

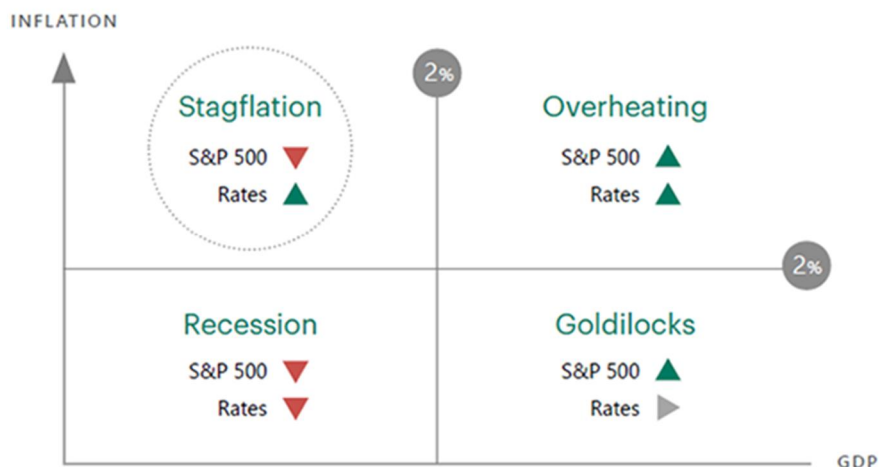
April 2026 – First Quarter Investment Summary

Trinity Financial Advisors | Client Update

Overall Assessment

The first quarter of 2026 arrived carrying the full weight of a world in transition. Momentum from 2025's strong markets met a sudden geopolitical shock—the U.S.-led conflict with Iran—that compressed years of latent risk into a single quarter. As we go to print, the situation has evolved rapidly: a fragile two-week ceasefire was brokered in early April but broke down almost immediately when Iran launched missile and drone strikes within hours of the announcement. U.S.-Iran peace talks subsequently collapsed, and the U.S. imposed a naval blockade of maritime traffic entering and exiting Iranian ports on April 13, with CENTCOM enforcing the measure and beginning to turn back vessels linked to Iranian oil trade. A senior Trump administration official stated as recently as April 14: "We have all the ingredients of a deal, but it's not all there yet." If a durable resolution emerges, a relief rally could be swift and significant. But regardless of how the immediate situation resolves, the structural forces shaping this environment are not going away.

Wall Street's base case remains a Goldilocks soft landing (not too hot, not too cold) which assumes contained inflation, resilient earnings, and continued Fed support. That scenario is plausible. Momentum can continue, and we are not in the business of predicting market turning points. But we are in the business of identifying periods where increasing risks warrant greater attention within client portfolios.



Pressures have been building across multiple fronts simultaneously—debt, leverage, geopolitical shock, and liquidity withdrawals. The scope of current interventions is historically unprecedented. In 2022, every traditional recession indicator flashed red, yet no real economic downturn followed. Deficits expanded, liquidity was injected, and markets were propped up in ways that have no historical parallel. That doesn't mean the cycle has been cancelled—it may mean it has been delayed and amplified.

The war in Iran is not just a geopolitical event. It is an economic event. Iran sits at the edge of the Strait of Hormuz, the narrow waterway through which roughly one-fifth of the world's

oil flows every day. The disruption— compounded now by the U.S. naval blockade targeting Iranian port traffic and the interception of Chinese tankers— has kept energy prices elevated, pushed inflation expectations sharply higher, and left the Federal Reserve unable to act in the way markets had anticipated.

The conflict connects directly to energy prices, inflation expectations, global supply chains, and shifting geopolitical alliances. The blockade has introduced a new dimension: it is not just Iran and the U.S. squaring off— it is also a test of China's willingness and ability to sustain its oil imports through Iranian channels. The U.S. has threatened 50% tariffs on China if it supplies military equipment to Iran, adding a direct trade-war dimension to the blockade. A durable resolution would be a meaningful tailwind. But even a ceasefire does not resolve the deeper structural tensions: debt deleveraging at a time of expanding deficits, a private credit market showing early signs of stress, precious metals signaling a broader reassessment of the post-2008 financial order, and a worldwide competition for critical minerals that is reshaping trade relationships in ways that will outlast any single military campaign.

