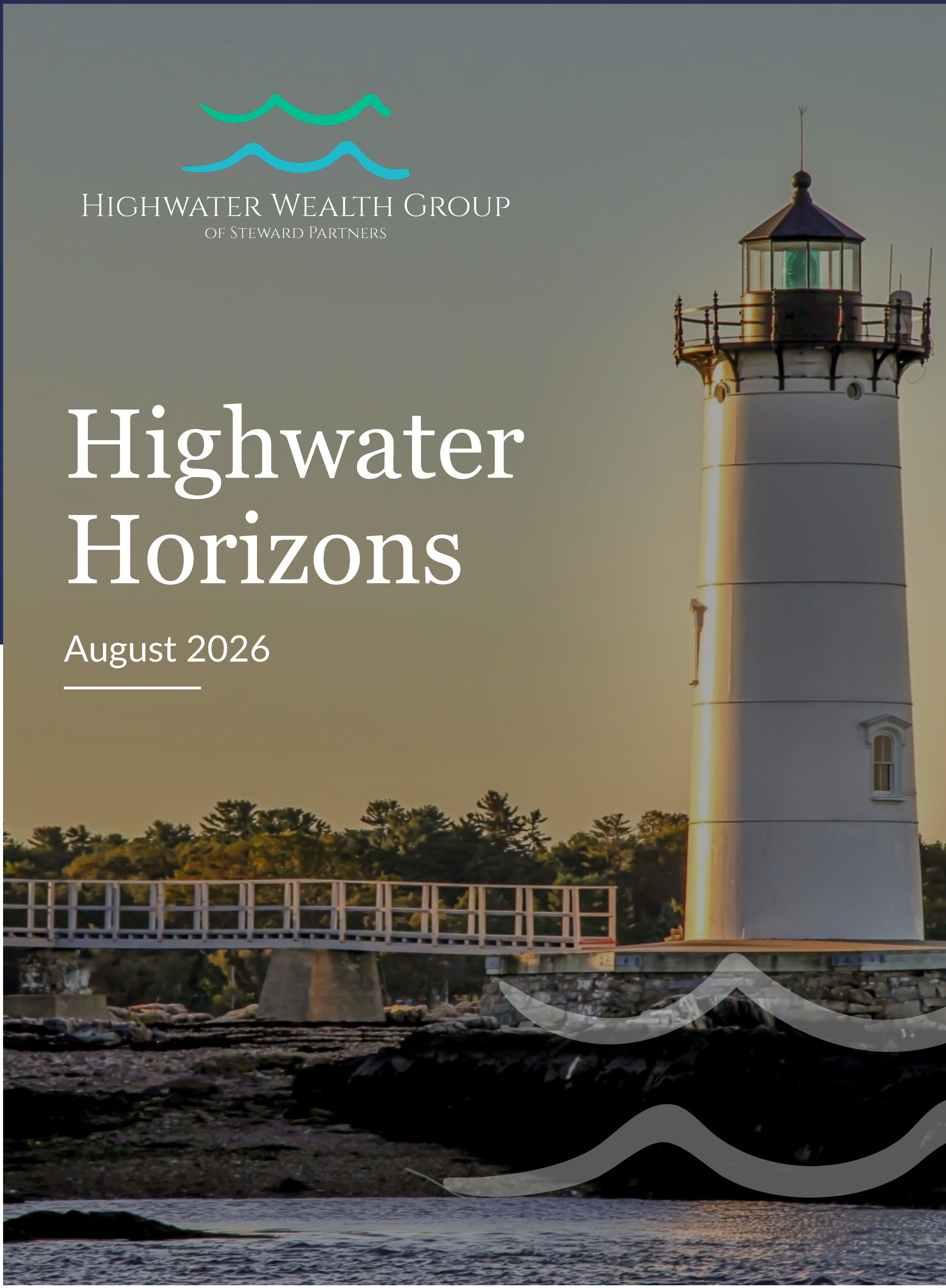
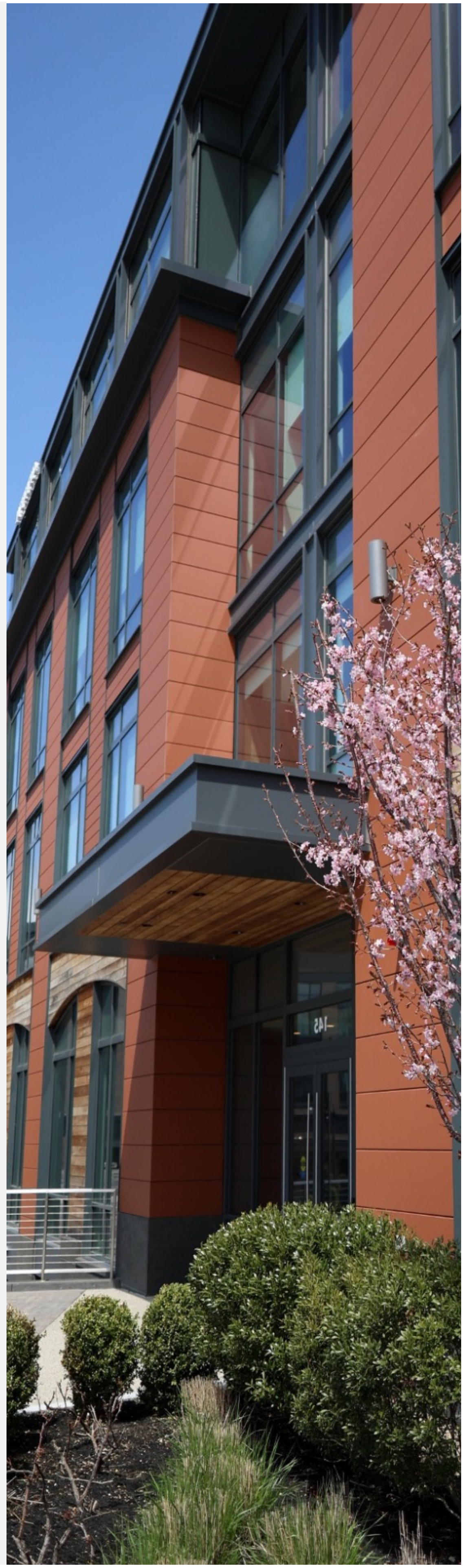
HIGHWATER WEALTH GROUP
OF STEWARD PARTNERS

