ARROWROOT
Family Office

10 Market Themes for 3Q 2026

As of July 1, 2026

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This collection of insights highlights 10 themes we believe are most likely to shape markets and the economy this quarter.

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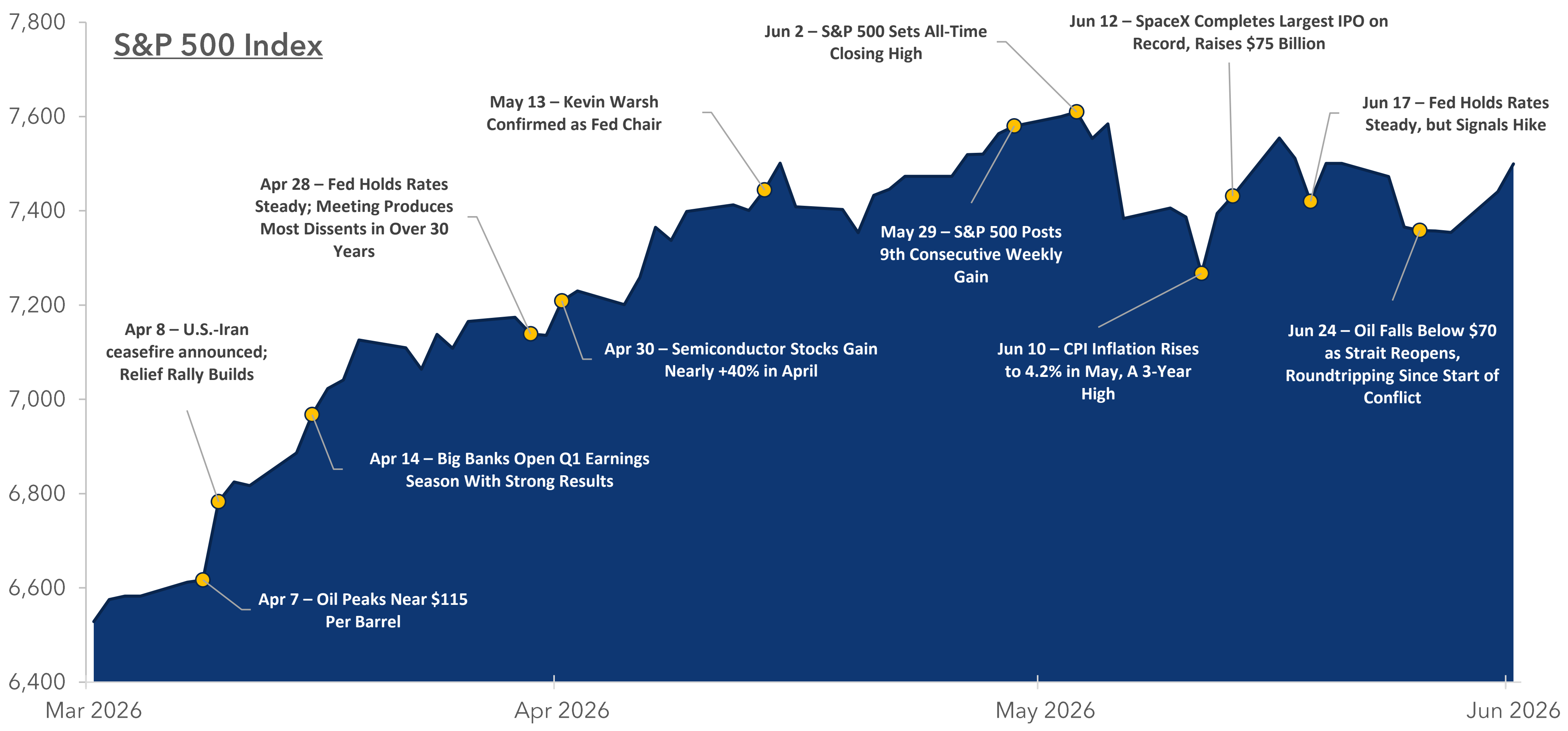
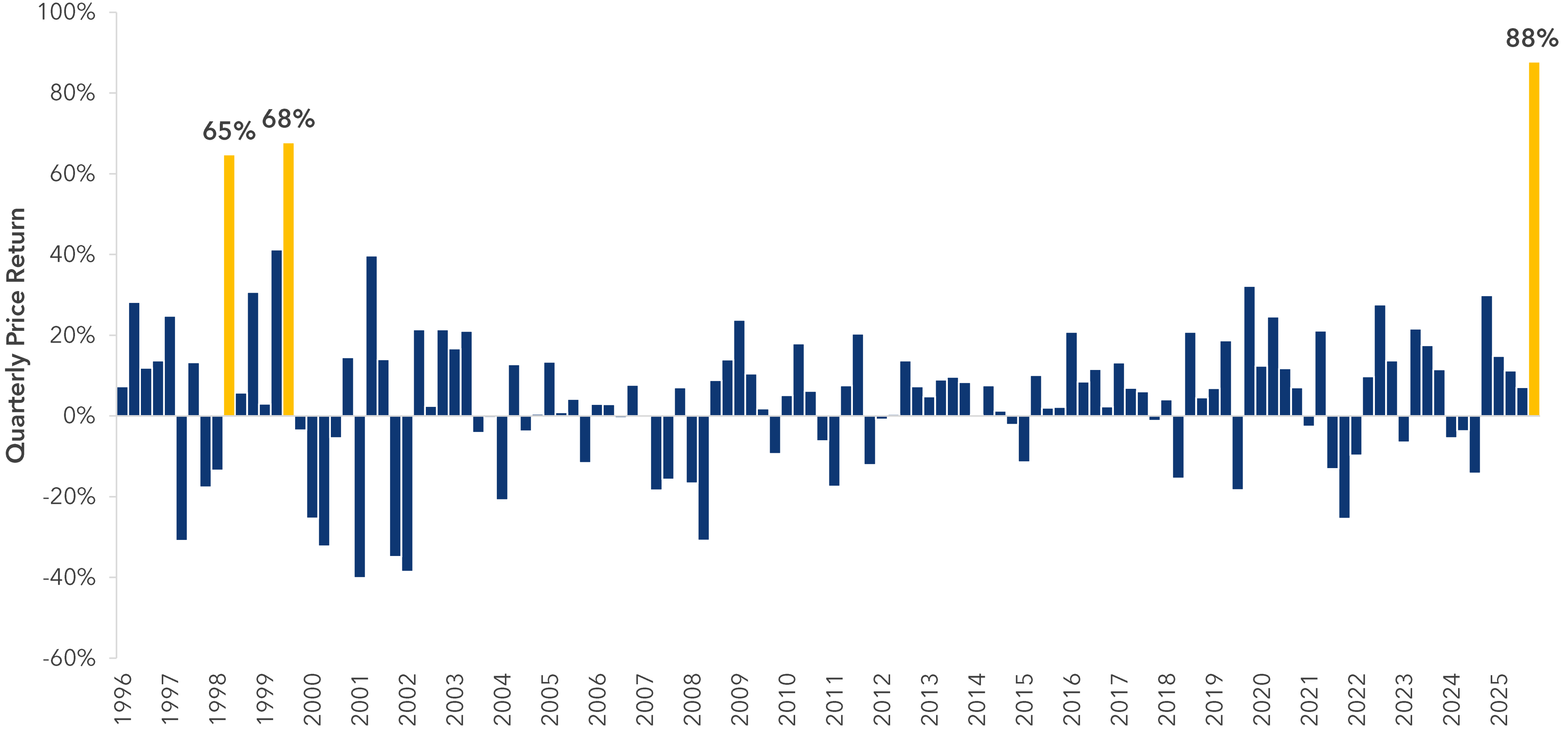
Market Recap – Key Headlines From Last Quarter



