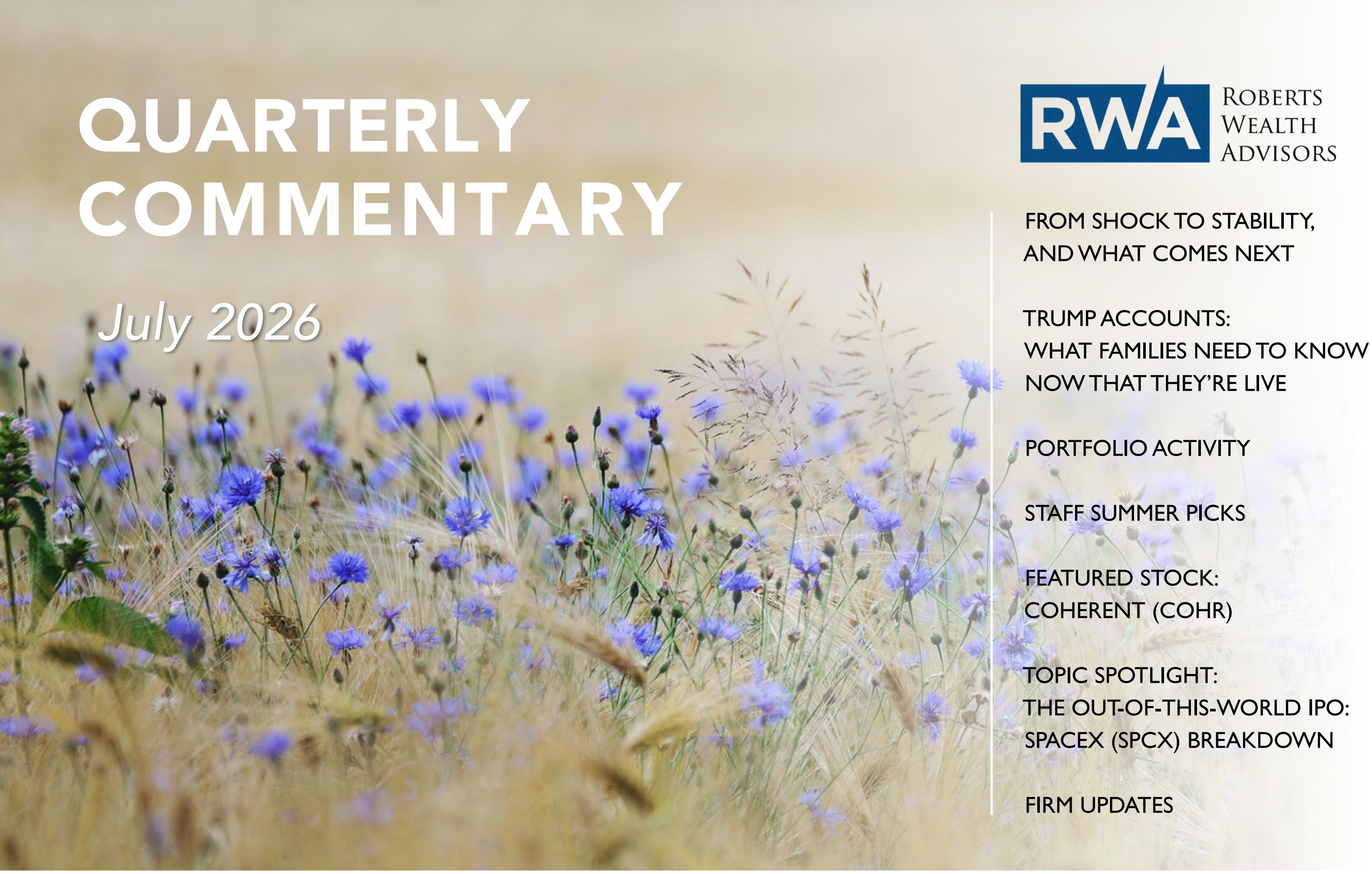


QUARTERLY COMMENTARY

July 2026

RWA Roberts Wealth Advisors

FROM SHOCK TO STABILITY, AND WHAT COMES NEXT

The Iran conflict that defined the first quarter's narrative entered a new chapter in the second quarter, as a U.S.-Iran framework agreement reached around the G7 summit in mid-June laid the groundwork for de-escalation and the reopening of the Strait of Hormuz. Equity markets responded with a sharp recovery from the March lows that carried major U.S. indices to new all-time highs in early June, before consolidating into quarter-end as economic uncertainty grabbed investors' attention.

