CENTURY WEALTH

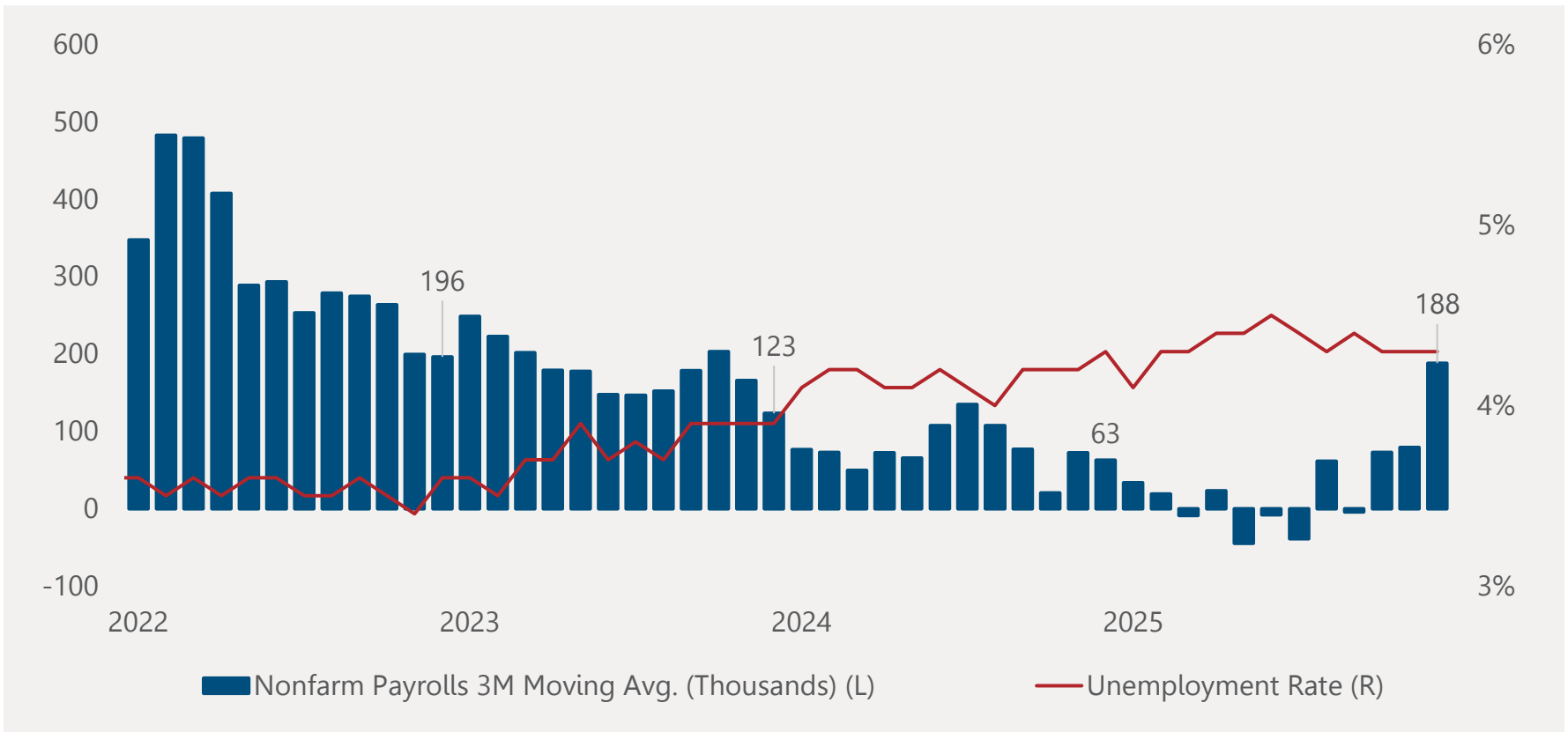
June 2026

Market Review



Spring Hiring Gets a World Cup Boost

Nonfarm Payrolls: 3-Month Moving Average



Source: St. Louis Federal Reserve Bank. Data as of 5/29/26. Past Performance does not guarantee future results.

The U.S. labor market demonstrated impressive resilience in May, with nonfarm payrolls rising by 172,000, which was nearly double the Bloomberg consensus. Following substantial upward revisions to March (+29,000) and April (+64,000), the three-month moving average of monthly additions climbed to 188,000, its strongest reading in over two years.

