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Portfolio Strategy

June 11, 2026

JUNE 2026 SECTOR ALLOCATION UPDATE

Please CLICK HERE to download the sector allocation report in PDF format.

Market Recap

Equity markets seem to have levitated in May, despite oil prices that remain elevated and despite the ongoing conflict in Iran and the uncertainty that typically accompanies a new Federal Reserve chair. The S&P 500 gained 5.3% in May, while the Nasdaq Composite rose 8.4%.

By the end of May, 97% of companies in the S&P 500 had reported their quarterly results. And as seen below, companies have beaten by 16.7%, and the 1Q EPS has been revised up by $10 (13.6% higher) compared to the start of the EPS season. So the bottom line is that the U.S. economy not only remains resilient but is also growing at a rate that produces rather impressive earnings growth.

S&P 500 Earnings Analysis

Blended Y/Y growth includes actuals for companies that have reported and estimates for companies that have yet to report.

1Q26 Street Consensus EPS	
As of 3/31/26	$70.61
Current	$80.20
% change	*13.6%*

S&P 500 1Q26 Reported Earnings
Bottom-up based on constituents

Sector name	# cos reported	% cos reported	1Q26 Earnings results relative to consensus (bottom up): % cos beating	% cos missing	Surprise (%)	Relative return since 3/31/26
S&P 500 (absolute)	483 / 500	97%	87%	13%	16.7%	16.1%
Cyclicals	239 / 246	97%	88%	12%	23.5%	8.5%
Near-Cyclicals	127 / 128	99%	83%	17%	8.1%	-14.5%
Defensives	117 / 126	93%	88%	12%	8.2%	-15.8%
Technology	68 / 73	93%	99%	1%	9.5%	20.0%
Consumer Discretionary	46 / 48	96%	83%	17%	39.1%	-1.5%
Industrials	79 / 79	100%	89%	11%	18.8%	-9.3%
Basic Materials	26 / 26	100%	85%	15%	17.3%	-14.3%
Communication Services	20 / 20	100%	70%	30%	53.0%	1.2%
Financials	75 / 76	99%	85%	15%	6.7%	-11.9%
Real Estate	31 / 31	100%	77%	23%	3.3%	-8.8%
Energy	21 / 21	100%	86%	14%	19.3%	-25.5%
Healthcare	56 / 59	95%	89%	11%	10.2%	-14.4%
Consumer Staples	30 / 36	83%	90%	10%	5.4%	-16.5%
Utilities	31 / 31	100%	84%	16%	5.7%	-19.7%

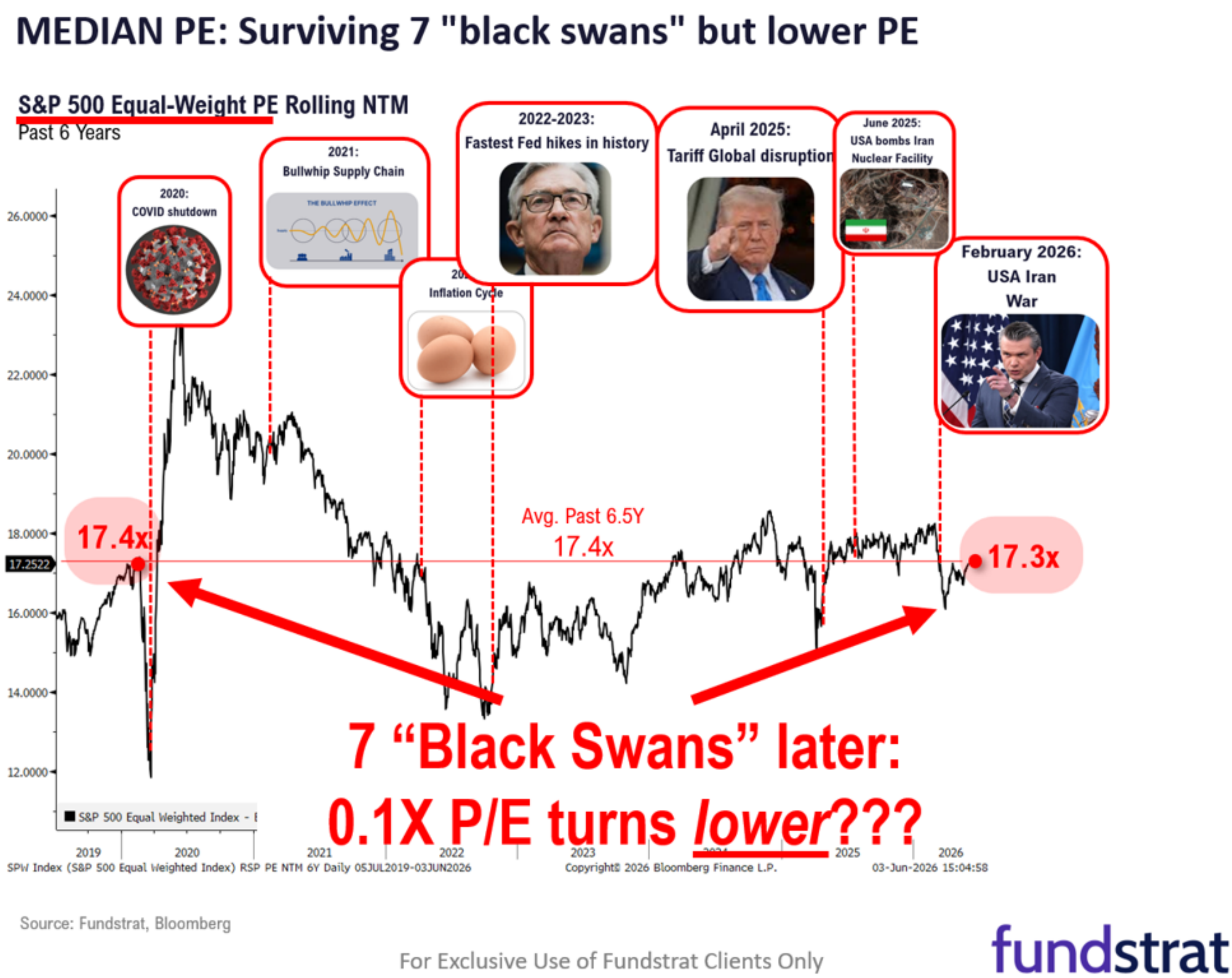
1Q26 Y/Y Earnings Growth
Bottom-up based on constituents

