

Month-End Summary – May 2026

Market Update

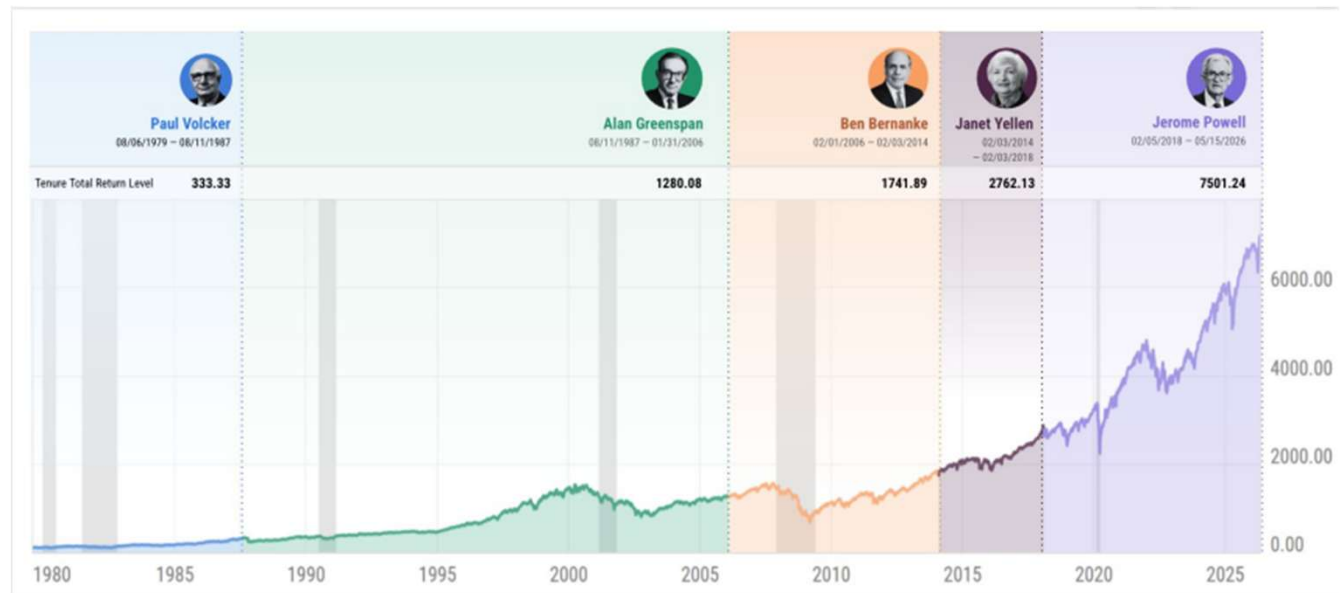
- **S&P 500 and Nasdaq Monthly Performance – May 2026:**
 - **Markets reached new highs:** US equities advanced during May as strong corporate earnings, continued AI-driven investment, and resilient economic data supported investor confidence
 - **Technology leadership continued:** Large-cap technology and semiconductor companies remained key drivers of market performance as investors focused on long-term growth opportunities tied to artificial intelligence
 - **Volatility remained contained:** While concerns surrounding inflation, interest rates, and geopolitical developments persisted, markets generally absorbed these risks well throughout the month
 - **Investor positioning remained balanced:** Investors continued emphasizing diversification, quality earnings growth, and downside protection while selectively increasing exposure to growth-oriented sectors
- **Key Drivers During May 2026:**
 - **Strong corporate earnings:** First-quarter earnings results generally exceeded expectations, reinforcing confidence in corporate profitability and economic resilience
 - **Economic data remained resilient:** Employment and consumer spending data continued to support a stable economic backdrop despite elevated interest rates
 - **Fed policy expectations evolved:** Inflation remained above the Federal Reserve's target, leading investors to reassess the timing and magnitude of potential rate cuts while remaining focused on incoming economic data
 - **AI investment theme remained dominant:** Continued spending on artificial intelligence infrastructure and technology solutions provided significant support to market leadership and growth expectations

Investment Committee Update

- The Investment Committee (IC) continues to monitor the overall economic and market environment as we progress through the 2nd Quarter of 2026. As always, the below bullet remains in place and is the foundation for our investment decisions
 - Investment Committee continues to actively identify possible alterations (additions/removals) to our various strategies by utilizing our **rigorous 5-step due diligence process**
- **US equities advanced during May as investor confidence strengthened:** Strong earnings results, resilient economic data, and continued enthusiasm surrounding artificial intelligence helped drive major market indexes to record highs despite ongoing macroeconomic uncertainties
- **Factors that shaped market performance during May:**
 - **Corporate earnings and AI leadership remained key drivers:** Strong earnings reports and continued investment in AI-related technologies supported growth-oriented sectors and broader market sentiment
 - **Inflation and Fed expectations remained in focus:** Investors closely monitored inflation data and Federal Reserve commentary for signals regarding future monetary policy decisions
 - **Geopolitical and energy market developments persisted:** While energy markets remained relatively stable, investors continued monitoring geopolitical events and their potential impact on inflation and economic growth
 - **Fundamental strength continues to support the long-term outlook:** The companies held across our strategies continue to demonstrate strong balance sheets, durable earnings trends, and healthy cash flow generation. We continue to view periods of volatility as normal market adjustments rather than deterioration in underlying fundamentals. Given ongoing uncertainty, we remain focused on businesses with these strong underlying fundamentals that meet or exceed the demands of our due diligence process

