

“Crude Awakening”

Market Update with Robert Paolucci, CFP®
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April 2026

Principle
WEALTH



Today's Agenda

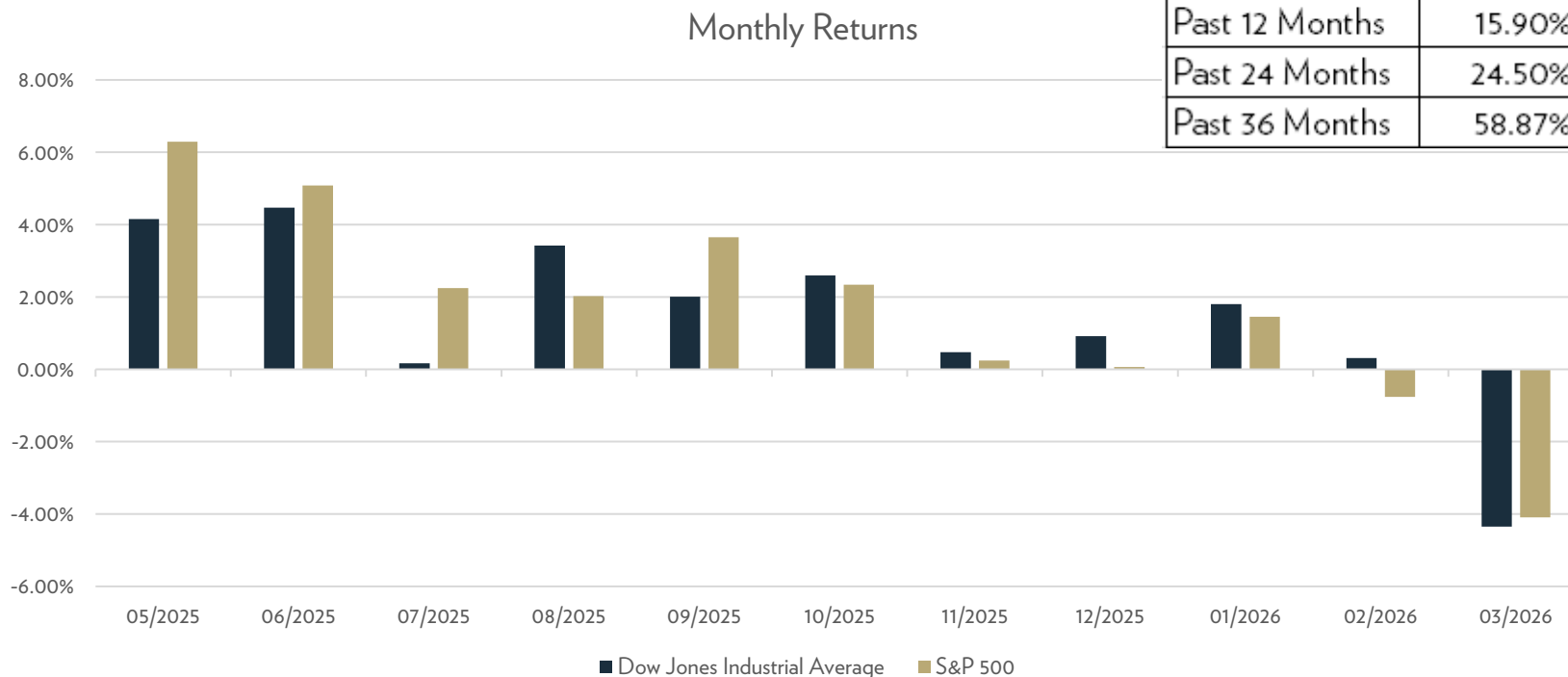
1. Markets
2. Economy & Policy
3. Market Anomalies
4. Everything Else

Perspective – Consecutive Months Higher

Dow Jones consecutive positive-month streak ends at 10.

S&P 500 consecutive positive-month streak ended at 9.

S&P 500 Return	
Year To Date	-4.63%
Past 6 Months	-1.99%
Past 12 Months	15.90%
Past 24 Months	24.50%
Past 36 Months	58.87%



Source: YCharts, as of 03/31/2026

Remember – Pullbacks Are Normal

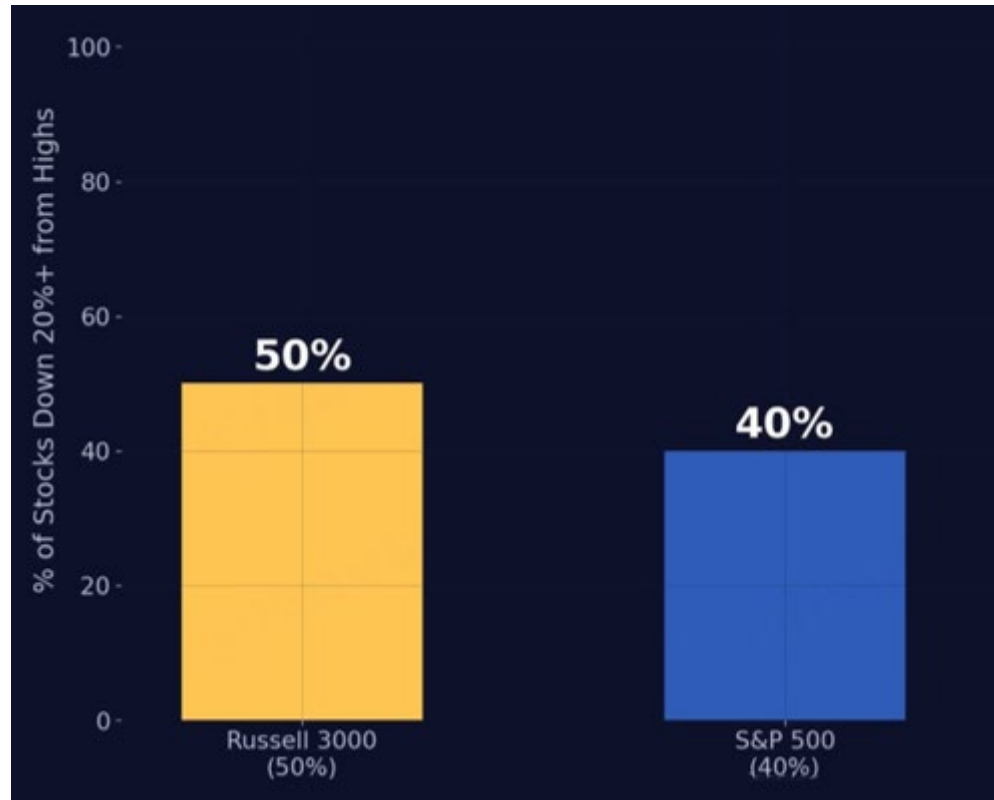
S&P 500 Index (1954-2025)

