

# Outlook 2026

Michael Clark, President  
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Review of 2025

What could hold us back?

What could move us forward?

Planning for Longevity

The Age of Acceleration





**ISRAELI-IRAN CONFLICT: THE 12-DAY WAR**  
U.S. JOINS THE FIGHT — JUNE 2025

**TAX RELIEF ★ BORDER SECURITY ★ AMERICAN PROSPERITY**

**THE ONE BIG BEAUTIFUL BILL ACT - JULY 4, 2025**

**MORE TAKE-HOME PAY!  
THANK YOU OBBBA**

**OPEN FOR BUSINESS  
TAX CUTS WORKING**

**SECURE BORDER, STRONG NATION**

## The One Big Beautiful Bill Act (OBBBA)

# THE GREAT HILL COUNTRY FLOOD OF 2025





**The Coldplay Concert "Kiss Cam" Corporate Scandal**

## CRACKER BARREL BACKLASH (AUGUST 2025)

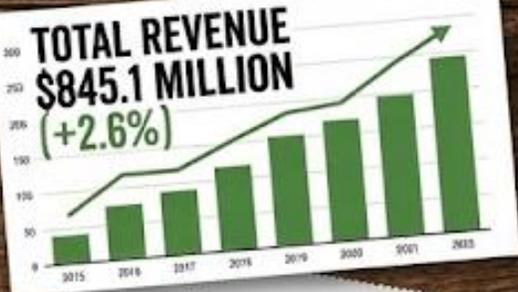
**SAVE THE PORCH**  
- BRING BACK OUR  
COUNTRY STYLE

**COMFORT  
FAVORITES  
RETURNED:  
EARLY 2026**

**Daily Times**  
**CORPORATE PIVOT:  
ORIGINAL LOGO RETURNS**



**CRACKER  
BARREL**



**RECEIPT**  
**MENU PRICE  
INCREASE  
+4.7%**

SUBTOTAL  
TOTAL PRICE

+4.7%  
+4.7%

# Review of 2025



**Charlie Kirk Assassination**

## THE LOUVRE CROWN JEWEL HEIST (OCTOBER 2025)

**Daily Daily Post**  
MONDAY, 10 OCTOBER 2025

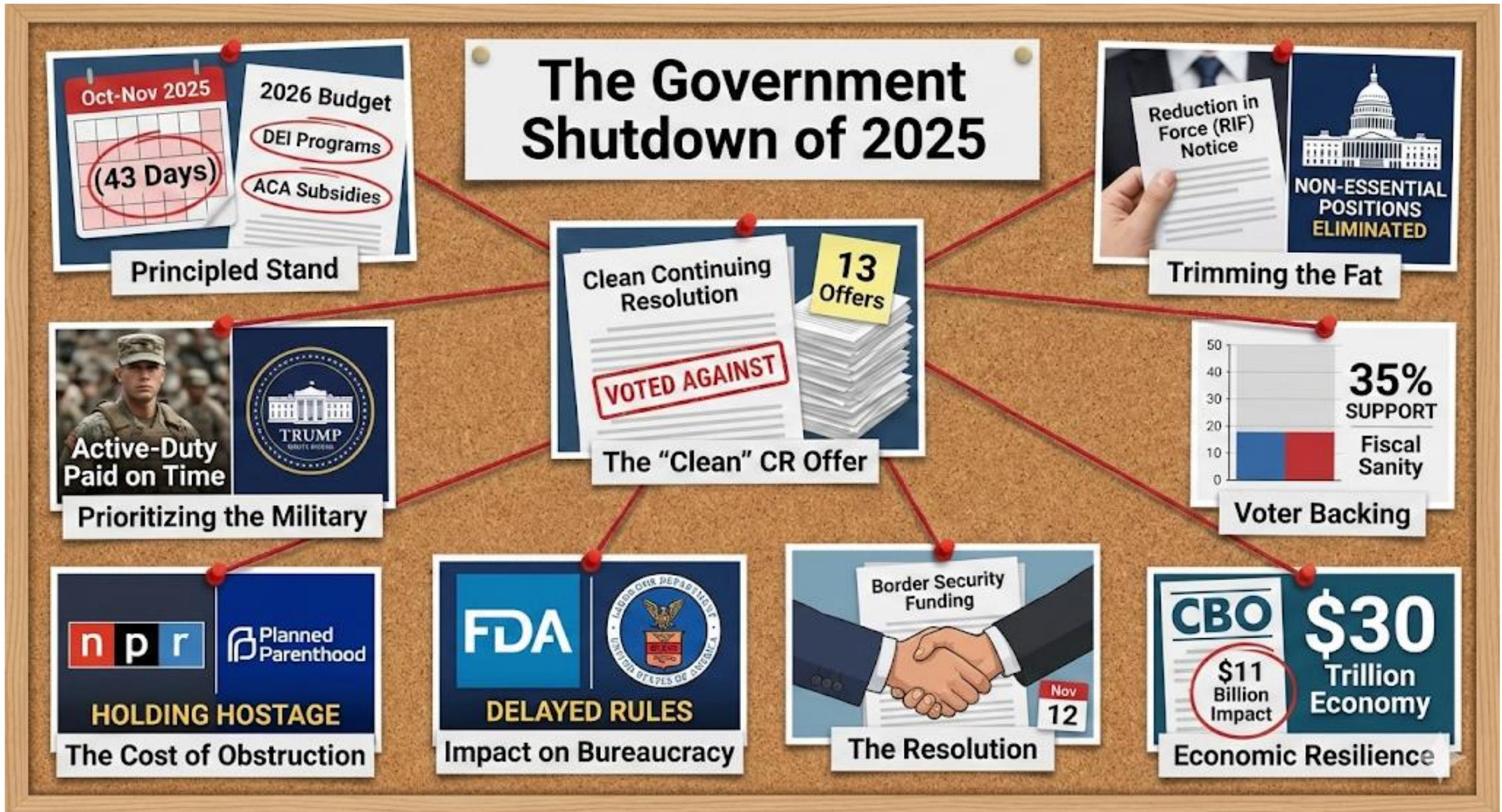
### LOUVRE HEIST: NATIONAL CATASTROPHE

Inapses of jewelry missing cataprent

**PETTY CRIMINALS**

The newspaper clipping features a large headline, a sub-headline, a small image of the Louvre, and a photograph of two men in custody. A caption at the bottom reads 'PETTY CRIMINALS'.







