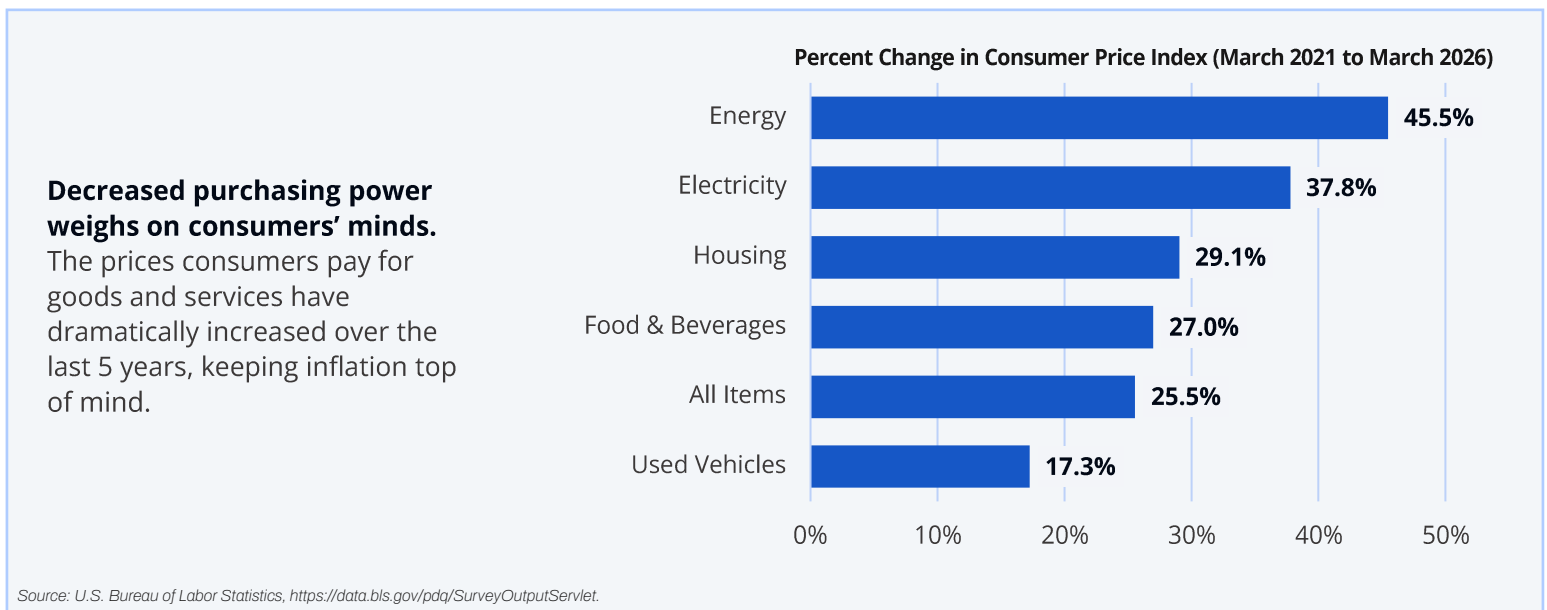
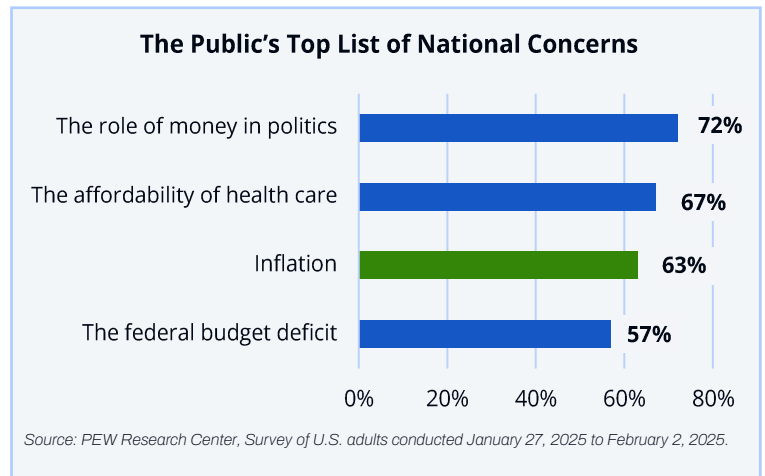
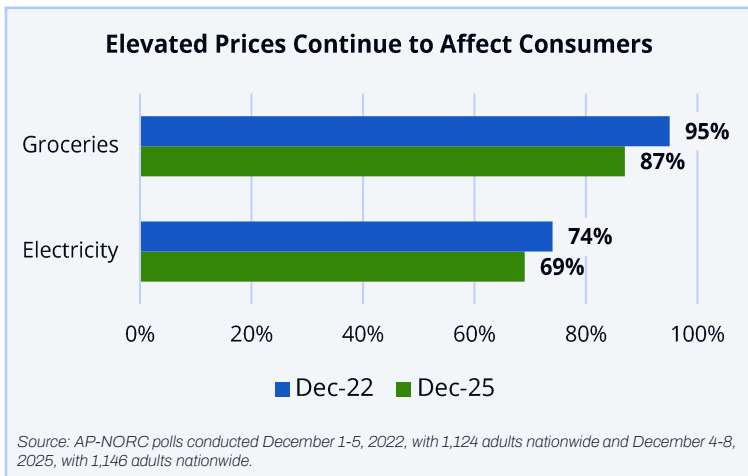


