

2025 AND BEYOND — STRATEGY & MARKET UPDATE

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January 1, 2026

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EXECUTIVE SUMMARY

- **Market Twists**

2025 was a rare “10× travel year,” with cumulative day-to-day moves ten times larger than the S&P 500’s ultimate annual gain.

- **2025’s Frontrunner Upset**

The year’s frontrunners included: Silver (~+150%)¹, precious metals miners (~+166%), gold (~+65%), Latin America (~+54%), ex-US stocks (ACWX, ~+32%), and Semiconductors (~+43%). They outpaced the S&P 500 (+16.39% Price), the Nasdaq 100 (~+21%), the Dow (~+13%), and Bitcoin (~-6%).

- **2025 Strategy Highlights**

BOOST—our fourth trading engine—was introduced across our CORE, QUAD, FOCAL, and ASTRA strategies. It’s designed to capitalize on frontrunner rotations, complementing the three preexisting engines focused on tracking unfolding trends within the ongoing market retime.

- **2026—Environment**

Midterm volatility expected (<5% avg. returns, drawdowns ~-17.5%), though outcomes improve under a second-term President. Notably, one-year forward gains from midterm lows have averaged +32%, the strongest in the cycle. Entering 2026, macro tailwinds include no signs of recession, low inflation, strong GDP growth, expanded capex credits, and lower energy costs. This is context, not a forecast—see our ongoing updates for developments.

- **2026—Strategy Positioning**

Bifocal approach: trend-tracking to align with enduring market regime leadership, paired with BOOST to capitalize on frontrunner rotation. Follow our interim Updates via email and on LinkedIn.

“Yeah, let’s twist again—Twistin’ time is here!”

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2025—THE YEAR IN REVIEW:

I. Market Twists

Come on, everybody
Clap your hands
Aw, you're lookin' good
I'm gonna sing my song
And it won't take long
We're gonna do the twist
And it goes like this
Do you remember when
Things were really hummin'?
Yeah, let's twist again
Twistin' time is here!

[*The Twist* – Lyrics by Hank Ballard and the Midnighters (1958), popularized by Chubby Checker (1960).]

If, for any reason, you don't recall Chubby Checker's electrifying rendition that launched an entire dance era—or wonder about the relevance of the reference—watch the modern reimagining of the twist in the viral [short](#) featuring internet sensation Polina Kulakova and her intrepid dance partner. It vividly captures the essence of the market's path not only in Q4 but throughout 2025.

A Year of Extreme Travel

In 2025, the broader market—as measured by the S&P 500—logged a **10× travel year**: cumulative day-to-day movement was roughly ten times larger than the index's final annual return. It was a year of sharp switchbacks—like traveling from San Francisco to Los Angeles by bouncing off the capitals of ten other states. In recent history, only 2022 exceeded this, setting a record **15× travel year**.

While Wall Street fixates on drawdowns, volatility, and the VIX (the “fear index”), we find esoteric descriptors—such as the market's *travel path*—far more informative and actionable, and we leverage them in our strategies to navigate market regimes more adaptively and with greater risk control.

An Accounting of Market Twists

- **Q1's Pre-Tariff scare:**
Anticipating 'Liberation Day' (the April 2nd tariff announcement), markets braced for bad news. The growth-champions fell, including the S&P 500 (~-5%), the Nasdaq 100 (~-8%), and Bitcoin (~-12%). These losses were counterbalanced by mid-single-digit gains in the defensive low-volatility indices.
- **Q2's Tariff Whipsaw:**
After plunging more than -20% peak-to-trough in early April, markets staged a vigorous rebound by quarter-end. Wall Street appeared to internalize the insight highlighted in our behavioral finance simulation, [The Queen's Gambit—Chess-Gaming Tariffs](#): tariffs favor, rather than disadvantage, consumer-driven, import-heavy economies like the U.S.

The reversal lifted the S&P 500 by nearly +11% and the Nasdaq 100 by almost +18%, while low-volatility indices remained flat, and Bitcoin vaulted almost +31%.

- **Q3's Market Awakening**
Ignoring pundit warnings and the historical weakness of August and September, markets shrugged off tariff

concerns and posted gains in every month of Q3. The S&P 500, Nasdaq 100, and Bitcoin rose by high single digits, while low-volatility indices barely moved.

- **Q4's Final (Un)Scramble**

By year-end, the broader market inched higher by low single digits, while defensive low-volatility indices drifted lower. In contrast, Bitcoin plunged nearly -24%, registering the highest travel path among major asset classes in 2025.

- **2025's Major Overall Twist**

While leading U.S. growth stocks, defensive low-volatility plays, and crypto bounced around all year, one counterwave dominated from start to finish: a revival of precious metals and resource-rich asset classes.

Gold (~65%), silver (~+150%), and their miners (~+166%) surged back into the spotlight, while resource-heavy territories like Latin America (~+54%) led global returns—a throwback to the early 2000s. Even the tech-light global stocks ex-US (ACWX) gained nearly +32%, comfortably outpacing the S&P 500 (+16.39% Price) and Nasdaq 100 (~+21%). Only the U.S.-dominated Semiconductor Index rivaled the leaders, strikingly climbing nearly +43%. Bitcoin ended the year lower, down roughly -6%.

