

May 2026 Recap

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PRELUDE

Whether you are a Star Wars fan or not, you have probably heard the iconic phrase “may the force be with you” and the twist on this phrase during May 4th of each year, “may the *fourth* be with you.” In the Star Wars movie franchise, various characters use the phrase to wish someone good luck, strength, and goodwill in the face of danger. The force was undoubtedly with most investors during May, as global markets extended their rally in the face of higher-than-expected inflation and ongoing geopolitical uncertainty in the Middle East. By month’s end, most major asset classes finished higher, with emerging market equities leading the way, followed by U.S. equities, developed international market equities, and fixed income.

GLOBAL EQUITY

While geopolitical uncertainty in the Middle East remained during May, optimism surrounding strong corporate earnings growth and artificial intelligence initiatives pushed U.S. equities to new all-time highs during the month, with performance across multiple major indexes ranging from +2.9% to +7.2%, cumulatively. For the second consecutive month, large cap growth stocks were among the best performers during May as the Russell 1000 Growth Index returned +7.2%. Within the large cap growth space, the technology sector moved higher during the month partly due to positive corporate earnings releases from NVIDIA and Advanced Micro Devices. Both companies cited strong demand for their products amid ongoing artificial intelligence infrastructure buildouts, pushing their stock

TABLE 1: GLOBAL EQUITY	MAY	QTD	YTD	1 YR
Dow Jones Industrial Average	2.94	10.38	6.86	22.71
S&P 500 Index	5.26	16.31	11.25	29.74
Russell 2000	4.37	17.11	18.15	43.08
Russell 1000 Growth	7.20	19.95	8.23	28.66
Russell 1000 Value	2.95	11.34	13.68	28.55
MSCI ACWI USD	5.16	15.86	12.15	30.27
MSCI EAFE USD	3.07	10.75	9.37	22.80
MSCI EM USD	9.69	25.82	25.61	54.31
MSCI ACWI ex US USD	5.03	15.17	14.36	32.77

Source: Bloomberg, as of 5/31/2026. Past performance does not guarantee future returns.



prices higher. Large cap value and small cap stocks also rallied during May as the Russell 1000 Value and Russell 2000 Indexes returned +3.0% and +4.4%, respectively. Both spaces benefitted from similar tailwinds as the large cap growth space, as the various companies in the technology sector rallied on optimism surrounding their growth prospects driven by artificial intelligence-related product demand.

International markets moved higher in May despite the U.S. dollar strengthening against several other major currencies. Developed international markets, as represented by the MSCI EAFE Index, returned +3.1% for the month. European and Japanese stocks were again among the key contributors in May, as technology sector companies in both countries rallied. Japanese chip maker Kioxia and Dutch chip maker ASML were among the standout performers as the two stocks benefitted from the same global optimism about increasing chip demand to support artificial intelligence initiatives. Emerging markets continued their strong positive momentum during May, as the MSCI EM Index returned +9.7%. South Korean equities were among the top contributors to performance during May as Samsung Electronics and SK Hynix continued their rally, returning +41.5% and +78.6%, respectively. The global artificial intelligence tailwind benefitted both stocks again and pushed SK Hynix to a \$1 trillion market capitalization during the month, making it just the fifth international company in history to reach such a milestone.

FIXED INCOME

U.S. fixed income returns were mostly positive during May, as the Bloomberg Aggregate returned +0.3%. While Treasury yields again shifted upwards during May partly amid a higher-than-expected April inflation print, higher starting yields still buoyed returns during the month. In other news within fixed income, Kevin Warsh was officially sworn in as the 17th Chair of the Federal Reserve during May, succeeding Jerome Powell. During his remarks, Warsh pledged to lead a "reform-oriented Federal Reserve" and emphasized the importance of the Federal Reserve's dual mandate to promote price stability and maximize employment. Outside of Treasury markets, spreads generally tightened again, leading to positive returns for both investment grade and high yield corporate bonds.

TABLE 2: FIXED INCOME	MAY	QTD	YTD	1 YR
Bloomberg US Aggregate	0.31	0.42	0.38	5.13
Bloomberg 1-3 Yr Gov/Credit	0.16	0.40	0.69	3.72
Bloomberg Treasury 5-7 Yr	-0.09	-0.10	-0.30	3.66
Bloomberg Investment Grade Corp	0.67	1.13	0.65	6.04
Bloomberg High Yield Corp	0.49	2.19	1.68	7.57
JPMorgan EMBI Global Diversified	1.00	3.89	2.58	13.66

Source: Bloomberg, as of 5/31/2026. Past performance does not guarantee future returns.

Double-clicking on Kevin Warsh's confirmation, we believe the new Chairman of the Federal Reserve is stepping into a difficult position. While he has previously indicated a preference for interest rate cuts, potentially accelerating inflation and ongoing geopolitical uncertainty in the Middle East may produce data that conflicts with such preference. Regardless, investors are now pricing in a higher probability of an interest rate hike before year end rather than a cut. We are interested to hear Warsh's thoughts on the potential path of interest rates as the rest of the year progresses and new incoming data provides a potentially clearer picture for the Federal Reserve to analyze and execute around.

POSTLUDE

I wanted to close this month's piece with a few (hopefully timely) words on thematic investing. As a refresher, thematic investing is a strategy where investors seek to identify long-term structural trends and heavily invest in the asset classes and securities potentially most poised to benefit from such trends. Recently, the most popular of these themes has been the rise of artificial intelligence, which was especially apparent this past May. I apologize for sounding especially repetitive in this month's "Global Equity" section, as the phrase "artificial intelligence" appeared five times, but it was the key driving force behind global equities during May.

I bring up the concept of thematic investing to demonstrate that, while such a strategy can be incredibly exciting and lucrative for some investors, in our experience, the extra volatility along the way creates too much discomfort for most investors to stay the course. On behalf of our clients, we manage more diversified portfolios that inherently have exposure to the theme of artificial intelligence, but do not rely solely on the theme's success to generate positive returns. We find this more diversified approach to be prudent for our clients and while we are excited about the prospects of artificial intelligence technologies and their applications, we plan to maintain a more balanced approach across themes, asset classes, and securities.



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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