Market Commentary

August 2026

Equity and Bond Market Update

(as of August 7, 2026)

Index	YTD	1-Year
Dow Jones Industrial Average TR	+13.4%	+24.9%
S&P 500 Total Return Index	+14.1%	+23.8%
Russell 2000 Total Return Index	+23.1%	+38.7%
MSCI EAFE Index (net)	+14.1%	+24.8%
MSCI Emerging Markets Index (net)	+19.8%	+34.5%
Bloomberg US Aggregate Bond TR	-0.1%	+2.5%

Recent Economic Indicators

	Statistic	As of
Unemployment Rate	4.1%	Jul 2026
Real Gross Domestic Product (Advance Est., annualized)	+1.5%	Q2 2026
Consumer Price Index (CPI) – Y/Y	+3.5%	Jun 2026
Consumer Confidence (1985=100)	90.8	Jul 2026
30-year fixed mortgage rate	6.76%	8/7/2026
Housing Starts (single family)	895,000	Jun 2026
10-Year Treasury Yield	4.66%	8/7/2026

Index returns are presented for general market comparison and do not represent the performance of any LSAM account, strategy, or recommendation. Index performance is unmanaged, assumes the reinvestment of dividends or other distributions where applicable, and does not reflect advisory fees, transaction costs, taxes, or other expenses. Investors cannot invest directly in an index. Past performance is not indicative of future results.

Equity markets have continued to demonstrate remarkable resilience, with broad market indices advancing despite an environment of elevated interest rates and ongoing economic uncertainty. Corporate earnings have generally exceeded expectations, the U.S. economy has remained resilient, and investor confidence has been supported by continued innovation and productivity gains. Leadership has once again been concentrated in technology, with semiconductor companies at the forefront of the market's advance.

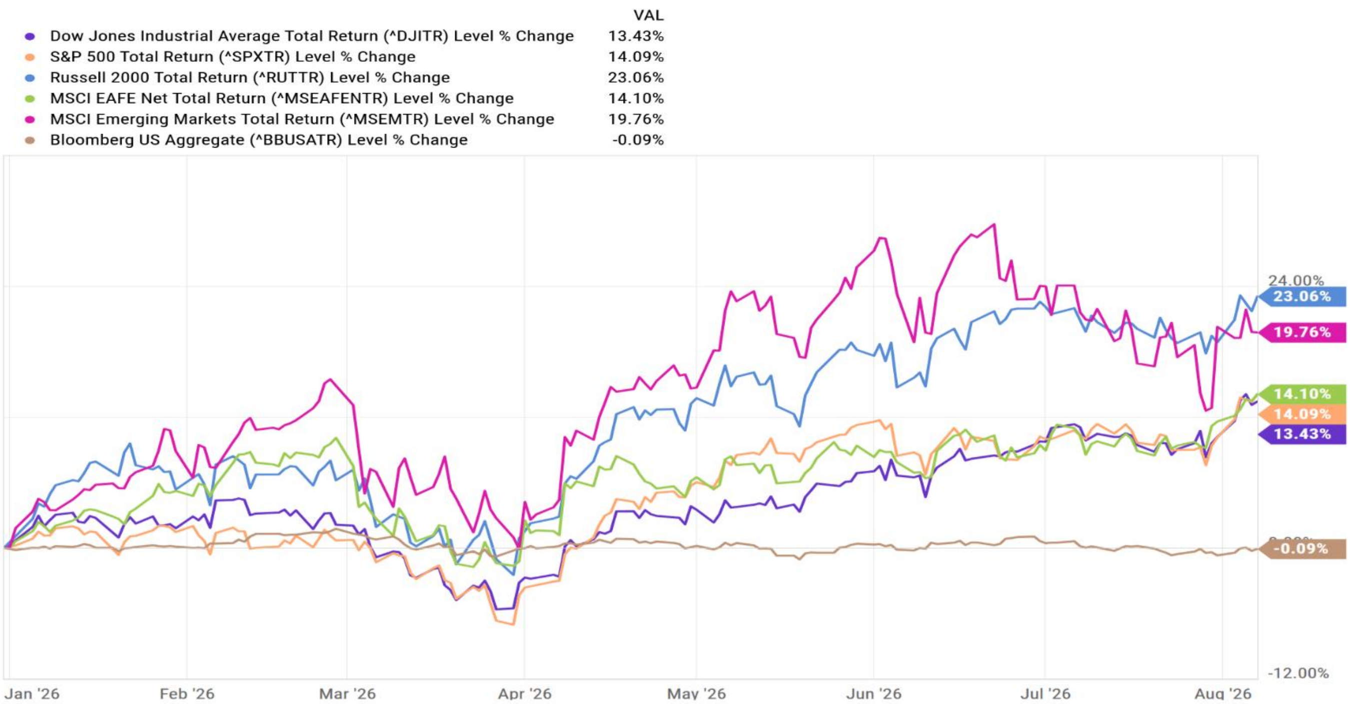
Semiconductor stocks have staged an impressive recovery following periods of heightened volatility. Continued investment in artificial intelligence infrastructure, cloud computing, and data center expansion has fueled strong demand for advanced chips and related technologies. While valuations across portions of the sector have expanded, the long-term growth potential of AI continues to attract significant capital as businesses across many industries invest in automation, data analytics, and machine learning capabilities.

