ACG Market Review – First Quarter 2026

- **Economy – Geopolitical disruption in the Middle East has clouded the outlook for growth**
  - Joint U.S. and Israeli strikes targeting Iran roiled energy markets in March, effectively closing the Strait of Hormuz which is an important throughway for oil, natural gas, and fertilizers.
  - The oil shock quicky increased gasoline prices and could ultimately drive inflation higher depending on how high and for how long oil prices remain elevated.
  - Real time GDP estimates have fallen since the onset of the conflict. Policymakers will need to grapple with the competing forces of slowing growth and increasing inflation.

- **Equity – March volatility weighed on major indices and especially on growth-oriented areas of the market**
  - Volatility spiked after the attacks and hurt markets in Q1. The S&P 500 fell -4.33% for the quarter after a drop of -4.98% in March.
  - Market rotation was evident during the quarter as the Russell 1000 Value (+2.10%) outperformed the Russell 1000 Growth (-9.90%), the S&P 500 excluding Mag 7 outperformed the Mag 7 basket, and the Energy sector (+38.25%) far outpaced other S&P sectors.
  - International markets continued a run of outperformance relative to U.S. equities, with the MSCI EAFE (-1.24%) and MSCI Emerging Markets (-0.17%) indices falling less than the S&P 500.

- **Fixed Income – Yields and spreads increased during the March volatility, and the Fed signaled uncertainty around future policy**
  - Overall, the Bloomberg U.S. Agg had a quiet month and saw a slight decline of -0.05%. The headline number masked some volatility beneath the surface as the 10-year Treasury yield jumped from below 4.0% to above 4.3% in March.
  - Chairman Powell indicated that the FOMC may be reluctant to cut rates from here given uncertain impacts of the Iran war.

- **Risks/Other Considerations**
  - It comes as no surprise that for markets, a prolonged conflict in the Middle East could have wide-ranging impacts on commodity prices, growth, and inflation.
  - More broadly, geopolitical uncertainty tied to the unpredictability of U.S. policy is a recipe for increased volatility in both equity and fixed income markets.

Statistic	Last 10 Year Avg.	12 Month Prior	Prior Quarter	Current Quarter
Fed Funds Rate	2.41%	4.33%	3.64%	3.64%
Prime Rate	5.56%	7.50%	6.75%	6.75%
10-Year Treasury Yield	2.76%	4.23%	4.18%	4.32%
30-Year Fixed Mortgage Rate	4.94%	6.77%	6.15%	6.38%
S&P 500 P/E Ratio (Forward Earnings)	18.9x	21.5x	22.0x	19.9x
Projected Earnings Growth (S&P 500)	+9.9%	N/A	+8.3% (y/y est.)	+13.0% (y/y est.)
U.S. GDP (Real, % change q/q annualized)	+2.7%	+1.85% (Q4 2024)	+4.3% (Q3 2025)	+2.0% (Q4 2025)

Source: Morningstar, ACG, Federal Reserve, FactSet, JP Morgan

Market Index Review As of 03-31-2026

Major Market Indices	MTD	QTD	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
S&P 500	(4.98)	(4.33)	(4.33)	17.80	18.30	12.06	14.15
Russell 2000	(5.00)	0.89	0.89	25.72	13.03	3.77	9.88
Russell 3000	(4.97)	(3.96)	(3.96)	18.09	17.84	10.86	13.71
MSCI ACWI	(7.18)	(3.20)	(3.20)	20.01	16.56	9.48	11.33
MSCI ACWI Ex US	(10.79)	(0.71)	(0.71)	24.91	14.48	7.01	8.37
Bloomberg US Agg	(1.76)	(0.05)	(0.05)	4.35	3.63	0.31	1.70

International Indices	MTD	QTD	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
MSCI EAFE	(10.29)	(1.24)	(1.24)	21.27	13.60	7.91	8.37
MSCI Europe	(9.90)	(2.82)	(2.82)	19.11	13.24	8.79	8.48
MSCI Pacific	(11.18)	1.97	1.97	25.49	14.25	6.46	8.46
MSCI EAFE Small Cap	(10.93)	(1.25)	(1.25)	25.55	12.64	4.43	7.42
MSCI Emerging Markets	(13.06)	(0.17)	(0.17)	29.55	14.82	3.69	7.79
MSCI Frontier Markets	(6.88)	(0.91)	(0.91)	34.83	19.89	9.23	7.92

Russell Indices	MTD	QTD	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Russell 1000	(4.97)	(4.18)	(4.18)	17.74	18.12	11.33	13.96
Russell 1000 Value	(4.82)	2.10	2.10	15.87	14.29	9.42	10.57
Russell 1000 Growth	(5.12)	(9.90)	(9.90)	18.83	21.16	12.75	16.82
Russell Mid Cap	(5.33)	1.29	1.29	15.98	13.32	7.26	10.90
Russell Mid Cap Growth	(6.27)	(6.35)	(6.35)	9.56	12.73	5.37	11.68
Russell Mid Cap Value	(5.06)	3.68	3.68	17.62	13.13	7.94	9.75
Russell 2000 Growth	(6.30)	(2.81)	(2.81)	23.58	12.25	1.62	9.78
Russell 2000 Value	(3.64)	4.96	4.96	28.09	13.78	5.79	9.60

Bond Indices	MTD	QTD	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
ICE BofA US 3 Mth Treasury	0.29	0.85	0.85	4.00	4.73	3.34	2.26
Bloomberg Muni Bond	(2.32)	(0.18)	(0.18)	4.29	2.87	0.84	2.16
Bloomberg US Agg Govt / Cr	(1.81)	(0.20)	(0.20)	3.86	3.41	0.24	1.79
Bloomberg Int US Govt / Cr	(1.22)	(0.02)	(0.02)	4.41	4.24	1.33	2.04
Bloomberg US Cr 1-3 Years	(0.47)	0.32	0.32	4.45	5.05	2.53	2.55
Bloomberg U.S. Long Cr	(3.25)	(1.16)	(1.16)	3.96	3.11	(1.41)	2.56
Bloomberg US Corp HY	(1.18)	(0.50)	(0.50)	7.01	8.59	4.22	6.12
Bloomberg Gl Treasury	(3.42)	(1.43)	(1.43)	2.64	0.86	(2.91)	(0.46)

Sector Indices	MTD	QTD	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
S&P 500 Materials	(6.86)	9.73	9.73	17.97	9.37	6.91	10.54
S&P 500 Cons Discretionary	(5.64)	(9.19)	(9.19)	11.72	15.39	6.28	11.92
S&P 500 Cons Staples	(7.39)	7.68	7.68	6.31	8.60	8.52	8.36
S&P 500 Energy	10.40	38.25	38.25	36.32	18.01	25.13	11.44
S&P 500 Financials	(3.53)	(9.35)	(9.35)	0.72	17.35	9.72	12.65
S&P 500 Health Care	(8.11)	(4.88)	(4.88)	2.31	6.04	6.46	9.97
S&P 500 Industrials	(8.44)	4.61	4.61	25.17	18.75	12.23	12.97
S&P 500 Information Technology	(3.83)	(9.13)	(9.13)	29.05	25.87	18.14	22.79
S&P 500 Real Estate	(5.90)	4.87	4.87	4.01	7.53	4.69	6.38
S&P 500 Comm Services	(7.28)	(6.94)	(6.94)	32.51	31.07	12.91	11.52
S&P 500 Utilities	(3.21)	8.26	8.26	19.71	14.18	10.86	9.88

