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INVESTMENT MANAGEMENT

The BEAT™

Bonds | **E**quities | **A**lternatives | **T**ransition

Quarterly Global Market and Asset Allocation Guide

Q4 2026 - November

The **BEAT**™ | Q4 2026 - November

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The **BEAT** provides connectivity between changing market events and implications for investor portfolios.

Spanning **B**onds, **E**quities, **A**lternatives and **T**ransition*, this quarterly review provides timely information across a broad array of markets and investment topics.

Each edition explores investment ideas, identifies areas of focus and provides a comprehensive outlook on asset allocation — all supported by a concise review of economic and asset class data through clear and impactful charts.

We believe The **BEAT** is a critical desk reference that enables more informed discussion and understanding of financial markets.

If you are viewing this book on your computer or tablet, **click or tap on the section box to jump to the beginning of each section.**

Data provided is for informational use only. See end of report for important additional information. Transition is an asset allocation view, which refers to cash, cash equivalents or liquid short-duration assets, such as short-dated Treasuries, that can be used to "transition" to other asset classes.

Morgan Stanley

INVESTMENT MANAGEMENT

Top Views

Quarterly Global Market and Asset Allocation Guide

Rates Are Up. Growth Is Strong. Stay Constructive.

Yields are rising largely because nominal growth remains strong, supporting earnings, cash flows, employment, consumption and credit quality. Central banks are removing accommodation, not imposing outright restraint — and that distinction matters. Geopolitical, energy and inflation risks can turn "good" yield increases into bad ones, but for now, the balance remains constructive. As the forces driving yields higher begin to fade, we expect the bull market in risk assets to reassert itself.

Equities: Earnings over rates. Healthy earnings and hyperscaler CapEx (capital expenditure) are broadening growth into less rate-sensitive parts of the market.

Broadening Beyond Tech: Financials, managed care and selected cyclicals remain attractive, with improving opportunities in Europe and Japan, mainly in financials.

Fixed Income: Manage duration, embrace credit. Rising yields hurt passive duration, but growth-driven rates can keep corporate fundamentals strong and spreads tight.

Policy Still Supports Risk: Fiscal spending, investment incentives and regulatory easing remain important tailwinds for nominal growth and risk assets.

Dollar Stability Matters: A broadly resilient U.S. dollar (USD)—and efforts to stabilize the yen—help contain a potentially disruptive source of global market volatility.

Energy Is the Geopolitical Fault Line: Tight refined-product markets, particularly diesel, create a direct transmission channel from disruption to inflation.

Inflation Risk Changes Everything: If inflation becomes uncontained, central banks must move from removing accommodation to actively destroying demand.

Emerging Market (EM) External Debt — Carry, Credit and Selectivity: Attractive all-in yields and resilient sovereign fundamentals support hard-currency debt, but tight spreads and higher U.S. rates make country selection and duration management critical.

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Top Active Views

1. O/W Global Equities vs. Fixed Income: Stronger nominal growth, productivity enhancements from AI and strength in corporate earnings
2. O/W U.S. Equities: Strong AI Tailwinds and growth have been resilient despite headwinds
3. O/W U.S. SMID (Small/Mid-Cap): Exposure to broadening growth trends and industrial recovery
4. O/W AI Winners: Exposure to AI picks/shovels and agentic enablers as AI drives demand for compute, connectivity and security
5. Selective in Europe: Underweight vs U.S., with preference for banks and utilities within European equities
6. Preference for higher-yielding (HY) credit relative to investment grade (IG), as recession risks are low
7. Mortgage-backed securities (MBS)/Residential MBS non-agency remains our highest conviction bond O/W

Note: O/W means overweight and U/W means underweight. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the portfolio management team at the time of writing/of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results**.

Capital Markets Investment Framework

	OUR VIEW				
ASSET ALLOCATION	– –	–	=	+	+ +
Bonds					
Duration		●			
Corporate Credit		●			
Equities					
Risk Level				◀	●
Alternatives					
Private Markets			●		
Hedge Funds				●	
Commodities			●		
Transition					
Cash/Short Duration		●			

Points of Focus:

1. Remain slightly U/W duration
2. Corporate credit remains expensive; we maintain a relative preference for Asset-Backed Securities (ABS) and Bank Loans.
3. O/W global equities vs. fixed income

● Current allocation
◀ Change from previous

– – High conviction underweight
– Underweight
= Neutral
+ Overweight
+ + High conviction overweight

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Representative Allocations From the Portfolio Solutions Group

ASSET ALLOCATION	COMMENTARY
Bonds	
Duration	**DURATION (U/W):** Following the collapse of the Memorandum of Understanding (MOU) and subsequent rebound in oil prices, U.S. Treasury (UST) 10-year yields have risen back to ~5%, marking their highest level since late 2023. At current levels, we remain slightly U/W duration as nominal GDP growth remains strong and well above policy rates.
Credit	**CREDIT (U/W):** With corporate credit spreads sitting near all-time tights, we continue to feel the risk/reward profile is suboptimal and prefer selective exposure to higher yielding credit, namely MBS and Bank Loans.
Equities	
Risk Level	**EQUITIES (O/W):** We move O/W equities. A higher nominal growth environment represents a favorable backdrop for equities, while structural tailwinds linked to AI also remain supportive of global growth and corporate earnings.
Alternatives	
Commodities	**COMMODITIES (Neutral):** We remain neutral on commodities overall. The war in Iran has driven energy prices higher, but any resolution would likely cause a sharp reversal. If supply remains disrupted, we expect to see the most stress in refined oil products. Industrial metals have benefited from strong global growth, but are most at risk if higher energy prices disrupt the economic cycle. Precious metals could face headwinds from the recent hawkish shift from the Fed, especially if it also drives USD appreciation.

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Global Fixed Income

	OUR VIEW				
FIXED INCOME	−−	−	=	+	++
Bonds					
U.S. Treasuries (USTs)		●			
Inflation-Linked Bonds (TIPS)				●	
Eurozone Govt. Bonds		●			
EM Hard Currency			● ←		
EM Local Currency				●	
Public Credit					
Municipal Bonds			→	●	
Investment Grade (IG)		●			
MBS/ABS					●
High Yield (HY)			●		
Bank Loans				●	

● **Current allocation**
← **Change from previous**

−− High conviction underweight
− Underweight
= Neutral
++ High conviction overweight
+ Overweight

Points of Focus:

1. MBS/ABS remains our highest conviction fixed income O/W.
2. Remain U/W IG given poor risk asymmetry to spreads.
3. Remain O/W TIPS given scope for inflation expectations to continue to rise in 2026.
4. Within European government bonds, we are O/W peripherals and U/W core.
5. O/W Bank Loans given high carry and growth backdrop.

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Global Fixed Income

Representative Allocations From the Portfolio Solutions Group

FIXED INCOME	COMMENTARY
Bonds	
U.S. Treasuries	**USTs (U/W):** With energy prices still elevated and growth data resilient, UST 10-year yields have risen back to ~5%, marking their highest level since late 2023. At current levels, we remain slightly U/W duration as nominal GDP growth remains strong and well above policy rates.
Inflation-Linked Bonds	**Inflation-Linked Bonds (O/W):** Inflation breakevens have risen again following the collapse of the MOU and subsequent rebound in oil prices. We continue to see some value in this space, particularly on the longer sections of the curve should inflation remain sticky for the remainder of 2026, into 2027.
Eurozone Govt. Bonds	**Eurozone Govt. Bonds (U/W):** We remain U/W duration in the eurozone, as the current energy crisis stokes renewed inflationary pressures. We remain O/W Spain and Portugal vs. France and Germany, on the back of more favorable growth and debt dynamics, as well as a lower sensitivity of electricity prices to fossil fuels.
EM Hard Currency Govt. Bonds	**EM Hard Currency (Neutral):** With spreads back to near all-time tights, we believe the risk/reward asymmetry to EM Hard Currency bonds is less favorable, particularly when considering that fundamentals across most EMs have weakened of late. As such, we move our exposure to the asset class to neutral.
EM Local Currency Govt. Bonds	**EM Local Currency (O/W):** We remain O/W EM Local exposure through an O/W to Brazil bonds. With interest rates above 13% and inflation around 4%, we expect the central bank to continue cutting interest rates. Lower rates will boost growth, improve the fiscal deficit and drive investor flows, all supporting the local currency.
Public Credit	
Municipal Bonds	**Municipal Bonds (O/W):** Muni/UST ratios have returned to the higher end of their trading range over the past several years. We like the asset class for taxable investors, thus move tactically O/W.
Investment Grade	**Investment Grade (U/W):** IG has poor risk/reward asymmetry with spreads near all-time tights.
MBS/ABS	**MBS/ABS (O/W):** ABS remain our highest conviction fixed income O/W. Yield per unit of credit quality remains attractive, as the asset class continues to benefit from structural tailwinds.
High Yield	**High Yield (Neutral):** We remain neutral on HY with the risk/reward asymmetry unfavorable at current valuations. We see more attractive opportunities elsewhere in credit.
Bank Loans	**Bank Loans (O/W):** We remain O/W Bank Loans given our constructive view on growth and high carry.

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Global Equity

	OUR VIEW				
EQUITIES	**– –**	**–**	**=**	**+**	**++**
Regional					
U.S.	○	○	○	●	○
Eurozone	○	●	○	○	○
Japan	○	○	●	○	○
Emerging Markets	○	○	●	○	○
Style					
Growth vs. Value	○	○	●	○	○
Large-Cap vs. Small-Cap	○	●	○	○	○
Cyclicals vs. Defensives	○	○	○	●	○

● **Current allocation**
◀ **Change from previous**

– – High conviction underweight
– Underweight
= Neutral
+ + High conviction overweight
+ Overweight

Points of Focus:

1. Remain O/W U.S. relative to international given positive earnings trends and relative resilience to energy-related supply disruptions.
2. U/W Europe maintaining targeted exposure; O/W banks and utilities within Europe.
3. Remain U/W Large-Caps with O/W to SMID in U.S.
4. Overweight Cyclicals relative to Defensives in the U.S. given exposure to structural policy-driven growth tailwinds.

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Global Equity

Representative Allocations From the Portfolio Solutions Group

EQUITY	COMMENTARY
Regional	
U.S.	**United States (O/W):** We remain O/W U.S. equities given ongoing growth resilience and earnings strength in 2026. While further escalation in the Middle East remains a key risk, the U.S. is more insulated to energy-related disruptions than the rest of the world. Fiscal stimulus from the One Big Beautiful Bill Act, deregulation and continued AI adoption all remain supportive of growth.
Eurozone	**Europe (U/W):** We remain cautious on broad eurozone equities as we see lingering headwinds related to the effect of the Iran war on energy prices. We prefer banks and the beneficiaries of Europe's energy security investments, such as utilities and grid equipment providers.
Japan	**Japan (Neutral):** Japanese equities are underpinned by a strong AI CapEx tailwind, fiscal stimulus, corporate governance reforms, domestic reflation and BoJ monetary policy normalization. We are O/W Japanese banks as main beneficiaries of the rate hike cycle.
Emerging Markets	**Emerging Markets (Neutral):** Divergence remains a key theme. Headline equity valuations appear undemanding while earnings revisions are strong, mainly led by AI-beneficiaries Taiwan and Korea. Meanwhile, weak domestic momentum in China and restrained policy stimulus present downside risks, while India is navigating a cyclical soft patch amid AI and energy related headwinds.
Style	
Growth vs. Value	**Growth vs. Value (Neutral):** We see select opportunities in both Growth and Value indices, with preferences for both tech/AI exposure and global banks as examples. However, we do not have a strong preference for one factor over the other and maintain a neutral stance on Growth vs. Value.
Large-Cap vs. Small-Cap	**Large-Cap vs. Small-Cap (U/W):** We maintain our tactical overweight to U.S. SMID exposure based on a view that growth will continue to broaden out beyond a narrow set of companies, alongside strength in domestic industrial activity.
Cyclical vs. Defensive Sectors	**Cyclicals (O/W):** We remain O/W Cyclicals relative to Defensives. Our Cyclical exposure in the U.S. and Europe rests mainly on structural drivers from policy efforts.

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Our Top Investment Views

Country and Regional Themes

U.S. Productivity Boom

- O/W U.S. Equities
- O/W U.S. Industrial Policy Beneficiaries
- O/W Bank Loans
- O/W U.S. Regional Banks

Brazil Disinflation

- O/W Brazil 3-year Bond vs. Cash

EU Renaissance

- O/W Eurozone Banks
- O/W EU Peripheral Bonds

Japan's Revival

- O/W Japanese Banks

AI Winners

- O/W AI Adopters (Defense)
- O/W AI Picks and Shovels
- O/W Agentic AI Enablers
- U/W India vs. EM

Lower U.S. Mortgage Rates

- O/W MBS

Global Macro Themes

Global Fiscal Expansion

- U/W Duration
- O/W TIPS vs. Nominals
- O/W Global Equities vs. Fixed Income

Global Power/Electrification

- O/W EU Utilities
- O/W EU Grid Equipment Providers

Market Specific Themes

Corporate Credit Is Expensive

- U/W Investment Grade

Managed Care Is Oversold

- O/W U.S. Managed Care

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The Macro Narrative Highlights

MACRO BACKDROP

Growth

Resilient/accelerating

Inflation

Sticky, but no spillover to wages

Labor market

Firming, but not overheating

Monetary policy

Gradual tightening, as Fed recalibrates toward neutral

Fiscal policy

Expansionary

MARKET VIEWS

EQUITIES	Overweight
CREDIT	Selective
DURATION	Underweight

KEY RISK

Oil supply shock forces central banks to overtighten policy

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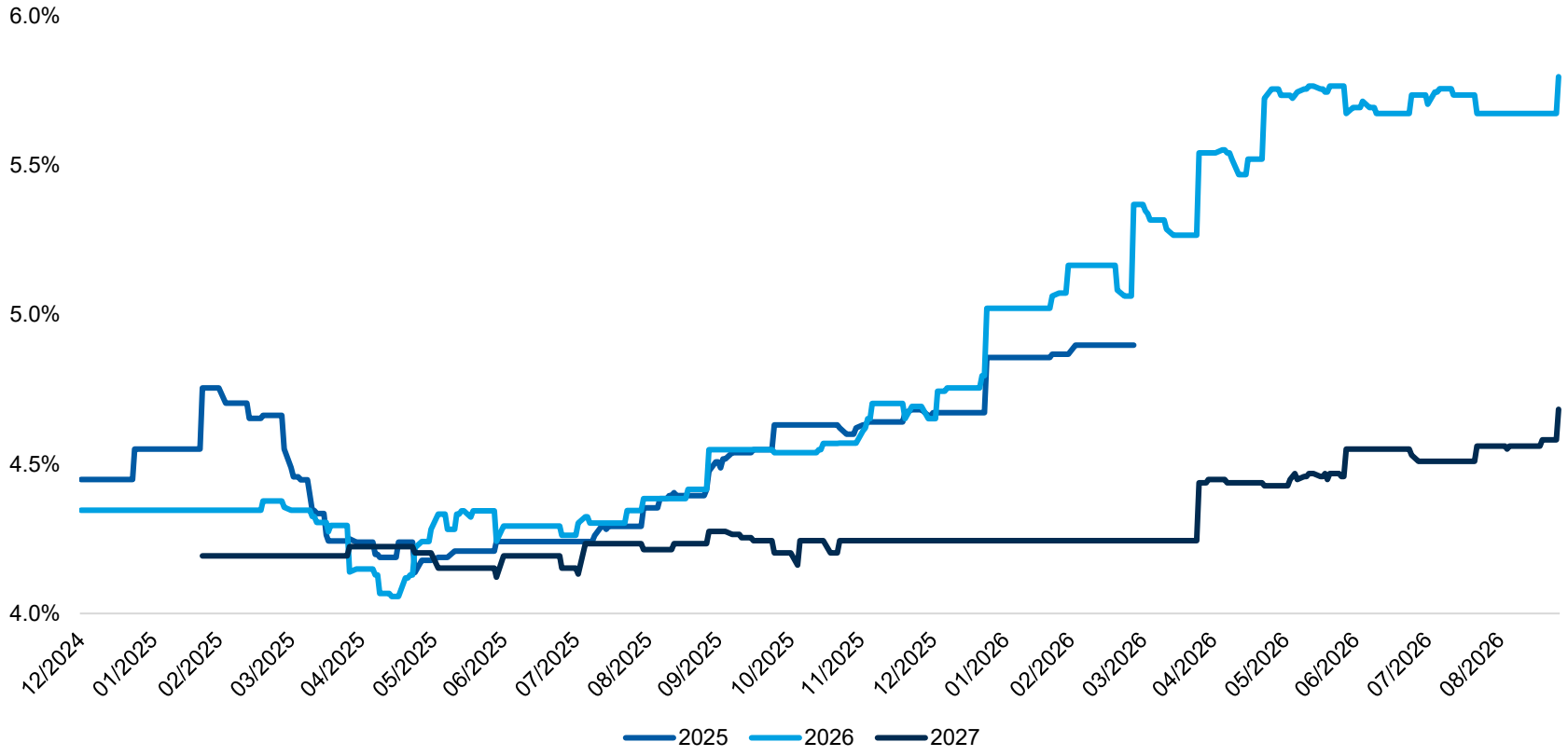
A High Nominal Growth World

Stronger nominal GDP growth supports revenue expansion, earnings growth and cash flow generation, creating a favorable backdrop for equity returns.

Real GDP Growth Has Been Resilient Even as Supply Shocks Pushed Inflation Forecasts Higher

Consensus nominal GDP growth estimates, approximated using real GDP consensus and PCE price index consensus



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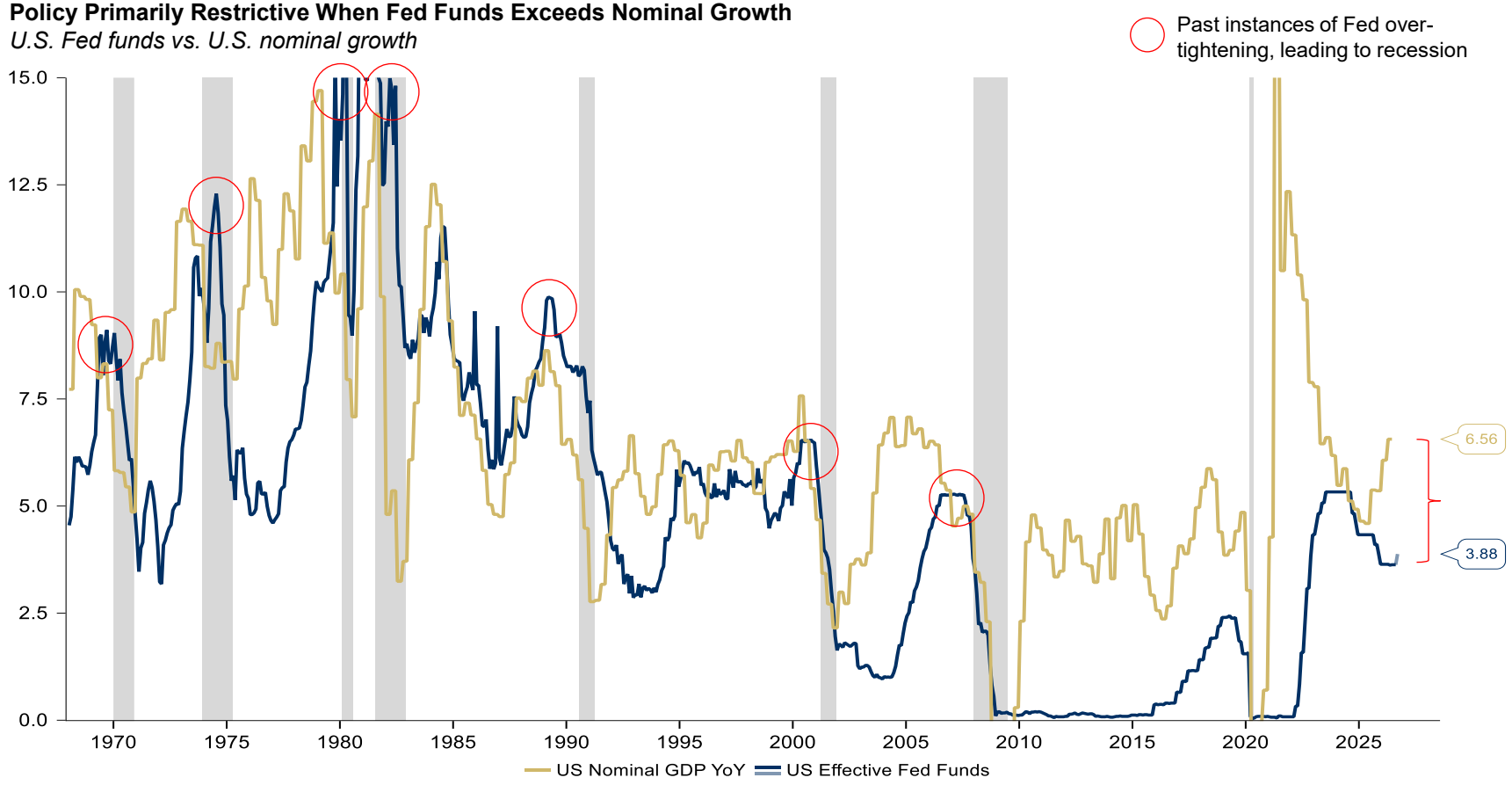
Rate Recalibration Seeks Neutral, Not Restrictive, Monetary Policy

Past recessions have historically occurred as the Federal Reserve hikes interest rates above nominal growth. With nominal growth nearly 3% above policy rate, the Fed appears to have room to hike before meaningfully impacting growth.

Policy Primarily Restrictive When Fed Funds Exceeds Nominal Growth

U.S. Fed funds vs. U.S. nominal growth



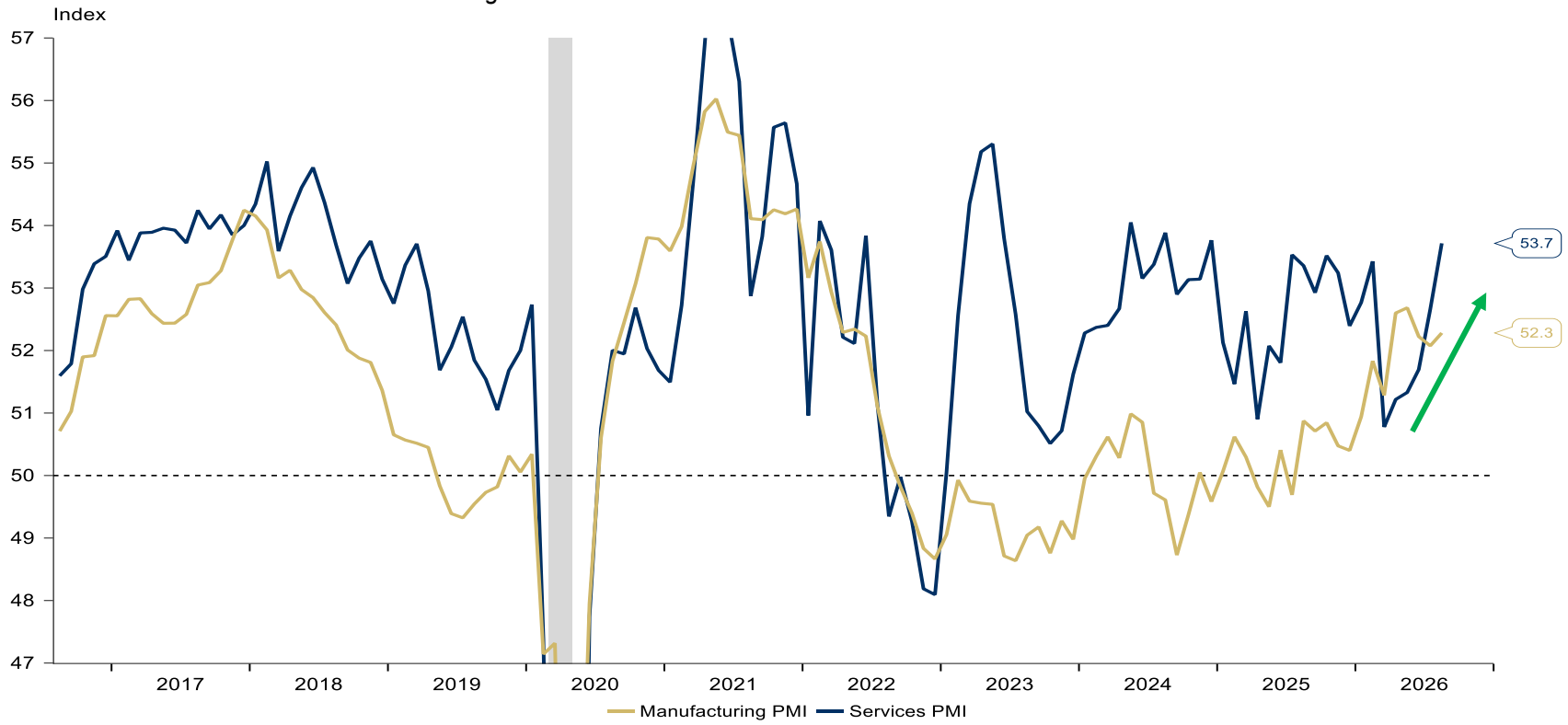
Source: Macrobond, MSIM. As of September 20, 2026. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the portfolio management team at the time of writing/of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

Global Growth Remains - Services and Manufacturing Inflect Higher

Global activity has remained on a solid footing despite higher energy prices and interest rates, with growth accelerating, not slowing

Global Activity Has Accelerated on the Back of Stronger Services and Manufacturing Growth

S&P Global World Services and Manufacturing PMIs



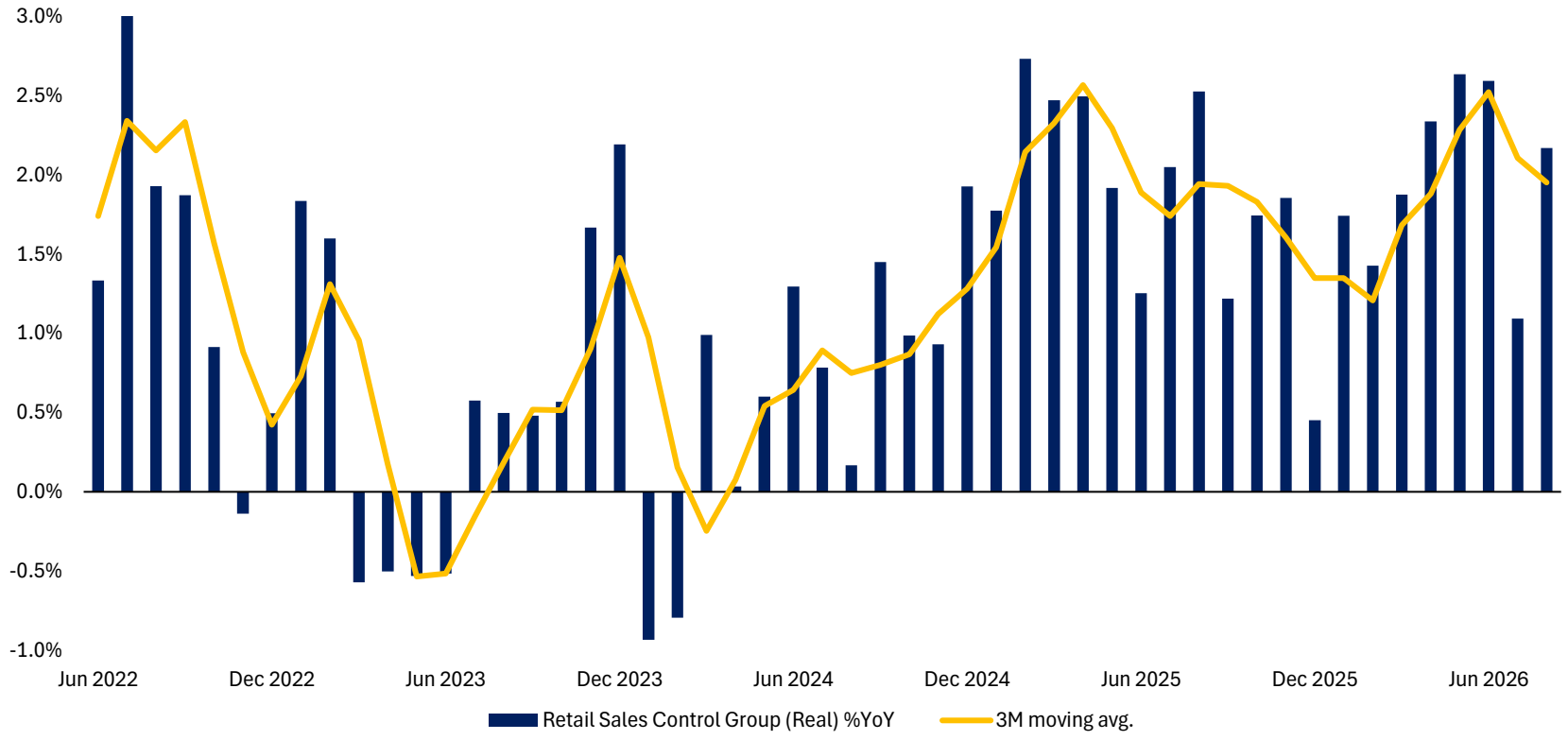
Source: S&P Global, MSIM. As of September 21, 2026. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the portfolio management team at the time of writing/of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

Consumers Have Been Resilient Despite an Ongoing Energy Shock

August retail sales exceeded expectations on both headline and core measures, providing further evidence that the U.S. consumer remains broadly healthy despite the ongoing energy supply shock.

