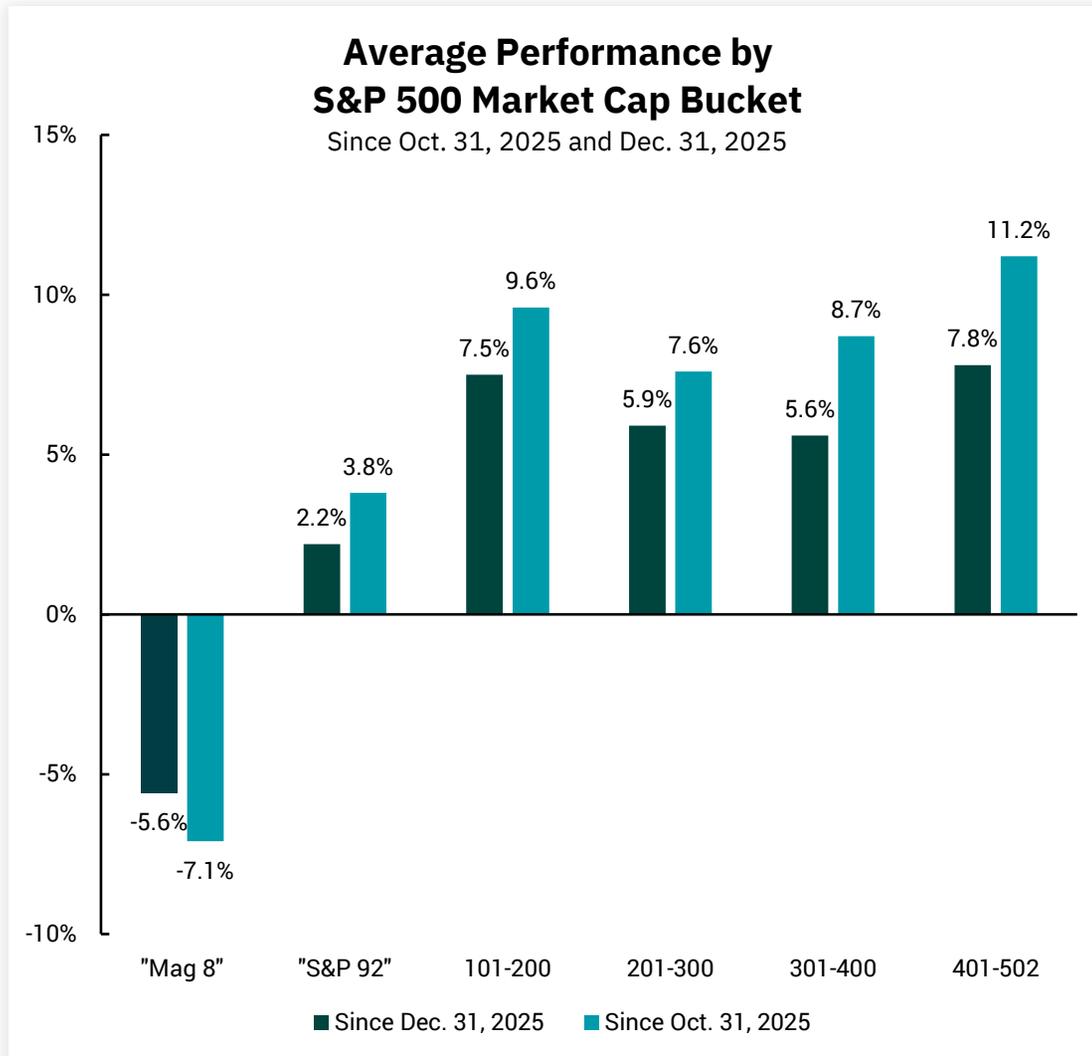


By the numbers



Chart of the week (Feb. 27, 2026)



We have written extensively about the concentration of market capitalization, and performance, at the very top of the S&P 500 index. The top eight companies in the index represent a material portion of the its overall market cap, meaning the performance of the S&P 500 is being driven by a small number of companies. While not inherently bad per se, this concentration means the risk characteristics of this “diversified” index are different than times past. In short, the index is riskier.

One of the key parts of our 2026 outlook was the belief that economic strength would broaden beyond the top companies within the S&P 500. We included in this broadening thesis the idea that mid- and small-cap companies could see earnings growth accelerate, too. The idea then was that the performance of non-Mag 8 S&P 500 companies, along with mid- and small-cap companies, could be higher going forward, while the overall performance of the S&P 500 might languish. (We have added Broadcom (AVGO) to the more common Mag 7—which includes Apple, Microsoft, Amazon, Alphabet (Google), Tesla, Nvidia and Meta—to form a Mag 8.)

Our chart this week shows that this is what is happening so far this year. Through the close of business on Feb. 24, the overall S&P 500 index performance is less than 1%, basically flat. Yet, the performance of the Mag 8 is negative since Oct. 31 and year-end 2025. Moving to the right, we see that the remaining 492 stocks in the S&P 500 are positive in both time periods. The “smallest” 100 companies in the S&P 500 are up the most. This means that an “equal-weighted” index of the S&P 500 is outperforming the “capital-weighted” index we all follow.

While not shown in the chart, mid-cap and small-cap indexes are also positive year-to-date, with both up over 9%. We are also seeing a continuation of a trend that started last year, as developed international stocks are up about 8.5% and emerging market stocks are up over 11%, on a year-to-date basis.

We point this out to remind investors that a diversified approach means performance within overall portfolios can differ from the headlines. When investors were being paid to take the risk of just a few companies, a diversified approach lagged to some degree. However, we diversify to manage risk, and as the risk of the S&P 500 increased, we became even more committed to managing risk through diversification. The net result has been a period of relative outperformance over the last 12-18 months, and we remain committed to staying diversified going forward.

By the numbers

Commentary (Feb. 27, 2026)



Domestic Equities

- U.S. equities closed the month of February with losses in many parts of the market. Despite the mostly positive earnings season that played out over the month, concerns over artificial intelligence (AI) spending, geopolitical tensions and economic data weighed on investor sentiment.
- The AI trade, which dominated markets in 2025, has lost momentum on concerns over whether massive AI capital spending will yield sufficient near-term returns. Additionally, reports suggesting AI will render most software obsolete within the next few years weighed heavily on that industry. The tech-heavy Nasdaq Composite Index fell close to 5% for the month.
- As investors rotated out of tech, “real economy” sectors like utilities, energy and industrials are outperforming. The Dow Jones Industrial Average was nearly flat for the month and remains positive year-to-date.
- Nuclear talks between the U.S. and Iran have caused volatility in oil prices. Offshore services, infrastructure and specialized energy technologies companies have seen strong gains year-to-date.

Bonds

- U.S. Treasury yields were lower on safe-haven buying as risk-assets remained under pressure. The rallying in U.S. Treasuries pushed the yield on the 10-year maturity below 4%, its lowest level since last October.
- Freddie Mac’s Monthly Volume Summary released on Wednesday showed a limited change in the size of the agency’s portfolio despite President Trump’s \$200 billion government-sponsored enterprise (GSE) purchase directive that was announced publicly on Jan. 8.
- 30-year mortgage rates fell below 6% for the first time since 2022 based on the weekly Freddie Mac Primary Mortgage Survey as reported Thursday.
- Leverage loans spreads widened as concerns over software debt mount. In particular, the spread on the Bloomberg Leverage Loan Index finished the week at its widest level since April 2025.
- European developed market sovereign bonds continued to rally. Most notably, the yield on the U.K. 10-year gilt fell to its lowest level since October 2024, with the announcement that they plan to slash bond sales in the coming years expected to provide a positive tailwind for the market.

International Equities

- Foreign stocks rose despite ongoing global trade uncertainty, disruptions related to artificial intelligence and persistent geopolitical tensions involving Iran as the U.S. expands its military presence in the region.
- Developed markets advanced this week, with gains in Japan and across multiple European markets. European stocks continue to benefit from improved sentiment as high U.S. technology valuations, concerns about AI spending and a positive earnings season have led investors to diversify. Additionally, European companies have announced over \$100 billion in share buybacks so far in 2026, further supporting market sentiment.
- Emerging markets rose for the third consecutive week, supported by continued strong performance from Asian technology stocks. Companies involved in memory chips and semiconductors have posted impressive gains year-to-date. Mexico’s economic growth slowed for a fourth year in 2025, with its gross domestic product (GDP) increasing 0.6% year over year. The country continues to face headwinds from a large budget deficit, trade uncertainty and cartel violence.

