Weekly Market Commentary

August 3, 2026

Dog Days

The Federal Reserve held interest rates steady last week and equities rose after price declines the previous two weeks. For the week, the S&P 500 Index was +1.1%, the Dow Jones Industrials +1.0%, and the NASDAQ +0.5%. The Consumer Discretionary, Communication Services, and Consumer Staples sectors led the S&P 500 Index for the week, while the Utilities, Real Estate, and Materials lagged. The 10-year U.S. Treasury note yield was 4.712% at Friday's close versus 4.683% the previous week.

The Federal Reserve held the Fed funds rate at its 3.50% to 3.75% range at its meeting last week. The vote was 9 to 3 with the three dissents wanting to raise the Fed funds rate by 0.25%. CME Fed funds futures are currently forecasting a single 0.25% increase at the September Federal Open Market Committee (FOMC) meeting. This is inline with the June FOMC meeting projections for a single increase for the year.

The advance report on second quarter Gross Domestic Product (GDP) showed economic growth of 1.5% for the quarter, a deceleration from 2.1% in the first quarter. Consumer spending and business investment remained strong during the quarter but higher imports versus exports and lower federal government spending restrained overall growth.

We are past the halfway point of the second quarter earnings reporting season with 61% of companies having reported results. This week sees 136 companies in the S&P 500 Index scheduled to report earnings. Second quarter earnings are expected to grow by 47.7% and quarterly revenue growth is expected at 14.1%. Full-year 2026 earnings are expected to grow by 29.1% with revenue growth of 11.1%.

In our Dissecting Headlines section, we look at the hedge fund unwind that contributed to recent market volatility.

Financial Market Update

MARKET DATA	Weekly Return	YTD Return		Weekly Return	YTD Return
S&P 500 Index	1.1%	10.1%	Aggregate Bond Index	-0.1%	-0.3%
Dow Jones Industrial Average	1.0%	10.2%	U.S. Dollar Index	-1.5%	1.6%
NASDAQ 100	0.5%	12.4%	WTI Crude Oil	-5.2%	47.5%
Russell 2000 (Small Cap Index)	0.1%	18.9%	Gold	-0.3%	-6.3%
International Stocks (MSCI ex-US)	2.0%	14.4%	Real Estate (US REIT Index)	-3.0%	20.5%

Sources: S&P Global, FactSet

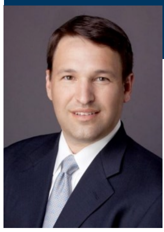
Dissecting Headlines: Hedge Fund Hiccup

Movement of stock prices and market indices is a sum of the actions of investment decisions by investors deploying capital. There have been several instances when a single institutional investor has caused a volatility blip due the need to correct some extreme positioning. Sometimes these can cause major disruptions such as the crisis at Long Term Capital in 1998, while others cause a small disruption before other market participants absorb the holdings.

Last week, the Situational Awareness fund needed to unwind levered holdings in many AI infrastructure related technology stocks and wound up selling its portfolio at a steep discount to Citadel, a major investment fund. The Situational Awareness fund had seen major gains in the first half of 2026 but suffered major losses as AI and semiconductor stocks saw declines in July. The combination of the leverage (borrowing money to buy more stocks) and falling stock values forced the fund to liquidate its public holdings.

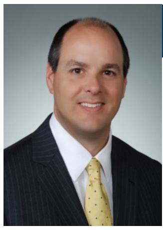
It is often difficult to determine whether market volatility is being driven by headlines, economic or corporate fundamentals, or the actions of investors themselves. In this instance, the volatility was amplified by an overleveraged investor being forced to unwind concentrated positions after the market temporarily turned against the fund's investment thesis.

The NovaPoint Team



Joseph Sroka, CFA, CMT / Chief Investment Officer / jsroka@novapointgroup.com

Joe has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a portfolio manager at Spectrum Advisory Services and GMT Capital in Atlanta, and Epoch Investment Partners in New York. He has also worked as an equity research analyst at Merrill Lynch and ABN Amro. Before beginning his investment career, Joe was an Infantry officer in the U.S. Army. Joe holds a BS from the U.S. Military Academy at West Point and an MBA from the University of Chicago. He is both a Chartered Financial Analyst (CFA) and a Chartered Market Technician (CMT).



Alan J. Conner / President and Chief Compliance Officer / aconner@novapointgroup.com

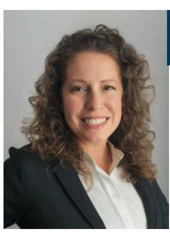
Alan has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a fixed income manager at both Spectrum Advisory Services and a private family office. Alan was also with the Bank Group division of Countrywide Capital Markets where he developed balance sheet strategies for depository institutions. He holds a BS in Banking and an MBA in Finance from Nova Southeastern University. Alan is an endurance athlete and three-time IRONMAN finisher.

Frederick Wright, CFA / Managing Director & Portfolio Manager / fwright@novapointgroup.com

Frederick has over 30 years of experience in the investment management industry. Prior to joining NovaPoint, Frederick was a Partner and Investment Advisor at Brightworth where he advised high net worth investors. Frederick began his investment career in 1991 at Balentine & Co where he rose to Partner. He also co-founded and served as Chief Investment Officer at Wright Investment Management and at Smith & Howard Wealth Management . Prior to beginning his investment career, Frederick served as an Engineer officer in the U.S. Army. He holds a BS from the U.S. Military Academy at West Point and an MBA from Emory University. Frederick is a Chartered Financial Analyst (CFA).

Larry Dixon, EA / Tax Managing Partner / ldixon@novapointgroup.com

Larry leads NovaPoint's accounting, tax and outsourced CFO business. He built his previous company, Atlas Solutions, as a solo entrepreneur before merging into NovaPoint CFO. Larry began his career as a Field Artillery officer in the United States Army. Larry earned his Bachelor of Science degree from the U.S. Military Academy at West Point, where he was a four-year letterman on the football team. Larry is a certified Enrolled Agent, recognized by the U.S. Department of the Treasury to represent taxpayers before the Internal Revenue Service.



Meghan Hoover, FRC℠ / Investment Associate / mhoover@novapointgroup.com

Meghan is an Investment Associate focusing on financial planning. Prior to joining NovaPoint, Meghan spent 18 years in government service as an Operations Officer in military intelligence. She holds two Bachelor of Science degrees from the University of Maryland and a Master of Science from the Joint Military Intelligence College. Meghan has additional education specializing in financial planning and currently holds the Federal Retirement Consultant designation.