

QUARTERLY MARKET GUIDE: Q1 2026

Our View of What's Most Relevant Now

January 13, 2026



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Please see important disclosures at the end of this report.

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Data in Focus: Bitcoin

Bitcoin Prices (US\$)

As of 1/13/26



Source: StockCharts.com

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Index Performance

Index	Asset Class	2025		2024
		Q4	YTD	
Equity Indexes		Total Returns		
NASDAQ 100	Mega Cap U.S. Growth Equity	2.5%	21.0%	25.9%
S&P 500	Large Cap U.S. Equity	2.7	17.9	25.0
S&P 400	Mid Cap U.S. Equity	1.6	7.5	13.9
S&P 600	Small Cap U.S. Equity	1.7	6.0	8.7
MSCI All Country World	Global Equity	3.4	22.9	18.0
MSCI All Country World (Ex U.S.)	International Equity	5.1	33.1	6.1
MSCI Europe, Asia & Far East (EAFE)	International Developed Market Equity	4.9	31.9	4.4
MSCI Emerging Markets (EM)	International Emerging Market Equity	4.8	34.4	8.1
Fixed Income Indexes				
Bloomberg U.S. Aggregate Bond	U.S. Investment Grade Bond	1.1	7.3	1.3
S&P National AMT-Free Municipal Bond	U.S. Investment Grade Muni Bond	1.6	3.8	1.3
S&P Municipal Bond High Yield	U.S. Muni Bonds (Below Investment Grade)	1.5	3.3	6.7
Bloomberg U.S. Corp. High Yield	U.S. Corp Bonds (Below Investment Grade)	1.3	8.6	8.2
Index Blends: Stock/Bond				
80%/20%: Global Equity (MSCI All Ctry World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		3.1	19.8	14.5
60%/40%: Global Equity (MSCI All Ctry World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		2.6	16.6	11.1
40%/60%: Global Equity (MSCI All Ctry World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		2.1	13.5	7.7
20%/80%: Global Equity (MSCI All Ctry World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		1.6	10.4	4.5
Data as of 12/31/2025				

Source: Morningstar, and blended benchmark returns are based on monthly rebalancing.

The equity leadership by international stocks in Q4 punctuated the full year experience. Also of note were the solid total returns exhibited by stock/bond portfolio blends. The proverbial 60/40's 16.6% was 2x it's past 30 year average (i.e., global stocks and U.S. investment grade bonds).

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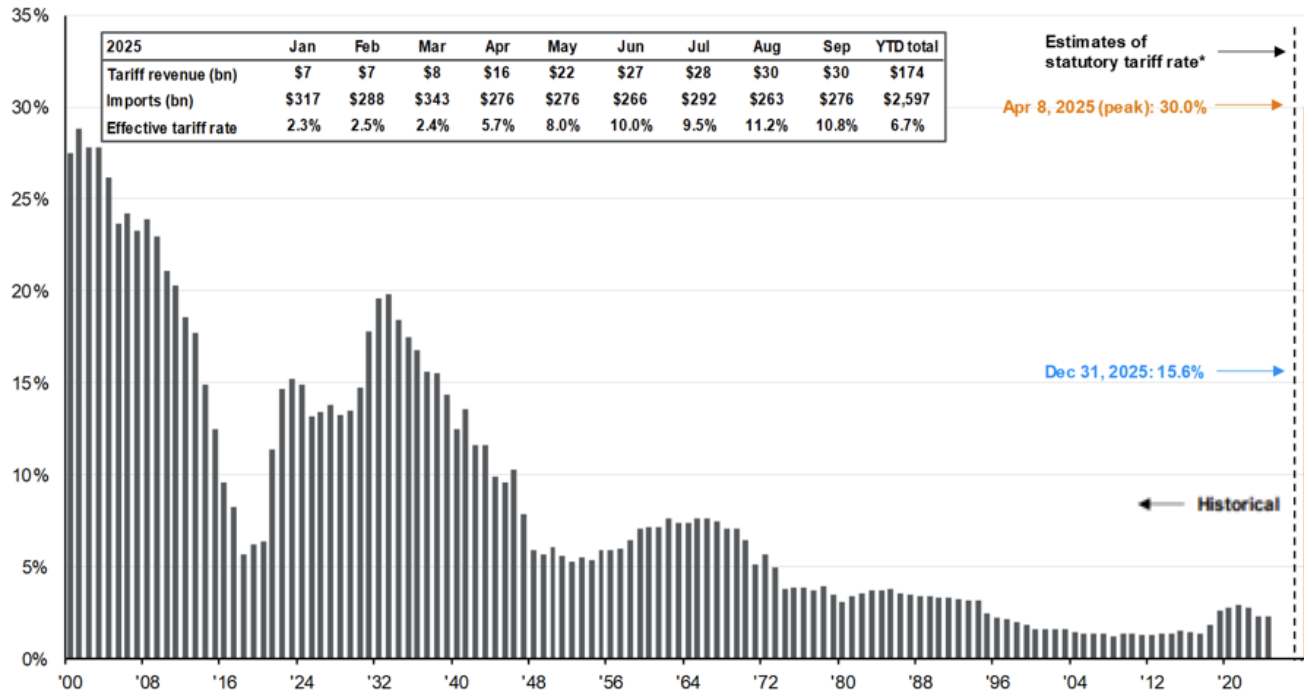
Economy

Tariffs & Trade

The realization of stated tariff rates are being mitigated by excluded categories (e.g., autos) and exemptions (some temporary), as well as supply chain adjustments.

Average tariff rate on U.S. goods imports for consumption

Duties collected / value of total goods imports for consumption, 1900 - 2024



Source: U.S. Census Bureau, U.S. Department of Treasury, U.S. International Trade Commission, J.P. Morgan Asset Management. For illustrative purposes only. The estimated weighted average statutory U.S. tariff rate includes all tariffs that are currently in effect, not announced. Imports for consumption: goods brought into a country for direct use or sale in the domestic market. *Figures are based on 2024 import levels and assume no change in demand due to tariff increases. Tariff revenue shown are figures from the Monthly Treasury Statement. Import figures included in the table are from the U.S. Census Bureau. Estimates, projections and other forward-looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward-looking statements, actual events, results or performance may differ materially from those reflected or contemplated. Guide to the Markets - U.S. Data are as of December 31, 2025.

