

MARKET MINUTE

With McGAREL



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Past performance is no guarantee of future results.

The **S&P 500 Index** is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance. Investors cannot invest directly in an index. **S&P 500 Health Care Index** is an unmanaged index which includes the stocks in the health care sector of the S&P 500 Index. **S&P 500® Consumer Staples Index** is an unmanaged index which includes the stocks in the consumer staples sector of the S&P 500 Index. **S&P 500 Utilities Index** is an unmanaged index which includes the stocks in the utilities sector of the S&P 500 Index. An index does not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown.

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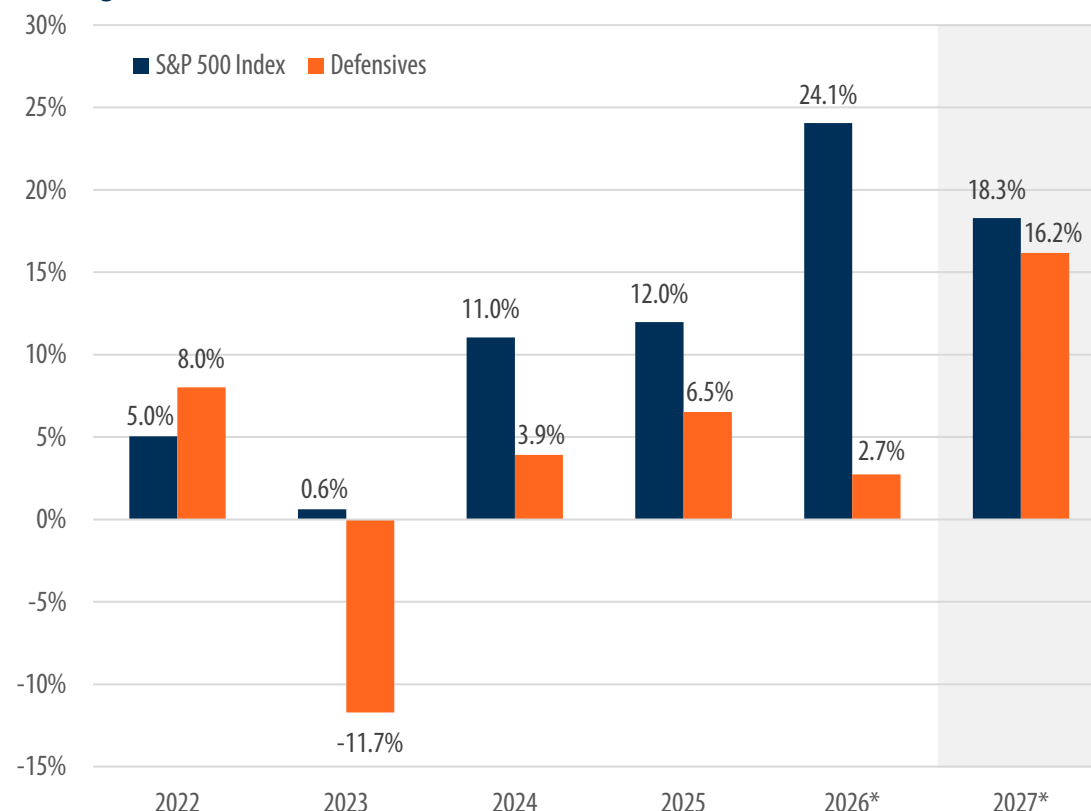
At the end of 2022, the combined weight of the S&P 500 Index (the “Index”) health care, consumer staples, and utilities sectors represented 26% of the Index. These are the three sectors in the Index that traditionally exhibit defensive characteristics and lower volatility. As of 30 June 2026, just three and a half years later, those three sectors represent approximately 16% of the Index. An astonishing decline. This is despite positive returns for all three sectors over that time frame, albeit significantly trailing the large growth trade led by the technology sector.

Yet those three sectors are still where investors turn when the market gets choppy. Consider the month of June. Health care was the second best sector, up 7%, as the Index lost 1% amid questions about the ongoing strength of the artificial intelligence (“AI”) trade. Utilities were higher by 3% and staples were also positive with a return of 0.5%. It’s only one month but a clear signal that investors continue to return to these areas of the market when volatility and uncertainty arise. And in a momentum-driven narrow market, more volatility is expected, in our view.

Additionally, the forecasted earnings growth in these traditionally slower-growth sectors is expected to be over 16% collectively in 2027.

Amid a market characterized by stretched valuations and pockets of speculation, investors should not overlook defensive sectors as a potential counterweight to future volatility, especially in light of the solid forecasted earnings growth.

Earnings Per Share Growth



Source: CapitalIQ. Data as of 30/6/2026. **Defensives** is represented by the S&P 500 Health Care Index, S&P 500 Consumer Staples Index, and the S&P 500 Utilities Index. **Earnings Per Share** growth illustrates the growth of earnings per share over time. *Estimated earnings. There is no assurance any forecasts will be achieved.