

Snapshot

Global stocks surged for the second straight month despite continued worries about inflation and the Iran conflict. Bonds also advanced.

- Against a backdrop of solid technology-sector earnings, continued enthusiasm for artificial intelligence-related spending and falling oil prices, U.S. stocks surged. These factors largely overshadowed ongoing uncertainties surrounding Iran and inflation. The S&P 500 Index reached several record-closing highs in the month, finishing with a monthly return of 5.3%.
- With a gain of nearly 16%, the information technology sector largely drove the S&P 500 Index's monthly return. Eight of the index's 11 sectors declined for the month. Amid falling oil prices, the energy sector was the weakest, down nearly 6%.
- Non-U.S. developed markets stocks also delivered another monthly gain, returning 2.8%. Emerging markets (EM) stocks remained top performers, returning nearly 10% for the month.
- Rising energy prices pushed April's annual inflation rates to the highest levels in more than two years in the U.S. and the eurozone. However, U.K. inflation eased amid a sharp slowdown in housing and household services costs.
- The stock market rally was broad-based, with all main U.S. size and style indices delivering solid gains. Large-cap growth stocks were the month's top performers. Outside the U.S., the major size and style indices also rallied, particularly in emerging markets.
- U.S. Treasury yields rose modestly for the month. The broad U.S. bond market index advanced, with corporate bonds outperforming.

Returns (%)

INDEX	1 MO	3 MO	YTD	1 YR	3 YR	5 YR	10 YR
U.S. Large-Cap Equity							
S&P 500	5.26	10.52	11.27	29.78	23.61	14.15	15.65
U.S. Small-Cap Equity							
Russell 2000	4.37	11.26	18.15	43.08	20.25	6.61	11.21
Intl. Developed Markets Equity							
MSCI World ex USA	2.81	-0.34	9.38	24.04	18.79	9.13	9.52
Emerging Markets Equity							
MSCI Emerging Markets	9.69	9.39	25.61	54.31	25.15	7.54	10.66
Global Real Estate Equity							
S&P Global REIT	-0.08	0.28	9.52	13.56	10.50	2.89	4.05
U.S. Fixed Income							
Bloomberg U.S. Aggregate Bond	0.31	-1.35	0.38	5.13	3.95	0.17	1.70
Global Fixed Income							
Bloomberg Global Aggregate Bond	0.34	-1.54	0.50	3.26	3.66	-1.58	0.74
U.S. Cash							
Bloomberg U.S. 1-3 Month Treasury Bill	0.31	0.92	1.50	4.01	4.78	3.54	2.32

Data as of 5/31/2026. Performance in USD. Periods greater than one year have been annualized. Past performance is no guarantee of future results. Source: FactSet.

Equity Returns | Size and Style

		U.S.			
		QTD (%)		YTD (%)	
		Value	Growth	Value	Growth
Size	Large	11.34	19.95	13.68	8.23
	Small	12.72	21.39	18.30	17.98

		Non-U.S. Developed Markets			
		QTD (%)		YTD (%)	
		Value	Growth	Value	Growth
Size	Large	9.35	12.76	12.24	6.28
	Small	10.20	15.29	10.05	14.58

		Emerging Markets			
		QTD (%)		YTD (%)	
		Value	Growth	Value	Growth
Size	Large	24.50	30.33	25.96	27.34
	Small	17.01	17.42	17.12	15.56

