

Q1 2026 · QUARTERLY MARKET UPDATE

GEOPOLITICS, OIL, AND A STILL RESILIENT ECONOMY

DAUNTLESS ADVISORY · WEALTH MANAGEMENT

MARCH 31, 2026

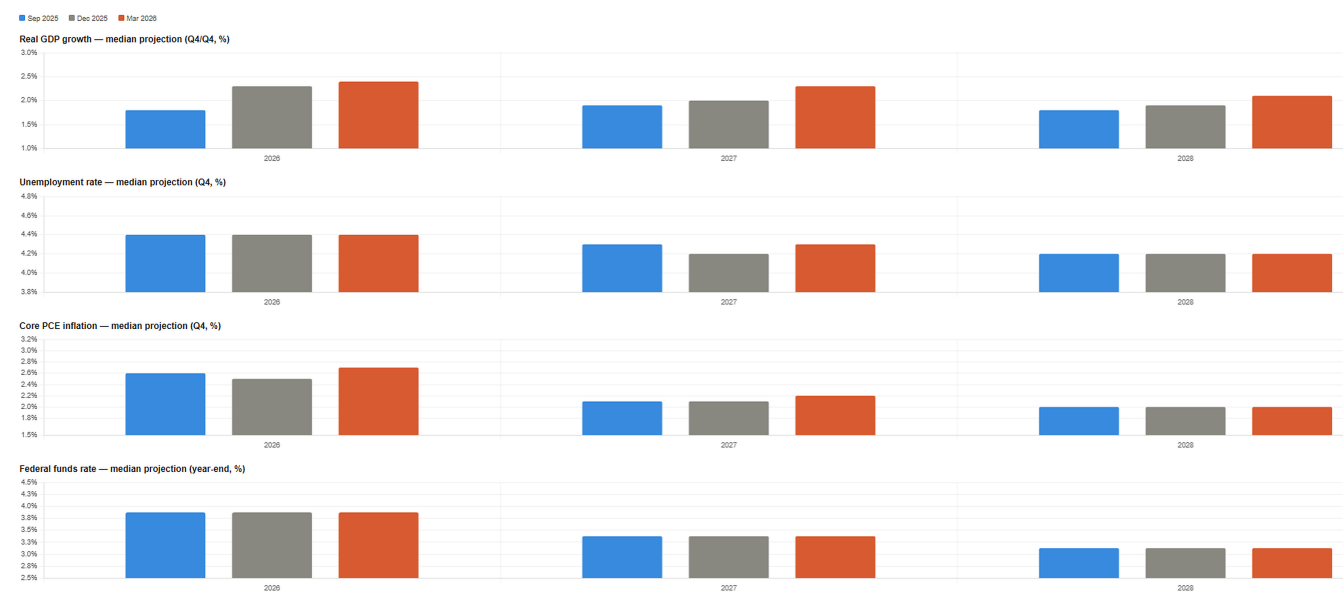
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QUARTER IN REVIEW

The first quarter reminded investors that markets do not move in a straight line, even when the economic backdrop remains broadly supportive. Late-quarter escalation in the Middle East increased geopolitical uncertainty, contributed to higher oil prices, and added to market volatility. At the same time, the Federal Reserve's March projections continued to point toward a still-supportive base case rather than an imminent recession, with then-current median projections showing real GDP growth around the mid-2% range and inflation gradually moving back toward 2%.

EXHIBIT 1 · Federal Reserve Summary of Economic Projections, March 2026



GDP, unemployment, core PCE inflation, and federal funds rate projections across 2026–2028. Red bars show March 2026 projections against prior September and December readings.

Source: Federal Reserve, Summary of Economic Projections, March 18, 2026; St. Louis Fed FRED Blog, "FOMC Summary of Economic Projections, March 2026," March 23, 2026.

