Access Insights: Q1 Review & Q2 2026 Outlook

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Executive Summary - Resilience in a Volatile Market

The first quarter of 2026 has been defined by a sharp return of market volatility, driven primarily by escalating geopolitical tensions in the Middle East and the resulting shocks to global energy markets. Despite a broader market pullback, Access Wealth Group's portfolios have demonstrated exceptional resilience. By maintaining a proactive and defensive stance, our models successfully mitigated the downside, with most of our portfolios experiencing losses of only half or less than the major market indices. The Sector Rotation Portfolio and Emerging Wealth Portfolio even achieved a positive return.

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Executive Summary - Continued

This outperformance was the direct result of our strategic decision in early March to allocate 25% of our portfolios to Energy Infrastructure ETFs and Gold ETFs. These assets served as critical hedges as the S&P 500 retreated, providing stability while broader equity valuations remained under pressure.

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Q1 Performance Review

The Power of Strategic Hedging

In Q1 2026, the S&P 500 faced a significant 5% pullback as investors grappled with the reality of "higher for longer" interest rates and the sudden closure of the Strait of Hormuz. While the broader market struggled, energy and gold sectors surged, offsetting losses in the equity portion of our portfolios.

Asset Class / Portfolio	Q1 2026 Performance (%)
S&P 500 Index	-4.63%
World Market ex U.S.	-3.52%
Energy Infrastructure ETFs	+10.0%
Gold ETFs (GLD)	+8.0%

Source: LSEG, Access Wealth Group

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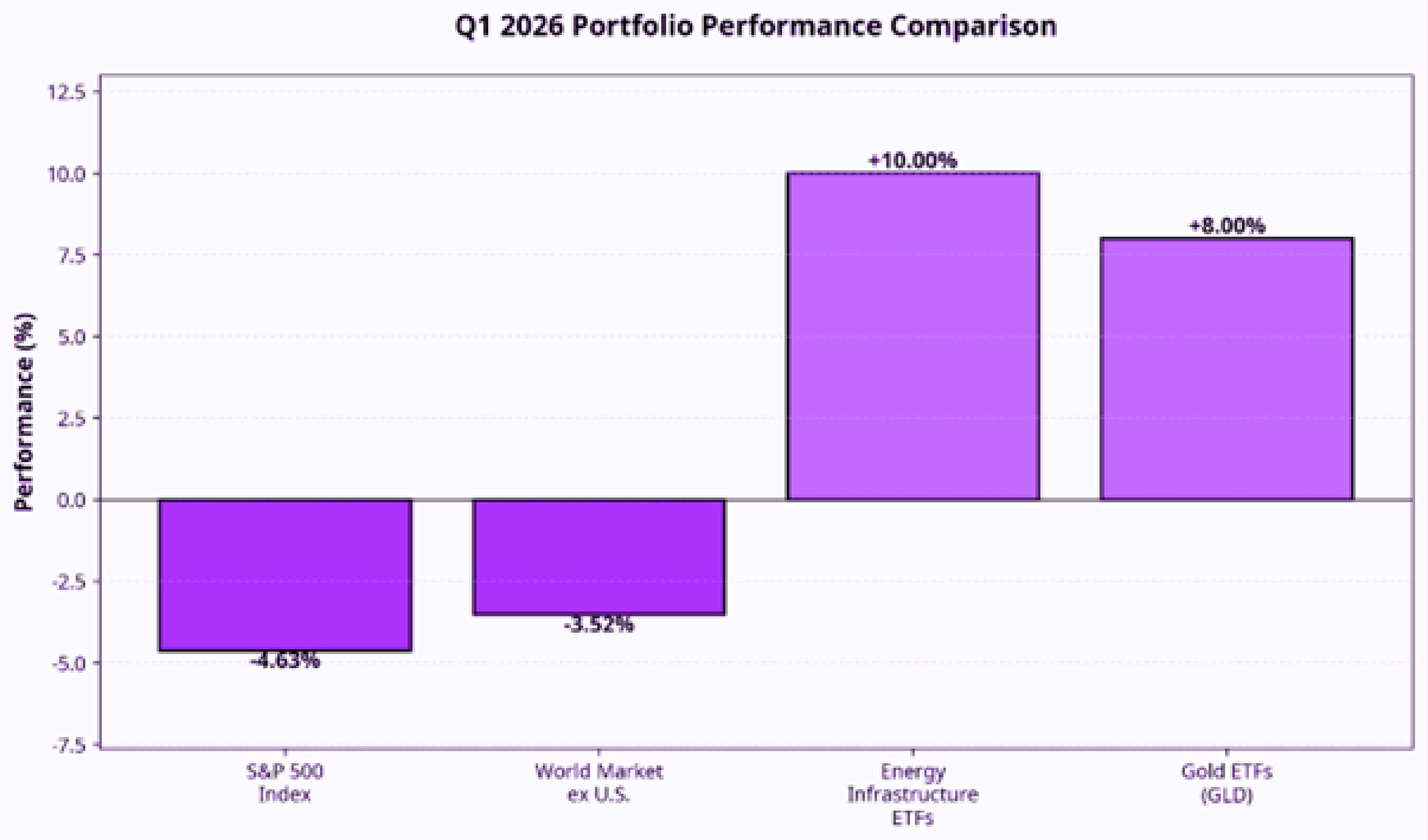
Q1 Market Performance - Continued



