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wealth • management

The Pulse

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july 2026
in this issue:

The disconnect between Wall Street and Main Street seems wider than ever before. Regular Americans can't afford groceries and gas and health care, while the stock markets are near record highs. Why?

Common stocks are priced in the market according to how they are expected to reward their shareholders in the future- either with dividend payments, price growth, or both.

Take artificial intelligence stocks, either the companies who are developing applications for AI (like Apple and Meta and others) or the companies that make microchips for AI memory (like Nvidia and Intel and others). These companies have been leading markets for months, even though it is still an open question whether AI will be good for most Americans or not.

Utility companies are another example. They are famous for providing generous dividends, but those come out of the electric bills you pay. In order to benefit from your rising costs, you would have to buy the common stock.

Does it make sense to hedge aspects of your life in the stock market? Of course it depends on your individual needs and goals, and your risk tolerance..

The recent SpaceX initial public offering gave Elon Musk fans a chance to participate in his business. And of course some of our taxpayer dollars are going to SpaceX. But the stock, which started trading at $135 per share, is now selling at around $120. Stocks can be risky, which is why safer utility stocks have an overall return that is less than high-flying AI companies.

The stock market responds to global events, politics, and economic influences in terms of what will benefit stock-issuing companies, not American citizens. Investing in the stock market means realigning your interests with the interests of the companies you buy. Inflation for instance, might be good for a real-estate company and bad for your budget.

Looking Ahead

As they did in 2025, stocks proved resilient in the first half of the year despite several macro-economic surprises, as strong corporate earnings and underlying economic growth overcame doubts about AI profitability, war and higher interest rates.

To that point, investors had to confront numerous market surprises over the first six months of 2026, including a direct war between the U.S. and Iran, a spike in oil prices to multi-year highs, a rebound in inflation (which caused rate hike expectations to replace rate cut hopes) and some doubts about the broad profitability of AI. But while those surprises each caused temporary bouts of market volatility (with the worst coming in March after the U.S./Iran war began), they were largely offset by foundational bull market metrics: Strong earnings and solid economic growth.

The Q1 earnings season was much stronger than expected, and while the earnings gains were led by AI-linked tech stocks such as Nvidia, Micron and others, the reality is the vast majority of companies reported better-than-expected revenue and earnings and that strong corporate performance helped to offset macroeconomic uncertainty.

Economic growth, meanwhile, pushed back consistently on fears of stagflation following the war-driven spike in oil prices. Yes, inflation metrics and prices rose but economic growth never wavered, as virtually all economic indicators from the labor market, manufacturing and service sectors showed solid activity.

Finally, AI enthusiasm remained a key driver of the stock rally, as numerous large tech companies reaffirmed their commitment to

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Please note:
Your custodian will issue monthly statements for all accounts that have had activity that month. For accounts with no activity, statements will be sent quarterly. Online account values are updated daily. If you have any questions, call us, or log in to your Black Diamond account. (Call anybody at Diastole except Beth for help doing that.)

spend hundreds of billions of dollars on data center and AI infrastructure buildout, which gave investors continued confidence in the future of AI and provided a broad economic boost, as these massive tech companies spend across the economy to build out data centers and other AI infrastructure.

However, while the market and economy were again impressively resilient in the first half of 2026, we must caution against allowing this resilient market to lull us into a false sense of security as we embark on the second half of the year, because risks to this bull market remain.

First, expectations for Fed rate hikes are rising. At the start of 2026, investors widely expected one or two rate cuts in 2026. Now, because of high inflation, the market is expecting, perhaps, one or two rate hikes. And while that is not automatically negative for markets, the reality is that the last time the Fed embarked on a rate hike campaign (2022) stocks dropped sharply.

Second, the exposure of the entire economy and market to continued AI investment remains a source of concern. Massive AI infrastructure investment is helping to power the economy, but if the companies spending that money begin to doubt the ROI of AI infrastructure investment, they could reduce spending and that would be an economic negative that impacts markets.

Finally, the U.S. economy has proved historically resilient over the past several years, but it is not infallible. The rebound in inflation, if it continues, threatens consumer spending and the housing market and we will be watching the economy closely, because at elevated valuations, the stock market is not at all pricing in a loss of economic momentum.

In sum, we start the second half of 2026 with a strong market: Earnings growth is above historical averages, economic growth is solid and AI enthusiasm remains as boisterous as ever. However, risks remain in the form of high inflation (which could hurt economic growth), potential rate hikes and vulnerability to AI infrastructure spending, and we will monitor these risks closely as we continue to balance risk and reward.

