THE FOUNDRY HILL GROUP of OPPENHEIMER & Co. Inc.

2Q 2026

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Writing this recap of the Second Quarter so close to the 250th anniversary of our Independence Day seems to call for a longer time horizon than the last 3 months.

Competition is often painful and most businesses try to avoid it when they can, but competition also makes everyone better. I think it is no accident that _The Wealth of Nations_ was published in the same year as the Declaration of Independence. The same Enlightenment Ideas gave rise to both documents. As frustrating as politics in our country is, we owe a great debt to the Founders for setting up a government where the branches of government were forced to compete for power.

Our history is replete with booms and busts. We are clearly amid a new boom based on artificial intelligence. This boom is accompanied by competing political philosophies that have always been present throughout our history. I think it is useful to frame the arguments as more communitarian versus more individualistic ideas. The two impulses exist to varying degrees in both parties.

The arguments of the individualists are centered around the results that those cycles have produced even though there are always winners and losers. The arguments of the communitarians come down to their desire to ameliorate the consequences of the busts. The greatest prosperity in the history of the world, in my opinion, is the result of free markets allocating resources where they are needed most but you cannot have winners without losers. Making everyone a loser in the name of equality is a failure. So is protecting the entrenched interests of those who fail to compete.

I believe we are in the early stages of a massive reindustrialization. This began with the realization that China despite its embrace of some capitalistic principals remains essentially hostile to our interests. It has been accelerated by AI. This is a new general-purpose technology. In my opinion the best analogs are the build out of the railroads and the advent of electricity. Such massive change is always accompanied by speculation. Speculation ebbs and flows as new ideas are tried and those that fail are discarded.

The telecommunications act of 1996 forced competition and led to the dot.com boom and bust. The evaporation of Enron and WorldCom's investment grade debt led to insatiable demand for government backed debt and the over expansion of the housing industry. That led to the great financial crisis. The sclerotic bureaucracy of our health care system led to the abject failure of that system when the pandemic hit. Fierce competition in the biotech industry and other aspects of health care have helped to create magnificent advances that are prolonging life for many but the inaccessibility of high-quality health care for many is perhaps the biggest accelerant for the advocates of a government run system.

Every contraction began with a contraction in credit. We have not seen that yet. Liquidity is not expanding as fast as it did from the end of '22 until this year. Credit spreads remain very tight by historical standards according to the St. Louis Fed.

All this upheaval has been accompanied by a rise in US GDP from about 10.3 trillion to 34.1 trillion in 2024 according to World Bank estimates. Per capita GDP is up to $84,500 from $36,500. Because of the rise of China and other emerging economies, mostly in Asia, our share of the World GDP has slipped a few percent but against the rest of the developed world it has increased.

I predict that the growth of AI will solve many of these problems even as it creates new problems that we are only vaguely aware of now. I think AI will make productive people more productive and give indolent people more ways to be indolent.

There appears to be very little political support for building data centers and yet we are clearly in a new arms race with China over who will dominate in the use of AI.

According to copilot which has sourced its information from a variety of well-known sites; in 2010 the top 10 companies in the NASDAQ 100 were worth a total of ~1.3-1.4 trillion dollars and that was ~ 30% of the S&P 500. Sixteen years later, the ten largest companies in the NASDAQ 100 are worth 24.4 trillion dollars and that is worth approximately 56% of the value of the S&P 500. From the "Dotbomb" through the GFC and Covid we have lived through perhaps the greatest creation of wealth in world history.

The second quarter was among the strongest in my memory. The conflict with Iran is notably unpopular but it is clear for now that we have not seen any meaningful

loss of American lives and higher oil prices are not sufficient to wreck the economy. Higher food and energy prices are real and the debt we have accumulated must be paid down but these problems will only be solved with more growth in addition to whatever other remedies our elected officials may concoct.

Last year almost all the incremental GDP growth recorded came from the capital investment of a handful of the largest companies in the world. These companies operate the giant data centers that function as “the cloud” for countless businesses who find it advantageous to outsource a lot of their computer processing needs. Those companies, known as the hyper-scalers; Microsoft, Meta, Amazon, and Google are going to be the biggest users of AI and they are the source of the enormous capital spending on which the reindustrialization of the American economy is being built. This need for capital represents a fundamental change in the business models of the hyperscalers and it has brought about a fundamental rerating of their share prices. They have been spectacular long-term investments but the uncertainty surrounding the timing and the amount of the returns on their capital that will accrue has caused them to underperform recently.

We have benefited from investments in many of the industrial names that are involved in standing up data centers, connecting them to each other and to the power grid and cooling them down to prevent overheating. While technology in general dominated the quarter and the year with positive performance. Technology and Industrial investments contributed the most to our performance and our energy and consumer related companies were the biggest detractors.