Source: LSEG, Access Wealth Group

This broadening meaningfully benefited diversified asset allocators such as our firm. **All Access portfolios experienced a strong recovery in the second half of the year, with particularly notable performance from our World (60/40) Portfolio and Emerging Wealth Portfolio** (our more aggressive version of the Sector-Rotation Portfolio). Both portfolios outperformed their respective benchmarks.

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Q1 Market Performance - Continued

Our energy infrastructure holdings, particularly midstream assets, benefited from the surge in oil prices, which crossed the $100 per barrel mark in March. Simultaneously, gold reaffirmed its status as the ultimate "insurance policy" against currency debasement and geopolitical instability, trading near record highs as the conflict intensified.

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Q2 2026 Investment Outlook

Earnings Are Holding Up, but Geopolitics Is Raising the Bar

The Geopolitical Landscape: Risks and Realities

The ongoing conflict involving the U.S., Israel, and Iran remains the preeminent risk to global financial stability. We are currently monitoring two distinct horizons of impact:

1. Short-Term Uncertainty and Supply Chain Obstruction

The closure of the Strait of Hormuz—a critical artery for 20% of the world's oil supply—has created immediate upward pressure on energy prices. The lack of a clear diplomatic direction from the White House has only added to market anxiety. Whether we see a de-escalation through negotiation or a further ground engagement remains the "known unknown" that continues to lift oil prices and obstruct global supply chains.

