



QUARTERLY MARKET COMMENTARY · Q1 2026

First Quarter 2026

Market Review & Outlook

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First Quarter 2026 Highlights

- **US Equity Markets:** The US equity market declined in the first quarter, with the S&P 500 falling -4.4%. After increasing by +1.4% in January, the market declined in two consecutive months, falling -0.8% in February and -5.0% in March to close out the quarter. The selloff was driven in part by the escalation of the US/Iran conflict, which pressured equities and pushed interest rates higher. Despite the quarterly decline, the bull market remains intact, with the S&P 500 up nearly +92% since October 2022.
- **Market Reactions to Geopolitical Events:** While geopolitical conflicts can create meaningful short-term volatility, history shows that markets have generally been resilient. The S&P 500 has typically declined modestly in the immediate aftermath of major events but has gone on to post average gains of +4.6% and +11% over the following six and twelve months, respectively. This reinforces the importance of maintaining a disciplined, long-term perspective rather than reacting to near-term headlines.
- **Treasury Yields:** Treasury yields increased across the curve in the quarter, as elevated energy prices pushed inflation expectations higher, driving yields upward. The 10-Year Treasury yield increased by about 15 basis points to 4.32%.
- **US Fixed Income Market:** The Bloomberg US Aggregate Bond Index (Agg), which acts as a proxy for the intermediate-term investment-grade bond market, was essentially flat in the quarter, declining by -0.05% due to the rise in the 10-Year Treasury yield. In our opinion, intermediate-term bonds remain an attractive investment opportunity, as the yield to maturity on the US Aggregate Bond Index ended the quarter at 4.6%.
- **The Fed:** At their March 18th meeting, the FOMC kept the top end of the Federal Funds rate unchanged at 3.75%. The most recent Summary of Economic Projections (SEP) shows the median participant expects rates to decline this year. However, market expectations have shifted in a more cautious direction. As oil prices have moved higher, investors have increasingly priced out two expected rate cuts, with the current view that the Fed is likely to remain on hold for the remainder of the year.
- **US Economy:** The US economy continues to expand, but the outlook has become more uncertain. Real GDP growth is estimated at approximately +2.3% in 2026, down from +2.5% over the last month. The labor market has cooled meaningfully, with Fed Chair Powell describing conditions as a “low-firing, low-hiring environment.” Looking ahead, the path of growth will depend on how long the conflict persists and energy prices remain elevated, and whether these pressures weigh more broadly on consumer demand.
- **Short-Term Market Outlook:** Our outlook remains measured. Coming into the year, we were cautious, expecting volatility and highlighting several risks, including geopolitical developments and signs of froth across parts of the market. Thus far, the peak-to-trough decline in the S&P 500 has been about -9%. While these periods are uncomfortable, we view them as an inevitable part of investing and embrace them as opportunities to turn lemons into lemonade through tax-loss harvesting or reallocating to more attractive securities. Despite the recent selloff, earnings estimates remain solid, valuations have become more reasonable, and some of the excesses observed earlier in the year have begun to moderate. In our view, it is prudent to remain disciplined by staying committed to regular rebalancing toward long-term targets, opportunistically raising cash for distributions, and positioning portfolios to both manage downside risks and participate in potential upside, even amid periods of volatility.
- **Long-term Investment Philosophy:** Our long-term outlook remains optimistic for investors with both a comprehensive financial plan and investment process. Markets have historically increased over time despite frequent drawdowns as successful corporations have been able to figure out ways to generate profits through advances in innovation and productivity. To capitalize on the [power of compounding](#), we believe in the benefits of staying **D**isciplined, **O**ppportunistic, and **D**iversified, while striving to **M**itigate fees, taxes, and expenses. In our opinion, adhering to a structured process and executing on all these components should help keep our clients on track toward pursuing their long-term objectives. *Historically, equity markets have recovered from recessions and downturns. Past performance is no guarantee of future returns. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.*

All data sourced from Bloomberg as of 3/31/26

US Equity Markets

The US equity market declined in the first quarter, with the S&P 500 falling -4.4%. After increasing by +1.4% in January, the market declined in two consecutive months, falling -0.8% in February and -5.0% in March to close out the quarter. The selloff was driven in part by the escalation of the US/Iran conflict, which pressured equities and pushed interest rates higher. Despite the quarterly decline, the bull market remains intact, with the S&P 500 up nearly +92% since October 2022. Market performance in recent months reinforces our belief in the importance of maintaining a disciplined long-term perspective. Please see our [Principles for Long-Term Investing](#).

