BENJAMIN F. EDWARDS®

Investment Insights Quarterly

From the desk of Bill Hornbarger, Chief Investment Officer July 2026

Market Themes

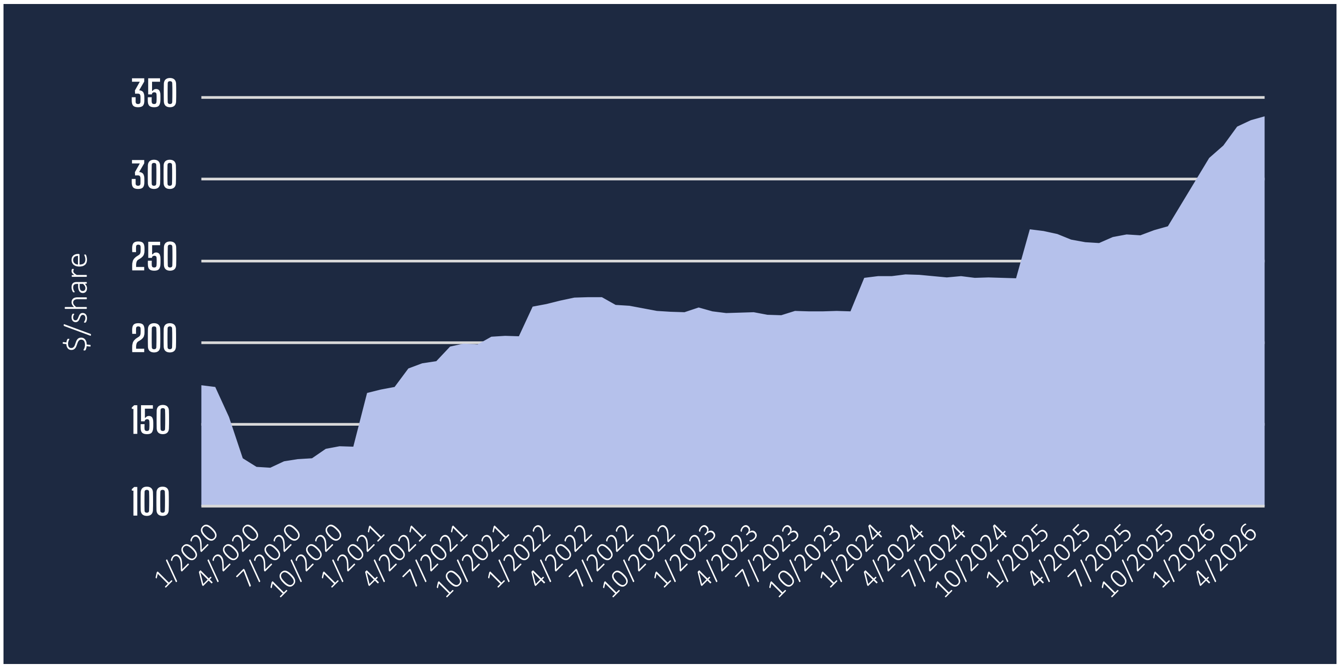
U.S. Economy Continues to Grow

Resilient is the best way to describe the U.S. economy. It has been able to weather geopolitical tension, a global oil supply disruption, as well as a less "friendly" Federal Reserve (Fed) and remain on solid footing. Consumer spending remains healthy, the labor markets show signs of stabilization, and the ongoing investment in artificial intelligence infrastructure remains a strong foundation for economic growth.

Earnings Remain Strong

Despite valuations that are above long-term averages, equity markets were higher mid-year and the strength was broad-based. The tech-heavy Nasdaq and the S&P 500 were up 12.8% and 10.2%, respectively, while international-developed stocks (MSCI ACWI ex-U.S.), emerging markets (MSCI EM) and small-cap stock returns were higher. The earnings backdrop is favorable for stocks with first-quarter earnings up 30% year-over-year and the outlook for earnings for the balance of 2026 is high and rising (see chart). The June estimate (latest available) for full-year S&P 500 earnings was $338.46, up from $299.00, and first-quarter earnings surprises were 82% positive and with approximately 15% of the second-quarter earnings in positive surprises stand at 93%. The strong growth in earnings has resulted in the forward price-to-earnings (P/E) ratio for the S&P 500 falling slightly. Year-to-date earnings growth has been led by the technology, communication, energy and materials sectors, but all 11 S&P sectors have contributed.

S&P 500 Composite: Mean EPS (CurrentYear)
$/Share



As of June 30, 2026
Source: Haver

Oil and Inflation

The single biggest theme of the first half of the year was one of the single largest oil supply disruptions in history because of the U.S.-Iran conflict. Oil more than doubled, trading from $56/barrel at the beginning of the year to a high of $113 in April before falling again on news surrounding the memorandum of understanding and a possible ceasefire. Most recently oil has settled in the $85 range. Oil's impact and broader commodity price volatility has negatively impacted inflation and survey-based inflation expectations. Personal consumption expenditures (PCE) and core PCE have moved higher at a time when it was already above policymakers' target. PCE and core PCE stood at 4.1% and 3.4%, respectively, in the latest release.

Monetary Policy

This has been a year of change for the Fed and monetary policy expectations. As inflation has moved higher, expectations in the futures markets have moved from potential rate cuts to possible rate increases. At the same time, the minutes from the most recent Fed meeting under new Fed Chair Kevin Warsh were more hawkish.

High-Profile IPOs

SpaceX was the first of what is expected to be several high-profile mega-cap IPOs. While the company currently trades below its initial public offering price, it remains one of the world's largest companies by market capitalization. The markets have absorbed the shares with little if any disruption, and more shares will become available as lock-ups expire, which could put further downward pressure on the share price.

Mid-Term Elections

This is a mid-term year, and we would be mindful that letting politics guide investment decisions can be costly. Investors who moved to cash when their political party was out of power would have seen their returns cut by half compared to those who stayed invested. While the races are expected to be close, currently the prediction markets and early polling data are saying the Republican Party will retain the Senate while Democrats will retake the House. Historically, midterm years have been the weakest point in the four-year election cycle, while presidential election years have been the strongest. The last two mid-term years have been negative in terms of the S&P 500 (2022 and 2018 were down 19% and 4.4%, respectively). The good news is that there has never been three consecutive negative mid-term cycles. As we get closer to the elections, the focus will likely return to earnings and the economy.

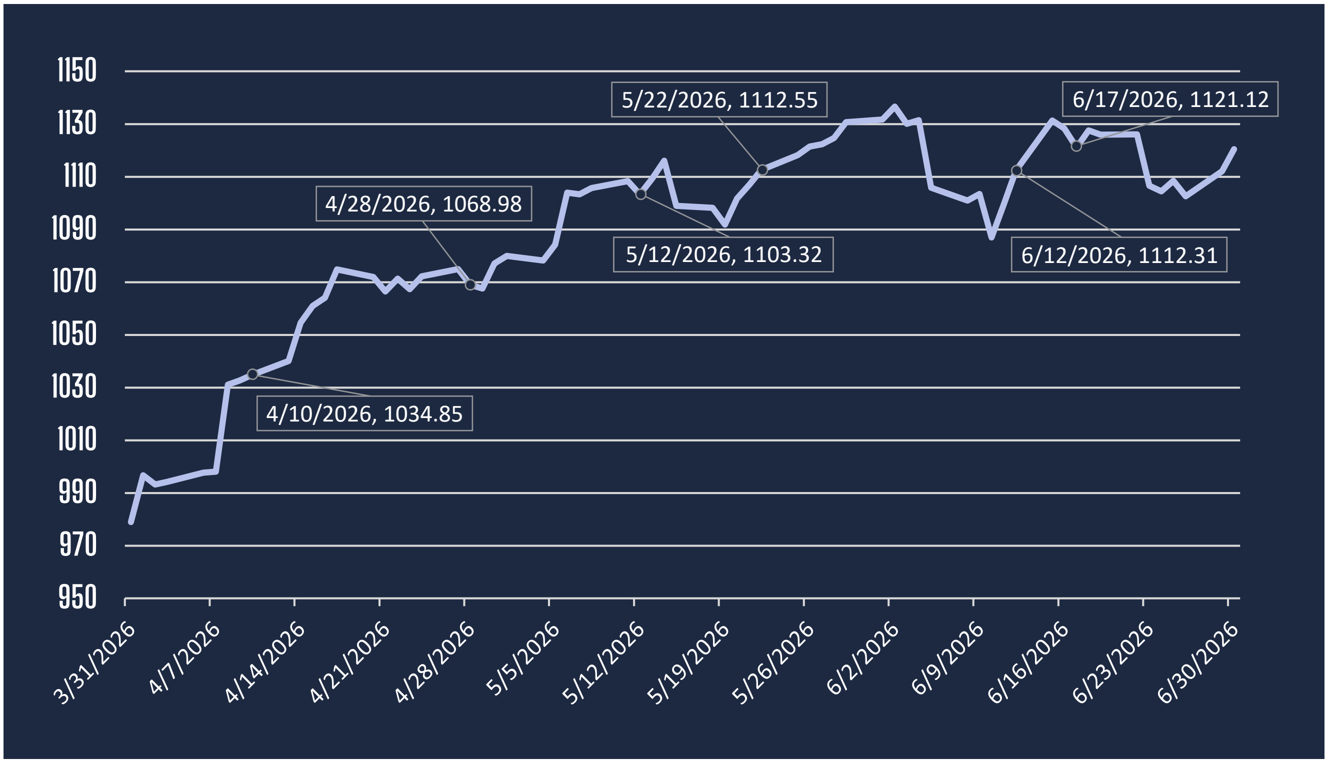
Final Thoughts

In terms of the second half of the year, barring a surprise or exogenous shock, we see a high likelihood of more of the same. With inflation elevated, the Fed will be patient in terms of a rate move in either direction while continuing to shrink its balance sheet (quantitative tightening). Bonds have already suffered from a bear market, when the Fed was lowering rates and, in our opinion, have settled into a new trading range with the 10-year note centered around 4.50%. Earnings growth continues to be supportive of equity markets despite extended valuations. Our approach to stocks is to continue to remain diversified by size and style. Global economic strength supports an allocation to both emerging markets and international as well as small cap domestically. In terms of major themes, we wouldn't be an advocate of overweighting the tech and AI trade. The market cap of the technology sector in the S&P 500 is 38%; in our opinion, that is enough. Valuations remain more reasonable in general outside of the technology sector.