For our clients, the most important message is this: we entered this period with portfolios positioned for resilience, not just growth. The diversification strategies we have emphasized (including exposure to alternatives, precious metals, and short-duration bonds) have helped cushion the impact of what was a difficult quarter for traditional stock and bond investors. We continue to believe that patience and discipline are the right response to markets like these.

“If a prolonged conflict means that we never get any more oil out of the Gulf, we will absolutely have a global recession. But I think both the U.S. administration and the Iranians will at some stage want to find an off-ramp.” — David Kelly, Chief Market Strategist, J.P. Morgan Asset Management

The range of possible outcomes from here is wide. A swift, durable resolution to the conflict could unlock a powerful rally in markets that have been held down by uncertainty. A prolonged disruption, particularly one that draws China and the U.S. into a broader confrontation over energy access, raises the risk of stagflation: a combination of rising prices and slowing growth that is historically difficult for central banks to manage. We are monitoring conditions closely and will communicate with you if we believe changes to your portfolio are warranted.

Q1 2026 Market Update

The quarter started with investors in a confident mood. The economy was growing, the Federal Reserve appeared ready to cut interest rates further, and the AI boom was lifting technology stocks. Then, almost overnight, the mood shifted on February 28th when the Iran strikes began. From that moment, the conflict has driven the markets as Brent crude rose nearly 75% from the start of the conflict. Every stock market session became a referendum on whether the war might end soon. When ceasefire signals appeared, stocks rallied. When they faded, stocks fell.

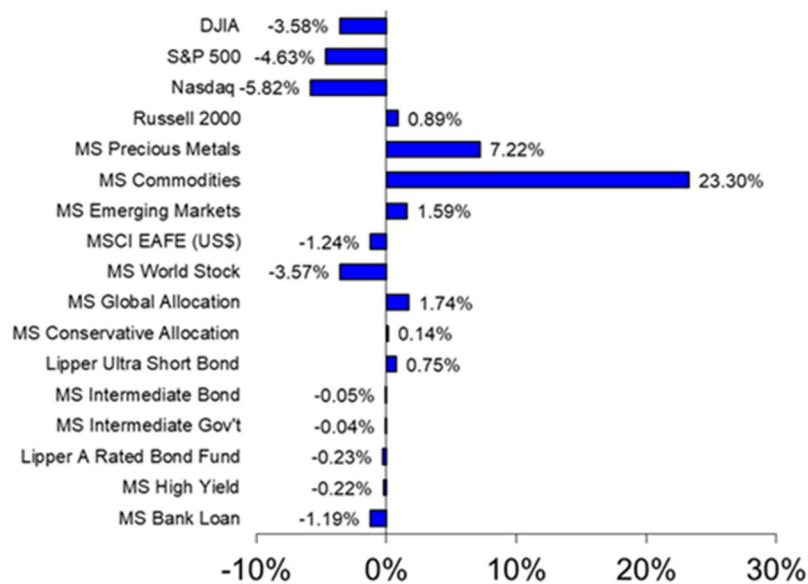
U.S. large-cap technology stocks bore the brunt of the sell-off. The Magnificent Seven+ Alphabet, Amazon, Meta, Microsoft, Tesla, Apple, and Nvidia fell between 6% and 22% for the quarter. Major U.S. stock indexes were down 3% to 6% during the quarter. Small-cap U.S. stocks (Russell 2000) eked out a small gain of 0.89% for the quarter, as investors positioned for an eventual recovery in the domestic economy once the conflict resolves.

