

Monthly Market Review

Multi-Asset Class | July 2026

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U.S. Equity

- U.S. equities softened in June after two months of solid gains. The S&P 500 Index declined 1.0% and the Russell 3000 Index declined 0.3% for the month.¹ Across style and size leadership rotated toward value, particularly among large-caps.
- Five of the 11 sectors posted positive returns. Industrials was the strongest sector, returning 7.3%, followed by Healthcare (+6.6%) and Financials (+4.4%). Communication Services was the weakest sector, declining 7.8%, while Energy and Consumer Discretionary also posted notable declines of 5.1% and 4.7%, respectively.
- Performance varied across market capitalizations. Large-caps, represented by the Russell 1000 Index, declined 0.5%, while mid-caps [MP1.1](Russell Mid-Cap Index) gained 3.1%, and small-caps (Russell 2000 Index) rose 3.7%. Value stocks outperformed growth stocks across all market capitalizations. Large-cap value (Russell 1000 Value Index) returned 2.3% in June, while large-cap growth (Russell 1000 Growth Index) declined 2.7% in the same period. Both growth and value stocks posted positive returns across mid- and small-cap equities.
- According to FactSet Earnings Insight (as of July 2, 2026), the estimated Q2 2026 earnings growth is 23.3% year-over-year (YoY). This was notably led by the Energy and Information Technology sectors, which have impressive earnings growth estimates of 122.1% and 63.3% YoY, respectively.

Non-U.S. Equity

- Non-U.S. equities diverged in June. The MSCI ACWI ex-U.S. Index declined 0.6%, while developed markets, represented by the MSCI EAFE Index, were roughly flat at 0.1% and emerging markets (MSCI EM Index) declined 1.4% for the month.
- Among developed regions, Japan (MSCI Japan Index) returned -0.3% and Europe (MSCI Europe Index) rose 0.9%. Within emerging markets, China (MSCI China Index) continued to decline, returning -7.1% while Korea (MSCI Korea Index) and Taiwan (MSCI Taiwan Index) returned 0.3% and 1.2%, respectively.
- Within the MSCI ACWI ex-U.S. Index, sector results were uneven. Five of the 11 sectors posted positive returns in June. Information Technology led, returning 4.1% for the month, followed by Financials at 2.5%. Materials, Energy, and Communication Services, were the weakest areas, declining 9.6%, 8.3%, and 6.5%, respectively.

Fixed Income

- Treasury yields rose across most of the curve in June as market expectations for higher future policy rates pushed short-term yields higher. The 2-year Treasury yield rose 17 bps, the 5-year rose 9 bps, and the 10-year rose 3 bps. At the long end of the curve, the 30-year yield declined 2 bps.
- Fixed income returns were modestly positive in June. The Bloomberg U.S. Aggregate Index returned 0.2%, high yield

returned 0.3%, and investment-grade (IG) credit returned 0.2%. Within higher-quality credit, AAA- and AA-rated bonds returned 0.1% each, while A- and BBB-rated bonds returned 0.2%. Credit spreads widened slightly, with IG spreads increasing 2 bps to 0.74% and high-yield spreads increasing 13 bps to 2.70%.

Listed Real Assets

- Real estate investment trusts (REITs) delivered positive returns in June, with the FTSE NAREIT All Equity REITs Index returning 1.5% for the month. Within listed real estate, Office and Lodging/Resorts were the strongest subsectors, returning 12.2% and 12.0%, respectively, while Industrial and Data Centers declined 3.4% and 2.9% respectively.
- Listed infrastructure strengthened in June, with the FTSE Global Core Infrastructure 50/50 Index returning 1.2% for the month, benefiting from the stronger performance of utilities as markets sought value.

