



Third Quarter 2026 Market Review

Resilience in a Changing Environment

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The third quarter reminded investors that market indexes can sometimes tell only part of the story. Large-company stocks produced modest gains, but performance varied considerably across market segments. Bonds faced renewed pressure from rising interest rates, while geopolitical developments contributed to higher energy prices and uncertainty.

Although certain markets experienced meaningful volatility, corporate earnings and continued economic growth provided support. The quarter reinforced the value of looking beyond daily headlines and maintaining a diversified, long-term investment strategy.

Major Market Index Performance

The technology-heavy Nasdaq Composite gained approximately 2.6% during the quarter, while the S&P 500 returned 2.3%. In contrast, the Dow Jones Industrial Average declined 2.3%. Smaller companies faced greater pressure, with the Russell 2000 Index falling 7.2%.

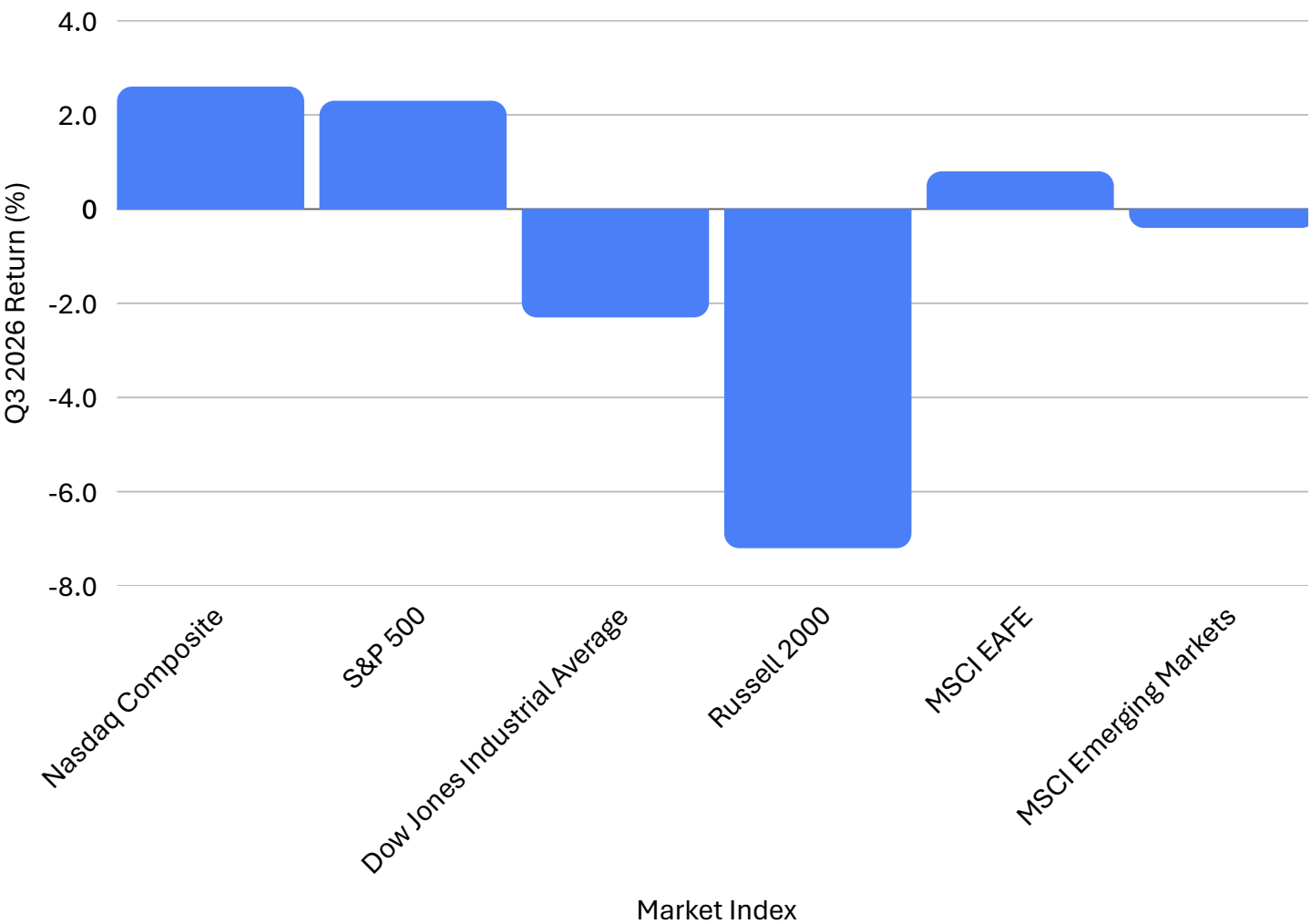
International markets were comparatively stable. The MSCI EAFE Index, which represents developed markets outside the United States and Canada, returned 0.8%. The MSCI Emerging Markets Index

declined 0.4%.

