Independence | Asset Advisors

MONTHLY MARKET REVIEW – July 2026

	July 2026	YTD	1-Year	3-Years	5-Years	10-Years
U.S. Large Cap Equities S&P 500	**-0.06%**	**10.14%**	**19.56%**	**19.32%**	**12.86%**	**15.08%**
U.S. Small Cap Equities Russell 2000	**-3.03%**	**18.85%**	**34.18%**	**15.09%**	**7.11%**	**10.64%**
Energy Infrastructure Equities Alerian U.S. Midstream	**3.76%**	**28.85%**	**26.97%**	**28.05%**	**26.45%**	**13.50%**
U.S. Real Estate Equities Dow Jones U.S. Select REIT	**2.54%**	**20.57%**	**26.63%**	**12.27%**	**5.14%**	**5.24%**
Global Equities MSCI All Country World	**0.08%**	**11.33%**	**22.11%**	**18.30%**	**10.85%**	**12.32%**
Int'l Developed Equities MSCI EAFE	**1.96%**	**11.59%**	**24.33%**	**15.96%**	**9.31%**	**9.33%**
Emerging Market Equities MSCI Emerging Markets	**-3.07%**	**20.04%**	**36.44%**	**19.33%**	**8.03%**	**9.19%**
U.S. Taxable Fixed Income Bloomberg U.S. Aggregate	**-1.30%**	**-0.69%**	**2.71%**	**3.73%**	**-0.40%**	**1.35%**
U.S. Tax-Exempt Fixed Income Bloomberg Municipal Aggregate	**-1.85%**	**0.43%**	**5.26%**	**2.98%**	**0.51%**	**1.95%**
High Yield Fixed Income Bloomberg U.S. Corp High Yield	**-0.25%**	**1.71%**	**5.17%**	**8.27%**	**4.04%**	**5.51%**
Floating Rate Loans Morningstar LSTA U.S. Loan	**0.79%**	**2.12%**	**4.28%**	**7.38%**	**6.18%**	**5.43%**
Collateralized Loan Obligations JP Morgan Collateralized Loan	**0.43%**	**2.87%**	**5.26%**	**7.09%**	**5.63%**	**4.59%**

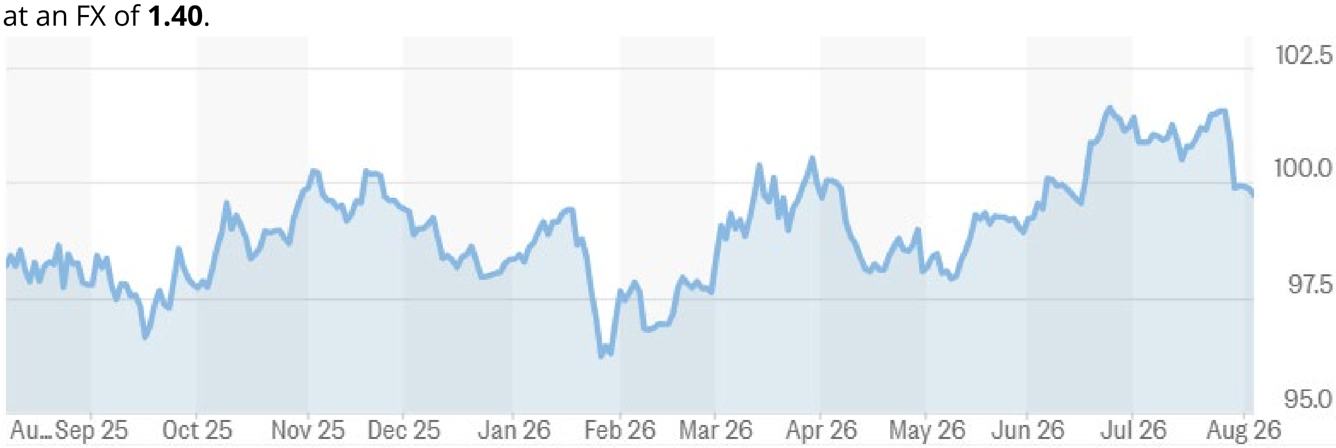
- Global equities results were mixed in July due to escalating tensions between the U.S. and Iran and concerns about the sustainability of returns across AI businesses.
- Weakness in technology was offset by strong gains in energy (+8.8%) and financials (+6.5%), that led value to outperform growth.
  - Through July, the S&P 500 index gained 10.1%, while developed international equities gained 11.6%.
  - The top 10 companies in the S&P 500 ended July at 39% of the Index, with Tesla falling out and Micron being added.
  - The Mag-7 gained 5% through July, compared to the remaining 493 stocks in the S&P 500 Index that gained 12% as market returns continue to broaden.
- Oil prices remained volatile, moving as much as 27% during July, ending the month at $85 per barrel.
- Fixed income yields increased meaningfully in July, with investment grade corporate bond yields moving higher by 0.26%, while 10-Year U.S. Treasury yields increased by 0.31%.
- Corporate credit spreads for investment grade and high yield bonds remained narrow at about half their historical averages.

