

# Market Perspectives

## June 2026



*Market performance mixed in June, while AI continues to be a major driver of investor sentiment.*

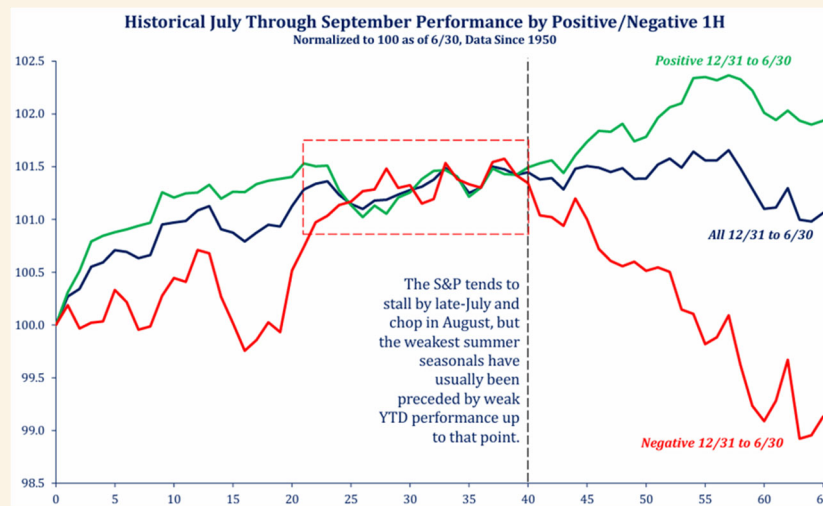
Index	MTD	QTD	YTD	2025	2024	2023
S&P 500	-0.95	15.20	10.21	17.88	25.02	26.29
Dow Jones Industrial Average	2.71	13.38	9.76	14.92	14.99	16.18
Russell 2000	3.74	21.49	22.57	12.81	11.54	16.93
NASDAQ Composite	-2.75	21.60	13.13	21.14	29.57	44.64
Europe, Australia, & Far East (EAFE)	0.09	11.08	9.84	31.89	4.35	18.85
MSCI Emerging Markets	-1.36	24.15	24.02	34.36	8.05	10.27
Bloomberg Barclays U.S. Aggregate Bond	0.24	0.67	0.62	7.30	1.25	5.53
Bloomberg Barclays U.S. Corporate High Yield	0.27	2.47	1.96	8.62	8.19	13.45

*As of 06.30.2026; Returns in percent*

### FINANCIAL MARKET PERFORMANCE

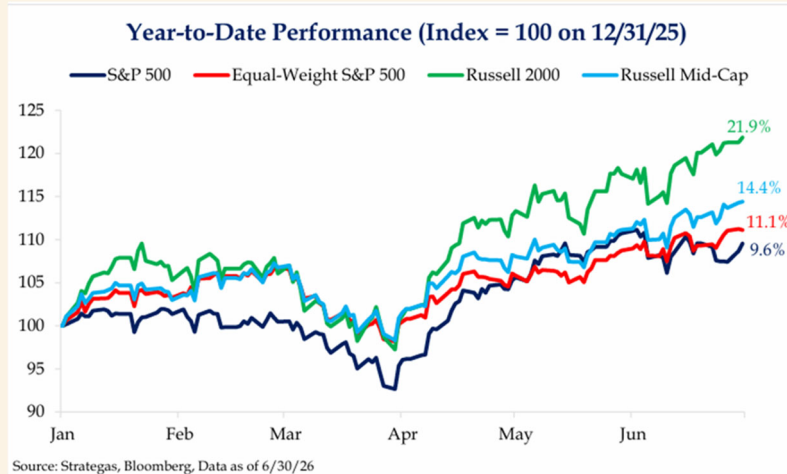
The major averages were mixed in June, with the S&P 500 falling -0.95% and the Nasdaq Composite dropping -2.75%, after both posting fresh record highs earlier in the month. The Small cap Russell 2000 continued its yearlong streak of beating the other major averages by gaining 3.74% in June. The S&P 500 equal-weight index was higher, outpacing the cap-weighted index by around 300 bp on the latest broadening-out move. Semis and memory were the standouts during the month, while the Mag 7 were all lower with Microsoft (-17.2%), Amazon (-11.9%), and Meta (-10.9%) the worst performers.

