



## Quarterly Investment Newsletter - Issue 17



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# Weathering the Storm(s)

The winter in the Mid-Atlantic this year felt relentless. Between the snowstorms, freezing temperatures, and stretches where it seemed like the cold would never break. This winter season was a constant reminder of how important it is to be prepared for what comes next and be stocked up on all of the essentials, milk, eggs, bread...Wine. Luckily the never-ending winter and cold seems to be behind us, we've had some absolute beautiful days these past few weeks and seem to (finally) be turning the page to spring. This time of year also means forecasters are already shifting their attention to hurricane season, with projections and storm names beginning to circulate well before the June 1st start date to the season. Fun fact, The hurricane names are listed out already until 2030, and can be found on the NHC/NOAA website.

In many ways, investing can have a similar feeling. There is always another "storm" developing, whether it's geopolitical tension, economic uncertainty, or the latest market narrative dominating headlines and airwaves. There always seems to be another storm on the horizon. Some pass quickly, others linger longer than expected, and a few have the potential to reshape the landscape. The challenge for investors isn't predicting every storm, but rather understanding which ones matter and maintaining the discipline to navigate through them.

The first quarter of 2026 illustrates the importance of preparation when it comes to financial planning and investing. After strong gains in 2025, markets have faced a combination of geopolitical shocks, higher oil prices, and renewed economic uncertainty. The conflict in Iran, which began at the end of February, became the dominant market story, pushing oil prices sharply higher and sparking the first market pullback of the year. However, by the end of March, headlines around a possible ceasefire emerged, and the situation continues to evolve.

	March '26	Q1 2026	YTD	1-YR	3-YR	5-YR	10-YR
S&P 500	-4.98%	-4.35%	-4.35%	17.77%	18.29%	12.04%	14.14%
NASDAQ	-4.81%	-5.82%	-5.82%	23.99%	22.61%	13.53%	19.23%
Dow Jones Industrial Average	-5.20%	-3.19%	-3.19%	12.23%	13.77%	9.11%	12.49%
S&P 500 Average Stock	-5.97%	0.61%	0.61%	12.64%	11.72%	8.02%	11.22%
MSCI EAFE	-10.18%	-1.09%	-1.09%	21.99%	14.32%	8.60%	9.07%
MSCI EM	-13.04%	-0.13%	-0.13%	30.26%	15.37%	4.13%	8.25%
U.S. Small Caps	-4.96%	0.93%	0.93%	25.65%	12.95%	3.61%	9.81%
Aggregate Bond Index	-1.76%	-0.05%	-0.05%	4.35%	3.63%	0.31%	1.70%
Investment Grade Bonds	-2.17%	-0.56%	-0.56%	4.81%	4.41%	0.34%	2.79%
High Yield Bonds	-1.02%	-0.44%	-0.44%	7.13%	8.41%	4.11%	5.62%

Source: Bloomberg. Data as of 03/31/2026. Returns include Dividends. Returns over 1YR are Annualized.

## Tracking the Storms

### Storm #1: Geopolitics and Oil Prices

It's natural to draw parallels between the start of this year and the beginning of 2025, as both periods were shaped by elevated global uncertainty. Coincidentally, each first quarter saw the S&P 500 decline by approximately 4.3%. While last year's volatility was largely driven by tariff concerns and this year's has been tied to geopolitical conflict in the Middle East, the impact on investor sentiment has been remarkably similar. When uncertainty rises, markets tend to respond with short-term volatility as headlines drive positioning.

While the past is never a guarantee of future results, stepping back can provide valuable perspective. Despite the challenges experienced in early 2025, equity markets went on to deliver strong gains over the remainder of the year, including multiple record highs across major indices. The point is not that markets always recover quickly, but rather that market narratives tend to focus disproportionately on negative developments. As a result, rebounds often occur when investors least expect them.

