

Review Q3 2026

Brown Rowland Wealth Management Group

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"I very frequently get the question: 'What's going to change in the next 10 years?' I almost never get the question: 'What's not going to change in the next 10 years?' And I submit to you that the second question is actually the more interesting of the two."

– Jeff Bezos

As investors, we spend a great deal of time thinking about change. We analyze economic data, interest rates, inflation trends, earnings reports, elections, technological innovations, and geopolitical developments. Yet Jeff Bezos raises a more important question: *What isn't likely to change?*

Human ingenuity won't change. The desire to improve our standard of living won't change. Businesses will continue searching for ways to solve problems, create value, and improve the lives of their customers. Consumers will continue adapting to new opportunities. Entrepreneurs will continue innovating. These forces have driven economic progress for centuries, and they remain just as powerful today. The same logic applies to what is happening today in the United States and throughout much of the world. At a time of extraordinary prosperity, rapid technological advancement, longer life expectancies, and rising standards of living, we are nevertheless exposed to a constant stream of negative news suggesting that progress is an illusion. Yet by many objective measures, people today enjoy greater wealth, better health, more leisure time, broader access to information, and more economic opportunity than any previous generation. While challenges remain, the long-term trend of human progress continues to move forward. This does not mean every problem has been solved. It simply means that reality is often far better than the narrative.

The third quarter provided another example of this disconnect. The S&P 500 Index gained 2.3% during the quarter and has returned 12.75% year-to-date through September 30, 2026.¹ Despite ongoing concerns regarding government deficits, interest rates, geopolitical tensions, and political uncertainty, markets continued to advance. S&P 500 earnings



per share increased 35.09% year-over-year during the first half of 2026 and is projected to increase approximately 32% for full-year 2026 compared to 2025, driven in large part by continued investment and innovation in artificial intelligence.^{2 3}

More importantly, the economic backdrop remains healthier than many investors appreciate. The unemployment rate stood at 4.1% in August, significantly below the 30-year average of 5.5%.⁴ Wage growth of 3.3% remains broadly in line with long-term historical norms.⁵ Inflation, which dominated economic discussions over the last several years, has fallen dramatically from pandemic-era highs. Headline CPI measured 3.4% in August, slightly below its 50-year average, while core CPI was 2.4%, below its long-term average.⁶ Consumers also remain resilient. Retail sales continue to trend higher.⁷ American households currently devote approximately 11.1% of disposable income to debt payments, near the low end of the historical range and roughly 30% below the peak reached prior to the Global Financial Crisis.⁸ Additionally, Americans are collectively wealthier than ever before. Household net worth recently reached approximately \$196 trillion, near an all-time high, supported by appreciation in both financial assets and residential real estate.⁹ Real median household income reached a record \$87,460 in 2025, while the official poverty rate declined to 10.2%.¹⁰ Interest rates, another frequent source of concern, also look less alarming when viewed through a historical lens. The Federal Funds Rate currently sits between 3.75% and 4.00%, below its average level since 1954.¹¹ Likewise, the 10-year Treasury yield ended the quarter at 5.27%, only modestly below its long-term average of 5.56%.¹² The extraordinarily low-interest rate environment that followed the Global Financial Crisis was the exception, not the historical norm.

None of this suggests that risks have disappeared. Markets will always face uncertainty. Economic cycles will continue. Volatility is inevitable. What history demonstrates, however, is that progress has a remarkable tendency to persist despite periods of pessimism. Businesses adapt. Innovation continues. Productivity improves. Living standards rise.

Our investment philosophy remains unchanged. We continue to focus on owning high-quality businesses, maintaining appropriate diversification, and helping clients avoid the costly mistakes that often accompany periods of uncertainty. Successful investing has never required accurately predicting every

headline, election, recession, crisis, or market correction. Rather, it has required patience, discipline, and the willingness to stay invested while the forces of innovation, productivity, and economic growth continue their work. As always, our role is not to predict the future but to help you prepare for it. Uncertainty is a feature, not a flaw, of investing. The rewards available in financial markets exist precisely because the future cannot be known with certainty.

Thank you for your continued trust and confidence. We are grateful for the opportunity to work with you and your family, and we remain committed to helping you pursue your long-term financial goals.

Warm regards,

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Footnotes

¹ UBS Global Investment Management, Portfolio Strategy Month-End Market Update, October 1, 2026.

² FactSet, S&P 500 Earnings Insight, September 2026.

³ J.P. Morgan Asset Management, Guide to the Markets, September 30, 2026.

⁴ J.P. Morgan Asset Management, Guide to the Markets, September 30, 2026.

⁵ J.P. Morgan Asset Management, Guide to the Markets, September 30, 2026.

⁶ J.P. Morgan Asset Management, Guide to the Markets, September 30, 2026.

⁷ Federal Reserve Bank of St. Louis, Retail and Food Services Sales (RSAFS), accessed October 2026.

⁸ J.P. Morgan Asset Management, Guide to the Markets, September 30, 2026.

⁹ Board of Governors of the Federal Reserve System, Financial Accounts of the United States, latest available data.

¹⁰ U.S. Census Bureau, Income, Poverty and Health Insurance Coverage in the United States: 2025, September 16, 2026.

¹¹ FactSet, Federal Funds Rate Historical Data, September 30, 2026.

¹² FactSet, U.S. Treasury 10-Year Yield Historical Data, September 30, 2026.

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