

Q3 2026 Commentary

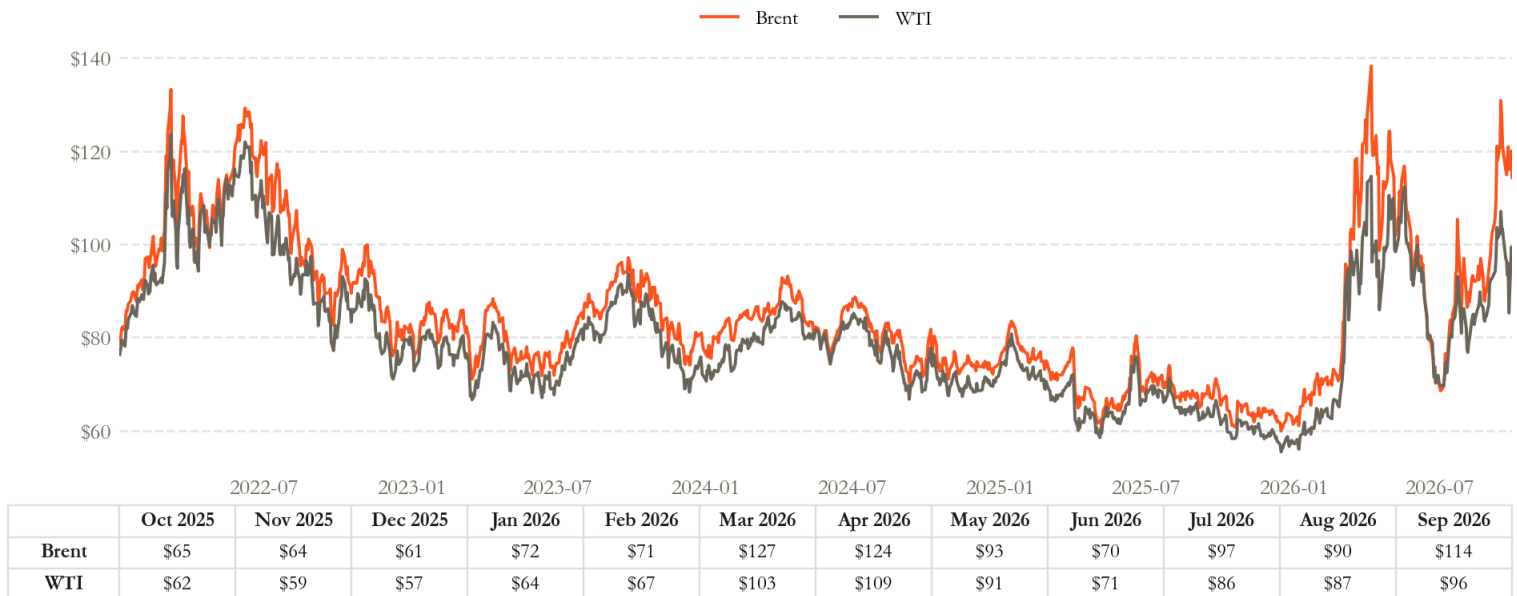
Economy

The energy shock that eased in June came roaring back in the third quarter. The temporary understanding between the US and Iran, which had been signed in mid-June, collapsed within a few weeks; attacks on commercial ships in the Strait of Hormuz prompted US strikes on Iran in early July, and the dispute over control of the strait intensified throughout the summer. By the end of the quarter, oil prices had once again risen above \$100 per barrel. With inflation still well above target, the Federal Reserve, led by Kevin Warsh, shifted from hawkish talk to action and raised the federal funds rate for the first time since 2023, pushing bond yields higher across the board.

Brent crude effectively returned to pre-war levels by the end of June. However, it rose to around \$97 by the end of July as the United States revoked its sanctions waiver on Iranian oil exports and attacks on tankers resumed. Prices dipped slightly in August before rising again in September, during which Iran established a restricted shipping zone around the strait, a drone attack temporarily halted Saudi Arabia's East-West pipeline, and Houthi forces increased their attacks throughout the region. Brent briefly peaked above \$130 that month and finished September at about \$114, while US crude (WTI) rose from about \$71 to about \$96. Although the United States began escorting tankers through the strait, traffic remained below pre-war levels, shipping costs rose, and the war premium that had fallen in June was fully restored.

Crude Oil Prices

Daily spot price since 2022, \$ per barrel

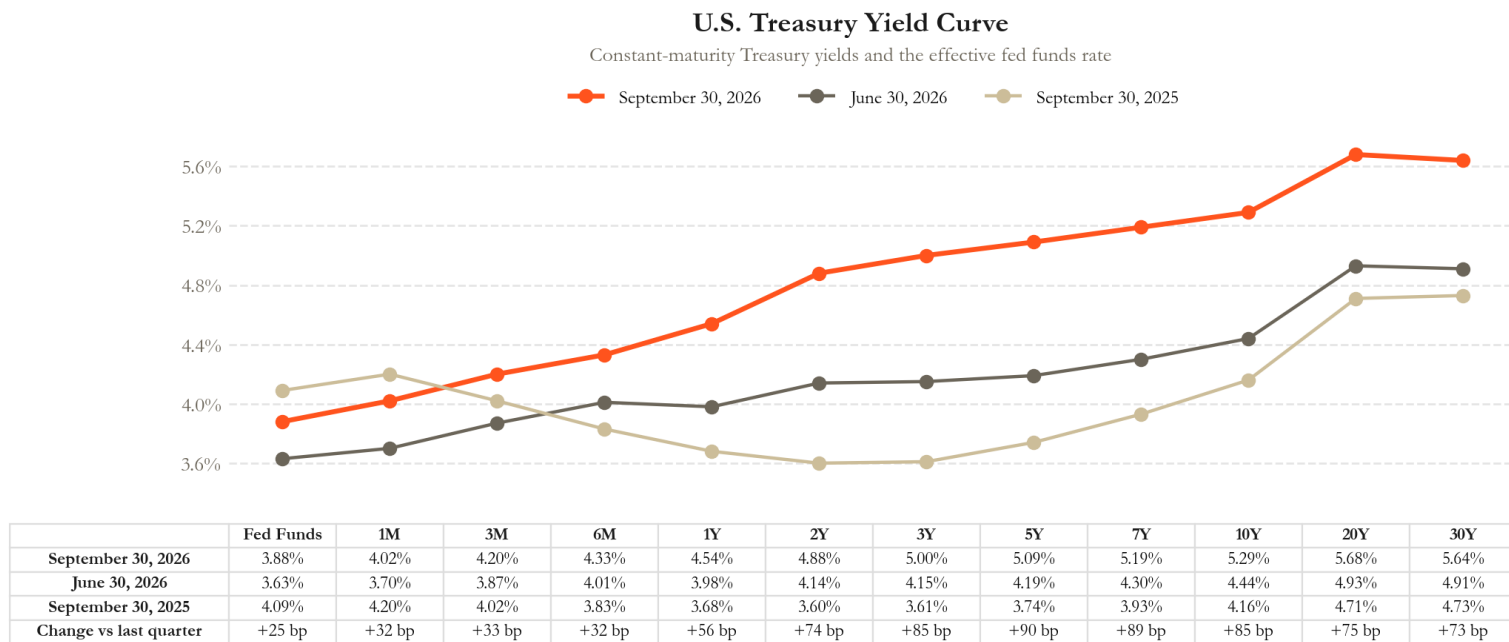


IRON Financial | Data: U.S. Energy Information Administration via FRED® | Latest: September 29, 2026

The war-driven inflation shock forced the US Federal Reserve to shift monetary policy from holding back to tightening. After leaving interest rates unchanged throughout the summer, the Federal Reserve raised its target range by a quarter of a point to 3.75–4.00% at its September 16 meeting, the first such rise since July 2023. The effective federal funds rate climbed from 3.63% to 3.88%.

The hike sent a clear signal that further increases could follow. Chairman Warsh stressed that the committee's main concern is the price-stability aspect of its mandate and that inflation has been too high. The median forecast set the federal funds rate at 4.1% by year-end, implying one additional raise. In contrast, markets moved even further; at the

end of the quarter, the 2-year Treasury yield was a full percentage point above the federal funds rate, reversing the situation from a year earlier.

