



Chart book

As of May 31, 2026

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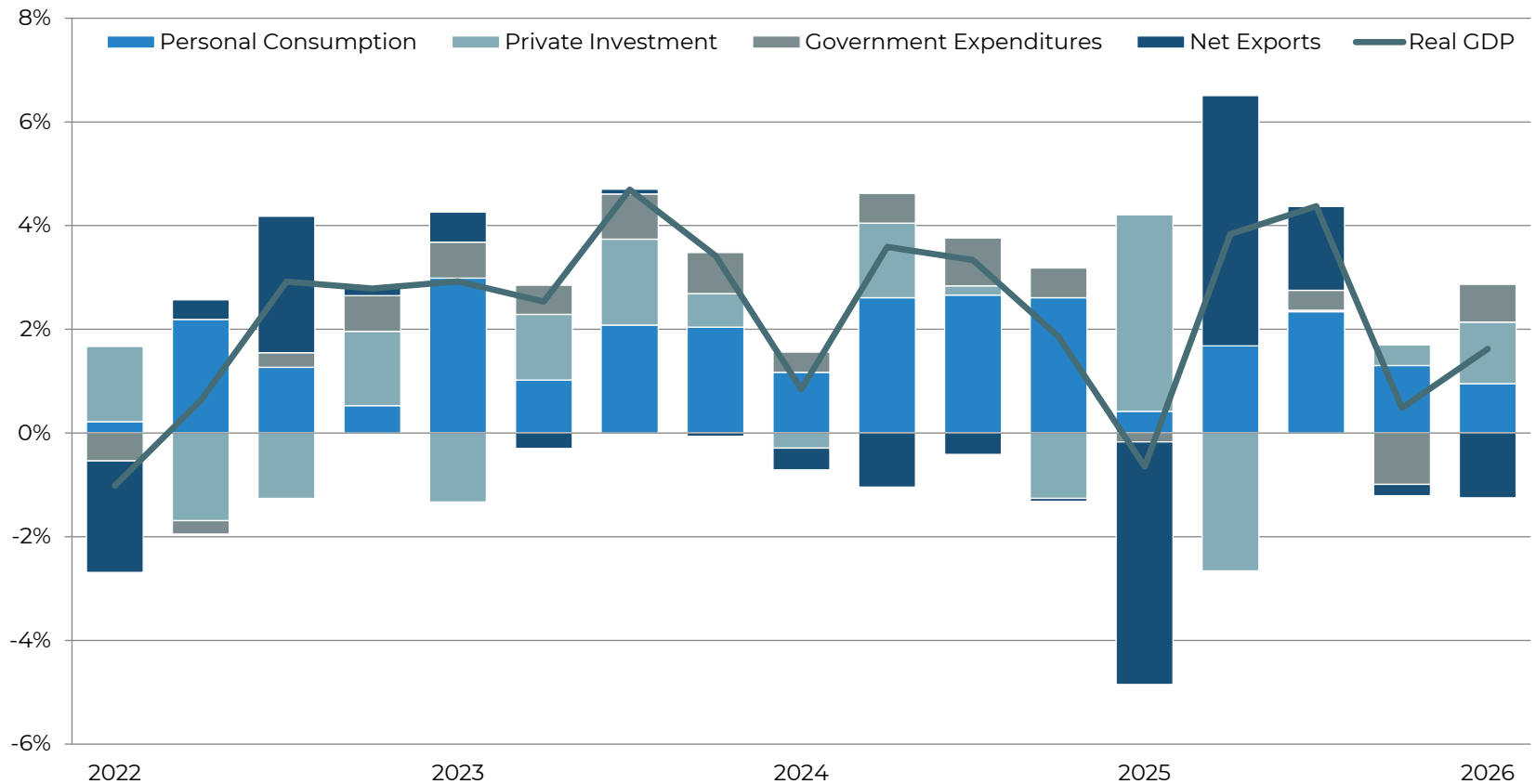


**ECONOMIC
PERSPECTIVE**

U.S. economic growth in the first quarter was weaker than initially reported, with GDP revised down to a 1.6% annualized growth rate from 2.0%, reflecting softer consumer spending and lower inventory investment. Consumer spending, the primary driver of the economy, was also revised lower, though tax refunds helped offset some pressure from rising gasoline prices. Business investment remained strong, particularly in AI-related spending, with equipment expenditures growing 17.2%. However, corporate profit growth slowed sharply, and broader measures of economic activity, including gross domestic output, indicate only modest expansion. Looking ahead, economists expect economic momentum to weaken further in the second quarter as the conflict with Iran fuels inflation, raises energy costs, and puts pressure on household finances.

Economic Growth

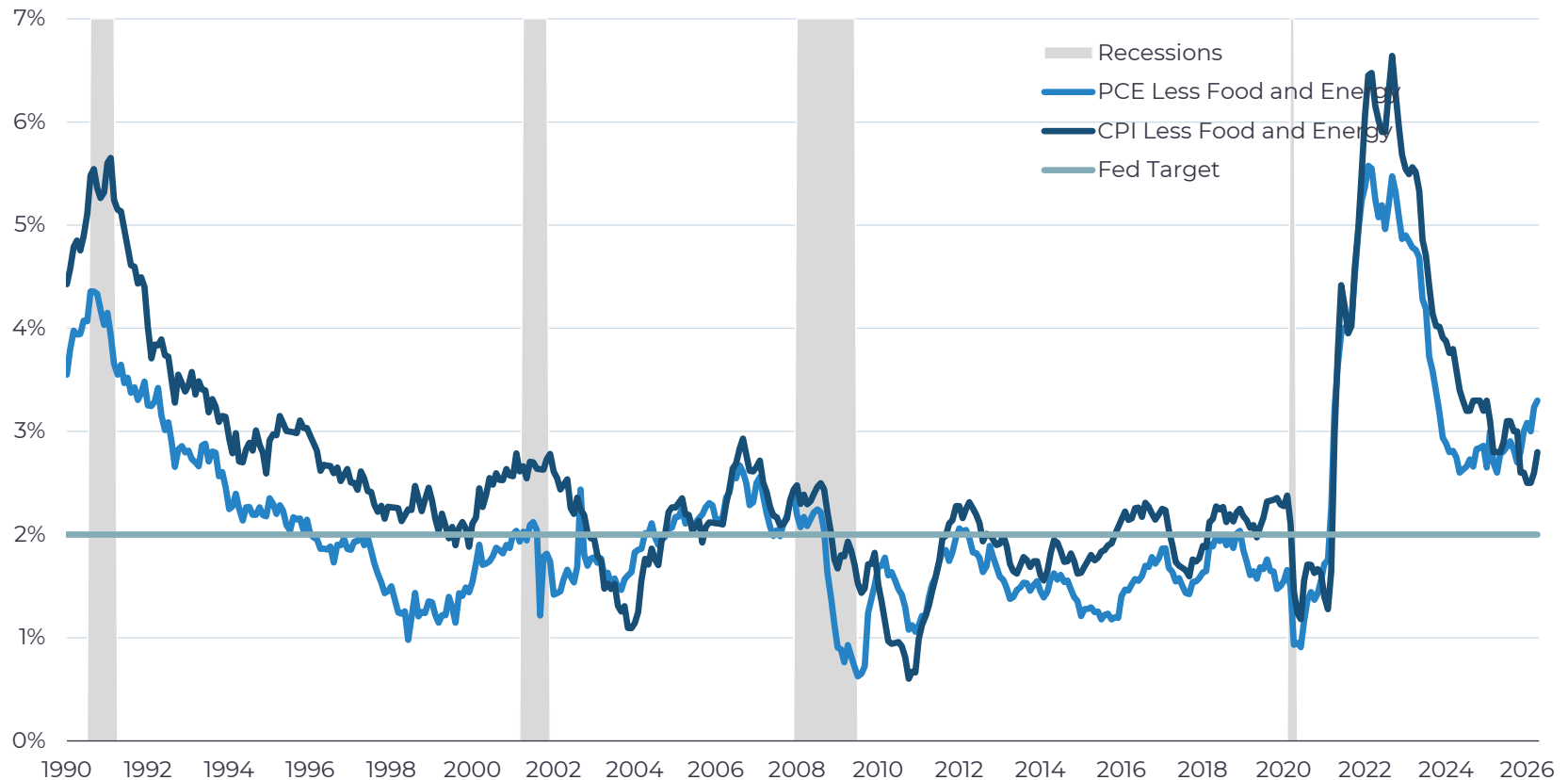
Contributions to Percent Change in Real GDP (Annualized Q/Q % Change)



U.S. inflation accelerated in April, with the Consumer Price Index (CPI) rising to 3.8% year-over-year. Higher energy costs, driven by the U.S. conflict with Iran, were the primary contributor, though price pressures broadened across the economy. Energy prices surged, particularly gasoline, diesel, and electricity, while food inflation also picked up sharply, led by increases in groceries, beef, coffee, produce, dairy, and eggs. Inflation is now outpacing wage growth for the first time in three years, increasing financial strain on households and weighing on consumer sentiment. Core inflation also moved higher, reinforcing concerns that the Federal Reserve's efforts to contain inflation are becoming more challenging.

