

Michael J. Krencicki, MSF, CFP®

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## Global Diversification Can Make a World of Difference

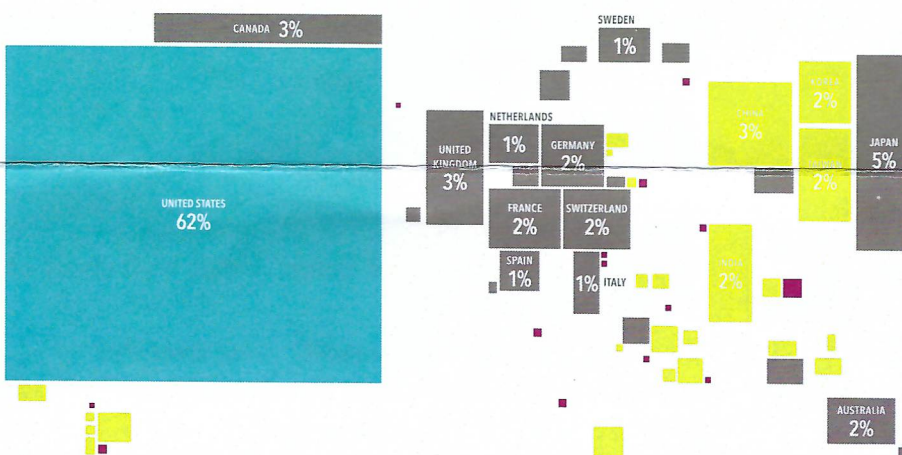
The US stock market is the biggest in the world, but investors who ignore other global markets may miss out on a wealth of opportunity.

- Stocks of the roughly 19,500 companies trading outside the US represent 38% of the world's \$113 trillion equity market.
- When determining where to invest, a country's size may not be a primary consideration. Japan, for instance, is relatively small but accounts for 5% of the world's equity market value.
- Global diversification captures returns from companies around the world and can potentially offset a weak market with stronger returns elsewhere.

Investing globally can deliver more reliable outcomes over time.

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PERCENT OF WORLD EQUITY MARKET CAPITALIZATION  
As of December 31, 2025



| United States             | Developed ex US           | Emerging                  | Other                      |
|---------------------------|---------------------------|---------------------------|----------------------------|
| · 3,442 companies         | · 6,649 companies         | · 11,227 companies        | · 1,578 companies          |
| · \$70 trillion           | · \$28 trillion           | · \$14 trillion           | · \$572 billion            |
| · 62% of world market cap | · 25% of world market cap | · 12% of world market cap | · 0.5% of world market cap |

*Past performance is not a guarantee of future results. Diversification neither assures a profit nor guarantees against loss in a declining market.*

*For educational purposes. Bloomberg data provided by Bloomberg. Dimensional Fund Advisors LP is an investment advisor registered with the Securities and Exchange Commission.*

## A Personal Note from Global Wealth Advisors

Most US and some international equity indices are down in YTD performance with the military actions going on in the Middle East and its effect on shipping in the Strait of Hormuz. A majority of oil and natural gas that serves Europe goes through that seaway. Suffice to say, the equity markets are showing resilience during this time, and the one-year performance numbers are still strong. The daily volatility in global equity performance and in the pricing of fossil fuels will be with us until this plays out.

