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SUMMARY

- Market leadership broadening beyond tech is healthy for the bull market.
- Earnings revisions ex-tech are turning uniformly positive for the first time in years.
- Pullbacks ahead are likely opportunities, not exits — stay the course.

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Rotation Celebration

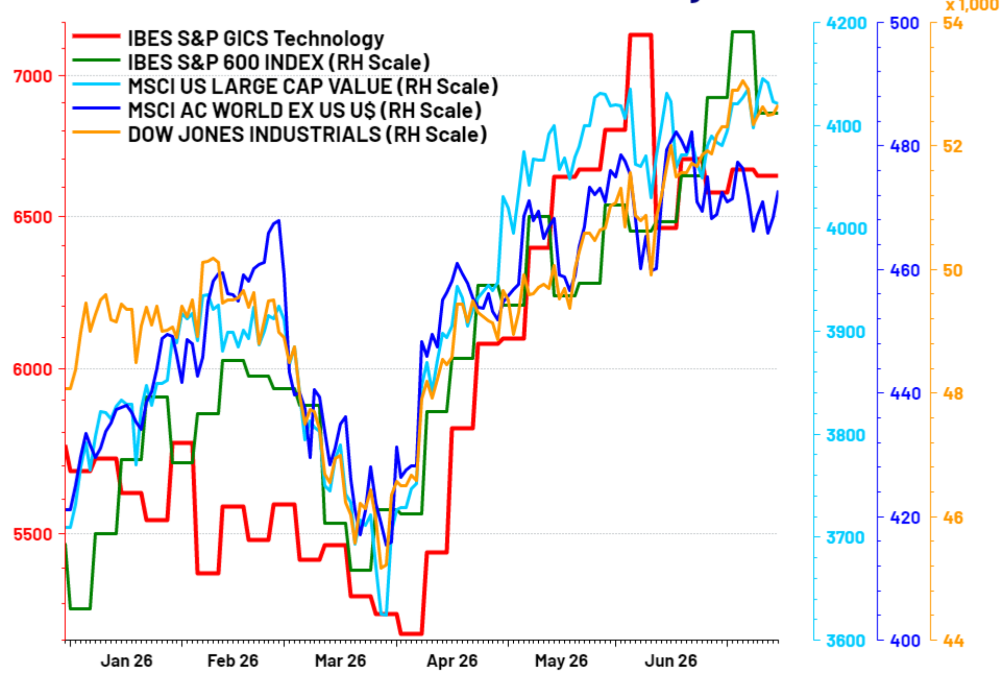
Bull Market Is More Than Just Tech…That's a Good Thing

For the better part of the last three years, the investment conversation has been dominated by a single theme: mega-cap technology. The "Magnificent 7" trade was real…and rewarding for those who stayed the course. But lack of market breadth also made many investors nervous…so much so that we addressed the issue directly back in 2023. A bull market where seven stocks do most of the heavy lifting is a bull market that depends heavily on those seven stocks continuing to deliver. But, as we stated back in 2023, *'breadth itself is not a reason to be bearish*". Historically, narrow breadth just as often ends in a positive, not negative way – with broadening breadth refreshing risk appetite and ushering in the next phase of a bull market.

For those concerned about a narrow bull market, here's some good news: it appears to us that **market leadership is now broadening to incorporate varied themes outside of just tech.** New all-time highs in 2026 are no longer just a tech-dominated S&P 500 story: the S&P 600, the MSCI US Large-Cap Value Index, MSCI All-Country World ex-US index and the more cyclically-oriented Dow Jones Industrial Average (DJIA) have all joined the party in recent weeks, outperforming tech in the process (Chart 1 below). And in our view, that's a healthy turn of events for this bull market.

This kind of rotation reflects a market that is beginning to price in something broader than an AI-fueled tech boom — it's beginning to price in a genuine global corporate earnings expansion.

