The Market Beneath the Index

GOELZER
INVESTMENT MANAGEMENT

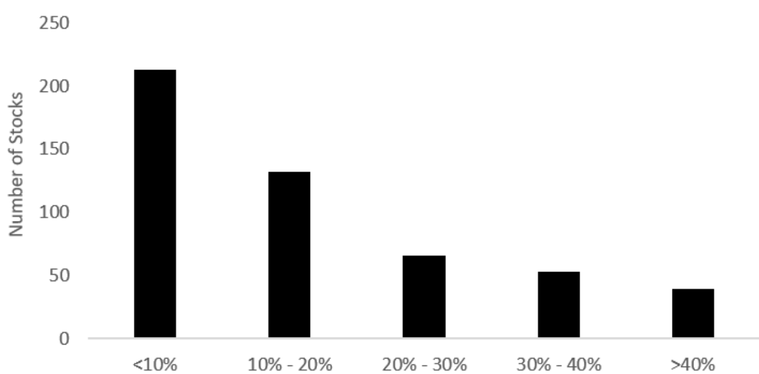
For several weeks, the S&P 500 has been treading water. After reaching an all-time high on June 2, the index has traded in a relatively tight range and sits only about 2.5% below its peak. That resilience is remarkable given a backdrop of potentially market-moving developments: a new Federal Reserve chair, a shifting tariff regime, intermittent hostilities between the U.S. and Iran, and an approaching election season.

While the index appears to be shrugging off these events, many individual stocks are not. The S&P 500 may be down only 2.5% from its high, but most of the stocks within the index are down much further. More than half of S&P 500 constituents are now over 10% below their 52-week highs, placing them in correction territory. Even more striking, 158 stocks—nearly one-third of the index—are down more than 20%, effectively putting that group in a stealth bear market.

How can the index be largely unchanged while so many of its components are struggling? The answer lies in the index's construction. As a market-cap-weighted benchmark, the S&P 500's performance is driven disproportionately by its largest companies. Several of those companies have held up far better than the average stock. Apple, for example, is up more than 9% since the index peaked on June 2.

The strength of a handful of index heavyweights has masked the weakness beneath the surface. The silver lining is that much of the correction has already been borne by a majority of stocks, which may create opportunities for investors with exposure beyond the market's largest names.

S&P 500
Constituent Distance from 52-Week High



Source: Bloomberg, S&P 500 as of July 28, 2026.

Economy

Last Week	This Week
- Leading Economic Index (Jun): 7/20 -0.2% vs. 0.1% prior	- Conf. Board Consumer Confidence (Jul): 7/28
- S&P Global US Manufacturing PMI (Jul): 7/24 53.8 vs. 53.9 prior	- Federal Reserve Rate Decision (Jul): 7/29
- S&P Global US Services PMI (Jul): 7/24 53.6 vs. 51.9 prior	- PCE Price Index MoM (Jun): 7/30
- New Home Sales MoM (Jun): 7/24 1.6% vs. -7.3% prior	- U. of Michigan Sentiment (Jul): 7/31

Equities

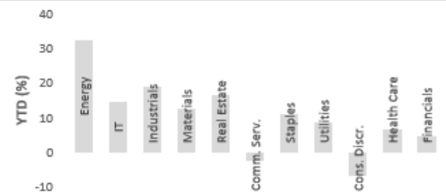
Returns (%)

Index	Level	1 Week	QTD	YTD	1 Year	3-Year Ann.	5-Year Ann.
S&P 500	7413	-0.39	-1.09	8.98	17.40	19.01	12.62
Russell 1000 Growth	4717	-1.93	-5.72	-0.70	7.13	18.67	11.38
Russell 1000 Value	2454	1.14	2.97	19.64	27.63	17.99	11.87
FTSE High Dividend Yield*	601	2.07	2.93	14.78	22.18	17.13	12.43
S&P Small and Mid Cap	21415	1.01	-1.58	17.59	23.02	13.54	8.50
MSCI EAFE	3123	1.15	0.27	10.20	19.57	16.06	9.71
MSCI EM	1643	1.67	-4.38	18.57	33.61	19.42	8.34

Characteristics

Index	NTM P/E	NTM P/E (20Y med)	Div Yield
S&P 500	18.5	15.8	1.2
Russell 1000 Growth	20.3	18.3	0.5
Russell 1000 Value	17.1	13.7	1.7
FTSE High Dividend Yield*	14.3	13.1	3.5
S&P Small and Mid Cap	14.9	15.3	1.7
MSCI EAFE	15.2	13.5	4.9
MSCI EM	9.4	11.1	2.9

S&P Sector Returns YTD



* Bloomberg U.S Large Cap Dividend Yield Total Return Index used as substitute for index characteristics.

Fixed Income

Returns (%)

Index	Yield	1 Week	QTD	YTD	1 Year	3-Year Ann.	5-Year Ann.
U.S. Aggregate	4.94	-0.27	-0.96	-0.34	3.21	3.89	-0.33
U.S. Int. Gov/Credit	4.63	-0.23	-0.43	-0.03	2.88	4.47	0.98
U.S. Corporates	5.45	-0.46	-1.40	-0.56	2.99	4.75	-0.22
High Yield	7.45	-0.52	-0.36	1.59	5.03	8.30	4.03
Municipals (1-10)	3.39	-0.57	-1.05	0.05	3.08	2.93	1.01

Levels (%)

Key Rates	Last	1 Wk Ago	Last Qtr	Prev YE	1 Yr Ago	3 Yrs Ago	5 Yrs Ago
2-yr Treasury	4.32	4.26	3.80	3.48	3.87	4.93	0.20
10-yr Treasury	4.65	4.63	4.32	4.17	4.32	4.00	1.23
30-yr Treasury	5.14	5.13	4.91	4.85	4.86	4.04	1.88
SOFR	3.64	3.61	3.68	3.87	4.36	5.31	
6-mo. CD rate	4.11	4.02	3.84	3.62	4.30	5.76	0.11
Prime Rate	6.75	6.75	6.75	6.75	7.50	8.50	3.25
30-yr fixed mortgage	6.46	6.62	6.48	6.25	6.80	7.34	3.02

Data as of 5:00 PM ET, July 28, 2026. Returns through July 27, 2026.