LPL RESEARCH

Tactical Asset Allocation Guide
3-12 Month View Across Asset Classes

April 2026

Outlook Brightens as Iran Off Ramp Emerges

The LPL Strategic & Tactical Asset Allocation Committee (STAAC) determines the firm's investment outlook and asset allocation that helps define LPL Research's investment models and overall strategic and tactical investment thinking and guidance. The committee is chaired by the chief investment officer and includes investment specialists from multiple investment disciplines and areas of focus. The STAAC meets weekly to closely monitor all global economic and capital markets conditions to ensure that all the latest information is being digested and incorporated into its investment thought.

Color Key:

- Strong Overweight View
- Overweight View
- Neutral View
- Underweight View
- Strong Underweight View

Key changes from STAAC:

- **Upgraded view on energy commodities to positive**

STAAC Asset Class Tactical Views as of 04/01/2026 (GWI)

Asset Class					
Equity	·	·	●	·	·
U.S.	·	·	●	·	·
International Developed (EAFE)	·	·	●	·	·
Emerging Markets	·	·	●	·	·
Large/Mid Growth	·	·	·	●	·
Large/Mid Value	·	·	●	·	·
Small Growth	·	·	●	·	·
Small Value	·	●	·	·	·
Fixed Income	·	·	●	·	·
Treasuries	·	·	●	·	·
MBS	·	·	·	●	·
IG Corporates	·	●	·	·	·
TIPS	·	·	●	·	·
International Developed	·	·	●	·	·
Preferred	·	·	●	·	·
High-Yield	·	·	●	·	·
Bank Loans	·	·	●	·	·
Emerging Markets	·	·	●	·	·
Cash	·	●	·	·	·
Alternatives	·	·	·	●	·
Thematic	·	·	·	·	·

STAAC Sector Tactical Views as of 04/01/2026

Sector					
Materials	·	·	●	·	·
Consumer Staples	·	·	●	·	·
Financials	·	·	●	·	·
Real Estate	·	●	·	·	·
Communications Services	·	·	·	●	·
Energy	·	·	●	·	·
Industrials	·	·	·	●	·
Information Technology	·	·	●	·	·
Consumer Discretionary	·	●	·	·	·
Healthcare	·	·	●	·	·
Utilities	·	·	●	·	·

Source: STAAC as of April 1, 2026. All sector and asset allocation recommendations must be considered in the context of an individual investor's goals, time horizon, liquidity needs and risk tolerance. Not all recommendations will be in the best interest of all investors. The STAAC views expressed are based on a Tactical Asset Allocation (TAA) for a portfolio that has a Growth With Income (GWI) investment objective.

Investment Takeaways

U.S. equities closed lower in March, sealing a quarterly loss amid broad-based selling as markets navigated the U.S.-Iran geopolitical conflict. The de facto closure of the Strait of Hormuz kindled energy-driven inflation and economic growth worries, as well as supply disruption fears, fueling to a notable uptick in cross-asset volatility. Although, domestic stocks displayed some relative resilience with the S&P 500 remaining only modestly below record levels for much of the month. On the earnings front, data center hyperscaler Oracle (ORCL) topped estimates and posted continued other comprehensive income growth, while in consumer names Target (TGT) beat earnings estimates and offset weaker traffic in the fourth quarter with healthy guidance. Entering April, attention turned to potential paths to ending the U.S.-Iran conflict.

Core bonds also faced downside pressure last month, measured by a 1.3% loss in the Bloomberg U.S. Aggregate Index. Treasury yields rallied alongside crude prices as markets pared back expectations of Federal Reserve (Fed) rate cuts this year, while weak auctions of multiple tenors accelerated an awakening in rate volatility. These dynamics drove some spread widening in the corporate space, while private credit returned to the headlines on additional withdrawal restrictions. However, structural risks remain limited. Mortgage-backed securities outperformed slightly last month.

Looking ahead, an off ramp has started to emerge in Iran with the two-week ceasefire agreement struck on April 8. While the stock market's resilient track record during geopolitical events is reassuring, leaving STAAC to look for opportunities to potentially add equities, investors may be well served by continuing to brace for bouts of volatility. LPL Research continues to expect mid-to-high single digit returns for the S&P 500 in 2026, as discussed in Outlook 2026: The Policy Engine.

Underpinning the outlook is an economy still growing above trend, though surging oil prices and damaged infrastructure in the Persian Gulf have increased the risk of a near-term slowdown in growth. Tailwinds to growth are expected to come from higher-than-expected tax refunds, business tax incentives, and clarity on trade policy. Risks to the outlook include further spikes in oil from the Iran conflict, sticky inflation, a softening job market, and potential business disruption from AI. For fixed income, we expect yields to remain rangebound, although high oil prices may delay Fed rate cuts until later in the year.

