

# Generali Wealth Management Quarterly Newsletter

---

**GENERALI**  
WEALTH MANAGEMENT

1973 Washington Valley Rd  
Martinsville, NJ 08836

WhatsApp: +1 (707) 790-2122

Bede.manuel@topinvestorlinks.com

## Navigating a New Set of Headwinds: Markets Enter 2026 on Solid Footing, Then Encounter a Wall of Risk

The S&P 500 began 2026 with momentum, climbing to an all-time high on January 27. However, the quarter's trajectory shifted in late February when the United States and Israel launched strikes on Iran, triggering a closure of the Strait of Hormuz, sending oil prices surging, equity markets lower, and complicating the Federal Reserve's policy path. By quarter-end, the index was tracking a -4.35% return for the first three months of the year, a meaningful pivot from the double-digit gains of 2024 and 2025. Technology-heavy names led the decline amid rising rates and risk-off sentiment.

International equities faced similar headwinds. The Iran conflict introduced geopolitical risk premiums across global markets, with Asian economies such as China and India, which are highly dependent on Middle Eastern crude, among the most exposed. Developed market equities broadly declined alongside U.S. stocks as energy prices weighed on corporate margins and growth expectations.

Yet beneath the volatility, several key pillars of the economy remain intact. Corporate earnings are still growing at a double-digit pace. The unemployment rate, while modestly elevated from prior-year levels, stabilized at 4.4% in February, unchanged from five months earlier, suggesting the labor market is not deteriorating materially despite recent softening. AI-driven business investment continues to underpin GDP, and the Federal Reserve has held rates steady. As we often remind clients, maintaining discipline during periods of uncertainty has historically been among the most important contributors to long-term investment success.

Style leadership in Q1 broadly favored defensive and energy-oriented sectors. The Energy sector posted gains as oil prices surged, while Communication Services, Information Technology, and Consumer Discretionary, the leading sectors of the prior two years, faced meaningful pressure. Value stocks broadly outperformed growth on a quarter-to-date basis.

In fixed income markets, interest rate volatility was significant during Q1. The 10-year Treasury yield, which stood at approximately 4.17% at year-end 2025, trended lower in January and February, dipping to around 4.08% in mid-February, as investors anticipated an eventual easing cycle. However, the Iran war materially changed the interest rate outlook. Energy-driven inflation concerns pushed the 10-year yield sharply higher, reaching approximately 4.46% by late March. The 30-year mortgage

---

The S&P 500 Index slipped after a strong January amid the Iran war and Strait of Hormuz closure, ending the quarter down 4.35%.

---

International equities faced similar issues amid the headwind of higher energy prices but held up slightly better, with the MSCI EAFE Index down 1.09% and MSCI Emerging Markets Index down 0.13%.

---

In fixed income markets, interest rate volatility was significant during Q1. Treasury yields were volatile and generally moved higher over the quarter, and most bond subsectors were slightly negative.

rate climbed to roughly 6.38%, adding further headwinds to an already strained housing market. These rising Treasury yields limited the total return potential for fixed-income investors in the quarter given the inverse relationship between bond yields and prices. Municipal bonds faced similar pressures, though their tax-equivalent yields remained attractive for investors in higher brackets.

The Federal Reserve held rates steady at both of its Q1 meetings, keeping the federal funds target range unchanged at 3.50%–3.75%. Fed Chair Jerome Powell cited solid

economic activity, moderating but still elevated inflation, and the uncertainty introduced by the Iran conflict as key factors in the Committee's patient stance.

At the March meeting, the FOMC released updated economic projections. The dot plot continued to reflect a median expectation of one rate cut in 2026, unchanged from December, though 7 of 19 policymakers projected no cuts at all. Core PCE inflation projections were revised upward slightly to 2.7% for year-end, while GDP growth was nudged higher to 2.4%.

## Generali Wealth Management's Outlook

The single most important variable for markets entering Q2 remains the trajectory of the Iran conflict and its impact on global energy prices. On Tuesday, April 7th, the U.S. and Iran agreed to a two-week ceasefire, with Tehran agreeing to temporarily reopen the Strait of Hormuz as a condition of the truce. Oil prices fell sharply on the announcement, spurring hopes that tanker traffic through the strait would resume. However, the truce is fragile. An Iranian news agency reported that oil traffic through the strait halted again hours after the first tankers were allowed to pass, citing continued Israeli strikes in Lebanon as a ceasefire violation. Israeli PM Benjamin Netanyahu has stated that Israel is prepared to resume strikes on Iran if its remaining objectives are not met, keeping the risk of re-escalation very much alive. If peace talks progress, energy price relief could prove durable and provide a meaningful tailwind to inflation expectations and the Fed's policy path. If they collapse, or if hostilities resume, the damage to financial conditions and business confidence could deepen throughout the quarter.

The Federal Reserve's next meeting is scheduled for April 28–29. Markets are currently pricing a limited probability of a cut, with the dot plot still pointing to one 25-basis-point reduction sometime later in the year. The transition to a new Fed Chair in May introduces an additional layer of communication and policy uncertainty that investors will need to monitor closely. While we expect the FOMC's institutional guardrails to preserve policy stability, leadership transitions at the Fed can influence market expectations and tone.

From an economic standpoint, the foundational case for growth remains intact. AI-driven investment continues at a robust

pace. Tax cuts from the One Big Beautiful Bill Act are expected to provide a fiscal tailwind through the first half of the year. Corporate earnings have remained a meaningful source of resilience. Analysts expect the S&P 500 to report 13.0% earnings growth for Q1 2026, marking the eleventh consecutive quarter of year-over-year earnings expansion. Consumer spending, while beginning to show pressure from elevated gasoline prices, is supported by real wage gains and healthy household balance sheets. Recession probabilities, while elevated, remain well below the levels that would signal imminent contraction, with major forecasters placing 12-month recession risk in the 20–36% range.

