

Cape Ann Savings

Financial Advisors



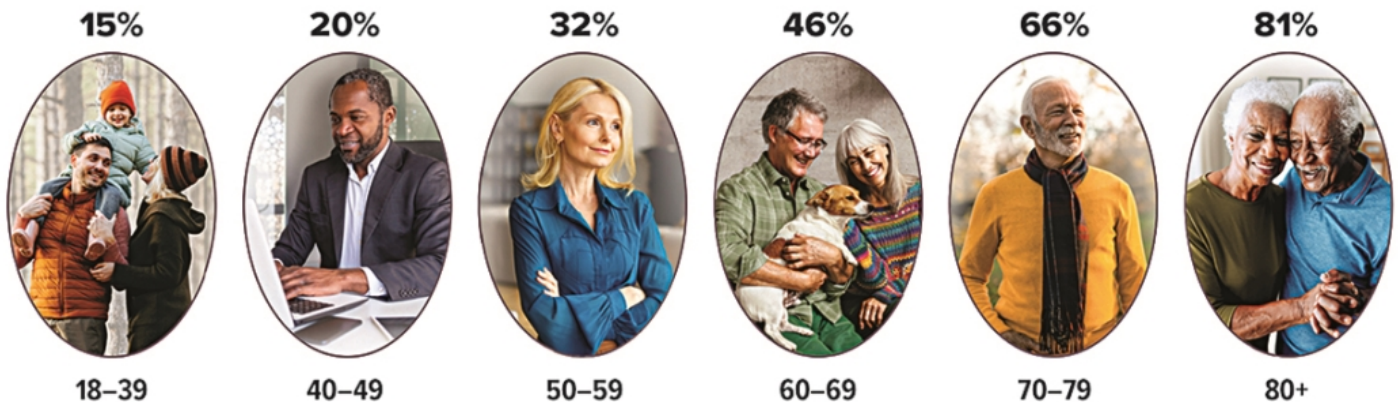
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Do You Need a Will?

Only about one-third of U.S. adults say they have a will. While it's to be expected that older people would be more likely to have one, it may be surprising that fewer than half of people in their 50s and 60s have taken the time to create this essential estate-planning document.

Percentage of U.S. adults who have created a will, by age group



Source: Pew Research Center, November 6, 2025

The End of Quarterly Earnings Reports: Pros and Cons for Investors to Consider

Public companies have been required to share their financial results with investors every three months since 1970.¹ In May 2026, the Securities and Exchange Commission (SEC) proposed regulatory changes that would offer these companies the flexibility "to select the reporting cadences that best reflect their business models."²

Specifically, public companies would have the option to file one semiannual report and one annual report for each fiscal year, instead of three quarterly reports and one annual report. Companies are still obligated to announce unexpected "material" events that investors should know about within four days.

The policy shift is intended to reduce compliance burdens and costs, and to promote longer-term investment by easing short-term earnings pressure. It might also encourage more companies to go public.³

On the negative side, some investors who base decisions on the reports fear that relaxing reporting requirements could result in less transparency. The overall volume of publicly available information is likely to decline, possibly leaving critical gaps. Conceivably, it could take much longer for the public to learn about a meaningful change in a company's prospects, for better or worse.⁴

Performance metrics

Corporate reports typically include unaudited financial statements, a discussion of the conditions that affected the business, risk disclosures, and some guidance about how the company expects to perform in the following quarters. Financial statements reveal the quarter's profit, or net income, which must be calculated according to *generally accepted accounting principles* (GAAP). This typically involves subtracting operating expenses (including depreciation, taxes, and other expenses) from total revenues.

Pro forma (or *adjusted*) *earnings* may present an alternative view of financial performance by excluding nonrecurring expenses such as restructuring costs, interest payments, taxes, and other unique events. Although the SEC has rules governing pro forma statements, companies have a great deal of leeway to highlight the positive and minimize the negative. There may be a vast difference between pro forma earnings and those calculated according to GAAP.

Earnings per share (EPS) represents the portion of total profit that applies to each outstanding share of company stock. EPS is often the figure that makes headlines, and the financial media tends to focus on whether companies meet, beat, or fall short of the consensus estimate of Wall Street analysts. A company can see its stock price surge by losing less money than expected or can log billions in profits and still disappoint investors who were counting on more.