US Equity Market Performance					
Broad Market	Q1 2026	Style	Q1 2026	Sector	Q1 2026
S&P 500	-4.35%	Russell 1000 Growth	-9.78%	Consumer Staples	7.68%
Russell 3000	-3.97%	Russell 1000 Value	2.07%	Industrials	4.61%
Dow Jones Industrial Average	-3.19%			Real Estate	2.76%
Nasdaq	-6.96%			Health Care	-4.88%
		Sector	Q1 2026	Communication Services	-6.94%
Size	Q1 2026	Energy	38.25%	Technology	-9.13%
Mid Cap (S&P 400)	2.50%	Materials	9.73%	Consumer Discretionary	-9.19%
Small Cap (Russell 2000)	0.92%	Utilities	8.26%	Financials	-9.47%

Source: Bloomberg

Key Points

- US/Iran Conflict and Energy Market Disruption:** In late February, the United States and Israel launched large-scale airstrikes on Iran, escalating tensions and triggering a significant disruption to global energy markets. Iran has since curtailed shipping through the Strait of Hormuz, a critical artery for global oil supply that typically handles roughly 20% of global consumption, with estimates suggesting flows have declined by as much as -95%. This disruption has pushed oil prices meaningfully higher, up over +50% since the start of the conflict, acting as a tax on consumers and businesses by increasing fuel and operating costs, reducing discretionary spending, and weighing on economic growth. At the same time, higher oil prices have lifted inflation expectations and interest rates, tightening financial conditions, strengthening the US dollar, and contributing to increased volatility across equity and fixed income markets. While President Trump has signaled a willingness to end the military campaign, there has been no ceasefire agreement to date, leaving uncertainty around the duration of the conflict and its continued grip on global markets.
- AI Disruption Fears Shake Industries:** AI disruption concerns moved rapidly through the market, with headlines triggering selloffs across multiple industries. Software has been hit hardest, as investors worry advances in next-generation AI systems could commoditize core functionality. Other areas, including Cybersecurity, Insurance, Real Estate, Financial Services, Alternative Investments, and IT Services and Consulting, also declined on structural concerns. While the long-term impact remains uncertain, we expect volatility tied to the AI narrative to continue, creating both potential reratings in some areas and opportunities in others.
- Magnificent 7 Weakness and Market Impact:** All seven members of the Magnificent 7 declined during the quarter, collectively accounting for nearly 90% of the S&P 500's overall decline. Microsoft (-23.3%) was the weakest performer, driven primarily by increased concerns around software disruption. Alphabet (-8.5%), Amazon (-9.8%), and Meta (-13.3%) also declined as investors reassessed the pace and returns on AI-related spending.
- Rotation Broadens Market Leadership:** Market leadership broadened during the quarter, with mid- and small-cap stocks outperforming large caps and value outperforming growth. The S&P 400 (+2.5%) and Russell 2000 (+0.9%) posted gains, while Russell 1000 Value (+2.1%) exceeded Russell 1000 Growth (-9.8%), driven in part by weakness in the Magnificent 7. Value outperformance was supported by strength in Energy (+38.3%) amid rising oil prices, as well as gains in Materials (+9.7%), Utilities (+8.3%), and Consumer Staples (+7.7%).
 - We construct [diversified portfolios](#) across regions, market caps, styles, and sectors, tilting toward areas we believe offer the most potential benefit. Our view remains that diversification can help deliver more consistent, less volatile results than an all-eggs-in-one-basket approach. *There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.*
- Upcoming Catalysts:** BLS Employment Report (4/3), President Trump's Iran Deadline (4/6), CPI Inflation (4/10), Unofficial Start of Q1 Earnings Season (4/13), Retail Sales (4/21), FOMC Decision (4/29), PCE Inflation (4/30), Q1 GDP (4/30).

Market Reactions to Geopolitical Events: Maintaining a Long-Term Perspective

On February 28, 2026, the United States and Israel launched large-scale airstrikes on Iran targeting military bases, missile sites, nuclear facilities, and senior leadership. The strikes were part of a coordinated campaign intended to degrade Iran's military and nuclear capabilities. The operation killed Iran's Supreme Leader, Ali Khamenei. Iran responded with various retaliatory measures, including missile and drone attacks on Israel and US military bases across the region. The conflict has escalated into a broader Middle East confrontation with significant economic and geopolitical implications. Please see our recent [market commentary](#).

Most notably, Iran has disrupted shipping and energy infrastructure in the Strait of Hormuz, a critical route for global oil shipments. Most estimates put the volume of oil transiting the strait at roughly 20 million barrels per day, equivalent to about 20% of global oil consumption. Maritime traffic in the Strait of Hormuz has effectively halted, as Tehran has threatened to attack and sink any vessels attempting to pass through it. This continued disruption of shipping and oil facilities has raised concerns about global energy markets and supply chains. WTI crude oil reached a recent peak of \$120 per barrel on March 9th, its highest level since April 2024, before returning to \$101 as of this writing.

If oil prices remain elevated, economic growth is likely to slow. Higher energy costs act like a tax on households and businesses. Consumers spend more on fuel and utilities, leaving less money for other goods and services, while businesses face higher operating costs and may reduce hiring or investment. If these pressures persist, they can slow economic growth and increase the risk of recession.

Elevated oil prices also raise inflation expectations, which in turn lead to higher interest rates. This further weighs on economic growth due to higher borrowing costs for households, businesses, and governments, and can cause reduced spending, tighter lending conditions, and greater stress in highly leveraged sectors. The longer this lasts, the more this feedback loop will continue.

The turmoil in the Middle East is not a new phenomenon; global conflicts have consistently occurred throughout human history, and they will continue to occur. These geopolitical shocks often create short-term volatility, but markets have historically adjusted and rebounded relatively quickly. To demonstrate, we looked at major international events going back to World War II and calculated how the S&P 500 performed in the days and months following.

