

Quarterly Client Letter

October 6, 2026

Please find your enclosed Quarterly Report and Billing Statement for the period ending September 30, 2026.

Global investment markets largely went on pause in the face of rising interest rates and a sharp jump in oil prices. While the stock market rally from earlier in the year slowed, global economic growth remained stable, supported by incredibly strong corporate profits.

Stock markets finished the quarter with mixed results, marking a noticeable slowdown from previous months. While both domestic and foreign markets had winners and losers, the net result for a globally diversified basket of stocks was little change.

The bond market suffered a significant sell-off as interest rates rose to heights not seen in decades. Therefore, bonds allocations weighed on portfolio returns in the 3rd quarter.

Commodities (and a handful of energy stocks) were the quarter's only big winners, surging as conflict in the Middle East disrupted global fuel supplies.

The Global Markets Summary shows additional detail on how various markets have performed.

Global Markets Summary September 30, 2026						
Index	3Q	YTD	1 Year	3 Years	5 Years	10 Years
US Large Cap Stocks <i>S&P500</i>	2.3%	12.8%	15.7%	22.9%	13.8%	15.3%
US Small Cap Stocks <i>Russell 2000</i>	-7.2%	13.7%	16.2%	17.7%	6.3%	9.8%
Foreign Developed Stocks <i>MSCI EAFE</i>	0.8%	10.3%	15.7%	18.4%	9.3%	9.1%
Emerging Market Stocks <i>MSCI Emerging Markets</i>	-0.4%	23.4%	29.2%	24.1%	8.9%	9.1%
Investment Grade Bonds <i>Bloomberg US Aggregate</i>	-3.5%	-2.9%	-1.8%	4.1%	-0.6%	1.1%
High Yield Bonds <i>BofA Merrill Lynch US High Yield, Master II</i>	-1.8%	0.0%	1.4%	7.9%	3.6%	5.0%
Municipal Bonds <i>Bloomberg Muni Bond: 5 Year</i>	-3.6%	-2.5%	-2.0%	2.9%	0.5%	1.4%
Commodities <i>Bloomberg Commodity</i>	16.2%	32.9%	40.6%	15.6%	11.3%	7.9%
Cash <i>FTSE 3 Month T-Bill</i>	1.0%	2.9%	3.9%	4.7%	3.9%	2.5%

What's happening in the economy and markets?

The global economy enters the final months of 2026 on solid footing, but investors should prepare for increased price swings.

- **More Rate Hikes Possible:** Central banks, including the Federal Reserve and the European Central Bank, are expected to pass at least one more 0.25% interest rate increase before the year ends to keep inflation under control.
- **Political Volatility:** The upcoming U.S. midterm elections will likely trigger short-term market anxiety as investors look for clues regarding future tax and spending policies.
- **Corporate Earnings Resiliency:** Despite high interest rates, corporate profits are expected to grow. Companies are successfully using AI infrastructure to boost their production and lower costs.

What's happening in portfolios?

With little change in stocks and a sharp decline in bonds, portfolios declined modestly for the quarter. While it's always more fun to report gains, breaks from that trend are inevitable. However, results for the year remain solid and the first few days of October have been positive.

I hope you enjoy the transition to fall. As always, we appreciate your business. Please let me know if you have any questions about your report or other matters.

Best Regards,

A handwritten signature in cursive script, appearing to read "Mark".

Mark G. Smith, CPA, CFP®

President

Enclosures