GLR PARTNERS

MARKET UPDATE

Getting By With a Little Help

Our Two Friends This Year: Free Cash Flow and the Alternative Allocation.

August 24, 2026 • All data as of market close, August 21, 2026

Last month we wrote that the index looked fine while the AI buildout underneath it had quietly gone into a bear market. August answered the first half of that. Chips came roaring back, posting their best August in more than twenty years after their worst month since 2008. Our own AI infrastructure holdings participated, which is exactly why we did not sell them into the panic. But the month's real story was not the bounce. It was the other side of the portfolio. The 30 year Treasury touched its highest yield in nineteen years, the broad U.S. bond index is now negative for the year, and inflation is still running at 3.4%. The half of the traditional portfolio that was supposed to be the safe half has spent 2026 losing money in real terms.

> *The problem was never the stocks. A bond position that loses to inflation does not simply lag the return a retirement plan is built on, it quietly works against the plan it was meant to protect.*

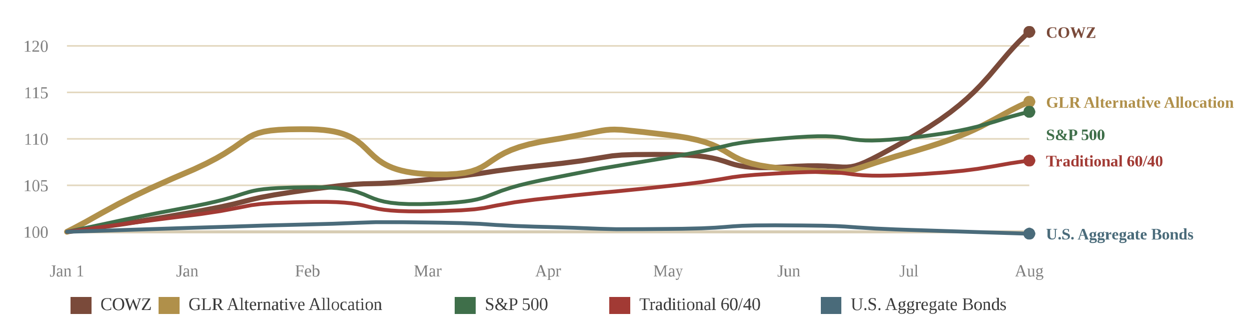
-0.2%	3.4%	5.33%	-3.6%	+26.3%
U.S. BOND INDEX YTD TOTAL RETURN	CPI INFLATION LAST 12 MONTHS	30-YEAR TREASURY A 19-YEAR HIGH	BONDS AFTER INFLATION REAL RETURN, YTD	BLOOMBERG COMMODITY INDEX, YTD RETURN

Two Lines, One Argument

A traditional portfolio of 60% stocks and 40% bonds has earned roughly 7.7% this year, and every bit of that came from the stocks. The bonds contributed nothing and, after inflation, took something away. Our Alternative Allocation earns its return from a different set of drivers: managed futures, deep value, and strategic gold rather than falling interest rates. None of them depends on rates coming down, and in a year when rates have gone the other way, that difference is the whole argument.

Bonds Went Nowhere. Something Else Did the Work.

Growth of 100 since January 1. The safe half of the portfolio has been flat to down all year.



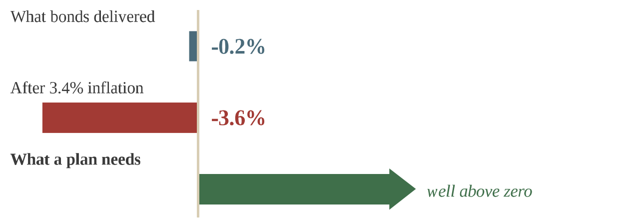
The GLR line plots actual reported monthly returns, compounded, gross of advisory fees and net of underlying fund expenses. Advisory fees would reduce these results; a 1.00% annual fee would have reduced the year to date figure by roughly 0.9%. See performance note on page 2. COWZ reflects market price total return from public data. The 60/40 blend is 60% S&P 500 and 40% Bloomberg U.S. Aggregate; the index paths are stylized to monthly intervals with endpoints at reported returns. Past performance does not guarantee future results.

Why Bonds Broke, and Why They Stay Broken

Bonds work as ballast when falling rates offset falling stocks. That needs inflation near target and a central bank able to cut. Neither is true. Inflation has run above 3% all year, the Fed is sitting on its hands at 3.75%, and the long end is driven by a widening deficit and by AI borrowing to build data centers. On August 18 the 30 year traded near 5.33% and chip stocks fell about 5% the same day. Stocks and bonds fell together, which is exactly what ballast is not supposed to do.

