AUGUST 2026
Market Recap

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At Winthrop Wealth, we follow a **Total Net Worth Approach** to wealth management that combines both comprehensive financial planning and investment management. The financial plan helps define cash flow needs, seeks to optimize account structures, considers tax mitigation strategies, and determines the appropriate asset allocation based on the client's willingness and ability to take risk. Based on the output of the financial plan, our investment management process designs a well-diversified portfolio constructed with a long-term methodology based on prudent risk management, asset allocation, and security selection. For clients who receive both financial planningand investment advisory services under agreement. No strategy assures success or protects against loss. Investing involves risk, including loss of principle.

The S&P 500 increased by +2.7% in August, bringing its year-to-date gain to +13.1%. The index reached a new intraday high during the month, crossing above 7,800 for the first time. Markets advanced despite renewed US-Iran tensions, high long-term Treasury yields, and increasing expectations for a September Fed rate hike. The ability of markets to absorb these risks was encouraging, although several sources of uncertainty could continue to drive volatility. These conditions reinforce our belief in the importance of maintaining a disciplined long-term perspective. Please see our Principles for Long-Term Investing.

- **US Treasury Announces "Operation Economic Outcast":** Treasury Secretary Scott Bessent launched a new campaign aimed at cutting Iran off from the global financial system and increasing pressure to end the conflict and reopen the Strait of Hormuz. Renewed tensions kept oil prices elevated, sustaining inflation concerns and increasing the likelihood that the Fed will raise rates.

- **Growth Stocks Regain Leadership:** Growth stocks regained leadership following July's sharp market rotation, with the Russell 1000 Growth gaining +3.7% compared with +2.0% for Value. Technology increased +6.3% and semiconductors gained approximately +4.7%, while the Magnificent 7 rose +4.4%, modestly ahead of the other 493 companies in the S&P 500. Five of the seven Magnificent 7 stocks finished higher, including a roughly +10% gain for Nvidia following strong earnings and better-than-expected guidance. In our view, the fundamental backdrop is supportive, with S&P 500 earnings expected to increase by approximately +31% in 2026 and +14% in 2027.
    - Market rotations have been pronounced in recent years, reinforcing the importance of diversification. In many of our managed portfolios, we aim to have meaningful exposure to companies and industries benefiting from long-term AI-related growth, while also maintaining diversification across other areas of the market that may benefit from different economic and market cycles. Our view remains that diversification can help deliver more consistent and less volatile results than an all-eggs-in-one-basket approach. *There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.*

- **Market Gains Are Broad-Based:** Although growth stocks led in August, gains were not limited to a narrow group of large-cap companies. Mid-cap (+14.7%), small-cap (+20.2%), and international stocks (+17.0%) have each outperformed the S&P 500 (+13.1%) year-to-date. Sector gains have also been widespread, with 10 of 11 S&P 500 sectors positive year-to-date and six producing double-digit gains. In our opinion, this broader participation is a sign of a healthy market, as gains are being generated across multiple areas rather than depending on a small group of companies. Our portfolios generally include exposure to each of these asset classes, allowing investors to participate as market leadership shifts.

- **Upcoming Catalysts:** Broadcom Earnings (9/2), BLS Employment Report (9/4), PPI Inflation (9/10), CPI Inflation (9/11), Retail Sales (9/16), FOMC Decision (9/16), President Trump and Chinese President Xi Meeting (9/24), PCE Inflation (9/30).

Short-Term Outlook: We continue to take a measured view of the market. The fundamental backdrop is constructive, supported by healthy corporate profits. Several sources of uncertainty could still drive periods of volatility. The Federal Reserve's removal of forward guidance continues to reduce visibility into the future path of monetary policy, while renewed US-Iran tensions are keeping oil prices high. Public markets will continue to absorb new supply from SpaceX, while other large private companies, including Anthropic, may pursue public listings. The growing use of options and leveraged investment products could also amplify future periods of volatility. In this environment, we believe it is prudent to stay disciplined by maintaining regular rebalancing toward long-term targets, opportunistically raising cash for distributions, and positioning portfolios to manage downside risk while being prepared to participate in potential upside.

