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CHARTBOOK

Market Comment

Prepared by OceanFront Investment Counsel Inc.

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Chartbook Market Comment: April 2026

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Market Comment

Global markets face an increasingly volatile backdrop as the conflict between the U.S., Israel, and Iran has escalated into a full-scale regional war, disrupting global energy markets and rattling investor confidence. The closure of the Strait of Hormuz has sent oil prices surging, reigniting inflation expectations and pushing bond yields sharply higher. For Canadian investors, this environment presents both significant challenges and selective opportunities.

The Strait of Hormuz is a critical chokepoint through which roughly 20% of global oil supply transits daily. The resulting supply shock has driven WTI crude to levels that have historically coincided with negative forward equity returns. Higher oil prices translates to lower consumer spending as disposable income decreases and margin compression for businesses who see their input costs rise. Rising energy costs are also feeding through to inflation expectations, with bond yields spiking as markets reprice the path of central bank policy.

In the past during times of stock market turmoil, we would often see a surge in so-called "flight to safety" assets like US Treasury Bonds and gold. This time around the sell off has been very broad based with asset classes like bonds and gold also falling.

In times of geopolitical crisis and heightened volatility, it is more important than ever to stay disciplined, diversified, and aligned with your customized financial plan. It's also important to remember that there is usually a crisis somewhere, and global markets have historically been highly resilient to periods of turmoil.

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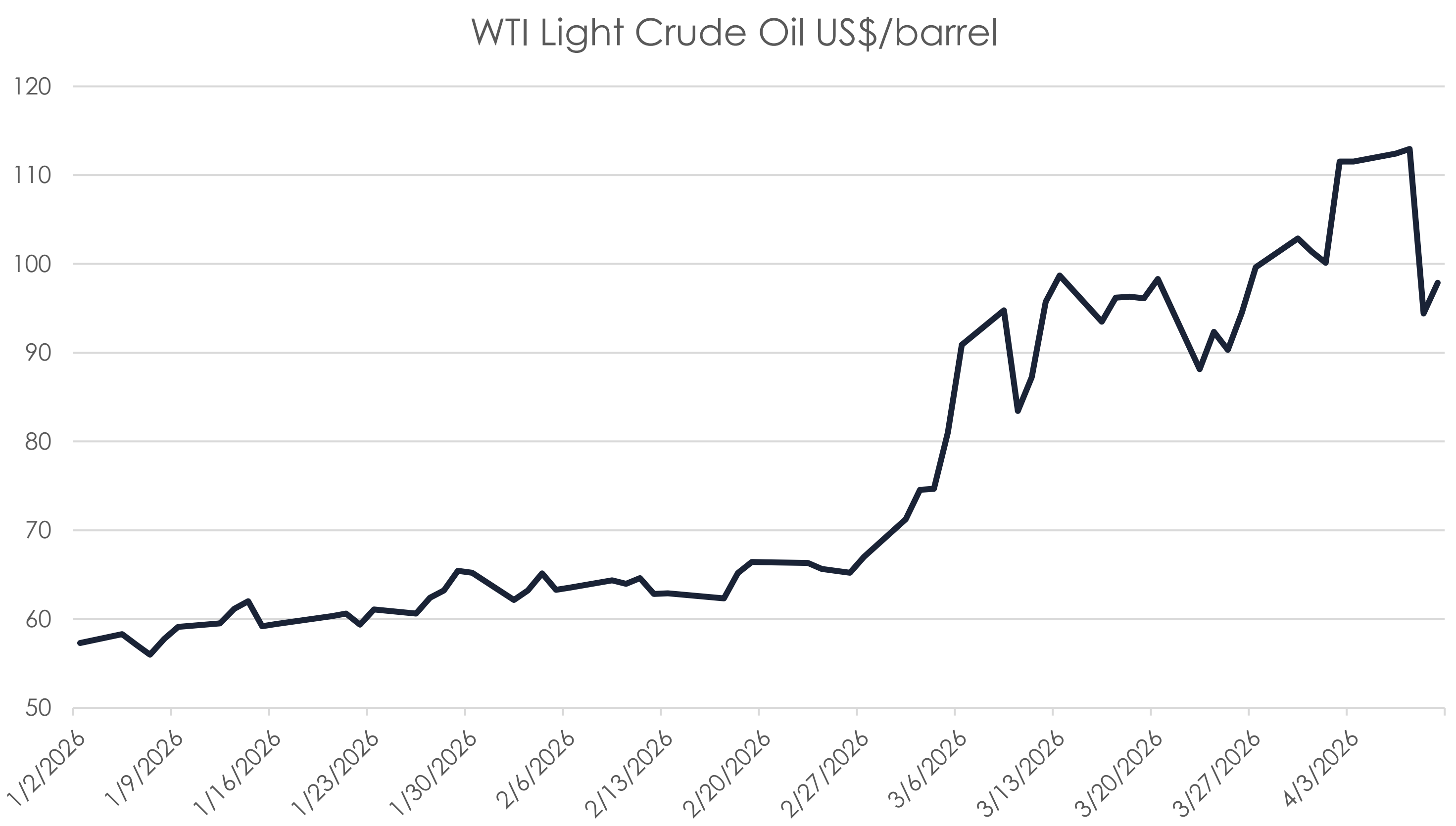
Oil Prices

