Capital Market Review / *1st Quarter 2026*

The Big Picture

Panic and Run!

When my daughter was young her favorite show was a Disney cartoon called "The Lion Guard." In one episode, the Lion Guard was trying to help a zebra whose herd was under attack by some hyenas, and the zebras' reaction was to panic and run. I can still see my daughter dancing around the house singing, "Panic and run, panic and run!" – which also describes the markets in the first quarter.

From the first attacks on Iran on February 28, the S&P 500 fell approximately 5 percent by quarter end. On February 27 (the day before the attack), the ten-year U.S. Treasury had a yield of 3.97 percent, and it rose to 4.32 percent by quarter end. So, investors were selling stocks, and they were selling bonds.

The German Bund had a yield of 2 percent on February 27 and finished at 3.01 percent. Gold was $5,230 per ounce the day before the attack and ended the quarter $4,586 an ounce. Should I keep going? In times of crisis, all correlations go to one. Diversification is important in the long-run, but it is not a silver bullet. Sometimes the best way to handle a storm is to go through it; knowing what we own and why we own it gives us the confidence to do it.

> *In times of crisis all correlations go to one. Investors must know what they own and why they own it.*

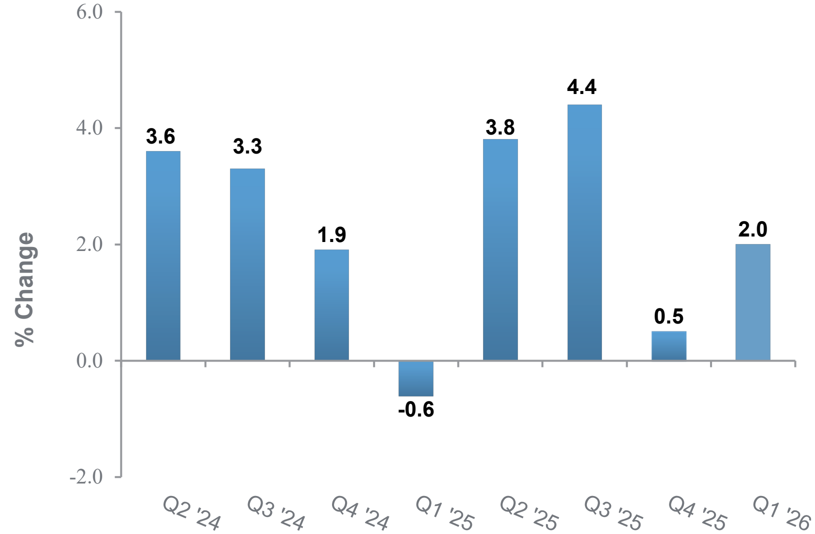
The Economy

The 4th quarter 2025 GDP growth came in up 0.5 percent, significantly below expectations. The initial reading for 1st quarter shows the economy growing by 2.0 percent, so economic growth has slowed. The impacts of haphazard economic policy and the war in Iran are showing up in the data.

The official unemployment rate was 4.3 percent through March. The economy created 178,000 jobs. That is still below the long-term norm, but an improvement over recent data.

