MONTHLY MARKET REVIEW – August 2026

	Aug 2026	YTD	1-Year	3-Years	5-Years	10-Years
U.S. Large Cap Equities S&P 500	2.72%	13.14%	20.38%	21.04%	12.79%	15.37%
U.S. Small Cap Equities Russell 2000	0.98%	20.01%	26.46%	17.46%	6.85%	10.55%
Energy Infrastructure Equities Alerian U.S. Midstream	5.14%	35.48%	34.78%	30.10%	27.94%	13.80%
U.S. Real Estate Equities Dow Jones U.S. Select REIT	-2.94%	17.02%	17.43%	12.37%	4.15%	5.29%
Global Equities MSCI All Country World	2.67%	14.31%	22.35%	20.48%	10.88%	12.58%
Int'l Developed Equities MSCI EAFE	1.99%	13.81%	21.62%	18.25%	9.35%	9.54%
Emerging Market Equities MSCI Emerging Markets	3.37%	24.08%	39.25%	23.23%	8.18%	9.29%
U.S. Taxable Fixed Income Bloomberg U.S. Aggregate	0.39%	-0.31%	1.89%	4.08%	-0.29%	1.40%
U.S. Tax-Exempt Fixed Income Bloomberg Municipal Aggregate	-0.23%	0.20%	4.12%	3.40%	0.54%	1.91%
High Yield Fixed Income Bloomberg U.S. Corp High Yield	0.97%	2.69%	4.88%	8.52%	4.13%	5.39%
Floating Rate Loans Morningstar LSTA U.S. Loan	0.93%	3.07%	4.79%	7.29%	6.28%	5.45%

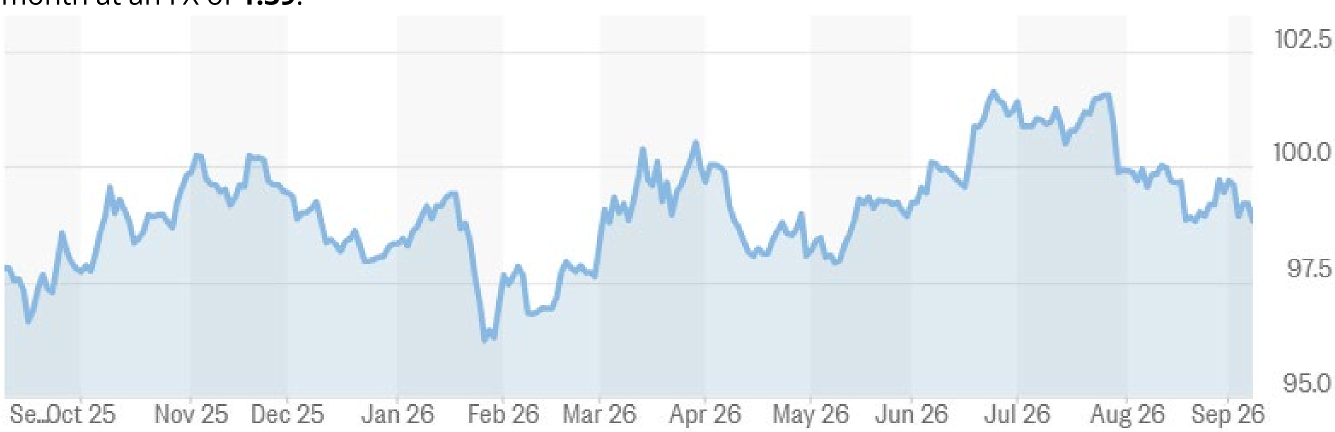
- Economic resilience and improved corporate earnings results led to broad-based gains across developed markets in August.
- U.S. stocks rebounded with support from Nvidia's blockbuster second quarter earnings results, which featured record total revenue lifting many AI related stocks.
  - The top 10 companies in the S&P 500 ended August at 39% of the Index, with Berkshire Hathaway falling out and Micron (chip maker) being readded.
  - The Mag-7 gained 9% through August, compared to the remaining 493 stocks in the S&P 500 Index that gained 14%.
  - U.S. Broad market value stocks outperformed growth stocks, but in the tech-dominated S&P 500, growth stocks outperformed value stocks by 1.1 percentage points year-to-date.
- Emerging markets equities outperformed domestic equities, primarily due to strong earnings amplified by a weaker dollar that amplified dollar denominated returns.
- Fixed income returns remained low, but generally positive, as yields continued to increase.
- Investment grade corporate bonds yielded 5.5%, while 10-year U.S. Treasuries yielded 4.8%.
- Corporate credit spreads for investment grade and high yield bonds remained narrow at slightly more than half their historical averages.