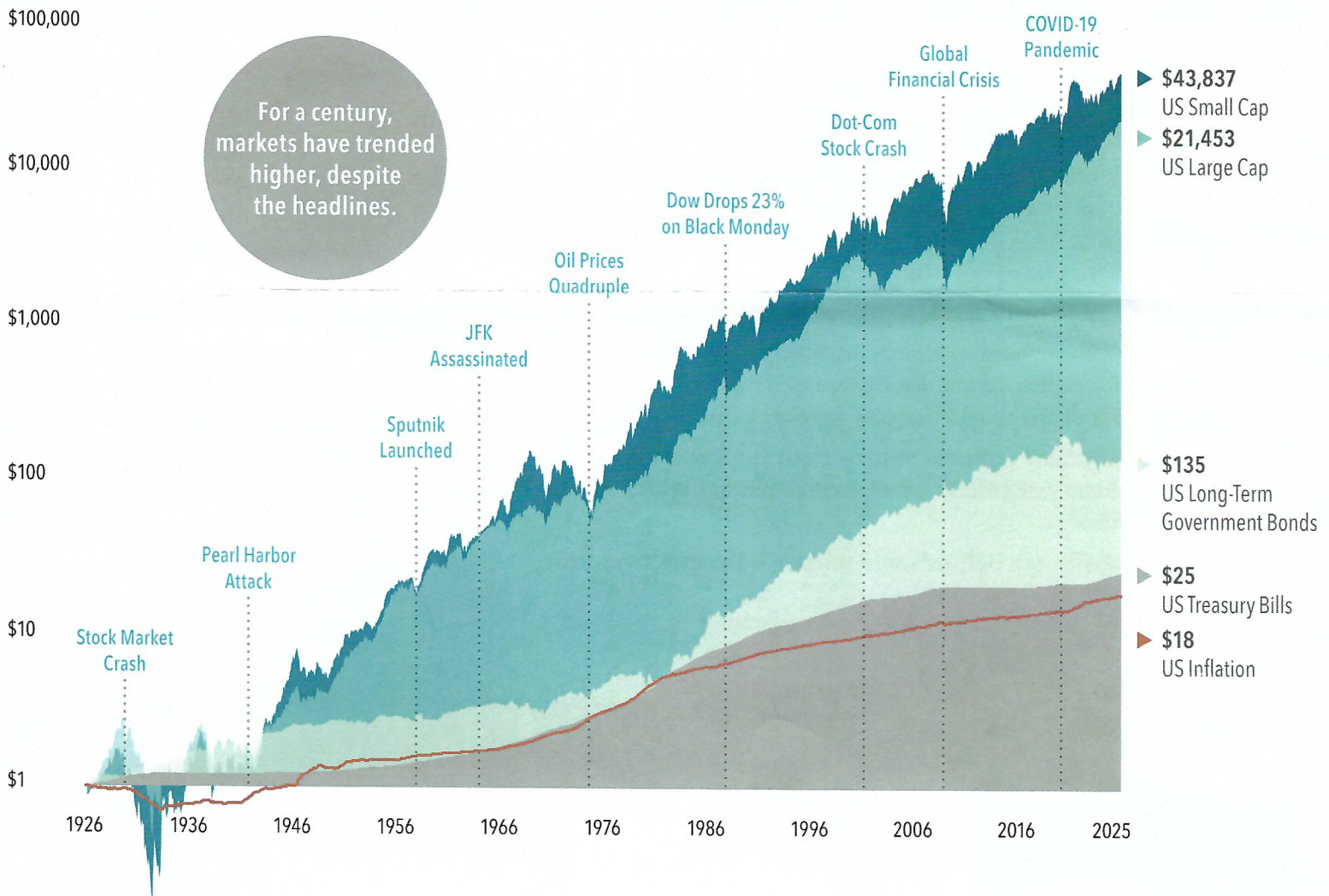
The Fed didn't lower interest rates at the March meeting. They felt although inflation has been persistent and that employment has slowed down, it is not enough to call for a reduction in the interest rate at this time. The current odds of a reduction at the April and June meetings currently stand at approximately 4% and 12%, respectively. In other words, it is very unlikely.

We continue to hold on to current asset allocation levels and keep invested in equities for long-term growth over inflation. We will use fixed income where called for to help reduce short-term volatility. ○○○

# Stocks Have Rewarded Investors over the Long Term

## GROWTH OF A DOLLAR

January 1926–December 2025 (compounded monthly)



**W**hile daily news may challenge an investor's discipline, stock markets have a long history of delivering growth that has created substantial wealth over time.

- Looking at monthly performance since 1926 for different areas of the US financial markets, stock returns have far exceeded inflation and significantly outperformed bond returns.
- But not all stocks and bonds are the same. US Treasury bills barely covered inflation, while long-term

government bonds fared better, albeit well short of stocks' performance.

- Financial markets have steadily risen over the decades, weathering events like the 1929 crash, World War II, and the COVID pandemic.

Stocks and bonds have rewarded investors who can look past the headlines and remain disciplined over the long term. ○○○

*Past performance is not a guarantee of future results. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio.*

*Data presented in the Growth of a Dollar chart is hypothetical and assumes reinvestment of income and no transaction costs or taxes. The chart is for illustrative purposes only and is not indicative of any investment. Dimensional Fund Advisors LP is an investment advisor registered with the Securities and Exchange Commission.*

