

Week In Review

November 19, 2025

Today: Markets at a turning point

Review: Incyte Corp

Blue Owl Capital BDC

Today's polling question: Will the Fed raise, lower or do nothing on Dec 10?

David Toms

Disclaimer: I am not a certified financial analyst.

Any trading decisions you make are your responsibility

Economic Commentary

No recession in
sight

But a market
correction
more likely

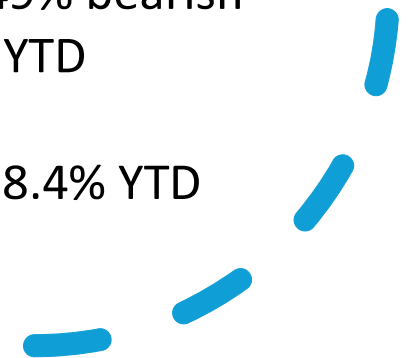
- US consumer facing an affordability crisis
- US Office vacancy rate at 14%, near record high (WSJ)
- US Retail spending rose .4% in October, fifth straight month rising
 - Upper 50% incomes driving sales; Lower 50% dragging
- Housing: credit conditions continue to tighten for developers and builders (NAHB)
- RV shipments are up 4.2%, YTD (RVIA)
- Cruise ship occupancy rates are > 100%
- US Dollar continues rising, now at 99.5 vs other currencies
- WTI has fallen to \$59; falling steadily since June
- Labor unemployment steady at 4%; hiring and layoffs roughly in balance (ADP)
 - Goldman Sachs estimates 50K jobs lost in October
- IEA forecast raises oil and gas outputs through 2050

Market commentary

“You’re not married
to these stocks.
You’re just dating
them.”

Ken Griffin

- S&P500 broke below its 50-day moving average
- Reporting this week: Nvidia, Walmart, Target, Costco,
- Berkshire Hathaway takes a \$5B stake in Alphabet
 - Adds to **Domino’s Pizza**
 - Cash position \$382B and rising
- JPMorgan issues warning on AI valuations
- Amazon issues \$15B of bonds to finance data centers
- Home Depot misses EPS, issues a poor forecast
 - Consumers are not buying big ticket items
- VIX: rose to 24: fearful!
- CNN fear gauge: dropped to 11: extreme fear
- AAI investor sentiment: 32% bullish; 49% bearish
- Biotech is taking off: see XBI. Up 28% YTD
- Bonds are having a pretty good year
 - Intermediate Corporates (VCIT) up 8.4% YTD



Incyte Corp
(INCY)

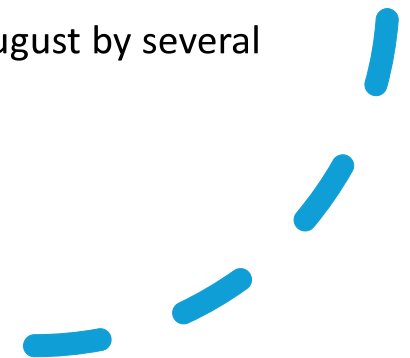
A bio-tech
company

- Founded 1991
- Operations in US, Europe, Canada, Japan
- Focused on oncology, auto-immune diseases
 - Numerous approved and pending medications
- Strong distribution network
- Partnership with Novartis
- Q3 beat revenue and earnings;
 - Revenue up 20% YOY; raised guidance
- Low PE 15; sector average is 25
- PEG: 0.7; P/B 4.4; P/S 4.2
- Beta: 0.83 (5 years)