Items to Watch

- The Fed held rates at 3.50%–3.75% in June, marking the fourth consecutive hold. The Federal Open Market Committee (FOMC) meeting delivered a more hawkish message, removing language that had been interpreted as an easing bias, while the updated dot plot shifted from implying a 2026 rate cut to implying a potential rate hike. New Fed chair, Kevin Warsh, emphasized the goal of price stability following the meeting, adding to the hawkish tone, but noted at a recent forum that inflation risks have eased.
- Outside the U.S., the European Central Bank (ECB) hiked rates for the first time since 2023, citing energy inflation across the Eurozone. The Bank of Japan also raised interest rates in June, marking the highest rate in 31 years, citing concerns that energy related price pass-through could push consumer inflation above the 2% target.
- The conflict in the Iran and the related disruption of energy supply and shipping through the Strait of Hormuz added inflation pressure in the U.S., as well. Headline Consumer Price Index (CPI) rose 4.2% YoY in May, with energy alone driving more than 60% of the increase. Underlying prices remain significantly steadier, with core CPI (excluding food and energy) rising only 2.9% YoY. Looking forward, these pressures may ease; an interim peace deal brokered in June prompted a sharp pullback in oil prices. Any renewed disruption could have an impact on inflation and economic growth.

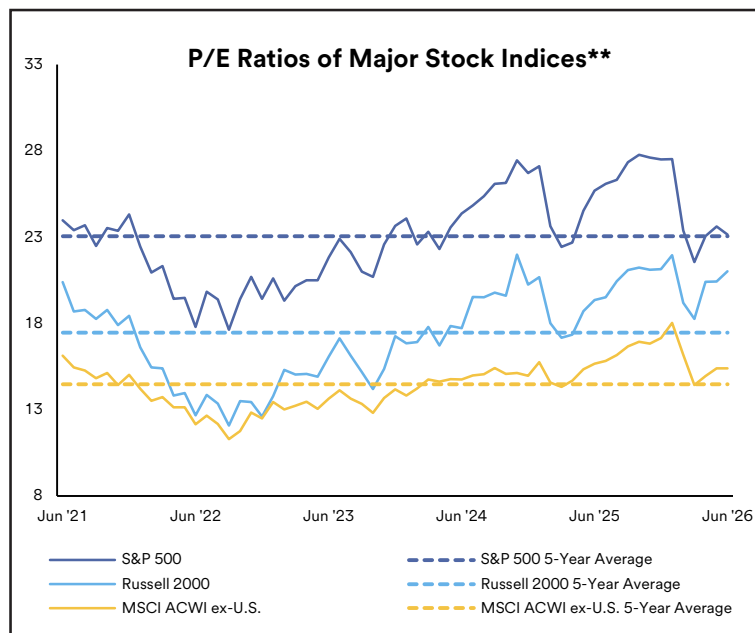
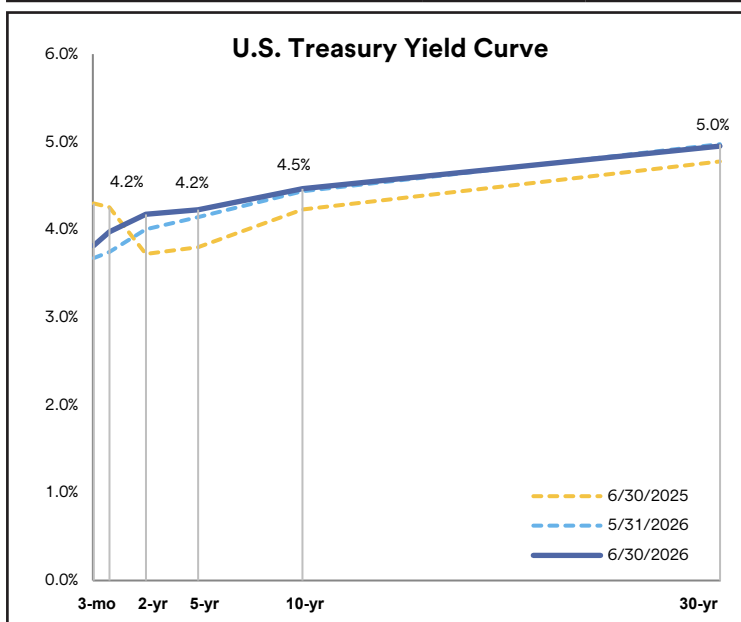
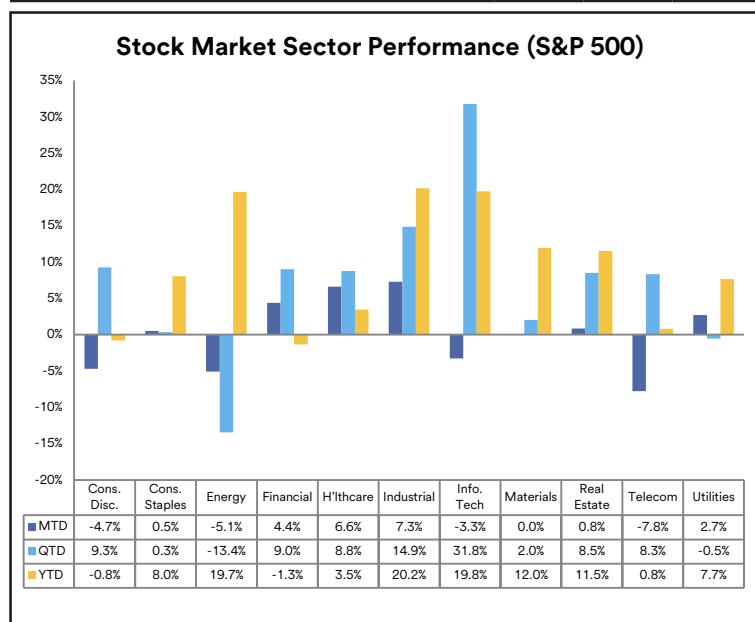
Sources