Q2 Key Dates

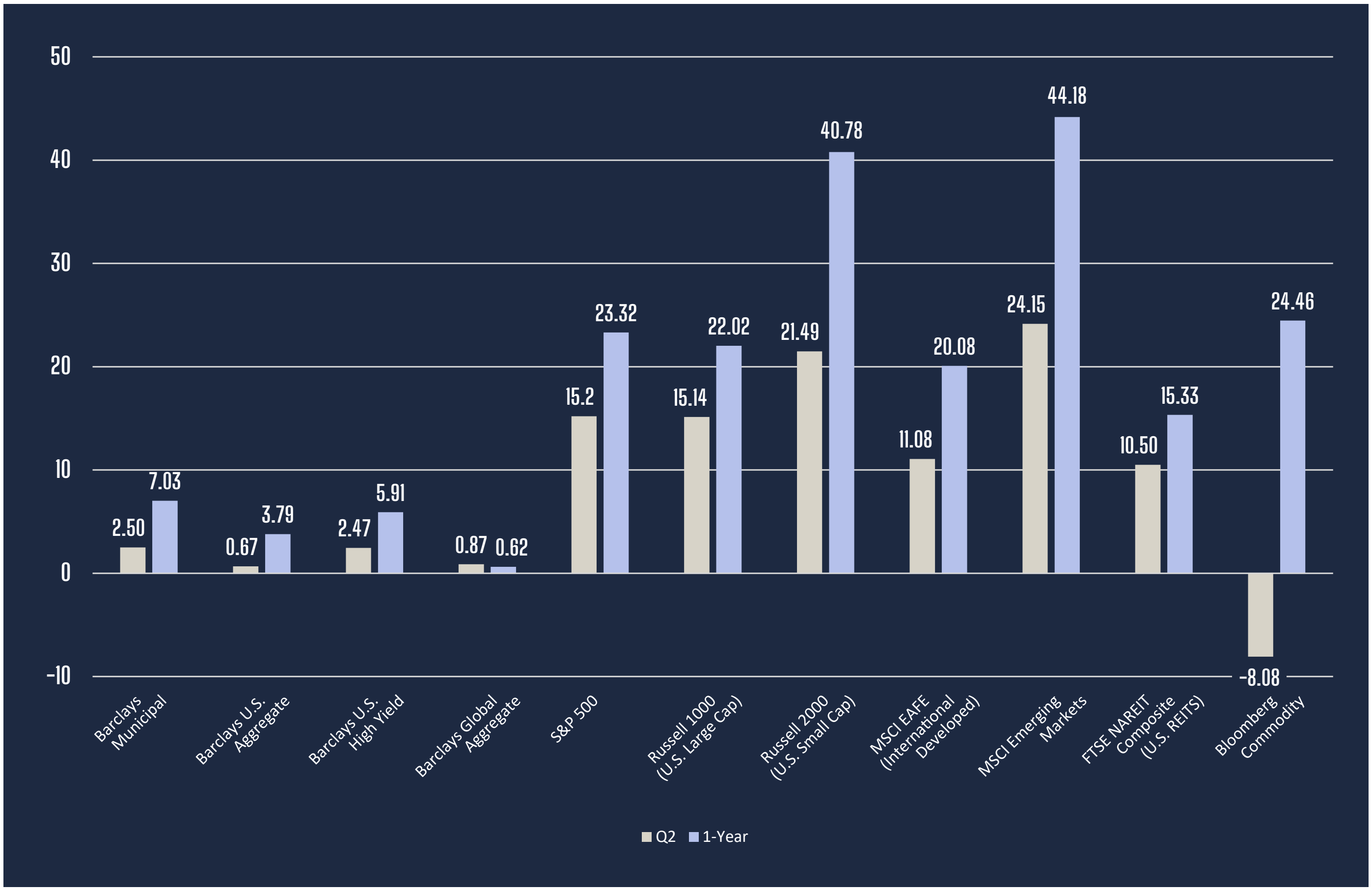
- April 10 – March U.S. Consumer Price Index (CPI) posted its sharpest annual rise in four years.
- April 28 – The Fed met for Jerome Powell's last meeting as chair with no change but four dissents, the most in 34 years.
- May 12 – May CPI increased 0.6% month over month (M/M) and 3.8% year-over-year. This report proved pivotal as it represented the largest annual jump in energy costs, at 17.9%, since 2022.
- May 22 – Michigan University's Consumer Sentiment Index dove to 44.8, a record low. This followed the trend as the third consecutive monthly decrease, and sparked conversations regarding the upcoming midterm elections.
- June 12 – SpaceX's record initial public offering surged 19% on debut, lifting U.S. equity issuance.
- June 15 – Tech stocks sold off, leading to the quarter's worst single-day drop for global equities. Equities still proceeded to finish the quarter up a robust 15%.
- June 17 – Fed President Kevin Warsh's inaugural Federal Open Market Committee meeting abandoned forward guidance and vowed price stability, prompting Treasury curve flattening.

Global Stock Market
MSCI ACWI in USD



As of June 30, 2026
Source: Bloomberg

Asset-Class Returns



As of June 30, 2026
Source: Conway

Fixed Income

- Interest-rate volatility subsided a bit in June and this was positive for core fixed income and municipal bonds that generally benefited from lower rates.
- It was generally another month of clipping coupons in credit markets as tight spreads may limit total return potential.
- Bonds outside the United States faced the headwind of the stronger U.S. dollar, which ultimately hurt returns.

Equities

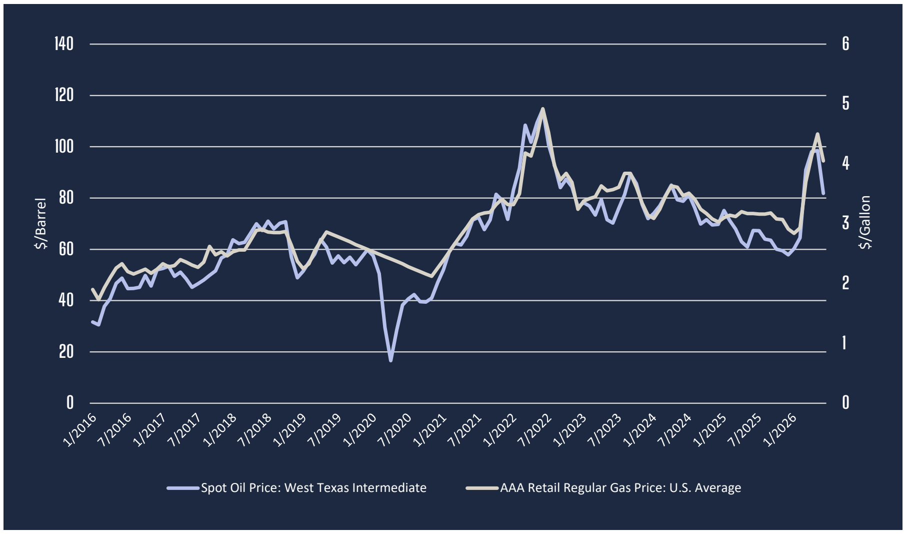
- U.S. equities were a mixed bag last month with gains in small caps and losses in large caps, particularly the Magnificent 7 stocks.
- Value beat growth across all market caps, and small caps outpaced large caps.
- Many of the Magnificent 7 stocks have struggled a bit this year, allowing for a positive broadening out of equity markets.
- Europe, Australasia and Far East (EAFE) equities posted slight gains in June, led by beaten-down value stocks.
- Small caps underperformed large caps outside the United States and, in general, value beat growth.
- The strong U.S. dollar cost EAFE investors 231 basis points (bps) of performance in June and emerging-market investors 133 bps.

