

U.S. Economy & Market Perspective

As we move further into 2026, the U.S. economy continues to show resilience. Growth remains steady, consumer spending is holding up, and business investment across sectors like manufacturing, energy, and technology continues to expand.

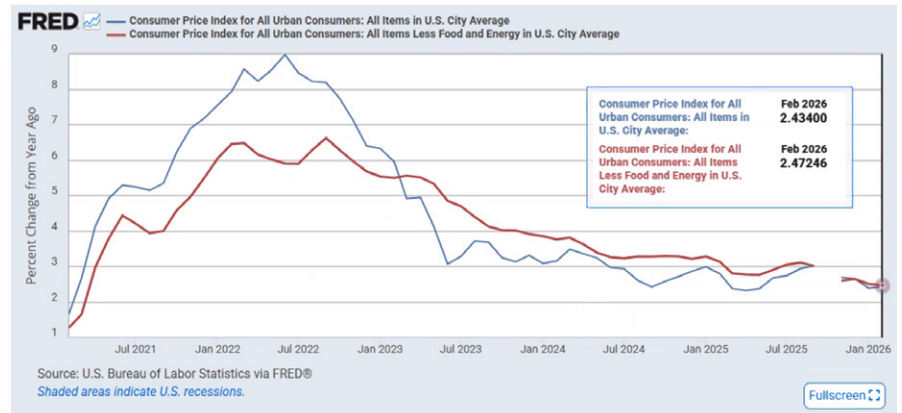
While the situation in Iran continues to unfold expect uncertainty to remain elevated. However, the broader economic backdrop remains constructive. Household income continues to support spending, and many parts of the economy are still moving in the right direction.

Interest Rates & Inflation

Inflation has continued to be moderate, with recent data showing price increases running close to 2.4% year-over-year. That represents significant progress from the elevated inflation levels seen over the past several years.

At the same time, wages are rising faster than prices. Average hourly earnings are increasing at roughly 3.8% annually, meaning many households are experiencing real income growth. When wages rise faster than inflation, consumers gain additional purchasing power that supports economic activity. This should help to offset impacts from increased oil prices.

CONSUMER PRICE INDEX COMPARISONS



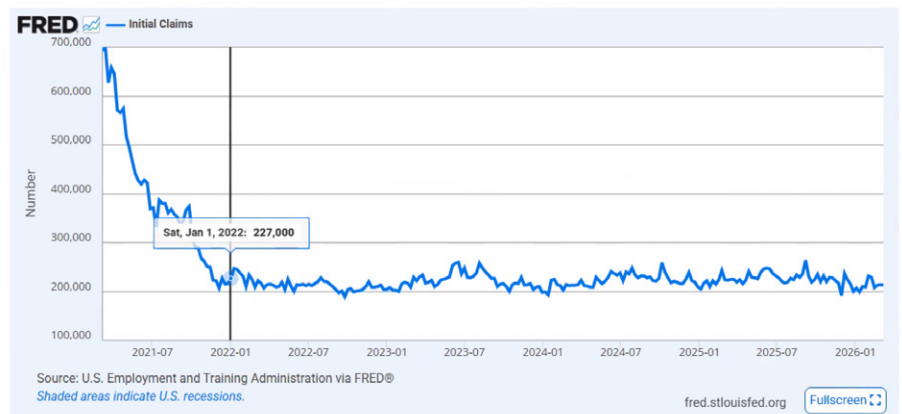
Labor Market Conditions

While the unemployment rate has moved modestly higher since 2023, the broader labor market picture remains healthy. One reason for this increase in unemployment is due to more individuals entering or re-entering the labor force.

Importantly, initial jobless claims remain historically low. This trend is consistent with a stable labor market, suggesting household incomes remain steady.

For households, steady employment remains the foundation supporting income, spending, and overall financial stability.

INITIAL CLAIMS (ISCA)



Market Volatility

The current siltation with Iran which continues to develop will likely cause markets to remain volatile as investors react to global headlines. However, if significant new developments continue to occur additional volatility should be expected.

It's important to remember that markets often respond quickly to uncertainty, even when the long-term economic impact is less clear. In many cases, these periods of volatility reflect changing sentiment rather than a meaningful shift in fundamentals. Over time, markets have consistently worked through geopolitical disruptions, with longer-term trends driven more by economic growth, earnings, and monetary policy than by short-lived headlines.

Portfolio Strategy — What This Means for Investors

Periods like this tend to reinforce the importance of staying disciplined and maintaining a well-diversified portfolio. Different sectors and asset classes can respond differently to changing conditions, which is why diversification remains a key component of a long-term investment strategy.

Rather than trying to react to every headline, our focus remains on positioning portfolios to participate in growth while helping manage downside risk. Maintaining balance and avoiding emotional decision-making has historically been one of the most effective ways to navigate periods of uncertainty.



Looking Ahead

Despite the uncertainty surrounding global developments, the broader economic backdrop should help mitigate downside risk. Inflation has come down meaningfully, employment conditions continue to support household incomes, and consumer spending remains the primary driver of growth.

At the same time, recession probabilities are low suggesting the likelihood of a downturn over the next twelve months remains relatively small compared to past cycles.

While no single indicator can predict the future, the overall picture continues to point toward an economy that is slowing in a controlled way rather than moving toward contraction.

As always, we continue to monitor economic conditions closely and will provide updates as new information becomes available.

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