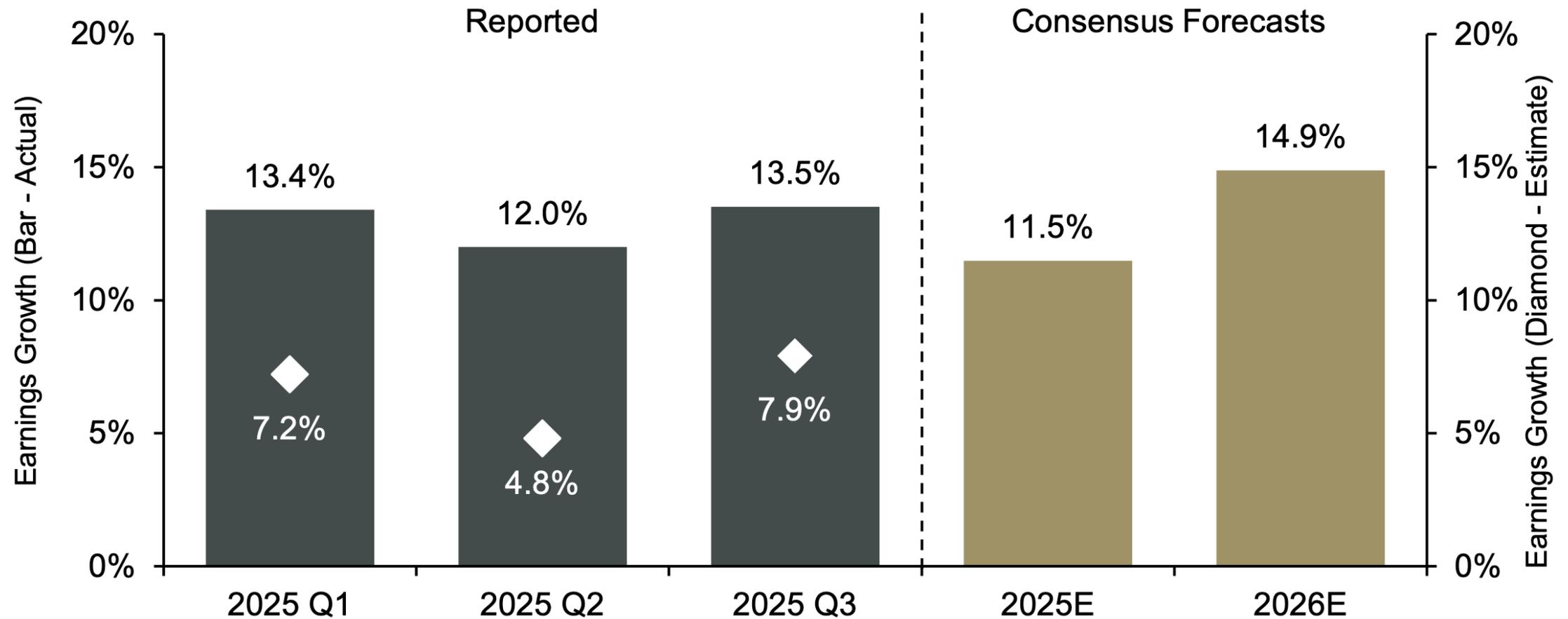
# S&P 500 2025



# Dow Jones 2025

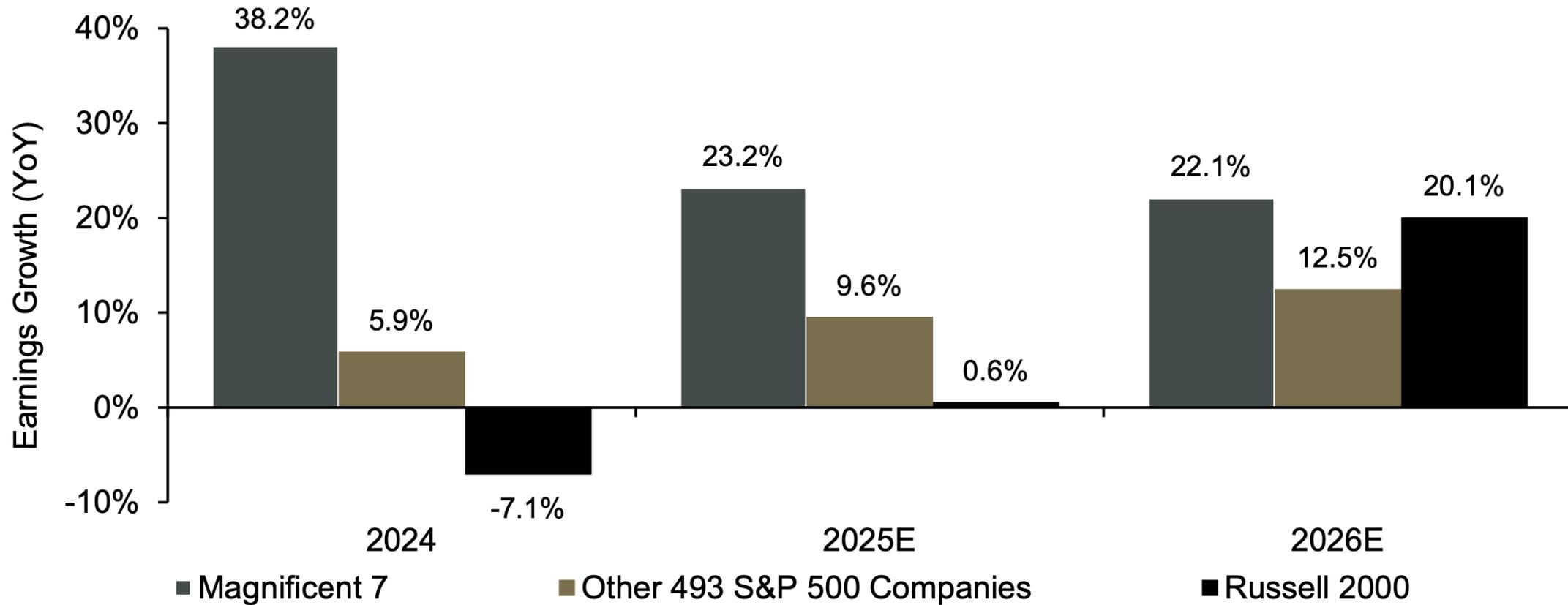


## Earnings Have Outpaced Expectations, Projected to Grow Double Digits S&P 500, EPS Growth (Estimates vs. Actual)

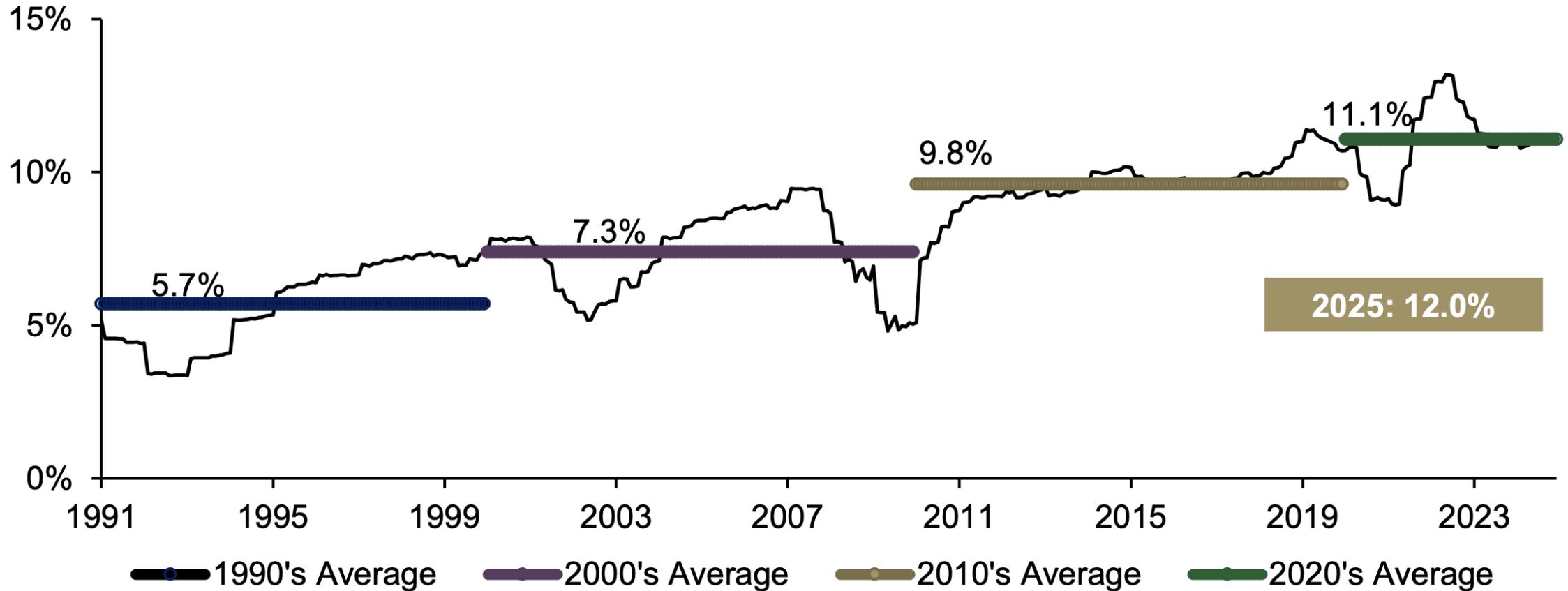


Sources: Top: FactSet and Bloomberg, as of 12/31/2025. Bottom: Ned Davis Research and FactSet, as of 12/31/2024. The historical data shown in the charts above are for illustrative purposes only. Due to market volatility, the market may not perform in a similar manner in the future. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment. The index data provided is not representative of any Lord Abbett product. There is no guarantee these forecasts will be achieved.

## Earnings Expected to Broaden Beyond The Magnificent 7 EPS Growth



## Profitability is at an All-Time High S&P 500 Net Income Margin, by Decade



Review of 2025

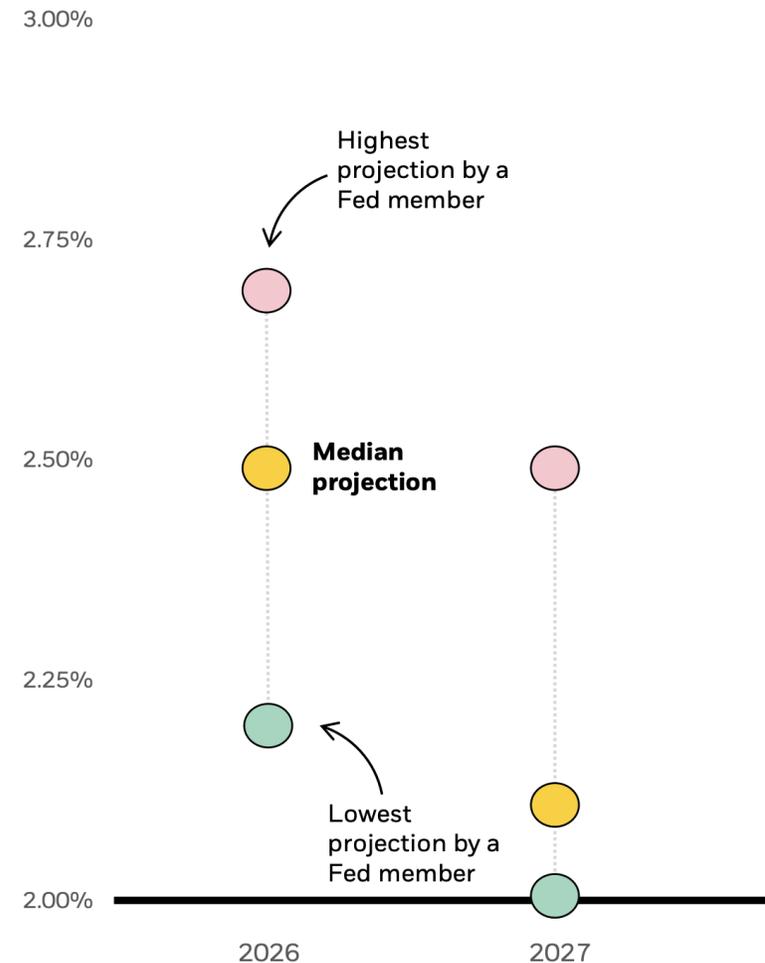
What could hold us back?

## Inflation

# 2.5%

According to the Federal Reserve's most recent Summary of Economic Projections, Fed members project core PCE inflation will fall to approximately 2.5% by YE 2026 and 2.1% by YE 2027.

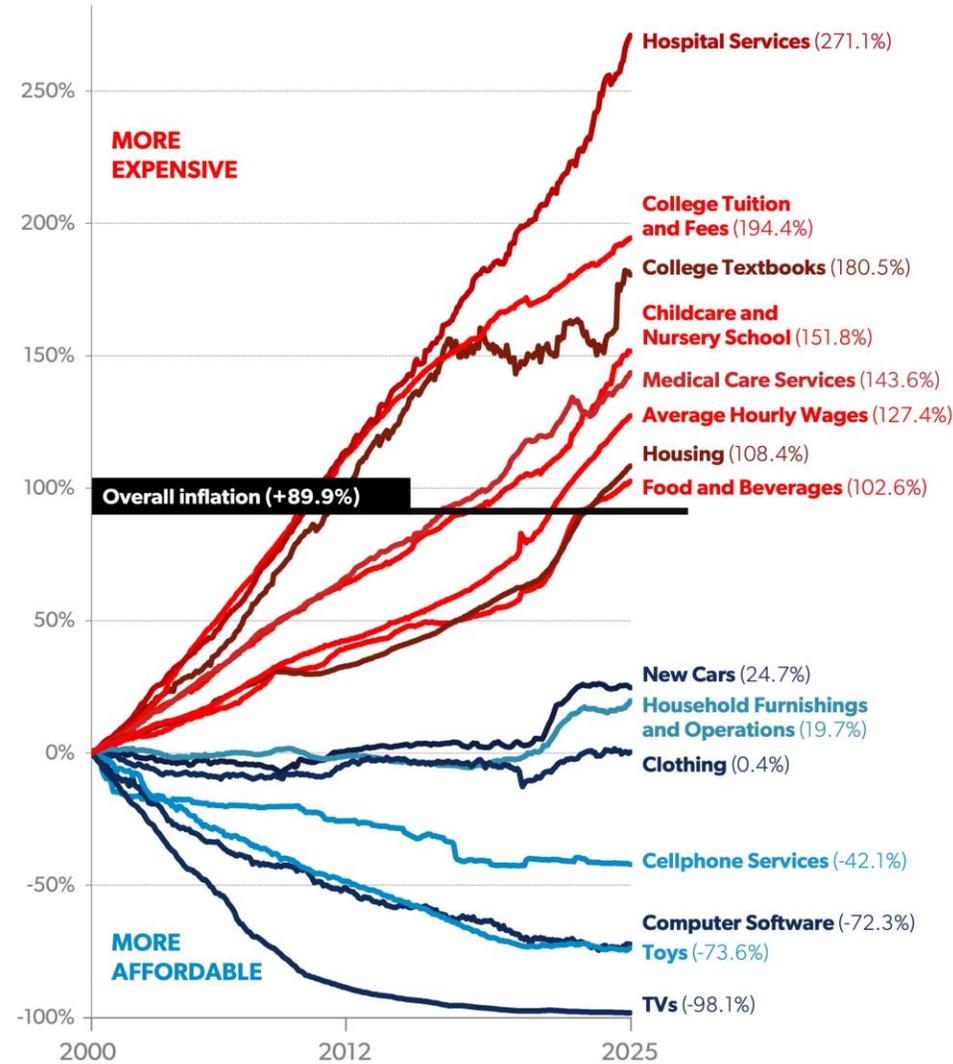
### Fed members' core PCE inflation projections



Source: Federal Reserve Summary of Economic Projections, as of 12/10/2025. PCE as represented by the personal consumption expenditures price index (Core PCE excludes food and energy).