Size of decline	-5% or more	-10% or more	-15% or more	-20% or more
Average frequency	about twice per year	about once every 18 months	about once every three years	about once every six years
Average length	46	133	247	402
Last occurrence	October 2025	February 2025	February 2025	January 2022

↓
We are here

Source: Capital Group, RIMES, Standard & Poor's, as of 12/31/2025

The Average Stock Has Corrected, Plenty Of Opportunity Ahead



Source: Morgan Stanley, as of 03/31/2026

A View From The Sector Level

S&P 500	% Memb. >10% Off 52W High	% Memb. >15% Off 52W High	% Memb. >20% Off 52W High	% Memb. >30% Off 52W High	% Memb. >40% Off 52W High	% Memb. >50% Off 52W High
Media & Entertainment	89%	63%	63%	16%	16%	16%
Telecommunication Services	50%	25%	25%	0%	0%	0%
Automobiles & Components	100%	100%	75%	0%	0%	0%
Consumer Discretionary Distrib	80%	80%	47%	20%	7%	0%
Consumer Durables & Apparel	100%	64%	55%	27%	9%	9%
Consumer Services	78%	61%	50%	17%	11%	0%
Consumer Staples Distribution	29%	29%	14%	0%	0%	0%
Food, Beverage & Tobacco	64%	55%	55%	27%	9%	0%
Household & Personal Products	100%	57%	57%	29%	0%	0%
Energy	18%	14%	0%	0%	0%	0%
Banks	100%	100%	38%	0%	0%	0%
Financial Services	90%	73%	53%	30%	20%	10%
Insurance	61%	39%	30%	17%	13%	0%
Health Care Equipment & Servic	77%	69%	57%	23%	14%	9%
Pharmaceuticals, Biotechnology	68%	52%	44%	20%	0%	0%
Capital Goods	81%	35%	23%	8%	4%	0%
Commercial & Professional Serv	93%	86%	57%	50%	21%	7%
Transportation	77%	62%	38%	0%	0%	0%
Semiconductors & Semiconductor	95%	89%	47%	16%	0%	0%
Software & Services	97%	97%	97%	60%	33%	13%
Technology Hardware & Equipmen	77%	55%	32%	18%	9%	5%
Materials	73%	58%	27%	4%	0%	0%
Equity Real Estate Investment	55%	52%	34%	10%	3%	3%
Utilities	16%	13%	6%	0%	0%	0%
S&P 500	72%	57%	42%	18%	9%	4%

Source: Morgan Stanley, Bloomberg, as of 03/20/2026

Internal Check-Up Of The S&P 500

Major indexes and maximum drawdowns						
Index	Index YTD return	Index maximum drawdown from YTD high	Average member maximum drawdown from YTD high	Index return since 4/8/25 low	Index maximum drawdown since 4/8/25 low	Average member maximum drawdown since 4/8/25 low
S&P 500	-5%	-9%	-18%	31%	-9%	-24%
NASDAQ	-7%	-13%	-33%	41%	-13%	-49%
Russell 2000	1%	-11%	-26%	42%	-11%	-37%
Dow Jones	-4%	-10%	-16%	23%	-10%	-20%

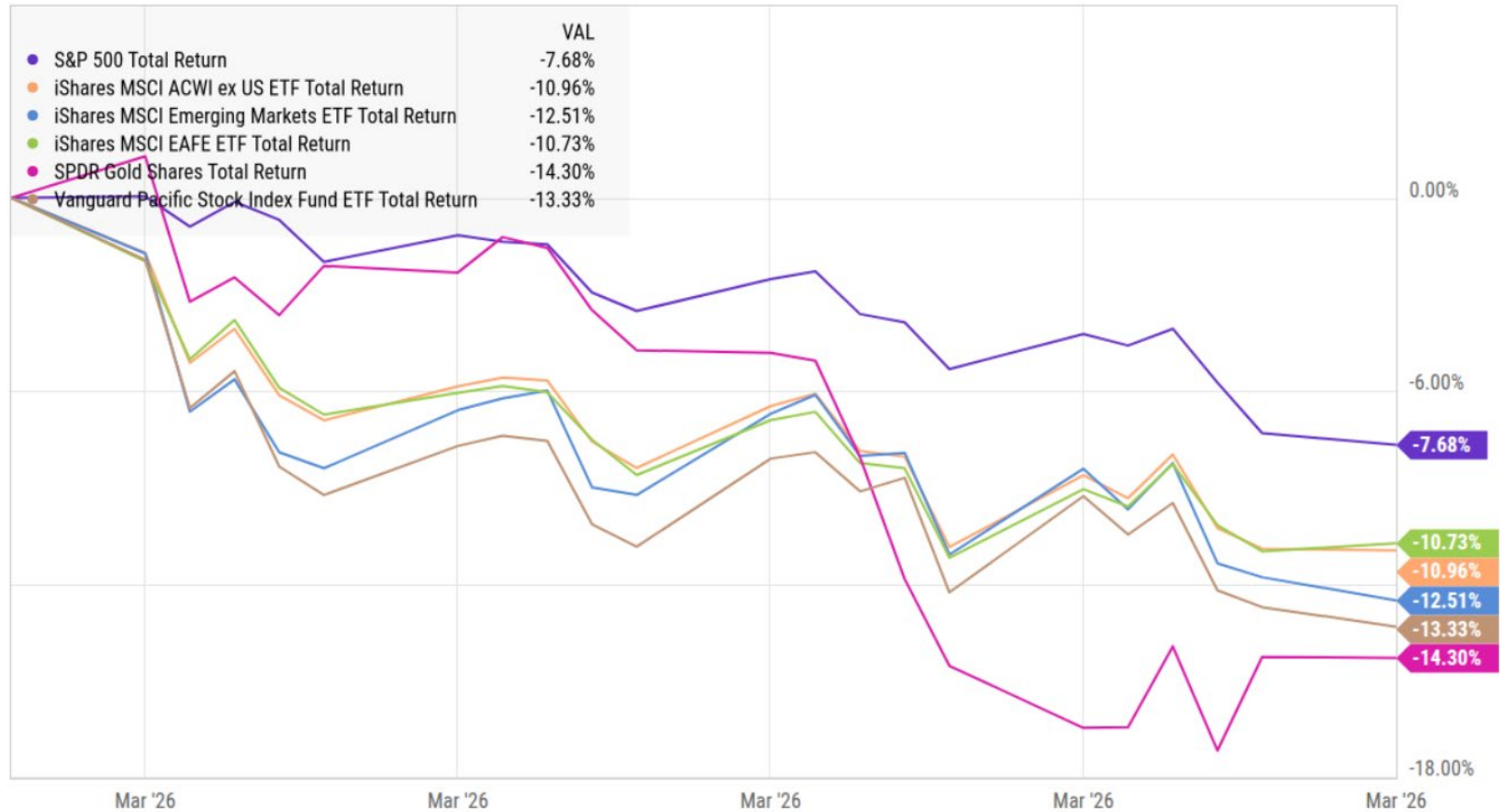
% of S&P 500 members outperforming S&P 500 Index over the past:						
1m	2m	3m	4m	5m	6m	1y
40%	50%	54%	43%	30%	28%	24%