Disclosures: S&P Global. The performance of the S&P 500 index is provided for informational purposes only and does not represent an actual investment. Index performance is for illustrative purposes only and does not reflect any management fees, transaction costs, or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results. Time Period: 3/31/2026 to 6/30/2026. Latest available data as of 6/30/2026.

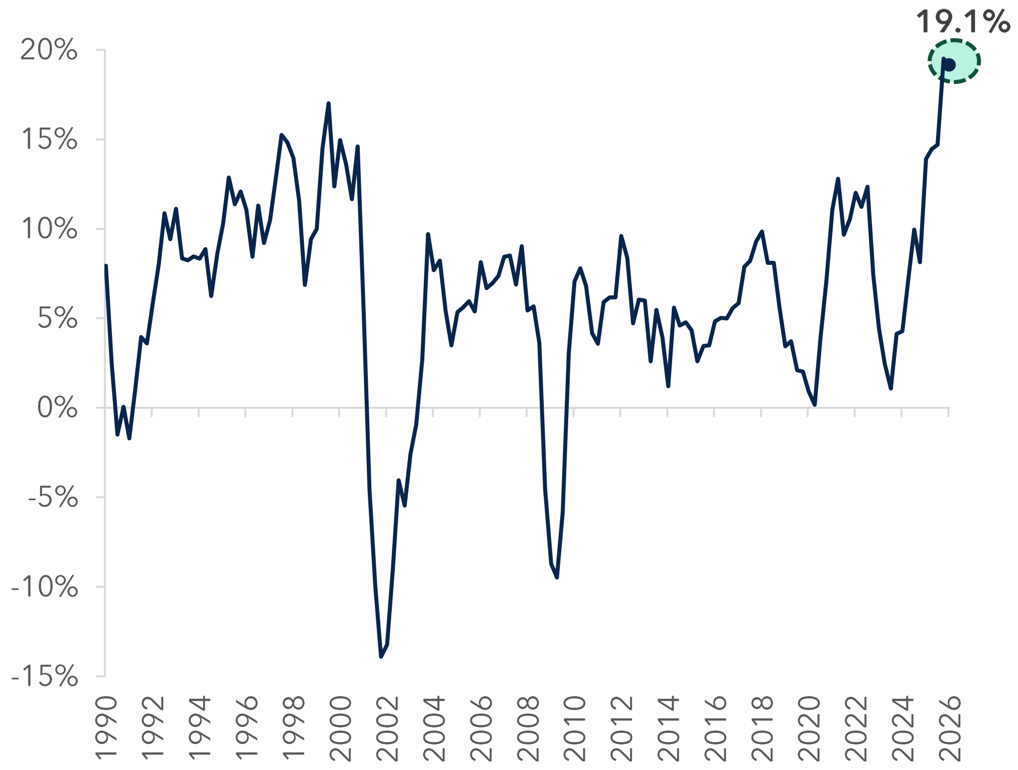
Market Themes – AI Spending Drives Record Semiconductor Rally



