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Punko Private Wealth Group

April Market & Economic Update

May 7, 2026



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Data as of: April 30th, 2026

For the Exclusive Use of RBC Dominion Securities Clients



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Key Takeaways

- ▶ If you want to know why stocks are up this year, look no further than earnings.
- ▶ The U.S. economy has been resilient despite the many challenges thrown at it.
- ▶ Emerging Markets have continued to outperform in 2026 after a strong 2025.

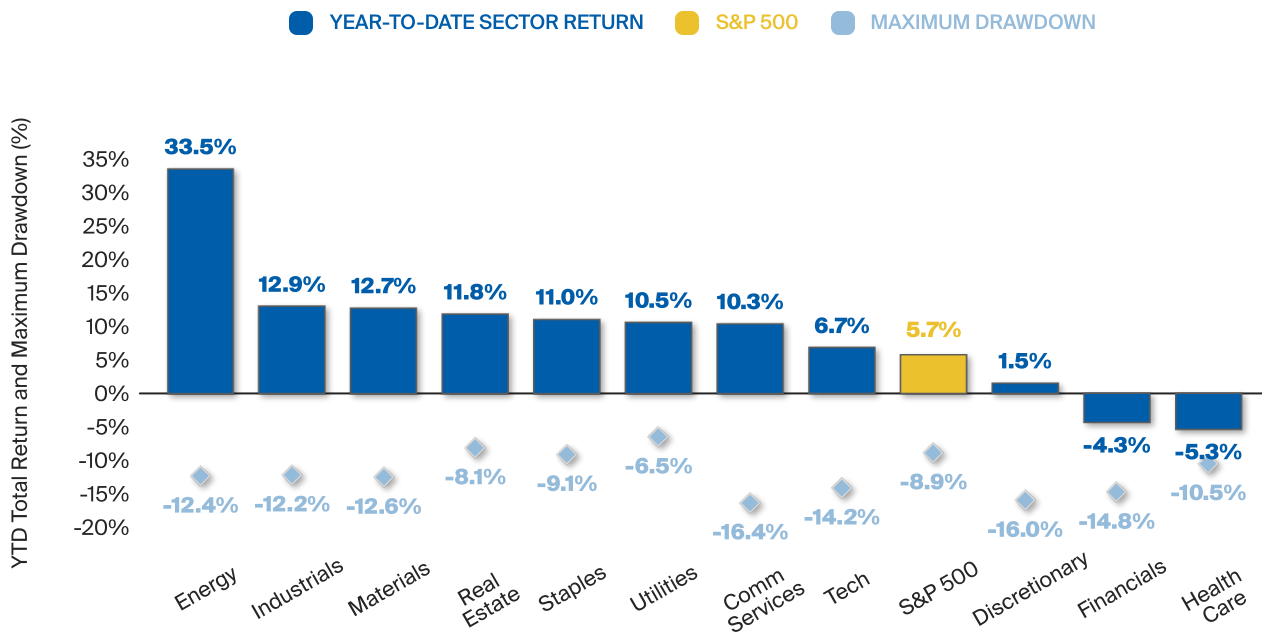
The S&P 500 has remained resilient in 2026 despite its 8.9% drawdown earlier this year. Through the end of April, the index is up 5.9% and 7 of 11 sectors are up double digits.

Exhibit A

S&P 500 Sector Performance in 2026

S&P 500 year-to-date (YTD) Sector Performance in 2026 (including dividends) with maximum drawdown

YTD 2026



Source: © Exhibit A, FactSet Research Systems Inc., Standard & Poor's | Latest: 2026-04-30



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Earnings Growth Has Accelerated

Many investors are scratching their heads right now trying to figure out why the stock market correction from the onset of the Iran War was so shallow and brief. Some people assume the market is detached from reality.

