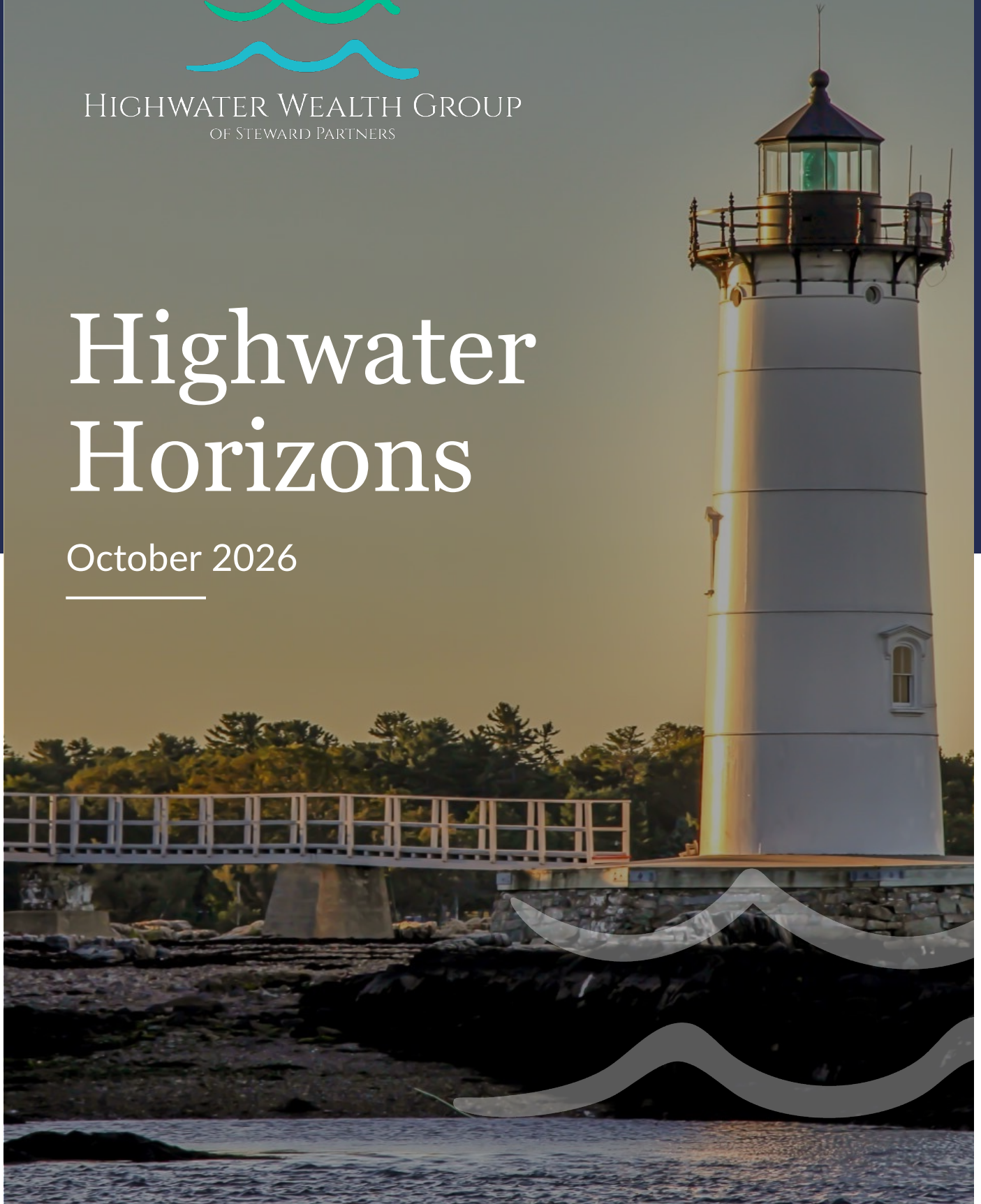


HIGHWATER WEALTH GROUP
OF STEWARD PARTNERS

Highwater Horizons

October 2026



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A Note from Highwater

Welcome to Autumn and the October edition of *Highwater Horizons*! Bright sunny days, cool crisp nights, and beautiful red, yellow, and orange foliage usher in a season loved by most. We hope you are enjoying your annual ritual of choice (walks in the woods, leaf peeping, football, raking leaves, or drinking seasonal coffees).

In this month's newsletter, we look at the current market environment and the latest factors shaping our outlook. In other words, what's changed in a month? 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 October 2026

Waiting for Clarity

Normally we strive to share exciting news on current market movers, underlying trends, and breaking news that we feel is likely to affect your lives, portfolios, and daily conversations. This month there is still a level of “holding our breath” results from the mid-term elections, what the Fed is likely to do at its next meeting and whether anything positive develops toward an end to the Iran situation.

