REYNA
CAPITAL ADVISORS

# *January 2026 Investor Letter*

I often tell my kids about what it was like when I was their age. Their typical response is, "Dad, that was back in the 1900's." Evidently, there is no difference in their mind between 1990 and 1909. But as I've repeatedly sat down to write this letter, I realize… they might actually be right. The specific events surrounding the market are different, but the prescription for moving forward is the same.

For market goers, January felt like the last *Mission Impossible* movie where the entire story line gets jam-packed with nonstop action (spoiler alert – February hasn't been any different). Last month we; kidnapped Venezuela's president, brought criminal charges to The Federal Reserve, and tried to annex Greenland. As a result; gold and silver went bananas, foreign leaders went to the Davos Economic Forum ready to fight, and the US Dollar saw a significant drop.

If you're thinking "sweet mother, what does the rest of the year have in store?" that would be completely justified. But here's the thing, as much as my kids make fun of me for growing up in the 1900's, the principles that drove markets back then still drive them today.

We know:

- There is a constant shift between euphoria and despair as people try to get what they want in life
- As these shifts happen, there will be changes we agree with and disapprove of as a win some / lose some process unfolds
- And the result of this process is *growth through volatility*

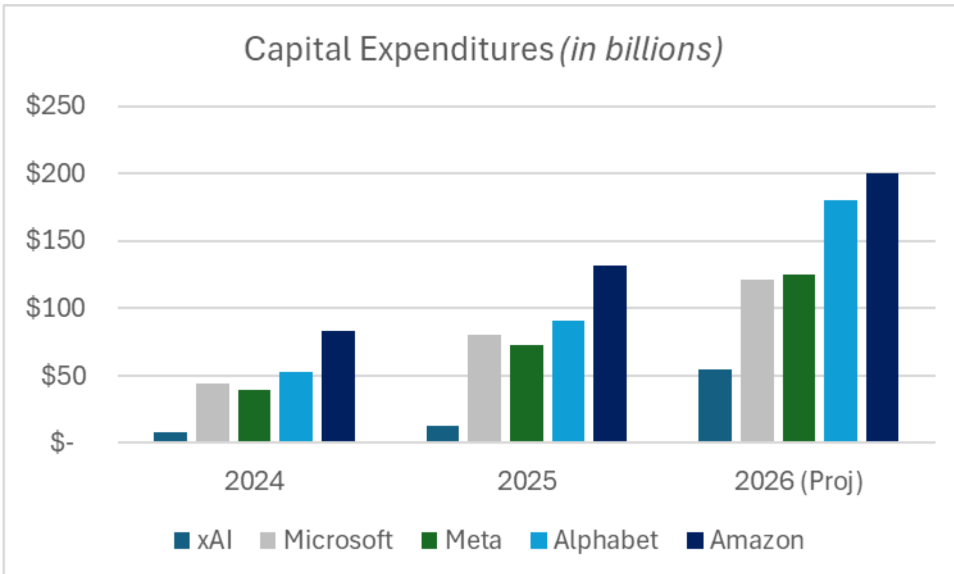
Despite how social media has changed the perception of the above drivers, they have nonetheless remained the same.

As such, we take comfort in knowing our foundational process of *investing in well managed businesses at reasonable valuations* has stood the test of time. Being flexible for the inevitable change that takes place over the short-term **and** having a foundational process that is well rooted allows us to adjust our sail for the current waters while maintaining our heading for longer-term success.

A few market specific highlights follow below.

US Markets

Markets have started to pivot with who gets rewarded and by how much. We are well into earnings season with more than half of the companies reporting 4Q profits. *Growth as the natural state* continues to be the current environment, but there has been a shift in sentiment. Investors want more out of big tech and are reticent as they balance positive earnings announcements with big spending on AI (see below).




On aggregate, last quarter's profits reflect healthy growth as they have come in ~ 7% above analyst estimates. However, not all companies *feel* so positive. Software companies in particular have gotten shellacked despite having improved outlooks. The main culprit is a forward-looking shift that AI will make many software type businesses obsolete as consumer behavior defaults to utilizing ChatGPT (or some other equivalent) for their needs.

Precious Metals and the US Dollar

Gold and silver have been on a wild ride. With all the geopolitical fervor, there have been 2 driving forces behind this. First, central banks have begun to diversify away from the US dollar and into metals as trade and tariff threats continue. Second, retail investors have bought into the momentum adding volatility to prices. Silver, often called the devil's metal, went from $72 to $115 and back to $79 all within the month of January!

The US Dollar has been in the headlines quite a bit lately for its decline. While I could write on this topic at nauseum, I will sum it up as this; nobody should be surprised by US Dollar weakness. The subsequent coverage in the media is a day late / dollar short.

