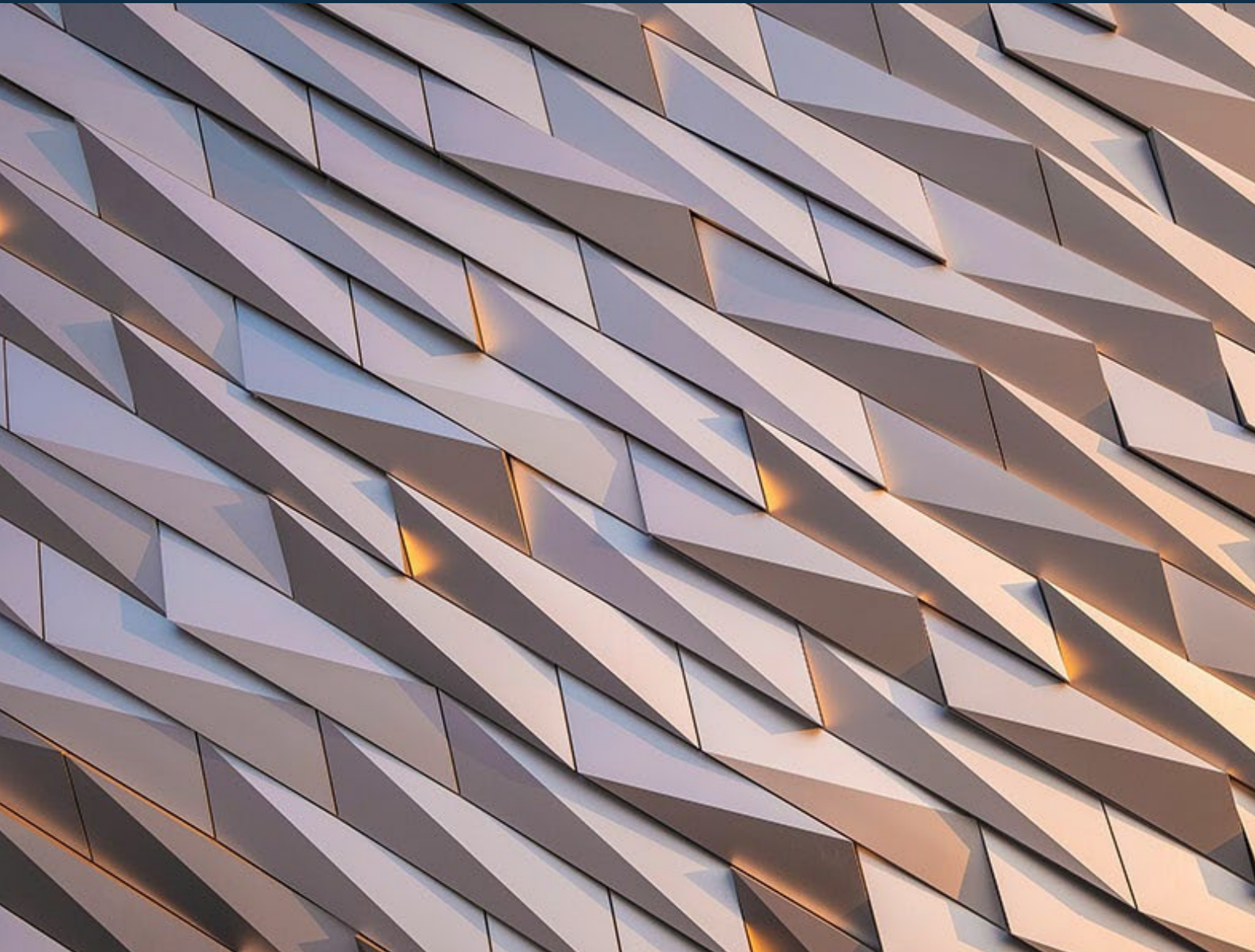


EVLI

Atlas Monthly Equity Navigator

NOVEMBER 2025



Market Correction Amid Bubble Fears and Geopolitical Hope

November marked a significant turning point for global equity markets as bubble concerns triggered a sharp correction in the most expensive segments. AI-related stocks and cryptocurrencies experienced substantial declines as investors questioned stretched valuations reminiscent of the dot-com era. Technology stocks dropped sharply while healthcare gained, reflecting a clear rotation from expensive growth to growth-at-a-reasonable-price (GARP) and value. The equal-weighted S&P 500 outperformed the market-cap weighted index for the first time in months, signaling a broadening of market leadership beyond mega-cap technology. Geopolitical developments provided a silver lining, with renewed peace talks in Ukraine led by the US administration offering hope for reduced tensions.

