Allium
FINANCIAL ADVISORS

Capital Market Review

As of June 30, 2026

2Q26 Market Recap

2Q26 Market Recap

After a lackluster first quarter, the U.S. and International stock markets went on a tear during Q2 fueled by improving economic fundamentals, resilient corporate earnings and sustained investor enthusiasm for artificial intelligence-related investments. Macro events, as always, played a role given the ongoing war with Iran and a new Federal Reserve Chairman, Kevin Warsh. When the Strait of Hormuz was open and it seemed unlikely that the Fed would raise rates soon, it looked like a green light to buy stocks.

In the United States and Internationally, small cap stocks outperformed large caps while growth (think Artificial Intelligence or AI) outperformed value. Note that Emerging Markets stocks were the best performing (+24.1% during the quarter).

2Q26

	Value	Core	Growth
S&P 500	15.2%		
Russell 3000	15.4%		
Large	13.9%	15.1%	16.7%
Mid	13.4%	13.8%	14.5%
Small	17.2%	21.5%	25.7%

YTD

	Value	Core	Growth
S&P 500	10.2%		
Russell 3000	10.9%		
Large	16.3%	10.3%	5.3%
Mid	17.6%	15.3%	7.3%
Small	23.0%	22.6%	22.2%

2Q26

	Value	Core	Growth
EAFE	7.5%	10.8%	14.5%
EAFE Small Cap	6.7%	9.0%	11.8%
ACWI ex U.S.	12.2%	14.5%	17.0%
Emerging Mkts	12.7%	24.1%	26.5%

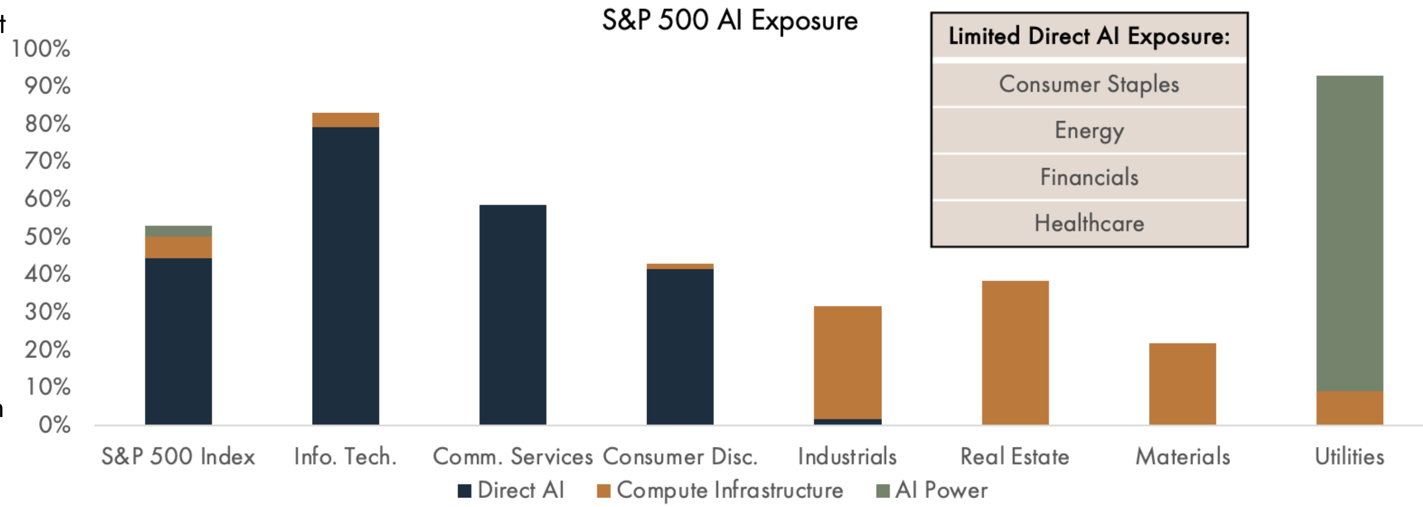
YTD

	Value	Core	Growth
EAFE	9.6%	9.4%	9.1%
EAFE Small Cap	5.6%	7.6%	10.5%
ACWI ex U.S.	14.5%	13.7%	12.8%
Emerging Mkts	23.0%	23.8%	24.6%

AI was an enormous driver of returns during the quarter (and first half of the year). The following graphic (courtesy of LCG Associates) displays the amount of exposure that AI represents within the S&P 500.

Recap continued…

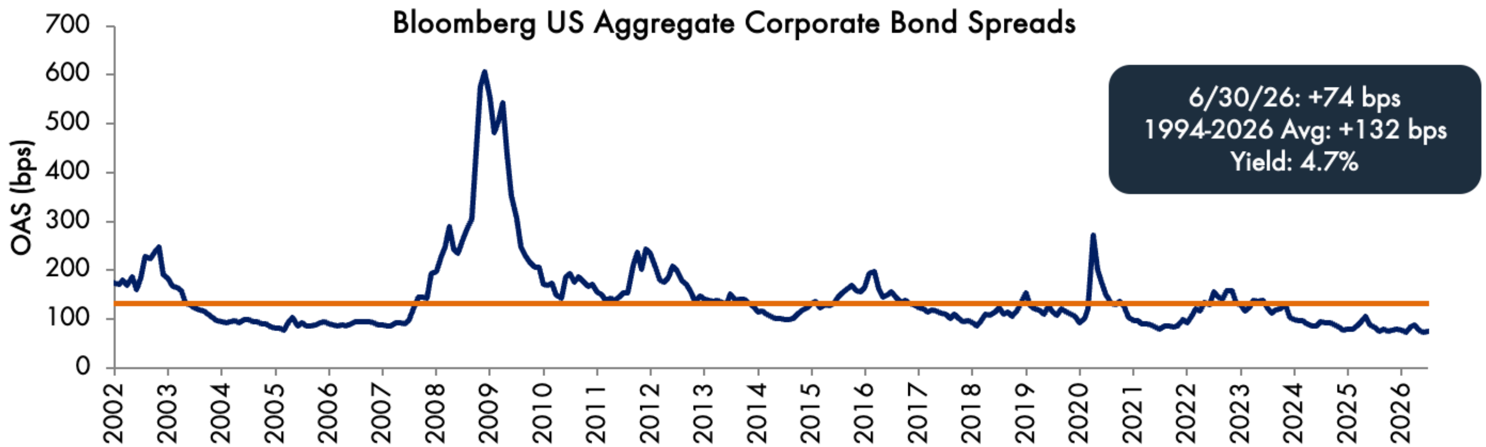
AI is a significant advancement that will transform a plethora of industries and materially impact our daily lives, but the fact that in some form it represents greater than 50% of the S&P 500 is astonishing. It will be interesting to see how it plays out, and we expect there will be many winners and losers. In investing, dispersion provides opportunities



The stock and bond markets constantly move based on a variety of factors. One of the pleasures of our job is studying and finding interesting anecdotes related to the markets. Over time, these anecdotes add up to be valuable lessons that help form portfolio and risk management frameworks and thought processes. We try to share some of what we find interesting during these quarterly updates. Following are three things that caught our attention recently:

