RIVERSTONE WEALTH MANAGEMENT

Summer 2026

A Mid-Year Perspective: Opportunity, Discipline and Looking Beyond the Headlines

Dear valued client,

As we reach the halfway point of another notable year in the markets, we want to thank you for your continued support and the opportunity to work with you.

The first half of 2026 has been vibrant. Artificial intelligence continues to reshape industries at an unprecedented pace, corporate earnings remain exceptionally strong, and global markets have demonstrated remarkable resilience despite geopolitical tensions, shifting monetary policy expectations and persistent inflationary pressures.

Yet beneath those encouraging headlines, important changes are taking place.

Market leadership is broadening. International markets have quietly outperformed many U.S. benchmarks. Smaller companies have begun regaining momentum. Meanwhile, some of the largest technology companies—despite leading the AI revolution—have experienced periods of consolidation as investors reassess big spending against future expectations.

These changing dynamics reinforce something important: **Successful investing isn't about predicting tomorrow's headlines. It's about remaining disciplined while positioning portfolios to benefit from long-term, diversified wealth creation.**

Share the Riverstone Review with a friend

This quarterly publication is designed to provide more than a market recap. We want to share how we're interpreting today's environment, where we're finding opportunities, what risks deserve attention, and—most importantly—what it all means for your portfolio.

As always, we welcome the opportunity to discuss any of these ideas with you personally. We hope you and your family enjoy a relaxing and memorable summer.

Three Things To Know This Quarter

1. Markets remain healthy but leadership is evolving.

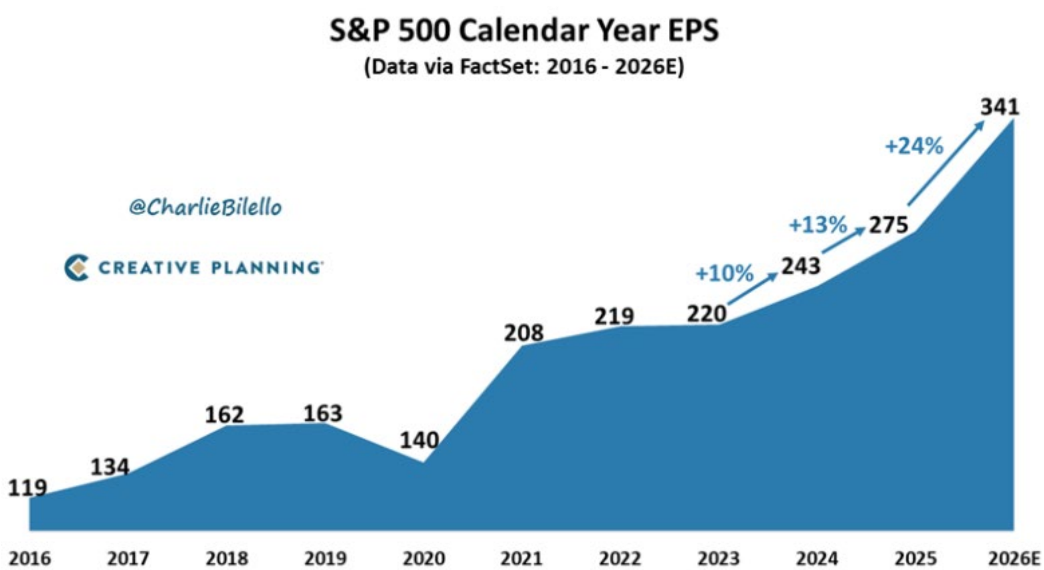
Strong earnings continue to support equities, but market leadership is becoming more diversified. International equities and smaller companies have quietly outperformed many of the large-cap U.S. names that dominated returns over the past several years. For long-term investors, this is a healthy development. Broader participation generally creates a more sustainable market environment than one driven by only a handful of companies.

2. Artificial Intelligence is entering its next phase.

The conversation surrounding AI is shifting. Rather than simply rewarding companies building the largest models, investors are increasingly focusing on businesses capable of deploying AI efficiently and profitably. Corporations are finding innovative ways to reduce computing costs through specialized AI agents, localized infrastructure and more targeted applications. The winners may ultimately be those that monetize AI most effectively—not necessarily those spending the most.

3. Optimism should be paired with discipline.

We remain constructive on the investment outlook. Corporate earnings growth continues to exceed expectations while economic and monetary conditions remain supportive.



Source: https://bilello.blog/2026/the-state-of-the-markets-july-2026

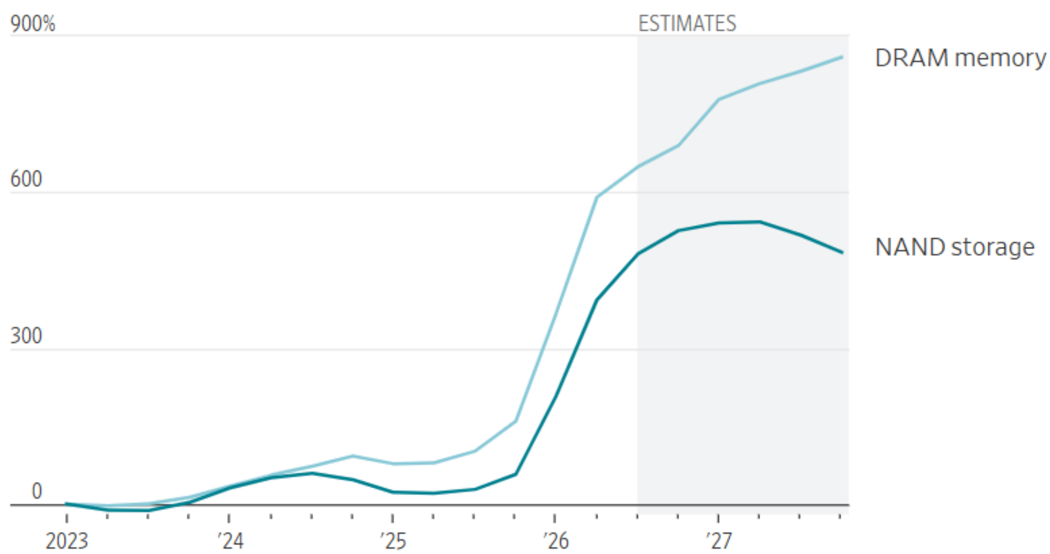
At the same time, elevated valuations, increased IPO activity and pockets of speculative enthusiasm remind us that risk management remains just as important as opportunity. Earnings quality and sustainability are also being challenged with above average levels of non-recurring “other income”. Our investment approach continues to emphasize participation without complacency.

State Of The Market

Equity markets continued climbing on the strength of resilient corporate earnings and sustained enthusiasm surrounding artificial intelligence, while fixed-income markets remained relatively rangebound as investors weighed the path of inflation and central bank policy. Inflation continued to moderate through the quarter, although progress remains uneven. Although conflict continues in the Middle East, rapid coordination among oil producing nations, increased global production and ongoing structural changes in energy demand have helped reduce the likelihood of a sustained energy shock.

One inflationary trend, however, deserves particular attention: **the infrastructure required to support artificial intelligence is becoming increasingly expensive.** Prices for critical memory components such as DRAM and NAND storage have risen dramatically since 2023, and these higher costs are gradually making their way through corporate supply chains to consumers.

Price changes from the first quarter of 2023



Note: Based on the average price per gigabyte for each. Data from 3Q 2026 are estimates.
Source: TechInsights

The scale of investment has become extraordinary—so much so that memory manufacturer Micron Technology recently generated quarterly earnings approaching those of Apple, highlighting just how significant AI infrastructure spending has become.

Currency markets have also shifted meaningfully. At the beginning of the year, expectations broadly favored continued U.S. dollar weakness. Those expectations changed quickly as higher oil prices and the prospect of relatively higher U.S. interest rates strengthened demand for the world's reserve currency. A firmer U.S. dollar has also reduced some of the momentum previously supporting gold prices as higher Treasury yields increase the opportunity cost of holding non-income-producing assets.

The investment landscape remains constructive—but increasingly nuanced. Rather than chasing yesterday's winners, investors are now being rewarded for maintaining diversified portfolios capable of adapting as leadership evolves.

What This Means for Investors

Healthy markets do not eliminate uncertainty—they simply reward disciplined decision-making. The broadening of market leadership reinforces the importance of diversification, thoughtful portfolio construction and maintaining exposure to multiple sources of long-term growth rather than relying on a narrow group of companies or investment themes. That philosophy continues to guide every investment decision we make.

Strategic Perspective

One of the greatest challenges investors face is distinguishing between short-term noise and long-term change. Headlines change daily. Market sentiment can shift in hours. Successful investing, however, is rarely determined by reacting to every new development. Instead, it comes from maintaining discipline while adapting thoughtfully as conditions evolve.

Our current approach is one of dynamic patience—remaining fully engaged in the opportunities that today's markets present while resisting the temptation to become complacent or overly speculative. The investment backdrop remains constructive, but it also requires careful risk management.

Risks Worth Watching

Constructive markets do not eliminate risk—they simply change where investors should be looking. Although we remain optimistic about the long-term outlook, several developments deserve close attention.

Interest Rates and Credit Conditions

Changes in interest rates and the availability of credit can have a greater impact on markets than day-to-day geopolitical events. Higher borrowing costs can slow corporate investment, reduce consumer spending and interrupt the confidence cycle that has supported asset prices over the past several years. For this reason, monetary policy remains one of the most important variables we continue to monitor.

Valuations Require Discipline

Strong earnings have justified much of the market's recent strength. However, portions of the market are beginning to exhibit characteristics associated with elevated investor enthusiasm. The concentration of returns within segments of the semiconductor industry has naturally drawn comparisons to previous technology cycles. While today's businesses are significantly more profitable and financially stronger than many companies during the late-1990s technology boom, elevated expectations always deserve careful analysis.

The Return of the IPO Market

One of the clearest signs that investor optimism has returned is the dramatic resurgence in initial public offerings. More than US$140 billion has already been raised through IPOs this year—a remarkable increase from the subdued activity of recent years. Healthy capital markets are an important sign of economic confidence. However, periods of exceptionally strong IPO issuance have historically coincided with heightened investor enthusiasm, making careful company selection increasingly important. Not every exciting story ultimately becomes an attractive long-term investment.

Perspective Matters: The SpaceX Example

Few companies have captured investor imagination like SpaceX with its public debut becoming the largest IPO in history. The achievement reflects extraordinary innovation and investor optimism surrounding the future of commercial space exploration and development. It also serves as a useful reminder that excitement and valuation are not always the same thing. For a period following its listing, SpaceX traded at valuation levels exceeding those of mature global leaders such as Amazon and Microsoft despite generating a fraction of their revenues and remaining unprofitable.

Our Perspective

Overall, we continue to believe investors have more reasons to remain constructive than defensive.

- Economic growth remains positive
- Monetary conditions are supportive
- Corporate earnings growth is exceptional
- Innovation continues at an extraordinary pace

At the same time, elevated optimism reminds us that risk management deserves just as much attention as return generation. Our objective is never to predict short term market moves. Instead, we seek to help build resilient portfolios capable of participating in long-term wealth creation while helping clients navigate periods of uncertainty with confidence and discipline. That balance between optimism and prudence defines our investment philosophy.

