

First Quarter

2026

# Quarter In Review

Jensen Private Client

## Firm Update

Spring has sprung, and like the seasons, history seems to repeat itself. In times of uncertainty and unpredictability, it can be beneficial to revisit our roots, so we begin with this 2004 quote from our founder Val Jensen: "... rather than wagering on the general direction of interest rates, inflation, the actions of the Federal Reserve, or the price of oil, investors permit their companies' management and employees to deal with those issues as they affect the company." Our firm is actively monitoring many situations that could affect your investment portfolio, but we remain steadfast in a core tenet of our investment philosophy: market volatility does not necessarily indicate the need to change your personal financial plan. That being said, we understand that this may be a disconcerting time and would be happy to meet with you to discuss any questions you may have. Please call us to set up a meeting.

## First Quarter 2026 in Review

In the face of geopolitical instability and rising oil prices, the first quarter of 2026 marked the worst quarterly start for equities since 2022. What began as a promising year with the S&P 500 reaching fresh highs in January quickly reversed course as the escalating conflict in the Middle East sent shockwaves through global markets. The primary driver of market weakness was the U.S.-Israeli military conflict with Iran that erupted in late February and early March. The disruption caused by attacks on vessels and infrastructure in the Strait of Hormuz caused oil prices to surge dramatically. This energy shock threatens to derail the disinflationary progress made over the past year and raised concerns about stagflation.

Despite the turbulent quarter, corporate earnings remained surprisingly resilient. The technology sector, buoyed by the continued investment into datacenters and other AI-related projects, provided a counterweight to geopolitical concerns. Further, while the actions in the Middle East were the most dramatic story of the quarter, the "SaaSocalypse" triggered by Anthropic's Claude Co-work announcement also triggered a wave of volatility in software and business services companies. The unveiling of autonomous AI agents capable of handling complex business tasks—from legal summaries to data architecture—rippled through the Software-as-a-Service (SaaS) and business services sectors.

## Looking Ahead

Looking ahead, we expect market conditions to remain unpredictable throughout 2026. Investors are grappling with a complex and evolving macroeconomic backdrop, including geopolitical tensions, elevated energy prices, and persistent inflationary pressures. These factors are likely to contribute to continued uncertainty around interest rates, corporate margins, and overall economic growth. In such an environment, market leadership may continue to rotate, and short-term performance may be driven by factors that are difficult to predict.

We believe this reinforces the importance of our investment approach. Our Strategy is grounded in the belief that over the long term, equity returns are driven by the fundamental shareholder-value creation of the businesses they represent. By focusing



on companies with strong competitive advantages, disciplined capital allocation, and the proven ability to generate strong business returns, we aim to compound capital through a wide range of market conditions.

We do not attempt to time macroeconomic shifts or chase short-term trends. Instead, we seek to identify businesses that can thrive regardless of the external environment. This includes companies with pricing power, mission-critical products, and deep integration into customer operations. These attributes, in our view, provide resilience in the face of both economic and technological change.

## Connect With Us

Thank you for your continued confidence in Jensen. It is a privilege to work with you and your families, and we are tremendously grateful for your ongoing support. As we look ahead to the remainder of 2026, we have exciting developments planned in support of you and your goals, deepening our ability to provide more holistic financial planning and resources. We anticipate that we will have more to share later this year, and until then, please do not hesitate to contact us with any questions you may have.

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