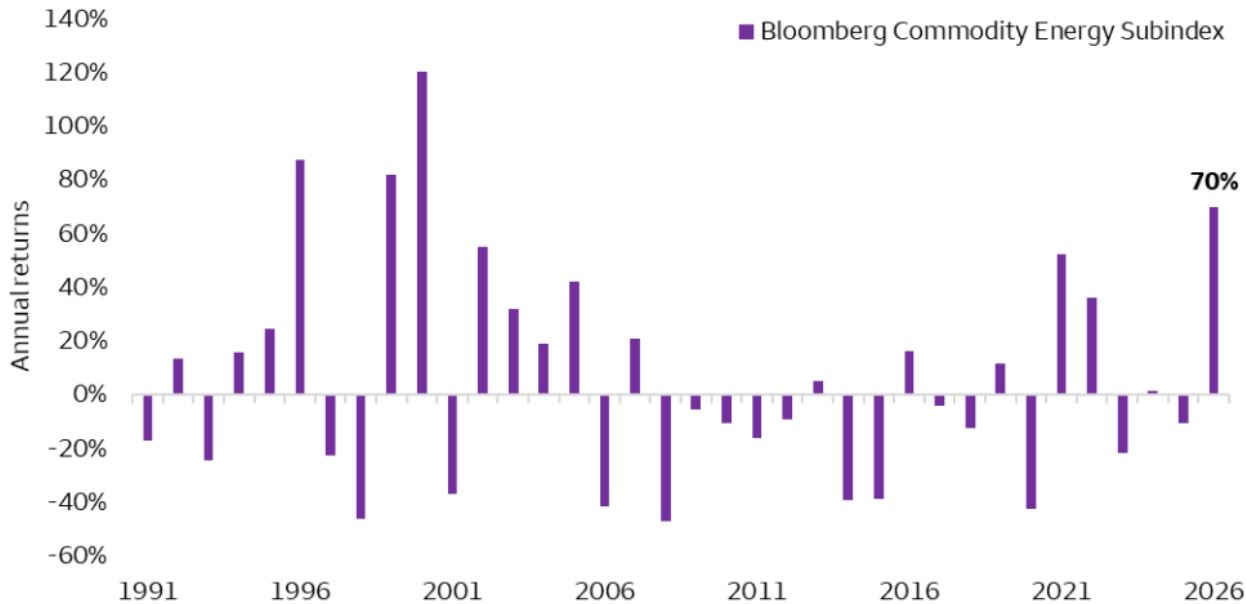


Chart of the Week

Weekly analysis of key themes in markets

April 21, 2026

Time to consider taking profits in energy



Sources: Bloomberg and Wells Fargo Investment Institute. Annual data as of 1991-2025. 2026's returns are based off the year-to-date return through April 6, 2026. An index in unmanaged and is not available for direct investment. **Past performance is no guarantee of future results.**

Energy outperformance reaches multi-decade highs

Commodities have performed exceptionally well in 2026, outperforming U.S. Large Cap Equities and the Bloomberg U.S. Aggregate Bond Index by 30% and 26% respectively (as of December 31, 2025, and year-to-date through April 6, 2026). Within Commodities, the Energy sector has emerged as the strongest outperformer.

As the chart suggests, when compared against the sector's annual returns, today's year-to-date performance would be the strongest since 2000. However, we continue to see risks to the downside for oil prices through year end and believe recent outperformance presents attractive opportunities to take profits and underweight energy exposure. Historically, oil markets have been highly volatile, with prices able to swing rapidly as risks emerge or fade.

What it may mean for investors

Our updated year-end crude oil targets are \$10 higher than previously, but still nearly 20% below current prices. This reflects our expectation that a lingering geopolitical risk premium will prevent prices from returning to pre-war levels. We view Energy's recent outperformance as an opportunity to lock in profits and reallocate to our favored sectors within Commodities — Industrial Metals and Precious Metals.

Mason Mendez, Investment Strategy Analyst

Excerpted from Investment Strategy report (April 13)

Investment and Insurance Products: ➤ NOT FDIC Insured ➤ NO Bank Guarantee ➤ MAY Lose Value

Risk Considerations

All investments are subject to market risk which means their value may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors due to numerous factors some of which may be unpredictable.

Equity securities are subject to market risk which means their value may fluctuate in response to general economic and market conditions and the perception of individual issuers. Investments in equity securities are generally more volatile than other types of securities.

Each asset class has its own risk and return characteristics. The level of risk associated with a particular investment or asset class generally correlates with the level of return the investment or asset class might achieve. **Stock markets**, especially foreign markets, are volatile. Stock values may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors. **Foreign investing** has additional risks including those associated with currency fluctuation, political and economic instability, and different accounting standards. These risks are heightened in emerging markets. **Small- and mid-cap stocks** are generally more volatile, subject to greater risks and are less liquid than large company stocks. **Bonds** are subject to market, interest rate, price, credit/default, liquidity, inflation and other risks. Prices tend to be inversely affected by changes in interest rates. **High yield (junk) bonds** have lower credit ratings and are subject to greater risk of default and greater principal risk. The **commodities** markets are considered speculative, carry substantial risks, and have experienced periods of extreme volatility. Investing in a volatile and uncertain commodities market may cause a portfolio to rapidly increase or decrease in value which may result in greater share price volatility. **Real estate** has special risks including the possible illiquidity of underlying properties, credit risk, interest rate fluctuations and the impact of varied economic conditions.

Definitions

Bloomberg Commodity Energy Subindex tracks the performance of a diversified basket of energy commodity futures—such as crude oil, natural gas, and refined products—as part of the broader Bloomberg Commodity Index framework.

Bloomberg U.S. Aggregate Bond Index is a broad-based measure of the investment grade, US dollar-denominated, fixed-rate taxable bond market.

An index is unmanaged and not available for direct investment.

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