Economic Update

A Closer Look at Q1 2026 Data

Released: April 2026

RIVERGLADES
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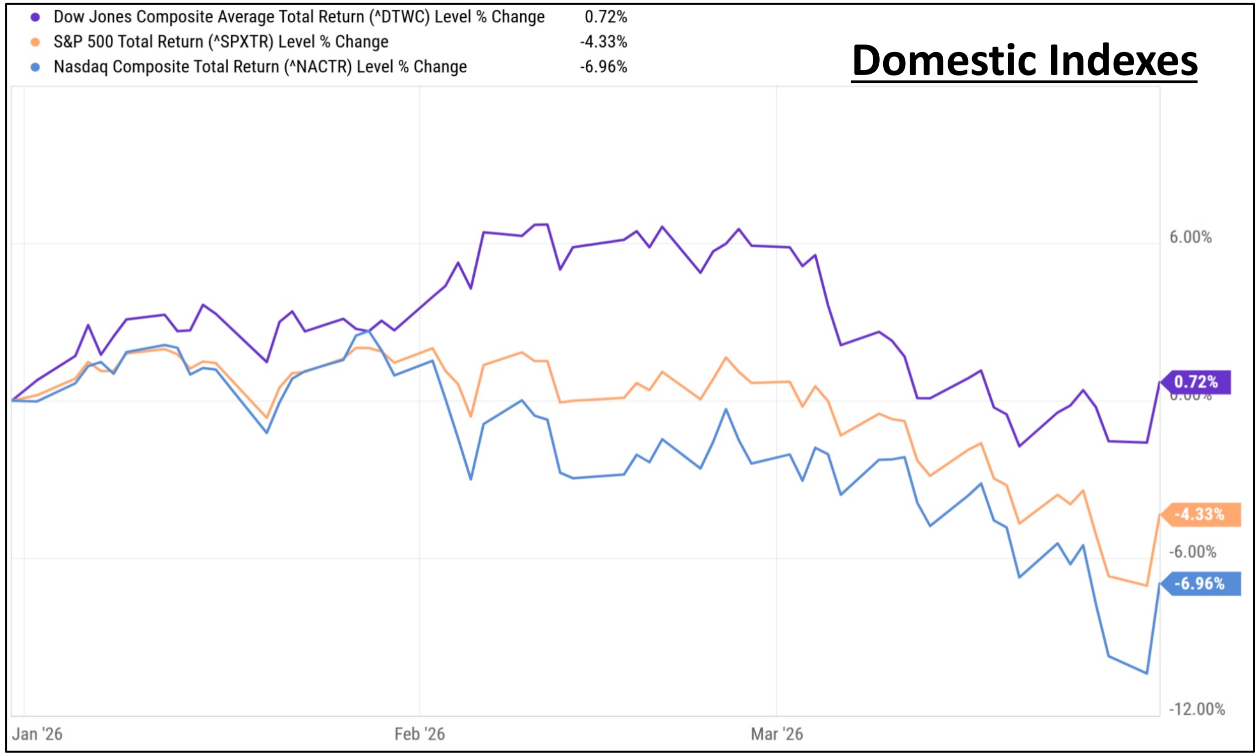
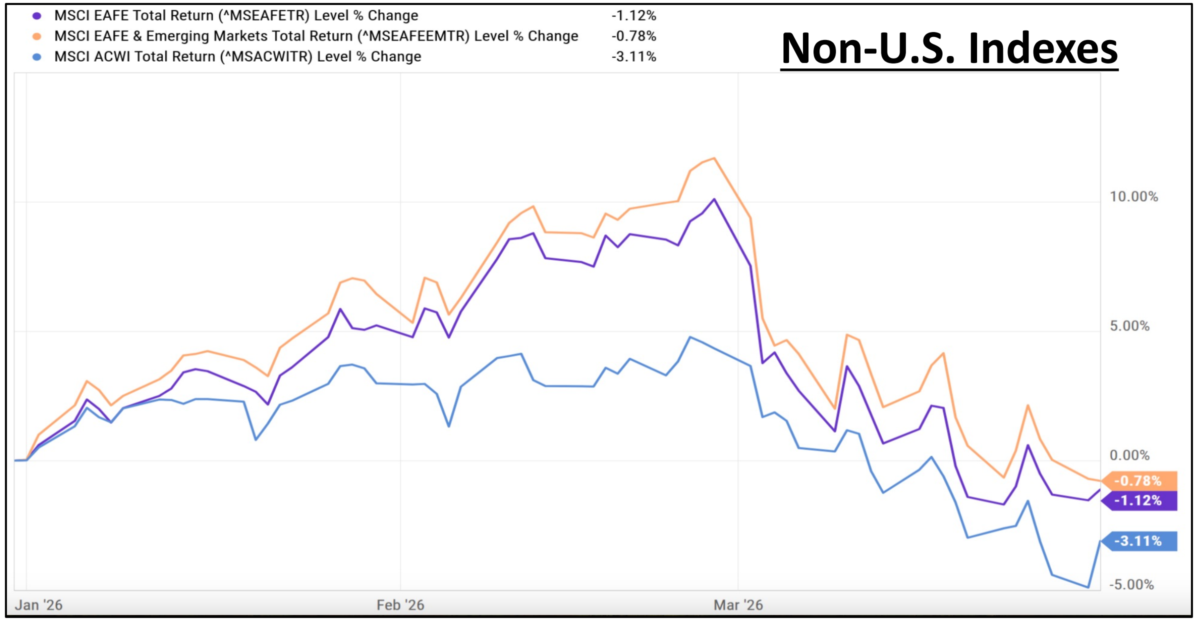
Stock Market Performance



During the 1st quarter the U.S. equity markets moved higher before dropping on fears surrounding the military action in Iran. The Dow Jones Industrial Average eeked out a gain of 0.7%, while the S&P 500 dropped 4.3%, and the Nasdaq fell 7.0%.

The markets started the year on an upward trend but dropped as the attacks in Iran unfolded. The uncertainty around how things would progress and the spike in energy prices gave the markets a reason to sell off around 10% from the recent highs. Given what many in the news had feared, while troubling, the correction was surprisingly mild.

Source: YCharts, 4/21/26



Outside the U.S., the major indexes started the year outpacing the U.S. as they did in 2025. However, the fears surrounding the closing of the Straight of Hormuz and the potential impact on non-US markets that rely more heavily on Middle East oil and gas weighed on the majored indexes.

The developed international markets were down 1.1% and the emerging markets index was flat, after falling 10% and 15% respectively at quarter end.

U.S. Sector Performance

Sensitive Sectors	Q1 2026 Return
Communication Services Select Sector SPDR® ETF	-5.53%
Energy Select Sector SPDR® ETF	37.90%
Industrial Select Sector SPDR® ETF	4.55%
Technology Select SPDR® ETF	-7.58%

Defensive Sectors	Q1 2026 Return
Consumer Staples Select Sector SPDR® ETF	6.13%
Health Care Select Sector SPDR® ETF	-4.90%
Utilities Select Sector SPDR® ETF	8.24%

Cyclical Sectors	Q1 2026 Return
Consumer Discretionary Select SPDR® ETF	-8.56%
Financial Select Sector SPDR® ETF	-9.40%
Materials Select Sector SPDR® ETF	10.67%
Real Estate Select Sector SPDR® ETF	1.86%

Source: YCharts, 4/16/26

During the 1st quarter, while the overall S&P 500 index declined 4.3%, the performance by sector ranged from 37.9% to -9.4%. Significantly more dispersion of returns than the markets have experienced over the past few years.

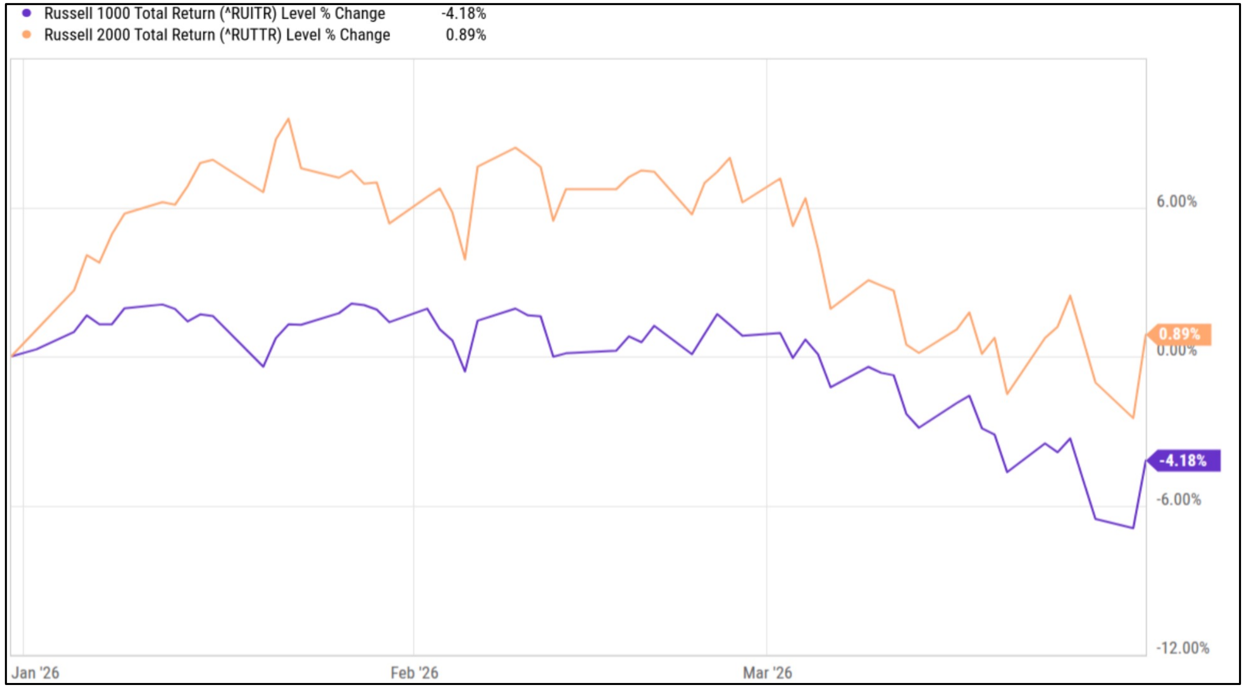
The S&P 500's decline during the quarter was led by Financials (-9.4%), Consumer Discretionary (-8.6%) and Technology (-7.6%). While Energy (37.9%), Materials (10.7%) and Utilities (8.6%) provided some downside protection but couldn't lift the index due to their relatively small sector representation.

