

FINANCIAL FOCUS



A Pegasus Newsletter[©]

April 2026

Dear friends,

2026 is off to a unpredictable start with continued geopolitical uncertainty and volatility defining the macro environment. As always, if you have any questions or concerns please feel free to reach out.

By, Jaysen Bohrod, CFA

Market Commentary

The first quarter of 2026 will be remembered as one of the most turbulent periods in recent market history. What began as a slow rotation away from mega-cap technology stocks was overtaken by the massive geopolitical shock of Operation Epic Fury on February 28th. The Strait of Hormuz, where roughly 20% of the world's daily supply of oil passes through was effectively closed to shipping, driving oil prices over \$100 a barrel.

The quarter unfolded in two distinct phases. January and February were shaped by an ongoing away from mega-cap technology concentration. Investors were reassessing the high valuations and whether AI-driven revenue growth and capital expenditures could justify the premiums. Software stocks declined 24%, driven by AI disruption concerns of the SaaS business model. The S&P 500 was mostly flat until March's nearly 5% decline resulting in a 4.6% decline for the quarter.

Bond Markets endured a turbulent quarter, ultimately delivering a flat return. The Bloomberg U.S. Aggregate Bond Index fell approximately .1% for the quarter but declined 1.77% in March alone. The Federal Reserve began the year with a cautious stance which led

to market expectations for two or three rate cuts. After oil prices almost tripled, the market has priced in a slight chance for one cut.

Oil was the defining asset class of the first quarter of 2026. Brent crude rose to over \$100 a barrel on March 8th for the first time since 2022, ultimately reaching \$126 a barrel at the peak. The USO oil ETF surged 84% for the quarter and the Bloomberg commodity Index rose 24.4%, driven primarily by energy.

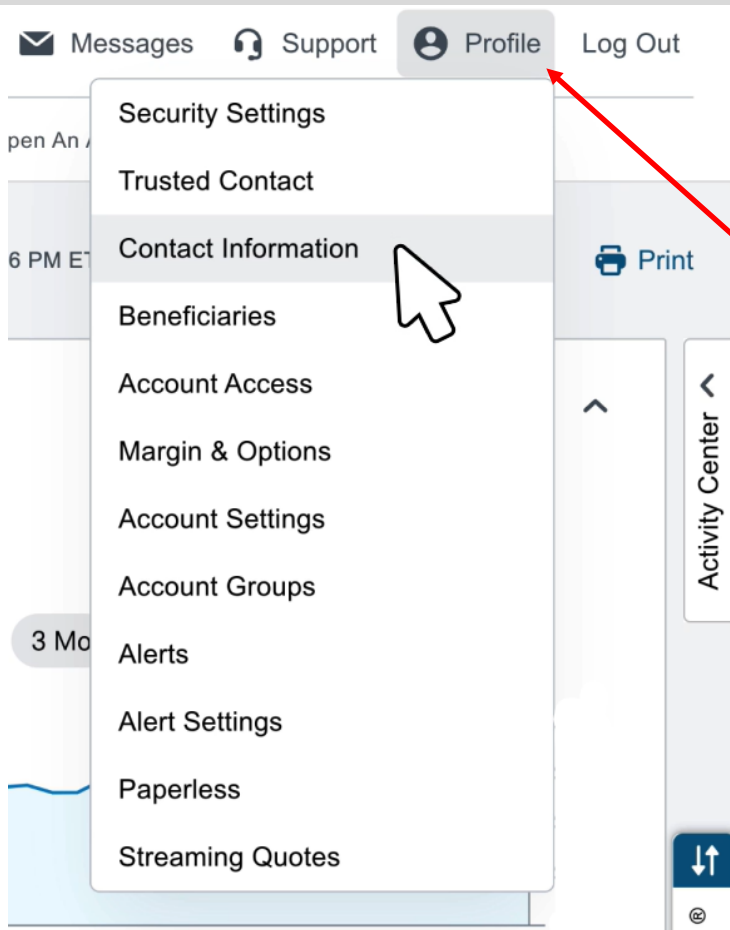
The dominant macro question looking forward is how long the Strait of Hormuz will remain closed and whether ceasefire negotiations can achieve a resolution. If oil prices remain elevated, the Federal Reserve will face some tough questions. The Equity markets will likely remain fragmented. Energy and commodities are direct beneficiaries of supply disruption. Defensive sectors like utilities and healthcare may continue to attract investment as uncertainty rises. Technology and consumer discretionary remain under pressure from valuations and weaker sentiment. The low volatility environment at the end of 2025, driven by anticipated rate cuts, has given way to high volatility and geopolitical uncertainty.



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Office/Market Closure Dates

April 3, 2026 – Good Friday
May 25, 2026 – Memorial Day
June 19, 2026 - Juneteenth
July 3, 2026 - Independence Day Observed



Financial Focus: A Pegasus Newsletter

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