Cetera® Investment Management

August 2026

Monthly Recap

At-A-Glance

The S&P 500 posted three new closing record highs in August, finishing the month at 7686.14, 1.45% below its 27th all-time high of the year set on August 13. Overall, it was the best August performance for the S&P 500 since 2021.

The Dow Industrials trailed the broader market in August, gaining 1.47%. The Dow, however, capped its best five-month winning streak (+15.48%) since November 2024. While trading above the 54,000 level for the first time on August 4, the Dow-30 extended its YTD gain to 11.79%, ending the month at 53,185.

Driven by exceptionally strong earnings, the Nasdaq Composite surged nearly 4% (+3.99%) in August, extending its YTD gain to 13.90%.

Echoing July's 7.54% gain, Bloomberg's Commodities Index surged another 7.39% in August, boosting its YTD advance to 32.06%.

Gold futures jumped 9.12% last month, ending at $4,481.50 per troy ounce. Gold prices are now up 3.23% YTD.

U.S. West Texas Intermediate (WTI) crude oil futures edged 1.29% higher in August, finishing at $85.76 per barrel. Driven by a continued conflict with Iran, U.S. oil is up 49.36% YTD.

Market Indices[1]	August	Year-to-Date
S&P 500	2.72%	13.14%
Russell 3000	2.74%	13.37%
Russell 2000	0.98%	20.01%
MSCI EAFE	1.99%	13.81%
MSCI Emerging Markets	3.37%	24.08%
Bloomberg U.S. Aggregate Bond	0.39%	-0.31%
Bloomberg U.S. Municipal Bond	-0.23%	0.20%
Bloomberg U.S. Corporate High Yield	0.97%	2.69%

[1]FactSet (all equity performance is total return, which includes dividends).

U.S. stocks returned to gains in August after the S&P 500 and Nasdaq Composite both ended negative the prior two months while the Dow Industrials capped a fifth straight monthly advance. Technology stocks, up 6.25% in August, generated more than three-quarters of the S&P 500's 2.7% monthly return, whereas Energy's stronger 7% advance contributed only modestly to overall performance. Tech gains were led by a solid 16% rebound in software stocks, while shares in semiconductors narrowly held onto a 1% August gain after being up nearly 10% mid-month.

Alternative assets including gold and broader commodities renewed their momentum in the back half of the month as energy prices bounced higher, lifting expectations that Fed policymakers will raise interest rates in September. The move paralleled hawkish inflation-styled comments from Fed Chairman Warsh at his Jackson Hole symposium speech and after the U.S. and Iran exchanged missile strikes for the first time in nearly a month. This in turn drove selling in Treasuries, sending the yield on 10-year Treasury notes above 4.75% for the first time since January 2025.

Moving into September, historically the weakest month of the year, investors wrestle with a range of risks, including inflation persistence (driven in large part by the U.S.-Iran conflict) along with valuation concerns surrounding the durability of the AI trade. These risks are further magnified with uncertainty regarding potential fallout from continued global sovereign bond selling with growing prospects for up to two potential interest rate hikes later this year.

For now, economic growth and corporate profits remain risk-supportive for stocks, backed by historically strong second quarter earnings. Thru month end, 97% of S&P 500 companies have reported Q2 results with 85% beating expectations. Moreover, cumulatively, earnings per share (EPS) showed an 11.5% upward surprise. S&P 500 Q2 EPS are up nearly 50% year-over-year (Y/Y), according to S&P Capital IQ. With earnings being the primary driver of valuations, the S&P 500's P/E on forward 12-month EPS stands at 20.5, a 3.2% premium above its 10-year average but below its 2025 year-end multiple of 23.3.

Consistent with a technology rebound, August style performance shifted to Growth over Value, with larger caps outpacing smaller caps. For the year however, Value continues to dominate over Growth with Large Cap Value only slightly trailing Small Cap Value as this year's top style and size performer, up nearly 23.4%.

August Returns

	Value	Blend	Growth
Large Cap	2.03%	2.82%	3.73%
Mid Cap	1.63%	1.86%	2.55%
Small Cap	0.30%	0.98%	1.64%

Year-to-Date Returns

	Value	Blend	Growth
Large Cap	23.12%	13.03%	4.06%
Mid Cap	21.26%	16.72%	2.91%
Small Cap	23.38%	20.01%	16.91%

Source: Cetera Investment Management, FactSet, FTSE Russell. Returns shown are total return, which includes dividends. Investors cannot invest directly in indexes. Data as of 8/31/2026.

Sector performance was mixed in August with five sectors advancing and six declining. Energy, up 7%, led the advance, extending its July gain of 12.6%. Financials gained the least, up 1.34% behind Healthcare (+4.89%).