Real Core Retail Sales Continue to Grow at Healthy Levels Despite Higher Energy Prices

Retail Sales Control Group (real, deflated by core PCE) %YoY, 3M moving average

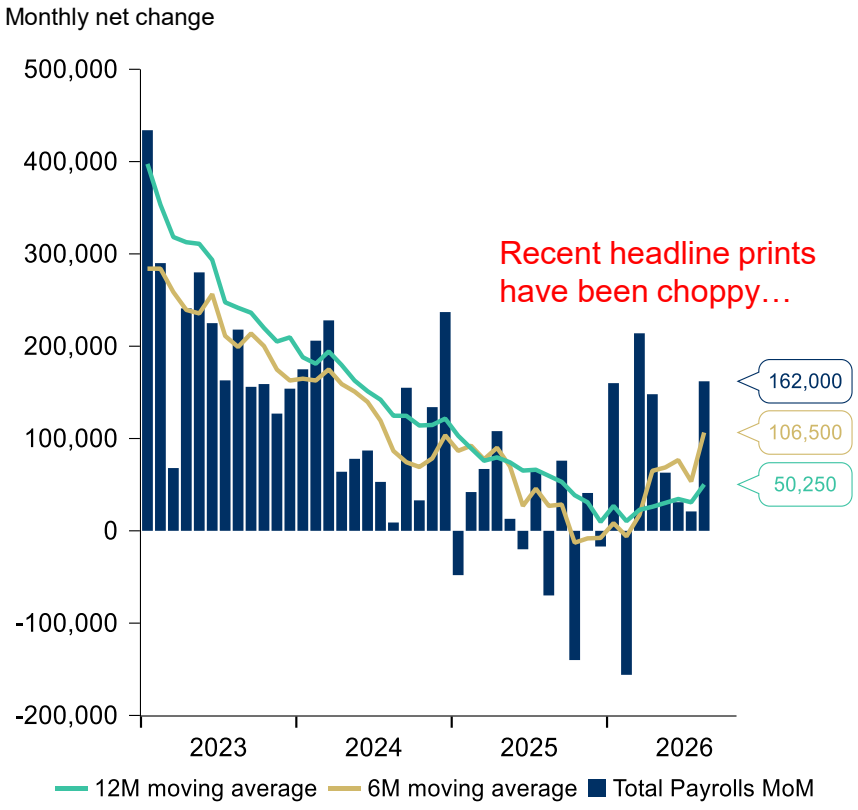


Source: Bloomberg, MSIM. As of September 14, 2026. The U.S. Retail Sales Control Group data represents retail sales figures excluding volatile categories such as automobiles, gasoline stations, building materials, and food services. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the portfolio management team at the time of writing/of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

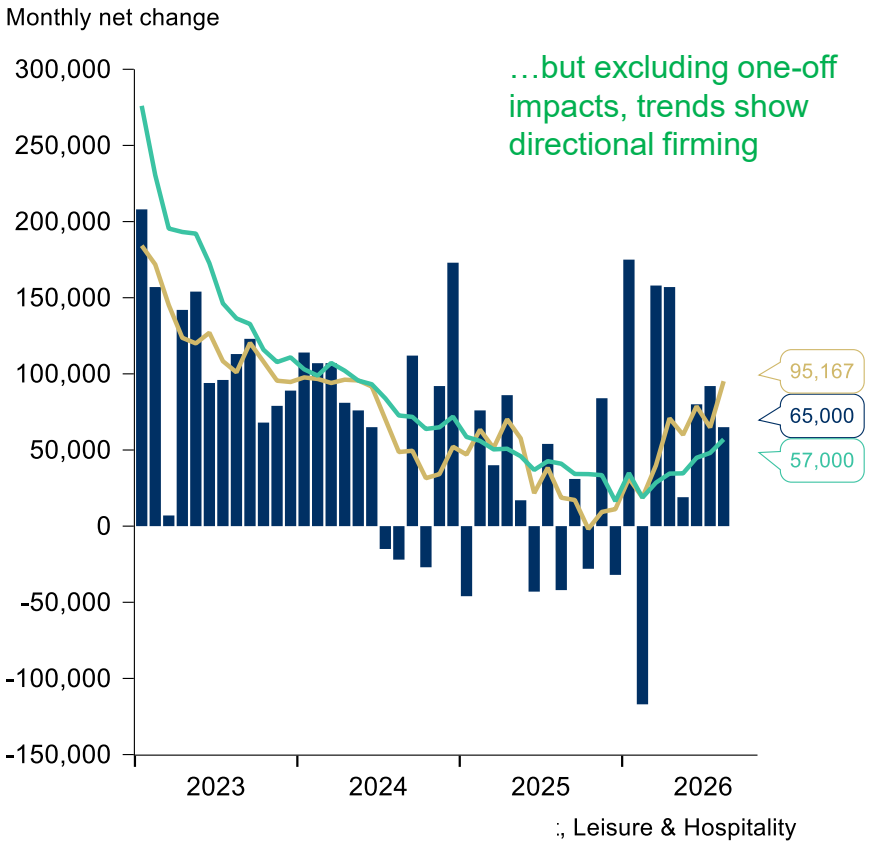
Labor Markets Show Directional Firming

Following a steady hiring deceleration through 2025, directional trends have displayed some firming YTD in 2026. Additionally, recent internals remain strong, with private sector hiring accelerating excluding one-off impacts.

U.S. Total Nonfarm Payrolls



U.S. Total Nonfarm Payrolls ex Government, Leisure and Hospitality



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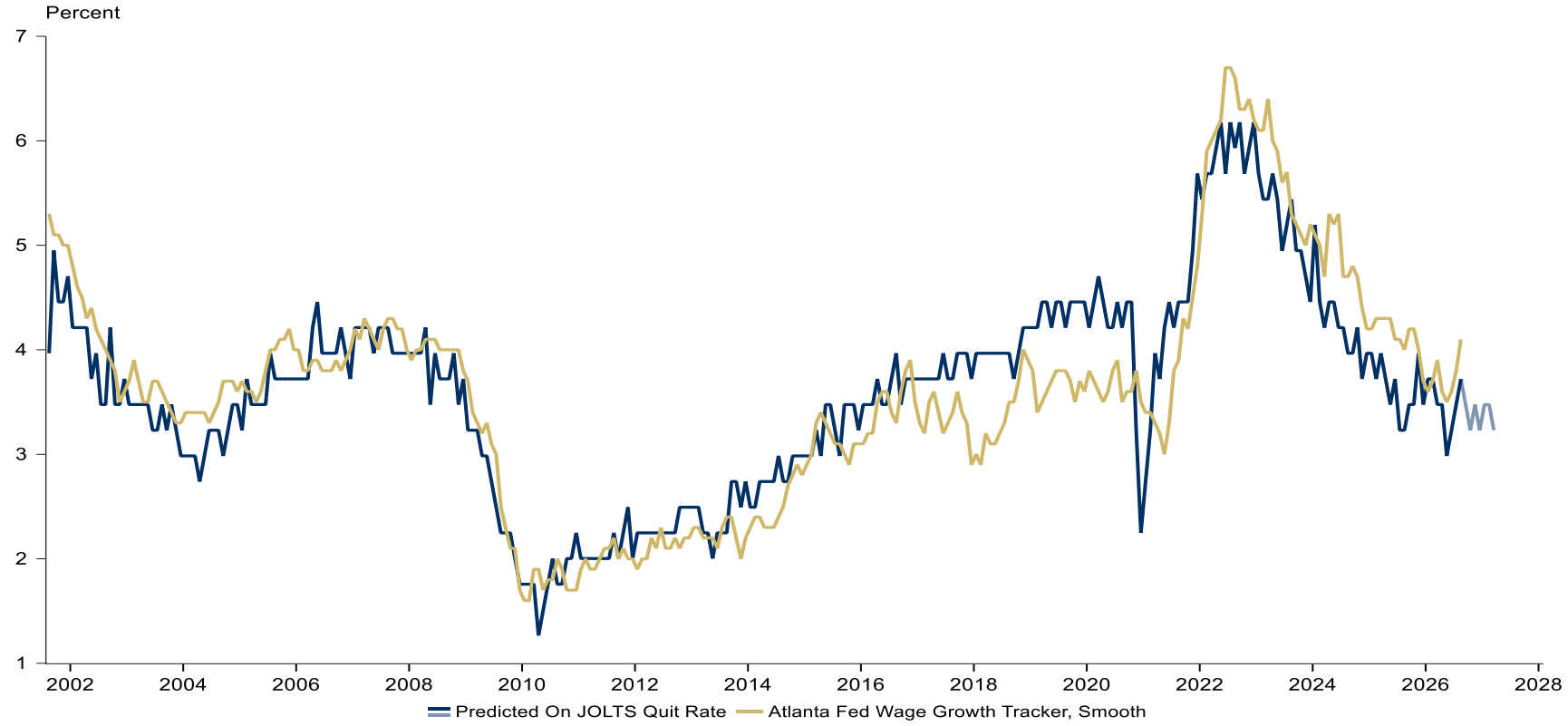
The Labor Market Is Not Overheating

While labor demand has shown signs of directional firming, this has not yet resulted in upward pressure on wages. Wage growth typically tends to follow labor tightness trends with a lag.

Wage Growth Has Stabilized

Atlanta Fed Wage Growth and wages modelled on JOLTS Quit Rate

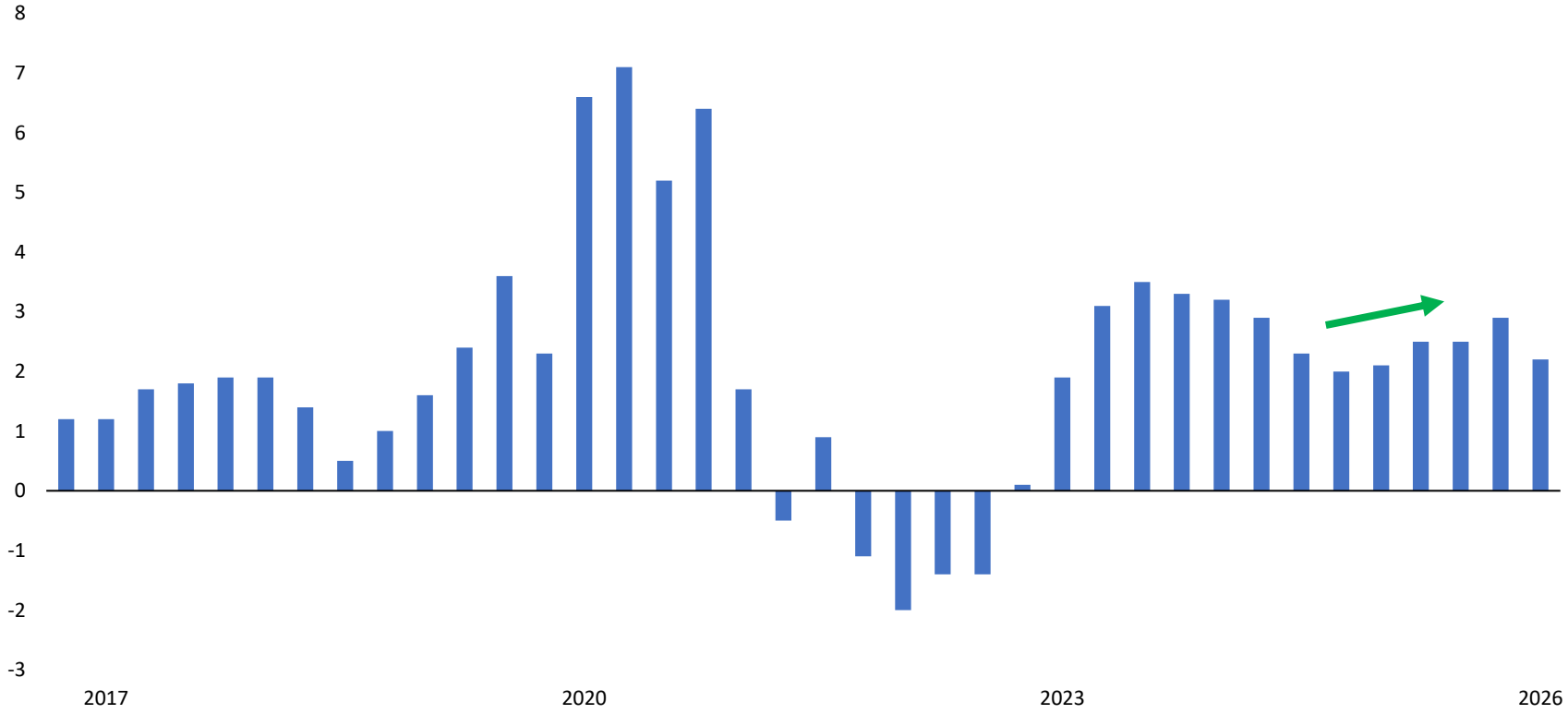


Source: Federal Reserve Bank of Atlanta, BLS, MSIM. As of September 20, 2026. JOLTS stands for Job Openings and Labor Turnover Survey. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the portfolio management team at the time of writing/of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

Strong Productivity Supports Growth Without Reigniting Inflation

Healthy productivity gains mean wages and output have room to grow while keeping incremental labor cost pressure contained. This supports the case that higher yields reflect resilient growth more so than economic stress.

Productivity Growth Remains Healthy
U.S. nonfarm productivity YoY (%) 2026



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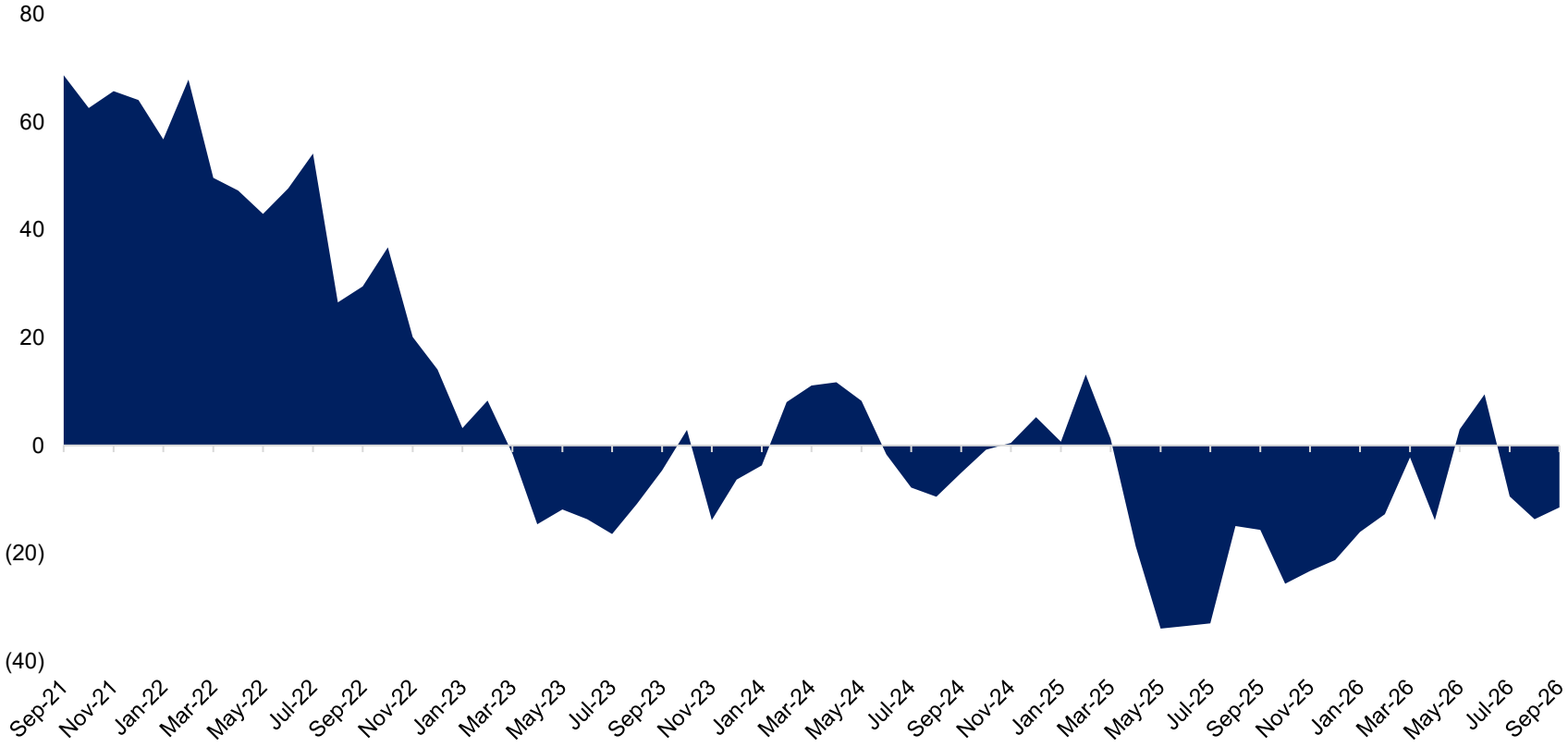
Inflation Is Above Fed Targets but Has Been in Line With Consensus

While absolute levels of inflation keep the policy debate alive, recent inflation prints have not been concerning relative to consensus expectations.

The Inflation Surprise Index Shows Recent Inflation Releases Have Been In-Line or Slightly Better than Consensus Expectations
Citi Inflation Surprise Index - United States



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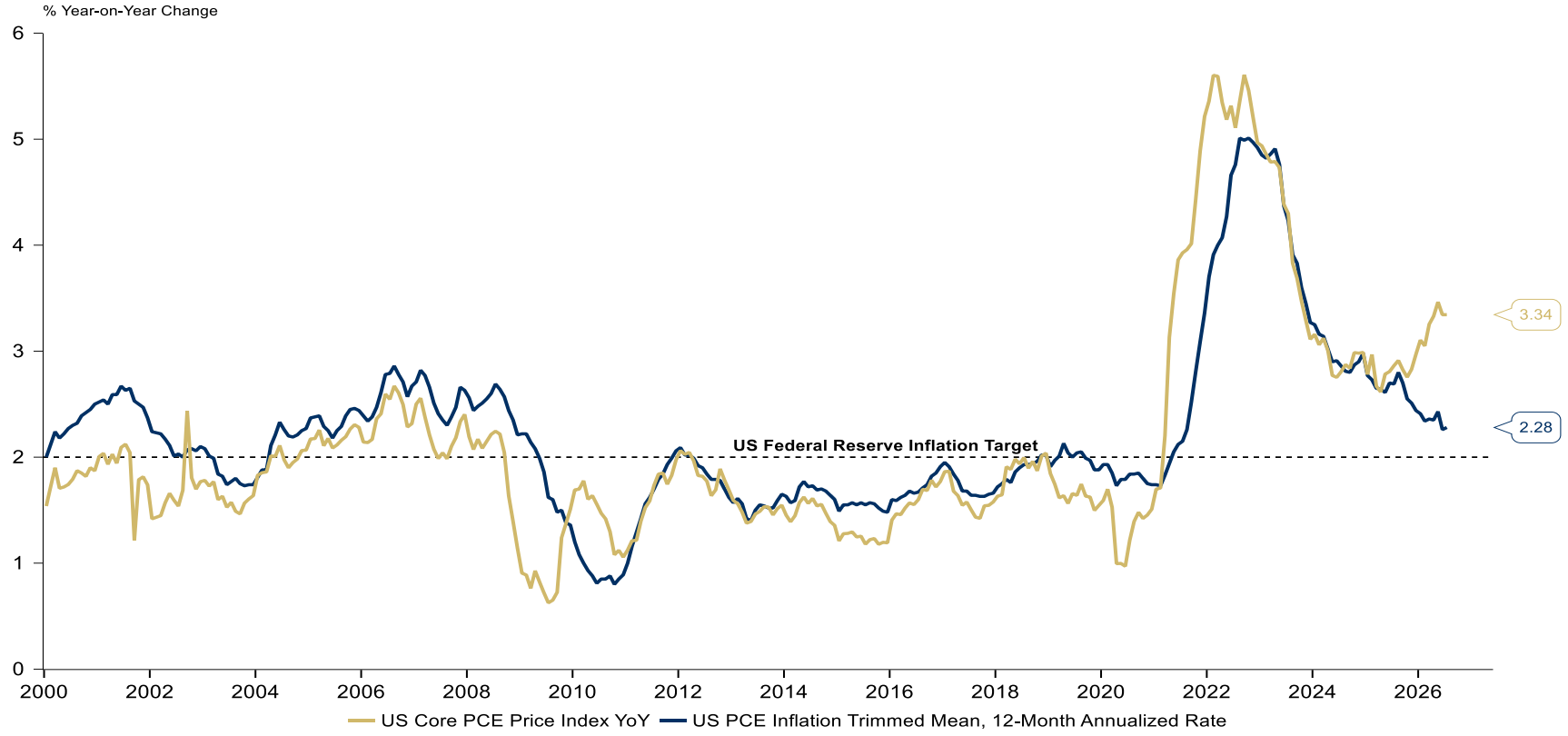
Inflation Concentrated in Select Categories, e.g. AI and Tariff-Related

Core PCE, the Fed's preferred inflation measure, has surged to 3.3%, contributing to the hawkish shift in monetary policy. However, trimmed mean inflation, a measure of underlying inflation, indicates disinflationary pressure persisting.

U.S. Core PCE Inflation



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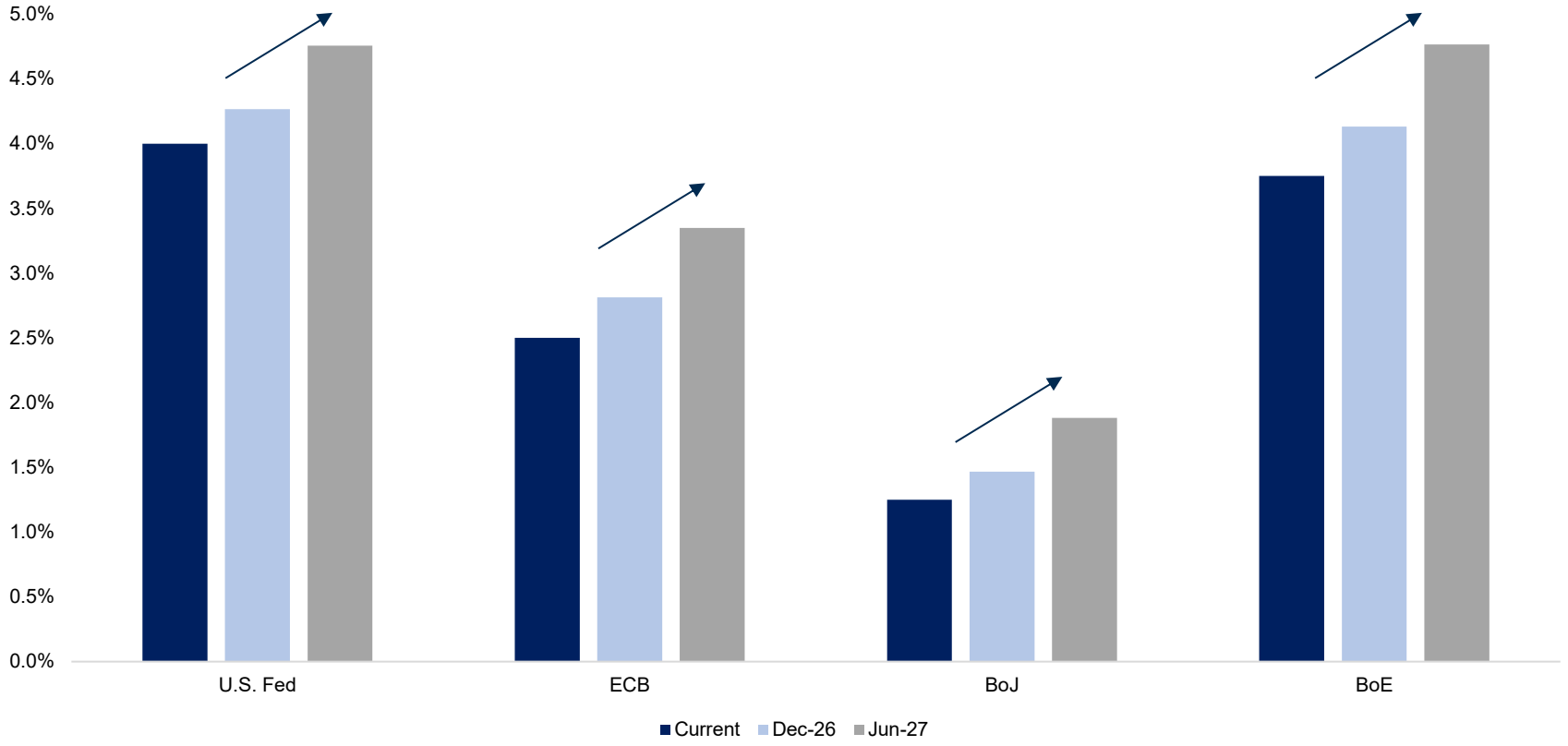
The Market Is Now Pricing a Synchronized Tightening Cycle

Forwards price rate hikes from all four major central banks by mid-2027, driven by the Iran war induced energy shock and supply constraints rather than demand.

Central Bank Policy Rates



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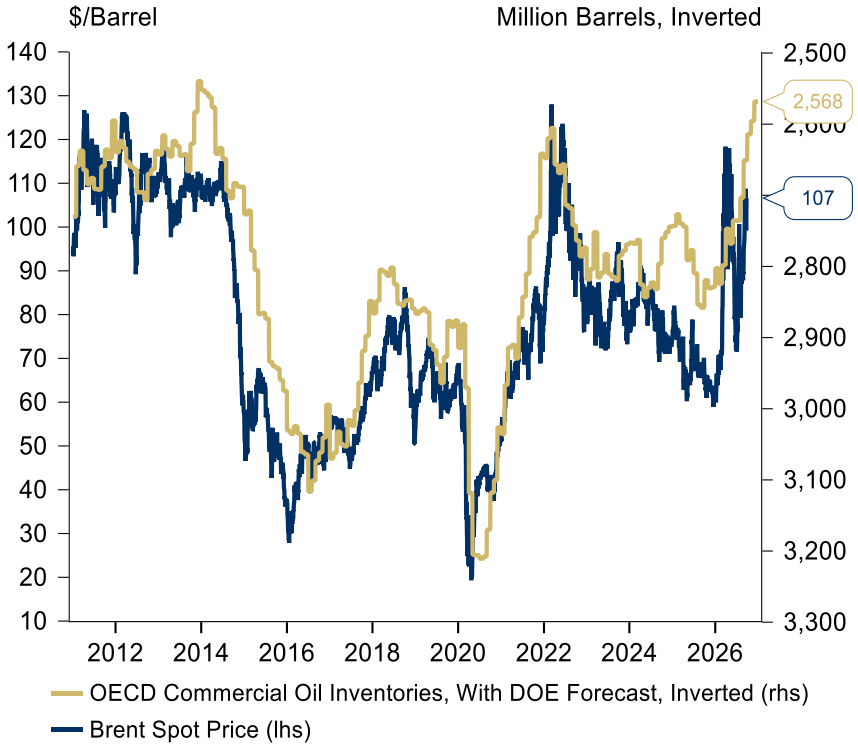
Oil Prices Remain Contained, but Underlying Pressure Is Building

Crude oil prices have remained rangebound since the start of the Iran war, while oil inventories continue to decline, creating increased pressure on the market. However, the main risk is in refined oil products, due to a loss of refining capacity.

