

Condor Capital

Quarterly Newsletter

Condor  Capital
WEALTH MANAGEMENT

1973 Washington Valley Rd
Martinsville, NJ 08836
Phone: 732-356-7323
Fax: 732-356-5875
info@condorcapital.com

Risk Markets Rally into Year-End: The Wall of Worry That Was 2025 Showed the Importance of Diversification

The S&P 500 Index gained 2.65% in the fourth quarter of 2025, capping another strong year for equities. The Index delivered its third consecutive year of double-digit returns; a milestone achieved only six times since the Great Depression. In total, the S&P 500 rose 17.86% in 2025 and recorded 39 new all-time highs over 252 trading days.

Strength was broad-based across risk markets, with all major asset classes ending the year at or near all-time highs. Investors continued to climb a “wall of worry” throughout 2025, yet the U.S. economy proved notably resilient. After a soft start to the year, growth accelerated meaningfully, with real GDP expanding at a 3.0% annualized rate in the second quarter and 4.3% in the third quarter, supported by steady consumer demand, exports, and business investment.

This resilience held despite several meaningful headwinds. These included tariff-driven uncertainty, recurring geopolitical flare-ups, and heightened concerns that China’s rapid progress in artificial intelligence could reshape competitive dynamics and intensify strategic rivalry. The year also saw one of the longest government shutdowns on record. Despite these challenges, global trade held up better than many feared, with the WTO noting that world merchandise trade volumes rose 4.9% year-over-year in the first half of 2025, underscoring the underlying durability of cross-border demand and supply chains even amid elevated policy risk.

Volatility was a defining theme in 2025, and investors were rewarded for maintaining discipline, staying invested and avoiding the day-to-day whipsaw of headlines. Style leadership shifted late in the year: value stocks outperformed growth in the fourth quarter, though growth outpaced value for the full year. Communication Services and Information Technology led the market higher in 2025, but gains were not evenly distributed. Investors favored companies directly tied to the AI infrastructure buildout, including semiconductors, cloud, data centers, and networking.

International equities extended their strong performance in 2025, finishing the year with broad-based gains across both developed and emerging markets. The MSCI EAFE Index rose 4.91% in the fourth quarter and returned 32.03% for the full year, while the MSCI Emerging Markets Index gained 4.76% in the quarter and returned 34.29% in 2025. Global equities rallied as trade tensions eased and

The S&P 500 Index gained 2.65% in the fourth quarter and 17.86% in 2025, capping another strong year for equities. The index delivered its third consecutive year of double-digit returns.

International equities extended their strong performance in 2025, finishing the year with broad-based gains across both developed and emerging markets. The MSCI EAFE Index rose 4.91% in the fourth quarter and returned 32.03% for the full year, while the MSCI Emerging Markets Index gained 4.76% in the quarter and returned 34.29% in 2025.

Interest rates were mixed during the quarter, with the 2-year Treasury yield declining and the 10-year edging up. Overall, fixed income securities performed well.

policy clarity improved, marking a sharp contrast from the uncertainty that defined the first half of the year. Emerging market equities outperformed both U.S. stocks and international developed markets over the year.

In fixed income markets, interest rates were mixed during the quarter. The 2-year Treasury yield declined from 3.61% at the start of the period to 3.47% at quarter-end, while the 10-year yield edged up from 4.15% to 4.17%. The Federal Open Market Committee (FOMC) met twice during the quarter and reduced interest rates at both meetings by 0.25%, bringing the federal

funds target range to 3.50%–3.75%. Credit markets also remained constructive. Investment Grade and High Yield corporate bonds posted strong results for the year, returning 7.90% and 8.76%, respectively. Credit spreads continued to tighten over the quarter, reflecting healthy corporate balance sheets and sustained economic momentum. Municipal bonds also delivered solid performance, supported by a strong second half of the year. Overall, fixed income sectors performed well, benefiting from a resilient economy that absorbed multiple bouts of uncertainty while monetary policy shifted toward a more accommodative stance.

Condor Capital's Outlook

Looking ahead, investors will be closely watching policy developments in Washington, D.C., alongside upcoming economic data releases and the next round of corporate earnings for signals on the outlook for growth and inflation. Key focal points include the supreme court ruling on last year's tariffs, the next government funding deadline, the transition to a new Federal Reserve Chair, and the direction of continued deregulation; each of which could meaningfully influence expectations for fiscal policy, inflation, and economic growth. As the year progresses, attention is likely to shift toward the 2026 midterm elections, where changing political dynamics could reshape the legislative agenda and contribute to renewed policy uncertainty in the second half of the year.

Within this backdrop, market participants will remain focused on the Federal Reserve as it evaluates the timing and pace of potential rate cuts. Inflation has moderated meaningfully from 2024 levels, but the labor market is showing a more mixed picture, with recent employment data pointing to early signs of softening even as consumer spending remains resilient. This combination suggests the Fed may face a narrow path as it balances continued progress on inflation with the goal of maintaining a healthy job market. The outlook is further complicated by heightened political scrutiny and leadership uncertainty at the Fed, which could introduce additional variability in policy decision-making and communication. Even so, we believe a "Goldilocks" scenario remains achievable—one in which inflation and labor conditions cool enough to support rate cuts while growth remains strong enough to underpin GDP and corporate earnings growth.