Economics

- On Tuesday, Consumer Confidence rose to 91.2, exceeding the consensus estimate of 88.0. This stronger-than-expected reading suggests that consumers remain resilient despite mixed signals elsewhere in the economy. The report pointed to improving sentiment around labor-market conditions and the near-term economic outlook.
- On Thursday, weekly jobless claims came in at 212,000, better than the consensus estimate of 215,000, though slightly above the prior week’s 208,000. The data indicates a still-stable labor market with only modest week-to-week fluctuations.
- On Friday, the Producer Price Index (PPI) increased 2.9% year over year, slightly above the 2.8% consensus. Excluding food and energy, core PPI rose 3.6% year over year, reflecting ongoing pressure in service-sector input costs. The modest upside surprise contributed to a cautious market tone, as investors evaluated how producer-side inflation may influence the Federal Reserve’s timeline for potential rate cuts.

Weekly Market Update

For Week Ending February 27, 2026

Markets

	Last Price	Change From Prior Week	Change From Year End	Change From Year Ago
Capital Markets				
Dow Jones Industrial Avg	48,977.92	-1.3%	2.1%	15.2%
S&P 500 Index	6,878.88	-0.4%	0.7%	18.8%
NASDAQ Composite	22,668.21	-0.9%	-2.4%	23.1%
S&P 400 Midcap Index	3,575.27	-0.9%	8.3%	18.4%
S&P 600 Smallcap Index	1,580.95	-1.5%	7.9%	19.0%
MSCI EAFE	11,674.46	1.2%	10.1%	34.4%
MSCI Emerging Markets	880.23	2.8%	14.8%	47.2%
Bloomberg US Agg	2,389.86	0.5%	1.7%	6.7%
Bloomberg Municipal 5 Yr	528.83	0.1%	1.8%	5.4%
Bloomberg US Corporate	3,597.34	0.2%	1.5%	6.9%
Bloomberg Glb Agg ex US Hdg	619.24	0.4%	1.6%	3.9%
Bloomberg High Yield	2,934.74	-0.2%	0.7%	7.2%
MSCI US REIT Index	2,610.18	1.0%	11.1%	8.8%
Bloomberg Commodity Index	308.23	1.7%	11.6%	21.5%

	Last Price/Yield	Prior Week	Year End	Year Ago
Key Rates				
Fed Funds Target	3.75%	3.75%	3.75%	4.50%
3-Month Treasury	3.66%	3.67%	3.63%	4.30%
1-Year Treasury	3.47%	3.51%	3.47%	4.11%
2-Year Treasury	3.37%	3.48%	3.47%	4.05%
5-Year Treasury	3.50%	3.65%	3.73%	4.07%
7-Year Treasury	3.70%	3.85%	3.94%	4.17%
10-Year Treasury	3.94%	4.08%	4.17%	4.26%
30-Year Treasury	4.61%	4.72%	4.84%	4.53%

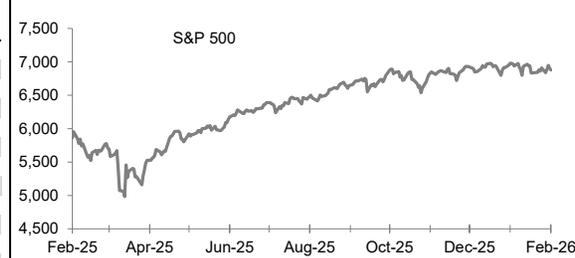
	Last Price/Yield	Prior Week	Year End	Year Ago
Consumer Rates				
30-Year Mortgage	6.11%	6.20%	6.25%	5.83%
Prime Rate	7.50%	7.50%	7.50%	8.25%
SOFR	3.68%	3.66%	3.71%	4.36%

	Last Price	Prior Week	Year End	Year Ago
Commodities				
Gold (spot)	5,278.93	5,107.45	4,319.37	2,877.52
Crude Oil WTI	67.02	66.39	57.42	70.35
Gasoline	2.98	2.94	2.83	3.11
Natural Gas	2.86	3.05	3.69	3.93
Copper	6.00	5.84	5.68	4.58

