Enza FINANCIAL

M Financial Group

Qualified Plan News

Q1 2026

CAPITAL MARKETS REVIEW					PERIOD ENDING MARCH 31, 2026	
U.S. Equity Markets	**Qtr**	**Ytd**	**1 Yr Return**	**3 Yr Return**	**5 Yr Return**	**10 Yr Return**
S&P 500 TR USD	-4.33	-4.33	17.80	18.32	12.06	14.16
Russell 3000 TR USD	-3.96	-3.96	18.09	17.86	10.87	13.72
Russell 3000 Value TR USD	2.23	2.23	16.37	14.26	9.19	10.52
Russell 3000 Growth TR USD	-9.54	-9.54	18.75	20.64	12.05	16.38
Russell 1000 TR USD	-4.18	-4.18	17.74	18.14	11.34	13.97
Russell 2000 TR USD	0.89	0.89	25.72	13.05	3.77	9.88
Non–U.S. Equity Markets						
MSCI ACWI Ex USA NR USD	-0.71	-0.71	24.91	14.49	7.02	8.38
MSCI EM NR USD	-0.17	-0.17	29.55	14.84	3.69	7.80
Fixed Income						
Bloomberg US Agg Bond TR USD	-0.05	-0.05	4.35	3.63	0.31	1.70
Bloomberg US Treasury US TIPS TR USD	0.26	0.26	3.00	3.18	1.48	2.66
Real Assets/Natural Resources						
DJ US Select REIT TR USD	4.64	4.64	7.23	9.15	5.59	4.76
S&P North American Natural Resources TR	25.96	25.96	42.39	20.71	21.84	11.64
Cash Equivalents						
FTSE Treasury Bill 3 Mon USD	0.93	0.93	4.22	4.97	3.49	2.32

GROSS DOMESTIC PRODUCT (GDP)

Q4 2025 (Third Estimate)

Increased at annual rate of 0.5%

EXISTING HOME SALES

March 2026 (YoY)

Decreased by 1.0%

UNEMPLOYMENT RATE

March 2026

Little change at 4.3% (seasonally adjusted).

CONSUMER PRICE INDEX

March 2026 (YoY)

Increased by 3.3%

War Shakes Markets

Stocks and bonds have been rattled by the Iran war, which remained ongoing as of the end of the quarter.

On February 28, the U.S. and Israel launched a series of coordinated strikes on Iran. In response, Iran effectively blocked commercial shipping through the Strait of Hormuz. Prior to the conflict, roughly 20% of the world's oil supply passed through the Strait. Daily traffic through the Strait was 90% - 95% below pre-war levels at the end of the quarter. Given constrained supply, WTI crude oil prices surged more than 50% in March alone and have risen over 75% year-to-date.

A resolution to the Iran war and a reopening of the Strait of Hormuz would provide a catalyst to markets.

US EQUITIES

The total return for the S&P 500 during the first quarter of 2026 was -4.3%. The large-cap index had posted a modest return of 0.7% through the end of February before giving those gains back in March.

A noteworthy rotation in U.S. stocks occurred during the quarter. Value stocks outperformed growth stocks by a considerable margin. The Russell 1000 Value Index returned 2.1% while the Russell 1000 Growth Index fell -9.8%. In addition, small-cap stocks outpaced large-cap stocks. The Russell 2000 Index of small-cap stocks returned 0.9% while the Russell 1000 Index of large-cap stocks fell -4.2%.

The rotation into value and small-cap stocks garnered considerable attention and has been dubbed the HALO trade (heavy assets, low obsolescence).

Over the quarter, the Energy sector pumped higher 38.2%. Year-to-date returns were positive for other HALO sectors like Consumer Staples (+7.7%), Utilities (+8.3%), and Materials (+9.7%). Conversely, Information Technology (-9.1%), Consumer Discretionary (-9.2%), and Financials (-9.3%) posted negative results.

INTERNATIONAL EQUITIES

The total return for the MSCI ACWI ex USA Index of international developed-market and emerging-market stocks was -0.7%.

Emerging-market stocks bore a disproportionate share of the cost of the conflict with Iran. Asian economies collectively imported approximately 80% of the oil that flowed through the Strait of Hormuz before the war.

Countries better insulated from the supply disruption fared relatively better. China, which had strategically stockpiled oil throughout 2025, saw its equity market decline -7.7% in March. By contrast, South Korea, where approximately 70% of oil imports passed through the Strait prior to the war, experienced a drawdown of -25.5% in March.

FIXED INCOME

Fixed income markets posted largely negative returns in the first quarter, driven by a selloff in rates during March amid renewed inflation concerns fueled by the Iran war.

U.S. Treasury yields rose sharply in March. The 2-year note climbed 42 basis points to close the quarter at 3.80%, and the 10-year bond advanced 36 basis points to finish at 4.32%.

The Bloomberg US Aggregate Bond Index (the Agg) declined significantly in March but ended the quarter essentially flat, down just -0.05%. The yield to maturity for the Agg ended the quarter at 4.6%, an attractive level for investors.

ECONOMY

U.S. real GDP grew 2.1% in 2025. For the fourth quarter of 2025, the latest period for which data is available, U.S. real GDP increased at an annual rate of 0.7%.

The U.S. unemployment rate for February 2026 was 4.4%. The consumer price index (CPI), which measures inflation, increased 2.4% year-over-year in February 2026.

The Federal Reserve met twice during the quarter, leaving its federal funds target rate unchanged at a rate of 3.50% - 3.75%.

