

# Second Quarter 2026 Equities and Fixed Income Review

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CANDOR ASSET ADVISORS

# Agenda

- Equities Challenges
- Equities Opportunities
- Fixed Income



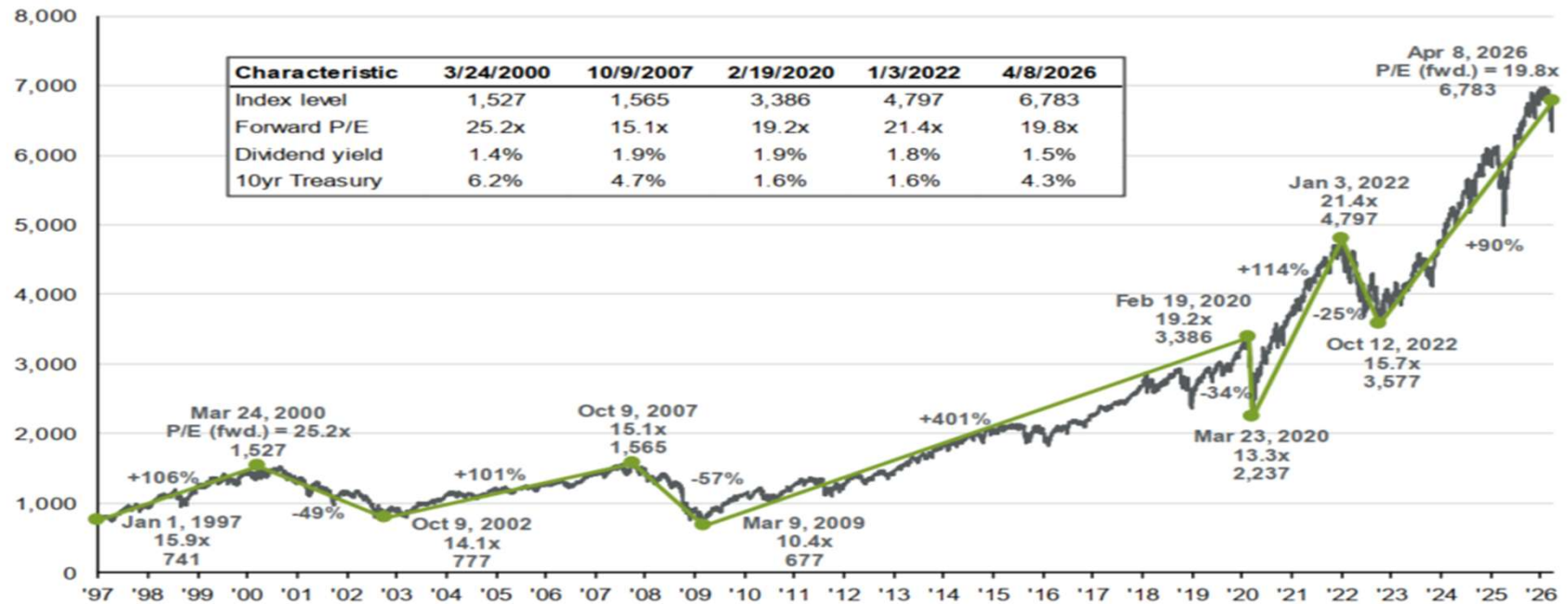
# Equities Investment Backdrop

Challenges



# The S&P has had a good run and particularly since 2020

**S&P 500 Price Index**



Source: FactSet, Federal Reserve, Refinitiv Datastream, Standard & Poor's, J.P. Morgan Asset Management. Dividend yield is calculated as consensus analyst estimates of dividends in the next 12 months, provided by FactSet, divided by the most recent S&P500 index price. Forward P/E ratio is the most recent S&P 500 index price divided by consensus estimates for earnings in the next 12 months, provided by IBES since January 1997 and FactSet since January 2022. Returns are cumulative and do not include the reinvestment of dividends. Past performance is no guarantee of future results. Guide to the Markets – U.S. Data are as of April 8, 2026.

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Global stock markets rallied since 2025 in most countries

The US underperformed in 2025 and 2026 YTD but outperformed most of the time from 2008-2025.

Returns	2026 YTD		2025		15-years Ann.
	Local	USD	Local	USD	
<b>Regions</b>					
U.S. (S&P 500)	-	-0.6%	-	17.9%	13.4%
AC World ex-U.S.	7.4%	7.2%	25.1%	33.1%	6.3%
EAFE	6.0%	6.1%	21.2%	31.9%	6.9%
Eurozone	3.8%	3.3%	24.7%	41.3%	6.8%
Emerging markets	10.8%	10.2%	32.1%	34.4%	4.5%
<b>Selected Countries</b>					
Japan	11.4%	10.3%	24.7%	25.1%	7.9%
UK	8.3%	8.2%	25.8%	35.1%	6.2%
France	2.0%	1.6%	14.2%	29.5%	6.7%
Canada	6.0%	5.0%	30.9%	37.4%	6.6%
Germany	-1.0%	-1.4%	20.9%	37.1%	5.9%
China	-4.3%	-4.5%	30.7%	31.4%	3.5%
Taiwan	22.7%	21.5%	34.0%	39.8%	14.3%
Korea	48.1%	45.0%	96.5%	100.8%	7.9%
India	-7.0%	-9.7%	9.5%	4.3%	5.5%
Brazil	16.9%	24.1%	35.6%	50.4%	1.1%

Source: JP Morgan Asset Management  
Past performance is not a guarantee or predictor of future performance.



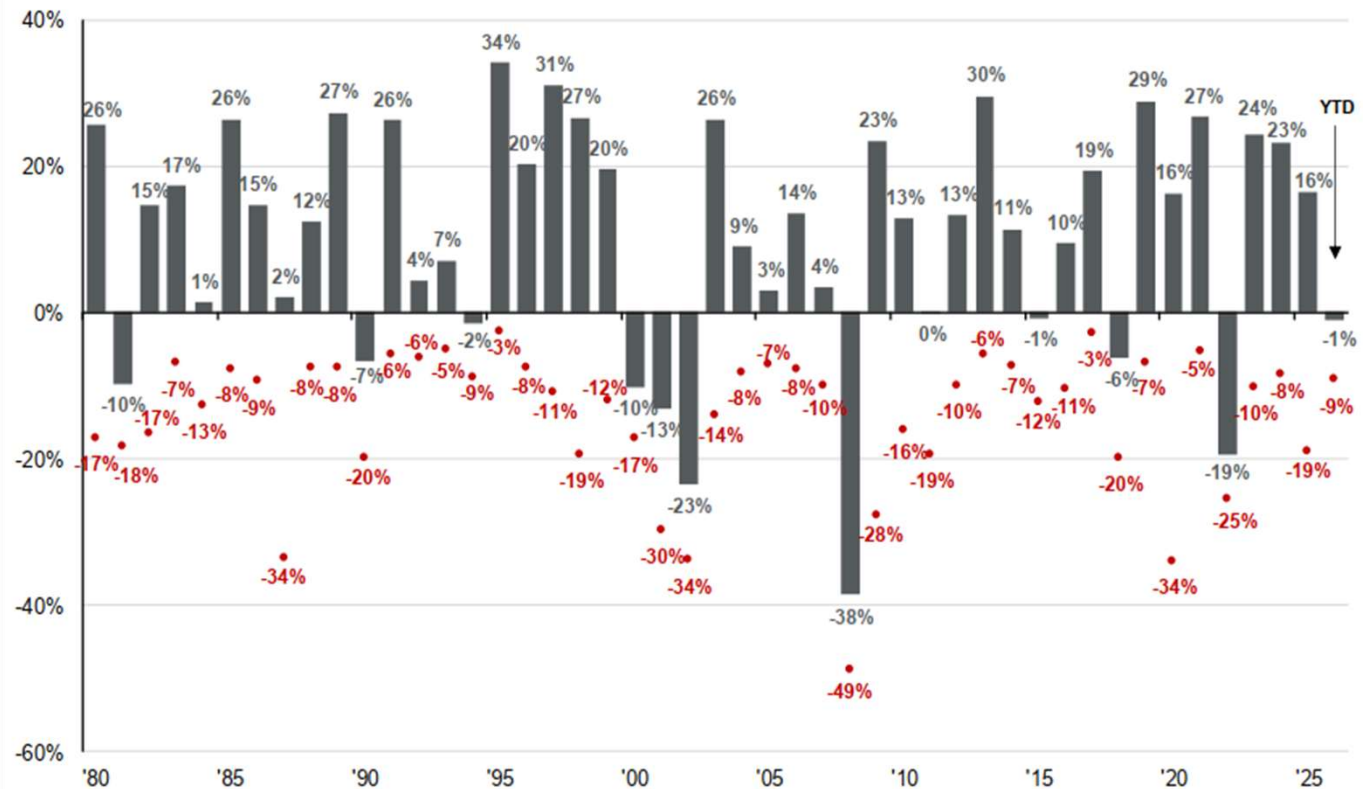
As stock investors be prepared for market volatility:

10-20% corrections have occurred in 17 of the last 45 years

Stock bear markets have occurred in 9 of the last 45 years

### S&P 500 intra-year declines vs. calendar year returns

Despite average intra-year drops of 14.2%, annual returns were positive in 35 of 46 years



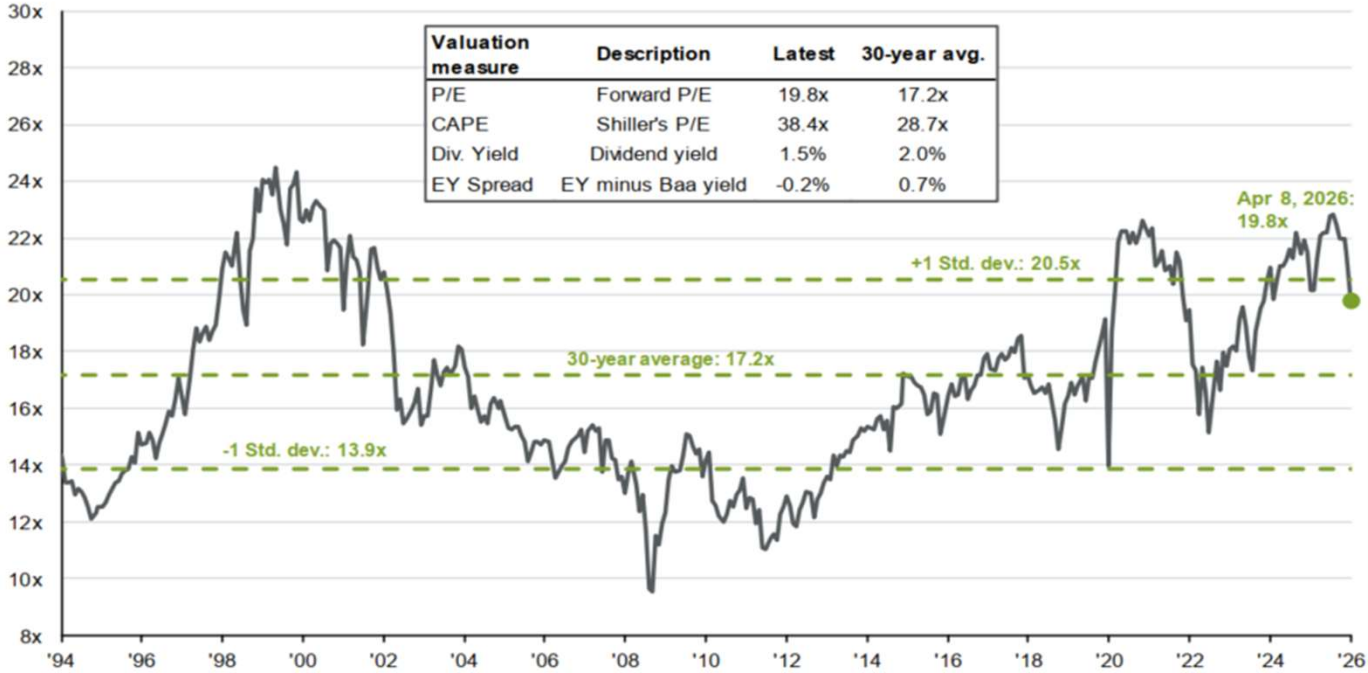
Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management. Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest peak-to-trough decline during the year. Returns shown are calendar year returns from 1980 to 2025, over which the average annual return was 10.7%. Past performance is no guarantee of future results. Guide to the Markets - U.S. Data are as of April 8, 2026.

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# The S&P valuation has retreated year-to-date but remains elevated versus history

**S&P 500 index: Forward P/E ratio**

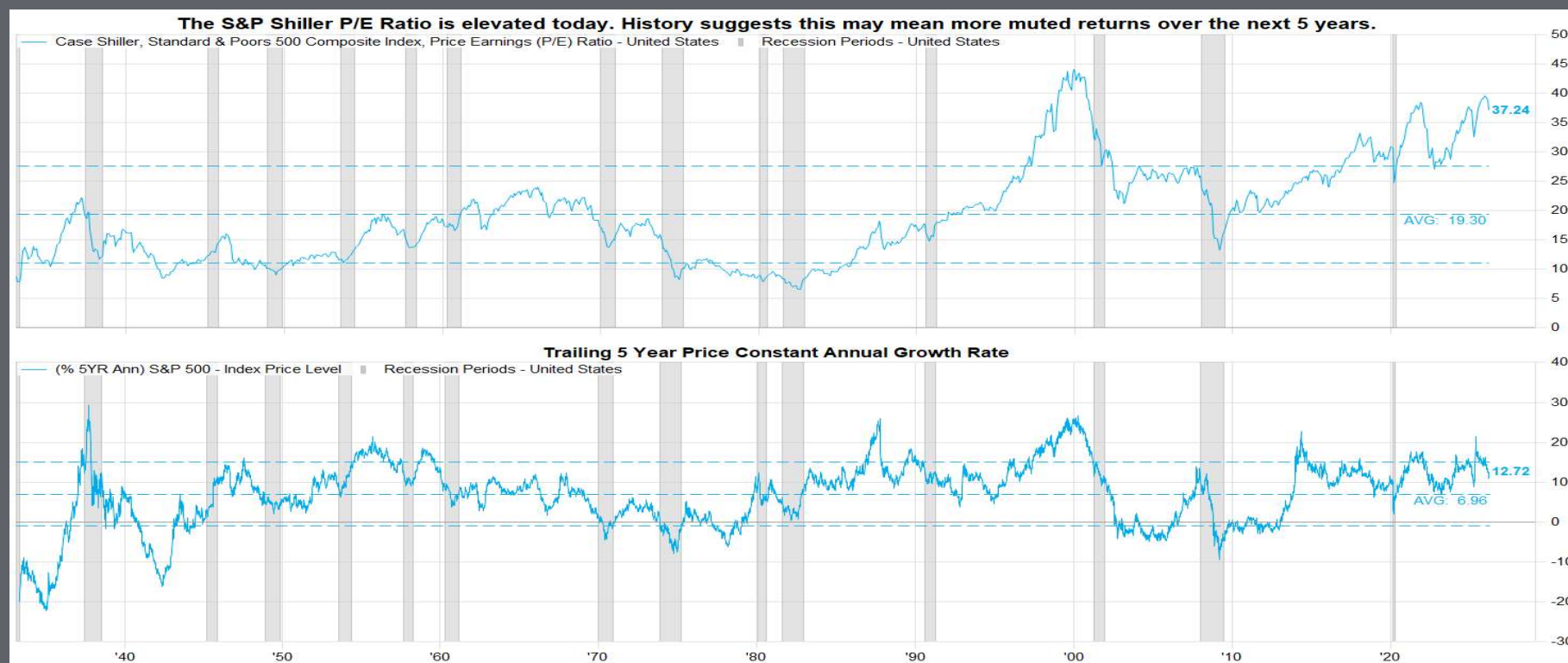


Source: Bloomberg, FactSet, Moody's, Refinitiv Datastream, Robert Shiller, Standard & Poor's, J.P. Morgan Asset Management. Forward P/E ratio is the most recent S&P 500 index price divided by consensus analyst estimates for earnings in the next 12 months, provided by IBES since March 1994 and FactSet since January 2022. Shiller's P/E uses trailing 10-years of inflation-adjusted earnings as reported by companies. Dividend yield is calculated as consensus estimates of dividends in the next 12 months, provided by FactSet, divided by the most recent S&P 500 index price. EY minus Baa yield is the forward earnings yield (the inverse of the forward P/E ratio) minus the Bloomberg U.S. corporate Baa yield since December 2008 and interpolated using the Moody's Baa seasoned corporate bond yield for values beforehand. *Guide to the Markets - U.S.* Data are as of April 8, 2026.



