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Monthly Insights: November Outlook

S&P 500

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

November Outlook: A More Conservative Sector Allocation

ETFInsight Elev8: October 30 November allocations

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

Active weight, high to low. Energy and Healthcare lead. Staples, Utilities and Real Estate enter, while Communication Services, Discretionary and Materials exit. Changes in the narrative compare November with the published October model.

The November update changes the portfolio balance. Healthcare, Staples and Utilities together rise from 12.92% in October to 25.36% for November. These additions increase exposure to recurring demand and regulated earnings.

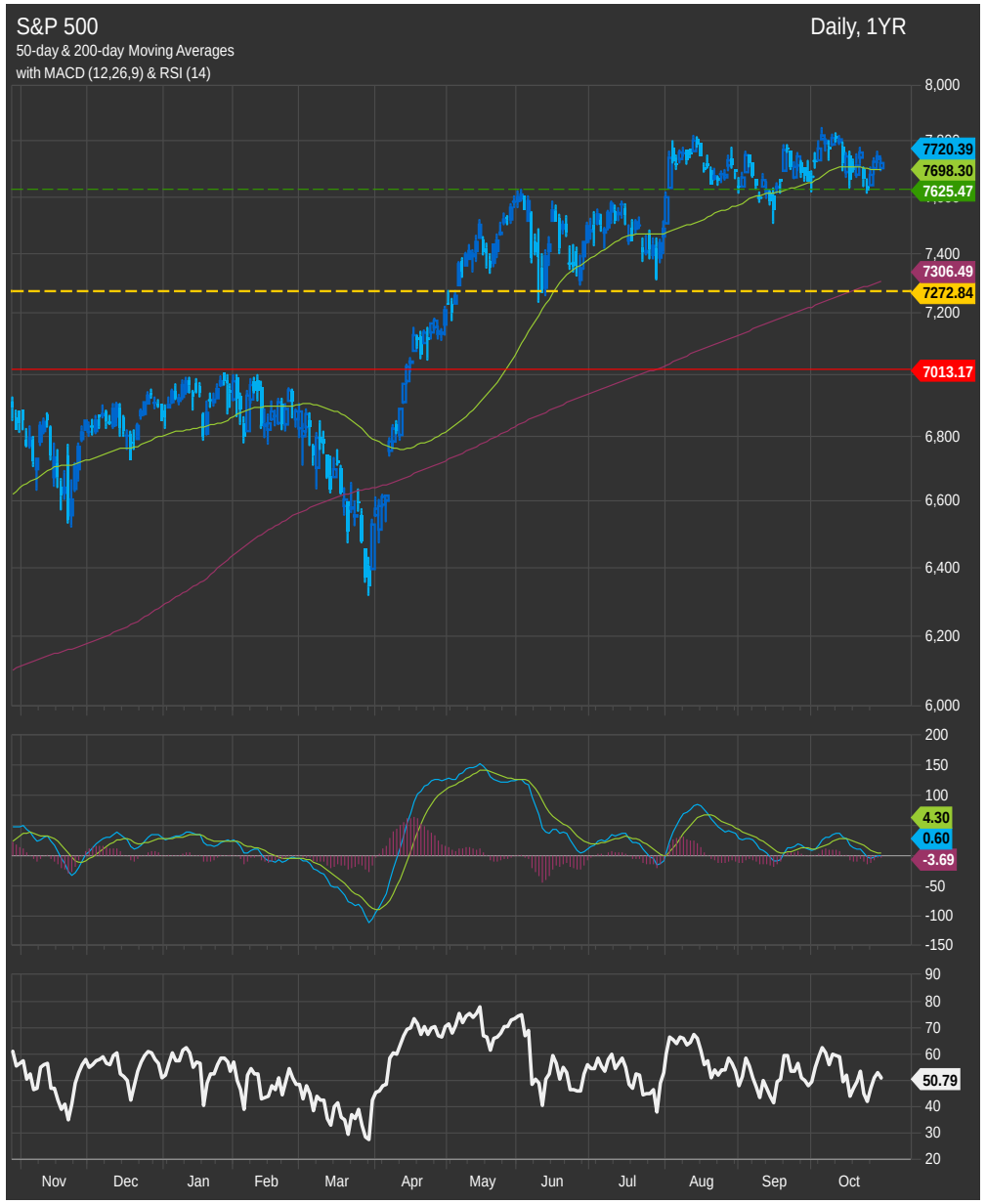
Energy carries the largest active overweight. VDE rises to 10.00%, or 6.19 percentage points above its benchmark. Healthcare follows with a 5.83-point overweight. The combination adds both inflation-sensitive earnings and less discretionary demand.

