

## U.S. Equity

- U.S. equities posted another strong month in May, with the S&P 500 Index and Russell 3000 Index returning 5.3% and 5.1%, respectively.<sup>1</sup> The S&P 500 achieved a new record close at month end, supported by falling oil prices and strong earnings results. Performance remained positive across the style spectrum, although gains were more selective than in April.
- Sector returns were mixed in May, with three of 11 sectors posting positive returns. Information Technology was the best-performing sector, returning 16.0%, followed by Consumer Discretionary at 2.6%. Energy was the weakest sector, falling -5.6%, while Utilities and Consumer Staples also declined for the month.
- Returns were positive across market capitalizations. Large-caps (Russell 1000 Index) posted the strongest return of 5.1%, while small-caps (Russell 2000 Index) returned 4.4%, and mid-caps (Russell Mid Cap Index) returned 2.9%. Growth stocks continued to outperform value stocks across all capitalizations in May.
- According to FactSet Earnings Insight as of May 29, 2026, S&P 500 companies are reporting growth in earnings of 28.6% year-over-year (YoY) for the first quarter of 2026. For Q2 2026, analysts are projecting earnings growth of 21.6% and revenue growth of 12.0%. This earnings growth estimate reflects an increase of 2.5% in the bottom-up earnings per share (EPS) estimate in the first two months of the quarter, a reversal of the 10-year historical average change of -2.2%. The Energy (+59.2%) and Information Technology (+5.6%) sectors have led the increase in bottom-up EPS estimates for Q2.

## Non-U.S. Equity

- Non-U.S. equities also delivered strong gains in May. The MSCI ACWI ex-U.S. Index returned 5.0%, while developed markets, represented by the MSCI EAFE Index, gained 3.1%. Among developed regions, Japan (MSCI Japan) returned 5.0% and Europe (MSCI Europe) rose 2.8%. Emerging markets (EM) outperformed developed markets, with the MSCI Emerging Markets Index returning 9.7%, supported by particularly strong performance in countries where artificial intelligence related stocks remain a major driver, with Korea (MSCI Korea) and Taiwan (MSCI Taiwan) returning 35.3% and 16.5%, respectively.
- Within the MSCI ACWI ex-U.S. Index, seven of the 11 sectors posted positive returns. Sector performance was led by Information Technology, which returned 23.8% for the month. The next strongest sectors, Materials and Consumer Discretionary, also posted solid gains though significantly behind Information Technology, at 3.9% and 3.3% respectively, Energy was the weakest sector, declining -6.0%.

## Fixed Income

- Treasury yields moved modestly higher across the intermediate portion of the curve in May, with rates anchored at the long end.

The 2-year Treasury yield rose 13 basis points (bps), the 5-year rose 14 bps, while the 10-year rose 7 bps and the 30-year was unchanged for the month.

- Despite slightly higher yields, fixed-income sectors generally posted positive returns in May. The Bloomberg U.S. Aggregate Index returned 0.3%, investment-grade (IG) credit returned 0.7%, and high-yield (ICE BofA U.S. High Yield Index) returned 0.5%. Higher-quality credit also advanced, with AAA-, AA-, A-, and BBB-rated bonds returning 0.1%, 0.5%, 0.6%, and 0.8%, respectively. Credit spreads tightened further, with IG spreads narrowing 6 bps and high-yield spreads narrowing 11 bps, pushing spreads closer to multi-decade lows.

## Listed Real Assets

- Listed real asset returns were mixed in May. Real estate investment trusts (REITs) were little changed overall, with the FTSE NAREIT Index rising 0.1%. Within listed real estate, lodging/resorts led performance, while Healthcare, Data Centers, and Retail sub-sectors were weaker. Listed infrastructure declined, with the FTSE Global Core Infrastructure 50/50 Index returning -2.3% for the month, as lower oil prices weighed on energy infrastructure.