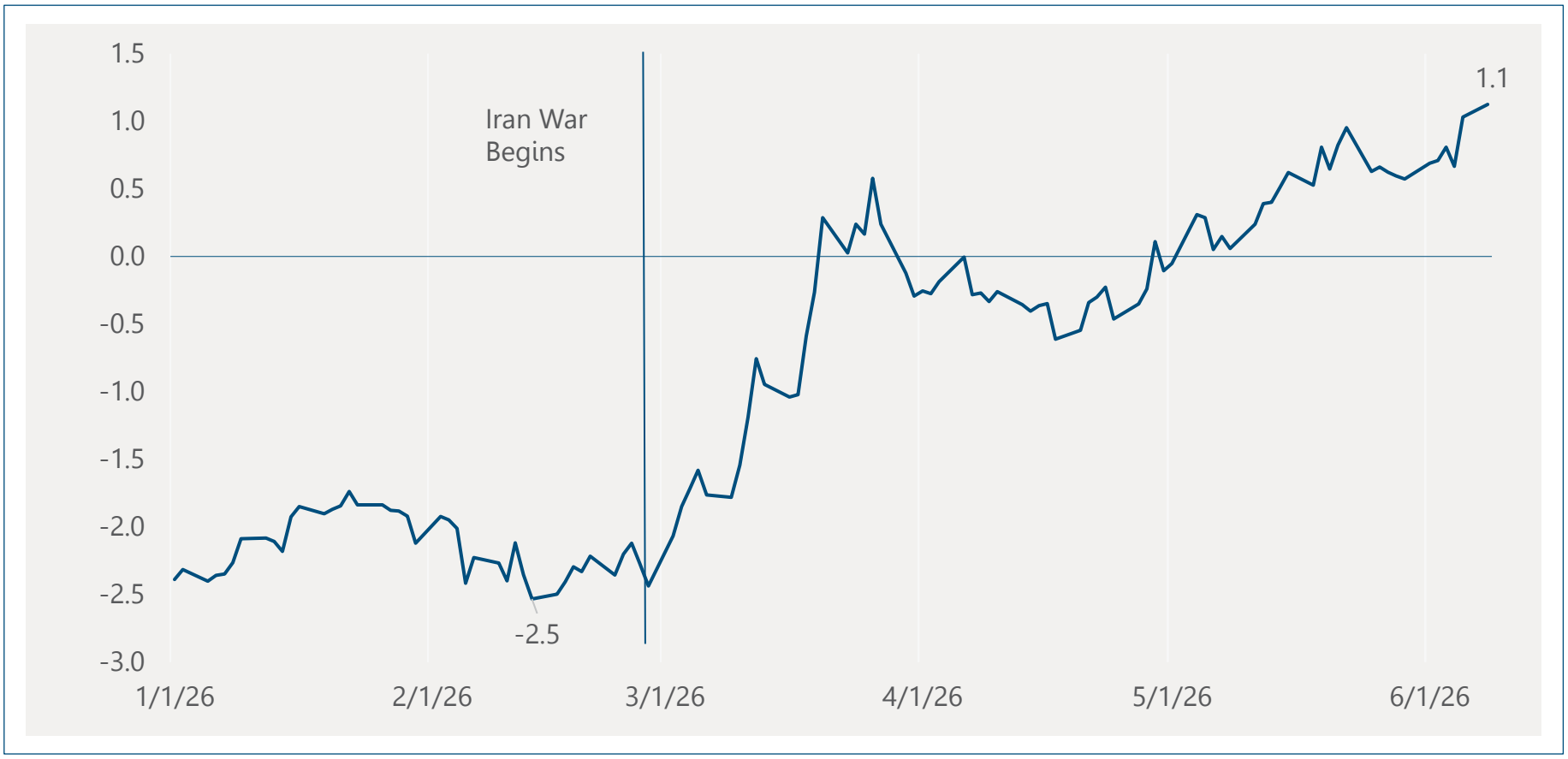
This hiring acceleration was powered by the leisure and hospitality sector, which added 70,000 jobs during the month, marking the sector's strongest monthly gain since early 2023. Restaurants, bars, and hotels appear to be aggressively staffing up to capture a wave of anticipated consumer spending ahead of the FIFA World Cup, which kicks off across 11 U.S. host cities in the second week of June.

Beyond sectors tied to experiential consumer spending, local government ex-education jobs expanded by 44,000, while healthcare and social services payrolls grew by 47,000.