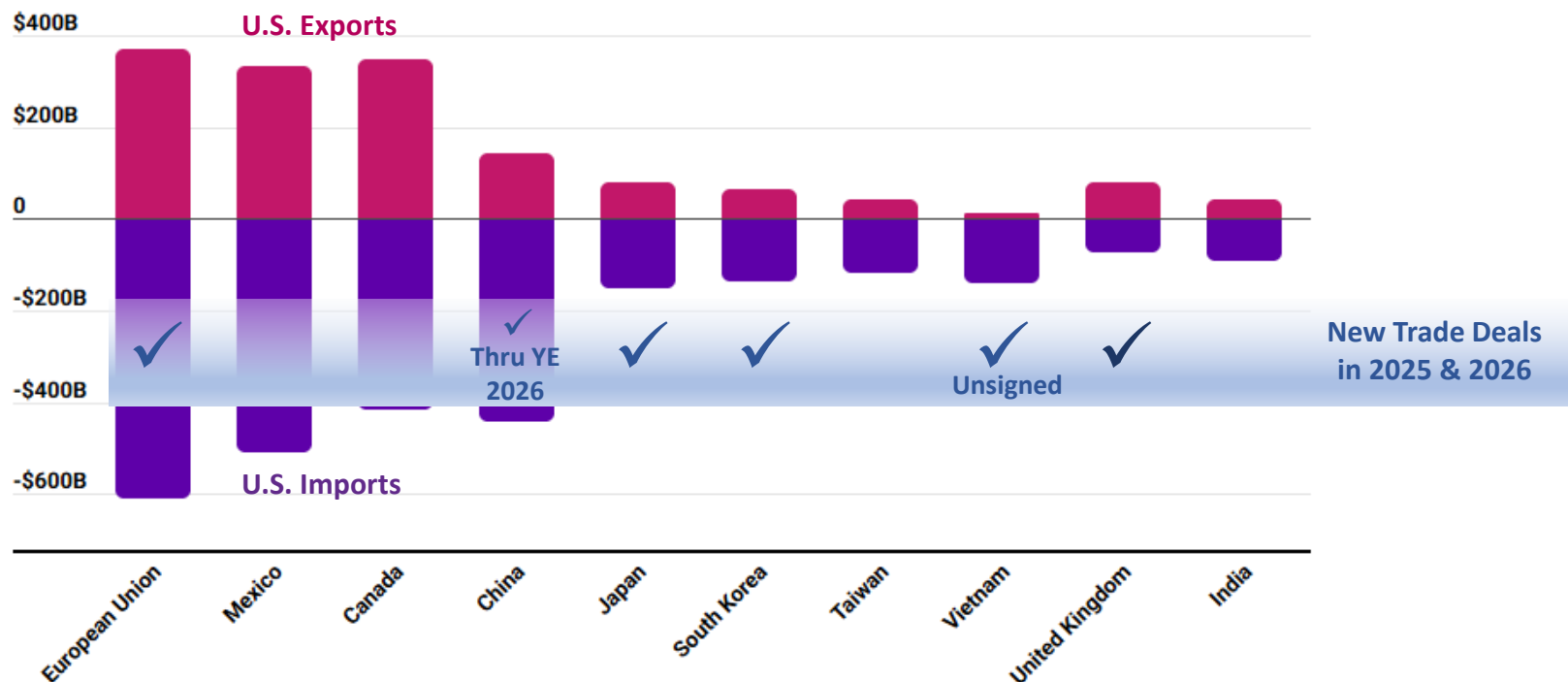
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Economy

Tariffs & Trade

Regarding the status of new trade deals, it remains substantially a “work in process” with our major trade partners..

U.S. Trade in Good: Balance with top trading partners 2024



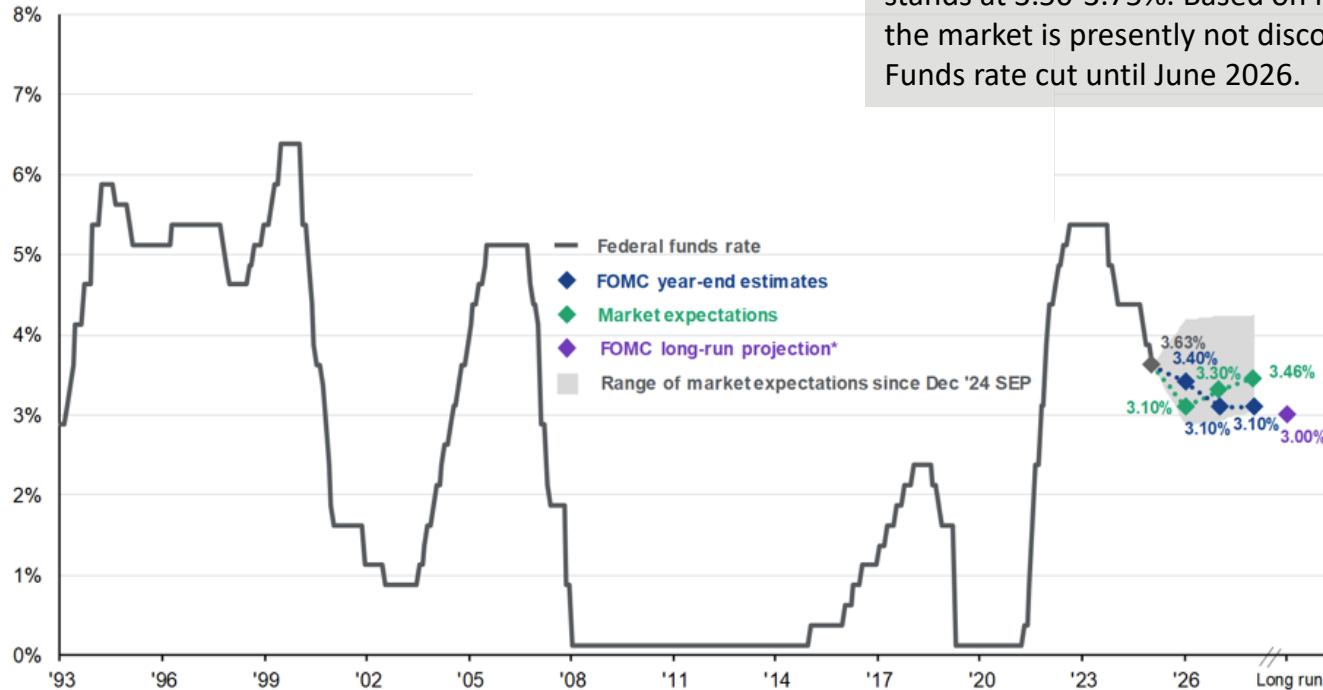
Source: U.S. Department of Commerce data, Trade Deal notations per Genesia’s views, with underlying graph by The Motley Fool

Economy

Federal Funds Rate

Federal funds rate expectations

FOMC and market expectations for the federal funds rate




Since our last Quarterly published in mid-Oct., the FOMC has cut the Fed Funds rate twice. Quarter-point rate cuts were implemented at FOMC meetings in late-Oct. and mid-Dec. The Fed Funds target rate now stands at 3.50-3.75%. Based on interest rate futures, the market is presently not discounting another Fed Funds rate cut until June 2026.

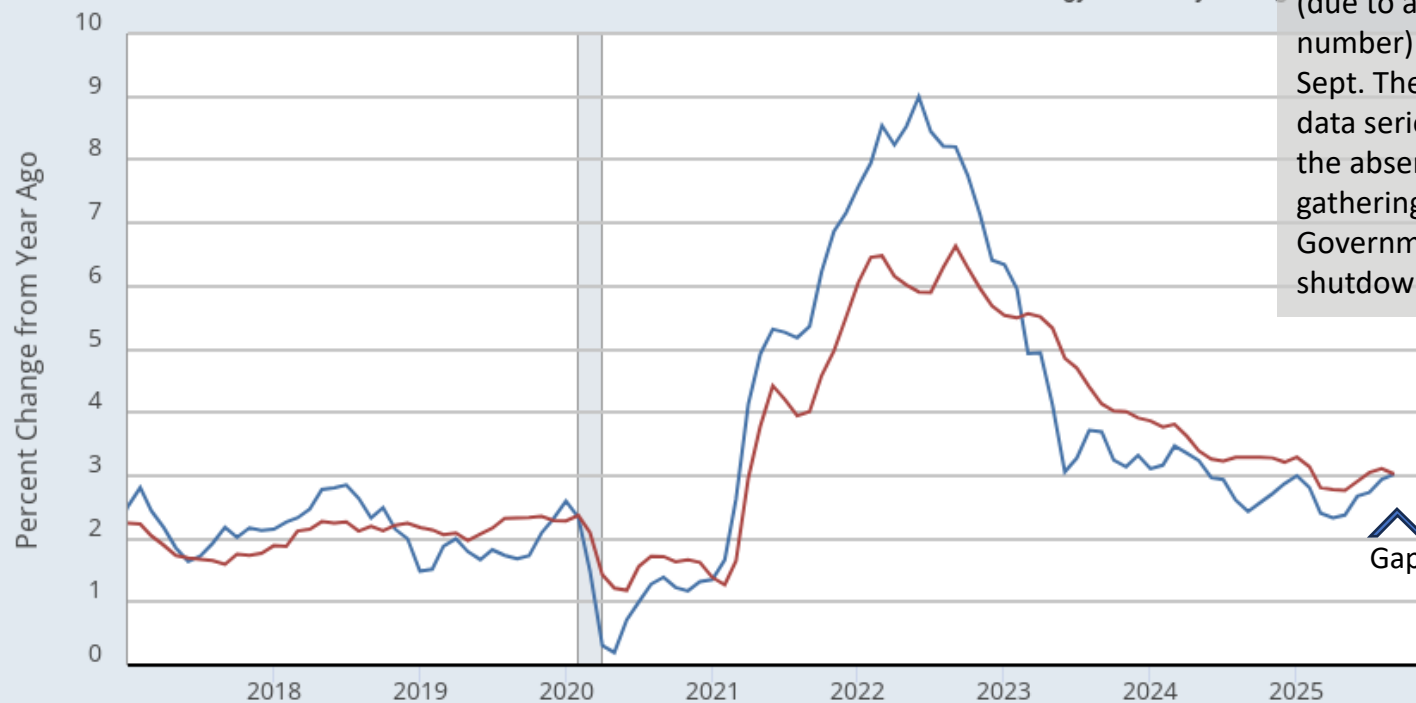
Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management. Market expectations are based off of USD Overnight Index Swaps. *Long-run projections are the rates of growth, unemployment and inflation to which a policymaker expects the economy to converge over the next five to six years in absence of further shocks and under appropriate monetary policy. Forecasts, projections and other forward-looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward-looking statements, actual events, results or performance may differ materially from those reflected or contemplated. Guide to the Markets – U.S. Data are as of December 31, 2025.

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Economy

Inflation

FRED  — Consumer Price Index for All Urban Consumers: All Items in U.S. City Average
— Consumer Price Index for All Urban Consumers: All Items Less Food and Energy in U.S. City Average



December CPI was just reported at 2.7%, which compares to a suspect 2.7% for Nov. (due to a missing Oct. number) and 3.0% for Sept. The gap in this data series was due to the absence of data gathering during the Government shutdown.

Source: U.S. Bureau of Labor Statistics via FRED®

Shaded areas indicate U.S. recessions.

myf.red/g/1QqGW

Economy

Unemployment Rate



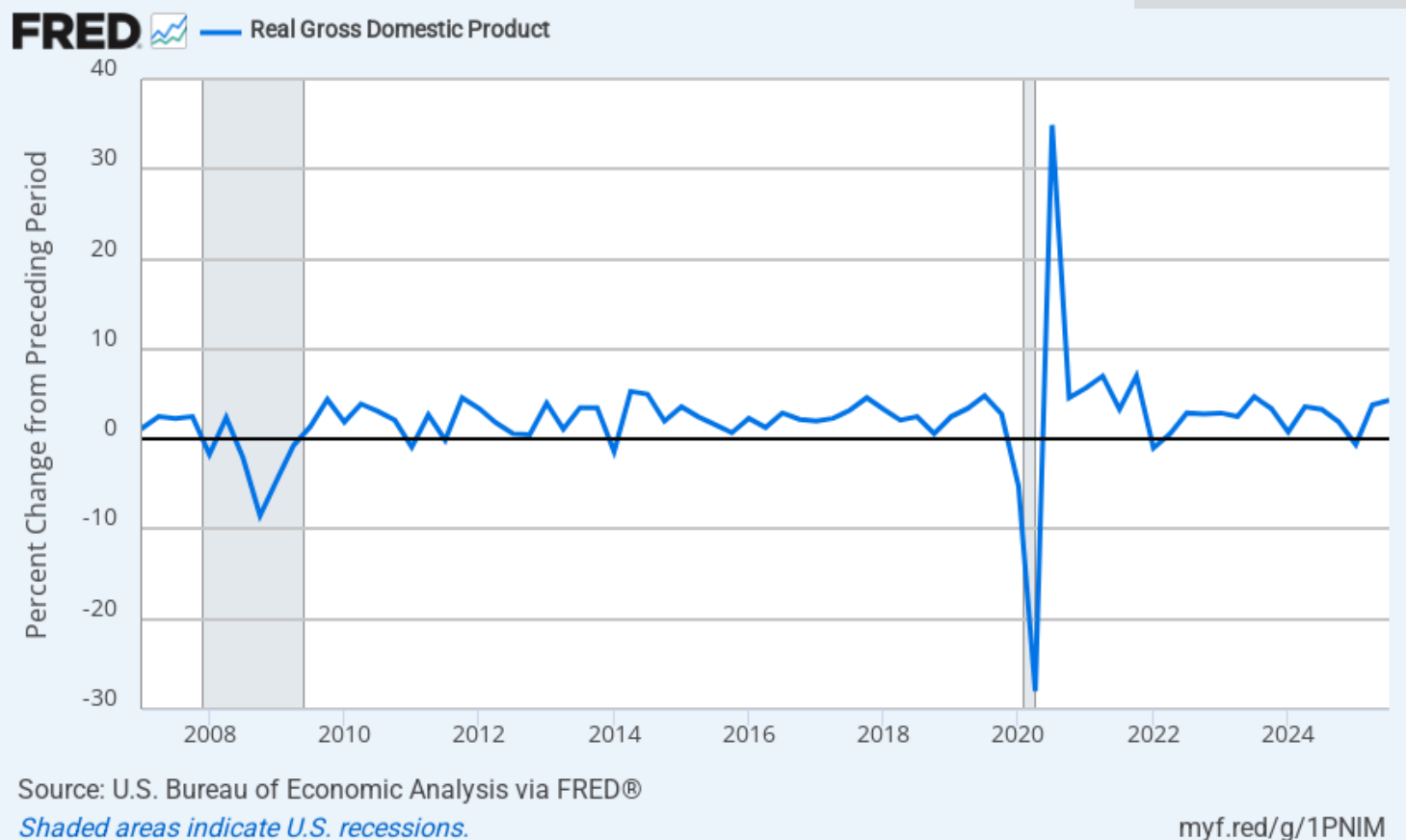
The December unemployment rate was reported at 4.4% vs. an adjusted 4.5% for November, and a cycle low of 3.4% in April 2023. We have, of course, seen spikes in unemployment during recessions. Although we have not previously experienced similar extended periods with gradual increases in unemployment outside of recessions since this data series began in 1948.

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Economy

Real GDP

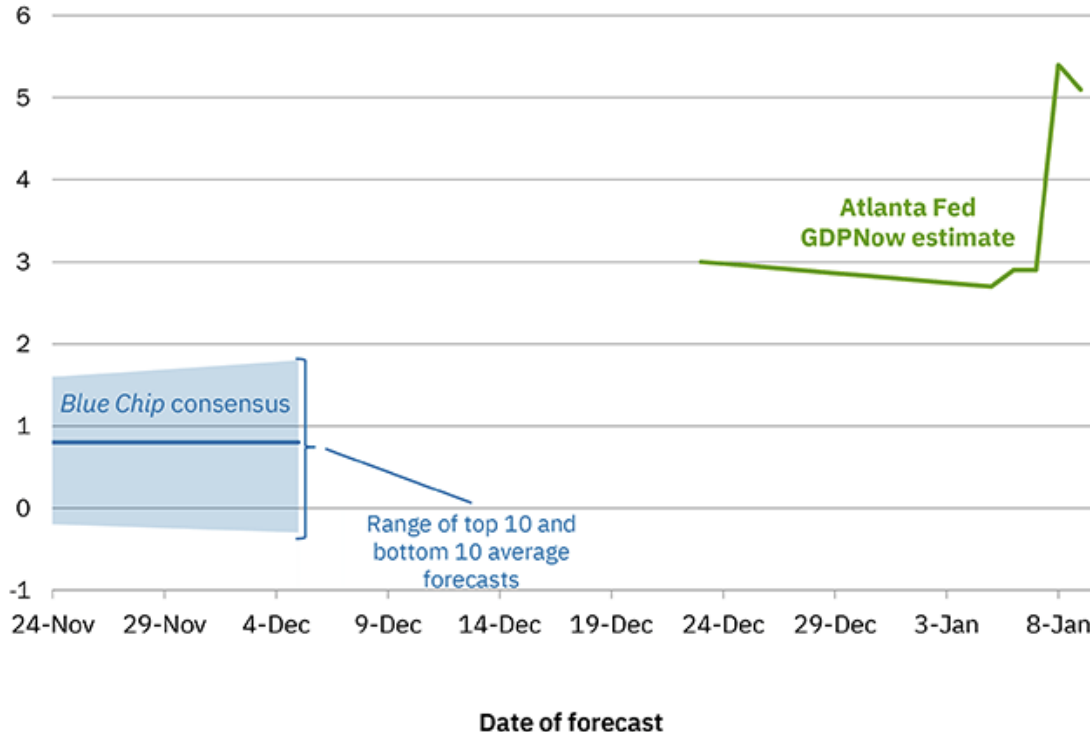
Q3 GDP was reported at +4.3% (quarter over quarter) – which compares to the +3.8% in Q2.



Economy

Real GDP Estimate – Atlanta Fed GDPNow

Evolution of Atlanta Fed GDPNow real GDP estimate for 2025: Q4
Quarterly percent change (SAAR)



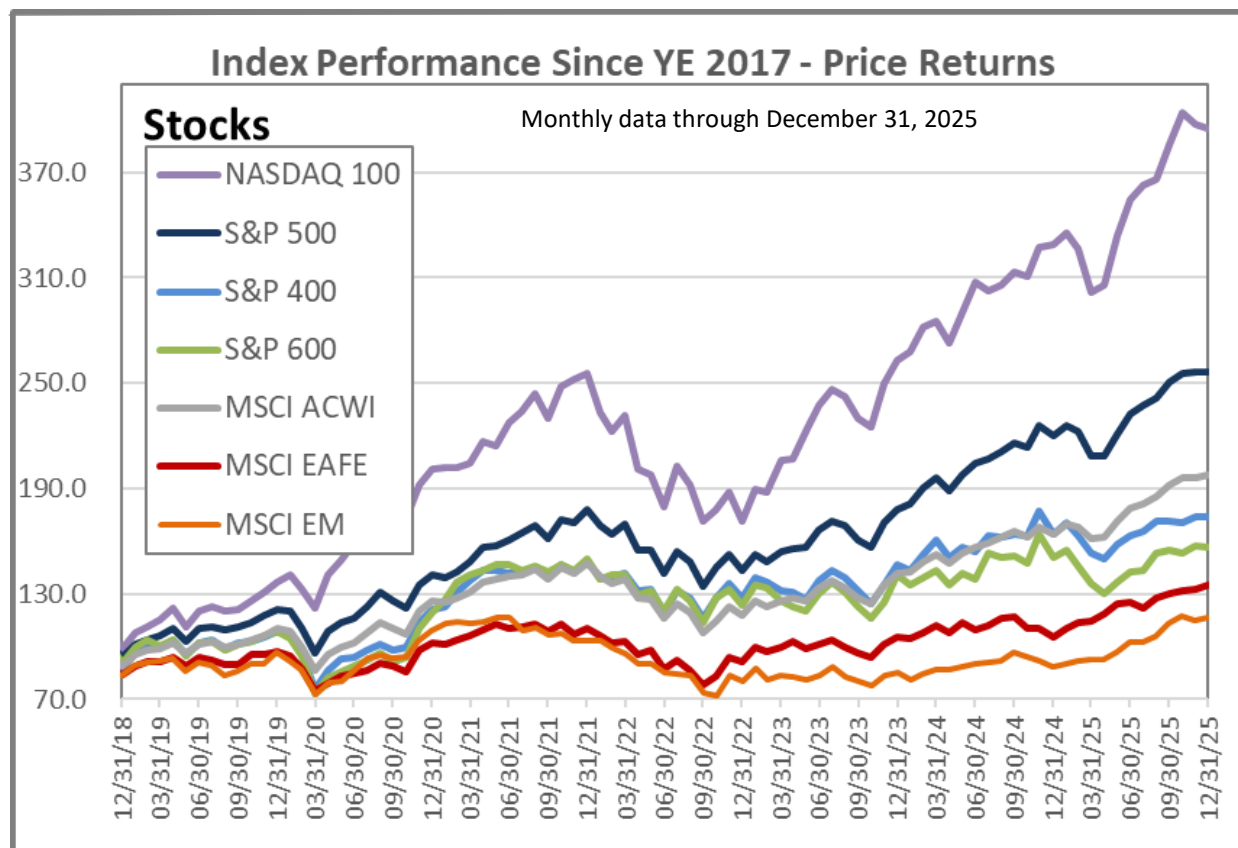
As we've previously conveyed, very little color is offered regarding the Atlanta Fed GDPNow estimate, which is based on a mathematical model. The recent upward revision in the Q1 estimate seems to have been primarily driven by projections for a much smaller trade deficit. *Net Exports* equals *Exports* minus *Imports*, and a narrower deficit boosts GDP.

Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

Equities

Sub-Asset Class Relative Performance



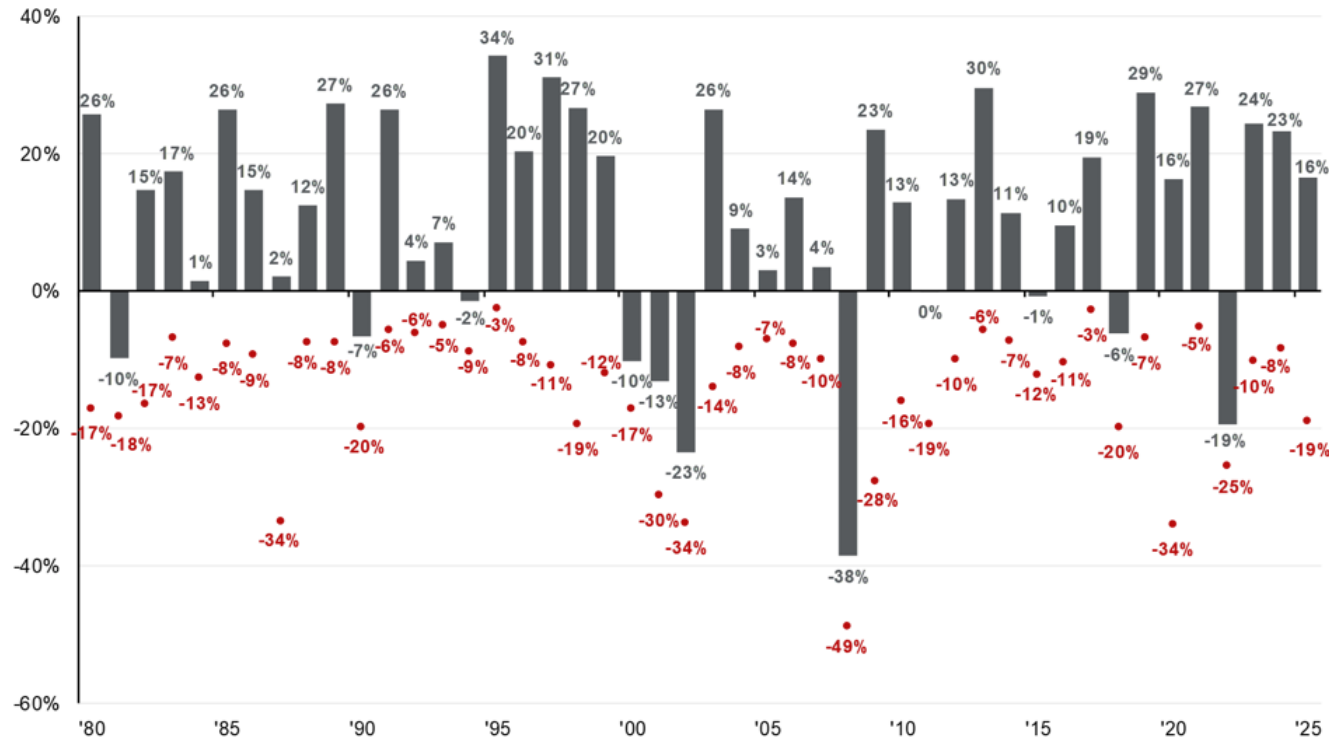
Source: Bloomberg and Yahoo Finance data, with analysis by Genesia Investments LLC

Equities

S&P 500 Annual Returns & Intra-Year Declines

S&P 500 intra-year declines vs. calendar year returns

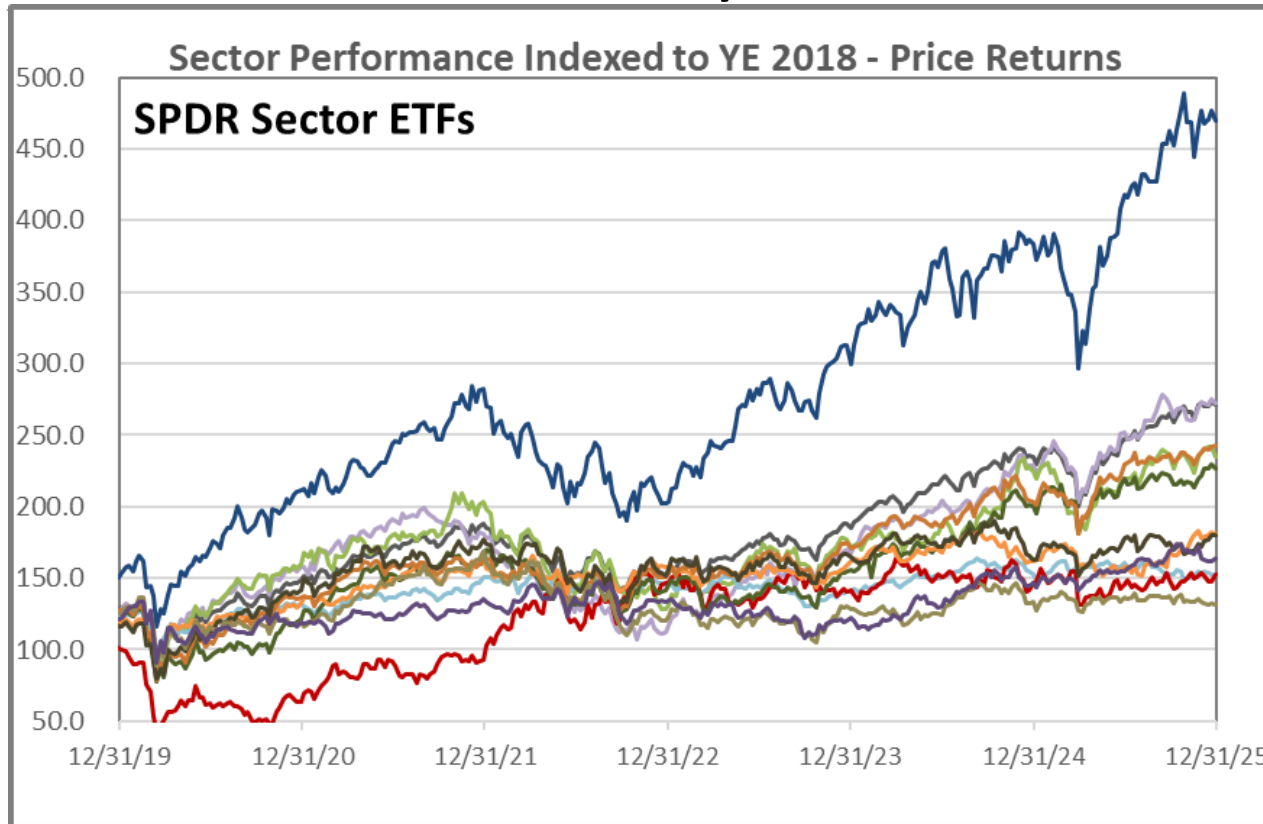
Despite average intra-year drops of 14.2%, annual returns were positive in 35 of 46 years



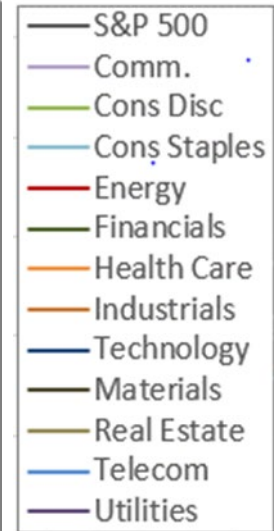
Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management. Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest peak-to-trough decline during the year. Returns shown are calendar year returns from 1980 to 2025, over which the average annual return was 10.7%. Past performance is no guarantee of future results. Guide to the Markets - U.S. Data are as of December 31, 2025.

Equities

S&P 500 Sectors Relative History



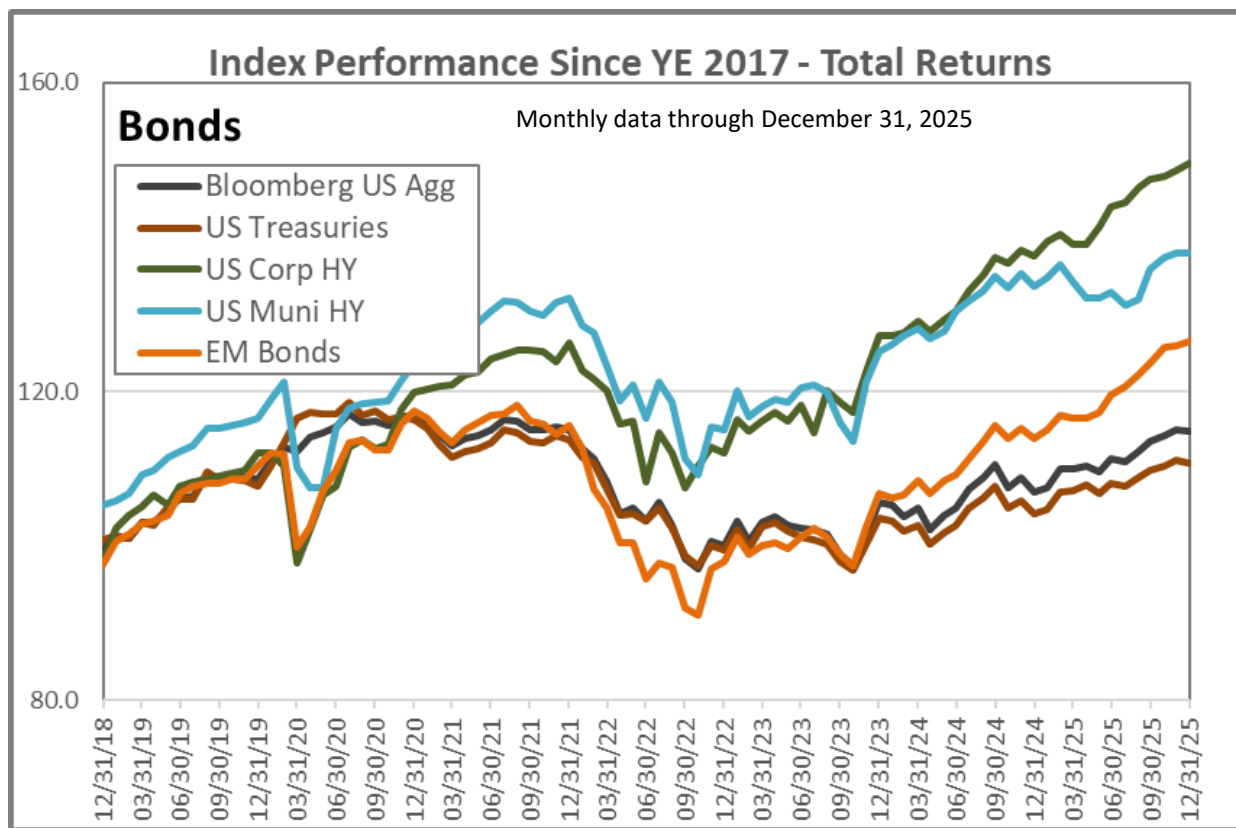
Legend



The Equities chart on this page will rotate through the year based on perceived relevance.

