

To Our Clients, Friends, and Family,

Happy New Year!

2025 proved to be another remarkable year for investors. Markets navigated geopolitical shocks, persistent tariff uncertainty, and elevated valuations—yet strong earnings, resilient consumers, and accelerating corporate investment in artificial intelligence ultimately powered equity markets higher. We believe our portfolios benefited from diversified exposure to industry leaders, continued AI adoption, and disciplined risk management through periods of volatility.

As we look ahead to 2026, we remain focused on identifying durable investment opportunities, strengthening portfolio resilience through income and diversification, and carefully assessing the impacts of evolving fiscal policy, global trade negotiations, and the next era of AI-driven productivity. We are constructive but vigilant — positioning for growth while preparing for volatility.

Each January, major financial institutions publish their forward outlooks. We've reviewed dozens of these reports and distilled several key themes, risks, and opportunities shaping today's investment landscape. We hope you find these insights valuable.

2026 Outlook Excerpts:

BlackRock – 2026 Global Investment Outlook

“AI is not only an innovation itself but has the potential to innovate the process of innovation. AI could begin to generate, test and improve new concepts on its own. If that happens, the rate of discovery could accelerate, driving scientific breakthroughs such as in materials, drugs and technology. This self-reinforcing loop of accelerating innovation is key to achieving the breakout.”

“The AI buildout could be faster and greater than all past technological revolutions. Spending ambitions range between \$5–8 trillion globally through 2030, most of that in the U.S. This shift to capital-intensive growth is profoundly changing the investment environment and pushing limits on multiple fronts—physical, financial and socio-political.”

“We don't see easy passive diversification options in this environment. We think investors should focus less on spreading risk indiscriminately and more on owning it more deliberately – in short, a more active approach.”

Neuberger Berman – Solving for 2026

“The opportunity in AI is real, but so is the risk. The accelerating AI rollout in more traditional sectors, from health care to financial services, will add efficiencies and enhance margins beyond mega-cap tech, supporting broadening of investment and earnings growth. But the sword cuts two ways. Concerns are rising over signs of

froth, including some headline-grabbing deals and announcements of huge capex plans. Valuations in some instances appear meaningfully stretched.

AI will likely drive an extraordinary process of “creative destruction” for companies and industries, requiring selectivity in investment choices. Focus on companies with durable returns on their AI spending and implementation strategies.”

State Street - 2026 Global Market Outlook

“The resilience of markets has been tested, but the strength of the global economy has shone through. Although the narrative around tariffs continues to unfold and the shock of “Liberation Day” is behind us, the direction of travel on negotiations is clear and should contain more upside than downside surprises. With an inflation trajectory trending lower, US policy rates likely to fall as the Fed takes stock of a softening labor market, and policy levers turning stimulative, we have a supportive environment for risk assets.”

Wells Fargo Investment Institute – 2026 Outlook Trendlines Over Headlines

“We anticipate the U.S. economy will gather momentum in 2026, as favorable policy tailwinds and durable investment trends converge to overcome residual challenges from trade and immigration uncertainties. Lower borrowing costs and deregulation should reinforce expansion, while tax cuts promote business modernization and hiring.”

“In 2026, we expect AI to evolve from a concentrated technology phenomenon into a broad-based economic growth catalyst. Spending to develop AI looks set to grow and broaden across sectors, creating new opportunities as the transformation touches nearly every area of our lives.”

Capital Group – Outlook 2026 Edition

“It always comes back to balance. We are moving from a binary market environment in which U.S. tech stocks dominated returns to a more balanced one with a broadening opportunity set. That means investing in the U.S. and international markets, growth and value, cyclical and secular trends, stocks and bonds.”

“Although there are encouraging signs for the year ahead, clear risks are on the horizon, suggesting that investors should prepare for potential market pullbacks. For starters, stocks are expensive. Most equity markets around the world have generated strong double-digit annualized returns over the past three years. While company earnings have generally been solid, price-to-earnings ratios (the ratio of a company’s share price to the company’s earnings per share) for U.S., developed international and emerging markets were all above their 10-year averages at the end of November 2025.”

“The optimism priced into markets doesn’t leave a lot of room for disappointment” notes U.S. economist Darell Spence.