Sector name	1Q26 Y/Y Earnings growth: Actual (cos that reported)	Estimates (cos yet to report)	Blend of actuals & estimates
S&P 500 (absolute)	28.5%	26.5%	28.4%
Cyclicals	45.8%	39.2%	45.6%
Near-Cyclicals	16.0%	—	16.0%
Defensives	2.6%	-0.2%	2.5%
Technology	54.0%	44.2%	53.3%
Consumer Discretionary	41.8%	-18.5%	40.8%
Industrials	20.9%	—	20.9%
Basic Materials	40.7%	—	40.7%
Communication Services	49.5%	—	49.5%
Financials	20.7%	—	20.7%
Real Estate	5.2%	—	5.2%
Energy	2.7%	—	2.7%
Healthcare	-2.9%	-0.7%	-2.8%
Consumer Staples	7.9%	0.3%	7.4%
Utilities	16.0%	—	16.0%

Source: Fundstrat, FactSet

Note: "Surprise %" is a weighted average based on fiscal quarter actual results vs. estimated results. The earnings results of REITs are based on Funds from Operations (FFO). To adjust for fiscal quarter-end differences, the Y/Y growth calculation is based on calendarized Net Income. Y/Y growth is weighted based on Net Income. The Y/Y growth of REIT earnings is based on Funds from Operations (FFO).

Notably, although we are already on our 7th black-swan event since 2020 (the U.S.-Iran war), the P/E of the S&P 500 on an equal-weighted basis is still below where it was in 2019. If you had put a company to a test like this and it survived without any meaningful earnings decline, we would say that its multiple needs to go up. Similarly, our view for the S&P 500 as a whole is that the multiple should go higher, in contrast to concerns about high valuations that skeptics have voiced after the recent rally.



"American Exceptionalism"

To us, this earnings resilience is supportive of the case for American exceptionalism. This is a phrase that has traditionally referred to the theory that the U.S. is inherently different in a way that conveys advantages that other, similarly developed countries might not have.

When we discuss American exceptionalism, we are referring to three factors.

Recently, Elon Musk suggested that, "In the future, the system won't use dollars as currency. Just mass and energy." By mass, Musk is referring to compute, and ultimately, compute and energy are the only two things that are truly scarce right now.

When it comes to compute, the U.S. and China are the two global leaders. To these two countries, we add South Korea: It is notable because it is a unique AI partner to the world, and thus, it benefits from partnering with both China and the U.S. Thus, we believe that these are likely to be three of the most important markets going forward.

However, the U.S. has an advantage over China and South Korea in that it is a net energy exporter. While China and South Korea have a certain degree of energy independence, they remain net importers of energy.

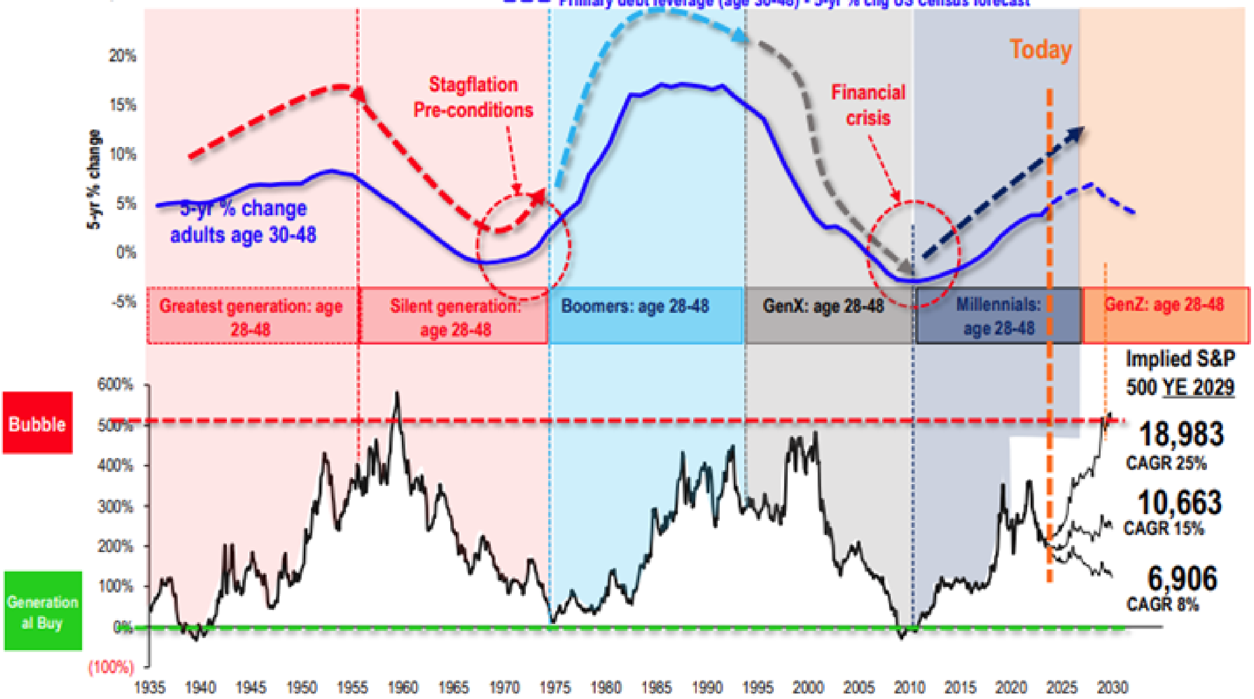
The U.S. has one final important advantage over many other countries: population growth, especially in the "prime-age" demographic of people aged 30 to 49. Prime-age population growth is arguably the cornerstone of any country's economic outperformance, and the rise in prime-age workers has also historically led to stock-market booms.

The U.S. prime-age growth is projected to continue into 2035. That's not the case in China or South Korea, and it's not the case in Europe or Japan, either.