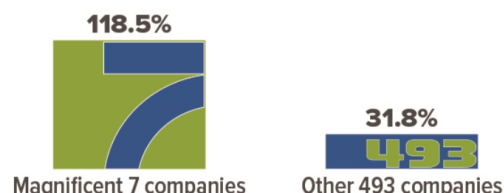
Shaping perception

Due to the potential effect on stock prices, companies take steps to help prevent surprises by managing the market's expectations. This may involve issuing profit warnings or revisions to previous forecasts. Companies may also time certain business moves to help meet quarterly earnings targets.

In addition to filing regulatory forms, results are announced through press releases and earnings calls, so companies can try to influence how the information is judged by analysts, the media, and investors.

S&P 500 Q2 2026 Earnings Growth: "Magnificent 7" vs. Everyone Else

The actual earnings growth rate for the so-called Magnificent 7 (Alphabet, Apple, Meta, Microsoft, Netflix, Nvidia, and Tesla) far outpaced blended earnings growth for the rest of the S&P 500 in Q2 2026.



The performance of an unmanaged index is not indicative of the performance of any specific security. Individuals cannot invest directly in any index. Past performance is no guarantee of future results. Actual results will vary.

Source: FactSet, 2026 (Blended earnings as of 8/28/2026)

Looking ahead

Many large companies might continue to report their results quarterly, which is common in other markets with semiannual requirements (such as the EU, UK, and Australia).⁵ Among companies that report just twice a year, there may be more information for investors to sift through after each release, which could potentially increase volatility in stock prices.⁶

Long-term and/or passive investors seeking to match market returns through indexing may hardly notice reporting changes. But active traders generally prefer to have more data to factor into decisions, not less.

SEC commissioner Mark Uyeda stated, "If investors are unsatisfied with the cycle of corporate financial reporting, they will attach higher risk to that company and raise the cost of capital."⁷ Thus, you may want to consider whether the companies you invest in are transparent enough to meet your standards.

All investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful.

1) Bloomberglaw.com, May 19, 2026; 2, 7) U.S. Securities and Exchange Commission, 2026; 3–5) *Barron's*, December 11, 2025; 6) *The Wall Street Journal*, September 16, 2025

What's in Your 401(k)?

Almost 70 million Americans contribute to a 401(k) plan, and millions more contribute to similar workplace plans, such as a 403(b), 457(b), or federal Thrift Saving Plan. Together, these plans held an estimated \$14.2 trillion in assets at the end of 2025.¹

Contributing to a 401(k) can be a big step toward a more comfortable retirement. But it's important to understand what you are getting for your money.

Filling the envelope

A 401(k) is not an investment in itself. It is more like an envelope that holds investments under tax-advantaged rules. These plans usually offer a variety of funds as investment options, typically including domestic stock funds, international stock funds, domestic bond funds, and target-date funds — the most common investment, held by seven out of 10 401(k) participants.²

A simple approach

Target-date funds are often the default option in workplace plans, so you may have one without fully understanding what it is. These are "all-in-one" funds intended to be your only investment. They generally hold a mix of other funds containing stocks, bonds, and cash alternatives, selected for a time horizon — the target date — when an investor expects to retire or need access to the money. As the target date approaches, the fund typically shifts toward a more conservative asset allocation to help preserve the value it may have accumulated and potentially provide income.

These funds offer a simple approach to investing, but the allocation is based solely on the target date and does not take into account the investor's risk tolerance, personal goals, asset levels, sources of income, or any other factors that make an investor unique.

The principal value of a target-date fund is not guaranteed before, on, or after the target date. The return and principal value of these funds fluctuates with changes in market conditions. Shares, when sold, may be worth more or less than their original cost.