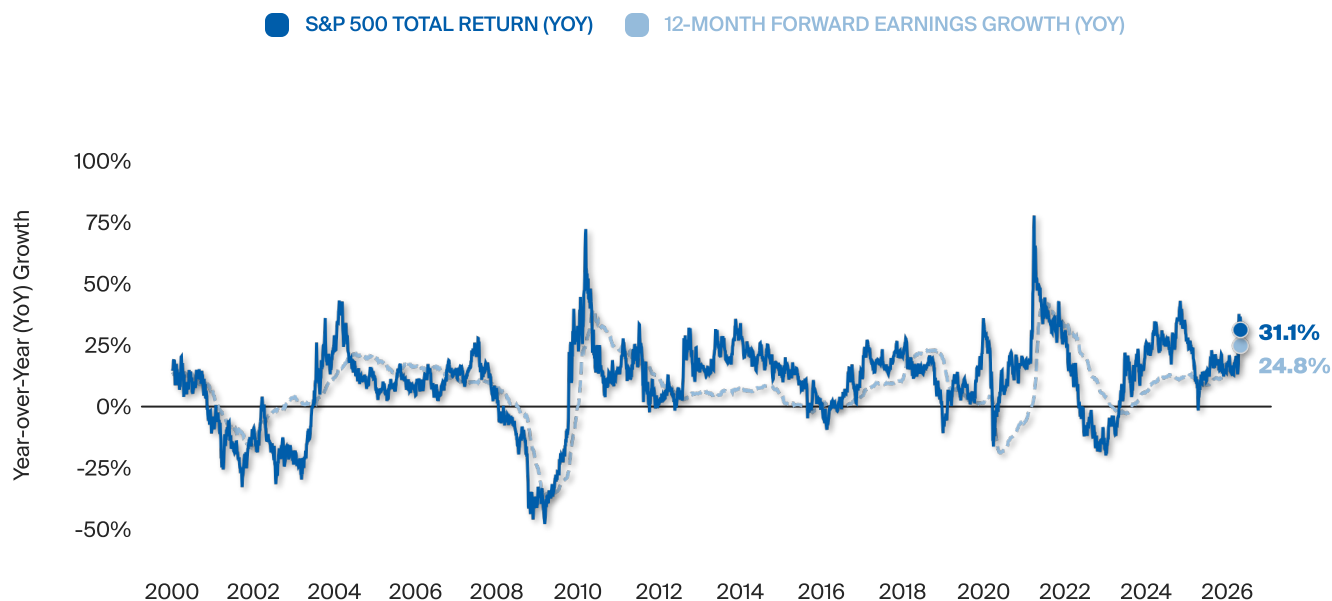
Fundamentals have historically been one of the main drivers of market performance over time. Stock price returns tend to have a strong relationship with earnings growth. It's not a perfect relationship but expected earnings growth has accelerated, so it makes sense that the stock market is following fundamentals higher.

Exhibit B

Tied at the Hip: Stock Prices and Earnings Growth

S&P 500 Total Return (YoY) vs 12-Month Forward Earnings Growth (YoY)

Since 2000



Source: © Exhibit A, FactSet Research Systems Inc., Standard & Poor's | Latest: 2026-04-30



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Economic Resilience

Much like the stock market, the U.S. economy doesn't move in a straight line up and to the right. There are highs and lows, peaks and valleys. One constant of this cycle is the dynamism of the U.S. economy. There have been some quarters where growth lagged because certain parts of the economy (energy, housing, etc) slowed. But other parts of the economy have stepped up which has kept us out of a recession.

