

# Month-End/Quarter-End Summary – March 2026

## Market Update

- **S&P 500 and Nasdaq Monthly Performance - March 2026:**
  - **1Q 2026 takeaway:** U.S. markets navigated a transition to a more volatile, macro-driven environment, as resilient economic fundamentals were increasingly offset by persistent inflation concerns, shifting Fed expectations, and rising geopolitical risks, reinforcing a more cautious and balanced investor approach
  - **March 2026:** U.S. equity markets saw heightened volatility as escalating conflict involving Iran increased geopolitical risks and pushed oil prices higher. The S&P 500 finished modestly lower, while the Nasdaq underperformed amid risk-off sentiment and rotation toward defensive sectors
  - **Volatility driven by geopolitical escalation and energy markets:** Volatility remained elevated in March as conflict involving Iran increased geopolitical uncertainty and drove oil prices higher, renewing inflation concerns and complicating Fed policy expectations. Defensive and energy sectors outperformed, while cyclical and growth areas faced pressure in a risk-off environment
  - **Early 2026 positioning continues to evolve:** March reinforced a more cautious and balanced market environment as escalating conflict involving Iran heightened geopolitical risk and market volatility. While long-term themes like artificial intelligence remain intact, investors placed greater emphasis on diversification, downside protection, and earnings durability. Elevated energy prices and renewed inflation concerns drove a rotation toward defensive sectors and commodities, with increased focus on valuation discipline amid ongoing uncertainty
- **Key Drivers During March 2026:**
  - **Geopolitical escalation and energy market disruption:** Intensifying conflict involving Iran drove a sharp rise in oil prices, increasing market volatility and renewing inflation concerns tied to higher energy costs
  - **Economic data remained mixed but resilient:** Labor market and broader economic data showed signs of moderation but continued to support a stable growth backdrop, helping to partially offset geopolitical headwinds
  - **Fed policy uncertainty persisted:** Elevated inflation risks from energy prices and uneven economic signals kept markets focused on the timing and pace of potential rate cuts, with expectations shifting modestly

## Investment Committee Update

- The Investment Committee (IC) continues to monitor the overall economic and market environment as we progress through the early stages of 2026. As always, the below bullet remains in place and is the foundation for our investment decisions
  - Investment Committee continues to actively identify possible alterations (additions/removals) to our various strategies by utilizing our **rigorous 5-step due diligence process**
- **U.S. equities faced heightened volatility during March as geopolitical risks escalated:** The third month of 2026 saw a more risk-off tone as conflict involving Iran intensified geopolitical uncertainty and drove a sharp increase in oil prices. Investors weighed resilient economic fundamentals against rising inflation concerns and shifting expectations for Federal Reserve policy. Equity markets experienced continued volatility, with defensive sectors outperforming while growth-oriented areas, including mega-cap technology, faced pressure amid rotation and cautious positioning. Despite near-term headwinds, the underlying strength of our core holdings continues to support a constructive long-term outlook
- **A combination of factors drove market volatility during March:**
  - **Geopolitical escalation and rising energy prices:** The expansion of conflict involving Iran drove oil prices sharply higher in March, heightening concerns around the inflationary impact of sustained energy disruptions and adding to macro uncertainty. While energy sectors benefited from the move in crude, broader U.S. equity markets faced increased volatility as investors assessed the implications for inflation, Federal Reserve policy, and the trajectory of economic growth
  - **Labor market data and shifting economic expectations:** March labor market data remained mixed, with signs of modest cooling alongside continued underlying resilience. However, escalating conflict involving Iran and the resulting surge in energy prices introduced additional uncertainty around the economic outlook. Investors increasingly weighed the potential for higher energy costs to impact growth and inflation, prompting continued reassessment of Federal Reserve policy expectations
  - **Fundamental strength continues to support the long-term outlook:** Despite heightened volatility driven by escalating conflict involving Iran, the companies held across our strategies continue to demonstrate strong balance sheets, healthy cash flow generation, and resilient earnings trends. While geopolitical risks and rising energy prices have introduced near-term uncertainty, we view March's market volatility as a normal adjustment rather than a deterioration in underlying fundamentals, and the long-term environment remains constructive for investors

