UNITED
ASSET STRATEGIES, INC.
Planning for a Lifetime®

Quarterly Letter
July 2026

Comments as of July 23rd, 2026

EXECUTIVE SUMMARY

Dear Clients and Friends,

Markets gave investors plenty to cheer for in the 2nd quarter. As highlighted in Exhibit 1, stocks rebounded sharply - erasing the 1st quarter losses arising from the war in Iran and pushing year-to-date returns solidly into positive territory. The S&P 500 delivered a notable 15% gain, its strongest quarterly return since the 2nd quarter of 2020, when markets rebounded from COVID-driven panic lows. Better yet, this year's gains have come from strong profit growth, with valuation multiples less expensive today than to start the year.

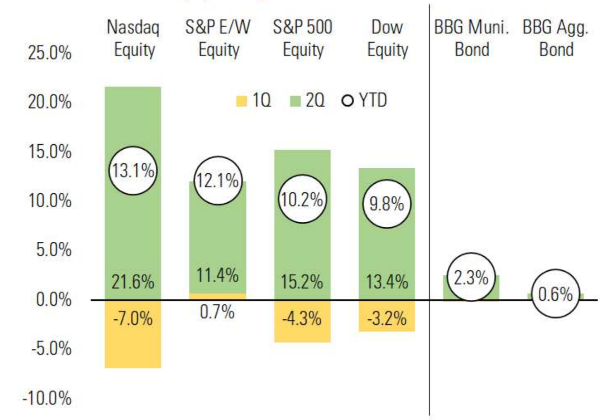
While encouraging to see strength broaden beyond the "Great 8," with the average stock outperforming Big Tech year-to-date, returns remain heavily concentrated in the AI theme. Exhibit 2 shows most gains came from the outsized returns of a small subset of cyclical technology stocks supplying hyperscale cloud companies with key resources for their AI builds. Indeed, that 6% of the market has more than doubled this year, contributing most of the index's return, while the remaining 94% rose a more modest 3%.

To be clear, we believe AI will ultimately prove to be a transformational technology, warranting a healthy allocation in client portfolios. Still, it is common for secular tailwinds to hit air pockets along the way. To that end, AI has grown into an increasingly significant factor for the market and economy - just as we see growing pushback on new data center projects and Hyperscalers increasingly rely on outside capital to fund buildouts. As such, we continue to emphasize diversification in this concentrated market, especially as pockets outside of AI are more attractively valued, with signs of improved earnings momentum owing to a supportive macro backdrop.

Just as asset diversification helps manage market risk, tax diversification helps prepare for changing tax environments, income needs, and goals. Contact your United advisor to discuss, as building savings across tax categories creates financial planning opportunities through every life stage.

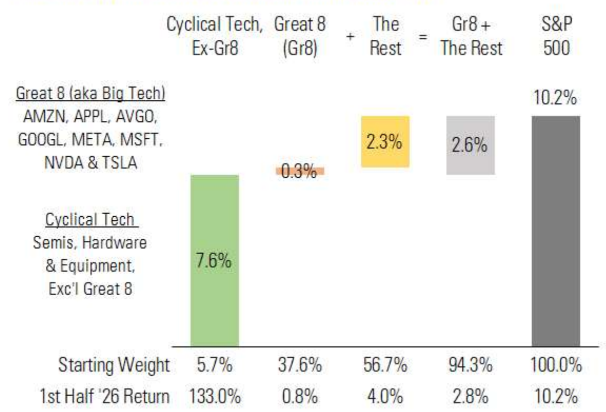
Respectfully submitted by the Professional Staff at United Asset Strategies.

