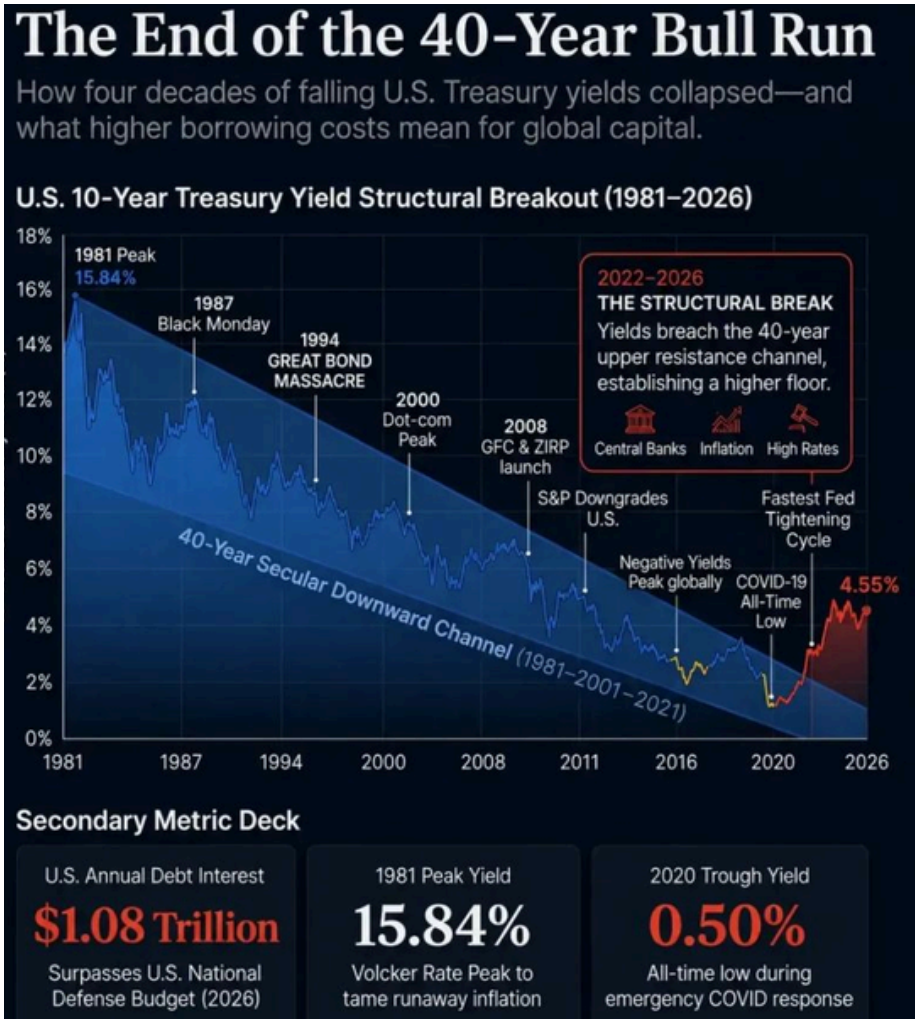
AUGUST 2026
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QUINCY WELLS CAPITAL

POWERED BY PANORAMA FINANCIAL GROUP





The bond market is signaling trouble ahead. This is why you should pay attention.

Why are bond prices falling?

In a very simplistic way, bond prices are falling because investors are mainly concerned about two things.

This week, the U.S. government tried to buy back its own debt to prop up the price. The bond vigilantes paid little attention to it.

What Happened:
The 30-year Treasury yield hit 5.34% on Tuesday, the highest level since 2007. Two factors pushed yields higher. First, supply: the deficit keeps growing and hyperscalers are issuing record debt to fund AI buildouts, so there's simply more government and corporate debt competing for the same pool of buyers than usual. More bonds chasing the same buyers means buyers can demand a better deal. Second, inflation: Anyone lending money for 20-30 years at a fixed rate wants extra compensation if they expect inflation to stay elevated the whole time, since it erodes what they're eventually paid back.

