QUARTERLY UPDATE

LETTER FROM OUR CIO

JULY 1, 2026

As we close out the first half of 2026, we wanted to take a moment to share our perspective on where the U.S. economy stands today and how global financial markets performed over the second quarter. As always, our goal is to keep you informed, engaged, and confident in your long-term plan. Here is what we are seeing:

Key Economic Developments

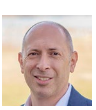
The U.S. economy is navigating a complicated backdrop; one defined by resilient labor markets, sticky inflation, a cautious Federal Reserve, and the lingering effects of geopolitical uncertainty. The labor market has shown strength, where employment continues to be one of the brighter spots in the economy. Nonfarm payrolls surged, the unemployment rate held steady and job openings rose above expectations, a signal that businesses are still actively seeking workers. Inflation remains the defining challenge for policymakers. The Federal Reserve held its benchmark rate unchanged at its June meeting, while removing language that suggested a bias toward rate cuts. The new Fed Chair Kevin Warsh noted in late June that price risks have "dissipated in recent weeks," while reiterating the Fed's determination to ease inflation back to its 2% target. Consumer sentiment remains cautiously optimistic, though still below pre-conflict levels. A significant wildcard during the quarter was the US-Iran conflict, which drove oil prices to highs above $110 per barrel at its peak. A peace deal was signed between the US and Iran, lifting the blockade of Iranian ports and sending energy prices sharply lower. By quarter-end, Brent had fallen to roughly $70/barrel, a significant tailwind for consumers and inflation alike. The overall picture is one of an economy that continues to grow, but faces meaningful headwinds from elevated inflation, a more hawkish Fed, and a geopolitical landscape that remains fluid. We continue to monitor these developments closely on your behalf.

Market Performance

Despite the noisy macro backdrop, global equity markets delivered exceptional returns in Q2 2026, driven largely by a powerful technology rally, easing energy prices following the Iran peace deal, and continued enthusiasm around artificial intelligence. US Equity Markets closed the quarter with their biggest quarterly advances since Q2 2020 with the S&P 500 index up 15%. Technology was the standout sector over the three-month period, with the majority of top-performing large-cap stocks coming from the AI investment theme. NASDAQ was up 28% in Q2 2026. Small-cap stocks also had a strong showing, up 22% in the quarter, as falling oil prices and receding geopolitical risk lifted sentiment across the broader market.

Looking Forward

While Q2 delivered returns that surprised many to the upside, we remain grounded in our long-term perspective. Markets can move quickly in either direction, and the months ahead will bring continued developments on inflation, Fed policy, trade negotiations, global geopolitics and closely watched corporate earnings reports. Looking forward, the outlook for the second half of 2026, consensus remains for moderate, trend-level growth in the US economy, and the labor market is expected to remain strong. We are actively positioning your portfolio to weather uncertainty while remaining invested in the opportunities we believe are most compelling. We continue to remain constructive on sectors such as semiconductors to take advantage of AI trends, cybersecurity, consumer staples, industrials, and infrastructure. We are tactically neutral in equities but overweight Value and Small Cap stocks. This positioning has benefited portfolios in Q2 2026, and we believe leaves clients well positioned for their financial goals according to their risk temperament.



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