The timing of the correction was notable—coming almost exactly three years after ChatGPT's launch in November 2022 sparked the AI boom. What began as transformative innovation has evolved into valuation excess in certain segments. The valuation concerns that emerged centered on some of the more hyped AI companies trading at price-to-sales multiples exceeding 20x, with several prominent names declining 15-25% during the month. This correction was healthy and overdue—concentration in the Magnificent 7 had reached unsustainable levels. After three years of extraordinary gains driven by AI enthusiasm, the market is now demanding proof of sustainable profitability rather than accepting valuations based purely on growth potential. The recent rotation into value stocks, cheaper growth themes, and emerging markets suggests investors might continue to reposition for a more balanced market environment heading into 2026.

1. Bubble Fears Trigger Healthy Correction

November's market action underscored the dangerous concentration of equity market returns, raising sustainability questions about the current rally's foundation.

- **Valuation Reality Check:** The narrative shifted dramatically as analysts drew parallels between current AI stock valuations and the 2000 dot-com bubble. The three-year anniversary of ChatGPT's November 2022 launch served as a natural moment of reflection—while AI's transformative potential remains intact, the extraordinary valuations in certain segments had become disconnected from near-term fundamentals. While AI enthusiasm continues to fuel optimism, investors should recognize that the valuation levels of many of the AI infrastructure companies are already priced for perfection, hence overly positive earnings reports are needed to keep up this optimism.
- **Crypto Contagion:** Cryptocurrency-related stocks declined 30-40% as Bitcoin fell below key support levels. The correlation between speculative tech and crypto exposed the fragility of momentum-driven positioning. The underperformance of speculative technology stocks suggests investors are increasingly discriminating between winners and potential problem areas.

2. Ukraine Peace Hopes and European Opportunities

- **Diplomatic Progress:** US-led negotiations showed tangible progress toward a ceasefire framework, raising hopes for resolution to the conflict that has defined European geopolitics since 2022. This represents a genuine shift in the diplomatic landscape and warrants attention from global investors.
- **Ukraine Rebuild Theme Emerges:** European industrials and materials companies gained as investors positioned for potential Ukraine reconstruction opportunities. This represents a significant new investment theme for 2026.

Global Equity Performance

November delivered the first meaningful correction in months, with pronounced divergence between regions and styles. AI-related stocks were most under pressure as the most expensive stocks sold off heavily. Rotation from momentum to value dominated, while European markets showed relative resilience. Global equities declined 0.7% in euro terms.

United States

- Technology fell the most as valuation concerns dominated. Among sectors, Healthcare surged as investors rotated into defensive growth. Energy and Utilities also outperformed. Within styles, Value decisively outperformed Growth, and Momentum suffered its worst month since 2022.

Europe

- European markets rose 0.8% in euros, outperforming other markets. Healthcare, Industrials, and Materials sectors gained on Ukraine reconstruction hopes and defensive positioning.

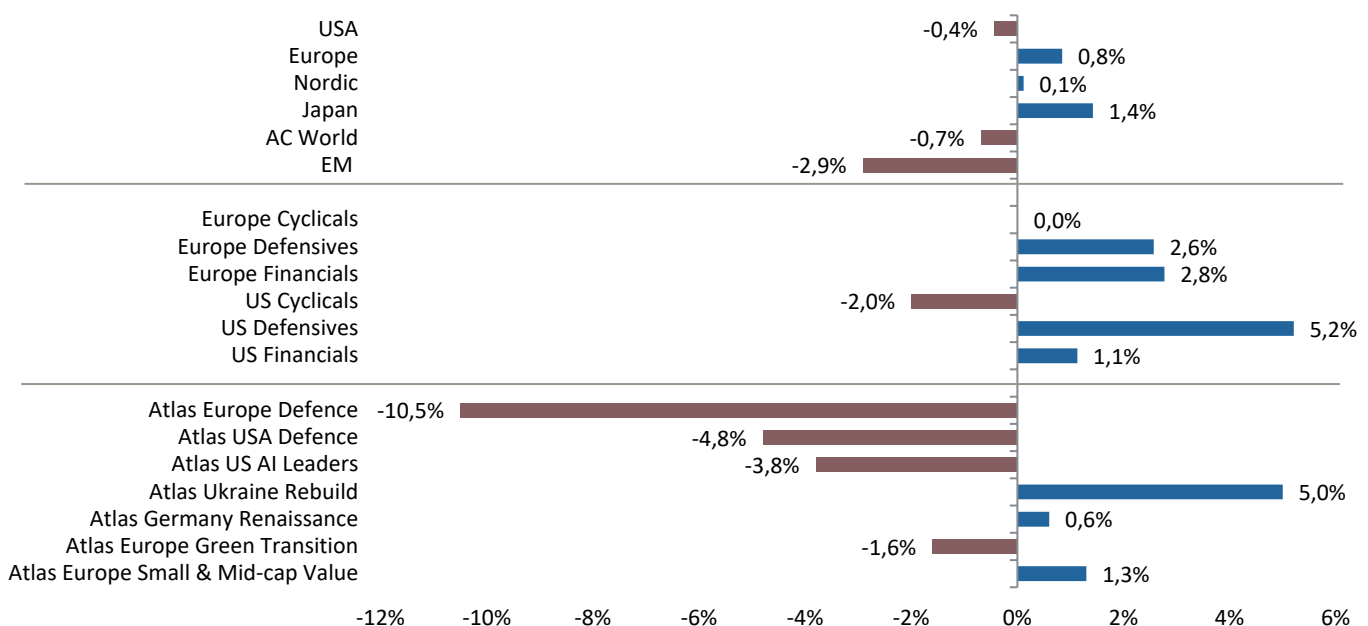
Emerging Markets

- Emerging markets fell almost 3% in euro terms in November, pressured by technology weakness. However, Asian markets outside of technology showed resilience, and the rotation away from expensive growth benefited select EM value names. India and Brazil outperformed within the EM universe.

Themes & Styles

- **Theme of the Month:**
 - **Ukraine Rebuild:** Emerging as a significant investment theme for 2026. European industrials, materials, engineering, and infrastructure companies stand to benefit from reconstruction efforts estimated at around €500 billion over the next decade, according to the World Bank. Early positioning opportunities exist as the market begins to price in this multi-year tailwind.
- **European Comeback Themes:**
 - **German Economic Renaissance & European Industrials:** The massive German stimulus represents a fundamental policy shift that creates multi-year revenue visibility for companies serving industrial and infrastructure markets.
 - **European Green Transition & Climate Investment:** Europe's binding climate commitments and substantial public funding create a favorable and stable environment for companies operating in clean technology and sustainable infrastructure.
 - **European Small & Mid-Cap Value:** The combination of low valuations, accelerating earnings, and strengthening economic backdrop creates an attractive risk-reward profile for patient investors willing to look beyond mega-cap technology and consumer names.
 - **European Banks:** Net interest margins remain healthy, and loan growth is improving. European banks continue to trade at attractive valuations with strong capital positions and improving shareholder returns. Fundamentals remain solid despite being the best-performing sector year-to-date.
 - **European Defence:** Defence stocks declined on Ukraine peace talk optimism, as investors worried about reduced military spending. However, European defence budgets remain on multi-year growth trajectories regardless of Ukraine outcomes. The pullback may offer attractive entry points given long-term structural drivers.
- **AI Themes:**
 - **The AI Focus Is Shifting:** As infrastructure valuations correct, investor attention is rotating toward enterprise software and industry-specific AI applications with clearer revenue visibility. The AI ecosystem—from infrastructure through application layers to operational transformation—provides an interesting array of sub-themes across the AI stack. Within the European themes another alternative is the European Technology Adoption & AI Integration sub-theme.

Atlas Equity Chart of the Month: Equity market returns, euro returns November 2025



Source: Evli Atlas Portfolio Technologies; Total returns in euros.

The Case for Multi-Dimensional Diversification

November's correction underscored the risks of concentration. As earnings growth broadens beyond mega-cap technology, intelligent diversification across themes, regions, and investment styles becomes essential for resilient portfolios in 2026.

Beyond AI—which continues to offer compelling opportunities across the technology stack—attractive investments span diverse market segments. Japan's reforms under Prime Minister Takaichi represent a fundamental policy shift with multi-year potential. Europe's fiscal stimulus is gaining traction, potentially providing attractive entry points following its recent pullback. The emerging Ukraine Rebuild theme presents significant opportunities across European industrials, materials, and infrastructure.

The extreme growth-value divergence in November typically precedes mean reversion, though precise timing remains elusive. Small-cap and value stocks offer compelling valuations and stand to benefit as economic growth broadens.

The Atlas Approach for 2026

Rather than attempting to time market rotations, position portfolios to benefit from multiple scenarios. Maintain AI exposure through diversified approaches while building positions in value, quality, international markets, and emerging themes. This balanced strategy allows participation in the AI transformation while reducing concentration risk and capturing opportunities across the full equity market spectrum.

By spreading capital across regions with structural tailwinds, styles with attractive valuations, and themes positioned for future growth, investors can participate in continued market strength while preparing for the inevitable broadening of market leadership.

What is Atlas?

Atlas is an intelligent platform empowering investors to build and manage highly personalized equity portfolios. Leveraging data and AI, we craft strategies aligned with your precise investment style, objectives, and sustainability goals—from classic value to emerging themes like AI.

- **True Personalization:** Go beyond generic models. Our AI helps craft strategies that perfectly reflect your vision.
- **Unprecedented Flexibility:** Don't get locked in. Shift from value to growth, or adjust thematic tilts, as your outlook evolves.
- **Powered Customization:** If our expert-designed, ready-made portfolios don't fit, our Atlas team of seasoned portfolio managers with the help of our proprietary AI engine will build a unique strategy for you.

Invest intelligently. Adapt instantly. That's Atlas.

Find out more about Atlas on <https://www.evli.com/en/atlas> or contact us at Atlas@evli.com.



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