



10 Market Themes for 2Q 2026

As of April 1, 2026

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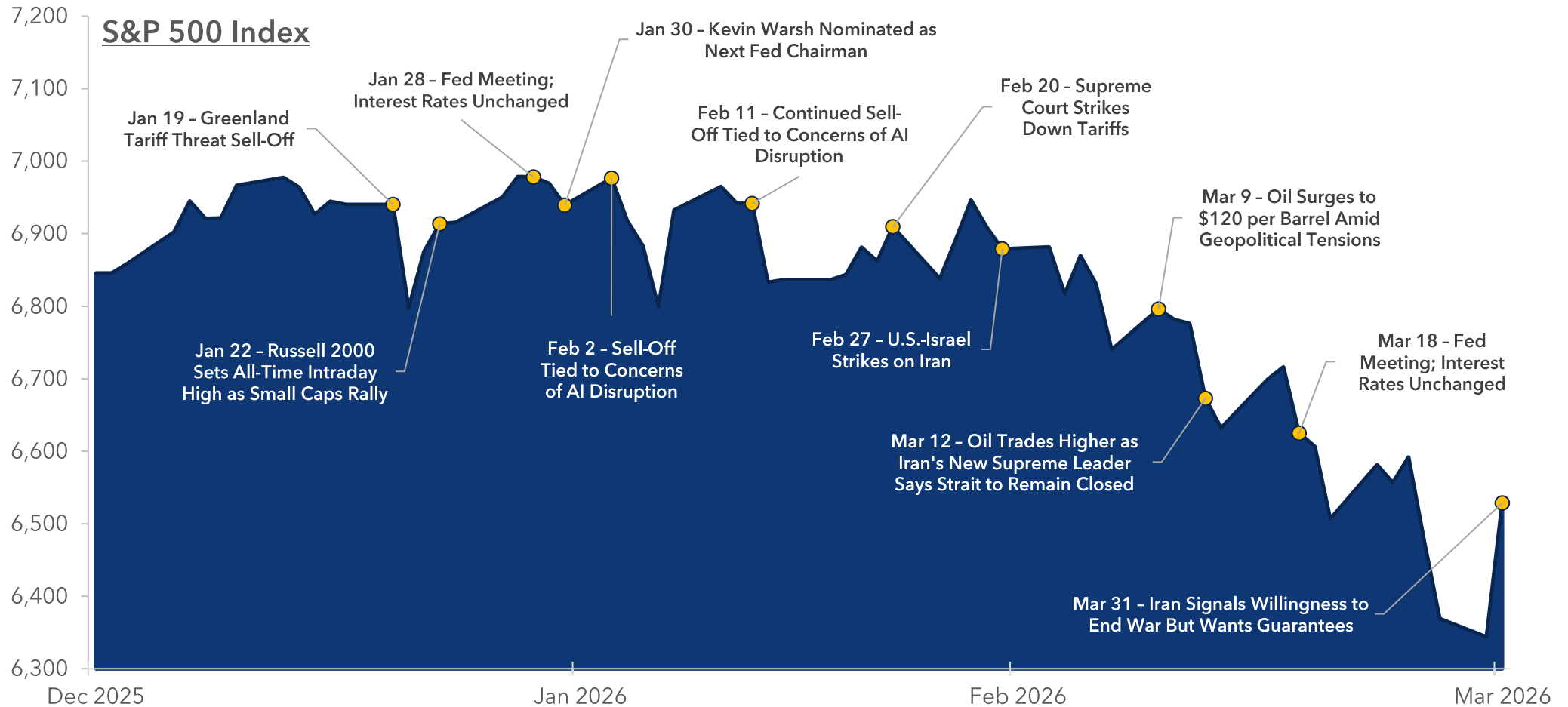
10 Market Themes for 1Q 2026

This collection of insights highlights 10 themes we believe are most likely to shape markets and the economy this quarter.

2Q 2026

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Market Recap - Key Headlines From Last Quarter

