



MARKET UPDATE

By JOSEPH SROKA, CFA, CMT

Geopolitical Focus

Stocks had a tough first quarter of the year, impacted by the conflict in the Middle East and the resulting higher energy prices. For the first quarter, the S&P 500 Index was -4.3%, the Nasdaq 100 Index was -5.8%, and the Dow Jones Industrial Average was -3.2%.

The three top performing sectors during the quarter were Energy, Materials, and Utilities. The three bottom performing sectors were Financials, Consumer Discretionary, and Technology.

The returns in the Energy sector were driven by a spike in the price of oil once military engagement began between the United States and Iran. Crude oil rose 76.6% during the quarter and continued to climb early in the second quarter. The duration of these price levels is likely going to be dictated by the events in the region, so the analysis is not a simple measure of economic supply and demand.

The current two-week ceasefire between the U.S. and Iran has backed off oil prices from their peak. Even if the ceasefire holds, it should take several months to restore the oil supply chain coming from the Persian Gulf. This is a much more vital supply line for Asia and Europe than North America, so those economies may feel the effects longer than the U.S.

The uncertainty caused by the conflict with Iran has created uncertainty in monetary policy from the Federal Reserve. At the March Federal Open Market Committee meet-

ing, the Committee kept its policy outlook for a single 0.25% reduction in the Fed funds rate during the year. In a recent talk at Harvard, Fed Chairman Jerome Powell stressed that the Fed is in a wait-and-see mode on interest rates. Higher oil prices should show higher headline consumer inflation in the Consumer Price Index and Personal Consumption Expenditures (PCE) Price Index. The Federal Reserve focuses on core inflation, which excludes the impact of food and energy prices, so near-term elevated energy prices are not likely to be a driver of monetary policy.

Moving past current global news headlines, 2026 is a mid-term election year, so political rhetoric is likely to rise steadily as we move through the year. Domestic economic issues of housing affordability, core inflation, and job growth should rotate back into the headlines as we move closer to the election.

The first quarter earnings reporting season is just getting underway. Quarterly earnings for the S&P 500 Index are expected to grow 13.2% year-over-year with revenue growth of 9.7%. Full-year 2026 earnings are expected to grow 17.4% with revenue growth of 8.8%.

We employ a diversified approach across sectors and themes to include strategies focused on Dividend Growth stocks, Real Estate Investment Trusts (REIT), Power-Utility-Grid stocks, and Growth stocks. We favor high-quality stocks across all our strategies.

	<u>First Quarter</u>	<u>YTD Return</u>		<u>First Quarter</u>	<u>YTD Return</u>
S&P 500 Index	-4.3%	-4.3%	Aggregate Bond Index	0.0%	0.0%
Dow Jones Industrial Average	-3.2%	-3.2%	U.S. Dollar Index	1.7%	1.7%
NASDAQ 100	-5.8%	-5.8%	WTI Crude Oil	76.6%	76.6%
Russell 2000 (Small Cap Index)	0.9%	0.9%	Gold	8.2%	8.2%
International Stocks (MSCI ex-US)	-0.6%	-0.6%	Real Estate (US REIT Index)	4.8%	4.8%

Sources: S&P Global, FactSet





ACCOUNTING & TAX

By Larry Dixon, EA

What to Do If You Can't File Your Taxes by April 15th

Whether you are behind on your personal accounting and gathering of tax documents, or you may be waiting for documents from another entity, there are times when you aren't able to meet the April 15th personal filing deadline. If you are unable to file your taxes by the April 15th deadline, there are still several courses of action that can help save you money on potential interest and penalties.

File for an Extension

As long as you file for an extension of your return by April 15th, you can get six more months to get the return filed. It is important to note that an extension to file is not an extension to pay. Any taxes owed when you do eventually file the return would be subject to late payment penalties and interest charged on the taxes due. To qualify for the extension, it must be postmarked or filed electronically by April 15th.

Estimate and Pay What You Owe

Even if you are not able to file the return on time, you can still make income tax payments. We can help you make a reasonable estimate on the taxes you may owe. By making this payment you can avoid late payment penalties (0.5% per month) and interest on unpaid taxes

(approximately an 8% annual rate compounded daily). Even if you underestimate, you will save some money by having a higher portion of your tax bill paid by the April 15th deadline.

If You are Getting a Refund

If the IRS owes you money, there is no penalty if you file late. You must file within three years to claim the refund

If You are Unable to Pay

Don't avoid filing your taxes if you think you are unable to pay your taxes. File as soon as possible and work with the IRS to set up a payment plan.