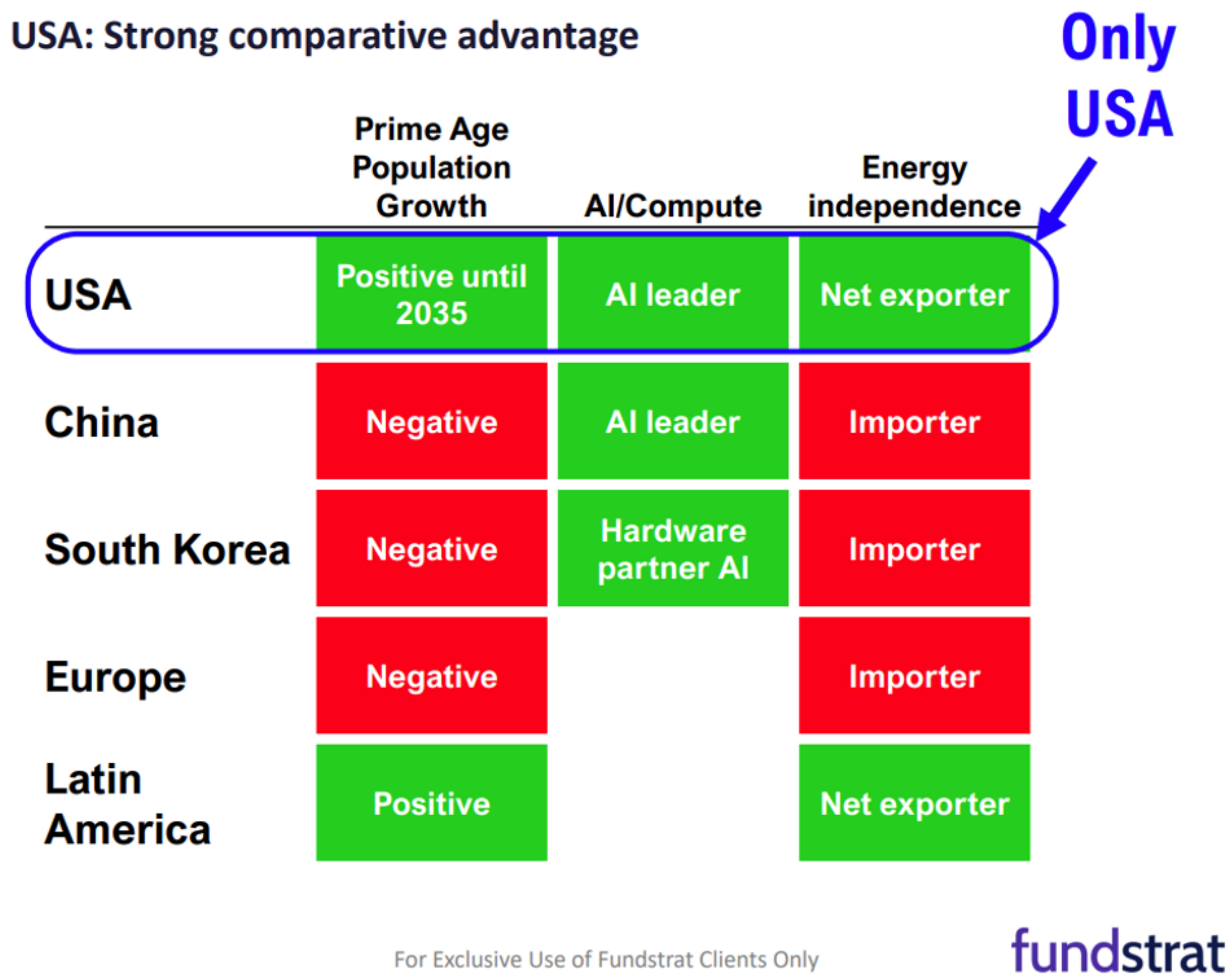
STOCK: Like housing, equity markets also follow moves in adults age 28-48

We overlay the # of adults in "prime leverage age" (age 30-48) against the 10-year rolling total return of S&P 500 below.

Figure: Prime Leverage years: # adults age 30-48
Since 1935 per the US Census Bureau



Source: Fundstrat, Bloomberg, BEA, National Association of Realtors, US Census Bureau



USA: Strong comparative advantage

Only USA

	Prime Age Population Growth	AI/Compute	Energy independence
USA	Positive until 2035	AI leader	Net exporter
China	Negative	AI leader	Importer
South Korea	Negative	Hardware partner AI	Importer
Europe	Negative		Importer
Latin America	Positive		Net exporter

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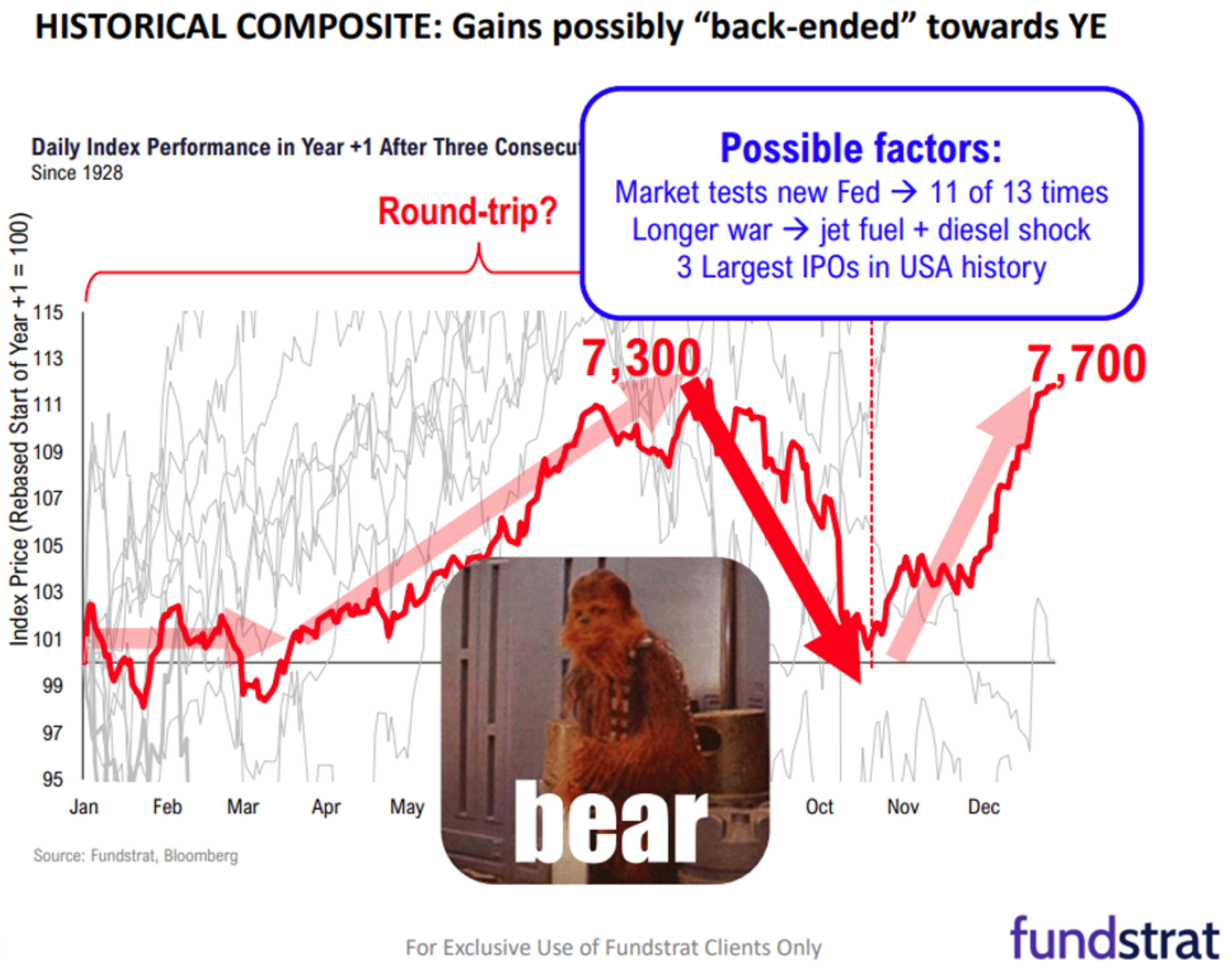
The shorter-term picture warrants caution

