

January Observations

Volatile Start to 2026 as Geopolitics Dominated Headlines

U.S. equity markets posted modest gains in January, with the S&P 500 returning 1.5% despite significant mid-month volatility. Tariff threats on European countries over Greenland triggered the worst single-day session since April 2025, with the S&P 500 falling 2.1% on January 20th and erasing year-to-date gains. Markets reversed course after President Trump announced a framework for a Greenland deal with NATO, calling off the threatened tariffs. Meanwhile, the equal-weighted S&P 500 gained 3.4%, extending the broader market participation trend from late 2025. Non-U.S. developed markets delivered strong returns with the MSCI EAFE up 5.2%, while emerging markets were the standout performers, surging 8.9% and building on their exceptional 2025 momentum. Fixed income was essentially flat with Treasuries little changed and investment grade credit up just 0.2%. High yield bonds returned approximately 0.5% as larger coupons helped offset rate pressures. Listed real estate gained 2.8%, reversing some of 2025's underperformance.

Geopolitical Tensions Drive Safe Haven Demand

January was dominated by three major geopolitical flashpoints: The U.S. military operation that resulted in Venezuelan President Maduro's capture on January 3rd, Iran tensions escalating throughout the month, and new tariff threats on European countries over Greenland. While rhetoric generally softened, commodities were the primary beneficiary from the tensions, as gold surged past \$5,000 per ounce, before a late month selloff erased some of the gains, and oil gained more than 16%.

Earnings Season Revealing AI Spending Concerns

Q4 2025 earnings have thus far had positive results as the S&P 500 is on track for its highest net profit margin in more than 15 years. While technology stocks have faced pressure to justify the AI capital spending, markets are showing signs of broadening beyond mega-cap tech, with earnings growth becoming more widespread across the index.

Asset Manager Commentary

Global Asset Manager

January's FOMC meeting solidified that the Fed is firmly in a second pause as policy returns to data dependence. While there's been a lot of attention around Trump's nomination of Kevin Warsh, the FOMC remains a committee-driven institution where policy outcomes reflect the views of voting members.

International Value Manager

The strong performance of international stocks in 2025 still has legs. While the U.S. valuation premium narrowed last year, U.S. stocks would have to underperform international stocks by 40% just to get back to long-term averages.

Emerging Markets Manager

Despite heightened sensitivity, the likelihood of a Chinese invasion of Taiwan remains low. Beijing appears to favor economic and security pressure and hopes political engagement within Taiwan can drive change without military action. An invasion could risk destroying the very assets China values. Notably, Chinese military leaders have pushed the timeline for a Taiwan resolution out to 2049, moving away from earlier 2035 discussions. Separately, developments in Venezuela appear to have no bearing on China's Taiwan calculus, which follows its own timeline.

Market Returns - 1.31.2026

		1-Mo	QTD	YTD	2025	2024	2023
Equity	S&P 500	1.5%	1.5%	1.5%	17.9%	25.0%	26.3%
	Nasdaq Composite	1.0%	1.0%	1.0%	21.1%	29.6%	44.6%
	Russell 1000 Growth	-1.5%	-1.5%	-1.5%	18.6%	33.4%	42.7%
	Russell 1000 Value	4.6%	4.6%	4.6%	15.9%	14.4%	11.5%
	Russell 2000	5.4%	5.4%	5.4%	12.8%	11.5%	16.9%
	MSCI EAFE	5.2%	5.2%	5.2%	31.2%	3.8%	18.2%
	MSCI Emerging Markets	8.9%	8.9%	8.9%	33.6%	7.5%	9.8%
Fixed Income	Treasury	-0.1%	-0.1%	-0.1%	6.3%	0.6%	4.1%
	Municipal	0.9%	0.9%	0.9%	4.2%	1.1%	6.4%
	Aggregate	0.1%	0.1%	0.1%	7.3%	1.3%	5.5%
	Investment Grade Corporate	0.2%	0.2%	0.2%	7.8%	2.1%	8.5%
	High Yield Corporate	0.5%	0.5%	0.5%	8.6%	8.2%	13.4%
FX	US Dollar Index	-1.4%	-1.4%	-1.4%	-9.4%	7.1%	-2.1%
Real Assets	Real Estate	2.8%	2.8%	2.8%	1.7%	4.3%	11.5%
	Infrastructure	5.0%	5.0%	5.0%	21.5%	14.0%	5.8%
	Oil	16.2%	16.2%	16.2%	-17.6%	-4.2%	-10.3%
	Gold	8.8%	8.8%	8.8%	62.5%	26.6%	12.8%

Asset Class Valuations - 1.31.2026

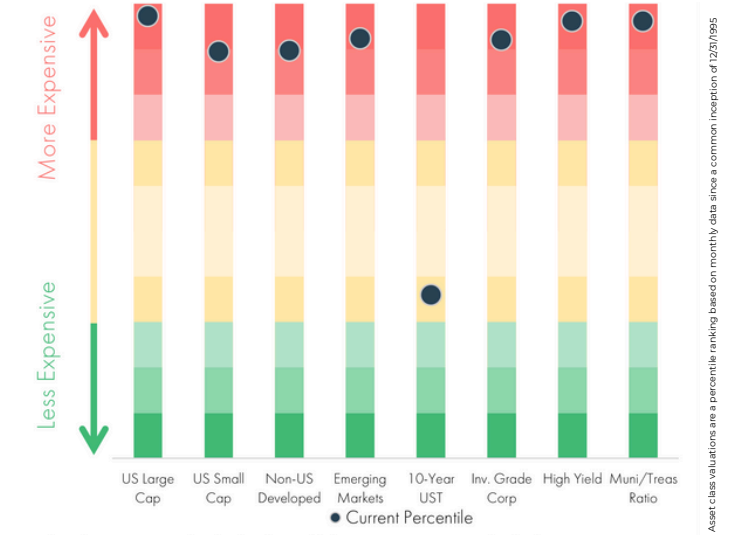
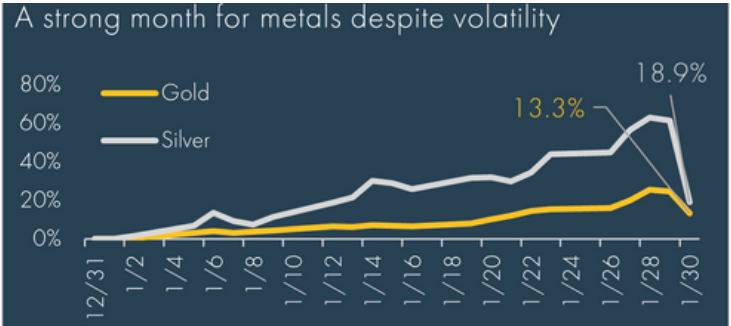


Chart of the Month



Silver's parabolic rally reversed sharply with a 26% drop on the final trading day of the month. Explanations ranged from dollar strength following Kevin Warsh's Fed Chair nomination to yen movements and options activity. When assets rise this quickly and emotions are involved, almost anything can trigger a sudden reversal.

Disclosures

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Sources

Morningstar Direct, Bloomberg, FactSet as of 1/31/2026

Manager comments come from discussions with various asset managers and are broad commentary on sectors and not be considered recommendations by any asset manager. These comments do not necessarily reflect strategy allocations or the view or opinion of MGIA or Moneta Group.

Definitions

The S&P 500 Index is a free-float capitalization-weighted index of the prices of approximately 500 large-cap common stocks actively traded in the United States.

The NASDAQ Composite Index is a market capitalization weighted index with more than 3000 common equities listed on the NASDAQ Stock Market.

The NASDAQ 100 Index is a modified capitalization-weighted index of the 100 largest and most active non-financial domestic and international issues listed on the NASDAQ.

