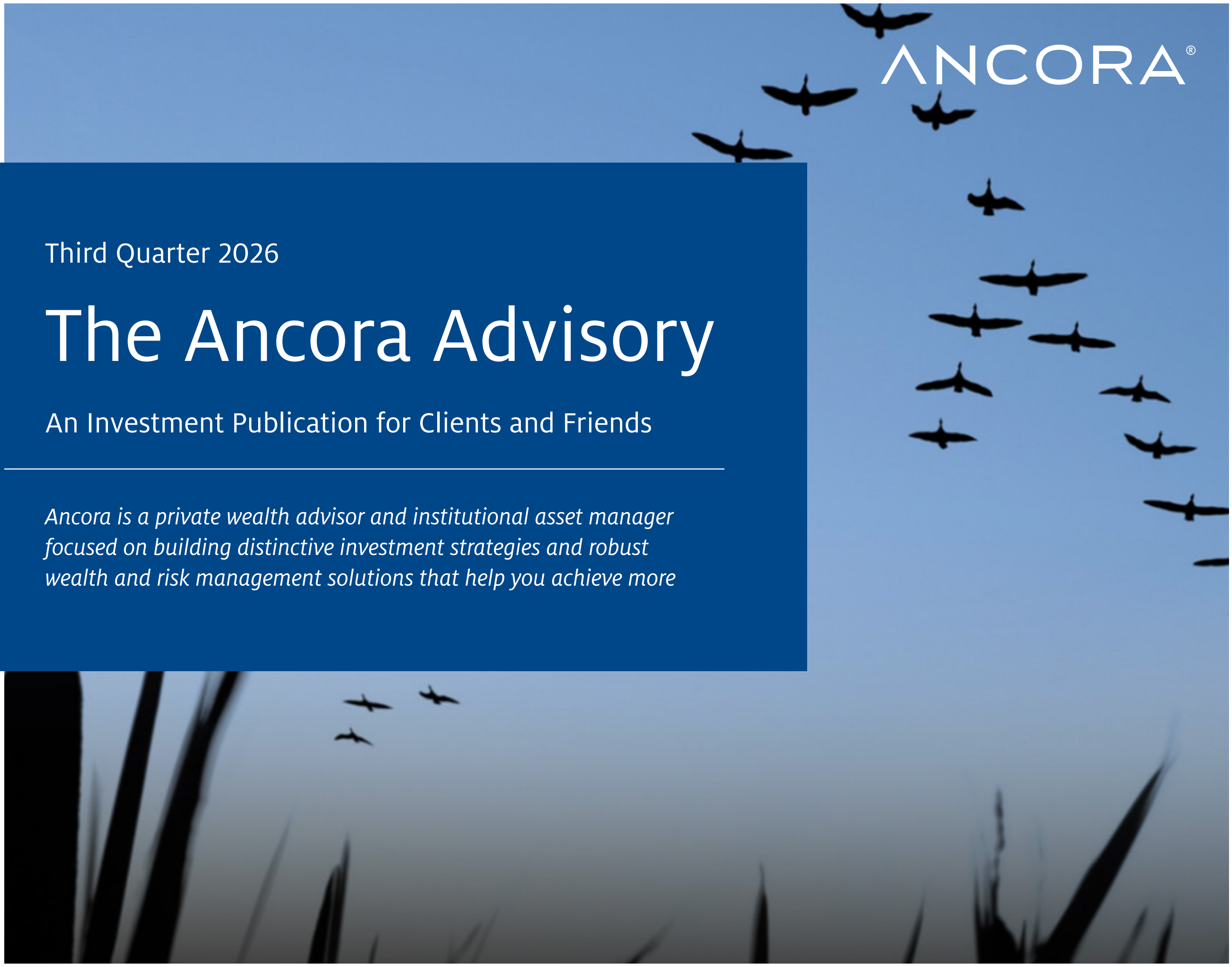


Third Quarter 2026

The Ancora Advisory

An Investment Publication for Clients and Friends

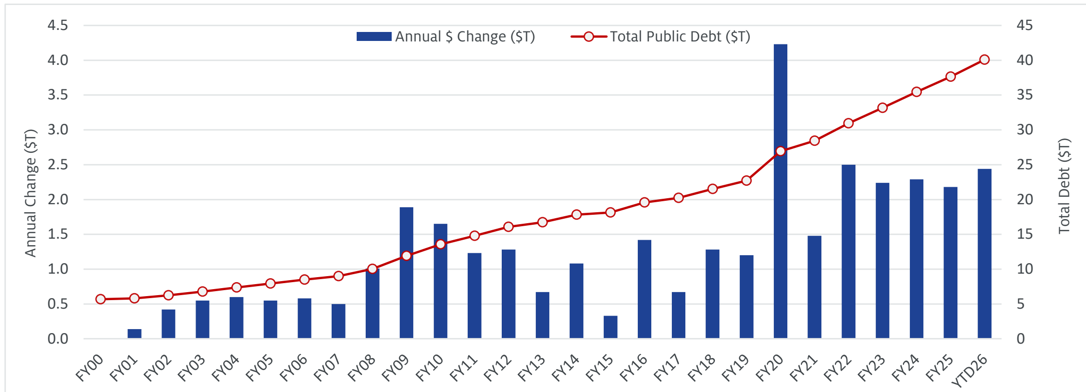
Ancora is a private wealth advisor and institutional asset manager focused on building distinctive investment strategies and robust wealth and risk management solutions that help you achieve more

The U.S. Hit $40 Trillion in National Debt. Now What?

John Micklitsch, CFA, CAIA / President

The United States has crossed another milestone: more than $40 trillion in national debt. While that number is large enough to seem otherworldly, its effects are increasingly showing up in places that matter to investors and families. Higher government borrowing means more Treasury bonds must be issued to finance ongoing deficits. To attract buyers, those bonds often require higher interest rates, creating competition for capital and placing upward pressure on borrowing costs throughout the economy. The result is that mortgages, business loans and other forms of credit become more expensive, affecting everything from home purchases to economic growth.

U.S. Federal Debt Growth



Source: US Treasury 'Debt to the Penny' / FRED series GFDEBTN, fiscal year-end figures (Sep 30); YTD as of 8/31/26

At first glance, a debt crisis might seem inevitable, but unlike a household or business, the federal government has tools that allow it to postpone the day of reckoning. The Federal Reserve can purchase Treasury securities, effectively creating new money that helps absorb government borrowing needs and maintain liquidity in the financial system. This ability means there is no obvious cliff where the United States suddenly "runs out of money." Deficits can be financed for far longer than people might expect. However, avoiding a crisis is not the same as avoiding consequences.

Those consequences often emerge in the form of inflation. As more dollars are created to support growing levels of debt, the purchasing power of each dollar can gradually erode. Inflation is more than an economic statistic; it is a tax on savers. Over time, it becomes harder to increase real wealth, even when investment accounts show positive returns. The goal is not simply to make money, but to earn a real return, meaning a return that exceeds inflation and increases purchasing power.