Oil Spot Prices vs. Oil Inventories



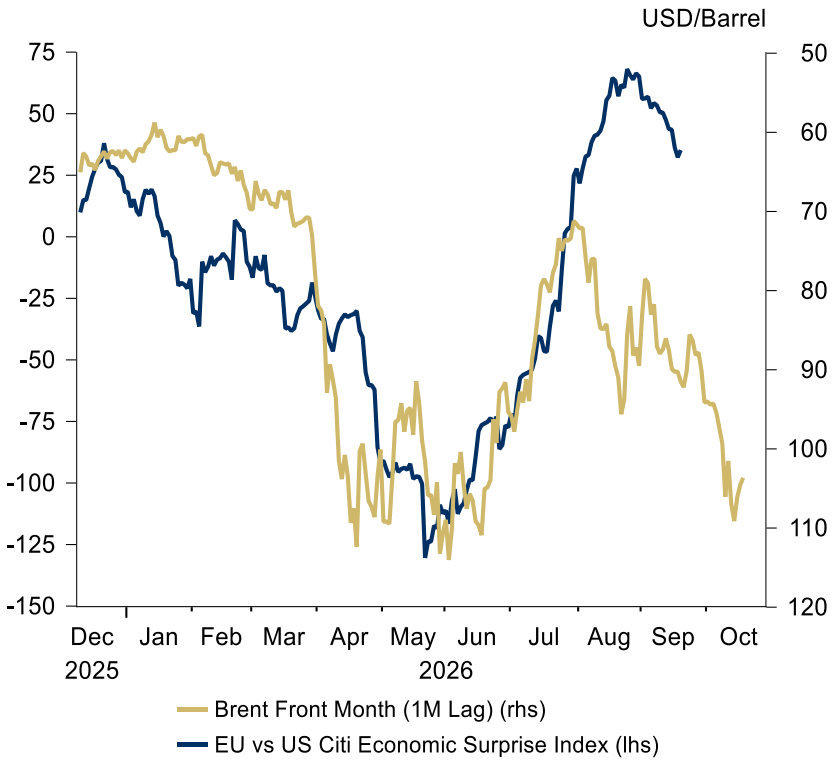
Crude Oil vs. Product Price Change (Indexed to 100)

Source: Bloomberg, Macrobond, MSIM. As of September 24, 2026. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the Team at the time of writing/of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

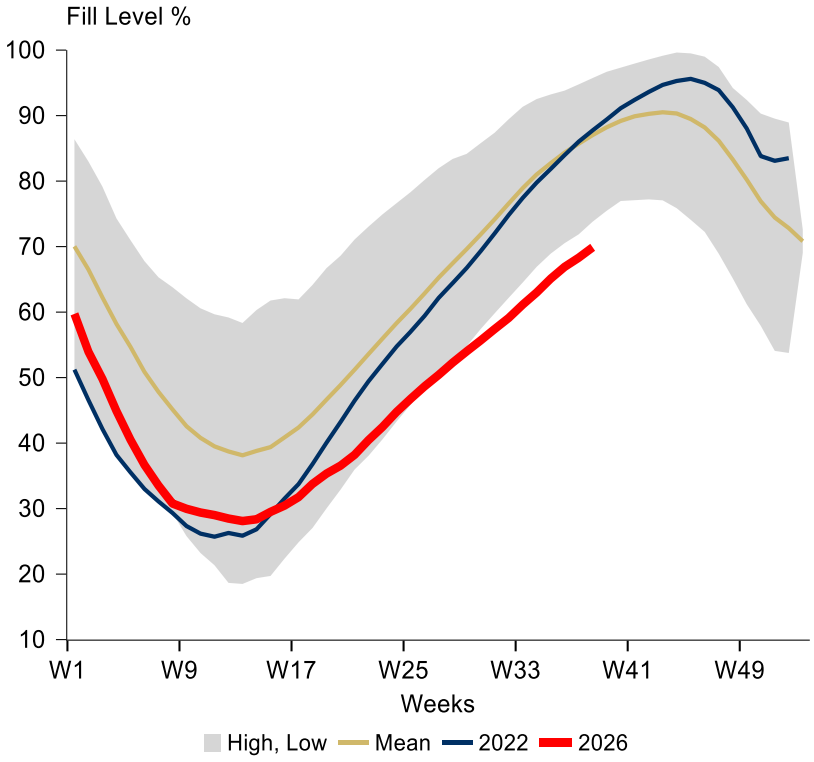
Europe's Outlook Remains Tied to Energy Prices

Since the Iran war, Europe's relative economic performance has moved closely with energy prices. Entering winter, unusually low gas storage leaves the region vulnerable to elevated prices and continued growth headwinds.

E.U. vs. U.S. Economic Surprise vs. Oil Prices



Europe: Gas storage capacity utilisation

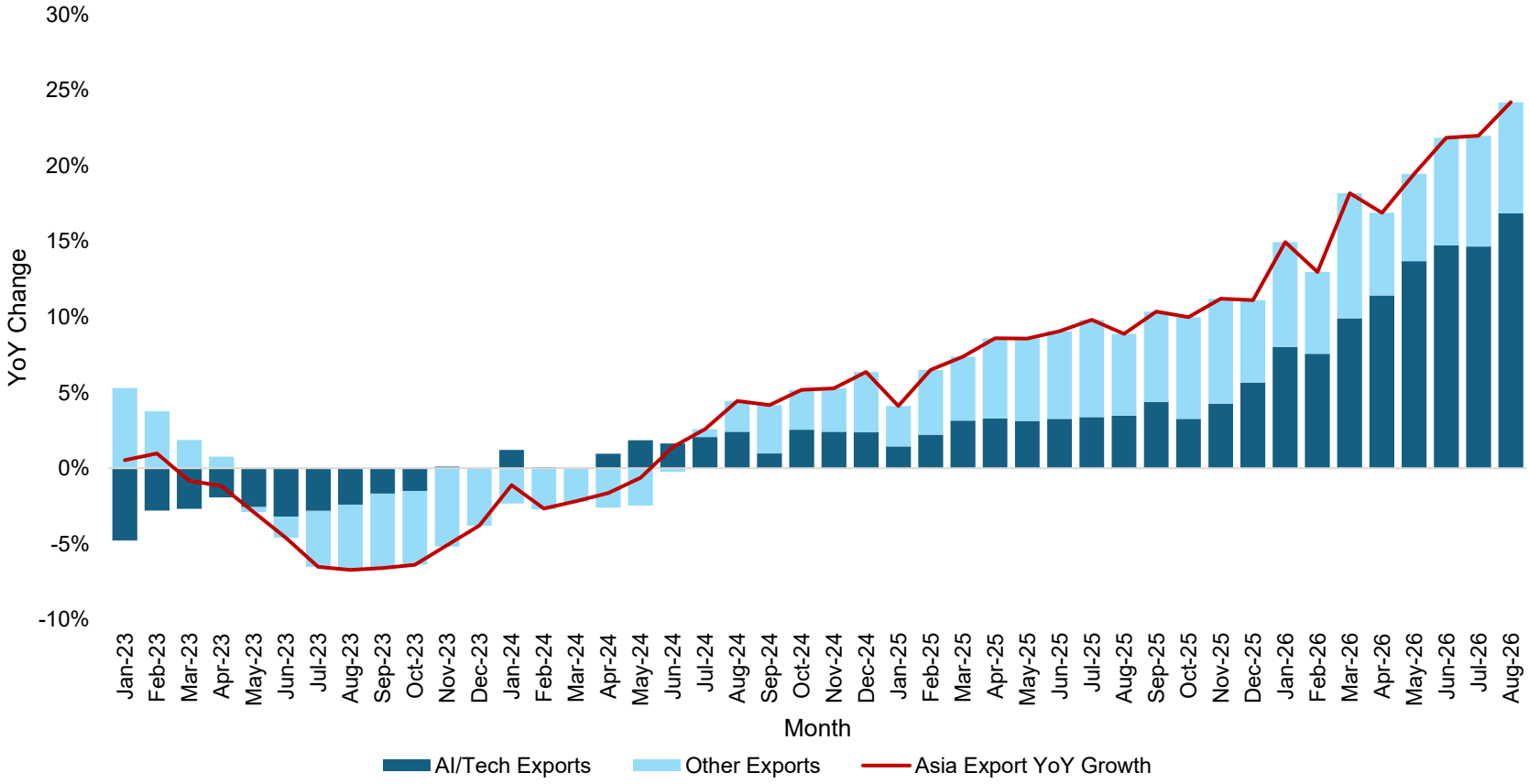


Source: Citi, Gas Infrastructure Europe (GIE), Macrobond, MSIM. As of September 21, 2026. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the Team at the time of writing/of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

AI and Tech Are Driving an Export Boom in Asia

AI and Tech exports combined account for roughly 70% of Asia's export growth, led by Taiwanese advanced-logic/AI-server packaging, Korean high bandwidth memory and Chinese optical modules/networking hardware.

Asia Export Growth Contribution – AI/ Tech Related vs. Other



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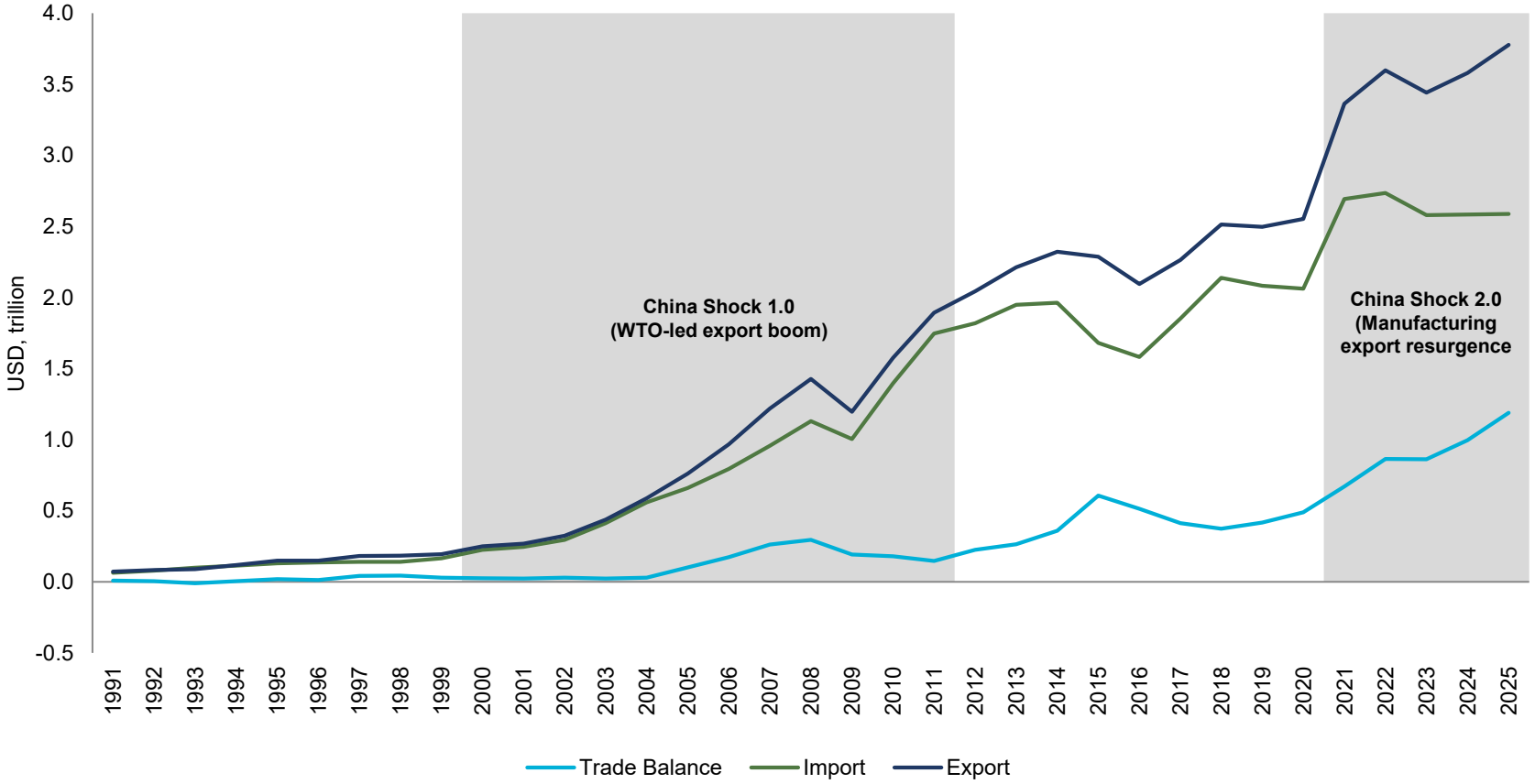
China's Export Engine Is Entering a New Phase

China's manufacturing exports are accelerating even as imports lag, widening the trade surplus and increasing competitive pressure on global producers.

China's Exports, Imports and Trade Balance



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Bonds

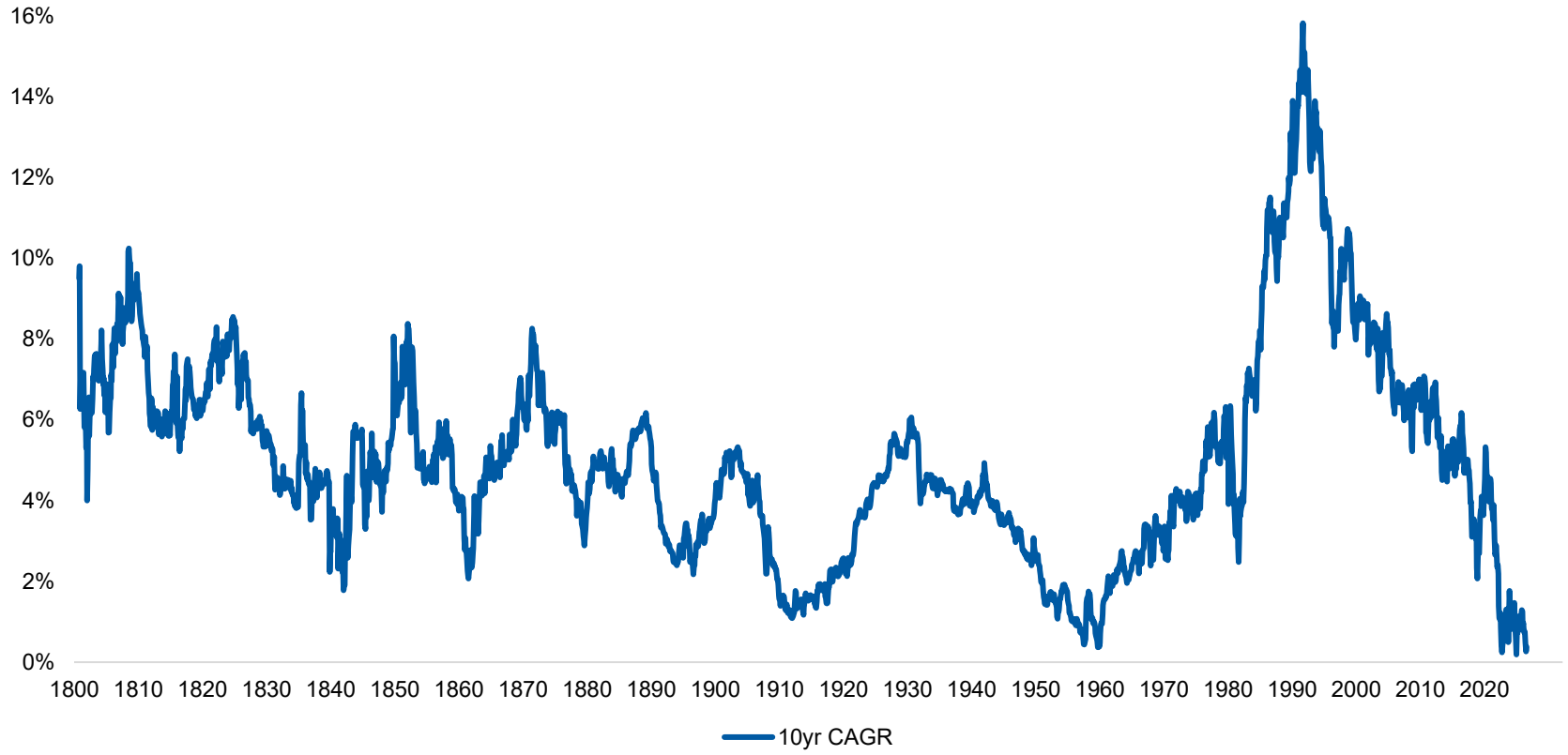
Quarterly Global Market and Asset Allocation Guide

The Lost Decade In U.S. Treasuries

The past decade has delivered historically weak UST returns as yields reset sharply higher. But that same repricing has raised income levels and created a more attractive starting point for future fixed income returns.

10-Year UST Returns Are Near Their Lowest Levels Since the 1800s

Rolling 10-year annualized total return of the 10-Year UST



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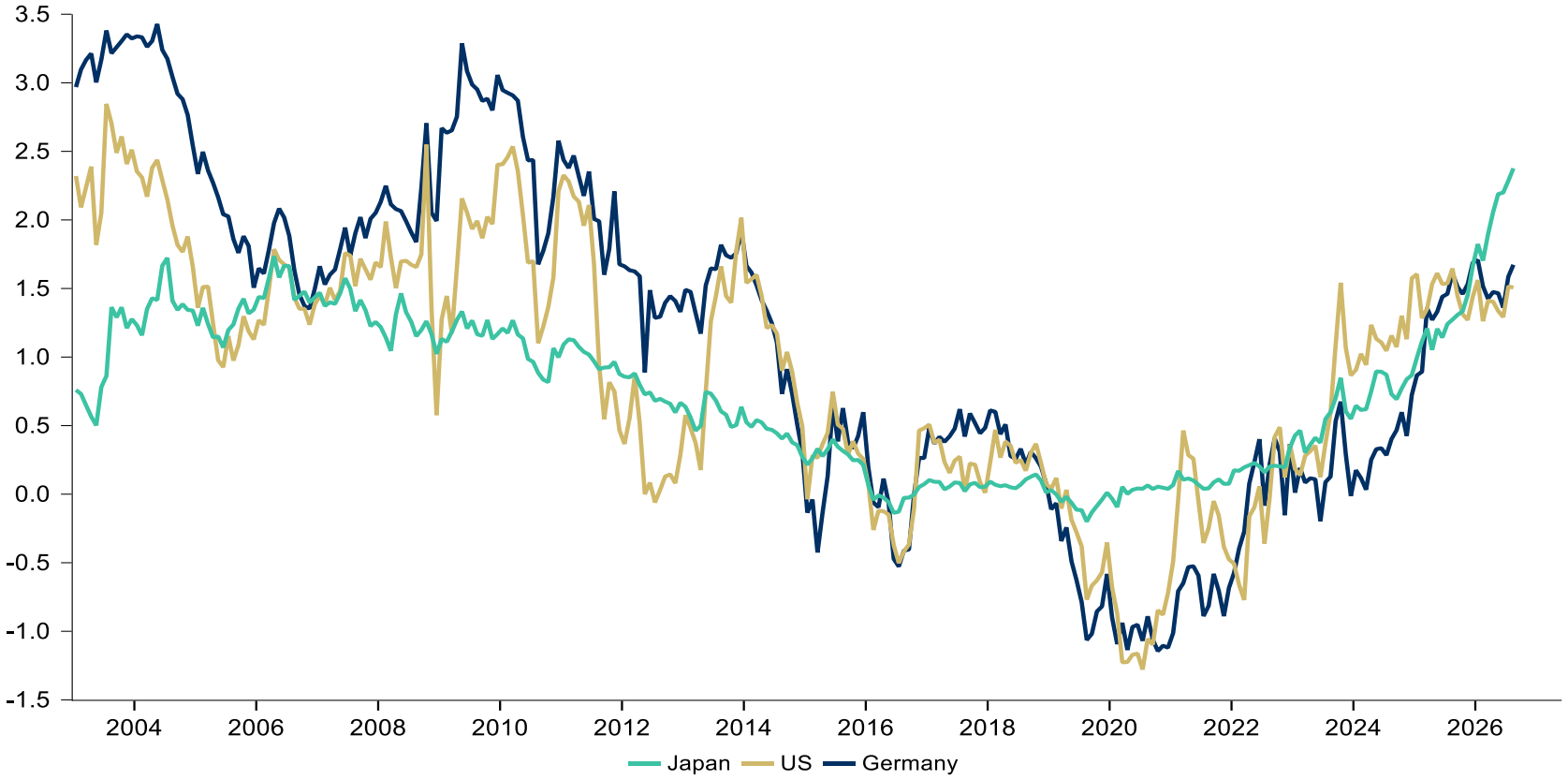
Term Premiums Point to Fed Expectations, not Fiscal Stress

The UST 10-year term premium has moved sideways over the past year, suggesting higher long rates and reflecting a shifting Fed outlook, rather than deteriorating U.S. credibility.

While Term Premium Has Risen in Japan, the U.S. and Germany Have Remained Broadly Stable

10-year government bond term premium estimates, U.S., Germany and Japan, %



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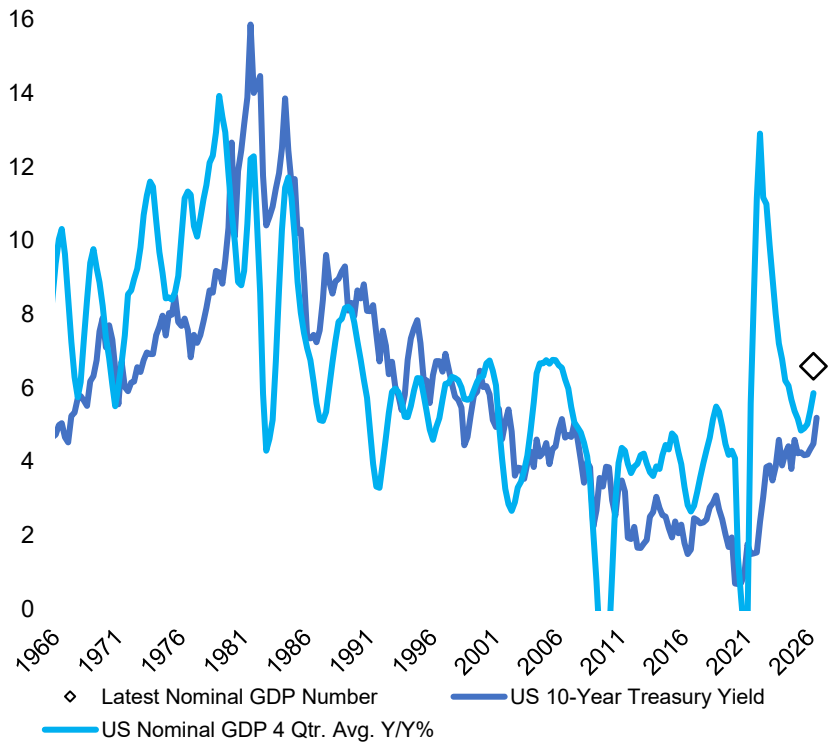
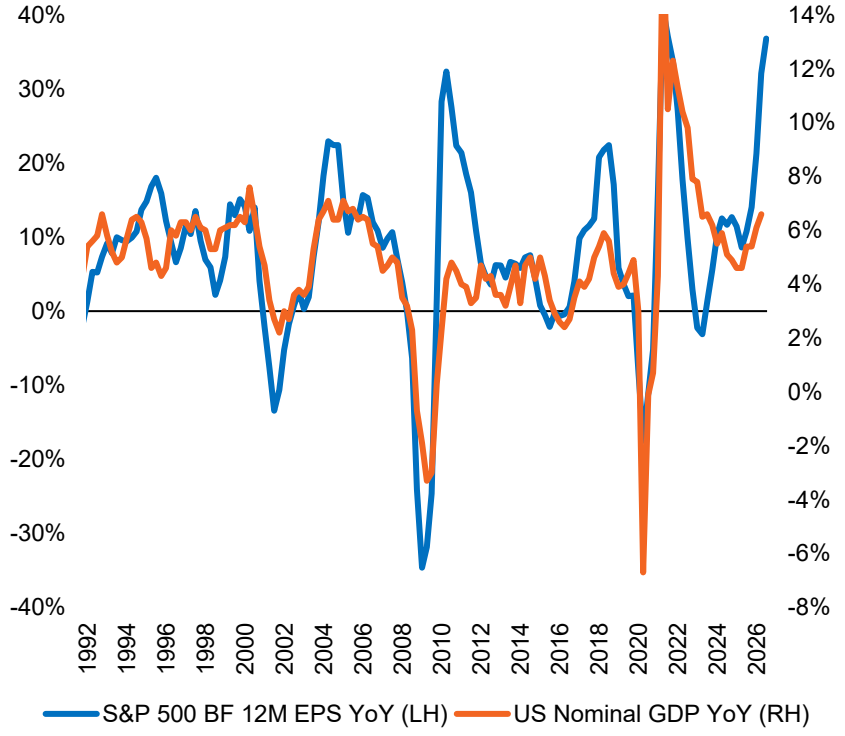
Higher Yields Reflect Stronger Nominal Growth

UST yields are rising alongside nominal GDP, consistent with a relationship that has persisted across cycles. With growth still running near 6%, higher rates look more like a response to economic strength than a signal of stress.

Bond Yields Are Reconnecting With Nominal Growth
U.S. nominal GDP vs 10-Year UST yield (%)



Strong Nominal Growth Is Supporting Earnings Growth
U.S. nominal GDP vs S&P 500 EPS growth, YoY (%)



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Broad EM Value Has Compressed, but Select Opportunities Remain

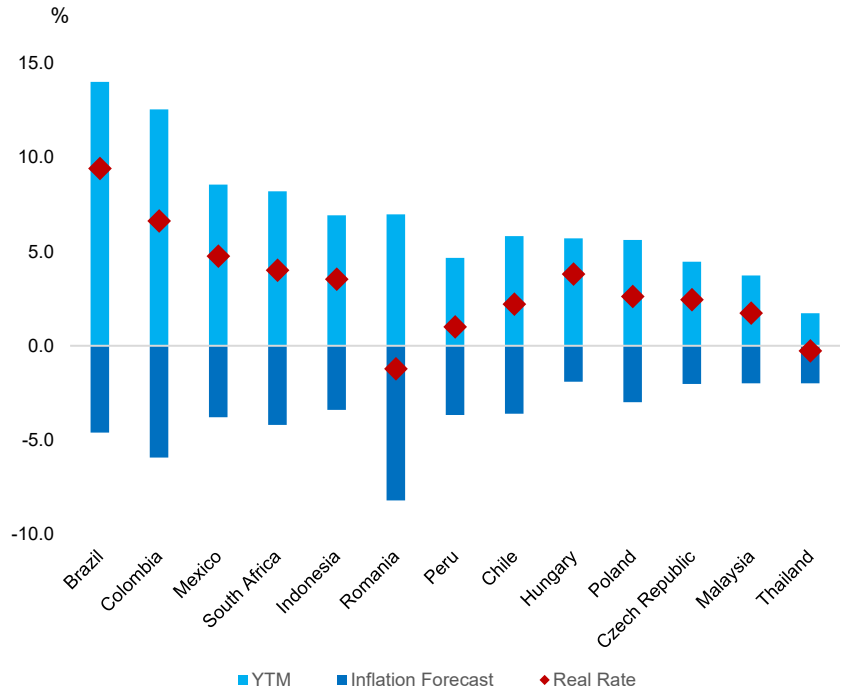
Hard currency sovereign spreads are near historical tights, limiting broad-based value, while Brazil's high real rates continue to offer attractive country-specific compensation.

EM Sovereign Spreads Are Near Historical Tights

EMBI spreads versus 10th, 50th and 90th historical percentiles; IG (top) and Non-IG (bottom)

Brazil Real Rates Stand Out Across EM

Local bond YTM and 12-month inflation forecast across selected EM markets; diamonds denote ex-ante real rates



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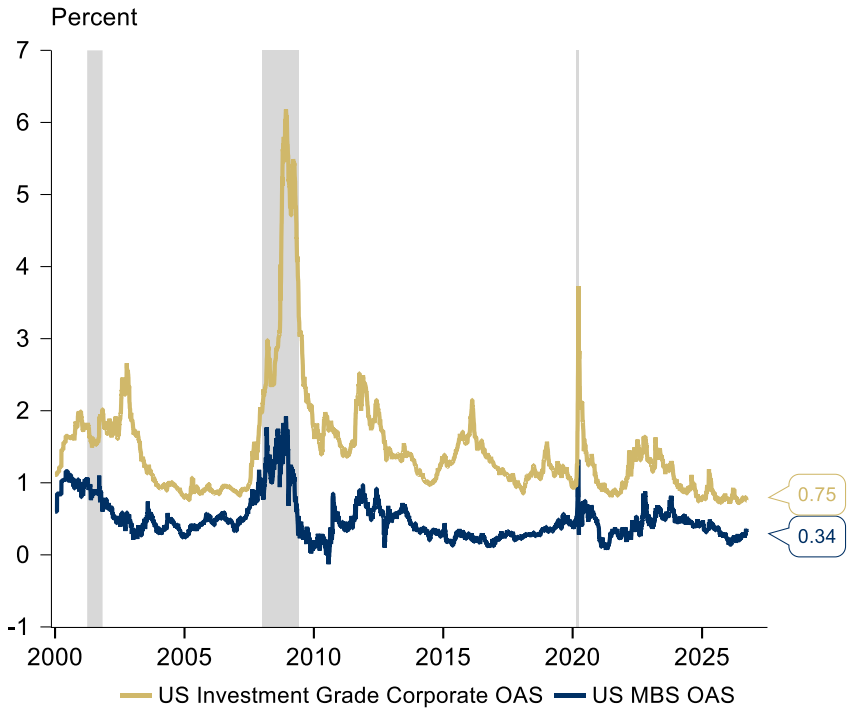
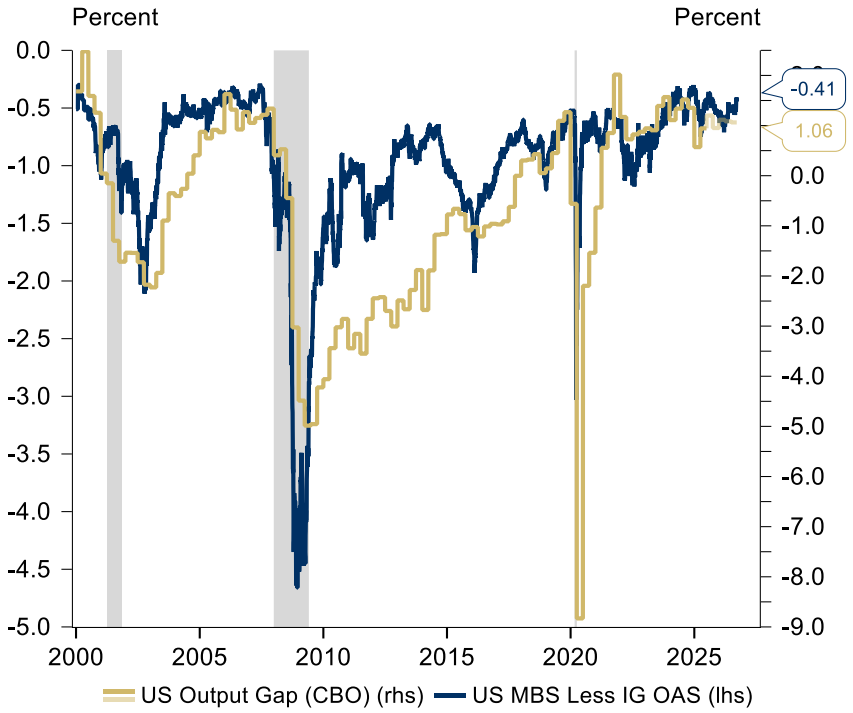
U.S. MBS Is Attractive as an Alternative to Corporate Credit

The U.S. IG Option Adjusted Spread (OAS) is near historical tights, resulting in a poor risk/reward trade off. If growth slows, IG spreads will likely widen relative to MBS, creating asymmetry at current levels.