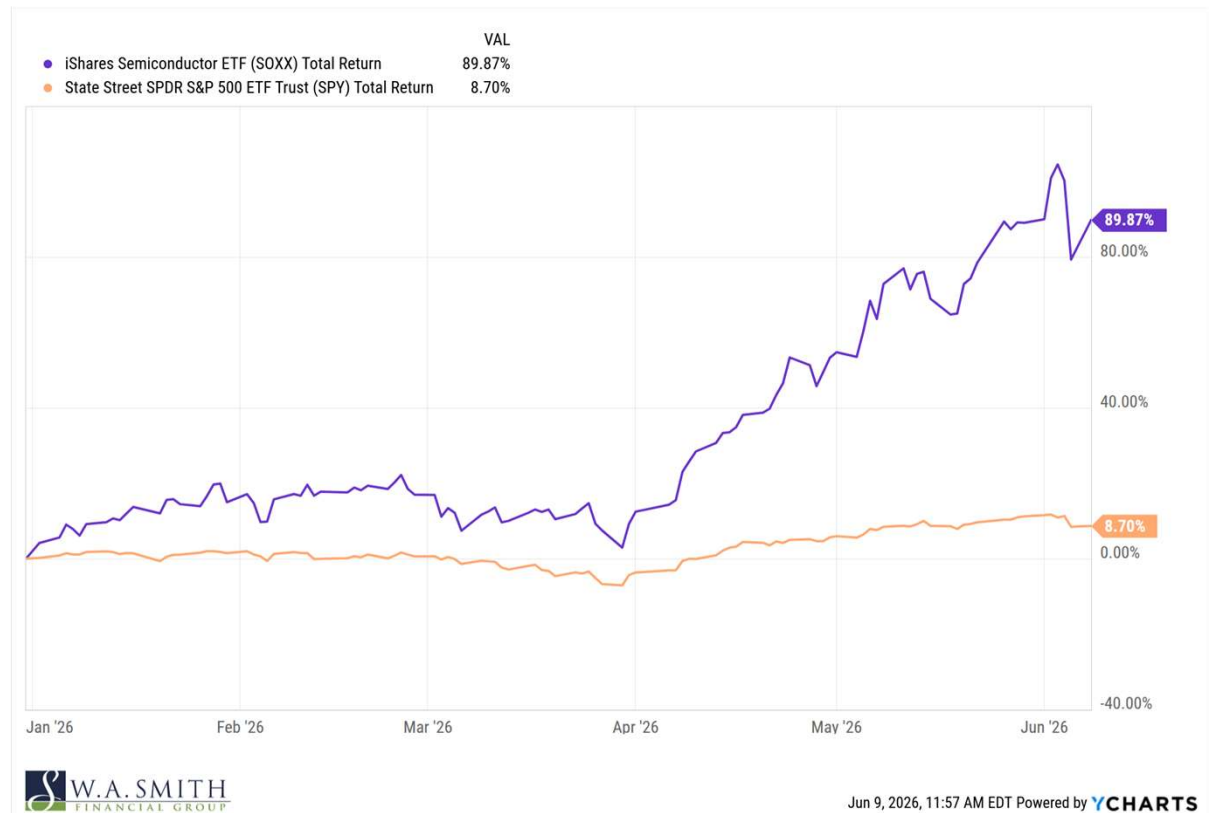
From Volcker to Powell: How Stocks Performed Under Different Fed Chairs

- **US equities have delivered positive long-term returns under every Federal Reserve Chair since Paul Volcker**, though the magnitude of gains varied significantly depending on the economic backdrop, inflation environment, and starting market valuations
- **The largest cumulative market gains occurred during the Greenspan and Powell eras**, reflecting periods of technological innovation, economic expansion, and substantial liquidity support following major market disruptions
- **Each Fed Chair inherited a unique set of challenges**, from Volcker's battle against runaway inflation to Bernanke's response to the Global Financial Crisis, Yellen's normalization efforts, and Powell's navigation of the pandemic, inflation surge, and aggressive tightening cycle
- **Incoming FOMC Chairman Kevin Warsh is likely to face a difficult balancing act**: inflation remains above the Fed's long-run target, government debt levels are elevated, labor markets remain relatively resilient, and financial markets are priced for lower rates. Managing expectations around future rate cuts while preserving the Fed's inflation-fighting credibility and maintaining financial stability could define the early years of his tenure



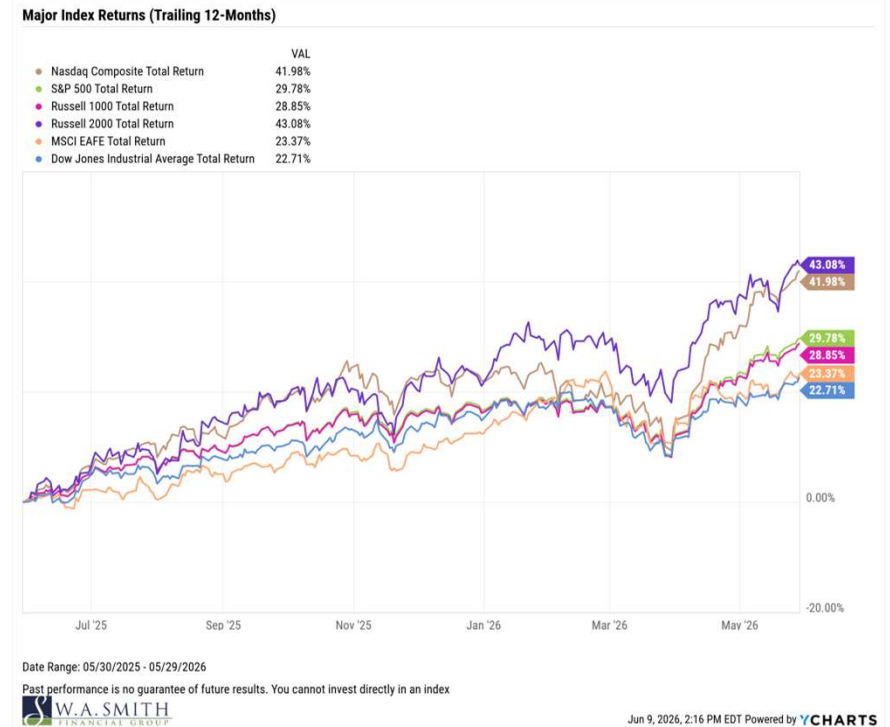
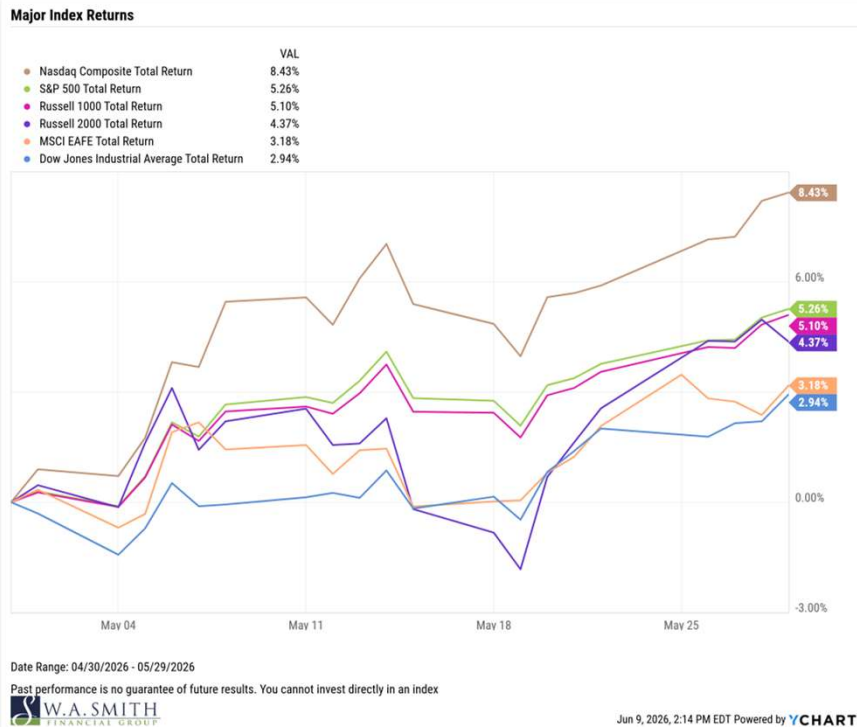
AI-Driven Demand Fuels Semiconductor Outperformance

