Q2

Quarterly Market Review

Second Quarter 2026

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INVESTMENT CONSULTANTS

Quarterly Market Review

This report features world capital market performance and a timeline of events for the past quarter. It begins with a global overview, then features the returns of stock and bond asset classes in the US and international markets.

Overview:

Quarterly Market Commentary

Second Quarter 2026 – July 13, 2026

The market continued its climb during the second quarter, gaining about 14% despite persistent concerns about inflation, high energy prices and geopolitical shocks early in the quarter. Yet perhaps the biggest story of all was the long-awaited IPO of SpaceX.

Pre-IPO, Elon Musk promised investors he'd shoot for the stars—literally and figuratively. He painted a picture that includes AI-powered infrastructure, orbital data centers and a million-person colony on Mars.

The story had investors eager to buy in. Shares debuted at $135 before closing the day at $161.11. The surge pushed the company's value above $2 trillion and made Musk the first trillionaire on paper. Shares later rose above $200 before retreating to about $170 by quarter-end.

One factor behind that volatility was supply. Only about 5% of shares were available to the general public. When share supply is limited, prices can move dramatically in either direction.

Stoking the Fires of FOMO

Stories like these have a way of creating a sense of FOMO—the fear of missing out. When investors see headlines about immense fortunes created overnight, it's natural to wonder whether they should chase the next big opportunity.

Before scrambling for shares in the next big IPO, it's important to ask a simple question: Why do you invest? Is it for a chance to strike it rich, or is it to maximize the odds of achieving your life goals? As you consider the answer, it may help to distinguish between speculation and long-term investing.

Speculation involves making a bet on a future outcome that will be determined largely by chance or other unknowable factors. The results tend to be binary: either big gains or big losses. Speculation has become wildly popular with the legalization of gambling and predictions markets.

The SpaceX IPO valuation was also based on highly speculative thinking. Investors today are making judgments about what the company might become decades from now, based on technologies that don't exist yet and may not exist for many years, if ever. Could SpaceX become one of the most valuable companies in the world? Possibly. Could it fall far short of its lofty ambitions? That's possible, too.

For most people, however, the question is academic. They don't invest to find the next stock that doubles or triples, but to achieve life goals like funding retirement, supporting family members, or leaving a legacy. A diversified portfolio built according to time horizon and risk tolerance gives the best chance of achieving goals like these.

Staying Grounded

Participating in an IPO can be exciting. Some investors choose to allocate a small portion of their money to speculative opportunities while investing the rest in a portfolio designed to give them the best chance of reaching long-term goals. The key to this approach is to ensure your financial future doesn't depend on accurately predicting which moonshot succeeds.

There will always be another much-ballyhooed investment. Today, it's SpaceX. In the future, it may be OpenAI or Anthropic, or even an investment type that hasn't been invented yet. Through it all, we will remain focused on building a disciplined portfolio designed to help you achieve your goals, regardless of whichever headlines dominate the moment.

Regards,

Eric Hutchens

Chief Executive Officer
Allodium Investment Consultants

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Quarterly Market Summary

Returns (USD), as of June 30, 2026

	Stocks				Bonds	
	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
Q2 2026	15.44%	10.22%	24.05%	10.76%	0.67%	1.77%
Since January 2000						
Average Quarterly Return	2.4%	1.6%	2.4%	2.3%	1.0%	1.0%
Best Quarter	22.0% **2020 Q2**	25.9% **2009 Q2**	34.7% **2009 Q2**	32.3% **2009 Q3**	6.8% **2023 Q4**	5.4% **2023 Q4**
Worst Quarter	-22.8% **2008 Q4**	-23.3% **2020 Q1**	-27.6% **2008 Q4**	-36.1% **2008 Q4**	-5.9% **2022 Q1**	-4.1% **2022 Q1**

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), International Developed Stocks (MSCI World ex USA Index [net dividends]), Emerging Markets (MSCI Emerging Markets Index [net dividends]), Global Real Estate (S&P Global REIT Index [net dividends]), US Bond Market (Bloomberg US Aggregate Bond Index), and Global Bond Market ex US (Bloomberg Global Aggregate ex-USD Bond Index [hedged to USD]).