U.S. MBS and U.S. IG Option Adjusted Spread



U.S. MBS- IG OAS vs. U.S. Output Gap



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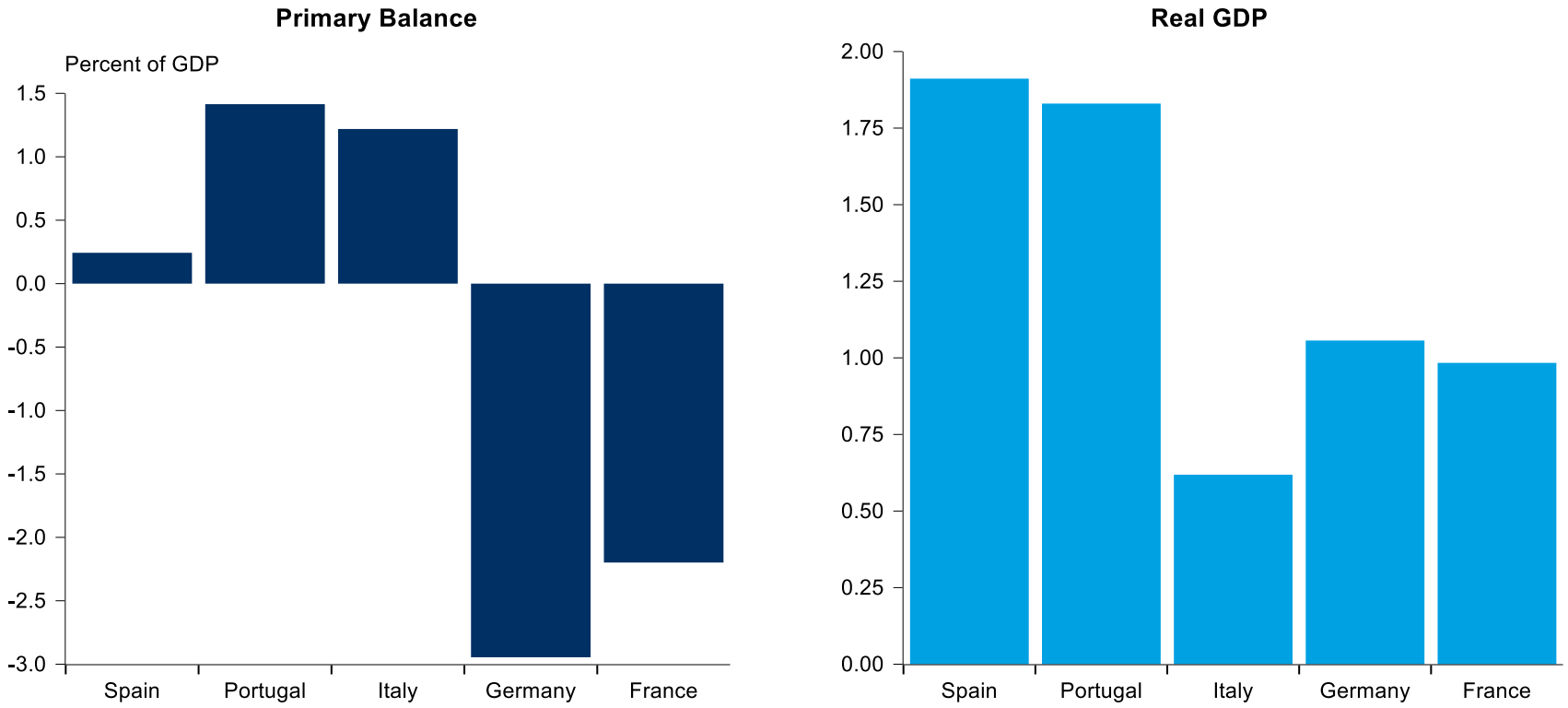
European Core-Periphery Convergence to Continue

The tightening of peripheral spreads of recent years is rooted in improved fiscal and growth dynamics. With political uncertainty compounding France's fiscal woes, we do not see a reversal of this trend likely.

Spain and Portugal Are Expected to Continue to Outgrow EU Peers, While Maintaining a Primary Surplus
2026-28 average forecasted primary balance and real GDP growth



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High Yield Is Expensive Relative to Credit Loss Expectations

We expect credit losses to improve as nominal growth remains resilient, but tight spreads leave little margin of safety.

High Yield Spreads Remain Tight Relative to Credit Loss

US HY credit loss (LH - %) vs. OAS (RH – basis points)

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Equities

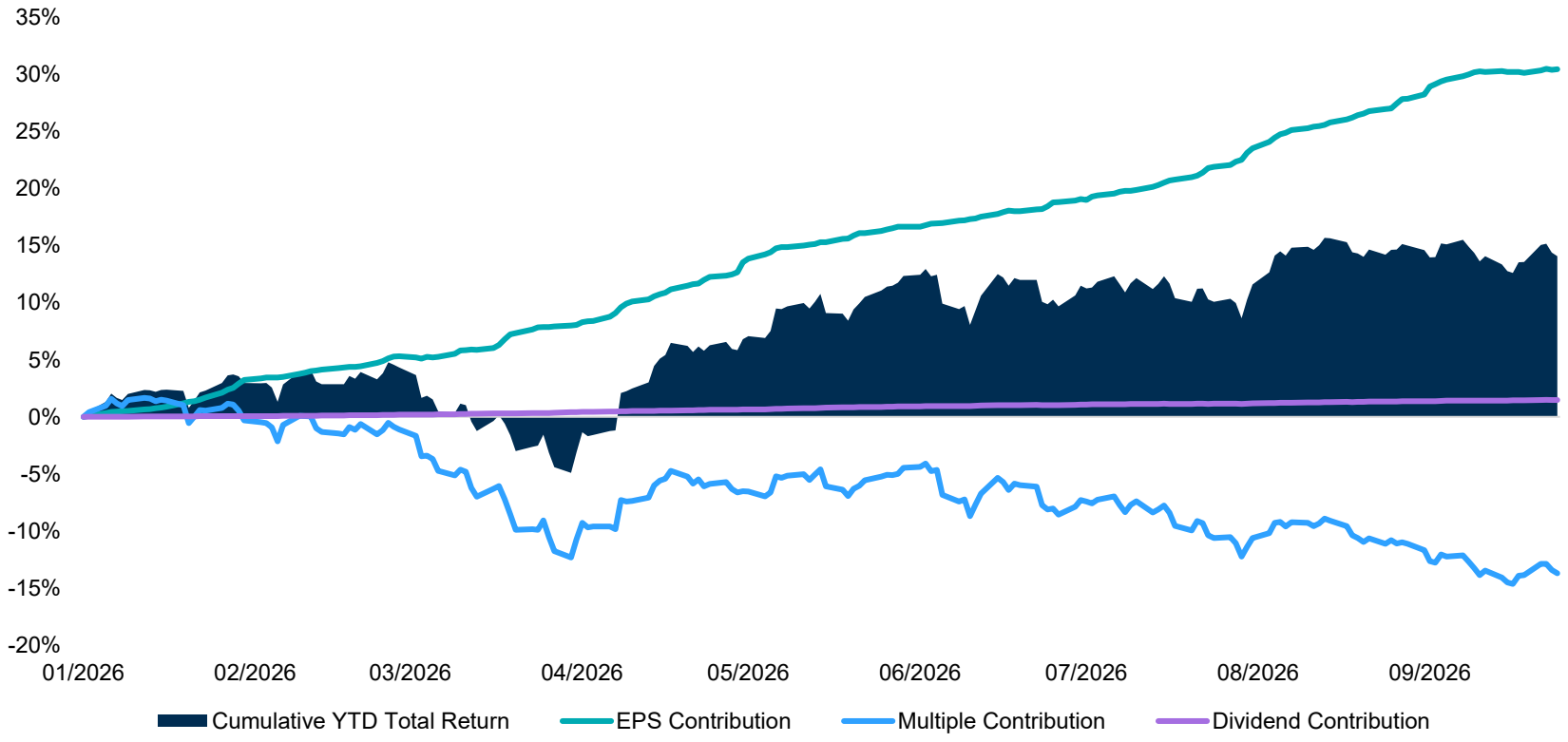
Quarterly Global Market and Asset Allocation Guide

2026 YTD Equity Upside Driven by Earnings Strength, Not P/E

YTD positive returns for global equities have been supported by strong earnings with contracting multiples. This speaks to both strong current fundamentals and a debate around the sustainability of AI driven earnings.

Rolling 12-month Forward EPS for the MSCI ACWI Are Up 30% YTD, While the 12-month Forward P/E Is Down 14%

MSCI ACWI Index, calculated using Bloomberg Consensus EPS 12-month rolling



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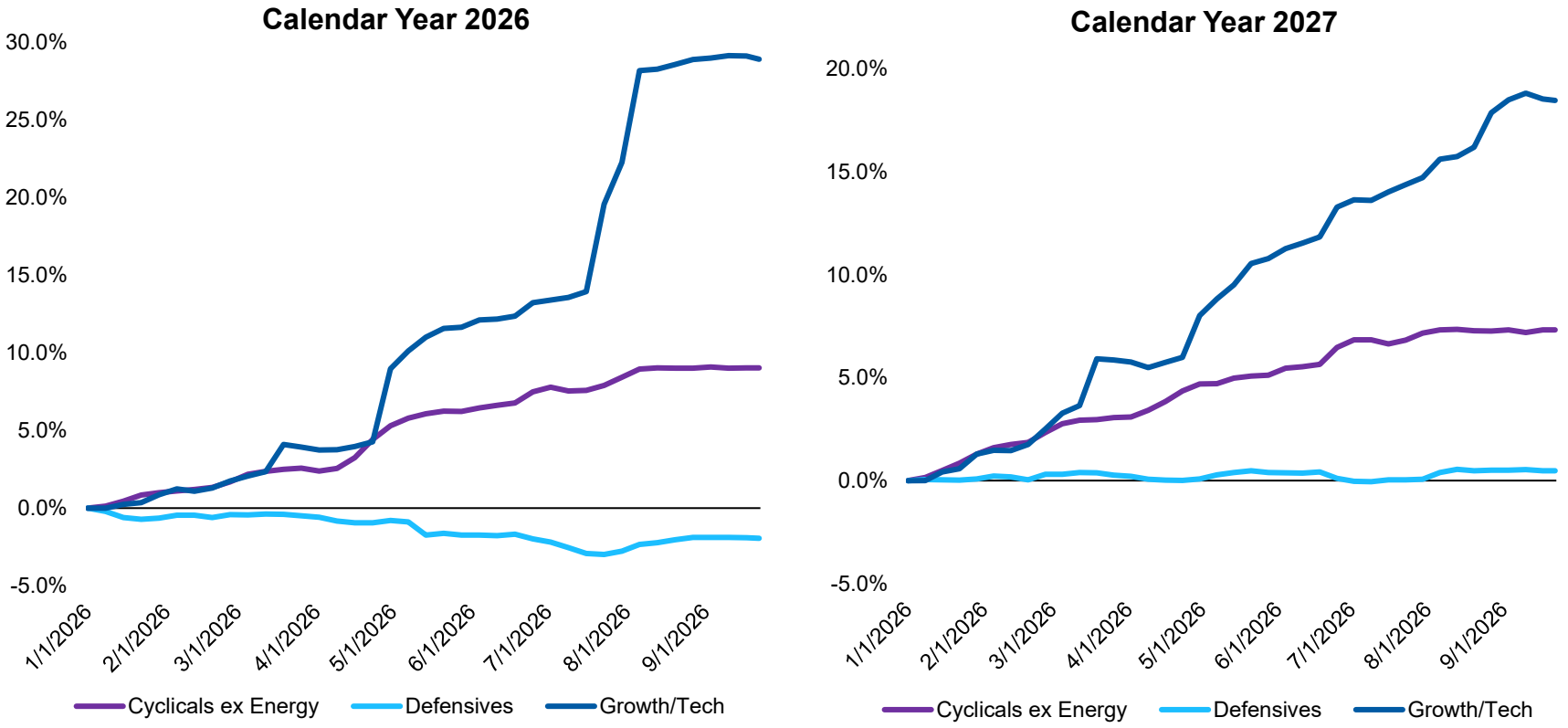
2026-27 Earnings Revisions Remain Skewed Toward Growth/Tech

Upward earnings revisions are extending beyond Growth/Tech into cyclical sectors, pointing to improving breadth in the earnings outlook.

Growth/Tech Is Leading EPS Revisions Up ~29% for CY2026 and ~19% for CY2027 YTD

S&P 500 sectors, cumulative revisions to Bloomberg consensus CY2026 (left) and CY2027 (right) EPS estimates



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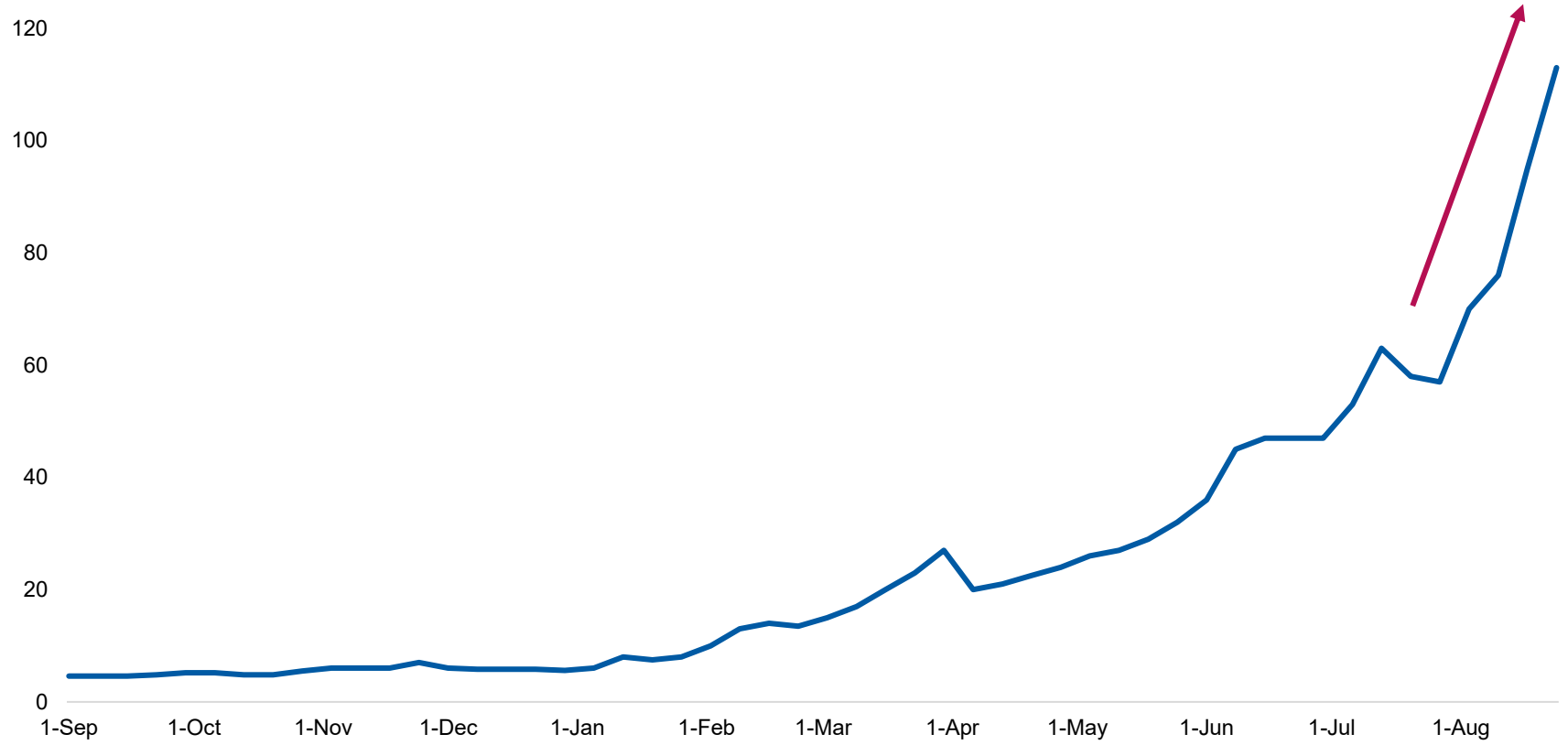
AI Demand Continues To Accelerate as Agentic AI Is Adopted

OpenRouter token demand has surged to 113 trillion per week as of the end of August, up 25x YoY and 2x MoM. Datacenters are struggling to keep up with demand growth, creating supply bottlenecks and increased CapEx intentions.

The AI Boom Is Entering a New Phase as Agentic AI Is Adopted

Trillions of tokens processed per week on OpenRouter



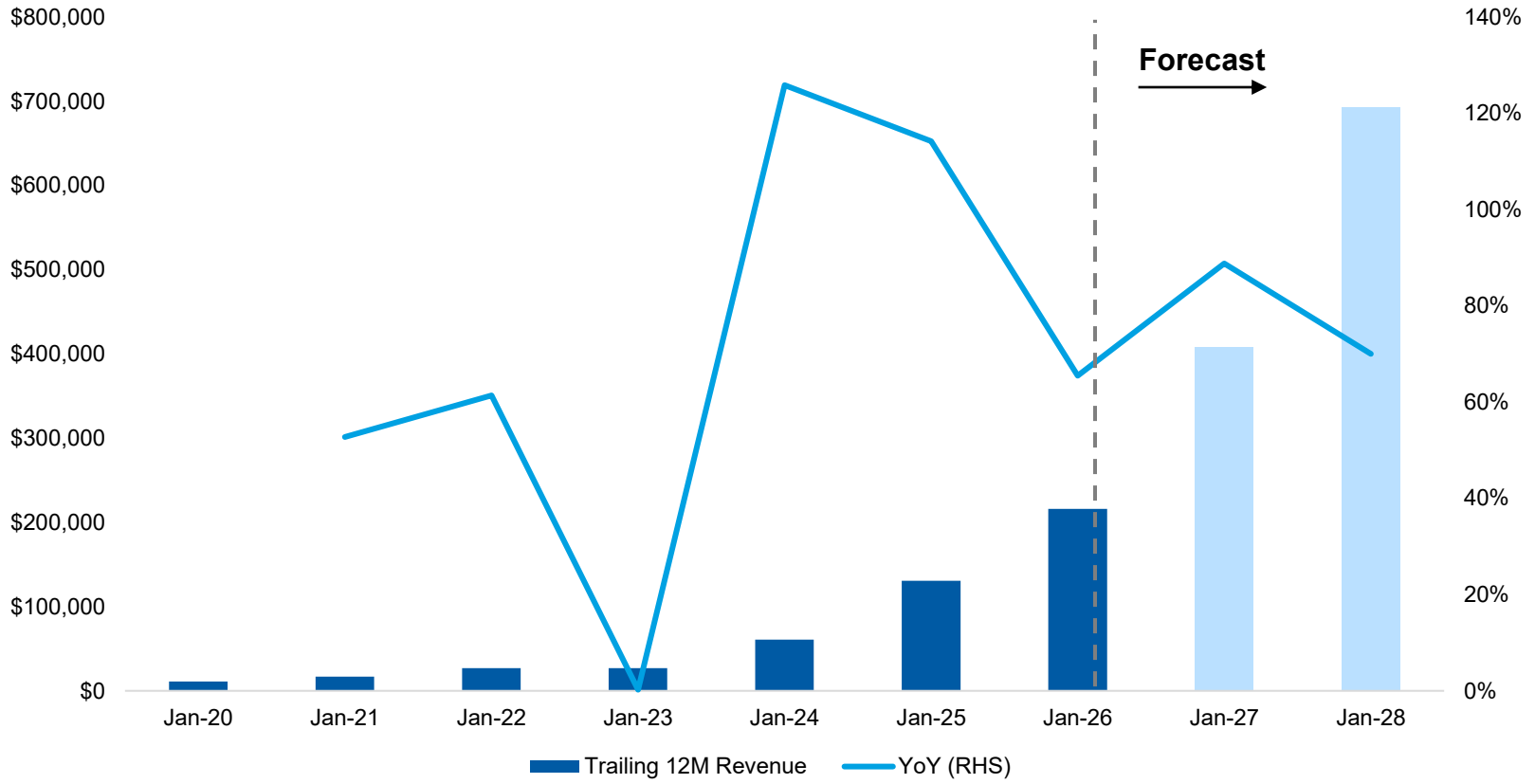
Source: OpenRouter, MSIM. As of September 1, 2026. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the Team at the time of writing/of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

Nvidia Continues To Benefit From Surging AI Demand

AI exposed companies continue to see surging revenue and profit growth. Nvidia's recent revenue guidance came in at 70% for fiscal year 2028, significantly beating consensus expectations of 45% growth.

Nvidia's Revenue Continues To Surge

Nvidia's annual revenue in millions (LHS) and YoY growth (RHS)



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Will Cyclical Trade Rebound or Economic Data Deteriorate?

Cyclical underperformance relative to defensives followed the unraveling of the MOU between the U.S. and Iran. The key question now is whether economic data deteriorates, or the cyclical trade rebounds.

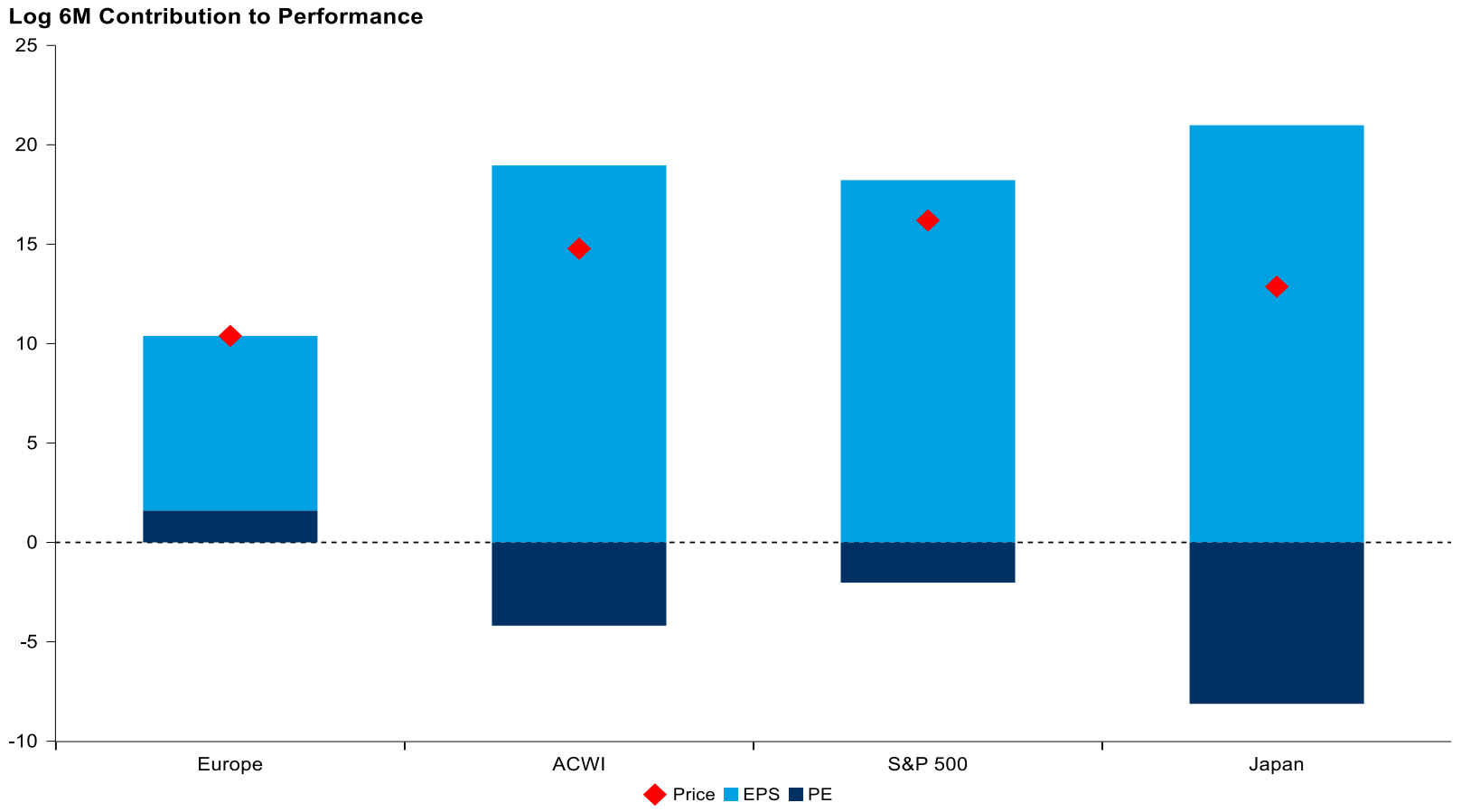
Cyclical Sectors Have Underperformed Defensives Since July, Though Data Remains Supportive

Cyclical sector performance less defensive sector performance (GICS Level 3) vs. change in global manufacturing PMI

Source: MSIM, Bloomberg. As of September 25, 2026. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the portfolio management team at the time of writing/of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

Underweight European Equities, Japan Most Attractive

European equities have continued to display weaker EPS growth, the only market that is more expensive since the start of the Iran war. With less exposure to AI and more macro headwinds, we expect EPS underperformance to continue.



