June 2026

Seacoast WEALTH MANAGEMENT

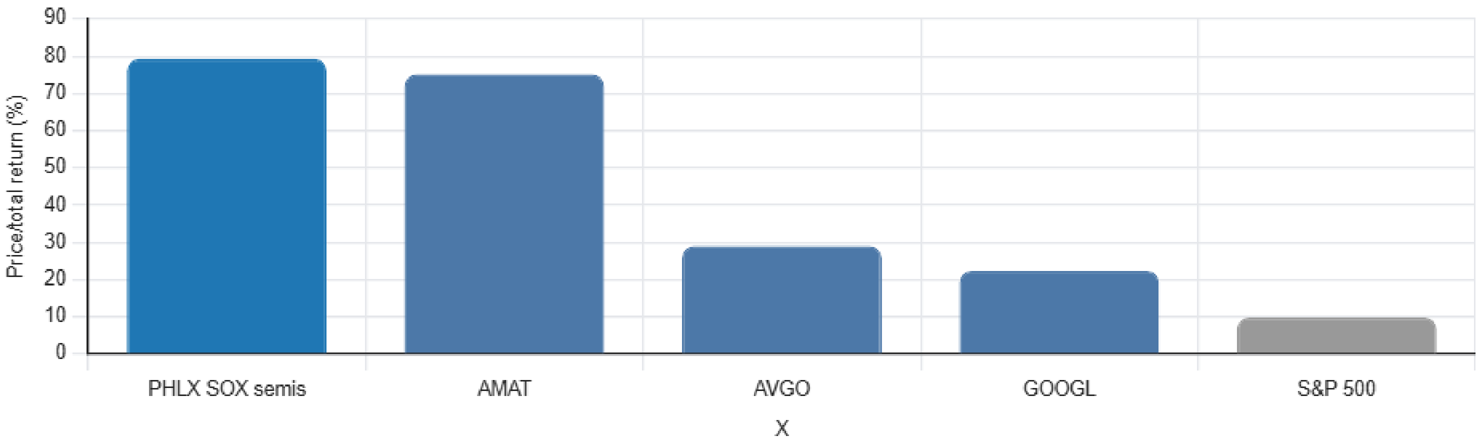
Market Update

"Deal or No Deal - As Narrow as the Strait of Hormuz"

Index	May 2026*	2026 YTD
S&P 500	5.3%	11.3%
Russell 2000	4.4%	18.1%
MSCI World, Ex-US	2.8%	9.4%
Bloomberg AGG Bond	0.3%	0.4%

*Total Returns Source: Factset Data

AI Infrastructure Leadership Fueled May's Equity Rally YTD return through late May 2026



