McCarthy Asset Management, Inc.
Personalized Wealth Management

January 2026 Monthly Commentary

Feb. 2, 2026

Inside this issue:

Markets Have Rewarded Discipline	2-3
Another Reason to Pay Estimated Payments Online	3
The Importance of Adding a Trusted Contact to Your Charles Schwab Brokerage Accounts	3-5
Our Services	6

Stock Market & Portfolio Performance

January 2026: In contrast to the prior few years, value stocks outperformed growth stocks and small cap stocks outperformed large cap stocks for the month of January. International stocks posted strong gains due in part to a further decline in the U.S. dollar. Bonds were relatively flat for the month.

	Jan '26	FY 2025	Description:
Without Dividends:			
S&P 500	1.4%	16.4%	500 Largest Public U.S. Companies
Russell 2000	5.3%	11.3%	2000 of the smallest U.S. stocks
MSCI EAFE	5.2%	27.9%	international stock index
U.S. Aggr Bond	0.2%	7.2%	index of U.S. bonds
With Dividends, after all fees:			
MAM portfolios	1.6%	12.1%	non-very conservative MAM portfolios
MAM Consrv	1.3%	10.5%	portfolios with 45%+ bond allocation

The returns showed above are unaudited. Past performance is not indicative of future results. Returns for McCarthy Asset Management Portfolios ("MAM Portfolios") are net of management fees and transaction costs, and reflect the reinvestment of dividends. Results represent a composite of clients using a similar investment strategy, individual results will vary.

Returns for the indices are provided solely as a general indication of current market conditions. MAM Portfolios are not invested in a style substantially similar to any index. Indices do not reflect the deduction of management fees or transaction costs or the reinvestment of dividends. Performance for the indices would be lower if these costs were reflected.

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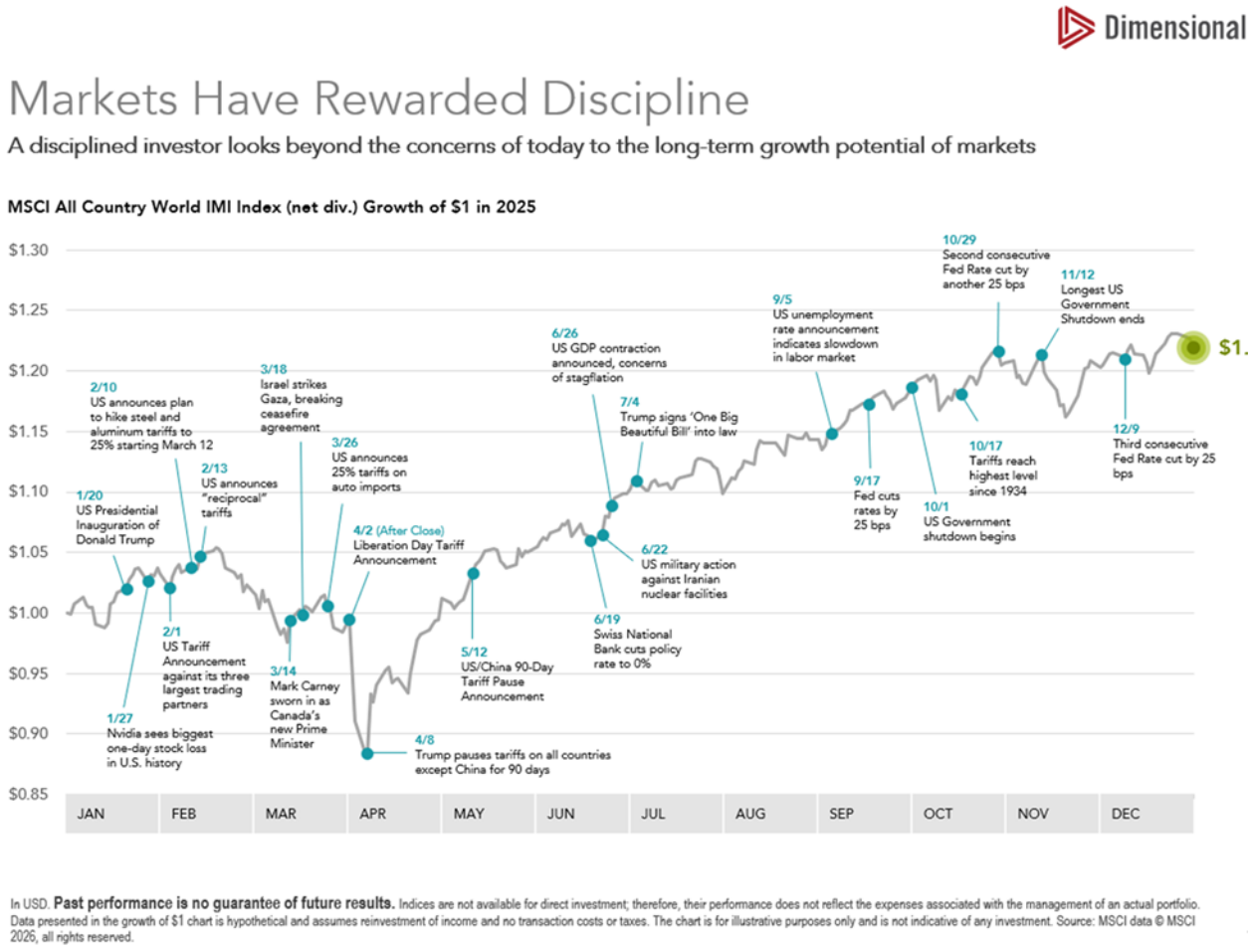
Markets Have Rewarded Discipline

