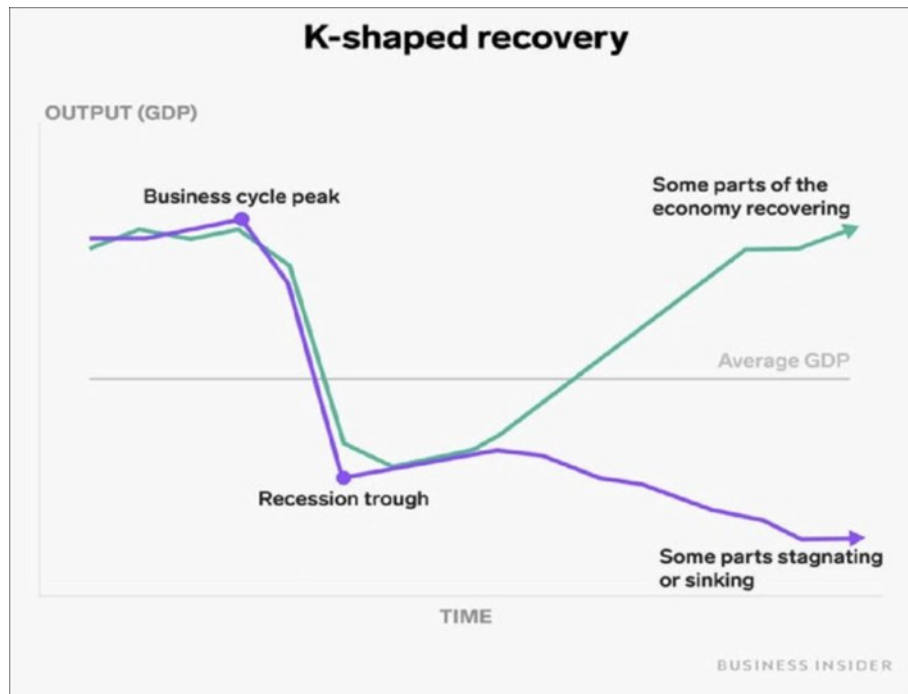


The K-Shaped Economy Widens

Executive Summary: The U.S. economy continues its “K-shaped” recovery, where Wall Street and large corporations benefit from rising asset prices, AI-driven productivity gains, and expanding profit margins, while many consumers face mounting financial stress. As companies rely more heavily on automation and artificial intelligence in place of labor, the divergence between corporate profitability and household financial health may continue to widen — creating both investment opportunities and rising macroeconomic risks, particularly during a historically volatile midterm election year.

K-Shaped Economy

A pronounced and growing divergence exists between Wall Street profits and Main Street financial stress, fueling a 'K-shaped' U.S. economy. This environment is one where people in the upper arm of the 'k' see their wealth increase while those in the bottom half go in the other direction.