The escalation of war between the U.S., Israel, and Iran and the subsequent closure of the Strait of Hormuz has triggered a massive oil supply shock, sending WTI crude surging past $95/barrel by April 2026. With roughly 20% of global oil supply transiting the strait, the disruption has reignited inflation expectations and raised the possibility of stagflation across developed economies, where inflation is high and growth is low.



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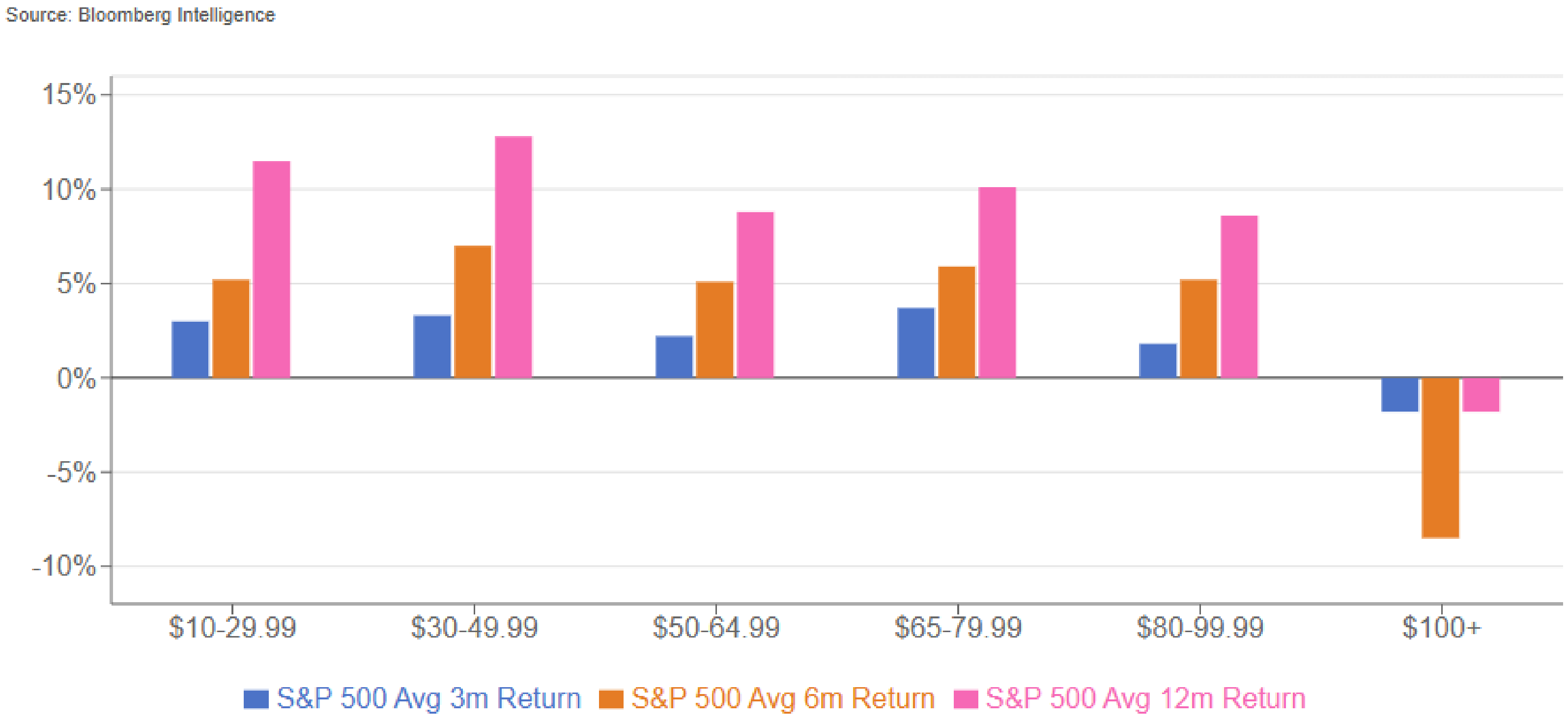
S&P500 Returns & Oil Prices