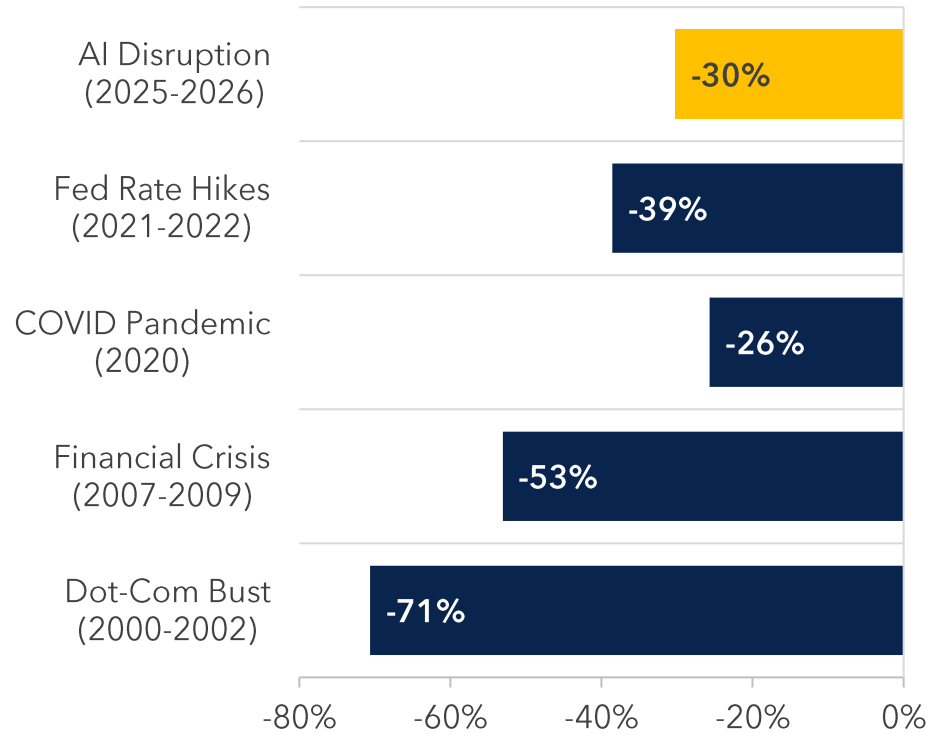


Disclosures: S&P Global. The performance of the S&P 500 index is provided for informational purposes only and does not represent an actual investment. Index performance is for illustrative purposes only and does not reflect any management fees, transaction costs, or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results. Time Period: 12/31/2025 to 3/31/2026. Latest available data as of 3/31/2026.

AI Disruption - Software Sell-off and the Importance of Diversification

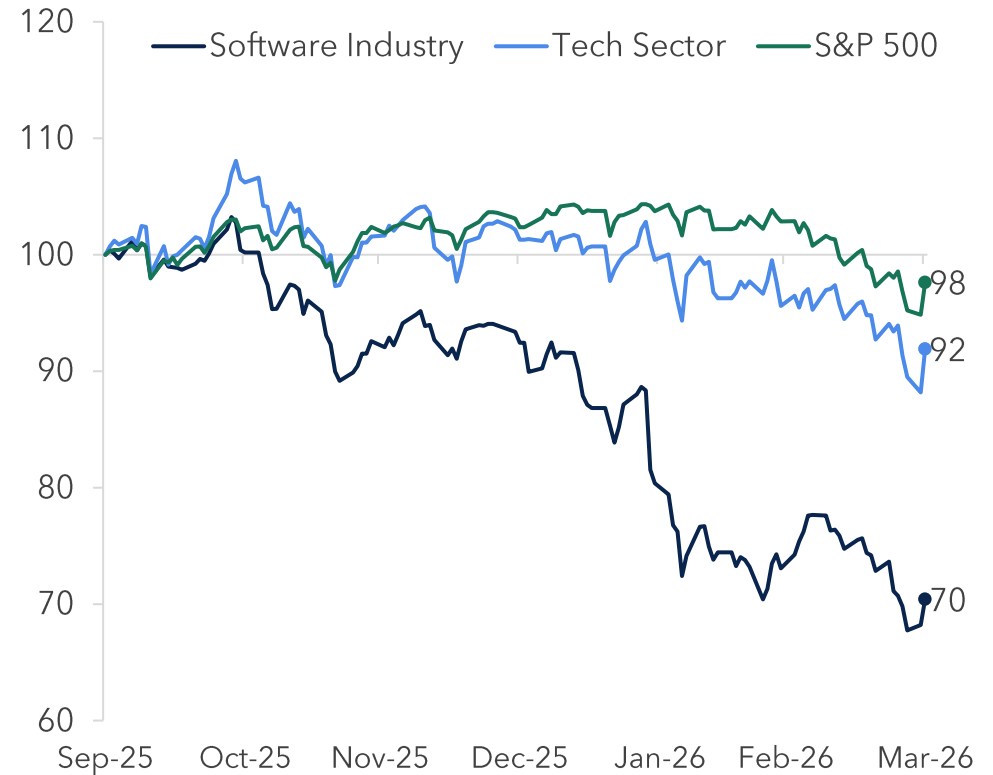
Software Industry Drawdowns Over Last 30 Years

