June 2026

NEWSLETTER

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3 BIG THINGS

1. June was a fascinating month once you looked past the index level. The S&P 500 finished down about 1%, but the equal weighted version of that same index was actually up 2%. .Just within the technology sector, software names fell 11% on average while semiconductors climbed 13%. That is a good reminder that headline index returns can mask a lot of what is really happening underneath the surface. Dispersion like this is not something to fear. If anything, it is where a thoughtful, selective approach to investing can really earn its keep.

2. The U.S. came to terms with Iran on reopening the Strait of Hormuz and agreed to a 60 day ceasefire to allow further talks to continue. That news sent several commodities lower, with oil leading the way and gold pulling back as well, since gold is often treated as a safe haven when geopolitical tension runs high. Zoom out and it looks like the overall economic disruption from the conflict will end up being fairly limited, but there is no question it added a lot of volatility to markets over the past four months. We may not be completely out of the woods yet either. Right at the end of June, President Trump threatened to resume attacks. Whatever happens next, our approach stays the same: remain steady regardless of the headlines and the market swings that come with any further conflict.

3. Kevin Warsh, the new Federal Reserve chairman, presided over his first meeting in June, and he wasted no time putting his own mark on how the committee operates. One of the biggest changes was pulling back on forward guidance, the practice of signaling where interest rates are likely headed next. Warsh has felt that this practice boxed the Fed into following through on actions even after market conditions changed, when a different outcome might have made more sense. He was also adamant that the committee would do whatever it takes to bring inflation back under control. Markets read that as a real threat of rate hikes later this year, which is a sea change from what most of us expected coming into 2026, and notably the opposite of what President Trump has been pushing for, even though Warsh was Trump's own pick for the job.

Quote of the month: “This committee will deliver on price stability” - Kevin Warsh

MARKET QUICKTAKES

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EQUITY

Small cap stocks led the way in June, with the Russell 2000 returning 3.7% for the month. Value stocks[1] and international markets[2] also posted gains, while the S&P 500 lost just over 1%. Every Magnificent Seven stock finished the month lower. Due to their concentration in markets, in months where they struggle, it becomes very difficult for the index as a whole to post a positive return. Some of the declines were notable: Microsoft fell 17%, Amazon dropped 12%, and Meta was down 11%. SpaceX, meanwhile, came to market with exactly the kind of volatility we expected. The stock finished the month 14% above its IPO price, but that is still 24% below the high it touched shortly after going public, a good reminder of just how bumpy the ride can be for a brand new, hotly anticipated stock.

FIXED INCOME

Interest rates mostly traded in a range this month. The 10 year Treasury began June at 4.45% and finished at 4.48%, a fairly quiet net move for the month even though there was plenty of back and forth along the way. The broad bond index[3] posted a slight positive return of 0.25%, with emerging market bonds[4] and municipal bonds[5] leading the pack, up 0.43% and 0.68% respectively. Shorter term rates told a different story. The more hawkish than expected tone out of the new Federal Reserve pushed short term yields noticeably higher, with the 2 year Treasury finishing the month at 4.20% versus a starting yield of 4.04%. That move lines up with what the market is now pricing in, which is a real possibility of an interest rate hike from the Federal Reserve later this year.

COMMODITIES

Commodities got hit hard across the board in June. Gold had one of its roughest months in some time, falling more than 11% as a stronger U.S. dollar, cooling safe haven demand following the Iran ceasefire, and the Fed's hawkish tone all worked against the metal. Silver fared even worse, tumbling more than 20% for its worst month since September of 2011. That is a stark turn for a metal that was Wall Street's favorite trade as recently as January, when it touched $120 an ounce. Crude oil rounded out the rough month for commodities, falling roughly 20% as the ceasefire and the reopening of the Strait of Hormuz eased the supply fears that had been propping up prices since the conflict began.

ECONOMIC INSIGHTS IN A NUTSHELL

The economic data released during June told the story of an economy that is still standing, but showing some real cracks underneath. Early in the month, the May jobs report blew past expectations, with 172,000 jobs added versus forecasts of roughly 85,000, and unemployment held steady at 4.3%. That strength, combined with a hotter than expected inflation report a few days later, gave the Federal Reserve plenty of cover to sound hawkish at its June meeting. May's CPI came in at 4.2% year over year, the highest reading since April of 2023, though the core rate that strips out food and energy was a milder 2.9% and actually decelerated from April's pace.

Then, right around the time this newsletter was going to print, the June jobs report hit, and it told a very different story. Employers added just 57,000 jobs, well below the 110,000 economists expected Put simply, the labor market cooled off notably as summer began. That puts the Fed in a genuinely difficult spot. Inflation is still running hot, but the labor market is no longer giving policymakers a clear green light to keep leaning hawkish without consequence. We will be watching closely to see which side of that tension wins out in the months ahead.

