

Robert C. Doll, CEO/CIO/PM/CFA

2026 Investment Update

April 2026



Bob is a financial services industry veteran with over 40 years of experience managing large cap equity strategies as well as long and long-short equity strategies. His weekly, quarterly, and annual investment commentaries focus on key themes and risks driving equity markets, monetary policy, and the global economy. Bob is a regular guest and contributor to multiple media outlets such as CNBC, Bloomberg TV, Moneywise, and Fox Business News.

WAR REFLECTIONS (as of March 9, 2026)



“How the war will play out remains to be seen but what ultimately matters is oil prices.”

– Doll’s Deliberations – March 9, 2026

“We have consistently and for some time warned that while the top-down macro backdrop was favorable for risk-taking, rich capital market pricing and widespread investor complacency warranted a more tempered investment strategy and asset allocation.”

WATCH THE PRICE OF OIL (and the Strait of Hormuz)

Five points from Monday, March 16 – Doll's Deliberations



1. Low gasoline prices were one of the few pillars supporting the administration's affordability narrative. That now appears to be unraveling and could potentially offset a material portion of the consumer stimulus from the One Big Beautiful Bill.
2. The global economy had considerable momentum before the war, which, combined with accommodative monetary and fiscal policy, should enable the expansion to continue.
3. Over the past two weeks, earnings estimates for both 2026 and 2027 have actually been revised higher, despite mounting concerns about the war with Iran and the uncertainty surrounding potential disruptions to commodity markets. Stay tuned!
4. Thwarting Chinese ambition is likely a big part of the U.S. invasion of Iran. China buys 80% of Iran's oil at steep discounts. (China's energy consumption exceeds the U.S. and Europe combined.)
5. Poor election results in several elections in recent weeks portend poorly for President Trump and the Republicans in November.

A potpourri of points



Odds of a 2026 recession (Polymarkets.com)

Wednesday, Feb 25	21%
Friday, March 6	33%
Wednesday, March 11	29%
Friday, March 20	34%
Friday, March 27	37%
Tuesday, March 31	32%

Probability of Democrats taking Senate (Polymarkets.com)

Early February	35%
Early March	41%
Now (March 31)	52%
(House probability nearly 100%)	

High-risk bull market

Evident with war

On hold



Issues

1. War (price of oil, inflation)
2. Integrity of private credit
3. AI (capex, ROI)

Positives

1. Earnings still good (watch carefully)
2. Fed not hostile
3. Credit spreads not signaling significant problems

Negatives

1. Still high valuations
2. Inflation remains sticky
3. Uncertainty as to longevity of \$100 oil and Strait of Hormuz

Conclusion



Best guesses

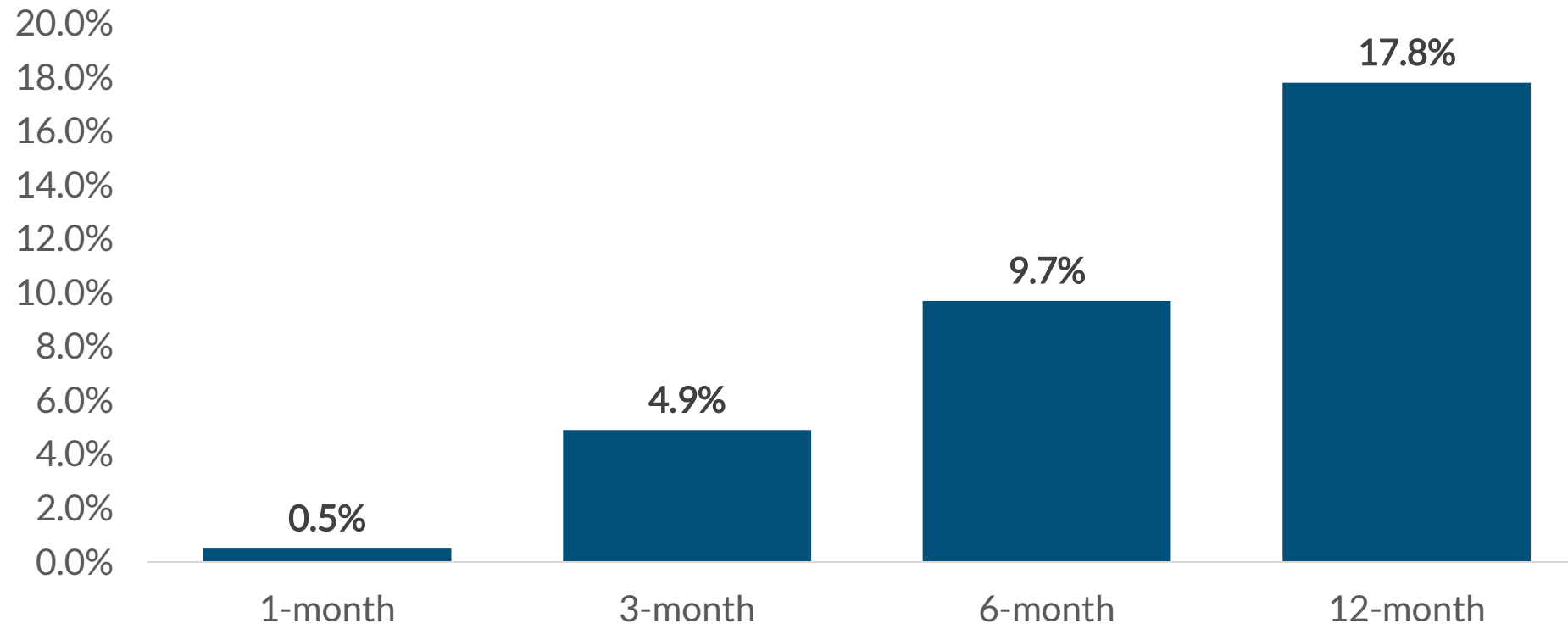
1. War (at least at this pace) ends in days/weeks, not months.
2. Iran regime likely to look similar to old regime.
3. Outcome will be take out leadership, nuclear capacity, navy, and a lot of missile inventory (will not change brutal authoritative government).
4. China angle is key.
5. Earnings will be “nicked,” but not damaged.

WATCH THE PRICE OF OIL AND THE STRAIT OF HORMUZ

Stocks have strong, positive returns following periods of high policy uncertainty



**S&P 500 returns following spikes in U.S. policy uncertainty (when uncertainty >200)
(Using Daily Policy Uncertainty Index: Jan. 1985-March 29, 2026)**



Source: Strategas

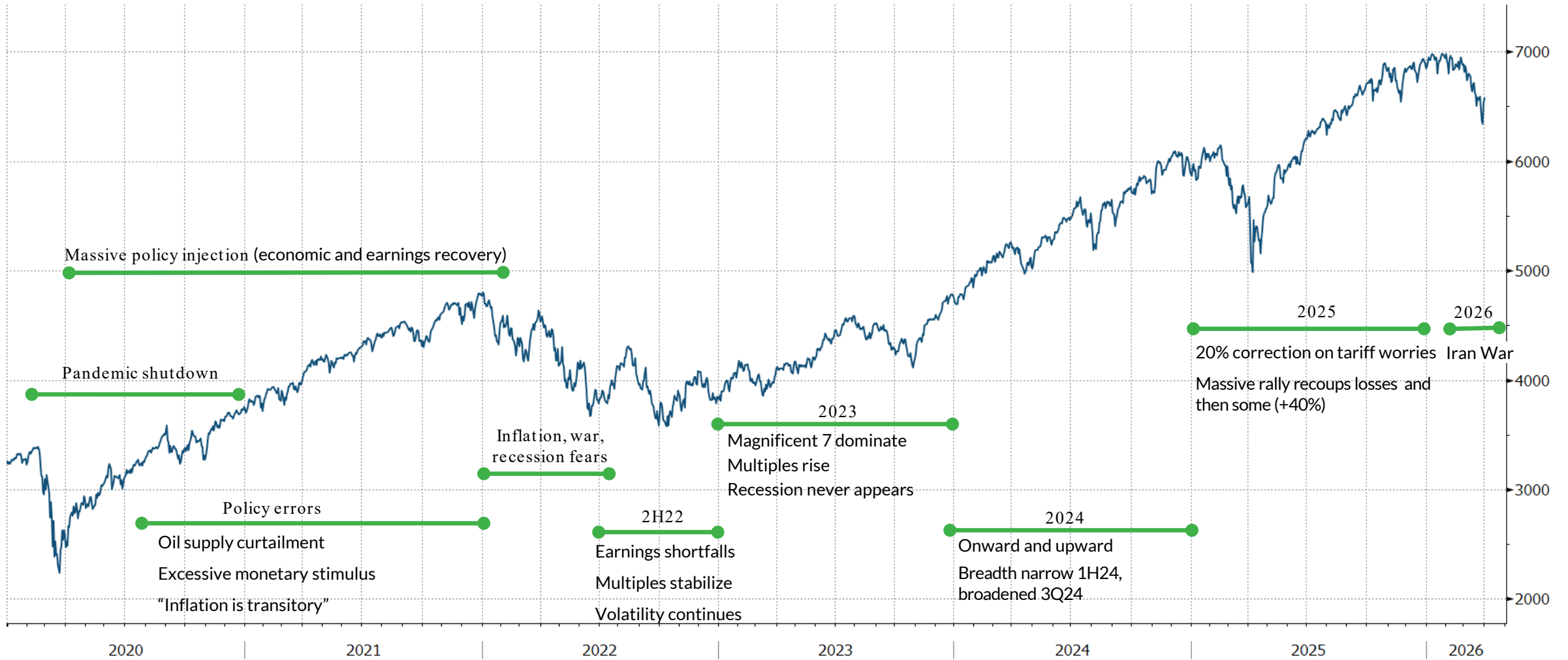
Recent returns



Index	2025 (%)	1Q'26 (%)
90-Day Treasury Bills (Bloomberg U.S. Treasury Bill 1-3 Month TR)	4.3	0.9
10-Year U.S. Treasury (Bloomberg U.S. Treasury 10+ Yr TR)	8.0	-0.2
U.S. Bonds (Bloomberg U.S. Agg Bond TR)	7.3	-0.1
High-Yield Corporate Bonds (Bloomberg U.S. Corp High Yield TR)	8.6	-0.5
S&P 500 TR Index	17.9	-4.3
S&P 500 Equally Weighted	11.4	0.7
MSCI World Ex. U.S. (MSCI World Ex USA NR)	31.9	-0.9
MSCI Emerging Markets (MSCI EM NR)	33.6	-0.2
Commodities (DJ Commodity TR)	15.8	24.4
Gold	64.6	8.1
Bitcoin	-6.5	-22.5