Exhibit 1: Strong 2Q performance more than offsets 1Q drawdown; '26 on pace for healthy annual returns.
First half 2026 returns (%) for major market indices



Source: United Asset Strategies, FactSet

Exhibit 2: Returns remain heavily concentrated in AI, this time in a small share of cyclical tech stocks.
1st Half 2026 total return attribution for the S&P 500



Source: United Asset Strategies, FactSet

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516.222.0021 | info@unitedasset.com | www.unitedasset.com

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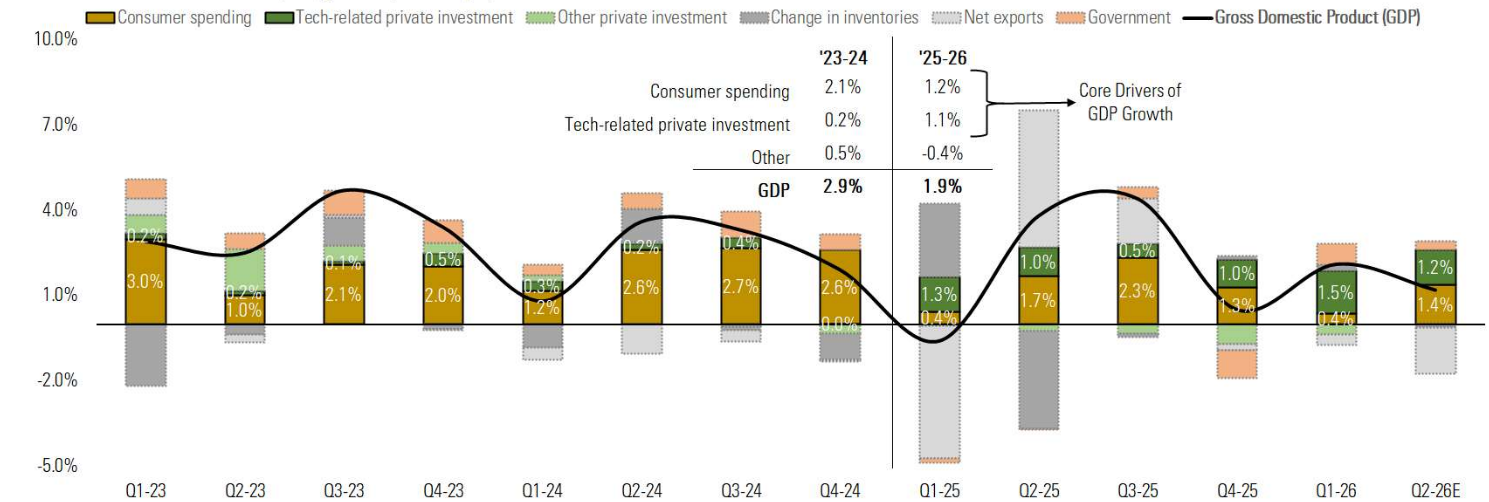
MACRO ENVIRONMENT

Resilient Consumer & Outsized AI Investment. Despite energy price fluctuations caused by the War in Iran - and the uncertainty added to an already complicated inflation picture - the consumer remains resilient, supported by tax refunds from the One Big Beautiful Bill Act (OBBBA) and a solid labor market. This is critical, as consumer spending accounts for roughly 68% of U.S. Gross Domestic Product (GDP). In addition, private fixed investment remains robust, driven by substantial investments by businesses in artificial intelligence (AI). Indeed, corporate and consumer spending are what we refer to as the core components of GDP and are contributing positively to growth.

For example, as shown in Exhibit 3, tech-related categories within private fixed investment (such as information processing equipment, software, and research and development) added an outsized 1.1 percentage points (pp) on average to economic growth in 2025 and 2026 so far – nearly matching the 1.2pp contributed by the much larger U.S. consumer over that same time frame and substantially larger than the 0.2pp that tech spending contributed over the prior 2023-2024 period. Meanwhile, the remaining components of GDP, such as other private investments, inventories, net exports and government have recently been breakeven contributors at best.

Exhibit 3: The macro backdrop remains on solid footing, as outsized investment in AI drive GDP growth and US consumer remains resilient.

Contribution to Gross Domestic Product (GDP) growth, by sub-category



Note: 2026 estimate from GDPNow as of July 1st 2026, Tech-related private investment includes nonresidential investment on IP equipment, software & research and development (R&D).