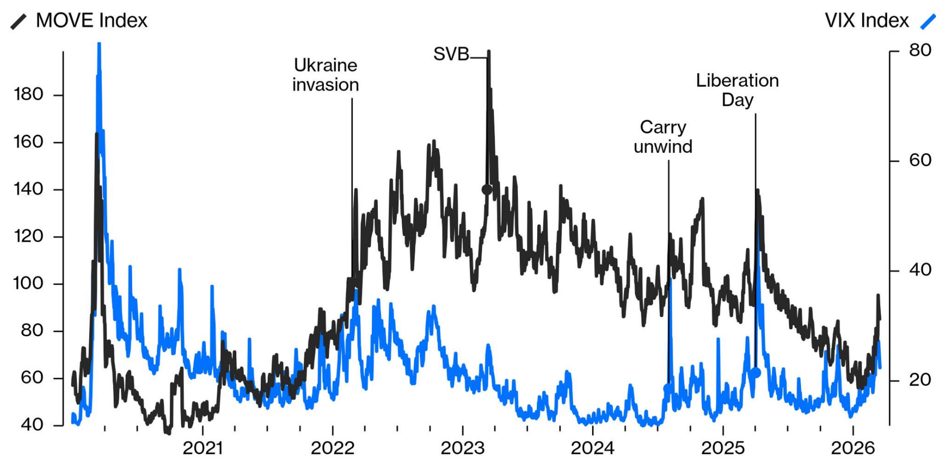
Other Indices	MTD	QTD	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Morningstar Long-Short Eq	(3.00)	(0.36)	(0.36)	11.16	9.97	5.94	5.84
Morningstar Eq Mkt Neutral	0.37	1.39	1.39	5.77	7.71	6.49	3.27
Morningstar US Multistrategy	(2.33)	0.83	0.83	6.38	6.11	4.00	3.49
Wilshire Liquid Alt	(1.79)	1.60	1.60	6.92	5.68	2.94	2.97
FTSE EPRA/NAREIT Dev	(9.00)	1.03	1.03	8.97	6.73	1.82	2.83
Alerian MLP	1.02	16.86	16.86	13.92	24.69	24.88	11.02
Bloomberg Commodity Idx	11.50	24.41	24.41	32.29	13.87	14.04	8.01
S&P Gl Infrastructure	(4.07)	8.29	8.29	26.91	16.20	12.08	9.38
Crude Oil - WTI Spot	53.61	79.64	79.64	43.12	10.76	11.69	10.78
USD DXY	2.41	1.67	1.67	(4.08)	(0.83)	1.40	0.55
US CPI - less food & energy	0.00	0.51	0.51	2.40	3.00	4.20	3.09

Q1 2026: “Beware the Ides of March”*

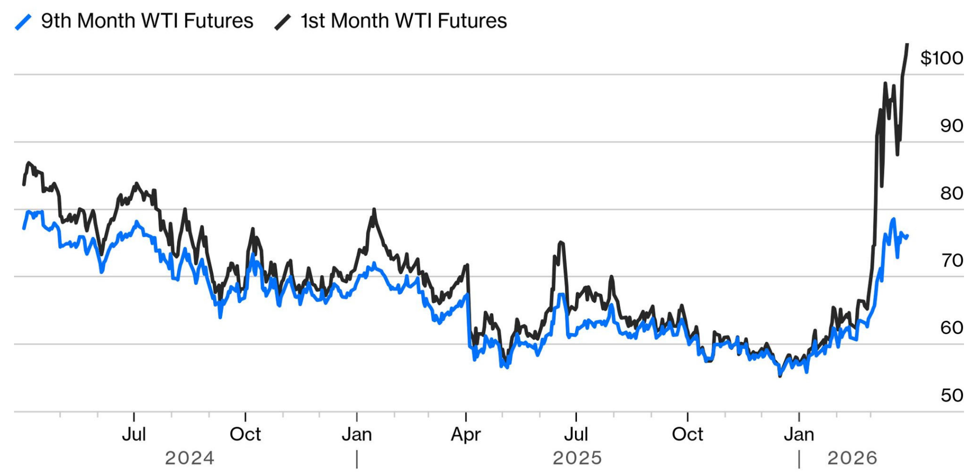
Source: Hedgeye
A warning from William Shakespeare's play Julius Caesar, spoken by a Soothsayer to Caesar. Today, the quote is often used to suggest that danger is looming.

The Middle East and Oil Prices Take Center Stage

Volatility Indexes
(VIX (Right), MOVE (Left))



Oil Price
(West Texas Intermediate per Barrel)



- The first two months of Q1 2026 were relatively quiet with an upward bias and a continuation of the trends from Q4 2025. In March, however, the calm was shattered by the joint U.S.-Israeli action against Iran. Putting events in historical context, however, shows that while volatility spiked, it did not reach levels seen in many prior crisis periods.

- The military strikes in Iran and the associated uncertainty around energy supply and transport caused oil prices to spike in March. Importantly, the futures pricing for oil has remained lower (known as "backwardation" in commodities markets), implying that the market expects a relatively quick end to hostilities and a limited oil shock.

Source: Bloomberg, CBOE, Bank of America, ACG

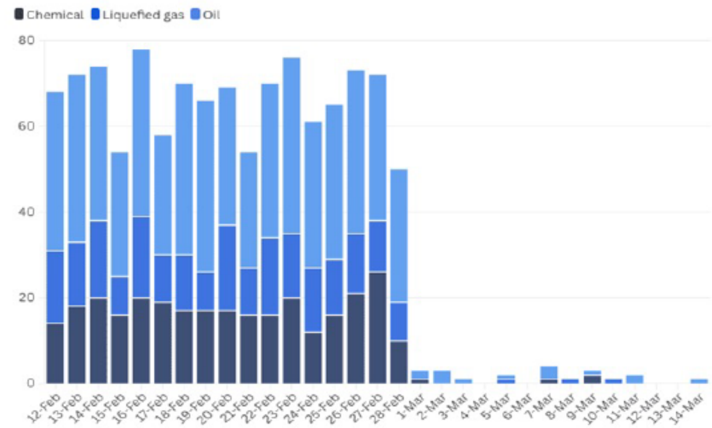
Impact of Oil Price Spike on GDP and Inflation is Key

- Economists, policy makers and investors alike all worry about the scale and length of the military operation in Iran. In particular, the closure of the Strait of Hormuz, a choke point for oil, natural gas, and other chemicals leaving the Persian Gulf, and a lifeblood to the global economy, caused widespread market anxiety and a spike in energy prices.

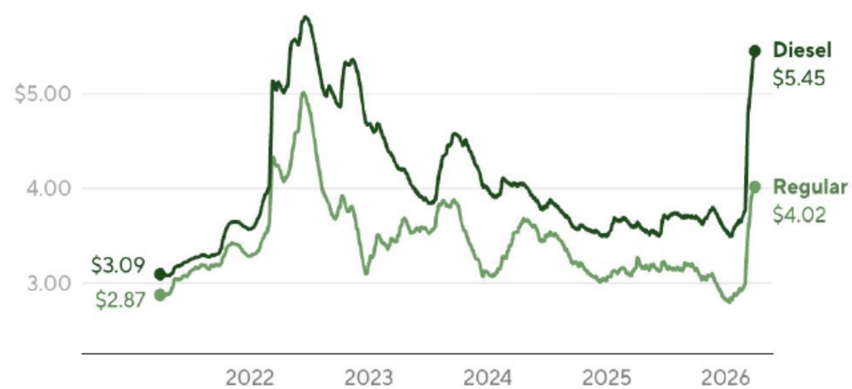
- The spike has already impacted gasoline prices.

- The ultimate economic impact of higher oil prices is highly dependent on how long oil prices remain elevated, how much production is taken offline and potential offsets such as fiscal and monetary policy.

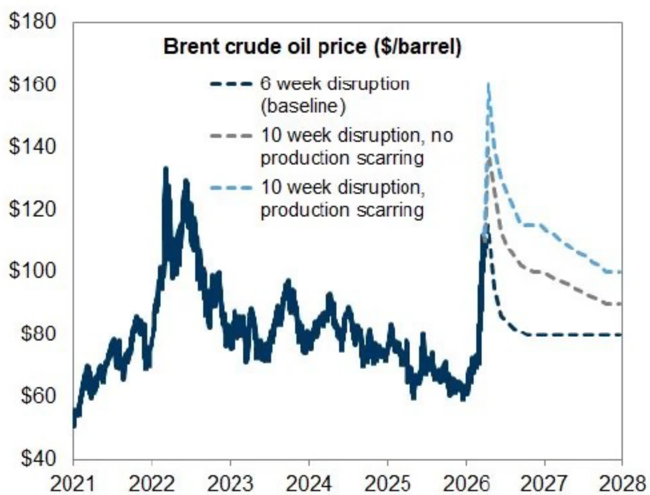
# of Strait of Hormuz Crossings
(Weekly Ship Transits Through Strait)



Weekly Avg. Price per Gallon



Oil Price Under Various Scenarios
(Brent Crude, per Barrel)