MARKET THEMES

Energy

Spot Oil Price

West Texas Intermediate vs. AAA Retail Regular Gasoline Prices: U.S. Average



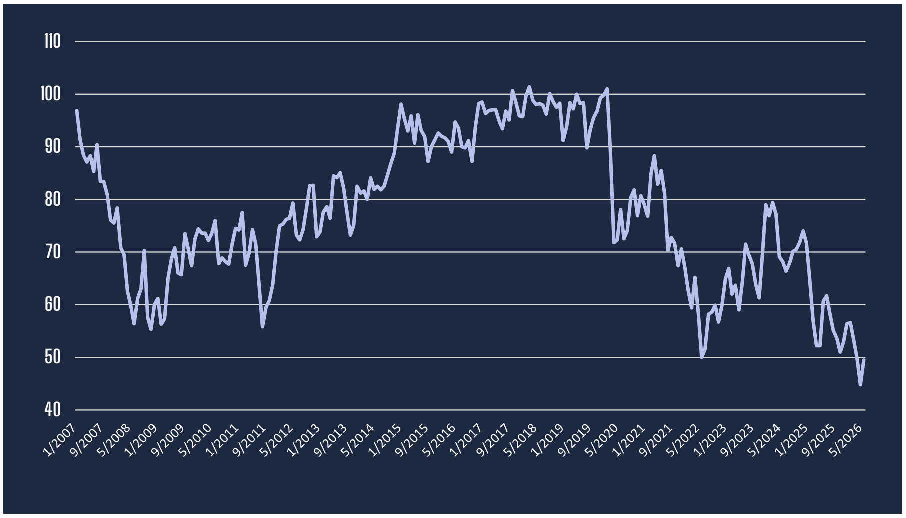
As of June 30, 2026
Source: Haver

- Inflation increased as a result of higher oil prices.
- Gas prices at the pump also increased, harming consumer confidence and threatening spending.
- Recent headlines promoting a cease fire provided some relief.
- Energy prices will ultimately depend on the resolution of the hostilities between the United States and Iran.

Consumer Sentiment

University of Michigan: Consumer Sentiment

NSA, Q1-66=100



As of June 30, 2026
Source: Haver

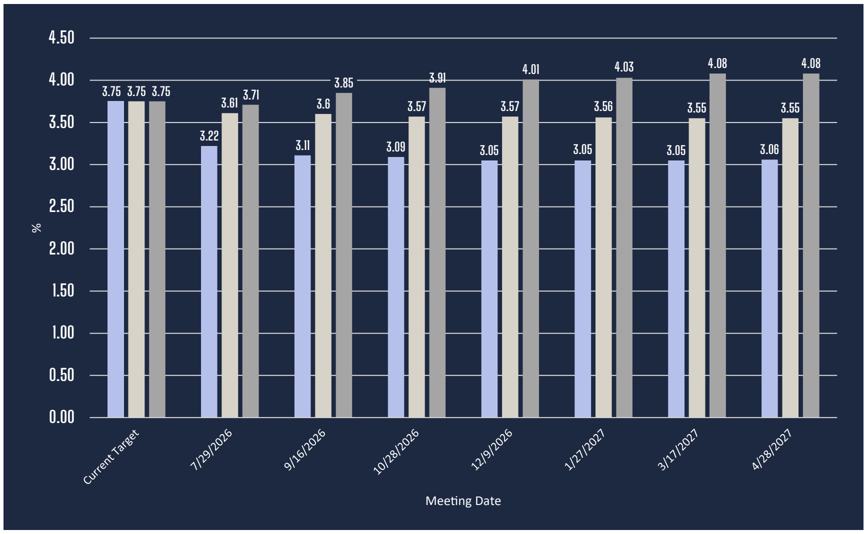
- The cost of living remains at the forefront of consumers' minds; for the third straight month, over half of consumers spontaneously mentioned that high prices are weighing down their personal finances.
- In May, this indicator touched the lowest reading on record.
- Expected business conditions over the next five years surged 16% in June as consumers' worries over long-term consequences of the Iran conflict appear to be easing.

MARKET THEMES

Monetary Policy

Fed Funds Futures Implied Policy Rates

12/31/2025 vs. 3/31/2026 vs. 6/30/2026

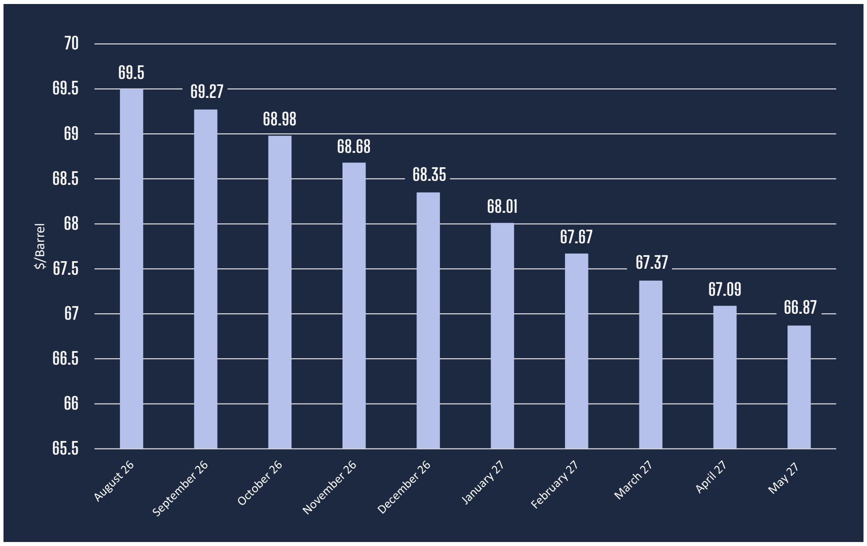


As of June 30, 2026
Source: Bloomberg

- The Fed cut rates three times last year and was expected to continue to cut rates in 2026.
- The increase in energy prices has reignited inflation fears.
- This has led to a reevaluation of monetary policy.
- Futures are now priced for an interest-rate increase this year.

Oil Prices and the Conflict

West Texas Intermediate Crude Futures



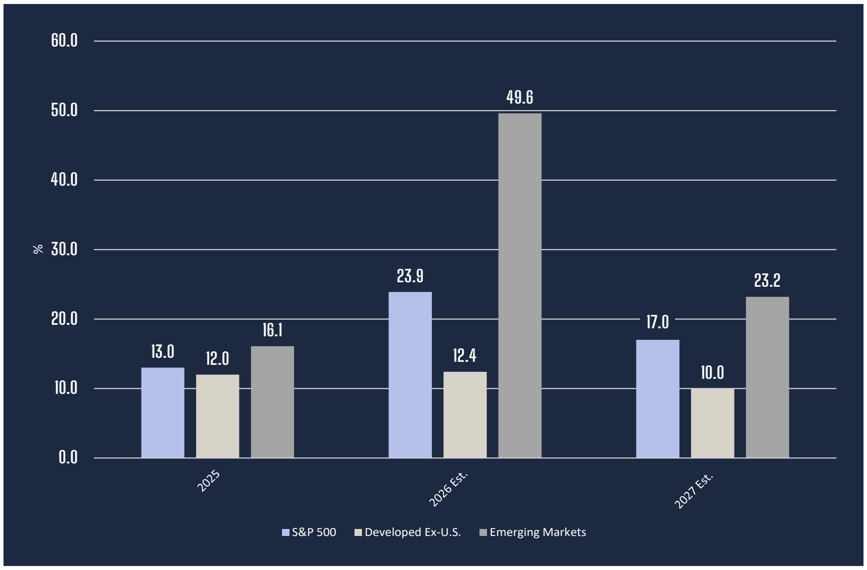
As of June 30, 2026
Source: Bloomberg

- Based on oil futures, the markets appear to believe the conflict with Iran will not last long.
- Oil futures are in backwardation, reflecting this belief.

Equity Earnings

Global Equities Earnings Estimates

Year-over-Year %

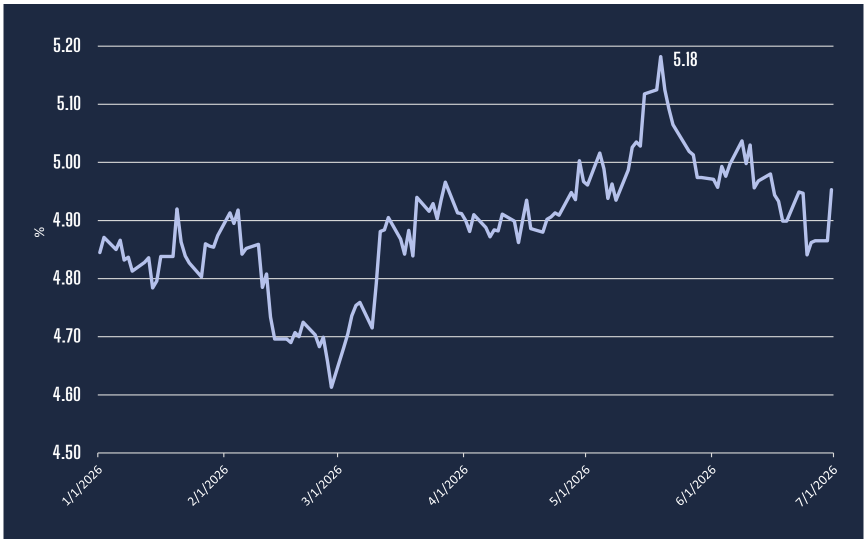


As of June 30, 2026
Source: Northern Trust

- Earnings continued to surprise and impress on the upside.
- Projected full-year earnings continued to be marked higher across all sizes, segments and geographies of stocks.
- Earnings growth has driven stock gains year to date.