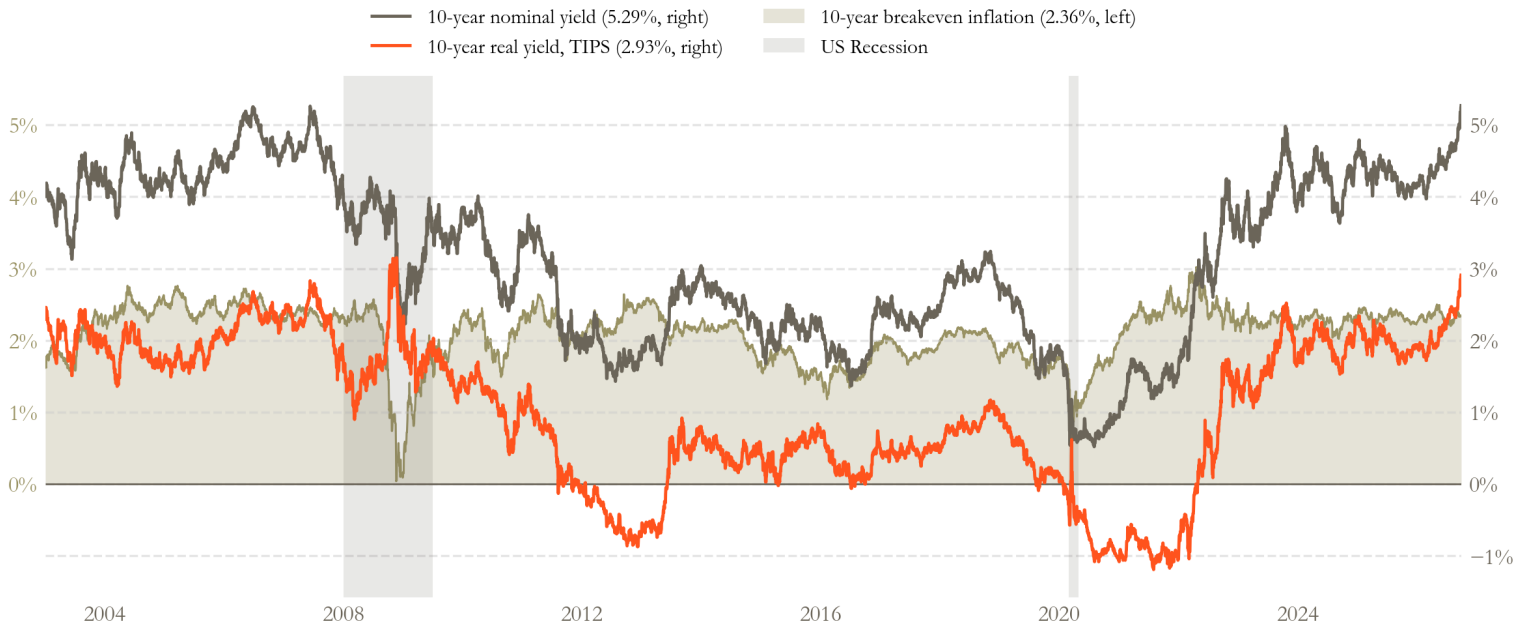


IRON Financial | Data: U.S. Department of the Treasury, Board of Governors of the Federal Reserve System via FRED® | Latest: September 30, 2026

Treasury yields rose across the curve, most sharply in the 5 to 7-year range (about +90 basis points). The 10-year climbed from 4.44% to 5.29%, and the 2-year from 4.14% to 4.88%, modestly widening the gap between them. The 30-year rose about as much as the 2-year. Roughly 85% of the 10-year's increase came from higher real yields: the 10-year real yield rose from 2.20% to 2.93%, while inflation expectations edged up only slightly, to about 2.4%.

Real Yields and Inflation Expectations

10-year Treasury yields (right axis) and the inflation rate priced in by markets (left axis), daily

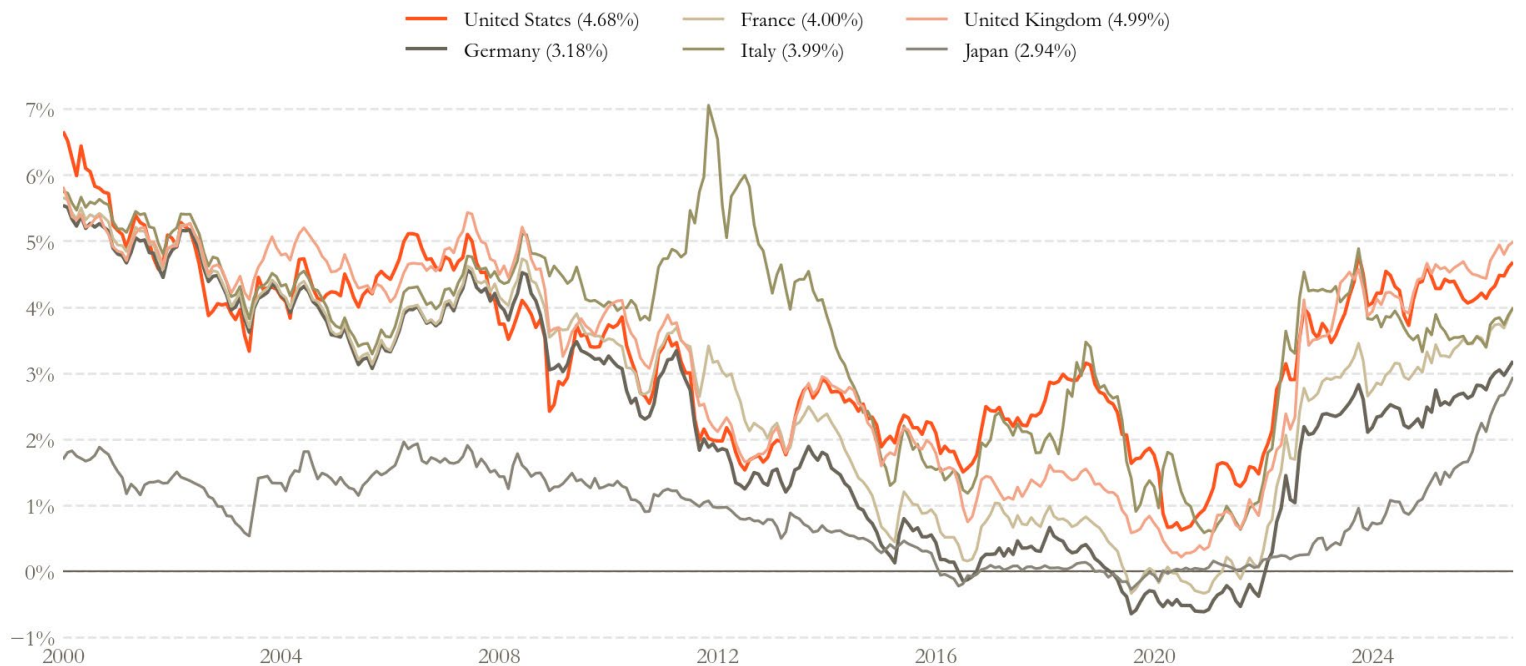


IRON Financial | Data: U.S. Department of the Treasury, Board of Governors of the Federal Reserve System via FRED® | Latest: September 30, 2026

The rise in yields was not a US-only story. Long-term government yields climbed across developed markets: the UK 10-year averaged nearly 5% in August, above the US, Germany's 10-year reached its highest level since 2011, and Japan's 10-year approached 3%, its highest level in 30 years.