Inflation Outlook

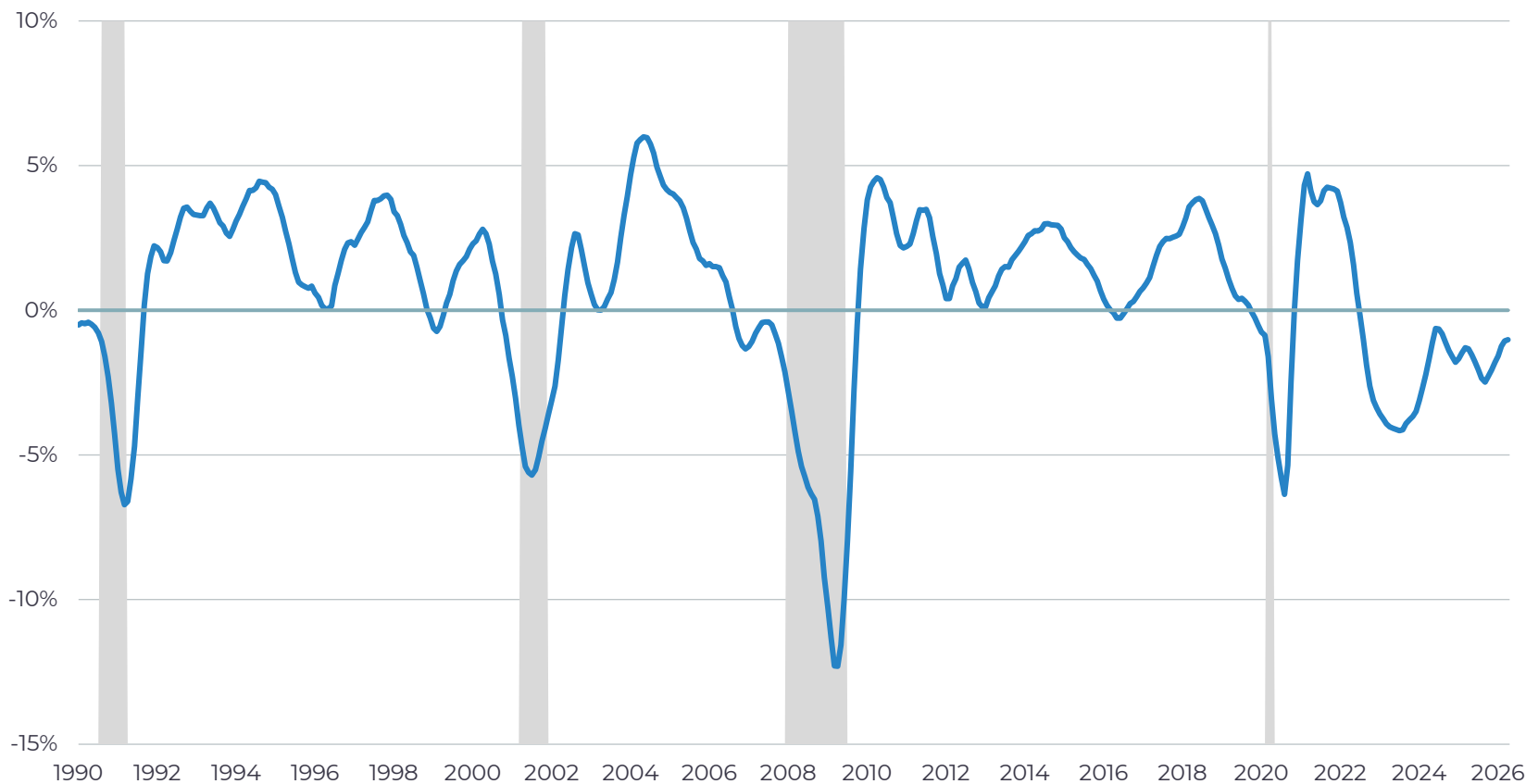
Consumer Price Index (Core) and Personal Consumption Expenditures Price Index (Core) (Y/Y % Change)



The Conference Board's Leading Economic Index (LEI) fell 0.6% in March 2026, signaling weaker economic momentum after a brief gain in February. Over the past six months, the index has declined 1.0%, indicating continued but slowing deterioration. The report points to weaker building permits, consumer expectations, and stock prices as key drivers of the decline. It also warns that higher oil prices, supply chain pressures, and slowing hiring could weigh on growth ahead. The Conference Board now expects U.S. GDP growth to slow to about 1.6% in 2026. In contrast, the Coincident Economic Index (current conditions) was flat in March, suggesting the economy is still holding steady for now, while the Lagging Index rose modestly, reflecting past improvements rather than current momentum.

U.S. Economic Outlook

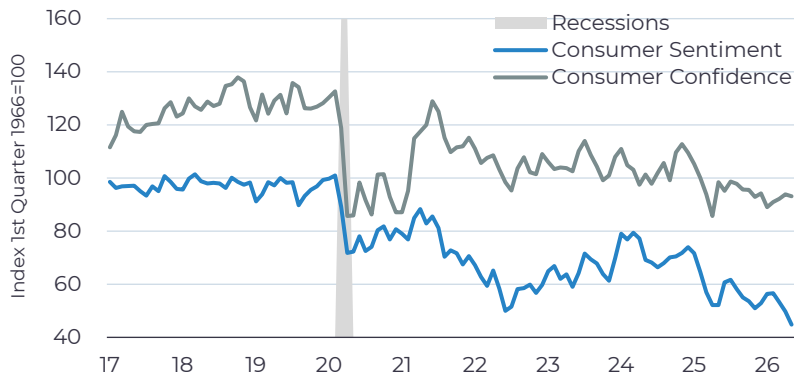
Leading Economic Index (Six-Month Moving Average of the Six-Month Rate of Change)



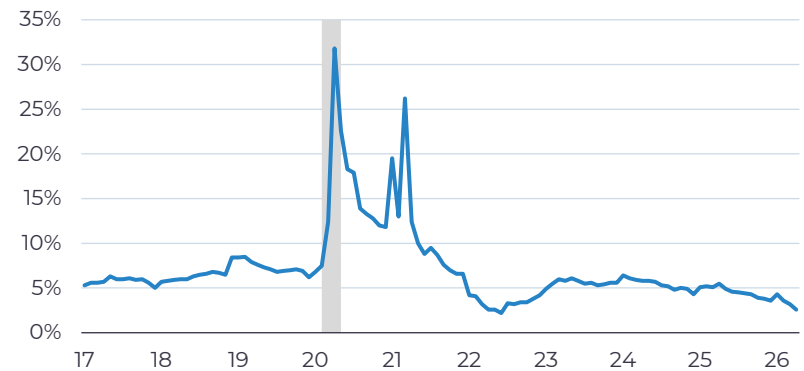
U.S. consumer confidence slipped slightly in May, with the Conference Board's index falling to 93.1 as concerns about inflation linked to the Middle East conflict weighed on sentiment. The present situation deteriorated notably, reflecting weaker views of current business and labor market conditions. In contrast, expectations for the next six months improved modestly, with consumers slightly more optimistic about future business activity and employment, though income expectations weakened. Overall, the report shows a mixed picture: worsening current conditions offset by cautiously improving forward-looking sentiment amid ongoing inflation pressures.

Consumer Outlook

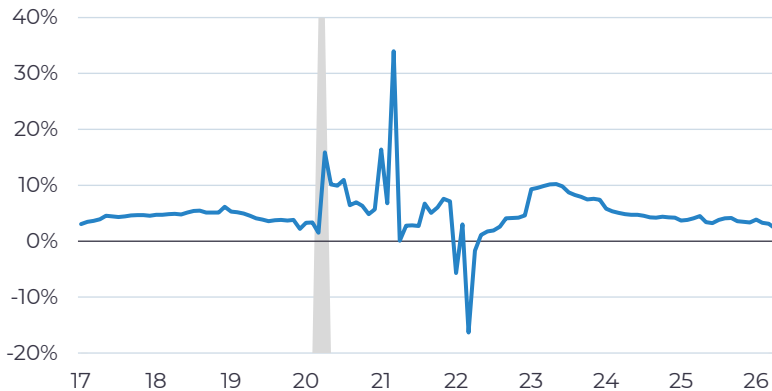
Consumer Sentiment & Confidence Indexes



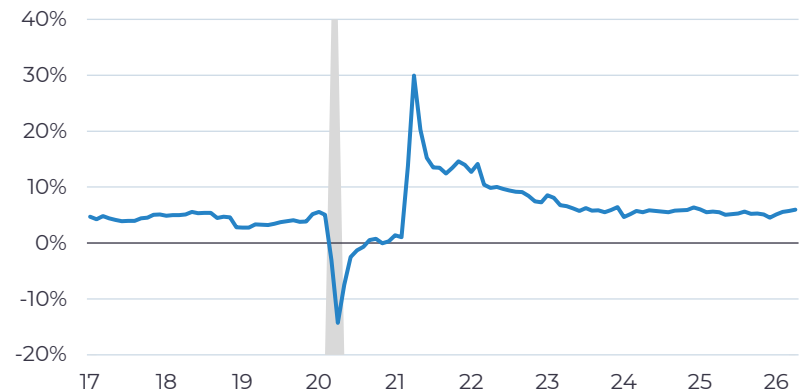
Personal Saving Rate (Seasonally Adjusted Annual Rate)



Disposable Personal Income (Y/Y % Change)



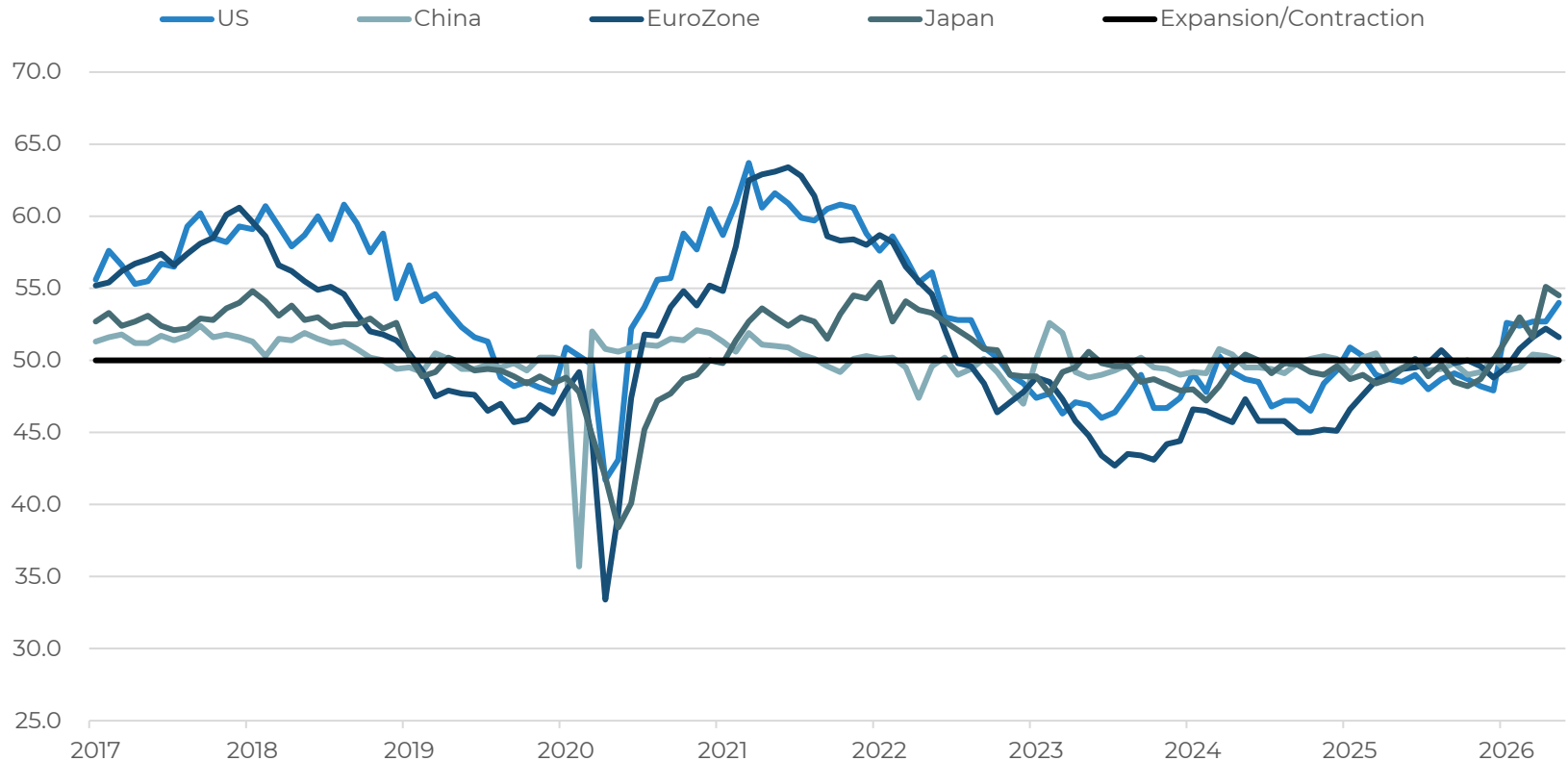
Personal Consumption Expenditures (Y/Y % Change)