Highwater Horizons

August 2026



In This Issue



A Note from Highwater

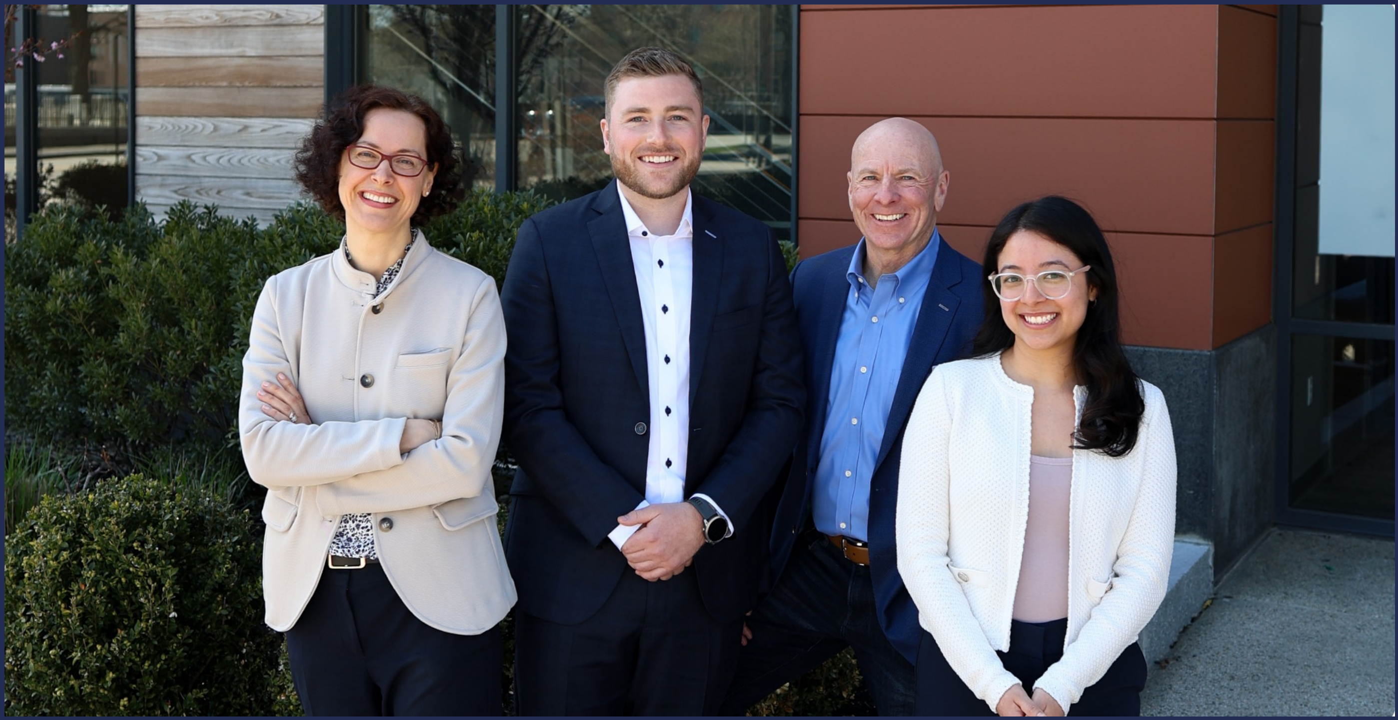
Hello and welcome to the August edition of Highwater Horizons! We hope you enjoyed our first newsletter and found it informative, clear, and easy to read. For those of you who have already shared feedback, thank you. We truly appreciate your support as we continue to refine this monthly publication.

It's been a busy but productive summer for our team. We've continued improving our technology, processes, and internal systems while also making time to step away from the office and enjoy the season with family and friends. We hope you've been able to do the same. And for those of you with children heading back to school later this month, we hope you enjoy these final weeks of summer before the routines of fall return.

In this month's newsletter, we share an update on the markets as investors continue to navigate an eventful summer. We also revisit the theme of market leadership through the lens of today's technological transformation, explore what history can teach us about periods of innovation, and highlight a few planning ideas we think you'll find valuable.

As always, thank you for taking the time to read Highwater Horizons. We appreciate your feedback and always welcome your questions. We look forward to connecting with you soon.

- Highwater Wealth Group



Navigating the Headlines

Market Commentary August 2026

Here we are, in wonderful August. For many of us, it is one of our favorite months of the year, a chance to slow down, enjoy time with family and friends, and appreciate the final stretch of summer before Labor Day arrives.

Strong Earnings Continue to Support the Markets

The same could be said of the markets this year. Earnings season has been encouraging, with companies not only reporting strong results but also exceeding expectations at a higher rate than we have seen in recent years. Make no mistake, this is good news. While economic growth slowed during the second quarter, the headline numbers do not tell the entire story:

1. Consumer spending rebounded,
2. Business investment remained healthy, and
3. Corporate earnings have continued to provide an important foundation for the markets.

We have been talking for months about the strength of the underlying fundamentals supporting the economy and markets, while a large portion of the public has remained focused on the risks, events, and headlines that continue to create uncertainty among investors.

Our Current Outlook: Constructive but Watchful

Here is our best short summary: overall, we continue to believe the economic backdrop remains constructive. The fundamentals supporting the markets are still present, and we believe this remains a favorable environment for long-term investors. However, there are several areas worth monitoring in the near term, and it is important to acknowledge them.