10-Year Government Bond Yields

United States, major European issuers and Japan, monthly averages

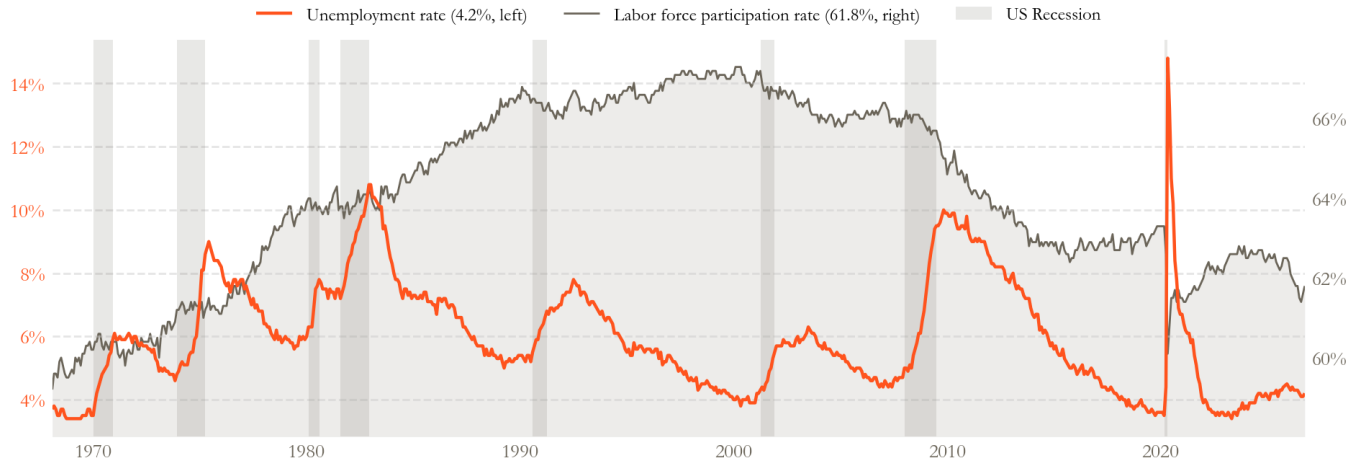


IRON Financial | Data: OECD via FRED® | Latest: Aug 2026

The labor market remained steady. The headline unemployment rate held within a narrow 4.1%–4.2% band throughout the quarter. Unlike in the first half of the year, however, the labor force participation rate rose, recovering from 61.4% in July to 61.8% by September.

U.S. Unemployment and Labor Force Participation

Monthly, seasonally adjusted



	Sep 25	Nov 25	Dec 25	Jan 26	Feb 26	Mar 26	Apr 26	May 26	Jun 26	Jul 26	Aug 26	Sep 26
Unemployment	4.4%	4.5%	4.4%	4.3%	4.4%	4.3%	4.3%	4.3%	4.2%	4.1%	4.1%	4.2%
Participation	62.5%	62.5%	62.4%	62.1%	62.0%	61.9%	61.8%	61.8%	61.5%	61.4%	61.6%	61.8%

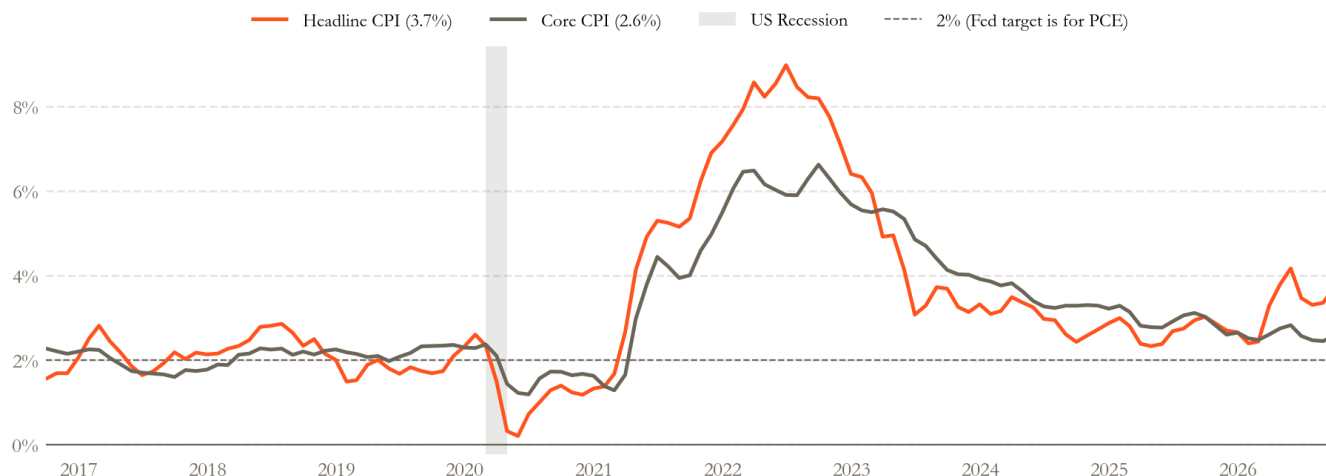
No October 2025 data (household survey not collected during the government shutdown).

IRON Financial | Data: U.S. Bureau of Labor Statistics via FRED® | Latest: Sep 2026

Inflation remained elevated but did not broaden. Headline CPI, which peaked at 4.2% in May, eased to 3.3% in July before ticking up to 3.4% in August. Core CPI, which strips out volatile food and energy, continued to cool, slipping from 2.6% in June to 2.4% in August, its lowest level in more than a year. The gap between the two indicates that price pressure remains concentrated in energy-linked categories. The August data, however, predate September's renewed surge in oil prices, which is likely to keep headline inflation under pressure in the months ahead.

U.S. Consumer Price Index (CPI)

Year-over-year % change, monthly, seasonally adjusted



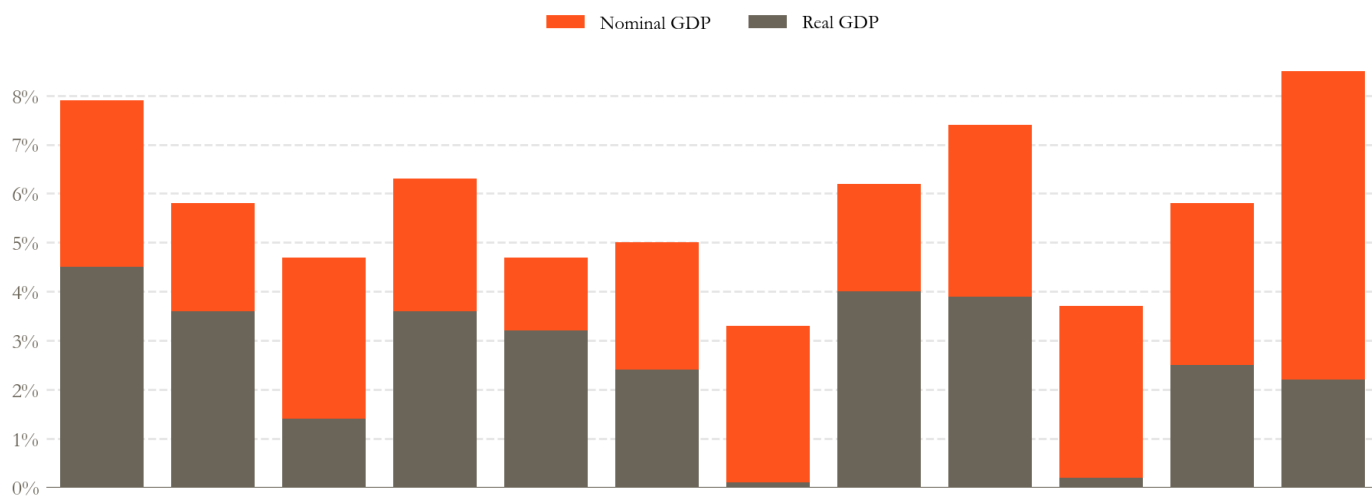
	Sep 25	Nov 25	Dec 25	Jan 26	Feb 26	Mar 26	Apr 26	May 26	Jun 26	Jul 26	Aug 26	Sep 26
CPI: Headline	3.0%	2.7%	2.7%	2.4%	2.4%	3.3%	3.8%	4.2%	3.5%	3.3%	3.4%	3.7%
CPI: Core	3.0%	2.6%	2.6%	2.5%	2.5%	2.6%	2.7%	2.8%	2.6%	2.5%	2.4%	2.6%

IRON Financial | Data: U.S. Bureau of Labor Statistics via FRED® | Latest: Sep 2026

Against this backdrop, economic output remained resilient. Real GDP grew at a 2.2% annualized rate in the second quarter of 2026. Nominal GDP grew at an 8.5% annualized rate, the fastest since 2022. On that same quarterly, annualized basis, prices across the economy rose at roughly a 6% pace, well above the 3.4% year-over-year CPI, because the energy shock peaked in the spring and higher prices for US energy exports lift GDP prices more than consumer prices.