1. First week of July 2026 stock market rotation.
    a. During the first half of the year, there were 22 stocks in the S&P 500 whose stock price more than doubled (led by Sandisk +857.8%!). Those 22 stocks, on average, were up 207%. Meanwhile, the rest of the stocks in the index were up on average 6.5%. During the first week of July, the 22 stocks that were up over 100% in the first half of the year, were down, on average, (16.3%).
    b. During the first half of the year, there were 29 stocks in the S&P 500 that fell more than 20%. In the first week of July, 26 of these stocks were up for an average gain of 5.3%.
2. The Japanese Yen fell to a new 40-year low vs. the U.S. Dollar. The main reason is that U.S. interest rates are significantly higher than rates in Japan. This encourages investors to borrow in Yen and invest in higher-yielding Dollar assets (referred to as the “carry trade”).
3. Credit Spreads (Credit spread = corporate bond yield – treasury yield) and PIK (Payment in Kind)

Recap continued...



a. Credit spreads are currently "tight" and have been getting "tighter". While investors continue to earn a higher yield from corporate bonds vs. U.S. treasury bonds, the additional yield from corporate bonds continues to decrease. As illustrated on the following chart, credit spreads tend to "widen" during periods of uncertainty. Notice the 2008 Great Financial Crisis and more recently, 2020 Covid.

b. Payment in Kind (or PIK). In the credit markets, a PIK security allows the borrower to pay interest with additional debt (or additional securities) instead of cash for a period. Studying corporate finance in the 1980s, we were taught that when a company can't pay interest in cash and starts paying via PIK, it was an indicator of distress. However, we learned something new recently. In Private Equity and Leveraged Finance, now there is "good PIK" and "bad PIK". "Good PIK" is an informal term used to describe PIK interest that is viewed as supporting value creation rather than masking financial distress. Example: a software company growing revenue at 30% annually borrows money with the option to pay in cash or PIK. They elect to use PIK while investing heavily in AI infrastructure and customer acquisition. If these investments payoff, the PIK is considered "good". That sounds good, but it gives us pause, as the company is simply increasing its leverage. If the investments in AI infrastructure and customer acquisition don't pay off, then the lender is susceptible to greater losses (as it never collected any cash interest payments on the loan) and it quickly turns into "bad PIK".

Strong performance in the capital markets is always welcome! We strive to participate in these environments, keep a keen eye on potential risks while managing portfolios in a disciplined manner. On the following pages, please see our Quarterly Capital Markets Review. Reach out anytime with questions or if we can be of service.

Scott Thompson, CIO and your Allium Team

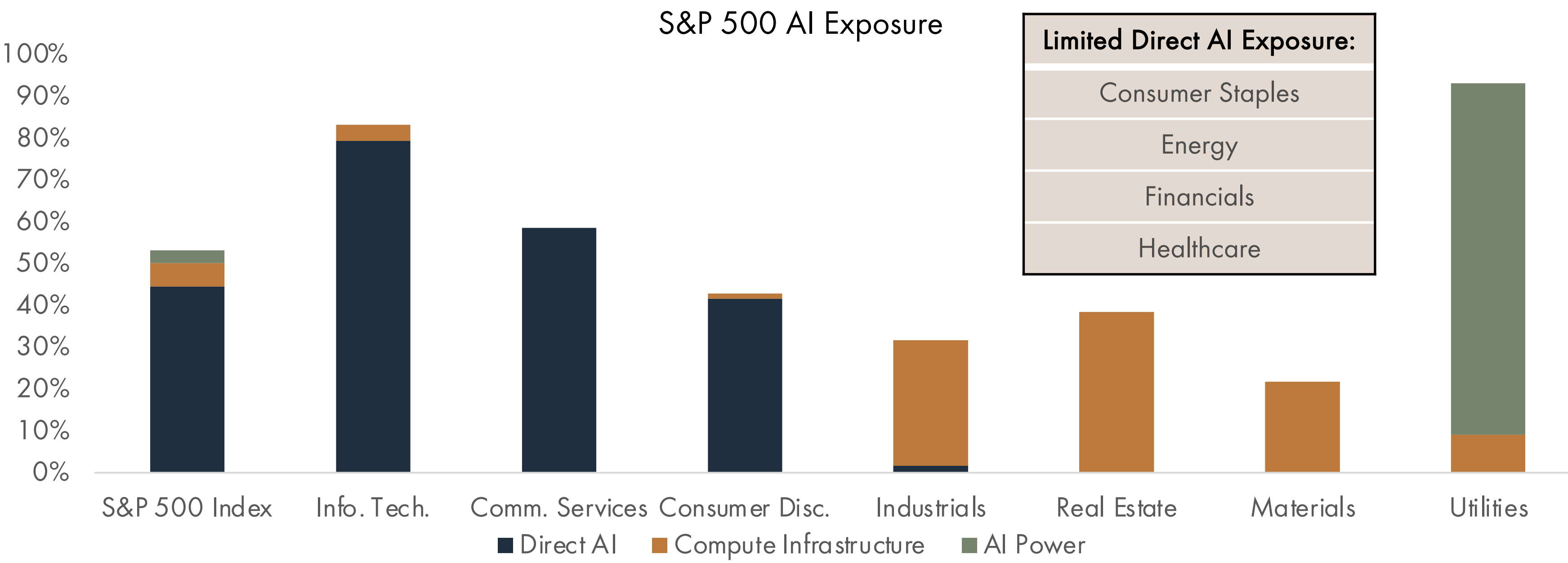
Market Dashboard[1] – As of June 30, 2026