The three best performing sectors in August are also the strongest performers, in the same order, on a year-to-date (YTD) basis. The Sector performance dispersion is quite striking, however, with Energy up more than 44% YTD versus a rare unchanged (0.00%) YTD return for Consumer Discretionary.

Top Sector Performers – August[1]	**Bottom Sector Performers – August[1]**
Energy (+7.02%)	Real Estate (-1.87%)
Technology (+6.25%)	Industrials (-2.56%)
Materials (+5.97%)	Utilities (-4.77%)
Top Sector Performers – YTD[1]	**Bottom Sector Performers – YTD[1]**
Energy (+44.20%)	Utilities (+0.27%)
Technology (+22.88%)	Communication Services (+0.14%)
Materials (+16.69%)	Consumer Discretionary (+0.00%)

[1] FactSet (all S&P 500 sector performance percentages are total return based, which include dividends).

In foreign markets, global developed nations stocks, as measured by the MSCI EAFE Index (+1.99%), underperformed the U.S. by over 0.7%. The MSCI Emerging Markets rose nearly 3.4% last month, outperforming the S&P by nearly 0.7%. MSCI emerging market indices for Taiwan (+6.41%) and Korea (+5.90%) performed best in August, while MSCI indices for Germany (+3.93%) and Japan (+3.35%) outperformed among developed nations.

Turning to fixed-income markets, amid a Treasury market selloff sending the U.S. 10-year Treasury yield to a 19-month high of 4.76%, the Bloomberg U.S. Government Index rose 0.31% in August while the longer-duration Bloomberg U.S. Government Long-term Bonds Index reversed a 4.0% July loss to end the month up 0.83%. The Treasury Department has surprised markets in mid-August announcing plans to boost its buybacks of 10-year through 30-year bonds starting in September.

On a broader basis, investment-grade bonds of all types, as measured by the Bloomberg U.S. Aggregate Bond Index, rose 0.39% in August, recovering from a 1.30% July decline. Bloomberg's U.S. Corporate High Yield Bond Index, representing holdings of below investment-grade (junk-rated) bonds, advanced nearly 1% (+0.97%) in August while Bloomberg's U.S. Municipal Bond Index fell 0.23%, extending its 1.85% loss in July.

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Glossary

The **Bloomberg Barclays Capital U.S. Aggregate Bond Index**, which was originally called the Lehman Aggregate Bond Index, is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government–related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 8.25 years. This total return index, created in 1986 with history backfilled to January 1, 1976, is unhedged and rebalances monthly.

The **Bloomberg Barclays US Municipal Bond Index** covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity, but in practice the index holding have a fluctuating average life of around 12.8 years. This total return index is unhedged and rebalances monthly.

The **Bloomberg Barclays US Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years. This total return unhedged index was created in 1986, with history backfilled to July 1, 1983 and rebalances monthly.

The **Barclays U.S. Government Bond Index** is comprised of the U.S. Treasury and U.S. Agency Indices. The index includes U.S. dollar-denominated, fixed-rate, nominal US Treasuries and US agency debentures (securities issued by US government owned or government sponsored entities, and debt explicitly guaranteed by the US government). The US Government Index is a component of the U.S. Government/Credit and U.S. Aggregate Indices, and eligible securities also contribute to the multi-currency Global Aggregate Index. The U.S. Government Index has an inception date of January 1, 1973.

The **Bloomberg Commodity Index** is a broadly diversified index that allows investors to track commodity futures through a single, simple measure. It is composed of futures contracts on physical commodities and is designed to minimize concentration in any one commodity or sector. It currently includes 19 commodity futures in five groups. No one commodity can comprise less than 2% or more than 15% of the index, and no group can represent more than 33% of the index (as of the annual reweightings of the components).

The **Cboe Volatility Index®** (VIX®) is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

The **MSCI EAFE** is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **Russell 1000 Growth Index** measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 1000 Value Index** measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap represents approximately 31% of the total market capitalization of the Russell 1000 companies.

The **S&P BSE SENSEX Index** is a free-float market-weighted index of 30 well-established and financially sound stocks on the Bombay Stock Exchange, representative of various industrial sectors of the Indian economy.

The **S&P 500** is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad-based capitalization-weighted index.

The **Shanghai Composite Index** is a stock market index of all stocks (A shares and B shares) that are traded at the Shanghai Stock Exchange.

The **U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000. It has since reached a February 1985 high of 164.720, and has been as low as 70.698 in March 2008.

West Texas Intermediate (WTI) is a crude oil stream produced in Texas and southern Oklahoma which serves as a reference or "marker" for pricing a number of other crude streams. WTI is the underlying commodity of the New York Mercantile Exchange's oil futures contracts.