- **Semiconductor stocks have dramatically outperformed the broader market in 2026**, with the iShares Semiconductor ETF (SOXX) gaining nearly 90% year-to-date compared to roughly 9% for the S&P 500 ETF (SPY)
- **Investor enthusiasm surrounding artificial intelligence, data center expansion, and next-generation computing infrastructure** has continued to drive capital toward semiconductor companies, reinforcing the sector's leadership position
- **The performance gap highlights the increasingly concentrated nature of market returns**, with a relatively small group of technology and semiconductor-related firms accounting for a significant portion of overall equity market gains
- **While semiconductor fundamentals remain strong, we remain mindful that periods of exceptional outperformance can lead to elevated valuations and increased volatility**, making disciplined portfolio diversification and risk management especially important



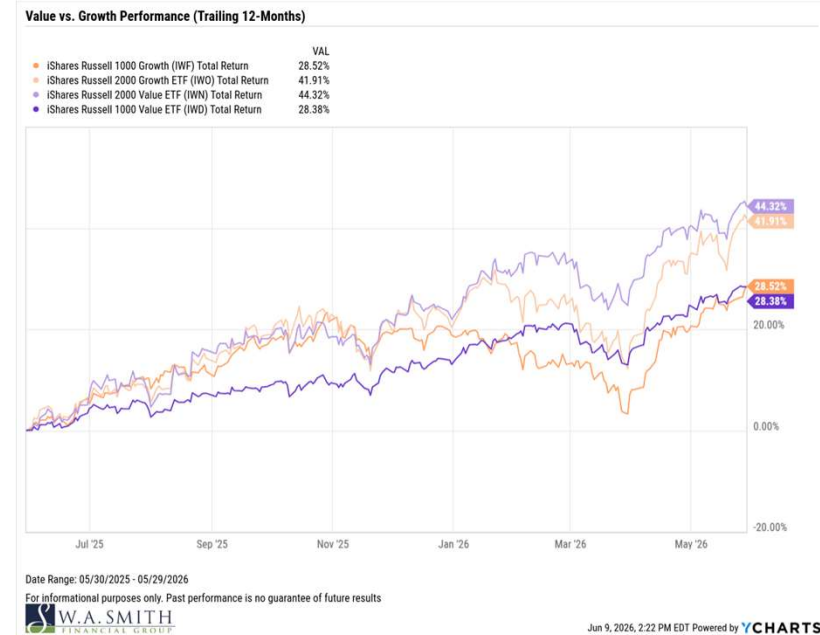
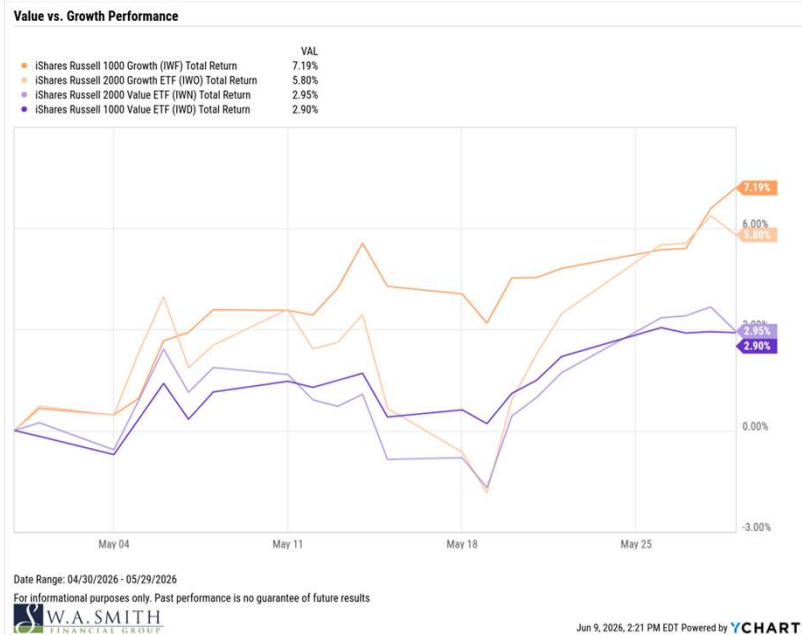
Equity Markets Build Momentum Following Spring Volatility

- **Major equity indexes posted solid gains in May**, with the Nasdaq Composite leading large-cap benchmarks at +8.43%, followed by the S&P 500 (+5.26%), Russell 1000 (+5.10%), and Russell 2000 (+4.37%)
- **The rally was broad-based**, as both large-cap and small-cap stocks participated in the advance, suggesting improving investor confidence following the market volatility experienced earlier this year
- **Over the trailing 12 months, small-cap stocks have been among the strongest performers**, with the Russell 2000 (+43.08%) narrowly outperforming the Nasdaq Composite (+41.98%), highlighting the expanding breadth of the current bull market
- **International equities also delivered respectable returns**, with the MSCI EAFE Index gaining 3.18% in May and 23.37% over the past year, though US equities have generally maintained a performance advantage driven by stronger earnings growth and technology leadership