Perhaps the most important reminder is that pullbacks are both normal and unavoidable. The chart below illustrates how the S&P 500 has historically performed following major geopolitical and market shock events. While initial reactions are often negative, returns have generally improved over subsequent three-, six-, and twelve-month periods. It is also important to recognize that many of the more negative medium- and longer-term outcomes coincided with broader recessionary environments. In other words, while geopolitical events can drive short-term volatility, the underlying economic backdrop has historically played a far more significant role in determining market outcomes.

## How Do Stocks Do After Major Events?

### S&P 500 Index Performance After Geopolitical And Major Historical Events

Market Shock Events	Event Date	S&P 500 Index Returns			
		1 Month	3 Months	6 Months	12 Months
Germany Invades France	5/10/1940	(19.9%)	(12.7%)	(4.5%)	(18.7%)
Pearl Harbor Attack	12/7/1941	(1.0%)	(11.0%)	(6.5%)	4.3%
N. Korean Invades S. Korea	6/25/1950	(10.0%)	1.6%	4.1%	11.7%
Hungarian Uprising	10/23/1956	(2.1%)	(2.8%)	(1.3%)	(11.7%)
Suez Crisis	10/29/1956	(4.4%)	(3.6%)	(0.0%)	(11.6%)
Cuban Missile Crisis	10/16/1962	5.1%	14.1%	20.7%	27.8%
Kennedy Assassination	11/22/1963	6.8%	11.9%	15.5%	23.2%
Gulf of Tonkin Incident	8/2/1964	(1.6%)	1.9%	5.3%	2.7%
Six-Day War	6/5/1967	3.3%	5.9%	7.5%	13.5%
Tet Offensive	1/30/1968	(3.8%)	5.1%	5.2%	10.2%
Penn Central Bankruptcy	6/21/1970	(0.1%)	7.2%	16.8%	28.6%
Munich Olympics	9/5/1972	(1.0%)	5.7%	2.3%	(5.8%)
Yom Kippur War	10/6/1973	(3.9%)	(10.7%)	(15.3%)	(43.2%)
Oil Embargo	10/16/1973	(7.0%)	(13.2%)	(14.4%)	(35.2%)
Nixon Resigns	8/9/1974	(14.4%)	(7.0%)	(2.8%)	6.4%
Reagan Shooting	3/30/1981	(0.9%)	(1.8%)	(14.0%)	(16.4%)
Continental Illinois Bailout	5/9/1984	(3.1%)	1.0%	6.4%	12.8%
1987 Stock Market Crash	10/19/1987	8.1%	10.9%	14.7%	22.9%
Iraq's Invasion of Kuwait	8/2/1990	(8.2%)	(13.5%)	(2.1%)	10.1%
Soros Breaks Bank of England	9/16/1992	(2.5%)	3.0%	6.8%	9.9%
First World Trade Center Bombing	2/26/1993	1.7%	2.0%	4.0%	4.7%
Asian Financial Crisis	10/8/1997	(3.7%)	(1.8%)	14.1%	(1.5%)
U. S. S. Cole Yemen Bombing	10/12/2000	2.7%	(0.9%)	(11.3%)	(19.6%)
U. S. Terrorist Attacks	9/11/2001	(0.2%)	2.5%	6.7%	(18.4%)
Iraq war started	3/20/2003	1.9%	13.6%	18.7%	26.7%
Madrid Bombing	3/11/2004	3.5%	2.7%	1.5%	8.4%
London Subway Bombing	7/5/2005	3.3%	1.8%	5.3%	5.5%
Bear Stearns Collapses	3/14/2008	3.6%	5.6%	(2.8%)	(41.5%)
Lehman Brothers Collapses	9/15/2008	(16.3%)	(26.2%)	(34.8%)	(11.7%)
Boston Marathon Bombing	4/15/2013	6.3%	8.4%	9.7%	17.9%
Russia annexed Crimea	2/20/2014	1.5%	2.6%	8.0%	14.7%
BREXIT	6/24/2016	6.5%	6.2%	11.0%	19.7%
Bombing of Syria	4/7/2017	1.8%	3.1%	7.6%	12.8%
North Korea Missile Crisis	7/28/2017	(1.1%)	3.6%	14.8%	13.4%
Saudi Aramco Drone Strike	9/14/2019	(1.4%)	5.4%	(8.8%)	12.5%
Iranian General Killed In Airstrike	1/3/2020	1.9%	(23.1%)	(4.2%)	14.4%
U. S. Pulls Out of Afghanistan	8/30/2021	(3.7%)	2.8%	(4.9%)	(12.0%)
Russia Invades Ukraine	2/24/2022	5.9%	(7.2%)	(2.1%)	(7.1%)
Hamas attacks Isreal	10/7/2023	1.3%	10.6%	20.9%	33.5%
Iran attacks Isreal	4/13/2024	1.9%	9.9%	13.5%	5.3%
Liberation Day	4/2/2025	(0.5%)	10.6%	19.1%	?
US Bombs Nuclear Facilities In Iran	6/22/2025	5.7%	11.7%	13.5%	?
US Removes Maduro in Venezuela	1/3/2026	0.9%	?	?	?
Average		(0.9%)	0.8%	3.4%	3.0%
Median		(0.2%)	2.7%	5.3%	7.4%
% Higher		46.5%	66.7%	61.9%	65.0%