Source: JP Morgan Asset Management  
 Past performance is not a guarantee or predictor of future performance. Stocks are not guaranteed and have been more volatile than other asset classes.

## History suggest high valuations usually correlate with lower returns over the next 3-5 years

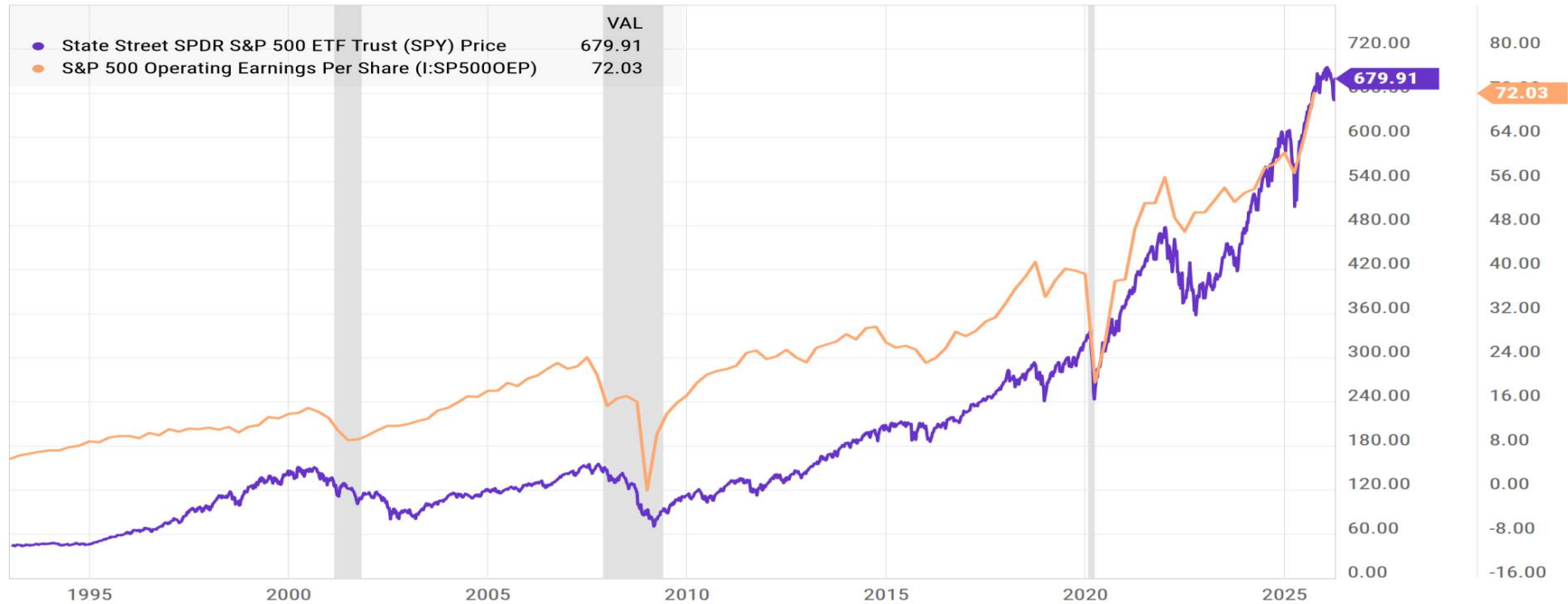


The Shiller P/E ratio is calculated by dividing the current price by the average inflation-adjusted 10-year EPS of an index or company. To calculate the Shiller P/E ratio, you adjust the past ten year's S&P 500 company earnings for inflation using CPI, sum them up and then divide them by 10. The Shiller P/E ratio is also known as the Cyclically Adjusted Price to Earnings (CAPE) Ratio or PE 10 Ratio.

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**The S&P and S&P earnings tend to track one another over time**



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Apr 9, 2026, 9:33 PM EDT Powered by YCHARTS

Earnings grew 13% in 2025. Earnings are expected to grow 18% in 2026.

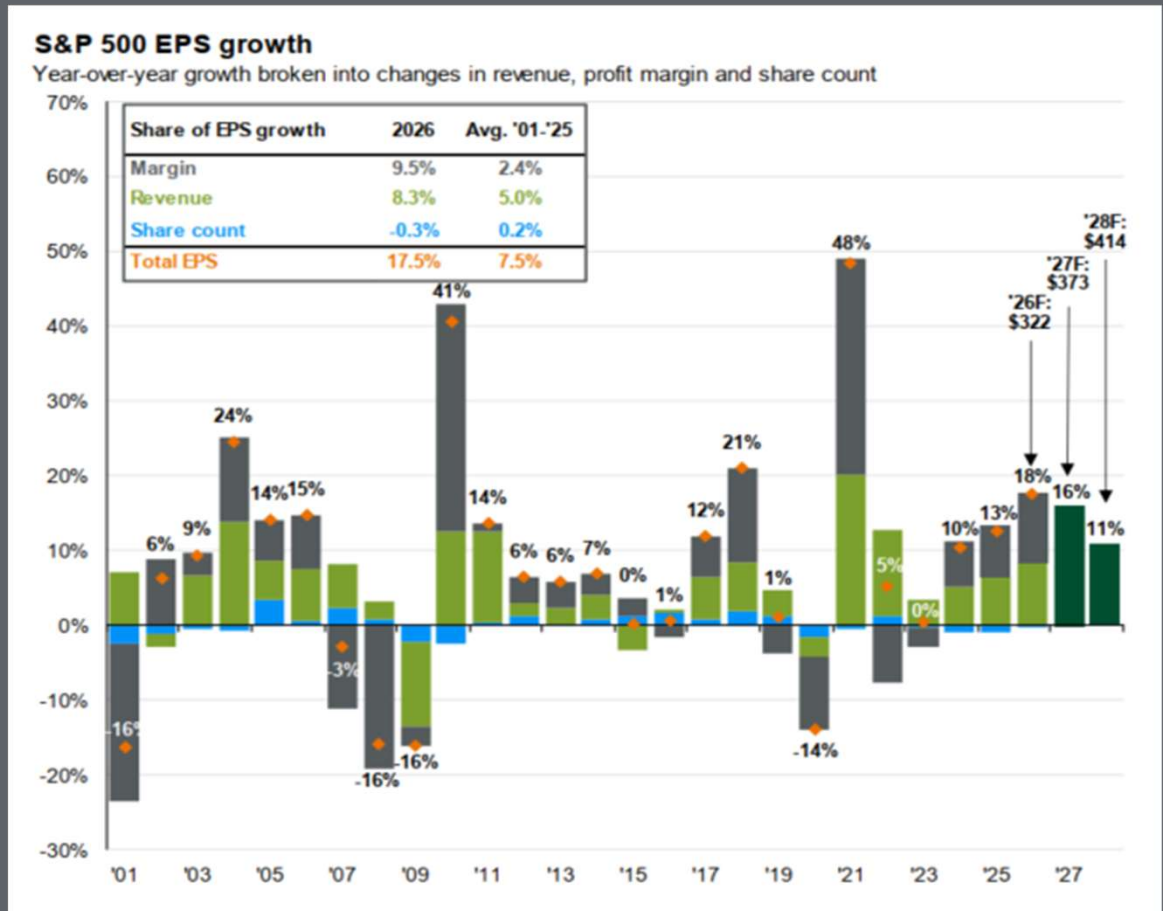
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See disclosures at end of document.

S&P sales and earnings growth have and are expected to be a bright spot

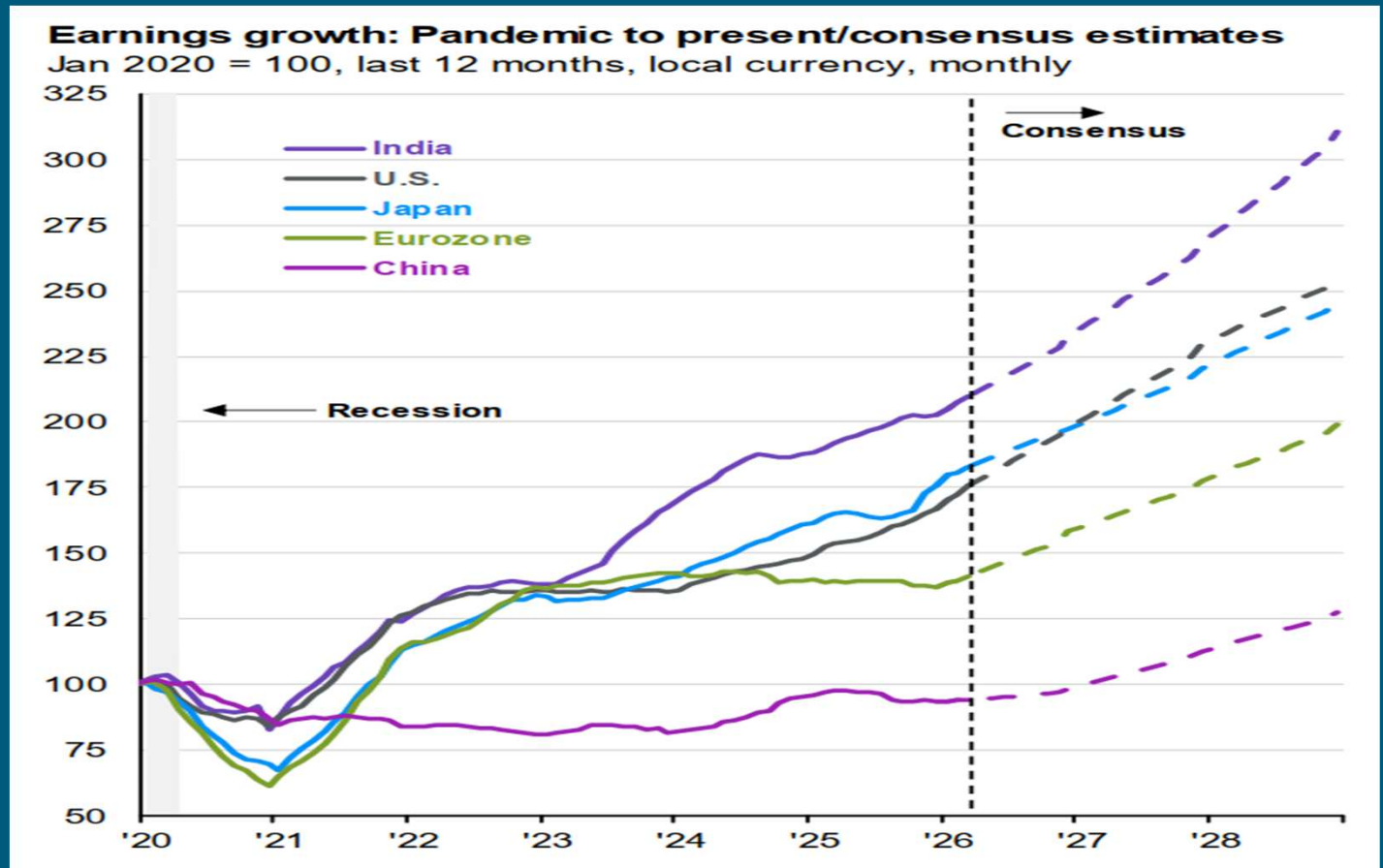


Source: JP Morgan Asset Management



Analysts expect solid & similar earnings growth globally over the next 2 years.

US relative earnings growth exceeded the Eurozone and China throughout most of 2020-2025.



Source: JP Morgan Asset Management



Earnings have been coming in above expectations. Consensus estimates are factoring in solid growth. Earnings risk is noteworthy if a recession occurs.

