

QUARTERLY MARKET GUIDE: Q3 2026

Our View of What's Most Relevant Now

July 13, 2026



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Please see important disclosures at the end of this report.

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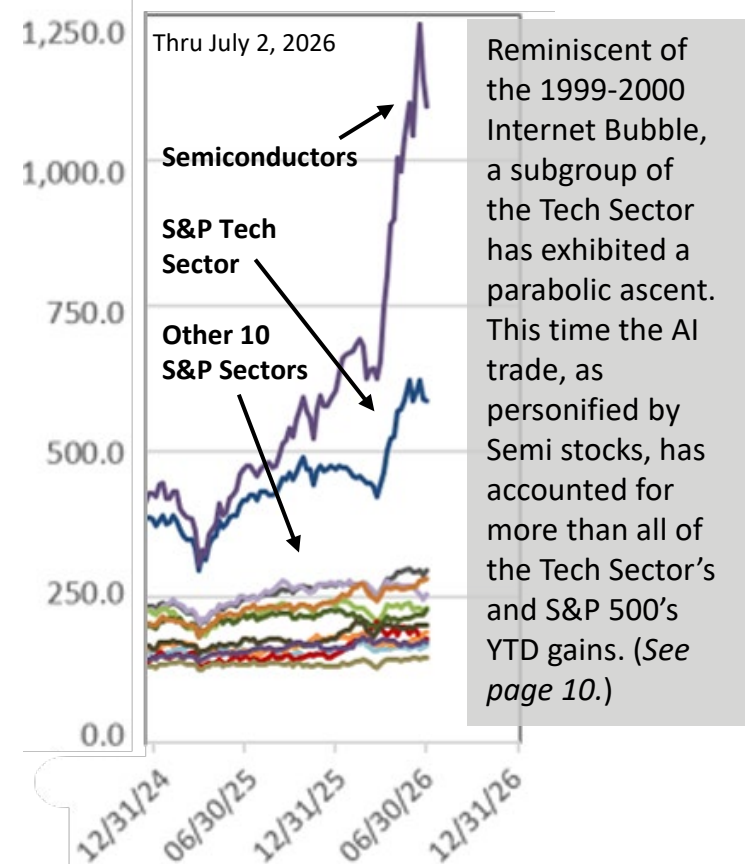
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Data in Focus: **AI Trade**

Stocks' Relative Price Perf. (Indexed to 2018)



Source: Yahoo Finance, Genesia Investments

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Index Performance

Index	Asset Class	2026		2025
		Q2	YTD	
Equity Indexes		Total Returns		
NASDAQ 100	Mega Cap U.S. Growth Equity	27.7%	20.3%	21.0%
S&P 500	Large Cap U.S. Equity	15.2	10.2	17.9
S&P 400	Mid Cap U.S. Equity	14.5	17.3	7.5
S&P 600	Small Cap U.S. Equity	19.7	23.9	6.0
MSCI All Country World	Global Equity	15.1	11.5	22.9
MSCI All Country World (Ex U.S.)	International Equity	14.7	14.0	33.1
MSCI Europe, Asia & Far East (EAFE)	International Developed Market Equity	11.1	9.8	31.9
MSCI Emerging Markets (EM)	International Emerging Market Equity	24.2	24.0	34.4
Fixed Income Indexes				
Bloomberg U.S. Aggregate Bond	U.S. Investment Grade Bond	0.7	0.6	7.3
S&P National AMT-Free Municipal Bond	U.S. Investment Grade Muni Bond	2.3	2.1	3.8
S&P Municipal Bond High Yield	U.S. Muni Bonds (Below Investment Grade)	3.3	3.6	3.3
Bloomberg U.S. Corp. High Yield	U.S. Corp Bonds (Below Investment Grade)	2.5	2.0	8.6
Index Blends: Stock/Bond				
80%/20%: Global Equity (MSCI All Ctry World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		12.1	9.4	19.8
60%/40%: Global Equity (MSCI All Ctry World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		9.2	7.2	16.6
40%/60%: Global Equity (MSCI All Ctry World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		6.3	5.0	13.5
20%/80%: Global Equity (MSCI All Ctry World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		3.5	2.8	10.4
Data as of 6/30/2026				

Best quarter in six years for U.S. stocks. And, more than all of it was due to the AI trade. (See page 10.)

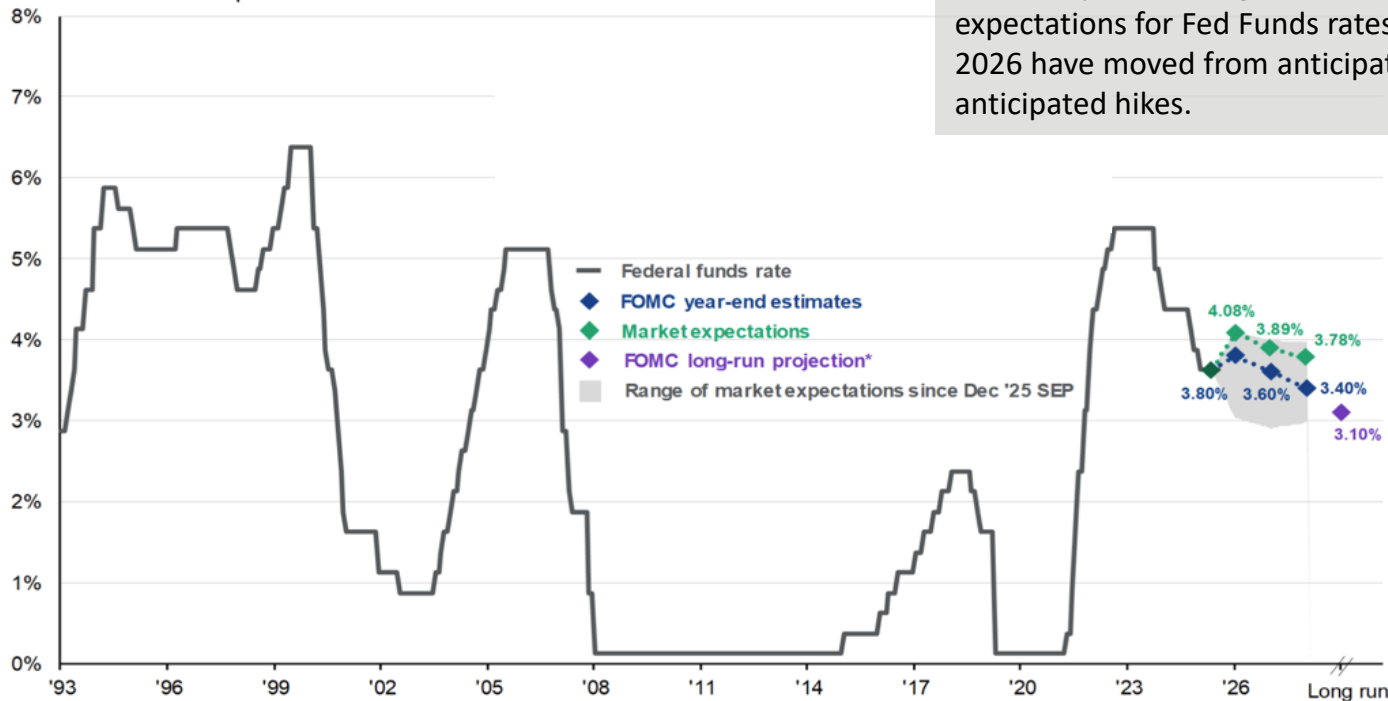
Source: Morningstar, and blended benchmark returns are based on monthly rebalancing.