1 - Russell 1000 Value; 2 - MSCI ACWI ex-USA; 3- Bloomberg US Aggregate Bond; 4 - JPM USD Emerging Market Bond

A VIEW FROM MARKET STRATEGISTS

We touched on SpaceX ahead of its IPO last month, and now that it has been trading for a few weeks, it remains one of the hottest topics in the market. We were already a bit cautious about its valuation at the IPO price, and the research below only reinforced that hesitation. The chart looks at 30 of the most recent tech IPOs and how they performed in the months and year following their debut. The results across different time frames are mixed, but there is one thing that holds true across nearly all of them: a large drawdown from peak to trough at some point during that first year of trading. On average, these IPOs saw a drop of 55% from their highest point, and some saw drops as steep as 90%.

There is often a lot of excitement around a new public listing, and some of these companies have gone on to become terrific long term holdings. Still, we think it is important to stay mindful of just how volatile that initial trading period tends to be. SpaceX is a good example of exactly that. In just its first few weeks of trading, the stock has already experienced a drawdown of 35%. It hit a high of $225 on June 15th, then dropped all the way to $147 just one week later.

Life After the IPO Pop

Peak-to-trough performance for 30 recent large tech IPOs during their first year of trading

Company	1 Week	1 Month	3 Months	6 Months	12 Months	Year 1 Max Drawdown
Facebook	-17%	-18%	-45%	-42%	-31%	**-54%**
Twitter	0%	0%	11%	-32%	-10%	**-58%**
Alibaba	-4%	-6%	18%	-9%	-30%	**-49%**
Shopify	7%	38%	14%	9%	2%	**-52%**
Block	-9%	-6%	-24%	-28%	-7%	**-44%**
Twilio	27%	42%	125%	20%	3%	**-66%**
Snap	-7%	-8%	-13%	-39%	-26%	**-56%**
Okta	4%	1%	0%	18%	64%	**-20%**
MongoDB	-3%	-7%	-9%	20%	103%	**-26%**
Dropbox	10%	2%	18%	-7%	-24%	**-54%**
Spotify	4%	14%	13%	21%	-3%	**-46%**
Lyft	-5%	-23%	-16%	-46%	-65%	**-79%**
Zoom	5%	45%	54%	9%	142%	**-40%**
Pinterest	18%	9%	6%	5%	-28%	**-70%**
Uber	1%	3%	-4%	-34%	-21%	**-68%**
CrowdStrike	33%	22%	19%	-18%	64%	**-67%**
Cloudflare	10%	-13%	0%	6%	90%	**-32%**
Datadog	-14%	-16%	1%	-15%	128%	**-42%**
Snowflake	-14%	-5%	30%	-9%	27%	**-52%**
Palantir	5%	13%	164%	132%	153%	**-53%**
DoorDash	-17%	-19%	-28%	-28%	-13%	**-47%**
Airbnb	2%	3%	37%	0%	25%	**-39%**
Affirm	9%	44%	-29%	-40%	-26%	**-65%**
Roblox	10%	2%	31%	22%	-40%	**-69%**
Coupang	-11%	-7%	-23%	-36%	-65%	**-64%**
Coinbase	-5%	-19%	-30%	-24%	-55%	**-57%**
Robinhood	46%	35%	2%	-64%	-74%	**-90%**
Rivian	45%	15%	-36%	-77%	-67%	**-88%**
Arm Holdings	-18%	-20%	11%	106%	132%	**-43%**
CoreWeave	20%	5%	300%	217%	87%	**-65%**
Median	**3%**	**1%**	**4%**	**-9%**	**-9%**	**-54%**
Average	**4%**	**4%**	**20%**	**1%**	**14%**	**-55%**
% Positive	**57%**	**57%**	**57%**	**43%**	**43%**	**n/a**

Source: Arvada Wealth internal research. Illustrative only; past performance does not guarantee future results.