August Investments & Strategies Letter "A Collection of Research and Resources"

Today's investors are hungry for knowledge and looking for unique and diverse investment opportunities. Whether you are seeking differentiated alternative investments for income and/or growth, the Quincy Wells Capital Alternatives platform is built to support your goals. For high-income earners, effective tax mitigation strategies focus on income deferral, proactive deductions, and strategic investments.

THIS MONTH'S HIGHLIGHTS

See "Something to Consider" on Page 3
"Roth Conversion Strategies"

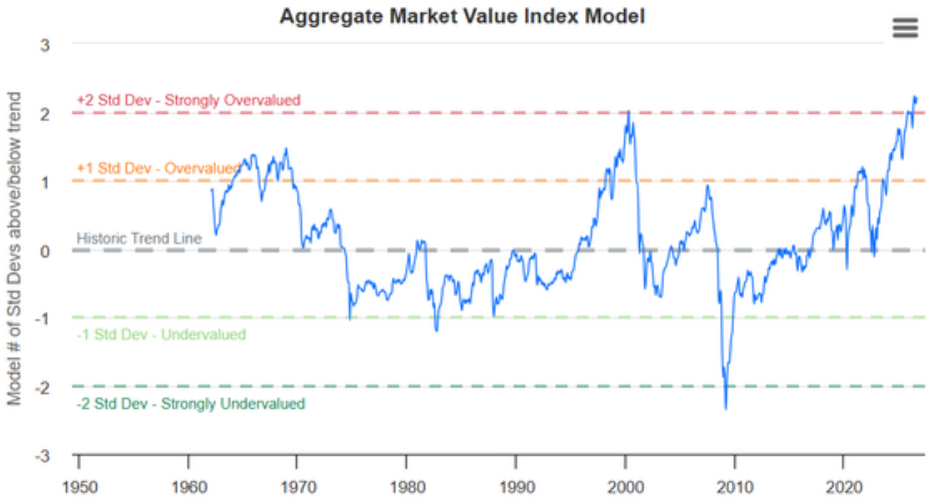
Note: Content compiled as of August 20, 2026, 6:00 p.m. CT

As the curator of much of the content in this monthly newsletter, I have always emphasized the importance of: "AWC" - "Always Watch Credit." Credit is the lubricant of the "invest, trade, develop, build" engine. The cost of capital has increased for all borrowers.

- Could that be the sound of cracking ice? The yield on 30-year U.S. Treasuries hit the highest in almost two decades, perhaps reflecting the continuing surge in government red ink, a flood of long-dated bond sales and rising inflation that has remained above the Federal Reserve's target for five years running. Bloomberg outlines how the U.S. Bond Sell-off Drives 30-Year Yields to Highest Since 2007.
- The U.S. consumer (**see pg.4**) has displayed remarkable resilience this year, but that resilience may soon be put to the test. Several economists warn of a distinct consumer spending slowdown as tax refund boost fades. High rates raise borrowing costs and inflation continues to pick the consumer's pocket.

MARKETS REVIEW & SUMMARY:
AUGUST 2026

The Aggregate U.S. Equity Market Value Index model (AMVI) is a composite index of several of "Current Market Valuation" models, providing a high-level view of current U.S. stock market prices relative to historical valuation trends. This provides an idea of how overbought or oversold the market may be.