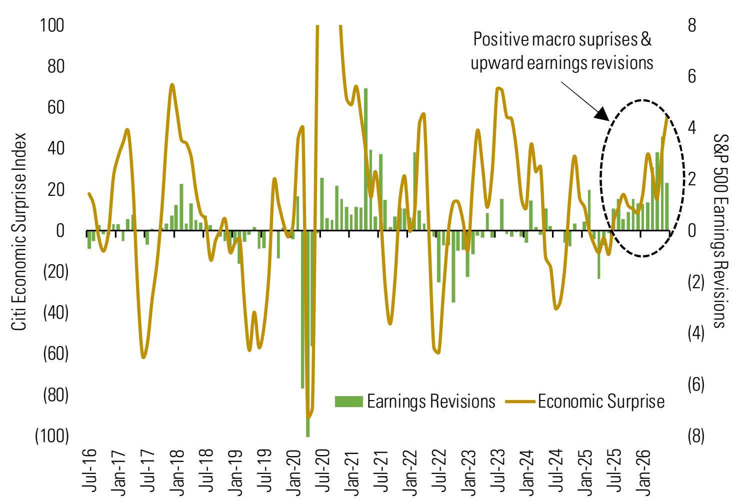
Source: United Asset Strategies, Bureau of Economic Analysis, Atlanta Fed

As shown in Exhibit 4 via the Citi Economic Surprise Index, this macro strength has caught many economists by surprise. With positive readings indicating positive surprises, the index sits at ~50 - a historically strong level. The exhibit also shows a strong relationship between the economy and corporate profits, with S&P earnings estimates revised higher alongside a stronger economy. Strong earnings revisions have, in turn, supported solid stock market returns, particularly in technology companies benefiting from outsized AI spending.

Looking ahead, we would note that absent an exogenous shock (e.g. Covid) the economy has rarely entered a recession without weak corporate earnings, a rising unemployment rate, or soft corporate capital expenditures (capex) - none of which exist today. Indeed, leading economic indicators point to continued strength. For example, the U.S. Manufacturing PMI Index has been in expansionary territory for each of the last 11 months.

Exhibit 4: Stronger than expected macro backdrop provides fundamental support for upward revision to earnings expectations.

Citi Economic Surprise Index (Left), vs. S&P 500 Earnings Revisions (%, Right)



Source: United Asset Strategies, FactSet, Data as of 6/30/2026

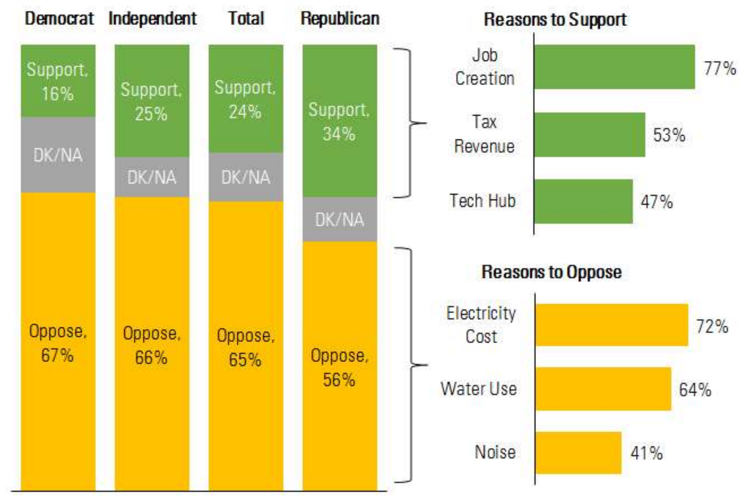
Growing Opposition to Backyard Data Center Builds.

The November midterm elections are fast approaching, and both parties are sharpening their messages. We will provide in-depth analysis in next quarter's letter, but history shows that the midterms are typically difficult for the party in power - and there is little so far to suggest this year will be any different.