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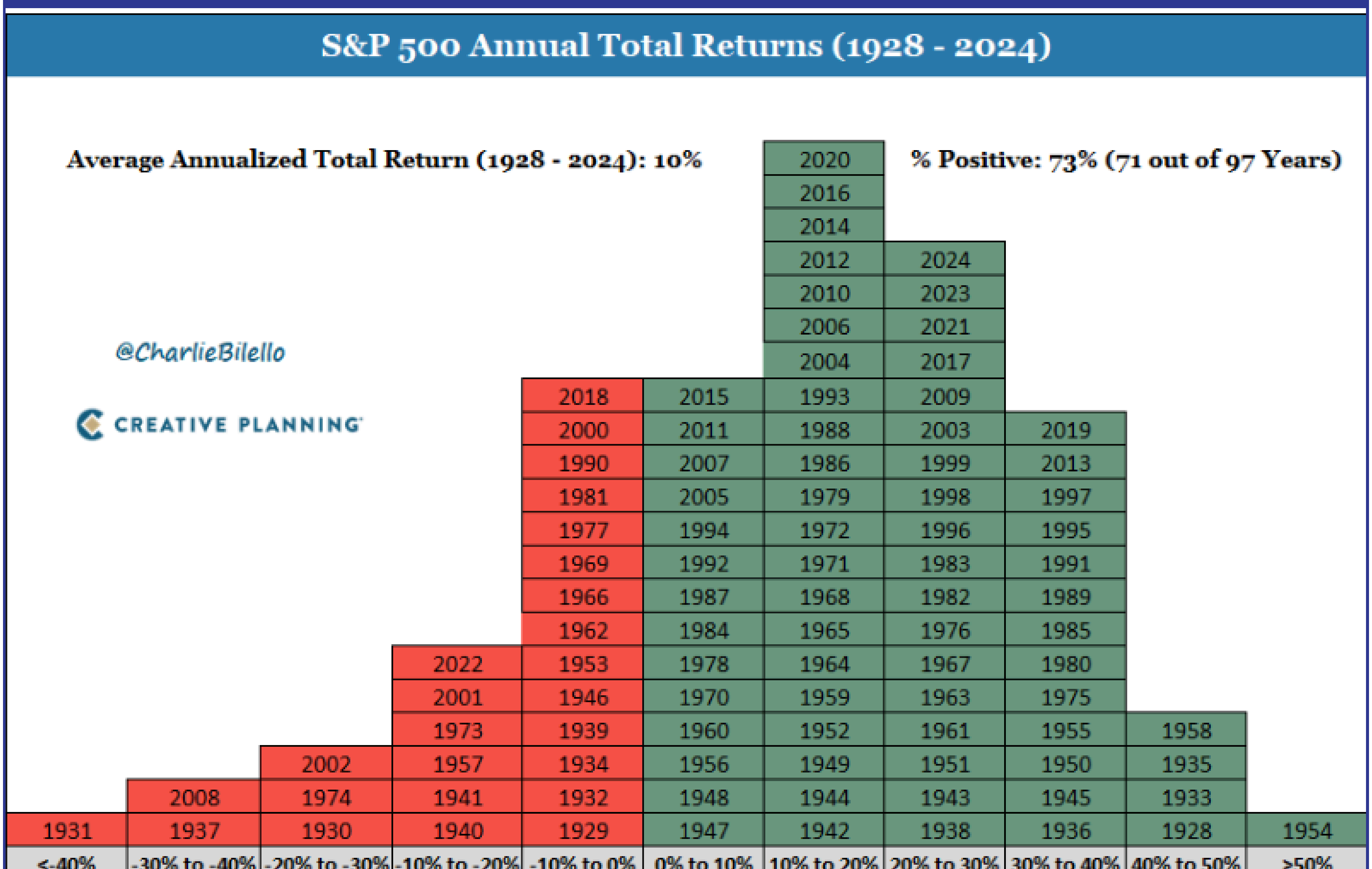
EVERGREEN REMINDERS

The reminder for this month is that markets do not behave in a normal distribution of returns centered around zero. The chart below looks at annual returns from 1928 through 2024 and sorts them into buckets by size. You can see that the two most common outcomes are gains of 10 to 20% and gains of 20 to 30%. The average calendar year return over that entire stretch was 10%, and returns were positive 73% of the time. That is an important thing to keep in mind as an investor. History is on our side when we have a long time horizon, the odds favor positive returns, and double digit gains are not some rare exception, they are actually the norm.

So why doesn't it always feel that way when you log into your account and check your balance? A big part of it comes down to how our brains are wired. Studies show that losses affect us emotionally about two and a half times more than an equivalent gain makes us feel good. Investing successfully means constantly working against that built in bias. By revisiting history and laying out the facts in different ways each month, our hope is to be a steady resource and a calm foundation for your financial decisions, especially during the times when the waters get a little rough.



Source: @CharlieBiello, Creative Planning, S&P 500 Annual Total Returns, 1928-2024

BEYOND THE MARKET

LIFESTYLE HACK

One lifestyle hack I come back to often when trying to change a habit is introducing, or removing, friction. Wanting to be on your phone less before bed? Leave your phone outside the bedroom. Want to work out in the morning? Lay your workout clothes out right next to your bed the night before. Make the things you want to stop doing even a little bit harder, and make the things you want to do easier. Removing that friction is often what finally gets a habit to stick.

PLANNING CORNER

Trump accounts are now live. Any child born between January 1, 2025 and December 31st, 2028 is eligible for an account funded with $1,000 from the government. You are able to contribute an additional $5,000 per year on top of that to help the balance grow. Once the child turns 18, the funds can be used for qualified expenses, which include education, a first home purchase, and a few other approved uses. Details are still rolling out on the program, but it is already shaping up to be a great vehicle for anyone with children or grandchildren being born in this window. If you have questions on the topic, feel free to reach out and we would be happy to help.

Disclosures

The S&P 500 Index consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market value weighted index with each stock's weight in the Index proportionate to its market value.
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