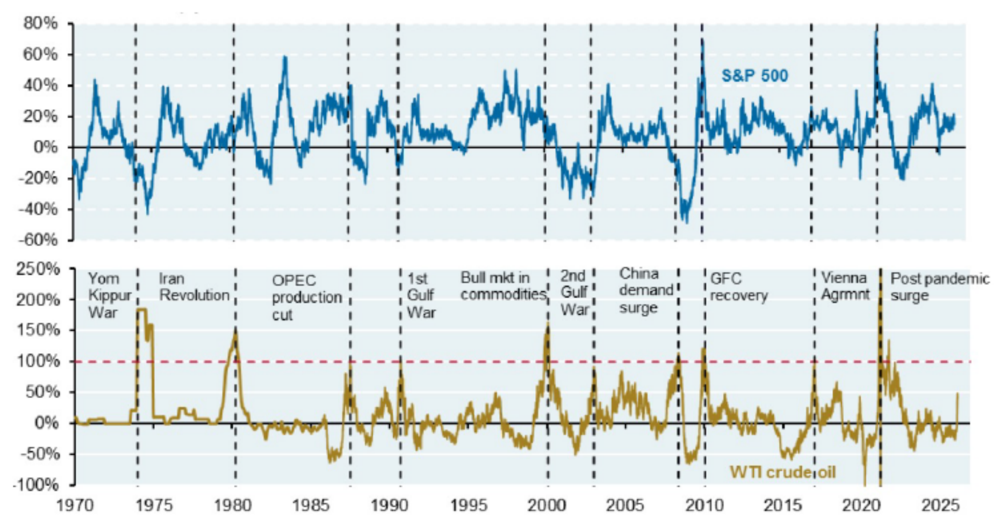
	De-escalation	Moderate	Protracted
Duration	1 month	1–2 quarters	>2 quarters
Oil prices (U.S. dollars per barrel)	80–90	90–100	>100
GDP	–4 bps	–10 bps	–20 bps
Headline inflation	16 bps	40 bps	80 bps
Core inflation	3 bps	8 bps	16 bps

Source: Vanguard, Oxford Economics, Federal Reserve, Bloomberg, Haver Analytics, AAA, IMF, Goldman Sachs, ACG

Geopolitical Sell-offs Short-lived, But Equities Sensitive to Oil

- Geopolitical events, like the joint U.S.-Israeli operation in Iran, tend to create a knee-jerk reaction in equity markets. The uncertainty during this type of event usually passes as investors eventually return to focusing on fundamentals.
- Historically, the first few months following this type of event tend to be the most volatile. After a year, markets typically bounce back.
- Periods with more lasting negative returns were associated with much broader global events such as World War II, the 1973-74 recession and oil crisis, the Tech and Telecomm bubble and the 2008 Global Financial Crisis.
- The equity market does, however, tend to be sensitive in the near-term to the price of oil. Looking back at periods when oil spiked by at least 100% (doubling in price), stocks often sold off around these occurrences.

Geopolitical/Military Events	S&P 500 Index Price Return (%)				
Event (Start Date)	3 Months Later	Annualized			
		1 Year Later	3 Years Later	5 Years Later	10 Years Later
Germany Invades France (May 1940)	-15.3	-22.0	-0.9	4.1	4.2
Pearl Harbor (December 1941)	-12.4	0.4	11.7	9.5	9.6
Korean War (June 1950)	1.5	11.2	8.1	16.4	11.7
Cuban Missile Crisis (October 1962)	17.4	32.0	18.3	11.4	7.0
U.S. Bombs Cambodia (April 1970)	-4.6	27.1	9.4	0.9	2.6
Arab Oil Embargo (October 1973)	-13.2	-36.2	-2.9	-1.4	4.4
Iranian Hostage Crisis (November 1979)	11.6	25.9	11.4	10.3	12.7
U.S.S.R. Invades Afghanistan (December 1979)	-8.8	26.2	9.1	9.0	12.4
Beirut Bombing (October 1983)	-0.7	0.7	13.0	11.3	10.8
U.S. Invades Grenada (October 1983)	-1.1	0.7	12.8	11.2	10.8
U.S. Bombs Libya (April 1986)	-0.5	19.9	8.3	9.9	10.5
Invasion of Panama (December 1989)	-2.9	-6.9	7.5	5.6	15.0
Iraq Invades Kuwait (August 1990)	-10.5	10.2	8.6	9.7	15.1
Operation Desert Storm (January 1991)	21.5	32.3	14.5	14.0	15.4
Gorbachev Coup (August 1991)	-1.8	9.3	6.3	11.5	11.9
World Trade Center Bombing (February 1993)	1.5	5.4	13.7	18.7	6.5
WTC and Pentagon Terrorist Attacks (September 2001)	2.5	-16.7	0.9	3.5	0.6
Iraq War (March 2003)	15.6	27.0	14.3	8.2	5.9
Russia Invades Georgia (August 2008)	-34.3	-22.3	-4.7	5.5	8.1
Russia Invades Crimea (March 2014)	3.9	10.7	8.0	7.9	10.6
Russia Invades Ukraine (February 2022)	-13.0	-11.0	9.5		
Hamas Attacks Israel (October 2023)	9.7	33.6			
Israel Attacks Iran's Nuclear Facilities (June 2025)	8.9				
US and Israel Attack Iran (February 2026)	???				
Median	**-0.7**	**9.7**	**9.1**	**9.6**	**10.5**
% Positive	**43%**	**73%**	**86%**	**95%**	**100%**

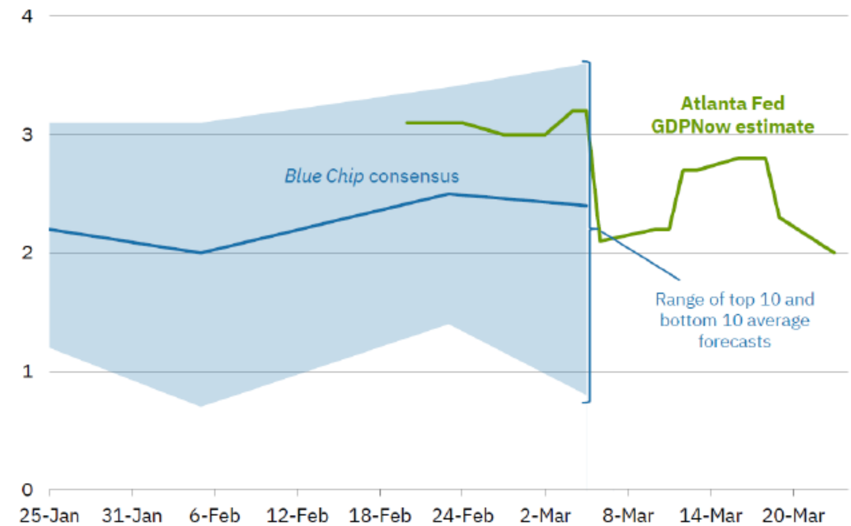


Source: Hartford Funds, S&P Global, Bloomberg, Macrotrends, JP Morgan, ACG

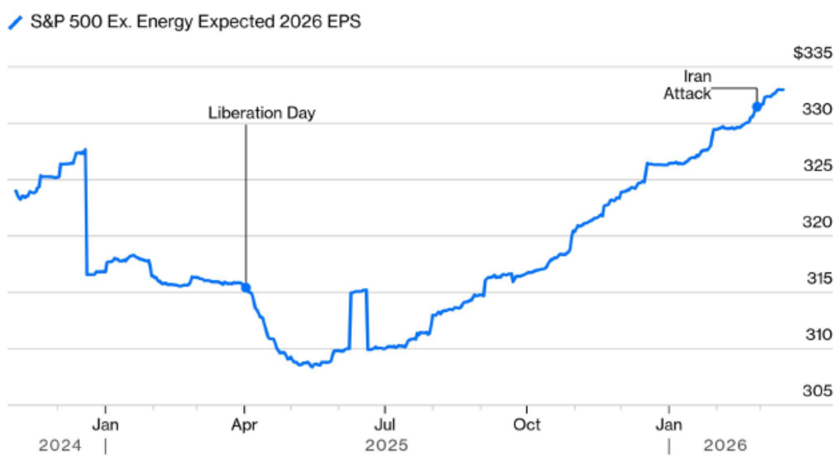
The Economy Has Brushed Off A Recession….Until Now?

