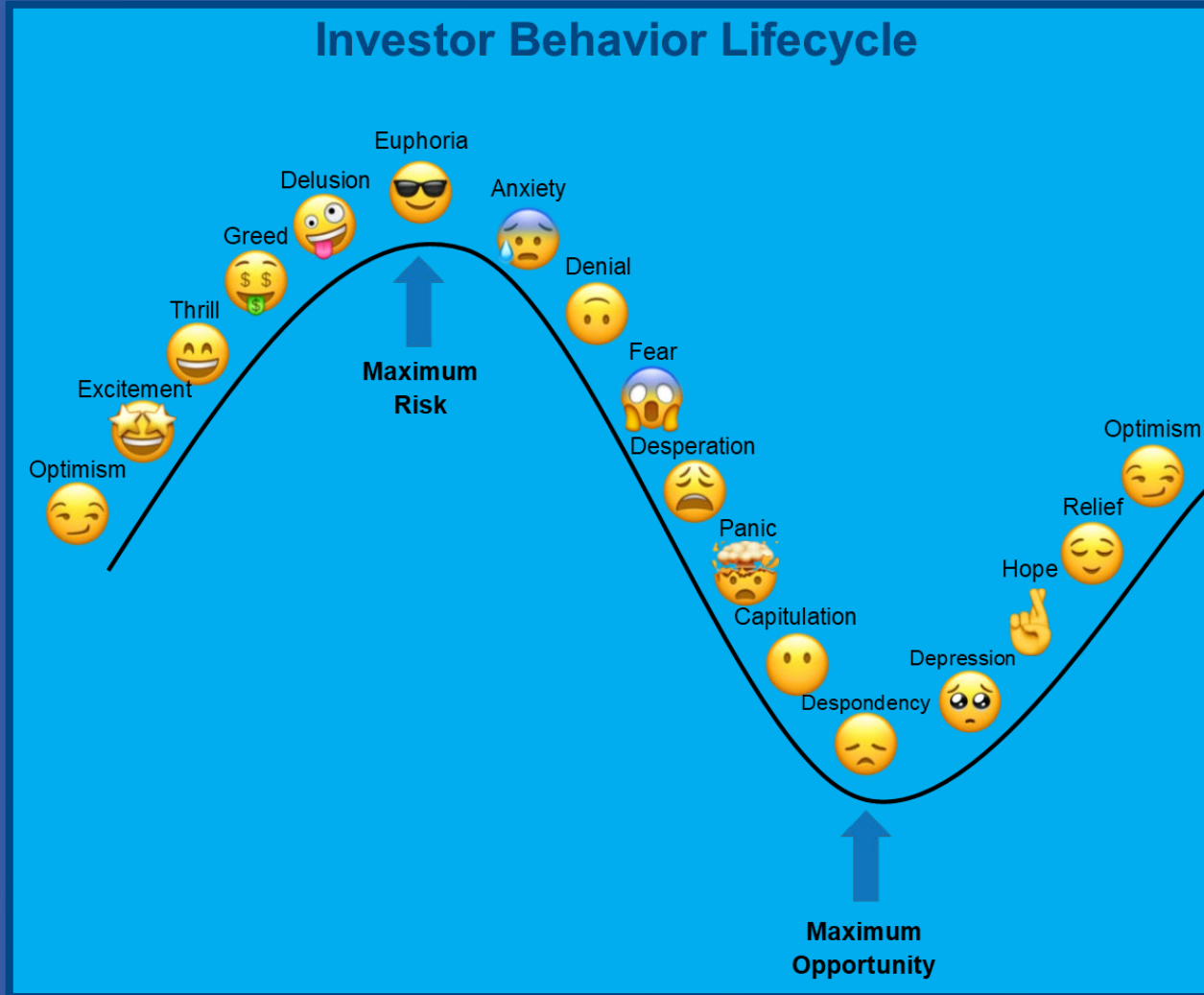
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Data through November 2025

# Understanding Human Behavior



The stock market is a story of **cycles** & of the **human behavior** that is responsible for **overreactions** in both directions.

– Seth Klarman

“History doesn’t repeat, but human nature does.”

“History doesn’t repeat, but it most certainly rhymes”

– Jeff Hybiak



Market Updates





# Q4 & 2026 Outlook

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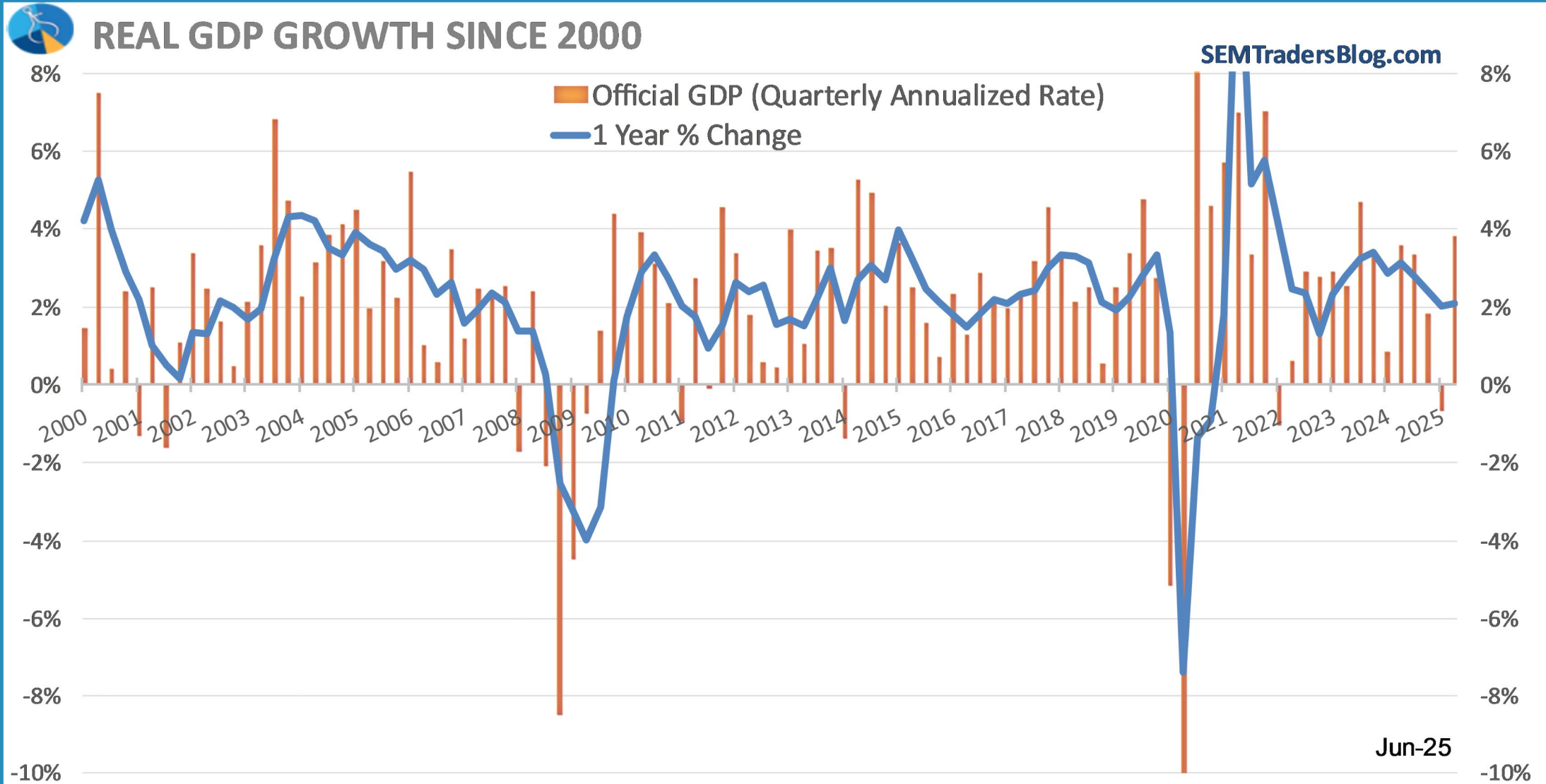
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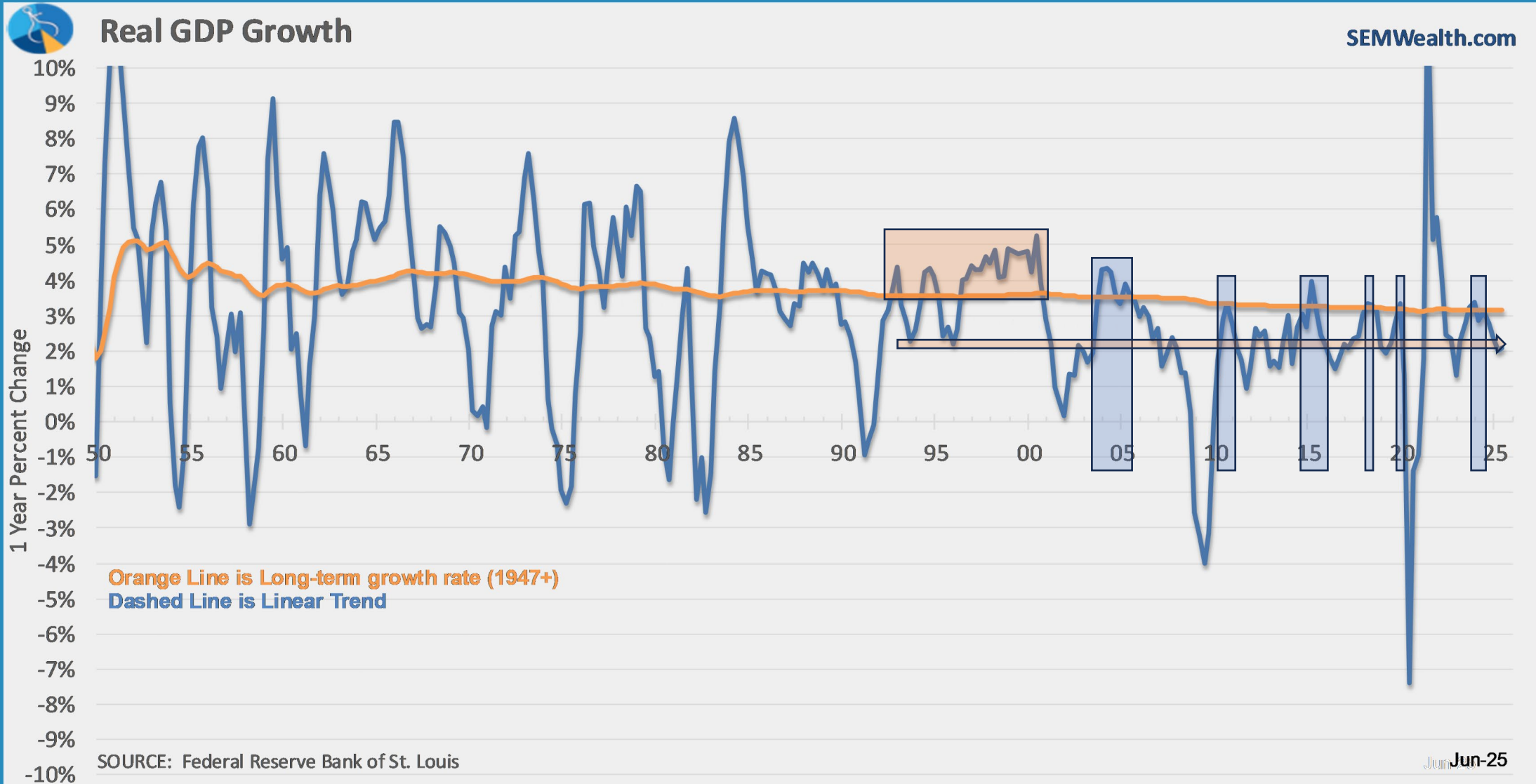
- 
- A decorative graphic on the right side of the slide. It consists of a blue, wireframe-style arch or bridge shape made of interconnected dots and lines, set against a dark blue background with faint, glowing blue lines and shapes.
- 1. Recession Watch**
  2. Trade Wars & Tariffs
  3. Fed Policy & Inflation
  4. AI & Productivity
  5. Setting Expectations



