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Second Quarter 2026 Weather(ly) Report
July 2026

As we celebrate our nation's 250th birthday and the US jointly hosts the World Cup, there is much to be excited about and thankful for. The US Founding Fathers set the course for a new republic with a 1320-word document, the Declaration of Independence, asserting natural rights to life, liberty and the pursuit of happiness. Independence, innovation and expanded thinking have remained prominent throughout our country's history.

The first half of the year was chock-full of geopolitical news and technological advancements. Energy and chips seemed to dominate the second quarter. The conflict in the Strait of Hormuz and continued negotiation stops and starts influenced the cost of gas at the pump and consumer budgets, with the national average hitting $3.84/gallon. Developments in artificial intelligence placed a huge emphasis on both chip and energy demand throughout the quarter. The S&P 500 and Nasdaq posted their best quarters since 2020 and the DJIA had its best quarter since 2022. Some Magnificent 7 tech giants slipped while huge capital expenditures in AI continued. Small cap stocks were on a tear while gold fell 15% in the second quarter after stellar performance in 2025. IPO activity gained momentum led by SpaceX's record-breaking public debut—the largest IPO in history—which helped reignite investor enthusiasm for new equity issuance.

The Federal Reserve had their first meeting in June with Chairman Warsh at the helm. Interest rates were left unchanged at 3.5%-3.75%. The post-meeting comments, while brief, reiterated a commitment to the dual mandate of maximum employment and price stability. The Fed target for inflation remained at 2% and as of this writing, the unemployment rate is at 4.2%. Treasuries and agency-backed securities offered more attractive interest rates by the end of the quarter. Mortgage rates ended at nearly 6.5%. Clients in high tax brackets continued their demand for high-quality municipal bonds in taxable portfolios.

Weatherly's team focused on diversification opportunities to refresh and rebalance portfolios. Concentration in specific equities was shaved in retirement accounts with no tax implications or in taxable accounts for clients who had the opportunity and/or willingness for capital gains. Donations of appreciated stock or utilization of qualified charitable donations (QCDs) from IRAs were often used in tandem as a tax offset.

"Top Ten" Holdings*

1. Apple Inc.
2. Amazon Inc.
3. Palo Alto Networks
4. Alphabet Inc.
5. Microsoft Corp.
6. ASML Holdings
7. Netflix Inc.
8. Vanguard Intl Dividend ETF
9. Invesco Global Water ETF
10. Costco Corp.

Weatherly continues to work with clients on balancing portfolios to achieve optimal growth with appropriate risk, while achieving tax efficient returns. On July 4th, 2025, the One Big Beautiful Bill Act offered planning opportunities with permanent lower brackets, increased standard deductions, and expanded senior and business planning opportunities. Trump Accounts officially launched with US seed funding of $1,000 for eligible children born between 2025-2028 and other contributions of up to $5,000 per year. As the OBBBA turns one year old, the planning opportunities continue for each client. We remain focused on client goals and geopolitical and technological developments as we head into the second half of 2026. We welcome a dialogue on how to best help clients, their families and businesses with their future.

***Please see reverse side**

-The Weatherly Crew

**** TOP TEN DISCLOSURE***

"Top Ten" holdings consist of Weatherly's largest stock positions as of quarter end. A full list of holdings is available upon request. It should not be assumed that any of the securities, transactions, or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein. The information provided in this report should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed do not represent an account's entire portfolio and, in the aggregate, may represent only a small percentage of an account's portfolio holdings.