	Consensus Estimates			Past Recessions Since 2001	If Recession Starts in 2026E	Implied Revision
	2024	2025	2026			
Sales Per Share	\$508.59	\$547.24	\$592.66		\$541.69	-1.0%
Annual Growth	3.8%	7.6%	8.3%	-1.0%		
EPS	\$210.17	\$238.54	\$280.29		\$131.53	-44.9%
Annual Growth	9.2%	13.5%	17.5%	-44.9%		
Dividend Per Share	\$74.83	\$78.92	\$98.10		\$77.27	-2.1%
Annual Growth	5.1%	6.4%	5.5%	-2.1%		
Average of Three						-16.0%



Source: Candor Asset Advisors and FactSet

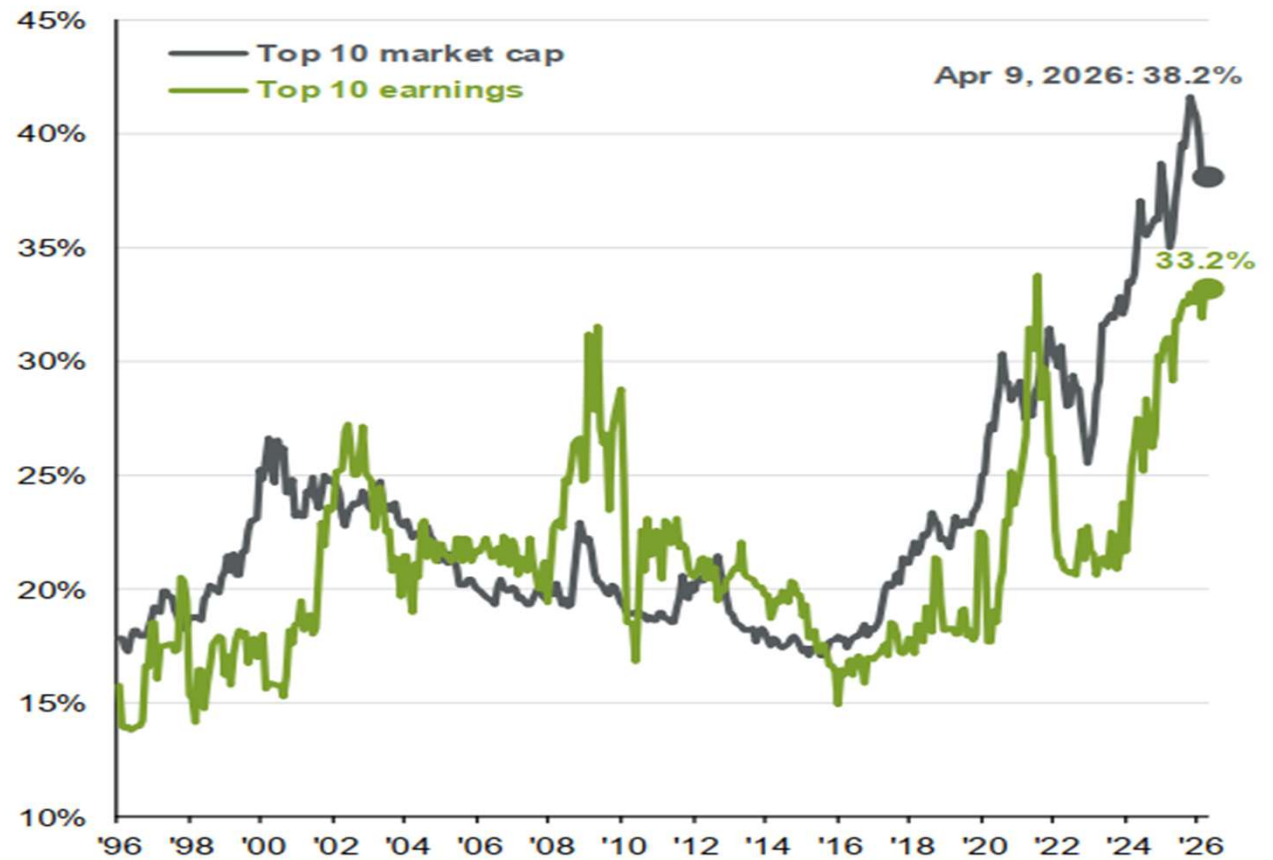


The S&P is  
top heavy  
now

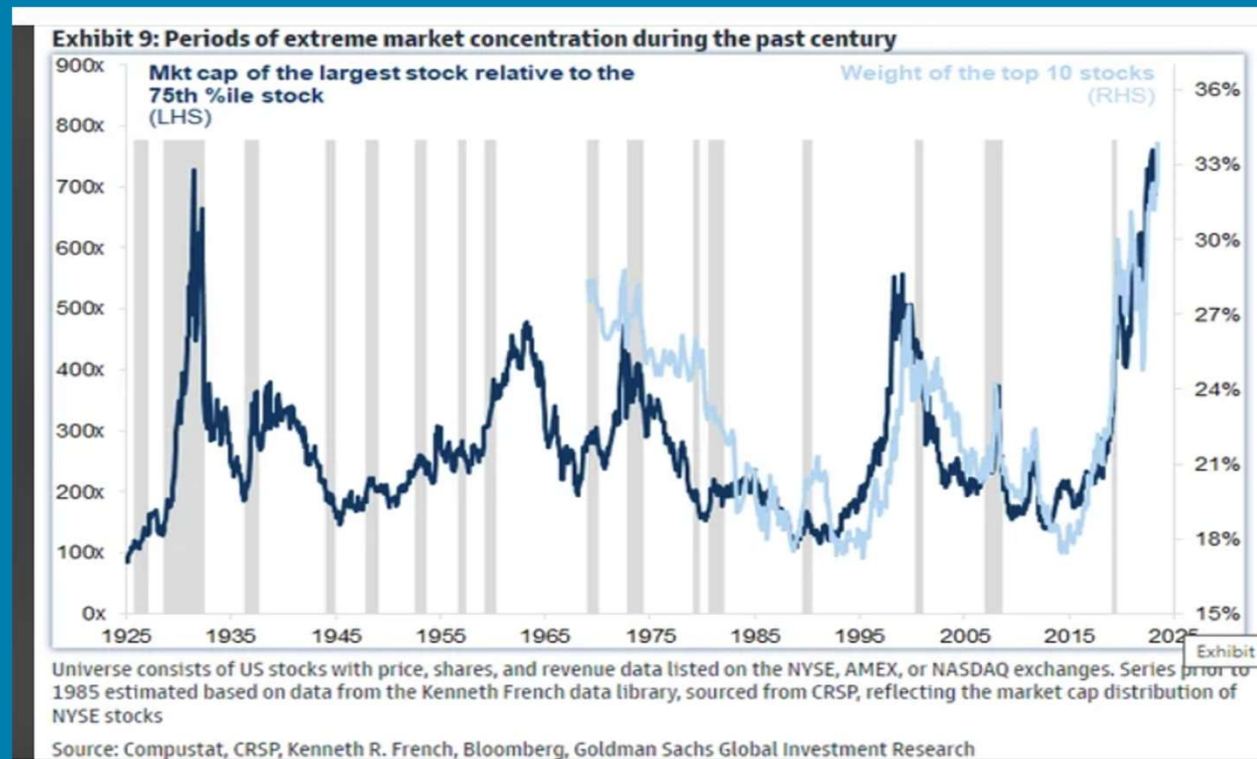
Source: JP Morgan  
Asset Management

### Weight of the top 10 companies in the S&P 500

% of market capitalization, % of last 12 months' earnings



Stock market returns are usually more muted after times of great market concentration. The 2020s have been an outlier to date.



Average Annual Large Cap Stock Returns  
1925-2024 12.2%

Average Returns During Decades When Stock Market Concentration was more pronounced

- 1930s 5.3%
- 1960s 8.7%
- 1970s 7.5%
- 2000s 1.2%
- 2020-2024 15.7%

Source: Ibbotson

Note, the current top 10 S&P weight as of 4/8/26 is 38%.

## 8 of the top 10 S&P constituents are primarily tech plays

Top 10 S&P Constituents April 10, 2026

<u>Rank</u>	<u>Company Name</u>	<u>Ticker</u>	<u>Year Founded</u>	<u>Sector</u>	<u>S&amp;P Weight</u>
1	Nvidia	NVDA	1993	Information Technology	7.6%
2	Apple	AAPL	1976	Information Technology	6.5%
3	Alphabet	GOOGL	1998	Communications	5.7%
4	Microsoft	MSFT	1975	Information Technology	4.8%
5	Amazon	AMZN	1994	Consumer Discretionary	3.7%
6	Broadcom	AVGO	1991	Information Technology	2.9%
7	Meta	META	2004	Communications	2.3%
8	Tesla	TSLA	2003	Consumer Discretionary	1.7%
9	Berkshire Hathaway	BRK.B	1839/1962*	Financials	1.8%
10	JP Morgan	JPM	1871/2000	Financials	1.5%
				<b>Totals</b>	<b>38.5%</b>

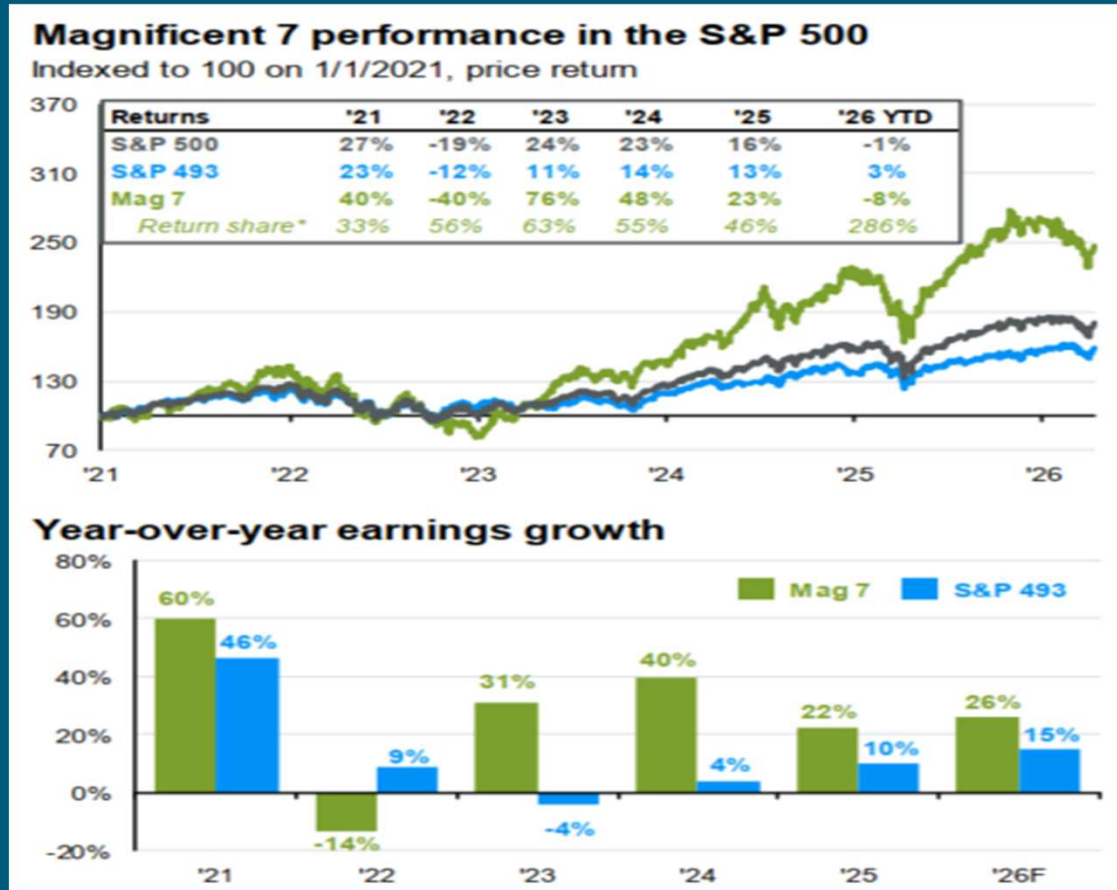
Notice how 4 of these companies were founded in the 1990s and 2 were founded in the 2000s.

That is capitalism's creative destruction at work.



Magnificent 7 Stocks outperformed in 2021, and 2023-2025 but are underperforming year-to-date

Magnificent 7 relative earnings growth remains impressive suggesting these stocks deserve another look



Mag 7: Apple <AAPL>, Alphabet <GOOGL>, Meta <META>, Microsoft <MSFT>, Nvidia <NVDA>, and Tesla <TSLA>

Source: JP Morgan Asset Management

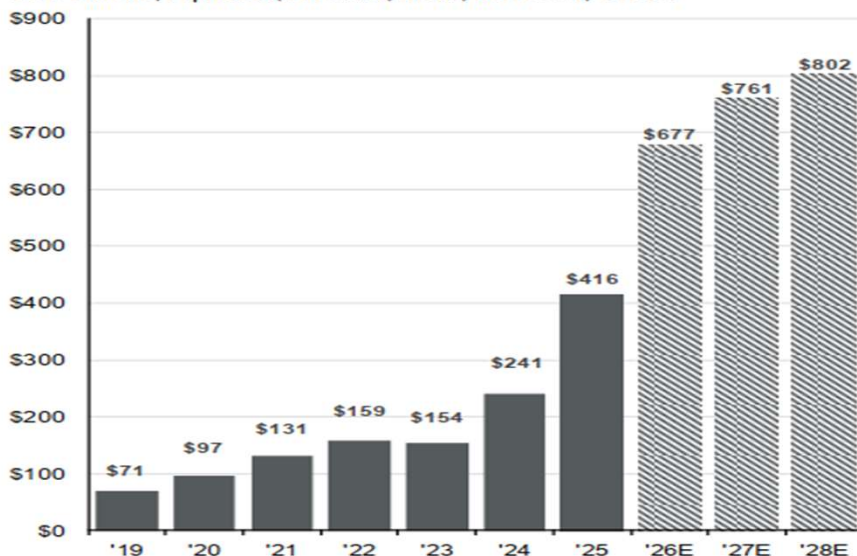
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4 of the 7 Magnificent 7 stocks are AI hyper scalers. They are rapidly increasing cap x in the hope of delivering great productivity gains for their clients. These companies' free cash flow have materially declined. Will their investments pay off and reward investors? Time will tell.

### Capex from the major AI hyperscalers\*

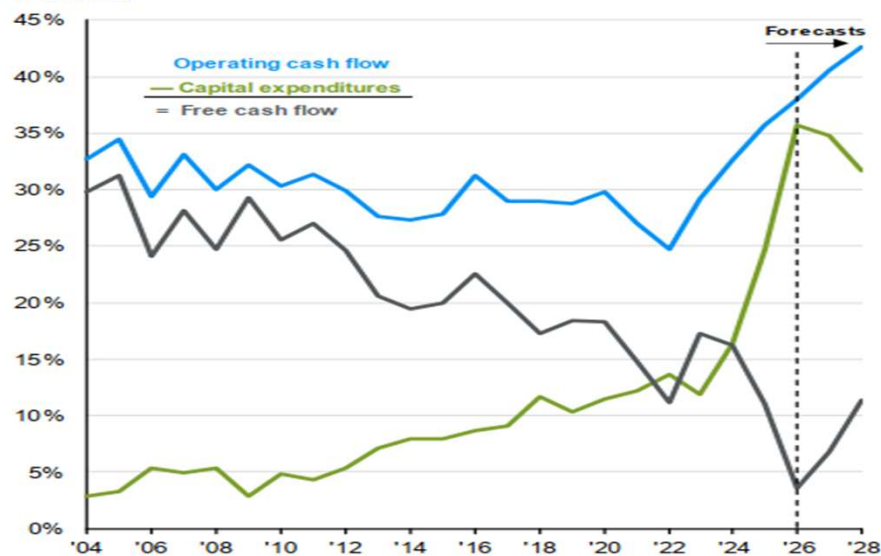
USD billions; Alphabet, Amazon, Meta, Microsoft, Oracle



Source: Bloomberg, J.P. Morgan Asset Management. Data for 2026, 2027 and 2028 reflect consensus estimates. Capex shown is company total. \*Hyperscalers are the large cloud computing companies that own and operate data centers with horizontally linked servers that, along with cooling and data storage capabilities, enable them to house and operate AI workloads. Guide to the Markets – U.S. Data are as of April 8, 2026.