# Understanding GDP Reports



# Understanding GDP Reports



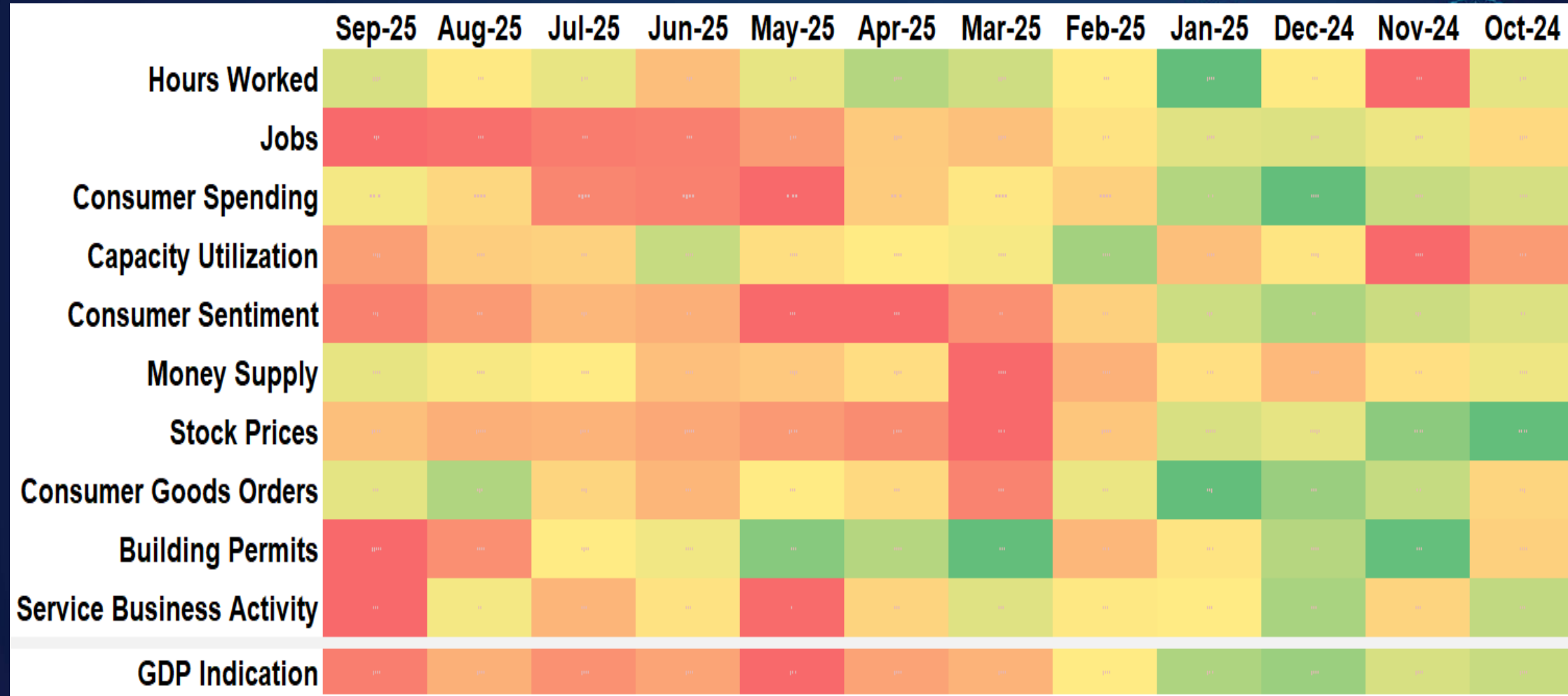
# Recession Watch

Leading Indicator:	24 Month Trend:	GDP Indication:
Hours Worked		↓
Jobs		↓
Consumer Spending		↔
Capacity Utilization		↓
Consumer Sentiment		↓↓
Money Supply		↑
Stock Prices		↑
Consumer Goods Orders		↓
Building Permits		↓
Service Business Activity		↓↓

Economic Growth Drivers	
Well Above 2019 Levels	
Money Supply	228%
Stock Prices	207%
Consumer Spending	143%
Consumer Goods Orders	119%
Slightly Above 2019 Levels	
Jobs	105%
Hours Worked	105%
At 2019 Levels or Below	
Capacity Utilization	99%
Building Permits	92%
Service Business Activity	87%
Consumer Sentiment	54%



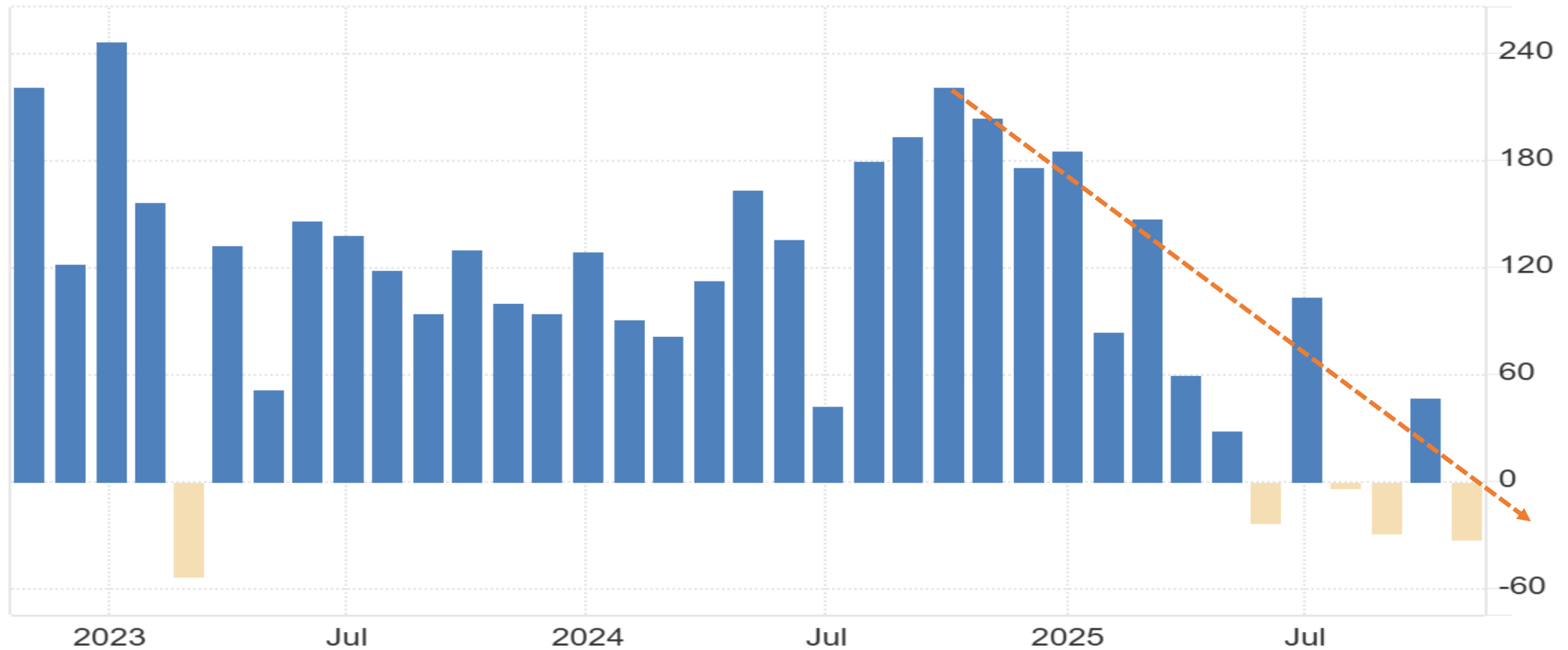
# Recession Watch





# Labor Market is Slowing Rapidly

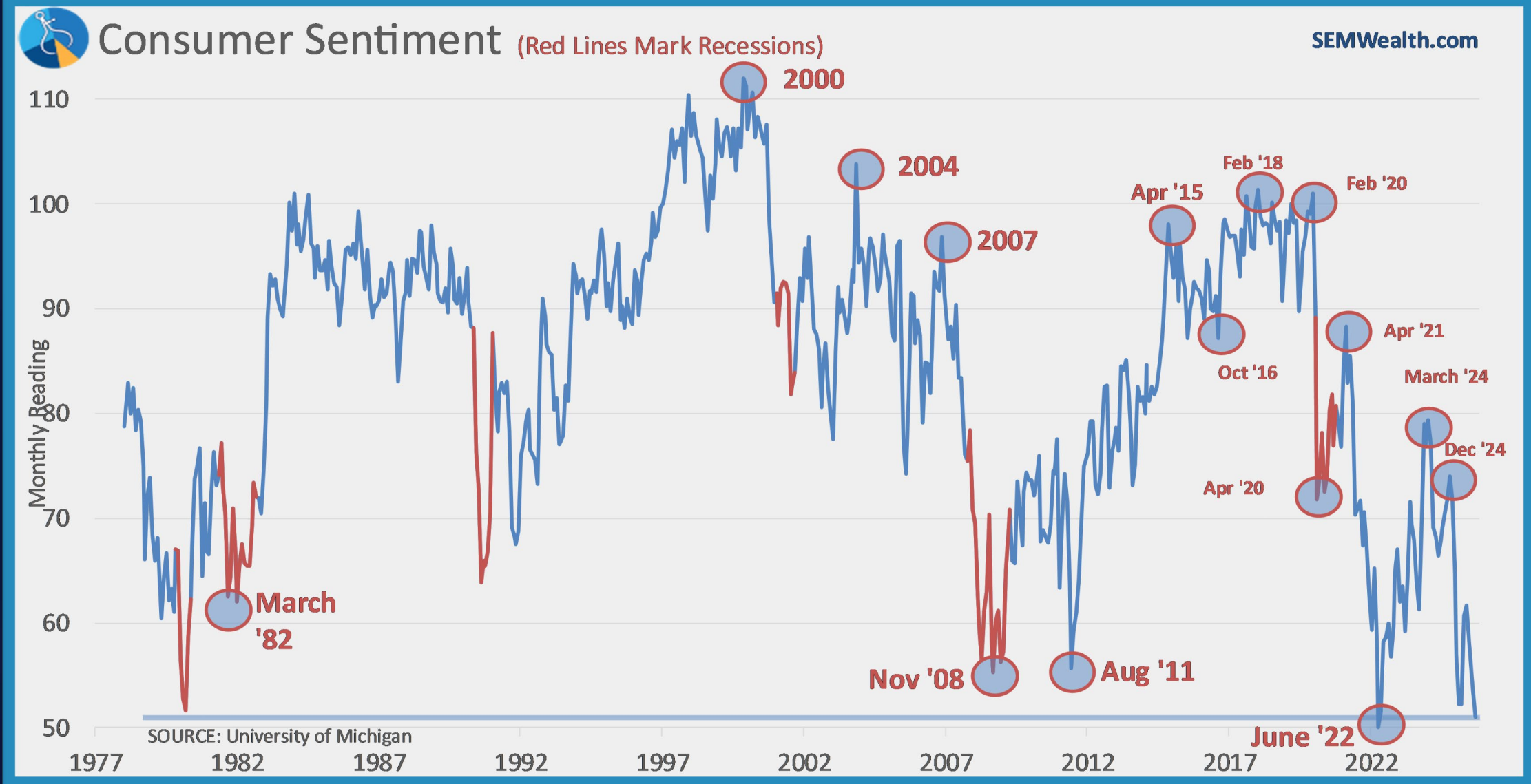
United States ADP Employment Change (Thousand)