- The Atlanta Federal Reserve's GDPNow real-time tracker shows that growth estimates for Q1 2026 GDP came down in March which could affect corporate profits.
- Surprisingly, the situation in Iran has thus far had no effect on 2026 S&P 500 earnings estimates. If you exclude the Energy sector (since the earnings of many of these companies would be boosted by higher oil prices), estimates have been increasing since the middle of 2025.
- Consensus earnings estimates for the calendar years of 2026 and 2027 still look quite positive. These figures could eventually be revised down if the turmoil in the Middle East lasts longer than is currently assumed.

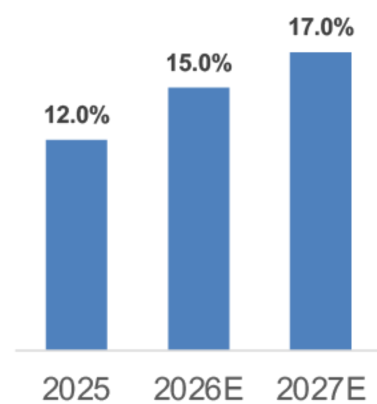
Real-Time Q1 2026 GDP Estimate
(Atlanta Fed, GDPNow))



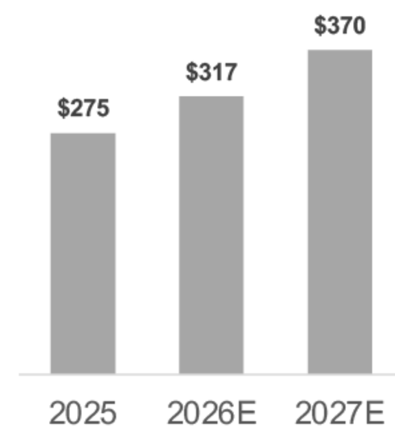
S&P 500 ex Energy EPS Estimates
(Consensus Expectations)



S&P 500 EPS Growth
(Year-over-Year, Consensus))



S&P 500 Earnings Per Share
(Consensus))

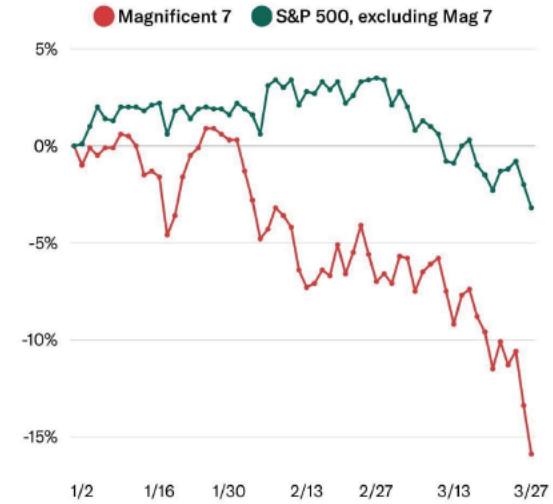


Source: Atlanta Federal Reserve, Bureau of Labor Statistics, Bloomberg, FactSet, ACG

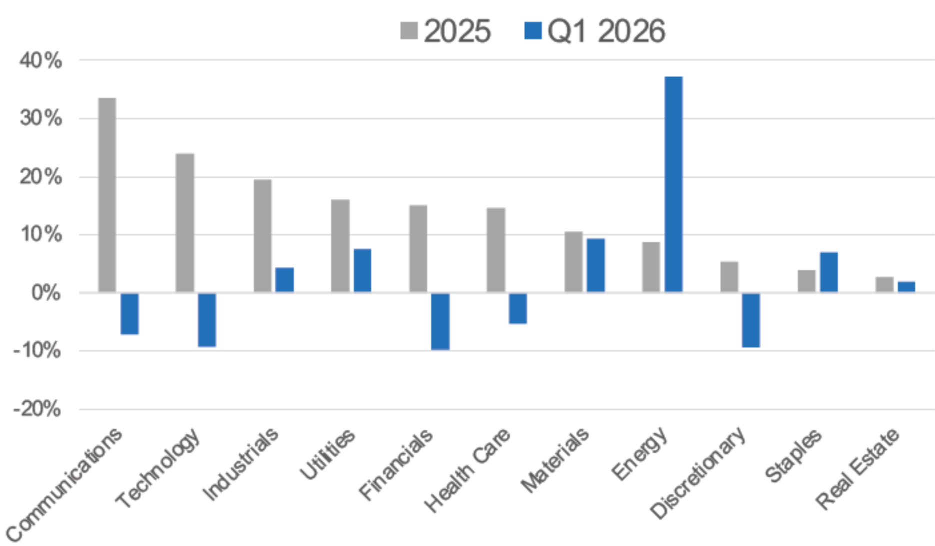
A Powerful Market Rotation is Underway

- There has been a big rotation within the equity market in 2026. For example, the Magnificent Seven stocks that have the led the market over the last few years have lagged.
- Many of the best sectors in 2025 have lagged thus far in 2026.
- In terms of style, value stocks have sharply outperformed growth year-to-date. The so-called HALO (Heavy Asset Low Obsolescence) trade illustrates shifting equity leadership toward tangible productive assets. Markets are rewarding assets that are costly to replicate and less exposed to technological obsolescence and AI.

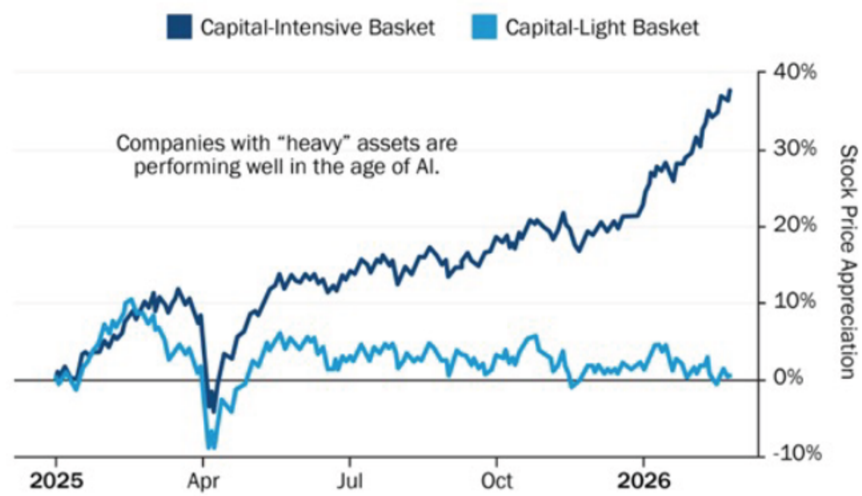
Mag 7 vs. Other 493 S&P 500 Stocks
(YTD 2026 Return %)



Performance by Sector
(2025 vs. Q1 2026)



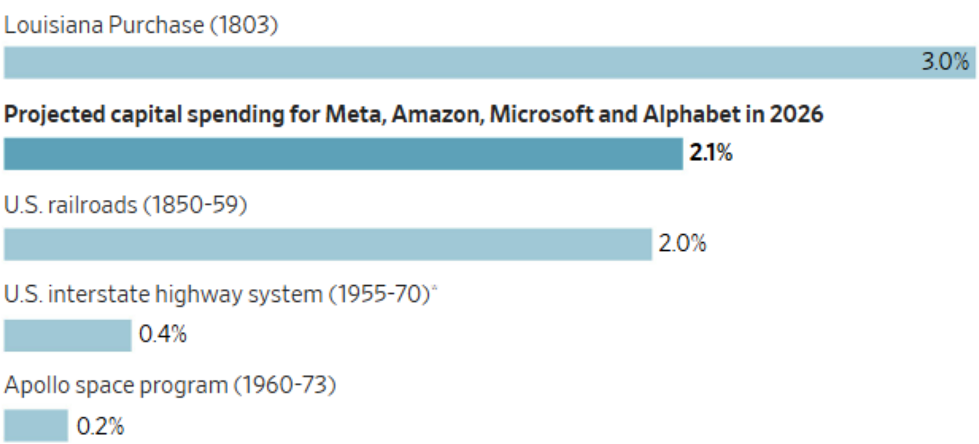
Heavy Asset vs. Light Asset
(Performance)