### Hyperscalers' cash flow and capex

% of sales



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## Will the AI investment ROIs prove attractive?

- Early data is mixed
- Bears cite: A MIT study highlighted 95% of AI pilots fail to deliver a meaningful financial return. According to IBM, only 25% of AI projects yield a positive ROI, with just 16% scaling beyond pilot phase.
- Bulls cite: According to SAP, a 16% ROI is expected in one year and 31% within 2 years. According to Financial Times Longitude, successful AI implementors report a 136% ROI over 3 years in the form of strong sales and gross profit growth.



# Equity Challenges

- The S&P has been on a good run over the long run and especially since 2020.
- The stock market had a strong 2025 & 2026 YTD and the US underperformed. The US outperformed most of the last 15 years.
- Stocks come with volatility. Stock corrections have occurred 38% of the time over the last 45 years. Stock bear markets occurred 20% of the time since 1980.
- The S&P's valuation remains elevated, but it has modestly retreated year-to-date.
- Elevated US stock market valuations suggest muted stock returns for the next 3-10 years
- The stock market follows earnings growth and profitability over time
- Current sales and profit estimates assume strong growth in 2025 & 2026
- Current sales and profit estimates face significant cuts if a recession occurs

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# Equity Challenges Continued

- 10 of 12 stock bear markets since 1945 occurred around a recession
- The average stock bear market decline since 1945 was 33.6% and it lasted 12 months. It took 1.7 years on average for the S&P to get back to breakeven.
- The S&P is top heavy now
- High stock market concentration usually correlates with muted stock returns over the next 3-10 years
- 8 of the top 10 S&P constituents are tech plays
- The Magnificent 7 outperformed in 2021, 2023-2025 but have underperformed 2026 YTD.
- 4 of the Magnificent 7 are significantly increasing capital expenditures due to strong customer demand around AI productivity projects.
- AI return on investment studies are inconclusive to date.

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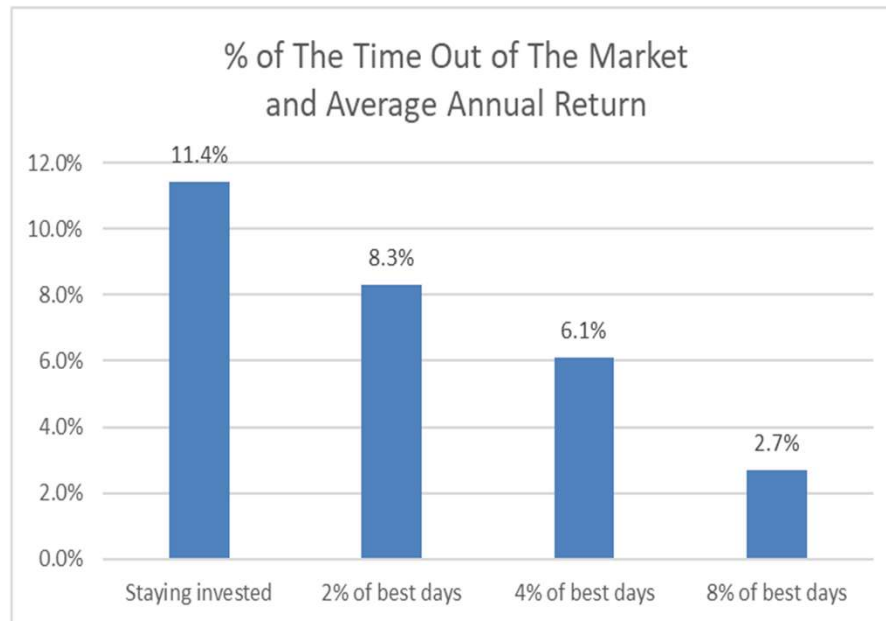
# Equities Investment Backdrop

Opportunities

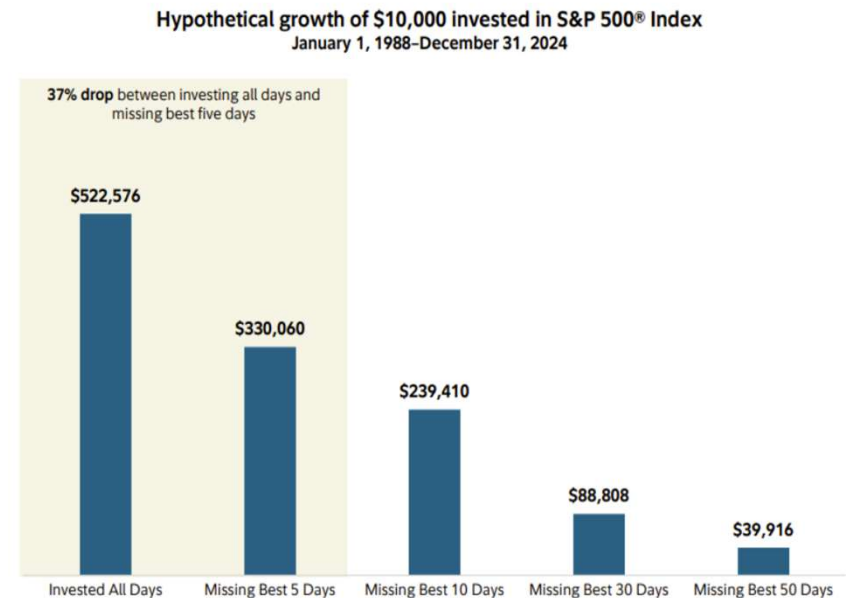


# US stock studies since the 1950s have stressed the same thing: The importance of staying invested

1954-1994



1988-2023

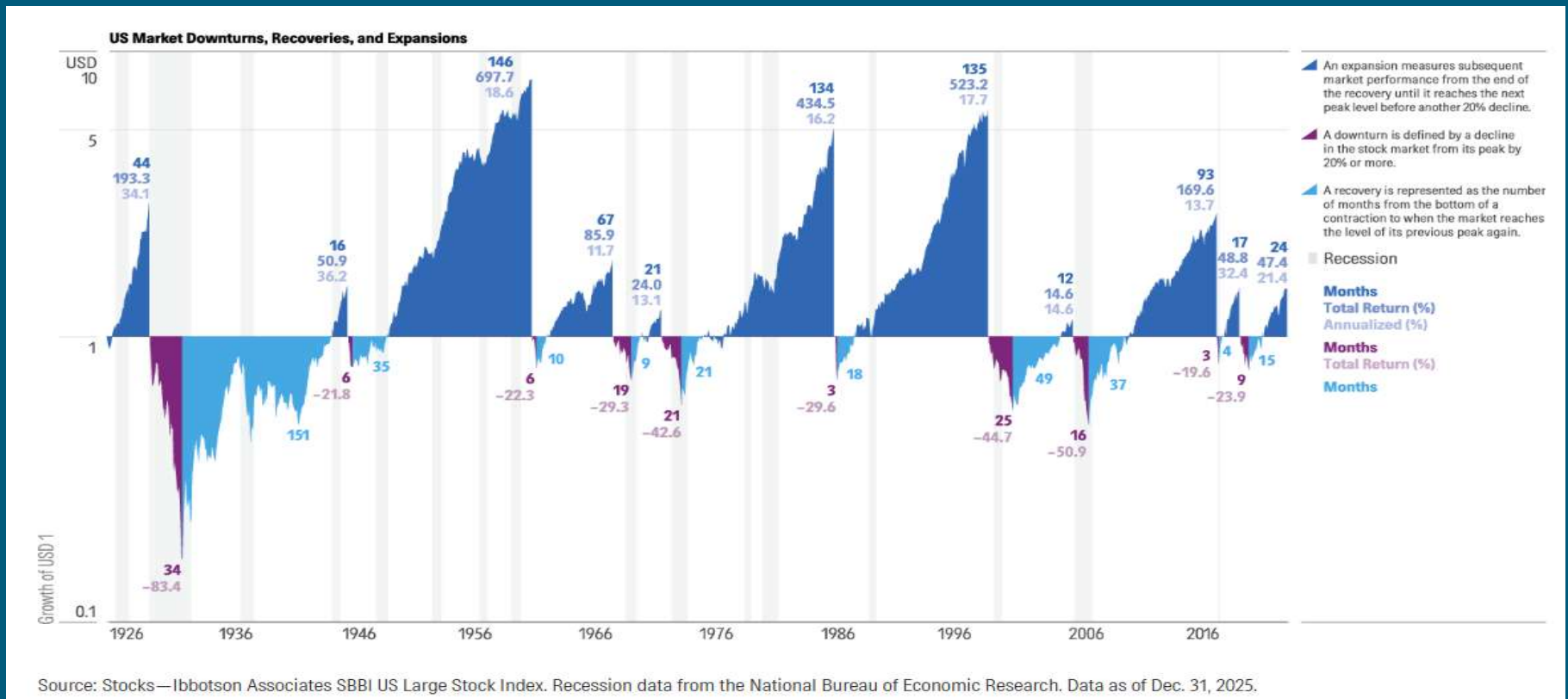


Source: Peter Lynch *One Up On Wall Street*, Fidelity

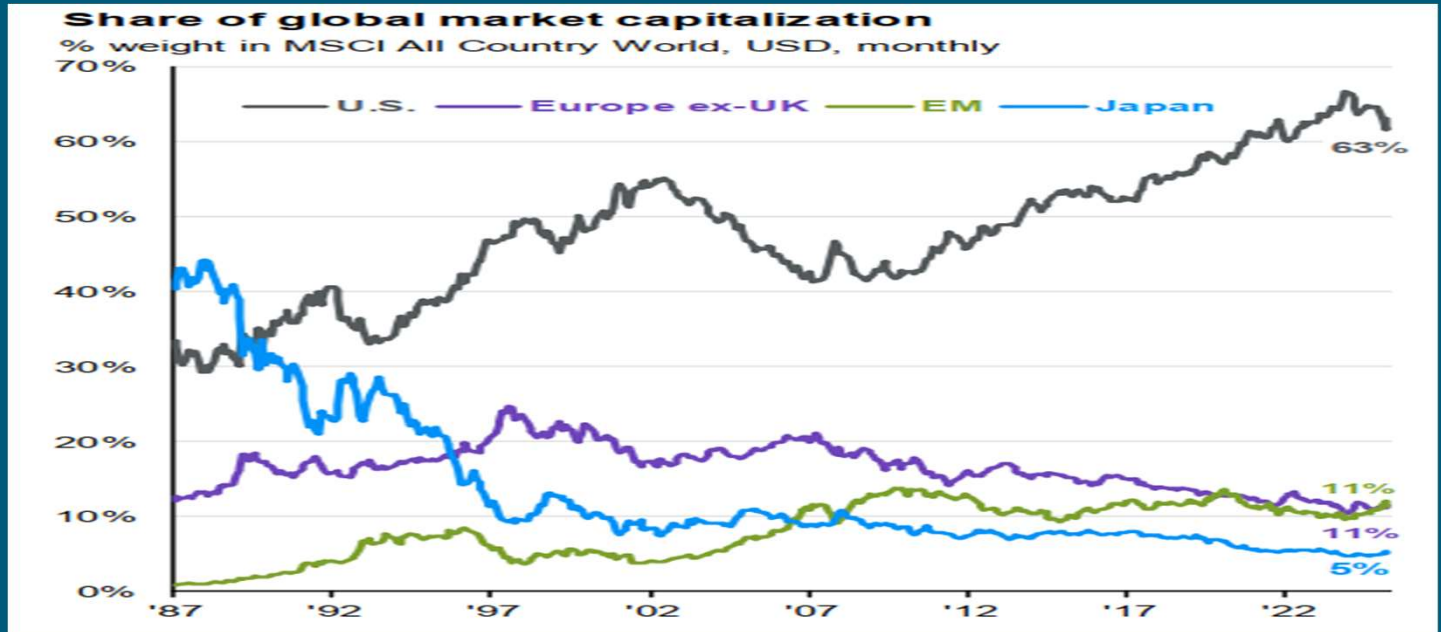
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Riding out the current rough patch is usually the best advice for most stock investors. ETF to consider: Vanguard Total Stock Market <VTI> as it is a low-cost global index.



The US represents 4% of the world's population, 27% of GDP and 64% of world market cap

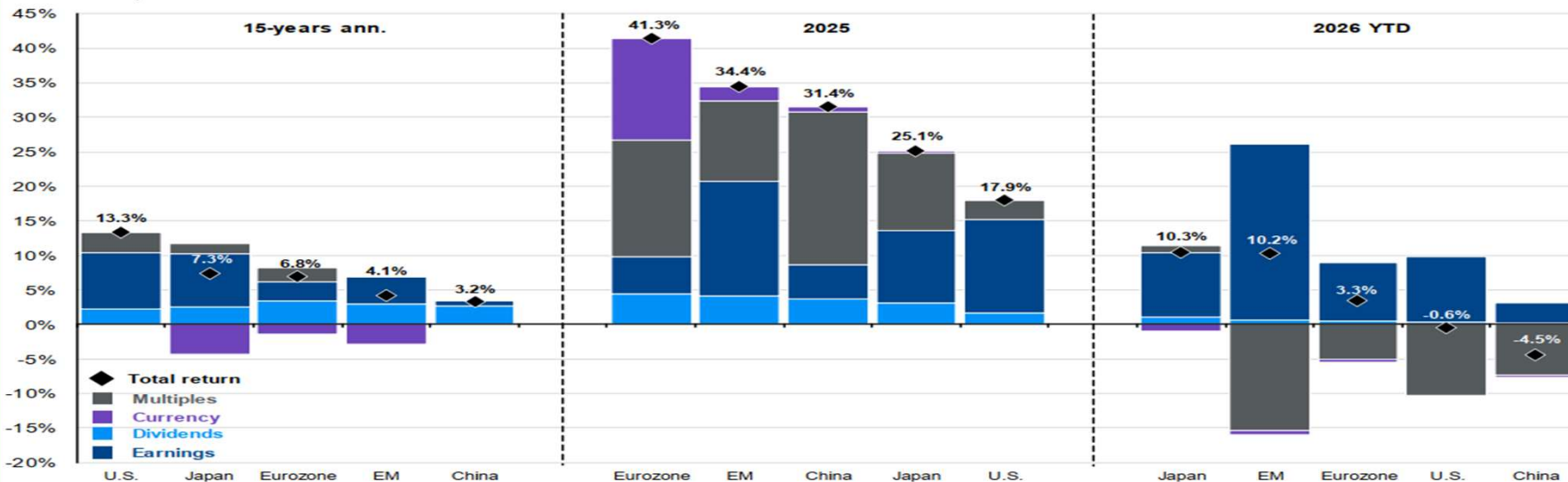


	2024 GDP	% of Total	Population	% of Total	Current % of Market Cap
US	29.17	26.5%	336,810,000	4.3%	65.00%
Advanced Economies Excluding US	64.68	58.8%	763,190,000	9.6%	25.00%
Emerging and Developing Economies	45.38	41.2%	6,820,000,000	86.1%	10.00%
World	110.06		7,920,000,000	100.00%	

Source: JP Morgan Asset Management and International Monetary Fund  
 Past performance is no guarantee of future results

### Sources of global equity returns\*

Total return, USD



Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management. 15-years ann. is a rolling 15-year period ending with the previous month-end. All return values are MSCI Gross Index data, except the U.S., which is the S&P500. \*Multiple expansion is based on the forward P/E ratio, and EPS growth outlook is based on next 12 months earnings estimates. Chart is for illustrative purposes only. Past performance is no guarantee of future results. Guide to the Markets – U.S. Data are as of April 8, 2026.