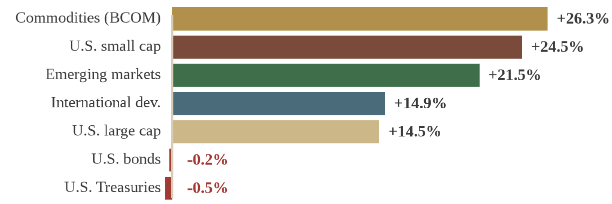
What Bonds Delivered vs. What Plans Need

Year to date, against what a plan is built to earn



Where the Returns Actually Were

Total return by asset class, year to date



Index total returns through mid August 2026; inflation is CPI for the twelve months ended July 2026. Indices are unmanaged and cannot be invested in directly.

What Kept Working

RELATIVE VALUE AND FREE CASH FLOW

When money costs more, cash a business already generates is worth more than cash it has promised to generate later. That is the case for the free cash flow discipline we run, and why we own COWZ, which holds the hundred U.S. companies throwing off the most cash relative to price. It closed August 21 at $72.02, a fresh 52 week high, and is up roughly 26% over the past year, while the S&P 500 still sits below its June record.

THE ALTERNATIVE ALLOCATION

Three parts, three independent return engines: managed futures for crisis alpha, deep value for mean reversion, and strategic gold as an inflation hedge. It gained 5.05% in August, its best month since January, and is up 13.99% for the year against its benchmark, the S&P 500, at 12.89%, and a bond index down 0.2%. We have called this a diversification tool and a volatility tool. It has recently exhibited characteristics that historically were more commonly associated with certain bond allocations, although future results may differ.

THE THREE PILLARS: WHERE WE STAND NOW

ECONOMY Constructive
Growth and earnings intact. Energy and the deficit are the pressure points.

MONETARY POLICY Neutral
Sitting on their hands at 3.75%. The long end is moving without them.

MARKET CONDITIONS Stretched
Near its high on narrow leadership, valuation still at a rare extreme.

What This Means for Portfolios

Nothing here argues for leaving markets. It argues for being honest about where a portfolio's protection comes from. We favor quality and free cash flow over story, and we fund the defensive side with the Alternative Allocation rather than bonds alone. We would welcome the chance to review how your portfolio is split between stocks and bonds.

With regards, **GLR Partners**, *Independent Wealth Advisory*

Performance note. GLR Alternative Allocation results are for a representative model portfolio, gross of advisory fees and net of underlying fund expenses, January 1 through August 21, 2026. Advisory fees would reduce these results; a 1.00% annual fee would have reduced the 13.99% year to date figure by roughly 0.9%. Model results do not reflect client cash flows, timing, or taxes. COWZ figures are market price returns per public market data as of the August 21, 2026 close and are not GLR results. The 12.89% benchmark figure is the S&P 500 total return year to date through August 21, 2026; on a price basis the index returned 12.11% over the same period and gained 2.47% during August. The Alternative Allocation refers to a representative model portfolio consisting of managed assets and is materially different from the referenced indices with respect to holdings, risk exposures, volatility, objectives, liquidity and the use of alternative investments. Comparisons are provided solely for general market context. **Past performance does not guarantee future results and any portfolio may lose value.**

Sources and disclosures. Builds on GLR Partners, "The AI Gold Rush" (February 2026), "Party Like It's 1999" (June 2026), and "What a Difference a Month Makes" (July 2026). Index, rate, and inflation data from S&P Dow Jones Indices, Bloomberg, FactSet, the U.S. Bureau of Labor Statistics, the U.S. Treasury, CNBC, and issuer data, July to August 2026. Charts are illustrative and, where noted, stylized rather than exact index tracking. This material is for informational purposes only and does not constitute investment advice. The views expressed are opinions as of the publication date and are subject to change without notice. Nothing here should be construed as a forecast or guarantee of future results. References to specific securities are illustrative only, are not recommendations, and do not reflect any specific client account. Alternative investments involve additional risks including derivatives and leverage, limited liquidity, and higher expenses, and are not a substitute for the principal preservation characteristics of bonds. Diversification does not ensure a profit or protect against loss. All investments involve risk, including possible loss of principal. Data are believed reliable but not guaranteed as to accuracy or completeness. GLR Partners is a registered investment adviser; registration does not imply any level of skill or training. Visit adviserinfo.sec.gov and search for our firm name.