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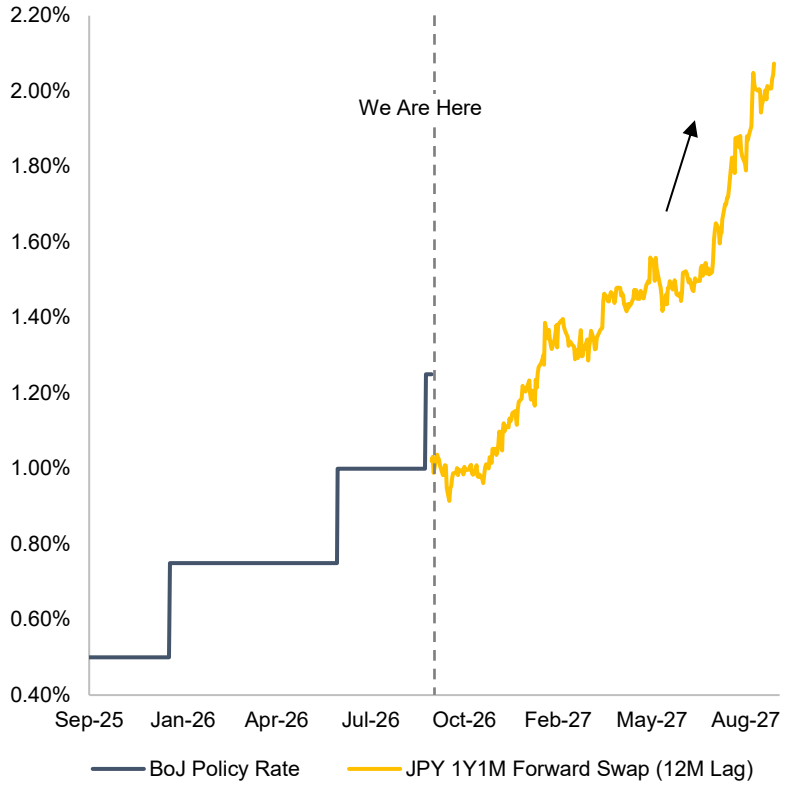
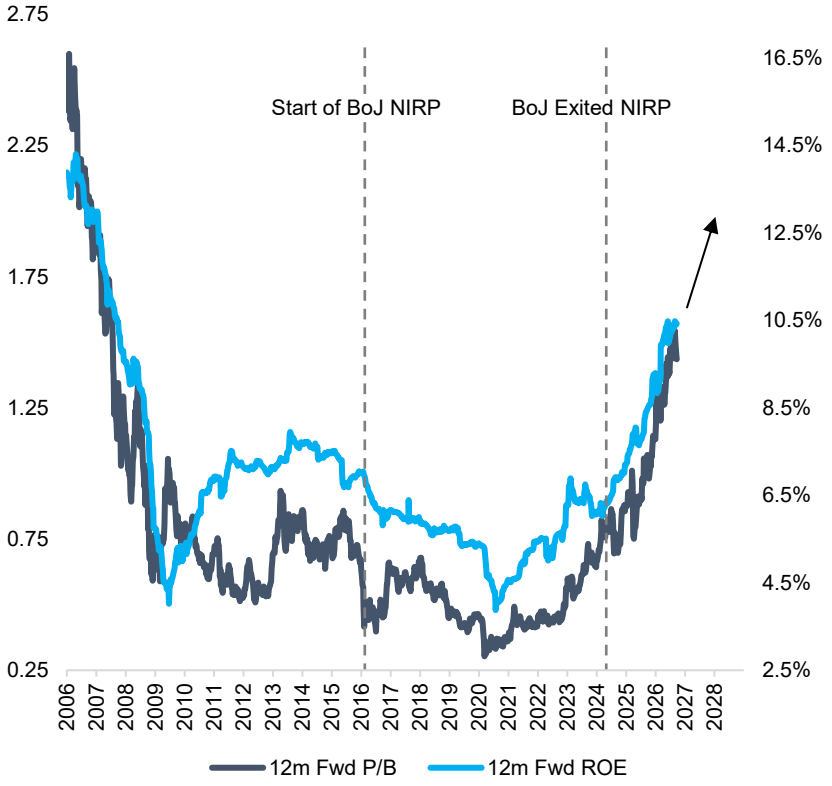
We Upgrade Our Conviction to Japanese Banks

The forward market is warming to a 2% BoJ policy rate era. Rising nominal growth, higher rates and banking capital efficiency reforms should drive further valuation re-rating and return-on-equity (ROE) uplift.

BOJ Policy Rate vs. Forward Market Implied Rate



Topix Banks Index 12m Forward Price-to-Book vs. ROE



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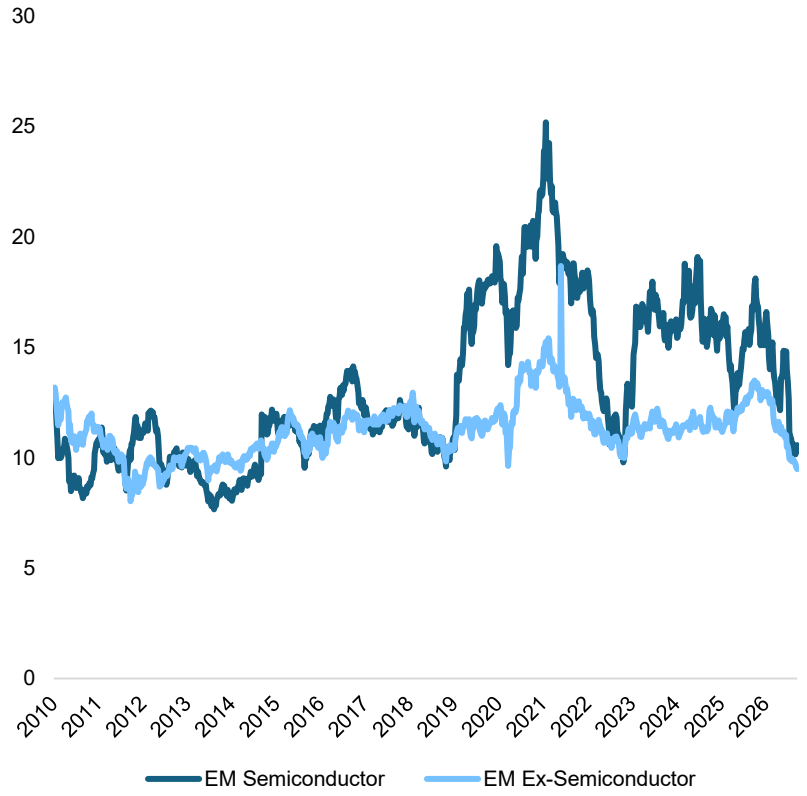
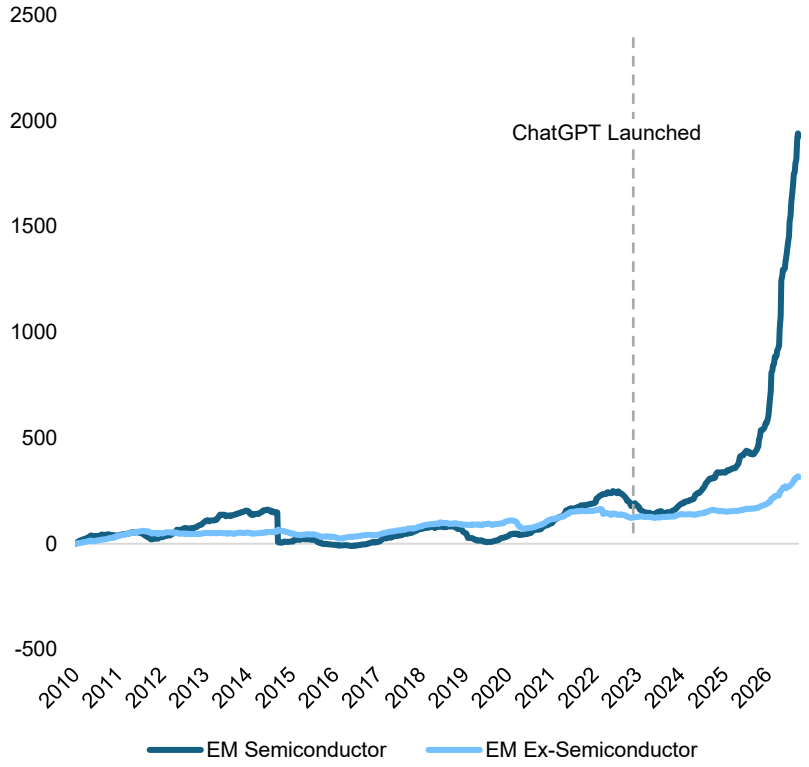
The EM Semiconductor Premium Has Fully Unwound

The recent pullback brought EM semiconductor forward P/E valuations back roughly in line with the rest of the EM index, even as earnings continue to soar.

MSCI EM Semi vs. Ex-Semi 12m Forward P/E



MSCI EM Semi vs. Ex-Semi 12m Forward EPS, Rebased to 2010



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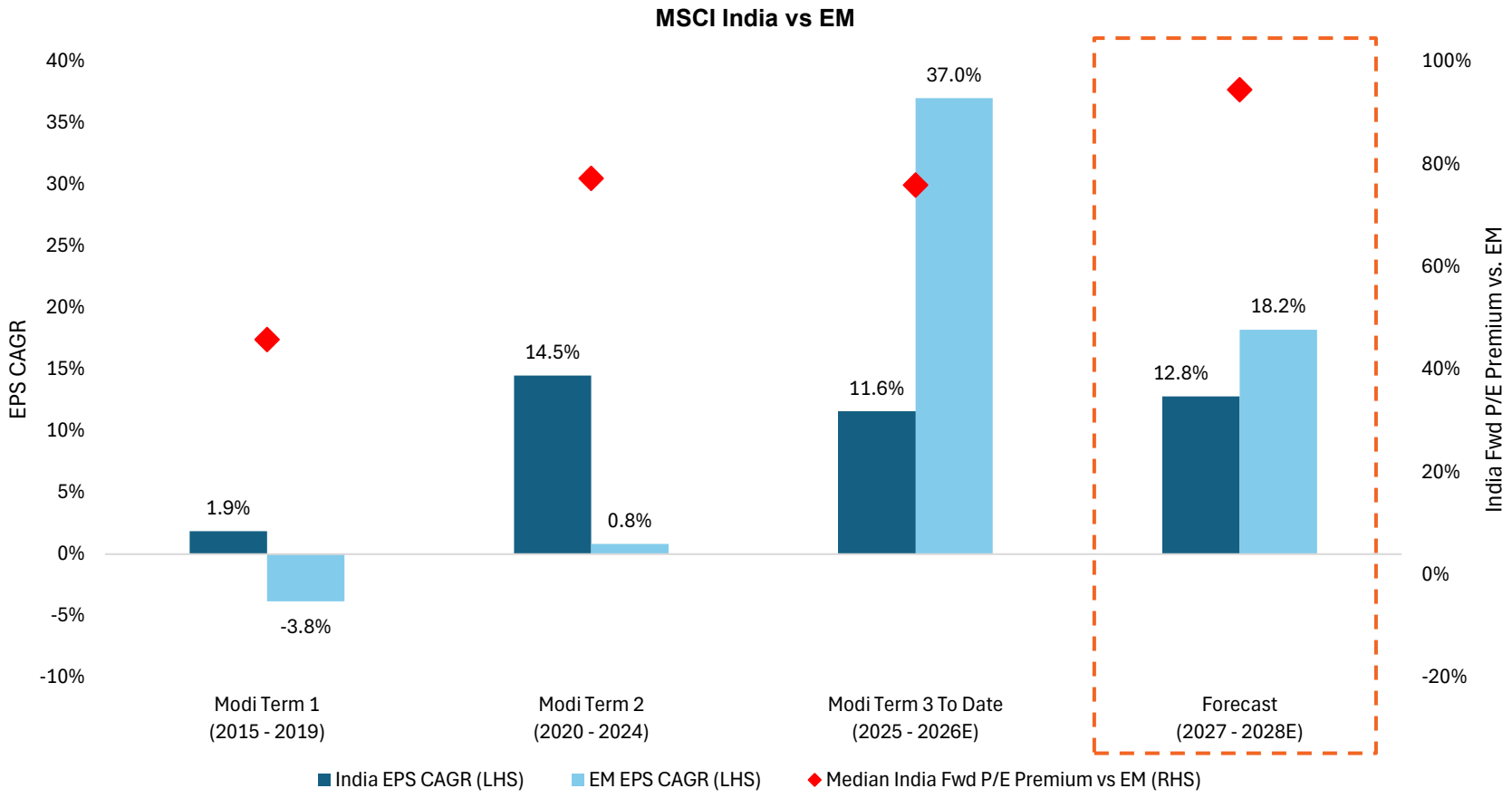
We are Underweight Indian Equities

India's forward EPS growth expectations look subpar compared to EM, while the P/E valuation premium remains close to 100%. Lack of AI exposure and elevated energy prices are persistent headwinds.



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Alternatives

Quarterly Global Market and Asset Allocation Guide

Private Markets – 4Q 2026 Positioning and Commentary

Private Equity	**Neutral to Positive**	• **Broadly unchanged, with softer Buyout offset by improving Growth and VC** as exit and M&A activity moderate while new business formation and VC exits pick up. • **Buyout valuations have compressed into 2026, but not in Large-Cap**, while Growth Equity valuations continue to moderate on software concerns; late-stage AI concentration and high valuations keep VC rich. • **AI now takes more than two-thirds of U.S. VC dollars but only less than half of deals**, so concentration reflects investment size not deal flow.
Private Credit	**Neutral**	• **Conditions improve from prior weakness, led by Direct Lending (DL), ABS and Transport, with redemptions easing, non-accruals and defaults lower**; dispersion widens, so prefer "loss avoidance" over "yield seeking." • We still prefer areas where certain DL headwinds become tailwinds, notably Special Situations, and **flag Healthcare screening with higher PIK and non-accruals than the Technology / Software sector that investors are rotating into.**
Infrastructure	**Neutral to Positive**	• **Moderated slightly, with Transport impacted most** as elevated rates, higher fuel costs and geopolitical uncertainty are expected to weigh on momentum, despite recovering deal activity. • **Digital remains supported by strong AI-driven data center demand, though development faces growing policy constraints**, while higher financing costs continue to weigh on new capacity. • **Power and Renewables benefit from accelerating load growth and AI-driven demand**, with solar buildout accelerating, though policy, permitting and financing constraints continue to limit new supply.
Real Estate	**Neutral to Positive**	• Broadly stable as lower completions improve supply, **absorption strengthens with office turning positive and industrial reaccelerating**, and financing broadens. • Rent growth stays subdued and **the recent rise in rates could temper transaction activity**; cap rates stayed resilient as yields rose. Favor unseeded entry points and quality traditional-sector assets at a discount.
Natural Resources	**Neutral**	• Rising food demand and shrinking arable land remain structurally supportive, but **near-term conditions softened on margin pressure, weak CapEx and higher financing costs, leaving Natural Resources the weakest complex**. • Bifurcated: Timberland constrained by weak pulp volumes and valuation, while Agribusiness operating margins are compressing; valuations have not fully adjusted to higher rates given few forced sellers

Source: PSG, Morgan Stanley Research. As of September 2026. PIK is Payment in Kind. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the portfolio management team at the time of writing of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

Private Equity

Stable view as valuations reset, distributions lag

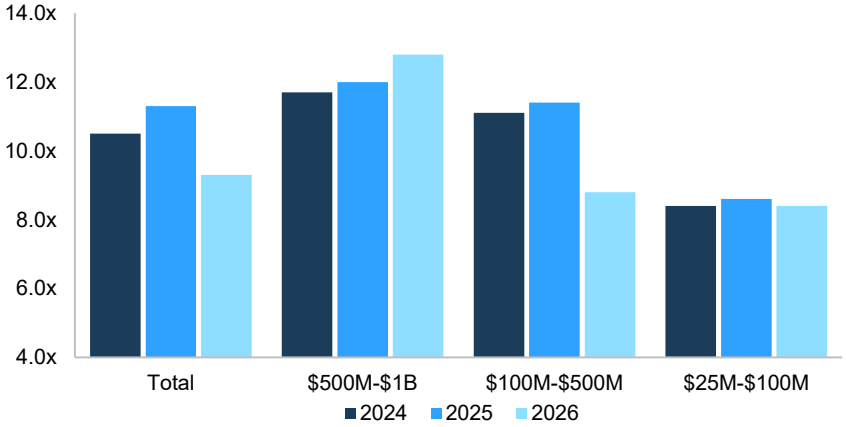
4Q 2026	Negative	Neutral/ Negative	Neutral	Neutral/ Positive	Positive
Buyout				■	
Growth				■	
Venture Capital			■		

Points of Focus

1. **Valuations Improve:** Small-Mid buyout multiples have adjusted lower, with more value creation levers vs. Large-Cap. Growth valuations also look attractive.
2. **Distributions Soften:** Exits must rise to lift distributions. M&A remains corporate-led and mega-deal driven, with sponsor share at a multi-year low.
3. **AI Drives VC Market:** AI now accounts for 70% of VC deal value. Exits run above trend, but we remain cautious on late-stage AI valuations.

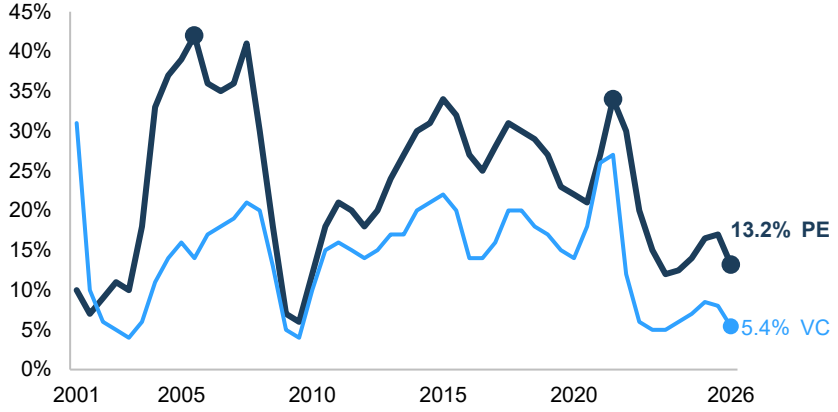
Private Equity Valuations (Median EV/EBITDA)

Multiples have compressed against previous years valuations



Rolling 12M Distribution Yields as of beginning NAV

Slow down in distributions after an initial recovery in 2025



Source: PitchBook (June-September 2026). Distributions as of March 2026. illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the portfolio management team at the time of writing of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

Private Credit

Direct Lending (DL) Concerns Receding

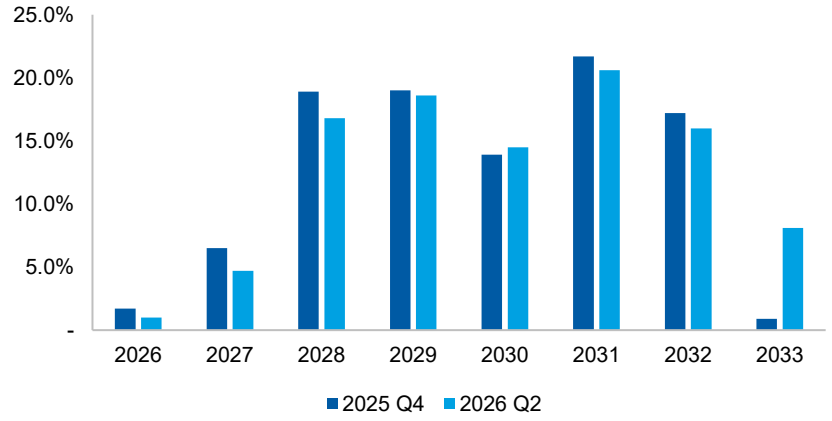
4Q 2026	Negative	Neutral/ Negative	Neutral	Neutral/ Positive	Positive
Direct Lending					
Real Estate Debt					
Special Situations					
Asset-Backed Securities					

Points of Focus

1. **DL Credit Risk and Sentiment**: Software maturity wall extended, defaults remain concentrated in '21 and '22 vintages and in companies with lower EBITDA (rather than spreading) and BDC redemption requests are moderating.
2. **Conservatism with DL:** Strategies that attempt to outperform by avoiding losses rather than increasing risk/yield are performing better in the current environment.
3. **Broader Opportunities:** DL headwinds are continuing to create tailwinds for special situations, without a commensurate increase in dry powder, which is benefiting the balance of supply / demand.

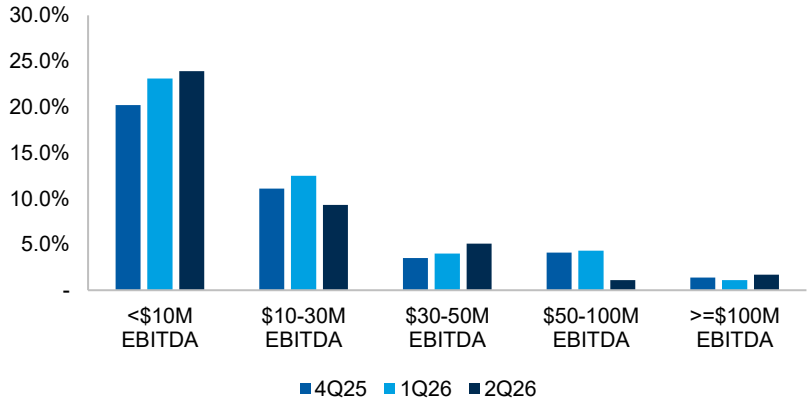
Near-Term Maturity Wall Is Extended in Tech

% of loans in technology sector maturing each year



Default Activity Skewed Towards LMM vs. MM

Size-weighted quarterly default rates



Source: Pitchbook, Lincoln Int'l, MS. As at June 2026. LMM is lower middle market. MM is middle market. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the portfolio management team at the time of writing of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

Infrastructure

Positive on Energy, Selective on Digital / Transport

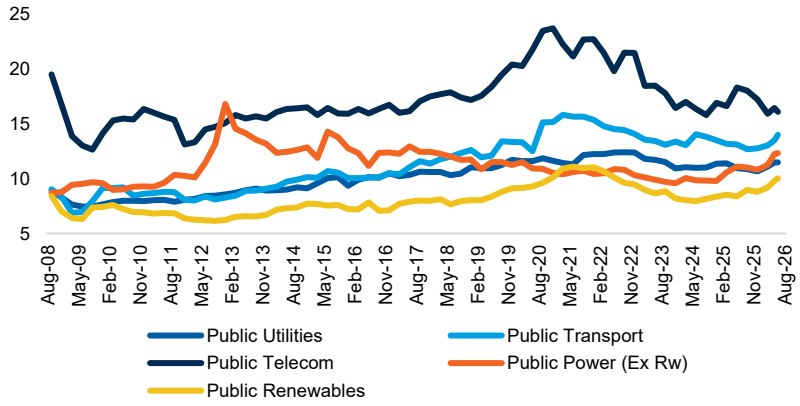
4Q 2026	Negative	Neutral/ Negative	Neutral	Neutral/ Positive	Positive
Transport					
Digital					
Renewables					
Power (Ex Renewables)					

Points of Focus

1. **Financing Headwinds:** Deal activity is recovering, but elevated rates, higher input costs and geopolitical uncertainty are starting to weigh on valuation multiples.
2. **AI Demand Surge:** AI-driven data center growth is accelerating power demand and supporting renewable offtake, with projected needs continuing to outpace available supply.
3. **Development Constraints:** Policy, permitting and grid constraints are limiting new datacenter and generation capacity, despite accelerating solar buildout and strong underlying demand.

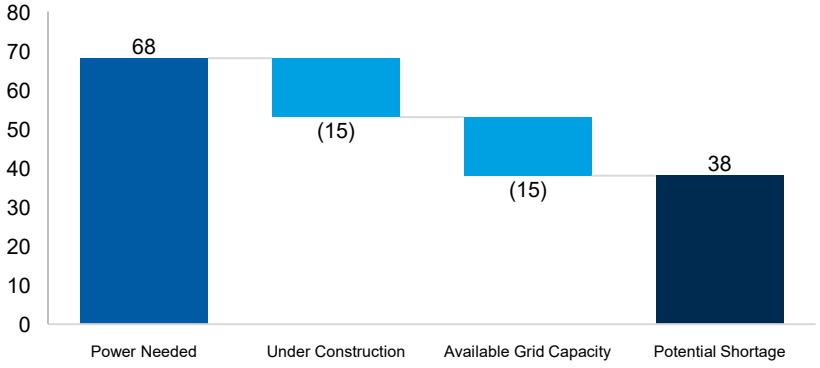
Valuation Multiples Moderate Due To Rising Rates

Global EV/EBITDA Multiples



Potential Shortfall in Power for U.S. Datacenters

Gigawatt



Source: Glio, MS Research. As of August 2026. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the portfolio management team at the time of writing of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. **Past performance is not indicative of future results.**

Real Estate

Healthy Fundamentals, Selective on Sectors/Financing

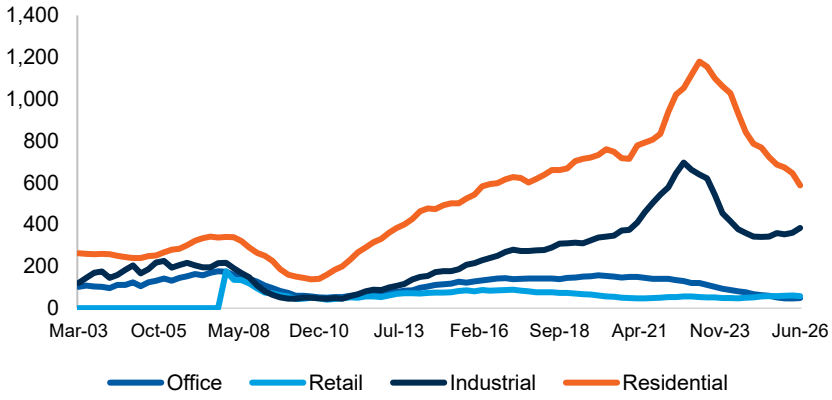
4Q 2026	Negative	Neutral/ Negative	Neutral	Neutral/ Positive	Positive
Industrial				■	
Residential				■	
Office			■		
Retail			■		

Points of Focus

1. **Development Pipeline Declining:** U.S. 12M rolling completions and new starts decline across most property types, but not industrial, as absorption is also widely accelerating
2. **Rates Back in Focus**: Higher yields narrowed the spread with cap rates, though long-term outlook remains constructive.
3. **Rental Growth Rotating:** Residential rental growth is reaccelerating as vacancies improve, while office, retail and industrial growth continue to moderate.

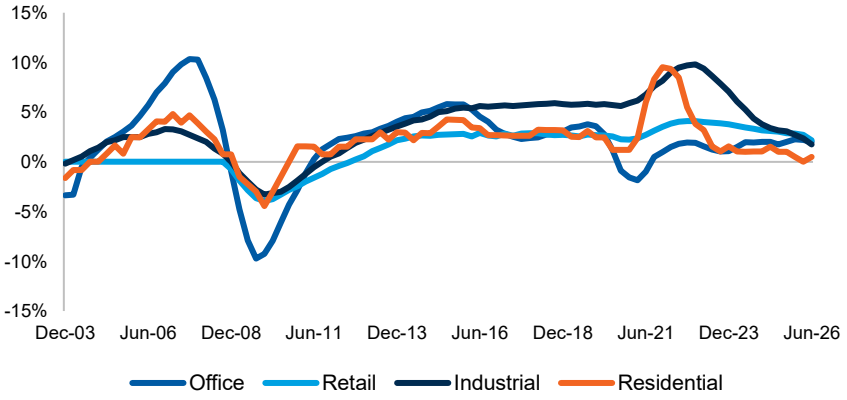
Under Construction Pipeline

Commercial square footage (meters) / k residential units



Rental Growth YoY

Supply/demand trends point to upcoming recovery



Source: Costar (Dec 01-June 26). As of September 2026. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the portfolio management team at the time of writing of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

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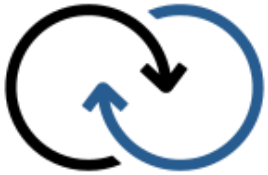
INVESTMENT MANAGEMENT



Transition

Quarterly Global Market and Asset Allocation Guide

Major Asset Classes Correlation Table

	S&P 500	International	Emerging Markets	Small Cap	U.S. Aggregate	Municipal	High Yield	Bank Loan	Commodities
S&P 500	1.00	0.83	0.68	0.86	0.39	0.43	0.80	0.60	0.35
International	0.79	1.00	0.79	0.76	0.48	0.52	0.79	0.55	0.38
Emerging Markets	0.65	0.77	1.00	0.61	0.40	0.46	0.63	0.49	0.35
Small Cap	0.85	0.72	0.54	1.00	0.33	0.39	0.77	0.62	0.33
U.S. Aggregate	0.60	0.71	0.54	0.57	1.00	0.85	0.53	0.13	-0.08
Municipal	0.63	0.68	0.57	0.60	0.90	1.00	0.61	0.27	0.00
High Yield	0.84	0.81	0.55	0.78	0.75	0.72	1.00	0.79	0.41
Bank Loan	0.58	0.47	0.37	0.51	0.27	0.26	0.64	1.00	0.44
Commodities	0.17	0.19	0.17	0.10	-0.03	-0.06	0.19	0.25	1.00

5 Years ended Oct 31, 2026 10 Years ended Oct 31, 2026

Past performance is no guarantee of future results.

It is not possible to invest directly in an index. Source: Morningstar as of 10/31/26. The table above shows the return correlation between various asset classes (represented by market indices as defined in this disclosure) over the past five and ten years. Data provided is for informational use only. See end of report for important additional information. S&P 500 is represented by the S&P 500 Index. International is represented by MSCI EAFE Index. Emerging Markets is represented by MSCI Emerging Markets Index. Small-Cap is represented by Russell 2000 Index. US Aggregate is represented by the Bloomberg Barclays Capital US Aggregate Bond Index. Municipal is represented by Bloomberg Barclays Municipal Bond Index. High Yield is represented by ICE BofA US High Yield Index. Bank Loan is represented by Morningstar LSTA U.S. Leveraged Loan Index. Commodities is represented by Bloomberg Commodity Index.