The STAAC's recommended tactical asset allocation includes:

- A neutral stance toward U.S. equities. Watching for an off ramp in Iran that holds, evidence of selling "capitulation," or a resumption of the technical uptrend before considering a potential upgrade.
- The Committee slightly favors growth over value for exposure to AI and compelling earnings growth, but recent value strength is nearing an inflection point that could prove sustainable.
- The Committee favors large caps over small caps, partly due to balance sheet quality as credit markets may tighten further. Massive AI investment favors large caps.
- Positive industrials stance is supported by strong earnings momentum, a favorable technical backdrop, and continued tailwinds from fiscal spending and AI-driven investment.
- The Committee maintains its overweight recommendation on the communication services sector amid a combination of solid growth, reasonable valuations, and supportive technicals.
- The Committee continues to debate technology as a possible upgrade candidate given strong earnings and attractive valuations.
- Within fixed income, the STAAC keeps a neutral allocation to core bonds and shows a slight preference for mortgage-backed securities over investment-grade corporates. The Committee views the risk-reward profile of core sectors such as Treasuries, agency MBS, and high-quality corporates as more attractive than that of the plus sectors.

2026 MARKET FORECASTS

S&P 500 Tracking Above Bull Case Scenario

	Current
10-Year U.S. Treasury Yield	3.75% to 4.25%*
S&P 500 Index Earnings per Share	$290
S&P 500 Index Fair Value	7,350**

Source: LPL Research, FactSet, Bloomberg
All indexes are unmanaged and cannot be invested into directly.

*Our 2026 year-end target for the 10-year Treasury yield is based on further Fed rate cuts but also a steepening yield curve due to ongoing concerns about sticky inflation and Federal debt/deficits.

**Our year-end 2026 fair-value target range for the S&P 500 is 7,300–7,400, based on a price-to-earnings ratio (PE) of 23 and our S&P 500 earnings per share (EPS) forecast of $320 in 2027.

Any forward-looking statements including economic forecasts may not develop as predicted and are subject to change.

All data, views, and forecasts herein are as of 04/01/26.

2026 ECONOMIC FORECASTS

U.S. Economy Expected to Slow This Year

	2026 (Y/Y, real GDP)
United States	2.7%
Eurozone	1.0%
Advanced Economies	2.3%
Emerging Markets	4.1%
Global	3.0%

Source: LPL Research, Bloomberg.
The economic forecasts may not develop as predicted.

Tactical Asset Allocation as of 04/01/2026

Investment Objective

	Aggressive Growth			Growth			Growth with Income			Income with Moderate Growth			Income with Capital Preservation		
	TAA	Benchmark	Difference	TAA	Benchmark	Difference	TAA	Benchmark	Difference	TAA	Benchmark	Difference	TAA	Benchmark	Difference
Stocks	95.0%	95.0%	0.0%	80.0%	80.0%	0.0%	60.0%	60.0%	0.0%	40.0%	40.0%	0.0%	20.0%	20.0%	0.0%
U.S. EQUITY	76.0%	76.0%	0.0%	64.0%	64.0%	0.0%	48.0%	48.0%	0.0%	32.0%	32.0%	0.0%	16.0%	16.0%	0.0%
Large/Mid Growth	32.0%	28.5%	3.5%	27.0%	24.0%	3.0%	20.5%	18.0%	2.5%	14.0%	12.0%	2.0%	7.0%	6.0%	1.0%
Large/Mid Value	29.5%	28.5%	1.0%	25.0%	24.0%	1.0%	18.5%	18.0%	0.5%	12.0%	12.0%	0.0%	6.0%	6.0%	0.0%
Small Growth	9.5%	9.5%	0.0%	8.0%	8.0%	0.0%	6.0%	6.0%	0.0%	4.0%	4.0%	0.0%	2.0%	2.0%	0.0%
Small Value	5.0%	9.5%	-4.5%	4.0%	8.0%	-4.0%	3.0%	6.0%	-3.0%	2.0%	4.0%	-2.0%	1.0%	2.0%	-1.0%
International Equity	19.0%	19.0%	0.0%	16.0%	16.0%	0.0%	12.0%	12.0%	0.0%	8.0%	8.0%	0.0%	4.0%	4.0%	0.0%
Developed (EAFE)	12.0%	12.0%	0.0%	10.0%	10.0%	0.0%	8.0%	8.0%	0.0%	5.0%	5.0%	0.0%	4.0%	4.0%	0.0%
Emerging Markets	7.0%	7.0%	0.0%	6.0%	6.0%	0.0%	4.0%	4.0%	0.0%	3.0%	3.0%	0.0%	0.0%	0.0%	0.0%
Bonds	0.0%	0.0%	0.0%	15.0%	15.0%	0.0%	35.0%	35.0%	0.0%	55.0%	53.0%	2.0%	75.0%	70.0%	5.0%
U.S. Core	0.0%	0.0%	0.0%	15.0%	15.0%	0.0%	35.0%	35.0%	0.0%	55.0%	53.0%	2.0%	75.0%	70.0%	5.0%
Treasuries	0.0%	0.0%	0.0%	7.0%	7.0%	0.0%	16.5%	16.5%	0.0%	27.0%	25.0%	2.0%	37.5%	33.5%	4.0%
MBS	0.0%	0.0%	0.0%	4.5%	4.0%	0.5%	10.5%	9.5%	1.0%	15.5%	14.5%	1.0%	20.5%	19.0%	1.5%
IG Corporates	0.0%	0.0%	0.0%	3.5%	4.0%	-0.5%	8.0%	9.0%	-1.0%	12.5%	13.5%	-1.0%	17.0%	17.5%	-0.5%
Alternatives	3.0%	0.0%	3.0%	3.0%	0.0%	3.0%	3.0%	0.0%	3.0%	3.0%	0.0%	3.0%	3.0%	0.0%	3.0%
Tactical: Global Macro	3.0%	0.0%	3.0%	2.0%	0.0%	2.0%	1.5%	0.0%	1.5%	1.0%	0.0%	1.0%	0.0%	0.0%	0.0%
Multi-Strategy	0.0%	0.0%	0.0%	1.0%	0.0%	1.0%	1.5%	0.0%	1.5%	2.0%	0.0%	2.0%	3.0%	0.0%	3.0%
Cash	2.0%	5.0%	-3.0%	2.0%	5.0%	-3.0%	2.0%	5.0%	-3.0%	2.0%	7.0%	-5.0%	2.0%	10.0%	-8.0%