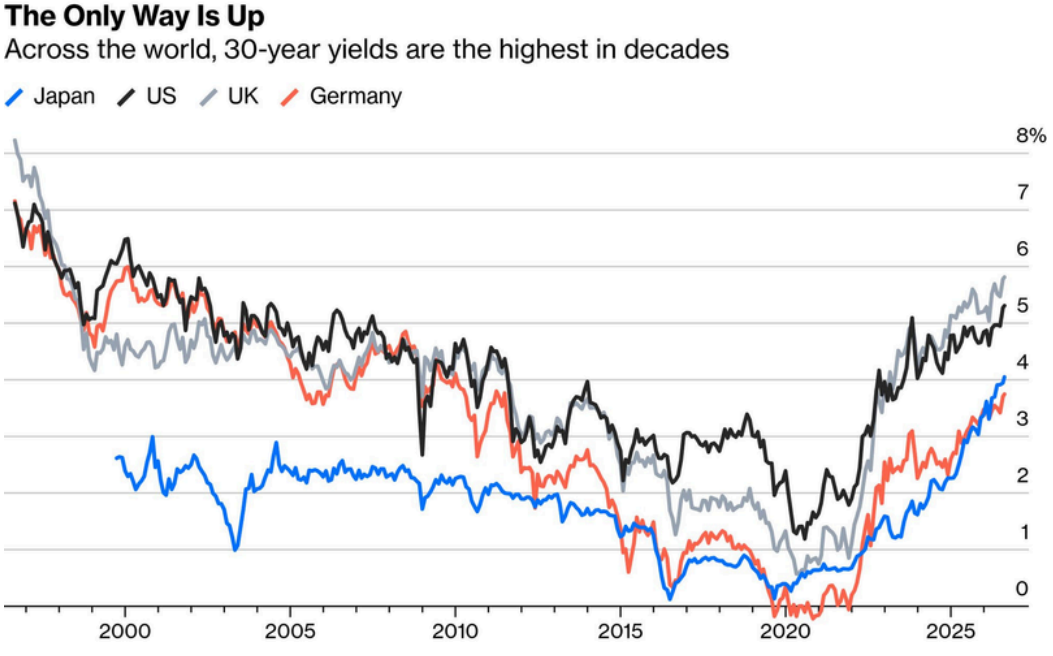


The intention is to present a view of overall market valuation and signal as to market upside or downside. This is not a short term trading model. Markets can stay extremely under or over valued for long periods of time. These indicators are often followed by the Fed and many qualitative, fundamental stock pickers like Warren Buffett.

U.S. interest rates are coming up from a long stretch of historical lows (i.e. cheap sources of funding). Broadly speaking, this means that investments made in low risk products (e.g., bonds) are paying little in returns, and so are not high in demand by investors. Traditionally risk-averse investors have little else to do with cash right now other than to put it into riskier equities, which drives the stock market higher.

As of August 14, 2026, the U.S. stock market is Strongly Overvalued relative to a normal interest rate environment.

MODEL	Updated	Rating	Score	Next Up
VALUATION MODELS				
Buffett Indicator	Aug 14	Strongly Overvalued	2.59	Aug 22
Price/Earnings (CAPE)	Aug 14	Strongly Overvalued	2.34	Aug 22
Price/Sales	Aug 14	Overvalued	1.90	Aug 22
Interest Rate Model	Aug 14	Strongly Overvalued	2.18	Aug 22
S&P500 Mean Reversion	Aug 14	Strongly Overvalued	2.57	Aug 22
Earnings Yield Gap	Aug 14	Fairly Valued	0.27	Aug 22
RECESSION MODELS				
Yield Curve	Aug 14	Very High	2.38	Aug 22
Sahm Rule	Jul 31	Normal	N/A	Sep 05
State Coincidence	Jun 30	Normal	-0.24	Aug 29
SENTIMENT MODELS				
Margin Debt	Jun 30	Optimistic	1.21	Sep 19
Junk Bond Spreads	Aug 14	Neutral	0.99	Aug 22
VIX Index	Aug 14	Neutral	-0.61	Aug 22
Economic Uncertainty Index	Aug 14	Neutral	0.53	Aug 22
Consumer Confidence	Aug 14	Very Pessimistic	-2.60	Aug 22



Yields across the world are sharply higher, so much so that the U.S. is now paying $3 billion in interest per day. In fact, interest payments are now the government's second-biggest expense, trailing only Social Security.

SOMETHING TO CONSIDER:

Capitalizing on Valuation Discounts - The Roth Conversion Opportunity

The passage of the One Big Beautiful Bill Act (OBBBA) permanently locked in lower individual income tax brackets. However, smart wealth planning goes beyond static tax rates. For clients holding alternative investments—such as private equity, real estate, and private credit—market adjustments and illiquidity present a powerful tactical window: the ability of converting assets at a discounted valuation basis. By transferring alternative assets into a Roth IRA during a valuation drawdown or valuation discount, clients minimize the upfront tax hit while anchoring future compounding in a 100% tax-free environment.

