RSD Advisors

Q1 2026 Report for clients of RSD Advisors April 8th, 2026

There was two years' worth of news in the first quarter which moved markets. A war in the middle east initiated by the US/Israel against Iran broke out with shipping stopped and energy infrastructure damaged in both Iran and other countries in the region. Energy and other commodity prices surged. The head of the US Central bank was indicted, and he subsequently issued a denunciation of the administration. A new chairman of the Federal Reserve was announced and faced some delay in being confirmed. ICE and border patrol killed two US civilians in Minneapolis and were hastily withdrawn, with the head of Homeland Security fired. Trump administration's tariff regime was overturned by the Supreme Court and new tariffs were then implemented. ***Given all of the above a correction of 5% in the S&P 500 was actually good performance.***

The story in the markets was dispersion in returns for various sectors. Value sectors were generally favored versus growth sectors. Interest rates rose after the war started, although not much change over the entire quarter. Energy was a big winner with higher prices as a tailwind. Diversification in portfolios proved extremely valuable. Most of my clients experienced small losses or gains rather than the 5% decline in large company US stocks. This was a result of risk management and diversification which we practice.

Credit spreads widened slightly during the first quarter. Although there has been an ersatz bank run in private credit fund space where redemption requests from some of these funds have squeezed liquidity. So far, this problem has not spread to the rest of the lending market so far. If it did, we could see less economic growth. Our fingers are crossed, but we are watching this closely.

Addendum

A tentative cease fire deal was signed April 7th for two weeks between Iran and the United States. Markers breathed a sigh of relief but there are still plenty of questions about the ultimate outcome of the war. Energy prices have dropped today.

Richard Daskin, CIO