LAB Wealth Management LLC

Quarterly Newsletter: Ending June 2026

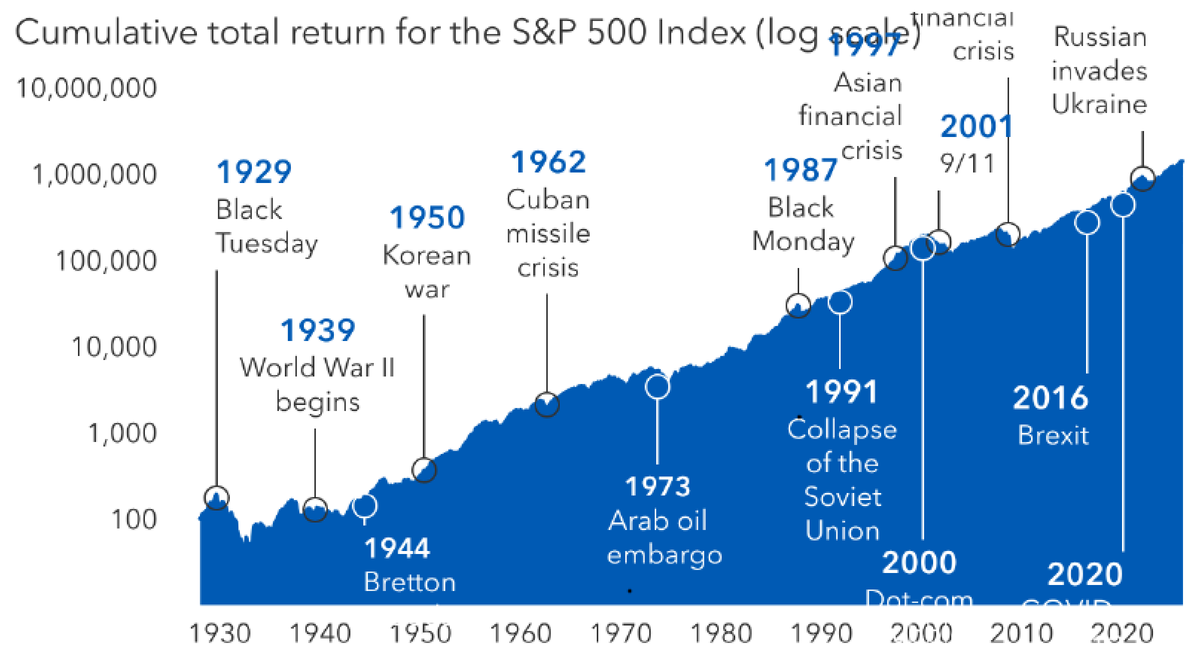
THE ECONOMY AND STOCK MARKET

- Stock prices increased the first half of the year, despite continued geopolitical events, higher inflation, and Federal Reserve policy uncertainty. The S&P 500 continued to set all-time highs, in part, due to investor enthusiasm for AI, strong corporate earnings, and a spike in energy prices. This dynamic backdrop has driven stock valuations above their historical price levels (20x vs. average of 16x), especially in the areas of semiconductors and associated entities. Note: high price-to-earning ratio is not necessarily a sign the market will correct. International exposure proved a rewarding diversifier in this environment. This sector, both developed and emerging markets, posted gains in the first half of the year. South Korea and Taiwan are notable standouts. A somewhat weaker dollar, and steady broader economic trends contributed to these gains.
- The US economy continues to grow at 2.0%, slow, but positive. Economist expect much of the same going into the second half of the year. Expect continued volatility in the near term as the markets continue to adjust to fluctuations in energy prices and key headlines.
- The Consumer Price Index peaked at 4.2% (Core CPI, excluding food and energy rose 2.9%), and has been the highest in several years. This was due to recent energy shock from the restricted flow of oil, a direct result of the war in the Middle East and the closing of the Strait of Hormuz. Inflation has since receded but could rise again as hostilities continue. Inflation remains a concern for the Federal Reserve as it directly impacts consumer spending power.
- The Federal Reserve could decide to keep the interest higher for longer, shifting earlier expectations for a rate by summer. The Fed funds rate is 3.5% to 3.75%, down from a peak of 5.25% in late 2024. Of course, the rate for auto, mortgage, and other types of loans are higher.
- The job market remains mixed with fewer job openings and lower average monthly payroll gains. Economist attribute this to AI and tariffs. A sign of economic caution. Unemployment remains low due to slower rate of immigration and other demographic trends. ‘K’ shaped - denotes the type of economy. The upward slopping arm represents those doing well, beneficiaries of higher equity values and stable income, where as the downward slopping arm represents those on the other end of the income and employment spectrum where higher prices bring immediate adversity to daily life.
- Key take-aways: The market is not always the economy. The “wall of worry” where the sky if falling should not distract from the long-term investment thesis of

owning quality investments for the long-term. As noted in the first half of the year, markets can advance in times of uncertainty.