S&P Technology Software Index



Performance Comparison

Prices indexed to 100 on 9/30/2025

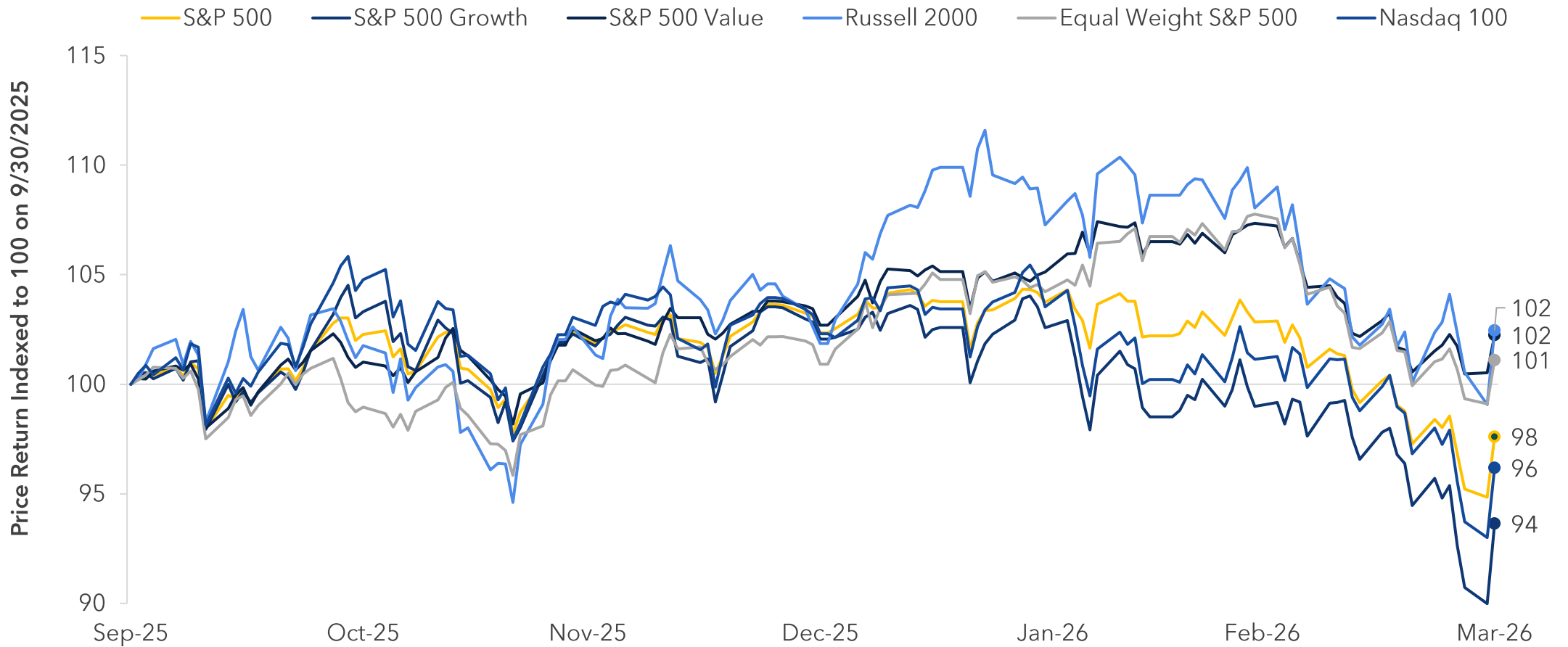


Disclosures: S&P Global. Index performance is for illustrative purposes only and does not reflect any management fees or transaction costs. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results. Diversification does not guarantee a profit or protect against loss but may help reduce exposure to concentrated risks within specific sectors or industries. Time Period: September 2025 to March 2026. Latest available data as of 3/31/2026. The S&P 500 Index measures the 500 largest U.S. companies and is commonly used as a proxy for the overall U.S. stock market. The S&P 500 Information Technology Sector Index measures the performance of technology companies within the S&P 500. The S&P 500 Software & Services Index is a subset of the S&P 500 Technology Sector focused on companies primarily engaged in software development and IT services.

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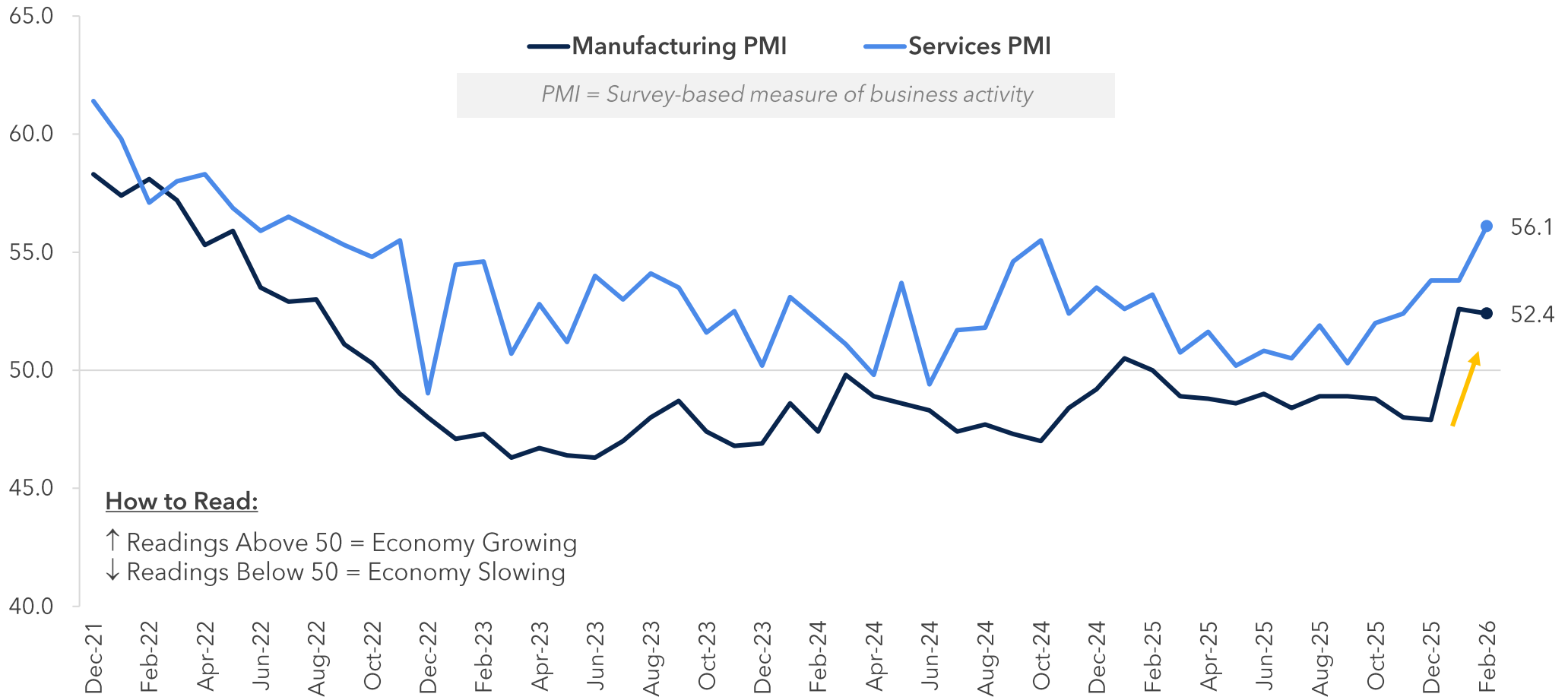
Market Leadership - Factor Rotation Leads to Broader Participation