The 2<sup>nd</sup> quarter of 2026, though, proved to be an excellent period for stocks, with the S&P 500 gaining 15.2% and posting the 12<sup>th</sup> best quarterly return since 1950. Technology stocks led the advance, as 14 companies in that sector produced gains of over 100% during the three-month period. Positive first half gains bode well for the second half of the year, as demonstrated in the chart below.



Source: Strategas As of 06.30.26

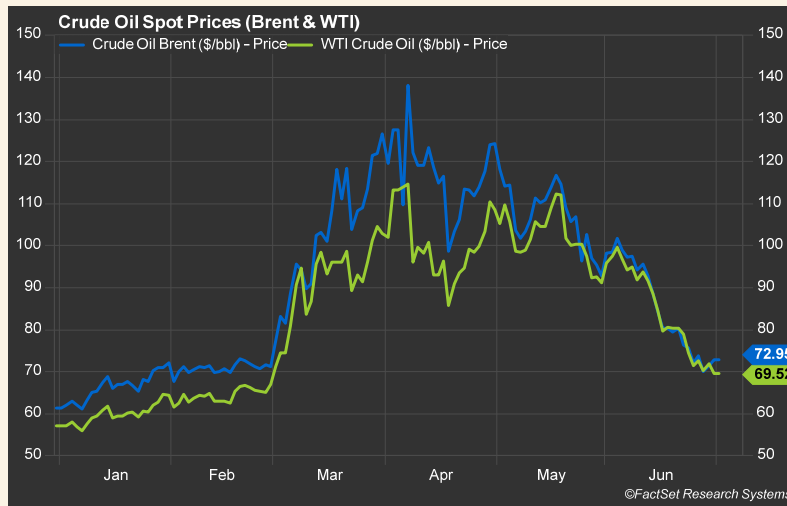
We have seen stock market gains broaden out this year, as companies outside of the Mag 7 have outperformed those large cap companies. In fact, as seen below, Small caps, Mid caps, and the Equal Weight index have all beaten the S&P 500 market cap weighted index over the past 6 months. This is a positive development for diversified investors.



Foreign equities were weak in June, with the EAFE index gaining a paltry 0.1% and the Emerging Markets index falling 1.4%. Despite this, foreign developed markets equities have performed in line with large cap US equities year-to-date, while Emerging Markets stocks have outperformed US stocks, given large exposure to Technology and semiconductor companies in Taiwan, China and South Korea.

Investment grade bonds were relatively flat during June, as interest rates were mostly stable during the month. Specifically, the Bloomberg US Aggregate Bond index gained 0.2% while High Yield bonds rose by 0.3%.

The US Dollar rose 2.5% during June, while Gold was down 12.1%, the worst month for the metal since June 2013. Silver was down 21%, its worst month since September of 2011, while Bitcoin futures were down 19.2%, its worst month since February of this year. The biggest story though was oil prices, as WTI crude was down 20.4%, its biggest decline since November 2021. Both WTI and Brent crude ended June at levels comparable to the start of the Iran conflict.



Source: FactSet As of 06.30.26

## PERFORMANCE DRIVERS

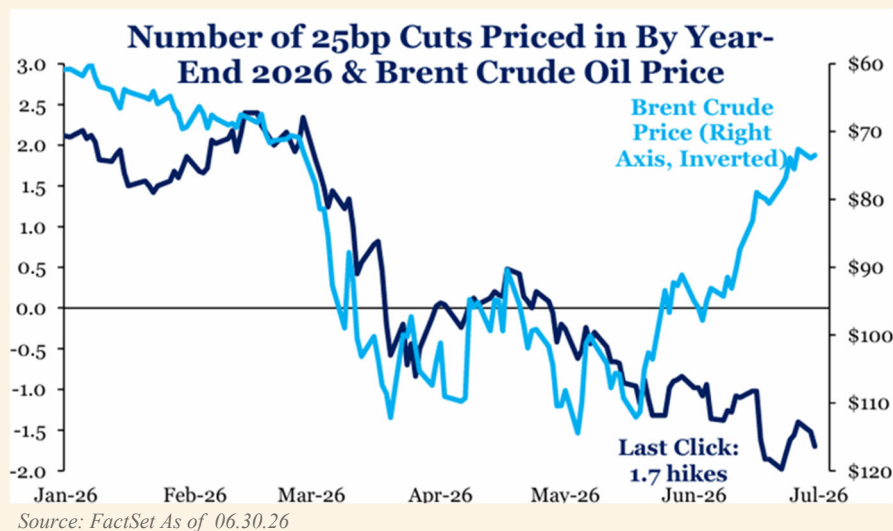
**US-Iran war comes to a halt:** The US and Iran signed a ceasefire this month, reopening the Strait of Hormuz and starting a 60-day window for further talks, notably around Iran's nuclear program. Oil fell sharply as flows picked up through the strait, reaching ~75% of pre-war levels, while oil prices fell back near pre-war levels by month-end. However, hostilities picked back up at the end of June and President Trump threatened to resume the war if Iran doesn't cease military action, threatening the ceasefire.

