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CROWELL WEEDON WEALTH MANAGEMENT

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Dear Fellow Investors,

Happy 250th Birthday America! Centuries ago a group of independent and fearless founders set the stage for one of the greatest miracles in human history. Britain, stretched thin by costly wars, turned to taxing the American colonies for additional revenue. The Stamp Act of 1765 required colonists to use specially stamped paper for nearly all paper goods including legal documents, newspapers, and playing cards. Because the colonists had no elected representatives in Parliament, they argued imposing this tax was a violation of their rights. "No Taxation Without Representation" became the rallying cry that fueled boycotts and protests, eventually leading to the Stamp Act's repeal. Unfortunately, this apparent victory was supplanted by the far more overreaching Declaratory Act of 1766 that asserted Parliament's legislative and taxing authority was the same in America as in Great Britain, claiming the power to bind the colonies in "all cases whatsoever". The protests and clashes intensified, leading to colonists being killed at the "Boston Massacre", patriots dumping tea into the Boston Harbor, Patrick Henry declaring he would choose death over British subjugation in his "Liberty or Death" speech, and gruesome battles in Lexington, Concord, and Bunker Hill. Outnumbered and outgunned, colonists overcame overwhelming odds and officially declared their independence on July 4, 1776.

The American Revolution wasn't merely about taxes, rather, it was a philosophical divide driven by principles birthed in the European Enlightenment. Our founders etched these ideals into governing documents, forever codifying key philosophical pillars:

- Natural rights – philosopher John Locke argued that every individual is born with inherent rights to life, liberty, and property. Thomas Jefferson echoed these thoughts nearly verbatim when he wrote "We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty, and the pursuit of Happiness".
- Consent of the governed - fundamental hierarchy was established noting that governments derive their just powers solely from the consent of the governed. Political authority only arises from this collective agreement.
- Separation of powers – dividing authority amongst executive, legislative, and judicial branches to maintain checks and balances. As James Madison wrote, "ambition must be made to counteract ambition".

To say that this American experiment has been a success would be a colossal understatement. Our founding fathers created the framework that allowed for the average person to unleash and realize their full economic potential at a scale never before seen in human history. The results are astonishing:

- The US economy generates about a quarter of global economic output despite having less than 5% of the world's population.

- There are over 36 million small businesses in the US, employing over 62 million people, and producing 44% of economic output.
- Economic output per person hit $93,016 in Q1 2026 which is 55 X greater than it was 80 years ago.
- The US is home to 50 million immigrants, by far the most in the world and more than the next four countries combined (Germany, Saudi Arabia, UK, France).
- The US has won 42% of all Nobel Prize awards in science (chemistry, physics, physiology / medicine) since 1901.
- Nearly 2/3 of Americans own their own home.
- The US stock market remains far and away the most valuable in the world, accounting for nearly half of global stock-market capitalization.
- US household net worth now stands at a staggering $184 Trillion.

Losing perspective is easy as humans have an incredible ability to adapt to innovation. Prior breakthroughs quickly become status quo. As America turns 250, we are reminded about the importance of keeping perspective. Imagine traveling back in time to tell those early colonists that 250 years later, 330 million people will call America home. Imagine finding those 56 original founders and sharing that our government still functions with three distinct branches to maintain checks and balances. Imagine their astonishment to hear that numerous Americans would be responsible for some of the most profound innovations in history. Imagine the sense of pride they would feel knowing that America provides public education to its children and is home to numerous world-class universities. Imagine their surprise to learn of our sophisticated capital markets, serving as a funding mechanism to turn entrepreneurs' ideas into reality. Imagine their amazement to hear that it's common for the average American to possess ownership stakes, right alongside these amazing entrepreneurs. Imagine their utter disbelief to learn the average American enjoys access to incredible medicine, safe food, limitless entertainment, digital platforms to easily find and share information and opinion, the ability to travel vast distances in comfort, communicate with anyone in the world, and enjoy things like leisure time, vacation, and retirement – a lifestyle far in excess of the most powerful royals of their day.

Warren Buffet eloquently deemed this system the "American Tailwind", noting that we are lucky, gloriously lucky to have this force at our back. As you can probably tell from much of our recent commentary, we believe the American Tailwind is about to unleash a wave of innovation across industries, pioneer and define new ones, unlock possibilities for humanity that seemed like science fiction just a few years ago, and continue to result in enormous wealth creation. Although our country (nor any country for that matter) isn't perfect, we believe America will continue to self-correct and remain on its incredible trajectory. We will continue to cherish this unique and exceptional framework established by our founders, appreciate and respect our ability to participate, and look forward to what can be accomplished over the next 250 years. Happy Birthday America!!

FORECASTS

As we're halfway through 2026, let's check in on our forecasts for the year**.** Our forecasts from the beginning of the year are in **bold** with current updates in *italics*.