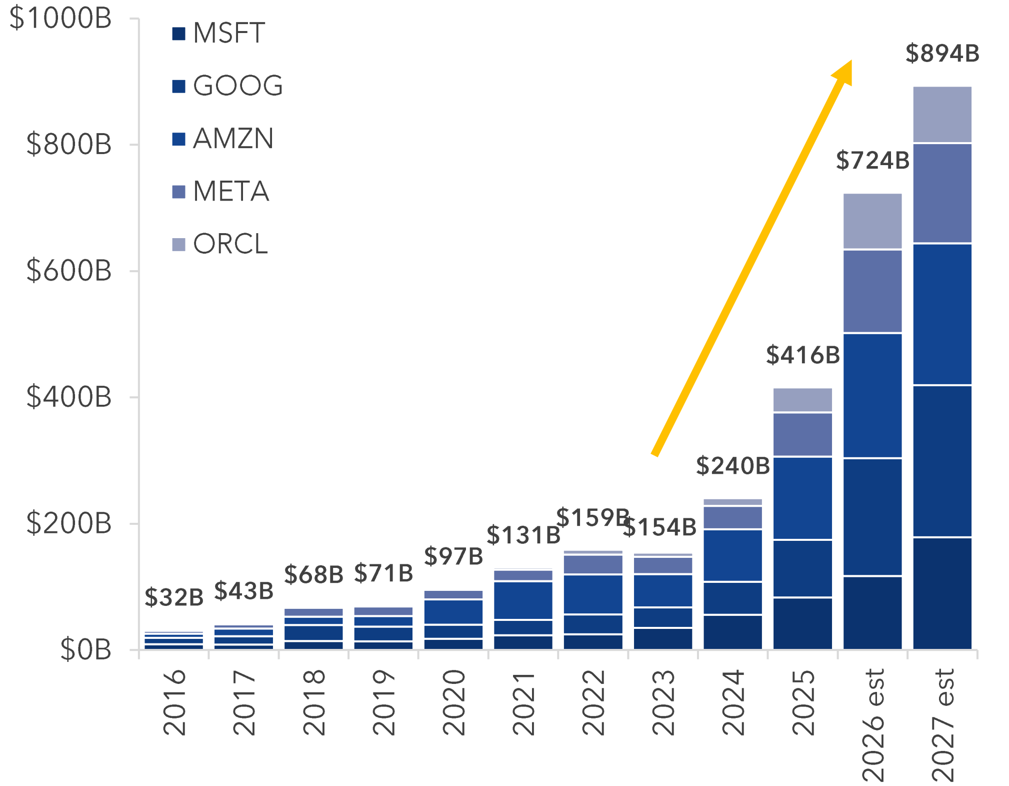
Disclosures: PHLX Semiconductor Sector Index (SOX). Index performance is shown for illustrative purposes; indices are unmanaged, cannot be invested in directly, and do not reflect the deduction of fees or expenses. Returns shown are price returns and do not include dividends. Past performance is not indicative of future results. References to historical periods are for context only and should not be interpreted as a forecast. For informational purposes only and not investment advice. Time Period: Q3 1996 to Q2 2026. Latest available data as of 6/30/2026.

AI Capex – Tech Investment Outpaces the Late 1990s

Business Investment in Tech Equipment & Software
Year-Over-Year Change (%)