A combined 24,000 net jobs were created in the manufacturing and construction industries. Hiring momentum in these cyclical areas remains bolstered by defense production, inventory rebuilding, and the ongoing AI data center buildout.

Fed Policy Rate: Shifting Expectations

Number of 25 Basis-Point Fed Rate Cuts/Hikes Priced for December 2026



Source: Bloomberg. Data as of 6/8/26. Past Performance does not guarantee future results.

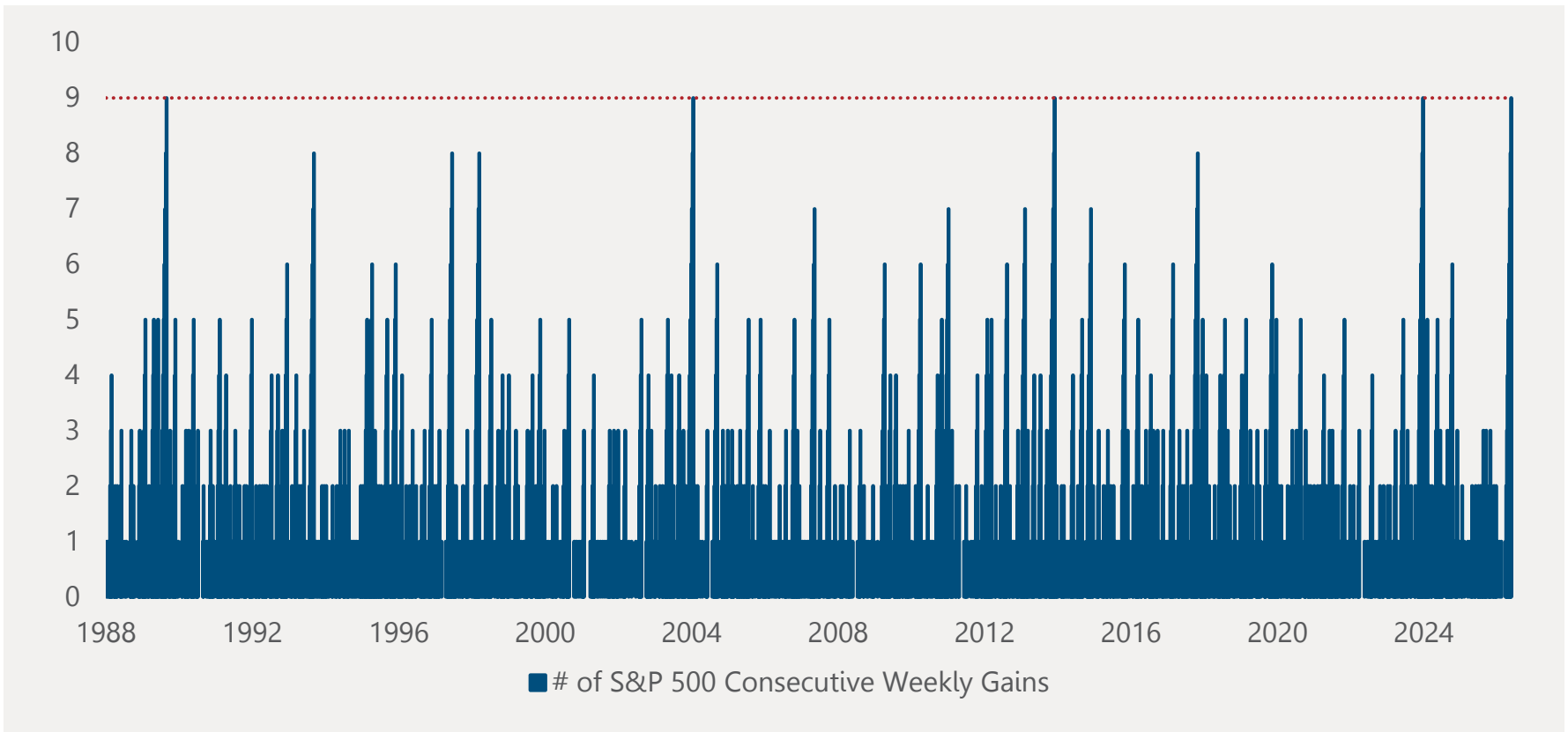
As illustrated in the chart above, market expectations have sharply shifted from pricing in nearly three 25-basis-point rate Fed rate cuts in early 2026 to projecting at least one rate hike by year-end. This hawkish reversal accelerated rapidly following the outbreak of the Iran war in late February amid concerns about the inflationary impact of higher energy prices.

