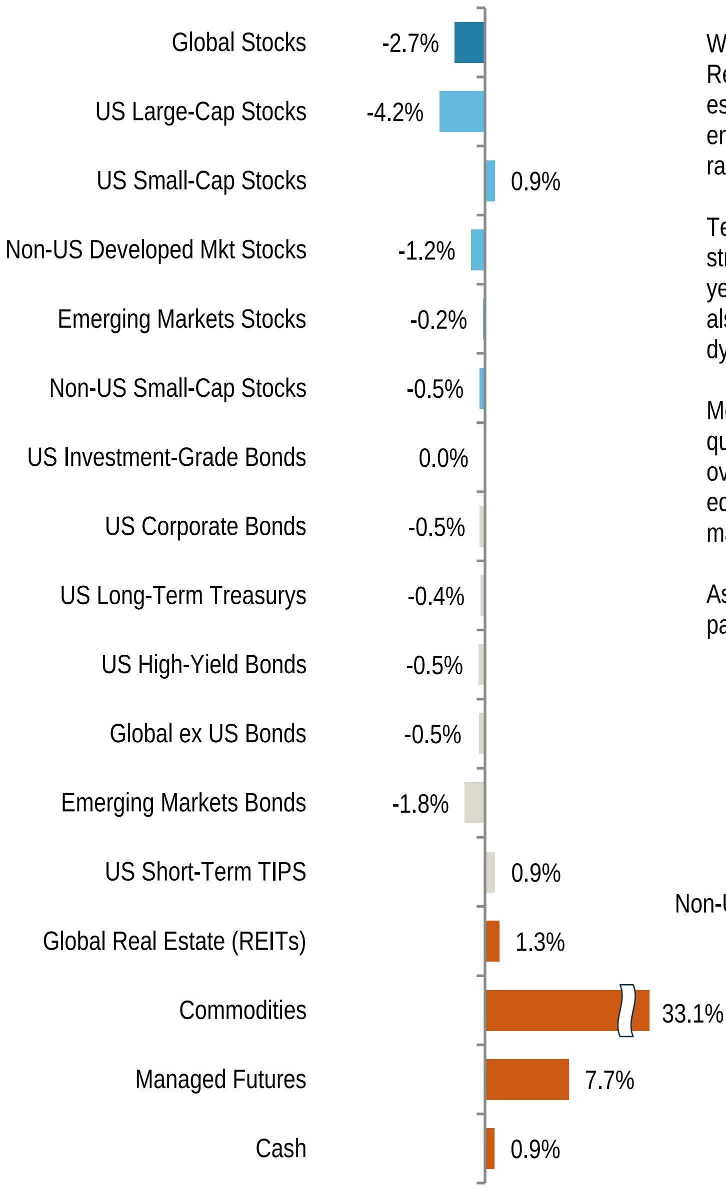
SELLWOOD INVESTMENT PARTNERS

# Global Market Overview

As of March 31, 2026

## First Quarter 2026




## First Quarter 2026: A Crude Awakening

While the year opened with a market fixated on artificial intelligence (“AI”) and anticipated rate cuts by the Federal Reserve, the focus quickly shifted to the Iran war and spiking energy costs. Reuters reported that the conflict erased an estimated $7 trillion in global equity value over the quarter, as US large cap stocks closed the quarter down 4.2%. By the end of March, Brent crude oil prices were approaching record highs, pushing bond yields up and prompting analysts to raise inflation forecasts.

Tech stocks, the primary drivers of the bull market since 2022, declined meaningfully amid concerns of AI disruption and stretched valuations. Microsoft tumbled 23.4%—its worst quarterly performance since Q4 2008 and its worst start to the year since going public in 1986. These effects rippled out to other segments; AI-exposed sectors apart from technology also experienced selloffs as investors hypothesized that AI could lower barriers to entry and upend existing industry dynamics.