- Bloomberg
- FactSet

1 - All returns are expressed as total returns (price returns net of dividends).

Total Return of Major Indices				
Domestic Equity	MTD	QTD	YTD	1 YR
S&P 500	-1.0%	15.2%	10.2%	22.3%
Russell 3000	-0.3%	15.4%	10.9%	22.8%
Russell 2000	3.7%	21.6%	22.7%	40.9%
Russell 1000	-0.5%	15.1%	10.3%	22.0%
International Equity	MTD	QTD	YTD	1 YR
MSCI ACWI ex-U.S.	-0.6%	14.5%	13.7%	27.7%
MSCI EAFE	0.1%	10.8%	9.4%	20.2%
MSCI Emerging Markets	-1.4%	24.1%	23.8%	43.5%
Fixed Income	MTD	QTD	YTD	1 YR
Bloomberg U.S. Agg	0.2%	0.7%	0.6%	3.8%
Bloomberg Global Agg	-0.7%	0.9%	-0.2%	0.6%
ICE BofA U.S. HY	0.2%	2.5%	1.9%	5.7%
Listed Real Assets	MTD	QTD	YTD	1 YR
MSCI U.S. REIT	2.9%	11.8%	16.9%	19.7%
FTSE NAREIT All Equity REITs	1.5%	10.7%	14.9%	15.4%
MSCI World Core Infrastructure	-0.8%	1.1%	9.0%	11.3%
FTSE Global Core Infrastructure 50/50	1.2%	2.3%	10.7%	15.8%

Economic Indicators		
Domestic	Current	Previous Month
Unemployment Rate (%)	4.2%	4.3%
Initial Jobless Claims (4 week average)	219.2 K	'224.3 K
CB Leading Economic Indicators	0.1	0.2
Capacity Utilization	76.2%	76.1%
GDP (annual growth rate)	2.1%	0.5%
University of Michigan Consumer Confidence	49.5	44.8
New Home Starts	580 K	626 K
Existing Home Sales	4.2 MM	4 MM
Retail Sales (YoY)	6.9%	4.8%
U.S. Durable Goods (MoM)	-4.5%	8.5%
Consumer Price Index (YoY)	4.2%	3.8%
Producer Price Index (MoM)	2.6%	1.6%
Developed International*	3/31/2026	12/31/2025
Market GDP (annual rate)	1.0%	1.1%
Market Unemployment	4.9%	4.9%



Source: Bloomberg. Data as of June 30, 2026, unless otherwise noted.

*Developed market data is calculated with respect to the weightings in the MSCI World ex-U.S. Index. Most current data is as of March 31, 2026 due to release dates of numerous countries.

**P/E ratios are calculated based on one-year-forward estimates and adjusted to include only positive earning results for consistency.

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