## Items to Watch

- Personal consumption expenditures (PCE) inflation rose 3.8% YoY through April, the largest increase since May 2023, remaining well above the Fed's 2% target. This rise underscores the uneven progress on disinflation, as the continued disruption of the Strait of Hormuz boosted energy prices and strained global supply chains. Core PCE (excluding food and energy) inflation rose 3.3% YoY. With these hotter inflation figures, inflation outpaced average wage growth (3.6% YoY) for the first time in three years.
- Consumer sentiment weakened further in May, with the University of Michigan index falling to a new all-time low of 44.8 as the elevated cost of gas and other essentials worsened sentiment that was already low. Cost of living continues to be a first-order concern, with 57% of consumers mentioning that high prices were eroding their personal finances.
- We continue to monitor the conflict in Iran and its impacts on the global economy. After renewed optimism surrounding a potential U.S.-Iran agreement, crude oil prices decreased in May, with both WTI and Brent crude oil prices falling, though they remain above pre-conflict levels.

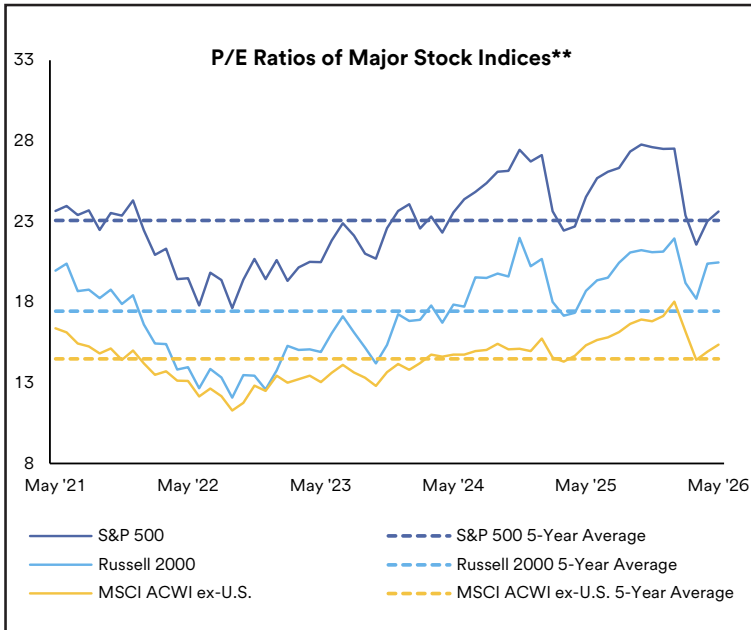
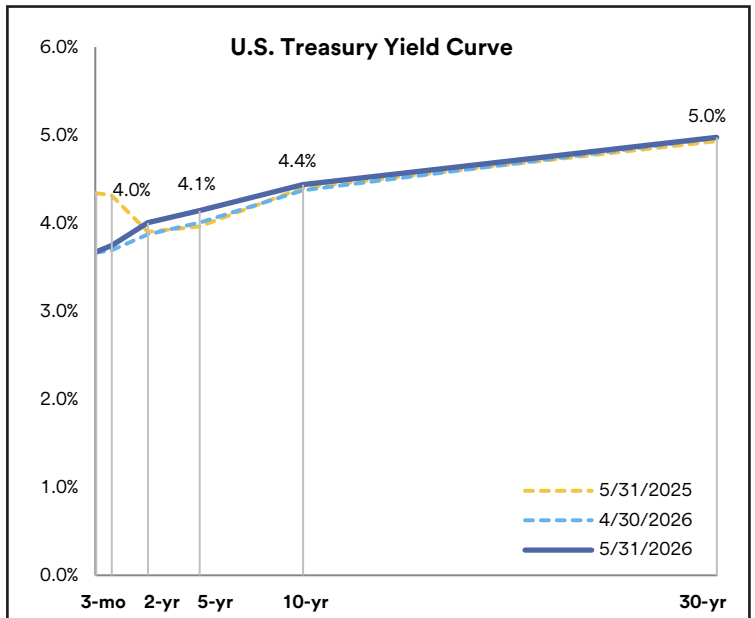
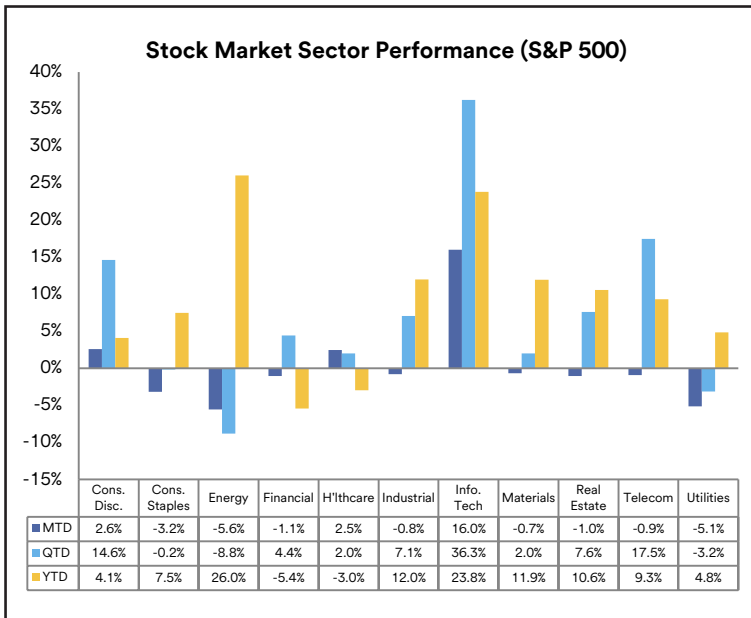
## Sources

