

# THE FULL SPECTRUM

Spectrum Financial, Inc.

April 2026

## GENERAL MARKET COMMENTARY

The first quarter of 2026 was defined by rising interest rates, geopolitical tension, and a sharp move higher in energy prices driven by conflict in the Middle East. Equity markets declined broadly, bond returns were muted, and commodities—particularly oil—played a dominant role in shaping market behavior.

U.S. equities struggled, with the S&P 500 down -4.33% and the Nasdaq -6.96%, while the Russell 2000 held up relatively better at 0.89%, reflecting an early—but short-lived—rotation into small caps. As rates moved higher and uncertainty increased, that leadership faded and weakness spread across segments. In fixed income, rising yields pressured returns, with the U.S. Aggregate Bond Index ending the quarter roughly flat, as price declines offset income.

Energy markets were a defining force. Oil prices surged amid supply concerns, lifting inflation expectations and reducing the likelihood of near-term Fed easing. Higher input costs weighed on corporate margins and acted as a drag on consumers. Gold experienced wild swings due to changing narratives but the commodity

ultimately advanced, reinforcing inflation pressures. Despite these headwinds, the broader economic backdrop has remained stable, and markets have begun to adjust to this higher-rate, higher-volatility environment.

## WHAT'S NOTABLE—AND MORE TIMELY

For the first 17 days of April, U.S. equity markets have staged a meaningful rally, recovering a portion of Q1 losses. Moves like this, particularly following sentiment resets and volatility spikes, often signal that markets are beginning to discount improved conditions ahead—not react to what's already known.

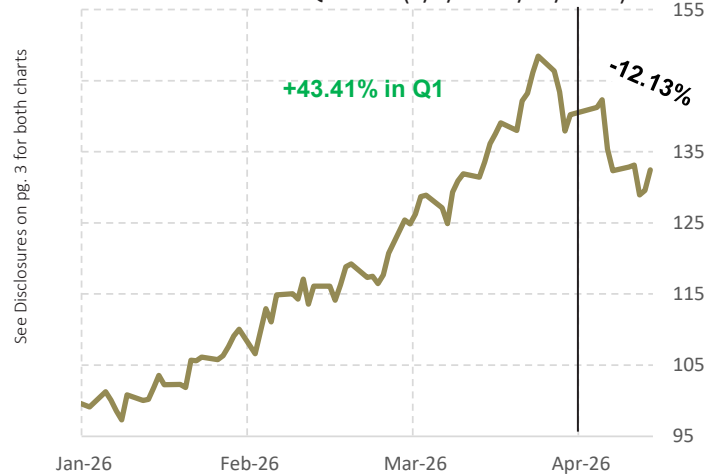
In our view, the speed of the Q1 drawdown—driven in part by geopolitical shocks—may have pulled forward weakness that typically unfolds over a longer period. This creates the potential for an earlier stabilization phase. While confirmation is still developing, improving price behavior and broadening participation are early signs worth monitoring.

Markets don't wait for clarity—they begin to move as uncertainty starts to get priced in. The recent rally may be the market's way of signaling that the next phase is already underway.

Gold Performance for Q1 2026 (1/1/26 -4/17/26)



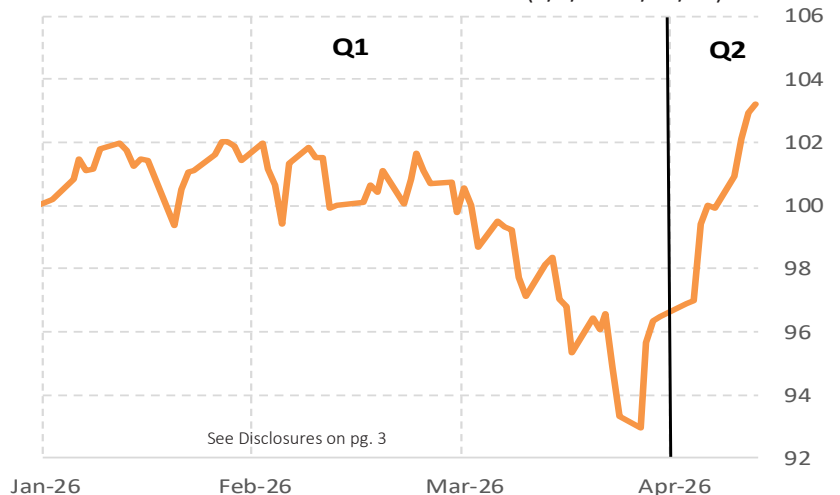
Oil Performance for Q1 2026 (1/1/26 -4/17/2026)



## MARKET SHIFTS

According to a study by *Sentiment Trader Newsletter*, a NASDAQ breadth thrust buy signal was generated on April 14. Originally defined by Marty Zweig, it has generated only 8 buy signals since 1991. It was accurate 100% of the time with a mean gain for the following 12 months of 19.7% for the S&P 500, and 30.0% for the NASDAQ. While no one can assure what happens going forward from here, it does statistically give investors an advantage for the remainder of the year. This is where a more adaptive, actively managed approach becomes especially relevant.

