Weekly Market Recap

August 24, 2026

	Price	Price Returns	
Index	**Close**	**Week**	**YTD**
S&P 500® Index	7,674	-1.4%	12.1%
Dow Jones Industrial Average	53,277	-0.9%	10.9%
NASDAQ	26,181	-2.1%	12.6%
Russell 2000® Index	3,018	-1.7%	21.6%
International Equities[1]	108.24	-0.4%	12.7%
Emerging Markets Equities[2]	67.12	0.8%	22.7%
Ten-Year Treasury Yield	4.73%	-0.2%	-3.5%
Bonds[3]	$97.35	-0.1%	-2.5%
Oil WTI[4] ($/bbl[5])	$86.64	5.2%	50.9%

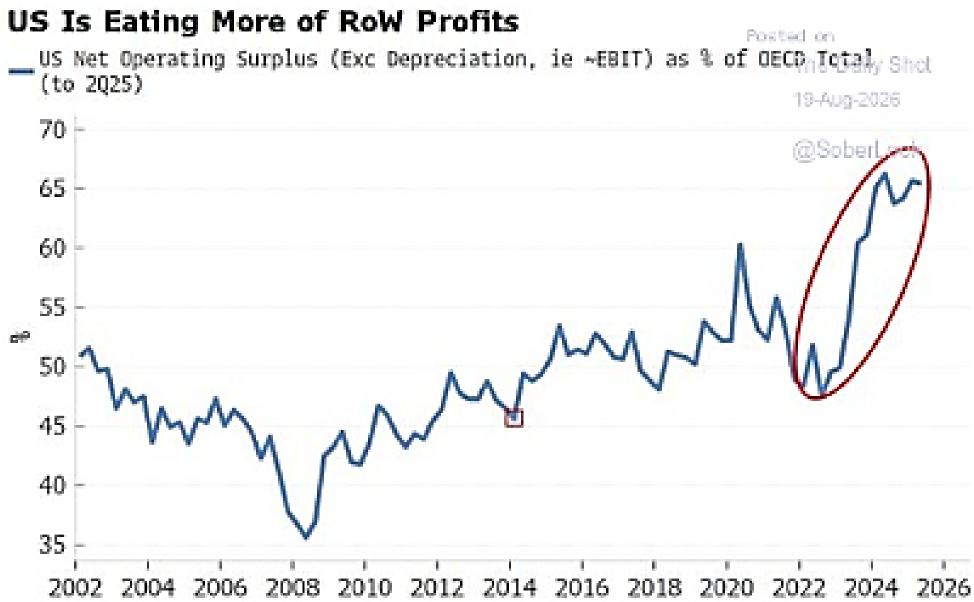
[1]International Equities are represented by iShares Core MSCI ETF. [2]Emerging Markets Equities are represented by iShares MSCI Emerging Markets ETF. [3]Bonds are represented by the iShares U.S. Aggregate Bond ETF [4]WTI = West Texas Intermediate [5]bbl = Barrel. Sources: Bloomberg L.P.; FactSet.

U.S. Equity Market

- U.S. large-cap equities (S&P 500 Index) fell -1.4% as elevated bond yields, higher oil prices, and sporadic weakness in artificial intelligence (AI) infrastructure/momentum stocks appeared to weigh on investor sentiment. The U.S. Treasury announced a doubling of bond repurchases from $2B to $4B per operation, however, this is a relatively small buyback plan compared to the net $97B of long-bonds sold into the market. Semiconductor and memory stocks fell amid concerns around AI capital expenditure (capex) financing, corporate debt issuance, bubble worries, and data center backlash (political headlines). The price of Oil (WTI) rose +5.2% in volatile trading as U.S.-Iran conflict shifted toward economic pressure with little diplomatic progress. Futures markets are pricing in a 35-40% chance the Federal Reserve (Fed) may hike interest rates at the September meeting, which is up from 27% a week ago. The U.S. 10-year Treasury yield rose to 4.73% from 4.69%. Gold rose +5.5%.