% of S&P 500 members outperforming S&P 500 Equal Weighted Index over the past:						
1m	2m	3m	4m	5m	6m	1y
41%	44%	43%	41%	34%	33%	34%

Source: Liz Ann Sonders, Charles Schwab, Bloomberg, as of 03/31/2026

A Global View

Since the U.S./Iran Conflict Started...



Source: YCharts, as of 03/30/2026

How Stocks Move After Oil Price Spikes

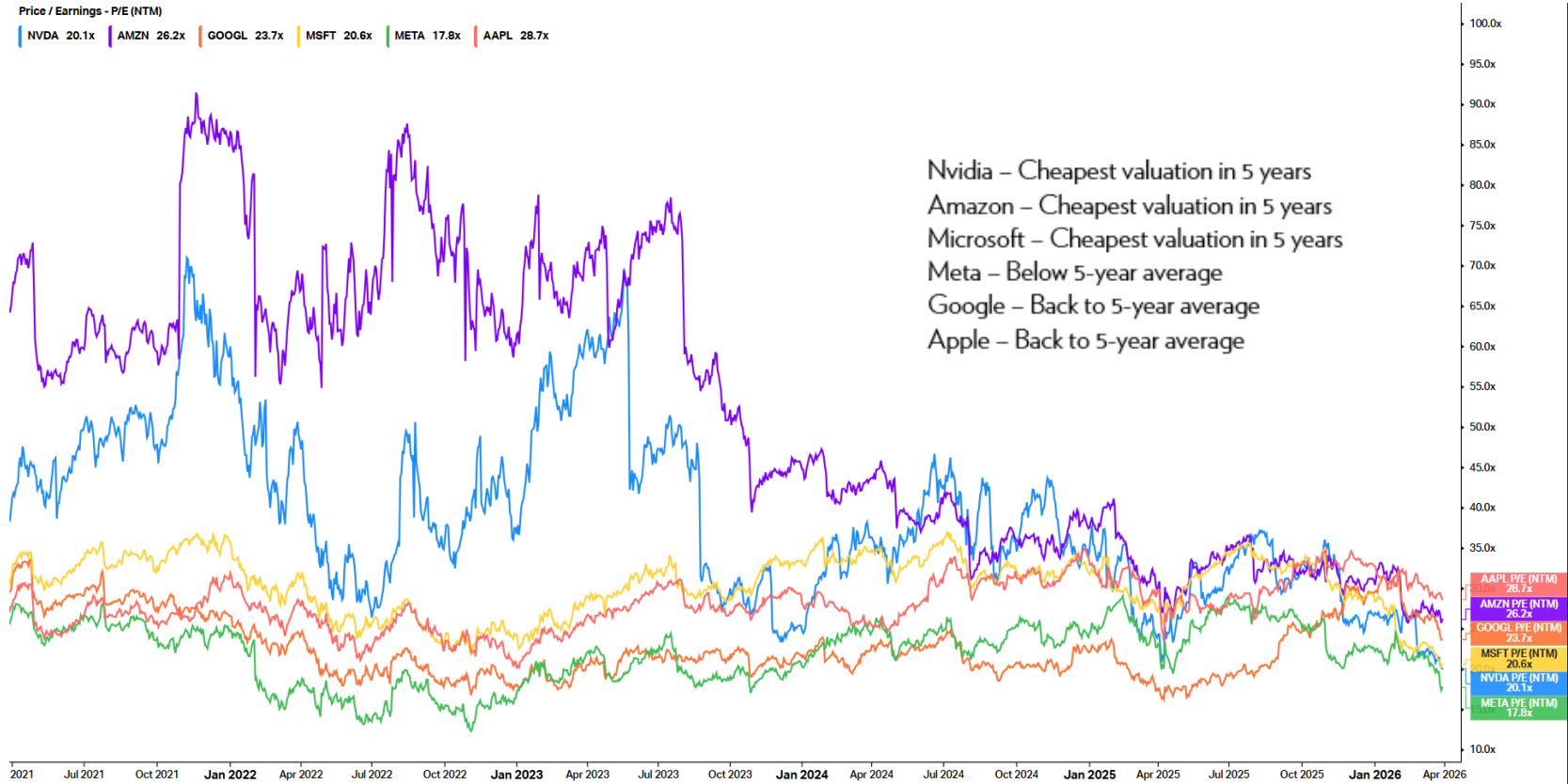


Source: BNY Mellon, Bloomberg, as of 03/06/2026