**AI trade and big under-the-surface moves:** Momentum, semis, and memory were all higher for the month, but saw significant volatility that was tabbed to factors including mechanics/technicals and shifting economics between hyperscalers and infrastructure. The Big Tech selloff was also in part tabbed to use as a source of funds first for the SpaceX IPO, then for a rotation into the AI trade. The Mag 7 collectively shed more than \$2 trillion of value this month, its worst performance in more than a year.

**SpaceX goes public, equity and debt supply in focus:** Following its record \$75 billion offering, SpaceX gained 67% from its \$135 offering price in the first few days of trading before selling off over 30% from its peak and ending the month at around \$170 a share. Elsewhere, Alphabet announced an \$85 billion equity offering, Super Micro said it would raise \$7 billion in equity, and reports said Meta is considering raising tens of billions in stock, all adding to the equity supply overhang. In addition, a number of large cap Tech firms have also announced new bond offerings as they seek capital for additional AI investment.

**Emerging cracks in AI narrative:** OpenAI and Anthropic both confidentially filed for IPOs this month. However, following the tepid market reception to SpaceX, OpenAI is now reportedly considering delaying its IPO until 2027 due to uncertain market conditions. The AI trade was also hit by worries about tokenmaxxing (i.e. maximizing AI-token usage which can limit profitability for providers) and companies pushing back on rising AI spend, adding to AI ROI concerns. Other concerns included open source and cheaper Chinese AI models, and government oversight of AI releases.

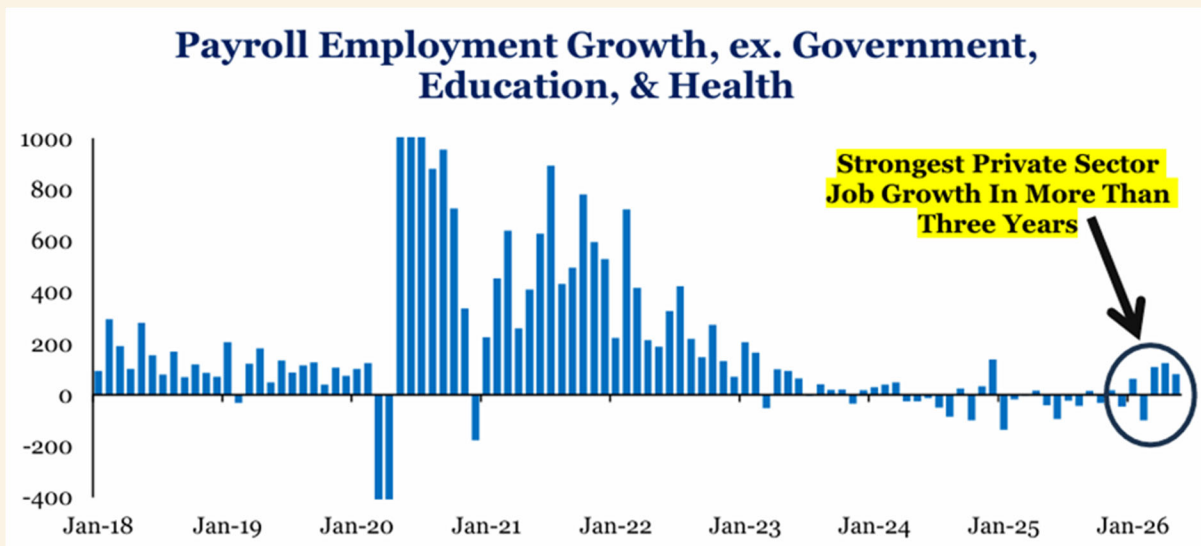
**A surprisingly hawkish Warsh:** In his first meeting as Fed Chair, Kevin Warsh struck a decidedly hawkish tone, stressing price stability. The policy statement scrapped forward guidance, while the Fed member expectations survey showed a median 2026 forecast of 12.5 bp of hikes as 9 of 18 Fed officials projected at least one rate hike this year. Despite the drastic fall in oil prices, markets continue to price in almost 2 full rate hikes through year-end. However, the fall in oil prices has caused a significant drop in 5-year inflation expectations.