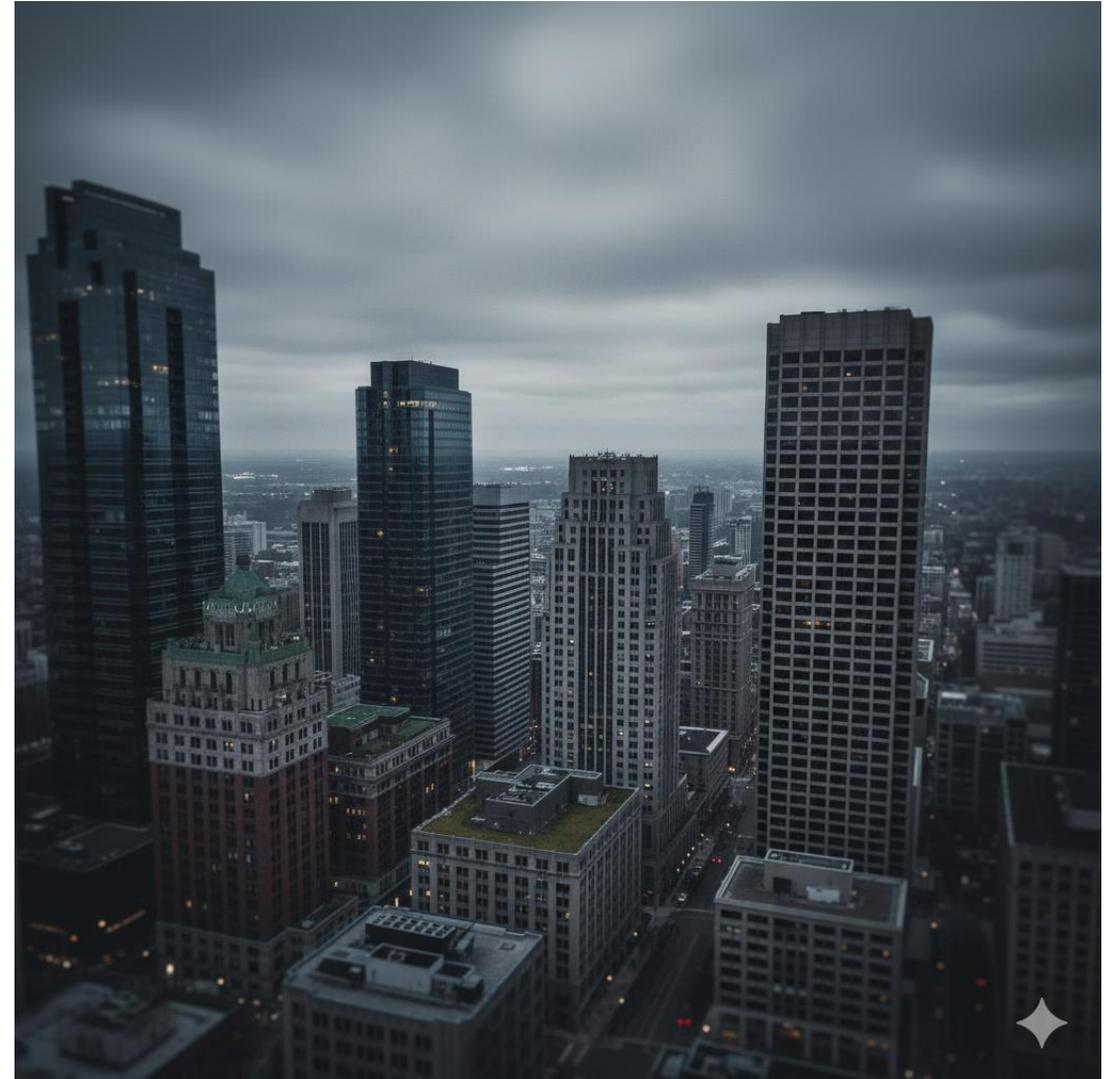
## Price changes (Jan. 2000–June 2025)

Selected US Consumer Goods and Services, and Wages



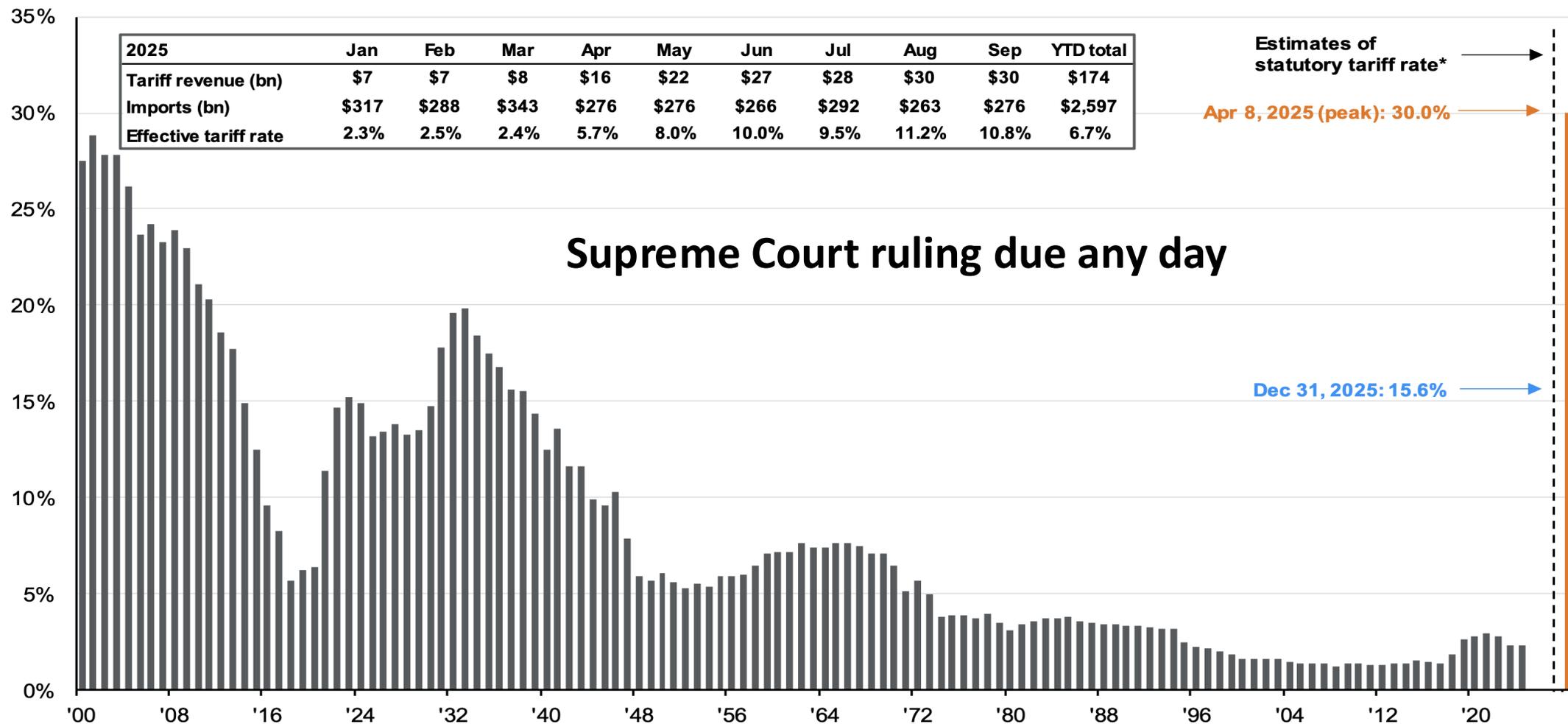
# Commercial Office Real Estate

- Covid dramatically impacted vacancy rates
- Interest rates rose and increased the cost of debt
- Banks were unwilling to refinance



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

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

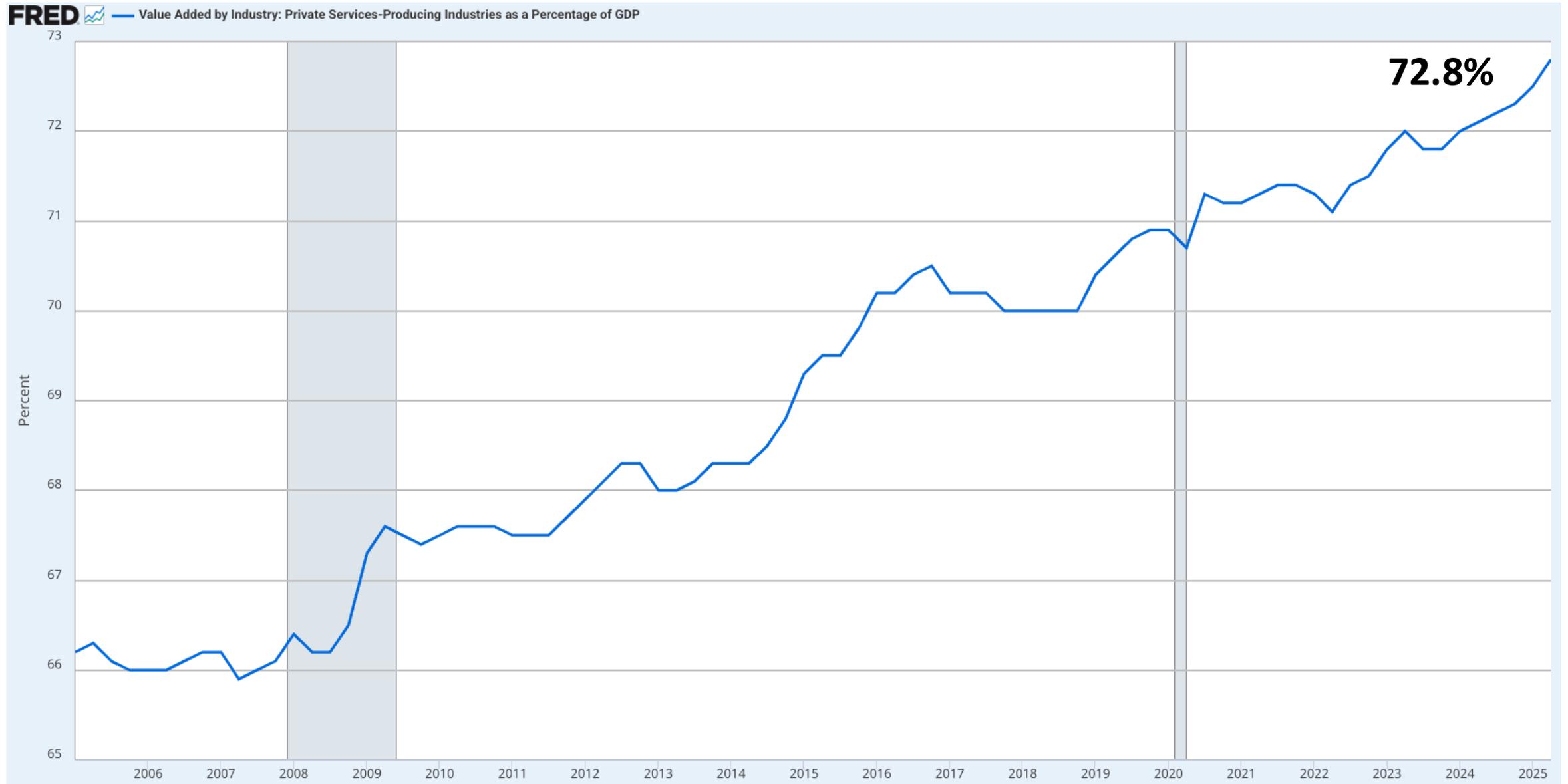


Source: U.S. Census Bureau, U.S. Department of Treasury, U.S. International Trade Commission, J.P. Morgan Asset Management.

