January 2026 Market Recap

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At Winthrop Wealth, we follow a **Total Net Worth Approach** to wealth management that combines both comprehensive financial planning and investment management. The financial plan helps define cash flow needs, seeks to optimize account structures, considers tax mitigation strategies, and determines the appropriate asset allocation based on the client's willingness and ability to take risk. Based on the output of the financial plan, our investment management process designs a well-diversified portfolio constructed with a long-term methodology based on prudent risk management, asset allocation, and security selection. *For clients who receive both financial planning and investment advisory services under agreement. No strategy assures success or protects against loss. Investing involves risk, including loss of principle.*

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The US equity market started the year on a positive note, with the S&P 500 increasing by +1.4% in January. This marks the ninth consecutive monthly advance for US equities, the longest winning streak since 2017. Notably, the S&P 500 nearly entered a bear market last April, declining approximately -19%, before rebounding nearly +41% from the lows. The rally was driven by progress on trade deals and easing tariff uncertainty, stronger-than-expected corporate earnings, sustained optimism around artificial intelligence, and the Fed's recent rate cuts. Market performance in recent months reinforces our belief in the importance of maintaining a disciplined long-term perspective. Please see our Principles for Long-Term Investing.

- **Kevin Warsh Nominated as Fed Chair:** President Donald Trump named Kevin Warsh as the next chair of the Federal Reserve, a move that still requires Senate confirmation. Warsh previously served as a Federal Reserve governor from 2006 to 2011 and is a notable choice given his long-standing reputation as an inflation hawk and vocal critic of quantitative easing and balance-sheet expansion. More recently, however, he has publicly supported lower interest rates, aligning more closely with the President's preferences. Markets continue to price the first rate cut of 2026 at the June meeting, which would be Warsh's first as Chair if confirmed. While his near-term rate stance appears clearer, uncertainty remains around how he would manage the Fed's $6.6 trillion balance sheet and respond in a future crisis, particularly given the aggressive balance-sheet expansion employed by recent Fed Chairs. Importantly, the Fed remains a committee-driven institution, meaning any policy shift would require broader consensus rather than unilateral action by the Chair.

- **Markets Shake Off Geopolitical Risks:** Geopolitical volatility increased in the month, highlighted by the US detention of Venezuelan President Nicolás Maduro and effective control over Venezuela's oil exports, as well as renewed tensions with European and NATO allies after President Trump raised the possibility of purchasing Greenland and tariff threats. Additional pressure points emerged as protests flared in Iran, prompting threats of US military action. Despite these developments, markets remained resilient.

- **Precious Metals Surge and Pull Back:** Gold rose +13% and silver climbed +19% in January, driven by heightened geopolitical and fiscal uncertainty that fueled hedging and speculative demand. Late in the month, however, those gains reversed sharply as positioning unwound, with gold falling more than -12% in its largest intraday decline since the early 1980s and silver dropping as much as -36% for a record intraday move. Please see our Client Question on investing in Gold.

- **Leadership Rotates:** While the S&P 500 gained +1.4%, leadership broadened as Value stocks (Russell 1000 Value: +4.5%) outperformed Growth (Russell 1000 Growth: -1.5%), and Small- and Mid-Caps (Russell 2000: +5.4%; S&P 400: +4.1%) outpaced Large Caps. International equities (ACWI ex US: +6.0%) also posted a strong start to the year, supported by a weaker US dollar.
  - We construct diversified portfolios across regions, market caps, styles, and sectors, tilting toward areas we believe offer the most potential benefit. Our view remains that diversification can help deliver more consistent and less volatile results than an all-eggs-in-one-basket approach. *There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.*

Short-Term Outlook: Our short-term outlook remains cautious given recent market performance. On the positive side, corporate earnings remain solid with upward revisions, and the Fed has lowered interest rates. At the same time, inflation remains elevated, geopolitical and policy-related risks persist, and some signs of froth remain evident. In our view, it is prudent to remain disciplined by staying committed to regular rebalancing toward long-term targets, opportunistically raising cash for distributions, and positioning portfolios to manage downside risk while participating in potential upside should the bull market continue with limited disruption. Key factors we are monitoring include the transition to a new Fed regime, tariff-related legal developments, the evolution of artificial intelligence and capital spending, rotating market leadership, and the overall health of the labor market.