No Bubble In Sight, Bargains Appearing

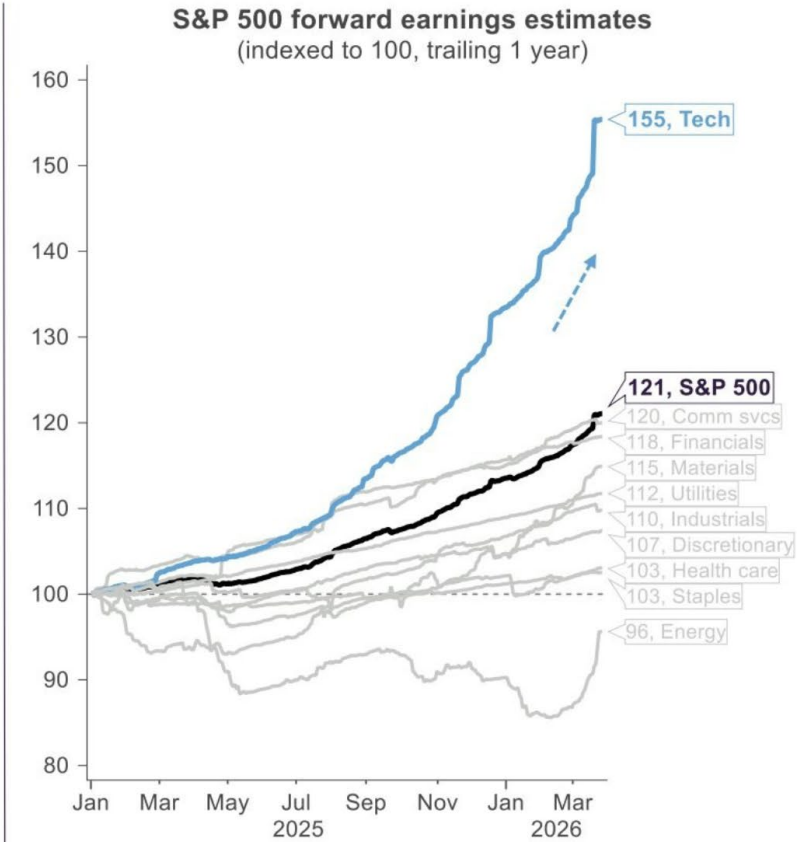
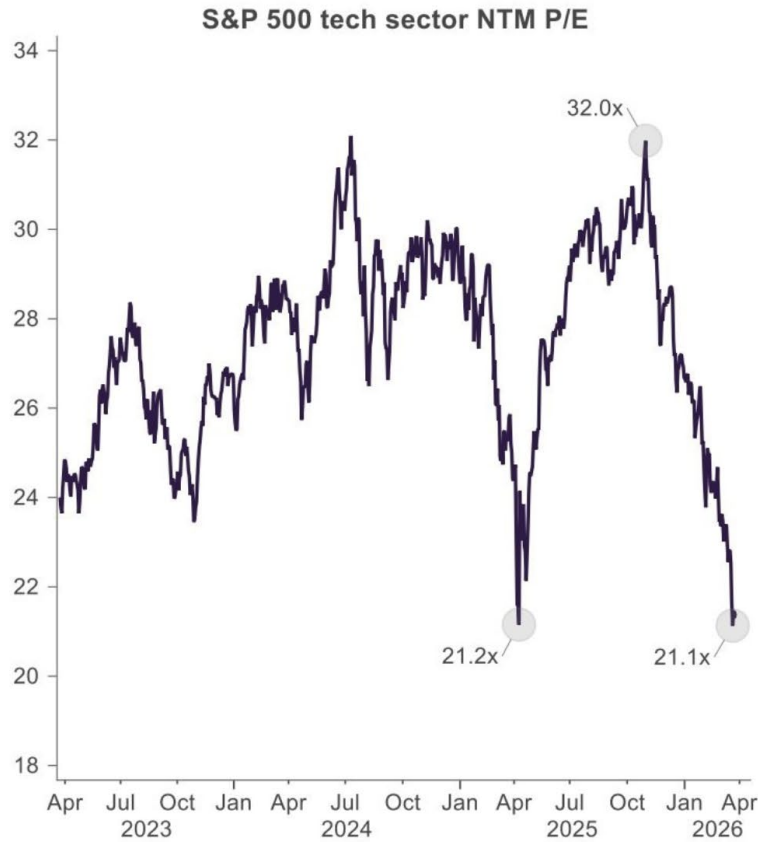
Price / Earnings - P/E (NTM)

NVDA 20.1x AMZN 26.2x GOOGL 23.7x MSFT 20.6x META 17.8x AAPL 28.7x



Source: KoyFin as of 03/26/2026

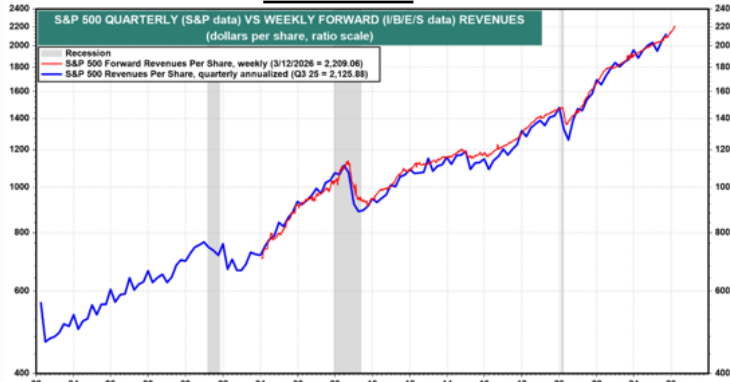
Earnings Rising + Prices Falling = Cheaper Market



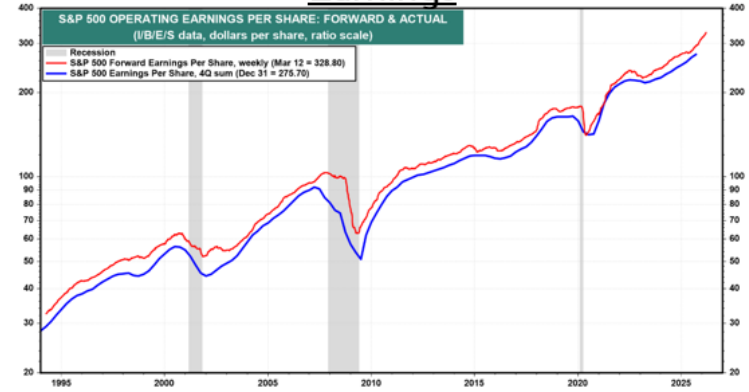
Source: FactSet, Bloomberg, as of 03/26/2026