These are the observations we can share with you.

Fed Rate Outlook

Last month the numbers on inflation and the labor market came in strong and the Fed raised short term rates. last week, this month's numbers came in much tamer on both fronts. As a result, the odds of the FED raising rates again at their late October meeting have dropped quite a bit. Keep in mind, the Fed also makes an effort to stay “politically neutral” and may wish to stand pat at their next meeting so as not to appear to be influencing the mid-term elections in either way. The Raymond James Chief Investment Officer, Larry Adam has stated that RJ expects the Fed to hold off in November and make another rate increase in December, most likely holding off on further increases for 2027.

Consumers Stay Resilient

Recent reports show consumers have remained resilient and consumer spending remains strong. Businesses are continuing to invest for growth, and the labor market is holding steady. Last week, for example, unemployment ticked up from 4.1 to 4.2%¹, barely budging and staying historically low. Consumer spending and employment are two of the most important indicators to watch because they help drive economic growth. While these trends do not guarantee stronger markets in the short term, they are generally signs of an economy that remains on solid footing and is better positioned to withstand periods of uncertainty.

Markets Consolidate

The market (S&P 500) has not moved up or down significantly since August 2026 and, as of Monday 10/6, has only been up about 0.3% (at its top on 8/13/26)². The market's lack of movement may be less a sign of weakness and more a period of consolidation. Stocks are working through higher interest rates and inflation while earnings continue to grow. This can allow the fundamentals to catch up to prices and create a healthier foundation for future returns.

(Continued on next page)

Navigating the Headlines

Market Commentary October 2026

Bond Yields Move Higher

A big movement has happened in the bond market. The interest rate on the 10-yr US Treasury has gone up from 4.4% at the end of June to about 5.27% now (10/6/26)³. That's a significant move which means bond prices are down to lows not seen in almost 20 years. Higher interest rates hurt real estate (as mortgage rates go higher), costs on borrowing (as credit gets more expensive) and put pressure on the economy. Why are rates up? A few reasons: one is inflation and fear the Fed won't get it under control, another is an economy that continues to be positive (there's little sign of recession at the moment), a third looks further down the road at the potential risks of Government debt which we've discussed before and will revisit in future Horizons newsletters. What could turn bond around and bring rates lower? One major event would be a resolution to the Iran conflict and increases in oil flows thus lowering gas and diesel prices. The high cost of oil affects many parts of our economy and bringing down the cost of oil will reduce inflation.

A Positive Long-Term View

Our view remains positive on economic growth, earnings, and equities despite persistent inflation, higher energy prices, geopolitical uncertainty, and evolving Fed policy. Just like last month, we continue to believe that the U.S. economy is resilient, supported by consumer spending, fiscal support, AI-related capital expenditures, and infrastructure investment.

1. <https://www.bls.gov/charts/employment-situation/civilian-unemployment-rate.htm> 2. FactSet as of 8.13.2026 and 10.6.2026 3. https://home.treasury.gov/resource-center/data-chart-center/interest-rates/TextView?field_tdr_date_value=2026&type=daily_treasury_yield_curve



Data at a Glance

Changes in congressional control following midterm elections have historically had far less impact on long-term stock market returns than many investors assume. Since 1933, the S&P 500 has produced strong average annual returns under a variety of political arrangements, including unified government (14.5%), a Congress controlled by one party with the presidency held by the other (11.7%), and a split Congress (13.8%). This evidence indicates that, while elections often create short-term uncertainty and market volatility, the overall direction of equity markets has been driven more by economic growth, corporate earnings, innovation, productivity, and monetary policy than by which party controls Congress.

