

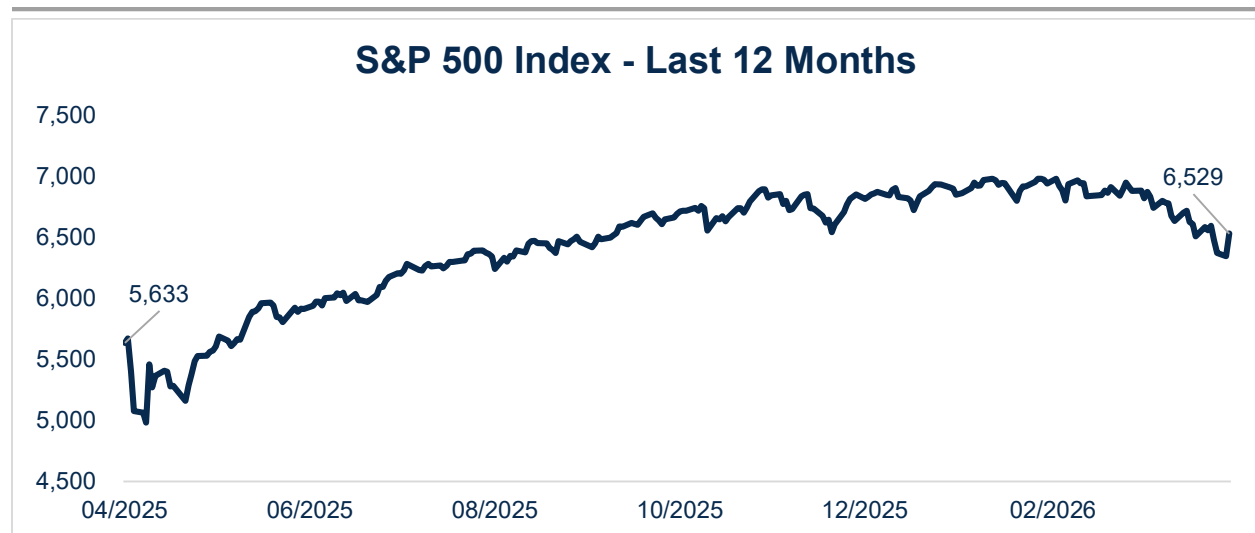
### 1. Quick Stats: Q1 2026 Performance

- **S&P 500 Index:** down 4.35% through Q1, up 17.77% over last twelve months [Source](#)
  - **Bloomberg Aggregate Bond Index:** down 0.05% through Q1, up 4.35% over last twelve months [Source](#)
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### 2. A Note from 46 North

Welcome to 46 North Financial. I hope this letter finds you well getting ready for spring. My goal at 46 North Financial remains focused on your long-term financial health, goals and legacy.

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[Source](#)

### 3. Q1 2026 Market Recap: Volatility and Reality

The first quarter had plenty to digest. We saw a barrage of heavy headlines: the escalation of conflict in the Middle East, Brent Crude oil prices spiking, and a sudden pivot in Fed expectations, to say nothing of the headlines that grabbed everyone's imagination at the beginning of the year like AI buildout and Federal Reserve independence. The current geopolitical conflict coupled with a steady but lukewarm US economy presents a wider range of outcomes than we were looking at in January. This was all a recipe for a choppy stock market in March. While this created significant intraday noise and individual stock swings, the overall market decline remained relatively contained at less than 5%. It is a powerful reminder that while global events spark short-term fear, the underlying structural health of the U.S. economy often acts as a shock absorber. Please also remember that short-term volatility and long-term market direction are rarely correlated.

In 2025, market gains were driven by a combination of expanding multiples (investors paying more for every dollar of profit) and increased earnings (profit of the company). So far in 2026, the focus has shifted to actual earnings delivery. This is a healthier, albeit more demanding, stage of the market cycle where companies must prove their value through bottom-line growth rather than just optimistic sentiment. Healthier still, a larger swath of companies is driving the earnings growth, not just the top few. [Source](#)

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#### 4. Looking Ahead: More Caution, Optimism, and Volatility

We are entering a phase where the "easy gains" of last year are being tested. Here is how we are weighing the current environment:

##### Reasons for Optimism:

- **Consumer Resilience:** Despite the chill in sentiment, early retail data suggests household spending remains durable, supported by a strong labor market. Weekly data on flights booked and restaurant reservations, often harbingers of things to come in our services driven economy, have not changed since the conflict in Iran.
- **Strong Corporate Earnings** – as of 03/31/2026, corporate earnings are expected to grow by 16% in 2026, this number has gone up since the beginning of the year [Source](#)
- **AI Buildout:** We have moved from talking about AI to the physical industrial buildout. Companies are starting to show measurable productivity gains and ROI from their infrastructure investments.