Source: Bloomberg as of 3/31/26

S&P 500 6-year history



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Source: Bloomberg as of 3/31/26

Predicting the future



1. It's tough to make predictions, especially about the future. – Yogi Berra/Niels Bohr
2. Trying to predict the future is like trying to drive down a country road at night with no lights while looking out the back window. – Various
3. The future ain't what is used to be. – Yogi Berra

Other interesting quotations

1. Too many people spend money they haven't earned, to buy things they don't want, to impress people that they don't like. – Will Rogers
2. [Credit is a system whereby] a person who can't pay, gets another person who can't pay, to guarantee that he can pay. – Charles Dickens

The bar is high for a strong 2026 equity market



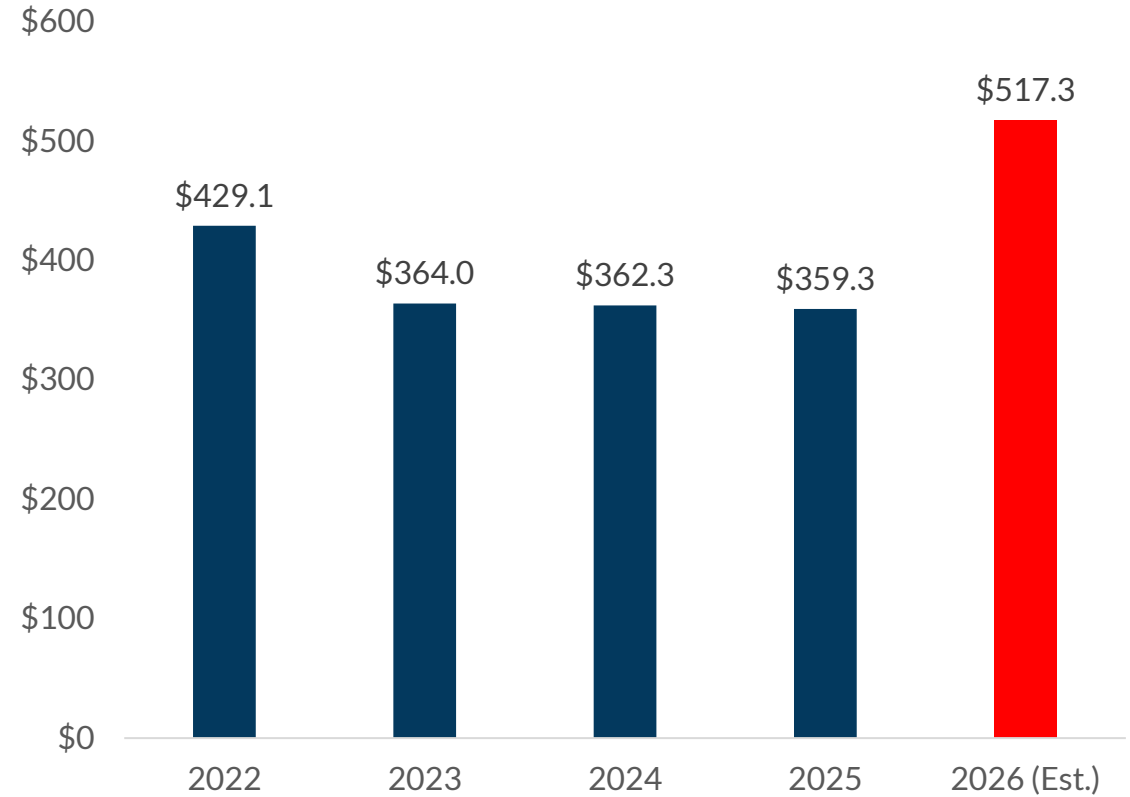
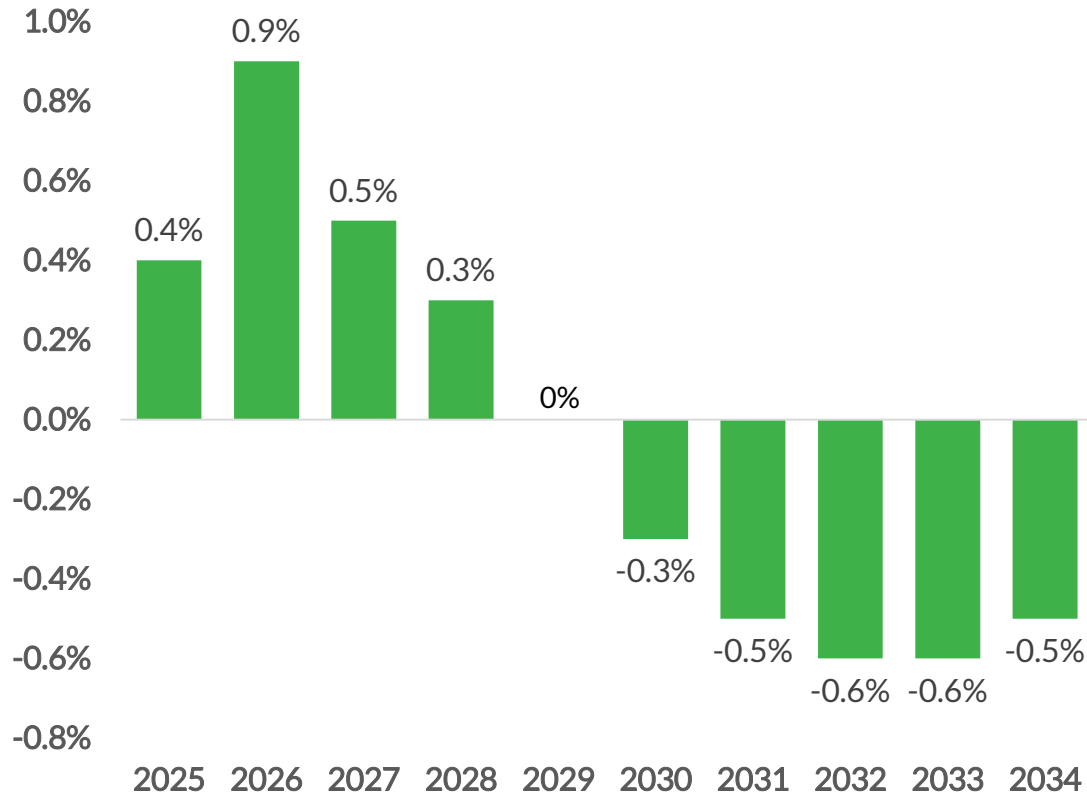
1. Earnings growth expectations for 2026 are higher than they were going into 2024 and 2025.
2. Fed may be on hold, and we are getting closer to neutral policy rates.
3. The massive rally of the last three years means valuations are noticeably stretched.
4. Policy uncertainties are many and are high.
5. Stocks have risen a double-digit percentage four years in a row only once in the last 100 years.

Prediction 1: Economic growth in the U.S. improves from ~2.0% to ~2.5% real GDP



Net fiscal stimulus from Senate tax bill (excludes tariffs), % of GDP, FY

Federal tax refunds, FY, \$BN



Source: Strategas, left as of 12/09/25; right as of 11/17/25

Prediction 2: Inflation remains sticky and fails to make much if any progress toward the Fed's 2% target



U.S. inflation history

	Average since 1983	Fall 2025	Feb 2026 (Latest YoY)
Headline CPI	2.9%	3.0%	2.4%
Core CPI	2.9%	3.0%	2.5%
Food CPI	3.0%	3.1%	3.1%
Energy CPI	3.0%	2.9%	0.5%
Headline PCE	2.5%	2.8%	2.8%
Core PCE	2.5%	2.8%	3.1%

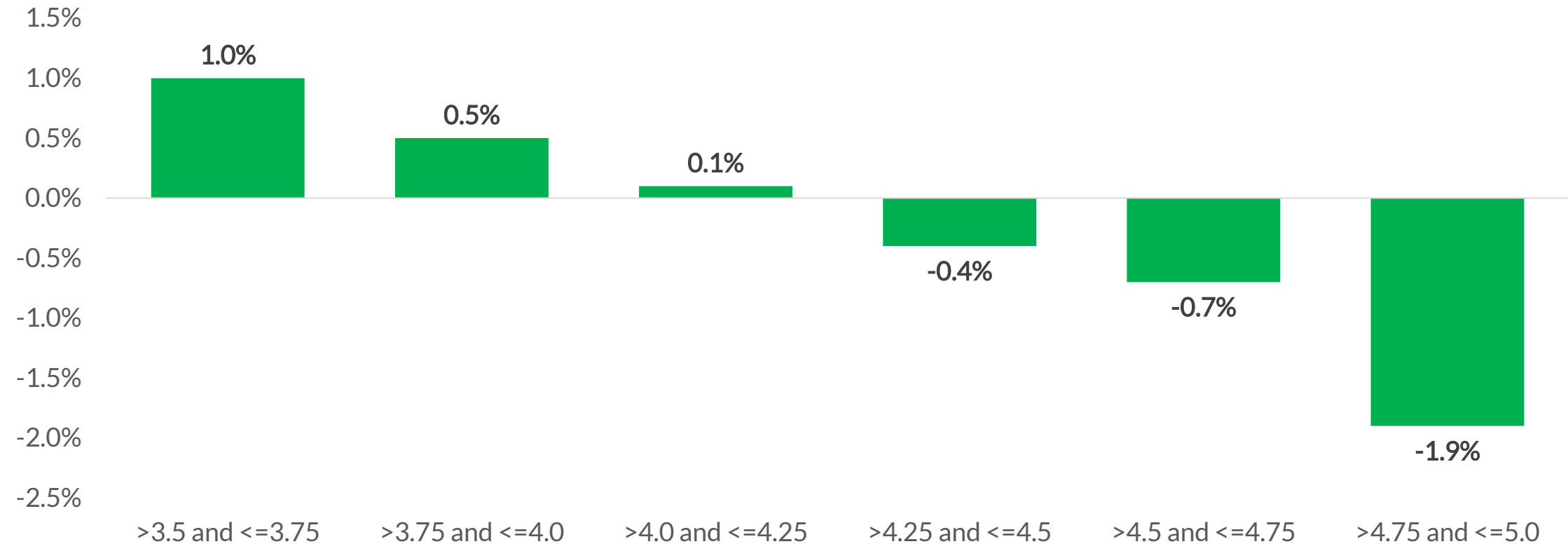
Source: Wolfe Research and Bloomberg as of 3/31/26