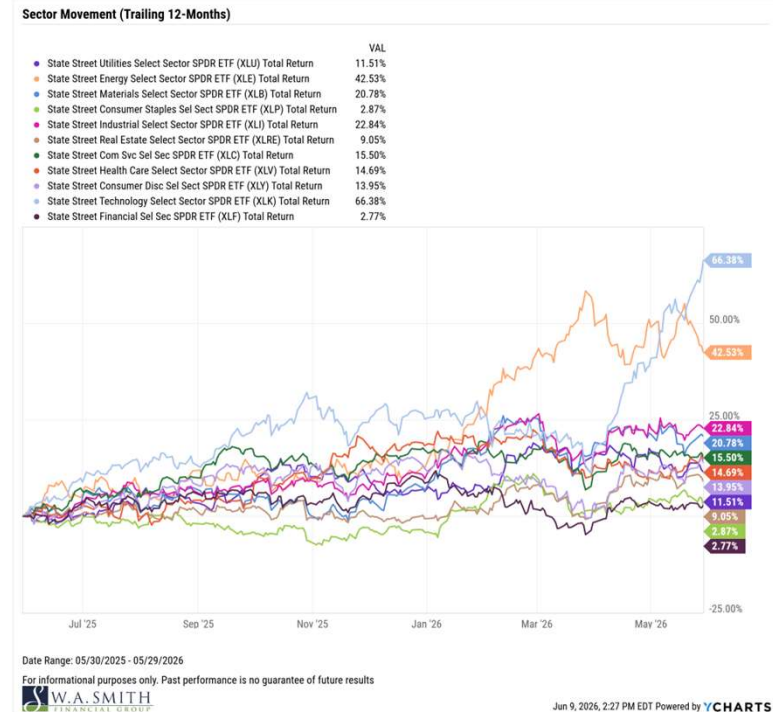
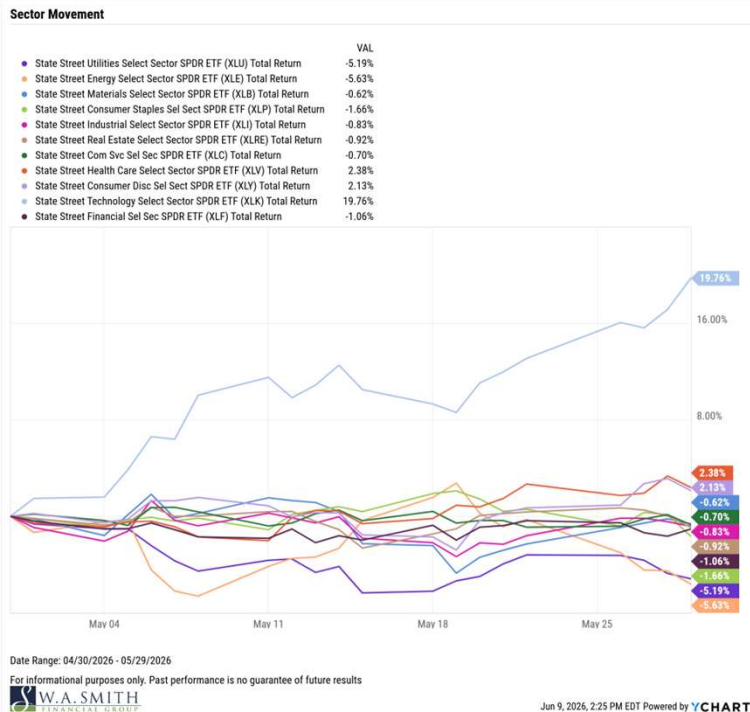
Growth Maintains Its Edge in 2026

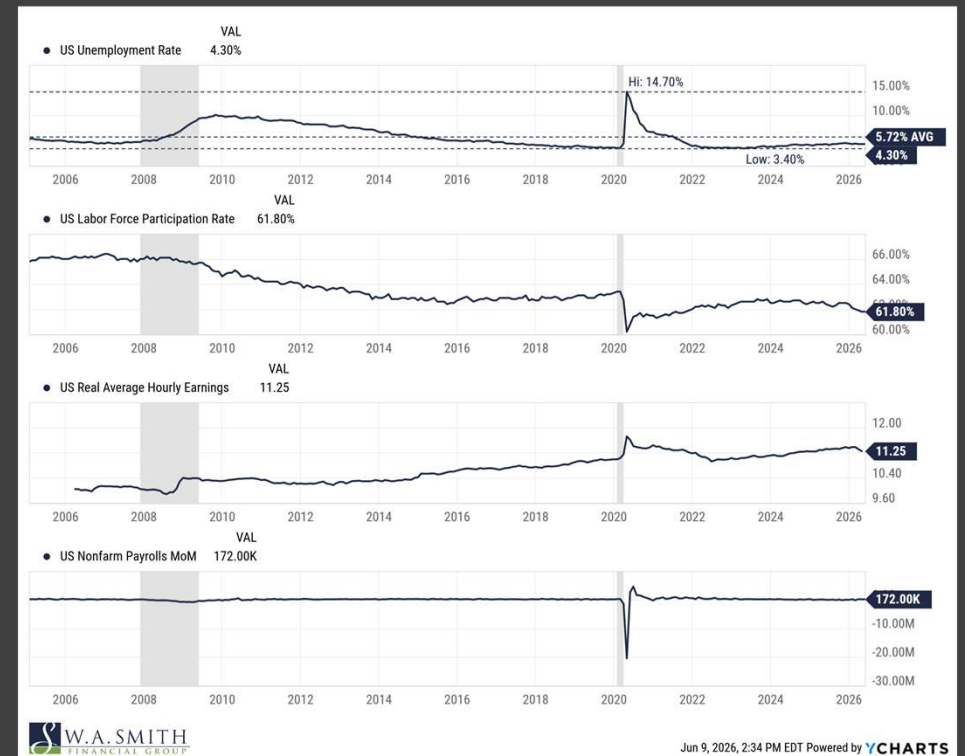
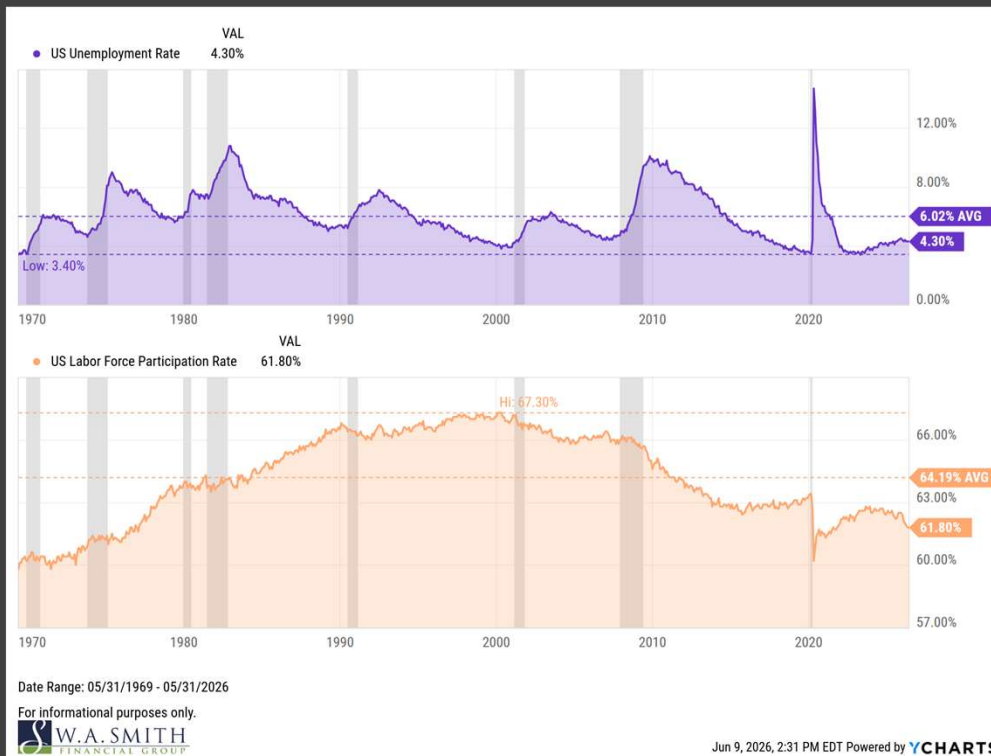
- **Growth stocks outperformed value stocks during May**, with the Russell 1000 Growth ETF (IWF) gaining 7.19% versus 2.90% for the Russell 1000 Value ETF (IWD), reflecting renewed investor confidence in earnings growth and innovation-driven sectors
- **The growth advantage was particularly evident among large-cap stocks**, while small-cap growth (IWO) also outpaced small-cap value (IWN), gaining 5.80% compared to 2.95% during the month
- **Over the trailing 12 months, small-cap styles have been the standout performers**, with the Russell 2000 Value ETF (IWN) returning 44.32% and the Russell 2000 Growth ETF (IWO) gaining 41.91%, highlighting the broadening market participation beyond the largest technology companies