Economy

Federal Funds Rate

Federal funds rate expectations

FOMC and market expectations for the federal funds rate



Big change here over recent quarters. Now with inflation risks elevated due to higher crude oil prices, along with decent GDP, expectations for Fed Funds rates within 2026 have moved from anticipated cuts to anticipated hikes.

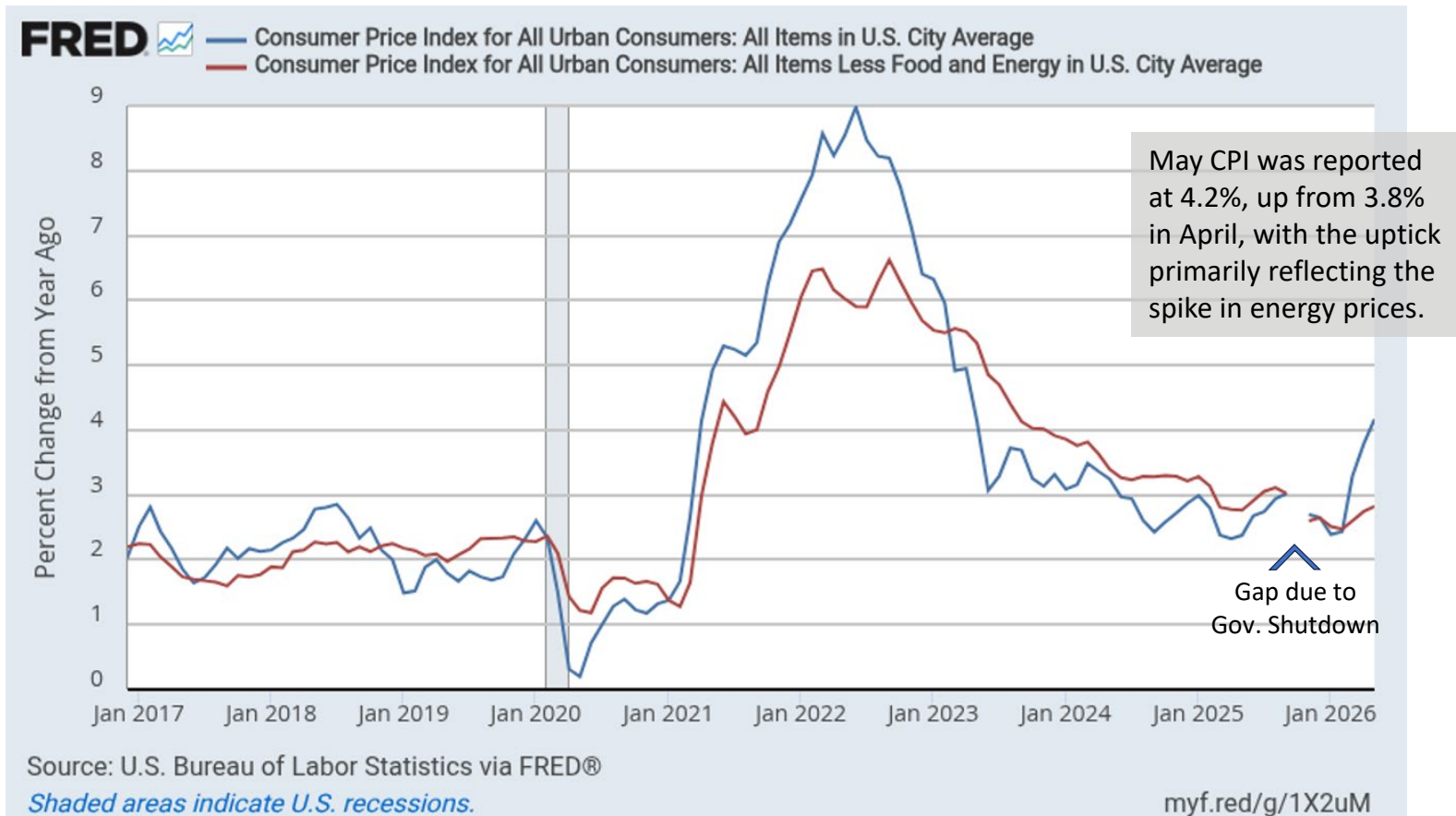
Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management. Market expectations are based off of USD Overnight Index Swaps. *Long-run projections are the rates of growth, unemployment and inflation to which a policymaker expects the economy to converge over the next five to six years in absence of further shocks and under appropriate monetary policy. Forecasts, projections and other forward-looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward-looking statements, actual events, results or performance may differ materially from those reflected or contemplated. Guide to the Markets – U.S. Data are as of June 30, 2026.