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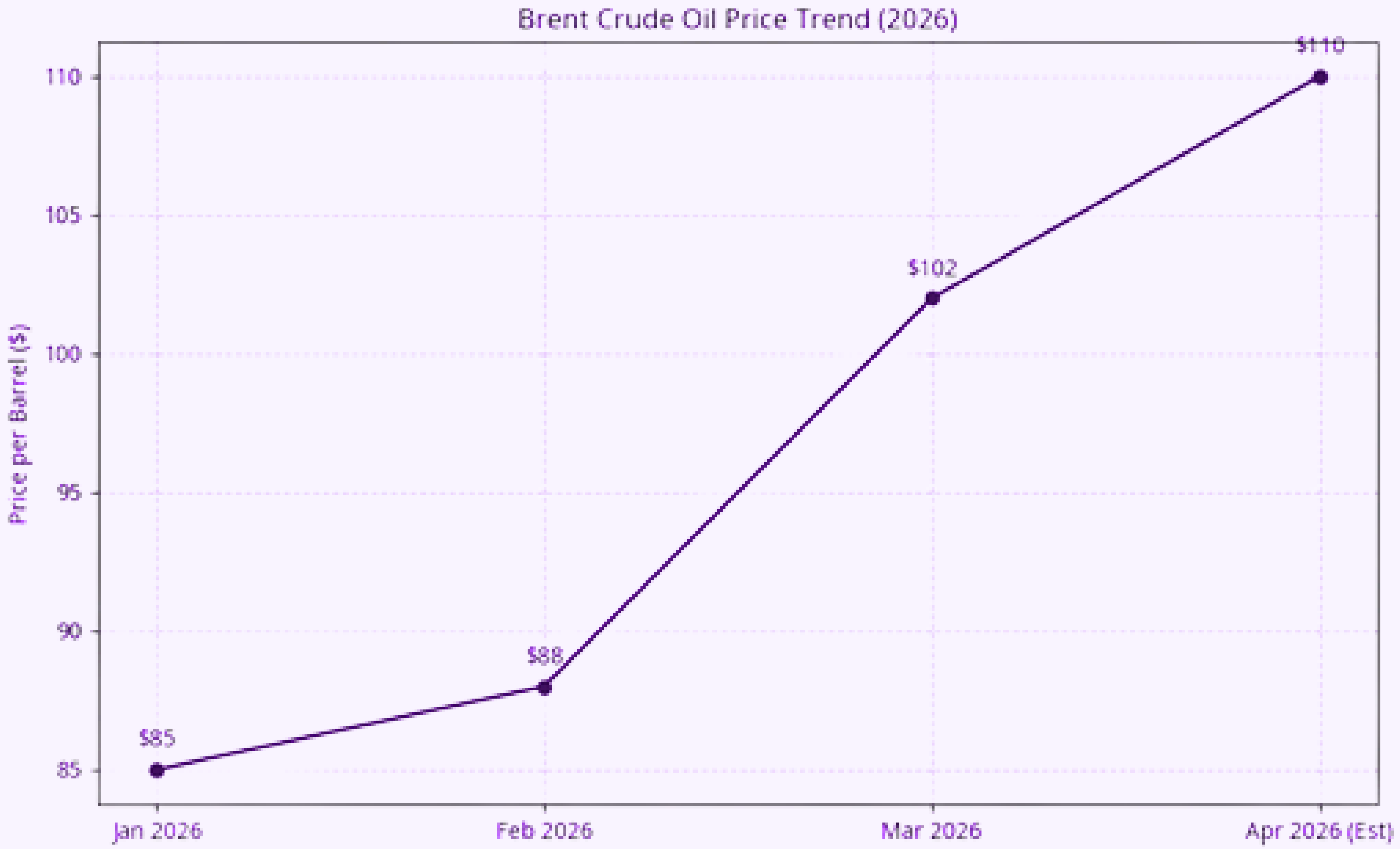
Source: FRED. Access Wealth Group

2. Long-Term Structural Impact

The destruction of refinery and oil infrastructure in the Middle East is not a short-term fix.

These facilities require significant time and capital to repair. A prolonged conflict suggests that energy prices will remain structurally higher for an extended period, potentially triggering a surge in global inflation.

This "energy-led inflation" affects everything from transportation costs to the price of fertilizers and plastics, posing a severe threat to the global economic recovery.



Source: Access Wealth Group

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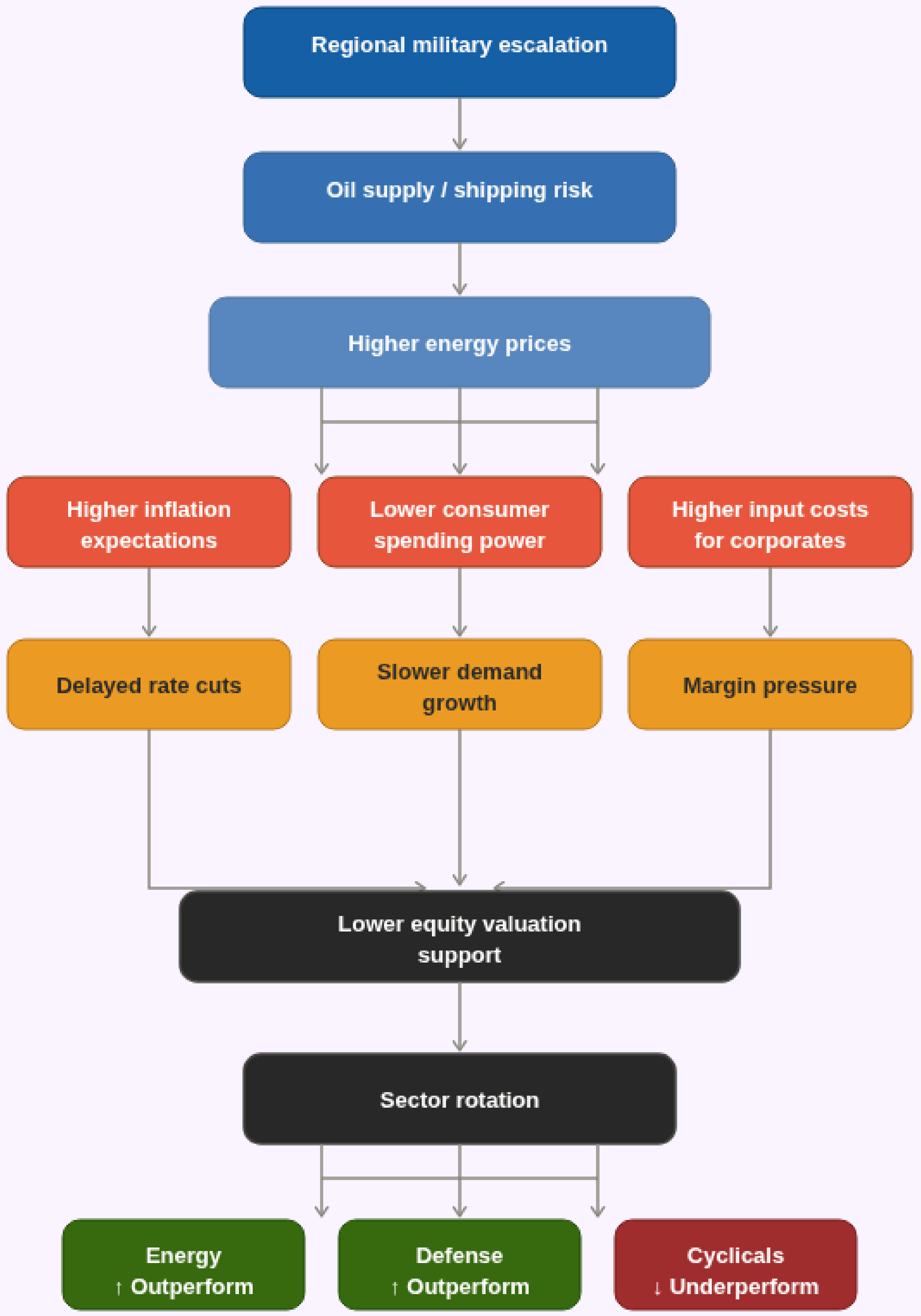
Iran Related Impact

The following flow chart illustrates this transmission mechanism:

Geopolitical escalation can move quickly through oil prices into inflation, interest-rate expectations, and ultimately equity valuation.



Source: Access Wealth Group

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Equity Valuations: A Cautious Outlook

Despite the recent 5% correction in the U.S. stock market, equity valuations remain historically high. The "Magnificent Seven" and other technology leaders continue to trade at significant premiums, even as growth prospects begin to sour under the weight of rising input costs and geopolitical friction.

