MARKET COMMENTARY

NEPC Investment Team

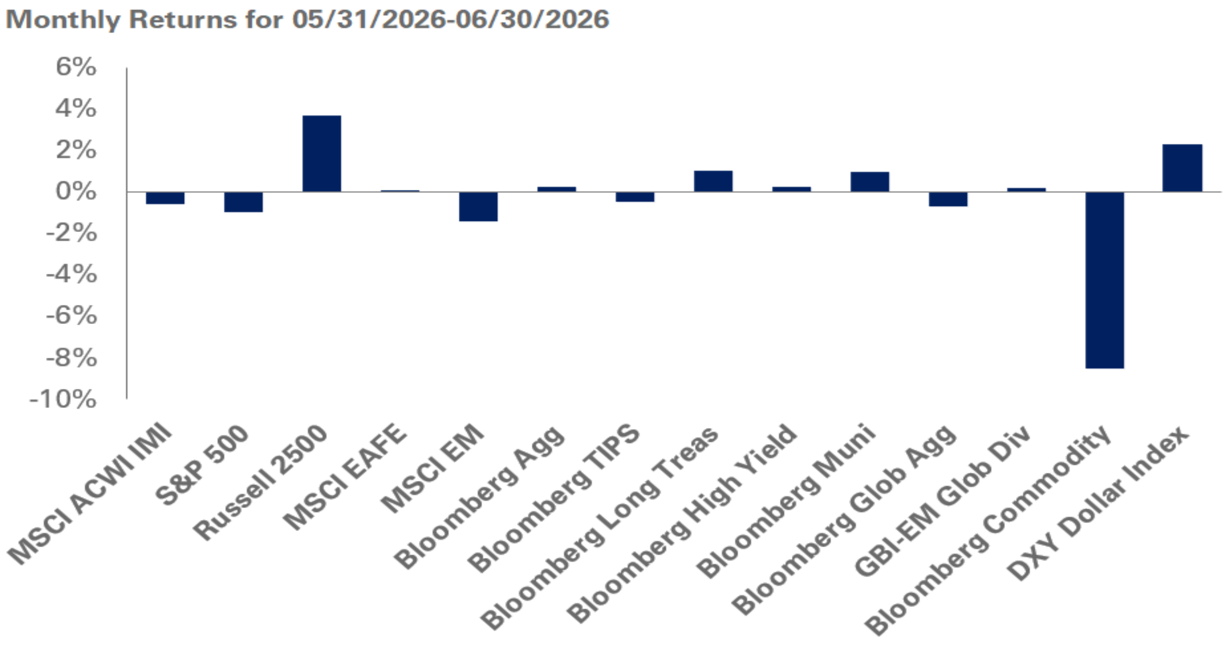
June 2026

Global equities were mixed in June as sentiment around growth-oriented areas of the market softened following outsized returns posted during most of the second quarter. As such, the S&P 500 fell 1.0% during the month, while still posting a 15.2% gain for the quarter on the back of strong earnings momentum related to the ongoing AI buildout. The shift in sentiment fueled a rotation within markets, with cyclical and value-oriented areas of the market outperforming: the Russell 1000 Value Index gained 2.3%, while the Russell 1000 Growth index lost 2.7% in June – pushing the year-to-date outperformance for Value over 11% as of June 30th. In addition, U.S. small-caps benefitted from these dynamics with the Russell 2000 Index adding 3.7% in June, despite a hawkish repricing of Fed Funds futures.

Outside the U.S., the MSCI Emerging Markets index came under pressure, falling 1.4% given the AI exposure present in Korea and Taiwan, along with a firmer U.S. Dollar that weighed on returns in local currencies.

Within rates, the Fed Open Market Committee left its policy rate unchanged at a range of 3.50%-3.75% and offered more hawkish messaging than anticipated from Kevin Warsh's first meeting as Fed Chair citing the above-Fed target inflation backdrop. In response, market rate expectations continue to forecast tighter policy, reflecting expectations for 1-2 rate hikes through the end of 2026.

In real assets, spot WTI crude oil fell 23.7% during the month as markets reacted to news of a ceasefire agreement between the U.S. and Iran.



As of 6/30/2026, Source: S&P, Russell, MSCI, JPM, Bloomberg, Factset

That said, the situation in the Middle East remains fragile and we anticipate continued volatility in energy prices as traffic within the Strait of Hormuz remains below pre-conflict levels. Within the precious metals space, spot gold prices also declined sharply, falling 11.7% in June, as central bank demand softened relative to levels seen earlier in 2026.

We encourage investors to fully utilize the portfolio risk budget and recommend maintaining a U.S. equity overweight within public equity allocations given the supportive macro backdrop and exposure to broad-based earnings strength unique to the U.S. market. We still recommend investors hold high-quality, liquid assets and suggest holding safe-haven fixed-income securities at strategic target levels to support portfolio liquidity. We also advise shying away from liquid segments of lower-quality credit given tight spread levels and market sentiment.

As of 6/30/2026, Source: S&P, Russell, MSCI, JPM, Bloomberg, Factset

IMPORTANT DISCLOSURES

Past performance is no guarantee of future results.

All investments carry some level of risk. Diversification and other asset allocation techniques do not ensure profit or protect against losses.

The information herein has been prepared by NEPC, an affiliate of Hightower Advisors, and should not be considered a recommendation to purchase or sell any investment or pursue any specific investment strategy. The information should not be relied upon to make any investment decision and does not take into account the investment objectives, financial situation and particular needs of the recipient. Recipients of the information presented herein should neither treat nor rely on such information as advice relating to legal, taxation or investment matters and are advised to consult their own professional advisors. The opinions presented herein represent the good faith views of NEPC as of the date of receipt and are subject to change at any time. There can be no assurance regarding the accuracy of such views, including with respect to any forward-looking information or other commentary that is subject to uncertainty, future contingencies or other market factors. NEPC has prepared the information as general market commentary, market update and/or other general topics relating to portfolio construction and risk allocation. The information is not, and does not purport to be, a complete discussion of all relevant considerations, risks and other applicable factors.

The performance information of any indices or strategies represented herein is based on third-party sources, and such performance information does not necessarily represent the performance or experience of any NEPC client.

The information in this report has been obtained from sources NEPC believes to be reliable. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within. Neither NEPC nor any of its affiliates has any obligation to update the information contained herein.

NEPC has prepared the information as general market commentary, market update and/or other general topics relating to portfolio construction and risk allocation. The information is not, and does not purport to be, a complete discussion of all relevant considerations, risks and other applicable factors. The performance information of any indices or strategies represented herein is based on third-party sources, and such performance information does not necessarily represent the performance or experience of any NEPC client.

This presentation identifies potential benefits relating to NEPC's services to its clients and/or its commentary regarding current market events and portfolio construction considerations. Any NEPC investment strategy also is subject to certain risks and limitations. Although NEPC believes it and its personnel may have certain competitive advantages regarding portfolio construction and management. There can be no guarantee that NEPC will be able to maintain such advantages over time, outperform third parties or the financial markets generally, implement its investment strategy or achieve its investment objectives for a client or avoid losses.

617.374.1300 | www.NEPC.com | @NEPC_LLC