Chart 1: Bull Market Not Just Tech Anymore



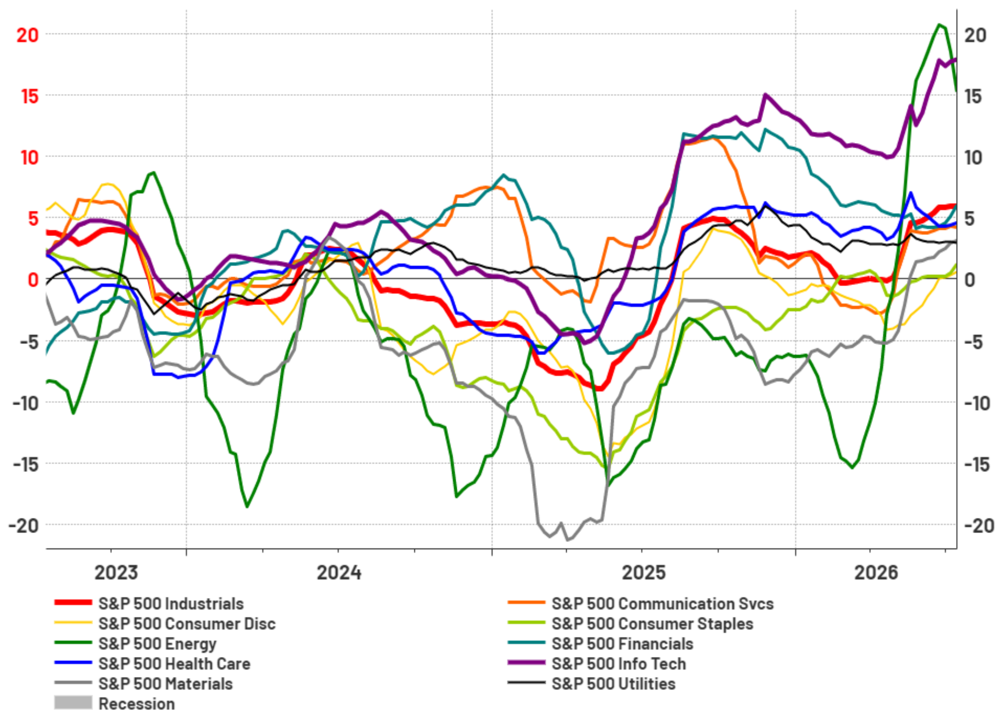
Source: LSEG Datastream, IBES, RiverFront; data daily, as of 07.15.2026. Chart right shown for illustrative purposes only. Past performance is no indication of future results.

Earnings Momentum and Contained Inflation - the Catalyst Needed for Rotation to Continue

We've written about the "reflationary" economic backdrop before — an environment characterized by positive GDP growth, earnings expansion, and inflation that is higher than the Fed's 2% target, but remains contained. This generally describes the current US economic backdrop...and is the kind of environment in which cyclical and value-oriented sectors in the US and internationally tend to do well.

Earnings revisions have been a major catalyst. The key development in recent months isn't just that tech earnings have remained strong — it's that revisions outside of tech have begun to firm up as well. **Earnings revision 'momentum'** - which we define as the percentage of analyst earnings estimates revised up, minus those revised down, over the total number of revisions **- for all S&P 500 sectors is now positive for the first time in years** (Chart 2). In particular, Financials (teal line) and cyclical business models such as Industrials (red line), Materials (gray line) and Energy (green line) have now joined Tech above the zero line. The same is also generally true in broad Europe, Japan and Emerging Market indices. When earnings breadth expands, market breadth tends to follow, in our view.

Chart 2: S&P 500 Earnings Momentum: All Sectors Positive



Source: LSEG Datastream, IBES, RiverFront; data weekly, as of 07.15.2026. Chart right shown for illustrative purposes only. Past performance is no indication of future results.

Note: this non-tech earnings momentum rotation is encouraging, but it is also early. A few things need to go right for it to have legs. **Outside of tech, actual earnings and cash flow growth have improved, but still remain less strong overall ...**one reason we remain overweight certain tech themes, despite recent volatility and last week's meaningful sell-off in semiconductors.

Second, inflation needs to stay in that "elevated but contained" zone. If the Iran uncertainty causes energy prices to re-accelerate, we could see an interest rate spike that disproportionately hurts rate-sensitive stocks, particularly smaller-caps and financials...as we have written about recently. However, we believe last week's softer-than-expected core CPI print of 2.6% year-over-year was an important positive data point for the reflation theme. It suggests to us that the underlying inflation trend ex-energy may be more benign than feared. That matters for our rotation thesis, because "inflation elevated but contained" is the sweet spot. It supports revenue growth for cyclical companies without forcing the Fed into a posture that chokes off the expansion.

Conclusion: We Remain Constructive on US and Global Stocks, Despite Near-Term Challenges

We remain constructively positioned and continue to favor stocks as our base case for the second half of 2026. However, we may be encountering some near-term headwinds for markets. In a mid-term election year, Q3 has historically been the most challenging quarter of the year. And as we recently noted, investor sentiment has moved to optimistic levels that warrant some humility. Elevated investor optimism is not a reason to exit, but it is a reason to stay disciplined. **That said, we view any Q3 volatility through the lens of what we believe remains a fundamentally sound bull market.** Pullbacks within a healthy expansion are generally opportunities, not times to exit. The bull market is growing up. It's learning to walk on multiple legs — and we think that makes it more durable, not less.

Risk Discussion: All investments in securities, including the strategies discussed above, include a risk of loss of principal (invested amount) and any profits that have not been realized. Markets fluctuate substantially over time, and have experienced increased volatility in recent years due to global and domestic economic events. Performance of any investment is not guaranteed. In a rising interest rate environment, the value of fixed-income securities generally declines. Diversification does not guarantee a profit or protect against a loss. Investments in international and emerging markets securities include exposure to risks such as currency fluctuations, foreign taxes and regulations, and the potential for illiquid markets and political instability. Please see the end of this publication for more disclosures.

