

FIORE
CAPITAL MANAGEMENT
OF JANNEY MONTGOMERY SCOTT LLC

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Election Results, AI & Navigating Market Volatility

What the post-election landscape and sharp technology selloff may mean for investors

CONGRESS & SENATE	NASDAQ	RATES
Democrats won control of both chambers	**~10% below its Oct. 6 record close intraday Nov. 5**	**Fed funds 3.88% | 10-year Treasury 4.95%***

Election uncertainty has shifted to policy uncertainty

Democrats won control of both the House and Senate in the November midterm elections. Markets initially rallied as the election removed an immediate source of uncertainty, but attention quickly shifted to what a divided Washington could mean for fiscal policy, regulation and specific industries. For investors, the important question is less about the political headline itself and more about how policy changes could affect earnings, capital spending and economic growth.

AI: from enthusiasm to greater scrutiny

Artificial intelligence remains one of the most important long-term investment themes, but the market is now asking harder questions about the enormous capital required to build the infrastructure behind it. On November 5, the Nasdaq moved roughly 10% below its October 6 record close intraday as investors reassessed AI spending and the pace of data-center expansion. Semiconductor, cloud and data-center-linked stocks experienced particularly sharp volatility.

Why the election matters for the AI buildout

Data centers require significant electricity, land, water and infrastructure. Following the election, investors have focused on the possibility of greater scrutiny or pauses affecting new projects. Reuters reported a UBS estimate that roughly 30% of expected U.S. data-center capacity additions in 2028 could be exposed to potential construction pauses. That does not change the long-term potential of AI, but it can change the timing, economics and winners within the investment theme.

Volatility reinforces the importance of portfolio discipline

Sharp market moves can be uncomfortable, especially after strong gains have pushed expectations and valuations higher. Our focus remains on fundamentals: earnings, cash flow, balance-sheet strength, valuation, diversification and the role each investment serves within the overall portfolio. Higher interest rates also mean investors have meaningful alternatives to equities; the effective federal funds rate was 3.88% and the 10-year Treasury yield was 4.95% as of November 3.

WHAT WE ARE WATCHING

- Corporate earnings and AI capital-spending plans
- Potential changes affecting data-center development
- Interest rates, inflation and employment
- Whether market leadership broadens beyond the largest technology companies
- Opportunities to rebalance, improve diversification and harvest losses where appropriate

Keeping the Long-Term Plan in Focus

Corrections and periods of volatility are a normal part of long-term investing. They can also create opportunities to reassess risk, rebalance portfolios and selectively add to investments when valuations become more attractive. The objective is not to predict every short-term market move. It is to make thoughtful decisions that keep your portfolio aligned with your long-term financial goals.

As always, please reach out if you would like to discuss the markets, your portfolio, or any changes in your financial circumstances.

SOURCES

1. Reuters, Nov. 4, 2026 - Democrats seized control of both the U.S. House and Senate in the 2026 midterm elections.
2. Reuters, Nov. 5, 2026 - Nasdaq fell 10% from its Oct. 6 record close amid AI-spending concerns; Reuters also reported a UBS estimate that roughly 30% of expected U.S. data-center capacity additions in 2028 could face potential construction pauses.
3. Federal Reserve, H.15 Selected Interest Rates, Nov. 4, 2026 release - effective federal funds rate 3.88% and 10-year Treasury constant maturity 4.95% for Nov. 3, 2026.

Important Disclosures

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