Long-Term Philosophy: We apply a Total Net Worth Approach to wealth management that integrates comprehensive financial planning with a structured investment process. Markets have historically increased over time despite frequent drawdowns as successful corporations generate profits through advances in innovation and productivity. To capitalize on the power of compounding, we believe in the benefits of staying **D**isciplined, **O**pportunistic, and **D**iversified, while striving to **M**itigate fees, taxes, and expenses.

Historically, equity markets have recovered from recessions and downturns. Past performance is no guarantee of future returns. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.

All data sourced from Bloomberg as of 1/31/26

Fixed Income Markets

Interest Rates

Treasury yields were largely unchanged in January, with modest moves across maturities as markets digested incoming economic data and evolving expectations for Fed policy.

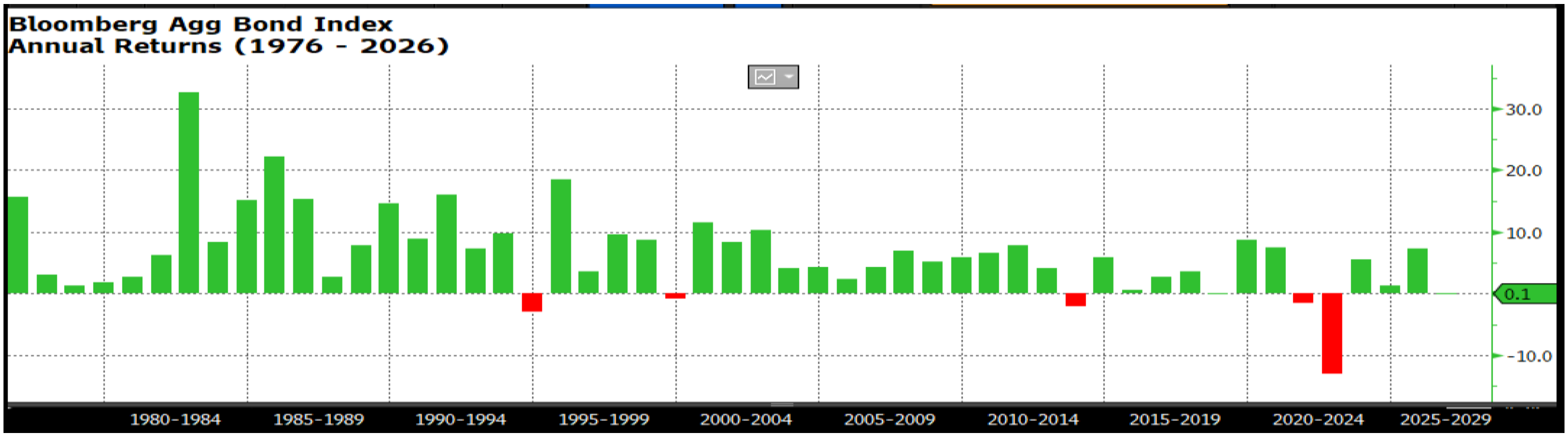
- **Short-Term Treasury Yields:** The Federal Reserve influences short-term interest rates by setting the Federal Funds rate.
  - Month-end levels: 3-Month: 3.65% (+0%), 6-Month: 3.62% (+0%), 12-Month: 3.46% (-0%).
  - According to Bloomberg, market pricing indicates about two 0.25% rate cuts this year, so short-term yields should continue modestly to decline in the coming months.
  - Investing in short-term Treasuries with 4%-5% yields was a great strategy over the past few years, but we believe that opportunity has passed, and investors now face reinvestment risk with lower rates at maturity. We suggest using short-term Treasuries to fund anticipated liabilities, and to invest any excess cash in longer maturities or in a diversified portfolio. *Investing involves risk including loss of principal. No strategy assures success or protects against loss.*
- **Long-Term Treasury Yields:** The market determines long-term yields based on supply dynamics, including elevated federal debt issuance, and investor demand, which vary with expectations for future inflation and economic growth.
  - Month-end levels: 10-Year: 4.24% (+0.1%), 20-Year: 4.82% (+0%), 30-Year: 4.87% (+0%).
  - As a reminder, mortgage rates are more closely correlated with the 10-Year Treasury yield than the Federal Funds rate. Investors should not assume mortgage rates will fall simply because the Fed is cutting. In late 2024, the Fed lowered rates by 1.0%, yet the 10-Year yield rose +1.1% and mortgage rates climbed +0.8% as markets priced in higher inflation and growth. Since September 2025, the Fed cut rates by 0.75% total, and the average 30-year fixed mortgage rate declined only slightly to 6.2%.