Meanwhile, overall markets remained resilient, as the market rotation that surfaced in late 2025 persisted into the first quarter, dampening the blow for broader indices. Rather than a uniform pullback, investors trimmed positions in overextended large cap growth stocks to rotate into cheaper pockets of the market: small cap, value, and international equities, underscoring the importance of diversification. Accordingly, small caps outperformed the broader US equity market, while large-cap growth stocks fell 9.8%, marking their worst showing since Q2 2022.

As Q1 closes, geopolitical uncertainty dominates sentiment, leaving investors and the Federal Reserve with an unclear path forward.

| | QTD | YTD | 1 Year | 3 Years | 5 Years | 20 Years |
|---|---|---|---|---|---|---|
| Global Stocks | (2.7%) | (2.7%) | 20.6% | 16.2% | 9.0% | 7.6% |
| US Large-Cap Stocks | (4.2%) | (4.2%) | 17.7% | 18.1% | 11.3% | 10.5% |
| *US Large-Cap Value* | *2.1%* | *2.1%* | *15.9%* | *14.3%* | *9.4%* | *8.1%* |
| *US Large-Cap Growth* | *(9.8%)* | *(9.8%)* | *18.8%* | *21.2%* | *12.8%* | *12.5%* |
| US Small-Cap Stocks | 0.9% | 0.9% | 25.7% | 13.0% | 3.8% | 7.5% |
| *US Small-Cap Value* | *5.0%* | *5.0%* | *28.1%* | *13.8%* | *5.8%* | *7.0%* |
| *US Small-Cap Growth* | *(2.8%)* | *(2.8%)* | *23.6%* | *12.3%* | *1.6%* | *7.9%* |
| Non-US Developed Markets (USD) | (1.2%) | (1.2%) | 21.3% | 13.6% | 7.9% | 5.0% |
| *Non-US Developed Markets (Local)* | *0.1%* | *0.1%* | *17.4%* | *13.2%* | *9.9%* | *5.5%* |
| Emerging Markets (USD) | (0.2%) | (0.2%) | 29.6% | 14.8% | 3.7% | 5.4% |
| *Emerging Markets (Local)* | *2.1%* | *2.1%* | *30.6%* | *17.1%* | *6.2%* | *7.4%* |
| US Investment-Grade Bonds | (0.0%) | (0.0%) | 4.3% | 3.6% | 0.3% | 3.3% |
| US Long-Term Treasurys | (0.4%) | (0.4%) | 0.5% | (1.5%) | (4.6%) | 3.5% |
| US Short-Term TIPS | 0.9% | 0.9% | 3.9% | 4.7% | 3.5% | 3.0% |
| Global Real Estate (REITs) | 1.3% | 1.3% | 10.1% | 7.9% | 2.8% | 4.2% |
| Cash | 0.9% | 0.9% | 4.1% | 4.8% | 3.4% | 1.7% |

Returns for periods longer than 1 year are annualized.

Sources: Sellwood Investment Partners LLC, Morningstar, Federal Reserve Economic Data, MSCI, FTSE Russell, Bloomberg, Credit Suisse

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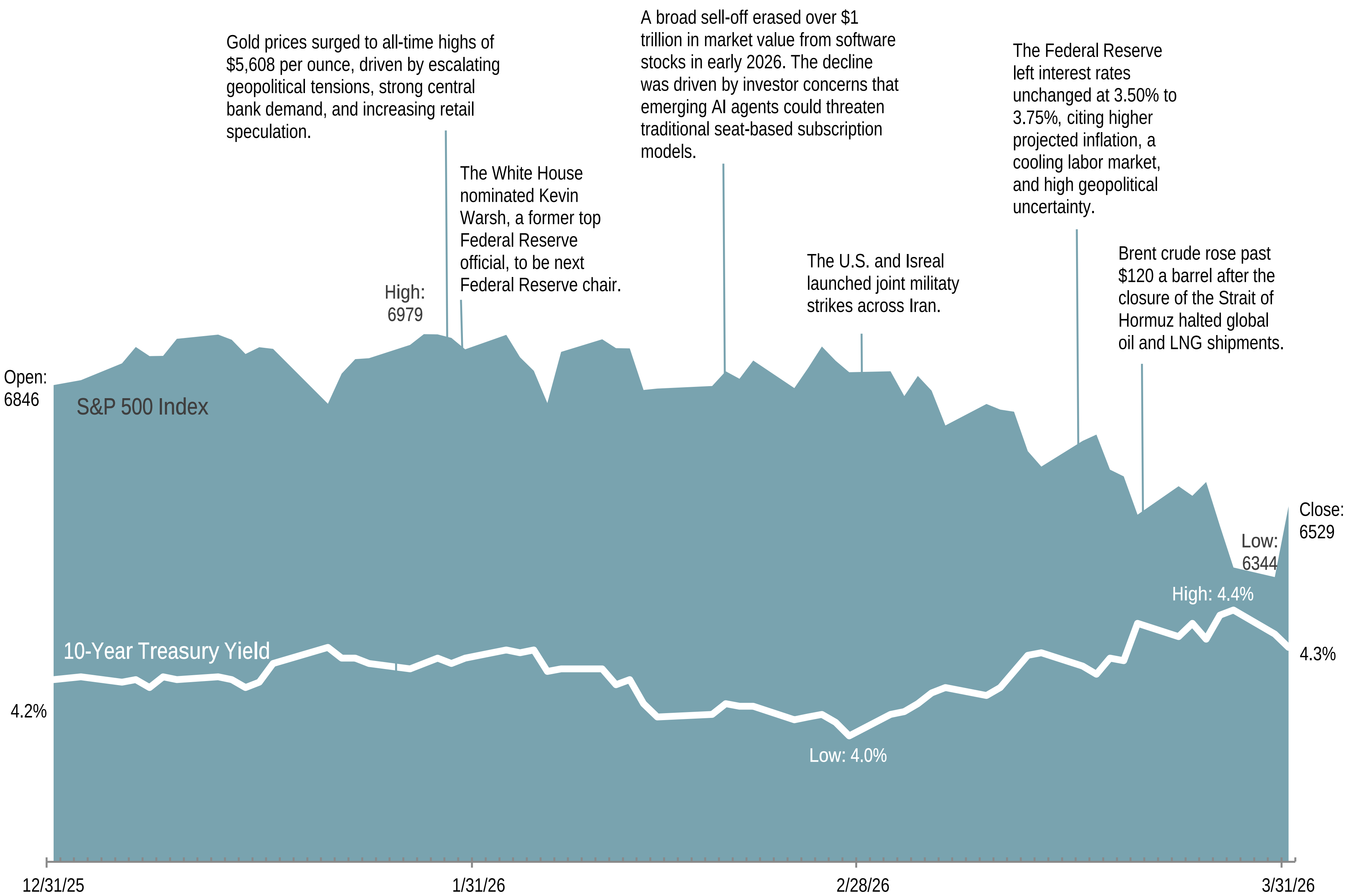
# Year-to-Date Market Review