Want to give a piece of your mind to your elected officials? Go to 80trillionspeaks.com, sponsored by Diastole, and enter your zip code. Then you can send an email to multiple of your political representatives - as often as you like.

Why Inflation Measures May Not Tell the Whole Story of Your Household Costs

By Joseph DePatie

Over the past year or so, whether you turn on the news or read the newspaper, you have likely heard that inflation is coming down. However, when you go to the grocery store or fill up your gas tank, it probably doesn't feel like prices are on the decline. So, why is the news so disconnected from your lived experience? The reason may not be as straightforward as you think.

First, standard measures of inflation, the Consumer Price Index (CPI) and Personal Consumption Expenditures (PCE), track price changes across a wide variety of goods and services. When commentators on the news say inflation is down from 2023, they do not mean that *prices* are falling. Rather, prices are simply not rising as fast as they were before; make no mistake, costs have still increased. To break it down: the CPI measures the average change over time in the prices paid for a fixed basket of consumer goods and services, while the PCE Price Index (PCEPI) measures the changes in prices for all goods and services purchased by consumers.

Second, your personal spending habits likely don't align perfectly with the "basket of goods" used to track these official metrics. For example, the CPI assigns fixed weights to broad spending categories like housing, food, transportation, and medical care. However, individual households spend differently. Families with small children might spend heavily on childcare and food, while retirees are often exposed to higher costs for medical care and insurance premiums. Furthermore, high-income households with more discretionary cash flow can usually absorb rising prices better because they can easily adjust their spending patterns. Housing matters too: renters often experience price hikes on their entire monthly rent payment, whereas homeowners might only see increases in insurance and real estate taxes.

Ultimately, official inflation metrics are just a starting point for understanding how your household is affected. While tracking macroeconomic trends is useful, the headline rate will likely never perfectly match your own. Your personal inflation rate is driven by what you buy, where you live, and how you structure your financial life.

If you would like to explore how inflation impacts your specific financial plan, please let us know.

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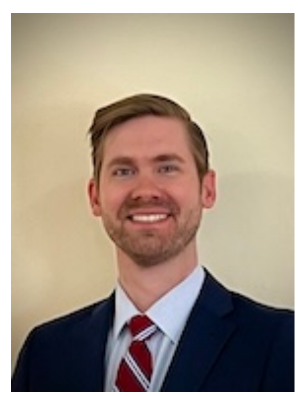

The $80 Trillion Conversation Families Keep Avoiding

For decades, families have focused on building wealth. They saved, invested, purchased homes, built businesses, and created financial security. Now comes the next challenge: transferring that wealth successfully.

Cerulli Associates estimates that approximately $83 trillion will pass to heirs and charities through 2048, making this the largest intergenerational wealth transfer in history.

But the greatest risk may not be taxes, investment performance, or market volatility.

It may be a lack of communication.

A Plan on Paper May Not Be Enough

A family can have an updated will, properly named beneficiaries, trusts, insurance policies, and a carefully managed portfolio. Yet if the next generation does not understand the plan, confusion and conflict can still arise.

Adult children may not know:

- What accounts, properties, or insurance policies exist
- Where important documents are stored
- Who the family's financial, legal, and tax advisors are
- Why certain estate-planning decisions were made
- What responsibilities may come with an inheritance

Estate documents explain what will happen. They do not always explain why.

The First Transfer May Be to a Spouse

The Great Wealth Transfer is often described as money moving directly from parents to children. In reality, much of it may first pass to a surviving spouse. That spouse may suddenly become responsible for investments, taxes, estate matters, properties, and family decisions that were previously handled jointly, or primarily by the other spouse. This can be overwhelming, especially when the surviving spouse has not been closely involved in the family's financial planning. Both spouses should understand the plan, know the advisory team, and feel comfortable participating in financial decisions before a crisis occurs.

The Next Generation May Think Differently

Children and grandchildren may have different financial priorities than their parents. They may be more interested in technology, entrepreneurship, real estate, socially responsible investing,

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private investments, or digital assets such as Bitcoin. They may also expect faster communication and greater access to information. Recent industry research suggests that many inheritors do not plan to retain their parents’ financial advisor. In many cases, this is not because the advisor performed poorly. It is because the next generation was never included in the relationship. Introducing adult children to the family’s advisors before wealth changes hands can create familiarity, trust, and continuity.

Starting the Conversation

A family meeting does not require sharing every account balance or disclosing every detail of an estate plan. It can begin with a few simple questions:

What is the purpose of our wealth?
Is it intended to provide security, support education, preserve a family business, help future generations, or fund charitable causes?

Are our heirs prepared?
Receiving money and managing money are different skills. Financial education can be as important as the inheritance itself.