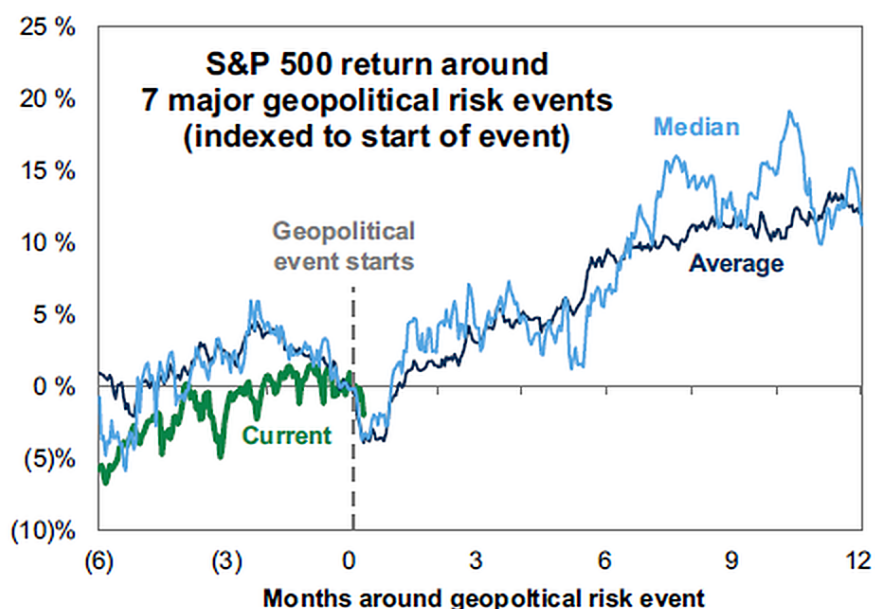
Against that backdrop, equity markets experienced a pullback from recent highs, while high-quality bonds and municipals provided some ballast during the period. International developed equities held up relatively well versus U.S. large caps, particularly in currency-hedged approaches. Gold and gold-linked strategies also benefited from heightened geopolitical uncertainty and shifting real-rate expectations, although these assets can also be volatile and may not behave this way in every environment.

PORTFOLIOS AND PLANS ARE TYPICALLY BUILT FOR RESILIENCE IN ADVANCE, NOT AROUND AN EXPECTATION OF SUCCESSFULLY TIMING IN AND OUT OF MARKETS AROUND EVERY HEADLINE.

WHAT HISTORY SAYS ABOUT GEOPOLITICAL SHOCKS

Exhibit 2 helps place the recent selloff into historical context. Looking at seven major spikes in the Geopolitical Risk Index since 1950 — the Korean War, Cuban Missile Crisis, Gulf War, 9/11, the Russia-Ukraine conflict, and prior Middle East flare-ups — and overlaying S&P 500 performance around each event, a pattern emerges: on average, the S&P 500 fell in the first week of these shocks, but the median historical experience was a recovery back to pre-event levels within several months. These historical exhibits are illustrative only and are not a forecast of future market behavior.

EXHIBIT 2 · Impact of Geopolitical Risk Events on Equities Since 1950



S&P 500 performance indexed to the start of 7 major geopolitical events. Current episode (green) vs. historical median (light blue) and average (dark blue).