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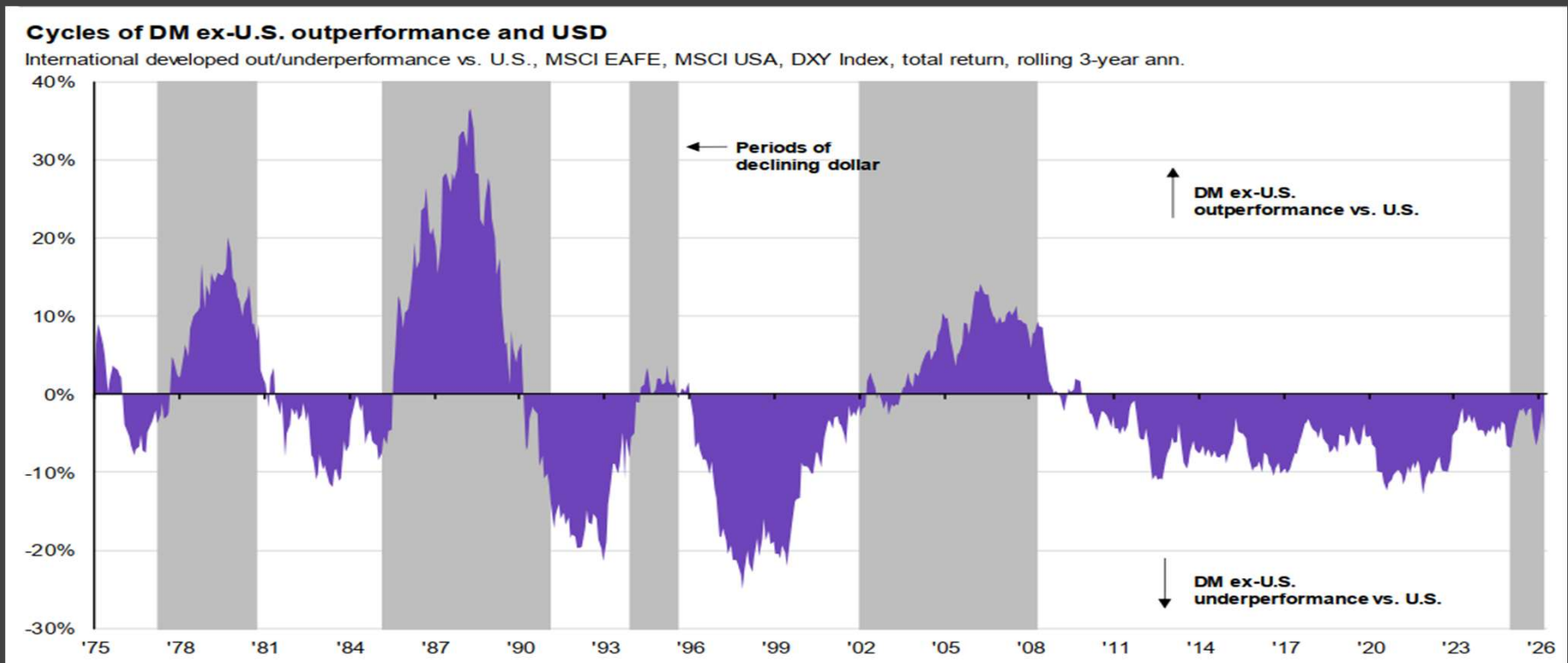
Over 15 years earnings growth, multiple expansion and a stronger US \$ generated stronger US returns

In 2025 a weaker US \$ and greater multiple expansion led to international equities outperforming. EM earnings growth stood out.

EM earnings growth has caused YTD outperformance. Eurozone outperformance has been fueled by less multiple compression vs the US.



US equities have outperformed international developed markets most of the time since 2010. US equities tend to outperform when the US \$ is stronger.



Source: JP Morgan Asset Management  
Past performance is no guarantee of future results



# More rapid US government spending should make the US dollar less attractive over time

<b>Fiscal Deficit/GDP.... The US Government Is Borrowing At A Great Pace Each Year</b>											
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
US	-14.1	-11.4	-3.7	-7.8	-8.0	-7.4	-7.9	-8.0	-8.1	-7.7	-7.6
EU	-6.7	-4.6	-3.1	-3.5	-3.1	-3.3	-3.5	-3.6	-3.6	-3.6	-3.6
UK	-13.2	-7.7	-4.6	-6.1	-5.7	-4.3	-3.6	-3.0	-2.7	-2.5	-2.2
Canada	-10.9	-3.1	0.6	0.1	-2.0	-2.2	-2.4	-2.1	-2.0	-1.7	-1.5
Advanced Economies	-10.3	-7.3	-2.9	-4.9	-5.0	-4.6	-4.9	-4.9	-5.0	-4.8	-4.8
Developing Economies	-8.4	-4.9	-4.8	-5.1	-5.5	-6.1	-5.9	-5.7	-5.4	-5.3	-5.2

<b>Net Debt/GDP... US Government Debt Is Rising Faster Than Peers</b>											
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
US	96.1	95.9	92.0	94.5	97.4	99.6	103.0	106.6	110.2	113.6	116.8
EU	72.2	70.2	67.7	67.1	67.8	69.0	70.6	71.8	73.0	74.1	75.3
UK	93.1	91.7	89.8	91.8	93.7	94.6	95.9	96.4	96.8	96.9	96.4
Canada	16.3	14.2	13.6	14.4	12.5	13.3	14.1	14.8	15.5	15.8	15.9
Advanced Economies	85.1	82.2	78.5	78.8	79.8	81.0	82.6	84.5	86.4	88.2	89.8

Source:  
International  
Monetary  
Fund



# Notable firms see more return potential abroad

## Vanguard

- 10 year NOMINAL average annual return forecasts
  - US Equities +3.9-5.9%
    - US large cap +3.8-5.8%
    - US small cap +5.2-7.2%
  - International Equities +4.6-6.6%
    - Developed Economies Ex US +4.9-6.9%
    - Emerging Markets +3.2-5.2%

## Research Affiliates

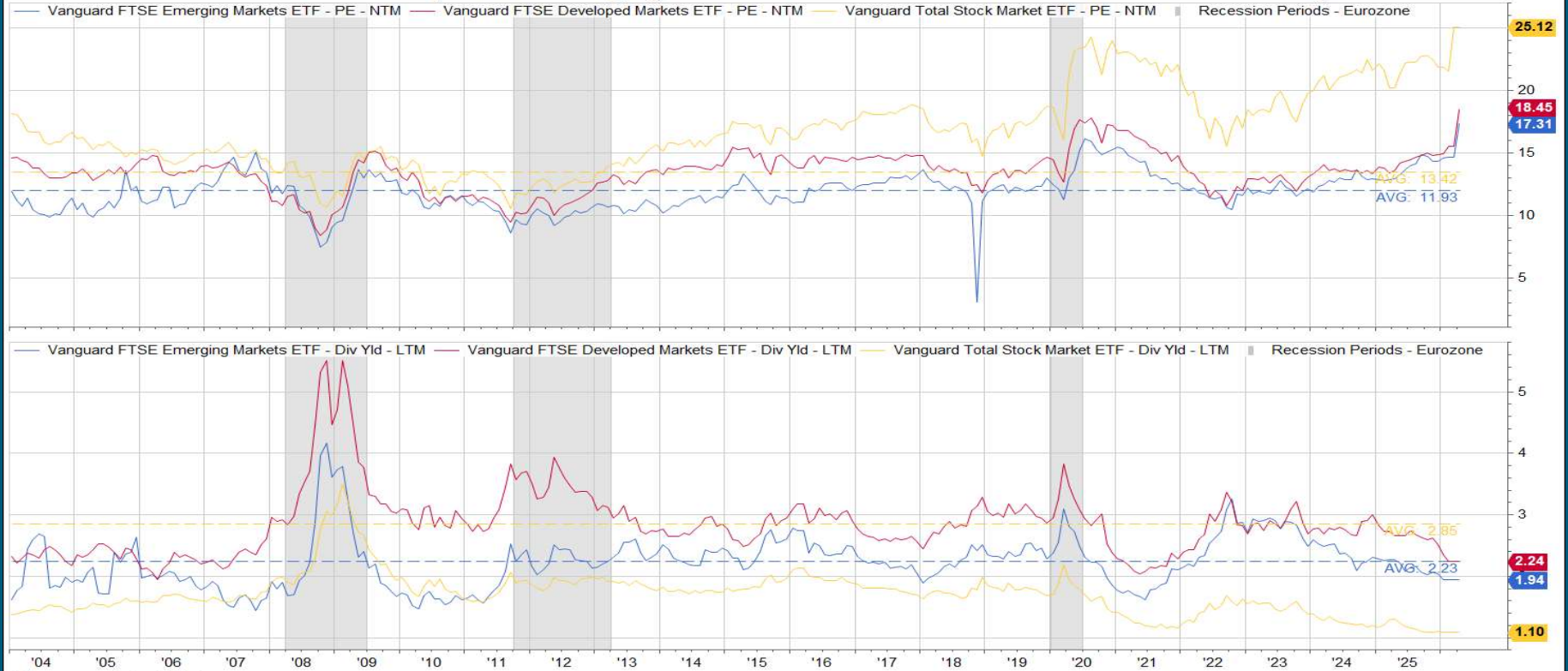
- 10 year REAL average annual return forecasts
  - US Equities
    - US large cap +1.1%
    - US small cap +4.5%
  - International Equities
    - Developed Markets Ex US +5.3%
    - Emerging Markets +4.9%

Source: Vanguard 3/25/26 forecast, Research Affiliates Asset Allocation Interactive 4/9/26

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### International Developed and Emerging Markets Look More Reasonable Versus Their History



Source: FactSet

ETFs to consider for international broad equity exposure: Vanguard FTSE Developed Market ETF <VEA> and Vanguard FTSE Emerging Market ETF <VWO>

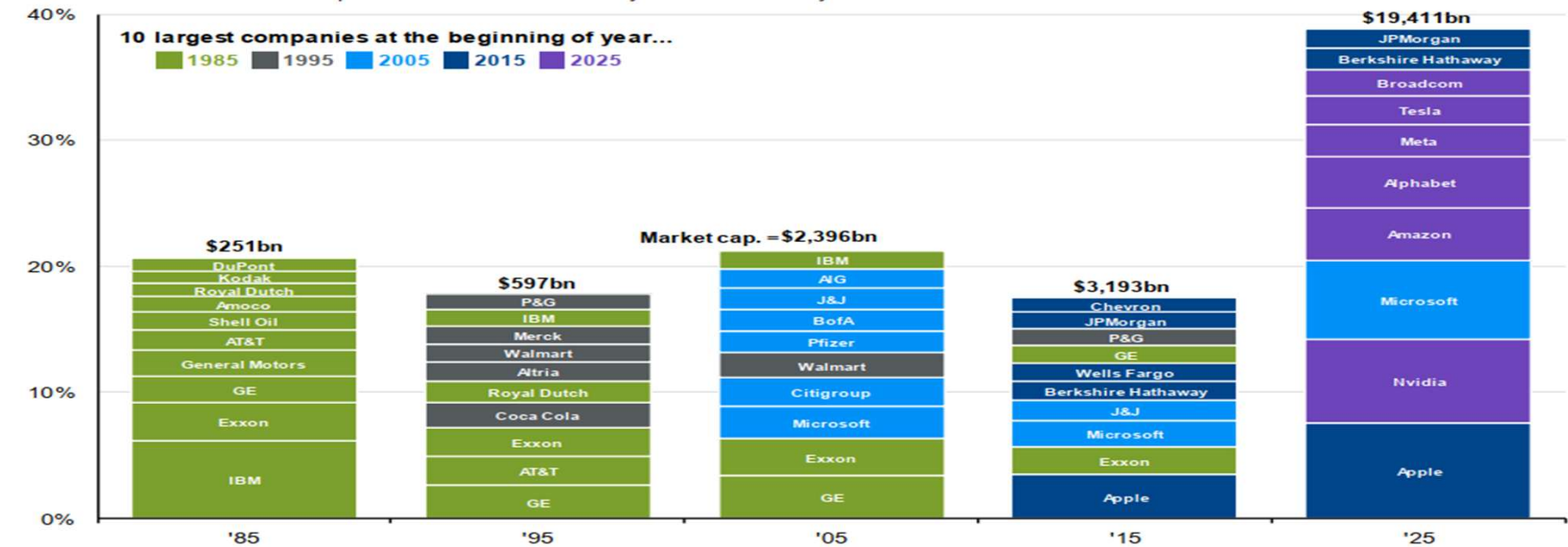
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Capitalism is characterized by creative destruction. Companies have a hard time staying on top by market capitalization.

### Top 10 S&P 500 companies by market capitalization

Percent of S&P 500 market capitalization as of the first day of the indicated year

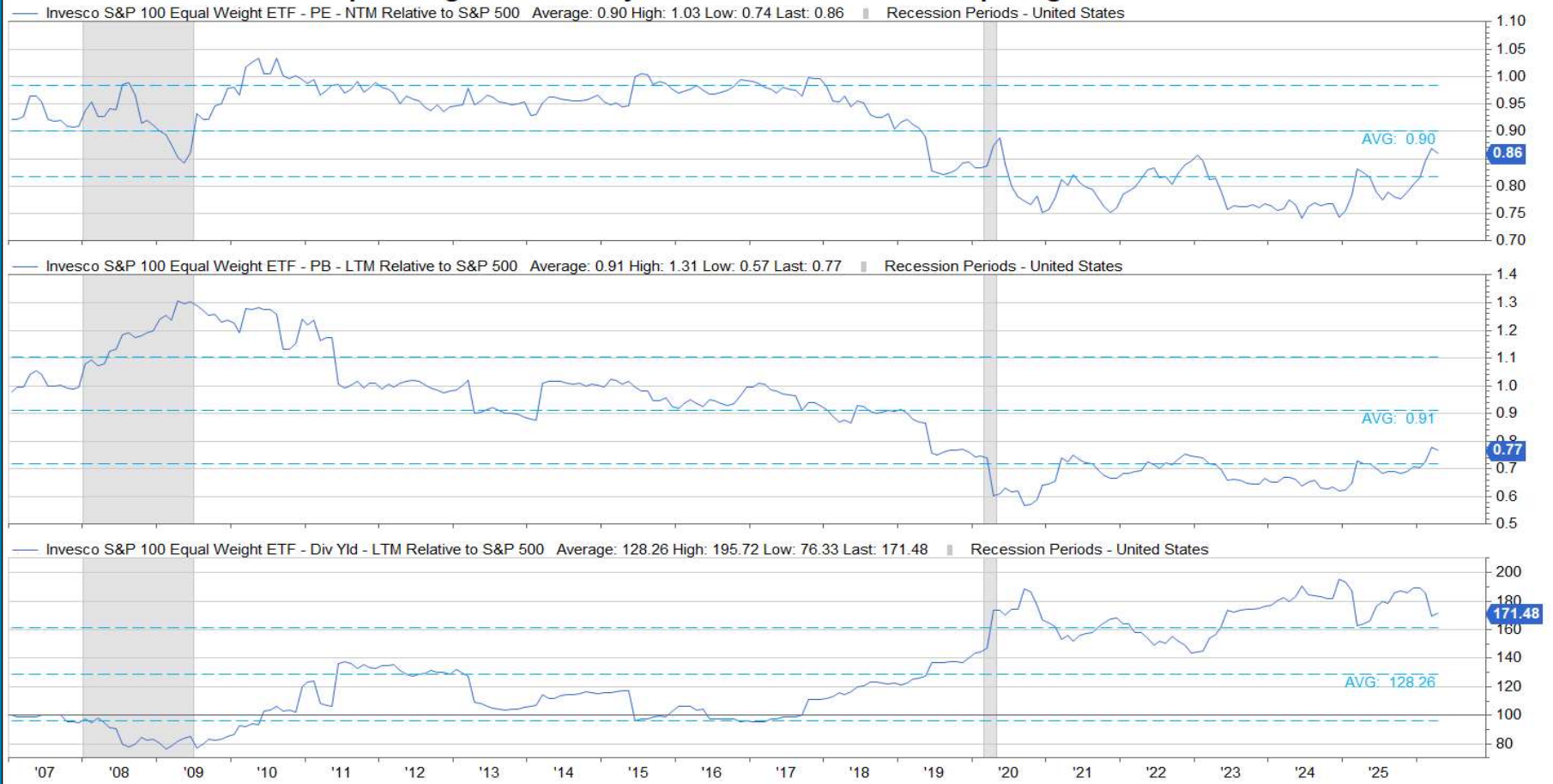


Source: Bloomberg, Standard & Poor's, J.P. Morgan Asset Management. Companies are organized from highest weight at the bottom to lowest weight at the top. Past performance is no guarantee of future results. Guide to the Markets - U.S. Data as of December 31, 2025.

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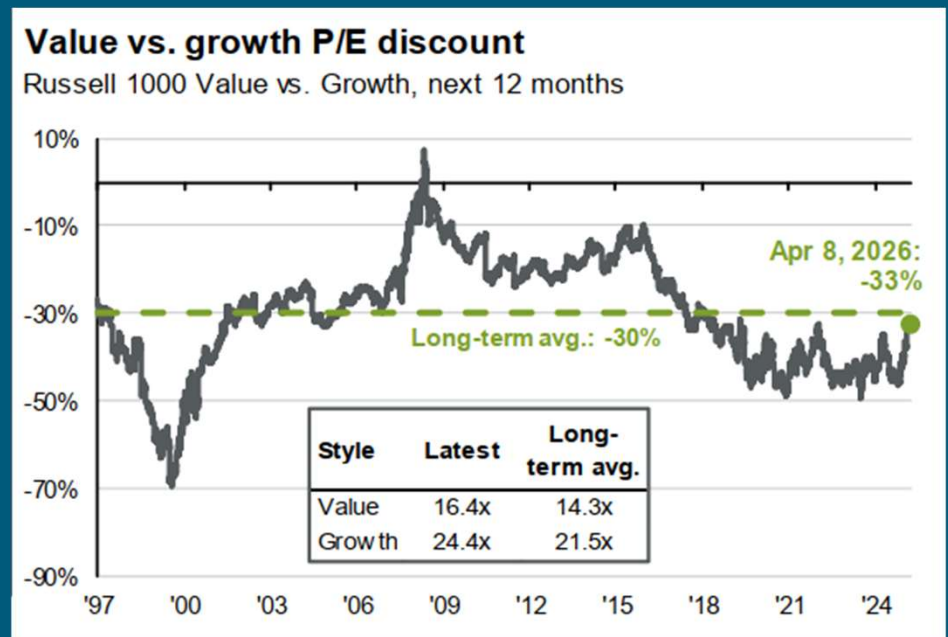
### S&P equal weight is relatively attractive vs the market cap weighted S&P 500



# US value has outperformed year-to-date while it is modestly attractive vs growth today

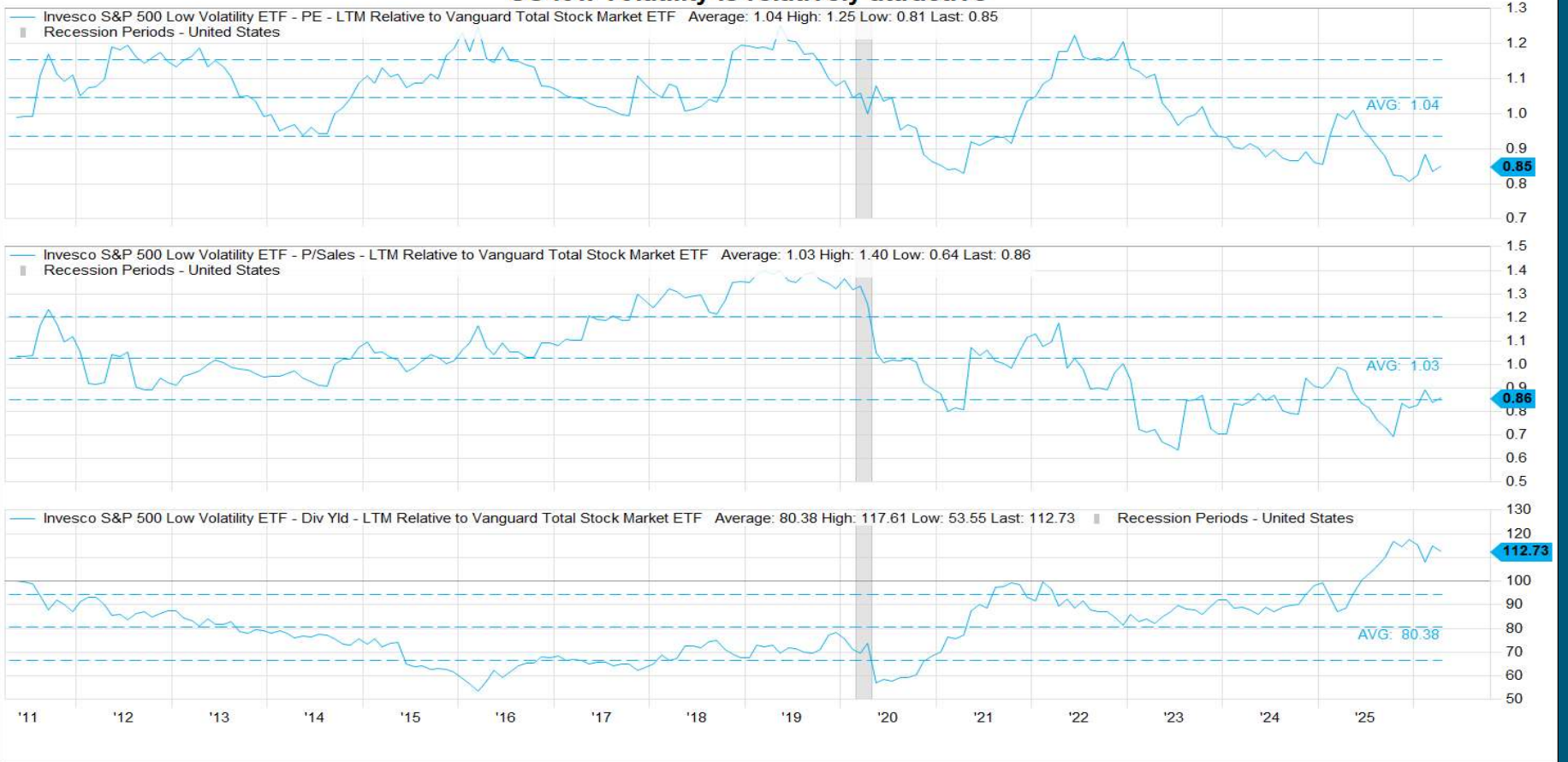
**YTD**

	Value	Blend	Growth
Large	6.0%	-0.6%	-6.2%
Mid	8.0%	5.4%	-3.0%
Small	9.8%	5.9%	2.4%



Source: JP Morgan Asset Management  
Past performance is no guarantee of future results

### US low volatility is relatively attractive

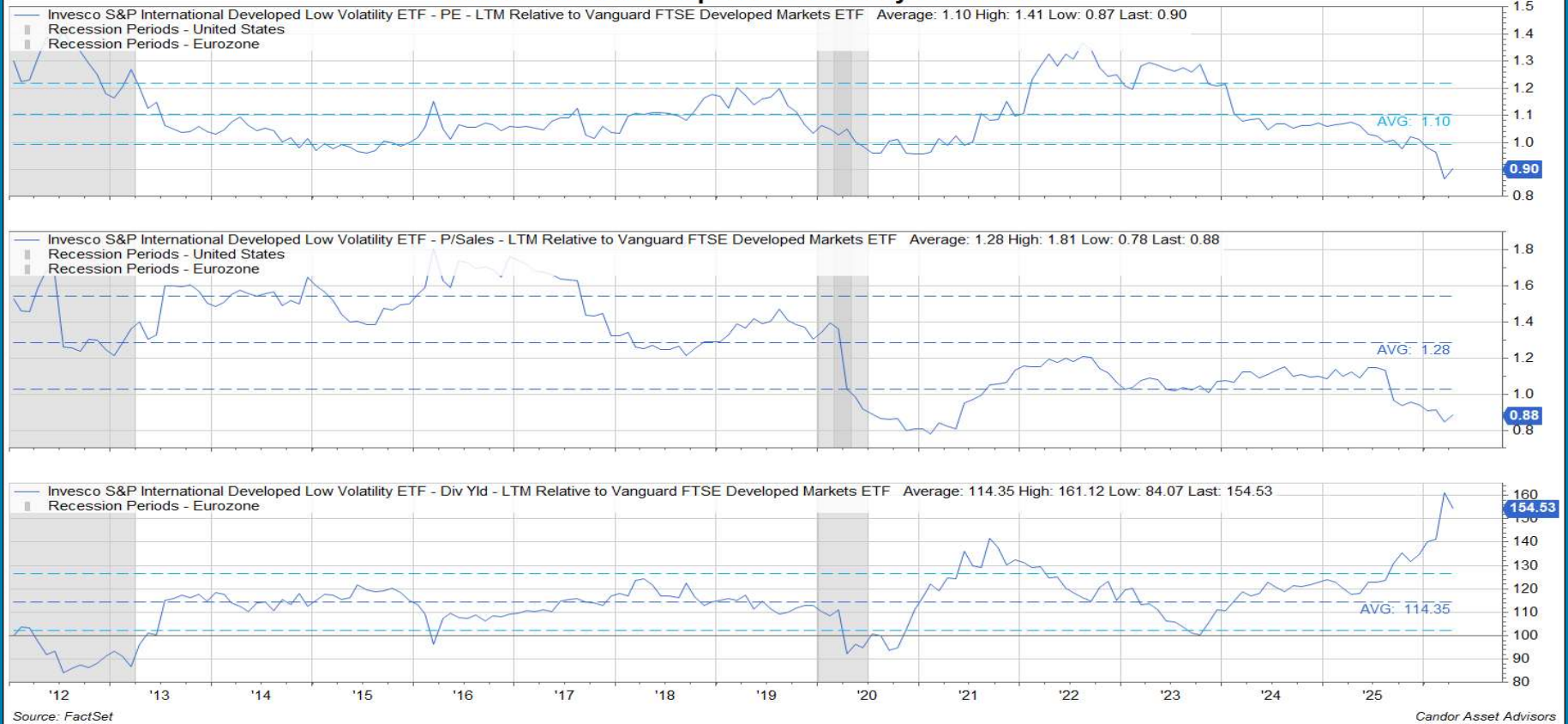


ETF to Consider for US Low Volatility Exposure: iShares MSCI USA Minimum Volatility <USMV>

Past performance is not a guarantee or predictor of future performance.



