STONE PINE
FINANCIAL PARTNERS

Retirement in Focus

SPRING 2026

The Tides Are Changing

For many years now, the U.S. stock market has delivered exceptional performance. Returns have been strong and compared to much of the rest of the world, U.S. stocks have led by a wide margin.

If we look back to 2018, the U.S. market outperformed international markets in all but one year through 2024:

	US STOCK MARKET	INTERNATIONAL STOCK MARKET
2018	-5.13%	-14.42%
2019	30.80%	21.58%
2020	20.95%	11.32%
2021	25.72%	8.69%
2022	-19.50%	-15.99%
2023	26.03%	15.56%
2024	23.75%	5.20%

It has felt like a rising tide lifting one shoreline far more than the others.

Much of this outperformance has been driven by a technological revolution led by U.S. companies. The so-called "Magnificent 7" have produced dramatic earnings growth and have disproportionately powered market returns.

But markets, like tides, don't move in one direction forever.

A Shift Beneath the Surface

In 2025, something changed.

	US STOCK MARKET	INTERNATIONAL STOCK MARKET
2025	17.14%	32.23%
YTD	1.96%	11.61%

International markets significantly outperformed last year, and that trend has continued into the early part of 2026.

This doesn't necessarily mean a long-term reversal is guaranteed. Markets are influenced by countless variables: economic growth, earnings, interest rates, geopolitical developments, investor sentiment.

But one factor stands out clearly: **valuation**.

Valuations Matter

One common way to measure valuation is the Forward Price-to-Earnings ratio (P/E ratio). It compares the current price of a market to the earnings expected over the next year. In simple terms, it helps us gauge how expensive or inexpensive a market may be.

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The Tides Are Changing

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Here's how things currently look:

PRICE TO EARNINGS RATIO

	US MARKET	INTERNATIONAL MARKET
2026	27x	15x
Long Term Average	16-18x	14-15x

The U.S. market is trading at roughly 27 times forward earnings, well above its long-term historical average. International markets, by contrast, are trading right around their historical norms.

This valuation gap is not new. The U.S. market has carried a premium for years, largely justified by strong growth and profitability.

But over long periods of time, markets tend to revert toward their historical averages. Not on a schedule. Not predictably. But consistently, if you zoom out far enough.

When one market becomes significantly more expensive relative to history, future returns often moderate. When another remains reasonably priced, future returns can surprise to the upside.

Perhaps we are beginning to see that dynamic unfold.

The Bigger Lesson

Investing is difficult because recent experience feels permanent.

When one market leads for years, it becomes easy to believe it will always lead. Recency bias quietly replaces discipline.

But leadership rotates. Tides shift. What felt dominant yesterday may stall tomorrow. This is precisely why diversification remains so important.

A prudent investor maintains exposure to both U.S. and international markets, not because we can predict which will outperform next year, but because we know leadership will rotate over time.

The disciplined approach is not to chase the wave. It's to own the ocean.

What This Means for You and Stone Pine

We are not making dramatic shifts based on short-term performance.

We are maintaining balanced, globally diversified portfolios that allow you to participate wherever growth emerges, whether that's in Silicon Valley, Europe, or emerging markets abroad.

The goal is not to predict tides. The goal is to remain steady enough to benefit from them.

Stop, Drop, and Stay the Course

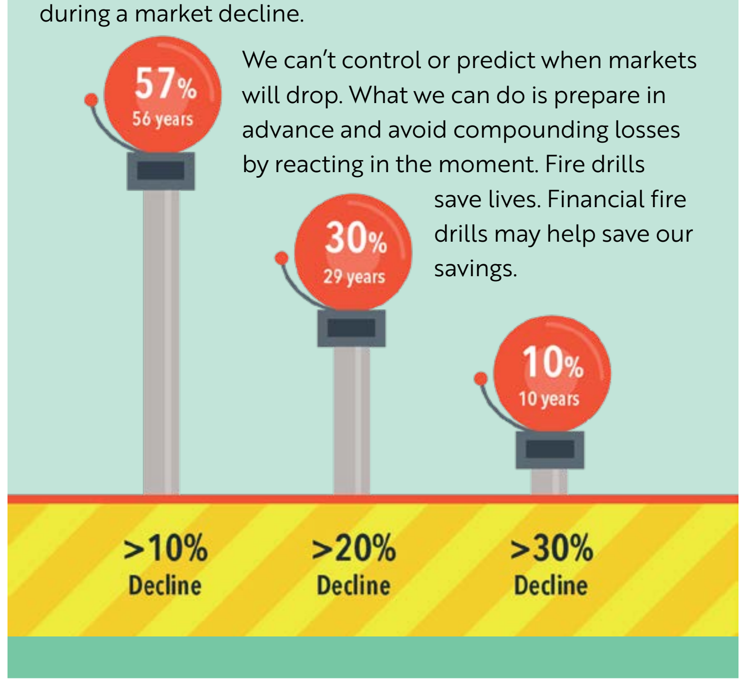
For many of us, the importance of a fire drill is ingrained starting as early as elementary school. The procedure, reacting to an alarm by calmly exiting the building, is repeated to build muscle memory for what to do in a real emergency. Just as importantly, it reinforces lessons on what not to do. For example, I don't think the saying goes: "Stop, drop, and grab a coffee before riding in the elevator."

The concept of a fire drill is relevant to investing as well. Knowing the range of possible outcomes and how to behave in those circumstances is critical to long-term success. The odds are that investors will be tested with a downturn. U.S. stocks have experienced a decline of at least 20% at some point during 29 of the 98 calendar years since 1927.