Federal Reserve Policy: Patience Remains Key

The Federal Reserve continues to face a difficult balancing act. Inflation has continued to improve, but policymakers are still focused on ensuring that progress continues toward their long-term target. Recent market volatility has partly reflected uncertainty around the Fed's next steps, but we believe their patient approach is appropriate. Monetary policy works with a lag, and allowing previous rate increases to continue working through the economy gives policymakers additional time to evaluate incoming data.

(Continued on next page)

Navigating the Headlines

Market Commentary August 2026

The Iran Conflict and Energy Prices

Geopolitical events remain another source of uncertainty. The recent increase in oil prices following renewed tensions in the Middle East has created concerns around inflation and consumer spending. If energy prices remain elevated for an extended period, they could slow the progress we have seen on inflation. However, the situation remains fluid, and we believe it is too early to draw definitive conclusions. For now, we view this primarily as a short-term source of market volatility rather than a change to the broader economic outlook.

Election Season Brings Market Volatility

As we move closer to November, election headlines will likely become more frequent and may contribute to additional market volatility. History shows that midterm election years often bring heightened uncertainty as investors weigh the potential impact of policy changes and shifts in Washington. While these periods can create short-term swings in the market, they have historically been temporary, with investors eventually refocusing on the underlying fundamentals.

Uncertainty Is a Normal Part of Investing

The bottom line is that uncertainty is a normal part of investing. Whether it is inflation, interest rates, geopolitical events, or elections, there will always be reasons for markets to pause and investors to question what comes next. While these headlines can influence short-term market movements, they rarely change the long-term trajectory of well-managed businesses or a thoughtfully constructed investment plan.

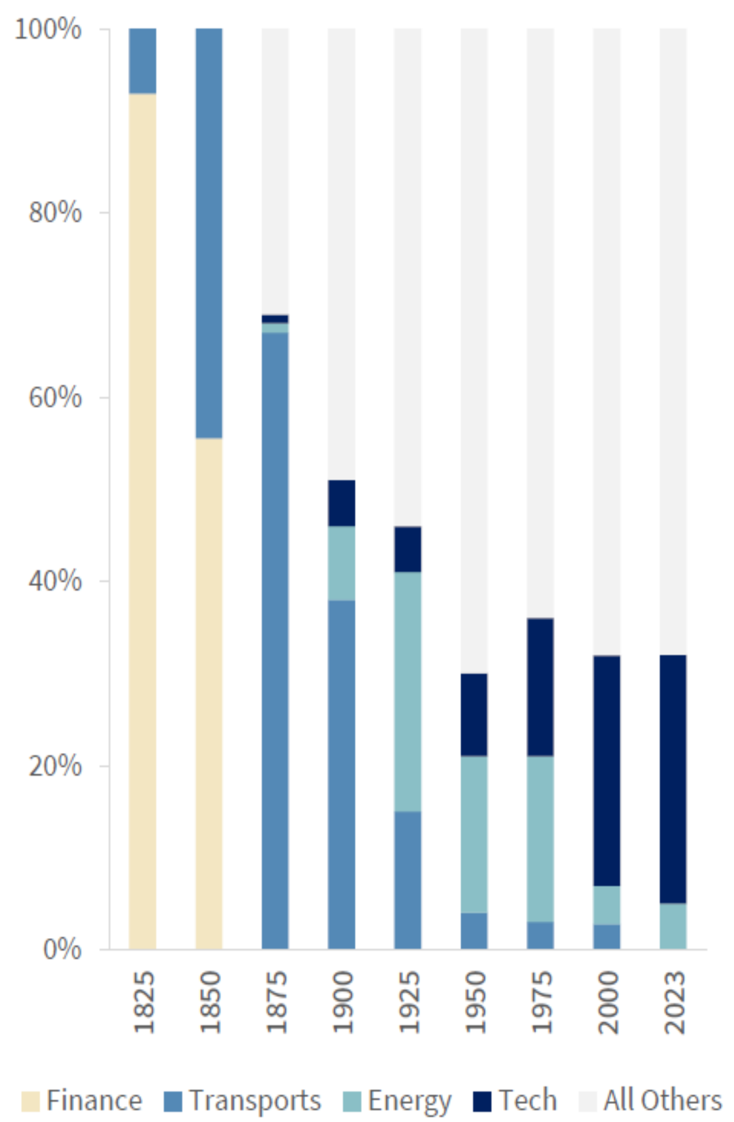
Our focus remains the same: maintain a diversified portfolio, stay aligned with your long-term financial plan, and avoid making investment decisions based solely on the latest headlines. We continue to believe that patient, disciplined investors are best positioned to navigate periods of uncertainty and capitalize on the opportunities they often create. As always, please reach out if you have questions or would like to discuss how current market conditions may impact your portfolio.