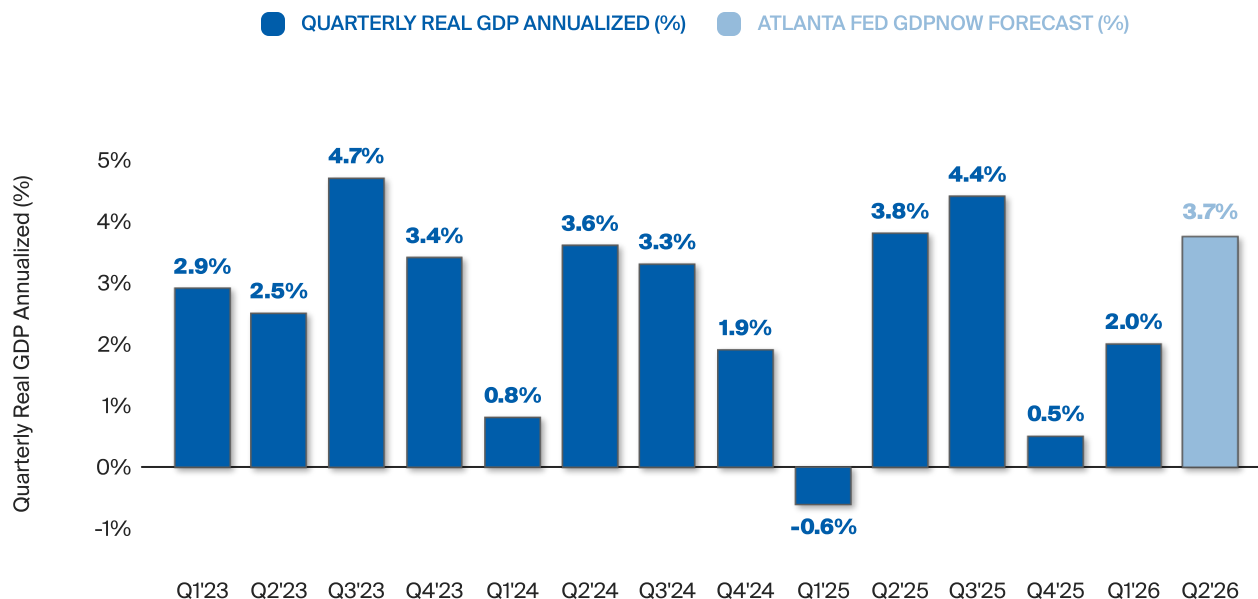
It's important to remember that the consumer makes up roughly 70% of economic activity. As long as households continue spending, the economy is less likely to rollover. That resilience is reflected in current forecasts, with the Atlanta Fed expecting 3.7% annualized real GDP growth in Q2 2026.

Exhibit C

How is the U.S. Economy Performing?

Past 3 Years and Upcoming Quarter Forecast (When available from Atlanta Fed)

Past 3 Years and Upcoming Quarter Forecast



Source: © Exhibit A, U.S. Bureau of Economic Analysis, Federal Reserve Bank of Atlanta via FRED | Latest: 2026-04-01



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The Labor Market is Hanging in There

One of the main reasons the U.S. economy has been so resilient is the labor market. Following the surge in unemployment from the pandemic job loss, the unemployment rate has now been below 5% since the fall of 2021. And while hiring has slowed, it is not happening because of mass layoffs. Initial unemployment claims remain low by historical standards.

Exhibit D

Job Loss in the United States

Initial Unemployment Claims

Since 1970



Source: © Exhibit A, U.S. Department of Labor via FRED | Latest: 2026-04-25



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Households are still spending money because most people still have a job. If this situation were to deteriorate, it could present a meaningful risk to economic growth and consumer spending.