> "We see true financial freedom as being ultimately about options."

That distinction matters because we see true financial freedom as being ultimately about options. It is the ability to allocate your human capital in the way that is most meaningful to you. For some, that means continuing to work because they enjoy it. For others, it means volunteering, spending more time with family, improving their health, strengthening relationships, exploring nature or pursuing personal passions. Inflation quietly steals some of that freedom by requiring more resources to maintain the same standard of living. If your savings fail to outpace inflation, the amount of time and effort required to support your desired lifestyle continues to increase.

So what do we do? Technology such as AI can play a role in future productivity gains, which is an offset to inflation, but it can't erase existing debt. And the reality is that most of us cannot control government spending, deficits or monetary policy. What we can control is our response. That means saving consistently, investing thoughtfully, managing risk, controlling debt and maintaining a long-term financial plan. It means becoming more intentional with every financial decision because the margin for generating real returns has narrowed. In many ways, that is the shared cost of decades of sustained deficit spending. The challenge facing investors today is not simply growing wealth, but preserving purchasing power and maintaining the freedom to live life on your own terms. We are here to help. ◊

The Stock That Built Your Wealth Could Be the Risk You Haven't Managed

Vanessa Mavec King, CFP® / Director, Financial Planning

Tom Kennedy / Managing Director, Portfolio Manager

The uncomfortable reality of concentrated wealth: the very thing that built it can just as easily become the biggest threat to it.

Maybe you accumulated shares through years of equity compensation. Maybe your family has owned the same company for generations. You may have inherited a substantial position. Or perhaps you simply held a successful investment for so long that appreciation quietly transformed one part of your portfolio into most of it.

