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Printed 4/02/2026*

# Quick Market Update

4/2/2026

Gray Howard – Senior Portfolio manager

Markets remain volatile as we head into the long weekend, with U.S. markets closed tomorrow for Good Friday and Europe closed for Easter Monday. The S&P 500 recently pulled back just shy of 10% from its all-time high before rebounding roughly 4.5%. Coming into this week, the market was oversold and due for some form of bounce.<sup>1</sup> The key question on most investors' minds is whether the bottom is in or are we likely to retest Monday's low — and potentially move lower. While that question is difficult to answer with certainty, it's helpful to step back and look at the broader context.

Entering 2026, the S&P 500 was already up approximately 100% from the 2022 bear-market lows. Recall that most of Wall Street was overly bearish in 2023, remained skeptical throughout much of 2024, and only began to turn optimistic in 2025 — just in time to panic last April when the tariff plan was rolled out. As we noted in our 2026 Outlook, entering the fourth year of this bull market means we are no longer in the early innings. The “fat pitches” are less frequent, volatility should be expected, but our view was — and remains — that 2026 should still be a good year for equities.<sup>2</sup>

It's also important to remember that market corrections are normal and healthy, particularly during midterm election years, which historically tend to experience higher volatility. Pullbacks help reset sentiment, work off excess optimism, and create opportunities for disciplined, long-term investors rather than signaling the end of a cycle.<sup>3</sup>

Recent concerns around AI-related disruptions have dominated headlines, but we believe these fears are overblown. Positioning had become crowded following an exceptional run, making some consolidation inevitable. Importantly, earnings revisions remain strong, especially among the Magnificent Seven, where balance sheets are healthy, free cash flow generation remains robust, and secular growth drivers are firmly intact.<sup>4</sup>

Investors have also been concerned about private credit but it's important to note that private credit markets are still largely owned by institutional investors — such as pensions, insurance companies, endowments, and sovereign wealth funds — who typically operate with longer-term horizons and less short-term liquidity

needs. Therefore, the current stresses are better characterized as liquidity mismatches rather than a systemic solvency issue.<sup>7</sup>

On the geopolitical front, risks remain fluid, but there are signs that tensions may be moving toward de-escalation, with key global players coming to the table. Historically, markets tend to discount geopolitical events faster than headlines suggest, particularly when underlying economic and earnings fundamentals remain supportive.<sup>5</sup>

Overall, this period feels less like the start of something more ominous and more like another pause within an ongoing bull market. While volatility may persist in the near term, economic growth remains intact, corporate earnings are expanding, and longer-term fundamentals continue to point in a constructive direction. We suspect that months from now, investors will look back on this stretch as yet another buying opportunity, much like many others we've experienced over the past several years.<sup>6</sup>

Please feel free to reach out if you have any specific questions.

All the best,  
Gray

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The content is only good for the **April of 2026**

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