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INTRODUCTION

This quarter's letter opens with John Bird evaluating the information we get from our media echo chambers and drawing a parallel to the mindset of a sports gambler. Then Jason Ware sifts through the short-term noise and teases a potential reacceleration in the US economy. Finally, in the Planners Corner, Anders Skagerberg challenges us to consider the retirement riddle: the numbers check out, but what's missing?

Read through to the Community segment for information about our next Conference Call later this month and our second annual golf event in June.

FROM JOHN BIRD'S DESK

The April 2026 issue of The Atlantic has a piece by McKay Coppins titled "Sucker – My Year as a Degenerate Gambler". McKay does not fit a stereotypical gambler profile. A self-described "suburban dad with four kids, a mortgage, and a minivan" and "as a practicing Mormon, I am prohibited from indulging in games of chance", he found the explosion of online sports betting fascinating. His editors fronted him \$10,000 and he set out to understand and write about the world of legal online betting. While a full review of the piece is beyond the scope of this note I'll focus here on how he found the act of sports betting changed his relationship with the games, his family and friends, and himself. He became caught up in it. Obsessed even. Stepping away from dinners to hide in the bathroom to check on bets.

Sitting in the car while ostensibly out doing errands to do the same. Staying up late to watch west coast games between teams he had no connection to but... had bets on. And he had plenty of support urging him to continue. Podcasts, TV shows, radio personalities, social media, and the apps themselves all provided a constant stream of promise for the big win and someone to blame for the bets that didn't go his way.

Sporting events were no longer being part of a like-minded community with a shared interest. Rather he had become a stand-alone observer with his own concerns about specific bets related to each game. He gained a deep self-absorbed attentiveness but lost the joy of a shared experience. There was always someone to blame, real or not, for the bets that didn't work out. A referee. A player who botched an easy pass. Anger and bitterness began to creep in.

The piece resonated with me for a variety of reasons not least of which is that we've seen the same narrow focus creep into citizens across broad swaths of our towns, cities, states, and the country regarding almost any issue. Many of us are focused on our own "bets" and anger and bitterness often color our perceptions of events and of those who hold a different point of view.

So how does this relate to the investment world? For every hour you as a client interact with your team at Albion to understand our thinking and gain reassurance you likely absorb scores of hours of media urging you to be concerned, be afraid, to take action... NOW!

Each day I consume information from a variety of sources and I imagine many of you do as well. News websites with a wide range of political and economic perspectives. Print media including newspapers, magazines and nonfiction books. The radio. Each one will typically have a different take on any given event. As investors our work is to sort through this and separate the signal from the noise. Without succumbing to emotional attachment to any specific outcome.

In McKay's sports betting experience he found the plethora of commentary from "experts" tremendously engaging. For any failed bet there was an explanation... and typically someone to blame. And there were always pundits urging him to stay in the game and make the next series of wagers.

The hundreds of public facing "investment experts" available through sources ranging from social media to the Wall Street Journal offer the same; a "reason" for



nearly any market move whether an individual stock or aggregate indices. Sometimes their “reason” is correct. More often than not the “reason” may correlate with the event but as we all know correlation is not causation.

So what do we do? We step back and look at the big picture and keep that in mind as we make investment decisions. In McKay’s case he was aware of the big picture. Per Nate Silver (self-described statistics nerd and founder of the 538 political forecasting website) 98 percent of sports bettors lose money over the course of a season. Yet the house always makes money as they charge a 4.5% fee every time a wager is placed; they have a strong financial incentive to keep bettors hooked in. Further there is ample data showing the negative impact sports betting has on many who participate. Damaged relationships, inability to pay bills, bankruptcy. Yet despite in his logical mind knowing all this McKay found himself drawn more deeply into the gambling culture.

Stepping back into the investment world the data is clear. Those who dive into short-term trading, stepping in and out of markets based on a personal perception of risk, will almost always come up short. Peter Lynch, a renowned fund manager at Fidelity from the late 1970’s into 1990, when asked about selling positions to raise cash in anticipation of market downturns stated:

“Far more money has been lost by investors preparing for corrections, or trying to anticipate corrections, than in the corrections themselves.”

