Aspen Wealth Management, Inc.
9300 W. 110th Street, Suite 680
Overland Park, KS 66210
913.491.0500
www.aspenwealth.com

January 2026

Market Update
(all values as of 12.31.2025)

Stock Indices:

Dow Jones	48,063
S&P 500	6,845
Nasdaq	23,241

Bond Sector Yields:

2 Yr Treasury	3.47%
10 Yr Treasury	4.18%
10 Yr Municipal	2.73%
High Yield	6.48%

YTD Market Returns:

Dow Jones	13.07%
S&P 500	16.46%
Nasdaq	20.36%
MSCI-EAFE	27.89%
MSCI-Europe	31.95%
MSCI-Pacific	29.87%
MSCI-Emg Mkt	30.58%
US Agg Bond	7.30%
US Corp Bond	7.77%
US Gov't Bond	6.88%

Commodity Prices:

Gold	4,325
Silver	70.34
Oil (WTI)	57.42

Currencies:

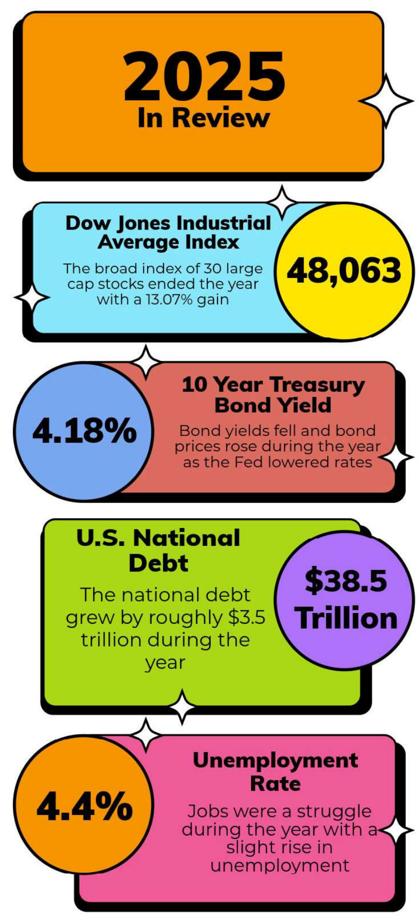
Dollar / Euro	1.17
Dollar / Pound	1.34
Yen / Dollar	156.18
Canadian /Dollar	0.73

Macro Overview

Pronounced uncertainty throughout 2025 created volatile trading sessions as labor market concerns and lingering inflation kept the Fed from lowering rates to the extent that had been expected. Regardless, both equity and fixed income markets rose throughout the year, driven by consistent earnings and optimism surrounding massive investment and capital expenditures related to Artificial Intelligence (AI).

Tariffs remained a focal contention in 2025, as economists struggled to determine how much of an effect tariffs have been on consumers and U.S. companies. A study by the Federal Reserve Bank of San Francisco concluded that the tariffs imposed in April 2025 actually resulted in lower inflation and higher unemployment primarily due to uncertainty surrounding the tariffs.

Geopolitical tensions in Europe, the Middle East and Asia drove skepticism about international trade and commodity prices. An ounce of silver cost more than a barrel of oil at the end of 2025, the first time this price disparity has occurred since 1980 when the infamous Hunt brothers cornered the silver market. Silver reached $70 per ounce and oil closed at just over $57 per barrel at the end of 2025.



The U.S dollar lost ground in 2025 driven by excessive U.S. debt concerns and uncertainty surrounding fiscal initiatives. A weakening dollar increases import costs for consumers, yet is beneficial for U.S. exporters as U.S. exports become more affordable.

Trump Accounts are new investment accounts for minors. The federal government also provides a one-time seed contribution for eligible birth cohorts. In addition, Trump Accounts have a lower annual contribution cap and restrict investments to a narrow menu of index funds. For more, see page 3.

The President proposed that the federal government buy approximately $200 billion of mortgage bonds through housing authorities Fannie Mae and Freddie Mac, in an effort to push mortgage rates down and increase affordability for buyers. Buying mortgage bonds in the open market curtails the supply of bonds which can lead to lower mortgage rates.

