

Q1 2026 REVIEW AND OUTLOOK

Broad Market Indices	INDEX LEVEL	1Q 2026 RETURN (%)	YTD 2026 RETURN (%)
S&P 500® Index	6,529	-4.33	-4.33
Dow Jones Industrial Average	46,342	-3.19	-3.19
NASDAQ Composite Index	21,591	-6.96	-6.96
Russell 2000® Index	2,496	0.89	0.89
MSCI ACWI ex US Index	577	-0.71	-0.71
Barclays U.S. Aggregate Bond Index	93	-0.05	-0.05
VIX Volatility Index	25	68.90	68.90
Baltic Dry Index – Spot (Ocean Cargo Shipping Rate)	1,995	6.29	6.29
Gold (\$ per ounce) – NY Spot	4,648	4.29	4.29
Oil (\$ per barrel – West Texas intermediate)	101	76.65	76.65
Bitcoin (\$)	68,164	-22.14	-22.14

U.S. Treasury Yields	3/31/2026	12/31/2025	Quarter Change
3-Month	3.68	3.63	0.05
2-Year	3.79	3.48	0.32
10-Year	4.32	4.17	0.15

Source: FactSet Research Systems, Inc.

Momentum, interrupted.

A 2.9% rally in stocks on the last day of the quarter helped lessen the sting of a negative three-month period where the S&P 500® Index lost 4.3% overall, its worst performance since 2022. The NASDAQ Composite Index provided even more movement, with its 3.8% rally on the last day of the quarter not being enough to reverse red numbers, finishing the period down 7.0%. The Russell 2000® Index emerged as the least-bad option among the major U.S. indices, losing 0.9% for the quarter. Declines in March wiped out profits from January and February. Disruption from the war in Iran and uncertainty around when the critical Strait of Hormuz would reopen combined to push markets lower, overriding the tailwinds that capped 2025.

Not surprisingly, commodities reacted most to the war with Iran. The price of oil rose 76.7% as attacks on infrastructure and shipping disruption squeezed global supply. International stocks were only down 0.7% despite the global dependence on oil and natural gas supplies from the embattled region – perhaps a sign of what is yet to come, but not yet arrived, in terms of price shocks from global energy.

Gold went on a bit of a rollercoaster ride, even before the start of hostilities. An early year rally was followed by a late January pullback, only to climb again in February. The start of the war tested the precious metal's role as a safe haven. Price declines in March eroded earlier gains, but Gold still finished up 4.3% -- a far cry from its 2025 advance of 65.7%. U.S. Treasuries and the strengthening dollar seemed to edge ahead as a store of value amid market uncertainty.

Bitcoin closely mirrored its pullback from Q4 2025 (-23.2%), finishing the quarter down -22.1%. A rise in yields on U.S. Treasuries pointed to concerns about slow growth and inflation driven by higher commodity prices.

The fog of war and more. We entered the new year, just three short months and an eternity ago, with justifiable optimism. Investors looked forward to higher tax refunds fueling all-important consumer-driven strength as well as a business-friendly regulatory and investment environment, due to the One Big Beautiful Bill's stimulus beginning to take hold.

The first fly in the ointment came with the U.S. military’s capture of Venezuelan leader Nicolás Maduro on January 3, providing a brief pause in the market’s upward trajectory. This would turn out to be a modest speed bump compared to the drag on markets that began with the U.S. and Israel launching attacks on targets within Iran on February 28.

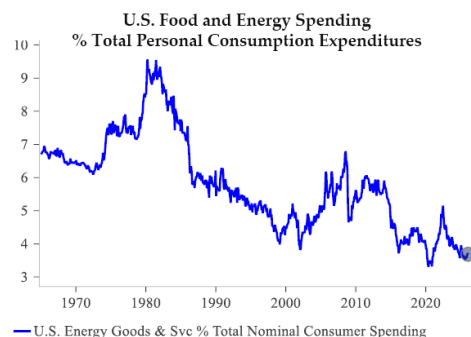
As we’ve previously noted, markets hate uncertainty -- and current uncertainty is multifaceted. When will the attacks end, particularly the bombing of energy infrastructure? When will the Strait of Hormuz reliably reopen? How long will it take for shipping to normalize? Markets reflect the perceived answers to these questions, with brief rallies on encouraging news of an end to hostilities and drops when attacks continue with no sign of a sustainable ceasefire.

