

Monthly Market Review

Multi-Asset Class | May 2026

U.S. Equity

- U.S. equities, as represented by the S&P 500 Index (S&P) and the Russell 3000 Index, posted strong gains in April, returning 10.5% and 10.2%, respectively.¹
- Nine of the 11 sectors saw positive returns for the month. Communication Services was the best-performing sector, returning 18.5%, followed by Information Technology at 17.5%. The Energy sector was the worst-performing sector, returning -3.5% in April.
- The performance was broad-based with positive returns across all capitalizations. Large-caps (Russell 1000 Index) and small-caps (Russell 2000 Index) returned 10.1% and 12.3%, respectively, outperforming mid-caps (Russell Mid Cap Index), which returned 7.3%. Growth stocks outperformed value stocks in large- and small-caps, but was outperformed by value in mid-caps.
- According to FactSet Earnings Insight as of May 1, 2026, analysts are projecting another quarter of strong earnings growth with an estimate of 27.1% for Q1 2026, up from 15.0% the prior week. This is supported by strong net profit margins which are projected to hit their highest level in more than 15 years at 14.7% despite energy price pressures.

Non-U.S. Equity

- Non-U.S. equity markets, represented by the MSCI ACWI ex-U.S. Index, returned 9.7% in April. Developed markets, represented by the MSCI EAFE Index, returned 7.5% as Europe (MSCI Europe) returned 7.1% and Japan (MSCI Japan) returned 9.2%. Emerging markets (EM), as represented by the MSCI Emerging Markets Index, returned 14.7%. Within the index, China (MSCI China) saw a return of 3.6%, while Korea (MSCI Korea) and Taiwan (MSCI Taiwan) — rebounding from March's pullback — returned a remarkable 38.2% and 26.2%, respectively. India (MSCI India) also posted a return of 9.2%.
- Within the MSCI ACWI ex-U.S. Index, all 11 sectors posted positive returns. Information Technology was the best-performing sector for the month, returning 27.3%, while the Industrials sector was the second-best performer, returning 11.4%. Healthcare was the worst performing sector, posting a return of 0.9%.

Fixed Income

- In April, yields rose slightly along the Treasury yield curve as markets saw increased expectations for a more restrictive path for rates. The 2-year yield rose 7 basis points (bps) and the 5-year rose 7 bps. The yield on the 10- and 30-year rose 5 bps and 6 bps, respectively. The ICE BofA MOVE Index fell from its 9-month high in March back to year-end levels.
- The Bloomberg U.S. Aggregate Index posted a return of 0.1% in April. Investment-grade (IG) credit returned 0.5% as bond

prices stabilized amid declining rate volatility. AAA-rated bonds returned 0.04%, AA-rated bonds returned 0.06%, A-rated bonds returned 0.4%, and BBB-rated bonds returned 0.7%. High-yield corporates, as represented by the ICE BofA U.S. High Yield Index, returned 1.7% during the month. The BofA ML U.S. Treasury Master Index returned -0.1% as yields rose. Spreads narrowed across the corporate credit spectrum.

Listed Real Assets

- During April, real estate investment trusts (REITs), as represented by the MSCI U.S. REIT Index and the FTSE NAREIT Index, both returned 9.0%. The Office sector saw the strongest performance for the month, while the Retail sector was the most challenged. Listed Infrastructure, represented by the MSCI World Core Infrastructure Index and the FTSE Global Core Infrastructure 50/50 Index, returned 4.5% and 1.1% for the month, respectively.

Items to Watch

- At its April 29, 2026, meeting the Federal Reserve (Fed) voted to keep the federal funds rate target range unchanged at 3.50%–3.75%. One Fed official dissented over language that signaled the Fed could become accommodative or cut rates in the future, underscoring continued debate around the policy path. Looking forward, Chair Jerome Powell emphasized uncertainty around energy driven inflation and noted that clearer progress on energy prices and tariffs would be needed before rate cuts are considered.
- First-quarter gross domestic product (GDP) rebounded to a 2.0% annualized pace, driven by business investment — particularly AI-related equipment and software — while consumer growth moderated.
- The conflict in Iran continues to weigh on the global economy, with ongoing disruptions near the Strait of Hormuz, keeping energy prices elevated despite some recent moderation. Crude prices remain well above pre conflict levels, supporting higher headline inflation and pressuring household spending. This can be seen in the Consumer Price Index (CPI), where the year-over-year inflation rate rose to 3.3% in March, driven by higher energy costs. Core inflation (excluding food and energy) remained relatively contained at 2.6%, with higher airline fares likely reflecting elevated fuel prices. Consumers are expecting a particularly gloomy year ahead, with inflation expectations climbing to 4.7% in April, according to the University of Michigan.

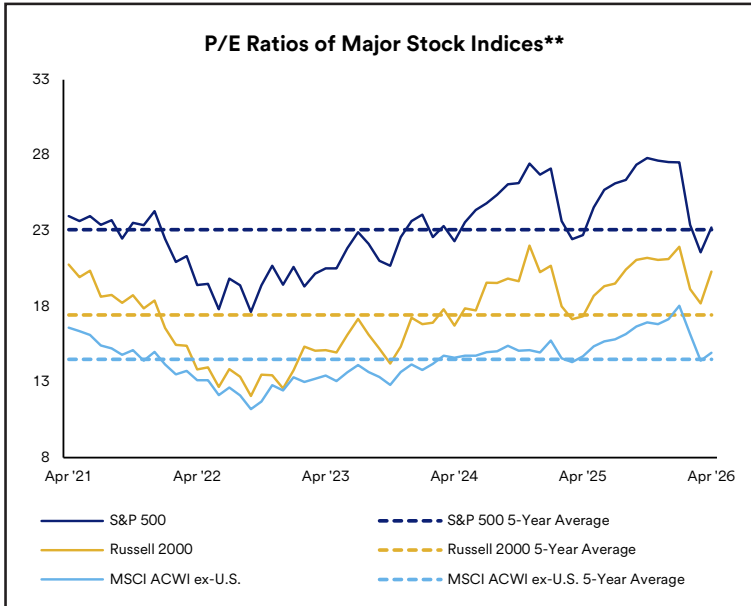
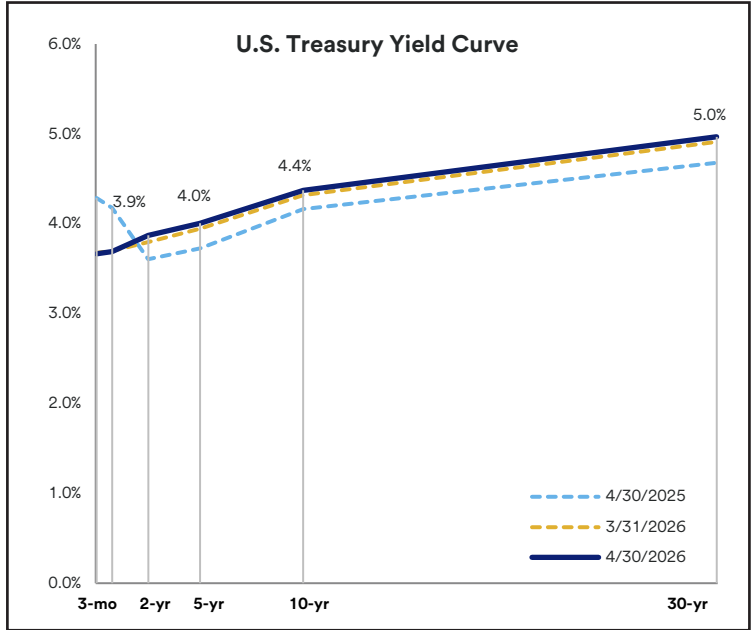
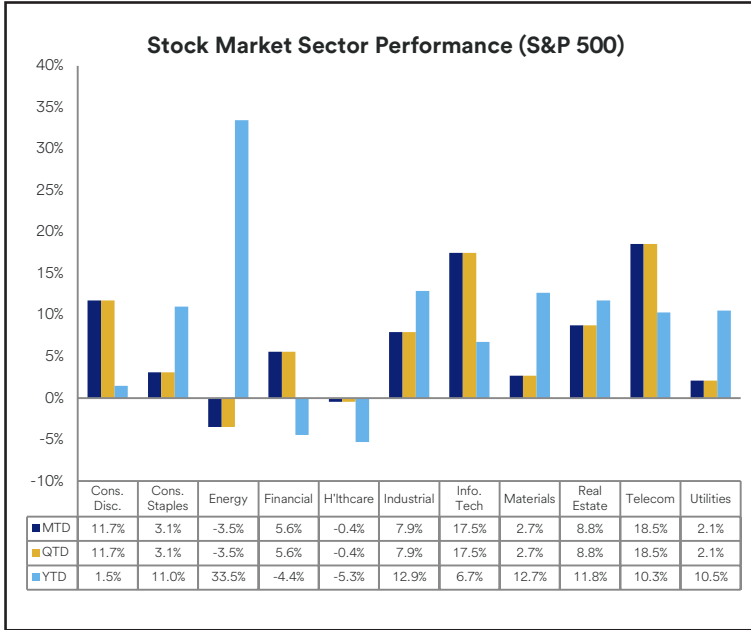
Sources

- 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	10.5%	10.5%	5.7%	31.0%
Russell 3000	10.2%	10.2%	5.8%	31.0%
Russell 2000	12.3%	12.3%	13.3%	44.5%
Russell 1000	10.1%	10.1%	5.5%	30.4%
International Equity	MTD	QTD	YTD	1 YR
MSCI ACWI ex-U.S.	9.7%	9.7%	8.9%	32.2%
MSCI EAFE	7.5%	7.5%	6.1%	24.6%
MSCI Emerging Markets	14.7%	14.7%	14.5%	46.7%
Fixed Income	MTD	QTD	YTD	1 YR
Bloomberg U.S. Agg	0.1%	0.1%	0.1%	4.1%
Bloomberg Global Agg	1.2%	1.2%	0.2%	2.5%
ICE BofA U.S. HY	1.7%	1.7%	1.1%	8.7%
Listed Real Assets	MTD	QTD	YTD	1 YR
MSCI U.S. REIT	9.0%	9.0%	13.9%	18.1%
FTSE NAREIT All Equity REITs	9.0%	9.0%	13.1%	14.9%
MSCI World Core Infrastructure	4.5%	4.5%	12.7%	18.0%
Bloomberg Commodity	3.6%	3.6%	12.0%	20.2%

Economic Indicators		
Domestic	Current	Previous Month
Unemployment Rate (%)	4.3%	4.4%
Initial Jobless Claims (4 week average)	207.5 K	211 K
CB Leading Economic Indicators	-0.6	0.3
Capacity Utilization	75.7%	76.1%
GDP (annual growth rate)	2.0%	0.5%
University of Michigan Consumer Confidence	49.8	53.3
New Home Starts	587 K	712 K
Existing Home Sales	4 MM	4.1 MM
Retail Sales (YoY)	4.0%	4.0%
U.S. Durable Goods (MoM)	0.8%	-1.2%
Consumer Price Index (YoY)	3.3%	2.4%
Producer Price Index (MoM)	1.4%	0.9%
Developed International*	9/30/2025	6/30/2025
Market GDP (annual rate)	1.3%	1.6%
Market Unemployment	5.0%	4.8%



Source: Bloomberg. Data as of April 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 December 31, 2025 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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