Pawleys
Investment Advisors
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Q1 2026 Insights

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www.PawleysAdvisors.com

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The quality of our research relies on the accuracy of data and information provided by companies and third parties.
Pawleys does not guarantee completeness or accuracy. Future results cannot be guaranteed.

Q1 2026 Insights

- Fundamentals Drive Broadening of Market
- Iran and Oil
- The Fed – Inflation and Employment
- The AI Jobs Myth
- Private Debt Cracks
- Solid Investment and Saving/Spending Plans Work!
- *invest right, live right*™

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Fundamentals Drive Broadening of Market

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- Nasdaq all-time high set 10/29/2025 at 24,019.99
- S&P 500 all-time high set 1/28/2026 at 7,002.28
- Dow all-time high set 2/10/2026 at 50,512.79
- Rotation from tech-heavy Nasdaq into blue-chip Dow stocks
- International and US Energy, Industrial & Materials outperformance
- We rebalanced last year and captured Tech gains for clients
- Consumer spending still accounts for almost 70% of GDP
- $4/gallon gas hits lower income households most
- Airline and dining spending at all-time highs

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Iran and Oil

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Selloffs tied to oil shocks have been short-lived

CAPITAL GROUP®

Oil shocks are common sources of market volatility since they can stoke inflation and slow growth. Historically, markets have rebounded quickly.

S&P 500 Index returns following geopolitical-related oil supply disruptions, 1990-2024

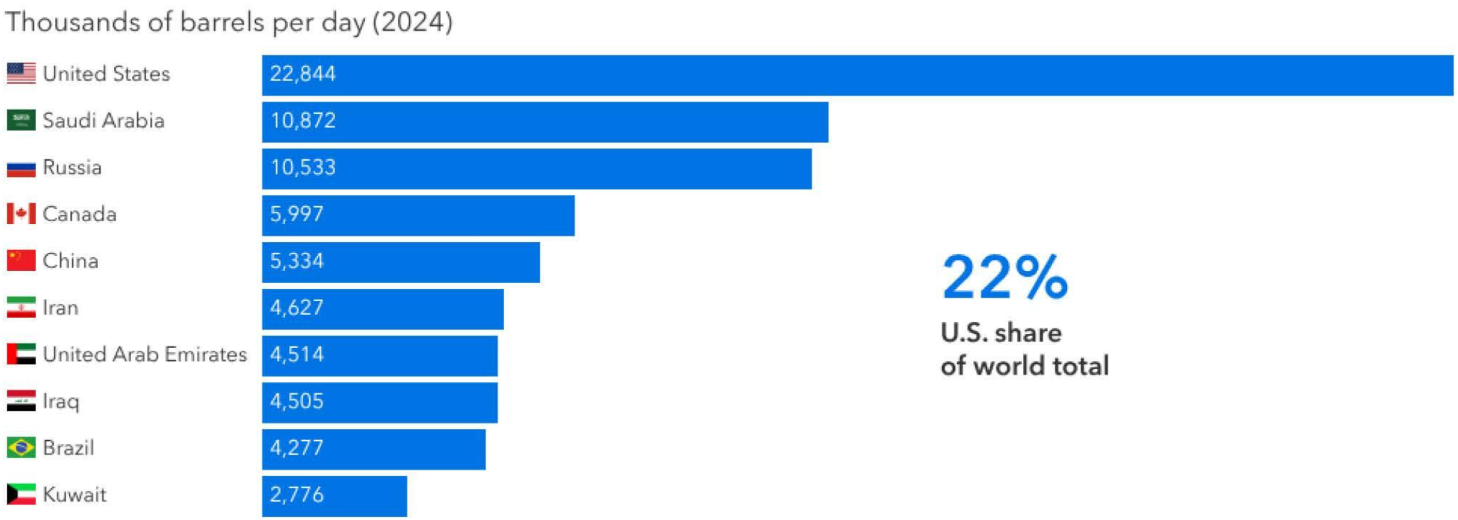
Sources: Capital Group, Bloomberg, Standard & Poor's. Specific geopolitical events that are reflected in average returns figures include: Gulf War (August 1990), 2003 invasion of Iraq (March 2003), Niger Delta supply disruptions (February 2006), Arab Spring + Libya Civil War (February 2011), Hormuz closure risk + Iran sanctions (December 2011), Drone attack on Saudi installations (September 2019), Russian invasion of Ukraine (February 2022). Event dates are aligned to the nearest observable market price ("T"). If a shock occurs on a non-trading day, the prior trading day is used as the start date. Horizon returns are measured using the first available trading day on or after the stated calendar horizon (e.g. "T+2 days"). Past results are not predictive of results in future periods. Figures reflect total returns. As of March 10, 2026.

Investments are not FDIC insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

Iran and Oil

The U.S. is the world's top oil and gas producer

Technological advances unlocked vast U.S. oil supplies over the past decade, strengthening the nation's energy security.



Sources: Capital Group, U.S. Energy Information Administration. Data includes petroleum and other liquids such as biodiesel, ethanol, liquids produced from coal, gas, and oil shale, Orimulsion, blending components, and other hydrocarbons. Latest data available is 2024 as of February 28, 2026.

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The Fed – Inflation and Employment

- Raised inflation and growth projections (PCE=2.7% and GDP=2.4%)
- CPI running at 2.4%, measure of consumer inflation
- Powell's replacement – independent Federal Reserve
- US debt is downright ugly, $39T debt and $2T deficit – Iran, tariff refunds
- Some layoffs, but fewer job openings is more the story
- 178,000 March job report

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The AI Jobs Myth

- AI adoption highest in professional, technology, education and finance – augmenting skills, not replacing jobs
- Euphoria drove pullback, not reversal in AI's long-term impact (Software stocks down -23% for Q1)
- Tech layoffs as much about past over hiring
- Massive demand for Infrastructure & Power
- Aging population increases need for productivity gains
- History shows productivity revolutions create new roles as they reshape old ones

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Private Debt Cracks

- Limited transparency and liquidity in private markets
- Blue Owl redemption restrictions
- Widening spreads
- Jerome Powell comments: sees no threat of private credit connections to banking system (Harvard event, 3/30/2026)
- Jamie Dimon 2025 JPM shareholder letter – does not see systemic problems
- Default rates in private credit remain low

Social Security Source: JP Morgan. The quality of our research relies on the accuracy of data and information provided by companies and third parties. Pawleys does not guarantee completeness or accuracy. Future results cannot be guaranteed.

Solid Investment and Saving/Spending Plans Work!

- Knowledge overload- look past the noise to the tried-and-true basics of quality investing
- Basics are not trendy or exciting, but they work
- Simplicity wins over complexity
- Revisit your financial plan (saving/spending) and risk tolerance for us to make any necessary adjustments
- Update projections we use +4% target return, life expectancy = 95 for those in good health
- Written Investment Policy Statement

Source: Charles Schwab. The quality of our research relies on the accuracy of data and information provided by companies and third parties. Pawleys does not guarantee completeness or accuracy. Future results cannot be guaranteed.

"You are the sky. Everything else is just the weather."

- Pema Chodron

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