For investors who have their own benchmarks, we would recommend emphasizing underweights or overweights relative to the individual benchmark at the most similar overall risk level.

Equity benchmark style weights are equally distributed across growth and value. Cap weights are based on the underlying holdings of the domestic benchmark indexes.

Bond benchmark sector allocations are based on a look-through analysis of the major sector components of the Bloomberg US Aggregate Bond Index. The exact percentage mix may fluctuate moderately throughout the year based on the relative market cap weights of each component within the Bloomberg US Aggregate Bond Index. The bond sector allocations in the TAA and benchmark will be updated twice per year, or as necessary, in January and July where the absolute values are subject to change, but the difference between the TAA and benchmark will remain constant (absent any Tactical Asset Allocation changes from the STAAC).

Treasuries include other government related debt. MBS includes other securitized debt.

To better align with STAAC's asset allocation framework, mid caps have been combined with large caps in the TAA. Accounts with distinct mid cap allocations may disaggregate mid caps from the "Large & Mid" exposure shown in the table roughly in-line with relative market cap values: 80% Large Cap 20% Mid Cap. For a more detailed breakdown and explanation, please refer to the Supplemental Mid Cap Reference Guide on page 9.

Equity Asset Classes

Waiting for an Off Ramp in Iran that Holds

The Strategic and Tactical Asset Allocation Committee (STAAC) maintains its benchmark exposure to equities stance. The Iran ceasefire is encouraging but fragile, suggesting investors may be well served by bracing for additional volatility. Still, the stock market's resilient track record during geopolitical events is reassuring, leaving STAAC to look for opportunities to potentially add equities. Evidence of selling "capitulation," or a resumption of the technical uptrend could also get the Committee more interested in adding equities. Lower valuations are notable.

In terms of equity style, the Committee slightly favors growth over value for exposure to AI and compelling earnings growth, but recent value strength is nearing an inflection point and bears watching. On market cap, the Committee favors large caps over small caps, partly due to balance sheet quality as credit markets have tightened and may tighten further. Massive AI investment favors large caps.

Color Key:

Strong Overweight · Overweight · Neutral · Underweight · Strong Underweight

	Sector	Overall View	Relative Trend	Rationale
Market Capitalization and Style	**Large/Mid Growth**		Negative	Technology-driven earnings strength and reasonable valuations within the growth style are supportive, but recent underperformance of growth stocks on AI disruption fears and geopolitical tensions have left the growth style chart near an inflection point that have shortened its leash. Large cap companies continue to offer a compelling earnings outlook. Watching technicals closely.
	Large/Mid Value		Positive	Value stocks have garnered support from defensive and cyclical value sectors and energy this year while technical analysis trends are positive. Our reluctance to get more positive on value is driven by our expectation that the AI trade and technology will come back into favor post-Iran conflict. In addition, valuations are no longer supportive of value.
	Small Growth		Positive	Valuations remain supportive, but economic growth headwinds, elevated market volatility, and delayed Fed rate cuts dampen the near-term outlook. Keys to potential outperformance are a risk-on environment and one not led convincingly by mega-cap tech.
	Small Value		Negative	Attractive valuations, financial deregulation, robust capital investment, and a more domestic focus are positive. Fed rate cuts likely delayed into the second half are a wildcard and we prefer the balance sheet strength of large caps as volatility ramps up and credit conditions tighten.
Region	**United States**		No Trend	AI investment and fiscal stimulus are keys to potential U.S. outperformance in 2026. AI scrutiny remains a concern and Fed rate cuts may be pushed out, but the earnings growth outlook and the U.S. innovation advantage remain. Staying neutral for now while waiting for an off ramp in Iran.
	Developed International		No Trend	Added deficit/defense spending in Europe, corporate reforms in Japan and attractive valuations are supportive. But U.S. dollar strength may be a near-term drag and U.S. technology underperformance, a key piece of international outperformance, may not continue much longer. For those looking for more non-U.S. exposure after the Middle East clams down, consider EM ex-China.
	Emerging Markets		Positive	Heading into the Iran war, fundamentals, valuations and technicals were all aligning, moving us closer to an upgrade on AI exposure, strong earnings, attractive valuations, and supportive technicals. But given EM's dependency on Mideast oil and shipping routes, and the strong U.S. dollar, patience is prudent.

