BEAIRDHARRIS
CPAs & Wealth Managers

WealthGuide

Q3 | 2026 QUARTERLY MARKET REVIEW



INVESTOR MINDSET

The Illusion of Control

More information hasn't made markets easier to predict. Focus on what you can control.

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Quarterly Market Review

We hope this letter finds you well and enjoying the cooler fall weather. We're always excited to see fall arrive, and the recent cold front reminded us that it's here! It was quite a relief from the heat.

Following an exceptionally strong second quarter, investment markets delivered mixed results during the third quarter of 2026. U.S. large stocks continued a modest advance while U.S. small stocks, small value stocks, and real estate stocks experienced declines. International stocks fared somewhat better, although results varied across markets. Despite the third-quarter slowdown, returns remain strong for the year-to-date period ending September 30th.

For context, among equity asset classes, the S&P 500 returned approximately 2.3% for the quarter. U.S. small company stocks were the worst-performing asset class, down 7.2% for the quarter. International small value stocks had the highest return, up 5.7%.

While quarterly returns will always vary among asset classes, the bigger picture is that investors have enjoyed a remarkably favorable stretch in the markets. That's certainly something to celebrate, but it also brings a continuing risk that doesn't show up in the numbers, and that's the risk of overconfidence.



Pat Beaird

CO-FOUNDER | MANAGING PARTNER



Back:
Chase Perry,
Jimmy Zimmerman,
Pat Beaird,
Steve Lugar,
Jacob King

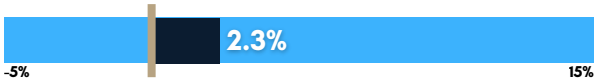
Front:
Ginnie Baker,
Tra Sullivan,
Tai Chu,
Clint Dunn

Market Snapshot

Returns as of 09/30/2026

US STOCKS

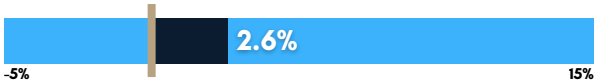
US Large Cap
S&P 500 Composite



US Profitability
MSCI USA Sector Neutral Quality



US Large Value
Russell 1000 Value Index



US Small Cap Value
Russell 2000 Value Index



INTERNATIONAL STOCKS

International Large Cap
MSCI World ex USA Index



International Large Value
MSCI World ex USA Value Index



International Small Value
MSCI World ex USA Small Cap Value Index

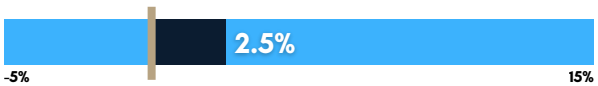


Emerging Markets
MSCI Emerging Markets Index



ALTERNATIVES

Multi-Alt Strategy
Morningstar Multistrategy Index



Reinsurance
Swiss Re Global Catastrophe Bond



DIGITAL ASSETS

Digital Assets*
Bitcoin



** Performance Shown on an Expanded Scale Due to Higher Volatility*

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio.



THE LONG VIEW

The Price of Panic

It's easy to stay disciplined when markets are rising. The real test comes when they fall.

One of the challenges of a prolonged period of strong investment returns is that it can create a false sense of security. When markets have been good for a long time, it's easy to think the good times will continue indefinitely. History tells us otherwise. Stock market corrections are a normal part of investing; and we have no idea when the next significant decline will occur, but we can be confident that it will.

This brings us to what we believe is one of our most important responsibilities as your financial advisor. Our job isn't simply to earn attractive returns. Equally important is helping you prepare for the inevitable periods of significant market decline that lie ahead. It's easy to remain disciplined when account values are rising.

The real test comes when markets fall, headlines are frightening, and the temptation to act becomes overwhelming. Consider the Global Financial Crisis. Between October 2007 and March 2009, a period of 17 months, the S&P 500 fell by approximately 57%!

An investor who began with approximately $231,000 invested in the index would have watched it fall to $100,000. The financial system appeared to be unraveling, respected financial institutions were failing, and the headlines were predicting it would get worse.

Consider what happened next. Had that investor remained invested, without adding a single dollar, the $100,000 would've grown to $1.13 million by mid-October 2026, without counting dividends! An investor who moved to cash would've missed that recovery. The difference wasn't an ability to forecast the economy or predict stock prices. It was the willingness and financial ability to remain invested, when doing so felt extremely uncomfortable or even frightening.

Similarly, some investors might be wondering if the upcoming midterm elections provide a reason to change their investments. History says no, regardless of who wins! Going back to 1950, the S&P 500 has delivered positive returns in the 12 months following every midterm election, with an average gain of about 15%. Near-term performance is also strong, with the fourth-quarter return in midterm election years averaging 6.6%. While there's no guarantee that history will repeat itself, the numbers are compelling.

We can't eliminate market declines or predict their timing, but we can help you remain financially and emotionally prepared. Our goal is to position you so that when the next difficult market arrives, and it eventually will, you can approach it with confidence rather than fear. We believe this is one of the most valuable things we can do! It's why we believe in diversification, maintaining appropriate reserves, and constructing portfolios that consider risk tolerance and your individual circumstances.

INVESTOR MINDSET

The Illusion of Control

More information hasn't made markets easier to predict. Focus on what you can control.