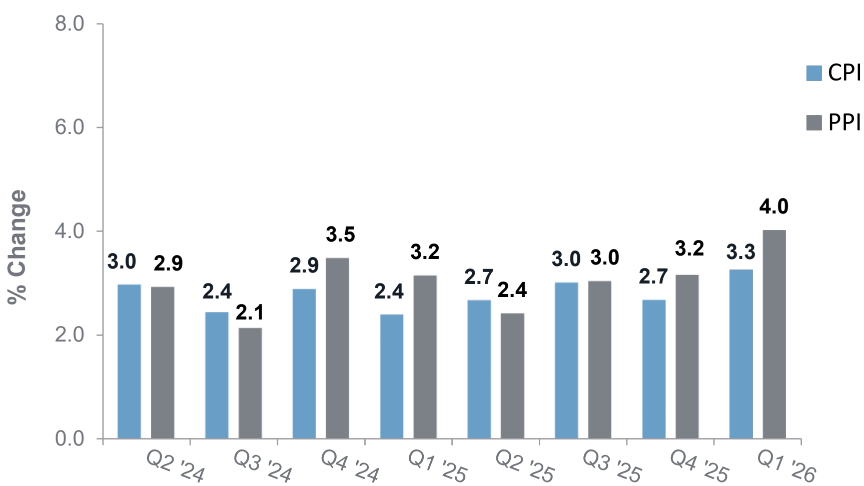
Inflation is 3.3 percent based on the latest consumer price index report. The producer price index is now 4.0 percent. Both driven up by energy prices. Core inflation is 2.6 percent and 3.6 percent, respectively. Still staying around 3 but not as bad as the headline.

Domestic GDP



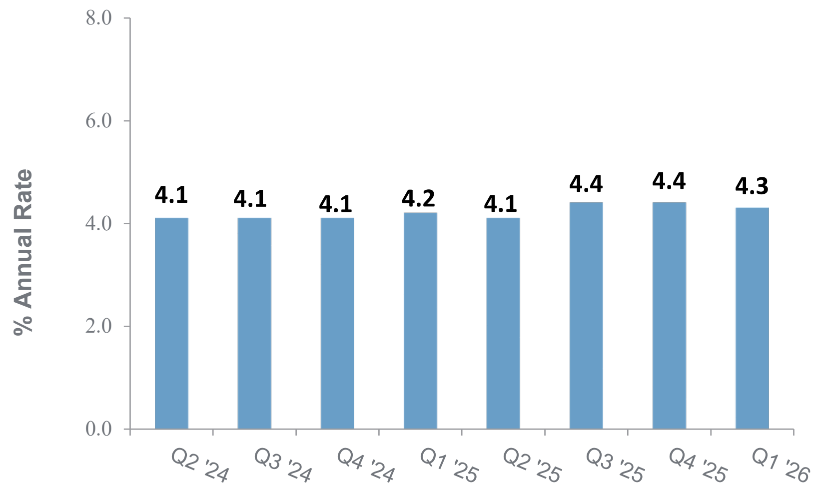
Source: Bureau of Labor Statistics, GDPNow Federal Reserve Bank of Atlanta

