Cetera® Investment Management

July 1, 2026

Quarterly Recap

At-A-Glance

Following 10.5% and 5.3% respective returns in April and May, the S&P 500 ended the second quarter at 7,499.36, down nearly 1% in June and 1.45% below its 24th all-time high of the year set on 6/02/26.

Amongst the three major U.S. equity averages, the Dow Jones Industrial Average performed best in June, gaining 2.71% and netted a 13.38% quarterly return. For the year, the Dow-30 index (+9.76%) trailed the broader market by just 0.45%.

The tech-heavy Nasdaq Composite fell 2.75% in June, trimming its Q2 return to 21.60%. As a group, "Mag 7" stocks fell around 9% in June. Year-to-date (YTD), the Nasdaq Composite is up 13.13%.

The Bloomberg Commodity Index skidded 8.08% for the quarter, trimming its 2026 YTD gain to 14.36%.

After gaining 7.8% in the first quarter, Gold futures fell 13.68% in Q2 and are now down 6.97% YTD, Gold futures ended the quarter at $4,038.50 per troy ounce.

U.S. WTI Crude Oil retreated nearly 31.5% for the quarter, cutting its YTD gain to 21.04%. U.S. WTI crude oil futures closed out June at $69.50 per barrel.

Second Quarter 2026 Recap

Market Indices[1]	June	Q2 2026	YTD
S&P 500	-0.95%	15.20%	10.21%
Russell 3000	-0.30%	15.44%	10.88%
Russell 2000	3.74%	21.49%	22.57%
MSCI EAFE	0.07%	10.82%	9.44%
MSCI Emerging Markets	-1.41%	24.05%	23.85%
Bloomberg US Aggregate Bond	0.24%	0.67%	0.62%
Bloomberg US Municipal Bond	0.96%	2.50%	2.32%
Bloomberg US Corporate High Yield	0.27%	2.47%	1.96%

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

Despite June valuation-concerning losses, the S&P 500 and Nasdaq Composite posted their strongest quarterly returns in six years, up 15.2% and 21.6%, respectively amid semiconductor-led gains and declining crude oil prices. Reflecting the strength in chip stocks, the PHLX "SOX" Semiconductor Index surged 88% in Q2, its strongest quarterly gain since its creation in 1993. Meanwhile, a broadening rotation last month helped the Dow Industrials cap its strongest first half performance in five years, up 9.76%.

The small cap focused Russell 2000 extended its winning streak to a fifth straight quarter, surging 21.5% in the second quarter – its fourth strongest quarterly return in the past 30 years. Overall, quarterly returns marked a striking rebound from the start of the year when the S&P 500 fell as much as 7% when the U.S.-Iran war first began in late February.

With ongoing U.S.-Iran peace negotiations, stocks and oil markets have largely overlooked the recent sporadic fighting within the Persian Gulf region. On June 25, a total of 35 oil and gas tankers exited the Persian Gulf through the Strait of Hormuz, the first-time tanker transits returned to the 30 to 40 range typical before the conflict started. Brent crude (the global measure for oil) ended the quarter down 38% at $72.92 a barrel, near the level it was before the war began.

Earnings fundamentals also supported Q2 investor sentiment. Following an exceptionally strong Q1 corporate earnings season, consensus analysts' forecasts now call for S&P 500-member company full-year 2026 earnings growth of 22.9%, up from 14.2% at the start of the year.

In closely monitored inflation data, the May headline Personal Consumption Expenditures (PCE) price index came in at +4.1% Y/Y, in line with estimates, but marked its strongest reading since April 2023. The core PCE reading that excludes volatile food and energy prices, rose 3.4% Y/Y, also matching estimates. Together, these hawkish readings cast aside hopes for a further interest rate cut in 2026 and priced in heightened odds for at least one Federal Reserve rate hike later this year.

Value stocks outperformed during June's sector rotation while Growth in all three capitalization levels exhibited quarterly leadership. Small caps of all styles clearly performed best in all three time periods, again reflecting broadened performance beyond mid and large caps.