Intermediate-Term Bonds

The Bloomberg US Aggregate Bond Index (Agg), which acts as a proxy for the intermediate-term investment-grade bond market, increased by +0.1% as yields were mostly stable. Bond prices move inversely to interest rates and credit spreads. Please see our Bond Primer.

After some challenging periods over the last few years, we are pleased to see solid returns from intermediate-term bonds. All else equal, we still expect intermediate-term bonds to provide both ballast and positive returns as yields either stabilize or decline. Bonds did provide ballast during the recent bout of market volatility last year, gaining +1% while the equity market declined by nearly -19%. We'll also highlight that bonds performed well in a relatively stable rate environment: since late-October 2022, the 10-Year Treasury yield has started and ended the period at roughly 4.24%, while the Agg delivered a +19.9% total return (+5.7% annualized).

In our opinion, intermediate-term bonds remain an attractive investment opportunity, as the yield to maturity on the US Aggregate Bond Index ended the month at 4.4%. Yield to maturity is defined as the estimated annualized rate of return an investor can expect on a bond if purchased today and held to maturity, assuming the issuer makes all their interest and principal payments (i.e., no defaults). *Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price.*



Source: Bloomberg.

Monetary Policy

"The outlook for economic activity has clearly improved since that last meeting. I think the upside risks to inflation and the downside risks to employment have probably both diminished a bit. We think we're well-positioned to watch how the economy performs. We're not making decisions about future meetings."

- Fed Chair Jerome Powell, FOMC Press Conference (January 2026)

As expected, the FOMC left the federal funds rate unchanged at its January meeting, with the top end of the target range remaining at 3.75%. After cutting rates by 0.25% at three consecutive meetings to end 2025, the Fed opted to pause, citing signs of labor market stabilization and inflation that remains modestly above their 2% target after adjusting for the impact of tariffs on goods prices.

At his press conference, Chair Powell emphasized that policy decisions will remain data dependent, with the Committee monitoring how economic conditions evolve before considering further rate cuts. With Jerome Powell's term as Fed Chair set to expire in May and only two meetings remaining under his leadership, we expect the FOMC to remain on hold until a new Chair is in place. The market broadly shares that view. According to Bloomberg, market pricing currently reflects expectations for approximately two 0.25% rate cuts in 2026, with the first likely occurring at the June meeting, which would be the new Fed Chair's first meeting.

The Fed was also in the headlines during January for several other reasons. The leadership transition at the Federal Reserve was finalized late in the month with President Trump's nomination of Kevin Warsh to succeed Chair Powell, while the Department of Justice launched an investigation into Powell related to statements made to Congress and the Supreme Court heard arguments involving Governor Lisa Cook's potential removal by the White House. We continue to believe that an independent and credible Federal Reserve is essential to maintaining confidence in monetary policy and the stability of financial markets.

