



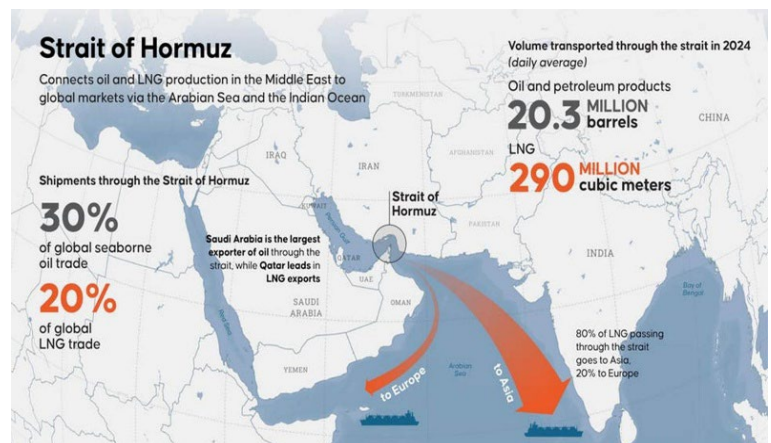
EQUITY & FIXED INCOME MARKETS

In February, equity markets delivered mixed results. The S&P 500 Index declined -0.8%, while the Dow Jones Industrial Average gained 0.3% and the Nasdaq Composite fell -3.3%. Other areas of the market performed notably better with the S&P 400 Mid-Cap Index advancing 4.1% and the S&P 600 Small-Cap Index rising 2.2%. International equities were also robust, as developed markets ex-U.S. climbed 4.5% for the month. On a year-to-date basis, the S&P 500 is up 0.7%, while the Dow has gained 2.1% and the Nasdaq has declined -2.4%. In contrast, mid- and small-cap stocks have led, with the S&P 400 and S&P 600 advancing 8.3% and 7.9%, respectively. International developed markets ex-U.S. have been particularly strong, up 9.9% year-to-date.

GEOPOLITICAL UPDATE - IRAN

In last month's Market Commentary, we discussed the unusually high level of geopolitical tension globally, including ongoing unrest inside Iran. Events over the weekend of February 28–March 1 marked a material escalation of events. The U.S. and Israel carried out joint military strikes in Iran, reporting that Iran's Supreme Leader, Ayatollah Ali Khamenei, was killed along with many other members of his military and government regime. Iran responded with strikes or attempted strikes across the Middle East that affected several Gulf countries and key infrastructure tied to global energy and logistics. The immediate market focus has been less about Iran's direct role in global trade, which is limited, and more about second-order effects, especially on energy supply, shipping routes, insurance costs, and investor risk appetite.

The biggest driver of uncertainty is the Strait of Hormuz, a critical chokepoint through which roughly one-third of global seaborne oil and 20% of LNG (liquid natural gas) volumes typically transit. In the last 48 hours, tanker operators and trading houses have paused or rerouted shipments. Oil and natural gas prices have moved higher due to fears of supply disruption and shipping constraints. Importantly, OPEC+ announced an April production increase of 206,000 barrels per day, which helped ease some of the worst-case supply fears. Looking ahead, the situation is still fluid, and the outcome for the region is uncertain. However, if the conflict becomes prolonged, particularly if energy infrastructure or shipping remains impaired, then the macro impact of higher energy prices can feed into broader inflation pressures. While the markets were relatively stable to open the week on Monday, March 2, there was a sharp sell-off in global markets on Tuesday, March 3. We would expect more volatility (both drawdowns and sharp rallies) as headlines evolve, and we plan to keep our client portfolios aligned with long-term objectives while managing near-term risk.



As we entered 2026, we intentionally adopted a more defensive posture in portfolios given heightened geopolitical risk. Practically, that has meant: 1) Holding slightly more cash than we usually do, which gives us flexibility to deploy capital if volatility creates attractive entry points; 2) Maintaining an energy overweight, which historically can help offset some of the portfolio pressure that comes from higher oil and gas prices during geopolitical disruptions and; 3) Emphasizing portfolio resilience by emphasizing diversification, quality, and liquidity. As a result, we will rebalance thoughtfully when volatility creates meaningful dislocations. To quote Winston Churchill, "You never want to let a good crisis go to waste."

Besides Iran, there are other key issues we are monitoring going into March, including continued stress in the private credit market, the new Fed chair and what that could mean for U.S. monetary policy, and the rise in Artificial Intelligence-related disruption fears across non-technology sectors. As it stands, the underlying U.S. economy remains strong and the recent earnings corporate season has exceeded expectations. The blended year-on-year earnings growth for the S&P 500 stood at +14.2% (with 96% of constituents having reported). This is the fifth consecutive quarter of double-digit earnings growth, and the actual results are well ahead of the +8.3% expected at the beginning of the quarter. Even as the Iran headlines may create short-term volatility, these events have historically created opportunities for long-term oriented investors.

Please reach out if you need further information. As always, we are available to answer any questions you may have.

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REFERENCED INDICES

It is not possible to invest directly in an index. Indices are unmanaged and their returns assume reinvestment of dividends and do not reflect any fees or expenses.

- **S&P 500® Index** – a market-cap weighted index composed of the common stock of 500 leading companies in leading industries of the U.S. economy.
- **S&P 500® Equal Weight Index (EWI)** – the equal-weight version of the S&P 500® Index. The index includes the same constituents as the capitalization-weighted S&P 500® Index, but each company in the S&P 500 EWI is allocated a fixed weight – or 0.2% – of the index total at each quarterly rebalance.
- **S&P Mid Cap 400® Index** – a market-cap weighted index composed of the common stock of 400 mid-sized companies reflecting the distinctive risk and return characteristics of the U.S. mid-cap equities sector.
- **S&P SmallCap 600® Index** – a market-cap weighted index composed of the common stock of 600 small-sized companies reflecting the distinctive risk and return characteristics of the U.S. small-cap equities sector.
- **Blended Equity Benchmark** – a customized index comprised of a blend of a 50% weight to the S&P 500® Index, 30% to the S&P MidCap 400® Index and 20% to the S&P SmallCap 600® index.
- **Dow Jones Industrial Average® (The Dow®)** – a price-weighted index composed of 30 U.S. blue-chip companies. The index covers all industries except transportation and utilities.
- **Nasdaq Composite Index** – an index that measures all Nasdaq domestic and international based stocks listed on the Nasdaq Stock Market.
- **Bloomberg Intermediate US Govt/Credit TR Index Value Unhedged** – the index includes investment grade, US dollar-denominated, fixed-rate treasuries, government-related and corporate securities with a maturity greater than 1 year but less than 10 years.