

The Riverwood Wealth Management Group at Morgan Stanley

News and Views

July 2026

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Hello again! We hope this edition of our monthly commentary finds you and your family doing well. It's hard to believe July is already here, with the 4th just a couple days away. We look forward to a long weekend celebrating our country's 250th anniversary with family and friends, and to watching the U.S. Men's National Team secure a few more wins in the World Cup. We hope you're able to do the same.

At the risk of sounding like a broken record, many of the risks that concerned us at the start of the year remain top of mind: Inflation and interest rates, the Middle East Conflict, and uncertainty around longer-term economic growth. In fact, segments from last month's newsletter would still read as timely today. Rather than repeat them, we'll focus on a few areas where we've gained some clarity.

First, the Federal Reserve held its inaugural meeting in June under new Chair Kevin Warsh. After considerable speculation about his approach, Chair Warsh struck a hawkish yet pragmatic tone. He reaffirmed the Fed's commitment to restoring price stability and its 2% inflation target while overhauling the central bank's communication style. A notable change was the removal of forward guidance in favor of a data-dependent approach – providing the facts as they come in rather than pre-committing to a policy path.

Second, the Middle East conflict appears to be moving toward a resolution following last month's signing of a Memorandum of Understanding (MoU). The agreement establishes a framework for a ceasefire and 60-day negotiation period aimed at formally ending the 2026 conflict. Key provisions include reopening the Strait of Hormuz to commercial shipping, the U.S. lifting its naval blockade, and issuing immediate sanctions waivers for Iranian oil exports. These developments have already contributed to a notable decline in energy prices, which should help ease inflationary pressures.

Against the backdrop of the Federal Reserve's decision to hold rates steady and the fragile de-escalation in the Iran conflict, a broader theme emerges: the persistence of geopolitical uncertainty alongside gradually improving economic confidence. Even as the immediate risks recede, the unpredictability of outcomes continues to encourage caution among businesses and households. One area we are watching closely is what effect it may have on long-term growth for the economy and business.

Bringing the "broken record" theme full circle - as we have noted many times before - we continue view investing as the prudent allocation of your assets in alignment with your specific goals and risk tolerances. We do not see investing as betting on possible short-term outcomes. While certain risks lie beyond our control, we focus on the areas where we *can* reduce risk. Our goal is to help you navigate volatility while remaining positioned for long-term growth. The chart on the following page is always a great reminder that it is "time in the market, not timing the market" that is the most important factor for long term success.

As always, investment implementation should be tailored to your individual risk tolerance, liquidity needs, tax considerations, and time horizon.

Thank you for your continued confidence you have placed in us. Please feel free to reach out anytime if you have questions or would like to discuss your portfolio.

"Working hard to earn your trust...and even harder to keep it"

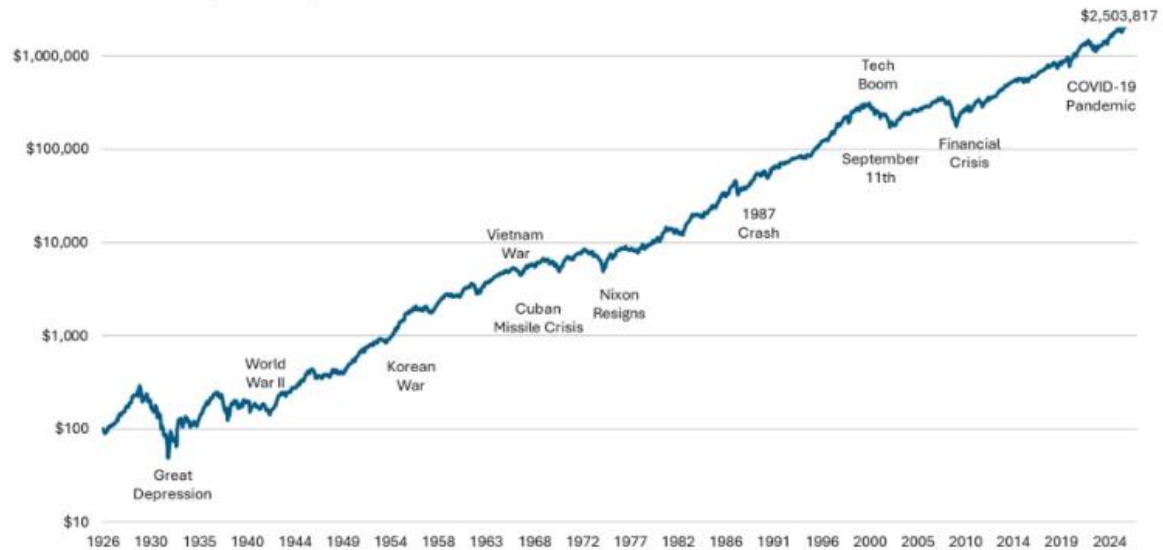
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S&P 500 Has Gained in the Long-Run Despite the Headlines

S&P 500: GROWTH OF \$100 (LOG SCALE)
MONTHLY DATA: JANUARY 31, 1926 – MAY 31, 2026



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