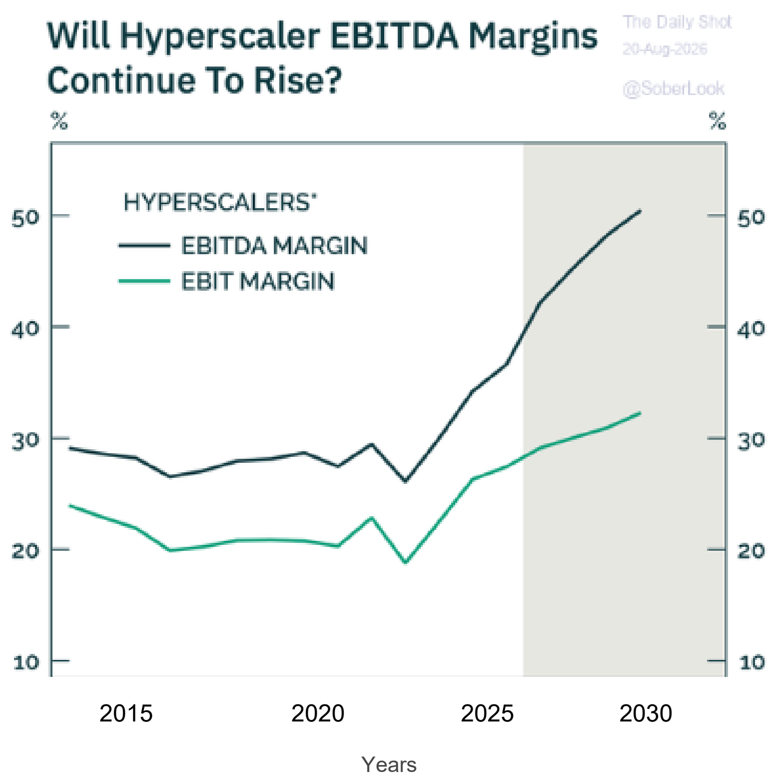
- S&P 500 Index Sector Returns:
  - Healthcare (+4.3%) and consumer staples (-1.0%) outperformed, as investors tend to favor more defensive stocks, but Walmart fell this week after reporting the slowest same-store-sales in over six years.
  - Energy (+2.5%) rose, as the price of oil rose 5.2%.
  - Materials (+2.3%) rose, led by precious metals miners.
  - Consumer discretionary (-0.2%) fell, led lower by Amazon and home improvement retailers, partially offset by strength from Tesla.
  - Real Estate (-0.5%) fell, led lower by public storage and cell towers.
  - Financials (-1.2%) fell, led lower by asset managers, fin-tech and banks.
  - Communication services (-1.5%) fell, led lower by internet search and social media stocks.
  - Tech (-3.2%) fell, led lower by AI semiconductors stocks.
  - Industrials (-3.4%) fell, led lower by AI infrastructure and aerospace and defense stocks.
  - Utilities (-3.6%) fell, likely due to political push-back for data center buildout and elevated rates.

- U.S. companies appear to be generating more profits relative to the rest of the world.



RoW: Rest of world. EBIT: Earnings Before Interest and Taxes. OECD: Organisation for Economic Cooperation and Development. Data is as of 08.19.2026. Sources: Blomberg L.P.; Macrobond; The Daily Shot.

- Hyperscaler EBITDA margins (profitability) could rise, which could provide more incentives for the hyperscalers to potentially keep investing in the AI infrastructure buildout.

