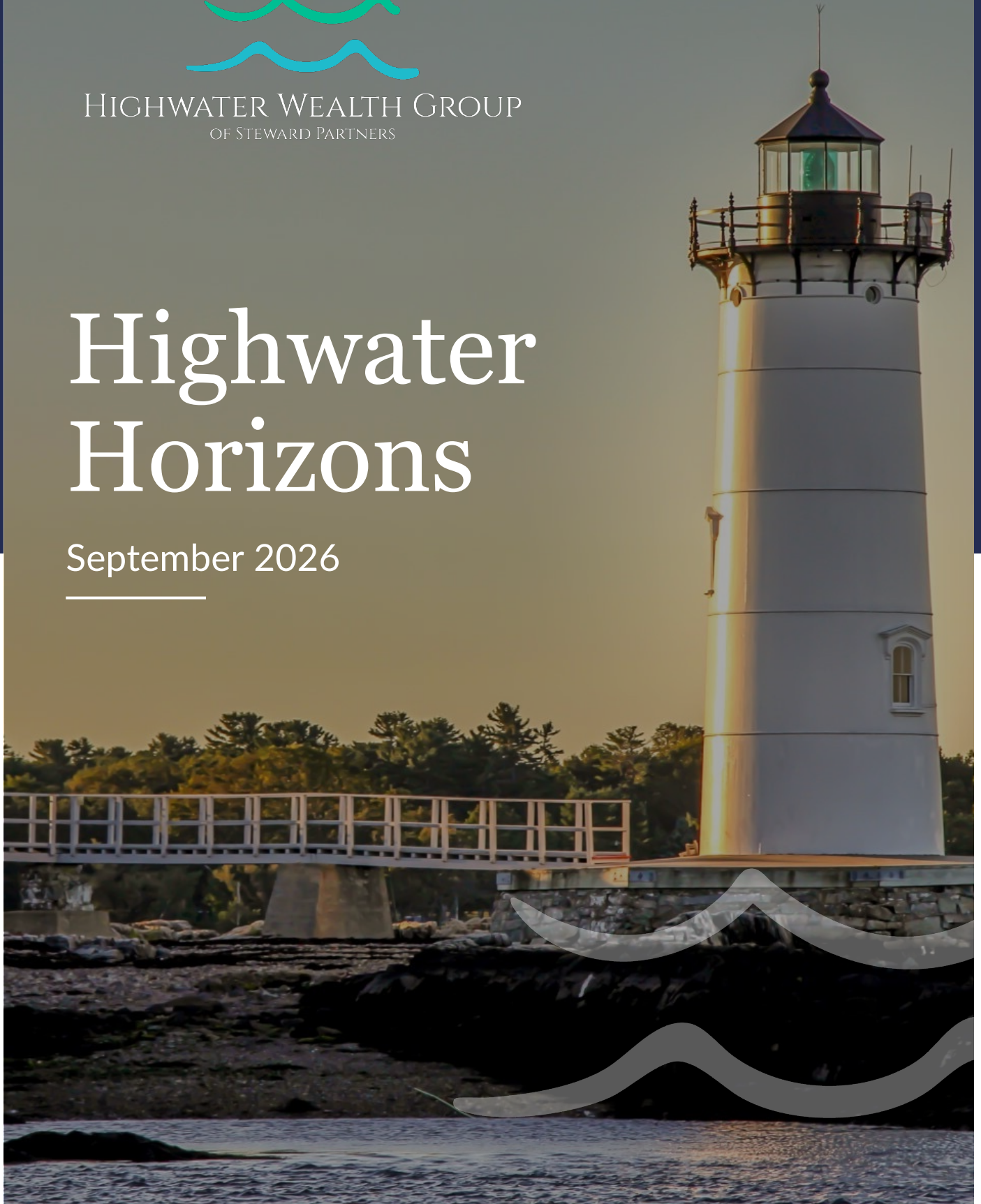


HIGHWATER WEALTH GROUP
OF STEWARD PARTNERS

Highwater Horizons

September 2026



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A Note from Highwater

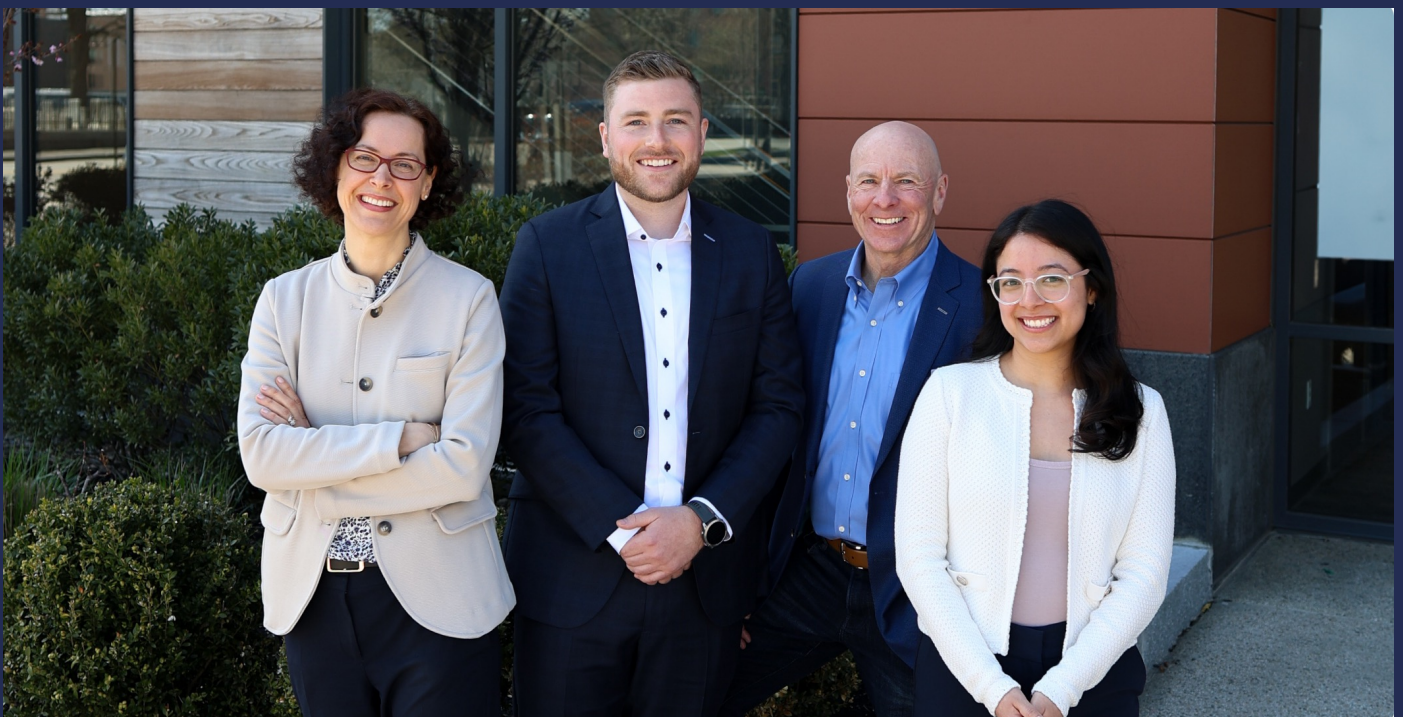
Hello and welcome to the September edition of *Highwater Horizons*! September often marks a natural change of seasons, as the final days of summer give way to cooler weather, kids return to school, and our routines begin to settle back into a familiar rhythm. We hope you've had a chance to enjoy the summer months and are looking forward to the season ahead.

It's been another busy and productive month for our team. As we settle into the fall, we continue to focus on improving the way we serve our clients, from refining our processes and technology to finding new ways to make your experience with our team as seamless as possible.

In this month's newsletter, we take a look at the current market environment and the factors shaping our outlook as we move into the fall. We also explore recent trends in interest rates and Treasury yields, revisit some of the key economic data investors are watching, and highlight a few planning topics and ideas we think are worth keeping in mind as we head into the final months of the year.

As always, thank you for taking the time to read *Highwater Horizons*. We greatly appreciate the feedback we've received as we continue to refine the newsletter and welcome any questions or comments you may have. We look forward to connecting with you soon.

- Highwater Wealth Group



Navigating the Headlines

Market Commentary September 2026

Economic Resilience

The U.S. economy continues to show more resilience than some of the recent headlines might suggest, although inflation remains an important question mark.

