CERITY PARTNERS®

4th Quarter 2026 Investment Landscape

Institutional Consulting

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Business Update

Since our last Investment Landscape webinar:

- CPIC hired Karin Geldfeld as Principal on our Private Markets team in our San Francisco office.
- CPIC's Taft-Hartley team participated in IFEBP's 72nd Annual Employee Benefits Conference in New Orleans.
- Our Seattle office has a new address: 800 Fifth Avenue, Suite 3750, Seattle, WA 98104.
- Recently released research
  - *Private Equity Outlook*
- Upcoming research
  - *Capital Markets Assumptions*

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3rd Quarter Summary

THE ECONOMY

- U.S. Q2 real GDP growth was revised upwards to a 2.2% QoQ annualized rate. The trade deficit acted as a significant drag on growth. However, the current trade deficit is unique in nature. U.S. exports have been growing faster than the overall economy recently, but imports have risen even more quickly. According to a report by the Federal Reserve Bank of Minneapolis, AI-related imports made up 23% of U.S. imports in 2025, and this number is likely even larger in 2026. ***p. 9***
- The U.S.–Iran war caused a historic disruption to energy supplies. There does not seem to be a resolution in sight, but the situation appears less dire than in recent months. Reportedly, oil exports out of the Middle East have reached prewar levels, as Saudi Arabia uses its East-West pipeline, covert shuttle services are used in safe channels, the U.S. Navy directly escorts ships, and Iran's ability to attack is hampered. Global energy markets may continue to function despite an ongoing conflict. ***p. 7***

EQUITY

- Equities saw mild gains during the third quarter, led by domestic equity (S&P 500 +2.3%) and followed by international developed equity (MSCI EAFE +0.8%). Emerging markets delivered a slight loss (MSCI EM -0.4%). Rising bond yields are likely adding pressure to valuations. ***p. 25***
- During Q3, small caps suffered large losses of -7.2%, lagging large caps by more than 9%. Small caps have given back much of their 2026 rally, now up only +1% year-to-date relative to large caps. Rising yields seem to be damaging investor enthusiasm. ***p. 28***

FIXED INCOME

- Fed Chair Warsh reaffirmed that the 2% inflation objective is a firm, fixed target. The Fed hiked rates 25 bps in September, and markets expect another two or more hikes by early 2027. Central banks in the developed world have broadly turned hawkish, on energy-driven inflation and economic strength in some countries. The European Central Bank hiked rates during the quarter, along with the Bank of Japan, Reserve Bank of Australia, Reserve Bank of New Zealand, and Norges Bank. Some other banks held steady including the Bank of Canada and Swiss National Bank. ***p. 18***
- High yield bonds lost -1.8% in Q3, a reversal from +2.5% in Q2, while bank loans gained +1.9% which matched the return of Q2. Fixed income prices were hit hard in September as Treasury yields spiked. High yield's return in September (-2.5%) was the worst month since September 2022. ***p. 22***

ASSET ALLOCATION ISSUES

- Portfolio performance was likely flat for most investors during Q3. Public equities gained a mild +1.6% (MSCI ACWI), while core fixed income saw a steep loss of -3.5% (Bbg U.S. Aggregate) and higher risk credit was mixed. Commodity volatility has been dramatic - the Bloomberg Commodity Index was up +16.2%. ***p. 45***
- Market-priced volatility remained subdued. However, individual stocks within the index have shown elevated variability, despite calm overall index movement. This has been possible because the correlation of stocks within the index has been very low (single stocks are showing higher volatility but are less correlated to one another, resulting in muted overall index risk). ***p. 32***

Equity performance was mixed during Q3, while fixed income showed broad losses as yields moved higher

The U.S.–Iran conflict and its impact on energy markets remains a key market concern

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What Drove the Market in Q3?

"Earnings beats are now the norm. What the stock market needs to keep rallying"

S&P 500 earnings growth year-over-year *(FactSet as of October 7th)*							
2019	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026 (e)**
1%	-14%	49%	5%	0%	10%	13%	32%

***Article Source**: CNBC, October 7th, 2026*

"Investors brave US Treasury rout to lock in highest yield in decades"

When was the last time yields were this high, for each interest rate:					
2-year Treasury	**5-year Treasury**	**10-year Treasury**	**20-year Treasury**	**30-year Treasury**	**30-year fixed rate mortgage**
May 2024	Mid-2007	Mid-2007	Mid-2002	Mid-2002	Nov 2023

***Article Source**: Financial Times, October 12th, 2026*

"Global diesel shortages could persist well into 2027, IEA says"

Share of total diesel exports *(producers involved in military conflict)*				
United States	**Russia**	**Saudi Arabia**	**Kuwait**	**Bahrain**
15.4%	9.5%	8.3%	3.5%	1.1%

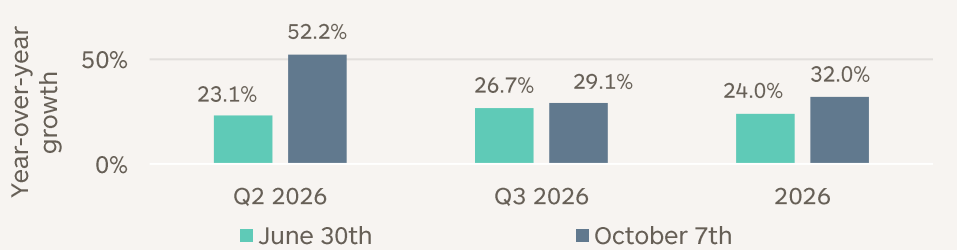
***Article Source**: Reuters, October 14th, 2026*
***Data source:** OPEC Annual Statistical Bulletin 2026 – excludes nonreporting countries such as UAE, Iran, Iraq*

"U.S. Labor Market Shifts to a Lower Gear"

Change in Employment (% year-over-year)					
April '26	**May '26**	**June '26**	**July '26**	**August '26**	**September '26**
0.20%	0.23%	0.26%	0.21%	0.34%	0.31%

***Article Source**: The New York Times, October 2nd, 2026*

S&P 500 EARNINGS



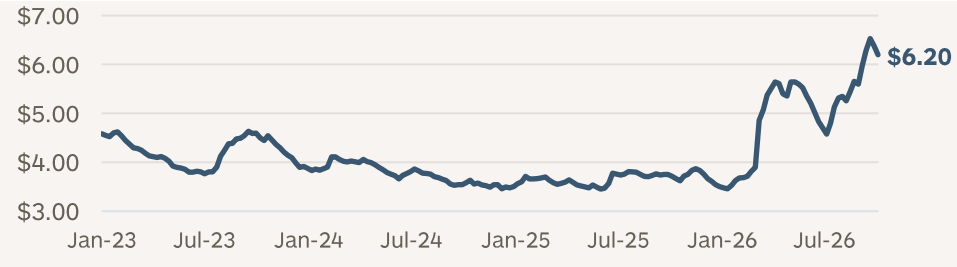
***Source**: FactSet average analyst expectation, CPIC, as of 10/7/26*

U.S. TREASURY YIELDS



***Source:** CPIC, as of 9/25/26*

DIESEL FUEL PRICE



***Source:** Cerity Partners, FactSet, as of 10/7/26*

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Economic Environment

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U.S. Economics Summary

- U.S. real GDP growth QoQ in Q1 and Q2 was revised upward to 2.5% and 2.2%, respectively, reflecting a fairly strong first half of the year. The ongoing trade deficit has acted as a significant drag on growth. However, the current trade deficit is unique in nature. U.S. exports have been growing faster than the overall economy in recent years, but imports are rising even more quickly. According to a paper released by the Federal Reserve Bank of Minneapolis in April, AI-related imports made up 23% of total U.S. imports in 2025, and this number will likely be even larger in 2026.
- The U.S.–Iran conflict has caused a historic disruption to energy supplies. There does not seem to be a resolution in sight, but the situation appears less dire than in recent months. Reportedly, oil exports out of the Middle East have reached prewar levels, as Saudi Arabia uses its East-West pipeline, covert shuttle services are being used in safe channels, the U.S. Navy is directly escorting ships, and Iran's ability to attack has been hampered. Global energy markets may continue to function despite an ongoing conflict.
- Stubbornly high inflation persisted during Q3, rising in September to 3.7% year-over-year and 2.6% on an ex-food & energy basis. High energy prices continued as the main driver of inflation, while other parts of the spending basket have shown mixed trends.
- The unemployment rate ended the quarter unchanged at 4.2%, while the labor participation rate improved slightly from 61.5% to 61.8%. Participation in the job market jumped for younger workers, while the age 55+ cohort has seen workers continue to exit. As the U.S. population ages and retirees represent a larger portion of the population, we expect the labor participation rate to see further downward pressure in the future.
- According to the University of Michigan, consumer sentiment fell as energy prices moved upward, and concerns over high prices worsened. The short-run outlook for business conditions deteriorated, and survey respondents voiced perceived risks of U.S. trade disputes with its partners. Americans with no stock holdings have seen a much deeper decline in sentiment since January, and the bottom 1/3 of households in terms of wealth have seen a similar drop. The middle and upper 1/3 of wealthy households showed minimal declines in sentiment.

	Most Recent	12 Months Prior
Real GDP *(YoY)*	2.2% *6/30/26*	2.4% *6/30/25*
Inflation *(CPI YoY, Core)*	2.6% *9/30/26*	3.0% *9/30/25*
Expected Inflation *(5yr-5yr forward)*	2.3% *9/30/26*	2.3% *9/30/25*
Fed Funds Target Range	3.75% - 4.00% *9/30/26*	4.00% - 4.25% *9/30/25*
10-Year Rate	5.3% *9/30/26*	4.2% *9/30/25*
U-3 Unemployment	4.2% *9/30/26*	4.4% *9/30/25*
U-6 Unemployment	7.6% *9/30/26*	8.1% *9/30/25*

***Source**: Bloomberg*

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Inflation

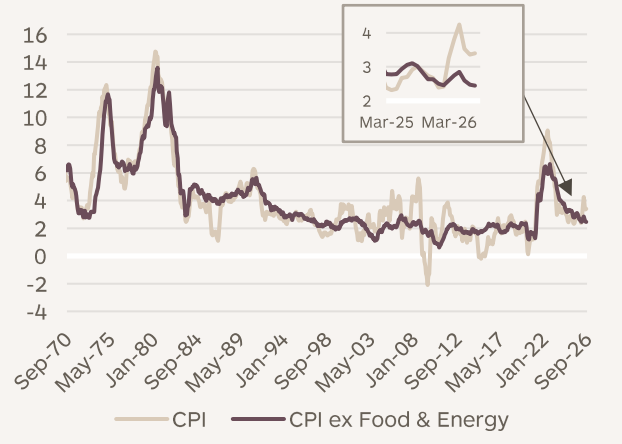
U.S. inflation remained stubbornly high during Q3, rising in September to 3.7% year-over-year and 2.6% on an ex-food & energy basis. High energy prices continued as the main driver of inflation, while other parts of the spending basket have shown mixed trends. For example, food inflation was very muted during the quarter, while shelter prices ramped back up after two quarters of slow growth which had sparked hopes that shelter prices reported by the Bureau of Labor Statistics would begin to more closely reflect market rents. Rent prices have been effectively flat for years (Redfin), while home price appreciation was a modest 2.2% year-over-year as of August (S&P Cotality Home Price Index).

The price of diesel fuel has risen by approximately 70% year-to-date, as global crude oil supplies were impacted by the U.S.–Iran war, constraining refinery output. Unlike regular gasoline, which households can often incrementally reduce their reliance on, diesel fuel is used for freight, trucking, agriculture, and heavy machinery. This means that diesel consumption is less elastic and supply restrictions can rapidly push prices up.

Households continue to show concerns about inflation. According to the University of Michigan, in February households expected inflation to be 3.4% over the next twelve months (prior to the U.S.–Iran war). At the end of Q3, expectations were for 4.7% inflation over the next twelve months. In 2024, household expectations were even lower, ranging from 2.8% to 3.4%.

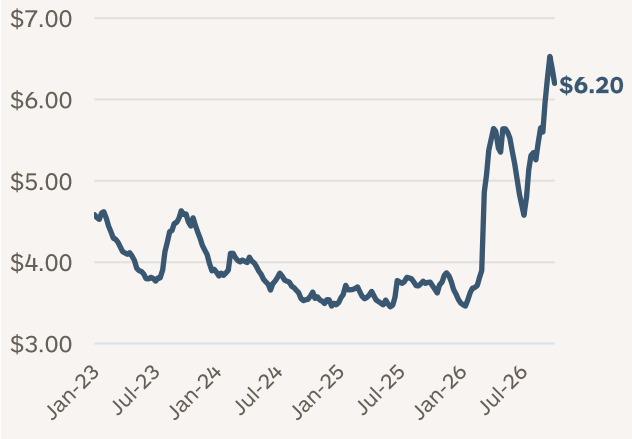
› The Strait reopened during Q3, but the conflict reignited in July, causing more confusion and slowing of tanker traffic

U.S. CPI (% YOY)



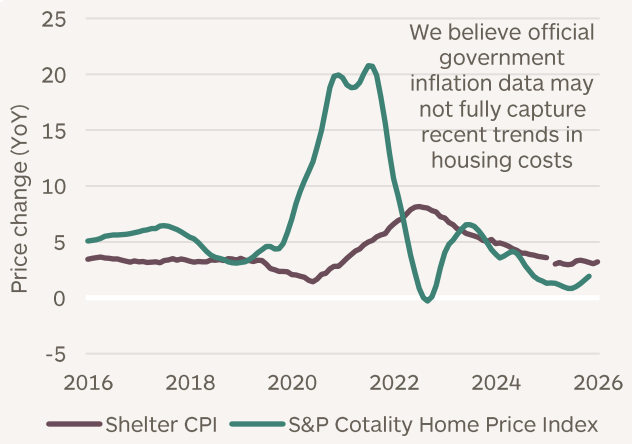
***Source**: BLS, as of 9/30/26*

U.S. DIESEL PRICE ($ GALLON)



***Source**: FactSet, Cerity Partners, weekly, 10/7/26*

HOME PRICES VS SHELTER CPI



***Source**: FRED, CPIC, as of 9/30/26 or most recent date*

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GDP Growth

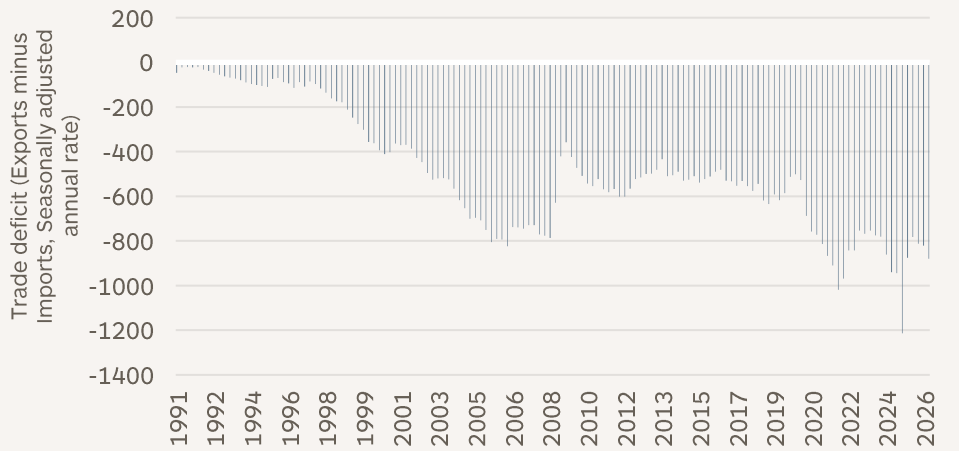
U.S. real GDP growth QoQ in Q1 and Q2 was revised upward to 2.5% and 2.2%, respectively, reflecting a fairly strong first half of the year. This placed year-over-year real GDP growth in Q2 at 2.2%.

The ongoing trade deficit has acted as a significant drag on growth. However, the current trade deficit is unique in nature. U.S. exports have been growing faster than the overall economy in recent years, but imports are rising even more quickly. According to a paper released by the Federal Reserve Bank of Minneapolis in April, AI-related imports made up 23% of total U.S. imports in 2025, and this number is likely even larger in 2026. Mexico exported more AI computer hardware than automobiles to the U.S. in the first half of 2026 in total dollar value. But it is also noteworthy how much AI investment around the country has added to growth. Without the AI buildout, the economy would be growing at a weaker pace. Excluding the headwinds of the trade deficit and the tailwinds of AI, core spending has been relatively strong. Retail sales since February were very robust, as household consumption remains the engine of the economy.

Economists expect growth to pick up in the second half of the year, with the Atlanta Fed GDPNow estimate placing Q3 real growth at a robust rate of +3.5% QoQ, as of October 20th. If growth comes in near expectations, 2026 may shape up to be an above-average year for the U.S. economy.

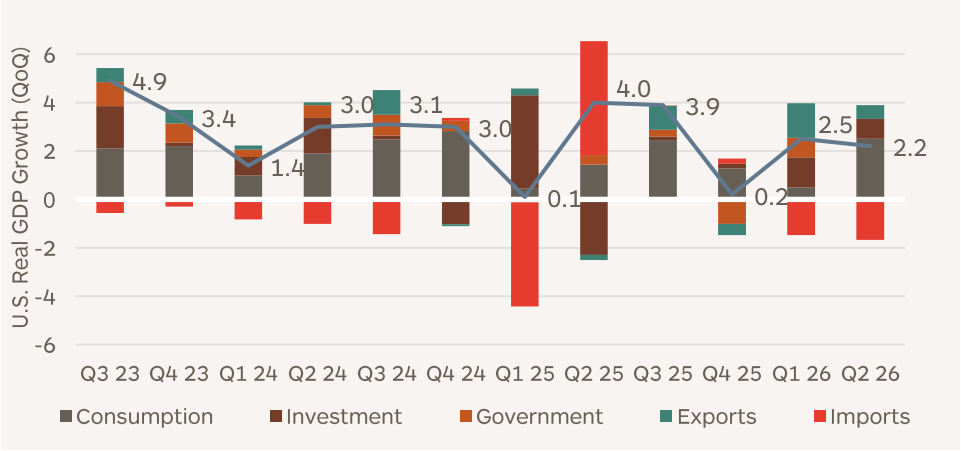
› Q1 & Q2 GDP growth was revised upwards since the original reports, now suggesting a fairly strong first half of 2026

TRADE DEFICIT ($)



***Source**: FRED, as of Q2 2026*

U.S. REAL GDP COMPONENTS (QOQ ANNUALIZED)



***Source**: FRED, as of 6/30/26*

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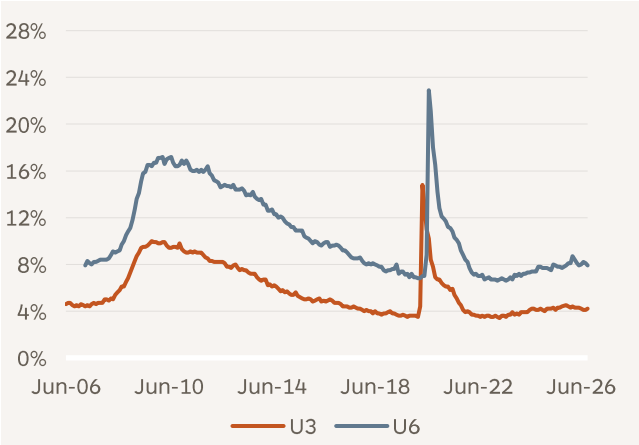
Labor Market

The unemployment rate ended the quarter unchanged at 4.2%, while the labor participation rate improved slightly from 61.5% to 61.8%. Participation in the job market jumped for younger workers, while the age 55+ cohort has seen workers continue to exit. As the U.S. population ages and retirees represent a larger portion of the population, we expect the labor participation rate to see further downward pressure in the future. Overall, the labor market appears fairly tight, while both layoff and hiring activity are below average.