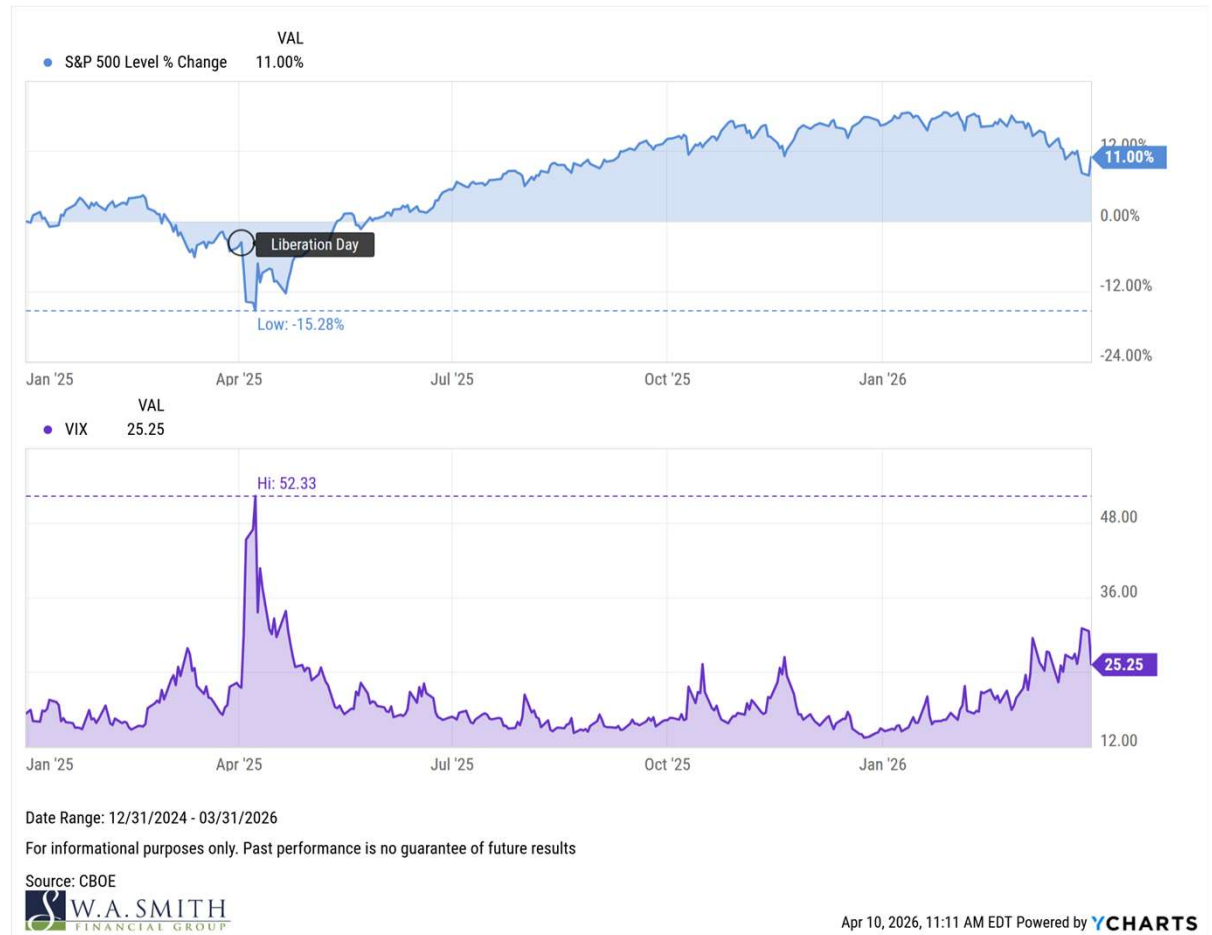
# Energy-Driven Volatility in Today's Market Environment

- **Oil prices have surged sharply in early 2026:** Both Brent and WTI moved significantly higher, reaching levels well above recent averages, driven by escalating geopolitical conflict involving Iran and heightened concerns around global supply disruptions
- **Geopolitical shocks remain the primary driver of oil spikes:** Periods of sharp increases, visible in 2020, 2022, and now 2026, closely align with major geopolitical events, with the current spike reflecting market fears around sustained instability in key energy-producing regions
- **Volatility (VIX) tends to rise alongside oil shocks:** The chart shows a clear relationship where spikes in oil prices are accompanied by increases in the VIX, as higher energy costs contribute to inflation concerns, tighter financial conditions, and broader risk-off sentiment in equity markets
- **Recent move signals renewed macro uncertainty:** The simultaneous rise in oil prices and the VIX in 2026 suggests markets are increasingly pricing in geopolitical risk and potential economic impacts, reinforcing a more cautious investor environment