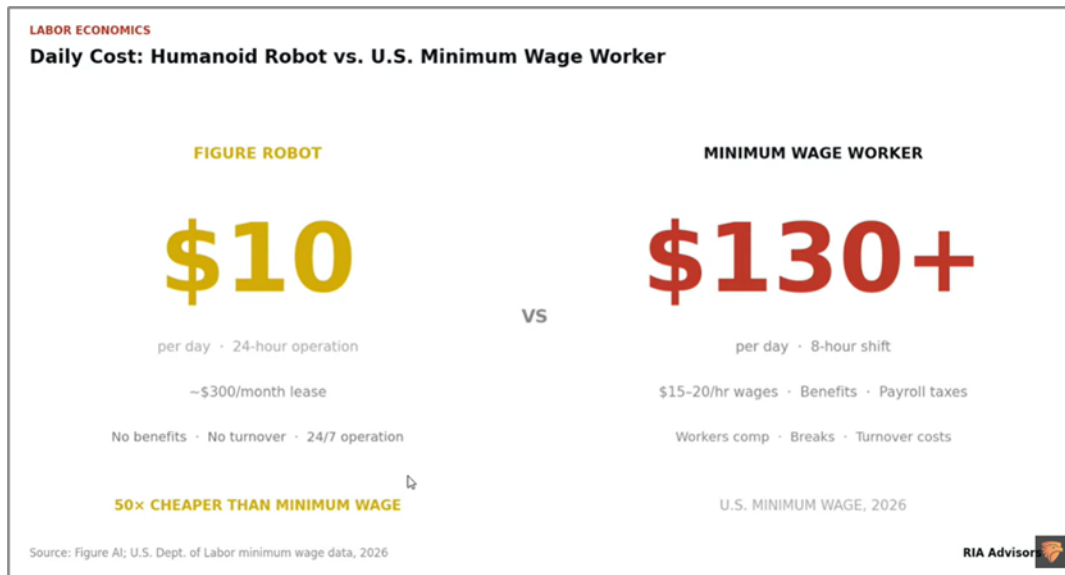


Some parts of the economy continue to recover and compound higher, benefiting asset owners, large corporations, and Wall Street, while others stagnate or decline (households and Main Street consumers).

AI Implications

The uncomfortable reality is that this divide may continue — and AI could accelerate it. For companies, artificial intelligence, automation, and robotics offer a powerful margin story. Firms that can substitute software, machines, or AI-enabled workflows for labor may be able to grow revenue without adding headcount at the same pace. That is good for earnings, operating leverage, and equity valuations. In other words, Wall Street may reward the very productivity gains that leave parts of Main Street under more pressure.

According to a study by RIA Advisor, humanoid robots could eventually be up to 50x cheaper than minimum wage employees. See below:



Many households are already dealing with higher rent, higher gas prices, higher insurance, higher borrowing costs, and rising credit card balances. If inflation reaccelerates while job growth slows or wage growth moderates, the consumer could be squeezed from both sides. That is a dangerous mix: companies may report strong margins precisely because labor demand is softer, while consumers increasingly rely on credit to maintain spending.

Mid-Term Election Year

The market's technical backdrop also deserves attention. The below chart shows the average S&P 500 path during midterm election years. Historically, midterm years can be choppy, with weakness often appearing during the summer before markets recover later in the year. History never repeats itself perfectly, but this data does suggest the next few months could be more volatile — especially with valuations elevated, breadth uneven, inflation concerns rising, and political uncertainty building.

Average S&P500 level (indexed at 100 in Jan) for midterm and non-election years. Sample starts in 1946



Source: J.P. Morgan

Investment Implica-

tions

The investment implication is not necessarily to abandon equities. In fact, the K-shaped economy may continue to support select winners: companies with pricing power, automation advantages, AI leverage, and strong balance sheets. But it does argue for being more selective. The same forces that support corporate margins may also increase macro fragility.

And transition periods are notoriously volatile. Volatility increases option prices, which makes our covered call strategy particularly compelling at a time like this.

In short: AI and automation may extend the profit cycle, but they may also deepen the social and economic divide. That is bullish for certain companies, but not necessarily bullish for the economy as a whole.

April Performance

Van Hulzen's covered call strategy turned in a strong month in April, participating fully in the market rebound off of the March lows. The strategy returned +5.1% in April, versus 3.8% for the covered call index (BXM) and 1.6% for the high yield bond index.