Are our documents current?
Wills, trusts, powers of attorney, healthcare directives, beneficiary designations, and property titles should be reviewed regularly.

Does everyone know whom to call?
Family members should know how to contact the financial advisor, attorney, accountant, and insurance professional when assistance is needed.

Preparation, Not Control

Some parents avoid discussing wealth because they fear creating entitlement, reducing motivation, or causing disagreements among their children. Those concerns are understandable. However, silence can create greater problems later. The goal is not to give up control or reveal every financial detail. The goal is to prepare family members for the responsibilities they may eventually inherit. These conversations can happen gradually. Families might begin by discussing values, charitable intentions, the family home, or the purpose behind an estate plan. More detailed conversations can follow over time. A successful legacy is not measured only by the amount of money transferred. It is also measured by whether heirs understand the plan, whether they are prepared to manage what they receive, and whether the wealth continues to reflect the family’s values. The Great Wealth Transfer is already underway. Families that begin communicating today may be better positioned to reduce confusion, preserve relationships, and protect the legacy they spent a lifetime building.

Sometimes the most important estate-planning tool is not another document. It is a conversation.

Sources:

Cerulli Associates “Cerulli Anticipates Trillions in Wealth Will Transfer”
RBC Wealth Management “Wealth Transfer: Are You Ready?”
Natixis Investment Managers 2026 Wealth Transfer Research

Did You Hear… ?

- Fashion designer Karl Lagerfeld loved his Birman cat Choupette. But when he died in 2019, did he leave his $150 million estate to her? Maybe it doesn't matter, since Choupette earned a healthy living from modeling jobs. French wills are not available to the public, but let it suffice to say that today Choupette lives with a caretaker and has a talent agent whose responsibilities include turning down her many public-appearance requests.
- A California man was accused of stealing $34,000 in Legos by buying Lego sets and replacing the Lego bricks with dried pasta and then returning the boxes.
- The average American spoke 11,900 words per day in 2019, down from 16,632 in 2005. That's a 28% decline.
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Bitcoin's Next Chapter: From Internet Experiment to Global Asset

Bitcoin began in 2009 as an obscure internet experiment created by an anonymous developer using the name Satoshi Nakamoto. At the time, the idea sounded almost impossible: a form of money that could be transferred anywhere in the world without a bank, government, or payment company standing in the middle.

For years, Bitcoin lived on the edges of the financial system. It was dismissed as a fad, associated with speculation, and declared "dead" countless times. Yet each time the price collapsed, the network continued operating, investors returned, and adoption expanded.

Today, Bitcoin is no longer merely a technology story. It has become an investment, policy, and institutional story.

Bitcoin Has Entered the Financial Mainstream

One of the biggest turning points came in January 2024, when the Securities and Exchange Commission approved the trading of several spot Bitcoin exchange-traded products. This allowed investors to gain Bitcoin exposure through ordinary brokerage accounts without having to open a cryptocurrency wallet or safeguard digital keys themselves.

Major financial firms, including Schwab, BlackRock, and Fidelity, now offer Bitcoin investment products. Fidelity has described Bitcoin's evolution as a move from a speculative experiment toward a more institutionalized financial asset, while BlackRock notes that adoption through wealth-management and institutional channels has continued to expand.

This does not mean Bitcoin has become stable. In fact, volatility remains one of its defining characteristics. Bitcoin traded above $100,000 for an extended period in 2025, but as of July 6, 2026, it was trading near $63,800.

That decline is an important reminder: Bitcoin can create substantial gains, but it can also experience sudden and painful losses.

Why Investors Continue to Pay Attention

Bitcoin’s most important feature is its limited supply. The system is designed so that no more than 21 million bitcoins will ever exist. New supply is also reduced approximately every four years through an event known as the “halving.”

Supporters compare this scarcity to digital gold. Unlike dollars, Bitcoin cannot be created in unlimited quantities by a central bank. This has attracted investors who are concerned about government debt, currency depreciation, inflation, or the long-term purchasing power of traditional money.

Bitcoin is also global. It can be held or transferred across borders, and the network operates continuously without relying on a single government or company.

These qualities have helped Bitcoin grow into one of the world’s largest financial assets. By August 2025, Fidelity estimated that Bitcoin had become the eighth-largest asset globally by market value, behind gold and several of the world’s largest technology companies.

Where Could Bitcoin Go From Here?

Bitcoin’s future will likely be shaped by three major forces.

First, continued institutional adoption could bring more investors into the market. Financial advisors, retirement platforms, corporations, and large investment managers are still determining how, and whether, Bitcoin belongs in traditional portfolios.

Second, regulation will matter. Clearer rules could make Bitcoin easier for institutions and individuals to own, while restrictive rules could slow adoption.

