

QTR NOTES

QTR 1 - MARCH 2026



Index	03/31/26	YTD Return
Dow Jones	46,341.51	▼-3.2%
S&P 500	6,528.52	▼-4.3%
S&P Small Cap	1,513.23	▲3.5%
MSCI EAFE	2,838.61	▼-1.1%
Bloomberg U.S. Bond	2,347.75	▼-0.1%
US Treasury 10-yr	4.35%	

A WAR ECONOMY

The war in Ukraine, initially expected to last just a few months, has now hit its 4-year anniversary. Peace remains elusive, and on February 28th, the United States and Israel began a joint offensive against Iran which may take its own extended period to conclude.

We are living in a war economy—major governments are all running large budget deficits, global oil prices are rising, concerns are mounting in pockets of private debt markets, and the private sector is engaged in massive infrastructure spending via an AI arms race.

Put it all together, and this “war economy” continues to grow but without the typical confidence of sense or stability in peace-time expansionary periods. One point of unease is the question of inflation. The world faces a tug of war between both inflationary and deflationary forces.

Think of the price of computers declining while their capability increases. Advances in AI may follow a similar path, helping to reduce costs across industries as businesses build and operate more efficiently. Over time, these technological developments can act as a major deflationary force.

On the opposite end, inflationary headwinds arise as the world deglobalizes, and the demand for natural resources grows rapidly to meet the needs of military ambitions and expanding economies. Governments are facing significant pressure to support and develop their economies, leading to larger budget deficits and increased liquidity in the system, further fueling inflation.

As investors, we’re torn between emotions of fight or flight during times like this. We’re witnesses to immediate threats and remember all too well the feeling of inflation and lost purchasing power. At this point, we’ve seen stocks

ebb and flow, yet our diversified strategies have mostly remained stable.

More volatility could be incoming, but dramatic timing of shifts in and out of stocks is normally unwise, not to mention unprofitable. Our strategy for managing this environment remains unchanged. We aim to have sufficient resources on hand to handle potential near-term concerns, while staying invested for the sake of supporting all those future needs and goals.

NEW SAVINGS OPTION FOR CHILDREN

Recent legislation introduced a new savings vehicle often referred to as “Trump Accounts,” designed to encourage long-term investing for children. Children under age 18 are eligible to have one established on their behalf. Additionally, any child born between 2025 and 2028 can receive a one-time \$1,000 seed contribution from the government.

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THE IMPORTANCE OF STAYING INVESTED

Periods of market volatility can test even the most disciplined investors. When markets decline, it’s natural to feel the urge to step back and wait for conditions to improve. The challenge is that markets often rebound when least expected and missing even a few of the strongest days can significantly reduce long-term returns.

Investors who move to the sidelines during downturns risk missing these periods of rapid recovery. Take April of last year—markets sold off sharply after tariff announcements, only to rebound nearly 10% the following week as more details came into focus.

This is where the psychological side of investing comes into play. Market declines can create anxiety and generate an instinct to “do something” to stop the losses. However, reacting emotionally in the moment can often lead investors to sell after prices have already fallen and then to re-enter only after markets have recovered. A well-constructed financial plan is designed with this reality in mind. By maintaining diversification and staying invested through market cycles, investors are better positioned to participate when markets recover and continue progressing toward their long-term goals.

THE LATEST AT FIRESTONE

And just like that, the first quarter of 2026 comes to an end. It went by quickly and it has been busy! We successfully rolled out the new website and hope you have been able to tour it. We even updated our bio pictures so you can see how much we've aged from the last round of photos. Some clients have provided feedback about some visual quirks, so please let us know if something is not displaying properly on your device.

For 2026, we have a few projects underway. With our current document management platform set to sunset at year-end, we've been reviewing new options to ensure we have the right system in place for the future. A new provider has been selected, and implementation will begin in the second quarter. While this project isn't highly visible from the outside, it will improve how we search, manage, and securely share files with our clients. You may also notice a small update to how we title the newsletter, including the issue date and publication month. This is part of our ongoing effort to improve how we present and share information.

The more exciting news for 2026 is that Firestone is hiring! We aim to expand the team and build out the firm to keep serving our clients well. We have been networking with students and candidates from University of Florida's Warrington School of Business, University of Miami's Herbert Business School, and FIU's Chapman School of Business. We just finished up the interviews and hope to have some new faces in the office beginning this summer. It's encouraging to see that a growing number of schools are offering specialization in Wealth Management; and combined with a strong talent pool, this is a very promising sign for the industry!

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Each account allows up to \$5,000 in annual contributions, which may come from multiple sources such as parents, grandparents, or other family members. Additionally, employers can make a pre-tax contribution of \$2,500 to an employee's Trump account.

Beginning January 1st of the year the beneficiary turns 18, the account may transition into a Traditional IRA. At that point, standard IRA rules would apply, including restrictions on withdrawals before age 59½ unless certain exceptions are met. This transition to an IRA also presents an opportunity to consider a Roth conversion, particularly if the beneficiary is in a relatively low tax bracket at this early stage in their career.

Families have long had options such as 529 plans and UTMA custodial accounts to save for children. Trump Accounts

introduce a new dynamic. They allow contributions of up to \$5,000 annually toward long-term savings without requiring the child to have earned income, allowing those funds to begin compounding from an earlier age.

While the details of these accounts continue to evolve, the idea reflects a broader effort to encourage early investing and long-term financial planning for younger generations.

These accounts are scheduled to become available beginning July 4th of this year. If you'd like to learn more about setting up a Trump Account, consider discussing it with your CPA or visiting www.trumpaccounts.gov

FORM ADV OFFER

Each year, the SEC requires that we notify clients when we have updated our disclosure brochure, known as Form ADV Part II. This document provides important information about our firm, including services offered, fee structures, and other regulatory disclosures.

You can download the updated document directly from our website. You may also notice that we've recently refreshed the site, making it easier to navigate and access key resources. The updated Form ADV, along with our Privacy Policy and Client Relationship Summary, are all available via links on the home page for easy access.

If you would prefer to receive a copy directly, please call our office. We would be happy to send one to you by mail or email.

QUICK BENEFICIARY CHECK-UP

Beneficiary designations play an important role in how assets are transferred, yet they are often overlooked. Taking a few minutes to review these designations can help ensure they still reflect your intentions.

Consider reviewing both primary and contingent beneficiaries across retirement accounts, insurance policies, and other assets. Life events such as marriage, the birth of a child, or changes in family circumstances are good opportunities to revisit these decisions.

Keeping beneficiary designations up-to-date helps ensure assets are transferred efficiently and in alignment with your overall financial plan. If you haven't reviewed these recently, now is a good time to do so, and we are always happy to have a conversation to make sure everything is accurate!



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