

Monthly Investment Report

June 2026



Financial markets extended gains in May as strong fundamentals and continued artificial intelligence investment supported risk appetite, even as inflation, energy, and geopolitical risks kept investors focused on interest rates. U.S. equities advanced, with the S&P 500 rising +5.3%, the Nasdaq Composite gaining +8.4%, and the Dow Jones Industrial Average up +2.9%. Participation remained constructive, with the S&P MidCap 400 Index up +2.5% and S&P SmallCap 600 Index up +1.0%. International markets strengthened, led by emerging markets at +9.7% and developed markets ex U.S. at +2.8%, while China declined -3.0%. Bond returns were positive but modest. The Bloomberg U.S. Aggregate Bond Index gained +0.3% as Treasury yields moved higher. The 10-year Treasury ended at 4.44% and the 2-year at 4.00%. The 10-year yield breached 4.50% during May, reaching an intra-month high of 4.666% on May 19 before easing into month-end. The move above 4.50% appears driven less by unanchored long-term inflation expectations and more by higher real yields, persistent inflation risk, resilient earnings, and reduced confidence in near-term easing. Breakevens declined, with 2-year breakevens falling to 2.61% from 3.01% and 10-year breakevens declining to 2.40% from 2.49%. Energy prices were mixed. Crude oil fell -16.9% and unleaded gasoline declined -17.1%, but both remain sharply higher year-to-date at +52.1% and +83.3%, respectively. In our view, households are still feeling elevated fuel costs, with less disposable income and real wages slightly negative. The Iran situation continues to drag on, complicating supply. Strategic Petroleum Reserve releases of roughly 10 million barrels per week, in our estimates, are helping limit price spikes, but sustained energy costs could weaken economic growth in oil importing countries and raise inflation risk. Tariff refunds totaled about \$22 billion in May, in our estimates, providing some offset.

Capital Markets

Equity leadership reflected momentum in technology and the artificial intelligence supply chain, alongside differentiation across rate-sensitive sectors. Information technology rose +16.0% in May and is up +23.8% year-to-date, while consumer discretionary gained +2.6% and health care rose +2.5%. Consumer staples declined -3.2% and utilities fell -5.1%, reflecting pressure on defensives as rates moved higher. Energy declined -5.6% as oil retraced, and financials fell -1.1% amid concern that higher long-term rates may tighten credit conditions.

The composition of leadership remains important. Copper rose +7.8% and is up +12.4% year-to-date, consistent with demand tied to electrification, data center construction, and power infrastructure. Natural gas increased +18.9%, reinforcing the importance of power generation inputs. These trends support the view that artificial intelligence compute, grid capacity, and power generation represent a multi-year capex cycle. Beneficiaries may extend beyond mega-cap technology into semiconductors, electrical equipment, industrial automation, utilities, and selected materials companies.

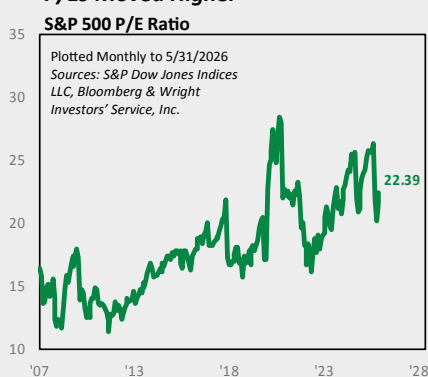
Credit markets were constructive, but pricing leaves limited cushion.

The Bloomberg U.S. Credit Index gained +0.7%, high yield rose +0.5%, and bank loans returned +0.5%. Corporate and mortgage-backed securities spreads versus Treasuries remain tight, implying most return is carry. Private credit warrants closer monitoring because higher rates, weaker exits, and refinancing needs can expose weaker underwriting faster than public-market index returns suggest, particularly in leveraged software and service companies facing artificial intelligence disruption.

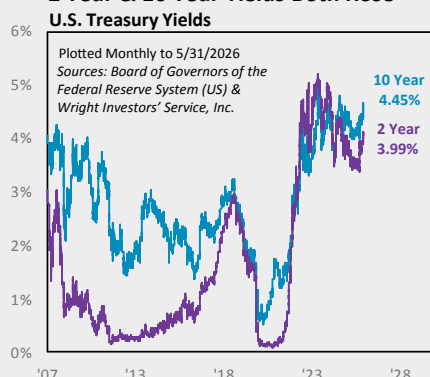
Commodity performance moderated, with the Bloomberg Commodities Index declining -3.6% in May but remaining up +25.0% year-to-date.

Gold fell -1.5% but remains up +5.1% year-to-date. The Bloomberg Dollar Index increased +0.6%, which should help dampen import prices with a lag, though prior dollar weakness and tariffs remain relevant for goods inflation.

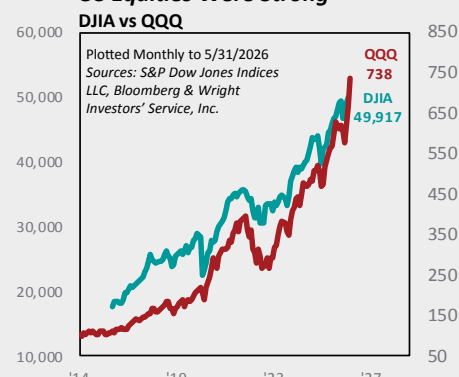
P/Es Moved Higher



2 Year & 10 Year Yields Both Rose



US Equities Were Strong



Total Investment Returns—5.31.2026

	May	Last 12 Mos.
Dow Jones Industrial Average	2.9%	22.7%
Nasdaq Composite	8.4%	42.0%
S&P 500	5.3%	29.8%
S&P MidCap 400	2.5%	25.9%
S&P SmallCap 600	1.0%	33.3%
MSCI World (\$)	4.6%	27.5%
MSCI World ex U.S. (\$)	2.8%	24.0%
Bloomberg U.S. Aggregate	0.3%	5.1%
90-Day Treasury Bills (Yield)	3.7%	4.3%
CPI ex-Food & Energy SA* (Apr 2026)	0.4%	2.7%

*SA: Seasonally Adjusted

Sources: Bloomberg LP & Wright Investors' Service, Inc.