Source: Carson Investment Research, S&P Dow Jones Indices, CFRA, Strategas 02/20/2026  
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The most significant market development of the first quarter has been the escalation of conflict in the Middle East, which has driven a sharp increase in oil prices. Disruptions to the Strait of Hormuz, one of the most critical energy transit routes globally and responsible for roughly 20% of oil supply, have created meaningful constraints on production and distribution.

As a result, oil markets have reacted swiftly. Brent crude ended the quarter above \$110 per barrel, while West Texas Intermediate (WTI) surpassed \$100, reaching the highest levels since the Russia-Ukraine conflict began in 2022. These moves reflect both physical supply disruptions and the added uncertainty that typically accompanies geopolitical events.

Higher energy prices are not just abstract market movements. They have direct implications for consumers. Rising crude prices feed into gasoline and diesel costs, increasing prices at the pump and raising the cost of goods and services across the broader economy. National gasoline prices approached \$4 per gallon by the end of March, with diesel prices also moving higher and adding pressure to transportation and supply chains.

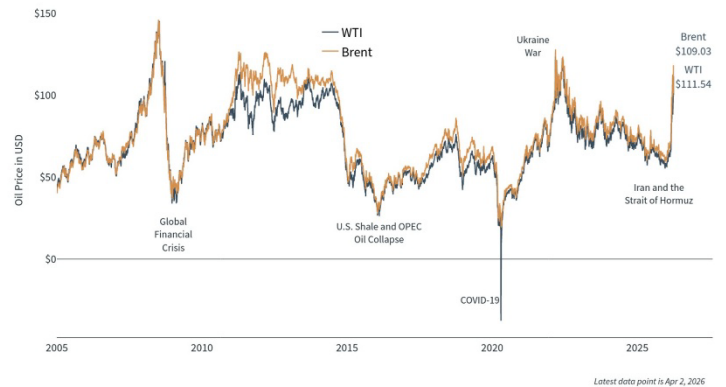
While these developments do impact consumers' wallets, economists typically interpret them as "supply-side shocks." Oil shocks tied to geopolitical events are generally viewed as temporary in nature, as prices have historically moderated once supply chains adjust and tensions stabilize. A similar pattern played out in 2022, when gasoline prices approached \$5 per gallon before declining in the months that followed. While elevated energy costs are never welcome, current levels are not expected to create widespread financial strain for the average household.

More broadly, history suggests that geopolitical events, while capable of generating short-term volatility, have rarely derailed markets over the long term. Market declines tied to these events have often been short-lived, with equities recovering as attention shifts back to underlying economic and earnings trends.

The key takeaway is not to dismiss these risks, but to place them in context. Over time, market direction has been driven far more by economic growth and corporate earnings than by any single event.

## Global Oil Prices

WTI and Brent Crude



Latest data point is Apr 2, 2026

Sources: Cleonomics, LSEG  
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## Storm #2: All Things A.I.

