



August 2026 Monthly Update

When the Sector Is Flying High: Keeping Company Stock in Perspective

Late summer is a good moment to pause. Defense backlogs remain healthy, rates are still elevated, and many Aerospace & Defense and tech professionals here in North County have watched their company stock climb. That combination is encouraging for the industry. It is also exactly when concentration risk deserves a second look.

This Month at a Glance

Market and policy

The Federal Reserve held the federal funds rate in the 3.50% to 3.75% range at the July 28-29 meeting. Markets currently see little chance of a cut in 2026. July CPI rose 0.1% month-over-month and 3.4% year-over-year, still above the Fed's long-term goal. Defense primes continue to show strength, with several large names posting solid year-to-date gains.

Company stock when the sector is strong

A rising share price and growing backlog can make it feel rational to hold every vested share. In practice, salary, bonuses, benefits, 401(k) match, and equity awards are already tied to the same employer. A commonly cited guideline is to keep company stock to roughly 10% to 15% of net worth, though the right level depends on individual circumstances.

SpaceX after the IPO, and Anthropic on deck

SpaceX listed in June at \$135. The stock jumped on debut, later slipped below the IPO price, and only recently closed back above that level. Anthropic is reportedly preparing an October listing, with some investors discussing a valuation as high as \$2 trillion. Headline IPOs do not remove single-company risk.

Four steps for the rest of 2026

Calculate your current company-stock percentage (including unvested RSUs and ESPP shares). Review Q3 and Q4 vesting dates and open trading windows. Confirm estimated tax payments are keeping pace with ordinary income from equity awards. Decide whether a systematic sale plan or a simple post-vesting rebalance is the better fit.

Firm notes

Mid-year review meetings remain available for active clients who have not yet scheduled. You can text or call me directly at (858) 230-8094. If you would like a second set of eyes on your concentration level or upcoming vesting events, I am happy to walk through the numbers with you.

The rest of this note covers each item in more detail.



Market and Policy Snapshot

The July 28-29 FOMC meeting left the federal funds rate unchanged in the 3.50% to 3.75% range, by a 9-3 vote. Three members preferred a quarter-point increase. Markets currently see little chance of a cut in 2026 and some probability of a hike later this year.

July CPI, released August 12, rose 0.1% month-over-month and 3.4% year-over-year. Core CPI, which excludes food and energy, is running 2.5% year-over-year. Energy prices remain elevated compared with a year ago, while shelter inflation has moderated slightly.

Defense primes continue to show strength. Lockheed Martin and RTX both raised 2026 guidance in late July, citing robust backlogs and the need to replenish inventories amid ongoing global conflicts. Several large defense names have posted solid year-to-date gains, though pure-play space and some mid-tier names have been more mixed.

Taken together: the sector many clients work in is performing well, rates are steady to higher, and inflation is still above the Fed's long-term goal. That combination makes concentration risk more relevant, not less.

SpaceX After the IPO, and Anthropic on Deck

SpaceX's June listing put a familiar North County name on the public tape at \$135 a share. The stock jumped roughly 20% on its debut, then spent much of July below the IPO price before recently closing back above that level for the first time in weeks. First earnings after the listing beat revenue expectations, even as the share price reminded investors that a successful company and a smooth stock path are not the same thing.

Anthropic, which confidentially filed with the SEC in early June, is now reportedly targeting an October IPO. The *Financial Times* reports that some investors are discussing a valuation as high as \$2 trillion, which would eclipse SpaceX and rank among the largest offerings on record. That figure is still under discussion and has not been formally set.

For Aerospace & Defense and tech professionals, these are useful case studies rather than invitations to concentrate further. SpaceX's path since June is a live example of why a concentration guideline still matters after a listing, not just before one. If Anthropic does come public this fall, the same planning questions apply: taxes at liquidity, blackout windows, and how much of one name you actually want to own. For most clients, the focus remains broad exposure through diversified index strategies rather than concentrated bets on individual companies. References to specific companies and reported valuations are for market context only and are not recommendations to buy, sell, or hold any security.



When Company Stock Is Rising

Many Aerospace & Defense professionals feel the pull to hold more of their employer's stock when the share price is climbing and backlogs are growing. It can feel like the rational move. In reality, the same factors that drive strong sector performance (defense spending, production ramps, and geopolitical demand) also increase single-company exposure for employees whose salary, bonuses, benefits, 401(k) match, and equity awards already sit inside that same organization.

A commonly cited guideline is to keep company stock to roughly 10% to 15% of net worth, though the right level depends on individual circumstances, even in a strong sector. A simple test helps cut through inertia: **if your employer handed you the same dollar amount in cash today, would you turn around and buy more of the company stock?** Many people answer no. Holding every vested share is often a habit rather than deliberate strategy.

RSU vesting continues to create ordinary income and the familiar 22% federal withholding gap for higher earners. Some households sell a portion at vesting to cover taxes and reduce concentration. Whether that fits depends on cash needs, tax situation, and any trading restrictions. Tax rules and withholding rates vary by household, and this is not tax advice. For those subject to blackout periods, a Rule 10b5-1 plan adopted during an open window is one tool some employees use. These plans have specific legal requirements and are not appropriate for everyone.

A successful rocket can deliver impressive thrust on a single stage. Building a reliable long-duration mission still requires multiple independent systems and careful fuel management. The same principle applies to a household balance sheet that is heavily tied to one employer's stock.

Practical Next Steps

1. Calculate your current company-stock percentage of total net worth. Include unvested RSUs and ESPP shares at a reasonable estimate.
2. Review upcoming Q3 and Q4 vesting dates and any open trading windows.
3. Confirm estimated tax payments are keeping pace with ordinary income from equity awards.
4. Decide whether a systematic sale plan or a simple post-vesting rebalance makes sense for the rest of 2026.



Firm Notes

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As always, thank you for the trust you place in Pax Horizon Wealth Management. Our focus remains on clear, long-term planning that supports your family's financial goals and keeps your wealth journey on a steady, well-plotted course.

Best regards,

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