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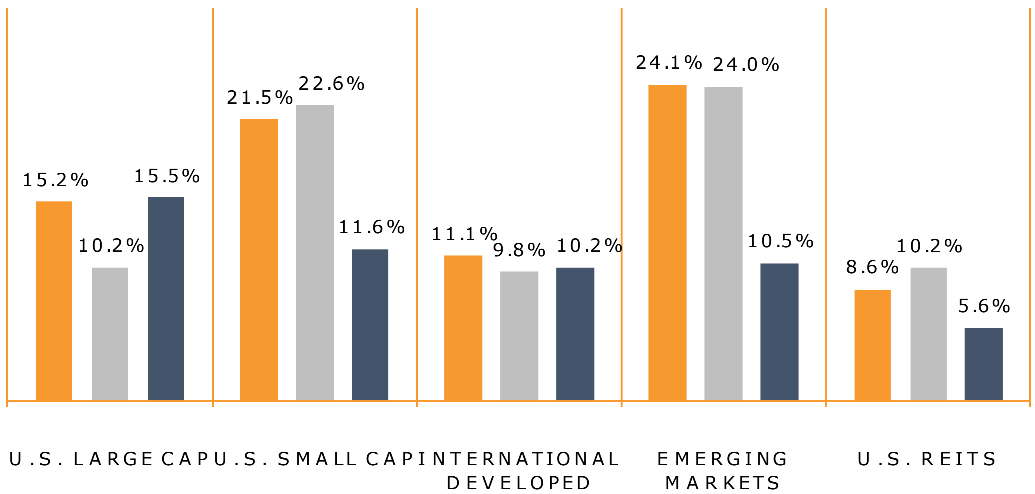
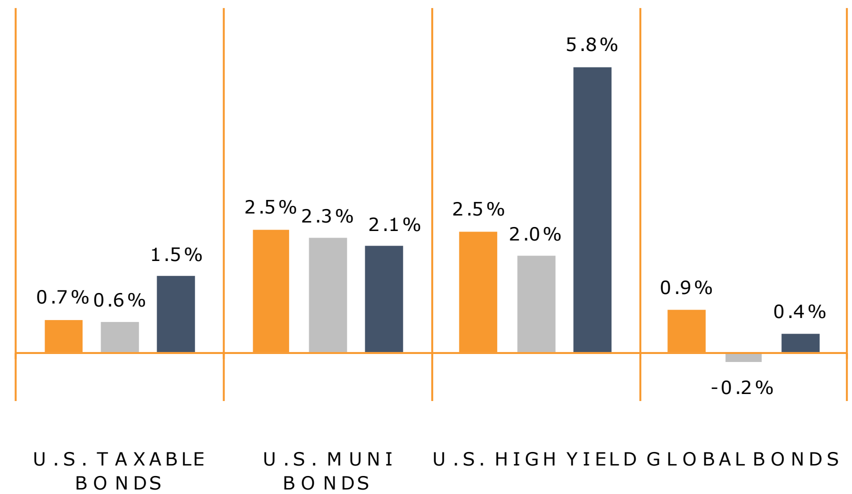
Q2'26 Market Review

■ 3 Month: 06/30/26 ■ YTD ■ 10 Year*

EQUITY MARKETS HIGHLIGHTS



FIXED INCOME MARKETS HIGHLIGHTS



- **U.S. Large Cap Stocks** rebounded **+15.2%** in Q2 2026 on optimism around the end of the US-Iran conflict, reversing to a **+10.2%** gain YTD after a loss in Q1.
  - Large Growth **+17.1%** provided leadership versus Large Value **+14.1%**, with an initial rebound lead by AI that broadened into quarter end. Tech **+43.5%** provided leadership, while Energy **-12.7%** gave back some gains from Q1.
- **U.S. Small Cap Stocks** rose strongly as well **+21.5%** for the quarter, with similar Growth vs. Value leadership, up **+25.7%** vs. **+17.2%**, respectively.
- **International Developed Stocks** participated in weaker fashion, finishing Q2 up **+11.1%**, returning **+9.8%** on a YTD basis. Less exposure to AI-focused trades, more inflation risk due to conflict proximity, and continued strength in the US Dollar remained headwinds.
- **Emerging Markets Stocks** provided leadership rising **+24.2%** in the quarter. Outperformance was driven entirely by Korea **+87.6%** and Taiwan **+49.0%**, with heavy AI focus. The two countries now represent nearly 50% of the MSCI EM index.
- **U.S. REITS** rose **+8.6%** in the quarter, finishing up **+10.2%** on a YTD basis as sentiment towards the Real Estate sector continues to improve.

