



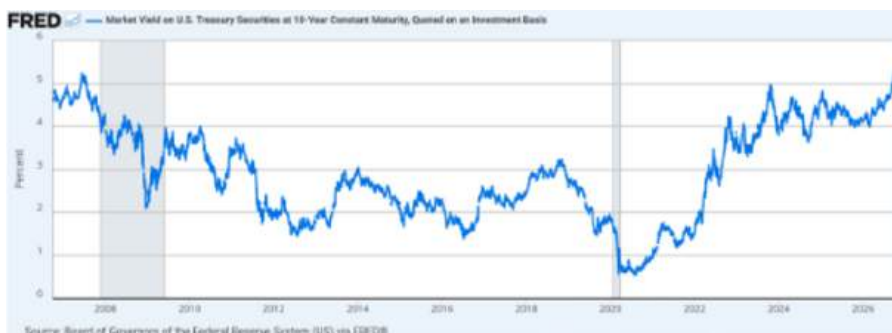
Q3 2026 Market Commentary

We hope that you and your family had a great end to summer and are enjoying the shift to fall. Speaking of shifts, one year ago equity markets began transitioning away from the concentrated U.S. technology stocks that had driven much of large-cap equity performance for about a decade. Today, we see another structural shift—and a new opportunity for portfolios—this time in fixed income.

Fixed Income & Rates

Broad fixed-income markets have struggled amid rising rates in 2026. The Bloomberg U.S. Aggregate Bond Index, a proxy for the broader fixed-income market, returned -2.9% through the third quarter. However, this rate environment—unseen in decades—creates opportunities to reinvest at higher yields. We expect higher yields will contribute meaningfully to long-term portfolio diversification, income, and returns. Of course, actual results remain subject to interest rate changes, credit risk and broader market conditions.

At its mid-September meeting, the Federal Reserve raised interest rates by 25 basis points, bringing the target range to 3.75%–4%, and many anticipate that this may not be the final increase of the year. In an election year, the Federal Reserve often faces political pressure to lower rates, even as persistently high inflation, strong corporate earnings, and a spike in energy prices may support a more restrictive policy stance. These conditions have



US Treasury Yields



Source: MPW commentary, September 30, 2026.

contributed to a widening divide between negative consumer sentiment and the more optimistic outlook within corporate America. We expect this divergence to continue if inflation data and expectations remain elevated.

-2.9%

**Bloomberg U.S.
Aggregate Bond**

YTD to 9/30/2026

+12.7%

S&P 500

YTD to 9/30/2026

+10.8%

MSCI EAFE

YTD to 9/30/2026

+21.4%

**Emerging
markets***

YTD to 9/30/2026

Equity Markets

At the close of Quarter 3, relative to other equity markets, large-cap U.S. equities (S&P 500 +12.7%, Q3 YTD) overtook international developed-market equities (MSCI EAFE +10.8%, Q3 YTD), though both indexes lag emerging markets (EM +21.4%, Q3 YTD) in year-to-date performance. U.S. corporate earnings also continued to rise, though at a slower pace than in prior years, as concerns about Artificial Intelligence (AI) mounted.

AI Sentiment

Within corporate America, there is continued momentum behind the AI trade and corresponding infrastructure buildout, but we do see some potential AI headwinds taking shape. At a recent breakfast with the Chief Economic Adviser at the Federal Reserve Bank of Atlanta, Dr. David E. Altig, we reviewed data substantially questioning the core of AI's value—corporate productivity. The increased buildout of AI infrastructure has also spiked the U.S. trade deficit due to increased purchases of foreign electronics.

Outside business circles, mounting social and policy concerns may also slow or disrupt AI momentum. Public opposition to data-center development is becoming more widespread, driven by pressure on energy grids, higher energy costs, pollution concerns, and potential effects on property values. Leading AI companies have also publicly called for stronger government oversight and a more measured pace of AI development.

Despite these challenges and recent market declines, strong earnings growth among AI-related companies has continued to support valuations. This earnings strength has reduced some of our concern about a broad, concentrated pullback across the AI ecosystem.

In Closing

As we enter the final quarter of the year, several factors warrant attention: the U.S. midterm elections in November, the unresolved conflict involving Iran and its disruption of normal oil flows, persistently high inflation, and sharply rising interest rates. We will continue to evaluate how these developments affect portfolio risk, income opportunities, and asset allocation as we navigate the changing market environment.

*Emerging-market benchmark not specified in supplied commentary.

Service Spotlight: Philanthropy



Wyatt Platts

Client Service
Associate

As we enter the final months of the year, we want to offer a reminder about tax-efficient charitable giving. Two strategies we continue to recommend for standard charitable contributions are Qualified Charitable Distributions (QCDs) from retirement accounts and Donor Advised Funds (DAFs) funded through taxable investment accounts. QCDs and more sophisticated techniques for large or complex gifts—including donations of private assets or gifts made in anticipation of a liquidation event—will be addressed more fully in our annual year-end tax-planning communication, which will be delivered to client inboxes later this month. Here, we focus on DAFs and their multiple benefits.

Charitable Giving with a DAF

A DAF is a personalized charitable account at Schwab from which you can make future donations to eligible nonprofit organizations according to your charitable goals. Through coordination among our tax, investment, accounting, and client service teams, a DAF may offer four potential advantages, three of which are directly tax-related:

CAPITAL GAIN ELIMINATION

Eliminate capital gains on appreciated assets contributed to the DAF, subject to applicable eligibility requirements and tax rules; this benefit applies regardless of itemized-deduction thresholds.

LUMPED CHARITABLE CONTRIBUTIONS

Maximize itemized deductions by combining several years of planned charitable contributions into a single tax year when funding the DAF, then make individual donations from the DAF over time.

SIMPLIFIED RECORDKEEPING

Schwab administers and substantiates the DAF contributions, eliminating your need to verify nonprofit status or obtain letters substantiating individual donations made from your DAF; and our team is able to access DAF tax documents for your later income tax filing.

INTENTIONAL CHARITABLE PLANNING

Establish a structure to define your family's charitable priorities, develop a shared vision, and apply greater discipline to giving decisions over time.

This strategy and other year-end tax-planning concepts will be discussed in our annual tax-planning communication delivered to each client's inbox.

Contributions to the Schwab DAF program are irrevocable, eligibility requirements apply, and the ability to avoid capital gains may be limited. Tax rules also apply and may change. To navigate these complexities or learn more, contact our Client Services team at 407-691-3300.

Please contact our firm at (407) 691-3300 if you would like to discuss your Quarter 3 Report, or if you have any other questions that we may assist with. Thank you for being a valued client, and we look forward to continuing to serve your family's wealth management needs.

DISCLAIMER

This material has been prepared for general informational purposes only and is not intended to provide, and should not in any manner be regarded or relied upon for, legal, accounting, personal finance, trust, insurance, estate planning, or tax advice. You should consult your own legal, accounting, financial, insurance, or tax professional before engaging in any transaction or taking any action whatsoever due to or arising upon the information stated in this material. MPW makes no guarantee that the information or opinions provided herein are accurate, reliable, or complete. MPW is not responsible for any loss resulting from actions taken in reliance on information contained herein. The information contained herein should not be construed as an offer or solicitation to buy or sell any securities or financial services.