Beneath the headline jobs numbers, some recent notable shifts within the U.S. labor market have been occurring, likely driven by immigration policy. The percentage of American jobs that are filled by foreign-born workers had been rising consistently for many decades. This trend seems to have peaked in March 2025 at 19.7% of jobs and has since reversed back to 18.7%. That move makes sense, given the broader shift in migration. In 2025, the country experienced negative net migration (more people left the country than came into the country) for the first time since the early 20th century.

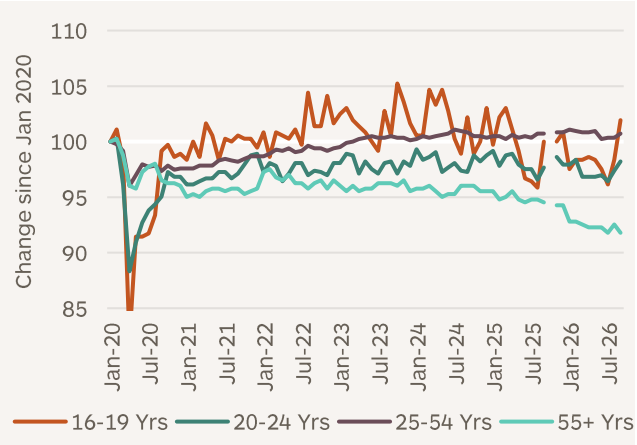
- The job market remains generally tight, but with low job growth
- This likely reflects immigration policy and an aging workforce

UNEMPLOYMENT



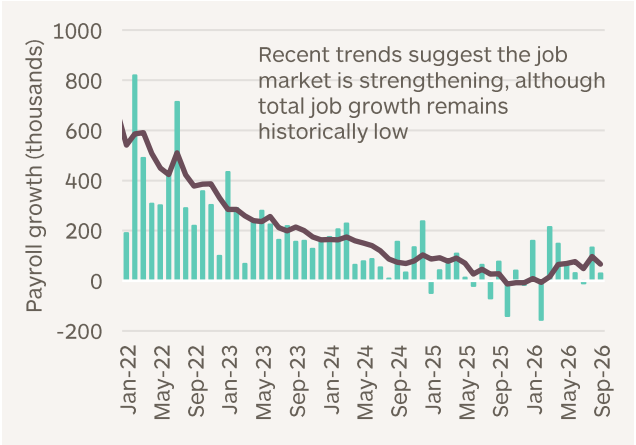
***Source**: FRED, CPIC, as of 9/30/26*

LABOR PARTICIPATION TRENDS



***Source**: FRED, CPIC, as of 9/30/26*

JOB GROWTH



***Source**: FRED, CPIC, as of 9/30/26*

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The Consumer

Household spending continues to be the growth engine of the domestic economy, despite broadly poor sentiment around high cost of living and a high inflation rate. Inflation-adjusted (real) personal spending was 2.6% year-over-year in August. Real spending trends have not slowed in 2026, and August showed the strongest monthly gain since early 2025.

Given the significant appreciation of risk assets and residential real estate over the past decade and a half, coupled with the fact that household stock holdings are at an all-time high (although that may be partly due to stock price appreciation), this suggests that current spending trends may be well supported by the 'wealth effect'. The *wealth effect* is a theory that people tend to increase their spending when they feel richer and more financially secure.

This theory arguably helps explain why spending has been strong (especially for those with more financial and real assets who have benefited the most) despite wage growth not keeping up with inflation recently.

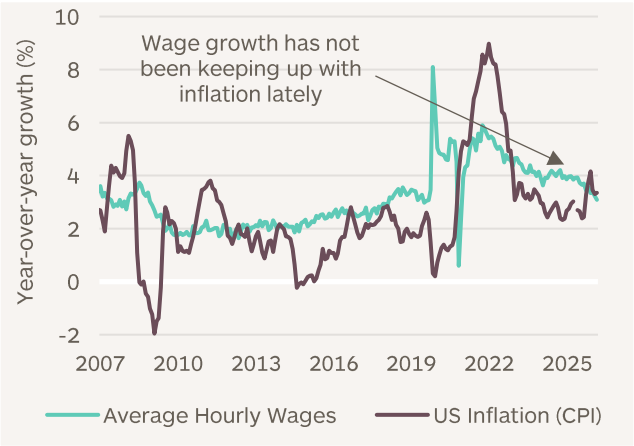
Despite strong spending and wealth gains, households since the pandemic have been facing an uncomfortably high cost of living, spanning from home ownership, to vehicles, to food (both at home and restaurants), to medical services. This discomfort is reflected in dire consumer sentiment survey responses and continues to show up as a top political issue in polls. Very low household saving rates suggest many Americans are spending but do not have as much flexibility to absorb further cost increases.

REAL PERSONAL SPENDING



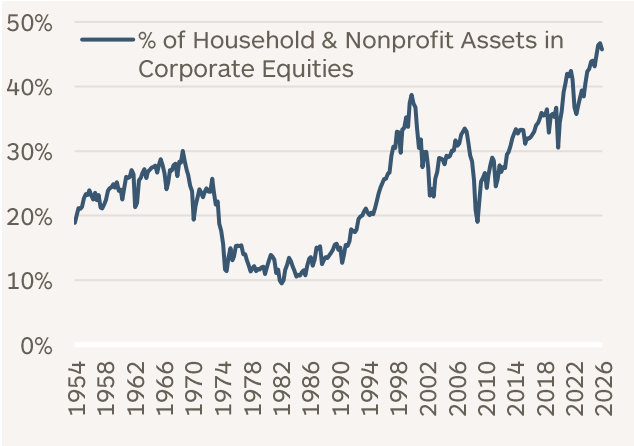
***Source**: FRED, as of 8/31/26*

WAGE GROWTH VS INFLATION



***Source**: FRED, CPIC, as of 8/31/26*

HOUSEHOLD STOCKHOLDING IS AT A HIGH

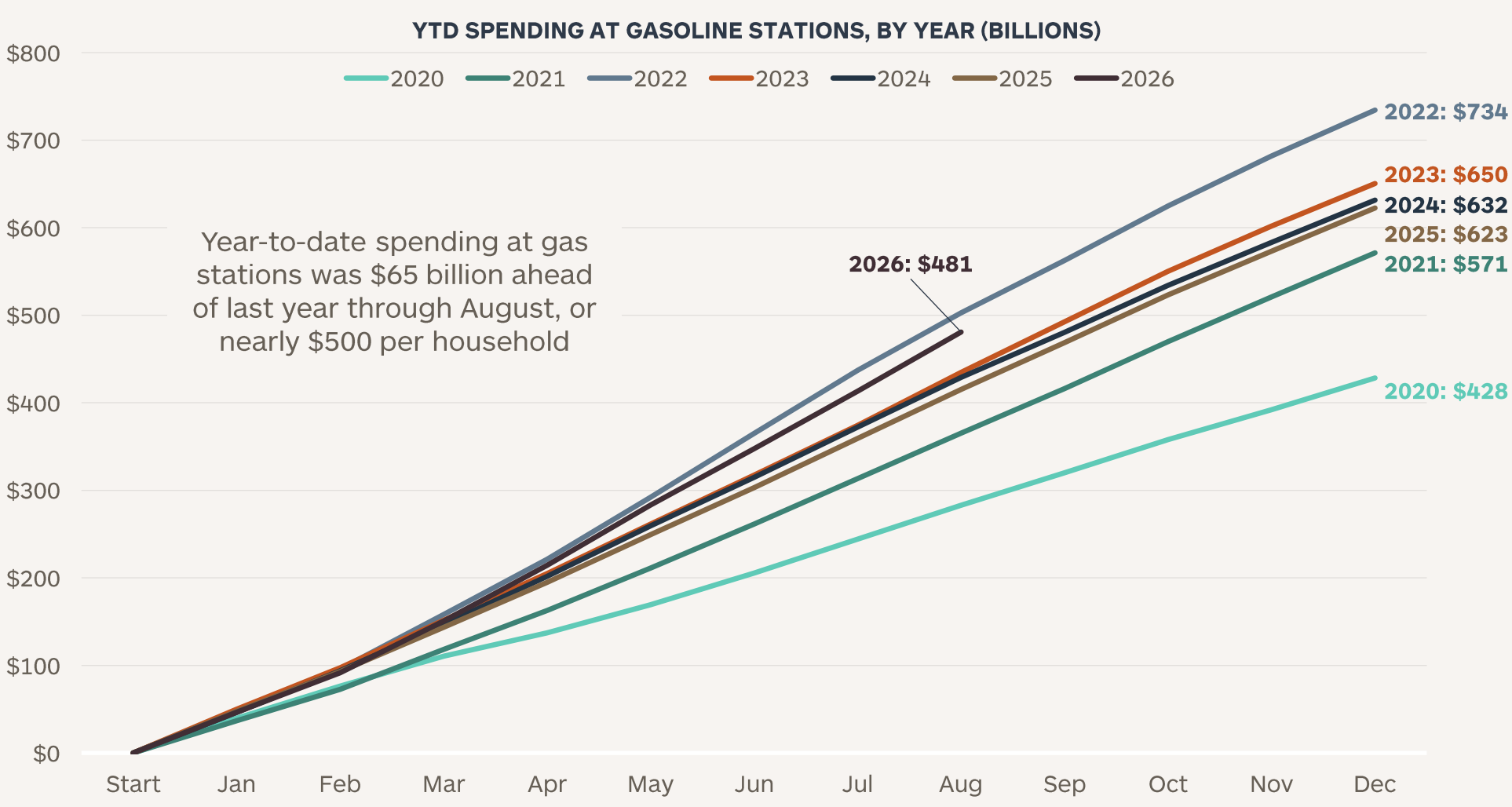


***Source**: Federal Reserve Bank of St. Louis for Households and Nonprofit Organizations; Directly and Indirectly Held Corporate Equities as a Percentage of Financial Assets, as of 1Q'26*

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High Gas Prices Have Eaten Up Tax Refund Stimulus

Higher prices at the pump have on average cost each household about $500 so far this year, more than offsetting extra tax refunds received earlier in the year



Source: *Cerity Partners, FactSet, U.S. Census Bureau, Not Seasonally Adjusted*

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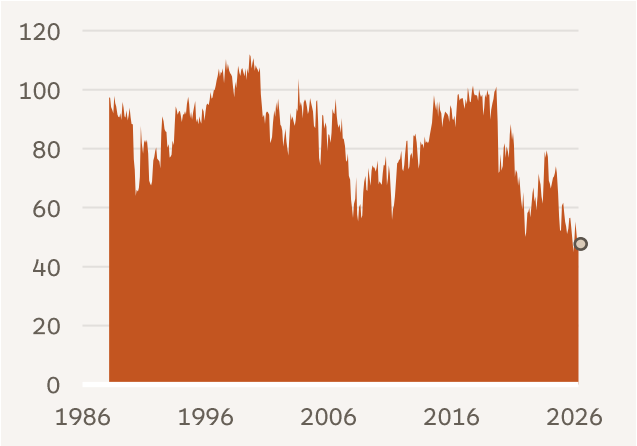
Sentiment

According to the University of Michigan, consumer sentiment fell during the quarter as energy prices once again moved upward, and household concerns over high prices worsened. The short-run outlook for business conditions deteriorated, and survey respondents specifically voiced the perceived risks of U.S. trade disputes with its trading partners. Americans with no stock holdings have seen a much deeper decline in sentiment since January, and the bottom 1/3 of households in terms of net worth have seen a similar drop. The middle and upper 1/3 of wealthy households have seen only a minimal decline in sentiment during that time. As of the September report, sentiment of Republican survey respondents was 20% lower year-to-date while Democratic sentiment was down 13%.

The Conference Board's Consumer Confidence Index has also reflected deteriorating sentiment. Consumers' appraisal of current business and labor market conditions worsened. Perceptions of the job market also declined, but remained above average. Survey respondents still believe their household income will rise in the future, but less so in comparison to prior months.

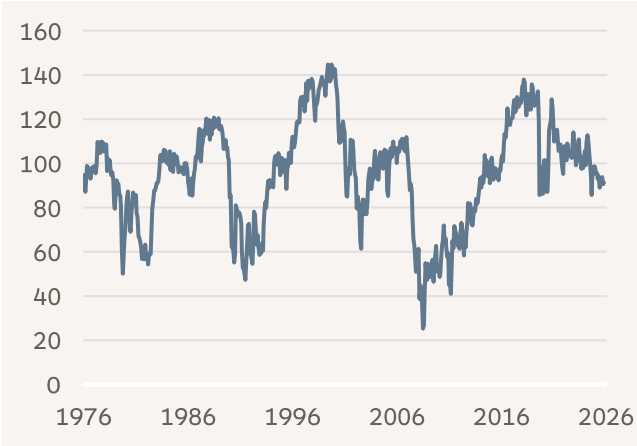
Small business sentiment remained generally stable in September, reflecting optimism exactly in line with the 52-year average. During the quarter, more businesses expressed pessimism around business conditions, and fewer businesses see the environment as presenting a good time to expand.

CONSUMER SENTIMENT (UNIV. OF MICHIGAN)



***Source**: University of Michigan, as of 9/30/26*

CONSUMER CONFIDENCE (CONFERENCE BOARD)



***Source**: Conference Board, as of 9/30/26*

NFIB SMALL BUSINESS SENTIMENT



***Source**: NFIB, as of 9/30/26*

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Housing

Home prices rose 2.2% year-over-year in August, according to Redfin, with sales activity down 0.5% over the same period. The average 30-year fixed mortgage rate moved to 7.4% in the first week of October. This was substantially higher than 6.4% in Q2, and the most elevated level since the year 2000 (other than for a brief period in late-2023 when the 30-year rate touched 7.8%). The recent jump in long-term borrowing rates will likely worsen many problems of the residential housing market as builder costs rise, new mortgage costs rise, and existing homeowners have an even greater incentive to stay in place with their existing low mortgage rate. In short, there does not seem to be a clear path to affordability, and this continues to be a top concern for Americans hoping to own a home (typically younger households who also face other high costs such as student loan debt).

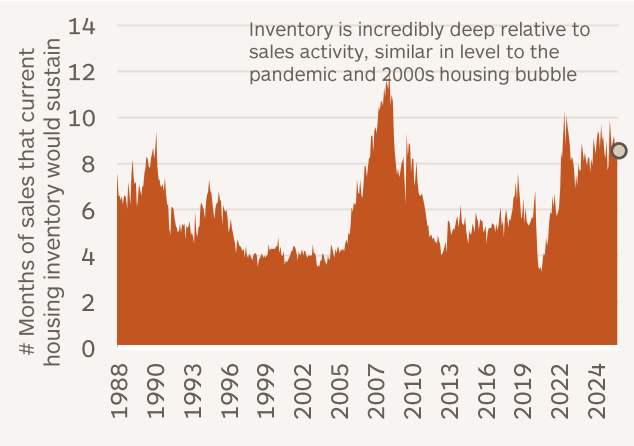
In certain other respects, the domestic housing market has returned to pre-pandemic conditions. The total number of homes on the market is similar to 2018 and 2019 levels, as well as the average total days those homes are sitting on the market (61 days as of September). However, the amount of home sales activity relative to the amount of inventory is at a historically strained level, suggesting the market remains a bit frozen in place.

30-YEAR MORTGAGE RATE (%)



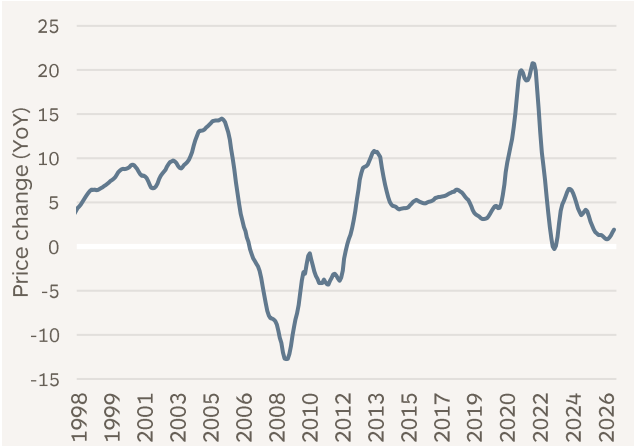
***Source**: Freddie Mac, as of 10/8/26*

HOUSING SALES VS. INVENTORY



***Source**: FRED, as of 8/31/26*

U.S. NATIONAL HOME PRICE INDEX



***Source**: S&P Cotality Case-Shiller National Home Price Index, CPIC, as of 7/31/26*

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International Economics Summary

- Non-U.S. developed economies broadly grew at a very weak but positive rate, materially underperforming the United States. Economies that had seemed to be at risk of recession such as France and Germany have so far avoided that outcome. In many places, government spending (fiscal stimulus) and AI investment has helped offset the damaging effects of higher energy prices on the economy.
- Reportedly, oil exports out of the Middle East have reached prewar levels, as Saudi Arabia uses its East-West pipeline, covert shuttle services are being used in safe channels, the U.S. Navy is directly escorting ships, and Iran's ability to attack has been hampered. Global energy markets may continue to function despite an ongoing conflict, which would be welcome news for regions highly reliant on energy imports.
- The price of diesel fuel is now a key issue, given the rapid jump in prices. Both Russia and the United States – two of the world's largest exporters – have enacted their own export bans to ensure local supply remains sufficient. In early October, President Trump announced the U.S. was lifting sanctions on Russian fuel in order to bolster global supplies. This move ignited controversy given the ongoing war in Ukraine.
- A lower growth environment coupled with worryingly high inflation has created a dilemma for central bankers. Many central banks have either chosen to go ahead and hike rates or are seriously examining their options, despite the risks that higher rates pose to economic growth. Higher borrowing costs are squeezing many households at a time of already high prices and weaker consumption patterns.
- The U.S.–Iran conflict has shown few signs of a resolution, with the war arguably expanding as the Iran-backed Houthis targeted Saudi Arabia's East-West oil pipeline and then launched a missile barrage toward Saudi cities and infrastructure. It is unclear whether the U.S. will become involved as the Saudis launch counterattacks against the Houthis.