The chart below shows that markets tend to dip slightly in the immediate aftermath of geopolitical events, with the S&P 500 down an average of 1.3% one week later. Those declines were typically temporary though, with an average return of +4.6% and +11% after six and twelve months respectively. Geopolitical headlines may be unsettling in the moment, but history shows us that markets tend to recover over time. This reinforces the importance of maintaining a long-term perspective rather than reacting emotionally to the news cycle. *Past performance is no guarantee of future returns. Consider your own risk tolerance, financial circumstances, and time horizon.*

Impact of Geopolitical Events on the S&P 500				
Event	Event Date	One Week Later	Six Months Later	Twelve Months Later
Pearl Harbor Attack	12/7/1941	-6.33%	-7.23%	7.25%
North Korea Invades South Korea	6/25/1950	-5.38%	9.45%	20.55%
Cuban Missile Crisis	10/16/1962	-6.29%	22.61%	32.09%
Kennedy Assassination	11/22/1963	5.20%	17.78%	27.79%
Gulf of Tonkin Incident	8/2/1964	-1.59%	6.93%	5.89%
Six-Day War	6/5/1967	4.08%	8.49%	17.14%
Tet Offensive	1/30/1968	-1.07%	7.54%	13.82%
Yom Kippur War	10/6/1973	1.45%	-12.56%	-40.87%
Iraq's Invasion of Kuwait	8/2/1990	-3.13%	-2.70%	14.02%
9/11 Terrorist Attacks	9/11/2001	-5.44%	7.33%	-15.50%
Boston Marathon Bombing	4/15/2013	0.66%	10.89%	21.23%
Saudi Aramco Drone Strike	9/14/2019	-0.49%	-16.75%	13.18%
Iranian General Killed in Airstrike	1/3/2020	0.98%	-2.74%	18.21%
Russian Invasion of Ukraine	2/17/2022	-2.07%	-0.95%	-5.31%
Israel-Hamas War	10/7/2023	0.47%	20.35%	35.39%
US-Israel Airstrikes on Iran	2/28/2026	-1.99%		
Average		-1.31%	4.56%	10.99%

Source: LPL Financial, Bloomberg

Fixed Income Markets

Interest Rates

Treasury yields increased across the curve in the quarter, as elevated energy prices pushed inflation expectations higher, driving yields upward.

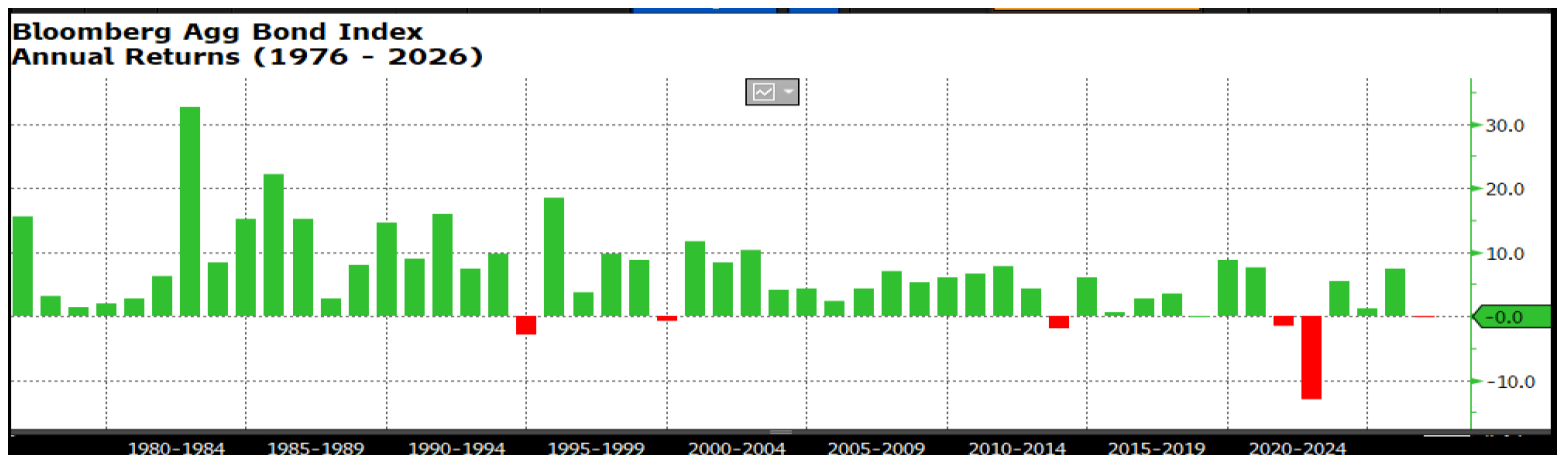
- **Short-Term Treasury Yields:** The Federal Reserve influences short-term interest rates by setting the Federal Funds rate.
 - Quarter-end levels: 3-Month: 3.67% (+0%), 6-Month: 3.69% (+0.1%), 12-Month: 3.65% (+0.2%).
 - According to Bloomberg, market pricing has shifted from roughly two 0.25% rate cuts this year to none. Expectations could shift back if energy prices moderate.
 - Investing in short-term Treasuries with 4%-5% yields was a great strategy over the past few years, but we believe that opportunity has passed, and investors now face reinvestment risk with lower rates at maturity. We suggest using short-term Treasuries to fund anticipated liabilities, and to invest any excess cash in longer maturities or in a diversified portfolio. *Investing involves risk including loss of principal. No strategy assures success or protects against loss.*
- **Long-Term Treasury Yields:** The market determines long-term yields based on supply dynamics, including elevated [federal debt](#) issuance, and investor demand, which vary with expectations for future inflation and economic growth.
 - Quarter-end levels: 10-Year: 4.32% (+0.1%), 20-Year: 4.91% (+0.1%), 30-Year: 4.91% (+0.1%).
 - As a reminder, mortgage rates are more closely tied to the 10-Year Treasury yield than the Federal Funds rate. The average 30-year mortgage rate increased to about 6.5% during the quarter, in line with the rise in long-term yields.

