



Insights

Q1
2026

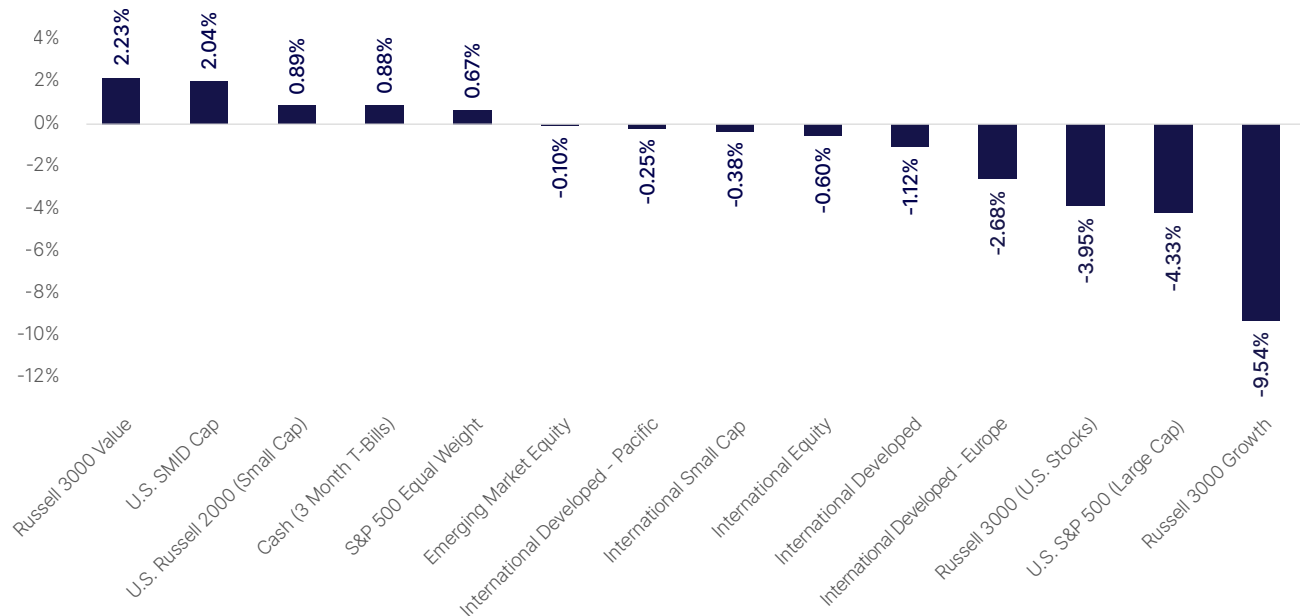
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Quarterly Newsletter Bringing You
Financial Insights from the Leaders

Reality Check

For the past few years, U.S. equity markets—as proxied by the S&P 500—have defied skeptics, posting three consecutive years of double-digit gains (2023-2025), supported by AI enthusiasm, resilient consumer spending, and accommodative central bank policy. That momentum faced its first serious test in the first quarter of 2026, as an unexpected military conflict in the Middle East sent oil prices surging, reignited inflation fears, and reminded investors that geopolitical risk can reassert itself without warning. The S&P 500 declined 4.3% in the quarter, its first negative quarter since early 2025, while bonds were flat, weighed down by rising energy costs and a more cautious Federal Reserve.

Equity Returns - 1Q 2026



Source: YCharts. Data as of 3/31/2026. Indexes cannot be invested in directly, are unmanaged and do not incur management fees, costs and expenses. For additional information, refer to the Important Information section beginning on page seven.

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SEIA's Investment Committee meets frequently to discuss current market trends and potential investment managers. The Investment Committee is composed of SEIA's Senior Partners and Financial Advisors, holding a variety of advanced degrees and certifications, including Master of Science in Financial Planning, CERTIFIED FINANCIAL PLANNER®, Chartered Financial Analyst®, Chartered Mutual Fund CounselorSM, Chartered Financial Consultant® and Accredited Investment Fiduciary®.

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For details on the professional designations displayed herein, including descriptions, minimum requirements and ongoing education requirements, refer to the Important Information section beginning on page seven.

