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QTR NOTES

FIRESTONE CAPITAL

QTR 2 - JULY 2026

Index	06/30/26	YTD Return
Dow Jones	52,096.57	▲9.3%
S&P 500	7,459.53	▲9.6%
S&P Small Cap	1,796.49	▲23.9%
MSCI EAFE	3,116.71	▲9.8%
Bloomberg U.S. Bond	2,363.38	▲0.6%
US Treasury 10-yr	4.38%	

HALFWAY THERE

As we reach the midpoint of 2026, the past several months have brought no shortage of unsettling news on war, government dysfunction, scandal, and asset bubbles. As the headlines swirl, breathe — the economy and markets carry on.

US GDP grew by nearly 5.6% this year, and roughly half of that expansion is attributed to inflation. The most impactful economic driver of real growth thus far is AI. The tech industry's spending on every component of AI research and development is nearing a trillion dollars, and all indications suggest this trend of elevated spending can continue for years to come.

Data from the Federal Reserve points to broad economic growth across most sectors, though lower income households are feeling the squeeze of rising costs more acutely. Inflation, after showing signs of cooling, has crept back up on the back of higher oil prices. If this continues, an interest rate increase later this year is not out of the question.

The Federal Reserve welcomed a new chairman, Kevin Warsh. Warsh served on the Federal Reserve Board 20 years ago, before becoming a partner at a prestigious investment firm. As Warsh returns to the Fed as its newest chair, he is intent on leaving his mark on the agency.

His first action as Chairman was to create a slew of new departments focused on reducing the size of the Fed's balance sheet, optimizing inflation strategies, and updating how the Fed communicates with investors. Warsh appears intent on streamlining the Fed — fewer moving parts, clearer communication, and a sharper focus on its core mandate.

What this means for interest rate policy is yet to be known. Warsh has made comments suggesting his desire to lower rates, but we don't expect him to move quickly.

In the latest interest rate decision, the Fed decided to keep rates unchanged, but with recent increases in inflation, the bond market is anticipating the Fed might raise interest rates in their next meetings later this year. Our advice to investors is to hold off on making any predictions, as Chairman Warsh may end up surprising.

IPO FOMO

SpaceX went public on June 12th with an opening price of $135 per share. This makes SpaceX the largest IPO in history, raising $75 billion in total capital and currently holding a valuation of over $2 trillion dollars. Throughout the 12th, we watched the price climb and dip with the same curiosity as everyone else, throwing out our own predictions for where it would settle — it closed at $161 a share.

With SpaceX fresh in our mind, it's tempting to want in on the next big IPO, especially when the media present it as a "once-in-a-generation opportunity". This fear of missing out, or "FOMO", can lead to decisions that can negatively impact your long-term financial planning. This is loss aversion at work. We hang onto losing positions longer than we should, hoping they'll turn around, while cashing out winners too early when the gain feels safe.

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TOP OF MIND

On July 4th, a new form of savings accounts for minors became available for use, under the name: Trump Accounts. If you recall from our last issue, Trump Accounts are a new type of advantaged investment vehicle for all children, though recent newborns are the primary beneficiaries entitled to receive a $1,000 government contribution.

Parents are encouraged to visit the official websites, trumpaccounts.gov and download the mobile app to complete enrollment. Once enrolled parents and family members can contribute up to $5,000 per year per child. Contributions are automatically invested in an S&P 500 stock index fund and account activity will be monitored specifically through the phone app.

WHERE DO YOU ***SUMMER***? WE ***SUMMER*** AT FIRESTONE!

We've had a full house for the last eight weeks hosting our summer interns, Pierce Walker and Sofia Caceres. Pierce and Sofia are college seniors pursuing Business degrees with the Wealth Management Program from the University of Florida's Warrington College of Business. Pierce is also on track to complete a Master's in International Business by the spring. It's been a great summer of excitement and engagement, and we have loved having them involved and eager to learn.

We have been so impressed with the caliber of the students and their education that we also hired a recent graduate of the program! Please welcome our newest full-time hire, Emma Larson, who joins us as Firestone's newest Wealth Management Associate.

A Miami native, Emma earned her degree in Business Administration from the University of Florida, where she completed the University's Wealth Management Program. Her interest in wealth management stems from a passion for both problem-solving and building meaningful professional relationships. She is currently pursuing the Certified Financial Planner™ (CFP®) designation and is committed to expanding her knowledge to better serve clients and their families.

Outside of work, Emma enjoys tutoring students of all ages, playing the piano, and spending time at the beach with family and friends. She is passionate about lifelong learning, mentorship, and making a positive impact on the lives of others. We are thrilled to have Emma on board and can't wait for you to get to know her!

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If you've been feeling FOMO about burgeoning IPOs, good news: you might already have some exposure to them indirectly! Many holdings that you may already have, like Alphabet and Microsoft, are direct investors in early-stage tech companies.

History offers some guidance here. Some of the most celebrated companies of the last several decades, like Amazon, Google, and Netflix, were available at far more attractive prices years after their Day One IPO. The excitement around the opening bell rarely tells the full story, and much like your financial plan, keeping our eye on the long-term horizon has consistently proven the wiser path.

The lesson isn't to avoid these companies but to practice patience. Getting in early isn't always the same as getting it right. If a young company is already showing quality, growth, and strong earnings early in its public life, it is well positioned to remain a strong company for years to come, and the market has a way of offering second chances to those willing to wait for them.

QUIET RESILIENCE

When the United States and Israel launched a joint offensive against Iran on February 28th, markets took notice. Few fully anticipated the scale of the conflict, and investors were rattled as oil prices rose and the S&P 500 fell nearly 8%. Neither the Fed nor Congress moved to offer stabilizing relief, presenting many with a defensible reason to move to cash.

However, by April 14th, the S&P had fully recovered and went on to reach new all-time highs. During that 6-week period, those who sold amid the initial volatility locked in their losses only to watch markets stabilize and push higher.

It's a familiar story, and one we've seen before. Just a year earlier, the tariff shock of 2025 sent the S&P down nearly 19% at its low, only to finish the year up 18%, twice the historic annual average and nearly 37 percentage points better than where it bottomed. Two different years, two sharp selloffs, and in both cases the same outcome for those who held the course.

If there's a takeaway, it's that markets have shown a quiet resilience that often goes unnoticed until you look back. For our clients, that's not just a data point but a reminder of why we build plans designed to weather these moments rather than react to them.

REMEMBERING ALAN GREENSPAN

With Kevin Warsh confirmed as the new Fed Chairman, our thoughts turn to the life and legacy of Alan Greenspan, one of the most influential Fed Chairs in history, who recently passed away at the age of 100. When we think of Greenspan, we remember the 1987 crash that he helped steer the country through, followed by a decade of economic growth that remains one of the most remarkable runs in modern memory. In honor of his legacy, here are some of the words he's best remembered for:

"How do we know when irrational exuberance has unduly escalated asset values, which then become subject to unexpected and prolonged contractions?" (December 1996)

"The process of innovation is, of course, never ending." (July 2000)

"I guess I should warn you, if I turn out to be particularly clear, you've probably misunderstood what I said." (June, 1988)

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