US Nominal & Real GDP Growth

Quarter-over-quarter % change, seasonally adjusted annual rate



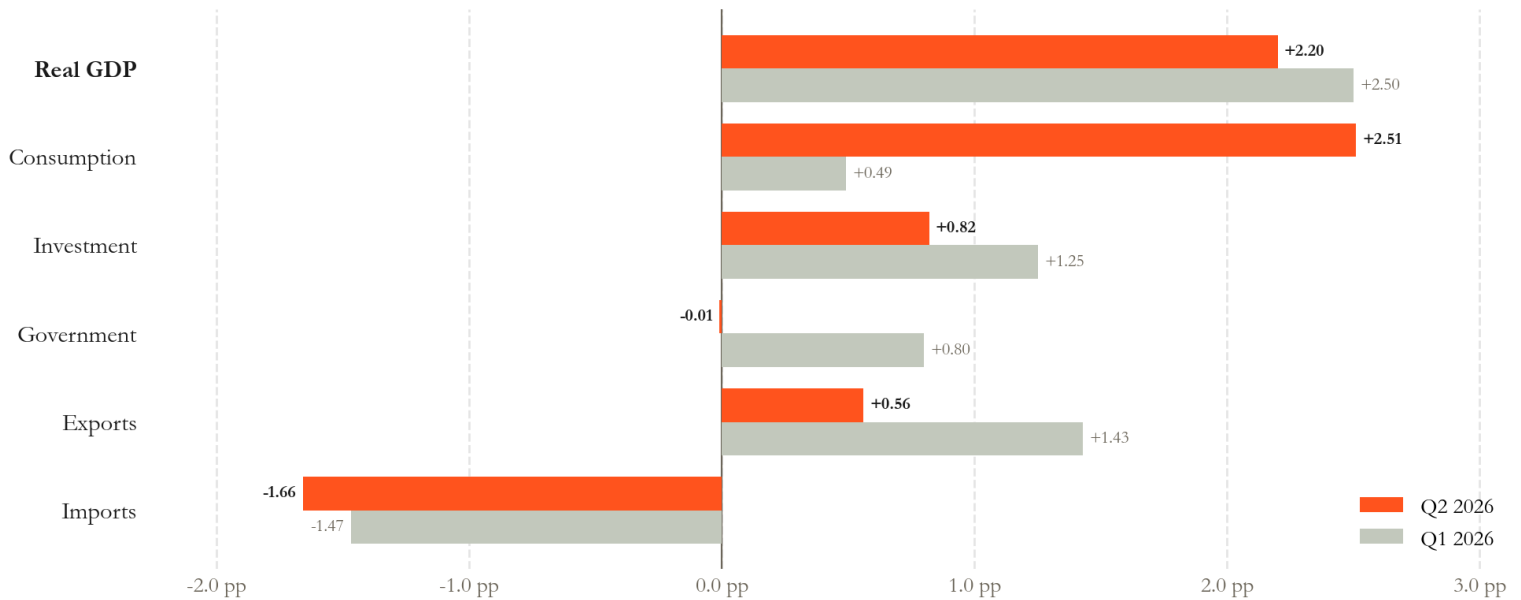
	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026
Nominal GDP	7.9%	5.8%	4.7%	6.3%	4.7%	5.0%	3.3%	6.2%	7.4%	3.7%	5.8%	8.5%
Real GDP	4.5%	3.6%	1.4%	3.6%	3.2%	2.4%	0.1%	4.0%	3.9%	0.2%	2.5%	2.2%

IRON Financial | Data: U.S. Bureau of Economic Analysis via FRED® | Latest: Q2 2026

Personal consumption was the standout contributor, adding roughly 2.5 percentage points after a weak 0.5 in the first quarter, as households kept spending despite higher fuel prices. Business investment contributed less than in the first quarter but remained positive. Government spending was flat as the post-shutdown rebound faded, and net trade remained a drag as imports outpaced exports.

Contributions to US Real GDP Growth

Percentage points of annualized real GDP growth, by component

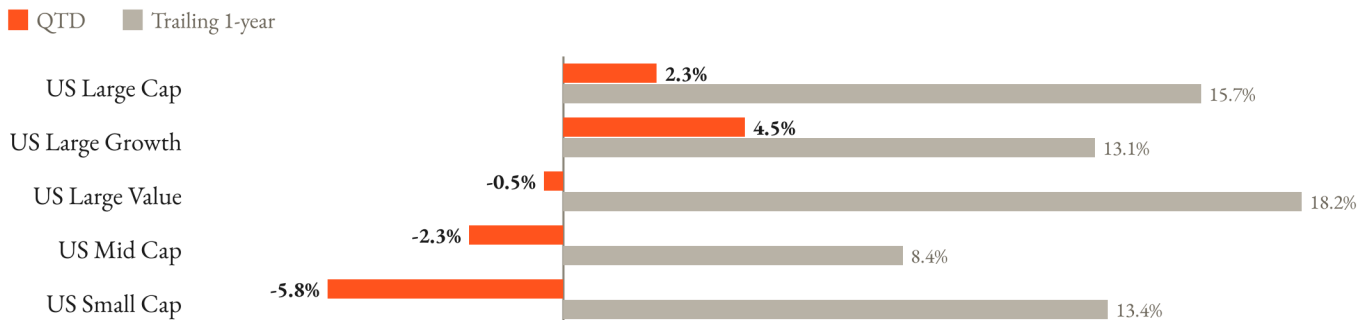


IRON Financial | Data: U.S. Bureau of Economic Analysis via FRED® | Latest: Q2 2026

Equity Markets

US stock prices rose 1.4% on expected AI earnings growth, outstripping the effect of rising interest rates. Growth stocks performed better than value ones (+4.5% compared to -0.5%). The small caps, which include many heavily indebted firms, suffered the most from the higher cost of borrowing.

US Equity Performance

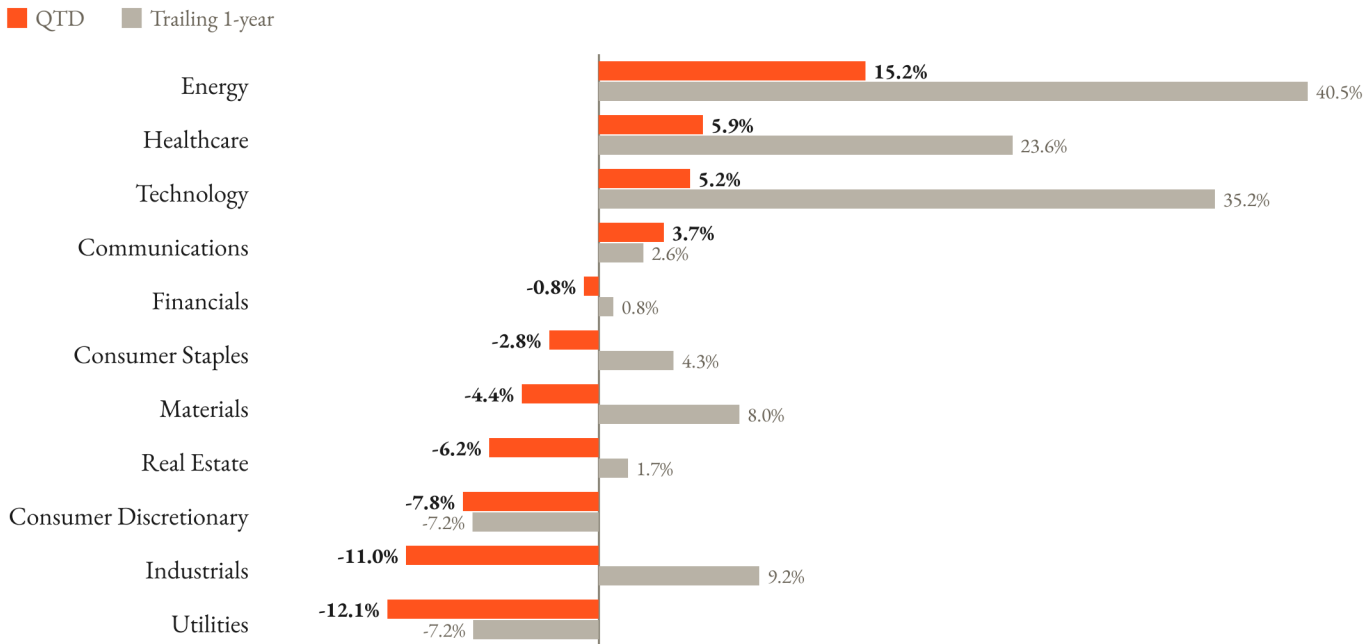


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Sector performance split along exposure to oil and interest rates. Energy rose 15.2% as crude prices recovered. Healthcare gained 5.9%, the second-best result and the only traditionally defensive sector to rise, while Technology gained 5.2% on earnings despite a mid-quarter chipmaker selloff. The sectors most sensitive to interest rates suffered

the largest losses: debt-heavy Utilities fell 12.1% and Real Estate 6.2%. Industrials declined 11.0% as financing conditions tightened, and with consumer sentiment near record lows, Consumer Discretionary fell 7.8%.