	P/E Forward	P/E Trailing	Price to Book	Current Div Yield
Index Characteristics				
Dow Jones Industrial Avg	21.24	21.85	5.59	1.61
S&P 500	21.35	24.85	5.35	1.24
S&P 500 Value	19.32	20.58	3.76	1.89
S&P 500 Growth	23.90	30.86	8.98	0.61
NASDAQ	24.76	35.24	7.70	0.67
S&P Midcap 400	17.46	19.47	2.84	1.55
S&P Smallcap 600	16.13	18.34	1.99	2.17
MSCI EAFE	16.88	18.58	2.37	2.86
MSCI Emerging Markets	13.11	18.70	2.47	2.10

Source: Bloomberg

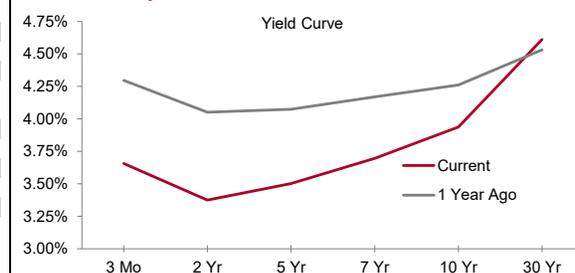
Equity Style



Style	1 Month*			Change	Year to Date*		
	Value	Core	Growth		Value	Core	Growth
Large	2.54	-1.31	-4.67	> 10%	4.83	0.67	-2.92
Mid	1.90	2.73	3.51	0% - 10%	6.60	8.34	10.01
Small	1.37	1.61	1.86	< 0%	7.95	7.90	7.88

*S&P Indices

Fixed Income Style



Style	1 Month*			Change	Year to Date*		
	Short	Interm.	Long		Short	Interm.	Long
Govt	0.65	1.29	3.57	> 10%	0.73	1.20	3.70
Corp	0.52	1.04	1.52	0% - 10%	0.78	1.19	2.08
HY	-0.01	-0.03	1.31	< 0%	0.56	0.67	2.21

1-3 Yrs 1-10 Yrs +10 Yrs

Economic Data

	Last Release	Year Ago
Inflation		
CPI Headline Inflation	2.4%	3.0%
CPI Core Inflation	2.5%	3.3%
Personal Consumption Exp (PCE) Core	3.0%	3.0%

	Last Release	Year Ago
Jobs		
Unemployment Rate (U3)	4.3%	4.0%
Broader Unemployment Rate (U6)	8.0%	7.5%
JOLT Survey (in millions)	6.54	7.51
Jobless Claims (000's)	212	243
Change in Non-Farm Payroll (000's)	130	-48
Average Hourly Earnings (Y/Y % Change)	3.7%	4.0%

	Last Release	Year Ago
Consumer & Spending		
Consumer Confidence (Conf Board)	91.2	100.1
Consumer Spending (\$ Bil)	21,475	20,514
Consumer Credit (\$ Bil)	5,109	4,948
Retail Sales (\$ Bil)	735	718

	Last Release	Year Ago
Housing		
Housing Starts (000's)	1,404	1,514
Case-Shiller Home Price Index	327.46	323.34

	Last Release	Year Ago
U.S. Productivity		
Real Gross Domestic Product (\$ Bil)	24,112	23,587
Quarter over Quarter Change	1.4%	1.9%
Year Over Year Change	2.2%	2.4%
ISM Manufacturing	52.60	50.50
Capacity Utilization	76.21	75.58
Markit US Composite PMI	52.30	51.60

	Last Release	Year Ago
U.S. General		
Leading Economic Indicators	97.6	101.6
Trade Weighted Dollar Index	118.0	127.1
EUR / USD	1.18	1.04
JPY / USD	156.05	149.81
CAD / USD	0.73	0.69
AUD / USD	0.71	0.62

S&P 500 Sector Returns

	1 Month	YTD
Energy	12.54%	25.22%
Materials	6.72%	17.82%
Consumer Staples	8.55%	16.26%
Industrials	7.35%	14.26%
Utilities	9.97%	11.85%
Real Estate	6.99%	9.38%
Health Care	3.04%	3.52%
Communication Services	-2.50%	0.37%
Consumer Discretionary	-6.68%	-3.76%
Information Technology	-6.38%	-5.51%
Financials	-2.93%	-6.03%

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