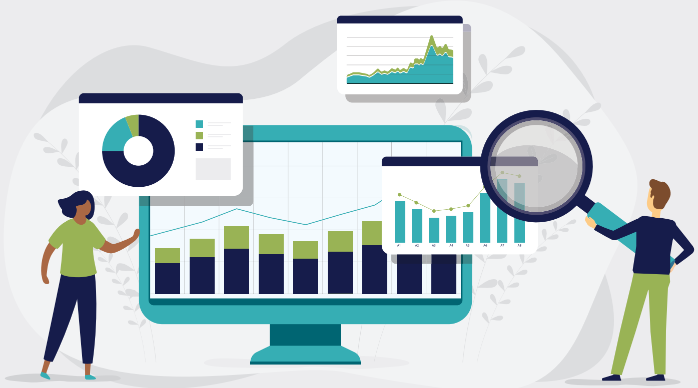
JEMMA
FINANCIAL SERVICES

STRONG FINISH TO THE FIRST HALF

JULY 2026



The first half of 2026 was a reminder that markets can change direction quickly.

After strong gains early in the year, geopolitical tensions in the Middle East sent oil prices sharply higher during the first quarter, fueling concerns that inflation would remain elevated and interest rates would stay higher for longer. As a result, the initial strong gains turned into market losses. During the second quarter, progress toward a ceasefire reduced fears of a broader conflict. Oil prices fell, inflation concerns eased, and markets rebounded.

The S&P 500 recovered all of its first-quarter losses and finished the first half of the year at a new record high, returning approximately 10% year-to-date and 22% over the trailing year ended June 30, 2026.

Artificial intelligence (AI) remained one of the market's dominant themes, although performance varied widely within the Technology sector. Companies benefiting from AI infrastructure spending, including semiconductor and hardware manufacturers, continued to lead the market, which helped push Industrials and Information Technology to among the best-performing sectors in 2026. Energy also posted strong double-digit gains, buoyed by the earlier run-up in oil prices.

In contrast, Financials, Consumer Discretionary, and Communication Services were the weakest-performing sectors. Software companies were particularly challenged, with the S&P 500 Software & Services subsector falling nearly 16% year-to-date as investors questioned which companies will weather the challenge from AI substitution.

The U.S. economy has remained resilient despite ongoing uncertainty. The unemployment rate has held near 4%, inflation has eased to approximately 2.4%, and the Federal Reserve, with Kevin Warsh as its new chair, has maintained a patient, data-dependent approach to interest rates.

While periods of market volatility are inevitable, history has consistently shown that maintaining a disciplined, long-term investment strategy and staying invested remain among the most effective ways to build long-term wealth. As always, your Jemma Financial Advisor is available to answer your questions and help keep you on track toward your financial goals.

KATHARINE DUDLEY, AIF®
Senior Vice President, Client Advisor
443.279.2007
jemmafinancial.com