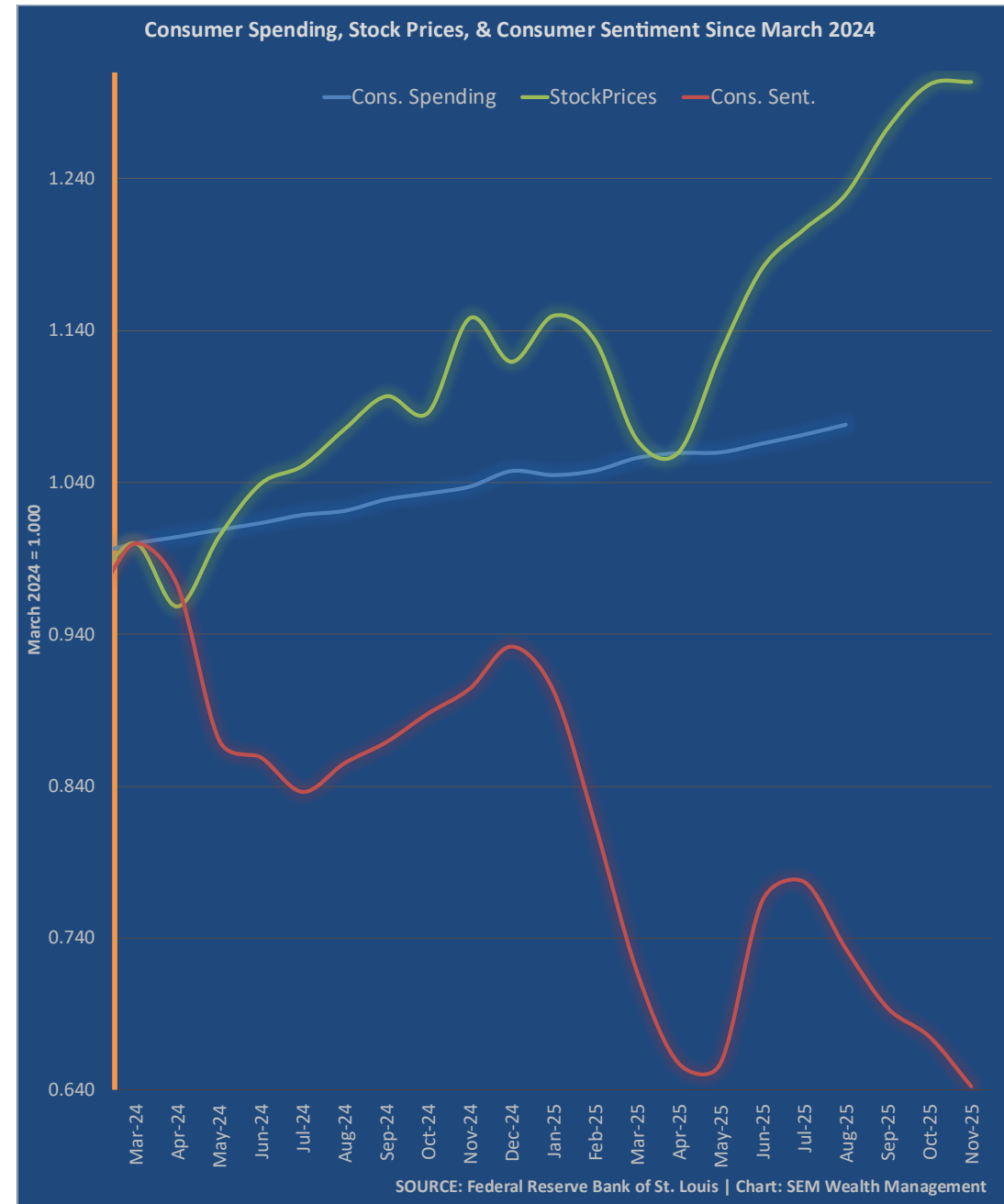
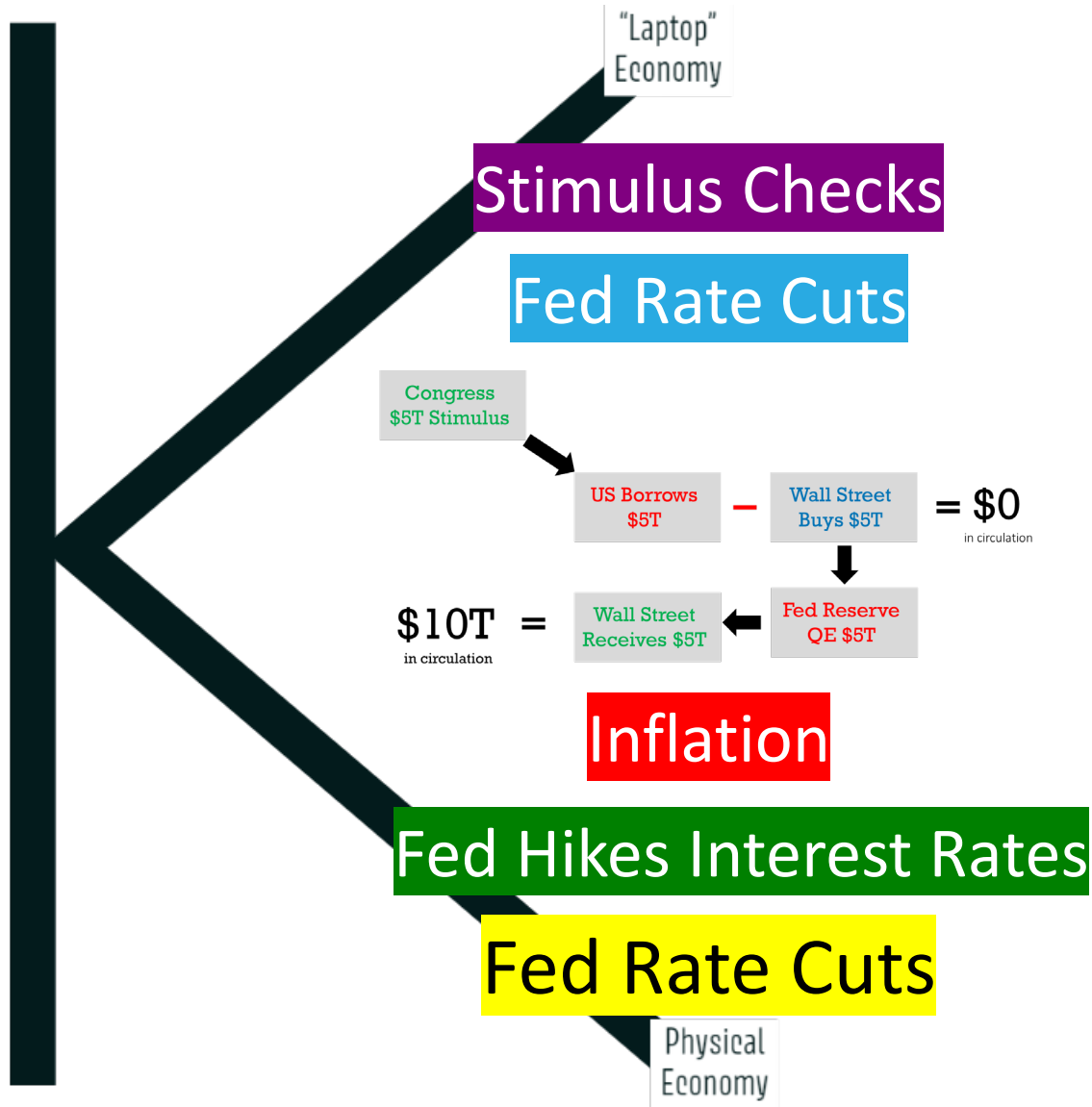
Source: tradingeconomics.com | Automatic Data Processing, Inc.



