Quarterly Market Review

Q2

Second Quarter | 2026

Honest questions. Genuine advice.

VERABANK
WEALTH MANAGEMENT

2026 Q2 Market Review

This report features VeraBank Wealth Management market commentary, global stock and bond market performance data, and a timeline of events for the past quarter.

With commentary about what has taken place in the financial markets and economy through June 2026; you'll also find returns data for major asset classes which we also include in client portfolios.

The report concludes with our current views on the market and an article sharing how investors can learn from World Cup champions.

Contact a [VeraBank Wealth Management Advisor] with any questions or if you know someone who might benefit from our expert advice.

CONTENTS:

2026 Q2 Market Review

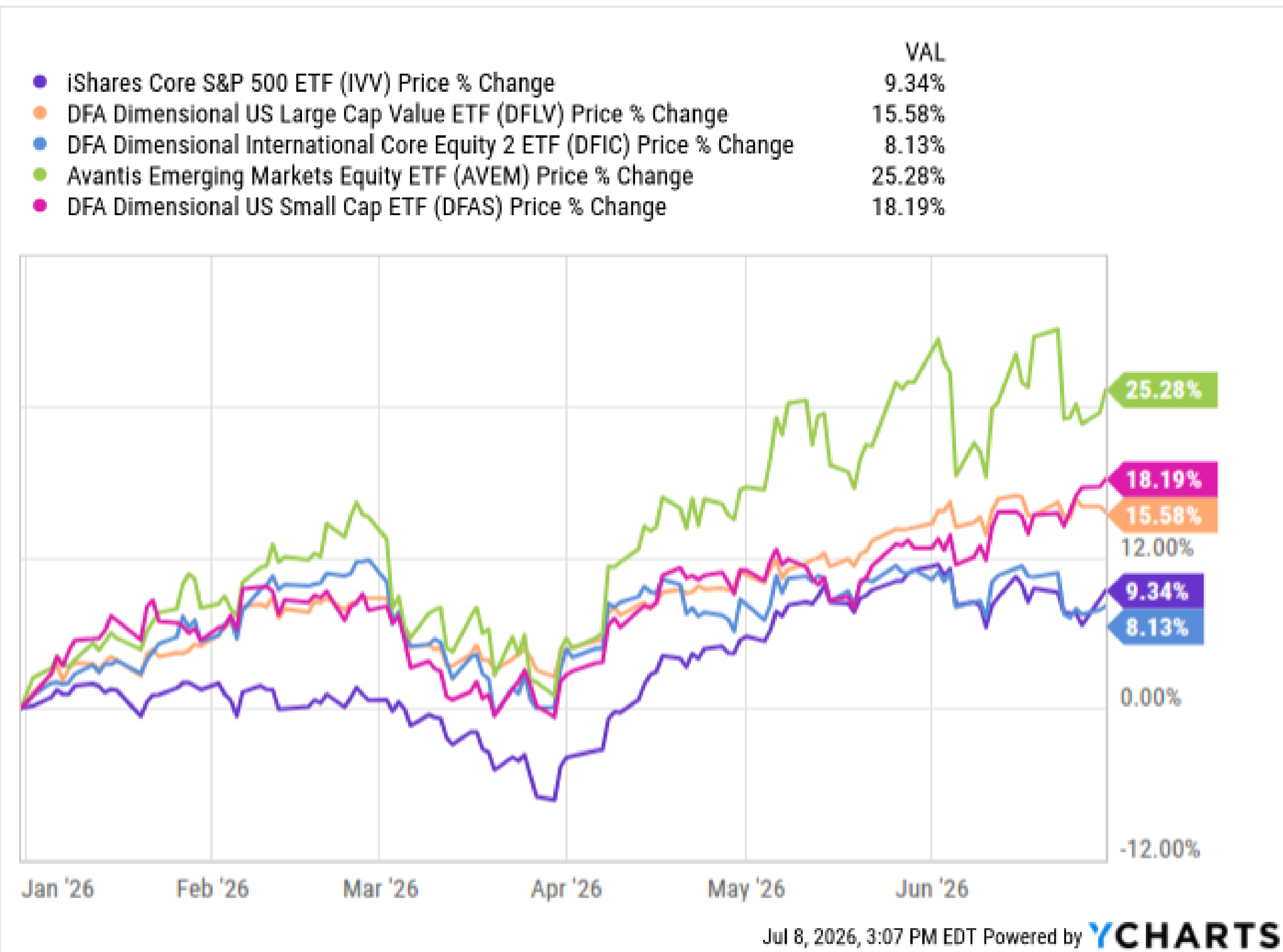
VeraBank Wealth Management Commentary

Stock Markets Continue Rally Amid Military Conflict and Volatile Oil Prices

- Global stock indices continue to rise through the first half of 2026, despite volatility in oil prices associated with the US & Iran military conflict and heightened geopolitical tensions.