The Case for Blue Owl – for investors with higher risk profiles

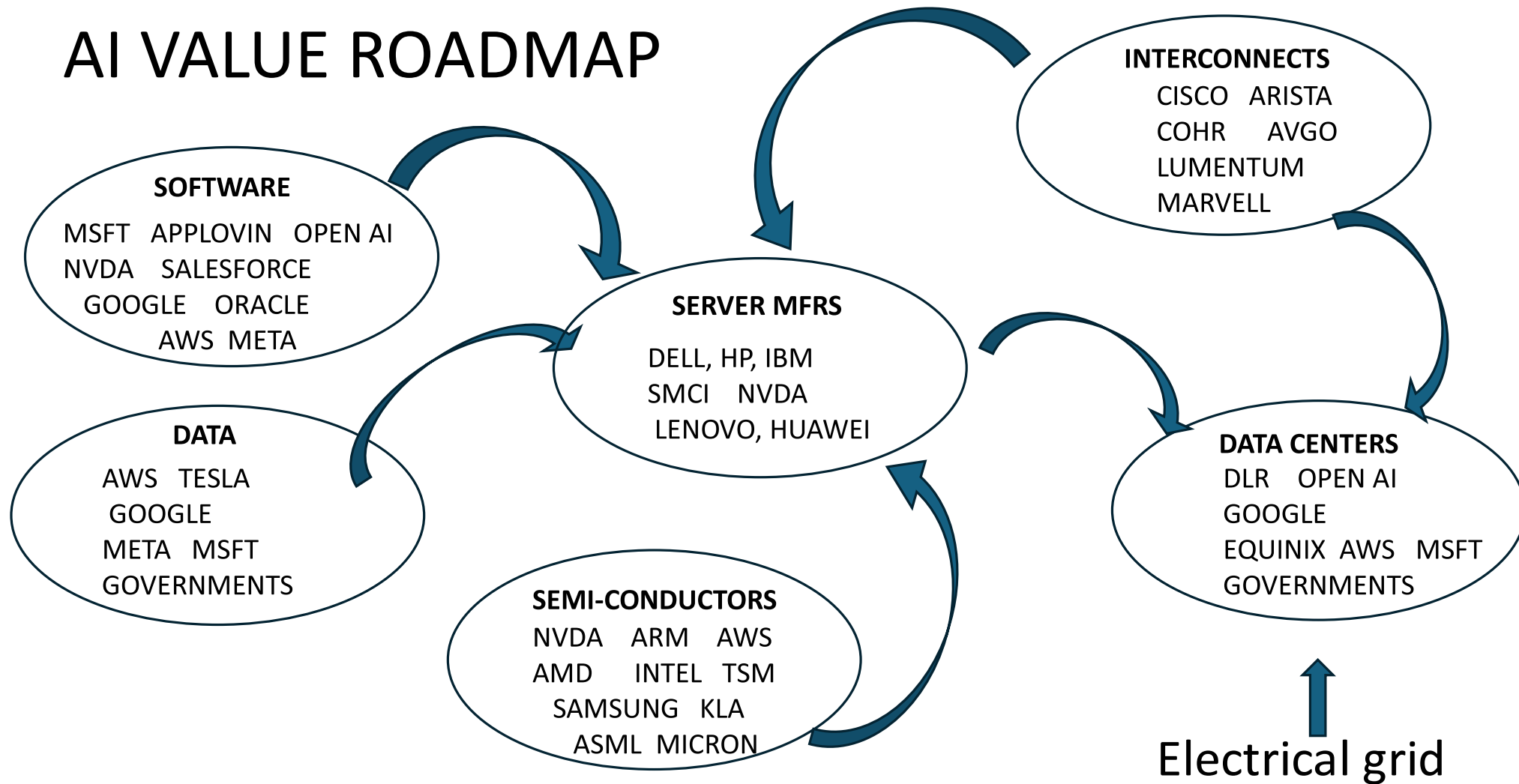
- Assumption: Inflation remains steady at 3%; Fed rates remain steady at 4%
- Second-largest BDC after ARCC
 - \$17B portfolio; 238 loans; avg investment size = \$72M
 - 74% first lien loans; floating interest rates
- Pay no taxes as long as they distribute 90% of earnings as dividends
- Severely undervalued: stock price is 20% below NAV
- 9.9% yield; with strong potential for capital gains
 - Steadily increasing dividends since inception in 2019
- \$200M stock buyback program
- Stock is 1.7% short; very low (bullish)
- Only 1.3% of loans on non-accrual at fair value
- Morningstar rating 5*; fair value \$13.96; 15% undervalued
- Insiders are buying: 30K shares bought since August by several execs
- Concerns: recent internal merger?
 - Externally managed – always a concern
 - NAV and NIM are declining slowly



Now what?

- December 10 Fed interest rate cut is uncertain
- US economy is **strong but....with high uncertainty**
 - Consumer spending is strong but with low confidence, nervousness
- Labor market is clearly weakening – data missing
- Tariff effects minimal and sector-dependent
 - Supreme Court to rule on tariff legality
- Stock market is very expensive, fragile
 - Rebalancing in progress
 - Protect yourself with automated stop loss orders; or put options as insurance
 - Diversify!

AI VALUE ROADMAP



By 2030, AI alone is projected to contribute more than \$15 trillion to the global economy. (SIA)