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All charts shown for illustrative purposes only. Technical analysis is based on the study of historical price movements and past trend patterns. There are no assurances that movements or trends can or will be duplicated in the future.

Stocks represent partial ownership of a corporation. If the corporation does well, its value increases, and investors share in the appreciation. However, if it goes bankrupt, or performs poorly, investors can lose their entire initial investment (i.e., the stock price can go to zero). Bonds represent a loan made by an investor to a corporation or government. As such, the investor gets a guaranteed interest rate for a specific period of time and expects to get their original investment back at the end of that time period, along with the interest earned. Investment risk is repayment of the principal (amount invested). In the event of a bankruptcy or other corporate disruption, bonds are senior to stocks. Investors should be aware of these differences prior to investing.

In general, the bond market is volatile, and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa). This effect is usually more pronounced for longer-term securities). Fixed income securities also carry inflation risk, liquidity risk, call risk and credit and default risks for both issuers and counterparties. Lower-quality fixed income securities involve greater risk of default or price changes due to potential changes in the credit quality of the issuer. Foreign investments involve greater risks than U.S. investments, and can decline significantly in response to adverse issuer, political, regulatory, market, and economic risks. Any fixed-income security sold or redeemed prior to maturity may be subject to loss.

Investing in foreign companies poses additional risks since political and economic events unique to a country or region may affect those markets and their issuers. In addition to such general international risks, the portfolio may also be exposed to currency fluctuation risks and emerging markets risks as described further below.

Changes in the value of foreign currencies compared to the U.S. dollar may affect (positively or negatively) the value of the portfolio's investments. Such currency movements may occur separately from, and/or in response to, events that do not otherwise affect the value of the security in the issuer's home country. Also, the value of the portfolio may be influenced by currency exchange control regulations. The currencies of emerging market countries may experience significant declines against the U.S. dollar, and devaluation may occur subsequent to investments in these currencies by the portfolio.

Foreign investments, especially investments in emerging markets, can be riskier and more volatile than investments in the U.S. and are considered speculative and subject to heightened risks in addition to the general risks of investing in non-U.S. securities. Also, inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain emerging market countries.

Technology and Internet-related stocks, especially of smaller, less-seasoned companies, tend to be more volatile than the overall market.

Artificial intelligence, or AI, refers to the simulation of human intelligence by software-coded heuristics. Nowadays this code is prevalent in everything from cloudbased, enterprise applications to consumer apps and even embedded firmware.

Index Definitions:

Standard & Poor's (S&P) 500 Index measures the performance of 500 large cap stocks, which together represent about 80% of the total US equities market.

The S&P 600 is a stock market index that tracks 600 small-cap U.S. companies, representing the small-cap segment of the American equity market.

MSCI ACWI ex USA Index captures large and mid cap representation across approximately 22 of 23 developed markets (DM) countries (excluding the US) and approximately 25 emerging markets (EM) countries.

The MSCI USA Large Cap Index is an equity benchmark designed to measure the performance of the large-cap segment of the U.S. equity market. It covers approximately 70% of the free float-adjusted market capitalization in the U.S. equity market.

The Dow Jones Industrial Average (DJIA) is a stock market index tracking 30 major U.S. companies, serving as a key indicator of the overall market and economic health.

The Institutional Brokers' Estimate System (IBES) is a database used by brokers and active investors to access the estimates made by stock analysts regarding the future earnings of publicly traded American companies.

The MSCI USA Information Technology Index is designed to capture the large and mid cap segments of the US equity universe. All securities in the index are classified in the Information Technology sector as per the Global Industry Classification Standard (GICS®).

Definitions:

Core CPI, or Core Consumer Price Index, is an economic indicator that reflects the average change over time in the prices paid by urban consumers for a basket of goods and services, excluding food and energy prices.

Inflation is a gradual loss of purchasing power, reflected in a broad rise in prices for goods and services over time.

Reflation is a fiscal or monetary policy designed to expand output, stimulate spending, and curb the effects of deflation, which usually occurs after a period of economic uncertainty or a recession.

Gross domestic product (GDP) is a monetary measure of the market value of all final goods and services produced in a period (quarterly or yearly) of time.

When referring to being "overweight" or "underweight" relative to a market or asset class, RiverFront is referring to our current portfolios' weightings compared to the composite benchmarks for each portfolio. Asset class weighting discussion refers to our Advantage portfolios.

The Magnificent Seven stocks are a group of high-performing and influential companies in the U.S. stock market: Alphabet, Amazon, Apple, Meta Platforms, Microsoft, NVIDIA, and Tesla.

Mega cap is a designation for the largest companies in the investment universe as measured by market capitalization. While the exact thresholds change with market conditions, mega cap generally refers to companies with a market capitalization above $200 billion.

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