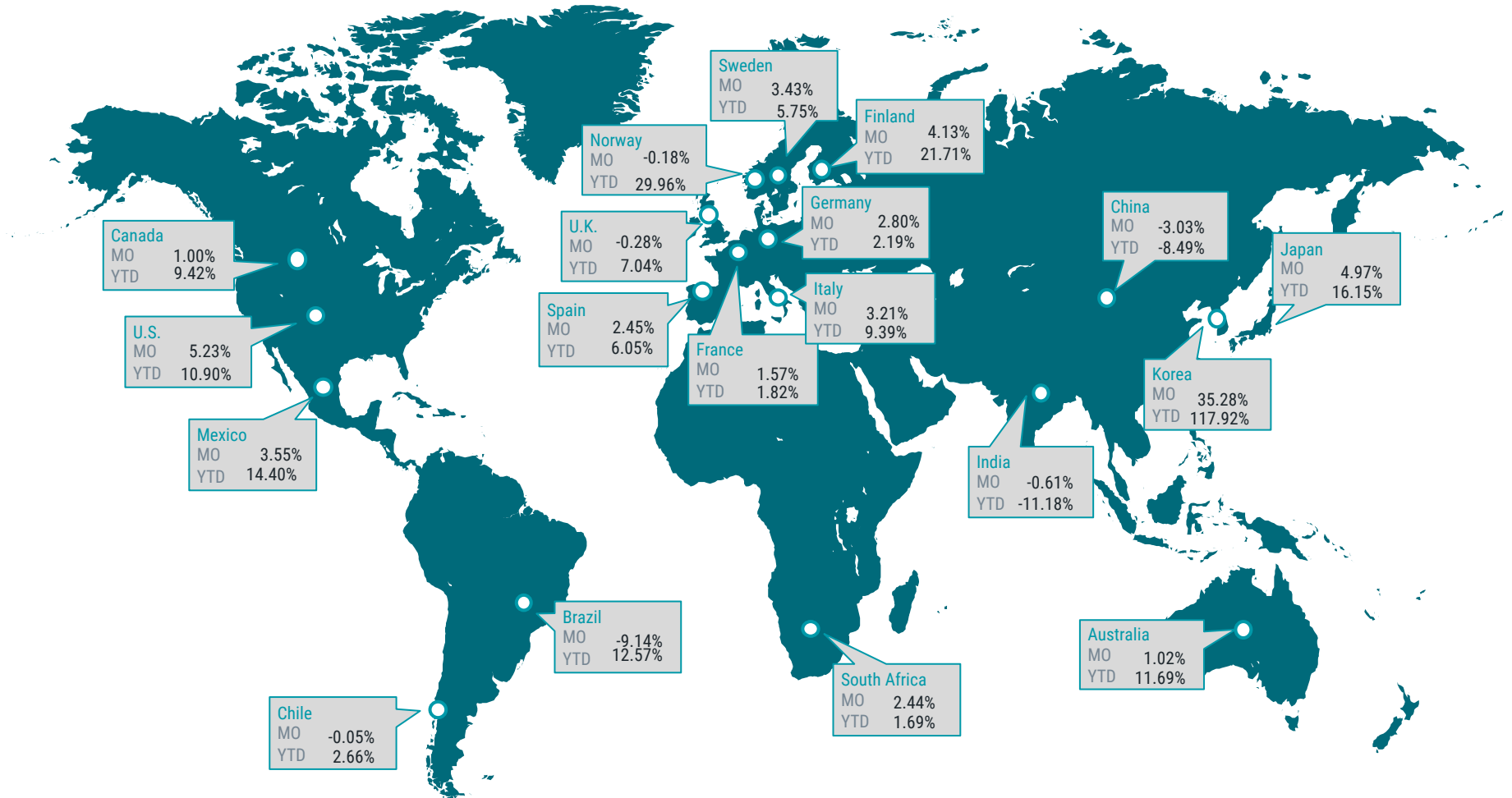
- The broad U.S. stock market rallied again in May, pushing the year-to-date gain to more than 11%. Size and style indices also delivered strong monthly returns.
- Large-cap stocks gained more than 5% to outpace small- and mid-cap stocks in May. Small-cap stocks were top year-to-date performers, up 18%.
- Growth stocks fared better than their value-style peers across the board in May. Year to date, value outperformed across size categories, led by small-cap value, up more than 18%.

- Non-U.S. developed markets stocks advanced but lagged U.S. stocks in May and year to date, with gains of 2.8% and 9.4%, respectively.
- Small-cap stocks outperformed their large-cap peers in May. That trend persisted year to date, with small-caps up 12.3% and large-caps returning 9.4%.
- Growth stocks outpaced value stocks across the board in May. Year to date, the growth style outperformed among small- and mid-caps but underperformed sharply in the large-cap universe.

