



Nobody knows – but watch oil prices

OUTLOOK & TACTICAL UPDATE | MARCH 2026

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The Big Picture:

- Economic data is now just as noisy as during COVID times.
- Economists have not started to change their growth outlooks ... yet.
- Gold was a source of liquidity as one of the market winners.
- 2022 was just a math problem with yields close to zero and nowhere to go but up.
- Higher oil prices layer on another hurdle for the economy to overcome.

"The thing I really want to emphasize is that nobody knows. The economic effects could be bigger. They could be smaller. They could be much smaller or much bigger. We just don't know."

- US Federal Reserve Chair Jerome Powell, 3/18/2026

Operating under uncertain conditions is typically the base case for investors. US Federal Reserve (Fed) Chair Jerome Powell acknowledged as much when asked about the potential impacts of the war with Iran. Still, **this feels like an especially ambiguous investing environment**. Market participants aren't sure whether the Fed will cut short-term interest rates, or perhaps even raise them. The war is either close to being over, or we're on the verge of a land invasion. And most remarkably, **US gross domestic product (GDP) growth for the fourth quarter of 2025 was further revised from +1.4% to +0.7% on March 13, two and a half months after the quarter ended!** It's hard to feel comfortable putting money to work when the economic data seems less reliable in the moment.

Economists remain nonplussed so far, apparently seeing through all these challenges. Despite the market drama, **our 12-month Macroeconomic Scenario Analysis (MES) offers a slight +1% change to our odds of Recession**. Meanwhile, **Inflation** increased given the jump in energy prices, at the expense of **Stagnation**, which fell from 31% to 27%. Bloomberg's monthly survey of economists offers updated forecasts toward the end of March. It suggested little change in either GDP growth expectations or the potential for a recession. Our best guess is it's simply too difficult to parse the impacts of an oil shock paired with a labor supply shock, combined with fiscal thrust from tax benefits. While the **US is less energy-dependent than in the past**, oil prices traded above \$100 a barrel for the first time since 2022. Elevated oil prices were a major contributor to several historical recessions. **Inflation has run above 2% for more than five years**, though inflation expectations are relatively tame. Finally, geopolitics is no picnic, and we believe **US ambiguity will likely lead to more market surprises**.

In terms of portfolio positioning, **we made small trims in a couple of our recent winners in our Moderate Growth and Growth strategies**. We sold some international exposure that performed well at the beginning of the year but is more energy-dependent and could struggle if the war persists. We've previously written about changing performance patterns and asset class correlations, especially as it relates to gold. During the March drawdown, gold was a source of liquidity, as we feared, and quickly fell -20%. Counterintuitively, the defense sector has not been a source of defense for investors. This is despite the obvious need and growing order backlog for all sorts of weapons. Bond yields have been rising in recent weeks as Fed interest rate cuts get priced out of the market, leaving few places for investors to hide. Still, **this is not a repeat of 2022**. Sure, it's always nice to have some cash on hand, but the yield curve is in a better place, and artificial intelligence (AI) is a substantive economic development.

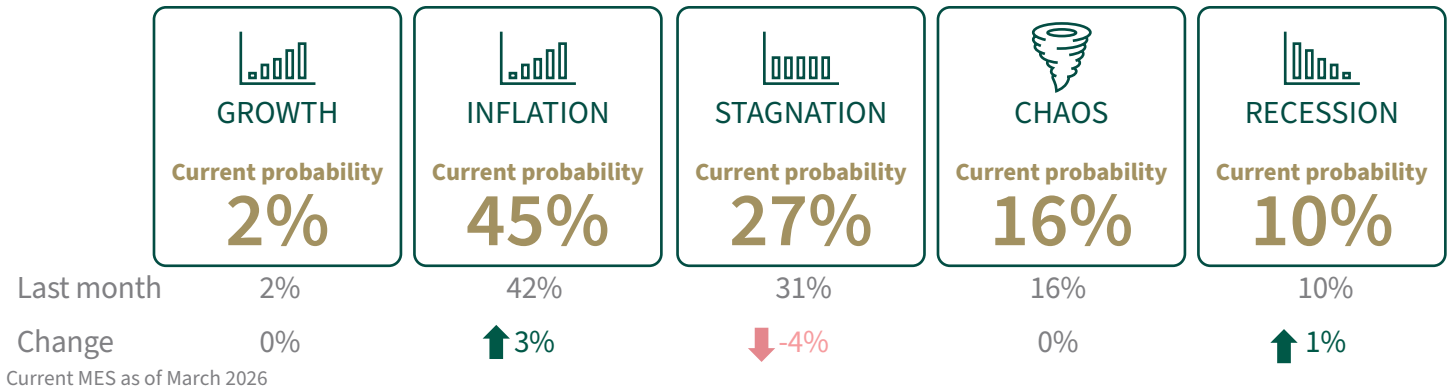
In total, it's challenging but **we're attempting to look beyond the war**. Assuming the war resolves amicably (a potentially risky assumption), and the S&P 500 Index continues its rebound above pre-war levels, then where does the market go from there? Aside from the war, **today's macro environment has not changed much since the end of February**. The US stock market has been sideways for the better part of six months. Concerns remain around a sluggish labor market, a handcuffed US Federal Reserve, and whether companies revisit their AI spending. What's different now? We're likely to have materially higher oil prices for at least the next few months. Effectively, **elevated oil prices are a drag on growth and increase the odds of an economic slowdown**. We're not there yet, but **we expect economists to cut their GDP growth estimates, and even increase their recessionary calls** if oil prices have entered a new, higher regime.