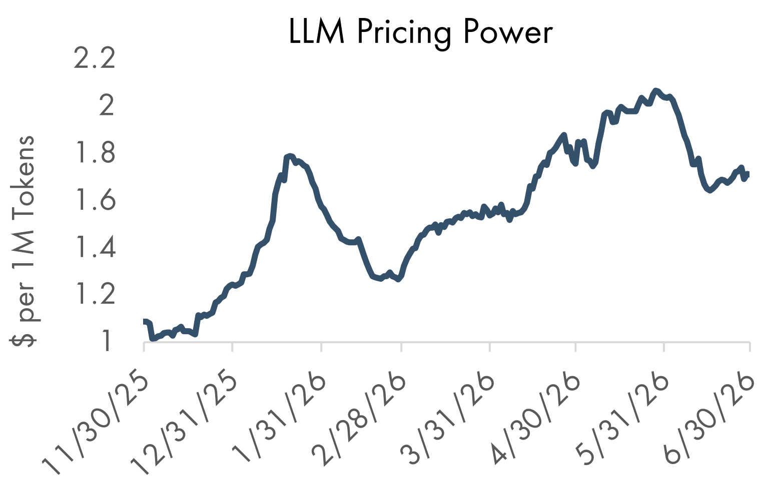
Asset Class	Quarterly Commentary	2Q26	1-Yr
Domestic Equity *(S&P 500 Index)*	• U.S. stocks rebounded sharply in Q2, as easing tensions in the Middle East, resilient corporate earnings, and continued AI-related spending fueled a broad risk-on rally. The S&P 500 had its best quarter since the COVID rebound in 2Q 2020. • The S&P 500 Index's heavy concentration in mega-cap technology names continued to drive headline returns. • Information Technology and Industrials led all sectors, supported by strong earnings and AI-related capital spending. Energy was the weakest performer.	15.2%	10.2%
International Equity *(EAFE Index)*	• International developed stocks posted strong gains in Q2 but trailed U.S. stocks. Japan continued its momentum, while Southern Europe was a bright spot. The U.K. trailed other European markets with weaker growth and tighter policy.	10.8%	9.4%
Emerging Market Equity *(MSCI Emerging Markets Index)*	• Emerging markets outperformed both U.S. and international developed markets in Q2, driven by AI and semiconductor-fueled rallies in South Korea and Taiwan. India also posted gains, while China and Brazil declined.	24.1%	23.8%
Fixed Income *(Bloomberg U.S. Aggregate Index)*	• The Agg posted a modest gain in Q2 as coupon income offset a rise in yields. The Fed held rates steady but adopted a more hawkish tone amid economic resilience and sticky inflation, with markets pricing in a possible hike rather than cuts during 2026. The 2-year Treasury yield rose 38 basis points as rate expectations shifted, while the 10-year climbed to 4.47% by quarter end. • Corporate bonds outperformed as credit spreads tightened alongside the stock rally. High Yield and Municipals posted strong gains during the quarter.	0.7%	0.6%
Interest Rates	• The Fed held rates steady, keeping the target range at 3.50%-3.75%. Kevin Warsh assumed Fed Chair role. • The 10-year yield rose 0.15%, (15 basis points) over the quarter, from 4.32% to 4.47%		

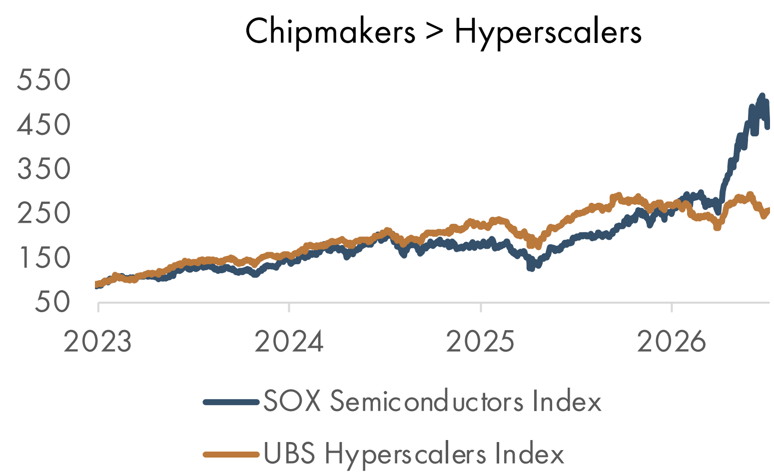
Currencies	USD/EUR	USD/JPY	USD/GBP	USD/CNY	USDX (DXY)
2Q26	1.1%	2.4%	(-1.3%)	(1.6%)	1.2%
YTD	2.8%	3.7%	1.6%	(2.9%)	2.9%