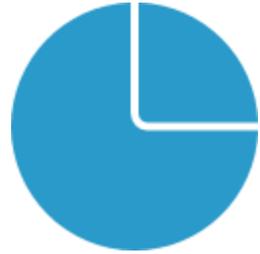
For illustrative purposes only. The estimated weighted average statutory U.S. tariff rate includes all tariffs that are currently in effect, not announced. Imports for consumption: goods brought into a country for direct use or sale in the domestic market.

\*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.

# Tariff Impact – Services as % of GDP



# Tariff Impact – Why so modest?



73% / 27%

U.S. Economy: Services vs. Goods



~10%

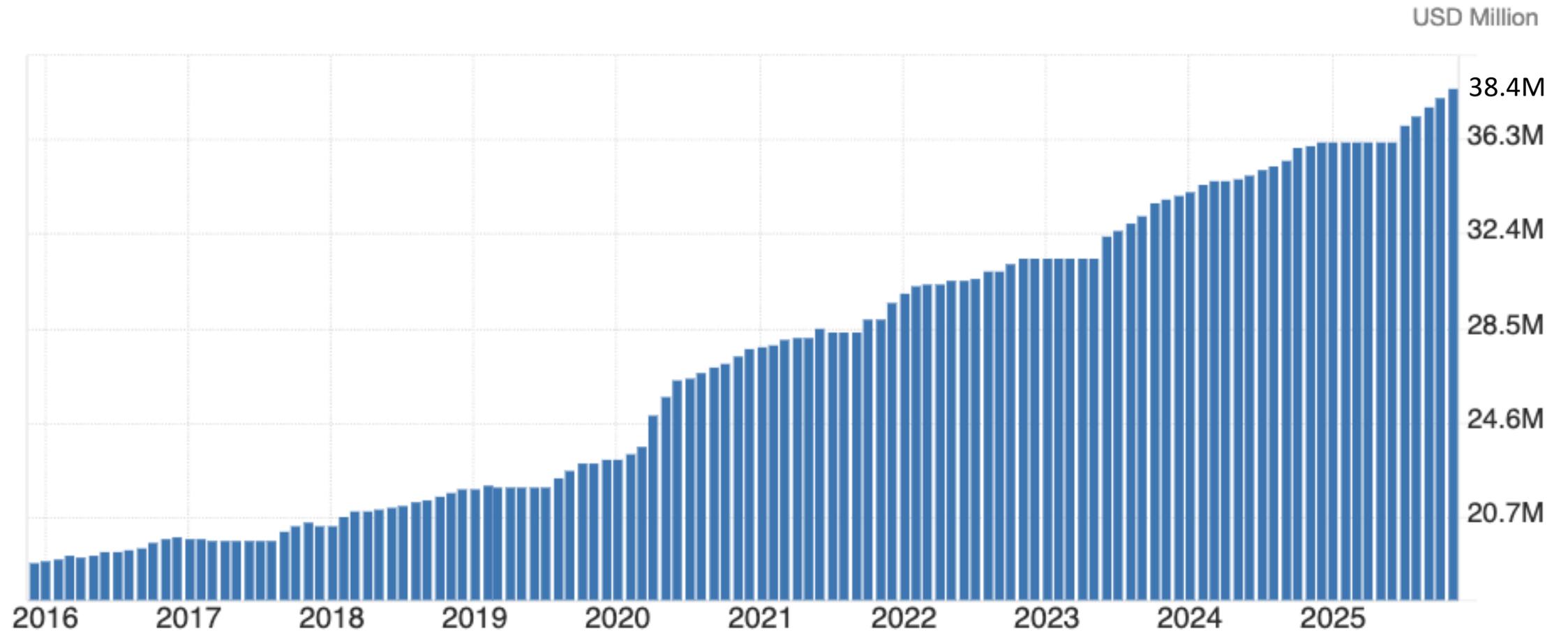
Imports as a % of GDP



~1.4%

Imports from China

# National Debt

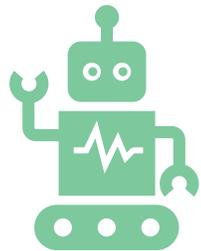


# What do we do about the debt?

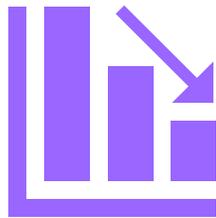
Three paths forward:



Kick the can down the road



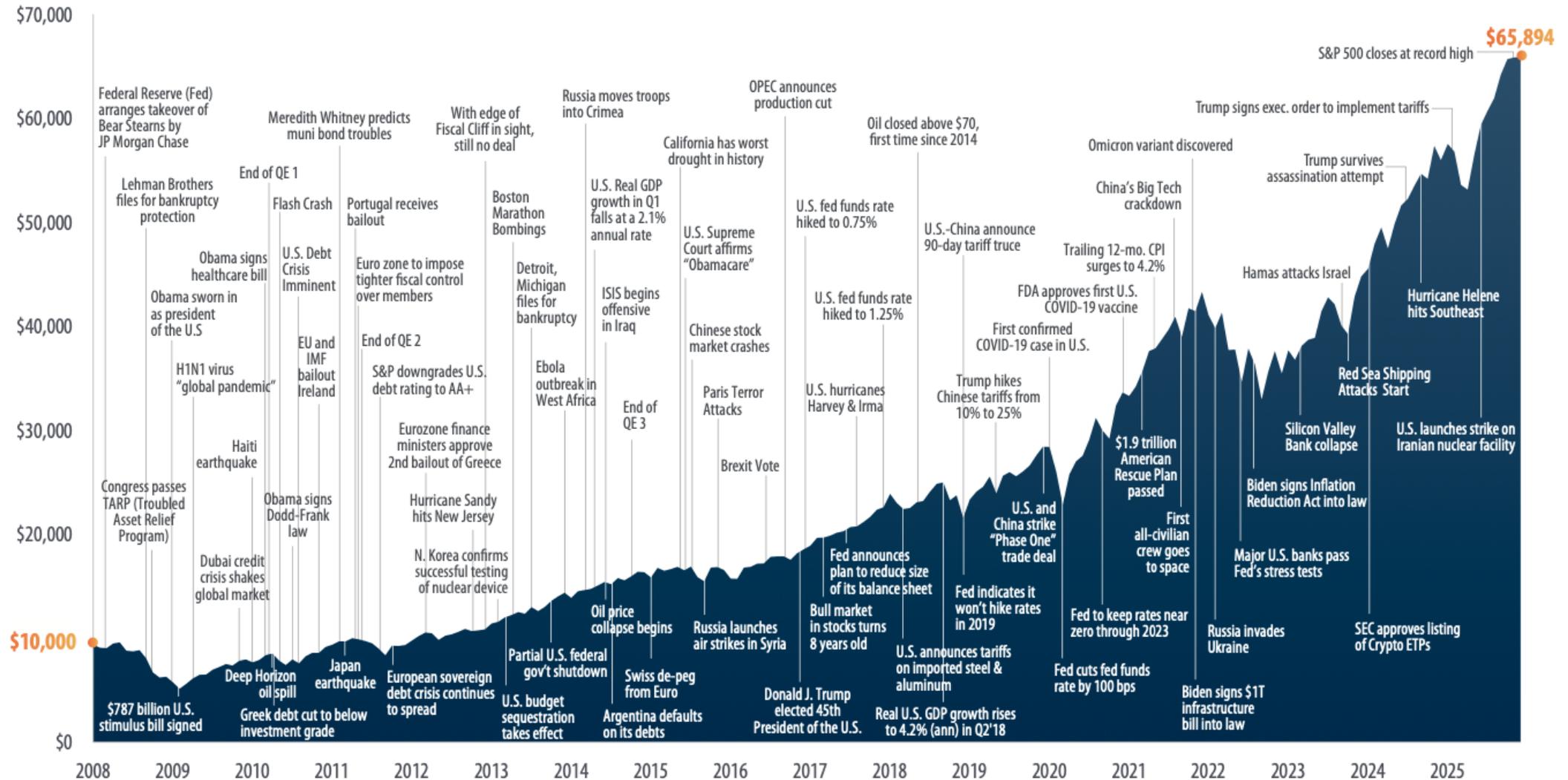
AI Productivity Boom



Disruptive correction

# Markets are Resilient

The average annual total return of the S&P 500 Index for the period shown below was 11.22%.



Source: First Trust, Bloomberg. Data from 1/1/2008 - 12/31/2025. Past performance is no guarantee of future results. This chart is for illustrative purposes only and not indicative of any actual investment. The S&P 500 Index is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance. Investors cannot invest directly in an index. Index returns do not reflect any fees, expenses, or sales charges. Stocks are not guaranteed and have been more volatile than the other asset classes. These returns were the result of certain market factors and events which may not be repeated in the future. The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.

Review of 2025

What could hold us back?

What could move us forward?

# OBBB Changes

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# Tax rates are now “permanent”

SALT deduction cap increase from \$10K →  
\$40K

**\$15 million/person**

Build now. Deduct now.

