

# Market update



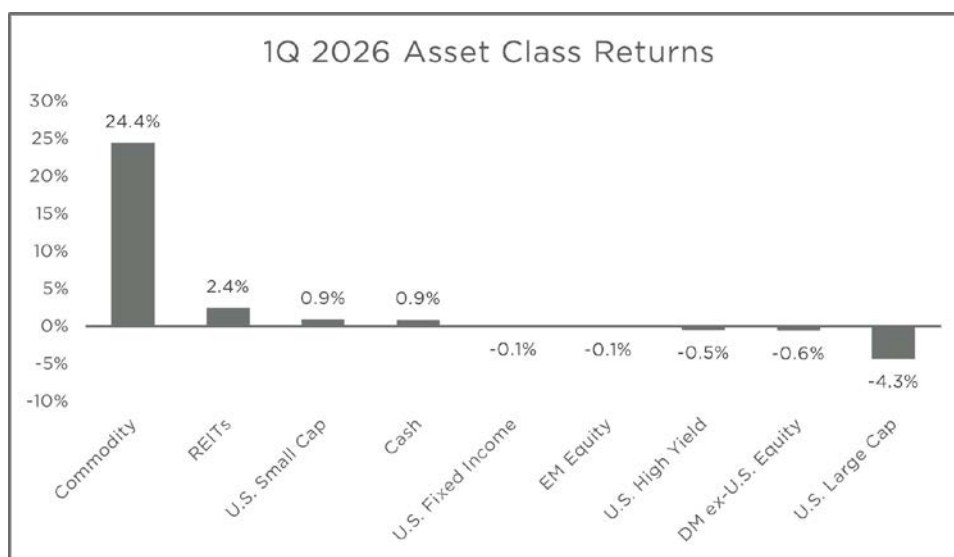
April 1, 2026

The first quarter felt strikingly familiar for investors. As in the prior year, markets were marked by sharp swings in sentiment, this time driven by the conflict in the Middle East rather than trade policy. In both cases, concerns about renewed inflation pressures weighed on performance and kept volatility elevated.

	<u>MARCH</u>	<u>1 YEAR</u>
• U.S. Taxable Bonds	-1.8%	+4.4%
• U.S. Stocks	-5.0%	+18.3%
• Foreign Stocks	-10.7%	+25.6%

Across asset classes in 1Q26, most segments, excluding commodities, gave back gains following the escalation of the conflict throughout the month. Equity valuations declined broadly, with U.S. large caps underperforming as the “Magnificent 7” fell roughly 15%, reflecting growing concerns about the return on rapidly rising AI capital expenditures. Small-cap stocks proved more resilient, supported by expectations for a meaningful acceleration in earnings growth.

Outside the U.S., emerging markets continued to outperform developed markets, led by countries such as Korea and Taiwan that are benefiting from AI-related investment. In fixed income, bond yields rose approximately 35 basis points year-to-date, pressuring returns as higher energy prices reignited near-term inflation concerns. Commodities stood out as the strongest-performing asset class, though returns were uneven—energy prices surged with oil up nearly 75% year-to-date, while precious metals lost momentum.



Last year’s early volatility quickly gave way to strong market performance, underscoring that market downturns are often brief while expansions tend to endure. Against this backdrop, investors may want to take advantage of recent market dislocations to position portfolios for long-term structural growth opportunities that are likely to persist well beyond the resolution of the Middle East conflict.