Sources: eVestment, JP Morgan, xe.com, Trading Economics, StatisticsCanada, U.S. Dept of Labor/Bureau of Labor Statistics, Bank of Canada, Reuters

Category	Comments
Growth	The U.S. economy grew at a 1.5% rate (annualized) in the second quarter: • Consumer spending and business fixed investment drove growth. • Consumer spending rose 03.2%, while business fixed investment rose 8.4%.
Profits	The 2Q 2026 earnings season has been strong: • S&P 500 EPS is projected at 38% y/y: second consecutive quarter at >20%. • Excluding paper gains from hyperscaler investment in private AI companies, earnings growth would still be strong at 19%.
Jobs	The June jobs report's results were weaker than expected: • The U.S. added 57k new jobs, well below the 100K consensus. • The labor force shrank by 720K; the labor market is tight. • The unemployment rate fell from 4.2% to 4.3%.
Inflation	Fed Gauge: Personal Consumption Expenditures Index (PCE - Core): • Core PCE inflation rose 0.1% m/m and 3.3% y/y in June.
Interest Rates	The FOMC policy rate was unchanged in July at a range of 3.50%-3.75%: • Three committee members dissented in favor of raising the policy rate. • Chairman Warsh offered no reaction function of forward guidance. • The Committee is expected to hold rates steady, or hike, in the second half.

CANADA:

- The U.S. dollar index (DXY) ***weakened*** 1.3% in July and ***strengthened*** 0.8% over the past 12 months (see chart below). The U.S. dollar ***weakened*** 1.2% against the Canadian dollar in July to end the month at an FX of **1.40**.



- The Bank of Canada's policy interest rate was ***unchanged*** in July at 2.25%.
- ***Core CPI***, referred to as "CPI-trim," decreased 0.8% in June to 1.8%.
- After experiencing a technical recession, second quarter annualized growth is projected at 3.4%, the highest expansion in more than three years.
- The Bank of Canada projected higher growth in the second half of the year amid easing inflationary pressures and companies' adaptation to U.S.-imposed tariffs.
- The central bank acknowledged some of the unexpected growth was attributable to the FIFA World Cup, but mining, quarrying and oil and gas extraction were also favorable.

Sources: eVestment, JP Morgan, xe.com, Trading Economics, StatisticsCanada, U.S. Dept of Labor/Bureau of Labor Statistics, Bank of Canada, Reuters

OIL:

- **The price of crude oil was $84.67 per barrel (WTI).**
- Oil prices **increased** $15.17 per barrel, or 21.8%.
- Crude prices have fluctuated and increased amid developments regarding the Strait of Hormuz. According to Axios, the U.S., Iran and Oman are close to a 60-day interim agreement to reopen the waterway, which could result in lower forward prices.
- **Oil is forecasted to trade between $65 and $95 per barrel over the next 12 months.**

Year	Ave. Price	High	Low	% Change
2026	$81.11	$112.95	$55.99	47%
2025	$64.62	$78.71	$57.13	-19%
2024	$75.83	$87.01	$66.37	1%
2023	$77.64	$93.84	$66.74	-11%
2022	$94.53	$123.70	$71.59	7%
2021	$68.17	$84.65	$47.62	55%
2020	$39.68	$63.27	$11.26	-21%
2019	$56.99	$66.24	$46.31	35%
2018	$65.23	$77.41	$44.48	-25%
2017	$50.80	$60.46	$42.48	12%
2016	$43.29	$54.01	$26.19	45%
2015	$48.66	$61.36	$34.55	-31%

COPPER:

- **The price of copper was $6.25 USD per pound.**
- Copper prices **increased** $0.21 per pound, or 3.4%.
- Copper prices moved closer to the all-time high in July, with tightening global supply supporting prices. Shipments to the U.S. have increased ahead of an expected decision from the Trump administration on copper import tariffs.
- **Copper is forecasted to trade between $6.15 and $6.80 per pound over the next 12 months.**

Year	Ave. Price	High	Low	% Change
2026	$6.05	$6.68	$5.37	14%
2025	$4.86	$5.82	$4.03	41%
2024	$4.23	$5.10	$3.68	3%
2023	$3.86	$4.28	$3.57	2%
2022	$4.00	$4.94	$3.23	-14%
2021	$4.24	$4.76	$3.52	27%
2020	$2.80	$3.63	$2.10	26%
2019	$2.72	$2.97	$2.53	6%
2018	$2.93	$3.30	$2.56	-20%
2017	$2.81	$3.30	$2.49	32%
2016	$2.20	$2.69	$1.94	17%
2015	$2.49	$2.94	$2.02	-25%

ALUMINUM:

- **The price of aluminum was $3,098 USD per tonne.**
- Aluminum prices **increased** $97 per tonne, or 3.1%.
- Ongoing supply constraints and weaker production have pushed aluminum prices higher. Output outside China has declined nearly 7% y/y, mainly due to reduced operating rates at several Middle Eastern smelters.
- **Aluminum is forecasted to trade between $3,000 USD/tonne and $3,250 over the next 12 months.**

Year	Ave. Price	High	Low	% Change
2026	$3,323	$3,762	$2,996	7%
2025	$2,643	$2,913	$2,340	17%
2024	$2,458	$2,768	$2,159	7%
2023	$2,288	$2,662	$2,122	0%
2022	$2,711	$3,966	$2,103	-15%
2021	$2,486	$3,198	$1,954	42%
2020	$1,732	$2,068	$1,427	9%
2019	$1,811	$1,936	$1,706	-2%
2018	$2,115	$2,556	$1,817	-19%
2017	$1,979	$2,272	$1,686	34%
2016	$1,610	$1,784	$1,450	12%
2015	$1,679	$1,978	$1,436	-18%

Sources: eVestment, JP Morgan, xe.com, Trading Economics, StatisticsCanada, U.S. Dept of Labor/Bureau of Labor Statistics, Bank of Canada, Reuters

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MARKET UPDATE

July 31, 2026

By Thomas Grugan, Director & Senior Investment Strategist

High Level Summary

Global equity market results were mixed in July with the MSCI All Country World Index gaining less than 1%. The month was dominated by a sharp AI-driven tech selloff, resulting in the Nasdaq 100 falling into correction territory. With nearly 42% of the S&P 500 Index composed of just 10 companies (primarily tech-focused), the S&P 500 Equal Weighted Index gained 1.0% and fared better than the market cap-weighted index amid a rotation back into cyclicals. Geopolitical tensions between the U.S. and Iran reignited, sending crude prices higher, which prompted inflation concerns and increased the likelihood of a central bank hike(s) this year. Fixed income returns weakened as oil prices rose and inflation concerns weighed on sentiment. While the Fed's policy rate remained unchanged, government bonds rose and prices fell, sending the 10-Year Treasury down for the month. Floating rate debt and collateralized loan obligations (CLOs) reported another month of gains.

U.S. Economy

- *The U.S. economy expanded at a 1.5% annualized rate in the second quarter, supported by strong consumer spending (+3.2%) and business fixed investment growth (+8.4%).*
- *Profits have been strong, with second quarter S&P 500 EPS (earnings per share) projected at 38% y/y. This marks the second consecutive quarter of >20% EPS growth. Importantly, with hyperscaler investments in private AI companies excluded, earnings growth would still be strong at 19%.*
- *The July FOMC meeting resulted in no change to the policy rate range of 3.5%-3.75%. While headline inflation remained elevated, Core PCE (the Fed's preferred gauge) rose just 0.1% m/m and 3.3% y/y. Three committee members voted to raise interest rates in July, while Fed Chair Warsh offered no reaction function or forward guidance.*

