NEWSLETTER SUMMER 2026

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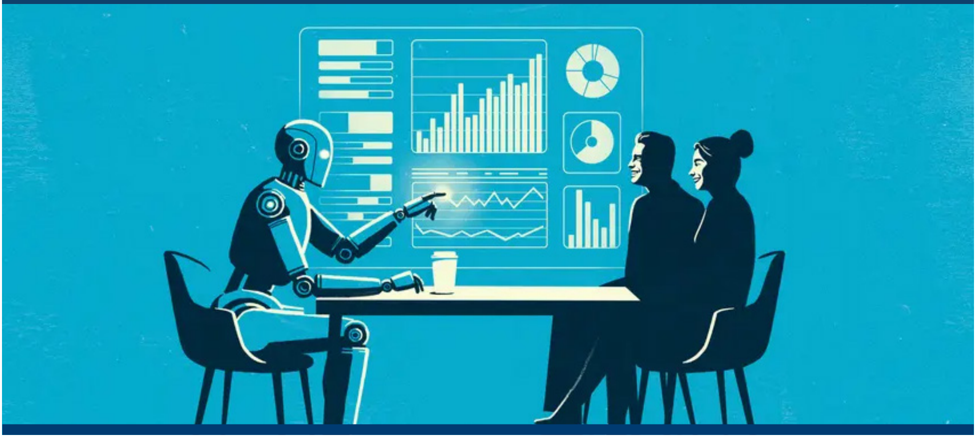

How Artificial Intelligence Is Reshaping the Financial World

Artificial intelligence (AI) has quickly evolved from a niche technology into one of the most powerful forces shaping today's economy. For investors and financial planners, understanding AI is no longer optional; it has become an important part of evaluating markets, portfolios, and long-term investment opportunities.

AI is now a major driver of market performance. Significant investments are flowing into AI-related infrastructure, particularly semiconductors, cloud computing, and data centers. These investments are expected to continue for years and have already contributed to strong earnings growth across parts of the technology sector. As a result, AI-related companies have played a major role in recent market gains. However, investors are becoming more selective. Rather than simply investing in companies associated with AI, the market is increasingly rewarding businesses that can demonstrate a clear path to profitability and long-term value creation.

One of the most notable trends in AI investing is the growing focus on the infrastructure behind the technology. Often referred to as a "picks and shovels" strategy, this approach focuses on companies that provide the essential building blocks needed to support AI's growth, including chip manufacturers, data center operators, and cloud providers. The strategy reflects a broader understanding that AI is not simply a software story. It is also a large-scale investment cycle that requires substantial physical infrastructure and ongoing capital spending.

The impact of AI is also being felt in sectors that many investors may not immediately associate with technology. One of the most important examples is energy. The data centers that power AI systems require enormous amounts of electricity, driving increased investment in power generation and infrastructure. This growing demand has created opportunities in areas such as utilities, natural gas, and renewable energy.
At the same time, limitations in energy supply and grid capacity could influence the pace of future AI expansion.

Beyond individual sectors, AI has the potential to improve productivity across the broader economy. Businesses are increasingly using AI to automate tasks, analyze data more efficiently, and improve decision-making. These productivity gains may support economic growth across industries ranging from manufacturing and healthcare to financial services. Companies are also increasing capital spending to remain competitive, creating opportunities for businesses that can benefit from this new wave of investment.

Continued on the next page →

How Artificial Intelligence Is Reshaping the Financial World Cont'd

While the long-term potential of AI is significant, investors should also be aware of the risks. One concern is market concentration. A relatively small number of large technology companies have accounted for a substantial portion of recent market gains, increasing exposure to valuation risk. In addition, high levels of spending and elevated expectations have raised concerns that certain areas of the market may be priced for near-perfect outcomes. As a result, many investors continue to look for opportunities in sectors such as industrials, energy, and consumer-focused businesses, where valuations may be more attractive.

For financial planners and individual investors, AI presents both opportunity and complexity. Maintaining exposure to long-term growth trends while remaining diversified is as important as ever. Investors must balance the potential benefits of AI-driven innovation with the risks associated with concentration and valuation. AI is also transforming the financial planning profession, providing advisors with new tools that can support more personalized analysis and data-driven decision-making.

Artificial intelligence is more than a technological innovation; it is a structural force reshaping markets and economies. While its full impact will continue to unfold over time, AI is already influencing how companies invest, how industries grow, and how investors evaluate opportunities. Understanding and adapting to these changes will be an important part of long-term investment success.

Explore Our Educational Resources and Stay Informed

At Sgroi Lawley Group, we believe that informed decisions are empowered decisions. That is why we have developed a growing library of educational content designed with the goal to help you better understand the financial topics that can impact your future. Through our website, you have access to a wide range of educational videos, podcasts, and market commentary created by our team of financial professionals. Our goal is to provide valuable insights on the issues that matter to our clients and help simplify complex financial concepts.

Our educational resources cover topics such as retirement planning, investment strategies, tax planning opportunities, medicare and healthcare planning, estate planning concepts, business succession and exit planning, Financial planning during major life events, and Market trends and economic updates.