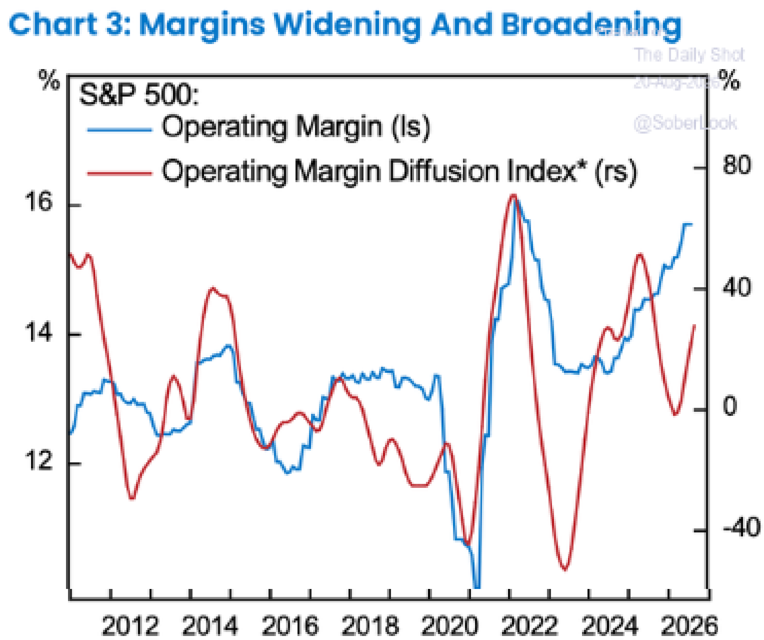


*Includes Microsoft, Google, Amazon, META and Oracle. Source: BCA Research; Peter Berezin at BCA; The Daily Shot; Bloomberg L.P.

All data is as of 08.21.2026 unless otherwise noted. Past performance is not indicative of future results. Any type of investing involves risk and there are no guarantees that these methods will be successful. Please reference important disclosures on pages 6-7.

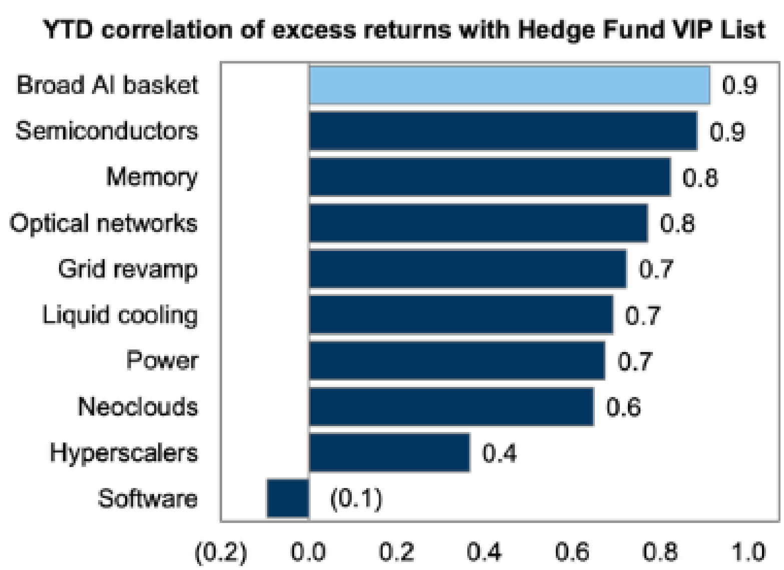
STERLING CAPITAL

- The operating margins for S&P 500 Index companies continue to rise, which appears to have contributed to the strength of U.S. equity marketing.



Ls: Left side. Rs: Right side. *A diffusion index is a statistical measure used in economics to show how widely a change or trend is spread across different sectors or components. It tracks the share of indicators—such as industries or survey responses—that are rising versus those that are falling. The Daily Shot percentage of industry groups with rising operating margins minus percentage of industry groups with decreasing operating margins; shown as 2-quarter moving average. Data is as of 08.20.2026. Sources: Alpine Macro; Bloomberg L.P.; The Daily Shot.

- The most popular hedge fund positions appear highly correlated to the AI infrastructure trade. The chart below shows the correlation of daily excess returns vs. the equal weight S&P 500.