Artificial intelligence continues to dominate headlines, whether through rising capital investment, evolving business models, or concerns around disruption across industries and the labor force. It has become one of the defining narratives in markets, with new developments consistently shaping investor sentiment.

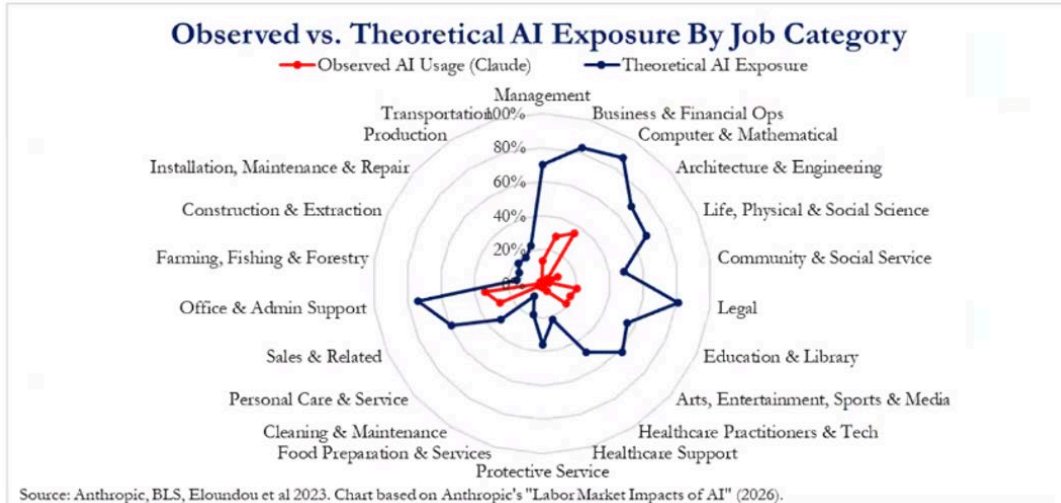


In prior periods, markets largely rewarded companies positioned to benefit from AI. In the first quarter, however, sentiment shifted. Investors began focusing not only on potential winners, but also on those at risk of disruption. This was particularly evident within software, where stocks declined sharply despite continued growth in forward earnings expectations. The divergence reflects valuation compression rather than weakening fundamentals, as markets reassessed how AI could impact long-term demand, pricing power, and competitive positioning.

Recent developments have reinforced that uncertainty. Announcements such as Anthropic introducing tools capable of performing legal and other professional tasks have heightened concerns that AI may begin to encroach on areas traditionally viewed as less susceptible to automation. This has increased investor anxiety

around potential pressure on revenues, margins, and employment across certain segments of the market.

While these concerns are understandable, early evidence suggests a more measured pace of adoption. Current use cases indicate that AI is being deployed primarily to enhance productivity rather than replace labor outright, pointing to a more gradual transition than headlines might imply.

