

# INVESTMENT UPDATE

JUNE 2026



## MARKET UNCERTAINTY AND VOLATILITY SUMMARIZE START OF 2026



It's been a tale of two markets since the start of 2026. At the end of the first quarter, all markets were at or near a correction, defined as a 10% drop from market highs, due to spiking oil prices and fears from the Iran War. As of March 31, the Dow, S&P 500, and NASDAQ were all negative, returning -3.6%, -4.6% and -7.1% YTD respectively. Only the S&P 500 Equal Weighted eked out a positive return of +0.2% during that period and it seemed that a change was in store with a move away from tech stocks toward the broader market.

But then came April, and with it one of the most tremendous and powerful 11-day rallies as the market decoupled from geopolitical turbulence and plowed back into AI and mega-cap stocks. As of today (May 19th), we've seen a reversal in YTD returns, with the Dow and S&P500 EQW up 3.4% and 5.7% respectively, while the S&P 500 and NASDAQ rose 8.1% and 12.3%.

With a turnaround like this it's not at all surprising to describe the market as volatile. In market terms the Volatility Index (VIX) went from a low of 15 to over 30 so far this year. But with the turnaround that we've seen to date, one would think a rising tide would lift all boats. But the market is extremely bifurcated and remains sharply divided from nearly every measure, including valuations, individual stock returns, or sector returns. Toss in earnings season, and the number of stocks trading up—and down—by a 15% margin in a single day challenges my 30 year memory as a market observer.

Speaking of earnings season, Q1 earnings came in exceptionally strong, another reason for the rally. According to FactSet, the blended earnings growth rate for Q1 S&P 500 earnings ended last week at 27.1%, more than double the 13.2% expected at the start of earnings season. But Bank of America said that the median stock is trading at a more modest, but still very healthy 11% earnings growth rate. This speaks to the issue of lack of market breadth and distortion by mega-cap and Mag 7 companies that's been addressed in prior letters, and that nonetheless still persists today.

Aside from earnings season, one very recent and emerging development that stands out is the sharp rise in the 30-year Treasury yield. As of May 19 it reached 5.2%, only days after surpassing 5%, marking its highest level since July 2007. Few anticipated this at the start of the year, when most pundits expected rate cuts. But the Iran conflict, which was not on anyone's radar, has driven oil prices higher and renewed inflation concerns as transportation costs feed into consumer prices.

Higher rates and bond yields burden consumers, businesses, and the broader economy by raising borrowing costs for credit cards, mortgages, and capital spending. They also tend to weigh on equities. This is due to something called the Equity Risk Premium (ERP) which is formulaic, but in its simplest terms says stock investors should get a higher return for riskier stock investments compared to safe (or risk free) bond returns. Bond rates and the equity risk premium move inversely. That is, as rates rise enough investors may prefer the "safe" return of bonds over the risky return of stocks, reducing the equity risk premium and making it less attractive to take the risk in investing in stocks, shifting capital flows to fixed income. Should rates stay at those elevated levels, stock valuations would have to come down via declining prices, until the ERP spread was high enough to lure investors back into stocks. Like so many things in life, we live on a double-edged sword. While higher risk-free rates might be good for bond investors looking for attractive yields, it can have negative implications for equity markets.

As always, we continue to watch developments vigilantly, and position portfolios accordingly. Should you have any questions please reach out to your Portfolio Manager who is at the ready. Thank you for your continued trust and confidence in all of us and the firm.

**JOSEPH R.V. ROMANO**  
*President*

# CLIENT SPOTLIGHT



**I had the opportunity to sit down with Barbara Schwarz, co-founder of Nature's Perspective Landscaping, at their location on Greenleaf in Evanston. Barb and her husband, Tom, founded their business in 1979.**

*Kim: We are thrilled to have you, Tom, and Nature's Perspective as a client. What brought you to Romano? How has your experience been?*

Barb: Joe has long been a customer of ours, but before that, we met at various Evanston community fundraisers. I knew Romano Wealth Management and always felt the firm was much aligned with our feelings and beliefs in supporting the community, valuing your employees, and helping people in need. Finally, my husband and I decided "It's time to get this good guy to help us with our investments." So here we are.

*Kim: Besides just investment management, what else has RWM been able to help you with, and what do you and Tom like the most?*

Barb: We have had a wonderful experience and even recently set up our NPL Employee Profit Sharing Plan through Peter Hemwall at your firm. Before we had a rep that we never heard from and often had to call service centers which just led to hassles and confusion.

Joe and RWM have covered all the financial aspects of our life, from tax planning, charitable planning, family gifting, and estate planning you name it. We have even talked about business matters and generational planning since our sons work at Nature's Perspective. We view our advisors Joe as both our personal and family CFO, just as we have our own CFO a couple of offices down for all NPL financial affairs!

*Kim: Let us shift our focus on NPL for a bit. Sustainability is clearly central to your work. How has your approach to environmentally responsible landscaping evolved since you founded the company with Tom in 1979?*

Barb: We have always felt that we needed to take care of the Earth. People are more aware of sustainability now. We have always felt that the best way to go about landscaping is to put the right plant in the right place and use plants that are well suited to the area.

*Kim: That makes sense. What does it mean for you to be a longstanding Evanston-based business and how does community involvement influence the way you run the company?*

Barb: We care about our community and the communities we work in along the North Shore. We are involved with The

Community Foundation, our local schools, The Trade Collective, the History Center, Evanston Environmental Association, and Youth Job Center to name a few. We help support through sponsorship and donation. Last Saturday, The Trade Collective was doing a project with bronze and needed a dump truck full of sand. So, our son Paul drove over a dump truck of sand! We love being part of our community!

*Kim: I can recognize your passion for the community. I did notice your Core Values and Mission Statement on your website. How have they contributed to the culture you have built within your team: the gardeners, the designers, and sales staff?*

Barb: We make it clear to everybody that we care about them, we care about their families, and we care about the fact that our employees need to earn enough money to live. We have employees who have worked here for 40 years, so we know their children from babies to college graduates. We are a family!



*Gardens: Lawn free perennial entrance with seating area*

*Kim: You attract clients who have these values. What do you find most rewarding about what you do?*

Barb: I cannot think of just one thing! Often, new clients do not begin with an understanding of the endless possibilities we are able to provide. The most common compliment we receive is, "It feels like our garden has always been here!" But, of course, it makes us most proud when clients rave about the employees who design, build, and tend to their home.

*Kim: Barb, thanks for taking the time to talk with us. NPL's values are so similar to those of our firm—no wonder it makes for such a great fit!*

**Be sure to visit Nature's Perspective Landscaping at [naturesperspective.com](http://naturesperspective.com)!**

**KIM CARTER**  
*Client Services*

# TRUMP ACCOUNTS



As part of the recently enacted One Big Beautiful Bill Act, a new savings vehicle for children — known as the Trump account — is set to become available beginning in 2026. Designed to encourage long-term investing from an early age, these accounts offer unique contribution and tax advantages for eligible minors and their families.

A Trump account is a new type of IRA established for minors. To qualify, the child must have a Social Security number and be under age 18 as of December 31 of the year the account is opened. In addition, children born between 2025 and 2028 are eligible to receive a \$1,000 seed investment into the account. Although the account is owned by the child, a parent or guardian serves as custodian until the child reaches age 18.

Parents may establish a Trump account by submitting IRS Form 4547 or by using the online portal available at [www.trumpaccounts.gov/form](http://www.trumpaccounts.gov/form). Form 4547 serves as the official election to establish the account. Trump accounts are expected to become available after July 4, 2026, at which time contributions may begin to be made into established accounts.

While contributions are not required, up to \$5,000 per child may be contributed annually. Unlike traditional or Roth IRAs, Trump accounts do not require the child or contributor to have earned income, nor are contributions limited by household income levels. In addition, contributions made to a Trump account before the child turns 18 do not reduce the amount the child may contribute to other IRAs. For example, a child with earned income who qualifies to contribute to a Roth IRA may still receive the full allowable contribution to a Trump account during the same year.

Investment options within Trump accounts are expected to be relatively limited. Funds may generally only be invested in eligible low-cost stock index mutual funds or ETFs comprised primarily of U.S.-based companies, similar to investments that



track the S&P 500 Index. All permitted investments must meet criteria established by the U.S. Treasury Department.

Withdrawals from Trump accounts are generally prohibited until the year the child turns 18. At that point, the account becomes subject to many of the same contribution and withdrawal rules that apply to traditional IRAs.

From a tax standpoint, contributions to Trump accounts are made on an after-tax basis. As a result, only investment earnings may be subject to income tax and possible penalties upon withdrawal. In the meantime, investments within the accounts grow on a tax-deferred basis, meaning no tax is due on account growth until funds are distributed.

While Trump accounts introduce a new opportunity to save and invest for a child's future, families should carefully consider how these accounts fit into their broader financial and tax planning goals. As additional guidance becomes available, investors should consult with a qualified financial or tax professional to determine whether a Trump account is appropriate for their situation.

**BRETT LARSON**  
*CFP®, Portfolio Manager*

## INTRODUCING MARK GROHE!



Romano welcomes Mark Grohe, our new Director of Research. He most recently served as Senior Vice President of Revenue Management for Conagra Brands, Inc. where he led the design, development, and implementation of advanced revenue management capabilities across Conagra Brand's \$11B portfolio of retail products. Mark graduated from The University of Iowa with a

B.B.A. in Finance. During his free time, he enjoys golf, paddle tennis and pickle ball. Mark will laugh and admit that his favorite hobby is research. He lives in Hinsdale with his wife Amy, and they have two grown children.

**Welcome to the family, Mark!**



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# ROMANO NEWS



Megan Naydenova, Romano Portfolio Manager, presented the fundamental concepts of a holistic financial plan to the tenants of the Rotary Building. She reviewed portfolio basics and the importance of goal setting.



Michael Maloney, Northside Rugby Club member, stopped by and presented Joe with a sponsorship jersey. Romano is proud to support this co-ed rugby team in Roger's Park. Their mission is simple: create an inclusive, competitive, and sustainable rugby community where everyone can grow. Go Geese, Go!

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