Foreign equity markets, which had struggled relative to their U.S. peers during the height of the conflict, partially reclaimed their footing as energy markets normalized and global growth expectations stabilized. The U.S. dollar, which had strengthened in the early days of the conflict, traded in a wider range in Q2 – initially softening before surging back in mid-June with an end more clearly in sight.

U.S. equity performance reflected this recovery as well. After its Q1 decline, the S&P 500 reached a new record close on June 2nd and finished the second quarter solidly positive year-to-date. International stocks as represented by the Morgan Stanley All Country World Index (MSCI ACWI Ex-U.S.) participated in the rebound as well. The most notable performance, however, came from U.S. small-cap stocks – the Russell 2000 has gained over 22% year-to-date through the second quarter, well ahead of the S&P 500's nearly 11% gain over the same period, an outperformance that reflects its domestic revenue exposure, leverage to a steepening yield curve, and a broader rotation away from the concentrated mega-cap positioning that characterized the last few years.

We wrote last quarter that our focus was not on waiting for the storm to pass, but on positioning portfolios to thrive in the new economic environment. The themes most exposed to structural realignment performed well in the second quarter, while the parts of the market still anchored to the prior regime largely did not. The recent agreement in principle is a meaningful step, but a brief Iranian-announced closure of the Strait of Hormuz on June 20th underscores that de-escalation is a work in progress and not a binary event.

The Macro Crossroads — Conflict, Trade, Inflation, And November Ahead

If Q1 raised questions about how this year's macro shocks would resolve, Q2 delivered partial answers across many of them. The Iran war found a possible off-ramp, the legal foundation underneath the administration's tariff strategy was ruled against twice, inflation accelerated even as oil declined, and the November midterm elections are coming closer into view. Few quarters in recent memory have packed this many macro events into a three-month window.

The Iran conflict reached a genuine inflection point in mid-June,

Continued from page 1

with the 60-day ceasefire that reopened the Strait of Hormuz. Brent crude, which rose well over $100 per barrel at points in March, April and May, returned to pre-conflict levels, and equity markets staged a V-shaped recovery into new highs late in the quarter. Our cautious framing from Q1 stays intact, however. Near the end of June, Iran announced the reclosure of the Strait of Hormuz, citing Israeli actions as a violation of its agreement with the U.S. – a reminder that agreed and settled are not the same thing. The geopolitical risk premium in markets has declined, but the structural fragility has not gone away.

Trade policy entered the second quarter as a wholly different regime than it began the year. In May, the U.S. Court of International Trade ruled against the 10% global import tax that the Trump Administration imposed after losing on tariffs at the Supreme Court in Q1, creating a second layer of legal uncertainty over tariff policy. The legal authority the administration is currently relying on is a short-term solution that expires in late July unless extended by Congress, which places a hard deadline just months before the midterm elections. The economic impact of the tariff regime has been a major headwind so far – the Tax Foundation estimated tariffs added as much as $1,300 to household costs in 2026, and research from the New York Federal Reserve also found that nearly 90% of those costs were borne by American firms and consumers.

Against that backdrop, inflation sits at a genuine crossroads. The Consumer Price Index for April 2026 rose 0.6% month-over-month, pushing annual inflation to 3.8%, above forecasts and the highest since May 2023, and May headline inflation accelerated even further. Yet the underlying dynamics are beginning to turn. Oil has nearly round-tripped, U.S. job growth defied gloomy expectations in May while the unemployment rate held at 4.3%, and core inflation cooled in May. Falling energy costs are pulling inflation down, but tariffs and supply chain pressures are acting as a counterbalance, leaving the outlook uncertain as we move into the second half.