Q3 INDEX RETURNS AT A GLANCE

Nasdaq +2.6% S&P 500 +2.3% Dow -2.3% Russell
2000 -7.2%

Q3 2026 Market Index Moves



Source: AI-generated data. Replace or verify before use.

These results showed a notable difference between large-company indexes and the broader market. Technology and artificial-intelligence-related companies supported the major large-cap benchmarks, while many smaller companies and interest-rate-sensitive sectors struggled. Energy was the best-performing U.S. sector during the quarter, while utilities, industrials, and real estate were among the weakest areas.

EQUITIES

Stock Market Perspective

Stocks produced mixed results as investors balanced strong corporate earnings against higher interest rates, inflation concerns, and elevated valuations. Market leadership remained concentrated, meaning a relatively small group of large companies had an outsized influence on the performance of the major indexes.

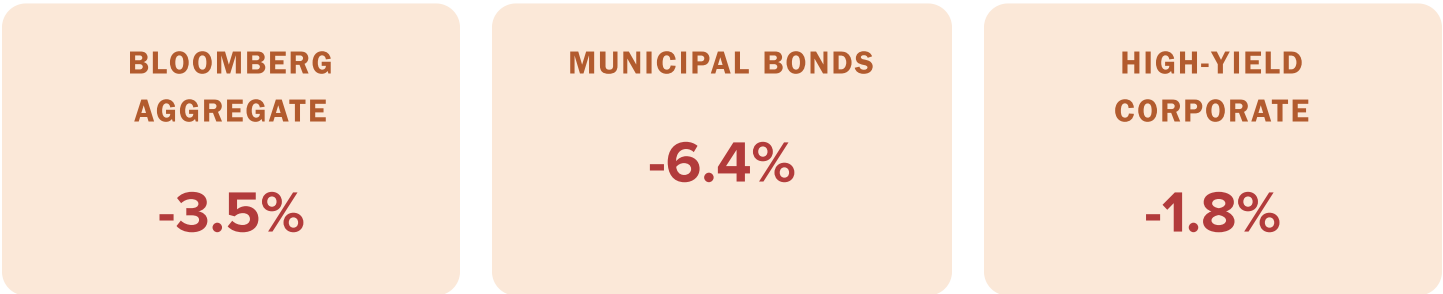
This concentration does not necessarily signal an immediate change in direction, but it underscores the importance of diversification. Investors concentrated in one sector, company size, or investment style may experience significantly different results from those reported by the S&P 500.

International and value-oriented stocks also remained important portfolio components. Their performance may differ from that of prominent U.S. technology companies, helping portfolios participate in opportunities across a wider range of markets.