You may not have chosen that level of concentration. It may have happened while you were busy building a career, running a business, raising a family or simply letting a long-term investment compound. But eventually, concentration becomes a financial decision even if you never consciously made one.

> "Concentration rarely feels like a problem when the stock is performing well."

Concentration rarely feels like a problem when the stock is performing well. There may be a sense of loyalty to a company that helped create your financial security. And after years of watching the shares appreciate, selling can feel less like managing risk and more like betting against something that has worked. Then there is the embedded gain. The thought of selling can immediately raise questions about taxes, what to do with the proceeds and whether the stock might continue climbing after you reduce the position.

What makes a concentrated position different is that a decline in one company can affect not just your portfolio value, but your spending plans, family goals, philanthropic intentions, estate plans and sense of financial security. The real issue is that too much of your future can depend on an outcome you can't control.

The Decision of What to Do

The answer depends on far more than your opinion of the company. Your tax situation matters. So does your need for liquidity, your investment horizon, your family's circumstances, your estate and legacy objectives and your actual capacity to absorb a significant loss without changing the life you want to live.

There are multiple ways to approach the problem, and we believe the right choice begins with understanding what the wealth is supposed to accomplish. That is why we don't think the first question should be, "Should I sell?" A better starting point is: "What role should this stock play in my financial life going forward?" That question creates room for a more thoughtful conversation. It recognizes that the right answer may look different for an executive with ongoing equity compensation, an individual investor with decades of appreciation or a family deciding what to do with an inherited or founder-era position. It also recognizes that doing nothing is itself a decision.

What Are the Options?

There is no single playbook for a concentrated position. Depending on the circumstances, the range of choices can look very different.

- Do nothing and continue to hold the position. In an estate-planning context, this can entail a step-up in basis at death. In certain circumstances, that may eliminate a substantial unrealized capital-gains liability that would otherwise have been triggered by a sale.

- Sell gradually and manage the tax impact over time. Rather than making one large transaction, an investor may choose to sell portions of the position periodically and establish an annual tax budget for realizing gains.

- Use a collar to establish a range of outcomes. For investors who want to retain ownership but reduce some of the uncertainty around the position, a collar can be designed to limit exposure to a predetermined range around the current stock price for a defined period. The tradeoff is that reducing downside risk can also limit some upside potential.

- Use a direct indexing strategy where minimal tracking error index matching with tax-loss harvesting can allow a concentrated position to be reduced over time without a large tax bill.

- Gift the shares to charity. Gifting appreciated stock can be another way to address concentration. The donor would receive the charitable deduction of the market value and avoid ever realizing a gain.

These are not interchangeable solutions, and they are not appropriate for every investor or without associated caveats and risks that should be discussed with your financial and tax advisors.

When Planning and Investing Happen Together

A concentrated-stock decision sits directly at the intersection of financial planning and portfolio management. The planning side asks questions such as: What are you trying to accomplish with this wealth? What liquidity will you need? How does the position fit into your broader financial and estate picture? What constraints or priorities should shape the decision?

The portfolio side asks a different set of questions: How much risk does the position create? How does it correlate with the rest of your investments? What would a thoughtful transition look like and what are the tax implications of a major change in the portfolio?

Both perspectives are important because each one affects the other. We believe the conversation should therefore begin with the person and their goals, not the name of the stock.

Our approach is deliberately collaborative. First, we look at the plan, including your goals, tax considerations, timeline, liquidity needs and capacity for risk. Then we bring that context into the portfolio, considering how risk, timing and execution should work together. This is not about choosing between planning and investing, but about making sure the two inform each other. At Ancora, we like to bring financial planning and portfolio management together to help concentrated investors understand their choices in the context of the life they are trying to build.

The stock may have built your wealth, but the next decision is how you want that wealth to work for you. ◊

The AI Bond Binge: Why the World's Biggest Tech Companies Are Suddenly Its Biggest Borrowers

Kevin Gale / Co-Chief Investment Officer

Wall Street has seen financing booms before, think railroads, the internet, shale oil, but the debt wave now crashing through global bond markets to fund artificial intelligence infrastructure is shaping up to be unlike anything in modern financial history. The world's largest technology companies are borrowing at a pace and scale that is straining the capacity of the investment-grade bond market, pushing yields higher, widening credit spreads for the hyperscalers and forcing investors to rethink how they price risk in a world where the biggest, most creditworthy companies on earth are suddenly among the most prolific borrowers.