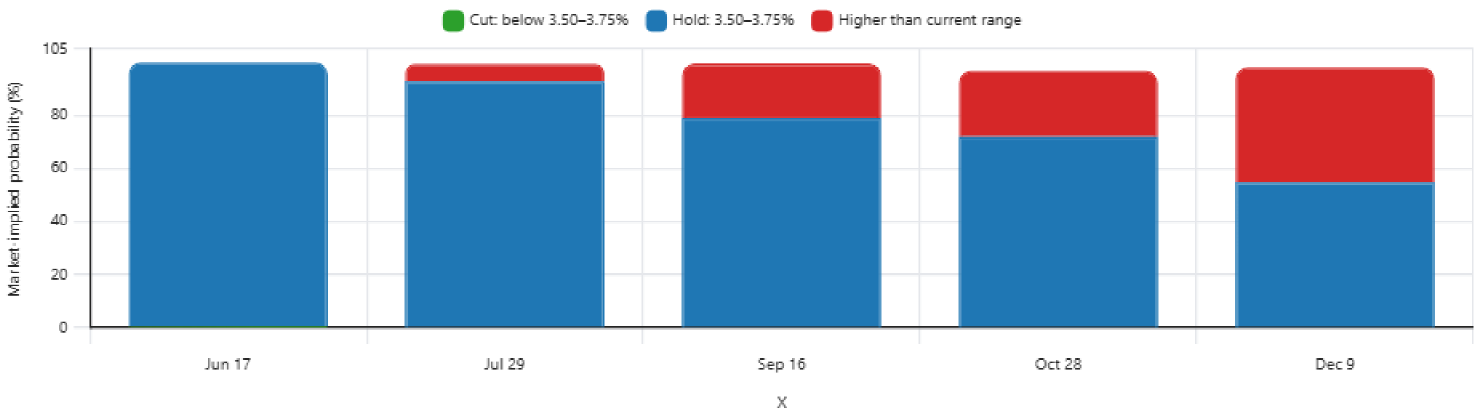
*Source: Morningstar

May's U.S. equity market performance was driven by three forces: renewed AI/semiconductor leadership, a higher-for-longer interest-rate reset, and narrowing equity breadth. For the month, the S&P 500 rose 5.3%, bringing year-to-date (YTD) total return above 11%. The Russell 2000 finished up 4.3% for May, modestly trailing large caps but continuing the stronger YTD momentum.

The dominant equity story was the "everything semiconductor" trade. The PHLX Semiconductor Index was up 79% YTD through May, far ahead of the S&P 500's 11%+ gain. This leadership helped re-accelerate large-cap growth and lifted the broader technology complex.

Sector attribution was highly concentrated. Information Technology contributed roughly +4.1 percentage points to the S&P 500's May return, with Communication Services adding about +1.0 point and Consumer Discretionary about +0.6 point. Offsets came from Energy, Industrials, Financials, Utilities, Staples, and Materials, reflecting a market led more by mega-cap secular growth than by cyclical breadth. The AI infrastructure trade remained immune from daily headlines of either impending Iran deal or impending resumption of bombing while virtually all others did not.

Fed Funds Futures: Little Near-Term Cut Probability Target range probabilities as of May 30, 2026



*Source: Investing.com

Fixed income delivered a more mixed message. Fed-funds futures showed little appetite for near-term easing: as of May 30, markets assigned a 99.4% probability to the Fed holding the 3.50%–3.75% target range at the June 17 meeting, with only 0.6% probability of a cut; by December, the probability of remaining in the current range was still 54.7%, while upside-rate scenarios had increased.

Our view is to stay invested, rebalance deliberately, and avoid over-interpreting a single month of AI-led returns. We favor quality large-cap companies with durable cash flows, selective small-cap and international exposure, and fixed income positioned for income first rather than an imminent easing cycle and higher bond prices. The key risks for the next several months include higher inflation and energy prices and a sidelined Fed, limiting valuation expansion and raising odds of recession.

As always, we appreciate the opportunity to work with you, and if you have any questions, please do not hesitate to reach out to your Seacoast Wealth Management Associate.

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Sources: JP Morgan Asset Management; NASDAQ; FactSet; Bloomberg; Broadridge: Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI, Cushing, OK); www.goldprice.org (spot gold/silver); Oanda/FX Street (currency exchange rates). News items are based on reports from multiple commonly available international news sources (i.e., wire services) and are independently verified, when necessary, with secondary sources such as government agencies, corporate press releases, or trade organizations. All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation for the purchase or sale of any securities and should not be relied on as financial advice. Forecasts are based on current conditions, subject to change, and may not come to pass. U.S. Treasury securities are guaranteed by the federal government as to the timely payment of principal and interest. The principal value of Treasury securities and other bonds fluctuates with market conditions. Bonds are subject to inflation, interest-rate, and credit risks. As interest rates rise, bond prices typically fall. A bond sold or redeemed prior to maturity may be subject to loss. Past performance is no guarantee of future results. All investing involves risk, including the potential loss of principal, and there can be no guarantee that any investing strategy will be successful. The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 largest, publicly traded companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2,000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks.