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PERSPECTIVES AND POSITIONS

By James Dykstal, CFA, Portfolio Manager, November 2026

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

Economy

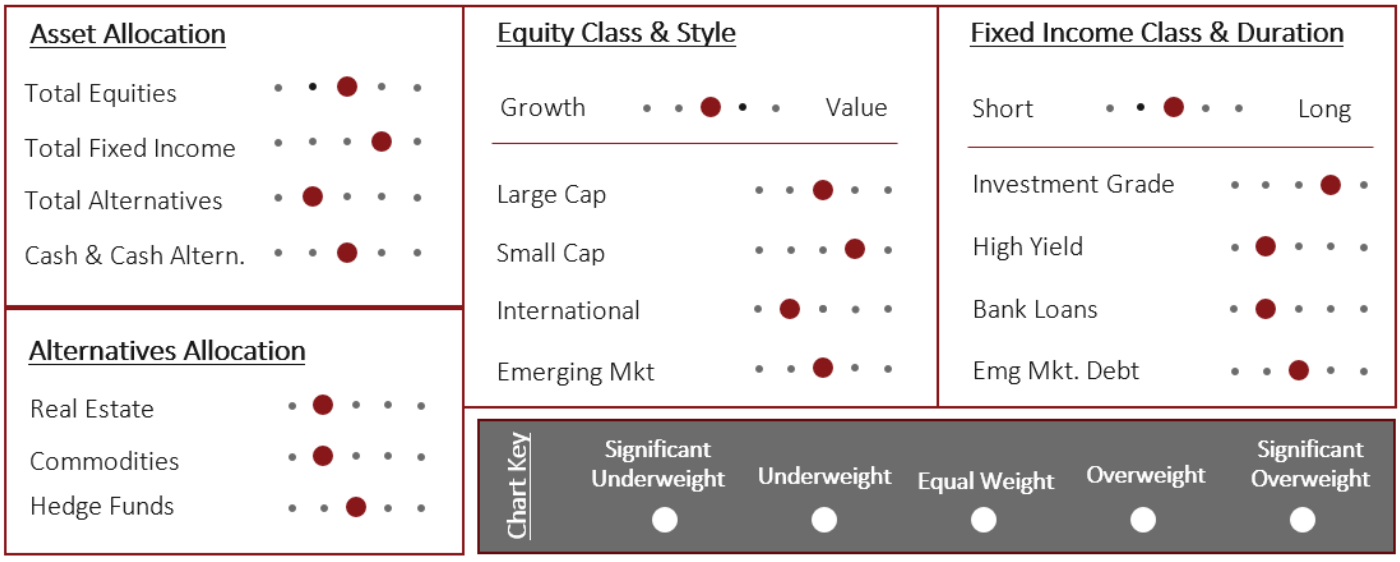
- U.S. GDP Growth – The economy is growing at over a 3.0% pace despite the concern about energy prices and global conflicts. The futures market anticipates that the Federal Reserve will increase the Federal Funds rate in December. Inflation was 3.7% in September due to increases in energy prices.
- The unemployment rate has decreased slightly to 4.1% in October from 4.2% in the month before. Payrolls increased 165,000, which beat expectations. Future expectations for employment growth are modest at about 100,000 jobs created monthly for remainder of 2026.
- The market has been repricing risk since June as investors are assessing the AI trade and its earnings expectation and inflation and its impact on interest rates

Markets

- The economy looks to be growing at a modest and steady pace and recession risks seem to be subdued.
- Fixed Income – The backup in interest rates due to concerns about inflation provide some room to reallocate in the third and fourth quarters. Stocks have been volatile to say the least. Earnings growth remains robust for 2027, however. We expect bonds to return coupon in 2026 and 2027.
- Equities – We expect economic growth to be constructive for stocks in the longer term. We are modestly equal weight growth to value stocks due to skepticism of the AI buildout repricing growth stocks. The expectation is that equities around the globe will digest the economic fundamentals and produce positive returns for 2026 and into the first half of 2027.

TACTICAL POSITIONS

The following is our current Model Portfolio Positioning Summary:



[1] Provided by our affiliate, Discretionary Management Services (DMS), LLC