- The broad EM stock index significantly outperformed developed markets stocks in May and year to date. The index returned nearly 26% for the five-month period.
- Large-cap stocks outperformed small-cap stocks for the month. Both categories delivered double-digit year-to-date gains, but large-caps outperformed by more than 10 percentage points.
- Among large-caps, growth stocks outperformed value stocks in May and year to date. Among small-caps, the value style outperformed in both periods.

Data as of 5/31/2026. Performance in USD. Past performance is no guarantee of future results. Source: FactSet. U.S. Equity, International Developed Markets and Emerging Markets Equity style boxes are represented by Russell, MSCI World ex USA and MSCI Emerging Markets indices, respectively.

Equity Returns | Country



Data as of 5/31/2026. Performance in USD. Past performance is no guarantee of future results. Source: FactSet. Countries are represented by MSCI country indices.

Fixed-Income Returns

U.S. bonds remained in positive return territory in May, with corporate bonds outperforming. Amid ongoing inflation worries, Treasury yields rose for the month.

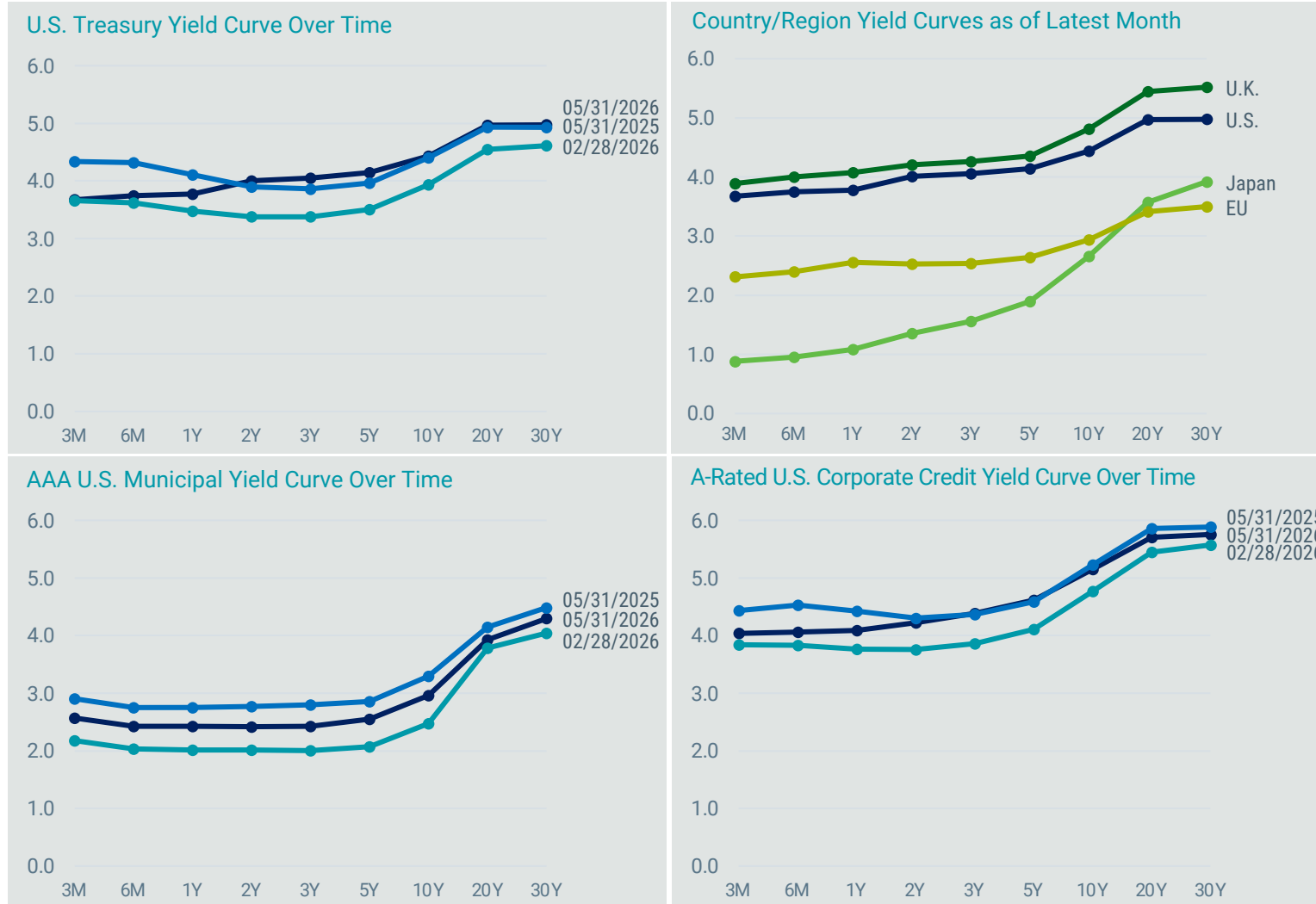
- The Bloomberg U.S. Aggregate Bond Index advanced for the second straight month, returning 0.3%.
- Treasury yields surged through mid-May but eased somewhat by month-end. The yield on the 10-year Treasury note ended the month at 4.44%, up 6 bps from April-end. The two-year Treasury yield rose from 3.87% at the end of April to 4.01% by May-end.
- All key bond sectors advanced in May. Corporates outperformed the broad index average, while MBS and Treasuries lagged. Credit spreads tightened, more so for investment-grade corporates, which outpaced high-yield corporates.
- Most economic data remained upbeat. Manufacturing rose in May, and job growth exceeded market forecasts in April.
- Annual headline CPI jumped to 3.8% in April, the highest since May 2023, as energy prices surged 18%. The annualized core PCE price index, the Fed's preferred inflation gauge, rose from 3.2% in March to 3.3% in April, well above the Fed's 2% target.
- Against this backdrop, the futures market showed growing expectations for a Fed rate hike later in the year. Meanwhile, Kevin Warsh became Fed chair, succeeding Jerome Powell, who opted to stay on at the Fed as a governor.
- Municipal bonds advanced for the month and outperformed Treasuries and the broad U.S. bond market index.
- TIPS advanced and outperformed nominal Treasuries, even as longer-term inflation expectations eased.

