

Monthly Investment Report

May 2026



Financial markets advanced in April as investor risk appetite improved, the U.S. dollar weakened, and corporate results bolstered confidence in earnings. U.S. equities posted gains, with the S&P 500 up +10.5%, the Nasdaq Composite up +15.3%, and the Dow Jones Industrial Average up +7.2%. Participation expanded, with the S&P MidCap 400 Index up +7.9% and the S&P SmallCap 600 Index up +10.4%, indicating leadership beyond large-cap stocks. International markets strengthened, led by emerging markets at +14.7% and developed markets ex U.S. at +7.4%. The Bloomberg Dollar Index declined -1.9%, improving export competitiveness while increasing the likelihood of firmer import prices. Bond returns were muted. The Bloomberg U.S. Aggregate Bond Index gained +0.1% as Treasury yields moved higher, with the 10-year Treasury ending at 4.37% and the 2-year Treasury at 3.87%. Long rates remained resilient and did not breach 4.50% despite geopolitical uncertainty. Breakeven inflation moved higher, with 10-year breakevens rising to 2.49% from 2.31%, consistent with sensitivity to energy and goods pricing. Commodity markets continued to signal inflation risk. The Bloomberg Commodities Index rose +4.2% and is up +29.6% year-to-date. Crude oil increased +3.6% to \$105 per barrel and unleaded gasoline surged +13.9%, which in our view represents roughly an \$8 billion hit to consumers and increases the probability that discretionary spending shifts from wants toward needs. Offsets remain meaningful: tax refunds are, in our estimates, running more than +20% above last year, and the effective tariff rate is running much lower than the 11% previously estimated, representing, by our estimates, more than \$100 billion of relief for consumers relative to expectations. This balance is likely to remain central to the macro narrative.

Capital Markets

Equity leadership reflected enthusiasm for artificial intelligence and power generation investment, supported by a weaker dollar and improved breadth. Information technology rose +17.5%, and telecoms gained +18.5%, while consumer discretionary increased +11.7% and industrials advanced +7.9%. Real estate returned +9.3%, and utilities gained +2.1%, consistent with a capital spending cycle tied to data centers, grid infrastructure, and automation. Hyperscaler capital expenditures remain elevated, supporting semiconductors, networking equipment, electrical components, and power infrastructure.

The energy sector fell -3.5% even as oil prices moved higher, as temporary ceasefire news in the Iran-U.S. conflict reduced the immediate risk premium, and investors took profits following strong year-to-date performance. Energy remains up +33.5% year-to-date, highlighting that the primary driver has been the repricing of oil and refined products rather than April-specific fundamentals.

Credit markets were constructive, with the Bloomberg U.S. Credit Index up +0.5%, Bloomberg U.S. High Yield Bond up +1.7%, and bank loans up +1.3%. Mortgage-backed securities and corporate spreads versus Treasuries remain tight, leaving limited cushion if volatility rises or if inflation proves more persistent. In this environment, spread compression is a late-cycle signal and warrants monitoring,

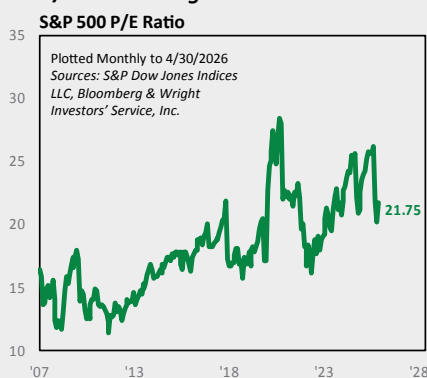
particularly for refinancing-sensitive borrowers. While high yield and bank loan returns were positive, tight spreads imply most compensation is carry, increasing sensitivity to liquidity deterioration or inflation surprises.

U.S. Economy

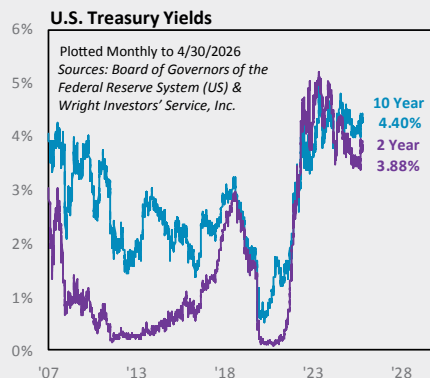
Economic conditions remain resilient but increasingly sensitive to price shocks. Labor force participation remains below pre pandemic levels and real wage growth is barely positive, increasing household vulnerability to higher energy and food costs. Even with tax refunds, in our estimates, more than +20% above last year, higher fuel and food costs can erode purchasing power. Higher energy prices, both crude oil and natural gas prices have contributed to higher fertilizer and food prices, creating headwinds for lower-income consumers and for oil and gas importing nations. If energy prices remain elevated, the risk is slower growth alongside firmer inflation.

Dollar weakness has two-sided implications. A weaker dollar tends to raise import prices with a lag, reinforcing goods inflation when tariffs and energy costs are pressuring supply chains. At the same time, it improves export competitiveness and can support manufacturing and multinational earnings. The export tailwind may support growth, but the import price channel can complicate disinflation if energy and goods prices remain firm.