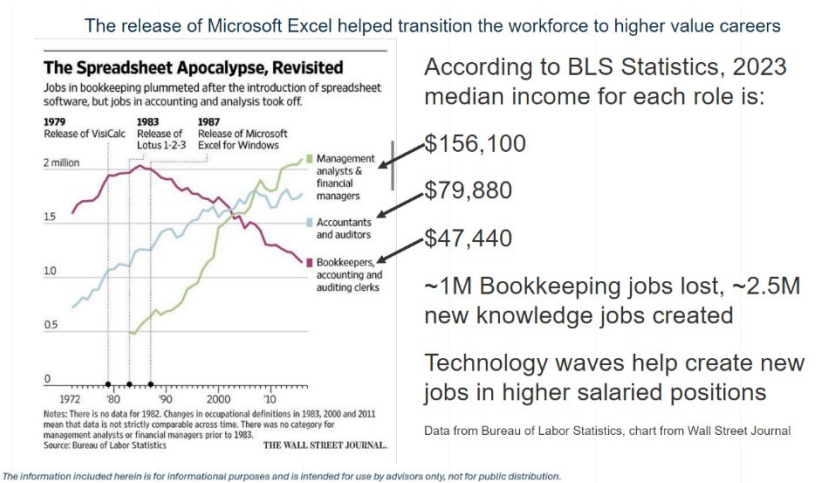


Technological innovation has consistently reshaped the workforce, from agriculture to manufacturing to the rise of the internet. A more recent example can be seen with the adoption of Microsoft Excel, which reduced the need for traditional bookkeeping roles while creating new opportunities in areas such as financial analysis, management, and decision-making. What initially appeared to be displacement ultimately led to a shift toward higher-value work.

This pattern has repeated across nearly every major wave of innovation. While each cycle has been met with concerns around job loss and disruption, the longer-term outcome has typically been economic expansion, the creation of new roles, and rising real incomes.

For this cycle to unfold differently, several unlikely conditions would need to occur at once. Adoption would have to accelerate rapidly across industries, labor would need to be replaced at scale without the creation of new roles, and productivity gains would have to fail to generate additional demand. At the same time, the infrastructure required to support such a shift, particularly in computing power and energy, remains constrained.

In practice, productivity gains have tended to reshape demand rather than reduce it, lowering costs, increasing real incomes, and creating new areas of consumption. While AI represents a meaningful



technological advancement, markets remain driven by the performance of underlying businesses, which have consistently adapted to changing environments.

For investors, the key question is not whether disruption will occur, but how it will be absorbed. While the pace of change may feel uncertain, the longer-term pattern has been one of adaptation rather than displacement. In that context, artificial intelligence should be viewed not only as a source of disruption, but also as a driver of future productivity, economic growth, and investment opportunity.

## Storm 3: Economic Uncertainty and Consumer Sentiment

This final “storm” can be thought of as the intersection of the first two, similar to a cold front colliding with a warm front. When these systems meet, conditions often become more volatile and less predictable. In today’s environment, a comparable dynamic is emerging, as geopolitical uncertainty and market volatility begin to influence consumer sentiment.

Recent data highlights how quickly that shift is occurring. The University of Michigan Consumer Sentiment Index declined more than expected in the first quarter of 2026, falling to 53.3 and reaching a multi-month low. The deterioration was driven largely by expectations for the next six months, while current conditions held up somewhat better.

At the same time, short-term inflation expectations moved higher, reflecting renewed concern around near-term price pressures. Longer-term expectations, however, remained more stable, suggesting that while consumers are increasingly uneasy about the immediate outlook, confidence in the broader economic framework has not fully broken down.

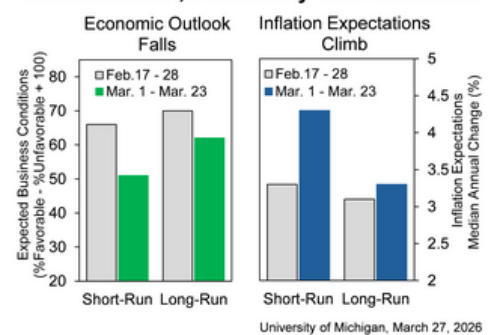
The decline in sentiment appears closely tied to recent geopolitical developments and market volatility. Rising energy prices and fluctuations in financial markets have weighed on households, including higher-

income consumers who had previously benefited from strong asset values. This highlights how quickly confidence can shift when both inflation and markets move against consumers at the same time.

However, what consumers are feeling and what they are doing remain two different things.