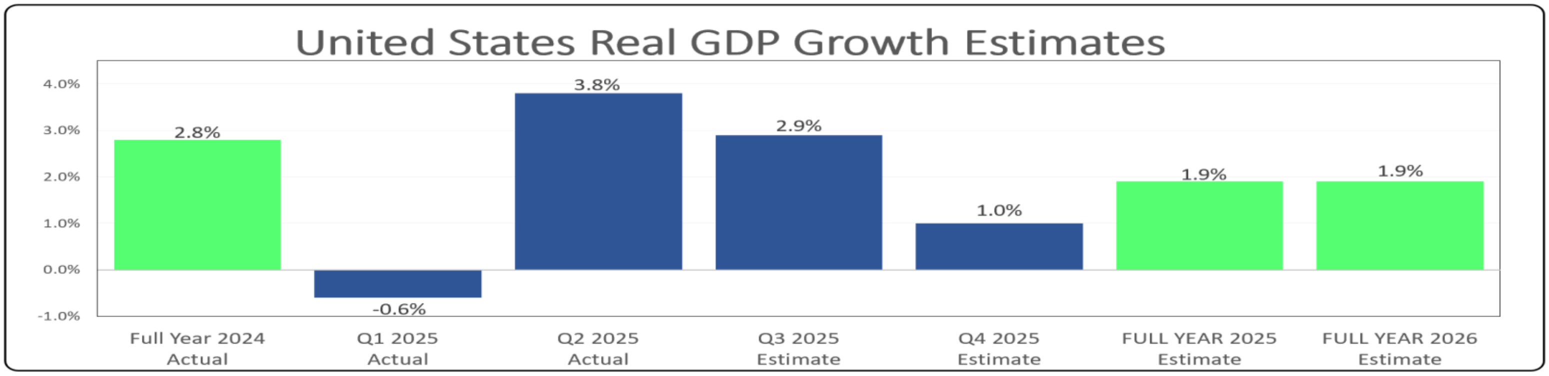
US Economy

"The U.S. economy has remained resilient. These conditions could persist for some time, particularly with ongoing fiscal stimulus, the benefits of deregulation and the Fed's recent monetary policy. However, markets seem to underappreciate the potential hazards-including from complex geopolitical conditions, the risk of sticky inflation and elevated asset prices."

- Jamie Dimon, Chairman and CEO of JPMorgan Chase, JPMorgan Earnings Release (January 2026)

Economic data during the month generally pointed to improving momentum. Growth estimates moved higher, and weekly jobs data suggested the labor market is firming after a period of moderation. The next key test will be the February 6th BLS Employment report, which is expected to show job growth of roughly 70,000 with the unemployment rate holding steady at 4.4%. A firming labor market should continue to support consumer spending. In turn, real GDP growth is estimated at about +2.2% in 2025 and +2.4% in 2026.

The Trump administration has increasingly emphasized stimulus and affordability as key policy priorities heading into the mid-term elections. Recent proposals and actions have focused on easing household financial pressure, including discussions around capping credit card interest rates, limiting institutional ownership of single-family homes to support affordability, encouraging Fannie Mae and Freddie Mac to purchase mortgage-backed securities to lower mortgage rates, and expanding Medicare drug price negotiations to reduce healthcare expenses. Combined with the stimulative effects of the One Big Beautiful Act (OBBA), these initiatives signal a policy bias toward supporting consumer affordability and near-term economic growth, even as longer-term risks remain.



Source: Bloomberg.