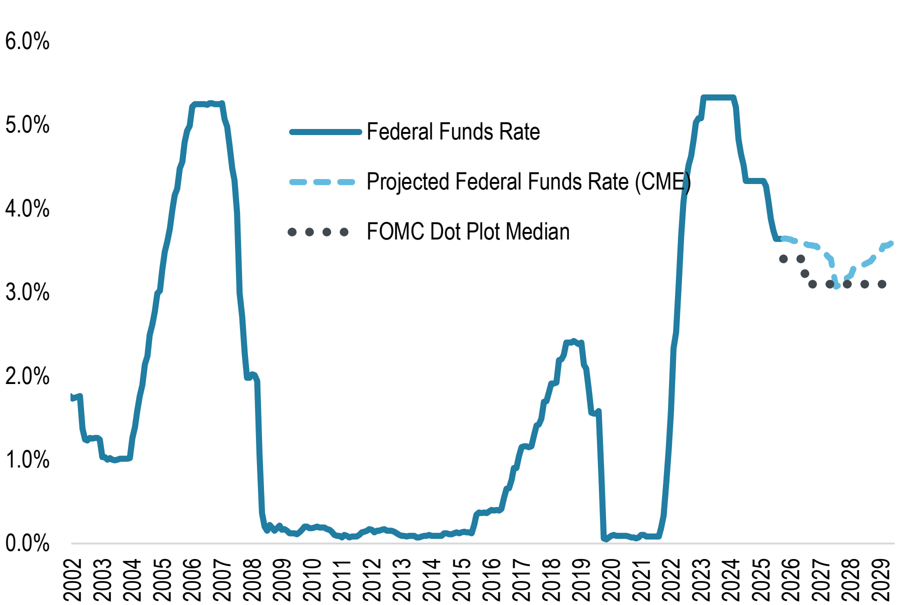
As of March 31, 2026

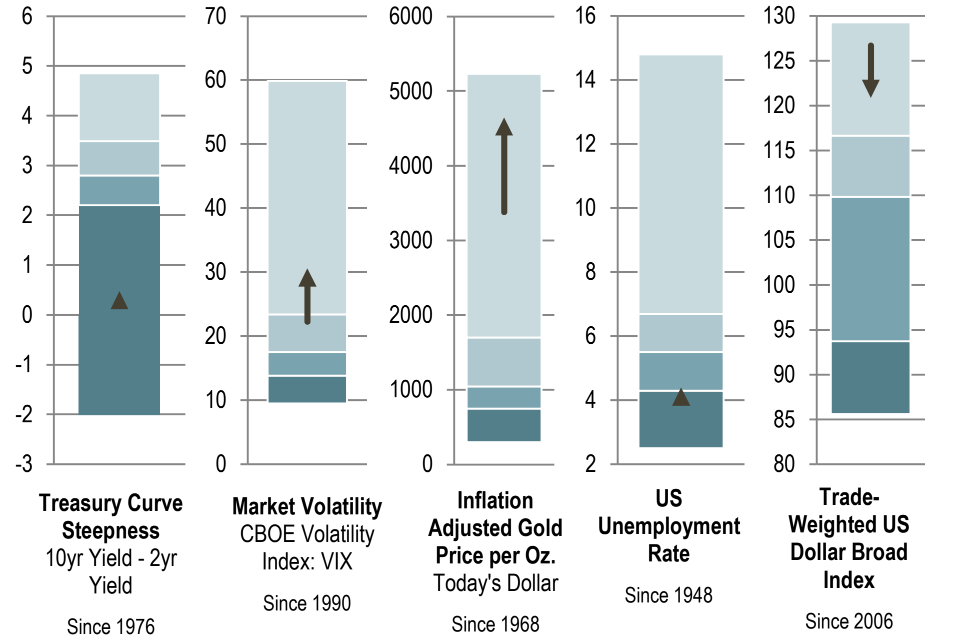



Sources: Sellwood Investment Partners LLC, Morningstar, Federal Reserve Economic Data, Wall Street Journal, CNBC

