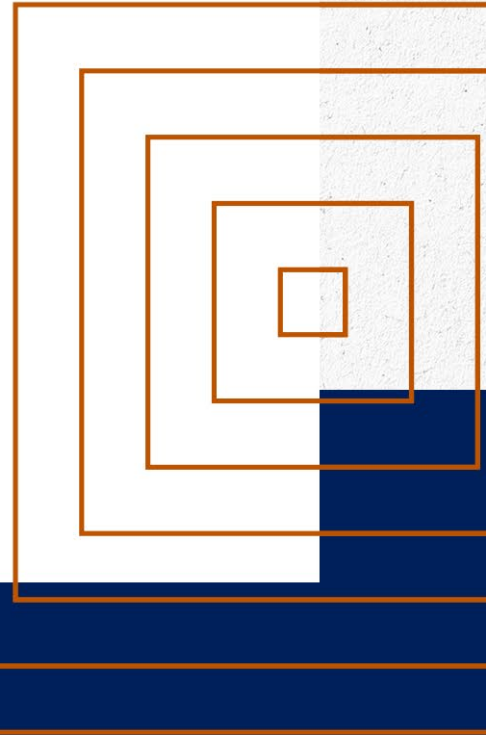


Market Insight Quarterly

First Quarter 2026

News & Views from LPL Research

The economic forecasts set forth in the presentation may not develop as predicted. Please note: all return figures are as of March 31, 2026, unless otherwise stated. This information is not intended as authoritative guidance or tax or legal advice. You should consult with your attorney or tax advisor for guidance on your specific situation.



Market Insight Quarterly

Q1 2026 at a Glance

Sector	Q1 2026
Gross Domestic Product*	2.4%
S&P 500 Index	-4.4%
Bloomberg U.S. Aggregate Bond Index	-0.1%
Bloomberg Commodity Index	24.4%

Source: LPL Research, Bloomberg 03/31/2026

* Bloomberg consensus as of 03/31/2026

Figures for S&P 500 Index, Bloomberg U.S. Aggregate Bond Index, and Bloomberg Commodities Index are total returns from 12/31/2025 – 03/31/2026 (Q1)

All indexes are unmanaged and cannot be invested into directly. The returns do not reflect fees, sales charges, or expenses. The results don't reflect any particular investment.

Past performance is not indicative of future results.

Equities Snap a Three-Quarter Win Streak on Escalating Geopolitical Tensions

Major equity averages were mostly lower across Wall Street over the first quarter of 2026, snapping a three-quarter winning streak for the S&P 500 as the equity benchmark ended 4.4% lower, including dividends. Trading over the last three months was broadly a tale of two halves as the opening months of the year saw stocks stuck in a historically tight range despite a fair amount of turbulence under the surface, with the latter portion of the quarter easily dominated by geopolitical developments in the Persian Gulf. The Dow Jones was a relative outperformer with a 3.2% loss, while the Nasdaq was pressured 7.0% lower by tech shares.

While the highest-profile talking points for stocks last quarter surrounded the artificial intelligence (AI) disruption theme denting software shares and geopolitically fueled uncertainty, the strong fundamental backdrop for corporate America remained in place. S&P 500 earnings grew 13.5% during the final quarter of 2025, easily securing a fifth straight quarter of double-digit earnings growth and the tenth consecutive quarter of growth. Expectations for another batch of double-digit earnings growth in the first quarter reporting season remained firm.

Economic resilience was another foundational theme following some signs of solidity from some macro indicators despite inflation sticking above the Federal Reserve's (Fed) target and some debate around the health of the labor market. Fed Chair Jerome Powell and Company held rates steady throughout the first quarter, as widely expected, before rate cut expectations were pushed out by traders in response to rising crude oil prices sparking economic growth and inflation jitters amid the joint offensive against Iran.

Markets remained highly sensitive to developments out of Washington and the Persian Gulf regarding the conflict, which began due to Tehran's refusal to end its nuclear program. By month end, missile and drone strikes continued, with the White House stating the U.S. had largely achieved its goals — although negotiations remained highly uncertain ahead of the April 8 temporary ceasefire. Nonetheless, the key point for markets was the de facto closure of the Strait of Hormuz, with little guidance from inside the Beltway on how the waterway will reopen. Another major story from the capital was the Supreme Court striking down some of the Trump administration's tariffs, however, given the status quo of pursuing other implementation methods, immediate market impacts were limited.