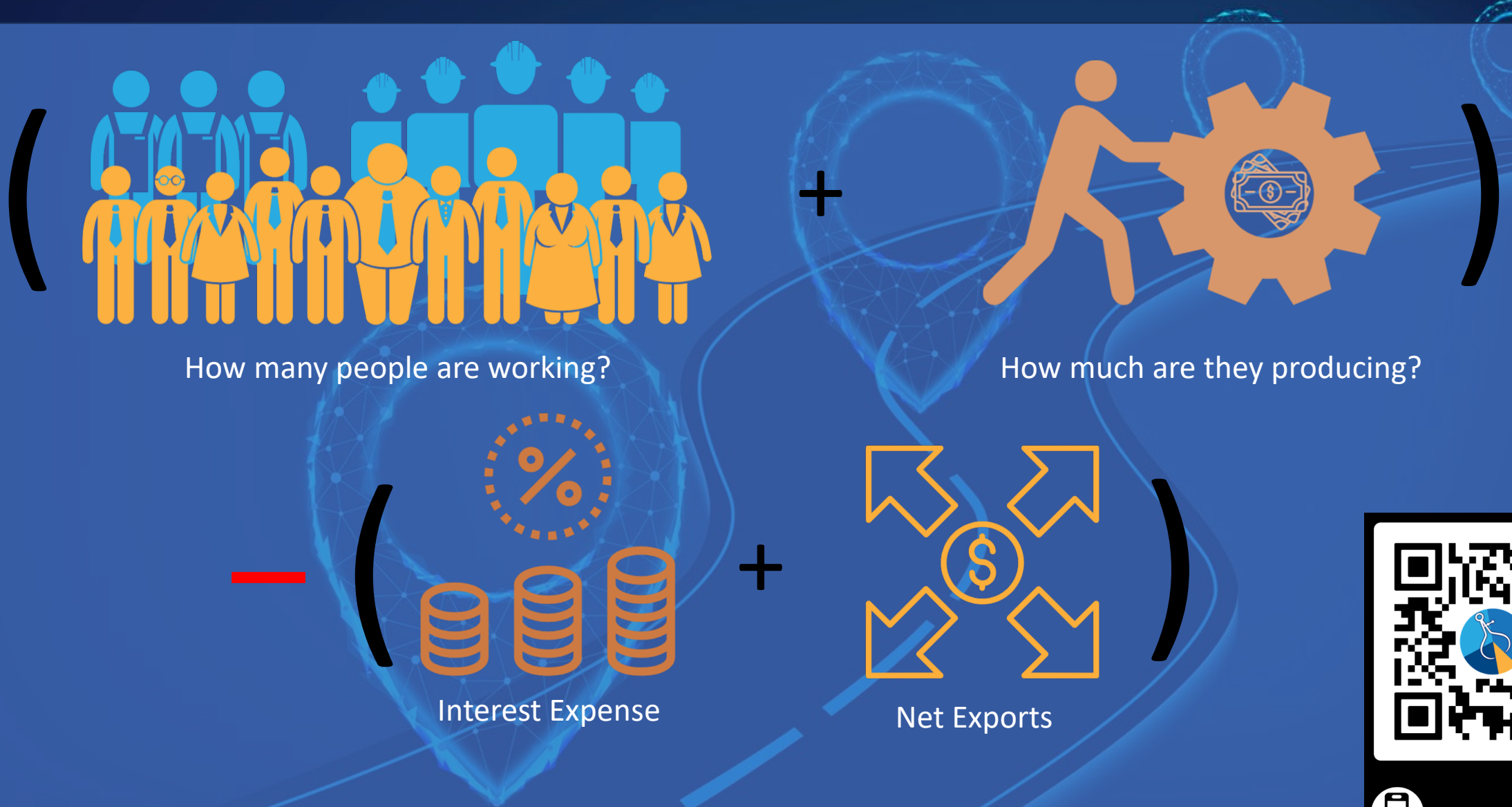
# Consumers – deeply pessimistic



# The "K-Shaped" Economy

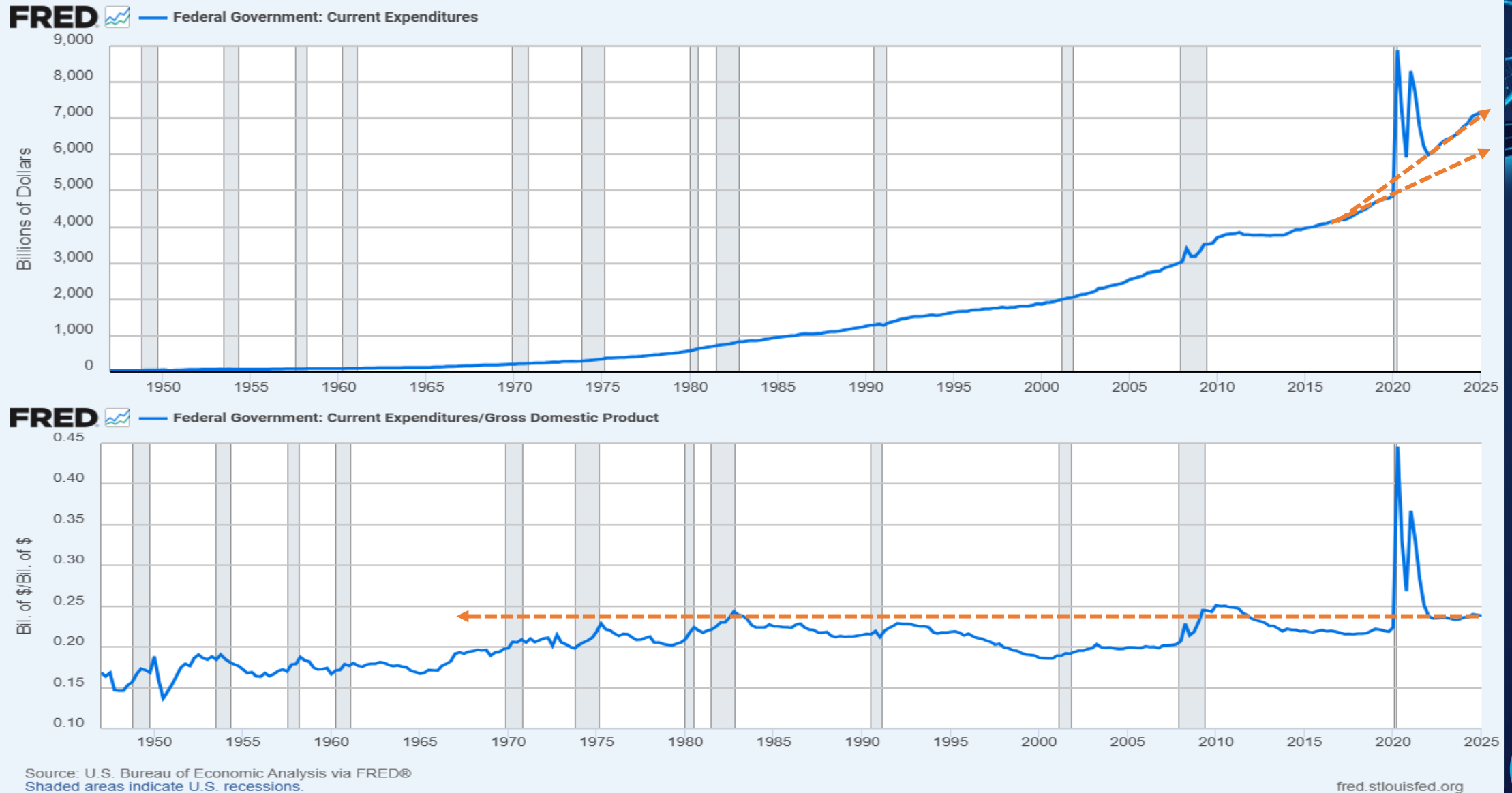


# Revisiting the Potential GDP Equation





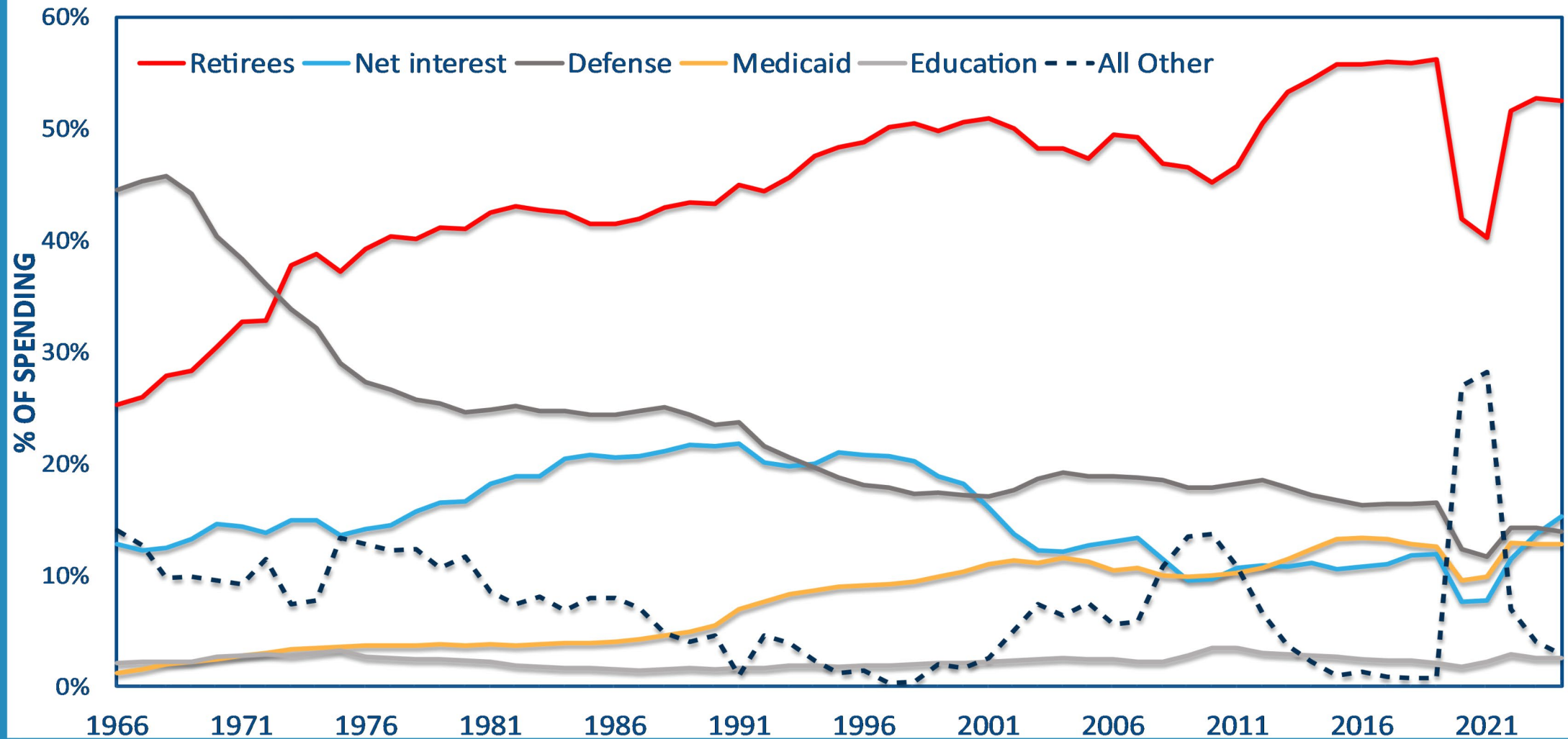
# Government Spending – facts vs fiction



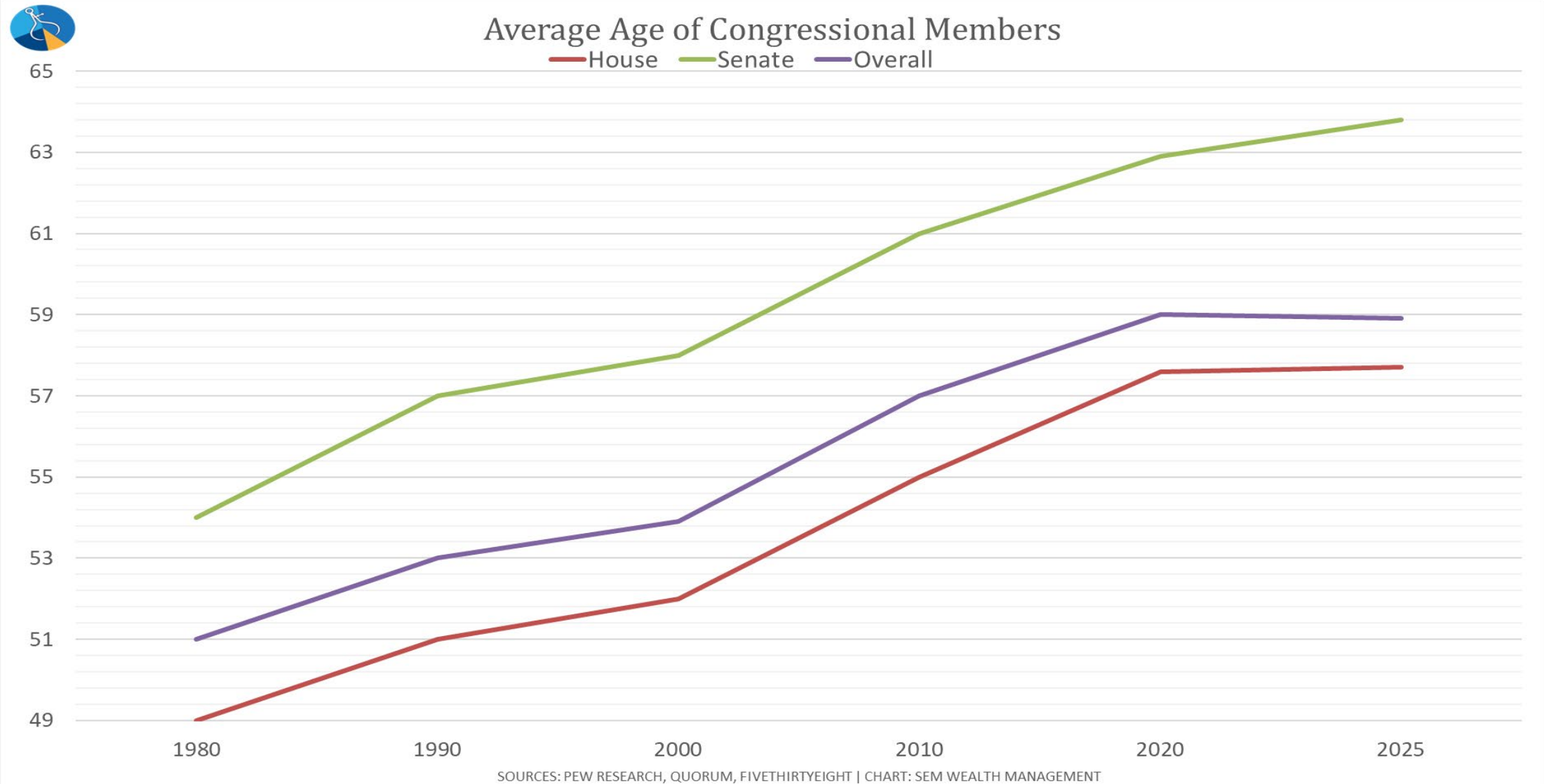
# Government Spending – facts vs fiction