##### Reasons for Caution:

- **The K-Shaped Reality:** We are closely monitoring the divergence in the economy. While asset-holders benefit from market valuations and tax cuts, lower-income households are feeling the "gas pump tax" driven by oil pricing. This is a strong counter-point to the Consumer Resilience point above [Source](#)
- **Energy Costs and the Everything Tax:** The recent conflict in Iran and the closure of the Strait of Hormuz have pushed oil prices toward \$120/barrel. This doesn't just make gas more expensive, it increases the cost of transporting all the goods you buy.

##### Expect Volatility:

We haven't had a major shakeout since 2022. Between the transition to a new Fed Chair in May and geopolitical wildcards, you should expect the market to remain choppy. **This isn't a reason to exit; it's a reason to ensure your asset allocation is properly aligned and we are executing your financial plan.**

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#### 5. Personal Finance

Here are a few items to be considered, I'd love to discuss them with you

- **The Danger of Overreacting:** The biggest risk to your portfolio right now isn't a market dip; it's overreacting to a 24-hour news cycle. Staying disciplined is the only proven way to capture long-term compounding.
- **Diversification Check:** Now is the time to ask: *"Is my portfolio too concentrated in last year's winners?"* We are looking at ways to spread risk across areas that don't go up or down at the same time.
- **Trump Accounts for Children:** A major highlight of the new law is the "Trump Account"—a specialized IRA for minors. These accounts allow families to start tax-advantaged compounding for the next generation earlier than ever before, often with specific federal incentives for early adoption. [Source](#)

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#### 6. Capabilities to Consider

Here are some areas where other clients have been seeing great value

- **Holistiplan/Hazel:** This is an advanced tax-planning software that allows us to upload your tax returns and identify opportunities.
  - *Use Case:* Use this to model the impact of RSU's vesting or to see exactly how the new OBBBA deductions will affect your bottom line in 2026.
- **SBLOC (Securities-Based Line of Credit):** Access liquidity using your portfolio as collateral without selling securities.

- *Use Case:* Ideal for "bridge financing" on a new home or paying a large tax bill without triggering capital gains. [Source](#)
  - **Direct Indexing:** Instead of buying a broad fund, we buy individual stocks within an index.
    - *Use Case:* This allows for granular "Tax-Loss Harvesting" to offset capital gains, which is particularly valuable during the increased volatility we expect this year. If you have a taxable (non-retirement) account and expect future capital gains, let's have a conversation.
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## 7. Reminders

- **Contact Info:** Please update your records with our new email: [nick@46northfinancial.com](mailto:nick@46northfinancial.com) and phone: **303.335.9632**.
  - **Google Reviews:** Your feedback is our greatest compliment. If we've helped you this quarter, please consider leaving us a review on [Google](#).
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## 8. Feedback

Was this Q1 recap helpful? Are you curious about how a Trump Account or Direct Indexing might fit into your strategy? Please reply and let us know.

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## 9. Interesting Reads

- [A Market Reset, not a Breakdown](#)
  - [The Earnings Baton Pass: Why Profits Matter in 2026 \(JPM\)](#)
  - [The K Shaped Economy Continues \(Apollo Academy\)](#)
  - [Market Volatility Doesn't Always Signal Economic Weakness](#)
  - [Sentiment Destruction, Not Demand Destruction](#)
  - [The Cost of Liquidity](#)
  - [A Crude Awakening \(Carlyle\)](#)
  - [Understanding the OBBBA SALT Cap Changes](#)
  - [The Mechanics of Securities-Based Lending \(Schwab\)](#)
  - [Strong Net Foreign Buying of US Assets](#)
  - [Carlyle Economic Indicators](#)
  - [Blackrock Student of the Market](#)
  - [The age of a Volatile, Falling Dollar has Dawned](#)
  - [What the Heirs to General Electric Did Next](#)
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