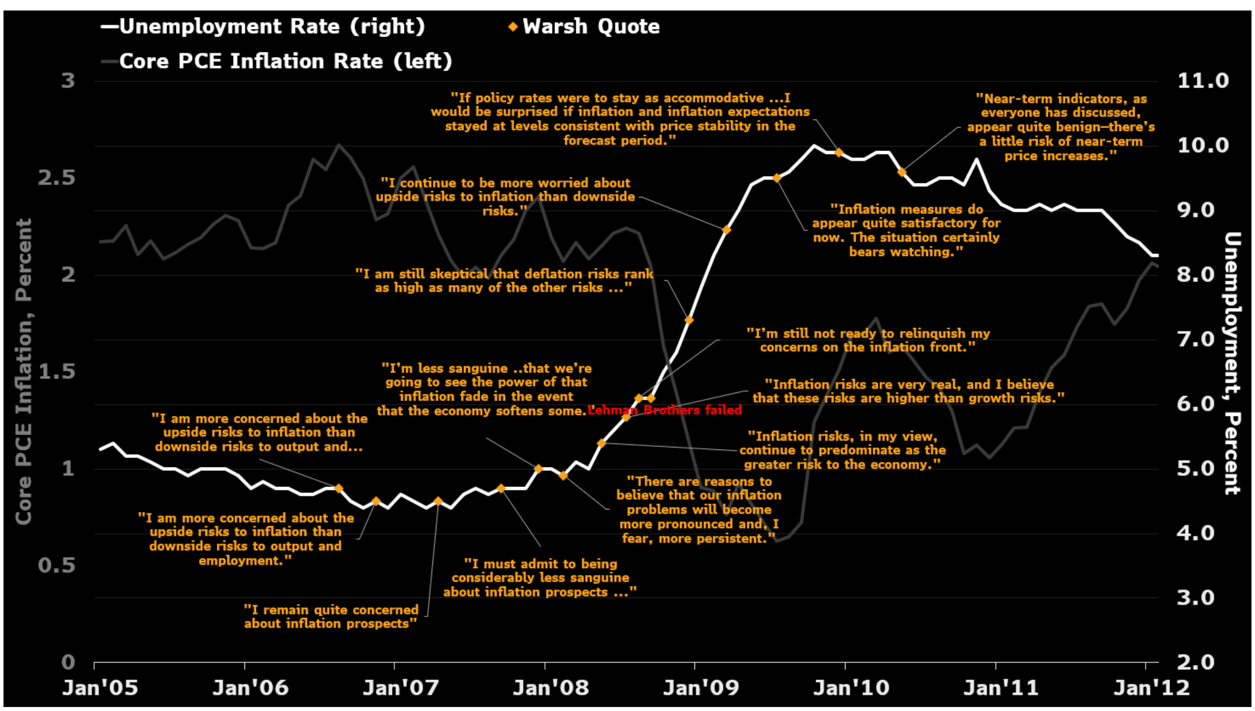
Part of President Trump's policy outlined **before** his inauguration was to bring manufacturing back to America's shores as a matter of national security. His Chairman of the Council of Economic Advisors published a paper at the end of 2024 outlining what pretty much happened in 2025. Everyone agrees manufacturing has been on the decline for decades. The tool selected to reverse course was to weaken the dollar to make foreign goods expensive and domestic goods cheap.

Despite what we have come to believe over decades of politicians telling us *a strong dollar policy is good*, the fact is there are positives and negatives. Our concern shouldn't be if the US Dollar is going up or down, but rather if it is stable – like the world's safest investment should be.

The Federal Reserve and Interest Rates

January saw a meaningful shift in 2026 interest rate cuts. There are now 2 interest rate cuts priced in compared to 4 at the beginning of the year. While "data dependency" will rule the day, I can see rates staying flat should inflation maintain its stubborn nature and jobs maintain its latest positive path.

The wild card in this equation is the new Fed Chairman. Kevin Warsh who was recently nominated to be the next chairman has a history of being quite hawkish! For reference, see the graph below from Bloomberg's Chief Economist Anna Wong as it gives a great illustration of Warsh's hawkish history.



This is the exact opposite of what President Trump wants and has said that if Mr. Warsh wanted to raise rates, he would not have been nominated. We'll see which Kevin Warsh shows up as chairman. The dove that Trump wants or the hawk that he was.

*(As a reminder, the chairman is only one vote and while there has been a long-standing precedent at the Fed for the Chairman to build a consensus, there is also a strong culture at the Fed for intellectual rigor and making the right decision, irrespective of politics. Regardless,* ***ALL*** *parties should be supportive of an independent Federal Reserve.)*

In closing, there are lots of changes that seem to be new. The reality is they are the same issues we've dealt with for decades. They're just dressed up differently than before. Throughout history Presidents have pushed for lower rates, just not on social media. Throughout history technology has threatened the status quo, just to get adopted as commonplace. And for thousands of years, we've found a better path to move forward. I'm personally excited for the times to come and the opportunity that will be afforded to those willing to grasp it.

All the best,