Think and act long-term. Own good companies. Understand that volatility is a feature of markets.

There are many things to worry about in the world today. Perhaps more so than usual. Yet the world is not ending

and even the most intractable issues have a way of passing on. Good companies will continue to generate earnings by providing value to customers. And they work hard every day to be sure their value proposition continues to grow. These are the types of companies we select to build your portfolios.

Thank you for taking the time to read this note and for your continued trust and confidence in the Albion Team.

ECONOMY & MARKETS by Jason Ware

The *fundamental* backdrop in the first quarter was defined less by extremes and more by balance. GDP growth persists, inflation is contained, and interest rates no longer work against the economy the way they did just a couple years back. In short, things are functioning—and from our perch, recession risk remains small. In fact, somewhat counter to current consensus, we think the next move in the economy may be gently *higher*, not lower.

Starting with the US economy, the data overall point to firm, trend growth. Real GDP is tracking near a +2% pace—typical for a mature but healthy expansion. Consumer spending remains the backbone, supported by rising real incomes, healthy household balance sheets, and a labor market that continues to hold up. Sure, hiring has slowed and job demand has normalized, but unemployment remains low and layoffs are limited. This is a labor market that is cooling, but not breaking.

Where we may differ from the prevailing narrative is in what comes next. With consumer spending still firm, AI-related investment robust, and fiscal tailwinds providing incremental support, we see a path toward slightly stronger growth as the year unfolds. Put differently, the economy does not appear to be rolling over. It appears to

be recalibrating, with the potential to reaccelerate at the margin.

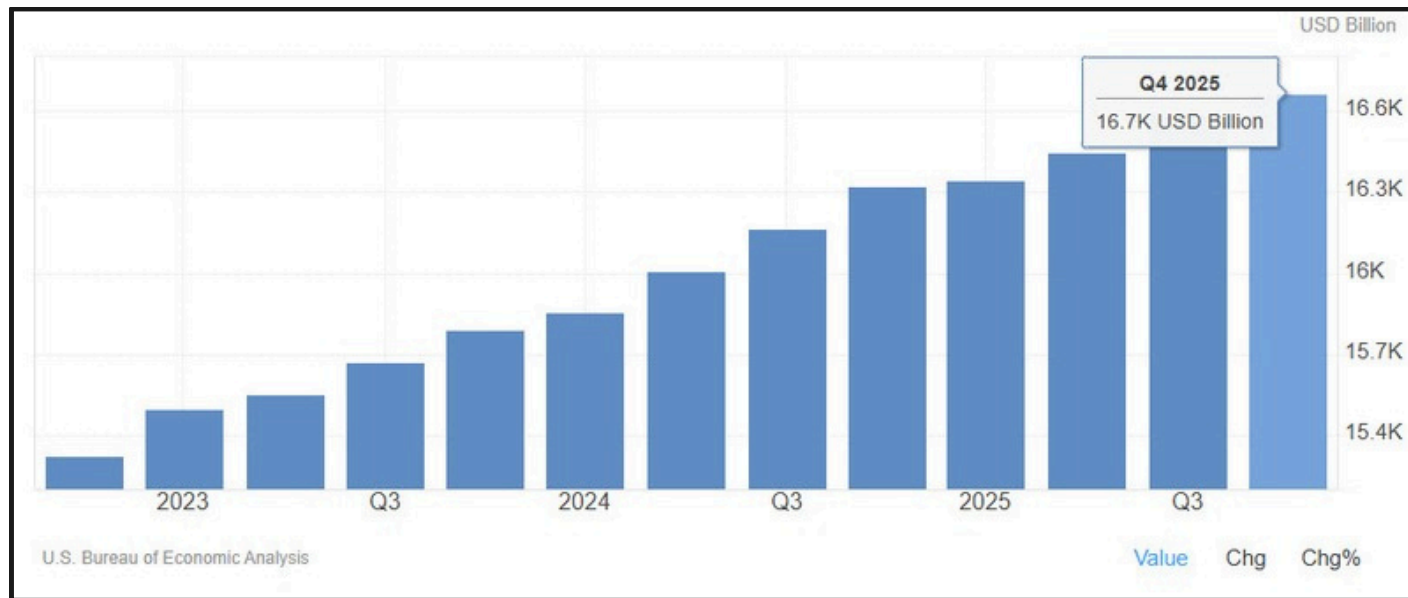
Inflation has settled into the upper-2% range (long been our call). Goods prices are up due to tariffs, while services costs are moderately elevated but stable. That leaves the Federal Reserve *close* to where it wants inflation, but not quite there (yet). Importantly, inflation at these levels is not an obstacle to the economy, financial markets, or corporate profitability, even if it does keep policymakers vigilant.