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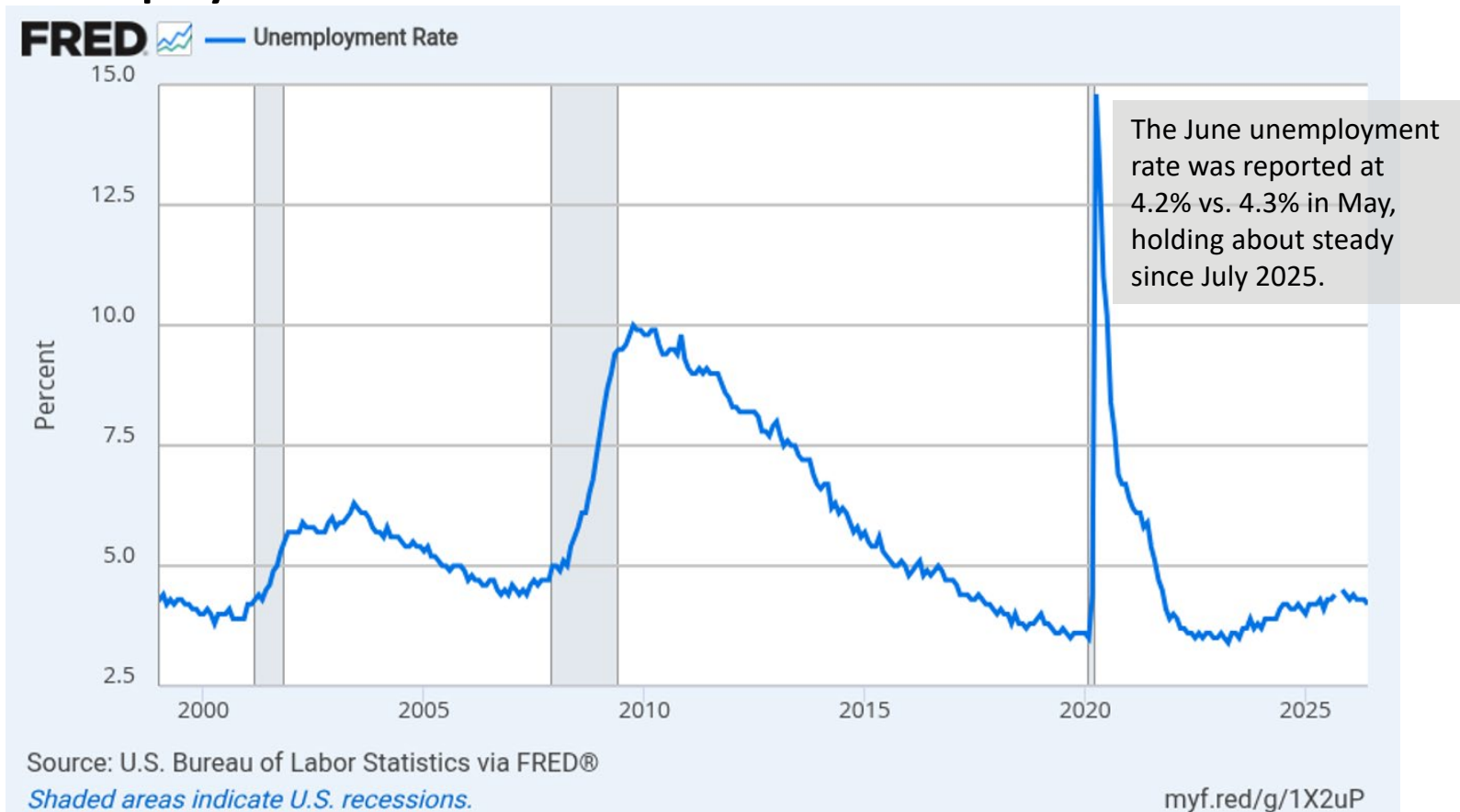
Economy

