American State Bank & Trust
Trust Department Quarterly Update
October 2026

Stock Markets

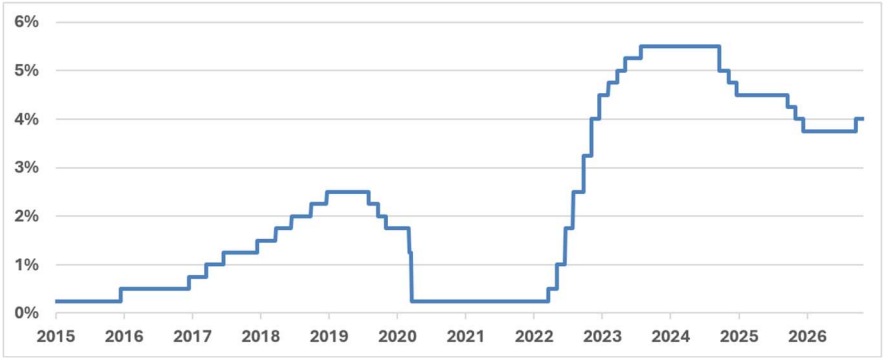
Stock markets have done well through the first three quarters of 2026. Oil prices have been up, which can have negative effects on stock markets due to it potentially hurting earnings for businesses due to the increased costs of transporting their products. Despite that, the stock markets have done quite well.

The S&P 500's total return was 12.75% for the first three quarters of 2026. International stocks' total return was 14.22% during that same timespan, continuing its stretch of outperforming U.S. stocks as they also did in 2025. It had long been forecasted that international stock markets may have a period where they outperform U.S. stock markets due to stock valuations, largely due to U.S. stocks outperforming international stocks for the previous 15 years. It is recommended for investors to have a portion of their portfolio invested in international stocks to improve diversification and long-term performance. Information regarding our investment portfolios is provided on the next page, which have a portion invested in international stocks.

Bond Markets and Interest Rates

Bonds have continued to provide stability to investment portfolios. While stocks experience periods of volatility, bonds deliver steady performance and serve their important role in diversified portfolios.

The Federal Reserve (the Fed) increased the Fed Funds Target Range from 3.50-3.75% to 3.75-4.00% at its September meeting, which is the rate that banks charge other banks for overnight loans and thereby sets what interest rates are nationwide. Market predictions currently point to the Fed potentially increasing rates a little more over the next year. We had been in a decreasing rate environment, but that changed due to inflation concerns from elevated oil prices. The Fed increases the Fed Funds Rate to fight inflation. While rates may go up some from here, it likely won't be by a large amount. Below is a chart showing the upper limit of the Fed Funds Target Range since 2015.



Investment Portfolios

Did you know that we provide you with the ability to invest in diversified investment portfolios that we monitor and manage based on your risk tolerance? Not only does it take the picking and choosing off your shoulders, but it is also professionally managed and designed to outperform benchmarks over the long term. Below is how our investment models have performed as of the end of August compared to the corresponding benchmark provided by Morningstar, which is a highly regarded third party company that provides investment research. Contact your account officer to begin utilizing our investment portfolios if you are not currently.

American State Bank & Trust Model Portfolios	3 Yr	5 Yr	10 Yr
Very Conservative Model (20% Equity/80% Fixed)	7.39%	2.13%	4.08%
Conservative Model (40% Equity/60% Fixed)	10.28%	4.12%	6.27%
Moderate Model (60% Equity/40% Fixed)	13.14%	6.04%	8.62%
Aggressive Model (80% Equity/20% Fixed)	16.32%	8.08%	10.94%
Very Aggressive Model (95% Equity/5% Fixed)	18.54%	9.55%	12.50%

Morningstar Target Risk Indexes	3 Yr	5 Yr	10 Yr
Morningstar Conservative Target Risk (20% Equity/80% Fixed)	7.08%	1.82%	3.63%
Morningstar Moderately Conservative Target Risk (40% Equity/60% Fixed)	10.13%	3.99%	5.97%
Morningstar Moderate Target Risk (60% Equity/40% Fixed)	13.09%	5.85%	7.95%
Morningstar Moderately Aggressive Target Risk (80% Equity/20% Fixed)	15.94%	7.75%	9.95%
Morningstar Aggressive Target Risk (95% Equity/5% Fixed)	18.29%	9.38%	11.48%

The American State Bank & Trust Investment Portfolios based on risk tolerance were established in 2014. These returns take the portfolio inception and subsequent allocation changes into consideration. Past performance does not guarantee future results. Returns for periods greater than one year are annualized, which means on average the portfolio had a return of the figure presented each year over that span of time.

Muni Bonds

The interest that CDs and money market products pay is great, but the income is taxable and when you file your tax return you may be surprised at how much you need to pay in. Are you interested in reducing the amount of federal income taxes that you have to pay? We are continuously looking for innovative ways to help our clients, and for many of our clients we utilize a blend of municipal bond funds, also known as munis, which provide you with a safer alternative to traditional stock and bond investments. The best part is that the income it generates is exempt from federal income tax. Muni bonds are basically loans to states, cities, counties, and other governmental entities to fund day-to-day obligations and to finance projects such as building schools, highways, or sewer systems. It involves slightly more risk than CDs with fluctuations in market value and therefore provides you with more income.

Below on the left is what your net return after taxes is for a 1 year CD. Our muni bond fund portfolio has a yield of 4.17% as of 10/5/2026. Because muni bonds are exempt from federal taxes, you would have a higher net yield with muni bonds than you would with CDs or money market. Below on the right is what the taxable equivalent (a CD) would need to be to equal the rate you receive from muni bonds.

1 Year CD Rate (as of 10/5/2026)	4.85%
Net CD Rate After Federal Taxes For 1 Year CDs If 22% Tax	3.78%
Net CD Rate After Federal Taxes For 1 Year CDs If 24% Tax	3.69%
Net CD Rate After Federal Taxes For 1 Year CDs If 32% Tax	3.30%
Net CD Rate After Federal Taxes For 1 Year CDs If 35% Tax	3.15%
Net CD Rate After Federal Taxes For 1 Year CDs If 37% Tax	3.06%

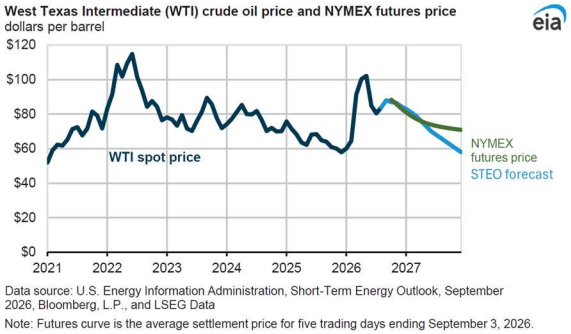
Municipal Bond Portfolio Yield (as of 10/5/2026)	4.17%
Taxable Equivalent If 22% Tax	5.34%
Taxable Equivalent If 24% Tax	5.48%
Taxable Equivalent If 32% Tax	6.13%
Taxable Equivalent If 35% Tax	6.41%
Taxable Equivalent If 37% Tax	6.62%