Historically, oil prices above US$100/barrel have coincided with negative forward equity returns. WTI Crude Oil has been trading in a range of about US$90-US$120 since the beginning of the war in Iran and the risk of further bond yield increases and margin compression for businesses remains elevated.

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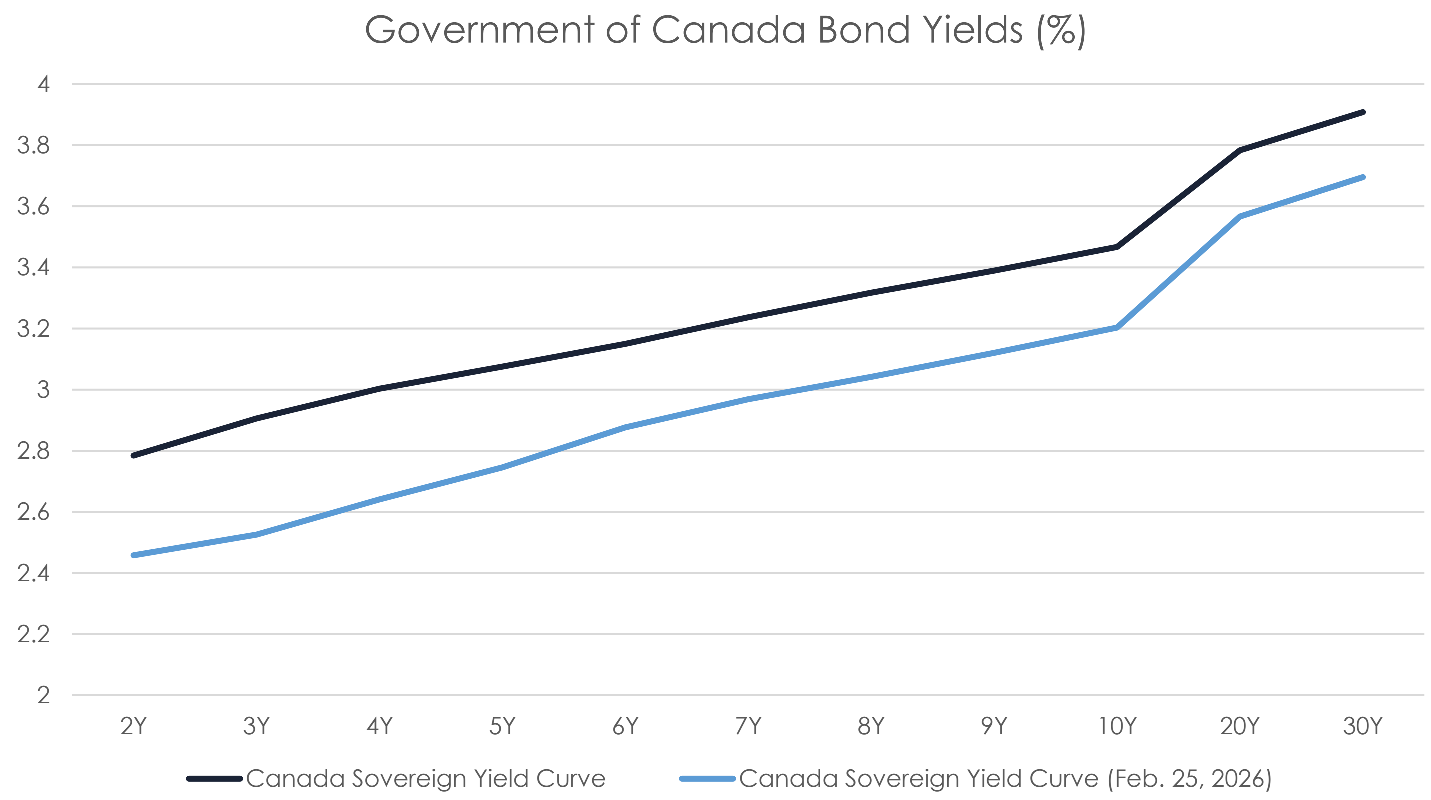
Bond Yields