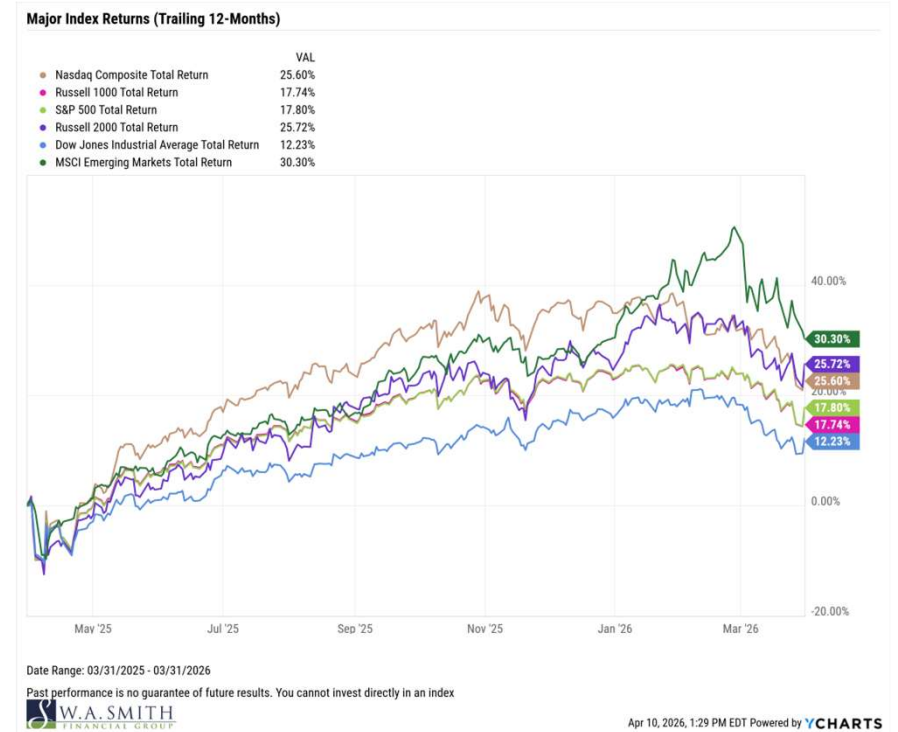
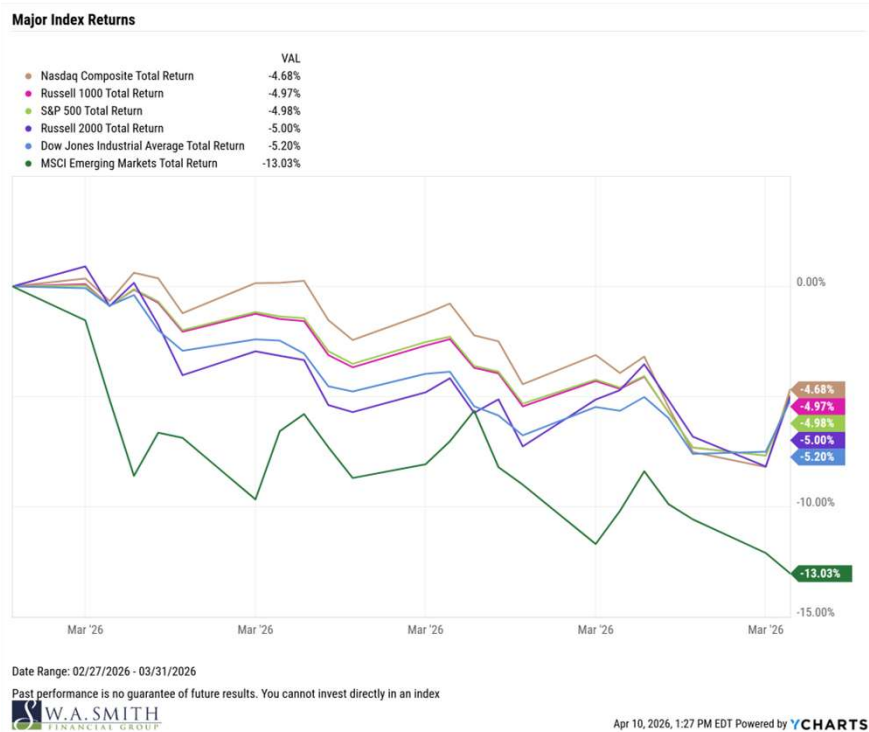
# Policy Shock to Recovery: Markets After “Liberation Day” Tariffs