Equities*

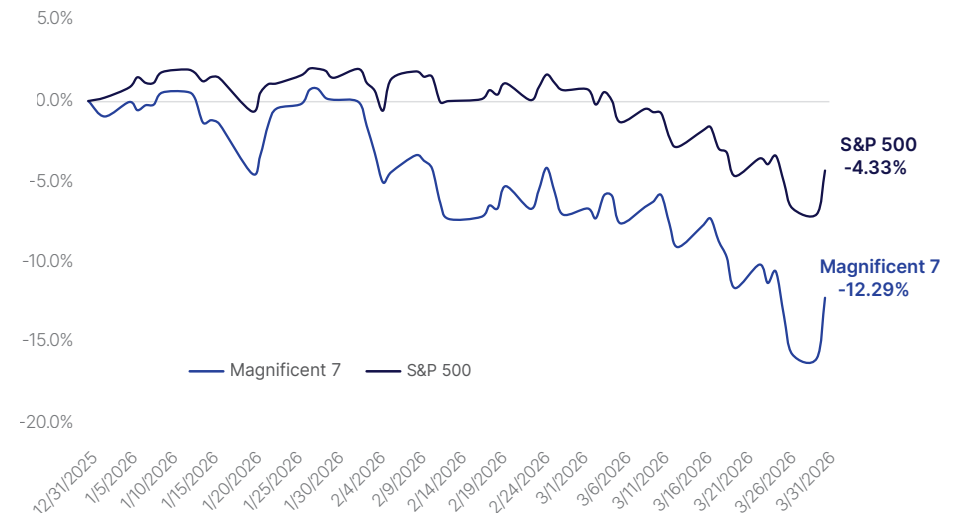
The first quarter of 2026 marked a turning point for U.S. equities after three consecutive years of strong gains. The S&P 500 declined 4.3% for the quarter, dragged lower by a selloff in March following the onset of the Iran conflict and the resulting spike in energy prices. The index closed the quarter at approximately 6,396, well off its early-January high near 6,939.

More notable than the headline decline was the shift in market leadership. The Russell 2000 Index of small-cap stocks outperformed large-cap peers for much of the quarter, rising as much as 9.5% before pulling back amid the March volatility. This rotation away from mega-cap technology names, which had dominated market returns for much of the past three years, reflected a combination of elevated valuations in the “Magnificent Seven,” rising concerns about the sustainability of AI-related capital expenditure, and improving fundamentals among smaller, more domestically oriented companies.

The S&P 500’s forward price-to-earnings ratio fell from approximately 24x at the end of 2025 to roughly 20x by quarter-end, a meaningful compression that reflects both lower prices and moderating earnings expectations. While this brought valuations closer to the long-term 10-year average of 19x, the index remains somewhat elevated given the uncertain macro backdrop. For longer-term investors, the repricing may present opportunities in sectors that have been overlooked during the AI-driven rally of recent years.

International equities, which had been a standout story in 2025, with the MSCI EAFE Index returning 31.2% and the MSCI Emerging Markets Index gaining 33.6%, began the year with momentum before giving back some gains as the conflict escalated. Emerging market equities, which had risen roughly 5% year-to-date through mid-February, reversed course as oil price shocks weighed on energy-importing economies and geopolitical risk dampened sentiment. That said, consensus expectations for 21% emerging market earnings growth in 2026 remain

Magnificent 7 vs. S&P 500 - 1Q 2026



Source: YCharts

well above developed market forecasts, and valuations continue to trade at a meaningful discount to U.S. equities.

The divergence between U.S. large-cap growth and the rest of the equity market underscores the importance of diversification. While the AI trade drove outsized returns in a concentrated group of stocks over the past two years, the first quarter of 2026 served as a reminder that market leadership can shift quickly and that investors with broader exposure may have been better positioned in some cases to weather the turbulence.