Despite the potential long-term opportunities, AI-related investments are likely to remain among the market's most volatile areas. Expectations for future growth can change rapidly as companies report earnings, introduce new products, or face increased competition. History has repeatedly shown that transformative technologies often experience periods of enthusiasm followed by sharp corrections before long-term winners ultimately emerge. Attempting to trade around this volatility can prove costly. Investors with a disciplined, long-term investment horizon are generally better positioned to benefit from structural trends such as artificial intelligence than those reacting to short-term market swings.

The fixed income market has also remained an important focus for investors. The 10-year U.S. Treasury yield continues to trade near the upper end of the range experienced over the past two decades, well above the exceptionally low interest rate environment that prevailed following the Global Financial Crisis. Higher long-term rates may reflect a combination of resilient economic growth, fiscal deficits and Treasury issuance, inflation expectations, and greater compensation for interest-rate uncertainty. While higher yields increase borrowing costs and can pressure equity valuations, they have also restored meaningful income opportunities within high-quality fixed-income investments.

Economic data continues to present a mixed but generally constructive picture. Inflation has moderated considerably from its peak, although certain categories, particularly services, remain somewhat elevated. At the same time, the labor market has shown signs of gradual cooling, with slower job growth and modest increases in unemployment while remaining historically healthy. These developments suggest the Federal Reserve is making progress toward its dual mandate of price stability and maximum employment. Going forward, policymakers will likely remain data dependent, balancing the risk of easing policy too quickly against the risk of keeping interest rates restrictive for longer than necessary. As a result, investors should expect monetary policy decisions to continue evolving based on incoming inflation and employment data rather than following a predetermined path.

Major Market Indices Total Return (YTD through August 7, 2026)



Source: YCharts; data retrieved August 7, 2026. Returns shown are total returns from December 31, 2025 through August 7, 2026.

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Periods like the current environment reinforce one of the most important principles of successful investing. Maintaining a disciplined approach may help investors avoid making reactive decisions during volatile markets. Every financial plan should be built around an investor's unique goals, time horizon, risk tolerance, and income needs. Market volatility, while uncomfortable, is a normal part of long-term investing and should not, by itself, dictate changes to a carefully constructed portfolio. Instead, investment strategies should evolve when an investor's personal circumstances change, such as an anticipated retirement, a job loss, significant unexpected expenses, or a meaningful change in retirement income needs.

Working closely with a trusted financial advisor helps ensure that investment decisions remain aligned with long-term objectives rather than short-term market headlines. While no one can predict the direction of markets over the coming months, maintaining discipline through changing market conditions has historically been one of the most effective ways to achieve long-term financial success.

Always keep in mind that fear, panic, and optimism are not investment strategies, but rather emotions that drive short-term markets.

Please contact Lifestyle Asset Management, Inc. at (281) 992-9220 or by email at **pjackson@lsaminc.com** should you have any questions or comments.

Sources:
S&P Dow Jones Indices website (us.spindices.com)
MSCI Barra website (http://www.mscibarra.com)
The Conference Board (www.conference-board.org)
Bureau of Economic Analysis (www.bea.gov)
JP Morgan Guide to the Markets
CME FedWatch Tool (www.cmegroup.com)
FTSE Russell (www.ftserussell.com)
Bankrate.com (www.bankrate.com)
Bureau of Labor Statistics (www.bls.gov)
United States Census Bureau website (www.census.gov)
Federal Reserve Bank of Atlanta (https://www.atlantafed.org/cqer/research/gdpnow)

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The Dow Jones Industrial Average (DJIA) is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange (NYSE) and the NASDAQ.

The S&P 500 is an index of 500 stocks chosen for market size, liquidity and industry grouping (among other factors) designed to be a leading indicator of U.S. equities. The index is meant to reflect the risk/return characteristics of the large capitalization U.S. universe.

The Russell 2000 is an index measuring the performance of approximately 2,000 small-cap companies in the Russell 3000 Index, which is made up of the 3,000 largest stocks in the United States. The Russell 2000 serves as a benchmark for small-cap stocks in the U.S. and is meant to reflect the risk/return characteristics of the small capitalization U.S. universe.

The MSCI EAFE Index is a stock market index that is designed to measure the equity market performance of developed markets outside of the U.S. & Canada. It is maintained by MSCI Barra, a provider of investment decision support tools; the EAFE acronym stands for Europe, Australasia and Far East.

The MSCI Emerging Markets Index is an index created by Morgan Stanley Capital International (MSCI) designed to measure equity market performance in global emerging markets.

The Bloomberg US Aggregate Bond Index is a broad-based benchmark index that measures the investment-grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS, ABS and CMBS.

Please contact us if there are any changes in your financial situation or investment objectives, or if you wish to impose, add or modify any reasonable restrictions to the management of your account. LSAM's current Form ADV Part 2A brochure is available upon request and through the SEC's Investment Adviser Public Disclosure website at *adviserinfo.sec.gov*.

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