One issue that is gaining traction in the policy world, and has potential investment implications, is the growing backlash against the data centers needed to fuel AI expansion. Over 300 bills have been introduced across 30+ states looking to provide resource safeguards to communities where new data center projects are being proposed. Some states have gone further, with Gov. Hochul making New York the first state to announce a moratorium on new data centers. In NY, there will be a 1-year construction ban on data centers using 50+ mega-watts of power. Others may follow, as Exhibit 5 shows 65% of those surveyed oppose having a data center built in their community.

Exhibit 5: AI likely a point of contention in upcoming midterms, with opposition to backyard data center projects varying by

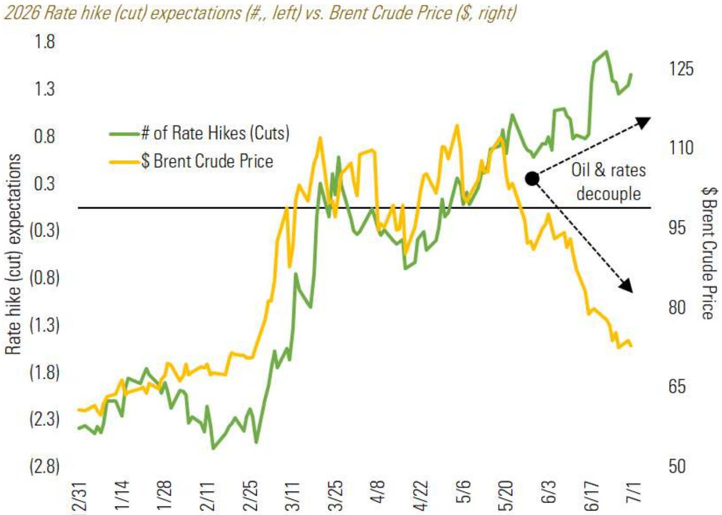
Survey Question: Would you support/oppose the building of an AI data center in your community?



Source: United Asset Strategies, Quinnipiac University

Exhibit 6: Fed fund rate hike expectations for 2026 remain stubbornly high; this despite the recent decline in oil prices.

2026 Rate hike (cut) expectations (#,, left) vs. Brent Crude Price ($, right)



Source: United Asset Strategies, CME Group, FactSet, Data as of 6/30/2026

Oil and Rates Decouple after Warsh's Hawkish Tone.

With oil a major input for many products and services, changes in its price can impact inflation and, in turn, influence monetary policy. To that end, in the 1st quarter, the onset of the Iran war and resulting closure of the Strait of Hormuz (a critical supply route for oil) would initially drive oil sharply higher and swing 2026 market expectations from Fed rate cuts to Fed rate hikes.

This relationship decoupled in the 2nd quarter, however. While oil fell on news of ceasefire discussions, Exhibit 6 shows rate hike expectations continued higher. Despite oil approaching levels seen pre-conflict, the market now expects 1-2 rate hikes in 2026, a sharp reversal vs. the 2-3 rate cuts expected pre-war. This largely reflects a more hawkish tone from the Fed. Rather than eagerly looking to cut rates, as some had expected, new Fed chair Warsh used his first conference to emphasize a commitment to price stability and outline a review of key Fed procedures and data inputs. This helped ease concerns on Fed independence and reinforced expectations for higher rates.

Investment Management

The Great (AI) Wealth Transfer.

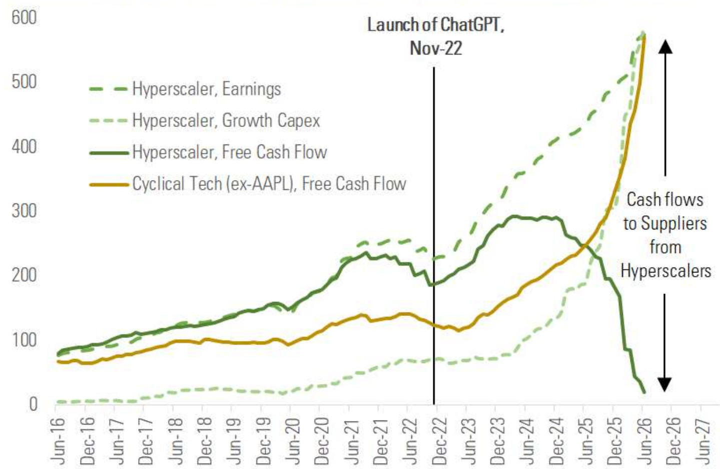
Today's financial markets have solid fundamental underpinning, as seen in the impressive +25% earnings growth expected for the S&P 500 in 2026. Still, some of those fundamentals are starting to appear stretched, raising questions about the sustainability of the current exceptionally strong growth trajectory. As Exhibit 7 illustrates, the major hyperscale cloud providers - Amazon, Alphabet, Meta, Microsoft and Oracle - have delivered impressive earnings growth since the launch of ChatGPT in 2022.