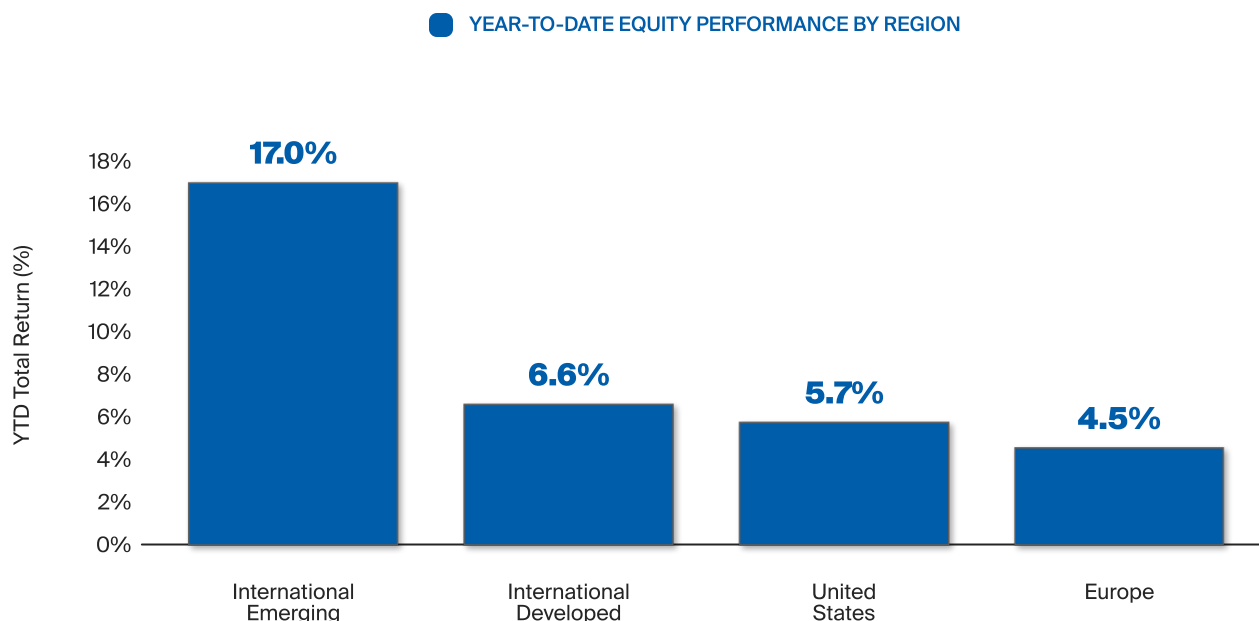
Emerging Markets Have Outperformed

In the first decade of the 21st century, Emerging Markets outperformed the rest of the globe by a wide margin. Since the end of the Great Financial Crisis in 2009, EM has severely underperformed. Emerging Markets outperformed the rest of the world in 2025 and that outperformance has carried through into 2026 as well.

Exhibit E

Regional Equity Performance in 2026

International (Developed & Emerging), United States, and Europe year-to-date (YTD) Equity Total Return (%)
YTD 2026



Source: © Exhibit A, FactSet Research Systems Inc., Standard & Poor's | Latest: 2026-04-30



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You can't set your watch to these cycles, but it's important to remember that markets are always and forever cyclical. No asset class outperforms or underperforms forever.

Don't Be Fearful of All Time Highs

Following a brief 8.9% correction, the S&P 500 is back near all time highs. While any given high could ultimately precede a market downturn, history suggests that new highs are nothing to fear. The chart below, based on historical data since 1950, measures the average S&P 500 1-year, 3-year, and 5-year forward returns in two scenarios: after all time highs and after all other days (below highs).

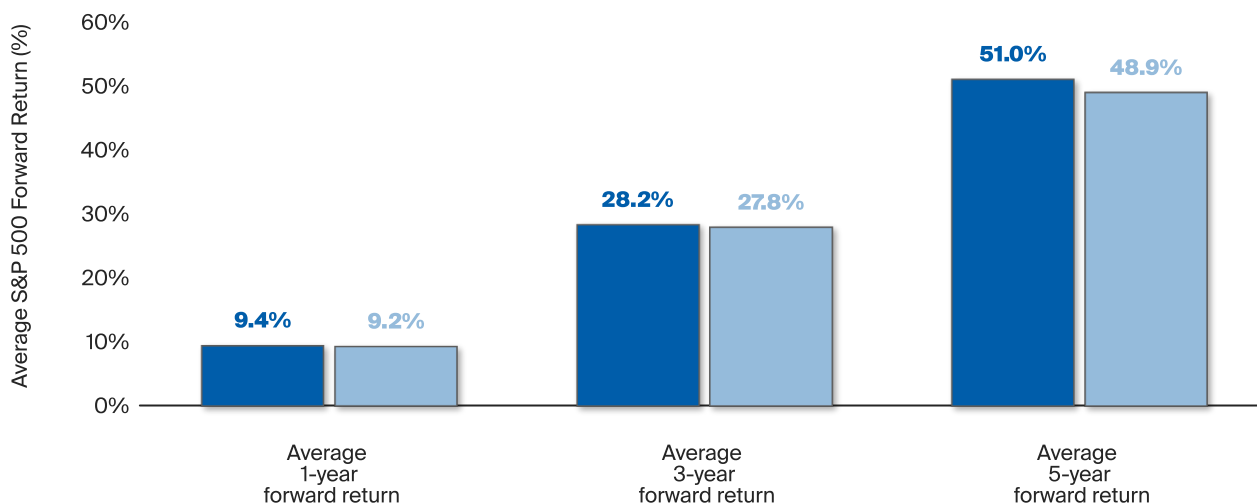
Exhibit F

Don't Fear All-Time-Highs

Average S&P 500 1-Year, 3-Years, 5-Years Forward Returns Investing at All Time Highs vs All Other Days

Since 1950

■ INVESTING IN THE S&P 500 AT ALL TIME HIGHS
 ■ INVESTING IN THE S&P 500 ON ALL OTHER DAYS



Source: © Exhibit A, FactSet Research Systems Inc., Standard & Poor's | Latest: 2026-04-30



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The data suggests that the periods following all time highs have actually generated stronger forward returns versus other periods below highs. Counterintuitive, yes, but it's the way markets have worked for over 75 years. Difficult to argue with the data.