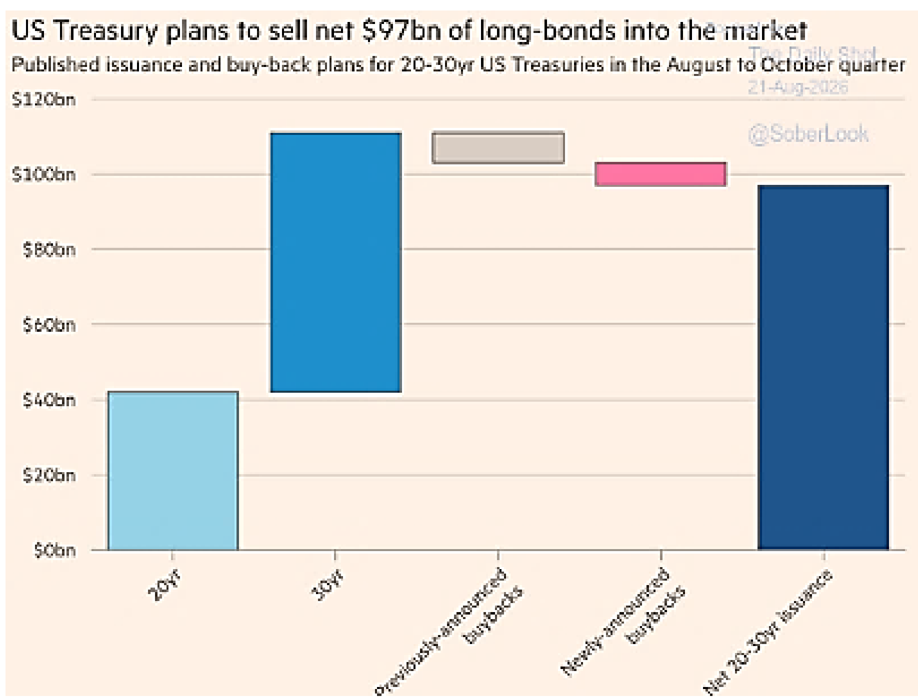
The x-axis represents the correlation coefficient between each AI-related basket's daily excess returns and the Hedge Fund VIP List's excess returns. YTD: year-to-date. A neocloud is a specialized cloud provider that focuses on renting out high-performance graphics processing units (GPUs) rather than offering a wide range of general-purpose computing services. Data is as of 08.20.2026. Sources: The Daily Shot; Goldmans Sachs.

Fixed Income Markets

- U.S. 10-year Treasury yield remains elevated, partially due to inflation concerns linked to the U.S.-Iran conflict that has appeared to drive elevated oil prices.

The x-axis represents the intraday movement of the 10-year Treasury yield from the morning of August 20, 2026, through overnight trading, and into the following afternoon. Data is as of 08.20.2026. Sources: Bloomberg L.P.; The Daily Shot.

- The newly announced U.S. Treasury bond buyback program doubles the maximum purchase size of longer-dated bonds from $2B to 4$B per operation, however this is a relatively small buyback plan compared to the net $97B of long-bonds sold into the market.



A long bond is a 30-year U.S. Treasury bond that offers stability with semiannual interest payments and is backed by the U.S. government's credit. Sources: Financial Times; The Daily Shot.

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International Markets Summary

- European markets (STOXX 600 Index) fell -0.6% as uncertainty associated with the sell-off in global government bonds, inflationary pressures, and U.S.-Iran conflict/energy costs appeared to weigh on investor sentiment for local equities.
- The Chinese stock market (Shanghai Composite A share) fell -0.6% as Chinese July economic data showed a broad slowdown of economic activity.
- Japanese equities (Nikkei 225 Index) fell -3.9% as renewed U.S.-Iran conflict uncertainty, higher oil prices, and rising bond yields appeared to contribute to a broader sell-off in risk assets with AI-oriented technology stocks underperforming.

This Week:

- The volume of corporate earnings reports will be moderate this week.
- Economic data:
    - Monday: Limited U.S. Economic data;
    - Tuesday: Federal Housing Finance Agency House Price Index, New Home Sales, Consumer Confidence;
    - Wednesday: Mortgage Bankers Association Mortgage Purchase Applications, Core Durable Orders, Core Personal Consumption Expenditures, Durable Orders ex transport, Durable Orders, Gross Domestic Product (GDP) Chain Price (first revision), GDP (first revision), Personal Spending, Personal Income;
    - Thursday: Wholesale Inventories (Preliminary);
    - Friday: Chicago Purchasing Managers Index, Michigan Consumer Sentiment (Final).

As always, thank you very much for your interest in our thoughts and support of our services.