2Q 2026



Disclosures: S&P Global, Russell, Nasdaq. Indexes are unmanaged and cannot be invested in directly. Past performance is not indicative of future results. Different types of investments involve varying degrees of risk, including loss of principal. Sector or style leadership can change quickly and without warning. Time Period: September 2025 to March 2026. Latest available data as of 3/31/2026. S&P 500 Index - Index of 500 largest U.S. companies, commonly used as a proxy for the overall U.S. stock market. Nasdaq 100 Index - 100 of the largest non-financial companies listed on the Nasdaq exchange, with a heavy concentration in technology and growth-oriented firms. Russell 2000 Index - Index measuring the performance of approximately 2,000 small-cap U.S. companies. S&P 500 Growth Index - A subset of the S&P 500 consisting of companies with above-average growth characteristics. S&P 500 Value Index - A subset of the S&P 500 consisting of companies with value characteristics. S&P 500 Equal Weight Index - An equally weighted version of the S&P 500 in which each company is assigned the same weight, rather than weighting by market capitalization.

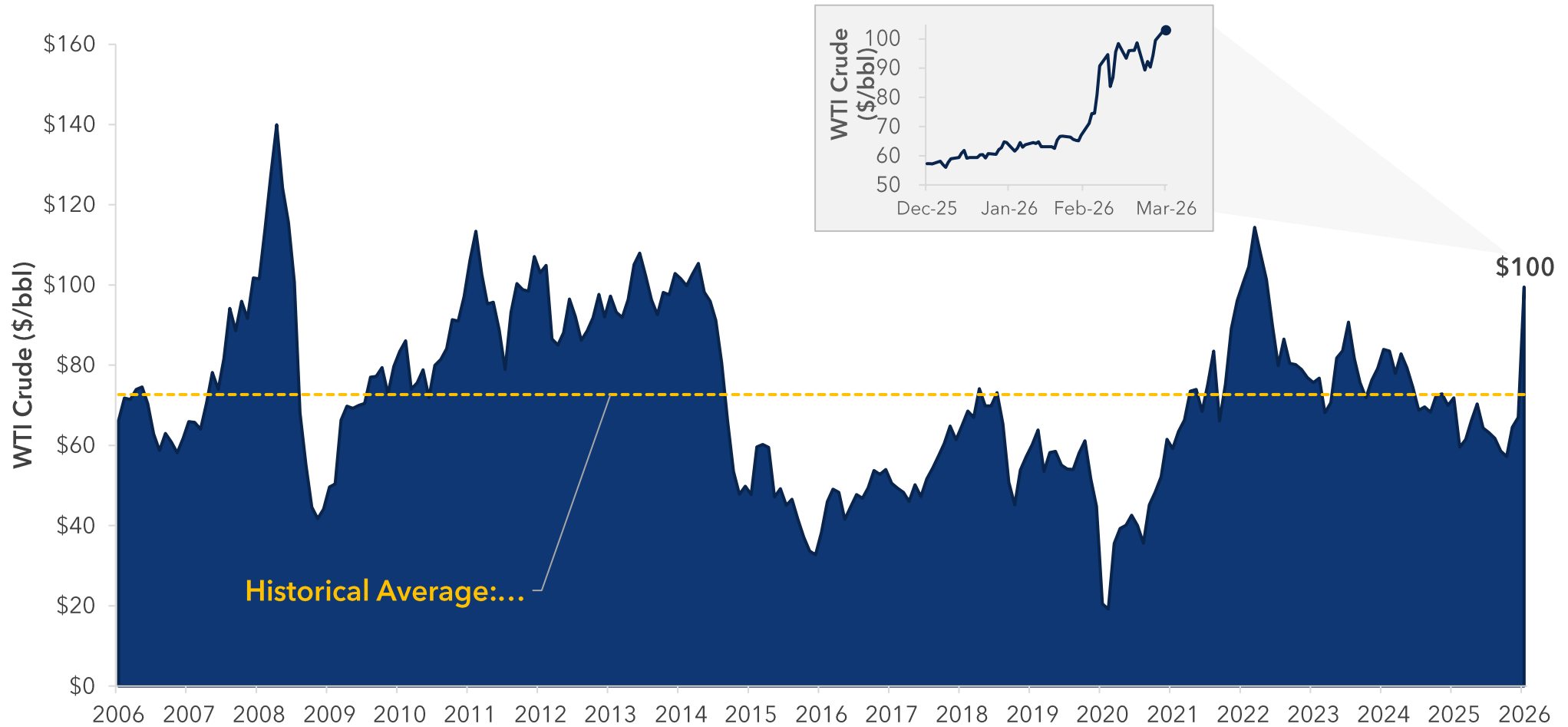
U.S. Economic Activity - Manufacturing Returning to Expansion



Disclosures: Institute for Supply Management (ISM). ISM Purchasing Managers' Index (PMI): A survey-based measure of business activity conducted by the Institute for Supply Management (ISM). It reflects changes in new orders, production, employment, supplier deliveries, and inventories. Manufacturing PMI: The ISM PMI focused on the manufacturing sector. Readings above 50 indicate expansion; readings below 50 indicate contraction. Services PMI: The ISM PMI focused on the services sector (e.g., healthcare, finance, travel, technology). Readings above 50 indicate expansion; readings below 50 indicate contraction.. Time Period: December 2021 to February 2026. Latest available data as of 3/31/2026.