JANUARY 2026 MARKET RETURNS

Index	2026	2025	2024	2023	2022	2021	2020	1-Year	3-Year	5-Year	10-Year	20-Year
US Equity												
S&P 500	1.44%	17.86%	25.00%	26.26%	-18.12%	28.68%	18.39%	16.32%	21.06%	14.96%	15.54%	10.92%
Russell 3000	1.54%	17.13%	23.80%	25.93%	-19.22%	25.64%	20.88%	15.30%	20.13%	13.57%	15.10%	10.65%
Dow Jones Industrial Average	1.80%	14.92%	14.99%	16.18%	-6.86%	20.95%	9.72%	11.65%	14.93%	12.41%	13.92%	10.40%
Nasdaq	0.97%	21.17%	29.60%	44.70%	-32.51%	22.21%	45.06%	20.34%	27.46%	13.27%	18.77%	13.47%
S&P 400	4.05%	7.48%	13.89%	16.39%	-13.12%	24.73%	13.65%	7.69%	10.71%	9.61%	11.78%	9.32%
Russell 2000	5.39%	12.79%	11.52%	16.88%	-20.46%	14.78%	19.93%	15.84%	12.17%	6.13%	11.18%	7.99%
Russell 1000 Growth	-1.51%	18.55%	33.35%	42.67%	-29.14%	27.59%	38.49%	14.50%	27.02%	15.13%	18.61%	13.03%
Russell 1000 Value	4.54%	15.88%	14.35%	11.42%	-7.56%	25.12%	2.78%	15.78%	13.62%	12.49%	11.58%	8.33%
International Equity												
MSCI Index	**2026**	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**1-Year**	**3-Year**	**5-Year**	**10-Year**	**20-Year**
EAFE	5.22%	31.22%	3.82%	18.24%	-14.45%	11.26%	7.82%	31.18%	16.16%	10.27%	9.55%	5.53%
Europe	4.13%	40.30%	2.64%	22.94%	-17.86%	13.54%	7.89%	35.67%	18.21%	11.90%	10.19%	5.41%
Japan	6.59%	24.60%	8.31%	20.32%	-16.65%	1.71%	14.48%	30.77%	17.66%	8.18%	9.24%	4.29%
China	4.70%	31.17%	19.42%	-11.20%	-21.93%	-21.72%	29.49%	36.08%	9.21%	-3.68%	7.47%	7.34%
Emerging Markets	8.85%	33.57%	7.50%	9.83%	-20.09%	-2.54%	18.31%	42.84%	16.72%	5.34%	10.07%	5.87%
All Country World (ACWI)	2.96%	22.34%	17.49%	22.20%	-18.36%	18.54%	16.25%	21.87%	19.04%	11.94%	12.74%	8.08%
ACWI ex US	5.98%	32.39%	5.53%	15.62%	-16.00%	7.82%	10.65%	34.87%	16.54%	9.11%	9.81%	5.58%
US Fixed Income												
Bloomberg Index	**2026**	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**1-Year**	**3-Year**	**5-Year**	**10-Year**	**20-Year**
Aggregate	0.11%	7.30%	1.25%	5.53%	-13.01%	-1.54%	7.51%	6.85%	3.64%	-0.20%	1.88%	3.26%
Treasury Bills	0.30%	4.29%	5.32%	5.14%	1.52%	0.04%	0.54%	4.21%	4.90%	3.30%	2.21%	1.67%
Corporates	0.18%	7.77%	2.13%	8.52%	-15.76%	-1.04%	9.89%	7.37%	4.78%	0.21%	3.25%	4.29%
Securitized MBS/ABS/CMBS	0.41%	8.49%	1.45%	5.08%	-11.67%	-1.04%	4.18%	8.37%	4.00%	0.29%	1.59%	3.12%
High Yield	0.51%	8.62%	8.19%	13.45%	-11.19%	5.28%	7.11%	7.70%	8.87%	4.54%	6.75%	6.68%
Munis	0.94%	4.25%	1.05%	6.40%	-8.53%	1.52%	5.21%	4.70%	3.22%	0.86%	2.32%	3.56%
US Equity Sectors												
Index	**2026**	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**1-Year**	**3-Year**	**5-Year**	**10-Year**	**20-Year**
Technology	-1.66%	24.04%	36.61%	57.84%	-28.19%	34.53%	43.89%	25.63%	33.96%	20.71%	24.69%	16.32%
Real Estate	2.85%	3.15%	5.23%	12.35%	-26.13%	46.20%	-2.17%	4.17%	4.50%	6.14%	6.98%	4.77%
Industrials	6.67%	19.27%	17.30%	18.08%	-5.51%	21.10%	11.05%	21.13%	19.31%	16.06%	14.36%	10.44%
Energy	14.43%	8.68%	5.72%	-1.42%	65.47%	54.39%	-33.68%	21.83%	8.02%	26.10%	10.08%	6.19%
Consumer Discretionary	1.71%	6.04%	30.14%	42.30%	-37.03%	24.43%	33.30%	3.31%	20.18%	9.28%	13.96%	12.01%
Communication Services	5.80%	33.56%	40.23%	55.80%	-39.89%	21.57%	23.61%	29.49%	39.14%	17.97%	13.96%	10.81%
Consumer Staples	7.71%	3.90%	14.87%	0.52%	-0.62%	18.63%	10.75%	9.67%	9.24%	9.94%	8.88%	9.99%
Utilities	1.37%	16.04%	23.43%	-7.08%	1.56%	17.67%	0.48%	14.28%	11.23%	10.22%	10.22%	8.93%
Materials	8.70%	10.54%	-0.04%	12.55%	-12.28%	27.28%	20.73%	13.80%	7.44%	9.10%	12.07%	8.23%
Financials	-2.50%	14.97%	30.50%	12.10%	-10.57%	34.87%	-1.76%	5.23%	15.33%	15.01%	13.88%	5.81%
Health Care	-0.02%	14.60%	2.58%	2.06%	-1.95%	26.13%	13.45%	7.29%	6.91%	7.90%	10.77%	10.20%
	Calendar Year Returns							**Annualized Returns**				