	GDP (Real, YoY)	Inflation (CPI, YoY)	Unemployment
United States	2.2% *6/30/26*	3.7% *9/30/26*	4.2% *9/30/26*
Eurozone	1.2% *6/30/26*	3.8% *9/30/26*	6.4% *8/31/26*
Japan	0.9% *6/30/26*	1.9% *8/31/26*	2.6% *8/31/26*
Canada	1.4% *7/31/26*	3.1% *9/30/26*	6.5% *9/30/26*
BRICS Nations	4.3% *6/30/26*	2.1% *9/30/26*	5.2% *9/30/26*
Brazil	2.0% *6/30/26*	4.6% *9/30/26*	5.3% *8/31/26*
Russia	1.3% *6/30/26*	6.4% *9/30/26*	2.2% *8/31/26*
India	7.8% *6/30/26*	5.5% *9/30/26*	5.0% *9/30/26*
China	4.5% *9/30/26*	0.9% *9/30/26*	5.2% *9/30/26*

Source: *Bloomberg*

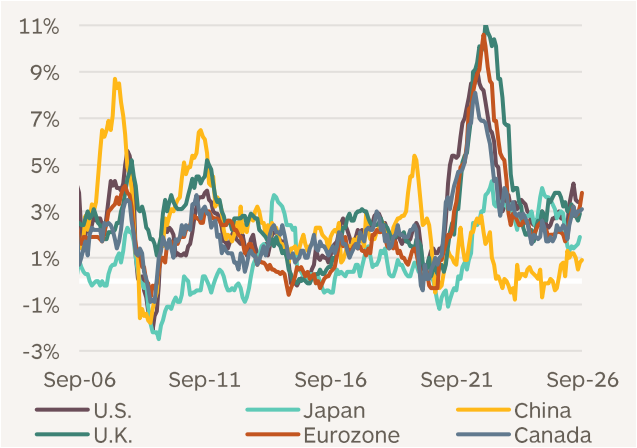
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International Economics

Non-U.S. developed economies broadly grew at a very weak but positive rate, materially underperforming the United States. Following widespread fears that a trade war with the United States in an already low growth environment might lead to recession for certain economies, that outcome seems to have been avoided. In many places, government spending (fiscal stimulus) and AI investment has helped offset the damaging effects of trade and, more recently, higher energy prices on the economy. However, while certain countries such as France and Germany have avoided recession, their rate of growth is incredibly low and could reasonably be described as stagnant, falling further behind the U.S. in terms of standard of living.

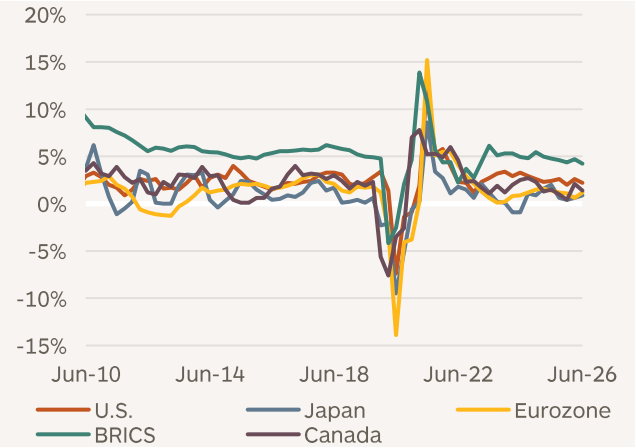
The U.S.–Iran war has created a serious dilemma for many central bankers in the face of low economic growth rates. As inflation has risen alongside spiking energy prices, policymakers are being forced to decide whether to keep monetary policy accommodative to try to boost weak economic activity, or to tighten policy (raise rates) to address inflation that is materially above target. The ECB hiked rates during the quarter, along with the BoJ, Reserve Bank of Australia, Reserve Bank of New Zealand, and Norges Bank. Other banks held steady including the Bank of Canada and Swiss National Bank, though many are discussing the possibility of rate hikes in the future.

INFLATION (CPI YEAR-OVER-YEAR)



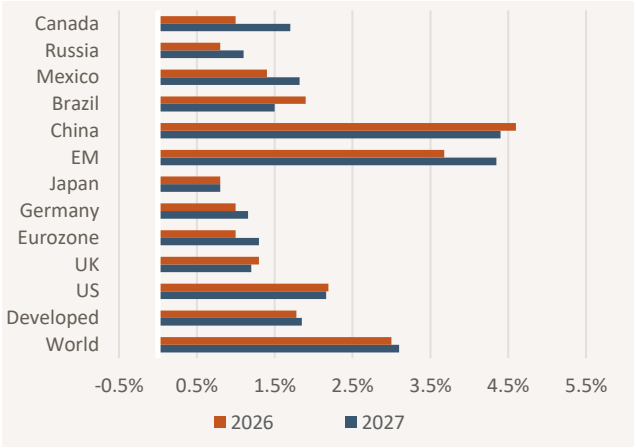
***Source**: Bloomberg, CPIC, as of 9/30/26 or most recent date*

REAL GDP GROWTH (YEAR-OVER-YEAR)



***Source**: Bloomberg, CPIC, as of 6/30/26*

GDP GROWTH EXPECTATIONS



***Source**: Bloomberg, CPIC, as of 10/26/26 or most recent date*

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Fixed Income Rates & Credit

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Fixed Income Environment

- Fed Chair Kevin Warsh delivered his first address at the annual Jackson Hole Economic Policy Symposium. Warsh's speech centered on inflation, reaffirming the 2% inflation objective as a firm, fixed target. Chair Warsh acknowledged that summer inflation readings had come in better than expected. He also indicated, however, that underlying trends had not meaningfully improved and that the Committee would have work to do. The Fed hiked rates to 3.75-4.00% in September, as expected. Markets expect another two or more hikes by early 2027.
- Fixed income performance was generally poor during Q3, and most fixed rate bonds delivered notable losses. Floating rate credit stood out with positive returns, given the less rate-sensitive nature of the asset class.
- The 10-year U.S. Treasury yield moved substantially higher over the quarter, from 4.47% to 5.29%. A stronger economy, continued conflict in the Middle East and the resulting inflation pressure, increased borrowing activity around AI investments, as well as perhaps some fiscal concerns, appear to be pressuring bond yields upward across global markets.
- Central banks in the developed world broadly turned hawkish during Q3, on energy-driven inflation concerns, and economic strength in some countries. The ECB hiked rates during the quarter, along with the BoJ, Reserve Bank of Australia, Reserve Bank of New Zealand, and Norges Bank. Other banks held steady including the Bank of Canada and Swiss National Bank.
- High yield bonds lost -1.8% in Q3 (Bbg U.S. Corporate High Yield Index), a reversal from +2.5% in Q2, while bank loans gained +1.9% (Morningstar LSTA Leveraged Loan Index) which matched the return of Q2. Fixed income prices were hit hard in September as Treasury yields spiked. High yield returned -2.5% in September which was the worst month since September 2022.
- The par-weighted high yield bond default rate including distressed exchanges ended September at 2.7%, the same as June's level. The bank loan default rate was the lowest since January 2023, falling to 2.1% from 2.3% last quarter. High yield defaults remain elevated relative to bank loans. A large portion of high yield defaults were driven by a single issuer – DISH Network. Excluding that event, year-over-year defaults were 2%.

	QTD Total Return	1 Year Total Return
Core Fixed Income (Bloomberg U.S. Aggregate)	-3.5%	-1.8%
Core Plus Fixed Income (Bloomberg U.S. Universal)	-3.4%	-1.5%
U.S. Treasuries (Bloomberg U.S. Treasury)	-3.0%	-1.9%
U.S. Treasuries: Long (Bloomberg U.S. Treasury 20+)	-8.9%	-8.8%
U.S. High Yield (Bloomberg U.S. Corporate HY)	-1.8%	1.4%
Bank Loans (Morningstar LSTA Leveraged Loan)	1.9%	4.5%
Emerging Market Debt Local (JPM GBI-EM Global Diversified)	-0.9%	3.9%
Emerging Market Debt Hard (JPM EMBI Global Diversified)	-3.9%	2.6%
Mortgage-Backed Securities (Bloomberg MBS)	-4.3%	-1.7%

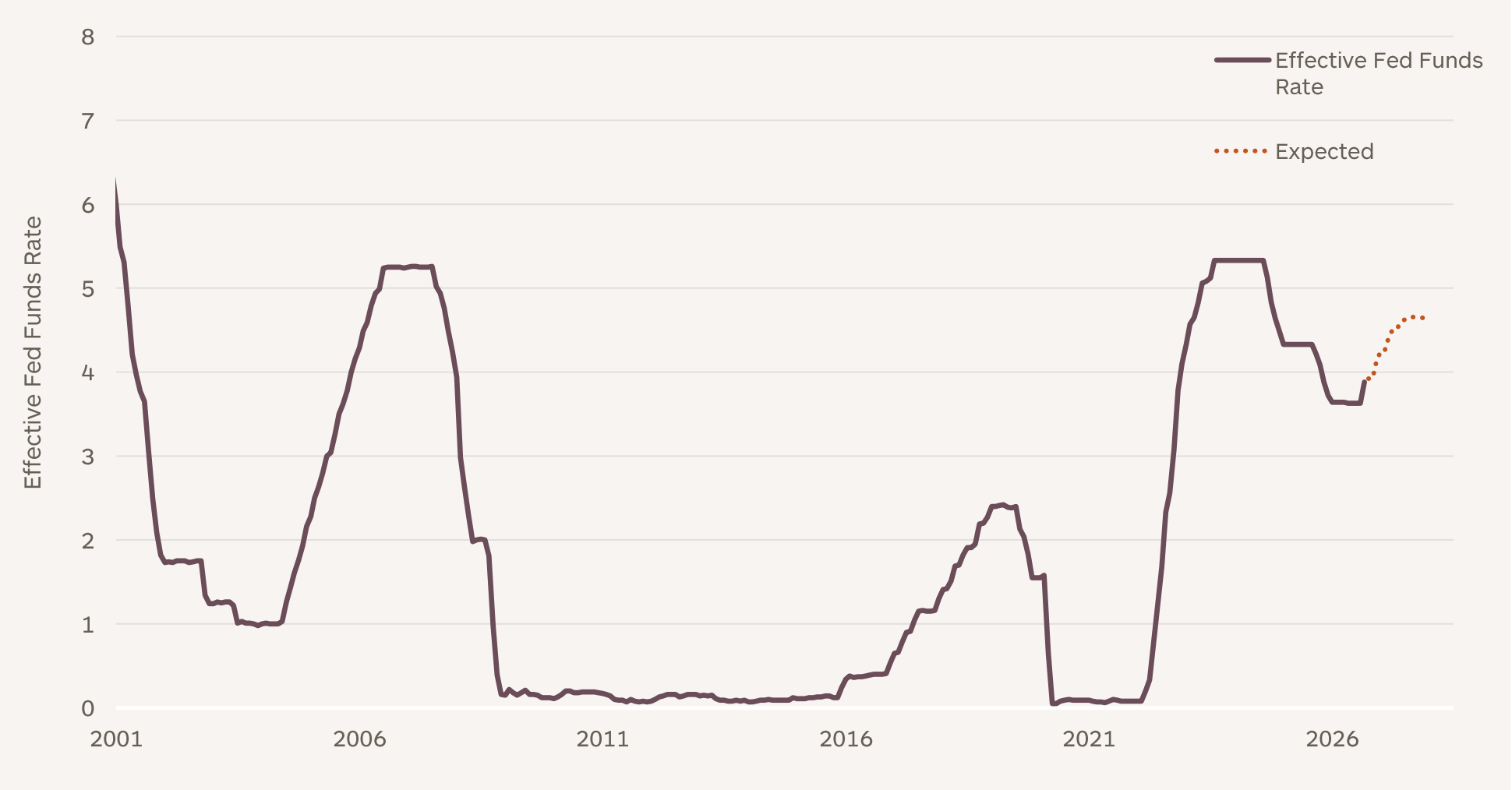
***Source**: Standard & Poor's, J.P. Morgan, Bloomberg, as of 9/30/26*

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Markets are pricing in a hawkish Fed

Investors now expect two or more additional rate hikes by early 2027

EXPECTED PATH OF FED FUNDS RATE



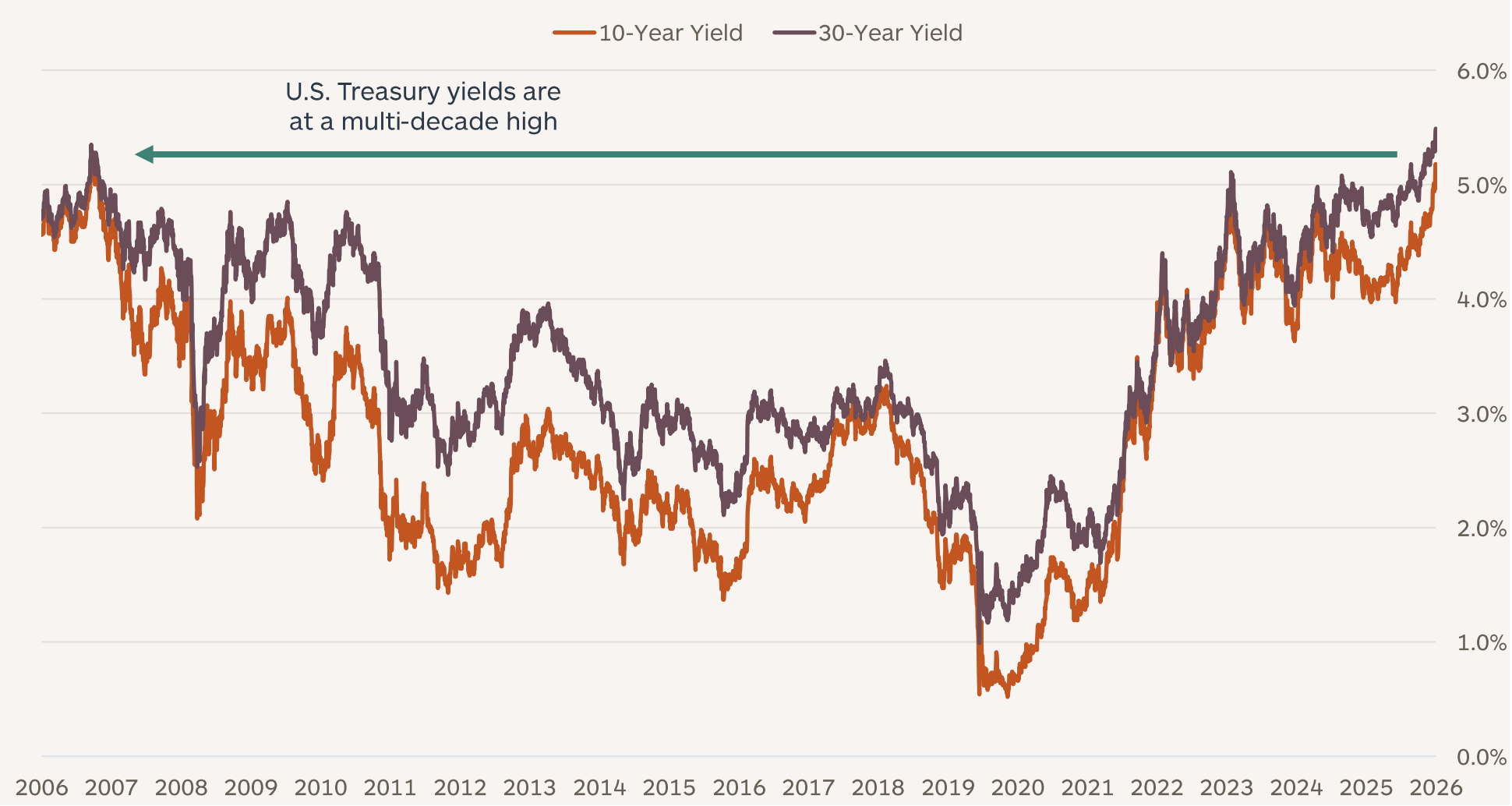
Source: *CPIC, Bloomberg, estimate as of 10/14/26*

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Treasury Yields Have Broken Out of the Recent Range

Treasury yields are either back to normal... or disturbingly high, depending on an investor's perspective

U.S. TREASURY YIELDS

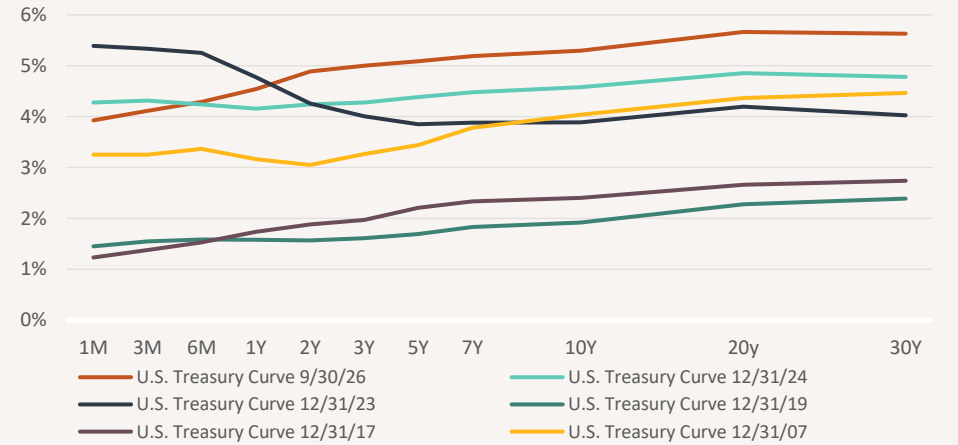


Source: *CPIC, as of 9/25/26*

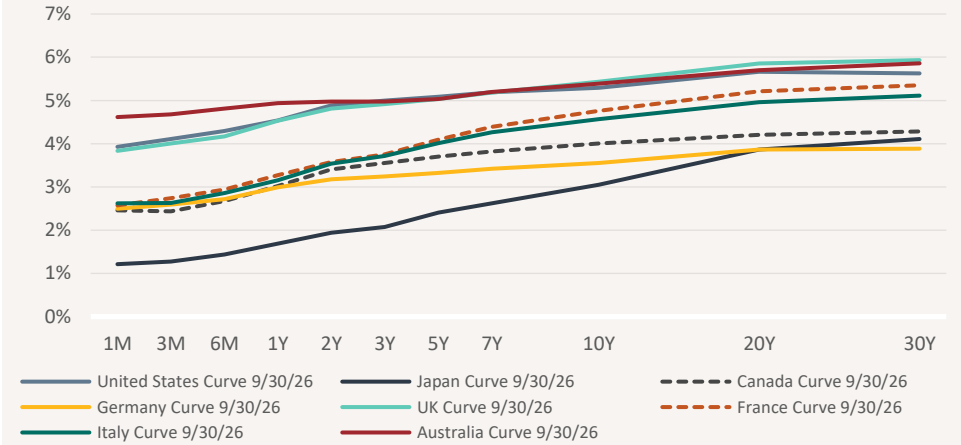
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Yield Environment