Prediction 3: The 10-year Treasury yield trades primarily between high 3% and mid 4% as credit spreads widen (i.e., a 'coupon-ish' year)

Equity market returns depend on 10-year yield (4.25% the focal point)

Median weekly S&P 500 return (2023-25) when 10-year is rising, parsed by 10-year level ranges



Source: Piper Sandler



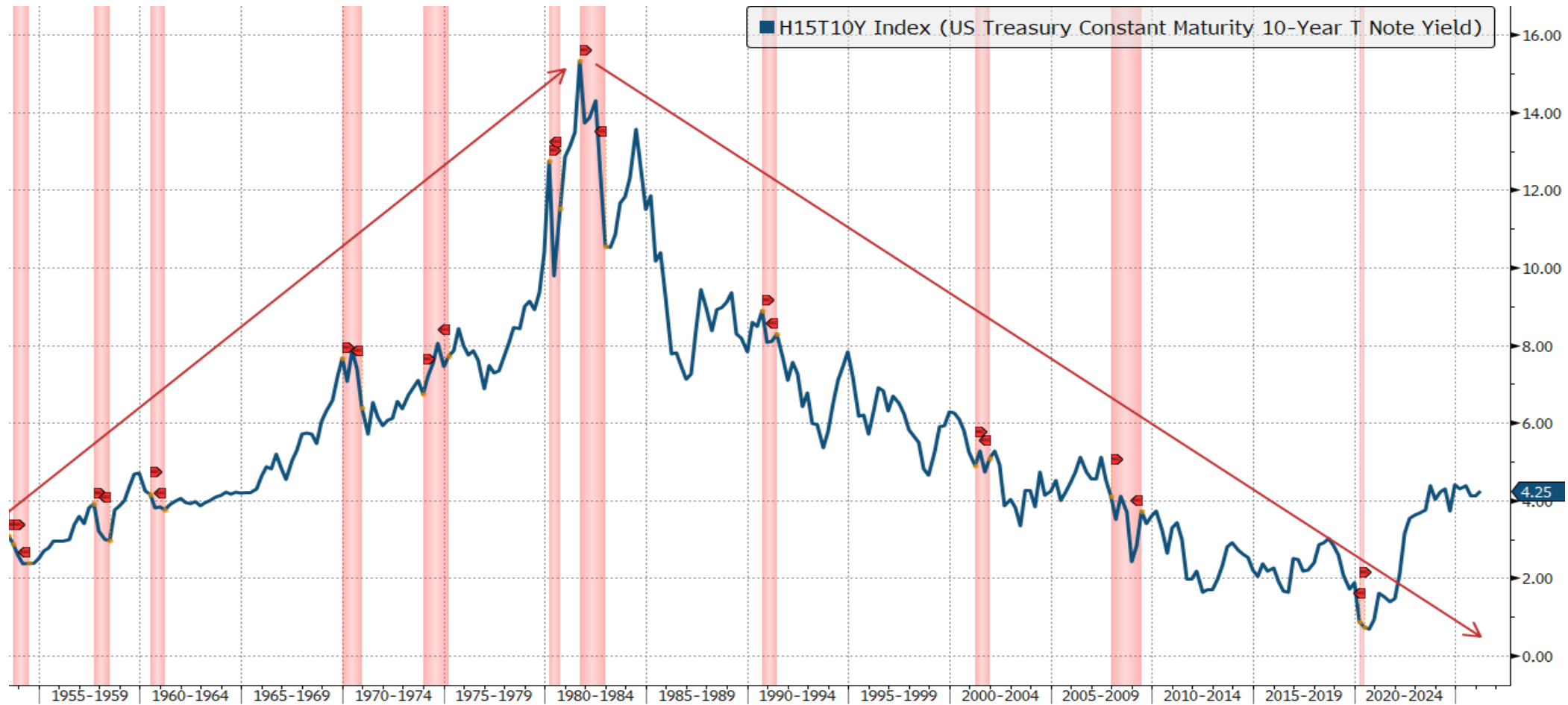
Prediction 3: The 10-year Treasury yield trades primarily between high 3%s and mid 4%s as credit spreads widen (i.e., a 'coupon-ish' year)

Fixed income strategy

1. Duration – neutral (become more aggressive above 4.50%; become more cautious below 4.00%)
2. Shape – steepening
3. Lock in some income at these “high” rates
4. TIPs – have some
5. Quality – high
6. Spreads – widen modestly
7. Munis – where tax conditions permit, participate

A secular change in the financial system

U.S. 10-Year Treasury yield



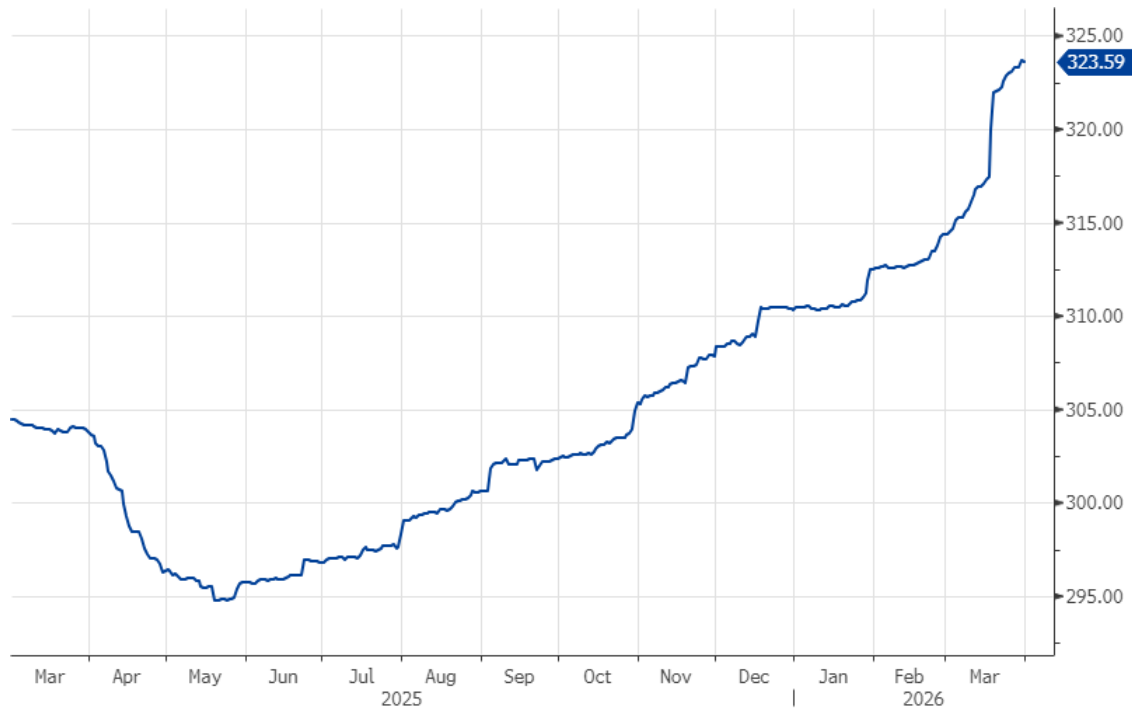
Sources: Strategas, Bloomberg

Prediction 4: Earnings growth falls short of consensus +14% and P/Es decline, modestly making it a tougher year to make money

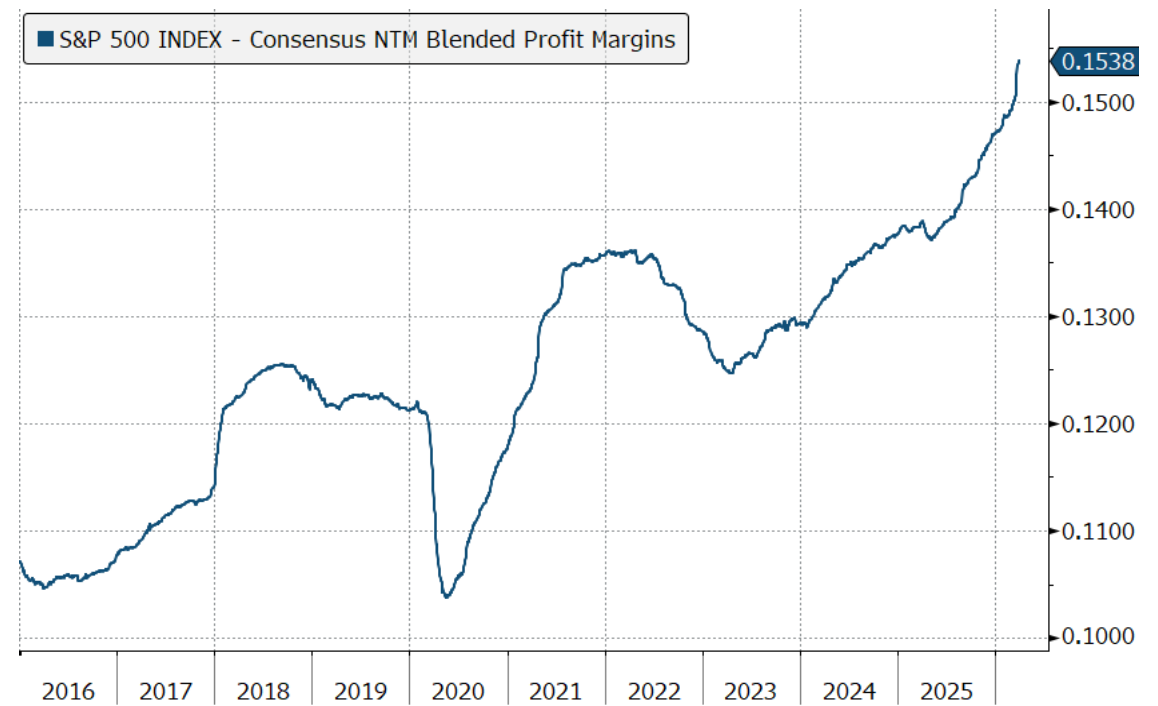


The positives

Consensus 2026 S&P 500 EPS estimates



Consensus NTM blended profit margin estimates



Source: Bloomberg as of 3/31/26

Prediction 4: Earnings growth falls short of consensus +14% and P/Es decline, modestly making it a tougher year to make money



Earnings projections

S&P 500 earnings	Consensus ¹		Our guess	
2024	\$248		\$248	
2025	\$272	+9.7%	\$270	+8.9%
2026	\$308	+13.2%	\$300	+11.1%
2027	\$350	+13.6%	\$330	+10.0%
3-year compound growth rate		+12.2%		+10.0%