Most developed international stock indexes were also down 1% to 3% for the quarter, falling quickly after rising significantly before the attack. Emerging markets were a relatively bright spot, with the MSCI Emerging Markets index up 1.6% for the quarter and up an impressive 29% over the past year, benefiting in part from AI-related demand but also from large gains in commodities and precious metals. Precious metals were up 7% for the quarter while commodities were up 23%.

Fixed income returns were modestly negative as yields rose roughly 35 basis points, reflecting near-term inflation concerns driven primarily by energy prices. Short-duration and cash-like bonds remained the relative safe haven, protecting capital while generating income. The energy sector stood out as the standout asset class, with oil prices spiking close to 75% for the quarter.

The energy shock is also beginning to ripple visibly into everyday life. Airlines are among the most direct casualties. Qantas has warned of nearly a \$1 billion fuel cost impact, with domestic routes being cut and airfares rising. When energy costs surge at this scale, the effects move sequentially through aviation, freight, and then the broader consumer economy, tightening budgets at precisely the moment households are already feeling the strain of elevated gasoline prices. How prices impact consumer spending will be a topic to monitor as this conflict plays out.

1st Qtr 2026 Market Returns



Key Themes and Risks

The Iran Conflict and Its Ripple Effects

The U.S.-Israel military campaign against Iran, launched in late February, triggered the most significant oil supply shock since 2008. The Strait of Hormuz, through which roughly 20% of the world's seaborne oil passes, became the central fault line of the conflict. Physical spot prices for crude briefly exceeded \$140 per barrel in early April, the highest level since the 2008 peak, while futures markets remained more subdued at around \$110.12, reflecting trader expectations that the disruption would prove temporary.

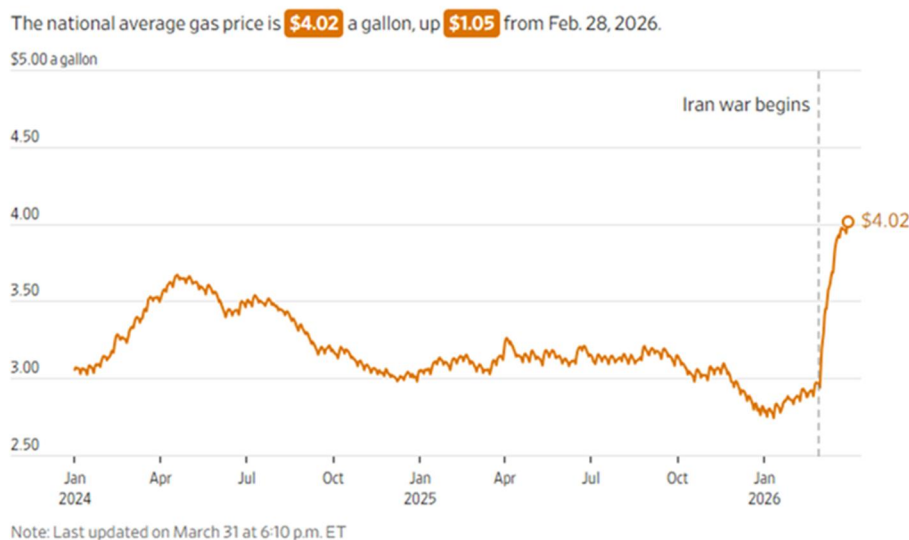


As of this writing, the situation has moved into a new and more complex phase. A ceasefire announced in early April collapsed almost immediately when Iran struck the UAE, Kuwait, and Saudi Arabia's East-West oil pipeline (a the critical bypass route carrying up to 7 million barrels per day to the Red Sea) within hours of its announcement. Saudi Arabia repaired the pipeline damage quickly, limiting the economic impact of that particular strike, but the episode underscored the fragility of any pause in hostilities. Following the breakdown of subsequent peace talks, the U.S. imposed a naval blockade on April 13 targeting vessels entering or exiting Iranian ports. CENTCOM has been enforcing the measure, including turning away Chinese-flagged tankers linked to Iranian oil trade. This could become a direct challenge to China's economic relationship with Tehran and a new front in the broader geopolitical competition.