Meanwhile, interest rates and bond yields are steady. After three more Fed cuts in late-2025, borrowing costs are now near levels that neither stimulate nor slow the economy (“neutral”). With inflation still “sticky,” made worse by higher energy prices, we expect rates to remain in a narrow range for now. The hurdle for near-term easing is high in our view, absent a clear weakening in the jobs picture. That said, the Fed is unlikely finished cutting. Assuming the economic expansion endures and inflation gradually cools, there is a reasonable path toward a couple additional cuts over time—just not

imminently. Markets often price the destination correctly, but not the timing. From our perch, the Fed sits in wait-and-see mode.

Another layer complicating monetary policy is leadership. Jerome Powell’s term ends in May, with Kevin Warsh expected as the new Chair. Warsh previously served as a Fed Governor during the 2007/08 financial crisis and is generally viewed as pragmatic, with a strong focus on maintaining credibility around inflation. While leadership transitions can introduce uncertainty and market volatility, we expect broad policy continuity given how decisions at the Fed are made (by committee).

Meanwhile, weaker areas of the economy—namely housing and manufacturing, two sectors most impacted by rates—are stabilizing. Activity remains slow, but early signs of a bottom exist. Mortgage rates below cycle highs are beginning to bring homebuyers back, while recent manufacturing data reveal tentative improvement after a prolonged slump. These areas are not yet drivers of growth. But importantly, they are no longer clear drags.



Consumer Spending in the United States increased to 16.667 Billion USD in the 4th quarter of 2025, an all time high. Source - U.S. Bureau of Economic Analysis.

Corporate profits remain a key pillar of the current expansion. Earnings are expected to grow at a double-digit pace again in 2026, with early visibility into 2027 also constructive. That growth is being driven by a resilient economy, productivity gains, operating efficiency, and sustained investment in technology. We think the durability of this earnings cycle continues to be underappreciated.

Geopolitics, as always, remains a wildcard. Recent developments involving Iran have brought renewed attention to energy markets and regional stability. Oil prices have moved sharply higher, with ripple effects into areas like transportation and agriculture, including fertilizers. We've seen similar episodes before, and while they often create short-term noise, they have rarely derailed the broader economy when underlying demand remains intact.

Outside the US, global growth remains decent. Europe is moving forward at a modest pace, emerging markets are benefiting from a relatively favorable currency environment, and China is working through longer-term structural challenges. Overall, the global economy appears to be expanding at a secure clip (about +3%).

Turning to markets, the first quarter's final weeks served as an always uncomfortable reminder that even promising setups can include periods of volatility. US stocks experienced a decline, driven by higher oil prices, rising yields, acute geopolitical concerns, and a reset in expectations within the tech and AI space. However, pullbacks like this are not only normal—they are healthy. Excessive optimism cools off, valuations reset, and things generally come back into better alignment. Together, these “gut check” moments usually extend the life of a bull market.