The Strait story. Iran’s de facto closing of the Strait of Hormuz highlights the critical role of this passageway in global trade and its vulnerability as a chokepoint when disrupted. While oil is the more familiar commodity that traverses the waterway (more than 20% of global supply), the Strait is also a key conduit for liquified natural gas, an essential global fuel source, as well as core ingredients in fertilizer. The domino effect of supply disruption of these commodities is only beginning to work its way through the global economy, from shipping and jet fuel to consumer staples and AI’s growing appetite for energy.

Percentage of Global Supply Moving Through the Strait of Hormuz	
Oil	~20%
Liquified Natural Gas (LNG)	~20-25%
Liquified Petroleum Gas (LPG)	+30%
Helium	~40%
Fertilizer Inputs	~30-35%

Source: Strategas Investment and Economic Outlook 3/31/26

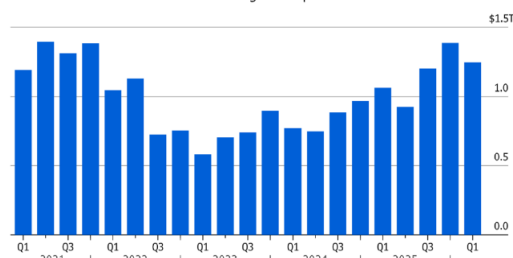
Eye on the home front. As a net exporter of energy, the U.S. is better positioned than it was during past energy supply shocks, and relative to economies around the globe that rely heavily on imported energy. This is welcome news as the U.S. also faces the headline risks of midterm elections as well as a change in leadership at the Federal Reserve. Markets have been pricing in a likely Democrat majority in the House, reflected in more favorable forecasts for sectors such as healthcare that tend to benefit from Democrat leadership in that body. At the Fed, Kevin Warsh’s emergence as the nominee to succeed chair Jerome Powell has taken a back seat to inflation concerns which have dramatically reduced the forecasts for rate cuts in 2026.



Source: Strategas Economic Update 3/24/26

Looking ahead. Where are investors to turn amid so many questions, foreign and domestic? Volatility begets opportunity. Consumer staples are historically a harbor in the storm while healthcare generally performs better under Democratic majorities in at least one branch of Congress. The defense sector benefits from increased emphasis on military priorities, not only from the U.S. but NATO’s push for increased spending from its members as well.

Global Dealmaking Rises Year-on-Year
Transaction values continue to trend higher despite volatile markets



Source: Bloomberg; As of 3/31/26

U.S. energy infrastructure provides another source of relative strength, particularly compared to global equities. Even amid geopolitical uncertainty, M&A activity saw an uptick in the first quarter, increasing by nearly 20% year over year as market corrections created buying opportunities. In addition, the recent reassessment of the AI trade has created opportunities in parts of the market tied to the ongoing buildout of data, power, and industrial infrastructure.

Moving forward, we believe it’s important to invest in companies with solid cash flow and clear earnings guidance. As Benjamin Graham, the father of value investing and mentor to Warren Buffett is credited with observing, “In the short run, the market is a voting machine but in the long run, it is a weighing machine.” Strong profitable companies – and those who own them – benefit from their intrinsic value in the end.

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The Dow Jones Industrial Average (The Dow), is a price-weighted measure of 30 U.S. blue-chip companies. The index covers all industries except transportation and utilities.

The NASDAQ Composite Index measures all NASDAQ domestic and international based common type stocks listed on The NASDAQ Stock market.

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VIX is the ticker symbol for the Chicago Board Options Exchange (CBOE) Volatility Index, which shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500® Index options.

The Bloomberg Barclays U.S. Aggregate Bond Index covers the USD-denominated, investment-grade, fixed-rate, taxable bond market of SEC-registered securities.

The Baltic Dry Index (BDI), is issued daily by the London-based Baltic Exchange. The BDI is a composite of the Capesize, Panamax, and Supramax Timecharter Averages. It is reported around the world as a proxy for dry bulk shipping stocks, as well as a general shipping market bellwether.

West Texas Intermediate (WTI) is a grade of crude oil used as a benchmark in oil pricing and is the underlying commodity of the New York Mercantile Exchange's oil futures contracts.

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