The gap between physical spot and futures benchmarks is itself a significant signal. In 2008, spot and futures prices moved largely in tandem. Today's spread reflects panic buying of actual cargoes by refiners and traders scrambling for near-term supply- a stress

level not seen in prior cycles. It is also worth noting one nuance in the supply picture: Suez Canal Authority data and independent shipping-traffic analysis indicate that after roughly one week of disruption, Gulf crude flows partially resumed routing south through the Strait and around to the Suez corridor. The canal's revenue rebounded relatively quickly after an initial slowdown. This suggests the physical supply disruption, while real, may be somewhat less complete than the spot price spike implies—and could make the eventual relief rally, when it comes, correspondingly sharp.

Oil is not the only commodity at risk. The global LNG fleet is already 99% contracted, with no flexibility to reroute. Strategic oil reserves offer roughly 4.2 billion barrels in buffer; LNG has essentially none. The Strait's disruption also affects helium, fertilizer inputs, and a range of other critical materials. Gasoline prices at the pump rose more than a dollar per gallon month-over-month, reaching a national average of \$4.06 for regular and \$5.49 for diesel as of April 1—the highest since mid-2022.



The military dimension adds a longer-duration concern. The conflict has exposed a mismatch between 20th-century industrial military doctrine and 21st-century asymmetric warfare. Iran's distributed mosaic defense structure resists the traditional overwhelming-force playbook. The Ukraine experience, where decentralized drone warfare dramatically cut the cost-per-battlefield-effect, offers a template that will not be forgotten by adversaries once demonstrated. The potential for the conflict to widen, particularly given the direct confrontation between U.S. and Chinese interests over energy access, cannot be dismissed.

Inflation, Interest Rates, and the 2008 Parallel

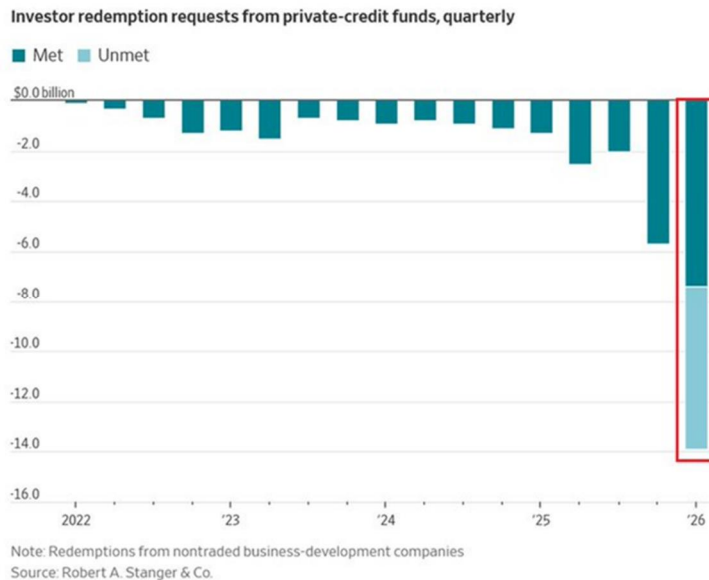
The current oil price spike invites comparison to 2008, and the parallel is instructive—both for its similarities and its differences. In 2008, WTI crude reached a nominal high of approximately \$147 in July, just months before the global financial system seized. Today's physical spot prices have approached the same level. Inflation-adjusted, the 2008 peak equated to roughly \$200 in today's dollars, so we have not yet exceeded that record in real terms—but the pace of the move has been alarming, and the economic mechanism through which high energy prices cause damage is the same.

