

Cash Flow and Carey



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This table is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 Index is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance. The S&P MidCap 400 Index is a capitalization-weighted index that tracks the mid-range sector of the U.S. stock market. The S&P SmallCap 600 Index is a capitalization-weighted index that tracks U.S. stocks with a small market capitalization. The 11 major sector indices are capitalization-weighted and comprised of S&P 500, S&P MidCap 400 and S&P SmallCap 600 constituents representing a specific sector.

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Sector Performance Via Market Cap

Large-, Mid-, & Small-Cap Total Returns

■ 12/29/24 – 12/31/25 | ■ 12/31/25 – 4/10/26

Category	S&P 500		S&P MidCap 400		S&P SmallCap 600	
Index	17.86%	-0.09%	7.48%	6.97%	5.99%	8.49%
Comm. Services	33.56%	0.04%	44.14%	-10.86%	-7.71%	7.01%
Consumer Disc.	6.04%	-4.47%	-5.67%	-2.43%	-2.86%	3.14%
Consumer Staples	3.90%	8.30%	-5.37%	9.23%	-16.97%	4.80%
Energy	8.68%	28.06%	5.02%	34.77%	-9.34%	38.34%
Financials	14.97%	-6.91%	7.77%	-2.62%	9.16%	4.42%
Health Care	14.60%	-4.40%	5.41%	-2.10%	-0.29%	-4.47%
Industrials	19.27%	10.91%	12.92%	12.83%	13.79%	10.25%
Info. Tech.	24.04%	-2.95%	14.25%	15.95%	19.07%	14.26%
Materials	10.54%	14.93%	4.35%	8.10%	14.53%	22.04%
Real Estate	3.15%	7.75%	4.74%	4.47%	-0.03%	8.44%
Utilities	16.04%	10.77%	19.95%	7.57%	7.17%	14.42%

Source: Bloomberg. Past Performance is no guarantee of future results.

View from the Observation Deck

We update today's table on a regular basis to provide insight into the variability of sector performance by market capitalization. The table above presents the total returns of three major U.S. equity indices and their sectors over two distinct time frames: the 2025 calendar year, and year-to-date (YTD) through 4/10/26.

- The S&P 500 Index's ("Index") price was 6,816.89 on 4/10/26, representing a price-only return of 36.81% from its most recent low (4,982.77 on 4/8/25). Even so, the Index remains 2.32% below its most recent high of 6,978.60 (1/27/26). For comparison, the S&P MidCap 400 and S&P SmallCap 600 Indices were 2.34% and 1.64% below their respective all-time highs as of the same date.
- Large-cap stocks, as represented by the S&P 500 Index, increased by 17.86% (total return) in 2025, outperforming the S&P MidCap 400 and S&P SmallCap 600 indices, with total returns of 7.48% and 5.99%, respectively, over the period (see table).
- We're seeing the opposite occur so far this year, with the S&P 500 Index declining 0.09% vs. total returns of 6.97% and 8.49% for the S&P MidCap 400 and SmallCap 600 indices, respectively, over the same time frame.
- Sector performance can vary widely by market cap and have a significant impact on overall index returns. Communication Services and Consumer Staples were two of the more extreme cases last year. This year, Information Technology and Communication Services exhibit the largest performance difference between market capitalizations.

Takeaway

As revealed in today's table, mid cap and small cap stocks outperformed their large cap counterparts YTD through 4/10. At the sector level, small-cap stocks beat out their large and mid-sized peers in seven of the eleven sectors presented. Notably, not a single large cap sector stood atop today's YTD data. As we see it, there are several points to be made about large cap's underperformance so far this year. First is that we believe it represents a continuation of the broadening out which began in the fourth quarter of last year. Surging energy prices and the consequent increase in the consumer price index is another factor, which led to heavily diminished expectations regarding U.S. rate cuts in 2026. The resultant revaluation appears to have hit large cap stocks harder than their peers. Even so, earnings are expected to increase among each of these market capitalizations this year, presenting investors with potential value opportunities. As of 4/10/26, earnings per share for the S&P 500, S&P MidCap 400, and S&P SmallCap were estimated to increase by 17.5%, 20.3%, and 16.6%, respectively, in 2026, up from 14.9%, 19.1%, and 15.5%, respectively at the start of the year.