- Year-to-date through June 30th, Emerging Markets (AVEM) was the top performing segment of global stock markets – rising 25.28%.

- In US equity markets, value stocks (DFLV) are up 15.58% and small cap stocks (DFAS) up 18.19%, while the S&P 500 (IVV) is only up 9.34%. This outperformance in value stocks is driven by strength in energy companies and defensive stocks and volatility in technology/AI stocks weighed on the tech-heavy S&P 500.



References to funds or ETFs are for illustrative benchmark and market segment purposes only and should not be considered investment recommendations.

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Quarterly Market Summary

Second Quarter 2026 Index Returns

	Stocks				Bonds	
	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
Q2 2026	15.44%	10.22%	24.05%	10.76%	0.67%	1.77%
Since January 2000						
Average Quarterly Return	2.4%	1.6%	2.4%	2.3%	1.0%	1.0%
Best Quarter	22.0% 2020 Q2	25.9% 2009 Q2	34.7% 2009 Q2	32.3% 2009 Q3	6.8% 2023 Q4	5.4% 2023 Q4
Worst Quarter	-22.8% 2008 Q4	-23.3% 2020 Q1	-27.6% 2008 Q4	-36.1% 2008 Q4	-5.9% 2022 Q1	-4.1% 2022 Q1

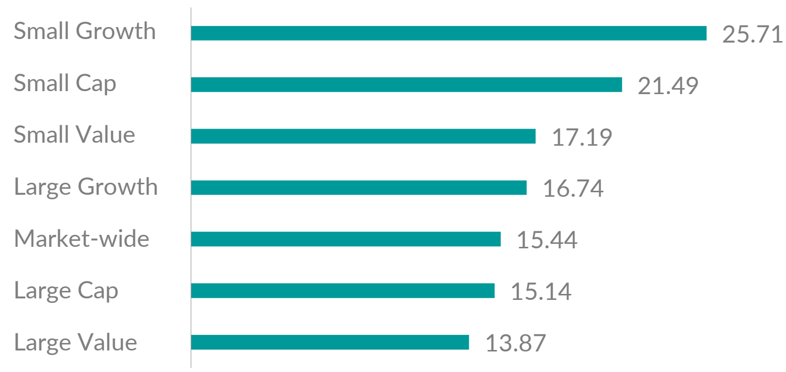
Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), International Developed Stocks (MSCI World ex USA Index [net dividends]), Emerging Markets (MSCI Emerging Markets Index [net dividends]), Global Real Estate (S&P Global REIT Index [net dividends]), US Bond Market (Bloomberg US Aggregate Bond Index), and Global Bond Market ex US (Bloomberg Global Aggregate ex-USD Bond Index [hedged to USD]). S&P data © 2026 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2026, all rights reserved. Bloomberg data provided by Bloomberg.

US Stocks

Second Quarter 2026 Index Returns

- The US equity market posted positive returns for the quarter and outperformed non-US developed markets, but underperformed emerging markets.
- Value underperformed growth.
- Small caps outperformed large caps.

Ranked Returns (%)



Periodic Returns (%)

			ANNUALIZED					
Asset Class	**QTR**	**YTD**	**1 Year**	**3 Years**	**5 Years**	**10 Years**	**15 Years**	**20 Years**
Small Growth	25.71	22.18	38.74	18.44	5.57	11.97	10.81	9.53
Small Cap	21.49	22.57	40.78	18.60	6.98	11.62	10.52	8.88
Small Value	17.19	22.99	43.01	18.73	8.23	10.89	9.97	7.98
Large Growth	16.74	5.33	17.71	22.58	13.71	18.58	16.47	13.58
Marketwide	15.44	10.88	22.82	20.36	12.31	15.06	13.89	11.16
Large Cap	15.14	10.33	22.02	20.47	12.66	15.30	14.15	11.33
Large Value	13.87	16.26	27.12	17.79	11.17	11.52	11.47	8.79