Long-Term Market Summary

Returns (USD), as of June 30, 2026

	Stocks				Bonds	
	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
1 Year	22.82%	20.99%	43.51%	15.40%	3.79%	2.60%
5 Years	12.31%	9.32%	7.20%	2.94%	0.08%	1.42%
10 Years	15.06%	9.84%	10.07%	3.78%	1.54%	2.11%
15 Years	13.89%	6.89%	5.25%	5.53%	2.28%	3.21%
20 Years	11.16%	5.65%	6.76%	4.30%	3.32%	3.52%

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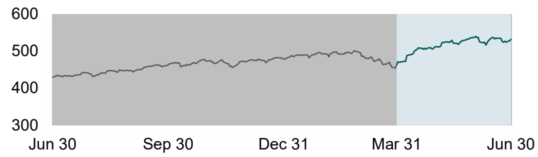
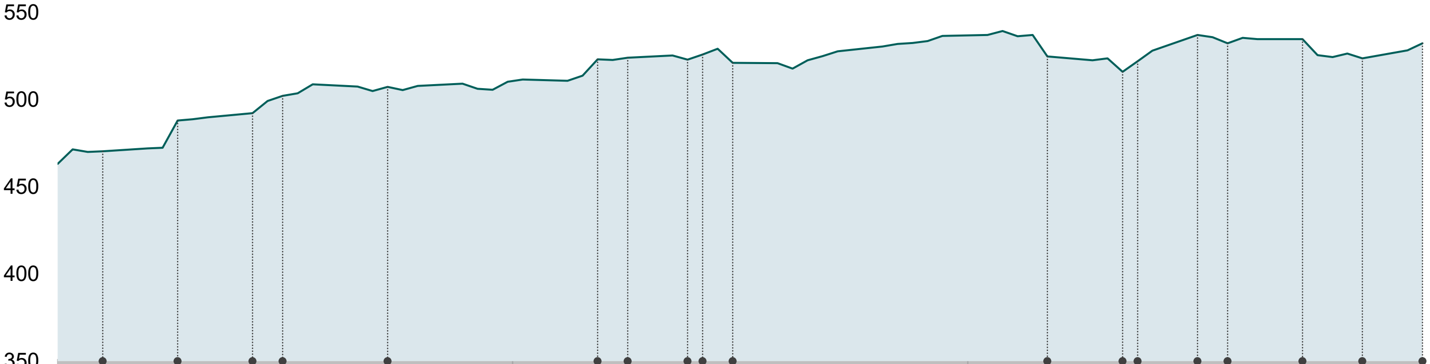
World Stock Market Performance

MSCI All Country World Index with selected headlines from Q2 2026

1 YEAR (Q3 2025–Q2 2026)



Q2 2026



APRIL

04/03 "Hiring Defied Expectations in March, With 178,000 New Jobs"

04/08 "Stocks Jump After US, Iran Walk Back From the Brink"

04/12 "Trump Announces US Blockade of Strait of Hormuz"

04/15 "S&P Hits 7000, Closing at First Record Since January"

04/22 "US Officials Try to Get a Grip on Risks Bubbling Inside Private Credit"

MAY

05/06 "Oil Drops Sharply on Hopes of US-Iran Agreement"

05/08 "US Adds 115,000 Jobs in April With Solid Hiring Across Sectors"

05/12 "Inflation Soared to 3.8% in April, Driven by Gasoline Prices"

05/13 "Kevin Warsh Is Confirmed as Fed Chair in 54–45 Senate Vote"

05/15 "Mounting Inflation Pressures Deepen Global Bond Slide"

JUNE

06/05 "May Jobs Growth Puts US on a Strong Hiring Streak"

06/05 "Nasdaq Suffers Worst Week in More Than a Year"

06/10 "Inflation Heated Up to 4.2% in May, as Energy Costs Continued to Bite"

06/11 "ECB Becomes First Major Central Bank to Raise Rates Since Inflation Resurgence"

06/11 "SpaceX Officially Raises $75 Billion in Record-Breaking IPO"

06/14 "US and Iran Have Reached a Deal to Stop Fighting, Reopen Shipping"

06/17 "Fed Holds Rates Steady, but More Officials See Higher Rates as Next Move"

06/22 "UK Prime Minister Keir Starmer Quits Amid Rebellion"

06/28 "US and Iran Agree to Halt Days of Fighting Over Strait"

06/30 "S&P 500, Nasdaq on Pace for Best Quarter in Six Years"

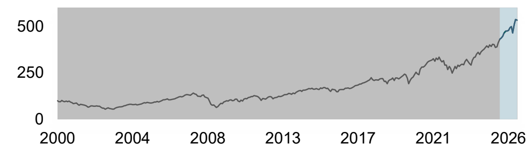
These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.

Graph Source: MSCI ACWI Index (net dividends). MSCI data © MSCI 2026, all rights reserved. Index level based at 100 starting January 2000.
It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio.
Past performance is not a guarantee of future results.

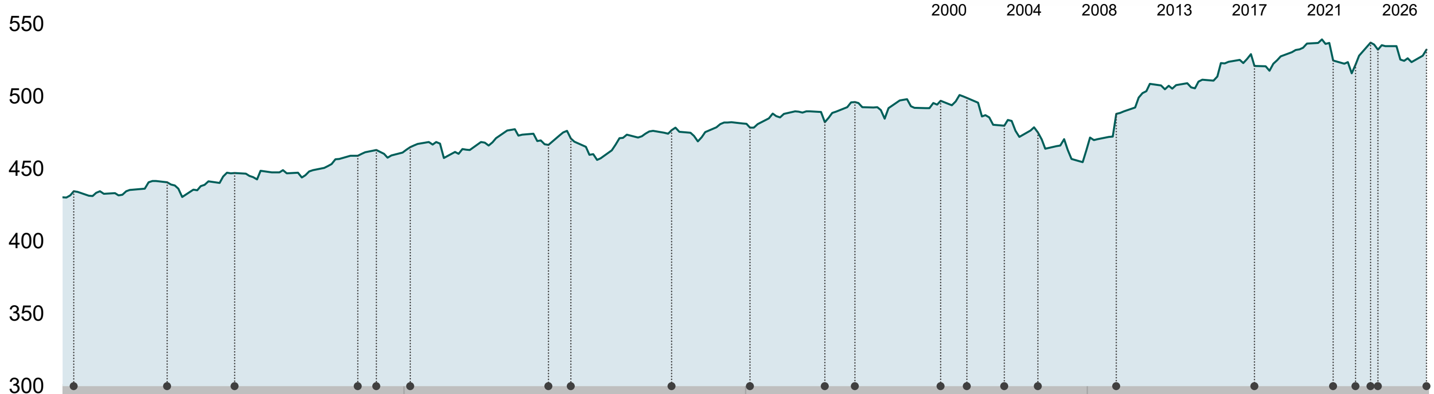
World Stock Market Performance

MSCI All Country World Index with selected headlines from past 12 months

LONG TERM (2000–Q2 2026)



SHORT TERM (Q3 2025–Q2 2026)



Q3 2025

07/03 “President Trump's Megabill Passes House Vote”

07/27 “Trump and EU Reach Tariff Deal, Avoiding Trade War”

08/16 “Trump-Putin Summit Ends Without Breakthrough”

09/17 “Fed Cuts Rates by Quarter Point and Signals More Are Likely”

09/22 “A Deal Between AI Powers Lifts Stock Market to a Record”

Q4 2025

10/01 “Government Shutdown Begins as Funding Lapses”

11/07 “Nasdaq Has Its Worst Week Since April”

11/13 “Trump Signs Spending Bill, Ending Longest Shutdown in US History”

12/10 “Fed Cuts Rates Again, Signals It May Be Done for Now”

12/31 “Stock Markets Close Out a Record-Setting Year”

Q1 2026

01/20 “Tensions Over Greenland Rattle Wall Street”

01/28 “Fed Holds Rates Steady for First Time Since July”

02/20 “Supreme Court Strikes Down Trump’s Global Tariffs”

02/28 “US and Israel Attack Iran”

03/08 “Oil Tops $100 a Barrel for First Time Since 2022”

03/18 “Fed Holds Steady and Maintains Rate-Cut Projection”

Q2 2026

04/08 “Stocks Jump After US, Iran Walk Back From the Brink”

05/15 “Mounting Inflation Pressures Deepen Global Bond Slide”

06/05 “May Jobs Growth Puts US on a Strong Hiring Streak”

06/11 “SpaceX Officially Raises $75 Billion in Record-Breaking IPO”