- **U.S. Taxable Bonds** rose modestly **+0.7%** in Q2 2026. Yields rose in the first two months of the quarter due to inflation concerns driven by the Iran Conflict but faded in the final month as the dust settled on a ceasefire deal.
- **U.S. Muni Bonds** were stronger in Q2, up **+2.5%**. Compression of spreads driven by strong seasonal inflows to the space drove the stronger relative returns.
- **U.S. High Yield** credit rose **+2.5%** in Q2, rebounding from Q1's loss. Credit spreads tightened considerably.
- **Global Bonds** rose as well, up **+0.9%** in Q2 but remain down **-0.2%** on a YTD basis. The performance came despite a rise in the dollar and a rate hike by the European Central Bank (ECB), the first mover in response to potential inflation risks driven by the geopolitical environment.

*Annualized daily returns as of 3/31/2026.

Market conditions and trends will vary. Past performance is no guarantee of future results. Investments cannot be made in an index.

Source: YCharts, Inc.; underlying indices are S&P 500® TR Index, Russell 2000® TR Index, MSCI EAFE TR, MSCI Emerging Markets Index TR, Dow Jones US Real Estate Index TR, Barclays Municipal Bond Index, Barclays U.S. Aggregate Bond Index, Barclays U.S. Corporate High Yield Bond Index and the Barclays Global Aggregate Bond Index.

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Q2'26 U.S. Market Snapshot

US Equity Market Snapshot	6/30/26
Sector	**QTD Return**
Technology	43.5%
Industrials	14.8%
Financials	9.0%
Real Estate	8.8%
Health Care	8.7%
Consumer Cyclical	7.8%
Materials	2.1%
Consumer Defensive	2.0%
Utilities	-0.6%
Comm. Services	-3.1%
Energy	-12.7%

Russell Equity Style Snapshot			6/30/26
	Value	**Blend**	**Growth**
Large	14.1%	15.5%	17.1%
Mid	13.4%	13.8%	14.5%
Small	17.2%	21.5%	25.7%

Market Indicators

Name	As of	Last Quarter	1 Month Ago	1 Mo. % Change	1 Year Ago	1 Year % Change	Freq.
Key Interest Rates							
1 Month Treasury	6/30/26	3.70%	3.72%	-0.5%	4.28%	-13.6%	Daily
2 Year Treasury	6/30/26	4.14%	3.98%	4.0%	3.72%	11.3%	Daily
10 Year Treasury	6/30/26	4.44%	4.45%	-0.2%	4.24%	4.7%	Daily
30 Year Mortgage	6/25/26	6.49%	6.51%	-0.3%	6.77%	-4.1%	Weekly
US Corporate AAA	6/30/26	5.05%	4.97%	1.6%	4.74%	6.5%	Daily
US Corporate BBB	6/30/26	5.37%	5.27%	1.9%	5.21%	3.1%	Daily
US Corporate CCC	6/30/26	13.90%	13.41%	3.7%	12.66%	9.8%	Daily
Effective Federal Funds	6/30/26	3.63%	3.62%	0.3%	4.33%	-16.2%	Daily
U.S. Economy							
Consumer Sentiment	6/30/26	49.50	49.80	-0.6%	60.70	-18.5%	Monthly
Unemployment Rate	5/31/26	4.30%	4.30%	0.0%	4.30%	0.0%	Monthly
Inflation Rate	5/31/26	4.20%	3.80%	10.5%	2.40%	75.0%	Monthly
Manufacturing PMI	6/30/26	53.30	52.70	1.1%	49.00	8.8%	Monthly
Non Manufacturing PMI	5/31/26	54.50	53.60	1.7%	49.90	9.2%	Monthly

Source: YCharts, Inc.

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The first test of the Artificial Intelligence (“AI”) trade was answered in Q2 2026, as investors opportunistically pounced on the pullback at the first sign of thawing in the US-Iran conflict. Markets appear to have learned the lesson of April 2025’s tariff pivot well, do not wait for full confirmation or risk being late. This lesson has been reinforced consistently since the Great Financial Crisis.

In the initial phase of the AI-led rebound, investors were indiscriminate in their buying. By early May, a group of 31 AI focused ETFs had gathered $4.8 Bn in YTD inflows, with nearly $2 Bn of that in April alone. The group would grow above $55 Bn by the end of the quarter, after starting the year at $35 Bn. The initial buying phase pushed both Mag-7 Hyperscalers (the cap-ex spenders) and Data Center Infrastructure players (the suppliers) higher.

Then came the IPO heard round the world, with promises to take humanity from this world to the next one. In mid-May, just three months after merging SpaceX (“SPCX”) with xAI, IPO announcements were leaked after an accelerated SEC review targeting a June IPO. Index providers scrambled to adjust their entry rules to appease the company that would become the first Mega-IPO, raising $75 Bn at a $1.75 Trillion valuation, putting it among the world’s top 10 companies.