The Fundamentals Tell The Story

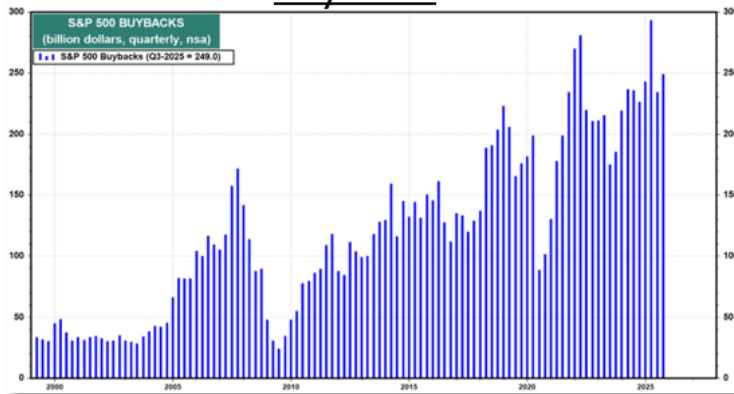
Revenue



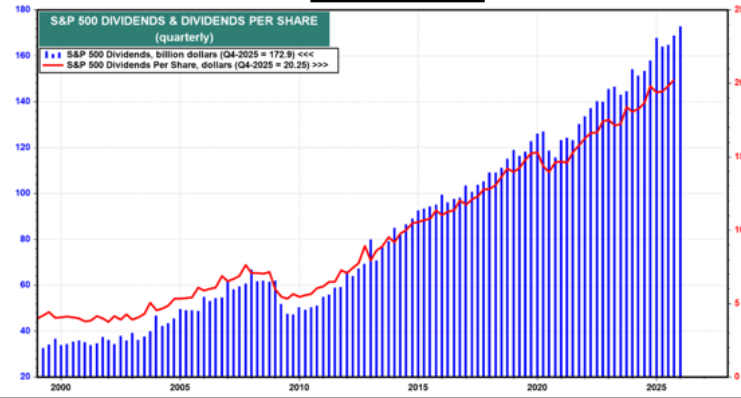
Earnings



Buybacks



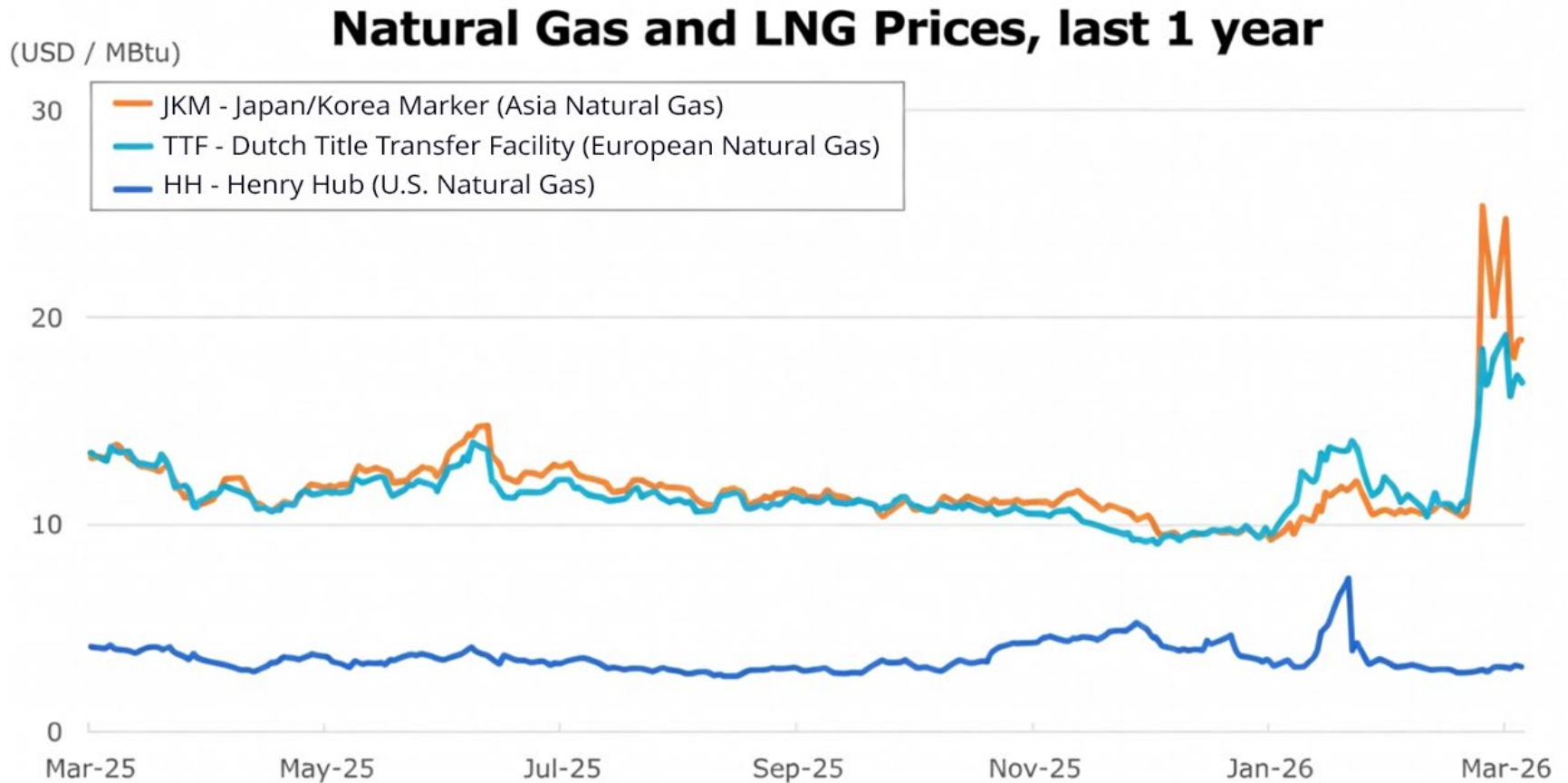
Dividends



All higher!