World Market Capitalization

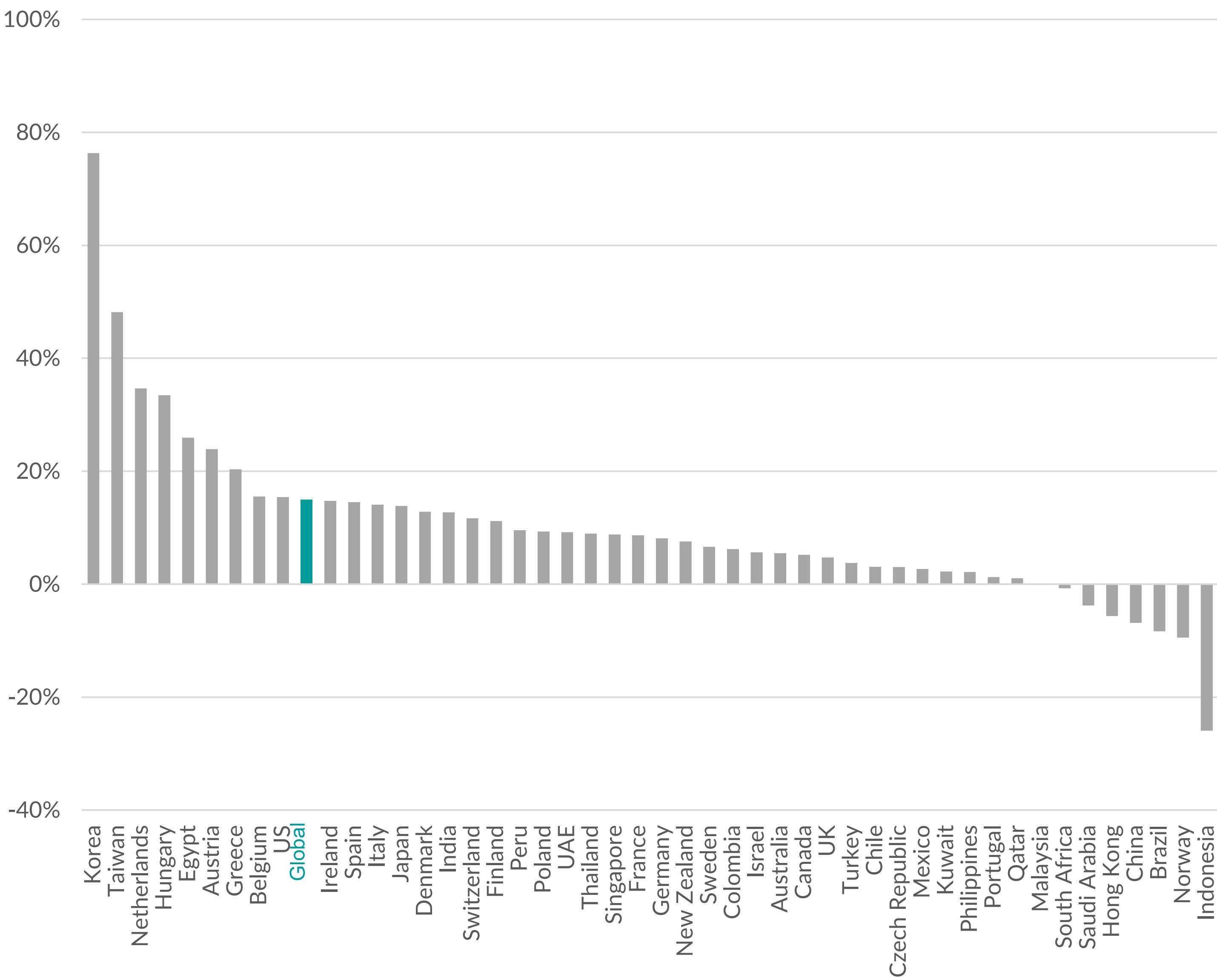
63% US Market

$72.3 trillion

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: Marketwide (Russell 3000 Index), Large Cap (Russell 1000 Index), Large Value (Russell 1000 Value Index), Large Growth (Russell 1000 Growth Index), Small Cap (Russell 2000 Index), Small Value (Russell 2000 Value Index), and Small Growth (Russell 2000 Growth Index). World Market Cap represented by Russell 3000 Index, MSCI World ex USA IMI Index, and MSCI Emerging Markets IMI Index. Russell 3000 Index is used as the proxy for the US market. Dow Jones US Select REIT Index used as proxy for the US REIT market.

Country Returns

Second Quarter 2026 Index Returns



Past performance is no guarantee of future results. Country returns are the country component indices of the MSCI All Country World IMI Index for all countries except the United States, where the Russell 3000 Index is used instead. Global is the return of the MSCI All Country World IMI Index. MSCI index returns are net dividend. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. MSCI data © MSCI 2026, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes.

Fixed Income

Second Quarter 2026 Index Returns

Within the US Treasury market, interest rates generally increased during the quarter.

