saltmarsh Financial Advisors

Investment Update

Newsletter

July 2026

A Recognition We Share with Our Clients

Thank you for your trust and confidence in Saltmarsh Financial Advisors means everything to us. We have been proudly recognized by clients for delivering exceptional client service, earning a world-class Net Promoter® Score of 91.9%. The score reflects the team's commitment to building lasting relationships grounded in expertise, responsiveness, and personalized care.

"This recognition is meaningful because it comes directly from our clients! We believe wealth management and planning are more than just investments and numbers. It's about understanding what matters most to the people and families we serve. We are grateful for the trust our clients place in us, and we're committed to continuing to provide tailored solutions and excellent services," said Michael Hall, CFP®, Managing Director.

We're honored and grateful for the opportunity to help you pursue your financial goals. Thank you for your continued trust and partnership.

Night at the Ballpark!

Thank you to everyone who joined us for our Annual Night at the Ballpark! We enjoyed spending the evening with our clients, families, and friends, and we appreciate you taking the time to connect with our team outside the office.

Events like these are one of our favorite ways to celebrate the relationships we've built and thank you for your continued trust and partnership. We hope you had a great time, and we look forward to seeing you again at future events!

Dear Clients,

As we continue through the year, we want to take a moment to thank you for the trust you place in us. We are truly grateful for the opportunity to partner with you and support your financial goals.

Between April 29th and May 13th, please look for our annual *Client Experience Survey*, which will be emailed from survey@clearlyrated.com. Your feedback plays a vital role in helping us enhance our services and better serve your needs. We invite you to take a few moments to complete the brief survey — your voice truly matters to us.

Thank you again for your continued confidence in our team. We appreciate the opportunity to serve you and look forward to everything that lies ahead.

With Gratitude,
Your Saltmarsh Financial Advisors Team

In This Issue...

A Quarter of Reversal

Markets & the Economy in Q2 of 2026

MICHAEL HALL, CFP®

The second quarter of 2026 will be remembered as one of the sharpest reversals in recent market memory. It opened under the shadow of a shooting war in the Middle East, a closed Strait of Hormuz, and oil trading near triple digits, with the Federal Reserve pricing out every rate cut it had once penciled in for the year. It closed with a memorandum to end that war, a reopened strait, oil in retreat, and a technology-led advance that carried the S&P 500 and the Nasdaq to their best quarter since 2020. The through line was a single macro pivot, from an energy-driven inflation shock to a renewed embrace of the artificial intelligence capital cycle, and nearly every asset class can be read through that lens.

The Quarter in Themes

Three themes framed the period. The first was a round trip in energy and geopolitics: the war that dominated the first quarter reached a negotiated pause in June, and the resulting slide in oil pulled the rug from under the inflation scare that had gripped markets in the spring. The second was the reassertion of the AI trade, which reclaimed market leadership after a February and March wobble and drove technology to a gain of more than forty percent for the quarter. The third was a hawkish handoff at the Federal Reserve, where Kevin Warsh succeeded Jerome Powell and a committee that had debated rate cuts in January now openly debated hikes. Each of these threads is developed in the sections that follow.

Equity Markets: A Tale of Two Quarters

United States equities delivered a historic three months. The S&P 500 rose roughly 14.8 percent, its best quarterly return since the second quarter of 2020 and, by one strategist's count, the fifth strongest second quarter on record. The Nasdaq Composite gained about 21 percent, and the Dow Jones Industrial Average added close to 13 percent for its strongest quarter since 2022. The path was anything but a straight line. All three major indexes set record closes on May 29, with the S&P 500 finishing above 7,580 and the Nasdaq above 26,900, before a June pullback took hold.