Takeaways for Advisors

1. **Leverage Valuation "Discounts" & Illiquidity**

Alternative investments often experience temporary valuation troughs (e.g., NAV adjustments in private debt or real estate). Converting illiquid or depressed alternative assets allows clients to lock in a lower Adjusted Gross Income (AGI) impact, transferring maximum asset shares to the Roth bucket at a reduced tax cost.

2. **Mind the Conversion "J-Curve"**

A Roth conversion triggers an immediate tax cost in Year 1, causing a temporary dip in net portfolio value (the "J-Curve" baseline). However, alternative assets with high expected returns recover sharply over time, driving exponential tax-free compounding that far outpaces the initial tax burden.

3. **Take Advantage of OBBBA Stability**

Under OBBBA, lower income tax brackets are permanent. Advisors no longer face an artificial statutory deadline, shifting the objective from "converting before rates rise" to bracket filling—systematically converting alternatives up to top bracket thresholds (e.g., $40,000 SALT cap phase-outs at $500,000 AGI).

A Roth conversion moves money from a traditional (pre-tax) retirement account into a Roth account, paying ordinary income tax on the converted amount now in exchange for tax-free growth and withdrawals later. This exhibit explains the mechanics and the specific trade-offs relevant to this household; it is educational only and not a recommendation to convert any specific amount.

Framework: Roth Conversion & OBBBA Features

Feature	Dynamic Under OBBBA Tax Law	Client Benefit
Tax Rate Certainty	Lower TCJA rates permanently extended via OBBBA.	Enables multi-year "bracket filling" strategies without fear of automatic rate jumps.
Valuation Discount Basis	Convert illiquid alts during fund markdowns or early deployment.	Reduces the taxable income generated by the conversion event in Year 1.
Roth "J-Curve" Mitigation	Near-term tax burden offset by eventual high internal rate of return (IRR).	Initial net worth dip recovers rapidly through tax-free growth on high-yield alternatives.
Estate & Legacy Planning	Elevated $15M exemption ($30M joint) made permanent.	Roth alts pass to heirs free of income tax, avoiding 10-year traditional IRA tax traps.
No RMD Restrictions	Roth IRAs remain exempt from Required Minimum Distributions for original owners.	Capital stays deployed in long-duration alternative vehicles indefinitely.

How It Works

- Any amount can be converted, and partial conversions are the norm — the typical strategy is to convert just enough to "fill up" the current tax bracket without spilling into the next one.
- The converted amount is added to ordinary taxable income in the year of conversion (it is not eligible for capital gains treatment).
- Once converted, future growth and qualified withdrawals from the Roth account are tax-free, and Roth IRAs are not subject to required Minimum Distributions during the original owner's lifetime.

Please see explanatory charts on page 4.

VALUATION ARC: ILLUSTRATIVE J-CURVE

Based on $100K investment · 2.0x target equity multiple · Cumulative value including distributions · For illustrative purposes only



KEY CONSIDERATIONS BEFORE CONVERTING

Pay Taxes from Outside the IRA

Pay conversion taxes from non-IRA funds. Using IRA assets reduces what grows tax-free. If you're under 59½, it may also trigger a 10% early withdrawal penalty.

Conversions Are Irrevocable

A Roth conversion cannot be reversed under current law. If values drop further after converting, the tax cost is locked in. Work through the timing with your advisor first.

5-Year Waiting Period

Converted funds require a 5-year hold before penalty-free withdrawal, even if you're over 59½. Each conversion starts its own 5-year clock from January 1 of the year you convert.

Timing Across a Multi-Asset Fund

The Fund's appraised value reflects up to four assets at different stages. The discount is largest while the portfolio is pre-stabilization and compresses as deliveries stabilize.

Leverage and UDFI

Real estate held in an IRA with debt financing may generate unrelated debt-financed income, taxable to the account at trust rates. Roth status does not exempt it. Ask your CPA.

