OLYMPUS
WEALTH STRATEGIES

NEWSLETTER

The Peak Perspective
AUGUST EDITION

Dear Olympus Clients,

The S&P 500 continues to look remarkably strong, but the more interesting story is what is happening underneath the index. In 2024, the "Magnificent 7" accounted for roughly 55% of the S&P 500's return. In 2025, that fell to approximately 46%. In 2026, leadership has broadened considerably: through July, the equal-weighted S&P 500 was up 13.2%, compared with 10.1% for the traditional S&P 500, while the Magnificent 7 were essentially flat. Only three of the Magnificent 7 were among the S&P 500's top 10 contributors to returns this year, compared with all seven in 2024. That matters. It means the market's gains are no longer dependent on seven mega-cap companies doing all the heavy lifting. Financials, industrials, semiconductors and other areas of the market are participating—and, in my view, that is a healthier market than the concentration we saw a couple of years ago.

The bigger issue heading into September is interest rates. The economy continues to grow, corporate earnings remain strong and the S&P 500 is near record highs, but inflation has not disappeared. July CPI was 3.4%, while the Fed's preferred PCE measure remained elevated at 3.7%, well above its 2% target. Meanwhile, the 10-year Treasury is hovering around 4.7%. This creates an unusual situation: investors are paying close to record prices for stocks while also receiving nearly 5% from a U.S. Treasury. The market therefore doesn't simply need the Fed to cut rates—it needs inflation to cooperate. The next few months will tell us a lot: the September jobs report, September inflation data and the September 16 Fed meeting will be particularly important. If inflation remains sticky, longer-term rates could stay elevated even if the Fed eventually cuts short-term rates.

Sincerely,
John Sidery, CFP ® , CPWA

One Number I'm Watching: 4.7%

The 10-year U.S. Treasury yield is hovering around 4.7%, and that number matters far beyond the bond market.

The good: Investors can earn nearly 5% from a U.S. government bond without taking stock-market risk. That's a meaningful alternative to equities and one reason higher-quality bonds are once again an important part of a portfolio.

The other side: Higher long-term rates make borrowing more expensive. Today's 30-year mortgage rate is around 6.7%, while businesses face higher financing costs and the federal government pays more as it refinances maturing debt.

With roughly $40 trillion of federal debt outstanding, even modest changes in borrowing costs can have a meaningful impact on the government's interest expense and future budget flexibility.

Why it matters: The Fed controls the short-term policy rate, but the bond market largely determines longer-term rates. So even if the Fed cuts rates, that doesn't guarantee that mortgages, corporate borrowing costs or other long-term rates fall by the same amount. For investors, 4.7% is both an opportunity and a warning sign.

Olympus Wealth Strategies, LLC provides investment advisory services through Uptick Partners, LLC a Registered Investment Adviser. Information is not investment advice or a recommendation. Information presented is for educational purposes only intended for a broad audience. Investors should always consult a firm's disclosure statements before making any decisions