Relative trend is an assessment of the intermediate term price trend and performance between various asset classes and sectors. For regions and styles, the relative trends are compared to each other.

Equity Sectors

Sticking With Communication Services and Industrials While Keeping a Close Eye on Technology

STAAC continues to favor the communication (comm) services and industrials sectors. Comm services enjoys a combination of solid growth, reasonable valuations, and supportive technicals, while industrials offer strong earnings momentum and a favorable technical backdrop, while benefiting from fiscal stimulus and AI investment. The technology sector, now trading at a modest 6% premium to the S&P 500 on a forward price-to-earnings ratio basis, has become increasingly attractive given the 40% earnings growth expected in 2026 based on consensus estimates. Another possible candidate for upgrade is healthcare, which should benefit from greater policy clarity, AI adoption, and attractive valuations.

Color Key:

Strong Overweight · Overweight · Neutral · Underweight · Strong Underweight

	Sector	Overall View	Relative Trend	S&P Wgt.	Rationale
Cyclical	**Basic Materials**	Neutral	Positive	2.1	Lagged in March (7.1%) on metals weakness despite strength in chemical stocks which are positioned to benefit from their U.S.-based supply chains during the Iran conflict. Fiscal stimulus and the data center buildout are also supportive.
	Consumer Discretionary	Underweight	Negative	9.7	Slight underperformer in March (-5.8%) even though higher prices at the pump and rising borrowing costs would be expected to hurt consumer spending. Market may be looking past the conflict to an extent. Elevated valuations and sub-par technicals.
	Financial Services	Neutral	No Trend	12.6	After a tough start to 2026, financials outperformed in March but fell 3.7%. Alternative asset managers and other AI-challenged businesses rebounded from private credit concerns. A steep yield curve, bank de-regulation, and reasonable valuations offset by tightening credit markets, slow earnings growth, and lackluster technicals.
	Real Estate	Underweight	Negative	2.0	Modest underperformer in March (-6.6%) amid higher interest rates and macro headwinds. Lone area of strength was data center REITs, while cell tower REITs suffered double-digit declines. No clear preference for defensive sectors. Reasonable valuations but little growth.
Sensitive	**Communication Services**	Overweight	No Trend	10.5	Lagged in March (-7.3%) on weakness in Meta (META) on children's social media usage scrutiny. Alphabet (GOOG/L), Disney (DIS), and Paramount Skydance (PSKY) also fell sharply during the month. Sector still offers a solid growth at a reasonable valuation and is a potential leader post-conflict despite mixed technical conditions.
	Energy	Neutral	Positive	3.9	Top sector performer in March with a 10.3% jump as WTI Crude surged more than 50% on the military campaign in Iran and subsequent closure of the Strait of Hormuz to tanker traffic. Expect oil and energy stocks to pull back once a path to a sustainable ceasefire materializes and the strait is reopened.
	Industrials	Overweight	Positive	9.0	Underperformed in March for first time in 2026 with an 8.5% decline. Areas tied to airlines, aerospace, and housing were particularly challenged but may be poised to rebound strongly post-conflict. Business tax incentives, AI investment, and defense spending are tailwinds.
	Technology	Neutral	No Trend	33.4	First month of outperformance since October 2025 (-3.9%). Skepticism about massive AI investment and concerns about business disruption abated. Software disruption is a risk, but strong hardware and chip earnings are hard to ignore. Likely winner post-conflict as valuations have come way down and earnings are growing 40%-plus.
Defensive	**Consumer Staples**	Neutral	Negative	5.1	Lagged in March (-7.7%) despite favorable conditions for defensive sectors. Supercenters exhibited relative strength despite pressure on consumer spending and wholesale margins from high energy prices. Rich valuations. Weak technical trend.
	Healthcare	Neutral	No Trend	9.3	Underperformer in March (-8.3%) on weakness in medical device and equipment stocks, while biotech and pharma stocks held up relatively well. Easing policy uncertainty. Attractive valuations. Candidate for upgrade if technicals improve.
	Utilities	Neutral	No Trend	2.5	Outperformed in March (-3.4%) despite rising interest rates, spotty demand for defensive income sectors, and weakness in AI power stocks. The potential benefit of lower interest rates post-conflict may be offset by limited economic sensitivity.

Any company names noted herein are for educational purposes only and not an indication of trading intent or a solicitation of their products or services.

Fixed Income

Bad Month for Bond Markets

With the Iran conflict top of mind in March and the subsequent increase in inflation expectations, bond investors voted with their feet and sent Treasury yields, across the curve, higher by 30 to 44 basis points. The move was highest in shorter maturity securities, which has caused the Treasury curve to flatten. Corporate credit spreads however have remained relatively well behaved. The move higher in yields has increased the income opportunities particularly in shorter parts of fixed income markets.

In taxable markets, with yields still elevated, particularly for high-quality sectors within the fixed income universe, (Treasuries, MBS and shorter-maturity corporates) income opportunities remain attractive.