Global manufacturing activity accelerated in May to a near five-year high, with the JPMorgan Global Manufacturing PMI holding at 52.6, signaling continued expansion for the tenth consecutive month. Growth was driven by rising new orders and strong production increases across consumer, intermediate, and investment goods. Much of the strength was attributed to clients front-loading orders to get ahead of expected price increases and supply chain disruptions linked to the ongoing Middle East conflict. Output expanded broadly across major regions - including the U.S., China, Japan, and Asia overall. Inflationary pressures intensified, with input costs rising at the fastest pace in nearly four years and selling prices also increasing sharply.

Global Economic Outlook

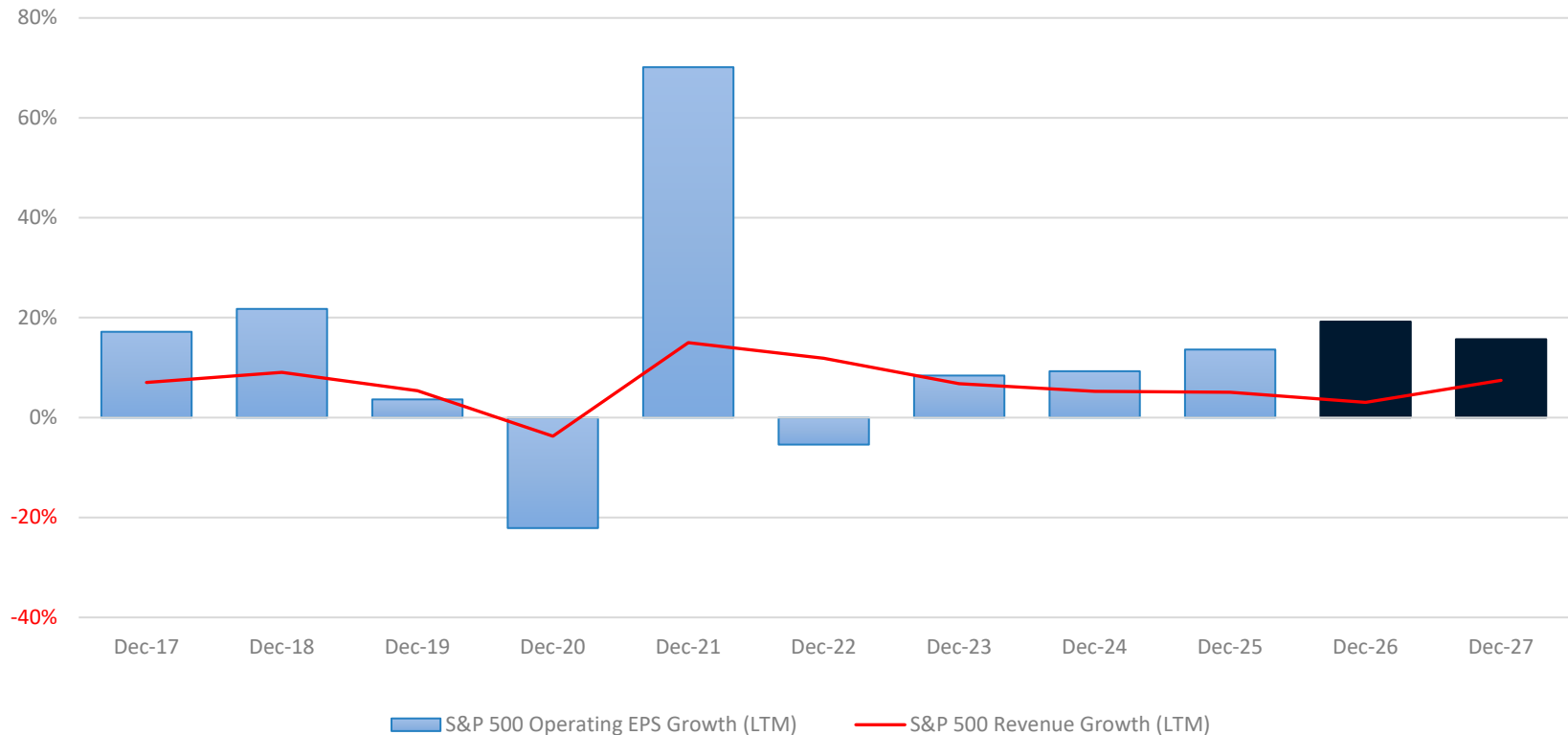
Manufacturing Purchasing Managers Index (PMI) (A PMI over 50 represents growth in manufacturing)



According to FactSet, the bottom-up price target for the S&P 500 over the next 12 months is 8778, which is 15.7% above the closing price of 7584. At the sector level, the Communication Services (+22.0%) and Consumer Discretionary (+20.1%) sectors are expected to see the largest price increases. On the other hand, the Real Estate (+11.0%) sector is expected to see the smallest price increase. Overall, there are 12,767 ratings on stocks in the S&P 500. Of these 12,767 ratings, 59.5% are Buy ratings, 35.6% are Hold ratings, and 4.9% are Sell ratings. At the sector level, the Information Technology (69%), Communication Services (65%), Materials (64%), Health Care (64%), and Energy (61%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (43%) sector has the lowest percentage of Buy ratings.

Corporate Profitability

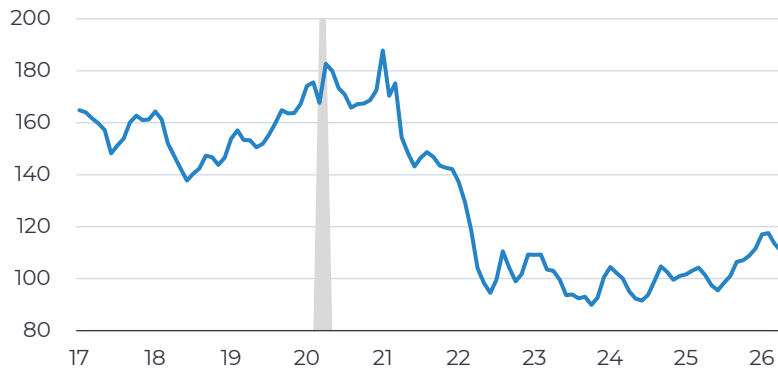
S&P 500 Operating Earnings Per Share and Revenue Per Share Growth (Y/Y % Change)



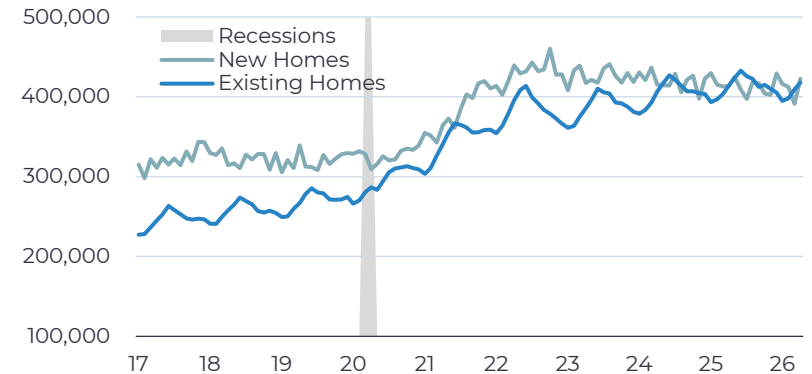
U.S. housing market momentum weakened in May as rising mortgage rates weighed on demand, according to Zillow data. Both new listings and sales fell year over year, signaling a loss of seasonal strength during what is typically the busiest period for housing activity. Inventory continued its long stretch of annual increases, but growth slowed, while home prices edged higher month over month. However, higher mortgage rates pushed monthly housing payments up, keeping affordability under pressure despite slightly lower borrowing costs compared with a year ago. Market conditions showed cooling demand as homes took longer to sell, fewer sold above asking price, and a growing share of listings featured price cuts.