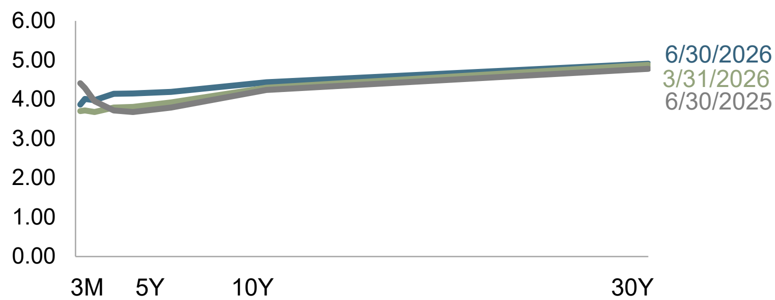
On the short end of the yield curve, the 1-Month US Treasury Bill yield decreased by 4 basis points (bps) to 3.70%. The 1-Year US Treasury Bill yield increased 30 bps to 3.98%.

The yield on the 5-Year US Treasury Note increased 27 bps to 4.19%. The yield on the 10-Year US Treasury Note increased 14 bps to 4.44%. The yield on the 30-Year US Treasury Bond increased 3 bps to 4.91%.

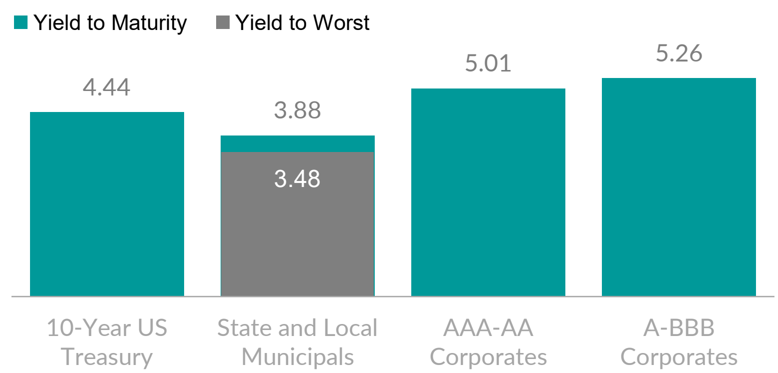
In terms of total returns, short-term US treasury bonds returned +0.18% while intermediate-term US treasury bonds returned +0.22%. Short-term corporate bonds returned +0.84% and intermediate-term corporate bonds returned +0.98%.

The total returns for short- and intermediate-term municipal bonds were +0.87% and +1.51%, respectively. Within the municipal fixed income market, general obligation bonds returned +2.35% while revenue bonds returned +2.57%.

US Treasury Yield Curve (%)



Bond Yields Across Issuers (%)



Periodic Returns (%)

			ANNUALIZED					
Asset Class	QTR	YTD	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Bloomberg Municipal Bond Index	2.50	2.32	7.03	3.76	1.05	2.15	3.20	3.63
Bloomberg US High Yield Corporate Bond Index	2.47	1.96	5.91	8.86	4.17	5.81	5.82	6.68
Bloomberg US TIPS Index	0.89	1.15	3.42	3.98	1.01	2.58	2.60	3.66
ICE BofA US 3-Month Treasury Bill Index	0.89	1.74	3.84	4.64	3.52	2.34	1.58	1.69
FTSE World Government Bond Index 1-5 Years (hedged to USD)	0.86	1.09	3.20	4.74	2.08	2.00	1.95	2.49
Bloomberg US Government Bond Index Long	0.85	0.45	2.91	-0.43	-5.57	-1.29	2.39	3.58
Bloomberg US Aggregate Bond Index	0.67	0.62	3.79	4.16	0.08	1.54	2.28	3.32
ICE BofA 1-Year US Treasury Note Index	0.61	1.21	3.37	4.38	2.70	2.08	1.50	1.89
FTSE World Government Bond Index 1-5 Years	0.58	0.10	1.54	4.17	0.31	0.79	0.02	1.65

1. Bloomberg US Treasury and US Corporate Bond Indices.
2. Bloomberg Municipal Bond Index.

One basis point (bps) equals 0.01%. **Past performance is not a guarantee of future results.** Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Yield curve data from Federal Reserve. State and local bonds, and the Yield to Worst are from the S&P National AMT-Free Municipal Bond Index. AAA-AA Corporates represent the ICE BofA US Corporates, AA-AAA rated. A-BBB Corporates represent the ICE BofA Corporates, BBB-A rated. Bloomberg data provided by Bloomberg. US long-term bonds, bills, inflation, and fixed income factor data © Stocks, Bonds, Bills, and Inflation (SBBI) Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefield). FTSE fixed income indices © 2026 FTSE Fixed Income LLC, all rights reserved. ICE BofA index data © 2026 ICE Data Indices, LLC. S&P data © 2026 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Bloomberg data provided by Bloomberg.