Still, their cash flows have not kept pace, peaking near $300 billion in 2025 and trending down toward break even since, owing to their ramping AI investments. Indeed, amid this significant investment cycle, Hyperscalers' growth capex has risen from $70 billion pre-ChatGPT to nearly $600 billion today. Historically capital-light businesses that converted nearly all profits into cash, the major Hyperscalers are currently less cash generative and are now seeing investors assign lower valuation multiples as a result - 19x earnings versus 24x to start the year.

While Hyperscalers' stocks have been flat to down this year, the stocks of their suppliers have benefited handsomely from this spend. As the exhibit also shows, cyclical areas within the technology sector - such as the semiconductors, equipment, and hardware industries - have seen cash flows rise alongside Hyperscaler capex, and their stocks more than double year-to-date as a result. With internal cash flows largely spoken for, however, the major Hyperscalers have increasingly turned to debt and equity markets to fund their AI data center projects. As Exhibit 8 shows, this marks a shift from a historical track record of minimal debt and significant stock buybacks. This dynamic adds a new layer of complexity to the AI buildout and resulting market strength, as they are now more dependent on the willingness of markets to finance these ambitious AI builds.

Exhibit 7: The great wealth transfer; AI investments drive diverging trends in cash flow between Hyperscalers and their suppliers.

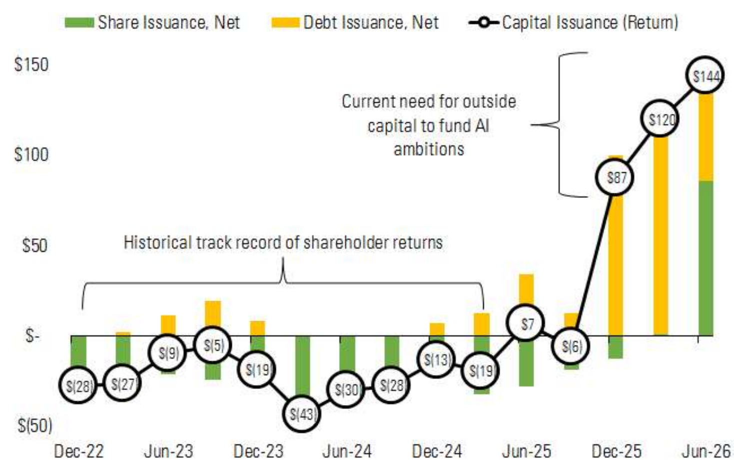
Forward earnings, capex & cash flow expectations for Hyperscalers and Cyclical Tech ($ billions)



(1) Hyperscaler (AMZN, GOOGL, META, MSFT, ORCL), Cyclical Tech (semis, hardware, equipment)
Source: United Asset Strategies, FactSet, Data as of 6/30/2026

Exhibit 8: Ramping AI spend exhaust Hyperscalers' internally generated cash flow and now requires outside financing.