Fixed Income

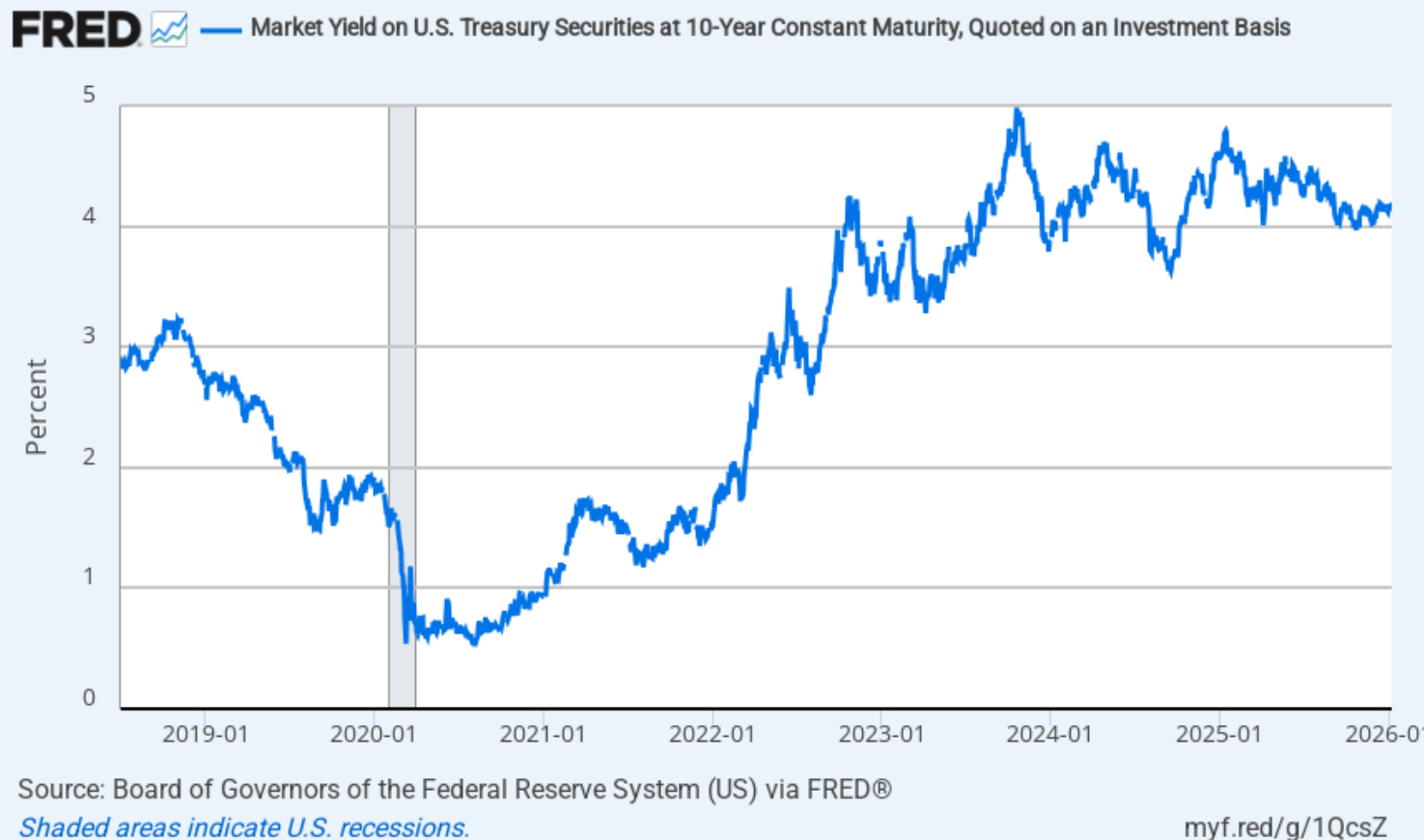
Sub-Asset Class Relative Performance



Source: Bloomberg monthly index data, with analysis by Genesis Investments LLC

Fixed Income

Market Yield - U.S. Treasury 10-Year Bond

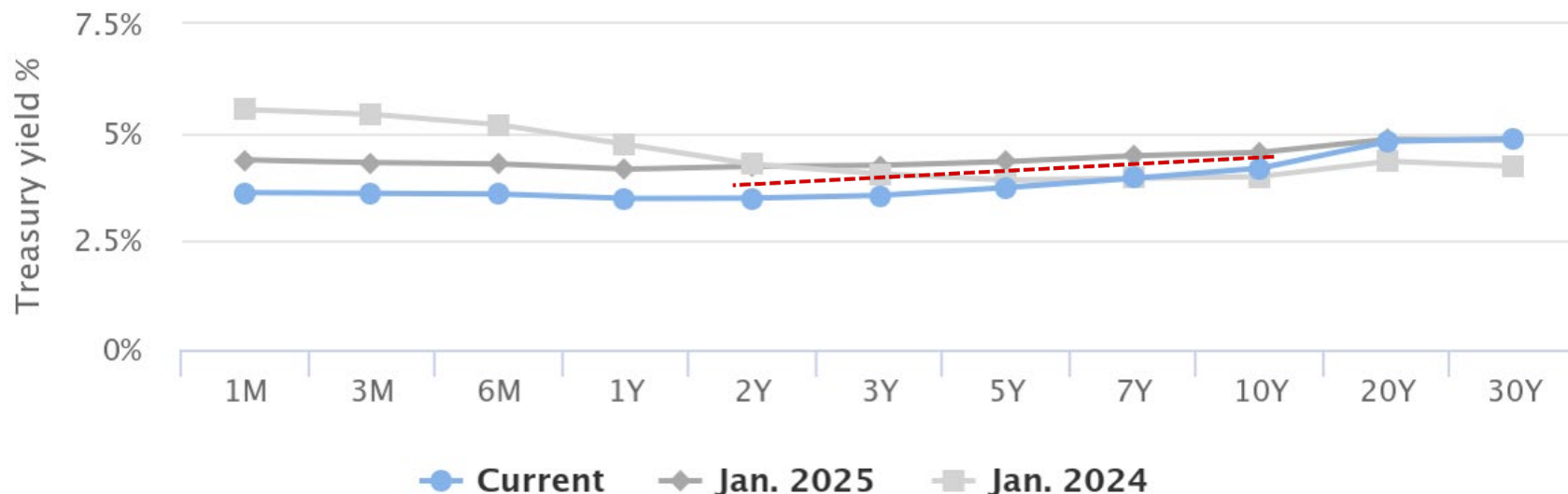


Fixed Income

Treasury Yield Curve

As of January 8, 2026

The progression in the upward slope between short- and longer-term rates has continued. This is more evident in the Yield Spread chart on page 17.



