Summer 2026

Financial planner

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Summer 2026 Newsletter Topics

- *Case for Diversification*
- *2026 Second half outlook*
- *Charitable giving strategies*

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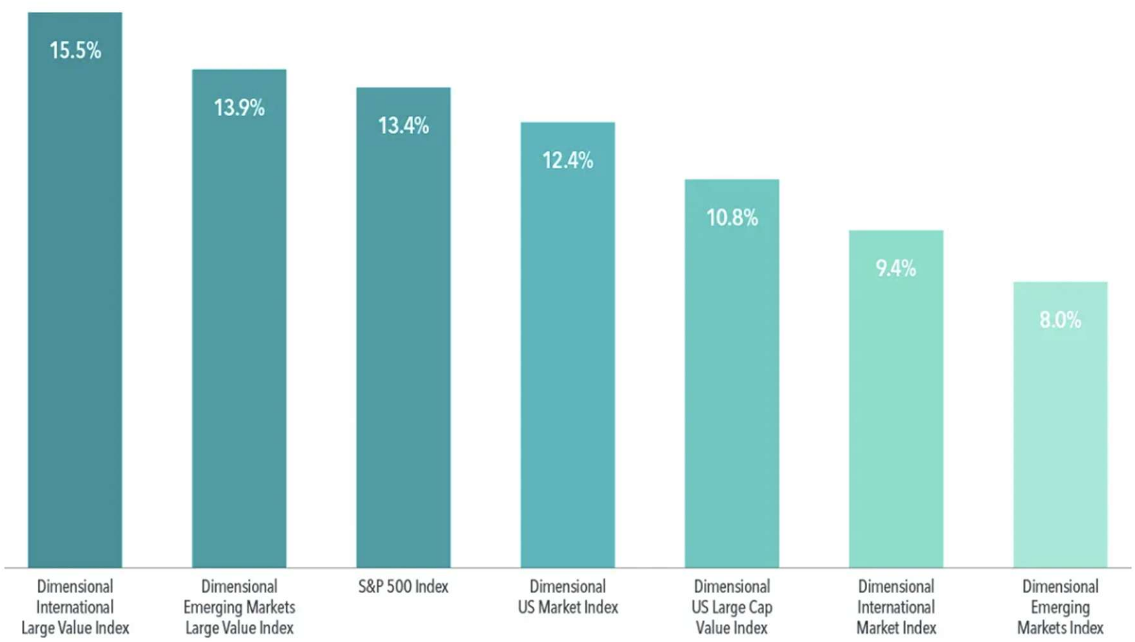
CASE FOR DIVERSIFICATION

Small cap and value stocks, or those with low relative prices, had a strong first half of the year in the US, a notable shift from their underperformance in 2025. Large cap stocks with growth characteristics, or higher relative prices, were particular laggards in the US and globally. Over the past five years, non-US developed market value stocks have quietly led among equity asset classes (See graphic below), which may surprise some investors. Elsewhere, high profitability stocks were outpaced by low profitability stocks in global developed markets, while the opposite was true in emerging markets.



Past performance is not a guarantee of future results. Actual investment returns may be lower.
Returns in USD, since July 2021. The Dimensional indices represent academic concepts that may be used in portfolio construction and are not available for direct investment or for use as a benchmark. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment. See "Index Descriptions" in the appendix for descriptions of the Dimensional index data. S&P data © 2026 S&P Dow Jones Indices LLC, a division of S&P Global.

 See disclaimer on final page

The first half of 2026 has only reinforced the broader point of the graphic on the previous page — that it's difficult to predict which stocks, sectors, or regions will lead from one period to the next— with emerging markets outpacing developed markets and small value beating large growth. Rather than trying to guess the next winner, investors may be better served by maintaining exposure to equities around the world. Global diversification helps ensure that when leadership shifts across regions, as it often does, investors are positioned to participate in those gains.

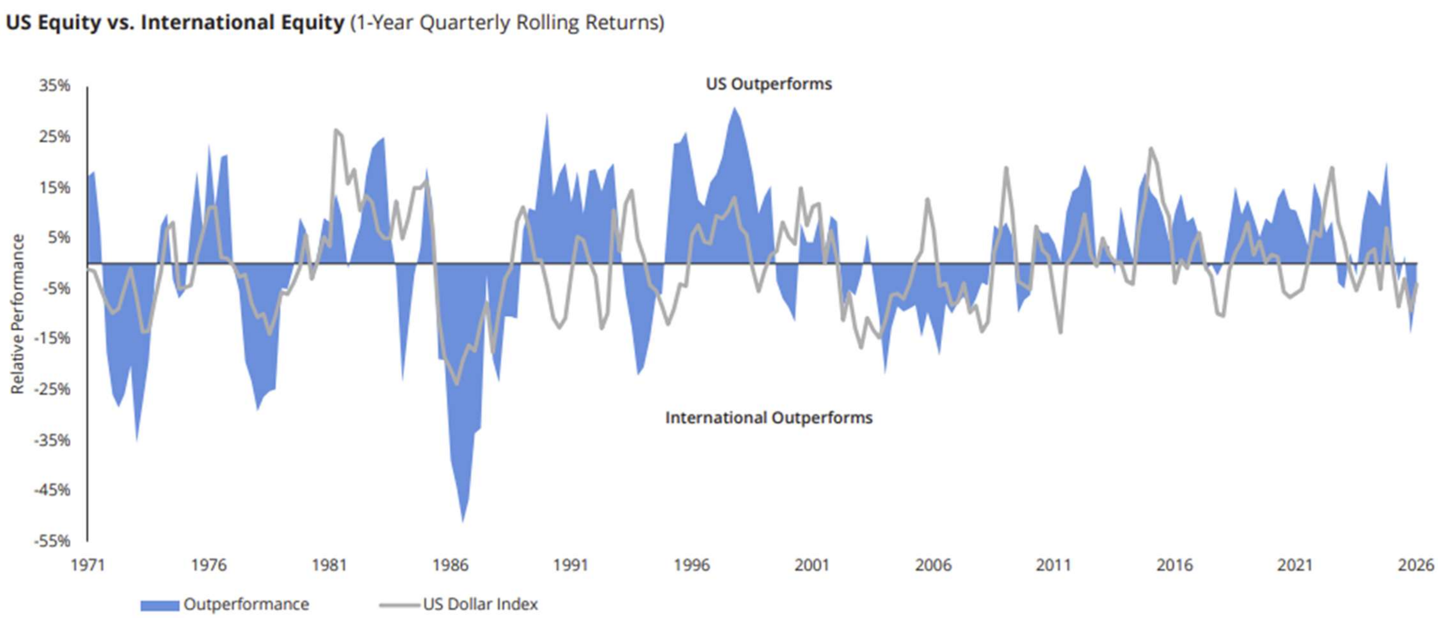


Chart Data: 3/31/71-3/31/26. Past performance does not guarantee future results. Indices are unmanaged and not available for direct investment. The performance shown above is index performance and is not representative of any Hartford Fund's performance. The chart shows the values of the S&P 500 Index's returns minus the MSCI World ex USA Index's returns. When the line is above 0, domestic stocks outperformed international stocks. When the line is below 0, international stocks outperformed domestic stocks. US equity is represented by the S&P 500 Index; international equity is represented by the MSCI World ex USA Index. Please see page 2 for representative index definitions. For illustrative purposes only. Data Sources: Morningstar, Bloomberg, and Hartford Funds, 6/26.

A POSITIVE OUTLOOK FOR THE SECOND HALF OF 2026

Why does the stock market keep hitting new highs when the there is so much global turmoil? The simple answer: Corporate earnings are incredibly strong. This is partially explained by the many companies benefiting from massive AI spending, but it's not all about AI. For instance, in the healthcare sector, Eli Lilly's first-quarter sales rose 56% to $19.8 billion, fueled by surging demand for weight loss and diabetes drugs. In the energy sector, companies such as ExxonMobil, Shell and TotalEnergies are pumping up their profits as the Iran conflict sends oil prices sharply higher.

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As always, we encourage investing with your goals in mind, keeping a reserve for emergency needs.

We are available for in person, phone or zoom reviews. Give the office a ring and we can discuss your investing goals and needs.

Retirement Planning

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Corporate Qualified and Non-Qualified Retirement Plans -401(k)-

Educational Funding -529 Plans-

Charitable Planning

Estate Planning

Meanwhile, Apple reported blockbuster earnings in April, not due to any AI-related news, but because iPhone 17 sales skyrocketed. Looking forward, consensus earnings estimates are on the rise — particularly in emerging markets where they are expected to grow 49.2% in aggregate this year. That is largely due to the positive impact the AI boom is having on chip-related companies such as Taiwan Semiconductor Manufacturing Company (TSMC), Samsung and SK hynix. “When I look at the market going forward, the key element is this underpinning of strong corporate earnings,” says equity portfolio manager at Capital Group, home of American Funds, Rob Lovelace. “This growth has been evident for the last three years, and it doesn’t look like it’s slowing down.”

CHARITABLE GIVING

For individuals who already give to a charity, a Qualified Charitable Distribution (QCD) can be a great way to make your gift and save on taxes.

A qualified charitable distribution (QCD) allows individuals who are 70½ years old or older to donate up to $111,000 total to one or more charities directly from a taxable IRA instead of taking their required minimum distributions. As a result, donors may avoid being pushed into higher income tax brackets and prevent phaseouts of other tax deductions, though there are some other limitations.

How QCDs are made: Qualified charitable distributions are made directly to the eligible charity from a traditional IRA, inherited IRA, inactive Simplified Employee Pension (SEP) plan and inactive Savings Incentive Match Plan for Employees (SIMPLE) IRAs. (Inactive SEP and SIMPLE IRAs are accounts that no longer receive employer contributions.)

The money is a direct transfer to the charity that never passes through the hands of the IRA holder. Instead, the IRA custodian can either send an electronic transfer of funds or a check directly to the charity.

For a QCD to count toward your minimum annual IRA distribution, it must be made by the same deadline as a normal distribution, which is usually Dec. 31 of the tax year in question.

Important QCD considerations:

If you are considering a large charitable donation, our team, alongside a CPA can help you minimize your tax liability and maximize the value and impact of your gift by choosing the right strategy or combination of strategies for your situation. Give us a call.

Currently, QCDs cannot be made to donor-advised fund sponsors, private foundations and supporting organizations, though these are categorized as charities. NOTE: Donors should check before making a gift to ensure the organization is qualified to accept QCDs.

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