Inflation Indicator
12 month unadjusted



Source: Bureau of Economic Analysis

Unemployment Rate

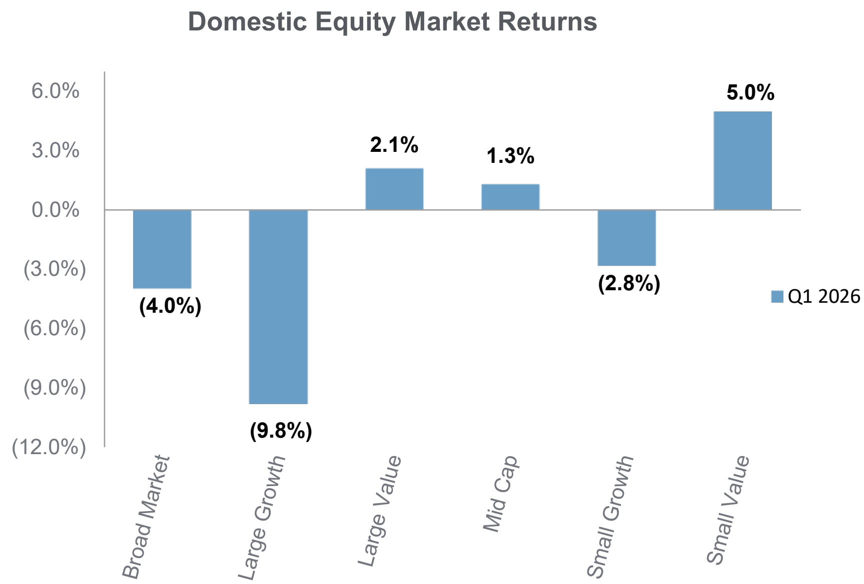


Source: Bureau of Labor Statistics

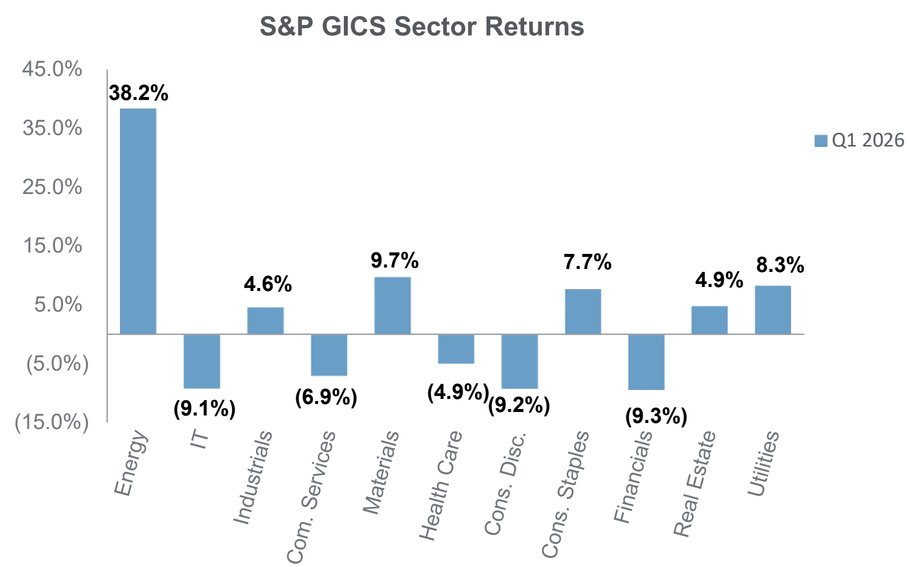
Domestic Equity Markets

The market was mixed in the 1st quarter. For the quarter, the S&P 500 finished down 4.33 percent, while small company stocks represented by the Russell 2000 index were up 0.89 percent. Value outperformed with the Russell 1000 Value index up 2.10 percent while the growth index was down 9.78 percent. For small companies value was up 4.96 percent, and the growth index was down 2.81 percent.

Energy kept the value index positive with a 38.2 percent rise. This is due to the spike in oil prices caused by the war in Iran. Other defensive sectors rose while growth sectors like technology dropped. Financials were the worse place to be down 9.3 percent.



