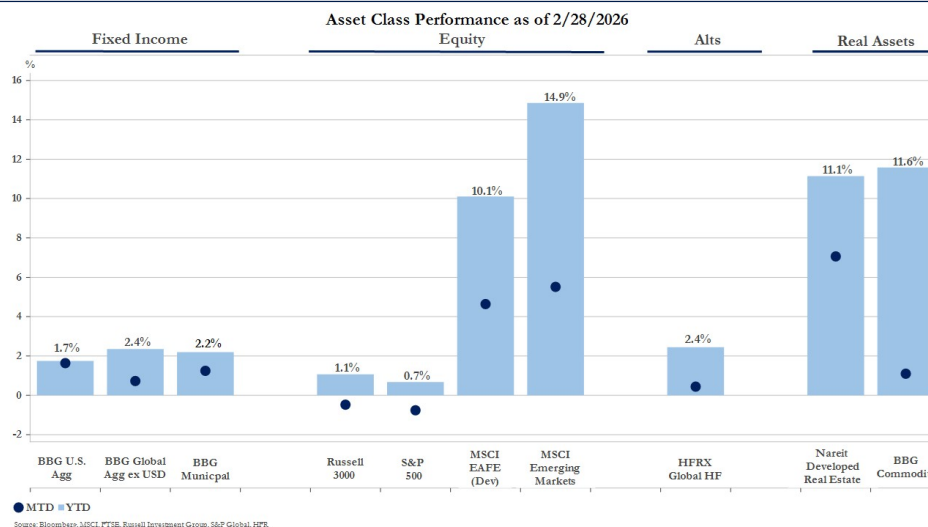


Key Takeaways

- Based on recent estimates from the Bureau of Economic Analysis, U.S. economic growth slowed sharply in Q4, largely due to the government shutdown, with real GDP rising 1.4% annualized versus 4.4% in Q3, though improving manufacturing activity suggests a potential rebound in Q1 2026.
- Global growth is expected to remain broadly steady in 2026, with the International Monetary Fund estimating growth of 3.3%. The U.S. continues to maintain a relative growth advantage versus most developed peers due to fiscal support, resilient domestic demand, and ongoing investment in productivity-enhancing technologies.
- U.S. equities softened in February as the technology rally cooled and leadership broadened. The Nasdaq 100 fell roughly 2.3% and the S&P 500 declined about 0.8%, while the Dow Jones Industrial Average finished with a modest 0.3% gain. Sector rotation favored energy, materials, and consumer staples over technology.
- International equities posted gains in February, with emerging markets (+5.5%) outperforming developed markets (+4.6%), supported by strength across Asia and commodity-focused economies.
- The labor market showed early signs of stabilization in January, with nonfarm payrolls rising by 130,000 and the unemployment rate holding at 4.3%. Job gains were concentrated in health care, social assistance, and construction, while benchmark revisions to prior months underscored weak job growth throughout 2025.
- Consumer confidence remained fragile in February, with the University of Michigan sentiment index little changed at 56.6 as elevated prices continued to weigh on household finances, even as inflation expectations showed modest improvement with one-year expectations falling to 3.4%, the lowest level since January 2025.
- Financial conditions eased early in the month but tightened into month-end, as U.S. Treasury yields fell to multi-month lows amid a flight-to-quality and expectations that the Federal Reserve would remain on hold after January’s rate pause, while credit spreads widened and volatility rose as geopolitical risk and inflation uncertainty resurfaced.
- The Supreme Court curtailed the President’s authority to impose broad tariffs, prompting the administration to adopt a temporary tariff framework. A global surcharge was introduced at 10% and could rise to 15%, a strategy President Trump defended in his State of the Union address while signaling that he could find ways to implement tariffs without further congressional approval.
- Geopolitical risk escalated late in February as U.S. and Israeli forces launched strikes on Iranian military targets beginning February 28th. Iranian state media later confirmed the death of the country’s leader, Ayatollah Ali Khamenei, in the attacks.
- Markets initially absorbed the headlines, but risk off pricing intensified as the conflict broadened. Oil prices surged, gold strengthened, and global equities moved lower. Treasury yields also rose as investors repriced inflation risk tied to energy disruption.
- Base-case expectations assume the conflict may stabilize within weeks with limited long-term economic impact, but prolonged or broadened hostilities have historically played out with past conflicts in the Middle East region.
- With volatility likely to continue in coming months or even years, the best defense is typically a portfolio well-diversified across geographies, sectors, and themes with a healthy mix of inflation-sensitive and defensive assets.