Jason Richey, CFA
Portfolio Manager

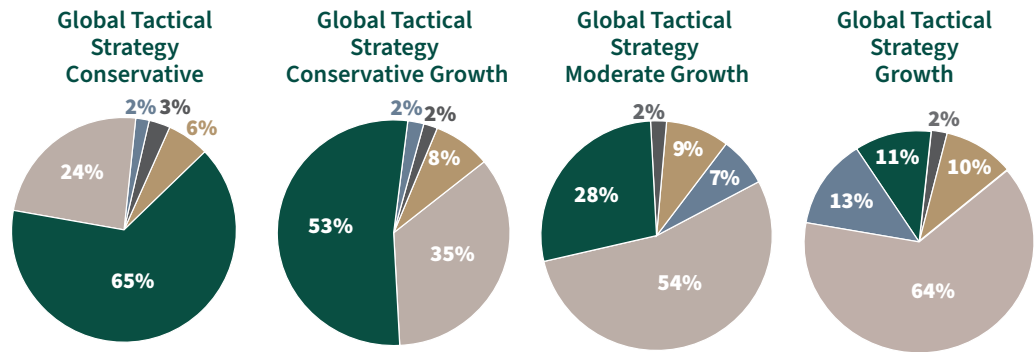
MACROECONOMIC Scenario Analysis

On a monthly basis, the Cougar Global investment team establishes the probabilities of the future path of the U.S. economy over the next 12 months and quantifies its independent global research into the following five scenarios:



ASSET ALLOCATION Shifts

As of March 2026



Asset Class	Symbol	Total US Equity			Total Fixed Income			Total International Equity			Cash			Gold		
		Previous Month	Current Month	Change	Previous Month	Current Month	Change	Previous Month	Current Month	Change	Previous Month	Current Month	Change	Previous Month	Current Month	Change
S&P 500	IVV	8	8	0	10	9	-1	20	20	0	22	22	0			
S&P 400	IJH	3	3	0	4	4	0	4	4	0	7	7	0			
S&P 600	IJR	0	0	0	4	4	0	5	5	0	5	5	0			
MSCI EAFE	IEFA	2	2	0	2	2	0	6	5	-1	12	11	-1			
U.S. Healthcare	XLV	5	5	0	6	6	0	6	6	0	8	8	0			
Nasdaq 100	QQQ	2	2	0	3	3	0	4	4	0	4	4	0			
S&P Aerospace & Defense	XAR	2	2	0	3	3	0	7	7	0	7	7	0			
Financial Select Sector	XLFX	2	2	0	4	4	0	5	5	0	7	7	0			
Emerging Markets ex -China	EMXC	0	0	0	0	0	0	3	2	-1	4	2	-2			
U.S. Infrastructure Development	PAVE	2	2	0	2	2	0	3	3	0	4	4	0			
TOTAL EQUITIES		26	26	0	38	37	-1	63	61	-2	80	77	-3			
0-3 Month Treasury Bond	SGOV	4	4	0	3	3	0	0	0	0	0	0	0			
Short-Term TIPS	STIP	16	16	0	13	13	0	10	10	0	5	5	0			
U.S. Aggregate Bonds	AGG	23	23	0	17	17	0	10	10	0	3	3	0			
U.S. 1-3 Year Treasury Bonds	SHY	11	11	0	8	8	0	3	3	0	0	0	0			
Treasury Floating	TFLO	11	11	0	11	12	1	3	5	2	0	3	3			
TOTAL FIXED INCOME		65	65	0	52	53	1	26	28	2	8	11	3			
Gold	IAU	6	6	0	8	8	0	9	9	0	10	10	0			
Cash	CASH	3	3	0	2	2	0	2	2	0	2	2	0			

The portfolios reflect the inherent risks of fluctuating prices and uncertainty of rates of returns. The cash portion of this portfolio is represented by money market instruments.

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Cougar Global Investments calculates the Macro Economic Scenario (MES) analysis by assigning probabilities to each of the five economic scenarios (Growth, Stagnation, Inflation, Chaos and Recession) over the next 12 months. Macroeconomic scenarios are based on quantitative data sourced from various firms and then weighted and may be adjusted based upon Cougar Global Investments thought capital. MES are subject to change. These are hypothetical examples and are not representative of any specific situation. Actual economic results may vary. Economic forecasts set forth may not develop as Cougar MES indicates and there can be no guarantee that these strategies promoted will be successful. Past performance is no guarantee of future results. Macro Economic Scenarios: Growth – U.S. economy is growing at or above its potential growth rate, Recession – U.S. economy is shrinking (negative quarter over quarter growth rate), Stagnation – U.S. economy is growing at lower than its potential growth rate, Inflation – Consumer Price Index (CPI) inflation rate is higher than U.S. economy's potential growth rate, Chaos – a high impact, low probability event ("Black Swans").

Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful. Small-capitalization companies are subject to higher volatility than those of large-capitalized companies. International and emerging market investing involves special risks such as currency fluctuation and political instability and may not be appropriate for all investors. Stock investing involves risk, including the risk of loss. Investments in emerging market issuers are subject to a greater risk of loss than investments in issuers located or operating in more developed markets. This is due to, among other things, the potential for greater market volatility, lower trading volume, higher levels of inflation, political and economic instability, greater risk of a market shutdown and more governmental limitations on foreign investments in emerging market countries. High Yield/Junk Bonds are not investment grade securities, involve substantial risks and generally should be part of the diversified portfolio of sophisticated investors. Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity and redemption features. Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and are subject to availability and change in price. Mortgage-Backed Securities are subject to credit, default risk, prepayment risk that acts much like call risk when you get your principal back sooner than the stated maturity, extensions risk, the opposite of prepayment risk, and interest rate risk. Investing in IAU involves additional risks. The market price of the Shares will be as unpredictable as the price of gold has historically been and the price received upon the sale of Shares may be less than the value of the gold represented by them. Government bonds and Treasury bills are guaranteed by the U.S. Government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. The fund's concentrated holding will subject it to greater volatility than a fund that invests more broadly. The fast price swings of commodities will result in significant volatility in an investor's holdings. Precious metal investing is subject to substantial fluctuation and potential for loss. All indexes mentioned are unmanaged and cannot be invested into directly. Past performance is no guarantee of future results. The indexes don't reflect charges, expenses, fees and is not indicative of any particular investment. Commodity-linked investments may be more volatile and less liquid than the underlying instruments or measures, and their value may be affected by the performance of the overall commodities baskets as well as weather, disease, and regulatory developments. The Bloomberg U.S. Aggregate Bond Index is composed of the total U.S. investment-grade bond market. The market-weighted index includes Treasuries, agencies, CMBS, ABS and investment grade corporates. The MSCI ACWI® (All Country World Index) measures the performance of large and mid-cap stocks across 23 developed markets (DM) and 24 emerging markets (EM) countries. The S&P 500 or Standard & Poor's 500 Index (IVV) is a market-capitalization-weighted index of the 500 largest U.S. publicly traded companies. The iShares Core S&P Mid-Cap ETF (JH) seeks to track the investment results of an index composed of mid-capitalization U.S. equities. The iShares Core S&P Small-Cap ETF (IJR) seeks to track the investment results of an index composed of small-capitalization U.S. equities. The iShares Global Consumer Staples ETF (KXI) seeks to track the S&P Global 1200 Consumer Staples (Sector) Capped IndexTM. The iShares Core MSCI EAFE ETF (IEFA) seeks to track the investment results of an index composed of large-, mid- and small-capitalization developed market equities, excluding the U.S. and Canada. The Health Care Select Sector SPDR® Fund (XLV) seeks to provide investment results that, before expenses, correspond generally to the price and yield performance of the Health Care Select Sector Index (the "Index"). The S&P Aerospace & Defense Select Industry® Index (XAR) represents the aerospace & defense segment of the S&P Total Stock Market IndexTM. The Financials Sector Index (XLF) seeks to provide an effective representation of the financial sector of the S&P 500 Index. The Index includes companies from the following industries: financial services; insurance; banks; capital markets; mortgage real estate investment trusts ("REITs"); and consumer finance. The Nasdaq-100 (QQQ) is a globally recognized index that tracks the performance of 100 of the largest non-financial companies listed on the Nasdaq Stock Market® encompassing a diverse range of industries and sectors. The Global X U.S. Infrastructure Development ETF (PAVE) seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the Indxx U.S. Infrastructure Development Index. The iShares MSCI Emerging Markets ex China ETF (EMXC) seeks to track the investment results of an index composed of large- and mid-capitalization emerging market equities, excluding China. The iShares 0-3 Month Treasury Bond ETF (SGOV) seeks to track the investment

results of an index composed of U.S. Treasury bonds with remaining maturities less than or equal to three months. The iShares 0-5 Year TIPS Bond ETF (STIP) seeks to track the investment results of an index composed of inflation-protected U.S. Treasury bonds with remaining maturities of less than five years. The iShares Core U.S. Aggregate Bond ETF (AGG) seeks to track the investment results of an index composed of the total U.S. investment-grade bond market. The SPDR® Bloomberg 1-10 Year TIPS ETF (TIPX) seeks to provide investment results that, before fees and expenses, correspond generally to the price and yield performance of the Bloomberg 1-10 Year U.S. Government Inflation-Linked Bond Index. The iShares 1-3 Year Treasury Bond ETF (SHY) seeks to track the investment results of an index composed of U.S. Treasury bonds with remaining maturities between one and three years. The iShares Treasury Floating Rate Bond ETF (TFLO) seeks to track the investment results of an index composed of U.S. Treasury floating rate bonds. The Russell 2000® Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000® Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

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