Whitney Stewart, CFA®
Executive Director

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Index Definitions

Performance is compared to an index, however, the volatility of an index varies greatly. Indices are unmanaged and investments cannot be made directly in an index.

The **S&P 500® Index** is a readily available, carefully constructed, market-value-weighted benchmark of common stock performance. Currently, the S&P 500 Composite includes 500 of the largest stocks (in terms of stock market value) in the United States and covers approximately 80% of available market capitalization.
The **S&P 500® Equal Weight Index (EWI)** is the equal-weight version of the widely-used S&P 500®. The index includes the same constituents as the capitalization-weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight - or 0.2% of the index total at each quarterly rebalance.
The **Russell 2000® Index** measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000® Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000® is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.
The **Dow Jones Industrial Average (DJIA)** is an index that tracks 30 large, publicly-owned blue chip companies trading on the New York Stock Exchange (NYSE) and the NASDAQ.
The **NASDAQ Composite Index** is the market capitalization-weighted index of over 2,500 common equities listed on the NASDAQ stock exchange. The types of securities in the index include American depositary receipts, common stocks, real estate investment trusts (REITs) and tracking stocks, as well as limited partnership interests. The index includes all Nasdaq-listed stocks that are not derivatives, preferred shares, funds, exchange-traded funds (ETFs) or debenture securities.
The **MSCI EAFE Index** is an equity index which captures large and mid-cap representation across 21 Developed Markets countries around the world, excluding the U.S. and Canada. With 900 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.
The **STOXX Europe 600 Index** is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 components, the STOXX Europe 600 Index represents large, mid and small capitalization companies across 17 countries of the European region: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland and the United Kingdom.
The **Nikkei 225** is a price-weighted index composed of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange.
The **Shanghai Stock Exchange Composite Index** is a capitalization-weighted index. The index tracks the daily price performance of all A-shares and B-shares listed on the Shanghai Stock Exchange.

Technical Terms:

A momentum stock is a security whose price is rapidly moving in one direction—usually upward—backed by high trading volume and strong market interest. **Capital expenditures (CapEx)** are funds companies use to acquire, upgrade, or maintain physical assets like buildings, technology, or equipment, with the goal of increasing operational scope or future economic benefits. The **Organisation for Economic Co-operation and Development (OECD)** is an intergovernmental organisation with 38 member countries. It was founded in 1961 to stimulate economic progress and world trade. OECD members are highly developed countries with advanced economies typically considered efficient and high-income. **EBITDA** stands for Earnings Before Interest, Taxes, Depreciation, and Amortization. It is a metric used to measure a company's overall financial performance and core operational profitability by removing the non-operating impacts of financing, accounting decisions, and tax environments. A **hyperscaler** is a large company that builds and runs massive, globally distributed data center networks to provide cloud computing and data storage at an enormous scale. Major providers like Amazon Web Services (AWS), Microsoft Azure, and Google Cloud rent out these computing resources to other businesses. The **Consumer Price Index (CPI)** measures the monthly change in prices paid by U.S. consumers. The **Federal Housing Finance Agency House Price Index (FHFA HPI®)** is a comprehensive collection of publicly available house price indexes that measure changes in single-family home values based on data that extend back to the mid-1970s from all 50 states and over 400 American cities. It incorporates tens of millions of home sales and offers insights about house price fluctuations at the national, census division, state, metro area, county, ZIP code, and census tract levels. **Gross domestic product (GDP)** is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period. As a broad measure of overall domestic production, it functions as a comprehensive scorecard of a given country's economic health. The **Michigan Consumer Sentiment Index (MCSI)** is a monthly survey of consumer confidence levels in the United States conducted by the University of Michigan. The survey is based on telephone interviews that gather information on consumer expectations for the economy. A monthly **Purchasing Managers Index (PMI)** highlighting the manufacturing sector is made available by the Institute for Supply Management (ISM), a nonprofit supply management organization. The **Chicago PMI** is a monthly measure of the level of business activity for the Chicago area in the manufacturing sector. The **Core Personal Consumption Expenditure (PCE) Index** is a measure of prices that people living in the U.S., or those buying on their behalf, pay for goods and services. (Technical definitions are sourced from Corporate Finance Institute.)

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