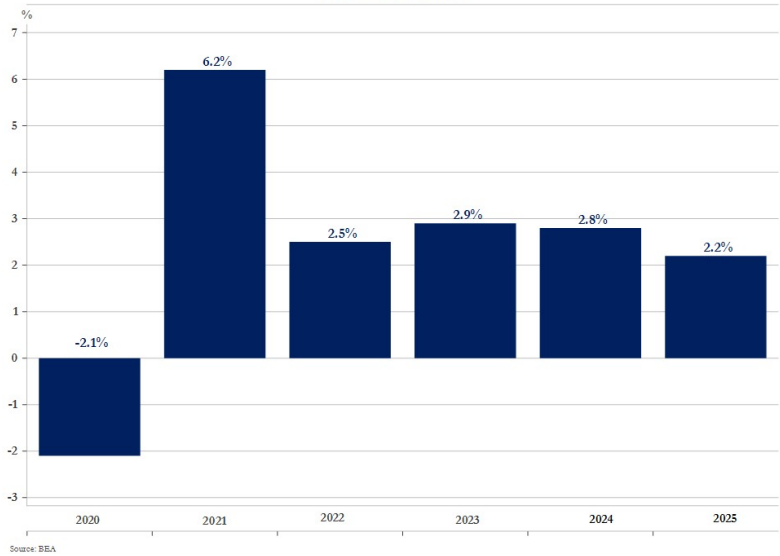


Economy

GDP Growth Slowed in Q4

- U.S. real GDP grew at an annualized rate of 1.4% in Q4, a sharp slowdown from the 4.4% pace recorded in Q3. The deceleration largely reflected the economic impact of a 43-day government shutdown, alongside headwinds from trade policy uncertainty.
- The government shutdown alone reduced fourth-quarter GDP growth by more than one percentage point, making it the single largest drag on activity. This impact more than offset positive contributions from technology investment and net exports.
- For the full year, economic growth totaled 2.2%, down from 2.8% in 2024, as resilient consumer spending and business investment offset mounting late-year disruptions.

