# Positives

- Consumer spending, especially for the more affluent, has remained relatively strong despite inflationary pressures and economic uncertainty.
- Certain sectors of commercial real estate continue to perform well in the higher rate environment. Examples include self-storage, student housing, warehouses, and data centers.
- Multi-Family housing, which had an oversupply shock the past two years, appears to have stabilized.
- The labor market remains stable, which allows consumers to continue their spending trend.
- An improved regulatory environment from the new administration is benefiting companies of all sizes.
- Many sectors of the fixed income market may offer opportunities based on the current interest rate environment.
- Spending on AI related infrastructure and projects has increased economic activity and GDP.
- AI has the potential to increase productivity for workers at all levels of income, which could lead to higher corporate profits.
- Corporate earnings have remained strong, which could support higher valuations in some sectors of market.

# Concerns

- Government, corporate, and consumer debt levels remain elevated and could be a barrier to future growth and stimulus needs.
- The government debt to GDP ratio remains elevated and unsustainable; higher interest rates on new debt may cause further economic headwinds in the future.
- The requirements for student loan payments to restart may add pressure to consumers who have not properly planned for the monthly obligation. There are already signs of stress for a portion of borrowers.
- We remain in a heightened state of geopolitical instability, further increased with the Iran War.
- Markets are volatile in both directions based on short-term headlines, with the expectation for this to continue the remainder of 2026 and into 2027.
- While markets are near or at all-time highs, many US households are feeling increasingly stretched financially.
- With equity markets at or near all time highs, the risk of a correction has increased.
- AI could lead to a changing landscape with respect to how companies allocate resources and spending, which could lead to increased unemployment.

This information is only an opinion by James Reinhart and Ross Reinhart, Reinhart Financial Group, of current considerations of what some, but not all, the positives and concerns are regarding the current market. Investors should carefully consider the investment objectives, risks, fees and expenses before investing. For this and other important information please obtain the investment company fund prospectus and disclosure documents from your Rep/Advisor. Read this information carefully before investing. Past performance is not a guarantee of future results. Indexes mentioned are unmanaged and cannot be invested into directly.

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