Debt and equity issuance, net of buybacks and debt repaid ($ billions)



Note: Hyperscalers include Alphabet, Amazon, Meta, Microsoft and Oracle
Source: United Asset Strategies, FactSet, 2Q 2026 estimate based on Hyperscaler public comments

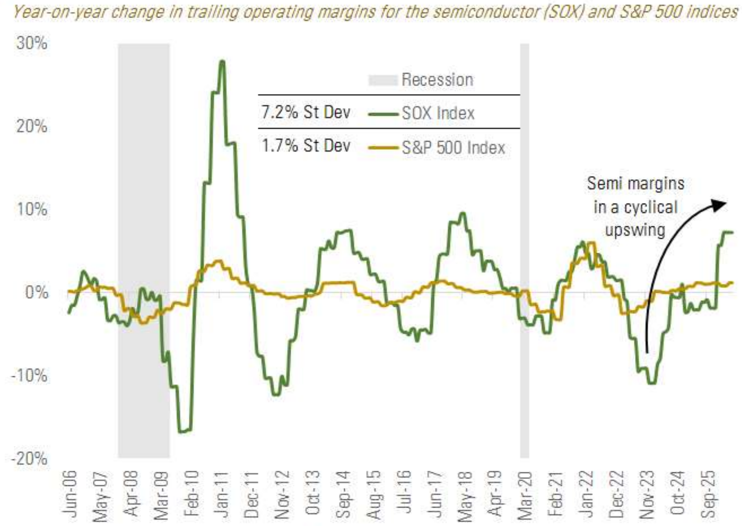
Seek Diversification in an AI-Concentrated Market.

Having previously highlighted AI's outsized role in the U.S. economy, the same can be said for our stock market. The five Hyperscalers now account for 17% of S&P 500 earnings and 20% of total market cap, while their suppliers - the hardware, semiconductor and equipment industries - add another 25% and 29%, respectively. Taken together, nearly half the S&P is made up of companies deeply embedded in the AI ecosystem, making the market an increasingly concentrated bet on AI.

While the long-term economics of AI are difficult to predict with precision, we believe it will ultimately prove to be a transformational technology that deserves a healthy allocation in diversified portfolios. In our view, Hyperscalers are less expensive today than to start the year and their management teams have a long track record of investing capital wisely, suggesting today's AI spend will generate tomorrow's cash flows. That said, it is common for such secular tailwinds to hit air pockets along the way. To that end, Exhibit 9 highlights the cyclical ebb and flow of profit margins from the semiconductor industries (vs. the more stable margins seen for the broader market). While the substantial and still growing AI capex fueling semiconductor earnings shows no sign of slowing, history suggests the pace of Hyperscaler investment will one day slow and supplier profit margins will naturally mean-revert.

Exhibit 9: Profits for the semiconductor industry have historically proven to be cyclical, as seen in the Y/Y change in margins.

Year-on-year change in trailing operating margins for the semiconductor (SOX) and S&P 500 indices



Source: United Asset Strategies, Bloomberg, Data as of 6/30/2026

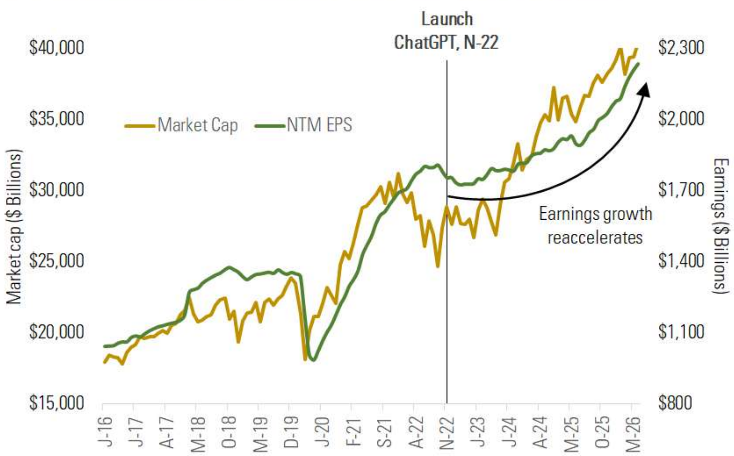
As such, we continue to favor well-diversified portfolios not overly reliant on AI. This is especially true as the opportunity set outside of the AI complex improves. For example, Exhibit 10 charts earnings and market capitalization for the market ex-AI (Great 8, Hyperscalers and Cyclical-Tech) to highlight the recent reacceleration in earnings growth. This despite valuations that remain reasonable (18x EPS x-AI, vs. 17.5x 10-year average).