[1]LCG Associates

~~Software~~ AI is eating the world

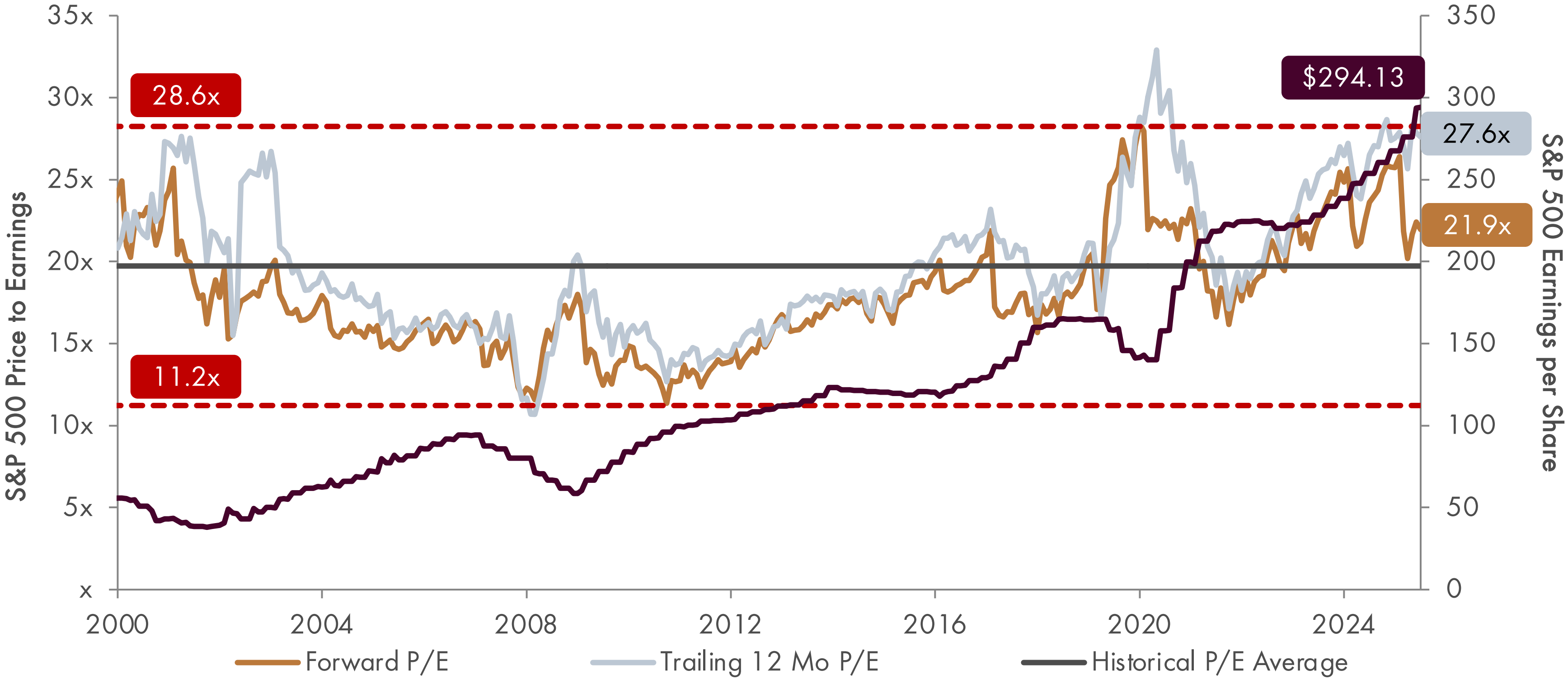






Source: Bloomberg

U.S. Stock Market – Historical Valuation and Sensitivity



S&P 500 Index

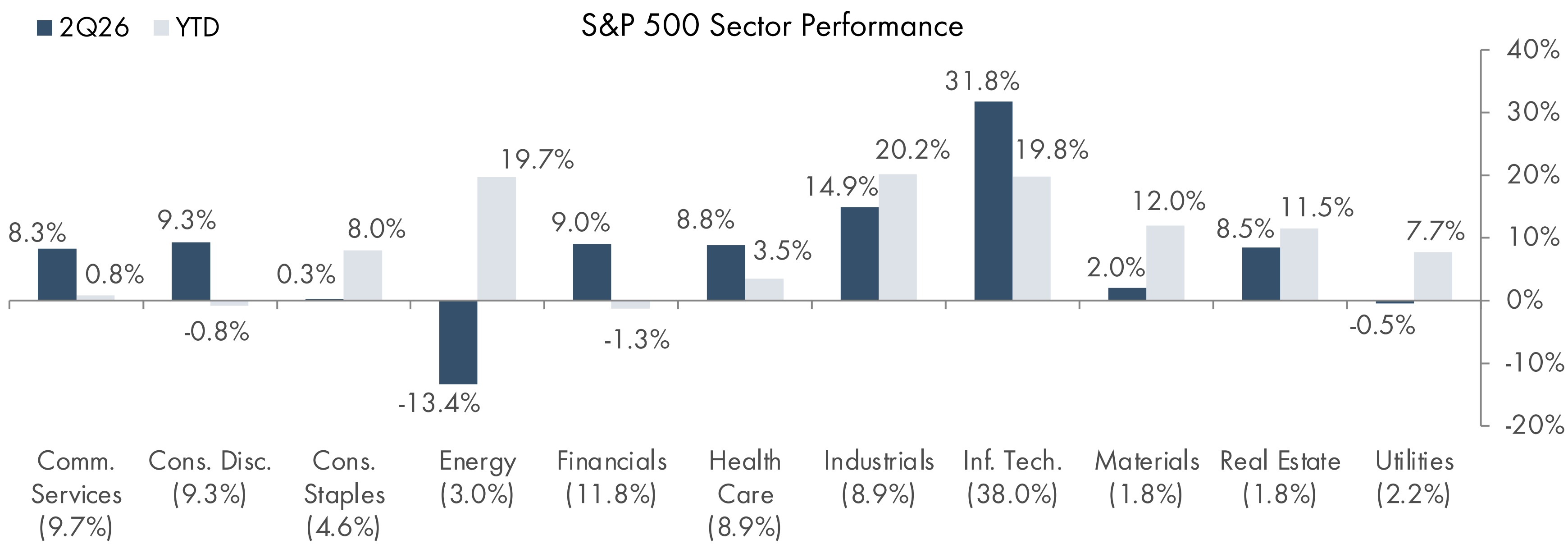
	Price	Trailing P/E
June 30, 2026	7,499.36	27.6x
June 2, 2026	7,609.78 (all time high)	28.0x
November 4, 2016	2,085.18 (10-year low)	19.3xx

S&P 500 Equal Weight Index

	Price	Trailing P/E
June 30, 2026	8,626.64	22.0x
June 29, 2026	8,636.71 (all time high)	21.1x
March 23, 2020	2,921.93 (10-year low)	11.5x

Source: Bloomberg; [1]3/31/26 EPS at given growth rate

U.S. Stock Market – sector and style



2Q26

	Value	Core	Growth
S&P 500	15.2%		
Russell 3000	15.4%		
Large	13.9%	15.1%	16.7%
Mid	13.4%	13.8%	14.5%
Small	17.2%	21.5%	25.7%

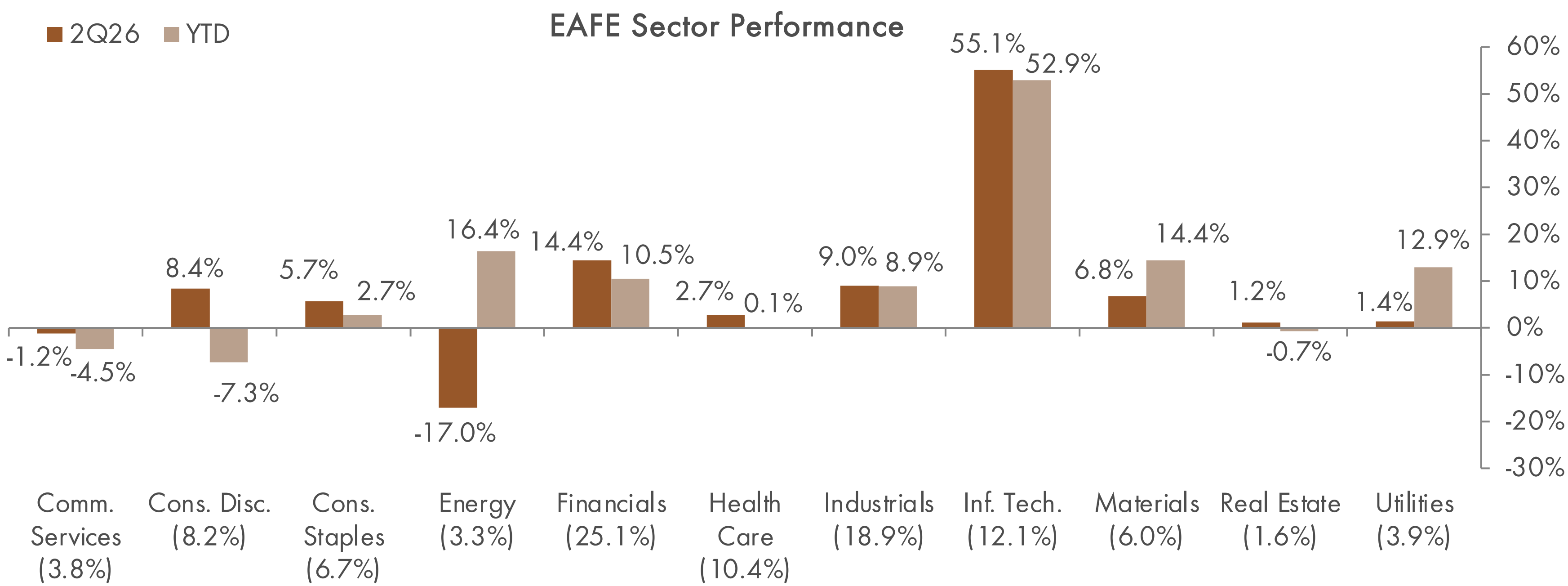
YTD

	Value	Core	Growth
S&P 500	10.2%		
Russell 3000	10.9%		
Large	16.3%	10.3%	5.3%
Mid	17.6%	15.3%	7.3%
Small	23.0%	22.6%	22.2%

-5% 0% +5%

Source: Bloomberg, S&P, Russell

International Stock Market – sector and style



2Q26

	Value	Core	Growth
EAFE	7.5%	10.8%	14.5%
EAFE Small Cap	6.7%	9.0%	11.8%
ACWI ex U.S.	12.2%	14.5%	17.0%
Emerging Mkts	12.7%	24.1%	26.5%