We live in an extraordinary age of information. With a few clicks on our computers or phones, we can access virtually unlimited financial data, economic forecasts, and expert opinions about where markets are headed. Artificial Intelligence has taken this a step further, giving us the ability to analyze enormous amounts of information in seconds. With all these remarkable tools at our disposal, you might reasonably assume that predicting the direction of markets has become considerably easier. Unfortunately, there's not much evidence that it has!

One of the interesting characteristics of human nature is our tendency to believe that having more information gives us greater control over outcomes. Psychologists refer to this as the "illusion of control." It's particularly interesting when it comes to investing. With access to immediate and deeply analyzed financial and economic indicators, shouldn't we be able to figure out where stock prices are going next?

The problem is that stock markets don't operate according to a predictable set of rules. Stock prices at any given time reflect the collective expectations of millions of investors, all attempting to anticipate what lies ahead. And those expectations are constantly changing. Even if we could accurately predict what the economy will do over the next year, it wouldn't necessarily tell us what the stock market will do. Much of what we anticipate is already reflected in today's prices.

One of the great challenges for successful people is accepting that there are important things that we simply cannot control. Many of us have spent our careers solving problems, making decisions, and achieving results through hard work and careful



analysis. Those qualities serve us exceptionally well in many areas of life. But investing presents a different challenge. Often the smartest decision is to recognize that we don't know what's going to happen next.

Perhaps the greatest irony is that successful investing often requires us to focus less on what we cannot control, and more on managing the things we can. Like maintaining discipline, staying diversified, and grounding it all in a well-thought-out financial plan!

OFFICE CLOSURES

Holiday Schedule

Thanksgiving Day	Nov. 25 at noon through Nov. 27
Firm Holiday	Dec. 4 (staff event)
Christmas Day	Dec. 24 and 25
New Year's Day	Jan. 1



CLOSING THOUGHTS

Looking Forward, Together

As we look toward the end of another year, we hope the discussions in this letter will serve as a reminder that successful investing isn't about predicting the future or avoiding market declines. It's about having a thoughtful plan, understanding risks, and maintaining discipline.

While we can't control what the financial markets will do tomorrow, we can control how we prepare for whatever lies ahead. Our commitment is to continue making thoughtful, disciplined decisions with your long-term financial well-being as our guiding priority.

We are truly grateful for the opportunity to partner with you in the management of your financial resources. It's a privilege to serve you. If you have any questions, please don't hesitate to call.

FIRM NEWS

Ranked No. 3 by CNBC

We are delighted to share that earlier this month, for the second year in a row, Beaird Harris was ranked #3 on CNBC's list of The Best 100 Financial Advisors in the country! CNBC considered a universe of 41,578 registered investment advisor firms in developing its rankings. This is not a list that RIA firms can simply apply to join; participants are selected based on CNBC's proprietary criteria and must be chosen. We've made the list nine times, including three appearances in the Top 10!

While we're proud of this accomplishment, we're even more grateful for the trust you've placed in us over the years!

Read more on CNBC →

FA 100 CNBC 2026

FINANCIAL ADVISOR 100

See important disclosures on back cover.



FROM THE BLOG

Year-End Charitable Giving & RMDs

Two things to settle before year-end: how you give, and what you're required to take.

FRIDAY
Nov 13

Charitable Gift Deadline

Please submit charitable gift requests by Friday, November 13, to allow time for Beaird Harris and your custodian to process them before year-end.

GIVING STRATEGIES AT A GLANCE

For Investments with Significant Gains

Gifting Appreciated Securities

Appreciated securities held more than one year can go directly to a qualified charity. This avoids capital gains tax on the appreciation and would provide a deduction at fair market value, subject to IRS limits.

For IRA Owners Age 70½ and Older

Qualified Charitable Distributions

IRA owners 70½ and older can give up to $111,000 in 2026 directly from an IRA to charity. The distribution isn't taxable income and can count toward an RMD. QCDs generally can't go to a donor-advised fund.

Often Used in a High-Income Year

Donor-Advised Funds

Contributions may qualify for a deduction in the year they're made, with grants recommended to charities over time. Some donors "bunch" several years of giving into one year for a potentially larger deduction.

For Taxpayers Who Don't Itemize

New Deduction for Non-Itemizers

Beginning in 2026, taxpayers who don't itemize may deduct certain cash gifts to qualified charities, generally up to $1,000 for single filers or $2,000 for married couples filing jointly.

Made a QCD? Tell your CPA.

Custodians aren't required to identify QCDs on Form 1099-R for 2026, so make sure your tax preparer knows the distribution went directly to charity.

REQUIRED MINIMUM DISTRIBUTIONS

Age 73 or Older

You're generally required to take an RMD each year from your IRAs and 401(k)-type accounts.

Inherited IRAs

Different rules apply. Most accounts inherited in 2020 or later must be emptied within 10 years, and some also require annual withdrawals.

Accounts Held Elsewhere

You're responsible for RMDs from any IRA Beaird Harris doesn't manage, including inherited IRAs.

We are in the process of reaching out to all individuals who require an RMD and will be in touch soon if we haven't contacted you already; however, you are welcome to reach out to us directly to process your RMDs now if you would like.

NOT SURE WHICH APPLIES TO YOU?

Your Beaird Harris Wealth Manager can help coordinate your giving and RMDs with your tax picture. Read the full article online.

blog.bh-co.com

Beaird Harris Wealth Management, LLC
5005 LBJ Fwy, Suite 1700
Dallas, TX 75244

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