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Monthly Insights: November Outlook

Financials

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ETFInsight Elev8 Model
Model and constituent update: October 30, 2026

Financials: A Core Overweight with Improving Participation

November Elev8 allocations • active weight descending

Rank / ETF	Score	BMK %	Elev8 %	Active pp
1 VDE	6	3.80	10.00	+6.19
2 VHT	4	10.33	16.16	+5.83
T3 VGT	3	37.15	40.14	+2.99
T3 VFH	3	12.29	14.41	+2.12
5 VDC	-1	4.88	6.22	+1.34
T6 VPU	-2	2.05	2.99	+0.94
T6 VNQ	-2	1.77	2.26	+0.49
T6 VIS	-2	8.07	7.83	-0.24
T6 VAW	-2	1.91	0.00	-1.91
10 VCR	-3	8.87	0.00	-8.87
11 VOX	-6	8.88	0.00	-8.88

VFH: 14.41% portfolio weight versus 12.29% benchmark; active weight +2.12 pp. Score +3, rank T3. The table places this sector's exposure in the full portfolio context.

The allocation grows. VFH rises from 12.78% in October to 14.41% for November. The +3 score ties Technology for third. Its active overweight rises from 0.99 to 2.12 percentage points, still below Technology's 2.99 points.

The recovery now has broader price support. Sixty-one of 76 constituents outperform over one month and 47 trade above their 50-day averages. Participation has improved, although recent leadership favors selected exchanges, data providers and insurers.

Current profitability provides a foundation. JPMorgan's Q3 net income of $15.3bn and 20% return on tangible common equity support the earnings case. These results provide a firmer basis than assuming that higher rates automatically benefit all financial companies.

Credit remains the important constraint. A sharper growth-stock correction could weaken fee activity and financing conditions. Slow hiring also warrants attention to borrowers' repayment capacity. Stable credit would make the overweight more durable.

Financials Technicals: Support Recovered, Old Highs Ahead



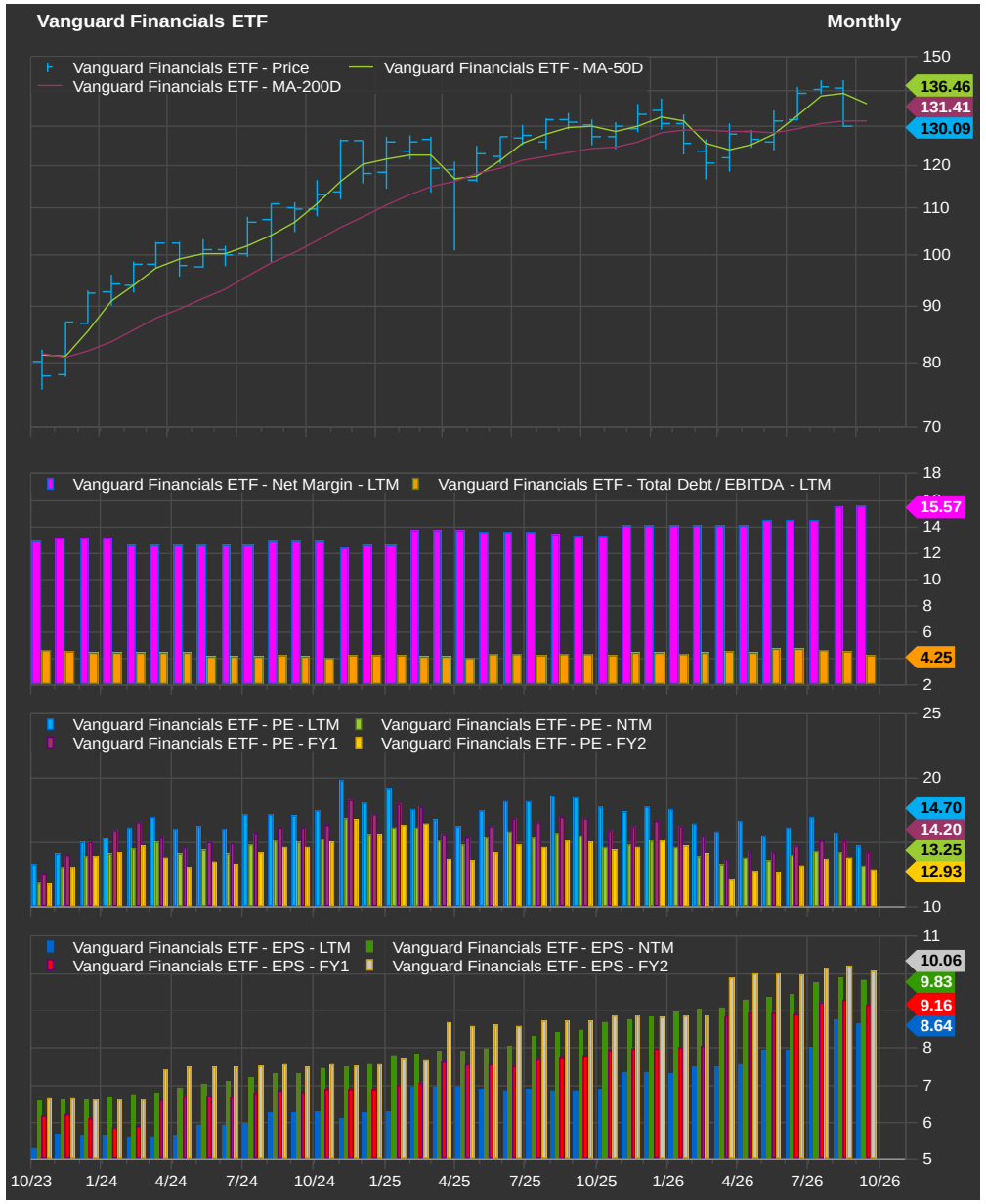
The rebound has cleared initial resistance. In the chart through October 29, VFH at 138.36 now holds support near its 50-day average at 136.46. The rising 200-day average near 131.41 provides deeper support after the September decline.