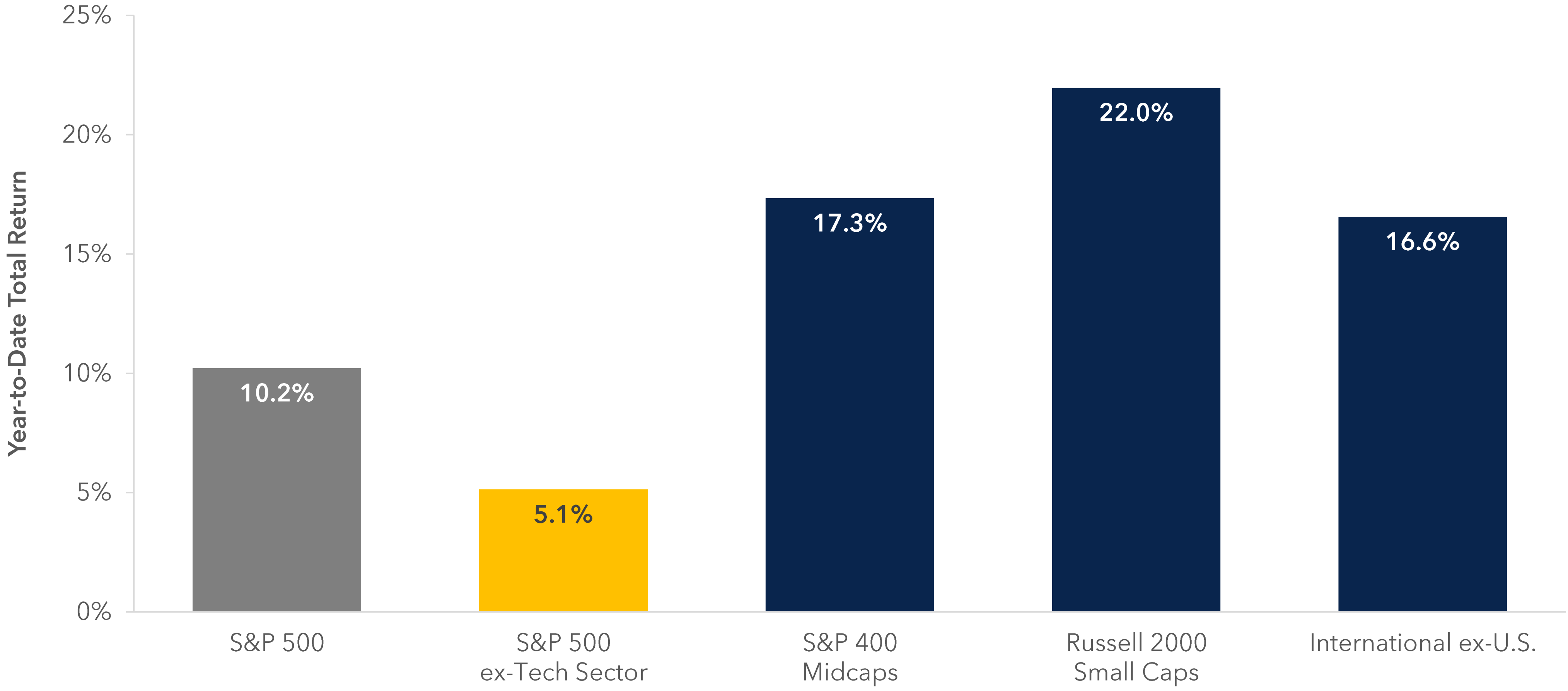


Annual Capital Expenditures
Capital Expenditures from Five Leading Tech Firms ($Billions)



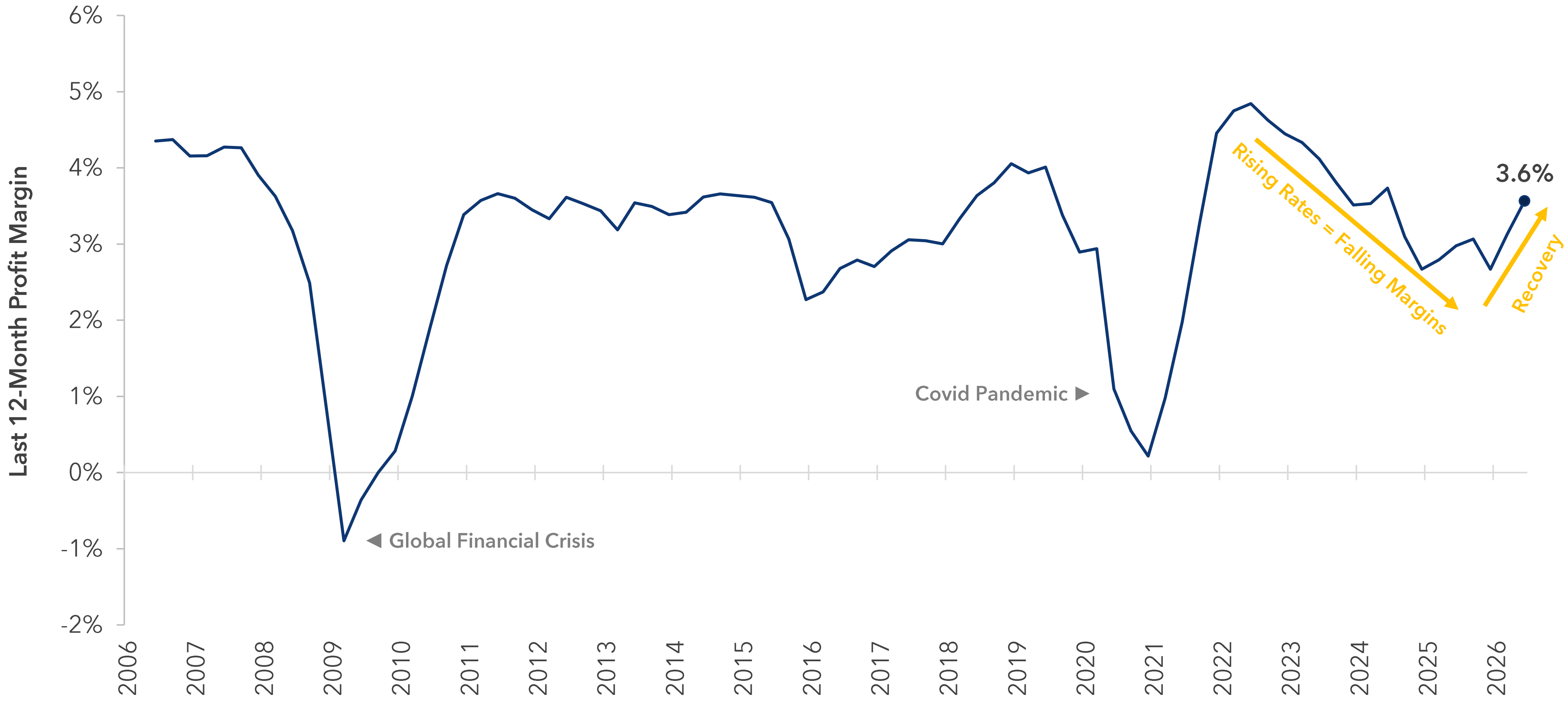
Disclosures: (Left) U.S. Bureau of Economic Analysis; Private fixed investment in information processing equipment and software, quarterly, seasonally adjusted annual rate, year-over-year change, through March 31, 2026. (Right) Company public filings for Microsoft (MSFT), Alphabet (GOOG), Amazon (AMZN), Meta (META), and Oracle (ORCL); annual capital expenditures in billions. Figures for future periods are estimates based on company guidance and publicly available forecasts; actual results may differ materially. References to specific companies are for illustrative purposes only and do not constitute a recommendation to buy or sell any security. Past performance and historical trends are not indicative of future results. For informational purposes only and not investment advice. Latest available data as of 6/30/2026.