Bond yields have spiked sharply as the closure of the Strait of Hormuz and surging oil prices have pushed inflation expectations higher, forcing markets to reprice the path of central bank policy.

Yields have surged higher by roughly 25-30 basis points across the yield curve.



Data as of April 10, 2026

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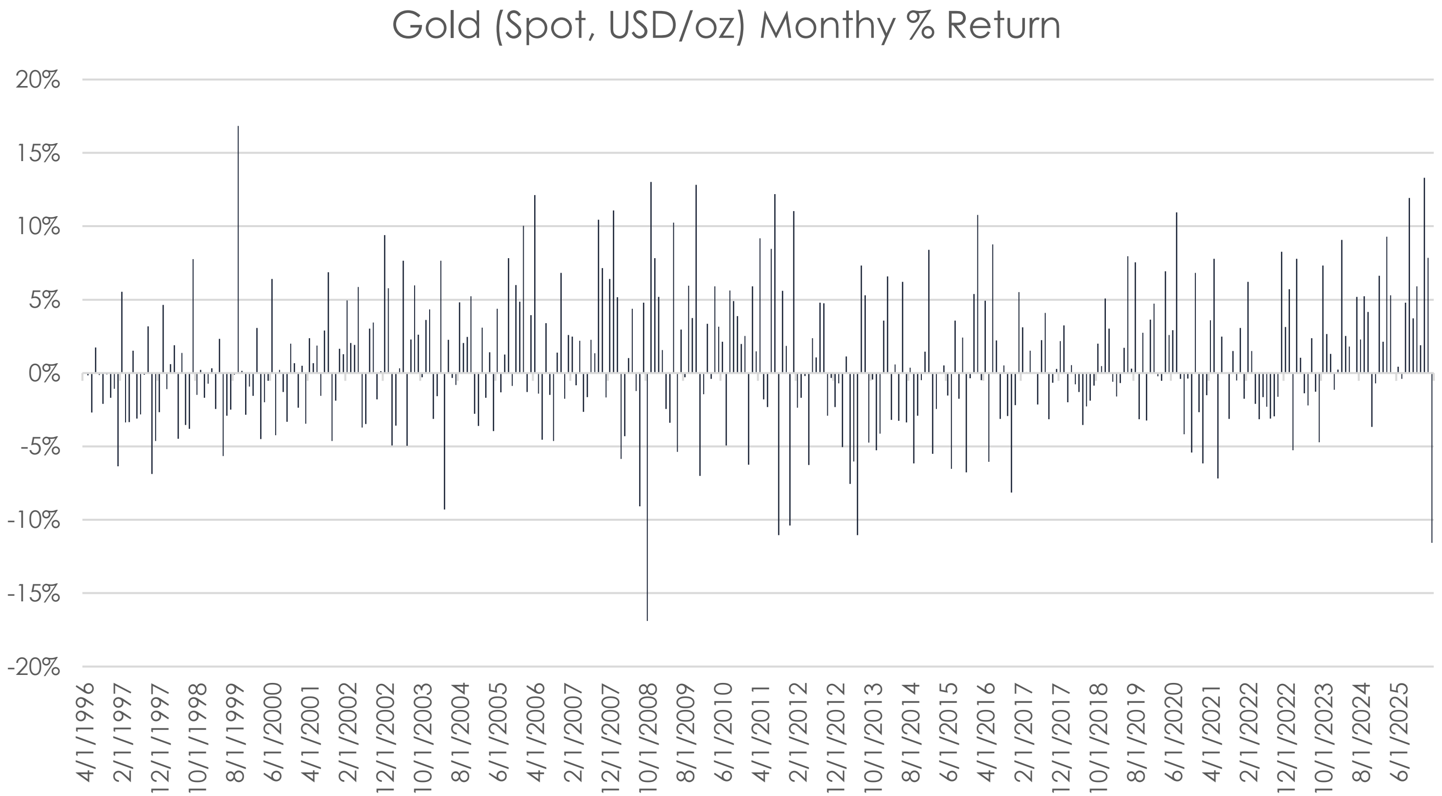
Precious Metals