Volatility Clusters

Volatility in the stock market has historically clustered around market downturns. This makes sense when you consider the fact that losses sting twice as bad as gains make you feel good. There are more panicked sellers than buyers when stock prices are going down.

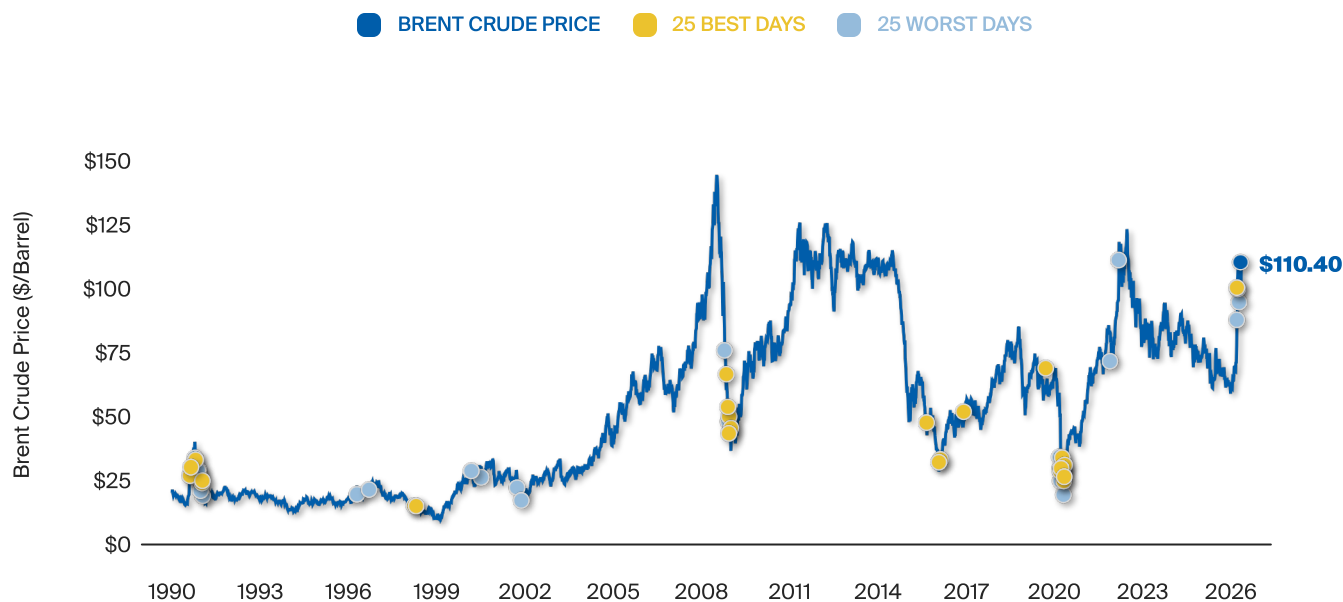
Oil prices have a similar dynamic in that the best and worst days have historically clustered as well. This can happen during downturns and price spikes as the market searches for an equilibrium. When prices are moving fast in either direction, elevated volatility is not uncommon as investors try to find their footing. The chart below shows this.