06/14 “US and Iran Have Reached a Deal to Stop Fighting, Reopen Shipping”

06/17 “Fed Holds Rates Steady, but More Officials See Higher Rates as Next Move”

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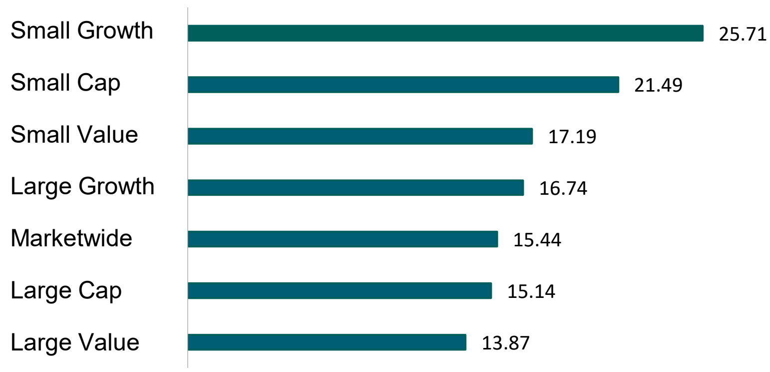
US Stocks

Returns (USD), 2nd Quarter 2026

- The US equity market posted positive returns for the quarter and outperformed non-US developed markets but underperformed emerging markets.
- Value underperformed growth.
- Small caps outperformed large caps.
- REIT indices underperformed equity market indices.

Ranked Returns (%)



Periodic Returns (%)

Asset Class	QTR	YTD	ANNUALIZED 1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Small Growth	25.71	22.18	38.74	18.44	5.57	11.97	10.81	9.53
Small Cap	21.49	22.57	40.78	18.60	6.98	11.62	10.52	8.88
Small Value	17.19	22.99	43.01	18.73	8.23	10.89	9.97	7.98
Large Growth	16.74	5.33	17.71	22.58	13.71	18.58	16.47	13.58
Marketwide	15.44	10.88	22.82	20.36	12.31	15.06	13.89	11.16
Large Cap	15.14	10.33	22.02	20.47	12.66	15.30	14.15	11.33
Large Value	13.87	16.26	27.12	17.79	11.17	11.52	11.47	8.79

World Market Capitalization

63% **US Market**
$72.3 trillion

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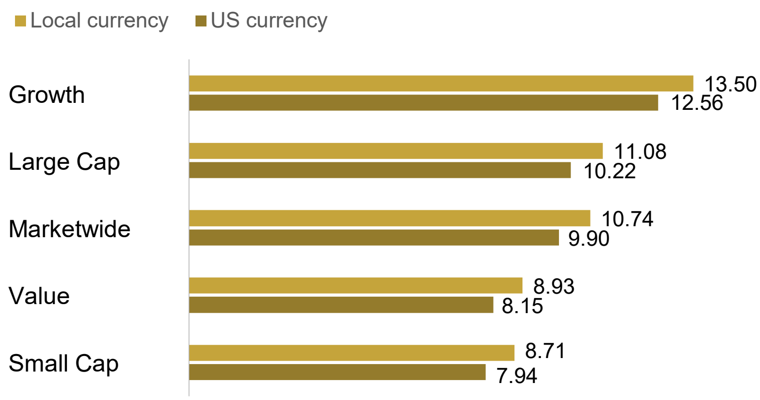
International Developed Stocks

Returns (USD), 2nd Quarter 2026

- Developed markets outside of the US posted positive returns for the quarter and underperformed both US and emerging markets.
- Value underperformed growth.
- Small caps underperformed large caps.

Ranked Returns (%)



Periodic Returns (%)

			ANNUALIZED					
Asset Class	QTR	YTD	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Growth	12.56	7.37	12.86	11.60	4.93	8.58	6.54	5.62
Large Cap	10.22	9.19	20.99	16.90	9.32	9.84	6.89	5.65
Marketwide	9.90	8.96	20.76	16.85	8.84	9.70	6.91	5.73
Value	8.15	10.85	29.33	22.29	13.64	10.82	7.03	5.50
Small Cap	7.94	7.54	19.36	16.51	6.03	8.91	7.12	6.09