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Global Fixed Income							
Bloomberg Global Aggregate Bond	0.34	-1.54	0.50	3.26	3.66	-1.58	0.74
U.S. Fixed Income							
Bloomberg U.S. Aggregate Bond	0.31	-1.35	0.38	5.13	3.95	0.17	1.70
U.S. High-Yield Corporate							
Bloomberg U.S. Corporate High Yield Bond	0.49	0.98	1.68	7.57	9.36	4.39	5.88
U.S. Investment Grade							
Bloomberg U.S. Corporate Bond	0.76	-0.79	0.67	6.09	5.37	0.63	2.81
Municipals							
Bloomberg Municipal Bond	0.37	-0.84	1.34	6.67	3.77	0.92	2.21
U.S. TIPS							
Bloomberg U.S. Treasury Inflation Protected Securities (TIPS)	0.21	0.02	1.64	4.90	4.03	1.23	2.84
U.S. Treasuries							
Bloomberg U.S. Treasury Bond	0.11	-1.70	0.00	3.71	2.82	-0.35	1.05
U.S. Cash							
Bloomberg U.S. 1-3 Month Treasury Bill	0.31	0.92	1.50	4.01	4.78	3.54	2.32

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Global Yield Curves



Data as of 5/31/2026. Source: Bloomberg.

Yield is a rate of return for bonds and other fixed-income securities. A yield curve is a line graph that shows yields of fixed-income securities from a single sector (e.g., Treasuries) over various maturities (e.g., five and 10 years) at a single point in time (e.g., 12/31/2020).