FIXED INCOME

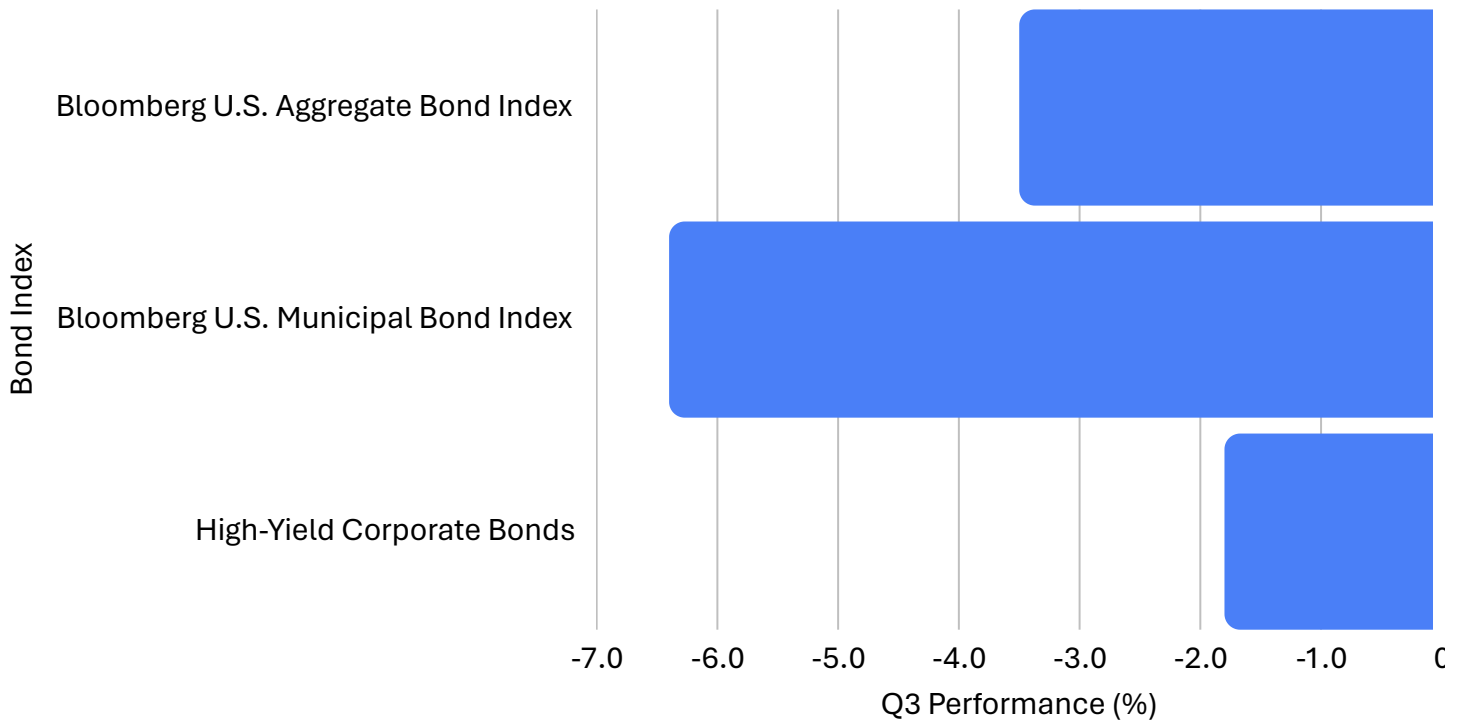
Bond Market Performance

The bond market experienced a challenging quarter as Treasury yields rose. Because bond prices generally fall when interest rates rise, the increase in yields weighed on existing fixed-income holdings.



The Bloomberg U.S. Aggregate Bond Index declined 3.5% during Q3. Municipal bonds experienced greater pressure, with the Bloomberg U.S. Municipal Bond Index falling 6.4%. High-yield corporate bonds declined 1.8%.

Q3 bond index performance



Source: AI-generated data. Replace or verify before use.

While those results were disappointing, higher yields may improve the longer-term outlook for bond investors.

10-YEAR TREASURY YIELD

5.3%

Up approximately 0.8 points over the quarter

CRUDE OIL, QUARTERLY MOVE

+29%

Driven by geopolitical risk and energy-route concerns

The 10-year Treasury yield ended September near 5.3%, approximately 0.8 percentage points above its level three months earlier. Higher starting yields can provide additional income and may offer a greater cushion against future market movements.

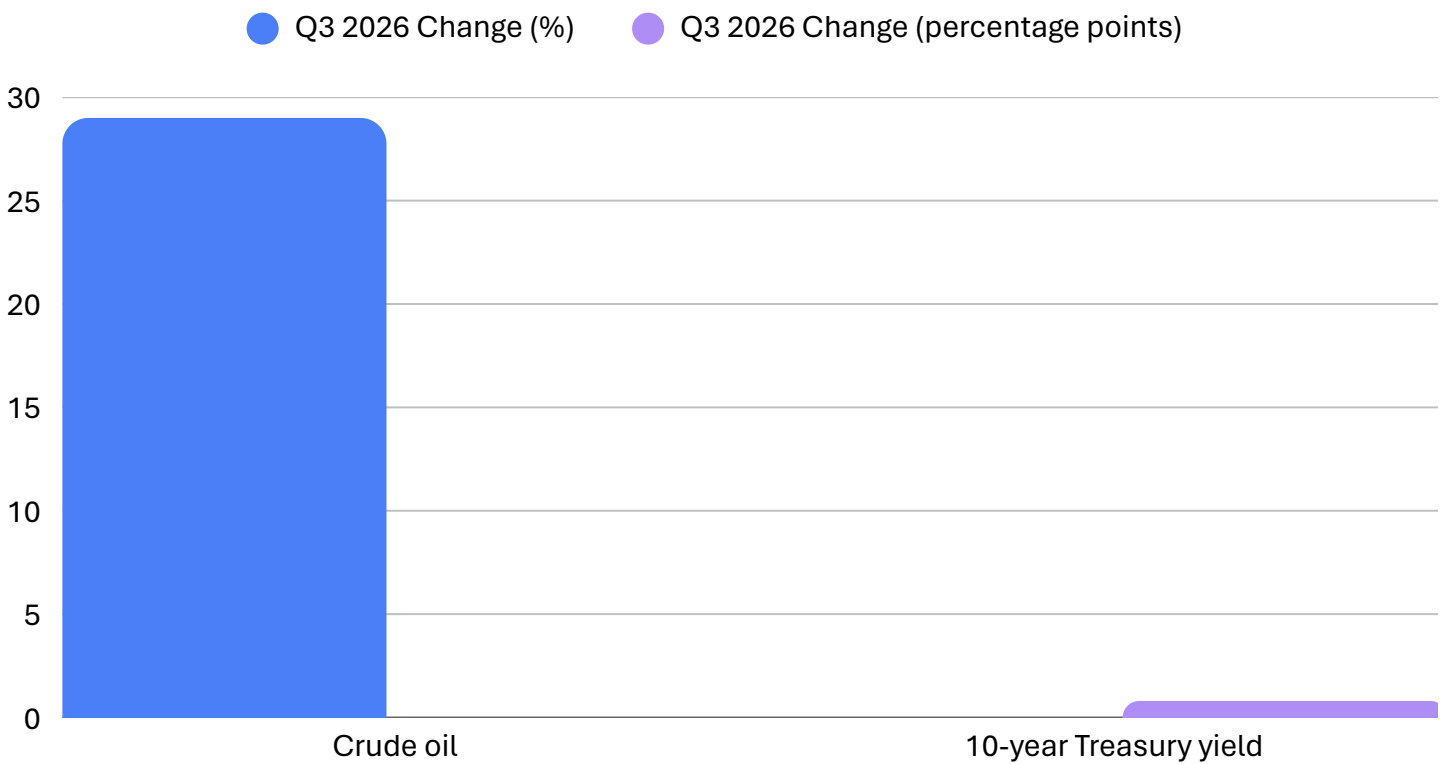
While recent performance may be unsettling for conservative investors, starting yields at 20-year highs show a very different future for bonds than when yields were much lower in 2021. Starting yields are a good indicator for future performance in bonds and with 5% plus yields those prospects look attractive for long-term investors.

GEOPOLITICS

Geopolitical Risk

Geopolitical risk remained an important influence on markets. Conflict in the Middle East, concerns about key energy routes, and broader trade and policy tensions affected oil prices, inflation expectations, and investor sentiment. Crude oil rose approximately 29% during the quarter, highlighting the connection between geopolitical events and energy markets.

Q3 2026 Market Moves



Source: AI-generated data. Replace or verify before use.

These developments deserve attention, but their investment consequences are difficult to predict consistently. Markets can react sharply to geopolitical headlines before returning their focus to interest rates, corporate earnings, and economic fundamentals.

PORTFOLIO PERSPECTIVE

What This Means for Investors

The quarter demonstrated why a market headline does not always reflect the experience of a diversified investor. Large-cap stocks advanced, while small-company stocks and bonds declined. That difference can be uncomfortable, but it is also a reminder that each part of a portfolio serves a distinct purpose. Diversification cannot prevent losses, but it can reduce dependence on any one market segment and help keep a financial plan from relying on a single outcome.

At Verus, staying the course does not mean standing still. We continue to monitor portfolios, review allocations, and rebalance accounts when market movements cause them to drift from their intended targets. These decisions are guided by each client's financial plan, time horizon, risk profile, income needs, and long-term objectives, rather than by short-term market predictions.

BROAD DIVERSIFICATION

We are also maintaining broad exposure across U.S. and international stocks while balancing growth-oriented investments with value-focused holdings. On the fixed-income side, our portfolios emphasize investment-grade bonds across corporate, Treasury, and mortgage-backed markets. This broad approach is intended to provide diversification, income, and an element of stability during periods when stock markets are unsettled.

TAX-AWARE PLANNING

Tax planning remains part of our ongoing portfolio management process. We evaluate investment decisions on an after-tax basis, use tax-efficient exchange-traded funds where appropriate, and look for tax-loss-harvesting opportunities that may help offset current or future taxable gains. Our investment, financial-planning, and tax teams work together so that portfolio decisions are considered within the context of each client's broader financial picture.

STEADY GUIDANCE

We cannot control the markets or predict every geopolitical development. What we can do is remain attentive, disciplined, and proactive. Our responsibility is to help ensure that your investment strategy remains aligned with your financial plan, that risks are understood, and that appropriate adjustments are made as your life and the financial environment evolve.

Thank you for your continued trust in Verus.