YTD

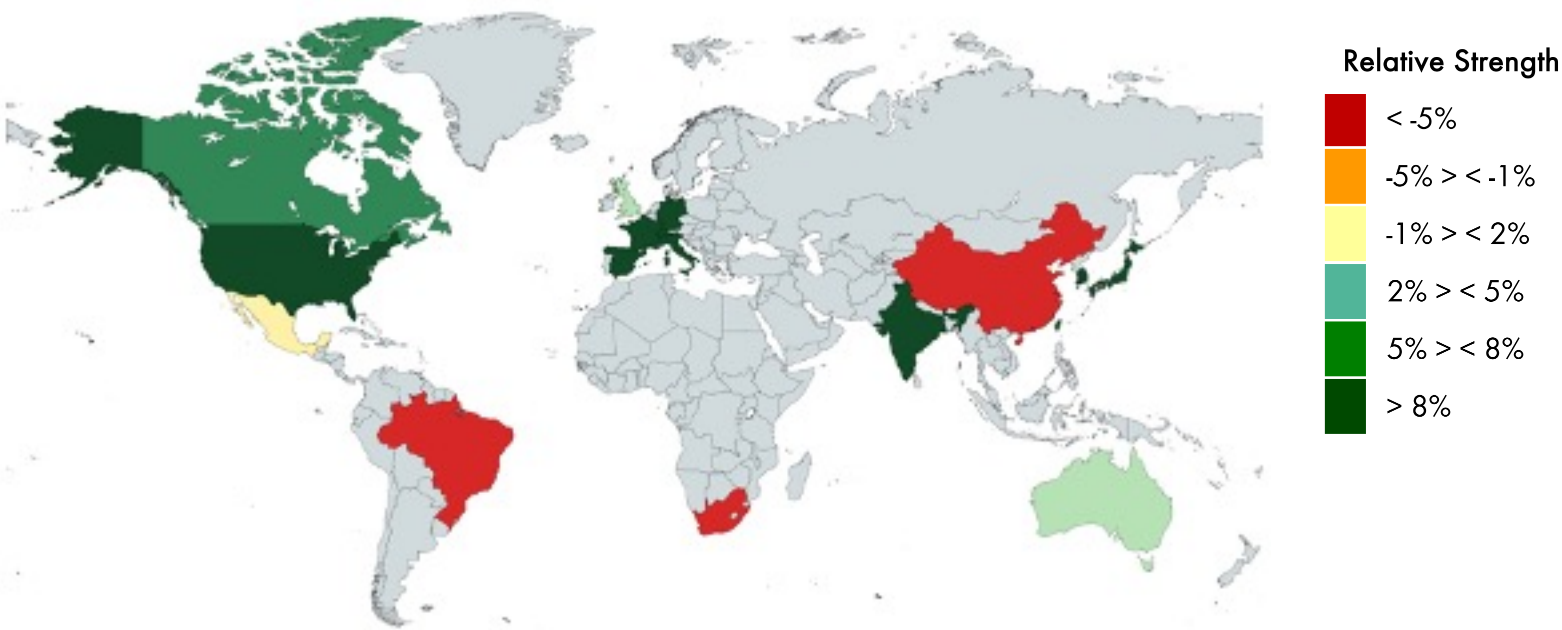
	Value	Core	Growth
EAFE	9.6%	9.4%	9.1%
EAFE Small Cap	5.6%	7.6%	10.5%
ACWI ex U.S.	14.5%	13.7%	12.8%
Emerging Mkts	23.0%	23.8%	24.6%

-5% 0% +5%

Source: Bloomberg, MSCI

Global stock returns

Second Quarter Relative Strength

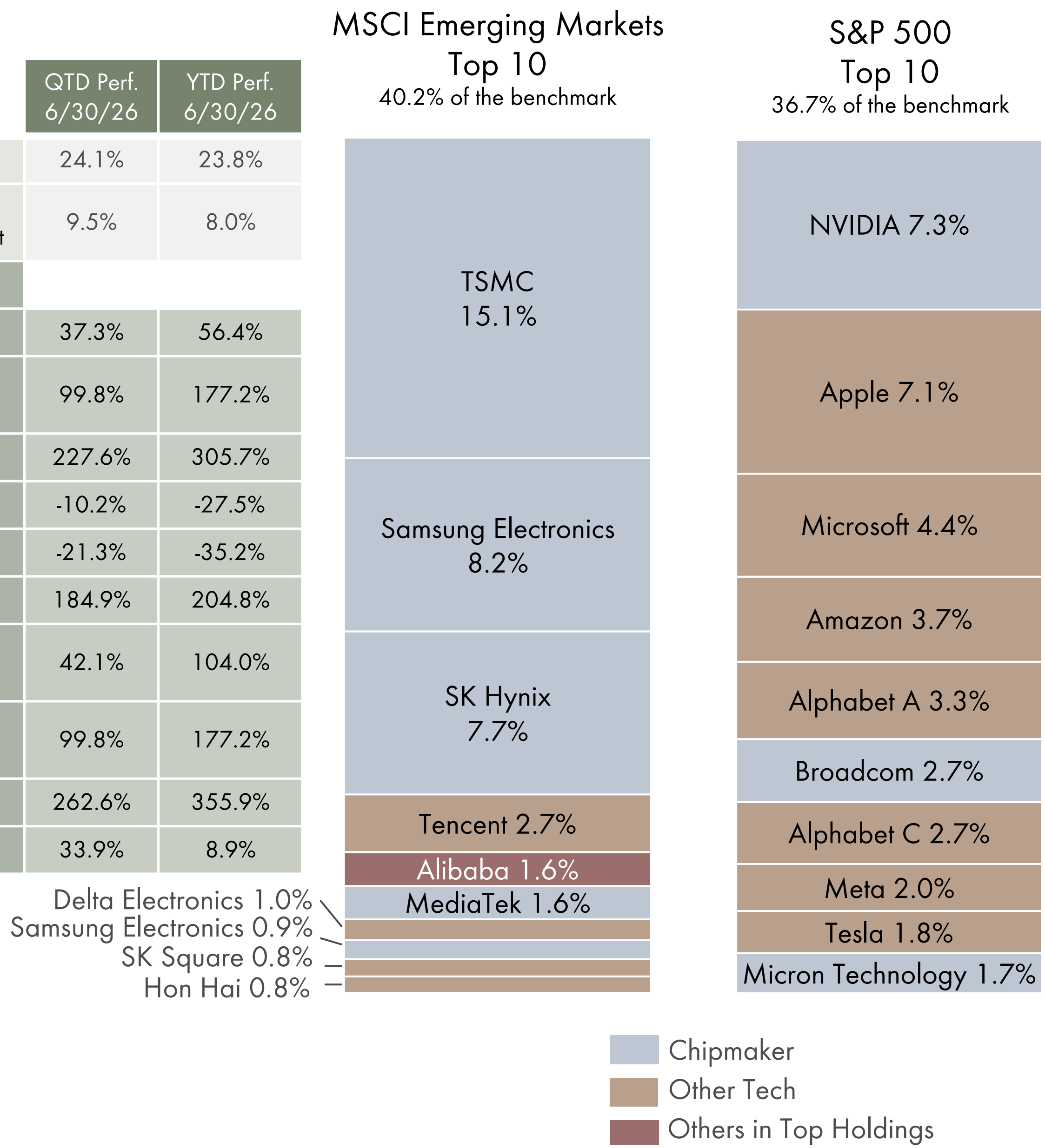


	2Q26		YTD	
	Local Return	USD Return	Local Return	USD Return
International Developed Markets Index				
MSCI EAFE Index	11.5%	10.8%	11.7%	9.4%
Emerging Markets Index				
MSCI EM Index	24.1%	24.1%	26.8%	23.8%