Oil Prices - Historical Context and Implications for the Economy

2Q 2026



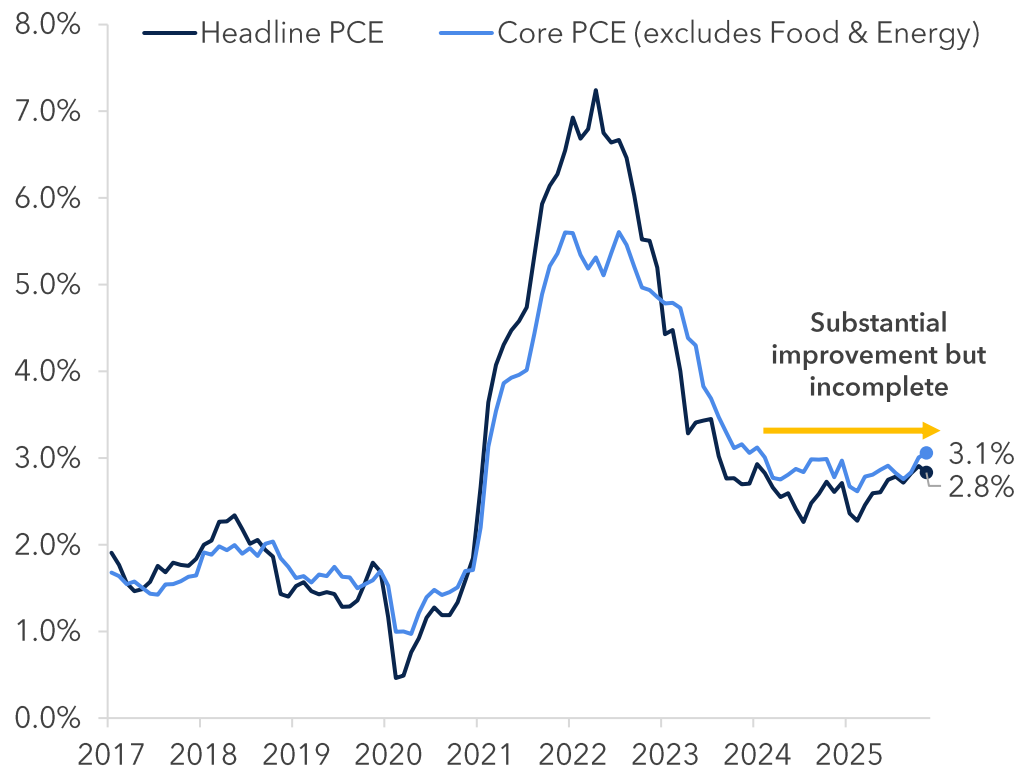
Disclosures: EIA. West Texas Intermediate (WTI) crude oil is a commonly used benchmark for U.S. oil prices and reflects the spot price of light, sweet crude oil. Commodity markets are highly volatile and can be significantly impacted by geopolitical events, supply and demand dynamics, and government actions. Historical performance is provided for context only and is not indicative of future results. Time Period: January 2006 to March 2026. Latest available data as of 3/31/2026.

Inflation Monitor - Update on Recent Inflation Trends

2Q 2026

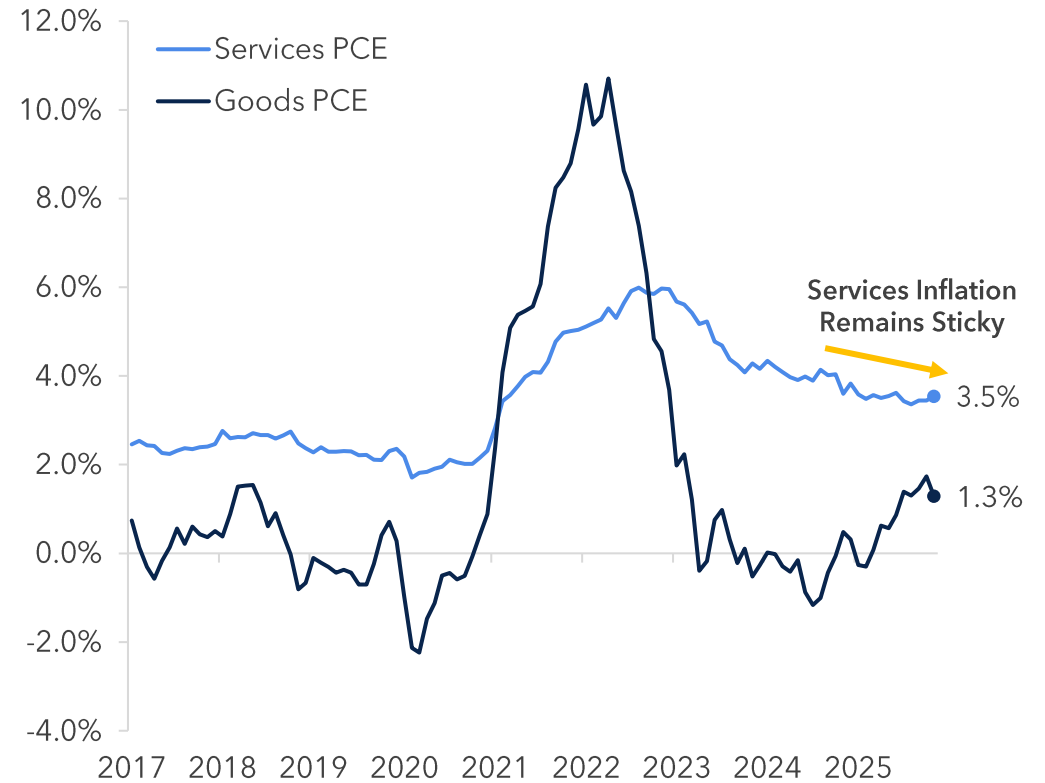
Headline Inflation and Core Inflation Trends