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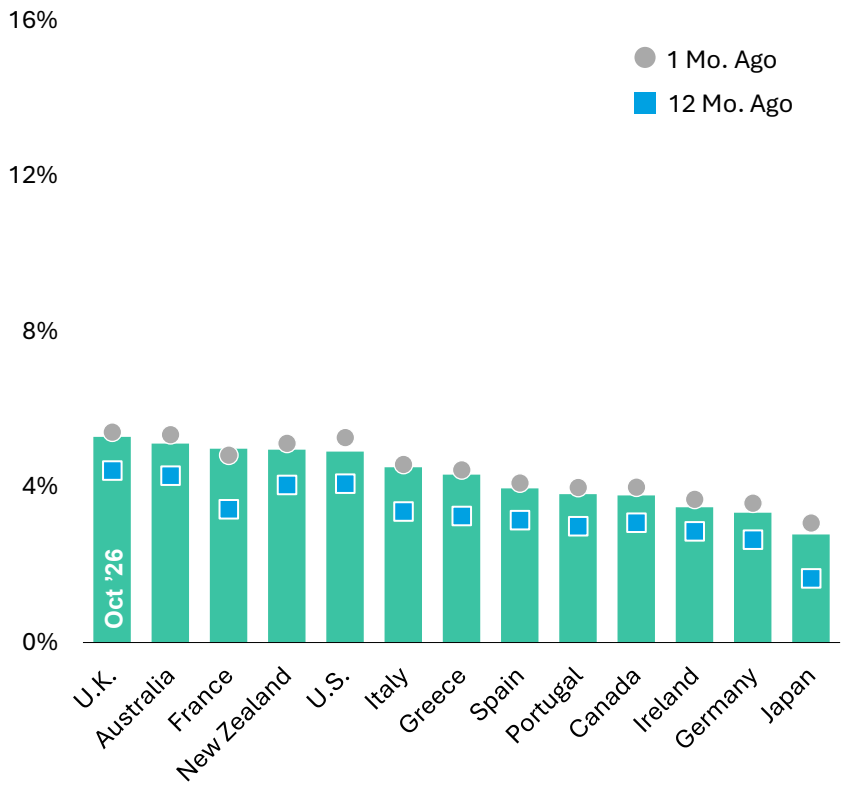
INVESTMENT MANAGEMENT

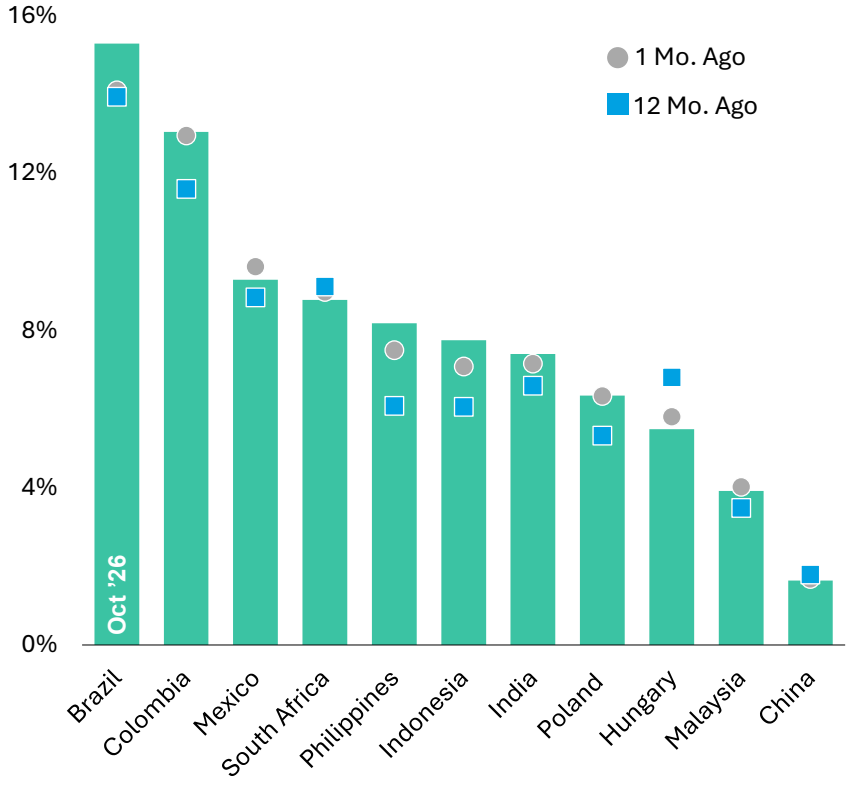
Market Monitor – November 2026

Sovereign Bond Yields

Developed Markets
(10 yr. Yield)



Emerging Markets
(10 yr. Yield)



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Key Rates (%)

Security	Current	12-Mo. Ago	Average	Minimum	Maximum
1-Week SIFMA	2.28	3.22	2.47	1.57	3.93
Secured Overnight Financing Rate	3.95	4.04	3.71	3.50	4.22
1-Mo SOFR	3.90	3.98	3.73	3.58	4.01
3-Mo SOFR	4.05	3.85	3.76	3.63	4.12
2-Yr Treasury	4.57	3.61	3.97	3.39	4.92
5-Yr Treasury	4.70	3.72	4.13	3.52	5.07
10-Yr Treasury	4.91	4.09	4.46	3.96	5.31
30-Yr Treasury	5.29	4.64	5.01	4.63	5.67
2-Yr Japan	1.89	0.93	1.40	0.91	1.96
10-Yr Japan	2.78	1.65	2.47	1.65	3.10
2-Yr German Bund	3.05	1.98	2.54	1.97	3.32
10-Yr German Bund	3.34	2.63	3.03	2.64	3.63
2-Yr UK Gilt	4.87	3.77	4.17	3.52	4.95
10-Yr UK Gilt	5.29	4.41	4.82	4.25	5.46
Bloomberg US Agg	5.24	4.33	4.70	4.16	5.57
Bloomberg Global Agg	4.25	3.43	3.81	3.38	4.45
Bloomberg US Corporate	5.79	4.80	5.20	4.73	6.05
Bloomberg US Long Corporate	6.35	5.49	5.90	5.50	6.63
Bloomberg US Municipal	4.21	3.57	3.77	3.29	4.87
Bloomberg US Long Municipal	5.12	4.48	4.68	4.40	5.49
US High Yield	8.30	6.68	7.14	6.49	8.35
US Loans	8.64	8.10	8.13	7.76	8.70

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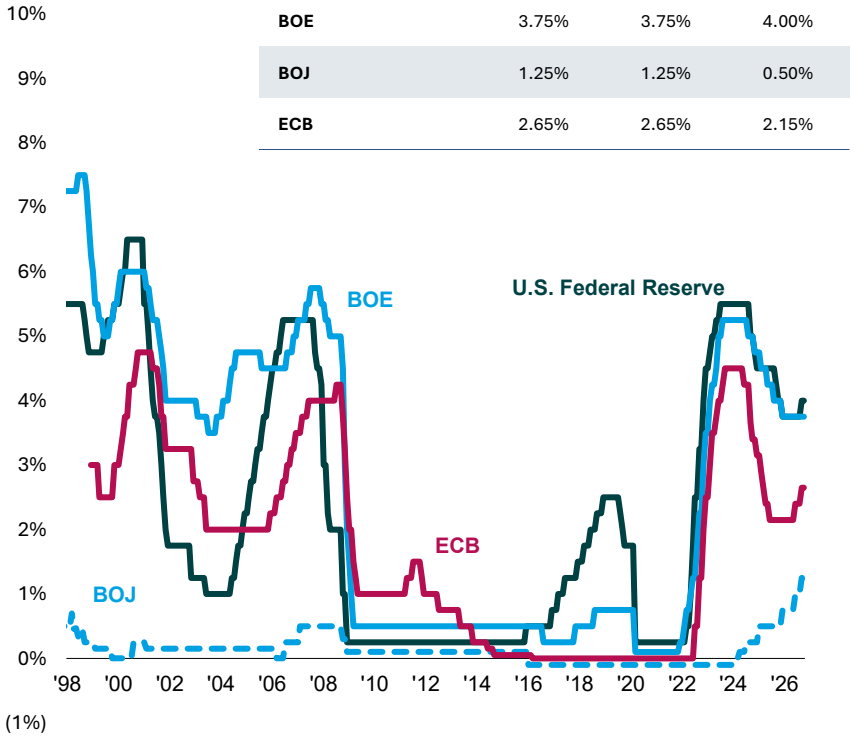
It is not possible to invest directly in an index. Source: Bloomberg, Leveraged Commentary & Data (LCD), and Factset as of 10/31/26. Current represents most recent month. Average, minimum, and maximum measure a 12-month period ending most recent month. Data provided is for informational use only. US High Yield is represented by ICE BofA US High Yield Index. US Loans is represented by Morningstar LSTA U.S. Leveraged Loan Index. Bloomberg indices and ICE BofA US HY index using yield to worst. Morningstar LSTA U.S. Leveraged Loan Index using yield to maturity. SOFR is the Secured Overnight Financing Rate, a broad measure of secured overnight U.S. Treasury repo rates. See end of report for important additional information.

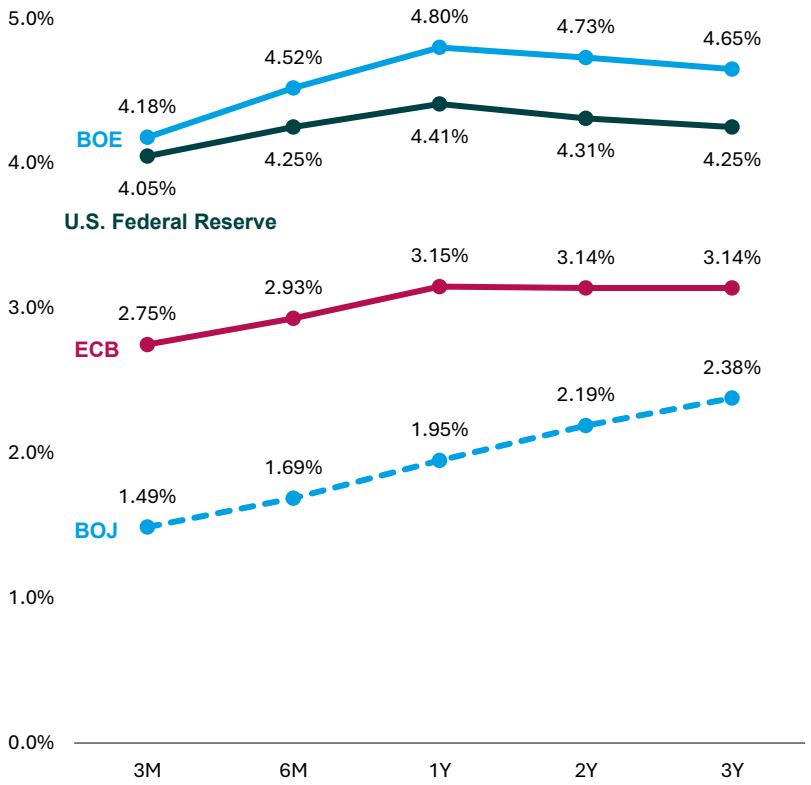
Monetary Policy

Central Bank Policy Rates

	Current	1-Mo. Ago	12-Mo. Ago
U.S. Federal Reserve	4.00%	4.00%	4.00%
BOE	3.75%	3.75%	4.00%
BOJ	1.25%	1.25%	0.50%
ECB	2.65%	2.65%	2.15%



Market Expectations for Future Central Bank Rates



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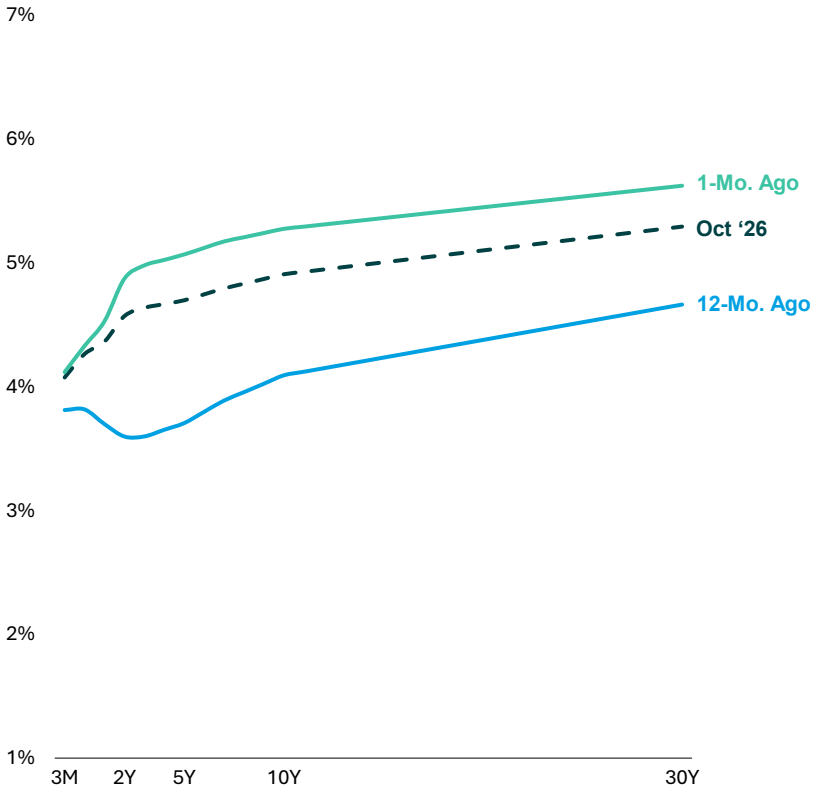
U.S. Treasury Yields

U.S. Treasury Yield Curves



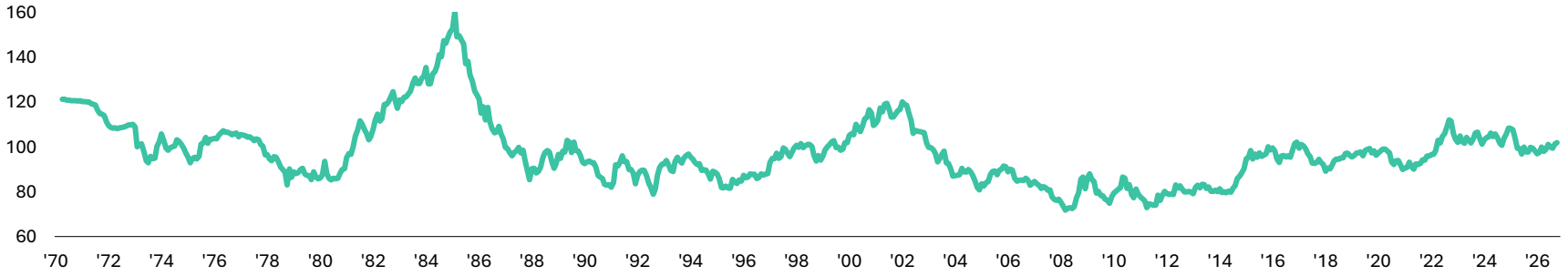
Security	Yields & Performance				
	Yield (%)			Total Return (%)	
	Current	1-Mo. Ago	12-Mo. Ago	1-Mo.	12-Mo.
3-mo. Treasury	4.07	4.12	3.81	0.35	3.65
6-mo. Treasury	4.26	4.33	3.82	0.40	3.62
2-yr. Treasury	4.57	4.87	3.60	0.93	1.97
3-yr. Treasury	4.64	4.98	3.60	1.30	0.97
5-yr. Treasury	4.70	5.07	3.71	1.99	-0.44
10-yr. Treasury	4.91	5.27	4.09	3.28	-1.99
30-yr. Treasury	5.29	5.62	4.66	5.46	-4.99

Source: Factset, Morningstar as of 10/31/26. Data provided is for informational use only. Past Performance is not a reliable indicator of future results. See end of report for important additional information.

Developed Market Currency Performance and Yields

	Spot Returns vs. USD (%)					Spot Returns vs. EUR (%)					Local Interest Rates (%)
Currency	**1-Mo.**	**YTD**	**1Y**	**3Y**	**5Y**	**1-Mo.**	**YTD**	**1Y**	**3Y**	**5Y**	**1Y**
U.S. Dollar (USD)	-	-	-	-	-	1.75	5.21	3.40	-1.80	0.72	4.38
Euro (EUR) *	-1.72	-4.95	-3.28	1.84	-0.72	-	-	-	-	-	2.89
British Pound (GBP)	0.84	-0.40	1.96	3.35	-0.46	2.61	4.79	5.43	1.49	0.26	4.57
Japanese Yen (JPY)	-0.22	-0.47	-2.18	-1.30	-6.25	1.53	4.71	1.14	-3.07	-5.58	1.67
Australian Dollar (AUD)	1.12	5.50	7.46	3.57	-1.30	2.89	10.99	11.11	1.71	-0.59	4.98
Canadian Dollar (CAD)	1.71	-1.80	0.38	-0.18	-2.35	3.49	3.32	3.79	-1.98	-1.64	3.02
New Zealand Dollar (NZD)	-0.20	-2.02	-1.61	-1.05	-4.67	1.54	3.09	1.73	-2.84	-3.98	3.37
Norwegian Krone (NOK)	4.16	9.59	9.91	6.67	-1.67	5.98	15.29	13.64	4.75	-0.96	4.80
Swedish Krona (SEK)	1.49	-6.24	-3.45	4.35	-2.67	3.27	-1.35	-0.18	2.47	-1.96	2.53
Danish Krone (DKK)	-1.69	-5.01	-3.36	1.79	-0.81	0.03	-0.06	-0.08	-0.04	-0.09	2.57
Swiss Franc (CHF)	1.45	-3.74	-2.47	3.41	2.11	3.22	1.27	0.84	1.54	2.85	0.01

U.S. Dollar Index



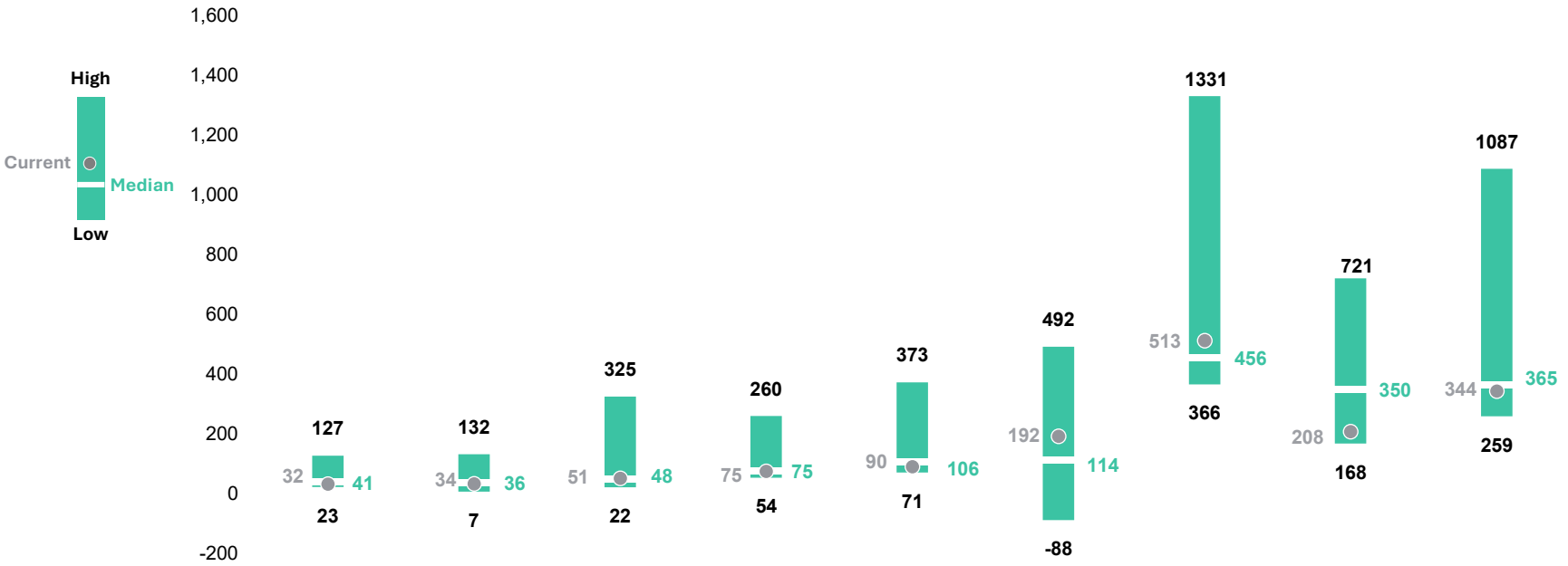
Source: Factset, Morningstar as of 10/31/26. Data provided is for informational use only. Past Performance is not a reliable indicator of future results. See end of report for important additional information.

Characteristics and Performance Analysis

Index	Averages						Total Returns (%)						
	Coupon (%)	Price ($)	Yield to Worst (%)	Spread (bps)	Maturity (yrs.)	Duration (yrs.)	1-Mo.	3-Mo.	YTD	1Y	3Y	5Y	10Y
U.S. High Grade													
Bloomberg U.S. Aggregate Index	3.84	90.9	5.24	32	8.2	5.8	2.44	0.15	-0.54	-0.07	5.45	-0.15	1.46
U.S. Treasury	3.48	91.4	4.80	–	7.7	5.6	2.36	0.37	-0.47	-0.19	4.41	-0.57	0.92
U.S. Mortgage Backed Securities	3.65	88.9	5.52	34	7.7	5.7	3.07	0.11	-0.34	0.50	6.32	0.25	1.21
U.S. Asset Backed Securities	4.55	98.0	5.16	51	4.2	2.9	1.13	0.43	1.39	2.27	5.34	2.59	2.45
U.S. Commercial Mortgage Backed Securities	3.70	94.1	5.45	75	4.1	3.6	1.49	0.03	0.41	1.29	6.34	1.19	2.28
U.S. Corp. Investment Grade	4.64	91.0	5.79	90	10.1	6.4	2.16	-0.19	-1.02	-0.57	6.40	-0.09	2.34
Bloomberg Municipal Bond Index	4.72	99.1	4.21	–	13.3	6.9	3.85	-0.90	-0.48	-0.17	4.49	0.61	2.00
Bloomberg Taxable Municipal Bond Index	4.53	89.9	5.56	–	14.0	7.5	2.78	-0.07	-0.58	-0.29	6.27	-0.58	2.36
ICE BofA US Inflation-Linked Treasury Index	1.31	90.6	2.43	–	7.4	5.3	2.65	0.01	0.49	0.08	4.83	0.07	2.41
ICE BofA Preferred Index (Fixed Rate)	5.67	83.9	7.30	192	–	6.3	-0.72	-4.75	-4.98	-5.28	5.64	0.16	2.84
U.S. High Yield													
ICE BofA US High Yield Index	6.77	93.7	8.30	344	4.7	3.2	0.29	-1.24	0.33	1.49	8.49	3.65	4.94
Morningstar LSTA U.S. Leveraged Loan Index	S+3.12	94.5	8.64	513	4.6	–	-0.22	0.93	3.06	4.09	6.96	6.09	5.27
Emerging Markets													
J.P. Morgan EM Bond Index (EMBI) Global Diversified	5.89	91.7	7.09	208	–	6.1	1.35	-1.15	0.67	1.81	10.70	2.19	3.17
J.P. Morgan Corp. EM Bond Index (CEMBI) Broad Diversified	5.84	94.8	6.91	204	–	4.1	0.52	-0.84	0.86	1.59	8.03	2.44	3.77
J.P. Morgan Govt. Bond Index-EM (GBI-EM) Global Diversified	5.77	–	6.56	–	–	5.2	-0.72	-1.95	-0.17	2.69	8.09	2.70	2.33
Global Developed Markets													
Bloomberg Global Aggregate Ex-U.S. Index	2.52	92.5	3.39	35	8.0	6.5	0.63	-1.10	-1.90	-1.41	4.07	-2.70	-0.42
FTSE World Government Bond Index	2.82	–	4.15	–	–	6.4	1.38	-0.60	-1.46	-1.09	4.00	-2.55	-0.31
ICE BofA European Union Government Bond Index	2.40	89.0	3.85	61	8.5	6.8	-0.70	-4.69	-7.09	-6.11	4.13	-3.36	-0.18
ICE BofA Developed Mkts HY Ex-Sub Fincl Index (USD Hedged)	6.50	93.8	8.01	367	3.6	3.1	-0.04	-1.45	0.38	1.45	8.35	3.87	5.02
Bloomberg Euro-Aggregate Corporates (EUR)	3.05	95.1	4.22	105	5.1	4.3	0.76	-0.80	-0.45	-0.88	4.12	0.09	0.89
Bloomberg Pan-European High Yield Euro (EUR)	5.35	94.1	7.27	370	4.0	3.3	-1.06	-2.38	-0.88	-0.39	6.10	2.57	3.30

Past performance is no guarantee of future results. It is not possible to invest directly in an index. Source: Bloomberg, J.P. Morgan, ICE BofA Data Indices, LLC, Factset, and Leveraged Commentary & Data (LCD), as of 10/31/26. Data provided is for informational use only. See end of report for important additional information. Yield to maturity is shown for the Morningstar LSTA U.S. Leveraged Loan Index and the FTSE World Government Bond Index. S+ refers to SOFR (Secured Overnight Financing Rate) as the base rate. Loan Index spread represents the three-year discounted spread over SOFR. Returns of the ICE BofA Developed Mtks HY Ex-Sub Financial Index are USD Hedged. The averages for the index are unhedged. Returns and averages for the Bloomberg Euro-Agg Corps and Bloomberg Pan-Euro HY indices are in EUR (unhedged).

Spread Analysis (bps)



	Aggregate	MBS	ABS	CMBS	Corporate	Preferred	Floating-Rate Loans	Emerging Markets (USD)	High Yield
Max Spread Date	3/20/2020	3/19/2020	3/26/2020	3/25/2020	3/23/2020	3/23/2020	3/20/2020	3/23/2020	3/23/2020
Min Spread Date	1/28/2026	4/14/2021	6/21/2021	6/21/2021	1/22/2026	12/6/2017	4/20/2018	9/23/2026	1/22/2025
Spread on 12/31/25	27	22	52	75	78	114	429	253	281
Spread on 12/31/24	34	43	44	80	80	77	424	325	292
Spread on 12/31/23	42	47	68	126	99	148	490	384	334

Past performance is no guarantee of future results. It is not possible to invest directly in an index. Source: Factset and Leveraged Commentary & Data (LCD) as of 10/31/26. Spread history measures past 10 years. Data provided is for informational use only. See end of report for important additional information. All fixed-income spreads are in basis points and measure option-adjusted yield spread relative to comparable maturity U.S. Treasuries using daily data. Aggregate represented by Bloomberg US Aggregate Index. MBS represented by Bloomberg U.S. Mortgage Backed Securities (MBS) Index. ABS represented by Bloomberg U.S. Asset Backed Securities (ABS) Index. CMBS represented by Bloomberg U.S. CMBS Investment Grade Index. Corporate represented by Bloomberg U.S. Corporate Investment Grade Index. Preferred represented by ICE BofA Fixed Rate Preferred Securities Index. Floating-Rate Loans represented by Morningstar LSTA U.S. Leveraged Loan Index. Loan Index spread represents the three-year discounted spread over SOFR (Secured Overnight Financing Rate). Emerging Markets(USD) represented by J.P. Morgan Emerging Markets Bond Index (EMBI) Global Diversified. High Yield represented by ICE BofA US High Yield Index.