Long-Term Philosophy: We apply a Total Net Worth Approach to wealth management that integrates comprehensive financial planning with a structured investment process. Markets have historically increased over time despite frequent drawdowns as successful corporations generate profits through advances in innovation and productivity. To capitalize on the power of compounding, we believe in the benefits of staying **D**isciplined, **O**pportunistic, and **D**iversified, while striving to **M**itigate fees, taxes, and expenses.

Historically, equity markets have recovered from recessions and downturns. Past performance is no guarantee of future returns. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.

All data sourced from Bloomberg as of 8/31/26

Fixed Income Markets

Interest Rates

Throughout August, short-term Treasury yields moved higher as markets priced in a September rate hike, while long-term yields held steady. Several factors are keeping long-term rates high, including persistent inflation concerns tied to oil near $85 per barrel, increased borrowing to fund AI infrastructure, and gross federal debt above $40 trillion. Against that backdrop, Treasury expanded its long-term bond buyback program, a small step that suggests Washington is becoming more sensitive to high long-term yields. Legendary hedge fund manager Stanley Druckenmiller criticized the move in a Wall Street Journal opinion piece, arguing that higher long-term yields are one of the few forces capable of pressuring policymakers to address the federal debt and budget deficit: "The long-term Treasury yield is the most important price in the world. It is also the only fiscal disciplinarian the US has left."

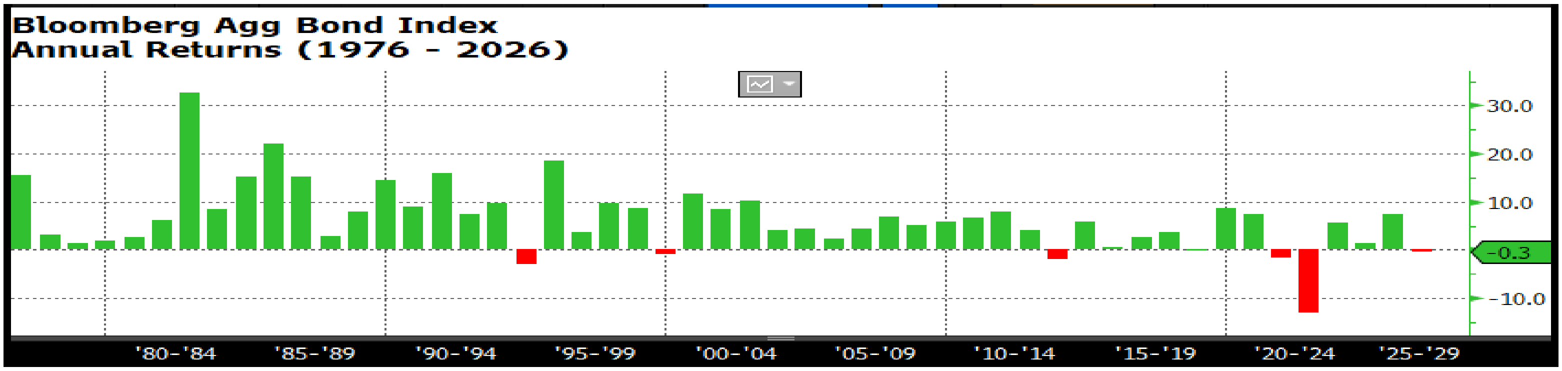
- **Short-Term Treasury Yields:** The Federal Reserve influences short-term interest rates by setting the Federal Funds rate.
  - Month-end levels: 3-Month: 3.83% (+0.1%), 6-Month: 3.99% (0%), 12-Month: 4.14% (+0.1%).
  - According to Bloomberg, markets are pricing in one 0.25% rate hike this year, expected at the Fed's September meeting. Ahead of that meeting, incoming labor market and inflation data, along with the path of oil prices, will likely determine whether the Fed raises rates or holds steady.
  - Short-term Treasury yields around 4% remain an attractive option for cash management or funding anticipated liabilities, although they are well below the peak levels available over the past few years. We continue to suggest investing excess cash in longer maturities or a diversified fixed income portfolio to reduce reinvestment risk and enhance long-term income potential. *Investing involves risk including loss of principal. No strategy assures success or protects against loss.*
- **Long-Term Treasury Yields:** The market determines long-term yields based on supply dynamics, including elevated [federal debt] issuance and investor demand, which vary with expectations for future inflation and economic growth.
  - Month-end levels: 10-Year: 4.75% (0%), 20-Year: 5.24% (0%), 30-Year: 5.24% (0%).