Economy: US economy is a juggernaut, eclipsing $32.5 Trillion in GDP growing at an overall rate of at least 2.5%. *Through Q1 2026 GDP came in at $31.87 Trillion which remains on track and above our $32.5 Trillion forecast.*

S&P 500: Stocks up modestly given the torrid advancement but market breadth improves as equal-weight outperforms and capital flows into out-of-favor sectors. *Halfway through 2026 and the S&P 500 is up just over 9% year to date with the S&P 500 Equal Weighted Index up just over 11%. Directionally we are correct however if second-half returns follow the first half, we wouldn't necessarily call 2026 a modest year.*

Oil: **Spends most of the year around $60 as energy demands absorb increased production.** *We envisioned US producers meeting growing energy demands driven by renewed infrastructure and AI buildouts resulting in equilibrium for oil at $60/barrel. The conflict with Iran and disruption to flows through the Strait of Hormuz has obviously impacted equilibrium. Given the uncertainty related to Iran, it appears $70/barrel could become the new $60/barrel for the foreseeable future.*

Commercial real estate: **given relatively weak trailing 5 & 10 year returns, we believe 2026 may be a make-up year as the FTSE NAREIT All Equity total return index finishes up greater than 9%.** *This has certainly been a good year for REITs with the index up greater than 16% year to date and outperforming the S&P 500.*

Residential real estate: **Lower mortgage rates release pent-up demand, prices up 4% - 5%.** *There are dramatic regional variations across residential real estate markets. In general, mortgage rates haven't declined significantly resulting in an environment of modest transactions. Given this subdued backdrop, home prices across the country have remained relatively flat year to date.*

Inflation: **Higher than 2% target but not high enough to stop rate cuts, 2.75% - 3.25% range.** *Latest CPI reading came in at 4.2% with the core reading (ex food and energy) at 2.8%. Core is certainly right in line with our forecast but rising oil costs have certainly impacted overall readings. As mentioned in our oil update, progress made with Iran could see oil settle in around the $70 level which we believe brings overall CPI readings in line with our forecast range.*

Short-term rates: Fed finds the new neutral and tends to overshoot, cuts to below 3%. *The Federal Reserve remains at 3.50% - 3.75% on short-term rates. The spike in energy prices and resulting jump in CPI has been reason to pause on any potential rate cuts. While we're not sure on the timing of a perceived resolution to the Iranian conflict, eventually, we believe the deflationary forces driven by AI will work its way into the system. Should this occur in the second half of 2026, we believe the Fed may still have the ability to cut before year-end.*

Long-term rates: 10-year yield declines with short-term cuts, drifts to below 4% during 2026, eventually finishing the year at 4% +_ 25bps. *Short-term rates have been held steady resulting in the 10-year yield being about 27bps higher than where we started the year. It will take a decrease to short-term rates to see the 10-year yield approach 4%.*

We will leave the "Fun Forecasts" and progress on the "Long-term forecasts" for discussion in the annual letter. As always, we welcome your feedback and would love to talk about these and other topics that may be important to you. We thank you for your continued confidence and the opportunity to manage your investments. We take very seriously our responsibility. ***Crowell Weedon Wealth Management's Mission: To provide diversified, disciplined long-term investment solutions, service and guidance to help our clients achieve, and maintain, their "Financial Independence".***

Sincerely,

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Disclaimers

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There are risks inherent in any investment and there is no assurance that any money manager, asset class, style or index will provide positive performance over time. The investment return and principal value of an investment will fluctuate, so that an investor's shares, when redeemed, may be worth more or less than their original cost.

Real estate investments may be subject to a higher degree of market risk because of concentration in a specific industry, sector or geographical sector. Real estate investments may be subject to risks including but not limited to declines in the value of real estate, risks related to general and economic conditions, changes in the value of the underlying property owned by the trust and defaults by borrower.

The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The Standard & Poor's 500 Index is a capitalization weighted index comprised of 500 widely-held stocks on US stock exchanges. Companies included in the index are selected by the S&P Index Committee, a team of analysts & economists at Standard & Poor's.

S&P 500 Total Return Index is a measure of the price movement of The Standard & Poor's 500 index and including the dividends paid by the companies in the index.

S&P Case Shiller Index – a group of indexes that tracks changes in home prices throughout the United States. CaseShiller produces indexes representing certain metropolitan statistical areas as well as a national index.

GDP – the monetary value of all the finished goods & services produced within a country's borders in a specific time period.

The MSCI US REIT Total Return Index is an index that broadly represents the price and income movement of the equity REIT universe in the United States. The Index represents approximately 85% of the US REIT universe.

The Barclay's Aggregate Bond Index – includes government securities, mortgage-backed securities, asset-backed securities and corporate securities to simulate the universe of bonds in the market. The maturities of the bonds in the index are more than one year.

P/E Ratio is a valuation ratio of the company's current share price compared to its per-share earnings.

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http://www.cwam.dadavidsonfa.com/Our-Commentary.4.htm