Risk-On Environment Favors Cyclical and Technology Sectors

- **Technology was the clear standout in May**, with the Technology Select Sector SPDR (XLK) gaining 19.76%, significantly outperforming every other sector as investors continued to reward companies benefiting from AI adoption, cloud computing, and digital infrastructure spending
- **Defensive sectors struggled during the month**, with Utilities (-5.19%) and Energy (-5.63%) posting the weakest returns, suggesting investors rotated away from traditionally defensive areas and toward higher-growth opportunities
- **Over the trailing 12 months, technology and energy have been the market's strongest sectors**, returning 66.38% and 42.53%, respectively, while most other sectors delivered more modest gains. The disparity underscores how a handful of sectors have driven a significant portion of overall market performance during the current bull market



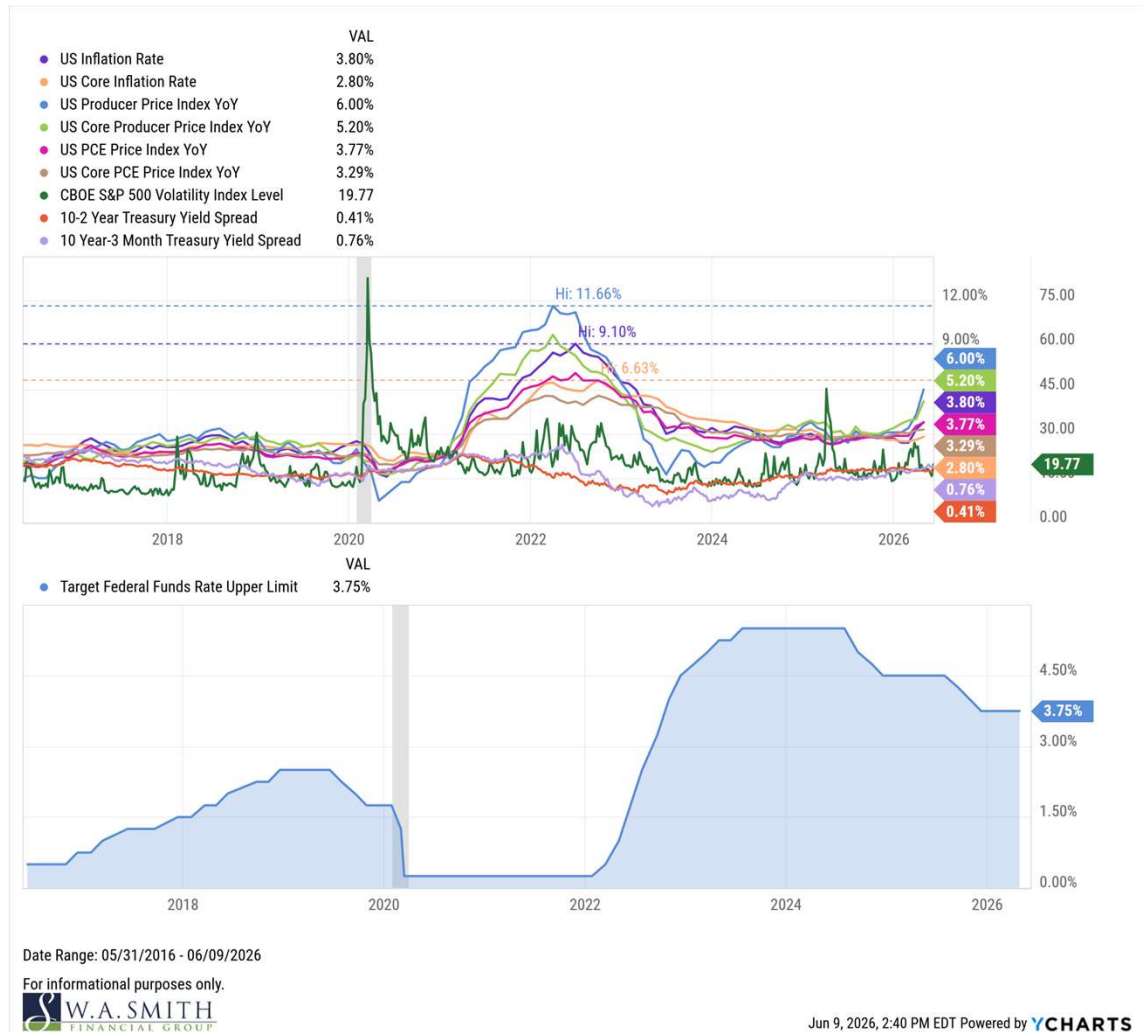


Labor Market Balances Strength and Normalization

- **The US labor market remains healthy by historical standards**, with the unemployment rate at 4.3%, and well below the long-term average of 5.72%, which is far from recessionary levels seen during prior economic downturns
- **Labor force participation remains relatively stable at 61.8%**, indicating that workforce engagement has largely recovered from pandemic-era disruptions, although participation remains below peak levels reached in the late 1990s and early 2000s
- **Wage growth and hiring continue to support economic activity**, with real average hourly earnings trending higher and nonfarm payrolls increasing by 172,000 jobs in the latest reading. While job growth has moderated from the exceptionally strong pace seen following the pandemic, current levels remain consistent with a fundamentally solid labor market