Early Rotation Lifts Smalls Above Large Caps

Small cap stocks kicked off the new year on a bright note, outperforming their large cap peers over the first two months of 2026 and hanging tough during the geopolitical stresses of March. The Russell 2000 small cap index added 0.9%, including dividends, during the first quarter, easily outperforming a -4.2% total return for the large cap Russell 1000 Index. The lion's share of the quarterly outperformance came during January on a nearly 5.5% small cap rally as investors rotated away from big tech stocks to cyclical pockets of the market and areas with lower valuations. Hopes that stimulus would boost consumption and business spending powered a 14-day string of outperformance for the Russell 2000 — the longest such streak since 1996. Energy shares led gains, while tech lagged.

Rotation Dynamics and Geopolitical Uncertainty Buoy Value

The value style logged back-to-back quarters of relative outperformance, as the Russell 1000 Value Index bested its growth counterpart with a 2.1% gain, cruising past the 9.8% loss for the Russell 1000 Growth Index. The nearly 12% of outperformance last quarter mostly arrived over the first two months of the year as software shares were battered by the potential threat of AI disrupting white-collar jobs, while technology and AI-related shares were dented amid ongoing spending scrutiny. However, the tone was not risk-off, but a rotation under the surface as investors turned from mega-cap tech names to cyclical pockets of the market. Energy and materials companies led the broader Russell 1000 Index, while technology and financials lagged.

Additional areas of outperformance included communication services and the defensive consumer staples and utilities sectors, while Magnificent Seven names finished broadly lower as all seven index heavyweights fell short of the tape, with Microsoft (MSFT) among laggards alongside the sell-off in software shares. NVIDIA (NVDA) and Apple (AAPL) were among the relative outperformers.

International Stocks Hang on to Outperformance Despite Conflict

After a rare year of outperformance in 2025, developed international and emerging market (EM) equities started the new year in the same fashion, besting the S&P 500's 4.4% loss, with a -0.1% quarterly return for the MSCI EM Index, while the MSCI EAFE Index for developed international markets shed just 1.1%.

Asia-Pacific emerging markets remained among the standouts, with South Korea's KOSPI leading the charge, surpassing the 5,000 and 6,000-point marks for the first time on the back of AI chip demand enthusiasm, as well as positive regulatory and corporate governance developments. Taiwan and Latin America were also areas of strength geographically. In developed markets, Australia and the U.K. were among relative outperformers as indexes for both markets were buoyed by a natural geopolitical uncertainty hedge via notable materials and energy sector weights. Nonetheless, developed and EM stocks lagged in March amid the Mideast conflict, and the oil shipping bottleneck on growth and inflation jitters, as well as a stronger U.S. dollar.

Treasuries Snap Winning Streak

Core bonds, proxied by the Bloomberg U.S. Aggregate Index, closed little changed with a slight 0.1% loss over the last three months, snapping a string of four straight quarterly gains. Treasury yields moved lower during January and February, supported by expectations of pending Fed rate cuts and AI disruption fears, before surging higher in March as the oil spike stoked inflation fears and led traders to punt rate cut bets. Worries over price pressures drove yield curve flattening as two-year yields added over 30 basis points while 30-year yields ended the quarter up seven.

U.S. Treasuries were relatively resilient compared to the slide in international sovereign debt securities, led by U.K. Gilts and Japanese Government Bonds. Elsewhere, corporate bonds faced some downside pressure as the high-yield and investment grade sectors both shed around half a percent based on the

Bloomberg High-Yield and Bloomberg Corporate Bond Indexes, respectively. The corporate bond space lagged the higher-quality Treasury market as credit spreads widened to their highest level since early 2025, reflective of credit risk exposure, while mortgage-backed securities outperformed with a 0.4% gain.

Commodities Surge on the Back of Oil Prices

The Bloomberg Commodities Index rallied during the first quarter, posting a stout 24.4% advance. After struggling during fourth quarter and the duration of 2025, West Texas Intermediate (WTI) crude prices trended slightly positive through the end of February, before soaring to a 76.6% quarterly gain in response to halted tanker traffic through the Strait of Hormuz, a spike in the geopolitical risk premium, and fears of lasting supply disruptions. Prices for the North American crude benchmark, WTI, and the global crude reference, Brent, both hovered near \$100 per barrel entering April.

Outside of the energy complex, gold held on to an 8.1% gain despite a steep sell-off at the onset of the U.S.-Iran conflict. The yellow metal is typically considered a haven when uncertainty rises, however, pushed out Fed rate cut expectations, a stronger U.S. dollar, and loss-covering dynamics pressured bullion prices near the quarter-to-date flatline before bouncing off key technical levels. Silver prices held on to a 4.9% gain after a late January sell-off, while copper prices ended lower. Grains steadily gained ground, while soft commodities pared declines on fertilizer shipping interruptions in the Persian Gulf.