Source: Yardeni Research, LSEG, as of 03/30/2026

I Want To Break Free...Of Middle Eastern Natural Gas



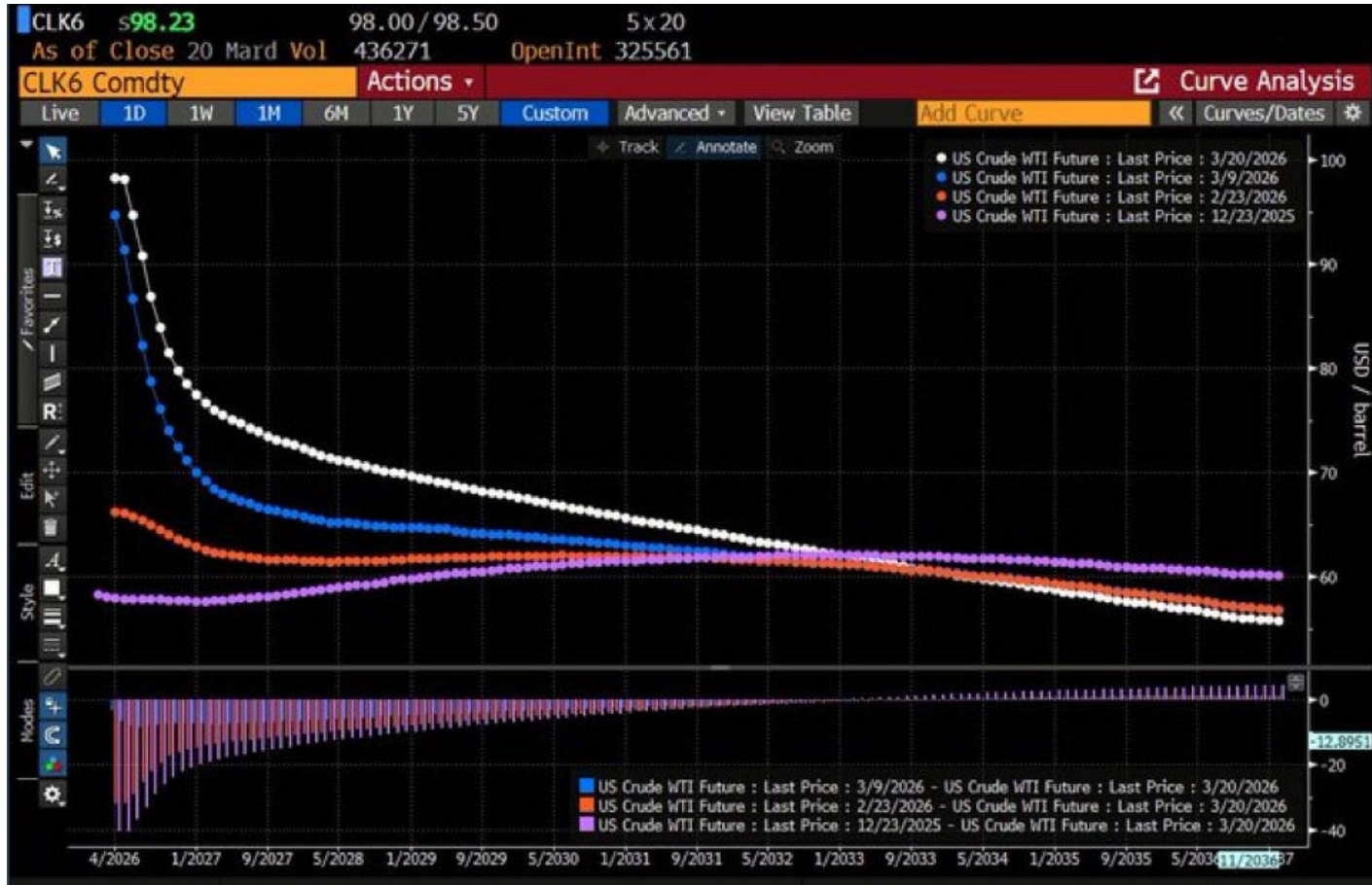
Source: S&P Platts, ICE, CME, as of 03/20/2026

Energy Dependency Is Costly



Source: Bloomberg, as of 03/20/2026

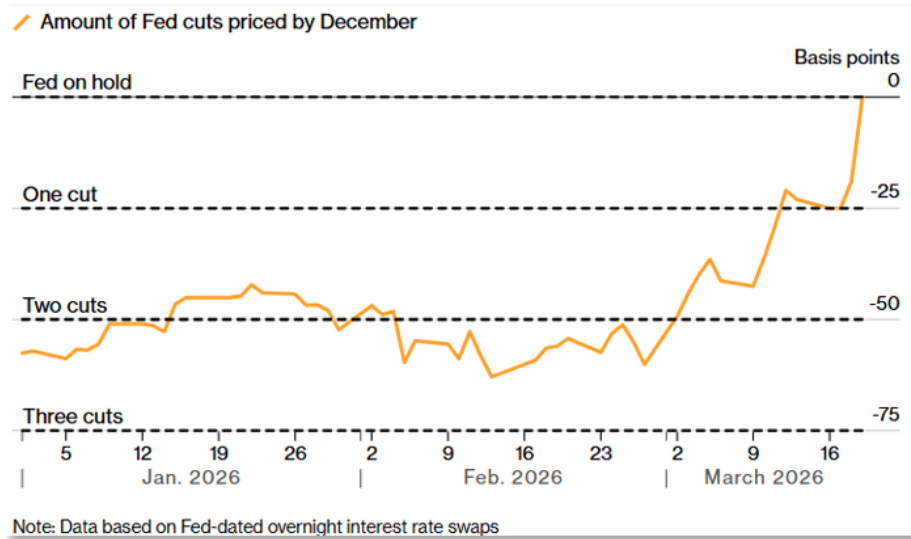
Oil Markets Expecting Cheaper Oil Later This Year



Source: Bloomberg, as of 03/20/2026

Fed Watch – Waiting Game

The Market – No Cuts



The Fed – 1-2 Cuts

Variable	Median ¹			
	2026	2027	2028	Longer run
Change in real GDP	2.4	2.3	2.1	2.0
December projection	2.3	2.0	1.9	1.8
Unemployment rate	4.4	4.3	4.2	4.2
December projection	4.4	4.2	4.2	4.2
PCE inflation	2.7	2.2	2.0	2.0
December projection	2.4	2.1	2.0	2.0
Core PCE inflation ⁴	2.7	2.2	2.0	
December projection	2.5	2.1	2.0	
Memo: Projected appropriate policy path				
Federal funds rate	3.4	3.1	3.1	3.1
December projection	3.4	3.1	3.1	3.0

Projecting 1 - 2 cuts

The Fed is telling us the direction of interest rates – it's lower!