Housing Market Outlook

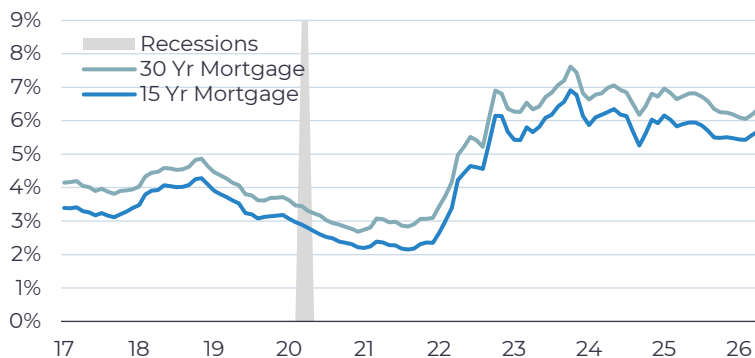
Housing Affordability (higher = more affordable)



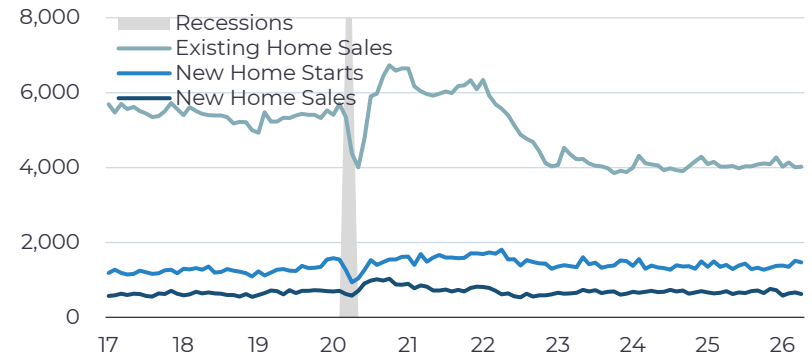
Median Selling Price of New and Existing Homes



Average Fixed Rate Mortgage in the U.S.®



Housing Starts, Existing Home Sales and New Home Sales (000's)

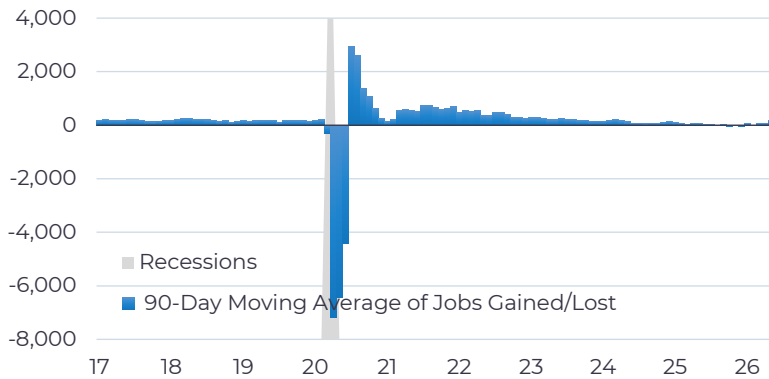


Source: National Association of Realtors, Freddie Mac, U.S. Bureau of the Census (Reported monthly)

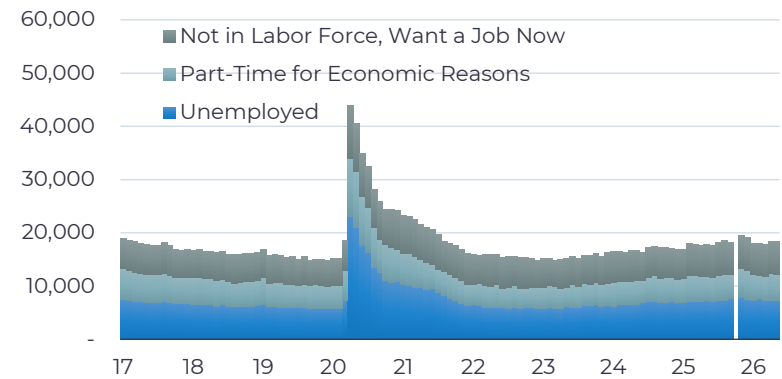
The U.S. labor market continued to strengthen in May, with solid job gains and upward revisions to prior months, signaling improved momentum after a weaker period in 2025. Nonfarm payrolls rose by 172,000, while average job growth over the past three months reached 188,000 per month, nearly triple the recent trend. Unemployment remained steady at 4.3% for a third straight month, as gains in employment were broadly matched by increases in the labor force. Growth was led by both private sector hiring and a notable rise in government employment. Despite the strong headline numbers, wage growth remained moderate, suggesting the labor market is not overheating. The Federal Reserve is expected to weigh the report as it balances stronger employment conditions against rising inflation.

Labor Market Outlook

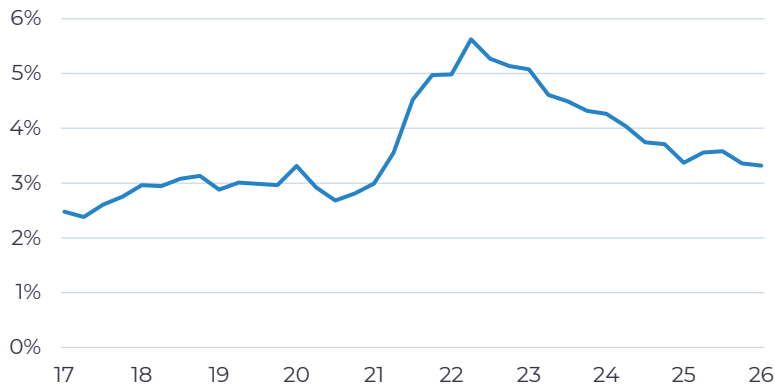
Jobs Gained/Lost (000's) with 12-Month Moving Average



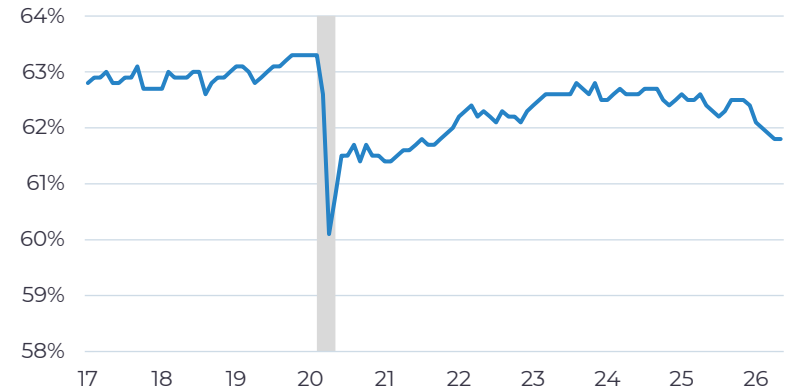
Labor Market Slack (000's)



Wage Growth (Y/Y % Change)



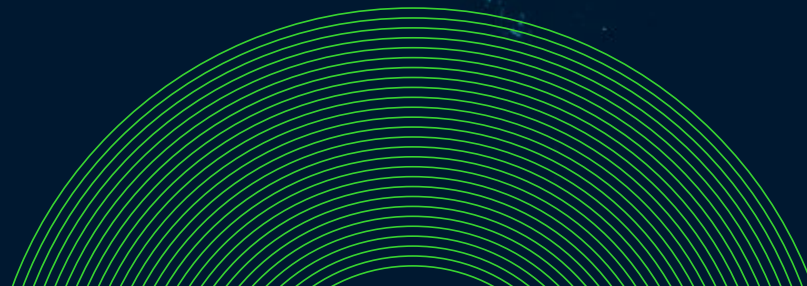
Labor Force Participation Rate



Source: U.S. Bureau of Labor Statistics, (Reported monthly, Wage Growth reported quarterly)

An aerial photograph of a bridge spanning a river, with a blue color overlay. The bridge is a simple concrete structure with a single lane. The river is dark and flows through a rocky canyon. The sky is a deep blue. The overall mood is serene and modern.

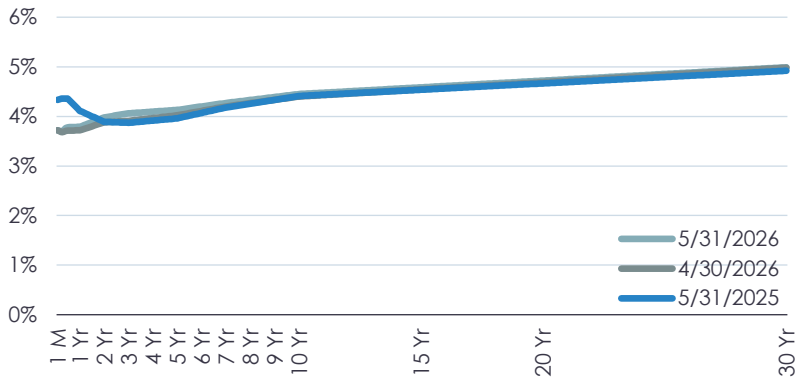
**BOND MARKET
PERSPECTIVE**



Treasury yields continued rising in May amid persistent inflation concerns and geopolitical tensions tied to the Iran conflict and elevated oil prices. The 10-year yield rose modestly to 4.45%, while shorter-term yields increased more sharply, flattening the yield curve as markets shifted toward the possibility of future Fed rate hikes rather than cuts. Inflation data remained elevated, with core PCE at its highest year-over-year level since 2023, reinforcing expectations that inflation will take longer to return to the Fed's 2% target. Bond markets saw strong inflows as investors locked in higher yields, driving credit spreads tighter to near multi-decade lows. U.S. investment-grade corporates and other credit sectors tightened further, while fixed income broadly delivered modest positive returns for the month.

