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Dear Clients,

Well, it's that time again- MAG Corner time.

I once read that time is the measure of change, and I really like that idea. When you have children, each year is truly measured by the changes you see in them. Then, when you look at life as a whole, I think you'll agree that's true of just about everything. Speaking of time and change, one thing has yet to change, and that's the progress on our office building. I hate to report that we continue to run into roadblocks that we're slowly working through. I thought we would be halfway to completion by this point, but the reality is we still haven't broken ground. It's now been more than a year and a half since we acquired the land for the new office. It took about a year to complete all the permitting, and we're now working through issues related to the appraisal of the new building. The appraisal came in significantly lower- and I mean significantly lower- than the projected cost of construction. That said, I have complete faith that we'll get through it. We're attacking the problem from several different angles, and I remain confident that we'll overcome these obstacles.

On to more enjoyable things. On a personal note, as some of you know, I take my family on a week-long vacation each year, usually to a beach in Florida. We spend time together with our children and seven grandchildren, making memories that will last a lifetime. This year was especially meaningful. There is truly nothing like getting to spend quality time with family. Life is busy, and it's easy to neglect the things that matter most. I hope each of you gets the opportunity to spend special time with your family this year.

The investing world was recently turned upside down by the largest IPO in our nation's history[1]. We now have the first trillionaire ever minted, and of course, we're talking about Elon Musk.[2] I know some of you have called asking about participating in the IPO. As a general rule, for retirees, this is not something I would recommend. The only circumstance in which I could support such a move is if the amount invested is small enough that a significant loss would not materially affect your financial situation. So let's say you agree and want to risk 5% of a $500k portfolio, which would be $25k. It then doubles for a 100% increase, meaning you increase your net worth by $25k. That's a fantastic result, but what does it mean for you financially? I would argue, not much. Maybe bragging rights to all your friends, and a great story, but nothing meaningful to your financial health. You could then say, "I will gamble 30% or $150k." A 100% increase here would help your financial health, but at what risk? Historically, the average newly public company has underperformed comparable companies in the years following its IPO, and a substantial share have lost money over that period[3]. As always, individual results vary. This is why, as a general rule, retirees should stay away from IPOs. Would you really want to take that kind of risk? Risking a meaningful amount like

30% would be financially disastrous if lost. Much better to take the safer road of income and not let greed ruin your retirement. I also have serious concerns about many aspects of the AI movement. When you understand some of the revenue-sharing arrangements taking place among AI companies, you may share some of those concerns. For example, you might have a company like Microsoft providing OpenAI with substantial funding while OpenAI purchases services from Microsoft. One company buys server capacity, while the other purchases AI services. The result is while cash never changes hands in this scenario, the same revenue can be recorded on both sides of the transaction. While this is a simplified explanation, it illustrates how reported revenues can sometimes paint a picture that deserves closer examination. At the same time, many AI companies are spending money at extraordinary levels.

Consider SpaceX. In many ways, investors are gaining exposure to multiple businesses. The rocket company and satellite internet provider are performing quite well. Public reporting suggests that xAI's capital needs currently outpace the cash generated by SpaceX's rocket and satellite internet businesses[4]. This pattern is common throughout the AI world. Companies are spending vast sums building data centers and securing the electricity necessary to power them. The prevailing argument is that these investments will generate tremendous profits in the future. The last time I heard a similar argument was during the dot-com boom. We all know how that ended- a market decline of roughly 50%.[5] My concern is for retirees who have retired during the last seven years. Many have been heavily invested in growth-oriented portfolios while simultaneously selling assets to generate retirement income. As long as markets continue rising, this strategy appears to work well. The problem is that markets do not go up forever. People often forget how risky the stock market can be. I don’t think it’s a matter of if there will be another significant decline, but when.

For our clients, however, the situation is different. If you’re living off the eggs and not selling the chickens, a market decline becomes far less disruptive. Unfortunately, that’s not how many retirees are positioned. After years of strong market performance, some have become numb to the risks they’re taking. The issue isn’t whether or not they’ll eventually recover their money. The issue is time. If you’ve heard me talk about the Go-Go Years, you know I’m referring to the period from retirement until roughly age 75. Over and over again, I’ve watched clients reach age 75 and suddenly hit a wall physically. I’ve seen people go from riding bicycles to needing a walker within 24 months. I can’t stress enough how important this is. Think back to 2008 and 2009, when the market dropped dramatically. At that time, most of you still had a paycheck and didn’t need to sell investments to generate income. Now imagine being retired, with no paycheck, and watching the market fall significantly while depending on those assets for income. What would that do to your retirement? Most people immediately stop spending. They begin squeezing the copper out of every penny because they don’t know how long it will take for their money to recover. Markets have recovered from every major decline so far, though it can take five to ten years, or even longer.[6] Imagine being 68 years old when the market declines sharply and not seeing a full recovery until age 75. One day you'll realize that, yes, your money came back- but you spent the most important years of your retirement worrying instead of living. You lost time. Very precious time that you'll never get back. I've seen people lose sleep and damage their health because of financial stress during these periods.