U.S. Economy

Economic conditions remain resilient, but consumers are vulnerable.

Lower labor force participation than pre-pandemic levels limits labor supply flexibility, and slightly negative real wages mean spending power increasingly depends on job stability rather than rising real income. Higher energy and essential costs can shift spending from discretionary wants toward needs, creating a headwind for lower-income discretionary demand.

Inflation risk remains elevated, skewing the rate outlook toward higher yields even as breakevens fall. Markets are not dismissing inflation; they are separating near-term pressure from longer-term expectations. With nominal yields rising and breakevens declining, real yields moved higher, tightening financial conditions without another policy move. This helps explain why the Federal Reserve can remain on hold: policy already appears restrictive, but persistent goods, tariff, and energy pressures make early easing difficult to justify.

Corporate fundamentals remain strong. With 484 of 499 companies reported, S&P 500 sales growth is running near +11.56% and earnings growth near +27.66%. Surprise rates remain favorable, with 398 companies exceeding earnings expectations and 358 exceeding sales expectations. If S&P 500 revenue for the first quarter is positive, it would mark the 22nd consecutive quarter of growth, reinforcing demand durability even in a higher-rate environment.

Investment Outlook

Our base case is that the Federal Reserve remains on hold. Interest rate futures are indicating a higher probability of a rate increase in 2026, reflecting market concern that inflation pressures may prove more persistent than previously expected. Our view is more balanced: while the risk distribution has shifted toward higher rates, we believe the Federal Reserve is more likely to hold policy steady than resume tightening, unless inflation expectations become less anchored or energy pressures broaden.

The Iran war adds a policy-risk channel as midterm elections approach.

If the conflict keeps gasoline and food prices elevated, economic pressure could become an election issue, increasing uncertainty around energy policy, fiscal support, tariffs, and defense spending. A credible de-escalation could reduce the risk premium and help consumer sentiment, while prolonged conflict could reinforce voter concerns about inflation and real income.

From a portfolio perspective, equities remain attractive versus fixed income given strong earnings, revenue trends, and a durable capital spending cycle tied to artificial intelligence and power generation.

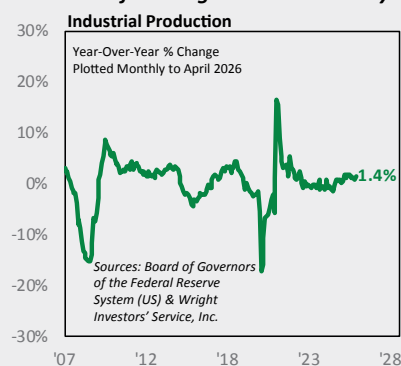
Positioning should emphasize quality balance sheets, durable free cash flow generation, pricing power, and exposure to the artificial intelligence and power generation supply chain. With consumers under pressure, portfolios should balance growth exposure with companies less dependent on discretionary spending.

Fixed income retains an important role as ballast, but tight spreads across corporate credit and mortgage-backed securities limit prospective excess returns relative to downside risk.

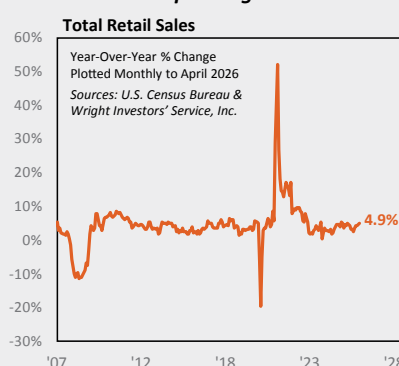
High-quality duration and liquidity appear preferable to reach-for-yield strategies. Where credit exposure is used, higher quality, shorter spread duration, and stronger covenants remain appropriate.

Overall, equity markets should remain healthy on resilient earnings, sustained capital spending, and improving breadth, though valuation discipline and vigilance toward credit stress remain essential.

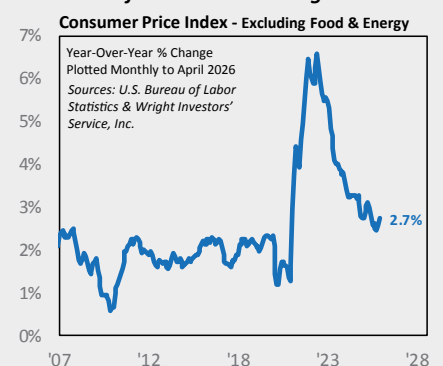
Manufacturing: Remained Steady



Consumer Spending: Increased



Core Inflation: Remains High



Source: Bloomberg Index Services Limited. "Bloomberg®", "Bloomberg Commodity Index" and the Bloomberg Bond Indices are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the index (collectively, "Bloomberg") and have been licensed for use for certain purposes by Wright Investors' Service, Inc. Bloomberg is not affiliated with Wright Investors' Service, Inc. and Bloomberg does not approve, endorse, review, or recommend Wright Products. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to Wright Products.

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