Corporate Bond Market Update

	Averages						Total Returns (%)						
	Coupon (%)	Price ($)	Yield to Worst (%)	Spread (bps)	Maturity (yrs.)	Duration (yrs.)	1-Mo.	3-Mo.	YTD	1Y	3Y	5Y	10Y
U.S. High Grade													
Bloomberg U.S. Corp. Investment Grade Index	**4.64**	**91.0**	**5.79**	**90**	**10.1**	**6.4**	**2.16**	**-0.19**	**-1.02**	**-0.57**	**6.40**	**-0.09**	**2.34**
AAA Index	3.60	76.4	5.57	47	17.7	10.3	3.15	-0.04	-3.05	-3.31	4.44	-2.99	1.03
AA Index	4.34	88.2	5.66	71	13.0	7.4	2.10	-0.40	-2.52	-2.48	4.83	-1.60	1.11
A Index	4.49	91.2	5.63	74	9.8	6.4	2.38	-0.05	-0.94	-0.49	6.18	-0.16	2.05
BBB Index	4.89	91.8	5.99	111	9.7	6.2	1.93	-0.29	-0.75	-0.22	6.92	0.31	2.83
U.S. High Yield													
ICE BofA U.S. High Yield Index	**6.77**	**93.7**	**8.30**	**344**	**4.7**	**3.2**	**0.29**	**-1.24**	**0.33**	**1.49**	**8.49**	**3.65**	**4.94**
BB Index	6.22	96.5	7.00	209	4.9	3.3	0.90	-0.60	0.85	1.97	8.07	3.26	4.85
B Index	7.50	94.8	8.45	360	4.6	3.0	-0.07	-1.36	1.04	2.67	8.42	3.92	4.82
CCC Index	7.74	73.3	17.82	1327	3.7	2.5	-2.91	-5.65	-6.25	-6.35	9.22	3.55	4.99
Morningstar LSTA U.S. Leveraged Loan Index	**S+3.12**	**94.5**	**8.64**	**513**	**4.6**	**-**	**-0.22**	**0.93**	**3.06**	**4.09**	**6.96**	**6.09**	**5.27**
BBB Index	S+1.90	99.2	6.03	217	4.9	-	0.18	1.11	3.86	5.11	6.50	5.98	4.58
BB Index	S+2.40	98.8	6.65	284	4.9	-	-0.02	0.91	4.15	5.34	6.98	6.37	4.83
B Index	S+3.33	96.5	8.33	468	4.6	-	-0.09	1.46	3.52	4.67	7.52	6.54	5.65
CCC Index	S+4.67	66.0	30.12	2423	3.0	-	-2.87	-5.35	-8.68	-9.95	1.48	0.95	4.21
D Index	-	21.9	-	-	-	-	-11.34	-12.14	-10.66	-34.46	-25.08	-28.97	-20.75

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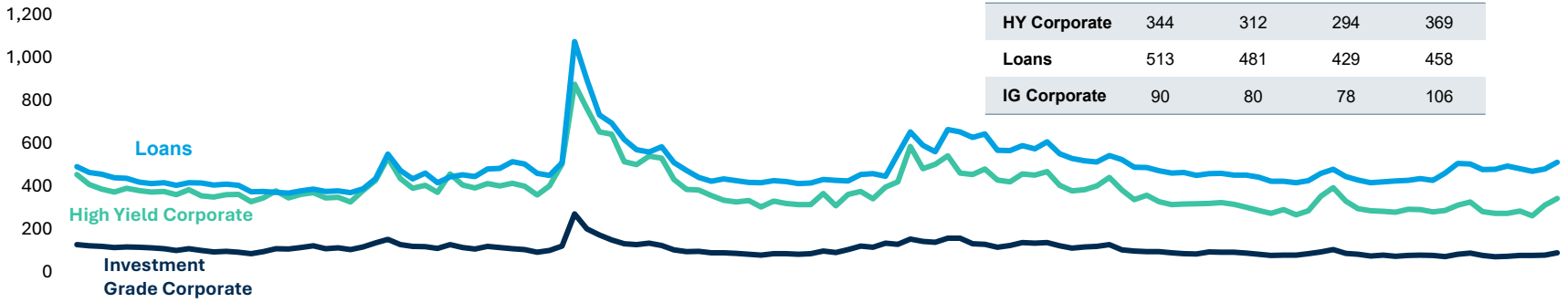
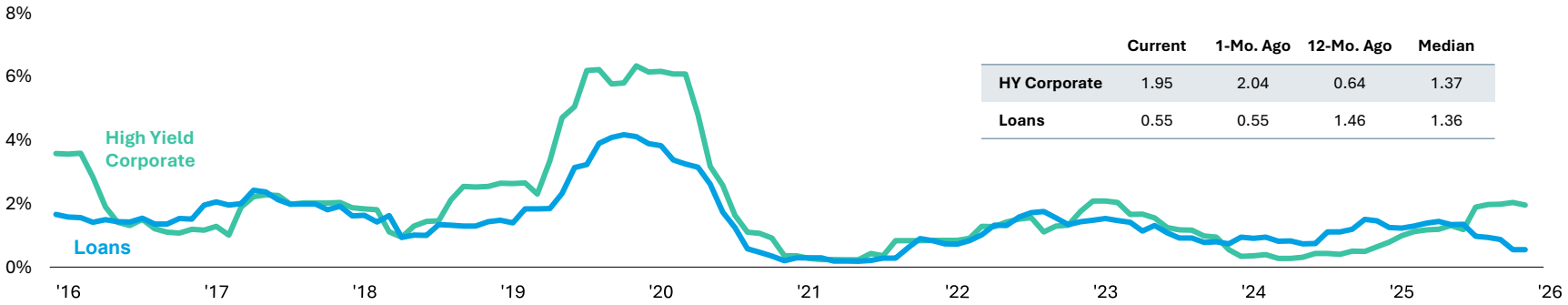
Corporate Bond Market Update

Average Spread (bps)



	Current	1-Mo. Ago	12-Mo. Ago	Median
HY Corporate	344	312	294	369
Loans	513	481	429	458
IG Corporate	90	80	78	106

Annual Default Rate



	Current	1-Mo. Ago	12-Mo. Ago	Median
HY Corporate	1.95	2.04	0.64	1.37
Loans	0.55	0.55	1.46	1.36

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Municipal Bond Market Update

	Averages					Total Returns (%)						
	Coupon (%)	Price ($)	Yield To Worst (%)	Maturity (yrs.)	Duration (yrs.)	1-Mo.	3-Mo.	YTD	1Y	3Y	5Y	10Y
Bloomberg Municipal Bond Index	**4.72**	**99.1**	**4.21**	**13.3**	**6.9**	**3.85**	**-0.90**	**-0.48**	**-0.17**	**4.49**	**0.61**	**2.00**
AAA Index	4.67	100.0	4.04	13.1	7.1	4.05	-0.84	-0.86	-0.52	4.17	0.40	1.64
AA Index	4.73	100.0	4.11	13.1	6.9	3.80	-0.88	-0.55	-0.22	4.25	0.55	1.84
A Index	4.70	97.5	4.44	13.0	6.9	3.77	-0.99	-0.27	-0.03	4.93	0.88	2.32
BBB Index	4.80	94.5	4.93	16.7	7.4	4.15	-1.05	0.55	0.98	6.05	0.99	2.98
5-Year Index	4.79	104.7	3.50	5.0	3.9	3.12	0.36	0.53	1.05	4.02	1.16	1.80
10-Year Index	4.68	102.9	3.98	9.8	6.3	4.50	0.04	-0.77	-0.26	4.24	0.89	2.15
22+ Year Index	4.86	92.7	5.12	26.7	11.2	3.91	-2.70	-1.30	-1.50	5.12	-0.82	1.78
Bloomberg High Yield Municipal Bond Index	**4.79**	**64.9**	**5.87**	**19.2**	**7.5**	**3.54**	**-0.70**	**1.80**	**1.95**	**7.17**	**1.34**	**3.73**
Hospital	5.55	73.5	6.05	20.9	6.6	3.50	0.21	4.07	5.08	10.10	2.12	3.51
IDR/PCR	4.26	35.6	6.10	17.7	8.6	1.22	-1.29	1.23	-0.04	4.79	-0.19	3.38
Tobacco	2.38	16.4	7.40	25.6	14.8	-1.31	-3.84	-4.64	-6.44	2.69	-2.92	3.20
Puerto Rico	3.46	52.2	5.09	17.8	7.9	2.88	-2.22	1.34	1.51	7.13	1.71	4.79

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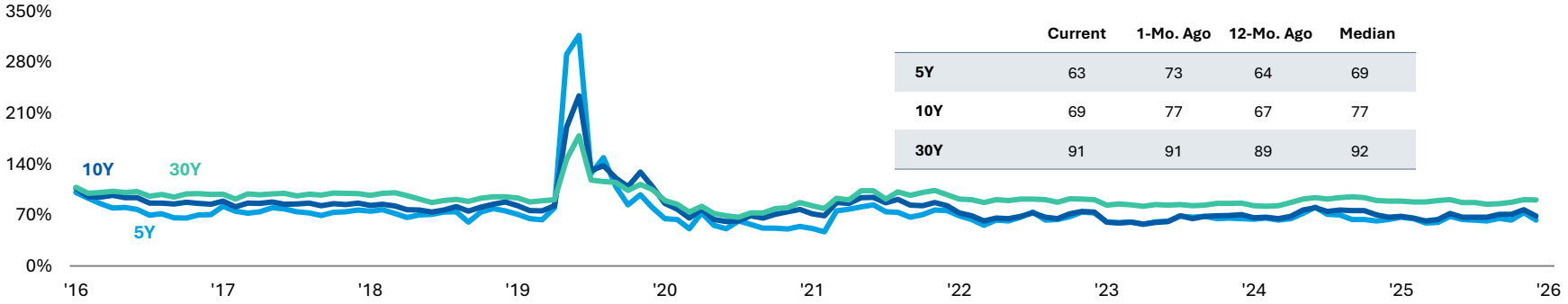
It is not possible to invest directly in an index. Source: Bloomberg, Morningstar as of 10/31/26. Coupon and Yield To Worst figures are based on average market prices while Price is based on an average of par value. Data provided is for informational use only. See end of report for important additional information.

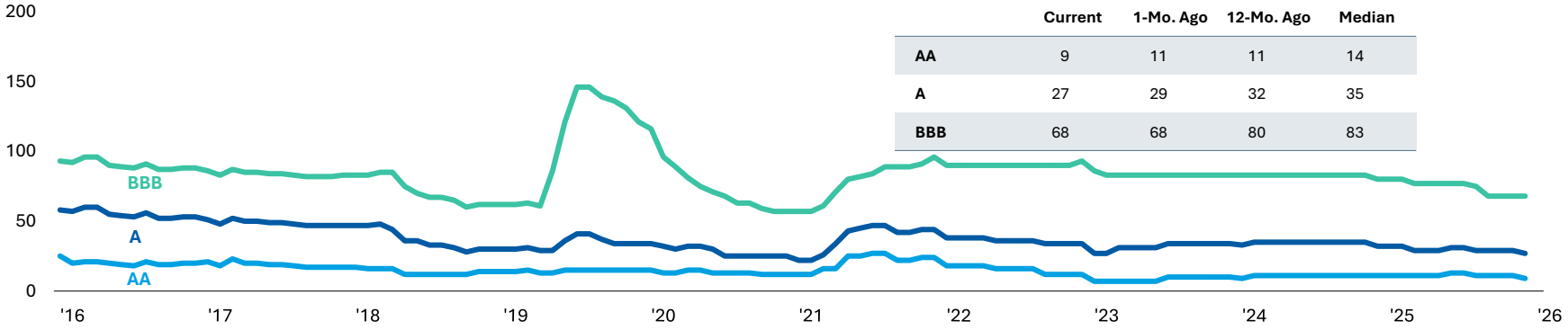
Municipal Bond Market Update

AAA Muni-to-Treasury Yield Ratios



	Current	1-Mo. Ago	12-Mo. Ago	Median
5Y	63	73	64	69
10Y	69	77	67	77
30Y	91	91	89	92

Credit Quality Spreads vs. AAA (bps)



	Current	1-Mo. Ago	12-Mo. Ago	Median
AA	9	11	11	14
A	27	29	32	35
BBB	68	68	80	83

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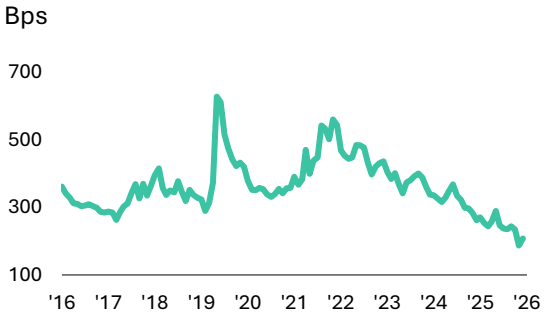
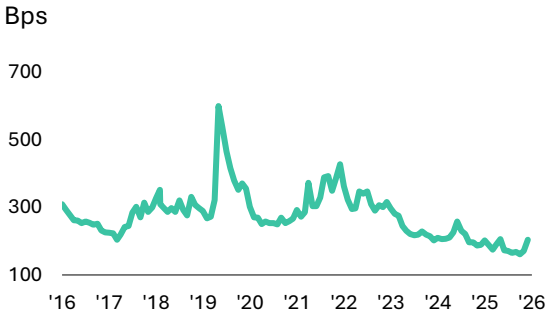
Emerging Markets Bond Market Update

Sovereign EMD Spreads (USD)



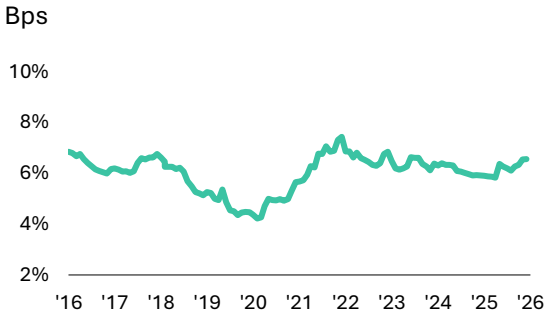
	Avg. Spread (bps)
Current	208
1-Mo. Ago	187
12-Mo. Ago	262
Median	352

Corporate EMD Spreads (USD)



	Avg. Spread (bps)
Current	204
1-Mo. Ago	171
12-Mo. Ago	189
Median	270

Local EMD Yields (%)



	Avg. Yield (%)
Current	6.56
1-Mo. Ago	6.54
12-Mo. Ago	5.91
Median	6.19

	Averages				Total Returns (%)						
	Coupon (%)	**Price ($)**	**Yield (%)**	**Duration**	**1-Mo.**	**3-Mo.**	**YTD**	**1Y**	**3Y**	**5Y**	**10Y**
JPMorgan Emerging Markets Bond Index (EMBI) Global Diversified	5.89	91.7	7.09	6.1	1.35	-1.15	0.67	1.81	10.70	2.19	3.17
JPMorgan Corporate Emerging Markets Bond Index (CEMBI) Broad Diversified	5.84	94.8	6.91	4.1	0.52	-0.84	0.86	1.59	8.03	2.44	3.77
JPMorgan Government Bond Index-Emerging Markets (GBI-EM) Global Diversified	5.77	–	6.56	5.2	-0.72	-1.95	-0.17	2.69	8.09	2.70	2.33

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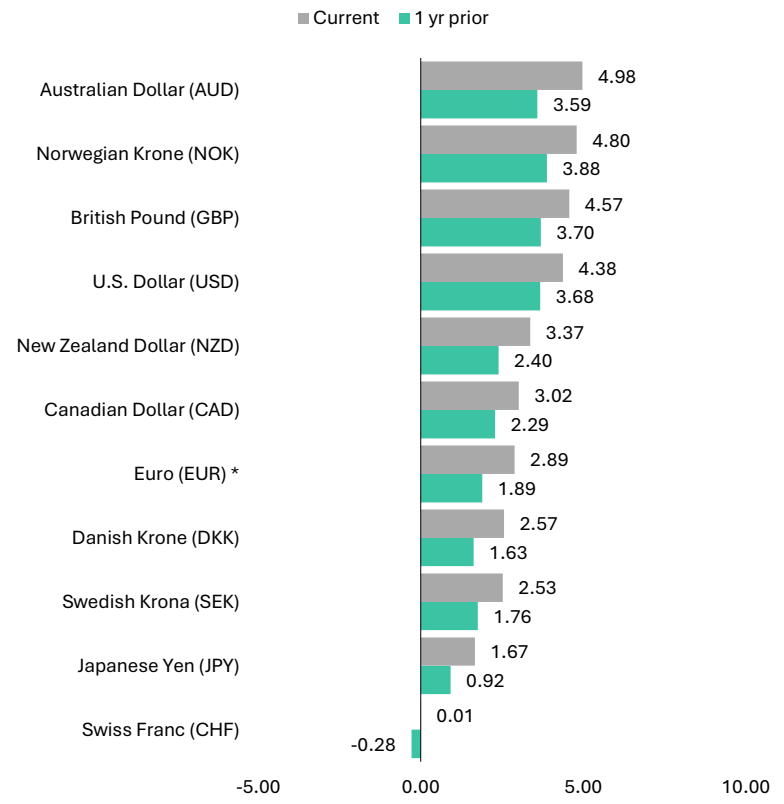
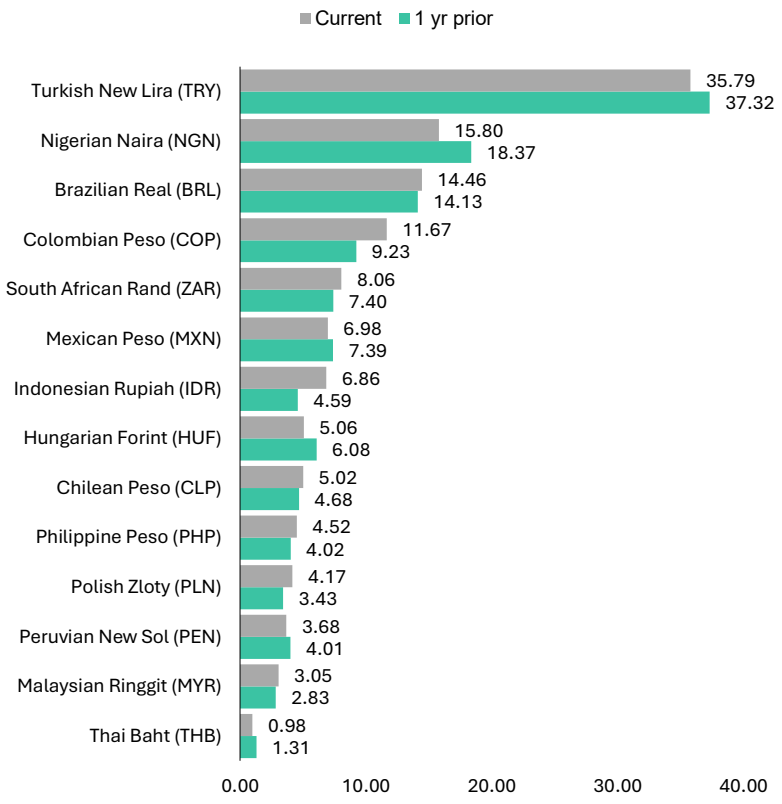
Local Sovereign Currency Yields

Developed Market Local Interest Rates % (1 Year)



Emerging Market Local Interest Rates % (1 Year)



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It is not possible to invest directly in an index. *German Rate. Source: Bloomberg as 10/31/26. Data provided is for informational use only. See end of report for important additional information.

Asset Class Return Analysis (%)

Higher ↓ Lower

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	YTD 2026
High Yield 17.49	EMD (Local Currency) 15.21	Municipal 1.28	Investment Grade 14.54	Global Agg Ex-U.S. 10.11	High Yield 5.36	Bank Loan -0.77	High Yield 13.46	Bank Loan 8.95	EMD (Local Currency) 19.26	Bank Loan 3.06
EMD (Hard Currency) 10.19	Global Agg Ex-U.S. 10.51	MBS 0.99	EMD (Hard Currency) 14.42	Investment Grade 9.89	Bank Loan 5.20	Municipal -8.53	Bank Loan 13.32	High Yield 8.20	EMD (Hard Currency) 14.30	EMD (Corp. Bonds) 0.86
Bank Loan 10.16	EMD (Hard Currency) 9.32	Treasury 0.86	High Yield 14.41	Treasury 8.00	Municipal 1.52	High Yield -11.22	EMD (Local Currency) 12.70	EMD (Corp. Bonds) 7.63	Global Agg Ex-U.S. 8.85	EMD (Hard Currency) 0.67
EMD (Local Currency) 9.94	EMD (Corp. Bonds) 7.96	Bank Loan 0.44	EMD (Local Currency) 13.47	EMD (Corp. Bonds) 7.13	EMD (Corp. Bonds) 0.91	EMD (Local Currency) -11.69	EMD (Hard Currency) 11.09	EMD (Hard Currency) 6.54	EMD (Corp. Bonds) 8.73	High Yield 0.33
EMD (Corp. Bonds) 9.65	High Yield 7.48	EMD (Corp. Bonds) -1.65	EMD (Corp. Bonds) 13.09	High Yield 6.17	Investment Grade -1.04	MBS -11.81	EMD (Corp. Bonds) 9.08	Investment Grade 2.13	MBS 8.58	EMD (Local Currency) -0.17
Investment Grade 6.11	Investment Grade 6.42	Global Agg Ex-U.S. -2.15	Bank Loan 8.64	EMD (Hard Currency) 5.88	MBS -1.04	EMD (Corp. Bonds) -12.26	Investment Grade 8.52	MBS 1.20	High Yield 8.50	MBS -0.34
MBS 1.67	Municipal 5.45	High Yield -2.26	Municipal 7.54	Municipal 5.21	EMD (Hard Currency) -1.51	Treasury -12.46	Municipal 6.40	Municipal 1.05	Investment Grade 7.77	Treasury -0.47
Global Agg Ex-U.S. 1.49	Bank Loan 4.12	Investment Grade -2.51	Treasury 6.86	MBS 3.87	Treasury -2.32	Investment Grade -15.76	Global Agg Ex-U.S. 5.72	Treasury 0.58	Treasury 6.32	Municipal -0.48
Treasury 1.04	MBS 2.47	EMD (Hard Currency) -4.61	MBS 6.35	Bank Loan 3.12	Global Agg Ex-U.S. -7.05	EMD (Hard Currency) -16.45	MBS 5.05	EMD (Local Currency) -2.38	Bank Loan 5.90	Investment Grade -1.02
Municipal 0.25	Treasury 2.31	EMD (Local Currency) -6.21	Global Agg Ex-U.S. 5.09	EMD (Local Currency) 2.69	EMD (Local Currency) -8.75	Global Agg Ex-U.S. -18.70	Treasury 4.05	Global Agg Ex-U.S. -4.22	Municipal 4.25	Global Agg Ex-U.S. -1.90

Past performance is no guarantee of future results. It is not possible to invest directly in an index. In general, fixed income investments are subject to credit and interest rate risks. High yield investments may have a higher degree of credit and liquidity risk. Foreign securities are subject to currency, political, economic and market risks. Investors should carefully review the risks of each asset class prior to investing. Source: Morningstar as of 10/31/26. Data provided is for informational use only. See end of report for important additional information. Investment Grade represented by Bloomberg U.S. Corporate Index. MBS represented by Bloomberg U.S. Mortgage Backed Securities (MBS) Index. Treasury represented by Bloomberg U.S. Treasury Index. High Yield represented by ICE BofA US High Yield Index. Municipal represented by Bloomberg Municipal Bond Index. Bank Loan represented by Morningstar LSTA U.S. Leveraged Loan Index. Global Agg Ex-U.S. represented by Bloomberg Global Aggregate Ex-USD Index. EMD (Local Currency) represented by J.P. Morgan Government Bond Index-Emerging Markets (GBI-EM) Global Diversified. EMD (Hard Currency) represented by J.P. Morgan Emerging Markets Bond Index (EMBI) Global Diversified. EMD (Corp. Bonds) represented by J.P. Morgan Corporate Emerging Market Bond Index (CEMBI) Broad Diversified.

Performance: Market Barometer (%)

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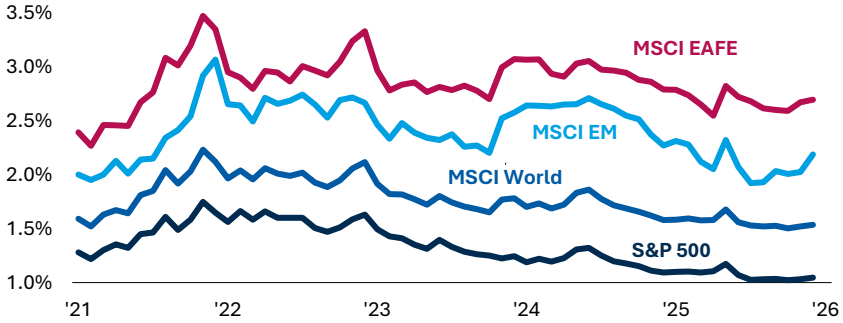
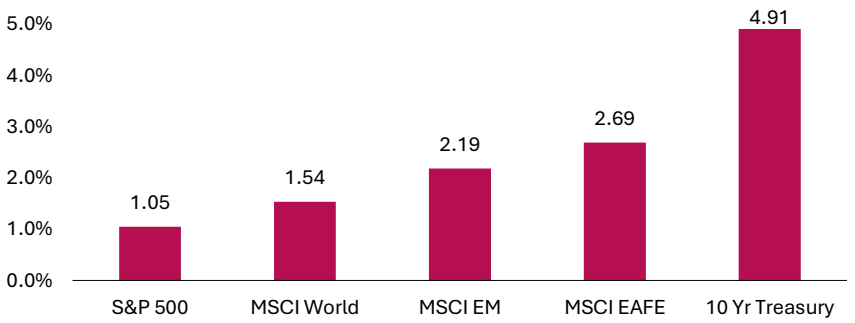
Dividend Yields and Volatility Analysis

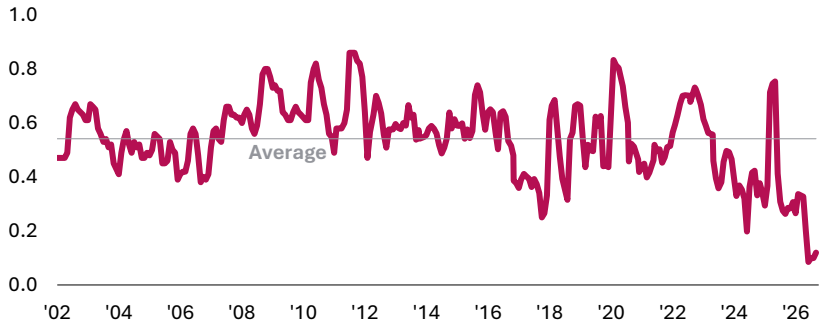
Historical Yields



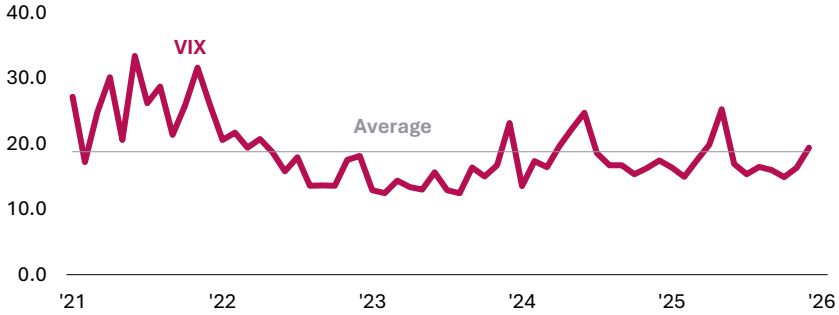
Current Yields



Correlation of S&P 500 Stocks



CBOE Market Volatility Index (VIX)



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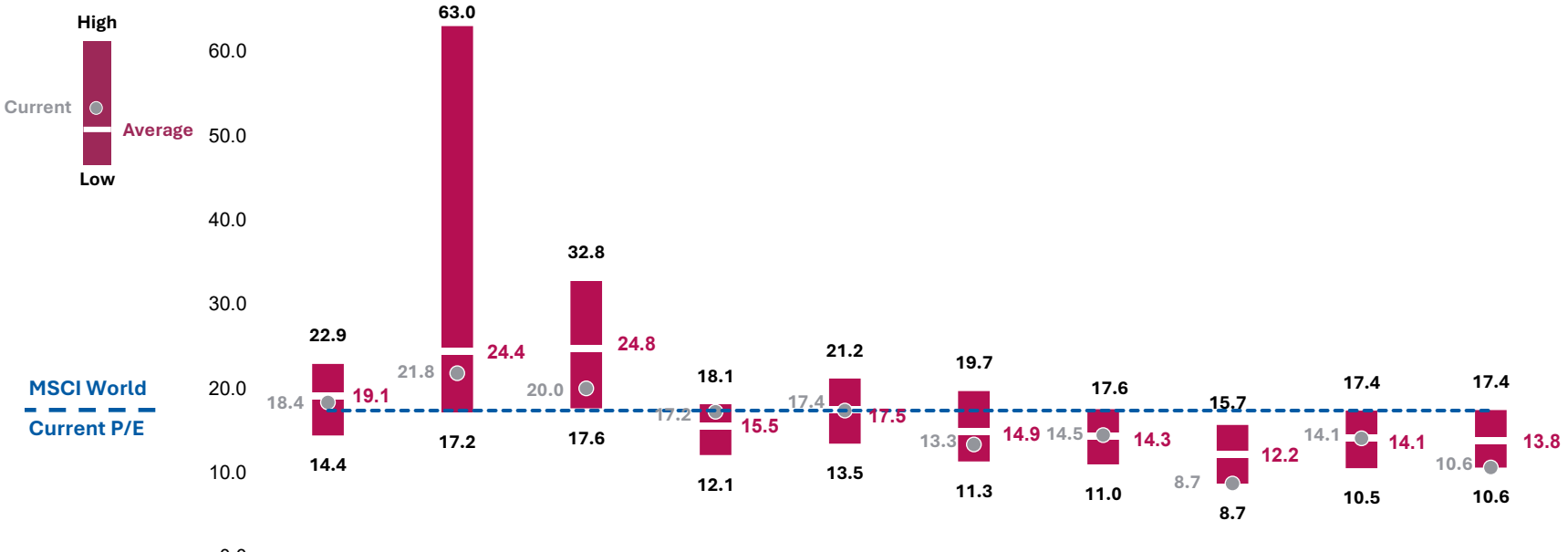
It is not possible to invest directly in an index. Source: Morningstar as of 10/31/26. Data provided is for informational use only. See end of report for important additional information. Returns over 1 year are annualized. Large Cap Value represented by Russell 1000 Value Index. Large Cap Core represented by Russell 1000 Index. Large Cap Growth represented by Russell 1000 Growth Index. Mid Cap Value represented by Russell Mid Cap Value Index. Mid Cap Core represented by Russell Mid Cap Index. Mid Cap Growth represented by Russell Mid Cap Growth Index. Small Cap Value represented by Russell 2000 Value Index. Small Cap Core represented by Russell 2000 Index. Small Cap Growth represented by Russell 2000 Growth Index. Global represented by MSCI ACWI Index. US represented by S&P 500 Index. International represented by MSCI EAFE Index. Emerging Markets represented by MSCI Emerging Markets Index.