As of March 31, 2026

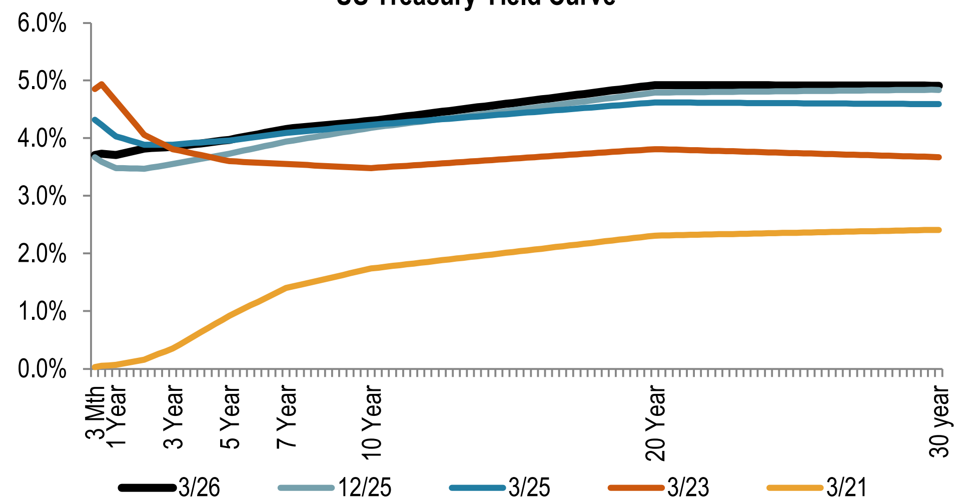
## Federal Funds Rate




| | 3/2026 | 12/2025 | 3/2025 | 3/2023 | 3/2021 |
|---|---|---|---|---|---|
| Market Inflation Expectations | | | | | |
| 5 Year | 2.6 | 2.3 | 2.6 | 2.4 | 2.5 |
| 10 Year | 2.3 | 2.3 | 2.4 | 2.3 | 2.4 |
| 20 Year | 2.4 | 2.4 | 2.5 | 2.5 | 2.4 |
| CPI Year-over-Year | --- | 2.7 | 2.4 | 5.0 | 2.6 |
| West Texas Crude Oil | 104.7 | 57.3 | 71.9 | 75.7 | 59.2 |
| Consumer Sentiment Index | 53.3 | 52.9 | 57.0 | 62.0 | 84.9 |
| S&P 500 Op 12mo EPS | 280.0* | 266.4 | 236.3 | 200.1 | 150.3 |
| Real GDP Growth YoY | --- | 0.7 | -0.6 | 2.9 | 5.7 |
| Federal Funds Rate | 3.64 | 3.72 | 4.33 | 4.65 | 0.07 |

## US Treasury Yield Curve




Sources: Sellwood Investment Partners LLC, Morningstar, Federal Reserve Economic Data, CME Group, S&P Dow Jones Indices

Arrows in the top-right charts represent year on year change.

*Estimate, provided by S&P Dow Jones Indices.

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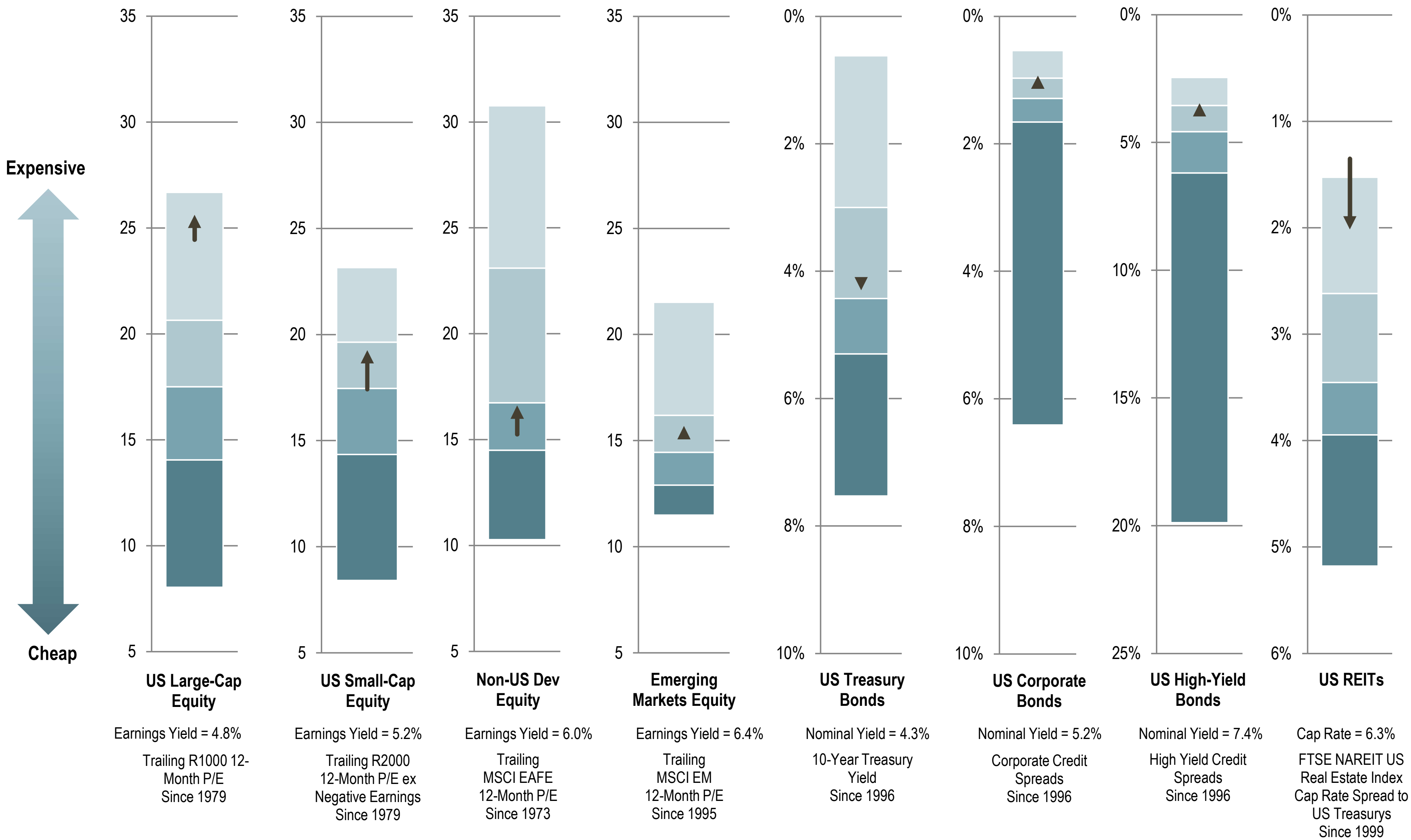
## Global Market Valuations - One Year Change