The 1970s oil shocks offer a second historical analogy. Those episodes produced stagflation: rising prices coinciding with slowing growth, ultimately forcing the Fed to raise rates to levels that broke both inflation and the economy. We are not there yet. But the preconditions exist today: energy-driven inflation pressures, a slowing economy, massive deficits, and a Fed that is simultaneously providing liquidity. Before the conflict, traders priced in nearly 80% odds of two Fed rate cuts this year. Those odds have now fallen below 5%. The yield on the 10-year Treasury initially moved up sharply but has since moderated as markets assess potential outcomes of the Iran conflict.

Debt, Leverage, and the Private Credit Warning Sign

Crises do not happen because of credit problems- they happen because of liquidity problems. That distinction matters enormously right now.

The private credit market, now approaching \$2 trillion in the U.S. and \$22 trillion in private capital globally, is having liquidity withdrawn at an accelerated rate. Redemption requests from non-traded private credit funds surged to over \$7.5 billion in Q1 2026, with a significant portion going unmet as funds have imposed withdrawal limits. Every one of the 12 largest funds saw requests accelerate in the quarter. BDC stock prices- the closest publicly traded proxy for private credit- are down roughly 25% since January 2025. Moody's cut its outlook on U.S. BDCs to negative on April 7, citing rising redemption pressure, higher leverage, and weakening access to funding markets.



In early April, two significant institutional signals arrived in close succession. JPMorgan's Jamie Dimon, in his April 6 annual shareholder letter, warned that private credit losses will be higher than expected in the next credit cycle- pointing specifically to weakened underwriting standards, aggressive accounting practices, payment-in-kind structures, and the lack of rigorous mark-to-market discipline that has allowed portfolios to look sturdier than they really are. He stopped short of calling it a systemic threat, noting that the \$1.8 trillion leveraged segment is small compared to investment-grade bonds or mortgages, but his message was unambiguous: the pain has been delayed, not avoided. Days later, on

April 10. 11, Bloomberg and Reuters reported that the Federal Reserve began directly querying major U.S. banks on their private credit exposures for the first time in over a decade, signaling that regulators want to verify the stability of the system rather than rely on public assurances.

What makes this particularly relevant for a broad audience of investors is where private credit actually lives. It is not just a concern for sophisticated institutional traders. According to A.M. Best, of the approximately \$6 trillion in invested assets held by U.S. life and annuity companies, nearly \$1 trillion is now in private credit— assets that are valued using internal models rather than public market prices. Separately, analysis of the broader private credit holder base suggests roughly 30% sits with public pension funds. These are the institutions that back retirement annuities, pension checks, and insurance policies for tens of millions of Americans. The concern is not that these institutions are on the verge of collapse— most are well-capitalized by conventional measures— but that conventional measures may be using marks that haven't been forced to reflect reality. If the market ultimately imposes the 20-30% markdowns that some analysts now discuss, the impact would not stay confined to the funds themselves. It would move through pension funding ratios, insurer capital buffers, and the retirement security of ordinary savers.

The broader government debt picture compounds this. Deficits are not contracting— war costs are likely to expand them further. The Fed is in QE mode, pumping in liquidity. These spigots have kept the system functioning, but they also create conditions for a sharper eventual adjustment. The deleveraging cycle that may have quietly begun in 2022— when every metric pointed to recession, but no downturn arrived— could be resuming now under different pressures.

Precious Metals, Critical Minerals, and the Shifting Resource Landscape

Gold and silver are not simply reacting to inflation. Their behavior over the past eighteen months reflects a broader reassessment of debt sustainability, financial leverage, and the resilience of the post-2008 monetary framework. Silver's structural supply deficits, now entering a fifth consecutive year, are amplified by booming industrial demand from solar panels, EVs, and electronics. The restriction of silver exports by China in January 2026, alongside rare earth controls and executive orders governing critical mineral reserves, signals something more than routine trade policy.

The competition for critical minerals is a thread connecting many of the geopolitical moves of the past year: Venezuela, Greenland, Cuba, Iran. The U.S. and China are both building strategic stockpiles, vaulting minerals rather than simply trading them, while rewriting the rules of international resource access. These moves are not incidental to the broader geopolitical picture; they are part of a competition that is reshaping alliances, supply chains, and the valuation of hard assets. Precious metals are one visible expression of this structural shift.