Despite the constructive long-term outlook discussed above, we still maintain our base-case outlook for 2026 that sees a three-phase market for the year. As a reminder, our base case at the beginning of the year was that the market would start the year strong, with the S&P 500 getting to 7,300, followed by a drawdown that could feel like a bear market, and then a strong end-of-year rally that has the S&P 500 hitting at least 7,700 – but perhaps even higher than that.

Although the S&P 500 has already risen above that initial 7,300 target (it closed on June 2 at 7,609.78), this does not necessarily mean that our near-term view has turned bearish. We have already had rolling bear markets in the Magnificent 7, in crypto, and in software. If you add in the bear markets last year in energy and financials, you could make the case that a lot of the S&P 500 has already corrected. From a technical analysis perspective, that might weaken the case for a deeper bear-like market.

Nevertheless, I see two potential catalysts ahead that could still trigger a drawdown before a year-end advance.



As we discussed last month, markets have historically tended to test new Federal Reserve chairs during the first years of their tenure. Kevin Warsh was officially sworn in on May 22, and for him, the test could come in the form of a central bank that needs to decide which matters more to structural inflation: oil prices or AI.

Oil prices remain elevated. With the likelihood for a longer Iran war still a distinct possibility, we could eventually see a U.S. supply shock for petroleum products, causing oil prices to stay high or possibly even climb higher. This, in turn, could push up inflation and thus increase the Fed's inclination to hike rates in the future. We know through the minutes of the April 29 Federal Open Market Committee (FOMC) meeting that voting members already view this as a possibility.

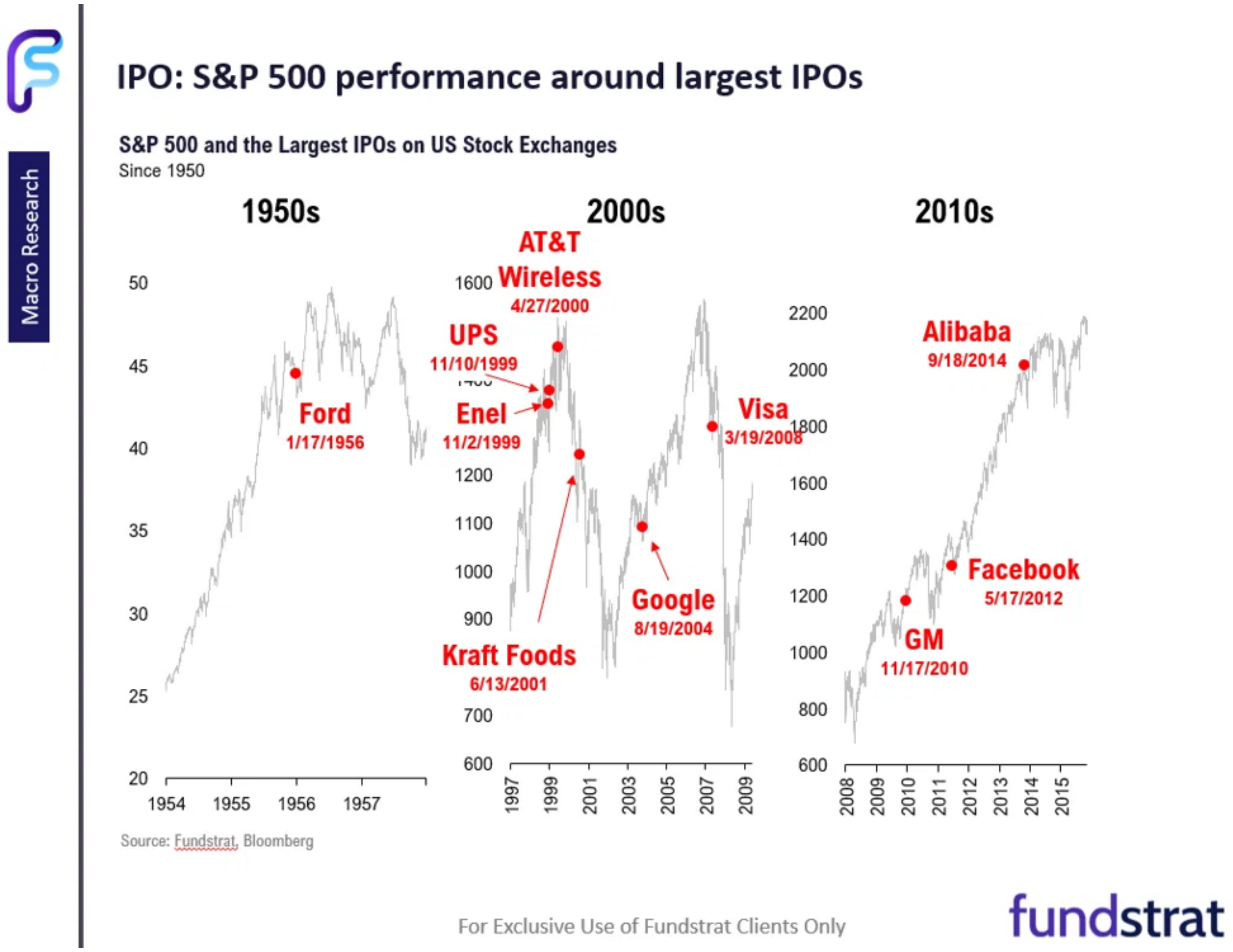
On the other hand, though AI might have a short-term inflationary effect due to its consumption of energy and its effect on chip prices, its likely downward impact on employment and worker wages will arguably have a deflationary effect, thus giving the Fed a dovish inclination. The developing interplay between these two factors will be important to monitor. In my view, timing is key, and which of these forces becomes the primary narrative in 2026 is key.