If You have Several Years of Unfiled Taxes

If you have not filed or paid taxes over a multi-year period, please contact a tax professional immediately. The sooner these outstanding are resolved, the sooner you can stem the damage and work toward resolving any payments due to the IRS.

We Can Help

If you need help filing an extension, calculating estimated tax payments, or any other tax related issues, please let us know: [Contact Us](#)

Do You Know Your Risk Number?

Individuals often classify their investment risk tolerance with adjectives such as "Conservative", "Moderate", or "Aggressive". These can be highly subjective and may not correctly identify the amount of risk someone is actually comfortable taking.

One self-described Moderate investor may feel uncomfortable if their portfolio fell 5%, while another may not feel uncomfortable until their portfolio falls more than 20%.

While investors understand that the purpose of taking risk is to achieve investment returns, they may not have

a realistic sense of how much risk is required to achieve a targeted level of return. In this case, they may not be taking enough risk and are left wondering why they are unable to achieve the returns they are targeting.

We work with clients to identify the level of risk they are comfortable taking and balance it with the investment objectives they are seeking to achieve.

Follow this link to take our [complimentary risk analysis questionnaire](#).





BUSINESS RETIREMENT PLANS

By ALAN J. CONNER



What Employers Should Understand on 401(k)'s

Plan Design & Setup: Flexibility with Responsibility

Employers have a lot of flexibility when it comes to designing a 401(k) plan that suits their workforce, but each choice has long-term implications. Your plan design affects employee participation, company costs, and legal compliance. A poorly designed plan can lead to low engagement or high administrative headaches.

Key decisions include whether new employees are eligible immediately or after a waiting period, offering matching contributions, and the vesting schedule for employer contributions.

Plan types include the traditional 401(k), the Safe Harbor 401(k) which avoids some testing requirements in exchange for required matching, and the Roth 401(k) which provides an after-tax contribution option.

Fiduciary Responsibility & Compliance

As a plan sponsor, you are a fiduciary, which means you are legally required to act in the best interest of plan participants. You can hire third-party administrators or advisors, but you can't outsource fiduciary duty.

You need to choose and monitor investment options prudently, keep fees reasonable and transparent, make timely contributions and deposits, and comply with IRS and Department of Labor (DOL) regulations.

Failing in your fiduciary duties can result in penalties, lawsuits, and plan disqualification. Even small oversights (like late deposits of employee contributions) can trigger DOL investigations.

Testing & Discrimination Rules

Plans must pass IRS-mandated nondiscrimination tests to ensure they don't unfairly favor highly compensated employees (HCEs) over non-HCEs.

These can include ADP Test (Actual Deferral Percentage) which compares average contributions of HCEs vs. non-HCEs, ACP Test (Actual Contribution Percentage) which compares employer matching or after-tax contributions, and a top-heavy test which ensures that the plan isn't dominated by key employees.

Safe Harbor 401(k) plans automatically satisfy some testing rules by meeting contribution and notice requirements.

If your plan fails testing, HCEs may be forced to refund some contributions—not a good look for company morale or retention.

Costs & Fees (To You and Your Employees)

There are several cost layers to a 401(k), and as a sponsor, you should understand what you (and your employees) are paying for. Common costs include startup/setup fees, recordkeeping and administration, investment fees (expense ratios), and advisor or consultant fees.

Some costs are paid by the employer and others may be passed on to employees via fund fees or plan-level charges.

High or hidden fees can reduce employees' retirement savings and expose you to fiduciary risk. The DOL requires you to periodically benchmark fees and ensure they're reasonable.

Engagement & Communication Drives Participation

The best plan in the world won't help if your employees don't understand or use it. Clear, frequent, and simple communication is critical.

Ways to boost participation include offering auto-enrollment (with opt-out) to get more employees started, auto-escalation to gradually increase contribution rates, access to financial education and investment advice, and a highlight employer match and compound growth benefits.

Higher participation improves test results, employee retention, and morale. Plus, employees with solid retirement benefits are less stressed and more productive.

Tax Benefits for Employers

Offering a 401(k) isn't just good for your team—it can help your bottom line. You get tax deductions for matching contributions. Small businesses may qualify for up to \$5,000 in tax credits/year for startup costs (up to 3 years). You can also deduct administrative costs.