Source: Strategas As of 06.30.2026

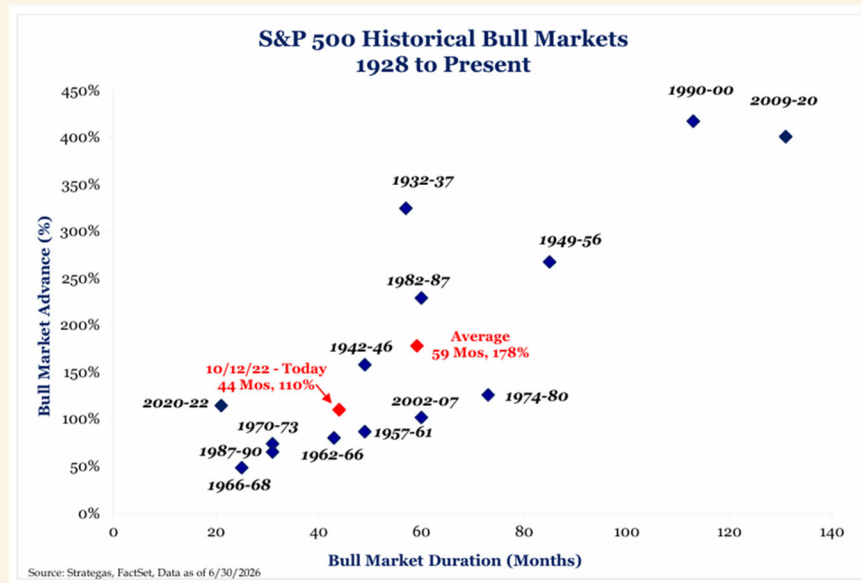
**Resilient macro:** June saw more solid economic data as the May employment report was better than expectations and set the best three-month average for private sector job growth since March of 2024 (see chart below), while May ISM manufacturing and services, May retail sales, and June flash Manufacturing PMI (highest since May of 2022) were all better than expected.