The IPO Impact

Finally, we obviously need to consider the coming impact of what are likely to be the three largest IPOs in U.S. history, starting with SpaceX. SpaceX filed its prospectus on May 20. It is slated to be the largest U.S. IPO ever, with the company's pre-money valuation representing around 2.7% of the total U.S. equity market.

Filing documents suggest that although Starlink is the biggest revenue driver of the company right now, the future growth engine is AI. That's intuitively consistent with the high expectations the market seems to have for the IPOs of OpenAI and Anthropic, expected for later this year as well.

So it is worth considering how these offerings might affect the broader market overall. We examined how U.S. markets reacted during and after the 10 largest U.S. IPOs to date. As we see below, only the 2000 IPO of AT&T Wireless marked a top for the broader market, so I wouldn't be viewing the SpaceX IPO, currently scheduled for June 12, as a bearish signal.



This is further supported when we look at one-month and three-month forward returns after the IPOs. Looking at the 10 largest to date, we can see that the S&P 500 notched median gains of 3.0% and 4.5% one and three months after the offerings, respectively.

Macro Research

IPO: Headwind from large IPOs seen 12 months later...

Largest IPOs on US Stock Exchanges
Since 1900

	IPO				S&P 500 Forward Returns			
	Name	Date	Mkt Cap ($B)	% of Wilshire 5000 Mkt Cap	1M	3M	6M	12M
1	Alibaba	9/18/2014	$231	1.1%	-6.2%	0.1%	3.1%	-2.5%
2	Ford	1/17/1956	$3	0.8%	-1.5%	7.8%	9.6%	3.8%
3	Visa	3/19/2008	$92	0.7%	7.1%	4.0%	-8.1%	-41.7%
4	Facebook	5/17/2012	$91	0.7%	2.9%	7.7%	5.3%	25.2%
5	UPS	11/10/1999	$82	0.7%	3.2%	5.0%	3.7%	3.9%
6	AT&T Wireless	4/27/2000	$73	0.6%	-5.9%	-0.9%	-4.6%	-15.2%
7	Kraft Foods	6/13/2001	$54	0.5%	-2.1%	-12.0%	-8.2%	-17.2%
8	Enel	11/2/1999	$55	0.5%	4.5%	3.5%	7.8%	2.4%
9	GM	11/17/2010	$51	0.4%	5.5%	12.7%	12.8%	7.2%
10	Google	8/19/2004	$27	0.3%	3.4%	8.3%	10.9%	12.8%
	Average				1.1%	3.6%	3.2%	-2.1%
	Median				3.0%	4.5%	4.5%	3.1%
	Win Ratio				60%	80%	70%	60%
	SpaceX	6/12/2026	~$2,000	2.7%				

Weaker 12m returns

Source: Fundstrat, Bloomberg

Note: Market capitalization as measured at the close of the first day of trading

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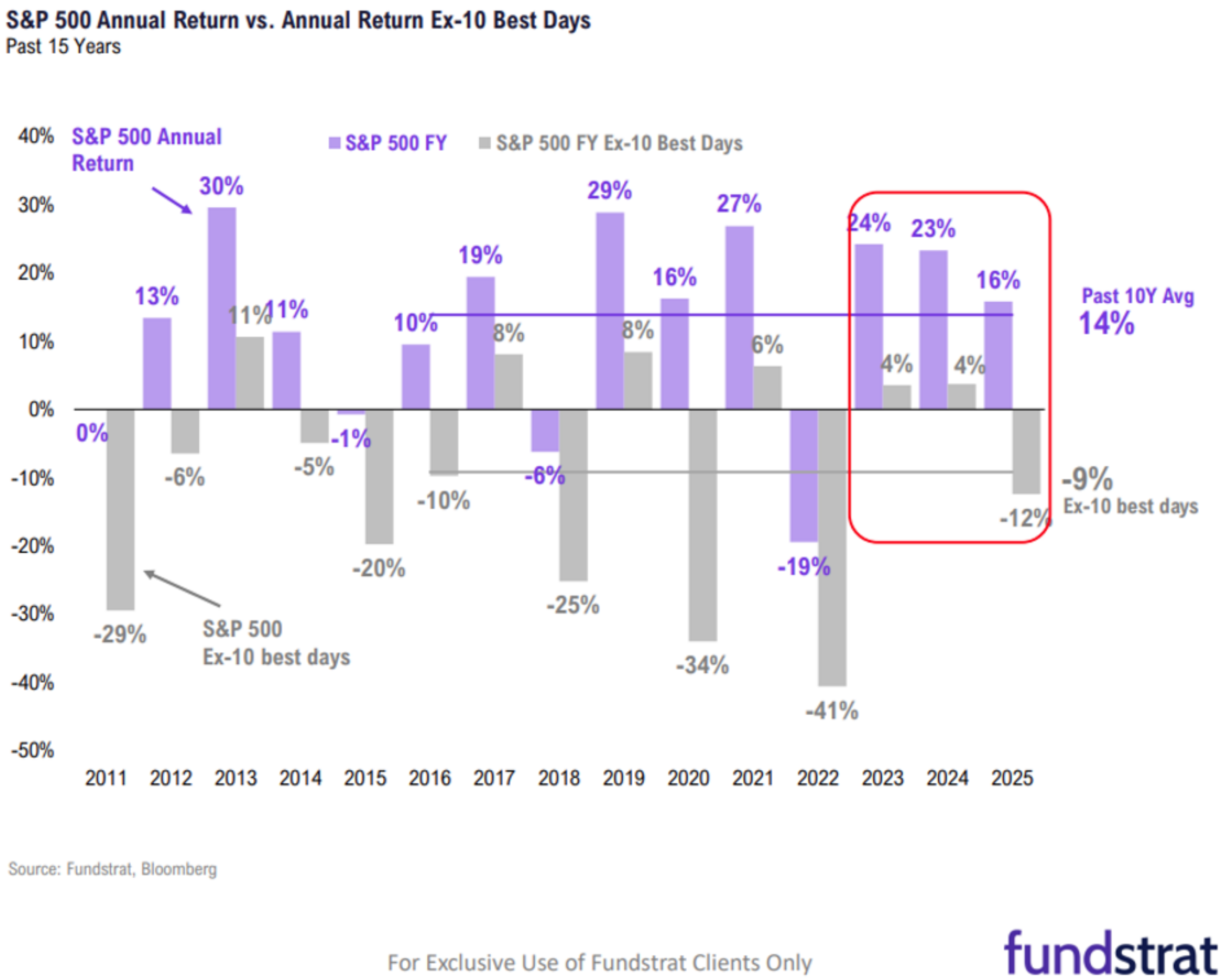
However, the table above also shows that those returns start to stall out six months afterwards, and looking 12 months out, there is the possibility that markets might show some indigestion. Our view is that this has to do with the lockup period that typically accompanies IPOs – a period during which early investors are barred from selling those shares.