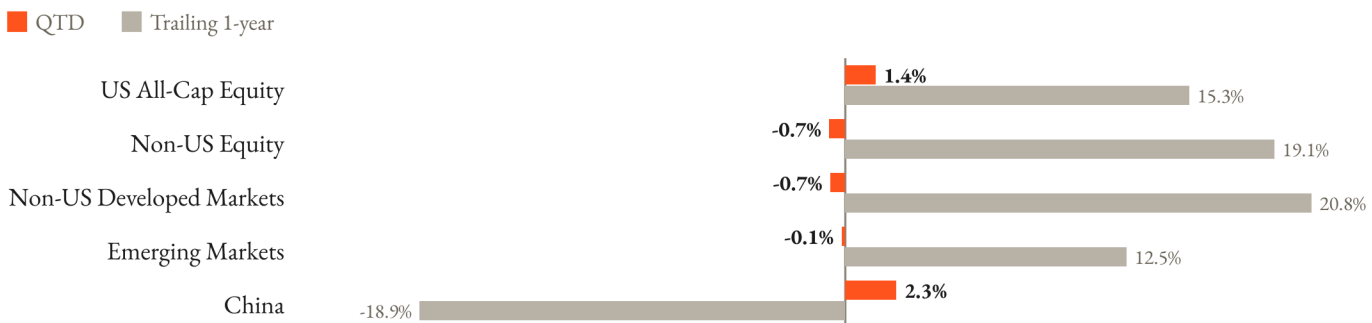
US Equity Sector Performance



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International stocks fell by 0.7%, suffering due to the sell-off in Asian chip companies and the increase in bond yields in Japan and Europe, whereas emerging markets (down 0.1%) trailed China, which posted a 2.3% gain.

Regional Equity Performance

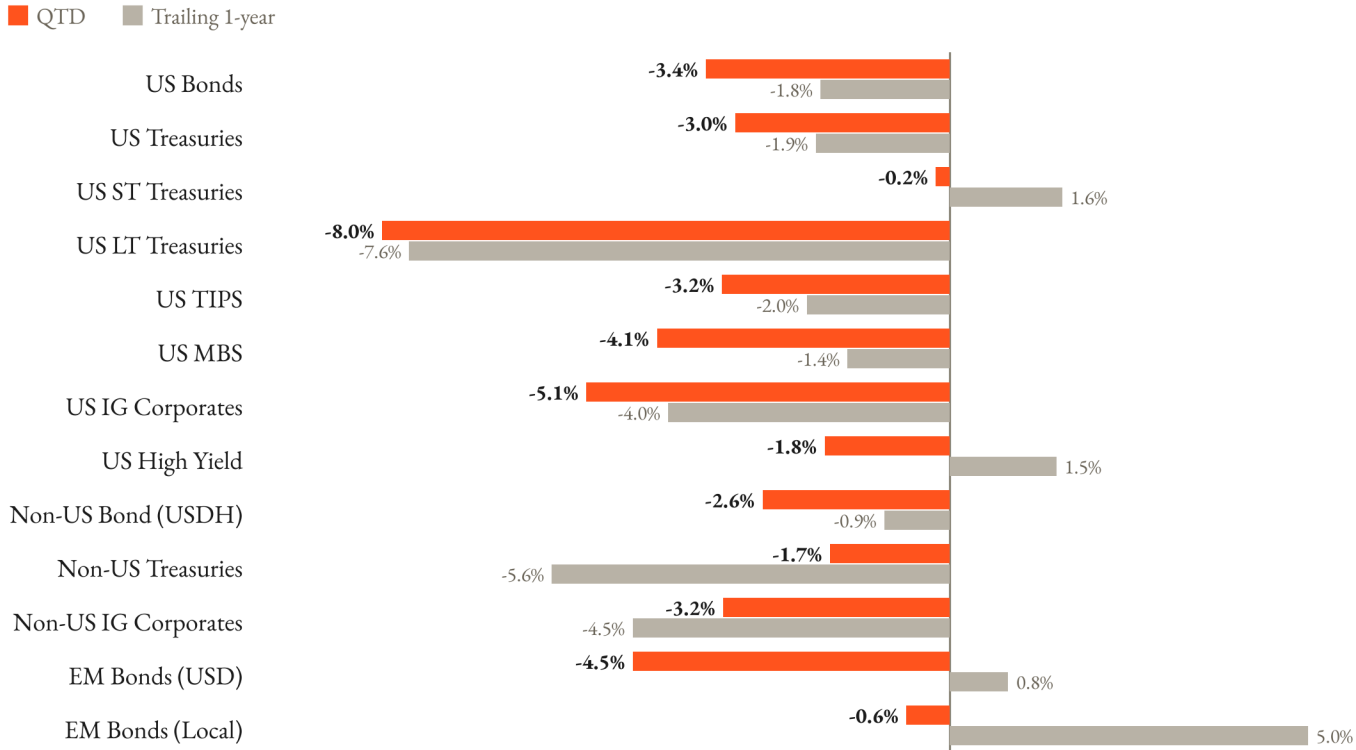


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Fixed Income Markets

Bonds fell as markets shifted from expecting Fed cuts to pricing in further hikes. Oil, a resilient economy, and sticky inflation pushed Treasury yields higher, mostly through higher real yields. Rate sensitivity drove the dispersion: long-term Treasuries lost 8.0% while short-term Treasuries were nearly flat (-0.2%), and high yield (-1.8%) beat investment grade (-5.1%) thanks to higher coupons and shorter maturities. Rising yields in Europe and Japan meant non-US bonds (-2.6%) offered little shelter.

Fixed Income Performance

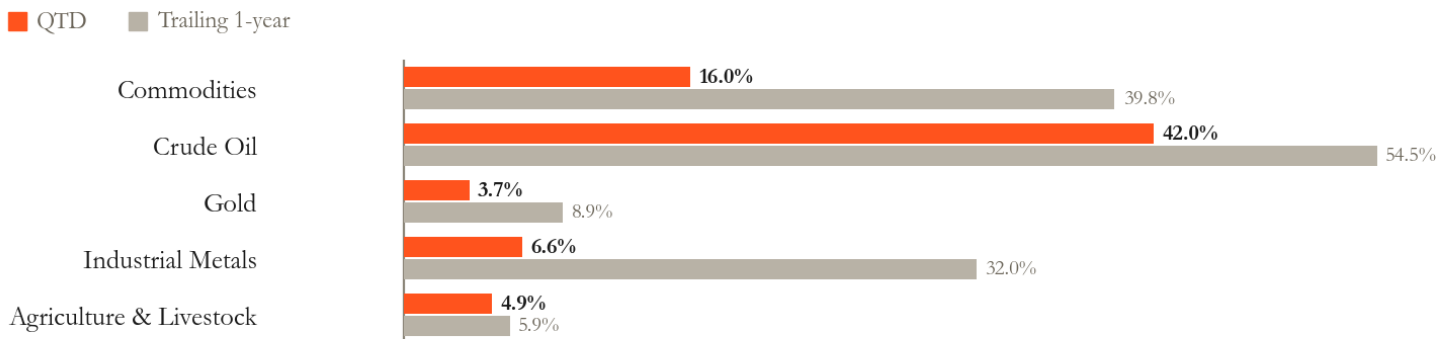


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Commodities & Currency Markets

Commodities increased by 16.0%, led by crude oil (+42.0%) as the renewed Gulf conflict described above disrupted supply. Industrial metals rose by 6.6% on tighter copper mine supply. Gold rose 3.7% even as inflation-adjusted yields jumped about 70 basis points, an unusual combination, since higher real yields typically weigh on the metal.

Commodities Performance



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The dollar¹ remained almost unchanged (+0.3%), while bitcoin and crypto exploded higher by 42.8% and 50.9%, respectively.