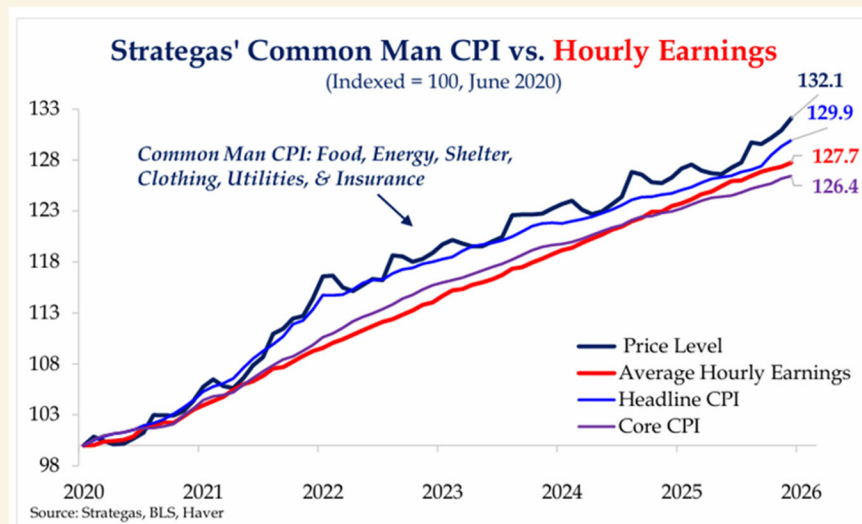
Source: Strategas As of 06.30.2026

## THE BEARISH NARRATIVE

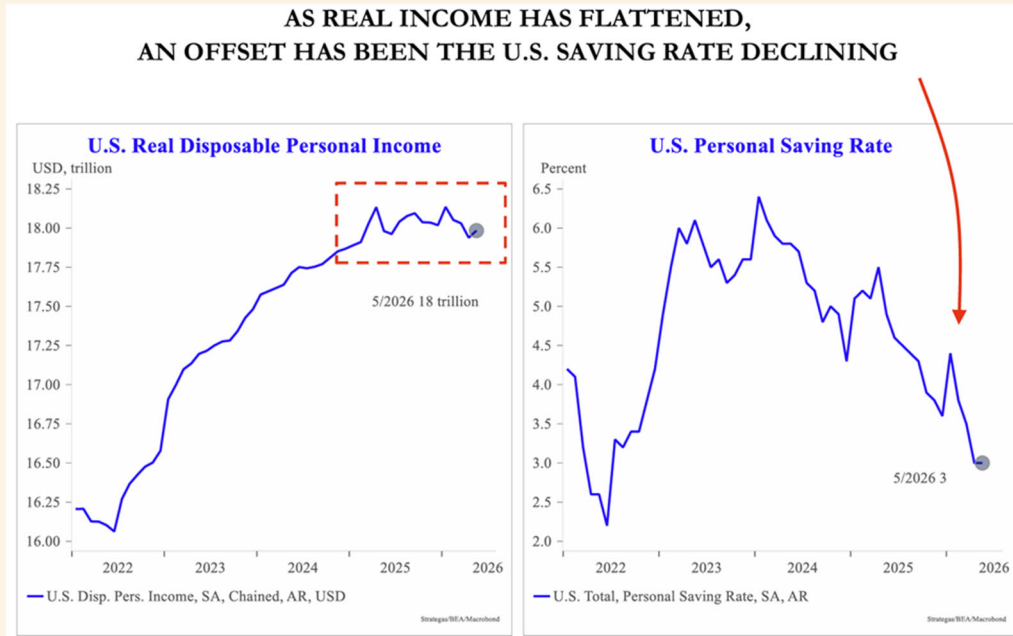
Sticky inflation, higher interest rates, and consumer stress dominate the bearish narrative today. In addition, many believe the stock market has come too far too fast and is due for a breather. However, the chart below demonstrates that the current bull market is still well below the historical average in terms of duration and magnitude.



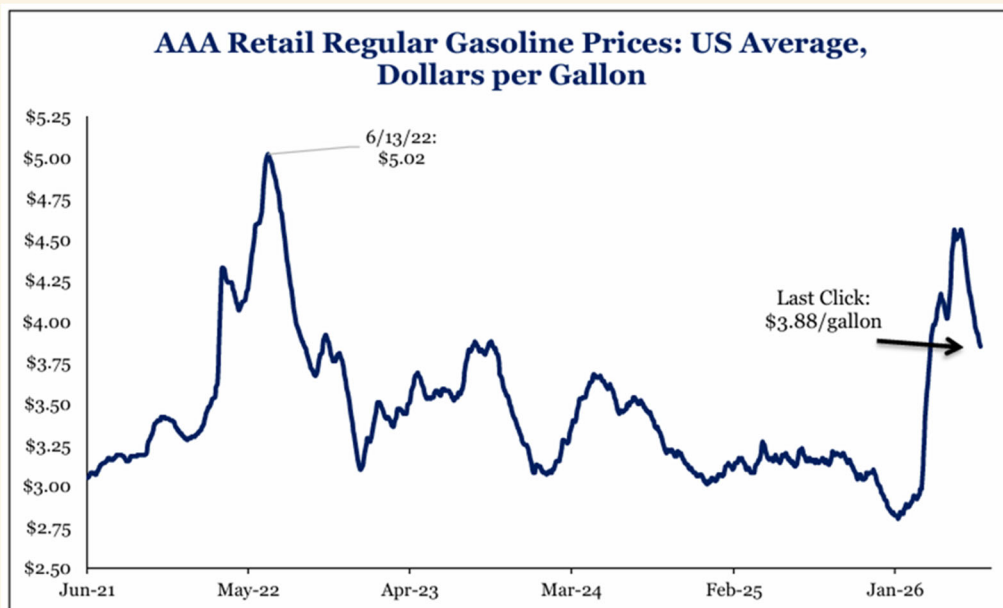
Admittedly, consumers remain stressed given the high cost of many goods and services. The below chart shows that wage growth has lagged headline CPI as well as the “Common Man” CPI since 2020. This means consumers have lost purchasing power over this period of time.