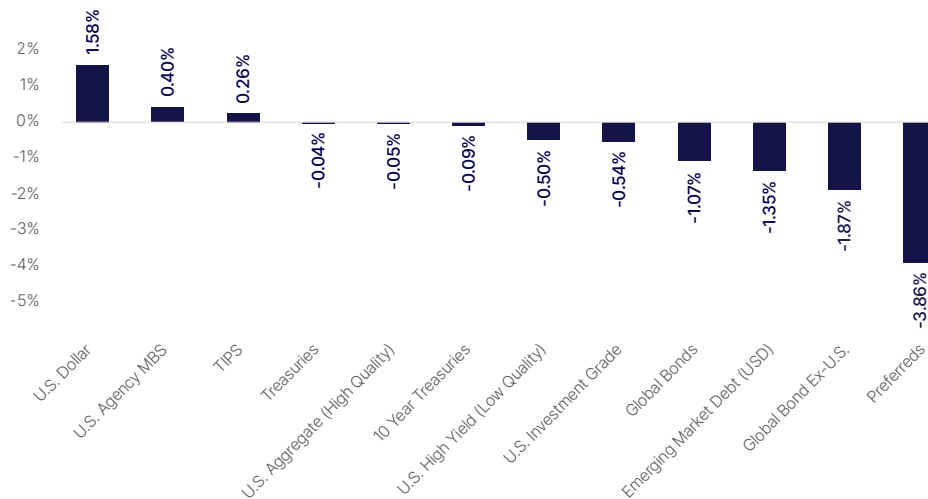
Entering the second quarter, we will be closely watching the Q1 2026 earnings season. Consensus expects roughly 12.5% year-over-year earnings growth for the S&P 500, with the Information Technology sector projected to lead. However, guidance will matter more than results and any indication that higher energy costs or geopolitical uncertainty is weighing on corporate margins could pressure equities further.

Fixed Income*

Fixed income markets faced a challenging first quarter, as geopolitical tensions in the Middle East contributed to higher oil prices and rekindled inflation concerns. At the same time, the Federal Reserve was attempting to navigate a path toward further rate normalization. The Bloomberg U.S. Aggregate Bond Index declined slightly for the quarter, with losses accelerating in March as the 10-year Treasury yield rose from around 4.0% at the start of the year to approximately 4.4% by quarter-end.

The Federal Reserve held its benchmark rate steady at 3.50%–3.75% at its January and March meetings, as policymakers grappled with conflicting signals: a weakening labor market on one hand and persistent inflation on the other. At the March FOMC meeting, Chair Powell acknowledged that inflation, running at roughly 3% on a core basis, remained well above the Fed's 2% target, noting that "some big chunk, between a half and three-quarters, is actually tariffs."

Fixed Income Returns - 1Q 2026



Source: YCharts

The committee's updated projections still pointed to one rate cut in 2026, though seven of nineteen participants now see rates remaining unchanged for the full year.

Credit spreads widened across most sectors over the quarter, with most of the move occurring in March as oil prices climbed and risk appetite faded. High-yield bonds fell approximately 1.2% in March, while investment-grade corporates declined roughly 2.0%. Mortgage-backed securities also weakened, falling about 1.6%. Outside the U.S., emerging market dollar-denominated debt declined approximately 2.9% amid a stronger U.S. dollar and rising geopolitical uncertainty late in the quarter.

The leadership transition at the Federal Reserve adds an additional layer of uncertainty to the fixed income outlook. Chair Powell's term is set to expire in May, and President Trump has nominated former Fed Governor Kevin Warsh as his replacement. While Warsh has historically advocated for lower rates, his confirmation faces political headwinds. We will be watching closely to see whether the new chair prioritizes inflation fighting or pivots more aggressively toward easing, a decision that could have significant implications for both the yield curve and credit markets.

Alternatives*

The first quarter's most notable development was the eruption of conflict involving Iran in late February, which contributed to sharp rise in crude oil prices. Brent crude peaked near \$117 per barrel on March 9, roughly double its early-January price of around \$61, as markets priced in potential disruptions to the Strait of Hormuz, a critical chokepoint for global oil supply. Prices retreated from those extremes but remained elevated through quarter-end.

Gold continued its ascent, reaching record highs in late January before settling back toward the \$5,000 level. The metal gained 67% in 2025, according to the World Gold Council (based on LBMA Gold Price, USD), marking its largest annual increase since the late 1970s, and

Alternative investments may not be suitable for all investors and often engage in speculative investment practices which increase investment risk; are highly illiquid; are not required to provide periodic prices or valuation; may not be subject to the same regulatory requirements as traditional investments; and often employ complex tax structures. Investing in alternative strategies may involve a significant lock up period. A period of time with no liquidity or significant penalties for early liquidity. Alternative investments may have significant fees associated with the management of the alternative strategy. These fees would be on top of the management fee paid to your Advisor. The price of commodities is subject to substantial price fluctuations over short periods of time and may be affected by unpredictable international monetary and political policies. The market for commodities is widely unregulated and concentrated investing may lead to higher price volatility.

*For additional information, refer to the Important Information section beginning on page seven.

has remained supported in 2026 by a combination of geopolitical risk, central bank purchasing, and persistent demand for inflation hedges.