Any large IPO represents a sizable increase in equity supply. The public debut of SpaceX will result in approximately $2 trillion in new equity supply, and while this will be one of the greatest wealth-creation events in history, the lockup expiration, when the shares held by early investors become tradeable, will thus likely result in a large expansion in available equity supply.

Looking forward

In closing, we want to note that, although we still see the likelihood of a possible drawdown later in the year, that's not to say we think anyone should try to time the market. It is a market truism that in any given year, the majority of the stock market's returns come from that year's 10 best trading days. We can see this trend clearly over the past 15 years, and to us, it highlights the potential opportunity costs of attempted market timing.



Strategic Sector Ratings

For June, Tom's strategic ratings remain unchanged. But as Tom noted in his regular macro reports, he has flagged the potential for a near-term consolidation or correction over the summer as part of his three-phase market roadmap. Mark, who focuses on a shorter tactical horizon, did make three changes in his sector strategic ratings that all point the same direction: trim the Technology and cyclical leadership, and add to groups beginning to outperform. Keep in mind though that both Tom and Mark read the potential rotation as a consolidation of overbought momentum names rather than a market top. Mark also notes that leadership is broadening, with Healthcare, Financials, rate-sensitive value, and REITs holding firm while Tech and semis pull back. The two downgrades (Technology, Industrials) and one upgrade (Healthcare) all reflect that single call.

On the upgrades:

- **Health Care (Neutral to Overweight):** Mark's upgrade was triggered by the breakout in equal-weight Health Care versus the equal-weight S&P 500 (RSPH vs RSP) above a 5-month downtrend in place since January, with a TD Combo 13 exhaustion signal confirmed on June 4. Health Care Services (XHS) has also broken out to new all-time highs above its 2021 peak. Historically, Healthcare sector tends to demonstrate strong seasonality from June to August. Hence, Mark expects a strong period of relative strength of Healthcare sector which might last into the fall.

On the downgrades:

- **Information Technology (Overweight to Neutral):** This is a reversal of the upgrade Mark made last month. Equal-weighted Technology entered June with a weekly RSI near 87.8 after a three-month run of more than 45%, and the weekly RSPT/RSP ratio has flashed a DeMark exhaustion (TD 13 Countdown Sell) signal. The unwind has begun: semis fell more than 10% in a single early-June session. As mentioned above, Mark treats this as consolidation of overbought momentum rather than a top, and with the longer-term uptrend intact. Hence, a Neutral rating is more appropriate than Underweight. Mark expects Tech to struggle to outperform between now and the mid-term elections, and the stretched momentum names to need several weeks of base-building before the trade is worth revisiting.
- **Industrials (Overweight to Neutral):** Many of the leaders within Industrials have also been beneficiaries of the AI build-out, so if Technology broadly starts to pull back, these names are likely to come under pressure as well. Elevated crude

prices also weigh on some segments of the sector, even though our main case remains that crude has rolled over. That said, Mark's own work is not bearish here. In early June he flagged the XLI/SPY ratio pulling back to multi-year trendline support with a weekly TD Buy Setup one week from completion, writing that "Industrials should be a sector to favor in the months to come" as transports and airlines benefit from falling crude. The downgrade is better read as Industrials losing its spot in the leadership pecking order to Health Care, Utilities, and REITs, rather than a negative call on the sector itself. It does end the double-Overweight in place since January; Tom maintains his Overweight, with Industrials still among his top 2026 sector picks, and we keep transport exposure through this month's tactical ETF selection.

With these changes, the number of sectors where the two strategists share the same rating narrowed to 3 (OW by both: Basic Materials and Real Estate, and UW by both: Consumer Staples). We would caution against reading the wider gap as a disagreement on market direction. The divergence mostly reflects the different time horizons the two ratings are built on. As discussed earlier, Tom shares the same view on a possible short-term consolidation, and both strategists see that consolidation as a buying opportunity.

Sector ETF Allocations – Strategic Sector Ratings

	Macro *Thomas Lee* 	Technical *Mark Newton* 
Consumer Discretionary	Neutral	Underweight
Industrials	Overweight	Overweight *Downgrade* Neutral
Information Technology	Overweight	Overweight *Downgrade* Neutral
Communication Services	Overweight	Neutral
Basic Materials	Overweight	Overweight
Energy	Overweight	Underweight
Financials	Overweight	Neutral
Real Estate	Overweight	Overweight
Consumer Staples	Underweight	Underweight
Health Care	Neutral	Overweight *Upgrade* Neutral
Utilities	Neutral	Overweight

Source: Fundstrat

Tactical OW/UW: Mark's Top 3 and Bottom 3 Sector Picks

Beginning with the April update, the tactical layer of the model lets Mark directly select his top 3 and bottom 3 sectors based on his forward-looking technical read. The quantitative composite (DQM, EPS Score, Trend Score, plus the moving-average screens) remains a reference and the full ranking is in the methodology section, but Mark's judgment is the final arbiter.

Mark's framework for June tilted to more defensive. Near-term trends, Elliott-wave structure, and his cycle work point to choppiness into late July. Therefore, this month's tactical picks turn over meaningfully. Health Care and Utilities move from last month's bottom 3 directly into the top 3, a full reversal for both, while Energy stays in the bottom 3 for a third month and Consumer Discretionary and Consumer Staples replace Utilities and Health Care on the short side.