There is substantial dynamism within the technology sector. According to Factset, the semiconductor and semi-capital equipment sectors were 2% of the S&P 500 ten years ago. Today they make up a staggering 20%. The SMH, the VanEyk semiconductor ETF rose 70.7% in second quarter alone, according to Factset. On the other hand, the software ETF IGV is down 14% for the year. The software industry is certainly being disrupted by the ability of AI to write code. This has not replaced software engineers. In fact, in late May Citadel Securities posted a finding that job postings for software engineers have risen sharply this year.

There is an emerging tension within technology between the power and productivity gains from using AI and the desire for large enterprises to maintain control of their data. The dispute between Anthropic and the Department of War highlights this tension. This is exacerbated by the mismatch between infrastructure spending and application adoption taking place across the landscape. It seems likely to me that this tension will produce greater volatility in those stocks and require greater selectivity on our part. We will remain vigilant stewards of your capital and close observers of this competitive landscape.

About Our Team

The Foundry Hill Group brings extensive expertise in Wealth Management Services together with Portfolio Management and institutional capabilities of Oppenheimer & Co. Inc. Our office is located in the West End section of the City of Richmond with close proximity to Henrico, Chesterfield and surrounding counties.

Our Wealth Planning Process

Moments shape lives. A single decision can change a path; a series of them can define a legacy. How those moments are met often determines the future they create. This belief guides our work here at the Foundry Hill Group. Our role goes beyond managing wealth – we walk alongside clients through life’s most meaningful financial transitions. From selling a business, to navigating family complexity, planning for children, or redefining life after change, our team brings more than eighty years of combined experience helping clients move forward with clarity and confidence. We believe financial guidance should feel personal, thoughtful, and steady. Every relationship begins with listening – learning your story, your priorities, and your vision for the future. From there, we collaborate as partners, blending careful craftsmanship with a broad perspective to build strategies designed around your life. Our purpose is simple: serve as trusted partners who help you make informed decisions, adapt with confidence, and build a legacy you feel proud to pass down.

Ward Good, CFA® CIMA®

Executive Director – Investments
Portfolio Manager, OMEGA Portfolio Management

As a founding partner of the Foundry Hill Group, Ward Good, leads with vision and intention, ensuring that every decision reflects a steadfast commitment to financial stewardship and long-term prosperity for our clients.

Ward's investment journey began as a student in the early 80s when he stumbled across the popular economics of George Gilder and Milton Friedman. From there Carol Loomis' famous profile of Warren Buffett in Fortune was a big influence on the new broker in '84. As the brokerage industry evolved he recognized the added value of a consultative approach earning his Financial analyst's charter in '96 and moving fully into fee-based discretionary management.

Ward's approach is deeply personal, shaped by experience, and driven by the belief that financial success is most meaningful when it serves a greater purpose. He does not just provide investment expertise. He offers clarity, stability, and collaboration, guiding clients with confidence through every stage of their financial journey.

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John Hopper

Senior-Director – Investments

John Hopper leads with heart, insight, and unwavering responsibility. As a founding partner of the Foundry Hill Group, he serves as a trusted steward of long-term financial well-being, guiding clients through life's most meaningful transitions – retirement, legacy planning, business exits, and beyond.

He collaborates closely with each client's team of professional advisors to craft and implement strategies that align precisely with their highest priorities, values, and aspirations. If it matters to his clients, if matters deeply to John.

With a distinguished career in financial services, John recognizes wealth is profoundly personal – far more than numbers on a statement. Together with the Foundry Hill team, he delivers a comprehensive, relationship-first approach: listening intently, understanding goals holistically, and providing thoughtful, forward-looking guidance.

Rooted in a goals-based philosophy, every partnership builds lasting trust through steady support, proactive care, and genuine commitment to each client's success. John believes purposeful investing yields not just practical results, but enduring confidence and peace of mind.

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Tyler Parham

Financial Advisor

As a founding partner of the Foundry Hill Group, Tyler leads with clarity, purpose, and a deep commitment to helping clients build lasting financial confidence. His works centers around comprehensive financial planning, where strategy meets real life. He partners closely with high net worth individuals and families to create thoughtful, personalized plans that align wealth with values, opportunities, and long-term goals. Whether navigating growth, transition, or new milestones, Tyler brings a steady, practical perspective grounded in trust and long-term relationships.

Beyond financial planning, Tyler works extensively with business owners. He understands the endless hours and wide range of roles that business owners have to take on to be successful. To that end, Tyler partners with clients to guide them through the complexities of retirement plan design and management – ensuring their plans are not only compliant and efficient, but meaningful tools for long term success.