Inflation and Interest Rates Remain in Focus

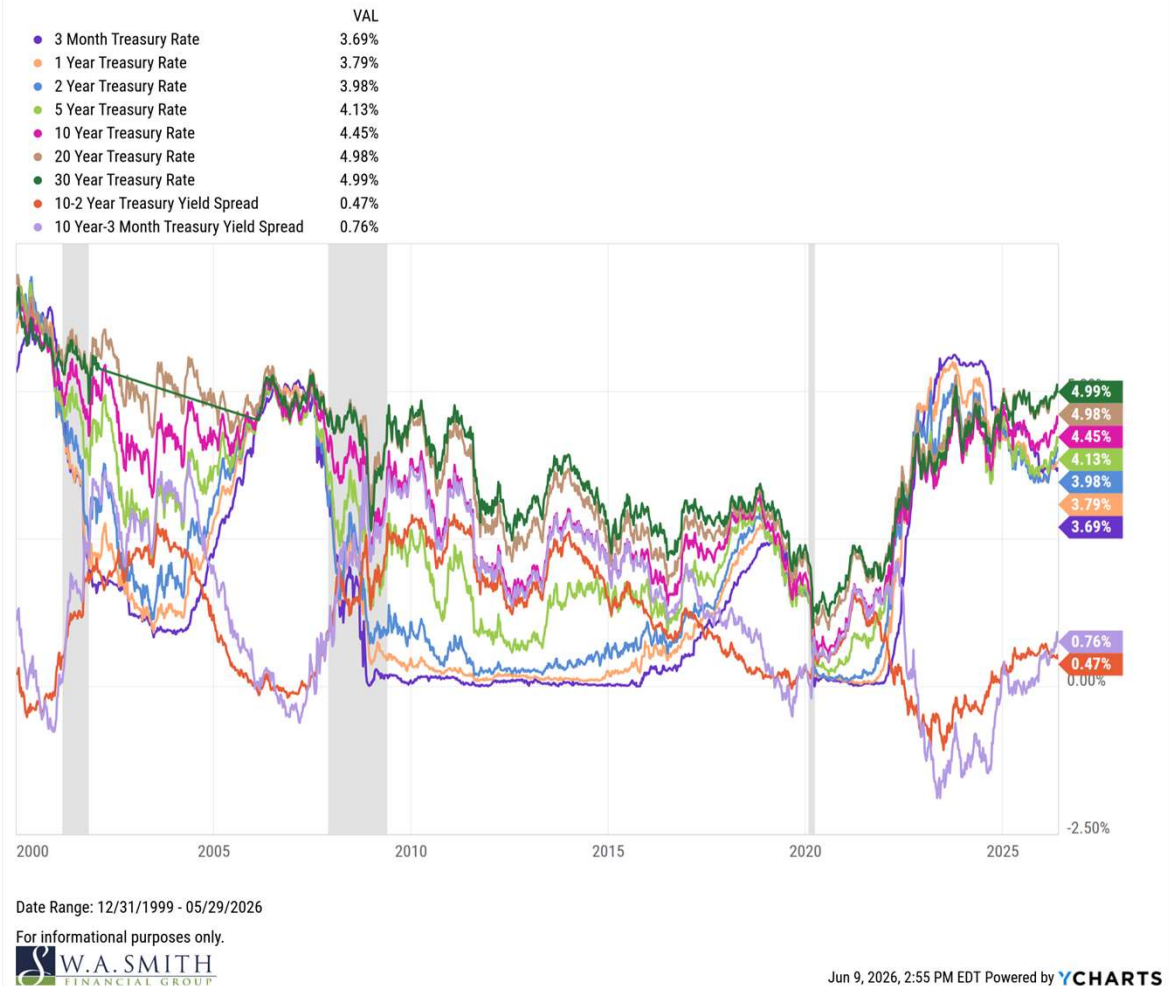
- **Inflation has moderated significantly from its 2022 peak but remains above the Federal Reserve's long-term target**, with CPI at 3.8%, Core CPI at 2.8%, and Core PCE, the Fed's preferred inflation gauge, at 3.29%
- **Producer prices have begun to accelerate again**, with headline PPI rising 6.0% year-over-year and Core PPI increasing 5.2%, suggesting that pipeline inflation pressures could continue to influence consumer prices in the months ahead
- **Despite lingering inflation concerns, financial conditions remain relatively supportive**, as volatility remains contained (VIX at 19.77) and the yield curve has normalized, with both the 10Y-2Y and 10Y-3M Treasury spreads back in positive territory
- **Markets continue monitoring inflation, volatility, and yield curve signals closely:** Treasury yield spreads have normalized modestly while market volatility remains contained relative to prior crisis periods, suggesting investors expect slower but stable economic growth rather than a severe recessionary environment
- **A stronger-than-expected CPI report could materially alter market expectations for Federal Reserve policy.** Higher inflation readings would likely reduce the probability of near-term rate cuts, place upward pressure on Treasury yields, and potentially create volatility in both equity and bond markets, particularly among growth-oriented sectors that have benefited from expectations of lower interest rates