Intermediate-Term Bonds

The Bloomberg US Aggregate Bond Index (Agg), which acts as a proxy for the intermediate-term investment-grade bond market, was essentially flat in the quarter, declining by -0.05% due to the rise in the 10-Year Treasury yield. This ended the Agg's streak of four consecutive quarterly gains. Bond prices move inversely to interest rates and credit spreads. Please see our [Bond Primer](#).

As a reminder, we hold fixed income to seek ballast, stability, and income. Ballast refers to the ability to help offset equity risk during periods of volatility. Bonds did not provide meaningful ballast during the recent selloff, declining by about -1.8% in March while equities fell by -5.0%, due to the rapid increase in interest rates. While periods like this can be frustrating, maintaining a long-term perspective is important, as we still expect intermediate-term bonds to provide both ballast and positive returns as yields either stabilize or decline. Bonds have historically performed well in more stable rate environments; since late October 2022, the 10-Year Treasury yield has started and ended the period at roughly 4.3%, while the Agg delivered nearly +20% in total return (+5.4% annualized).

In our opinion, intermediate-term bonds remain an attractive investment opportunity, as the yield to maturity on the US Aggregate Bond Index ended the quarter at 4.6%. Yield to maturity is defined as the estimated annualized rate of return an investor can expect on a bond if purchased today and held to maturity, assuming the issuer makes all of the interest and principal payments (i.e., no defaults). *Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price.*



Source: Bloomberg

The Fed

The Federal Reserve serves as the central bank of the United States and performs critical functions designed to promote the health of the economy and stability of the financial system. The three key entities include the Board of Governors, twelve Federal Reserve Banks, and the Federal Open Market Committee (FOMC). The FOMC sets monetary policy in accordance with its mandate from Congress: to promote maximum employment and stable prices. According to the Fed, “monetary policy directly affects interest rates; it indirectly affects stock prices, wealth, and currency exchange rates. Through these channels, monetary policy influences spending, investment, production, employment, and inflation in the United States.” Please see our [Client Question on The Fed](#).

Monetary Policy

We are balancing these two goals [stable prices and maximum employment] in a situation where the risks to the labor market are to the downside, which would call for lower rates, and the risks to inflation are to the upside, which would call for higher rates, or not cutting anyway. ... We feel like where [interest rates] are now is the right place, given that balance of risks.

Fed Chair Jerome Powell, FOMC Press Conference (March 2026)

At their March 18th meeting, the FOMC kept the top end of the Federal Funds rate unchanged at 3.75%. The Fed has now held rates steady since December 2025. The present challenge for the Fed is balancing two competing forces. On one hand, the labor market is showing signs of softness, driven by both lower demand for workers and a slower-growing labor force due to reduced immigration and participation. On the other hand, inflation risks have moved higher, particularly due to rising oil prices.

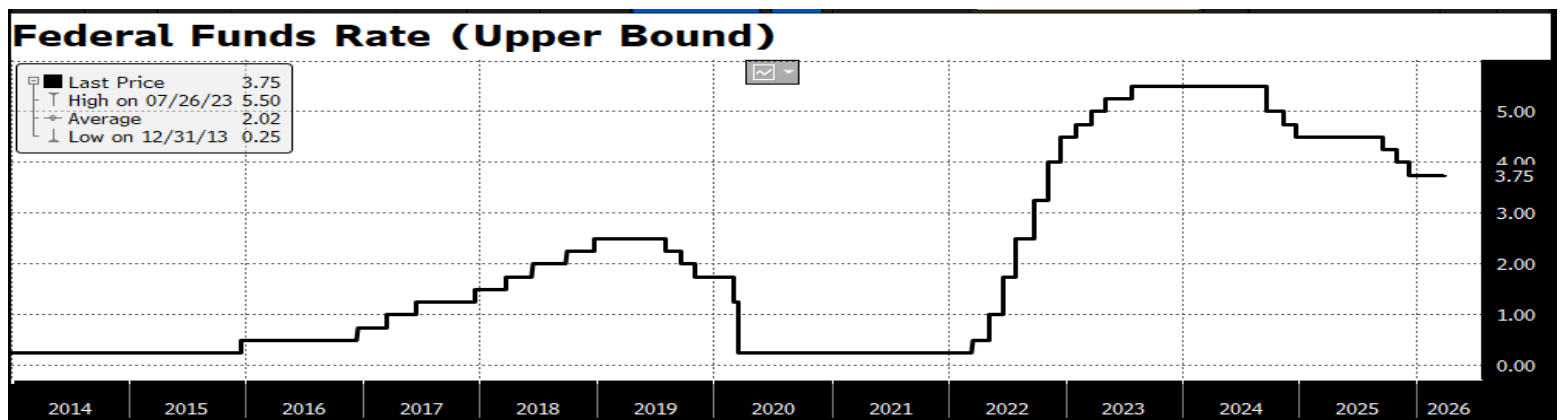
The Fed’s own projections still point to modest easing. The most recent Summary of Economic Projections (SEP) shows the median participant expects rates to decline to 3.4% this year, implying roughly one rate cut. However, market expectations have shifted in a more cautious direction. As oil prices have moved higher, investors have increasingly priced out two expected rate cuts, with the current view that the Fed is likely to remain on hold for the remainder of the year.

