Market Update – Staying Disciplined in a Noisy Market

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2026 has started on a choppy but still constructive note for long-term investors. Stocks are up from a year ago, leadership is broadening beyond last year's big tech winners, and there has been plenty of noise from tariffs, crypto, and geopolitics along the way. Despite the headlines, the core message is that diversified, long-term portfolios remain on track and do not require dramatic changes.

How markets have done YTD

- U.S. stocks are modestly off their recent highs but remain solidly higher than a year ago, with the broad U.S. index up roughly mid-teens year over year as of late February.
- Leadership has shifted from a narrow group of mega-cap tech and AI names toward a wider range of sectors, including energy, materials, staples, and industrials, which all posted strong gains to start the year.
- Smaller companies have been more volatile but are still meaningfully above last year's levels, reflecting improving market breadth.

For investors, the key takeaway is that the market is less dependent on a handful of tech stocks than it was in 2025, which is healthier for long-term stability.

Tariffs and trade: "tariff turmoil"

- The U.S. has imposed a new across-the-board tariff of about 10–15% on many imports, replacing earlier emergency tariffs that were struck down by the Supreme Court.
- These tariffs are currently set to run for roughly 150 days unless Congress extends them, creating uncertainty for companies that rely on global supply chains.
- Over time, tariffs can act like a tax on trade: they may raise some government revenue but tend to weigh on growth and corporate margins at the margin.

From a portfolio standpoint, this argues for broad global diversification rather than trying to guess which single country or sector “wins” or “loses” each trade headline.

Precious metals and the crypto “crash”

- Cryptocurrencies have experienced a sharp drawdown in early 2026
- Precious metals, which had been strong, also saw a sudden drop, with gold down double digits in a day and silver down even more, reminding investors that “safe havens” can be volatile over short periods too.
- The crypto weakness has been tied to shifting risk appetite, pressure on AI-related narratives, and forced selling by some miners, rather than a single structural failure in the system.

For diversified investors, the important point is that these are typically satellite, higher-risk holdings; they should not be the foundation of a long-term plan and are sized accordingly in most balanced portfolios.

The Fed, interest rates, and inflation

- Inflation data has continued to trend in a direction the Federal Reserve is reasonably comfortable with, even if it is not perfectly smooth month to month.
- Markets are still debating the exact timing and pace of future rate cuts, but the big shift from the rapid hikes of 2022–2023 is likely behind us.
- Changes in Fed leadership and Fed-related political noise have added to short-term volatility but have not fundamentally altered the central bank’s dual mandate of price stability and employment.

For investors, this environment tends to reward staying invested in a mix of stocks and high-quality bonds.

Geopolitics, elections, and other worries

- Geopolitical tensions and conflict remain elevated in several regions, and U.S. political headlines—from tariff policy to Fed investigations—are contributing to day-to-day market swings.
- Historically, markets have navigated wars, elections, and policy shifts many times; the pattern is often short-term volatility followed by a refocus on earnings, growth, and innovation.
- Corporate fundamentals and consumer spending, remain broadly supportive of the current elevated valuations.

The lesson is that news flow and portfolio health are not the same thing; your plan is built to live through headline cycles.

What this means for your portfolio going forward

- Expect more “normal” volatility: With leadership broadening and policy in flux, 2026 may feature more back-and-forth moves rather than a straight-line rally.
- Diversification is working: Different sectors and asset classes are taking turns leading and lagging, which is exactly why we diversify.
- Stay aligned with your plan: Your allocation is designed around your time horizon, risk tolerance, and income need, not around this month’s tariffs or news headlines.

A simple way to think about it: if your goal is five, ten, or twenty years away, the most important decisions are still how much you save, how diversified you are, and how consistently you stay invested.

In market environments like we are experiencing now — with shifting leadership, tariff headlines, crypto volatility, gold swings, and ongoing Fed uncertainty, emotion can easily become the biggest risk to long-term investors. PRO and PRO Elite aim to manage risk specifically for these conditions. Their quantitative, rules-based structure removes guesswork and reduces the temptation to react to every headline. The strategies systematically adjust exposure based on objective data, helping manage downside risk while remaining positioned to participate when conditions improve. In uncertain markets, discipline and process matter most — and that is exactly what PRO strives to deliver.

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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.