

Active Management Environment

March 2026

Table of Contents

Introduction	03
Asset Class Environments	07
Appendix: Supplementary Universe Charts	40

The Active Management Environment

Our work on active management addresses some shortfalls of the traditional analysis, which uses the median product to describe the active management universe as a whole.

These improvements and insights have allowed us to better understand product behavior and may allow for more informed selection in the future.

- › Even without skilled selection, there are many cases in which active management may help investors achieve better portfolio outcomes in risk and return terms.
- › Those better portfolio outcomes may come from additional return or lower risk. Not all investors have the same definition of better outcomes, and the risk/return trade-offs vary by universe.
- › Adding skilled selection to the process may create additional value in portfolio construction.
- › Fees remain an important part of the active management conversation. Fees and survivorship bias should be taken into account when analyzing active universes.

Using median product (median manager) performance to decide whether active management is beneficial can be misleading. This new tool can help investors make better-informed decisions.

What changed for 2026?

- › The past year presented an environment of resilient economic growth, despite general expectations that 2025 would prove to be a slow growth or perhaps recession year for the domestic economy. The labor market weakened materially, although there is evidence that immigration policy and trends may be a contributing factor. Inflation moved lower but appears to be stuck materially above the Fed 2% target, which has led to hesitation amongst the Federal Reserve Open Market Committee to cut rates too quickly.
- › All major asset classes outside of high-quality fixed income delivered strong returns, in continuation of a multi-year trend. Readers of this document will observe particularly high returns over the past three years, which also helped lift longer lookback periods.
- › In equities, return dispersion over the prior three years was incredibly wide, leading to the tall vertical shape of chart “ovoids”. We suspect incredible volatility across value, growth, and quality styles contributed to extreme performance disparity in certain active manager universes.
- › Outside of U.S. large cap equity, this period appears to have been a relatively attractive environment for active management, with many skilled strategies achieving substantial outperformance over benchmarks.
- › In this year’s document we observe a limited relationship between risk and return. In most universes, active strategies that took on greater volatility were not obviously rewarded with added performance.

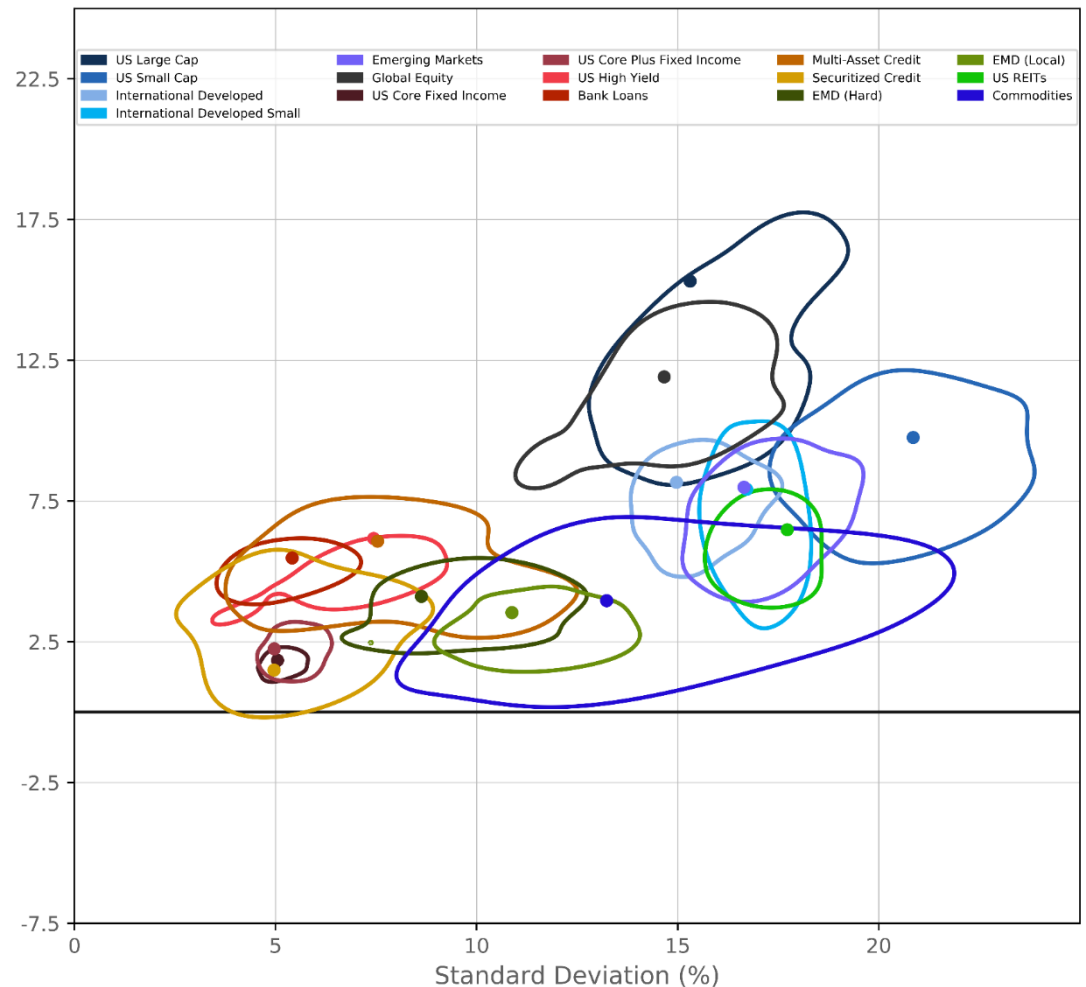
The True Investment Opportunity Set

Investors often think of the investment opportunity set as a risk-return chart, in the form of single-point (dot) benchmark risk and return, and possibly single-point median product to represent active management.

However, active management universes in each asset class often have wide distributions and this traditional analysis misses the true universe characteristics. Much of the risk-return surface between 0% and 18% return and between 3% and 24% volatility is covered by various asset class options, and many parts of this space are covered by multiple active management universes.

This year, readers may notice a wider universe dispersion amongst the longer-dated lookback periods. A volatile macroeconomic environment has led to a wider spectrum of manager returns relative to past publications.

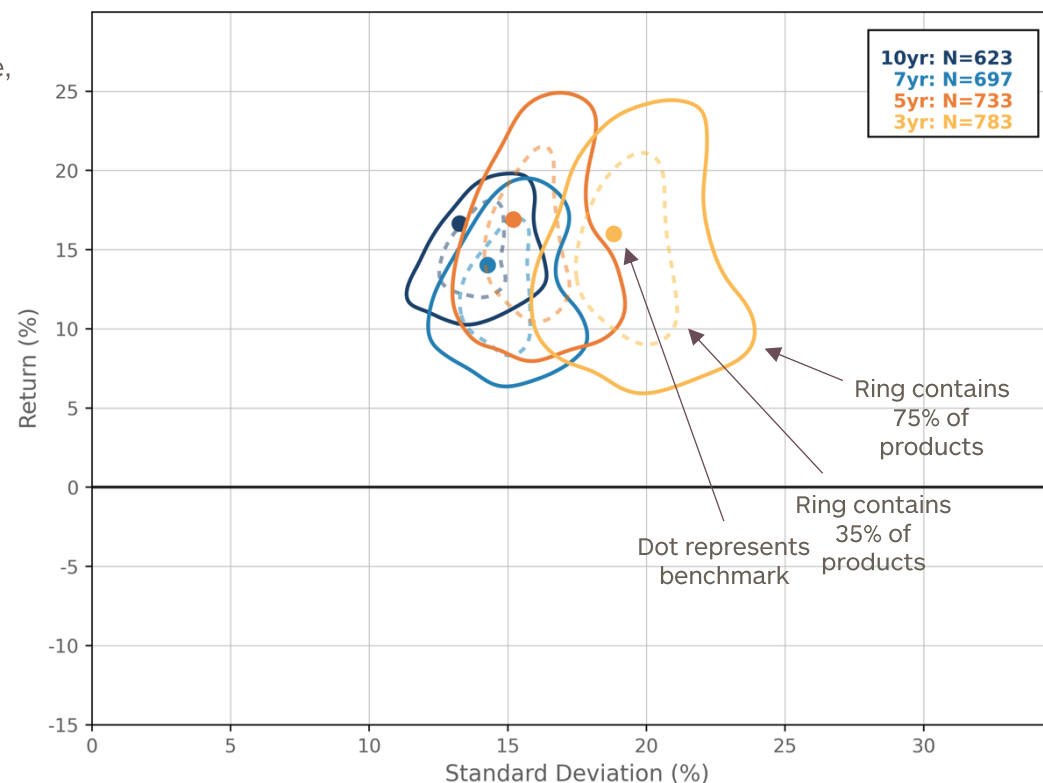
RISK-RETURN REGIONS ACROSS ASSET CLASSES: 10-YEAR RESULTS



This represents 10-year product performance data and 75% contour areas.
Source: eVestment, Verus, as of 9/30/24. Universe returns adjusted for fees and estimated survivorship bias.

How to Read a Universe Chart

The movement of the universe, the change in shape, and the change of size, all provide information about product behavior.



The movement of the universe, the change in shape, and the change of size, all provide information about product behavior.

The position of the benchmark relative to the universe may also change through time, representing dynamic structure changes.

Throughout this report, each asset class universe chart is placed at the same position on the page, at the same size, and with the scales of the axes identical. This allows for easy comparison between universes. **In this 2026 edition, we provide an additional slide with a full-sized universe chart for each asset class, to allow a more detailed look at active management performance characteristics.**

Asset class environments

Note: Universes are defined at the broadest level. Products vary in terms of style and/or treatment of currency exposure. Equity universes include both value and growth styles. International universes may include both products that hedge currency exposure and products that do not hedge currency exposure.

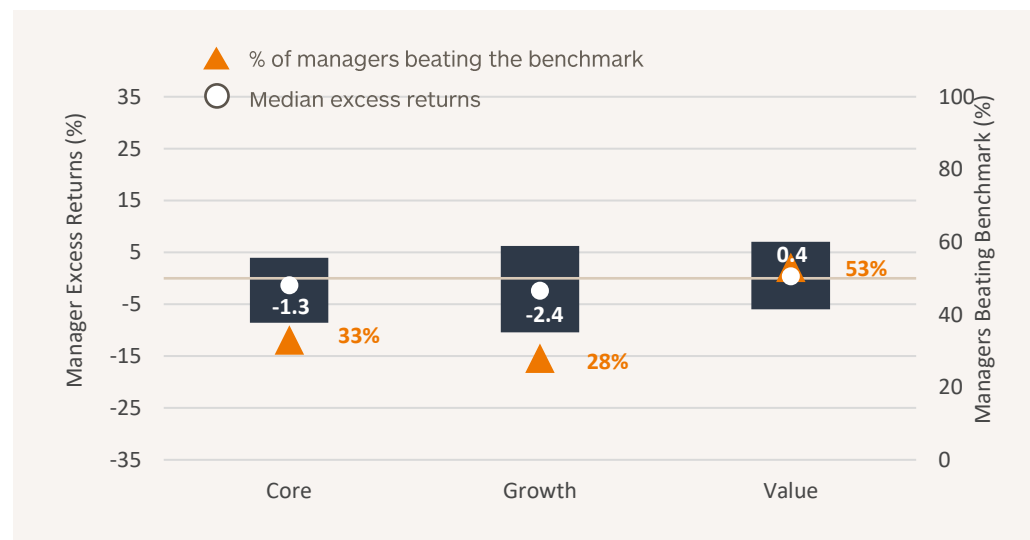
Equities – U.S. Large Cap

- › The U.S. large-cap equity market continues to behave much like a highly efficient asset class. For most of the past decade, an extended period of low interest rates appears to have dampened earnings volatility, creating a challenging backdrop for active strategies. More recently, however, results over the past three years suggest a more supportive environment, with active managers delivering stronger relative performance compared with the trailing 5-, 7-, and 10-year periods.
- › Active management data show that certain managers have generated higher risk-adjusted returns, particularly over shorter timeframes. However, many appear to have assumed greater levels of risk in their efforts to outperform the benchmark. Notably, aside from the trailing 3-year period, there

appears to be only a weak relationship between increased volatility and benchmark outperformance.

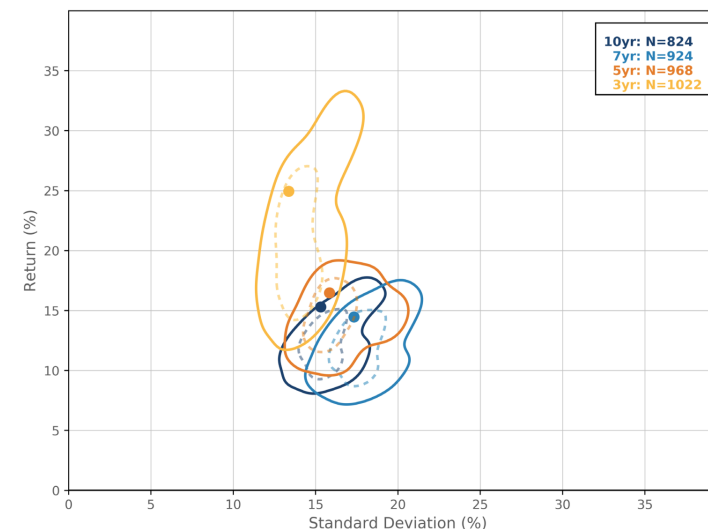
- › The environment was very challenging for most large-cap managers on a year-to-date basis through September 30, 2025. The median excess return of core managers was -1.3% (gross of fees), with approximately 65% of managers failing to generate a positive excess return. Results were weaker for growth managers, who posted a median excess return of -2.4%, with nearly three-quarters of managers lagging the benchmark. Relative to their core and growth peers, value managers performed modestly better, posting a median excess return of 0.4% gross of fees, with 47% of the cohort outperforming the benchmark.

U.S. LARGE CAP UNIVERSE – EXCESS RETURNS (YEAR-TO-DATE)



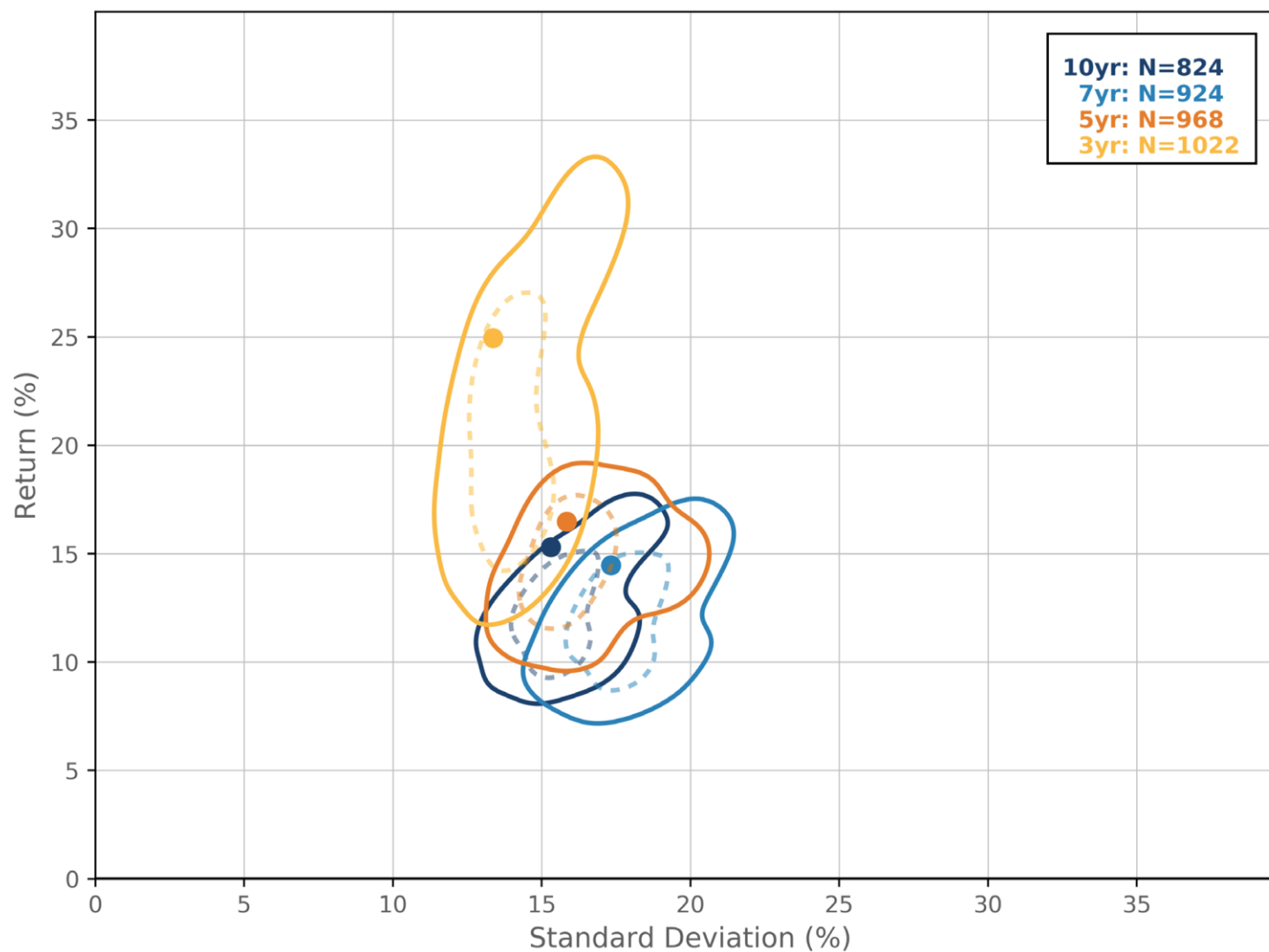
Source: eVestment, as of 9/30/25, gross of fees

U.S. LARGE CAP



Source: eVestment, as of 9/30/25. Universe returns adjusted for fees and estimated survivorship bias. Benchmark displayed is the S&P 500 Index

Equities – U.S. Large Cap

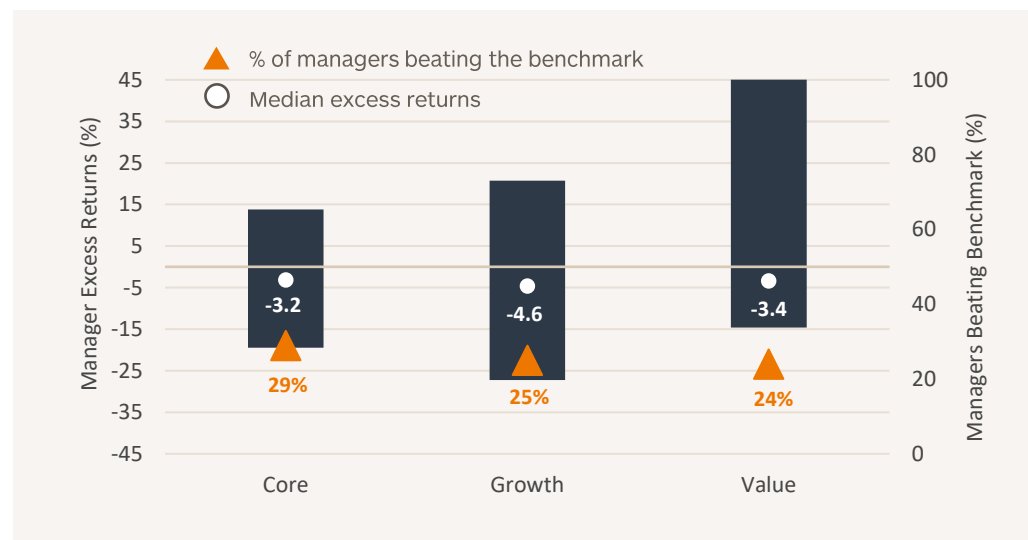


Source: eVestment, as of 9/30/25. Universe returns adjusted for fees and estimated survivorship bias. Benchmark displayed is the S&P 500 Index

Equities – U.S. Small Cap

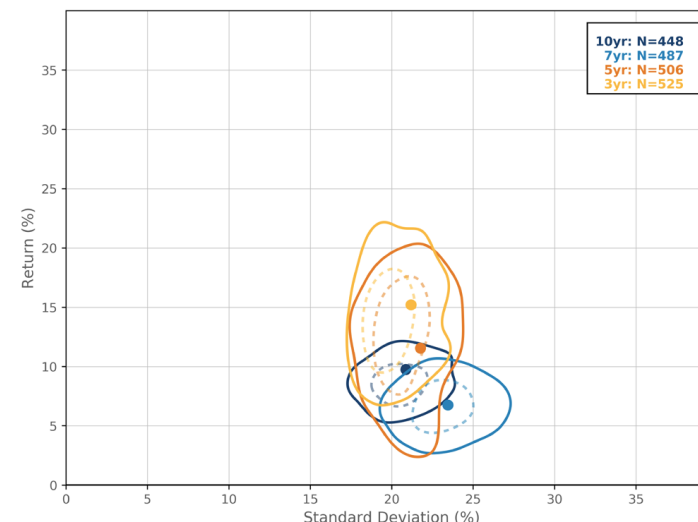
- Relative to large-cap managers, U.S. small-cap managers have more consistently demonstrated an ability to generate excess returns over their benchmarks across a wide range of periods. It is important to note that past versions of this document have reflected a strong track record of small cap manager performance relative to the benchmark. The past year was a particularly difficult environment for active managers, which has dragged performance downward relative to the benchmark, as reflected in the active “ovoids”. Risk-adjusted results indicate that these managers overall have also delivered these returns with greater efficiency than large-cap managers. Taken together, the evidence suggests that active management has generally been more effective in the small-cap space than in the large-cap market.
- The data indicate that recent trailing periods—specifically the 3- and 5-year horizons—have been more conducive to active small-cap manager outperformance, particularly on a risk-adjusted basis.
- In contrast to recent years, year-to-date results through September 30, 2025 show that the active management backdrop was notably more difficult for small-cap managers than for their large-cap peers. Median core, growth, and value managers all meaningfully lagged their respective preferred benchmarks over this period. Among the three styles, core managers fared best, yet only 29% generated positive excess returns—down substantially from 57% and 70% in the prior two reports.