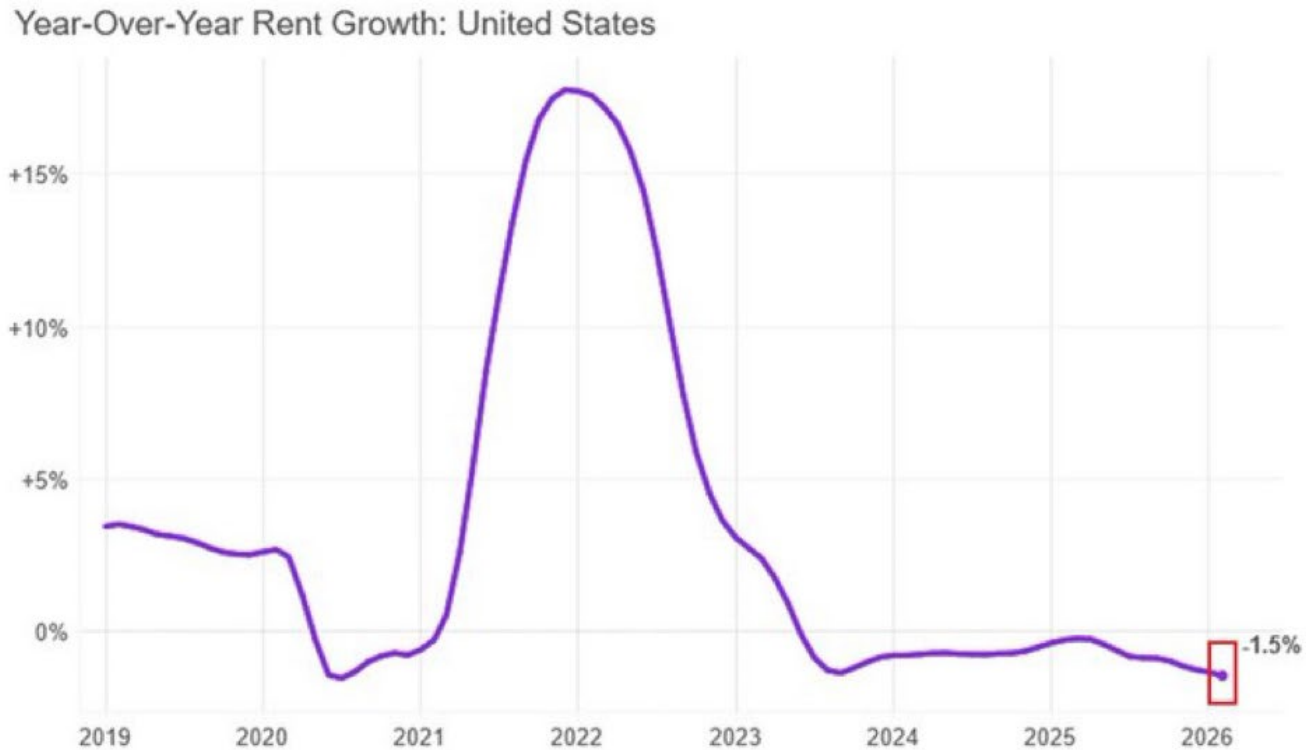
Source: The Federal Reserve, Bloomberg, as of 03/31/2026

Live Inflation Is Still Low...



Source: Truflation, as of 03/31/2026

...With Shelter Cooling Off More

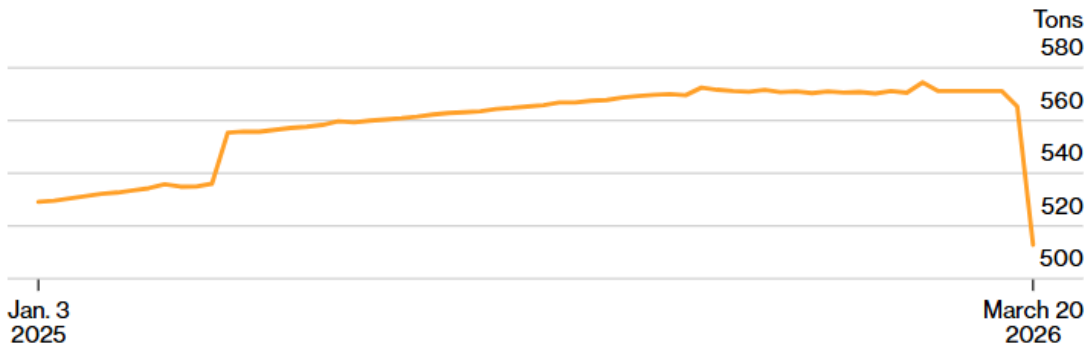


Source: Apartment List Rent Estimates, Apartmentlist.com, as of 03/31/2026

What's Going On With Gold? It's Use Value Isn't That Useful!

Turkey's Gold Reserves Fall Sharply

Net Gold Reserves



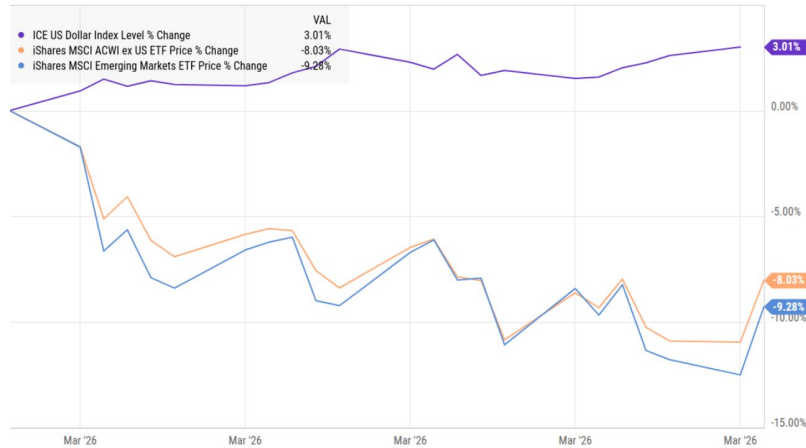
From March 9th – March 20th

Turkey's Two-Week Gold Sale: 58.4 tons
Investor's Two-Week Gold Sale: 43 tons

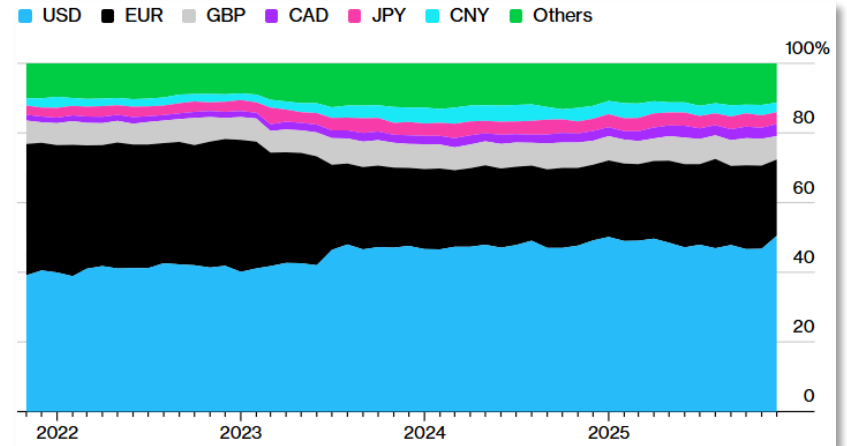
Source: Bloomberg, as of 03/26/2026

De-Dollarization? Not According To The Data...