	*WAM Equity** (gross fee)*	*WAM Equity (net fee)*	*S&P 500t*	MSCI ACWI (gross USD)	*WAM Fixed** (gross fee)*	*WAM Fixed (net fee)*	*Merrill Lynch 1-3 year*	*WAM Balanced** (gross fee)*	*WAM Balanced (net fee)*	*Blended Benchmark*
2009	**32.36%**	**31.36%**	**26.47%**	**35.41%**	**10.63%**	**10.13%**	**0.78%**			
2010	**11.93%**	**10.93%**	**15.06%**	**13.21%**	**6.77%**	**6.27%**	**2.35%**			
2011	**-5.58%**	**-6.85%**	**2.12%**	**-6.86%**	**4.37%**	**3.87%**	**1.55%**			
2012	**16.36%**	**15.36%**	**16.00%**	**16.80%**	**5.99%**	**5.49%**	**0.43%**	**11.84%**	**11.09%**	**8.18%**
2013	**28.20%**	**27.20%**	**32.41%**	**23.44%**	**-1.62%**	**-2.12%**	**0.36%**	**15.41%**	**14.66%**	**15.61%**
2014	**8.53%**	**7.53%**	**13.69%**	**4.71%**	**5.55%**	**5.05%**	**0.62%**	**7.43%**	**6.68%**	**7.01%**
2015	**4.86%**	**3.86%**	**1.38%**	**-1.84%**	**1.31%**	**0.81%**	**0.54%**	**3.55%**	**2.80%**	**1.09%**
2016	**8.70%**	**7.70%**	**11.95%**	**8.48%**	**2.79%**	**2.29%**	**0.88%**	**6.41%**	**5.66%**	**6.33%**
2017	**24.52%**	**23.52%**	**21.82%**	**24.62%**	**4.49%**	**3.99%**	**0.42%**	**17.01%**	**16.26%**	**10.75%**
2018	**-1.92%**	**-2.92%**	**-4.39%**	**-8.93%**	**0.61%**	**0.11%**	**1.59%**	**-0.80%**	**-1.55%**	**-1.06%**
2019	**32.54%**	**31.54%**	**31.48%**	**27.30%**	**7.05%**	**6.55%**	**3.55%**	**22.85%**	**22.10%**	**17.01%**
2020	**30.97%**	**29.97%**	**18.39%**	**16.82%**	**4.35%**	**3.85%**	**3.10%**	**21.36%**	**20.61%**	**12.08%**
2021	**20.55%**	**19.55%**	**28.68%**	**19.04%**	**0.69%**	**0.19%**	**-0.55%**	**14.34%**	**13.59%**	**13.45%**
2022	**-22.33%**	**-23.33%**	**-18.13%**	**-17.96%**	**-5.71%**	**-6.21%**	**-3.65%**	**-17.45%**	**-18.20%**	**-10.80%**
2023	**26.32%**	**25.32%**	**26.26%**	**22.81%**	**5.39%**	**4.89%**	**4.26%**	**19.10%**	**18.35%**	**15.03%**
2024	**21.42%**	**20.42%**	**25.02%**	**18.02%**	**3.76%**	**3.26%**	**4.10%**	**15.68%**	**14.93%**	**14.26%**
2025	**14.19%**	**13.19%**	**17.86%**	**22.87%**	**5.86%**	**5.36%**	**5.09%**	**11.45%**	**10.70%**	**11.54%**
2nd Quarter 2026	**12.91%**	**12.66%**	**15.20%**	**15.06%**	**1.14%**	**1.01%**	**0.39%**	**9.13%**	**8.94%**	**7.80%**
Year-to-Date 2026	**11.10%**	**10.60%**	**10.19%**	**11.49%**	**1.37%**	**1.12%**	**0.68%**	**8.02%**	**7.64%**	**5.62%**
5-Year Trailing *(Ann.)*	**10.55%**	**9.55%**	**13.38%**	**11.48%**	**2.09%**	**1.59%**	**1.94%**	**7.84%**	**7.09%**	**7.84%**
10-Year Trailing *(Ann.)*	**15.15%**	**14.15%**	**15.48%**	**13.32%**	**2.57%**	**2.07%**	**1.77%**	**10.85%**	**10.10%**	**8.84%**
Since Inception *(Ann.)*	**11.06%**	**10.06%**	**11.28%**	**8.87%**	**4.31%**	**3.81%**	**3.23%**	**10.29%**	**9.54%**	**8.44%**

Please see footnotes

** ***PERFORMANCE DISCLOSURE***

Please note, the Weatherly Asset Management (WAM) Equity performance is a mid- to large-cap value equity approach and the WAM Fixed Income performance is a high-quality intermediate-maturity investment approach. Performance numbers up to 12/31/05 are prepared in compliance with Association of Investment Management Research Performance Presentation Standards (AIMR PPS). Periods from 12/31/05 to 12/31/10 meet the requirements of the revised version of Global Investment Performance Standards (GIPS). Periods from 12/31/10 are calculated in a similar manner but GIPS standards no longer permit carve outs, therefore we no longer claim GIPS compliance. The gross fee returns shown above are presented after deduction of all transaction costs, but prior to the deduction of advisory fees and such other possible expenses as custodial fees. The net of fee return is calculated by subtracting the advisory fees. Investment advisory fees are described in Part II of Weatherly's Form ADV. For the 2nd Quarter 2026, the maximum quarterly management fee is 0.25% for Weatherly's Equity Composite and 0.125% for the Fixed Income Composite.