Year-over-year change since 2017



Sub-Categories: Goods and Services Inflation

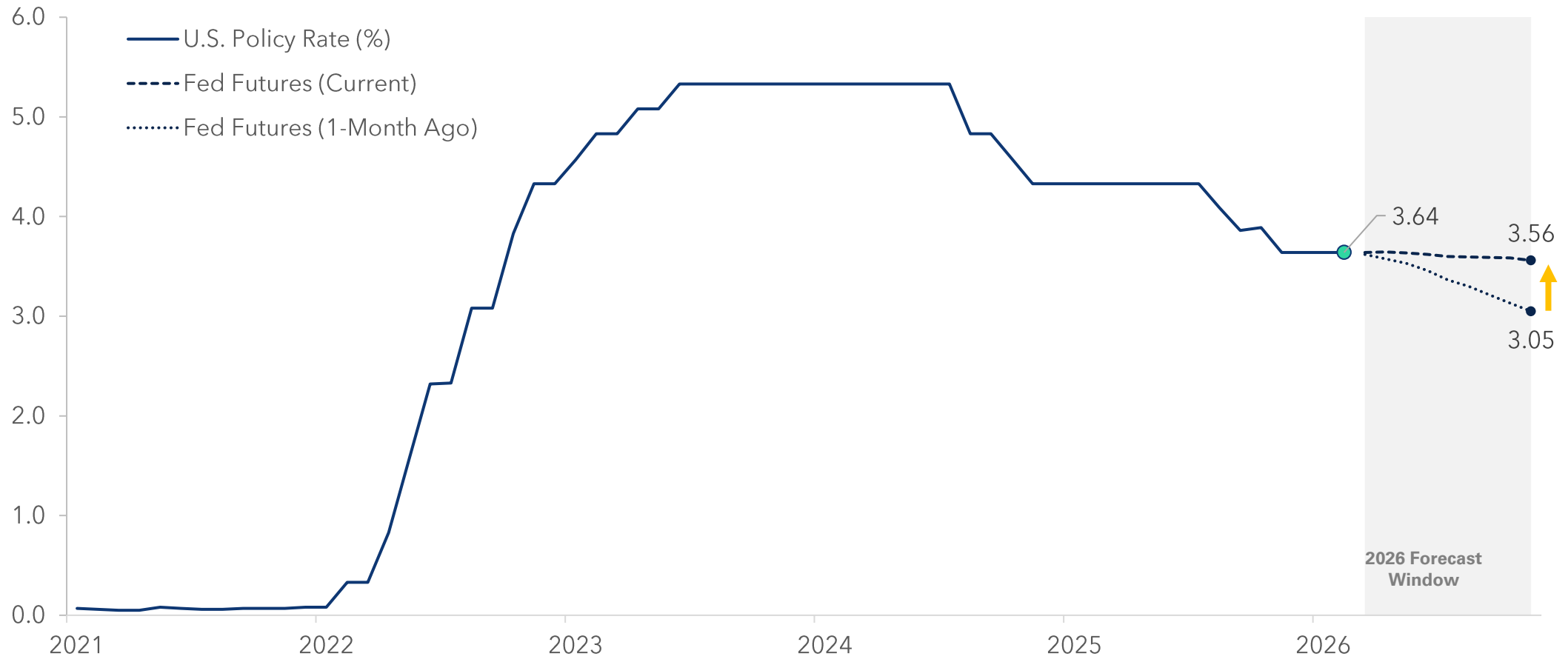
Year-over-year change since 2017



Disclosures: U.S. Bureau of Economic Analysis (BEA). PCE (Personal Consumption Expenditures Price Index): A measure of the average change over time in the prices paid by consumers for goods and services in the U.S. economy. It is a broad gauge of inflation used by the Federal Reserve. Core PCE: The PCE index excluding the volatile food and energy components. Core PCE is the Fed's preferred measure of underlying inflation because it smooths out short-term price swings. Goods PCE: The portion of the PCE index representing physical products purchased by consumers, such as food, clothing, and durable items. Services PCE: The portion of the PCE index representing non-tangible products, such as healthcare, insurance, rent, and professional services. Time Period: March 2017 to January 2026. Latest available data as of 3/31/2026.

Interest Rates - How Many Rate Cuts Are Forecast in 2026?

2Q 2026



Disclosures: Federal Reserve, Chicago Mercantile Exchange (CME). The CME uses Fed Fund futures pricing to calculate the probability of Federal Reserve interest rate hikes, cuts, or pauses at upcoming Federal Open Market Committee (FOMC) meetings. It serves as a real-time, market-driven barometer of U.S. monetary policy expectations. Market expectations for future interest rates are forward-looking and based on current assumptions, which may change due to economic, geopolitical, or policy developments. Past Federal Reserve actions and current projections do not guarantee future policy decisions. Time Period: February 2021 to March 2026. Latest available data as of 3/31/2026.

