Weekly Market & Strategy Update

Week Ending November 21, 2026

"The S&P 500 and Nasdaq entered correction territory while suffering their worst week since April 2025, Infrastructure suffered its worst week since inception as political, regulatory, and leadership fears overwhelmed strong Nvidia results and a record IPO from Anthropic."

John Edwards, CFA, Portfolio Manager, Infrastructure PLUS Strategy

Dear Valued Clients, Friends, and Acquaintances,

I hope this update finds you well. Below is our recap of market action for the week ended November 20, 2026, along with thoughts on strategy positioning and the outlook ahead.

The week delivered a sharp risk-off move across equities, with the S&P 500 falling 8.6%—its worst weekly performance in more than 18 months—and closing 11.6% below its October 6 record high of 7,818.93, placing the index in correction territory (a decline of more than 10% from all-time highs). The Nasdaq Composite dropped roughly 10% for the week and is now down 19.8% from its October 5 peak, approaching bear-market territory. Both averages closed the week below their 200-day moving averages. The Philadelphia Semiconductor Index (SOX) plunged 17.1%, with Nvidia down more than 22% for the week amid leadership concerns, reports of an SEC review, and renewed export-control headlines.

The correction has compressed the S&P 500's forward price-to-earnings ratio to approximately 16.4x, its lowest level since the 2022 bear market. Much of the damage has been concentrated in the semiconductor corner of the Information Technology sector, where the forward P/E has fallen to around 9.4x.

Explaining the Sell-Off

The sell-off began following the mid-term blue tsunami which has led to increased policy fears over anti AI policy campaign rhetoric. The anti AI rhetoric was followed by hawkish rhetoric from the Fed and that was followed by AI leadership uncertainty due to Jensen Huang being forced out of his role as CEO of Nvidia.

A recent Bank of America survey of fund managers (Nov 6-12) adds perspective. It showed that 52% of fund managers now believe that at least one hyperscaler could cut capex within six months and believe that companies are overinvesting. Fund managers

apparently hold this belief despite most companies reporting that demand for compute exceeds supply and/or demand for their product or service exceeds supply. For example, Micron Technology (MU) reported that they expect the supply/demand balance for memory chips is expected to be even tighter in 2027 and 2028 than what they have experienced in 2026. SpaceX (SPCX) reported that payback on compute is under 12 months and is expected to drop towards 6 months in 2027. SpaceX management also said they are being "hounded" by companies for compute capacity. In addition, revenue is expected to exit 2026 at $100B/year run rate and exit 2027 at $500B-$1trillion run rate. Anthropic reported in its S-1 filing for its IPO net revenue retention of 900% which implies existing customers spent 9x what they spent one year ago.

How close to Market Capitulation

- **Breadth:** Thursday's ~90%+ decliners on the S&P (roughly 9:1 down) was extreme washout-type action. Friday's continued weakness (still solidly negative, in the 3–4:1 range on many measures) adds to the pressure without delivering a full back-to-back 90% down day. That is a lot of selling in a short window.
- **Volatility:** VIX hit 40 Friday which is rare historically (~2% of trading days since 1990). VXN hit above 47 Friday which shows the stress is especially acute in the Nasdaq-100/tech complex, which fits the concentrated selling in AI/infrastructure and higher-beta growth names. Spikes into these zones have frequently coincided with intense selling pressure. Solid intermediate-term forward returns often follow once the extreme passes.
- **Sentiment:** Fear & Greed Index is in Extreme Fear (at 10, down sharply from the mid-30s a week ago) confirms that positioning and psychology have shifted hard toward risk aversion. These readings are uncommon and historically occur around periods of heavy selling and oversold conditions. AAII bulls are at 33.3%, another extreme reading but needs to be under 30 to trigger capitulation.

Based on work that our Chairman Emeritus, CJ Brott has done, a capitulation is close. The next stage is for buyers to come back. As far as the "fear override" as he calls it, there needs to be 600+ new lows on the NYSE, the Fear and Greed index to be below 20 and the AAII bulls under 30%. One of these conditions has been met (Fear and Greed index) with two conditions close as the number of new lows was 563 and the AAII bulls sits at 33.3%. The other two legs could happen this coming week. He considers the fear override the most trusted signal.

As I have written before, for a new rally to be confirmed the S&P500 or Nasdaq needs to be up +1.25% or more with higher volume than the day before and to occur on the 4th day after the initial rally attempt. The last rally attempt failed, and we are awaiting a new rally attempt. Other signals according to CJ, include a "Breadth thrust" in which positive volume is over 90% or two consecutive days of positive volume over 80%. Last week the best up-volume day was 38%. Leadership repair is another potential signal where the trigger is for 60% or greater of the top 50 leaders are back above their 50-day moving average. That figure is currently at 50%.

I pay attention to CJ's work as he has decades of experience and the he called the current sell-off very closely as far as timing. He also flagged expectations for a high intensity sell off and indeed that is what we have had.

Index Performance:

- **S&P 500:** –8.6% | Entered correction territory; down 11.6% from the October 6 all-time high of 7,818.93.
- **Nasdaq Composite:** Roughly –10% | Down 19.8% from its October 5 peak; approaching bear-market territory.
- **Dow Jones Industrial Average:** –8.0%
- **Russell 2000:** –7.5%.
- **Philadelphia Semiconductor Index (SOX):** –17.1%.

Market Technicals

Both the S&P 500 and Nasdaq Composite closed the week below their 200-day moving averages. The S&P 500's forward P/E has compressed to 16.4, the lowest since the 2022 bear market, while the semiconductor group's multiple has fallen to roughly 9.4. These levels reflect significant de-risking in the highest beta AI and chip names, though the broader market remains well above levels that would signal a recessionary bear market.

Outlook

Markets are up sharply overnight with S&P500 up +2.1%, Nasdaq up +2.7%, and the Dow up +1.6%.

The underlying multi $trillion AI infrastructure buildout thesis remains intact, supported by multi-year contracted capacity additions and continued tight-supply commentary from many suppliers. Near-term volatility is likely to persist as markets digest political rhetoric/policy signals, Fed commentary, export-control developments, and valuation resets. We continue to favor high-quality names with strong revenue growth/demand visibility, solid backlogs, and disciplined capital allocation within the Infrastructure PLUS strategy.

As always, this letter is for informational purposes only and does not constitute investment advice. Please reach out with any questions.

Best regards,

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