

June Observations

Markets Mixed on Inflation Fears and Rate Hike Pricing

June proved to be a more challenging month for risk assets, as the AI-driven optimism that powered markets through May collided with a sharp inflation re-acceleration and a hawkish pivot from the Fed. The S&P 500 declined 1.0% for the month while the Nasdaq Composite underperformed at -2.8% as elevated valuations in AI and semiconductor names came under renewed scrutiny amid multiple intra-month selloffs. Emerging markets also gave back ground, falling 1.4%, reversing a portion of their strong Q2 gains as dollar strength and risk-off sentiment weighed on flows. In a notable reversal from the large-cap trend, U.S. small caps (Russell 2000) outperformed, posting a gain of 3.7%, likely reflecting rotation into more domestically-oriented names less exposed to global AI valuation risk and geopolitical uncertainty. Fixed income markets were volatile but ultimately saw yields move modestly higher over the month. The 10-year Treasury yield opened June at 4.46% and closed the month at 4.47%, a net rise of approximately 1 basis point; to be sure, the yield varied nearly 20 basis points in June on inflation and geopolitical tensions.

A Memorandum of Understanding

Geopolitical risk from the U.S.-Iran conflict was a persistent overhang throughout June, with the trajectory of peace negotiations serving as a key swing factor for oil prices, risk sentiment, and sector rotation. The pivotal moment came on June 15th, when the U.S. and Iran reached an interim agreement to reopen the Strait of Hormuz, sending oil prices to \$72.92 per barrel by month end.

Inflation Re-Acceleration and the Fed's Hawkish Pivot

Inflation re-emerged as a central concern for markets in June, with data releases and Fed communications shifting the rate outlook materially toward hikes. New Fed Chair Kevin Warsh struck a hawkish tone, with half the FOMC penciling in rate hikes for 2026 in the June dot plot. By June 30th, fed funds markets were pricing approximately a 36% probability of a July rate hike.

Asset Manager Commentary

Multiple Managers

SpaceX's unusually large IPO prompted different approaches to index inclusion. While many index providers fast-tracked inclusion, the S&P 500 declined to make an exception. Despite its \$2.2 trillion market cap, its float-adjusted Russell 1000 weighting is only 10-15 basis points.

Private Market Data Aggregator

Private equity activity in roofing has accelerated, drawing comparisons to HVAC rollups due to the industry's fragmentation, scalability, and resilient demand. The \$92.5 billion U.S. roofing market includes an estimated 100,000 mostly owner-operated businesses, many generating under \$10 million in revenue and facing succession challenges.

Private Credit Manager

Deep process re-engineering and data governance requirements could delay AI-driven productivity gains, particularly in capital-intensive and regulated industries. That could create a gap between today's aggressive valuations and a slower earnings reality, increasing repricing risk if productivity gains take years rather than months.

Market Returns - 6.30.2026

		1-Mo	QTD	YTD	2025	2024	2023
Equity	S&P 500	-1.0%	15.2%	10.2%	17.9%	25.0%	26.3%
	Nasdaq Composite	-2.8%	21.6%	13.1%	21.1%	29.6%	44.6%
	Russell 1000 Growth	-2.7%	16.7%	5.3%	18.6%	33.4%	42.7%
	Russell 1000 Value	2.3%	13.9%	16.3%	15.9%	14.4%	11.5%
	Russell 2000	3.7%	21.5%	22.6%	12.8%	11.5%	16.9%
	MSCI EAFE	0.1%	10.8%	9.4%	31.2%	3.8%	18.2%
Fixed Income	MSCI Emerging Markets	-1.4%	24.1%	23.8%	33.6%	7.5%	9.8%
	Treasury	0.3%	0.3%	0.3%	6.3%	0.6%	4.1%
	Municipal	1.0%	2.5%	2.3%	4.2%	1.1%	6.4%
	Aggregate	0.2%	0.7%	0.6%	7.3%	1.3%	5.5%
FX	Investment Grade Corporate	0.2%	1.4%	0.9%	7.8%	2.1%	8.5%
	High Yield Corporate	0.3%	2.5%	2.0%	8.6%	8.2%	13.4%
Real Assets	US Dollar Index	2.3%	1.2%	2.9%	-9.4%	7.1%	-2.1%
	Real Estate	1.7%	10.8%	14.5%	1.7%	4.3%	11.5%
	Infrastructure	1.1%	1.3%	9.5%	21.5%	14.0%	5.8%
	Oil	-20.8%	-38.4%	19.8%	-17.6%	-4.2%	-10.3%
	Gold	-11.8%	-13.5%	-7.4%	62.5%	26.6%	12.8%

Asset Class Valuations - 6.30.2026

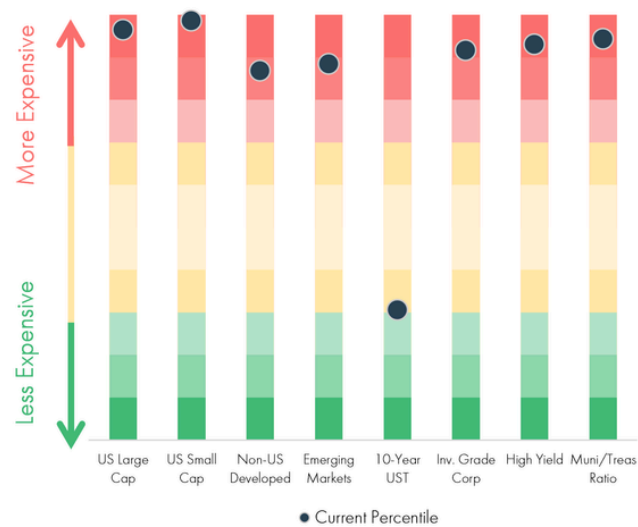
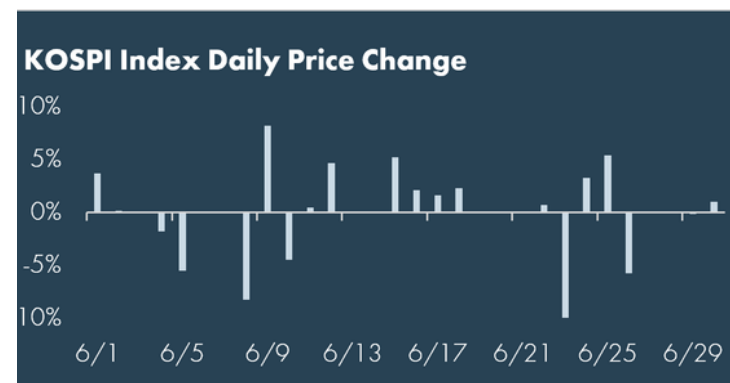


Chart of the Month



Source: Bloomberg as of 6/30/2026; See important information in the disclosures.

The AI-driven rally that defined early 2026 remained the dominant market narrative in June, but with significantly more volatility. South Korea's Kospi, a bellwether for the global AI trade, was particularly volatile, suffering multiple circuit-breaker halts during the month as foreign investors sold over \$10 billion in a single week in early June.

Disclosures

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Sources

Morningstar Direct, Bloomberg as of 6/30/2026

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.