As of March 31, 2026




Arrows represent year on year change. Trailing 12 month P/E and cap rate metrics exclude the top and bottom 5%. P/E metrics calculated by Investment Metrics and Morningstar may use different methodology.
Sources: Sellwood Investment Partners LLC, Robert Shiller Data, S&P Dow Jones Indices, FTSE Russell, MCSI, Federal Reserve Economic Data, NAREIT

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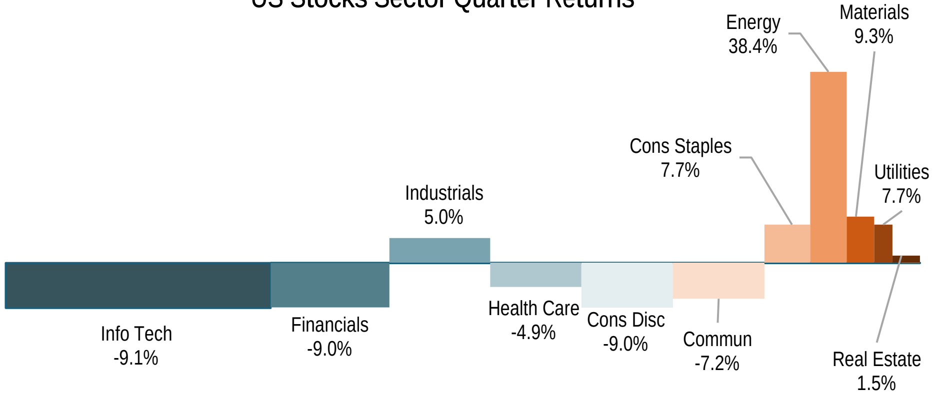
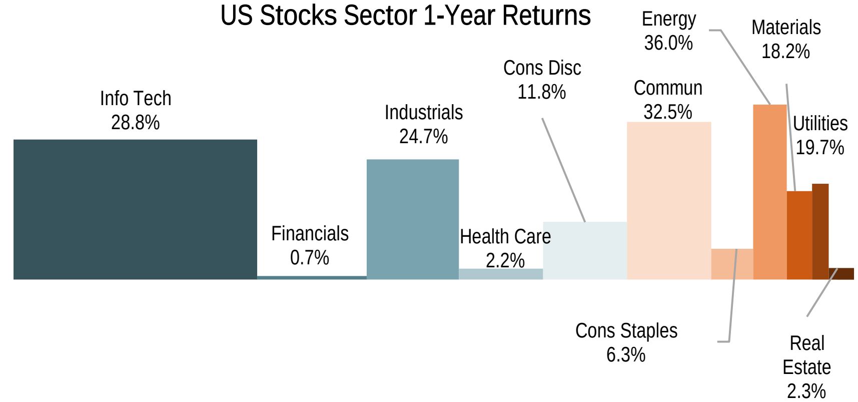
# Sector and Region Returns