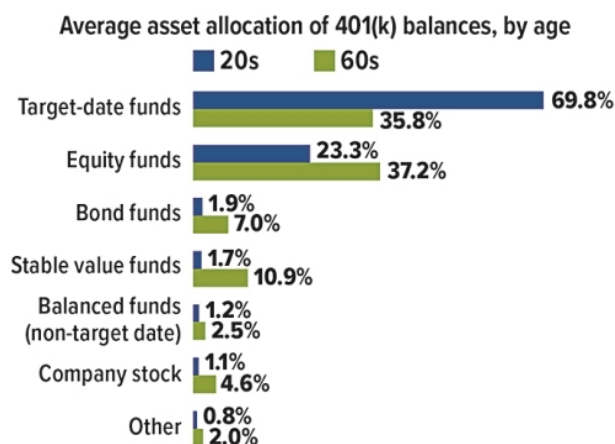
Choosing your own investments

The average 401(k) offers almost 30 different funds, so there are usually plenty of options for an investor who wants to take a more customized approach and spread investments among a variety of funds.³ With this approach, you can create your own asset allocation and diversification strategy by directing your contributions to the funds you choose in the percentages you choose.

If you take this approach, it's important to understand the goals and underlying holdings of any fund you choose. You may want to check your portfolio's allocation periodically to see if it remains close to your targeted allocation. If you want to adjust your allocation, you could rebalance by buying and selling

shares as appropriate and/or by changing the percentages of future contributions. Rebalancing in a 401(k) typically does not create tax consequences.

Investments Change with Age



Source: Investment Company Institute, 2026

Company stock

Some 401(k) plans also offer company stock as an investment option. This could be worth considering if you believe in your company's future prospects. But it's important to keep any company stock investments in perspective. Becoming overinvested in a single stock, whether it's your company or not, can throw off your strategy and expose you to additional risk.

Whatever investments you choose, know what you are buying and why these investments are appropriate for your situation. If you invest outside of the workplace, it's also important that your 401(k) investments be balanced with your other investments.

Asset allocation and diversification do not guarantee a profit or protect against investment loss. All investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful. Investing internationally carries additional risks such as differences in financial reporting, currency exchange risk, as well as economic and political risk unique to the specific country. This may result in greater share price volatility. Bond funds are subject to the same inflation, interest rate, and credit risks associated with their underlying bonds. As interest rates rise, bond prices typically fall, which can adversely affect a bond fund's performance.

Funds are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional.

1–3) Investment Company Institute, 2026

Ghost Tapping Scams Are on the Rise: What You Need to Know

As more people use tap-to-pay technology for everyday purchases, scammers have found a new way to exploit that technology in the form of ghost tapping. And while ghost tapping sounds like something out of a scary movie, it's a scam that can have very real consequences.

Tap-to-pay technology is designed to make payments quick and convenient. Whether you use a contactless bank or credit card or a smartphone wallet, the systems rely on near-field communication, or NFC, to send payment information when placed near a card reader. It's typically a faster, more secure way of paying that is protected by layers of encryption.

Unfortunately, criminals are always looking for new ways to take advantage of consumers and have begun to use contactless payment technology to steal money and personal data. In a ghost tapping scam, fraudsters use hidden card payment readers, fake terminals, or compromised devices to trigger an unauthorized contactless transaction. In some cases, they may try to get close enough to a person's wallet, pocket, or handbag to read a contactless card. In others, they use social engineering to trick someone into tapping their phone or card against a fake or altered payment terminal. Some scams may also involve stolen card details being loaded onto a fraudster's digital wallet and then used to make contactless purchases.

While the idea of someone stealing your money with a quick tap sounds frightening, most major banks and card providers have security systems that monitor unusual account activity, and many contactless transactions are limited in value. In addition, mobile wallets typically require facial recognition or a passcode before payment is approved. Still, there are steps consumers can take to help reduce the risk of falling victim to a ghost tapping scam, such as:

- Keep your cards and phone secure, especially in crowded places, such as airports, shopping centers, and public transportation.
- Be cautious if someone carrying a device gets unusually close to you for no obvious reason.
- See if your bank offers card controls through its online app and consider using contactless features only when necessary.
- Check your account regularly for fraudulent activity and set up fraud alerts with your bank or credit card provider so you are notified of any suspicious card activity.
- Consider using a wallet with RFID-blocking technology.

If you are targeted by a ghost tapping scam, contact your bank or credit card provider immediately and request that they freeze/cancel your card. You should also update any passwords that are linked to your banking and digital wallet accounts.

Investments purchased through the Cape Ann Savings Financial Advisors are not FDIC insured, not FDIC guaranteed, not bank guaranteed and may lose principal value.