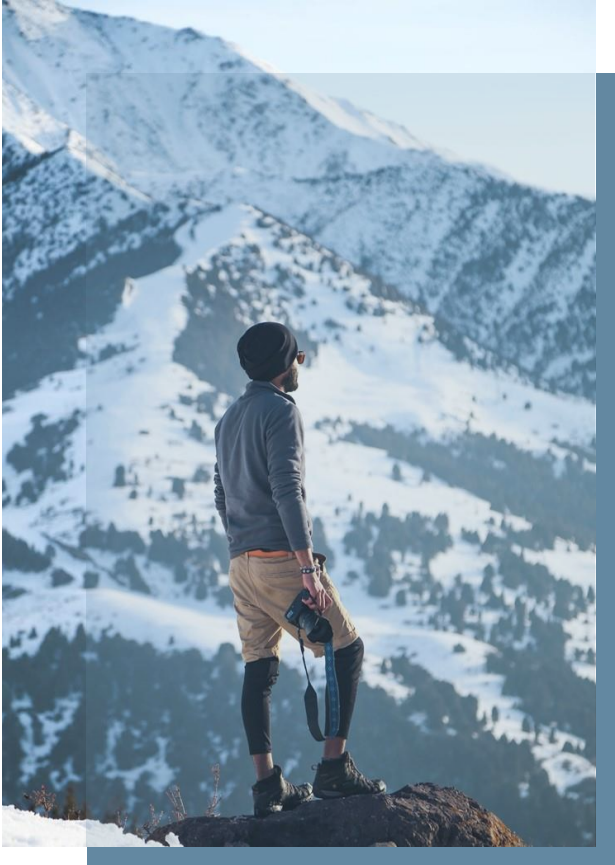




PERSPECTIVES

Benefit Financial Services Group Newsletter

Quarter Ending March 31, 2026



Market Recap

Brent Miller, CFA® (Senior Portfolio Manager)

After three consecutive years of double-digit gains, U.S. equity markets stumbled in the first quarter of 2026, pressured by escalating geopolitical tensions in the Middle East, a sharp rise in energy prices, a reassessment of mega-cap technology valuations, and fading confidence in near-term Federal Reserve easing. The S&P 500 Index¹ declined 4.6% during the quarter, as the outbreak of the U.S.-Israeli war against Iran in late February and the effective closure of the Strait of Hormuz upended the constructive outlook that had prevailed entering the year. The Nasdaq Composite Index² fared worse, falling 7.1%, as the mega-cap AI trade that had powered markets for two years encountered meaningful headwinds from both rising risk aversion and mounting concerns over the return profile of surging AI capital expenditures. The Dow Jones Industrial Average³ posted a comparatively narrower loss of 3.2%, as its greater exposure to energy and defensive sectors cushioned the blow relative to the growth-heavy Nasdaq.

The S&P 500 Equal Weight Index⁴ posted a modest gain of 0.2% in the quarter, outperforming the market-cap-weighted S&P 500 Index by 4.8%, signaling improved market breadth and broader participation away from mega-caps. Further evidence of shifting market leadership can be seen in the “Magnificent Seven,”⁵ which experienced a marked pullback in Q1, delivering an average return of approximately -12.2%. Another notable trend was the sharp divergence between value and growth, one of the most pronounced in recent memory. The Russell 1000 Growth Index⁶ fell 9.9%, while the Russell 1000 Value Index⁷ eked out a modest gain of approximately 1.6%, a return differential of 11.5%.

The Russell 2000 Index⁸ which tracks small-cap stocks, showed notable resilience in Q1 2026, appreciating a modest 0.6%. Small-cap equities benefited from their lower exposure to the multinational revenue streams most vulnerable to geopolitical disruption and rising oil costs. Their relative outperformance versus large-cap growth represented a continuation of the improving market-breadth trend that had emerged in Q4 2025, though this quarter’s catalyst was geopolitical risk rather than rate-cut optimism.

