QUARTERLY COMMENTARIES

SIGNAL AND NOISE

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QUARTERLY COMMENTARY — APRIL 1, 2026

The first quarter of 2026 was an eventful one for investors. After three consecutive years of strong gains, equity markets began 2026 with a modest pullback, with the S&P 500 declining approximately 5% for the quarter, including dividends. A five percent quarterly decline is, in the broad scheme of things, a normal and unremarkable market event — the kind of setback that shows up regularly in any long-term investment record. What made this quarter feel different was less the magnitude of the decline than the speed and nature of the shift in mood that accompanied it. We entered the year with Wall Street broadly optimistic and by the end of the first quarter, sentiment had swung sharply in the other direction. That change in tone is worth discussing because understanding what drives these swings is part of being a thoughtful long-term investor.

Small-cap stocks, as measured by the Russell 2000, ended the period roughly flat after a volatile ride. International equities suffered, hurt in part by a stronger U.S. dollar and disruptions to global trade and energy flows. Bonds were also pressured: rising inflation expectations driven by surging energy costs pushed yields higher, with the Bloomberg Aggregate Bond Index posting a modest loss for the quarter.

FROM EUPHORIA TO GLOOM — AND WHAT THAT TELLS US

The numbers behind this mood swing are striking. The American Association of Individual Investors (AAII) has conducted a weekly survey since 1987, asking members whether they expect stocks to be higher, lower, or about the same six months out. Over

that nearly 40-year history, the average reading has been about 37.5% bullish and 31% bearish. Entering 2026, bulls stood at 42% and bears at just 27%. While not extreme by any measure, the spread between the two was roughly double its long-run average, suggesting investors were more optimistic than usual. More telling was the unanimous consensus among professional forecasters: the CNBC Market Strategist Survey, which tracks year-end S&P 500 price targets from major Wall Street firms, showed targets ranging from 7100 to 8100, with the average sitting around 7600 (versus a level of 6898 at year-end 2025). Not a single firm had a negative — or even flat — outlook. Every major strategist on Wall Street expected the good times to keep rolling.

By late March, the AAII survey had swung sharply the other way: bears had surged to nearly 50% — well above their historical average — while bulls had fallen to around 32%. The Wall Street strategists, meanwhile, were quietly revising their targets downward. In less than a quarter, the mood shifted from near-universal optimism to something approaching near-universal gloom.

When sentiment is at one extreme or the other, it has historically served as a reliable contrarian indicator. We're not there today. But, while market sentiment shows up prominently in our daily news feed, in our view as investors, sentiment is mostly noise. It moves fast and far, and it tells you more about how people feel right now than about what really matters with respect to long-term investment performance. The fundamental performance of the companies we own on your behalf is what matters, particularly the future trajectory of their earnings. As we see it, the world hasn't changed as much as sentiment suggests.

THE WAR IN THE MIDDLE EAST

The defining event of the quarter, in markets and in the world, was the outbreak of armed conflict between the United States, Israel, and Iran. The immediate and most

tangible impact on markets came through energy. The Strait of Hormuz — the narrow waterway through which roughly 20% of the world's daily oil supply passes — effectively shut down to tanker traffic in the days following the initial strikes. Oil prices, which had been trading around $70 per barrel prior to the conflict, spiked sharply and at one point approached $120 before settling back into a range closer to $100 as the quarter closed. Gasoline prices at the pump rose accordingly, with the national average climbing to just over $4 per gallon by quarter's end (California drivers, as always, felt an extra sting: the state average reached $5.89 per gallon, nearly 45% above the national average).

For equity investors, the conflict introduced a degree of uncertainty that markets don't handle well. Rising oil prices act as a tax on businesses and consumers alike, putting upward pressure on inflation and dampening economic growth. Higher inflation, in turn, reduces the likelihood that the Federal Reserve will lower interest rates. Indeed, by the end of the quarter, markets had largely priced out the two rate cuts that had been anticipated at the start of the year. This is a meaningful shift: lower interest rates tend to benefit stocks, particularly the higher-valued growth stocks that have led the market in recent years, by making future earnings more valuable in today's dollars. A reversal of that dynamic is uncomfortable for equity markets.