Source: FactSet

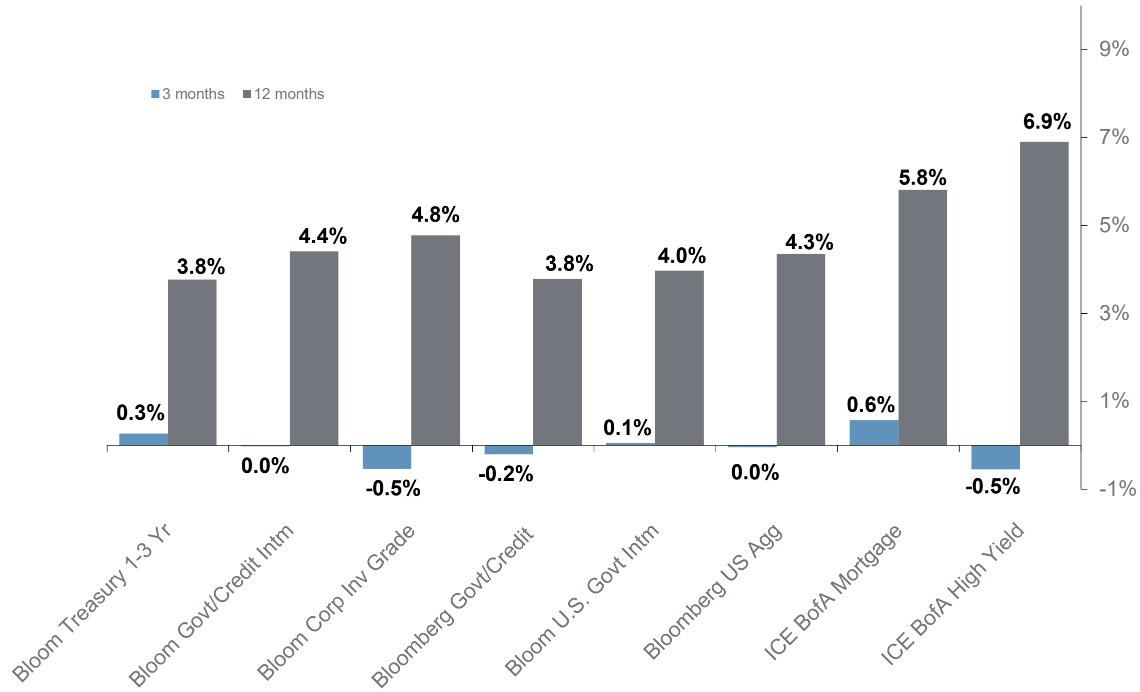


Domestic Fixed Income Market

Bonds dropped slightly. The Bloomberg US Aggregate Bond index ended down 0.05 percent. High yield bonds were down 0.55 percent. Bond yields rose**.**

The ten-year Treasury ended the quarter with a 4.32 yield up from 4.17 last quarter. The yield curve has finally normalized as longer term rates rose, and the Fed held steady.

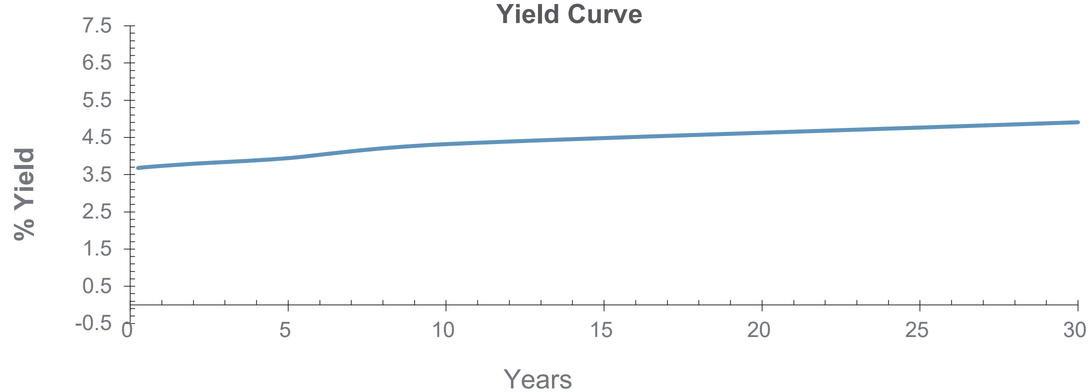
U.S. Fixed Income Market Performance
as of March 31, 2026



Yield Curve as of March 31, 2026

Time to Maturity	Interest Rate
3 Month	3.68
6 Month	3.70
2 Year	3.79
5 Year	3.94
10 Year	4.32
30 Year	4.91