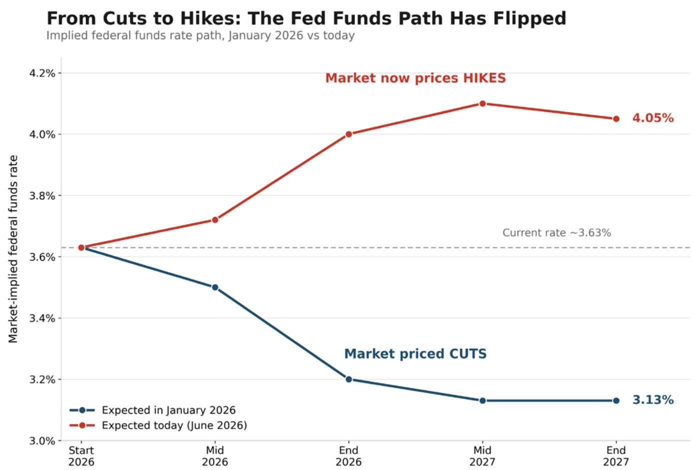
Looming over all of this is the November midterm election. The tariff expiration at the end of July requires a Congressional vote that members would rather avoid leading into this year's election cycle. The Iran framework is being negotiated on a timeline that clearly has November in mind. We do not position portfolios for election outcomes, but it's worth acknowledging that midterm years historically feature elevated volatility into October before dissipating once results are known or become more likely. Our base case remains that the macro setup is more constructive than some headlines suggest, but we also continue to believe that major risks linger on the margin including ongoing tariff unpredictability, an Iran ceasefire that breaks down, and a labor market that surprises in either direction.

A New Chair, An Old Framework

This quarter brought the Fed's most consequential leadership change in over fifteen years. Kevin Warsh officially took over as Chair in mid-May, inheriting a deeply divided policy committee, an inflation problem complicated by the Iran-driven energy shock, and a labor market that keeps defying expectations of a slowdown. His first meeting in June revealed a leader intent on reshaping not just Fed policy, but how the Fed communicates it.

The decision itself was to hold rates steady at 3.5%-3.75%, but the framework around future decisions shifted meaningfully. The committee moved from earlier signals of a single 2026 rate cut to floating a rate hike as a real possibility. Warsh also announced five new task forces — covering communications, the balance sheet, data sourcing, productivity and jobs, and inflation frameworks — and signaled the Fed would likely become less transparent in its commentary going forward.

Taken together, the direction of these changes matters more than any single meeting's decision. Warsh has argued that supply-driven inflation should generally be looked through when setting policy, and that AI will ultimately prove disinflationary after an initial inflationary bump. Both views point to a near-term path for rates that is flat to higher, with a longer-term path potentially lower than markets currently expect. We see the Fed staying on hold longer than markets are pricing in, before gradually shifting toward a lower-rate environment as these dynamics play out.



Source: SEIA LLC

Expectations & Strategy

As we enter the second half of the year, our outlook remains constructive, though with an increasing dash of caution. The themes we identified last quarter – hard assets, domestic infrastructure, U.S. small caps – broadly held up in the second quarter, with small caps standing out as one of the clearest examples of the broader shift we've been discussing. But the easy gains from the recovery off the March lows are now behind us, and the path forward demands greater focus on which themes still have room to run versus which are becoming increasingly priced-in.

In other words, the risks haven't gone away, they've just changed shape. The geopolitical shock of Q1 has given way to a broader set of risks: an unsettled tariff policy, an Iran ceasefire that may or may not hold, a Fed staying put while inflation and the labor market test its patience, and a midterm election that will reshape the political backdrop for the next two years. The good news is that many of these risks come with defined dates, giving us time to prepare. The structural forces we've been emphasizing continue to do the heavy lifting in portfolios, and we expect that to hold in the near term — with our added caution centered less on those forces themselves than on how they're tested by today's biggest risks.