Growth exposure remains substantial. Technology falls from 42.47% to 40.14%, reducing its overweight to 2.99 points. It remains the largest position. Financials holds a 14.41% allocation and a 2.12-point overweight.

Communication Services, Discretionary and Materials now have zero weights. VOX falls from 9.27%, VCR from 5.92% and VAW from 1.78% in October. Real Estate enters at 2.26%, a small overweight.

The economic outlook still calls for selectivity. Q3 GDP growth of 3.4% supports earnings, but persistent inflation and weaker household purchasing power limit valuation relief. The new mix seeks more reliable cash generation while retaining meaningful equity-market risk.

S&P 500 Technicals: Nearby Support Faces an Earnings Test



The chart shows only a small support cushion. Through October 29, the S&P 500 at 7,720 holds above its 50-day average near 7,698. A sustained break would expose the chart's next support near 7,625.

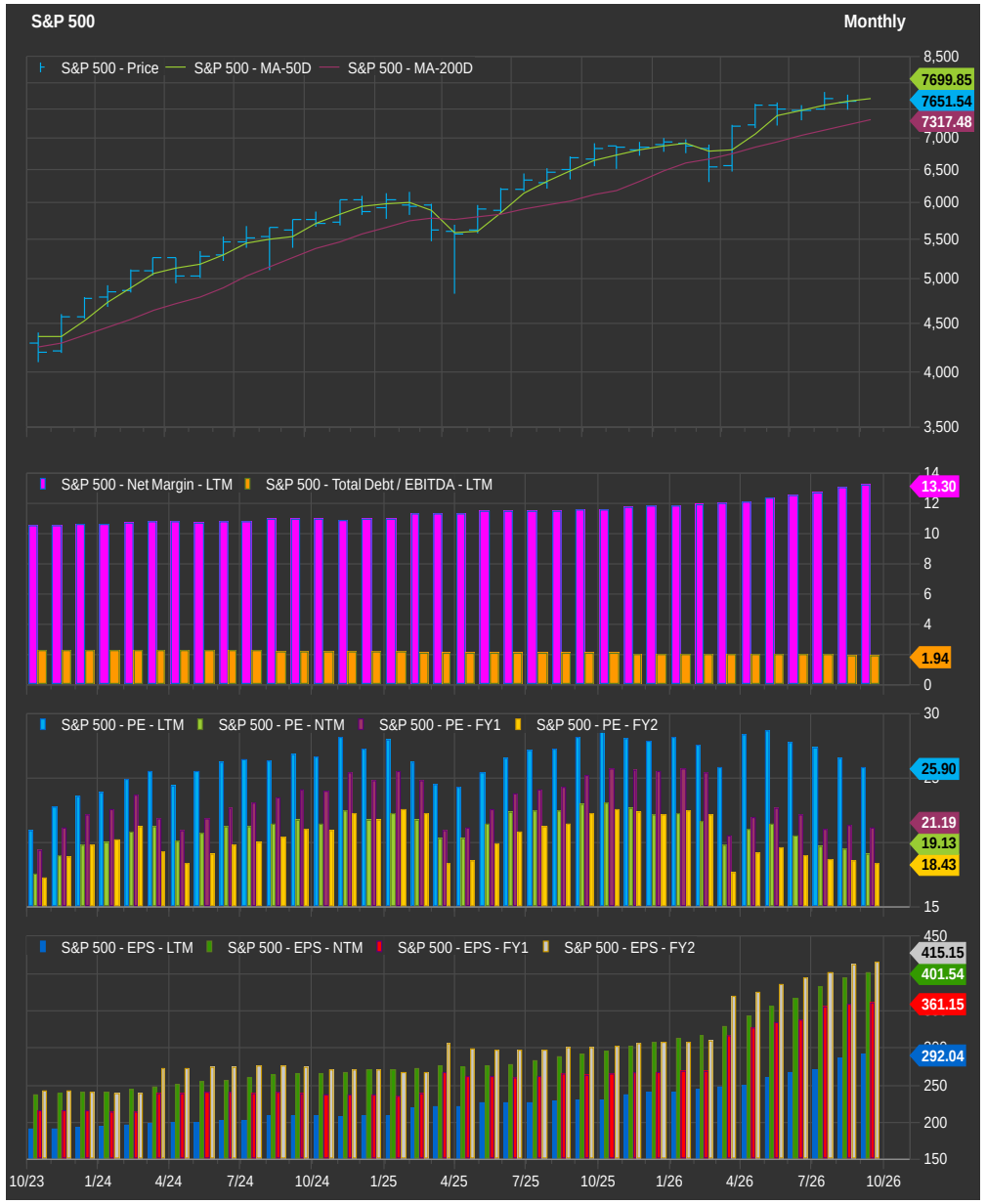
The longer uptrend has deeper support. The rising 200-day average near 7,306 sits close to horizontal support near 7,273. A test of that zone would represent a meaningful correction even if the longer trend remained intact.