We want to offer our perspective on this conflict as it relates to your portfolios, and we want to do so plainly.

DON'T CONFUSE A DIFFICULT MOMENT WITH A NEW DIRECTION

Members of the Summitry research and investment team have managed money through many disruptive events, including the dot-com collapse and 9/11, the Global Financial Crisis and a pandemic. Each of these episodes felt, in the moment, like it might represent a fundamental and lasting change in the world. Some did change the world. None of them permanently altered the relationship between business quality,

earnings growth, and long-term investment returns. We have no reason to believe the current conflict, however significant its human and geopolitical consequences, will be different in this respect.

History offers a useful guide. Geopolitical crises, such as wars, oil shocks, terrorist attacks and others, tend to produce sharp, sudden market declines followed, in most cases, by recoveries that can be equally swift once clarity begins to emerge. During the Gulf War in 1990 and 1991, oil spiked sharply, markets fell, and then recovered strongly. Following the September 11 attacks, the S&P 500 rebounded within months. The Russia-Ukraine conflict in 2022 sent oil prices surging (WTI crude reached $123.70 per barrel on 3/8/22 and settled back to $77.58 one year later), generating fear about a broader economic unraveling, and yet the conflict, while ongoing, did not produce the catastrophic economic outcomes many feared in those early weeks.

None of this is to minimize what is happening. It is to make a different point: the temptation to sell stocks during moments of acute fear tends to be highest precisely when it is least advisable. We subscribe to the view expressed by Peter Lynch, who said: “Far more money has been lost by investors preparing for corrections, or trying to anticipate corrections, than has been lost in the corrections themselves.” The investor who sold equities in late February, alarmed by the news from the Middle East, locked in losses, and would have missed the meaningful recovery that occurred in the final days of March, when reports emerged that both sides were signaling some openness to ending the conflict.

We don’t know how or when this conflict will end. What we expect is that an end, or even credible progress toward one, should produce a quick and meaningful reversal in oil prices and a corresponding relief rally in equities. Attempting to time entry and exit around these kinds of events is, in our experience, a losing game.

WHAT WE'RE WATCHING

As it happens, the companies we know best — the ones we own on your behalf — don't appear to have been materially affected by the conflict, at least not yet. Which brings us back to that line from the previous section: the world probably hasn't changed as much as sentiment suggests. We are inclined to agree. We know that oil prices will eventually find their way back to equilibrium. There is no shortage of oil in the world; the current disruption is a function of geography and geopolitics, not geology. When the conflict resolves the Strait will reopen, tankers will move, and supply will normalize. We don't spend much energy trying to predict when that might happen or what the price of crude will be in the interim.

What we do watch, closely and continuously, is the performance of the businesses we own. We approach this the way a business owner would, not a speculator. The scorecards we focus on include growth in revenue, gross profit margins, operating cash flow, earnings per share and other fundamental metrics of business performance. We watch how management teams and boards are making capital allocation decisions: Are they investing wisely, managing their balance sheets conservatively, and returning surplus cash to shareholders appropriately? We watched our companies navigate the Liberation Day tariff shock and its aftermath. We are watching how they're adapting to the changes being imposed by AI across their respective industries. Those are the things that will determine whether your capital compounds at an attractive rate over the years ahead, not the daily movement of oil futures.

Apart from the war, we continue to monitor the AI-related investment theme that we discussed at length in our January commentary. The Magnificent Seven and related names that drove so much of the market's returns in 2023, 2024, and 2025 were notably weak in the first quarter, declining sharply as investors began to scrutinize the enormous capital expenditures being made in AI infrastructure and the returns those

investments will ultimately generate. We have long maintained that some of these stocks were priced for a level of future certainty that the underlying business models don't yet support. The market's recalibration in the first quarter feels, to us, like a healthy — if uncomfortable — step toward more rational valuations. We don't take pleasure in market declines, but we do think it is important that price and fundamental value ultimately align.