While sentiment has weakened, the underlying economic data has been more resilient. Consumer spending has held up better than expected, with retail sales rebounding in the first quarter and exceeding market expectations. This suggests that, supported by a still-healthy labor market, consumers have not

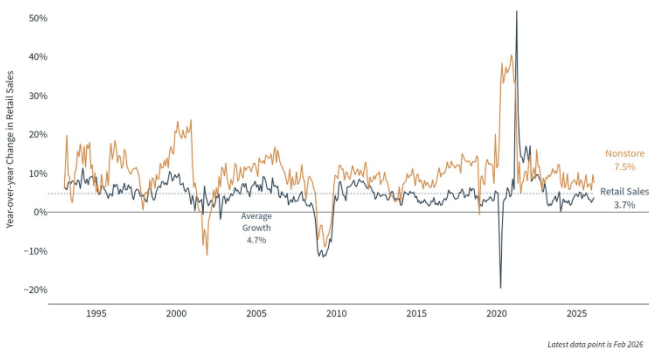
**Expectations Worsen After Start of Military Conflict in Iran, Particularly Over Short Run**



Market and Economic Chartbook | April 5, 2026

### Consumer Spending

Retail Sales, YoY % Growth, SAAR



Sources: Clearnomics, U.S. Census Bureau © 2026 Clearnomics, Inc.

pulled back spending as quickly as sentiment might imply.

Household balance sheets also remain in relatively strong shape. Net worth has reached record levels, while debt servicing costs remain below long-term averages. These factors provide an important buffer, helping to sustain consumption even as confidence softens.

That said, this resilience will be tested in the months ahead. The full economic impact of recent geopolitical developments, particularly those related to the conflict in Iran, has yet to be fully reflected in the data. Employment trends will be a key area to watch, as labor market conditions ultimately drive income and spending.

For now, the labor market remains on solid footing. Unemployment is still at historically low levels, and wage growth continues, albeit at a more moderate pace. While there are signs of cooling, they point more toward normalization than deterioration.

For investors, the divergence between “soft” sentiment data and “hard” economic activity is critical. Periods like this often create uncertainty, as markets attempt to determine whether weaker sentiment will translate into slower growth. So far, the data suggests moderation rather than contraction.

As with the other “storms,” the key is perspective. Sentiment can shift quickly, particularly in response to headlines, but long-term outcomes are ultimately driven by employment, income, and spending. While uncertainty has increased, the underlying foundation of the economy remains intact.

## The Climate Behind the Storms

I promise this will be my last weather reference, but while storms are always present, it is the broader climate pattern that ultimately determines their strength and impact. In markets, headlines and short-term volatility often dominate attention, but long-term returns are driven by a more durable set of forces, primarily earnings, economic activity, and policy.



**Earnings:** Earnings results for the fourth quarter of 2025 came in strong, providing a solid foundation for markets entering the new year. Corporate profitability remained resilient, with broad-based revenue growth across sectors, marking one of the strongest reporting periods since late 2022.

A key driver of this strength has been continued investment in artificial intelligence, particularly within the Information Technology sector. The sector not only delivered strong earnings surprises but also saw upward revisions following earnings releases, reinforcing confidence in forward growth. More broadly, nearly all sectors posted year-over-year gains, with information technology, communication services, and health care leading the way with double-digit growth.

There are, however, early signs of moderation beneath the surface. While a majority of companies exceeded expectations, the percentage of beats came in slightly below longer-term averages, and some areas, particularly consumer discretionary, are beginning to experience softer demand. At the same time, earnings growth is starting to broaden, with small- and mid-cap companies showing signs of improvement after lagging in prior years.

Looking ahead, expectations for the first quarter of 2026 remain constructive. Current estimates point to continued double-digit earnings growth for the S&P 500, which would mark the sixth consecutive quarter at that level. While factors such as higher energy prices, supply chain pressures, and interest rate dynamics may create some variability, the overall earnings backdrop remains supportive.

**Federal Reserve:** Monetary policy remains an important influence on the current environment, though the path forward is still uncertain. The Federal Reserve has historically taken a deliberate approach to policy changes, often waiting for clearer trends in the data rather than reacting quickly to short-term movements. As a result, policymakers are frequently seen as “late,” but this approach is designed to avoid acting prematurely and disrupting economic stability.

This dynamic is particularly relevant today, as markets have at times anticipated a faster pace of rate cuts than the Fed has been willing to signal. While inflation has moderated, it has not fully normalized, and recent volatility in energy prices adds complexity to the outlook. At the same time, the labor market is showing signs of gradual cooling rather than meaningful deterioration, allowing policymakers to remain patient.