Intermediate-Term Bonds

The Bloomberg US Aggregate Bond Index (Agg), which serves as a proxy for the intermediate-term investment-grade bond market, increased by +0.4%. Year-to-date, the Agg is now lower by -0.3%. Bond prices move inversely to interest rates and credit spreads. Please see our [Bond Primer].

As a reminder, we hold fixed income to seek ballast, stability, and income, although higher inflation expectations and rising rates have weighed on bond returns this year. While periods of muted or negative performance can be frustrating for existing bondholders, the same increase in interest rates that pressures bond prices today also improves the future total return capability of the asset class through the potential for higher income, price appreciation, or both.

In our opinion, intermediate-term bonds continue to offer an attractive investment opportunity. The yield to maturity on the US Aggregate Bond Index ended the month at 5.0%. Yield to maturity represents the estimated annualized return an investor can expect if bonds are held to maturity and all interest and principal payments are made as scheduled. Historically, higher starting bond yields have been associated with higher future returns, which strengthens our conviction over the long term. *Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price.*



Source: Bloomberg.

Monetary Policy

"The Fed's predominant focus right now should be on prices. . . . We must be confident that underlying inflation is moving to our objective, clearly and at sufficient speed. Otherwise, we have work to do. . . . I stand here today committed to a discipline, not to a decision."

- Fed Chair Kevin Warsh, Jackson Hole Economic Policy Symposium (August 2026)

There was no FOMC meeting in August, so the key monetary policy event was Fed Chair Warsh's speech at the Jackson Hole Economic Policy Symposium. Jackson Hole has often been used by Fed Chairs to signal important changes in how they view the economy and the direction of policy. Chair Warsh provided his clearest assessment of current conditions since becoming Chair. He described growth as strong, the labor market as consistent with full employment and financial conditions as not restrictive. Inflation remains well above the Fed's 2% target, and better readings this summer were not enough to change his view that "the Fed's predominant focus right now should be on prices."

Chair Warsh continued to refrain from providing forward guidance or an explicit reaction function for future rate decisions. Forward guidance describes how the Fed expects policy to evolve, while a reaction function explains how the Fed would respond if inflation, growth or the labor market changed. Warsh believes the economy is too complex, and the factors that matter for monetary policy change too frequently, to rely on a mechanical framework. Despite the lack of an explicit signal, the market interpretation was that the Fed is more likely to raise interest rates at their September 16th meeting. According to Bloomberg, the implied probability of a September hike increased from about 30% to 60% after the speech. Several important labor market and inflation reports will be released over the next few weeks. In our view, the incoming data and the path of oil prices will determine whether the Fed raises rates. Current market pricing implies only about two total hikes through the end of 2027, suggesting that investors do not expect an extended tightening cycle. However, the expected path of interest rates could change quickly in response to new economic data or geopolitical developments.

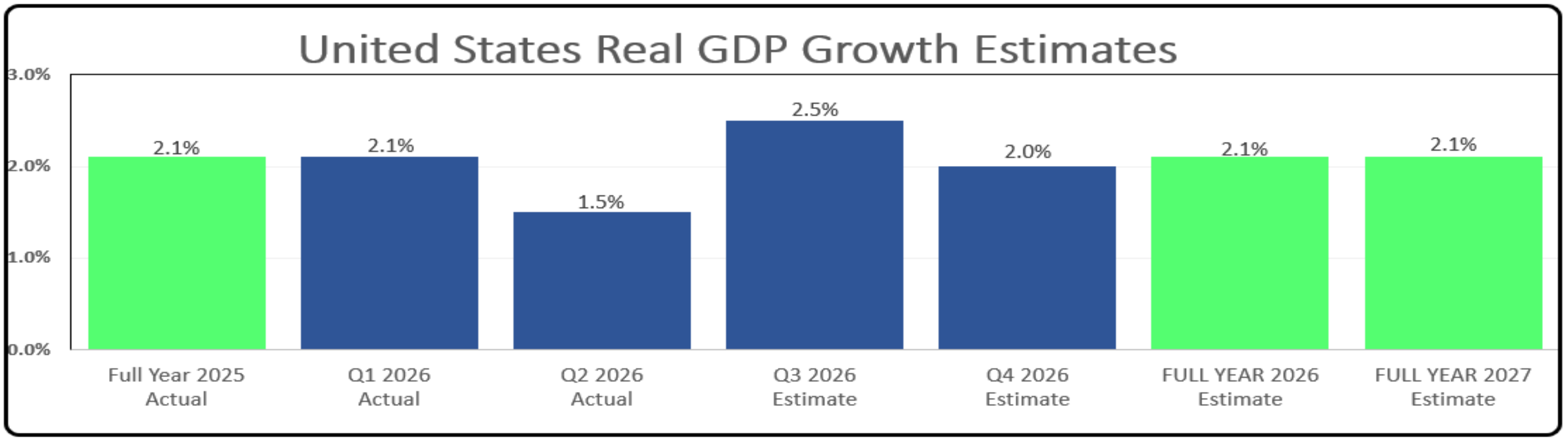
US Economy

"The market and US economy continue to display a remarkable degree of resilience in the face of the war in the Middle East, significant pressure on energy markets, stubborn inflation, and increasing public market volatility related to questions around AI."

- Harvey Schwartz, Chief Executive Officer, Carlyle (August 2026)

The US economy continues to show resilience despite the war in the Middle East, higher energy prices and elevated inflation. Real GDP is estimated to increase by approximately +2.1% in both 2026 and 2027. Despite a disappointing July employment report, most labor market data have been solid over the past few months. Initial and continuing jobless claims are both below their 1-year averages, while the unemployment rate is relatively low at 4.1%. The data suggest layoffs are still limited despite some recent slowing in hiring. The next major update will be the BLS employment report on September 4th.

Inflation continues to run above the Fed's target, with most readings during the month elevated as oil prices increased to approximately $85 per barrel. The path of growth will depend on whether strong consumer spending and AI-related investment can offset renewed pressure from higher oil prices, particularly if those costs begin to affect other prices, weaken household demand, or prompt the Fed to raise rates.



Source: Bloomberg.

AUGUST 2026 MARKET RETURNS

US Equity

Index	August	2026	2025	2024	2023	2022	2021	2020	1-Year	3-Year	5-Year	10-Year	20-Year
S&P 500	2.72%	13.12%	17.86%	25.00%	26.26%	-18.12%	28.68%	18.39%	20.35%	21.00%	12.76%	15.32%	11.36%
Russell 3000	2.74%	13.36%	17.13%	23.80%	25.93%	-19.22%	25.64%	20.88%	20.08%	20.58%	11.77%	14.79%	11.14%
Dow Jones Industrial Average	1.47%	11.79%	14.92%	14.99%	16.18%	-6.86%	20.95%	9.72%	18.62%	17.27%	10.55%	13.49%	10.58%
Nasdaq	3.99%	13.90%	21.17%	29.60%	44.70%	-32.51%	22.21%	45.06%	23.64%	24.24%	12.40%	18.62%	14.42%
S&P 400	0.15%	14.71%	7.48%	13.89%	16.39%	-13.12%	24.73%	13.65%	17.12%	14.09%	8.04%	10.80%	10.03%
Russell 2000	1.01%	20.19%	12.79%	11.52%	16.88%	-20.46%	14.78%	19.93%	26.64%	17.48%	6.85%	10.48%	8.76%
Russell 1000 Growth	3.73%	4.06%	18.55%	33.35%	42.67%	-29.14%	27.59%	38.49%	10.81%	21.08%	11.87%	17.91%	13.43%
Russell 1000 Value	2.03%	23.09%	15.88%	14.35%	11.42%	-7.56%	25.12%	2.78%	29.66%	19.71%	11.80%	11.70%	8.86%