Diversification – Market Gains Broaden Beyond Large-Cap Tech



Disclosures: S&P Dow Jones Indices (S&P 500, S&P 500 ex-Technology, S&P 400 Midcaps); FTSE Russell (Russell 2000); MSCI (MSCI ACWI ex USA). Data reflects year-to-date total return through June 30, 2026. Index performance is shown for illustrative purposes; indices are unmanaged, cannot be invested in directly, and do not reflect the deduction of fees or expenses. Diversification does not ensure a profit or protect against loss in a declining market. Past performance is not indicative of future results. For informational purposes only and not investment advice.

Corporate Earnings – Falling Interest Rates Lift Small-Cap Profit Margins



Disclosures: Russell (Russell 2000 Index). Data represents the trailing 12-month net profit margin of the Russell 2000 Index from June 30, 2006, through June 30, 2026. Index performance and fundamentals are shown for illustrative purposes; indices are unmanaged and cannot be invested in directly. The relationship between interest rates and profit margins described is a general observation and may not hold in all market environments. Past performance is not indicative of future results. For informational purposes only and not investment advice. Latest available data as of 6/30/2026.

Inflation Monitor – Price Pressures Set to Ease as Oil Reverses Lower

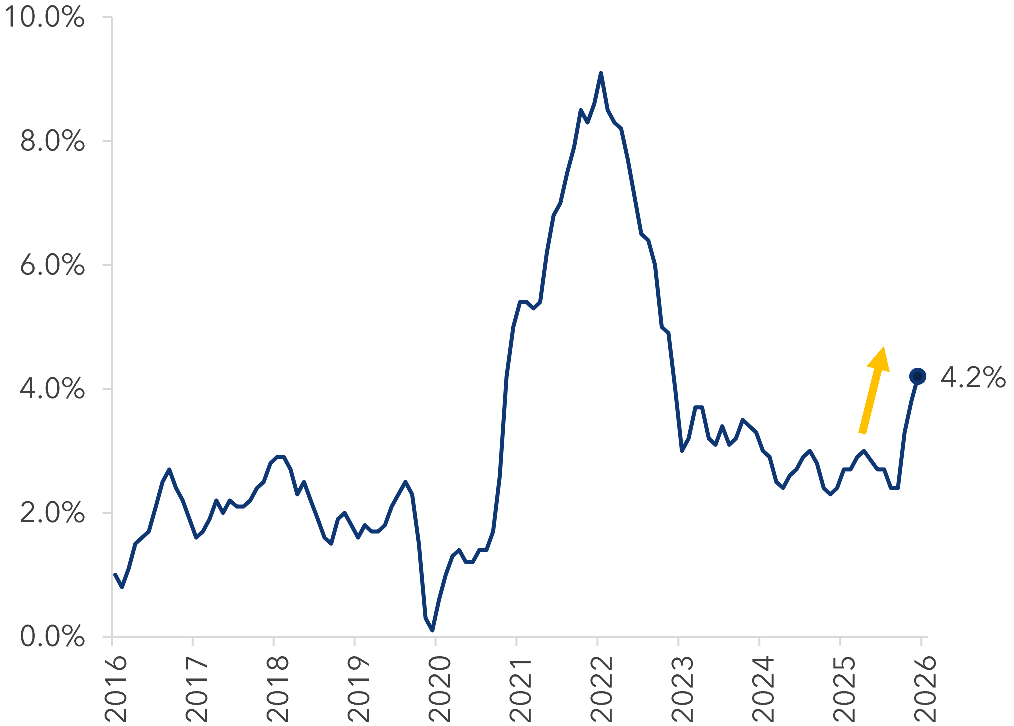
3Q 2026

Oil Prices Have Fallen to Pre Conflict Levels

WTI Crude Price ($ per barrel)

Oil Spike Pushed Inflation to 4.2%

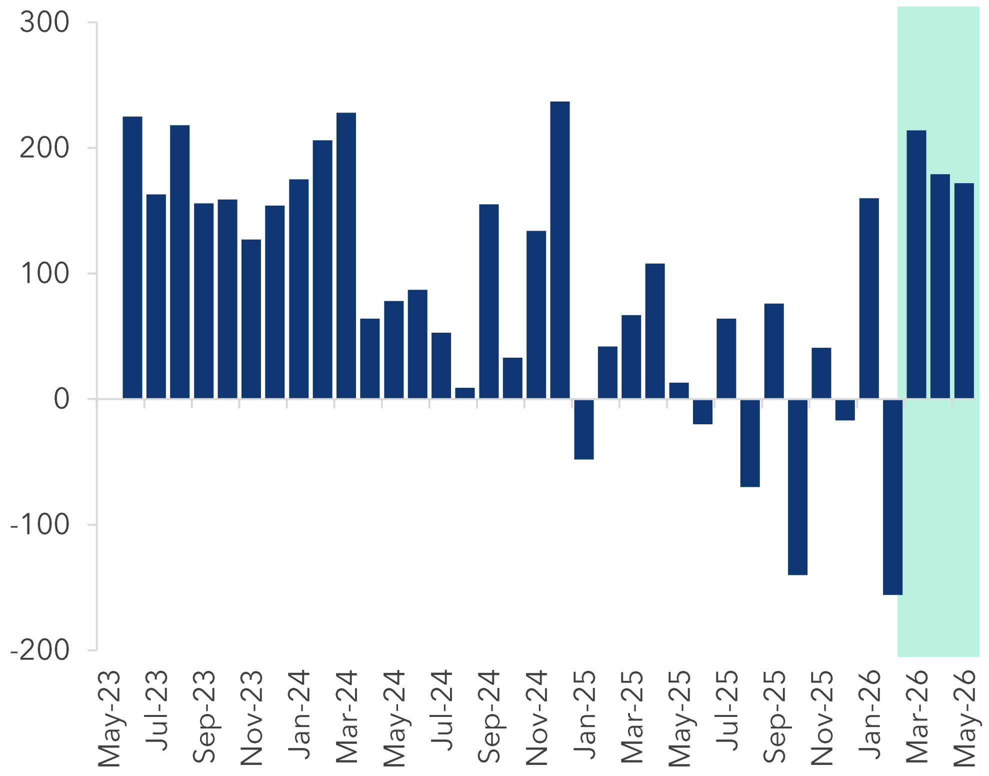
Headline Consumer Price Index (CPI year-over-year change)