In this environment, we believe disciplined portfolio construction remains essential. Diversification across asset classes, geographies, and sectors has again demonstrated its value in Q1, with defensive sectors, energy exposure, and short-duration bonds offering partial offsets to equity volatility. Our emphasis remains on high-quality businesses with durable earnings power, reasonable valuations, and the ability to navigate a range of macroeconomic outcomes. The wall of worry looks different in 2026 than it did in 2025, but investors who stay invested and maintain discipline through volatility have historically been rewarded over the long term.

We remain cautiously optimistic that a path exists through the current uncertainty. One in which geopolitical tensions ease, inflation moderates, and the economy continues to expand. However, we enter Q2 with heightened vigilance and a continued commitment to managing risk alongside opportunity for our clients.

## Understanding Extended Care

Addressing the potential risks of extended-term care expenses may be one of the biggest financial challenges for individuals who are developing a retirement strategy.

Seven in ten people over age 65 can expect to need extended care services at some point in their lives. So understanding the various types of extended care services – and what those services may cost – is critical as you consider your retirement approach.<sup>1</sup>

### What is Extended Care?

Extended care is not a single activity. It refers to a variety of medical and non-medical services needed by those who have a chronic illness or disability commonly associated with aging.

Extended care can include everything from assistance with activities of daily living – help dressing, bathing, using the bathroom, or even driving to the store – to more intensive therapeutic and medical care requiring the services of skilled medical personnel.

Extended care may be provided at home, at a community center, in an assisted living facility, or in a skilled nursing home. And extended care is not exclusively for the elderly; it is possible to need extended care at any age.

### How Much Does Extended Care Cost?

Extended care costs vary state by state and region by region. The 2025 national

average for care in a skilled care facility (single occupancy in a nursing home) was \$129,575 a year. The national average for care in an assisted living center (single occupancy) was \$74,400 a year. Home health aides cost a median of \$35 per hour, but that rate may increase when a licensed nurse is required.<sup>1</sup>

### What Are the Payment Choices?

Often, extended care is provided by family and friends. Providing care can be a burden, however, and the need for assistance tends to increase with age.<sup>2</sup>

Individuals who would rather not burden their family and friends have two main choices for covering the cost of extended care: they can choose to self-insure or they can purchase extended care insurance.

Many self-insure by default, simply because they haven't made other arrangements. Those who self-insure may depend on personal savings and investments to fund any extended care needs. The other approach is to consider purchasing extended care insurance, which can cover all levels of care, from skilled care to custodial care to in-home assistance.

1. CareScout.com, 2026

2. ACL.gov, 2026



## Can I Take Money From My IRA Without Penalty?

It depends. If you are 59½ or older, you can take money from your traditional IRA without penalty. In contrast, if you withdraw from your IRA before age 59½, the taxable portion of your distribution may be subject to a 10% penalty on top of whatever income taxes you owe on the distribution. This penalty, known as the premature distribution tax, is intended to discourage people from exhausting their IRA funds before they retire.

However, there are some exceptions to the rule:

- Death or permanent disability of the account owner
- A series of substantially equal period payments for the life of the account holder or the joint lives of the account holder and designated beneficiary
- Unreimbursed medical expenses that exceed 7.5% of adjusted gross income
- Up to \$5,000 for each spouse (from individual accounts) for expenses related to the birth or adoption of a child; can be repaid within three years
- Distributions taken by an account holder on active military reserve duty; can be repaid up to two years after the end of active duty
- Distributions due to an IRS levy on the account
- Up to \$10,000 lifetime limit for a first-time home purchaser to buy, build, or improve a home
- Health insurance premiums if unemployed
- Qualified higher education expenses
- Up to \$22,000 for expenses related to a federally declared disaster (provided the distribution occurs within 180 days of the disaster)
- Terminal illness, defined as a condition that is expected to cause death within seven years as certified by a physician
- One distribution per calendar year of up to \$1,000 for personal or family emergencies (restrictions apply)
- Up to \$10,500 (in 2026) or 50% of the account value for account holders who certify that they are victims of domestic abuse during the preceding one-year period
- Up to \$2,600 (in 2026) to purchase a qualified long-term care insurance policy



The penalty also does not apply to amounts rolled over from one IRA to another (assuming you follow the rules for rollovers), to conversions of traditional IRAs to Roth IRAs, to amounts that the IRS levies from your IRA to cover your tax bill, or to qualified reservist distributions. Other exceptions may also apply.

Qualified distributions from your Roth IRAs are federal income tax — and penalty tax — free. Distributions are qualified if you satisfy a five-year holding period, and you are (a) age 59½, (b) disabled, (c) deceased, or (d) you have qualified first time home-buyer expenses. The taxable portion of non-qualified distributions from your Roth IRAs is subject to the same 10% penalty rules that apply to traditional IRAs. (Special rules may apply if you take a nonqualified distribution from your Roth IRA within five years of a conversion. Be sure to speak with your financial advisor for guidance based on the specifics of your situation.)

Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investments and/or investment strategies recommended or undertaken by Gondori Wealth Management), or any non-investment related content, made reference to directly or indirectly in this newsletter will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this newsletter serves as the receipt of, or as a substitute for, personalized investment advice from Gondori Wealth Management. To the extent that a reader has any questions regarding the applicability of any specific issue discussed above to his/her individual situation, he/she is encouraged to consult with the professional advisor of his/her choosing. Gondori Wealth Management is neither a law firm nor a certified public accounting firm and no portion of the newsletter content should be construed as legal or accounting advice. A copy of Gondori Wealth Management's current written disclosure statement discussing our advisory services and fees is available upon request.