Yield Curve Steepening Points to Shifting Expectations

- **The Treasury yield curve continues to show a positively sloped structure**, with the 10-Year Treasury yielding 4.45% versus 3.69% for the 3-Month Treasury bill. Both the 10Y-2Y spread (+0.47%) and 10Y-3M spread (+0.76%) are now firmly positive after spending much of the past two years inverted
- **Longer-term yields remain elevated relative to short-term rates**, with the 20-Year and 30-Year Treasury yields approaching 5.0%. This suggests investors continue to demand additional compensation for inflation uncertainty, fiscal deficits, and the growing supply of long-dated government debt
- **The current curve structure creates an attractive backdrop for intermediate-duration bonds.** With 5- to 10-year Treasury yields ranging from approximately 4.1% to 4.5%, investors can capture compelling income while avoiding some of the interest-rate sensitivity associated with the longest maturities. Intermediate-duration exposure may offer a favorable balance between yield generation, potential price appreciation if rates decline, and risk management should inflation remain sticky

US Treasury Yield Curve



New Timeseries Analysis

Data as of: Jun. 9, 2026

Date Range: 12/30/2022 to 05/31/2026

Frequency: Monthly

Aggregation: End of Period (default)

Fill Method: No Fill

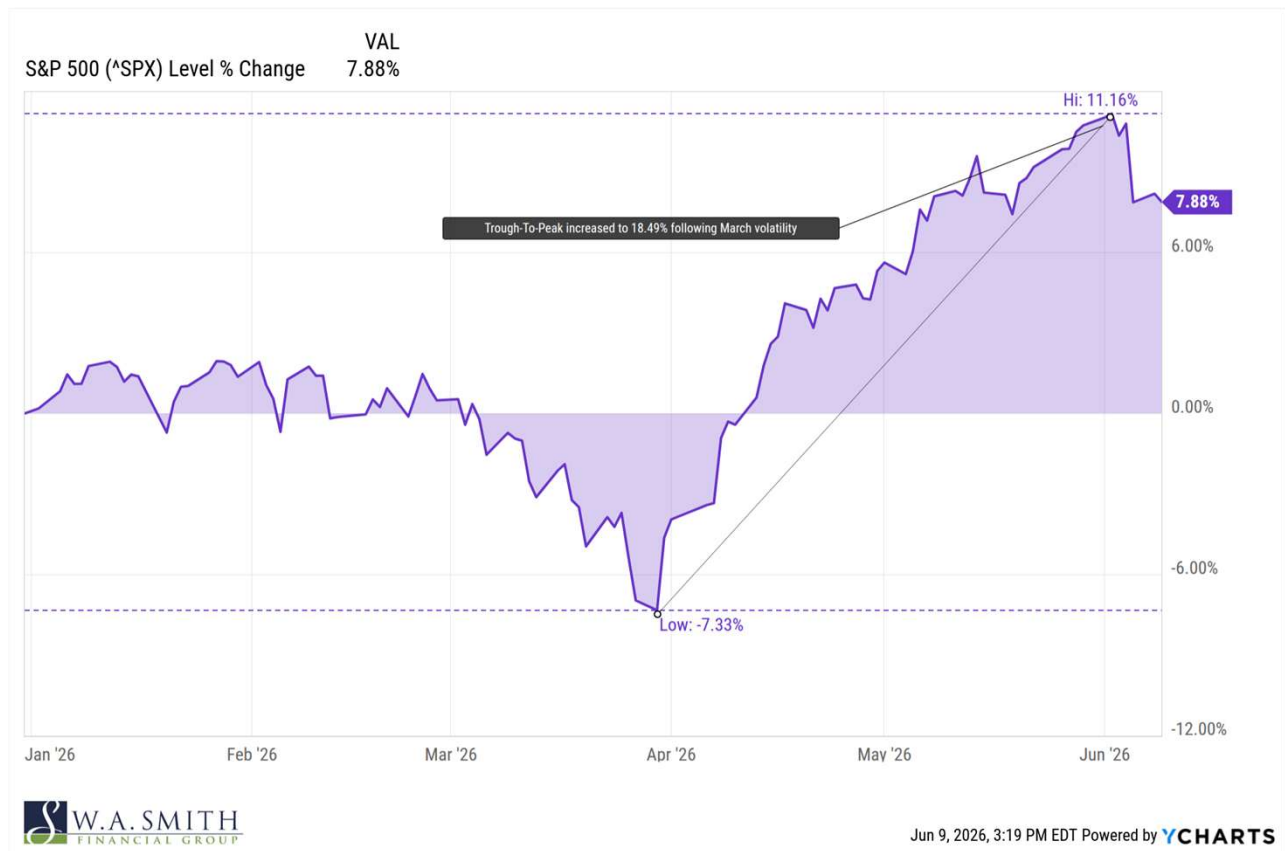
| Symbol | Name | Metrics | May 31 '26 | Apr 30 '26 | Mar 31 '26 | Feb 28 '26 | Jan 31 '26 | Dec 31 '25 | Nov 30 '25 | Oct 31 '25 |
|-----------|-------------------------|---------|------------|------------|------------|------------|------------|------------|------------|------------|
| I:10YTCMR | 10 Year Treasury Rate | | 4.45% | 4.40% | 4.30% | 3.97% | 4.26% | 4.18% | 4.02% | 4.11% |
| I:1MTCMR | 1 Month Treasury Rat... | | 3.72% | 3.72% | 3.74% | 3.74% | 3.72% | 3.74% | 4.05% | 4.06% |
| I:1YTCMR | 1 Year Treasury Rate | | 3.79% | 3.72% | 3.68% | 3.48% | 3.48% | 3.48% | 3.61% | 3.70% |
| I:20YTCMR | 20 Year Treasury Rate | | 4.98% | 4.97% | 4.88% | 4.57% | 4.82% | 4.79% | 4.62% | 4.65% |
| I:2YTCMR | 2 Year Treasury Rate | | 3.98% | 3.88% | 3.79% | 3.38% | 3.52% | 3.47% | 3.47% | 3.60% |
| I:30YTCMR | 30 Year Treasury Rate | | 4.99% | 4.98% | 4.88% | 4.64% | 4.87% | 4.84% | 4.67% | 4.67% |
| I:3MTCMR | 3 Month Treasury Rat... | | 3.69% | 3.68% | 3.70% | 3.67% | 3.67% | 3.67% | 3.88% | 3.89% |
| I:3YTCMR | 3 Year Treasury Rate | | 4.06% | 3.91% | 3.81% | 3.39% | 3.60% | 3.55% | 3.49% | 3.60% |
| I:5YTCMR | 5 Year Treasury Rate | | 4.13% | 4.02% | 3.92% | 3.51% | 3.79% | 3.73% | 3.59% | 3.71% |
| I:6MTCMR | 6 Month Treasury Rat... | | 3.78% | 3.71% | 3.72% | 3.60% | 3.61% | 3.59% | 3.74% | 3.79% |