### International developed low volatility is attractive



ETF to Consider for EAFE Low Volatility Exposure: Invesco S&P International Developed Low Volatility <IDLV>  
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## Stocks Sector Bottom-Up Analysis

Attractive Sectors: Communications & Information Technology

Unattractive Sectors: Consumer Staples, Industrials, Materials and Real Estate

	Risk-Reward	Near Term	Near Term	CAGR to	CAGR to
	<u>Current</u>	<u>Downside</u>	<u>Upside</u>	<u>Fair Value</u>	<u>Sell</u>
<b>Total/S&amp;P 500</b>	<b>0.56</b>	<b>-36%</b>	<b>20%</b>	<b>7%</b>	<b>12%</b>
Materials	(0.04)	-45%	-2%	+2%	+5%
Communication Services	1.74	-23%	+41%	+11%	+15%
Consumer Discretionary	0.72	-38%	+27%	+10%	+16%
Consumer Staples	(0.05)	-46%	-2%	+1%	+5%
Energy	0.24	-43%	+10%	+4%	+9%
Financials	0.56	-32%	+18%	+6%	+10%
Health Care	0.26	-40%	+10%	+4%	+8%
Industrials	(0.09)	-48%	-4%	+0%	+5%
Real Estate	(0.65)	-76%	-49%	-10%	-6%
Information Technology	1.05	-32%	+33%	+12%	+17%
Utilities	0.13	-52%	+7%	+5%	+10%

Source: Candor Asset Advisors



# Equity Opportunities

- Trying to time the market is often a fool's errand because a significant portion of returns occur in short periods of time
- Bull markets often exceed bear markets in duration and magnitude
- The US % of world market capitalization is near highs
- US outperformance is often cyclical and associated with a stronger dollar, and the US has outperformed for an extended period recently
- US fiscal policies may cause the US dollar to weaken over the intermediate term
- International developed and emerging markets' valuations are only slightly elevated, and the relative valuation gap is attractive versus the US
- Consider broadening out your US equity exposure
- US & international developed low volatility stock funds and US value look relatively attractive
- Stock sector wise communications and information technology are relatively attractive

Past performance is not a guarantee or predictor of future performance. Stocks are not guaranteed and have been more volatile than other asset classes.



# Fixed Income Investment Backdrop

Ballast for a portfolio

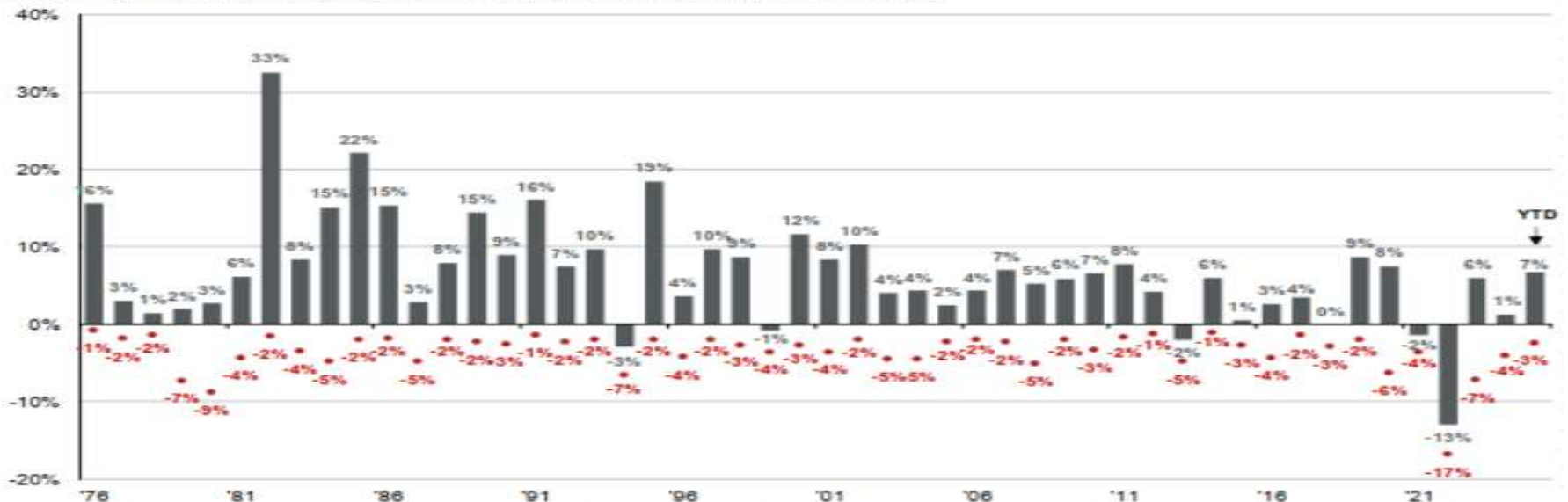


# Fixed income is often less volatile than stocks

## Bloomberg U.S. Agg. annual returns and intra-year declines

GTM U.S. 41

**Bloomberg U.S. Aggregate intra-year declines vs. calendar year returns**  
 Despite average intra-year drops of 3.5%, annual returns were positive in 44 of 49 years

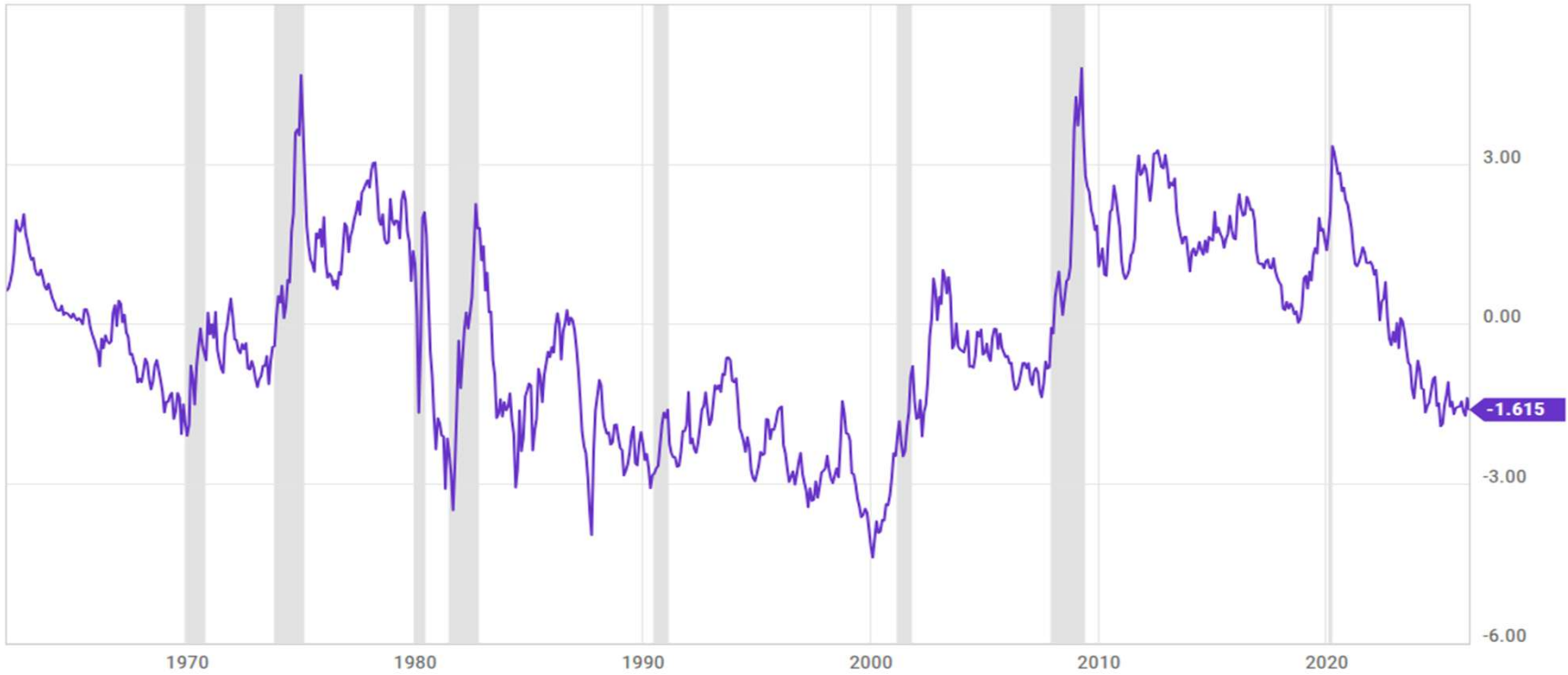


Source: Bloomberg, FactSet, J.P. Morgan Asset Management. Returns are based on total return. Intra-year drops refers to the largest market drops from a peak to a trough during the year. Returns shown are calendar year returns from 1976 to 2024, over which time period the average annual return was 6.5%. Returns from 1976 to 1989 are calculated on a monthly basis; daily data are used afterward. For illustrative purposes only. Past performance is no guarantee of future results. Guide to the Markets - U.S. Data are as of November 13, 2025.

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 ASSET MANAGEMENT

### The S&P doesn't look as attractive versus fixed income

● S&P 500 Shiller Cyclically Adjusted Earnings Yield - 10 Year Treasury Rate VAL -1.615



Fixed Income returns have been basically flat year-to-date.

International debt returns were modestly hurt by a stronger US \$

Aggregates	Local yield		USD yield	2026 Return		Duration	Correlation to U.S. 10yr
	4/8/2026	12/31/2025	4/8/2026	Local	USD		
<b>U.S.</b>	4.52%	4.32%	-	0.41%	0.41%	5.9 years	0.93
<b>Gbl. ex-U.S.</b>	3.16%	2.99%	-	-	0.22%	6.6	0.72
<b>Canada</b>	3.75%	3.62%	4.66%	0.74%	-0.23%	6.6	0.60
<b>Japan</b>	2.29%	2.04%	4.64%	-1.36%	-2.32%	8.1	0.71
<b>Germany</b>	3.06%	2.84%	4.51%	0.32%	-0.10%	6.0	0.67
<b>UK</b>	4.66%	4.38%	4.54%	-0.30%	-0.32%	7.4	0.62
<b>Italy</b>	3.36%	3.09%	4.81%	-0.23%	-0.65%	6.1	0.55
<b>China</b>	1.69%	1.79%	3.83%	0.83%	3.21%	6.0 years	0.51
<b>Sector</b>							
<b>Euro Corp.</b>	3.52%	3.23%	4.97%	0.14%	-0.28%	4.5	0.47
<b>Euro HY</b>	6.36%	5.83%	7.81%	-0.04%	-0.46%	3.4	0.09
<b>EMD (USD)</b>	7.02%	6.80%	-	-	0.60%	6.1	0.43
<b>EMD (LCL)</b>	6.16%	5.87%	-	0.41%	1.11%	5.3	0.36
<b>EM Corp.</b>	6.12%	5.90%	-	-	0.58%	5.1	0.34

Source: JP Morgan Asset Management  
Past performance is not a guarantee or predictor of future performance.



US fixed income returns are roughly flat year-to-date.

US treasury debt has weak correlations to the S&P 500 while convertibles and US high yield are highly correlated to the S&P.

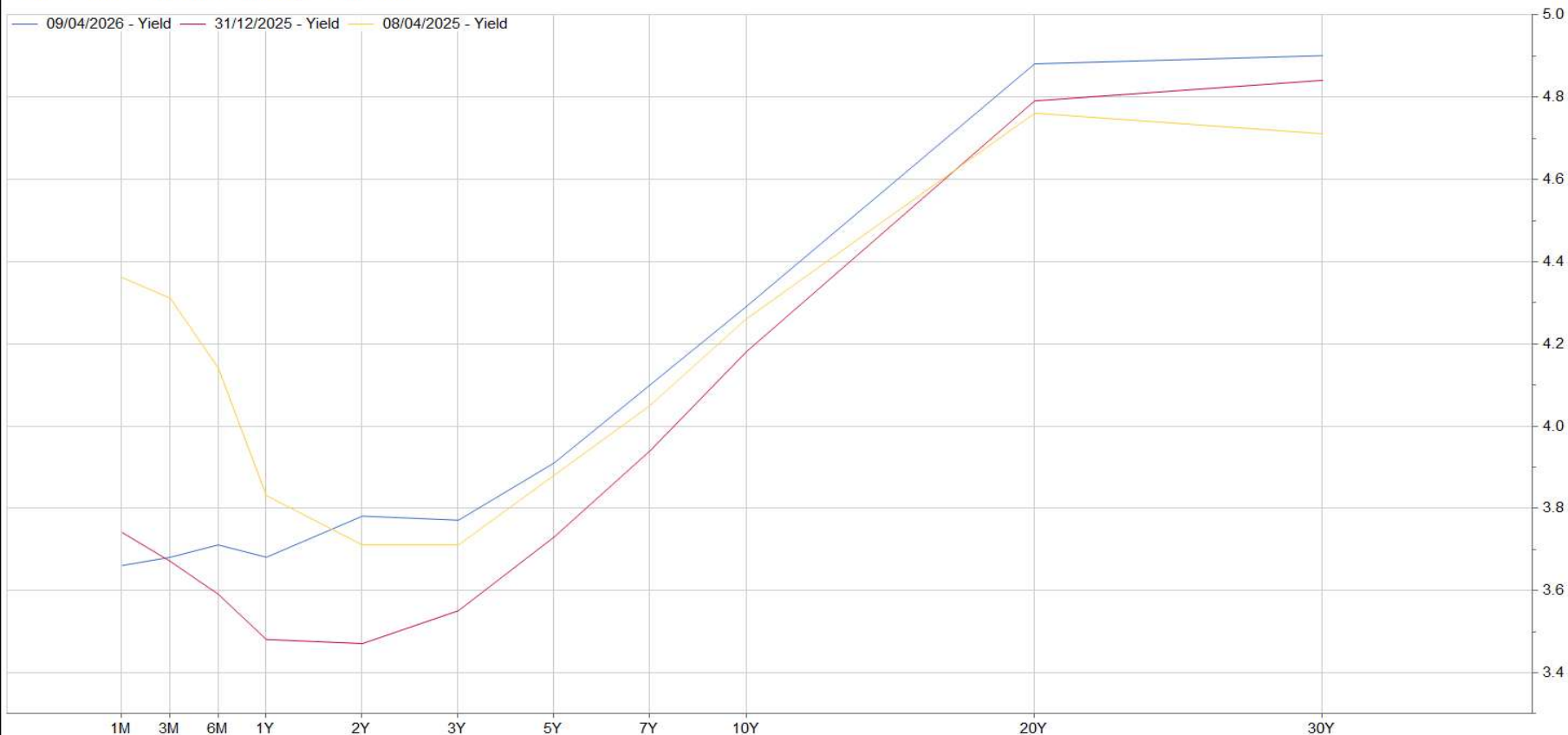
U.S. Treasuries	Yield		Return	Avg. Maturity	Correlation to 10-year	Correlation to S&P 500
	4/8/2026	12/31/2025	2026			
<b>2-Year</b>	3.79%	3.47%	0.32%	2 years	0.75	0.03
<b>5-Year</b>	3.92%	3.73%	0.08%	5	0.94	0.03
<b>TIPS</b>	1.68%	1.69%	0.76%	7.4	0.75	0.37
<b>10-Year</b>	4.29%	4.18%	0.06%	10	1.00	0.00
<b>30-Year</b>	4.89%	4.84%	0.46%	30	0.94	-0.04
<b>Sector</b>						
<b>U.S. Aggregate</b>	4.52%	4.32%	0.41%	8.2	0.91	0.30
<b>IG Corps</b>	5.05%	4.81%	0.24%	10.5	0.70	0.51
<b>Convertibles</b>	5.66%	6.13%	5.74%	-	0.02	0.85
<b>U.S. HY</b>	6.98%	6.53%	0.79%	4.8	0.13	0.79
<b>Municipals</b>	3.62%	3.60%	0.91%	13.5	0.73	0.32
<b>MBS</b>	4.75%	4.63%	0.88%	7.0	0.83	0.30
<b>ABS</b>	4.93%	4.69%	0.82%	2.2	0.40	0.30
<b>Leveraged Loans</b>	8.70%	8.10%	-0.03%	4.7	-0.21	0.61

Source: JP Morgan Asset Management; Past performance is not a guarantee or predictor of future performance.