We believe that current valuations do not fully account for the potential for a "stagflation" environment—where growth slows while inflation remains elevated. Consequently, we remain skeptical of broad-market equity exposure at these levels until there is greater clarity on the geopolitical front.

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Equity Valuations: A Cautious Outlook - Continued

Valuation matters because the equity outlook for Q2 depends on two variables working at the same time:

Earnings growth and valuation support. As shown in the chart below, earnings growth may remain positive even as forward valuation softens. When inflation stays sticky or oil prices rise, the discount rate applied to future earnings moves higher, and equity multiples become harder to sustain.

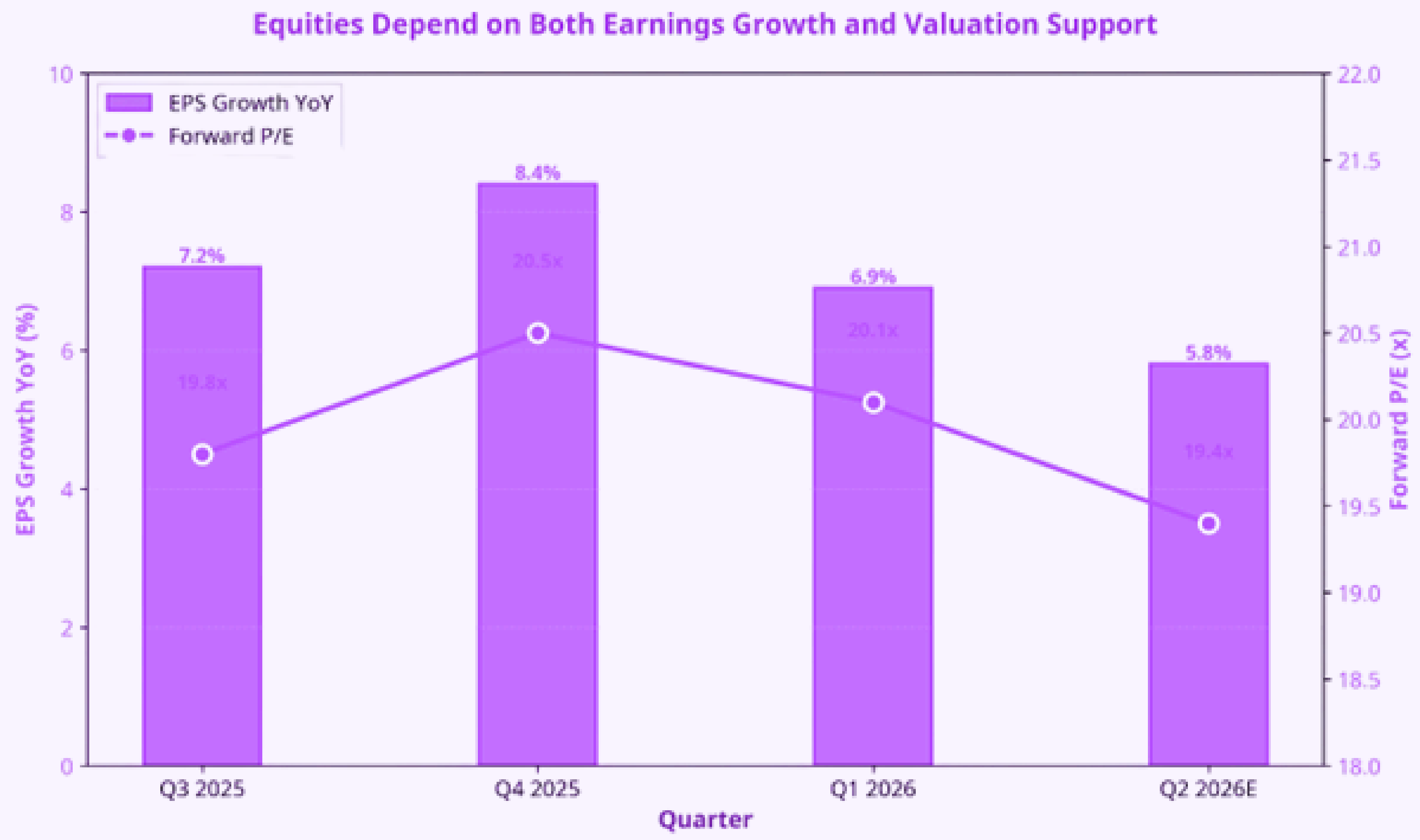

Chart Summary
- EPS growth decelerates from 8.4% → 5.8%
- Forward P/E compresses from 20.5x → 19.4x
- Combined: weaker earnings momentum + softer multiples = reduced equity valuation support

This chart shows a subtle but important point:
1. Earnings may still be growing,
2. However, valuation can flatten or fall if investors worry about inflation, energy prices, or delayed easing.

In other words, positive earnings growth does not guarantee rising stock prices.

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Sector Impact

At the sector level, the following heat map shows that Iran-related escalation is not uniformly negative for equities.

Instead, it drives rotation. Energy, defense, and selected defensives may outperform, while consumer discretionary, transport, and rate-sensitive growth segments appear more exposed.

SECTOR SENSITIVITY TO MACRO REGIMES

Sector	Oil shock	Inflation ↑	Yields ↑	Risk-off
Energy	Strong +	Strong +	Neutral	Mild +
Defense	Mild +	Neutral	Neutral	Strong +
Utilities	Mild +	Mild +	Strong –	Strong +
Technology (growth)	Strong –	Moderate –	Strong –	Moderate –
Consumer discretionary	Strong –	Strong –	Moderate –	Strong –
Industrials	Mixed	Mixed	Moderate –	Mixed
Financials	Mild +	Mild +	Strong +	Moderate –

Strong positive · Mild positive · Mixed / neutral · Moderate negative · Strong negative

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Q2 Strategy: Observe, Act, and Adapt