International Equity

MSCI Index	August	2026	2025	2024	2023	2022	2021	2020	1-Year	3-Year	5-Year	10-Year	20-Year
EAFE	1.99%	13.81%	31.22%	3.82%	18.24%	-14.45%	11.26%	7.82%	21.62%	18.23%	9.35%	9.51%	5.55%
Europe	1.91%	11.75%	40.30%	2.64%	22.94%	-17.86%	13.54%	7.89%	21.22%	19.52%	9.83%	10.27%	5.20%
Japan	3.35%	20.88%	24.60%	8.31%	20.32%	-16.65%	1.71%	14.48%	27.82%	19.98%	10.05%	9.64%	5.05%
China	-0.34%	-7.64%	31.17%	19.42%	-11.20%	-21.93%	-21.72%	29.49%	-6.11%	10.45%	-2.19%	4.02%	5.98%
Emerging Markets	3.37%	24.08%	33.57%	7.50%	9.83%	-20.09%	-2.54%	18.31%	39.25%	23.21%	8.18%	9.22%	6.55%
All Country World (ACWI)	2.67%	14.31%	22.34%	17.49%	22.20%	-18.36%	18.54%	16.25%	22.35%	20.46%	10.88%	12.53%	8.40%
ACWI ex US	2.57%	17.01%	32.39%	5.53%	15.62%	-16.00%	7.82%	10.65%	27.35%	20.20%	9.36%	9.60%	5.77%

US Fixed Income

Bloomberg Index	August	2026	2025	2024	2023	2022	2021	2020	1-Year	3-Year	5-Year	10-Year	20-Year
Aggregate	0.39%	-0.31%	7.30%	1.25%	5.53%	-13.01%	-1.54%	7.51%	1.89%	4.08%	-0.29%	1.40%	3.13%
Treasury Bills	0.30%	2.45%	4.29%	5.32%	5.14%	1.52%	0.04%	0.54%	3.84%	4.64%	3.73%	2.41%	1.64%
Corporates	0.43%	-0.40%	7.77%	2.13%	8.52%	-15.76%	-1.04%	9.89%	1.94%	5.00%	-0.12%	2.30%	4.16%
Securitized MBS/ABS/CMBS	0.50%	0.12%	8.49%	1.45%	5.08%	-11.67%	-1.04%	4.18%	2.98%	4.66%	0.30%	1.33%	2.97%
High Yield	0.97%	2.69%	8.62%	8.19%	13.45%	-11.19%	5.28%	7.11%	4.88%	8.51%	4.13%	5.38%	6.58%
Munis	-0.23%	0.20%	4.25%	1.05%	6.40%	-8.53%	1.52%	5.21%	4.12%	3.39%	0.54%	1.90%	3.38%

US Equity Sectors

Index	August	2026	2025	2024	2023	2022	2021	2020	1-Year	3-Year	5-Year	10-Year	20-Year
Technology	6.25%	22.88%	24.04%	36.61%	57.84%	-28.19%	34.53%	43.89%	33.65%	31.43%	21.00%	25.66%	17.91%
Real Estate	-1.87%	12.20%	3.15%	5.23%	12.35%	-26.13%	46.20%	-2.17%	9.52%	10.30%	2.18%	6.63%	4.67%
Industrials	-2.56%	13.56%	19.27%	17.30%	18.08%	-5.51%	21.10%	11.05%	16.64%	19.05%	12.56%	13.16%	10.61%
Energy	7.02%	44.20%	8.68%	5.72%	-1.42%	65.47%	54.39%	-33.68%	45.78%	16.49%	26.09%	10.58%	7.37%
Consumer Discretionary	-0.04%	-0.00%	6.04%	30.14%	42.30%	-37.03%	24.43%	33.30%	3.94%	13.40%	6.33%	12.71%	11.96%
Communication Services	-1.23%	0.14%	33.56%	40.23%	55.80%	-39.89%	21.57%	23.61%	13.43%	26.24%	10.41%	12.11%	9.69%
Consumer Staples	-0.68%	9.55%	3.90%	14.87%	0.52%	-0.62%	18.63%	10.75%	7.85%	9.62%	7.24%	8.21%	9.53%
Utilities	-4.77%	0.27%	16.04%	23.43%	-7.08%	1.56%	17.67%	0.48%	2.97%	13.73%	7.50%	9.07%	8.35%
Materials	5.97%	16.69%	10.54%	-0.04%	12.55%	-12.28%	27.28%	20.73%	15.54%	10.42%	6.35%	10.17%	8.53%
Financials	1.34%	6.17%	14.97%	30.50%	12.10%	-10.57%	34.87%	-1.76%	8.46%	20.69%	10.37%	13.33%	5.96%
Health Care	4.89%	11.14%	14.60%	2.58%	2.06%	-1.95%	26.13%	13.45%	26.34%	10.49%	6.54%	10.83%	10.62%
	Calendar Year Returns								Annualized Returns				

Source: Bloomberg.