Yield Curve

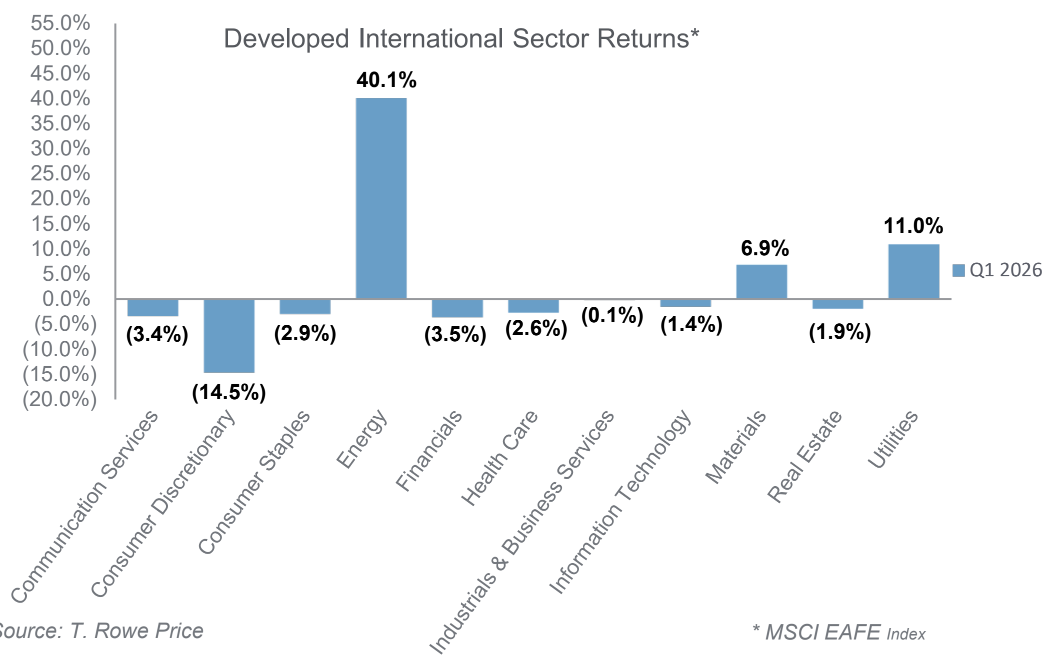


International Markets

International stocks were down but better than S&P. The EAFE index finished down 1.12 percent and the MSCI Emerging Markets index ended the quarter down 0.10 percent.

The dollar rose in value, demonstrating that with all of our issues the dollar is still the world's reserve currency. When investors seek safety, they come to the US.

India dropped dramatically. As the world's largest oil importer, they have felt more pain from the conflict in Iran. Brazil which is a net exporter of oil was one of the few bright spots in emerging markets.



Source: T. Rowe Price

* MSCI EAFE Index

MSCI Country Returns
Three Months Ending March 31, 2026

	Return US$ (%)	Return Local Currency (%)	Currency Effect (%)
Austria	-3.46%	-1.60%	-1.86%
Belgium	-1.74%	0.16%	-1.90%
Denmark	-13.89%	-12.19%	-1.70%
Finland	2.72%	4.71%	-1.98%
France	-5.35%	-3.53%	-1.83%
Germany	-8.39%	-6.62%	-1.77%
Ireland	-9.81%	-8.07%	-1.74%
Italy	-3.24%	-1.37%	-1.87%
Netherlands	2.74%	4.61%	-1.86%
Norway	31.69%	27.18%	4.52%
Portugal	11.42%	13.57%	-2.15%
Spain	-3.21%	-1.34%	-1.87%
Sweden	-3.47%	-0.58%	-2.90%
Switzerland	-3.81%	-2.44%	-1.37%
UK	2.02%	4.05%	-2.02%
Europe Total	**-2.68%**	**-0.85%**	**-1.83%**
Australia	3.31%	0.59%	2.73%
Hong Kong	5.54%	6.25%	-0.72%
Japan	1.51%	3.03%	-1.52%
New Zealand	-0.76%	0.04%	-0.80%
Singapore	-0.95%	-0.62%	-0.33%
Pacific Total	**0.28%**	**1.56%**	**-1.28%**
Brazil	19.17%	14.48%	4.69%
China	-8.93%	-8.52%	-0.41%
Greece	-6.52%	-4.72%	-1.81%
Hungary	4.67%	7.31%	-2.64%
India	-18.09%	-13.56%	-4.53%
Indonesia	-20.45%	-18.92%	-1.52%
Korea	16.68%	24.06%	-7.38%
Mexico	7.73%	8.10%	-0.37%
Poland	0.83%	4.55%	-3.73%
Thailand	15.68%	21.09%	-5.42%
Emerging Markets	**-0.10%**	**2.19%**	**-2.29%**