Treasury Yields Move Higher as Markets Reassess Rate Expectations

- **Treasury yields have moved higher across much of the curve in 2026**, with the 10-Year Treasury rising from 4.18% at year-end 2025 to 4.45% by May 2026. Similar increases across the 2-, 3-, and 5-year maturities suggest investors have tempered expectations for aggressive Federal Reserve rate cuts
- **The yield curve has steepened meaningfully from the deeply inverted levels seen in 2023 and 2024.** Short-term Treasury rates remain below intermediate- and long-term yields, indicating that markets expect economic growth to continue while inflation gradually moderates rather than collapses
- **The current curve structure remains particularly attractive for intermediate-duration investors.** With 3- to 10-year Treasury yields clustered between roughly 4.0% and 4.5%, investors can earn historically competitive income while maintaining less interest-rate risk than longer-duration bonds. Should economic growth slow or the Fed continue easing policy, intermediate maturities may also offer meaningful total return potential through price appreciation

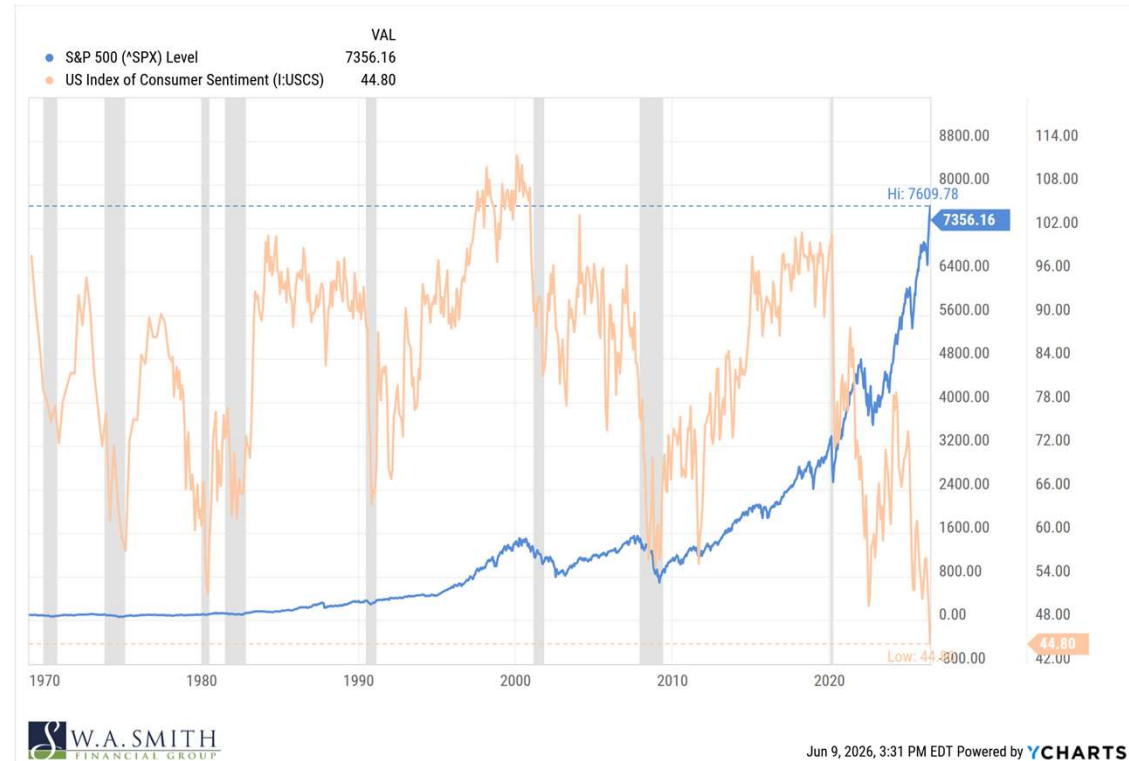
Market Resilience on Display After March Selloff

- The S&P 500 experienced significant volatility during the first half of 2026, falling as much as 7.33% before rebounding to a year-to-date gain of 7.88% through early June
- Following the March decline, the market staged an impressive recovery, advancing approximately 18.5% from its trough to its subsequent peak. The rebound reflects renewed investor confidence in economic growth, corporate earnings, and the outlook for monetary policy
- The chart serves as a reminder that market corrections are a normal part of investing. Periods of heightened uncertainty can create short-term discomfort, but history has consistently shown that disciplined investors who remain focused on long-term objectives are often rewarded for staying invested through volatility



Market Strength Persists Amid Consumer Uncertainty

- **The S&P 500 has reached near-record levels despite consumer sentiment falling to historically depressed levels.** This unusual divergence highlights the difference between how investors and consumers assess the economic outlook, with markets focusing on earnings growth, innovation, and future expectations rather than current sentiment
- **Consumer confidence remains weighed down by concerns surrounding inflation, affordability, interest rates, and economic uncertainty.** At 44.8, the University of Michigan Consumer Sentiment Index sits near the lowest readings recorded outside of major recessions, reflecting continued pressure on household perceptions despite a resilient labor market
- **Historically, consumer sentiment and stock market performance do not always move in lockstep.** While consumer confidence can influence spending and economic activity over time, equity markets tend to be forward-looking and often recover well before sentiment improves. The current environment suggests investors remain confident in corporate earnings, economic resilience, and long-term growth opportunities despite ongoing consumer caution



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Additional Disclosure Information

- Index - An index is an unmanaged portfolio of specific securities, the performance of which is often used as a benchmark in judging the relative performance of certain asset classes. Investors cannot invest directly in an index. An index does not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown.
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- **NASDAQ Composite Index** – a market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System.
- **Russell 1000** – The index measures the performance of the large-cap segment of the US equity securities. It is a subset of the Russell 3000 index and includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership.
- **Dow Jones Industrial Average Price Return Index** – a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry.
- **Russell 2000 Index** – measures the performance of the small-cap segment of the US equity universe.
- **MSCI EAFE Index** – a stock market index that is designed to measure the equity market performance of developed markets outside of the US & Canada. It is maintained by MSCI, Inc., a provider of investment decision support tools; the EAFE acronym stands for Europe, Australasia and Far East.