U.S. SMALL CAP UNIVERSE – EXCESS RETURNS (YEAR-TO-DATE)



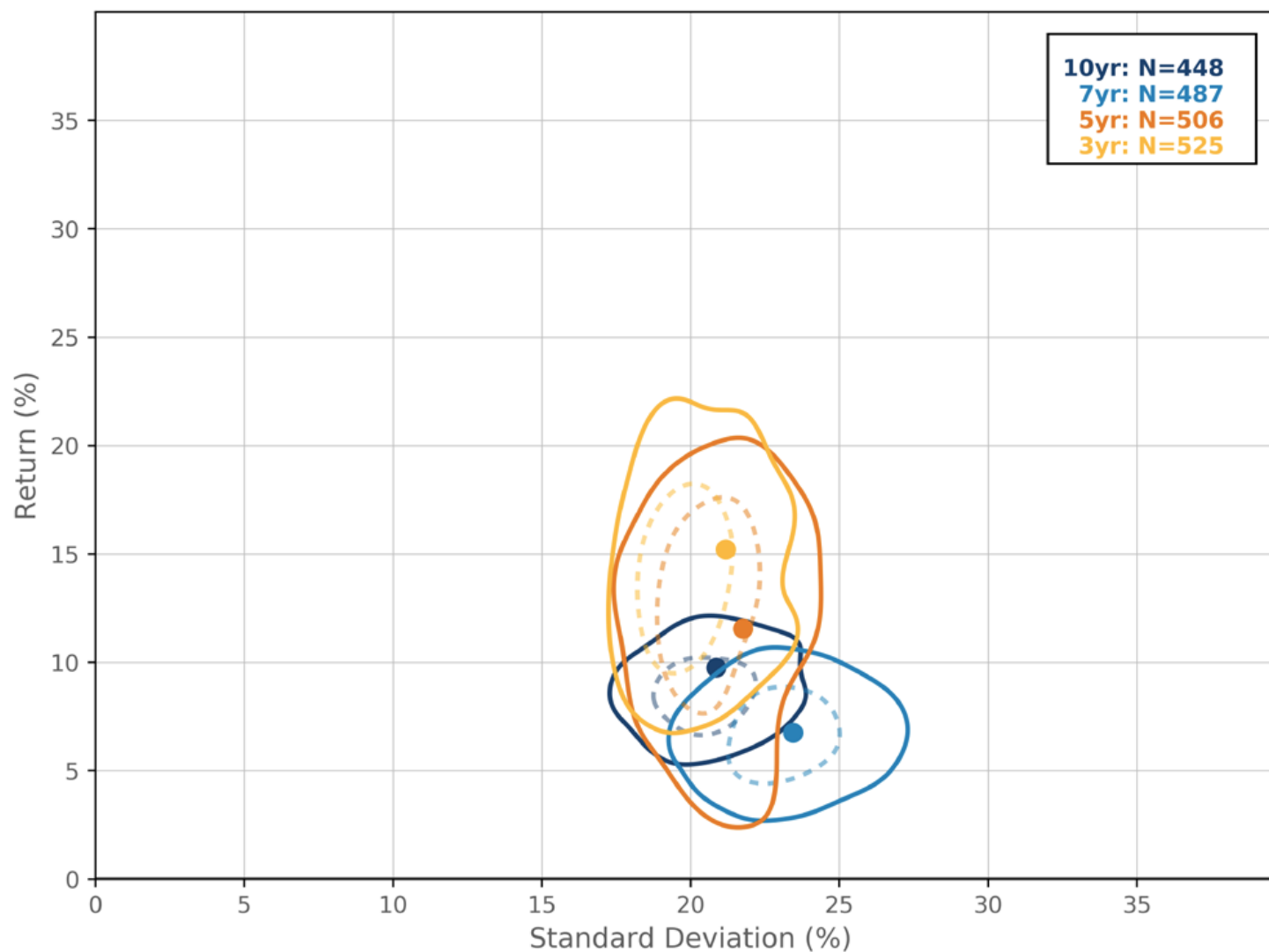
Source: eVestment, as of 9/30/25, gross of fees

U.S. SMALL CAP



Source: eVestment, as of 9/30/25. Universe returns adjusted for fees and estimated survivorship bias. Benchmark displayed is the Russell 2000 Index

Equities – U.S. Small Cap



Source: eVestment, as of 9/30/25. Universe returns adjusted for fees and estimated survivorship bias. Benchmark displayed is the Russell 2000 Index

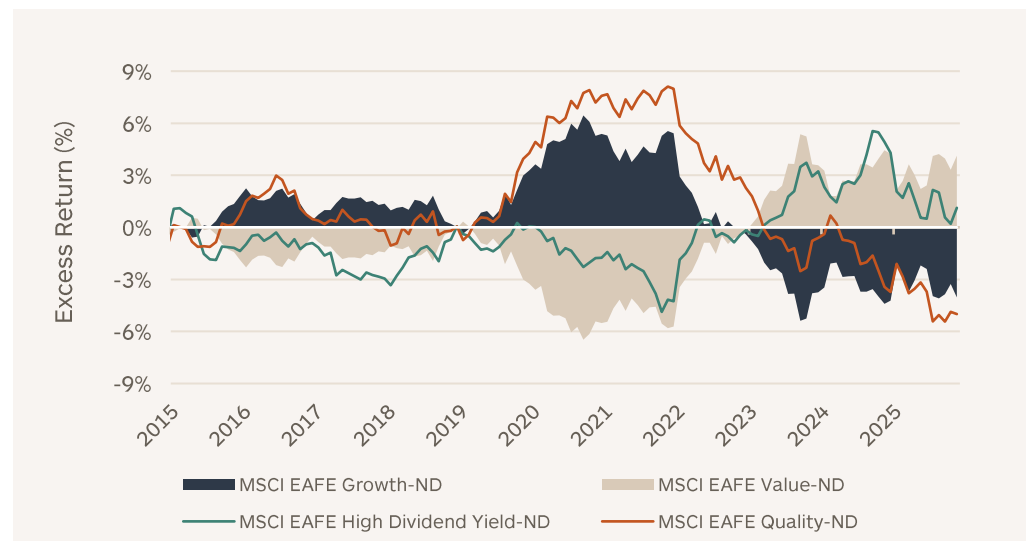
Equities – International Developed

- › The 3- and 5-year ovoid distributions showed a modest negative slope suggesting that incremental risk taking was not compensated. While the proportion of managers outperforming the benchmark remained slightly less than those who underperformed, significant return dispersion implies that skilled active managers differentiated themselves from the rest of the universe over the near-term.
- › Over longer time horizons, the circular ovoid distributions indicated a narrower distribution of performance around the benchmark and a weak relationship between risk and return. The 7- and 10-year ovoid distributions showed that a subset of active managers achieved higher returns by taking

on additional risk, but on average, greater risk does not appear to have correlated much with greater returns over those time horizons.

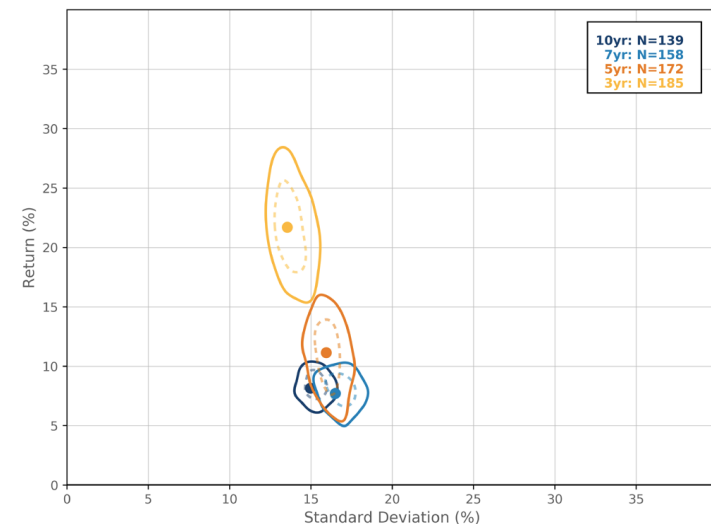
- › Factor performance dispersion relative to the MSCI EAFE benchmark was markedly wider over the past five years compared to the preceding 5-year period. This heightened factor volatility contributed to a significant spread in outcomes among stylistically biased active managers. Periods of sharp factor rotation over a short period can challenge active managers who adhere to a long-term investment horizon or a narrow investable universe.

MSCI EAFE INDEX VS. MSCI EAFE STYLE & FACTOR INDICES



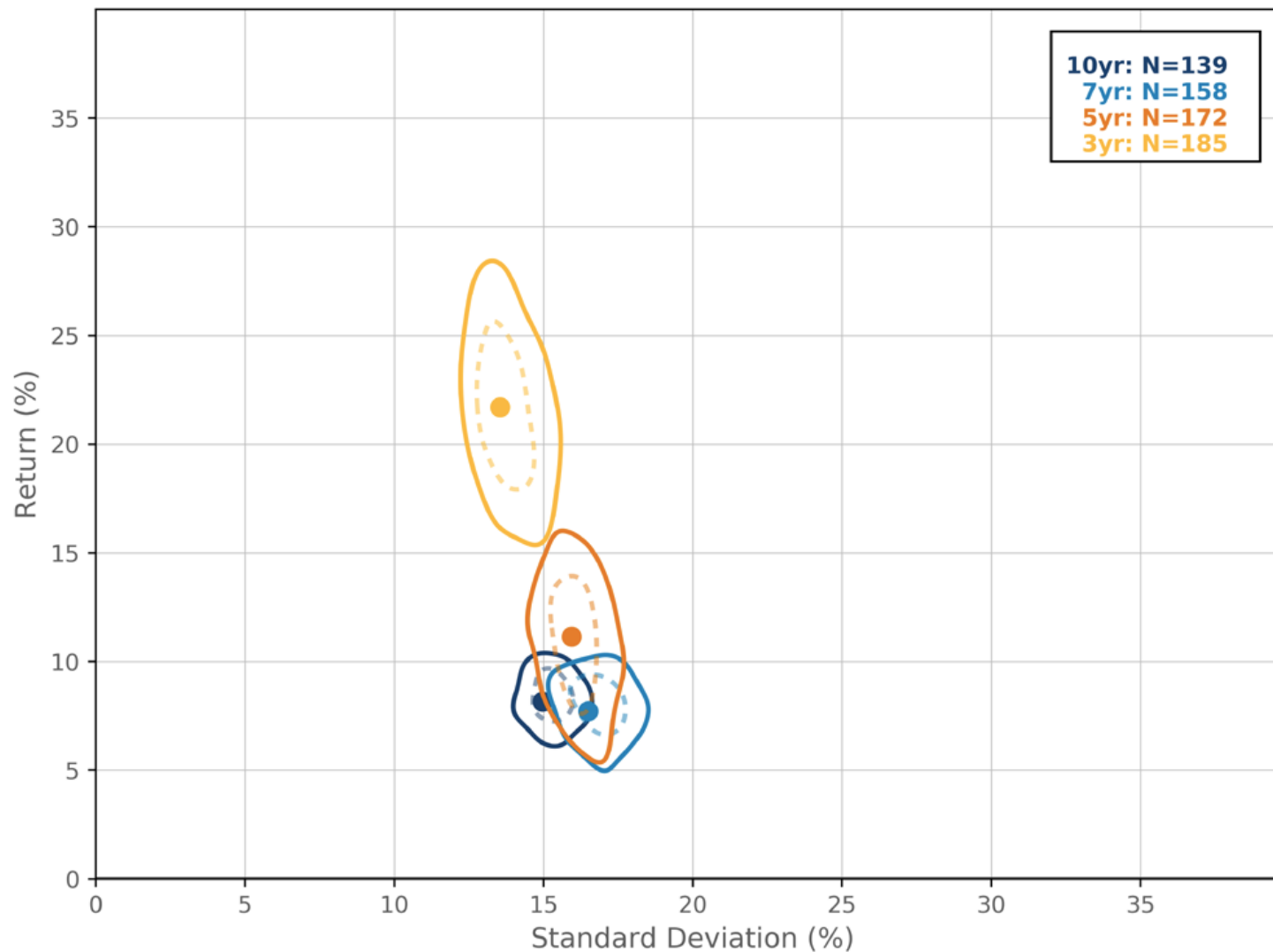
Source: eVestment, as of 11/30/25, net of fees

INTERNATIONAL DEVELOPED



Source: eVestment, as of 9/30/25. Universe returns adjusted for fees and estimated survivorship bias. Benchmark displayed is the MSCI EAFE Index

Equities – International Developed

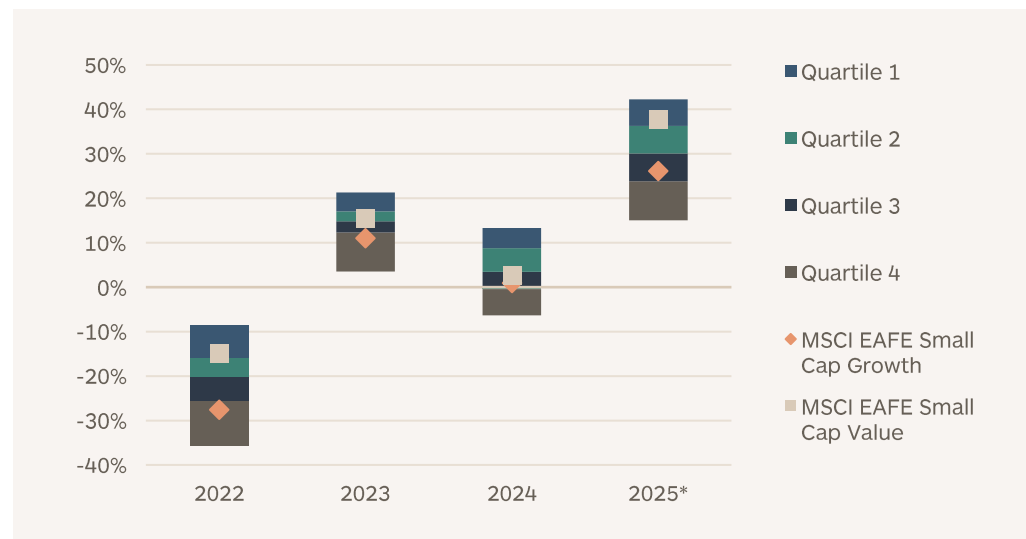


Source: eVestment, as of 9/30/25. Universe returns adjusted for fees and estimated survivorship bias. Benchmark displayed is the MSCI EAFE Index

Equities – International Developed Small Cap

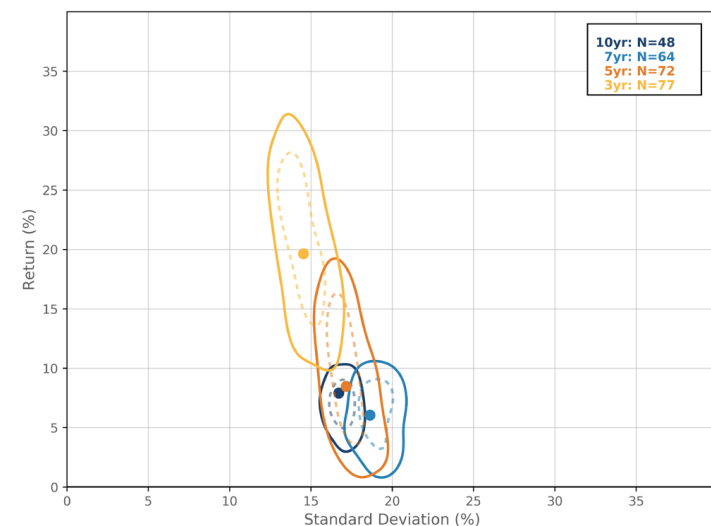
- › The distribution of manager returns widened significantly over the 3-year lookback period, with the best returning active manager cohort outperforming the worst by a sizable 20%+ annualized margin, while the degree of risk taken around the benchmark was similar across periods. The 3- and 5-year ovoid distributions showed a weak negative relationship between risk and return, indicating that the more risk a manager took, the lower the return, on average. This dynamic was not observable over longer lookback periods.
- › Active manager performance relative to the benchmark was more attractive recently. The median manager delivered net-of-fee outperformance over 3-, 5-, and 7-year trailing periods, while manager performance over the 10-year lookback was more challenged.
- › Similar to what has occurred in the large cap universe, style factors materially influenced returns over the trailing 3- and 5-year lookback periods in small caps. The most influential year was 2025, during which the MSCI EAFE Value index outpaced its growth counterpart by more than 10%. A similar magnitude of outperformance occurred in 2022. The MSCI EAFE Small Cap Growth index dominated large caps by +20% in 2020. The universe is slightly biased toward value- and core-oriented managers, likely contributing to the improvement in benchmark-relative performance during recent years.

UNIVERSE PERFORMANCE BY QUARTILE – STYLE RETURNS



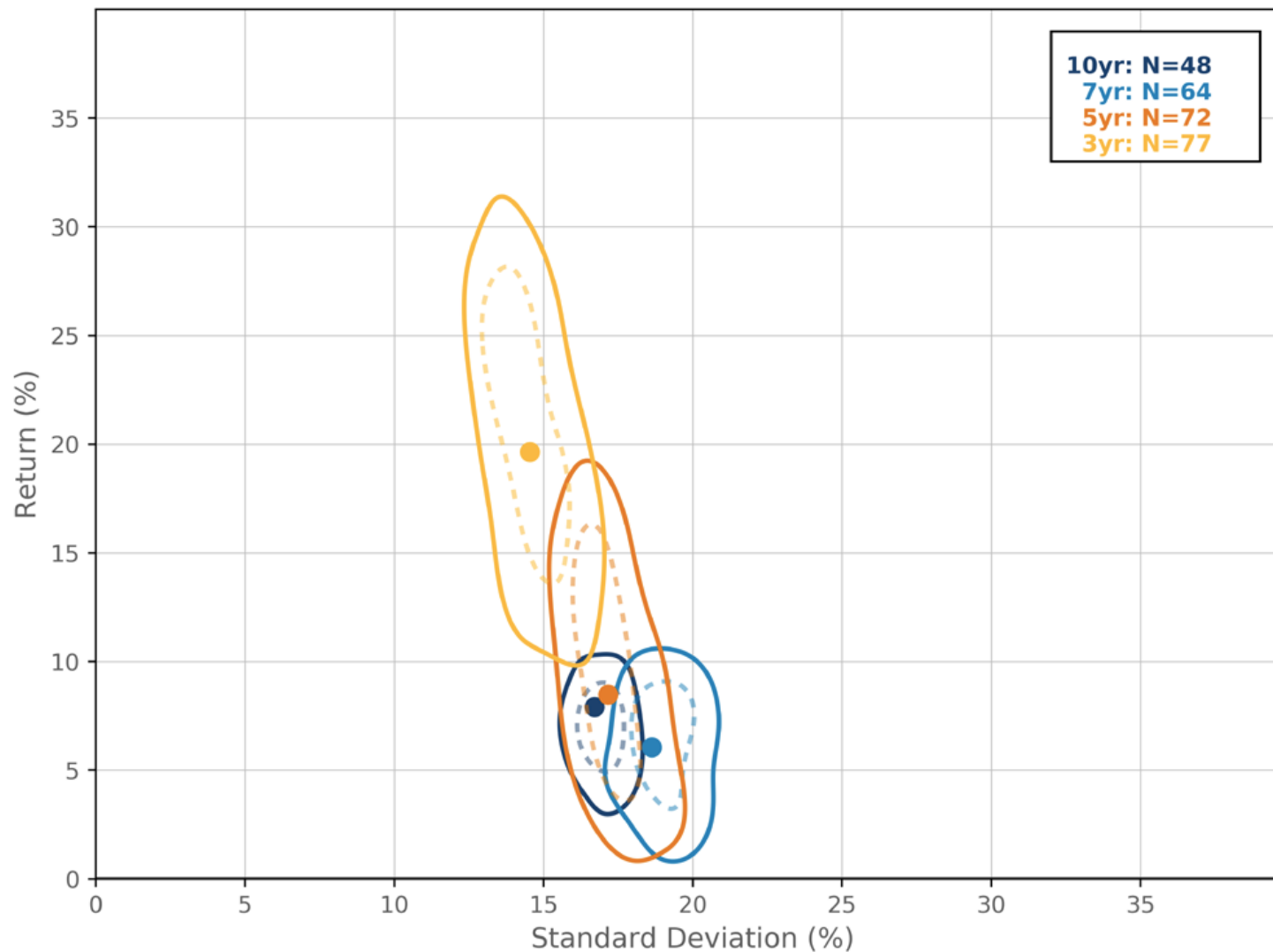
Source: eVestment as of 12/31/25, *eV Universe percentile data, as of 11/30/25

INTERNATIONAL SMALL CAP



Source: eVestment, as of 9/30/25. Universe returns adjusted for fees and estimated survivorship bias. Benchmark displayed is the MSCI EAFE Small Cap Index

Equities – International Developed Small Cap

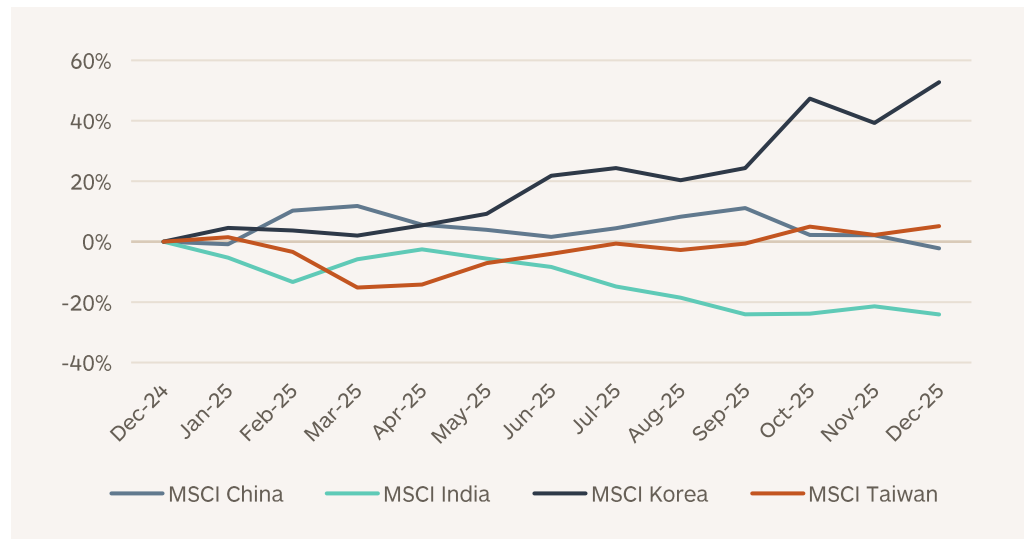


Source: eVestment, as of 9/30/25. Universe returns adjusted for fees and estimated survivorship bias. Benchmark displayed is the MSCI EAFE Small Cap Index

Equities – Emerging Markets

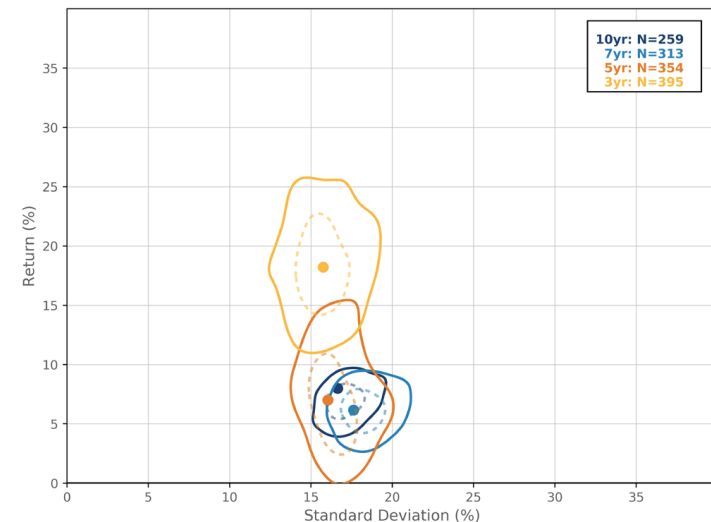
- › The 3-year ovoid distribution and benchmark performance were significantly differentiated from longer lookback periods, driven by a strong 2025 return. The MSCI EM index was the best returning benchmark (+33.6%) during the year. The near-term ovoid distributions appear to reflect a negligible relationship between risk and return, as the manager universe shape was relatively symmetrical around the benchmark over 3- and 5-year periods.
- › The 7- and 10-year trailing periods continued to reflect a slight positive relationship between risk and return. This suggests compensated risk-taking and a healthy market to take active positioning with skilled investment management. Active managers struggled to outperform the benchmark over the full 10-year lookback, while universe performance over the 7-year period was fairly balanced relative to the benchmark.
- › During 2025, extreme performance disparity existed across the four largest countries in the index, which together account for more than 75% of exposure. This likely contributed to the significant near-term performance dispersion across the active universe. Narrow themes around artificial intelligence propelled Korean and Taiwanese semiconductor stocks upward at the expense of historically expensive Indian equities, which delivered relatively flat absolute returns for the year in comparison. Managers with long-standing country biases are likely to have been most challenged during the trailing year.