Interestingly, the SPCX IPO filing containing vast details about its enormous future marrying Space and AI technology sucked some oxygen out of the room from the Mega-caps. The market drew two conclusions on the vast spending plans: returns on invested capital are increasingly hard to forecast and the spending is not going to stop anytime soon.

In an economy increasingly mired in geopolitical conflicts and wealth divides, central banks stuck between supporting opaque jobs markets and combatting inflation risks, and unprecedented capital spend, markets kept it simple. It sought out predictability, and nowhere could you find more predictable growth projections than in the picks and shovels of Data Center Infrastructure.

Previously cyclical and commoditized areas like memory semiconductors, fiber optics, construction equipment, and electrical equipment were rebranded and revalued as secular growth stories. Semiconductor ETFs alone garnered over $20 Bn in inflows in Q2, growing to an asset base of over $220 Bn compared to under $90 Bn at the start of the year. Never you mind that most AI ETFs mentioned earlier sport exposure to semiconductors in the 25-50% range on average.

Comparisons to the late 90s tech bubble are everywhere, so they need not be reiterated here. Two big takeaways from that period. One, this can go a lot longer than you think. Two, do not overstay your welcome. The original (and beloved) Toy Story came out in 1995. Toy Story 5 just came out in June. By that measure, this could go on for five more years.


IRAN WAR

Trump 'optimistic' about Iran peace deal even as ceasefire appears strained

April 9, 2026, 1:10 PM EDT / Updated April 9, 2026, 6:12 PM EDT

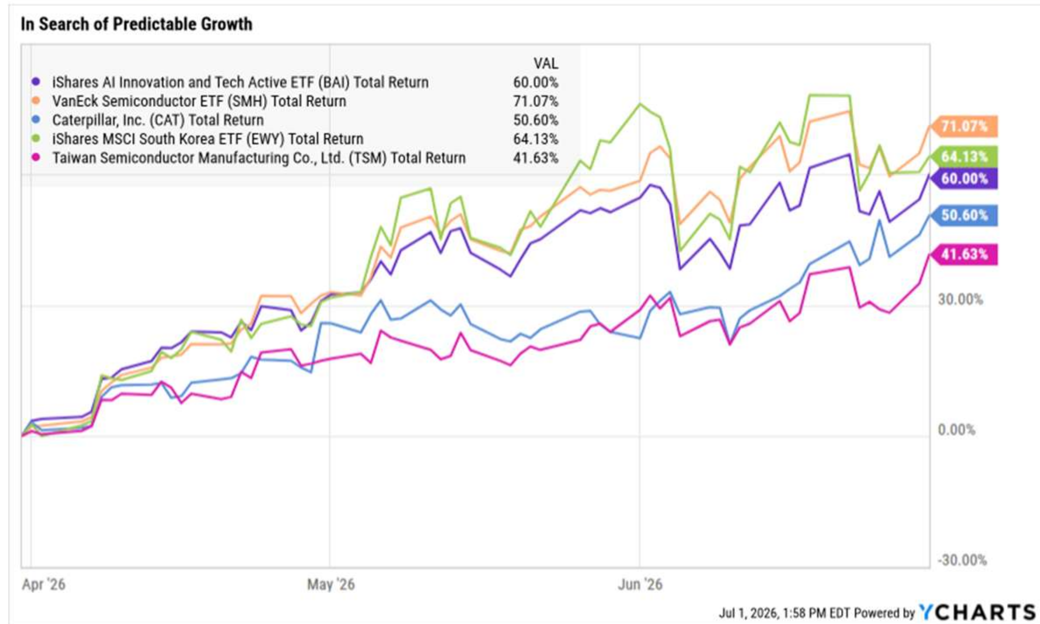
By Peter Nicholas, Daniel Arkin, Katherine Doyle and Monica Alba

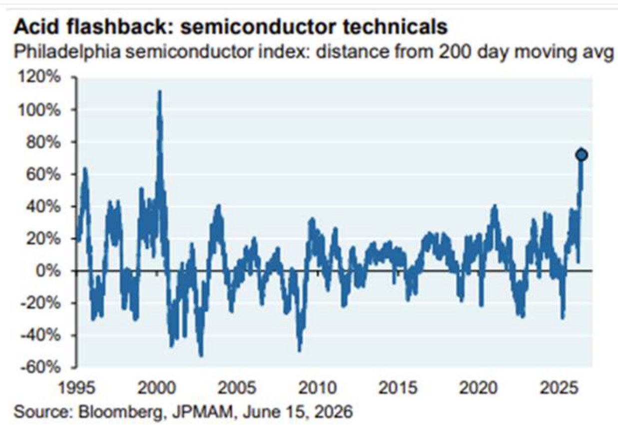
NBC NEWS


REUTERS By Echo Wang and Anirban Sen

May 15, 2026 • 2 min read

Exclusive-SpaceX accelerates IPO timeline, targets June 12 listing on Nasdaq, sources say





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