“Stock market declines are regular occurrences. The S&P 500 Index has experienced market corrections, or declines of 10 percent or more, about once every 16 months, whereas the index has had bear markets, or declines of 20 percent or more, about once every six years, according to market data from 1954 to 2025.”

Goldman Sachs - Investment Outlook 2026

“The top 10 US companies represent ~40% of the S&P 500’s market cap. Although market concentration is high, we observe that similar cycles of industry dominance in finance or energy lasted for decades without necessarily culminating in crisis. US technology stock valuations have risen amid investor enthusiasm for AI, but we believe price appreciation primarily stems from fundamental growth and strong balance sheets, not irrational exuberance. The primary risk lies in earnings disappointment, in our view, which could challenge the sustainability of returns.”

“Mega-cap AI capex spending continues to exceed expectations. We believe hyperscalers’ AI capex will remain durable into 2026.”

“While AI capex has largely been internally financed to date, the increasing reliance on debt warrants close monitoring in 2026.”

“In the public equity market, while early GenAI enthusiasm was concentrated in a narrow group of stocks, we see compelling reasons for the investment landscape to broaden, unlocking new opportunities for emerging innovators. Although companies continue to deploy AI internally and externally, return on investment visibility remains low. We believe this heightens the importance of conducting rigorous analysis of business fundamentals.”

Prentis Wealth Management Group

We are sticking to our discipline.

While we draw from the diverse perspectives above, we also recognize that Wall Street’s forecasts often miss the mark. Recall that heading into 2024, many analysts anticipated a recession—and instead we witnessed strong growth, rising productivity, and robust corporate profits.

For 2026, we remain encouraged by:

- A resilient U.S. economy supported by capital spending, especially in AI infrastructure
- AI-driven productivity gains beginning to translate into corporate earnings
- Potential benefits from global fiscal stimulus, deregulation, and improving supply chains

At the same time, we are mindful of:

- U.S. government debt levels and fiscal uncertainty
- Market concentration in mega-cap technology stocks
- Historically high valuations
- Geopolitical tensions and evolving global trade agreements

- The possibility of slower AI investment growth after an extraordinary expansion.

A recent Bloomberg News survey** of 21 sell-side strategists had every single one calling for a bull market in 2026 with an average prediction of a 9% gain for the year. Historically, markets have a way of surprising us, and often, the stronger the consensus, the higher the likelihood of a surprise result. Economist Ed Yardeni noted that “the pessimists have just been wrong for so long that people are kind of tired of that schtick”, yet even he finds the lack of dissent a little concerning.

In our view, now is a time for balance and prudence.

We are reviewing portfolios to help ensure equity allocations remain aligned with long-term targets. We are focused on trimming concentration where appropriate, attempting to take advantage of higher yields in fixed income, and positioning to capitalize on opportunities—both in equities and bonds—that may arise during periods of volatility.

Above all, our focus remains on thoughtful, disciplined portfolio construction.

Thank You to Our Clients

We are honored to once again be included in the **2026 Forbes Best-in-State Wealth Management Teams Ranking***. This recognition is possible because of your trust and partnership—thank you for continuing to place your confidence in our team.

As always, we’re here for you. Please reach out with any questions, concerns, or to schedule a portfolio review.

Wishing you and your family a healthy, prosperous, and joyful 2026.

Warm regards,

Peter, Mike, Andrew, Carl, Joe and Edita

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** 2026 Forbes Best-in-State Wealth Management Teams: Awarded January 2026; Data compiled by SHOOK Research LLC based on the time period from 3/31/24 - 3/31/25 (Source: Forbes.com). The Forbes Best-in-State Wealth Management Teams rating algorithm is based on the previous year's industry experience, interviews, compliance records, assets under management (minimum variable by state), revenue and other criteria by SHOOK Research, LLC. Investment performance is not a criterion. Self-completed survey was used for rating. This rating is not related to the quality of the investment advice and based solely on the disclosed criteria. 12,787 wealth management teams were considered for the rating; 6,149 (48% of candidates) were named 2026 Forbes Best-in-State Wealth Management Teams.*

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***Bloomberg 12/29/2025, Bulls Only: Every Wall Street Analyst Now Predicts a Stock Rally by Alexandra Semenova and Sagarika Jaisinghani.*

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