President Donald Trump nominated Kevin Warsh as the next Federal Reserve Chair during the quarter. Expectations are that Warsh will be confirmed by the Senate and succeed current Fed Chair Jerome Powell in May.

Traders entered the year anticipating multiple cuts to the fed funds rate. By the end of the first quarter, the implied probability of the fed funds rate remaining unchanged over the course of the year was 76.1%, according to CME Fed Watch.

Some Major Changes in 2026 Retirement Plan Limits

The IRS has released retirement plan limits for 2026. Some changes are significant, especially in relation to what's being referred to as "super catch-up" contributions. Under the code and regulations, certain highly paid individuals earning more than $150,000 may only make catch-up contributions on a Roth basis. The details can be found in the charts below.

EMPLOYER-SPONSORED PLANS

Elective Deferral Limits	2025	2025
401(k) plans, 403(b) plans, most 457 plans, Federal TSP		
Regular contributions	$24,500	$23,500
"Catch-up" contributions (individuals age 50 or older)	$8,000	$7,500
SECURE 2.0 "super catch-up" contributions ages 60-63	$11,250	$11,250
SIMPLE IRAs, SIMPLE 401(k)s		
Regular contributions	$17,000	$16,500
"Catch-up" contributions (age 50-59 or 64 or older)	$4,000	$3,500
SECURE 2.0 "super catch-up" contributions ages 60-63	$5,250	$5,250
Annual addition limit: Defined Contribution Plans	$72,000	$70,000
Annual benefit dollar limit: Defined Benefit Plans	$290,000	$280,000
Limit on compensation that can be taken into account for most purposes	$360,000	$350,000
Key employee definition: compensation threshold	$235,000	$230,000
Highly compensated employee: compensation threshold	$160,000	$160,000
SEP plan: minimum compensation amount	$800	$750

Prepare for, Contain, and Eradicate Cybersecurity Threats

Learn some ways to protect your business from cybercriminals.

Recent events in which cybercriminals penetrated and briefly shut down key elements of the nation's critical infrastructure should be a wake-up call for businesses. Understanding the nature of the threats posed by freelance and foreign government-sponsored cybercriminals is a critical first step that businesses need to take to protect their finances, assets, reputation, and continued viability.

A TOP-DOWN VIEW OF CYBERCRIME

Cybercrimes are activities that use computers, digital devices, and computer networks to attack businesses for purposes of theft, sabotage, or blackmail. Criminals often access a business's computer systems by persuading an employee of the targeted business to open an email attachment or click a link that contains malicious code. The code infects the computer with malware, giving criminals access to much of the business's systems. Once inside the system, criminals can divert money from the business's accounts to their own accounts.

Criminals also gain access to a business's systems by posing as employees, vendors, or government staffers to trick individuals into disclosing information that allows the criminals access to financial accounts or to operating systems. The theft of financial or card payment data or the theft of corporate data are also common forms of cybercrime that can negatively impact a business's operations.

Another type of malware is known as ransomware. Once installed on a business's devices, it essentially hijacks a business's systems and prevents the business from accessing its own files. Victims can only restart operations by paying a ransom to the cybercriminals. In the recent past, ransomware attacks have victimized hospital systems and businesses, as well as local and state government offices.

Look into buying cyber liability insurance to help protect your business from the costs that typically result from a data breach. Be sure to take the time to evaluate and compare policies since there's a wide variation in what's covered. Work with a financial professional to help your business review what options are available.

Don't wait until you become a victim of cybercrime to put measures in place to protect your business. The time is now, since cybercrime is very real and an ever-present threat.

HOW BUSINESSES CAN PROTECT THEMSELVES

Businesses need to develop and implement the following basic protections:

- Install antivirus software that can scan and detect potential threats to your systems.
- Update software and operating systems by installing security patches as soon as they become available.
- Develop an employee educational program that emphasizes the importance of never clicking on links in spam emails or websites with suspicious URLs.
- Remind employees to never give out personal information over the phone, in texts, or in emails.
- Stress to employees that it is crucial that they contact a business directly if they have any concerns about a message or a request purportedly from that business.
- Review corporate bank and other financial statements carefully to ensure that unauthorized transactions have not occurred.

WEB RESOURCES FOR PLAN SPONSORS

Internal Revenue Service, Employee Plans
› **irs.gov/ep**

Department of Labor, Employee Benefits Security Administration
› **dol.gov/ebsa**

401(k) Help Center
› **401khelpcenter.com**

BenefitsLink
› **benefitslink.com**

Plan Sponsor
› **plansponsor.com**

Plan Sponsor Council of America
› **psca.org**

Employee Benefit Research Institute
› **ebri.org**

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S&P 500 is a commonly used measure of common stock performance. Russell 2000 is a commonly used measure of small capitalization stocks. Russell 3000 Value measures performance of U.S. equity universe broad value segment with lower price-to-book ratios and lower forecasted growth values. Russell 3000 Growth measures performance of Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth values. MSCI ACWI Ex US tracks 1,965 stocks traded in 22 Developed Markets and 24 Emerging Markets countries (excludes U.S. based stocks). Bloomberg U.S. Aggregate Bond Index tracks domestic investment grade bonds (including corporate, government, and mortgage-backed securities). FTSE 3-Month U.S. Treasury Bill Index tracks short-term U.S. government debt instruments. All referenced indices are unmanaged and not available for direct investment. Past performance is not a guarantee of future results.

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