New Fed Chairman Kevin Warsh inherits a challenging macro backdrop. Despite his stated preference for lower rates, elevated energy prices are complicating policy.

Minutes from the Federal Open Market Committee (FOMC's) April 28-29 meeting revealed a shifting internal consensus as majority of officials noted that further "policy firming" from the current 3.5%–3.75% range would be appropriate if inflation remains well above 2%. Furthermore, three regional Fed presidents formally dissented against maintaining the FOMC statement's "easing bias."

While 2026 cuts are probably off the table, any cooling of inflation into the fall and subdued wage growth could allow Chairman Warsh to shift the conversation toward a 2027 easing cycle. Until energy prices stabilize, however, a neutral-to-tightening bias likely remains the baseline.

Stocks Extend Historic Rally
S&P 500 Weekly Winning Streak



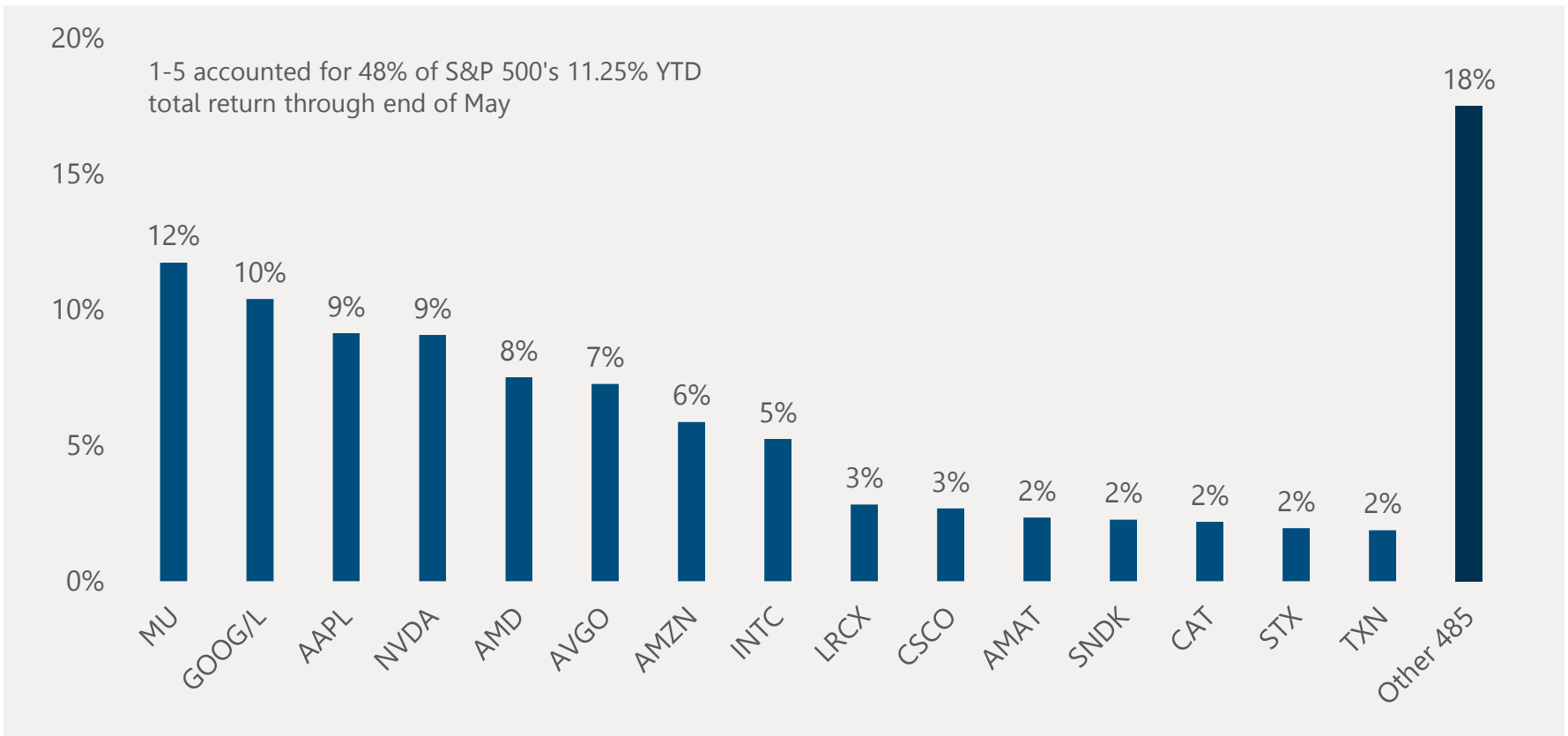
Source: Morningstar. Past Performance does not guarantee future results.