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Equity securities are subject to market risk and may experience substantial price fluctuations. Growth-oriented investments may be more volatile than the broader market and may underperform during certain market environments. Small-capitalization, mid-capitalization, international, and emerging-market investments involve additional risks, including greater volatility, currency fluctuations, political and economic uncertainty, differing regulatory frameworks, and varying accounting standards.

Bond investments are subject to market, interest-rate, credit, inflation, and liquidity risks. Bond prices generally decline when interest rates rise and may fluctuate before maturity. Yield and yield-to-maturity figures are estimates based upon prevailing market conditions and assumptions and are not guarantees of future results. Actual investor returns may differ materially from quoted yields.

References to market indexes, economic statistics, industry data, and other third-party information are believed to be reliable but are not guaranteed as to accuracy, completeness, or timeliness. Unless otherwise noted, market and economic data are sourced from Bloomberg as of August 31, 2026.

The Market Returns chart on Page 4 is provided for informational purposes only. Indexes are unmanaged, cannot be invested in directly, do not reflect fees, expenses, transaction costs, or sales charges, and are shown solely for comparative and illustrative purposes. Index performance is not indicative of the performance of any investment, portfolio, or advisory account.

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INDEX AND MARKET REFERENCE GLOSSARY

Significant investment terms and indexes referenced throughout this report and in the Market Returns chart on Page 4.

S&P 500 Index
A capitalization-weighted index of 500 large U.S. companies designed to measure the performance of the broad U.S. equity market.

S&P MidCap 400 Index
An unmanaged index generally representative of the market for mid-sized U.S. companies.

Russell 2000 Index
An unmanaged index measuring the performance of approximately 2,000 small-cap U.S. companies within the Russell 3000 Index.

Russell 1000 Growth Index
Measures the performance of Russell 1000 companies with growth characteristics, including higher expected earnings growth and higher relative valuations.

Russell 1000 Value Index
Measures the performance of Russell 1000 companies with value characteristics, including lower relative valuations based on the index methodology.

Russell 3000 Growth Index
Measures the performance of growth-oriented companies within the broad Russell 3000 universe.

Russell 3000 Value Index
Measures the performance of value-oriented companies within the broad Russell 3000 universe.

MSCI EAFE Index
A free-float-adjusted market-capitalization index designed to measure equity-market performance across developed markets outside the United States and Canada.

MSCI Emerging Markets Index
A free-float-adjusted market-capitalization-weighted index designed to measure equity-market performance across emerging-market countries.

MSCI U.S. Broad Market Index
Represents broad exposure to the U.S. equity market across large-, mid-, small-, and micro-capitalization companies.

Bloomberg U.S. Aggregate Bond Index
A broad benchmark that measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market.

Bloomberg U.S. Treasury Bills 1-3 Month Index
Measures the performance of public obligations of the U.S. Treasury with remaining maturities of at least one month and less than three months, subject to index methodology.

High-Yield Bonds
Below-investment-grade debt securities that generally offer higher yields but involve greater credit, liquidity, and default risk than investment-grade bonds.

Yield to Maturity (YTM)
An estimate of the annualized return a bond investor may receive if a bond is held to maturity and all scheduled principal and interest payments are made. Yield to maturity is based on assumptions and is not a guarantee of realized returns. Index yields do not represent the returns of any actual investment.

Basis Point (bp)
One one-hundredth of one percentage point (0.01%). For example, 25 basis points equals 0.25 percentage points.

Diversification
An investment approach that allocates assets among different investments, sectors, or asset classes in an effort to reduce risk. Diversification does not guarantee a profit or protect against losses.

Asset Allocation
The process of distributing investments among asset classes such as equities, fixed income, and cash based on investment objectives, risk tolerance, and other factors. Asset allocation does not guarantee a profit or protect against losses.

International and Emerging-Market Investing

International and emerging-market investments involve risks not typically associated with domestic investments, including currency fluctuations, political and economic developments, regulatory changes, market structure differences, and varying accounting standards. These risks may be more significant in emerging-market countries.