



## Quarterly Client Newsletter

### 3<sup>rd</sup> QUARTER, 2026 COMMENTARY

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SENIOR WEALTH ADVISOR

The third quarter provided another reminder that markets often reward patience more than prediction.

Throughout the quarter, markets demonstrated that uncertainty and positive returns can coexist. Like driving through fog, investors could not see every mile of road ahead, but they could see enough to keep moving forward. While questions remained surrounding inflation, interest rates, and the Federal Reserve's next moves, economic activity stayed healthy and corporate earnings generally exceeded expectations. As a result, markets increasingly focused on business fundamentals rather than daily headlines.

The resilience of corporate America remained a defining theme of the quarter. Businesses continued investing in innovation and productivity, while many companies demonstrated an ability to grow earnings despite an environment of elevated interest rates. For long-term investors, it was another reminder that wealth is often built not by predicting the future, but by remaining invested while strong businesses continue creating value.

In fixed income markets, yields remain meaningfully higher than those available for much of the past decade.

While higher rates can create periods of volatility, they also provide bond investors with attractive income opportunities and a stronger foundation for future returns. Bonds continue to serve an important role within diversified portfolios, offering both income and potential stability during periods of market stress. Our recent preference for shorter-term bonds and selective alternative investments has helped client portfolios navigate interest-rate uncertainty while continuing to participate in attractive income opportunities.

As we enter the final quarter of the year, uncertainty remains, but uncertainty is not a temporary condition for investors. It is a permanent feature of investing. While headlines will continue to change, our commitment to a thoughtful, diversified, and long-term investment strategy remains unchanged.

#### YEAR-END REMINDERS

- Initiate charitable stock donations by early December to ensure timely processing.
- If you are age 73 or older, submit your Required Minimum Distribution (RMD) by December 23 to avoid penalties and ensure processing.
- Reach out for Roth Conversion analysis now for completion by year-end.

**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 our clients' success.

**CORE VALUES** Client-Centric Stewardship  
Integrity  
Excellence  
Team Work

## KEEPING TIME ON OUR SIDE

BY FRANK STERNECK, CHIEF INVESTMENT OFFICER

Financial markets have changed considerably in recent years. Alongside traditional stocks, bonds, and long-term investment strategies, investors now have access to an ever-growing array of leveraged securities, options-based products, and prediction markets. Many of these products are designed to encourage frequent trading, speculation, and short-term decision-making.

Innovation in financial markets is not inherently bad. However, we believe investors should be thoughtful about where some of these developments can lead. At times, investing in stocks can begin to look less like owning productive businesses and more like participating in a casino.

The distinction matters.

One of the greatest advantages an investor has is time. Time allows businesses to grow, earnings to compound, dividends to accumulate, and temporary market fluctuations to work themselves out. A patient investor can allow the underlying value of an asset to develop rather than having to predict what will happen tomorrow, next week, or even in the next few minutes.

Many short-term and leveraged products turn that advantage upside down. Leverage magnifies both gains and losses, while some securities are specifically structured so that time, volatility, or both can work against the investor. In those situations, simply being right about the general direction of a market may not be enough. An investor can be right about the destination and still lose money because of the path taken to get there.

Owning investments, such as certain options, that systematically lose value with the passage of time can be like sitting on the wrong side of the table at a casino.

The same principle is worth considering with the rapidly expanding world of prediction markets. These markets can be entertaining and may provide useful information about collective expectations. But they can also encourage investors to view markets as a series of short-term bets rather than as opportunities to own productive assets. The evolving regulatory landscape surrounding these products is another reason to understand exactly what you are buying and what risks you are assuming.

Our philosophy is different.

We prefer to put time, patience, diversification, and the underlying economics of our investments on our side. Rather than trying to predict every short-term movement in the market, we seek to own quality assets and give their long-term growth the opportunity to work for us.

In that sense, we want to be on the house's side, not the gambler's side.

A casino succeeds because the odds are structured in its favor over time. We believe investors should similarly seek investments where the passage of time improves their odds rather than works against them. The goal is not to win every short-term bet. It is to construct a portfolio where patience itself becomes an advantage.

Markets will always offer new ways to speculate. There will always be another trade, another prediction, and another opportunity to chase a quick return. But successful long-term investing does not require participating in every new product or trend.

Sometimes the most valuable investment decision is to simply do nothing.

We remain focused on what has always mattered most: owning quality investments, maintaining a long-term perspective, managing risk, and allowing time and compounding to do the heavy lifting.

Thank you for your continued trust.

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