TRUMP ACCOUNTS: *What Families Need to Know Now That They're Live*

A new chapter in American savings policy opened Independence Day. As of July 4th, 2026, families can contribute to "Trump Accounts", a new tax-advantaged investment vehicle for children created under the One Big Beautiful Bill Act. With the accounts now up and running, here's what families should know.

What Is a Trump Account?

A Trump Account is a traditional Individual Retirement Account (IRA) established for a child under 18. Contributions are pre-tax and grow tax-deferred, but special rules applied during the minor years are what set it apart from a standard IRA. Parents, grandparents, and other family members can contribute up to $5,000 per year, and employers are permitted to contribute up to $2,500 of that limit — a feature not found in most other child savings vehicles.

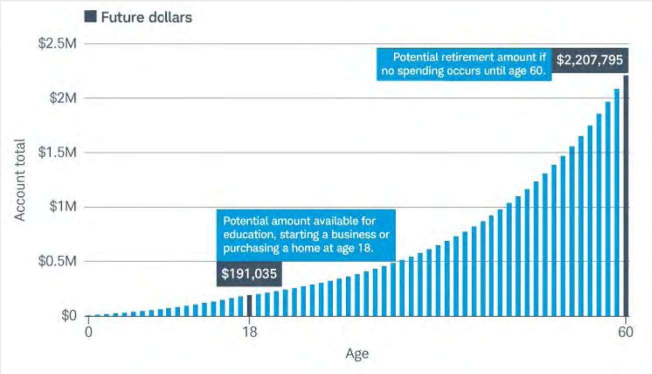
The $1,000 Federal Seed Contribution

U.S. citizens born between January 1, 2025, and December 31, 2028, are eligible for a one-time $1,000 pilot program contribution from the federal government. This is not automatic — parents must elect it by filing Form 4547 through their IRS account or the new Trump Accounts app. There is no second chance for families who miss this election, so eligible parents who haven't yet enrolled should do so as soon as possible.

Investment Rules

While the child remains a minor, investments are limited to low-cost index mutual funds or ETFs with expense ratios capped at 0.10%. Borrowing against the account and withdrawals before age 18 are both prohibited. On January 1 of the year the child turns 18, the account automatically converts into a standard traditional IRA, and ordinary IRA rules apply going forward, including a 10% early withdrawal penalty before age 59½ (with some exceptions).

Theoretical Account Growth

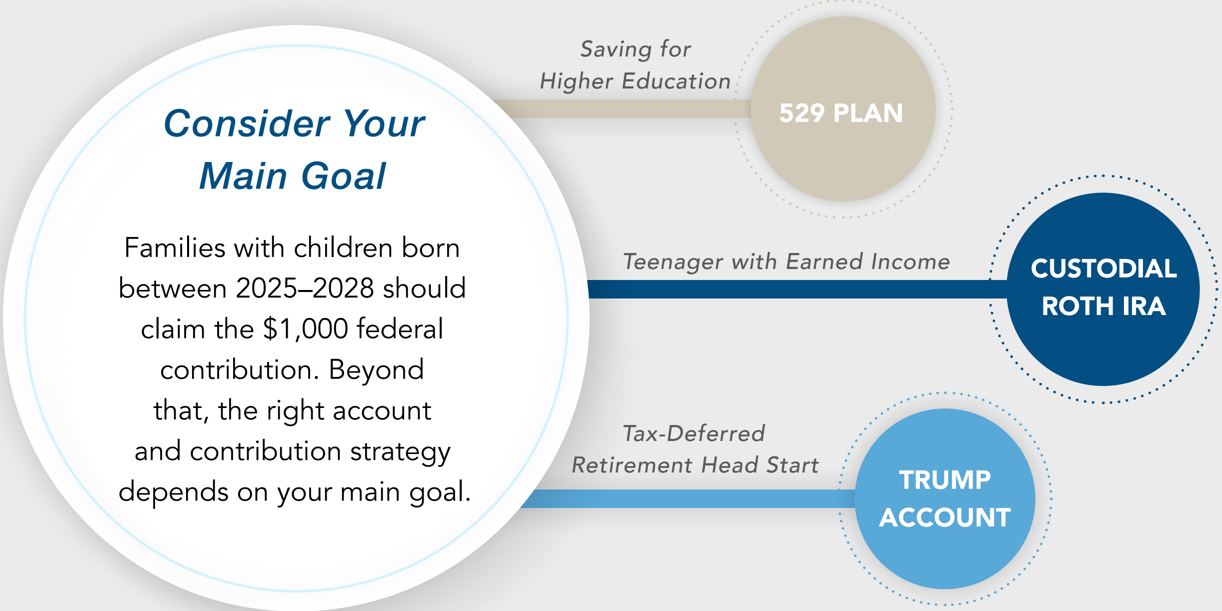


Source: Schwab Center for Financial Research. Assumes 2026 government contribution of $1,000 and parental contribution of $5,000 for child born in 2026, followed by annual parental contributions of $5,000 that continue through the year the child turns 17. Assumes investment growth of 6.0%. For illustrative purpose(s) only. Individual situations will vary. Not intended to be reflective of results you can expect to achieve.

How It Compares to Other Accounts

For dedicated college savings, 529 plans remain superior due to their higher limits, broader investment menus, and tax-free qualified withdrawals. For kids with earned income, a custodial Roth IRA often wins long-term since qualified withdrawals are entirely tax-free. Trump Accounts carved out a different niche: no earned-income requirement, contributions from a wider circle of people and organizations, and a rare direct government deposit for eligible newborns.

So Which One?



PORTFOLIO ACTIVITY

Portfolio activity in the second quarter was centered around navigating market volatility and refining our portfolio for the longer term. We were net buyers in equities, meaning we bought more than we sold in Q2, and we responded to a shifting yield curve by extending our ultra short-term bond positions.

In equities, we executed several moves to reinforce our existing portfolio and add to key investment themes developing for the second half of the year. In the technology sector, we initiated a new position in Synopsys (SNPS) expanding our semiconductor investments. We topped up our positions in Take-Two Interactive (TTWO), Zimmer Biomet (ZBH), and Intuit (INTU). We executed a tax-advantaged maneuver in the case of Sea Ltd. (SE) which involved an intra-quarter sell and follow on repurchase. Lastly, we continue to remain on the shorter end of the yield curve in fixed income amid the market-level uncertainty brought on by the new Chairman of the Federal Reserve.

The latest addition to our core equity portfolio is Synopsys. The technology provider creates Electronic Design Automation (EDA) software that helps companies develop new integrated circuits – computer chips. We like Synopsys for several reasons including their global leadership within a concentrated market, leading-edge AI customers, and the operational stream-lining underway after a major acquisition. Our view is that EDA will become more prevalent within the compute race, leading to larger budget capture, and Synopsys offers unique and direct exposure within the technology sector.

Our headline additions to existing core names occurred in Take-Two, Zimmer Biomet,

Index Performance	YTD	Q2
Dow Jones Industrial	9.76%	13.38%
Standard & Poor's 500	10.21%	15.20%
Nasdaq Composite	13.13%	21.60%
MSCI EAFE (Europe, Australasia, Far East)	9.44%	10.82%
Russell 2000 (Small Company)	22.57%	21.49%
MSCI ACWI (All Country World Index)	11.25%	14.93%
Barclays Intermediate Term Bond	0.62%	0.67%
Barclays Municipal Bond	2.32%	2.50%
Barclays Short Term Bond	0.52%	0.38%

and Intuit. First, Take-Two's upcoming Grand Theft Auto (GTA VI) release (November 19th, 2026) has been over a decade in the making and we expect the position to respond favorably to the upcoming catalyst. Second, Zimmer Biomet provides direct exposure to medical devices, and we continue to believe in the acceleration of the company's growth rates. Lastly, we added to a beat-up position in Intuit. Much of the Software as a Service (SAAS) industry has experienced a severe margin contraction. We believe Intuit enjoys a sticky platform for the regulation-sensitive areas of tax preparation and bookkeeping. These moves align with our long-term expectations for each company and remain thematic pieces to our overall portfolio entering the third quarter.

Finally, we temporarily exited part of our position in Sea Ltd. and bought it back before the quarter's end in taxable accounts. The action on Sea resulted in favorable tax losses (where applicable) to offset portfolio gains accrued throughout the year. We bought back in with confidence for the second half of the year as the Southeast Asian company continues to outgrow emerging markets across the digital entertainment, finance, and e-commerce subsectors.

TOP 10
U.S. HOLDINGS

Apple

Alphabet

Coherent

Microsoft

Amazon

Trane Technologies

Merck & Co

JPMorgan Chase

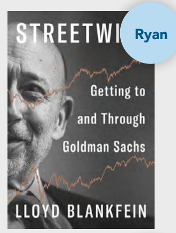
Take-Two Interactive

Williams-Sonoma

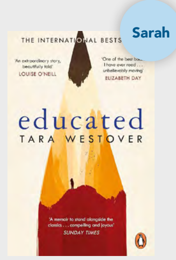
STAFF SUMMER PICKS

Wild Dark Shore, book by Charlotte McConaghy. This climate fiction novel is set on a remote island near Antarctica and follows a family responsible for protecting a seed vault designed to preserve biodiversity for future generations. When a stranger arrives onshore unexpectedly, the island's isolation is disrupted. The setting is both stark and atmospheric. This is a strong selection for readers interested in literary fiction that weaves climate themes and isolation into a suspenseful, character-driven narrative.

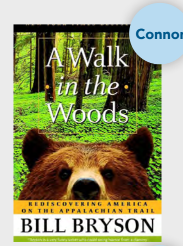
Streetwise: Getting To And Through Goldman Sachs, book by Lloyd Blankfein, is the author's memoir tracing his journey from a tough childhood in the Brooklyn projects of New York to Harvard and ultimately to the top job at Goldman Sachs. It centers on his leadership through the global financial crisis and offers lessons on managing risk, building and leading talented teams, and the dynamics of Goldman's unique partnership culture. The lessons are timely as artificial intelligence challenges the economy in potentially volatile ways..



Educated, book by Tara Westover. Educated is an autobiographical memoir that reads like fiction and made me hope it was in many situations. In this powerful memoir, Tara Westover shares her journey from an isolated, survivalist upbringing marked by abuse, neglect, and a rejection of traditional education to earning a PhD from Cambridge University. It's an unforgettable story of resilience, identity, and the life-changing power of education and the influence of just one person's encouragement to grow beyond the confinement of what you know.

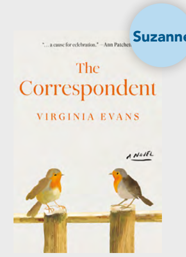


A Walk in the Woods, book by Bill Bryson. The story follows the adventure of the author and his friend, Stephen Katz, as the "hopelessly out of shape" duo attempt to hike the Appalachian Trail. This book has a little bit of everything, from basic survival tips & comedic relief to serious lessons on humility, and I highly recommend it as a novice-yet-improving hiker myself. There is also a less-than-perfect movie adaptation starring Rob Redford & Nick Nolte, if that's more your speed!



King of Kings | The Iranian Revolution: A Story of Hubris, Delusion and Catastrophic Miscalculation, book by Scott Anderson. King of Kings is a gripping narrative history of the 1979 Iranian Revolution. The book dissects the downfall of Shah Mohammad Reza Pahlavi, exposing the toxic mix of imperial hubris, fatal American diplomatic blunders, and the explosive rise of religious nationalism that reshaped the modern Middle East with implications that continue to reverberate in today's geopolitical tensions.