His approach is rooted in craftsmanship and care – blending technical knowledge with a genuine desire to help clients make confident decisions. For Tyler, financial guidance is not just about numbers. It is about building structures that support lives, legacies, and the futures people envision for themselves, their businesses, and their families.

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The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index. Frank Russell Co. ranks the US common stocks from largest to smallest market capitalization at each annual reconstitution period. The Russell 2000 Index represents a very small percentage of the total market capitalization of the Russell 3000 Index. It is considered to be generally representative of US Equity Small and Mid Cap performance.

MSCI World ex-US Index (World ex-US): An Index in US dollars based on the share price of companies listed on stock exchanges in 21 developed countries excluding the US. This Index is created by aggregating the 21 different country Indices, all of which are created separately. It is considered to be generally representative of overseas stocks markets.

The NASDAQ-100 Index includes 100 of the largest domestic and international non-financial securities listed on The Nasdaq Stock Market based on market capitalization. The Index reflects companies across major industry groups including computer hardware and software, telecommunications, retail/wholesale trade and biotechnology. It does not contain securities of financial companies including investment companies. The NASDAQ-100 Index is calculated under a modified capitalization-weighted methodology.

Risk Factors: Special Risks of Foreign Securities - Investments in foreign securities are affected by risk factors generally not thought to be present in the US. The factors include, but are not limited to,the following: less public information about issuers of foreign securities and less governmental regulation and supervision over the issuance and trading of securities.

Special Risks of Small and Mid Capitalization Companies may include being: 1) more recently formed than larger companies and may have limited product lines, distribution channels and financial and managerial resources. 2) may not be well known to the investing public 3)may not have significant institutional ownership and 4) may have cyclical, static or moderate growth prospects. 5) often less publicly available information, making it more difficult for the Portfolio Manager to analyze the value of the company.The equity securities of small and mid capitalization companies may be subject to liquidity risk, or narrow trading consequently, the Portfolio Manager may be required to sell these securities over a longer period of time (and potentially at less favorable prices and under volatile conditions)

Special Risks of Fixed Income Securities include risk that the price of these securities will go down as interest rates rise,and credit risk, which is the risk that an issuer of a bond will not be able to make principal and interest payments on time.

Exchange Traded Funds: Exchange Traded Funds (ETFs) are baskets of securities that are traded like a stock on an exchange, and may come concentrated in various styles or sectors, subject to similar risks that the underlying securities would normally face as individual stocks. . Returns may fluctuate and are subject to volatility Foreign investments have unique and greater risks than domestic investments. All ETFs are passively managed and generally have lower management fees and operating expenses than actively managed funds. ETF returns are adjusted to reflect all actual ongoing ETF fund expenses and assume reinvestment of dividends and capital gains.

INVESTORS SHOULD CAREFULLY CONSIDER THE INVESTMENT OBJECTIVES, RISKS AND CHARGES AND EXPENSES OF A FUND OR ETF BEFORE INVESTING; THE PROSPECTUS FOR A FUND OR ETF, WHICH MAY BE OBTAINED FROM YOUR FINANCIAL ADVISOR, CONTAINS THIS AND OTHER INFORMATION. PLEASE READ THE PROSPECTUS CAREFULLY BEFORE INVESTING.

High Yield Funds: Generally, investments offering potential for higher returns are accompanied by a higher degree of risk. High yield, lower-rated (junk) bonds generally have greater price swings and higher default risks.

The Omega Group is a program through Oppenheimer & Co.Inc. It offers a managed money program in which experienced Financial Advisors act as portfolio managers for their clients. Clients will pay an advisory fee on a quarterly basis and will pay no commissions or additional charges for transactions. Adopting a fee based account program may not be suitable for all investors; anticipated commission costs should be compared with anticipated annual fees. Please refer to the Oppenheimer ADV Part II for information about the advisory program described herein, including program fee schedules and other fees that may apply. The Oppenheimer ADV Part II is available from your Oppenheimer Financial Advisor. Oppenheimer & Co. Inc. and its affiliates does not provide legal or tax advice.

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The Standard and Poor’s (S&P) 500 Index is an unmanaged index that tracks the performance of 500 widely held, large-capitalization U.S. stocks. Individuals cannot invest directly in an index.

The Relative Strength Index (RSI), developed by J. Welles Wilder, is a momentum oscillator that measures the speed and change of price movements. The RSI oscillates between zero and 100. Traditionally the RSI is considered overbought when above 70 and oversold when below 30. Signals can be generated by looking for divergences and failure swings. RSI can also be used to identify the general trend.

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