# Stock Gains Can Add Up After Big Declines

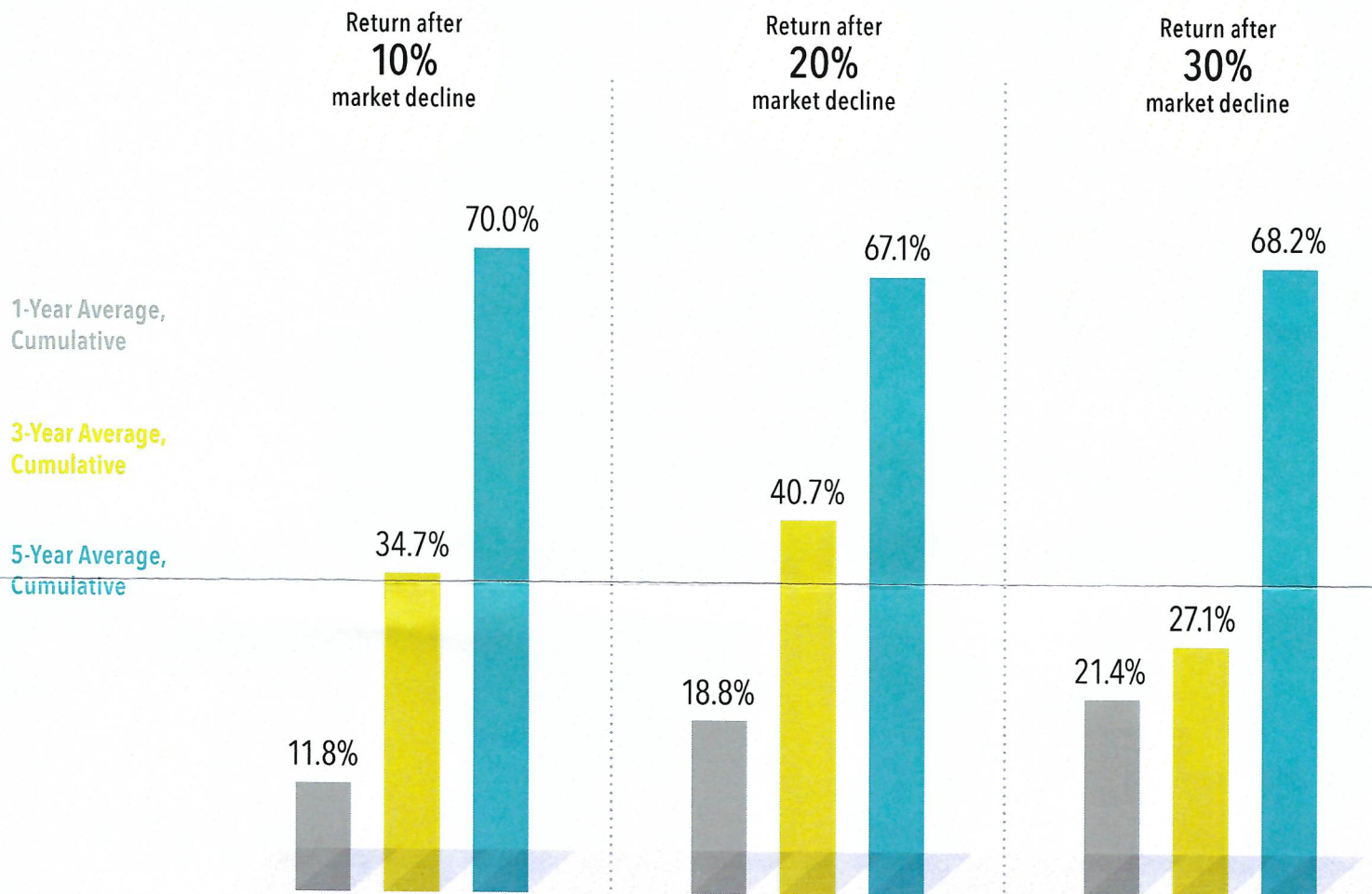
**S**udden market downturns can be unsettling. But historically, US equity returns following sharp downturns have, on average, been positive.

- A broad market index shows that US stocks have tended to deliver positive returns over one-, three-, and five-year periods following steep declines.
- Cumulative returns show this to striking effect. Five years after market declines of 10%, 20%, and 30%,

- the average cumulative return has topped 50%.
- Stocks posted especially notable rebounds after declines of at least 20%, the threshold for a bear market. After three years, stocks gained more than 40%, and nearly 70% within five years.

Sticking with your plan helps put you in the best position to capture the recovery. ○○○

FAMA/FRENCH TOTAL US MARKET RESEARCH INDEX RETURNS  
July 1926–December 2025



Past performance is no guarantee of future results. Short-term performance results should be considered in connection with longer-term performance results.

Source: Ken French website. The Fama/French indices represent academic concepts that may be used in portfolio construction and are not available for direct investment or for use as a benchmark. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment.

Investing risks include loss of principal and fluctuating value. There is no guarantee an investment strategy will be successful.

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# The Rewarding Distribution of US Stock Market Returns

Annual stock market returns are unpredictable, but the long history of positive returns may be reassuring to investors who find market downturns unsettling.