Buyers still need to clear resistance. A sustained move above the recent high near 7,800 would improve the chart. RSI near 51 and MACD below its signal line do not yet show a strong new upward impulse.

Earnings reactions increase the near-term hurdle. Amazon and Intel weakened in October 30 premarket trading after their reports. Those observations follow this chart and cannot establish a closing break of support. They make follow-through around the displayed levels more consequential.

Constituent participation provides a separate test. The October 30 constituent data has 327 of 503 stocks above their 50-day averages, or 65.0%. If that participation holds while large growth stocks adjust, the market has more room for rotation. A broad deterioration would be more concerning.

S&P 500 Fundamentals: Earnings Growth Must Produce Cash



The aggregate remains profitable. The three-year monthly chart ends with a 13.30% trailing net margin and debt / EBITDA of 1.94x. Those averages provide a useful starting point, but conceal different investment needs across industries.

The forward multiple assumes a sizeable recovery. The chart's 25.90x trailing P/E falls to 19.13x on next-twelve-month estimates. NTM EPS of $401.54 is 37.5% above trailing EPS of $292.04. Lower valuation depends on the estimated earnings arriving.

Fiscal-year estimates also require growth. FY2 EPS of $415.15 is 15.0% above FY1's $361.15. The different forecast horizons should not be treated as realized quarterly earnings growth.

Accounting profit and cash returns can diverge. Alphabet generated $42.29bn of Q3 operating cash flow but spent $51.36bn on property and equipment. The resulting cash deficit shows why strong operating growth alone may fail to support a valuation premium.

The portfolio response is to diversify earnings risk. The November allocations put more weight on healthcare, staples and energy cash flows. Technology still matters greatly, so weaker cash conversion or earnings revisions would remain consequential for the portfolio.

Stock Valuation: The Discount Needs an Earnings and Price Check

Valuation, recent returns and moving averages

Stock	Rel. P/E	1M excess	50DMA dist.
MU	**0.27x**	-13.0%	-4.8%
JPM	**0.72x**	+2.4%	-0.04%
XOM	**0.79x**	+12.9%	+9.6%
NVDA	**0.81x**	-6.7%	-3.9%
META	**1.00x**	-16.2%	-6.8%
AMZN	**1.17x**	-1.9%	-4.3%
MSFT	**1.33x**	+3.4%	+3.4%
LLY	**1.57x**	+15.2%	+15.3%

Relative P/E, low to high. MU and NVDA trade below the index multiple but underperform. XOM combines a discount with stronger relative returns. MSFT and LLY carry premiums with positive price confirmation.

Low multiples can contain earnings-cycle risk. MU trades at 0.27x the index's P/E but underperforms by 13.0% over one month. Its unusually strong recent earnings make the persistence of the profit cycle more important than the apparent discount.