The simultaneous rise in both gold and oil is worth noting, as it can signal a mix of inflation risk, geopolitical uncertainty, and economic stress—conditions markets navigated this quarter. This backdrop may reinforce the role of alternative allocations as potential portfolio diversifiers.

Within private markets, private credit has seen increased investor attention heading into 2026. The fundraising environment slowed in Q1, with some funds experiencing elevated redemption requests. With quarterly redemption limits generally set at 5% of NAV, periods of heightened demand can lead to proration. Redemptions in non-traded Business Development Companies (BDCs) increased in late 2025 and into Q1 2026, most visibly with Blue Owl, whose flagship Credit Income Corp (OCIC) reported redemption requests of 21.9% of NAV. While outflows were capped at 5%, actual net redemptions were modest given offsetting inflows.

The asset class has drawn interest among private wealth investors due to its return profile and yield characteristics. Recent concerns have centered on software sector loan concentration and isolated fraud allegations in late 2025 that raised questions about loan quality. Within broadly diversified private credit portfolios, credit performance has remained broadly stable in recent periods, with non-accrual levels relatively low and borrowers benefiting from lower base rates compared to 2023 peaks.

Outlook

The first quarter of 2026 delivered a reminder that markets do not move in a straight line. The backdrop is increasingly complex, shaped by three intersecting forces: geopolitical uncertainty in the Middle East, a Federal Reserve navigating a weakening labor market alongside persistent inflation, and a leadership transition at the nation's central bank.

The economic data present a mixed picture. Fourth-quarter GDP was revised sharply lower to 0.7% annualized, slowing from 4.4% in Q3, reflecting the impact of the government shutdown and softer consumer spending. For 2025, the economy grew 2.1%. The labor market has notably softened, with 92,000 jobs lost in February following a revised loss of 17,000 in December, and the unemployment rate rising to 4.4%. Federal government employment has fallen 11% since its October 2024 peak, reflecting ongoing restructuring efforts.

Consumer sentiment has deteriorated, with the University of Michigan's Consumer Sentiment Index falling to 53.3 in March, near its lowest level since 2022, as rising gasoline prices and market volatility weighed on household expectations. Year-ahead inflation expectations rose to 3.8%, the largest monthly increase since April 2025. At the same time, the Federal Reserve's updated projections point to 2.4% GDP growth in 2026 and core inflation of 2.7%, a combination that may limit the scope for rate cuts. The nomination of Kevin Warsh as the next Fed chair adds another variable, while he has signaled openness to lower rates, his confirmation process has been complicated by political dynamics.

Looking ahead, we see cautious optimism tempered by meaningful risks. Fiscal stimulus from the "One Big Beautiful Bill," continued earnings growth, and a first-quarter valuation reset have created relatively more attractive entry points in select areas of the market. International equities, particularly emerging markets, continue to offer comparatively lower valuations and stronger earnings growth potential.

However, the range of potential outcomes has widened. Geopolitical tensions in the Middle East remain a key near-term variable for global energy markets and inflation. A de-escalation could support markets, while further escalation could push oil prices higher, complicate the inflation outlook, and delay potential policy easing. In this environment, diversification across asset classes, geographies, and investment styles remains an important consideration.

Alternative investments may not be suitable for all investors and often engage in speculative investment practices which increase investment risk; are highly illiquid; are not required to provide periodic prices or valuation; may not be subject to the same regulatory requirements as traditional investments; and often employ complex tax structures. Investing in alternative strategies may involve a significant lock up period. A period of time with no liquidity or significant penalties for early liquidity. Alternative investments may have significant fees associated with the management of the alternative strategy. These fees would be on top of the management fee paid to your Advisor. The price of commodities is subject to substantial price fluctuations over short periods of time and may be affected by unpredictable international monetary and political policies. The market for commodities is widely unregulated and concentrated investing may lead to higher price volatility.