Sources: U.S. Treasury, Federal Reserve, Fannie Mae

CALIFORNIA CURRENTLY HAS THE HIGHEST INCOME TAX RATE AT 13.3%

Bond Prices Edge Higher in 2025 – Fixed Income Markets Overview

Fixed income markets across various sectors had a favorable year, with bond prices advancing in 2025. U.S. Treasuries, investment grade corporates and high yield bonds all elevated in price as the Fed teetered on easing rates throughout the year, with affirmation of a lower rate trend towards the end of 2025.

The Fed's trajectory, along with still attractive bond yields in 2025, drove demand throughout the year. Uncertainty in the equity markets added to demand for bonds as volatility led to greater bond demand.

The 10-year Treasury bond yield finished the year at 4.18%, down from its peak of 5% in October of 2023. Bonds had their best year since 2020, when the pandemic drove funds toward bonds as a safe haven and for stability.

Sources: U.S. Treasury, Federal Reserve

Equities Advance in 2025 – Domestic Equity Market Overview

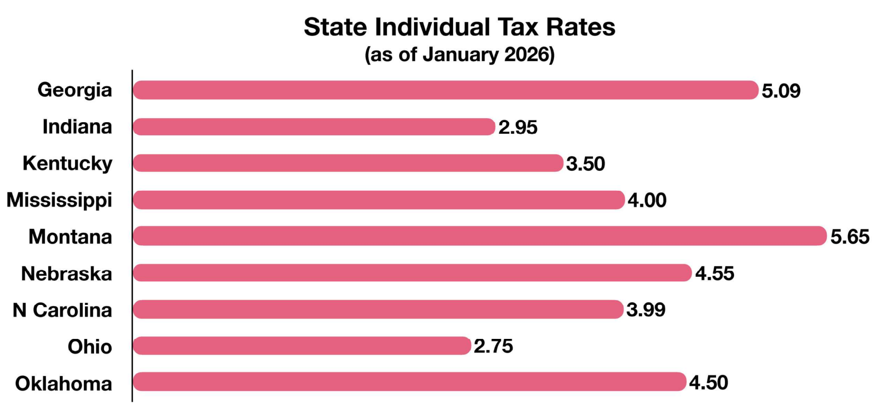
Equities were resilient throughout 2025 as uncertainty surrounding tariffs, geopolitical tensions and Fed rate cuts induced volatile trading sessions. The Dow Jones, S&P 500 Index, and the Nasdaq all posted strong performance results for the year, exceeding most analysts expectations.

Massive capital injections by numerous technology companies in AI led to broad appreciation in sectors and industries associated with AI expansion. The spillover from AI investment benefited companies with indirect ties to AI, similar to what occurred in the late 1990s and early 2000s as the internet expanded.

Sources: Dow Jones, S&P, Nasdaq, Bloomberg

Nine States Reduce Their State Income Tax Rates for 2026 – Fiscal Tax Policy

For tax year 2026, nine states are reducing their individual state income tax rates, Georgia, Indiana, Kentucky, Mississippi, Montana, Nebraska, North Carolina, Ohio, and Oklahoma. The tax cuts apply to individual taxpayers living in each respective state.



Most of these nine states have established a planned decrease of tax rates over the next few years, hoping to ease tax strains on current state taxpayers and incoming residents. There are currently nine states with a zero state income tax rate, some of which had taxes or higher tax rates in place before eliminating them. California currently has the highest tax rate at 13.3%, followed by Hawaii at 11%, and New York at 10.9%.

Source: Tax Policy Center

New Trump Accounts

Trump Accounts are a new type of tax favored accounts for minors created in the 2025 "One Big Beautiful Bill" tax legislation. These accounts are funded with after tax dollars, seeded by the US government with $1,000 for eligible newborns, and intended to convert into a traditional IRA–like account once the child turns 18. They effectively create an extra child-focused retirement/long term savings bucket alongside existing IRA and 529 options, with special contribution and withdrawal rules.

Eligibility and automatic seeding

Any minor younger than 18 can have a Trump Account opened on their behalf, except those who turn 18 in that same calendar year. In addition, U.S. citizens born between January 1, 2025 and December 31, 2028 qualify for a one time $1,000 federal "seed" contribution once an account is established, effectively auto enrolling a birth cohort into long term saving.