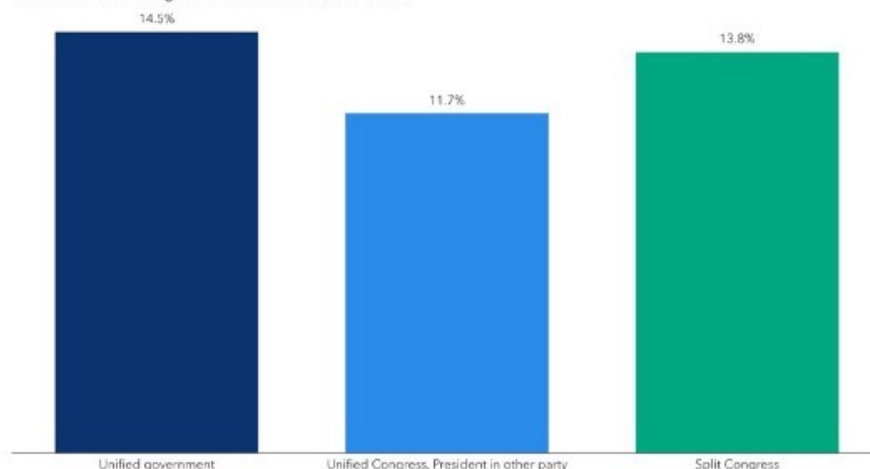
One notable takeaway is that periods of divided government (which often emerge after midterm elections when the president's party loses control of at least one chamber of Congress) have not been a negative outcome for investors. In fact, the chart shows that average returns during split Congress periods have remained firmly in double digits and are comparable to returns achieved under unified government. This may reflect the market's preference for policy stability and lower likelihood of major legislative shifts. More broadly, the historical record supports the view that investors who maintain a disciplined, long-term approach rather than making portfolio decisions based on election outcomes have generally been rewarded over time. As Capital Group notes, elections generate considerable noise, but long-term market returns ultimately reflect the value created by individual companies and the broader economy.

Control of Congress has had little impact on investment returns



Markets have averaged double-digit returns regardless

S&P 500 Index average annual total return, 1933-2025



Sources: Capital Group, Office of the Clerk - U.S. House of Representatives, Senate.gov, S&P Global. Unified government indicates White House, House and Senate are controlled by the same political party. Unified Congress indicates House and Senate are controlled by the same party, but the White House is controlled by a different party. Split Congress indicates House and Senate are controlled by different parties, regardless of the White House control. Data excludes 2001 due to Senator Jeffords switching parties mid-year. As of December 31, 2025. Past results are not predictive of results in future periods.

Investments are not FDIC insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

Beyond the Portfolio

Medicare Guidance Through Chapter

We've had terrific feedback from clients who have used Chapter to navigate Medicare with greater confidence and less stress. Healthcare decisions are an important part of retirement planning, but choosing the right Medicare coverage can often feel overwhelming. That's why Highwater Wealth Group provides complimentary access to Chapter, an independent Medicare advisory service that helps clients compare coverage options, navigate enrollment, and make informed decisions. Whether you're approaching Medicare eligibility or simply reviewing your current plan, Chapter can help simplify the process and ensure your coverage continues to align with your healthcare needs and retirement goals.

Estimated read time: ~5 minutes

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

Consultations are complimentary and there is no obligation to enroll. If your current plan is still right for you, a Chapter agent can confirm it. Raymond James is not affiliated with Chapter Health. Raymond James receives a one-time referral fee from Chapter for each Medicare Advantage and Medicare Supplement application submitted.



Worth Noting



Replay of October 2026 Larry Adam's Webinar: The Long Voyage: Discipline Through Uncertainty

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



Helping You Stay Secure (New Fraud Protection Procedure)

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

We are introducing a secure mobile authentication process to help protect your personal, financial information and reduce the risk of fraud. It's a simple, secure way to confirm your identity directly from your phone. We will ask you to verify your identity if you request any change or give us new instructions. We put together a quick guide so you will know what to expect.

Estimated listening/reading time: ~5 minutes



AI Buildout and International Trade

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

Much of the discussion around global trade has focused on tariffs and geopolitical tensions, but there's another powerful force shaping the global economy: the rapid growth of artificial intelligence. As companies invest hundreds of billions of dollars in AI infrastructure, global supply chains and trade relationships are shifting in meaningful ways. Understanding these changes can provide valuable insight into the economic trends, industries, and investment opportunities that may influence markets in the years ahead.

Estimated read time: ~8 minutes



Highwater Highlights



We're excited to welcome Callum Stocker to Highwater Wealth Group as our Registered Client Administration Manager. Callum joins us from Fidelity Investments, where he worked directly with clients and developed a passion for helping individuals and families feel more confident about their financial decisions. He will be an important part of our client service team and will often be one of the first people you hear from when you call us or when we're reaching out to assist you with service requests, account needs, and ongoing follow-up. Callum shares our commitment to building meaningful relationships and helping clients simplify their financial lives so they can focus on what matters most. We're thrilled to have him on the team and look forward to introducing him to many of you in the months ahead.



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Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise, and bonds are subject to availability and change in price. All investing including stock investing involves risk including possible loss of principal.

The Standard & Poor's (S&P) 500 Index tracks the performance of 500 widely held, large-capitalization US stocks. An investment cannot be made directly in a market index.

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