Source: Bloomberg, mapchart.net

Index concentration abroad

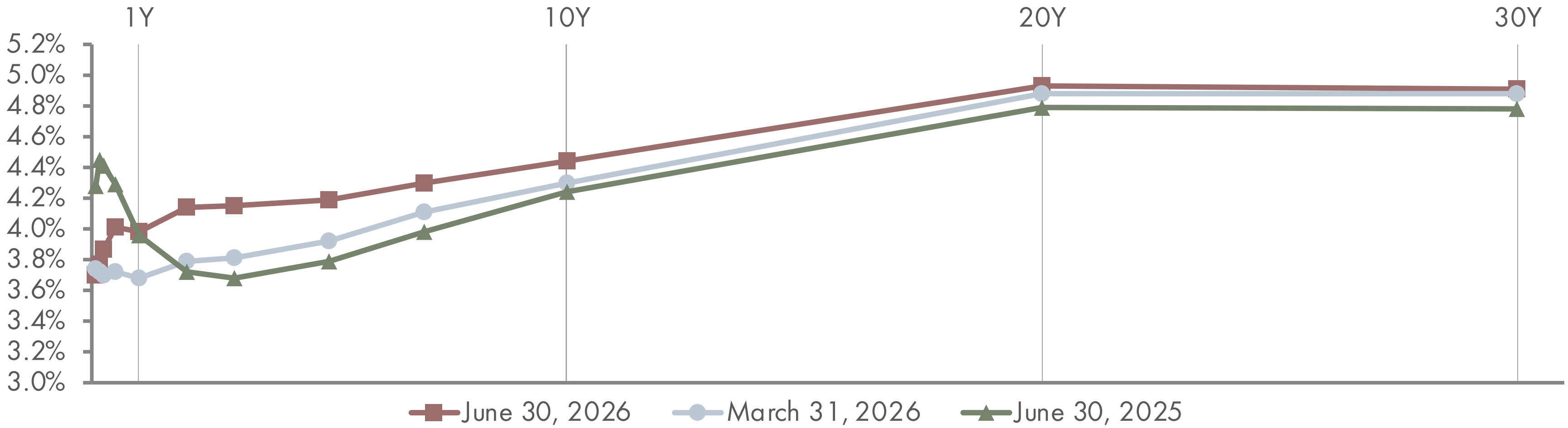
	QTD Perf. 6/30/26	YTD Perf. 6/30/26
MSCI EM	24.1%	23.8%
MSCI EM Equal Weight	9.5%	8.0%
Top 10 :		
TSMC	37.3%	56.4%
Samsung Electronics	99.8%	177.2%
SK Hynix	227.6%	305.7%
Tencent	-10.2%	-27.5%
Alibaba	-21.3%	-35.2%
MediaTek	184.9%	204.8%
Delta Electronics	42.1%	104.0%
Samsung Electronics	99.8%	177.2%
SK Square	262.6%	355.9%
Hon Hai	33.9%	8.9%

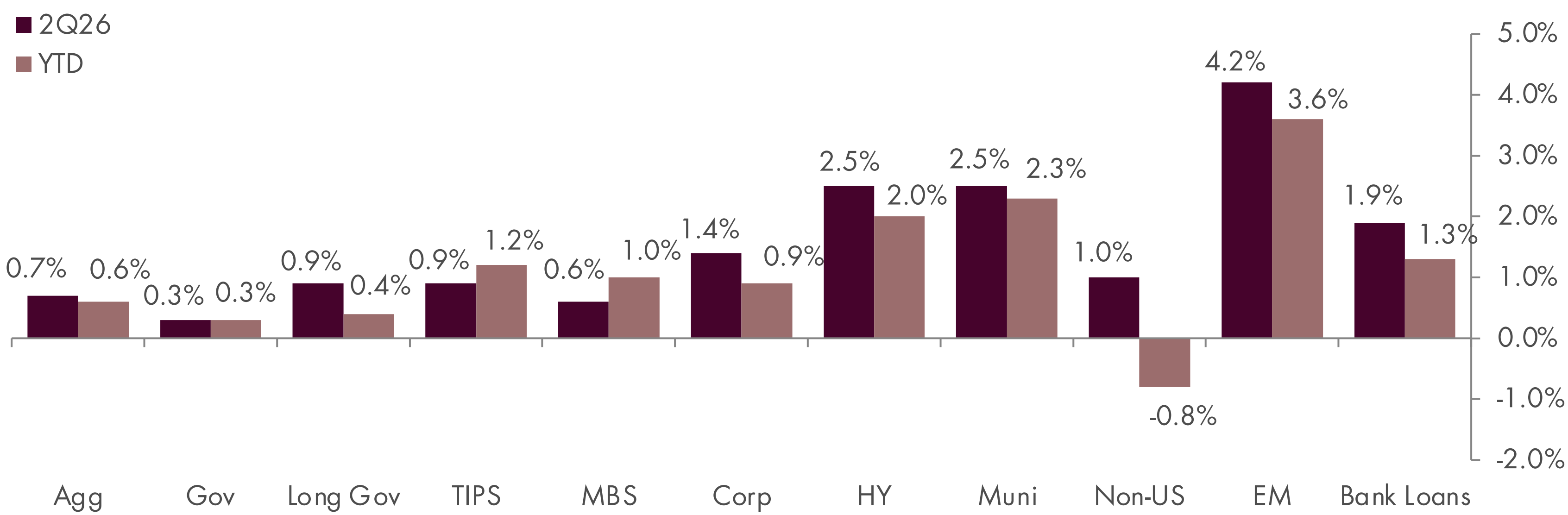


	QTD Perf. 6/30/26	YTD Perf. 6/30/26
S&P 500	15.2%	10.2%
S&P 500 Equal Weight	11.4%	12.1%
Top 10 :		
NVIDIA	14.9%	6.8%
Apple	14.1%	6.2%
Microsoft	1.0%	-23.1%
Amazon	14.4%	2.5%
Alphabet A	24.4%	14.0%
Broadcom	22.3%	8.4%
Alphabet C	23.2%	12.5%
Meta	-1.5%	-15.3%
Tesla	13.1%	-7.4%
Micron Technology	239.5%	294.6%

Source: Bloomberg

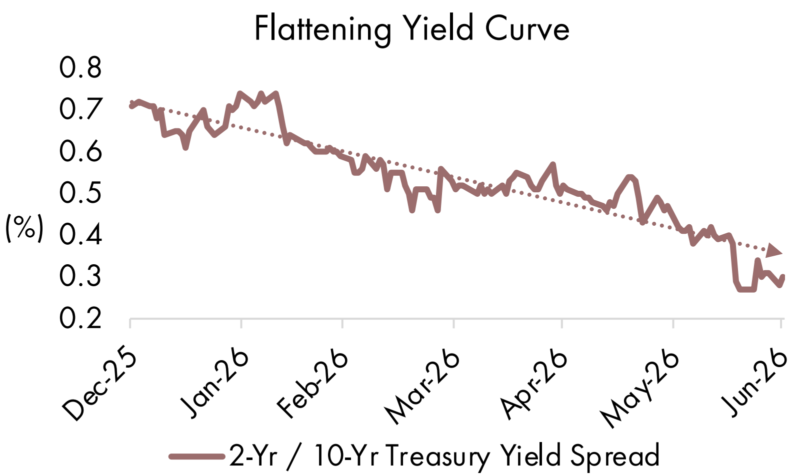
Treasury yield curve and bond sector returns

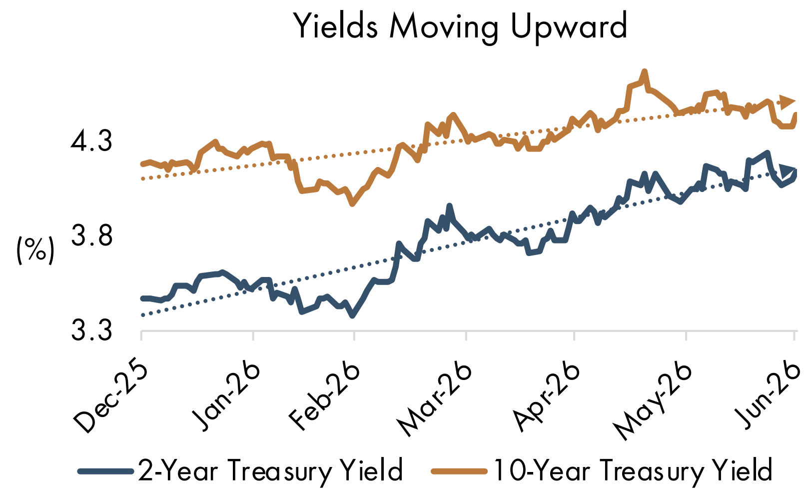


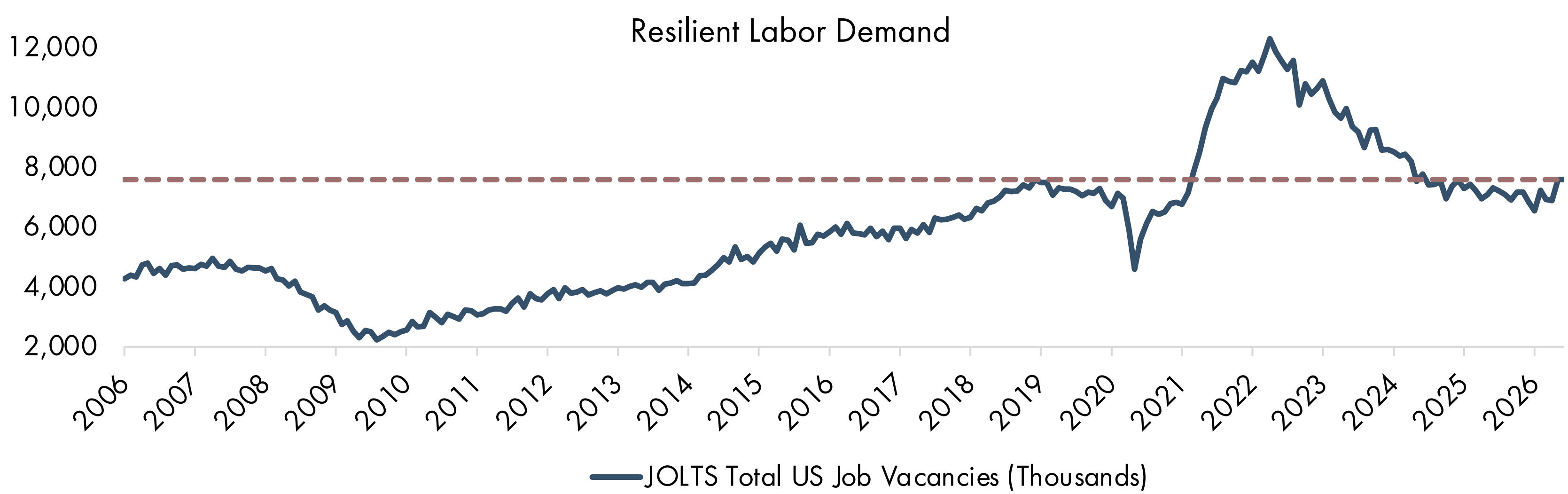


Source: U.S. Treasury, Bloomberg

Short end may be higher for longer

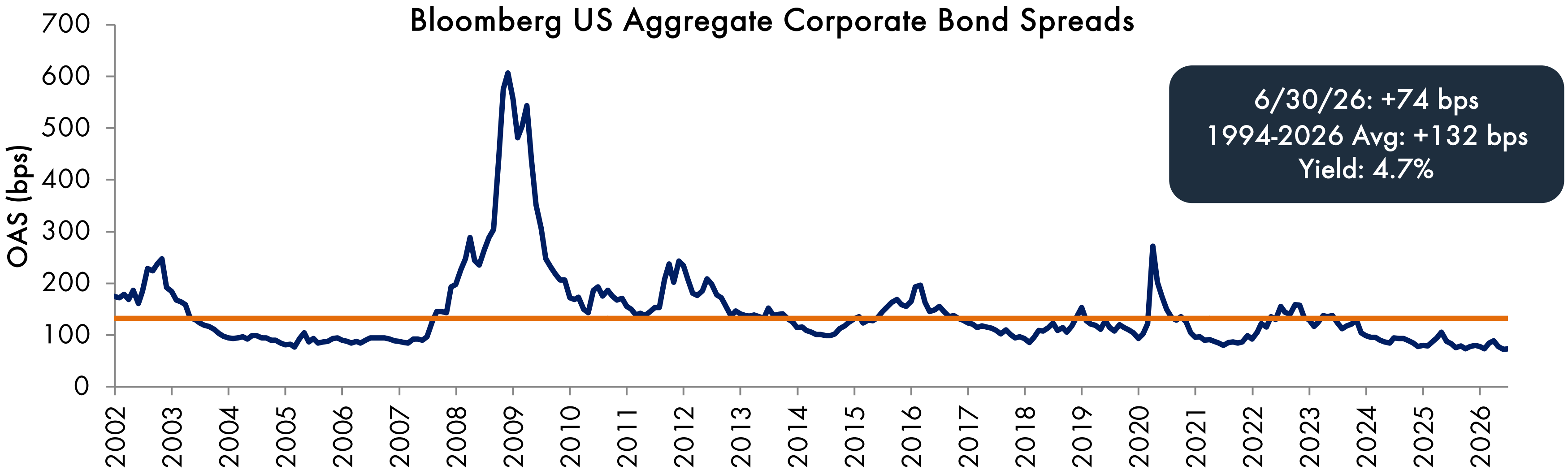


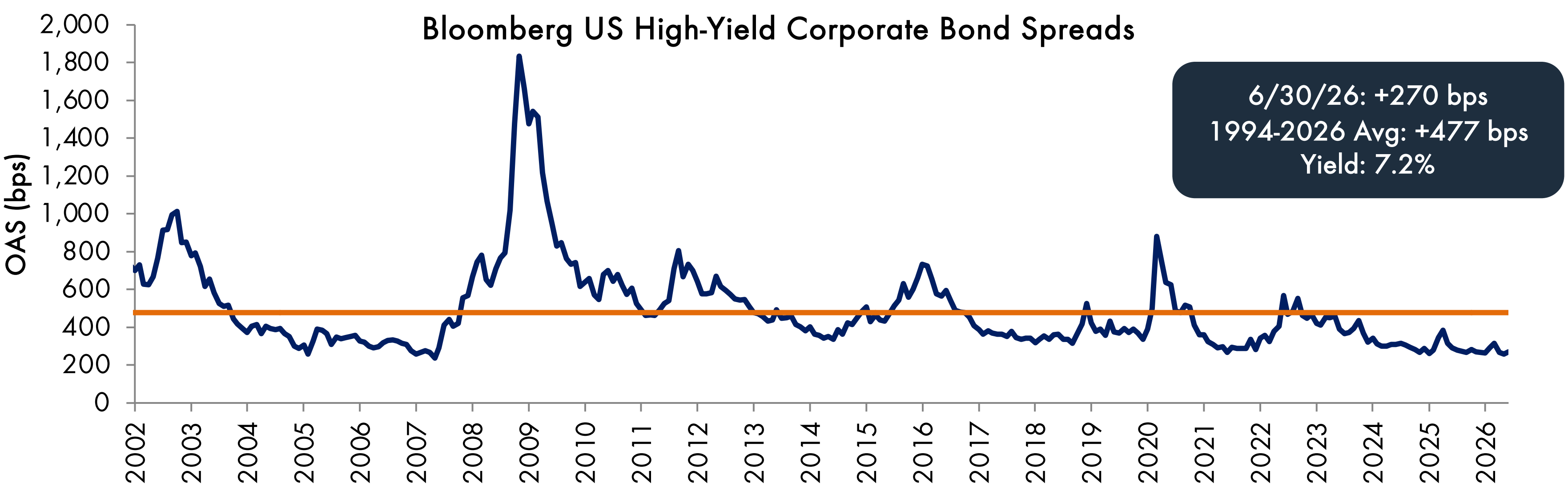




Source: U.S. Treasury, Bloomberg

Bond yield spreads





Source: Bloomberg

Tactical positioning 2Q26

Asset Class	Underweight Overweight Neutral to Target	Comments
Cash	Neutral	Consider Treasury Bills/Notes
Short Term	Neutral	
Total Return	Underweight	Duration risk not being rewarded; consider global bonds; underweight high-yield as spreads are historically tight
Credit Alternatives	Overweight	Spreads are significantly wider than traditional bonds
Large Cap	Neutral	
Mid Cap	Neutral	
Small Cap	Neutral	
International	Neutral	
Emerging Markets	Neutral to Underweight	Expect continued higher volatility
Growth Alternatives	Neutral to Overweight	High stock valuations and tight credit spreads could provide pockets of dislocation
Private Equity	Neutral	Merger and acquisition activity has grown; IPO markets are seeing better momentum; exit activity has picked up
Private Real Estate	Neutral	Could help protect against inflation; potential pockets of dislocation

Annual Total Returns of Key Asset Classes as of 2Q26

	2017	2018	2019	2020	2021	2022	2023	2024	2025	YTD 2026	15 Year Annlzd
Best	Emg Mkts 37.3	Inflation 1.9	US Large Cap 31.5	US Small Cap 20.0	Real Estate 41.3	Inflation 6.5	US Large Cap 26.3	US Large Cap 25.0	Emg Mkts 33.6	Emg Mkts 23.8	US Large Cap 14.4
	Intl Stocks 27.2	US Bonds 0.0	US Mid Cap 30.5	US Large Cap 18.4	US Large Cap 28.7	Growth Alts -5.8	US Mid Cap 17.2	US Mid Cap 15.3	Intl Stocks 32.4	US Small Cap 22.6	US Mid Cap 11.6
	US Large Cap 21.8	Real Estate -4.0	Real Estate 28.7	Emg Mkts 18.3	US Mid Cap 22.6	US Bonds -13.0	US Small Cap 16.9	Growth Alts 14.8	US Large Cap 17.9	US Mid Cap 15.3	US Small Cap 10.5
	US Mid Cap 18.5	US Large Cap -4.4	US Small Cap 25.5	US Mid Cap 17.1	US Small Cap 14.8	Intl Stocks -16.0	Intl Stocks 15.6	US Small Cap 11.5	US Small Cap 12.8	Real Estate 14.9	Real Estate 8.0
	US Small Cap 14.6	Growth Alts -4.6	Intl Stocks 21.5	Intl Stocks 10.7	Growth Alts 8.3	US Mid Cap -17.3	Real Estate 11.4	Emg Mkts 7.5	US Mid Cap 10.6	Intl Stocks 13.7	Intl Stocks 6.5
	Growth Alts 13.4	US Mid Cap -9.1	Emg Mkts 18.4	Growth Alts 7.9	Intl Stocks 7.8	US Large Cap -18.1	Growth Alts 10.9	Intl Stocks 5.5	Growth Alts 10.3	US Large Cap 10.2	Emg Mkts 5.2
	Real Estate 8.7	US Small Cap -11.0	Growth Alts 12.2	US Bonds 7.5	Inflation 7.0	Emg Mkts -20.1	Emg Mkts 9.8	Real Estate 4.9	US Bonds 7.3	Growth Alts 7.3	Growth Alts 5.1
	US Bonds 3.5	Intl Stocks -14.2	US Bonds 8.7	Inflation 1.4	US Bonds -1.5	US Small Cap -20.4	US Bonds 5.5	Inflation 2.9	Inflation 2.7	Inflation 3.1	Inflation 2.6
Worst	Inflation 2.1	Emg Mkts -14.6	Inflation 2.3	Real Estate -5.1	Emg Mkts -2.5	Real Estate -24.9	Inflation 3.4	US Bonds 1.3	Real Estate 2.3	US Bonds 0.6	US Bonds 2.3

Source: Morningstar

Important Disclosures

- These materials have been prepared exclusively for a presentation and may not be distributed in whole or in part to any other person without the express written consent of Allium Financial Advisors, LLC.

- Statements within this presentation should not be construed as guarantees, warranties or predictions of future events, portfolio allocations, portfolio results, investment returns, or other outcomes. None of the material contained in this presentation is intended as a solicitation or offer to purchase or sell a specific stock.

- ***Past performance of indexes does not guarantee future results.*** Future returns may differ significantly from the past due to materially different economic and market conditions and other factors.

- Investment advisory services offered through Allium Financial Advisors, LLC, a Registered Investment Adviser with the U.S. Securities and Exchange Commission. This material is intended for informational purposes only. It should not be construed as legal or tax advice and is not intended to replace the advice of a qualified attorney or tax advisor.

- The information contained may have been compiled from third party sources and is believed to be reliable, but no independent verification of such information has been undertaken.