

Cash Flow and Carey



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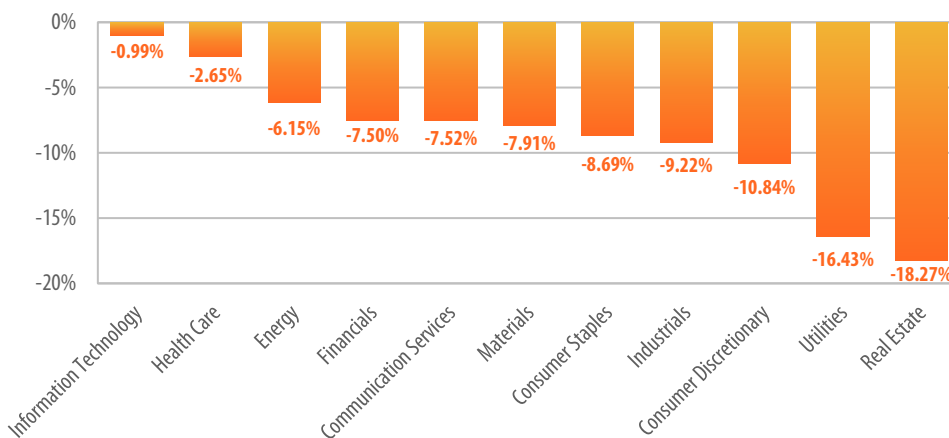
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S&P 500 Index Sector Prices vs. All-Time Highs

S&P 500 Index Sectors (Average Stock % From All-Time High)



Source: Bloomberg. As of 9/29/26. **Past Performance is no guarantee of future results.**

View from the Observation Deck

Record earnings estimates, continued artificial intelligence spending, and strengthening economic data propelled the S&P 500 Index ("Index") to an all-time high of 7,798.99 on August 13, 2026. The Index has been range-bound since, falling as low as 7,551.81 before rising to 7,670.84, where it closed on September 29, 2026. This year's path to record highs was rocky, and surging bond market yields threaten further equity market destabilization. Given this potential volatility, we are updating this discussion about which sectors lie below their all-time highs.

- Ten of the 11 sectors that comprise the Index set their all-time highs this year. Real Estate is the sole outlier, having set its all-time high nearly five years ago on December 31, 2021.
- Information Technology is closest to its record high (-0.99%), which was set on September 25, 2026. Real Estate is furthest (-18.27%) from its all-time high, which was set in December 2021.
- Energy, Information Technology, and Health Care have been standout performers, exhibiting year-to-date (YTD) price returns of 37.5%, 27.1%, and 10.3%, respectively, through September 29, 2026.
- Communication Services, which was the top performing sector in 2025, increased by just 4.0% YTD.
- The Index's breadth has contracted compared with the same period last year. Just 177 stocks outperformed the broader Index YTD through September 29, compared with 200 over the same period last year.
- A Bloomberg survey of 20 equity strategists found that their average year-end price target for the S&P 500 Index was 7,970 as of September 22, 2026. The highest estimate was 8,410, while the lowest was 7,400.

Takeaway

In a reversal from early-year expectations, the Federal Reserve voted to raise its benchmark interest rate by 25 basis points to 4.00% (upper bound) on September 16. Several sectors saw significant repricing leading up to the decision. Materials and Utilities, which are traditionally more sensitive to interest rates, are prime examples. Those sectors, which were the Index's second- and third-best performers in Q1'26 (price returns of 9.3% and 7.5%, respectively), are now among the worst performers quarter-to-date through September 29 with price returns of -2.4% and -12.4%. Health Care and Information Technology have had the opposite experience, with quarter-to-date price returns of 7.5% and 6.4%, respectively, compared with -5.3% and -9.3% in Q1'26. Earnings growth estimates add to the picture. Notably, the Information Technology and Health Care sectors' earnings are estimated to increase by 39.1% and 20.2%, respectively, in 2027, compared with 11.0% and 9.6% for Materials and Utilities. We will update this post as relevant information becomes available.