JEMMA
FINANCIAL SERVICES

MARKET LEADERSHIP TAKES A TURN

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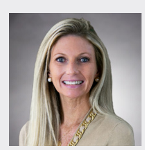
In July, the S&P 500 Index return was essentially flat, while the technology-heavy Nasdaq Composite, small-cap stocks, and mid-cap stocks declined modestly.

A sector rotation in market leadership took hold as investors moved away from semiconductor stocks and favored other sectors. The PHLX Semiconductor Sector Index of the 30 largest U.S. listed semiconductor companies fell 20.58% in July after strong gains earlier in the year, contributing to a 3% decline in the broader Information Technology sector. Meanwhile, Energy led the S&P 500 sectors with a 12.6% gain as Middle East tensions and oil-supply concerns pushed crude prices higher. Financials followed with a 6% return.

Despite declining in July, small- and mid-cap stocks continued to lead the broader U.S. market for the year. Through July 31, the S&P SmallCap 600 Index gained over 20% and the S&P MidCap 400 Index advanced nearly 15%, compared with 10% for the S&P 500.

The Federal Reserve held interest rates steady in July, although three of 12 officials favored a quarter-point increase as inflation remained elevated. The economy grew at a modest 1.5% annualized rate during the second quarter, although stronger consumer spending and business investment pointed to continued underlying resilience.[1] The combination of persistent inflation and solid demand reduced expectations for near-term rate cuts.

Rather than responding to short-term market moves or pursuing recent winners, investors' portfolios often benefit from maintaining broad diversification across company sizes, investment styles, sectors, geographic regions and asset classes. Leadership can change quickly and diversification can help investors participate as opportunities shift. Consider speaking with your Jemma Financial Advisor regarding any changes to your personal situation to help ensure that your current investment strategy remains aligned with your long-term goals.



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1 Bureau of Economic Analysis, 7/30/26