International developed markets outperformed U.S. equities for the quarter, with the MSCI World ex USA Index⁹ declining 1.5%. However, the quarter was effectively a tale of two halves: the index appreciated

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8.8% through 2/25/26, before declining 9.5% over the remainder of the quarter following the Iran war shock. Emerging markets proved slightly more resilient, with the MSCI Emerging Markets Index¹⁰ declining 0.5% in Q1 2026, extending 2025's relative outperformance versus developed markets. The asset class benefited from continued U.S. dollar weakness, robust AI-linked semiconductor demand in Asia, and ongoing corporate governance reforms across the region. Korea and Taiwan were again the primary engines of performance, driven by their outsized exposure to the global AI infrastructure buildout. However, the late-quarter risk-off environment weighed on emerging-market returns as well, particularly among oil-importing economies facing higher input costs. China was a case in point, with the MSCI China Index falling 9.0% in the quarter as it gave back early-quarter gains amid a worsening energy outlook and renewed growth concerns.

On the domestic monetary policy front, the Federal Reserve shifted into a holding pattern, leaving the federal funds rate unchanged at 3.50%-3.75% at both its January and March meetings. The January decision featured two dissents in favor of a rate cut, reflecting lingering concern over a soft labor market. By March, however, the outbreak of the Iran war and the resulting oil-price surge had fundamentally altered the calculus, reinforcing the Fed's data-dependent stance and reducing confidence in an imminent resumption of rate cuts. Markets broadly interpreted the Fed's positioning as hawkish relative to the two to three cuts that had been priced in entering the year, and Chair Powell's emphasis on a "first, do no harm" approach reinforced the view that rate relief is unlikely until the second half of 2026 at the earliest.

In fixed income, rising yields and inflation expectations pressured bond returns across the duration spectrum. The 10-year U.S. Treasury yield ended Q1 2026 at 4.33%, up 17 basis points from 4.16% at year-end 2025, driven by higher near-term inflation expectations stemming from the oil shock. As with equities, the move was not linear: yields traded in a relatively narrow range through mid-February before surging in March alongside crude prices. The iShares Core U.S. Aggregate Bond ETF (AGG)¹¹ was roughly flat for the quarter, with coupon income offsetting price declines. The 2-year U.S. Treasury yield rose more materially, increasing to 3.81% from 3.48% at year-end, as markets recalibrated expectations for Fed easing. Credit spreads widened modestly during the March selloff, with the iShares Broad USD High Yield Corporate Bond ETF (USHY)¹² declining 0.4% for the quarter as risk aversion mounted.

Crude oil was the defining commodity story of Q1 2026 and one of the most consequential market developments of the quarter. Brent crude, which had closed 2025 at \$60.85 per barrel, traded in a relatively narrow range through late February before the U.S.-Israeli strikes on Iran on February 28th triggered a severe energy supply shock. The effective closure of the Strait of Hormuz, through which approximately 20% of the world's seaborne oil flows, sent Brent surging more than 60% in March alone, its largest monthly gain on record dating back to 1988. Brent crude prices ended the quarter up 94.5%, as a March release of 400 million barrels from strategic petroleum reserves by IEA nations — the largest emergency release in history — did little to ease concerns over the market's near-term supply gap.

Precious metals experienced significant volatility in Q1, driven by the interplay of safe-haven demand, rate expectations, and the energy shock. Gold reached a new all-time high above \$5,400 per ounce in late January, propelled by central-bank buying, ETF inflows, and intensifying geopolitical uncertainty. However, the metal gave back a significant portion of those gains in March as the hawkish Fed hold, surging real yields, and forced liquidation by leveraged funds weighed on prices. Gold ended the quarter at \$4,668 per ounce, up 8% from its year-end 2025 close of approximately \$4,325. Silver followed a similar trajectory, rising sharply through January before experiencing one of its sharpest weekly declines in years in early February, as its dual identity as both an industrial metal and a precious metal left it vulnerable to growth concerns and speculative unwinding. Silver ended Q1 near \$72.69 per ounce, up 1.0% from its year-end 2025 level.

As we enter Q2 2026, the market narrative has shifted decisively from the monetary-policy-and-AI-driven framework that dominated 2024 and 2025 to one centered on geopolitical risk, energy security, and the specter of a supply-side inflation shock. On one hand, the economy continues to show signs of underlying resilience, and the broadening away from narrow mega-cap leadership may ultimately prove healthy for market structure. On the other hand, energy-driven inflation risk, a more cautious Fed, tighter financial conditions, and unresolved geopolitical tensions have made the path forward less straightforward than it appeared at year-end. In our view, the environment continues to argue for diversification, disciplined risk management, and selectivity across both equity and fixed income allocations.

Forecast

Steven Yamshon, Ph.D. (Managing Principal)

The late-February 2026 conflict between the U.S. and Iran has introduced a negative supply shock to global energy markets. Historically, oil prices in the \$100–\$125 range are manageable for the U.S. economy, provided they do not remain elevated for an extended period. Today, households and businesses are far less energy-intensive than in prior decades, and U.S. reliance on foreign oil is meaningfully lower than it was during the 1970s.

The key uncertainties for markets are duration, not headlines: how long the conflict persists, how sustained any rise in oil prices becomes, and the direction of interest rates under new Federal Reserve leadership after May. While inflation risks have increased—particularly if the dollar continues to weaken amid large fiscal deficits — a repeat of the 1970-1984 stagflation era remains unlikely. That period was marked by a breakdown in dollar credibility and culminated in extreme monetary tightening under Paul Volcker. Although inflation pressures are real today, most economists do not expect them to reach those historic extremes.

That said, stagflationary dynamics warrant attention. As JPMorgan CEO Jamie Dimon recently cautioned, inflation can coexist with slowing growth. Historically, equity returns in such environments have been muted: the S&P 500 has averaged just ~2% annually during stagflation versus ~10% in normal periods. In the 1973–1982 period, equities delivered slightly positive nominal returns but negative real returns as valuations compressed despite earnings growth — effectively a lost decade for investors.

From a portfolio perspective, valuation discipline and pricing power matter most. High-growth, high-multiple stocks — particularly in tech-heavy indexes — tend to suffer as inflation and interest rates rise. Financials often weaken as credit risks increase. In contrast, companies with durable pricing power, low capital and labor intensity, and high returns on invested capital — often found in consumer staples, healthcare, and select utilities — have historically held up better. As Warren Buffett famously demonstrated with Coca-Cola in the late 1970s, the ability to pass through costs ultimately separates resilient businesses from vulnerable ones.

One important distinction from past cycles: technology now represents a much larger share of U.S. equity indexes, making domestic markets more sensitive to stagflation than they were historically — and potentially more so than markets such as Europe or the U.K. Selectivity, diversification, and a focus on real, durable cash flows remain the most effective responses in this environment.

Portfolio Management

Michael Allbee, CFP® (Principal/Senior Portfolio Manager)

In a world saturated with constant — and often stressful — global headlines, it can be surprisingly valuable to step back. Not to disengage from reality, but to reconnect with something more enduring: your personal values, priorities, and sense of purpose. This intentional pause is not an act of denial; it is a way to regain balance, reduce anxiety, and create space for thoughtful decision-making.

This perspective becomes especially important when we consider retirement.

Many of us spend decades working toward a clearly defined goal: the day when work is no longer required. Yet for all its demands, work often provides the foundation of a meaningful life. It gives structure to our days, a reason to engage with others, opportunities to contribute, and the sense that we are useful and needed.

This tension is not merely philosophical — it is measurable. Research consistently shows a statistically significant relationship between retirement and increased mortality risk among men. Retirement itself is not the cause. Rather, it is the sudden loss of routine, identity, and purpose that often accompanies an abrupt transition out of work. When meaningful engagement disappears, physical health and emotional wellbeing can suffer.

This is why thoughtful financial planning must go beyond portfolio construction and retirement dates. At its core, good planning is about aligning capital with values — about ensuring that wealth supports a life that remains engaging, purposeful, and fulfilling.

When retirement is approached as a transition rather than an endpoint, it can become one of the most rewarding chapters of life. Financial independence is transformed from a finish line into a tool — one that enables flexibility and choice. Many individuals find deep satisfaction through part-time work, mentoring, volunteering, creative pursuits, continued learning, philanthropy, or even new ventures undertaken purely on their own terms.

Importantly, this same philosophy applies to investing.

Financial planning provides the framework that connects your investments to your broader life goals, risk tolerance, and time horizon. Rather than reacting to markets or chasing returns, it establishes a disciplined approach to asset allocation — balancing growth, preservation, and liquidity in a way that supports both financial security and peace of mind.

In the end, success in investing mirrors success in life. It is not about maximizing a single outcome, but about maintaining balance. Balance between growth and risk. Between engagement and rest. Between financial security and personal meaning.

When your wealth is aligned with your values, retirement is no longer about stepping away from life — it is about stepping more fully into it.

Talk With Us!

Henry VanBuskirk, CFP® (Wealth Manager)

Let's play a game.

How do you play?

- Think about what financial goals you want to instill in your child.
- Schedule a free consultation with one of our Certified Financial Planners™ professionals to help codify those goals into a comprehensive financial plan.
- Put that plan into action and marvel as the 8th wonder of the world (compound interest) works its magic.
- The sooner you play, the sooner your child's investment vehicle works for them. The sooner you pick your child's investment vehicle and stick with it, the better shot your child has at meeting the future financial goals you set for them.

Who wins?

- You win when you utilize the right investment savings vehicle for your child's financial future.
- You lose if you don't effectively plan out your child's financial future.
- I win if you read the rest of the article.
- I lose if you skip past my section of this quarter's perspectives.

What do you win?

- A sense of achievement in knowing you optimally planned out your child's financial future.

What do I win?

- A sense of achievement in knowing we helped prepare you for your child's financial future.

What vehicles can you use?

- A UTMA/UGMA account (Uniform Transfer to Minor's Act/Uniform Gifts to Minor's Act account)
- A 529 Plan
- A Trump Account

Now that we've established the rules, let's play!

Game Start:

I know about UTMA/UGMA accounts and 529 plans, but I didn't know about the Trump Account. What is a Trump Account, and how can I use it to save for my child's future?

Great question! The Trump Account's structure was created under the Working Families Tax Cut Act of 2025. However, you can't contribute to it just yet. You'll have to wait until July 4, 2026, to make contributions to a Trump Account. If you want to get a head start, you can open your Trump Account now by either going to trumpaccounts.gov or filing a Form 4547 with your Tax Return.

Well, I want to know the pros and cons before just opening a Trump Account to help me decide on what's best for my family.

Of course! Here are some pros and cons (this list isn't exhaustive):

- Pros:
 - The funds in a Trump Account grow tax-advantaged. Withdrawals of your original contributions are never taxed, since you did not receive a tax deduction for those contributions.
 - After your child is 18, you can convert up to 50% of the funds in a Trump Account to a Roth IRA. At 24, you can convert the remaining 50%. Since these Roth conversions would be at the child's tax rate, they should be in the lowest income tax bracket of their lives, since they are at the beginning of their careers.
 - If your child was born between 01/01/2025 and 12/31/2028, the federal government will contribute \$1,000 for a Trump Account in your child's name. If this describes you, then opening the account and getting the \$1,000 contribution is a no-brainer.
 - Since there is some restriction on the funds when the child reaches age 18, they can't blow it all on whatever they want, like they potentially could with a UTMA/UGMA account.
 - An employer can make tax-deductible contributions of \$2,500 per year (indexed to inflation) to an employee's Trump Account.

- Cons:
 - Your child cannot access the funds within a Trump Account until they are 18 (except for the death of the beneficiary or removing excess contributions). At that point, they have access to 50% of the funds. At 24, they have access to the remainder. At age 30, any remaining funds within a Trump Account are treated as a Traditional IRA.
 - Withdrawals of earnings or contributions made by an employer are taxed as ordinary income and not at the more favorable capital gains tax rates.
 - There are no special circumstances for avoiding the tax on earnings like there are on a 529 plan. 529 plan distributions when used for qualified education (college, most trade schools, or even private schools up to \$10k/yr) are tax-free.
 - Some states (such as California and Hawaii) do not recognize the tax-advantaged treatment of investment earnings. This means dividends, interest, and capital gains incurred each year while investing in a Trump Account could be taxed at the state level and require you to file a child tax return.

How much can I contribute to a Trump Account?

You can contribute \$5,000 per year. Any contributions made by an employer count towards this \$5,000 limit.

What about a UTMA/UGMA account or a 529 Plan? Should I do one of those instead?

It depends on your goals. If your family is focused on education, then a 529 plan would likely be a better savings vehicle. If you want flexibility and can contribute more than the Trump Account limits, a UTMA/UGMA account would most likely meet your financial goals for your child better than a Trump Account. Check out our [blog post](#) that elaborates on the pros and cons of UTMA/UGMA accounts and 529 plans.

What types of investments can I make within a Trump Account?

Trump Accounts can only be invested in ETFs (Exchange Traded Funds) of U.S. companies, which cost around 0.10% on average.

Should I open a Trump Account?

Like with most things in financial planning, the answer is...maybe. If you're like me and had a kid born between 01/01/2025 and 12/31/2028, the government will give you \$1,000 of seed money on July 4th of this year to start the account. It's free money from the government. If that doesn't pertain to you, the answer is more nuanced. If you are 100% dead-set on having your kid go to college, a 529 plan is generally a better investment vehicle. If you want flexibility and

can contribute more per year than the Trump Account limits, then a UTMA/UGMA account would most likely be a better bet.

Is the game over? Did I win?

Yes, the game is over, and you won! Congrats, you made it to the end of the article. To claim your prize, elevate your plan from concept to action. I know you know that investing in your child's future isn't a game. From parent to parent, how to invest in your child's financial future is a serious decision you and your partner need to make. The sooner that plan is brought to fruition, the better your child's financial future will be.

Did you win?

Yes, and thank you for playing along. If you need help claiming your prize, call us at 714-282-1566 or email us at financialplanning@bfsg.com to help you craft an investment savings strategy that's right for your child.

In the News

- April 7, 2026 - Michael Allbee named to [Forbes/SHOOK Best-in-State Wealth Advisor 2026 List](#).*
- April 3, 2026 - NAPA names BFSG as [Top DC Advisor Team](#) for 2026.**
- March 23, 2026 - BFSG is excited to announce that Tina Schackman, Chad Noorani, and Braden Priest were named as [2026 PLANADVISER Top Retirement Plan Advisers](#).***

** The Forbes ranking of America's Top Wealth Advisors and Best-In-State Wealth Advisors, developed by SHOOK Research, is based on an algorithm of qualitative criteria learned through telephone, virtual and in-person due diligence interviews, and quantitative data such as revenue trends and assets under management. The algorithm additionally weighs factors such as service models, compliance records and industry experience, and focuses on those that encompass best practices in their approach to working with clients. All advisors that are considered have a minimum of seven years' experience. Portfolio performance is not a criterion due to varying client objectives and lack of audited data. Data as of June 30, 2025.*

***The National Association of Plan Advisors (NAPA) Top DC Advisor Teams listing focuses on firms (or in a wirehouse environment, teams), broadly defined as being in a single physical location, and having at least \$100 million in Defined Contribution (DC) assets under advisement. It is based on self-reported assets under advisement as of December 31, 2024, unless otherwise noted. The inaugural list was published in 2017.*

**** PLANADVISER selected honorees using its published methodology, which includes category-specific quantitative and/or qualitative criteria. To be listed, advisers were required to have either a minimum of 50 retirement plan clients or retirement plan assets under advisement of at least \$400 million. After meeting the minimum plan or asset count, advisers were highlighted if they have what is designated as a special focus in any particular plan type. This means advisers for whom at least 91% of their clients are 401(k) plan sponsors or more than 10% of their clients are 403(b), 457, nonqualified, DB, cash balance, SEP, SIMPLE or MEP/PEP plan clients.*

The Score Board

	03/31/2026	YTD Change
Dow Jones Industrial Average	43,641.51	-3.19%
S&P 500*	6,528.52	-4.63%
NASDAQ Composite*	21,590.63	-7.10%
MSCI EAFE (USD)*	2,838.61	-1.87%
Bloomberg Commodity Index	132.25	23.30%
U.S. Aggregate Bond Index	2,347.75	-0.05%
10 Yr U.S. Treasury Bond Yield	4.32%	15bps
30 Yr Fixed Mortgage Rate	6.48%	23bps
Prime Rate	6.75%	UNCH
Crude Oil (\$ / Barrel)	\$101.38	76.56%
Gold (\$ / Oz.)	\$4,668.06	8.07%
U.S. \$ / Euro €	\$0.87	1.72%
Core Inflation (excluding food / energy)**		2.50%
Inflation (including food / energy)**		2.40%

*Without Dividends; **Unadjusted 12-Months ended February 2026; bps (1 Basis Point = 1/100%); UNCH (Unchanged)
Sources for Score Board and quoted statistics: WSJ, US Dept. of Labor, Federal Reserve

Sources:

1. The S&P 500 Index is designed to be a leading indicator of U.S. equities and is commonly used as a proxy for the U.S. stock market.
2. The Nasdaq Composite is a stock market index that includes almost all stocks listed on the Nasdaq stock exchange. The composition of the NASDAQ Composite is heavily weighted towards companies in the information technology sector.
3. The Dow Jones Industrial Average is a widely followed, price weighted stock market index of 30 prominent companies listed on stock exchanges in the United States.
4. The S&P 500 Equal Weight Index (EWI) is the equal-weight version of the S&P 500. The index includes the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight of 0.2% of the index total at each quarterly rebalance.
5. The term "Magnificent Seven stocks" refers to a group of seven dominant and influential technology-focused companies in the U.S. stock market. The components of the Magnificent Seven are: Apple Inc. (AAPL), Microsoft Corporation (MSFT), Amazon.com, Inc. (AMZN), Alphabet Inc. (GOOG), Meta Platforms, Inc. (META), NVIDIA Corporation (NVDA), and Tesla, Inc. (TSLA).
6. The Russell 1000 Growth Index is composed of large- and mid-capitalization U.S. equities that exhibit growth characteristics.
7. The Russell 1000 Value Index is composed of large- and mid-capitalization U.S. equities that exhibit value characteristics.
8. The Russell 2000 Index is a small-cap U.S. stock market index that makes up the smallest 2,000 stocks in the Russell Index. The index is commonly used as proxy for U.S. small cap stock market performance.
9. The MSCI World ex USA Index captures large and mid-cap representation across 22 of 23 Developed Markets countries (excluding the U.S.) and 24 Emerging Markets countries.
10. The MSCI Emerging Markets Index captures large and mid-cap representation across 24 Emerging Markets countries.
11. The iShares Core U.S. Aggregate Bond ETF offers broad-based exposure to U.S. bonds and tracks the Bloomberg U.S. Aggregate Bond Index that is commonly used as a proxy for the U.S. bond market.
12. The iShares Broad USD High Yield Corporate Bond ETF seeks to track the investment results of an index composed of U.S. dollar-denominated, high yield corporate bonds.

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