Topic of the Month

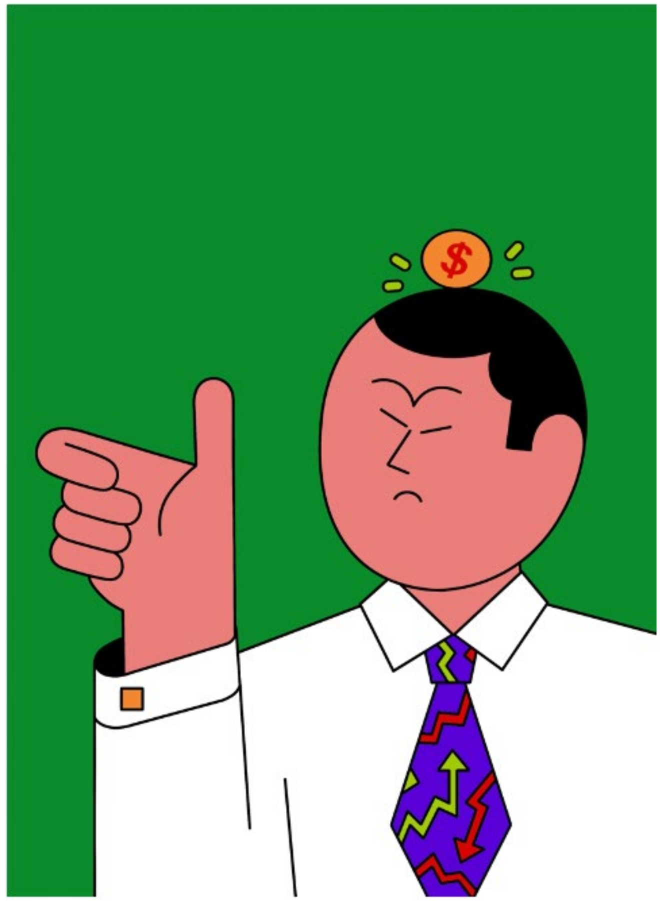
Public equities have been a particularly rewarding asset class for investors over the past few years. Over the past decade, through mid-August, large cap U.S. stocks have gained an annualized 15.5%, with a 73.5% return reported since the previous peak in January 2022. These impressive results have created significant wealth generation for many families The appreciation of U.S. stocks has been remarkably consistent with the rapid pace of appreciation witnessed in the late 1990's, a historic period of speculative mania when the Nasdaq Composite Index rose sharply before crashing 78%, as capital dried up for unprofitable internet startups. During this most recent equity rally, gains have been concentrated across a narrow range of tech/Ai-related companies. Similar to the dot-com bubble, today's leading tech companies are highly overvalued and the indexes that hold them are highly concentrated. While we do not anticipate a near-term crash, the correlation to the late 1990's is undeniable. In this monthly memo we present an article written by Jeff Sommer of the *New York Times*, which offers a unique, fact-based perspective considering the dispersion of "winners" and "losers", and how only a handful of companies can quickly create wealth and destroy it just as fast.

"Hottest Markets Lead to the Biggest Losses"

WorldCom, Lucent Technologies, Wachovia and Rivian Automotive: These companies are members of a dubious group, the worst stock market investments of the last century.

That lowly status is documented in a long-running study that has gotten far more attention for its depiction of the century's best stocks. But it suggests that ***the most dangerous times for investors are when the market is high*** *— and we may be in such a time right now.*

The study, by Hendrik Bessembinder, a finance professor at Arizona State University, shows that most of the biggest losers since 1926 were tech companies. They included stocks that boomed during the dot-com era and in the halcyon days just before the financial crisis that began in 2007 — and many crashed when those boom cycles ended. WorldCom and Lucent Technologies were dot-com telecommunications giants. There were banks, too: Wachovia was on the verge of collapse when it was acquired by a competitor, Wells Fargo, in 2008.



Andrea Chronopoulos

Two of the worst companies began trading on U.S. public markets only in this decade. Both are electric car firms whose share prices at their initial public offerings were remarkably high. Their exorbitant prices reflected investor enthusiasm at the time for the budding industry, but set up shareholders for steep losses. One was VinFast Auto, a Vietnamese company that trades on the Nasdaq. The other was Rivian, which generated shareholder losses of $85.8 billion from its I.P.O. in November 2021 through this past December, according to Professor Bessembinder's calculations.

Rivian jumped out at me as particularly noteworthy because its chief executive, Robert J. Scaringe, was paid more than $402 million in 2025, as I reported last month. That put him fifth in a ranking of the most highly compensated chief executives at publicly traded companies in the United States. Rivian may well have a great future, but the company is still unprofitable, and long-term shareholders have taken a pounding.