As of March 31, 2026

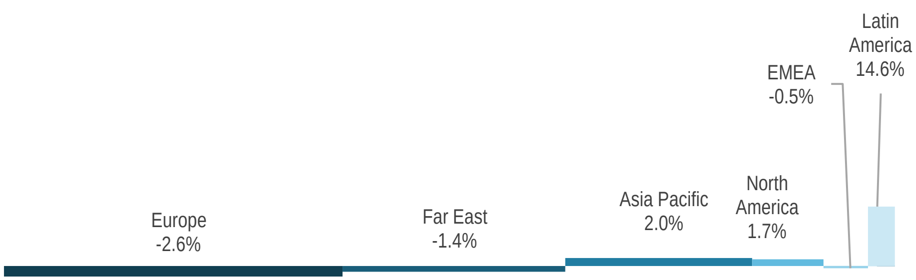
## US Stocks Sector Quarter Returns



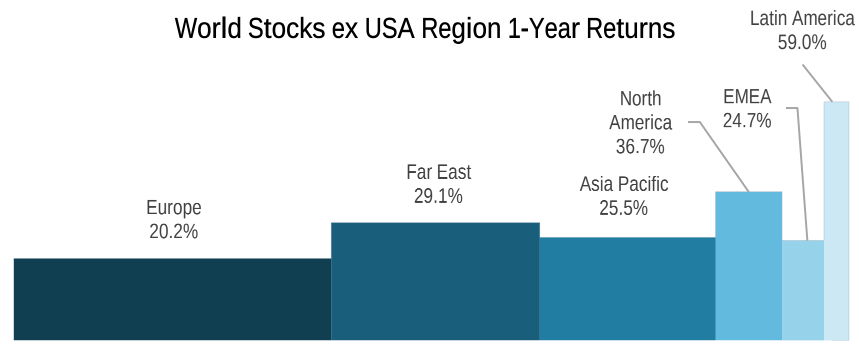

## US Stocks Sector 1-Year Returns



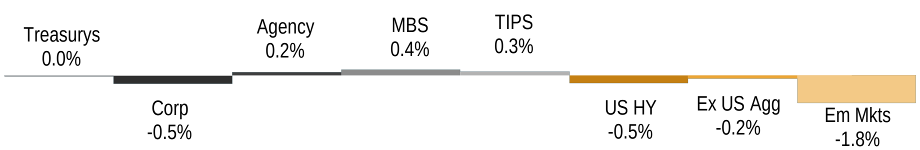

## World Stocks ex USA Region Quarter Returns



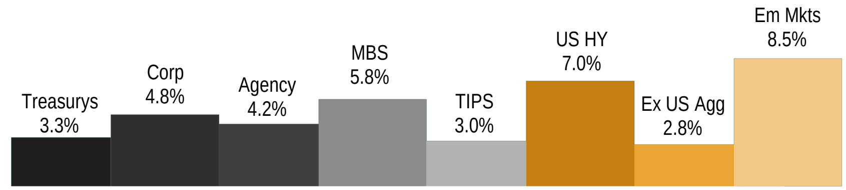

## World Stocks ex USA Region 1-Year Returns




## Fixed Income Sectors Quarter Returns




## Fixed Income Sectors 1-Year Returns




The equity bar widths depict end of the quarter region and sector weights. Fixed income bar widths do not depict specific sector weights. The Far East includes Hong Kong, Japan and Singapore.

Sources: Sellwood Investment Partners LLC, Morningstar, S&P Dow Jones Indices, MSCI, ICE BofA