All commodities performance is based on Bloomberg commodity indexes.

A Look Ahead

Economy. The economic landscape remains dynamic and complex, and despite near-term risks tilting to the downside, tailwinds for growth should outweigh headwinds over the longer-term, in our view. Looking ahead, investors should consider the following:

- **Domestic Resilience.** While 2026 presents notable headwinds, such as a slowing labor market, lingering inflation pressures, trade policy uncertainty, and geopolitical developments, the resilience of the domestic economy should propel growth for another year.
- **Rate Cuts or Hikes?** Amid the U.S.-Iran conflict, markets meaningfully reduced expectations of further Fed easing this year — briefly pricing in rate hikes. However, we do not foresee the Fed tightening monetary policy this year as structural changes (such as an aging population and a productive labor force) will keep a chance of a cut on the table.
- **Cooling Labor Market.** The labor market is expected to cool further, evidenced by weakening job openings and moderating wage growth, while unemployment remains low (on the supply side). However, the slowdown may not be evenly felt as high-income households will continue to navigate the environment with relative ease while lower-income workers will bear the brunt of reduced hiring.
- **Price Pressure Risk.** The key question in the near-term will be how geopolitical risks and the U.S.-Iran conflict transmits into the economy. Inflation is the primary risk here, and given supply chain pressures could stick around, we expect the annual pace of inflation to rebound. However, we continue to believe the economy will avoid a full-blown recession.

Stocks. A favorable backdrop and cyclical drivers for the stock market will likely continue through this year, although more episodes of market volatility should not be ruled out. Looking ahead, investors should consider the following:

- **Policy Tailwinds and AI to Power Equities.** A volatile start to 2026 does not mean the stock market will be stuck below the flatline. We continue to believe the AI investment cycle and the stimulus boost from the One Big Beautiful Bill Act (OBBBA) will act as key pillars of support. We maintain our expectations of mid-to-high single digit S&P 500 gains this year.
- **Earnings Continue to Ride the AI Wave.** Despite lingering scrutiny, markets continue to expect double-digit S&P 500 earnings growth this year, with big tech names likely to continue playing a significant role. The earnings growth gap between the Magnificent Seven and the rest of the market will likely persist, supporting large cap growth stocks, but expect this gap to narrow as the year progresses.
- **Improved Valuations are Notable.** A broadly favorable fundamental backdrop for equities remains in place, and improved valuations and positioning as a result of the conflict in the Middle East are likely to draw in buyers.
- **Geopolitical Tensions and Other Risks.** We believe this bull market could keep running, as most do at this stage, though past performance does not guarantee future results. But given the recently announced U.S.-Iran ceasefire is temporary, investors may be well served by bracing for additional bouts of volatility. Other risks such as AI disruption and investment worries, and the tendency for higher volatility in mid-term election years remain.

Bonds. Across the fixed income universe, the start of the new year has been dominated by rising global yields, shifting rate cut expectations, and private credit angst. Looking ahead, consider the following:

- **Multiple Dynamics in Play.** The combination of rising inflation expectations due to the Iran conflict and ongoing AI-related growth uncertainty, placed upward pressure on yields to end the first quarter. Economic impacts influencing the rate cutting path will be key for rates going forward.
- **Credit Risks to Remain Contained.** Despite risks to corporate credit markets and private credit in recent months, we do not expect systemic credit risks to arise on the corporate side and believe that private credit challenges are broadly a normal function of the credit cycle and not structural.
- **Return Drivers.** Returns will be income driven as Treasury yields will likely return to rangebound trading and credit spreads remain tight relative to history. Agency MBS and investment-grade corporates should outperform Treasuries, while riskier sectors face limited upside and higher default risk.

Please note: All return figures are as of March 31, 2026, unless otherwise stated.

Past performance is not indicative of future results. The economic forecasts set forth in the presentation may not develop as predicted.

U.S. Treasuries may be considered “safe haven” investments but do carry some degree of risk including interest rate, credit, and market risk. They are guaranteed by the U.S. 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.