Fed Chair Succession

The Fed Chair may be headed for a historically awkward transition in the next few months. Current Chair Jerome Powell’s term ends in mid-May. Kevin Warsh has been nominated as his successor but has not yet been confirmed by the Senate. Republican Senator Thom Tillis, a member of the Senate Banking Committee, has stated he will block Warsh’s confirmation hearing until the Department of Justice (DOJ) investigation involving Chair Powell is resolved. Although Tillis has described Warsh as a “great nominee,” the delay is intended to preserve the Fed’s independence from pressure from the White House.

Chair Powell has stated that if his successor is not confirmed by the end of his term, he will remain in place as acting Chair until confirmation. Powell also said that he intends to remain on the Federal Reserve Board until the DOJ investigation is complete, though he has not made a decision about whether he will continue to serve as a governor beyond that point.

Kevin Warsh’s first meeting as Chair is expected to be on June 17th. However, if confirmation is delayed, Powell could still be serving as acting Chair at that time. This would create an unusual dynamic, particularly given the White House’s preference for new leadership, and lower interest rates.



Source: Bloomberg

US Economy

The energy price surge and the evolving conflict in the Middle East will raise costs and lower demand. Annual GDP growth in the United States is projected to moderate as strong AI-related investment is gradually offset by slower real income growth and consumer spending.

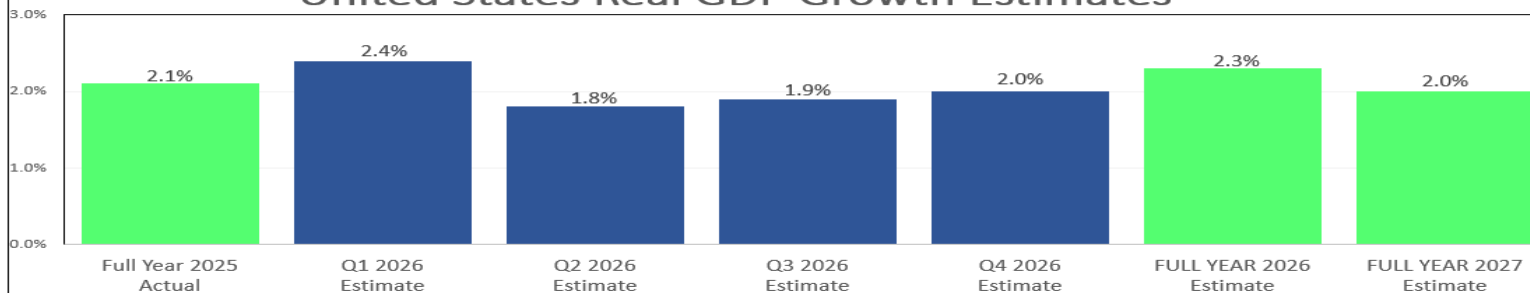
- OECD, Economic Outlook, Interim Report: Testing Resilience (March 2026)

The US economy continues to expand, but the outlook has become more uncertain amid the conflict between the US and Iran and the associated increase in energy prices. Real GDP growth is estimated at approximately +2.3% in 2026, down from +2.5% over the last month. The labor market has cooled meaningfully, with Fed Chair Powell describing conditions as a "low-firing, low-hiring environment." The most recent BLS Employment report for February showed a three-month average of just +6,000 jobs created, well below the three-year average of approximately +94,000, while private job creation has been effectively flat over the past six months. Continuing unemployment claims remain below their 12-month average, suggesting layoffs remain contained even as hiring slows. This dynamic reflects both a reduced supply of workers, driven in part by lower immigration, and softer demand for labor as uncertainty tied to artificial intelligence and automation weighs on hiring and investment decisions.

Inflation is likely to move higher over the coming months, driven by rising energy prices. These pressures are expected to weigh more heavily on lower-income households, where spending is more sensitive to fuel and utility costs. In contrast, consumer spending at the upper end of the income spectrum remains supported by the wealth effect. As a result, the US economy remains uneven, with resilience at the top offset by strain at the lower end. Looking ahead, the path of growth will depend on how long the conflict persists and energy prices remain elevated, and whether these pressures weigh more broadly on consumer demand.