# Interest Rates

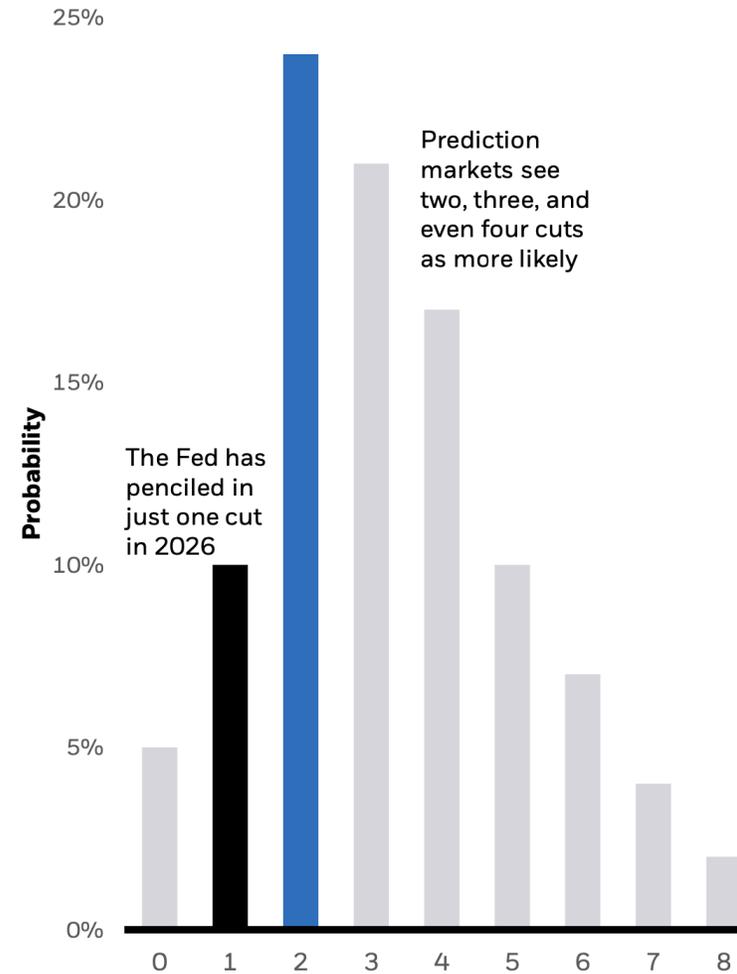
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## Rate Cuts

# 1-2

The market anticipates a more aggressive easing cycle in 2026 than the FOMC has indicated. Policymakers project only one cut, while prediction markets and Fed funds futures see two cuts as the most probable outcome, but the conviction is low.

### How many rate cuts in 2026?



Sources: Bloomberg, Polymarket, CME, Federal Reserve Summary of Economic Projections, as of 12/29/2025. Forward looking estimates may not come to pass.

# Mortgage Rates

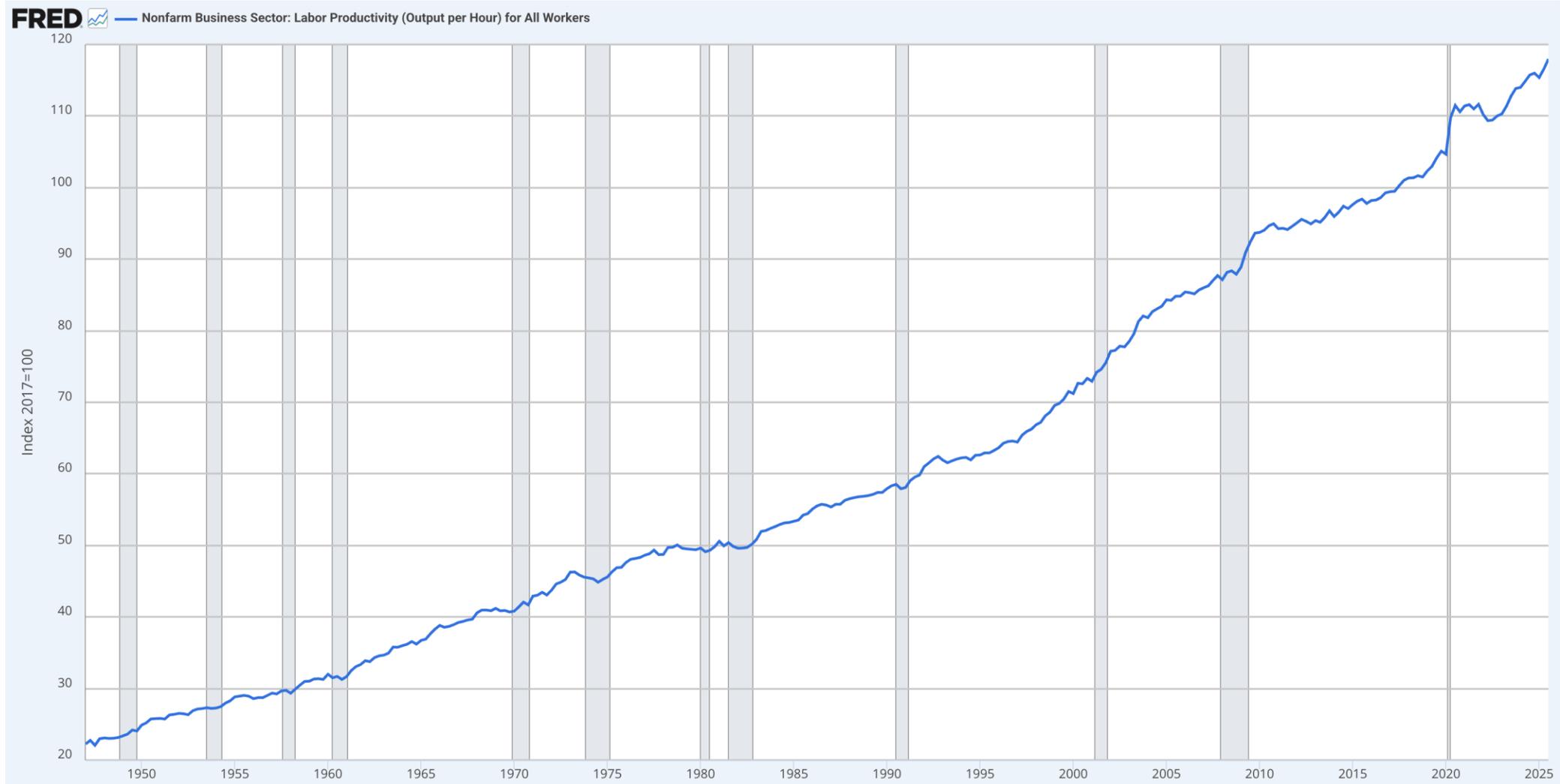


# AI Boom & the Economy - Opportunity, Not Hype

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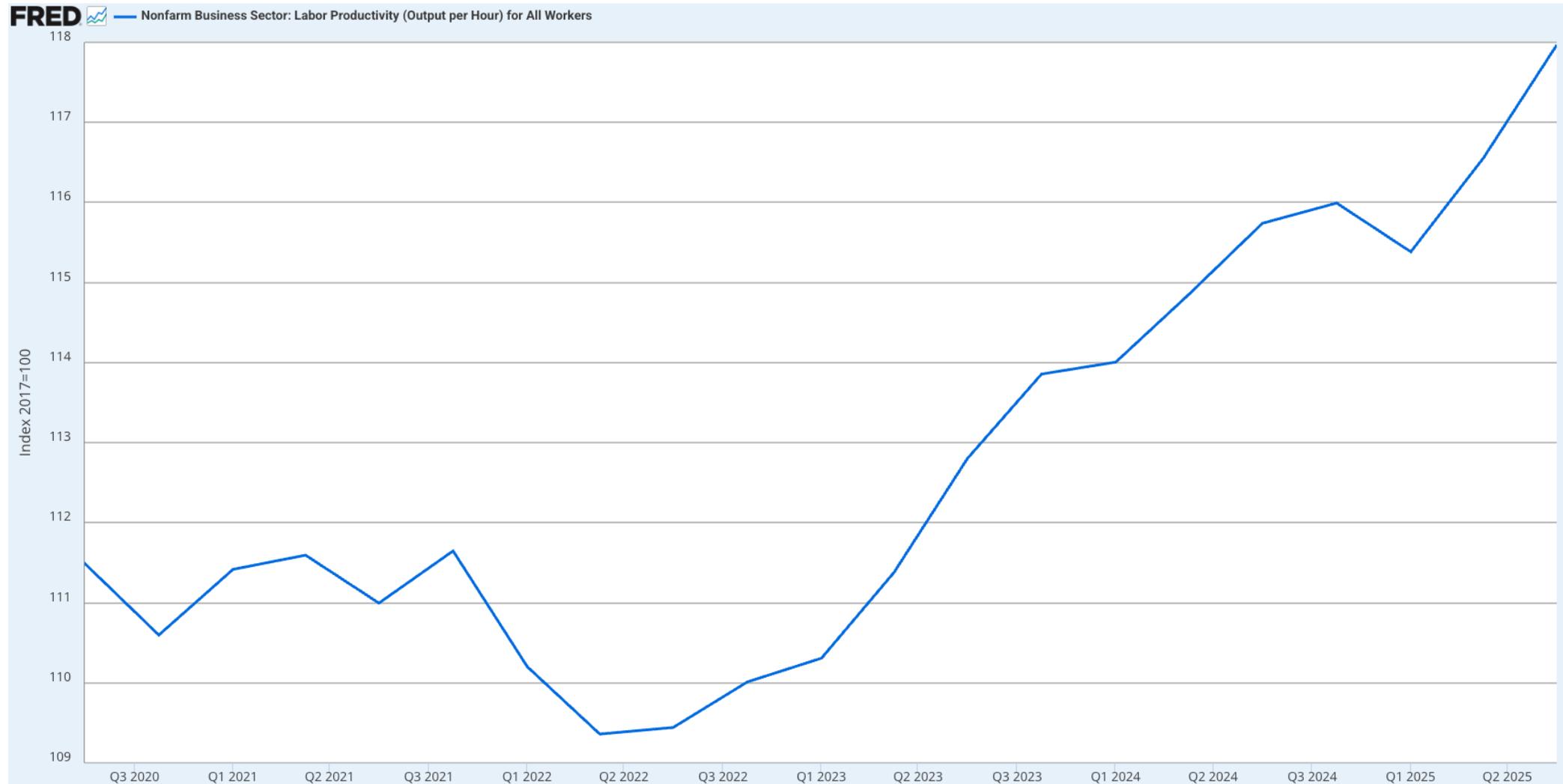
# AI Is Driving Real Growth