Fixed Income - High Yield Credit Spreads Widen in Response to Oil Shock

2Q 2026

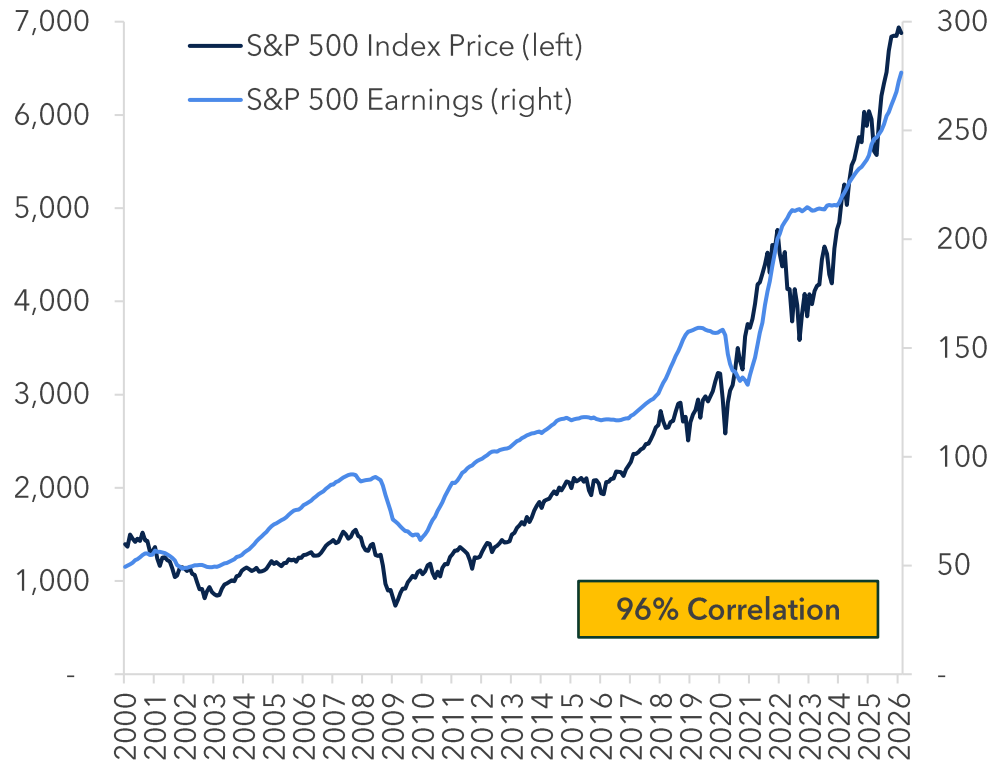


Disclosures: Federal Reserve. High-Yield Credit Spread: The difference in yield between lower-rated (non-investment grade) corporate bonds and comparable U.S. Treasury securities. It reflects the additional compensation investors demand for taking on credit risk. Credit Spread Widening (Tightening): When spreads increase (decrease), it indicates higher (lower) perceived risk of default or economic weakness. Past performance is not indicative of future results. Time Period: December 1996 to March 2026. Latest available data as of 3/31/2026.

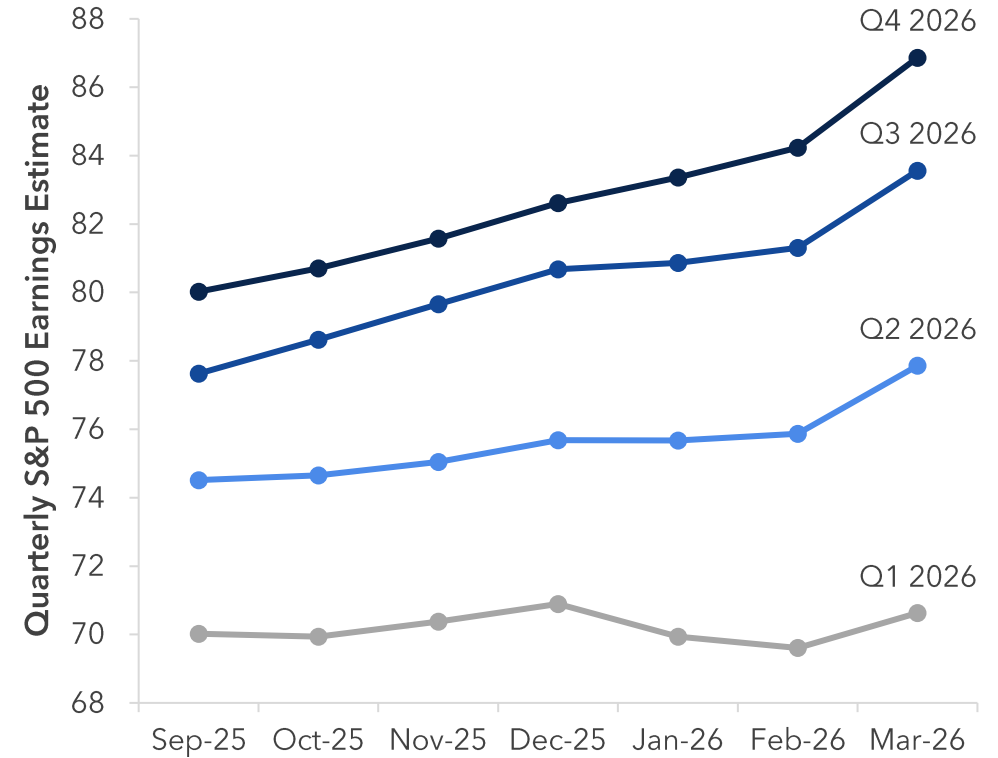
Long Term Perspective - S&P 500 is 96% Correlated with Earnings Growth

2Q 2026

S&P 500 Price Index & Earnings Growth
Growth since January 2000



Forward Corporate Earnings Estimates
Based on Quarterly Consensus Estimates



Disclosures: S&P Global, Bloomberg. S&P 500 Index: A market-capitalization-weighted index of the largest 500 U.S. companies, commonly used as a benchmark for U.S. equity market performance. Forward-looking statements, including earnings estimates, P/E ratios, and projections about corporate performance, are based on current assumptions and are subject to change. Past performance is not indicative of future results. Time Period: December 2000 to March 2026. Latest available data as of 3/31/2026.