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WORTH KNOWING - A Thorough & Excellent piece from Cresset

"The U.S. Consumer and Labor Market: Cracks Beneath the Surface

Key Observations

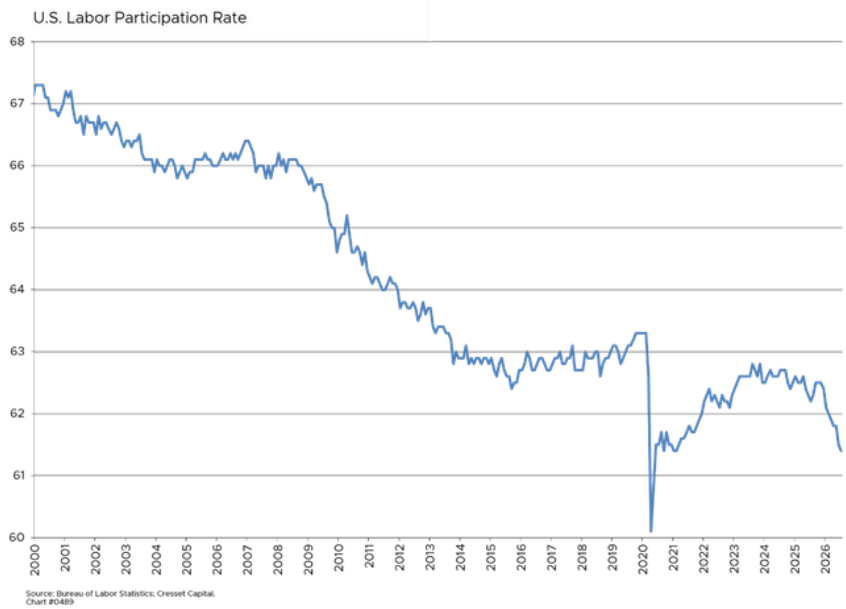
- Consumer spending is losing momentum as retail sales weaken, savings decline, and households become more selective in discretionary spending.
- Lower and middle-income consumers are experiencing the greatest financial pressure, while affluent households continue to support aggregate spending.
- Labor market conditions are softening as payroll growth weakens, job openings decline, and downward revisions point to deteriorating employment momentum.
- Inflation trends are improving, but persistent services inflation and elevated borrowing costs continue to limit the Federal Reserve's flexibility.
- A narrowing margin for error favors quality over cyclicality, selective duration over cash, **and adding alternatives for portfolio diversification.**

On the surface, the U.S. consumer looks resilient. Retail sales on a year-over-year basis peaked at 7.2% in May 2026 and still registered 5.0% in July. Headline CPI has pulled back from its May peak of 4.25% to 3.4% in July, and core CPI sits at a well-contained 2.5%. The unemployment rate ticked down to 4.1% in July. The economic picture appears benign: a soft landing in progress, inflation fading, employment stable. However, recent data tells a different story, and it is the directional shift, not the level, that matters most for positioning into year-end.

July's retail sales print was the clearest warning shot. Nominal retail purchases fell 0.6% last month, the largest single monthly decline since May 2025, driven by a pullback in online stores and auto dealers. Economists had expected a modest increase. The drop followed a period of elevated spending that analysts attribute partly to World Cup-related activity, Amazon Prime Day timing effects, and tax refunds, suggesting that some of the first half 2026 strength was pulled forward.

The Labor Market Is Weakening

The unemployment rate at 4.1% is not alarming in isolation. But, like spending, recent data is deteriorating. Nonfarm payrolls shed 23,000 jobs in July, an outright negative print, and prior months were revised down by a combined 103,000.



In August 2026, Walmart reported its slowest U.S. same-store sales growth in over six years and noted that shoppers are facing a softer economic environment. Executives pointed to rising fuel costs, tighter budgets, and selective spending as signs of incremental pressure on everyday consumers.

Key Warning Signs From Walmart

Slowest Growth: U.S. same-store sales grew by 2.6%, missing Wall Street expectations and marking the slowest pace since late 2020.

Fuel Price Impact: CFO John David Rainey highlighted that when gas prices topped $4, shoppers immediately altered their buying habits and trade-offs.

Smaller Baskets: While transaction counts remained steady, shoppers spent less per trip compared to previous quarters.

