



Quarterly Client Newsletter

2nd QUARTER 2026 COMMENTARY

BY FRANK STERNECK
CHIEF INVESTMENT OFFICER

The second quarter of 2026 demonstrated that markets continue to reward patience and discipline while reminding investors that periods of uncertainty are a normal part of long-term investing. Most major asset classes delivered solid results during the quarter. Corporate earnings generally remained resilient, consumer spending continued to support economic activity, and labor markets stayed relatively healthy.

U.S. equities advanced during the quarter, with technology and artificial intelligence-related companies continuing to dominate the headlines. While market leadership remained relatively concentrated, performance broadened modestly. Investors increasingly focused on companies capable of producing durable earnings growth rather than simply benefiting from lower interest rate expectations.

International markets produced mixed but generally positive results. Some of the recent outperformance of international and emerging markets was suspended but we continue to believe in global diversification within most of our equity models.

Fixed income returns were modest for the quarter. Bond yields fluctuated throughout the quarter as markets reassessed the timing and magnitude of future monetary policy decisions under new Fed leadership. Higher starting yields

continue to make a fixed income securities an attractive component of diversified portfolios, providing both income and potential downside protection during.

One notable characteristic of the current investment environment is the disconnect between headlines and market outcomes. Daily news continues to focus on geopolitical tensions, fiscal policy debates, and economic uncertainty. While these issues deserve attention, history demonstrates that markets tend to look beyond short-term events and instead focus on longer-term expectations for corporate profitability and economic growth. Investors who attempt to react to every headline often find themselves making decisions that ultimately detract from long-term returns.

As we enter the second half of 2026, uncertainty remains, but uncertainty is a permanent feature of investing—not an exception. We remain committed to evaluating these opportunities carefully while managing risk on behalf of our clients.

We remain grateful for the opportunity to serve as your financial partner and look forward to helping you navigate the opportunities and challenges that lie ahead.

MISSION As a fiduciary we commit to excellence and high standards as we deliver tailored portfolios and financial planning to reduce risk, improving the probability of clients' success.

CORE VALUES Client-Centric Stewardship
Integrity
Excellence
Team Work

INTERN SPOTLIGHT

SCM welcomes Henrique Zappe as our Summer Intern! Henrique has a degree in International Relations and holds multiple certifications. He is multilingual in Portuguese, Spanish, Italian and English, and is currently working on perfecting French.

Henrique is pursuing a Masters in Finance at the University of Utah where he is currently the Chief of Staff for the Student Investment Fund. He is passionate about leadership and has a goal of becoming a portfolio manager.

Henrique's enthusiasm for helping organizations achieve their strategic objectives makes him a welcomed and strong addition to our team!

NEW FEDERAL \$1,000 SEED INVESTMENT FOR ELIGIBLE CHILDREN

BY AUSTIN DRAKE CFP®, SENIOR WEALTH ADVISOR

A new savings vehicle, known as Trump Accounts, has been introduced to encourage long-term investing for children under age 18. For eligible children born between January 1, 2025, and December 31, 2028, the federal government provides a one-time \$1,000 contribution to be invested in a broad U.S. stock index fund once the account is established.

If your family has an eligible child, we recommend taking the simple steps necessary to claim this government contribution so you do not leave free money on the table.

While family members may make additional contributions over time, we generally view the \$1,000 government contribution as the primary benefit. In many cases, we believe additional savings may be better directed toward other planning vehicles—such as 529 plans, Roth IRAs (when eligible), or taxable investment accounts—which can offer greater flexibility and potentially more favorable tax treatment.

To receive the \$1,000:

Step 1: Submit IRS Form 4547

Sign in to your IRS online account (or create one using ID.me) and complete IRS Form 4547 to establish the account and request the \$1,000 government contribution for an eligible child. The form may also be filed with your federal income tax return.

Step 2: Activate the Account

After the IRS processes your election, you'll receive an email from the U.S. Treasury with instructions to activate the account through the official Trump Accounts website or mobile app. Once activated, you can monitor the account and make additional contributions, if desired.

If you have an eligible child and would like to discuss whether a Trump Account fits into your family's long-term financial plan, please contact our office. We'd be happy to help evaluate

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