World Market Capitalization

25% **International Developed Markets**
$28.5 trillion

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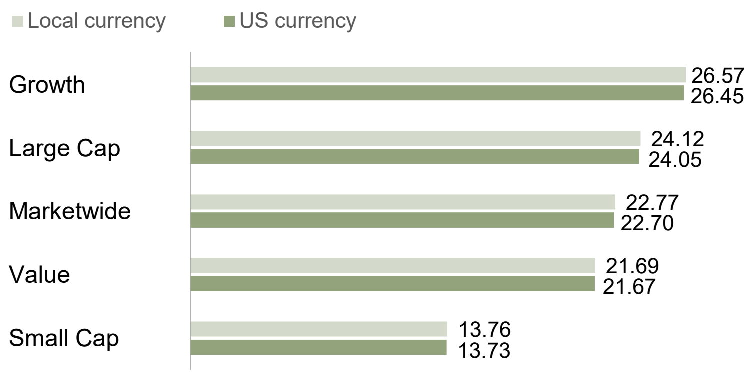
Emerging Markets Stocks

Returns (USD), 2nd Quarter 2026

- Emerging markets posted positive returns for the quarter and outperformed both US and non-US developed markets.
- Value underperformed growth.
- Small caps underperformed large caps.

Ranked Returns (%)



Periodic Returns (%)

			ANNUALIZED					
Asset Class	QTR	YTD	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Growth	26.45	24.64	44.66	23.66	5.32	10.60	6.19	7.10
Large Cap	24.05	23.85	43.51	23.03	7.20	10.07	5.25	6.76
Marketwide	22.70	22.41	40.30	22.11	7.17	9.98	5.25	6.88
Value	21.67	23.01	42.27	22.30	9.17	9.44	4.20	6.32
Small Cap	13.73	12.89	20.89	16.30	7.16	9.48	5.41	7.72

World Market Capitalization

12% **Emerging Markets**
$14.0 trillion

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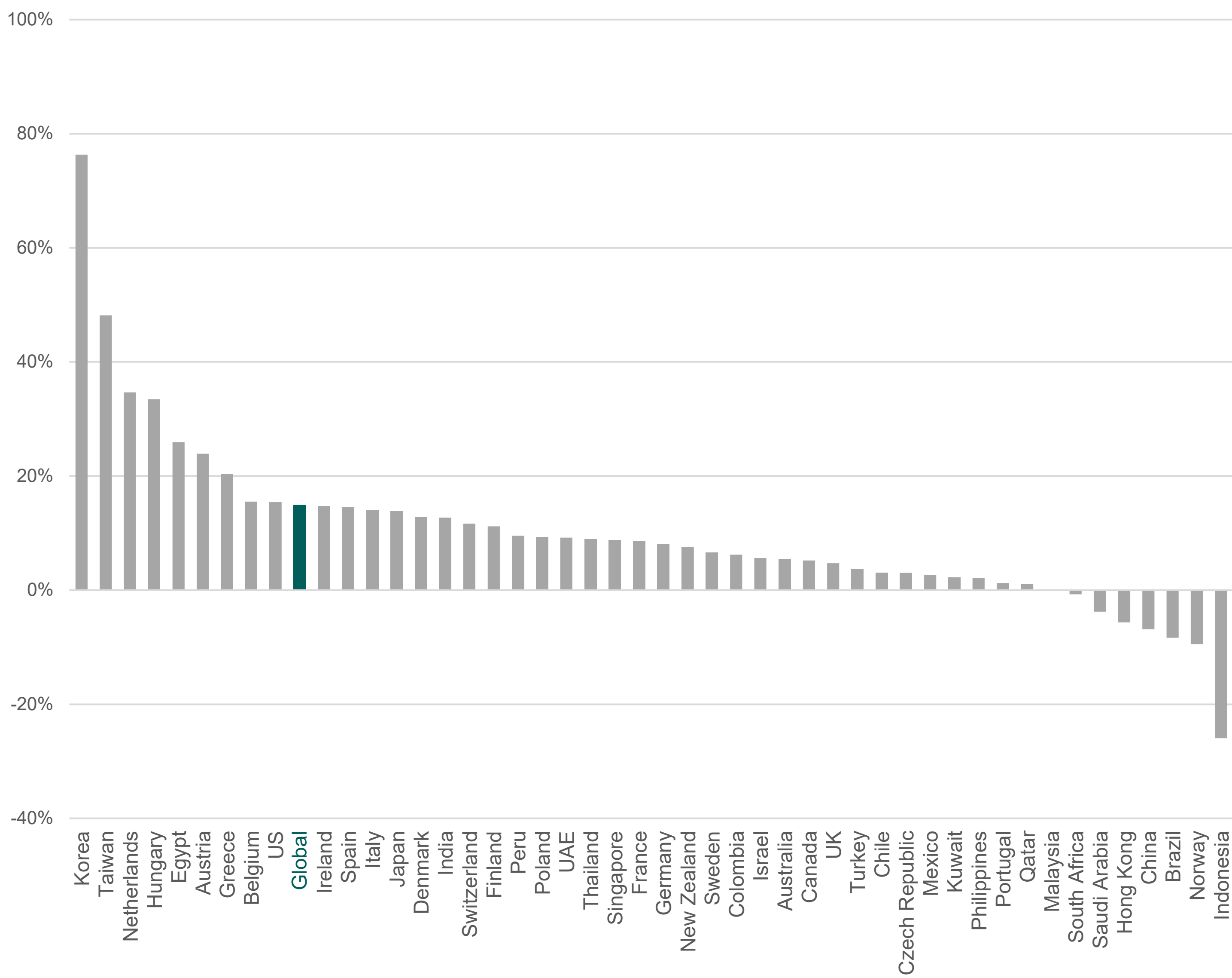
Country Returns