## Federal Government Spending Priorities



# Government Spending – facts vs fiction





# Q4 & 2026 Outlook

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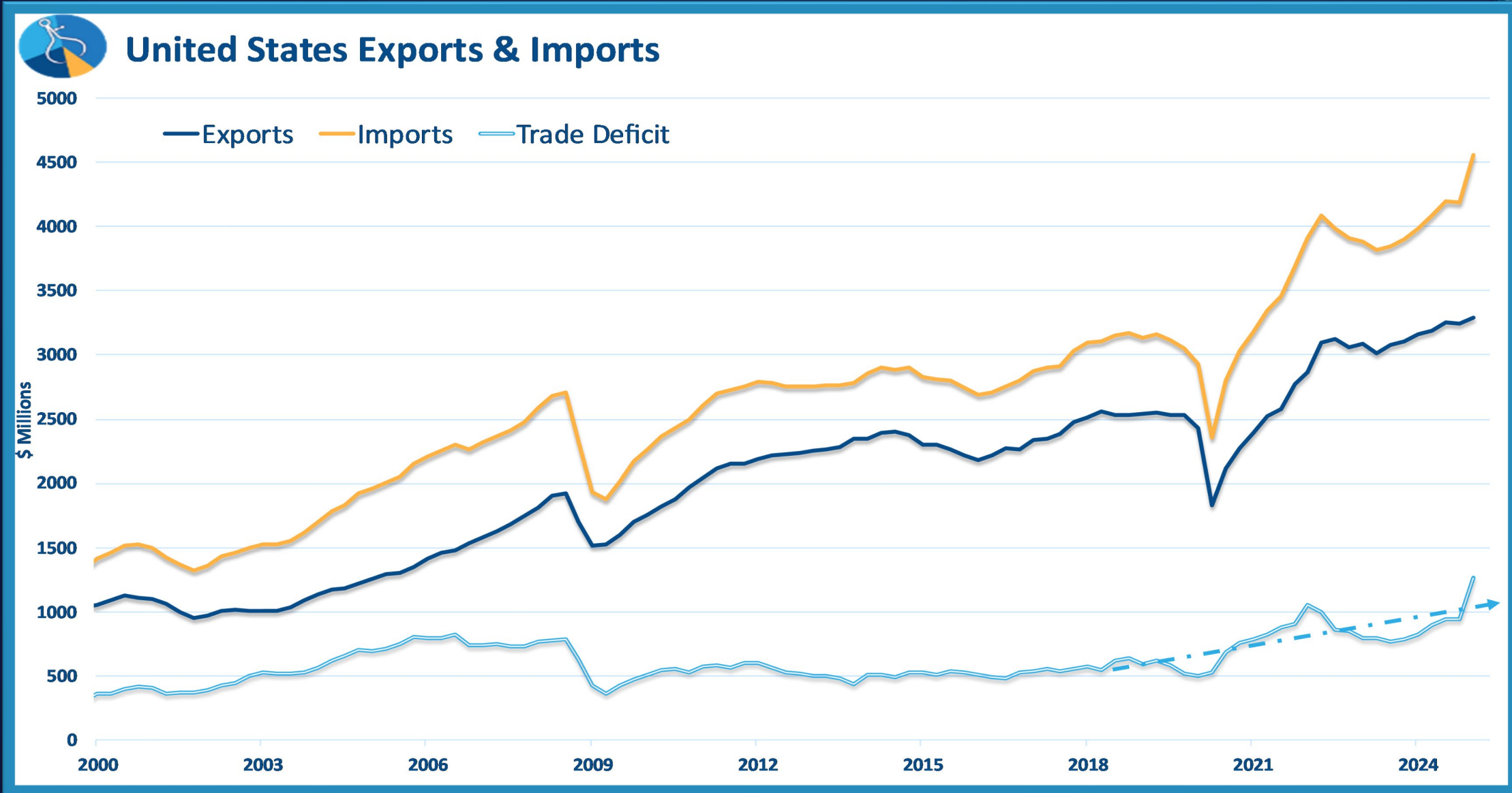
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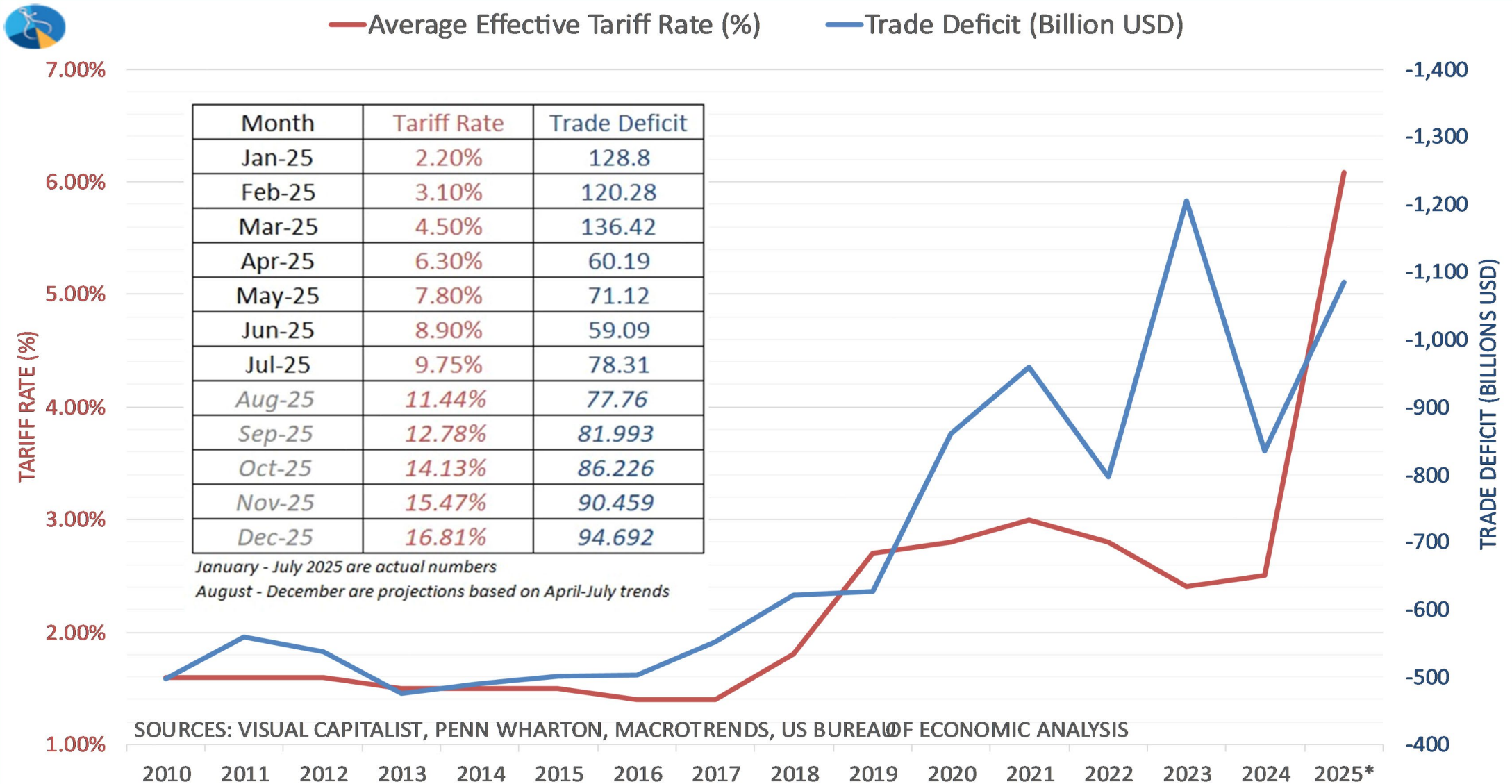
- 
- A decorative graphic on the right side of the slide. It features a blue, wireframe-style heart shape. Inside the heart, there is a list of five items. The second item, "Trade Wars & Tariffs", is highlighted in orange. The background of the right side of the slide is dark blue with some abstract, glowing blue lines and shapes.
1. Recession Watch
  2. **Trade Wars & Tariffs**
  3. Fed Policy & Inflation
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# Net Exports – can the trend be reversed?



# Trade War & Tariffs





# Q4 & 2026 Outlook

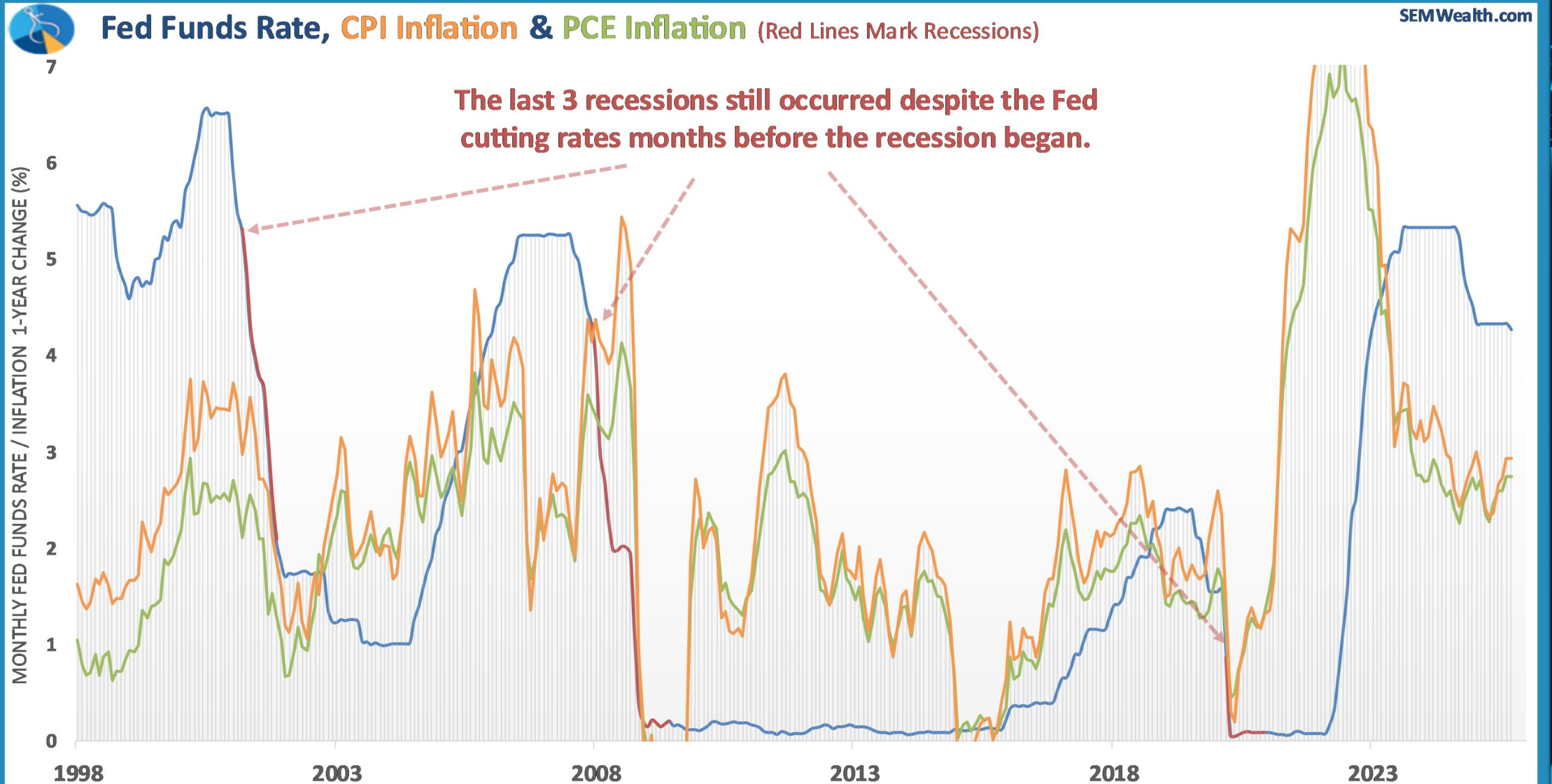
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- A large, stylized heart shape composed of a blue wireframe mesh, positioned in the background of the right-hand slide. It is partially obscured by a dark blue rectangular box containing a list.
1. Recession Watch
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# The other war: Fed Policy & Inflation







# Q4 & 2026 Outlook

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1. Recession Watch
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  4. **AI & Productivity**
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# AI & Productivity