This article is based on information from Dimensional Fund Advisors (DFA). DFA is a large academic-based investment advisory firm that was founded by former students who studied at the University of Chicago under Eugene Fama. Fama has served on the Board of Directors of DFA since 1982. He won the 2013 Noble Prize in Economic Sciences and is recognized as the "father of modern finance" for his work on the efficient-market hypothesis.

DFA recently wrote an article that said:

- Staying invested and "tuning out the noise" during times of market volatility has never been more important.
- If you had told me about the things that would happen around the world (in 2025), I would never have guessed the MSCI All Country World index rose 22% for full year 2025.
- A disciplined investor looks beyond the concerns of today to the long-term growth potential of markets.

The following chart is from Dimensional Fund Advisors:



Markets Have Rewarded Discipline– Con't

As can be seen on the chart, the stock market suffered market corrections starting on February 13th when the U.S. announced "reciprocal tariffs" and on April 2nd with President Trump's "Liberation Day Tariff Announcement". The market staged a strong recovery when Trump announced pauses on tariffs on all countries for 90 days except China. The chart shows other times during 2025 how the stock market reacted to different events.

MAM Comments: These days there seems to be more market impacting geopolitical events than ever. Just this past month we had the U.S. military operation that resulted in the capture of President Nicolas Maduro of Venezuela and the threats made by President Trump to take over Greenland from Denmark. Like last year, we expect stock prices will likely be volatile again for 2026. For those investors who find it difficult to stomach volatility, we hold a higher bond/lower equity allocation in their portfolios. Based on our "cloudy" crystal ball, we feel stock prices will likely be up for 2026 assuming the U.S. economy continues to perform well. Meanwhile, to the extent possible, try to tune out all the noise from the stock market.

Another Reason to Pay Estimated Payments Online

We have been encouraging clients to pay their estimated payments online. A significant benefit of paying online is the confirmation that your payments have been made securely and recorded promptly. The best way to do this is to first set up an online account with the IRS. See our December 2025 Monthly Commentary on how to set up an IRS online account.

There is now another reason to make your estimated payments online. This is due to a change in the way the U.S. Post Office postmarks mail. Starting December 24, 2025, mail is no longer postmarked until it reaches a regional processing center. This may not be where the mail was dropped off and could create a gap of days between the date the mail piece is dropped off and the date it is postmarked. This can have negative implications for time-sensitive mailings such as estimated payments. On the other hand, if you make your payments online, you can have the payment processed that day or choose a later day.

The Importance of Adding a Trusted Contact to Your Charles Schwab Brokerage Accounts by Marilyn Blancarte

Background: FINRA Rule 4512 (Trusted Contact Person) was approved by the SEC on December 15, 2017. On February 5, 2018, the rule went into effect that allows brokerage firms to ask their customers to designate a Trusted Contact Person. Regulators strongly encourage the use of this feature as it provides an extra layer of safety without violating privacy rules.

In our November 2017 Monthly Commentary, we wrote an article about Trusted Contacts and asked clients to reach out to Marilyn if they would like to add a trusted contact to their account(s). Since then, not many clients have opted to add a trusted contact to their account(s).

The purpose of this article is to remind MAM clients of the trusted contact feature. While this feature can be particularly relevant to older clients, Schwab recommends that clients of all ages should name a trusted contact to their account(s).

What is a Trusted Contact?

A trusted contact is a person you authorize Charles Schwab to contact if they have a reasonable belief that you may be experiencing diminished capacity, financial exploitation, or are unreachable. It's crucial to understand what a trusted contact is not. This person is not provided with Power of Attorney (POA) and does not have the authority to request account information, make account changes, or otherwise engage in activity in your accounts. Their role is strictly informational and limited to specific, pre-defined situations.