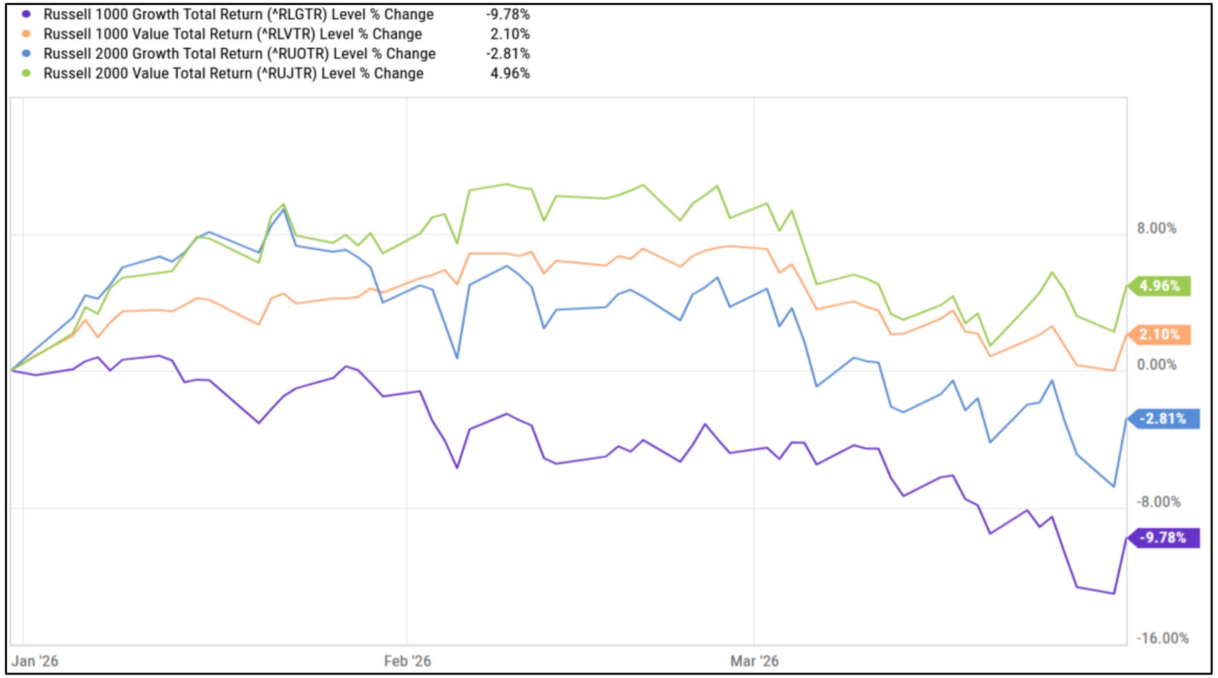
While the conflict in Iran was the largest driver of returns both positive and negative, Technology continues to be weighed down by A.I. concerns and what the ultimate impact will be on many of the sectors software companies.

While quick sector swings from quarter-to-quarter are often difficult to capitalize on, the intermediate and longer trends should provide opportunities for investors focused on strategically over- or under-weighting their exposure to certain sectors based on fundamentals and valuations.

Should the situation in Iran be resolved in short order, energy prices would likely decline and some of last quarter's performance would likely reverse.

Large Cap vs. Small Cap, Growth vs. Value





Source: YCharts, 4/21/26

In the past RiverGlades has shared a preference for avoiding the growth/value distinction. Instead favoring a tactical sector level allocation or embracing the broader indexes. However, monitoring the trends between value and growth can be informative and worth checking on from time to time. As captured in the chart above left, Large Cap stocks represented by the Russell 1000 Index followed a similar path but declined more than Small Cap stocks represented by the Russell 2000 index in the first quarter. The chart to the right, breaks down the Russell 1000 and Russell 2000 by both growth and value. During the quarter the energy heavy value indexes bested their growth index counterparts.

Over the past 5 years, Large Cap Growth has outperformed Large Cap Value by over 24% and over the past 10 years Large Cap Growth has outperformed Large Cap Value by over 200% on an absolute basis when looking at cumulative total returns. Many investors have been calling for a rebound in value stocks over the past decade, and it has been slow to come. Logically, this makes sense as most of the real growth has been occurring in tech and tech-related companies.

Asset Class Performance – By Quarter

3/31/2026 Qtr Return	12/31/2025 Qtr Return	9/30/2025 Qtr Return	6/30/2025 Qtr Return	3/31/2025 Qtr Return	12/31/2024 Qtr Return	9/30/2024 Qtr Return	6/30/2024 Qtr Return	3/31/2024 Qtr Return	12/31/2023 Qtr Return	9/30/2023 Qtr Return	6/30/2023 Qtr Return	3/31/2023 Qtr Return	12/31/2022 Qtr Return	9/30/2022 Qtr Return
Commodities 40.0%	World exUSA 5.3%	US Small 12.4%	US Growth 17.8%	World exUSA 6.3%	US Growth 7.1%	US Real Estate 17.1%	US Growth 8.3%	US Growth 11.4%	US Real Estate 18.0%	Commodities 16.0%	US Growth 12.8%	US Growth 14.4%	World exUSA 16.3%	US Small -2.2%
US Value 2.1%	Emerging Markets 4.8%	Emerging Markets 10.9%	World exUSA 12.3%	Commodities 4.9%	Commodities 3.8%	US Value 9.4%	Emerging Markets 5.1%	S&P 500 10.6%	US Growth 14.2%	Emerging Markets -2.8%	S&P 500 8.7%	World exUSA 8.2%	US Value 12.4%	Muni Bonds -3.5%
US Real Estate 1.5%	US Value 3.8%	US Growth 10.5%	Emerging Markets 12.2%	US Real Estate 3.5%	S&P 500 2.4%	US Small 9.3%	S&P 500 4.3%	Commodities 10.4%	US Small 14.0%	US Treasuries -3.1%	US Small 5.2%	S&P 500 7.5%	Emerging Markets 9.8%	US Growth -3.6%
US Small 0.9%	S&P 500 2.7%	S&P 500 8.1%	S&P 500 10.9%	Emerging Markets 3.0%	US Small 0.3%	Emerging Markets 8.9%	Commodities 0.7%	US Value 9.0%	S&P 500 11.7%	US Growth -3.1%	US Value 4.1%	Emerging Markets 4.0%	S&P 500 7.6%	US Treasuries -4.3%
US Treasuries 0.0%	US Small 2.2%	World exUSA 5.4%	US Small 8.5%	US Treasuries 2.9%	Muni Bonds -1.2%	World exUSA 7.8%	US Treasuries 0.1%	World exUSA 5.7%	World exUSA 10.6%	US Value -3.2%	World exUSA 3.3%	US Treasuries 3.0%	US Small 6.2%	Aggregate Bonds -4.8%
Aggregate Bonds 0.0%	Muni Bonds 1.6%	US Value 5.3%	US Value 3.8%	Aggregate Bonds 2.8%	US Value -2.0%	S&P 500 5.9%	Aggregate Bonds 0.1%	US Small 5.2%	US Value 9.5%	Aggregate Bonds -3.2%	US Real Estate 2.4%	Aggregate Bonds 3.0%	US Real Estate 4.4%	S&P 500 -4.9%
Emerging Markets -0.1%	US Growth 1.1%	Commodities 4.1%	Aggregate Bonds 1.2%	US Value 2.1%	Aggregate Bonds -3.1%	Aggregate Bonds 5.2%	Muni Bonds 0.0%	Emerging Markets 2.4%	Emerging Markets 7.9%	S&P 500 -3.3%	Emerging Markets 1.0%	Muni Bonds 2.8%	Muni Bonds 4.1%	US Value -5.6%
Muni Bonds -0.2%	Aggregate Bonds 1.1%	US Real Estate 3.1%	US Treasuries 0.8%	Muni Bonds -0.2%	US Treasuries -3.1%	US Treasuries 4.7%	World exUSA -0.4%	Muni Bonds -0.4%	Muni Bonds 7.9%	Muni Bonds -3.9%	Muni Bonds -0.1%	US Small 2.7%	Commodities 3.4%	World exUSA -9.1%
World exUSA -0.8%	Commodities 1.0%	Muni Bonds 3.0%	Muni Bonds -0.1%	S&P 500 -4.3%	World exUSA -7.4%	US Growth 3.2%	US Real Estate -1.7%	Aggregate Bonds -0.8%	Aggregate Bonds 6.8%	World exUSA -4.0%	Aggregate Bonds -0.8%	US Real Estate 1.6%	US Growth 2.2%	Commodities -10.3%
S&P 500 -4.3%	US Treasuries 0.9%	Aggregate Bonds 2.0%	US Real Estate -0.4%	US Small -9.5%	US Real Estate -7.8%	Muni Bonds 2.7%	US Value -2.2%	US Treasuries -1.0%	US Treasuries 5.7%	US Small -5.1%	US Treasuries -1.4%	US Value 1.0%	Aggregate Bonds 1.9%	US Real Estate -10.4%
US Growth -9.8%	US Real Estate -2.3%	US Treasuries 1.5%	Commodities -2.8%	US Growth -10.0%	Emerging Markets -7.8%	Commodities -5.3%	US Small -3.3%	US Real Estate -1.2%	Commodities -10.7%	US Real Estate -8.6%	Commodities -2.7%	Commodities -4.9%	US Treasuries 0.7%	Emerging Markets -11.4%