Exhibit G

Historically, The Best & Worst Days For Oil Cluster

Brent Crude Price With Dots for 25 Best and Worst Daily Performances

Since 1990



Source: © Exhibit A, FactSet Research Systems Inc., Standard & Poor's | Latest: 2026-04-30



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Why Rising Energy Costs Haven't Had a Big Impact

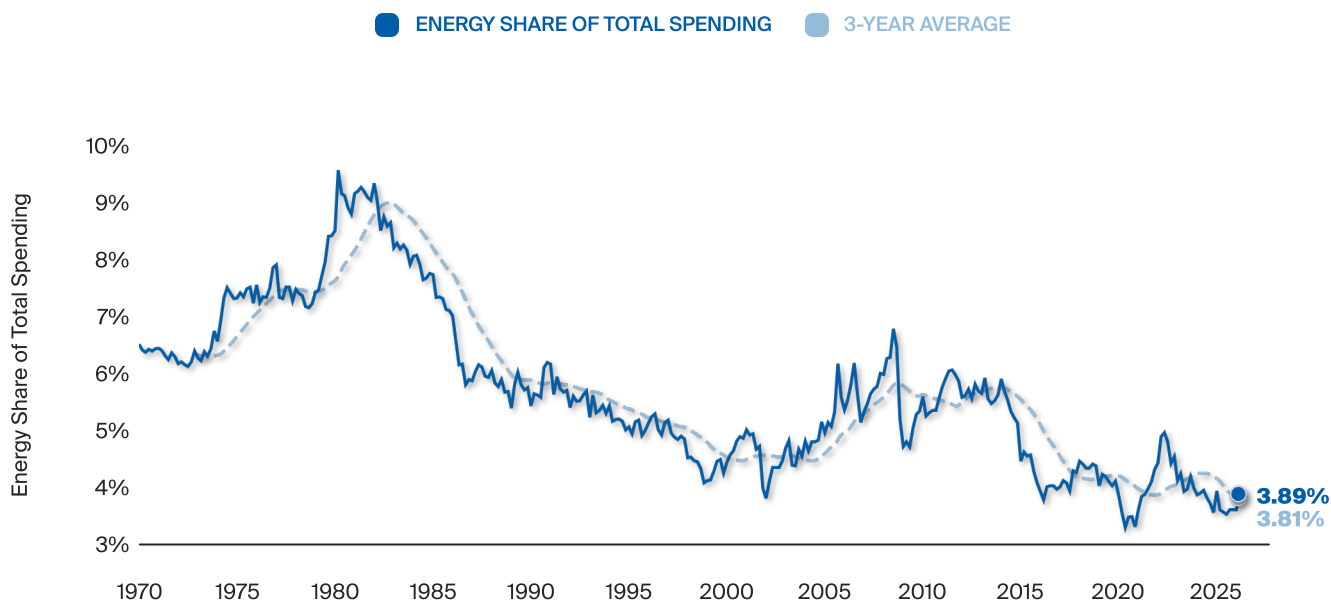
Many investors are confused about the current geopolitical situation. Oil prices have spiked which means gas prices are much higher than they were just a few short months ago. Why hasn't this had a bigger impact on the stock market? One of the reasons is that households don't spend as much of their budget on energy costs as they did in the past. Technology has made automobiles more fuel efficient. The global supply of energy has also expanded. Higher prices at the pump may be challenging for many households, though the data suggests consumers have more cushion than in prior cycles.

Exhibit H

Energy's Share of Consumer Spending Has Steadily Declined

Energy Goods and Services Personal Consumption Expenditures as a % of Total Personal Consumption Expenditures

Since 1970



Source: © Exhibit A, U.S. Bureau of Economic Analysis via FRED | Latest: 2026-03-01



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As always, if you have any questions about any of this, please don't hesitate to reach out.

Chart Disclosures

Exhibit A: S&P 500 year-to-date (YTD) Sector Performance in 2026 (including dividends) with maximum drawdown: The S&P 500 tracks the performance of 500 large-cap U.S. companies, serving as a benchmark for the U.S. stock market. The index is weighted by market capitalization. The 11 S&P 500 Sectors represent the 11 distinct categories of companies within the S&P 500 index, each reflecting a specific area of the economy. The chart shows the S&P 500 and its sector index total returns year-to-date with maximum drawdowns as diamonds. Total returns include dividends. Dividends are payments made by companies to shareholders, typically from profits, as a return on investment. The chart is sorted highest to lowest by year-to-date return. The maximum drawdown measures the largest decline in the value of each sector index, calculated as the difference between the peak and the trough within the year.