¹ Source: FactSet

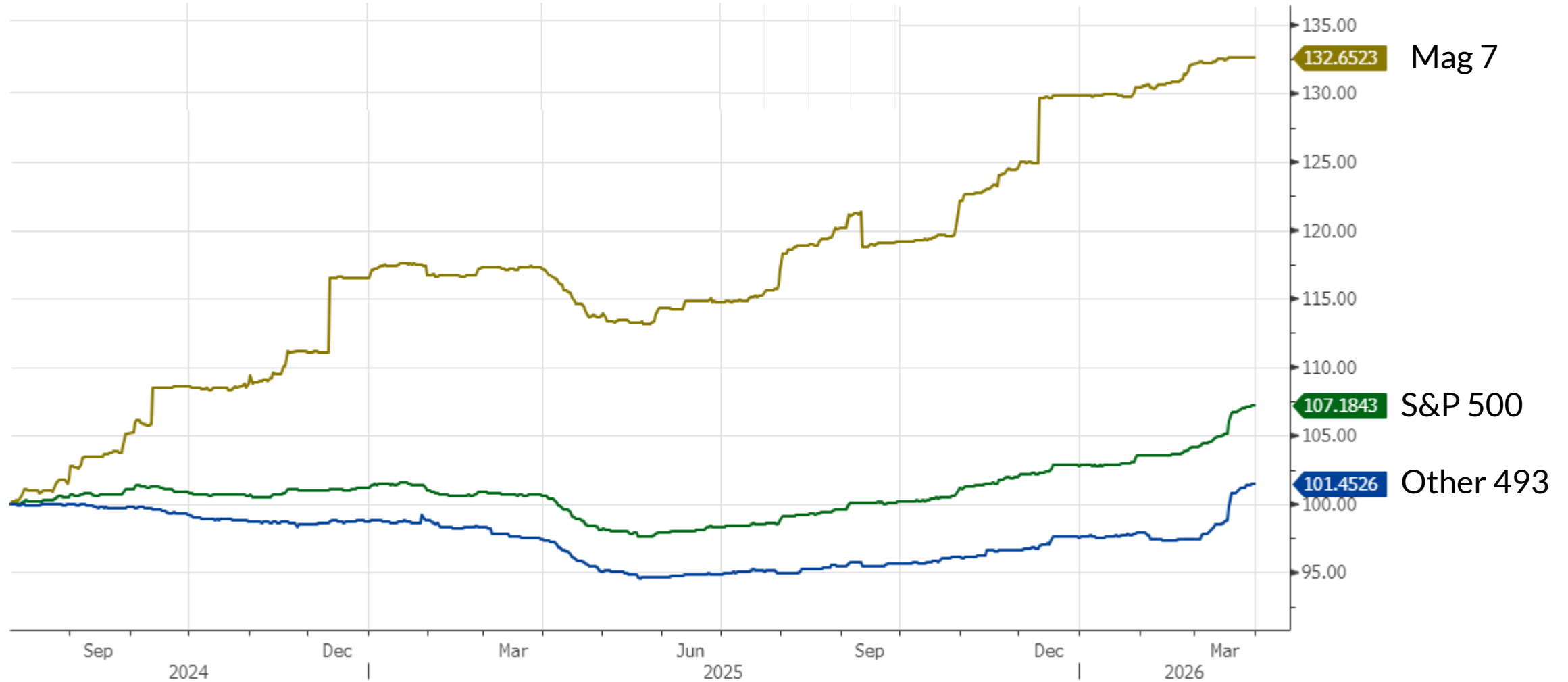


Prediction 4: Earnings growth falls short of consensus +14% and P/Es decline, modestly making it a tougher year to make money

What is fair value on Sept. 30, 2025?

	2026 EPS (Consensus = \$308)	2027 EPS (Consensus = \$350)		P/E		Probability
Bear Case	\$290	\$315	+8.0%	18x	5,670	30%
Base Case	\$300	\$330	+10.0%	20x	6,600	50%
Bull Case	\$310	\$345	+11.3%	22x	7,590	20%
					Weighted Average	6,520

Earnings growth to accelerate for the average stock

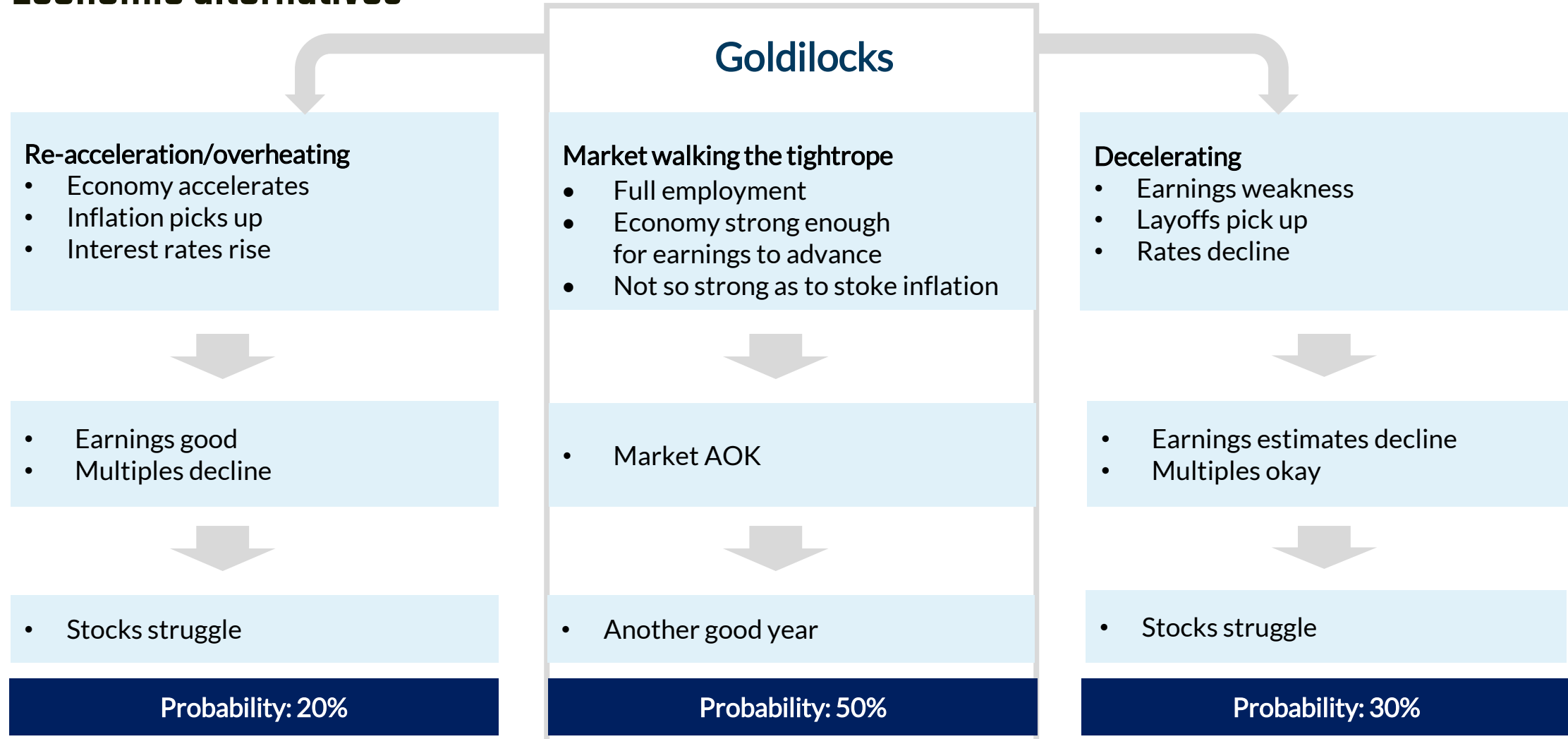


Sources: Bloomberg as of 3/31/26

Prediction 5: Stocks fail to advance by a double-digit percentage for only the third time in 10 years



Economic alternatives



Prediction 5: Stocks fail to advance by a double-digit percentage for only the third time in 10 years



Long-term valuation metrics

Valuation metric	S&P 500 Index		S&P 500 Index	
	12/31/25	Historical percentile (%)	Current (3/31/26)	Historical percentile (%)
Forward P/E	22.0x	90	19.4x	76
EV/EBITDA	17.7x	98	16.1x	93
EV/sales	3.7x	100	3.5x	98
Free cash flow yield	2.8%	85	3.0%	81
Price/book	5.5x	100	5.1x	96
U.S. market cap/GDP	229%	99	218%	96

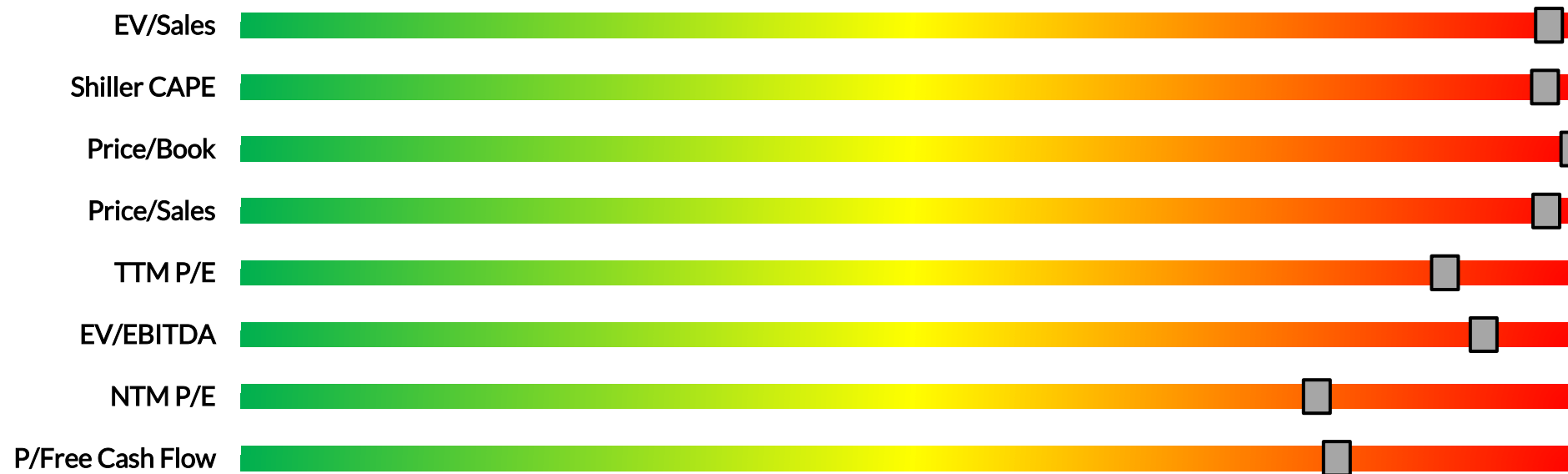
Source: Bloomberg as of 3/31/26

Prediction 5: Stocks fail to advance by a double-digit percentage for only the third time in 10 years



The negatives: Stocks are expensive

S&P 500 valuation: Current percentile ranking relative to history



Sources: Strategas, FactSet, Bloomberg, Robert Shiller as of 3/31/26

Prediction 5: Stocks fail to advance by a double-digit percentage for only the third time in 10 years



Prospective equity returns

Starting P/E	S&P 500 average forward returns (%)			
	1-year	3-year	5-year	10-year
<10x	13.4	11.2	12.3	11.5
10-12	14.9	13.0	10.4	10.5
12-14	10.5	9.1	8.5	9.6
14-16	12.4	10.9	9.8	9.3
16-18	6.4	6.3	5.4	5.7
18-20	7.7	6.0	5.9	4.4
>20	5.2	4.8	5.5	3.0

Prediction 6: Technology, communication services, and financials outperform materials, utilities, and consumer discretionary



Recommended over- and underweights

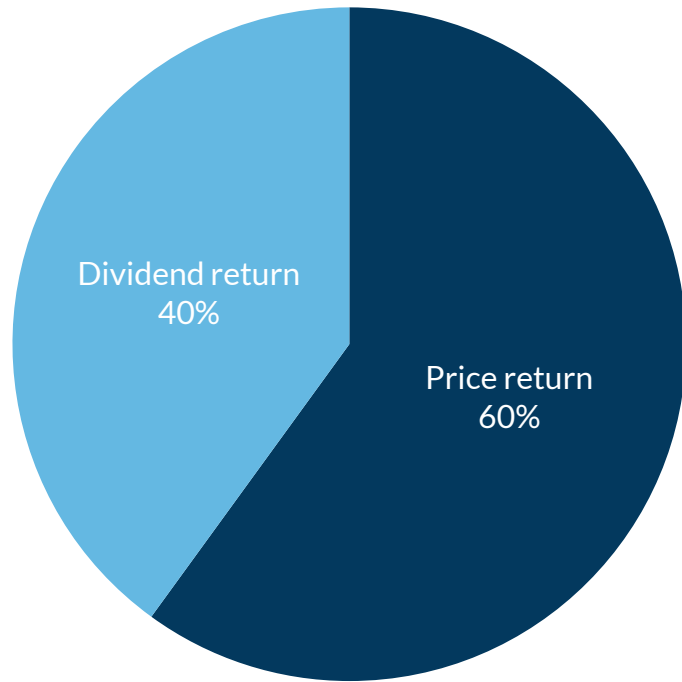
Overweights	Underweights
<p>Technology</p> <ul style="list-style-type: none">– Strong secular growth prospects– Double-digit revenue and earnings growth– Global leader; benefits from dollar weakness <p>Risk: Deglobalization</p>	<p>Materials</p> <ul style="list-style-type: none">– China risks– Global economic slowdown risks– Trade dispute risks <p>Risk: Beneficiary of China stimulus/dollar weakness</p>
<p>Communication services</p> <ul style="list-style-type: none">– Improving economy driving ad and entertainment spending– Strong buybacks and dividend growth– Benefits from AI tailwinds <p>Risk: High expectations, cost cutting risks</p>	<p>Utilities</p> <ul style="list-style-type: none">– Poor earnings growth prospects– High valuations– Yield competition from bonds <p>Risk: Power demand from data centers</p>
<p>Financials</p> <ul style="list-style-type: none">– Strong earnings gains and revisions– Biggest beneficiary of deregulation– Relatively good balance sheets <p>Risk: Economic weakness/more credit “cockroaches”</p>	<p>Consumer discretionary</p> <ul style="list-style-type: none">– Employment weakness– Tariff risks– Not cheap; weak guidance <p>Risk: Economic re-acceleration</p>

Prediction 6: Technology, communication services, and financials outperform materials, utilities, and consumer discretionary

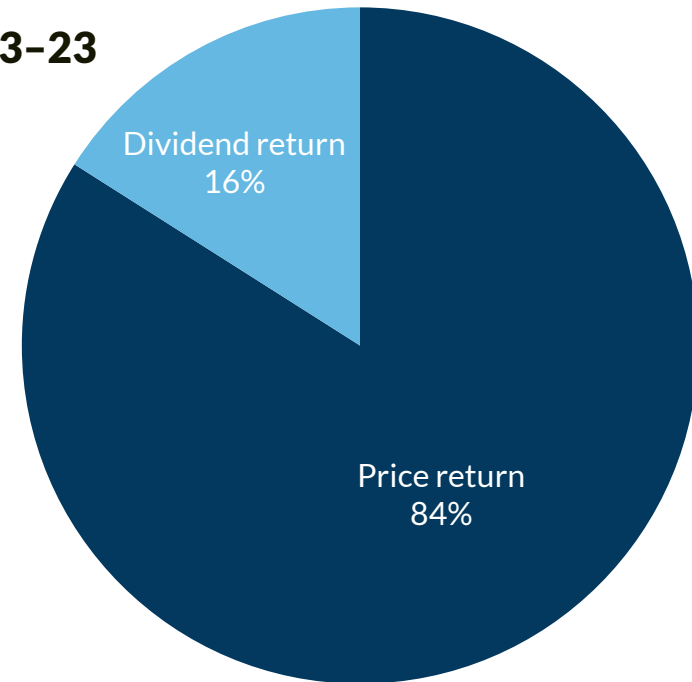


Dividends/dividend growth should matter more in 2026

1936-2012



2013-23



**Dividends should contribute more to total returns than 2013-23.
Dividend payout ratio currently 30% vs. 50% long term**

Prediction 6: Technology, communication services, and financials outperform materials, utilities, and consumer discretionary



Preferences

Most-favored Mag 7	Least-favored Mag 7
Apple	Tesla
Microsoft	Amazon
Google	Meta
NVIDIA	

Common Factor Preferences	
Strongest preferences	Moderate preferences
Low P/E > High P/E	Good momentum (business and price)
Strong free-cash-flow generation	Low beta > beta
High management quality	Value > growth
	Big > small

Prediction 7: International stocks outperform the U.S. for the second year in a row (first time in 20 years)



Reasons to increase international weight

1. Valuation differentials
2. More favorable earnings comparisons
3. Monetary policy differentials
4. Fed confusion/dovishness
5. Weakening dollar
6. Underweight international positions (especially in U.S.)
7. Geopolitical desires to diversify away from U.S.

'America has no permanent friends or enemies, only interests.'

Market performance since war



Country / Region Equities	Returns (Feb 27-Mar 31)
Brazil	-0.9%
Hong Kong	-4.6%
China	-4.9%
U.S.	-5.2%
All Country World (ACWI)	-6.1%
Taiwan	-6.3%
UK	-6.4%
Mexico	-7.1%
Australia	-7.7%
EAFE	-7.8%
ACWI ex-US	-8.0%
Europe	-8.6%
Japan	-8.6%
Emerging Markets	-9.3%
France	-9.4%
India	-10.4%
Germany	-10.5%
South Africa	-16.9%
South Korea	-18.7%

FactSet as of 3/31/26

U.S. market cap as percentage of global market cap



If this were a stock, would you be long or short?



Source: Strategas as of 03/31/26

Prediction 8: AI continues to be volatile/erratic, creating another year of elevated volatility



The AI money machine

Circular financing often goes something like this: One company pays money to another, and then the other company turns around and buys the first company's products or services. Without the initial transaction, the other company might not be able to make the purchase.

Source: Jonathan Weil

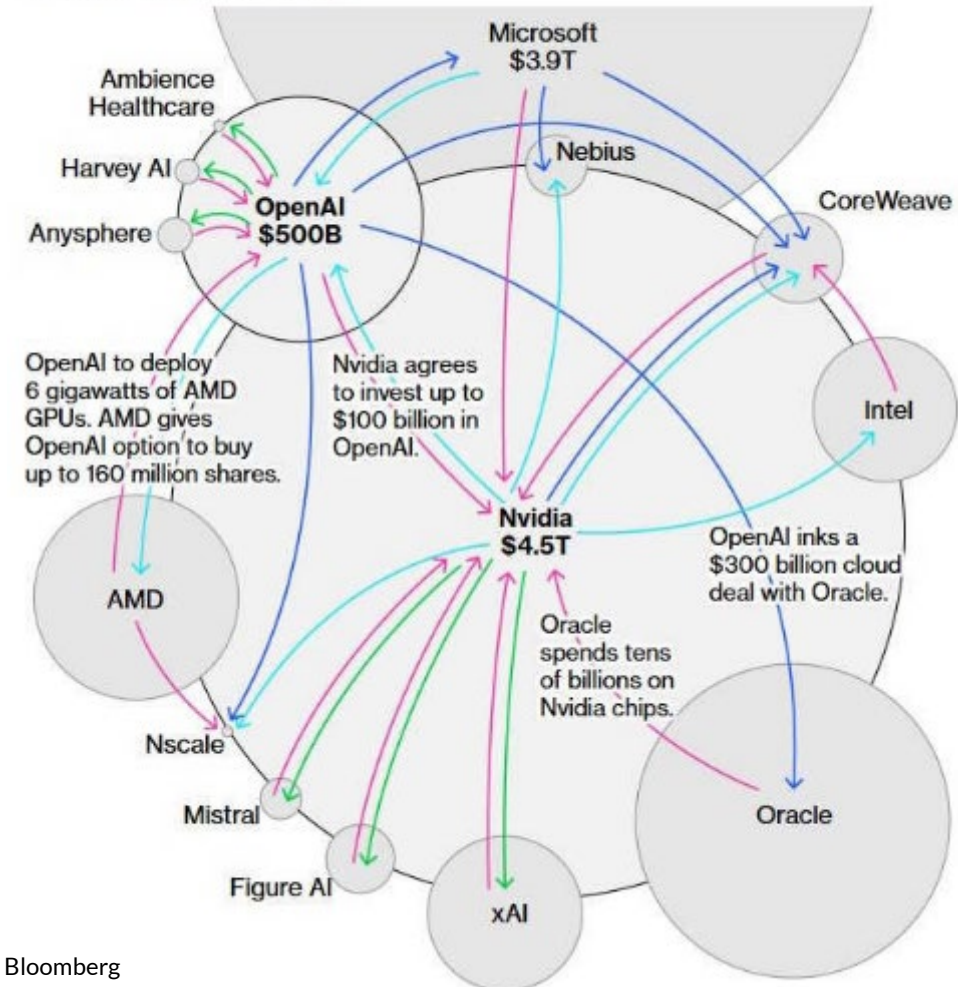
On OpenAI/Oracle and the capital cycle:

“There is no way for Oracle to pay for this with cash flow. They must raise equity or debt to fund their ambitions. Until now, the AI infrastructure boom has been almost entirely self-funded by the cash flows of a select few hyperscalers. Oracle has broken the pattern. It is willing to leverage up to hundreds of billions to seize a share.”