As real (i.e. after inflation) disposable income has fallen, consumers have been forced to deplete savings in order to make ends meet.

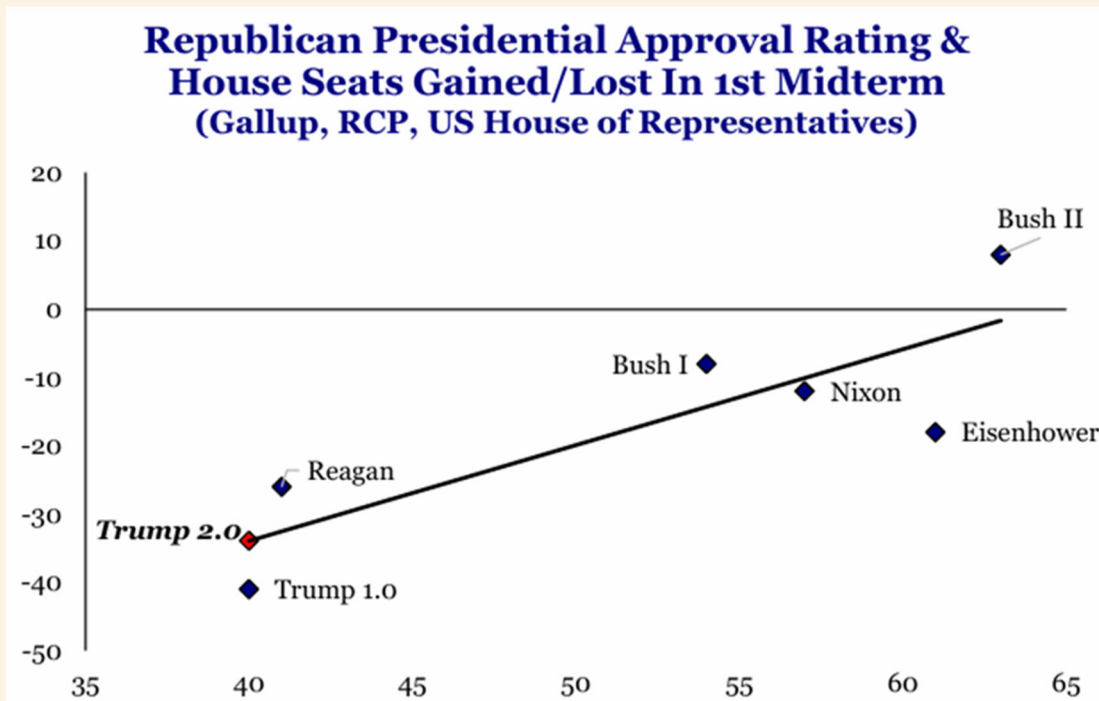


Finally, there is some concern the ceasefire may not hold. Additionally, some observers have raised questions about whether the agreement achieves its initial objective of preventing Iran from developing a nuclear weapons capability. With mid-term elections coming up, some market observers have noted the potential benefit to Republicans of the fall in gasoline prices ahead of the midterm elections, as the chart below demonstrates.



Source: Strategas As of 06.30.26

However, history would indicate that the Presidents 39% approval rating is consistent with a 35 seat loss in the House of Representatives in the coming midterm elections.



Source: Strategas As of 06.30.2026

## WHAT TO EXPECT & INVESTMENT PORTFOLIO IMPLICATIONS

The variance in performance among asset classes this year again demonstrates the need for diversification and a patient long-term approach. In addition, we still believe alternative strategies such as private equity and private credit offer excellent diversification and return enhancement to an investor's portfolio.

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