Source: GuruFocus.com

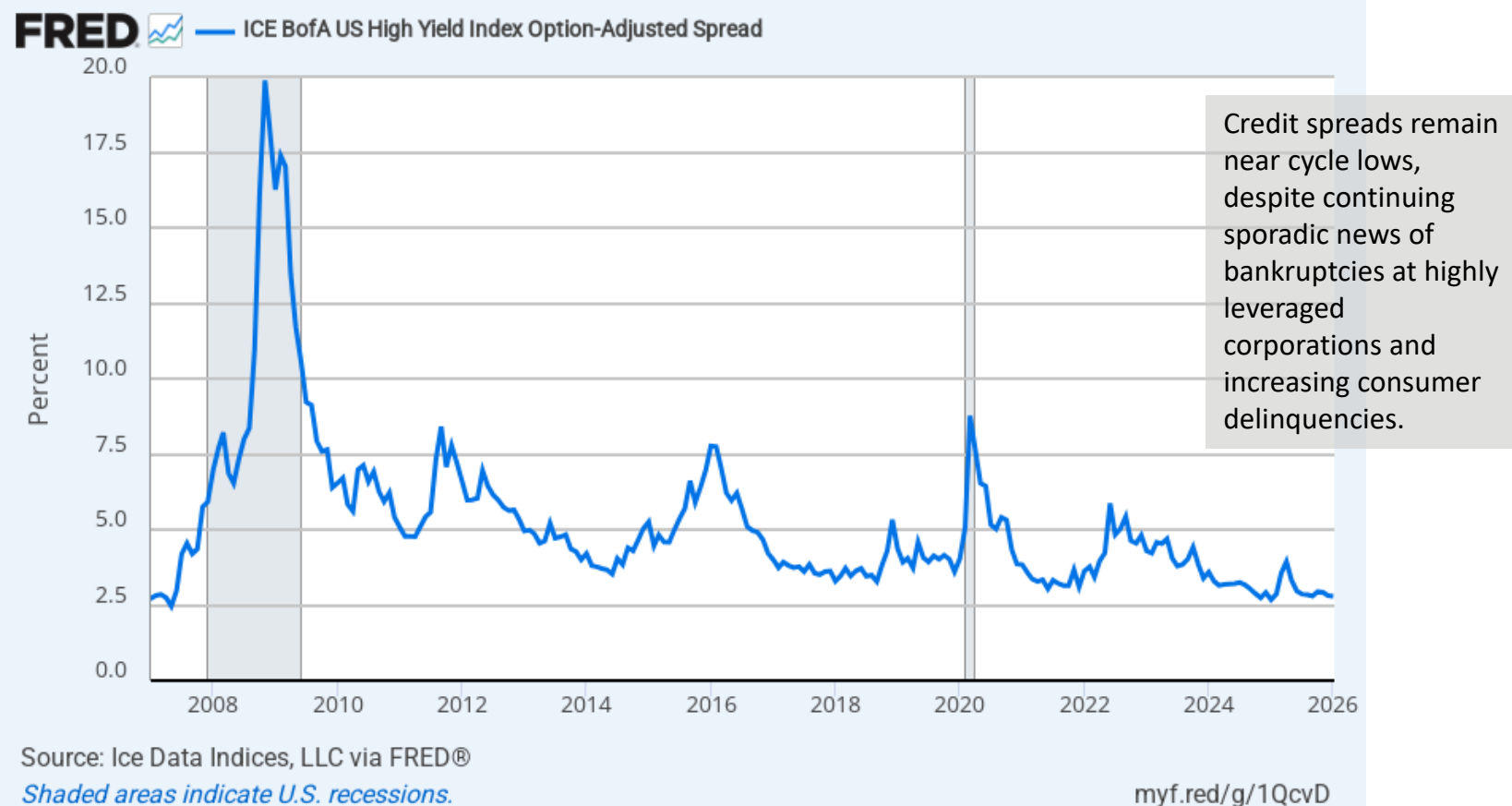
Fixed Income

Treasury Yield Spreads – 10-Year vs. 2-Year



Fixed Income

Credit Spreads – U.S. Corp High Yield vs U.S. Treasuries



IMPORTANT DISCLOSURES

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Sources Include:

Federal Reserve Bank of St. Louis Economic Research -- <https://fred.stlouisfed.org/>

Federal Reserve Bank of Atlanta Research & Data – <https://www.atlantafed.org/cqer/research/gdpnow>

GuruFocus.com LLC, U.S. Treasury Yield Curve Data & Charts -- https://www.gurufocus.com/yield_curve.php

JP Morgan, Quarterly Guide to the Markets -- <https://am.jpmorgan.com/us/en/asset-management/adv/insights/market-insights/guide-to-the-markets/>

IMPORTANT DISCLOSURES (Continued)

Reference to market index information is included for illustrative purposes only, as it is not possible to directly invest in an index. Indexes are unmanaged, hypothetical vehicles that serve as market indicators. Index total return performance data reflects the assumptions of the reinvestment of interest and dividends but does not include the deduction of fees or transaction costs which otherwise reduce performance of an actual portfolio. The blended indexes are shown for informational purposes only and are not representative of any particular investment or plan.

Acronym Definition(s):

FOMC – Federal Open Market Committee, which is responsible for determining the U.S. monetary policy. The Committee is comprised of 12 members, including the 7 members of the Federal Reserve Board of Governors.

Index Definitions:

NASDAQ 100 – Index of 100 largest growth-oriented non-financial companies listed on the Nasdaq Stock Market.

S&P 500 – Compilation of 500 major U.S. stocks meeting certain criteria; market capitalization and float-weighted.

S&P 400 – Index measuring the performance of 400 mid-sized U.S. stocks; market capitalization and float-weighted.

S&P 600 – Index measuring 600 small-cap U.S. stocks that meet certain criteria regarding liquidity and financial viability; market capitalization and float-weighted.

MSCI All Country World – Global equity index across market capitalizations with about 2,800 constituents, representing about 85% of the free float-adjusted market capitalization across 23 developed and 27 emerging markets.

SCI All Country World ex USA – Global equity index across market capitalizations, which excludes the U.S., with about 2,300 constituents which represents free float-adjusted market capitalization across 22 developed and 27 emerging markets.

MSCI Europe, Asia & Far East (EAFE) – International equity index across market capitalizations, which excludes North America, with about 840 constituents which represents free float-adjusted market capitalization across 21 developed markets.

MSCI Emerging Markets (EM) – International equity index across market capitalizations with about 1,400 constituents which represents free float-adjusted market capitalization across 27 emerging markets.

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IMPORTANT DISCLOSURES (Continued)

Index Definitions: *(Continued)*

Bloomberg U.S. Aggregate Bond – Widely followed bond benchmark comprised of investment grade, U.S. dollar denominated, fixed rate taxable bonds including Treasuries, government-related, corporate, mortgage-backed, and agency.

S&P National AMT-Free Municipal Bond – Broad market-value weighted index comprised of larger and more liquid tax-exempt investment-grade U.S. municipal bonds.

S&P Municipal High Yield Bond – U.S. index of municipal bonds that are either not rated or rated below investment grade.

Bloomberg U.S. Corporate High Yield Bond – Index of fixed rate U.S. dollar denominated corporate bonds rated BB+ or below by Fitch and S&P.

Past Performance is no guarantee of future performance.

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