U.S. Dollar – Performance Since Conflict Started



Global Payments By Currency



Source: YCharts, Bloomberg Intelligence, as of 03/31/2026

Midterm Years Tend To Be Volatile

S&P 500 Midterm Election Year Declines & Recoveries

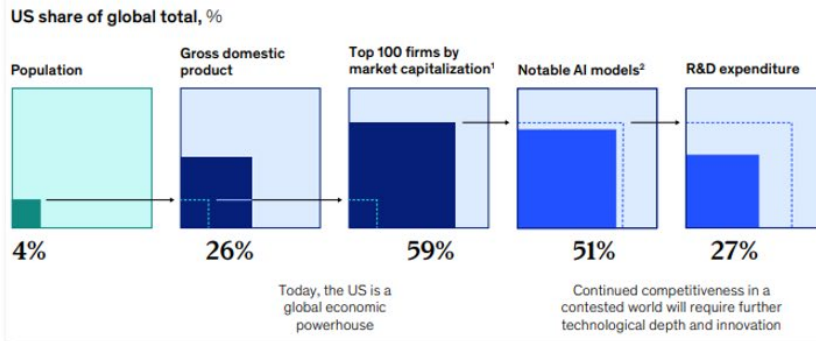
Every midterm year since 1950 — drawdown and 12-month forward return

YEAR	MAX DRAWDOWN	1 YR. FORWARD RETURN
1950	-12.0%	+41.7%
1954	-4.4%	+51.1%
1958	-4.4%	+41.0%
1962	-26.4%	+37.5%
1966	-20.2%	+37.3%
1970	-25.0%	+48.9%
1974	-35.9%	+44.4%
1978	-12.8%	+18.1%
1982	-13.5%	+66.1%
1986	-9.4%	+44.3%
1990	-19.2%	+33.5%
1994	-8.5%	+18.5%
1998	-19.2%	+39.8%
2002	-33.0%	+36.1%
2006	-7.5%	+26.2%
2010	-15.6%	+33.6%
2014	-7.3%	+10.9%
2018	-19.4%	+39.9%
2022	-24.5%	+23.6%
Average	-16.1%	+36.4%
Median	-15.6%	+39.8%

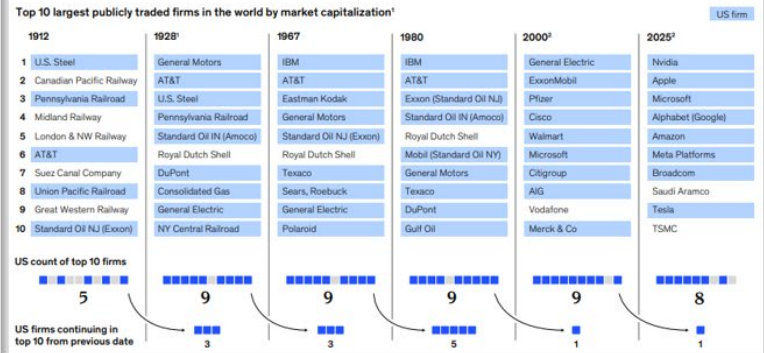
Source: J.P Morgan Private Bank, as of 03/30/2026

It's Hard To Bet Against The U.S.

The United States leads in competitiveness today. Can it stay ahead?

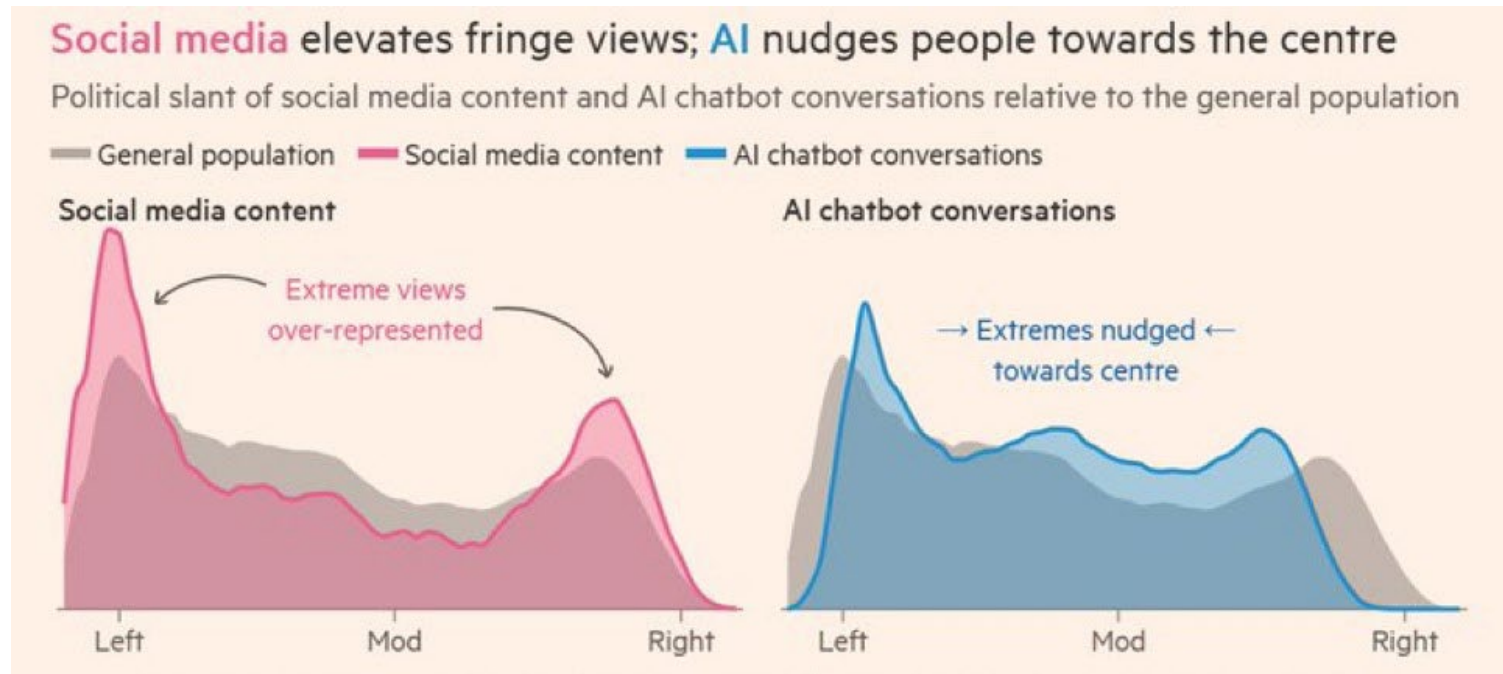


US firms have led global rankings for more than a century.



Source: World Bank, World Intellectual Property Organization, McKinsey Value Intelligence, Epoch AI, as of 12/31/2025

AI...Could Bring Us Together????



Source: Financial Times, Co-operative Election Study, John Burn-Murdoch, as of 03/24/2026

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