U.S. equities extended their rebound in May, with the S&P 500 climbing 5.3% to cap its best two-month stretch since May 2020. The index posted nine consecutive weekly gains, a streak seen only a handful of times over the last four decades, and notched its 22nd record high of the year. Three forces drove the advance including strong first quarter earnings season, with S&P 500 earnings tracking roughly 30% growth year over year (more than double analyst expectations), easing Middle East tensions that pushed oil prices lower, and renewed enthusiasm for AI.

Sector performance was sharply divided, with only three of eleven S&P 500 sectors finishing with positive results. Technology surged 16.0%, buoyed by record semiconductor demand as the PHLX Semiconductor Sector index posted a historic 22.1% monthly gain. Consumer Discretionary (+2.6%) and Health Care (+2.5%) were the other bright spots. Energy (-5.6%) was the weakest sector, declining as oil prices fell on improving geopolitical sentiment, while Utilities (-5.1%) and Consumer Staples (-3.2%) lagged as investors rotated toward growth.

The AI theme extended overseas. Emerging markets advanced 9.7%, led by Asian technology hubs in South Korea and Taiwan which posted especially large gains given their critical role in the semiconductor supply chain.

S&P 500 Year-to-date Return Concentration
% of Benchmark's YTD Return through May 29



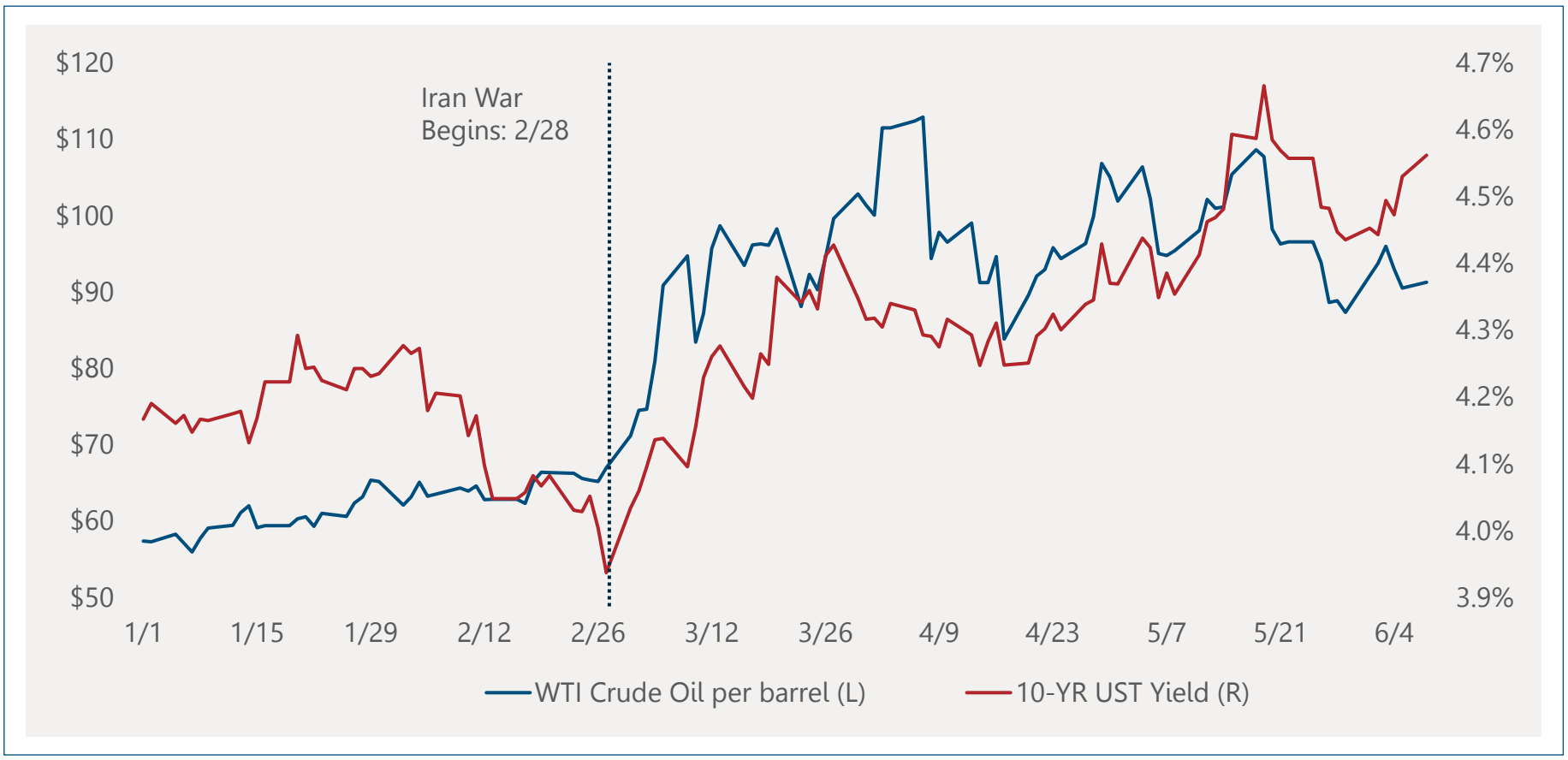
Source: Bloomberg. Data as of 5/29/26. Past Performance does not guarantee future results.

