

Market Outlook and Portfolio Strategy - Third Quarter 2026

Market Overview – Equities posted modest gains in the third quarter despite renewed inflation concerns, higher interest rates and geopolitical uncertainty. Resilient corporate earnings and continued investment in technology and artificial intelligence helped offset these headwinds. Energy, health care and communication services led performance, while utilities, industrials and consumer discretionary lagged. Consumer spending and business investment remained resilient even as confidence softened amid higher energy prices, higher borrowing costs and global uncertainty. The latest jobs report showed that hiring is slowing and unemployment has risen slightly. Inflation improved but stayed above the Federal Reserve’s 2% target, and in September the Fed raised its policy rate by 0.25% to 3.75%–4.00% as it continued balancing growth with price stability.

Portfolio Strategy – As we enter the final months of 2026, we remain focused on these headwinds. Diversification is especially important in this environment. Maintaining exposure across a broad range of companies, sectors and investment styles helps reduce reliance on any single area of the market while allowing portfolios to participate as leadership shifts. We continue to emphasize high quality companies with strong fundamentals and maintain diversification aligned with each client’s objectives, risk tolerance and long-term plan. Higher interest rates have also created more attractive income opportunities in high-quality fixed income investments, adding stability and balance within portfolios.

Looking Ahead – Periods of uncertainty are a normal part of investing. Headlines surrounding the Federal Reserve, inflation, mid-term elections, and geopolitical events may create short-term swings, but reacting to every headline can distract from long-term goals. Staying committed to a thoughtful, long-term strategy remains the most reliable way to navigate uncertainty and keep your financial plan on track. We appreciate the confidence our clients place in us and look forward to helping them navigate the remainder of 2026 and beyond.

Equity Market Returns	QTD	Last 12 Months
S&P 500	2.30%	15.74%
S&P 500 - Equal Weight	-1.87%	11.40%
NASDAQ Composite	2.61%	19.25%
Dow Jones Industrial Average ETF	-2.32%	11.28%
Fixed Income Market Returns		
Barclays U.S. Aggregate Bond	-3.51%	-1.84%

As your dedicated wealth advisors, Erin and Matt are here to help you navigate today’s complex financial landscape with confidence. We are committed to providing thoughtful guidance, strategic insight, and personalized support every step of the way.



Erin Maynard, ChFC, CLU
Partner & Wealth Manager
erin@sco-advisors.com

Please feel free to reach out to Matt or Erin directly using the contact information provided below. We welcome the opportunity to engage with you soon.



Matthew Freiburger, CFA, CPA
Partner & Wealth Manager
matt@sco-advisors.com