As we move into the second quarter, Access Wealth Group will maintain a cautious and flexible stance. The speed at which geopolitical dynamics are shifting requires an open-minded approach to asset allocation.

Our Strategic Roadmap for Q2:

•**Defensive Positioning:** We will continue to hold our conservative allocations in gold and energy infrastructure.
•**Dynamic Allocation:** Depending on the escalation or resolution of the Middle East conflict, we are prepared to adjust our defensive posture. This could range from winding down these positions if a credible peace process emerges, to increasing our allocation to as high as 50% should the situation deteriorate further.
•**Focus on Fundamentals:** We are prioritizing companies with strong pricing power and low energy intensity that can weather a period of sustained inflation.

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As we finalize this newsletter, a wave of optimism has swept through global markets

—lifting equities and bonds while triggering the sharpest drop in oil prices in years—following a temporary ceasefire agreement between the U.S. and Iran.

Under the two-week truce, Iran has agreed to allow shipping through the Strait of Hormuz, easing a critical bottleneck in global energy supply that has threatened economic growth and fueled inflation.

That said, caution remains warranted. Significant gaps persist between U.S. and Iranian negotiating positions. Notably, at the end of February, just days after reports of "significant progress" in Oman-brokered nuclear talks, President Trump announced "major combat operations" against Iran, initiating large-scale U.S.-Israeli strikes on military and government targets.

Whether this latest ceasefire proves durable—or merely another temporary pause—remains uncertain.

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Conclusion: Navigating the Storm

Just as a seasoned sailor prepares for a storm rather than expecting calm seas, **Access Wealth Group is prepared for the current market turbulence. Our focus remains on capital preservation and identifying the unique opportunities that volatility creates.** We thank you for your continued trust as we navigate these complex markets together.

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