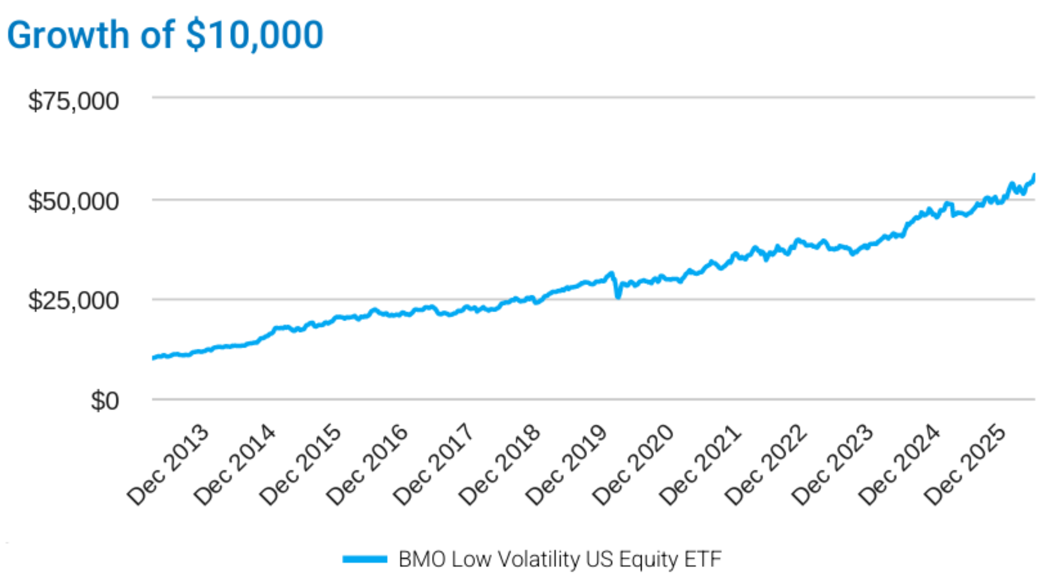
Insights & Opportunities

Exchange Traded Funds (ETF) are core to our portfolio recommendations given their process transparency, diversification, efficient cost structure, relative tax efficiency and track records. And we are not alone: the global ETF market is enormous with now over US$15 trillion in ETF assets in the US alone and growing rapidly (source: Barron's May 26th, 2026). This quarter, we thought we would highlight one core Exchange Traded Fund (ETF) position and one new thematic idea we are evaluating here.

Core Position Profile – BMO Low Volatility US Equity ETF (ZLU)

The BMO Low Volatility US Equity ETF (ZLU) a smart-beta exchange-traded fund targeting long-term capital growth with lower downside surprises than the broad market. The fund selects the 100 least market-sensitive (lowest volatility) stocks from the U.S. large-cap universe with staggered time frames for evaluating historical volatility.

It's weights heavily favor stable, cash-flow-rich sectors like Utilities, Consumer Staples, and Healthcare. As shown here, historical risk-adjusted performance has been compelling. In the 2022 bear market, ZLU actually posted a positive total return of 7.98%, while the broader S&P 500 Index fell -12.16%.



Annualized Performance For period ending Jun 30, 2026

	1 mo	3 mo	6 mo	YTD	1Y	3Y	5Y	10Y	Since Inception
Portfolio (%)	4.43%	6.59%	14.19%	14.19%	20.84%	14.05%	11.90%	9.95%	13.81%

Past performance is not a guide to future performance. Performance is shown net of fees, in the currency of the respective share class with dividends reinvested.

Source: https://bmogam.com/ca-en/products/exchange-traded-fund/bmo-low-volatility-us-equity-etf-zlu/

Thematic Investment Idea – Water Security Infrastructure

While the financial headlines remain heavily concentrated on digital bytes and cloud architecture, we are looking closely at the tangible foundations supporting global growth. Water security infrastructure seems to represent a such an opportunity. As global population shifts, AI data centers increase industrial cooling demands, and municipal networks age, the companies solving global water scarcity, purification, and delivery challenges are likely to capture reliable, long-term cash flows. This may evolve into a vital 'real asset' for the modern era with several sector specific ETFs well aligned to participate in this theme.

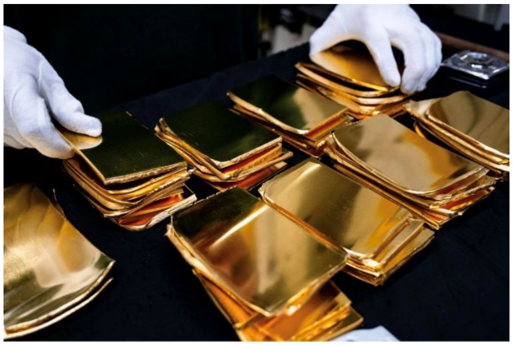
Golf at Earl Grey Golf Club

The golf season is in full swing, and I love to get out on the course with clients and friends where possible. Please let me know if you are interested in scheduling a round of golf this season.

***Joke of the Day**:*

"I told my doctor that I broke my arm in two places. He told me to stop going to those places."

And In Other Good News...



Goldman Axes $500 From Gold Target on No Fed Cuts This Year!

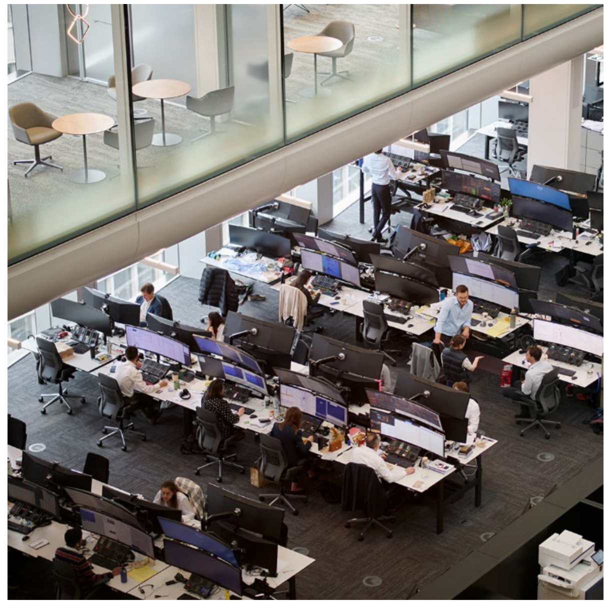
Goldman Sachs cut its year-end gold price target by US$500 to US$4,900 an ounce, reflecting expectations the Federal Reserve will keep rates unchanged this year. Goldman remains positive on gold's longer-term outlook despite near-term risks.

Learn More

S&P 500 Outlook

Goldman Sachs Research raised its S&P 500 year-end forecast to 8000, projecting 6% returns driven by 24% earnings growth in 2026. AI-infrastructure beneficiaries are expected to account for roughly half of this year's earnings growth, though cautionary signals around momentum and narrow market breadth are emerging.

Read More



Better Business Questions

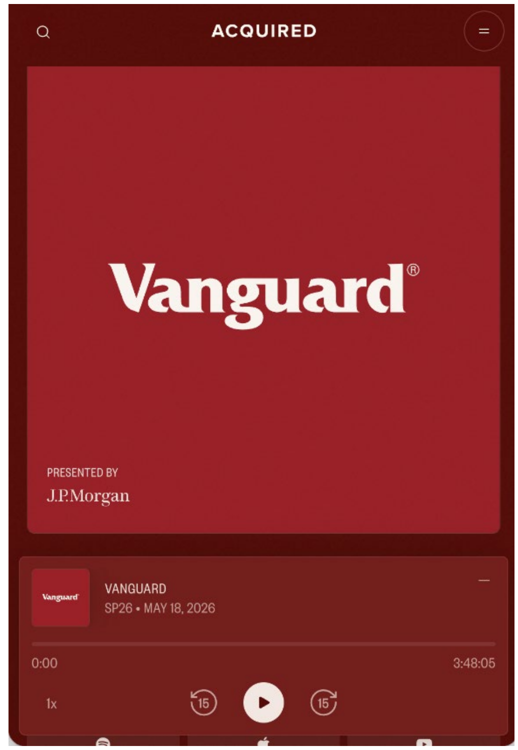
Seth Godin shares two transformative questions that will reshape how you approach work and business decisions. Before making your next move, ask: who's it for, and what's it for? These simple yet powerful questions cut through confusion and help you focus on what actually matters—serving specific people with intention rather than trying to please everyone.

Listen Now

Acquired: Learning from the History of Vanguard

This episode of the Acquired podcast - always a fantastic listen - focuses on Vanguard, the single largest equity owner of the majority of corporations in the S&P 500 today. The hosts break down the history and origins of this incredible fund, sharing insights about how Vanguard has changed the game.

Listen Now



Thank you again for your trust and support. We look forward to connecting with you again soon, although, as always, please don't hesitate to reach out if we can be of any assistance. Enjoy the rest of your summer.

Share with a Friend: Riverstone is always open to meeting with qualified new relationships, so please feel free to share this newsletter with a friend, peer or colleague as well.

Sincerely,

Dan Dorland

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***"A pessimist sees difficulty in every opportunity.
An optimist sees the opportunity in every difficulty."***

Winston Churchill

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