U.S. Treasury Market

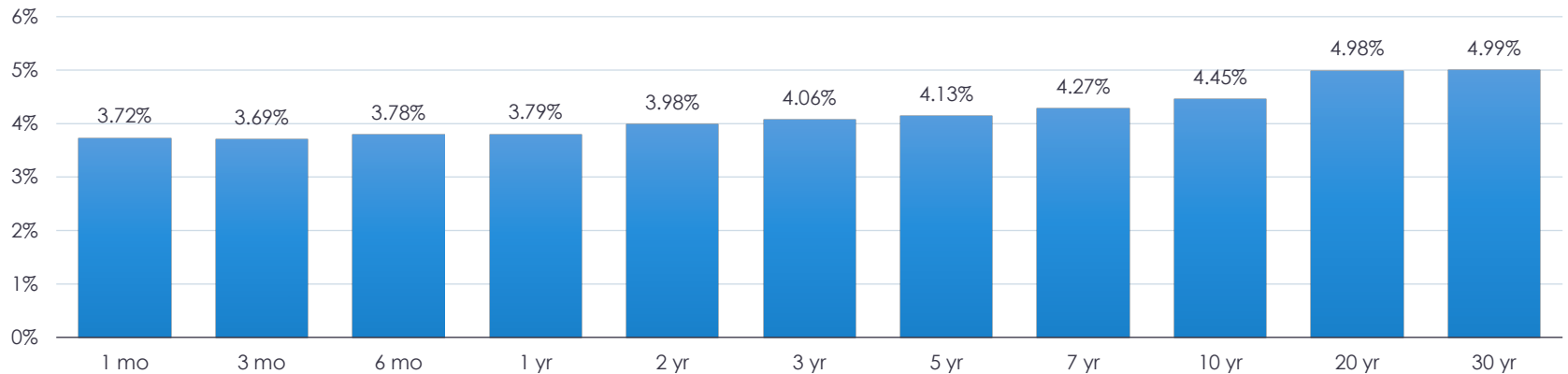
U.S Treasury Yield Curve



Historical U.S. 10-Year Treasury Rate

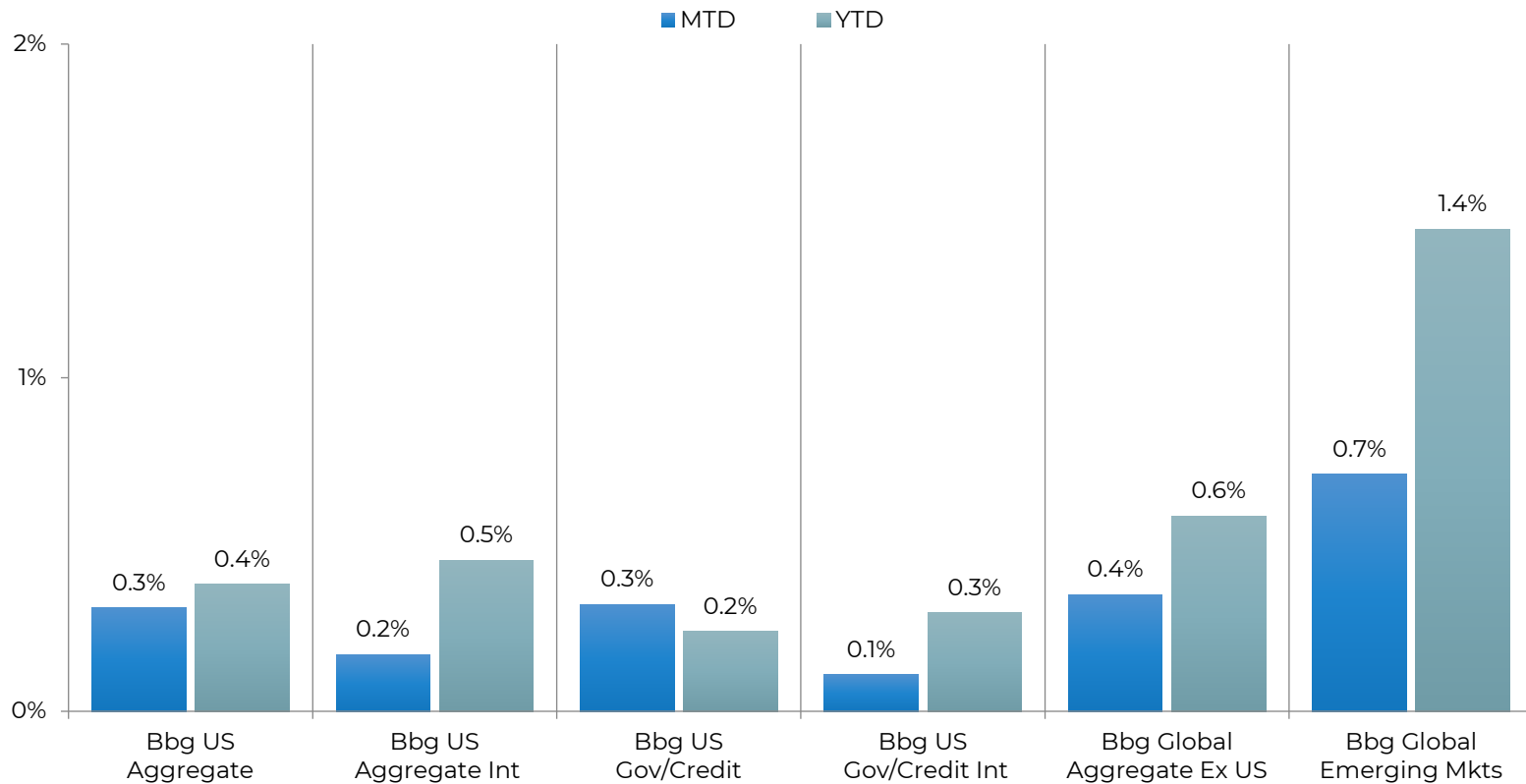


Current U.S. Treasury Yields by Maturity



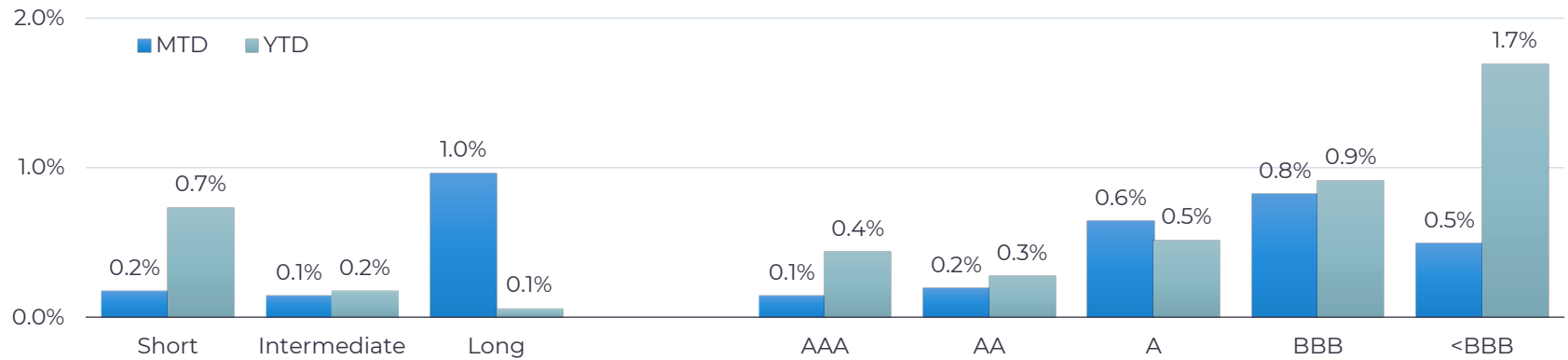
Source: U.S. Department of Treasury

Global Fixed Income Returns by Bellwether Index

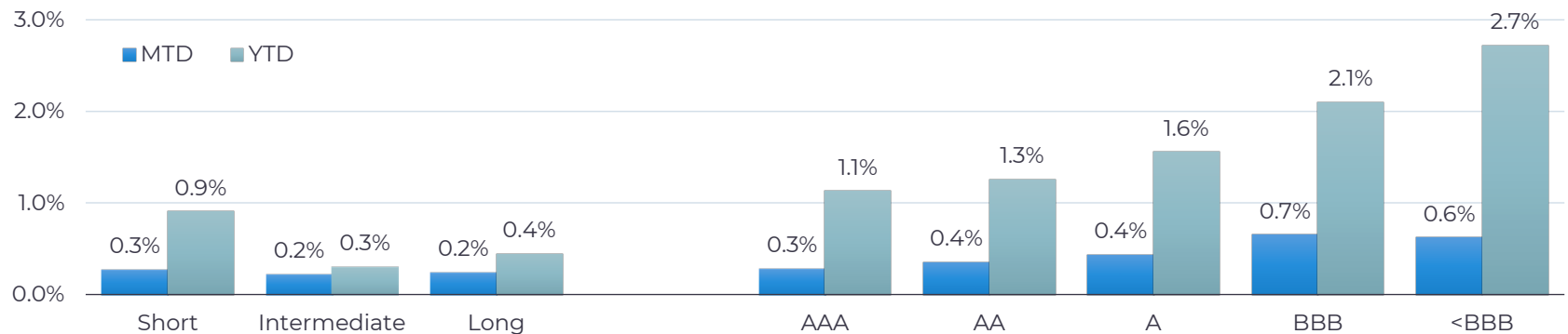


Domestic Fixed Income Returns by Maturity and Credit Quality

Domestic Bond Market - Taxable



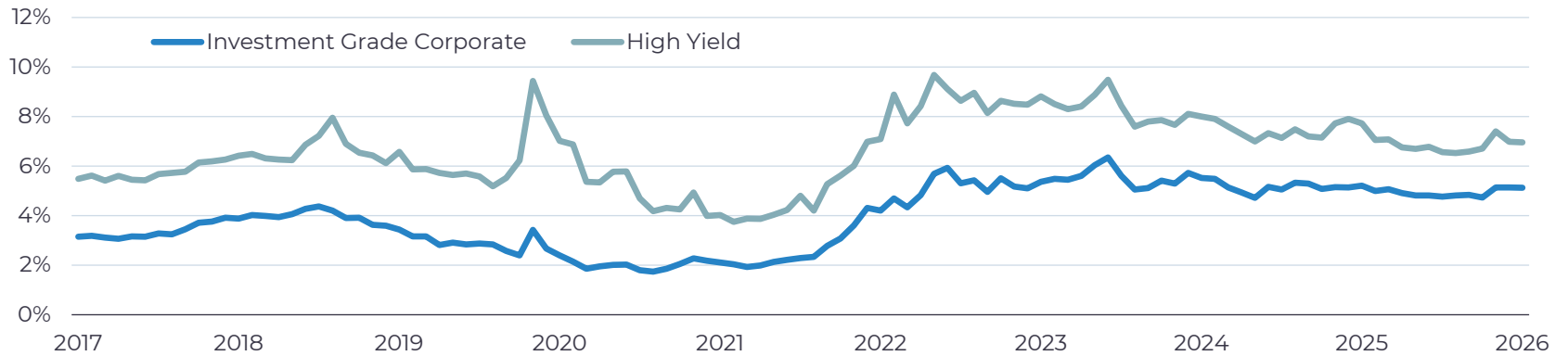
Domestic Bond Market - Municipal



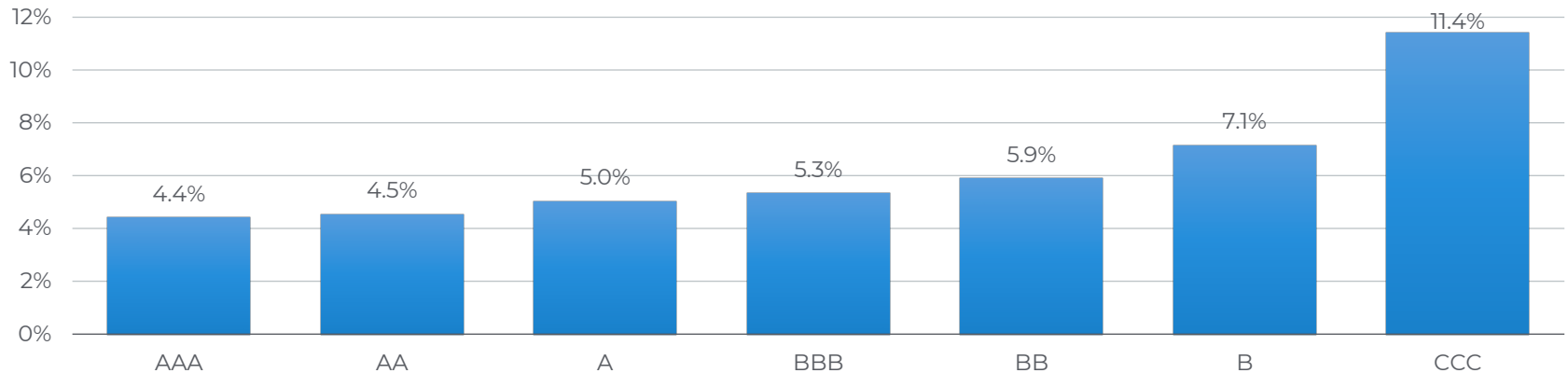
Short is defined as 1-3 years for taxable and 3 years for municipal, Intermediate is 5-7 years for taxable and 6-8 years for municipal, Long is 10+ years for taxable and 8-12 years for municipal. Source: Bloomberg Barclays Aggregate Bond Index (taxable bond market) and Bloomberg Barclays Municipal Index (municipal bond market).

Domestic Fixed Income Bond Yields

Historical Corporate Bond Market Yield to Worst



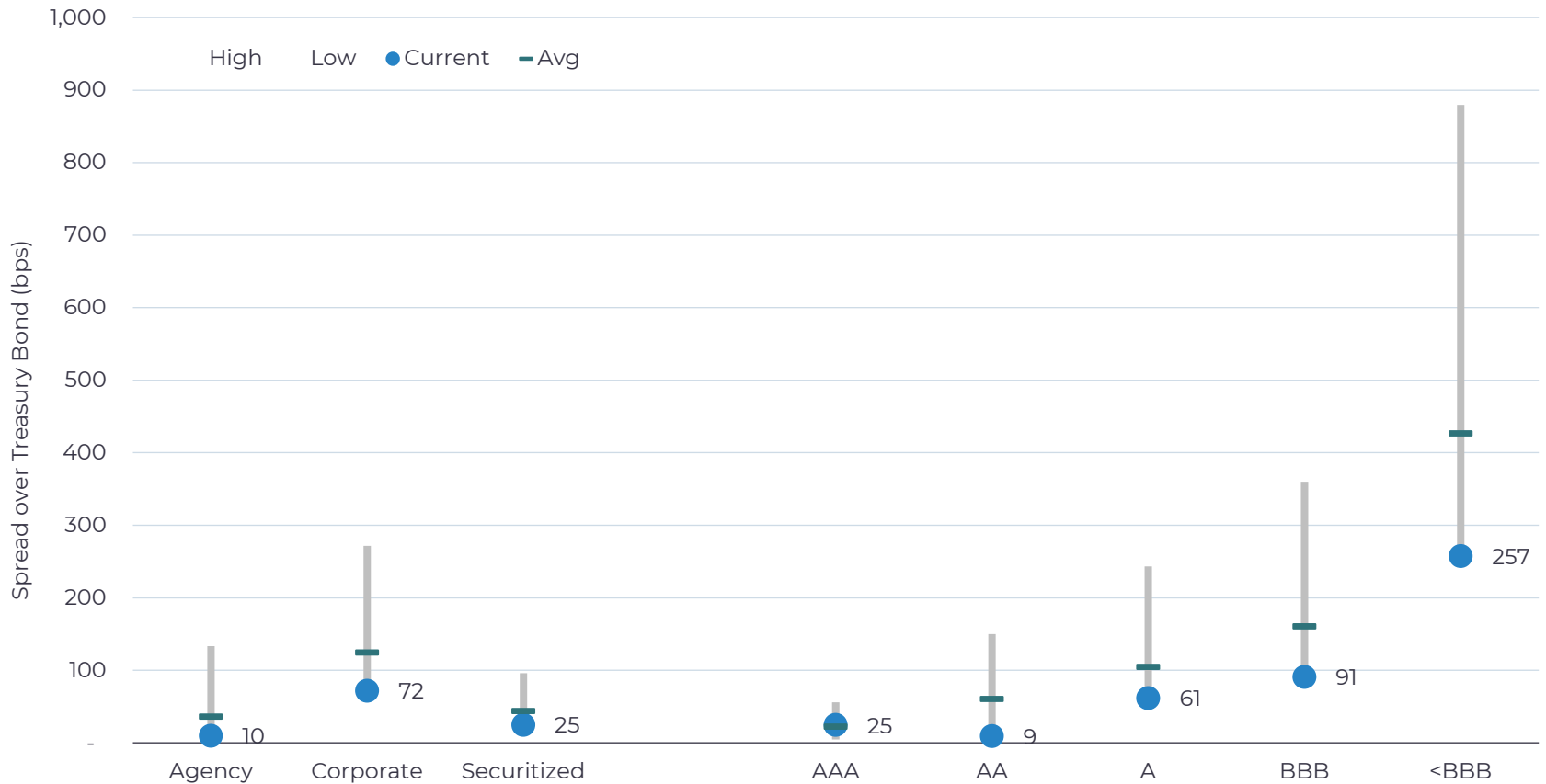
Current Corporate Bond Market Yields by Credit Quality



Investment Grade Corporate bonds are represented by the Bloomberg Barclays U.S. Corporate Investment Grade index. High Yield bonds are represented by the Bloomberg Barclays U.S. Corporate High Yield index. Source: Bloomberg Barclays

Domestic Fixed Income Bond Spreads

Current Bond Spreads Compared to 15-Year Range and 15-Year Average



The length of each bar represents the Range of the highest and lowest spread to the Treasury benchmark over the past 15 years. Average represents the average spread over the past 15 years. Current represents the most recent month. Source: Bloomberg Barclays

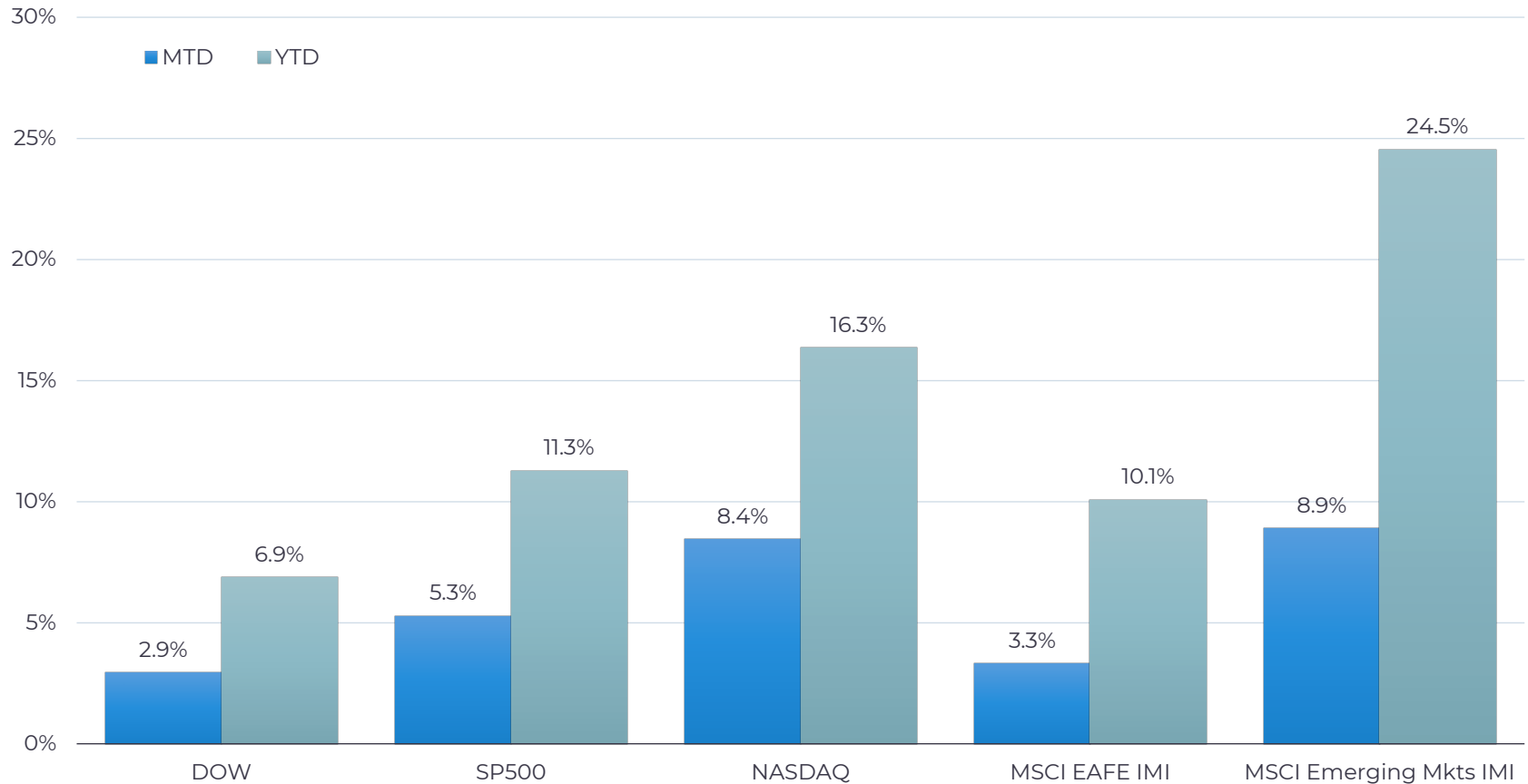
An aerial photograph of a bridge spanning a river, overlaid with a teal color scheme. The bridge is a simple concrete structure with a single lane. The surrounding landscape is rocky and forested. The text 'EQUITY MARKET PERSPECTIVE' is centered in white, bold, sans-serif font. There are two thin teal lines: one horizontal line above the text and one horizontal line below it. In the bottom center, there is a decorative graphic of several concentric teal circles.

