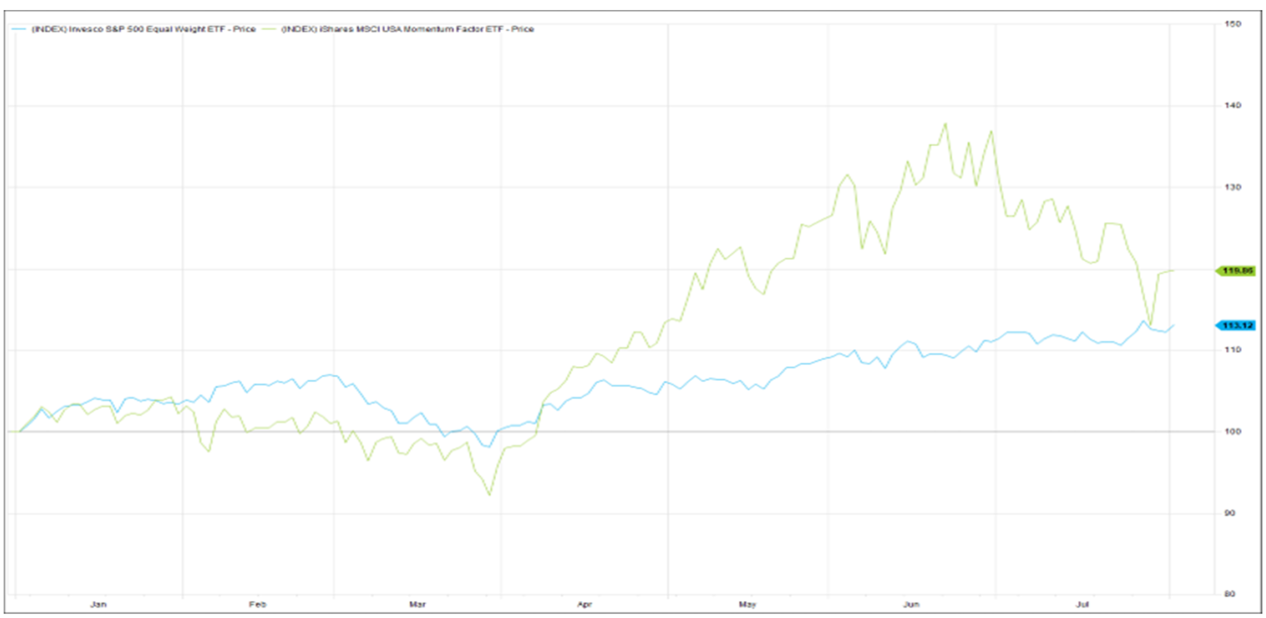
Market Update

"Tug of War"

Index	July 2026	2026 YTD
S&P 500	(0.1%)	10.1%
Russell 2000	(3.6%)	18.9%
MSCI World, Ex-US	2.1%	11.4%
Bloomberg AGG Bond	(1.3%)	(0.7%)

*Total Returns Source: Factset Data

July highlighted an increasingly divided market. The S&P 500 was flat, finishing the month near its June level, while strong earnings and resilient economic activity competed with rising rates, renewed inflation concerns and sharp changes in market leadership. The Russell 2000, the primary benchmark for U.S. small-cap stocks, remained well ahead for the year, but small caps lost ground during July as financing conditions tightened.