Gold and other precious metals have been in a strong bull market and among the most profitable trades of the past 1-2 years. During the March market correction, gold was not spared, March was the 2nd worst month for gold dating back to May 1996, surpassed only during the depths of the financial crisis in October 2008.

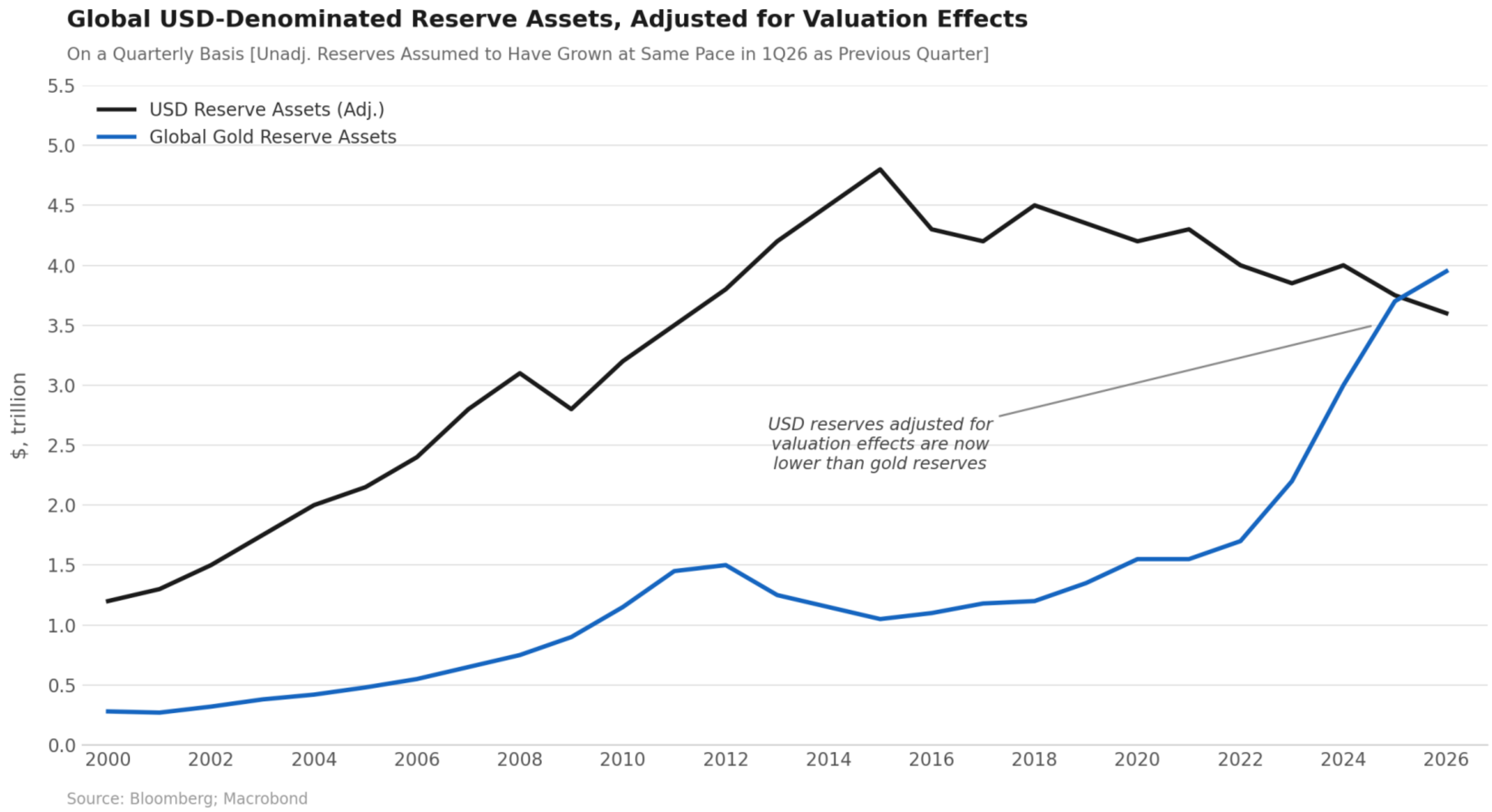


Data as of April 9, 2026

Reserve Assets

One factor that had been pushing gold higher is a shift in reserve asset policy, with gold becoming a more popular reserve asset than USD denominated assets like US Treasury Bonds.

According to analysis from Bloomberg Intelligence, global gold reserve assets recently surpassed USD assets for the first time in decades.



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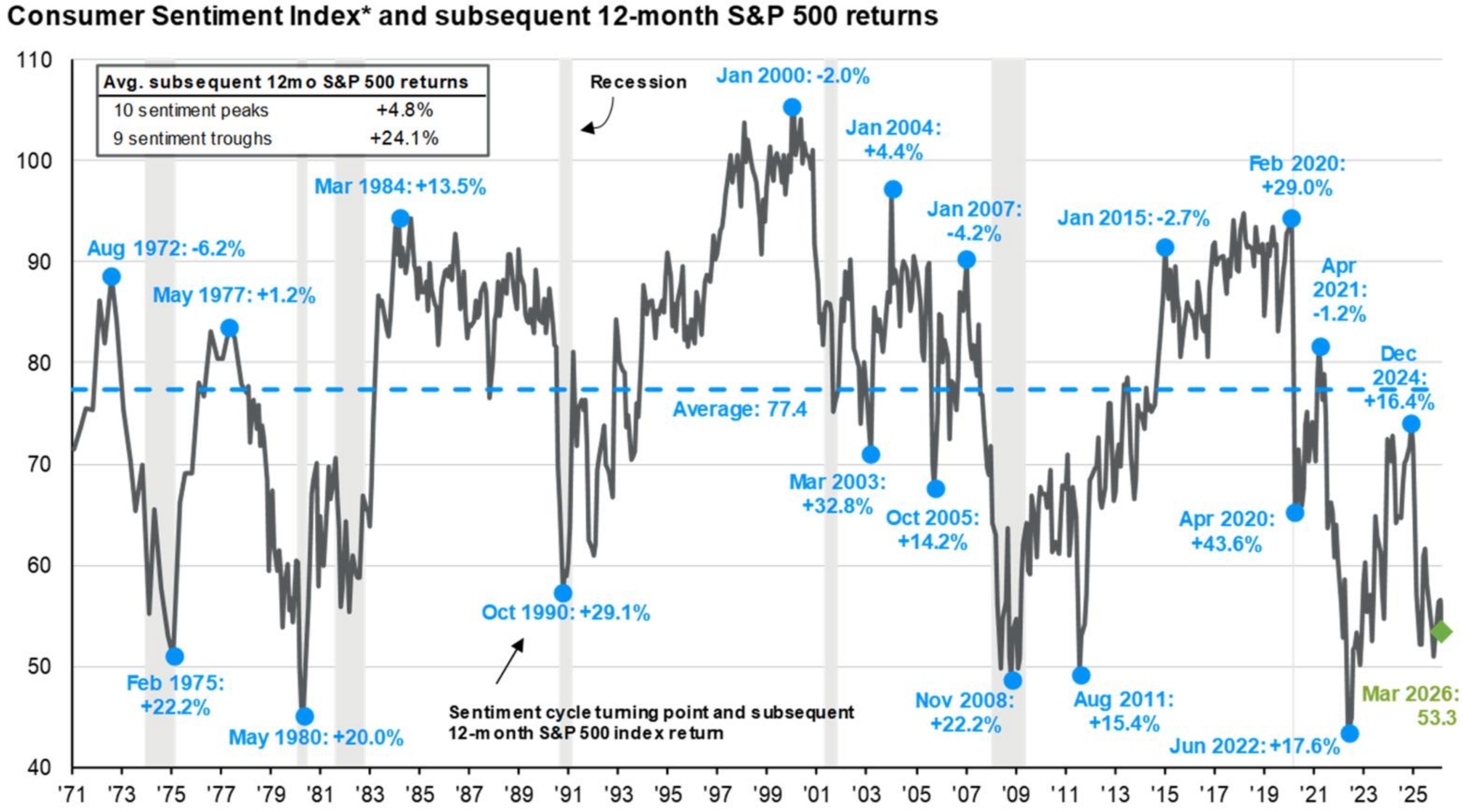
Consumer Sentiment

Historically, stocks have tended to perform well following low readings in sentiment. In the University of Michigan Consumer Sentiment Survey, strong 12-month forward returns have followed troughs in sentiment. The current collapse in confidence, driven by the war in Iran, surging energy costs, and elevated uncertainty, places sentiment at levels that have historically preceded meaningful equity recoveries, although results can vary.

Not included in this chart is the most recent reading for April 2026, which was released just prior to press-time for the chartbook. The index fell to 47.6, which is the lowest reading on record.

Past performance does not guarantee future results.



Global Conflict History

War is a terrible thing and our hearts go out to those that have been impacted by the conflict.

In market terms, this conflict is the latest in a long list of conflicts around the globe over the years. Zooming out to put it into perspective, stock markets have been resilient in recovering from the negative effects of the many wars of the past.

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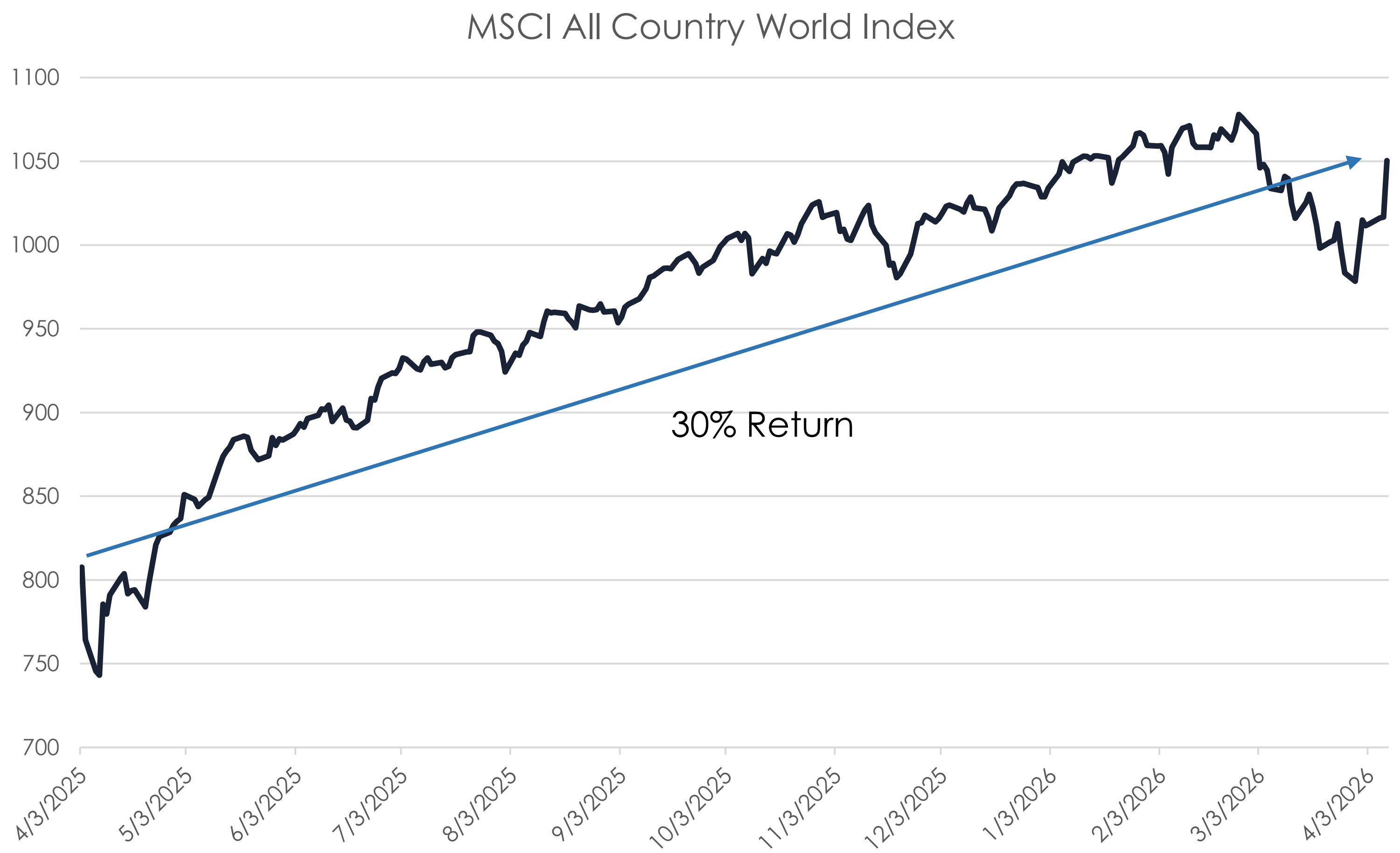
Liberation Day – 1 Year Later

We should not forget the crisis of yester-year, the global trade war that began on the so-called "Liberation Day" of April 2, 2025, when Donald Trump announced severe and shocking tariffs on imports from most countries around the world.

Markets immediately sold off and volatility spiked. Many predicted a global recession would ensue. There have been many negative effects of the trade war and much is still unresolved, but markets were once again resilient in the crisis and recovered to new highs.

Just over one year later, the MSCI All Country World Index has delivered a 30% return. While actual results a timing can vary, in hindsight, a crisis can look like an opportunity.

Past performance does not guarantee future results.



Total Return Index. Data as of April 9, 2026

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