

Beacon Weekly Investment Insights

Weekend social media remarks from President Trump stoked further escalation fears when he proceeded to proclaim that if Iran did not open the Strait of Hormuz within 48-hours, additional military strikes would occur on the country's energy infrastructure. True to recent form, the narrative quickly shifted though – as it was widely reported that productive conversations were underway with our adversary, resulting in a 5-day military hiatus. Despite questions surrounding the veracity of the report (as Iranian officials were quick to dismiss engaging in the discussions) investors cheered the news and responded by driving equities higher shortly after Monday's opening bell. A broad-based rally ensued for the remainder of the trading session, resulting in all eleven sectors closing in positive territory.

The balance of the trading week was primarily characterized by matters of diplomacy. The latter half, however, was not as friendly to equities and a broad-based sell-off led all major indices to close in the red, capping off five consecutive weekly declines (Dow Jones Industrial Average -0.90%, S&P 500 -2.1%, and Nasdaq Composite -3.2%). To briefly deconstruct some of the main geopolitical developments that weighed on sentiment and contributed to heightened volatility: a 15-point proposal to end hostilities (delivered by way of Pakistan) was dismissed by Iran, who countered with their own list of conditions that included control over the Strait of Hormuz and reparations for damages incurred, amongst other items. This was followed by a 10-day extension of the prior deadline for offensive operations targeting the country's infrastructure assets, after the President expressed satisfaction with the progress of the negotiations and seemed to revel in the fact that Iran had allowed a handful of ships to pass unimpeded.

Given the fluid nature of the conflict and the potential for it to be featured prominently until a formal de-escalation occurs, we are encouraging our clients to stay disciplined and diversified to help navigate this uncertainty. Attempting to time the market or trade around the headlines – can be a daunting task. This very point was coincidentally hammered home by BlackRock CEO Larry Fink earlier in the week, when he essentially stated that time in the market is more important than attempting to time the market, a mantra that closely aligns with our investment philosophy at Beacon Trust. He offered a telling statistic to back this up – if you missed the 10 best days over the past two decades, your return would be half of what it should be, had you stayed fully invested. As noted above, diversification is another tool at your disposal that can offer stability and peace of mind during periods of market fluctuation.

Going back to the week's market action, persistent selling pressure pushed both the Dow and Nasdaq into correction territory, marked by 10% declines from their recent highs, while the S&P 500 flirted with crossing this threshold but wound up narrowly avoiding it. As we look to wrap up the first quarter, equity positioning remains defensive – with value markedly outperforming growth from a style standpoint. Year-to-date sector performance reinforces this dynamic with energy, utilities, and consumer staples leading, whereas discretionary, technology, and financials find themselves near the bottom of the leaderboard. International holdings and small caps also remain high-conviction areas of the market for investors. On the fixed income side of the ledger, the 2-year Treasury yield was relatively unchanged in spite of some sizable intra-week swings; this contrasted with the 10-year Treasury which rose about 5 basis points, due to fears of a resurgence in inflation. Of note, recent events have caused market participants to alter their interest rate outlook. With the promise of rate cuts dwindling, the odds of an interest rate hike are starting to become more plausible.

In the commodities complex, crude oil has quickly found itself at the center of attention, and rightfully so, since around 20% of all seaborne oil and liquefied natural gas is transported via the Strait of Hormuz (which Iran has long served as a de facto leader of), with the majority of it destined for the Asia Pacific region. One-third of global fertilizer

also makes its way through the Strait, creating knock-on effects for the broader agricultural industry. With the vital chokepoint at a standstill for the better part of four weeks, the price of crude has skyrocketed close to 40% and there's certainly an embedded risk premium present. Prices sustained their upward trajectory this week (surging close to 2%) owing to ongoing supply and logistic concerns. Consequently, consumers are paying significantly more at the pump – with the average price of gasoline now knocking on the door of \$4/gallon.

The economic calendar was sparse this week, but the data received was packed with useful insights and observations – starting with a check on the health of the manufacturing and service sectors (preliminary ISM observations). The readings were bifurcated with new orders and overall conditions painting a stronger picture on the manufacturing side; conversely, the services side slipped to its lowest reading in nearly a year, on the grounds of increasing costs and a more cautious consumer. Import prices for February, released the following day, flagged rising inflationary pressures, as they jumped 1.3% month-over-month, exceeding the consensus forecast of 0.5% in the process. Initial jobless claims were somewhat muted and matched expectations of 210k jobs. Continuing claims dropped by 32k causing this metric to fall to its lowest level since May of 2024. Lastly, consumer sentiment missed the mark and fell to a three-month low, dropping to 53.3 in March from 56.6 the month prior. Higher inflation and fears of an economic slowdown acted as the main catalysts.

Although the upcoming week will be a shortened one (as markets are closed on Friday in observance of Good Friday), there will be no shortage of news for investors to monitor and digest. In particular, the spotlight shifts to the consumer and employment trends, highlighted by the March consumer confidence report, delayed February retail sales data, and a detailed assessment of the labor market (JOLTS, ADP, and non-farm payrolls). While last month's jobs report was underwhelming (92k jobs lost), the labor market has proven to be rather resilient; the unemployment rate remains low at 4.4% (hovering below historical norms) and weekly initial jobless claims continue to reflect underlying stability and equilibrium (averaging around 210k). Formal forecasts call for monthly job growth in the ballpark of approximately 50k jobs for reference. Final readings associated with aforementioned manufacturing and services publications will also be disseminated.

Market Scorecard:	3/27/2026	YTD Price Change
Dow Jones Industrial Average	\$45,166.64	-6.03%
S&P 500 Index	\$6,368.85	-6.96%
NASDAQ Composite	\$20,948.36	-9.87%
Russell 1000 Growth Index	\$4,155.67	-12.78%
Russell 1000 Value Index	\$2,068.65	-0.14%
Russell 2000 Small Cap Index	\$2,449.70	-1.30%
MSCI EAFE Index	\$2,839.24	-1.85%
US 10 Year Treasury Yield	4.43%	26 basis points
WTI Crude Oil	\$99.64	73.53%
Gold \$/Oz.	\$4,492.50	3.49%

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