Returns (USD), 2nd Quarter 2026



Past performance is no guarantee of future results. Country returns are the country component indices of the MSCI All Country World IMI Index for all countries except the United States, where the Russell 3000 Index is used instead. Global is the return of the MSCI All Country World IMI Index. MSCI index returns are net dividend. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio.

Real Estate Investment Trusts (REITs)

Returns (USD), 2nd Quarter 2026

- US real estate investment trusts outperformed non-US REITs during the quarter.

Ranked Returns (%)

Periodic Returns (%)

			ANNUALIZED					
Asset Class	QTR	YTD	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
US REITS	12.37	17.58	22.59	12.39	5.70	5.43	7.67	6.14
Global ex US REITS	7.23	-1.22	3.92	7.52	-1.00	1.52	2.96	2.41

Total Value of REIT Stocks

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Number of REIT stocks and total value based on the two indices. All index returns are net of withholding tax on dividends. Total value of REIT stocks represented by Dow Jones US Select REIT Index and the S&P Global ex US REIT Index. Dow Jones US Select REIT Index used as proxy for the US market, and S&P Global ex US REIT Index used as proxy for the World ex US market.

Fixed Income

Returns (USD), 2nd Quarter 2026

Within the US Treasury market, interest rates generally increased during the quarter.

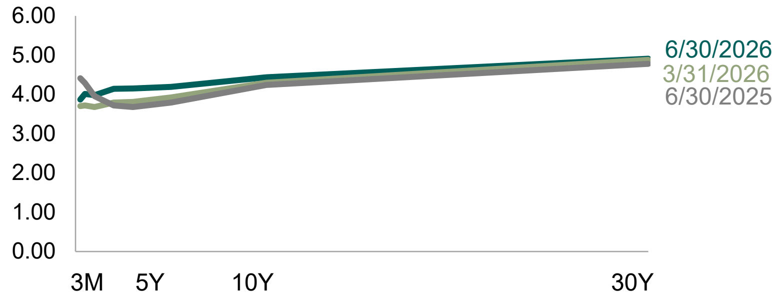
On the short end of the yield curve, the 1-Month US Treasury Bill yield decreased by 4 basis points (bps) to 3.70%. The 1-Year US Treasury Bill yield increased 30 bps to 3.98%. The yield on the 2-Year US Treasury Note increased 35 bps to 4.14%.

The yield on the 5-Year US Treasury Note increased 27 bps to 4.19%. The yield on the 10-Year US Treasury Note increased 14 bps to 4.44%. The yield on the 30-Year US Treasury Bond increased 3 bps to 4.91%.