Q1 PORTFOLIO CHANGES

During the quarter, we made modest adjustments to existing positions — adding selectively to names where the decline in prices improved the prospective return, and trimming others where prices remained rich relative to our estimate of intrinsic value. We did not add any new names to the Core Equity strategy, nor did we eliminate any existing holdings. As we noted in January, we entered the year with a somewhat elevated cash balance, the result of our difficulty finding compelling values after three years of strong market performance. That cash position provided some ballast during a difficult quarter. As always, these commentaries should not be construed as a recommendation to buy or sell any security; such decisions are made only within the context of the full market environment and the specific construction of individual client portfolios.

A WORD ON PERSPECTIVE

Market declines (even painful ones) are a normal and recurring feature of investing in equities. Over any meaningful stretch of time, the S&P 500 has delivered strong positive returns, despite experiencing double-digit losses in multiple years along the way. The volatility we experience quarter-to-quarter is the price of admission for the higher long-term returns that equities have historically provided. Attempting to sidestep that volatility is understandable — it's human — but the evidence consistently shows that investors

who try to do so tend to end up with worse outcomes than those who simply stay the course.

Our job as your investment manager is to hold high-quality businesses at reasonable prices and to maintain the discipline to do so through periods like this one. We continue to believe we are doing that. More broadly, our job as your fiduciary is to help you maintain a clear view of your own financial journey — where you are, where you're headed, and what is truly required to get there. While market volatility can be unpleasant, it's unlikely to alter that journey if your portfolio has been thoughtfully constructed and your asset allocation reflects your actual financial goals and time horizon. If you have any concerns about whether your allocation is appropriately positioned, please don't hesitate to reach out. That conversation is always worth having.

THE QUARTER'S BIG NEWS – WELCOMING VANTAGE WEALTH TEAM TO SUMMITRY

One of the benefits of having the financial and strategic backing of Aspen Standard Wealth is that Summitry is better able to explore new avenues of growth. Aspen encourages, facilitates and finances endeavors like direct marketing, systems upgrades and, where they're strategically aligned, acquisitions. During the quarter, we were thrilled to tie the knot with Pasadena, California-based Vantage Wealth, a 33-year-old Registered Investment Advisor firm founded and operated under similar principles and serving a similar clientele as Summitry. While we've operated under the tagline "Live your best Bay-Area life," the needs we serve really apply to anyone who lives in the great state of California. **James Van de Voorde** and his team are a natural extension and perfect fit with Summitry, and we're excited to build something even better together. With James, we are delighted to welcome **DeLynn Russell, CFP®**, Senior Wealth Advisor, **Alex Tran**, Portfolio Manager and Director of Vantage's

Investment Operations and **Karen Durner**, Vantage's Director of Client Services, to our growing Summitry team.

NEW TO SUMMITRY

In January, we welcomed our teammate, **Robert Hammack**. Robert is our newest Business Development Principal, responsible for introducing the firm's services and value proposition to prospects and partnering with our Financial Advisors to ensure a smooth onboarding process for new clients. Robert was previously a Schwab Financial Consultant at the San Mateo branch, and his first client referral through the Schwab Advisor Network, over a decade ago, was to Summitry. This person remains a client of Summitry today! Robert attended the University of Southern California and has a degree in International Relations with a focus in Global Business. He is a huge sports fan (Warriors, 49ers, college football, rugby) and a music aficionado that loves attending concerts or watching live music. Robert is a native San Franciscan and still lives in the City with his wife and his 2 daughters (15 and 1).

In March, we added a member to our Associate Financial Advisor team. **Elijah Rubio** comes to Summitry from Prudential Financial, where he supported the firm's senior financial advisors in developing customized portfolio and risk-management strategies for over 200 high-net-worth clients. As part of his duties, Elijah leveraged financial planning software to demonstrate to clients how they tracked to their long-term financial goals. In other words, he comes to Summitry with an ideal set of skills and experiences to help serve our clientele. He earned a Bachelor of Science degree from Grand Canyon University in Marketing and Advertising and is currently working toward the Certified Financial Planner designation. Elijah is an accomplished athlete, having played goal tender for the famed Boca Juniors soccer team in Buenos Aires, Argentina.