- Remain diversified, but focused.

Markets have powered through many crises



Sources: Capital Group, S&P Global, RIMES. As of May 31, 2026. Data is indexed to 100 as of January 1, 1928, based on cumulative total returns for the S&P 500 Index. Shown on a logarithmic scale. Past results are not predictive of results in future periods.

- July 4th marked the milestone 250TH birthday of this nation. Concerns and challenges are many, but there are reasons to be grateful and to celebrate. “A few years ago, someone figured out that if we could condense the entire history of life on Earth into a motion picture that would run for 24 hours, 365 days…-this idea that is the United States wouldn’t appear on the screen until 3.5 seconds before midnight on December 31st. And in those 3.5 seconds, not only would a new concept of society come into being, a golden hope for all mankind, but more than half the activity, economic activity in world history, would take place on this continent. Free to express their genius, individual Americans, men and women, in 3.5 seconds, would perform such miracles of invention, construction, and production as the world had never seen.” - from First Trust Monday morning Outlook. US standing remains strong, despite the obvious shortcomings, and will continue to play an integral part in our investment theme.

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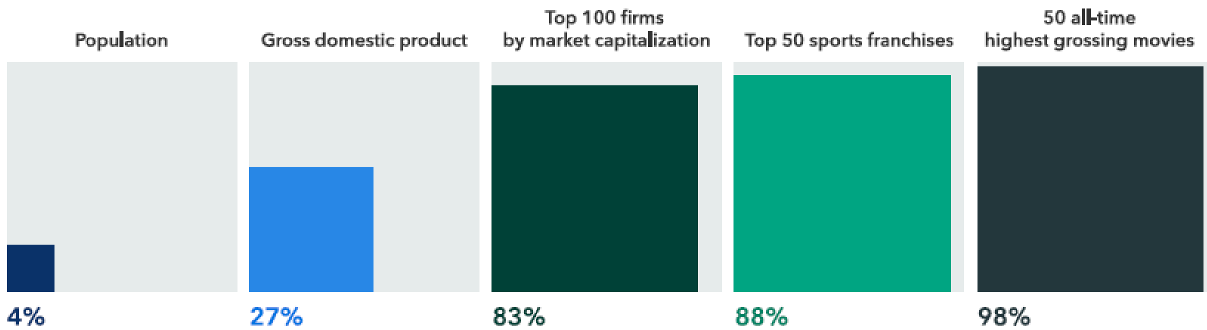
The U.S. remains a powerful force in the global economy

U.S. share of global total



Sources: Capital Group, Box Office Mojo, Forbes, IMF World Economic Outlook, MSCI, RIMES, U.S. Census Bureau. 50 all-time highest grossing movies are ranked in nominal USD, based on Box Office Mojo data as of May 31, 2026. Gross domestic product based on IMF World Economic Outlook data as of 2025. Top 50 sports franchises based on Forbes data as of December 18, 2025. Top 100 firms by market capitalization in USD based on the 100 largest constituents in the MSCI All Country World Index as of May 31, 2026.

BUSINESS UPDATES

Tenth Anniversary - The annual summer BBQ is planned for Saturday, August 22. There will be two events. A client appreciation BBQ at Precott Market in West Oakland between 3-6 PM for clients only. Watch for a text or email with details. A second event at 6 PM at the home office at 1130 Wood Street, which will be open to all.

Pershing Monthly Statements - There's a $2 monthly charge for statements (billed quarterly). This is a Pershing LLC [the custodian of your account] charge. If you haven't already, please sign up for e-delivery, please do so at netxinvestor.com to avoid this fee. For your reference, the NetXInvestor Partner Support Help Line is **1-888-245-0452**. Let them know you are a client of Leon Augustine, and they will be able to assist you. If you have any questions, please feel free to contact us.

ZOOM SEMINAR:

- **Monthly Zoom Info**: Educational Zoom, usually every 2nd Thursday of each month at 4 PM PST.
    - July 9, 2026 - Mid-Year Market Update
    - August 2026 - Summer Break - no Zoom this month
    - September 10, 2026 - Estate Planning

Zoom Archives - **https://www.labwealthmanagement.com/learning-center/**

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My Travel Experiences: Pictured: Popocatepetl (Popo), a very active volcano outside of Mexico City, shot taken en route to Oaxaca. Washington State sunset in April, days after completing tax season. Have a great summer.

Thank you for your continued support.

Warm regards,
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