We are especially proud of our monthly "Plan. Protect. Invest." podcast series, where team members discuss current financial planning topics, answer common questions, and provide practical strategies to help listeners navigate important financial decisions. In addition, our quarterly "Market Moves" series, provides a review of market activity, economic developments, and key trends affecting investors. These updates are designed to help you stay informed about market conditions and better understand the factors influencing your financial plan.

We encourage you visit our website and our YouTube channel at Sgroi Lawley Group LLC to explore our latest educational content and stay up-to-date on financial planning topics that may impact your goals. As always, if you have questions about any of the information presented in our videos, podcasts, or market updates, please contact our office. We welcome the opportunity to discuss how these ideas may apply to your personal financial situation.

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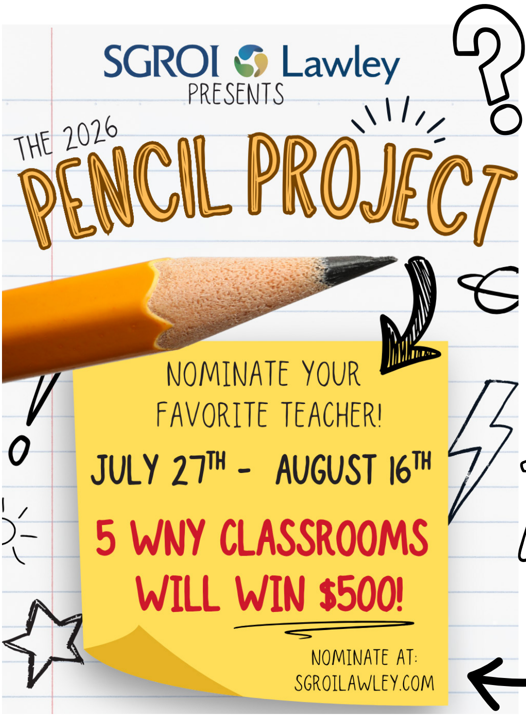

ARE YOU A TEACHER OR DO YOU KNOW A TEACHER THAT WOULD LIKE TO WIN $500 TOWARDS CLASSROOM SUPPLIES FOR THE 2026-27 SCHOOL YEAR?

Sgroi Lawley is proud to continue its annual Pencil Project Classroom Giveaway, awarding five hardworking teachers across Western New York with a $500 scholarship towards classroom supplies for the 2026–2027 school year.

NOMINATIONS NOW OPEN FROM JULY 27TH THROUGH AUGUST 16TH!

Make sure to visit sgroilawley.com for more details and

CONGRATULATIONS TO THE SCARSELLA FAMILY!

Please join us in congratulating our Director of Research and Investment Development, Vincent Scarsella, and his wife, Emily, on the arrival of their baby girl, Lucy. We wish their growing family health, happiness, and all the best as they begin this beautiful new chapter.

PLAN. PROTECT. INVEST.

A SGROI LAWLEY PODCAST

Join us each month for the Plan. Protect. Invest. Podcast, where our advisors dive into a variety of financial planning topics designed to help you make informed decisions with confidence. From retirement strategies to investment insights and risk management, each episode offers practical guidance you can use in your everyday financial life.

EPISODES ARE AVAILABLE ON:
YouTube, Apple Podcasts, and Spotify

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Homeowners Maintenance Tips

Summer's long, bright days create an ideal time for home improvements, seasonal maintenance, and reducing preventable property risks. A little attention now can help protect your home from water damage, fire hazards, pest activity, and weather-related wear later in the year.

INSPECT YOUR BASEMENT & ATTIC

Check for pests, insects, water damage, or mold. Musty odors, staining, soft wood, or damp insulation can signal a hidden leak. Addressing moisture early limits structural damage & prevents small issues from becoming costly repairs.

EXAMINE YOUR WINDOWS

Examine locks, weatherstripping, and caulking as gaps can let in warm air, insects, or rain. Sealing these areas improves comfort, reduces cooling costs, and helps prevent water intrusion.

MONITOR MOISTURE LEVELS

Use a dehumidifier to keep humidity under control, especially in basements and crawl spaces. Watch for mold, mildew, or condensation on walls and pipes. Managing moisture helps prevent long term damage.

SEAL INSULATION GAPS

Add insulation around garage doors, attic access points, and other openings to keep cool air inside and hot air out. This reduces strain on your air conditioning system and lowers the risk of equipment issues during extreme heat.

CHECK YOUR DECK

Look for rotting boards, popped screws, loose railings, or uneven steps. Test your sealant by sprinkling water on the boards; if it absorbs rather than beads, it's time to reseal. Fixing weak spots reduces injury risks.

CLEAN YOUR GRILL

Remove grease buildup and debris to improve performance and reduce fire hazards. Ensure to let the grill cool before wiping surfaces or checking propane connections.

REPAIR AND MAINTAIN SIDING

Paint, clean & repair exterior siding to keep out moisture, insects, and mildew. Trim shrubs and branches that touch the siding to prevent trapped moisture and pest pathways.

PREVENT GARDEN LEAKS

Check hoses and outdoor spigots for small leaks that can raise water bills or damage landscaping. Replace worn washers and tighten connections.

INSPECT YOUR ROOF

Look for moisture, staining, or daylight in the attic. Clear leaves and debris from gutters and downspouts so rainwater drains away from your home and foundation.

CLEAN YOUR HVAC SYSTEM

Clean coils, replace filters, test the fan, and check for faulty wiring to improve efficiency and reduce fire hazards.

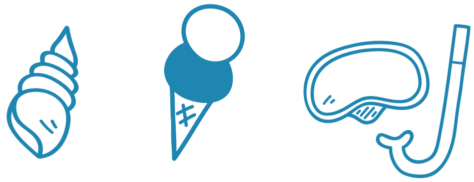
SWIMMING-POOL SAFETY

If you have a pool, inspect the fencing, gates, and latches to ensure they comply with local safety codes. Keep rescue equipment nearby, maintain clear water visibility, and store chemicals securely. Regularly check pumps and filters to prevent electrical or mechanical hazards.

CHIMNEY MAINTENANCE

Summer is an excellent time to clean and inspect your chimney. Remove creosote buildup, check for cracks or loose bricks, and ensure the flue operates properly. Addressing issues now reduces fire risks before the fall and winter heating seasons.

Taking time to complete these seasonal tasks can help protect your home, reduce the likelihood of preventable claims, and support a safer living environment.



Market Letter Q2 2026

The first half of 2026 has proven that investing can feel like a rollercoaster at times. Through the first six months of the year, investors faced many challenges, including the war in Iran, oil prices pushing inflation to multi-year highs, and questions around artificial intelligence. And yet, we have climbed to new all-time highs, corporate earnings have grown at a double-digit pace, and many asset classes have performed well. This has been a reminder of the importance of staying invested and maintaining your financial plan, as the stock market has given us a tale of two very different quarters. We started the year with some turbulence, as the major indices were in the red when all was said and done on March 31st. Then, the second quarter saw one of the most powerful rebounds in recent memory.

Investors started the second quarter with the same backdrop of elevated inflation, lingering trade uncertainty, geopolitical tensions with the war in Iran causing oil prices to rise above $100/barrel, which dampened consumer sentiment and raised forward inflationary assumptions. On top of that, questions of what the Federal Reserve would do with interest rates and how severe inflation would become, continued to weigh on corporate earning. As the market entered the second quarter, it decided to play an April Fool's prank and reverse the losses seen in Q1, and erase some of the doubts investors were facing as well. The S&P 500 rose 15.20%, the Dow Jones gained 13.40%, and the Nasdaq went parabolic, rising 21.60%. Small-Caps joined in on the Nasdaq's torrid pace as well, as the Russell 2000 saw a return of 21.50%.

As we head into Q3, the major indices are sitting at all-time highs, as the Dow has gained 9.80%, the S&P has risen 10.20%, the Nasdaq has risen 13.10%, and small caps are leading the charge, up 22.60%. The important thing to note about this rally is that it is based on real tailwinds, not speculation. Many factors have helped to bring the market to new highs; however, the defining theme, though, is still AI. Hyperscalers have committed tens of billions of dollars to AI computing infrastructure, and semiconductor companies saw earnings and valuations soar as a result. S&P 500 corporate earnings grew approximately 28% year-over-year during the most recent reporting season, more than double the 12.6% growth that analysts had originally forecast, with technology and communication services leading all sectors with profit growth of roughly 50% and 47%, respectively.
Another positive is that although the situation remains fluid, the agreement between the US and Iran to reopen the Strait of Hormuz and ease oil sanctions brought crude oil prices sharply lower, from over $110 per barrel at the height of the conflict to below $75 by quarter-end. This easing of energy inflation was welcomed by markets and consumers alike. It is also important to note that although the rise in oil prices has pushed inflation higher, Core CPI, which excludes food and energy costs, rose only 2.9%, while the broader number sits at 4.2% year-over-year. This shows that inflation has been concentrated on rising fuel prices and is not yet a broader phenomenon.

The Federal Reserve kept interest rates steady and paused at its last meeting. This is perhaps the biggest question mark moving forward this year, as we have a new Federal Reserve President, and core inflation remains sticky and above the Fed's 2% target. Nine of eighteen FOMC members indicated support for at least one additional rate hike before year-end, a reminder that the path back to price stability remains a work in progress. The Fed's next move will be based on the data coming in, so it is important to keep an eye on inflationary data. If the data comes in higher-than-expected, this could cause some volatility for both stocks and bonds; however, if data comes in lower than expected, this could be another tailwind for this market to continue to move higher, as investors would start to price in a possible rate cut before year-end.

To close, the first half of 2026 has rewarded investors who stayed diversified and maintained a long-term perspective, even as geopolitical and economic headlines created short-term uncertainty. It is never a good idea to let short-term noise affect the long-term financial plan.

Plan. Protect. Invest.

We would like to once again thank you for all of the trust you have put into Sgroi Lawley over the years and please do not hesitate to contact us with any questions that may arise. Have a wonderful summer!

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SUMMER 2026
The Sgroi Lawley Financial Newsletter
is the quarterly newsletter of

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