Source: Doug O’Laughlin, Fabricated Knowledge, 9/25

How NVIDIA and OpenAI fuel the AI money machine

Hardware or Software Investment Services Venture Capital
Circles sized by market value



Source: Bloomberg

Prediction 8: AI continues to be volatile/erratic, creating another year of elevated volatility



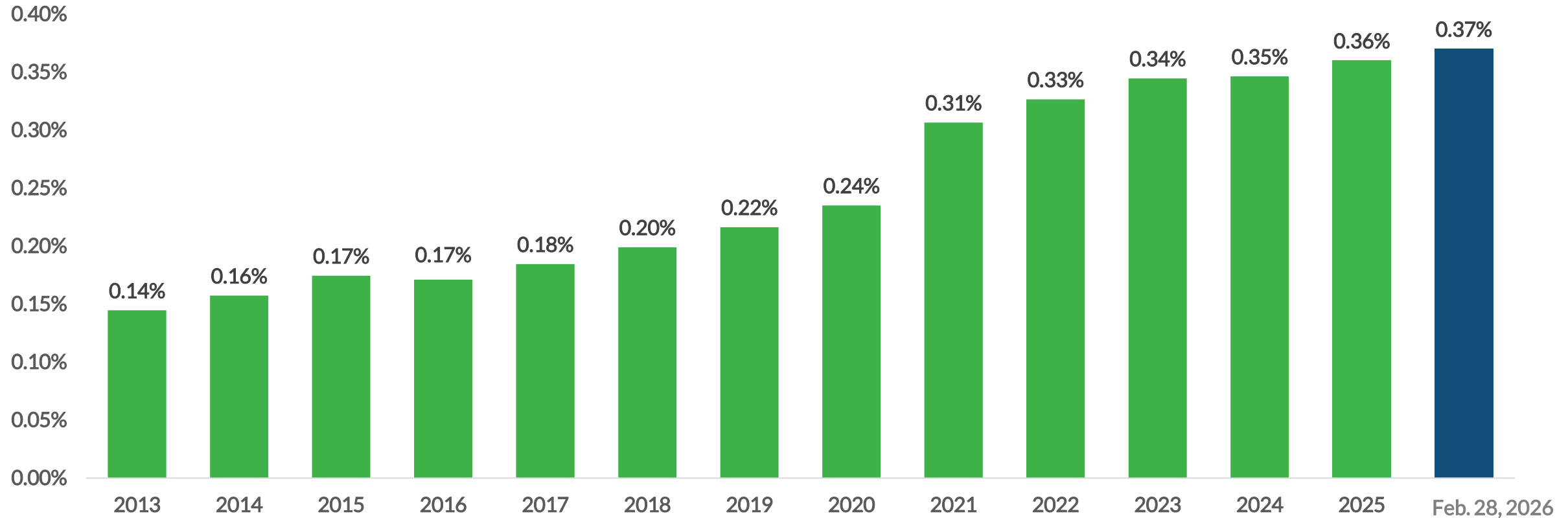
Valuation of mega players

Forward P/E	December 1999	Forward P/E (NTM)	December 2025	March 2026
Microsoft	69x	Nvidia	26x	20x
Cisco Systems	101x	Microsoft	28x	20x
Intel	32x	Apple	32x	28x
Lucent	49x	Alphabet	26x	22x
Time Warner	217x	Amazon	25x	22x
Oracle	90x	Meta	20x	17x
Worldcom	30x	Tesla	205x	174x
Median	69x	Median	26x	22x
Average	84x	Average	49x	41x
	(62x ex Time Warner)		(26x ex Tesla)	(21.5x ex-Tesla)

Prediction 9: Faith-based share of industry AUM increases for the tenth year in a row



Faith-based market share



Why the increase?

1. More and more individuals are wanting to align their portfolios with their values.
2. More and more financial advisors are wanting to align their portfolios with their values.
3. More and more institutions are wanting to align their portfolios with their values.

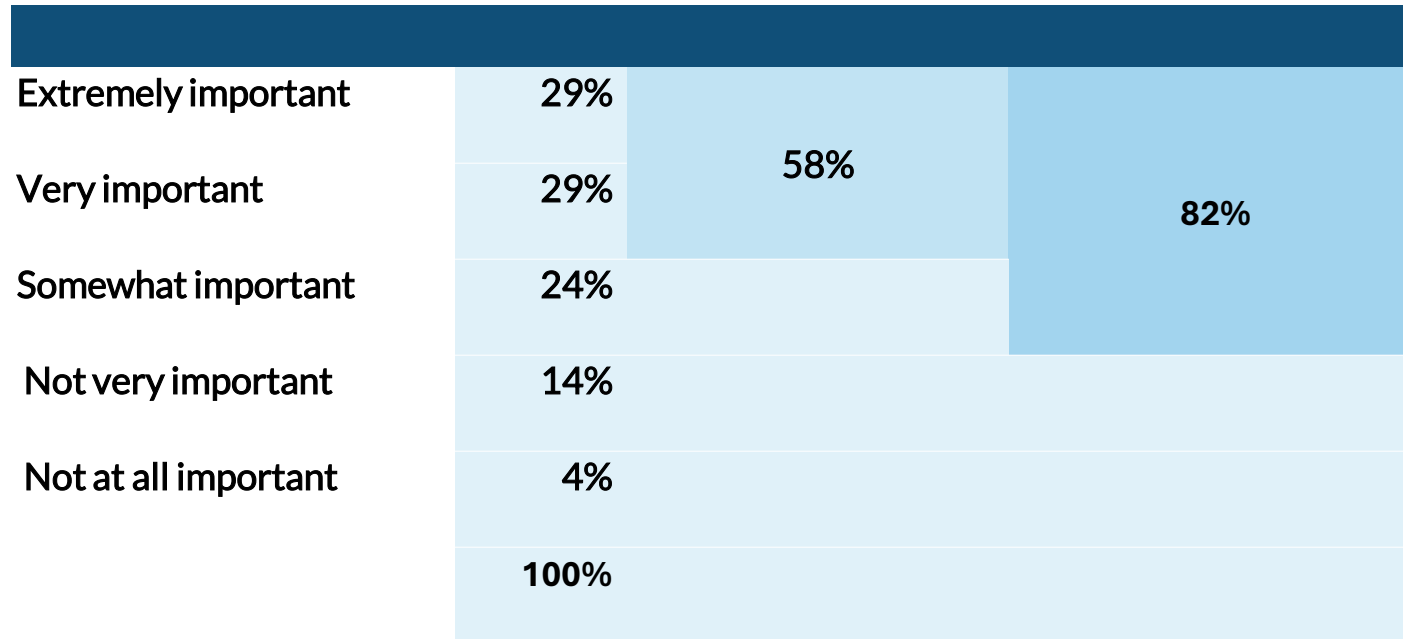
Sources: Morningstar, Crossmark. Data compares mutual fund and ETF assets under management of 11 asset managers of faith-based products to total active mutual fund and ETF assets under management in the U.S. Does not include separately managed accounts or money market funds.

Prediction 9: Faith-based share of industry AUM increases for the tenth year in a row



Values-based investing

Importance of companies in investment portfolios aligning with personal values

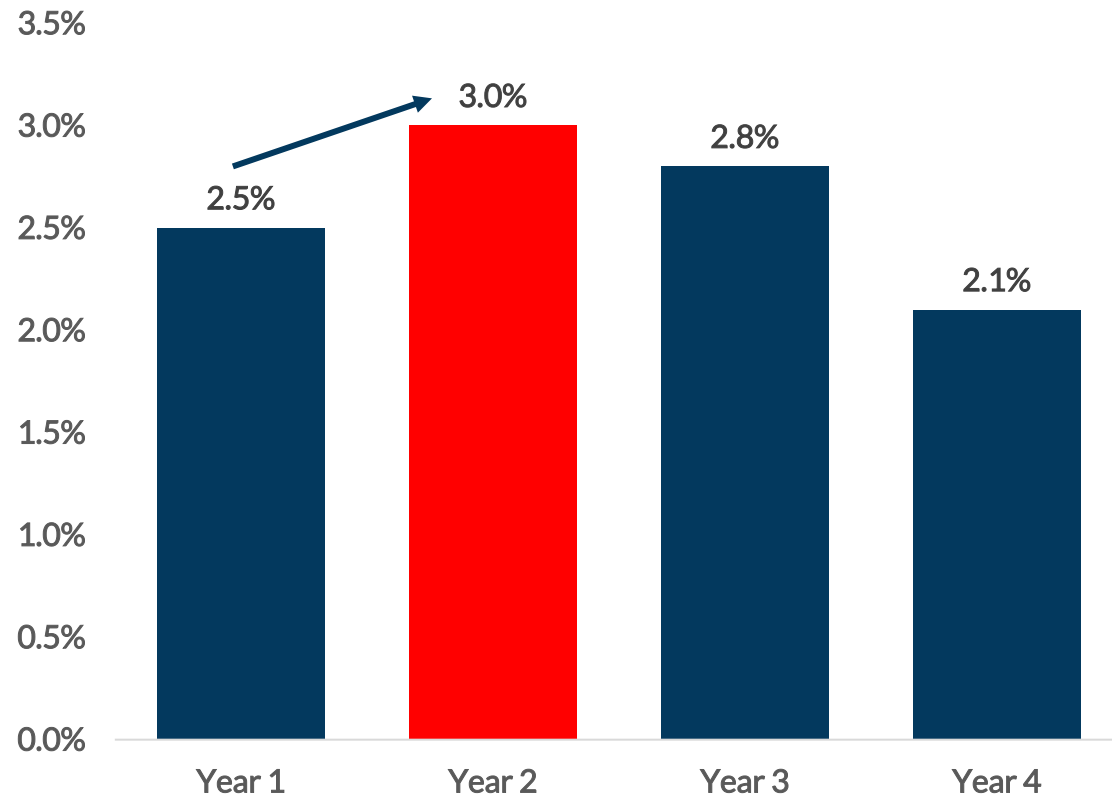


Source: Crossmark, "What Investors Value," values-based survey conducted on behalf of Crossmark by Pinkston Research in June 2025. Respondents included more than 1,500 U.S. adult investors.