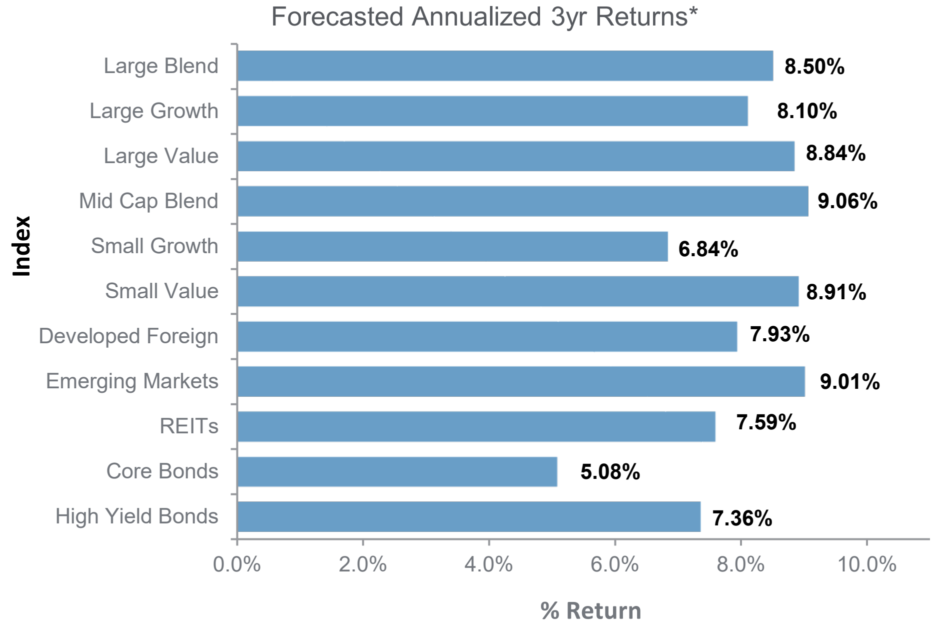
Source: MSCI

Market Forecast

We are getting a correction in the S&P 500 and are in a bear market for software stocks. At the same time value stocks, smaller company stocks, and international stocks have held up. We have been right on the allocation front. The question now is how long does this correction last?

The answer depends on Iran, and is therefore unknowable, however the initial rebound will likely help those who have been most beaten up, software companies. Afterwards, we believe the longer-term trends will hold with the move to value, small, and international having legs.

Bond yields have risen in the short term, as we entered a sell everything mode. This now makes yields more attractive. With inflation being higher we would not be surprised if the Fed remains paused leaving rates steady.



Changes in Return Expectations
as of March 31, 2026

Asset Class	Change Over Quarter	Change Over Year
Large Blend	0.23%	-0.19%
Large Growth	0.29%	-0.03%
Large Value	0.10%	-0.47%
Mid Cap Blend	0.09%	-0.29%
Small Growth	0.09%	-0.12%
Small Value	-0.16%	-0.52%
Developed Foreign	0.15%	-0.37%
Emerging Markets	0.57%	0.19%
REITs	-0.16%	-0.13%
Core Bonds	0.10%	-0.40%
High Yield Bonds	0.22%	-0.28%

*Forecasted 3-year annualized returns represent Iron Capital's investment return expectations for various asset classes over the next 3 years. They are calculated using a weighted average of historic returns and forward return assumptions. They are meant to be a tool to judge relative attractiveness of asset classes and not a guarantee of future investment returns.