**EQUITY MARKET
PERSPECTIVE**

AI continued to dominate investment markets in May. The S&P 500 gained 5.3%, the NASDAQ surged 8.4%, and growth outpaced value as technology led all sectors with a +16% return — outperforming the next best sector by 13 points. A standout story was the resurgence of older tech names: Cisco rose more than 30%, Intel more than 20%, and Micron climbed more than 85% in the month alone — nearly 700% over the trailing 12 months — as investors recognized their role in AI infrastructure. Internationally, emerging markets returned 8.9%, led by South Korea's 30% rally on AI hardware demand, while MSCI EAFE IMI gained 3.3% and China declined 3%.

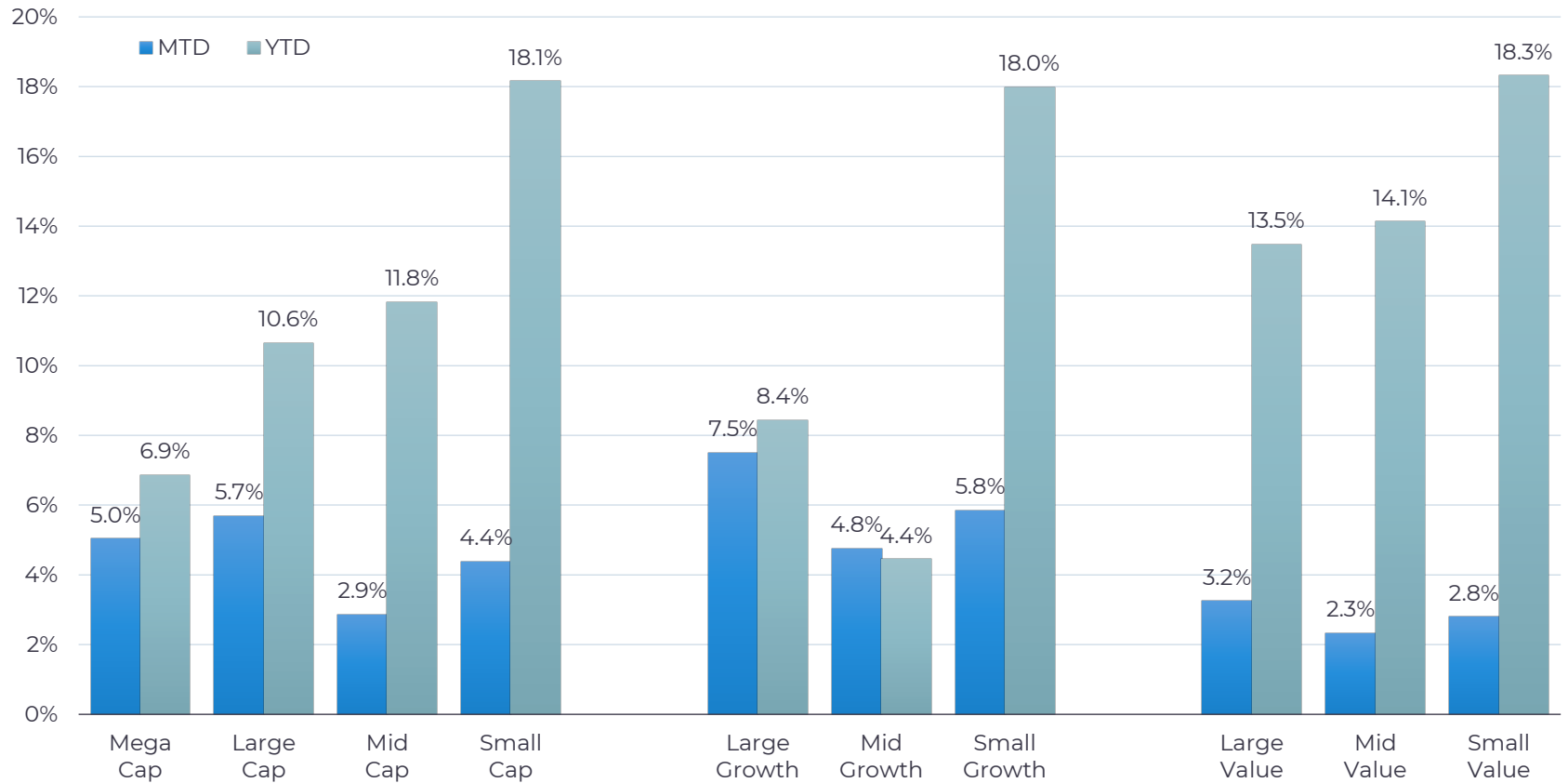
Global Equity Returns by Bellwether Index

Global Equity Markets



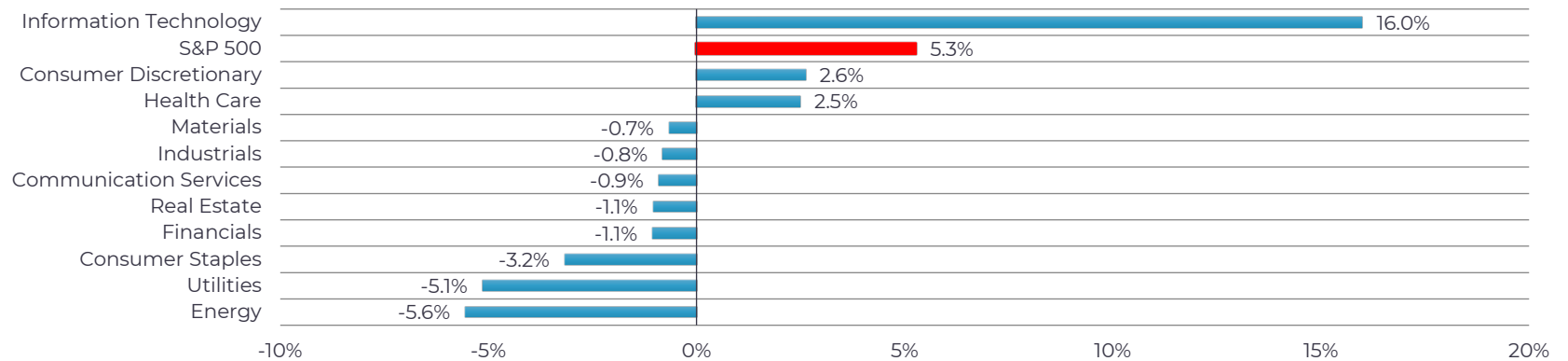
Domestic Equity Returns by Market Cap & Style