The latest economic data has provided a generally constructive picture of the U.S. economy. The August jobs report showed payrolls increased by 162,000, well above expectations, while the unemployment rate held steady at 4.1%. Even more importantly, the prior two months of employment data were revised higher, suggesting that the weakness initially reported earlier this summer was not quite as severe as it first appeared. (Source: U.S. Bureau of Labor Statistics, *Employment Situation — August 2026*, <https://www.bls.gov/news.release/empsit.nro.htm>)

Labor Market Remains Strong

Jobs have been a source of concern in recent months, but the latest numbers provide some reassurance that the labor market remains on solid footing. The stronger-than-expected August report, combined with upward revisions to previous months, suggests that employment continues to provide an important foundation for the broader economy. While there are always reasons to monitor the labor market, the latest data gives us more confidence in the underlying resilience of the U.S. economy.

Inflation Remains in Focus

Inflation remains one of the biggest factors to watch, particularly as higher energy prices work their way through the economy. There are encouraging signs beneath the surface, particularly in areas such as core inflation and shelter costs. At the same time, higher energy prices associated with the conflict in the Middle East have added a new source of inflationary pressure.

The latest inflation report reinforced that picture. Consumer prices rose 0.4% in August and 3.4% over the past year, matching expectations and holding steady from July. Core inflation increased 0.3% for the month and 2.4% from a year ago. While inflation remains above the Federal Reserve's 2% target, the report did not point to a significant reacceleration in underlying price pressures. At the same time, energy prices remain an important source of uncertainty. (Source: U.S. Bureau of Labor Statistics, *Consumer Price Index — August 2026*, <https://www.bls.gov/news.release/cpi.nro.htm>)

For now, we think it is too early to determine how much of the recent inflation pressure will prove temporary. If energy prices stabilize, some of that pressure should naturally fade, but tariffs and other cost pressures could prove more persistent. As we write this newsletter before the September Federal Reserve meeting, we won't speculate on the decision, but it will be a good gauge of how policy makers view the ongoing price pressures. Regardless of the outcome, it does not change our long-term outlook.

(Continued on next page)

Navigating the Headlines

Market Commentary September 2026

Higher Rates, Stronger Growth

Rising bond yields deserve attention, but higher rates are not necessarily a sign that something is wrong with the economy. The stronger economic data has pushed Treasury yields higher, with the 10-year Treasury recently approaching 5%. That creates some headwinds for both borrowers and financial markets, particularly because higher yields can put pressure on equity valuations.

At the same time, today's interest-rate environment is not historically unusual. After spending much of the post-financial-crisis period at exceptionally low levels, somewhat higher long-term rates can also be viewed as a normalization of the bond market. The more important distinction is between an orderly rise in yields that reflects healthy economic growth and a sharp move driven by unexpected inflation or fiscal shock. For now, we are seeing more of the former than the latter.

A Resilient Economy Endures

Despite the uncertainty, the U.S. economy continues to demonstrate an ability to adapt, and that resilience remains an important long-term positive. There are certainly risks worth watching, including inflation, higher interest rates, geopolitical conflict, trade tensions and elevated government debt. But the economy has continued to grow through a complicated environment, and corporate earnings, investment and productivity remain important sources of support.

For investors, this reinforces the value of maintaining a long-term perspective. Markets will continue to react to individual economic reports, inflation readings and headlines, sometimes quite sharply. That does not necessarily change the underlying outlook for a well-diversified portfolio. Higher yields may create some near-term pressure, just as periods of market volatility can create uncertainty, but neither is, by itself, a reason to abandon a long-term strategy.

Staying Focused on Long Term Goals

As always, our focus is on keeping portfolios aligned with your long-term goals rather than reacting to every change in the economic or market environment. If recent market or economic developments have raised questions about your portfolio or financial plan, please don't hesitate to reach out. We're always happy to talk through what these changes mean for you.



Data at a Glance

The chart reinforces an important point: while the 10-year Treasury yield has risen meaningfully, today's roughly 5% level is not historically unusual. As the chart shows, yields were substantially higher for much of the period before the Global Financial Crisis (GFC), including extended periods above 5% and significantly higher levels during the inflationary environment of the late 1970s and early 1980s. The unusually low rates that followed the financial crisis and persisted through much of the 2010s and early 2020s were the exception rather than the historical norm. In that context, today's higher yields can be viewed less as a sign of economic distress and more as a normalization of the cost of money.