The Russell 1000® Index is an index of 1000 issues representative of the U.S. large capitalization securities 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 companies with higher price-to-book ratios and higher forecasted growth values.

The Russell 1000® Value Index measures the performance of those Russell 1000 Index securities with lower price-to-book ratios and lower forecasted growth values, representative of U.S. Securities exhibiting value characteristics.

The Russell 2000® Index is an index of 2000 issues representative of the U.S. small capitalization securities market.

The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure the equity market performance of developed markets, excluding the U.S. and Canada.

The MSCI Emerging Markets Index is a float-adjusted market capitalization index that consists of indices in 21 emerging economies.

Bloomberg U.S. Treasury Bond Index includes public obligations of the US Treasury, i.e. US government bonds. Certain Treasury bills are excluded by a maturity constraint. In addition, certain special issues, such as state and local government series bonds (SLGs), as well as U.S. Treasury TIPS, are excluded.

The Bloomberg U.S. Municipal Index covers the USD-denominated long-term tax exempt bond market. It includes general obligation and revenue bonds, which both can be pre-refunded years later and get reclassified as such.

The Bloomberg U.S. Aggregate Bond Index is an index, with income reinvested, generally representative of intermediate-term government bonds, investment grade corporate debt securities and mortgage-backed securities.

The Bloomberg US Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by US and non-US industrial, utility and financial issuers.

The Bloomberg US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate 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. Bonds from issuers with an emerging markets country of risk, based on the indices' EM country definition, are excluded.

The US Dollar Index measures the US dollar against six global currencies: the euro, Swiss franc, Japanese yen, Canadian dollar, British pound, and Swedish krona.

The FTSE Nareit All Equity REITs Index is a free-float adjusted, market capitalization-weighted index of U.S. equity REITs. Constituents of the index include all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property.

The S&P Global Listed Infrastructure Index measures the performance of global companies that are engaged in infrastructure and related operations. It provides liquid and tradable exposure to 75 companies from around the world that represent the listed infrastructure universe. To create diversified exposure, the index includes three distinct infrastructure clusters: utilities, transportation and energy.

Brent Crude is the most traded of all of the oil benchmarks, and is defined as crude mostly drilled from the North Sea oilfields: Brent, Forties, Oseberg and Ekofisk (collectively known as BFOE).

The Dow Jones Commodity Index Gold is designed to track the gold market through futures contracts.

The ICE BofA Option-Adjusted Spreads (OASs) are the calculated spreads between a computed OAS index of all bonds in a given rating category and a spot Treasury curve. An OAS index is constructed using each constituent bond's OAS, weighted by market capitalization. The Corporate Master OAS uses an index of bonds that are considered investment grade (those rated BBB or better). When the last calendar day of the month takes place on the weekend, weekend observations will occur as a result of month ending accrued interest adjustments.

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Asset class valuations are a percentile ranking based on monthly data going back to common inception of 12/31/1995. The US Large Cap percentile is the average percentile ranking of the trailing P/E, P/B, P/S, and P/C ratio of the S&P 500 Index. The US Small Cap percentile is the average percentile ranking of the trailing P/E, P/B, P/S, and P/C ratio of the Russell 2000 Index. The International Developed percentile is the average percentile ranking of the trailing P/E, P/B, P/S, and P/C ratio of the MSCI EAFE Index. The Emerging Market percentile is the average percentile ranking of the trailing P/E, P/B, P/S, and P/C ratio of the MSCI Emerging Markets Index. The 10-Year US Treasury percentile is the percentile ranking of the 10-Year US Treasury yield. The Investment Grade percentile is the percentile ranking of the ICE BofA US Corporate option adjusted spread. The High Yield Corporate percentile is the percentile ranking of the ICE BofA US High Yield corporate option adjusted spread. The Municipal/Treasury percentile is the percentile ranking of the Bloomberg Municipal Index yield divided by the 10-Year US Treasury Yield.