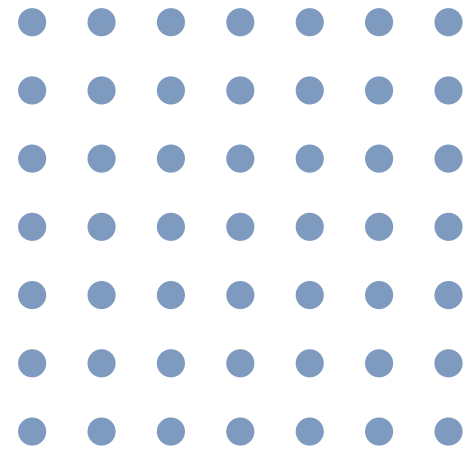




Flower City
CAPITAL



Flower City Capital

Quarterly Investor Report

Q1 2026

Contact Us
info@flowercitycapital.com
(585) 236-8501

Investment Update

Q1 2026



Dear Members of Flower City Capital,

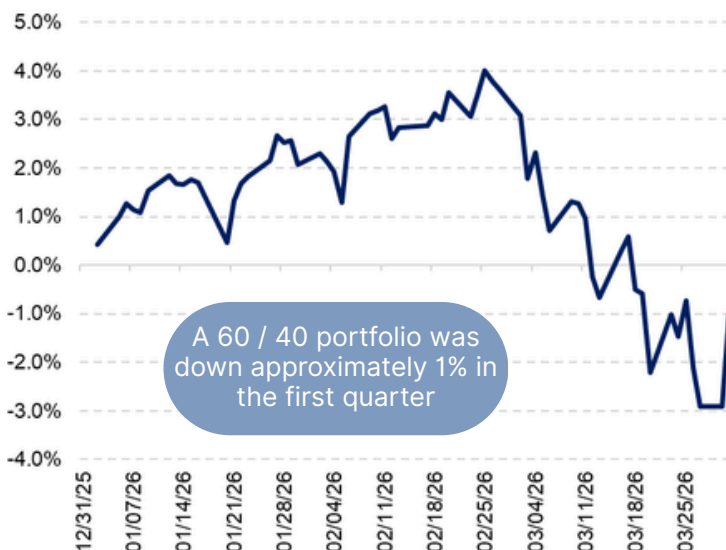


We are excited to welcome Jeremy Veres to our team! As a senior Wealth Advisor, Jeremy delivers a personalized and comprehensive planning approach to each client. Prior to Joining FCC, Jeremy was a Financial Advisor at Turning Point Financial.

Jeremy lives in Hagerstown, Maryland with his Wife Emily and their Aussiedoodle, Sophie. In his free time Jeremy enjoys playing and watching basketball when not spending time outdoors.

We hope your Spring season is off to a great start. To say this year has been eventful so far would be an understatement. For Q1 2026, global stocks were down 1.7%¹ and US bonds were down 0.3%². Blending them together, a diversified 60% global stock / 40% US bond portfolio was down just over 1%. Zooming out to a longer time horizon, the same portfolio has appreciated significantly over the last 3 years.

YTD and 3-Year Total Return (iShares 60/40 Balanced Allocation ETF - AOR)



Year-to-date total return, FactSet, as of 3/31/2026



Three-year total return, FactSet, as of 3/31/2026



¹Vanguard Total World Stock Index Fund ETF (VT)
²Bloomberg Aggregate U.S. Bond Index