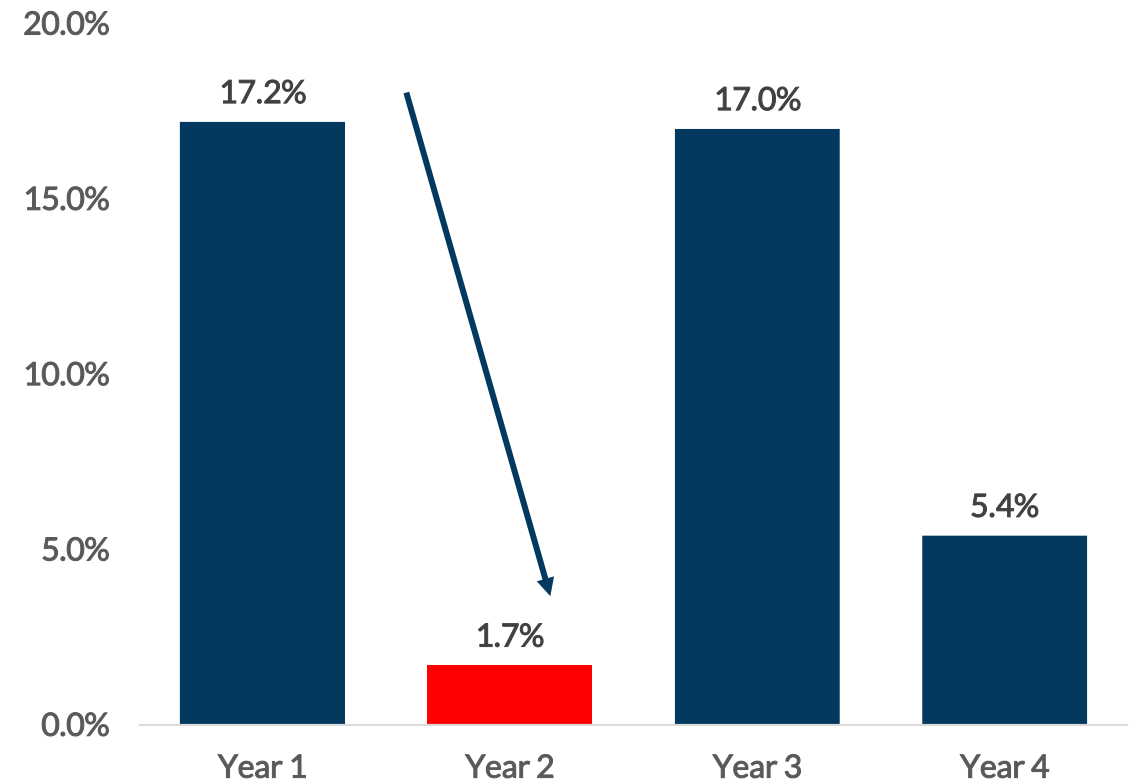


Prediction 10: Republicans retain control of the Senate but surrender the House, losing at least 20-25 seats

Real GDP by year in presidential cycle (1994-2022)



S&P 500 price returns by presidential cycle (1994-2024)

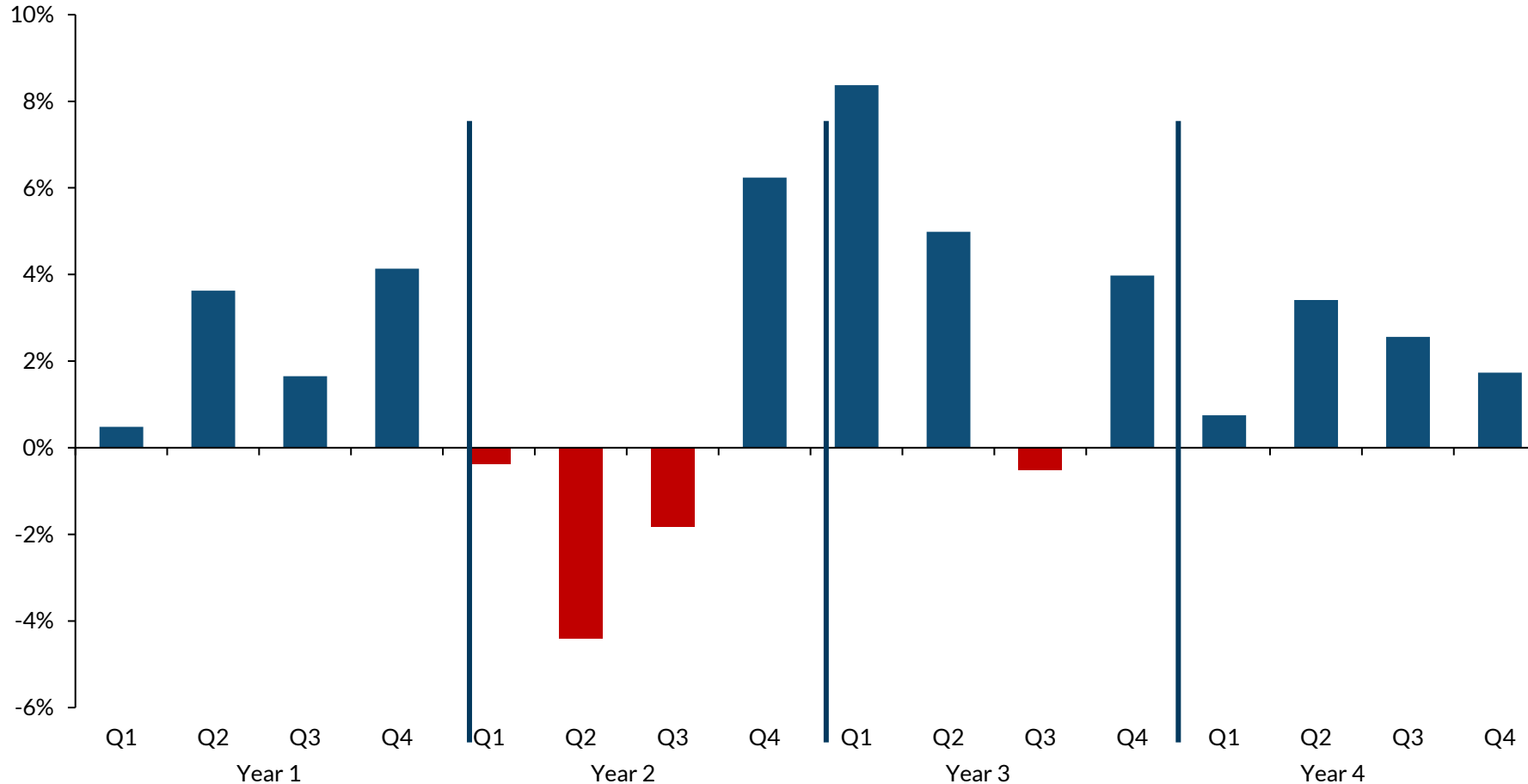


Source: Strategas 12/17/25

U.S. equity market is entering the toughest part of the 4-year presidential cycle

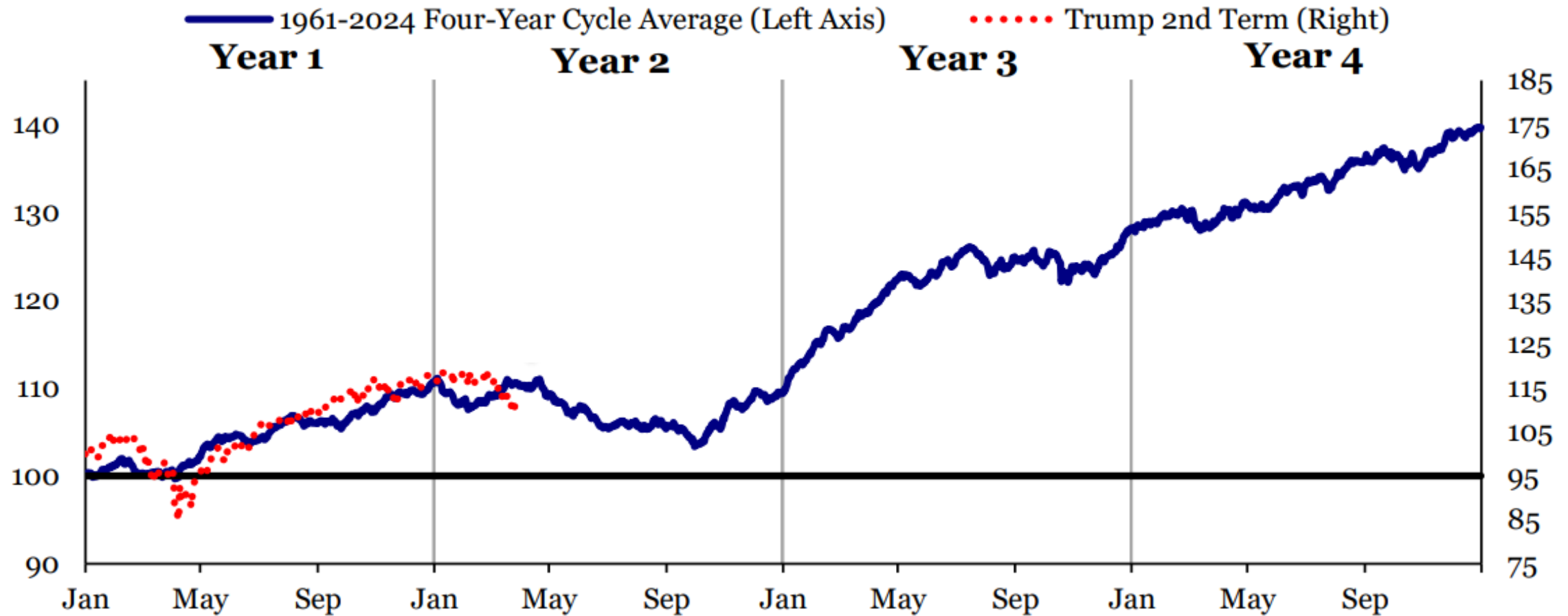


Quarterly average S&P 500 price returns by presidential cycle (1961-2025)



Average S&P 500 price returns during 4-year presidential cycle

(1961-2024)