- “Up” years have occurred much more frequently than “down” years in the US stock market from 1926 through 2025.
- The market averaged gains of 10.2% per year during

this period.

- About three-quarters of the down years were followed by up years. The most recent example: a 19.8% loss in 2022 followed by a 26.6% gain in 2023.

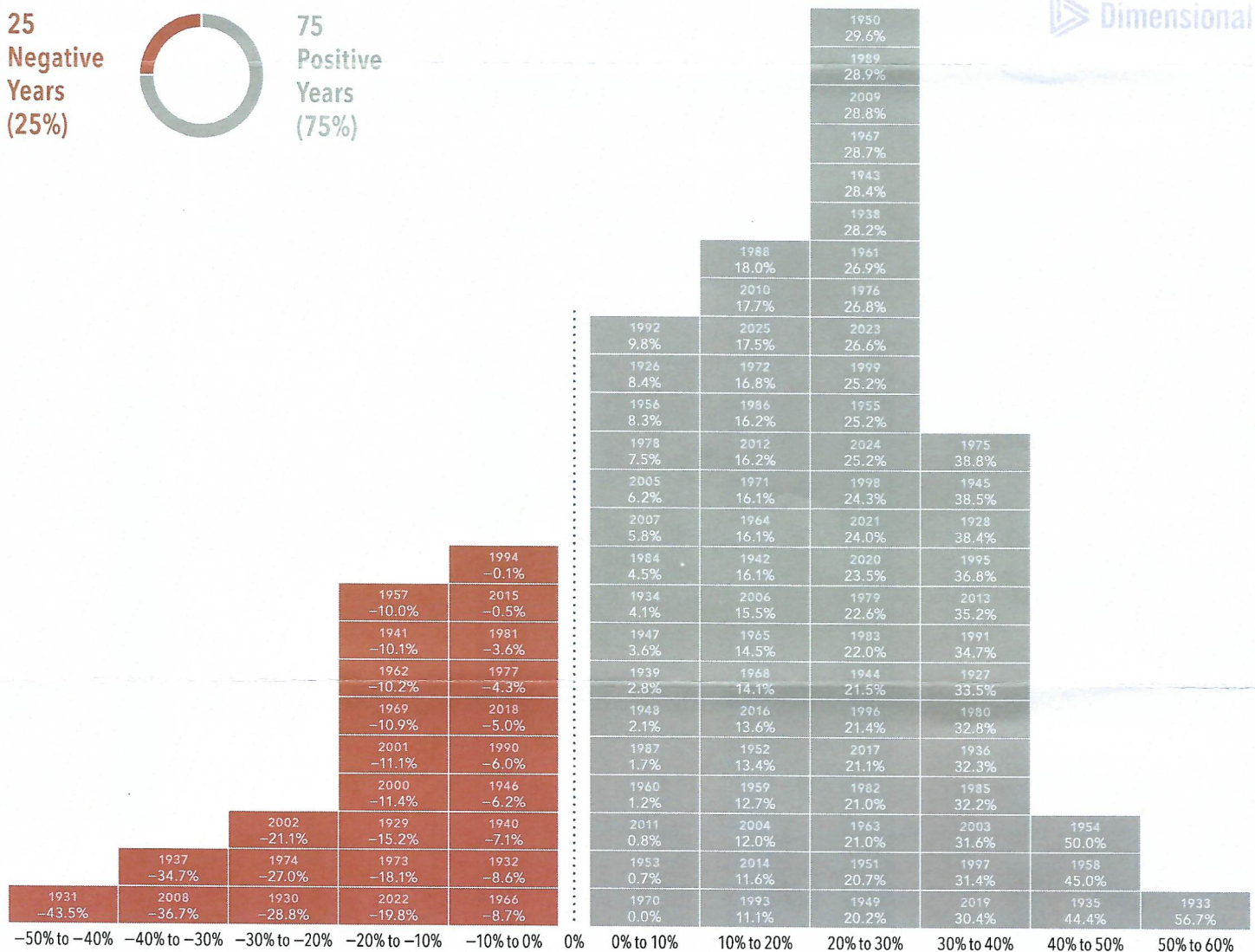
The stock market tends to reward investors who can weather annual ups and downs and stay committed to a long-term plan. ○○○

CRSP 1-10 INDEX RETURNS BY YEAR  
1926–2025

25  
Negative  
Years  
(25%)



75  
Positive  
Years  
(75%)



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## Global Wealth Advisors LLC

200 East Big Beaver Road • Troy, MI 48083 • Phone: 248-457-4555 • www.gwallc.com

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