YTD Performance of S&P 500 TR Index (1/1/26 -4/17/26)



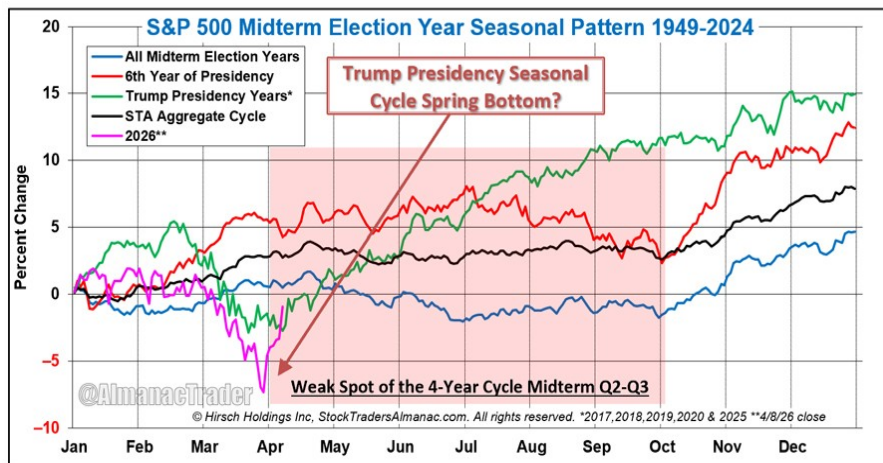
## PRESIDENTIAL CYCLE PATTERNS

As we move further into the second quarter, we're beginning to see a more constructive backdrop take shape beneath the surface. April has historically marked a transition point for markets, and this year appears to be following a similar path. Sentiment has cooled, positioning has become more cautious, and volatility has elevated—all conditions that often precede periods of stabilization rather than prolonged decline.

The recent bout of turbulence tied to Middle East tensions—particularly surrounding the Iranian conflict—has accelerated what would typically be a more gradual mid-cycle pullback. In our view, that matters. When volatility compresses time, it can also pull forward the recovery phase. Markets tend to bottom not when uncertainty disappears, but while it is still present. The speed of this recent drawdown may have already worked through much of the weakness that is often seen later in the cycle, creating a more favorable setup looking ahead.

From a historical perspective, patterns observed during prior Trump-era market

environments suggest early-year weakness can give way to stronger performance into the latter part of the year. While no cycle plays out perfectly, 2026 has so far tracked in a similar rhythm (see chart below). With economic growth still intact, a relatively stable labor backdrop, and a Federal Reserve that remains broadly neutral, the market appears to be absorbing shocks more efficiently than expected. If that continues—even with lingering geopolitical uncertainty—the path forward may offer more opportunity than the headlines would suggest.



## PERSONAL PERSPECTIVE BY RALPH DOUDERA

Albert Einstein once said that compound interest is the greatest mathematical discovery of all time. Jesus said: *“some seeds fell on fertile soil, and they produced a crop that was thirty, sixty, and even a hundred times as much as had been planted.”* (Matthew 13:8). The apples from one seed could generate 20,000 apples over a tree’s lifetime, and if all those apple seeds generated a tree there is the potential of about half a billion apples. After creating man in his own image God blessed them and said to them, *“Be fruitful and multiply, fill the earth and subdue it.”* (Genesis 1: 27-28). This exponential growth is a principal God has given us to make a difference, and we can use it to either develop wealth (mammon) or expand His Kingdom. Jesus identifies this conflict: *“No one can serve two masters, for either he will hate the one and love the other, or else he will be loyal to the one and despise the other. You cannot serve both God and mammon.”* (Matthew 6:24). Jesus talked more about money than any other subject. And King Solomon was the richest person in history, so what advice might he offer? *“Whoever loves money never has enough; whoever loves wealth is never satisfied with their income. This too is meaningless.”* (Ecclesiastes 5:10). So how do we direct our wealth to accomplish something significant? Solomon also says *“I came to hate all my hard work here on earth, for I must leave to others everything I have earned. And who can tell whether my successors will be wise or foolish? Yet they will control everything I have gained by my skill and hard work under the sun. How meaningless!”* (Ecclesiastes 2:17-18). So how do we exchange our currency into Kingdom Currency which has meaning and eternal value?

*“Steady plodding brings prosperity; hasty speculation brings poverty”* (Proverbs 21:5, LB)

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