Color Key:

● Strong Overweight ● Overweight ● Neutral ● Underweight ● Strong Underweight

Current Stance		Low	Med	High	Rationale
	Credit Quality Preference			✓	Recommend an up-in-quality approach in allocating to fixed income sectors. All-in yields for lower quality remain near or below longer-term averages, so we think the risk/reward favors owning core bond sectors over the riskier sectors.
		Short	**Inter.**	**Long**	**Rationale**
	Duration Preference		✓		The combination of rising inflation expectations due to the Iran Conflict and ongoing AI-related growth uncertainty argues for continued caution in interest-rate exposure. For now, we remain neutral duration relative to benchmarks, waiting for more attractive entry points. We would look for the 10-year Treasury yield to reach the 4.75–5.00% range before reconsidering duration positioning.
		Neg.	**Neut.**	**Pos.**	**Rationale**
	Municipal Bond View		✓		The ongoing conflict in Iran pushed global bond yields higher in March, weighing on the national municipal market as well. Since the start of the conflict, AAA municipal yields have risen across the curve by roughly 35–59 basis points. With the drawdown however, valuations have improved meaningfully especially within the intermediate category.

		Overall View	Overall Trend	Rationale
Core Sectors	**U.S. Treasuries**	· · ● · ·	No Trend	Treasury yields increased meaningfully in March on higher inflation concerns due to the ongoing conflict in Iran. Moreover, Fed rate cut expectations continue to get pushed out. That said, the 10-year yield is only slightly higher than our 2026 yearend forecast but would look to a 4.75–5.0% as potentially an attractive entry point. Technically, 10-year yields have surpassed resistance near 4.30%, creating near-term potential upside risk to the 4.50%–4.60% range.
	Mortgage-Backed Securities	· · · ● ·	Positive	Spreads have widened recently but are below longer-term averages. And while near-term momentum of falling interest rate volatility and constrained net supply will likely continue into the first half of the year, already tight spreads and eventually lower mortgage rates, which will increase prepayment risks, potentially cap returns for 2026.
	Investment-Grade Corporates	· ● · · ·	No Trend	We recommend an underweight to benchmarks, but we think there is an opportunity to invest in shorter to intermediate maturity corporate securities without taking on elevated levels of interest rate or credit risk. Fundamentals remain solid, but spreads remain tight to historical averages.
	TIPS	· · ● · ·	Positive	Inflation expectations have widened recently making the "hurdle" to invest in TIPs (versus nominals) higher. However, all-in yields for TIPS remain attractive, particularly shorter maturity TIPS, and could provide a good hedge against unexpected inflation surprises.
Plus Sectors	**Preferred Securities**	· · ● · ·	No Trend	Valuations/spreads are back to historical averages, but all-in yields remain attractive for income-oriented investors. Recent Fed stress tests continue to show large, money-center bank fundamentals are generally sound, but the environment favors active management.
	High-Yield Corporates	· · ● · ·	Positive	Software concerns have pushed tech sector spreads wider, but the broader market remains tight to historical averages. High-yield markets have priced out most risks with spread volatility collapsing. Yields for high-yield bonds are below historical averages, and we think the risk/reward is unattractive for most investors. The quality of the market has improved recently though.
	Bank Loans	· · ● · ·	Positive	The loan market is highly concentrated in software loans so downgrades and defaults will likely increase if AI risks are real. The Iran conflict has pushed out rate cut expectations and while broader default activity has moderated of late, "higher for longer" could increase repayment risks.
	Foreign Bonds	· · ● · ·	Negative	Yields have moved higher recently but are still generally lower than U.S. markets, despite ongoing political dysfunction in France and monetary policy normalization in Japan. Currency volatility is a risk. The asset class is more attractive for U.S. dollar hedged investors.
	EM Debt	· · ● · ·	Positive	Valuations are relatively attractive, but idiosyncratic risks remain, and ongoing trade wars could negatively impact smaller emerging countries.

Commodities and Currencies

Commodities Rally for an Eighth Straight Month

The Bloomberg Roll Select Commodity Total Return Index — designed to mitigate negative roll yield — rose 9% in March, extending its advance to eight consecutive months. Technically, the index has now cleared resistance off the 2011 highs, leaving 950 as the next resistance hurdle to clear, implying about 7% of potential upside from the March close of 887. Relative performance has also improved, as commodities have completed a multi-year double-bottom breakout versus the S&P 500, suggesting additional scope for outperformance.

Escalating hostilities in Iran, coupled with limited visibility into a U.S. exit strategy or the reopening of the Strait of Hormuz, drove a sharp repricing in energy markets. Brent crude, the global benchmark more directly exposed to supply disruptions, surged 63%, while West Texas Intermediate (WTI) climbed 51%. Refined products followed suit, with gasoline and heating oil posting gains in excess of 50%.

Strength in energy more than offset declines in precious metals. Silver led the retreat, falling 20%, while gold slid 11.6% and failed to attract its typical safe-haven demand. A stronger U.S. dollar, higher yields, diminished expectations for Federal Reserve (Fed) rate cuts, and reports of profit-taking by international central banks all weighed on the yellow metal.