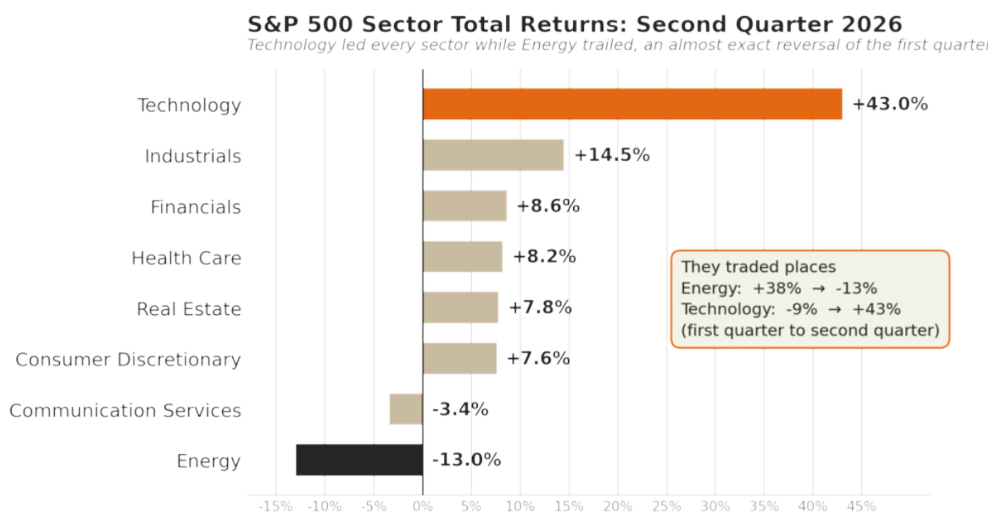
A violent sell-off in semiconductor shares on June 5 dropped the Nasdaq more than four percent in a single session, its worst day in over a year, as a hotter-than-expected jobs report pushed the ten-year Treasury yield above 4.5 percent. Markets steadied through late June and rallied into quarter end, leaving the S&P 500 near 7,500 and up about 9.5 percent for the first half.

Beneath the index level, breadth improved in a way that should reassure diversified investors. The Russell 2000 index of small companies closed above 3,000 for the first time and finished the first half up nearly 22 percent, its best opening six months since 1991.

By late June, roughly two-thirds of S&P 500 members traded above their fifty-day average, up from about half a month earlier. Leadership that had been narrowly concentrated in a handful of mega-cap names widened, even as those same names, the so-called Magnificent Seven, still advanced about eleven percent for the quarter.

Sector Rotation: Engergy & Technology Trade Places

Nothing captures the quarter better than the sector scoreboard shown below, which essentially inverted from the first quarter. Energy was the runaway leader in the first quarter as oil spiked, and was the worst-performing sector in the second quarter, falling about 13 percent as crude prices collapsed on the prospect of peace. Technology, the worst performer in the first quarter, led all eleven sectors with a gain of more than 43 percent as the AI capital cycle reasserted itself.



Source: S&P 500 sector total returns, second quarter of 2026, with first-quarter figures shown for the two sectors that reversed leadership. Sectors displayed are those with available quarterly data.

Industrials followed at roughly 14.5 percent, with financials, health care, real estate, and consumer discretionary all posting mid- to high-single-digit gains. Communication services was the only other sector to finish in the red. The lesson was that leadership can change hands quickly, and that diversification pays off.

International & Emerging Markets

International equities extended a theme that has defined 2026, a genuine broadening of opportunity beyond the United States.

Emerging markets led, propelled by Asia's central role in the global AI build-out. South Korea has been the standout, with its benchmark index up 107 percent on the year. Driven by the strength of memory-chip demand from Samsung and SK Hynix. Taiwan, Brazil, and Japan also drew strong flows. A softer dollar following the June de-escalation with Iran added a tailwind to non-United States assets. That leadership was felt directly in client portfolios, where the emerging-market core strategies were the strongest-performing sleeve of the quarter by a wide margin, returning between 18 and 19 percent. For clients with dedicated international and emerging-market allocations, the first half offered a welcome reminder that diversification across geographies can add to returns rather than simply dampen volatility.

Fixed Income & Interest Rates

Bonds spent the quarter weighing out elevated inflation and a resilient economy. The ten-year treasury yield traded within the 4.0 to 4.5 percent band that has defined the past year. But yields pressed to the top of that range, reaching their highest levels since the middle of 2025 in May. It was driven by a firm read on producer prices, with the thirty-year briefly trading above 5 percent.