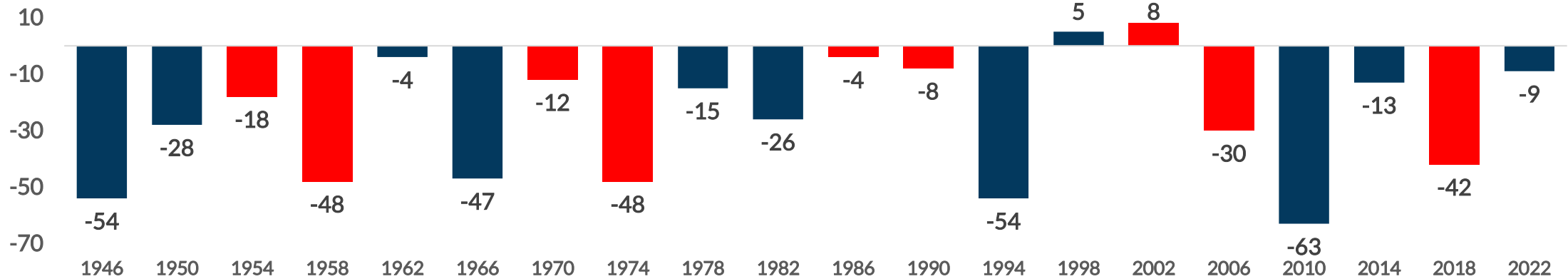
Source: Strategas as of 3/30/2026



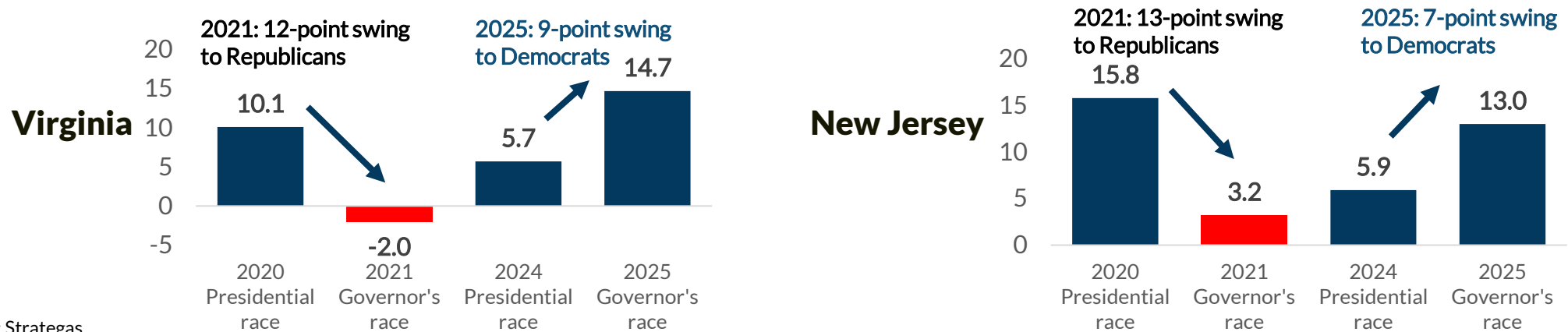
Prediction 10: Republicans retain control of the Senate but surrender the House, losing at least 20-25 seats

2025 Gubernatorial elections were a shot across the bow

House seats lost by the incumbent President's party in midterm election



Shift in democratic vote margin from presidential race to off-year governor's race 2021 & 2025



Source: Strategas

High-risk bull market



Issues

1. War (price of oil, inflation).
2. Integrity of private credit.
3. AI (Capex, ROI).

Positives

1. Earnings still good (watch carefully).
2. Fed not hostile.
3. Credit spreads not signaling significant problems.

Negatives

1. Still high valuations.
2. Inflation remains sticky.
3. Uncertainty as to longevity of \$100 oil and Strait of Hormuz.

SO, WHAT TO DO?

We are focusing on companies with below-benchmark price-to-free-cash-flow and above-benchmark return on equity.

Conclusion

- Bull market on hold while oil is ≈ 100 .
- The upside case for stocks is getting increasingly difficult to make. But downside risk is rarely realized when earnings are advancing and the Fed is easing.

Consensus thinking – December 2025



- 1. Economy sails through just fine due to Fed easing/ productivity from AI.**
Risk: Core GDP/final sales slow noticeably, making the Fed too late.
- 2. Inflation is mostly tariffs and will fade early 2026.**
Risk: Inflation remains 3%-ish, not slowing to 2% without a recession.
- 3. Tech/AI create a sustainable secular story.**
Risk: Tech suffers cyclically, bringing valuation down.

Strategy summary



The Fed	On hold for indefinite future
Inflation	Remains sticky; stays closer to 3% than 2%
Economic growth	On hold until oil falls
Employment	Some weakness persists
Earnings	Another good year (but short of consensus) (Risk: \$100 oil-related cuts)
Valuation	Remains expensive (although less expensive than before war)
Style	Broader participation

What to do?



- 1 Watch oil price and Strait of Hormuz.

- 2 Watch earnings revisions and Fed action like a hawk! (Required for bull market to resume.)

- 3 Expect lower returns.

- 4 Hold some cash for deployment in selloffs.

- 5 Interest rate is trading range.

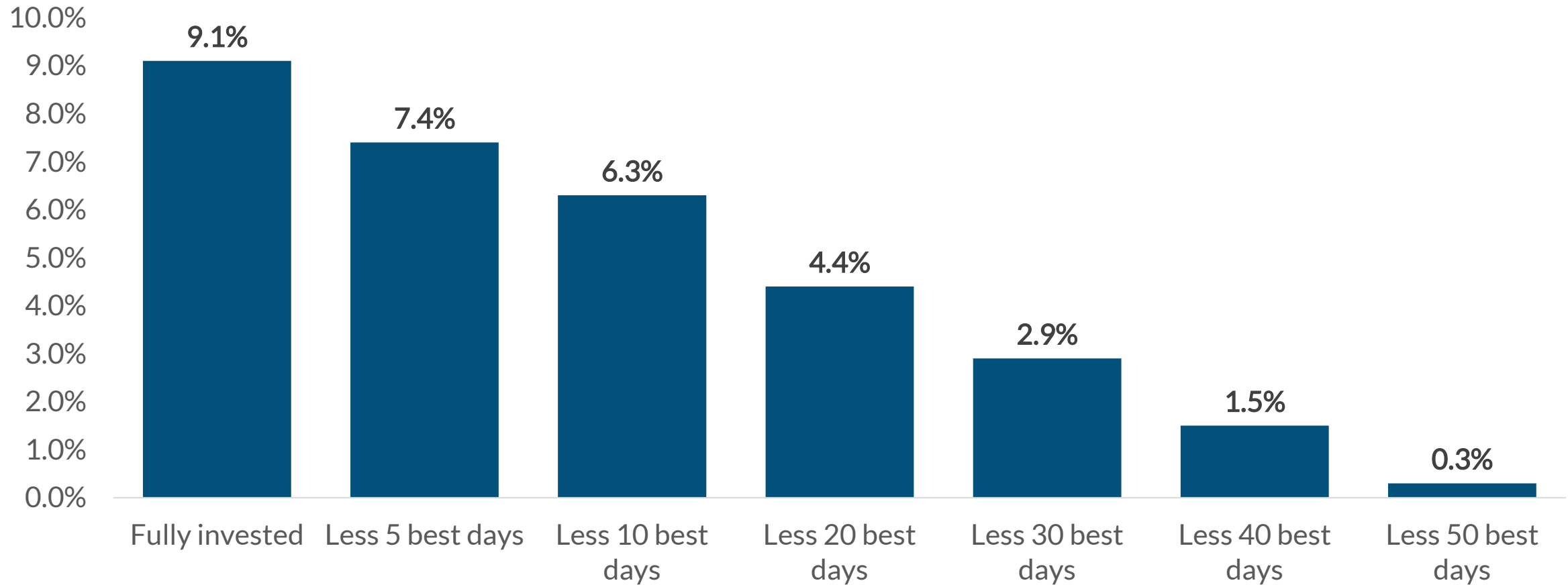
- 6 Stocks – focus on attractive P/FCF and high ROE companies.

- 7 Position for international to outperform U.S. again (once war ends).

Staying invested often more important



S&P 500 compound annual growth rate (Jan. 1, 1995-Dec. 31, 2025)



Source: Strategas, 1/23/26

Equity preferences



Themes

- Strong earnings predictability
- Strong earnings persistence
- Strong cash flow generation

Example stocks

Technology	Apple, Western Digital
Financials	Citigroup, Schwab
Healthcare	Gilead, McKesson
Industrials	Honeywell, Johnson Controls
Miscellaneous	TJX, Verizon

Important information



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All investments are subject to risks, including the possible loss of principal. Past performance does not guarantee future results.

Equity investments generally involve two principal risks – market risk and selection risk. The value of equity securities will rise and fall in response to general market and/or economic conditions (equity market risk). The value of any individual equity security will rise and fall in response to the market's perception of the issuer's revenues, earnings, balance sheet, credit worthiness, business plan, and overall perception of the viability of the issuer's business (selection risk).

Fixed income investments generally involve three principal risks – interest rate risk, credit risk, and liquidity risk. Prices of fixed-income securities rise and fall in response to interest rate changes (interest rate risk). Generally, when interest rates rise, prices of fixed-income securities fall. The longer the duration of the security, the more sensitive the security is to this risk. There is also a risk that the issuer of a note or bond will be unable to pay agreed interest payments and may be unable to repay the principal upon maturity (credit risk). Lower-rated bonds, and bonds with longer final maturities, generally have higher credit risks. As interest rates rise and/or the credit risk associated with a particular issuer changes, bonds held within a portfolio may become difficult to liquidate without realizing a loss (liquidity risk).

Many municipal bonds also include call features that allow the issuer to call the bonds—repaying the principal before maturity—usually done in the context of a refinancing transaction if/when interest rates fall. When a bond is called, the holder does not incur a loss, but cash received from the call must be re-deployed, generally in a less favorable interest rate environment (call risk).

Crossmark funds' or strategies' values-based screening policies exclude certain securities from the universe of otherwise available investments. As a result, the funds or strategies may not achieve the same performance they otherwise may have in the absence of the screening process. If the funds or strategies have invested in a company that is later discovered to be in violation of one or more screening criteria and liquidation of an investment in that company is required, selling the securities at issue could result in a loss for the fund. Further, the funds' values-based screening policies may prevent the funds from participating in an otherwise suitable investment opportunity. With respect to Steward Equity Market Neutral Fund, the values-based screening policies apply only to long positions.

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Q&A



Thank you



888-845-6910



crossmarkglobal.com



advisorsolutions@crossmarkglobal.com