Industrial metals delivered mixed results. Aluminum outperformed, gaining roughly 13%, supported by supply constraints stemming from the effective closure of the Strait of Hormuz and Iranian attacks on key smelting facilities in the region.

Agricultural markets moved broadly higher, led by the softs. Disruptions to fertilizer shipments through the Strait of Hormuz introduced another supply shock at a critical juncture for Northern Hemisphere farmers ahead of spring planting. Concerns around lower crop yields pushed wheat and corn up 4%, while soybeans rallied nearly 9%.

Color Key: Positive Neutral Negative

Sector	Overall View	Overall Trend	Rationale
Energy		Positive	While oil market's have gone parabolic since the start of the Iran war, they have shown limited signs of slowing down. Brent crude and WTI remain above support from their 2023-2024 highs, with buyers stepping in on dips throughout last month. The forward curve also continues to price in a higher-for-longer regime, a message echoed by implied oil market volatility. **Given the significant technical improvements in both absolute and relative trends, we are upgrading our view on the energy sector to positive from neutral.**
Precious Metals		Positive	Precious metals underperformed last month as concerns over inflation and higher rates offset safe haven flows. While there was some technical damage amid the pullback, the longer-term bullish backdrop remains intact. Gold has emerged as a pullback opportunity after successfully retesting its 200-day moving average, with momentum indicators also subsequently turning bullish in early April. **We also do not believe the bullish fundamental backdrop has changed and maintain our positive view on precious metals**.
Industrial Metals		Positive	Industrial metals remain volatile but continue to trend higher. Demand remains supported by surging AI capex, rising global infrastructure spending, and building electrification trends. Underinvestment in production and global trade policy have added to the supply/demand imbalance. Despite some near-term pressure, copper has held its uptrend while momentum builds in aluminum, and steel. **We maintain our positive view on industrial metals.**
Agriculture (Ag) & Livestock		Neutral	Grains had another strong month, supported largely by fertilizer supply disruptions related to the closure of the Strait of Hormuz. Bullish breakouts developed/extended in cotton, soybeans, wheat, and corn. Livestock futures pared intra-month losses and finished just below resistance off the February highs. **We maintain our neutral view on ag & livestock for now and acknowledge the technical backdrop of the space is improving.**
U.S. Dollar		Neutral	The U.S. Dollar Index rose 2.4% in March and closed near the upper end of its multi-month consolidation range. Safe have demand, speculator short-covering, and the recalibration of Fed monetary policy expectations drove the advance. A sustained move above 100.5 would validate a breakout from the range, an outcome we see as increasingly likely given the greenback's longer-term secular uptrend and our technical view for upside potential in yields.

The Bloomberg Commodity Index (BCOM) is made up of 24 exchange-traded futures on physical commodities, representing 22 commodities which are weighted to account for economic significance and market liquidity

Any futures referenced are being presented as a proxy, not as a recommendation. The fast price swings in commodities will result in significant volatility in an investor's holdings. Commodities include increased risks, such as political, economic, and currency instability, and may not be suitable for all investors.

Precious metal investing involves greater fluctuation and potential for losses.

Alternative Investments

Trends Begin to Break Down

Alternative investment strategy performance remains mixed year-to-date, however, all sub-strategies outperformed equity markets during March's sell-off. As measured by the HFRX Equity Hedge Index, long/short equity strategies were the main laggard with a decline of 4.4%, as existing single stock short exposure provided limited benefits. Net equity exposure continues to decline, however, on the short side, we've seen an increase in index-based exposure, not individual shorts. So during a month when concentrated long positions declined by more than their respective sectors and the broader market, the long/short structure suffered. In the trend-following space, the HFRX Systematic Diversified CTA Index declined 3.0%. Losses were largely driven by equity positioning, as many managers entered the month with long exposure across domestic and developed international equities, which detracted from performance as markets weakened amid heightened geopolitical uncertainty related to the Iran conflict. However, as selling increased during the month, many strategies initiated outright short exposure. On the year, the index has increased 4.2%, outperforming the S&P 500 by over 8.0%. The HFRX Event Driven: Merger Arb index loss 1.3%, as spreads widened. The decline was not due to concerns related to deal breaks or regulatory concerns, rather was the result of pressure from the equity market sell-off.

Overall, with economic and policy uncertainty likely to continue into 2026, were main positive on alternative investment strategies, as we believe they can help strengthen portfolio stability during periods of volatility. Our preferred approaches include equity market-neutral, nimble discretionary global macro, and event-driven strategies.