Currency & Crypto Performance

■ QTD ■ Trailing 1-year



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Outlook

As the fourth quarter begins, the economy is still expanding, but the growth is narrower, and the policy environment is less tolerant. Real GDP is growing by just over 2%, although a large portion of this growth is now due to the development of artificial intelligence infrastructure. Meanwhile, the renewed oil shock has caused inflation to rise again, the Federal Reserve has once again begun raising interest rates, and inflation-adjusted bond yields have reached their highest level since 2008. There is less room for error than at any time in the past few years.

The Fed's Baseline

The most recent forecasts from the Federal Reserve, issued at the same time as its September interest rate increase, provide a good basis from which to start. They predict real GDP growth of 2.3% this year and 2.4% in 2027, with unemployment remaining close to 4.1%. In contrast, inflation is expected to get worse before it improves: the median forecast shows PCE inflation increasing to 3.7% by the end of the year from its current level of 3.4%, before dropping to 2.3% by 2027.

Summary of Economic Projections

FOMC median projections, September 16, 2026 release, Q4 values

	Latest actual	2026	2027	2028	2029	Longer run
Real GDP growth	2.2%	2.3%	2.4%	2.2%	2.1%	2.0%
Unemployment rate	4.2%	4.1%	4.1%	4.1%	4.1%	4.2%
PCE inflation	3.4%	3.7%	2.3%	2.1%	2.0%	2.0%
Core PCE inflation	3.0%	3.4%	2.5%	2.2%	2.0%	—
Fed funds rate	3.7%	4.1%	4.1%	3.9%	3.6%	3.2%

Latest actual: GDP y/y (latest quarter), unemployment and PCE inflation (latest month), fed funds (latest monthly average).

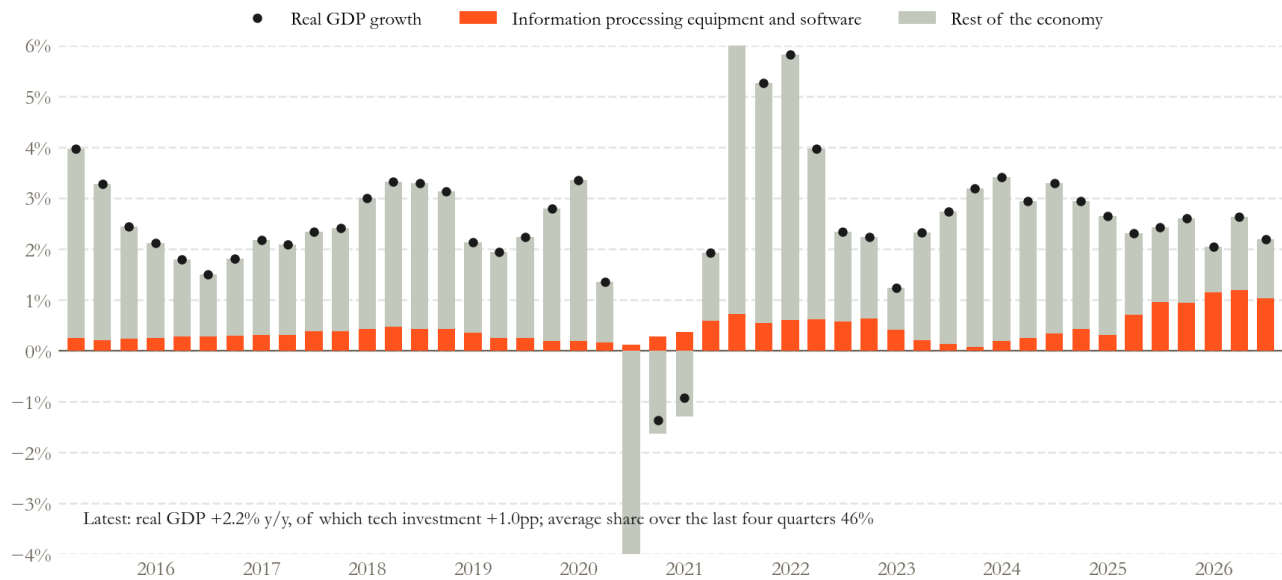
IRON Financial | Data: Board of Governors of the Federal Reserve System via FRED® | Latest: September 16, 2026

Growth: Running on AI

The main characteristic of this round of growth is the extent to which it depends on investment in technology. Over the past year, real GDP grew 2.2%, and spending on information processing equipment and software accounted for about 1.0 percentage point of that, nearly half. Before 2025, that contribution had peaked at about 0.7 percentage point during the 2021 reopening boom and usually stayed well below half a point. In other words, the rest of the economy grew by only about 1.2%.

Technology Investment's Contribution to GDP Growth

Year-over-year % change in real GDP and approximate contribution, pp; y-axis clipped (2020–21 off the chart)



Approximation: change in chained-dollar tech investment over real GDP a year earlier.

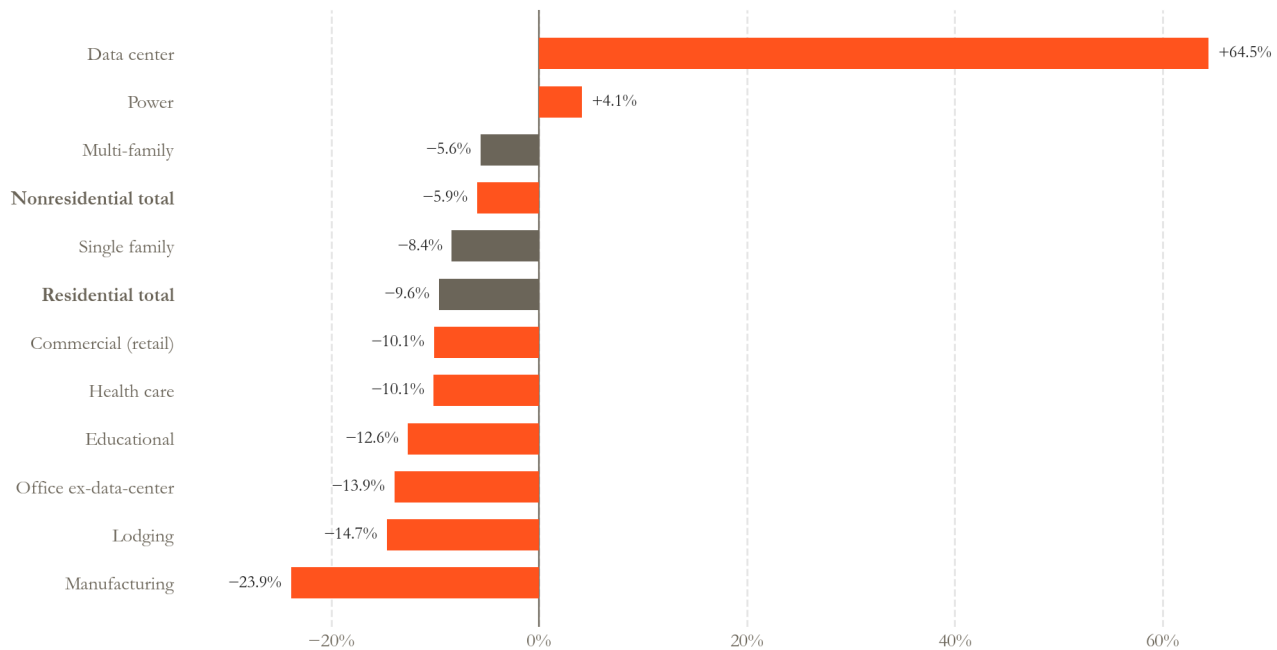
IRON Financial | Data: BEA via FRED | Latest: Q2 2026

The same gap is evident in the field of construction. When adjustments are made for inflation in construction costs, private expenditure on data centers increased by 64.5% over the last year, whereas spending on power-related construction rose by 4.1%. Almost all the other categories saw a decline: manufacturing construction dropped by 23.9% as the recent surge in factory building came to an end; construction of lodging, offices and educational buildings each fell by between 12% and 15%; and residential construction decreased by 9.6% due to the higher mortgage rates. Despite the jump in spending on data centers, total private nonresidential construction still fell by 5.9%.