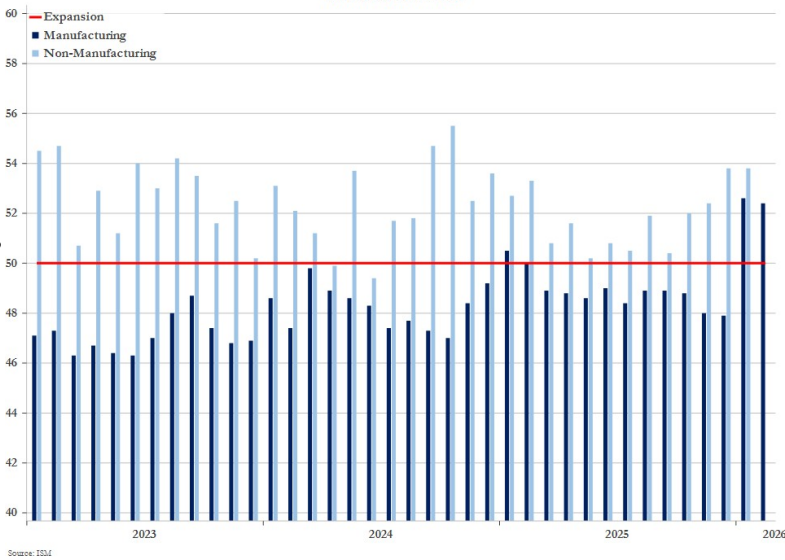
U.S. GDP Growth



ISM PMI in Expansion Territory

- Manufacturing moved back into expansion early in 2026, with the ISM PMI jumping to 52.6 in January, its first expansion reading in 12 months, driven by a sharp rebound in new orders and production after a prolonged contraction phase.
- Momentum moderated but remained positive in February, as the PMI edged down slightly to 52.4, marking a second consecutive month of expansion and confirming improving activity, albeit at a slower pace.
- Demand indicators improved more than labor, with new orders and production staying solidly in expansion, while employment remained in contraction (<50), suggesting firms remain cautious on hiring despite better demand visibility.

U.S. ISM Indices



USD Bounces Back From January Low

- The U.S. dollar has recovered since late January, with DXY moving higher into late February and early March, reversing part of its early-2026 weakness as macro uncertainty and geopolitical risks picked up momentum.
- Rising tensions with Iran have been a key driver of the rebound, prompting renewed safe-haven demand for the dollar amid concerns around Middle East stability, energy supply risks, and broader risk-off positioning, supporting DXY versus the euro and yen.
- Higher oil prices linked to the Iran situation have further supported the dollar, given the U.S.'s net energy exporter status. However, DXY remains below late-2025 highs, suggesting gains are still more defensive than growth- or rates-driven.

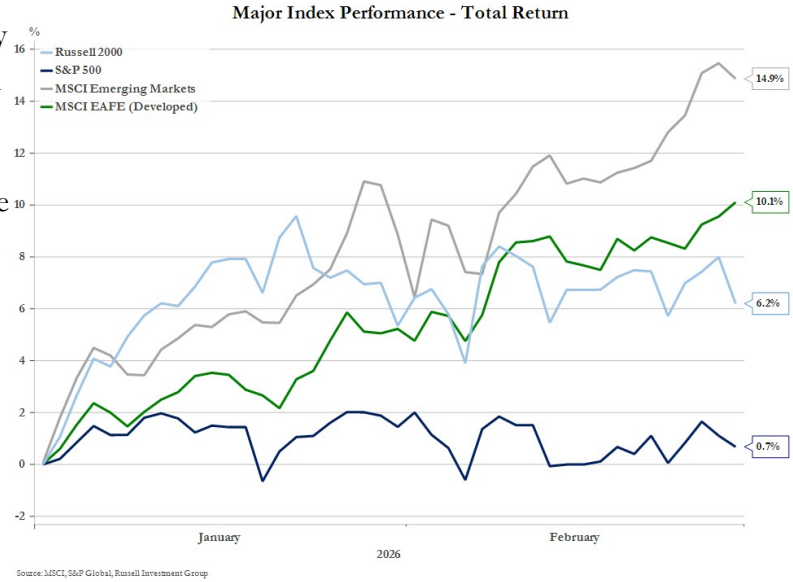
U.S. Dollar Index (DXY)



