

APRIL 2026

Getting on Base

Opening Day was just last week, which makes it a good moment to draw the parallels between baseball and investing. One of the best—and most well-known—examples of this cross-pollination is Michael Lewis, an author who straddles both topics. His most popular works include *The Big Short* and *Moneyball*. For the purposes of this commentary, we'll focus on the latter.

Both the book and the movie showcase an important insight uncovered by Oakland A's general manager Billy Beane. At the time, scouts obsessed over batting averages and home runs, the highly visible stats that everyone thought were highly predictive of in-game performance. But this conclusion was fundamentally flawed.

Teams that focused on selecting stars based on these stats missed the bigger picture. Picking players based on on-base percentage—an overlooked and unloved metric—turned out to be a highly effective way of winning games on the cheap. The Oakland A's figured that out before everyone else did, and it revolutionized how the sport was played.

As it relates to the markets, for the better part of two decades, the 60/40 has been the batting average most investors measure their performance by. That's because for much of that time, owning U.S. stocks (with some bonds as ballast) looked unbeatable.

What Q1 of 2026 made clear is that the game has changed. The old playbook is still valid, but it's no longer the best or only way. The assets that have successfully been getting investors on base -- international equities, real assets, natural resources, gold -- are starting to show up in the box score in a way that we believe is hard to ignore. Here at AlphaCore, we try to spread our budget across these asset classes in addition to more traditional ones with the goal of constructing a more resilient portfolio overall.

How the Quarter Scored

ASSET CLASS	Q1 2026
S&P 500 (U.S. Large Cap)	-4.3%
Russell 2000 (U.S. Small Cap)	0.9%
Intl. Developed Equities (ex-U.S.)	-0.7%
U.S. 60-40	-2.6%
S&P Global Natural Resources	19.8%
Gold (spot)	7.1%
Bloomberg U.S. Aggregate	0.0%
ICE U.S. Treasury 20+ Year Bond	0.1%
HFRI Fund Weighted Composite Index	0.9%
U.S. Dollar	1.7%

Source: Morningstar, HFRI. U.S. 60-40 Consists of 60% S&P 500 and 40% Bloomberg Barclays Agg Bond Index. Data through March 31, 2026.



The Quarter by the Numbers

- **U.S. LARGE-CAPEQUITIES FELL -4.3%** during the quarter, as the conflict in Iran escalated from overnight operation to a prolonged conflict. Geopolitical uncertainty was paired with some unwinding of the concentrated bets that drove 2024 and 2025. In particular, the Magnificent Seven, which still accounts for roughly one-third of the S&P 500's total market cap, had a rough quarter – down -11% compared to the S&P 493's -1%.^{1,2}
- **INTERNATIONAL STOCKS STARTED HOT, HELPING TO SPARE SOME OF THE PAIN.** In 2026 a strong early run has helped to cushion the blow during the current selloff. Developed markets (as proxied by the MSCI EAFE Index) returned -1.2% during the quarter, while emerging markets (and the MSCI EM Index) were down just -0.2% as of month end.
- **BONDS FAILED TO DIVERSIFY.** Rate volatility overcame the elevated starting yields in bonds and the quarter finished flat for the Bloomberg Aggregate index. With supply-side inflation again once again looming as a potential threat, the relationship between bonds and stocks is not as reliable as it once was.
- **NATURAL RESOURCES WERE A STANDOUT.** Commodity-linked companies -- energy, metals, agriculture – had an impressive quarter, with the S&P Global Natural Resources index up 19.8%. This basket of stocks benefitted from the threat of persistent inflation that is expected to drive elevated pricing power for real assets.
- **GOLD BOUNCED AROUND,** peaking at above \$5,500 per ounce in January before pulling back to around \$4,790 by quarter-end.³ Even after the pullback though, gold is up 7.1% for the quarter -- a remarkable return even considering gold's spectacular run over the past couple of years.
- **QUANT AND LONG/SHORT STRATEGIES UNDERPERFORMED.** Factor-driven and systematic strategies had a difficult quarter, caught on the wrong side of some sharp reversals in market leadership.

The 60/40 Problem

For most of the past forty years, the 60/40 portfolio – 60% stocks, 40% bonds – has been the batting average that investors use to measure their portfolio. Stocks mostly go up over time, and over the past four decades, generally bonds have served as a ballast. When two move in opposite directions, the combination is diversifying.