Top 3 (Tactical Overweight, +2% each)

- **Health Care:** Combines the strategic upgrade with the strongest momentum, up 7.1% over the past 30 days. The Trend Score jumped from #10 to #3 and the quant composite now ties Health Care for the highest total score. With both the relative breakout and the seasonal backdrop in its favor, this is the cleanest expression of the "Growth to Value" and "Cyclical to Defensive" rotation.
- **Real Estate:** The only carry-over from last month's top 3, and now our largest overweight versus the benchmark at +2.5%. The Trend Score moved from #3 to #1, and 80.7% and 87.1% of members trade above their 20-day and 200-day moving averages respectively. Equal-weight REITs (EWRE) are pressing against the resistance of a multi-year symmetrical triangle, where a weekly close above the $38 area would argue for an upside resolution to the mid-$40s. Mark continues "o view Real Estate as a technical Overweight and thinks it is right to use any pullbacks as an opportunity to add exposure ahead of the breakout.
- **Utilities:** Mark expects Utilities to outperform as yields fall, alongside Healthcare and Financials, with crude and long-term yields both late in their bounces and a possible ceasefire (I know…) as the catalyst.

Bottom 3 (Tactical Underweight, -2% each)

- **Energy:** A third consecutive month in the bottom 3, and notable because the quant composite actually ranks Energy near the top of the table this month (DQM #2, Trend #2) after the sector gained 1.6% and outperformed by 3.0% since the May update. Mark overrides the backward-looking signal. Despite the conflict seems to have escalated again over the past few days, Mark expects a more concrete ceasefire and Strait reopening to flush crude lower.

- **Consumer Discretionary:** New to the bottom 3, though Mark has been Underweight strategically since May. The sector fell 7.2% since the May update, underperforming the S&P 500 by 5.9%, the worst showing in our coverage, and it ranks #11 in the DQM model. The weakness remains concentrated in travel and consumer services, where soft demand drove the steep EPS revisions we flagged last month. One offset worth noting: homebuilders (XHB) broke a four-month downtrend in early June on the prospect of falling rates, but that is a sub-sector story rather than a sector one.
- **Consumer Staples:** Despite being defensive, Staples did not make Mark's preferred defensive group as he views it as a laggard with expensive names and weaker risk-reward than Healthcare, Utilities, or REITs.

Sector ETF Allocations – Tactical Sector OW/UW

		Ticker	ETF Name	YTD Return	30D Return	DQM Rank Prior	DQM Rank Current	EPS Score Prior	EPS Score Current	Trend Score Prior	Trend Score Current	Price / 20D	20D / 200D	Price > 20D > 200D	Total
+2%	1	XLV	Health Care	-1.0%	7.1%	3	3	7	6	10	3	102%	100%	Y	5
-2%	2	XLE	Energy	31.5%	2.9%	4	2	1	5	5	2	100%	115%	Y	5
+2%	3	XLRE	Real Estate	12.0%	1.4%	9	9	9	11	3	1	102%	104%	Y	2
-2%	4	XLP	Consumer Staples	9.6%	2.2%	10	10	10	9	7	4	101%	103%	Y	1
	5	XLK	Information Technology	24.1%	0.4%	1	1	4	1	1	6	97%	124%	N	1
	6	XLF	Financials	-4.1%	2.7%	5	7	6	2	11	5	101%	98%	N	0
	7	XLI	Industrials	10.3%	-2.2%	6	6	3	3	2	7	98%	106%	N	0
	8	XLB	Materials	10.4%	-4.2%	2	4	5	8	4	9	98%	105%	N	-2
+2%	9	XLU	Utilities	3.3%	-2.3%	7	8	2	4	9	8	99%	99%	N	-3
-2%	10	XLY	Consumer Discretionary	-4.6%	-4.5%	11	11	11	7	6	10	96%	100%	N	-3
	11	XLC	Communication Services	-5.2%	-3.5%	8	5	8	10	8	11	97%	99%	N	-5

Source: Fundstrat, Bloomberg

* if an UW sector weight is less than 2%, we will bring down the sector weight to 0% (instead of making it negative). The weight addition to each OW sector will be based on the total reduction of UW sector weight divided by 3.

Portfolio Weight Changes vs Last Month

June weights reflect the three strategic rating changes plus the tactical top 3 / bottom 3. Net effect: a defensive rotation into Health Care, Utilities, and Real Estate, and out of Consumer Discretionary, Industrials, and Consumer Staples, with Technology trimmed but still the largest position.

Increases

- **Health Care +4.4% to 9.5%.** The largest increase this month by a wide margin, driven by the strategic upgrade combined with the swing from tactical bottom 3 to top 3. Health Care is now a 2.0% overweight versus the benchmark, our second-largest tilt.
- **Utilities +3.8% to 3.8%.** Back from zero. Last month the tactical Underweight combined with the sub-2% rule took the position out entirely; the move into the tactical top 3 restores it, and Utilities now sits 2.0% above its benchmark weight.
- **Real Estate +0.2% to 4.1%, Basic Materials +0.2% to 2.0%.** Both joint-Overweight sectors get modest bumps. Real Estate at +2.5% versus the index is our largest overweight in absolute terms.

Decreases

- **Consumer Discretionary -2.5% to 6.6%.** Largest reduction. Continued tactical bottom-3 plus Mark's strategic Underweight. Now -2.0% versus the index.
- **Industrials -2.2% to 7.3%.** Strategic downgrade (Overweight to Neutral) strips both the double-Overweight uplift and the tactical top-3 weight held in May. Normalizes to roughly index weight, +0.1%.
- **Consumer Staples -2.1% to 0.7%.** Tactical Underweight on top of the double-Underweight rating takes the weight to 0.7%, a 3.9% underweight versus the index, the largest in absolute terms.
- **Information Technology -0.9% to 31.4%.** Trimmed on the strategic downgrade, which removes the double-Overweight uplift and the tactical top-3 weight held in May. Still the largest position at 31.4%, +0.5% versus the index.
- **Communication Services -0.7% to 9.0%, Financials -0.0% to 9.8%, Energy -0.2% to 0.8%.** Comm Services and Financials are essentially flat on unchanged ratings (Tom Overweight, Mark Neutral). Energy's small cut adds to a position near

the floor; with both Mark's strategic and tactical Underweight in place, it sits at 0.8%, -2.0% versus the index.