Just 15 stocks explain 82% of the S&P 500's year-to-date gains through the end of May. A mere five heavyweights—Alphabet (GOOG/L), Micron (MU), NVIDIA (NVDA), Apple (AAPL), and Advanced Micro Devices (AMD) account for 48% of the benchmark's total return. Meanwhile, the remaining 485 holdings explain just under 18% of the benchmark's 2026 gains.

Alongside core "Magnificent 7" heavyweights like GOOGL and NVDA, the list features hardware, memory, networking, and central processing unit (CPU) specialists (Micron, Intel, Broadcom, SanDisk, Cisco Systems) essential to AI infrastructure scaling.

The outsized performance of this group is being driven in part by the rapid enterprise adoption of "agentic" AI use cases. Breakthrough developments including the deployment of Anthropic's Claude Opus models and growing corporate integration of Claude Cowork have shifted user behavior from basic chat prompting to autonomous desktop execution. This has sparked a spending shift from AI model training to inference. Unlike GPU-heavy model training, widespread agentic AI inference requires an exponential increase in memory, storage, and CPU processing power. Combined with structural capacity constraints, this has fueled aggressive upward earnings revisions for companies like Micron, Intel, and SanDisk.

The Relationship Between Oil and Yields
WTI Crude Oil Price and U.S. 10-Year Treasury Yield



Source: St. Louis Federal Reserve Bank. Data as of 5/29/26. Past Performance does not guarantee future results.