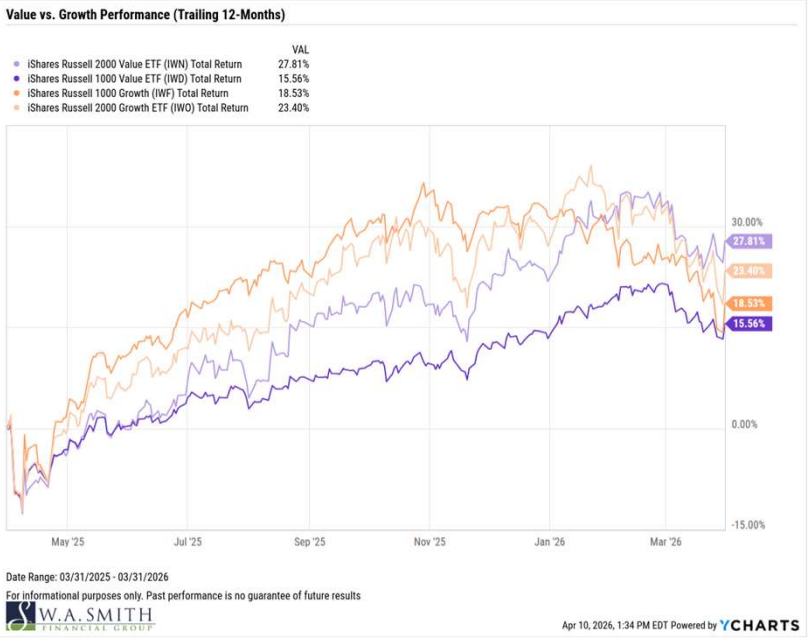
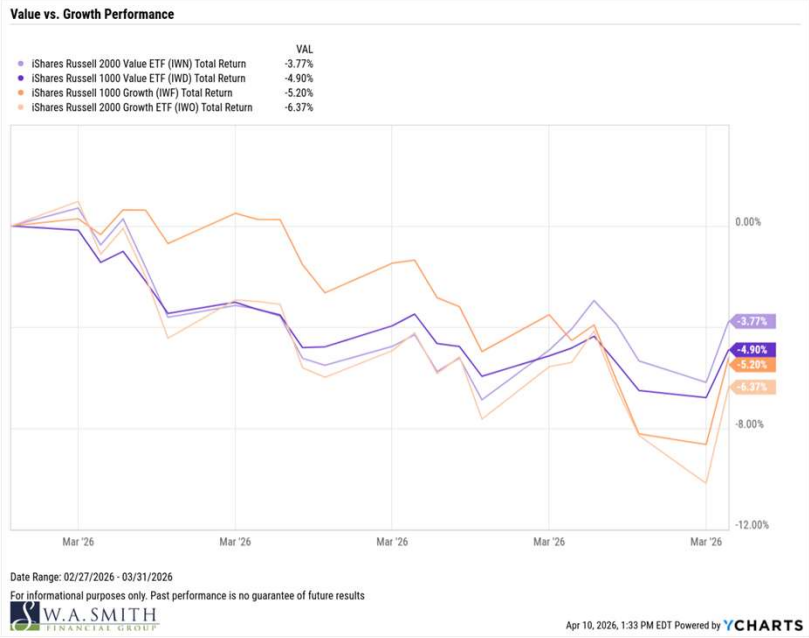
- **Equities recovered despite early-year volatility:** The S&P 500 experienced a sharp drawdown in early 2025 (bottoming near -15%) but rebounded strongly, finishing up ~11% over the period, highlighting underlying market resilience
- **Volatility spiked around policy uncertainty:** The VIX surged to elevated levels (~52) during the early 2025 selloff, reflecting heightened investor uncertainty driven by policy concerns, including legal challenges to the 2025 tariff program
- **Supreme Court ruling reduced a key policy overhang:** The Court’s decision to strike down most of the 2025 tariffs clarified limits on executive trade authority, helping alleviate uncertainty and supporting improved investor sentiment during the market recovery
- **Volatility normalized but remains elevated:** While the VIX declined from peak levels as markets stabilized, it remains somewhat elevated (~25), suggesting ongoing sensitivity to geopolitical risks and policy developments despite stronger equity performance



# Short-Term Headwinds, Long-Term Momentum Intact

- **Broad-based weakness in March:** Major U.S. indices declined in tandem during March, with losses clustered around ~5%, reflecting a risk-off environment driven by geopolitical tensions and rising macro uncertainty. Emerging markets notably underperformed, highlighting greater sensitivity to global growth and geopolitical shocks
- **International markets lagged amid heightened volatility:** The sharper drawdown in emerging markets (~-13%) suggests increased vulnerability to rising energy prices, currency pressures, and global trade uncertainty compared to developed markets
- **Strong trailing returns despite recent pullback:** Over the past 12 months, equity markets remain solidly positive, led by emerging markets and growth-oriented indices. March's decline appears more like a short-term correction within a broader uptrend rather than a shift in long-term market direction





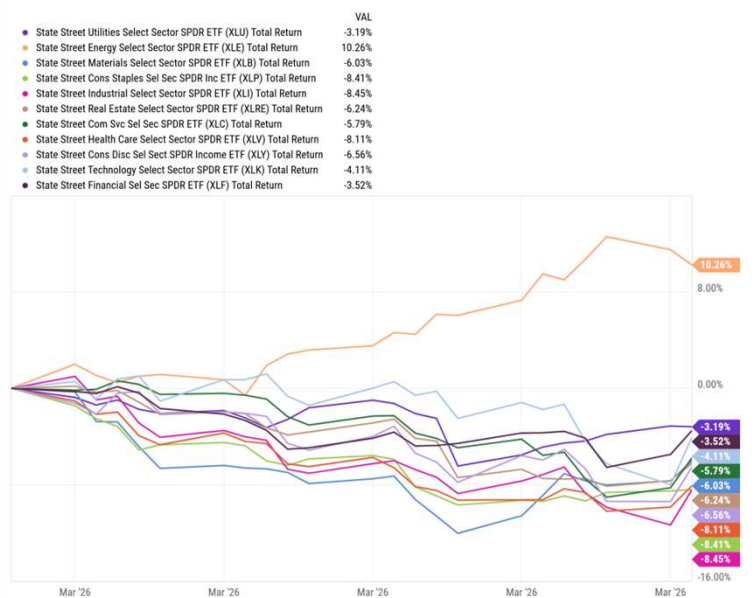
# Rotation Toward Value Amid Market Volatility

- **Growth underperformed during March volatility:** Growth-oriented segments, particularly small-cap growth, saw the steepest declines, reflecting sensitivity to rising rates, geopolitical risk, and a broader shift toward risk-off positioning
- **Value showed relative resilience:** Value stocks, especially within small caps, outperformed on a relative basis during the March pullback, benefiting from sector exposure to energy and more defensive, cash-flow-oriented businesses
- **Small caps led over the trailing 12 months:** Despite recent weakness, small-cap value and growth have delivered strong 12-month returns, outperforming large caps—highlighting broader market participation beyond mega-cap leadership