Bond Yields

30-Year Treasury Yield



As of June 30, 2026
Source: Bloomberg

- The 30-year Treasury yield hit 5.18% — its highest since 2007 — as investors considered inflation, economic resilience and a rising term premium.

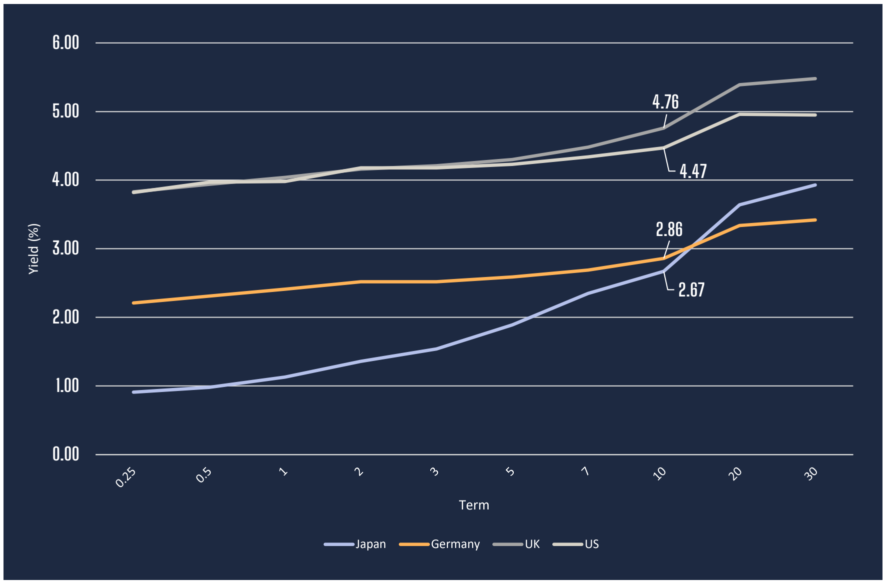
FIXED INCOME MARKET UPDATE

Government Bond Curves

Global yields continue to generally increase as monetary policy and inflation expectations evolve.

Global Government Bond Yield Curves

End of Q2 2026



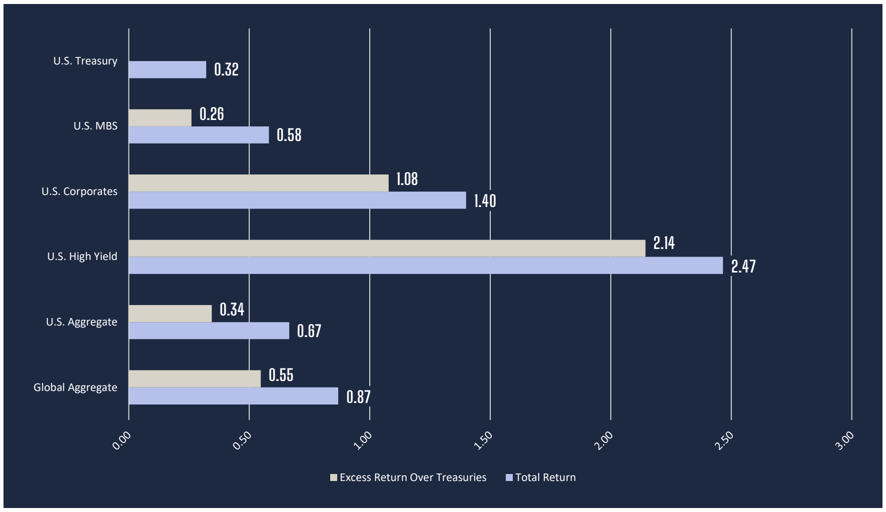
As of June 30, 2026
Source: Bloomberg

Fixed Income Performance (Q2)

A good quarter for fixed income as benchmark Treasury yields fell and spreads tightened. Credit was aided by stronger equities, and high yield was the standout performer.

Fixed Income Performance

Q2 2026

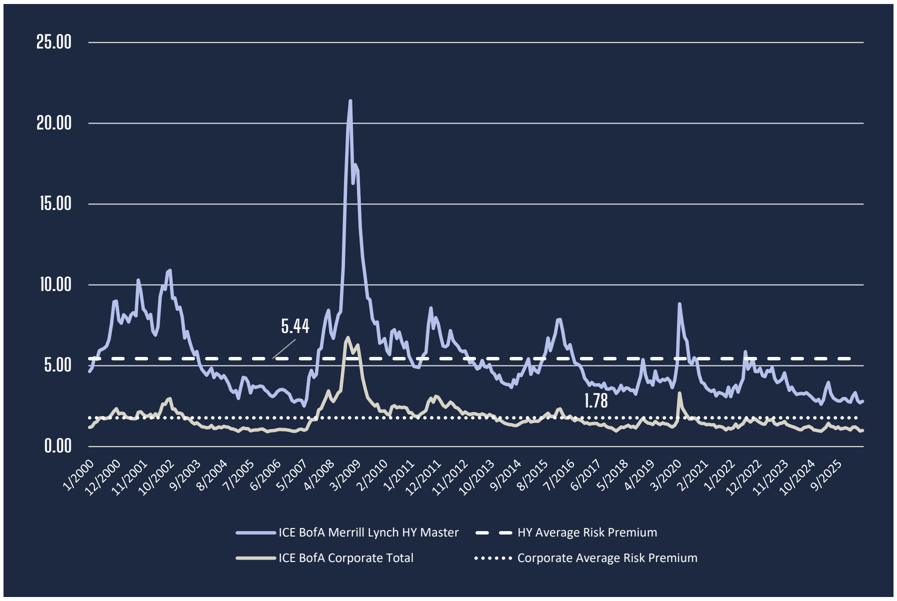


As of June 30, 2026
Source: Bloomberg

Credit

Credit spreads tightened noticeably in Q2 as the markets rallied in "risk on" mode. Spreads are near the tightest levels on record.

Investment-Grade and High-Yield Credit Spreads



As of June 30, 2026
Source: Haver

Municipal Bonds

Longer-maturity municipals look increasingly attractive for high tax bracket investors while short municipals are trading at rich valuations.

Term	AAA General Obligation (%)	U.S. Treasury (%)	Municipal % of Treasury
1	2.29	4.07	56.2%
2	2.32	4.19	55.4%
3	2.40	4.19	57.1%
4	2.48	4.21	58.8%
5	2.54	4.25	59.9%
7	2.69	4.35	61.9%
10	2.89	4.50	64.3%
15	3.17	4.85	65.2%
20	3.70	5.03	73.6%
25	3.99	5.08	78.5%
30	4.09	4.97	82.4%

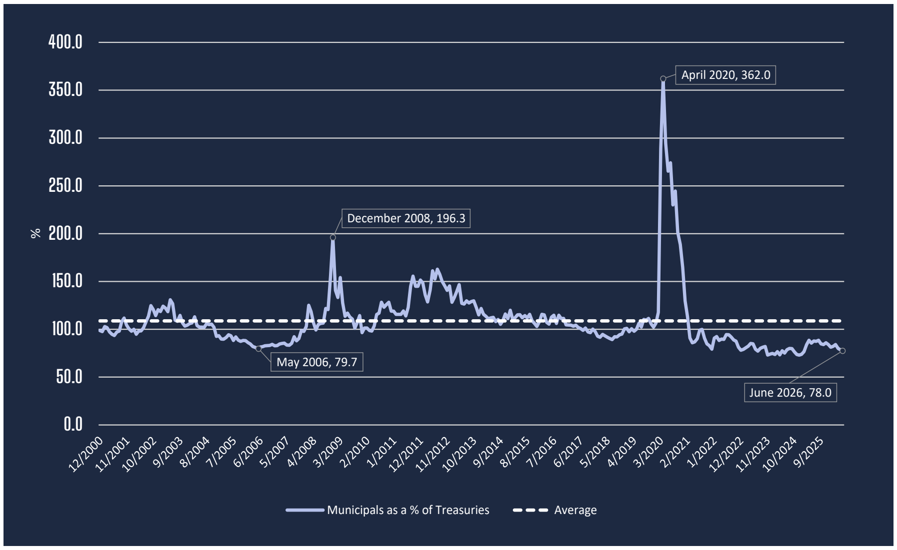
As of June 30, 2026
Source: Bloomberg

Municipal Bonds

Municipal bond credit quality remains strong and issuance is somewhat restrained, reflected in relatively rich valuations.

