

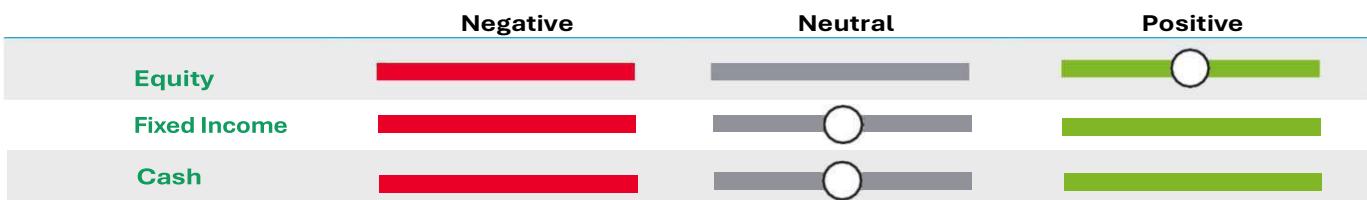
## First Quarter 2026

All things being equal, there are compelling reasons to believe that 2026 will provide wise and experienced investors additional opportunities to expand wealth and grow assets. Here are three macro factors that should be stimulative to the economy and the financial markets. First, though Jerome Powell's term as the Federal Reserve Chairman ends in May, the incoming chair is likely to be more accommodative on monetary policy, and subsequently overall Fed policy will shift toward easing conditions. This shift may signal lower interest rates, which should benefit public and private equity, fixed income and general economic conditions. Second, although corporate earnings for domestic large cap stocks have set all-time records for five successive years through 2025, they will continue to move higher in 2026. This earnings growth in 2026 may be the largest percentage increase experienced for several years. In contrast, growth has been more modest in mid-cap, small-cap, and international equity earnings in recent years. Forecasts suggest earnings for these segments should accelerate meaningfully in 2026. Valuations are arguably quite reasonable when factoring in future earnings expectations, despite current equity valuations appearing relatively high. And third, administrative policies put in place in 2025 are likely to benefit the domestic and global economy in 2026. Progress on resolving tariff-related issues and international conflicts, combined with new domestic tax initiatives, could help stimulate meaningful economic expansion.

## INVESTMENT TAKEAWAYS

- After three additional rate cuts in the second half of 2025, the Federal Reserve may be on pause for the foreseeable future. The Fed reduced rates by 175 basis points over the past 15 months and during this period the three-month Treasury Bill yield has fallen from 4.89% to 3.63%, while the ten-year Treasury Bond yield has increased from 3.66% to 4.17%. The S&P 500 has had solid performance, rising beyond initial investor expectations.
- The recent government shutdown temporarily slowed economic growth in the U.S. but its overall impact was negligible. With limited government reporting, investors were forced to analyze private economic data which is suboptimal at best. Once reporting started in late November, reports generally showed that economic activity was mostly unchanged from prior to the shutdown. Inflation maintained a 3% annualized rate with unemployment levels rising slightly as available jobs were being filled at a tepid pace. Consumer spending remained subdued but holiday sales were marginally better than expected.
- The Federal Reserve's dual mandate of maintaining low inflation while maximizing employment proved especially challenging in 2025. Investors argued that the Fed was at times behind, or in front of the rate change curve. And yet, at year's end, the rate of inflation while approaching 12-month highs, was not a major economic deterrent to growth. However, employment figures have been anemic for much of the second half of 2025. Clearly the Fed has reduced short-term rates to stimulate job creation. Job openings increased steadily late in 2025. The first quarter of 2026 should see healthy employment increases which should stimulate retail sales and consumer spending.
- The administration's tariff policies created both political and economic uncertainty in the first half of 2025. Financial markets returned to stability as tariffs were delayed, eliminated or more favorable agreements were reached. After massive volatility and estimate revisions due to the previously mentioned policies, year over year earnings for the S&P 500 are likely to grow over 11%. With much of the tariff issues behind us, current earnings forecasts are exceptional over the next twelve months. We see further equity gains in a lower interest rate environment, leading to new index record highs in the intermediate term.
- We expect short-term rates will remain stable into the first quarter of 2026. The yield curve favors a well-balanced, moderate-duration fixed income portfolio. We prefer high-quality intermediate maturities with some exposure to the high-yield segment.
- We remain committed to maintaining risk-managed portfolios. United Wealth and Investment Management supports both value and growth companies, allocating equally to each style. Most equity assets remain tactically tilted toward U.S. large-cap companies based on current market expectations. Mid- and small-cap companies should perform well with lower rates.

