# On The Margin

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## July 2026 Recap

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### PRELUDE

The phrase "dog days of summer" originates from ancient Greece and Rome, where people associated the hottest days of the year with the heliacal rising of Sirius, the "Dog Star," in the constellation Canis Major. The ancient Greeks and Romans believed Sirius added its own heat to that of the sun, creating a period marked by oppressive temperatures, drought, and general discomfort. Certain investors experienced their own version of those dog days in July, as they endured an unpleasant combination of geopolitical tensions, pessimism surrounding artificial intelligence returns on investment, and uncertainty surrounding inflation and the future path of interest rates. By month's end, global asset classes finished with mixed results. U.S. large cap growth, U.S. small cap, and emerging market stocks were among the worst performers during July, while bonds also moved mostly lower. However, U.S. large cap value and international developed market equities finished July in positive territory.

### GLOBAL EQUITY

U.S. equities generated mixed returns during July amid a rotation out of the technology sector and ongoing geopolitical uncertainty in the Middle East. During the month, performance across multiple major indexes ranged from -4.8% to +3.8%, cumulatively. In a reversal from the second quarter, large cap growth stocks sold off sharply to start the third quarter and were among the worst performers within the U.S. equity market as the Russell 1000 Growth Index returned -4.8%. Within the large cap growth space, the technology sector retreated further during the month amid ongoing concerns about certain companies' lofty valuations, robust spending on artificial intelligence infrastructure, and potentially disappointing returns on such infrastructure investments. However, large cap value stocks continued their move higher during July as the Russell 1000 Value Index returned +3.8%. The financials sector was among the best performers within the large cap value space as several strong corporate earnings releases, including those from JPMorgan and Bank of America, propelled sector performance higher despite broader market volatility.

| TABLE 1: GLOBAL EQUITY | JUL | QTD | YTD | 1 YR |
|---|---|---|---|---|
| Dow Jones Industrial Average | 0.38 | 0.38 | 10.17 | 20.91 |
| S&P 500 Index | -0.06 | -0.06 | 10.14 | 19.56 |
| Russell 2000 | -3.03 | -3.03 | 18.85 | 34.18 |
| Russell 1000 Growth | -4.76 | -4.76 | 0.32 | 8.03 |
| Russell 1000 Value | 3.82 | 3.82 | 20.67 | 31.19 |
| MSCI ACWI USD | 0.08 | 0.08 | 11.33 | 22.11 |
| MSCI EAFE USD | 1.96 | 1.96 | 11.59 | 24.33 |
| MSCI EM USD | -3.07 | -3.07 | 20.04 | 36.44 |
| MSCI ACWI ex US USD | 0.34 | 0.34 | 14.08 | 28.46 |

*Source: Morningstar, as of 7/31/2026. Past performance does not guarantee future returns.*

International markets also generated varied returns in July despite the U.S. dollar weakening against several other major currencies during the month. Developed international markets, as represented by the MSCI EAFE Index, returned +2.0% for the month. Amid rising oil prices due to escalating geopolitical conflict in the Middle East, several large European energy sector companies finished July in positive territory. Examples include Shell, TotalEnergies, and BP, as the three energy sector giants returned +17.0%, +13.0%, and +19.9%, respectively, during the month. Emerging markets continued to decline during July, as the MSCI EM Index returned -3.1%. South Korean equities were among the leading detractors from performance as South Korean technology sector stalwarts Samsung Electronics and SK Hynix sold off sharply amid ongoing uncertainty surrounding the global buildout of artificial intelligence infrastructure. Both stocks returned -14.6% and -29.6%, respectively, weighing on emerging market returns broadly as both stocks are among the top three largest positions in the MSCI EM Index.

## FIXED INCOME

UU.S. fixed income returns were largely negative during July, as the Bloomberg Aggregate returned -1.3%, its second worst monthly return of 2026 (only behind March 2026, when the index fell -1.8%). Despite cooler-than-expected inflation reports during July, Treasury yields shifted mostly upwards amid renewed fears about geopolitical conflict in the Middle East and its potential impact on inflation going forward. While the Federal Reserve held interest rates unchanged at its July meeting, investors remained concerned about the prospect of interest rate increases through the balance of the year and are now pricing in one or two interest rate hikes before year end. Outside of Treasury markets, investment grade spreads generally widened, which weighed on the returns of investment grade corporate bonds despite higher starting yields. High yield bonds fared better than their investment grade counterparts amid even higher starting yields and less interest rate sensitivity, which was beneficial in a rising rate environment.

| TABLE 2: FIXED INCOME | JUL | QTD | YTD | 1 YR |
|---|---|---|---|---|
| Bloomberg US Aggregate | -1.30 | -1.30 | -0.69 | 2.71 |
| Bloomberg 1-3 Yr Gov/Credit | 0.14 | 0.14 | 0.91 | 3.31 |
| Bloomberg Treasury 5-7 Yr | -0.84 | -0.84 | -1.00 | 2.05 |
| Bloomberg Investment Grade Corp | -1.60 | -1.60 | -0.76 | 2.62 |
| Bloomberg High Yield Corp | -0.25 | -0.25 | 1.71 | 5.17 |
| JPMorgan EMBI Global Diversified | -1.30 | -1.30 | 0.70 | 5.65 |

*Source: Morningstar, as of 7/31/2026. Past performance does not guarantee future returns.*

## POSTLUDE

Global financial markets did not begin the second half of 2026 the way most investors would have hoped. Interestingly though, July's market environment echoed many of the concerns that dominated the first quarter, as headlines surrounding rising geopolitical conflict and uncertainties about artificial intelligence fueled volatility and risk aversion across asset classes. We think it is important to note that despite difficulties present during Q1 2026, investors generally endured and financial markets finished the first half of 2026 in broadly positive territory. While we cannot predict how the balance of 2026 will unfold, it seems clear that market volatility is here to stay amid ongoing geopolitical conflict, rapid changes within the artificial intelligence ecosystem, a closely watched Federal Reserve, and upcoming mid-term elections in the U.S. Periods of heightened uncertainty and volatility can create discomfort for many investors, but in our view, maintaining a disciplined, long-term investment approach through such volatility remains one of the most effective ways to help clients pursue their financial goals. We will continue to advocate for and execute such an approach while we coach our clients through whatever market-moving events the rest of 2026 brings.

**Joe Nitting** serves as the Director of Research for the centralized investment research function of the Retirement & Investment Solutions practice at CBIZ, Inc. Joe conducts investment research in both traditional and alternative asset classes, and he assists in the portfolio construction process for the firm's centralized investment research function. Joe has a B.S. in both Finance and Accounting from the University of Dayton. He began his career in investments at a boutique registered investment advisory firm in the greater Chicago area, focusing on traditional investments. He also served as an analyst for a registered investment advisory firm in the Cleveland area, where he specialized in alternative investments. Joe plays an important role in fostering a culture of collaboration and creativity within CBIZ while offering unique insights based on his experience across a wide spectrum of investment types.



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