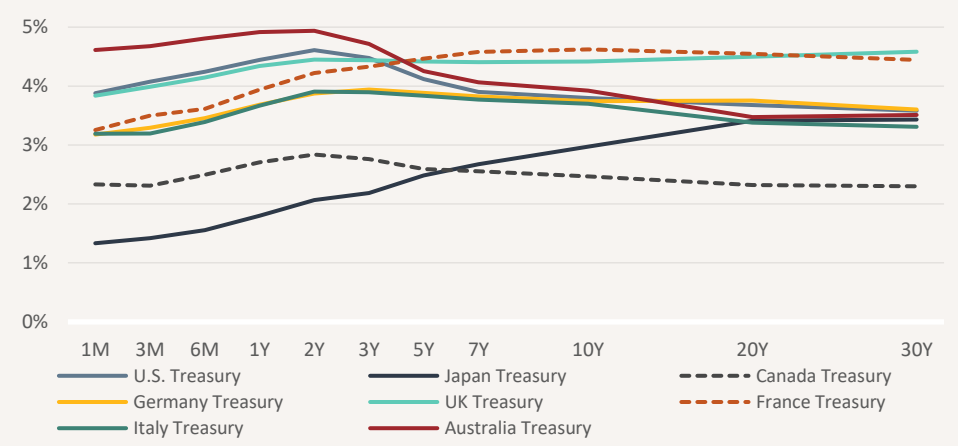
U.S. YIELD CURVE



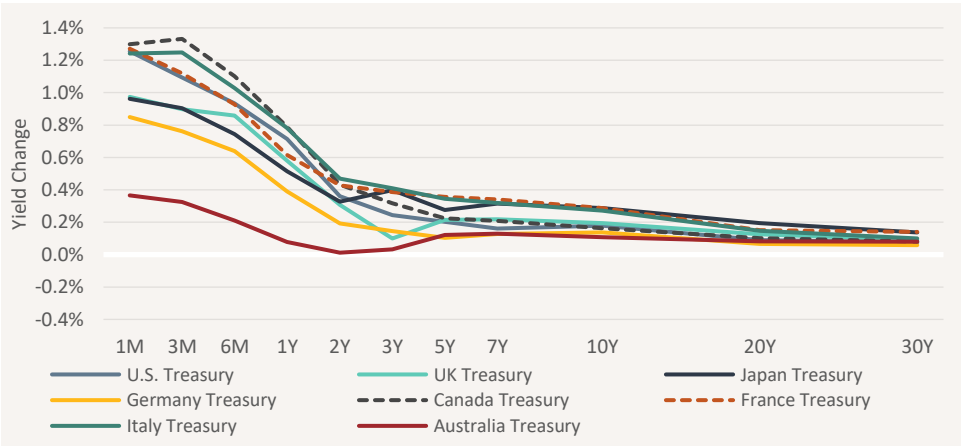
GLOBAL GOVERNMENT YIELD CURVES



YIELD CURVE CHANGES OVER LAST FIVE YEARS



IMPLIED CHANGES OVER NEXT YEAR



***Source**: Bloomberg, as of 9/30/26*

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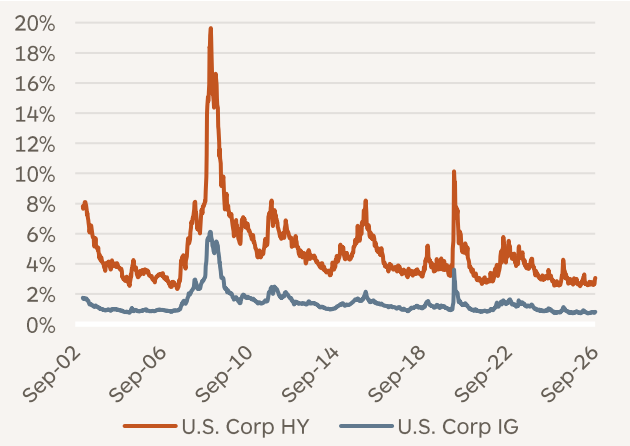
Credit Environment

High yield bonds lost -1.8% in Q3 (Bbg U.S. Corporate High Yield Index), a reversal from +2.5% in Q2, while bank loans gained +1.9% (Morningstar LSTA Leveraged Loan Index) which matched the return of Q2. Fixed income prices were hit hard in September as Treasury yields spiked. High yield returned -2.5% in September which was the worst month since September 2022. Within the loan index, some lagging sectors saw a rebound, with Technology returning +4.6%, though this bounce did not bring performance positive on a year-to-date basis. Telecom was the weakest sector across both asset classes during Q3 (-5.8% in bonds, -4.8% in loans). Within high yield, lower quality bonds underperformed: CCCs returned -4.2% vs. -1.9% for BBs and -1.1% for Single-Bs. This theme was also apparent in bank loans, where B-rated credits returned +2.5% while CCC loans lost -0.2%.

High yield spreads widened 42 bps to 312 bps in Q3 from 270 bps in Q2, though spreads remained low relative to history. The move was highly uneven with CCC spreads widening nearly 10x the amount of BB and B, reaching a 12-month high. Bank loan spreads tightened a modest 10 bps, from roughly 460 bps to 450 bps. Similar to high yield, bank loan spreads tightened until August and then widened in September.

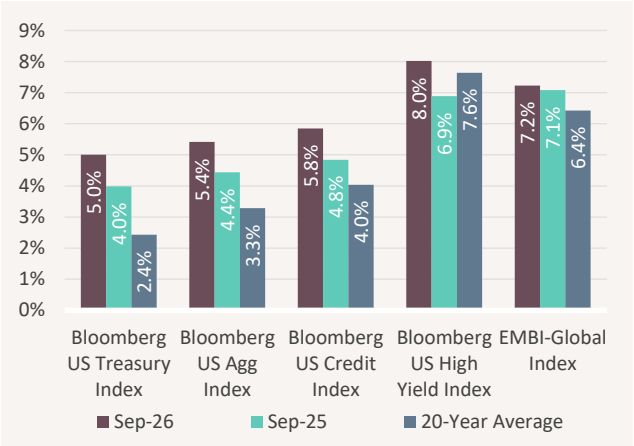
The total effective yield of high yield bonds was 118 bps below bank loan yields at quarter end (8.00% vs. 9.18%), narrower than Q2. Both bank loans and high yield continue to offer more than a 200 bps spread premium over investment grade credit.

SPREADS



***Source**: Barclays, Bloomberg, as of 9/30/26*

YIELD TO MATURITY



***Source**: Morningstar, as of 9/30/26*

CREDIT SPREAD (OAS)

Market	9/30/2026	9/30/2025
Long U.S. Corp	1.0%	0.9%
U.S. Inv Grade Corp	0.8%	0.7%
U.S. High Yield	3.1%	2.7%
U.S. Bank Loans*	4.5%	4.3%

***Source**: Barclays, Credit Suisse, Bloomberg, as of 9/30/26*
**Discount margin (4-year life)*

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Default & Issuance

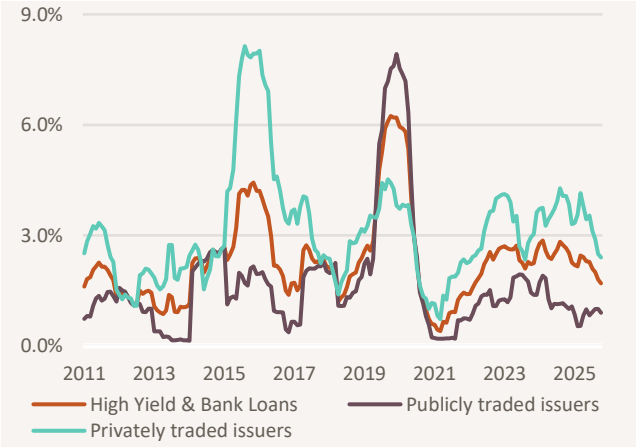
Overall default and distressed activity continued to slow in Q3, reaching the lightest quarterly total since Q4 of 2022. Payment defaults ($6.9B) outpaced distressed exchanges ($2.7B) which saw the lowest quarterly total since 2023. Distressed activity in 2026 has remained concentrated in high yield bonds. Payment default volume was up 40% year-over-year, while distressed exchange activity was down -35%.

The par-weighted high yield bond default rate including distressed exchanges ended September at 2.7%, the same as June's level. The bank loan default rate was the lowest since January 2023, falling to 2.1% from 2.3% last quarter. High yield defaults remain elevated relative to bank loans. A large portion of high yield defaults were driven by a single issuer – DISH Network. Excluding that event, year-over-year defaults were 2%. This means that the default rate should soon fall materially as that default event comes out of the trailing 12-month window, all else equal.

September's $36.3B of net high yield bond issuance achieved an all-time high. A few of the largest transactions on record occurred in September, including Paramount's funding of its Warner Bros. acquisition and SoftBank's borrowing to fund their sizeable investment in OpenAI.

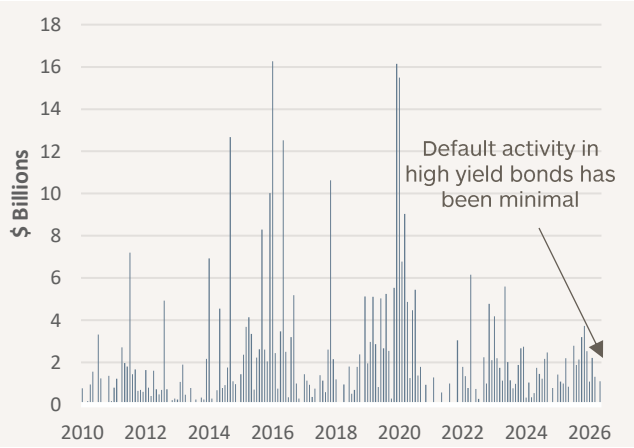
Bank loan issuance totaled $189.6B over the quarter, pushing year-to-date volume to $628B, down roughly -23% year-over-year.

PAST 12 MONTHS (PAR DEFAULT RATE)



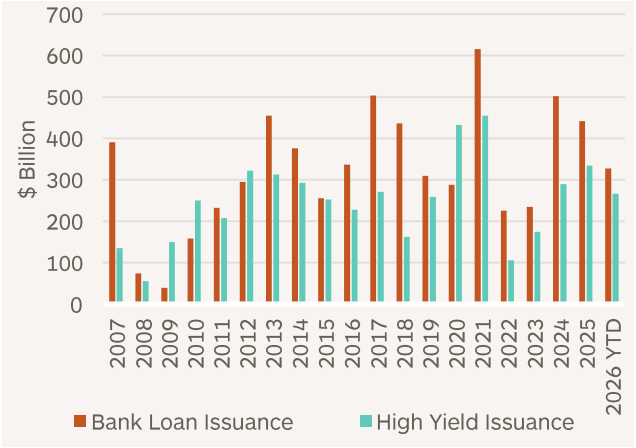
***Source**: BofA Global Research, ICE, LCD /Pitchbook, as of 9/30/26*

U.S. HIGH YIELD MONTHLY DEFAULTS ($)



***Source:** BofA Global Research, as of 9/30/26*

DEVELOPED MARKET ISSUANCE (USD)



***Source:** BofA Merrill Lynch, as of 9/30/26*

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Equity

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Equity Environment

- Equities saw mild gains during the third quarter, led by U.S. equity (S&P 500 +2.3%) and followed by international developed equity (MSCI EAFE +0.8%). Emerging markets delivered a slight loss (MSCI EM -0.4%).
- The Q2 S&P 500 YoY earnings growth rate was +52.2%, exceeding initial expectations of +23.1% (FactSet, as of September 25th). Mega-cap names fueled most of this growth as AI chip and hardware demand continued, profit margins expanded, and private AI companies showed massive valuation gains which benefited the public companies that had invested in private AI businesses (such as Amazon's gains from Anthropic).
- During Q3, small caps suffered large losses of -7.2%, lagging large caps by more than 9%. Small caps have given back much of their recent run, now up only +1% year-to-date relative to large caps. Small caps had likely benefited initially from strength in the U.S. economy and a low-quality stock rally. But rising yields recently may be damaging investor enthusiasm.
- The weaker performance of international developed markets has brought index performance in line with the U.S. over the past full year (S&P 500 +15.7%, MSCI EAFE +15.7%).
- Market-priced volatility remained subdued. However, individual stocks within the index have shown elevated variability, despite calm overall index movement. This was possible because the correlation between stocks within the index is very low (individual stocks are showing higher volatility but are less correlated to one another, resulting in muted overall index risk).
- Investors concerned about index concentration may wish to follow emerging markets. For example, TSMC made up 54% of the total Taiwan index as of September 30th and is a 15% weight in the overall emerging markets index. In the Korean market, Samsung and SK Hynix together make up 62% of the market, and 13% of the overall emerging market index. The near-term performance of emerging markets has become highly reliant on a few stocks.

	QTD TOTAL RETURN		1 YEAR TOTAL RETURN	
	(unhedged)	(hedged)	(unhedged)	(hedged)
U.S. Large Cap (S&P 500)	2.3%		15.7%	
U.S. Small Cap (Russell 2000)	-7.2%		16.2%	
U.S. Equity (Russell 3000)	1.4%		15.1%	
U.S. Large Value (Russell 1000 Value)	2.6%		23.8%	
U.S. Large Growth (Russell 1000 Growth)	0.9%		7.5%	
Global Equity (MSCI ACWI)	1.6%	1.3%	16.8%	18.4%
International Large (MSCI EAFE)	0.8%	1.1%	15.7%	21.9%
Eurozone (EURO STOXX 50)	-1.3%	-0.3%	12.0%	18.3%
U.K. (FTSE 100)	1.9%	1.9%	15.5%	17.2%
Japan (TOPIX)	7.3%	4.6%	25.8%	38.0%
Canada (S&P/TSX)	1.4%	2.0%	16.8%	21.4%
Emerging Markets (MSCI Emerging Markets)	-0.4%	-3.0%	29.2%	30.8%

***Source**: Standard & Poor's, FTSE, MSCI, STOXX, JPX, as of 9/30/26 – performance quoted from perspective of U.S. dollar investor*

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Domestic Equity

U.S. equities gained a moderate +2.3% during the quarter (S&P 500), leading other global markets. This included a dip in September as Treasury yields moved materially higher, though equities seem rather unfazed so far by the jump in interest rates. Energy and Tech stocks fared the best during the quarter, while certain value-centric sectors such as Materials, Industrials, and Utilities saw notable losses.

Year-over-year Q2 S&P 500 earnings growth achieved an incredible +52.2% growth rate, exceeding initial expectations of +23.1% (FactSet, as of October 7th). Mega-cap names fueled most of this growth with AI chip and hardware demand continuing, profit margins expanding, and private AI companies showing massive valuation gains which benefited public companies with private investments (such as Amazon's gains from Anthropic). Full-year 2026 corporate earnings are projected to grow an incredible +32% (according to FactSet average analyst expectations, as of October 7th). It is important to note that index earnings growth forecasts are solid even excluding AI-specific companies. Five of eleven S&P 500 sectors are expected to deliver more than 30% year-over-year earnings growth in 2026, and nine of eleven sectors are expected to deliver 10% or more earnings growth.

