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Equities

The stock market dropped in March of this year amid war in Iran and the price of oil rising. We wrote the April Portfolio Update on April 1, 2026, and stated, "The stock market is a leading indicator. We expect it to hit bottom and rebound before there is complete certainty regarding Iran and the price of oil. It's too early to know if the low on March 30 will be the bottom, but it did have some behaviors often seen at bottoms, such as the high level of uncertainty." We then concluded the summary with "There is still adequate value, and with earnings growing, we would expect the stock market to be higher a year from now."

The graph shows the S&P 1500 Index from May 1, 2025, through May 1, 2026. Indeed, the market has recovered in spectacular fashion from that March 30th low, prior to any resolution to the Iran conflict.

This new surge has a new personality, or theme, that is different from the prior market advance from November 20, 2025, to the high on February 9, 2026. The table shows recent sector index performance from March 30, 2026, through May 1, 2026. First, the leadership is narrower than before as only three sector indexes are beating the 1500. Second, Information Technology is back among the leaders. Third, just the opposite, Energy has gone from best to worst. The S&P Small-Cap 600 Index is keeping up but not leading as it did in the previous advance. It's important to note that the technology leadership is not just the Magnificent 7 as was the case in 2023 and 2024. As proof, the Information Technology index for the S&P Small-Cap 600 is up 30.79% off the March 30 low.

Why is there a new theme and is it sustainable? From November to February investors believed the Federal Reserve (Fed) would resume its easing path by reducing the Federal Funds rate. The market theme and leadership were very sensible based on the easing expectations. Now, however, with the price of oil much higher, investors do not expect the Fed to ease. In this setting, stock performance is much more individualized and based on each company's earnings and expected growth in those earnings. In that vein, this theme appears sustainable as there are plenty of companies among the leadership that have value and earnings growth potential. With those characteristics we would expect some industries in Industrials and Financials to move up among the leaders.

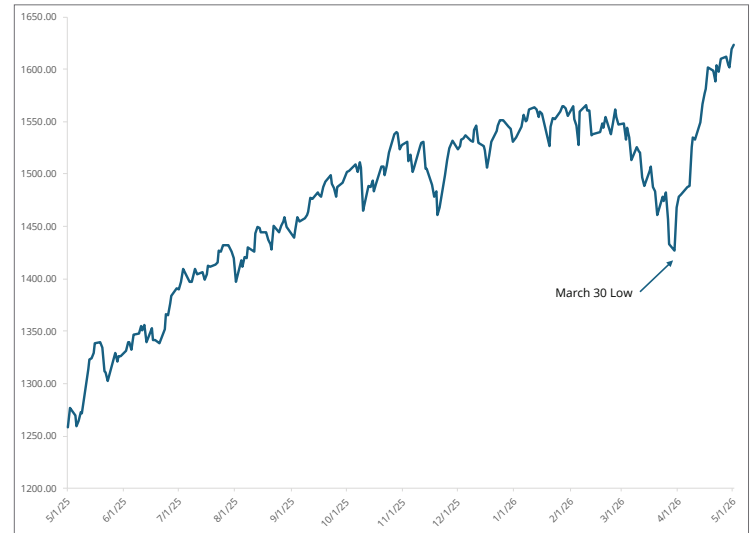
Bonds

The yield on the 10-Year Treasury shot up in March along with the price of oil. In April, it generally traded in the 4.25% to 4.40% range. Given the Iran and oil uncertainty, that range seems sensible to us, but over the long run, we would expect the yield to drift lower.

Summary

315 of the companies in the S&P 500 Index have reported quarterly earnings. On average, they are beating estimates by 20% and have grown 28% from the same period a year ago in 2025. We do not see the behaviors often seen at stock market peaks. Based on value, earnings, and behaviors, we favor owning stocks.

S&P 1500 Index, 5/1/25 - 5/1/26



The data quoted represents past performance, which is no guarantee of future results. Source: Bloomberg

Index Returns, 3/30/26 - 5/1/26

Index	Return
Information Technology	24.3%
Communication Services	23.6%
Consumer Discretionary	15.3%
S&P 1500 Index	13.9%
Industrials	11.0%
Real Estate	10.1%
Financials	7.7%
Materials	5.0%
Consumer Staples	3.2%
Healthcare	1.5%
Utilities	1.4%
Energy	-4.9%

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Investing in securities involves inherent risks, including the risk that you can lose the value of your investment. An investment concentrated in sectors and industries may involve greater risk and volatility than a more diversified investment. Investments in international securities may entail unique risks, including political, market, regulatory and currency risks. In general, there is less governmental supervision of foreign stock exchanges and securities brokers and issuers. Investing in fixed income securities such as bonds involves interest rate risk. When interest rates rise, the value of fixed income securities generally decreases.