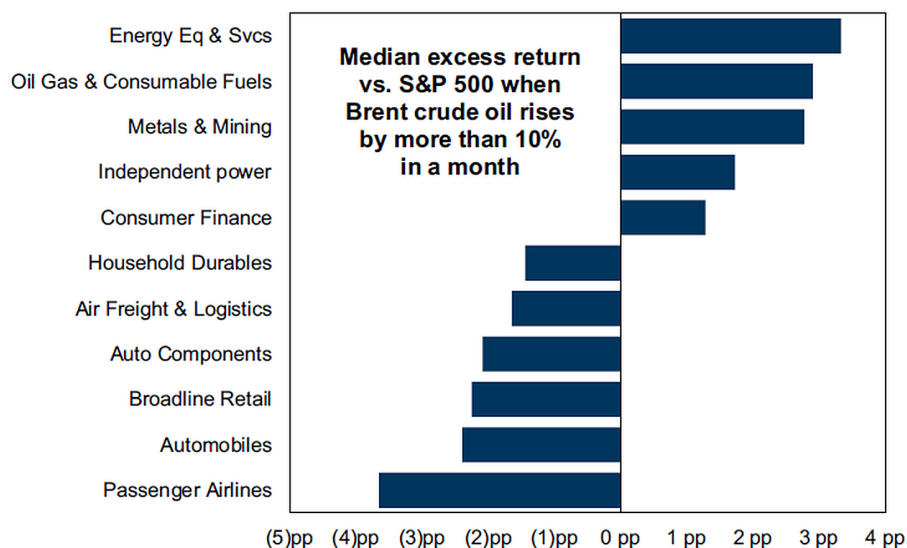
Source: Goldman Sachs Global Investment Research; market commentary on historical geopolitical shocks and equity market recoveries, March 2026.

The lesson is not that geopolitics "don't matter," but that markets have often treated many of these episodes as sharp, temporary shocks rather than long-lasting regime changes. When we zoom out, those air pockets have often looked like brief interruptions in a much longer return stream rather than the defining feature of a long-term investor's outcome.

BUT ARE OIL PRICE SHOCKS DIFFERENT?

Exhibits 3 and 4 offer two angles on how equity markets have historically responded when oil moves sharply. Exhibit 3 shows the median over- or underperformance relative to the S&P 500 across different industries during months in which crude prices have risen sharply. Energy producers and commodity-linked sectors have tended to outperform, while fuel-intensive and consumer-sensitive industries have tended to lag, a reminder that there can be meaningful winners and losers under the surface of the index.

EXHIBIT 3 · Industry Group Rotations During Historical Oil Price Spikes



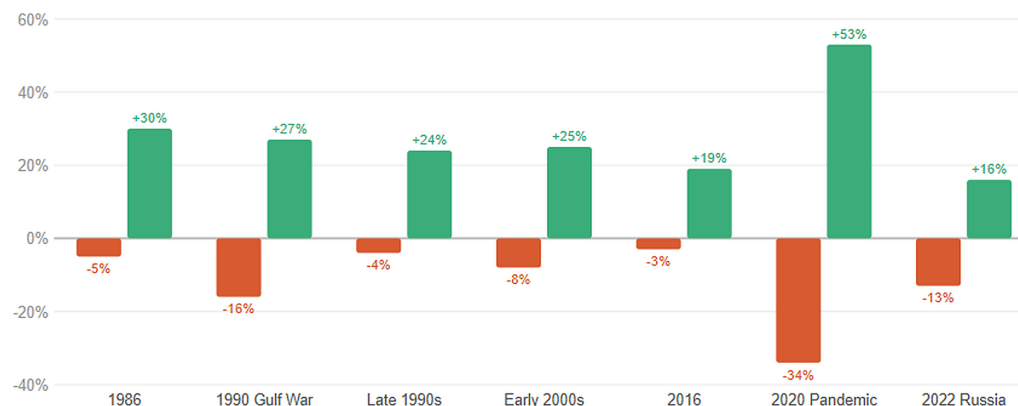
Median excess return vs. S&P 500 when Brent crude rises more than 10% in a month. Monthly data since 1985.

Source: Goldman Sachs Global Investment Research; research on oil-shock scenarios and equity market sensitivity, March 2026.

EXHIBIT 4 · Oil Price Shocks: Initial S&P 500 Reaction vs. 12-Month Forward Return**Oil Price Spikes (~30%+) and S&P 500 Performance**

Historical episodes: initial S&P 500 reaction vs. 12-month forward return

■ Initial reaction (1–3 mo) ■ 12-month forward return

S&P 500 reaction by oil shock episode

Orange: S&P 500 initial reaction (1–3 months). Green: 12-month forward return from the same starting point. Historical episodes 1986–2022.

Source: Goldman Sachs market commentary and public market data on sector performance and oil-price shocks, March 2026.