Past performance is no guarantee of future results. You cannot invest directly in an index. *Data as of 3/31/2026

Source: YCharts, 4/16/26

This visual shows historical annual asset class performance for the last 15 quarters.

Looking at the returns, you can see some continuity of performance for a few asset classes. However, there isn't enough consistency to be of any predictive value. The market environment or themes that were unfolding during these periods explain the performance but identifying the exact start and finish of these movements remains difficult, if not impossible.

However, over longer periods of time, the relationship between risk and return becomes more apparent.

Finding the proper asset mix is key to constructing the right portfolio for each investor. From there, RiverGlades seeks to adjust allocations at the margin based on the market environment and prevailing investment themes.

Bonds & Interest Rates

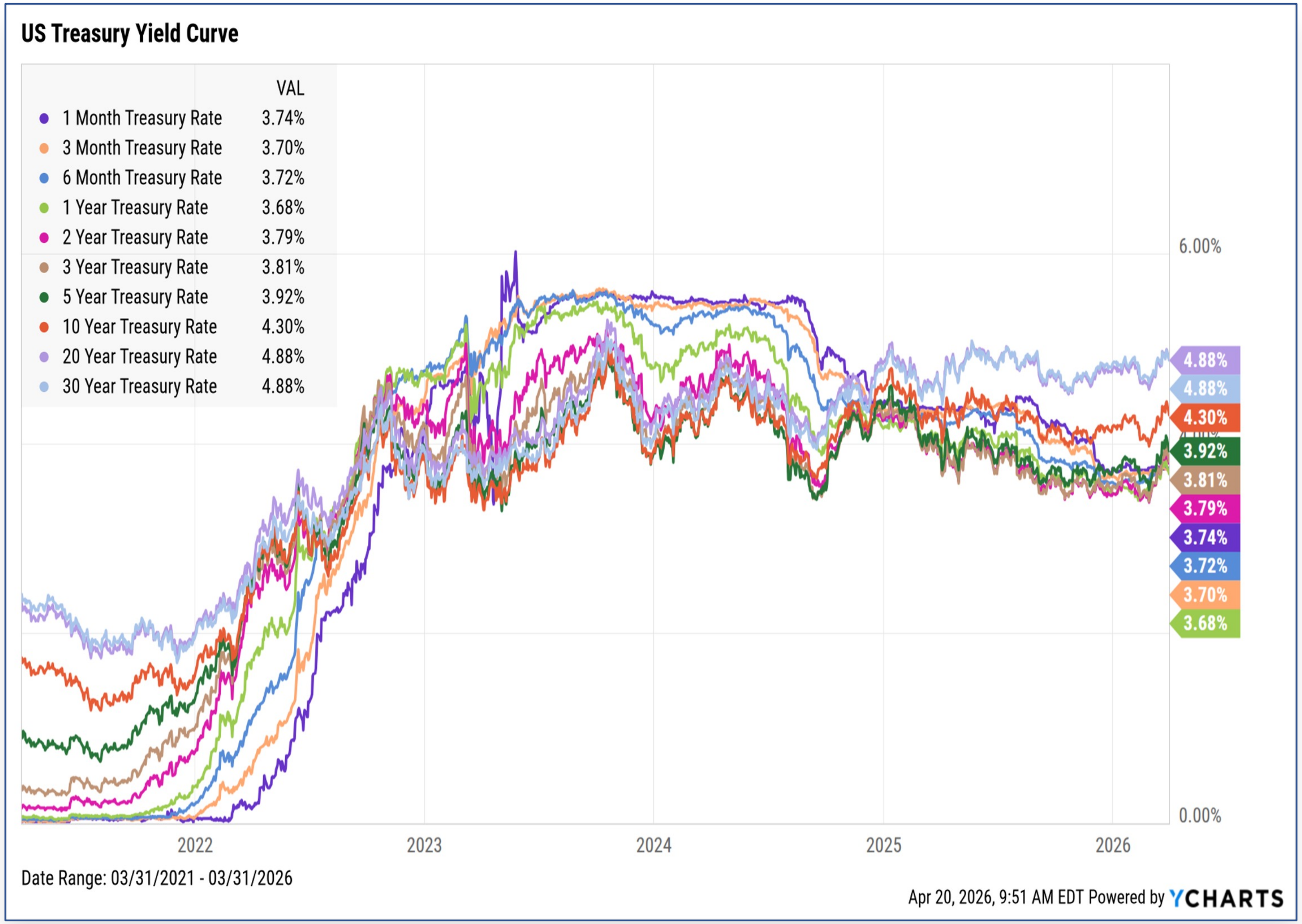
Collection of Data Summarizing Moves in the Fixed Income Markets.

Interest Rates

Duration	Rate	QoQ Δ
1-Month	3.74%	UnCh
3-Month	3.70%	▲ 3 bps
6-Month	3.72%	▲ 13 bps
1-Year	3.68%	▲ 20 bps
2-Year	3.79%	▲ 32 bps
3-Year	3.81%	▲ 26 bps
5-Year	3.92%	▲ 19 bps
10-Year	4.30%	▲ 12 bps
20-Year	4.88%	▲ 9 bps
30-Year	4.88%	▲ 4 bps

During the quarter, the yield curve shifted higher with the 1-to 5-year range moving by around 0.25%.

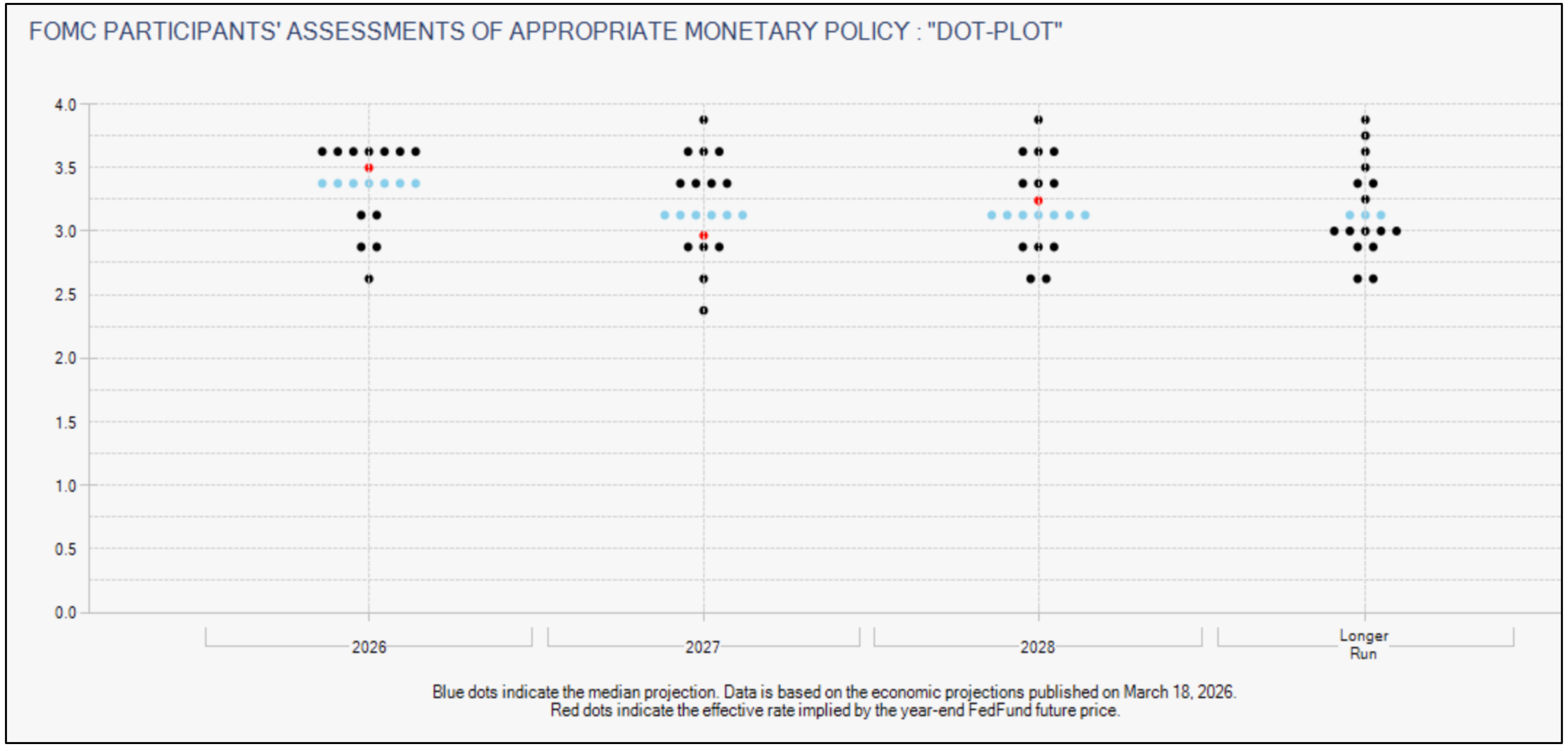
This action seemed to indicate that not only were lower rates off the table for the foreseeable future, but that a rate hike might be necessary if the spike in energy causes inflation to tick higher.