**GREED FOR  
GPU IS GOOD**



## 10 Year Growth Rate of Productivity

SEMWealth.com

3.8%

—Productivity

3.3%

**Productivity = Output / Hours Worked**

2.8%

10 YEAR ANNUALIZED GROWTH RATE

2.3%

1.8%

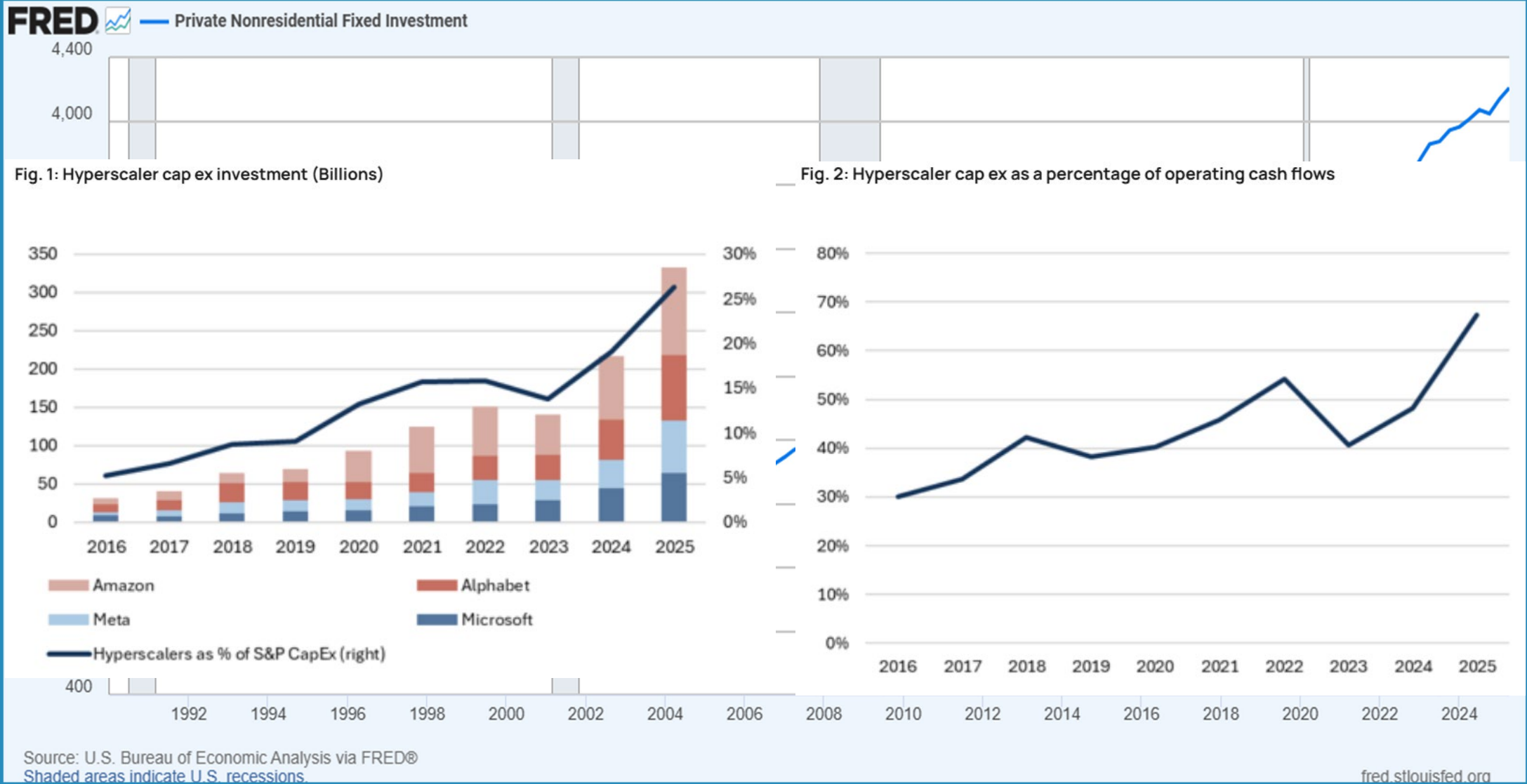
1.3%

0.8%

1980 1985 1990 1995 2000 2005 2010 2015 2020

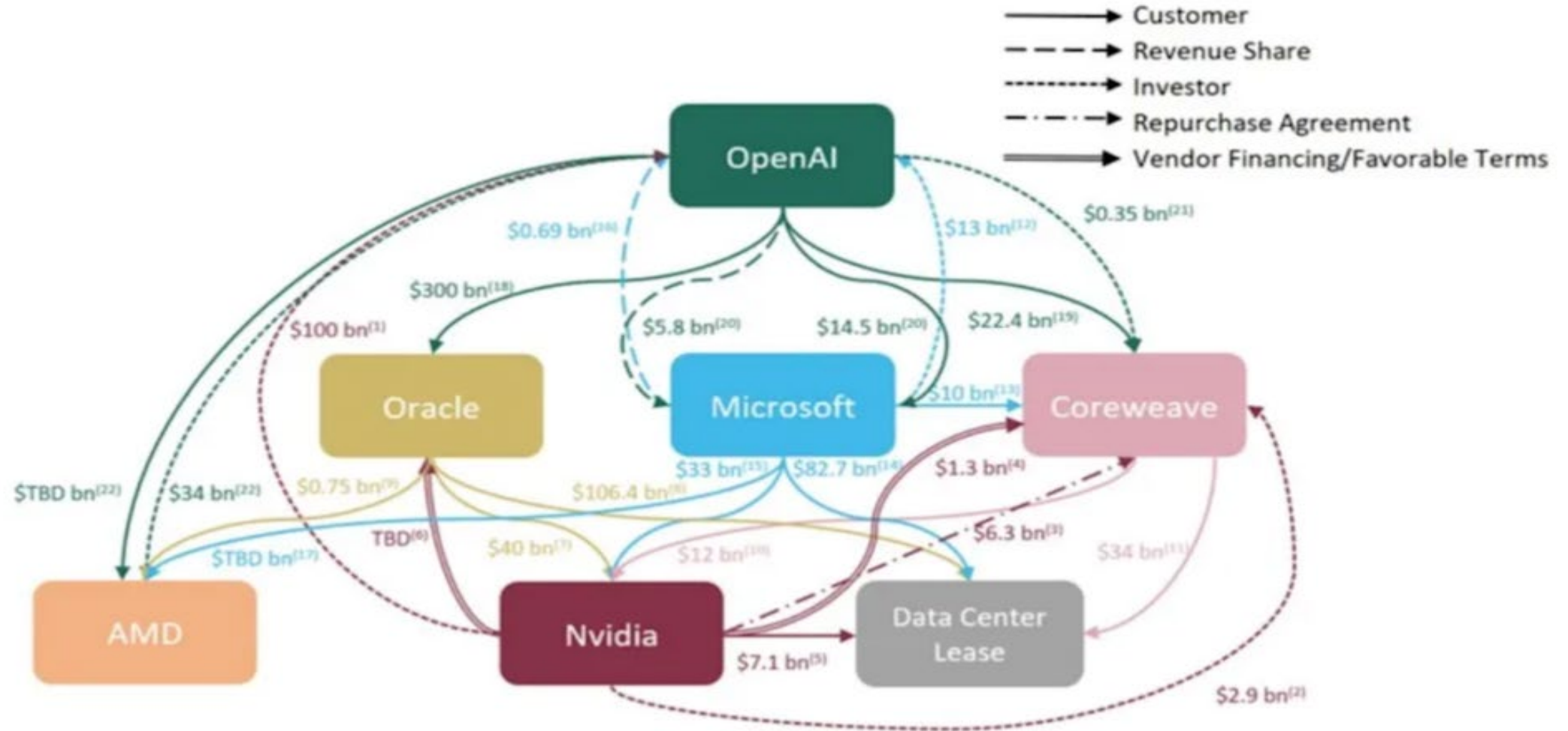
Data Through: Mar-25

# AI Investment – the key to FUTURE growth





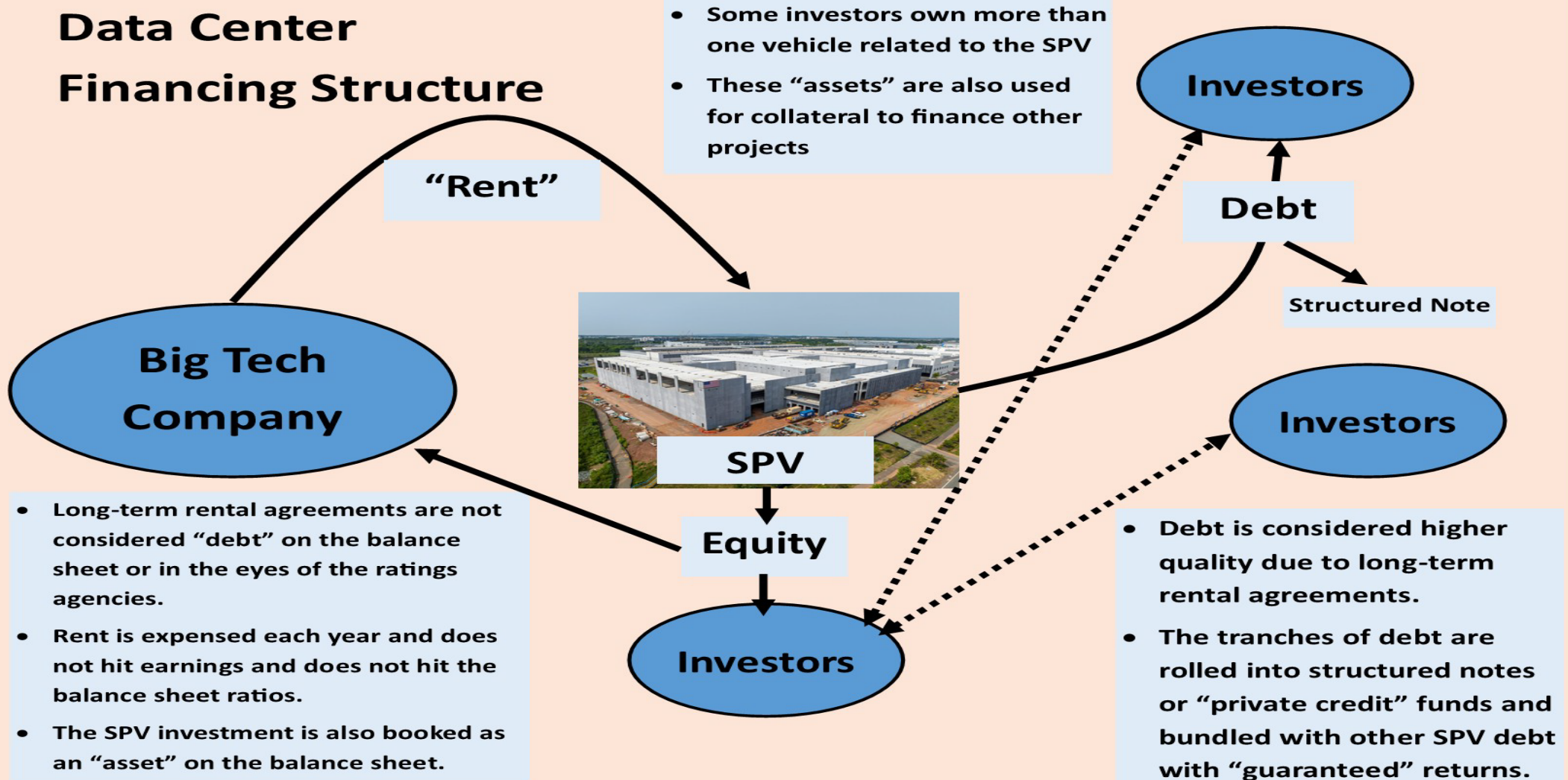
# AI's Circular Investment Network



AI ecosystem capital flows (Morgan Stanley Research).



## Data Center Financing Structure



**SOURCE: Bloomberg Money Stuff | Diagram: SEM Wealth Management**







# Q4 & 2026 Outlook

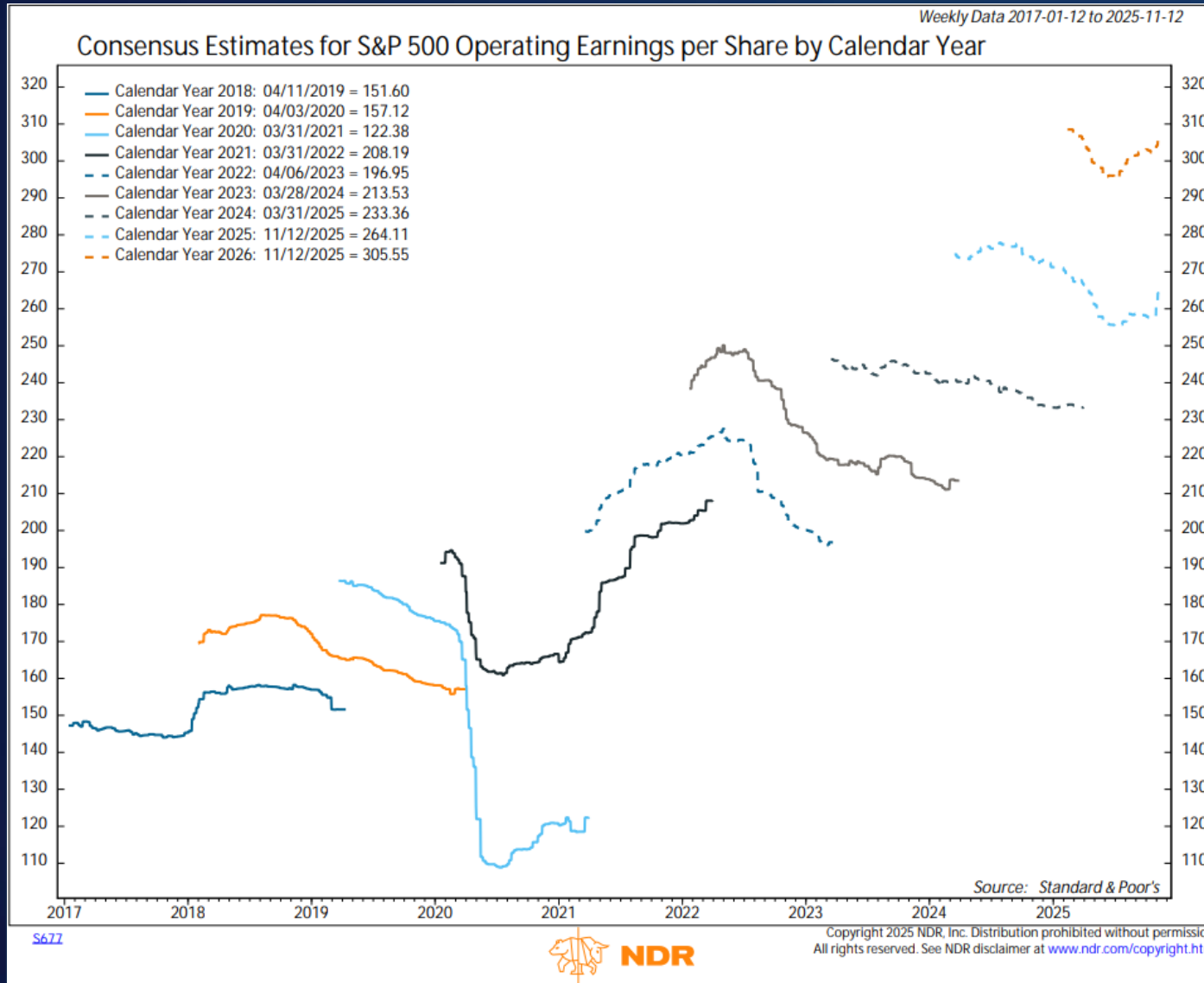
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# Spectacular Growth Ahead?