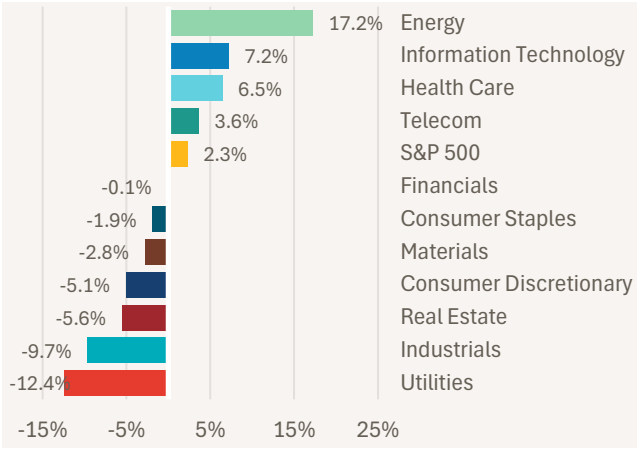
› U.S. equities gained a moderate +2.3% return in Q3, showing resilience as interest rates moved higher

S&P 500 PRICE INDEX



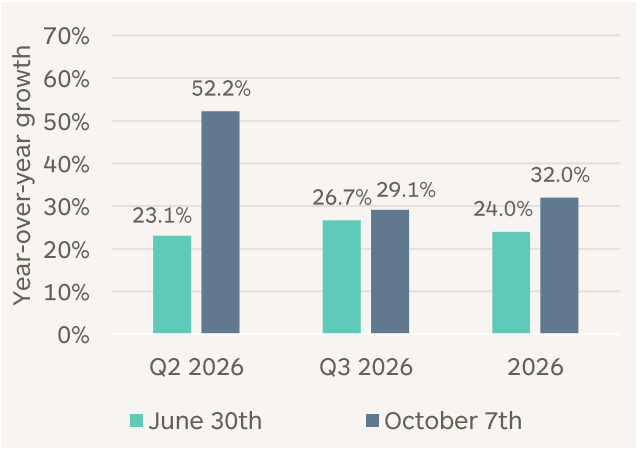
***Source**: Standard & Poor's, as of 9/30/26*

Q3 SECTOR PERFORMANCE



***Source**: Bloomberg, as of 9/30/26*

S&P 500 EARNINGS FORECASTS (YOY)



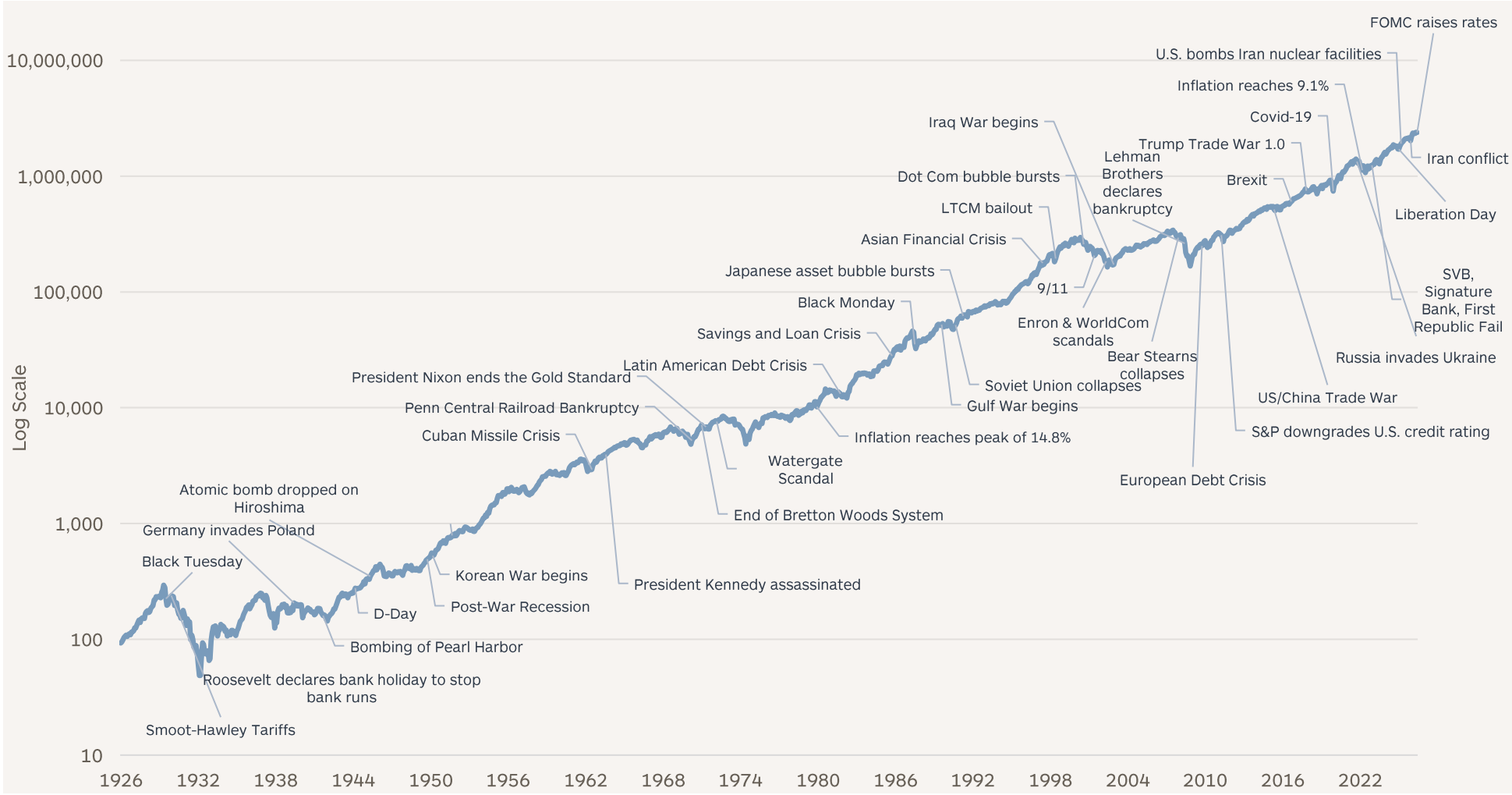
***Source**: FactSet, CPIC, as of 10/7/26*

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Climbing the Wall of Worry

It feels steep now, but it's been steep many times before.

U.S. LARGE CAP STOCKS CUMULATIVE TOTAL RETURN, LOG SCALE



***Source**: SBBI, FactSet, Cerity Partners, as of 9/30/26*
Ibbotson SBBI US Large Stock index from 12/31/1925 to 12/31/2024, S&P 500 index from 1/1/2025 through 9/30/26

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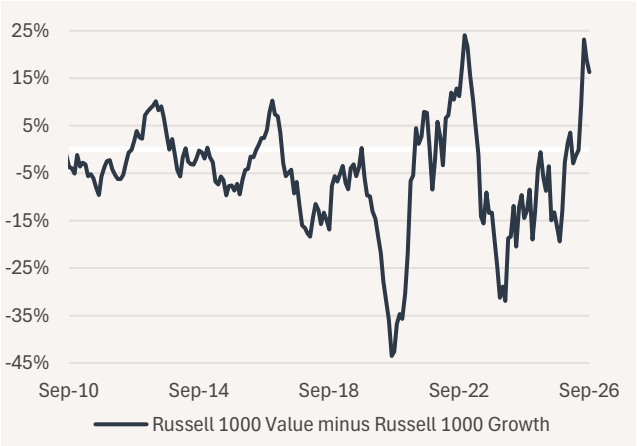
Domestic Equity Size & Style

During Q3, small caps suffered large losses of -7.2%, underperforming large caps by more than 9%. This drawdown meant small caps have given back much of their recent run, now up only +1% year-to-date relative to large caps. While small caps likely benefited initially in 2026 from strength in the domestic economy, a global low-quality stock rally, and valuation improvement, rising bond yields now seem to have ignited a sentiment shift to the downside. Value stocks also suffered during the past month, but over the quarter outperformed growth stocks by +1.7% and have outperformed by a substantial +13% year-to-date. Success of the value factor has been partly driven by value stocks seeing material improvements in their multiples (price-to-earnings) relative to growth stocks.

We continue to believe that short-term timing of style factors such as value vs. growth or small cap vs. large cap is extremely hard, and that most investors should instead stick with their long-term asset allocation with regard to these exposures. Occasionally an attractive opportunity may arise to tactically make an investment in a style factor, though clear opportunities to do this tend to be rare. In our view, market conditions today do not suggest such an obvious opportunity across either value or small caps.

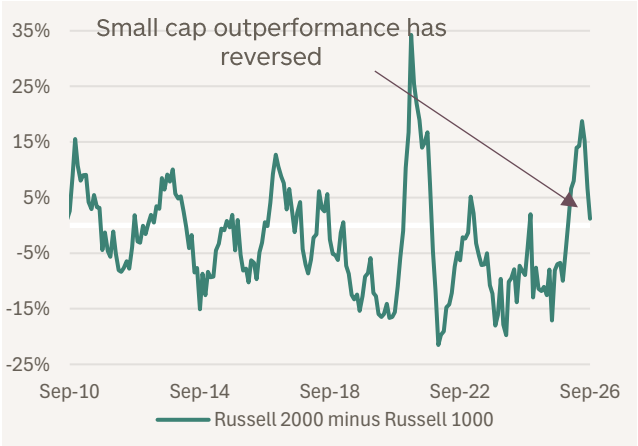
› Small caps suffered large losses during the quarter, unwinding most gains that had been achieved relative to large caps in 2026

VALUE VS. GROWTH 1-YR ROLLING RELATIVE PERFORMANCE



***Source**: FTSE, as of 9/30/26*

SMALL VS. LARGE 1-YR ROLLING RELATIVE PERFORMANCE



***Source**: FTSE Russell, as of 9/30/26*

1-YEAR SIZE & STYLE PERFORMANCE

	Value	Core	Growth
Large Cap	23.8%	15.0%	7.5%
Mid Cap	16.9%	12.0%	-2.7%
Small Cap	20.8%	16.2%	12.1%

***Source**: Bloomberg, as of 9/30/26*

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International Developed Equity

International developed equity markets overall were relatively flat, up just +0.8% during Q3 (MSCI EAFE). Within the index, country performance ranged from strong (Japan's TOPIX +7.3%) to negative (Eurozone's Euro Stoxx 50 Index -1.3%). The weaker performance of international developed markets has brought index performance in line with the United States over the past full year (S&P 500 +15.7%, MSCI EAFE +15.7%) on a U.S. dollar basis.

Japan's market has been a top performer year-to-date. The Takaichi government's expansionary fiscal policies seem to be helping the economy forward, domestic AI-related businesses have seen strong tailwinds from the global artificial intelligence buildout, corporate capital expenditures have been rising, and worker real wages are gaining at a solid pace. However, conflict in the Middle East poses notable risks to Japan as the country imports nearly all of its oil and gas. Also, the country's very high government debt load has raised concerns especially in the new environment of loosened national fiscal spending. The country's export-reliant economy will likely experience some ongoing drag from higher tariffs and mercantilist behavior of trading partners.

INTERNATIONAL DEVELOPED EQUITY



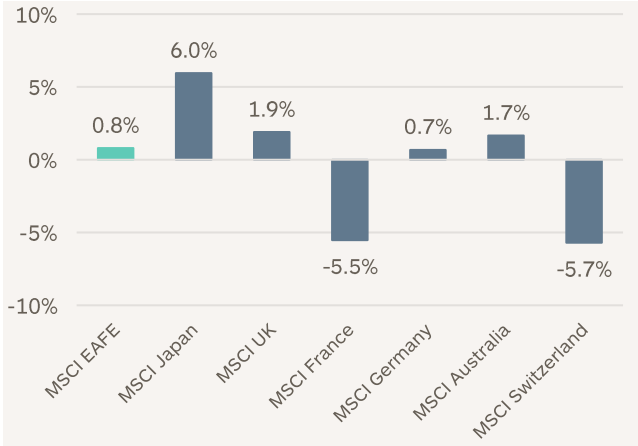
***Source**: MSCI, as of 9/30/26*

CUMULATIVE PERFORMANCE (10 YEARS)



***Source**: CPIC, as of 9/30/26*

Q3 REGIONAL RETURNS



***Source**: MSCI, as of 6/30/26*

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Emerging Market Equity

Emerging market equities showed a flat third quarter (MSCI EM -0.4%). The Asian region took a breath with a slight loss, following sky-high returns from semiconductor and memory names earlier in the year. The incredible performance of Taiwanese stocks alongside the AI trend has led Taiwan to a 29% weight in the MSCI Emerging Markets Index. This compares to China's 19%, as of September 30th. In contrast, looking back to 2022 China was roughly double the size of the Taiwan market (32% vs. 16%).

Investors concerned about index concentration in the United States may wish to pay close attention in emerging markets, given Taiwan Semiconductor made up 54% of the total Taiwanese index (MSCI Taiwan) as of September 30th and is a 15% weight in the MSCI Emerging Markets Index. In the Korean market, Samsung and SK Hynix together make up 62% of the index (MSCI Korea), and 13% of the overall MSCI Emerging Market Index. The near-term performance of emerging markets has become highly reliant on a small handful of AI-related stocks - even more so than that of the S&P 500, which holds a more balanced set of mega-cap stocks focused on e-commerce, consumer products, software, as well as AI-related names.

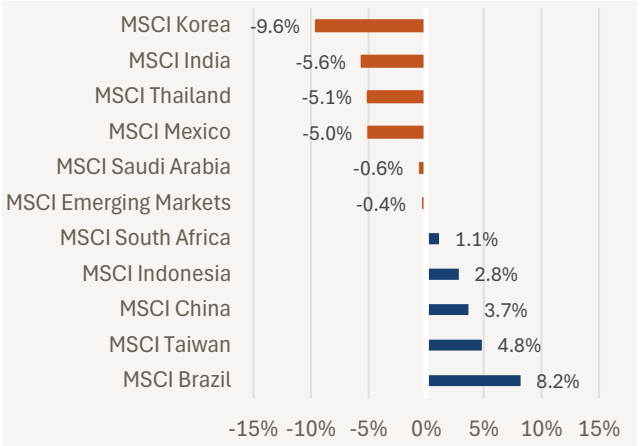
- EM performance was flat during Q3
- High index concentration means behavior has become more reliant on a few mega-cap firms

EMERGING MARKET EQUITY



***Source**: MSCI, as of 9/30/26*

MSCI EM 2026 Q3 COUNTRY RETURNS (USD)



***Source:** Bloomberg, CPIC, as of 9/30/26*

CHINA PAIN



***Source:** MSCI, CPIC, as of 9/30/26*

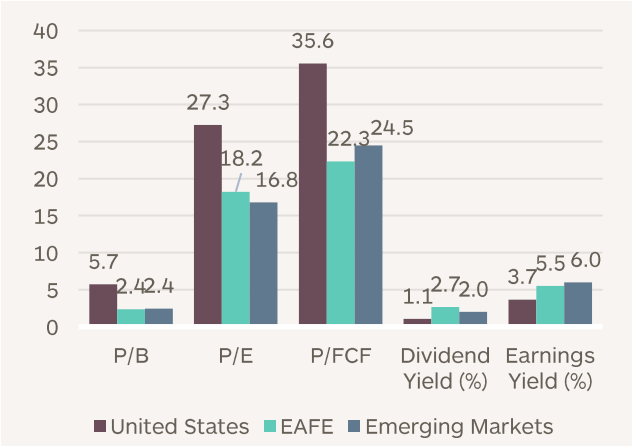
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Equity Valuations

U.S. equity forward P/E multiples continued to fall as impressive earnings growth and earnings forecasts outpaced price gains, bringing valuations closer to the 30-year historical average. Valuations *within* the index have also converged in certain respects, as the largest 10 stocks are only mildly more expensive than the remaining 490 companies, despite these businesses likely offering higher future growth rates. Contrary to what some investors might assume, it is not just the AI hyperscaler companies that are directly fueling the high growth of the S&P 500 – more traditional sectors helping with large infrastructure buildouts are also benefiting dramatically, and other business sectors unrelated to AI are showing positive earnings growth. Five of eleven sectors are expected to achieve earnings growth greater than +30% in 2026 (Energy, Communication Services, Info Tech, Materials, and Consumer Discretionary).

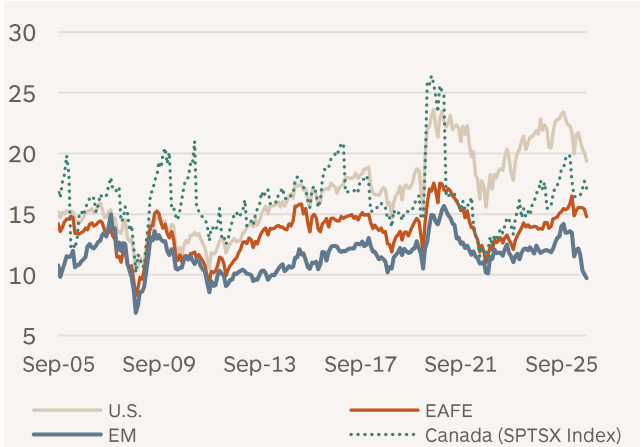
The Magnificent 7 stocks of the S&P 500 have performed exactly in line with the rest of the index year-to-date. However, we believe investors who are considering reducing (or even removing) their exposure to these largest stocks in the index should consider the risky nature of that bet, given the phenomenal returns and high growth these businesses have displayed over the past decade.

MSCI VALUATION METRICS (3-MONTH AVG)



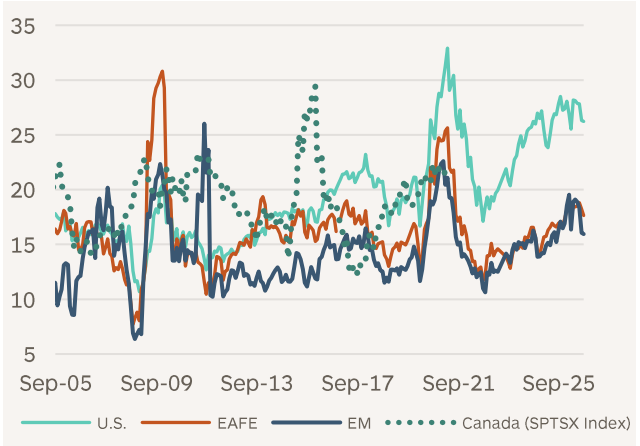
***Source**: CPIC, MSCI, as of 9/30/26 – price metrics are trailing*

FORWARD P/E



***Source**: MSCI, Canada shown as S&P/TSX, as of 9/30/26*

TRAILING P/E



***Source**: MSCI, Canada shown as S&P/TSX, as of 9/30/26*

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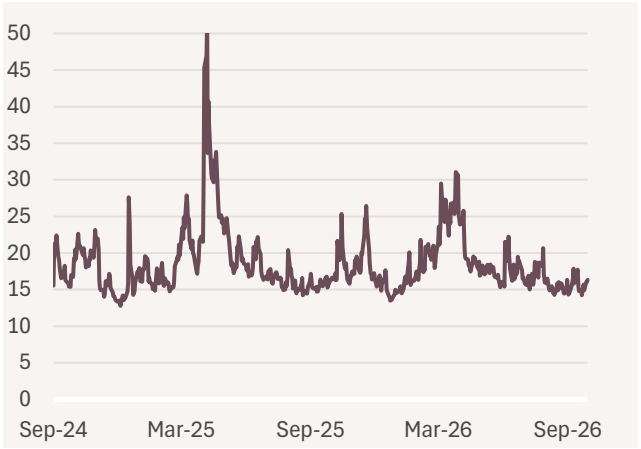
Market Volatility

Market-priced volatility (Cboe VIX Index) remained subdued during Q3. However, individual stocks within the index have shown elevated variability recently, despite overall index movement being calm. This has been possible because the correlation of stocks within the index is very low (individual stocks are showing higher volatility but are less correlated to one another, resulting in muted overall index risk).

Bond market volatility spiked later in Q3 alongside the rise in U.S. Treasury yields, as proxied by the ICE BofA MOVE Index. This index measures the market's expectations of future Treasury volatility implied by derivative contracts. The MOVE Index often is higher during times of uncertainty around Federal Reserve actions and the economic conditions that may impact those actions. Lack of clarity surrounding the Strait of Hormuz and the direction of energy prices, along with the effects on inflation, is likely a guiding force in the current environment.

The U.S.–Iran conflict has caused a historic disruption to energy supplies. A clear resolution is not obvious, but the situation appears less dire than in recent months. Reportedly, oil exports out of the Middle East have reached prewar levels, as Saudi Arabia uses its East-West pipeline, covert shuttle services are being used in safe channels, the U.S. Navy has been directly escorting ships, and Iran's ability to attack has been hampered. Global energy markets may continue to function despite ongoing conflict. This easing of risk seems to be reflected in the Caldara and Iacoviello Geopolitical Risk Index, which has fallen closer toward the long-term average.