Facing Inflation: A Readiness Check

Inflation Is a Top Concern for Americans

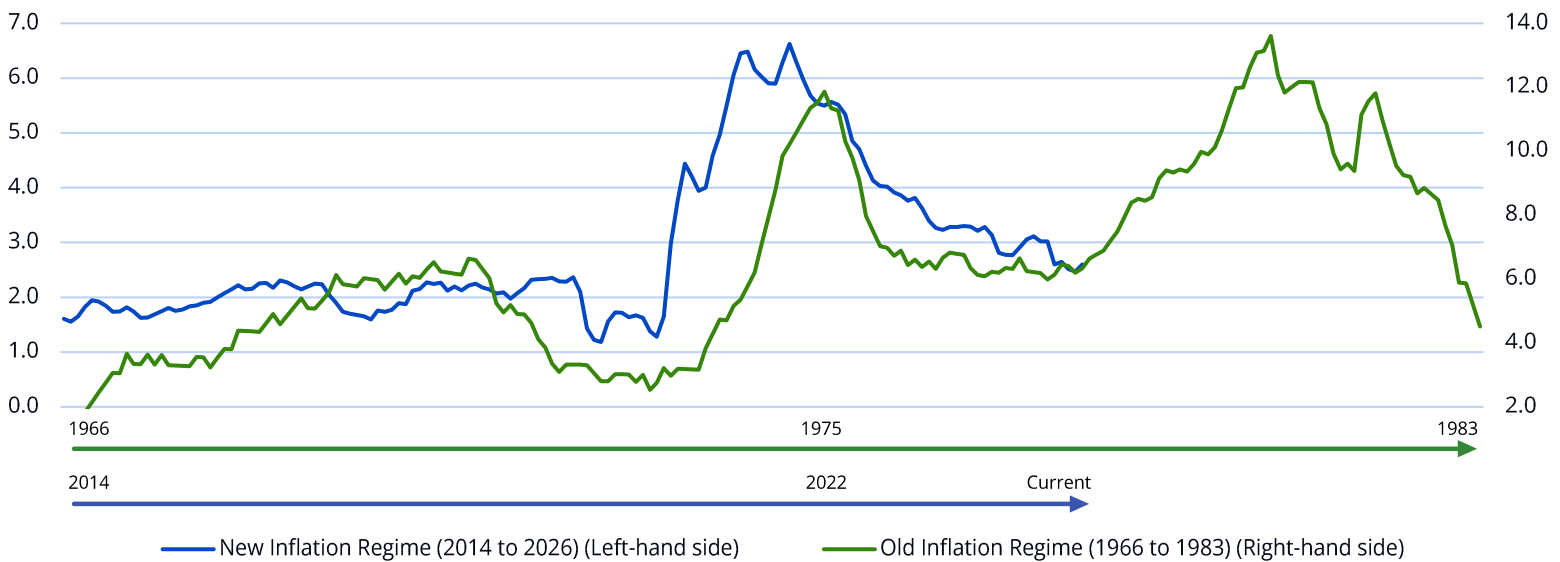
Higher everyday prices continue to strain household budgets and dominate national concerns.



Are We On The Brink of Another 1970s-Style Surge?

The inflation shock of the 1970s and early 1980s unfolded in multiple waves – a pattern that appears to be repeating. Since inflation surged in 2022, it has eased somewhat but remains higher than the Federal Reserve's target rate of 1% to 2% per year. The Consumer Price Index now reflects a striking resemblance to the inflationary cycles of the 1970s.