Sources: eVestment, JP Morgan, xe.com, Trading Economics, StatisticsCanada, U.S. Dept of Labor/Bureau of Labor Statistics, Bank of Canada, Reuters, CNBC

Category	Comments
Growth	The U.S. economy grew at a 1.5% rate (annualized) in the second quarter: • Consumer spending and business fixed investment drove growth. • Consumer spending rose 3.4%, while business fixed investment rose 8.5%.
Profits	The 2Q 2026 earnings season has been strong: • S&P 500 EPS is projected at 48% y/y: second consecutive quarter at >20%. • Excluding paper gains from hyperscaler investment in private AI companies, earnings growth would still be strong at 36.5%.
Jobs	The August jobs report's results were stronger than expected: • The U.S. added 162k new jobs, well below the 55K consensus. • Employment gains were strong; the labor market is tight. • The unemployment rate was 4.1%.
Inflation	Fed Gauge: Personal Consumption Expenditures Index (PCE - Core): • Core PCE inflation was unchanged at an annual rate of 3.3% in July.
Interest Rates	The FOMC policy rate was unchanged in July at a range of 3.50%-3.75%: • Three committee members dissented in favor of raising the policy rate. • Chairman Warsh offered no reaction function of forward guidance. • The Committee is expected to hold rates steady, or hike, in the second half.

CANADA:

- The U.S. dollar index (DXY) ***weakened*** 0.5% in August and ***strengthened*** 1.7% over the past 12 months (see chart below). The U.S. dollar ***weakened*** 1.2% against the Canadian dollar in August to end the month at an FX of **1.39**.



- The Bank of Canada's policy interest rate was ***unchanged*** in at 2.25% (September 2nd meeting).
- ***Core CPI***, referred to as "CPI-trim," was unchanged in at an annual rate of 1.9% in July.
- Canada's economy expanded at an annualized rate of 3.3% in the second quarter, marking the fastest pace of growth in three years.
- Canada has introduced and raised tariffs on $27.6 billion of U.S. goods, including dairy, agricultural equipment, paper, household appliances, and electronics.
- U.S. steel aluminum and iron product, furniture and clothing will have the highest tariff rate of 50%.
- Canada's retaliatory tariffs too effect in early September are intended to serves as a "dollar for dollar" response to the U.S. levies on Canada's own goods.
- The Department of Finance has pledged to protect Canadian workers and businesses.

Sources: eVestment, JP Morgan, xe.com, Trading Economics, StatisticsCanada, U.S. Dept of Labor/Bureau of Labor Statistics, Bank of Canada, Reuters, CNBC

OIL:

- **The price of crude oil was $85.76 per barrel (WTI).**
- Oil prices **increased** $1.09 per barrel, or 1.3%.
- Crude prices were more stable in August. An attack on the 400,000 barrel per day Jazan refinery has increased prices in September, and future attacks are expected to further disrupt the global oil supply. Higher Chinese exports will provide some relief.
- **Oil is forecasted to trade between $70 and $100 per barrel over the next 12 months.**