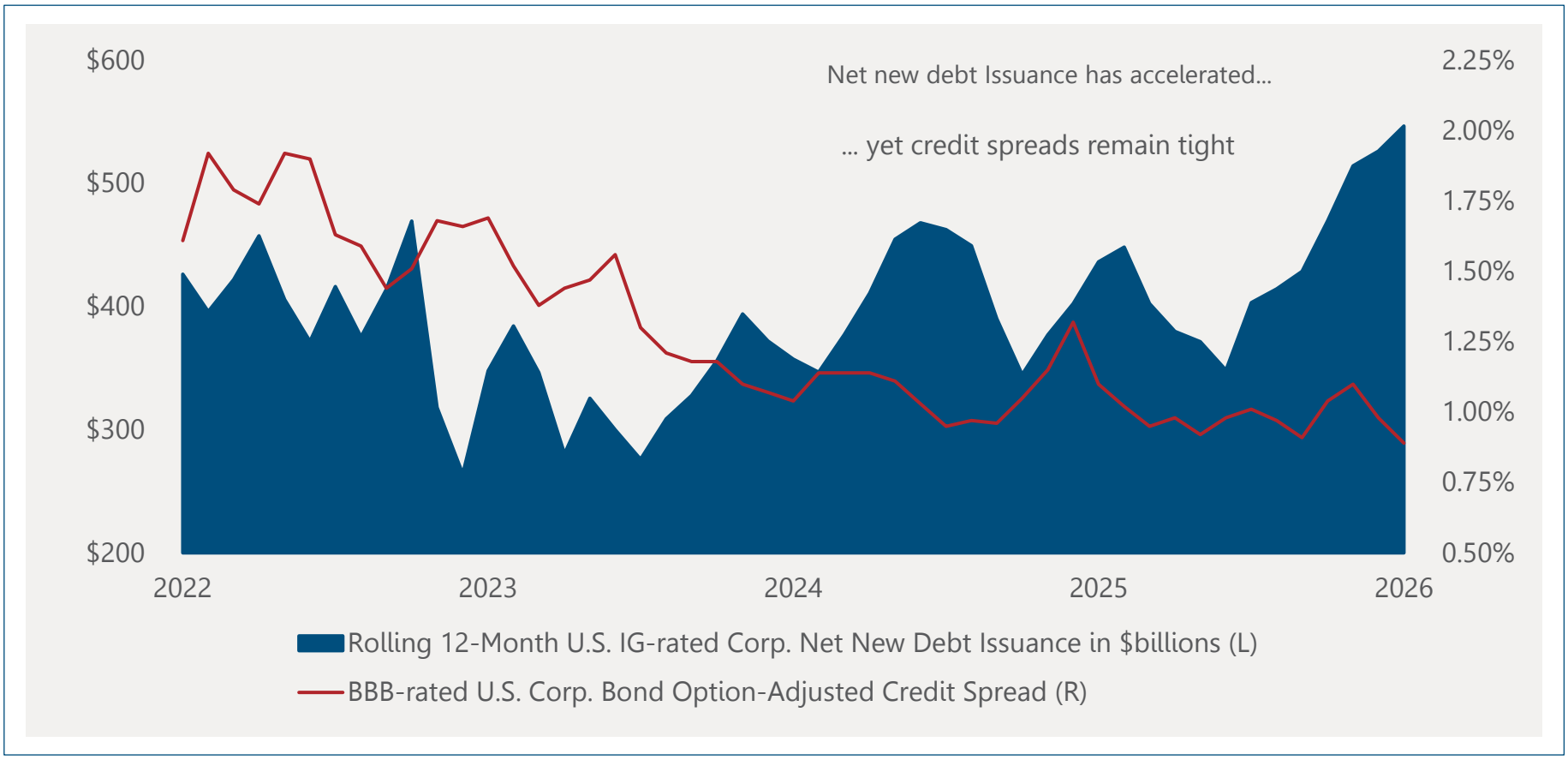
Movements in crude oil prices have become a primary driver of fixed-income volatility since the outbreak of the Iran war in the last week of February.

Prior to the conflict, West Texas Intermediate (WTI) crude hovered near $65 per barrel while the 10-year Treasury yield was trending downward toward 3.9%. Following the shock, both metrics spiked in tandem and have established a tight, positive correlation. As of June 9, WTI crude oil is about 20% lower than its early April high near $113 per barrel but still roughly 40% higher than immediately prior to the onset of hostilities.

Sustained higher oil prices exert immediate upward pressure on headline inflation through retail gasoline, heating, and transportation costs. Elevated energy input costs often seep into shipping and manufacturing expenses for everyday consumer goods.

Because Treasury bonds pay a fixed interest rate, some market participants anticipating this erosion of purchasing power and the potential for subsequent Fed rate hikes to combat inflation might sell their positions. Selling pressure can result in lower bond prices and higher yields.

New Corporate Bond Supply Meets Strong Demand
Investment-Grade Issuance and BBB-rated Credit Spread



Source: Bloomberg. Data as of 6/8/26. Past Performance does not guarantee future results.

Net new U.S. investment-grade corporate bond issuance over the last 12 months has accelerated through early 2026, climbing above the $550 billion threshold for the first time in several years.

Despite this influx of debt supply, BBB-rated U.S. corporate bond option-adjusted credit spreads (OAS) have remained remarkably narrow, compressing toward the 0.85% range and indicating a complete absence of broader market stress. A BBB credit rating is the lowest rung of the investment grade universe.

Among the drivers of this issuance boom is the historic capital expenditure cycle required for artificial intelligence infrastructure. Technology giants like Alphabet, Amazon, and Microsoft have continually tapped the fixed-income market with jumbo offerings to pre-fund data center expansions. These high-volume offerings have been met with heavily oversubscribed order books and suggests a resilient public corporate credit market. Institutional investors are demonstrating a robust appetite for top-tier corporate balance sheets, easily absorbing record supply to lock in attractive yields tied to companies with secular growth tailwinds.

JUNE 2026

Disclosure

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