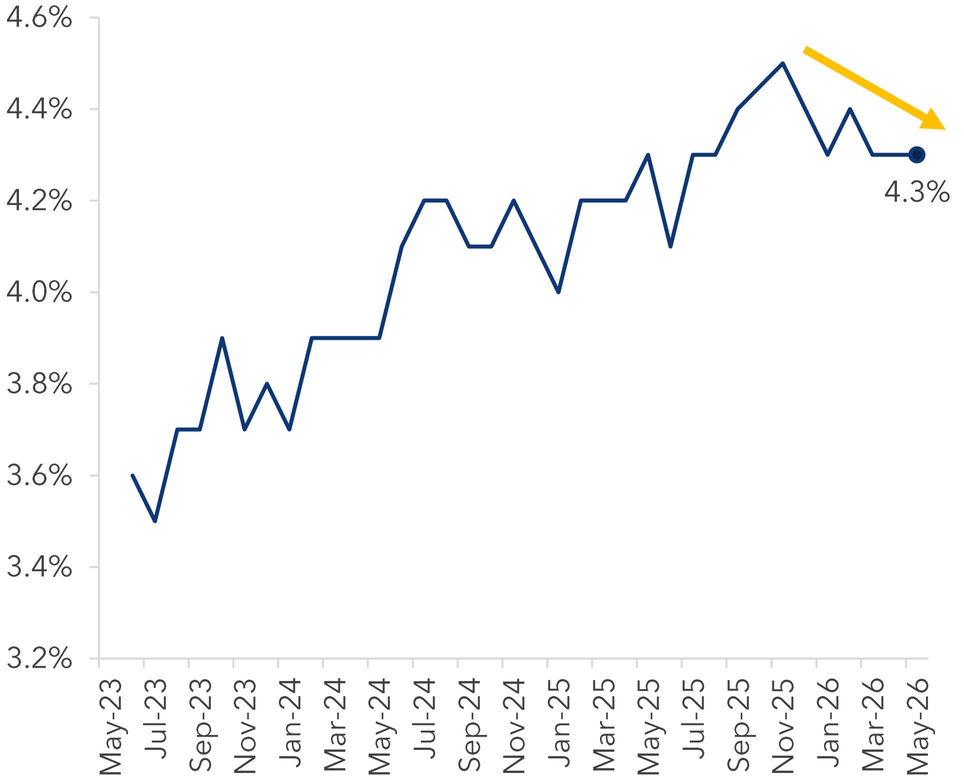
Disclosures: (Left) Federal Reserve – WTI crude oil price, daily, December 31, 2025, through June 30, 2026. (Right) U.S. Bureau of Labor Statistics – Consumer Price Index, year-over-year change, June 2016 through May 2026. CPI data is reported with a lag; the most recent reading reflects conditions during the prior month and may not capture more recent price movements. Statements regarding the expected direction of inflation are forward-looking and based on current conditions; actual results may differ. Past trends are not indicative of future results. For informational purposes only and not investment advice. Latest available data as of 6/30/2026.

Labor Markets – Job Growth Rebounds After Late-2025 Softening

Hiring Reaccelerates in Early 2026
Nonfarm Payrolls (Monthly Change, Thousands)