Exhibit 4 adds a broader lens: historical patterns following larger oil price spikes have often included short-term drawdowns followed by recoveries over the subsequent year, though past performance and historical patterns are not guarantees of future results. In our view, the bigger risk would come from a prolonged period of elevated prices that erodes consumer purchasing power and corporate confidence. Depending on an investor's circumstances, periods like this may warrant a review of liquidity needs, excess cash, and rebalancing targets in the context of a broader financial plan.

HOW SEVERAL WIDELY USED ETF MARKET PROXIES HAVE BEHAVED

The ETFs below are used solely as illustrative third-party market proxies for the asset classes discussed. They are not Dauntless portfolios, model results, or client performance, and reference to any ETF is not a recommendation or statement that Dauntless uses or prefers any particular vehicle.

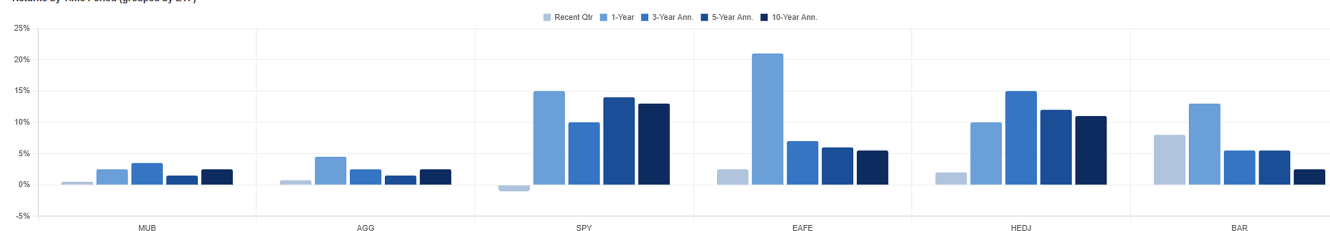
EXHIBIT 5 · Estimated ETF Returns Across Time Periods, Through Q1 2026

ETF Returns Across Time Periods

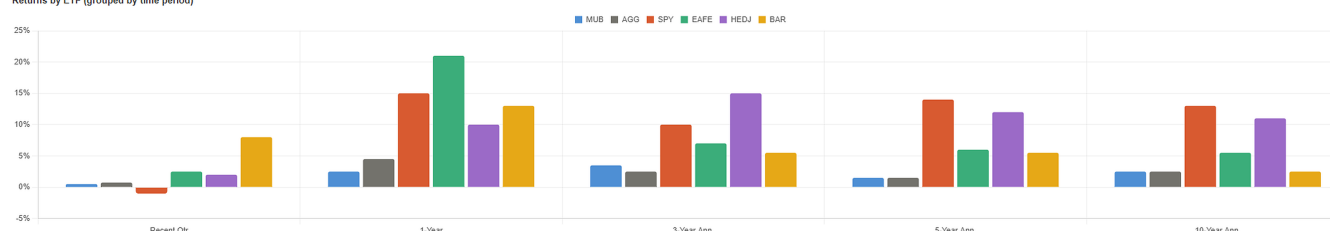
Estimated total returns (%) — approximate midpoints of reported ranges

MUB AGG SPY EAFE HEDJ BAR

Returns by Time Period (grouped by ETF)



Returns by ETF (grouped by time period)



Sources: iShares (MUB, AGG, EAFE), SPDR (SPY), WisdomTree (HEDJ), GraniteShares (BAR). Return estimates based on publicly available fund fact sheets and trailing performance data as of approximately Q1 2026. All values shown are approximate midpoints of reported ranges. Annualized figures for 3-, 5-, and 10-year periods reflect total return. Past performance is not indicative of future results. For informational purposes only; not investment advice.

Estimated total returns (%) — approximate midpoints of reported ranges. Top panel grouped by ETF; bottom panel grouped by time period. Past performance is not indicative of future results.