The Correspondent, book by Virginia Evans. I adored this book. The entire story is told through a series of letters and emails which made it feel personal and kept me engaged from start to finish. I loved getting to know the main character, Sybil Van Antwerp, as she looked back on her life, her family, and the friendships she'd built and sometimes neglected over the years. Sybil is funny, stubborn, and incredibly relatable, and watching her reconnect with people and make peace with parts of her past was genuinely heartwarming. It's a unique, comforting read with memorable characters and a lot of heart.



FEATURED STOCK: COHERENT (COHR)

Coherent is a global leader in photonics, specializing in lasers, optical components, and the high-speed transceivers that move data through fiber-optic networks. While the company doesnot own or operate data centers, nearly every artificial intelligence (AI) cluster being built today relies on optical hardware like Coherent's to transfer massive amounts of data between graphics processing units (GPUs) at extremely high speeds. As AI infrastructure spending continues to accelerate, we believe Coherent offers an attractive way to participate in one of the most important trends driving technology investment.

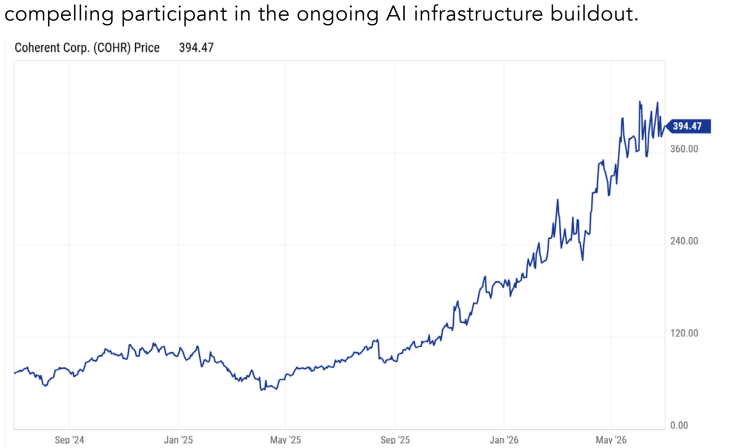
Our investment thesis centers on three competitive advantages: Coherent's leadership in high-speed optical transceivers, its vertically integrated manufacturing platform, and its expanding relationships with hyperscale cloud providers.

Coherent is the market leader in data center optical transceivers and the only major supplier with a fully integrated optics stack. In its most recent quarter, revenue from data center and communications products increased 37% year over year and now represents approximately 75% of total sales, up from 65% a year ago. Demand continues to shift toward faster networking solutions, with 800G transceivers ramping up and next-generation 1.6-terabit products gaining traction as AI clusters become larger and more powerful. Management also noted that customer bookings now extend into 2028, supported by long-term agreements that provide exceptional visibility into future demand.

On the vertical integration side, the company controls nearly every stage of the optical manufacturing process, including semiconductor wafers, lasers, digital signal processors, integrated circuits, and finished optical modules. This integrated approach is especially valuable as the industry faces supply constraints in indium phosphide, the specialized semiconductor material used to produce high-speed lasers. Coherent has already transitioned to larger-scale indium phosphide wafer production, giving it a meaningful manufacturing advantage while many competitors continue to rely on third-party suppliers.

Finally, Coherent continues to strengthen its strategic position within the AI ecosystem. Earlier this year, Nvidia announced a multi-year agreement that includes a $2 billion equity investment in Coherent, along with a multi-billion-dollar purchase commitment for advanced laser and optical networking products. Beyond transceivers, the company is expanding into emerging technologies such as co-packaged optics and optical circuit switches, both of which represent significant long-term growth opportunities. Coherent's addition to the S&P 500 this year further underscores its increasing scale and strategic importance.

As AI infrastructure continues to expand, the ability to move data efficiently has become just as critical as computing power itself. We believe Coherent is well positioned to benefit from this shift through its technology leadership, manufacturing capabilities, and deep customer relationships, making it a compelling participant in the ongoing AI infrastructure buildout.