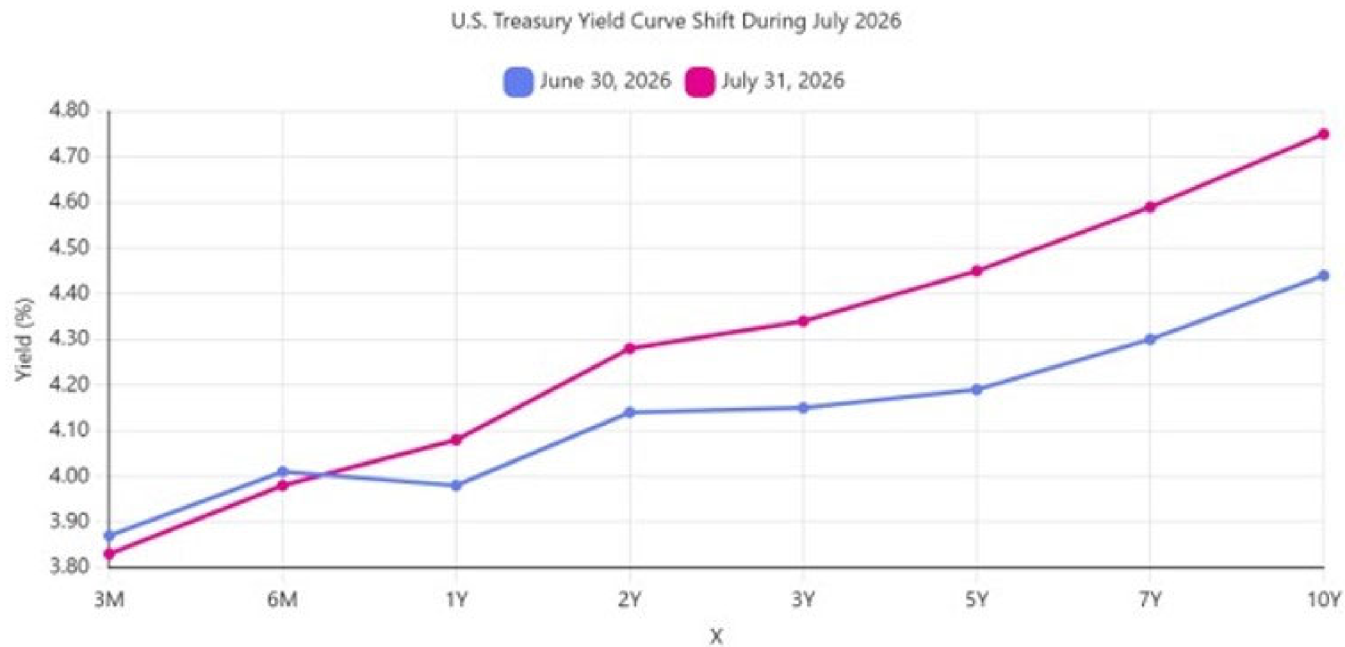


*Source: Factset Data Research

Momentum leadership turned unusually volatile. MTUM, the iShares MSCI USA Momentum Factor ETF, entered July with a substantial advantage but lost approximately 8.7% during the month as investors reduced exposure to crowded semiconductor and high-momentum positions. RSP, or an equal weighted S&P 500 was approximately flat, demonstrating that the headline weakness in former leaders did not translate into a comparable decline across the average S&P 500 constituent. MTUM nevertheless remains up 19.9% year to date, versus 13.2% for RSP.

Sector results also illustrate this rotation. Energy gained 12.1% and Financials 6.2%, providing the strongest positive support; Staples, Health Care and Real Estate also advanced. And while both Industrials and Utilities declined, Technology fell 8.0% and was the largest directional drag because of its index weight.

Similar unusual volatility showed up in Seacoast Wealth core equity holdings in July. Moves greater than 10% in stocks such as Microsoft, ConocoPhilips, Exxonmobil, ThermoFisher Scientific and Amazon were offset by large declines in fundamentally sound companies like Corning, Applied Materials, IBM, and Caterpillar Tractor. As of this writing more than half of our core holdings have reported results for the most recent quarter with only one, IBM, considered below expectations.



*Source : U.S. Department of the Treasury

In Fixed Income, interest rates rose and the curve steepened materially beyond one year. The 10-year Treasury yield increased from 4.44% to 4.75%, while the two-year rose from 4.14% to 4.28%. By contrast, the three-month yield declined four basis points to 3.83%, widening the 10-year/three-month spread from 57 to 92 basis points. The move reflected persistent inflation risk and a Federal Reserve that held its target range at 3.50%-3.75% while emphasizing its willingness to tighten if necessary.

July reinforced the value of balancing durable earnings exposure with broader sector participation. And while higher intermediate and long-term yields improve prospective bond income, they also increase downside price sensitivity, keeping us relatively short duration versus our bond benchmarks.

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.

Seacoast Wealth Management
888.669.4142
P.O. Box 9012 Stuart, FL 34995-9012