Source: YCharts, 4/20/26

Where Are Interest Rates Headed?

	CME FEDWATCH TOOL - CONDITIONAL MEETING PROBABILITIES							
MEETING DATE	200-225	225-250	250-275	275-300	300-325	325-350	350-375	375-400
4/29/2026		0.0%	0.0%	0.0%	0.0%	0.0%	99.5%	0.5%
6/17/2026	0.0%	0.0%	0.0%	0.0%	0.0%	3.4%	96.1%	0.5%
7/29/2026	0.0%	0.0%	0.0%	0.0%	0.3%	11.4%	87.9%	0.5%
9/16/2026	0.0%	0.0%	0.0%	0.1%	2.2%	24.5%	72.9%	0.4%
10/28/2026	0.0%	0.0%	0.0%	0.2%	4.2%	28.8%	66.5%	0.3%
12/9/2026	0.0%	0.0%	0.0%	1.0%	8.9%	36.0%	53.8%	0.3%
1/27/2027	0.0%	0.0%	0.1%	1.5%	10.7%	37.2%	50.2%	0.3%
3/17/2027	0.0%	0.0%	0.3%	2.4%	13.3%	38.5%	45.2%	0.2%
4/28/2027	0.0%	0.0%	0.3%	2.7%	13.9%	38.6%	44.3%	0.2%
6/9/2027	0.0%	0.1%	0.7%	4.4%	17.6%	39.5%	37.6%	0.2%
7/28/2027	0.0%	0.1%	1.0%	5.7%	19.8%	39.3%	33.9%	0.2%
9/15/2027	0.0%	0.3%	1.8%	8.0%	23.0%	38.4%	28.3%	0.1%
10/27/2027	0.1%	0.4%	2.4%	9.6%	24.6%	37.4%	25.4%	0.1%
12/8/2027	0.5%	2.7%	10.1%	25.1%	36.9%	24.4%	0.1%	0.0%



Source: CME Group; Fed Watch Tool, 4/20/26

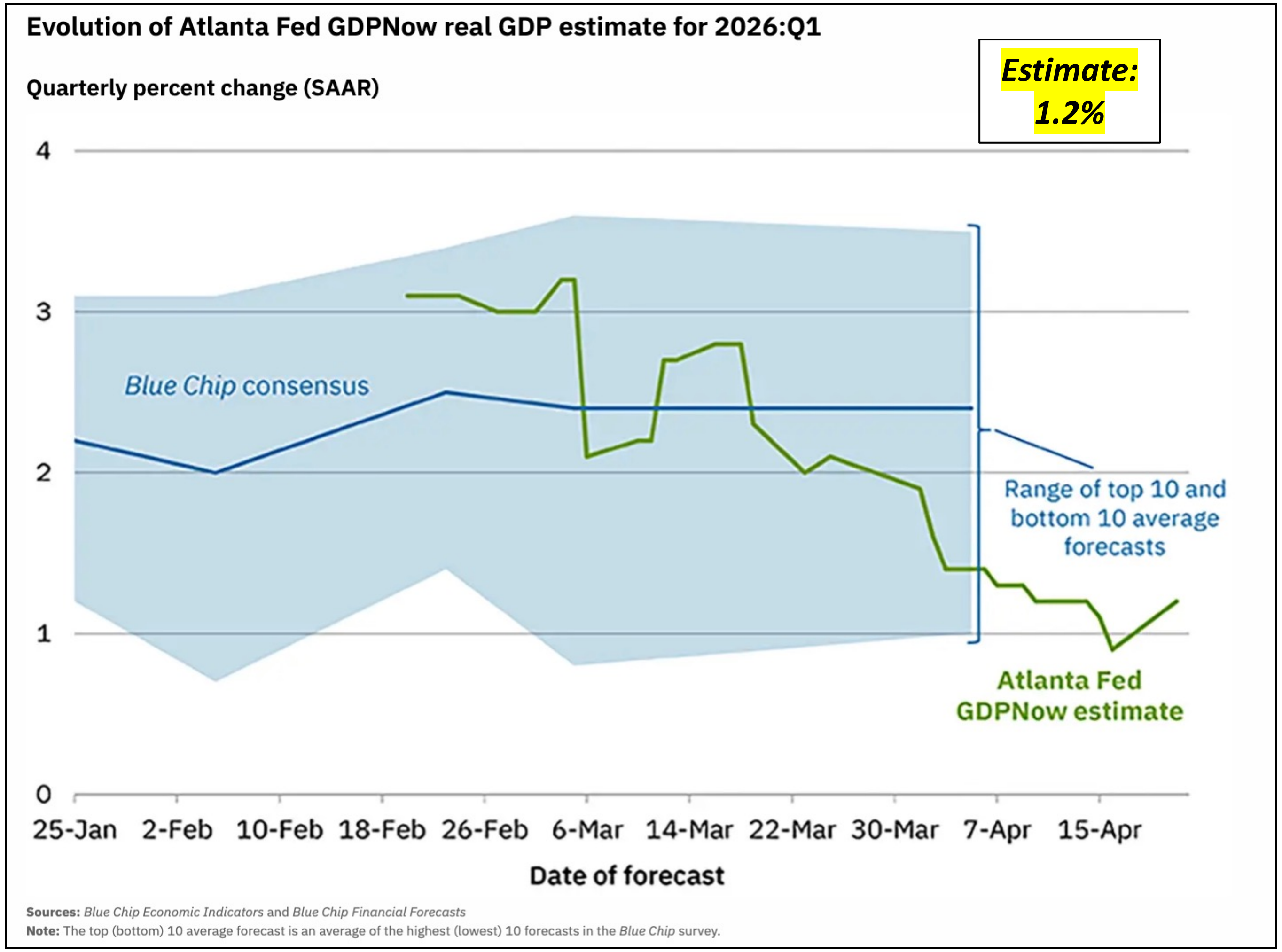
Coming into 2026 the big questions for this year were who would be chosen to replace Fed Chairman Jerome Powell and how “dovish” would they be? It appears the first question is now answered as Kevin Warsh was nominated and survived his Senate confirmation hearing last week. However, the question of just how “dovish” he will be remains to be seen. This may be compounded by an increasingly divided/opinionated FOMC, that might include soon to be former Fed Chair Powell, as he has two remaining years of his appointment as a Fed governor.

President Trump has made it quite clear that he believes rates should be lower and that he wants to see rates come down. Politics have always been involved in rate decisions, but for the most part “The Fed” has ultimately done what was right for the economy. If GDP is running around 2-3%, is cutting rates another 0.50% this year the right thing to do? As with most things in economics, the answer is, it depends. It will depend on inflation, job growth, the Iran conflict, etc…

Macro Economic Data

Leading and Lagging Economic Data and Trends from Key Economic Reports Published Recently.