U.S. IMPLIED VOLATILITY (VIX)



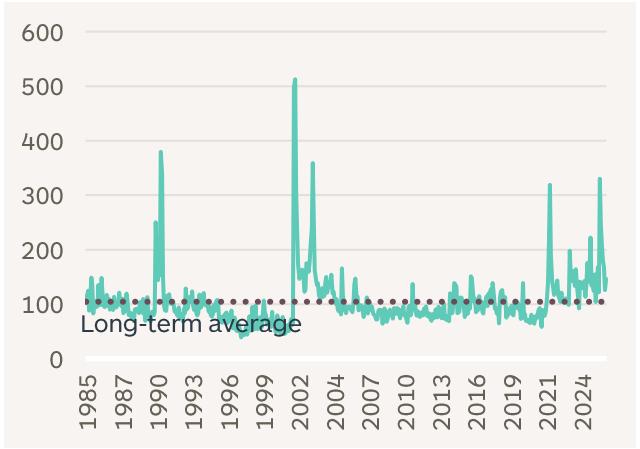
***Source**: Cboe, as of 9/30/26*

U.S. TREASURY IMPLIED VOL ("MOVE" INDEX)



***Source**: CPIC, BofA, as of 9/30/26*

GEOPOLITICAL RISK INDEX

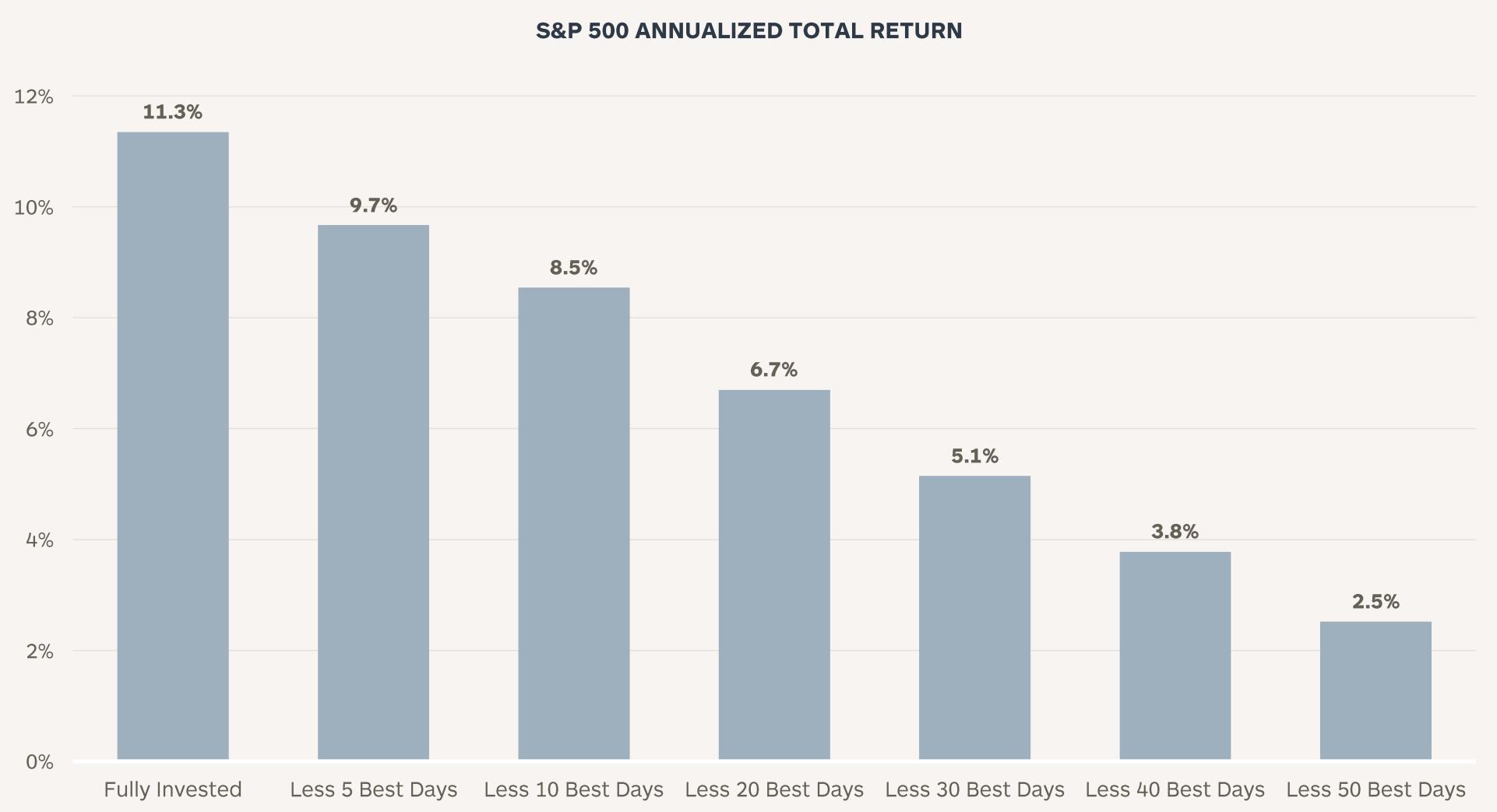


***Source**: Caldara & Iacoviello GPR Index is based on the number of articles relating to adverse geopolitical events in each newspaper for each month as a share of total news stories. As of September 2026*

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Despite risks on the horizon, trying to time markets can be costly

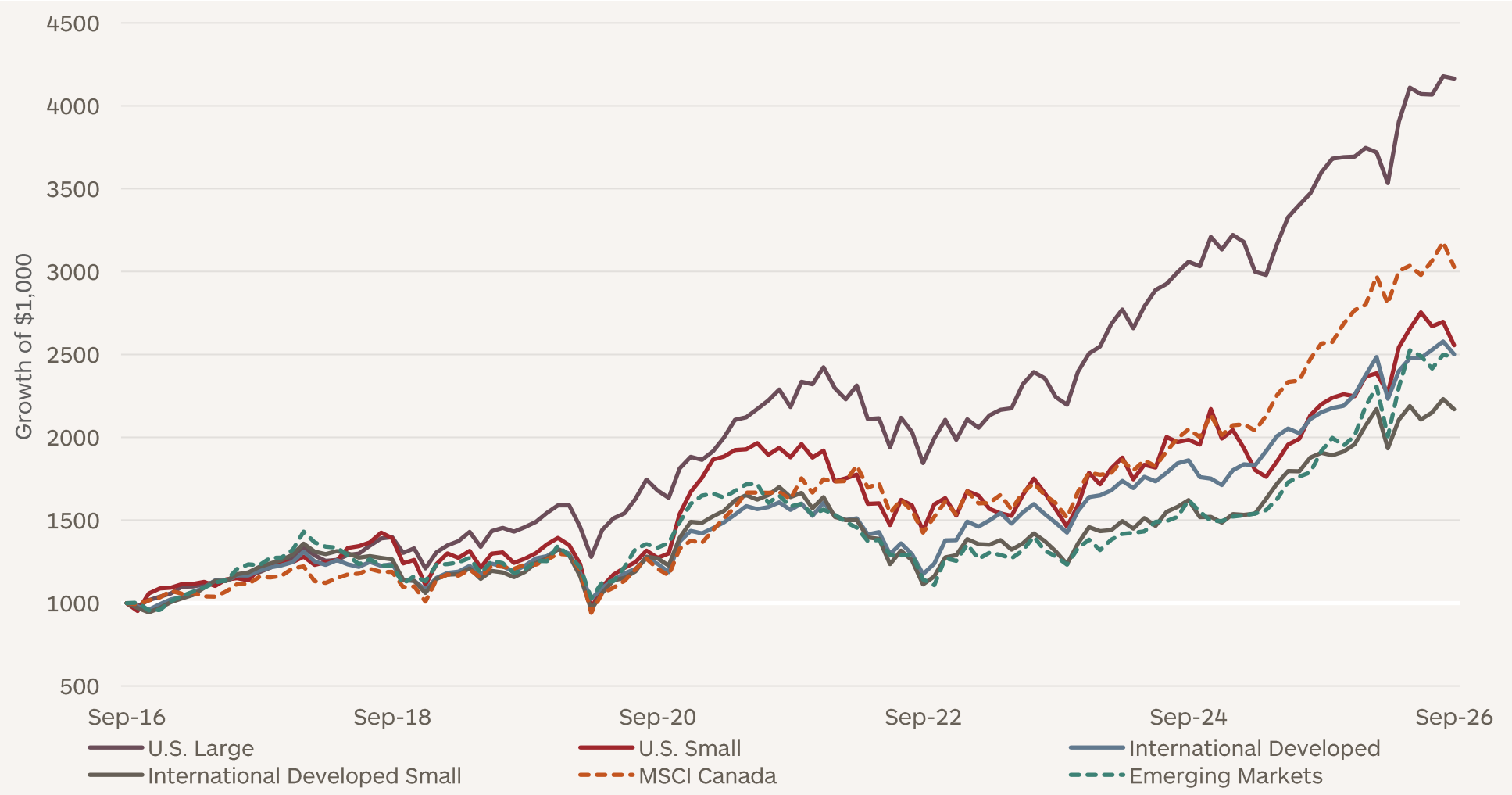
Missing just a few of the best days can do serious damage to long-term returns



***Source**: Cerity Partners, FactSet, 1/1/95 – 10/9/26*

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Long-Term Equity Performance



***Source**: Standard & Poor's, FTSE, MSCI, CPIC, as of 9/30/26*

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Other Assets

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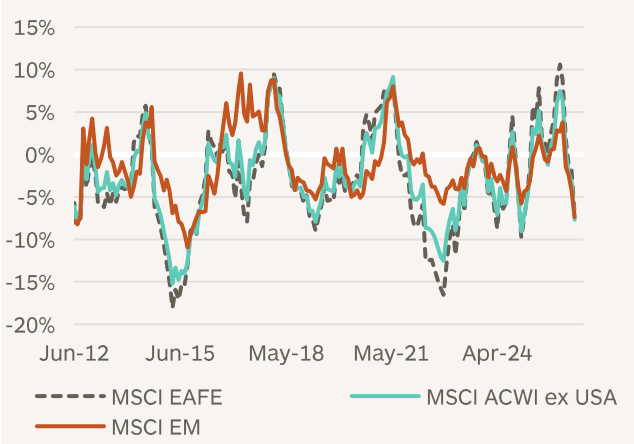
Currency

The U.S. dollar was unchanged in Q3, despite substantial changes in Federal Reserve behavior, ongoing inflation risks, and fears around the fiscal path of the country. It could be argued that domestic currency stability has been possible because most developed economies face similar macroeconomic pressures (inflation fueled by the Strait of Hormuz closure and resulting central bank hawkishness) which results in less pressure on any individual currency.

In contrast, dollar moves were large over the past full year, and investors with unhedged exposure to foreign currencies experienced losses. A U.S. investor with unhedged investment in Japanese equities lost -12.2% of their total portfolio value due to large fluctuations in the yen (performance difference between currency hedged TOPIX Index exposure and unhedged TOPIX exposure). A U.S. investor with unhedged international developed equity exposure (MSCI EAFE Index) would have lost -6.2% of their portfolio value due to currency moves.

A more deliberate approach to currency exposure has delivered both lower volatility and higher long-term returns, a rare combination. It reduces the uncompensated risk of unhedged foreign currency and, in its place, makes a passive allocation to the currency market by favoring higher-yielding, undervalued, and positively trending currencies. Represented by the MSCI Currency Factor Mix Index, this approach has generated positive one-year rolling returns across most periods with far lower volatility than an unhedged stance. The benefit was on display over the past year: an unhedged U.S. investor in international developed equities (MSCI EAFE) lost -4.5% to currency amid considerable volatility, while the MSCI Currency Factor Mix Index gained +2.5%.

EFFECT OF CURRENCY (1-YEAR ROLLING)



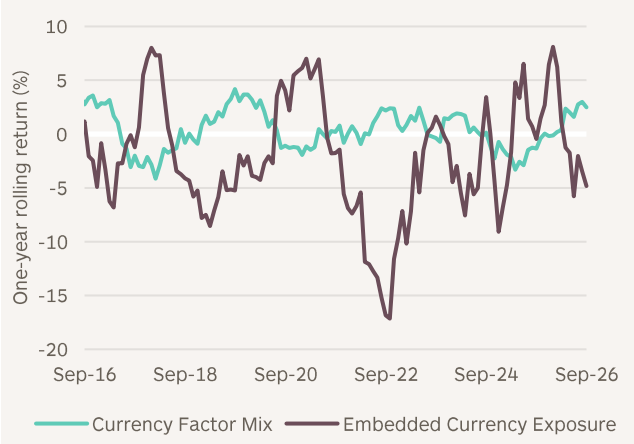
***Source**: MSCI, CPIC, as of 9/30/26*

U.S. DOLLAR MAJOR CURRENCY INDEX



***Source**: ICE, as of 9/30/26*

EMBEDDED CURRENCY VS CURRENCY FACTORS



***Source**: MSCI, CPIC, as of 9/30/26*

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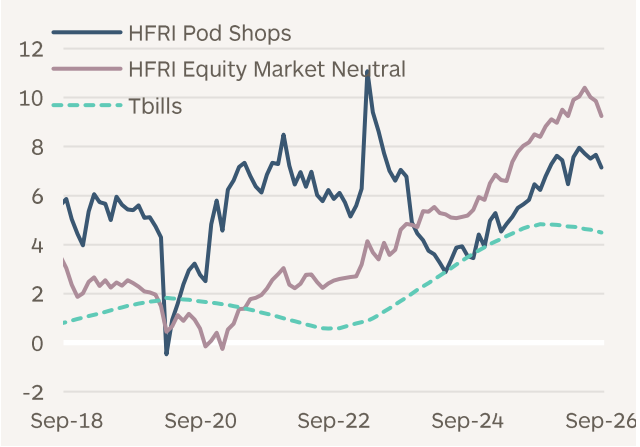
Hedge Funds

Multi-manager platforms ("pod shops") and quant equity market neutral strategies hedge market and factor risk but need leverage to reach attractive returns. Rates have stayed above 3.5% since November 2022, yet neither group's average returns have suffered. Quant equity market neutral 3-year returns were recently the highest in nearly 25 years, the last time rates held above 3.5% that long. Prudently managed short portfolios offset most of the implicit cost of leveraged long exposure, so we believe the opportunity set may be more robust at higher rates.

Macro funds led in Q3, returning +5.6% (+12.2% YTD) while the HFRI composite fell -0.3%. Equity long/short (-2.2%) and credit (-0.9%) both lost money in the quarter. As equity markets stagnated, bond and credit markets declined meaningfully, leading to a broad pullback among more directionally focused hedge fund strategies focused on equity and credit. Macro fund performance was driven by strong returns from systematic strategies (such as Trend) and volatility in global rate markets.

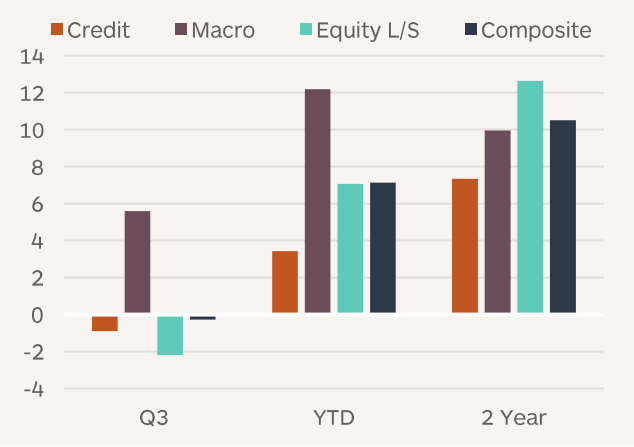
In a small corner of the hedge fund industry, reinsurance funds have been making a comeback. Very consistently one of the most cyclical strategies out there, insurance-linked fund returns are driven by capital availability for natural disaster insurance. As capital flees following periods of heightened losses, rates and expected returns recover. As interest rates rise, so does the gain on the parked cash collateral.

3-YEAR RETURNS OF LEVERED MARKET NEUTRAL FUNDS



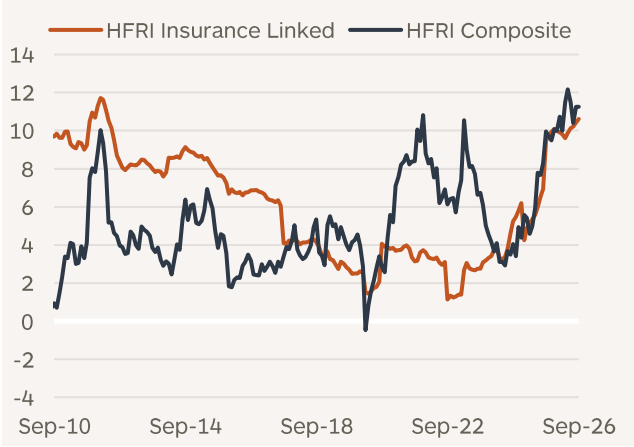
***Source**: MPI, HFR*

MACRO CONVEXITY SHINES IN Q3



***Source**: MPI, HFR*

3-YEAR RETURNS OF REINSURANCE FUNDS



***Source**: MPI, HFR*

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Appendix

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Periodic Table of Returns

BEST

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	YTD	5-Year	10-Year
Commodities	32.1%	39.4%	5.2%	78.5%	29.1%	11.8%	18.2%	43.3%	13.5%	13.5%	31.7%	37.3%	6.7%	36.4%	38.5%	28.3%	16.1%	42.7%	33.4%	33.6%	32.9%	13.7%	18.1%
Emerging Markets Equity	26.3%	16.2%	1.8%	37.2%	26.9%	7.8%	18.1%	38.8%	13.2%	5.7%	21.3%	30.2%	1.8%	31.4%	34.6%	27.6%	9.4%	26.5%	24.5%	31.2%	23.4%	13.0%	15.0%
Large Cap Value	23.5%	15.8%	-6.5%	34.5%	24.5%	2.6%	17.5%	34.5%	13.0%	0.9%	17.3%	25.0%	0.0%	28.5%	21.0%	27.1%	1.5%	18.7%	15.2%	18.6%	19.3%	11.9%	11.4%
Small Cap Value	22.2%	11.8%	-21.4%	31.8%	18.9%	1.5%	17.3%	33.5%	12.0%	0.5%	12.1%	22.2%	-1.5%	26.5%	20.0%	26.5%	-5.6%	18.2%	14.4%	17.4%	17.0%	11.3%	9.9%
Small Cap Equity	18.4%	11.2%	-23.4%	28.4%	16.8%	0.4%	16.4%	33.1%	6.0%	0.0%	11.8%	21.7%	-4.0%	25.5%	18.3%	25.2%	-7.5%	16.9%	11.5%	16.7%	13.7%	9.3%	9.8%
Large Cap Equity	15.5%	10.8%	-28.9%	27.2%	16.7%	0.1%	16.4%	32.5%	5.6%	-0.3%	11.3%	17.3%	-4.8%	22.4%	13.4%	17.4%	-13.0%	15.6%	9.8%	15.9%	12.3%	8.9%	9.4%
Small Cap Growth	15.2%	10.3%	-33.8%	23.5%	16.1%	-2.2%	15.3%	22.8%	4.9%	-0.8%	11.2%	14.6%	-6.1%	22.0%	10.9%	14.8%	-14.5%	14.6%	9.2%	15.8%	10.7%	7.8%	9.1%
International Equity	13.3%	7.0%	-35.6%	20.6%	15.5%	-2.9%	14.6%	12.6%	4.2%	-1.4%	7.1%	13.7%	-8.3%	18.7%	7.8%	11.3%	-14.5%	11.5%	8.1%	13.0%	10.3%	6.3%	9.1%
Hedge Funds of Funds	11.6%	7.0%	-36.8%	19.7%	13.1%	-4.2%	11.4%	11.1%	3.4%	-2.7%	6.2%	7.8%	-9.3%	18.4%	7.5%	9.2%	-17.5%	9.8%	7.5%	12.8%	7.2%	6.2%	7.8%
60/40 Global Portfolio	9.1%	5.8%	-37.6%	18.9%	9.8%	-5.2%	10.8%	9.0%	2.7%	-3.8%	5.6%	6.8%	-11.0%	8.7%	4.6%	6.2%	-19.1%	5.5%	5.4%	12.6%	6.8%	5.4%	7.4%
Large Cap Growth	8.5%	4.8%	-38.4%	11.5%	7.8%	-5.5%	4.8%	0.0%	0.0%	-4.4%	2.6%	5.2%	-11.2%	8.4%	2.8%	2.8%	-20.1%	5.1%	5.3%	10.5%	6.3%	4.7%	5.6%
Cash	4.8%	-0.2%	-38.5%	5.9%	6.5%	-12.1%	4.2%	-2.0%	-2.2%	-7.5%	1.0%	3.5%	-12.9%	7.7%	1.8%	0.0%	-20.4%	3.9%	3.8%	7.3%	2.8%	3.8%	4.6%
Real Estate	4.3%	-1.6%	-43.4%	0.1%	5.7%	-13.3%	0.1%	-2.6%	-4.9%	-14.9%	0.3%	1.7%	-13.8%	6.4%	0.5%	-1.5%	-26.4%	-4.8%	1.3%	5.0%	2.5%	2.3%	2.4%
US Bonds	2.1%	-9.8%	-53.3%	-16.8%	0.1%	-18.4%	-1.1%	-9.5%	-17.0%	-24.7%	-0.4%	0.8%	-14.6%	2.2%	-3.1%	-2.5%	-29.1%	-7.9%	0.6%	4.3%	-2.9%	-0.6%	1.1%

WORST

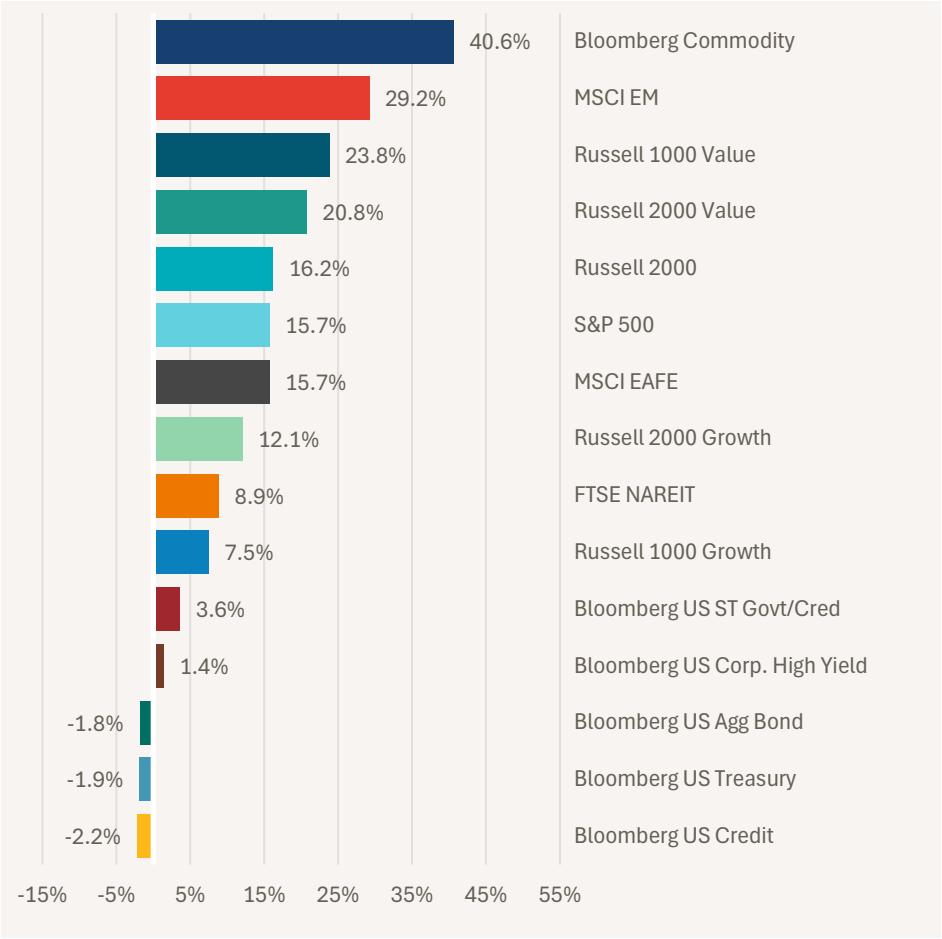
- Large Cap Equity
- Large Cap Value
- Large Cap Growth
- Small Cap Equity
- Small Cap Value
- Small Cap Growth
- International Equity
- Emerging Markets Equity
- US Bonds
- Cash
- Commodities
- Real Estate
- Hedge Funds of Funds
- 60% MSCI ACWI/40% Bloomberg Global Bond

***Source Data**: Bloomberg, Hedge Fund Research, Inc. (HFR), National Council of Real Estate Investment Fiduciaries (NCREIF). Indices used: Russell 1000, Russell 1000 Value, Russell 1000 Growth, Russell 2000, Russell 2000 Value, Russell 2000 Growth, MSCI EAFE, MSCI EM, Bloomberg US Aggregate, 90-Day T-Bills, Bloomberg Commodity, NCREIF Property, HFRI FOF, MSCI ACWI, Bloomberg Global Bond. NCREIF Property Index performance data as of 6/30/26.*

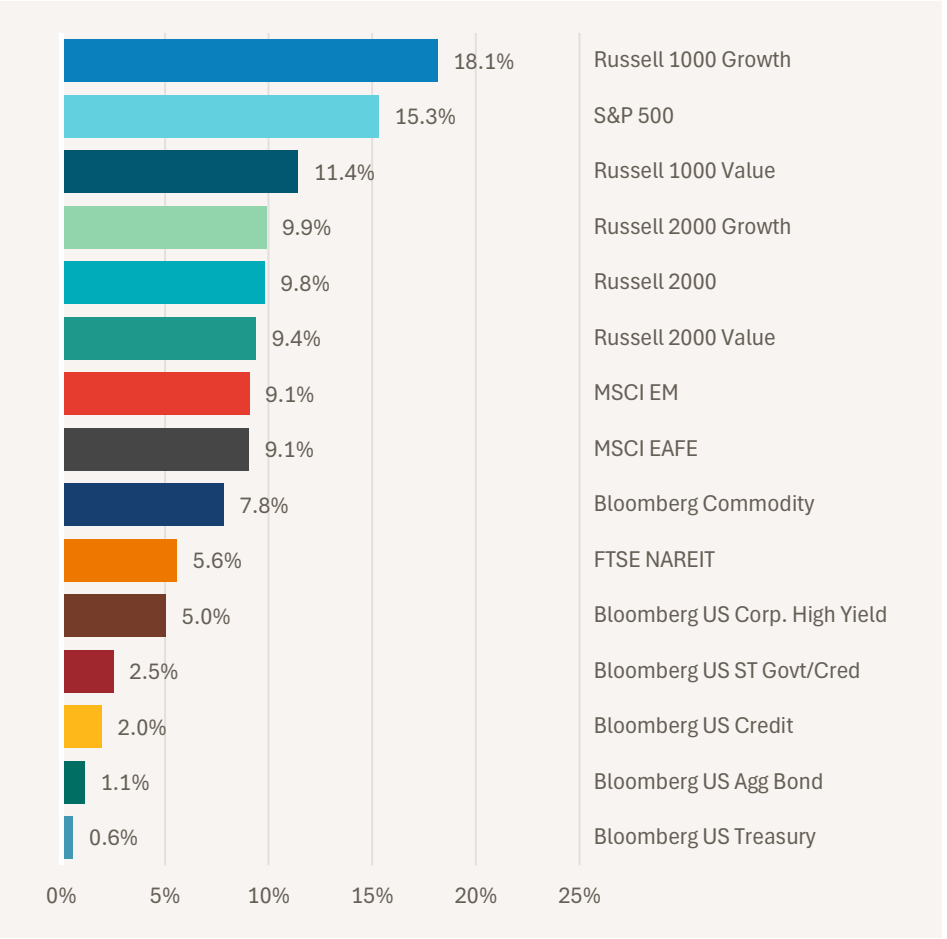
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Major Asset Class Returns

ONE YEAR ENDING SEPTEMBER



TEN YEARS ENDING SEPTEMBER



**Only publicly traded asset performance is shown here. Performance of private assets is typically released with a 3- to 6-month delay.*

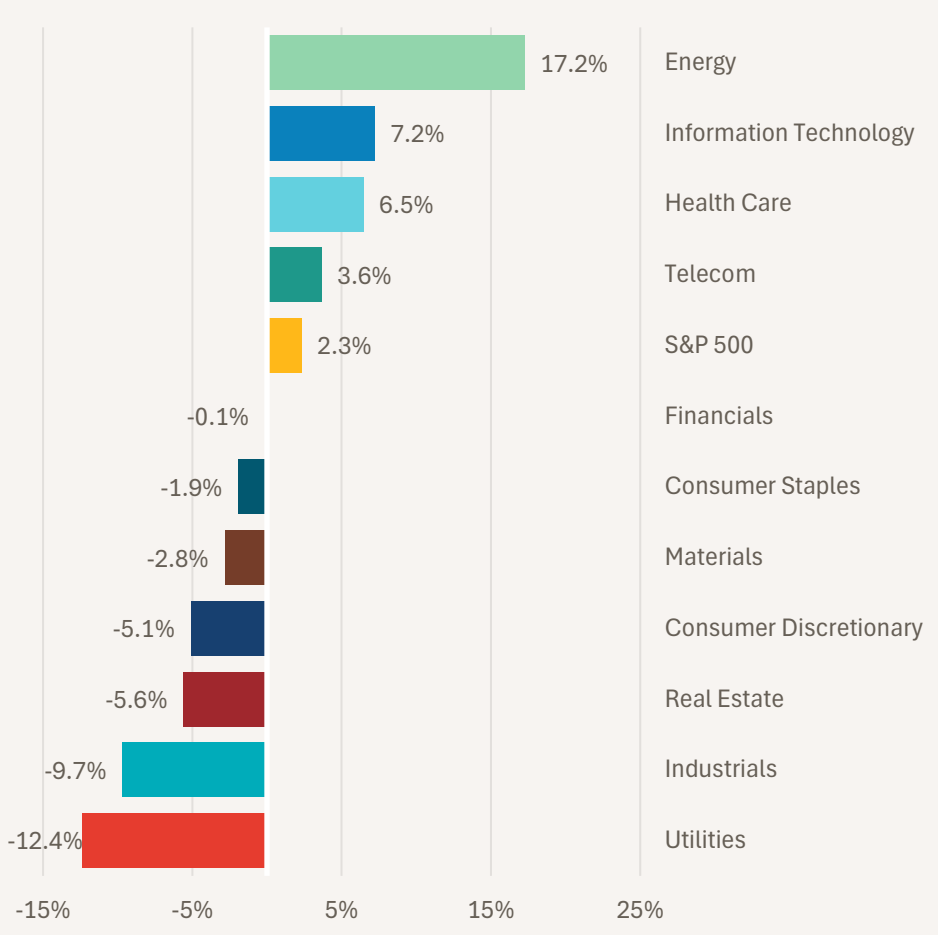
***Source**: Bloomberg, as of 9/30/26*

***Source**: Bloomberg, as of 9/30/26*

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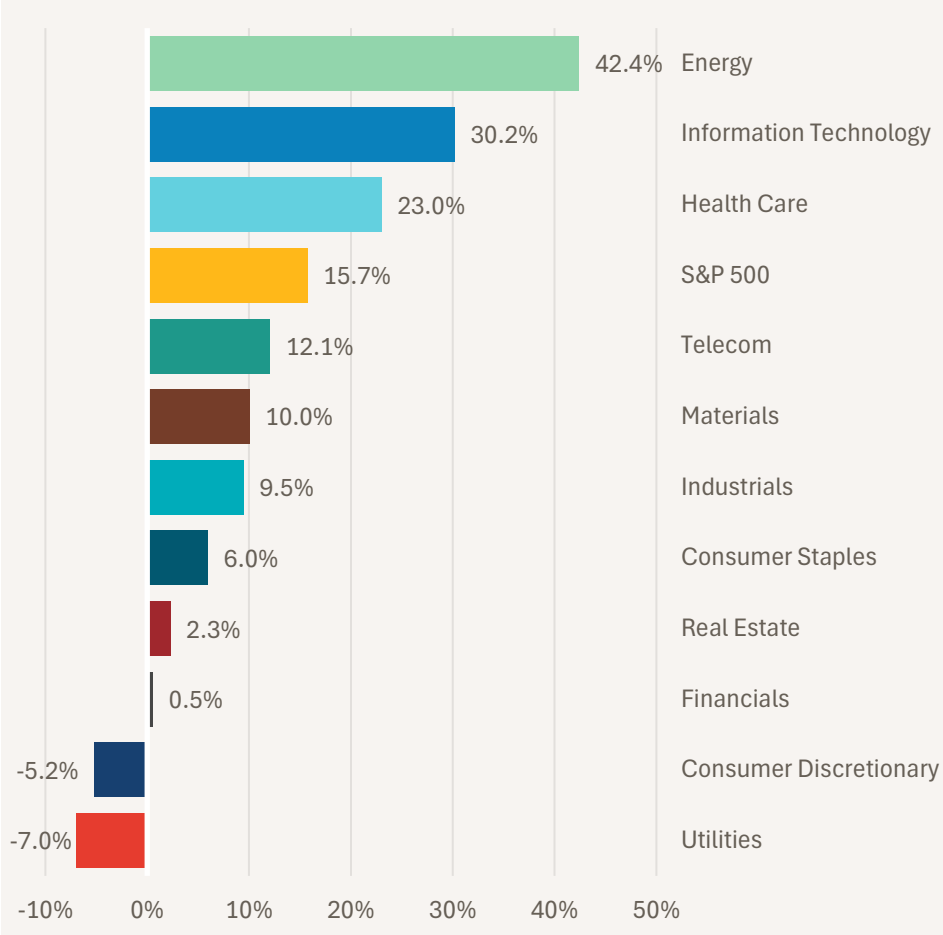
S&P 500 Sector Returns

QTD



***Source**: Bloomberg, as of 9/30/26*

ONE YEAR ENDING SEPTEMBER

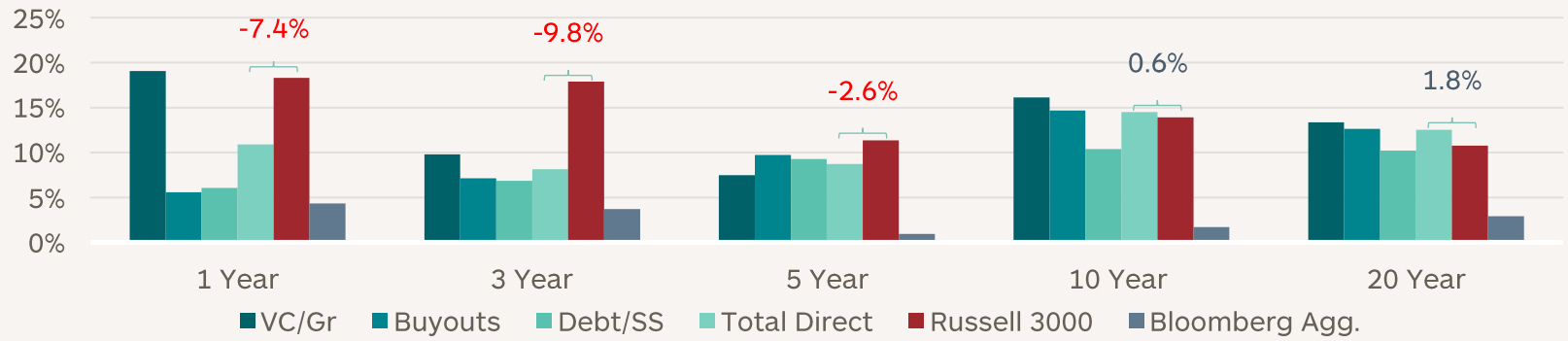


***Source**: Bloomberg, as of 9/30/26*

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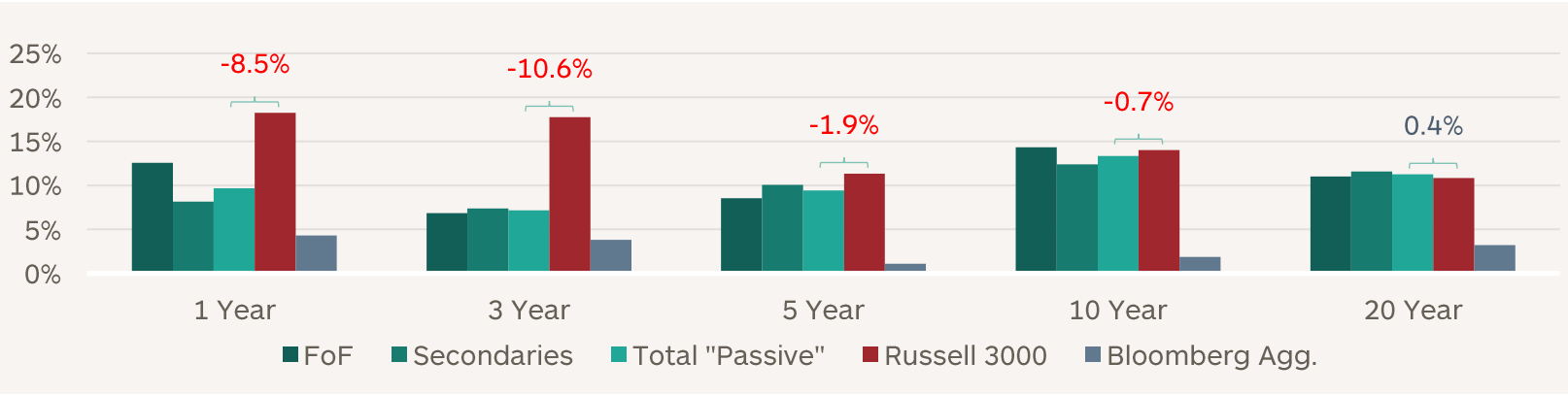
Private Equity vs. Traditional Assets Performance

DIRECT PRIVATE EQUITY AND CREDIT FUND INVESTMENTS



› Direct P.E. Fund Investments underperformed public equities in most recent time periods.