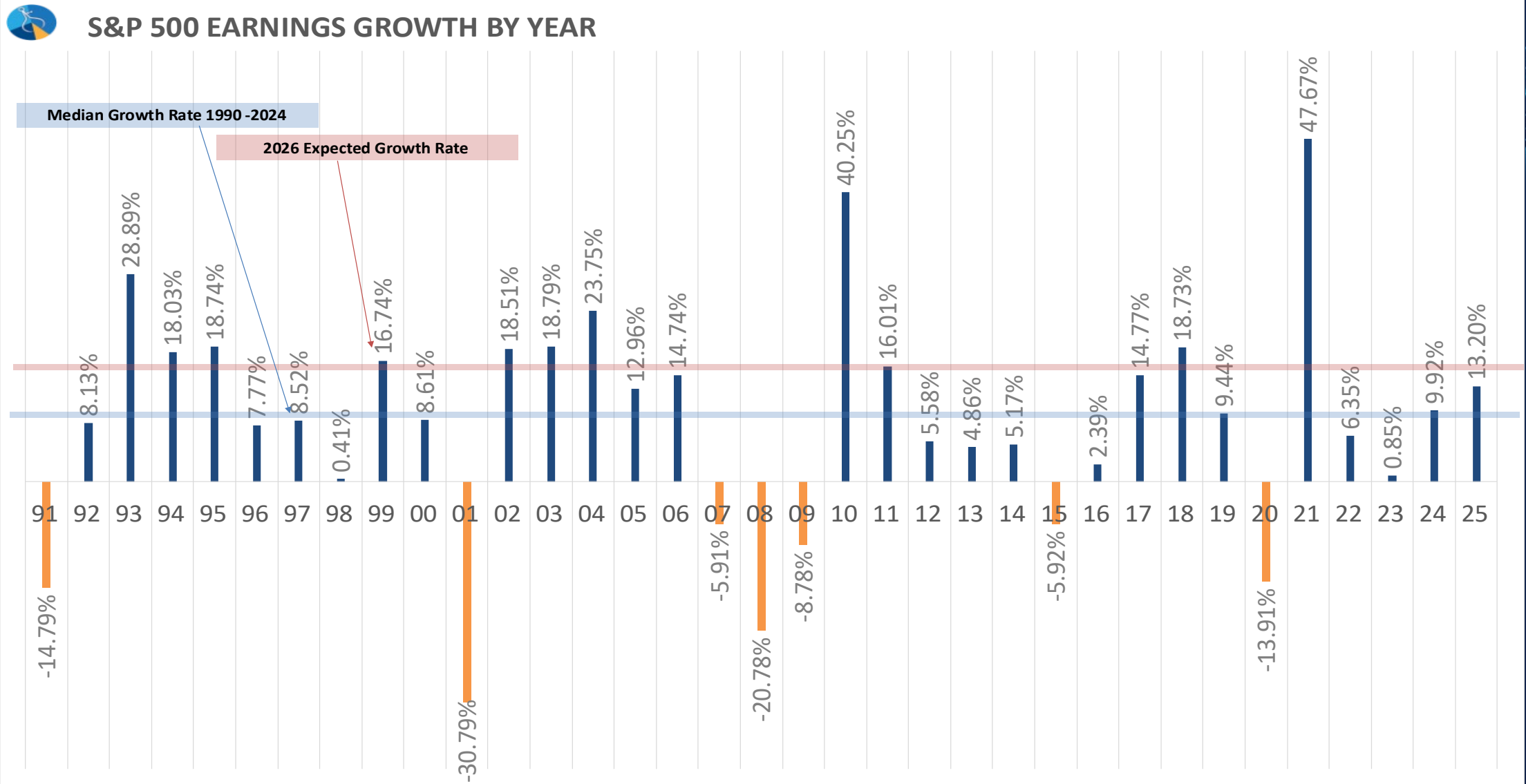
## Earnings Growth Rates

2019	4%
2020	-22%
2021	70%
2022	-5%
2023	8%
2024	9%
2025	13%
2026	16%

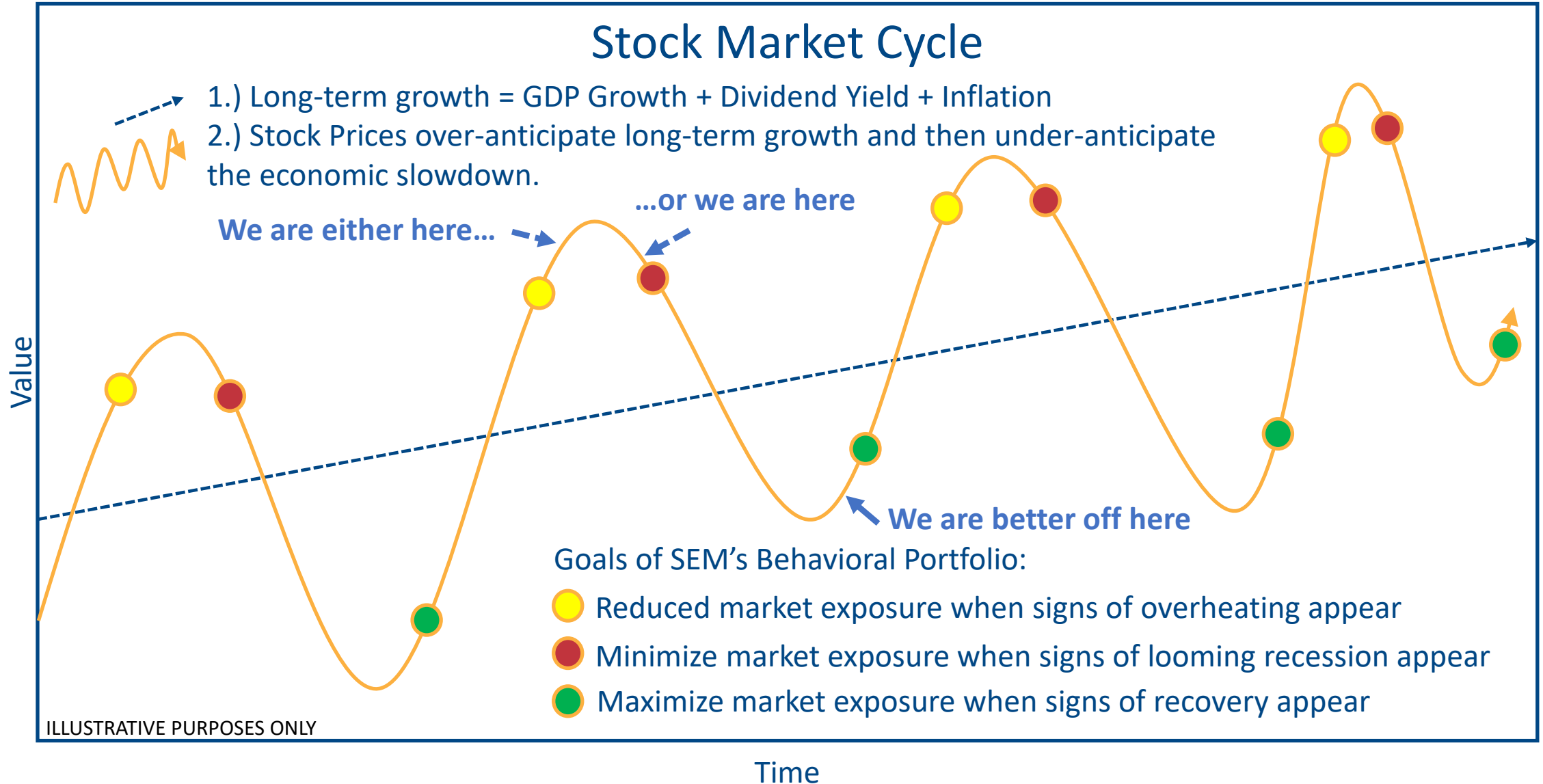
\* Estimate as of 11/12/2025



# Spectacular Growth Ahead?



# Where are we in the cycle?



# Is this the new normal?

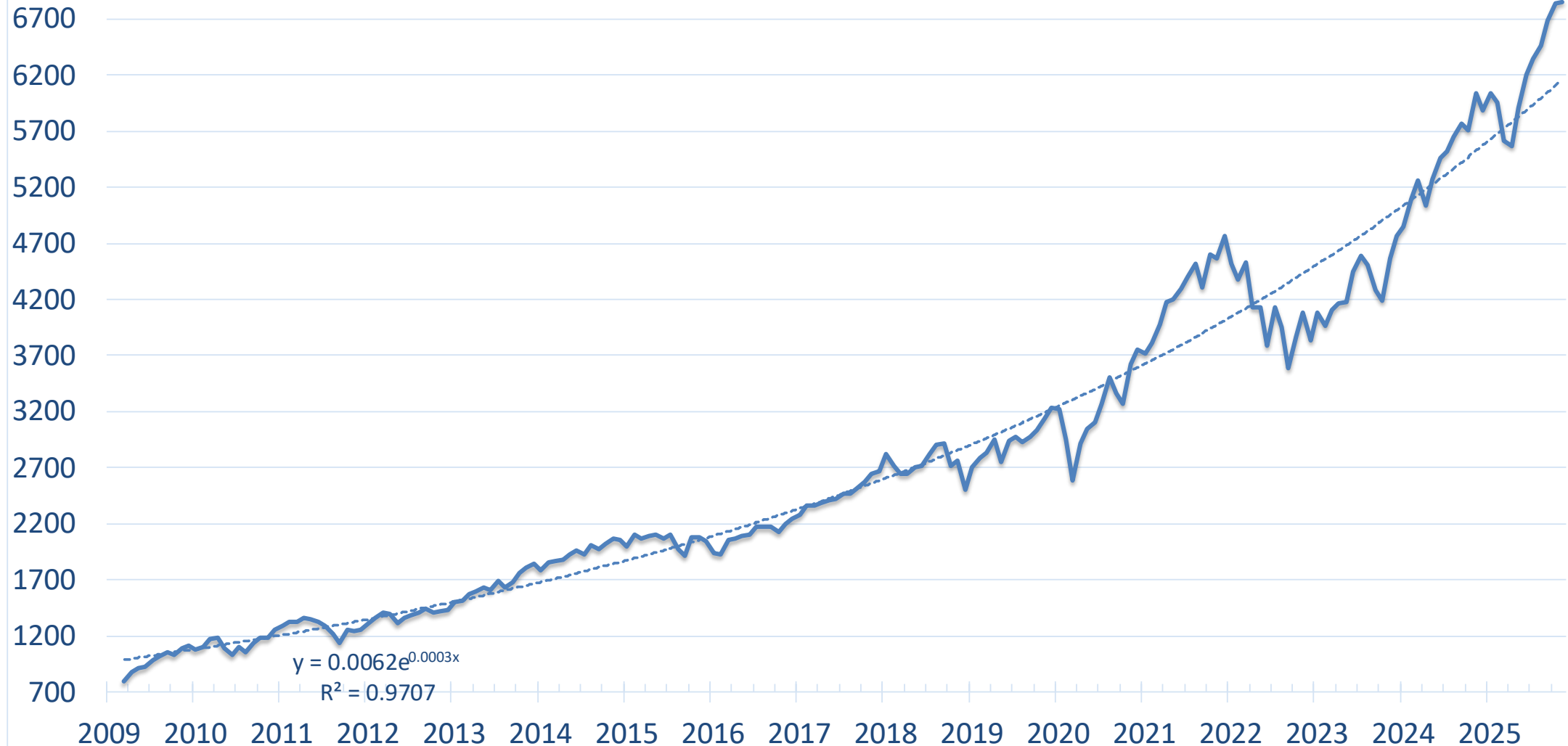
Buy the dip – The Fed and Congress will be there to support any drop in the market.



A Myopic View

S&P 500 Index March 2009 - November 2025

SEMWealth.com



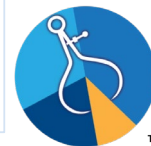
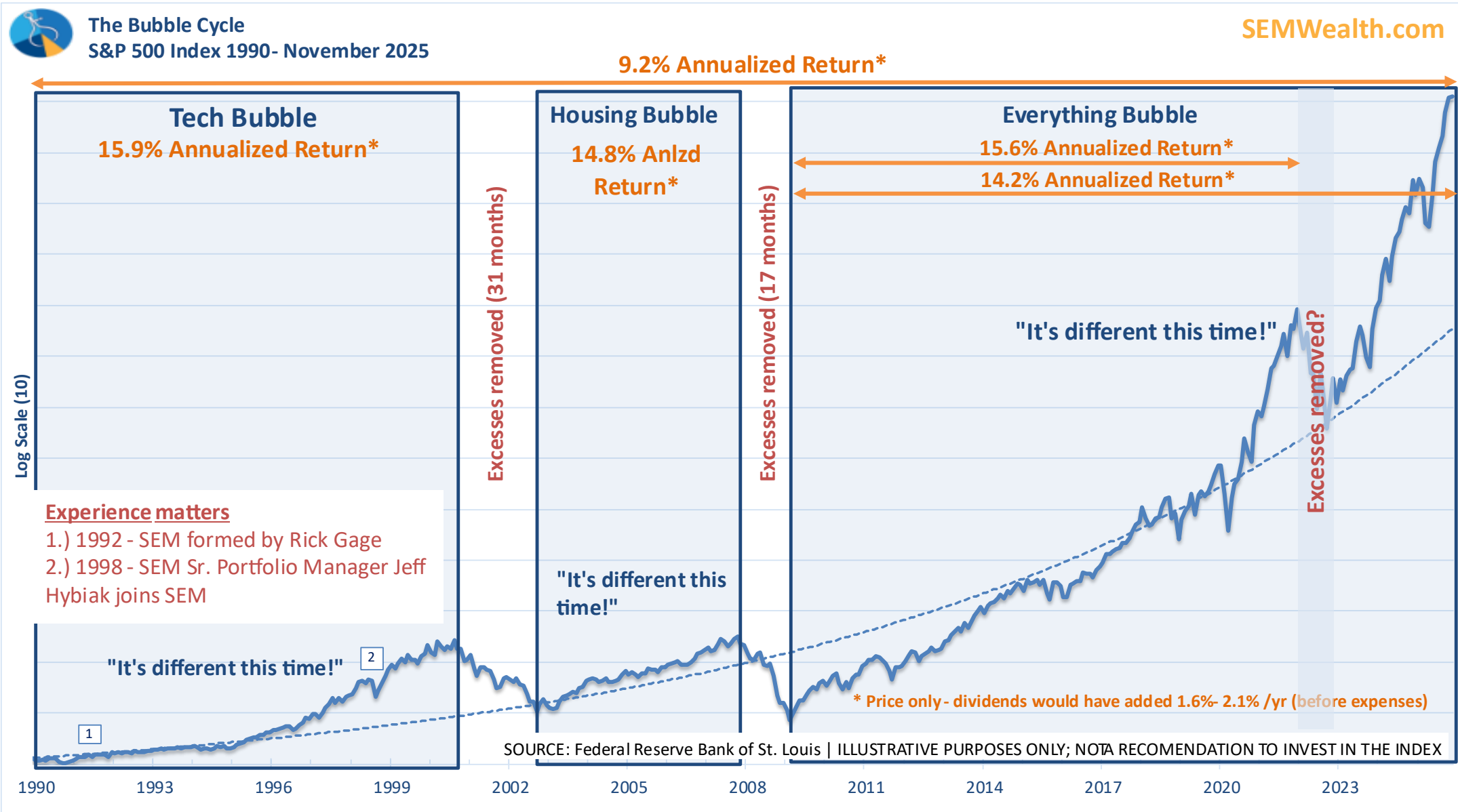
SOURCE: Federal Reserve Bank of St. Louis| ILLUSTRATIVE PURPOSES ONLY; NOT A RECOMENDATION TO INVEST IN THE INDEX