Gross Domestic Product (GDP) – GDPNow



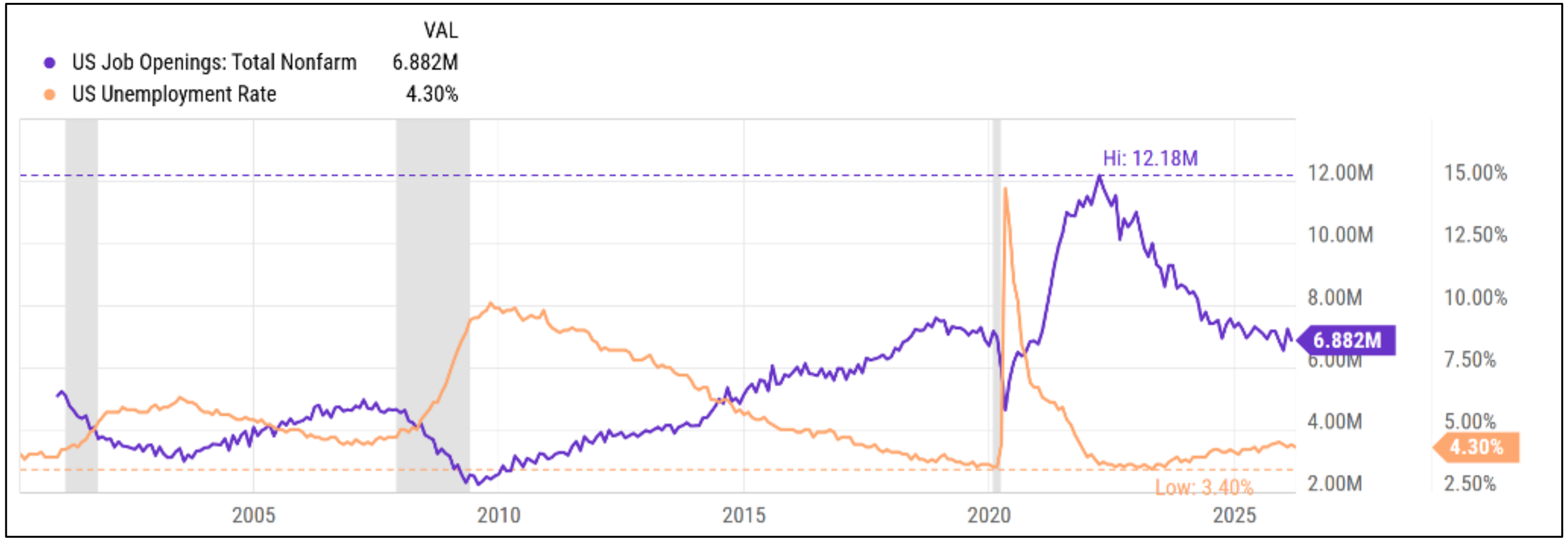
To evaluate how the U.S. economy is doing at any given time, RiverGlades reviews numerous data points and economic indicators. One of those is produced by the Federal Reserve Bank of Atlanta and is called GDPNow. They describe this weekly projection as follows:

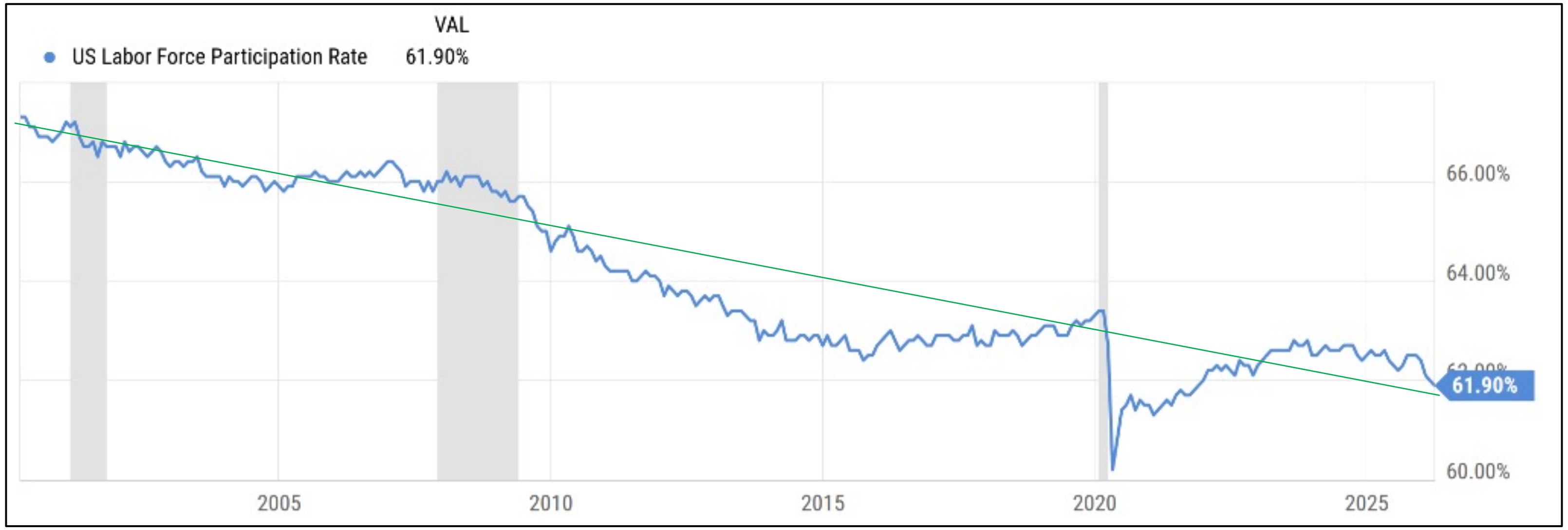
"The GDPNow forecast is constructed by aggregating statistical model forecasts of 13 subcomponents that comprise GDP… As more monthly source data becomes available, the GDPNow forecast for a particular quarter evolves and generally becomes more accurate. That said, the forecasting error can still be substantial just prior to the "advance" GDP estimate release. It is important to emphasize that the Atlanta Fed GDPNow forecast is a model projection not subject to judgmental adjustments. It is not an official forecast of the Federal Reserve Bank of Atlanta, its president, the Federal Reserve System, or the FOMC."

The Atlanta Fed clearly states that this number is not always correct, however it offers an estimate, and the trend can be tracked throughout the quarter. Riverglades often finds value in comparing the estimate to the Blue Chip consensus and range. **1.2% GDP growth last quarter would be quite a bit lower than consensus and likely has a bit of sensitivity to the impact from the Iran conflict. However, GDP is likely to be "ok" and consensus seem to be anticipating continued growth into 2026.**

Source: Federal Reserve Bank of Atlanta, GDPNow, 4/21/26

Unemployment and Labor Force Participation





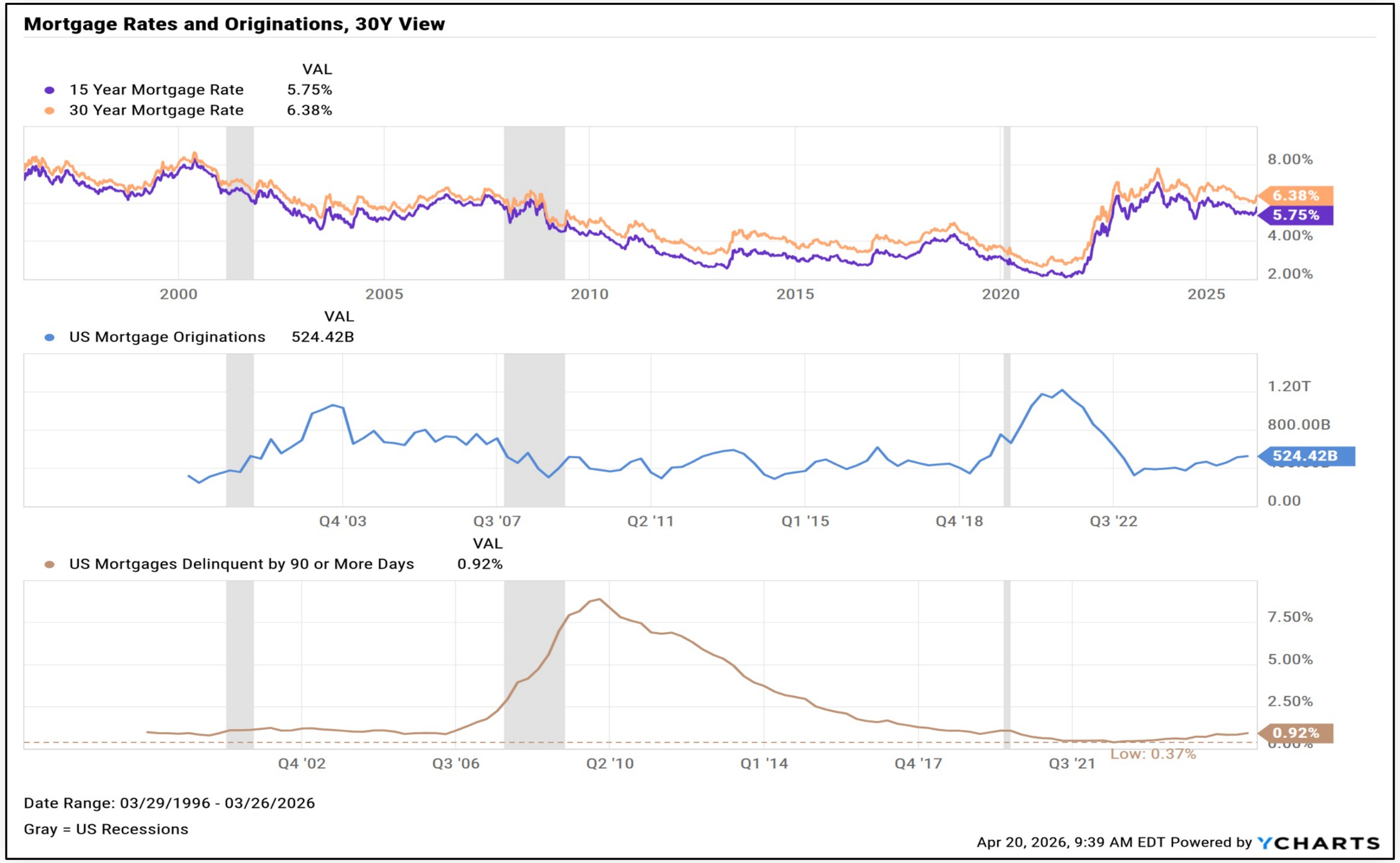
Source: YCharts, 4/20/26

The top chart, shows the history of U.S Job Openings and the U.S. Unemployment Rate that typically track in a loosely inverse relationship. This relationship appears to be tracking over the past few years as Total Nonfarm job openings has declined and the measured unemployment rate has ticked higher.