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Important Information

Asset Class/Sector	Index Name	Last Month	Last Quarter	Trailing 12 Months	Year To Date	Index Definition
Russell 3000 Value	Russell 3000 Value TR	-4.77%	2.23%	16.37%	2.23%	Index that measures the performance of the broad value segment of the US equity value universe.
U.S. SMID Cap	Russell 2500 TR	-5.13%	2.04%	23.45%	2.04%	Index based on 2500 smaller US companies ranked by size (or, Russell 3000 which measures 98% of US market cap less the S&P 500 names).
U.S. Russell 2000 (Small Cap)	Russell 2000 TR	-5.00%	0.89%	25.72%	0.89%	Index based on 2,000 small U.S. companies ranked by market capitalization (size).
Cash (3-month T-bills)	S&P Cash Composite US TR	0.30%	0.88%	4.12%	0.88%	Index comprises a composite of short-term (1-3 month) treasury bills.
S&P 500 Equal Weight	S&P 500 Equal Weighted TR	-5.97%	0.67%	12.85%	0.67%	Index based on 500 large US companies ranked equally.
Emerging Market Equity	MSCI EM NR	-13.03%	-0.10%	30.30%	-0.10%	Index captures large and mid cap representation across 24 Emerging Market countries.
International Developed - Pacific	FTSE Developed Asia Pacific NR	-13.23%	-0.25%	28.11%	-0.25%	Index comprised of large and mid cap stocks providing coverage of the developed markets in Asia Pacific.
International Small Cap	FTSE Developed Small Cap Ex US TR	-11.10%	-0.38%	28.41%	-0.38%	Index of small-cap stocks providing coverage of developed markets, excluding the US, and based on the FTSE GEIS, which covers ~98% of the world's investable market capitalization.
International Equity	MSCI ACWI Ex USA NR	-10.71%	-0.60%	25.58%	-0.60%	Index captures large and mid cap representation across 22 of 23 Developed and 24 Emerging Market countries.
International Developed	MSCI EAFE NR	-10.19%	-1.12%	21.88%	-1.12%	Index captures large and mid cap representation across 21 Developed Market countries around the world, excluding the US and Canada.
International Developed - Europe	FTSE Developed Europe NR	-9.80%	-2.68%	19.85%	-2.68%	Index comprised of large and mid cap stocks providing coverage of the developed markets in Europe.
Russell 3000 (U.S. Stocks)	Russell 3000 TR	-4.97%	-3.95%	18.09%	-3.95%	Index based on 3,000 companies representing approximately 98% of the investable U.S. equity market.
U.S. S&P 500 (Large Cap)	S&P 500 TR	-4.98%	-4.33%	17.80%	-4.33%	Index based on 500 large US companies ranked by market capitalization (size).
Russell 3000 Growth	Russell 3000 Growth TR	-5.21%	-9.54%	18.75%	-9.54%	Index that measures the performance of the broad growth segment of the US equity universe.
U.S. Dollar Index	Deutsche Bank Long US Dollar TR	2.24%	1.58%	-4.18%	1.58%	Index that reflects the return from investing in the first USDX future contract listed on NYBOT.
Mortgage Backed Securities	Bloomberg US Mortgage Backed Securities	-1.65%	0.40%	5.79%	0.40%	Tracks agency mortgage-backed pass-through securities from Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC), including 15-, 20-, and 30-year fixed-rate pools.
TIPS	Bloomberg US Treasury US TIPS TR	-1.34%	0.26%	3.00%	0.26%	Index measures the performance of the US Treasury Inflation Protected Securities (TIPS) market.
U.S. Treasuries	Bloomberg US Treasury TR (1987)	-1.74%	-0.04%	3.25%	-0.04%	Index measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury.
U.S. Core Bond (High Quality)	Bloomberg US Aggregate Bond TR	-1.76%	-0.05%	4.35%	-0.05%	Index comprised of U.S. government and investment grade corporate bonds. 45% of index is government related.
10-Year Treasuries	ICE U.S. Treasury 7-10 Year Bond TR	-2.31%	-0.09%	4.04%	-0.09%	Seeks to track the investment results of an index composed of U.S. Treasury bonds with remaining maturities between seven and ten years.
U.S. Corporate High-Yield Bond	Bloomberg US Corporate High Yield TR	-1.18%	-0.50%	7.01%	-0.50%	Index comprised of U.S. non-investment grade corporate bonds.
Investment Grade	Bloomberg US Corporate TR	-1.98%	-0.54%	4.78%	-0.54%	Index measures the investment grade, fixed-rate, taxable corporate bond market.
Global Bonds	Bloomberg Global Aggregate TR	-3.07%	-1.07%	4.26%	-1.07%	Index is comprised of global investment grade bonds from twenty-four Developed and Emerging local currency markets.
Emerging Market Debt (USD)	Bloomberg Emerging Market USD Aggr TR	-2.89%	-1.35%	7.11%	-1.35%	Index is a flagship hard currency EM debt benchmark that includes fixed and floating-rate USD-denominated debt issued from sovereign, quasi-sovereign, and corporate EM issuers.
Global Bonds Ex US	Bloomberg Global Aggregate Ex USD TR	-4.13%	-1.87%	4.18%	-1.87%	Index provides a broad-based measure of the global investment-grade fixed income markets.
Preferreds	S&P Preferred Stock TR	-4.28%	-3.86%	-2.59%	-3.86%	Index is comprised of U.S. traded preferred stocks that meet criteria relating to minimum size, liquidity, exchange listing, and time to maturity.

Source: YCharts. Data as of 3/31/2026. Indexes cannot be invested in directly, are unmanaged and do not incur management fees, costs and expenses.

Sector	Definition
Stocks	Investments in stocks of small companies involve additional risks, typically have a higher risk of failure, and are not as well established as larger blue-chip companies. Historically, smaller-company stocks have experienced a greater degree of market volatility than the overall market average.
Alternatives	Investors should be aware that there are risks inherent in all investments, such as fluctuations in investment principal. Alternative investment strategies do not assure a profit, cannot protect against losses, and may involve additional risk.
International	Non-U.S. securities markets involve possibly greater risk of political instability and greater currency risk in addition to having been more volatile. These risks can be accentuated in emerging markets.
Commodities	The price of commodities, such as gold and currency, is subject to substantial price fluctuations of short periods of time and may be affected by unpredictable international monetary and political policies. The market for commodities and currency is widely unregulated and concentrated investing may lead to higher price volatility. Foreign currency trading carries a high level of risk and can result in loss of part or all of your investment.
Bonds	In general, the bond market is volatile as prices rise when interest rates fall and vice versa. This effect is usually pronounced for longer-term securities. Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss.
Low Quality	Lower rated debt securities, sometimes called junk bonds, carry increased risks of price volatility, illiquidity, and the possibility of default in the timely payment of interest and principal.
Treasury	Treasuries are debt securities issued by the United States government and secured by its full faith and credit. Income from treasury securities is exempt from local and state taxes.

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AAMS® – Accredited Asset Management SpecialistSM is issued by the College for Financial Planning. Candidates must meet the following requirements: 1) Complete the AAMS Course Info; 2) Pass the final certification exam; and 3) Fulfill the continuing education requirement of 16 hours every two years.

AIF® – Accredited Investment Fiduciary[®] is issued by the Center for Fiduciary Studies. Candidates must meet the following requirements: 1) Complete the AIF training program; 2) Pass the final certification exam; and 3) Fulfill the continuing education requirement of 6 hours per year.

CAIA® – Chartered Alternative Investment Analyst is issued by the CAIA Association. A Chartered Alternative Investment Analyst is a respected designation attained by an investment professional who has successfully completed both levels of the CAIA exam.

The CAIA designation is meant for a financial professional who will be primarily in the alternative investment space, which may include but not limited to hedge funds and private equity. Candidates must meet the following requirements: 1) Hold a U.S. bachelor's degree or the equivalent, and have more than one year of professional experience, or have four years of professional experience in the financial industry; 2) Successfully pass both the Level I and Level II exams; and 3) Complete the self-evaluation tool every three years.

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The CFA designation denotes that a person has a strong foundation of advanced investment analysis and real-world portfolio management skills. The CFA charter is one of the most respected designations in finance and is widely considered to be the gold standard in the field of investment analysis. CFA designees must meet the following requirements for regular membership: 1) Hold a bachelor's degree from an accredited institution or have equivalent education or work experience; 2) Complete and pass the CFA Program – a graduate-level self-study program culminating in three sequential six-hour exams; 3) Have at least four years of qualified work experience in the investment decision-making process; 4) Fulfill society requirements, which require two sponsor statements as part of each application; 5) Commit to abide by, and annually reaffirm, adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct; and 6) Maintain regular membership.

CFP® – CERTIFIED FINANCIAL PLANNER[®] is issued by the Certified Financial Planner Board of Standards, Inc. CFP is a professional certification attained by a financial planner or advisor who has successfully completed the requirements set by the Certified Financial Planner Board.

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MS – Master of Science in Financial Planning is a graduate degree for the financial services industry offered by many institutions across the country.

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