Contributions and limits

Annual contributions are capped at $5,000 per child, indexed for inflation after 2027 or 2028. Contributions must be after tax, with up to $2,500 of the $5,000 limit allowed from employers on a tax favored basis, while the remainder can come from parents, relatives, or other taxable entities. Contributions that parents, relatives, or other individuals make to Trump Accounts are **not** tax deductible at the federal level; they are made with after tax dollars, similar to non deductible IRA contributions. The main tax benefit is tax deferred growth inside the account, not an up front deduction, although employer contributions (up to the statutory limit) can be excluded from the employee's taxable income and still count toward the child's annual Trump Account cap.

Investment and growth rules

Assets are to be held in low cost, broadly diversified index funds (for example, S&P 500 style U.S. equity index funds) prohibiting individual stocks, crypto, or other speculative assets. Parents or guardians can select from this approved menu of index-based options when opening the account, but they cannot direct funds into customized portfolios or non-compliant investments. Earnings grow tax deferred, and once the child turns 18, pre 18 contributions and their earnings become fully subject to traditional IRA rules, including potential Roth conversion and required minimum distributions later in life.

Withdrawals and tax treatment

Withdrawals are effectively locked out until age 18, subject to limited statutory exceptions. After 18, distributions follow traditional IRA taxation: nondeductible basis (post tax contributions) come out tax free, but earnings and any deductible amounts are taxed as ordinary income, with a 10% additional tax on early, non qualified withdrawals before age 59½, while certain uses (higher education, first home purchase, specified hardships, etc.) receive penalty relief under the cross referenced IRA exception rules.

Accounts cannot accept contributions or investments until July 4, 2026, when the program fully launches for funding. Until then, eligible families can only complete initial setup steps like filing IRS Form 4547 for account request any applicable federal seed contribution (such as the $1,000 for newborns born 2025–2028). This form can be submitted anytime starting early 2026 (potentially with your 2025 tax return or online via trumpaccounts.gov by mid-2026), after which the Treasury sends activation instructions around May 2026 for identity verification and final setup with an approved custodian.Accounts must be held at qualified financial institutions offering compliant index funds. The child needs a Social Security number (U.S. citizenship required for the seed money), but no parental income limits apply.

THE U.S. DOLLAR FELL ROUGHLY 9.5% IN 2025

Dollar's Decline in 2025 Was Largest Since 2017 – Currency Overview

In 2025, the U.S. dollar had a notably weak year and under performed most other major currencies, with broad indexes showing its largest annual drop since 2017 and one of the steepest declines in decades.

The U.S. Dollar Index, which tracks the dollar against six major currencies (euro, yen, pound, Canadian dollar, Swiss franc, Swedish krona), fell roughly 9.5% in 2025, the largest drop since 2017. Earlier in the year, the dollar had been down about 11%, marking the biggest first half loss since the 1970s. Factors affecting the dollar in 2025 include slower U.S. growth expectations, high fiscal deficits, policy uncertainty regarding tariffs, political tensions, and shifting global capital flows away from U.S. assets. Easing of U.S. interest rates also reduced the yield advantage of dollar assets, making holding the dollar less attractive relative to other major currencies.

Sources: Federal Reserve Bank of St. Louis

What Are Rare Earth Materials – Commodities Review

Rare earth materials are minerals or compounds that contain one or more rare earth elements, which are comprised of 17 metallic elements used extensively in modern technologies. These materials are important because they provide unique magnetic, optical, and catalytic properties that are hard to substitute with numerous high-tech applications.

These elements are actually relatively abundant in the Earth's crust, but are rarely found in concentrated deposits, which makes mining and separation difficult. The term "rare earth" comes from the early discovery of these elements in unusual mineral "earths" and from the scarcity of economically viable deposits, not from a true rarity in nature.

Rare earth materials are essential in magnets for wind turbines and electric vehicles, in smartphone components, and in computer hard drives. They also appear in glass polishing powders, catalysts for oil refining and car exhaust treatment, phosphors in LED and fluorescent lighting, and components for lasers and fiber-optic communication. Rare earth materials are used throughout modern technology, mainly for powerful magnets, specialized lighting, displays, and advanced electronics. Their unique magnetic and optical properties make many devices smaller, more efficient, and more energy saving than would otherwise be possible.

Sources: U.S. Department of the Interior, CIA World Factbook