The chart on the bottom shows the US Labor Participation rate over the past 25 years. As evidenced by the thing green line, you can see that the participation rate has been trending down since the early 2000's. While at times it has been higher and others lower, the general trend has been lower from high 60% down to the current 62%.

The U.S. labor force participation rate has declined since the early 2000s primarily due to **structural demographic shifts**, specifically the aging of the population and the retirement of baby boomers. Roughly half to two-thirds of the decline is attributed to these demographic changes, while the remainder stems from lower participation among youth, rising disability, and declining participation for prime-age men

Housing Indicators



Mortgage rates increased slightly during the first quarter. 30-year mortgages rose from around 6.15% At end of the year to 6.38% at end of March. However, over the past year mortgage rates are still showing a decline having moved down from 6.65% to 6.38%.

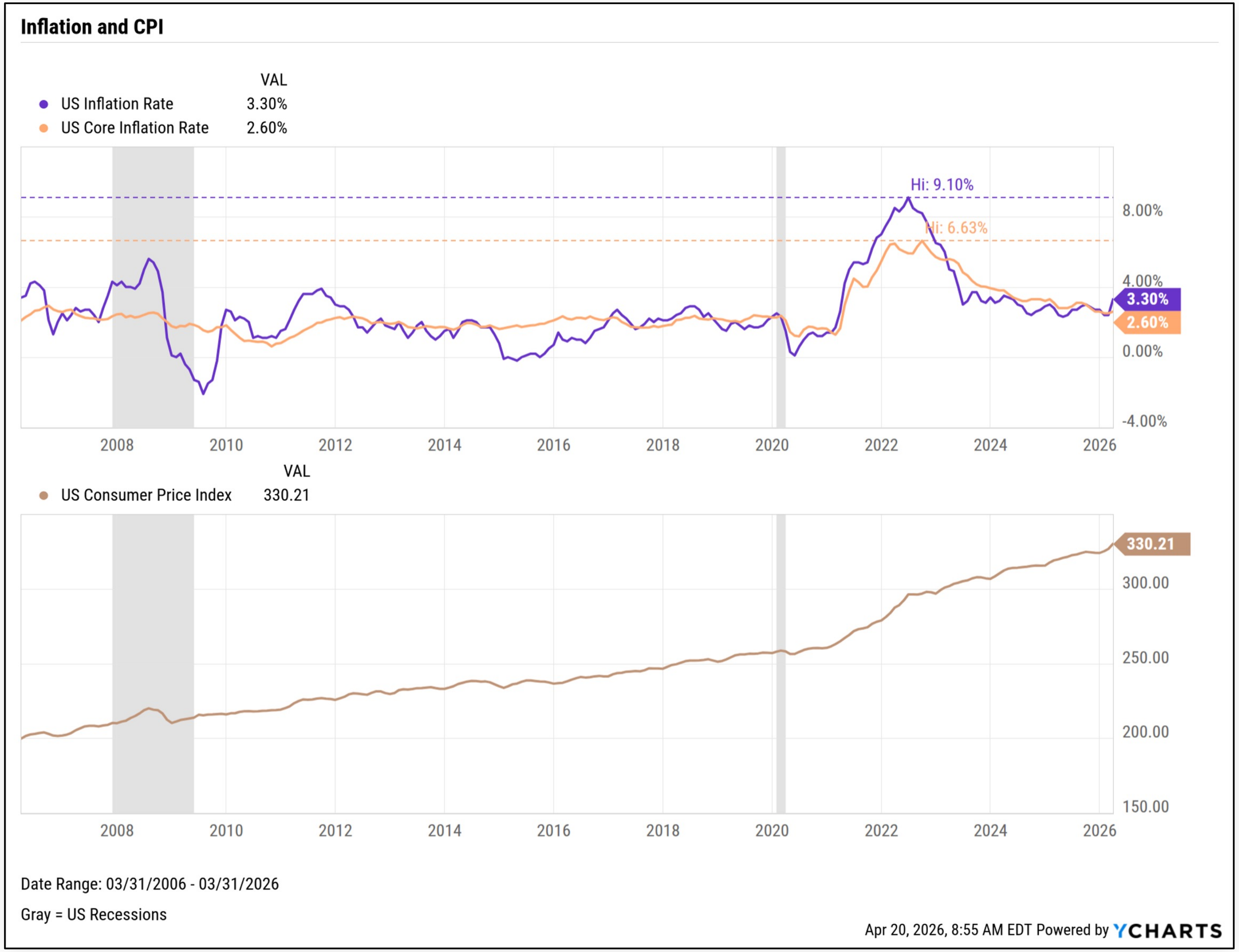
The national Case-Shiller Home Price index shows that across the country homes have appreciated by around 1% over the past 12 months. When considering this number, it is important to understand that real estate is driven by local markets with some areas seeing greater appreciation and others experiencing market softness. However, the overall national average of +1% reflects pricing stability across the country.

RiverGlades' outlook is for the housing market to continue normalizing as the uncertainty around the Trump administration's policies fade, interest rates remain relatively stable, and the economy remains relatively strong.

Housing Indicator Review

					1 Mo. Ago		3 Mo. Ago		1 Yr. Ago	
Overall	Indicator Name	Latest Period	Frequency	Value	1 Mo. Ago	% Change	3 Mo. Ago	% Change	1 Yr. Ago	% Change
▲	Case-Shiller Home Price Index: National	1/31/2026	monthly	332.2	331	▲ 0.23%	329	▲ 1.05%	329	▲ 0.91%
▲	US Housing Starts	1/31/2026	monthly	1,487	1,387	▲ 7.21%	1,272	▲ 16.90%	1,358	▲ 9.50%
▼	US Building Permits	1/31/2026	monthly	1,386	1,455	▼ -4.74%	1,411	▼ -1.77%	1,460	▼ -5.07%
▼	US New Single Family Houses Sold	1/31/2026	monthly	587	712	▼ -17.56%	650	▼ -9.69%	662	▼ -11.33%
▲	US Pending Home Sales Index	2/28/2026	monthly	72	71	▲ 1.84%	77	▼ -6.61%	73	▼ -0.83%
▲	30 Year Mortgage Rate	3/31/2026	weekly	6.38%	5.98%	▲ 6.69%	6.15%	▲ 3.74%	6.65%	▼ -4.06%
▲	US Households	12/31/2025	monthly	133,686	133,660	▲ 0.02%	133,172	▲ 0.39%	132,276	▲ 1.07%

Inflation



The U.S. inflation rate (CPI) and Core CPI, which excludes food and energy prices, both ticked higher at the end of the first quarter to 3.30% and 2.60%.

The move higher was led by a 21% surge in gasoline prices, the largest since 1967 and a 31% increase in other motor fuels. Both rising as a result of the Iran conflict and the resulting jump in global oil prices.

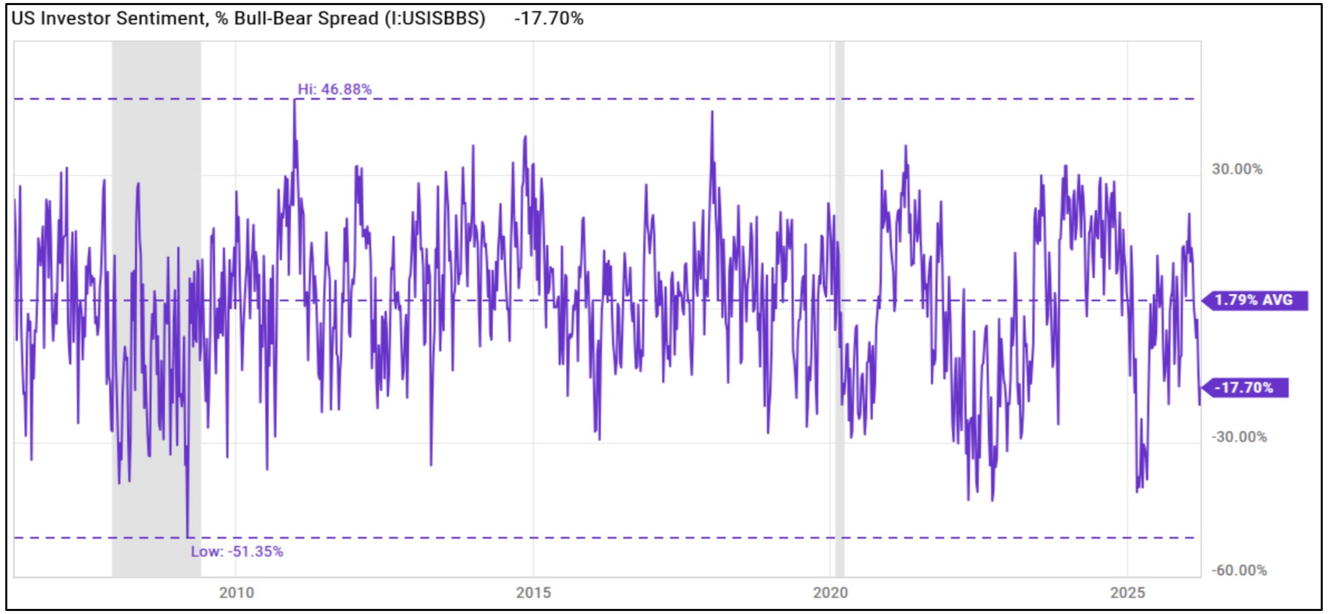
The 0.9% monthly increase in CPI was accompanied by a smaller rise in Core CPI, which seeks to exclude the more volatile food and energy prices, of a more muted 0.2%

While the surge in gas prices is certainly not pleasant at the pump, it tends to have more of a psychological impact on investors than the overall U.S. economy. As cars have grown more fuel efficient, etc. the U.S. economy has become less tightly linked to the price of gasoline as it once was in the past. Unless of course, these prices remain elevated for an extended period of time.

