Financial Solutions Advisory Group
A Registered Investment Advisory Firm

Building Wealth, Investing in Relationships

3Q 2026 The Financial Solutions Advisor

June 30, 2026 YTD Returns

S&P 500	10.21%
Nasdaq 100	20.31%
Russell Small Cap	22.57%
Russell Mid Cap	15.30%
MSCI EAFE	9.44%
MSCI World	9.69%
Bloomberg US Agg Bond	.62%
Bloomberg Municipal Bond	2.32%

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Economic & Market Perspectives

The first half of the year reminded investors that markets rarely move in a straight line. After declining 4.3% in the first quarter, the S&P 500 rebounded sharply in the second quarter, gaining 14.9%—its strongest quarterly performance since 2020.

Importantly, market leadership broadened beyond large-cap U.S. stocks. Emerging markets and small-cap stocks were among the strongest performers, while 9 of 11 S&P 500 sectors were positive year-to-date. This broader participation is a healthy sign and suggests the rally has not been limited to only a handful of mega-cap technology companies.

First-Half Highlights

- **Markets rebounded strongly.**
  The S&P 500 recovered from a difficult first quarter with a powerful second-quarter rally.
- **Leadership broadened.**
  Emerging markets, small caps, semiconductors, and several previously lagging areas of the market participated in the rebound.
- **Technology and AI remain major themes**.
  Artificial intelligence continues to support earnings growth, productivity gains, and business investment, though the level of spending deserves continued monitoring.
- **Earnings remain the key driver.**
  Earnings estimates have moved higher across large-cap, mid-cap, small-cap, and emerging market equities, helping support the market's advance.
- **Valuations have become more reasonable in several areas.**
  Despite strong returns, valuations have reset, with many areas of the market trading closer to long-term averages.

Outlook for Second Half

Our overall view remains positive, but we expect the path forward to be bumpier. Economic growth should continue at a modest pace, supported by a resilient consumer, productivity gains, and continued investment in technology and infrastructure.

We believe the bull market still deserves the benefit of the doubt, with earnings continuing to be the most important driver of stock prices. In fixed income, higher yields have improved the opportunity for income and total return, and we continue to believe bonds play an important role in diversified portfolios.

Areas we are watching

Potential risks include:

- Sticky inflation or a sharp increase in interest rates
- Midterm election uncertainty and policy headlines
- Geopolitical developments
- Excessive speculation in parts of the market
- Unexpected market or economic "curveballs"

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Portfolio Positioning

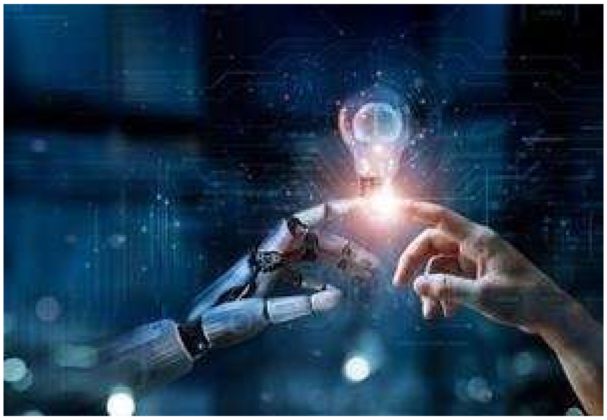
From a portfolio perspective, we continue to follow the weight of the evidence and remain aligned with the market's primary trend.

- We maintain a modest equity bias.
- We continue to favor U.S. large-cap companies and growth-oriented businesses as core holdings.
- We see opportunities in small-cap stocks, where valuations remain attractive and earnings trends are improving.
- Within international markets, emerging markets appear more compelling than developed international markets.
- In fixed income, higher yields have improved the risk/reward opportunity

Final Thoughts

The market's primary uptrend remains intact, and broader leadership is a positive development. While volatility may increase in the second half of the year, underlying fundamentals remain supportive.

Source: Keith Lerner, Chief Investment Officer, Truist Wealth



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