ELSER FINANCIAL PLANNING

2nd Quarter 2026 Newsletter

- The S&P 500 Index fell 2.63% on June 5, one of its weakest daily returns in the past 30 years. Still, the index remains up 10.2% year to date, a solid start relative to its long-term average annual return of roughly 10% and a reminder of the importance of maintaining a long-term perspective through periods of market volatility.
- 530A Accounts (also called Trump Accounts), a new custodial-style traditional IRA, are scheduled to become available on July 4, 2026. While 529 plans remain the preferred vehicle for education savings and brokerage accounts offer greater flexibility, these accounts might offer a future Roth conversion opportunity. In addition, children born between 2025 and 2028 receive a one-time $1,000 government contribution.
- The economy has remained resilient through 2026, despite ongoing supply chain disruptions and geopolitical uncertainty. US Real Gross Domestic Product (GDP) expanded in the first quarter, while business-to-business spending climbed to record highs. Consumers are resilient and continue to support economic growth even as prices have accelerated, particularly for energy.[1]

1:https://mcusercontent.com/0cd23b61b38a186bd0b5db49c/files/a6bca7e9-3643-77d0-dcb5-1abc23838ea8/Insider_Advisor_May_2026.pdf
2:https://www.federalreserve.gov/monetarypolicy/files/fomcprojtabl20260617.pdf
3: https://www.bls.gov/news.release/pdf/empsit.pdf

News & Observations

- May inflation came in at 4.2%, the highest reading in three years, as energy prices moved higher amid continued tensions in the Middle East. Core CPI, which excludes the more volatile food and energy components, rose a more modest 2.9%.
- At Kevin Warsh's first Federal Reserve meeting, policymakers left the federal funds target range unchanged at 3.50%–3.75%. Nine of 19 Fed officials projected one rate hike this year, while market-implied expectations for two rate hikes rose to 37%, according to CME Group.[2]
- The unemployment rate remained unchanged at 4.3% for the third straight month, reinforcing the Fed's ability to maintain its current policy stance or raise rates if inflation pressures persist.[3]
- Gold and cryptocurrency markets remain under pressure, with gold down 25% from its January high and Bitcoin down 51% from its October 2025 peak.

Market Index Returns	**Q2**	**YTD**
S&P 500 (Large Cap)	15.20%	10.21%
Russell 2000 (Small Cap)	21.49%	22.57%
MSCI International Index	10.47%	9.57%
MSCI Emerging Markets	24.15%	24.02%
S&P Global REIT Index	11.08%	12.23%
BofA 1-3 yr Corporate & Govt. Bond Index	0.51%	0.81%

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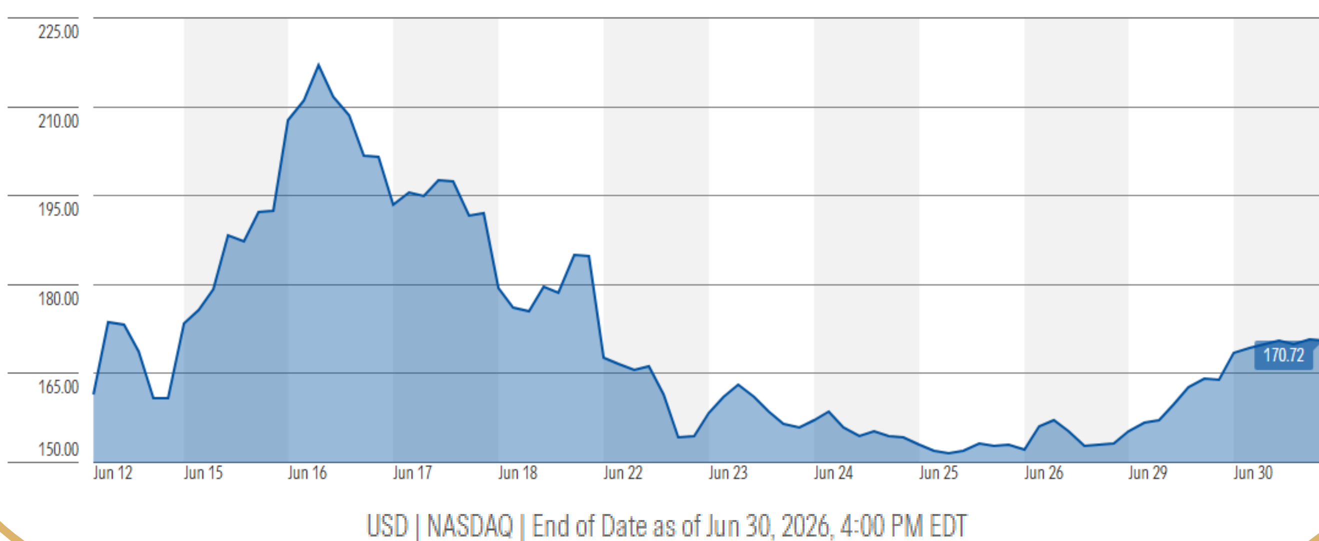
A Closer Look at IPOs

- Several high-profile initial public offerings are expected to come to market this year, with SpaceX already listing on June 12th. Anthropic and OpenAI are also reportedly preparing for potential public offerings.
- What makes these IPOs especially notable is their scale. SpaceX debuted with a market capitalization of more than $1.8 trillion, placing it immediately among the world's largest publicly traded companies.
- The size of these offerings has prompted some discussion around index inclusion, particularly as certain index providers, including FTSE Russell and Nasdaq, have adjusted rules that may allow large IPOs to be added to major indices more quickly.
  - For example, QQQ, the largest ETF tracking the Nasdaq-100, could hold SpaceX shares by early July, potentially before the market has fully finished price discovery.
  - Index inclusion is generally based in part on a company's public "float", or the portion of shares available for public trading. Because SpaceX listed only 3% of its outstanding shares, its near-term index inclusion may have a limited market impact. However, larger "floats" in future mega-IPOs could create more meaningful implications.
  - S&P Global, which manages the S&P 500, has chosen not to make exceptions for these IPOs. Eligibility for the S&P 500 typically includes profitability requirements and higher float thresholds, neither of which SpaceX appears likely to meet in the near term.
- As a whole, IPOs have historically underperformed comparable already-public companies over the five years following their listing, trailing by approximately 2.4% annualized.[4]
- More importantly, investors should remain cautious when allocating capital to any individual company. Over the long run, only 21.4% of single stocks outperformed the broader market.[5]

SpaceX Performance (IPO price of $135, market open at $150)



4: https://www.avantisinvestors.com/avantis-insights/mega-ipos-investor-guide/
5: https://my.dimensional.com/singled-out-historical-performance-of-individual-stocks