Cyclical Year-Over-Year CPI: Old Regime (1966 to 1983) vs. New Regime (2014 to 2026)

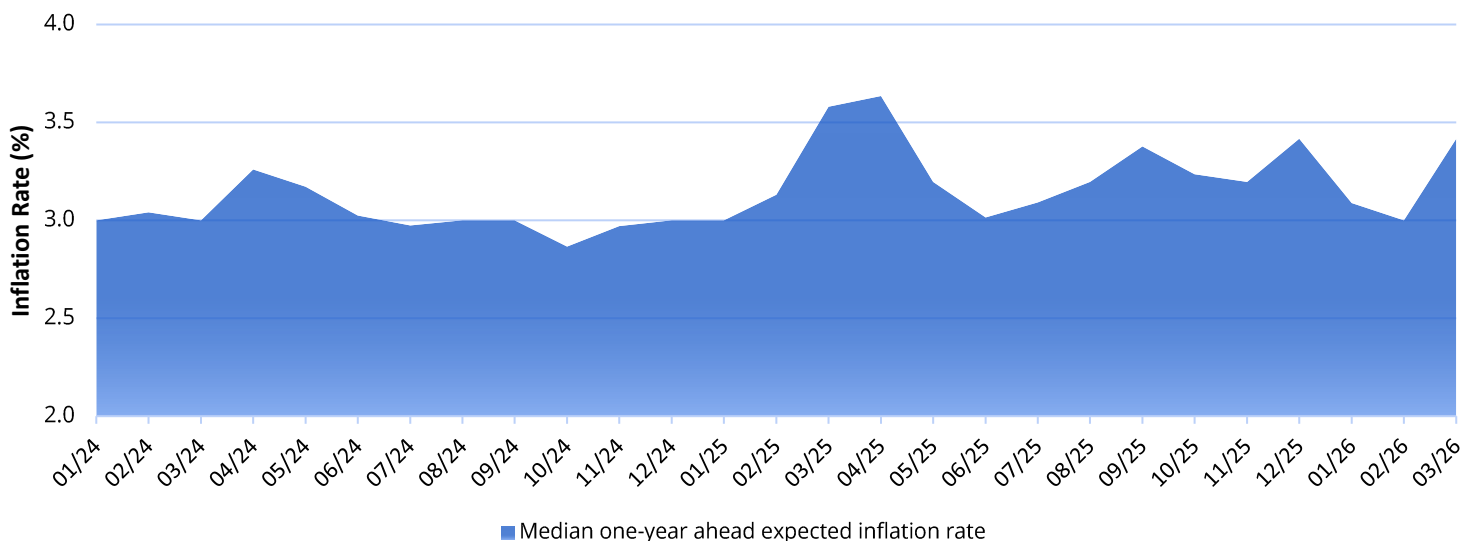


Source: FactSet.

Inflation Expectations Remain Elevated

The March 2026 Federal Reserve Bank of New York Survey of Consumer Expectations shows that inflation concerns persist, with consumers continuing to expect inflation meaningfully above the Fed's 2% long-term target.

Median one-year ahead inflation expectations (January 2024 to March 2026)



Source: Federal reserve Bank of New York Survey of Consumer Expectations.

Is a traditional 60/40 portfolio prepared?

In previous inflationary shocks, bond yields generally increased as investors sought higher returns, while stock valuations fell amid rising interest rates and economic uncertainty. During such periods, the traditional 60/40 stock-bond portfolio may not offer the most effective asset allocation.

Bonds

Period	Dates	Cumulative CPI % Change	10-YR Treasury Starting Yield	10-YR Treasury Ending Yield	% Change in Yield
1	1/66 – 11/70	27.7%	4.69%	6.49%	38%
2	1/73 – 2/75	17.5%	6.54%	7.46%	14%
3	10/77 – 6/80	30.7%	7.62%	10.09%	32%
4	6/20 – 9/22	11.6%	0.65%	3.80%	480%

Stocks

Period	Dates	Starting Multiple	Ending Multiple	% Change in Multiple
1	1/66 – 11/70	23.7	15.9	-32.9%
2	1/73 – 2/75	17.9	10.2	-43.0%
3	10/77 – 6/80	9.8	8.9	-9.2%
4	6/20 – 9/22	29.6	27.1	-8.5%

Sources: FactSet, shillerdata.com.
Note: Equity multiples are represented by the Shiller P/E Ratio.

Inflation Has Historically Come In Waves

With inflation proving more persistent than anticipated and often occurring in waves, it's essential to reassess portfolio resilience. **Now is the time to consider strategies designed to better withstand ongoing inflationary pressures.**

Core CPI (Year-Over-Year) (January 1958 – March 2026)



Source: FactSet.

Consumer Price Index: *The non-seasonally adjusted U.S. City Average All Items Consumer Price Index for All Urban Consumers published monthly by the Bureau of Labor Statistics of the U.S. Department of Labor.*

Inflation: *A general rise in prices.*

Shiller P/E Ratio (CAPE ratio): *A valuation measure that uses real earnings per share (EPS) over a 10-year period to smooth out fluctuations in corporate profits that occur over different periods of a business cycle.*

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