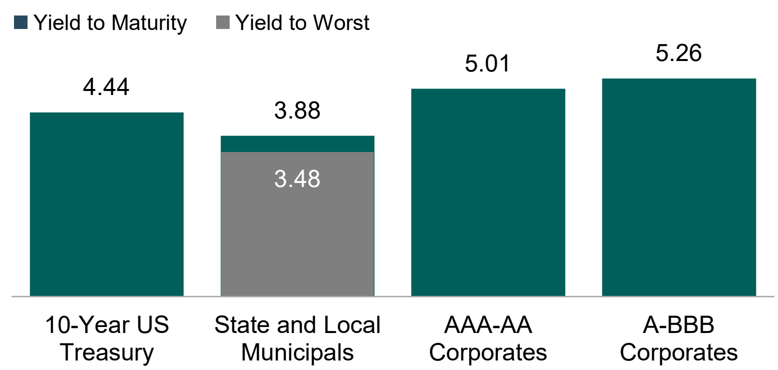
In terms of total returns, short-term US treasury bonds returned +0.18% while intermediate-term US treasury bonds returned +0.22%. Short-term corporate bonds returned +0.84% and intermediate-term corporate bonds returned +0.98%.[1]

The total returns for short- and intermediate-term municipal bonds were +0.87% and +1.51%, respectively. Within the municipal fixed income market, general obligation bonds returned +2.35% while revenue bonds returned +2.57%.[2]

US Treasury Yield Curve (%)



Bond Yields Across Issuers (%)



Periodic Returns (%)

Asset Class	QTR	YTD	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
			ANNUALIZED					
Bloomberg Municipal Bond Index	2.50	2.32	7.03	3.76	1.05	2.15	3.20	3.63
Bloomberg U.S. High Yield Corporate Bond Index	2.47	1.96	5.91	8.86	4.17	5.81	5.82	6.68
Bloomberg U.S. TIPS Index	0.89	1.15	3.42	3.98	1.01	2.58	2.60	3.66
ICE BofA US 3-Month Treasury Bill Index	0.89	1.74	3.84	4.64	3.52	2.34	1.58	1.69
FTSE World Government Bond Index 1-5 Years (hedged to USD)	0.86	1.09	3.20	4.74	2.08	2.00	1.95	2.49
Bloomberg U.S. Government Bond Index Long	0.85	0.45	2.91	-0.43	-5.57	-1.29	2.39	3.58
Bloomberg U.S. Aggregate Bond Index	0.67	0.62	3.79	4.16	0.08	1.54	2.28	3.32
ICE BofA 1-Year US Treasury Note Index	0.61	1.21	3.37	4.38	2.70	2.08	1.50	1.89
FTSE World Government Bond Index 1-5 Years	0.58	0.10	1.54	4.17	0.31	0.79	0.02	1.65

1. Bloomberg US Treasury and US Corporate Bond Indices.
2. Bloomberg Municipal Bond Index.

One basis point (bps) equals 0.01%. **Past performance is not a guarantee of future results.** Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Yield curve data from Federal Reserve. State and local bonds, and the Yield to Worst are from the S&P National AMT-Free Municipal Bond Index. AAA-AA Corporates represent the ICE BofA US Corporates, AA-AAA rated. A-BBB Corporates represent the ICE BofA Corporates, BBB-A rated. Bloomberg data provided by Bloomberg. US long-term bonds, bills, inflation, and fixed income factor data © Stocks, Bonds, Bills, and Inflation (SBBI) Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefield). Bloomberg data provided by Bloomberg.

Global Fixed Income

Yield curves, 2nd Quarter 2026

Interest rate changes were mixed across global developed markets for the quarter. In the US and Japan, interest rates increased. However, interest rates decreased in the UK, Germany, Canada, and Australia.

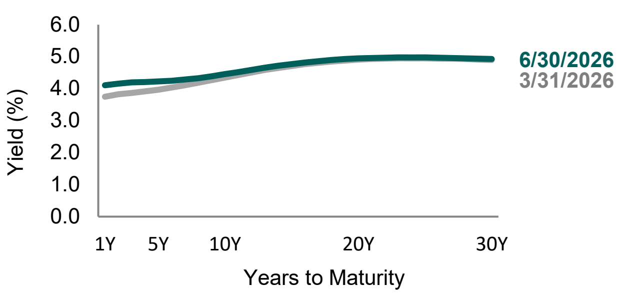
Outside of the US, realized term premiums were generally mixed across global developed markets. In the UK, Canada and Australia term premiums were positive. In Japan term premiums were negative.