June Returns

	Value	Blend	Growth
Large Cap	2.27%	-0.50%	-2.68%
Mid Cap	3.03%	3.11%	2.70%
Small Cap	3.97%	3.74%	3.55%

Year-to-Date Returns

	Value	Blend	Growth
Large Cap	16.26%	10.33%	5.33%
Mid Cap	17.58%	15.30%	7.27%
Small Cap	22.99%	22.57%	22.18%

Quarterly Returns

	Value	Blend	Growth
Large Cap	13.87%	15.14%	16.74%
Mid Cap	13.40%	13.83%	14.55%
Small Cap	17.19%	21.49%	25.71%

Source: Cetera Investment Management, FactSet, FTSE Russell. Returns shown are total return, which include dividends. Investors cannot invest directly in indexes. Data as of 6/30/2026.

Technology was the top performing sector during the second quarter, up nearly 31.8%. Notably, Energy moved to worst-performer status, down 13.45% for the quarter after being the top-performer (+38.3%) during the first quarter. Industrials are up the most on a YTD basis, up nearly 20.2%

Top Sector Performers – June [1]	**Bottom Sector Performers – June [1]**
Industrials (+7.29%)	Consumer Discretionary (-4.69%)
Healthcare (+6.62%)	Energy (-5.06%)
Financials (+4.37%)	Communication Services (-7.78%)
Top Performers – Second Quarter [1]	**Bottom Performers – Second Quarter [1]**
Technology (+31.79%)	Consumer Staples (+0.33%)
Industrials (+14.85%)	Utilities (-0.53%)
Consumer Discretionary (+9.27%)	Energy (-13.45%)
Top Performers – YTD 2026 [1]	**Bottom Performers – YTD 2026 [1]**
Industrials (+20.15%)	Communication Services (+0.80%)
Technology (+19.76%)	Consumer Discretionary (-0.77%)
Energy (+19.66%)	Financials (-1.18%)

[1]FactSet (all S&P 500 sector performance percentages are total return based, which include reinvested dividends). Data as of6/30/2026.

Looking internationally, foreign equities in developed markets continued to trail the U.S. on a quarterly and YTD basis. The MSCI EAFE Index gained nearly 11% in the second quarter, trailing the S&P 500 by nearly 4.4%. Emerging markets, however, continued to record stronger quarterly results, advancing 24.05%, 8.8% better than the U.S. benchmark. MSCI indices for Korea (+87.58%) and Taiwan (+48.86%) gained the most in Q2.

Turning to fixed-income markets, U.S. Treasurys—as measured by the Bloomberg U.S. Government Bond Index—rose 0.28% in June, netting a 0.32% quarterly gain. Longer-duration bonds outperformed, gaining 1.03% and 0.85% respectively in June and the quarter.

In other fixed-income assets, investment-grade bonds of all types, as measured by the Bloomberg U.S. Aggregate Bond Index, edged 0.24% higher last month, gaining 0.67% for the quarter. Bloomberg's U.S. Corporate High Yield Bond Index, representing holdings of below investment-grade (junk-rated) bonds, rose 0.27% in June, capping a Q2 gain of 2.47%. Municipals posted gains across the board in June, outperforming Treasurys. The Bloomberg U.S. Municipal Bond Index gained 0.96% in June and 2.50% for the quarter.

About Cetera® Investment Management

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Glossary

The Bloomberg U.S. 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.

The Bloomberg U.S. 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 pre-refunded 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.

The Bloomberg U.S. 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.

The **Bloomberg 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 **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 re-weightings 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 **MSCI All-Country World Index (ACWI)** is a market cap weighted index designed to represent performance of the full opportunity set of large- and mid-cap stocks across 23 developed and 26 emerging markets, covering more than 2,700 companies across 11 sectors and approximately 85% of the free float-adjusted market capitalization in each market.

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.