Up in Quality, Long in Duration. Short-term bonds underperformed in the 2nd quarter, as the short end of the yield curve increased in response to the previously discussed, more hawkish tone struck by the new Fed chair. For example, Exhibit 11 shows the curve flattened as two-year treasuries increased 33 basis points (bp), while long-term rates were little changed. Clients benefited from positions in long-term municipals, which held their value owing to the more stable long end of the curve.

We continue to see strong appetite for risk across markets, as seen in persistently tight corporate credit spreads. That said, we did see added value in preferred stocks during the 2nd quarter and took the opportunity to increase exposure as a result – boosting yield through an attractively valued sector of the fixed income market. Generally speaking, client fixed income exposure remains up in credit quality and long duration.

Exhibit 10: Excluding the AI Trade, the rest of the market remains attractively valued - just as earnings are starting to reaccelerate.

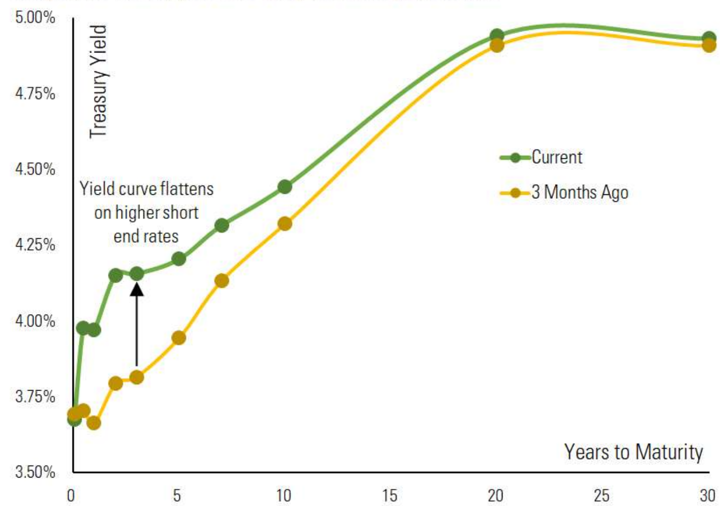
Market cap & forward earnings for total stock market, excluding large cap AI exposure.



Note: The Rest is the S&P 1500, ex cyclical-tech components of S&P 500, Great 8 and Hyperscalers.
Source: United Asset Strategies, Bloomberg, Data as of 6/30/2026

Exhibit 11: Yield curve flattens as hawkish tone at the Fed moves the short end of the curve up toward a more stable long end.

Change in the Treasury yield curve during the second quarter of 2026



Source: United Asset Strategies, FactSet, as of 6/30/2026

FINANCIAL PLANNING

Saving Smarter for Every Stage of Life. Saving for the future is not just about how much you invest but also about where you invest. Each type of investment account has its own tax characteristics, and a well-rounded portfolio often includes taxable accounts, tax-deferred retirement accounts, and Roth accounts. Because each account is taxed differently, using all three can create greater flexibility and support a more balanced approach to saving, spending, and planning for the future.

During your working years, building assets across all three buckets helps prepare you for a variety of financial goals. Whether you are planning to purchase a home, pay for college, or start a business, having savings with varying tax treatments provides more options when it is time to access your money.

That advantage becomes even more valuable in retirement. With a coordinated withdrawal strategy, retirees can manage taxable income year to year, reducing unnecessary exposure to higher tax brackets and improving overall tax efficiency.

A diversified tax strategy also benefits future generations. Beneficiaries who inherit qualified retirement accounts become responsible for paying income taxes as those assets are distributed. Passing along a mix of taxable, tax-deferred, and Roth assets helps preserve after-tax value for heirs.

Just as investment diversification helps manage market risk, tax diversification helps prepare for changing tax environments, income needs, and financial goals. Building savings across multiple tax categories creates opportunities for thoughtful financial planning throughout every stage of life.

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