## Productivity – last 80 years



# AI Is Driving Real Growth

## Productivity – last 5 years

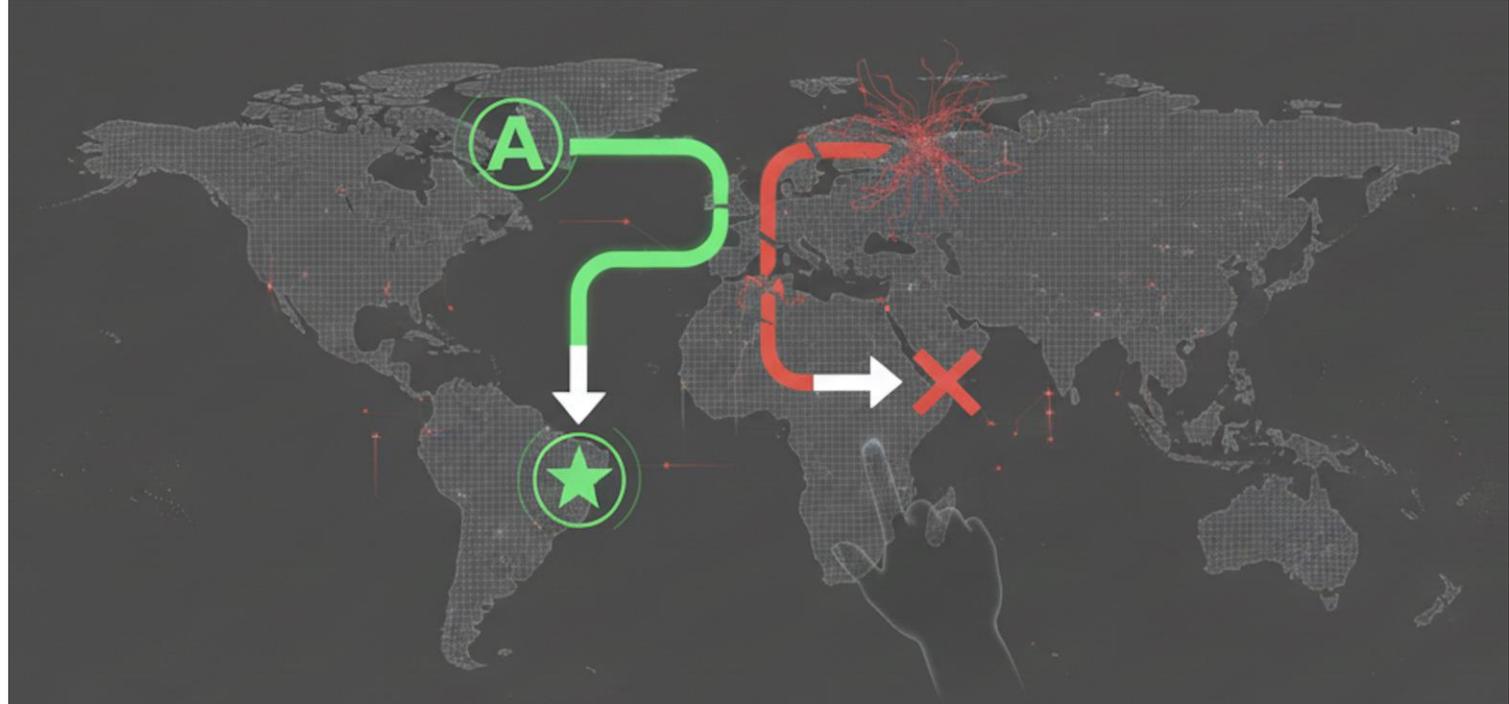


Broad Economic  
Impact

Q4 25  
Est. 5.1% GDP

# Big Opportunity, Real Risks

- Massive Capital Expenditure
- Infrastructure Strain
- Execution Matters



Review of 2025

What could hold us back?

What could move us forward?

Planning for Longevity

*There are only four kinds of people  
in the world:*

- Those who have been caregivers,*
- Those who are caregivers,*
- Those who will be caregivers,*
- Those who will need caregivers.*

Rosalynn Carter  
Former first lady of the United States

**>1 in 5**

(21.3%) of Americans were caregivers in 2020<sup>1</sup>

**51.2%**

of caregivers didn't financially prepare for it<sup>2</sup>

# Caregiving is Costly



**\$7,242/yr**  
average out-of-pocket costs<sup>1</sup>



**\$63,299/yr**  
Assisted living facility<sup>2</sup>



**\$75,942/yr**  
Nursing home semi-private room<sup>2</sup>

**\$295,000**

in lost wages PLUS the reduction in retirement income<sup>3</sup>

<sup>1</sup> "Caregiving Out-of-Pocket Costs Study," AARP, June 2021

<sup>2</sup> "Costs of Care Survey," Genworth, 2025

<sup>3</sup> "U.S. Department of Labor Report Finds Impact of Caregiving on Mother's Wages Reduces Lifetime Earnings by 15 Percent," U.S. Department of Labor, May 2023

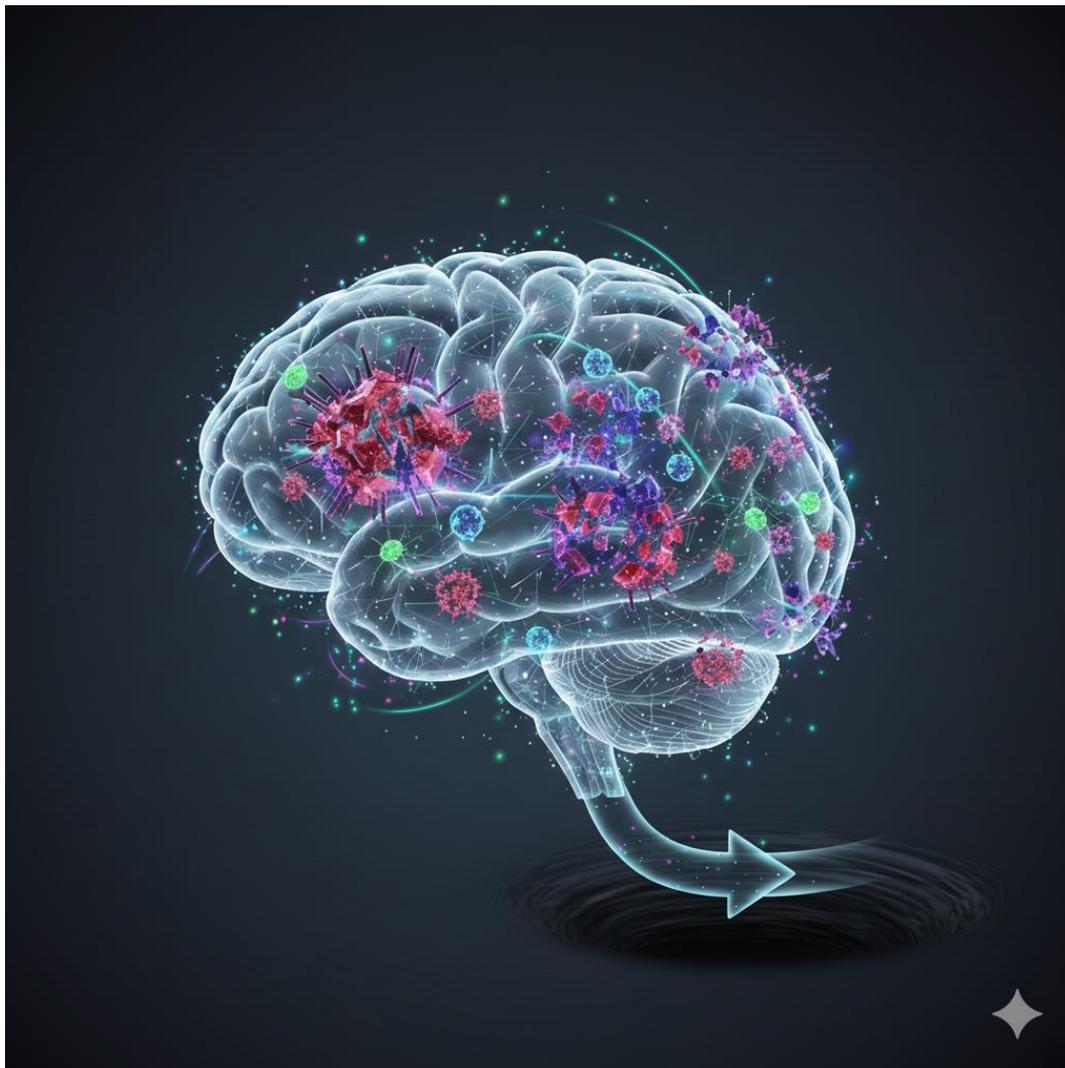
# Who is the most likely caregiver?

- **Age 45+**
- **Woman**
- **Oldest daughter**



...on either side of the relationship.

- What are the wishes and priorities around care?
- Where would that care ideally take place?
- Who would help coordinate decisions day-to-day?
- What resources—family, insurance, savings—would pay for that care?
- Are your documents in place (POAs, Medical Directive and Will)?



Goal: A healthy brain

Problem: “Brain trash”

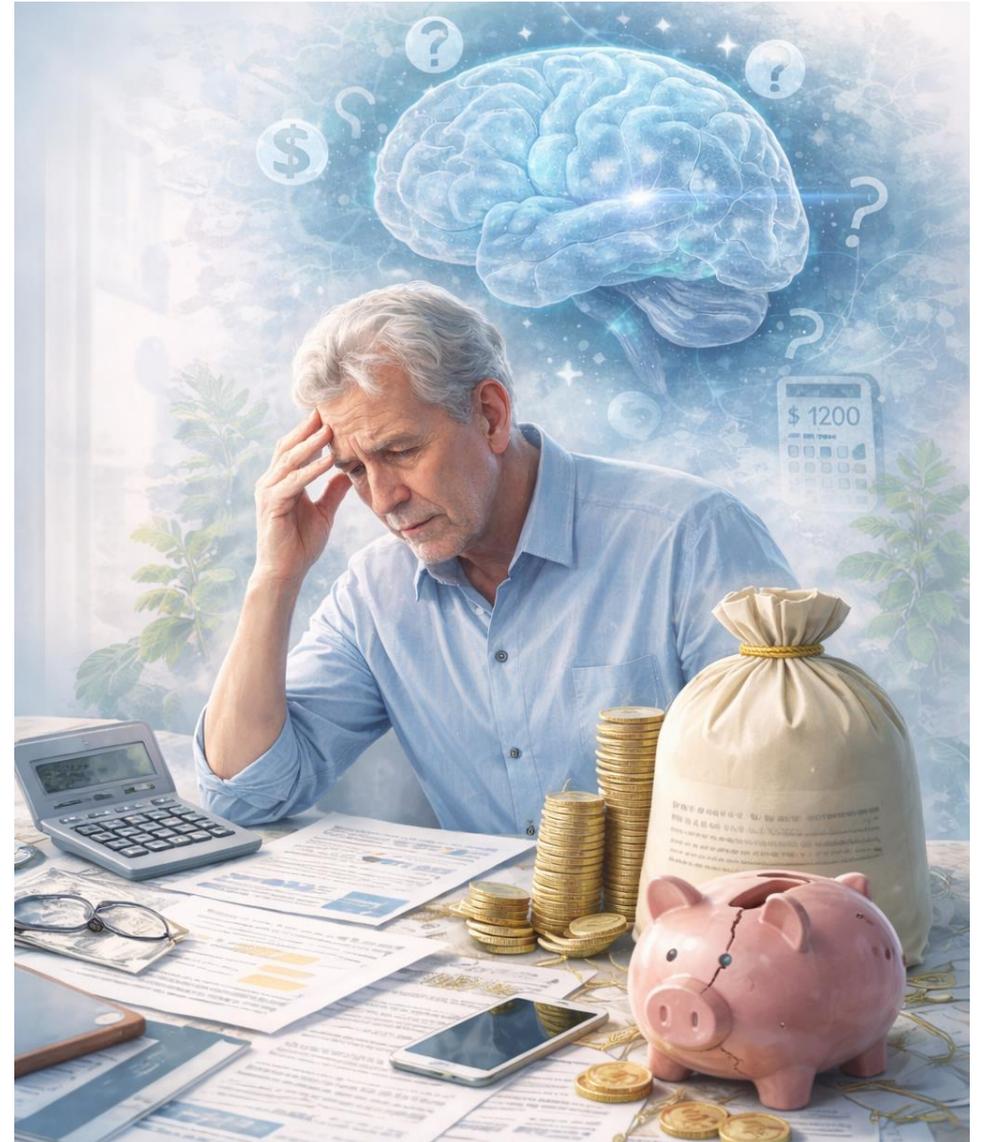
# The Brain's Natural Cleansing Cycle

- Brains Create Metabolic Waste
- Sleep Cleans the Brain
- Deep Sleep Preserves Brain Health



# The impact on your finances

- Cognition Impacts Financial Decisions
- Dementia Creates Significant Financial Risk for the Family
- Brain Health Protects Your Wealth



## Small Choices = Big Impact

# Agenda

Review of 2025

What could hold us back?

What could move us forward?

Planning for Longevity

The Age of Acceleration

“We will experience as much change in the next decade (2025-2035), as humanity has during the past century (1925-2025).”

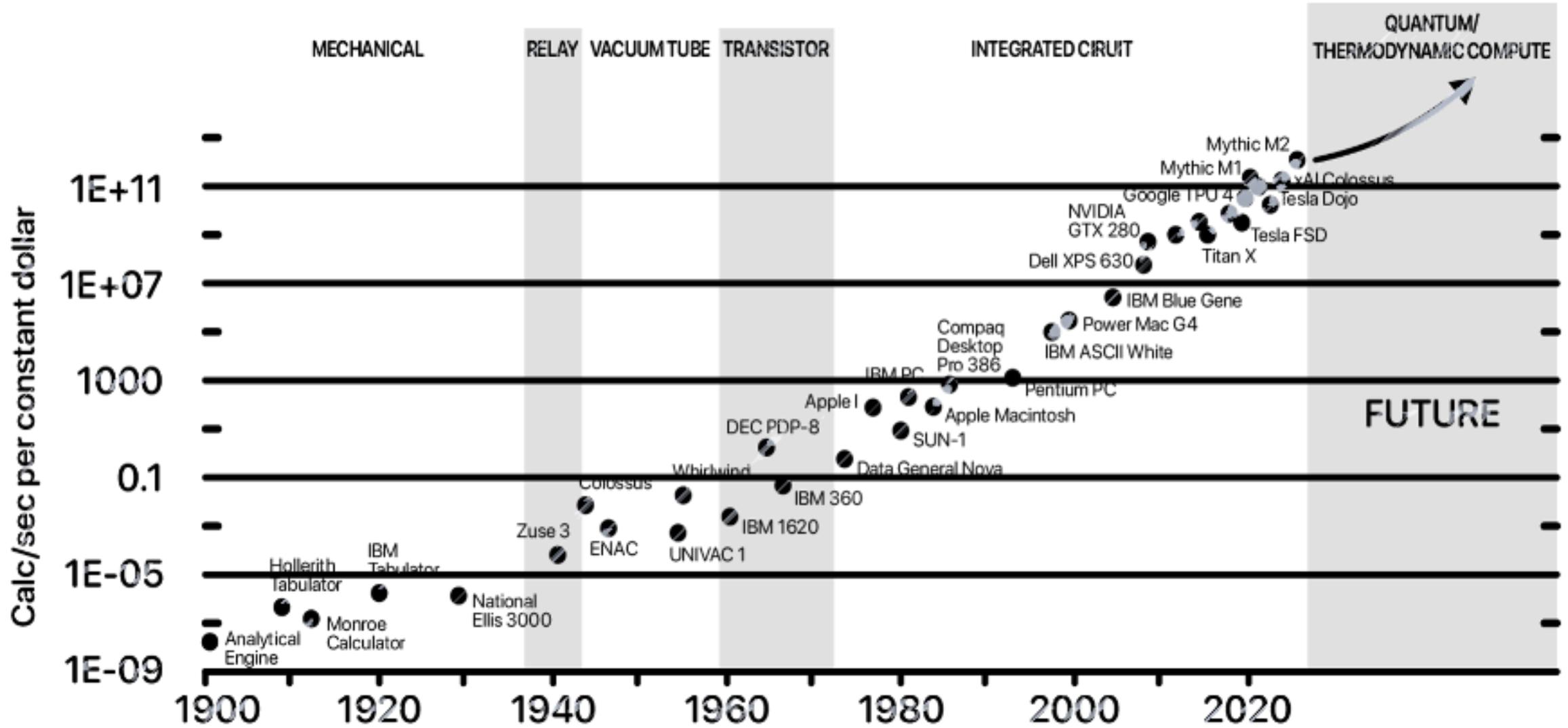
- Ray Kurzweil, Futurist

AI Has Been Around for a Long Time...

So, why is AI exploding now?

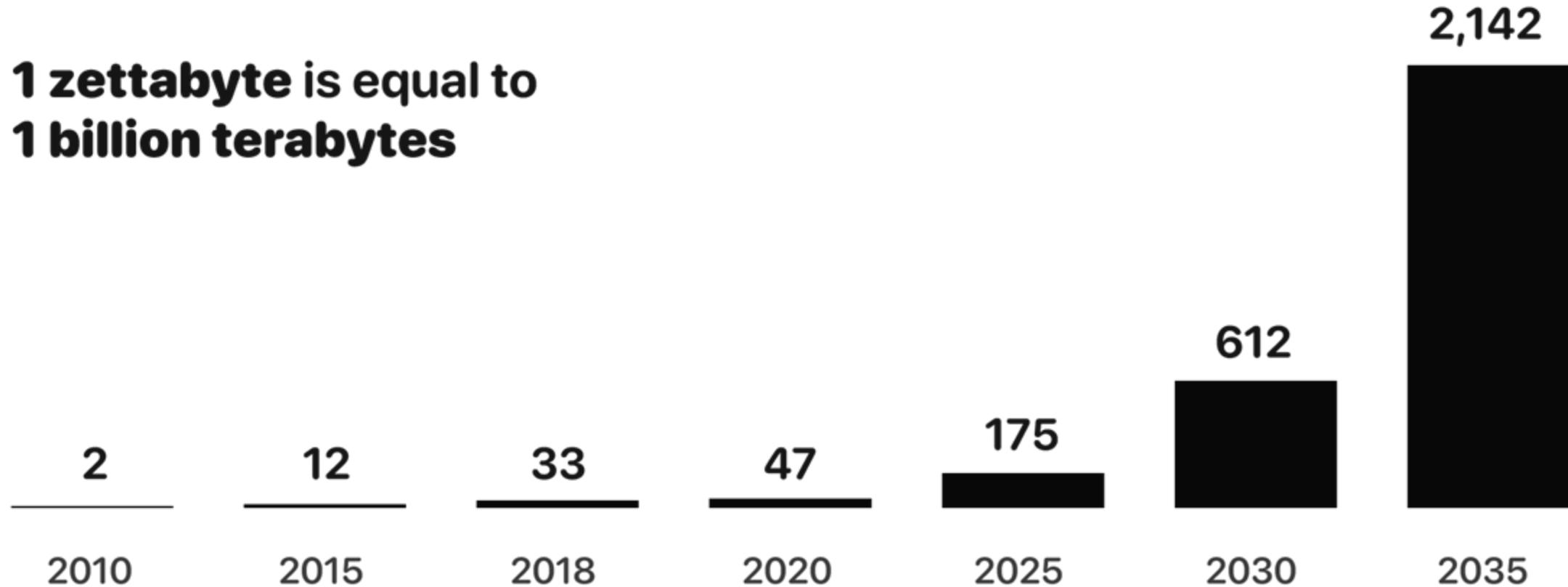
# 4 Reasons

# #1 Compute is Doubling Every 2 Years



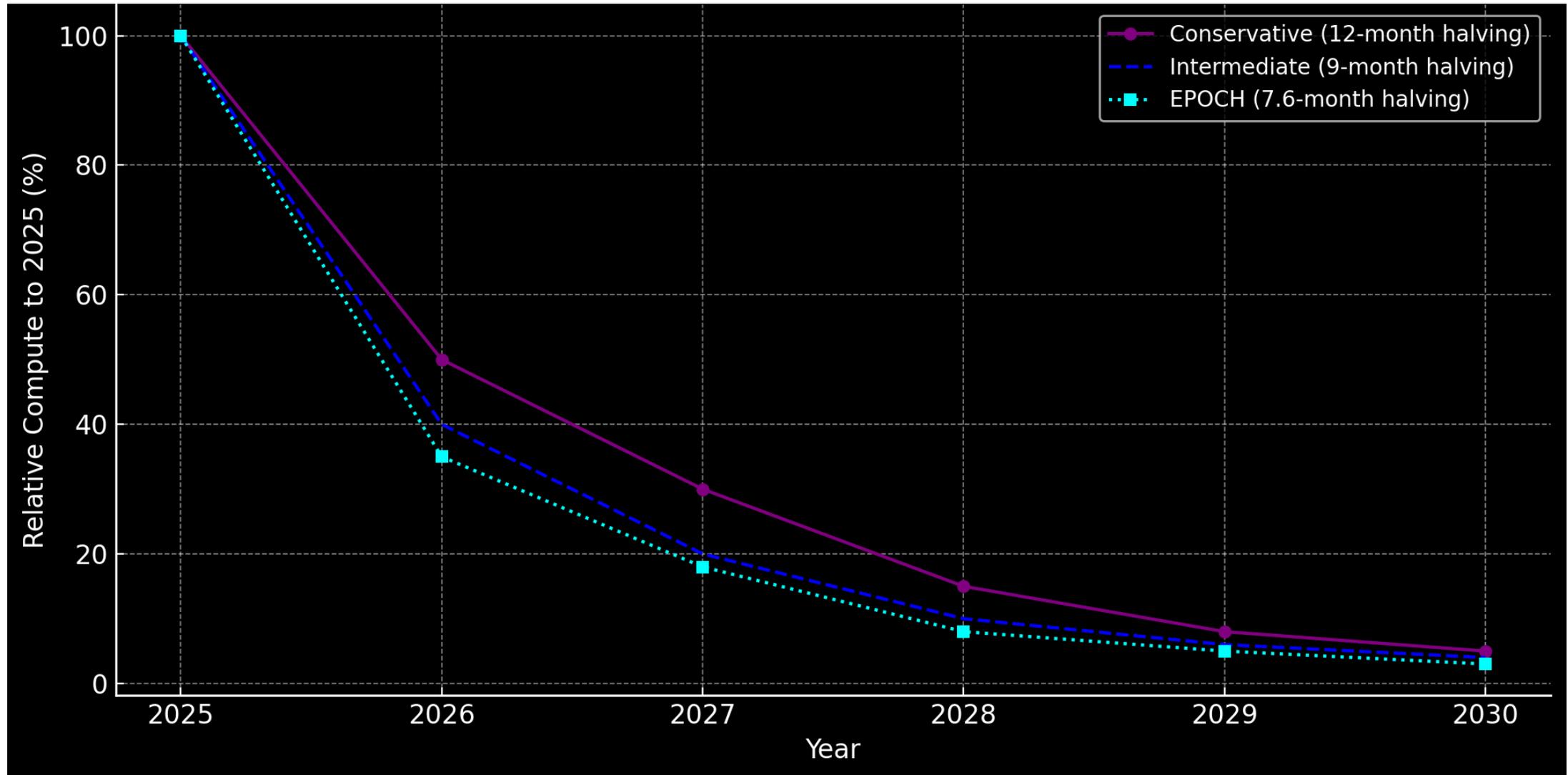
## #2 Global Data is Doubling Every 2 Years