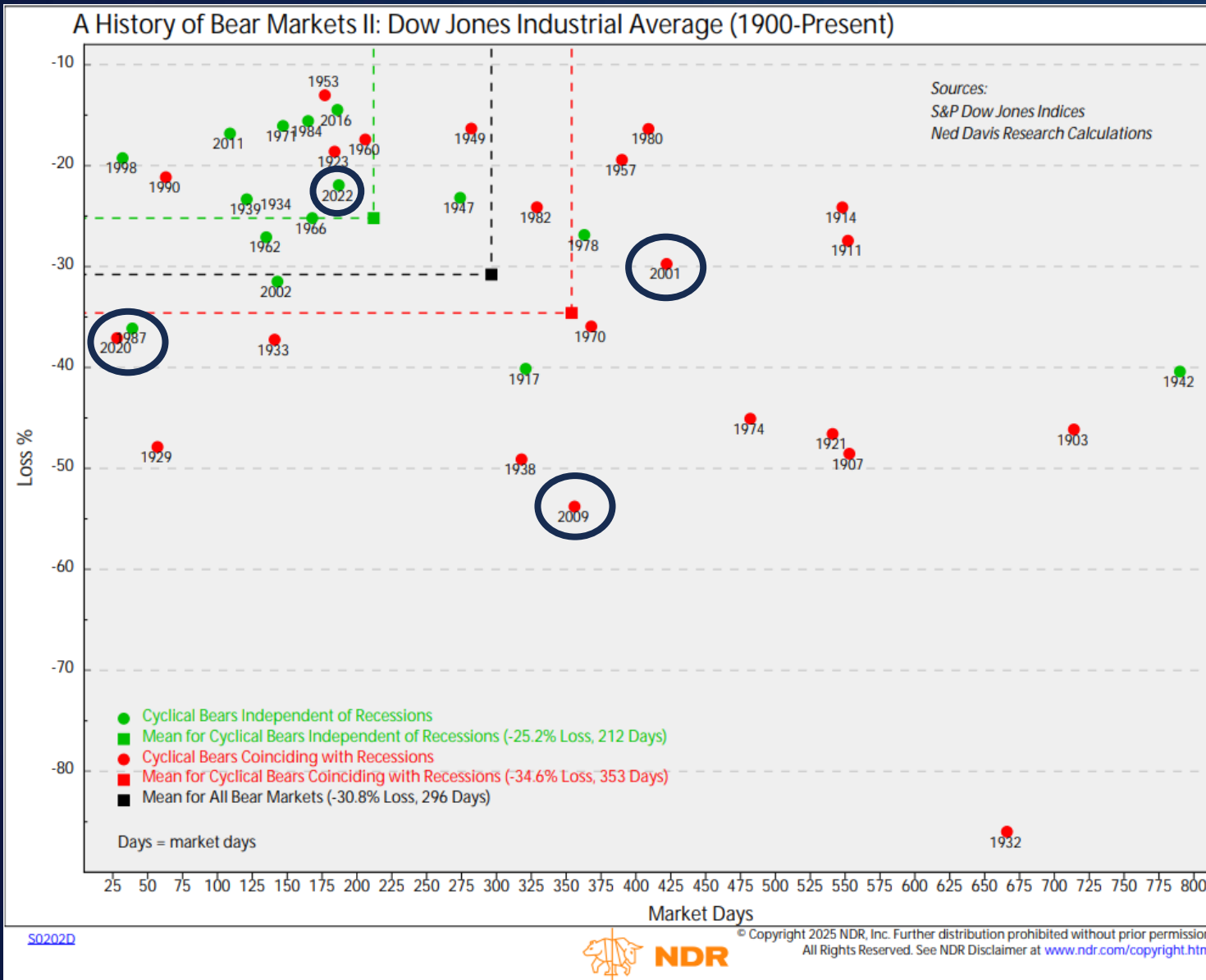


# Or is this normal?

After long periods of "above average" returns, the market reverts back to the long-term average.



# Bear markets are inevitable... preparation is key



Median Bear Market Loss &  
Duration  
1900-2021

All Bear Markets:  
-27% / 11.6 months

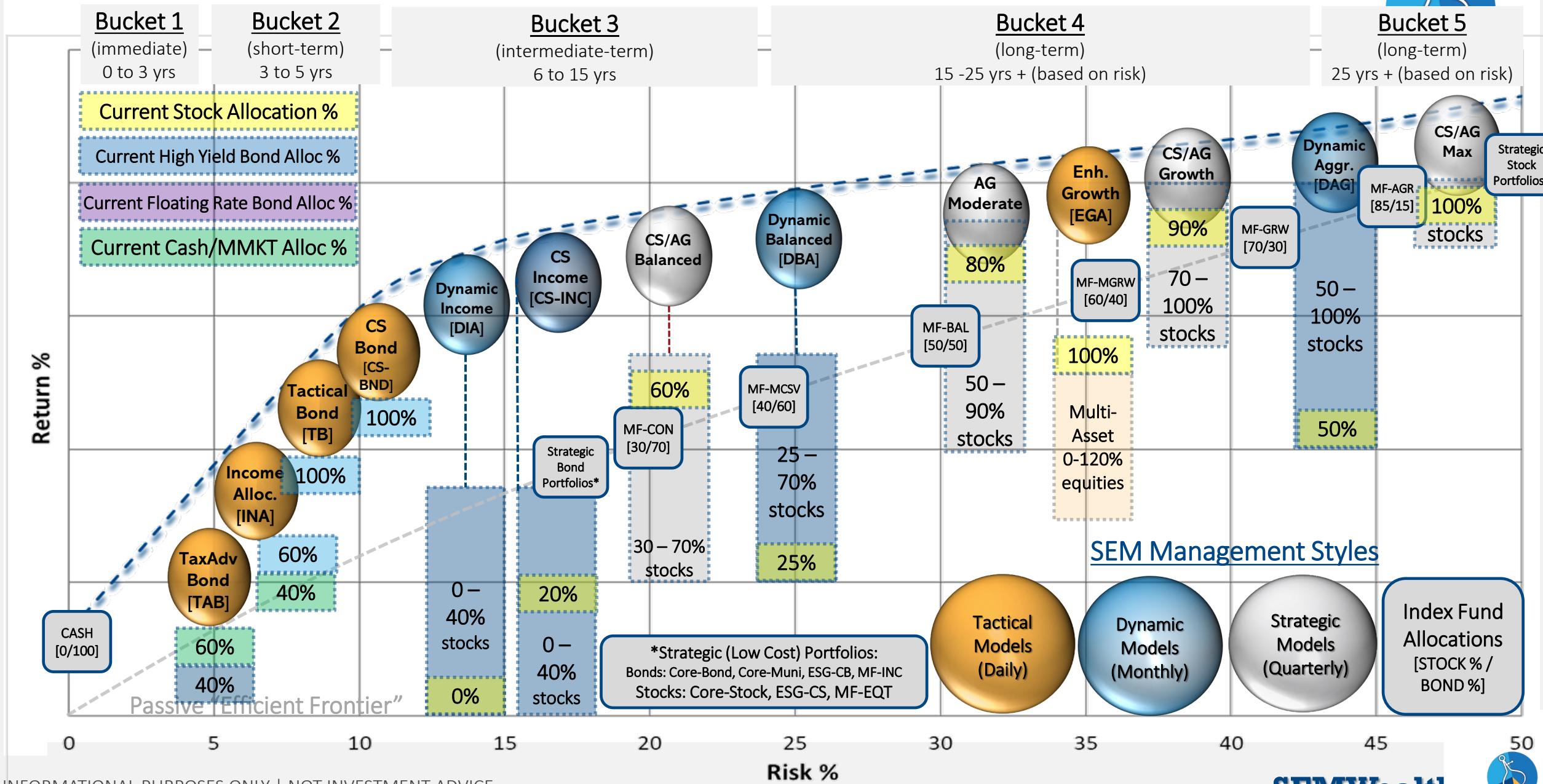
During a Recession:  
-42% / 19.2 months

With no Recession:  
-25% / 8.5 months

SOURCE: Ned Davis Research



# Process in Motion – Allocations as of 11/30/2025

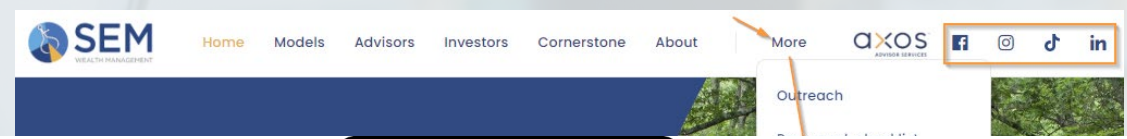




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Market Updates



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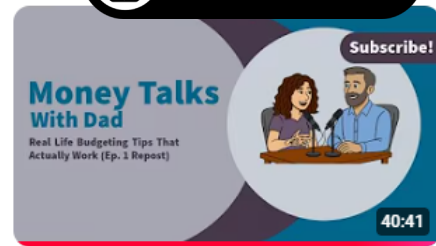
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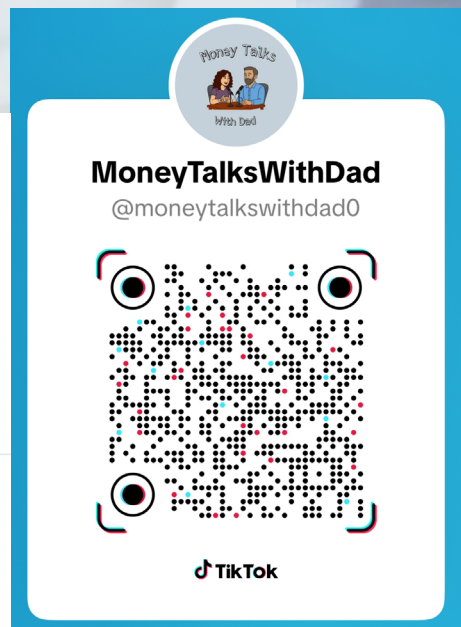
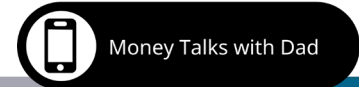
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# SEM Wealth Management



- Founded in 1992 by Richard Gage a metallurgical engineer
- Co-owner and Chief Investment Officer, Jeff Hybiak, CFA joined in 1998
  - Background in accounting and traditional portfolio management (MPT)
- Outsourced Chief Investment Officer (OCIO) for Financial Planners throughout the country (~3200 accounts)
- Total AUM = \$955M as of 9/30/2025
- Primary Custodian is Axos Advisor Services
  - Select models also available on
    - Adhesion/FlexUMA
    - Axiom (Geneos Wealth Management)
    - Schwab Model Marketplace
- Systematic, data-driven process designed to remove behavioral biases from all areas of the investment process
- 3 Distinct Management Styles – Tactical, Dynamic, and Strategic



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