Color Key: Positive Neutral Negative

	Sector	Overall View	Rationale
Fundamental	**Long/Short Equity**	Positive	While monthly performance was weak, elevated volatility and ongoing stock dispersion should continue to create a favorable environment for low-net, stock-picking strategies. For long-biased long/short equity managers, expanding beyond U.S. markets into regions with supportive policy frameworks may offer more compelling opportunities.
Fundamental	**Event Driven**	Positive	Mergers and acquisitions (M&A) and initial public offerings (IPO) have improved relative to the low levels of prior years. Distressed debt opportunities remain limited as credit spreads continue to tighten. The M&A and IPO markets have begun to show signs of recovery, expanding the investable universe for merger arbitrage managers which they should benefit from.
Tactical	**Global Macro**	Positive	Agile discretionary macro managers should continue to capitalize on economic and policy shifts, along with intermittent spikes in market volatility. Tactical discretionary macro strategies are well-positioned to capitalize on opportunities emerging from shifting economic conditions, evolving policy landscapes, and elevated market volatility.
Tactical	**Managed Futures**	Neutral	We continue to favor holding a diversified mix of sub-strategies, including but not limited to, short-term momentum, volatility breakout, pattern recognition, and trend following. Diversification within trend following in terms of markets and time frame is encouraged as well. We remain mindful of the significant long exposure to certain contracts such as oil and gold. In this environment, a broadly diversified allocation across sub-strategies is preferred.
Multi-Strategy	**Multi-PM Single Funds**	Positive	Multi-strategy funds should continue to benefit from the ability to dynamically invest across alternative investment strategies.
	Specialty Strategies	Neutral	Volatility arbitrage and cross-asset tail risk strategies with minimal carrying cost may be good additional diversifiers in portfolios. Volatility arbitrage and tail risk with reduced/no negative carry can potentially add value to portfolios.

Please see https://www.hfr.com/indices for further information on the indices.
Definition: The HFRI 400 (US) Hedge Fund Indices are global, equal-weighted indices comprised of the largest hedge funds that report to the HFR Hedge Fund Research

Supplemental Mid Cap Reference Guide

Rationale for Large and Mid Cap Aggregation

The STAAC's decision to aggregate mid cap equities with large caps is driven by a desire to construct asset allocation models using distinct and efficient building blocks that either a) materially enhance expected returns, or b) materially reduce expected risk relative to our benchmark. We believe that a four-box framework, segmented by size and style, provides the most impactful differentiation for our investment decision making. Additionally, this is most aligned with our investment universe, given most active large cap managers benchmark to the Russell 1000 (which has significant overlap with the Russell Midcap Index, 800 stocks representing approximately 20% of market cap).

We also believe that reducing the number of style boxes improves capital efficiency and lowers trading costs and turnover. By streamlining these classifications, we can avoid such inefficiencies.

Disaggregated U.S. Mid Cap and Large Cap Tactical Asset Allocation as of 01/01/2026

The 80% Large Cap / 20% Mid Cap decomposition provided below is intended as a general reference for advisors who prefer to maintain a distinct mid cap allocation. The exact percentage mix may fluctuate moderately throughout the year based on the relative market cap weights of each component within the Russell 1000. The STAAC's official position is to treat large and mid caps as a combined category within the TAA as shown on page 3. The Supplemental Mid Cap Reference Guide will be updated twice per year, or as necessary, in January and July.

Investment Objective

	Aggressive Growth			Growth			Growth with Income			Income with Moderate Growth			Income with Capital Preservation		
Asset Class	TAA	Benchmark	Difference	TAA	Benchmark	Difference	TAA	Benchmark	Difference	TAA	Benchmark	Difference	TAA	Benchmark	Difference
Large Growth	25.390%	22.615%	2.775%	21.425%	19.045%	2.380%	16.265%	14.285%	1.980%	11.110%	9.520%	1.590%	5.555%	4.760%	0.795%
Mid Growth	6.610%	5.885%	0.725%	5.575%	4.955%	0.620%	4.235%	3.715%	0.520%	2.890%	2.480%	0.410%	1.445%	1.240%	0.205%
Large Value	23.410%	22.615%	0.795%	19.835%	19.045%	0.790%	14.680%	14.285%	0.395%	9.520%	9.520%	0.000%	4.760%	4.760%	0.000%
Mid Value	6.090%	5.885%	0.205%	5.165%	4.955%	0.210%	3.820%	3.715%	0.105%	2.480%	2.480%	0.000%	1.240%	1.240%	0.000%

Important Disclosures

This material has been prepared for informational purposes only, and is not intended as specific advice or recommendations for any individual. There is no assurance that the views or strategies discussed are suitable for all investors and they do not take into account the particular needs, investment objectives, tax and financial condition of any specific person. To determine which investment(s) may be appropriate for you, please consult your financial professional prior to investing. Any economic forecasts set forth may not develop as predicted and are subject to change.

Stock investing involves risk including loss of principal. Because of their narrow focus, sector investing will be subject to greater volatility than investing more broadly across many sectors and companies. Value investments can perform differently from the market as a whole and can remain undervalued by the market for long periods of time. The prices of small and mid-cap stocks are generally more volatile than large cap stocks. Bonds are subject to market and interest rate risk if sold prior to maturity.

Asset Class Disclosures

Because of its narrow focus, specialty sector investing, such as healthcare, financials, or energy, will be subject to greater volatility than investing more broadly across many sectors and companies. Relative trend is an assessment of the intermediate term price trend and performance between various asset classes and sectors. For sectors each sector's relative trend is versus the S&P 500.