Markets

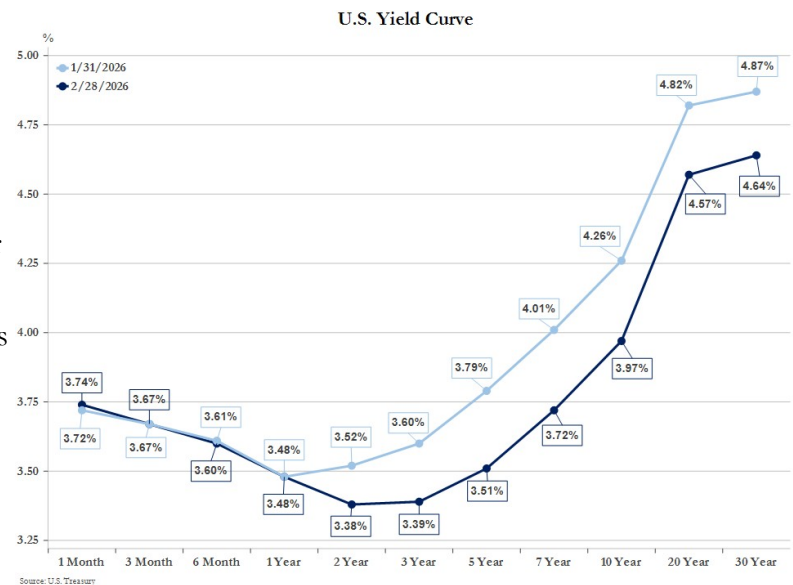
Equities Mixed in February

- In February, U.S. equities delivered their weakest monthly performance in nearly a year, as the S&P 500 and Nasdaq 100 declined roughly 0.8% and 2.3%, respectively.
- AI-related disruption fears pressured software, technology, asset management, and commercial real estate stocks as investors reassessed business models and return on AI-driven capital spending.
- Emerging markets outperformed in February, rising ~5.5%, supported by strong performance in AI-infrastructure supply chains and commodity-linked economies.
- Developed markets (+4.6%) also posted solid gains for the month, benefiting from investor rotation away from U.S. mega-cap technology and continued support from share buybacks and improving earnings expectations.



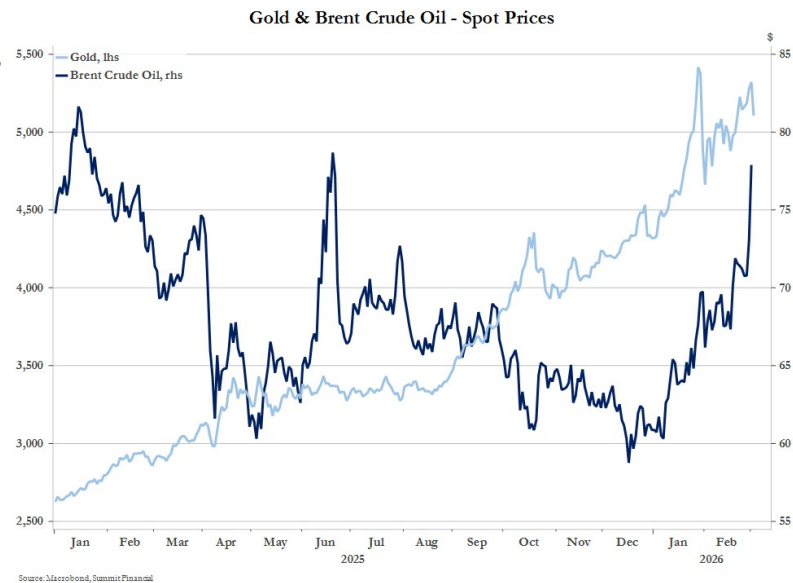
Flight to Quality in Fixed Income

- U.S. Treasuries posted a strong month as yields fell to multi-year lows amid a flight-to-quality driven by AI uncertainty and geopolitical tensions.
- U.S. high-yield spreads widened and returns turned negative as investors demanded greater compensation for risk despite falling Treasury yields.
- Municipal bond funds saw more than \$1 billion in inflows during the month, reflecting strong investor demand across both investment-grade and high-yield sectors.
- Looking forward, a further uptick in inflation and increased government spending to fund military actions in Iran could potentially result in an extended period of higher interest rates.



Gold & Oil Climb

- Gold has been a strong performer in 2026 despite a brief, sharp sell-off in January, when profit-taking and a firmer dollar drove a rapid pullback before prices quickly stabilized and resumed their upward trend.
- Oil prices have also moved higher this year, with Brent rising into the high-\$70s as markets priced in a geopolitical risk premium tied to Iran and potential disruptions at the Strait of Hormuz, a materially larger risk than prior supply issues such as Venezuela.
- Broader commodity performance has been supported by elevated geopolitical risk and persistent inflation concerns, reinforcing demand for real assets as hedges even as inventories remain ample and supply growth is expected to outpace demand later in the year.