Composite rates of return, since inception on an annualized basis after deduction of the maximum quarterly management fee is as follows for equity accounts for 1995, 32.41%, for 1995 and 1996 combined, 28.50%, for 1995-1997 combined, 30.24%, for 1995-1998 combined, 26.15%, for 1995-1999 combined, 25.06%, for 1995-2000 combined, 18.31%, for 1995-2001 combined, 12.70%, for 1995-2002 combined, 7.44%, for 1995-2003 combined, 9.53%, for 1995-2004 combined, 9.94%, for 1995-2005 combined, 10.05%, for 1995-2006 combined, 10.48%, for 1995-2007 combined, 10.46%, for 1995-2008 combined, 6.36% for 1995-2009 combined 7.87%, for 1995-2010 combined, 8.06%, for 1995-2011 combined, 7.14%, for 1995-2012 combined, 7.58%, for 1995-2013 combined, 8.57%, for 1995-2014 combined, 8.54%, for 1995-2015 combined, 8.31%, for 1995-2016 combined, 8.29%, for 1995-2017 combined, 8.91%, for 1995-2018 combined, 8.39%, for 1995-2019 combined, 9.23%, for 1995-2020 combined, 9.96%, for 1995-2021 combined, 10.31%, for 1995-2022 combined, 8.88%, for 1995-2023 combined, 9.41%, for 1995-2024 combined, 9.76%, and for 1995-2025 combined, 9.87%. For fixed income accounts 1995, 11.49%, for 1995-1996 combined, 8.35%, for 1995-1997 combined, 7.63%, for 1995-1998 combined, 7.58%, for 1995-1999 combined, 6.18%, for 1995-2000 combined, 6.50%, for 1995-2001 combined, 6.37%, for 1995-2002 combined 6.37%, for 1995-2003 combined, 5.92%, for 1995-2004 combined, 5.68%, for 1995-2005 combined, 5.33%, for 1995-2006 combined, 5.25%, for 1995-2007 combined, 5.23%, for 1995-2008 combined, 4.74%, for 1995-2009 combined, 5.09%, for 1995-2010 combined, 5.17%, for 1995-2011 combined, 5.09%, for 1995-2012 combined, 5.11%, for 1995-2013 combined 4.72%, for 1995-2014 combined 4.73%, for 1995-2015 combined, 4.54%, for 1995-2016 combined, 4.44%, for 1995-2017 combined, 4.42%, for 1995-2018 combined, 4.23%, for 1995-2019 combined, 4.32%, 1995-2020 combined, 4.31%, for 1995-2021 combined, 4.15%, for 1995-2022 combined 3.76%, for 1995-2023 combined, 3.80%, for 1995-2024 combined, 3.78% and for 1995-2025 combined, 3.83%.

Composite returns consist of all 100% discretionary accounts under management utilizing individual stock and bond holdings selected by WAM. Balanced portfolio segments have been included in single asset composites. Effective 1/1/06 to 12/31/10, cash and cash returns have been allocated to the segment returns according to the procedures outlined by Association of Investment Management Research (AIMR). Effective 1/1/16, equity and fixed composite returns no longer include cash or a weighting to cash. Dividends and interest received is generally not reinvested in the same security but is included in total return calculations. Effective 2010, Equity Composite performance excludes two related family groups which hold a concentrated position that due to tax considerations cannot be managed in the same manner as the overall equity composite. The composite performance represents the performance of an aggregate of the firm's managed accounts that align with a particular strategy. Individual account performance will vary, and some clients may have experienced returns significantly different from the composite. Investing entails risk and past performance is no guarantee of future performance.

These performance numbers are provided under the flash reports provision of these said standards. "As prospective and current clients have received past results that were in compliance with the required disclosures within a 12-month period, firms may present interim data and returns (i.e., "Flash numbers") without quarterly disclosures." A full presentation, including all required disclosures, is available upon request. The WAM Balanced Composite represents actual portfolios utilizing strategic asset allocation with both equity and fixed income components. The fixed income component for individual portfolios underlying the balanced composite have allocations tailored specifically for that account and client, and varies between 5% and 90%, whereas the Blended Benchmark is 50% S&P 500 Total Return and 50% Merrill Lynch 1-3 Year representing an average of a 50% Equity and 50% Fixed Income benchmark allocation in the Composite.