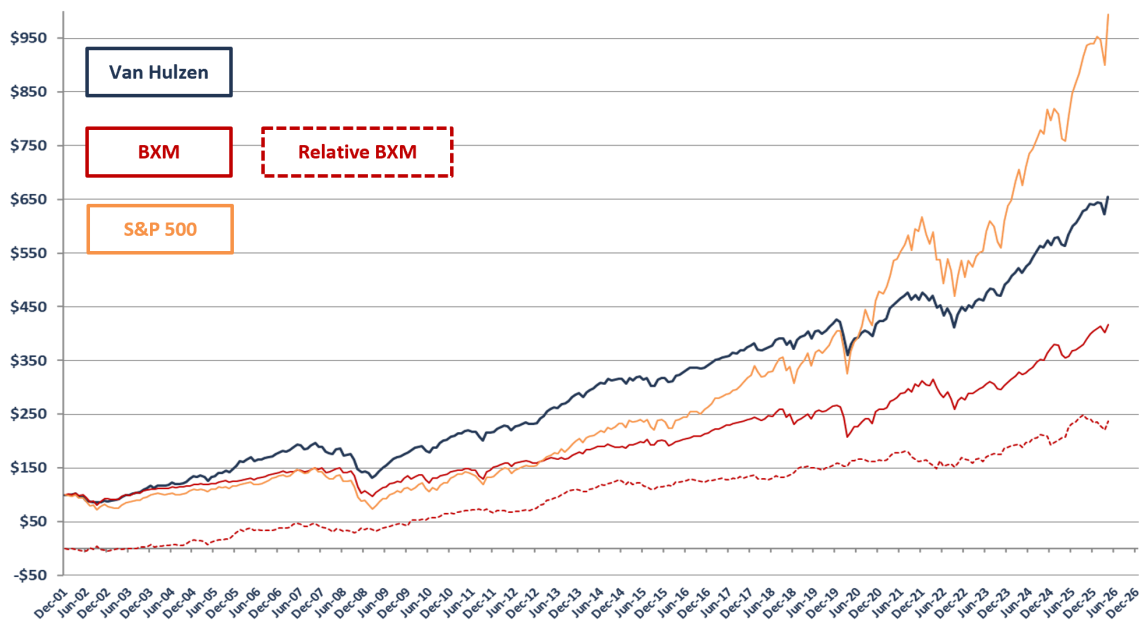
Since inception (25+ years), the strategy has delivered strong alpha versus its benchmarks. And the team is optimistic about the future.

Alpha	Relative to...		
$a = R_p - [R_f + (R_m - R_f) \beta]$			
	CC Index	High Yield	S&P 500
R _p = Realized return of portfolio	7.8%	7.8%	7.8%
R _m = Market return	5.9%	5.6%	9.5%
R _f = risk-free rate	1.5%	1.5%	1.5%
β = Beta	0.7	0.7	0.5
Alpha	3.3%	3.4%	2.1%

Van Hulzen Covered Call Strategy

The Van Hulzen Covered Call strategy invests in US companies that we consider to have high shareholder yield (dividends and share repurchases) and uses call options with the goal of reducing portfolio volatility and creating incremental income. The goal is a portfolio that has equity exposure while seeking higher than average annual income (target of 6-8% annual), although there is no guarantee that the strategy will achieve its objective, generate profits or avoid losses. Below you will find the graph of the Van Hulzen Covered Call Strategy and the Covered Call Index BXM.

Covered Call Strategy Performance (gross as of 04/30/2026)



Returns (annualized)*	Apr 2026	3M	6M	YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Inception
Van Hulzen (Gross)	5.1%	1.5%	3.6%	2.3%	16.3%	12.1%	7.5%	7.1%	7.3%	8.0%
Van Hulzen (Net)	5.0%	1.3%	3.4%	2.1%	15.7%	11.3%	6.8%	6.4%	6.6%	7.2%
BXM	3.8%	1.7%	6.8%	2.9%	17.5%	12.0%	8.6%	7.6%	7.6%	6.0%
Difference (Gross-BXM)	1.3%	-0.3%	-3.2%	-0.6%	-1.2%	0.1%	-1.0%	-0.4%	-0.3%	2.0%
S&P 500	10.5%	4.2%	6.0%	5.7%	31.1%	21.7%	13.1%	15.4%	15.3%	9.9%

*Inception date : 12/31/2001. Figures greater than one year are annualized. Van Hulzen returns represent actual returns from composite of accounts. Source: Bloomberg, Tamarac

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