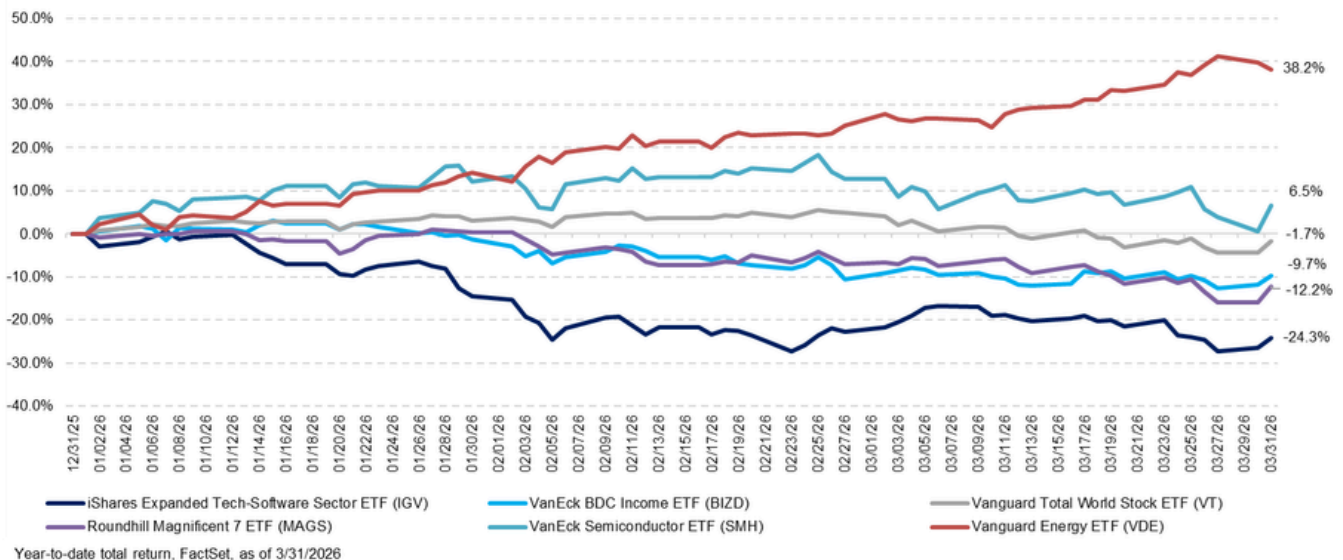
What's Happening Under the Surface

Last quarter we shared our approach to navigating this rapidly changing market:

1. To start the year, we rebalanced portfolios after a strong run in 2025 (selling stocks and buying bonds back to risk tolerance targets)
2. The best hedge for not knowing the future is diversification
 - A globally diversified stock portfolio helps to reduce risk in any one country or sector
3. Owning higher quality bonds within our fixed income portfolio, as we don't believe riskier bond segments are worth the extra risk
 - We are monitoring higher yielding options where prices have come down and estimated forward returns have come up

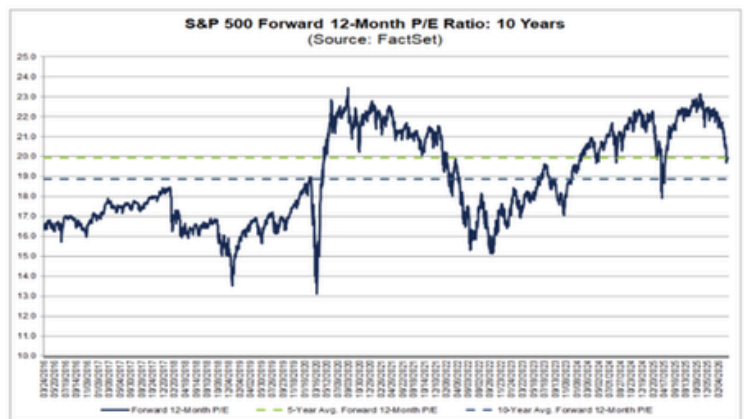
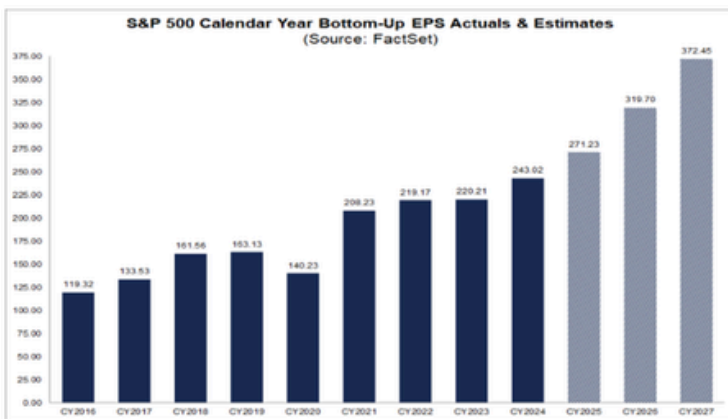
Portfolios being roughly flat to start the year doesn't do justice to what's happening under the surface. There was significant market dispersion in both directions. For example, software companies and the Business Development Companies (BDCs) that lend to them have experienced a significant sell-off due to AI concerns. Big tech stocks, as measured by the Mag7, also sold off. The semiconductor index benefitted from AIs need for computer chips, and energy has been a significant beneficiary of the surge in oil prices.

Significant Market Dispersion Across Sectors



Looking Ahead

One potential silver lining of a flat market is declining valuation multiples. Stock prices follow earnings over time, and earnings growth continues to be strong. Therefore a sideways market allows Price / Earnings ratios to return to more normal ranges without a corresponding market correction. Lower valuation multiples would help to reduce the potential magnitude of future sell offs and increase expected future returns when starting at more reasonable valuations.



We have seen increased volatility primarily driven by geopolitical conflict and the uncertainty it introduces, rather than the erosion of underlying fundamentals in the economy. As such, we used the opportunity to pull forward our Dollar Cost Average (DCA) program and do some Tax Loss Harvesting where applicable.

A flat market with lots of volatility is a great time to revisit your portfolio risk. We are all available any time if you would like to review or if we can help with anything else.

Flower City Capital (FCC) is a registered investment advisor. Information presented herein is for educational purposes only and does not intend to make an offer or solicitation for the sale or purchase of any specific securities, investments, or investment strategies. FCC may discuss and display charts and graphs which are not intended to be used by themselves to determine which securities to buy or sell, or when to buy or sell them. Investments involve risk and unless otherwise stated, are not guaranteed. Readers of the information contained in this Newsletter should be aware that any action taken by the viewer/reader based on this information is taken at their own risk. This information does not address individual situations and should not be construed or viewed as any type of individual or group recommendation.