In Canada, the yield curve remained generally upwardly sloped. In the UK, the short-term maturity range was relatively flat while the intermediate- to long-term maturity range remained upwardly sloped. In Germany, the short-term maturity range flattened while the intermediate-to long-term maturity range remained upwardly sloped. In Australia, the short-term maturity range inverted while the intermediate- to long-term maturity range remained upwardly sloped. In Japan, the yield curve remained generally upwardly sloped.

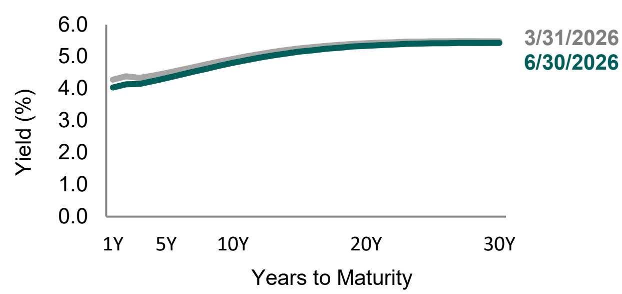
Changes in Yields (bps) Since 03/31/2026

	1Y	5Y	10Y	20Y	30Y
US	35.9	25.4	10.6	4.0	2.9
UK	-24.5	-15.9	-12.7	-8.0	-5.4
Germany	-7.8	-12.8	-13.5	-8.2	-4.0
Japan	5.3	12.4	30.2	30.4	20.5
Canada	-9.4	-6.6	-10.2	-9.8	-8.9
Australia	-0.1	-30.2	-23.2	-16.3	-10.6

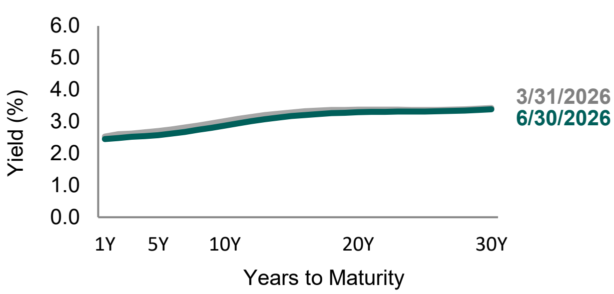
US



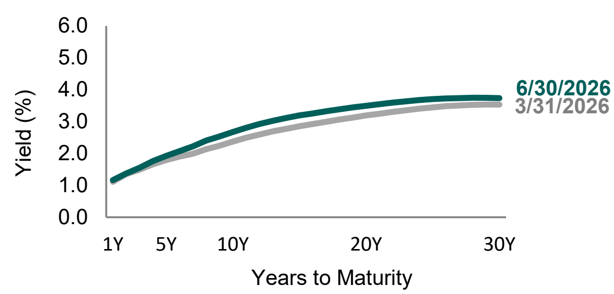
UK



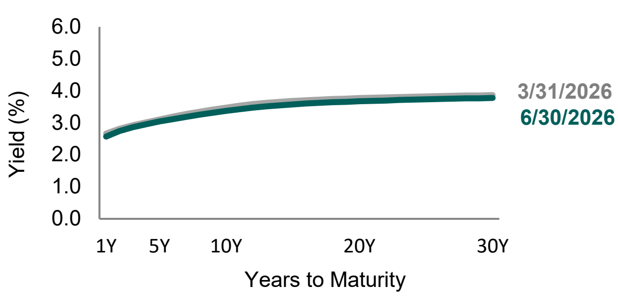
Germany



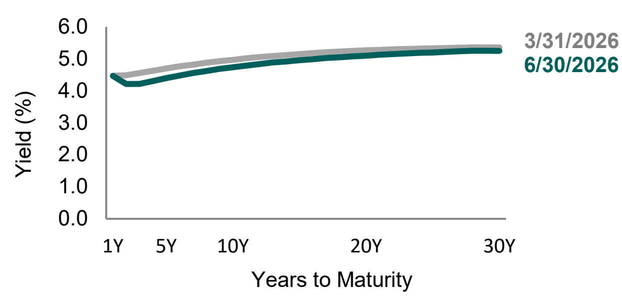
Japan



Canada



Australia



One basis point (bps) equals 0.01%. Source: ICE BofA government yield. ICE BofA index data © 2026 ICE Data Indices, LLC.