



# MARKET COMMENTARY

NEPC Research

January 2026

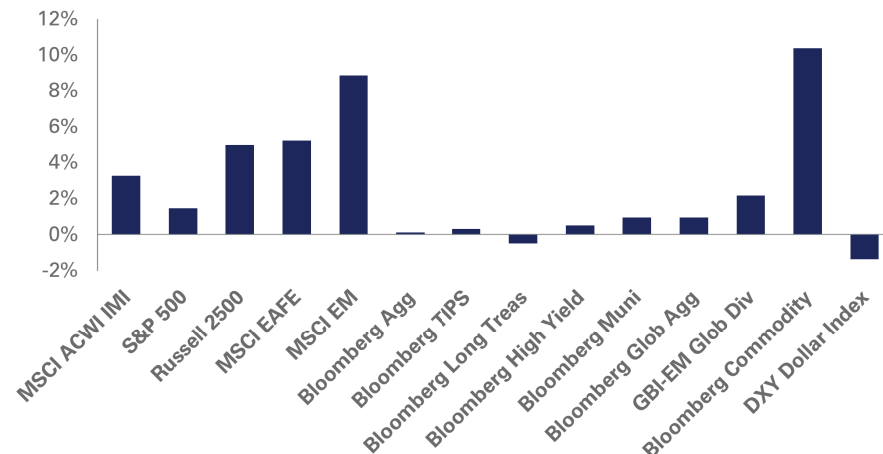
Equities were in the black in January with the S&P 500 posting gains of 1.5%; value stocks bested growth equities for the third straight month. Small-cap stocks also turned in a robust performance with one of their strongest first quarters in the past 25 years. International equities, bolstered by a weaker U.S. dollar, led the pack with the MSCI EAFE and MSCI Emerging Markets indexes up 5.2% and 8.9%, respectively.

Meanwhile, fixed-income markets faced headwinds last month amid rising interest rates. Japan was the most pronounced with yields on its 40-year government bonds hitting record highs; in the U.S., the 10-year yield rose 15 basis points with the yield curve steepening. The FOMC meeting in January was largely uneventful as the Federal Reserve held rates steady, but President Trump’s nomination of Kevin Warsh, a former Fed governor, for the Fed Chair roiled markets at the end of the month. Spreads on investment-grade and high-yield corporate debt remained mostly unchanged.

Real assets continued their march forward. WTI crude oil turned a corner after declining for five consecutive months, gaining 13.8% in January. During this period, gold and silver took center stage, hitting record highs but then selling off on the last trading day of the month, with returns of 13.3% for gold and 18.9% for silver.

Given recent market dynamics, we encourage investors to remain disciplined, stick to long-term strategic asset allocation targets, and maintain exposure to equities. We recommend seeking opportunities to rebalance across equities; we also suggest investors rebalance back into weaker areas of the equity

Monthly Returns for 12/31/2025-1/31/2026



As of 1/31/2026, Source: S&P, Russell, MSCI, JPM, Bloomberg, Factset

market, potentially using non-U.S. stocks that have outperformed as a funding source. In addition, we advise balancing exposure to the largest names of the S&P 500 with value and quality companies across the globe.

At the same time, we advise being mindful of portfolio equity positions, while monitoring outsized tracking error levels associated with the top 10 names of ACWI IMI, and any underweights flowing through. We also recommend investors hold high-quality, liquid assets, and encourage maintaining appropriate safe-haven fixed-income exposure for liquidity and downside protection.

Data as of 1/31/26, Source: S&P, Russell, MSCI, JPM, Bloomberg, Factset

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