Inflation



Economy

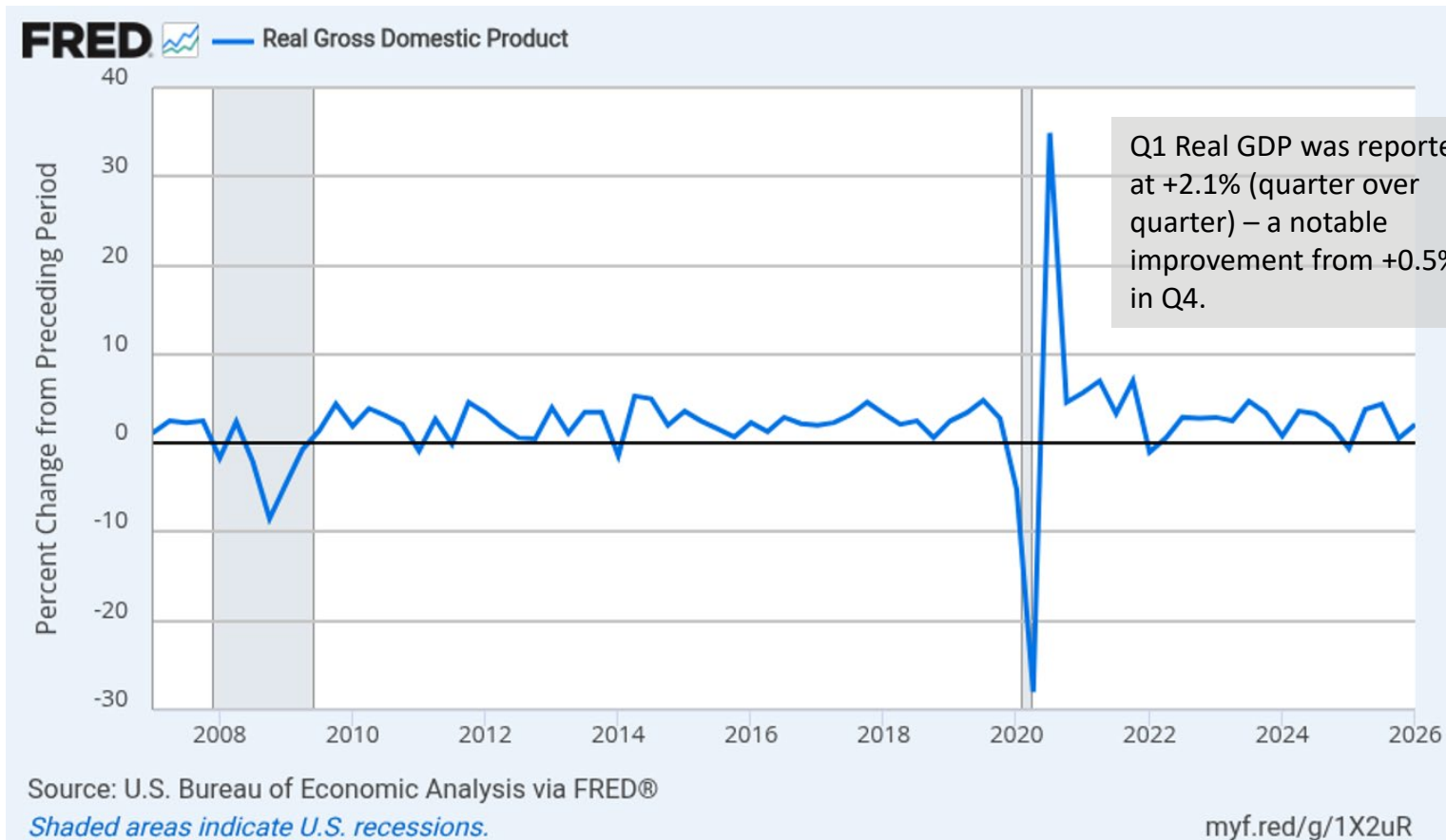
Unemployment Rate



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Economy

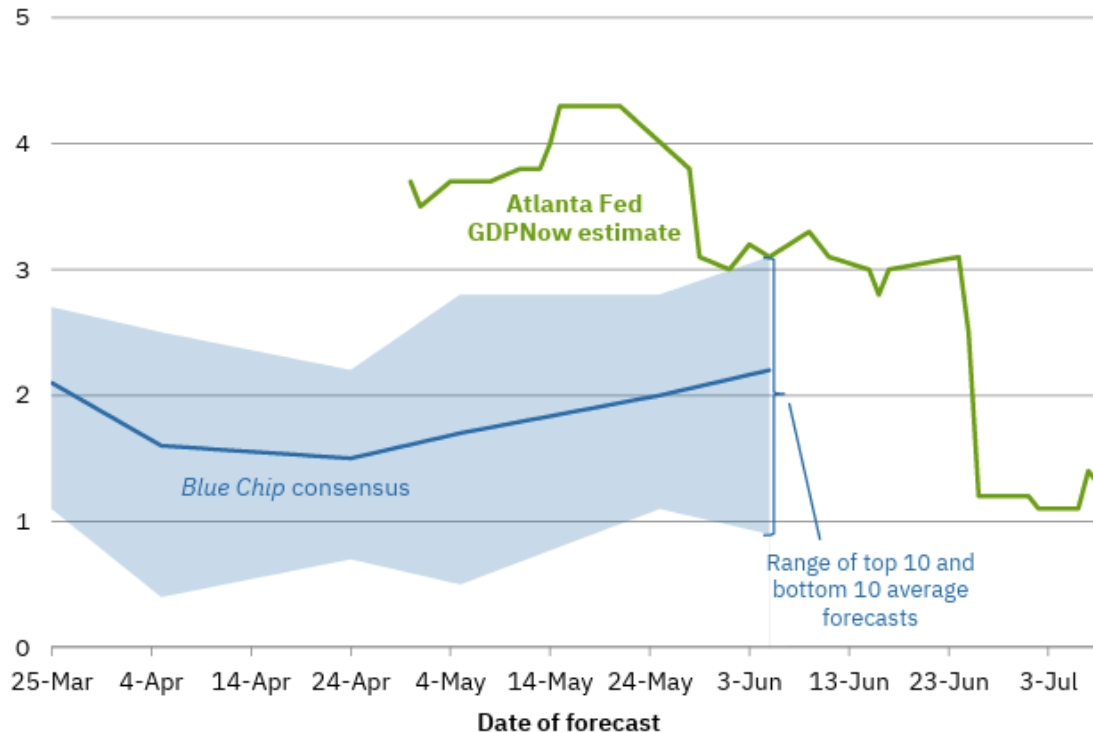
Real GDP



Economy

Real GDP Estimate – Atlanta Fed GDPNow

Evolution of Atlanta Fed GDPNow real GDP estimate for 2026: Q2
Quarterly percent change (SAAR)



The Atlanta Fed GDPNow estimate is based on a mathematical model. We surmise that the recent downward revision for the Q3 estimate is likely attributable to recently reported increases in the trade deficit.

