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Portfolio Profile

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Allocation Changes. In our "Tactical Asset Allocation Portfolios" during the quarter, we continued to extend maturities in our fixed income positions in order to take advantage of what we anticipate will be a continually declining interest rate environment. Bonds have an inverse relationship to yields. With this shift to longer maturities that we started late last year, we expect to lock in higher yields and experience capital appreciation as yields decline. We also notified by letter specific income accounts which are invested only in short-term CDs and U.S. Treasuries of what we anticipate will be significantly declining yields and our recommendation to shift away from these short -term investments.

In our "Market Leaders Portfolio" of individual stocks, we refined our exposure to technology stocks. We added Dell, Palantir, Meta, and AMD (Advanced Micro Devices), and we sold Intel and Palo Alto Networks. Additionally, wanting to bring our Utilities exposure up to S&P sector neutral, we added Duke Energy and Constellation Energy Corporation, a nod to the AI boom power generation needs. Finally, we eliminated Berkshire Hathaway, the retirement of Warren Buffet causing concern. There were other changes, adding Visa and selling Bank of the Ozarks in the financial category and selling United Health Group in the healthcare sector.

Podcast Announcement. We are delighted to announce the launch of **The Generational Investors Podcast**, debuting in late November. Hosted by John Woodard III, along with other members of our team including John Woodard Sr., Matt Blades, Todd Senter, Steve Hungerford and Joan Woodard, this podcast is designed to better inform you on critical investment topics, teach new skills, and provide practical strategies for building lasting wealth. Each episode will feature in-depth discussions tailored for

both novice and seasoned investors. Episodes will be released weekly and be available on YouTube, Spotify, Apple Music, and iHeart Radio. More details will follow upon the podcast's release.

Rankings & Recognition. We are pleased to share that *Financial Advisor Magazine* recently ranked us #246 among the Top 250 Registered Investment Advisors in America. This recognition reflects the trust and confidence you place in us, and we are grateful for the opportunity to serve you.

Thank You for Your Referrals. We want to sincerely thank all of our clients who have introduced friends and family to our firm. Your trust means the world to us. Referrals are the highest compliment we can receive, and we deeply appreciate the confidence you show in our team.

Account Flexibility Reminder. A friendly reminder: there is no account size minimum for family or additional accounts under your household. Any new or additional accounts within the same family are billed at the same rate. For new relationships, the account minimum is $250,000.

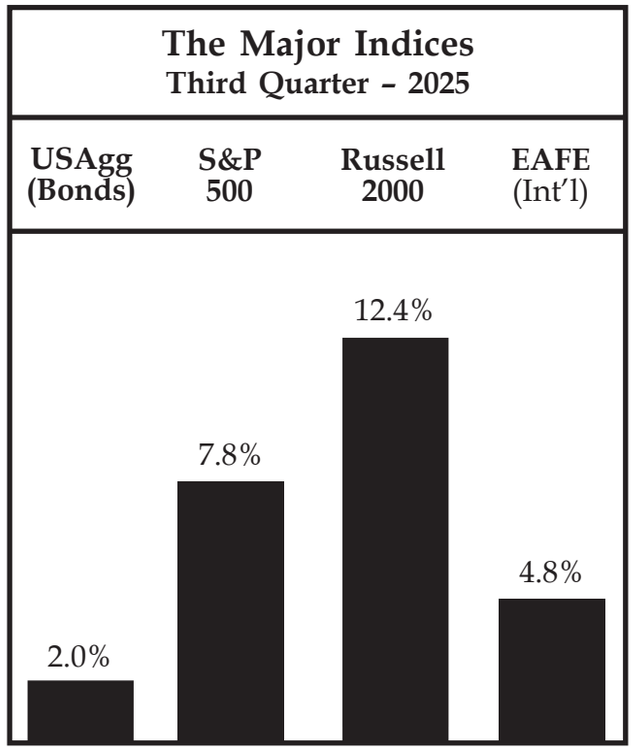
Markets Review and Forecast. After equity markets bottomed early in the second quarter, the third quarter of 2026 carried forward the strength of the first half of the year. The S&P 500 (+7.8%) and Dow Jones (+5.2%) both reached new record highs. The small-cap Russell 2000 (+12.4%) logged its best quarter since 2023, hitting an all-time high in September. Leadership remained concentrated in technology and AI-related companies, with semiconductors particularly strong, but gains extended into areas such as airlines, banks, and homebuilders. Gold surged nearly 17% during the quarter, while oil prices remained subdued despite global unrest. Treasuries firmed as short-term yields moved lower in anticipation of additional Federal Reserve rate cuts, and the U.S. dollar stabilized following earlier weakness. Importantly, GDP for the second quarter was revised to an unexpectedly strong 3.8%, underscoring the resilience of the U.S. economy.

As of the end of the third quarter, the Dow Jones Industrial Average is up 9.1%, while the S&P 500 has gained 13.7% year to date. However, the S&P 500 Equal Weight Index, which gives each stock the same influence regardless of size, is up just 8.4% over the same period. This divergence highlights that much of the market's advance

continues to be driven by a handful of large-cap technology and AI-related names, while performance across the broader market remains more subdued.

The Federal Reserve remained central to market sentiment. After holding steady in July, the Fed cut rates in September, and expectations are building for additional easing before year-end, though policymakers remain divided. Labor market data has softened somewhat but continues to show stability, while corporate earnings once again exceeded expectations. Consumer spending held firm, and we believe high valuations in the market are justified by continued earnings growth. Deregulation and corporate tax relief should also provide meaningful tailwinds to economic expansion going forward. While tariffs and trade disputes remain a source of uncertainty, the combination of strong growth, supportive monetary policy, and earnings momentum suggests a favorable backdrop as we move into year-end.

Interest Rates. Once again, the Federal Reserve decided to lower interest rates in September. The rate cut had been greatly anticipated by many economists and investment professionals as well as retail investors. The Federal-funds rate is currently at 4.00% to 4.25%. The Prime rate is at 7.25%. A 30-year fixed mortgage will cost borrowers 6.4% while a 4-year car loan is running 7.17%. Rates may be coming down but lending institutions are usually slow to adjust their loan rates lower.



The 10 Year Treasury closed the 3rd quarter yielding 4.15%. It is somewhat odd that the 10 Year has risen slightly since the Fed rate cut but the same thing happened last year. It will be interesting to monitor its movement given that additional rate cuts this year and next year are expected. The next time the Federal Reserve meets to possibly announce another rate cut(s) will be later this month on October 29th

and then again on December 10th.

The Aggregate Bond Index closed the 3rd quarter with an approximate return of 6.1% YTD. We have gradually increased the duration of our fixed income portfolio, decreasing the short-term bond exposure earlier this spring and summer. Shorter term fixed income still provides a nice return, and we have not abandoned it completely, but we believe the current interest rate environment will provide fixed income investors with better return opportunity further out on the yield curve.

If you have any other questions about your account or any concerns, please give us a call at 336-998-7000. We always enjoy talking with our clients.