The Importance of Adding a Trusted Contact to Your Charles Schwab Brokerage Accounts by Marilyn Blancarte– Con't

When Would Charles Schwab Contact a Trusted Contact?

The situations in which Charles Schwab would reach out to your trusted contact typically fall into three main categories:

- Unreachable: If Schwab needs to contact you regarding a critical issue—such as a large, unusual transaction—but is unable to reach you through your usual contact methods. The trusted contact can help confirm your whereabouts or provide an alternative way to get in touch.

- Financial Exploitation: If Schwab suspects that you are being coerced, manipulated, or scammed into making fraudulent transactions or withdrawals. This could be due to a third party attempting to gain unauthorized access to your funds

- Diminished Capacity: If Schwab observes unusual or erratic behavior in your account activity, they have a reasonable belief that you may be suffering from cognitive decline or a similar condition that could impact your ability to make sound financial decisions.

Why Should You Add a Trusted Contact?

Adding a trusted contact to your account offers several key benefits:

- Protects Against Financial Exploitation: As the number of scams and fraud schemes targeting older adults and vulnerable individuals increases, having a trusted contact provides an additional layer of defense. Charles Schwab can act as an early warning system, and your trusted contact can provide invaluable support in addressing the situation.

- Provides Peace of Mind: Knowing that there is a designated person who can be contacted in an emergency can provide peace of mind for both you and your loved ones.

- Helps Prevent Fraud: If Schwab detects unusual activity and can't reach you, contacting a trusted individual can help them quickly verify whether the activity is legitimate or a sign of a fraudulent attack. This can help to prevent financial losses.

- Simple and Free: Adding a trusted contact is a straightforward process that takes only a few minutes and costs nothing.

Who Should You Designate as Your Trusted Contact?

Choosing the right person for this role is important. Consider the following when making your selection:

- Trustworthiness: Select someone you implicitly trust and who has your best interests at heart.

- Accessibility: Choose someone who is reliable, reachable, and responsive.

- Relationship: It's often a close family member or a long-time friend, but it can be anyone you have confidence in. While we are a great line of defense, it's best to use a trusted family member or friend rather than listing MAM as your trusted contact. Doing so may add another line of defense to protect your account(s).

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How to Add a Trusted Contact

The process is simple and can typically be done in one of the following ways:

- Online Portal: Log in to your accounts at SchwabAlliance.com. Next, use the attached **step-by step guide** to add your trusted contact information. Please note that you can have up to two trusted contacts.
- Contact us: If you would like Marilyn to send you a Schwab form to complete, please email her at marilyn@mamportfolios.com.
- Over the phone with Schwab: You can call Schwab directly at 800-515-2157 and request that they add your trusted contact information.

In conclusion, adding a trusted contact to your brokerage account is a simple, proactive step that can add an additional level of security for your financial accounts. It's a key part of a comprehensive financial plan and a safety measure that every investor should consider. Don't wait for an emergency to happen—take a few moments today to establish this important safeguard.

Sincerely,

Steve P. McCarthy

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Our Services

McCarthy Asset Management, Inc. (MAM) is an independent, privately owned Registered Investment Advisor firm. We provide clients with the peace of mind that comes from knowing professionals are managing their financial affairs. The services we offer include:

Investment Management Services:

- **MAM creates and manages customized investment portfolios based on each client's investment objectives, timeframe and risk tolerance.**

Financial Planning Services:

- **The Net Worth Analysis (NWA) tracks the accumulation of Invested Assets for pre-retirees and the retention of Invested Assets for retirees. Updated annually.**
- **"Retirement Analysis" a comprehensive analysis of your retirement goals, which produces easy-to-read, interactive working plan, stored in the cloud. Updated as needed for life events.**
- **Social Security Planning is an analysis of the best strategy for when and how to start claiming Social Security benefits.**

Tax Services: Clients are able to utilize the income tax services provided through either the firm Stephen P. McCarthy, CPA or from the CPA firm of Lauren Be. These services are offered at an hourly rate and may include:

- **Tax Return Preparation**
- **Income Tax Projections**
- **Tax Minimization Ideas**
- **Tax Authority Representation**

Other Services: MAM has retained outside experts, whose services are available at no cost to our clients:

- **Long Term Care Planning– Allen Hamm of Superior LTC Planning Services, Inc.**
- **Medicare Advisory Program (MAP) - Eileen Hamm**

Reminders/Updates

ADV Part II: You were provided a copy of our ADV Part II when you became a MAM client. As a Registered Investment Advisor, we file this document with the Securities and Exchange Commission. Along with other items, it contains information regarding our fees and our educational backgrounds. Each year, the SEC requires us to offer clients the opportunity to receive a copy of our most recent ADV Part II. **Please let us know if you would like to receive a copy.**

Discover the difference with a Registered Investment Advisor.