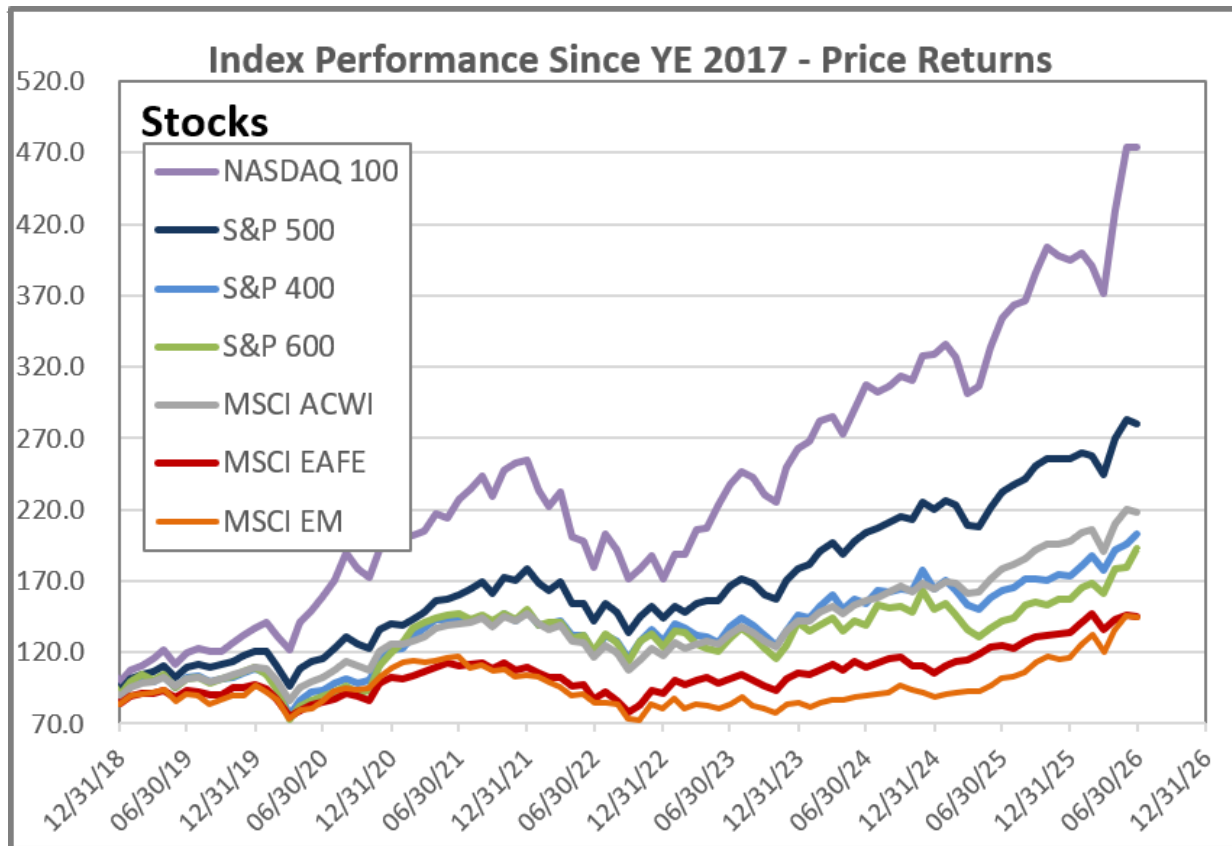
Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

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Equities

Sub-Asset Class Relative Performance

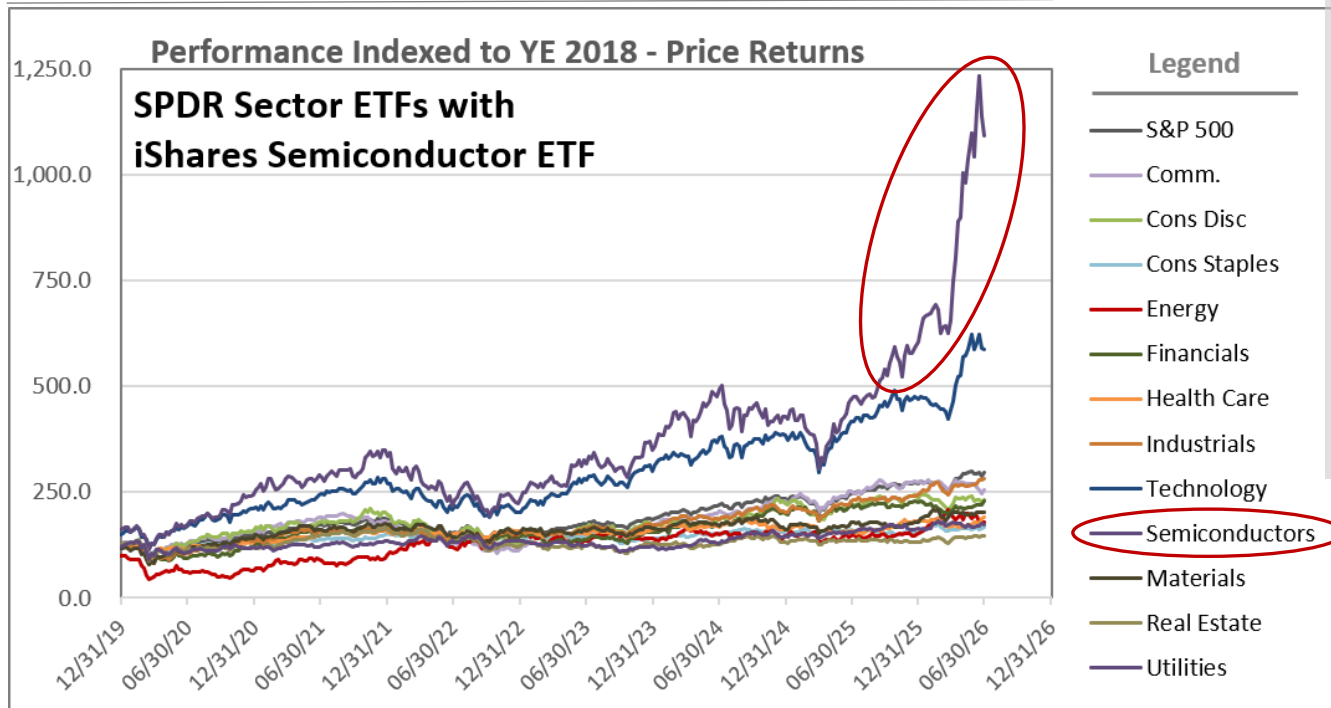


Source: Bloomberg and Yahoo Finance data, with analysis by Genesia Investments LLC

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Equities

S&P 500 Sector Performance vs. AI Trade (i.e., Semis)



Semiconductor stocks, which make up just over half of the Tech Sector and about 19% of the S&P 500, have accounted for more than all of the YTD gains logged by the S&P 500. That means, excluding semis, the rest of the S&P 500 as a group has actually declined YTD. (See summary of the math below.)

The Equities chart on this page will rotate through the year based on perceived relevance.

