PERSONAL WEALTH ADVISORY BY
Laird Norton Wetherby

Executive Summary

Q4 2025 Economic Commentary

Sticking the Landing—or Missing the Mark?

As we enter the final quarter of 2025, markets appear to be pricing in a "stick the landing" scenario—one where everything that could go right: U.S. and global equities are at record highs, credit spreads remain tight, and investor optimism is running strong. The prevailing narrative is one of near-flawless executions across economic, policy, and corporate fronts.

Yet, beneath these impressive headline numbers, reality is more nuanced. The world remains defined by VUCA—Volatility, Uncertainty, Complexity, and Ambiguity. Geopolitical tensions, policy uncertainty, and pockets of economic weakness persist, even as the data paints a picture of resilience.

This disconnect raises a critical question:
Are markets correctly looking through the noise, signaling that the risks dominating the headlines are ultimately transitory? Or are markets mispricing risk, with today's optimism masking vulnerabilities that could eventually be reflected in asset prices?

Market & Asset Class Review

- **Equities:** U.S. and international stocks continued to climb, with small-cap U.S. equities leading on hopes for lower rates. Foreign equities outperformed year-to-date, supported by currency moves and strong returns in both developed and emerging markets.
- **Fixed Income:** The Bloomberg U.S. Aggregate Index returned over 6% YTD, with muted volatility and falling rates. Corporate bonds outperformed, while issuance slowed and valuations improved for muni bonds in Q3.
- **Real Assets:** The S&P Real Asset Index (+11.5% YTD) lagged equities but outpaced bonds. Gold (+46% YTD) surged as a safe haven, while global infrastructure and inflation-sensitive sectors posted solid gains.
- **Diversifiers:** Hedge funds and private credit delivered steady results, providing ballast during brief equity pullbacks. Private markets are showing renewed activity, with transaction volumes and distributions picking up.

Portfolio Positioning

- Maintain global diversification and balance across asset classes to capture upside and preserve resilience.
- Emphasize liquidity and flexibility, with cash and high-quality bonds as stabilizers.
- Seek opportunities in real assets and private markets, while remaining vigilant to policy and macroeconomic crosscurrents.

Bottom Line

Markets are sending a clear message: either the risks are overstated, and the "stick the landing" scenario will play out, or today's optimism is misplaced, and vulnerabilities will eventually surface. Our approach is to build portfolios that can weather either outcome—balancing discipline, flexibility, and a focus on long-term resilience.

For more detail, see our full Q4 2025 Economic Commentary.