Source: Ycharts

Topic Spotlight

THE OUT-OF-THIS-WORLD IPO: SPACEX (SPCX) BREAKDOWN

Space Exploration Technologies (SPCX), commonly known as SpaceX, made history on June 12th, 2026, completing the largest initial public offering (IPO) in history. Debuting at a valuation of $1.75 trillion ($135.00/share), the company instantly became one of the largest publicly traded businesses in the world. While the size of the IPO dominated the headlines, investors are ultimately buying into three distinct businesses under one company: rockets, satellite internet, and AI development.

The original SpaceX began as an aerospace manufacturer and orbital rocket launcher that now handles 80-90% of all space launches; the company has the distinct advantage of reusable rockets (when successful), and its refined technology has pioneered a new wave of innovation.

The second business is Starlink, the largest satellite internet provider, with over 10,000 satellites in orbit. Starlink serves everyone from backcountry hikers to government agencies worldwide and has become SpaceX's primary source of recurring cash flow.

The third is xAI, which was merged into SpaceX prior to the IPO. This segment includes X (formerly Twitter) alongside datacenter capacity and its flagship AI model Grok, but the long-term vision includes putting datacenters in space.

Few companies have ever hit the public markets looking quite like SpaceX did, and the official documentation read less like a prospectus and more like a dream with a governance structure bolted on.

The architecture of the IPO was as unconventional as the company itself. SpaceX sold just 4% of its shares to the public, well below the typical 10% float of large offerings. The company received a regulatory accommodation that allowed it to bypass several traditional listing requirements. More than 60% of pre-IPO shareholders remain subject to lockup restrictions, while Elon Musk retains approximately 82% of the company's voting power despite owning about 42% of its economic interest. Musk's pay package, including a billion shares of SPCX, only vests if the company reaches a $7.5 trillion valuation and plants a million-person colony on Mars. Compensation targets do not usually depend on extraterrestrial population counts.

One June 12, the company's stock began to trade. SpaceX priced its IPO at $135 per share, raising approximately $75 billion by selling more than 555 million shares. In a fitting display of the company's flair for spectacle, SpaceX launched a Falcon 9 rocket from Florida roughly an hour before markets opened. The mission marked the rocket's 650th flight and carried another batch of Starlink satellites into orbit. The debut also produced another milestone: on paper, Elon Musk became the world's first trillionaire. Retail demand was extraordinary, with reported orders exceeding $100 billion, and the stock climbed more than 45% during its first few days of trading. As of early July, SPCX trades near $150 per share, giving the company a market capitalization of roughly $2.0 trillion.

SpaceX is unlike any company to enter the public markets. It combines leadership in commercial spaceflight, a dominant satellite communications platform, and an ambitious artificial intelligence business under one roof, all while operating with a governance structure that gives Elon Musk extraordinary control. Whether today's valuation ultimately proves justified remains to be seen, but few companies have debuted with a larger addressable market, or greater expectations. Investors will now be watching to see whether SpaceX can translate extraordinary technological leadership into equally extraordinary shareholder returns.

FIRM UPDATES

Cheers to the Newlyweds!

RWA is thrilled to announce the wedding of Ella Pepin to Jake Van Deursen. The happy couple celebrated their big day in Ella's hometown of Ketchum, Idaho surrounded by family and friends before heading to Norway for their honeymoon. Join us in congratulating Ella and Jake.

Introducing RWA Summer Interns!

Thomas Scott, a Finance major at Indiana University's Kelley School of Business, joins our research team for a six-week program focused on alternative investments. This summer, Thomas will apply his academic background to analyze expanding market opportunities and support our research initiatives in the Menlo Park office.

Casey Huynh, an Accounting and Finance major at San Jose State University, joins our research team for the six-week internship program to support our core research strategy and perform stock analysis. Casey will bring fresh academic insights to our internal research process in the Menlo Park office.