

Monthly Market Review

Multi-Asset Class | January 2026

U.S. Equity

- Domestic equity markets, as represented by the S&P 500 Index (S&P) and the Russell 3000 Index, returned 0.06% and -0.02% respectively in December.¹
- Five of the 11 sectors saw positive returns for the month. The Financials sector was the best performing sector, returning 3.07% for the month, followed by Materials at 2.22%. The Utilities sector was the worst performing sector, returning -5.12% in December.
- Mid-caps (Russell Mid Cap Index) and small-caps (Russell 2000 Index) saw marginally negative returns in December returning -0.28% and -0.58% respectively, while large caps (Russell 1000 Index) were flat, returning 0.00%. Value outperformed growth across all capitalizations during the month.
- According to FactSet Earnings Insight as of December 22, 2025, the estimated earnings growth rate for the S&P 500 for Q4 2025 is 8.3%, which would mark the tenth consecutive quarter of earnings growth and contribute to an estimated growth rate of 12.3% for calendar year 2025. For calendar year 2026, analysts currently expect a third consecutive year of double-digit earnings growth, at 15.0%.

Non-U.S. Equity

- Non-U.S. equity markets, represented by the MSCI ACWI ex-U.S. Index returned 3.0% in December. Developed markets, represented by the MSCI EAFE Index returned 3.0% as Europe (MSCI Europe) returned 3.90% and Japan (MSCI Japan) returned 0.54%. Emerging markets (EM), as represented by the MSCI Emerging Markets Index, returned 2.99% as negative returns in Chinese equities (MSCI China Index) of -1.24% were counterbalanced by strongly positive returns from Korea and Taiwan, at 12.70% and 5.81% respectively.
- Within the ACWI ex-U.S. Index, eight of the 11 sectors posted positive returns. Materials was the best performing sector for the month, returning 5.71%, while the Information Technology sector was the second-best performer, returning 5.62%. Communications Services was the worst performing sector, posting a return of -1.72%.

Fixed Income

- In December, the Treasury yield curve steepened as the Federal Reserve (Fed) cut rates, prompting short term rates to fall while longer term yields rose. The 2-year yield fell 1 basis point (bp) while the 5-year rose 13 bps. The yield on the 10-year and 30-year rose 15 bps and 19 bps respectively.

- The Bloomberg U.S. Aggregate Index returned -0.15% in December. Investment-grade (IG) credit returned -0.19%, AAA-rated bonds returned -0.14%, AA-rated bonds returned -0.50%, A-rated bonds returned -0.23% and BBB-rated bonds returned -0.09%. High-yield corporates, as represented by ICE BofA U.S. High Yield Index returned 0.65% during the month, while the Broad Treasury Index returned -0.51%. Spreads narrowed slightly across the corporate credit spectrum.

Listed Real Assets

- During December, real estate investment trusts (REITs), as represented by the MSCI U.S. REIT Index and the FTSE NAREIT Index returned -2.54% and -2.31% respectively. The Lodging/Resorts sector saw the strongest performance for the month while the Healthcare sector stood as the most challenged. Listed Infrastructure, represented by the MSCI World Core Infrastructure Index, returned -1.18% for the month.

Items to Watch

- The Fed cut rates as expected in December, bringing the new federal funds target range to 3.50%-3.75%, as labor data continued to soften. The December meeting also produced an updated summary of economic growth projections. Compared to the September projections, this estimate included an increase in projected economic growth, no change to unemployment rate expectations, and a decrease in projected inflation for 2026, pointing to increased optimism for the economy. The dot plot for 2026 reflects an expectation of one cut in 2026, though the timing of such a move is uncertain. The composition of the Fed is also about to change, with four new regional presidents rotating into voting roles in 2026.
- U.S. military action in Venezuela adds to the ongoing geopolitical risks, prompting increased uncertainty as the possible implications for the market are weighed. Venezuela's oil reserves, and their relationship to China, its primary oil buyer, are of particular interest. In the short term the impact on energy prices is expected to be relatively minimal, while the longer-term impacts depend on the future of Venezuela's energy infrastructure and who controls it.

Sources

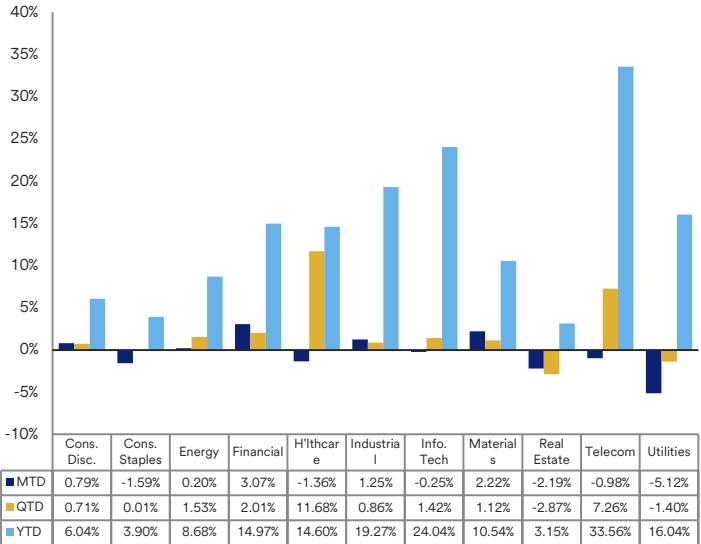
- Bloomberg
- FactSet

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		0.06%	2.65%	17.86%	17.86%
Russell 3000		-0.02%	2.40%	17.13%	17.13%
Russell 2000		-0.58%	2.19%	12.79%	12.79%
Russell 1000		0.00%	2.41%	17.35%	17.35%
International Equity		MTD	QTD	YTD	1 YR
MSCI ACWI ex-U.S.		3.00%	5.05%	32.39%	32.39%
MSCI EAFE		3.00%	4.86%	31.22%	31.22%
MSCI Emerging Markets		2.99%	4.73%	33.57%	33.57%
Fixed Income		MTD	QTD	YTD	1 YR
Bloomberg Barclays U.S. Agg		-0.15%	1.10%	7.30%	7.30%
Bloomberg Barclays Global Agg		0.26%	0.24%	8.17%	8.17%
Bloomberg Barclays U.S. HY		0.65%	1.35%	8.50%	8.50%
Listed Real Assets		MTD	QTD	YTD	1 YR
MSCI U.S. REIT		-2.54%	-1.99%	1.68%	1.68%
FTSE NAREIT Index		-2.31%	-1.56%	2.88%	2.88%
MSCI World Core Infrastructure		-1.18%	0.32%	15.85%	15.85%

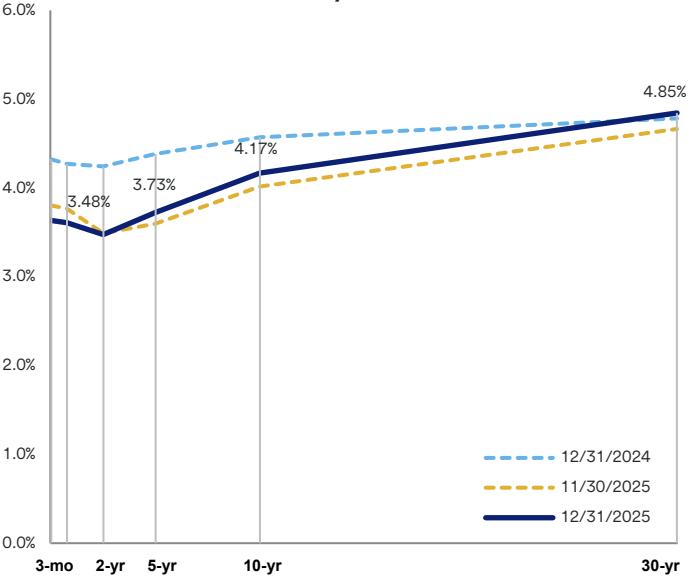
Stock Market Sector Performance (S&P 500)



Economic Indicators

Domestic	Current	Previous Month
Unemployment Rate (%)	4.6%	4.4%
Initial Jobless Claims (4 week avg)	218.8 K	217 K
CB Leading Economic Indicators	-0.3	-0.3
Capacity Utilization	75.9%	76.0%
GDP (annual growth rate)	4.3%	3.8%
University of Michigan Consumer Confidence	52.9	51.0
New Home Starts	800 K	664 K
Existing Home Sales	4.1 MM	4.1 MM
Retail Sales (YoY)	3.5%	4.2%
U.S. Durable Goods (MoM)	-2.2%	0.7%
Consumer Price Index (YoY)	2.7%	3.0%
Producer Price Index (MoM)	1.2%	0.1%
Developed International*	9/30/2025	6/30/2025
Market GDP (ann'l rate)	1.3%	1.6%
Market Unemployment	5.0%	4.8%

U.S. Treasury Yield Curve



Source: Bloomberg. Data as of December 31, 2025, 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 September 30, 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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