Market Perspectives

VeraBank Wealth Management Commentary

Emerging Opportunities: Looking Beyond US Tech

Market Leadership is Broadening

While the Magnificent Seven and large-cap technology stocks have driven returns for much of the past several years, we've seen participation expand into value stocks, industrials, financials, and small company stocks — creating a healthier and more balanced market environment for investors. This should come as no surprise to long-term investors and is the reason that evidence points to a disciplined investment approach outperforming predictive market timing over the long term.

International and Emerging Markets Are Showing Renewed Strength

Improving global economic conditions, attractive valuations, and a weaker US dollar have helped many international and emerging market stocks outperform, reminding investors that opportunities often exist beyond the US.

HALO Replaces Magnificent Seven

HALO Stocks (Heavy Assets, Low Obsolescence) has gained popularity as the "new" investment theme which refers to established, capital-intensive companies that are less likely to be disrupted by AI. As these companies with well-known names in sectors like energy, transportation, and materials have performed well this year, HALO has become the more popular theme as the Mag Seven loses steam.

With this new theme and those before it, a diversified approach captures the performance from the beginning of the rally and doesn't come crashing down as one theme fades to the next.

Playing the Long Game: Investment Lessons from the World Cup

Every four years, the world's best soccer teams compete on the biggest stage. While the matches capture global attention, the real story begins years earlier. Successful teams don't rely on last-minute adjustments or emotional decisions — they follow a disciplined plan, stay committed to a long-term objective, and adapt to changing circumstances while staying within their overall approach.

Many of the same principles that help build a championship World Cup team also apply to building a successful investment experience over a lifetime.

Every Great Team Has a Game Plan

No World Cup contender arrives at the tournament without years of preparation and a clearly defined strategy. Coaches and players know that success comes from a consistent process — not from reinventing the game plan after every match.

Likewise, a well-designed investment plan should reflect your goals, time horizon, and risk tolerance. Markets will experience periods of uncertainty, but a disciplined strategy provides the framework needed to navigate those challenges with confidence and a focus on the big picture – long-term success.

Don't Chase the Ball—Control the Field

In youth soccer, everyone chases the ball (or gets distracted picking flowers). Elite teams don't. They maintain their positions, trust their system, and focus on executing their strategy rather than reacting to every movement or an unexpected colorful and fun object on the field.

Markets can tempt investors to deviate from the game plan. Headlines, market swings, and the latest "hot" investment often encourage short-term decisions. Investors are tempted to "chase the ball" and begin speculating rather than investing. Long-term investors are better served by staying focused on their financial goals instead of chasing every market trend.

Adjust Without Abandoning the Strategy

Even the best teams make necessary adjustments during a match. They respond to changing conditions without losing sight of their overall objective. Most adjustments in modern sports are now made based on analytics and data, rather than a hunch. Adjustments are made to focus on what can be controlled, rather than sitting passively or reacting.

Investing should be approached the same way. Periodic portfolio reviews, rebalancing, and thoughtful adjustments are important, but they should support an investor's long-term plan rather than replace it. Staying flexible while remaining committed to their strategy can help keep the portfolio aligned with goals as there are inevitably changes in investment needs, goals, or time horizon over the years.

Playing the Long Game: Investment Lessons from the World Cup

Every Championship Level Team Needs a Championship Level Coach

Even the most talented World Cup players don't compete alone. Behind every successful team is a coach who provides strategy, perspective, and guidance. A coach develops a game plan, adjusts when necessary, and helps players stay focused on the ultimate objective instead of reacting to every moment on the field. Investing is no different.

Markets can be emotional. Headlines, volatility, and uncertainty often tempt investors to make decisions based on fear or excitement rather than long-term goals. A trusted financial advisor serves as a coach during those moments — offering perspective, helping you stay disciplined, and ensuring your investment strategy remains aligned with your financial objectives.

Just as a coach can't guarantee a championship, an advisor can't eliminate market risk. What both can provide is experience, preparation, accountability, and a steady hand when it matters most.

World Cup champions aren't defined by a single match, they're built through preparation, discipline, and trusted leadership. Likewise, long-term investment success is often achieved by following a thoughtful plan with the guidance of a trusted advisor who helps you stay focused on playing the long game.

If you could benefit from a coach to manage your investment game plan (or know someone else who might benefit from our expert advice) contact a VeraBank Wealth Management advisor with any questions.

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