RiverGlades' has been expecting inflation to remain in the 3% range. 3.3% headline is not overly concerning in and of itself. However, with Core CPI increasing, it is less likely the Fed will cut rates or cut rates as aggressively as they once planned.

Investor & Consumer Sentiment

As evident in the chart at left, U.S. Consumer Sentiment remains at very depressed levels and has declined further since the beginning of the year. Current levels are near the lowest in 30 years and well below the average of around 85. The direction consumer sentiment is swinging is often more indicative of changes in consumer spending than the absolute level measured.



As indicated by the Bull-Bear Spread in this chart, investor sentiment has dropped notably since the beginning of the year. One might think this is a negative sign for investors. However, this measure often serves as a contrary indicator when it approaches levels that are overly bullish or bearish.

Source: YCharts, 4/20/26

Summary & Outlook

Summary of Where RiverGlades Believes the Markets are Positioned Today and Where They Might Go In The Near Future.

Where Do Things Go From Here?

Pros

1. Buy the Dip
2. 200-Day
3. Strong Semis
4. AI Boom
5. Strong Earnings, Margins
6. Valuations
7. Jobless Claims
8. Productivity Gains
9. Consumer Balance Sheets
10. Investor Sentiment
11. Seasonality
12. One "Truth"

Cons

1. Technicals
2. Mega-Cap Downtrends
3. Death by AI
4. Three Headed Monster
5. Inflation
6. Central Banks Tightening
7. Private Equity, Private Credit
8. Strait of Hormuz
9. Gas Prices
10. Supply Chains Strained
11. Housing Hurts
12. Midterm Years
13. Crypto Winter

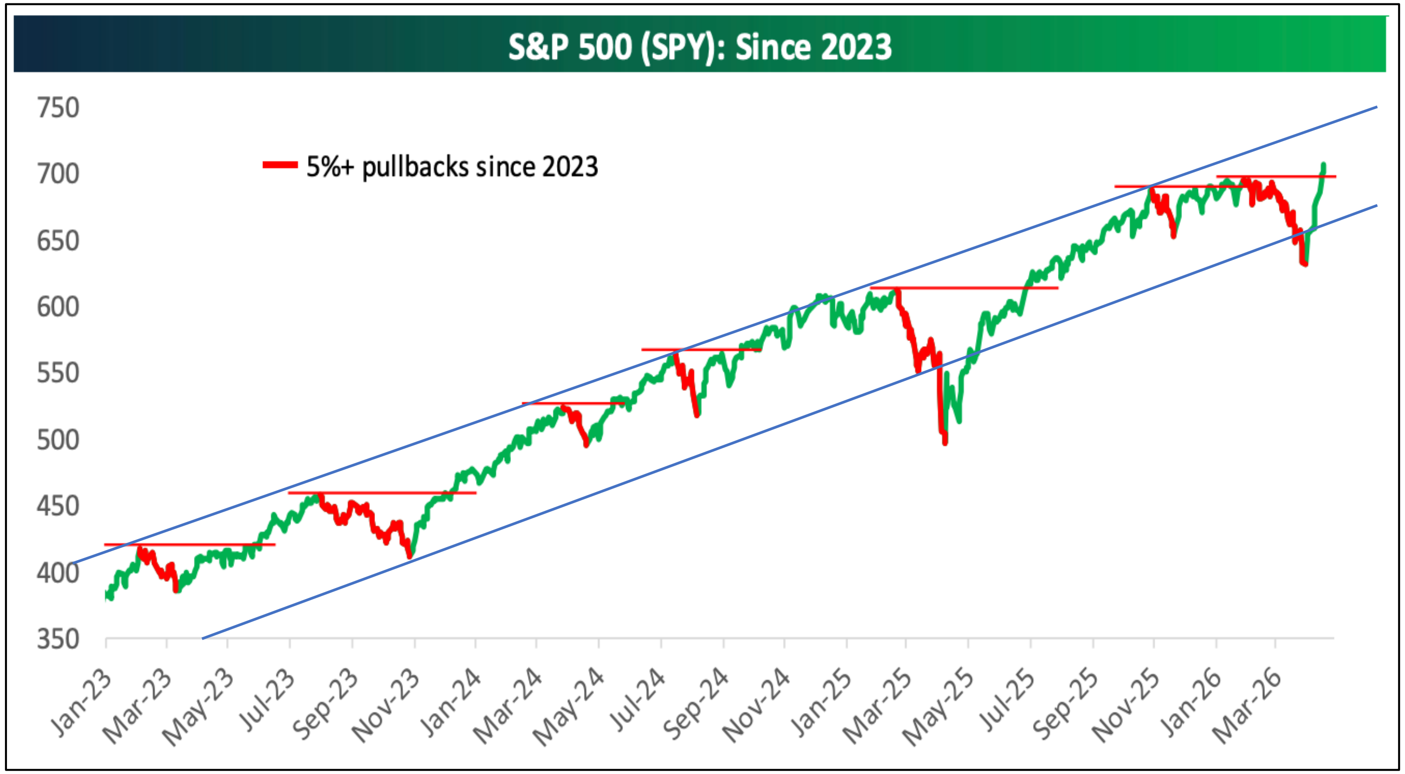
*Source: **Bespoke Investment Group**, The Bespoke Report, March 27, 2026*

A recent report from the well-respected *Bespoke Investment Group (www.bespokepremium.com)* summarized their take on the current "Pros and Cons" for the stock market going forward. Many of these have been touched on in this presentation, but RiverGlades is always available to elaborate or answer questions.

The Pros and Cons appear to be evenly split. While an argument can be made for both sides, it also becomes important to take into consideration the time over which these factors are anticipated to unfold and the weighting each situation warrants in your analysis.

RiverGlades continues to believe the underlying fundamentals are "ok" and that the markets are likely to trend higher over the next 12-18 months. However, the situation in Iran represents a significant unknown. Global economic strength will depend on how quickly the Straight of Hormuz is reopened and how quickly the shipping lanes return to normal capacity.

Where Do Things Go From Here? cont.



*Source: **Bespoke Investment Group**, The Bespoke Report, April 17, 2026*

While the Pros and Cons list compares several qualitative and fundamental factors that might provide insight to the market's next move, it can also be beneficial to look at the chart to see how the market has faired during similar pullbacks of 5% or more over the past few years.

The chart here shows the S&P 500 going back to the beginning of 2023. During each pullback, the news seemed quite negative and the uncertainty regarding the future was elevated. This period includes the sharp "Tariff Tantrum" sell off last year.

The horizontal lines show the then peak and extend out until that level was surpassed by the market's subsequent rally. As you can see as of April 17th, the S&P 500 had already rebounded to new all-time highs following the sell off caused by the U.S. military operations in Iran.

By adding in the thin blue diagonal lines you can see the market has been in a defined range over the past 3 years, only dropping below at the peak of the tariff concerns and peak of Iran conflict. While these trends "often continue until they don't" RiverGlades outlook is for the market to continue moving higher roughly within the range as indicated by the trend over the past 3 years.

Where Do Things Go From Here? cont.

