MARKET ROTATIONS AND THE UNCERTAINTY OF WAR

The headlines and performance of the stock market were dominated by the "Magnificent Seven" technology stocks from 2023 through the fourth quarter of 2025. During that nearly 3-year period, seven stocks grew to over one-third of the total market cap of the Index. For the year 2023, these stocks comprised 60% of the total return of the S&P 500 Index, and in 2024 they were 55% of the Index's total return. Entering the fourth quarter of 2025, these seven stocks still accounted for an outsized share of the Index.

Then, almost without warning or a notable catalyst, in the fourth quarter of 2025, the market leadership started to change. The best-performing sector of the market by a large margin was Health Care, and value stocks outperformed growth stocks. As we entered 2026, other forgotten sectors joined in, as the first 2 months of the year saw sectors such as Materials (+17.85%), Consumer Staples (+15.87%), and Industrials (+14.26%) lead the market forward. While a 5-month period from October 2025 through February 2026 could not be called a long-term trend, it was a promising sign for investors that the market was broadening out.

Then on February 28th, the armed conflict with Iran began. The uncertainty that these types of conflicts bring to the world economy have historically been viewed unfavorably by equity markets. As a result, many investors have moved funds out of the stock market as they await more clarity on the impact of this conflict on the economy and corporate profits.

Due to this conflict being in the Middle East, oil prices have spiked from $67 per barrel on February 27th to $93 as of March 31. This increase of nearly 39% in 4 weeks has rattled the confidence of investors due to the crucial role energy prices play in the production and distribution of goods. As a result, the S&P 500 Index declined 6.2% from its all-time high in late January through March 31.

So, what should an investor do during uncertain times like this? By reacting to the whiplash of the daily news cycle from the conflict, investors risk doing damage to their portfolios by selling and buying when various news is reported. Instead of reacting to these daily events, the Compass team believes in owning high quality companies with strong balance sheets and proven management teams. History has shown that these companies will protect and grow your dollars in a variety of economic and geopolitical environments. We also believe that the volatility in the markets that occurs in these market conditions can create opportunities to add high quality companies to the portfolio at attractive valuations due to investors world-wide overreacting to world events and impacting prices.

We would love to talk with you about how patience and discipline can benefit your portfolio during times of market rotations and geopolitical uncertainty.

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AUM

$2.3 billion

INCEPTION

1988

COMPASS PHILOSOPHY

As an independently-owned firm, Compass provides customized investment services to individuals, foundations/endowments, trusts, and retirement plans. Our objective is to preserve and enhance the real purchasing power of our clients' wealth over time.

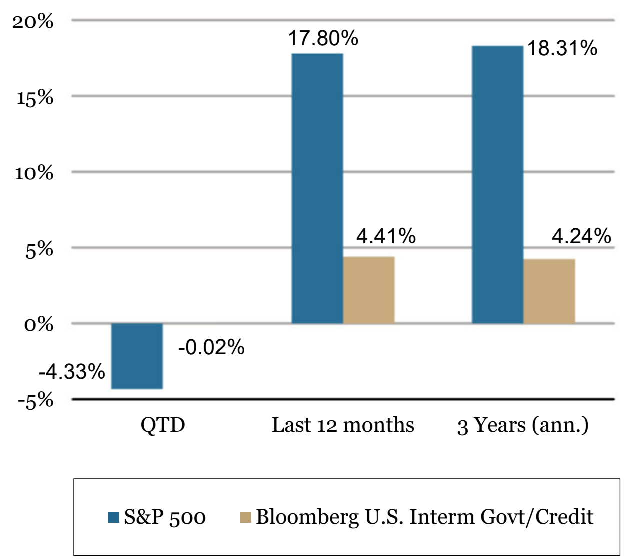
Our clients value working directly with a seasoned and experienced team of portfolio managers to help them navigate their investments relating to:

- -Building a quality portfolio
- -Retirement
- -Sale of a business
- -Divorce
- -Inheritance
- -Trust distribution

Our experienced team is always available to provide financial advice and review your financial assets.

MARKET INDICES

Total Return as of 3/31/2026



For more information regarding our company or results, please contact us at *investors@compasscap.com*.

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