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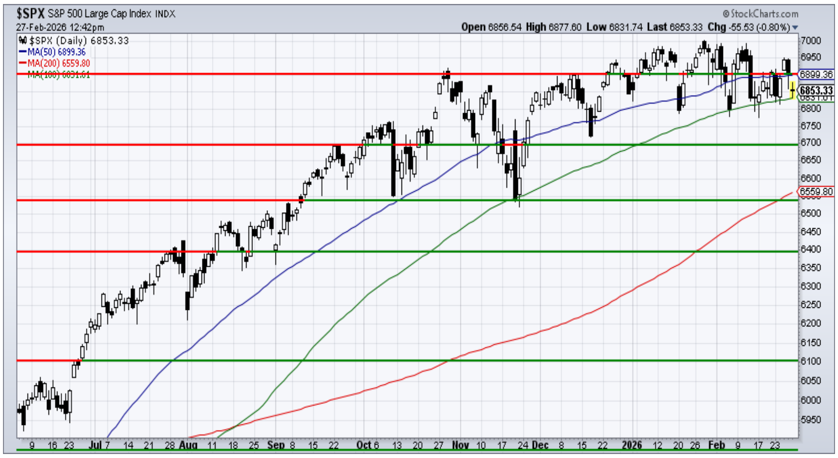
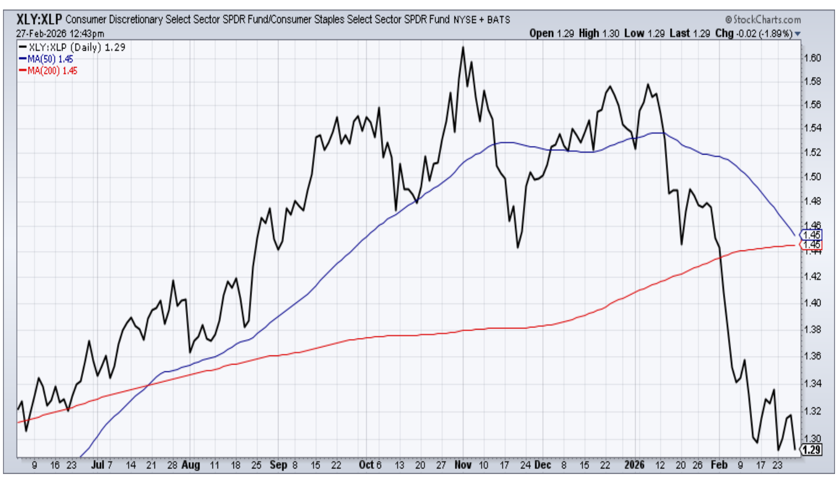
BAM MARKET NOTE

FEBRUARY 27, 2026



Morning weakness moved the S&P 500 back down to support at the 100-day moving average. Fortunately, support has held to this point. This support has held several times over the last 3 months and remains a line in the sand for the bulls. A break below support would raise the specter of a greater market correction. As noted previously, the S&P has been flat over the last 4 months as we sit at the same levels as November of last year. The market rotation we are seeing is a very constructive way of working off any overbought readings from the leaders of last year. The market remains in a bullish part of the year and despite the weakness, we remain optimistic.



To illustrate the market rotation we have seen, a quick look at the relative strength of consumer staples vs consumer discretionary shows this clearly. Since early in 2026, consumer staples have been significantly outperforming discretionary stocks. The disparity is beginning to look a little overdone and a reversal of some significance would not be unexpected. In fact, we believe that discretionary stocks are likely to reverse to the upside over the coming weeks. What they do after any initial surge will determine if the rotation is longer lasting or simply a short-term adjustment to work off last year's overbought nature of many of the discretionary names.

Our Point

Reading the headlines and listening to the talking heads on the financial channels, you would think we have entered into a bear market! However, a quick look at the major indices shows that they all remain a few percentage points from all-time highs. As we showed last week, a rising advance/decline line is not indicative of the start of a large decline. Obviously, markets are fluid and can change quickly. In fact, that is exactly why we choose to manage our client accounts actively and with technical analysis (responding to what markets are doing and not what we think they will do). If market conditions change, so will we! Today's weakness can be attributed to a stronger than expected PPI (inflation report), increased tensions in the Middle East (Iran) and a weekend where anything might happen. As we mentioned last week, earnings from Nvidia would be widely watched and would be market moving. The Nvidia earnings did not disappoint as they handily beat all the expected metrics and continued to paint a rosy picture for future earnings. As has been the case for the last several Nvidia earnings reports, the stock rose in anticipation of earnings and fell on the actual earnings announcement. Buy the rumor, sell the news. The market reaction to the earnings indicate that the aversion to AI related stocks may continue for a few more weeks. While earnings season is mostly done, we do get two significant AI names (Crowdstrike and Marvell) next week that could move the technology sector. Additionally, the jobs report next Friday will be widely watched for indications of future fed interest rate policy. Any escalation with Iran will create additional market volatility. We made no changes to our holdings this week as we continue to wait for additional clarity on the tech sector. We have shifted some of our tech holdings into other better performing areas over the last several weeks but continue to believe that the demise of the AI trade is a little exaggerated. On a tax note, if you haven't yet received your tax documents, Fidelity expects to release final 1099s over the next 2 weeks. With sunny skies and spring-like temperatures, it will be a good weekend to be outside. We plan to do just that most of the weekend! Enjoy yours wherever it finds you.