JUST VISUALS - A COLLECTION OF CHARTS



Buffett Indicator

Strongly Overvalued

At month end, the ratio of US stock market value to GDP (238%) was **2.4 standard deviations above** the trend value, and is Strongly Overvalued.



Price/Earnings

Strongly Overvalued

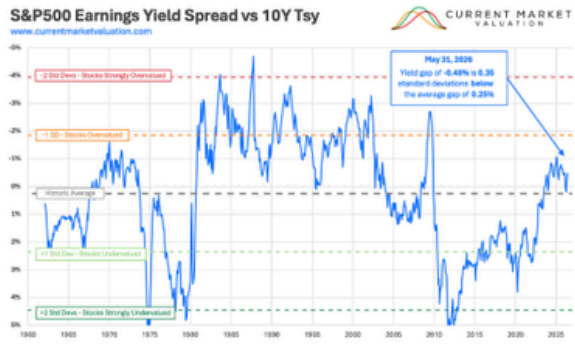
The 10-year PE (CAPE) ratio ended the month at 39.4. This is approximately **2.2 standard deviations above trend,** considered Strongly Overvalued.



Interest Rates

Strongly Overvalued

The S&P500 ended the month at 2.4 standard deviations above its historical trend. The 10-year US Treasury interest rate ended the month about 0.4 standard deviations below trend. Netted together, this **composite score of 2.0** suggests the total market is Strongly Overvalued.



Earnings Yield Gap

Fairly Valued

At month end the S&P500 earnings yield was 4.33%, and 10Y Treasury bonds yielded 4.68%, for a yield gap of -0.35%. This is **0.3 standard deviations** below the average value, indicating stocks are fairly valued relative to bonds.

CALL-TO-ACTION CALENDAR

Quincy Wells Group emphasizes the following:

For July - August 2026, focus on starting mid-year to year-end tax planning. Review your retirement progress. and consider a Roth conversion.

Key actions include:

- Updated tax brackets, a higher standard deduction, and expanded saving opportunities may help create new tax-saving possibilities for 2026.
- Consider tax-planning strategies throughout the year, like maximizing credits and deductions and using tax-smart investing strategies.
- A tax planner and financial professional can help you build a tax-smart investing plan that works for you all year long.

LEAVE YOU WITH A LAUGH



TERM OF THE MONTH

Converting Traditional IRA Savings to a Roth IRA

Investopedia

Roth IRA Conversion Methods: How & When to Convert for Tax Benefits

A Roth individual retirement account (IRA) conversion lets you shift money from a traditional IRA into a Roth IRA. Doing so lets you take advantage of a Roth IRA's many benefits, including tax-free withdrawals in retirement and no required minimum distributions (RMDs) during your lifetime.1
However, Roth IRA conversions also have costs. Specifically, you'll have to pay tax on the money that you convert. Because of this, you need to plan conversions carefully.

Key Takeaways

A Roth individual retirement account (IRA) conversion lets you convert a traditional IRA into a Roth IRA. You will immediately owe taxes due on the converted amount, but then qualified withdrawals in retirement will be tax free.A conversion makes the most sense if you expect to be in a higher tax bracket in the future. Due to tax laws passed in 2017, a conversion no longer can be reversed back to a traditional IRA.

The Benefits of Roth IRAs

Since Roth IRAs were first introduced in 1998, many owners of traditional IRAs have looked at them with envy. That's because Roth IRAs have at least two advantages over the traditional kind:
Any money that you withdraw from a Roth is tax free, provided you are age 59½ or older and it has been at least five years since you first contributed to a Roth. By contrast, the withdrawals that you make from a traditional IRA are taxed as ordinary income. Traditional IRA owners must start taking RMDs from their accounts at age 73 if they were born between 1951 and 1959 or at age 75 if they were born in 1960 or after (an increase from the previous age of 72). Roth owners, however, can leave their accounts untouched until they need the money. And if they don't need it, then they can pass the entire account to their heirs.

QUINCY WELLS CAPITAL

This newsletter is curated and written in part by Jim Cone, Director of Advisor Services at Panorama Financial Group.

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