# Energy Outperforms in a Volatile Market

- **Energy was the clear standout in March:** Energy significantly outperformed all sectors, driven by the sharp rise in oil prices amid escalating conflict involving Iran, highlighting its sensitivity to geopolitical shocks
- **Broad-based weakness across most sectors:** The majority of sectors posted negative returns during March, with more cyclical and growth-oriented areas (e.g., consumer discretionary, materials, healthcare) facing the greatest pressure in a risk-off environment
- **Strong trailing performance led by cyclical and growth sectors:** Over the past 12 months, sectors like energy, technology, and industrials delivered strong gains, while more defensive areas (e.g., staples, financials, real estate) lagged—indicating that March’s pullback reflects a short-term rotation rather than a breakdown in broader trends

Sector Movement



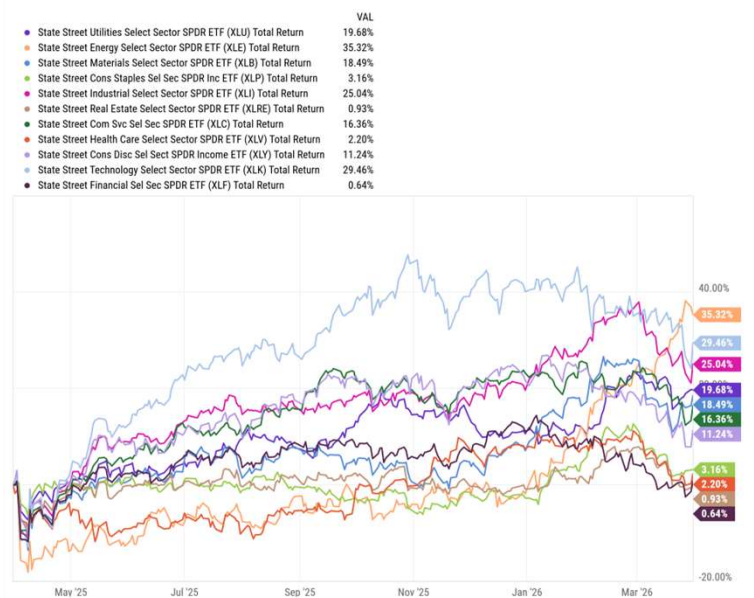
Date Range: 02/27/2026 - 03/31/2026

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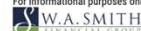
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Sector Movement (Trailing 12-Months)

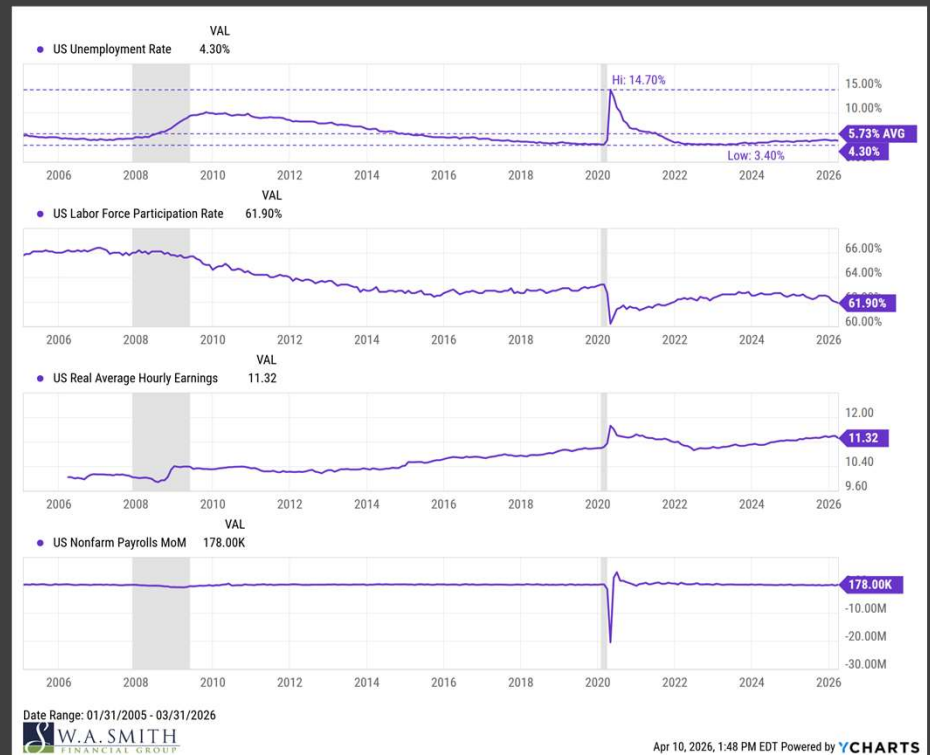
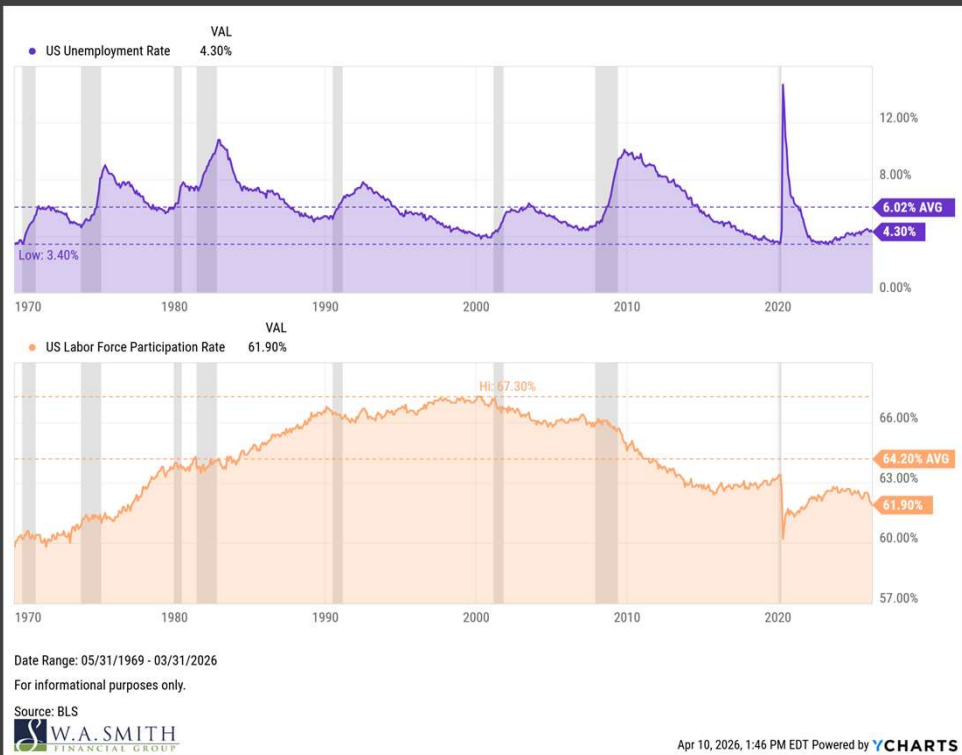