It's also important to keep in mind that a difficult stretch doesn't necessarily mean a bad year. **While a 20% decline occurred in 29 different years, the market finished the full year down more than 20% only six times. In fact, in 10 of those 29 years, the market still ended the year with a positive return.** This reinforces an important lesson: the most reliable course of action following a market downturn is often to remain invested.

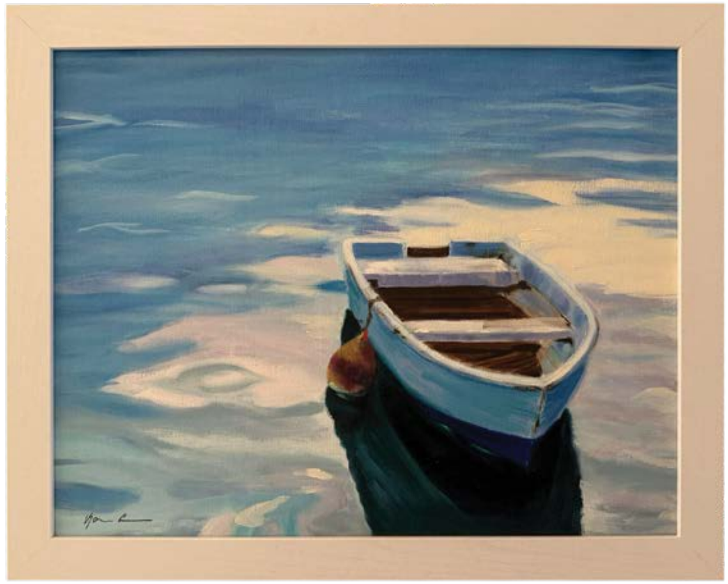
For those in retirement or taking distributions from their investments, planning ahead becomes even more important. One way to prepare is by building a safety net into the portfolio. This safety net, what we often refer to at Stone Pine as the Safety Bucket, is designed to provide several years of planned withdrawals from more stable assets. That allows you to continue your normal distributions without needing to sell investments that may be temporarily down in value during a market decline.

We can't control or predict when markets will drop. What we can do is prepare in advance and avoid compounding losses by reacting in the moment. Fire drills save lives. Financial fire drills may help save our savings.



Introducing Client's Corner!

We're excited to introduce a brand-new section in our newsletter: Client's Corner. In each edition, we'll highlight the creativity, accomplishments, and passions of our clients — from artistic projects to personal milestones. We'd also love to share any exciting life updates, including recent travels, special celebrations, or new adventures. To kick things off, we're featuring a stunning painting by our client, Karen Calastri!



Fifteen years ago, Karen picked up painting at the Wayne Art Center as a hobby, and what began as a simple creative outlet soon became a lasting passion. About four years ago, she started entering juried exhibitions and quickly began selling her work, marking an exciting new chapter following a successful career in corporate finance. Today, she has sold 180 original pieces and participates in roughly 25 art shows and gallery exhibitions each year across Chester County and the Jersey Shore. Working in both oil and watercolor, Karen brings landscapes, architecture, boats, animals, and more to life with warmth and skill. The piece shown here was the second she ever sold. Be sure to see it on display in our office the next time you visit!

Spring Meetings

We hope you've already received your invitation for our spring planning meetings—if not, please let us know and we'll be happy to resend it.

As a reminder, our spring planning meetings will take place in April and May. During these meetings, we'll review your planning and investment portfolio and address any questions or concerns you may have.

Meetings can be held in person at our office, via Zoom, or by phone. We recommend in-person or Zoom meetings, as they provide the best experience for reviewing materials together.

We look forward to connecting with you soon!

Annual Volunteer Event

We're excited to share that our Annual Client Volunteer Event will take place this spring! Each year, this special event brings us together with our valued clients to give back to the community and make a meaningful impact.

A digital invitation with final details — including the date, location, and the volunteer activity — will be sent soon. We look forward to coming together for a day of service, connection, and shared purpose. Stay tuned!

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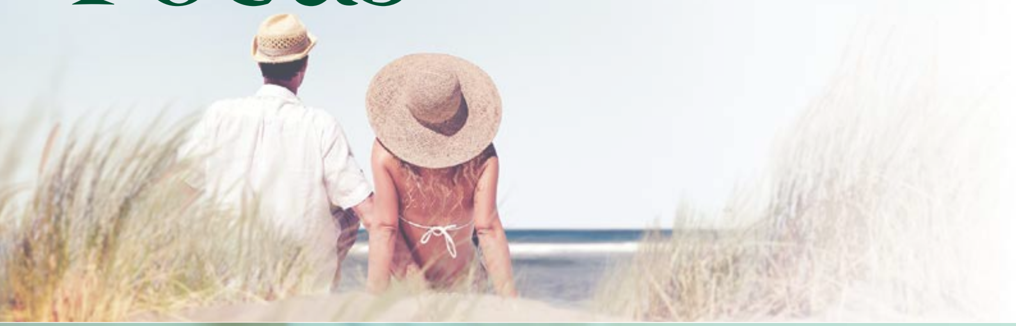
Retirement in Focus



Stone Pine Volunteers in the Community

As we shared in our last Spring newsletter, giving back to our community is a core value at Stone Pine Financial. We're pleased to highlight once again our team's recent volunteer work with a local nonprofit through their Adopt-a-Family initiative at the *YWCA Delaware Home Life Management Center* during the 2025 holiday season.

Our team helped provide essential household items and toys for families in need. It was a rewarding experience to come together and make a meaningful difference.

We're grateful for the opportunity to support such impactful organizations and look forward to continuing these efforts throughout the year ahead.