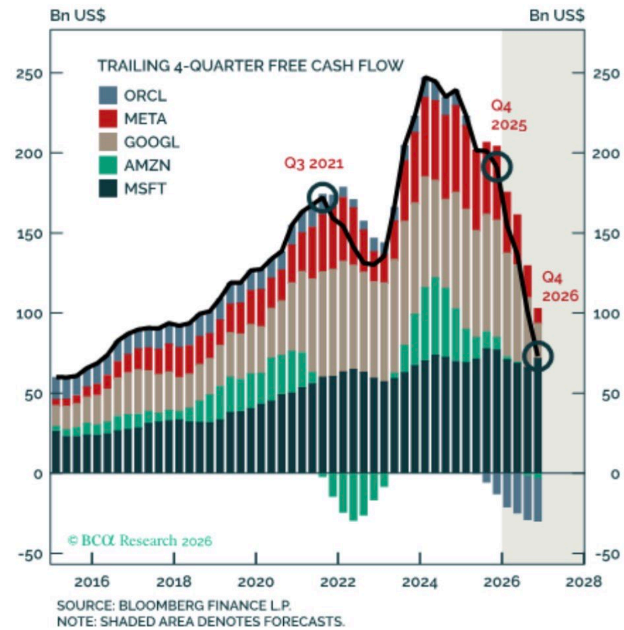
Source: Blackstone, Alpine Macro, Goldman Sachs, S&P Global, ACG

Magnificent Seven Cashflow Impacted by Capital Expenditures

Spending as a % of GDP



Free Cashflow
(Trailing 4 Quarters)



- The projected capital expenditures of the so-called hyperscalers in 2026 is expected to be approximately $600 Billion. This figure equates to over 2% of U.S. annual GDP. This level of spending puts the AI buildout on par with the levels of spending associated with the Louisiana Purchase and the build out of U.S. railroads in the 19th century. While hard to fathom, things like the build out of the U.S interstate system or the Apollo program pale in comparison.

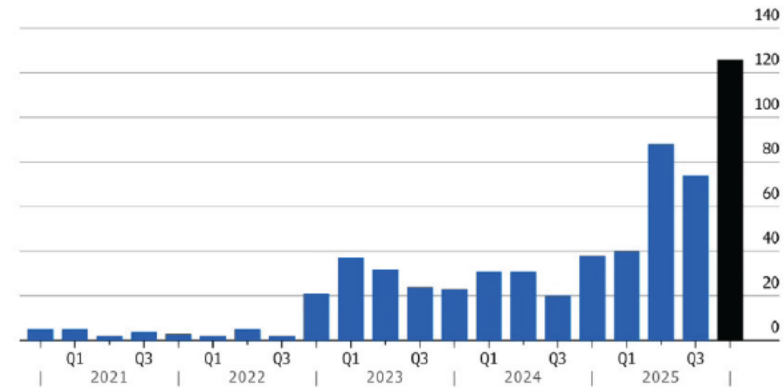
- Free cashflow for the hyperscalers has ramped up significantly and was a key reason investors were so attracted to these stocks over the last few years. Looking forward, however, many of these same investors are concerned that so much of this free cashflow will now be used for capital expenditures. If this investment pans out, investors could be rewarded. But, if the return on investment falls short of its promise, investors may revalue the shares.

Source: National Archives, Wall Street Journal, Bloomberg, ACG

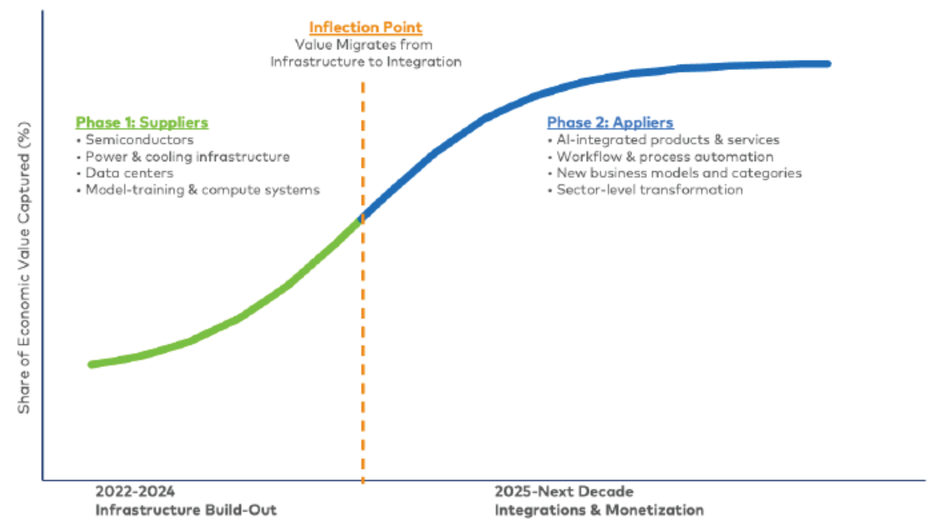
AI Threat Narrative Continues to Roll Through Sectors

- During Q1 2026, the AI threat narrative spread like wildfire across sectors and industries with daily headlines about new AI models and capabilities that threaten job destruction.
- Software was one of the earliest and worst hit industries, but others like legal, cybersecurity, insurance brokers, logistics, and wealth managers soon followed.
- Similar to the 1990s internet cycle, AI value creation is increasingly shifting from the "picks and shovels" providers to the appliers, those who integrate and monetize AI within their products. As this dynamic plays out, the market will continue to try and discount the potential winners and losers. As a result, we will likely continue to see heightened dispersion across industries.

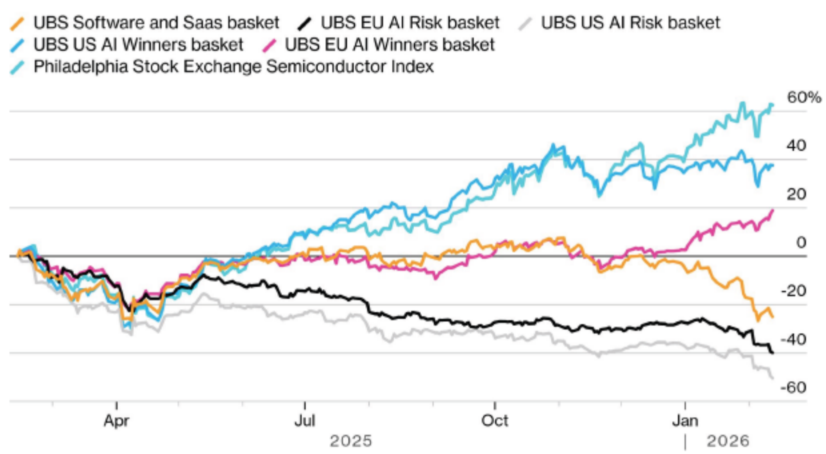
# of Mentions of "AI Disruption"
(Earning Calls, By Quarter)



Artificial Intelligence "S Curve"
(Illustrative Only)



Artificial Intelligence Winners and Losers
(Illustrative Only)



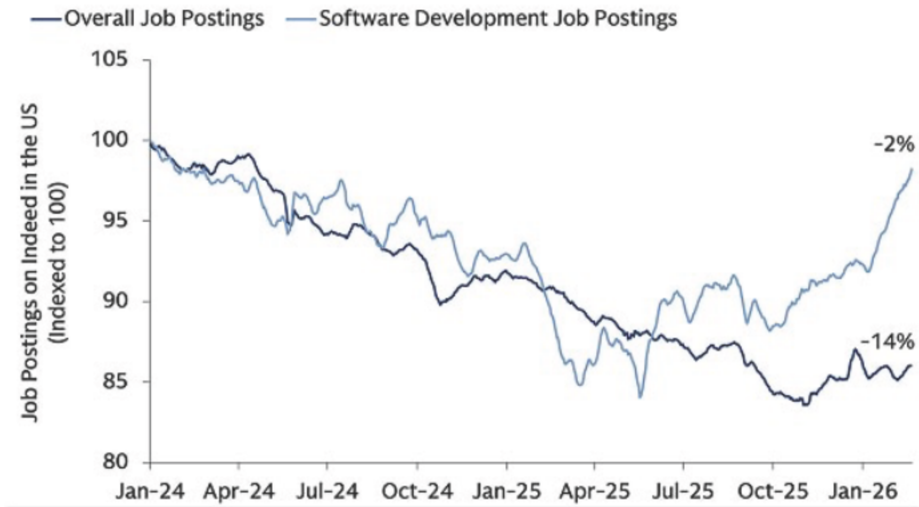
Source: Bloomberg, UBS, Polen Capital, ACG

