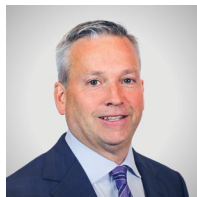


MARKET MINUTE

With McGAREL



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Past performance is no guarantee of future results.

The **S&P 500 Index** is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance. Investors cannot invest directly in an index. The **S&P 500 Growth Index** contains those securities with growth characteristics from the S&P 500 Index. The **S&P 500 Value Index** contains those securities with value characteristics from the S&P 500 Index. The **S&P MidCap 400 Index** is an unmanaged index of 400 stocks used to measure mid cap U.S. stock market performance. The **S&P SmallCap 600 Index** is an unmanaged index of 600 stocks used to measure small cap U.S. stock market performance. The **MSCI ACWI ex USA Index** captures large- and mid-cap representation across Developed Markets countries (excluding the United States) and Emerging Markets countries. An index does not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown.

Forward price-to-earnings (P/E) of a stock is the price divided by the estimated EPS for the next 4 quarters.

Magnificent 7 (Mag 7): AAPL: Apple Inc. MSFT: Microsoft Corporation. NVDA: NVIDIA Corporation. GOOGL: Alphabet Inc. AMZN: Amazon.com, Inc. META: Meta. TSLA: Tesla, Inc.

References to specific securities should not be construed as a recommendation to buy or sell and should not be assumed profitable.

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"March comes in like a lion and goes out like a lamb." The first part of that old adage about the weather certainly applies to risk assets like stocks and bonds this past month. The S&P 500 Index fell 5% in March and now sits down 6% from its all time high in January. Bonds also fell, as expected rate cuts were priced out of the market with the 10 year Treasury yield rising to 4.32% from below 4% at the start of the month.

Certainly most of these declines relate to the ongoing conflict in Iran, with energy prices up 50% (a barrel of crude oil is at \$101) and still much uncertainty regarding any conclusion to the situation and its aftermath.

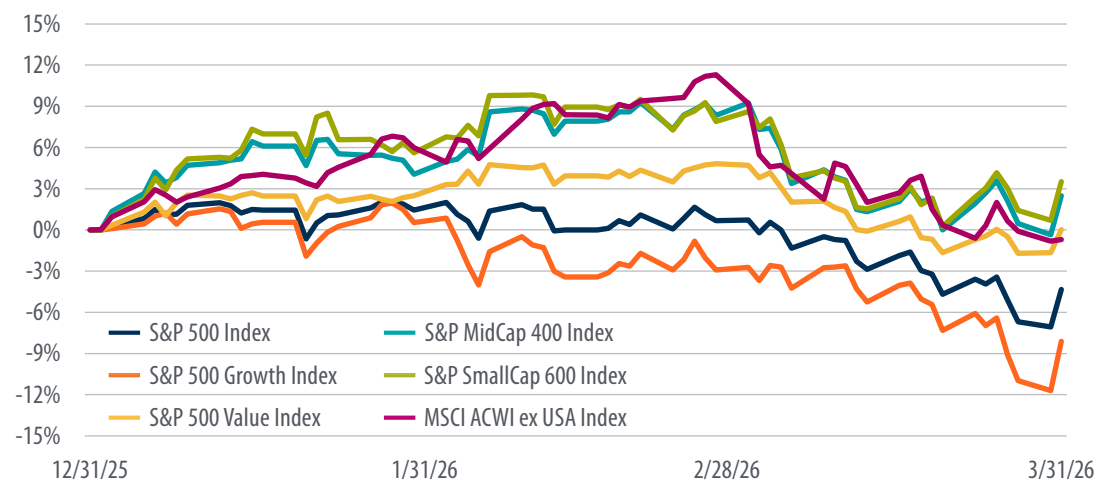
Why isn't the market down more? After all, we came into the year with a historically highly valued market and aggressive earnings growth expectations. Are investors underestimating the risks to economic growth from geopolitical tensions, higher oil prices, and even credit concerns tied to higher interest rates, along with disruption risks from AI in the software space? Perhaps. After all, investors who ignored all the risks the last three calendar years were rewarded with an 86% gain.

In our view, it shows a market that is resilient, able to absorb lots of negative information and remain focused on the big picture, which still supports modest equity gains this year. That resilience may come from the fact that 2026 S&P 500 Index earnings growth expectations of 13% at the start of the year have not declined but actually have increased by 3%. Additionally, since stocks have fallen, the index forward P/E multiple is lower, from 22x to 20x. While there are certainly more threats prevalent after all the events in March, there are no clear signs of long-lasting damage to the US economy. A resolution of much of the uncertainty by the end of April would be positive, potentially preventing further declines and giving investors reason to remain committed.

Year-to-date (YTD), the winners and losers in the market should have reminded investors that **valuation, fundamentals, and growth matter again**. The market has repriced many stocks where one or more of these elements were missing or less certain, even among the world's best companies. A clear example is the Magnificent 7, all of which are down more than the S&P 500 Index YTD. Microsoft is lower by an astonishing 23% YTD, highlighting the impact of high valuations and less certain growth.

The market has broadened out for the year with value outperforming growth, small stocks better than large, and international stocks outperforming the US (see chart). This started long before the hostilities in Iran. We expect these trends to continue if geopolitical tensions ease and the market sees little long-term damage to earnings expectations.

2026 YTD Performance



Source: Bloomberg. For illustrative purposes only and not indicative of any actual investment. Index returns do not reflect any fees, expenses, or sales charges. Returns are based on price only and do not include dividends.