First Quarter Performance Overview

Early-year Energy Rally Accelerated by Strait of Hormuz Bottleneck

S&P 500 sector performance, ranked by first quarter returns*

Sector	Q1 2026
Energy	38.2%
Materials	9.7%
Utilities	8.3%
Consumer Staples	7.7%
Industrials	4.6%
Real Estate	2.8%
S&P 500	-4.4%
Healthcare	-4.9%
Communication Services	-6.9%
Technology	-9.1%
Consumer Discretionary	-9.2%
Financials	-9.5%

Value Outperformed As Markets Grew Defensive Amid U.S.-Iran Strikes

Domestic and international asset class performance, ranked by first quarter returns*

Asset Class	Q1 2026
Small Value	5.0%
Mid Value	3.7%
Large Value	2.1%
Emerging Markets	-0.1%
Large Foreign	-1.1%
Small Growth	-2.8%
Russell 3000	-4.0%
S&P 500	-4.4%
Mid Growth	-6.3%
Large Growth	-9.8%

High-Yield Munis Led a Mostly Lower Quarter for Fixed Income Sectors

Bond market performance, ranked by first quarter returns*

Sector	Q1 2026
High-Yield Munis	0.7%
MBS	0.4%
TIPS	0.3%
U.S. Treasuries	0.0%
Bloomberg U.S. Agg	-0.1%
Munis	-0.2%
Foreign Bonds (Hedged)	-0.2%
Bank Loans	-0.5%
High-Yield Corporates	-0.5%
Investment-Grade Corporates	-0.5%
EM Debt	-1.3%
Foreign Bonds (Unhedged)	-1.8%
Preferred Stocks	-2.4%

*Source: LPL Research, Bloomberg 03/31/2026

All data as of 03/31/2026. All indexes are unmanaged and cannot be invested into directly. All indexes are unmanaged and cannot be invested into directly. The returns do not reflect fees, sales charges, or expenses. The results don't reflect any particular investment. Past performance is no guarantee of future results. The sectors are represented by the 11 S&P 500 Global Industry Classification Standard (GICS) indexes. Asset class returns are represented by the returns of indexes and are not ranked on an annual total return basis. It is not possible to invest directly in an index.

Bond Market Asset Class Indexes: Foreign Bonds (hedged) – Citigroup Non-U.S. World Government Bond Index Hedged for Currency; Preferred Securities – Merrill Lynch Preferred Stock Hybrid Securities Index; Treasury – Bloomberg U.S. Treasury Index; Mortgage-Backed Securities – Bloomberg U.S. MBS Index; Investment-Grade Corporate – Bloomberg U.S. Corporate Bond Index; Municipal – Bloomberg Municipal Bond Index; Municipal High-Yield – Bloomberg Municipal High Yield Index; TIPS – Bloomberg Treasury Inflation-Protected Securities Index; Bank Loans – Bloomberg U.S. High Yield Loan Index; High-Yield – Bloomberg U.S. Corporate High Yield Index; Emerging Market Debt – Bloomberg Emerging Markets USD Aggregate Total Return Index Unhedged; Foreign Bonds (unhedged) – Citigroup Non-U.S. World Government Bond Index (unhedged).

Important Disclosures

Investing involves risks including possible loss of principal. No investment strategy or risk management technique can guarantee return or eliminate risk in all market environments.

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual security. To determine which investment(s) may be appropriate for you, consult your financial professional prior to investing. The economic forecasts set forth in this material may not develop as predicted. All performance referenced is historical and is no guarantee of future results.

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Gross domestic product (GDP) is the monetary value of all the finished goods and services produced within a country's borders in a specific time period, though GDP is usually calculated on an annual basis. It includes all of private and public consumption, government outlays, investments, and exports less imports that occur within a defined territory.

Yield is the income return on an investment. This refers to the interest or dividends received from a security and are usually expressed annually as a percentage based on the investment's cost its current market value or its face value.

Earnings per share (EPS) is the portion of a company's profit allocated to each outstanding share of common stock. EPS serves as an indicator of a company's profitability. Earnings per share is generally considered to be the single most important variable in determining a share's price. It is also a major component used to calculate the price-to-earnings valuation ratio.

Small cap is a term used to classify companies with a relatively small market capitalization. The definition of small cap can vary, but it is generally a company with a market capitalization of between \$300 million and \$2 billion. The prices of small cap stocks are generally more volatile than large cap stocks.

The S&P 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 Bloomberg Global Aggregate Index measures the performance of global investment grade debt. The index includes treasury, corporate, and securitized fixed-rate bonds. Investing in stock includes numerous specific risks including: the fluctuation of dividend, loss of principal and potential illiquidity of the investment in a falling market. 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. 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 Russell 1000 Index consists of the 1,000 largest securities in the Russell 3000 Index, which represents approximately 90% of the total market capitalization of the Russell 3000 Index. It is a large-cap, market-oriented index and is highly correlated with the S&P 500 Index. 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 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.

Commodity-linked investments may be more volatile and less liquid than the underlying instruments or measures, and their value may be affected by the performance of the overall commodities baskets as well as weather, geopolitical events, and regulatory developments. The fast price swings in commodities and currencies will result in significant volatility in an investor's holdings.

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