The recent rise in yields does deserve attention, particularly as inflation remains above the Federal Reserve's target, but we are not seeing a reason for alarm. August inflation came in at 3.4% year-over-year, while core inflation was 2.4%, suggesting that price pressures remain elevated but have not meaningfully reaccelerated beneath the surface. At the same time, the stronger labor market and resilient economy provide some support for higher rates. The bigger concern would be a sudden, disorderly jump in yields rather than a gradual adjustment that gives markets and businesses time to adapt. For now, we view higher yields as an important factor for investors to monitor, but not a reason to change a long-term investment strategy.



Beyond the Portfolio

Estate planning is one of the greatest gifts you can leave your family. This quick read explains the key documents everyone should have in place and why they matter. A little planning today can help protect your loved ones, ensure your wishes are followed, and prevent unnecessary stress during difficult times. If you haven't reviewed your estate plan recently, this guide is a great place to start.

Estimated read time: ~9 minutes

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



Worth Noting



Replay of September 2026 Larry Adam's Webinar: From Summer Calm to Fall Crosscurrents

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



How the Bond Market Will Affect your Wallet

Have you ever wondered what interest rates have to do with inflation and oil prices? This short podcast does a great job of explaining how the bond market affects your everyday financial life in a way that's easy to understand. You'll come away with a better understanding of what's driving today's interest rate environment and what it could mean for your investments and future financial decisions. After listening, if you'd like to discuss how these trends may impact your personal financial plan, we'd be happy to have a conversation.

Estimated listening/reading time: ~18 minutes

<https://www.wsj.com/podcasts/the-journal/how-the-bond-market-will-affect-your-wallet/D2AD6F7E-8828-41D0-BO9C-38900B4EA7AE>