Contact Us

Please reach out if we can help: [Contact Us](#)





FINANCIAL PLANNING

By MEGHAN HOOVER

Increasing Lifespans' Effects on Investments for Retirement

Medical advances and our understanding of nutrition, exercise, preventative health care measures, and identifying harmful environmental factors are just some factors that have contributed to an increased lifespan for the average American. According to the CDC's Center for Health Statistics' latest mortality data for 2024, the average American man lives until 76.5 years old and women to 81.4 years old, for an average of 79 years across both sexes. While this is positive in terms of one's own lifespan, it introduces new challenges for investors who must plan for longer retirements. Not only do investors need to plan for their retirement savings to last longer, they must account for longer health care costs to include long-term care, and they are also exposed to longer periods of possible inflation, market, and reinvestment risks to name a few. This introduces longevity risk, which is the risk of outliving one's assets while in retirement.

For example, for those that are 65 years old, this means when you were born in either 1960 or 1961, your average lifespan (for both sexes) was 69.8 or 70.3 years, respectively, when you were born, but over your lifetime this has increased by 9 to 10 years. This can be significant in terms of your retirement planning. Additionally, desiring an earlier retirement must take this into consideration.

Previous investment allocation models moving one's investments into an increasingly conservative asset allocation may not provide for an adequate retirement now. Retaining more exposure in equities, especially historically stable large-cap equities that offer both growth and dividends can create a growing passive income stream. Adding a passive income stream not only provides income towards retirement but allows you to keep those underlying stocks invested longer for capital appreciation and reduces reinvestment risk that is often associated with bonds. Add to that the unpredictability of future interest rates coupled with older assumptions of reducing equity exposure in favor of increasing bond exposure, and you may be missing out on future growth potential of your nest egg that needs to last longer.

It's still advisable to have investments in bonds and money market securities, but a balance of bonds that can pro-

vide for a portion of retirement income needs, especially during market volatility, with continued growth equity investments can offer a better plan to provide for retirement income over 20 to 30 years.

Tax planning strategies that mitigate tax liability thus increasing money on hand for retirement needs is also important given the availability of actions such as Roth IRA conversions. This can help reduce required minimum distributions from tax-deferred retirement accounts. Adjusting withdraw rates based on reasonable current needs and not a set percentage such as the "4% Rule" can better balance annual needs with continued growth.

While retirement planning is specific to each person, factors to consider besides just what your current investment balance is include other sources of income such as pension plans, rental property or land use income, Social Security benefits, inheritance, or other forms of residual income. It's also important to examine the tax treatment of your investments in terms of how much you have invested in tax-deferred, taxable, and tax-free accounts. Accounting for how your various investments are taxed translates into how much money you have to live on while also wanting to maintain some flexibility on accessing investments before retirement for other financial goals. Additionally, any debt you carry over into retirement or other family obligations must be factored into your retirement income needs. Lastly, consider maximizing any current employer provided benefits that may assist you in retirement savings, educational funding, and/or insurance protection for your family. Having a comprehensive financial plan in place enables you to have a personalized road map to balance your current and projected income to provide current living expense needs, saving towards retirement, paying off debt, accounting for tax liability, providing risk mitigation such as insurance, satisfying other financial goals, and funding children's education and/or assisting aging parents. Lastly, a financial plan can also help with estate planning and charitable giving strategies.

Contact Us

Please reach out if we can help: [Contact Us](#).



Bacon & Parmesan Stuffed Mushrooms

Ingredients

20 whole button or cremini mushrooms
 6 slices bacon (cooked & crumbled)
 ½ cup mascarpone cheese
 ⅓ cup grated Parmesan cheese (plus extra for topping)
 2 tbsp olive oil
 2 tbsp fresh parsley or chives (chopped)
 2 cloves garlic (minced)
 ¼ cup breadcrumbs
 Salt & black pepper to taste

1. Cook the bacon until crispy, then crumble into small pieces.
2. Heat olive oil in a skillet. Add chopped stems and garlic. Cook 3 to 4 minutes until softened and moisture evaporates.
3. In a bowl, mix mascarpone cheese, bacon crumbles, sautéed stems, garlic, parmesan cheese, herbs, and breadcrumbs. Season lightly.
4. Stuff the mushrooms. Sprinkle extra parmesan on top for a golden crust
5. Bake for 18 to 22 minutes. Tops should be lightly browned and bubbly.




Follow our Weekly Market Commentary

Each Monday, we publish our Weekly Market Commentary on the NovaPoint website highlighting important financial and investment issues for the week.

You can find it on the News dropdown menu or at <https://novapointcapital.com/blog/>

If you'd like to receive the blog each week via email, please subscribe here: [SUBSCRIBE](#)



Weekly Market Commentary
February 23, 2026

Trade Offs

Equity markets rose on Friday to close higher for the week following the Supreme Court decision to overturn the Trump Administration's use of unilateral emergency tariffs. For the week, the S&P 500 Index was +1.3%, the Dow Jones Industrial +0.3%, and the NASDAQ +1.2%. The Communication Services, Industrials, and Consumer Discretionary sectors led the S&P 500 Index for the week, while the Consumer Staples, Health Care, and Utility sectors lagged. The 10-year U.S. Treasury note yield was 4.628% at Friday's close versus 4.633% the previous week.