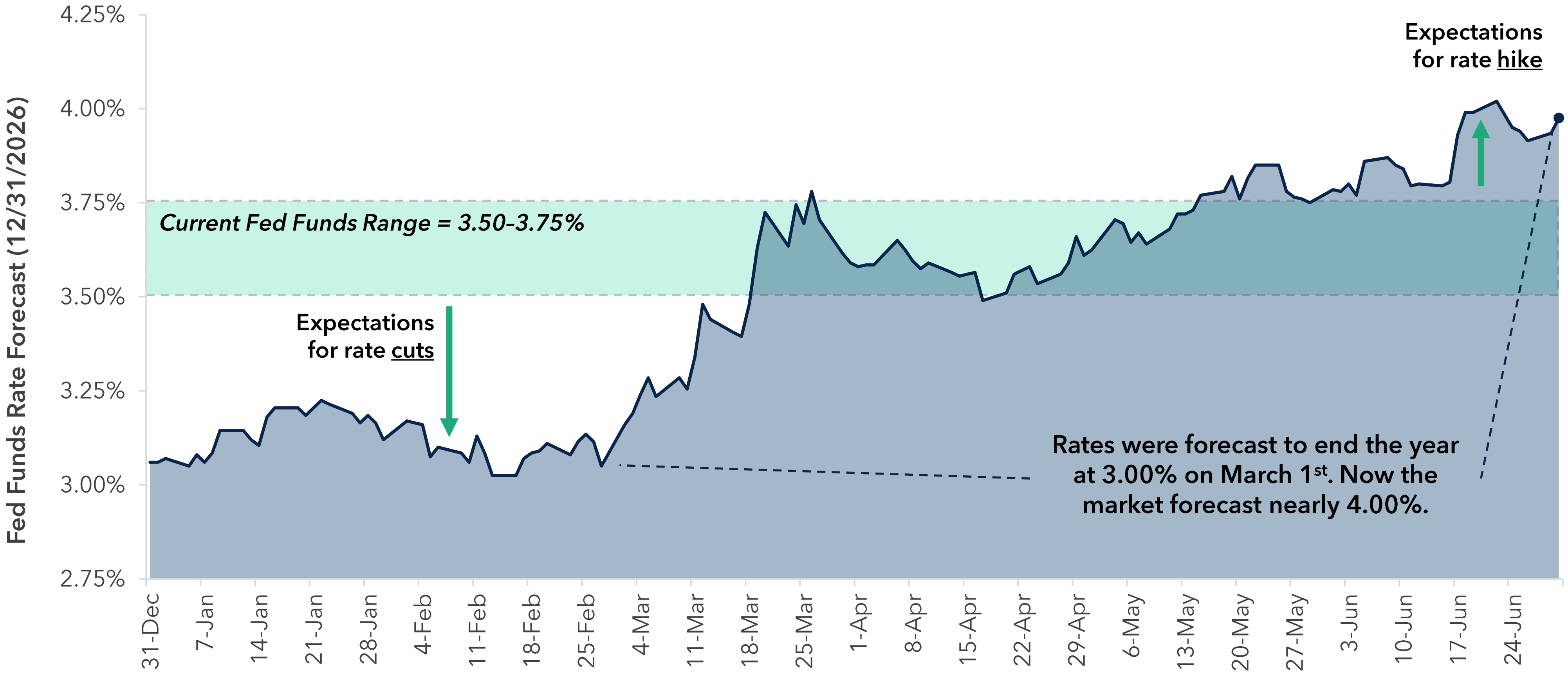


Jobless Rate Falls From a Four-Year High
Unemployment Rate (%)



Disclosures: U.S. Department of Labor, Bureau of Labor Statistics. (Left) Employees on nonfarm payrolls, change from previous month (revised), seasonally adjusted, in thousands. Time Period: May 2023 to May 2026. (Right) Unemployment rate, 16 years and over, seasonally adjusted. Time Period: May 2023 to May 2026. Employment data is subject to revision in subsequent releases. The unemployment rate is a lagging indicator and may not reflect current labor market conditions. Past trends are not indicative of future results. Latest available data as of 6/30/2026.

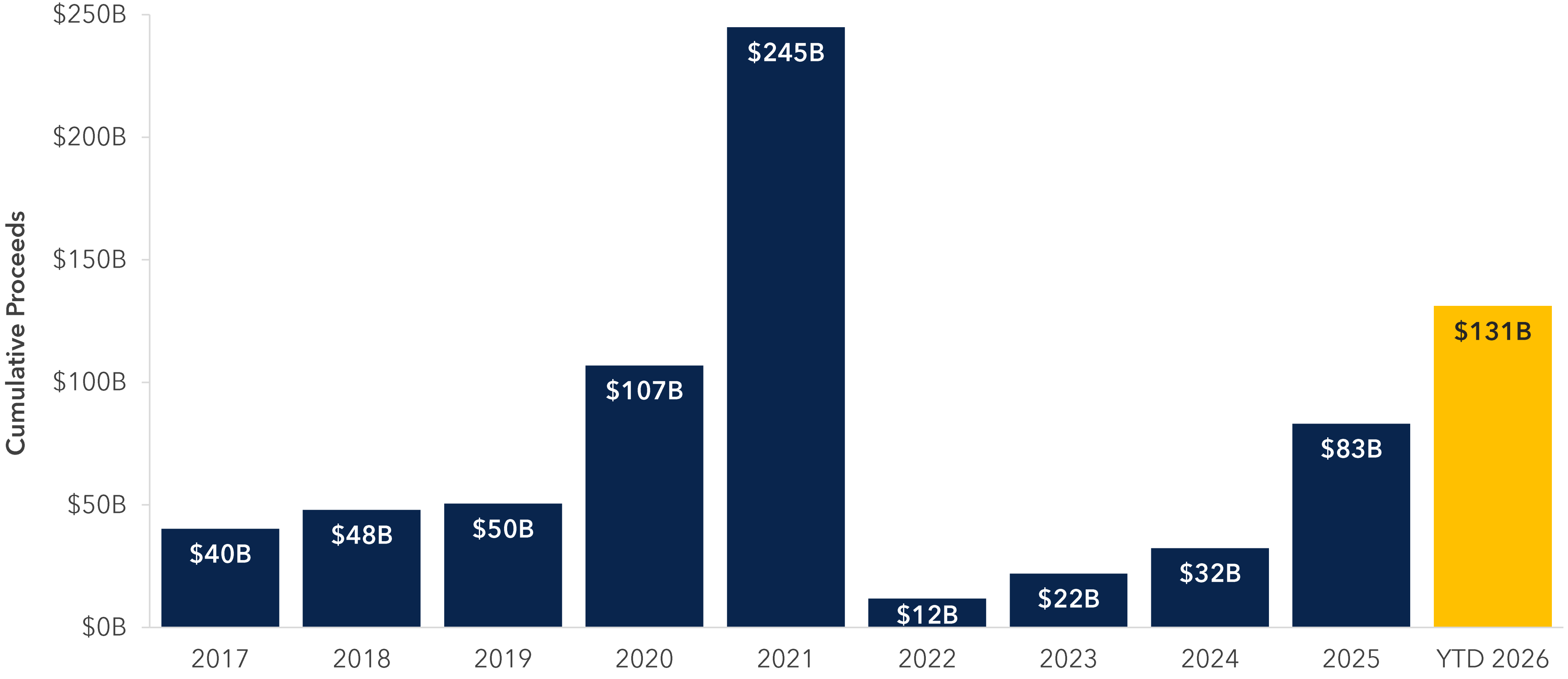
Interest Rates – Rate Cut Expectations Flip to a Possible Rate Hike



