

Monthly Market Review

Multi-Asset Class | February 2026

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U.S. Equity

- Domestic equity markets, as represented by the S&P 500 Index (S&P) and the Russell 3000 Index, returned 1.4% and 1.5% respectively in January.¹
- Eight of the 11 sectors saw positive returns for the month. The Energy sector was the best performing sector, returning 14.4% for the month, followed by Materials at 8.7%. The Financials sector was the worst performing sector, returning -2.5% in January.
- Market performance continued to broaden in January as mid-caps (Russell Mid Cap Index) and small-caps (Russell 2000 Index) saw strong performance returning 3.1% and 5.4%, respectively. Large-caps (Russell 1000 Index) returned a slightly cooler 1.4% for the month. Value stocks outperformed growth stocks across all capitalizations in January.
- According to FactSet Earnings Insight as of January 30, 2026, the blended earnings growth rate (with 33% of companies reporting actual results) for the S&P 500 for Q4 2025 is 11.9%. If this estimate holds, it would be the fifth consecutive quarter of double-digit growth for the index. Supporting this estimate is the blended net profit margin, which is currently estimated at 13.2%, the highest rating in more than 15 years, despite ongoing tariff pressures. Looking forward, the continued strength of EPS growth is underpinned, in part, by estimates that see continued growth of net profit margins, with more record-breaking profits through year end.

Non-U.S. Equity

- Non-U.S. equity markets, represented by the MSCI ACWI ex-U.S. Index returned 6.0% in January. Developed markets, represented by the MSCI EAFE Index returned 5.2% as Europe (MSCI Europe) returned 4.5% and Japan (MSCI Japan) returned 6.6%. Emerging markets (EM), as represented by the MSCI Emerging Markets Index, returned 8.9%. The EM returns continues to be supported by the AI enthusiasm, with strong returns from Korea (MSCI Korea) and Taiwan (MSCI Taiwan), at 28.1% and 11.2% respectively, however the EM rally has begun to spread with Latin America (MSCI EM Latin American) returning 15.3%. All the international indices continue to benefit from the weakening dollar, as returns are stated in USD.
- Within the ACWI ex-U.S. Index, 10 of the 11 sectors posted positive returns. Information Technology was the best performing sector for the month, returning 12.8%, while the Materials sector was the second-best performer, returning 10.5%. Consumer Discretionary was the worst performing sector, posting a return of -0.8%.

Fixed Income

- In January, the Treasury yield curve saw a slight increase in yields across the duration spectrum. The 2-year yield rose 4 basis points (bps) while the 5-year rose 6 bps. The yield on the 10- and 30-year rose 7 bps and 2 bps, respectively.

- The Federal Reserve (Fed) met in January, leaving the federal funds target rate unchanged at an upper bound of 3.8%, in line with expectations after three consecutive rate cuts in 2025. Market expectations are currently predicting two further rate cuts in 2026.
- The Bloomberg U.S. Aggregate Index returned 0.1% in January. Investment-grade (IG) credit returned 0.2%, AAA-rated bonds returned 0.1%, AA-rated bonds returned a flat 0%, A-rated bonds returned -0.1% and BBB-rated bonds returned 0.3%. High-yield corporates, as represented by ICE BofA U.S. High Yield Index outperformed investment grade returning 0.5% during the month. The Broad Treasury Index returned 0.1% as yields rose. Spreads narrowed slightly across the corporate credit spectrum, with both High-yield and IG near multi-decade lows.

Listed Real Assets

- During January, real estate investment trusts (REITs), as represented by the MSCI U.S. REIT Index and the FTSE NAREIT Index returned 3.0% and 3.1%, respectively. The Diversified and Data Center sectors saw the strongest performance for the month, while the Residential sector stood as the most challenged. Listed Infrastructure, represented by the MSCI World Core Infrastructure Index, returned 3.8% for the month, supported by strong energy demand..

Items to Watch

- Coming into 2026, we are watching for signs of resurgence in economic activity indicators due to improving growth outlook as a result of accommodative fiscal and monetary policies. While a partial government shutdown has once again delayed several key economic readings we look to private data such as the ISM Manufacturing PMI to continue to gauge economic health.
- In January, the ISM Manufacturing PMI rose to 52.6, indicating expansion for the first time in 12 months as improvements in new orders and production measures lifted readings. Some of this improvement is tempered by commentary noting that January is a "reorder" month which may cause the new-order measure to be temporarily heightened.
- The new Fed Chair nominee was chosen by President Trump in January. Kevin Warsh has been nominated to replace Chair Jerome Powell after his tenure ends in May and will become the new Fed Chair if approved by the Senate. Whether Powell will stay on board of governors has yet to be announced, leaving two voting seats in flux.