Third, the broader economic environment will remain important. Bitcoin often responds to interest rates, investor confidence, market liquidity, and the appetite for risk. BlackRock has noted that liquidity conditions and the pace of institutional adoption may be major drivers of Bitcoin’s path through 2026.

The strongest case for Bitcoin is that it becomes a widely accepted store of value and a permanent part of the global financial system. The opposing case is that it remains highly speculative, fails to produce income, faces technological or regulatory challenges, and continues to experience extreme price swings.

Both possibilities deserve to be taken seriously.

What Does This Mean for Investors?

Bitcoin is not a replacement for a diversified portfolio, and it is unlikely to be appropriate for every investor. It does not pay dividends, generate earnings, or produce interest. Its value depends largely on supply, demand, confidence, and continued adoption.

For investors who can tolerate substantial volatility, however, a small allocation may provide exposure to an asset with unique characteristics and significant long-term potential. The key word is small. Because Bitcoin can rise or fall dramatically, position size and discipline are often more important than trying to predict the next price move.

Bitcoin’s story is still being written. It has already traveled from an anonymous online experiment to an asset held through some of the largest investment firms in the world. The next chapter will determine whether Bitcoin becomes a lasting form of digital gold or remains one of history’s most fascinating financial experiments.

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Sources:
Sec.gov
https://www.fidelitydigitalassets.com/
https://www.blackrock.com
bitcoin.org

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Meredith Eden
Chief Compliance Officer

A Few Simple Ways to Stay Safe Online

As technology becomes a bigger part of our everyday lives, criminals are finding new ways to target consumers through emails, text messages, phone calls, and even social media. While the tactics may change, the goal is usually the same: to gain access to personal information or financial accounts.

The good news is that protecting yourself doesn't require technical expertise. A few simple habits can go a long way.

Here are a few cybersecurity best practices we encourage everyone to follow:

- **Think before you click.** Be cautious of unexpected emails, text messages, or links—especially those that create a sense of urgency or ask for personal information.
- **Use strong, unique passwords.** Avoid using the same password across multiple accounts. A password manager can help keep track of them securely.
- **Turn on multi-factor authentication.** When available, this extra security step adds another layer of protection to your accounts.
- **Keep devices updated.** Software updates often include important security fixes that help protect your computer, phone, and tablet from emerging threats.
- **Be wary of requests for money or personal information.** Scammers frequently impersonate financial institutions, government agencies, or even family members. When in doubt, verify the request independently.
- **Monitor your accounts regularly.** Reviewing account activity can help you spot suspicious transactions early and address potential issues quickly.

Perhaps most importantly, trust your instincts. If something feels unusual, it deserves a closer look. Scammers often rely on pressure, fear, or promises that seem too good to be true. Taking a few extra minutes to verify a request can help prevent costly mistakes.

As part of our commitment to helping protect your financial well-being, we encourage you to stay vigilant and reach out if you ever receive a suspicious communication that appears to involve your accounts or our firm.

Cybersecurity can feel overwhelming at times, but a thoughtful and cautious approach remains one of the best defenses. A little awareness goes a long way.

Common scam warning signs:
- Urgent requests to act immediately
- Requests for passwords or verification codes
- Unexpected investment opportunities promising high returns
- Requests to send money via gift cards, wire transfers, or cryptocurrency
- Messages claiming a problem with an account that require clicking a link

If you ever receive a suspicious message that appears to come from our firm, please contact us before responding. We are always here to help.

Christine Sorrento
Office Manager

It’s a perfectly beautiful rainy, cool, and gray morning in Connecticut as I write this. The phenomenal thunderstorm that blew away excessive heat has moved out to the Atlantic or wherever thunderstorms go when they leave Connecticut.

My pets didn’t like the thunder and lightning the other night, but they’re enjoying the drizzle in their baby pool. Big dogs love to swim!

In addition to dogs, cats, and chickens, I now have a possum who lives in my chicken house. She likes most foods, but especially dog food and shrimp, I have learned. My pet portfolio is diversified!

Once a week my younger grandson visits and pets all the animals. He’s a good worker, and meanwhile his older brother is killing it on AP tests. I’m so lucky.

And I’m fortunate to have you as my clients. I value my relationship with you and hope you feel the same. Call me with your concerns and the good news about your grandchildren.

Elizabeth D. Eden
Senior Financial Advisor
and CEO

The information contained herein is the opinion of Diastole and is based upon news obtained from sources we deem to be reliable, but is not guaranteed by Diastole and is subject to change at any time based upon unforeseen company events or market conditions.

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Beth with Steve and Tessa (under Beth’s hand)

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