S&P Bear Markets*

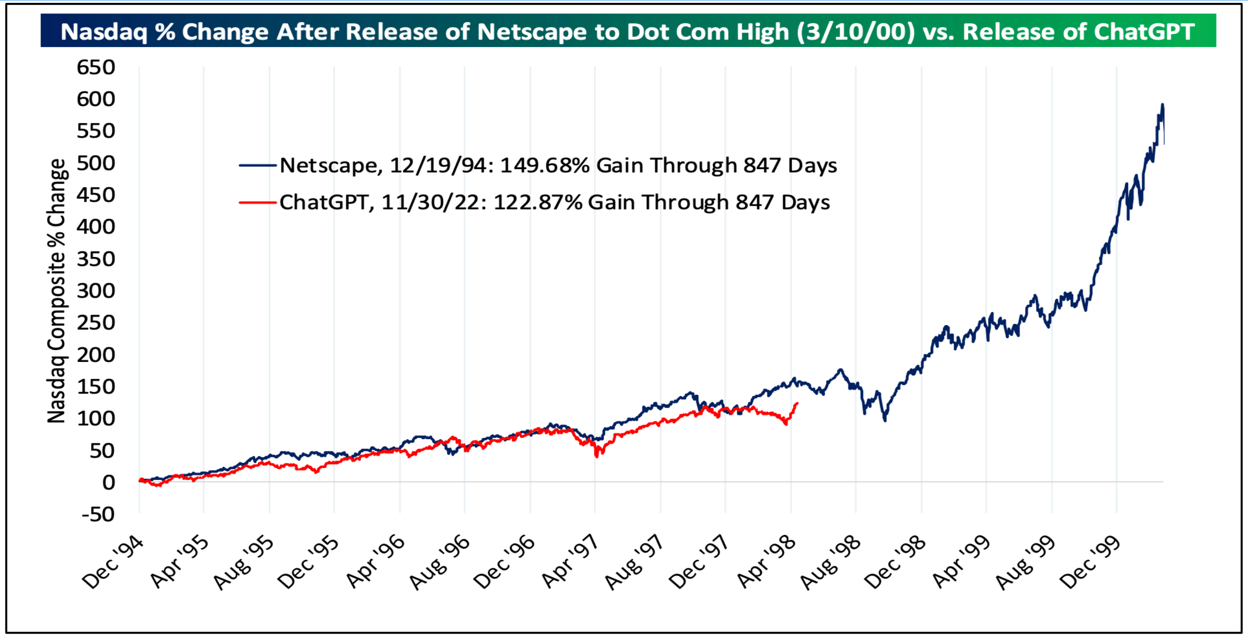
Start	End	% Change	Days
1/11/73	10/3/74	-48.2%	630
11/28/80	8/12/82	-27.1%	622
3/24/00	9/21/01	-36.8%	546
11/29/68	5/26/70	-36.1%	543
11/7/40	4/28/42	-34.4%	537
8/2/56	10/22/57	-21.6%	446
10/9/07	11/20/08	-51.9%	408
2/6/34	3/14/35	-31.8%	401
3/10/37	3/31/38	-54.5%	386
6/15/48	6/13/49	-20.6%	363
5/29/46	5/19/47	-28.5%	355
1/3/22	10/12/22	-25.4%	282
4/10/30	12/16/30	-44.3%	250
2/9/66	10/7/66	-22.2%	240
10/25/39	6/10/40	-31.9%	229
11/9/31	6/1/32	-61.8%	205
1/4/02	7/23/02	-32.0%	200
12/12/61	6/26/62	-28.0%	196
9/7/32	2/27/33	-40.6%	173
11/9/38	4/11/39	-24.4%	153
6/26/31	10/5/31	-42.5%	101
8/25/87	12/4/87	-33.5%	101
2/24/31	6/2/31	-32.9%	98
7/18/33	10/19/33	-29.4%	93
1/6/09	3/9/09	-27.6%	62
9/16/29	11/13/29	-44.6%	58
2/19/20	3/23/20	-33.9%	33
	Average	**-35.1%**	**286**
	Median	**-32.9%**	**240**

S&P Bull Markets*

Start	End	% Change	Days
12/4/87	3/24/00	582.1%	4,494
3/9/09	2/19/20	400.5%	3,999
6/13/49	8/2/56	267.1%	2,607
10/3/74	11/28/80	125.6%	2,248
7/23/02	10/9/07	96.2%	1,904
8/12/82	8/25/87	228.8%	1,839
10/22/57	12/12/61	86.4%	1,512
4/28/42	5/29/46	157.7%	1,492
6/26/62	2/9/66	79.8%	1,324
10/12/22	4/17/26	98.9%	1,283
5/26/70	1/11/73	73.5%	961
10/7/66	11/29/68	48.0%	784
3/14/35	3/10/37	131.6%	727
3/23/20	1/3/22	114.4%	651
5/19/47	6/15/48	23.9%	393
3/31/38	11/9/38	62.2%	223
4/11/39	10/25/39	26.8%	197
6/10/40	11/7/40	26.7%	150
11/13/29	4/10/30	46.8%	148
2/27/33	7/18/33	120.6%	141
10/19/33	2/6/34	37.3%	110
9/21/01	1/4/02	21.4%	105
6/1/32	9/7/32	111.6%	98
12/16/30	2/24/31	25.8%	70
11/20/08	1/6/09	24.2%	47
10/5/31	11/9/31	30.6%	35
6/2/31	6/26/31	25.8%	24
	Average	**113.9%**	**1,021**
	Median	**79.8%**	**651**

**Bear markets defined as 20%+ declines that were preceded by a 20%+ rally.*
**Bull markets defined as 20%+ rallies that were preceded by a 20%+ decline.*

*Source: **Bespoke Investment Group**, The Bespoke Report, April 17, 2026*

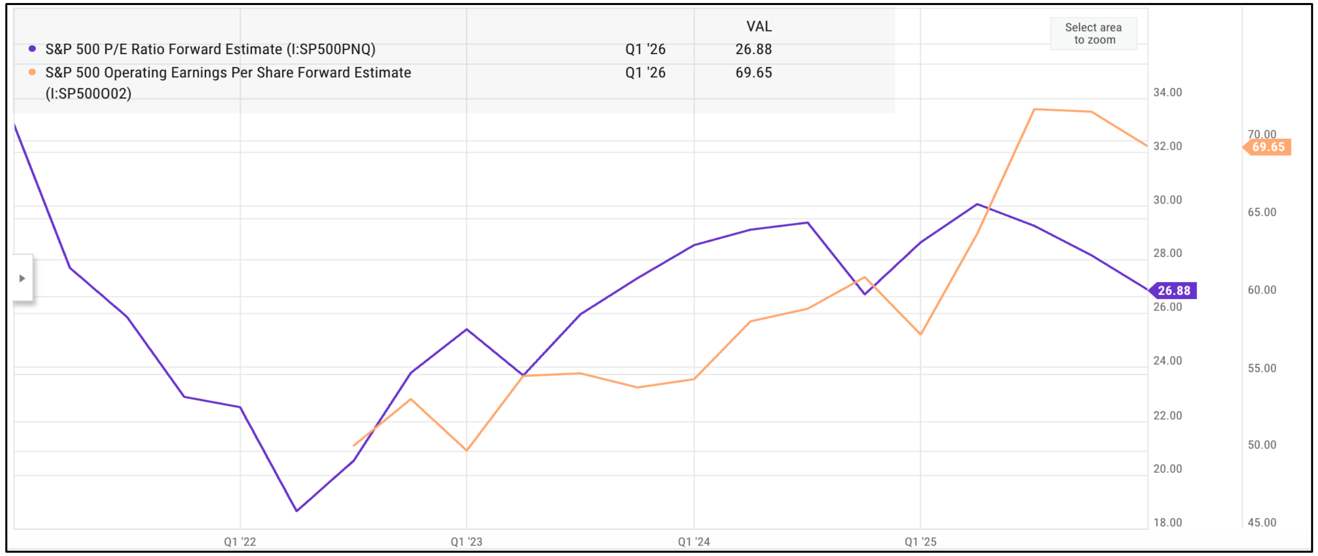


*Source: **Bespoke Investment Group**, The Bespoke Report, April 17, 2026*

Recently, I was told that after three strong years of performance that the markets "can't keep going up" and that the current A.I. Boom reminds them of the late 90's internet bubble. They must not have been the only investors thinking along those lines as Bespoke Investment Group included this research in their April 17th Bespoke Report.

At left, is a list of S&P 500 "Bear" and "Bull" markets the magnitude of the price change and the number of days the decline/rally persisted. In yellow is the current bull market which has gained almost 100% over the past 1,283 days. Above chart shows the performance of the NASDAQ Composite from the launch of Netscape compared to launch of ChatGPT. Here again, it is evident that bull markets ***can*** and often do continue for longer than might be expected.

Where Do Things Go From Here? cont.



Source: YCharts, 4/21/26

The chart to the top left shows the S&P 500 Shiller CAPE Ratio over the past 30 years. Yale Professor Robert Shiller created this variation of the traditional P/E Ratio to account for the cyclicality of earnings. Rather than simply taking the trailing year's earnings as is done with the traditional P/E, the CAPE Ratio averages the past 10 years earnings and adjusts for inflation. This provides a longer-term lens through which valuation can be analyzed.

The bottom chart, shows the forward P/E ratio at 26.9 down from last quarter and almost at level of the "Tariff Tantrum." Future earnings are expected to continuing growing and surprisingly have not yet seen many revisions due to the conflict in Iran. As such, RiverGlades' outlook remains relatively constructive all things considered.

As noted last quarter, non-U.S. stocks have picked up after a decade of underperforming the S&P 500. During this time, the global equity index saw the U.S. to Non-U.S. ratio shift from roughly 50/50 to close to 70/30. RiverGlades has favored U.S. over non-U.S. during this period and continues to do so. However, investors should evaluate their non-U.S. exposure to confirm they have the appropriate level of diversification as earnings growth around the world appears to be picking up momentum.

With so much uncertainty in the world, the best approach is to focus on what we do know, while keeping an eye on the situation as things unfold. From where we sit it appears the markets will continue to climb the metaphorical "wall of worry."

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Q1 2026

Released April 2026