The math: YTD thru June 30, the S&P 500 total return (TR) was 10.2%, the S&P Tech Sector TR was 32.7% [as measured by the SPDR Tech Sector ETF (XLK)], and semiconductor stocks TR was 113% [as measured by the iShares Semiconductor ETF (SOXX)]. As the Tech Sector accounts for just over 37% of the S&P 500, this means the Tech sector alone accounted for about 12 percentage points ($32.7\% \times 37\%$) of the S&P 500's YTD gain of 10 percentage points - more than all of it. And, as semiconductor stocks account for over 50% of the S&P Tech sector, this means that semiconductor stocks alone accounted for nearly 60 percentage points of the Tech Sector's 32.7 percentage point gain - more than all of it by a factor of almost 2x.

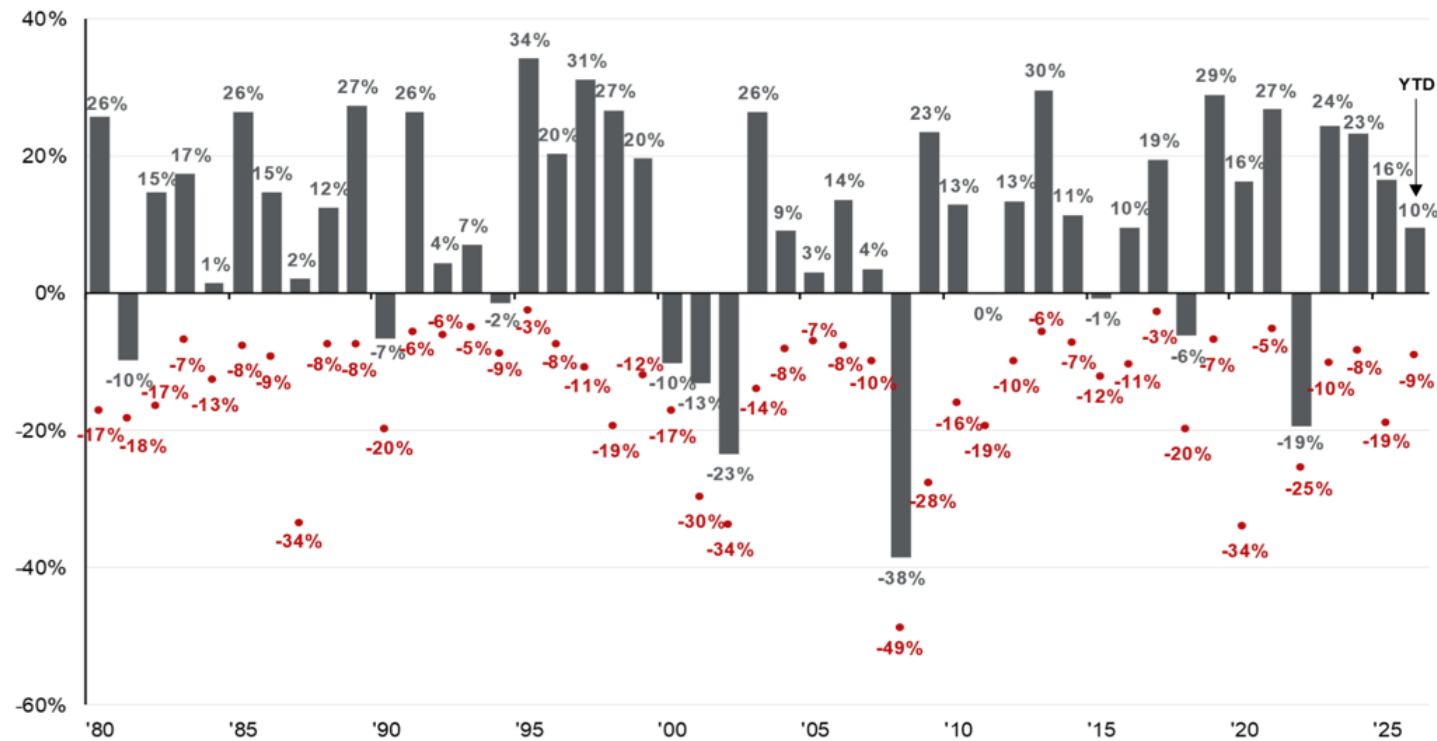
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Equities

S&P 500 Annual Returns & Intra-Year Declines

S&P 500 intra-year declines vs. calendar year returns

Despite average intra-year drops of 14.2%, annual returns were positive in 35 of 46 years



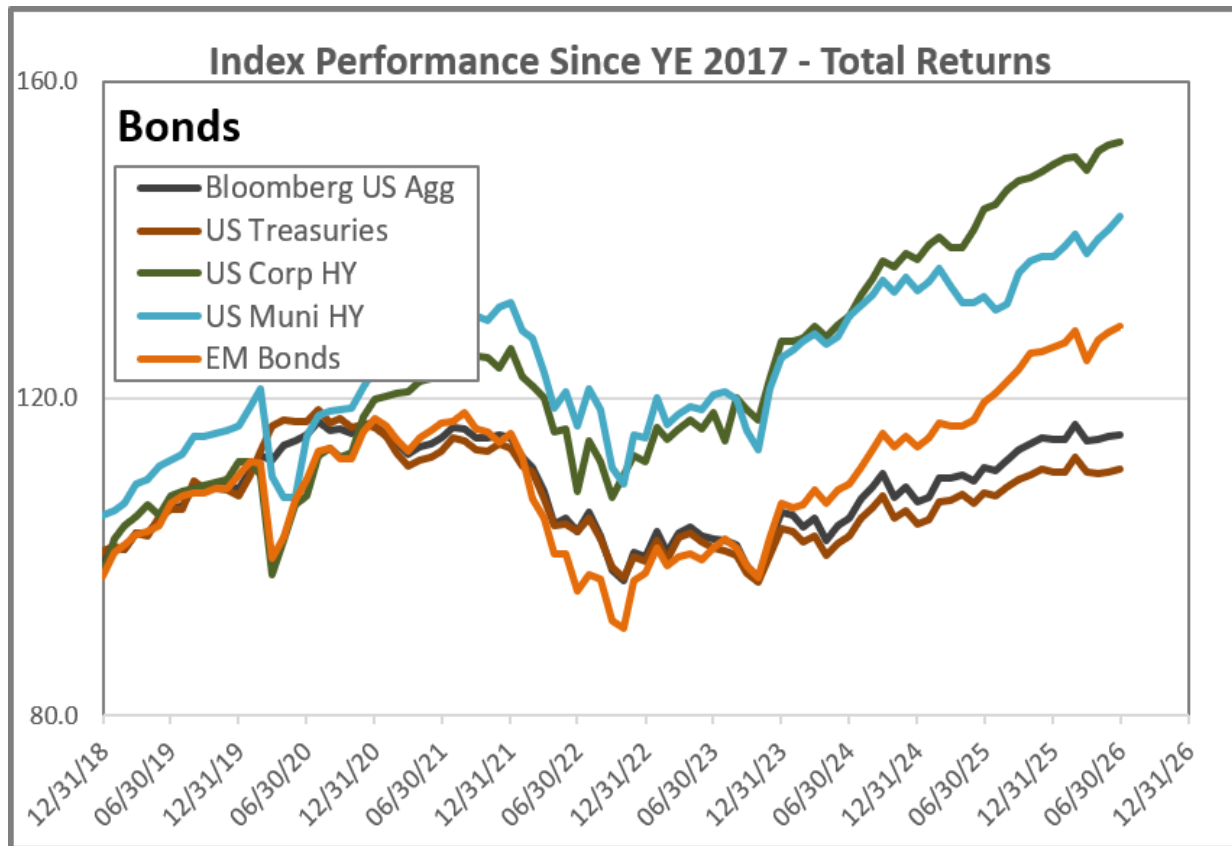
Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.

Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest peak-to-trough decline during the year. Returns shown are calendar year returns from 1980 to 2025, over which the average annual return was 10.7%. Past performance is no guarantee of future results. Guide to the Markets - U.S. Data are as of June 30, 2026.

J.P.Morgan
ASSET MANAGEMENT

Fixed Income

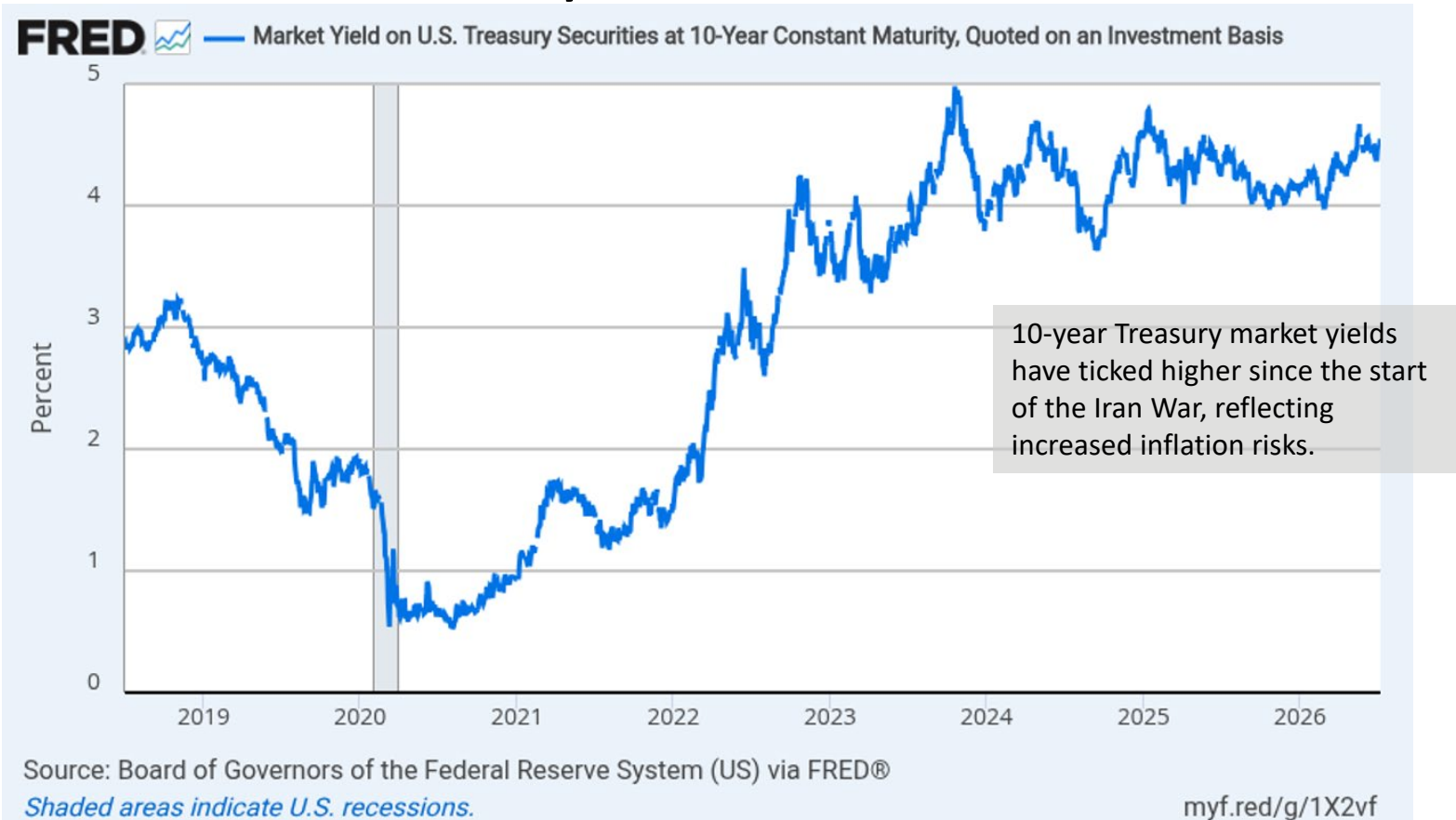
Sub-Asset Class Relative Performance



Source: Bloomberg monthly index data, with analysis by Genesis Investments LLC

Fixed Income

Market Yield - U.S. Treasury 10-Year Bond

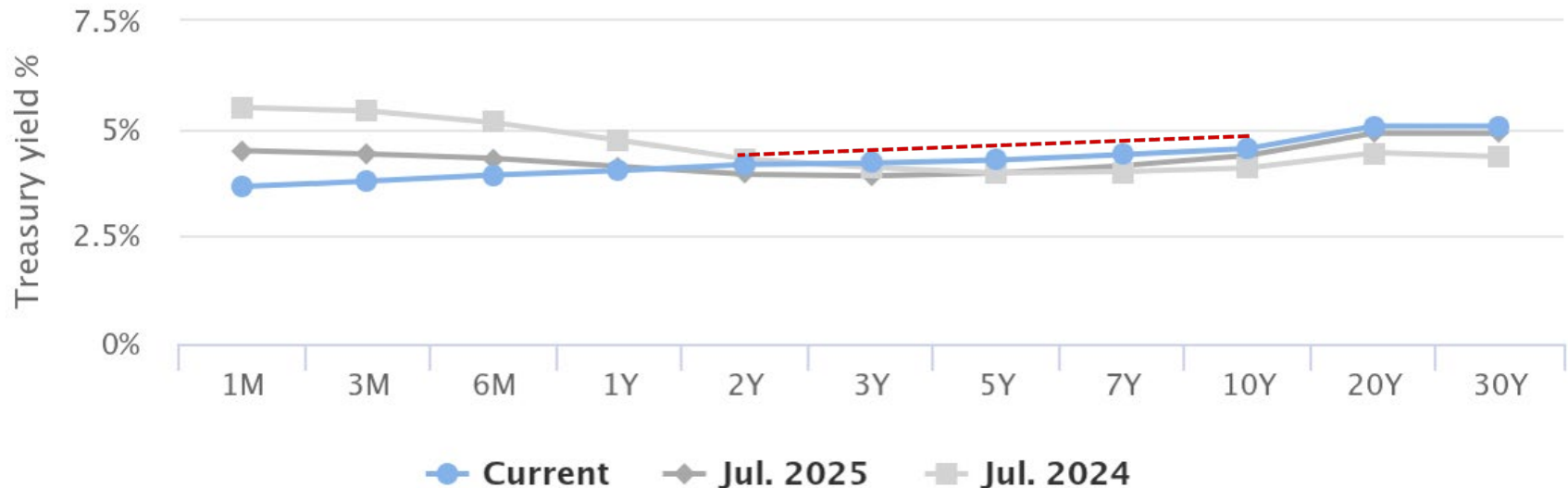


Fixed Income

Treasury Yield Curve

As of July 9, 2026

The yield curve flattened a bit over the recent quarter, as short-term rates (i.e., 2 Year Treasuries) moved up by a little more than did longer-term rates (i.e., 10 Year Treasuries).



Source: GuruFocus.com

Fixed Income

Treasury Yield Spreads – 10-Year vs. 2-Year



Fixed Income

Credit Spreads – U.S. Corp High Yield vs U.S. Treasuries



IMPORTANT DISCLOSURES

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The content within is for informational purposes only. Nothing within is intended to be investment advice; please contact our office directly to discuss any items referenced herein.

Sources Include:

Federal Reserve Bank of St. Louis Economic Research -- <https://fred.stlouisfed.org/>

Federal Reserve Bank of Atlanta Research & Data – <https://www.atlantafed.org/cqer/research/gdpnow>

GuruFocus.com LLC, U.S. Treasury Yield Curve Data & Charts -- https://www.gurufocus.com/yield_curve.php

JP Morgan, Quarterly Guide to the Markets -- <https://am.jpmorgan.com/us/en/asset-management/adv/insights/market-insights/guide-to-the-markets/>

IMPORTANT DISCLOSURES (Continued)

Reference to market index information is included for illustrative purposes only, as it is not possible to directly invest in an index. Indexes are unmanaged, hypothetical vehicles that serve as market indicators. Index total return performance data reflects the assumptions of the reinvestment of interest and dividends but does not include the deduction of fees or transaction costs which otherwise reduce performance of an actual portfolio. The blended indexes are shown for informational purposes only and are not representative of any particular investment or plan.

Acronym Definition(s):