Real Private Construction Spending Growth by Type

Percent change, Aug 2025 to Aug 2026, deflated by the PPI for final demand construction

Nonresidential Residential



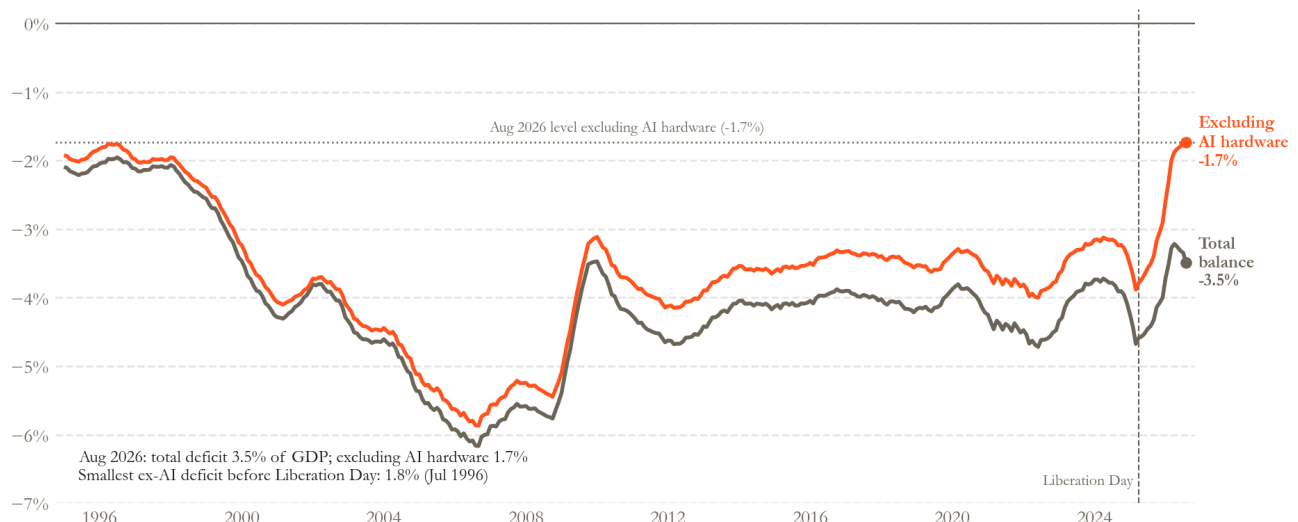
Office ex-data-center = private office construction less the Census data-center line. Recreates Jason Furman's chart (econvitals.org).

IRON Financial | Data: U.S. Census Bureau (private construction spending, SAAR); BLS PPI final demand: construction (WPUFD43) | Latest: Aug 2026 (preliminary)

AI investment is also altering the trade situation. A large portion of the hardware needed for this expansion is imported, and computers, semiconductors, and telecommunications equipment now make up about half of the US goods trade deficit, compared to less than one fifth when the April 2025 "Liberation Day" tariffs were introduced. When that hardware is excluded, the goods deficit has shrunk to 1.7% of GDP, which is about the smallest level seen since the mid-1990s, thanks to the tariffs, higher exports of energy and smaller deficits in the pharmaceutical and automotive sectors. When the hardware is included, the total deficit of 3.5% of GDP has changed by much less than the magnitude of the tariffs would indicate.

U.S. Goods Trade Balance as % of GDP: Total vs. Excluding AI Hardware

12-month trailing goods balance ÷ trailing four-quarter nominal GDP



AI hardware = end-use 21300 computers, 21301 computer accessories, 21320 semiconductors, 21400 telecommunications equipment.

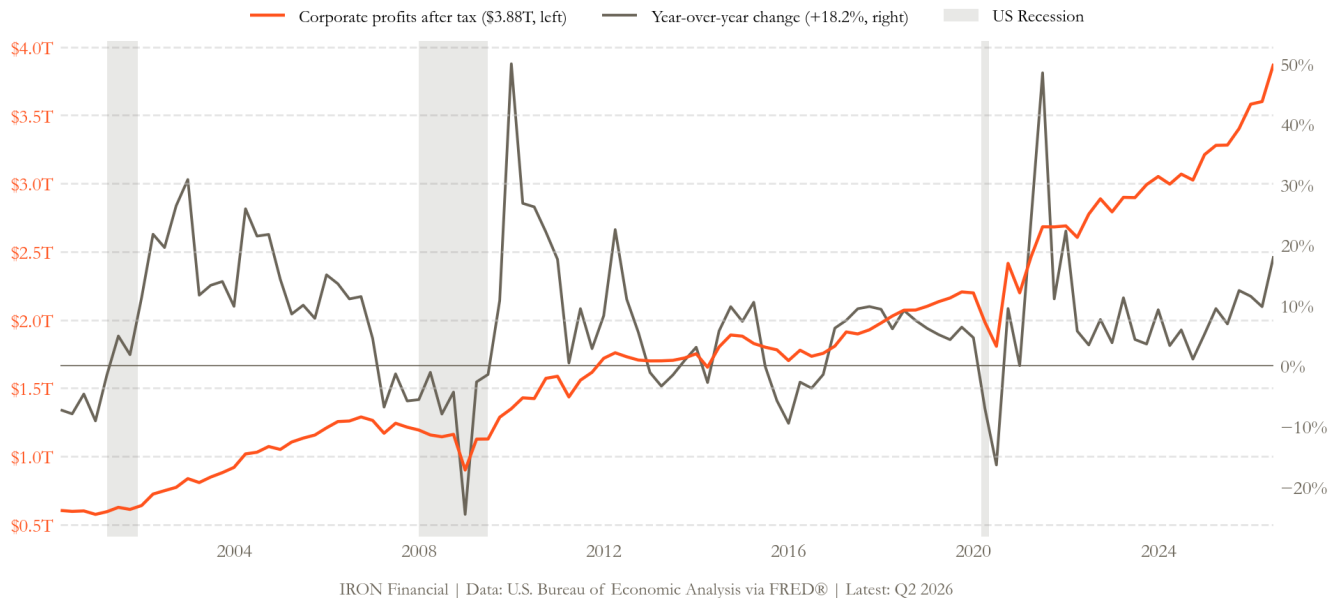
IRON Financial | Data: U.S. Census Bureau (end-use, Census basis, SA); BEA nominal GDP via FRED® | Latest: Aug 2026

Corporate Profits

Corporate America has gained the most from this situation. After-tax corporate profits hit \$3.88 trillion on an annualized basis in the second quarter, a rise of 18.2% compared with the same period the previous year, representing the fastest growth since 2022. Strong earnings are important for future prospects since they enable the investment boom; as long as profits continue to grow, the biggest companies will be able to keep spending on AI infrastructure.

U.S. Corporate Profits

After tax, without inventory valuation and capital consumption adjustments, \$ trillions, annual rate, quarterly

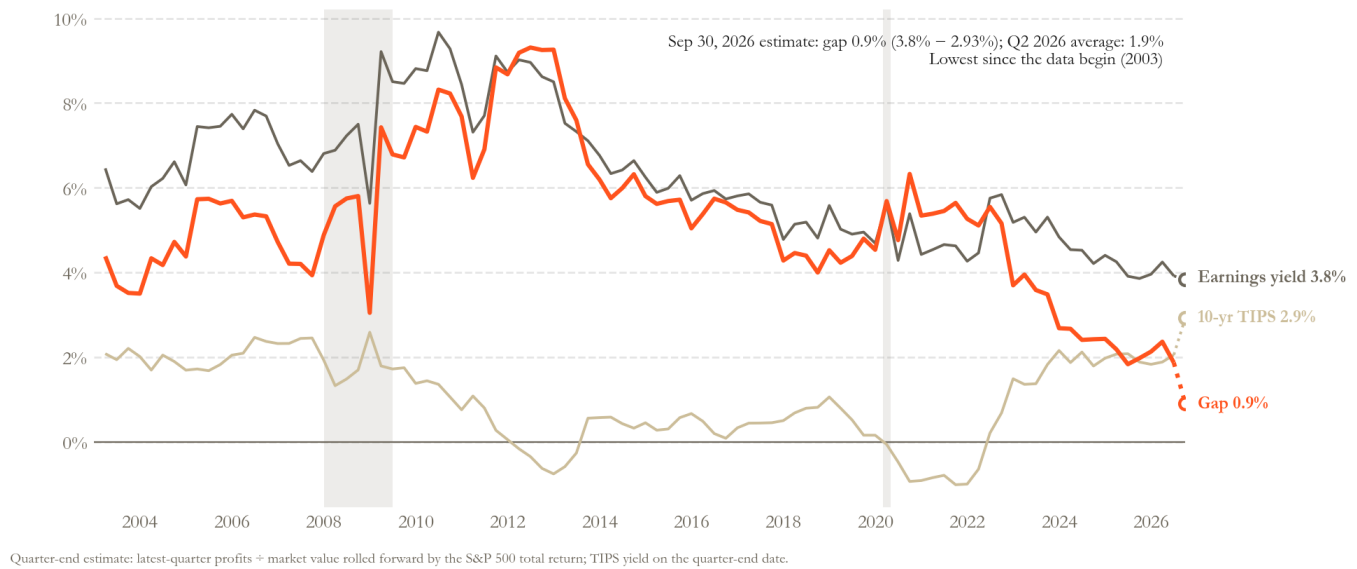


Markets: Thinner Cushions

Investors are now receiving a lower margin of safety than they have at any time in the last twenty years for holding equities rather than inflation-protected government bonds, which means that equity prices are more vulnerable to a drop in earnings or to further increases in interest rates. For example, in the second quarter the earnings yield on US equities (that is, corporate profits compared to market value) was 3.8%, just 0.9 percentage point above the 10-year TIPS yield, bringing the gap down to its narrowest level since at least the early 2000s.