By virtually every measure, 2026 has become the year that the AI investment boom migrated from the equity market to the bond market. The world's largest technology companies are issuing debt at a pace never before seen in the investment-grade credit market. The sheer scale of borrowing required to finance data centers, power infrastructure, networking equipment and AI accelerators is transforming both the Treasury and corporate bond markets.

The Scale of the Buildout

Amazon, Alphabet, Meta and Microsoft have launched a capital spending program of extraordinary scale. Their combined capital expenditures have risen from approximately $150 billion in 2023 to $700 billion estimated for 2026, with spending for the broader hyperscaler group expected to exceed $1 trillion in both 2027 and 2028.

This is more than a typical technology upgrade cycle. AI training clusters require hundreds of thousands of GPUs, individual data centers can cost tens of billions of dollars and power infrastructure has become nearly as important as semiconductors. Companies are also securing capacity years before the related revenue is realized. The buildout increasingly resembles a utility or infrastructure investment cycle.

2026: A Record Year for AI Debt

The largest hyperscalers are expected to issue about $250 billion of debt this year across various maturities. That figure alone is expected to be roughly 14% of total U.S. investment-grade issuance for the year. The deals have been enormous in size, sometimes topping $30 billion of issuance at a time.

The AI bond binge is the primary driver behind what is on pace to be a record year for U.S. investment-grade issuance overall. Total investment-grade credit issuance reached $1.3 trillion in 2024 and $1.5 trillion in 2025. Bloomberg reports that through August 21, 2026, issuance has already hit $1.4 trillion and is expected to climb to ~$2.0 trillion by year-end.

The volume is testing the market's capacity. Technology bond spreads began widening relative to the broader investment-grade index in mid-2025 as AI capital spending and debt issuance accelerated. The gap narrowed temporarily, then widened again in 2026 as hyperscalers increased capital spending guidance and issuance set new records. While technology credit quality remains exceptionally strong, some hyperscalers are shifting from substantial free-cash-flow generation toward net cash burn, a structural change now registering in credit markets.

Impact on the Treasury Market

The AI bond binge is colliding with an already heavy Treasury financing calendar. Persistent federal deficits combined with maturing debt that requires refinancing are expected to result in approximately $4.5 trillion in Treasury bill and note issuance in 2026. At the same time, AI-related corporate borrowers are adding significant longer-dated supply.

This combination is increasing competition for investor capital and contributing to upward pressure on long-term yields and a steeper yield curve. A week into September, the U.S. 10-year Treasury yield has risen approximately 85 basis points from its 12-month low, while the two-year yield has increased about 100 basis points from its low for the year.

The AI bond binge has become the defining credit-market story of 2026. Nearly $200 billion of debt has already been issued by the largest hyperscalers, total investment-grade issuance is on pace to exceed $2 trillion and AI-related debt through 2030 is reportedly expected to reach an estimated $4 trillion. The market must absorb this financing wave while Treasuries compete for the same capital.

Investor demand has so far kept pace, but market capacity is not unlimited. Continued issuance could mean higher borrowing costs, wider hyperscaler spreads and broader pressure on long-term yields. We will continue to monitor debt-market conditions closely and believe appropriate portfolio diversification may help to limit the potential impact of the AI financing boom. ◊

Her Own Seat at the Table

Cindy Flynn / Chief Experience Officer

In my role at Ancora, I spend a great deal of time thinking about what creates an exceptional client experience. Again and again, I come back to one simple idea: the strongest relationships are built when people feel known, understood and valued.

That idea matters most when I think about how our industry engages with women.

> “The strongest relationships are built when people feel known, understood and valued.”

Traditionally, wealth management has treated married clients as a single household. Understanding a family’s complete financial picture is essential, but it isn’t the whole story. We also need to recognize the individuals within that family. A couple may share financial goals, yet have very different interests, concerns and ways of engaging with their wealth and their advisor.

Building a relationship with a woman independent of her spouse isn’t about excluding anyone. It’s about making sure she has her own meaningful connection to the firm and the people who advise her family, and that requires more than adding her name to an invitation.