Now that's a major twist! In the words of Hank Ballard, the voice of Chubby Checker, and the footwork of Polina Kulakova:

Do you remember when
Things were really hummin'?
Yeah, let's twist again
Twistin' time is here!

II. The Introduction of BOOST—Marrying Market Twists to Strategy Rotation

Overall, 2025 rewarded disciplined investors who adhered to adaptive strategies. The real danger lay not in asset class weakness, but in faulty analysis—especially misreading the impact of tariffs—and in reflexive 'risk avoidance' that turned interim volatility into a minefield of whipsaws. Investors are reminded that **risk avoidance is not sound risk management**; effective strategies require **disciplined risk control** grounded in market awareness, adaptability, and deliberate tax budgeting.

As documented in our interim quarterly updates, the market regime remained bullish throughout 2025 despite the twists: our macroeconomic radar detected **no recession**, and our market-functioning radar revealed **no critical dysfunction**.

So how does one reconcile the regime stability with the year's frontrunner twists—and allocate capital accordingly?

As market-regime navigators, our four strategies—CORE and QUAD for taxable accounts, and FOCAL and ASTRA for tax-advantaged accounts—are fundamentally trend-trackers. For years, they have been powered by three trading engines: two that track unfolding market trends, and one that amplifies them. Together, these engines captured the persistent leadership of U.S. growth, tech, and innovation that has defined the current regime, while balancing exposure with select defensive assets.

That raises an obvious question in light of 2025's dramatic upset in market frontrunners: is it time to abandon U.S. tech, growth, and innovation in favor of gold, silver, resources, and ex-U.S. stocks?

Not exactly. As noted in our Q3 update, when the market twists, so do our strategies.

U.S. growth, tech, and innovation remain firmly on trend and continue to lead global profitability. They also drive demand for many of 2025's standout performers—particularly via the AI-fueled surge in resource consumption. Meanwhile,

several of the year's newcomers have vaulted well above their trends, posting this century's largest annual gains at multiples of historical averages, with Latin America as the notable exception, having resumed its long-term trend.

In other words, there has been no regime shift—but a powerful rotation among market frontrunners. Within a regime, some assets express enduring trends, while others cycle through leadership around them. This dynamic creates **two distinct opportunity sets: trading the trend and trading rotations around the trend**, a distinction our strategies actively pursue.

A telling illustration is gold since the introduction of popular gold ETFs around 2004. Over this period, gold has outpaced the broader market, with the price of one ounce rising from 38% of the S&P 500 index to roughly 58% today—a near 50% relative gain. Yet this relationship has swung dramatically, stretching above 140% in 2011 before collapsing to 36% in 2021—a wide range of relative valuation twists around the market's more stable trend.

Our strategies fully embrace this differentiation. While three engines track the enduring market trend, our newest fourth engine—BOOST—introduced across the strategy lineup in Q2/Q3, is explicitly designed to capitalize on frontrunner rotation. Investors can observe BOOST's twist-like activity directly in the activity section of their statements.

Looking Ahead to 2026

On the macro side, 2026 inherits considerable tailwinds: controlled inflation (clocked by Truflation®, whose readings have proven more trustworthy, closer to 2% than the ~3% in the elliptical CPI or PCE), lower energy costs, accelerated capex credits, and robust GDP growth (surprising to the upside with 4.3% growth in Q3).

Yet on the market internals side, 2026 is a mid-term election year—typically volatile, with average returns under 5% and drawdowns around -17.5% (recall 2018, 2022). Yet, under a second-term President, midterms tend to perform better. Importantly, one year after midterm lows, stocks have never been down, averaging ~32% gains—**the strongest forward return in the presidential cycle**.

This aligns well with our strategies' **bifocal positioning** as we enter 2026: Anchoring to the enduring market regime via our three trend-tracking engines (as long as it remains bullish), while deploying BOOST to turn frontrunner rotation into opportunity.

Again, in the words of Hank Ballard, the voice of Chubby Checker, and the footwork of Polina Kulakova, heading into 2026:

**Yeah, let's twist again
Twistin' time is here!**

LAST WORD

We invite you to share your GNH Capital Group experience with your circles of influence. The last six years have been particularly challenging for most investors. They have been battered by the historic bond bear market and whipsawed in the steep downdraft of 2018, the CoViD crash of 2020, the rolling turmoil of 2022, and the frontrunner upsets of 2025. And throughout the last sixteen years, they have been torn between the Scylla of speculation and greed and the Charybdis of worry and indecision. As our veteran clients have discovered, our strategies' adaptability and risk controls have been an excellent antidote to haphazard performance and a booster of investor confidence. Please assist us in spreading the word.

We remain grateful for your trust, loyalty, support, and friendship!

On behalf of GNH Capital Group's entire team, with Henrik, Richard, Chad, and Isabel,



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[1] Market Data throughout this Update: FactSet, S&P Dow Jones Indices, MSCI, YCharts. For uniformity, approximate price-level index returns are quoted without dividend reinvestment.

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