United States Economic Data										
Data Point	Latest Reading	Historical Readings				Historical Averages		Source		
		3-Months Ago	12-Months Ago	5-Year Average	10-Year Average					
Economic Indicators										
Leading Economic Indicators (Y/Y)	-3.8%	-3.9%	↑	-3.6%	↓	-1.7%	↓	0.1%	↓	Conference Board
Financial Conditions Index	-0.19	1.06	↓	0.44	↓	0.46	↓	0.20	↓	Bloomberg
ISM Manufacturing Index	52.4	47.9	↑	48.9	↑	51.4	↑	53.0	↓	Institute for Supply Mgmt
ISM Services Index	56.1	53.8	↑	50.8	↑	55.0	↑	55.6	↑	Institute for Supply Mgmt
Consumer										
Retail Sales (Y/Y)	3.2%	2.4%	↑	5.1%	↓	7.6%	↓	5.4%	↓	US Census Bureau
Michigan Consumer Sentiment	53.3	52.9	↑	57.0	↓	65.5	↓	78.9	↓	University of Michigan
Debt-to-Service Ratio	9.8%	9.1%	↑	9.2%	↑	9.6%	↑	9.8%	↑	Federal Reserve
Labor Market										
Unemployment Rate	4.4%	4.4%	↑	4.2%	↑	4.1%	↑	4.6%	↓	Bureau of Labor Statistics
Change in Nonfarm Payrolls	(92,000)	(17,000)	↓	67,000	↓	251,433	↓	125,500	↓	Bureau of Labor Statistics
JOLTS Job Openings	6,882,000	6,550,000	↑	6,952,000	↓	9,021,650	↓	7,796,183	↓	Bureau of Labor Statistics
Housing Market										
Existing Home Sales (Annual Rate)	4,090,000	4,270,000	↓	4,020,000	↑	4,610,800	↓	5,048,300	↓	Ntl Association of Realtors
Case-Shiller Home Price Index (Y/Y)	1.2%	1.4%	↓	4.1%	↓	8.2%	↓	6.7%	↓	S&P
30-Year Fixed Rate Mortgage	6.5%	6.3%	↑	6.8%	↓	6.1%	↑	5.0%	↑	Bankrate.com
Inflation										
Core PCE Inflation (Y/Y)	3.1%	3.1%	↓	2.7%	↑	3.8%	↓	2.7%	↑	Bureau of Econ Analysis
Consumer Price Index (Y/Y)	2.4%	2.7%	↓	2.4%	↑	4.6%	↓	3.2%	↓	Bureau of Labor Statistics
Average Hourly Earnings (Y/Y)	3.8%	3.7%	↑	4.2%	↓	4.4%	↓	3.9%	↓	Bureau of Labor Statistics

United States Real GDP Growth Estimates



Source: Winthrop Wealth, Bloomberg

Outlook

Economic Growth	Monetary Policy
<p>The US economy continues to expand, but the outlook has become more uncertain amid the conflict between the US and Iran and the associated increase in energy prices. The labor market has cooled meaningfully, with Fed Chair Powell describing conditions as a “low-firing, low-hiring environment.” Looking ahead, the path of growth will depend on how long the conflict persists and energy prices remain elevated, and whether these pressures weigh more broadly on consumer demand.</p> <p>Real GDP Estimates:</p> <ul style="list-style-type: none">• 2026: +2.3%• 2027: +2.0%	<p>At their March 18th meeting, the FOMC kept the top end of the Federal Funds rate unchanged at 3.75%. The most recent Summary of Economic Projections (SEP) shows the median participant expects rates to decline to 3.4% this year, implying roughly one rate cut. However, market expectations show investors have increasingly priced out two expected rate cuts, with the current view that the Fed is likely to remain on hold for the remainder of the year.</p> <p>The Fed Chair may be headed for a historically awkward transition in the next few months. Current Chair Jerome Powell’s term ends in mid-May. Kevin Warsh has been nominated as his successor but has not yet been confirmed by the Senate.</p>
Corporate Earnings	Valuation
<p>S&P 500 earnings estimates continue to move higher, showing resilience despite the turmoil in the Middle East. First quarter 2026 earnings season kicks off in mid-April.</p> <p>S&P 500 Earnings Estimates</p> <ul style="list-style-type: none">• 2026: \$320 (+17%)• 2027: \$372 (+17%) <p>Over long time periods, earnings drive stock prices.</p>	<p>Valuations have become more reasonable after the recent decline.</p> <p>The P/E ratio is calculated as the current price divided by the earnings-per-share.</p> <ul style="list-style-type: none">• Forward P/E (next 12-months): 19.5x.• 30-Year Peak (1999): 25.6x.• 30-Year Average: 17.3x. <p>Valuation analysis is subjective and typically based on interest rates, earnings growth estimates, and historical or relative values.</p>

Source: Winthrop Wealth, Bloomberg

Short-Term Outlook: Our outlook remains measured. Coming into the year, we were cautious, expecting volatility and highlighting several risks, including geopolitical developments and signs of froth across parts of the market. Thus far, the peak-to-trough decline in the S&P 500 reached about -9%. While these periods are uncomfortable, we view them as an inevitable part of investing and embrace them as opportunities to turn lemons into lemonade through tax-loss harvesting or reallocating to more attractive securities. [Market declines are common](#), and what matters most is how investors respond. Historically, [periods of weakness](#) have been followed by strong returns and a high percentage of positive outcomes. Despite the recent selloff, earnings estimates remain solid, valuations have become more reasonable, and some of the excesses observed earlier in the year have begun to moderate.

In this environment, markets are balancing moderating economic growth, elevated geopolitical risks, and shifting leadership dynamics. The key factors we are monitoring include the US/Iran conflict and its impact on energy prices, the transition to a new Fed Chair, the evolution of tariffs, emerging signs of stress in the private credit space, and the trajectory of artificial intelligence development, including realized productivity gains, capital spending and financing trends, and the impact on employment. In our view, it is prudent to remain disciplined by staying committed to regular rebalancing toward long-term targets, opportunistically raising cash for distributions, and positioning portfolios to both manage downside risks and participate in potential upside, even amid periods of volatility.

As we outlined in our [Navigating Volatile Markets](#) commentary, maintaining the right mindset, a comprehensive financial plan, and a disciplined investment process can provide confidence in working toward long-term goals. *Historically, equity markets have recovered from recessions and downturns. Past performance is no guarantee of future returns. Consider your own risk tolerance, financial circumstances, and time horizon.*

Long-term Investment Philosophy: Our long-term outlook remains optimistic for investors with both a comprehensive financial plan and investment process. Markets have historically increased over time despite frequent drawdowns as successful corporations have figured out ways to generate profits through advances in innovation and productivity. To capitalize on the [power of compounding](#), we believe in the benefits of staying **D**isciplined, **O**ppportunistic, and **D**iversified, while striving to **M**itigate fees, taxes, and expenses.

In our opinion, adhering to a structured process and executing on all these components should help keep our clients on track toward pursuing their long-term objectives. *Historically, equity markets have recovered from recessions and downturns. Past performance is no guarantee of future returns. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.*

FIRST QUARTER 2026 MARKET RETURNS

US Equity												
Index	Q1 2026	2025	2024	2023	2022	2021	2020	1-Year	3-Year	5-Year	10-Year	20-Year
S&P 500	-4.35%	17.86%	25.00%	26.26%	-18.12%	28.68%	18.39%	17.77%	18.27%	12.04%	14.11%	10.51%
Russell 3000	-3.97%	17.13%	23.80%	25.93%	-19.22%	25.64%	20.88%	18.06%	17.82%	10.84%	13.68%	10.24%
Dow Jones Industrial Average	-3.19%	14.92%	14.99%	16.18%	-6.86%	20.95%	9.72%	12.23%	13.76%	9.10%	12.46%	9.98%
Nasdaq	-6.96%	21.17%	29.60%	44.70%	-32.51%	22.21%	45.06%	25.63%	21.76%	11.11%	17.13%	12.89%
S&P 400	2.50%	7.48%	13.89%	16.39%	-13.12%	24.73%	13.65%	17.33%	12.04%	6.88%	10.56%	9.15%
Russell 2000	0.92%	12.79%	11.52%	16.88%	-20.46%	14.78%	19.93%	25.76%	13.02%	3.75%	9.89%	7.52%
Russell 1000 Growth	-9.78%	18.55%	33.35%	42.67%	-29.14%	27.59%	38.49%	18.81%	21.16%	12.75%	16.80%	12.47%
Russell 1000 Value	2.07%	15.88%	14.35%	11.42%	-7.56%	25.12%	2.78%	15.81%	14.26%	9.39%	10.52%	8.09%
International Equity												
MSCI Index	Q1 2026	2025	2024	2023	2022	2021	2020	1-Year	3-Year	5-Year	10-Year	20-Year
EAFE	-1.24%	31.22%	3.82%	18.24%	-14.45%	11.26%	7.82%	21.27%	13.60%	7.91%	8.32%	5.03%
Europe	-4.26%	40.30%	2.64%	22.94%	-17.86%	13.54%	7.89%	19.74%	14.04%	8.59%	8.65%	4.70%
Japan	1.37%	24.60%	8.31%	20.32%	-16.65%	1.71%	14.48%	25.88%	15.71%	6.56%	8.44%	3.94%
China	-8.94%	31.17%	19.42%	-11.20%	-21.93%	-21.72%	29.49%	3.85%	6.55%	-4.91%	5.10%	6.26%
Emerging Markets	-0.17%	33.57%	7.50%	9.83%	-20.09%	-2.54%	18.31%	29.55%	14.82%	3.69%	7.83%	5.38%
All Country World (ACWI)	-3.20%	22.34%	17.49%	22.20%	-18.36%	18.54%	16.25%	20.01%	16.56%	9.48%	11.30%	7.64%
ACWI ex US	-0.71%	32.39%	5.53%	15.62%	-16.00%	7.82%	10.65%	24.91%	14.48%	7.01%	8.34%	5.11%
US Fixed Income												
Bloomberg Index	Q1 2026	2025	2024	2023	2022	2021	2020	1-Year	3-Year	5-Year	10-Year	20-Year
Aggregate	-0.05%	7.30%	1.25%	5.53%	-13.01%	-1.54%	7.51%	4.35%	3.63%	0.31%	1.72%	3.28%
Treasury Bills	0.88%	4.29%	5.32%	5.14%	1.52%	0.04%	0.54%	4.13%	4.84%	3.42%	2.26%	1.67%
Corporates	-0.54%	7.77%	2.13%	8.52%	-15.76%	-1.04%	9.89%	4.78%	4.70%	0.76%	2.85%	4.30%
Securitized MBS/ABS/CMBS	0.40%	8.49%	1.45%	5.08%	-11.67%	-1.04%	4.18%	5.75%	4.25%	0.54%	1.53%	3.14%
High Yield	-0.50%	8.62%	8.19%	13.45%	-11.19%	5.28%	7.11%	7.01%	8.59%	4.22%	6.15%	6.56%
Munis	-0.18%	4.25%	1.05%	6.40%	-8.53%	1.52%	5.21%	4.29%	2.87%	0.84%	2.17%	3.50%
US Equity Sectors												
Index	Q1 2026	2025	2024	2023	2022	2021	2020	1-Year	3-Year	5-Year	10-Year	20-Year
Technology	-9.13%	24.04%	36.61%	57.84%	-28.19%	34.53%	43.89%	29.05%	25.86%	18.14%	22.76%	15.80%
Real Estate	2.76%	3.15%	5.23%	12.35%	-26.13%	46.20%	-2.17%	2.33%	7.12%	4.42%	6.14%	4.47%
Industrials	4.61%	19.27%	17.30%	18.08%	-5.51%	21.10%	11.05%	25.01%	18.63%	12.15%	12.87%	9.94%
Energy	38.25%	8.68%	5.72%	-1.42%	65.47%	54.39%	-33.68%	36.32%	17.99%	25.03%	11.38%	7.43%
Consumer Discretionary	-9.19%	6.04%	30.14%	42.30%	-37.03%	24.43%	33.30%	11.72%	15.39%	6.27%	11.90%	11.31%
Communication Services	-6.94%	33.56%	40.23%	55.80%	-39.89%	21.57%	23.61%	32.51%	31.07%	12.91%	11.49%	9.58%
Consumer Staples	7.68%	3.90%	14.87%	0.52%	-0.62%	18.63%	10.75%	6.31%	8.60%	8.52%	8.32%	9.90%
Utilities	8.26%	16.04%	23.43%	-7.08%	1.56%	17.67%	0.48%	19.71%	14.18%	10.86%	9.94%	9.49%
Materials	9.73%	10.54%	-0.04%	12.55%	-12.28%	27.28%	20.73%	17.97%	9.37%	6.91%	10.44%	8.14%
Financials	-9.47%	14.97%	30.50%	12.10%	-10.57%	34.87%	-1.76%	0.58%	17.25%	9.64%	12.55%	5.30%
Health Care	-4.88%	14.60%	2.58%	2.06%	-1.95%	26.13%	13.45%	2.31%	6.04%	6.46%	9.95%	9.94%
Calendar Year Returns								Annualized Returns				

Source: Bloomberg

DISCLOSURES

Content in this material is for general information only and not intended to provide specific advice or recommendations for any individual.

The economic forecasts set forth in this material may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

All indexes mentioned are unmanaged indexes which cannot be invested into directly. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. Past performance is no guarantee of future results.

The Standard & Poor's 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The S&P Midcap 400 Stock Index is an unmanaged index generally representative of the market for the stocks of mid-sized US companies.

The Russell 2000 Index is an unmanaged index generally representative of the 2,000 smallest companies in the Russell 3000 index, which represents approximately 10% of the total market capitalization of the Russell 3000 Index.

The Russell 1000 Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

The Russell 3000 Growth Index is an unmanaged index comprised of those Russell 3000 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 3000 Value Index measures the performance of those Russell 3000 companies with lower price-to-book ratios and lower forecasted growth values.

The prices of small cap stocks and mid cap stocks are generally more volatile than large cap stocks. The MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada.

The MSCI EAFE Index consists of the following developed country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the UK.

The MSCI EM (Emerging Markets) Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the emerging market countries of the Americas, Europe, the Middle East, Africa and Asia. The MSCI EM Index consists of the following emerging market country indices: Brazil, Chile, Colombia, Mexico, Peru, Czech Republic, Egypt, Greece, Hungary, Poland, Qatar, Russia, South Africa, Turkey, United Arab Emirates, China, India, Indonesia, Korea, Malaysia, Philippines, Taiwan, and Thailand.

The MSCI US Broad Market Index captures broad US equity coverage. The index includes 3,204 constituents across large, mid, small and micro capitalizations, representing about 99% of the US equity universe.

International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.

The Barclays Capital US Corporate High Yield Bond index is an index representative of the universe of fixed-rate, non-investment grade debt.

The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market.

The Bloomberg Barclays US Treasury Bills 1-3 Month Index is designed to measure the performance of public obligations of the U.S. Treasury that have a remaining maturity of greater than or equal to 1 month and less than 3 months. The Index includes all publicly issued zero coupon U.S. Treasury Bills that have a remaining maturity of less than 3 months and at least 1 month, are rated investment grade, and have \$300 million or more of outstanding face value.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price.

Government bonds and Treasury bills are guaranteed by the US government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value.

Municipal bonds are subject to availability and change in price. They are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise. Interest income may be subject to the alternative minimum tax. Municipal bonds are federally tax-free but other state and local taxes may apply. If sold prior to maturity, capital gains tax could apply.

High yield/junk bonds (grade BB or below) are not investment grade securities, and are subject to higher interest rate, credit, and liquidity risks than those graded BBB and above. They generally should be part of a diversified portfolio for sophisticated investors.

The market value of corporate bonds will fluctuate, and if the bond is sold prior to maturity, the investor's yield may differ from the advertised yield.

Asset allocation does not ensure a profit or protect against loss. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio.

Diversification does not protect against market risk. All investing involves risk which you should be prepared to bear.