FOMC – Federal Open Market Committee, which is responsible for determining the U.S. monetary policy. The Committee is comprised of 12 members, including the 7 members of the Federal Reserve Board of Governors.

Index Definitions:

NASDAQ 100 – Index of 100 largest growth-oriented non-financial companies listed on the Nasdaq Stock Market.

S&P 500 – Compilation of 500 major U.S. stocks meeting certain criteria; market capitalization and float-weighted.

S&P 400 – Index measuring the performance of 400 mid-sized U.S. stocks; market capitalization and float-weighted.

S&P 600 – Index measuring 600 small-cap U.S. stocks that meet certain criteria regarding liquidity and financial viability; market capitalization and float-weighted.

MSCI All Country World – Global equity index across market capitalizations with about 2,800 constituents, representing about 85% of the free float-adjusted market capitalization across 23 developed and 27 emerging markets.

SCI All Country World ex USA – Global equity index across market capitalizations, which excludes the U.S., with about 2,300 constituents which represents free float-adjusted market capitalization across 22 developed and 27 emerging markets.

MSCI Europe, Asia & Far East (EAFE) – International equity index across market capitalizations, which excludes North America, with about 840 constituents which represents free float-adjusted market capitalization across 21 developed markets.

MSCI Emerging Markets (EM) – International equity index across market capitalizations with about 1,400 constituents which represents free float-adjusted market capitalization across 27 emerging markets.

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IMPORTANT DISCLOSURES (Continued)

Index Definitions: (Continued)

Bloomberg U.S. Aggregate Bond – Widely followed bond benchmark comprised of investment grade, U.S. dollar denominated, fixed rate taxable bonds including Treasuries, government-related, corporate, mortgage-backed, and agency.

S&P National AMT-Free Municipal Bond – Broad market-value weighted index comprised of larger and more liquid tax-exempt investment-grade U.S. municipal bonds.

S&P Municipal High Yield Bond – U.S. index of municipal bonds that are either not rated or rated below investment grade.

Bloomberg U.S. Corporate High Yield Bond – Index of fixed rate U.S. dollar denominated corporate bonds rated BB+ or below by Fitch and S&P.

Past Performance is no guarantee of future performance.

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