Disclosures: CME Group. Data reflects the market-implied year-end 2026 federal funds rate derived from fed funds futures. Time Period: December 31, 2025, through June 30, 2026. Figures represent market expectations based on futures pricing, not actual or guaranteed outcomes, and do not reflect official Federal Reserve forecasts or policy decisions. Market expectations change frequently and may differ materially from actual future interest rates. Statements regarding the path of interest rates are forward-looking and subject to change. Past trends are not indicative of future results. For informational purposes only and not investment advice.

Capital Markets – IPO Activity Rebounds With Record SpaceX Listing

3Q 2026



Disclosures: SEC and various corporate regulatory filings. Data as of June 30, 2026. Figures for 2026 reflect year-to-date proceeds through the date shown and represent a partial year; they are not directly comparable to the full-year totals shown for 2017–2025. References to specific companies (e.g., SpaceX) are for illustrative purposes only and do not constitute a recommendation to buy or sell any security. Any companies described as potential future IPO candidates are based on public reporting and forward-looking expectations that may not occur. Past market activity is not indicative of future results. For informational purposes only and not investment advice.

Looking Ahead – Key Themes to Watch the Next Six Months

What Happens to Inflation?

- Inflation rose to a three-year high in Q2 as oil prices spiked. However, energy costs have since fallen back to pre-conflict levels, signaling cooler inflation ahead.
- Will the decline in oil ease inflation pressures, or will inflation prove sticky? What does the Federal Reserve do next: hold rates steady, raise them, or resume cutting rates later this year?

Can the Artificial Intelligence Buildout Keep Going?

- Artificial intelligence has been one of the market's biggest driving forces in this year, with surging tech investment powering a rally in semiconductor stocks.
- Can the pace of spending be sustained, and will AI capital expenditures translate into profits? Are expectations too high for AI stocks?

Will Market Breadth Continue to Broaden?

- Market breadth was strong in Q2, with small caps and international stocks participating in the rally. The improvement in market breadth was a significant change from recent years, when mega caps drove the market.
- Will the broadening continue, or will leadership narrow? Can companies deliver the earnings growth investors are counting on?

Questions?

Definitions

Capital Expenditures (Capex):	Funds a company spends to acquire, upgrade, or maintain physical assets such as data centers, equipment, and technology infrastructure.
Consumer Price Index (CPI):	Measures the changes in the price level of a basket of consumer goods and services purchased by households.
Equal Weighting	A methodology where each constituent has the same weight, regardless of size, resulting in greater exposure to smaller companies within the index.
Federal Funds Rate:	The target interest rate set by the Federal Reserve at which commercial banks borrow and lend excess reserves overnight.
Federal Reserve	The Federal Reserve System is the central bank of the United States. It was founded by Congress in 1913 to provide the nation with a safer, more flexible, and more stable monetary and financial system.
Growth Stocks	Companies expected to grow sales and earnings at a faster rate than the market average.
Inflation	A general rise in price level relative to available goods and services.
Initial Public Offering (IPO):	The process by which a private company sells shares to the public for the first time and begins trading on a stock exchange.
Market Capitalization (Cap-Weighted):	A weighting methodology where larger companies have a greater impact on index performance due to their higher market value.
Price Return	The rate of return on an investment portfolio, where the return measure takes into account only the capital appreciation of the portfolio, not including income generated in the form of interest or dividends.

Russell 2000 Index	A market-cap-weighted index measuring the performance of approximately 2,000 small-cap U.S. companies.
S&P 400 Midcap Index	A market-cap-weighted index measuring the performance of approximately 400 mid-sized U.S. companies
S&P 500 Index	A market-capitalization-weighted index of 500 large U.S. companies, commonly used as a proxy for the overall U.S. stock market.
S&P 500 Equal Weight Index	An equally weighted version of the S&P 500 in which each company is assigned the same weight, rather than weighting by market capitalization.
Semiconductor Index	A market index tracking the performance of companies that design and manufacture semiconductors, the advanced chips at the center of modern
Small-Cap Stocks	Companies with relatively smaller market capitalizations, generally considered to have higher growth potential but also higher volatility.
Total Return	Return on a portfolio of investments including capital appreciation and income received on the portfolio.
Unemployment Rate	A lagging economic indicator which is calculated as the percent of the labor force that is jobless.
Value Stocks:	Stocks that are inexpensive relative to the broad market based on measures of fundamental value (e.g., price to earnings or price to book).

Disclosures and Legal Notice

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