Municipal Yields as a Percentage of Treasury Yields

ICE/Bank of America Municipal Master/10-Year Treasury



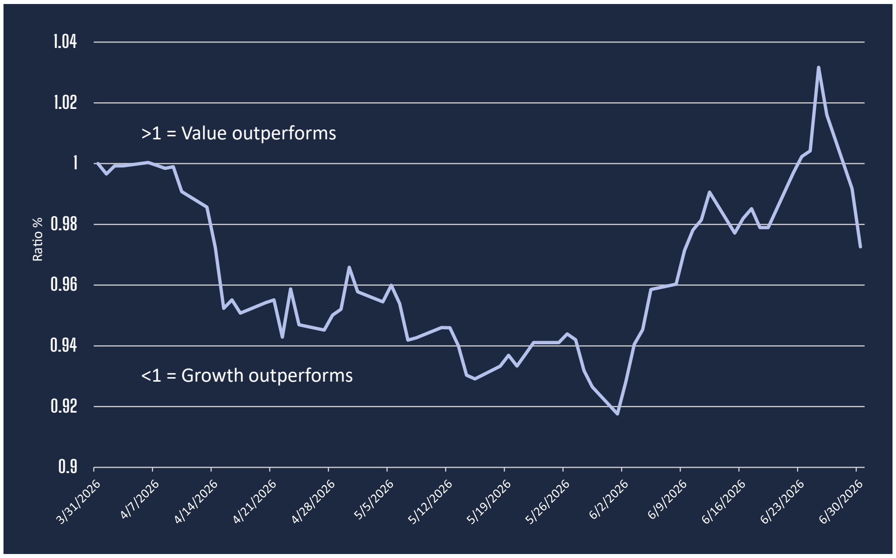
As of June 30, 2026
Source: Haver

Equity – Value vs. Growth

Growth rallied late in the quarter as the artificial intelligence trade came back into favor.

Large-Cap Value/Large-Cap Growth - Q2 2026

Russell 1000 Value/Russell 1000 Growth



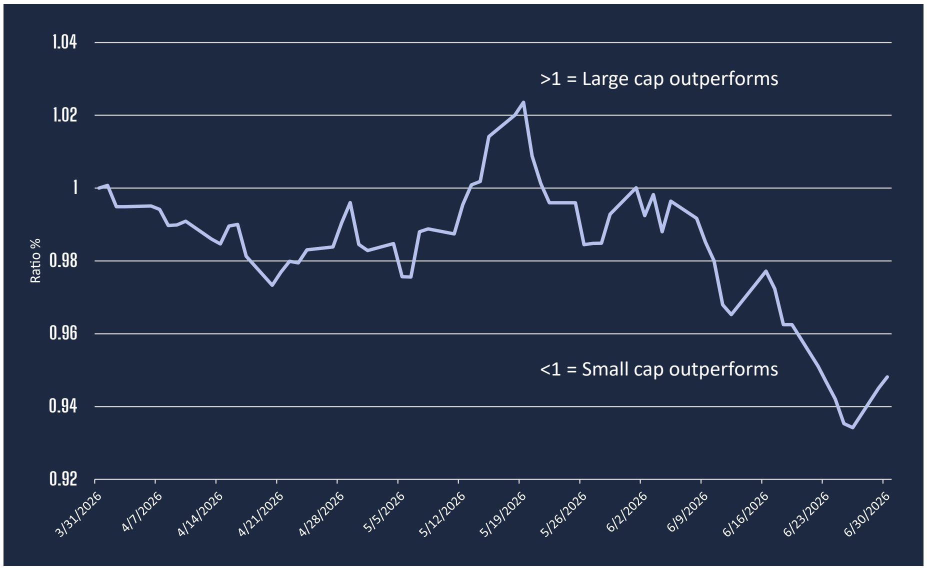
As of June 30, 2026
Source: Bloomberg

Equity – Large vs. Small

Small cap outperformed large cap during Q2, continuing the recent trend.

Large Cap/Small Cap - Q2 2026

S&P 500/Russell 2000



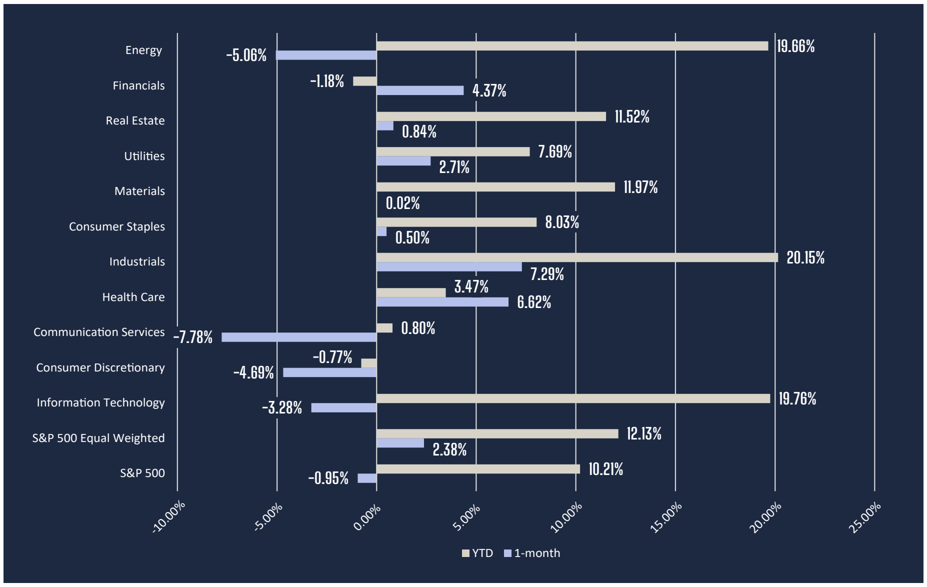
As of June 30, 2026
Source: Bloomberg

U.S. Equities – Return by Sector

Tech, energy and communication services all posted negative quarters but remain leaders for the year. The markets broadened during the latter part of the quarter.

S&P 500 Sector Returns

Q2 2026



As of June 30, 2026
Source: Conway

The Magnificent 7

The Mag 7 stocks are underperforming the broader S&P 500 this year as the strength broadens to more styles and sizes.

Magnificent 7 vs. Broad Market

Returns	2021	2022	2023	2024	2025	2026 YTD
S&P 500	27%	-19%	24%	23%	16%	10%
S&P 493	23%	-12%	11%	14%	13%	15%
Mag 7	40%	-40%	76%	48%	23%	0%
Return share	33%	56%	63%	55%	46%	1%

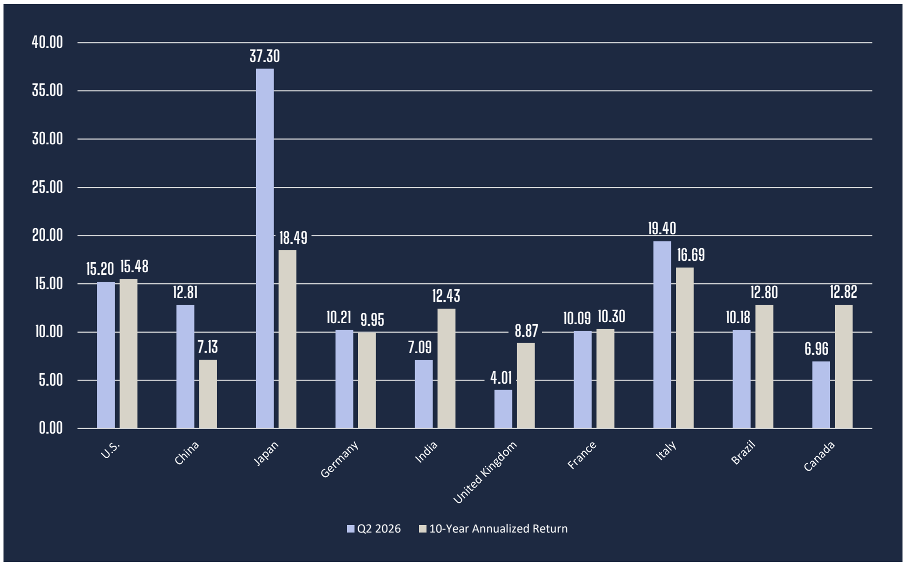
The Magnificent Seven includes AAPL, AMZN, GOOGL/GOOG, META, MSFT, NVDA, and TSLA. Return share represents the Mag 7's contribution to the index return.

As of June 30, 2026
Source: JP Morgan

Country Total Returns (%) – 10 Largest Economies

Global equities were generally stronger during Q2 with all the major international markets positive for the quarter. Trailing returns remain strong with the United States remaining as a global leader.

Country Total Equity Market Returns



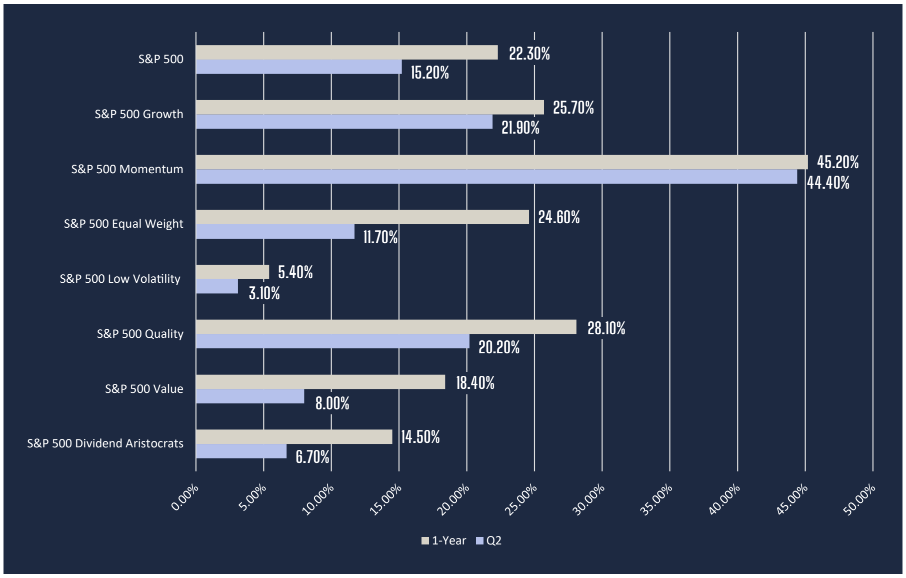
As of June 30, 2026
Source: Bloomberg

U.S. Equity Factors – Total Return Q2

Strong returns across all styles and factors during Q2 as the markets were "risk on."

