



## The Markets

It's all about how you slice the index pie.

Last week, the Standard & Poor's 500 Index (S&P 500) closed at a new record high even though 329 of its 500 stocks lost value, reported Connor Smith of Barron's.

How is that possible? The S&P 500 is a capitalization-weighted index.

Imagine the S&P 500 as a pie. Each stock in the index is one slice of that pie, and all of the slices are different sizes. The size of each company's slice is determined by its market capitalization. (Market capitalization is a stock's share price times the number of shares outstanding). For example, if:

- Company A has a stock price of \$50 and 100 shares outstanding, then it has a capitalization of \$5000.
- Company B has a stock price of \$100 and 1000 shares outstanding, then it has a capitalization of \$100,000.

If both companies were in the S&P 500, Company B would be a bigger slice in the index pie.

One of the companies with the largest slices of S&P 500 pie is a chipmaker with a share price of about \$200 and more than 20 billion shares outstanding. Its capitalization was recently more than \$5 trillion.

A company of this size is called a mega-cap company because it's so large. When mega-cap company stocks gain value, they can pull the entire S&P 500 up, even when smaller companies are flagging, reported Adam Hayes of Investopedia.

In contrast, if the S&P 500 was equal-weighted, every company's slice would be the same size. As a result, every stock would have equal influence, so the index's performance would reflect the performance of all of the companies. If most stocks were falling, then an equal-weighted index would probably move lower.

From a practical perspective, when a capitalization-weighted index is rising, and most of its stocks are falling, then a handful of sizeable companies are performing exceptionally well. Last week, a small group of companies in the S&P 500 did exceptionally well.

It's still early in earnings season, which is the time when companies let investors know how they performed in the previous quarter. With 28 percent of S&P 500 companies reporting actual results so far, the index is on track to report its highest net profit margin (+13.4 percent) in more than 15 years. The Information Technology sector is leading the way with profits for the companies that have reported so far up 29.1 percent in the first quarter of 2026 compared to up 25.4 percent in the first quarter of last year, according to John Butters of FactSet.

"Semiconductor stocks are in the midst of a historic run, a winning streak that is every bit as impressive as Joe DiMaggio's famous stretch of 56 straight games with a hit," reported Paul R. La Monica of Barron's.

Last week, the S&P 500 and Nasdaq Composite finished the week higher, while the Dow Jones Industrial Average lost value. In addition, yields on longer maturities of U.S. Treasuries moved higher over the week.

<b>Data as of 4/24/26</b>	<b>1-Week</b>	<b>YTD</b>	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
Standard & Poor's 500 Index	0.6%	4.7%	30.6%	20.1%	11.3%	13.1%
Dow Jones Global ex-U.S. Index	-1.6	7.7	31.1	14.2	5.1	6.4
10-year Treasury Note (yield only)	4.3	N/A	4.3	3.5	1.6	1.9
S&P GSCI Gold Index	-2.8	9.2	41.6	33.3	21.6	14.4
Bloomberg Commodity Index	3.5	24.1	32.3	8.7	8.7	5.1

S&P 500, Dow Jones Global ex-US, S&P GSCI Gold Index, Bloomberg Commodity Index returns exclude reinvested dividends. The three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.

Sources: Yahoo! Finance; MarketWatch; djindexes.com; U.S. Treasury.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

**RETIREMENT CONFIDENCE FALLS.** Stock markets have been climbing higher, but many Americans are feeling less optimistic about retirement. In fact, retirement confidence in the United States dropped significantly in 2026 on worries about Social Security, Medicare and inflation, according to the 2026 Retirement Confidence Survey conducted by the Employee Benefits Research Institute and Greenwald Research.

In 2026, American workers are less confident than they were in 2025 that they'll have enough money to pay for basic expenses in retirement. Just 58 percent of workers and 71 percent of retirees are confident they will have enough money to keep up with inflation and cost of living in retirement. People who participated in the Retirement Confidence Survey were:

	Working Americans		Retired Americans	
	2026	2025	2026	2025
At least somewhat confident I'll have enough money to live comfortably in retirement.	61%	67%	73%	78%
Concerned the U.S. government will make significant changes to the American retirement system.	78%	79%	69%	71%
Confident Social Security will provide similar benefits in the future.	50%	51%	60%	65%
Confident Medicare will provide similar benefits in the future.	52%	53%	62%	70%

Alicia Munnell and Gal Wettstein of the Center for Retirement Research at Boston College reported on a survey that found Americans across the wealth spectrum have become more concerned about the impacts of potential changes to Social Security and Medicare on their retirement plans. The concerns have led some to begin saving more for emergencies, delaying retirement, and/or investing more conservatively.

Decisions like these should not be made lightly. For example, investing more conservatively may be a sound choice or it could a choice that makes it more difficult to reach a comfortable retirement. It depends on individual circumstances and goals. Investing conservatively can reduce short-term ups and downs, but it also can limit long-term growth potential and the benefits of compounding.

If you have questions about retirement, please get in touch. We're happy to review your plan or help you build one.

**WEEKLY FOCUS – THINK ABOUT IT**

“Plans are nothing; planning is everything.”

— Dwight D. Eisenhower, *Former U.S. President*

Best regards,

A handwritten signature in black ink that reads "Ann Marie Etergino". The signature is written in a cursive, flowing style.

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- Government bonds and Treasury Bills are guaranteed by the U.S. 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. However, the value of fund shares is not guaranteed and will fluctuate.
- Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.
- The Standard & Poor’s 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.
- All indexes referenced are unmanaged. The volatility of indexes could be materially different from that of a client’s portfolio. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. You cannot invest directly in an index.
- The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.
- The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.
- Gold represents the 3:00 p.m. (London time) gold price as reported by the London Bullion Market Association and is expressed in U.S. Dollars per fine troy ounce. The source for gold data is Federal Reserve Bank of St. Louis (FRED), <https://fred.stlouisfed.org/series/GOLDPMGBD228NLBM>.
- The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.
- The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.
- The Dow Jones Industrial Average (DJIA), commonly known as “The Dow,” is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.
- The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.
- 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.
- Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
- The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage is often obtainable in commodity trading and can work against you as well as for you. The use of leverage can lead to large losses as well as gains.
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