Since 2022, when inflation began to resurge, that relationship has broken down – and it has stayed broken, as this current market volatility has illustrated.

In the past month, stocks have been whipsawed by Iran headlines and oil-price moves. As capital rotated toward inflation-resilient, cash-flow-heavy parts of the market, this move has created historical levels of dispersion. 76% of the S&P 500 index is up or down by 5% or more in the year-to-date period, an event that puts this market at some of the highest levels of dispersion ever.^{4,5}

1. Source: JPMorgan Guide to the Markets. Data as of March 31, 2026.

2. "Magnificent Seven" stocks include Microsoft, Apple, Google, Amazon, Meta, Nvidia, and Tesla.

3. Source: Bullion Vault. Data as of March 31, 2026.

4. Source: Morningstar, author's calculations. Data as of March 31, 2026.

5. Source: Wall Street Journal. "Why 'Market Dispersion' Is Hitting Levels Not Seen in Decades." March 12, 2026.



On the credit side of the equation, Fed has limited room to ease aggressively without risking a re-acceleration of inflation. Markets are currently pricing in either no rate cuts or potentially even a hike in 2026, after forecasting at least two quarter-percentage-point cuts just a month ago. When bond managers have to walk back their rate cut expectations, that typically is a drag on bond performance, especially when expectations for the long end of the curve – 10 year and 30 year – are moving up at the same time. In AlphaCore's portfolios, we have long suggested less exposure to long maturity taxable bonds, and we believe certain alternative allocations have the potential to diversify during periods of heightened volatility.

Meanwhile, unconventional return sources such as natural resources – which includes commodities across energy, agriculture, and metals – have surged. These assets historically do well when inflation is elevated and the dollar is weakening (especially if commodities like oil are the cause of the inflation), a scenario we could see unfolding over the next several months.

Other Stories That Mattered This Quarter

1. The Iran conflict introduced genuine volatility into energy markets earlier in the quarter. Brent crude spiked to \$114 and then retreated below \$110 as tensions evolved.

 - OUR TAKE:** Markets tend to refocus on fundamentals quickly after geopolitical shocks -- the question is always duration and breadth. A prolonged disruption would put upward pressure on energy prices, particularly in Europe and Asia, which have less domestic energy insulation than the U.S. A more extended conflict would also likely have knock-on effects in food, where more than 80% of the cost comes from sources other than the inputs needed to farm the ingredients – food processing, transport, and packaging. It could also continue to weigh on bond yields and stock prices, and in a more drastic scenario, could even disrupt semiconductor chip production if key input materials such as helium are unable to move through the Strait of Hormuz.
2. Artificial intelligence remains the single most consequential secular theme in markets, and the amazing advancements in the technology over the past quarter (particularly by Anthropic and its Claude service offering) have created volatility in everything from software to legal services.

 - OUR TAKE:** Previous technological transitions serve as a useful guide for us as we look to the potential paths AI could take, especially as it relates to software. Software has undergone transitions in its pricing models before, notably during the transition from on-premises to cloud and the smartphone revolution. We acknowledge that there is much more uncertainty in the terminal values of these businesses than there was 18 months ago, and some companies will go out of business. However, we don't buy the idea that software in aggregate will go away.
3. If you've been reading the financial press lately, you might know about the wave of redemptions that has impacted private credit. The headlines have centered on something called pro-ration, when a fund limits how much investors can withdraw in a given quarter. That sounds concerning. In practice, quarterly redemption limits of around 5% are a structural feature of how these funds are designed.

 - OUR TAKE** What's actually driving the elevated redemption requests has less to do with broad-based credit quality (though we do believe there will likely be some trouble in a small pocket of software loans made between 2020 and 2022 that have not yet refinanced) and more to do with investor psychology. Headlines generate anxiety, anxiety generates redemption requests, and redemption requests generate more headlines. We believe our managers are positioned to manage the current redemption cycle with care for existing investors.



Putting It Into Practice

There's a principle from Moneyball that stuck with us as we were writing this: the goal was never to buy players—it was to buy wins. In practice, that means resisting the urge to do what everyone else is doing, but instead building a roster that can keep getting on base.