Corporate earnings have remained resilient, with the U.S.

on track for a tenth consecutive quarter of year-over-year earnings growth. Valuations reflect that strength: the S&P 500's forward 12-month price-to-earnings (P/E) ratio is 21.8, modestly above its 5-year average of 20.0 and above its 10-year average of 18.7. Looking ahead, analysts expect the S&P 500 to deliver double-digit earnings growth in 2026, which would mark a third consecutive year of double-digit earnings gains. Continued deregulation is also expected to be a tailwind, particularly for sectors such as financials, energy, and industrials, where reduced compliance burdens and faster permitting could support capital investment and earnings leverage.

Artificial intelligence is expected to remain a key driver of growth, but investors will be watching for broader sector participation as companies translate AI investment into measurable productivity gains and improved profitability. We believe disciplined portfolio construction remains essential, with an emphasis on high-quality businesses that generate durable cash flows and trade at reasonable valuations.

As capital markets reopen, IPO activity could accelerate, supported by lower interest rate expectations and stronger investor risk appetite. Several large, high-profile companies may return to the public markets in 2026, and a healthy pipeline of sizable offerings would be an important sign that capital formation is normalizing.

Overall, while policy uncertainty and inflation risks warrant continued monitoring, we remain optimistic that a resilient economy, improving capital markets conditions, and durable earnings growth can support constructive returns in 2026 for disciplined, well-diversified portfolios.

Three Estate Challenges for Blended Families

Preparing your estate can be complicated, and if you're a part of a blended family, estate decisions can be even more complex and nuanced. Blended families take on many forms but typically consist of couples with children from previous relationships. Here are a few case studies to help illustrate some of the challenges.

Case Study #1: Children From Previous Marriages

Simple wills often are structured to leave all assets to the surviving spouse. If your estate strategy relies on this type of will, you could risk overlooking children from previous marriages. Also, while it's unsettling to consider, the surviving spouse can end up changing a will without proper measures put in place.¹

When new children join a blended family, estate strategies can get even more complicated. But with a well-structured approach, you can direct how to distribute your assets.

Case Study #2: When One Partner Has Significantly More Assets

While the divorce rate has been trending lower, the number of remarriages (2nd or more marriages) has increased. One person entering into a new marriage may have more assets than their spouse,

given that 40% of all new marriages are remarriages for one or both spouses. An estate strategy can help ensure that your assets pass down according to your wishes.²

Case Study #3: Traditional Trusts May Not Be Enough

In blended families, a traditional trust is a good start, but it may not go far enough. One possible solution is to create three trusts (one for each spouse, in addition to a joint trust) to help address different scenarios.³

Using a trust involves a complex set of tax rules and regulations. Before moving forward with a trust, consider working with a professional familiar with the rules and regulations.

Starting the Process

Blended families are pretty common these days. If you're in that position, it's important to remember that you can create an estate strategy to address your specific situation. The first step may be an estate document review.

1. Investopedia.com, April 30, 2023

2. Forbes.com, August 8, 2023

3. Investopedia.com, March 31, 2023



Prevent a Rift: Money Tips for Newlyweds

One survey found that 35% of couples attribute stress in their relationship to financial issues. This could explain why some experts say financial problems are one of the top reasons marriages fail.^{1,2}

Fortunately, when couples work together to address their finances, they may be able to mitigate many of the problems money may cause in a marriage.

10 Tips for Newly Married Couples

1. **Communication** - Couples should consider talking about their financial goals, memories, and habits, as each partner may come into the marriage with fundamental differences in experiences and outlooks driving their behaviors.
2. **Set Goals** - Setting goals establishes a common objective that both partners become committed to pursuing.
3. **Create a Budget** - A budget is an exercise for developing a spending and savings plan that is designed to reflect mutually agreed-upon priorities.
4. **Set the Foundation for Your Financial House** - Identify assets and debts. Look to begin reducing debts, while building your emergency fund.
5. **Work Together** - By sharing the financial decision-making, both spouses are vested in all choices, reducing the friction that can come from a single decision-maker.
6. **Set a Minimum Threshold for Big Expenses** - While possessing a level of



individual spending latitude is reasonable, large expenditures should only be made with both spouses' consent. Agreeing to a purchase amount should require a mutual decision.

7. **Set Up Regular Meetings** - Set aside a predetermined time once or twice a month to discuss finances. Talk about budgeting, upcoming expenses, and any changes in circumstances
8. **Update and Revise** - As a newly married couple, you may need to update the beneficiaries on your accounts, re-evaluate your insurance coverage, and revise (or create) your will.³
9. **Love, Trust, and Honesty** - Approach contentious subjects with care and understanding, be honest about money decisions you know your spouse might

be upset with, and trust your spouse to be responsible with handling finances.

10. **Consider Speaking with a Financial Professional** - One of our financial advisors can offer insights to help you work through the critical financial decisions that all married couples face.

1. CNBC.com, May 9, 2023

2. Investopedia.com, June 10, 2023

3. When drafting a will, consider enlisting the help of a legal, tax, or financial professional who may be able to offer additional insight, especially if you have a large estate or complex family situation. Our financial advisors can assist you with the situation.

Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investments and/or investment strategies recommended or undertaken by Condor Capital Wealth Management), or any non-investment related content, made reference to directly or indirectly in this newsletter will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this newsletter serves as the receipt of, or as a substitute for, personalized investment advice from Condor Capital Wealth Management. To the extent that a reader has any questions regarding the applicability of any specific issue discussed above to his/her individual situation, he/she is encouraged to consult with the professional advisor of his/her choosing. Condor Capital Wealth Management is neither a law firm nor a certified public accounting firm and no portion of the newsletter content should be construed as legal or accounting advice. A copy of the Condor Capital Wealth Management's current written disclosure statement discussing our advisory services and fees is available upon request.