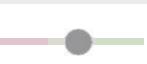
## BROAD ASSET CLASS VIEWS



# EQUITY ASSET CLASSES

## Domestic and international equity markets stage an impressive 2025 recovery

Economic cyclical is a very well-known and accepted reality in economies. Certain variables may foster more productive or favorable conditions and at other times, less favorable variables may have the opposite effect. It comes as no surprise that stock markets rise and fall on much the same variables. Entering 2025, investors were anticipating policy changes by the new Trump administration. What was unknown was the severity of the changes, particularly as they related to tariffs. Initial investor reaction was decidedly negative as corporate earnings estimates were reduced. The administration then recognized that they would need to revise their position given economic impact and investor reactions. Following the policy revisions earlier in the year, investors have embraced equities across all segments of the public equity market, including size, style, and geographic location. While mega-cap technology companies remain dominant, all eleven sectors of the S&P 500 have respectable gains with six showing double digit growth in 2025. Mid-cap and small-cap companies have staged impressive rallies since April, nearly as impressive as those in the domestic large-cap segment. Perhaps the most notable performance has been achieved by companies domiciled overseas. Governments across the globe took measures to defend their own domestic corporate interests against U.S. economic policies. Investors took note and broadly endorsed these actions. Both developed international and emerging market equity performed better than expected, including outperforming U.S. domestic equity markets. While we see global equities continuing to rise in 2026, we doubt the difference will be as pronounced as in 2025.

		Relative Trend	Rationale
Market Capitalization	View		
Style			
Market Capitalization	Large-Caps		Domestic large-caps were once again the preferred choice for those investing in the U.S. Once tariff related issues became less of an obstacle, investors embraced the mega-caps but also found other reliable growth and value companies with solid balance sheets and healthy prospects. We think this trend will continue into 2026. Though much is written about current valuation concerns, we think investors will continue buying stocks based on anticipated earnings growth rather than on trailing performance. With record earnings and further Fed rate cuts ahead, we see additional gains well into 2026.
	Mid-Caps		Mid-cap stocks are just starting their upward trajectory. While large-cap stocks held their own during an anxious and uncertain spring, investors were reluctant to invest in mid-sized companies that may be less financially capable. Starting in the second quarter, and accelerating in Q4 due to Fed rate cuts, mid-cap equity surged. Mid-sized growth continued to be favored but value equities also recovered. We expect further gains in 2026.
	Small-Caps		The “America First” agenda espoused by the Trump administration in its first year did not materialize as the administration or investors had hoped. 2026 may provide a tailwind for small-cap equity. Small cap has yet to experience this advantage, as tariff policies have intervened and disrupted normal supply chains and economic activity. We think it is only a matter of time before this segment experiences significant gains. Lower interest rates should also play an important role in boosting profitability.
Style	Growth		The AI trade, along with growth stocks more broadly, remains the primary beneficiaries of additional investor funding. We expect this trend to continue in 2026 but other segments, styles and value companies are becoming more attractive. AI will lead to multiple economic advantages across a wide variety of industries and applications. Yet to date, most equity gains have been limited to those companies creating the AI infrastructure. We expect many future AI gains to be more widespread.
	Value		United maintains a slight value bias to protect portfolios from both known and unknown risks. The companies held in our value-based Large Cap Dividend Strategy are recognized for their perennial healthy balance sheets, higher-than-average dividend yields, and favorable attitude toward investors. Value stocks have staged an impressive rally since the April lows and protected asset value when markets were volatile. We anticipate further gains well into 2026.
Region	United States		It is our continued position that better relative long-term performance will be generated from the U.S. stock market than from most foreign markets. However, when U.S. laws and policies impacting international trade are changed, which depart from conventional practices, some type of risk adjustment will likely occur. This was the environment in early 2025 but modifications were made which slowed the change and alleviated market anxiety. We anticipate further market gains as future earnings look solid and interest rates move lower.
	Developed International		Until recently, international equity has trailed U.S. equities for well over a decade. Over the past year this trend has changed. Investors have significantly increased their investments outside of the U.S. The changes implemented by the Trump administration have created an environment where foreign governments must better align and cooperate to facilitate the best outcome for their economy. We do not see either the Trump administration or foreign governments changing their posture in 2026. We see continued gains in international equity in 2026.
	Emerging Markets		President Trump has taken a different approach to foreign relations than some former administrations. Many current policy decisions are condensed into a financial equation. With little focus on non-economic factors, foreign governments, including China, are negotiating with the U.S. relying solely on financial concerns. That gives many governments more flexibility. We see this change as beneficial for international markets with China likely to expand its global economic presence.

# FIXED INCOME

## Three Fed rate cuts help improve fixed income returns for the year

Fourth quarter fixed income returns were positive. The Federal Reserve returned to monetary easing late in 2025, implementing a 25 basis-point reduction in the Fed Funds Rate during each of its final three FOMC meetings. The rationale leading to the rate cuts in 2025 differed from last year's cuts. An analysis of the rate cuts in late 2024 suggests that the Fed felt comfortable reducing short-term rates as inflationary threats had abated and monthly employment gains were healthy. As we have emphasized in the past, the tariff induced inflation threat introduced by the Trump administration was very real at the year's start. The Federal Reserve had no way of knowing how severe inflation could become if the administration's plans were implemented in full. The inflationary threat declined as tariff policies were modified or delayed, and foreign manufacturers reduced pricing to adjust. Despite this, the rate of inflation still increased almost three-quarters of a percent to its present level of 3.0%.

The Federal Reserve's policy shifted in the late summer of 2025. Employment reports indicated fewer jobs were available and job growth had stagnated. With the tariff threat reduced, the Fed transitioned its primary focus to the job market and job growth. This led to the eventual decision to reduce short-term rates near year's end. Inflation is expected to remain stable during Q1 2026 and is unlikely to fall close to the Fed's 2.0% target in the foreseeable future. While we do expect further short-term easing in 2026, this action may take months to implement. Long-term rates should remain near present levels, being anchored more by outlooks on inflation.

United maintains a neutral duration for managed bond portfolios. We think the tariff policies are unlikely to materially add to actual downstream inflation beyond what has already occurred. We continue to recommend a blend of high-quality intermediate-term bonds with appropriate exposure to shorter maturities. Quality corporate and municipal bonds remain strong across credit tiers and issuer sizes. High-yield bonds from stable, growing companies offer attractive opportunities and support our modest allocation in both corporate and municipal markets. For tax-sensitive accounts, we favor municipal bonds.

	Low	Medium	High	Rationale
Positioning	Short	Int.	Long	
Credit				United prefers fixed-income portfolios with a core of high-quality bonds serving as a volatility buffer for portfolios. Credit spreads have returned to a normalized state.
Duration				Short rates have mirrored Fed action for some time. We expect little change in Fed policy until a new Fed Chair is appointed. Longer-term rates should remain close to present levels well into Q1 2026.

# COMMODITIES

## The year of metals

Precious metal prices have surged in 2025. Gold was up over 65%, and silver has remarkably increased nearly 150% for the full year. This year's significant price change was unanticipated although precious metals prices had begun to trend higher in 2024 anticipating a Republican victory and a changing government landscape. The breadth and scope of the changes that President Trump has implemented, particularly as it pertains to international economics, have ushered in uncertainty and altered foreign relations. The move in gold suggests that unspecified risks are present and future events or activities are still largely unknown. Investors never know the future, but prices reflect current collective thinking at one point in time. The metals price increases have been a notable signal that some risks are not being accounted for and investors should be vigilant and mindful. The energy complex, excluding natural gas, has shown little to no growth. Broad commodity benchmarks would be almost flat if not for the precious metals complex.

# CONCLUSION

Despite the signals from the precious metals sector, there are other variables that continue to support a healthy economy and a vibrant equity market. Record S&P 500 earnings will likely once again be reported for 2025, making this the fifth consecutive year that records have been broken. During that time earnings have increased by 94%. Price follows earnings over the long term. With earnings forecast suggesting more records next year and lower rates ahead, we expect 2026 to be another prosperous year.

## **Important Disclosures**

The opinions expressed in this material are only informational and are not intended to provide specific advice or recommendations for any individual security. To determine which investment(s) may be appropriate for you, consult your advisor prior to investing.

All performance referenced is historical and there is no guarantee of future results. All indexes are unmanaged and cannot be invested directly. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment.

Economic forecasts set forth may not develop as predicted.

Investing involves risks including loss of principal. No investment strategy or risk management technique can guarantee return or eliminate risk in all market environments. Some research material and data were sourced through Strategas Securities, LLC.