Following the Supreme Court decision on the tariffs, the Administration announced a replacement across the board global tariff using Section 122 of the Trade Act of 1974, which allows up to 15% for up to 150 days to address large and serious balance of payments issues. Outside the tariff news, fourth quarter advance Gross Domestic Product (GDP) increased at an annual rate of +1.4% versus +4.4% in the third quarter. The government shutdown had a significant impact as federal spending contracted \$6.6B and was a 1.5 percentage point drag on GDP. Both imports and exports contracted but were a net positive with a larger contraction in imports.

This week 55 companies in the S&P 500 Index scheduled to report earnings. Quarterly earnings are expected to grow by 13.2% and quarterly revenue growth is expected at 9.0%. Full-year 2025 earnings are expected to grow by 13.3% with revenue growth of 7.5% and 2026 full-year earnings are expected to grow by 14.4% with revenue growth of 7.5%.

In our Dissecting Headlines section, we look at the Supreme Court tariff ruling.

Financial Market Update					
	Weeks Return	1TD Return		Weeks Return	1TD Return
S&P 500 Index	1.3%	1.1%	Aggregate Bond Index	-0.1%	1.2%
Dow Jones Industrial Average	0.3%	3.4%	U.S. Dollar Index	0.9%	-0.5%
NASDAQ 100	1.2%	-0.9%	WTI Crude Oil	5.5%	15.5%
Russell 2000 (Small Cap Index)	0.7%	7.4%	Gold	1.1%	18.2%
Worldstock Stocks (MSCI ex-US)	0.9%	9.4%	Real Estate (S&P REIT Index)	0.3%	10.1%

Source: S&P Global, Reuters

Dissecting Headlines: Tariff Decision

In a 6-3 decision, the Supreme Court struck down the Trump administration's sweeping global emergency tariffs imposed under the International Emergency Economic Powers Act (IEEPA), saying that the IEEPA does not authorize the President to impose tariffs.

The majority opinion, presented by Chief Justice John Roberts, cited that tariffs are "Duties/Imposts" tied to Congress's Article I taxing power, and that allowing IEEPA's broad language about regulating importation to support unbounded tariffs would require clear congressional authorization. The dissenting opinion, presented by Justice Brett Kavanaugh, criticized the majority's reliance on the major questions doctrine, arguing neither the statutory text nor the Constitution supports invalidating the President's action and that the Court was improperly narrowing executive authority in foreign economic affairs.

The ruling did not instruct the government to issue refunds, nor did it explain how refunds should work. That topic was explicitly left unanswered and returned to lower courts and administrative processes. Over \$175 billion of collected revenue is at issue for refunds.

Following the decision, the Trump Administration announced a replacement across the board global tariff using Section 122 of the Trade Act of 1974, which allows up to 15% for up to 150 days to address large and serious balance of payments issues. The Court decision and subsequent replacement tariffs announced keep the issue of trade and tariffs in flux for the near-term.

1175 Peachtree Street NE | Suite 1825 | Atlanta, GA 30301 | (404) 445-7800 | www.novapointcapital.com

NovaPoint Team Roster

Alan J. Conner
 President
 aconner@novapointgroup.com
 404-596-8935

Joseph Sroka, CFA, CMT
 Chief Investment Officer
 jsroka@novapointgroup.com
 404-941-8910

Larry Dixon, EA
 Tax Managing Director
 ldixon@novapointgroup.com
 404-445-8334

Frederick Wright, CFA
 Managing Director
 fwright@novapointgroup.com
 404-920-8574

Samantha Whitford
 Operations & Accounting Manager
 swhitford@novapointgroup.com
 404-507-6224

Amber Ludemann
 Client & Financial Operations Manager
 aludemann@novapointgroup.com
 404-282-3674

Meghan Hoover
 Investment Associate
 mh Hoover@novapointgroup.com
 470-942-5783

Mallorie Nordahl
 Accounting Clerk
 mnordahl@novapointgroup.com
 404-534-4580

Chelsea Castanza
 Accounting Clerk
 ccastanza@novapointgroup.com
 678-397-1913

Trish Coffield, EA
 Tax Specialist
 tc Coffield@novapointgroup.com
 470-443-0287

Visit our website: www.novapointcapital.com

