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2026 HELM CORE STRATEGY

Trendy. Not the first word that comes to mind when people are thinking about the stock market. But the past three years have certainly been following a trend: The S&P 500 total return (including dividends) was up 26.3% in 2023, then 25.0% in 2024, and 17.9% in 2025. That three-year cumulative gain of about 86% is among the strongest ever three-year performances for this key index.

This remarkable run has rewarded patient investors and validated the power of staying invested in uncertain times. Still, unusually high returns do not last forever. That's true even in a world excited about the possibilities for big productivity gains from artificial intelligence (AI) and the expected investment cycle to build out AI infrastructure. The last time the S&P 500 had such a great string of years was 1997, 1998 and 1999, during the internet bubble years. That stretch was immediately followed by the second worst three-year stretch in index history – 2000, 2001 and 2002, when the index fell each year for an accumulated decline of more than 37%.

No one knows, however, when the air will be let out of this market. A weak period could start in a few months – or in a few years. Helm Investment's view is that the outlook for equity returns, especially for large-capitalization U.S. stocks, is more challenging than during the past three years. Geopolitical tensions continue to simmer—from ongoing conflicts in Eastern Europe and the Middle East to trade friction between major economic powers. The latest news from AI companies has been more mixed than a few years ago: Big tech companies are spending hundreds of billions on hard assets such as data centers and even power generation ventures. These uncertainties create headwinds that could amplify market volatility. Against this backdrop, the large-cap U.S. stock market continues to trade at a forward price-earnings ratio of approximately 22 times expected earnings—well above its long-term average of roughly 16. This elevated valuation reflects both the market's faith in continued earnings growth and the concentration of gains in a handful of mega-cap technology companies. History suggests that when valuations start from such heights, subsequent long-term returns tend to moderate. That said, mid-cap and small-cap stocks trade closer to their historical averages, and although international stocks performed well in 2025, their valuations remain below long-term averages and thus have plenty of room for more gains.

Bonds continue to look like good ballast against potential volatility in equities. The yield on a 10-year Treasury note at the start of 2026 was 4.2% and the 2-year Treasury yield was 3.5% -- both above current inflation rates. The Federal Reserve is expected to

continue cutting short-term interest rates later in 2026. Those yields are a little lower than a year earlier but still offer some real, positive returns while providing meaningful diversification from equity holdings.

Given this mix of stretched valuations, ongoing geopolitical uncertainty, and supportive monetary policy, it will come as no surprise that Helm continues to emphasize two core investment principles:

- Diversify among individual securities, market sectors, countries and regions to reduce overall portfolio volatility and capture returns in unusual places.
- Create investment plans and protocols for regular rebalancing of investments based on each client's goals and continuously assess each client's willingness and ability to take on financial market risks, including volatility.

Helm's recommended mix of assets for 2026 maintains the allocation from last year: 40% in equity indexes, 25% in income securities, and 35% in fixed income holdings. This 40/25/35 mix reflects our view that bonds remain attractively priced while stocks face headwinds, and that maintaining a balance between growth and stability makes sense given current market conditions. We anticipate that this allocation may shift during the year as circumstances evolve. Descriptions and details about the asset classes follow.

Equity Indexes (40%)

In the equity index component of investment portfolios, Helm strives to gain higher returns while keeping overall risk close to that of the MSCI All Countries World stock index. Helm is an active manager employing Exchange Traded Funds (ETFs) of stock market indexes to execute the equity index component of the core investment strategy. Within the baseline 40% equity index allocation, Helm recommends a mix of:

- 31% in U.S. large cap stocks (indexes of stocks with a high market value, such as the S&P 500), including a good portion in the S&P 500 equal-weight index and large cap stocks trading at a discount to the broader market price-to-earnings ratio
- 20% in U.S. mid cap stocks
- 8% in U.S. small cap stocks
- 41% in international holdings

Helm uses mostly market-capitalization-weighted indexes for the equity index holdings, plus some holdings in indexes designed to reduce market volatility or add yield to the portfolio. The S&P 500 index of companies with a history of raising dividends, the S&P 500 equal-weight index and large cap value holdings are designed to avoid putting too much weight on the mega-capitalization technology stocks that could face pressure if valuations contract. Mid- and small-cap stocks continue to look more reasonably valued than their large-cap counterparts.

International equity index holdings are diversified among a basket of international equity ETFs. The categories of international equity indexes we invest in include:

- MSCI EAFE (Europe, Australasia and the Far East). This index includes large multi-national companies, such as LVMH, Toyota, Novo Nordisk and Shell.
- Two different MSCI emerging markets indexes, the first featuring firms throughout the emerging markets, including China. The other emerging market index excludes companies from China – a reflection of Helm's ongoing concerns about economic headwinds in China and geopolitical risks. Emerging market companies include Taiwan Semiconductor, Samsung from South Korea, and Tencent Holdings from China.
- An international small cap index, which holds smaller market capitalization companies, primarily in the EAFE countries and Canada.

Elements of the equity index investment mix may change throughout the year as part of Helm's active management.

Income securities (25%)

In the income securities component of investment portfolios, Helm invests in securities intended to generate strong and rising dividend income and/or growth at a reasonable price. These securities include U.S. and international large and mid-capitalization stocks with good balance sheets relative to other companies in their industry. For 2026, this includes equities in such sectors as industrials, financial services, and select technology companies.

Helm also works with clients to determine if holding high-dividend-paying common or preferred stocks fulfills an income need. Stock dividends are taxed at a lower rate than ordinary income from bonds. Plus, many companies with strong balance sheets have a history of regularly raising their common stock dividends.

Fixed income (35%)

Helm invests in both individual fixed income securities, indexes of fixed income securities and high-quality money market funds for its clients. Fixed income securities are essentially "loans" to companies rather than an ownership stake. These securities are intended to 1) provide significant diversification from equities, 2) act as a financial safety net, 3) help clients to preserve capital even in times of market volatility.

One benchmark for U.S. fixed income securities is the yield on the 10-year U.S. Treasury note. At the start of 2026, the yield of a 10-year Treasury stood at approximately 4.2%. With the Federal Reserve expected to reduce short-term rates by another 50 to 75 basis points this year, the yield curve should continue to steepen, with short-term rates dropping further below long-term rates. This environment creates opportunities for modest capital gains on intermediate-maturity bond holdings as well as steady income. The combination

of attractive yields and potential price appreciation makes fixed income appealing compared to the years early in this decade.

Fixed income investments include:

- U.S. Treasuries
- Publicly traded Bank Certificates of Deposit (CDs)
- Highly rated corporate bonds
- Money Market funds and short-term fixed income indexes
- Tax-free municipal bonds
- Agencies (such as bonds of the Federal Home Loan Bank)

Helm prefers short-to-medium-term maturities in the fixed income component of client portfolios. Fixed income portfolios will generally hold securities that mature in five years or fewer, with an average maturity of two-to-four years. We buy different maturities to create a maturity ladder, so bonds are maturing on a regular basis, and funds are available for reinvestment or spending needs.

Conclusion

The 2026 Helm core strategy reflects our measured outlook for the year ahead. After three exceptional years, investors should prepare for more modest returns and potentially higher volatility. Geopolitical risks remain elevated, but supportive monetary policy from the Federal Reserve should help cushion stock market declines. Each client portfolio is customized to that particular client's unique circumstances and may deviate significantly from our core strategy. Please call us with any questions you might have after reviewing the 2026 Helm Core Strategy.