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July 1, 2026

Dear Valued Investor,

Get your grills and beach chairs ready America because July 4th — and America's 250th birthday — is fast approaching. As the weather heated up last month, the stock market cooled a bit, and investors took profits on some of their technology winners. Market watchers blamed a variety of factors for the decline, but a 12-week rally in the Philadelphia Semiconductor Index of 92.5% pointed to an AI trade that went too far too fast. Gains in healthcare, industrials, and financial services stocks helped offset declines in the big tech stocks and limited the magnitude of the decline.

Stock market volatility has increased in recent weeks amid the push-and-pull between AI-driven optimism and concerns about high valuations. While major indexes have pulled back some, particularly large cap technology names, broader market participation has helped limit downside and maintain a constructive backdrop. The revitalized market for initial public offerings (IPOs), highlighted by the recent SpaceX IPO, offered a sign of healthy market conditions. Overall, equities remain supported by AI-driven earnings strength and improving breadth, but near-term gains may be tempered as markets consolidate earlier advances and navigate ongoing geopolitical uncertainty.

Meanwhile, the bond market has shown signs of stabilization. Earlier in June, rising Treasury yields reflected stronger economic data, bubbling inflation concerns, and rate hike fears. More recently, however, falling oil prices and evolving central bank expectations have helped ease pressure on yields, supporting bond market performance.

The economic backdrop remained resilient in June, supported by AI infrastructure investment, productivity gains, and lower oil prices. Inflation remains in focus, with policymakers balancing persistent price pressures against improving global supply conditions. Geopolitical developments continue to introduce uncertainty, while AI investment serves as a longer-term growth driver. This combination suggests an economy that is neither overheating nor contracting — but one that continues to expand at a moderate pace.

These economic and financial market crosscurrents reinforce the importance of staying disciplined and diversified in a volatile, policy-sensitive environment. While stocks may still need to digest earlier gains in the near term, bonds are regaining diversification value, and the economy remains on stable footing. In the second half, several key themes will shape the investment landscape, including the AI buildout, the leadership change at the Federal Reserve, and midterm elections.

As always, please reach out to your financial advisor with questions. Have a safe and enjoyable July 4!

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeffrey Buchbinder'.

Jeffrey Buchbinder, CFA
Chief Equity Strategist
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Important Information

This material is for general information only and is not intended to provide specific advice or recommendations for any individual. There is no assurance that the views or strategies discussed are suitable for all investors or will yield positive outcomes. Investing involves risks including possible loss of principal. Any economic forecasts set forth may not develop as predicted and are subject to change.

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The PHLX Semiconductor Sector Index (SOX) is a modified market capitalization-weighted index composed of companies primarily involved in the design, distribution, manufacture, and sale of semiconductors.

All data is provided as of July 1, 2026.

All index data from FactSet.

The Standard & Poor's 500 Index (S&P 500) is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

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