

Index	Asset Class	2026		2025
		Jan.	YTD	
Equity Indexes		Total Returns		
NASDAQ 100	Mega Cap U.S. Growth Equity	1.2%	1.2%	21.0%
S&P 500	Large Cap U.S. Equity	1.5	1.5	17.9
S&P 400	Mid Cap U.S. Equity	4.1	4.1	7.5
S&P 600	Small Cap U.S. Equity	5.6	5.6	6.0
MSCI All Country World	Global Equity	3.0	3.0	22.9
MSCI All Country World (Ex U.S.)	International Equity	6.0	6.0	33.1
MSCI Europe, Asia & Far East (EAFE)	International Developed Market Equity	5.2	5.2	31.9
MSCI Emerging Markets (EM)	International Emerging Market Equity	8.9	8.9	34.4
Fixed Income Indexes				
Bloomberg U.S. Aggregate Bond	U.S. Investment Grade Bond	0.1	0.1	7.3
S&P National AMT-Free Municipal Bond	U.S. Investment Grade Muni Bond	0.7	0.7	3.8
S&P Municipal Bond High Yield	U.S. Muni Bonds (Below Investment Grade)	0.9	0.9	3.3
Bloomberg U.S. Corp. High Yield	U.S. Corp Bonds (Below Investment Grade)	0.5	0.5	8.6
Index Blends: Stock/Bond				
80%/20%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		2.4	2.4	19.8
60%/40%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		1.8	1.8	16.6
40%/60%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		1.3	1.3	13.5
20%/80%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		0.7	0.7	10.4
Data as of 1/31/2026. Source: Morningstar, and blended benchmark returns are based on monthly rebalancing.				

Please see important disclosures at end of this report.

Overview & Economy

"And now for something completely different!" Just within January, news events of consequence included: U.S. attack on Venezuela and arrest of Maduro, more Israeli strikes in Gaza, Fed Chair investigated, chatter about Greenland, NATO members debate at Davos, more tariffs threatened, ICE in Minneapolis and elsewhere, U.S. exits W.H.O., new Fed Chair nominated, more Epstein files, and U.S. Navy builds up near Iran... What's next? Well, either an escalation or de-escalation with Iran, SCOTUS rules on tariffs and, I think we can also count on, "...something completely different!"

The recent series of news events have been at best a hodgepodge, certainly disjointed and, regardless of your politics, also unsettling. As an investor, one has to ask – does it matter? Well, with U.S. equity indexes near highs, it would appear to not matter much. However, if you look beneath the surface, we believe some important crosscurrents become apparent.

- First, while the major U.S. equity indexes are near their highs, they have mostly treaded water since last November.
- Second, increasing risk aversion is apparent – you only need to look at intensification of bitcoin's collapse and gold's rally since yearend. Also, we're seeing a leadership shift away from Mega Cap Tech toward Industrials, Materials, and Healthcare (i.e., Growth to Value/Blend). However, as Tech and Communications account for 45% of the S&P 500, whereas Industrials, Materials, and Healthcare combine for only about 19%, one has to wonder whether a group of smaller sectors can carry the flag and keep the parade moving? [Couldn't resist an Olympics pun.]

- Third, International stocks are continuing to meaningfully outperform U.S. stocks.

Some market strategists have been attributing a so-called “**Debasement**” trade – for which the text-book definition is “the systematic movement of capital out of assets denominated by sovereign promises, such as fiat currencies, and into assets characterized by verifiable, finite supply, often referred to as “hard assets.” This can explain some of the recent crosscurrents, but not the rise of the Euro relative to the U.S. dollar. Which then prompts consideration of what other market commentators have been referring to as a “**Sell America**” trade. Among the alleged contributors for the latter would be an increasing U.S. deficit, sticky inflation (higher for longer), and lower interest rates (lower for longer), all contributing to a depreciated currency. Compounding matters could be the continuing stream of chaos in the news flow, which would appear to undermine the standing of the U.S. among the International community -- as a reliable trading partner, military ally, and overall stalwart of democracy.¹

In the face of all that is happening, what we can confidently reiterate is our pre-standing recommendation for broadly diversified multi-asset class portfolios, including increasing global equity diversification.

Equity Markets

Overall, 2025 started on a positive note across global equities, within which International stocks continued to lead. Within the U.S., Small and Mid Caps rallied in January, sharply outperforming U.S. Large Caps; this is believed to reflect a rise in optimism for interest rate cuts that may ease their borrowing costs, or it could also relate to some fund flows out of Mega Caps looking for a new home.

Fixed Income Markets

All the bond indexes we track in this report started the year on an uptick, with the municipal bond indexes outperforming the taxable bond indexes – both investment grade and high yield.

Reference(s):

- 1) The New York Times Article, “Sell America Is the New Trade on Wall Street”, January 31, 2026 – [Link](#)

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