Data at a Glance

Market Leadership Evolves

Last month, we highlighted how the largest companies in the stock market have changed dramatically over time, reminding us that today's market leaders rarely remain on top forever. This month, we're zooming out even further. As this chart illustrates, leadership doesn't just change at the company level; it evolves at the sector level as well. Railroads once dominated the market before giving way to energy companies, which were eventually surpassed by technology. As innovation reshapes the economy, the market naturally evolves alongside it, rewarding businesses that solve tomorrow's problems rather than yesterday's.

Figure 3: Historical US Market Sectors Composition



Source: FactSet, Visual Capitalist

The Rise of the AI Economy

Artificial intelligence appears poised to be the next major chapter in that evolution. Like the steam engine, electricity, the assembly line, and the internet before it, AI has the potential to meaningfully improve productivity, reduce costs, and enhance the quality and personalization of many of the products and services we use every day. That doesn't mean the transition will be seamless; new technologies often create disruption as industries and workers adapt. History suggests, however, that innovation has consistently expanded the economy over the long run rather than diminished it. While no one can predict exactly how the AI revolution will unfold, we believe it is more likely to create new opportunities than eliminate them, reinforcing why maintaining a long-term perspective remains one of the most important principles of investing.

Beyond the Portfolio

Resource: A Practical Guide to Giving

Charitable giving can be an important part of a financial plan, but there are often more strategic ways to give than simply writing a check. This practical guide explores several approaches, from donor-advised funds and gifting appreciated securities to qualified charitable distributions and charitable trusts, and highlights how thoughtful planning can help maximize both the impact of your generosity and the potential tax benefits.

Estimated read time: ~15 minutes

https://highwatergroup.stewardpartners.com/Newsletter.htm

Worth Noting

Replay of July 2026 Larry Adam's Webinar: The Main Market Event: Strength, Surprises, and the Road Ahead

https://www.raymondjames.com/investment-strategy-client-call

Raymond James Artificial Intelligence Whitepaper

If this month's Data at a Glance sparked your interest, we encourage you to read this excellent whitepaper from Raymond James on artificial intelligence. It puts today's AI revolution into historical perspective, discussing how technological innovation has driven economic growth throughout history and why AI could become the next major catalyst for productivity, business innovation, and long-term economic expansion.

Estimated read time: ~15 minutes

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3 Essential Legal Docs Your Child Needs When They Turn 18

As children turn 18 and begin taking on greater independence, there are a few important planning items that parents should have on their radar. This resource highlights three essential documents that can help families navigate unexpected situations and ensure their young adult's wishes are clearly documented.

Estimated read time: ~5 minutes

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Highwater Highlights

Summer is always a great time to step away from the office, recharge, and spend time with family and friends, and our team has certainly made the most of it this year.

Anka and her family traveled to Europe in July, returning to the area where she grew up and enjoying some well-earned time at the beach. Matt recently returned from an unforgettable fishing trip to Alaska (pictured here), bringing home plenty of stories and a freezer full of fresh fish! Michelle welcomed family and friends to New England, happily playing tour guide and showing off some of her favorite local spots, and Chris has been enjoying time with his family in Minnesota, making the most of the lake and slower pace of summer.

We're feeling refreshed and energized as we head into the busy fall season and look forward to helping our clients finish the year strong. We hope you've had the opportunity to enjoy some time with the people and places that matter most, too.

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