- 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	5.3%	16.3%	11.2%	29.7%
Russell 3000	5.1%	15.8%	11.2%	29.4%
Russell 2000	4.4%	17.2%	18.3%	43.2%
Russell 1000	5.1%	15.7%	10.9%	28.8%
International Equity	MTD	QTD	YTD	1 YR
MSCI ACWI ex-U.S.	5.0%	15.2%	14.4%	32.8%
MSCI EAFE	3.1%	10.7%	9.4%	22.8%
MSCI Emerging Markets	9.7%	25.8%	25.6%	54.3%
Fixed Income	MTD	QTD	YTD	1 YR
Bloomberg U.S. Agg	0.3%	0.4%	0.4%	5.1%
Bloomberg Global Agg	0.3%	1.6%	0.5%	3.3%
ICE BofA U.S. HY	0.5%	2.2%	1.6%	7.4%
Listed Real Assets	MTD	QTD	YTD	1 YR
MSCI U.S. REIT	-0.2%	8.7%	13.6%	15.4%
FTSE NAREIT All Equity REITs	0.1%	9.1%	13.2%	13.6%
MSCI World Core Infrastructure	-2.5%	1.9%	9.9%	13.7%
FTSE Global Core Infrastructure 50/50 Index	-2.3%	1.1%	9.4%	15.5%

Economic Indicators			
Domestic	Current	Previous Month	
Unemployment Rate (%)	4.3%	4.3%	
Initial Jobless Claims (4 week average)	209 K	202.8 K	
CB Leading Economic Indicators	0.1	-0.6	
Capacity Utilization	76.1%	75.7%	
GDP (annual growth rate)	1.6%	0.5%	
University of Michigan Consumer Confidence	44.8	49.8	
New Home Starts	622 K	663 K	
Existing Home Sales	4 MM	4 MM	
Retail Sales (YoY)	4.9%	4.2%	
U.S. Durable Goods (MoM)	7.9%	1.3%	
Consumer Price Index (YoY)	3.8%	3.3%	
Producer Price Index (MoM)	1.7%	1.6%	
Developed International*		3/31/2026	12/31/2025
Market GDP (annual rate)	1.1%	1.1%	
Market Unemployment	4.9%	4.9%	



Source: Bloomberg. Data as of May 31, 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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