The summer peak is the next test. The approximate 142–143 area capped the July–August advance. Clearing and holding that resistance would show more than a recovery from the autumn low.

Momentum has improved. RSI near 62 and MACD above its signal line support the current rebound. A return below the 50-day average would weaken this improvement and put the longer average back in focus.

Policy gives a mixed operating backdrop. The Fed's October 28 hold offers no broad funding-cost relief, but avoids an immediate reduction in short-term asset yields. The daily chart still shows 2.04% underperformance over the previous twelve months, so the recovery has not yet restored full relative leadership.

Financials Fundamentals: Normalize the Earnings Base



Forward valuation assumes steady progress. The monthly chart shows 14.70x trailing P/E and 13.25x NTM P/E. NTM EPS of 9.83 exceeds trailing EPS of 8.64, while FY2 EPS of 10.06 compares with FY1's 9.16.

Aggregate leverage needs sector context. The chart's 15.57% trailing margin spans banks, insurers and market businesses. Debt / EBITDA of 4.25x is less useful as a cross-sector risk comparison for financial institutions; capital, credit quality and liquidity deserve greater emphasis.

Headline growth can overstate recurring improvement. American Express reported Q3 GAAP EPS growth of 31% on October 23, but adjusted growth of 13%. A $982m pretax sale gain, net of restructuring charges, explains much of the gap.

The valuation implication. Use normalized earnings when judging the forward discount. Strong reported results support the sector only to the extent that recurring revenue, credit performance and operating efficiency can sustain them.

Financials Valuation: Earnings Quality and Price Confirmation

Selected constituents • relative P/E ascending

Stock	Rel. P/E	1M excess	50DMA dist.
BAC	**0.55x**	-7.7%	-9.8%
WFC	**0.57x**	+4.7%	+0.4%
GS	**0.67x**	+0.5%	-2.4%
JPM	**0.72x**	+2.4%	-0.04%
MS	**0.74x**	-2.1%	-4.4%
BRK.B	**1.29x**	+7.2%	+5.4%
V	**1.44x**	+11.5%	+7.9%
MA	**1.50x**	+12.3%	+8.6%

Relative P/E, low to high. Compare each discount or premium with its one-month excess return and position against the 50-day average.

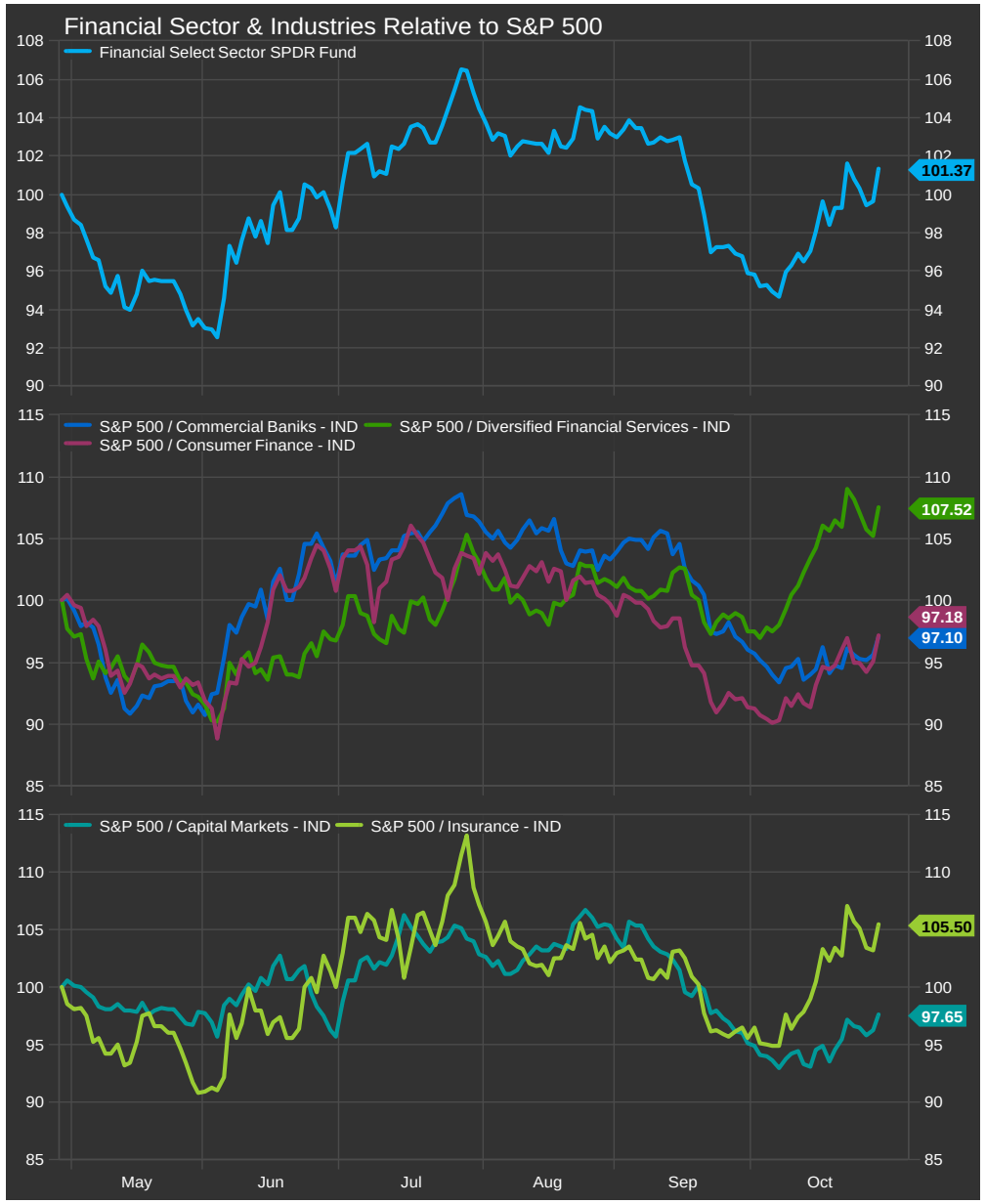
Bank discounts are not interchangeable. Wells Fargo, Bank of America and JPMorgan occupy the lower end of this comparison. Their valuations must be weighed against funding, credit and return-on-capital differences rather than treated as a single bank trade.

Capital-markets earnings support a separate case. Goldman Sachs reported Q3 revenue of $18.68bn and return on equity of 18.7% on October 13. That profitability supports its valuation, while market-sensitive revenue remains vulnerable to changing activity.

Payment franchises command a different premium. Visa and Mastercard sit at higher relative multiples. Their business economics differ from balance-sheet lenders, but a premium still needs durable transaction growth and operating execution.

Valuation and price confirmation differ. JPM trades at 0.72x the index's P/E and 0.04% below its 50-day average. CBOE trades at 1.12x and 6.9% above its 50-day average. The comparison helps distinguish a lower price from a better-supported earnings opportunity.

Financials Relative Trends: Insurance Leads the Recovery



The industry exhibit uses XLF. The Financials proxy in this six-month chart has outperformed the S&P 500 by 1.37% from May through October. Elev8 allocates to VFH, so the two ETF series should not be treated as identical.