AI Impact on Jobs Not Easy to Forecast

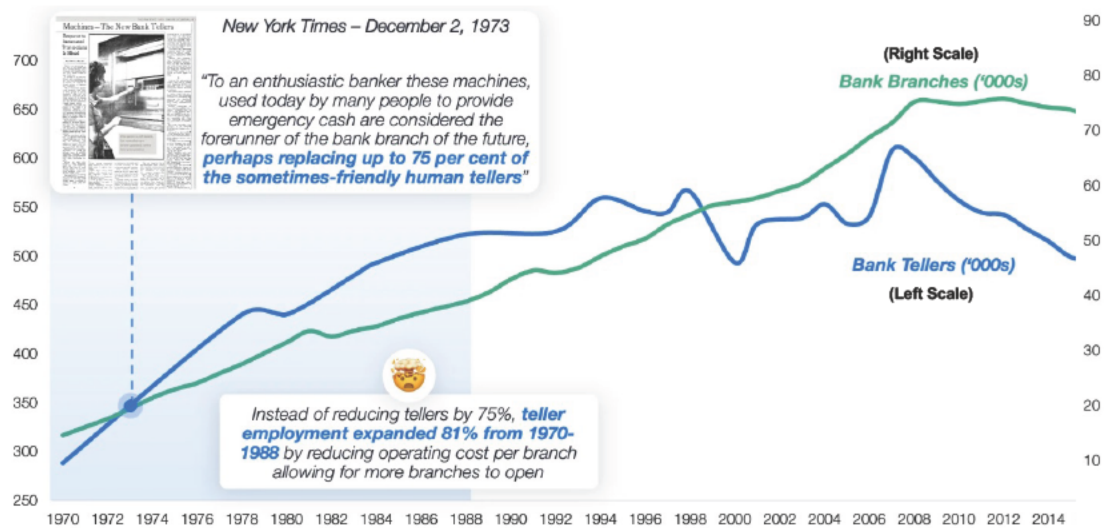
- Advancements in AI have also sparked concerns about large-scale job displacement, most notably in the software industry. Recent data, however, tells a more nuanced story. Software development job postings on Indeed have risen 11% in the past year, significantly outpacing job postings across the broader labor market.

- Rather than simply replacing jobs, many economists argue that AI has the potential to create new opportunities – consistent with past innovation cycles. For example, as ATM machines were installed across the U.S., many feared that bank tellers would lose their jobs in masse, but that was not the case at all as many just changed their daily focus from counting cash to a more value-add role within the bank.

Job Postings
(Indeed, 2024-Feb 2026)

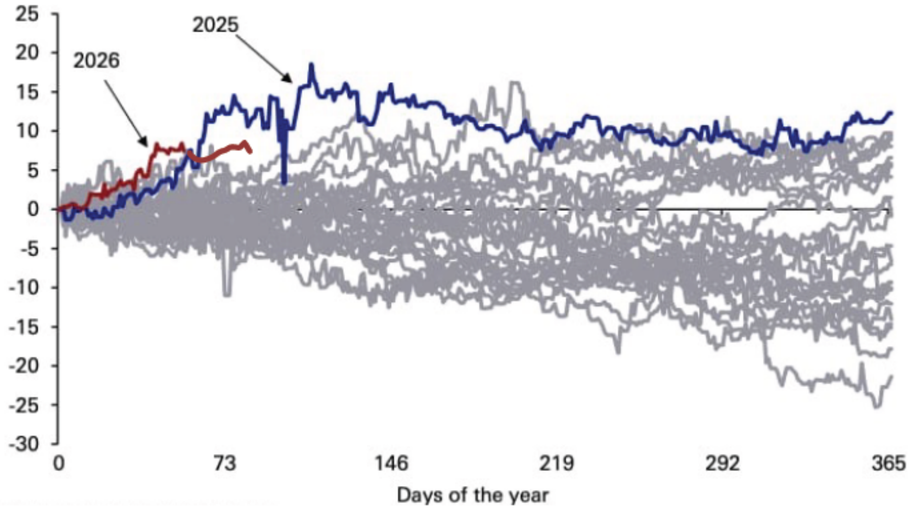


# of ATMs vs. Bank Tellers
(1970-2010)



International Equity Outperformance Persists

MSCI World ex US vs. MSCI US Performance
(By Year since 2000)



Price-to-Earnings Ratios
(Fwd. 12 M, U.S. vs. International)

- Thus far in 2026 U.S. stocks trail the rest of the world by the widest margin in decades. Historically, the U.S. and developed international markets move in very long cycles. While it may be too early to call the end of the most recent period of U.S. equity leadership, the performance gap since late 2024 has been drastic.

- U.S. stocks have traditionally traded at a premium to developed international stocks. Recently, however, this premium has been elevated vs. history. Despite the relative outperformance of international stocks over the last year plus, the valuation discount remains significant.

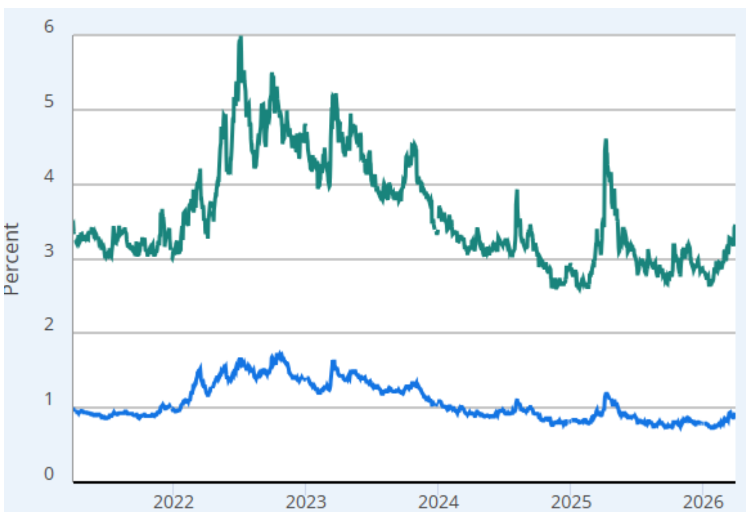
Source: Bloomberg, Deutsche Bank, Yardeni Research, Pacifica Capital Associates, ACG

Bond Market Update: Federal Reserve in a Tough Position

- The 10-Year Treasury has traded in a narrow range for the last year. At the end of the first quarter, yields fell on fears of slowing growth.
- Credit spreads, which had grinded back to near all-time lows during Q1 2026, rose in March as volatility and questions over the economic impact of the situation in the Middle East took hold. Despite widening, spreads remain much lower vs. recent levels.
- It is very unlikely the Fed cuts rates before the transition from Chairman Powell to Warsh in May. The futures market sees a high probability that rates remain at current levels. Resurgent inflation or a drastic economic slowdown could change the market's current outlook.

10-Year Treasury Yield

Investment Grade & High Yield Credit Spreads
(ICE B of A, Option Adjusted)



Probability of Rate Hikes or Cuts
(By FOMC Meeting Date & Rate Segment)

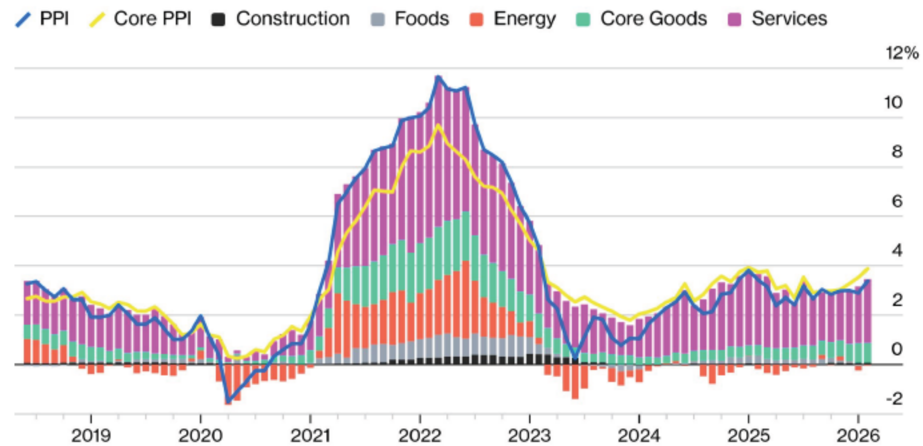
	CME FEDWATCH TOOL - CONDITIONAL MEETING PROBABILITIES						
MEETING DATE	225-250	250-275	275-300	300-325	325-350	350-375	375-400
4/29/2026	0.0%	0.0%	0.0%	0.0%	0.0%	97.4%	2.6%
6/17/2026	0.0%	0.0%	0.0%	0.0%	9.5%	88.2%	2.3%
7/29/2026	0.0%	0.0%	0.0%	0.4%	12.8%	84.5%	2.2%
9/16/2026	0.0%	0.0%	0.0%	0.9%	15.6%	81.4%	2.2%
10/28/2026	0.0%	0.0%	0.0%	1.2%	17.0%	79.7%	2.1%
12/9/2026	0.0%	0.0%	0.2%	3.1%	24.7%	70.1%	1.8%
1/27/2027	0.0%	0.0%	0.3%	4.4%	27.3%	66.2%	1.7%
3/17/2027	0.0%	0.0%	0.5%	5.3%	28.8%	63.7%	1.7%