Earnings Yield vs. Real Bond Yield

After-tax profits ÷ equity market value, and the 10-year TIPS yield; quarterly, hollow markers = quarter-end estimate; shaded = NBER recession



At the lower end of the credit market, a comparable message is being sent. Currently, the yield on corporate bonds with the lowest rating (CCC and below) is 10.9 percentage points higher than that on AAA-rated bonds, representing the greatest such spread in at least three years and exceeding the level reached during the April 2025 tariff selloff. Although the increase has been gradual rather than sudden, having developed steadily over the past year, it indicates that the impact of higher real interest rates is being felt first by the most highly indebted borrowers.

Credit Quality Gap: CCC vs. AAA

Effective yield difference, percentage points, daily



The risks in the market go in both directions. On the negative side, if the war in the Persian Gulf continues and oil prices remain above \$100 per barrel, the pressure on consumers will escalate and make the Fed's dilemma between inflation and growth more acute. Unfortunately, the region has little historical precedent for durable peace, making continued fighting the more likely near-term outcome. If AI spending slows, the economy would lose its largest

growth driver, and credit stress could spread beyond the weakest borrowers. On the positive side, a lasting agreement that reopens the Strait of Hormuz would soon reduce energy prices, ease inflation, and allow central banks to hold back, which would be beneficial for both stocks and bonds. Diversification will remain key in surviving both scenarios.

Market Performance Table

Asset Class	Proxy	Ticker	QTD	YTD	1Y	3Y
US EQUITY						
US All-Cap Equity	Vanguard Total Stock Market ETF	VTI	1.4%	12.6%	15.3%	22.3%
US Large Growth	Vanguard Growth ETF	VUG	4.5%	11.1%	13.1%	26.3%
US Large Value	Vanguard Value ETF	VTV	-0.5%	14.8%	18.2%	18.7%
US Mid Cap	Vanguard Mid-Cap ETF	VO	-2.3%	9.3%	8.4%	16.4%
US Small Cap	Vanguard Small-Cap ETF	VB	-5.8%	11.4%	13.4%	16.2%
US Large Cap	Vanguard S&P 500 ETF	VOO	2.3%	12.7%	15.7%	22.9%
VIX	CBOE Market Volatility (VIX) PR USD	VIX	-0.7%	9.3%	0.4%	-2.3%
US EQUITY SECTORS						
Consumer Staples	Vanguard Consumer Staples ETF	VDC	-2.8%	5.0%	4.3%	8.7%
Utilities	Vanguard Utilities ETF	VPU	-12.1%	-5.7%	-7.2%	13.6%
Healthcare	Vanguard Health Care ETF	VHT	5.9%	10.9%	23.6%	12.1%
Communications	Vanguard Communication Services ETF	VOX	3.7%	-0.9%	2.6%	23.2%
Energy	Vanguard Energy ETF	VDE	15.2%	39.3%	40.5%	14.1%
Industrials	Vanguard Industrials ETF	VIS	-11.0%	8.1%	9.2%	19.4%
Technology	Vanguard Information Technology ETF	VGT	5.2%	33.8%	35.2%	35.0%
Materials	Vanguard Materials ETF	VAW	-4.4%	6.3%	8.0%	9.9%
Consumer Discretionary	Vanguard Consumer Discretionary ETF	VCR	-7.8%	-6.8%	-7.2%	11.5%
Financials	Vanguard Financials ETF	VFH	-0.8%	-1.3%	0.8%	19.6%
Real Estate	Vanguard Real Estate ETF	VNQ	-6.2%	4.2%	1.7%	10.0%
NON-US EQUITY						
Non-US Equity	Vanguard FTSE All-Wld ex-US ETF	VEU	-0.7%	13.8%	19.1%	20.4%
Non-US Developed Markets	Vanguard FTSE Developed Markets ETF	VEA	-0.7%	14.2%	20.8%	20.9%
Emerging Markets	Vanguard FTSE Emerging Markets ETF	VWO	-0.1%	11.0%	12.5%	17.9%
China	iShares MSCI China ETF	MCHI	2.3%	-12.7%	-18.9%	9.1%
FIXED INCOME						
US Bonds	Vanguard Total Bond Market ETF	BND	-3.4%	-2.7%	-1.8%	4.0%
US Treasuries	iShares US Treasury Bond ETF	GOVT	-3.0%	-2.6%	-1.9%	3.2%
US ST Treasuries	Vanguard Short-Term Treasury ETF	VGSH	-0.2%	0.5%	1.6%	4.0%
US LT Treasuries	Vanguard Long-Term Treasury ETF	VGLT	-8.0%	-7.4%	-7.6%	0.9%
US TIPS	Schwab US TIPS ETF™	SCHP	-3.2%	-2.0%	-2.0%	3.7%
US MBS	Vanguard Mortgage-Backed Secs ETF	VMBS	-4.1%	-3.0%	-1.4%	4.6%
US IG Corporates	iShares iBoxx \$ Invmt Grade Corp Bd ETF	LQD	-5.1%	-4.4%	-4.0%	4.6%
US High Yield	SPDR® Portfolio High Yield Bond ETF	SPHY	-1.8%	0.2%	1.5%	8.1%
Non-US Bonds	Vanguard Total International Bond ETF	BNDX	-2.6%	-1.4%	-0.9%	3.9%
Non-US Treasuries	SPDR® Blmbg Intl Trs Bd ETF	BWX	-1.7%	-4.2%	-5.6%	2.1%
Non-US IG Corporates	SPDR® Blmbg Intl Corp Bd ETF	IBND	-3.2%	-4.7%	-4.5%	5.9%
EM Bonds (USD)	iShares JP Morgan USD Em Mkts Bd ETF	EMB	-4.5%	-2.1%	0.8%	8.9%
EM Bonds (Local)	iShares JP Morgan EM Local Ccy Bd ETF	LEMB	-0.6%	1.7%	5.0%	7.8%
COMMODITIES						
Commodities	abrdn Blmb AllCmdStrK1Fr ETF	BCI	16.0%	32.4%	39.8%	15.2%
Crude Oil	Oil Price Brent Crude PR	OIL	42.0%	70.1%	54.5%	2.8%
Gold	iShares Gold Trust	IAU	3.7%	-3.2%	8.9%	30.4%
Industrial Metals	S&P GSCI Industrial Metal TR USD	INDMETAL	6.6%	14.0%	32.0%	15.2%
Agriculture & Livestock	S&P GSCI Agrcl&Livestock TR	AGRI&LIVES	4.9%	6.6%	5.9%	4.5%
CURRENCY & CRYPTO						

Asset Class	Proxy	Ticker	QTD	YTD	1Y	3Y
US Dollar	US Dollar	DXY	0.3%	3.2%	3.8%	-1.5%
Bitcoin	Bitcoin	IBIT	42.8%	-4.3%	-26.8%	—
Crypto	S&P Crypto Top 10 Equal-Weighted	SPCRYPTO	50.9%	-2.5%	-38.2%	24.7%

Source: Morningstar Direct (as of 9/30/2026)

- 1 With respect to the valuation of the US Dollar, the basket of other currencies is defined as follows: Euro (EUR) 57.6%, Japanese Yen (JPY) 13.6%, British Pound (GBP) 11.9%, Canadian Dollar (CAD) 9.1%, Swedish Krona (SEK) 4.2%, Swiss Franc (CHF) 3.6%.