Closing Perspective

The range of outcomes from here is genuinely wide. A swift, durable end to the Iran conflict, a reopening of the Strait, and a resumption of the 2025 growth narrative would be powerful positive catalysts. Markets have shown repeatedly, including last year, that winters can be short and recoveries fast. We do not dismiss that possibility; it remains the base case on Wall Street for good reasons.

But the structural pressures we have outlined— debt, leverage, private credit stress, geopolitical realignment, and the latent risks embedded in a decade of unprecedented monetary intervention— do not disappear with a ceasefire. They are the landscape on which the next phase of markets will play out, whatever that phase looks like. The Goldilocks scenario is possible. But when dominos are lined up this closely, prudence means not assuming they won't fall.

We remain focused on managing risk through disciplined, sometimes unconventional strategies— while staying alert to opportunities as they emerge. If you are uncertain about your current exposure or have questions about how these developments affect your specific situation, we encourage you to reach out. We value the trust you place in us and do not take it lightly.

Jim Evens

Investment Director

Economic Speedometer Summary — City National Rochdale

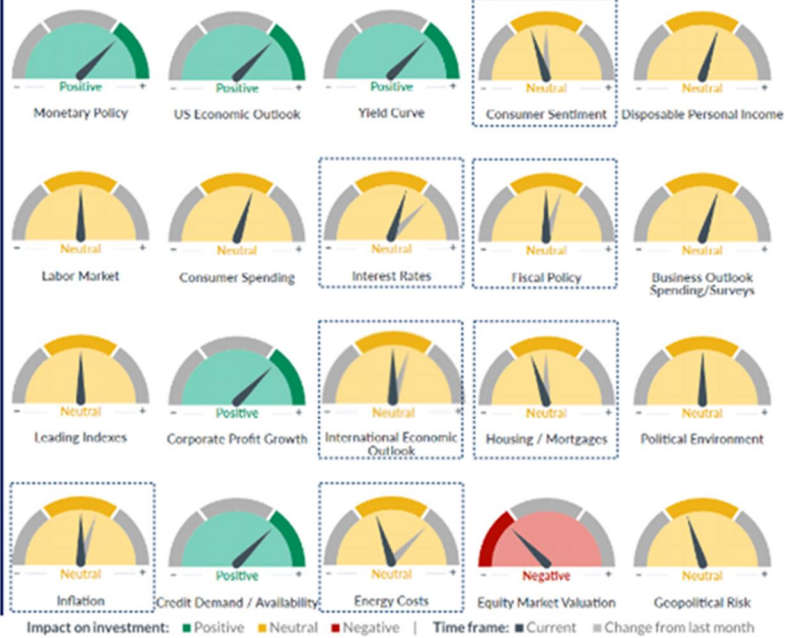
Below is the monthly economic speedometer summary across key indicators. (Green = positive, Yellow = neutral, Red = negative)

Rochdale SpeedometersSM – April 2026

Economic and Financial Indicators That Are Forward-Looking Six to Nine Months

- U.S. growth is still likely to remain strong in early 2026 on consumer spending, elevated government and corporate spend.
- Growth outside the U.S. is likely impacted near term by higher energy prices. This could raise inflation, muting growth temporarily, but increased non-U.S. fiscal spending will continue supporting growth.
- The Fed is likely to remain on hold staying flexible until clarity on inflation impacts from the current conflict are better observed. We maintain our view that cuts are possible, likely later now, against a back-drop of stable employment and transitory inflation.
- Earnings are strong and broadening, while analyst expectations continue increasing.
- Globally valuations have reset, potentially providing a smoother forward glide path for 2026 global equity returns, against a backdrop of solid earnings.

Impact on Economy and Financial Markets



Source: Proprietary opinions based on Rochdale research, as of March 24, 2026. Information is subject to change and is not a guarantee of future results.



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