Year	Ave. Price	High	Low	% Change
2026	$81.23	$112.95	$55.99	49%
2025	$64.62	$78.71	$57.13	-19%
2024	$75.83	$87.01	$66.37	1%
2023	$77.64	$93.84	$66.74	-11%
2022	$94.53	$123.70	$71.59	7%
2021	$68.17	$84.65	$47.62	55%
2020	$39.68	$63.27	$11.26	-21%
2019	$56.99	$66.24	$46.31	35%
2018	$65.23	$77.41	$44.48	-25%
2017	$50.80	$60.46	$42.48	12%
2016	$43.29	$54.01	$26.19	45%
2015	$48.66	$61.36	$34.55	-31%

COPPER:

- **The price of copper was $6.69 USD per pound.**
- Copper prices **increased** $0.22 per pound, or 3.4%.
- Copper prices moved steadily higher in August. Prices are projected to remain near all time highs amid expectations of new U.S. import tariffs on the metal. These tariffs have encouraged the redirection of shipments to U.S. warehouses.
- **Copper is forecasted to trade between $6.30 and $7.00 per pound over the next 12 months.**

Year	Ave. Price	High	Low	% Change
2026	$6.12	$6.73	$5.37	18%
2025	$4.86	$5.82	$4.03	41%
2024	$4.23	$5.10	$3.68	3%
2023	$3.86	$4.28	$3.57	2%
2022	$4.00	$4.94	$3.23	-14%
2021	$4.24	$4.76	$3.52	27%
2020	$2.80	$3.63	$2.10	26%
2019	$2.72	$2.97	$2.53	6%
2018	$2.93	$3.30	$2.56	-20%
2017	$2.81	$3.30	$2.49	32%
2016	$2.20	$2.69	$1.94	17%
2015	$2.49	$2.94	$2.02	-25%

ALUMINUM:

- **The price of aluminum was $3,194 USD per tonne.**
- Aluminum prices **increased** $50 per tonne, or 1.6%.
- Aluminum prices were more stable in August. Prices have increased in September amid continued supply tightness and declining inventories. LME inventories remain near a 36-year low. U.S.-Iran hostilities have led to uncertainties about supplies from the Persian Gulf.
- **Aluminum is forecasted to trade between $3,150 USD/tonne and $3,250 over the next 12 months.**

Year	Ave. Price	High	Low	% Change
2026	$3,315	$3,762	$2,996	8%
2025	$2,643	$2,913	$2,340	17%
2024	$2,458	$2,768	$2,159	7%
2023	$2,288	$2,662	$2,122	0%
2022	$2,711	$3,966	$2,103	-15%
2021	$2,486	$3,198	$1,954	42%
2020	$1,732	$2,068	$1,427	9%
2019	$1,811	$1,936	$1,706	-2%
2018	$2,115	$2,556	$1,817	-19%
2017	$1,979	$2,272	$1,686	34%
2016	$1,610	$1,784	$1,450	12%
2015	$1,679	$1,978	$1,436	-18%

Sources: eVestment, JP Morgan, xe.com, Trading Economics, StatisticsCanada, U.S. Dept of Labor/Bureau of Labor Statistics, Bank of Canada, Reuters, CNBC

Disclosures:
The views, opinions, and content presented are for informational purposes only. They are not intended to reflect a current or past recommendation; investment, legal, tax, or accounting advice of any kind; or a solicitation of an offer to buy or sell any securities or investment services. The advisor does not provide tax, accounting, or legal advice. Nothing presented should be considered to be an offer to provide any product or service in any jurisdiction that would be unlawful under the securities laws of that jurisdiction. The charts and/or graphs contained herein are for educational purposes only and should not be used to predict security prices or market levels.

The advisor has made every attempt to ensure the accuracy and reliability of the information provided, but it cannot be guaranteed. The information contained herein may be subject to change at any time without notice.