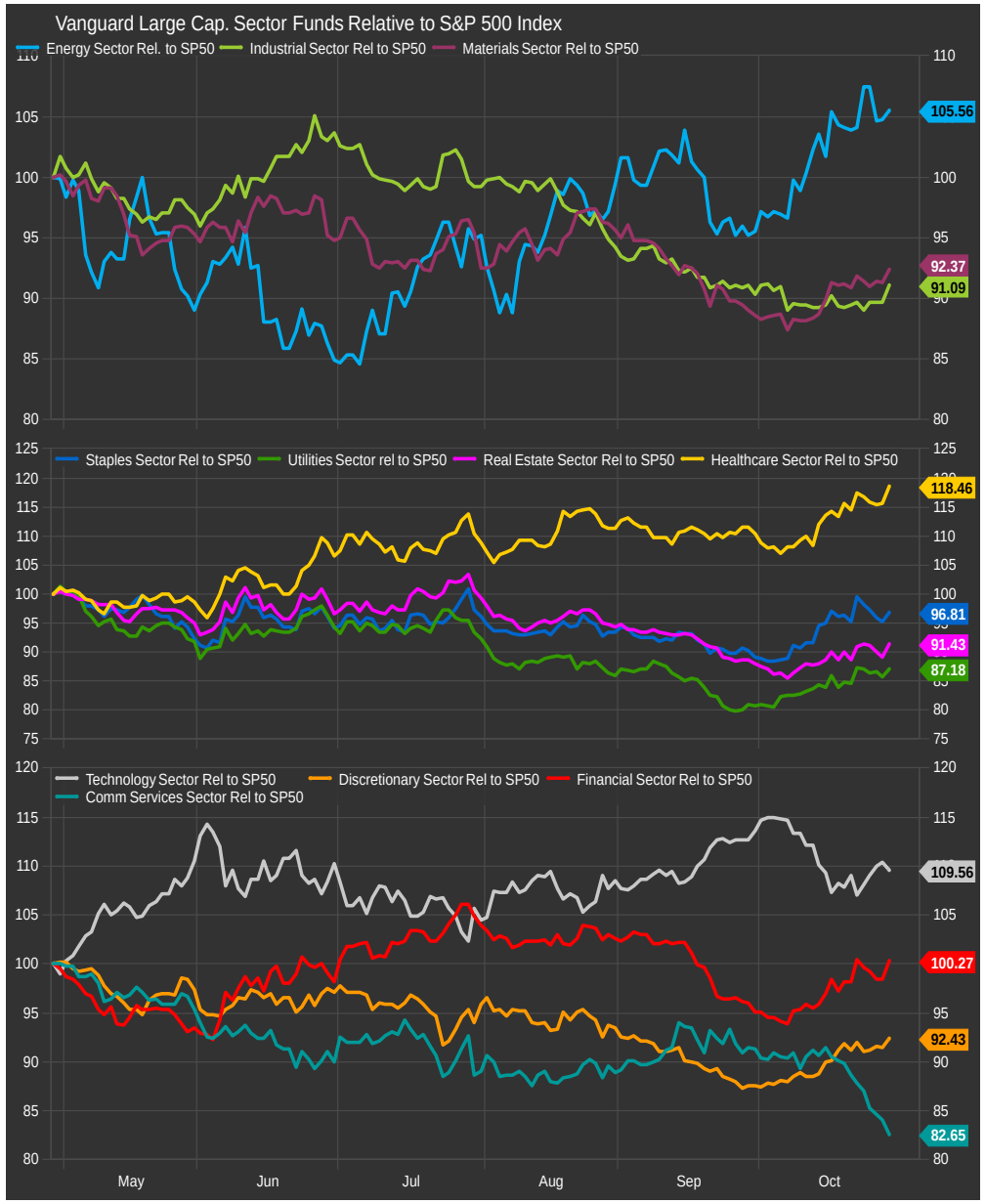
Lower valuation and stronger prices can agree. XOM trades at 0.79x relative P/E, outperforms by 12.9% and stands 9.6% above its 50-day average. Its latest cash generation provides a more concrete support than valuation alone.

Premiums need recurring delivery. MSFT and LLY trade at 1.33x and 1.57x relative P/E, respectively. Both outperform and hold above trend, but their higher expectations still require earnings execution.

Amazon now contributes negatively to the model score. Its 1.17x relative P/E accompanies a 1.9% monthly underperformance and a position 4.3% below its 50-day average. This classification reinforces the need to separate strong cloud demand from capital intensity.

