

Client Newsletter – October 2026

COMPANY UPDATES

1. Financial education remains a core Advisor focus. I have developed a series of classes and workshops intended to help clients build knowledge on a range of topics (budgeting, investing, benefits, insurance, estate planning, and taxes) as a foundation for customized financial plan development and maintenance. All materials can be found on the EA Client Resources Portal.
 - a. In June, I launched a workshop on Buying a House with sessions held in June and July.
 - b. Later this month, I will host the initial session for my new workshop covering “Savings and Investment Options for Children.”
 - c. Clients of Eustace Advisors have priority for these workshops, but if you know of someone who is not an EA client and they may benefit by attending, let me know.
2. As detailed in the next section, numerous resources have been developed or updated in recent months to help clients better understand a wide range of personal financial management topics.

NEW and UPDATED RESOURCES ON THE CLIENT PORTAL

ARTICLES and PAPERS: [How to Manage a Financial Windfall](#) (new),
[An Overview of the Taxation of Inherited Benefits](#) (new),
[2-Fund and 3-Fund Portfolio Recommendations](#) (updated)

CLASSES: [Home Buying Made Simple](#) (updated),
[Fundamentals of Investing](#) (updated),
[Life Insurance Overview](#) (updated),
[Understanding Employer Benefits](#) (updated).

TEMPLATES / REFERENCES: [2027 Medicare and You](#) (new),
[How Medicare Works with Other Insurance Plans](#) (updated),

Please let me know if you have suggestions for educational topics.

UPCOMING EUSTACE ADVISOR FINANCIAL PLANNING TOPICS

- OCT: Savings and Investment Options for Children (Workshop); A Summary of Useful Financial Resources (Article).
- NOV: End-of-Year Reviews.
- DEC: Investing Education (Understanding Dividend and Capital Gain Distributions within Mutual Funds and ETFs).

KEY UPCOMING DATES

JAN 15, 2027: Q4'26 ESTIMATED TAX PAYMENTS ARE DUE.

FINANCIAL NEWS

For the 4th year in a row, global financial markets continue to show strong positive performance, with investors balancing strong corporate earnings and economic growth against elevated interest rates and inflation concerns.

- The S&P500 index closed at 6846 on Dec 31, hit a low of 6317 on Mar 30 and closed at 7794 on Oct 5, resulting in a YTD increase of 13.8%. Since Mar 30, the S&P500 index is up 23.4%. We saw similar down-then-up performance in 2025 – patient investors who avoided panic selling earlier this year have again been rewarded (as they were in 2023, 2024 and 2025).
- International markets, measured by the MSCI EAFE Index, have also performed well in 2026 (up 9.5% YTD) following a stellar 2025 in which they increased by 31%.
- The strength of the stock market, however, has not eliminated potential risks. Elevated valuations in some market segments, concentration among the largest technology companies, geopolitical uncertainty, and higher interest rates could contribute to increased volatility.

The U.S. and Global Economies Continues to Grow

- The U.S. economy continues to expand at a moderate pace. According to the Bureau of Economic Analysis, real gross domestic product increased at a 2.2% annual rate in Q2'26, following 2.5% growth in Q1.
- The OECD (Organization for Economic Co-operation and Development) has recently raised their 2026 global economic growth forecast to 2.9% from 2.8%.
- The labor market, however, is showing signs of cooling. September payroll employment increased by only **29,000 jobs**, while the unemployment rate remained at **4.2%**. Wage growth was 3.0% over the past 12 months.

Inflation Is Having a Significant Impact

- While the U.S. economy continues to expand and corporate earnings remain strong, 95% of Americans report concerns driven by the rising cost of everyday essentials.
- U.S. Headline Inflation (which includes every category of consumer expenditures) remained at a 3.4% annual rate as of E/Aug, with Core Inflation (which excludes food and energy) decreasing slightly to 2.4%.

Interest Rates Are a Key Market Driver

- Interest rates remain one of the most important factors for investors. Treasury yields have risen significantly, with the 10-year Treasury yield around **5.3%** in early October. Higher yields can provide more attractive income opportunities for bond investors, but they can also place pressure on stock valuations and increase borrowing costs for businesses and consumers.
- 30-year fixed mortgage rates, which track the 10-year Treasury yield, surged from 6.0% in March to 6.5% in June to 7.49% as of October 5th. This is tough news for potential homebuyers.
- For investors:
 - Continue to look for the highest-yielding options for your cash - do not let a lot of cash sit in low-yielding bank accounts.
 - If you invest in CDs: the spread on rates between 90-day and 5-yr terms is 4.15-5.25%. I currently recommend one or two-year CD ladders to balance liquidity vs. yield.
 - If you invest in bonds or bond funds, consider shorter-duration options, which should offer better returns if interest rates continue to increase.

The Bottom Line

- The current environment continues to illustrate why diversification and a long-term perspective remain important. Although markets are near record levels, economic and policy uncertainties can produce periods of volatility. Rather than attempting to predict short-term market movements, investors may benefit from maintaining an investment strategy aligned with their **goals, time horizon, risk tolerance, and overall financial plan**.

Past performance is not a guarantee of future results, and every investor's situation is unique. Thus, all investment and financial decisions must be made in the context of your unique circumstances, perspectives, and goals. The information contained in this newsletter is of a general nature and is for educational purposes only.