Sources: eVestment, JP Morgan, xe.com, Trading Economics, StatisticsCanada, U.S. Dept of Labor/Bureau of Labor Statistics, Bank of Canada, Reuters, CNBC

MARKET UPDATE

August 31, 2026

By Thomas Grugan, Director & Senior Investment Strategist

High Level Summary

Markets rebounded in August following weaker July results, supported by ongoing economic resilience and healthy corporate earnings data. Global equity performance was generally positive, with emerging markets outperforming U.S. and developed international markets. REITs were an exception, declining nearly 3%, as higher long-term interest rates weighed on the rate-sensitive sector. REITs remain up roughly 15% year-to-date. U.S. large-cap growth stocks outperformed value in August, although value remained well ahead of growth for the year. In the tech-dominated S&P 500 Index, growth outperformed value by 1.1% on a year-to-date basis (S&P 500 Growth vs. S&P 500 Value). Fixed income results were generally positive aside from municipals. The 10-year U.S. Treasury yield touched a fresh cycle high, ending the month at 4.75%, an increase of 0.57% since 2025 year-end. Corporate bonds gained 0.4% in August, while high yield bonds and floating rate loans gained nearly 1%. High yield credit spreads narrowed to a 12-month low.

U.S. Economy

- *The U.S. economy expanded at a 1.5% annualized rate in the second quarter, with higher consumer spending offsetting a widened trade deficit and weaker government.*
- *The second quarter earnings season has been strong, with consensus calling for S&P 500 earnings growth of roughly 48% y/y. This would mark the second consecutive quarter of 20%+ earnings growth. If we exclude hyperscaler investments in private AI companies, earnings growth would be 36.5% (JP Morgan Asset Management).*
- *August jobs results were stronger than expected, with non-farm payrolls increasing by 162,000. The U.S. unemployment rate was unchanged at 4.1%*
- *As of this writing, the Federal Reserve raised its policy rate by 0.25% in September to a range of 3.75%–4.00% (the first rate increase in more than three years), citing still-elevated inflation alongside resilient economic activity. The Fed's updated projections suggest one more 0.25% rate hike before year-end and no hikes in 2027.*

Topic of the Month

Investors have enjoyed tremendous gains in 2026, with U.S. and broad global equity markets delivering year-to-date returns of 13.1% (S&P 500 Index) and 14.3% (MSCI ACWI), respectively. Solid fundamentals and robust corporate earnings have supported U.S. growth, while fiscal stimulus, dollar weakness and regional catalysts have aided non-U.S. market results. Double digit returns and an unexpectedly low level of volatility have masked a number of compelling risk factors, including the extended conflict in the Middle East, elevated global geopolitical tensions, extreme market valuations and high levels of public equity market concentration. As we entered September, a new risk has developed, with the U.S. now locked in a bitter conflict with its second largest trading partner, Canada. In this letter, we discuss the potential implications of an ongoing trade battle between these North American neighbors.

U.S./Canada Trade History

The U.S. and Canada share one of the largest and most integrated trading relationships in the world, dating back to the Reciprocity Treaty that was signed in 1854. Canada initially implemented tariff and protectionism policies to protect its young businesses from American competition, with the U.S enacting the Smoot-Hawley Act in 1930 that raised taxes on thousands of imported Canadian goods (this eventually led Canada to partner with the British empire). World War I restored trade relations between the countries. The Auto Pact was signed in 1965 and became an important step toward integrating North American automobile manufacturing. These agreements solidified trading via NAFTA and more recently USMCA/CUSMA. That integration has created highly interconnected supply chains, particularly in manufacturing, autos, energy and commodities. However, trade ties were strained this year when the U.S. applied new import taxes on Canadian goods. Since then, Canada has implemented retaliatory tariffs, or counter-taxes, on billions of dollars' worth of American products.

Tit-for-Tat Tariffs

U.S.–Canada trade tensions escalated in August, when the U.S. imposed additional tariffs on $27.6 billion of Canadian goods. Canada responded with matching tariffs on $27.6 billion of U.S. imports, targeting sectors including steel, dairy, appliances, agricultural equipment and electronics.

Source: ALS/IAS

Economic Impacts

Prices have already started to rise for everyday buyers in both nations. Towns near the Michigan-Ontario border are now facing major factory shutdowns and job cuts, and Canada has begun to establish stronger trade ties with the European Union. However, the macroeconomic impact of higher tariffs is unlikely to materially impact the U.S. economy, considering the collective goods subject to the newly imposed tariffs only represent about 5% of all U.S. imports from Canada (2025 results). The implications of higher U.S. tariffs will be considerably more impactful to Canada's economy, with nearly 70% of Canada's annual exports flowing to the U.S. As a result, Canada has been working to diversify its trade relationships, particularly with Europe, although the U.S. is likely to remain a significant trading partner given the depth of existing economic integration.