The table is a comparison, not an automatic ranking of opportunity. Seven of these eight stocks contribute positively to the model score. Their valuations and price trends differ widely, so that common classification does not establish equal investment appeal.

Six-Month Relative Trends: The New Mix Recognizes Defensive Recovery



Healthcare has an established relative lead. The chart shows 18.46% outperformance over the six months through October, ahead of Technology's 9.56%. The larger healthcare allocation therefore has longer relative support as well as strong current constituent participation.

Energy adds a different earnings sensitivity. Its 5.56% six-month outperformance sits alongside improving producer cash flows. The sector's larger overweight also provides exposure to the profits associated with high fuel prices.

The new defensive positions still need to recover lost ground. Staples has underperformed by 3.19% and Utilities by 12.82% over this six-month window. Their new allocations recognize more recent improvement, not complete repair of the longer relative curves.

The zero weights retain an opportunity cost. Discretionary and Materials have underperformed by 7.57% and 7.63%, respectively. Recent constituent gains could continue, but the model now favors other exposures. Communication Services remains the deepest sector laggard at −17.35%.

Other sectors provide measured diversification. Financials has outperformed by 0.27%. Industrials and Real Estate have underperformed by 8.91% and 8.57%. The portfolio holds a Financials overweight, a small Industrials underweight and a small Real Estate overweight.

Sector Breadth: Defensive Participation Supports the New Allocation

Outperforming share, high to low. 71.1% of valid constituent returns beat the benchmark over one month.

Sector / ETF	Score	Beat BMK	>50DMA	Median ex.	Active pp	November interpretation
Utilities / VPU	-2	**90.3%**	87.1%	+8.85%	+0.94	New overweight. Broad regulated-utility recovery supports entry.
Energy / VDE	6	**85.7%**	81.0%	+10.85%	+6.19	Largest overweight. Producer participation complements refining.
Health Care / VHT	4	**85.0%**	81.7%	+7.64%	+5.83	Larger overweight with broad constituent confirmation.
Cons. Staples / VDC	-1	**81.8%**	73.5%	+7.64%	+1.34	New overweight. Volumes and margin delivery matter.
Financials / VFH	3	**80.3%**	61.8%	+5.57%	+2.12	Core overweight. Price repair improves, but credit remains key.
Materials / VAW	-2	**75.0%**	75.0%	+7.49%	-1.91	Zero weight despite recovery. Tied score does not establish allocation.
Cons. Discretionary / VCR	-3	**74.5%**	68.1%	+5.83%	-8.87	Zero weight despite strong breadth. Re-entry needs cash support.
Real Estate / VNQ	-2	**73.3%**	50.0%	+2.73%	+0.49	Small overweight. Improving participation meets refinancing risk.
Industrials / VIS	-2	**62.7%**	63.9%	+5.00%	-0.24	Modest underweight. Project funding and cash conversion matter.
Technology / VGT	3	**48.0%**	53.3%	-0.34%	+2.99	Smaller overweight. Fewer than half the stocks outperform.
Comm. Services / VOX	-6	**40.9%**	18.2%	-3.18%	-8.88	Zero weight. Limited trend recovery and heavier cash demands.

S&P 500 constituents. FactSet / MTIR, October 30, 2026. 502 valid one-month excess returns.

Earnings Repricing: Investors Are Scrutinizing the Cost of Growth

Company results and dated market reactions explain the more conservative November mix

The market response changed the emphasis. Alphabet fell more than 12% on October 29. Amazon declined nearly 7% and Intel more than 25% in October 30 premarket trading. These are session-specific observations, not Friday closing returns.

AI demand remains strong, but the funding burden is material. Amazon reported a $42.4bn trailing-twelve-month free-cash-flow outflow while maintaining a large investment program. The issue for equity holders is how much future growth remains after the required capital spending.

New defensive earnings add a counterweight. Colgate's October 30 report showed organic sales growth of 3.6%, while AbbVie raised its adjusted earnings outlook. These results give the portfolio's added defensive exposure concrete operating support.

Energy offers current cash generation. ExxonMobil's October 30 release reported $19.1bn of quarterly free cash flow. That supports the larger Energy weight, while the cyclicality of refining margins remains an important limitation.

The model changes the balance of risks. Reduced Technology exposure and zero Discretionary weight lower dependence on capital-intensive growth. The portfolio remains fully invested in equities, so the shift seeks more durable earnings rather than promising protection from a market decline.

Top 10 Stock Performers: S&P 500

1M excess return, high to low. 7 positive and 2 negative model contributions and one unclassified stock.

Company	Sector	Industry	Pattern	1M ex.	Rel. P/E	Mom.	Beta
PTC (PTC)	Tech	Software	Acquisition	**+40.9%**	1.15x	39.5	1.05
Accenture A (ACN)	Tech	IT Services	Bullish Reversal	**+40.0%**	0.88x	37.3	0.90
Hasbro (HAS)	Disc.	Leisure Products	Bullish Reversal	**+34.8%**	0.90x	24.9	0.60
Gen Digital (GEN)	Tech	Software	Consolidation	**+34.5%**	0.47x	16.7	1.84
Crown Castle (CCI)	RE	Specialized REITs	Bullish Reversal	**+31.7%**	1.75x	13.1	0.98
Roper Technologies (ROP)	Tech	Software	Bullish Reversal	**+28.3%**	0.99x	14.5	0.49
Equifax (EFX)	Indust.	Professional Services	Consolidation	**+26.7%**	1.01x	2.4	1.32
CDW (CDW)	Tech	Electronic Equipment	Bullish Reversal	**+26.6%**	0.74x	14.0	0.94
Charles River Laboratories International (CRL)	Health	Life Sciences Tools	Bullish Reversal	**+26.4%**	1.60x	59.2	1.44
Lockheed Martin (LMT)	Indust.	Aerospace & Defense	Bullish Reversal	**+24.9%**	1.05x	15.3	-0.22

S&P 500 constituents. FactSet / MTIR, October 30, 2026. Rolling one-month excess returns.

Leadership is moving beyond hardware. PTC and ACN lead, with software, research services, towers and defense represented. The list gives the broader market several potential sources of relative strength.

Classifications have improved unevenly. 7 of the ten contribute positively and 2 negatively to the model score. PTC is unclassified. Recent gains and model assessments still need separate interpretation.

The useful test is persistence. More reliable cash earnings and sustained moves above trend would support these new leaders. A short rebound in prior laggards would provide less evidence of a durable change.

Bottom 10 Stock Performers: S&P 500

1M excess return, low to high. 5 positive and 5 negative model contributions.

Company	Sector	Industry	Pattern	1M ex.	Rel. P/E	Mom.	Beta
Teradyne (TER)	Tech	Semiconductors & Equipment	Retracement	**-27.2%**	1.33x	-17.1	1.57
Bloom Energy A (BE)	Indust.	Electrical Equipment	Uptrend	**-24.4%**	2.39x	1.3	6.16
Seagate Technology Holdings (STX)	Tech	Hardware & Storage	Retracement	**-24.0%**	0.77x	-14.2	3.19
Sandisk (SNDK)	Tech	Hardware & Storage	Consolidation	**-23.8%**	0.30x	8.7	5.22
Caterpillar (CAT)	Indust.	Machinery	Retracement	**-22.2%**	1.10x	-23.8	1.76
Lam Research (LRCX)	Tech	Semiconductors & Equipment	Support	**-22.2%**	1.29x	-10.4	1.97
Robinhood Markets A (HOOD)	Fin.	Capital Markets	Bullish Reversal	**-21.9%**	1.70x	-4.5	3.62
Fortinet (FTNT)	Tech	Software	Retracement	**-21.7%**	1.94x	-3.5	0.88
Skydance Class B (SKYD)	Comm.	Media	Downtrend	**-21.6%**	0.89x	-15.8	1.56
Intel (INTC)	Tech	Semiconductors & Equipment	Uptrend	**-21.3%**	2.32x	-5.4	3.67

S&P 500 constituents. FactSet / MTIR, October 30, 2026. Rolling one-month excess returns.

Weakness clusters in former growth leaders. Semiconductors, storage and selected electrical equipment dominate. The pattern is consistent with increased scrutiny of investment demand and the expectations embedded in valuations.

A positive classification does not assure a rebound. 5 of the ten still contribute positively to the model score and 5 negatively. Their weak returns show why classifications alone cannot establish current price strength.

Guidance now carries more weight. Intel's lower Q4 sales and adjusted-EPS outlook adds a concrete earnings constraint. Strong supplier demand elsewhere needs to convert into cash and price improvement before the weakness can be treated as resolved.

Economic & Policy Drivers: Rates, Consumer Spending and November Data

Firm policy keeps the cash-return hurdle high. The October 28 FOMC held the target range at 3.75%–4.00%, with two members preferring a quarter-point increase. Growth valuations and leveraged sectors cannot assume immediate relief from cheaper financing.

Household purchasing power is constrained. September PCE prices rose 0.5% month over month and 3.6% year over year. Core inflation was 3.1%. Real spending grew less than 0.1%, while real disposable income fell 0.3%.

Hiring remains a separate caution. September payrolls increased 29,000, unemployment was 4.2%, and average hourly earnings rose 3.0% year over year. Strong GDP does not guarantee accelerating demand across consumer businesses.

The portfolio addresses different economic risks. Energy provides exposure to higher fuel-related earnings. Healthcare and Staples add less discretionary demand, while Utilities contributes regulated earnings. Each has company and financing risks, so the mix still requires active review.

November 3: job openings and hiring. September JOLTS is scheduled for 10:00 a.m. ET. Job openings and hiring will help show whether labor demand is stable or weakening further.

November 6: jobs, wages and household spending. October employment is scheduled for 8:30 a.m. ET. Hiring, wages and revisions matter for consumer spending and for households' ability to repay loans.

November 10 and 13: consumer and producer inflation. October CPI and PPI are scheduled for 8:30 a.m. ET on those respective dates. Slower price increases would reduce pressure on the Fed to keep rates high. Faster inflation would raise the risk of further tightening.

November 25: profits and inflation-adjusted spending. The second Q3 GDP estimate, corporate profits and October personal income and outlays are scheduled for 8:30 a.m. ET. These releases will help show whether economic growth is increasing company earnings and inflation-adjusted household spending.

Elev8 Components: Energy Leads the November Eight-Input Model

Total score, high to low. Equal scores retain tied ranks.

Rank / ETF	Pattern	Mean	Wtd.	OB/OS	Sector	Ind.	Com.Up	USD.Up	Total
1 VDE	1	1	1	0	2	1	1	-1	**6**
2 VHT	1	1	1	0	2	1	-1	-1	**4**
T3 VGT	1	1	1	0	1	0	-1	0	**3**
T3 VFH	0	1	1	0	0	0	0	1	**3**
5 VDC	0	-1	-1	0	0	0	1	0	**-1**
T6 VPU	0	-1	-1	0	0	0	1	-1	**-2**
T6 VNQ	0	-1	-1	0	0	0	1	-1	**-2**
T6 VIS	0	-1	1	0	-1	-1	1	-1	**-2**
T6 VAW	0	-1	-1	0	0	0	1	-1	**-2**
10 VCR	0	-1	-1	0	0	-1	-1	1	**-3**
11 VOX	-1	-1	-1	1	-1	-1	-1	-1	**-6**

Energy and Healthcare lead. VDE scores +6 and VHT +4. Both have positive pattern, mean, weighted, sector and industry inputs. Their commodity inputs have opposite signs, giving them different model sensitivities.

Technology and Financials tie at +3. Technology retains positive stock and sector evidence but has a negative commodity input. Financials has positive mean, weighted and dollar inputs. The two allocations reflect different signal combinations.

Negative totals can still receive allocations. Staples ranks fifth at −1. Utilities, Real Estate, Industrials and Materials tie at −2, but Materials receives no weight. The explicit model weights govern inclusion among those ties.

The input set has changed. 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.

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Comparability: Management guidance is prospective. Adjusted earnings and free-cash-flow definitions retain issuer labels. Full links appear in slide notes.

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Model: ETFSector.com Elev8 model. November allocations with eight component inputs. Valuation rows dated October 29.
Stocks: S&P 500 stock-level data. FactSet / MTIR. 503 observations, 502 valid one-month excess returns.
Charts: FactSet Active Graphs / MTIR. Original dates and frequencies remain as displayed.