Within equities, dips have been most pronounced in the

tech and AI-related names that strongly led markets higher in prior periods. But this decline has occurred alongside continued earnings growth, resulting in lower valuations. Indeed, because of the recent correction the S&P 500 now trades at a 20x P/E, in line with its 5-year average and only slightly above its 10-year (~19x). More encouragingly, multiples are now even lower beneath the index's surface. Select areas now look more attractive and boast durable earnings profiles. Opportunities abound.

All told, business profits remain the anchor. While valuations can fluctuate and narratives shift, it's the *continual growth of earnings* that ultimately drives long-term stock returns. And with profits expected to grow in both 2026 and 2027, the fundamental backdrop is supportive. Add a largely benign inflation and rates picture, and we retain our generally positive outlook.

Of course, risks remain. Policy missteps, geopolitical tensions, evolving data, and investor mood swings will, at times, create a bumpy ride. But volatility is a feature—not a flaw—of long-term investing. Our approach is grounded in quality, discipline, diversification, *and* maintaining a longer run perspective focused on fundamentals rather than headlines.

As always, thanks for your continued trust.

PLANNERS CORNER by Anders Skagerberg

What Are You Retiring To?

I recently watched a short animated film called Retirement Plan, directed by John Kelly and voiced by Domhnall Gleeson. It was nominated for an Academy Award this year, and it's only seven minutes long. In it, a man named Ray sits at the edge of retirement and begins listing everything he'll finally do once he has the time.

“When I retire... I’ll read the 35 years of saved articles on my reading list. I will finish all those books I started. I’ll learn the names of trees and I’ll know which spring flowers bloom first. I will order wine by year and specific area of Italy, but not in an annoying way.”

The list grows and grows, funny and tender and then increasingly anxious as Ray ages, until it becomes clear that the list itself is the point. Ray isn’t really making a plan. He’s attempting to compress an entire unlived life into whatever time he has left.

It’s a beautiful little film, and I’d encourage you to watch it (it’s free on YouTube). But the reason I bring it up here is that it captures something we see in our work planning for retirement: there can be a gap between being *financially ready* for retirement and being ready for retirement.

Let’s explore that gap.

The Gap Between the Numbers and the Life

Retirement doesn’t come with a rehearsal.

For some, it is a long-awaited exhale after decades of meaningful, demanding work. For others, it arrives abruptly, forced by corporate restructuring, health issues, or circumstances outside their control. But regardless of how retirement begins, one truth shows up again and again in our work with retirees at Albion:

Being financially ready for retirement does not automatically mean being ready for retirement.

As advisors, we spend a lot of time helping clients assess the numbers. Can you fund retirement? Will your assets support your lifestyle? How resilient is your plan? Those questions matter. A lot. But over the years, we’ve learned that the clients who thrive most in retirement are rarely the ones who simply checked every financial box.

Instead, they’re the ones who can clearly answer a much more human question: What are you retiring to?

Retiring From vs. Retiring To

One of the most important mindset shifts someone can make heading into retirement is this: “I am not retiring from something. I am retiring to something.”

People who focus primarily on what they are leaving behind can struggle with the transition, even if they are more than financially secure. In contrast, those who have clarity around what awaits them on the other side tend to move into retirement with more confidence, energy, and fulfillment.

And often, ironically, those who feel most desperate and burned out in their work can be the least emotionally prepared for retirement. That’s because the more consuming and exhausting a career has been, the more likely it is that work has crowded out hobbies, friendships, and interests outside the office. Often in those situations, work has become the center of gravity for someone’s identity, structure, and social life.

So before you decide you are ready to retire, pause and ask yourself honestly:

What am I retiring to?

And before you answer too quickly, let me say this plainly: golf and pickleball (despite how fun they are) are not a retirement strategy. They can be great additions to a fulfilling retirement, but they don’t provide the foundation. Filling a few hours a week is very different from building a meaningful life structure that can support you for decades.

So what can fill that space?

The Four Cs of a Good Retirement

One of the most useful frameworks I've found for thinking about what makes a good retirement (*and life*) comes from Brian Portnoy's book *The Geometry of Wealth*. While it's not written specifically about retirement, the principles translate beautifully.

