Q3 2026

LADENBURG
AN OSAIC COMPANY

MARKET VIEW QUARTERLY

Ladenburg Asset Management

The third quarter reminded investors that markets rarely move in a straight line. Strong corporate earnings, consumer spending, and continued investment in artificial intelligence provided meaningful tailwinds for equities; however, renewed geopolitical tensions, an upcoming midterm election, rising energy prices, and a Federal Reserve (Fed) interest rate hike (the first since 2023) limited the effect of those tailwinds. The result was a volatile quarter that ultimately ended with a narrow group of large-cap equities performing well, while small- and mid-cap companies, as well as fixed income, struggled in September. Although higher rates challenged both equities and fixed income, commodities benefited from geopolitical and inflationary pressures, and international markets continued to offer areas of relative opportunity. Against this backdrop, maintaining broad diversification and a disciplined long-term perspective is particularly important.

DOMESTIC EQUITIES[1]

The third quarter took domestic equities on a roller coaster ride, and not just in the typically volatile month of September. Markets began the quarter with a sharp tech selloff in July, sparked by worries about potentially excessive AI spending, which drove the Nasdaq to its worst July since 2006. At the same time, a collapsed Iran ceasefire pushed oil higher, leading the Energy and Financial sectors to outperform. Stocks rallied broadly in August on very strong Q2 earnings, with S&P 500 earnings growth reaching 52%.[2] The S&P 500 and Nasdaq-100 recorded their best August since 2021. September, as is tradition, turned the tables yet again with multiple headwinds uniting against domestic equity investors: renewed fighting in the Middle East sent Brent crude above $100, the Fed raised rates for the first time since 2023, bringing the Fed Funds Rate to a range of 3.75% – 4.00%, and the 10-year Treasury yield hit 5.10%, surpassing the heuristically important 5% threshold and hitting its highest mark since 2007. Despite these difficulties, AI stocks carried the Nasdaq to a record close in September, but higher rates and oil prices weighed on small- and mid-caps, which generally depend on outside financing and a strong domestic economy. The Russell 2000 and Russell Midcap indices ended the quarter down -7.23% and -3.00%, respectively.

The S&P 500 ultimately outperformed all other major domestic indexes, finishing the quarter up 2.30%, while the more cyclical, value-oriented Dow Jones Industrial Average fell -2.34%. Although third-quarter domestic equity performance was both challenging and volatile, the outlook for Q4, historically the best quarter for stock market performance, is positive. The labor market is strong and stable, Fed Chairman Warsh appears committed to addressing stubborn inflation, and for the second straight quarter, analysts are increasing earnings estimates for S&P 500 companies.[3]

INTERNATIONAL EQUITIES[1]

International stocks experienced much of the same volatility as domestic equities. Technology and AI-related stocks were particularly weak early in the quarter, affecting emerging markets such as Taiwan and South Korea. A rebound followed in August before volatility returned in September as global interest rates rose and geopolitical uncertainty increased. Despite these challenges, developed international equities, as measured by the MSCI EAFE Index, gained 0.81% for the quarter. Japan was a notable bright spot, supported by improving corporate profits and shareholderfriendly reforms, while European markets continued to look cheap. Emerging markets declined -0.37% during the quarter but remain up 23.38% year-to-date. Within emerging markets, Taiwan and South Korea continue to play important roles in the global semiconductor and AI supply chains, providing potential opportunities as investment in AI infrastructure expands. The outlook for international equities remains positive, as attractive valuations, improving corporate fundamentals, and increased investment in technology, defense, and infrastructure could provide additional opportunities outside the U.S. While geopolitical uncertainty and higher interest rates may continue to drive periods of volatility, international markets remain an important source of diversification and long-term growth potential.

FIXED INCOME[1]

Fixed income markets struggled in September as attention remained on the Fed, which raised interest rates by 0.25% for the first time since 2023 and signaled that another increase could be possible before year-end. The move marked a reversal from the start of the year when markets anticipated multiple rate cuts. Strong economic data reinforced the Fed's view that bringing inflation back toward its 2% target was its top priority. Oil prices also moved higher as geopolitical tensions in the Middle East and in the Black Sea renewed energy inflation concerns. In response to the bond market's change in interest rate expectations, the 10-year Treasury yield reached its highest level since 2006 as shorterterm rates rose faster than longer-term rates. Higher yields will increase borrowing costs across the economy, putting additional pressure on mortgage rates and other loans. High yield corporate credit (-3.81%) declined as investors grew more cautious of increasing debt issuance tied to data centers and AI infrastructure spending. Floating-rate securities, however, were among the few areas to post positive returns, benefiting from their limited interest-rate sensitivity and high payments to investors. The 10-year Treasury yield ended the month at 5.28%, a mark not seen in 20 years. This level of income may attract institutional and retail investors, which could drive rates lower if inflation concerns ease.

COMMODITIES & ALTERNATIVES[1]

Commodity markets delivered strong gains during the third quarter, with the Bloomberg Commodity Index advancing 16.19%, led by an 34.35% surge across the energy sector. Conflict in the Middle East has disrupted global energy flows through the Strait of Hormuz since the onset of the Iran war earlier this year, but hostilities flared with the temporary shutdown of Saudi Arabia's East-West pipeline, which forced oil prices above $100 per barrel for extended periods and pushed U.S. diesel prices to a record high of $6.38. Commodity strength extended beyond energy, with gold gaining 3.19% as geopolitical uncertainty supported demand for safe-haven assets. Agriculture performed well amid tight supply and weather concerns associated with developing El Niño conditions. Livestock was the lone major commodity subsector to decline, pressured by increased beef imports. Looking ahead, commodity markets are likely to remain sensitive to geopolitical developments, the normalization of global energy flows, and weather-related supply risks. Tensions in the Middle East remain a key driver for commodity prices.