Looking Ahead - Key Themes to Watch the Next Six Months

2Q 2026

Middle East Conflict

- The U.S.-Iran conflict has sent oil prices surging from the mid-\$60s to near \$100 per barrel. The Strait of Hormuz, which handles roughly 20% of global oil flows, remains effectively closed.
- How long will the disruption last? If the conflict is resolved quickly, oil prices could normalize. If it persists, elevated energy costs could create additional headwinds for the economy.

AI Disruption Fears

- The software industry has declined nearly -30% as investors reassess which businesses are vulnerable to AI. The sell-off extended beyond software into real estate services, logistics, and other sectors before stabilizing.
- Will AI enhance or disrupt businesses? The market is still working out the answer and will be monitoring new AI models and how businesses respond.

Federal Reserve Interest Rate Decisions

- The Fed held interest rates steady at its January and March meetings. The market has repriced from expecting three rate cuts this year to pricing in the possibility of a rate hike.
- Will rising oil prices create inflationary pressures? The Fed's next move will depend on how the conflict evolves, whether energy costs pass through to inflation, and whether the labor market holds up.

Disclosures: Forward-looking statements are based on current expectations, estimates, projections, and assumptions. These statements involve risks and uncertainties, and actual outcomes may differ materially from what is expressed or implied. Forward-looking statements are not guarantees of future performance and should not be relied upon as such. Economic and market conditions are subject to change, and any opinions or forecasts contained herein are subject to change without notice.

Questions?

Definitions

2Q 2026

2Y / 10Y / 30-Year Treasury Bonds	Treasuries are debt obligations issued and backed by the full faith and credit of the U.S. government.	S&P 500 Index	A market-capitalization-weighted index of 500 large U.S. companies, commonly used as a proxy for the overall U.S. stock market.
Consumer Price Index (CPI)	Measures the changes in the price level of a basket of consumer goods and services purchased by households.	Nasdaq-100 Index	A market-cap-weighted index of 100 of the largest non-financial companies listed on the Nasdaq exchange, with a heavy concentration in technology and growth-oriented firms.
Federal Fund's Rate	The target interest rate set by the Federal Reserve at which commercial banks borrow and lend excess reserves overnight.	Russell 2000 Index	A market-cap-weighted index measuring the performance of approximately 2,000 small-cap U.S. companies.
Federal Reserve	The Federal Reserve System is the central bank of the United States. It was founded by Congress in 1913 to provide the nation with a safer, more flexible, and more stable monetary and financial system	S&P 500 Growth Index	A subset of the S&P 500 consisting of companies with above-average growth characteristics (e.g., higher earnings growth expectations).
Forward Price to Earnings Ratio	The forward P/E ratio (or forward price-to-earnings ratio) divides the current share price of a company by the estimated future ("forward") earnings per share (EPS) of that company.	S&P 500 Value Index	A subset of the S&P 500 consisting of companies with value characteristics (e.g., lower valuations relative to fundamentals).
Growth Stocks	Growth stocks are companies expected to grow sales and earnings at a faster rate than the market average.	S&P 500 Equal Weight Index	An equally weighted version of the S&P 500 in which each company is assigned the same weight, rather than weighting by market capitalization.
Inflation	A general rise in price level relative to available goods and services.	Market Capitalization (Cap-Weighted)	A weighting methodology where larger companies have a greater impact on index performance due to their higher market value.
Price Return	The rate of return on an investment portfolio, where the return measure takes into account only the capital appreciation of the portfolio, not including income generated in the form of interest or dividends.	Equal Weighting	A methodology where each constituent has the same weight, regardless of size, resulting in greater exposure to smaller companies within the index.
Total Return	Return on a portfolio of investments including capital appreciation and income received on the portfolio.	Growth Stocks	Companies expected to grow earnings or revenues at an above-average rate relative to the broader market.
Unemployment Rate	A lagging economic indicator which is calculated as the percent of the labor force that is jobless.	Small-Cap Stocks	Companies with relatively smaller market capitalizations, generally considered to have higher growth potential but also higher volatility.
Value Stocks	Stocks that are inexpensive relative to the broad market based on measures of fundamental value (e.g., price to earnings or price to book).		

Disclosures and Legal Notice

Investing involves risk, including the possible loss of principal. Stock markets can be volatile. Investments in securities of small and medium capitalization companies may involve greater risk of loss and more abrupt fluctuations in market price than investments in larger companies. Investments in fixed-income instruments are subject to the possibility that interest rates could rise, causing their values to decline. High yield and unrated debt securities are at a greater risk of default than investment grade bonds and may be less liquid, which may increase volatility. Investors in asset-backed securities, including mortgage-backed securities and collateralized loan obligations (“CLOs”), generally receive payments that are part interest and part return of principal. These payments may vary based on the rate loans are repaid. Some asset-backed securities may have structures that make their reaction to interest rates and other factors difficult to predict, making their prices volatile and they are subject to liquidity and valuation risk. CLOs bear similar risks to investing in loans directly, such as credit, interest rate, counterparty, prepayment, liquidity, and valuation risks. Loans are often below investment grade, may be unrated, and typically offer a fixed or floating interest rate.

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Thank You