I've mentioned just a few of the firms with poor stock market performance. The companies at the bottom of the heap all had different characteristics. ***What they had in common was that their bad share performance occurred after their stocks were hot. First, they attracted enormous amounts of investor cash. Then the value of the shares evaporated.***

I wrote last week about the most recent updates to Professor Bessembinder's study. He demonstrated that a relative handful of elite stocks, headed by Apple, Nvidia and Microsoft, churned out spectacular returns that accounted for nearly all the profits for investors over the entire century.

At the same time, more than 96 percent of the stock market did virtually nothing for investors. The vast majority of stocks couldn't even match the 3.3 percent average return of one-month Treasury bills — a return you could get month by month over the 100 years through 2025 without taking any appreciable risk.

Those negative findings made me curious. Professor Bessembinder shared the core of his study with me – a spreadsheet containing more than 29,000 stocks from a CRSP market index now run by Morningstar. (That index is the backbone of Vanguard's Total Stock Market Index fund.) Professor Bessembinder's spreadsheet is a numerical depiction of U.S. stock market history. As I scrolled to the very bottom, I realized that this trove revealed the worst disasters in the stock market over the last 100 years.

As Professor Bessembinder uses the term, ***"lifetime wealth destruction" is the flip side of wealth creation****. The downfall of a stock market giant destroys far more investor wealth than the demise of a smaller company with equally poor share performance because these measures are both also connected to total market valuation. In addition, this approach accounts for stock dividends and buyouts, and the comparison with Treasury bills includes an inflation adjustment.*

Staring at this list of disasters felt like rubbernecking after a car wreck. Morbid curiosity was undeniably one of my motivations.

Yet taking the time to learn what happened and why — and discovering whether there were any patterns behind these seemingly random disasters might prevent future nightmares.

Wealth Destruction
At the very bottom of the list, in 29,080th place, I found WorldCom. It filed for bankruptcy in 2002, amid an $11 billion accounting scandal that culminated in the fraud conviction of its co-founder Bernard J. Ebbers. The company wiped out $114.5 billion in shareholder wealth, according to Professor Bessembinder's calculations.

That's a lot of money, but it subtracted a mere 0.13 percent from all the wealth created in the market over the century. By contrast, Apple, the biggest winner in the last 100 years, created more than $5 trillion in stock market wealth for investors, accounting for 5.5 percent of all the wealth in the market.

That discrepancy startled me at first. Then I realized that the worst total shareholder losses from every company at the bottom of the list were much smaller than the gains of the happy few stocks that produced extraordinary gains.

That's because of the way the stock market is structured. Your losses as an investor are capped at 100 percent — as long as you don't use borrowed money — while gains can theoretically be infinite. But even if losses from individual stocks aren't as great as gains from the big winners, overall, there have been vastly more losers in the market. Those losses add up.

The market is asymmetrical in another important way: The gains of the biggest winners are uniformly greater than the losses of the greatest losers. It turns out that the combined losses of the 10 companies at the bottom of the list accounted for less than 1 percent of all the wealth destruction in the stock market over the century. By comparison, the top 10 companies — including Nvidia, Microsoft, Amazon, Alphabet and other heavyweights — accounted for 29 percent of all wealth creation over 100 years.

There were thousands of companies that weren't worth holding as investments. Only a comparative few made investors, as a group, considerably richer.

Losers Everywhere

One takeaway from all this is that the stock market is skewed toward losing. Flip a coin and the chances are minuscule that you'll pick one of the relatively few great stocks. Most likely, in a random coin toss, you will end up with a loser. There's a good chance that you will not hold any winners at all.

That's an argument for broad diversification. If you pick stocks, you could easily create a portfolio of losers, if only because there are so many of them.

There are talented stock pickers in the world, of course, and it's possible to beat these odds and outperform the market. But it's not easy to do. Most people will probably be better off if they don't try, and instead hold broad index funds that mirror the overall stock market, which has been buoyed by the biggest winners.

Perhaps the most significant lesson is that price really matters. That may be worth pondering now, with widespread enthusiasm for artificial intelligence driving the prices of popular stocks to new heights.

Companies may be wonderful in concept and execution — and free of scandal — but even that is not enough. If their price is too damn high, exciting companies won't create wealth for investors. They will instead end up in the annals of terrible wealth destroyers.