Housing activity remained constrained during the third quarter as elevated mortgage rates continued to weigh on affordability in existing home sales. New home sales showed greater resilience, supported by builder incentives and price reductions, though mortgage rates moving back above 7% late in the quarter could present a renewed headwind through the rest of the year.

CONCLUSION

As investors head into the final quarter of the year, the economic environment and market backdrop remain strong, driven in part by healthy consumer spending. Higher interest rates, persistent inflation, and geopolitical uncertainty are likely to keep volatility elevated, while resilient economic activity, improving corporate earnings expectations, and continued capital investment in AI and infrastructure provide important sources of support. At the

same time, higher interest rates have raised yields on fixed income securities, international equities continue to offer attractive valuations relative to domestic stocks, and commodities and alternative strategies may provide valuable diversification benefits in an environment where geopolitical risks remain elevated. With opportunities increasingly extending beyond the narrow areas that have led markets in recent years, we believe a broadly diversified portfolio remains well positioned to participate in continued economic and earnings growth while helping manage the risks and expected volatility ahead of midterm elections. Investors should remember that the fourth quarter historically tends to be the best of the year, and that regardless of politics, the year after midterm elections tends to be the strongest in the four-year presidential cycle.[4]

Economic Definitions

Federal Reserve (Fed): The Federal Reserve System is the central banking system of the United States of America.

Index Definitions

S&P 500: The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

NASDAQ: The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

Dow Jones Industrial Average: The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

Russell Mid-Cap: Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 25% of the total market capitalization of the Russell 1000 Index.

Russell 2000: The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

MSCI EAFE: The MSCI EAFE Index is a free-float weighted equity index. The index was developed with a base value of 100 as of December 31, 1969. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East.

MSCI EM: The MSCI EM (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

Bloomberg US Agg Bond: The Bloomberg US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

Bloomberg High Yield Corp: The Bloomberg US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Bloomberg EM country definition, are excluded.

Bloomberg Global Agg: The Bloomberg Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Municipal Bond Index: The Bloomberg U.S. Municipal Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

DISCLOSURES

The statements provided herein are based solely on the opinions of the Ladenburg Thalmann Asset Management (Ladenburg) Research Team and are being provided for general information purposes only. Neither the information nor any opinion expressed constitutes an offer or a solicitation to buy or sell any securities or other financial instruments. Any opinions provided herein should not be relied upon for investment decisions.

Certain information may be based on information received from sources the Ladenburg Research Team considers reliable; however, the accuracy and completeness of such information cannot be guaranteed. Certain statements contained herein may constitute "projections," "forecasts" and other "forward-looking statements" which do not reflect actual results and are based primarily upon applying retroactively a hypothetical set of assumptions to certain historical financial information. Any opinions, projections, forecasts and forward-looking statements presented herein reflect the judgment of the Ladenburg Research Team only as of the date of this document and are subject to change without notice. Ladenburg has no obligation to provide updates or changes to these opinions, projections, forecasts and forward-looking statements. Ladenburg is not soliciting or recommending any action based on any information in this document.

Investing involves risk, including the potential loss of principal. No investment strategy can guarantee a profit or protect against loss. In general, the bond market is volatile; bond prices rise when interest rates fall and vice versa. This effect is usually pronounced for longer-term securities. Any fixed-income security sold or redeemed prior to maturity may be subject to a substantial gain or loss. Vehicles that invest in lower-rated debt securities (commonly referred to as junk bonds or high-yield bonds) involve additional risks because of the lower credit quality of the securities in the portfolio. International investing involves special risks not present with U.S. investments due to factors such as increased volatility, currency fluctuation, and differences in auditing and other financial standards. These risks can be accentuated in emerging markets.

Index performance does not reflect the deduction of any fees and expenses, and if deducted, performance would be reduced. Indexes are unmanaged and investors are not

able to invest directly into any index. Past performance cannot guarantee future results.

Any potential political or policy changes may not occur as anticipated and their market impact is uncertain. Allocation decisions should reflect individual objectives, risk tolerance, and time horizon; this is not a recommendation.

Ladenburg is an SEC Registered Investment Adviser under the Investment Advisers Act. Registration does not imply a certain level of skill or training. Ladenburg provides investment advisory services and may serve as a sub-adviser for accounts managed by third-party advisers or may be included in advisory platforms sponsored or administered by affiliates or third parties. Ladenburg does not provide tax or legal advice. Please consult your tax advisor or attorney. For additional information, please see the Program Disclosure Brochure or ADV Part II for full details, which are available upon request or please visit adviserinfo.sec.gov/firm/summary/108604

1 Bloomberg Data as of 9.30.2026

2 Earnings Insight Infographic: Q2 2026 By the Numbers

3 Analysts Increasing EPS Estimates for S&P 500 Companies For 2nd Straight Quarter

4 How U.S. midterm elections may affect markets | Capital Group

Ladenburg is an SEC Registered Investment Adviser under the Investment Advisers Act. Registration does not imply a certain level of skill or training. Ladenburg provides investment advisory services and may serve as a sub-adviser for accounts managed by third-party advisers or may be included in advisory platforms sponsored or administered by affiliates or third parties. Ladenburg does not provide tax or legal advice. Please consult your tax advisor or attorney. For additional information, please see the Program Disclosure Brochure or ADV Part II for full details, which are available upon request or please visit https://adviserinfo.sec.gov/firm/summary/108604

© Ladenburg Thalmann Asset Management 26-1077-B 10/26 9149083