Yield spread is the difference between yields on differing debt instruments, calculated by deducting the yield of one instrument from another. The higher the yield spread, the greater the difference between the yields offered by each instrument. The spread can be measured between debt instruments of differing maturities, credit ratings, and risk. Bank loans are loans issued by below investment-grade companies for short-term funding purposes with higher yield than short-term debt and involve risk. For the purposes of this publication, intermediate-term bonds have maturities between three and 10 years, and short-term bonds are those with maturities of less than three years.

Bond values will decline as interest rates rise and bonds are subject to availability and change in price. Corporate bonds are considered higher risk than government bonds. Municipal bonds are subject to availability and change in price. Interest income may be subject to the alternative minimum tax. Municipal bonds are federally tax-free but other state and local taxes may apply. If sold prior to maturity, capital gains tax could apply. U.S. Treasuries may be considered "safe haven" investments but do carry some degree of risk including interest rate, credit, and market risk. Bond yields are subject to change. Certain call or special redemption features may exist which could impact yield. Mortgage-backed securities are subject to credit, default, prepayment, extension, market and interest rate risk.

Municipal bonds are subject to availability and change in price. They are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise. Interest income may be subject to the alternative minimum tax. Municipal bonds are federally tax-free but other state and local taxes may apply. If sold prior to maturity, capital gains tax could apply.

High yield/junk bonds (grade BB or below) are not investment grade securities, and are subject to higher interest rate, credit, and liquidity risks than those graded BBB and above. They generally should be part of a diversified portfolio for sophisticated investors.

Floating rate bank loans are loans issues by below investment grade companies for short term funding purposes with higher yield than short term debt and involve risk.

Credit Quality is one of the principal criteria for judging the investment quality of a bond or bond mutual fund. Credit ratings are published rankings based on detailed financial analyses by a credit bureau specifically as it relates to the bond issue's ability to meet debt obligations. The highest rating is AAA, and the lowest is D. Securities with credit ratings of BBB and above are considered investment grade. Duration is a measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. It is expressed as a number of years.

Preferred stock dividends are paid at the discretion of the issuing company. Preferred stocks are subject to interest rate and credit risk. As interest rates rise, the price of the preferred falls (and vice versa). They may be subject to a call feature with changing interest rates or credit ratings.

Alternative investments may not be suitable for all investors and should be considered as an investment for the risk capital portion of the investor's portfolio. The strategies employed in the management of alternative investments may accelerate the velocity of potential losses. Alternative investments are include non-traditional asset classes. This may include hedge funds, private equity/debt/credit, etc. This may also include Business Development Companies (BCDs) and Opportunity Zone investments. These are not registered securities and there may be significant restrictions on purchase and suitability requirements. Please contact your advisor for any further information.

The HFRX Absolute Return Index is designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies; including but not limited to convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage.

The HFRX Equity Hedge Index measures the performance of the hedge fund market. Equity hedge strategies maintain positions both long and short in primarily equity and equity derivative securities.

The HFRI® Indices are broadly constructed indices designed to capture the breadth of hedge fund performance trends across all strategies and regions.

The HFRI Institutional Macro Index is a global, equal-weighted index of hedge funds with minimum assets under management of USD $500MM which report to the HFR Database and are open to new investments.

Event driven strategies, such as merger arbitrage, consist of buying shares of the target company in a proposed merger and fully or partially hedging the exposure to the acquirer by shorting the stock of the acquiring company or other means. This strategy involves significant risk as events may not occur as planned and disruptions to a planned merger may result in significant loss to a hedged position. Managed futures are speculative, use significant leverage, may carry substantial charges, and should only be considered suitable for the risk capital portion of an investor's portfolio.

Commodity-linked investments may be more volatile and less liquid than the underlying instruments or measures, and their value may be affected by the performance of the overall commodities baskets as well as weather, geopolitical events, and regulatory developments. The fast price swings in commodities and currencies will result in significant volatility in an investor's holdings. Any futures referenced are being presented as a proxy, not as a recommendation. Commodities include increased risks, such as political, economic, and currency instability, and may not be suitable for all investors. Precious metal investing involves greater fluctuation and potential for losses.

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Important Disclosures

There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.

Investing in foreign and emerging markets securities involves special additional risks. These risks include, but are not limited to, currency risk, geopolitical risk, and risk associated with varying accounting standards. Investing in emerging markets may accentuate these risks. All information is believed to be from reliable sources; however, LPL Financial makes no representation as to its completeness or accuracy. Precious metal investing involves greater fluctuation and potential for losses.

Earnings per share (EPS) is the portion of a company's profit allocated to each outstanding share of common stock. EPS serves as an indicator of a company's profitability. Earnings per share is generally considered to be the single most important variable in determining a share's price. It is also a major component used to calculate the price-to-earnings valuation ratio.

Gross Domestic Product (GDP) is the monetary value of all the finished goods and services produced within a country's borders in a specific time period, though GDP is usually calculated on an annual basis. It includes all of private and public consumption, government outlays, investments and exports less imports that occur within a defined territory.

All index data from FactSet.

The Strategic and Tactical Asset Allocation Committee (STAAC) is a division of LPL Research.

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