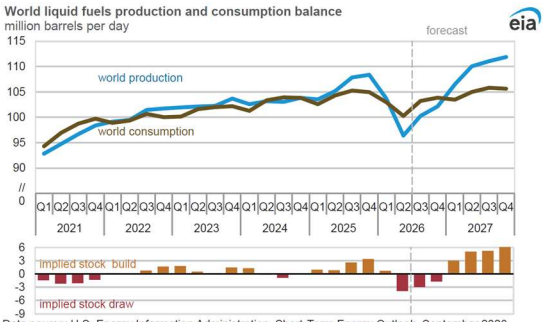
Oil Update

West Texas Intermediate (WTI) is at approximately $90 per barrel as of the end of September. So far in 2026 it has had a range of $56-113 and has averaged $85.20. In 2025 it averaged $65.40, 2024 it was $76.60, 2023 it was $77.50, and in 2022 it was $94.90. The U.S. Energy Information Administration (EIA), which is the statistical agency of the Department of Energy, forecasts WTI to be around $85 in 2026 and $70 in 2027. The North Dakota legislative budget projected oil to be $62 in FY 2026 and $60 in FY 2027. These forecasts are good to be aware of, but they are speculative and can change quickly. Oil prices at these levels should continue to foster oil activity in the area.

There are 33 drilling rigs in North Dakota as of the end of September, compared to an average of 30 drilling rigs in 2025, 38 in 2024, 40 in 2023, 40 in 2022, and 22 in 2021.

Leasing and drilling activity has been expanding into northern Williams County, Divide County, and into Montana. In addition, well operators may drill additional wells within spacing units that already have a well. The future remains very bright for mineral interests in the area.





U.S. Energy Information Administration | Short-Term Energy Outlook - September 2026

	2025				2026				2027				Year		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2025	2026	2027
Crude Oil (dollars per barrel)															
West Texas Intermediate Spot Average	71.85	64.63	65.78	59.64	72.74	95.48	84.01	85.98	80.90	73.00	66.03	59.94	65.40	84.65	69.74

Online Account Access and E-Statements

Did you know online access is available to you for your accounts in the Trust Department? The information is updated daily so there is no need to wait for your next statement to find out how your account is doing. We also recommend that you elect to receive e-statements in your online account. You will receive them much quicker compared to the mail and online access is very secure, much more so than a paper envelope. To get set up for online access, please see the brochure sent to you in July and in January. If you don't have that information, contact us and we will gladly provide you with it.

Want To Visit?

With the end of the year fast approaching, let us know if there is anything we can do to help you with tax planning, gifting, contributions to retirement accounts, or estate planning. Let us know if there is anything we can do to help you with retirement planning, contributions to retirement accounts, managing mineral or surface interests, or estate planning. If you have any questions or would like to discuss anything regarding your account, please do not hesitate to reach out. Your account Officer's contact information is listed on your statement. We can meet with you in person, by phone or email, or we can set up virtual meetings with you.

Trust Department Services

Trusts
- Living Trusts
- Testamentary Trusts (Through Last Will & Testament)
- Mineral Trusts
- Farm Trusts
- Life Insurance Trusts
- Foundations
- Charitable Trusts
- Special Needs Trusts

Investment Accounts
- Managed Investment Account
- Custody Investment Account
- Mineral Management
- Farm Management
- Real Estate Management
- Cash Management

Estate Settlement and Administration

Individual Retirement Accounts (IRA)
- Traditional IRA
- Roth IRA
- Rollover IRA
- Inherited IRA

Retirement Plans
- 401(k) Plan
- Profit Sharing Plan
- Solo 401(k) Plan
- Simple IRA Plan
- Simplified Employee Pension Plan (SEP)

Conservatorships

College Education Savings
- Coverdell Education Savings Account (ESA)
- Education Trust



Jeramy Hansen
Vice President
Trust Dept. Manager
CTFA, CMM, CRSP, CRPP
jhansen@asbt.bank
701-774-4129



Dawn Hustad
Trust Officer
CRSP, CRPP
dhustad@asbt.bank
701-774-4122



Adam Coughlin
Mineral Services Officer
RMM
acoughlin@asbt.bank
701-774-4125



Rachel Roloff
Trust Officer
rroloff@asbt.bank
701-774-4126



Morgan Jager
Assistant Trust Officer
mjager@asbt.bank
701-774-4121

Investment Products - Not a Deposit - Not FDIC Insured – Not Guaranteed by the Bank - May Lose Value