Individual account holdings and composition may vary. Opinions and forecasts regarding sectors, industries, companies, countries and/or themes, and portfolio composition and holdings, are all subject to change at any time, based on market and other conditions, and should not be construed as a recommendation of any specific security, industry, or sector.

ICON's value-based investing model is an analytical, quantitative approach to investing that employs various factors, including projected earnings growth estimates and bond yields, in an effort to determine whether securities are over- or underpriced relative to ICON's estimates of their intrinsic value. ICON's value approach involves forward-looking statements and assumptions based on judgments and projections that are neither predictive nor guarantees of future results. Value readings are contingent on several variables including, without limitation, earnings, growth estimates, interest rates and overall market conditions. Although valuation readings serve as guidelines for our investment decisions, we retain the discretion to buy and sell securities that fall beyond these guidelines as needed. Value investing involves risks and uncertainties and does not guarantee better performance or lower costs than other investment methodologies.

ICON's value-to-price ratio is a ratio of the intrinsic value, as calculated using ICON's proprietary valuation methodology, of a broad range of domestic and international securities within ICON's system as compared to the current market price of those securities. According to our methodology, a V/P reading of 1.00 indicates stocks are priced at intrinsic value. We believe stocks with a V/P reading below 1.00 are overvalued while stocks with a V/P reading above 1.00 are undervalued. For example, we interpret a V/P reading of 1.15 to mean that for every \$1.00 of market value, there is \$1.15 of intrinsic value which has not yet been realized in the market price.

The unmanaged Standard & Poor's Composite 1500 (S&P 1500) Index is a broad-based capitalization-weighted index comprising 1,500 stocks of Large-cap, Mid-cap, and Small-cap U.S. companies. The unmanaged Standard & Poor's (S&P) Composite 1500 Sector Indexes track the performance of sectors that comprise the S&P Composite 1500 Index. Total return figures for the unmanaged sector indexes do include the reinvestment of dividends and capital gain distributions but do not reflect the costs of managing a mutual fund. The Standard and Poor's (S&P) 1500 Consumer Discretionary Index is an unmanaged capitalization-weighted index comprising companies in the Consumer Discretionary sector as determined by S&P. Total returns for the unmanaged index include the reinvestment of dividends and capital gain distributions beginning on January 1, 2002. Index returns with reinvested dividends and distributions are unavailable prior to that date. The Standard and Poor's (S&P) 1500 Consumer Staples Index is an unmanaged capitalization-weighted index comprising companies in the Consumer Staples sector as determined by S&P. The Standard and Poor's (S&P) 1500 Energy Index is an unmanaged capitalization-weighted index comprising companies in the Energy sector as determined by S&P. The Standard and Poor's (S&P) 1500 Financials Index is an unmanaged capitalization-weighted index comprising companies in the Financials sector as determined by S&P. The Standard and Poor's (S&P) 1500 Healthcare Index is an unmanaged capitalization-weighted index comprising companies in the Healthcare sector as determined by S&P. The Standard and Poor's (S&P) 1500 Information Technology Index is an unmanaged capitalization-weighted index comprising companies in the Information Technology sector as determined by S&P. The Standard and Poor's (S&P) 1500 Materials Index is an unmanaged capitalization-weighted index comprising companies in the Materials sector as determined by S&P. The Standard and Poor's (S&P) 1500 Industrials Index is an unmanaged capitalization-weighted index comprising companies in the Industrials sector as determined by S&P. Total returns for the S&P 1500 Industrials Index include the reinvestment of dividends and capital gain distributions beginning on January 1, 2002. Index returns with reinvested dividends and distributions are unavailable prior to that date. The Standard and Poor's (S&P) 1500 Real Estate Index is an unmanaged capitalization-weighted index comprising companies in the Real Estate sector as determined by S&P. The Standard and Poor's (S&P) 1500 Utilities Index is an unmanaged capitalization-weighted index comprising companies in the Utilities sector as determined by S&P. Individuals cannot invest directly in an index.

The unmanaged Standard & Poor's (S&P) SmallCap 600 Index is an unmanaged index of 600 domestic stocks chosen for their market capitalization, liquidity, financial viability, and sector representation. The unmanaged Standard & Poor's (S&P) 500 Index is a market value-weighted index of large-cap common stocks considered representative of the broad market.

The 10-year yield is the benchmark 10-year yield to maturity reflected by the current issue 10 year U.S. Treasury note.

Sources: Bloomberg

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