



April 1, 2026

[Name]
[Address]
[City], [State], [Zip]

Dear [Name]:

MAJOR MARKET INDEXES

2026

	<u>1st QTR</u>	<u>YTD 2026</u>
S&P 500 Index (TR)	- 4.33%	- 4.33%
Dow Jones Industrial Average (TR)	- 3.19%	- 3.19%
Nasdaq Comp (Price only)	- 7.11%	- 7.11%
MSCI All Country World Index (Net, USD)	- 3.21%	- 3.21%
MSCI All Country World Index ex USA (Net, USD)	- 0.74%	- 0.74%
Bloomberg U.S. Aggregate Bond Index (TR)	- 0.05%	- 0.05%
Bloomberg Muni Bond Index (TR)	- 0.39%	- 0.39%

Sources: *Stifel*. TR = Total Return, Net = Net Return, USD = U.S. Dollar

Despite three straight years of double-digit returns stretching valuations, U.S. equities raced out of the gates at the year's start with both the *S&P 500* and *Dow Jones Industrial Average (DJIA)* setting multiple new all-time records. The *DJIA* crossed and closed above the 50,000 level for the first time on February 6, 2026, a major milestone both psychologically and historically. Helping propel stock prices higher in the early-year rally were falling U.S. Treasury yields, solid 4Q 2025 earnings, expectations that moderating inflation combined with a softening in the labor market would warrant the *Federal Reserve (Fed)* to continue to cut interest rates and a widening out of gains beyond the tech titans that had dominated the markets.

The markets' advance was unexpectedly interrupted and upended, however, by the geopolitical shock of our war in Iran, that began on 2/28/2026, with joint U.S.–Israeli airstrikes targeting Iranian leadership and military infrastructure. The conflict led to Iran's closure of the *Strait of Hormuz*, disrupting 20% of the world's oil supplies. The price of *Brent* crude has swung wildly, surging from \$70/barrel to near \$120 in early March and ending the quarter at \$102. As the prospects for a quick resolution to hostilities faded, the positive investor sentiment from the beginning of the year turned markedly negative. The protracted disruption in global oil supplies is fanning consumer inflation, slowing household consumption and dampening economic activity. As the end of March neared, the *DJIA* and *Nasdaq Comp*, on an intraday basis, entered correction territory with falls of -10.80% and -13.86%, and the *S&P 500* coming very close, declining -9.79% (i.e., a correction is defined as a fall of 10% or more from a recent high). It was a turbulent and volatile quarter for U.S. stocks with all three of the major equity indices posting negative returns.

Meanwhile, the global and international equity markets, as measured by the *MSCI All Country World* and *MSCI All Country World exUSA Indices*, followed the lead of U.S. stocks except that the gains at the start of the year were more robust, but the losses were also steeper after the war in Iran commenced (i.e., Europe and Asia depend heavily on imported oil and Middle East shipping routes). Returns for the 1st quarter, while negative, compared more favorably to our domestic indices.

On the fixed income front, the *Fed* after cutting rates ¼% at three consecutive meetings in September, October and December of last year, took a pause and held rates steady at their two meetings in January and March, maintaining the fed funds target range at 3.50% - 3.75%. At the news conference following the *Fed's* March 17-18 meeting, Chairman Jerome Powell said:

“In the near term, higher energy prices will push up overall inflation, but it is too soon to know the scope and duration of the potential effects on the economy.”

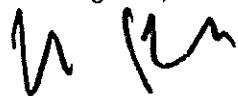
Additionally, the Bank of Canada, the Bank of Japan, the Bank of England, the European Central Bank and the central banks of Switzerland and Sweden, citing the impact oil supply disruptions may have on inflation and economic growth, also paused and left interest rates unchanged. Meanwhile, Australia's central bank moved in the opposite direction, raising interest rates ¼% at each of their most recent meetings in February and March, representing that central bank's first interest rate increase since 2023.

Prior to the U.S. and Israel launching missiles at Iran, *U.S. Treasury'* yields had been trending lower with the yield on the benchmark *10 Year U.S. Treasury* settling at 3.96% on Friday, 2/27, before the war began, 'vs.' 4.18% at the end of last year. The *10-Year Treasury* closed the 1st quarter at a yield of 4.32%.

The situation in Iran remains extremely fluid. Geopolitical uncertainty and war are weighing on investors' minds, concerned that the conflict in Iran will spur inflation and suppress economic growth. Until we see some credible resolution to the conflict, we will likely see markets continue to be highly volatile and turbulent. Also it is important to note that while market declines and corrections are unsettling, they have occurred with some regularity. Over the last 75 years the *S&P 500* on average has experienced falls of 5% twice per year and corrections of 10% or more every 18 months.

Please let us know if you have any questions. All the very best!

Best regards,



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Senior Vice President/Investments



Alec C. Jones
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Sources: Morningstar, U.S. Bureau of Economic Analysis, The World Bank, Trading Economics, The Wall Street Journal, USA Today, U.S. Dept of the Treasury and CNBC.

S&P 500 Index: Standard and Poor's 500 Index covers 500 industrial, utility, transportation, and financial companies of the U.S. markets (mostly NYSE issues).

Dow Jones Industrial Average: Covers 30 major industrial companies traded on the New York Stock Exchange (NYSE). It is a price-weighted arithmetic average, with the divisor adjusted for stock splits. The index is calculated on both a price change and a total return basis.

NASDAQ Composite: This composite index covers approximately 4,500 stocks traded over the counter. It represents many small company stocks but is heavily influenced by about 100 of the largest stocks listed on the NASDAQ. It is a value-weighted index calculated on price change only and does not include income.

The MSCI All Country World Index is a free float-adjusted, market capitalization-weighted index that is designed to measure the equity market performance of developed and emerging markets.

The MSCI All Country World ex USA Index captures large and mid cap representation across 22 of 23 Developed Markets (DM) countries (excluding the U.S.) and 25 Emerging Markets (EM) countries.

The Bloomberg U.S. Aggregate Bond Index is a broad-based flagship benchmark that measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), and ABS and CMBS (agency and nonagency).

Indices are unmanaged and are not available for direct investment. Past performance is no guarantee of future results, and no one can predict the markets with any certainty. Index returns include the reinvestment of dividends, except where noted, but do not include adjustments for brokerage, custodian, and advisory fees. There are no guarantees that the objectives of the strategies mentioned above will be met.

There are special considerations associated with international investing, including the risk of currency fluctuations and political and economic events. Investing in emerging markets may involve greater risk and volatility than investing in more developed countries.

Income from particular municipal bond issues may or may not be subject to state and alternative minimum taxes. Capital gains tax may apply if sold prior to maturity. Due to their narrow focus, sector-based investments typically exhibit greater volatility.