Looking ahead, potential changes in Fed leadership have introduced an additional layer of uncertainty. Market participants are beginning to consider how a shift toward a more supply-side oriented framework could influence policy. This could include a reduced reliance on quantitative easing and a greater emphasis on encouraging productive investment, capital formation, and economic growth.

While these discussions are still evolving, the broader implication is that monetary policy may gradually shift in focus over time. For investors, the key takeaway is that the Fed is likely to remain supportive, but not aggressively accommodative, as it balances inflation risks with a still-resilient economy.

**Fiscal Policy:** Fiscal policy is beginning to reaccelerate after a period of moderation in the second half of 2025, providing an additional layer of support to the economic backdrop.

A combination of tax cuts, investment incentives, and increased government spending is expected to contribute meaningfully to both consumer activity and business investment. On the consumer side, the distribution of tax refunds and related measures is injecting additional liquidity into the economy, supporting spending at a time when confidence has softened. For businesses, provisions such as full expensing of capital investments and research and development are encouraging companies to accelerate spending on infrastructure, manufacturing, and technology.

Looking ahead, the scale of this support is meaningful. Estimates suggest that fiscal measures could inject hundreds of billions of dollars into the economy over the next year, with a notable portion tied to consumer

relief and business investment incentives. This creates a positive fiscal impulse heading into 2026, particularly as these policies begin to take effect alongside improving productivity trends.

Importantly, this support arrives at a time when parts of the economy are beginning to moderate. Fiscal policy can help offset some of that slowdown, providing a bridge between near-term uncertainty and longer-term growth. When combined with a gradually easing monetary backdrop, it reinforces a more constructive environment for economic activity and corporate earnings.

## Portfolio Positioning

At the end of the day, our portfolios are a reflection of both our core investment philosophy and our outlook across asset classes, sectors, and securities. As we noted at the beginning of this newsletter, portfolios are built to weather short-term volatility while maintaining a long-term focus on helping clients achieve their financial goals. This approach helps avoid common pitfalls such as market timing, overconcentration, and poor risk management, all of which can derail long-term outcomes.

### **Up in Quality, with a U.S. Overweight**

In a market that is becoming increasingly selective, emphasizing quality is not just a preference, but a necessity. As the U.S. economy transitions from post-pandemic acceleration to more normalized growth, companies with strong balance sheets, stable cash flows, and consistent earnings are proving more resilient.

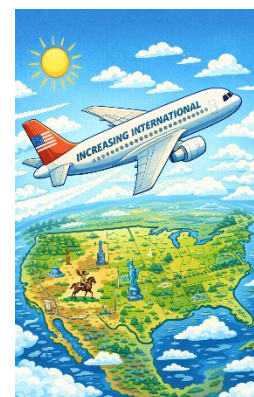
A quality tilt allows us to own businesses that can maintain earnings power across varying economic and rate environments, helping to reduce volatility without sacrificing long-term upside. Dividend growth companies, in particular, offer an attractive combination of income, durability, and compounding potential. While we continue to maintain exposure to higher-growth areas, the current environment favors a more balanced approach, with greater emphasis on quality.

From a regional perspective, we continue to favor U.S. equities. Strong corporate fundamentals, continued innovation, and a relatively supportive policy backdrop provide a clearer path to earnings growth compared to other regions. In an environment where leadership is narrowing and fundamentals are regaining importance, this positioning remains both pragmatic and intentional.

### **Increasing International Exposure**

At the same time, we have recently modestly increased our exposure to international equities. While global diversification has always been a core part of our philosophy, recent performance and valuation dynamics have reinforced the case for greater allocation abroad.

Within emerging markets, relative valuations remain attractive compared to the U.S., but the opportunity is not solely valuation-driven. The asset class also provides exposure to key segments of the global AI supply chain, including advanced semiconductor manufacturing, memory production, and electronic components that support both infrastructure buildout and



end-market applications. This creates a more differentiated growth profile than traditional international allocations.