This is why I'm so passionate about what we do at MAG. I believe we're helping people protect not only their finances but also their retirement years. You can take special trips with your children and grandchildren. You can enjoy the experiences you've worked so hard to earn. For me, one of my greatest joys in life is watching my clients take the income we produce and spend it on happy, fulfilled retirements. You've heard me say many times my definition of a perfect retirement is having more income than you need for the rest of your life. If that's true for you, it's incredibly freeing. You gain the confidence to spend and enjoy your money because you understand that your income is designed to renew itself. I've seen many people struggle because they've spent their entire lives saving money. Suddenly, in retirement, they're expected to spend those savings. That's a difficult transition for most savers. Having income that doesn't depend on selling assets helps people spend confidently during their Go-Go Years and throughout the rest of retirement—even during difficult market environments. If you remember, during COVID I sent out an email that said, "Your chickens are skinnier, but they're still laying eggs. Do not change your lifestyle." I knew another advisor who primarily managed growth portfolios, and he sent out a very different message. His advice was to stop spending. Fortunately, the COVID downturn was relatively short-lived. Our motto is simple: create, then spend income and grow income throughout retirement. Take care of your needs, enjoy your life, and have the satisfaction of knowing that one day your children or grandchildren may inherit that same income stream and benefit from it themselves.

Until next time,

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1: Space Exploration Technologies Corp. priced its initial public offering on June 11, 2026, selling 555.56 million shares at $135.00 per share for gross proceeds of approximately $75 billion, the largest U.S. initial public offering on record; total proceeds rose to approximately $85.7 billion on June 15, 2026, when the underwriters exercised their option to purchase additional shares in full. Sources: Space Exploration Technologies Corp., Prospectus (Form 424B4), File No. 333-296070 (June 12, 2026); Axios, "SpaceX raises $75 billion in its IPO" (June 11, 2026); TechCrunch, "SpaceX's biggest-ever IPO just grew to $85.7B raised" (June 15, 2026).

2: Bloomberg, "SpaceX IPO Makes Elon Musk World's First Trillionaire" (June 12, 2026); Bloomberg Billionaires Index, estimating Musk's net worth at approximately $1.11 trillion in mid-June 2026, with Forbes estimating closer to $1.2 trillion. Estimates vary by source and by day because the substantial majority of the fortune consists of publicly traded SpaceX and Tesla shares.

3: Ritter, Jay R. Initial Public Offerings: Updated Long-run Statistics, University of Florida, Warrington College of Business (document dated July 7, 2026), https://site.warrington.ufl.edu/ritter/files/IPOs-long-run-returns-on-IPOs.pdf. Loss rates from Table 16e, "Distribution of 3-year and 5-year Buy-and-Hold Returns on IPOs, 1975-2021" (table updated March 23, 2026), covering 9,195 U.S. operating-company IPOs: 56% posted negative three-year and 57% negative five-year buy-and-hold returns measured from the offer price, and 60% and 61% respectively measured from the first-day closing price. Benchmark comparison from Table 20, "Returns on IPOs during the five years after issuing, for IPOs from 1980-2024" (table updated July 7, 2026), reporting average underperformance of 3.6% per year against size-matched firms and 2.1% per year against size-and-book-to-market-matched firms over the five years following the IPO, excluding the first-day return. Percentages in Table 16e are the sum of the two negative-return categories reported in that table.

4: Space Exploration Technologies Corp., Prospectus (Form 424B4), File No. 333-296070, filed June 12, 2026, at "Prospectus Summary — Overview" (segment revenue, income (loss) from operations, and capital expenditures). Accession No. 0001628280-26-042639. https://www.sec.gov/Archives/edgar/data/1181412/000162828026042639/0001628280-26-042639-index.htm

5: The S&P 500 declined 49.1% from its closing peak of 1,527.46 on March 24, 2000, to its closing trough of 776.76 on October 9, 2002, a span of 929 calendar days. The Nasdaq Composite declined 77.9% over the same period, from 5,048 to 1,114. Figures use daily closing prices and exclude dividends. Source: Federal Reserve Economic Data (S&P 500 and Nasdaq Composite closing series); see also Rockefeller Capital Management, "The History of Bull and Bear Markets."

6: Following the 2000 to 2002 decline, the S&P 500 did not regain its March 2000 closing peak until 2007, approximately seven years on a price basis. Following the 2007 to 2009 decline of 56.8%, the index regained its prior closing high in March 2013, approximately five and a half years from peak to peak. The Nasdaq Composite did not fully recover its March 2000 peak until March 2015, approximately fifteen years. Recovery periods vary widely and these figures reflect price returns excluding dividends; recovery on a total return basis is shorter.