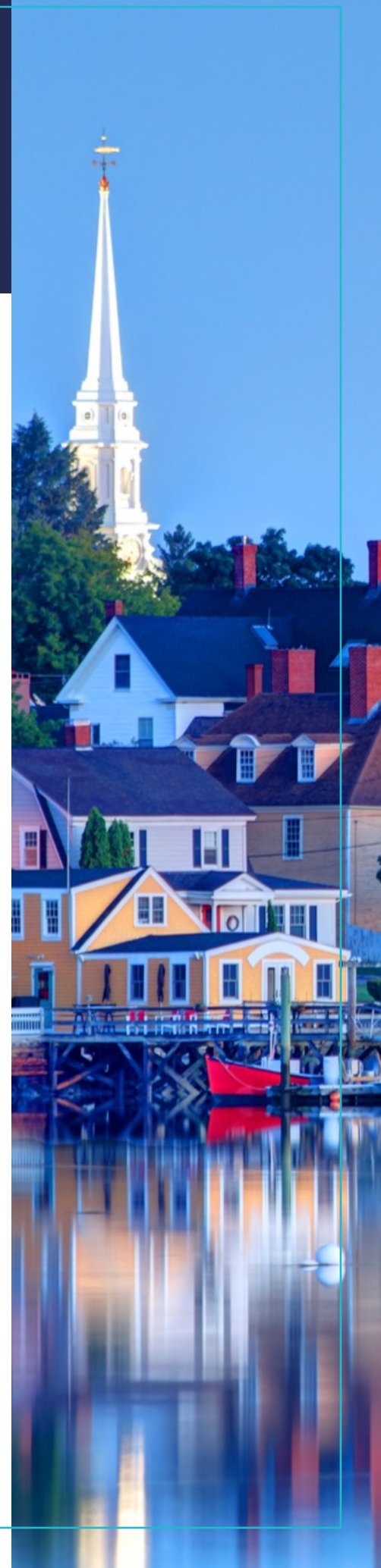


AI Power Demand

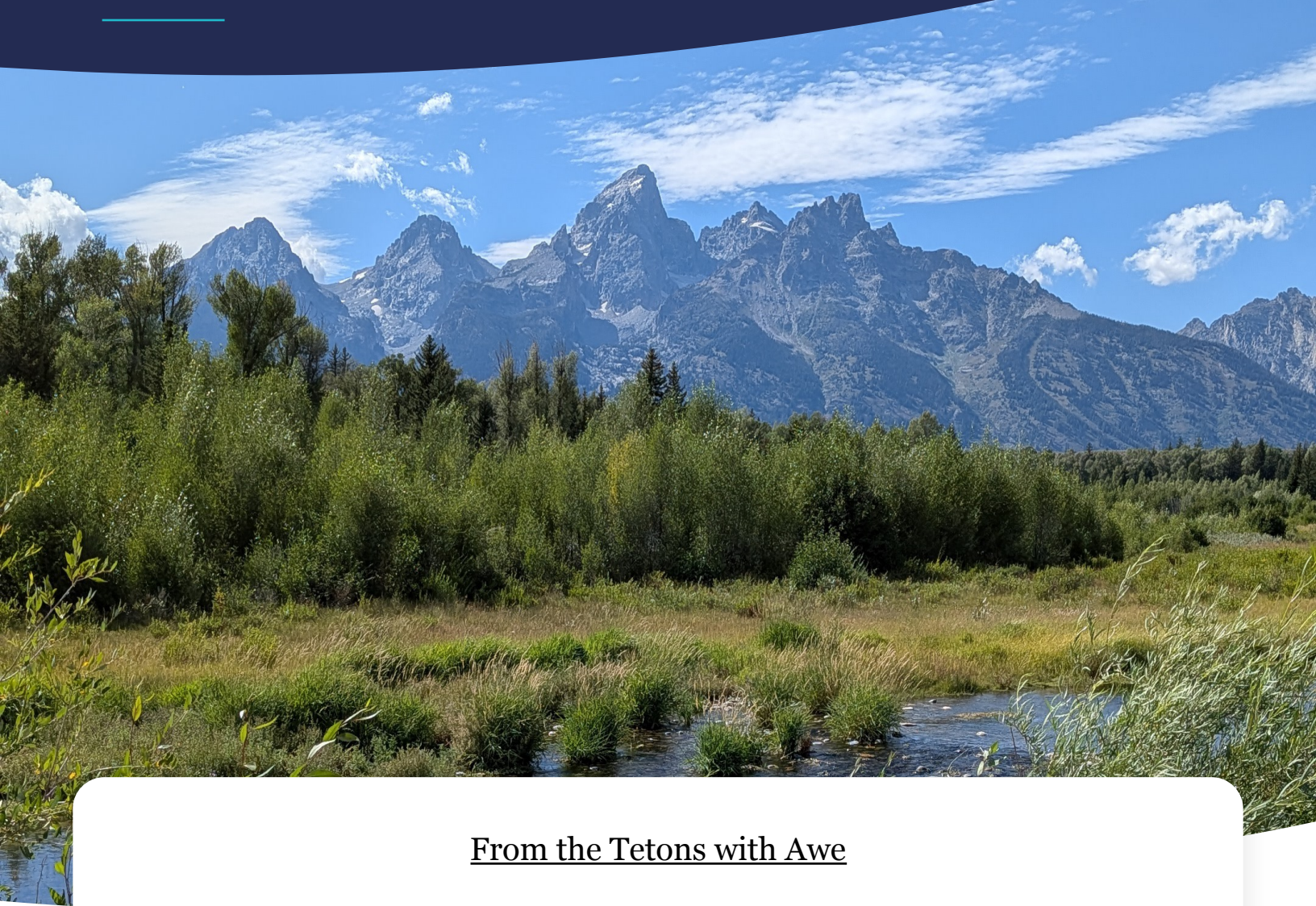
AI is fueling a surge in electricity demand, creating opportunities far beyond the technology sector. This article explains how data centers, power infrastructure, and electrification trends could shape the economy and investment landscape for years to come, making it a valuable read for investors looking to understand an important long-term theme.

Estimated read time: ~5-7 minutes

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



Highwater Highlights



From the Tetons with Awe

This summer, Anka's family had the chance to visit Grand Teton National Park, and it was every bit as spectacular as people say. From towering mountain peaks and crystal-clear lakes to wildlife sightings and unforgettable hikes, the scenery felt like something out of a postcard. They spent their days exploring the outdoors, taking in breathtaking views, and making memories that will last a lifetime. It was a wonderful reminder that sometimes the best investment is time spent with the people you love in places that inspire awe and appreciation for the world around us.



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