Date Range: 03/31/2025 - 03/31/2026

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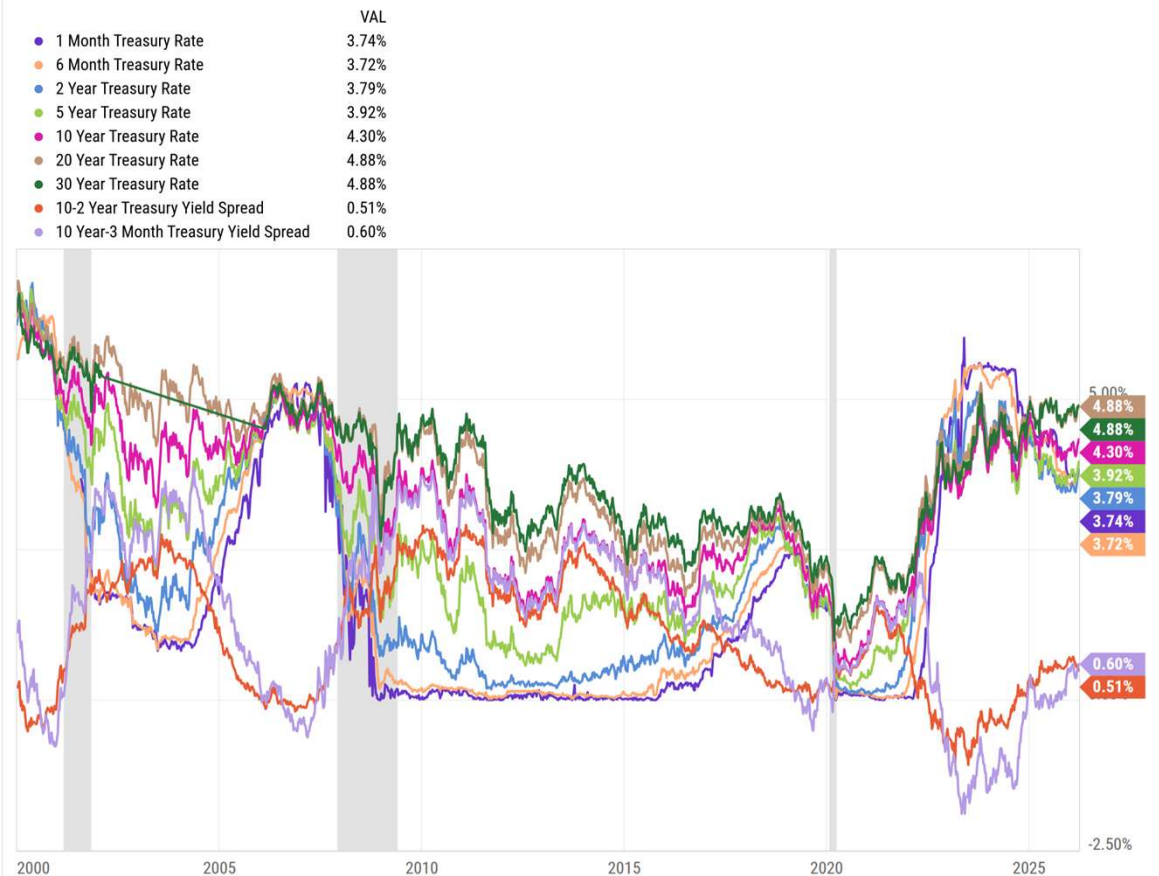
## Resilient Labor Market Amid Economic Uncertainty