Domestic Equity Markets

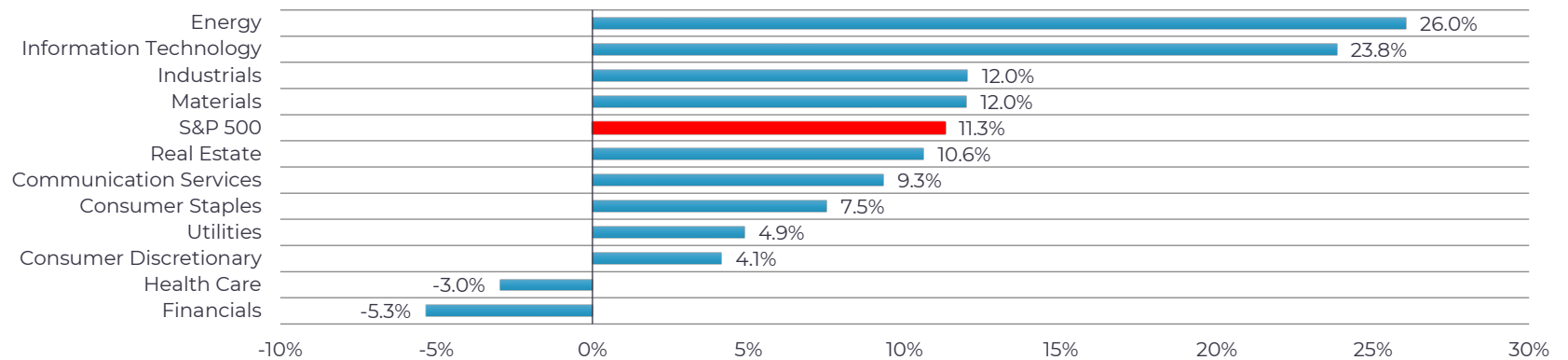


Domestic Equity Returns by Sector

MTD S&P 500 Returns by Sector

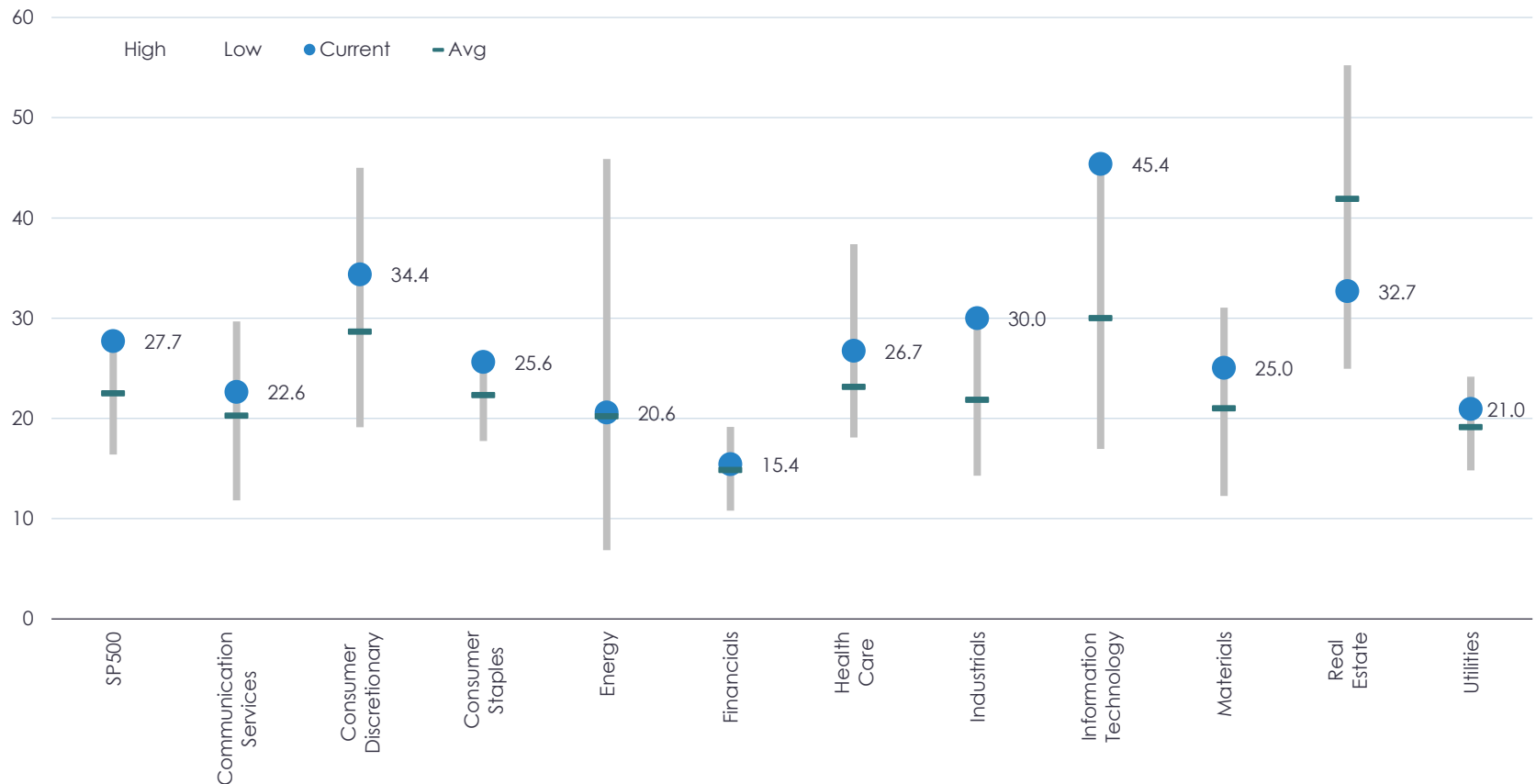


YTD S&P 500 Returns by Sector



Domestic Equity Valuations by Sector

Trailing 12 Month P/E Ratio Compared to 10-Year Range and 10-Year Average



P/E ratios are based on trailing 12 months earnings (LTM) excluding negative earnings. The length of each bar represents the Range of the highest and lowest P/E ratio over the past 10 years. Average represents the average P/E ratio over the past 10 years. Current represents the most recent month. Source: Bloomberg

Economic Indicator Descriptions

- **Real Gross Domestic Product (GDP):** GDP is a basic measure of U.S. economic output adjusted for inflation. Alternatively, it can be thought of as the final value of all goods and services produced within the U.S. Positive GDP growth signals an expanding economy.
- **Consumer Price Index (CPI):** Measuring the change in the CPI provides an estimate for inflation. The CPI tracks the price of a basket of consumer goods and services. High inflation or deflation (negative inflation) can be signs of economic worry. CPI is typically reported in two ways: headline and core CPI. Headline CPI includes all categories that comprise the CPI basket of goods and services.
- **Personal Consumption Expenditure Chain-type Price Index (PCEPI):** Measuring the change in the PCEPI provides an estimate for inflation. In comparison to CPI, which uses one set of expenditure weights for several years, this index uses expenditure data from the current period and the preceding period. This price index method assumes that the consumer has substituted from goods whose prices are rising to goods whose prices are stable or falling. Core PCEPI, which is closely monitored by the Fed, strips out the more volatile Food and Energy categories.
- **Conference Board Index of Leading Economic Indicators (LEI):** The LEI is designed to signal peaks and troughs in the business cycle. The ten components include: average weekly manufacturing hours; average weekly initial claims for unemployment insurance; manufacturers' new orders for consumer goods and materials; ISM® Index of New Orders; manufacturers' new orders for nondefense capital goods excluding aircraft orders; building permits for new private housing units; stock prices of 500 common stocks; Leading Credit Index™; interest rate spread on 10-year Treasury bonds less federal funds and average consumer expectations for business conditions.
- **The Institute for Supply Management (ISM) PMI Index:** The PMI is a composite index of five "sub-indicators", which are extracted through surveys to purchasing managers from around the country. The five sub-indexes are: Production, New orders, Supplier deliveries, Inventories and Employment level. An Index value over 50 indicates expansion; below 50 indicates contraction.
- **The Institute for Supply Management (ISM) Non-manufacturing Index (NMI):** The NMI is a composite index of four "sub-indicators", which are extracted through surveys to purchasing managers. The four sub-indexes: Business activity, New orders, Employment, Supplier deliveries. An Index value over 50 indicates expansion; below 50 indicates contraction.
- **Consumer Confidence Index (CCI):** The Consumer Confidence Index is a well-known proxy for the attitudes of U.S. consumer towards the business climate, personal finances and spending. This index attempts to measure the confidence that consumers have in the overall economy. This is important because consumer spending accounts for a large portion of U.S. GDP.
- **Consumer Sentiment Index (MCSI):** The MCSI uses telephone surveys to gather information on consumer expectations regarding the overall economy. The MCSI is becoming more useful for investors because it gives a monthly snapshot of whether consumers feel like spending money by accessing their views on the business climate, personal finance, and spending in order to judge their level of optimism/pessimism. This is important because consumer spending accounts for a large portion of U.S. GDP.
- **Disposable Personal Income per Capita (DPI):** DPI is the amount of money that households have available for spending and saving after income taxes have been accounted for. DPI is monitored to gauge the overall state of the economy.
- **Personal Consumption Expenditures (PCE):** PCE consists of the actual and imputed expenditures of households including durables, non-durables and services.
- **Retail Sales:** The retail sales report captures in-store sales as well as catalog and other out-of-store sales. The report also breaks down sales figures into groups such as food and beverages, clothing, and autos. The results are often presented two ways: with and without auto sales being counted, because their high sticker price can add extra volatility to the data.
- **Housing Affordability Index (HAI):** Published monthly by the National Association of Realtors, the HAI index has a value of 100 when the median-income family has sufficient income to purchase a median-priced existing home. A higher index number indicates that more households can afford to purchase a home.
- **Unemployment Rate:** Calculated monthly by the Bureau of Labor Statistics, the unemployment rate is a gauge of the health of the U.S. labor market. High unemployment can stifle the growth of the economy.
- **Wage Growth:** Calculated quarterly by the Bureau of Labor Statistics, the employment cost index measures the growth of employee compensation (wages and benefits). The index is based on a survey of employer payrolls in the final month of each quarter. The index tracks movement in the cost of labor, including wages, fringe benefits and bonuses for employees at all levels of a company. We are using the wage component of this index.

Benchmark Descriptions

- **U.S. Aggregate Bond:** The Barclays U.S. Aggregate Bond Index measures the performance of USD-denominated, SEC-registered, investment-grade, fixed-rate or step up, taxable bonds. The index includes bonds from the Treasury, Government-Related, Corporate and MBS, ABS, and CMBS sectors. Securities included in the index must have at least one year until final maturity.
- **U.S. Treasury:** The Barclays Capital U.S. Treasury Index measures the performance of public obligations of the U.S. Treasury with a remaining maturity of one year or more.
- **U.S. Agency:** The Barclays Capital U.S. Agency Bond Index measures the performance of the agency sector of the U.S. government bond market and is comprised of investment-grade USD-denominated debentures issued by government and government-related agencies, including FNMA. The index includes both callable and non-callable securities that are publicly issued by U.S. government agencies, quasi-federal corporations, and corporate and foreign debt guaranteed by the U.S. government.
- **U.S. Corporate:** The Barclays Capital U.S. Corporate Bond Index measures the performance of publicly issued USD-denominated corporate and Yankee debentures and secured notes that meet specified maturity, liquidity, and quality requirements.
- **U.S. MBS:** The Barclays Capital U.S. Mortgage Backed Securities Index measures the performance of mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).
- **U.S. Municipal Bond:** The Barclays Capital Municipal Bond Index measures the performance of the USD-denominated, investment grade, fixed-rate tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and pre-refunded bonds. Securities included in the index must have at least one year until final maturity.
- **General Obligation Bond Index:** The Barclays General Obligation Bond Index measures the average market-weighted performance of general obligations securities that have been issued in the last five years with maturities greater than one year.
- **Revenue Bond Index:** The Barclays Revenue Bond Index measures the average market-weighted performance of revenue backed securities that have been issued in the last five years with maturities greater than one year.
- **Investment Style:** Performance of different types of stocks will vary over time. A common way to characterize a stock is by market capitalization (e.g., large cap or small cap) or style (e.g., value or growth).
- **Large Cap vs. Small Cap:** Large companies tend to be more established companies and therefore exhibit lower volatility. Over an extended period of time, expected returns of small cap companies are often higher due to the risks associated with smaller, less established companies.
- **Value vs. Growth:** Value companies typically trade at discount valuations and may pay a dividend. Growth companies are those that are experiencing greater earnings growth prospects.
- **Mega Cap:** The Russell Top 50 Index measures the performance of the top 50 largest companies in the Russell 1000 Index, which represents approximately 40% of the total market capitalization of the Russell 1000 index.
- **Large Cap:** The Russell Top 200 Index measures the performance of the 200 largest companies in the Russell 1000 Index, which represents approximately 68% of the total market capitalization of the Russell 1000 index.
- **Mid Cap:** The Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 36% of the total market capitalization of the Russell 1000 Index.
- **Small Cap:** The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index.
- **Large Cap Growth:** The Russell 1000 Growth Index measures the performance of those Russell 1000 index companies with higher price-to-book ratios and higher forecasted growth values.
- **Large Cap Value:** The Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.
- **Mid Cap Growth:** The Russell Midcap Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values.
- **Mid Cap Value:** The Russell Midcap Value Index measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values.
- **Small Cap Growth:** The Russell 2000 Growth Index measures the performance of those Russell 2000 Index companies with higher price-to-value ratios and higher forecasted growth values.
- **Small Cap Value:** The Russell 2000 Value Index measures the performance of those Russell 2000 Index companies with lower price-to-book ratios and lower forecasted growth values.



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