Source: Bloomberg.

DISCLOSURES

Content in this material is for general information only and not intended to provide specific advice or recommendations for any individual.

The economic forecasts set forth in this material may not develop as predicted and there can be no guarantee that strategies pro- moted will be successful.

All indexes mentioned are unmanaged indexes which cannot be invested into directly. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. Past performance is no guarantee of future results.

The Standard & Poor's 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.
The S&P Midcap 400 Stock Index is an unmanaged index generally representative of the market for the stocks of mid-sized US companies.

The Russell 2000 Index is an unmanaged index generally representative of the 2,000 smallest companies in the Russell 3000 index, which represents approximately 10% of the total market capitalization of the Russell 3000 Index.

The Russell 1000 Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

The Russell 3000 Growth Index is an unmanaged index comprised of those Russell 3000 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 3000 Value Index measures the performance of those Russell 3000 com- panies with lower price-to-book ratios and lower forecasted growth values.

The prices of small cap stocks and mid cap stocks are generally more volatile than large cap stocks. The MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada.

The MSCI EAFE Index consists of the following developed country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the UK.

The MSCI EM (Emerging Markets) Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the emerging market countries of the Americas, Europe, the Middle East, Africa and Asia. The MSCI EM Index consists of the following emerging market country indices: Brazil, Chile, Colombia, Mexico, Peru, Czech Republic, Egypt, Greece, Hungary, Poland, Qatar, Russia, South Africa. Turkey, United Arab Emirates, China, India, Indonesia, Korea, Malaysia, Philippines, Taiwan, and Thailand.

The MSCI US Broad Market Index captures broad US equity coverage. The index includes 3,204 constituents across large, mid, small and micro capitalizations, representing about 99% of the US equity universe.

International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.

The Barclays Capital US Corporate High Yield Bond index is an index representative of the universe of fixed-rate, non-investment grade debt.

The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market.

DISCLOSURES

The Bloomberg Barclays US Treasury Bills 1-3 Month Index is designed to measure the performance of public obligations of the U.S. Treasury that have a remaining maturity of greater than or equal to 1 month and less than 3 months. The Index includes all publicly issued zero coupon U.S. Treasury Bills that have a remaining maturity of less than 3 months and at least 1 month, are rated invest- ment grade, and have $300 million or more of outstanding face value.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price.

Government bonds and Treasury bills are guaranteed by the US government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value.

Municipal bonds are subject to availability and change in price. They are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise. Interest income may be subject to the alternative minimum tax. Municipal bonds are federally tax-free but other state and local taxes may apply. If sold prior to maturity, capital gains tax could apply.

High yield/junk bonds (grade BB or below) are not investment grade securities, and are subject to higher interest rate, credit, and liquidity risks than those graded BBB and above. They generally should be part of a diversified portfolio for sophisticated investors.

The market value of corporate bonds will fluctuate, and if the bond is sold prior to maturity, the investor's yield may differ from the advertised yield.

Asset allocation does not ensure a profit or protect against loss. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio.