

# Market Update | January 2026

**Mike Vogelzang:** The end of the year is a great time to pause and take stock of where we are as investors. Sometimes that means zooming in - looking closely at markets, policy, and prices today. And sometimes it means zooming out - across years, or even decades, to understand the bigger picture.

Today, I want to do something a bit different.

Rather than just talking about where markets are right now, I want to walk through where we've been, and what may lie ahead - almost like a journey through time.

You might call it a time-logue.

Just as a travelogue helps you understand a place by walking through it, a time-logue helps explain markets by moving through time - past, present, and future - one step at a time.

So let's begin our journey.

By almost any measure, 2025 was another banner year. The S&P 500 rose nearly 18 percent, impressive on its own. But the bigger story shows up when we zoom out just a bit.

Over the past three years, U.S. stocks have delivered an annualized return of roughly

23 percent per year- one of the strongest three-year stretches since 1950.

That kind of performance is rare. And it didn't happen by accident. The primary driver, of course, was mega-cap technology.

When the term "Magnificent Seven" was coined back in 2023, it wasn't meant as a compliment - it was snarky! It was a warning - a way to highlight the risk of a narrow market driven by a handful of companies. Some even called it a "baby bubble." But, wow... that baby grew up fast.

These companies delivered real earnings, real cash flow, and massive innovation - particularly in artificial intelligence. What began as concern turned into one of the most powerful wealth-creation stories in modern history.

Now let's widen the lens even more. Over the past ten years, U.S. stocks have compounded at nearly 15 percent per year.

Think about everything that period includes:

- A global pandemic
- Wars in Europe and the Middle East
- Political division
- Inflation spikes
- The fastest interest-rate hiking cycle in decades

And yet, investors have experienced one of the strongest ten year periods of returns in the last century. In fact, it ranks 13th best since 1950.

That's an important reminder.

Economists and business headlines often focus on what can go wrong. Remember? Pessimists sound smart?? Markets, on the other hand, tend to focus on what goes right - innovation, productivity, and human progress. It's the optimists who make money...

Next, let's flip the page forward - into 2026.

And this is where our time-logue becomes especially useful, because the year ahead isn't just about a data point or a single Fed meeting. It's about the sequence of events, each with potential to influence markets.

Early in the year, the Winter Olympics will bring the world together in Milan. Beyond the pageantry, this highlights an important market theme:

After years of U.S. dominance, international markets have begun to catch a tailwind.

In fact, in 2025, U.S. stocks actually lagged returns in many parts of the world.

That's a healthy development - and a reminder of why diversification matters. Next comes everyone's favorite... April 15th. Tax Day.

We usually circle it with dread. But this year, it marks the arrival of meaningful fiscal stimulus from the One Big Beautiful Bill Act.

The law potentially puts more money in consumers' pockets and provides major incentives for business investment - particularly in research and domestic production - strongly supportive of growth.

In May of this year, something less visible - but potentially just as important - takes place.

The term of current Federal Reserve Chair Jay Powell comes to an end.

A new Fed chair means a new voice, new priorities, and possibly a new approach to balancing growth and inflation. Markets will watch carefully - not just to what the Fed does, but what it says. Global markets often test new Fed Chairs - we should expect something similar in 2026.

Then comes July. The World Cup, hosted on home soil, coincides with the 250th birthday of the United States. Millions will travel, celebrate, and spend.

We already know higher-income households are doing fine. The bigger question is whether the average family can keep up.

The health of the consumer remains one of the most important signals for the economy.

Finally, we arrive at the midterm elections.

Historically, midterm years tend to be among the weakest and most volatile in the four-year political cycle. Predicting outcomes- and market reactions - is always tricky.

But volatility around elections is normal. And history suggests it's rarely a reason to abandon a long-term plan.

Now, here's the most important part of our time-logue. The single biggest question for 2026 isn't tied to a date. Rather, it's tied to an idea.

Will the trillions of dollars invested in AI infrastructure begin to pay off? And if so, when?

If productivity accelerates further and earnings broaden beyond a handful of companies, this bull market can continue - and become healthier in the process. But if progress stalls, if AI adoption slows and the infrastructure becomes overbuilt, markets will need to reset expectations. And that adjustment could be uncomfortable.

That's the signal we're watching most closely. So what does this mean for us as investors? It means remembering that investing isn't about predicting the next quarter - it's about navigating time.

That's why staying diversified, rebalancing when needed, and keeping your long-term plan intact - all the usual advice - matters more than reacting to headlines. So, when you feel overwhelmed by the noise of the present, step back - and think about the longer journey.

A good portfolio isn't built for a single moment in time.

It's built to move through it.

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