The first quarter of 2026 was a quarter where the big players struggled: the S&P 500 finished meaningfully lower, and bonds failed to diversify. But a well-rounded portfolio—one that owned international equity, held gold, maintained exposure to real assets, and leaned on hedge funds and other alternatives as stabilizers—held up far better. For us, that's what we believe getting on base looks like.

For some time now, natural resources have been on our shortlist as a potential portfolio building block—especially the hard assets that underpin the economy and, increasingly, our national security. We invest with a long time horizon, and while we have been considering the best way to express this view for some time, recent events have reinforced its importance. Add in durable demand from electrification and AI-driven infrastructure, and the case for natural resources extends well beyond any single geopolitical flashpoint.

With that on our minds, for the rest of 2026 we're keeping a close eye on a few key signposts: energy-price pass-throughs in the economic data, the Fed's ability to navigate inflation without choking growth, the pace of AI monetization, and the continued evolution of the labor market in response.

None of those stories are resolved, but portfolios built for uncertainty don't need them to be. As always, please reach out to your AlphaCore advisor with any questions about how these themes apply to your specific situation.

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Index Description

Index and benchmark information is provided for general market comparison purposes only. Indices are unmanaged and cannot be invested in directly. Any investment in a strategy or investment vehicle designed to track an index would be subject to fees and expenses (and may incur transaction costs and taxes), which are not reflected in index returns.

Market Indices

S&P 500 INDEX: S&P 500 index is a float-adjusted market-cap weighted index, largely reflecting the large-cap U.S. equities. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

RUSSELL 2000 INDEX: A comprehensive view of small-cap performance, the Russell 2000 measures the performance of approximately 2,000 small-cap US equities.

MSCI AWCI EX USA INDEX: The MSCI ACWI ex USA Index captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries. With 2,156 constituents, the index covers approximately 85% of the global equity opportunity set outside the US.

MSCI EAFE INDEX: The MSCI EAFE Index is an equity index which captures large and mid cap representation across Developed Markets countries around the world, excluding the US and Canada. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

MSCI EM INDEX: The MSCI Emerging Markets Index captures large and mid cap representation across Emerging Markets countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

BLOOMBERG U.S. AGGREGATE BOND INDEX: The index consists of approximately 17,000 bonds. The index represents a wide range of securities, from investment grade and public to fixed income.

ICE U.S. TREASURY 20+ YEAR BOND INDEX: ICE U.S. Treasury 20+ Year Bond Index tracks the performance of US dollar denominated sovereign debt publicly issued by the US government in its domestic market. Qualifying securities must have greater than or equal to twenty years remaining term to final maturity as of the rebalancing date, a fixed coupon schedule and an adjusted amount outstanding of at least \$300 million. The amount outstanding for all qualifying securities is adjusted to reduce by the amounts held by the Federal Reserve's SOMA account. Bills, inflation-linked debt, original issue zero coupon securities and STRIPs are excluded from the Index; however, the amounts outstanding of qualifying coupon securities are not reduced by any portions that have been stripped. Agency debt with or without a US Government guarantee and securities issued or marketed primarily to retail investors do not qualify for inclusion in the index.

S&P GLOBAL NATURAL RESOURCES INDEX: The index includes 90 of the largest publicly-traded companies in natural resources and commodities businesses that meet specific investability requirements, offering investors diversified and investable equity exposure across 3 primary commodity-related sectors: agribusiness, energy, and metals & mining.

S&P GSCI GOLD INDEX: The S&P GSCI Gold Index, a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold future. The index is designed to be tradable, readily accessible to market participants, and cost efficient to implement.

HFRI FUND WEIGHTED COMPOSITE INDEX: The HFRI Fund Weighted Composite Index is a global, equal-weighted index of single-manager funds that report to HFR Database. Constituent funds report monthly net of all fees performance in U.S. Dollar and have a minimum of \$50 Million under management or a twelve (12) month track record of active performance. The



HFRI Fund Weighted Composite Index does not include Funds of Hedge Funds.

U.S. DOLLAR INDEX: The U.S. Dollar Index (USD_X, DXY, DX, or, informally, the "Dixie") is an index (or measure) of the value of the United States dollar relative to a basket of foreign currencies, often referred to as a basket of U.S. trade partners' currencies. The Index goes up when the U.S. dollar gains "strength" (value) when compared to other currencies.