Summary

			vs Prior Allocation			vs Benchmark Index			
	Name	Ticker	Prior Result	Current	Delta vs Prior	Index Weight	Current	Delta vs Index	Delta Last 12M
Sector ETFs (85%)	***Cyclical***								
	Consumer Discretionary	XLY	9.0%	**6.6%**	**-2.5%**	8.6%	**6.6%**	**-2.0%**	
	Industrials	XLI	9.5%	**7.3%**	**-2.2%**	7.2%	**7.3%**	**0.1%**	
	Information Technology	XLK	32.3%	**31.4%**	**-0.9%**	30.9%	**31.4%**	**0.5%**	
	Communication Services	XLC	9.7%	**9.0%**	**-0.7%**	8.9%	**9.0%**	**0.1%**	
	Materials	XLB	1.9%	**2.0%**	**0.2%**	1.5%	**2.0%**	**0.5%**	
	Near-cyclical								
	Energy	XLE	1.0%	**0.8%**	**-0.2%**	2.8%	**0.8%**	**-2.0%**	
	Financials	XLF	9.9%	**9.8%**	**-0.0%**	9.7%	**9.8%**	**0.1%**	
	Real Estate	XLRE	3.8%	**4.1%**	**0.2%**	1.6%	**4.1%**	**2.5%**	
	Defensive								
	Consumer Staples	XLP	2.8%	**0.7%**	**-2.1%**	4.5%	**0.7%**	**-3.9%**	
	Health Care	XLV	5.1%	**9.5%**	**4.4%**	7.5%	**9.5%**	**2.0%**	
	Utilities	XLU	-	**3.8%**	**3.8%**	1.8%	**3.8%**	**2.0%**	
Individual ETFs (15%)	First Trust NASDAQ Cybersecurity I	CIBR	-	**3.0%**	**3.0%**				
	iShares U.S. Healthcare Providers E	IHF	-	**3.0%**	**3.0%**				
	Global X Autonomous & Electric Ve	DRIV	3.0%	**3.0%**	**-**				
	ARK Genomic Revolution ETF	ARKG	-	**3.0%**	**3.0%**				
	iShares US Transportation ETF	IYT	-	**3.0%**	**3.0%**				
	Invesco Wilderhill Clean Energy ET	PBW	3.0%	**-**	**-3.0%**				
	Global X Lithium & Battery Tech E	LIT	3.0%	**-**	**-3.0%**				
	Invesco S&P 500 Pure Growth ETF	RPG	3.0%	**-**	**-3.0%**				
	Global X Internet of Things ETF	SNSR	3.0%	**-**	**-3.0%**				
	Total		100%	**100%**		85%	**85%**		

Source: Fundstrat, Bloomberg
* when comparing allocation to benchmark index weight, we scaled the total benchmark index weight to 85%, so they are comparable.

ETF Performance Recap and 5 ETF Picks for June

Since the May report (5/6), the 5 tactical ETFs declined 5.0% on average and underperformed the S&P 500 by 3.7%. The clean-energy, lithium, and growth tilt that worked in the prior rebound gave back much of those gains.

- **Best:** Global X Internet of Things ETF (SNSR), +3.5% absolute, +4.8% relative; the only pick positive on a relative basis.
- **Laggards:** Global X Lithium & Battery Tech ETF (LIT), -16.4% absolute / -15.0% relative, the main drag as the lithium and battery trade reversed. Invesco WilderHill Clean Energy ETF (PBW, -6.1%) and Global X Autonomous & Electric Vehicles ETF (DRIV, -5.7%) also lagged especially during the recent tech pullback; Invesco S&P 500 Pure Growth ETF (RPG, -0.4%) was roughly flat, +0.9% relative.

REVIEW: May 2026 Tactical ETF Picks:

Previous List

		% change (5/6 - 6/10)	
ETF Name	Ticker	Abs	Rel (vs SPX)
Invesco Wilderhill Clean Ene	PBW	-6.1%	-4.7%
Global X Lithium & Battery T	LIT	-16.4%	-15.0%
Global X Autonomous&Elec-ETF	DRIV	-5.7%	-4.3%
Invesco S&P 500 Pure Growth	RPG	-0.4%	0.9%
Global X Internet Of Things	SNSR	3.5%	4.8%
Avg Return (5/6 - 6/10)		-5.0%	-3.7%

For June, Mark rotated 4 of 5 picks. The basket moves away from clean energy and lithium and toward the month's leadership: Health Care (providers and genomics), cybersecurity, and transportation..

- **First Trust NASDAQ Cybersecurity ETF (CIBR) (NEW):** Cybersecurity has been the best-performing segment within software during the recent rebound. Technically speaking, cybersecurity is likely to be among the industries least disrupted by AI. In fact, as AI adoption rises, demand for cybersecurity should only strengthen. In short, cybersecurity is one of the most important exposures to a high-quality part of Tech that is still working while our broad-Tech weight comes down.

- **iShares U.S. Healthcare Providers ETF (IHF) (NEW):** A direct expression of the Health Care upgrade, focused on the providers and services area Mark sees leading after the XHS breakout.
- **ARK Genomic Revolution ETF (ARKG) (NEW):** Like IHF, ARKG expresses the Health Care overweight, but with greater upside potential and without overlapping IHF's large-cap managed-care names.
- **iShares US Transportation ETF (IYT) (NEW):** The top-ranked ETF in the individual composite this month. Industrials came off the strategic Overweight, but transportation remains one of the cleaner cyclical setups. Any material advance in ceasefire negotiations, along with a decline in oil prices, would benefit this group directly.
- **Global X Autonomous & Electric Vehicles ETF (DRIV) (Carry-over):** A diversified, large-cap expression of the EV and autonomous-vehicle theme. Top holdings include Intel, NVIDIA, Alphabet, QUALCOMM, Tesla, and Microsoft. Up 27.2% YTD but down 7.7% over the past 30 days, it is retained as the basket's leveraged exposure to automation, with near-term momentum worth watching.

Current Five ETF Picks

- First Trust NASDAQ Cybersecurity ETF (CIBR): NEW
- iShares U.S. Healthcare Providers ETF (IHF): NEW
- ARK Genomic Revolution ETF (ARKG): NEW
- iShares US Transportation ETF (IYT): NEW
- Global X Autonomous & Electric Vehicles ETF (DRIV): Carry-over

June 2026: 5 Tactical ETF Picks

- **First Trust NASDAQ Cybersecurity ETF ($CIBR)** NEW
- **iShares U.S. Healthcare Providers ETF ($IHF)** NEW
- **Global X Autonomous & Electric Vehicles ETF ($DRIV)** *Carry-over*
- **ARK Genomic Revolution ETF ($ARKG)** NEW
- **iShares US Transportation ETF ($IYT)** NEW
- Invesco Wilderhill Clean Energy ETF ($PBW) ***DELETE***
- Global X Lithium & Battery Tech ETF ($LIT) ***DELETE***
- Invesco S&P 500 Pure Growth ETF ($RPG) ***DELETE***
- Global X Internet of Things ETF ($SNSR) ***DELETE***

Source: Fundstrat

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