

Quarterly Newsletter: Ending March 2026

THE ECONOMY AND STOCK MARKET

- Markets have been reactively volatile this year. The U.S./Israel Iran war added to the tug of war between the bears and the bulls on Wall Street. This dynamic creates sharp gains and sharp losses from day to day. Market cycle remains in late summer (positive and increasing). We don't know when things will shift to fall (negative and decreasing). This current period could continue. With these ups and downs, the Market, while at all time highs today, has traded sideways for the year.
- Concerns remain in focus:
 - A prolonged closure of the Strait of Hormuz [note: 20% of global oil and natural gas passes] could trigger a drastic market pullback.
 - Interest payment on the U.S. government debt could also become a concern to the markets [payments exceed the defense budget]. Bond holders (bond vigilantes) could demand higher rates, even if the FED were to shift interest rates lower.
 - Additionally, a credit tightening cycle could also be a trigger that brings stock prices back to fair value. They are considered overvalued based on historical measures.
- The current recommendation is to remain invested, though not fully. Consider your income needs. Portfolios should include some international exposure.

Note the Pullback chart:

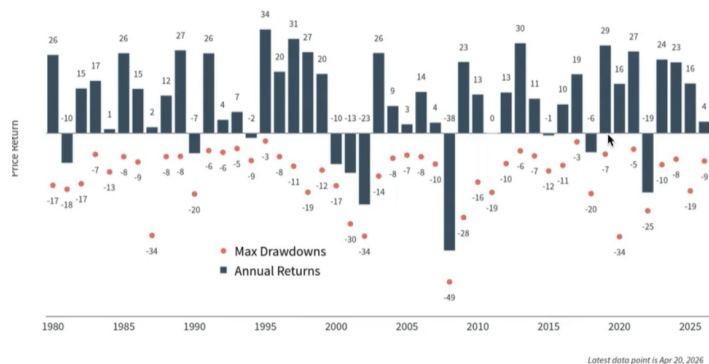
- 5% market decline is normal, and only one has occurred this year
- 4.6, the average number of 5% or more declines per year, in both good and bad years
- Red dots are the lowest lows during the year
- Blue bars are the ending year return +/-
- In modern history, the markets have ended the year positive 75% of the time

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Annual Returns and Pullbacks

S&P 500 Index. Max drawdown represents the biggest intra-year decline



Sources: Clearnomics, Standard & Poor's
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LABOR MARKET

Note the Unemployment Rates chart:

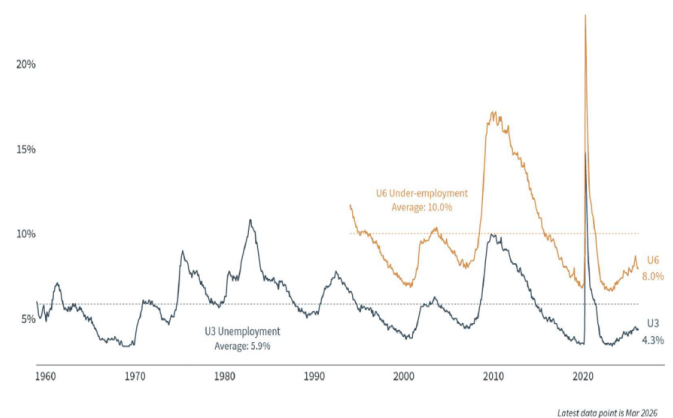
- Unemployment rate remains at historic lows despite many being unemployed
 - This is explained by the number of workers falling out of the workforce, an aging population, and tighter immigration
 - It takes a smaller number of job gains of about \$20,000+ monthly to keep the market stable
 - Labor force participation has fallen over the last 25-30 years

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Unemployment Rates

U-3 unemployment and U-6 under-employment rates, since 1960



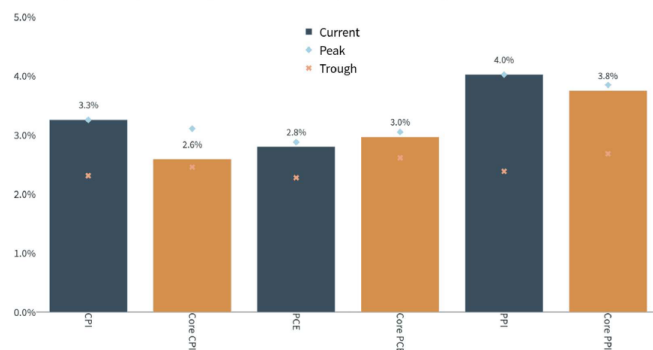
Sources: Clearnomics, Bureau of Labor Statistics
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Inflation Measures

Current year-over-year changes and 12-month peaks and troughs



Sources: Clearnomics, Bureau of Labor Statistics, Bureau of Economic Analysis
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INTEREST RATE / INFLATION

Note the Inflation Measures chart:

- Higher energy prices could lead to higher inflation
 - CPI rose to 3.3% last month, still off the peak of 9%+ in 2022, but notable
 - Don't expect a climb back to 2022, but a drop to pre-pandemic levels is not likely - expect a slower climb in inflation

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- 2% inflation target allows the economy to grow and prevent overheating, and also maintains affordability for consumers
- Gas prices are on average \$1.00 higher nationwide since the start of the war - there's a lagged indirect effect on other goods and services

BUSINESS UPDATES

Tenth Anniversary - LAB Wealth Management LLC opened as a solo practice in May 2016 - Cinco De Mayo. The annual summer BBQ is planned for August 22.

LAB Tax Advisors LLC - [LAB Tax Advisors.com](https://www.labtaxadvisors.com) launched in January 2026, with February to April being an intensely focused period. The planned tax practice acquisition, on going for the past four years, was cancelled. Despite this disruptive shift, the season ended mostly smoothly. The vision of offering tax planning was already being realized over the past four years with success. This pivot creates opportunity. This Tax preparation, review, and other services will mostly be outsourced to trusted accountants and CPAs. I plan to focus on the management of active clients and the acquisition of others. The synergies between the two practices are to enhance the client experience.

Pershing Monthly Statements - There's a \$2 monthly charge for statements (billed quarterly). This is a Pershing LLC [the custodian of your account] charge. If you haven't already, please sign up for e-delivery, please do so at netxinvestor.com to avoid this fee. For your reference, the NetXInvestor Partner Support Help Line is **1-888-245-0452**. Let them know you are a client of Leon Augustine, and they will be able to assist you. If you have any questions, please feel free to contact us.

ZOOM SEMINAR:

- **Monthly Zoom Info:** Educational Zoom, usually every 2nd Thursday of each month at 4 PM PST.
 - May 14, 2026 - Understanding IPOs - Initial Public Offerings and how they fit into your investment portfolio
 - June 11, 2026 - Life Insurance and Long-Term Care planning
 - July 9, 2026 - TBD

Zoom Archives - <https://www.labwealthmanagement.com/learning-center/>

My Travel Experiences: Pictured: Bike ride along the Seine River in Paris, and views over Toulouse, France from a tiny plane piloted by a friend.



Thank you for your continued support.

Warm regards,

Leon Augustine Boirard, MBA, CFP®, ChFC®

President/Owner

LAB Wealth Management, LLC

www.labwealthmanagement.com

Office: 1130 Wood Street, Oakland, CA 94607

Mail: PO Box 70974, Oakland, CA 94612

Phone: 510-735-9854 (office) / 510-694-1877 (business text only) / 510-373-2449 (fax) / 925-354-4769 (cell-not for business text)

Email: leon@labwealthmanagement.com

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