Carrera Capital Advisors

JANUARY NEWSLETTER

Cutting Through the Noise:

Looking at 2026

INSIDE, WE ALSO TALK ABOUT:

'25 Returns

Energy Sector

Qualified Charitable Distributions

In last year's January letter, we made the following observation:

"Incredibly, this letter is almost a repeat of last year's. Looking into 2025, we doubt we'll see a three-peat."

What we meant was simple.

Both 2023 and 2024 were driven primarily by the same force: U.S. Large Cap Growth stocks.

While the headlines changed, leadership did not. A third consecutive year of such narrow market dominance would have been historically unusual.

At that time, we also noted that we were positioning portfolios for a broadening of market returns.

As the data below illustrates, that broadening did in fact occur—particularly outside the U.S. and in real assets such as gold.

2025 Returns Through December 18

Asset Class	Return
Large Cap Growth	+17%
Large Cap Value	+15%
S&P 500 (Cap Weighted)	+17%
S&P 500 (Equal Weighted)	+11%
Small Cap	+14%
Bonds	+7%
Commodities	+4%
International	+33%
Emerging Markets	+31%
Real Estate	+3%
Utilities	+15%
U.S. Dollar	-9%
Gold	+64%

In short, we did not see a three-peat.

Looking ahead, we continue to see attractive opportunities outside the U.S., particularly in areas where valuations remain reasonable and expectations are low.

One area that stands out to us is Energy.

The energy sector has been notably underwhelming for years, with many stocks producing little to no real return over extended periods.

Valuations remain depressed, capital investment has been constrained, and investor enthusiasm is muted.

At the same time, global energy demand is poised to increase meaningfully.

If even a portion of Big Tech's multi-trillion-dollar investment plans in AI-related infrastructure come to fruition, the associated energy requirements will be substantial.

This spans all forms of energy: oil, natural gas, uranium, critical materials and metals, and renewables.

That combination—rising long-term demand, constrained supply, and low expectations—is one we find compelling.

As always, our objective is not to chase what has already worked, but to thoughtfully position portfolios for what may be next, while remaining diversified and risk-aware across a wide range of possible outcomes.

Financial Planning Tidbit:

Qualified Charitable Distributions for 2026

A Qualified Charitable Distribution (QCD) is a direct transfer of money from an IRA to a qualified charity that can be excluded from your taxable income.

Key points:

- Who can do it: You must be age 70½ or older.
- Where it comes from: A traditional IRA or Inherited IRA (not 401(k)s—unless rolled to an IRA first).
- Where it goes: A qualified public charity
- How it works: The money must go directly from the IRA custodian to the charity.
- Annual limit for 2026: $111,000 per individual

Tax benefit:

- The distribution does not count as taxable income
- It can satisfy your Required Minimum Distribution (RMD)

Give us a follow!

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December 2025 Returns

S&P 500 +.07% || Dow 30 +.93% || Nasdaq 100 -.67% || Aggregate Bonds -.28% || LT Treasuries -2.65%
T-Bills +.34% || Int'l Developed +2.72% || Emerging Markets +2.17% || GSCI Commodity +.90%
REITs -2.22% || U.S.D -.90% ||

We use total returns that include the dividends and the expenses charged to investors for holding funds that track all corresponding benchmark indexes, so-called "Index Funds". Total returns use dividend-adjusted closing prices from Yahoo Finance as a raw input. Calculations are conducted in the R programming language by Carrera Capital Advisors.

The index returns for the month also utilize index funds that are designed to track an underlying index. Additional disclosures on each fund:
S&P 500 – iShares Core S&P 500 ETF ("IVV")
The Fund seeks to track the investment results of the S&P 500, which measures the performance of the large-capitalization sector of the U.S. equity market, as determined by S&P Dow Jones Indices LLC (the "Index Provider" or "SPDJI").
Dow 30 – SPDR Dow Jones Industrial Average ETF Trust ("DIA")
The Trust seeks to achieve its investment objective by holding a portfolio of the common stocks that are included in the Dow Jones Industrial Average (DJIA), with the weight of each stock in the portfolio substantially corresponding to the weight of such stock in the DJIA.
Aggregate Bonds – iShares Core U.S. Aggregate Bond ETF ("AGG")
The iShares Core U.S. Aggregate Bond ETF (the "Fund") seeks to track the investment results of an index composed of the total U.S. investment-grade bond market.
LT Treasuries – iShares 20+ Year Treasury Bond ETF ("TLT")
The iShares 20+ Year Treasury Bond ETF seeks to track the investment results of an index composed of U.S. Treasury bonds with remaining maturities greater than twenty years.
T-Bills – SPDR Bloomberg 1-3 Month T-Bill ETF ("BIL")
The SPDR Bloomberg 1-3 Month T-Bill ETF (the "Fund") seeks to provide investment results that, before fees and expenses, correspond generally to the price and yield performance of an index that tracks the 1-3 month sector of the United States Treasury Bill market.
Int'l Developed – iShares MSCI EAFE ETF ("EFA")
The iShares MSCI EAFE ETF (the "Fund") seeks to track the investment results of an index composed of large- and mid-capitalization developed market equities, excluding the U.S. and Canada.
Emerging Markets – iShares MSCI Emerging Markets ETF ("EEM")
The Fund seeks to track the investment results of the MSCI Emerging Markets Index, which is designed to measure equity market performance in the global emerging markets.
Commodities – iShares S&P Goldman Sachs Commodity Index Trust ("GSG")
The Trust seek to replicate the performance of the S&P GSCI Excess Return Index (S&P GSCI-ER), together with collateral assets consisting of cash, U.S. Treasury securities or other short-term securities that are eligible as margin deposits for index futures on the S&P GSCI-ER.
REITs – SPDR Dow Jones Global Real Estate ETF ("RWO")
The SPDR Dow Jones Global Real Estate ETF (the "Fund") seeks to provide investment results that, before fees and expenses, correspond generally to the total return performance of an index based upon the global real estate market
U.S.D. – Invesco DB US Dollar Bullish Fund ("UUP")
The Invesco DB US Dollar Index Bullish (Fund) seeks to track changes, whether positive or negative, in the level of the Deutsche Bank Long USD Currency Portfolio Index - Excess
ReturnTM (DB Long USD Currency Portfolio Index ER or Index) plus the interest income from the Fund's holdings of primarily US Treasury securities and money market income less the Fund's expenses