

## PERSPECTIVES AND POSITIONS

By James Dykstal, CFA, Portfolio Manager, May 2026

This is a summary of our views on the economy and markets based on data through April 2026.

### Economy

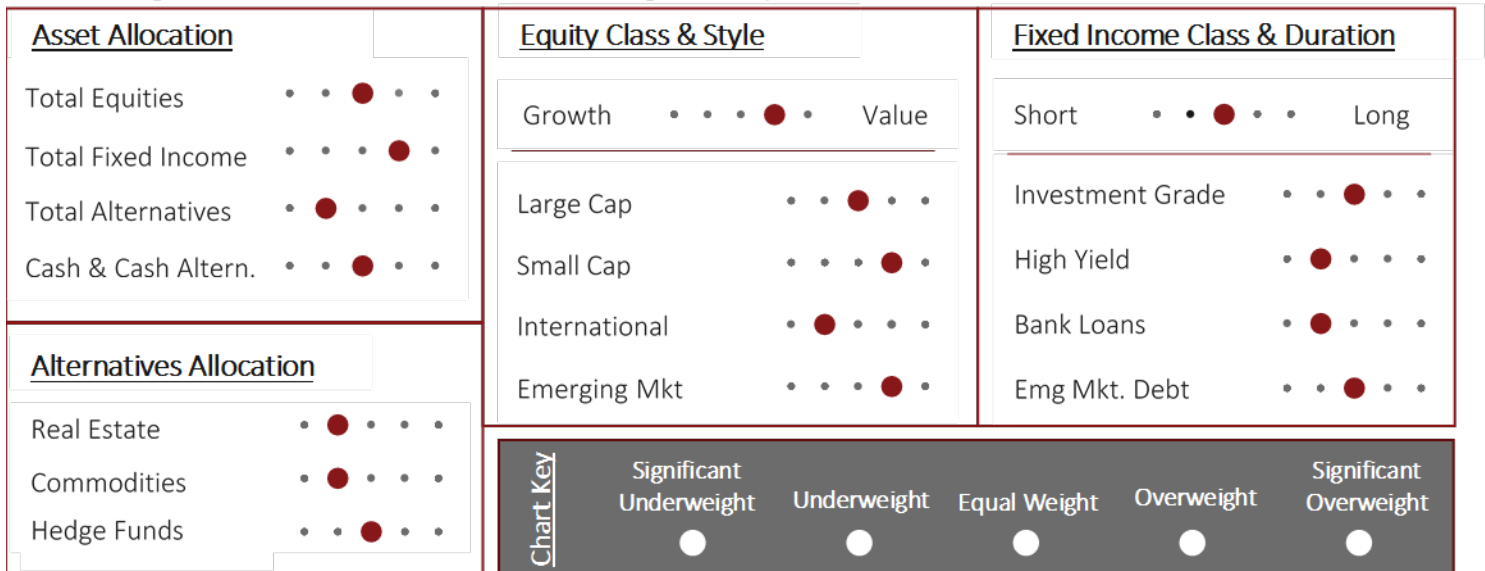
- U.S. GDP Growth – The economy is growing at 2.0% despite the concern about energy prices and global conflicts. The futures market anticipates that the Federal Reserve will no longer cut rates in 2026 due to inflation concerns. Inflation was 3.3% in March and 3.8% in April due to increases in Energy prices.
- The unemployment rate has decreased slightly to 4.3% in March from 4.4% in February. Payrolls increased 178,000 in March. However, employment does show some slowing.
- The market continued to generate strong returns into the second quarter after the drawdown in March due to the war in Iran and concerns about oil prices.

### Markets

- The economy looks to be growing at a modest and steady pace and recession risks seem to be subsiding.
- Fixed Income – The backup in interest rates due to concerns about inflation provide some room to reallocate in the second quarter. Stocks have been volatile but are near or at all-time highs. We expect bonds to return coupon in 2026 as most of the interest rates cuts are in the past.
- Equities – We expect economic growth to be constructive for stocks. We are modestly overweight value stocks due to earnings growth concerns surrounding the “mega” cap AI stocks. The expectation is that equities around the globe will digest the economic fundamentals and produce positive returns for 2026.

## TACTICAL POSITIONS

The following is our current Model Portfolio Positioning Summary:



<sup>1</sup> Provided by our affiliate, Discretionary Management Services (DMS), LLC