Source: Bloomberg, Schwab, Federal Reserve, Bank of America, ACG

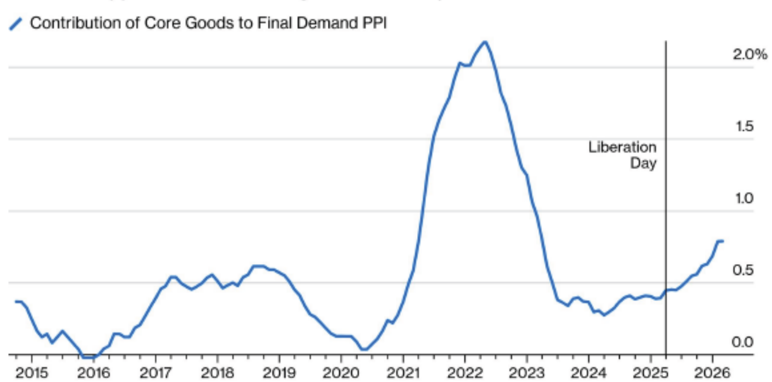
Inflation Fears Reignited

- The latest Producer Price Index (PPI) came in hot with core PPI at a 3-year high.
- In addition to rising energy prices, tariffs appear to be having an effect on inflation as the contribution to the PPI from core goods is rising. Some of this is likely due to higher raw materials prices, as the price of many industrial commodities has risen significantly in the last few months.
- The bond market sees inflation coming over the next year through the pricing of inflation swaps (direct bets on inflation) and breakevens (derived from inflation-protected yields). The difference shows the uncertainty around projecting inflation, but the direction is worrisome and could be enough to keep the Fed from cutting rates.

Producer Price Index (PPI)
(By Component)



Contribution of Core Goods to PPI
(2015-2026)



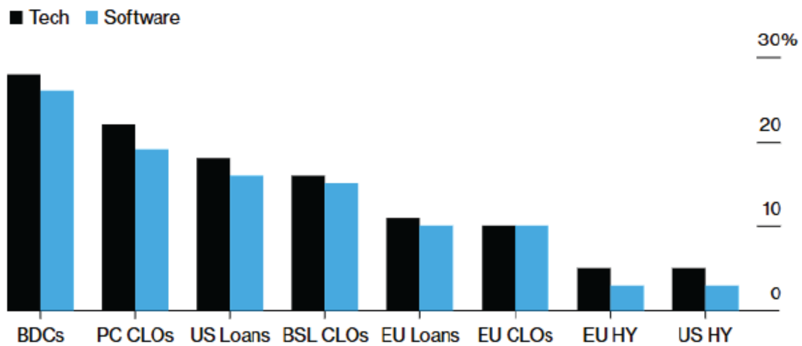
Inflation Swaps and Breakevens
(2021-2026)

Source: Bloomberg, Bureau of economic Analysis, ACG
Note: Core PPI is a key inflation metric measuring the average change in selling prices received by domestic producers excluding volatile food and energy.

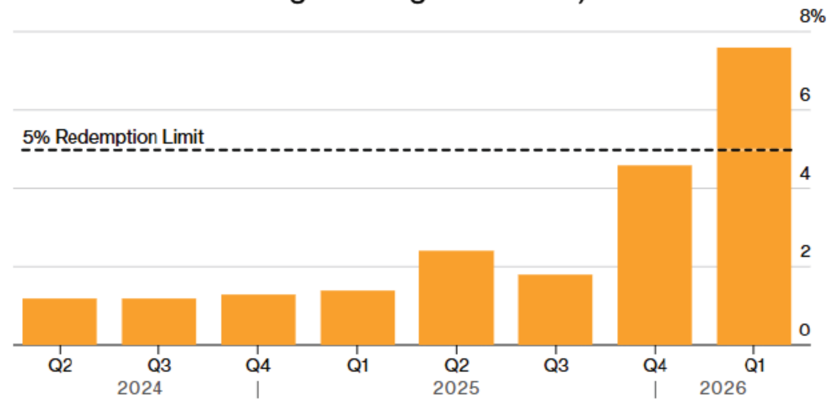
ACG Atlanta Consulting Group

Appendix: Private Markets Also in the AI Crosshairs

Technology and Software Exposure %
(By Lender Type)

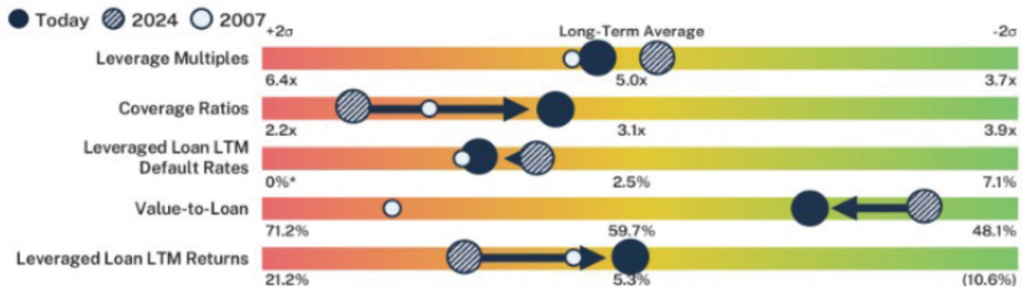


Private Credit Redemption Requests
Weighted Avg. % of NAV)



S&P BDC Index

Credit Metrics
(Leveraged Loan Market)

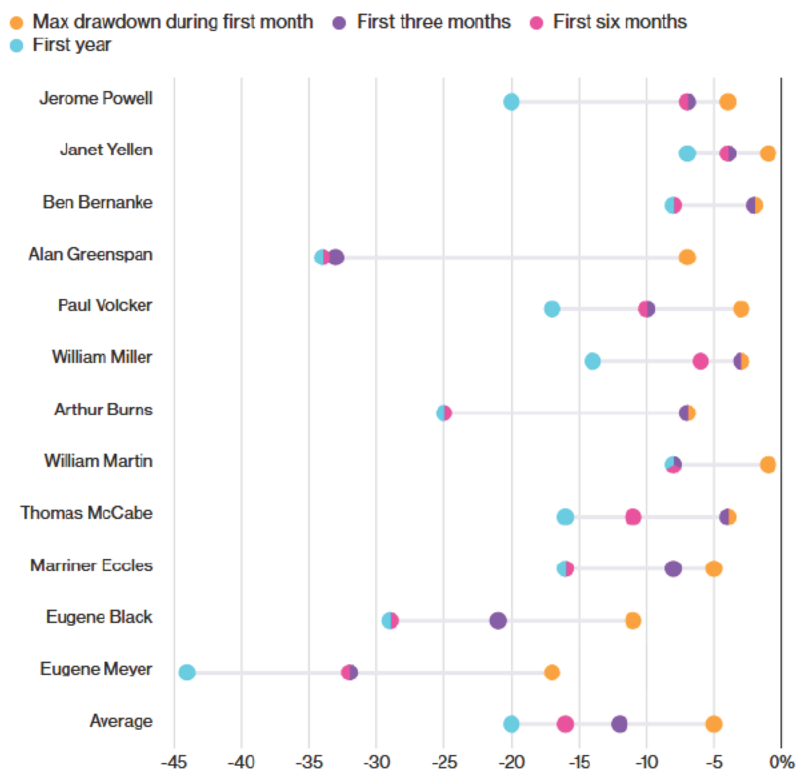


- Private credit and Business Development Corporations (BDCs) are at the epicenter of lending to software firms that are under threat from AI. Investors, spooked by credit quality concerns, have put in sizeable redemption requests in many of the evergreen vehicles. In an effort to protect investors, many of them have gated redemptions.
- Many of the publicly traded BDCs have fallen in price and trade significantly below their net asset value.
- Underlying credit quality, however, still looks relatively healthy. If one looks to the leveraged loan market as a proxy, most credit metrics still look favorable.

