FIRST QUARTER 2026 INSIGHT BRIEF

# Investing Outlook

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## Highlights

- Powerful global forces, including technology, energy, fiscal constraints and **geopolitics**, are reshaping economic outcomes and market leadership in ways that are likely to persist.
- Artificial intelligence (AI) is accelerating investment and productivity, while also widening economic and market gaps and intensifying competition for power, capital and critical resources.
- The U.S. economy enters 2026 from a position of resilience, but pressures on labor markets, federal finances and broader social dynamics are building beneath the surface.
- Market gains remain concentrated in a narrow set of AI-related leaders, reinforcing the importance of diversification, discipline and flexibility in portfolio design.

## Macro Environment at a Glance

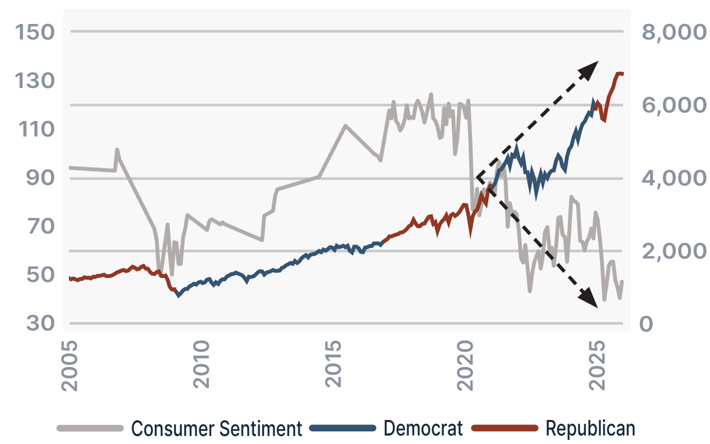
Entering 2026, the global economy reflects a mix of resilience and strain. Growth has remained firm in key regions, but underlying pressures related to technology, energy, labor dynamics, fiscal constraints and geopolitics continue to shape how that growth is experienced. For investors, understanding not just the pace of expansion, but its distribution, is increasingly important. These dynamics help explain why maintaining a globally diversified investment portfolio continues to play a critical role.

**Growth & the K-Shaped Economy:** One of the most important questions in this cycle is not only how fast the economy grows, but how the gains are distributed. A K-shaped economy describes widening divergence across stakeholders. Asset prices have risen, while consumer sentiment has weakened, especially since 2020, highlighting a growing disconnect between markets and lived economic experience (**Figure 1**). Because public equity ownership is highly concentrated, rising markets support spending and confidence for some households far more than others.

From a market's standpoint, this divergence can persist for extended periods. From a policy standpoint, it tends to raise questions about fairness and the role of government. In the transition years ahead, political pressure is more likely to target the perceived winners from globalization and technology. That could include large companies, asset owners and the most profitable sectors.

FIGURE 1

### S&P 500 Growth by Presidential Party




Data as of 12/31/25. Source: Aspiriant analysis. Data from University of Michigan, Bloomberg.

For investors, the message is not to anchor on a single narrative about the consumer. Instead, it is to recognize that outcomes depend on which cohort is driving demand. When spending is led by higher-income households, the economy can look stable even as conditions weaken for the bottom half. That can delay traditional recession signals, but it can also lead to sharper changes when the top cohort eventually slows.

Importantly, AI has the potential to reinforce these K-shaped dynamics, particularly across employment, income growth and asset ownership, even as it drives faster productivity and investment.

**AI investment Scale & Market Concentration:** Capital investment tied to AI has accelerated rapidly, reflecting intense competitive dynamics among leading technology firms. If AI proves to be a general-purpose technology, long-term returns could be significant. If adoption is slower or economics disappoint, the capital intensity of the build-out could pressure cash flows and valuations.

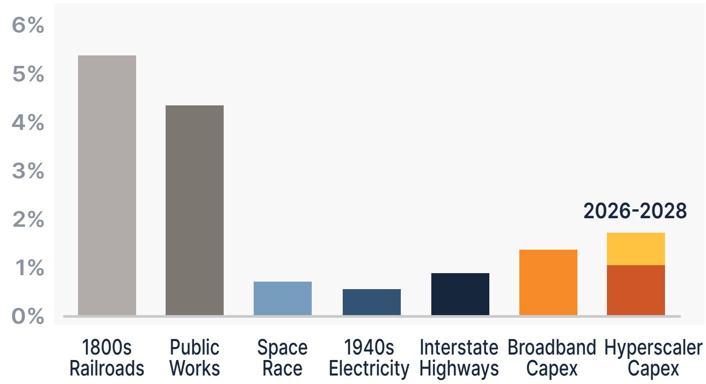
What distinguishes this cycle is scale. As shown in Figure 2, projected AI-related investment rivals or exceeds levels seen during past transformational periods in U.S. economic history. Such cycles often persist because the technology is viewed as strategically important, but they also tend to produce periods of concentration and volatility.

Since the launch of ChatGPT, markets have rewarded AI-linked leaders disproportionately. Early-stage concentration is common in major transitions, but it can heighten fragility, as investor outcomes become more dependent on a narrow set of assumptions remaining intact.

FIGURE 2

## Peak Annual Investment

Percentage of GDP




Source: Aspiriant analysis. Data from Bloomberg, Brookings Institute, FRED, National Bureau of Economic Research, U.S. Department of Transportation, White House Office of Management and Budget.

For a deeper discussion of the forces shaping today's market environment, see our full **First Quarter 2026 Insight**.

# Final Thoughts & Portfolio Considerations

- The U.S. economy and markets remain resilient, but the distribution of gains is uneven and the risk environment continues to evolve in 2026.

- AI represents a multi-year transition. Near-term investment in infrastructure and power may be inflationary, while longer-term productivity gains could prove disinflationary. The path between those outcomes is unlikely to be smooth.

  Against this backdrop, we believe investors should emphasize three principles:

  1. Maintain diversification across asset classes, styles, geographies and currencies
  2. Remain disciplined through periods of volatility
  3. Preserve flexibility to rebalance as opportunities emerge

- A well-diversified portfolio remains the most reliable way to navigate uncertainty.

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