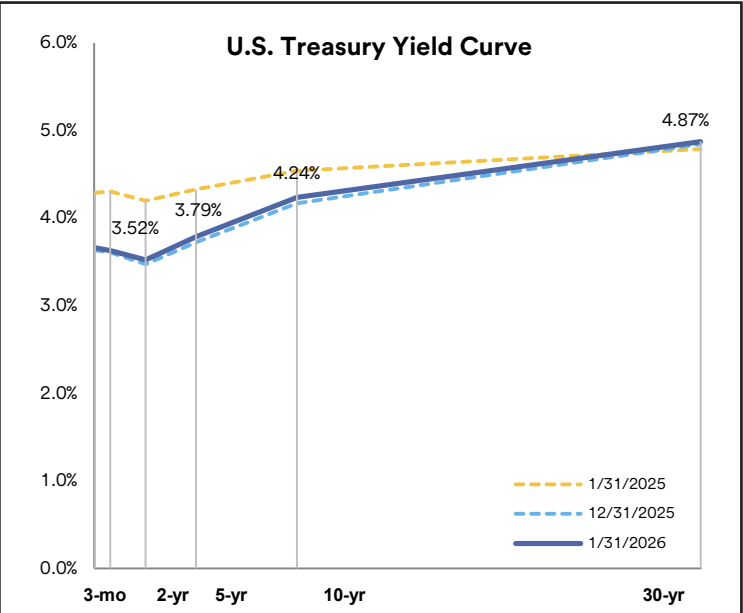
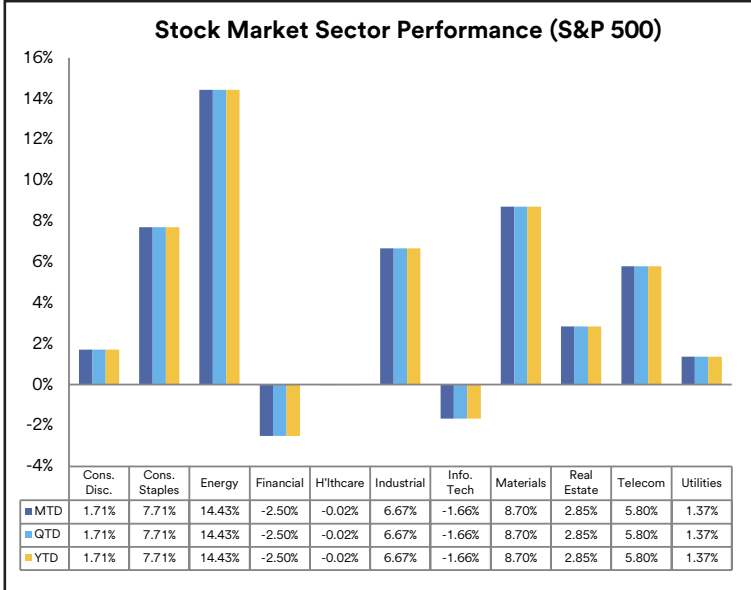
Sources

- Bloomberg
- FactSet

1 - All returns are expressed as total returns (price returns net of dividends).

Total Return of Major Indices				
Domestic Equity	MTD	QTD	YTD	1 YR
S&P 500	1.44%	1.44%	1.44%	16.32%
Russell 3000	1.54%	1.54%	1.54%	15.30%
Russell 2000	5.39%	5.39%	5.39%	15.84%
Russell 1000	1.37%	1.37%	1.37%	15.28%
International Equity	MTD	QTD	YTD	1 YR
MSCI ACWI ex-U.S.	5.98%	5.98%	5.98%	34.87%
MSCI EAFE	5.22%	5.22%	5.22%	31.18%
MSCI Emerging Markets	8.85%	8.85%	8.85%	42.84%
Fixed Income	MTD	QTD	YTD	1 YR
Bloomberg U.S. Agg	0.11%	0.11%	0.11%	6.85%
Bloomberg Global Agg	0.94%	0.94%	0.94%	8.56%
ICE BofA U.S. HY	0.48%	0.48%	0.48%	7.54%
Listed Real Assets	MTD	QTD	YTD	1 YR
MSCI U.S. REIT	3.02%	3.02%	3.02%	3.72%
FTSE NAREIT Index	3.05%	3.05%	3.05%	4.92%
MSCI World Core Infrastructure	3.75%	3.75%	3.75%	18.18%

Economic Indicators		
Domestic	Current	Previous Month
Unemployment Rate (%)	4.4%	4.5%
Initial Jobless Claims (4 week avg)	206.3 K	204 K
CB Leading Economic Indicators	-0.3	-0.1
Capacity Utilization	76.3%	76.1%
GDP (annual growth rate)	4.4%	3.8%
University of Michigan Consumer Confidence	56.4	52.9
New Home Starts	737 K	738 K
Existing Home Sales	4.4 MM	4.1 MM
Retail Sales (YoY)	3.3%	3.3%
U.S. Durable Goods (MoM)	5.3%	-2.1%
Consumer Price Index (YoY)	2.7%	2.7%
Producer Price Index (MoM)	0.0%	1.0%
Developed International*	9/30/2025	6/30/2025
Market GDP (ann'l rate)	1.3%	1.6%
Market Unemployment	5.0%	4.8%



Source: Bloomberg. Data as of January 31, 2026, unless otherwise noted.

*Developed market data is calculated with respect to the weightings in the MSCI World ex-U.S. Index. Most current data is as of September 30, 2025 due to release dates of numerous countries.

**P/E ratios are calculated based on one-year-forward estimates and adjusted to include only positive earning results for consistency.

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