Total Return: Core Factors

Q2 2026

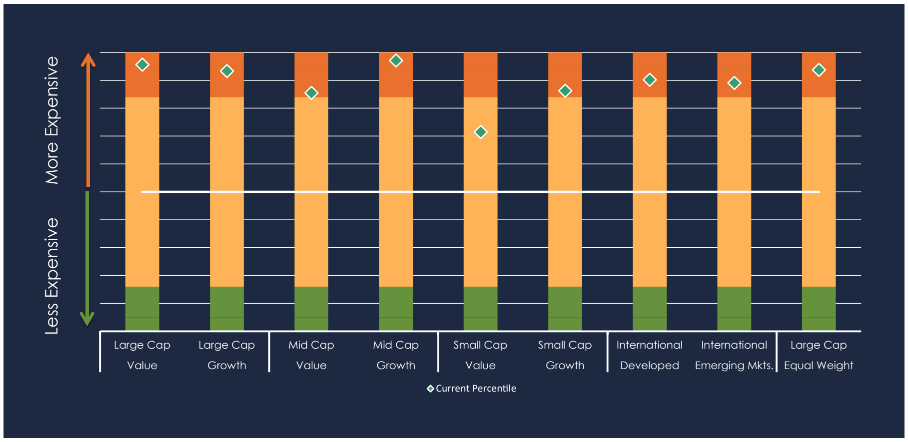


As of June 30, 2026
Source: S&P

Valuations

Large-cap stocks remain expensive relative to history and the most expensive part of the market. Valuations remain above long-term averages for almost all segments.

Equity Asset Classes Value Rank to Own History



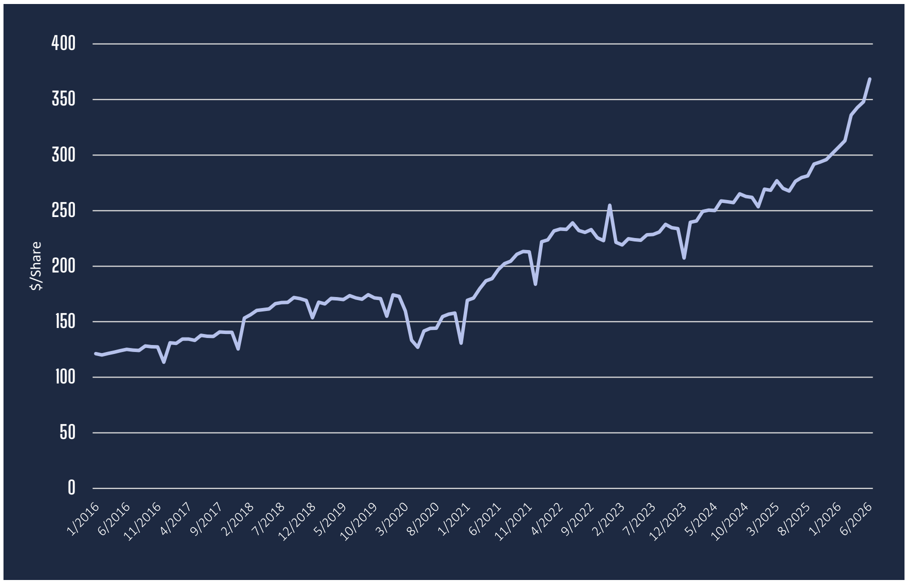
Equally weights price to book (P/B), price to cash flow (P/CF), price to sales (P/S) and P/E and compares to own history.

As of June 30, 2026
Source: BFE, Bloomberg

Earnings

Earnings for U.S. large-cap stocks continue to surprise on the upside, and strong earnings growth is expected to continue. Earnings growth has outpaced gains in share prices resulting in lower P/E ratios versus the beginning of the year.

S&P 500 Composite: Mean EPS Estimate (Current +3 Quarters)
$/Share

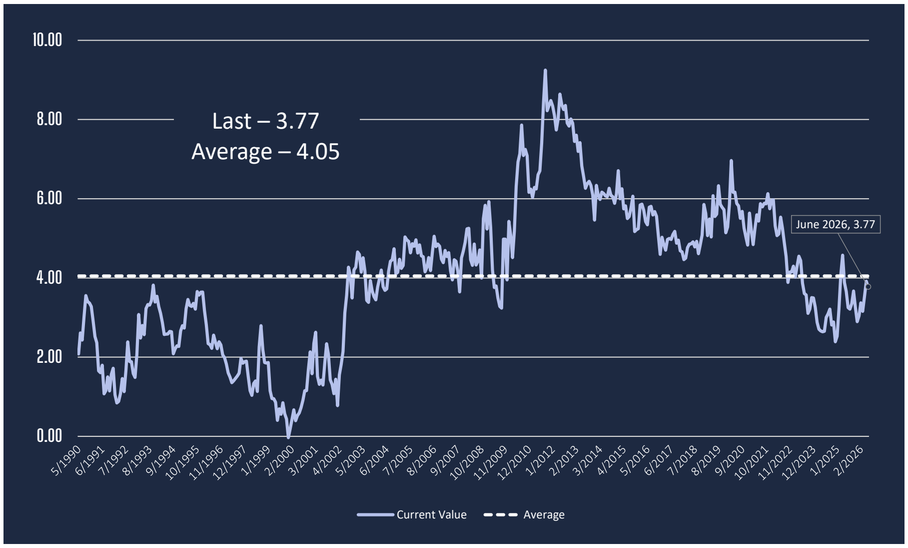


As of June 30, 2026
Source: Haver

Equity Risk Premium

The equity risk premium (ERP) is a valuation metric showing an “expected” return for stocks over bonds. The strength of the market has resulted in the ERP below long-term averages. In recent months, the ERP has increased on falling real yields and a declining P/E due to robust earnings.

Equity Risk Premium
Earnings Yield (1/S&P 500 PE ratio) less Real 10-year Yield (10-Year-Expected Inflation)

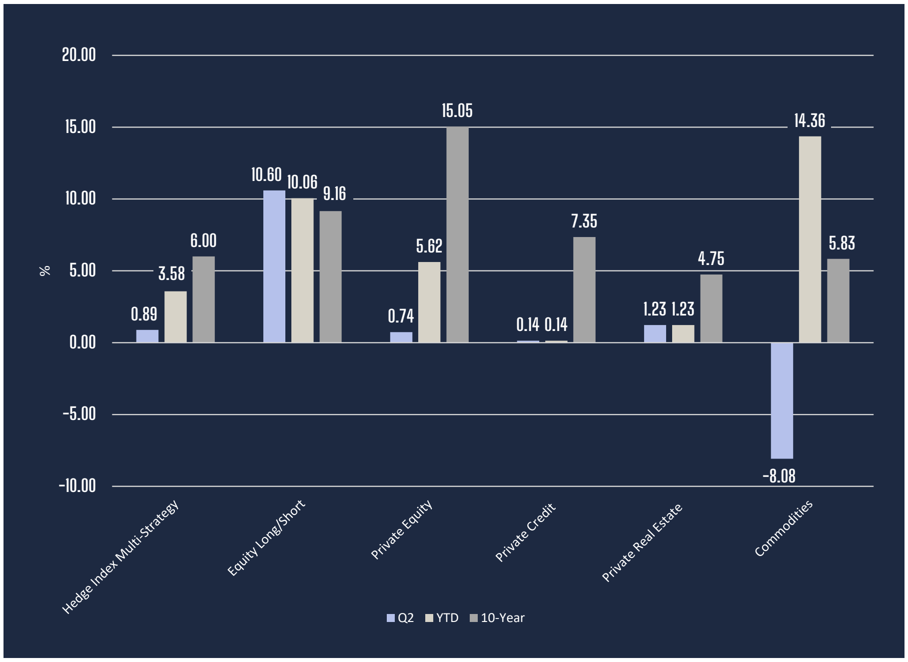


As of June 30, 2026
Source: BFE

Diversifiers

Diversifying asset classes/ strategies performed relatively well to start the year. Hedge fund strategies continue to outpace fixed-income returns.