Leadership is outside traditional banks. Diversified financials has outperformed by 7.52% and insurance by 5.50%. Banks have underperformed by 2.90%, consumer finance by 2.82% and capital markets by 2.35%.

Consumer activity is stronger than the relative curve. American Express reported Q3 billed business of $454bn, up 8%, on October 23. That operating resilience provides context for the recovery without proving that the entire consumer-finance group has regained leadership.

The next confirmation should broaden. Better bank and capital-markets participation would reduce dependence on the current leaders. Strong individual earnings have not yet translated into a uniform six-month sector advance.

Financials Breadth: October 30 Constituent Update

Outperforming share descending • one-month returns

Industry	Stocks	Beat BMK	>50DMA	Median ex.
Consumer Finance	3	**100.0%**	100.0%	+5.6%
Insurance	23	**91.3%**	87.0%	+8.6%
Financial Services	11	**90.9%**	54.5%	+6.2%
Banks	13	**84.6%**	53.8%	+4.6%
Capital Markets	26	**61.5%**	42.3%	+1.3%

Outperforming share, high to low. Median sector excess return is +5.57% over one month. Price repair has progressed.

Current participation. 61 of 76 constituents with valid one-month returns beat the benchmark. 47 of 76 trade above their 50-day averages.

Price repair has progressed. The share above trend now exceeds half the sector. Insurance and selected market-infrastructure franchises provide stronger support than the weakest brokerages.

Portfolio implication. More consistent bank and capital-markets participation would make the retained overweight less dependent on the current leaders.

Financials Themes: Profitability, Market Activity and Spending

Company evidence and the conditions for sustained returns

Bank earnings provide a substantial anchor. JPMorgan's October 13 Q3 report showed EPS of $5.57. The result provides current earnings support for a sector that still needs broader technical confirmation, rather than relying only on the prospect of easier policy.

Market businesses have delivered strong income. Goldman Sachs reported Q3 net income of $5.29bn and EPS of $17.01. Its results show that weak industry-relative performance can coexist with robust current profitability; future activity and expectations still determine the equity response.

Card revenue offers a recurring-growth check. American Express Q3 revenue rose 9% to $20.06bn. Its 2026 adjusted-EPS outlook of $17.60–$17.90 gives a forward reference separate from the quarter's disposal gain.

The retained overweight needs resilient credit. A volatile equity market can support trading and exchange activity while weakening issuance, wealth fees and speculative brokerage volumes. Favor durable franchise earnings when assessing whether the sector can retain leadership through a broader market correction.

Top 10 Stock Performers: Financials

Rolling one-month excess return • highest to lowest

Company	Industry	Pattern	1M ex.	Rel. P/E	Mom.	Beta
FactSet Research Systems (FDS)	Capital Markets	Bullish Reversal	**+22.4%**	0.85x	16.8	0.59
Cboe Global Markets (CBOE)	Capital Markets	Bullish Reversal	**+19.3%**	1.12x	3.0	0.46
Arthur J. Gallagher & Co (AJG)	Insurance	Bullish Reversal	**+17.0%**	0.98x	5.9	0.26
S&P Global (SPGI)	Capital Markets	Consolidation	**+16.7%**	1.24x	7.9	0.85
Aon A (AON)	Insurance	Downtrend	**+15.9%**	0.86x	-7.1	0.47
Marsh & McLennan Companies (MRSH)	Insurance	Consolidation	**+15.6%**	0.93x	3.5	0.18
Nasdaq (NDAQ)	Capital Markets	Bullish Reversal	**+14.3%**	1.21x	8.4	1.00
MSCI A (MSCI)	Capital Markets	Consolidation	**+13.9%**	1.50x	3.6	1.18
Allstate (ALL)	Insurance	Consolidation	**+12.8%**	0.46x	0.3	0.15
Erie Indemnity A (ERIE)	Insurance	Consolidation	**+12.8%**	1.05x	3.1	0.40

S&P 500 Financials constituents • FactSet / MTIR • October 30, 2026

Selection evidence. FDS, CBOE and AJG lead. Data, exchanges and insurance offer a different earnings mix from lending and speculative brokerage activity, helping explain the sector's uneven response to market volatility.

Model context. 4 of these ten stocks contribute positively and 6 negatively to the model score. Recent returns and model classifications need not agree.