SELECTED INDEX RETURNS - PERIODS ENDING Mar 31, 2026

	Quarter	Year-to-Date	One Year	Three Years	Five Years	Ten Years
US EQUITIES						
Broad Stock Market - Russell 3000	-3.96%	-3.96%	18.09%	17.86%	10.87%	13.72%
Large Stocks - S&P 500	-4.33%	-4.33%	17.80%	18.32%	12.06%	14.16%
Dow Jones Industrial Average	-3.19%	-3.19%	12.23%	13.77%	9.11%	12.49%
Medium-Size Stocks - Russell Mid-Cap	1.29%	1.29%	15.98%	13.33%	7.26%	10.91%
Small Stocks - Russell 2000	0.89%	0.89%	25.72%	13.05%	3.77%	9.88%
Small Value Stocks- Russell 2000 Value	4.96%	4.96%	28.09%	13.80%	5.79%	9.61%
Small Growth Stocks- Russell 2000 Growth	-2.81%	-2.81%	23.58%	12.27%	1.62%	9.79%
Large Value Stocks - Russell 1000 Value	2.10%	2.10%	15.87%	14.31%	9.43%	10.58%
Large Growth Stocks - Russell 1000 Growth	-9.78%	-9.78%	18.81%	21.18%	12.76%	16.83%
US FIXED INCOME						
1-3 Yr Treasury (Gov't) Bonds - Bloomberg	0.27%	0.27%	3.77%	4.05%	1.83%	1.78%
US Government Bonds Int - Bloomberg	0.05%	0.05%	3.98%	3.65%	1.00%	1.53%
US Corporate Inv Grade Bonds - Bloomberg	-0.54%	-0.54%	4.78%	4.70%	0.76%	2.81%
Government/Credit (Corp) Bonds - Bloomberg	-0.21%	-0.21%	3.79%	3.38%	0.21%	1.77%
Int Govt/Credit (Corp) Bond - Bloomberg	-0.02%	-0.02%	4.41%	4.24%	1.33%	2.04%
US Aggregate Bond Market - Bloomberg	-0.05%	-0.05%	4.35%	3.63%	0.31%	1.70%
Mortgage Backed Securities - ICE BofA	0.58%	0.58%	5.81%	4.20%	0.41%	1.45%
US High Yield Bonds - ICE BofA	-0.55%	-0.55%	6.90%	8.50%	4.19%	6.05%
INTERNATIONAL (Measured in US Dollars)						
Non-US Stocks - MSCI EAFE	-1.12%	-1.12%	21.88%	14.19%	8.45%	8.91%
World Stocks (includes US) - MSCI World	-3.47%	-3.47%	19.39%	17.29%	10.77%	12.36%
European Stocks - MSCI Europe	-2.68%	-2.68%	19.85%	13.96%	9.47%	9.15%
Japanese Stocks - MSCI Japan	1.51%	1.51%	26.31%	16.13%	6.95%	8.89%
Asian Stocks (Ex-Japan) - MSCI Pacific ex-Japan	2.99%	2.99%	23.87%	10.71%	5.50%	7.57%
Chinese Stocks - MSCI China	-8.93%	-8.93%	4.02%	6.77%	-4.74%	5.25%
Indian Stocks - MSCI India	-18.09%	-18.09%	-12.02%	7.52%	5.35%	8.26%
Emerging Markets - MSCI EM	-0.10%	-0.10%	30.30%	15.41%	4.16%	8.24%
Int'l Gov't Bonds -FTSE Non-USD World Gov't Bond	-1.76%	-1.76%	4.14%	0.97%	-4.29%	-1.20%
REAL ESTATE	.	.	.	.	.	.
FTSE NAREIT Equity-Reits Index	4.80%	4.80%	6.84%	9.10%	5.82%	5.57%
SHORT TERM INTEREST RATES						
T-Bills	0.93%	0.93%	4.22%	4.97%	3.49%	2.32%

Note: Returns for periods longer than 12 months are annualized.