Exhibit B: S&P 500 Total Return (YoY) vs 12-Month Forward Earnings Growth (YoY) : The S&P 500 Total Return measures the price appreciation plus reinvested dividends of 500 large-cap U.S. companies, weighted by market capitalization. 12-Month Forward Earnings Growth (YoY) represents the year-over-year change in consensus analyst estimates for S&P 500 earnings over the next 12 months, aggregated from projections sourced from FactSet.

Exhibit C: Past 3 Years and Upcoming Quarter Forecast (When available from Atlanta Fed): Real GDP is Gross Domestic Product adjusted for inflation, representing the total value of all goods and services produced in the U.S. economy, serving as a measure of economic growth. The Atlanta Fed GDPNow Forecast is a real-time estimate of U.S. GDP growth provided by the Federal Reserve Bank of Atlanta. It uses a dynamic model to update projections for real GDP growth as new economic data is released, offering a timely and data-driven outlook on the economy's performance. It can be found here: <https://www.atlantafed.org/cqer/research/gdpnow>. The chart shows the quarter over quarter annualized change in Real GDP along with the Atlanta Fed GDPNow's forecast for the upcoming quarter.

Exhibit D: Initial Unemployment Claims: Initial Unemployment Claims represent the number of new applications for unemployment benefits filed by individuals who have recently lost their jobs. This metric is a key indicator of labor market conditions, providing insights into the level of job loss and overall economic health. A rise in initial claims often signals economic weakness, while a decline suggests labor market strength. The Y axis is capped at 1,000k to prevent the April 4, 2020, COVID-19 initial unemployment claims reading of 6,137k from distorting the chart and obscuring historical patterns.

Chart Disclosures

Exhibit E: International (Developed & Emerging), United States, and Europe year-to-date (YTD) Equity Total Return (%): The S&P 500 Index tracks the performance of 500 large-cap U.S. companies and serves as a benchmark for the U.S. stock market. The index is market-cap weighted. Returns shown represent year-to-date total return performance as of the current date. The following tickers are used as proxies for international equity markets: EFA (International Developed), EEM (Emerging Markets), and IEV (Europe). Total return includes dividends.

Exhibit F: Average S&P 500 1-Year, 3-Years, 5-Years Forward Returns Investing at All Time Highs vs All Other Days: The S&P 500 tracks the performance of 500 large-cap U.S. companies, serving as a benchmark for the U.S. stock market. The index is weighted by market capitalization. The chart shows the average 1-year, 3-year, and 5-year forward price returns since 1950 investing in the S&P 500 at all-time highs vs on all other days.

Exhibit G: Brent Crude Price With Dots for 25 Best and Worst Daily Performances: Brent Crude refers to the ICE Brent Crude Oil front-month futures contract, a global benchmark for oil pricing. The 25 best and 25 worst days are determined by ranking all trading days since January 1, 1990 by single-day percentage change in the front-month Brent crude futures price. Best days represent the 25 largest positive daily percentage changes; worst days represent the 25 largest negative daily percentage changes.

Exhibit H: Energy Goods and Services Personal Consumption Expenditures as a % of Total Personal Consumption Expenditures: Energy goods and services include gasoline, fuel oil, natural gas, and electricity as defined by the Bureau of Economic Analysis. The energy share is calculated by dividing personal consumption expenditures on energy goods and services by total personal consumption expenditures. The 3-year average is a trailing 36-month moving average of the monthly energy share.

Definitions

The S&P 500 tracks the performance of 500 large-cap U.S. companies, serving as a benchmark for the U.S. stock market. The index is weighted by market capitalization. Indices are unmanaged and investors cannot invest directly into them.

The 11 S&P 500 Sectors represent the 11 distinct categories of companies within the S&P 500 index, each reflecting a specific area of the economy. The sectors are listed in the chart along the x axis. Each sector groups companies with similar business activities.

The Atlanta Fed GDPNow Forecast is a real-time estimate of U.S. GDP growth provided by the Federal Reserve Bank of Atlanta. It uses a dynamic model to update projections for real GDP growth as new economic data is released, offering a timely and data-driven outlook on the economy's performance. It can be found here:

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Real GDP is Gross Domestic Product adjusted for inflation, representing the total value of all goods and services produced in the U.S. economy, serving as a measure of economic growth.

Initial Unemployment Claims are the number of new claims for unemployment benefits, used as a key indicator of the strength or weakness in the labor market.

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Exhibit A Disclosures

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