In addition, just as we are seeing a broadening of leadership within domestic markets, we expect a similar trend to develop internationally over time. This adjustment allows us to capture potential upside while maintaining our overall U.S. overweight, which continues to be supported by stronger earnings visibility, deeper capital markets, and structural advantages in innovation.

### **Positioning Fixed Income for Inflation Risk**

While inflation is no longer the dominant market concern, it remains an important risk in the current environment. Recent geopolitical developments and the resulting increase in energy prices serve as a reminder that inflation can reaccelerate quickly, even after periods of moderation. At the same time, services inflation and wage growth continue to show signs of persistence.

Against this backdrop, market expectations have shifted toward a more balanced, but still uncertain, outlook. The Federal Reserve's gradual approach to easing policy reflects this dynamic, as policymakers remain cautious about declaring victory over inflation too early.

To help manage this risk, we have incorporated Treasury Inflation-Protected Securities (TIPS) within fixed income allocations. This allows us to maintain the diversification benefits of high-quality bonds while adding a layer of protection against unexpected increases in inflation, particularly in an environment where energy shocks and other supply-side pressures remain possible.

Even a modest allocation can help preserve purchasing power if inflation surprises to the upside or real yields move lower. While we are not forecasting a return to elevated inflation levels, we believe the risks remain skewed to the upside, making this a prudent addition to portfolios.

### **Final Words**

For those who have been following along with us, many of these beliefs and positioning decisions have been in place for some time. While headlines and short-term dynamics continue to evolve, our core philosophy remains consistent.

We will continue to monitor the economy, markets, and investment landscape as we always have, making adjustments when we believe they are appropriate and aligned with our clients' long-term goals. Our focus remains on building portfolios that can navigate changing conditions while staying grounded in long-term outcomes.

## In Summary...

### Market Recap: A Quarter of Colliding Forces

**Market Dynamics:** Q1 2026 was shaped by geopolitical tensions, AI-driven uncertainty, and shifting economic signals.

U.S. equities experienced modest pullbacks, while international markets and fixed income showed relative strength.

**Geopolitics & Oil:** Conflict in the Middle East drove higher energy prices and short-term volatility, though history suggests these events tend to have limited long-term market impact.

**AI Repricing:** Markets shifted from rewarding AI winners to reassessing potential losers, leading to valuation compression in areas like software despite continued earnings growth.

**Sentiment vs Reality:** Consumer sentiment weakened meaningfully, but spending and economic activity remained more resilient than expected.

### The Bigger Picture: “Storms” vs “Climate”

**Short-Term Noise vs Long-Term Drivers:** While headlines continue to drive volatility, long-term market direction remains tied to earnings, economic activity, and policy.

**Earnings Strength:** Corporate earnings remain strong, with broad-based growth and continued support from AI-related investment.

**Fed Policy:** The Federal Reserve is gradually shifting toward easing, but at a measured pace given persistent inflation risks.

**Fiscal Support:** Fiscal policy is becoming more supportive heading into 2026, with tax incentives and spending expected to support both consumers and businesses.

### Portfolio Positioning

**Stay Invested:** Market timing remains ineffective; long-term fundamentals continue to support equity exposure despite near-term uncertainty.

**Quality & U.S. Overweight:** Emphasis on durable businesses with strong balance sheets and consistent earnings, while maintaining a U.S. tilt given superior earnings visibility.

**Increased International Exposure:** Modest increase to international equities to capture attractive valuations and exposure to global growth and AI-related supply chains.

**Inflation-Aware Fixed Income:** Incorporating TIPS to help protect purchasing power in an environment where inflation risks remain skewed to the upside.

### Final Takeaway

**Volatility Is Normal:** Periods of uncertainty are a natural part of investing, particularly when multiple “storms” collide.

**Fundamentals Still Matter:** Earnings growth, policy support, and economic resilience continue to underpin markets.

**Cautious Optimism:** While risks have increased, the broader backdrop remains constructive for long-term investors.

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