Source: Publicly available issuer fact sheets and official fund materials, as of March 31, 2026, for MUB, AGG, SPY, EFA, and HEDJ. Figures shown are illustrative and rounded.

ETF / Proxy	Q1 2026	1-Year	3-Year	5-Year	10-Year	Asset Role
MUB — Muni Bonds	+0.4%	~+3%	~+3.5%	~+1.5%	~+2.5%	Income / Stability
AGG — Core Bonds	+0.6%	~+5%	~+2.5%	~+1.5%	~+2.5%	Income / Risk Red.
SPY — S&P 500	-1.2%	~+15%	~+11%	~+14%	~+13%	U.S. Equities
EFA — Intl Dev.	+1.1%	~+21%	~+7%	~+8%	~+5%	Global Diversif.
HEDJ — Hdg. Europe	+1.3%	~+10%	~+14%	~+12%	~+11%	FX-Hedged Intl
BAR — Gold	+5.8%	~+13%	~+7%	~+5%	~+3%	Uncorrelated Alt.

All returns shown are approximate and sourced from public sponsor data through late March 2026. Past performance is not indicative of future results.

- **Equities (SPY, EFA, HEDJ)** have delivered the highest returns over 5–10 years, but with more pronounced drawdowns, including during the current period of heightened geopolitical uncertainty.
- **Core bonds and munis (AGG, MUB)** have generally delivered lower but more stable long-term return profiles; their primary function has been income and risk reduction, not return maximization, though they remain subject to interest-rate and market risk.

- **Gold (BAR)** has contributed modest long-term returns and, at times, diversification benefits during inflation scares, rate shifts, and geopolitical shocks, though it can also be volatile.

THE LONGER-TERM NARRATIVE: WHY WE STAY DIVERSIFIED

When we overlay these performance patterns on the Exhibits 2 and 3 story, a clear longer-term narrative emerges. Four themes stand out:

- **Short-term volatility vs. long-term outcome.** Episodes like the recent Middle East escalation tend to show up as short-term volatility in the equity sleeve, not as the main determinant of a 5- or 10-year outcome. Long-run results have historically been driven far more by earnings growth, innovation, and starting valuations than by any single geopolitical event.
- **The ballast role of fixed income.** As equities wobble on headlines and oil moves, high-quality fixed income can provide income and partial ballast, even if its own long-term return profile is more modest. We continue to view investment grade fixed income as a core risk-management tool, especially for investors drawing from portfolios.
- **The case for international diversification.** We continue to view U.S. equities as an important core allocation, but owning a mix of U.S. and international equities can reduce reliance on any single region, sector, or policy regime. Recent years have delivered pockets of strong relative performance from non-U.S. markets.
- **Gold as a situational diversifier.** Gold's recent strength is a reminder that certain assets can behave differently when investors are most anxious. A modest allocation can serve as a diversifier for some investors against geopolitical risk, policy uncertainty, and unexpected inflation; others may determine it is not appropriate for their objectives.

BRINGING IT BACK TO YOUR PLAN

The through-line across all of this is simple: the quarter's headlines — geopolitics, oil, and central-bank watching — are important inputs, but they are not the blueprint.

THE BLUEPRINT IS A FINANCIAL PLAN: GOALS, TIME HORIZON, SPENDING NEEDS, AND THE ABILITY TO LIVE WITH VOLATILITY. OUR JOB AT DAUNTLESS IS TO HELP CLIENTS BUILD PORTFOLIOS THAT CAN WITHSTAND SHORT-TERM SHOCKS LIKE THE ONES DEPICTED ABOVE WHILE STILL PARTICIPATING IN THE LONG-TERM GROWTH OF THE GLOBAL ECONOMY.

If recent volatility has made you question whether your current mix still fits your comfort level or upcoming cash needs, this may be an appropriate time to revisit your allocation and confirm that the strategy in place remains aligned with your real-world goals and constraints.

We look forward to being in touch.

THE DAUNTLESS ADVISORY TEAM

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