CUMULATIVE 2025 EXCESS RETURNS BY COUNTRY



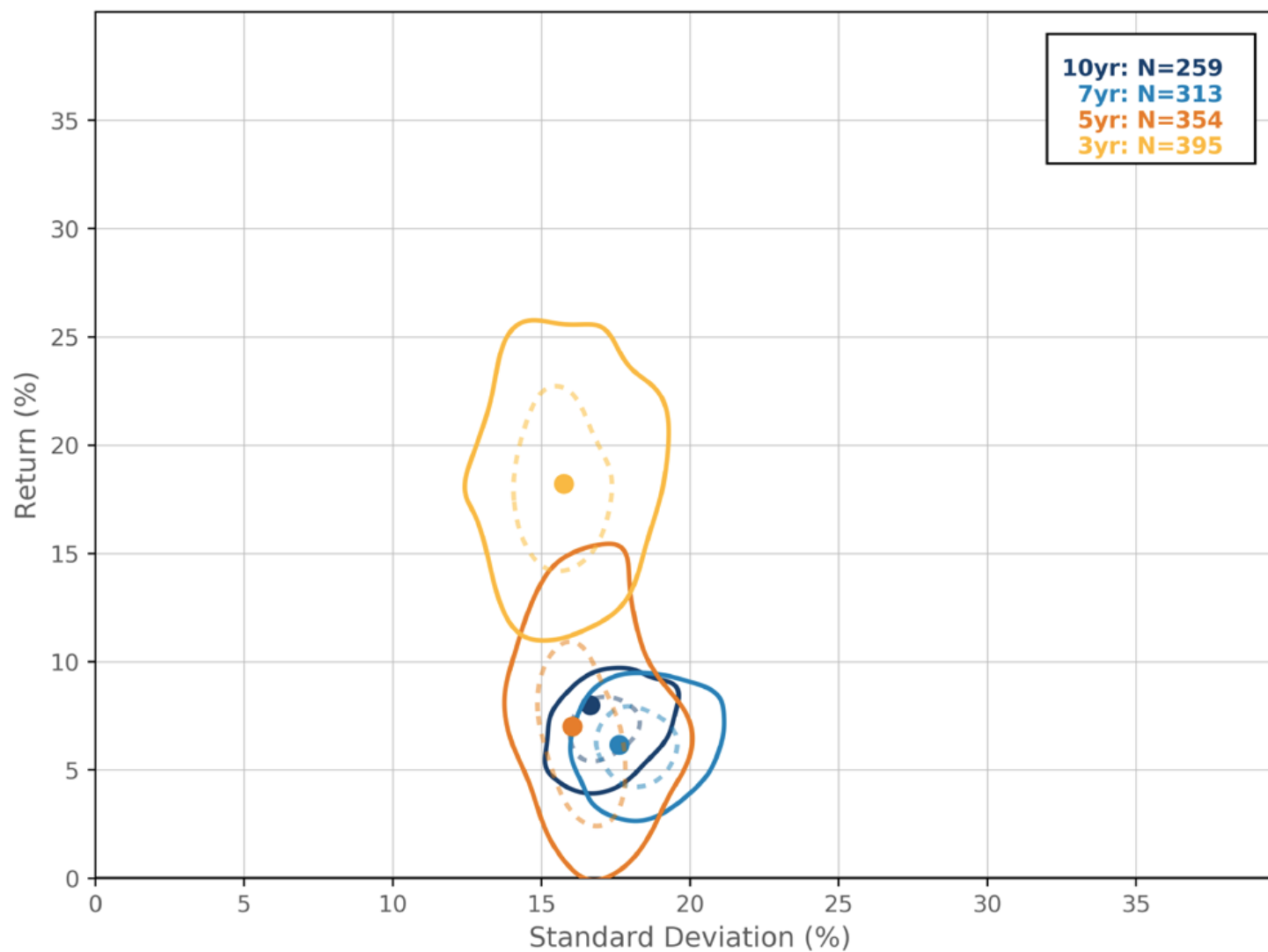
Source: eVestment, as of 12/31/25 - excess returns to the MSCI EM-ND index

EMERGING MARKETS



Source: eVestment, as of 9/30/25. Universe returns adjusted for fees and estimated survivorship bias. Benchmark displayed is the MSCI Emerging Markets Index

Equities – Emerging Markets

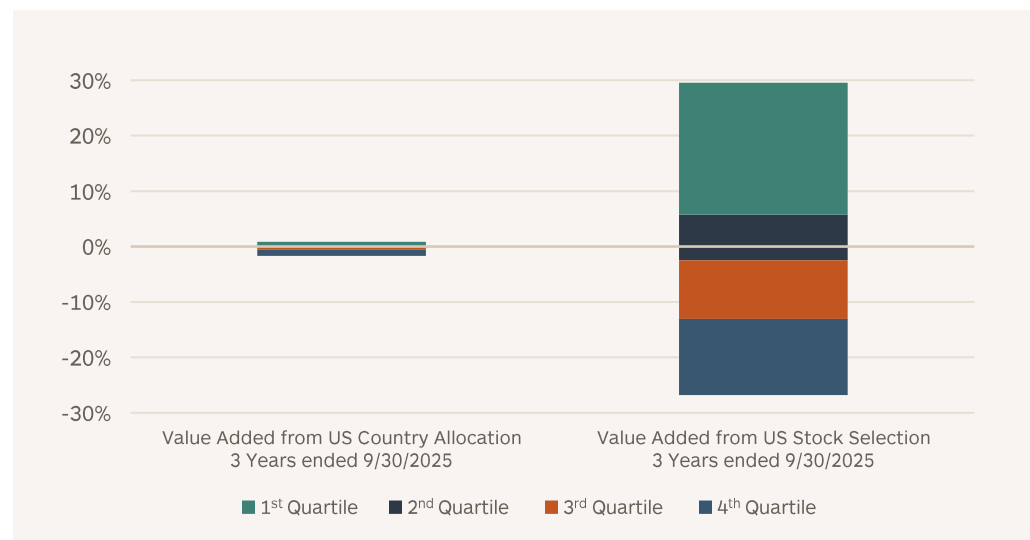


Source: eVestment, as of 9/30/25. Universe returns adjusted for fees and estimated survivorship bias. Benchmark displayed is the MSCI Emerging Markets Index

Equities – Global

- › In contrast to prior reports where the global equity universe was roughly evenly split between outperforming and underperforming managers, this edition reflects a challenging environment for global equity managers, particularly over the trailing 3-year period. At the same time, the global equity is the broadest equity universe, which tends to mean less manager sensitivity to individual factors that may drive country or regional portfolios over shorter time horizons.
- › Across all trailing periods, a subset of managers appears to have been adequately compensated for taking excess risk relative to the benchmark; however, the relationship was not particularly strong. For example, over the trailing 3- and 5-year periods, a greater proportion of managers assuming above-market risk underperformed the benchmark than outperformed.

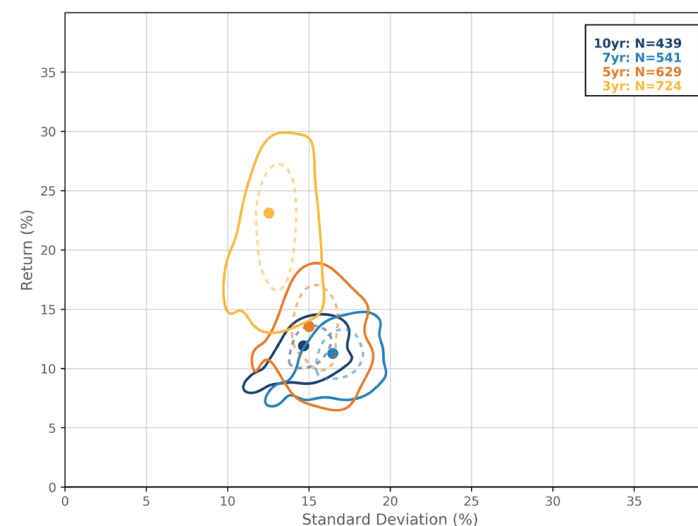
GLOBAL EQUITY ATTRIBUTION (U.S. ALLOCATION & SELECTION)



Source: eVestment as of 9/30/25, gross of fees

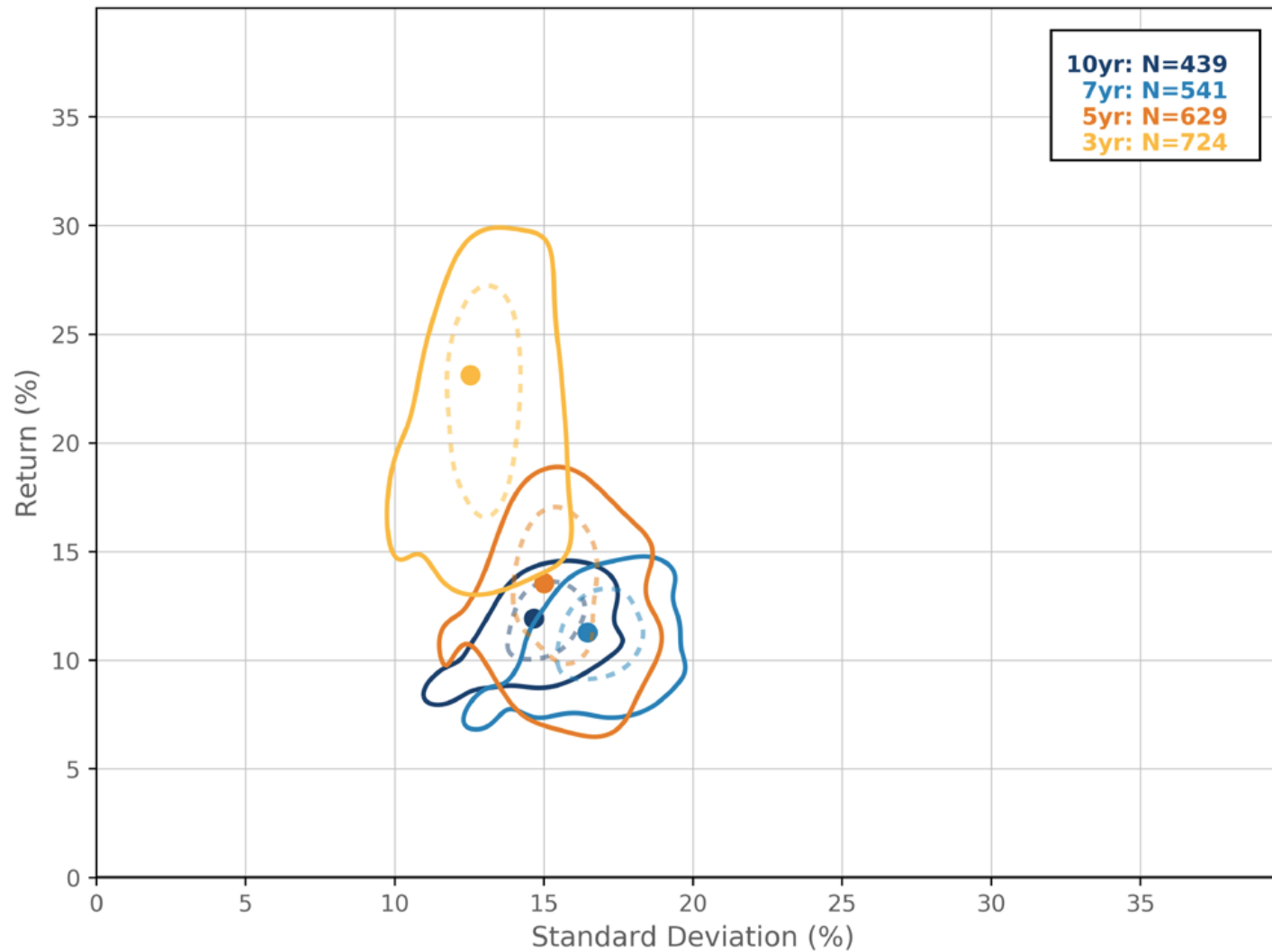
- › The bottom left chart focuses on U.S. equity allocation and U.S. stock selection among managers. A manager's demonstrated skill within U.S. equities tends to be a key differentiator when deciding to implement a global equity allocation rather than a combination of active non-U.S. equity and passive U.S. equity. For the three years ended September 2025, the range of value added from decisions to underweight or overweight the U.S. was relatively narrow. Over the same period, however, the range of value added from U.S. stock selection was considerably wider, and managers with strong U.S. stock-selection skill were rewarded.

GLOBAL EQUITY



Source: eVestment, as of 9/30/25. Universe returns adjusted for fees and estimated survivorship bias. Benchmark displayed is the MSCI ACWI Index.

Equities – Global

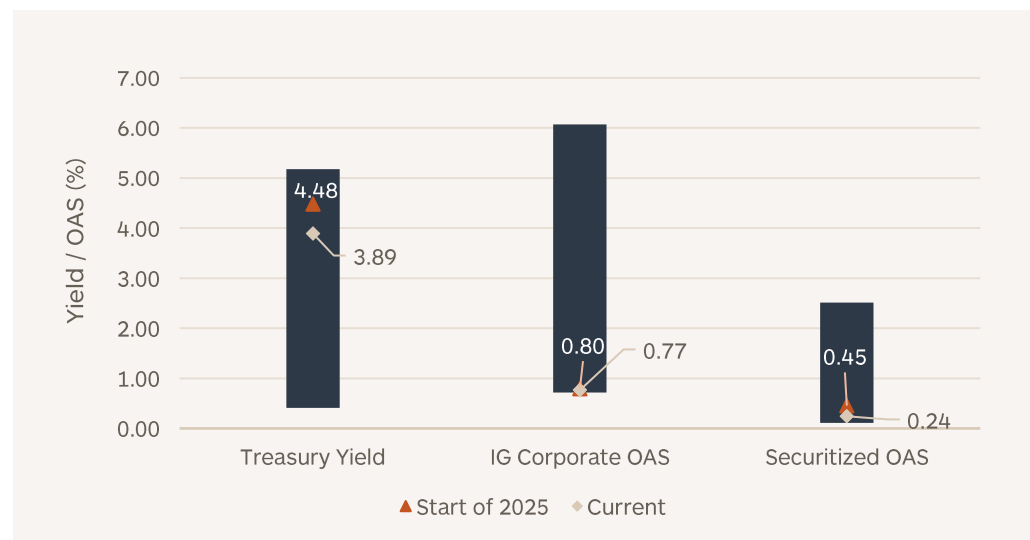


Source: eVestment, as of 9/30/25. Universe returns adjusted for fees and estimated survivorship bias. Benchmark displayed is the MSCI ACWI Index.

Fixed Income – U.S. Core

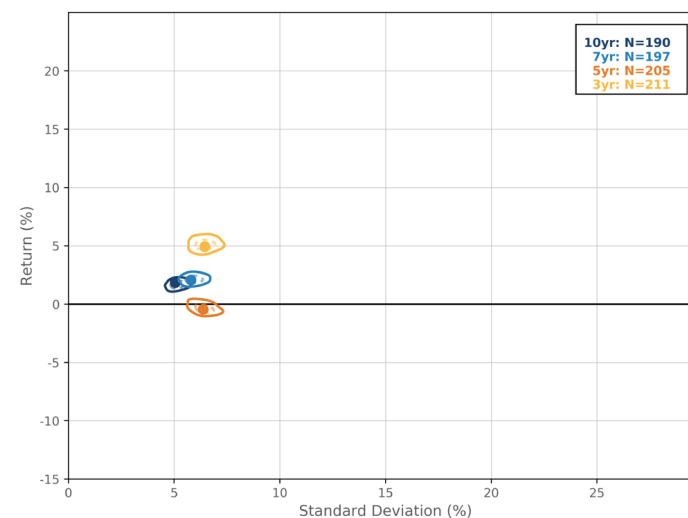
- › The U.S. core universe continued to show very low dispersion across active managers, with returns tightly clustered relative to risk across all trailing measurement periods. Taking on additional risk has generally not resulted in meaningfully higher returns, which continues to limit opportunities for sustained outperformance in core strategies.
- › While yields remain higher than in recent years, spread levels in investment-grade corporates and securitized sectors are still near historically tight ranges, reducing the ability for managers to add value through spread compression. As a result, relative performance has been driven more by duration and curve positioning than by sector or security selection.
- › Overall, broad alpha opportunities in core remain limited. However, select active managers have shown an ability to add value through risk control, liquidity management, and downside protection—particularly during periods of market volatility.

U.S. AGGREGATE BOND INDEX SECTOR YIELD/OAS RANGES



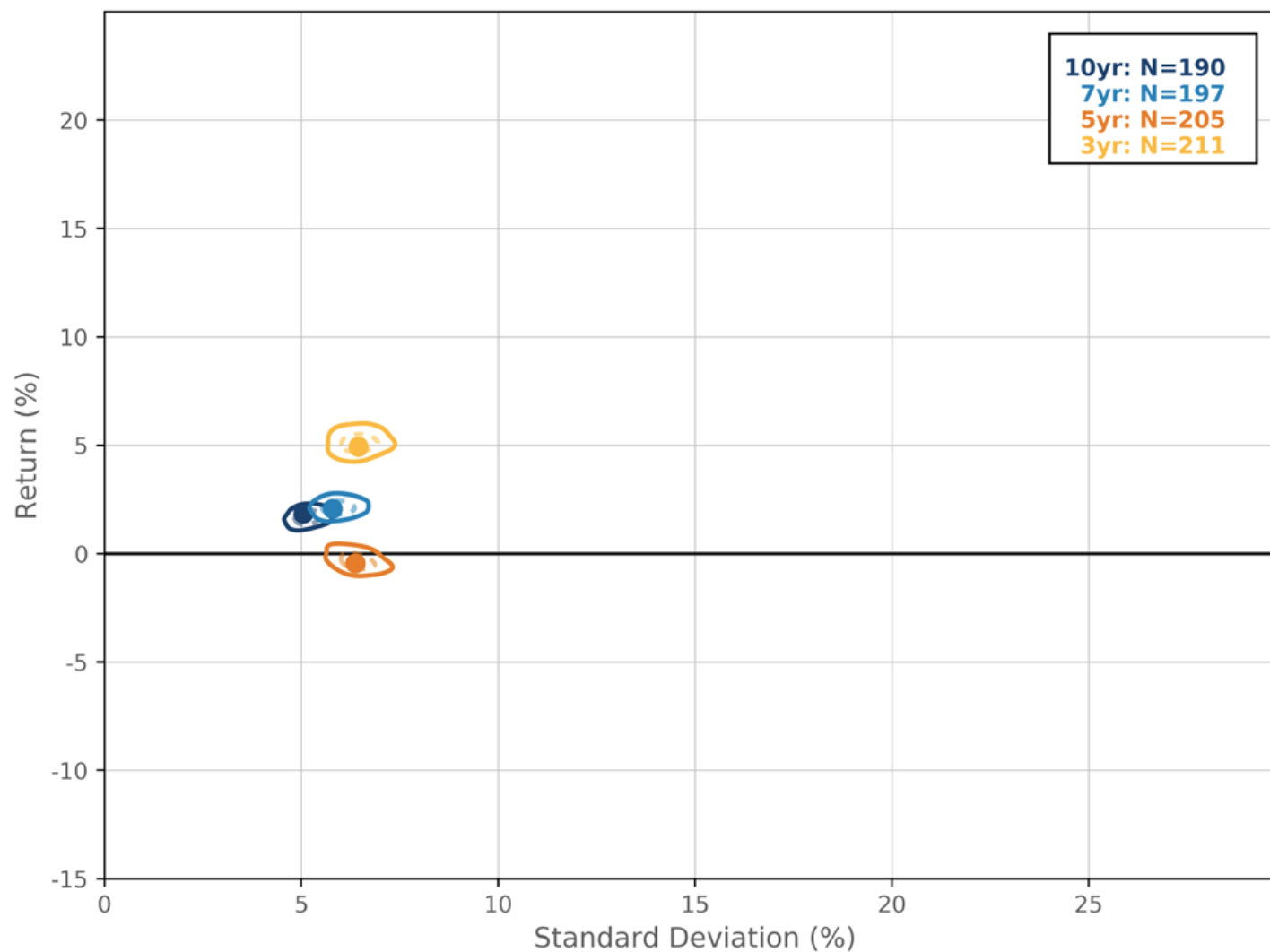
Source: Barclays Live as of 12/26/25 – data since year 2000

CORE FIXED INCOME



Source: eVestment, as of 9/30/25. Universe returns adjusted for fees and estimated survivorship bias. Benchmark displayed is the Bloomberg U.S. Aggregate Ind

Fixed Income – U.S. Core



Source: eVestment, as of 9/30/25. Universe returns adjusted for fees and estimated survivorship bias. Benchmark displayed is the Bloomberg U.S. Aggregate Index

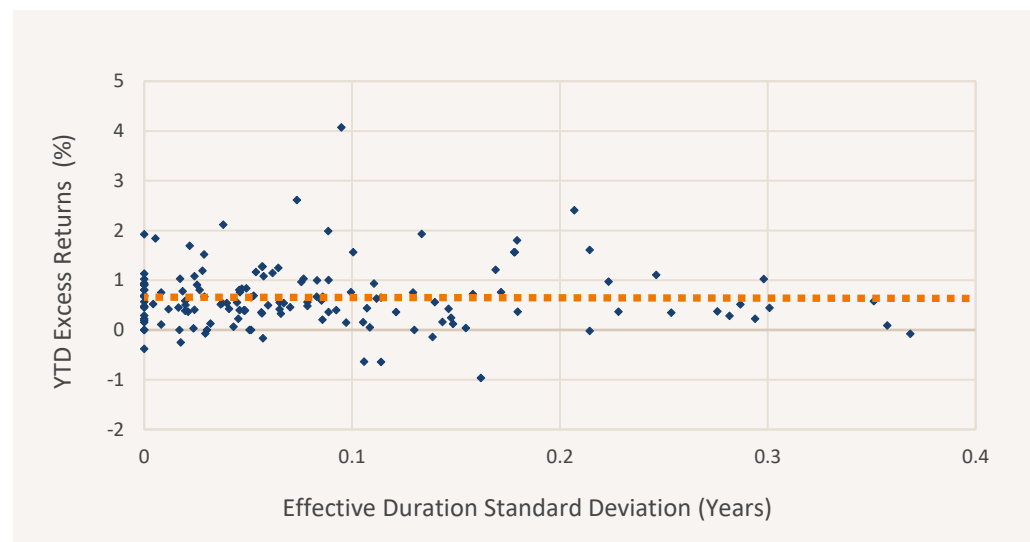
Fixed Income – U.S. Core Plus

- › Across each lookback period, performance outcomes across the U.S. core plus universe were slightly elevated compared to U.S. core fixed income managers. We believe this reflects the broader opportunity set of potentially higher returning assets that are available to core plus managers, with return dispersion remaining present but not extreme. Active manager results have been tightly clustered together, and performance dispersion was mainly driven by different positioning decisions across credit and sector exposures.
- › Recent excess returns have been fueled primarily by exposure to higher-yielding and spread-sensitive sectors, rather than by active duration positioning. The bottom left chart shows minimal correlation between taking additional duration risk and achieving excess returns, suggesting that

duration was not a reliable source of outperformance in 2025. Instead, relative performance has been more dependent on sector allocation, credit exposure, and security selection.

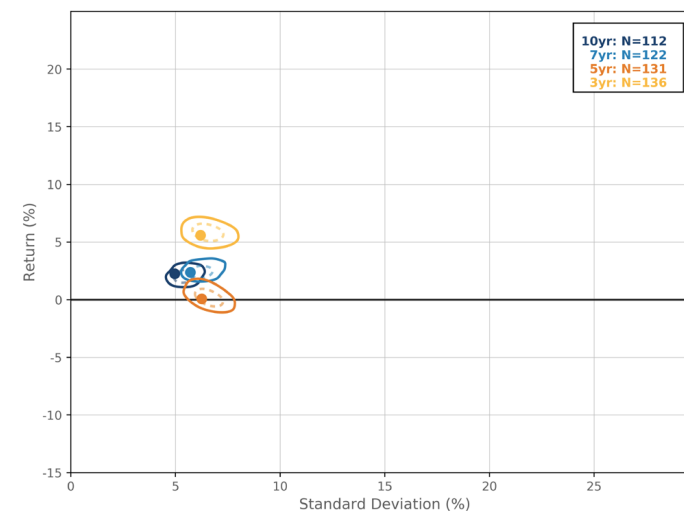
- › While uncertainty around the path of interest rates and issuance levels persisted, core plus strategies with flexibility to rotate across sectors and actively manage liquidity were better positioned to navigate changing market conditions. Overall, while dispersion remains moderate, the opportunity for differentiation in the core plus universe is tied to how strategies deploy credit risk and manage exposures, rather than directional interest rate bets.

CORE PLUS ACTIVE MANAGER UNIVERSE RETURNS VS DURATION



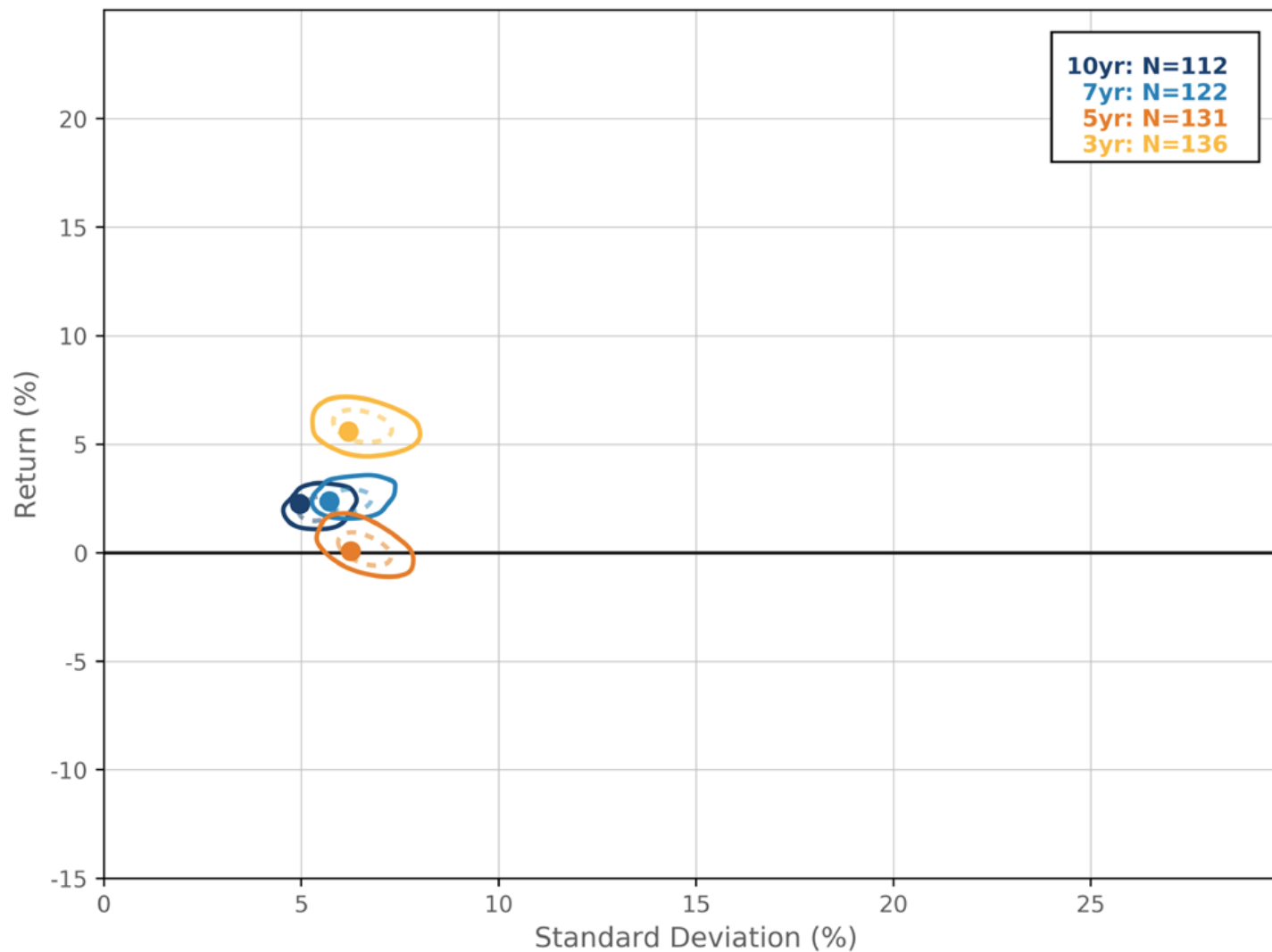
Source: eVestment, as of 9/30/25 gross of fees.

CORE PLUS



Source: eVestment, as of 9/30/25. Universe returns adjusted for fees and estimated survivorship bias. Benchmark displayed is the Bloomberg U.S. Universal Index

Fixed Income – U.S. Core Plus

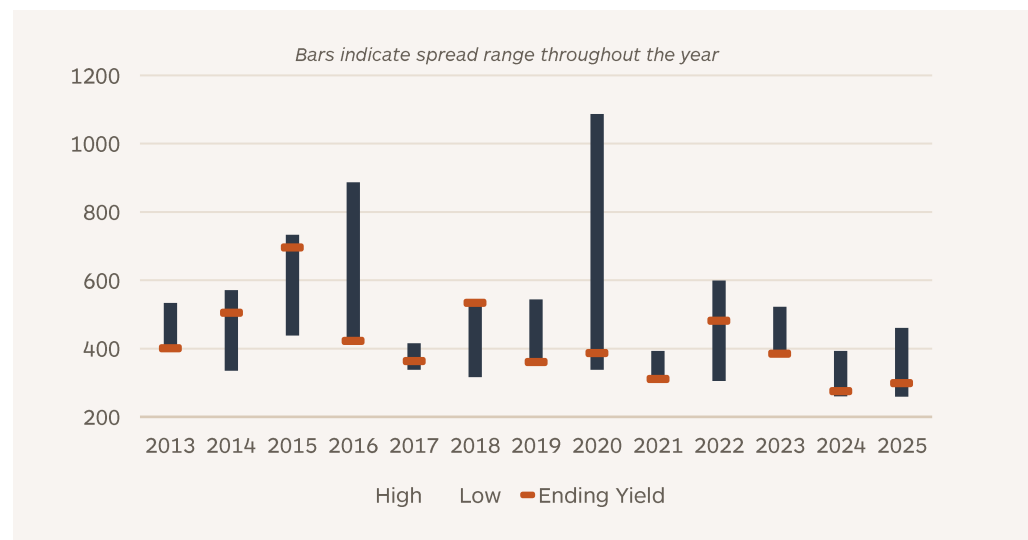


Source: eVestment, as of 9/30/25. Universe returns adjusted for fees and estimated survivorship bias. Benchmark displayed is the Bloomberg U.S. Universal Index

Fixed Income – U.S. High Yield

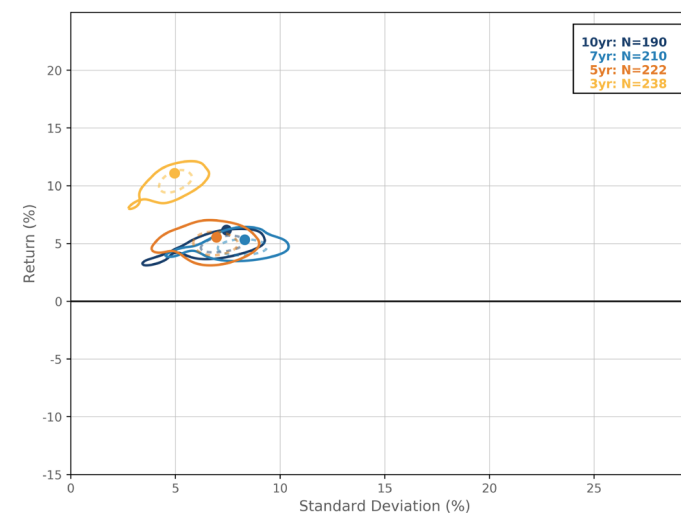
- › In 2025, the high yield market displayed a modest increase in volatility relative to the prior two years. While spreads briefly widened mid-year, driven by shifting rate expectations and concerns around impacts of trade policy, spreads retraced into year-end, finishing under 300 basis points. The high, low, and ending spread level of 2025 reflected a more balanced distribution relative to the tighter ranges observed across the prior two years. Strategies with higher-quality exposures and lower volatility profiles tended to outperform, benefiting from a carry-driven environment with fewer credit stress events.
- › The 3-year lookback period reflected a slightly positive slope, indicating the high yield market rewarded managers that took on more risk. This compared to many past economic environments which favored downside protecting managers that positioned strategies more conservatively.
- › Dispersion across issuers remained supportive for active management. Credit selection, rather than sector or beta tilts, contributed the majority of value added among top-quartile managers. Skilled managers continued to identify opportunities in bonds with durable fundamentals while avoiding credits facing earnings pressure or balance-sheet deterioration.

HIGH YIELD OPTION ADJUSTED SPREAD RANGES



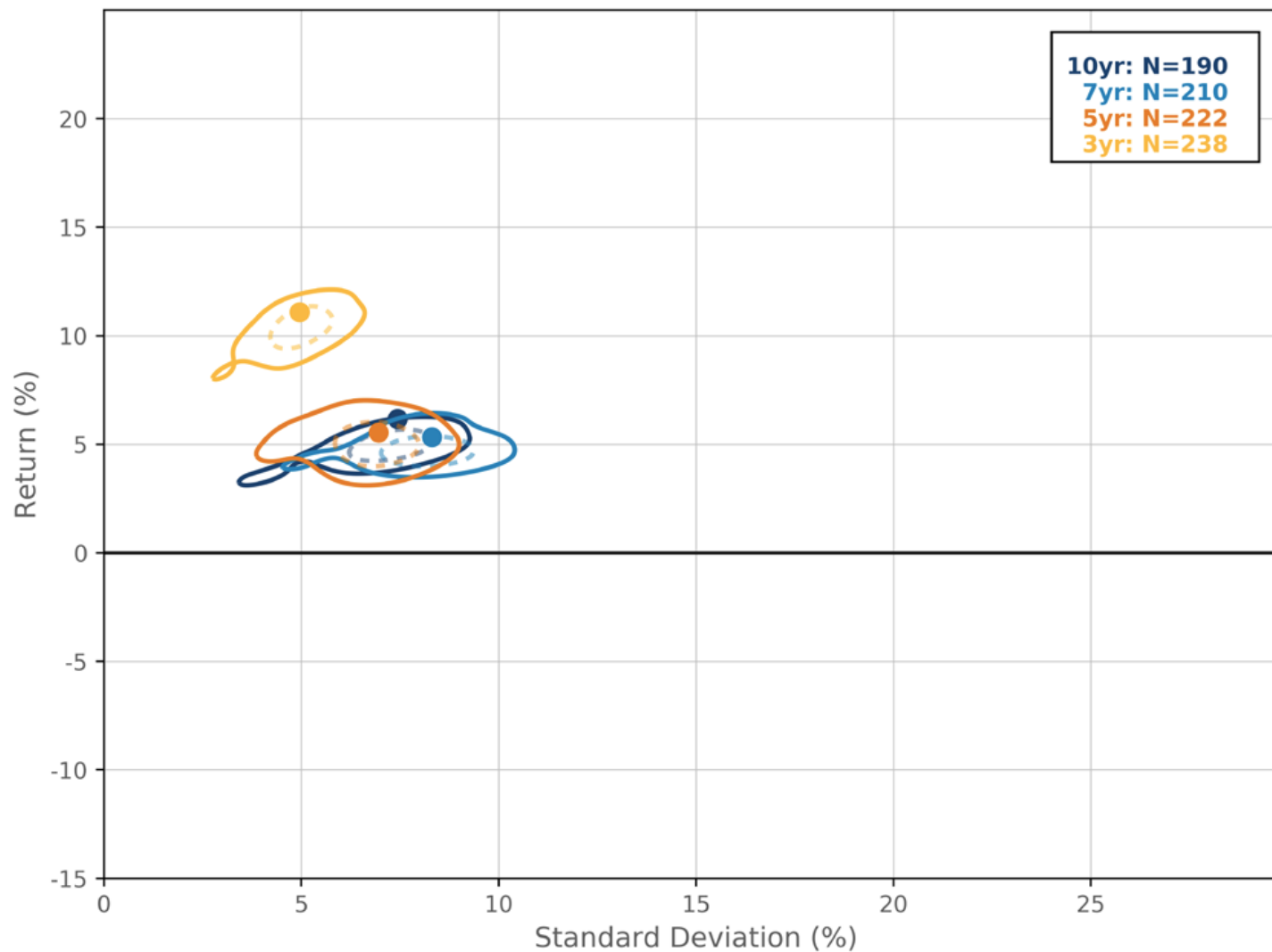
Source: FRED, as of 12/17/25

U.S. HIGH YIELD



Source: eVestment, as of 9/30/25. Universe returns adjusted for fees and estimated survivorship bias. Benchmark displayed is the Bloomberg U.S. Corporate High Yield Index

Fixed Income – U.S. High Yield



Source: eVestment, as of 9/30/25. Universe returns adjusted for fees and estimated survivorship bias. Benchmark displayed is the Bloomberg U.S. Corporate High Yield Index

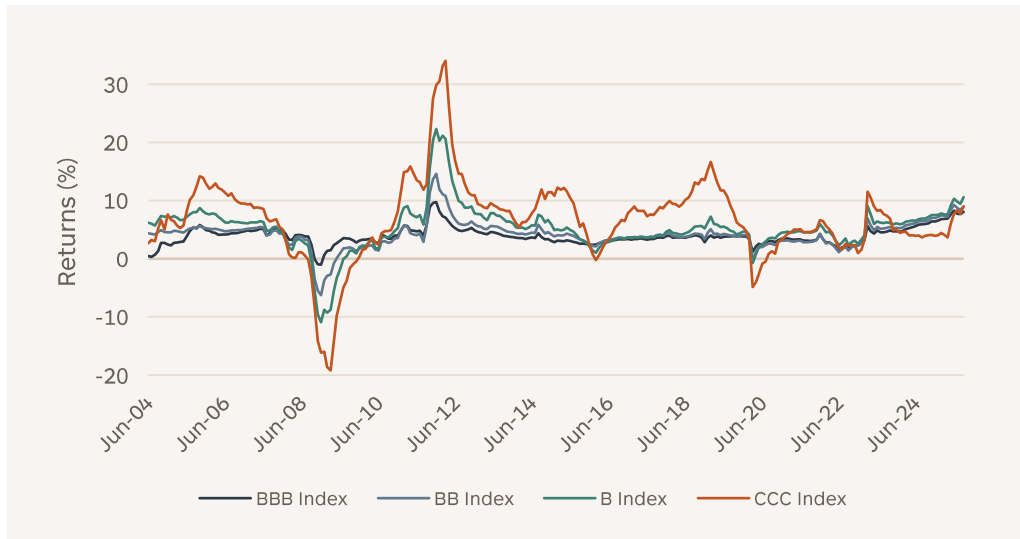
Fixed Income – Bank Loans

- › The bank loan active universe has consistently shown minimal return dispersion across each trailing period. Risk dispersion among active managers narrowed during the shorter 3- and 5-year periods compared to the longer 7- and 10-year periods. The asset class remains highly efficient, with a significant share of managers underperforming the benchmark, though high conviction managers have continued to generate alpha. While many strategies struggled to outperform the index over the 7- and 10-year periods, recent relative performance has improved, as demonstrated by a greater proportion of managers above the index.
- › Due to the floating rate structure of the asset class, bank loans benefited from the higher-for-longer base rates implemented in 2022. While this effect has

begun to reverse as the Federal Reserve cut rates in 2024 and 2025, the pace of rate cuts has been slower than anticipated, sustaining favorable conditions for loans. Consequently, absolute returns over the 3- and 5-year periods exceeded longer-term historical performance.

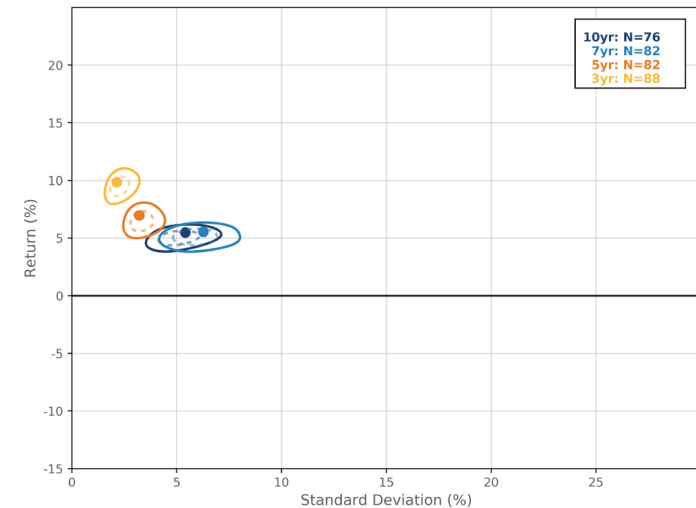
- › We believe dedicated exposure to bank loans can provide enhanced credit portfolio diversification and also downside protection during rising rate environments. Furthermore, skilled active managers that leverage tactical rotations into higher beta loan tranches have the potential to outperform traditional core and other credit indices across a full market cycle.

ROLLING 36 MONTH RETURN BY TRANCHE



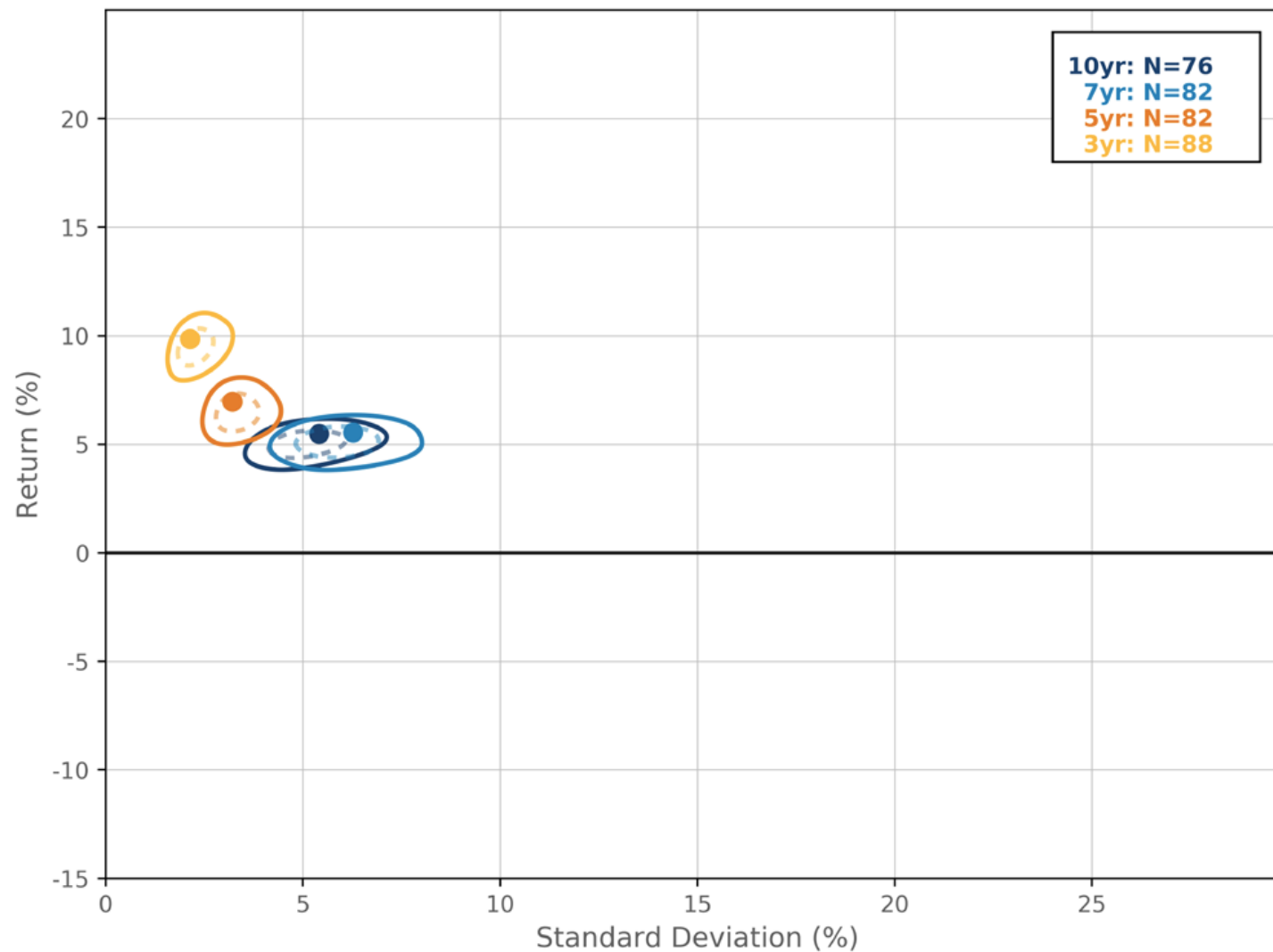
Source: BofA, Aristotle, Morningstar Leveraged Loan Index, as of 9/30/25

BANK LOANS



Source: eVestment, as of 9/30/25. Universe returns adjusted for fees and estimated survivorship bias. Benchmark displayed is the Morningstar LSTA U.S. Leveraged Loan Index

Fixed Income – Bank Loans



Source: eVestment, as of 9/30/25. Universe returns adjusted for fees and estimated survivorship bias. Benchmark displayed is the Morningstar LSTA U.S. Leveraged Loan Index

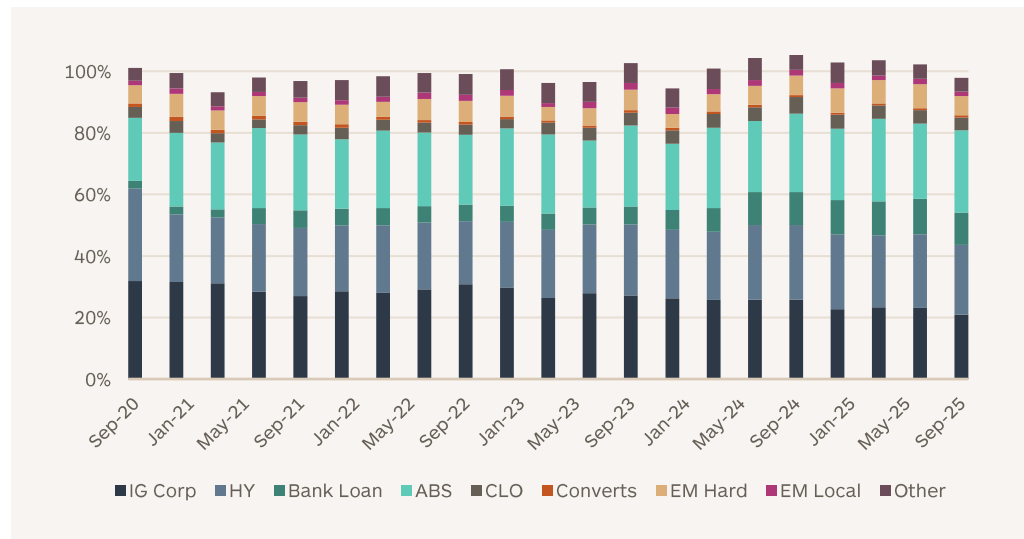
Fixed Income – Multi-asset Credit

- › Multi-asset credit, composed primarily of U.S. bank loans, corporate credit, and structured credit such as CLOs, has exhibited wide return dispersion across historical periods, with returns being the most dispersed over the 3-year lookback. Returns were consistently positive, with more active managers outperforming the index recently. This was particularly observable over the past three years, where the universe generated higher return and lower risk than other lookback periods.
- › The 3-year period highlights an interesting risk-return dynamic; as managers took on additional risk, returns diverged sharply; either significantly above or below the index, but fewer near the benchmark. This reflected a broad investment universe where multiple sectors can drive outperformance or

underperformance. As shown, active managers have generally reduced their exposure to investment grade credit and increased allocations to higher yielding sectors such as bank loans and CLOs, which has likely contributed to short-term performance behavior.

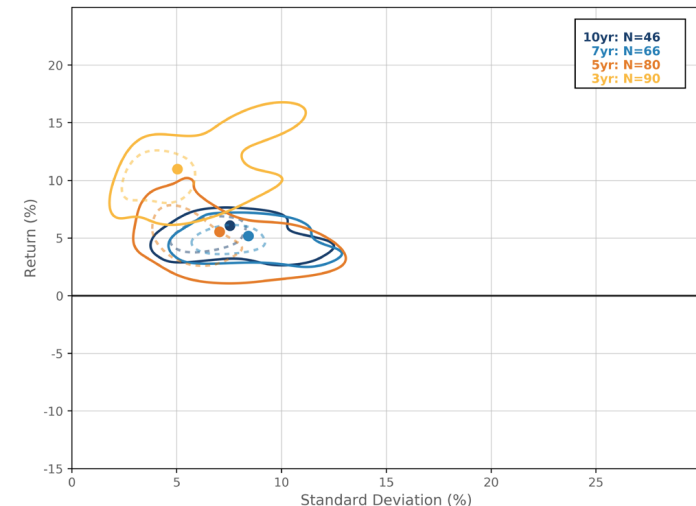
- › Due to the broad opportunity set afforded to multi-asset credit strategies, we believe that active managers focused on generating alpha from sector rotation can potentially provide diversification from traditional fixed income mandates. We believe this to be particularly true for smaller portfolios without the scale to allocate to separate sleeves of credit such as bank loans and corporate high yield.

MAC UNIVERSE SECTOR ALLOCATION OVER TIME



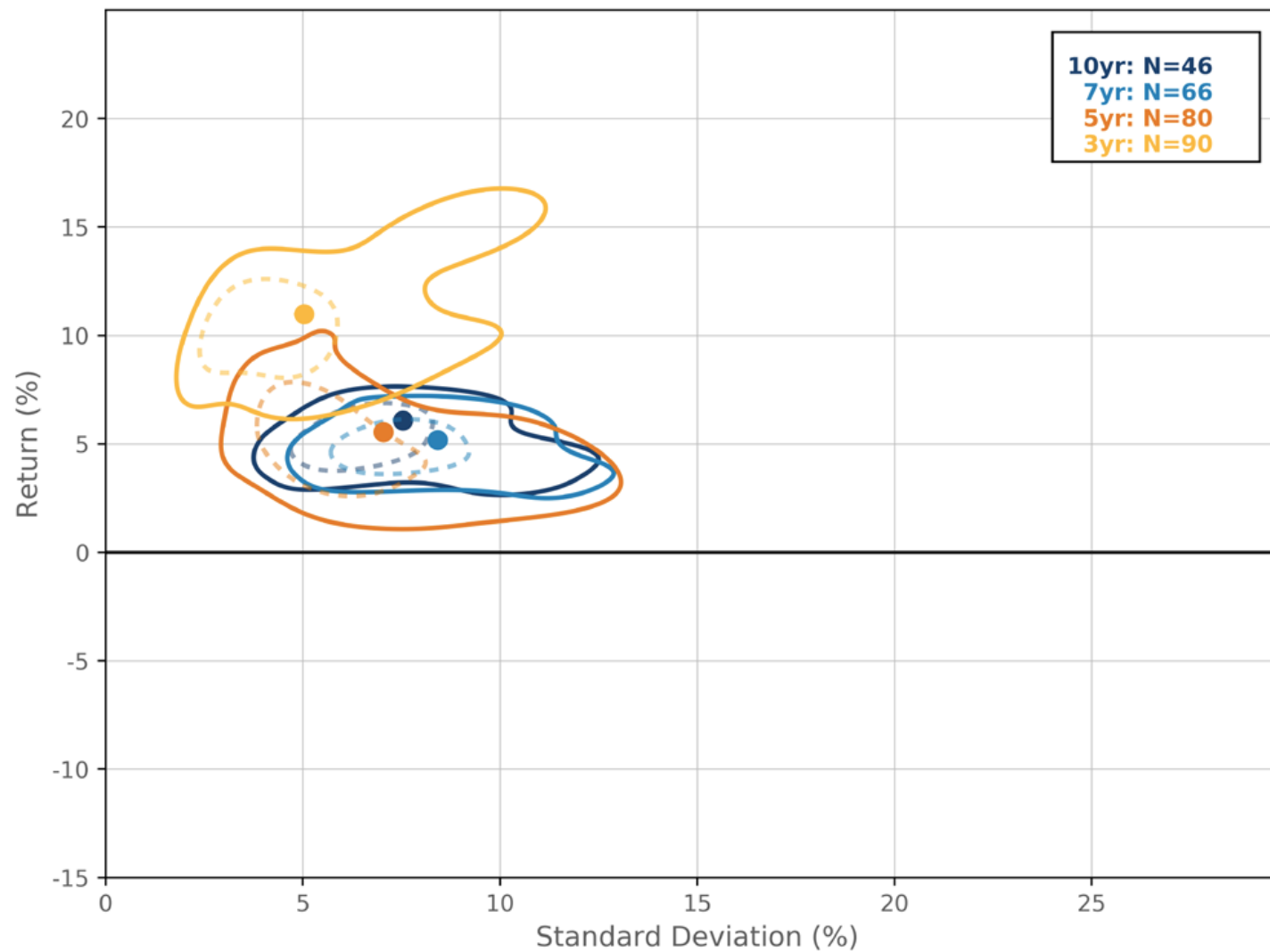
Source: eVestment, as of 9/30/25. Allocations are based on universe arithmetic mean, total may not equal 100%

MULTI-ASSET CREDIT



Source: eVestment, as of 9/30/25. Universe returns adjusted for fees and estimated survivorship bias. Benchmark displayed is a 50/50 blend of the Bloomberg U.S. Corporate High Yield Index and Morningstar LSTA U.S. Leveraged Loan indices

Fixed Income – Multi-asset Credit



Source: eVestment, as of 9/30/25. Universe returns adjusted for fees and estimated survivorship bias. Benchmark displayed is a 50/50 blend of the Bloomberg U.S. Corporate High Yield Index and Morningstar LSTA U.S. Leveraged Loan indices

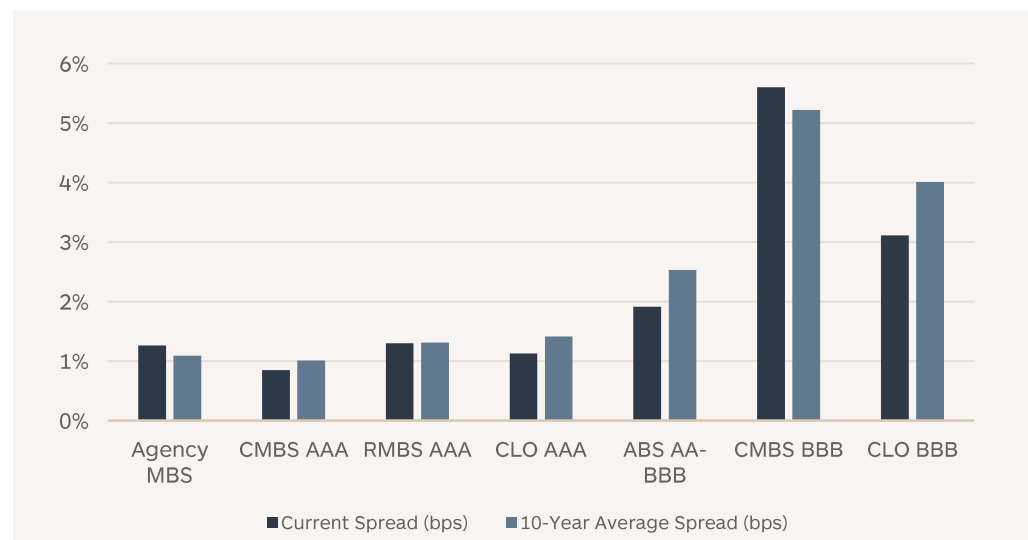
Fixed Income – Securitized Credit

- › Active managers in securitized credit generated positive value across each trailing period. Outperformance of the benchmark reflected both manager skill and the conservative nature of the index, which is heavily weighted towards agency mortgage-backed securities (MBS). Consequently, active managers have tended to underweight agency mortgages and favored higher yielding sectors such as non-agency mortgages, commercial real estate, and asset backed securities.
- › During the recent three years, uncharacteristically higher yields from agency MBS increased absolute return across the universe, as well as upended the historical relationship between return and risk. This is reflected in the

relatively more negative slope of the 3- and 5-year universes, as well as the widened distribution along the risk curve compared to longer dated lookbacks.

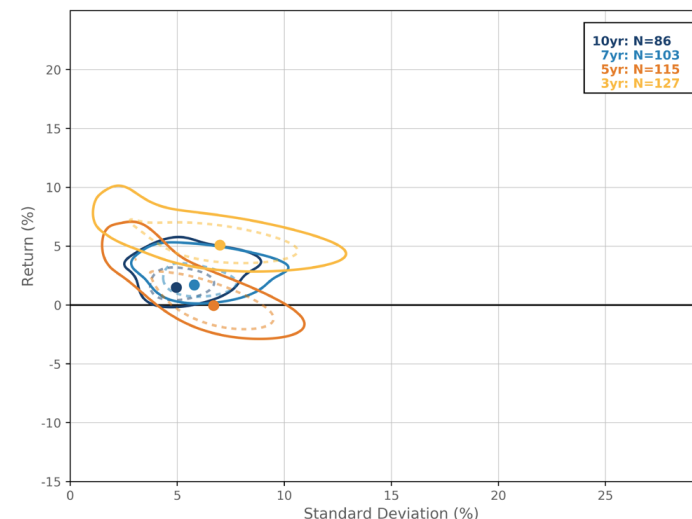
- › Currently, spreads across most sectors of securitized credit have fallen to or below long-term averages, reducing the opportunity set relative to 2022 and 2023. However, we believe securitized credit can continue to provide diversification through both convexity and bond duration, resulting in lower correlation to equity relative to corporate bonds.

CURRENT VS. SECURITIZED SECTOR SPREADS



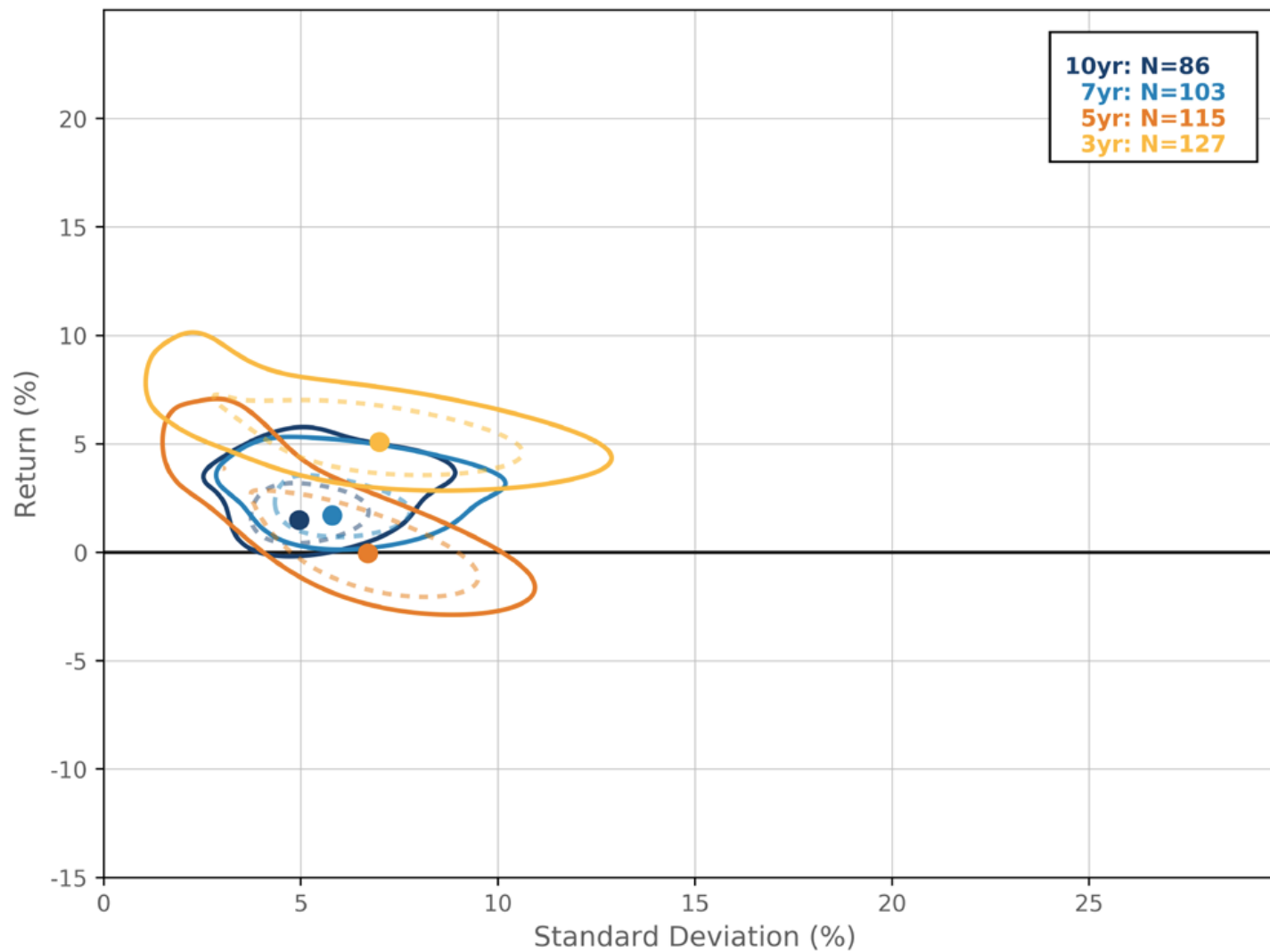
Source: DoubleLine, as of 9/30/25

SECURITIZED CREDIT



Source: eVestment, as of 9/30/25. Universe returns adjusted for fees and estimated survivorship bias. Benchmark displayed is the Bloomberg U.S. Securitized Index

Fixed Income – Securitized Credit

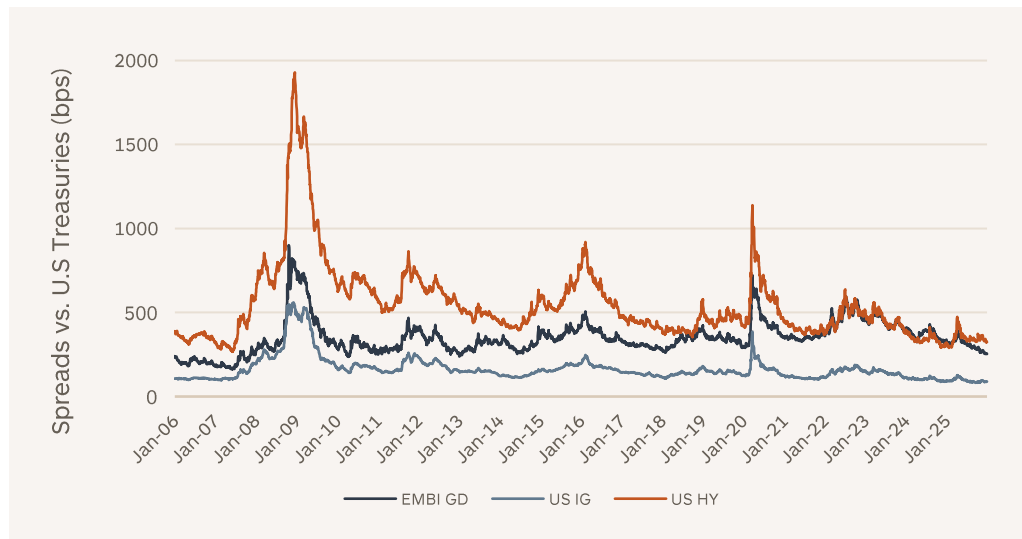


Source: eVestment, as of 9/30/25. Universe returns adjusted for fees and estimated survivorship bias. Benchmark displayed is the Bloomberg U.S. Securitized Index

Fixed Income – Emerging Market Debt (Hard Currency)

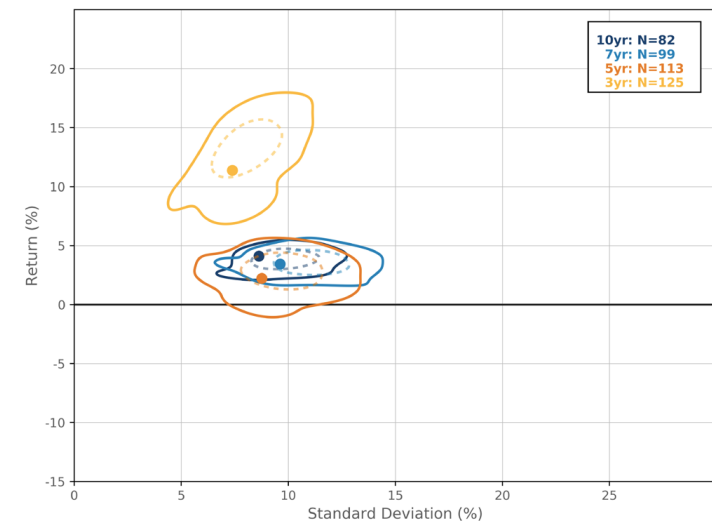
- › Performance across the hard currency emerging market debt manager universe was incredibly strong over the trailing 3-year period relative to other lookbacks. Over the 5-and 7-year timeframes, active managers showed a relatively flat universe shape with low dispersion relative to the benchmark, indicating limited correlation between total risk and total return. In contrast, the 3-year period revealed a steep positive shape, illustrating that managers were rewarded for risk-taking. The past year contributed most to total returns.
- › EM debt spreads have tightened alongside U.S. high yield corporate spreads, heading in an even tighter direction during 2025 amid growing demand for non-dollar exposure. It appears this trend was driven, among other factors, by
 - a sustained appetite for domestic credit spreads and a surge in demand for non-U.S. debt following the weakening of the dollar earlier in the year.
- › While idiosyncratic country risk remains high, we believe competent active managers are often able to identify higher risk-adjusted credits. Additionally, incremental spread over U.S. assets and the diversification benefits of EM hard currency can make the asset class a compelling choice for investors seeking multiple sources of return.

EMD HARD CURRENCY SPREADS VERSUS U.S. CREDIT



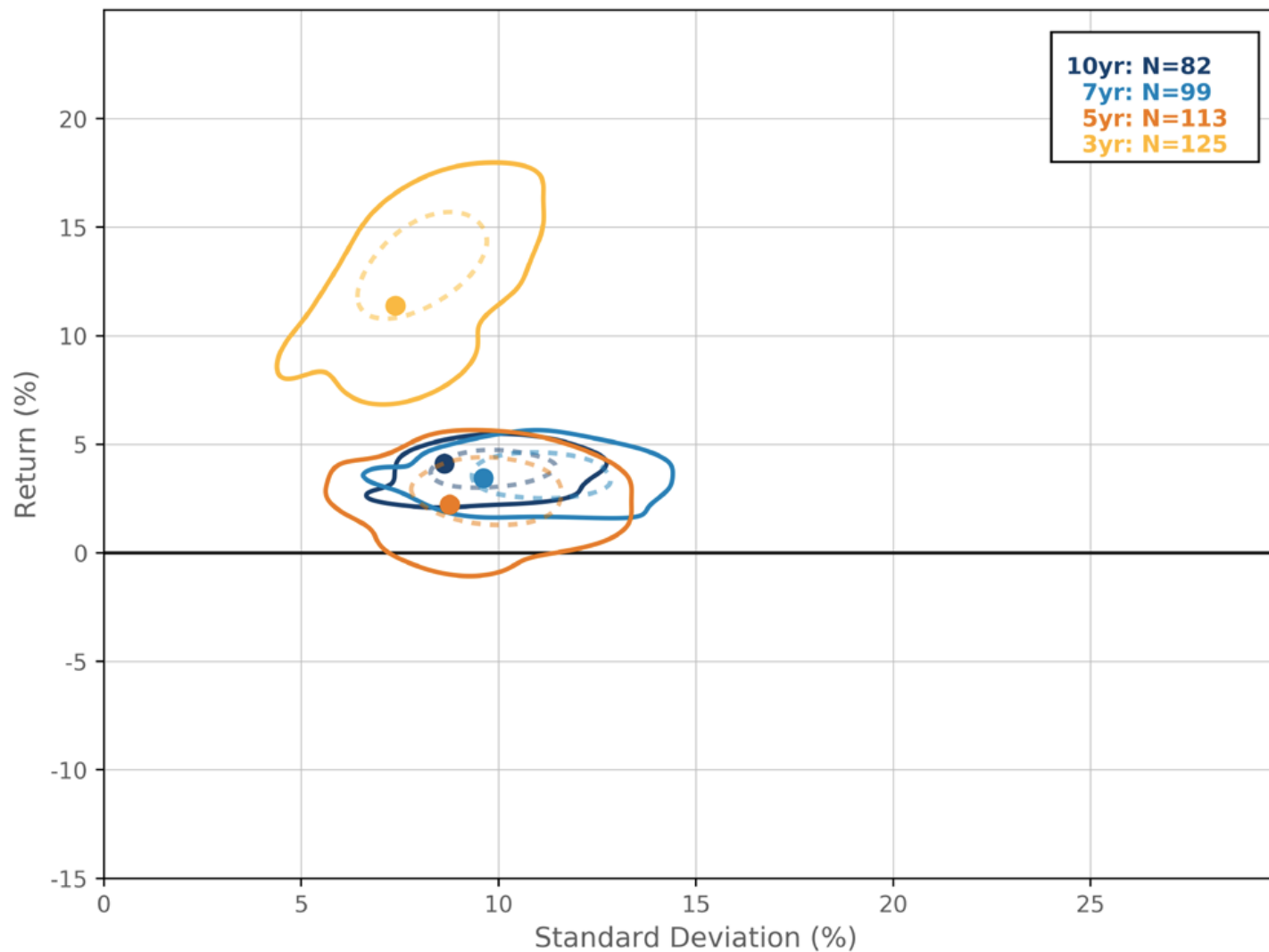
Source: Bloomberg, TCW as of 9/30/25

EMERGING MARKET DEBT (HARD)



Source: eVestment, as of 9/30/25. Universe returns adjusted for fees and estimated survivorship bias. Benchmark displayed is the J.P. Morgan EMBI Global Diversified Index

Fixed Income – Emerging Market Debt (Hard Currency)

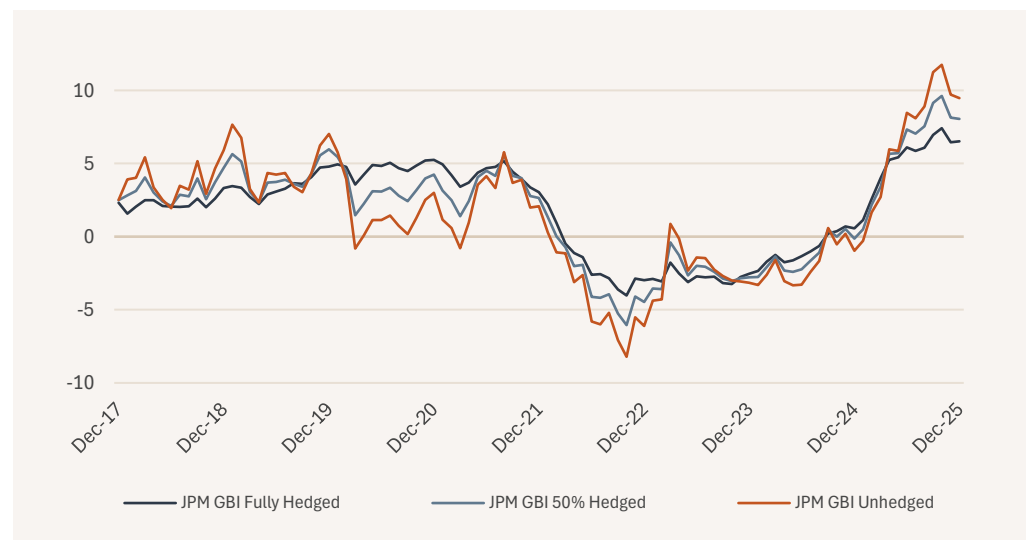


Source: eVestment, as of 9/30/25. Universe returns adjusted for fees and estimated survivorship bias. Benchmark displayed is the J.P. Morgan EMBI Global Diversified Index

Fixed Income – Emerging Market Debt (Local Currency)

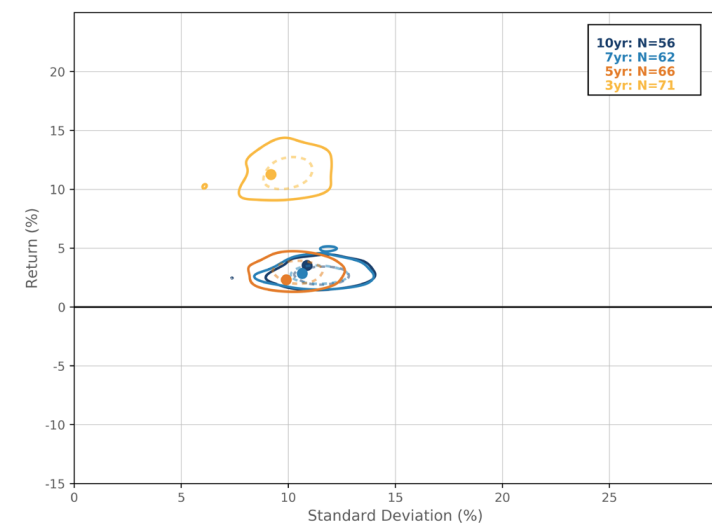
- Over longer trailing periods, local currency debt has exhibited a neutral risk-return relationship, with high efficiency and the index positioned near the top of the universe ovoid. However, this trend shifted over the past three years as return distributions widened and overall performance was more robust. This compared to relatively stable, but lower, index and universe returns observed during the 5-, 7- and 10-year lookback periods. The 3-year period also demonstrated a notable increase in the number of managers outperforming the index and a stronger relationship between risk-taking and additional returns.
- In a reversal from prior years, local currency EM debt strategies saw significant inflows in 2025. This was likely driven by a multitude of factors, including greater investor demand for non-U.S. currency exposure. Compared to prior years where currency and FX detracted from total returns, unhedged local EM returns in 2025 outperformed partially or fully hedged returns, as shown in the bottom left chart. Looking ahead, we believe skilled managers may continue to add value by actively rotating between countries to minimize idiosyncratic foreign currency risks while capturing the upside of elevated real yields.

ROLLING 3 YEAR RETURNS OF EM LOCAL: HEDGED, PARTIALLY HEDGED, UNHEDGED (JP MORGAN GBI-EM INDEX)



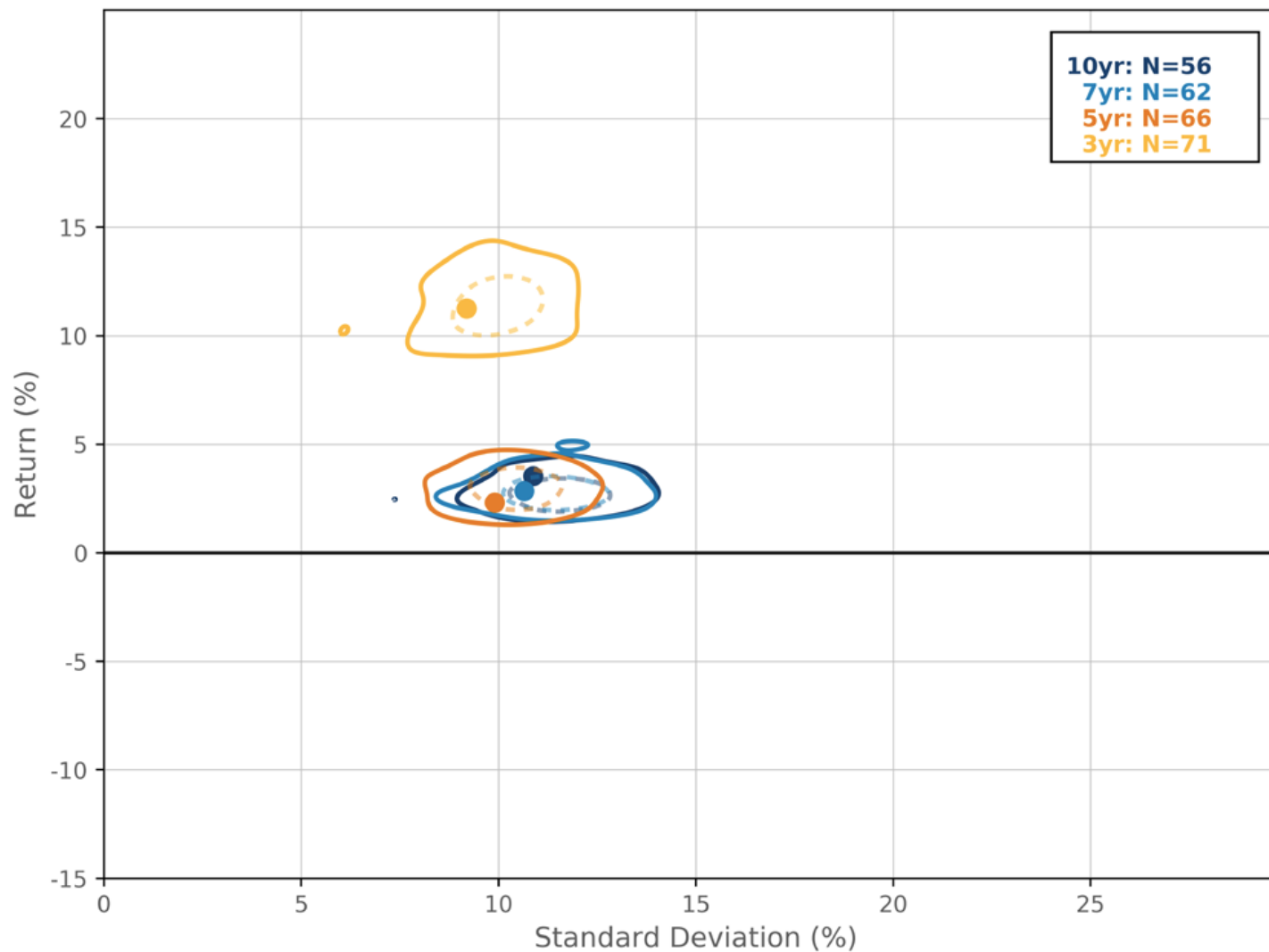
Source: Colchester Global Investors, Bloomberg, as of 12/30/25

EMERGING MARKET DEBT (LOCAL)



Source: eVestment, as of 9/30/25. Universe returns adjusted for fees and estimated survivorship bias. Benchmark displayed is the J.P. Morgan GBI-EM Global Diversified Index

Fixed Income – Emerging Market Debt (Local Currency)



Source: eVestment, as of 9/30/25. Universe returns adjusted for fees and estimated survivorship bias. Benchmark displayed is the J.P. Morgan GBI-EM Global Diversified Index

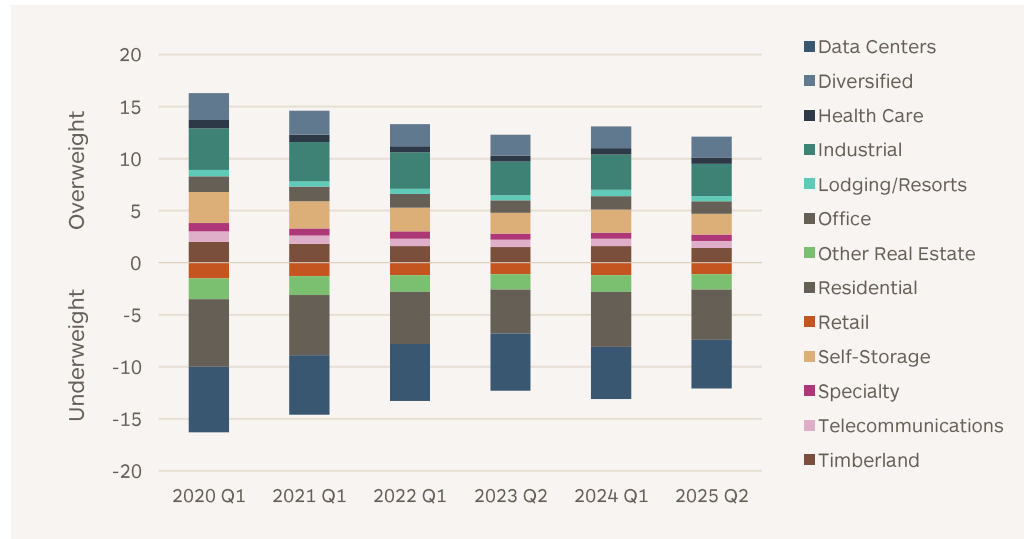
U.S. REITs

- › The U.S. REIT market has exhibited high benchmark efficiency and a tighter distribution of active manager performance; active strategies are closely clustered around the benchmark with consistent volatility between 16% and 21% across 3, 5, 7, and 10-year periods. This may suggest that active managers in this space generally maintain similar risk profiles and have historically struggled to deviate significantly from the benchmark or outperform it with comparable levels of risk, thereby indicating that this is a relatively efficient asset class.
- › There was notably greater vertical dispersion of returns across shorter-dated lookback periods (3-year and 5-year) relative to the 10-year universe. Although asset class risk structure has remained consistent, the real estate universe

has delivered significantly stronger absolute returns in recent years than the long-term historical average, likely due to the acceptance of emerging property types, such as data centers and other alternative property types, which have experienced a run-up in recent years. The shorter-term results also indicate that most managers underperformed the benchmark, highlighting the benefits of diversification in the most recent cycle.

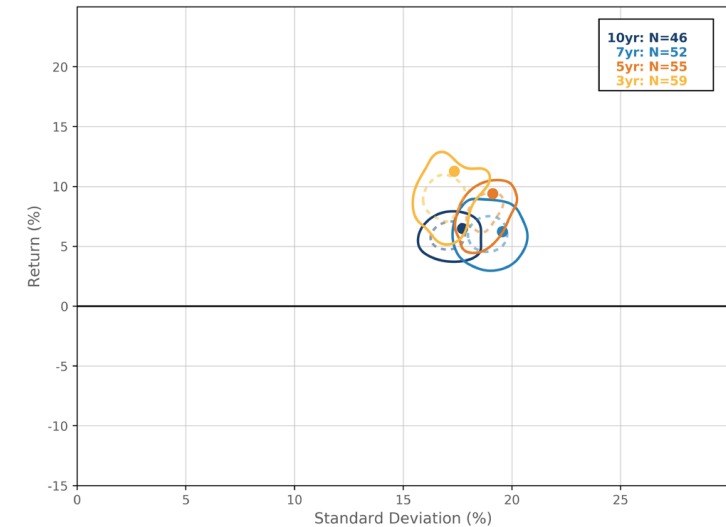
- › As the asset class expands to include more property types and sectors, managers are presented with greater opportunities to express diverse views, including taking positions in both favorable and unfavorable sectors creating the possibility of more dispersion going forward.

ACTIVE FUND SECTORS WEIGHTS V. BENCHMARK



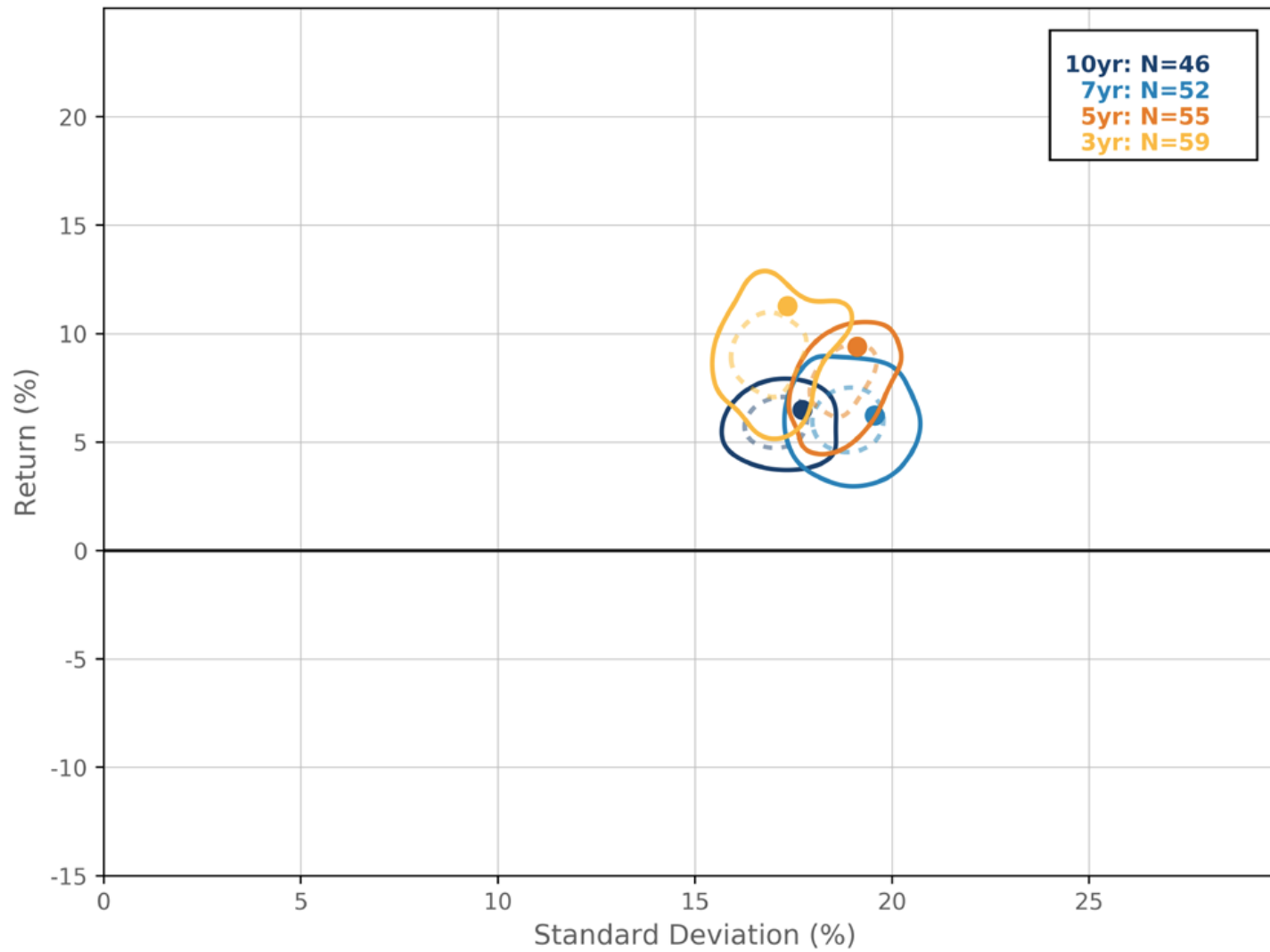
Source: Morningstar Direct data as of 6/30/2025.

U.S. REITS



Source: eVestment, as of 9/30/25. Universe returns adjusted for fees and estimated survivorship bias. Benchmark displayed is the Wilshire REIT Index

U.S. REITs



Source: eVestment, as of 9/30/25. Universe returns adjusted for fees and estimated survivorship bias. Benchmark displayed is the Wilshire REIT Index

Commodities

- › Active management in the commodity space tends to exhibit wide variation regarding the risk characteristics of strategies. This may partly reflect the variety of management styles and the variation in how active managers can express their views, thereby creating greater opportunities and risks for investors to add value through manager selection. This may be exacerbated by a lack of consensus on benchmarking within the asset class, including managers that use the GSCI as a benchmark.
- › Over the longest time period shown, data continues to suggest little to no positive relationship between risk and return as strategies with higher volatility levels have tended to deliver median returns despite the increased risk. That

trend reversed over the most recent three- and five-year periods, however, as a more traditional profile emerged (higher risk levels leading to higher returns), which could suggest a fundamentally new regime or managers exploiting a moment in time where roll yield has been positive. Dispersion has been elevated due to volatility across commodity sectors.

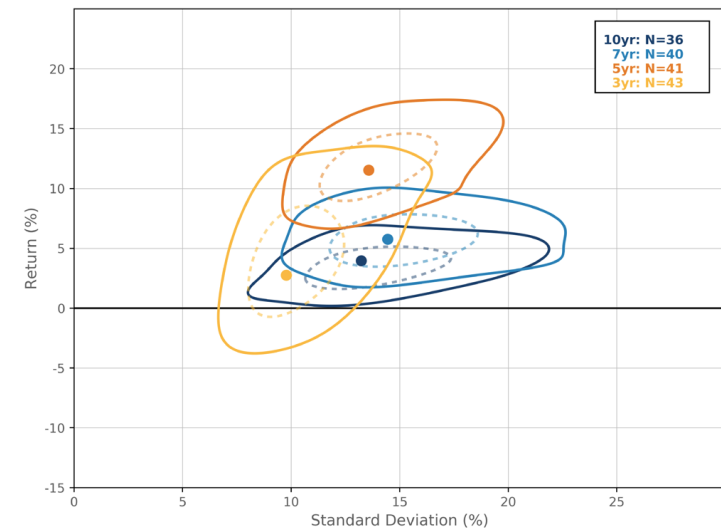
- › The roll yield component has historically provided a headwind during a majority of time periods. This factor has been positive over the last five years, which likely explains the greater outperformance of active management during that period.

12-MONTH ROLL YIELD (S&P GSCI INDEX)



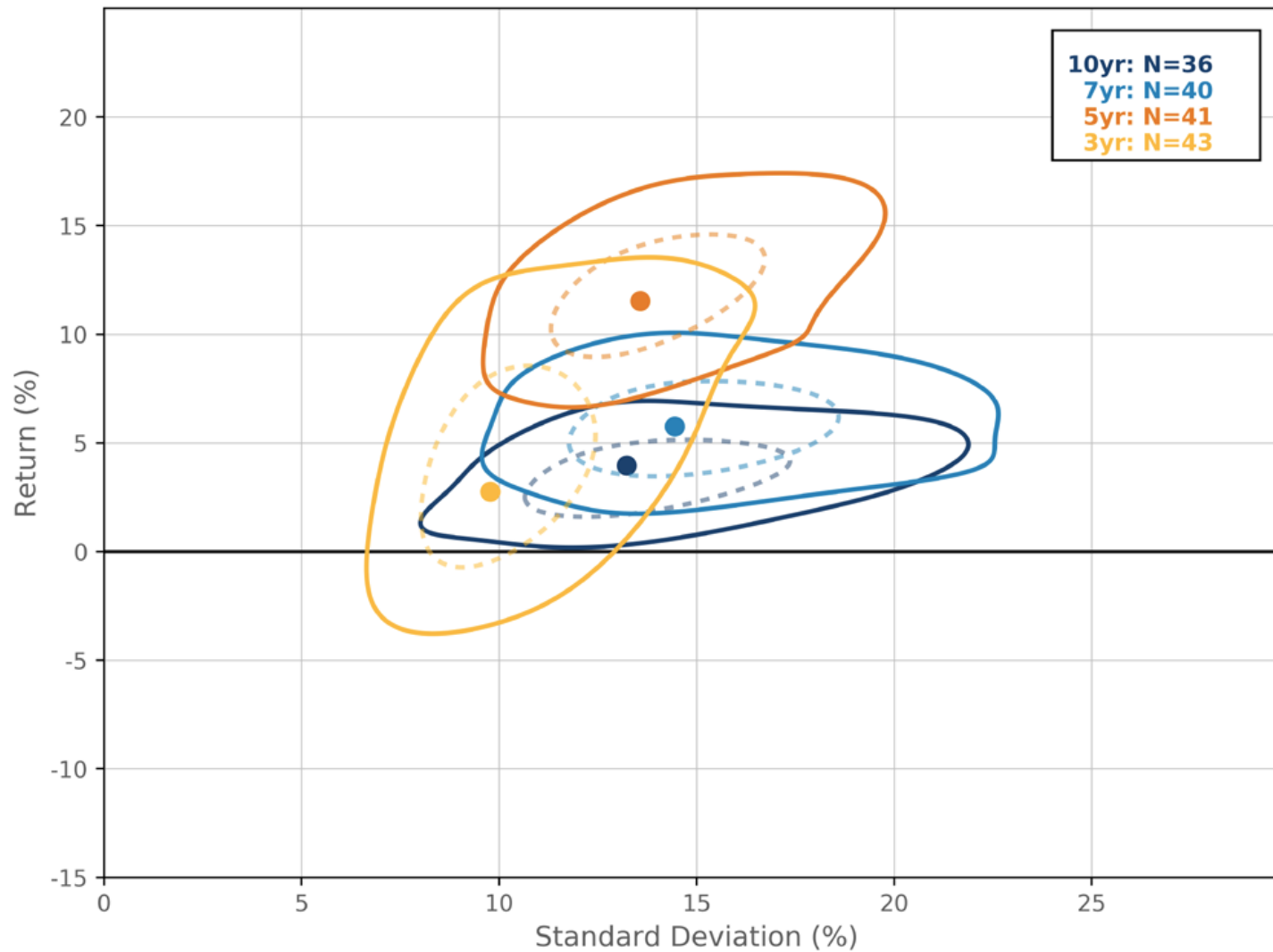
Source: Standard & Poor's, as of 6/30/2025

COMMODITIES



Source: eVestment, as of 9/30/25. Universe returns adjusted for fees and estimated survivorship bias. Benchmark displayed is the Bloomberg Commodity Index

Commodities

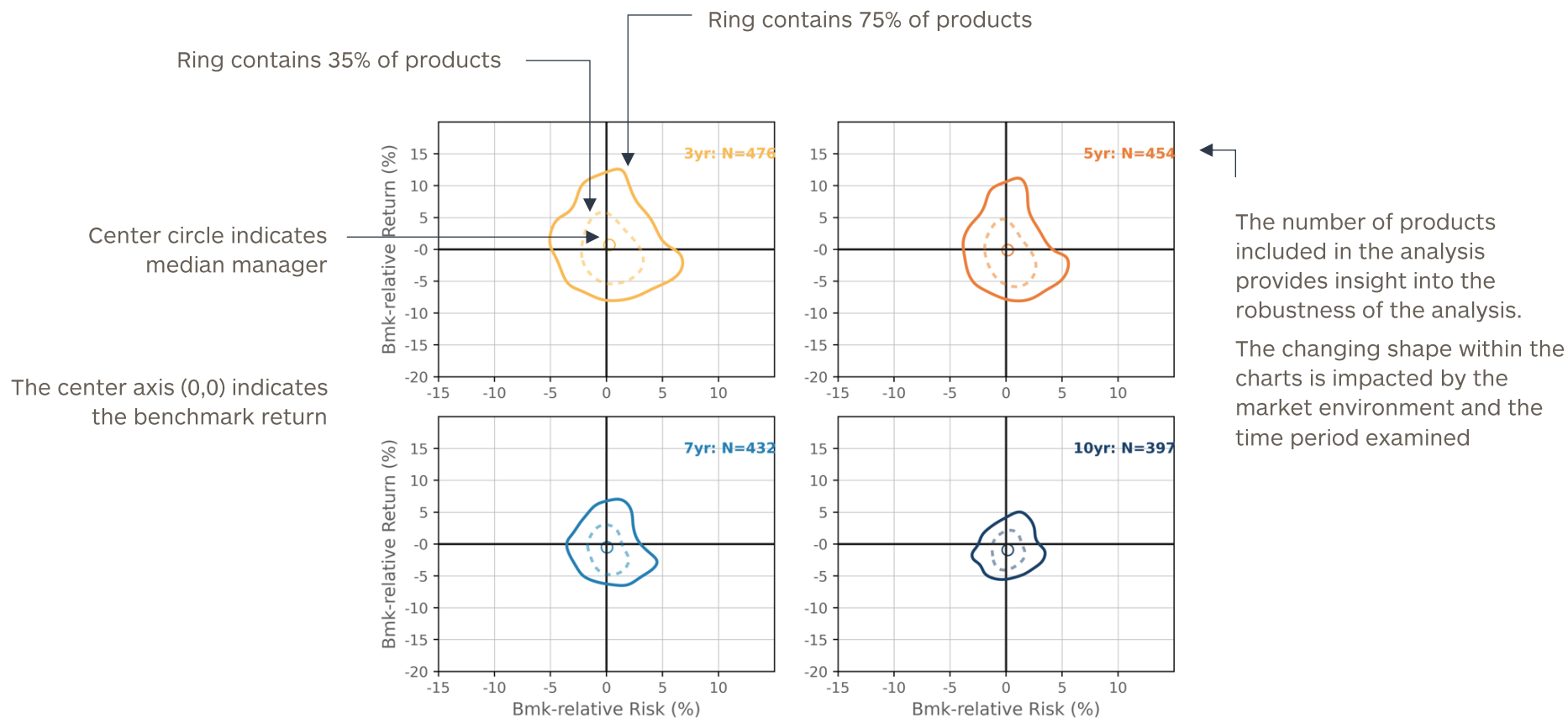


Source: eVestment, as of 9/30/25. Universe returns adjusted for fees and estimated survivorship bias. Benchmark displayed is the Bloomberg Commodity Index

Appendix

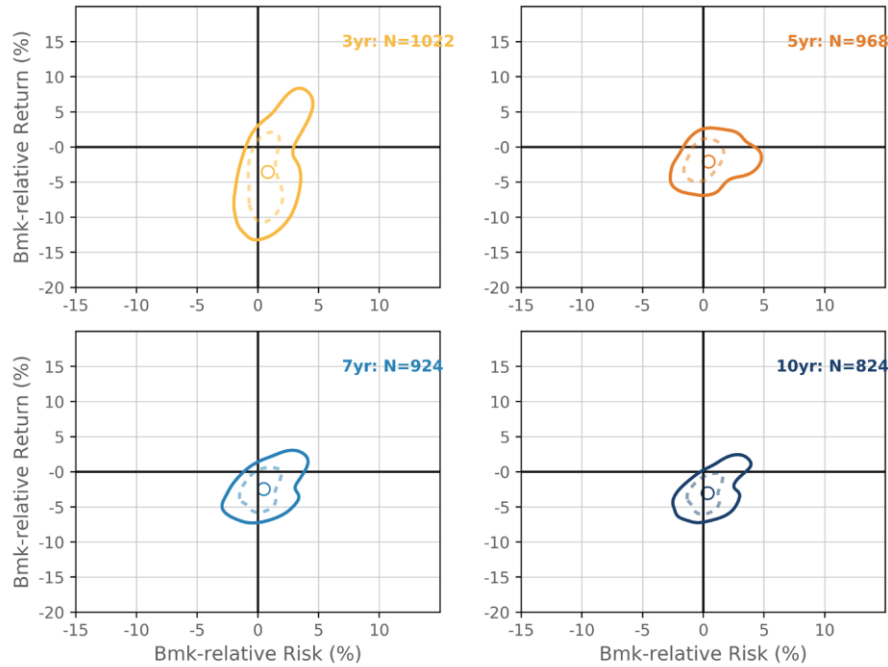
Supplementary universe charts: a different view

How to Read a Risk/Return Universe Chart

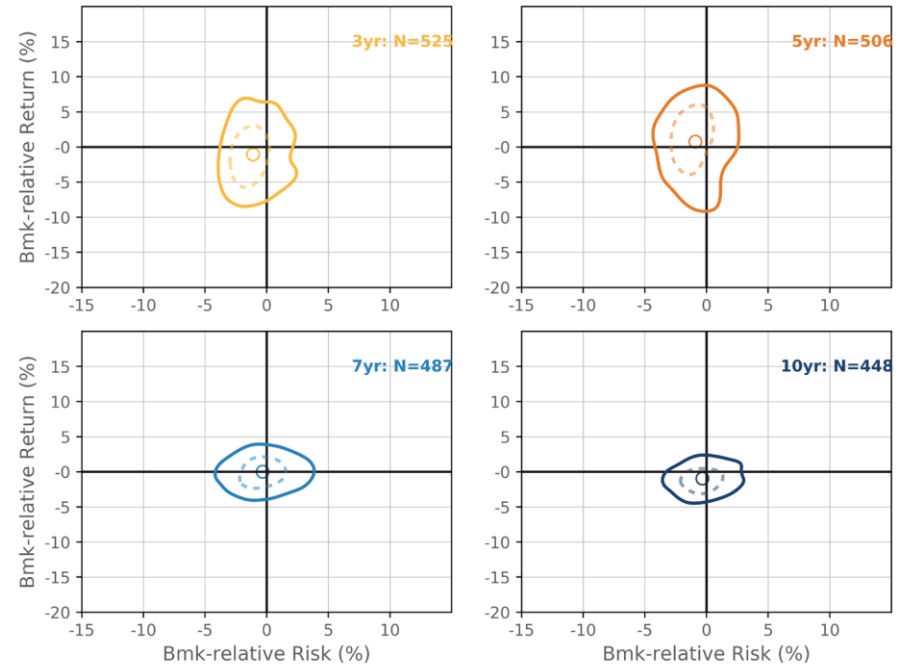


U.S. Equity

U.S. LARGE CAP



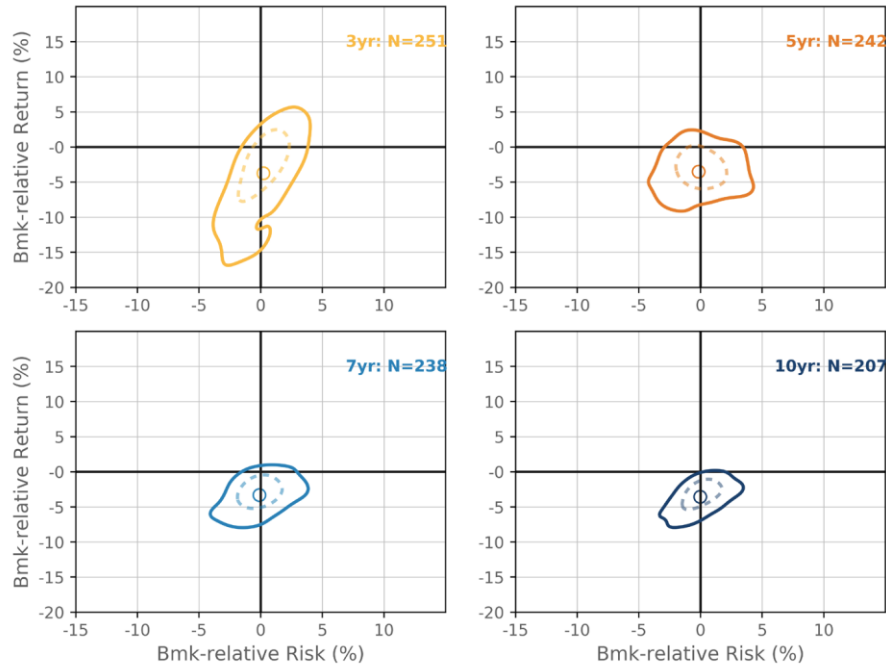
U.S. SMALL CAP



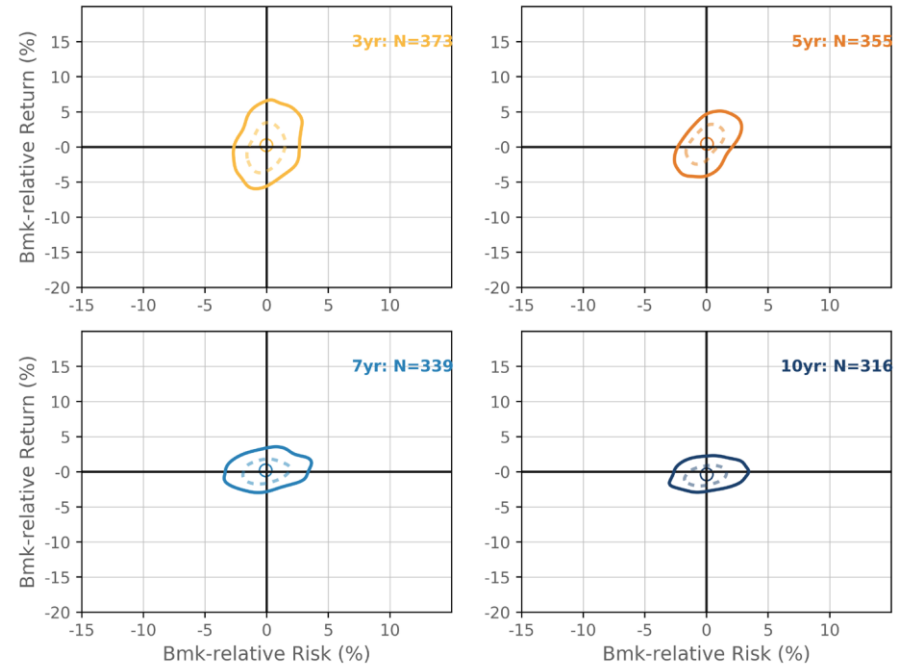
Source: eVestment, Verus, as of 9/30/25, center circle indicates median manager

U.S. Equity

U.S. LARGE CAP GROWTH



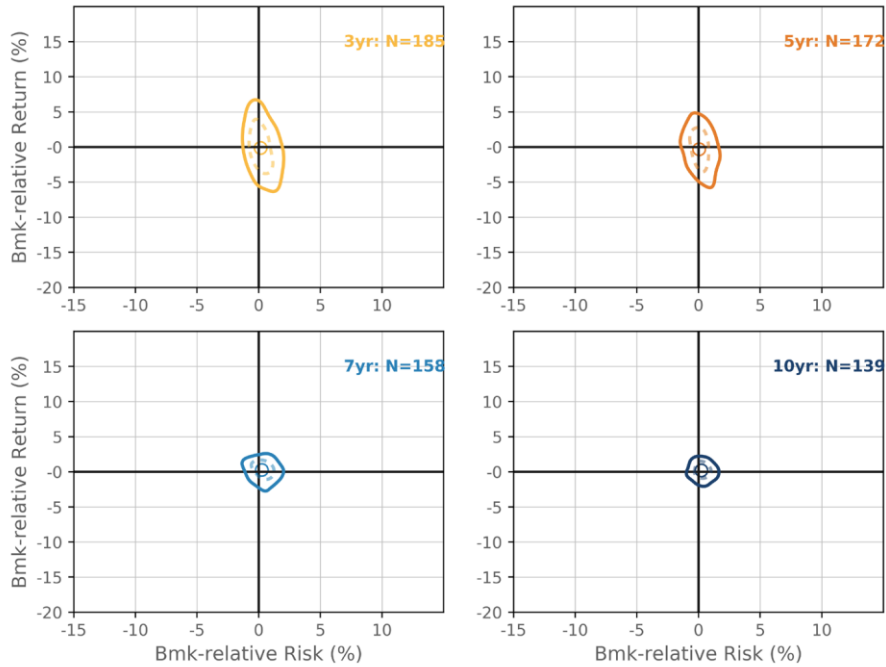
U.S. LARGE CAP VALUE



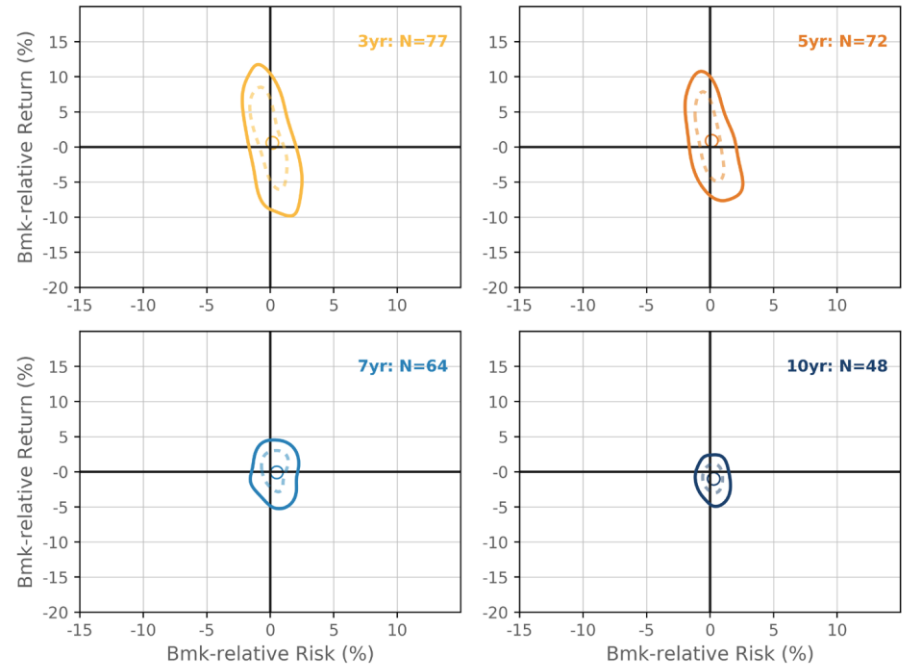
Source: eVestment, Verus, as of 9/30/25, center circle indicates median manager

International Equity

INTERNATIONAL DEVELOPED



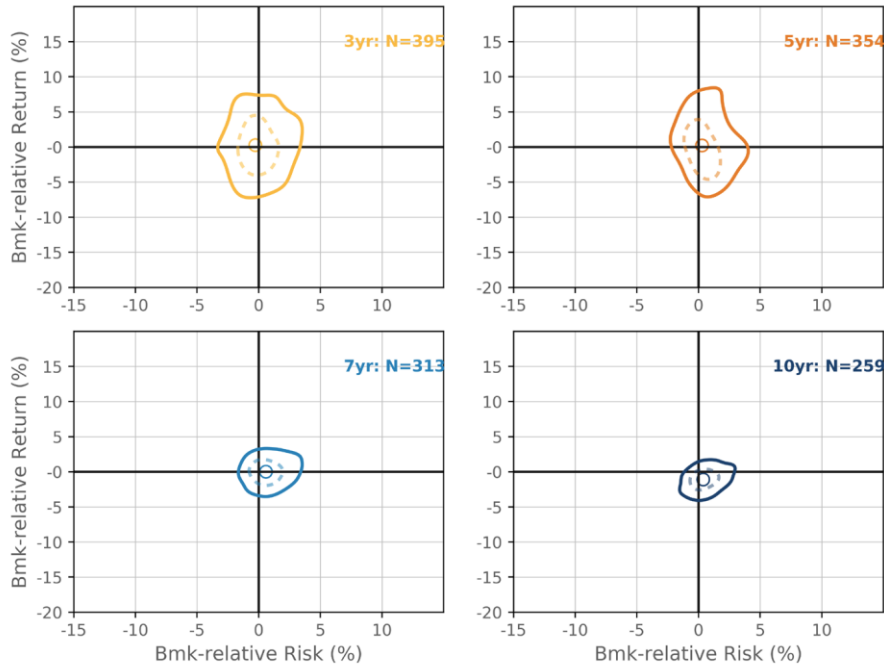
INTERNATIONAL DEVELOPED SMALL



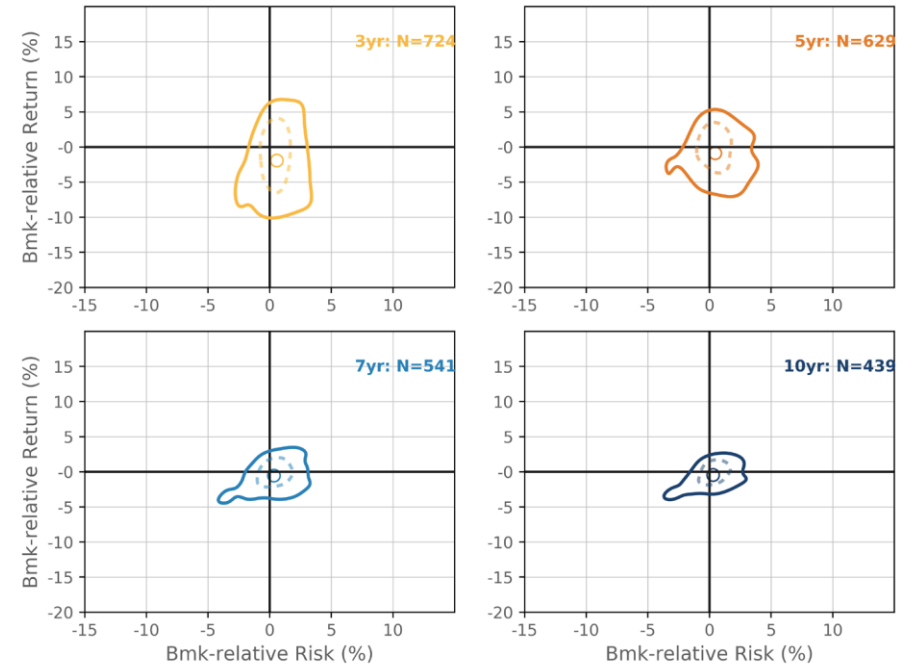
Source: eVestment, Verus, as of 9/30/25, center circle indicates median manager

Emerging Market & Global Equity

EMERGING MARKETS



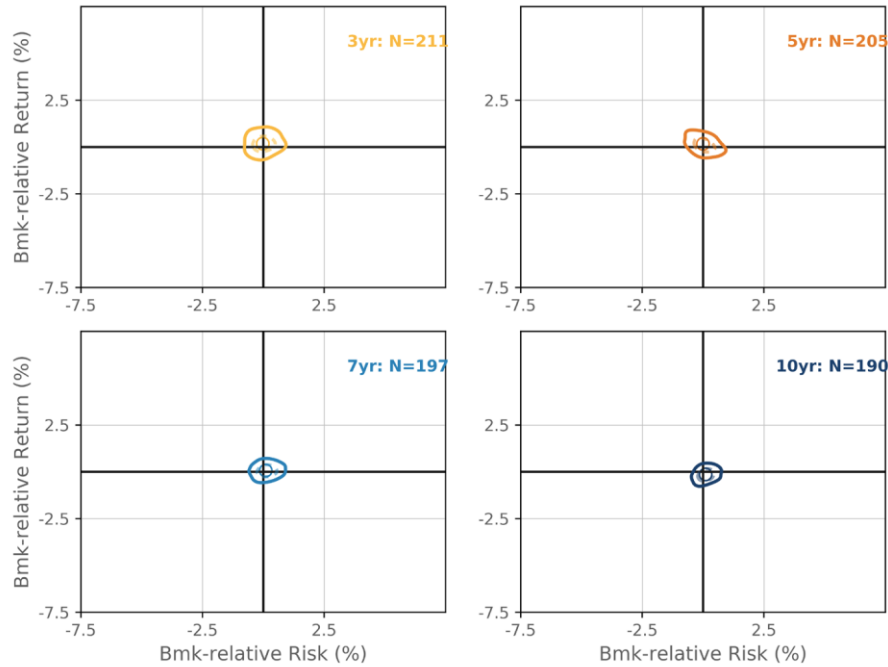
GLOBAL



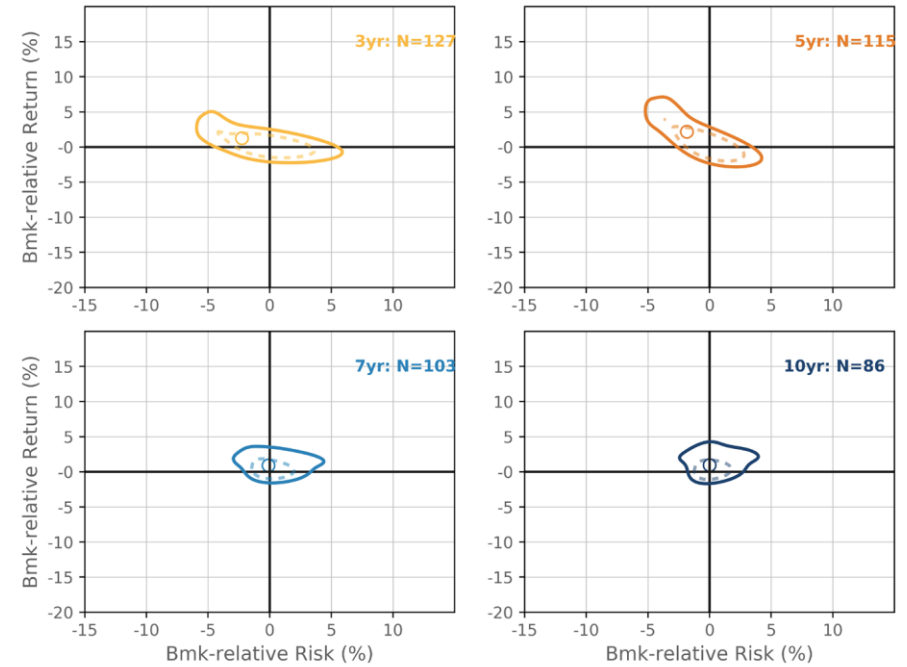
Source: eVestment, Verus, as of 9/30/25, center circle indicates median manager

U.S. Fixed Income / Credit

U.S. CORE



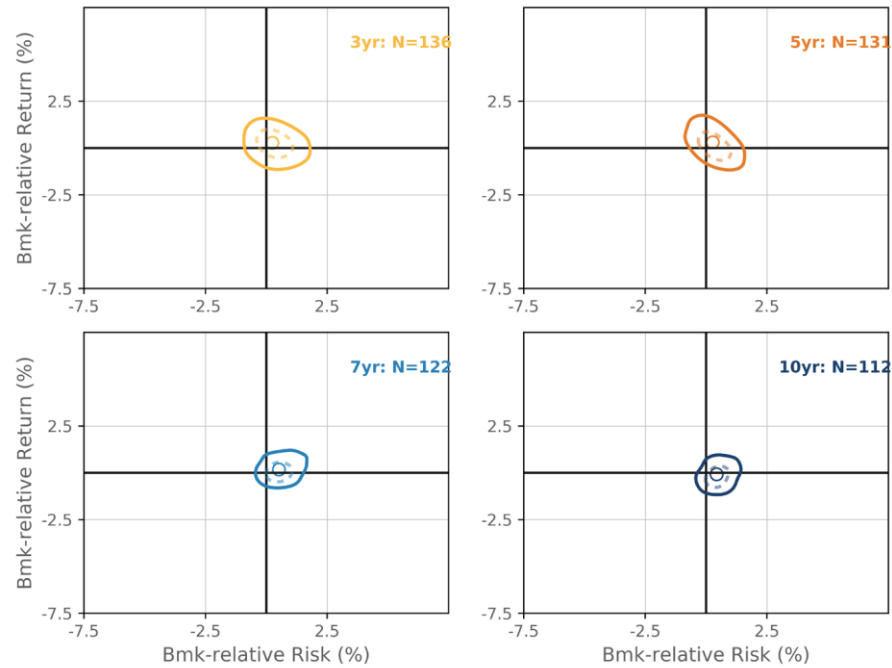
SECURITIZED CREDIT



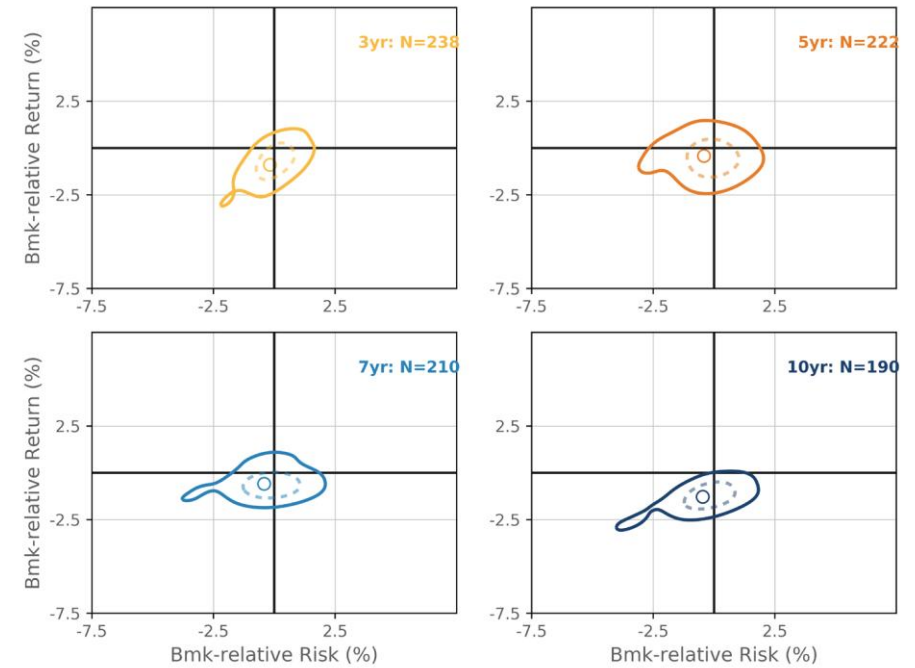
Source: eVestment, Verus, as of 9/30/25, center circle indicates median manager

U.S. Credit

U.S. CORE PLUS



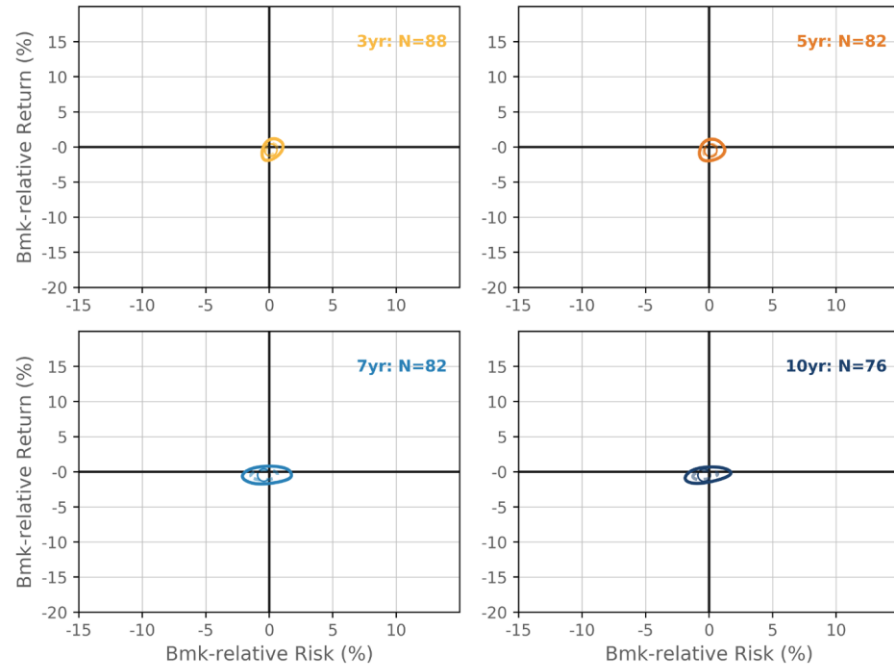
U.S. HIGH YIELD



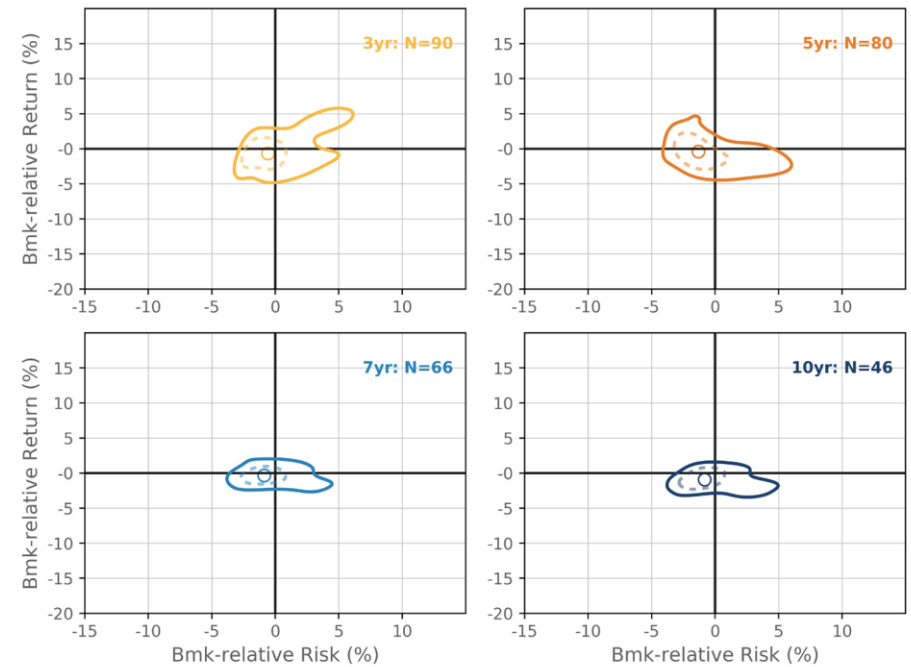
Source: eVestment, Verus, as of 9/30/25, center circle indicates median manager

U.S. Credit

BANK LOANS



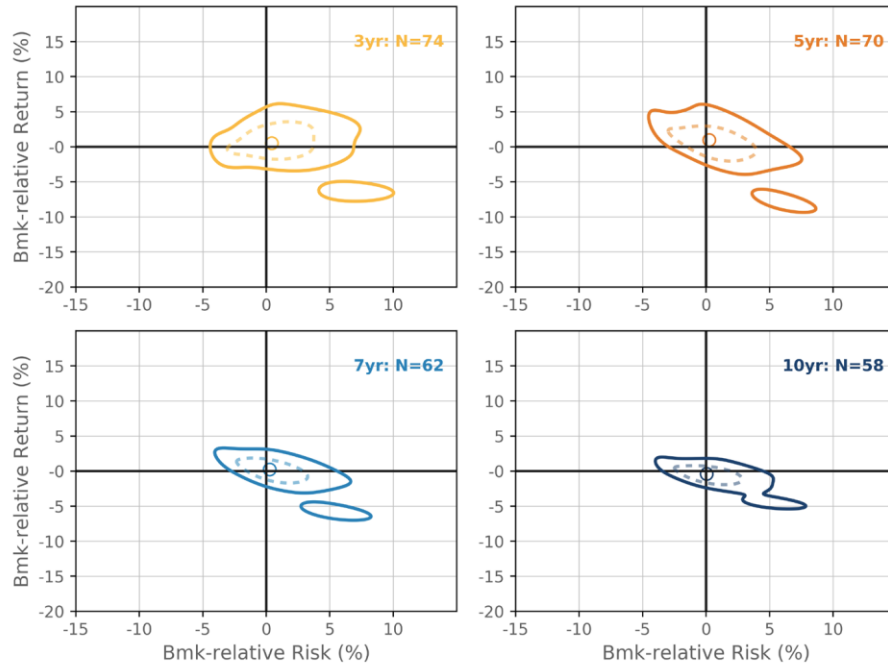
MULTI-ASSET CREDIT



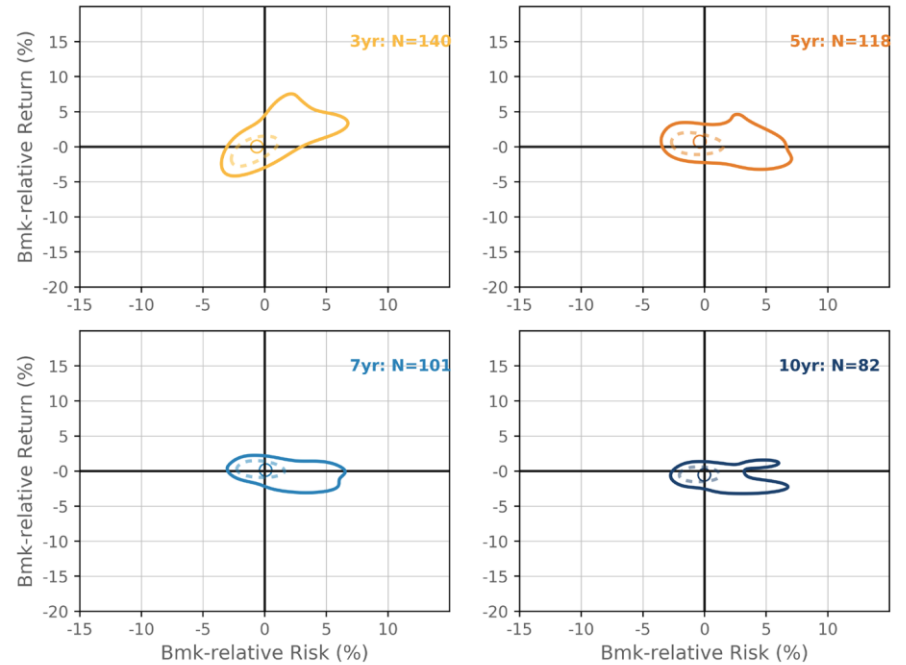
Source: eVestment, Verus, as of 9/30/25, center circle indicates median manager

Global Fixed Income

GLOBAL SOVEREIGN



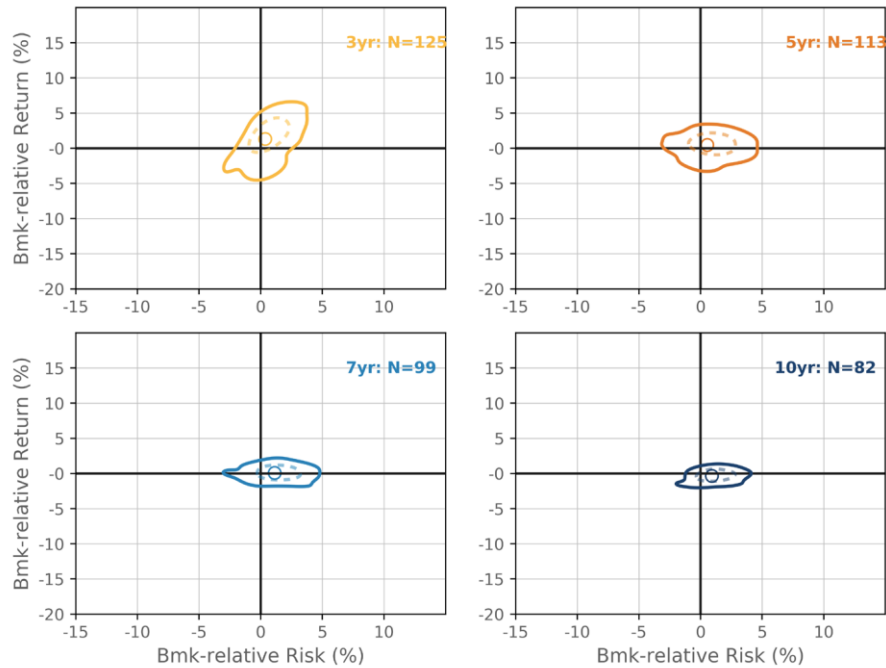
GLOBAL CREDIT



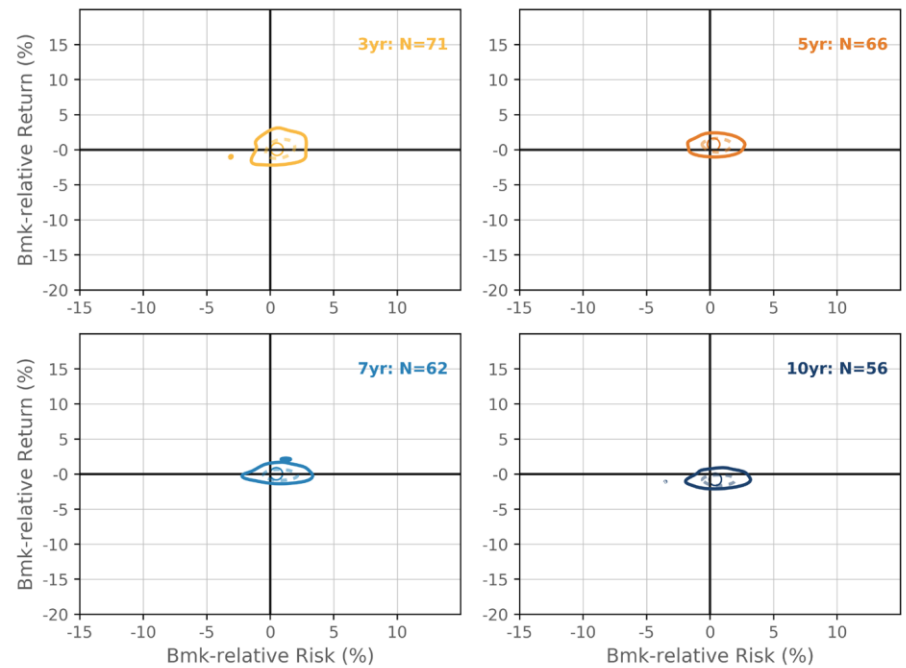
Source: eVestment, Verus, as of 9/30/25, center circle indicates median manager

Emerging Market Debt

EMERGING MARKET DEBT (HARD)



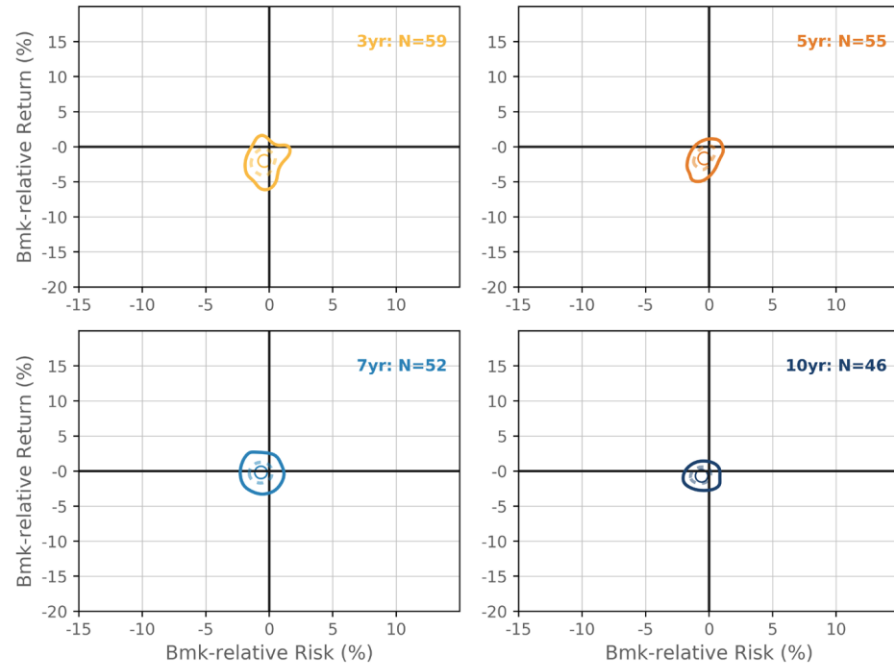
EMERGING MARKET DEBT (LOCAL)



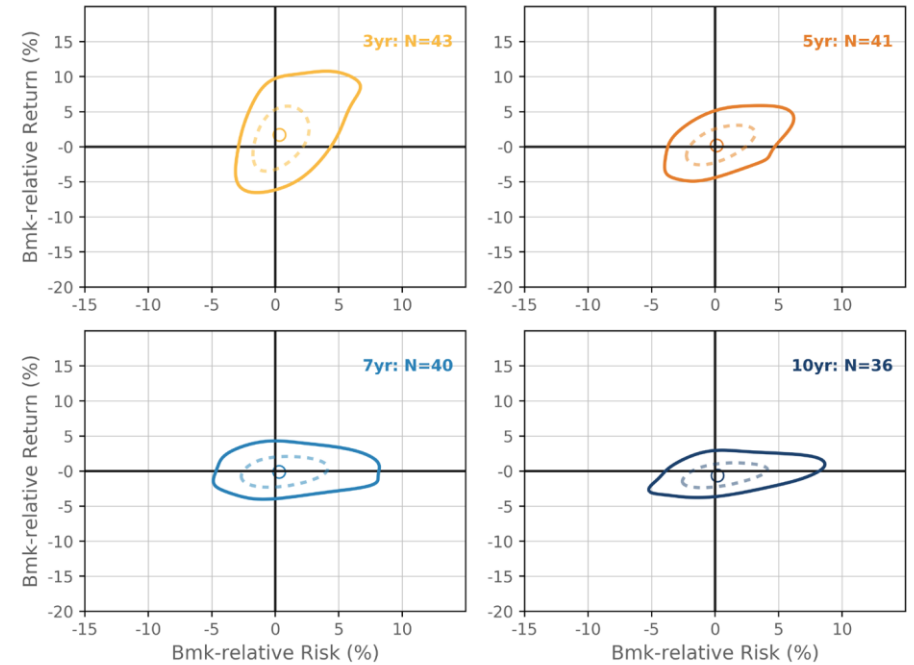
Source: eVestment, Verus, as of 9/30/25, center circle indicates median manager

Other

U.S. REITS



COMMODITIES

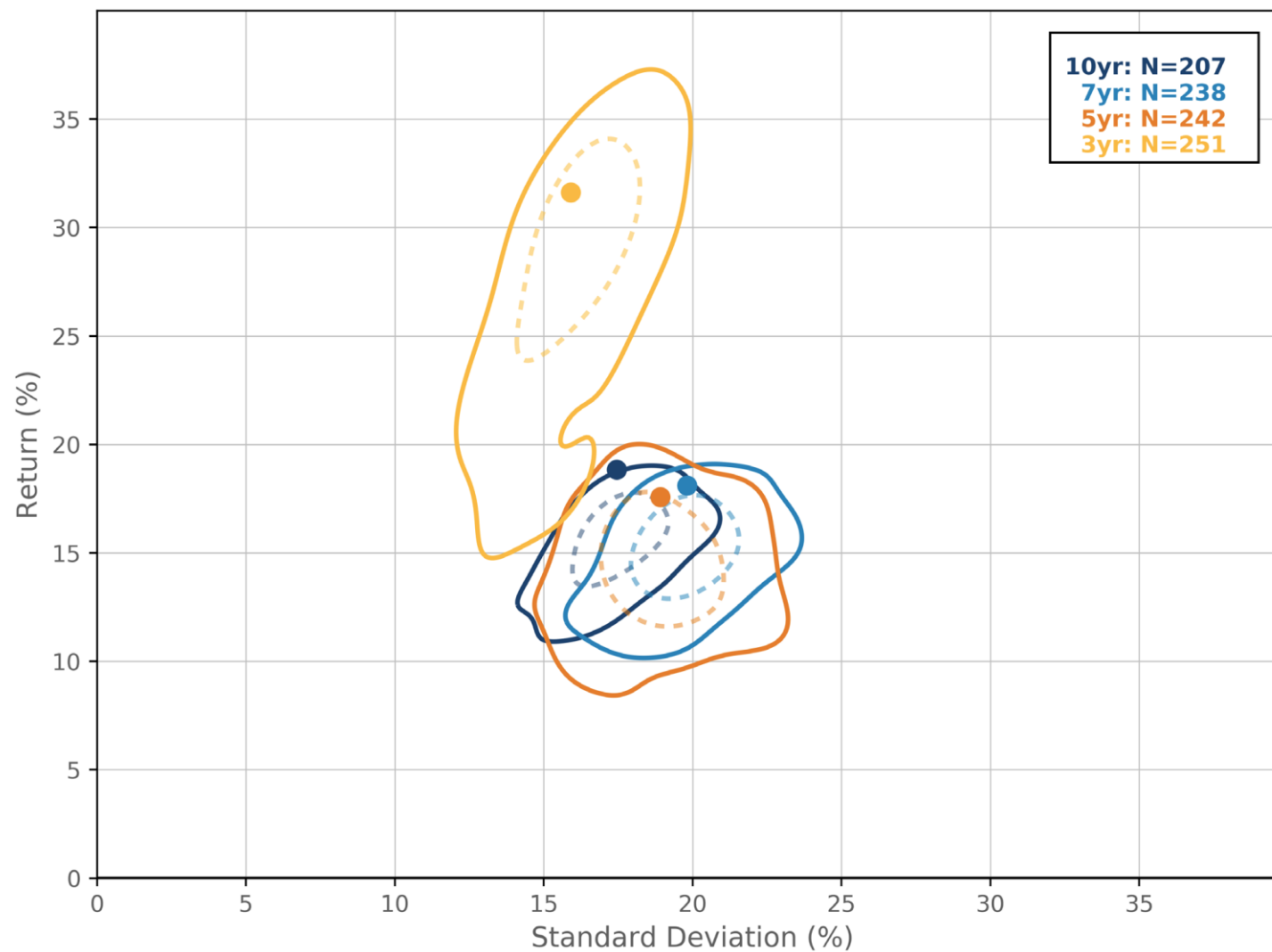


Source: eVestment, Verus, as of 9/30/25, center circle indicates median manager

Appendix

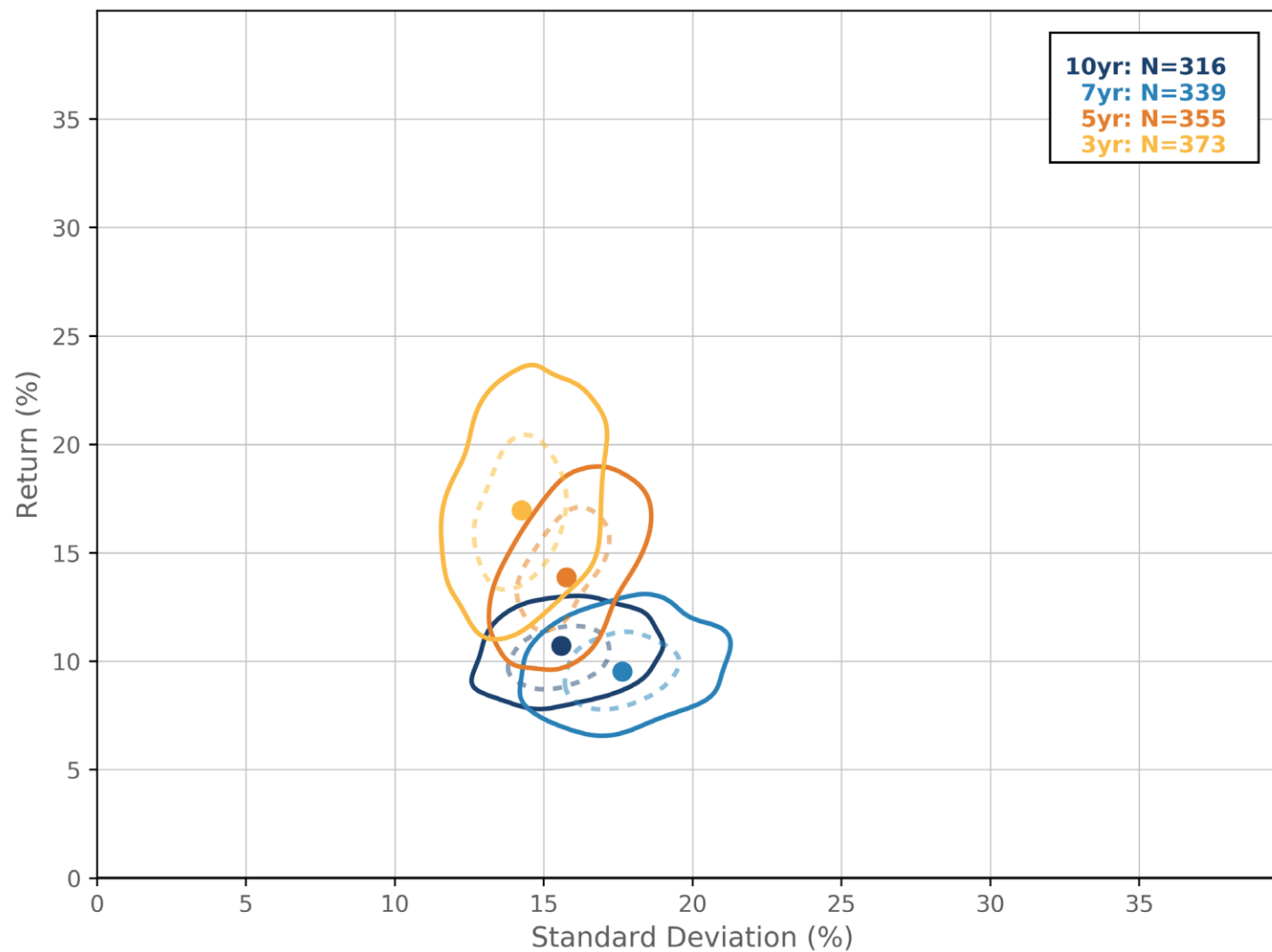
Supplementary full-page universe charts

Equities – U.S. Large Cap Growth



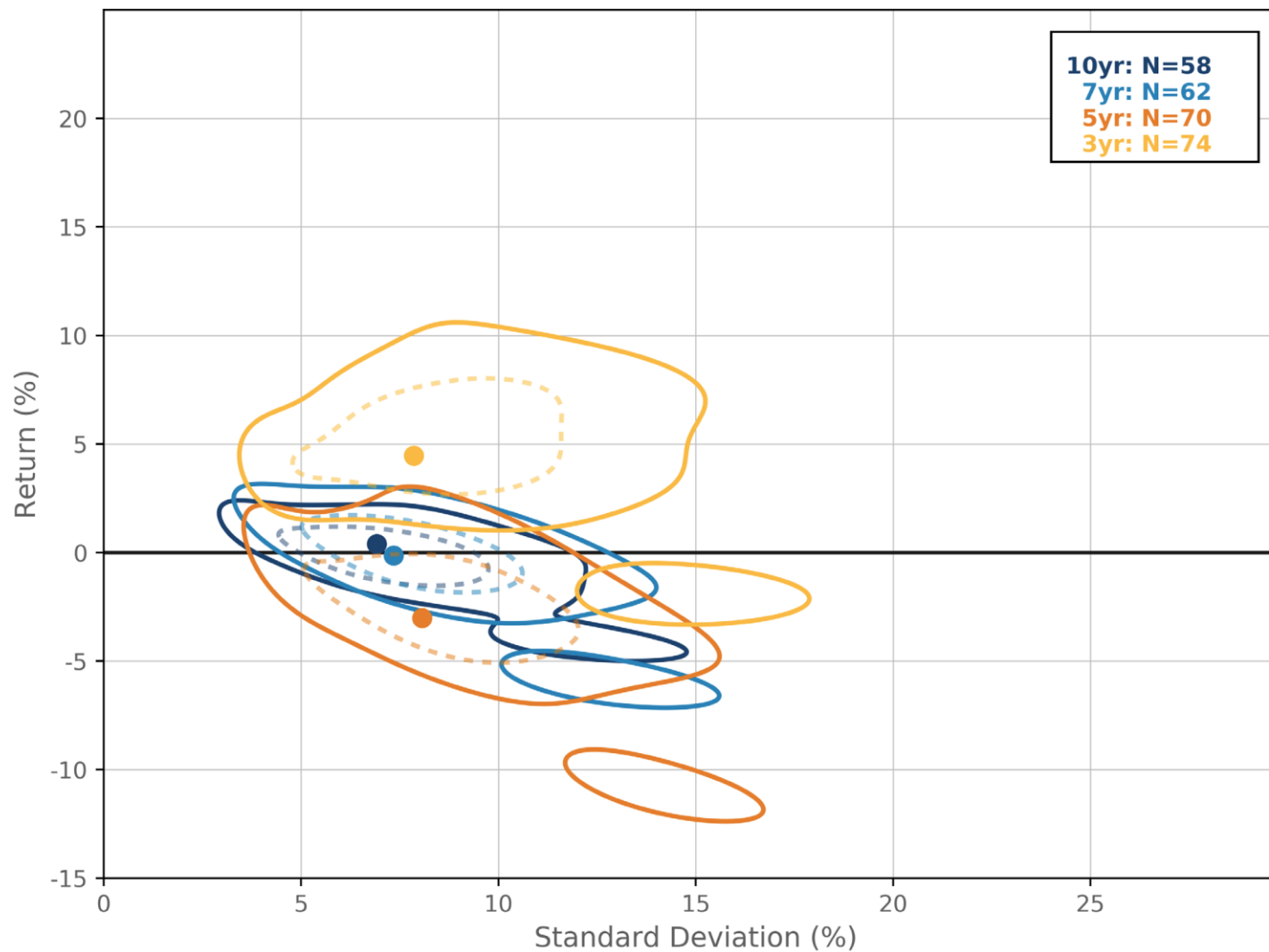
Source: eVestment, as of 9/30/25. Universe returns have been adjusted for fees and estimated survivorship bias. Benchmark displayed is the Russell 1000 Growth Index

Equities – U.S. Large Cap Value



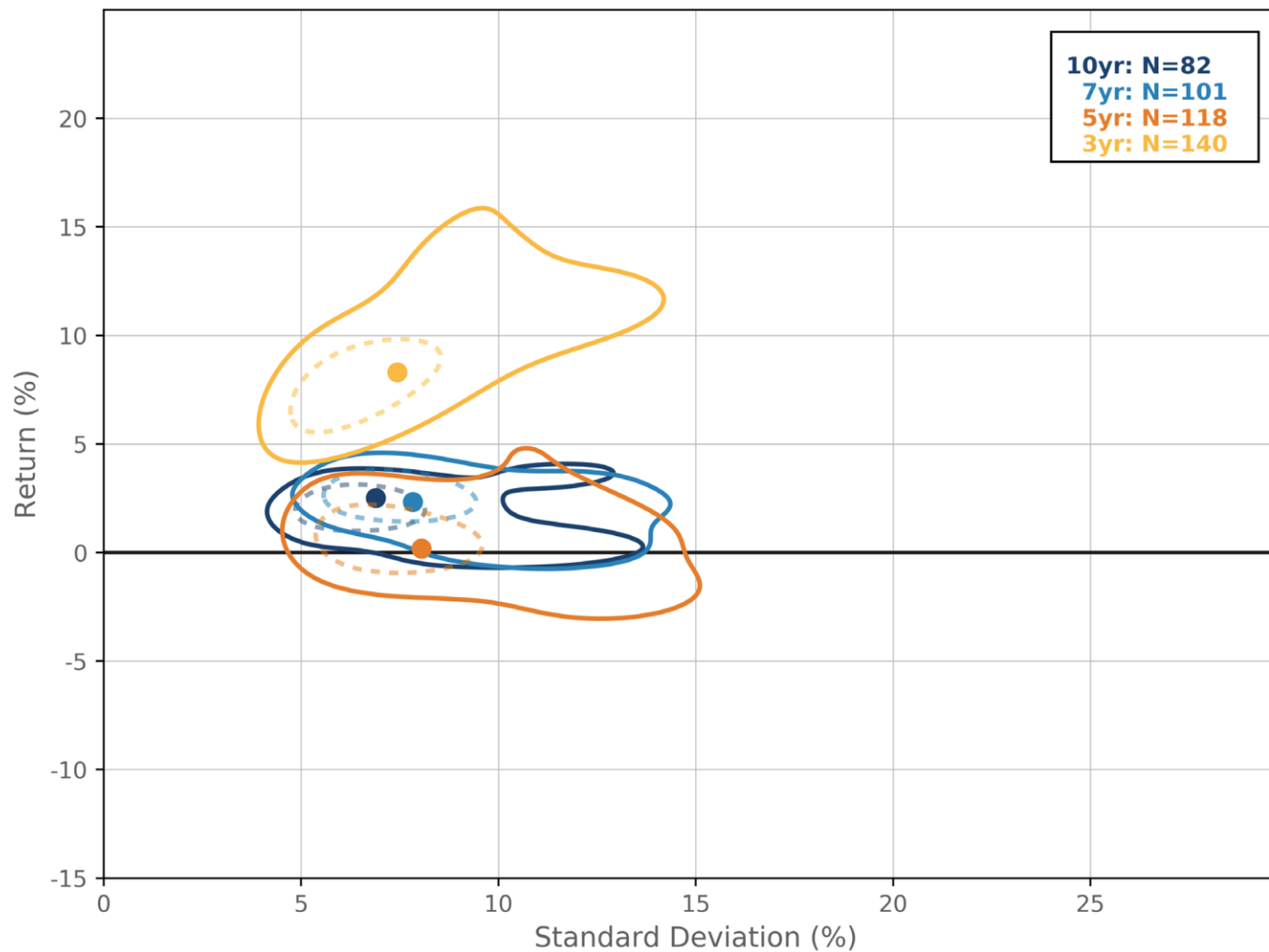
Source: eVestment, as of 9/30/25. Universe returns have been adjusted for fees and estimated survivorship bias. Benchmark displayed is the Russell 1000 Value Index

Fixed Income – Global Sovereign



Source: eVestment, as of 9/30/24. Universe returns have been adjusted for fees and estimated survivorship bias. Benchmark displayed is the FTSE WGBI

Fixed Income – Global Credit



Source: eVestment, as of 9/30/24. Universe returns have been adjusted for fees and estimated survivorship bias. Benchmark displayed is the Bloomberg Global Aggregate - Credit

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