- **Labor market remains resilient:** The unemployment rate remains low at ~4.3%, below long-term averages, indicating continued strength in the labor market despite a more uncertain macro environment
- **Participation remains below historical peaks:** Labor force participation (~61.9%) has stabilized but remains below pre-2000 highs, suggesting structural constraints in labor supply continue to persist
- **Wage growth steady alongside moderate hiring:** Real wages have trended higher, and payroll growth remains positive (~178K), signaling a balanced labor market—resilient but gradually normalizing rather than overheating

# Rates: Likely Higher for Longer

- **Yield curve has re-steepened:** After a prolonged inversion, the yield curve has moved back to a positive slope, with the 10Y-2Y and 10Y-3M spreads turning positive—historically a signal that markets are transitioning away from peak policy tightness
- **Rates remain elevated across the curve:** Treasury yields are still relatively high (long-end near ~4.8%), reflecting persistent inflation concerns and a “higher-for-longer” interest rate environment
- **Market pricing a shift in policy outlook:** The steepening curve suggests expectations for eventual Fed easing, though the elevated level of yields indicates continued uncertainty around the timing and pace of rate cuts
- **Current curve structure supports intermediate-duration exposure:** The yield curve has modestly re-steepened, with short-term rates near ~3.7–3.8% and longer-term yields approaching ~4.8%, improving carry and roll-down opportunities in intermediate maturities. This supports the relative attractiveness of core fixed income versus cash, while maintaining a disciplined approach to longer-duration exposure amid still-elevated rate levels

## US Treasury Yield Curve



Date Range: 12/31/1999 - 03/31/2026

For informational purposes only.

Source: Department of the Treasury



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## New Timeseries Analysis

Data as of: Apr. 10, 2026

Date Range: 12/30/2022 to 03/31/2026

Frequency: Monthly

Aggregation: End of Period (default)

Fill Method: No Fill

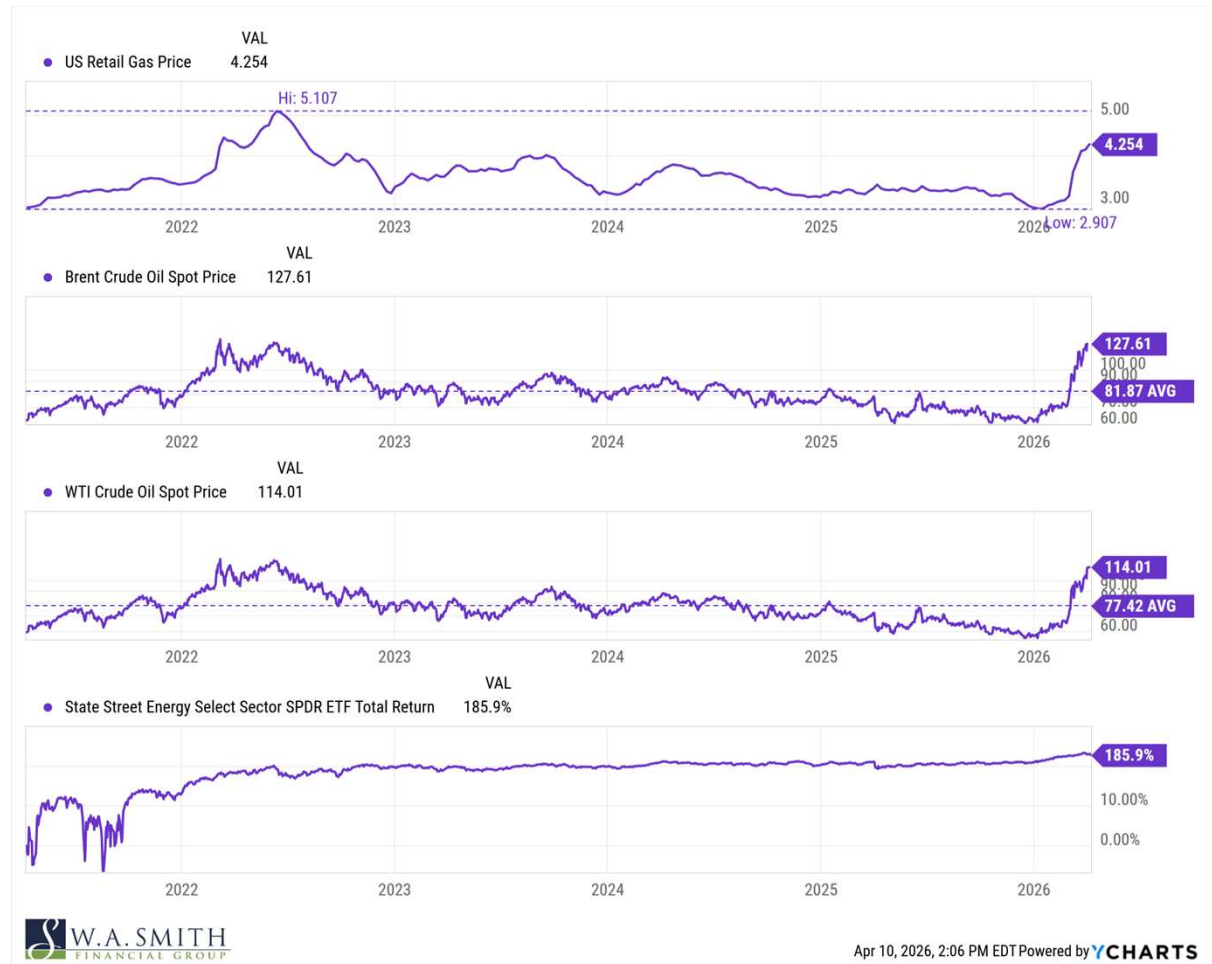
Symbol	Name	Metrics	Mar 31 '26	Feb 28 '26	Jan 31 '26	Dec 31 '25	Nov 30 '25	Oct 31 '25	Sep 30 '25	Aug 31 '25
I:10YTCMR	10 Year Treasury Rate		4.30%	3.97%	4.26%	4.18%	4.02%	4.11%	4.16%	4.23%
I:1MTCMR	1 Month Treasury Rat...		3.74%	3.74%	3.72%	3.74%	4.05%	4.06%	4.20%	4.41%
I:1YTCMR	1 Year Treasury Rate		3.68%	3.48%	3.48%	3.48%	3.61%	3.70%	3.68%	3.83%
I:20YTCMR	20 Year Treasury Rate		4.88%	4.57%	4.82%	4.79%	4.62%	4.65%	4.71%	4.86%
I:2YTCMR	2 Year Treasury Rate		3.79%	3.38%	3.52%	3.47%	3.47%	3.60%	3.60%	3.59%
I:30YTCMR	30 Year Treasury Rate		4.88%	4.64%	4.87%	4.84%	4.67%	4.67%	4.73%	4.92%
I:3MTCMR	3 Month Treasury Rat...		3.70%	3.67%	3.67%	3.67%	3.88%	3.89%	4.02%	4.23%
I:3YTCMR	3 Year Treasury Rate		3.81%	3.39%	3.60%	3.55%	3.49%	3.60%	3.61%	3.58%
I:5YTCMR	5 Year Treasury Rate		3.92%	3.51%	3.79%	3.73%	3.59%	3.71%	3.74%	3.68%
I:6MTCMR	6 Month Treasury Rat...		3.72%	3.60%	3.61%	3.59%	3.74%	3.79%	3.83%	4.01%

## Yield Curve Re-Steepening Gains Traction

- **Yield curve continues to re-steepen:** Treasury yields moved higher across most maturities in March, with the 10-year rising to ~4.30% while short-term rates remained relatively stable (~3.7%), resulting in a positively sloped curve
- **Key spreads have turned positive:** Both the 10Y–2Y (~+0.5%) and 10Y–3M (~+0.6%) spreads are now firmly positive, marking a shift from prior inversion and signaling improving growth expectations and a transition away from peak monetary tightness
- **Higher long-end rates reflect persistent inflation and term premium:** The rise in longer-duration yields (20Y/30Y near ~4.9%) suggests markets are pricing in sustained inflation risks and a higher term premium, even as expectations for eventual Fed easing begin to build

# Energy Sector Strength Amid Oil Price Volatility

- **Energy prices have surged sharply in 2026:** Brent (~\$127) and WTI (~\$114) have moved well above historical averages, with the recent spike driven by escalating geopolitical conflict involving Iran and renewed concerns around global supply disruptions
- **Higher oil is flowing through to consumers:** U.S. retail gas prices have risen meaningfully (~\$4.25), reflecting the pass-through of higher crude prices and increasing pressure on inflation and consumer spending
- **Energy equities benefiting from price strength:** The energy sector has outperformed significantly over time, supported by elevated commodity prices and strong cash flow generation, reinforcing its role as a key beneficiary in the current environment
- **Note:** Included most recent crude oil and US retail gas prices to provide a look at what we are potentially expecting for the remainder of April



# Disclosure Information

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- **NASDAQ Composite Index** – a market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System.
- **Russell 1000** – The index measures the performance of the large-cap segment of the US equity securities. It is a subset of the Russell 3000 index and includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership.
- **Dow Jones Industrial Average Price Return Index** – a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry.
- **Russell 2000 Index** – measures the performance of the small-cap segment of the U.S. equity universe.
- **MSCI EAFE Index** – a stock market index that is designed to measure the equity market performance of developed markets outside of the U.S. & Canada. It is maintained by MSCI, Inc., a provider of investment decision support tools; the EAFE acronym stands for Europe, Australasia and Far East.