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Label	Index	Index Description
BBG U.S. Agg	Bloomberg U.S. Aggregate Bond Index	The Bloomberg U.S. Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS, and CMBS (agency and non-agency).
BBG Global Agg ex USD	Bloomberg Global Aggregate Index	The Bloomberg Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes Treasury, government-related, corporate, and securitized fixed-rate bonds from both developed and emerging markets issuers.
BBG Municipal	Bloomberg Municipal Bond Index	The Bloomberg Municipal Bond Index covers the U.S. dollar-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds.
Russell 3000	Russell 3000 Index	The Russell 3000 Index measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market. It is constructed to provide a comprehensive, unbiased, and stable barometer of the broad market and is completely reconstituted annually to ensure new and growing equities are included.
Russell 2000	Russell 2000 Index	The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership.
S&P 500	S&P 500 Index	The S&P 500 Index is a market capitalization-weighted index of 500 widely held stocks often used as a proxy for the stock market. It measures the movement of the largest issues. Standard and Poor's chooses the member companies for the 500 based on market size, liquidity, and industry group representation. Included are the stocks of eleven different sectors.
MSCI EAFE (Dev)	MSCI EAFE Index	The MSCI EAFE Index (Europe, Australasia, Far East) captures large- and mid-cap representation across developed markets countries around the world, excluding the U.S. and Canada. The index covers approximately 85% of the free float-adjusted market capitalization in each country.
MSCI Emerging Markets	MSCI Emerging Markets Index	The MSCI Emerging Markets Index captures large- and mid-cap representation across emerging markets countries across the world. The index covers approximately 85% of the free float-adjusted market capitalization in each country.
HFRX Global HF	HFRX Global Hedge Fund Index	The HFRX Global Hedge Fund Index is comprised of funds representing the overall hedge fund universe. Constituent funds include but are not limited to convertible arbitrage, distressed securities, equity hedge, equity market neutral, event-driven, macro, merger arbitrage, and relative value arbitrage. The underlying strategies are asset-weighted based on the distribution of assets in the hedge fund industry.
Nareit Developed Real Estate	FTSE EPRA/NAREIT Developed Index	The FTSE EPRA/NAREIT Developed Index is designed to track the performance of listed real estate companies and REITS worldwide. Index constituents are free float-adjusted, subject to liquidity, size, and revenue screening for inclusion.
BBG Commodity	Bloomberg Commodity Index	The Bloomberg Commodity Index reflects commodity futures price movements and is calculated on an excess return basis. The index rebalances annually weighted 2/3 by trading volume and 1/3 by world production, and weight-caps are applied at the commodity, sector, and group level for diversification. The roll period typically occurs from the 6th-10th business day based on the roll schedule.
Consumer Confidence Index	Conference Board Consumer Confidence Index	The Consumer Confidence Index is a measure based on a survey administered by The Conference Board that reflects prevailing business conditions and likely developments for the months ahead. This monthly report details consumer attitude, buying intentions, vacation plans, and consumer expectations for inflation, stock prices, and interest rates.
U.S. Dollar Index (DXY)	U.S. Dollar Index (DXY)	The U.S. Dollar Index (DXY) is an index of the value of the United States dollar relative to a basket of foreign currencies, often referred to as a basket of U.S. trade partners' currencies. The Index goes up when the U.S. dollar gains "strength" (value) when compared to other currencies.
DJIA	Dow Jones Industrial Average	The Dow Jones Industrial Average (DJIA), commonly known as “The Dow”, is a price-weighted measure of 30 U.S. blue-chip companies. The index covers all industries except transportation and utilities.
ISM Manufacturing Index	ISM Manufacturing Index	The ISM Manufacturing Index, also known as the purchasing managers' index (PMI), is a monthly indicator of U.S. economic activity based on a survey of executives covering all North American Industry Classification System's businesses in the manufacturing sector.
ISM Non-Manufacturing Index	ISM Non-Manufacturing Index	The ISM Non-Manufacturing Index is a monthly indicator of U.S. economic activity based on a survey of executives covering all North American Industry Classification System's businesses in the services (or non-manufacturing) sector.