Diversifier Returns

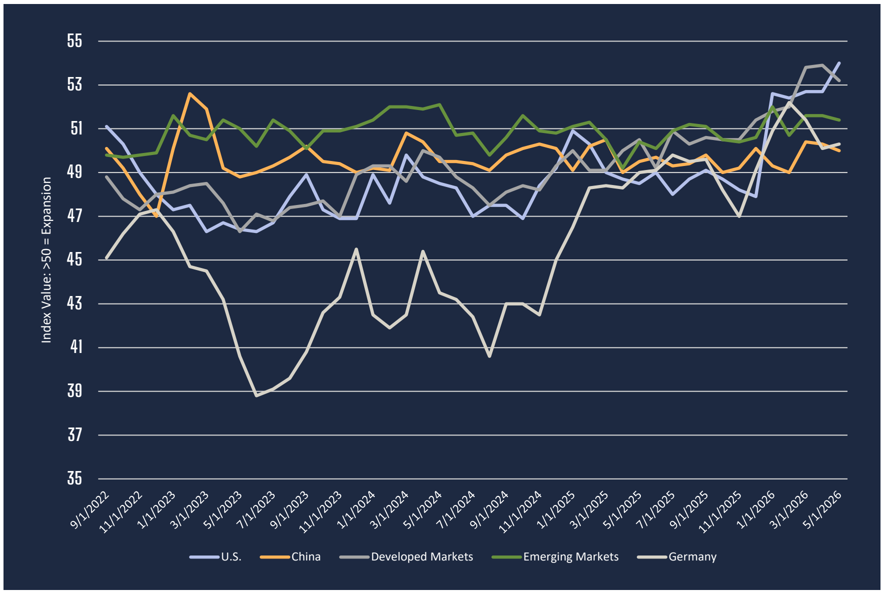


Through Q1. Latest data available
Source: Conway

PMI Composites

The Purchasing Managers Index (PMI) is a survey-based measure of the prevailing direction of trends in the manufacturing sector. Readings >50 equal expansion and <50 contraction. By this measure, global growth has accelerated slightly from the start of the year.

Global Manufacturing Surveys



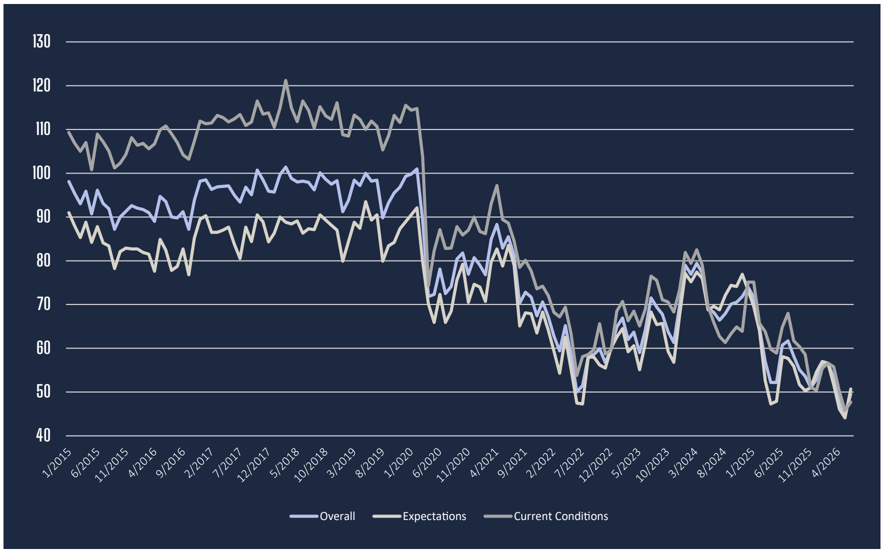
As of June 30, 2026
Source: Bloomberg, Haver

Consumer Sentiment

Consumer sentiment remains very weak despite the strength of the stock market and low unemployment rate.

University of Michigan Consumer Sentiment

Overall, Current Conditions, Future Expectations



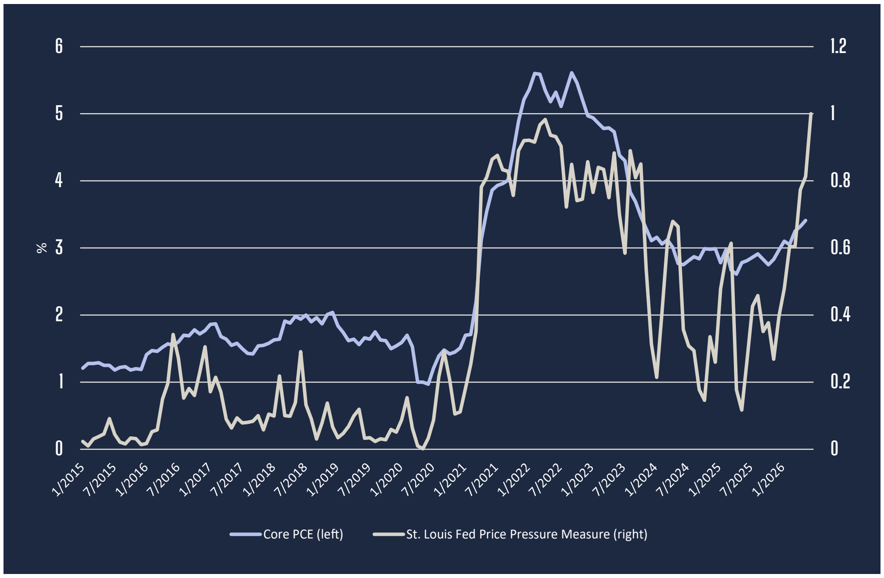
As of June 30, 2026
Source: Haver

Inflation

Inflation remains stubbornly above the Fed's target, and June forecasts indicate a 100% chance it will remain so over the next 12 months.

Core PCE: % Change Year-to-Year

St. Louis Fed Price Pressures Measure: Probability



The St. Louis Fed Price Pressure Measure measures the probability that the expected personal consumption expenditures price index (PCEPI) inflation rate (12-month percent changes) over the next 12 months will exceed 2.5%.

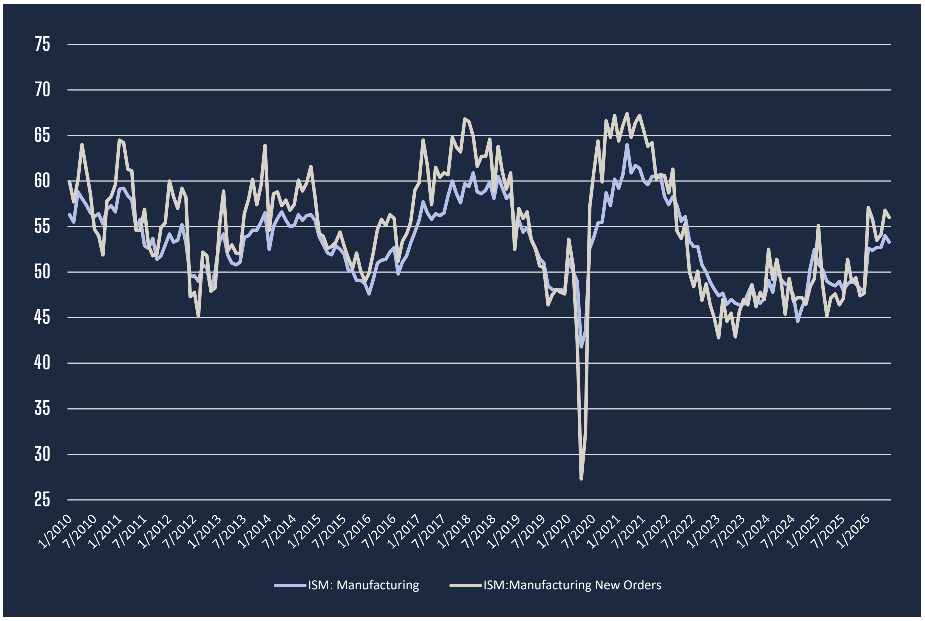
As of June 30, 2026
Source: Haver

Manufacturing

Manufacturing continues to strengthen and is a bright spot in the U.S. economy.

ISM Manufacturing vs. ISM Manufacturing New Orders

<50=Contraction, >50=Expansion

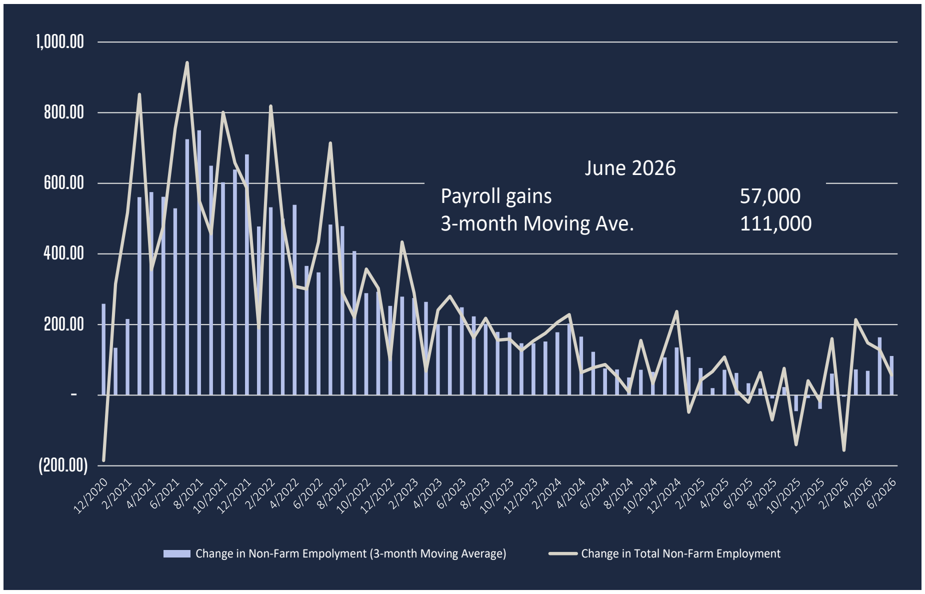


As of June 30, 2026
Source: Haver

Employment

The labor markets have slowed but still have positive momentum.

Nonfarm Payroll Gains



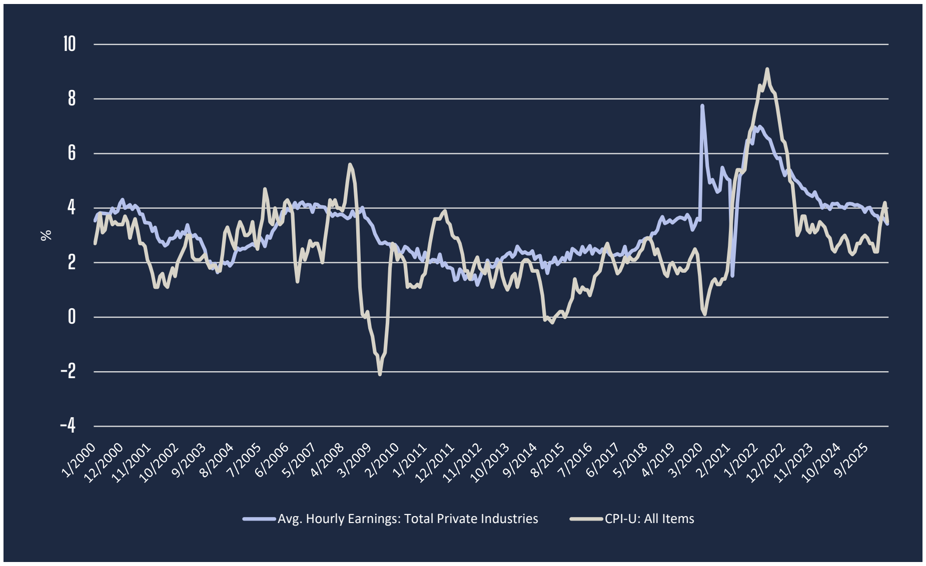
As of June 30, 2026
Source: Haver

Employment

Nominal wage gains have been steady and have moved back in line with inflation after a period of negative real wage growth, straining pocketbooks.

Avg. Hourly Earnings: Prod. & Nonsupervisory: Total Private Industries

Y/Y % Change, CPI-U: All Items, Y/Y % Change



As of June 30, 2026
Source: Haver

Leading Indicators

The index of leading indicators continues to improve.

Composite Index of 10 Leading Indicators

Six-Month % Change-Annual Rate

As of June 30, 2026
Source: Haver

June 30, 2026	MTD	QTD	YTD	1-Year	3-Year	5-Year	10-Year
FIXED INCOME INDICES							
Bloomberg U.S. Treasury Bill 1-3 Month	0.30%	0.92%	1.81%	3.96%	4.74%	3.61%	2.35%
Bloomberg Municipal	0.96%	2.50%	2.32%	7.03%	3.76%	1.05%	2.15%
Bloomberg U.S. Govt/Credit Intermediate	0.08%	0.48%	0.77%	3.14%	4.64%	2.12%	2.00%
Bloomberg U.S. Aggregate	0.24%	0.67%	0.62%	3.79%	4.16%	0.08%	1.54%
Bloomberg U.S. High Yield	0.27%	2.47%	1.96%	5.91%	8.86%	4.17%	5.81%
Bloomberg Global Aggregate	-0.71%	0.87%	-0.21%	0.62%	3.41%	-1.55%	0.38%
U.S. EQUITY INDICES							
DJ Industrial Average	2.71%	13.38%	9.76%	20.65%	17.10%	10.78%	13.68%
S&P 500	-0.95%	15.20%	10.21%	22.32%	20.61%	13.41%	15.51%
NASDAQ Composite (Price)	-2.81%	21.41%	12.79%	28.69%	23.88%	12.57%	18.40%
Russell 1000	-0.50%	15.14%	10.33%	22.02%	20.47%	12.66%	15.30%
Russell 1000 Growth	-2.68%	16.74%	5.33%	17.71%	22.58%	13.71%	18.58%
Russell 1000 Value	2.27%	13.87%	16.26%	27.12%	17.79%	11.17%	11.52%
Russell Mid Cap	3.11%	13.83%	15.30%	21.63%	16.51%	8.50%	12.00%
Russell 2500	3.68%	20.26%	22.71%	36.72%	18.40%	8.30%	12.25%
Russell 2000	3.74%	21.49%	22.57%	40.78%	18.60%	6.98%	11.62%
Russell 2000 Growth	3.55%	25.71%	22.18%	38.74%	18.44%	5.57%	11.97%
Russell 2000 Value	3.97%	17.19%	22.99%	43.01%	18.73%	8.23%	10.89%
Russell 3000	-0.30%	15.44%	10.88%	22.82%	20.36%	12.31%	15.06%
NON-U.S. EQUITY INDICES							
MSCI World	-0.69%	13.90%	9.94%	21.81%	19.76%	11.98%	13.70%
MSCI ACWI	-0.77%	15.06%	11.49%	24.16%	20.22%	11.49%	13.33%
MSCI ACWI Ex-U.S.	-0.56%	14.69%	14.01%	28.27%	19.42%	9.35%	10.46%
MSCI EAFE	0.09%	11.08%	9.84%	20.80%	17.02%	9.60%	10.20%
MSCI Japan	-0.31%	14.24%	15.97%	29.54%	18.90%	9.89%	10.23%
MSCI AC Asia	-0.96%	23.21%	22.91%	40.66%	22.91%	8.64%	10.87%
MSCI ACWI Ex-U.S. Small Cap	-3.80%	9.81%	9.39%	20.35%	16.97%	6.81%	9.57%
MSCI Emerging Markets	-1.36%	24.15%	24.02%	44.18%	23.62%	7.69%	10.52%
MSCI EM Asia	-1.10%	30.26%	28.37%	49.39%	25.87%	8.11%	11.81%
MSCI China	-7.05%	-6.57%	-14.91%	-4.80%	7.96%	-6.46%	4.50%
MSCI EM Eastern Europe	-2.82%	13.97%	14.62%	34.39%	33.49%	-11.68%	0.69%
MSCI EM Latin America	-2.34%	-3.41%	10.75%	32.40%	12.72%	9.56%	7.89%
MSCI EM Small Cap	-2.92%	13.85%	13.09%	21.34%	16.79%	7.67%	9.93%
MSCI Frontier Markets	0.42%	11.37%	10.42%	35.39%	23.90%	9.13%	9.40%
REAL ASSETS INDICES							
FTSE NAREIT Composite	1.53%	10.50%	14.34%	15.33%	10.00%	3.52%	5.78%
Alerian MLP 3	-0.04%	1.39%	18.48%	21.47%	23.12%	20.51%	9.20%
Bloomberg Commodity	-8.54%	-8.08%	14.36%	25.46%	11.69%	9.37%	5.83%
OTHER							
Oil Price Brent Crude	-20.78%	-38.39%	19.84%	7.85%	-0.89%	-0.60%	3.91%
CBOE Market Volatility (VIX)	7.38%	-34.85%	10.03%	-1.67%	6.57%	0.77%	0.51%

Source: Morningstar

The information provided is based on internal and external sources that are considered reliable; however, the accuracy of this information is not guaranteed. This piece is intended to provide accurate information regarding the subject matter discussed. Investing involves risk including the potential loss of principal. No investment strategy, including asset allocation and diversification, can guarantee a profit or protect against loss in periods of declining values. Past performance is no guarantee of future results. Indexes are unmanaged and investors are not able to invest directly into any index. This information does not constitute a solicitation or an offer to buy or sell any security mentioned.

Equity investments refer to buying stocks of U.S. companies as well as companies outside of the U.S. The market capitalization of U.S. companies is used to group large, medium (mid) and small companies. The investment return to the owner of stock (shareholder) is in the form of dividends and/or capital appreciation. Shareholders share in both the upside potential and the downside risk. Dividends are not guaranteed and are subject to change or elimination.

There are special risks associated with an investment in real estate, including credit risk, interest-rate fluctuations and the impact of varied economic conditions. Distributions from REIT investments are taxed at the owner's tax bracket.

The return of principal for bond funds and funds with significant underlying bond holdings is not guaranteed. Fund shares are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings. Lower rated bonds are subject to greater fluctuations in value and risk of loss of income and principal than higher rated bonds. Bond prices fluctuate inversely to changes in interest rates. Therefore, a general rise in interest rates can result in the decline of the value in your investment.

Benjamin F. Edwards® & Co. (BFE) is a dually-registered broker-dealer and investment adviser and member of FINRA and SIPC, and its affiliate Benjamin F. Edwards Wealth Management℠ LLC, d/b/a Edwards Wealth Management℠ (EWM) is an SEC-registered investment adviser. BFE and EWM are affiliates through their common ownership by Benjamin Edwards, Inc. Depending on the context, the name Benjamin F. Edwards® refers to either EWM, BFE or both.

BENJAMIN F. EDWARDS®

One North Brentwood Boulevard | Suite 850 | St. Louis, Missouri 63105 | (855) 382-1600 | benjaminfedwards.com