Market Implications

The U.S.-Canada trade war will invariably affect markets by raising consumer prices, disrupting integrated cross-border supply chains and pressuring corporate profit margins. Tariffs can raise consumer prices as businesses pass through some portion of higher import costs. Manufacturing relies heavily on parts, which need to be transported across border lines multiple times. Tariffs on goods such as steel and auto parts, will impose material costs in the short and longer term. U.S. and non-U.S. markets are directly impacted by changes in commodity prices, and higher prices on core and precious metals/materials could increase market volatility with significant potential impacts to specific companies and sectors. While fundamentals remain strong in the U.S., higher prices and passthrough costs will undoubtedly result in sector-specific shocks.

Tactical Positioning

The ongoing trade war will, initially, subject markets to increased headline risk as businesses evolve to manage the higher cost of goods. For the Federal Reserve, tariff policy impact will depend to what extent higher costs are passed through to consumers and whether any inflationary effects are temporary or longer lasting.

In our view, the more important risk is the ability for U.S. manufacturing businesses to supplement imports of critical materials, like aluminum, needed to build goods from single-source countries, notably Canada. According to CNBC, “Canadian primary aluminum into U.S. extruders, U.S.-melted steel going north for finishing, coming back south inside finished autos and appliances…a tariff doesn’t tax that shipment once. It compounds ever time the metal re-crosses.” “That makes the new trade war between the U.S. and Canada very different from another recent trade chokepoint for the economy, the Strait of Hormuz.”

Our advice to investors is to avoid sector-specific exposures that may be particularly susceptible to risks stemming from this ongoing trade war. A better strategy would be to engage with active institutional managers with the analyst resources needed to effectively assess which manufacturers are able to de-risk their supply chains to minimize price shocks, balance sheet erosion and sustain earnings growth. More broadly, diversification remains important and where appropriate for investors, private investments can provide access to a larger investment universe with a lower correlation to traditional asset classes.

In the table on the next page, we present our current tactical portfolio positions.

Tactical Positioning

Overall Position	UW	N	OW	Note
Equity				Quality; larger; NTM earnings up
Fixed Income & Credit				Risk/reward asymmetry favors U.S. Agency Securitized and Bank Loans
Alternatives				Mid-market and secondaries
Cash				Dry powder
U.S. Equity				Neutral-to-overweight
Value				Balanced; growth and value
Growth				
Size				
• Quality				
• Momentum				Caution on AI sustainability and profits
International Equity				Dollar weakness and fiscal stimulus; supportive
Private Equity				Mid-market and secondaries
Duration				
IG Fixed Income (AGG)				
• USD				
• Global				
High Yield Credit				Bank loans over corporate bonds
Private Credit				Senior secure, first lien
Public Real Estate (REITs)				
Private Core Real Estate				
Infrastructure				Inflation-protected revenues
Transportation				
Hedge Funds				

Disclosure:

The views, opinions, and content presented are for informational purposes only. They are not intended to reflect a current or past recommendation; investment, legal, tax, or accounting advice of any kind; or a solicitation of an offer to buy or sell any securities or investment services. The advisor does not provide tax, accounting, or legal advice. Nothing presented should be considered to be an offer to provide any product or service in any jurisdiction that would be unlawful under the securities laws of that jurisdiction. The charts and/or graphs contained herein are for educational purposes only and should not be used to predict security prices or market levels. The advisor has made every attempt to ensure the accuracy and reliability of the information provided, but it cannot be guaranteed. The information contained herein may be subject to change at any time without notice. Past performance does not guarantee future results.

Sources: Morgan Stanley, JP Morgan, CME Group, CNBC, Bank of Canada, ALS/IAS, eVestment