Bottom 10 Stock Performers: Financials

Rolling one-month excess return • lowest to highest

Company	Industry	Pattern	1M ex.	Rel. P/E	Mom.	Beta
Robinhood Markets A (HOOD)	Capital Markets	Bullish Reversal	**-21.9%**	1.70x	-4.5	3.62
Coinbase Global A (COIN)	Capital Markets	Retracement	**-16.2%**	4.04x	-11.7	4.45
Charles Schwab Corp (SCHW)	Capital Markets	Consolidation	**-10.4%**	0.63x	-15.1	0.76
Bank of America Corp (BAC)	Banks	Consolidation	**-7.7%**	0.55x	-15.3	1.19
Interactive Brokers Group A (IBKR)	Capital Markets	Uptrend	**-5.8%**	1.36x	-7.7	1.88
Invesco (IVZ)	Capital Markets	Bullish Reversal	**-5.3%**	0.48x	-1.3	1.60
Citigroup (C)	Banks	Uptrend	**-4.6%**	0.53x	-6.4	1.15
Globe Life (GL)	Insurance	Bullish Reversal	**-3.9%**	0.53x	-10.0	0.70
State Street (STT)	Capital Markets	Uptrend	**-2.5%**	0.61x	-2.5	1.15
Morgan Stanley (MS)	Capital Markets	Uptrend	**-2.1%**	0.74x	-7.8	1.57

S&P 500 Financials constituents • FactSet / MTIR • October 30, 2026

Selection evidence. HOOD, COIN and SCHW head the weaker group. The results highlight vulnerability in market-sensitive franchises even while many financial companies recover. Continued bank and credit stability remains important to the overweight.

Model context. 7 of these ten stocks contribute positively and 3 negatively to the model score. Recent returns and model classifications need not agree.

Financials: Nominal Activity Helps, Credit Deserves Attention

The growth backdrop supports revenue opportunity. Q3 real GDP rose at a 3.4% annualized rate, versus 2.2% in Q2, in BEA's October 29 advance estimate. Firmer activity can support transactions and lending demand, though GDP does not establish the credit quality of that demand.

Labor is a separate credit signal. September payrolls increased only 29,000 and unemployment was 4.2%, according to BLS on October 2. A slower hiring environment warrants attention even while aggregate spending holds up.

Inflation complicates the rate path. September core PCE inflation was 3.1% year over year in the October 29 release. Persistent inflation can keep funding and refinancing costs elevated, limiting the benefits of firmer nominal revenue.

November checkpoints. Jobs on November 6, CPI on November 10 and October PCE on November 25 will test the balance between activity and inflation. Stronger participation with stable credit would support the overweight more convincingly than an isolated rate-driven rally.

Elev8 Components: Financials

Total score descending • ties ordered by active weight

ETF	Pat.	Mean	Wtd.	OB/OS	Sector	Ind.	Cmdty Up	USD Up	Total
VDE	1	1	1	0	2	1	1	-1	**6**
VHT	1	1	1	0	2	1	-1	-1	**4**
VGT	1	1	1	0	1	0	-1	0	**3**
VFH	0	1	1	0	0	0	0	1	**3**
VDC	0	-1	-1	0	0	0	1	0	**-1**
VPU	0	-1	-1	0	0	0	1	-1	**-2**
VNQ	0	-1	-1	0	0	0	1	-1	**-2**
VIS	0	-1	1	0	-1	-1	1	-1	**-2**
VAW	0	-1	-1	0	0	0	1	-1	**-2**
VCR	0	-1	-1	0	0	-1	-1	1	**-3**
VOX	-1	-1	-1	1	-1	-1	-1	-1	**-6**

VFH total: +3 | Elev8 weight: 14.41% | Active weight: +2.12 pp. The score grid highlights the signals supporting or challenging this sector's November position.

Current signal balance. Positive inputs: Mean +1, Weighted +1, USD-up +1. No input is negative.

Allocation significance. The retained overweight needs stable credit and wider bank participation. More volatile markets can help exchanges while hurting issuance and speculative brokerage activity.

Comparison with October. November scores use eight components, with commodity and dollar trend inputs replacing October's equity and rates inputs. Total-score changes from October are therefore not strictly comparable. The displayed weights are the November model allocations.

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Charts: FactSet Active Graphs / Myrtle Tree Investment Research • Financials October chart observations.