"PASSIVE" STRATEGIES



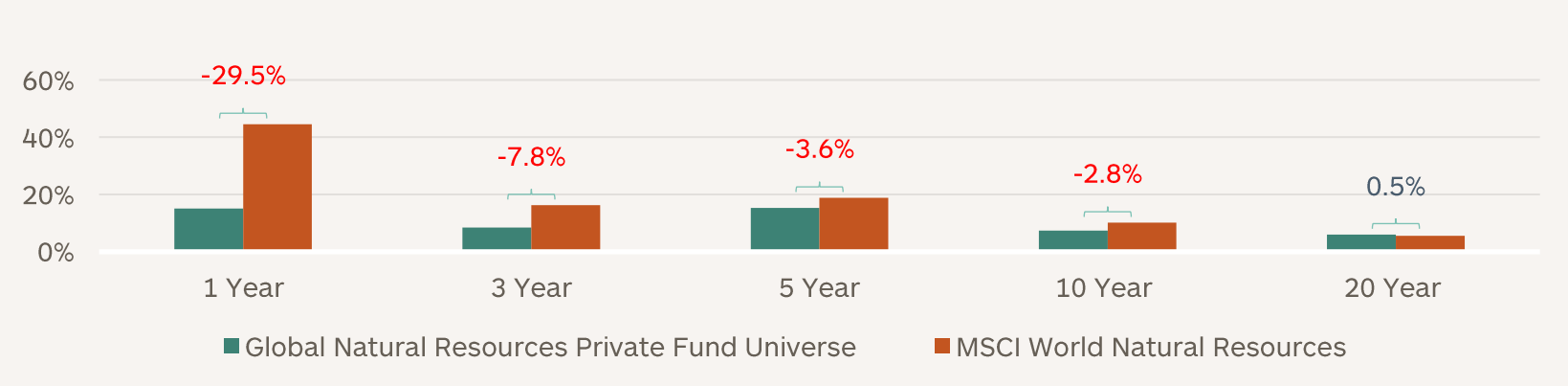
› "Passive" strategies have underperformed public equities in most time periods.

Sources: *FTSE PME: U.S. Direct Private Equity and "Passive" returns are as of March 31, 2026. Public Market Equivalent returns resulted from "Total Passive" and Total Direct's identical cash flows invested into and distributed from respective traditional asset comparable.*

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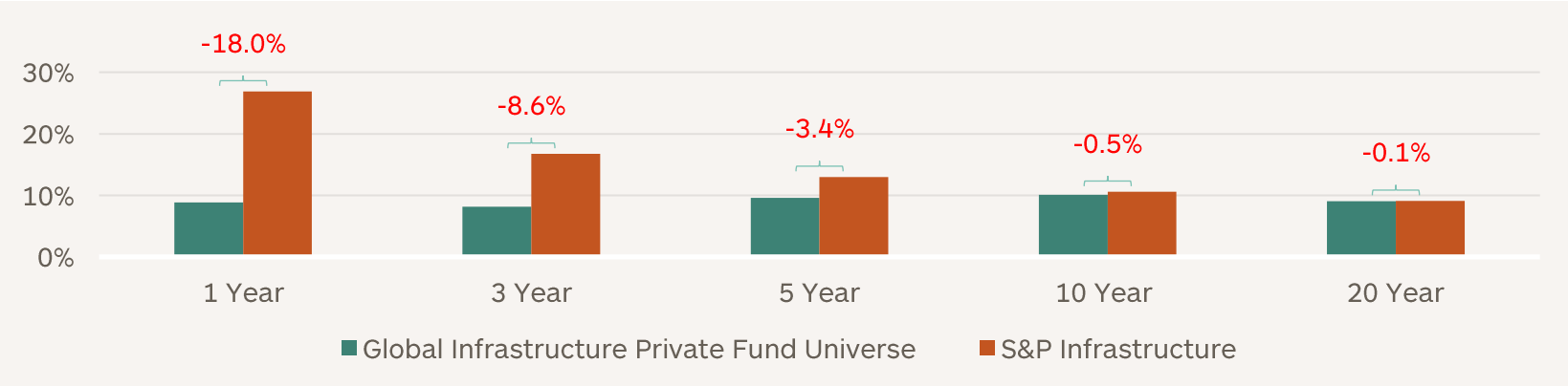
Private vs. Liquid Real Assets Performance

GLOBAL NATURAL RESOURCES FUNDS



› N.R. funds underperformed MSCI World Natural Resources across most time periods.

GLOBAL INFRASTRUCTURE FUNDS



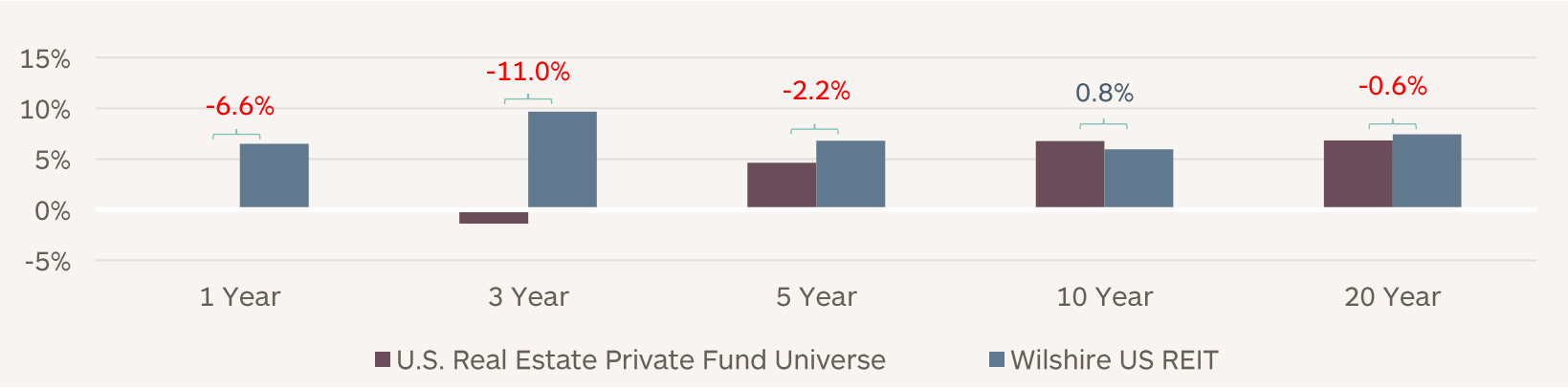
› Infra. funds underperformed S&P Infra. across all time periods.

***Sources**: FTSE PME: Global Natural Resources (vintage 1999 and later, inception of MSCI World Natural Resources benchmark) and Global Infrastructure (vintage 2002 and later, inception of S&P Infrastructure benchmark) universes as of March 31, 2026. Public Market Equivalent returns resulted from identical cash flows invested into and distributed from respective liquid real assets universes.*

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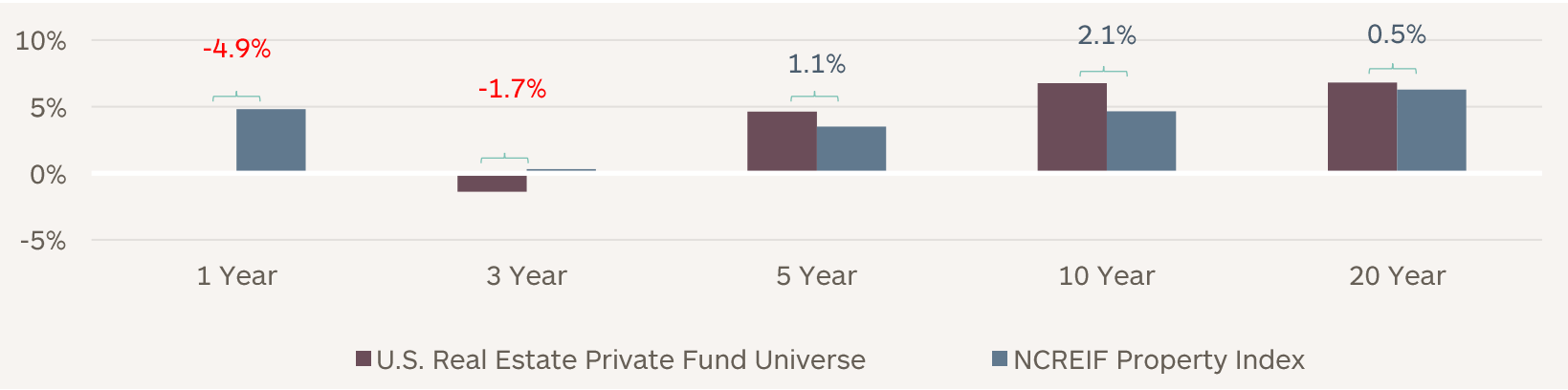
Private vs. Liquid and Core Real Estate Performance

U.S. PRIVATE REAL ESTATE FUNDS VS. LIQUID UNIVERSE



› U.S. Private R.E. funds underperformed the Wilshire U.S. REIT across most time periods.

U.S. PRIVATE REAL ESTATE FUNDS VS. CORE FUNDS



› U.S. Private R.E. Funds outperformed the NCREIF Property Index across most time periods.

***Sources**: FTSE PME: U.S. Real Estate universes as of March 31, 2026. Public Market Equivalent returns resulted from identical cash flows invested into and distributed from respective liquid real estate universes.*

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Detailed Index Performance

DOMESTIC EQUITY	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Index							
S&P 500	-0.3%	2.3%	12.7%	15.7%	22.8%	13.8%	15.3%
S&P 500 Equal Weighted	-4.8%	-1.9%	10.0%	11.6%	15.7%	8.8%	11.6%
DJ Industrial Average	-4.1%	-2.3%	7.2%	11.5%	17.0%	10.6%	13.1%
Russell Top 200	0.2%	3.0%	12.3%	15.7%	23.9%	14.5%	16.3%
Russell 1000	-0.6%	1.8%	12.3%	15.0%	22.4%	13.0%	15.0%
Russell 2000	-5.3%	-7.2%	13.7%	16.2%	17.7%	6.3%	9.8%
Russell 3000	-0.8%	1.4%	12.4%	15.1%	22.2%	12.6%	14.7%
Russell Mid Cap	-4.2%	-3.0%	11.8%	12.0%	17.2%	8.0%	11.2%
Style Index							
Russell 1000 Growth	2.2%	0.9%	6.3%	7.5%	24.2%	13.7%	18.1%
Russell 1000 Value	-3.1%	2.6%	19.3%	23.8%	20.0%	11.9%	11.4%
Russell 2000 Growth	-5.3%	-9.4%	10.7%	12.1%	17.5%	4.7%	9.9%
Russell 2000 Value	-5.2%	-4.9%	17.0%	20.8%	17.9%	7.8%	9.4%

INTERNATIONAL EQUITY	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Index							
MSCI ACWI	-1.1%	1.6%	13.0%	16.8%	21.7%	11.6%	12.4%
MSCI ACWI ex US	-2.4%	0.5%	14.2%	20.0%	20.5%	9.5%	9.2%
MSCI EAFE	-3.1%	0.8%	10.3%	15.7%	18.4%	9.3%	9.1%
MSCI EM	-0.6%	-0.4%	23.4%	29.2%	24.0%	8.9%	9.1%
MSCI EAFE Small Cap	-2.8%	2.9%	10.8%	13.7%	18.2%	5.8%	8.0%
Style Index							
MSCI EAFE Growth	-3.3%	-2.5%	6.4%	8.4%	13.9%	4.3%	7.8%
MSCI EAFE Value	-2.8%	4.3%	14.3%	23.3%	22.9%	14.3%	10.1%
Regional Index							
MSCI UK	-4.0%	1.9%	8.2%	15.8%	18.8%	12.5%	8.6%
MSCI Japan	1.5%	6.0%	22.7%	26.6%	21.4%	9.8%	9.6%
MSCI Euro	-4.1%	-2.7%	6.6%	12.1%	19.4%	10.2%	9.8%
MSCI EM Asia	-0.1%	-1.1%	26.8%	32.6%	26.0%	9.6%	10.1%
MSCI EM Latin America	-0.3%	3.9%	14.8%	24.2%	15.4%	13.0%	7.3%

***Source**: Bloomberg, HFRI, as of 9/30/26*

FIXED INCOME	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Index							
Bloomberg US TIPS	-2.6%	-3.2%	-2.1%	-2.0%	3.7%	0.0%	2.1%
Bloomberg US Treasury Bills	0.3%	0.9%	2.7%	3.8%	4.6%	3.7%	2.4%
Bloomberg US Agg Bond	-2.6%	-3.5%	-2.9%	-1.8%	4.0%	-0.6%	1.1%
Bloomberg US Universal	-2.6%	-3.4%	-2.6%	-1.5%	4.5%	-0.3%	1.5%
Duration							
Bloomberg US Treasury 1-3 Yr	-0.6%	-0.2%	0.5%	1.6%	4.1%	1.9%	1.7%
Bloomberg US Treasury 20+ Yr	-5.3%	-8.9%	-8.3%	-8.8%	0.0%	-8.4%	-2.7%
Bloomberg US Treasury	-2.2%	-3.0%	-2.8%	-1.9%	3.2%	-1.0%	0.6%
Issuer							
Bloomberg US MBS	-3.4%	-4.3%	-3.3%	-1.7%	4.5%	-0.4%	0.9%
Bloomberg US Corp. High Yield	-2.5%	-1.8%	0.1%	1.4%	8.0%	3.6%	5.0%
Bloomberg US ST Govt/Cred	0.2%	0.9%	2.6%	3.6%	4.6%	3.6%	2.5%
Bloomberg US Credit	-2.7%	-3.8%	-3.0%	-2.2%	4.9%	-0.4%	2.0%

OTHER	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Index							
Bloomberg Commodity	0.6%	16.2%	32.9%	40.6%	15.6%	11.3%	7.8%
FTSE NAREIT Equity REITS	-5.3%	-6.1%	10.6%	8.9%	12.8%	4.4%	5.6%
Morningstar LSTA US LL	0.2%	1.9%	3.3%	4.5%	7.0%	6.2%	5.4%
S&P Global Infrastructure	-5.4%	-7.4%	1.9%	4.3%	16.8%	9.9%	7.9%
Alerian MLP Infrastructure	-7.5%	2.8%	21.5%	25.3%	19.7%	22.2%	8.7%
Emerging Market Debt							
JPM EMBI Global Div	-3.3%	-3.9%	-0.7%	2.6%	9.7%	1.9%	2.9%
JPM GBI-EM Global Div	-2.1%	-0.9%	0.6%	3.9%	8.1%	2.6%	2.3%
Hedge Funds							
HFRI Composite	-0.7%	-0.3%	7.1%	10.0%	11.2%	6.6%	6.9%
HFRI FOF Composite	-0.4%	-1.7%	6.8%	10.1%	9.9%	5.4%	5.6%
Currency (Spot vs. USD)							
Euro	-2.5%	-0.8%	-3.5%	-3.4%	2.3%	-0.4%	0.1%
Pound Sterling	-2.1%	0.0%	-1.6%	-1.3%	2.8%	-0.3%	0.2%
Yen	1.5%	3.3%	-0.4%	-6.0%	-1.7%	-6.7%	-4.3%

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Definitions

Bloomberg US Weekly Consumer Comfort Index - tracks the public's economic attitudes each week, providing a high-frequency read on consumer sentiment. The index, based on cell and landline telephone interviews with a random, representative national sample of U.S. adults, tracks Americans' ratings of the national economy, their personal finances and the buying climate on a weekly basis, with views of the economy's direction measured separately each month. (www.langerresearch.com)

University of Michigan Consumer Sentiment Index - A survey of consumer attitudes concerning both the present situation as well as expectations regarding economic conditions conducted by the University of Michigan. For the preliminary release approximately three hundred consumers are surveyed while five hundred are interviewed for the final figure. The level of consumer sentiment is related to the strength of consumer spending. (www.Bloomberg.com)

NFIB Small Business Outlook - Small Business Economic Trends (SBET) is a monthly assessment of the U.S. small-business economy and its near-term prospects. Its data are collected through mail surveys to random samples of the National Federation of Independent Business (NFIB) membership. The survey contains three broad question types: recent performance, near-term forecasts, and demographics. The topics addressed include: outlook, sales, earnings, employment, employee compensation, investment, inventories, credit conditions, and single most important problem. (http://www.nfib-sbet.org/about/)

NAHB Housing Market Index – the housing market index is a weighted average of separate diffusion indices for three key single-family indices: market conditions for the sale of new homes at the present time, market conditions for the sale of new homes in the next six months, and the traffic of prospective buyers of new homes. The first two series are rated on a scale of Good, Fair, and Poor and the last is rated on a scale of High/Very High, Average, and Low/Very Low. A diffusion index is calculated for each series by applying the formula "(Good-Poor + 100)/2" to the present and future sales series and "(High/Very High-Low/Very Low + 100)/2" to the traffic series. Each resulting index is then seasonally adjusted and weighted to produce the HMI. Based on this calculation, the HMI can range between 0 and 100.

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