**1 zettabyte is equal to  
1 billion terabytes**

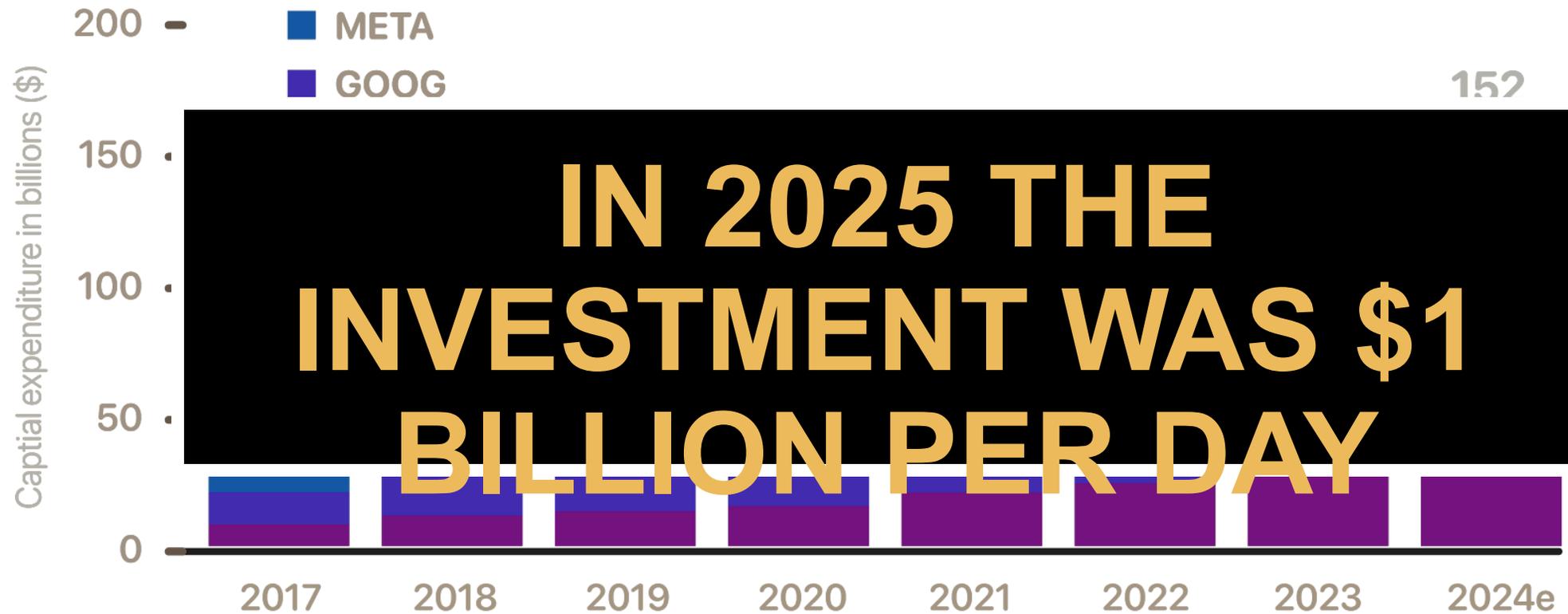


**In 2025: 175 Zettabytes / = 175 Billion-Million-Megabytes**

# #3 100x-200x Increase in Efficiency



# #4 Capital Investment!



**“Artificial intelligence could have more profound implications for humanity than electricity or fire.”**

**- Sundar Pichai, CEO, Alphabet**

# How Smart is AI?



RAY KURZWEIL  
2029

**“2029 is the date I predicted when AI will achieve human levels of intelligence”**

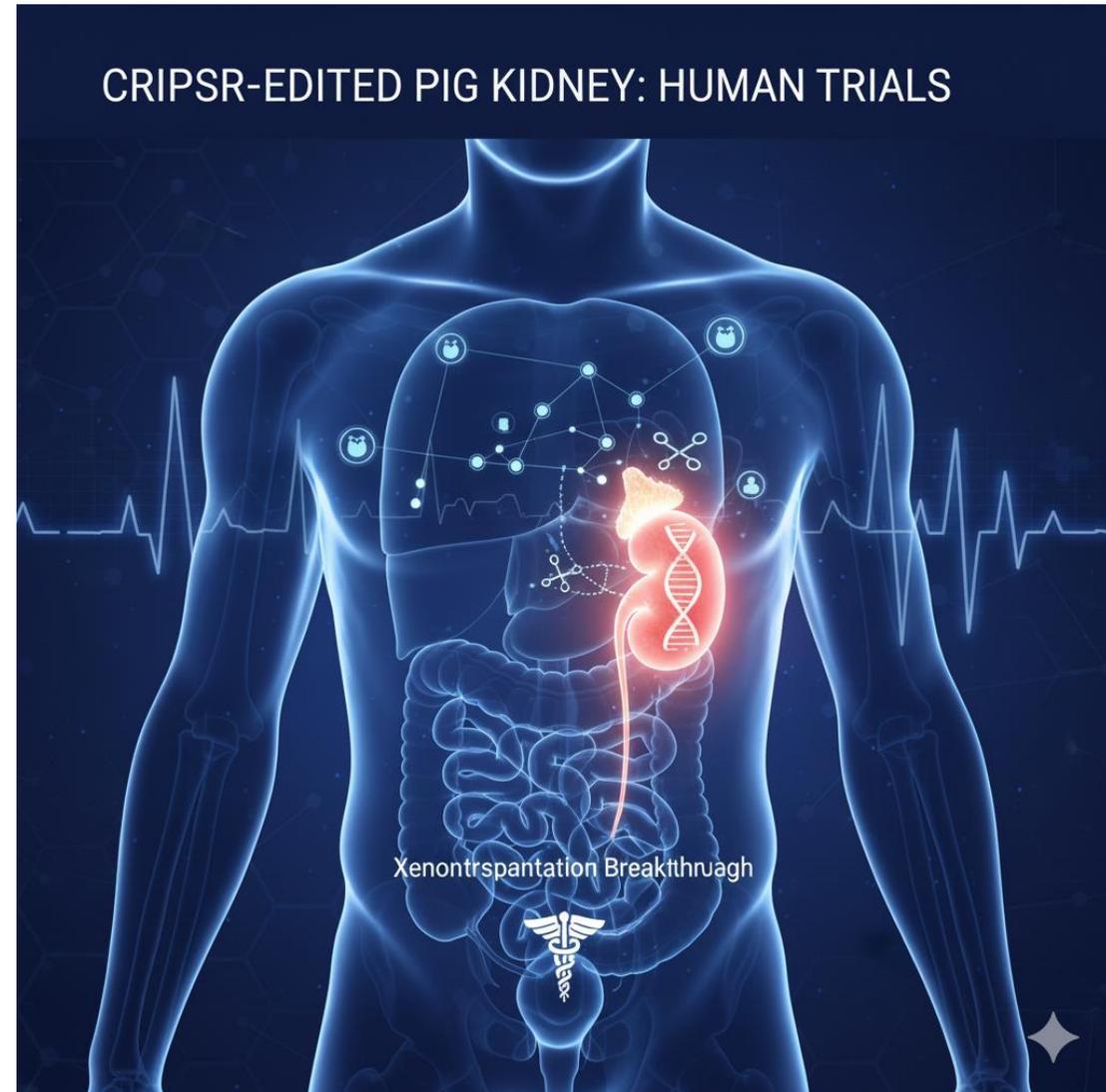


ELON MUSK  
2025

**“By end of 2025, AI will be vastly smarter than any human, and as smart as ALL humans combined by 2030”**

# Gene-edited organs?

eGenesis successfully accomplished a gene-edited kidney transplant from a pig to a 59 year old human.



# Humanoid Robots



**Optimus**

**FIGURE**

**ATLAS**

**Neo**

**RIA**

**H1**

# Tesla Optimus



# Figure Robot



# Unitree H2



Daily Training

# 1X Neo Robot



What a time to be alive!  
Extraordinary innovation.

# Our Team



Michael Clark\*\*  
MS, CIMA®, CRC®



Zachary Clark\*\*  
CFP®



Jane Weekley\*\*  
MBA



Denise Salzman\*\*  
CPA®



Justin Horsman\*\*  
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Patrick Lane\*  
MBA, Portfolio Trading



Ghilda Rodriguez  
Operations Manager



Paola Garza  
Office Administrator



Evita Hernandez  
Client Services Manager



Celeste Jones  
Client Services



Micah Wakefield  
Portfolio Consultant

# Thank you!

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Investors cannot invest directly in indexes. The performance of any index is not indicative of the performance of any investment and does not take into account the effects of inflation and the fees and expenses associated with investing.

The Bloomberg U.S. Aggregate Total Return Value Unhedged Index, also known as 'Bloomberg U.S. Aggregate Bond Index' formerly known as the 'Barclays Capital U.S. Aggregate Bond Index', and prior to that, 'Lehman Aggregate Bond Index', is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

The MSCI EAFE Index is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The Russell 1000 Growth Total Return Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.

The Russell 1000 Value Total Return Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values.

The Russell 1000 Index measures the performance of the 1,000 largest companies in the Russell 3000. The Russell 3000 Index measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.