# The Yield Curve Has Become More Upward Sloping

United States Constant Maturity Yield Curve



Source: FactSet



In treasuries the short and intermediate end of the curve offer relative value.

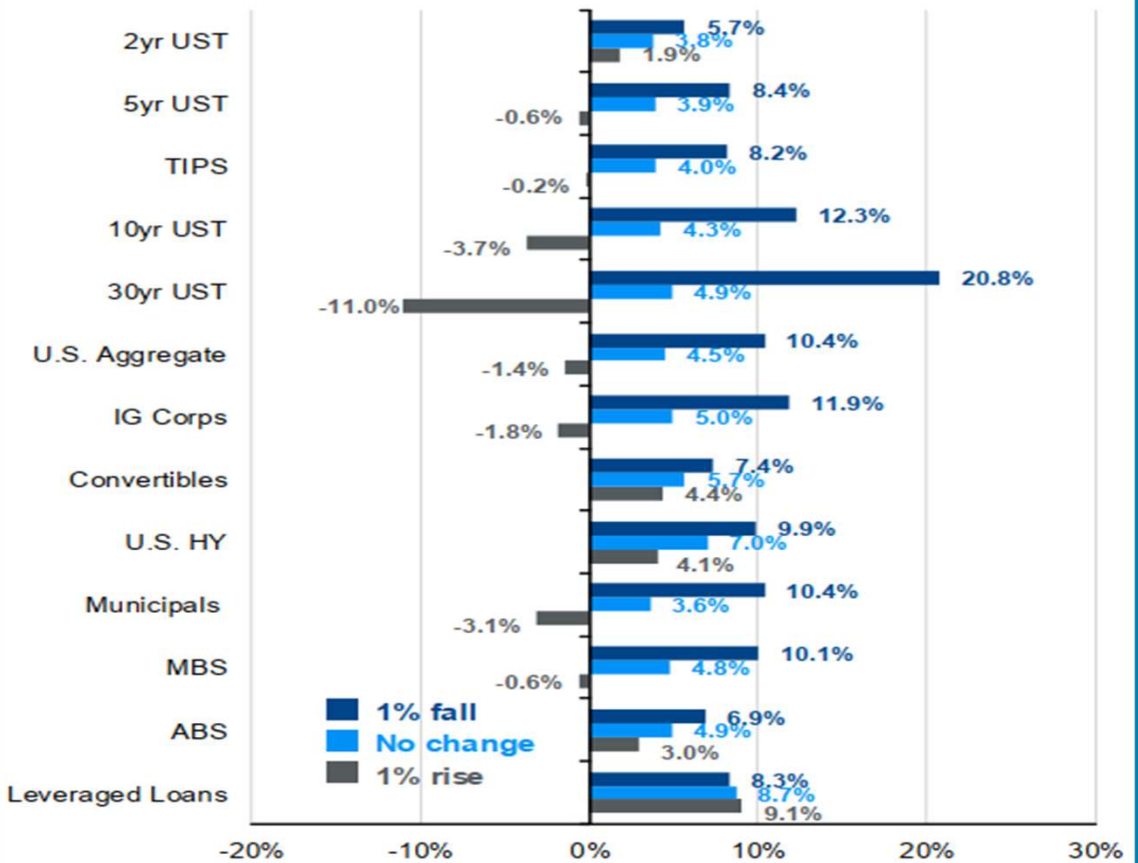
Investment grade corporates look ok.

Converts and US high yield returns are more tied to equities than interest rate moves.

TIPS, MBS, ABS and leverage loans seem well positioned for a change in rates.

### Fixed income returns in different interest rate scenarios

Total return, assumes a parallel shift in the yield curve



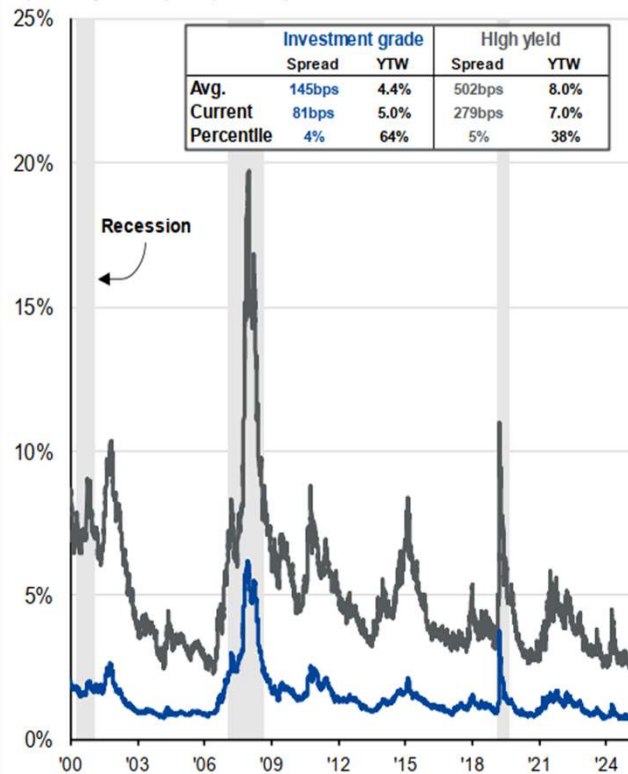
Source: JP Morgan Asset Management; Past performance is not a guarantee or predictor of future performance.



Fixed income corporate spreads are tight while default rates are low but have increased year-to-date

### Corporate credit spreads

Option adjusted spread, 2001 - present

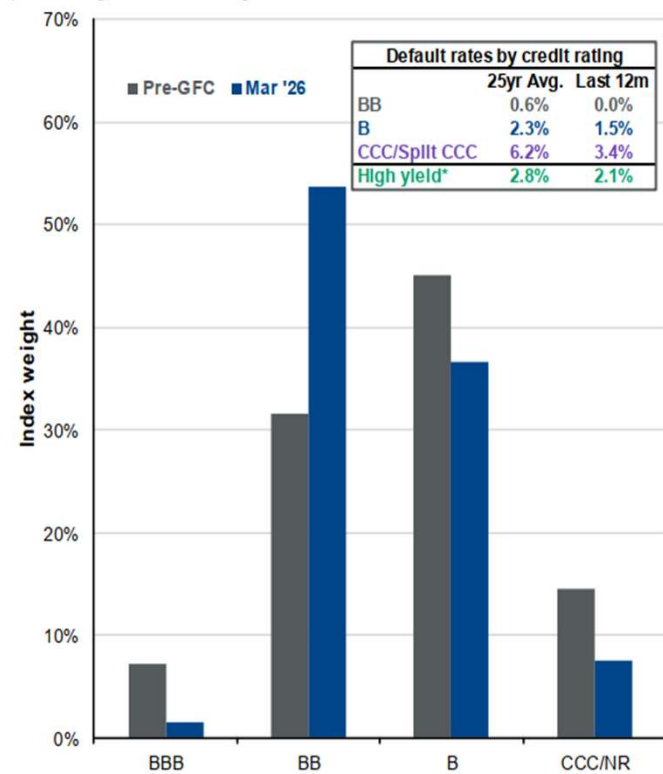


Source: Bloomberg, J.P. Morgan Research, J.P. Morgan Asset Management.

(Left) U.S. Investment Grade: Bloomberg U.S. Corporate Investment Grade Index; U.S. High Yield: Bloomberg U.S. Aggregate Corporate High Yield Index. (Right) Last 12-month default rates are as of most recent month for which data are available. Default rates shown by credit rating do not include distressed exchanges and are grouped by rating 12 months prior to default. Bond ratings include split ratings. "NR" stands for not rated. Pre-GFC reflects data as of December 2007. \*Aggregate high yield default rate data do include distressed exchanges. Guide to the Markets - U.S. Data are as of April 8, 2026.

### Credit rating and default rates in U.S. high yield

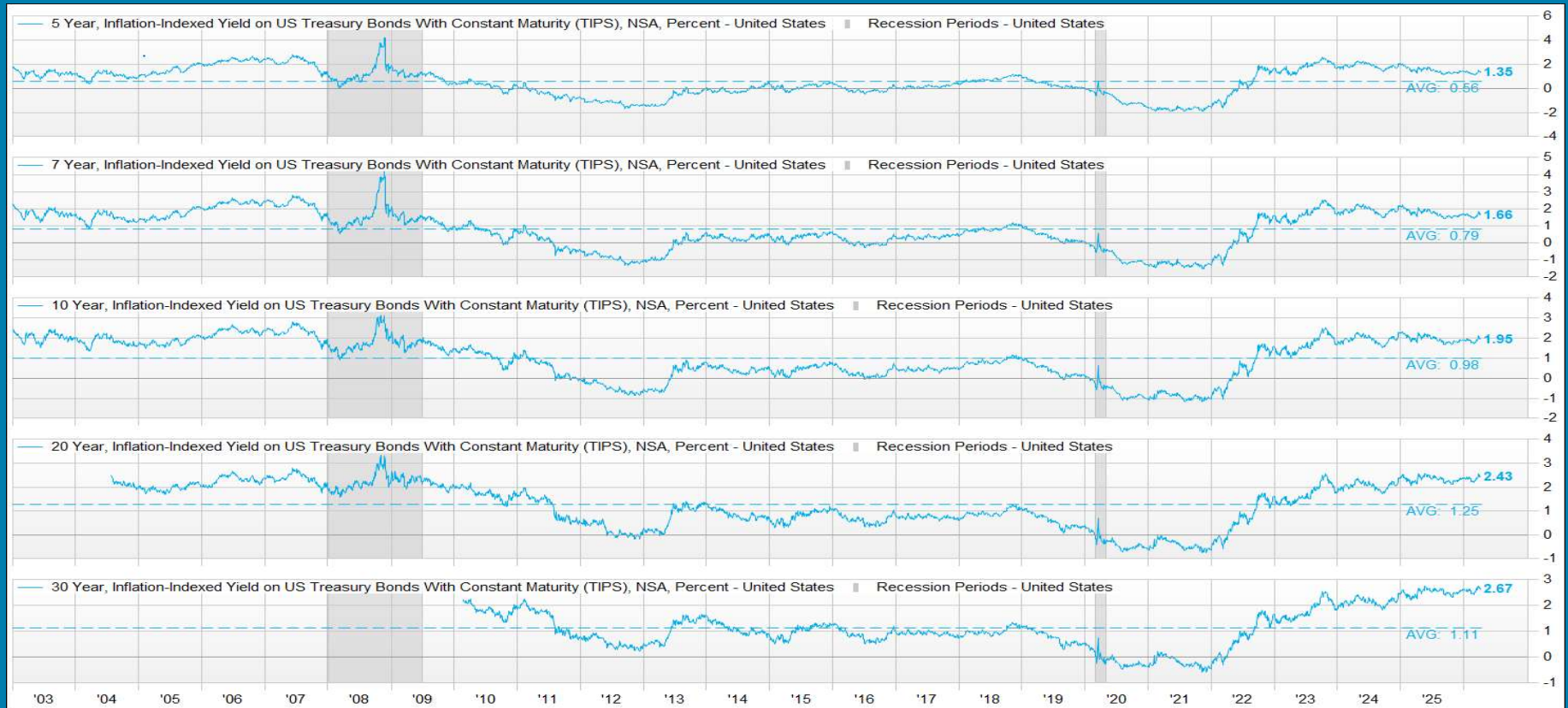
%, J.P. Morgan Domestic High Yield Index



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ASSET MANAGEMENT



# Do you want to lock in real yields? If so, consider Treasury Inflation Protected Securities that offer 1.3-2.7% real rates.



# Fixed Income Conclusions

- Fixed income is less volatile than stocks over the long run
- Fixed income has become relatively attractive versus stocks
- Fixed income returns have been roughly flat year to date
- The yield curve has become more upward sloping
- Short and intermediate term debt offer relative value
- MBS and ABS appear well positioned for a change in rates
- Corporate investment grade and high yield spreads are tight now
- TIPS offer relative value

Past performance is not a guarantee or predictor of future performance. Stocks are not guaranteed and have been more volatile than other asset classes.



# For more information

- Check out our website at:

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  - [https://calendly.com/bhawes-1/brief\\_conversation](https://calendly.com/bhawes-1/brief_conversation)

## William E. Hawes, CFA, CFP® President and Chief Investment Officer

*With over 27 years of industry experience, Bill brings a wealth of knowledge in investment management and financial planning. Prior to earning his MBA, Bill worked in mortgage banking and insurance, and the insights gained provided him with a broader perspective of the financial issues facing clients.*

*Bill has been a Chartered Financial Analyst since 2000 and is a Certified Financial Planner. Bill also enjoys golf, travel, studying history, watching his favorite sports teams, and spending time with family.*

Before founding Candor Asset Advisors®, Bill co-created and managed Century Management's Large Cap Absolute Value and Large Cap Value strategies. Bill also analyzed companies in a variety of industries for the firm's all-cap value strategy.

Prior to moving back to Texas, Bill served as an equity analyst for Engemann Asset Management in Southern California. He co-managed a mid-cap growth fund and served as a multi-sector analyst for the mid-cap and large-cap growth teams.

After graduate school, Bill served as co-portfolio manager and equity analyst at Franklin Templeton. While there he served as portfolio manager on All Cap, Large Cap Core, and Consumer Sector portfolios. Notable institutional clients included CalPers, Mitsui Trust, Norges Bank, and Penn Mutual. He also spent considerable time analyzing auto, transportation, and consumer stocks.

Bill earned his Master in Business Administration from the University of Southern California. While there he also served on USC's MBA student investment fund.

Between his graduate and undergraduate studies, Bill worked at North American Mortgage Company in California as a management trainee and later as a financial analyst and marketing coordinator. The experience gave him a better understanding of the mortgage and real estate markets which he leverages to this day.

Bill earned his Bachelor of Business Administration from the University of Texas at Austin. While a student, he also served as a special agent for Northwestern Mutual. The experience gave him an understanding of life and disability insurance and the work ethic, tools, and temperament needed to grow a financial services practice.





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