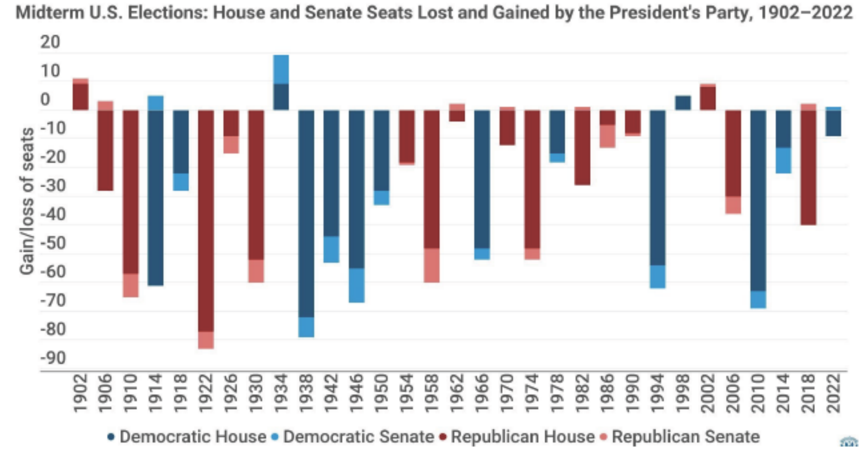
Source: Pitchbook, Morningstar, S&P Global, Bank of America, Morgan Stanley, LSEG, Hamilton Lane, ACG

Risks: A New Fed Chairman & Changing Political Winds

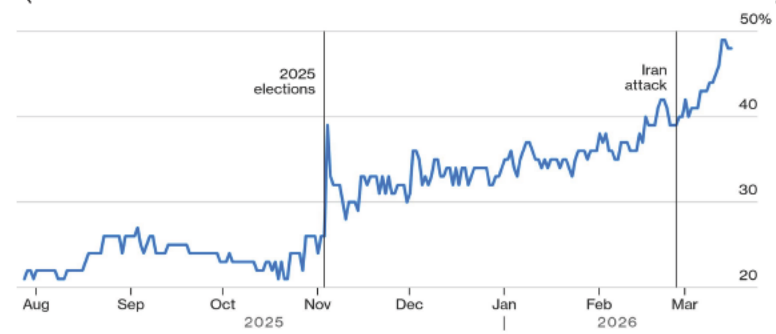
S&P 500 Drawdowns
(Under New Fed Chairs)



House and Senate Seats Lost by Presidential Party
(Mid-term Elections, 1902-2022)



Probability of Democrats Sweeping Mid-terms
(Odds of Democratic Control of House and Senate After Elections)



- A changing of the guard at the Federal Reserve, with Kevin Warsh set to take over as chairman in May, will likely inject more turbulence into markets, based on prior leadership transitions. Since 1930, the S&P 500 Index has seen average drawdowns of 5%, 12%, and 16% over the one-, three- and six-month periods after a new Fed chair took over.

- Historically, whether the President's party is Democrat or Republican it typically loses seats in both the House of Representatives and the Senate during mid-term elections. Current odds markets suggest an increasing probability of the Democrats wrestling back control of the House and Senate in the November 2026 elections.

Source: Barclays, Bloomberg, FTSE, Standard & Poor's, Polymarket, ACG

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Time Weighted Return (TWR) Performance returns for client assets are generally shown as a Time Weighted Return (TWR), which is a measure that calculates the compounded rate of growth of a portfolio or asset over a given period. TWR lessens cash flows’ distorting effects on growth rates. The daily Modified Dietz calculation is used for TWR calculations.

Internal Rate of Return (IRR) - Performance returns displayed within each Private Assets Portfolio Overview, if included, are shown as an Internal Rate of Return (IRR) which measures the annual growth rate that an investment is expected to generate. IRR considers the amount of cash invested and the timing of the investment.

* Returns are not annualized for investments held less than one year or where a full year of historical data is unavailable.

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Index Composite Dynamic Benchmark Where shown, the Index Composite Dynamic Benchmark is an asset weighted composite benchmark that is calculated based on the weight of each constituent benchmark in the underlying portfolio. This benchmark is rebalanced monthly, and the weight of each benchmark is determined by comparing the value of investments associated with the benchmark at the start of each rebalancing period.

Security and Investment Manager Summary Pages

This report may include one or more security/investment manager summary pages which include a description of the investment, historical performance returns and return summaries, sector allocations, and other information. This information is compiled from several sources including one or more of the following: the client, the custodian, the investment manager, Morningstar, ICE, and other sources. These pages are provided for informational purposes only and reflect the performance of the investment, as provided by Morningstar, over various time periods. While the information presented herein is believed to be reliable, no representation or warranty is made concerning the accuracy of any data presented. You should not treat these materials as advice in relation to legal, taxation, or investment matters.

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Other Definitions

Alpha An estimate of risk adjusted investment performance, where beta is used as a measure of risk. It is an indicator of the rate of return attributable to the investment manager after adjusting for the portfolio's level of market risk. A positive Alpha indicates the investment manager has earned a higher rate of return than expected given the portfolio's level of risk, while a negative Alpha indicates the investment manager has earned a lower rate of return than expected given the portfolio's level of risk.

Beta Beta is a measure of systematic risk of a security or portfolio's sensitivity to the market.

Current Yield (Yield to Price) Yield to price is calculated as Income / MP, where Income is the annual income per unit, and MP is the market price per share of the security.

Downside Capture Ratio - This risk metric measures how well a manager performed during periods when the market fell. Downside capture ratio is displayed as a percentage.

Information Ratio A measure comparing the returns on an investment to the amount of risk taken. It measures whether or not an asset received excess returns for the risk taken. The information ratio is similar to the Sharpe ratio. The only difference is that it measures returns against a particular benchmark rather than a risk free rate and, therefore, measures the riskiness of the manager's active returns.

Modified Dietz Calculation - The Modified Dietz calculation is a widely used technique for calculating the rate of return on an investment portfolio that accounts for external cash flows, such as contributions or withdrawals. It provides a way to measure the historical performance of a portfolio by using a weighted calculation of cash flows during a specific period.

Multiple of Capital (MOC) - The Multiple of Capital is the amount of money gained from a position as a fraction of the money paid into the position.

Projected Cash Flow / Projected Income - A security's projected cash flow is calculated as CPU*U*PO, where CPU is the cash flow per unit for the selected time period, U is the number of owned units, and PO is the percentage of the units owned on the end date of the selected time period. Cash flow per Unit (CPU) is calculated differently for fixed income and non-fixed income securities. Cash flow and income projections are calculated based on security information received from data providers such as ICE and Morningstar and are subject to change without notice.

Sharpe Ratio - A risk-adjusted measure of return which uses standard deviation to represent risk. It is calculated using annualized return in excess of return of the cash equivalent divided by the annualized standard deviation of the portfolio or benchmark. The higher the Sharpe ratio, the better the fund's risk adjusted performance.

Standard Deviation A statistical measure of risk reflecting the total variability (risk) of the portfolio or benchmark. It measures the extent to which the returns for a portfolio have varied from period to period and represents the dispersion of the periodic returns around the average return.

Tracking Error - Tracking error is the difference in actual performance between a position (usually an entire portfolio) and its corresponding benchmark. It is a measure of the risk in an investment portfolio that is due to active management decisions made by the portfolio manager, indicating how closely a portfolio follows the benchmark index.

Unrealized Gain/Loss The monetary gain or loss on an investment that has not been traded in for cash.

Upside Capture Ratio - This risk metric measures how well a manager performed during periods when the market rose. Upside capture ratio is displayed as a percentage.