Sticky inflation, a rising term premium, and oil's role as an inflation signal all argued for higher yields. Late in the quarter, as energy prices fell and Hormuz traffic resumed, the ten-year eased toward 4.37 percent before rebounding on a strong reading of job openings. The practical takeaway was that income, not price appreciation, carried fixed-income returns, and shorter duration and higher credit quality were rewarded more than long-duration exposure. That pattern was visible in client portfolios as well, where the income-oriented and shorter-maturity strategies outpaced the core investment-grade allocation over the first half. Corporate credit spreads remained historically tight, offering limited additional compensation for reaching down in quality.

The second quarter of 2026 was marked by dramatic market reversals, shifting Federal Reserve policy, easing geopolitical tensions, and the renewed momentum of AI-driven growth. Understanding what drove these changes can provide valuable perspective for the months ahead. Click to continue reading our Q2 Market Commentary for key insights on the trends shaping today's investment landscape: [www.saltmarshadvisors.com/aquarterofreversal.](www.saltmarshadvisors.com/aquarterofreversal)

When Wealth Means More

The Keys to Establishing a Lasting Legacy

PIERCE BROSCIOUS, CFP®

It usually doesn't happen all at once. For many successful individuals, there is a special moment – sometimes after the sale of a business, a real estate transaction, or another liquidity event – when wealth starts to feel different.

At other times, there is no single event at all. Instead, it is a gradual realization: what they have built over a lifetime may be more than they will ever need.

This is an inflection point many people don't anticipate. Yet for most successful individuals, some portion of their wealth will ultimately remain at the end of life and be passed on to others. I sometimes explain it like this: retirement wealth is a bit like a gas tank on a road trip. You don't want to run out along the way, so you might reach the destination with fuel still in the tank. Some people are perfectly comfortable leaving that tank full. Others prefer to use as much as they can. Most fall somewhere in between.

With that framing in mind, a few important questions naturally emerge:

- What wealth is likely to remain, and who, or what, should it go to?
- Will this inheritance be helpful, or could it unintentionally create challenges for those who receive it?
- Does my current plan address these issues and reflect my intentions?

If these questions are unanswered, it might be time to start the conversation. In this blog, I'll share a few foundational ideas to help you begin thinking through the process.

Legacy Is Not Only Financials

True generational wealth extends beyond legal documents and financial strategies. It includes the less tangible but often more enduring elements of legacy:

- Purpose: What purpose do you want your wealth to serve beyond your lifetime?
- Values: What principles guide your decisions? What would you like to preserve in future generations' thinking?
- Education: Are heirs prepared not just to receive wealth, but to steward it responsibly?
- Governance: Should there be any protection in place, and who should be involved in oversight?

This framework can be a great place to start when thinking about how your wealth should carry meaning beyond your lifetime.

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The Role of Conversation in Wealth Preservation

The most underutilized tool in legacy planning is conversation. Open communication among family members, advisors, and trustees can reinforce the intentions reflected in your legal and estate planning documents. These conversations don't need to be perfect or fully resolved; their value lies simply in establishing shared understanding over time.

Topics that are often avoided, like inheritance expectations, roles within family enterprises, charitable intent, or differing financial philosophies, are precisely the topics that should be discussed to create cohesion around your wealth.

When initiated early, these discussions become proactive rather than reactive. Families can have a much clearer understanding of your intentions, rather than having to guess what might be the case.

A Story: How Alfred Nobel Redefined His Legacy

To help illustrate these concepts, I'd like to pass along a story our pastor shared during a recent church service about Alfred Nobel's legacy.

Alfred Nobel was the Swedish chemist and inventor known for his work to create dynamite. In his lifetime, he amassed significant wealth from this invention, among many others.
But a premature obituary – mistakenly published while he was still alive – described him as a man who had made his fortune through instruments of destruction.

That moment caused him to reflect deeply on how he would be remembered.

The result was one of the most meaningful legacy decisions in modern history: Nobel restructured his estate to fund the Nobel Prizes, including the Nobel Peace Prize. Instead of being defined solely by an invention, his legacy became tied to the recognition of human achievement and peace.

Nobel's story is a powerful reminder that legacy planning can be about more than merely preserving wealth. It can shape and inspire future generations to understand, appreciate, and build upon a life's work.