It requires intentionality: creating experiences and conversations that are genuinely relevant to her. Sometimes those conversations are financial — estate planning, philanthropy, preparing children for wealth, caring for aging parents, navigating a major life transition. Just as often, the strongest connections happen outside traditional financial discussions altogether: a small dinner, a conversation about wellness, an experience centered on art, travel or community, a chance to meet other women navigating similar stages of life.

What matters isn't the event itself. It's whether we're creating an environment where authentic relationships can develop through shared experience.

I've seen firsthand how different the conversation becomes when women are given the space to engage in ways that feel comfortable and relevant to them. We learn what matters to them, not only financially, but personally: the causes they care about, their concerns for the future, their children or grandchildren and what they ultimately want their wealth to accomplish.

Those conversations make us better advisors and better partners. They also matter over the long term. Life inevitably brings transitions, and there may come a time when a woman who has historically managed her family's wealth alongside her spouse is managing it on her own. That moment is too late to begin building the trust that should already be there.

At Ancora, we talk often about delivering an exceptional experience at every touchpoint. This is a defining part of what that means to me.

Our responsibility extends beyond managing assets. It's about understanding the people, families and generations behind those assets. When we take the time to know each client as an individual and create meaningful ways for them to connect with us, we don't just strengthen a client relationship — we build one that can hopefully last for generations. ◊

Market Data Center As of 8/31/2026

Stocks	1 month	3 months	6 months	YTD	1 year	3 years
S&P 500	2.7%	1.7%	12.4%	13.1%	20.4%	77.3%
Dow Jones	2.2%	5.4%	10.2%	12.6%	19.5%	62.5%
Russell 2000	1.5%	2.1%	13.6%	20.6%	27.1%	62.9%
Russell 1000 Growth	3.8%	-3.8%	9.4%	4.1%	10.9%	77.7%
Russell 1000 Value	2.6%	8.9%	15.4%	23.8%	30.5%	72.8%
MSCI EAFE	2.0%	4.1%	3.8%	14.2%	22.2%	67.8%
MSCI EM	3.4%	-1.1%	8.3%	24.4%	39.7%	89.8%
NASDAQ 100	4.2%	-2.7%	18.4%	17.1%	26.6%	94.2%

Dividend Yield	NTM P/E	P/B
0.98%	19.6x	5.2x
1.37%	19.4x	5.5x
0.90%	24.9x	2.1x
0.35%	22.4x	11.6x
1.36%	17.7x	3.3x
3.12%	15.4x	2.3x
1.66%	10.2x	2.3x
0.42%	22.3x	8.1x

Fixed Income	Yield	1 month	3 months	YTD	1 year	3 years
U.S. Aggregate	5.01%	0.4%	-0.7%	-0.3%	1.9%	12.8%
U.S. Corporates	5.44%	0.5%	-0.9%	-0.1%	2.2%	16.5%
Municipal Bonds	3.67%	0.0%	-0.9%	0.4%	4.2%	10.7%
High Yield Bonds	7.02%	1.0%	1.0%	2.6%	4.8%	27.5%

Key Rates	8/31/2026	7/31/2026	5/31/2026	2/28/2026	8/31/2025	8/31/2023
2 yr Treasury	4.34%	4.27%	4.00%	3.39%	3.61%	4.84%
10 yr Treasury	4.75%	4.71%	4.44%	3.96%	4.22%	4.09%
30 yr Treasury	5.24%	5.25%	4.98%	4.63%	4.92%	4.21%
30 yr Mortgage	6.71%	6.73%	6.63%	6.12%	6.62%	6.71%
Prime Rate	6.75%	6.75%	6.75%	6.75%	7.50%	8.50%

Data Reflects Most Recently Available As of 8/31/2026

Commodities	Level	1 month	YTD
Oil (WTI)	86.38	2.0%	50.4%
Gasoline	3.43	2.3%	97.4%
Natural Gas	2.93	6.7%	-6.3%
Propane	0.75	2.1%	17.1%
Ethanol	1.85	2.8%	11.8%
Gold	4,494	9.4%	3.5%
Silver	67.18	16.2%	-4.9%
Copper	6.56	2.0%	16.6%
Steel	1,207	1.3%	26.4%
Corn	5.38	15.8%	22.1%
Soybeans	13.06	10.2%	27.9%

As always, don't hesitate to contact your Ancora advisor or relationship team if you have any questions or would like to learn more about these topics. Visit our website to find other news and insights from the investment professionals at Ancora.

www.ancora.net / 216-825-4000

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