Portnoy argues that the recipe for a good life is built on four key ingredients: connection, control, competence, and context.

Let's walk through these together.

1. Connection: Having meaningful relationships and a sense of belonging.

Connection is often the most underestimated challenge of retirement. For many people, their job is also their primary social network. Colleagues, clients, and professional routines create daily interaction and a sense of community. When work ends, those connections can fade quickly, leaving an unexpected social vacuum.

A successful retirement includes a deliberate plan for relationships, whether that means nurturing existing friendships, spending more time with family, or intentionally building new communities through volunteering, clubs, faith groups, or hobbies. Loneliness can be one of the greatest threats to health and happiness in retirement.

2. Control: Having autonomy over your time and decisions.

Control is the area where retirees often experience the most immediate upside. After years of structured schedules, meetings, and obligations, retirement brings a rare and powerful gift: autonomy.

It reminds me of one of my favorite quotes from Morgan Housel, bestselling author of *The Psychology of Money* (*if you haven't read his book I highly recommend it*):

"The ability to do what you want, when you want, with who you want, for as long as you want, is priceless. It is the highest dividend money pays."

In retirement, you choose how to spend your time, who you spend it with, and what your days look like. This is why you often hear new retirees joke, "Every day is Saturday." But autonomy also requires intention. Without some structure, unlimited freedom can slowly turn into aimlessness. The happiest retirees tend to use their control not to eliminate structure entirely, but to redesign it around what matters most to them.

3. Competence: Feeling capable, skilled, and effective.

This is the dimension that catches many people off guard. During your working years, your sense of competence is constantly reinforced. You're good at what you do and every day you get a little bit better. You solve problems. People rely on you. Retirement can quietly strip that feedback away. A fulfilling retirement includes activities that allow you to continue growing, learning, and contributing in meaningful ways, whether through mentoring, volunteering, teaching, learning new skills, or even part-time work. The goal is not productivity for productivity's sake. It is the deep human need to feel useful and capable.

4. Context: Having purpose and a sense of meaning.

Last but certainly not least, context asks the most important question of all: Are you part of something bigger than yourself? Retirement is not the end of your story. It's a new chapter. People who flourish in retirement tend to see their lives as part of something larger, whether that is family legacy, service, creativity, spirituality, or staying active in their community. Purpose does not have to be grand or public. It simply needs to feel true. When retirees lack context, days can blur together, and time can feel strangely empty.

Bringing It All Together

In the end, money funds retirement, but it does not define it. These four ingredients, connection, control, competence, and context, are what separate a retirement that looks good on paper from one that actually feels good to live.

So whether you're approaching retirement or already in it, it's worth considering:

- How will your social life change?
- What will you continue getting better at each day?
- What will you be a part of that's bigger than yourself?
- How will you spend your time when every day is Saturday?
- How will you stay connected to the people that are important to you?

As you think through these questions, remember that the beauty is a) there's no right or wrong answers here and b) your answers can change over time. You may find that what works in early retirement does not work later in retirement, and that is okay. Once you know the ingredients to a good retirement, it's simply an art project to dial in the right amounts of each.

And to put a bow on all of this, if you haven't yet, I encourage you to watch the short animated film *Retirement Plan*. At the very least you'll get a chuckle out of it, or a cry, or perhaps you're like me and you'll get both.

ALBION COMMUNITY UPDATE

Spring Client Conference Call

On **Wednesday, April 29th** at 12:00 PM MT we will be hosting our next Client Conference Call. We encourage your participation and welcome any questions you may have—either live during the call or in advance by sending us an email. A recording of the call will be available on our blog and YouTube channel afterwards, and a copy will be emailed to you. Go to our website to register - www.albionfinancial.com/events.

2nd Annual Albion Golf Event

On Thursday, **June 11, 2026** we will be hosting our next Golf Event. This year it will be held at Wasatch Mountain State Park, in Midway, UT. Stay tuned for further details!



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