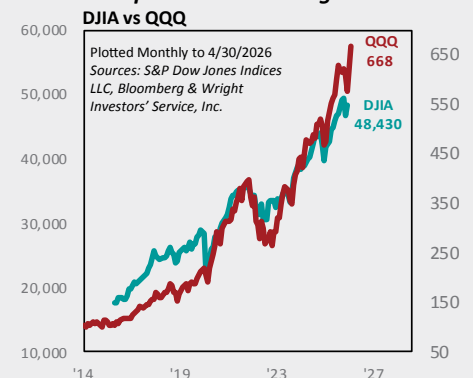
P/Es Moved Higher



2 Year & 10 Year Yields Both Rose



US Equities Were Strong



Total Investment Returns—4.30.2026

	April	Last 12 Mos.
Dow Jones Industrial Average	7.2%	24.2%
Nasdaq Composite	15.3%	43.6%
S&P 500	10.5%	31.1%
S&P MidCap 400	7.9%	29.5%
S&P SmallCap 600	10.4%	38.9%
MSCI World (\$)	9.6%	29.2%
MSCI World ex U.S. (\$)	7.4%	26.3%
Bloomberg U.S. Aggregate	0.1%	4.1%
90-Day Treasury Bills (Yield)	3.7%	4.3%
CPI ex-Food & Energy SA* (Mar 2026)	0.2%	2.6%

*SA: Seasonally Adjusted
Sources: Bloomberg LP & Wright Investors' Service, Inc.

Tariffs remain a headwind for goods inflation. With the effective tariff rate running lower than the 11% previously estimated, the near-term drag on consumers is lower than previously assumed, but tariffs still represent a material cost for many import categories. When combined with higher gasoline prices and firm agricultural inputs, including wheat up +23.0% year-to-date and corn up +5.6% year-to-date, the balance of risks suggests goods inflation is likely to remain under pressure unless demand slows meaningfully or supply constraints ease.

Corporate fundamentals remain constructive. With 302 of 499 companies reported, S&P 500 sales growth is running near +11.68% and earnings expectations, and 219 exceeded sales expectations, with aggregate sales surprises near +2.05% and aggregate earnings surprises near +20.62%. If S&P 500 revenue comes in positively for Q1, it would mark the 22nd consecutive quarter of revenue growth, underscoring demand durability even in a more complex pricing environment.

Investment Outlook

Higher oil prices are likely to weigh on consumption and may encourage substitution from discretionary wants toward essential needs. Policy and seasonal support from higher tax refunds and lower-than-expected effective tariffs provide an offset, but real income growth remains tight, making the consumer more sensitive to additional energy price increases. Headwinds for oil importing nations bear monitoring if energy price strength tightens global financial conditions.

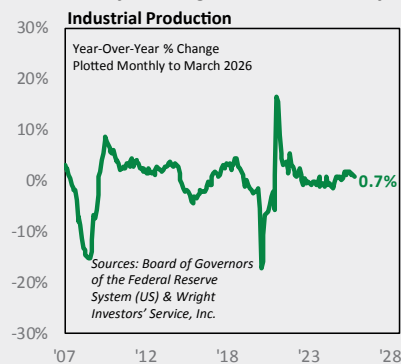
From a portfolio perspective, equities remain relatively attractive versus fixed income, supported by strong revenue and earnings trends, broad-based equity strength, and a durable capital spending cycle tied to artificial intelligence and power generation.

Positioning should emphasize quality balance sheets, durable free cash flow generation, and exposure to the artificial intelligence and power generation supply chain, including semiconductors, industrial automation, electrical equipment, utilities, and data center infrastructure. Real assets can remain useful diversifiers given higher energy prices and firmer breakeven inflation.

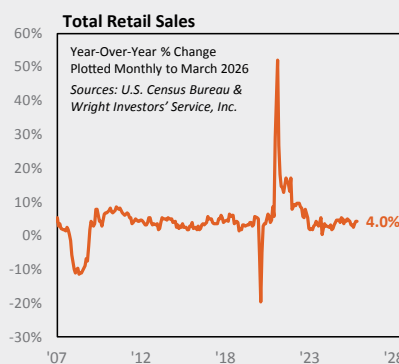
Fixed income retains an important role as ballast, but spreads remain tight across corporates and mortgage-backed securities, limiting return potential relative to downside risk. High-quality duration and liquidity appear preferable to reach-for-yield strategies, particularly in an environment where goods inflation risks are rising and the path of policy easing is less certain.

Consensus expects one cut in 2026. Our view remains aligned with a cautious path, with perhaps one cut in 2026, if any, depending on the evolution of goods inflation, energy prices, and consumer demand. Overall, equities should remain healthy on resilient earnings, sustained capital spending, and improving breadth, though valuation discipline and vigilance toward credit stress remain essential.

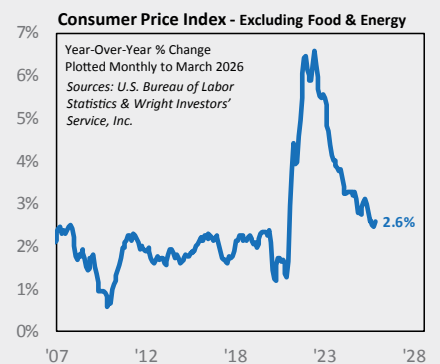
Manufacturing: Remained Steady



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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