Valuation Analysis

Regions/Styles: Current NTM P/E vs. 10-Year High, Low, Average

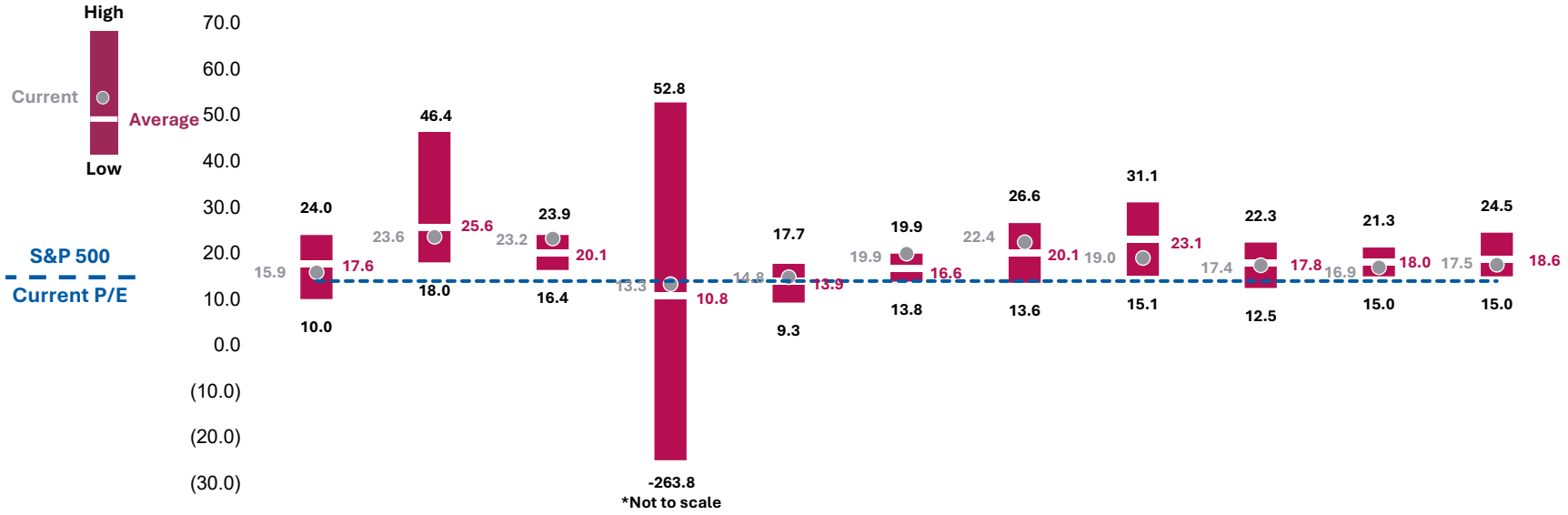


	S&P 500	Russell 2000	Russell 1000 Growth	Russell 1000 Value	MSCI World	MSCI World ex USA Small Cap	MSCI EAFE	MSCI EM	MSCI Europe	MSCI AC Asia Pac
High Date	8/20	6/20	8/20	3/21	8/20	8/20	8/20	1/21	6/20	1/21
Low Date	12/18	9/22	12/18	9/22	12/18	9/22	9/22	9/26	9/22	12/18

Source: FactSet as of 10/31/26. NTM P/E is market price per share divided by expected earnings per share over the next twelve months. Data provided is for informational use only. See end of report for important additional information. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass.

Valuation Analysis

S&P 500 Sectors: Current NTM P/E vs. 10-Year High, Low, Average

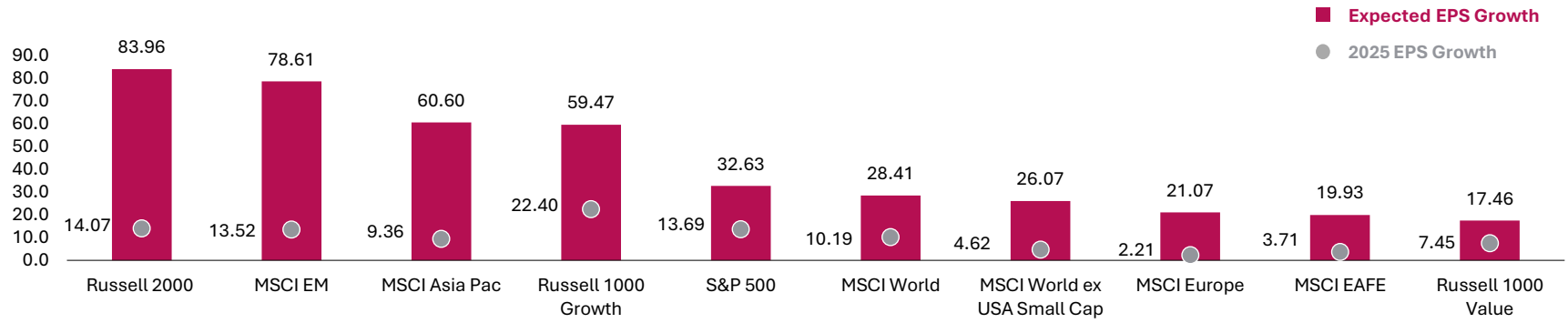


	Comm. Services	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Utilities	Real Estate
High Date	8/20	6/20	2/26	3/20	11/24	8/24	2/26	10/25	7/20	3/22	12/21
Low Date	5/18	12/16	4/18	7/20	3/20	3/20	12/18	12/18	6/22	9/23	10/23

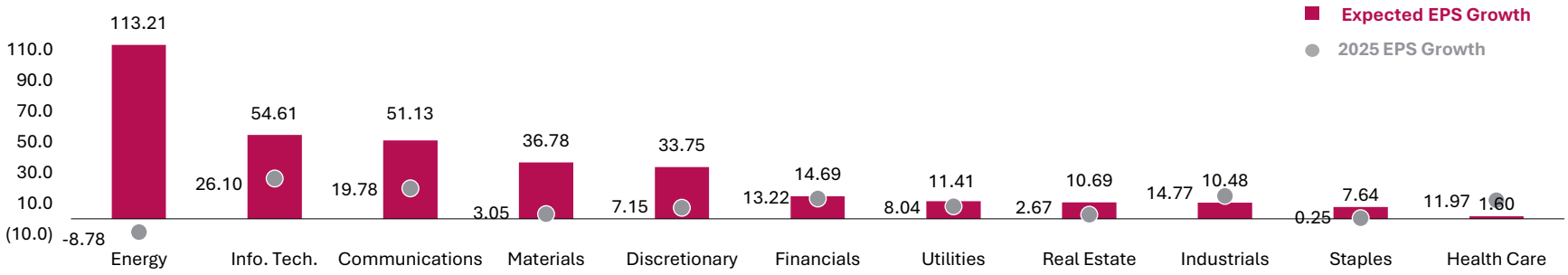
Source: FactSet as of 10/31/26. NTM P/E is market price per share divided by expected earnings per share over the next twelve months. Data provided is for informational use only. See end of report for important additional information. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass.

Corporate Earnings Growth

Regions/Styles



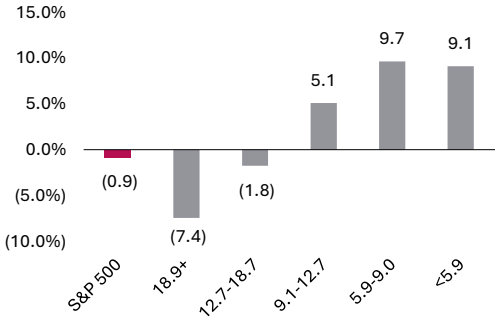
S&P 500 Sectors



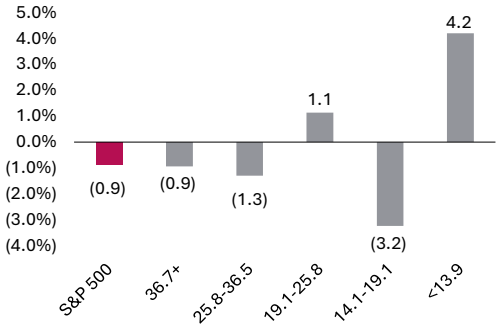
Source: FactSet as of 10/31/26. Expected EPS Growth is defined as the expected % change in the EPS growth from the beginning of the current calendar year though the end of the calendar year. 2025 EPS Growth is defined as the % change in EPS from the beginning of the year through the end of the year. Data provided is for informational use only. See end of report for important additional information. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass.

S&P 500 Index: 1-Month Return Analysis

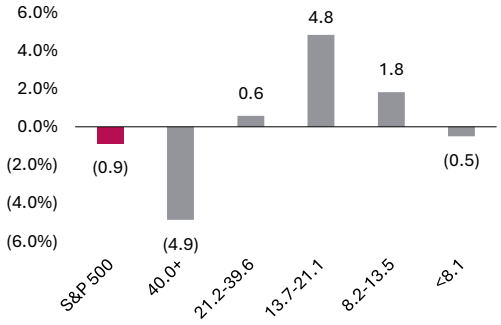
3-5 Year Earnings Growth



Trailing 12 Month P/E

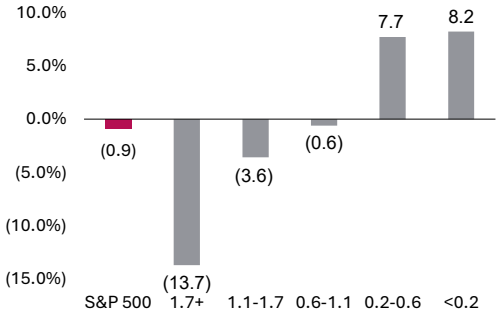


Return On Equity

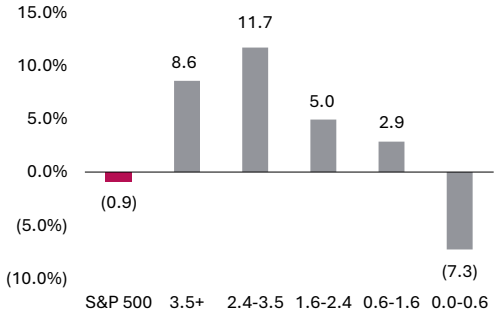


Market Cap

Beta



Dividend Yield



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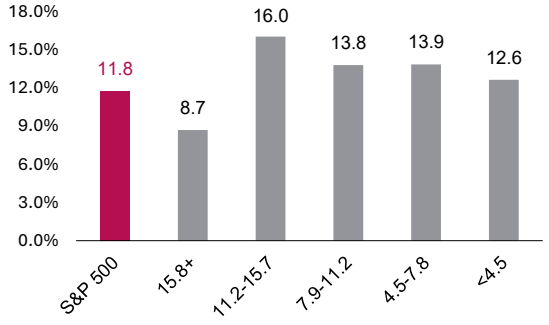
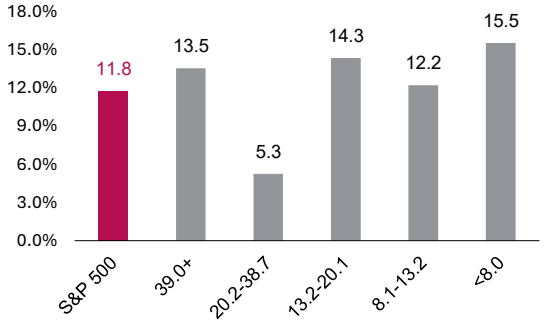
S&P 500 Index: YTD Analysis

3-5 Year Earnings Growth

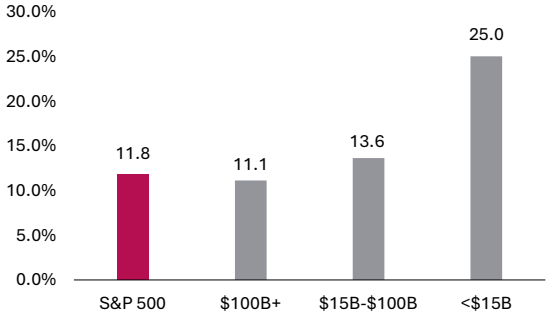


Trailing 12 Month P/E

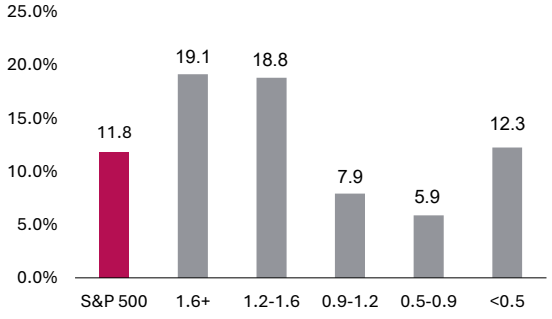
Return On Equity



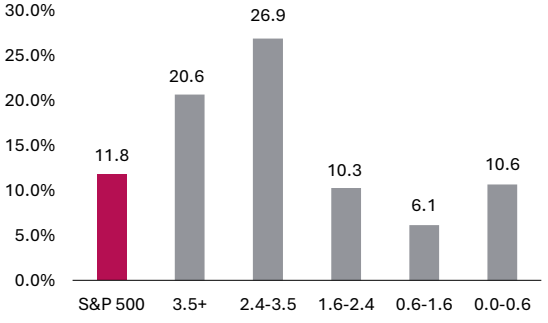
Market Cap



Beta



Dividend Yield



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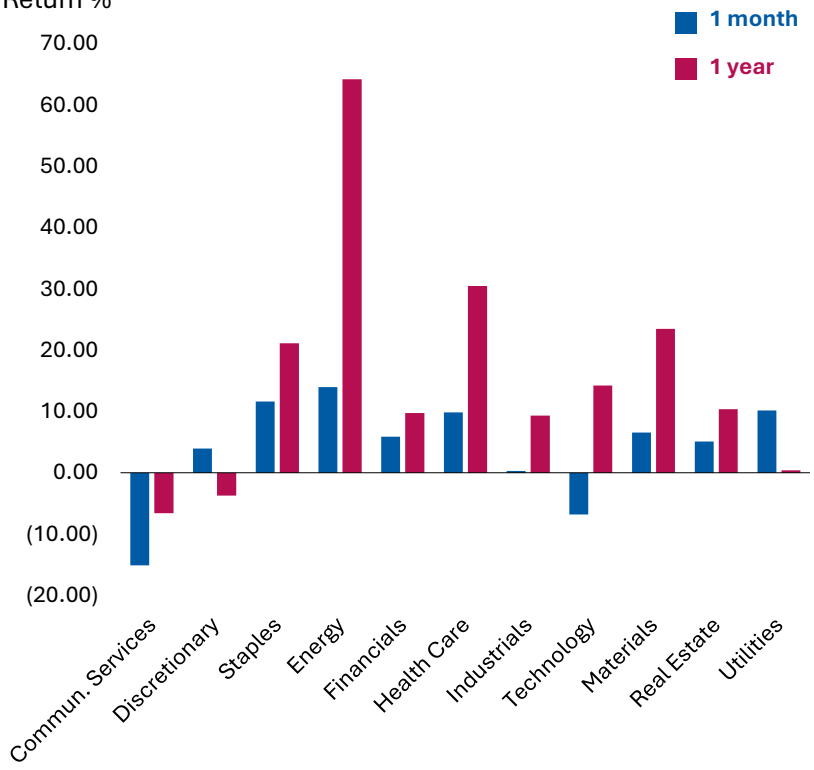
Index Sectors: Return Analysis

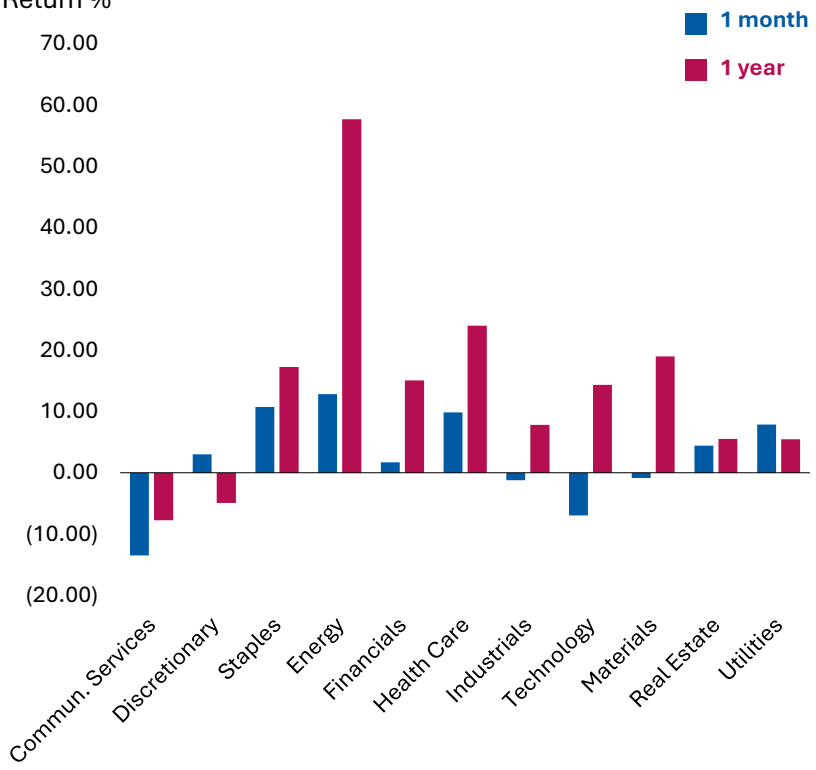
S&P 500

Return %



MSCI World

Return %



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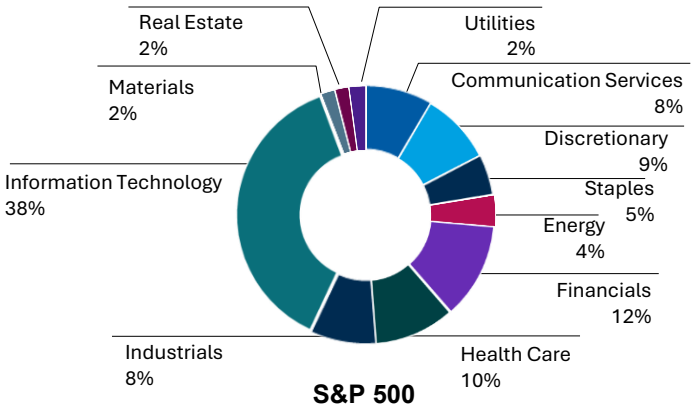
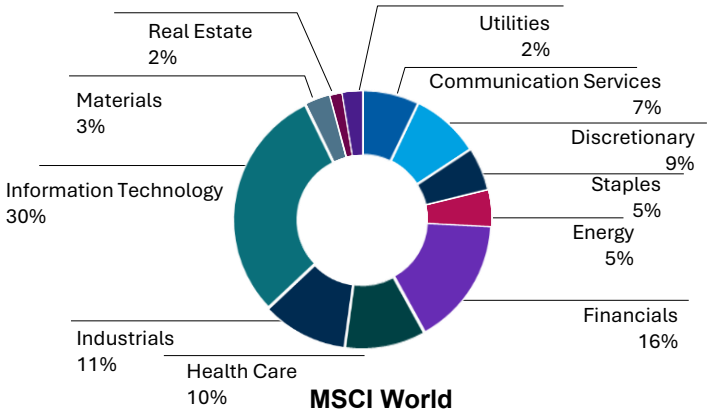
Current Characteristics and Sector Weights

	S&P 500	R2000	R1000G	R1000V	MSCI World	MSCI World ex USA Small Cap	MSCI EAFE	MSCI EM	MSCI Europe	MSCI Asia Pac
Number of Holdings	503	1964	372	869	1248	2201	654	1165	384	1201
Maximum Market Cap	$5,029.59B	$14.07B	$5,029.59B	$5,029.59B	$5,061.70B	$10.50B	$612.15B	$1,791.11B	$612.15B	$1,791.11B
Minimum Market Cap	$5.85B	$0.01B	$0.54B	$0.54B	$2.60B	$0.05B	$2.60B	$0.17B	$2.60B	$0.17B
Dividend Yield	1.05	1.23	0.43	1.57	1.54	2.81	2.69	2.19	2.86	2.02
NTM PE	18.35	21.82	20.00	17.21	17.38	13.34	14.46	8.70	14.08	10.62
Price to Book	5.42	2.16	12.34	3.45	4.02	1.57	2.31	2.24	2.47	2.21
Price to Cash Flow	16.81	15.60	25.43	12.81	14.06	9.33	9.94	10.21	8.90	12.15
Price to Sales	3.46	1.30	6.25	2.31	2.75	1.02	1.69	1.87	1.64	1.91
Est 3-5 Yr EPS Growth	20.64	15.88	28.10	13.19	18.79	10.82	13.59	23.85	13.66	20.60
5Yr. Div Growth Rate	6.22	9.60	3.00	5.61	7.47	9.57	8.85	1.67	11.23	3.17





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Asset Class Return Analysis (%)

		1-Mo.	3-Mo.	YTD	1Y	3Y	5Y	10Y	2025	2024	2023	2022	2021
U.S. Equities	S&P 500	-0.87	1.48	11.77	12.11	23.40	12.06	15.44	17.88	25.02	26.29	-18.11	28.71
	Russell 1000 Defensive	2.71	2.27	10.06	12.19	17.49	8.90	13.36	12.28	18.55	20.23	-16.43	26.93
	Russell 1000 Dynamic	-4.31	0.53	11.55	10.15	28.51	13.43	16.70	22.31	30.63	33.34	-21.94	25.57
	Russell 2500	1.24	-2.68	16.32	18.11	20.72	6.70	11.40	11.91	12.00	17.42	-18.37	18.18
	Russell 1000 Growth	-6.09	-0.49	-0.17	-2.59	22.27	10.39	17.70	18.56	33.36	42.68	-29.14	27.60
	Russell 1000 Value	4.38	3.17	24.50	28.67	23.27	11.77	12.08	15.91	14.37	11.46	-7.54	25.16
	Russell Mid Cap	3.19	0.72	15.41	16.56	20.47	7.47	11.88	10.60	15.34	17.23	-17.32	22.58
	Russell 2000	0.58	-3.77	14.37	14.80	20.76	5.58	10.44	12.81	11.54	16.93	-20.44	14.82
	CBOE S&P 500 BuyWrite BXM	-0.21	2.25	10.72	15.01	14.97	7.97	7.93	8.91	20.12	11.82	-11.37	20.47
Global Equities	MSCI World	-0.77	0.58	10.89	12.11	22.28	10.49	12.95	21.09	18.67	23.79	-18.14	21.82
	MSCI EAFE	-0.74	-1.85	9.52	13.51	19.75	8.63	9.21	31.22	3.82	18.24	-14.45	11.26
	MSCI EM	-8.05	-5.49	13.45	14.05	22.28	6.92	8.15	33.57	7.50	9.83	-20.09	-2.54
	MSCI AC Asia Pac	-6.05	-3.19	15.99	15.79	22.39	8.05	8.89	28.00	9.56	11.45	-17.22	-1.46
	MSCI ACWI	-1.64	-0.14	11.18	12.33	22.30	10.10	12.39	22.34	17.49	22.20	-18.36	18.54
	MSCI Europe	0.39	-2.83	6.45	12.22	19.17	8.60	9.57	35.41	1.79	19.89	-15.06	16.30
	MSCI World Small Cap	0.37	-0.99	12.72	15.71	20.54	6.28	10.13	19.88	8.15	15.76	-18.76	15.75
	MSCI World Ex USA Small Cap	-2.39	-1.11	7.99	12.52	20.48	5.54	8.45	34.07	2.76	12.62	-20.59	11.14
	FTSE 100	2.15	-0.93	10.52	16.16	21.54	11.62	9.43	35.13	7.73	14.38	-7.01	17.36
	FTSE All Small	-0.05	1.38	10.25	15.30	20.51	4.97	9.46	23.25	8.62	12.57	-23.06	22.15
	STOXX Europe 600	0.21	-2.99	6.14	12.07	19.38	8.34	9.64	35.87	1.97	19.87	-16.14	16.09
	Nikkei 225 Average	-5.39	-0.06	26.17	19.66	27.21	11.37	10.94	28.96	8.45	22.05	-19.49	-4.69
Sectors	S&P 500 Comm. Services	-15.11	-12.52	-11.31	-6.60	23.36	8.63	11.62	33.55	40.23	55.80	-39.89	21.57
	S&P 500 Cons Disc	3.93	-2.15	-2.11	-3.71	16.71	4.26	12.82	6.04	30.14	42.41	-37.03	24.43
	S&P 500 Cons Staples	11.62	7.24	18.29	21.11	14.69	9.00	9.28	3.90	14.87	0.52	-0.62	18.63
	S&P 500 Energy	14.00	18.69	59.92	64.22	22.06	24.07	11.93	8.68	5.72	-1.33	65.72	54.64
	S&P 500 Financials	5.91	-0.36	4.53	9.75	22.43	8.95	13.27	15.02	30.56	12.15	-10.53	35.04
	S&P 500 Health Care	9.87	14.22	21.02	30.48	16.08	8.52	12.63	14.60	2.58	2.06	-1.95	26.13
	S&P 500 Industrials	0.30	-6.58	8.87	9.31	21.16	11.63	13.04	19.42	17.47	18.13	-5.48	21.12
	S&P 500 Info Tech	-6.80	3.45	19.65	14.23	33.44	19.91	25.08	24.04	36.61	57.84	-28.19	34.53
	S&P 500 Materials	6.57	5.31	15.97	23.49	13.23	6.25	10.59	10.54	-0.04	12.55	-12.27	27.28
	S&P 500 Real Estate	5.08	-3.21	10.66	10.40	13.66	1.73	7.27	3.15	5.23	12.36	-26.13	46.19
	S&P 500 Utilities	10.17	-1.28	3.94	0.38	16.86	8.66	9.29	16.04	23.43	-7.08	1.57	17.67

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Asset Class Return Analysis (%)

Higher

Lower

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	YTD 2026
Small-Cap 21.31	Emerging Markets 37.28	Growth -1.51	Growth 36.39	Growth 38.49	S&P 500 28.71	Value -7.54	Growth 42.68	Growth 33.36	International Small-Cap 34.07	Value 24.50
Value 17.34	International Small-Cap 31.04	S&P 500 -4.38	S&P 500 31.49	Small-Cap 19.96	Growth 27.60	International -14.45	S&P 500 26.29	S&P 500 25.02	Emerging Markets 33.57	Mid-Cap 15.41
Mid-Cap 13.80	Growth 30.21	Value -8.27	Mid-Cap 30.54	S&P 500 18.40	Value 25.16	Mid-Cap -17.32	Global 22.20	Global 17.49	International 31.22	Small-Cap 14.37
S&P 500 11.96	International 25.03	Mid-Cap -9.06	Global 26.60	Emerging Markets 18.31	Mid-Cap 22.58	S&P 500 -18.11	International 18.24	Mid-Cap 15.34	Global 22.34	Emerging Markets 13.45
Emerging Markets 11.19	Global 23.97	Global -9.42	Value 26.54	Mid-Cap 17.10	Global 18.54	Global -18.36	Mid-Cap 17.23	Value 14.37	Growth 18.56	S&P 500 11.77
Global 7.86	S&P 500 21.83	Small-Cap -11.01	Small-Cap 25.52	Global 16.25	Small-Cap 14.82	Emerging Markets -20.09	Small-Cap 16.93	Small-Cap 11.54	S&P 500 17.88	Global 11.18
Growth 7.08	Mid-Cap 18.52	International -13.79	International Small-Cap 25.41	International Small-Cap 12.78	International 11.26	Small-Cap -20.44	International Small-Cap 12.62	Emerging Markets 7.50	Value 15.91	International 9.52
International Small-Cap 4.32	Small-Cap 14.65	Emerging Markets -14.58	International 22.01	International 7.82	International Small-Cap 11.14	International Small-Cap -20.59	Value 11.46	International 3.82	Small-Cap 12.81	International Small-Cap 7.99
International 1.00	Value 13.66	International Small-Cap -18.07	Emerging Markets 18.42	Value 2.80	Emerging Markets -2.54	Growth -29.14	Emerging Markets 9.83	International Small-Cap 2.76	Mid-Cap 10.60	Growth -0.17

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It is not possible to invest directly in an index. In general, Foreign securities are subject to currency, political, economic and market risks. The risks of investing in emerging market countries are greater than investments in foreign developed countries. Investors should carefully review the risks of each asset class prior to investing. Source: Morningstar as of 10/31/26. Data provided is for informational use only. See end of report for important additional information. Small-Cap represented by Russell 2000 Index. Emerging Markets represented by MSCI Emerging Markets Index. Value represented by Russell 1000 Value Index. Mid-Cap represented by Russell Midcap Index. Global represented by MSCI ACWI Index. Growth represented by Russell 1000 Growth Index. International represented by MSCI EAFE Index. International Small-Cap represented by MSCI World Ex USA Small Cap Index.

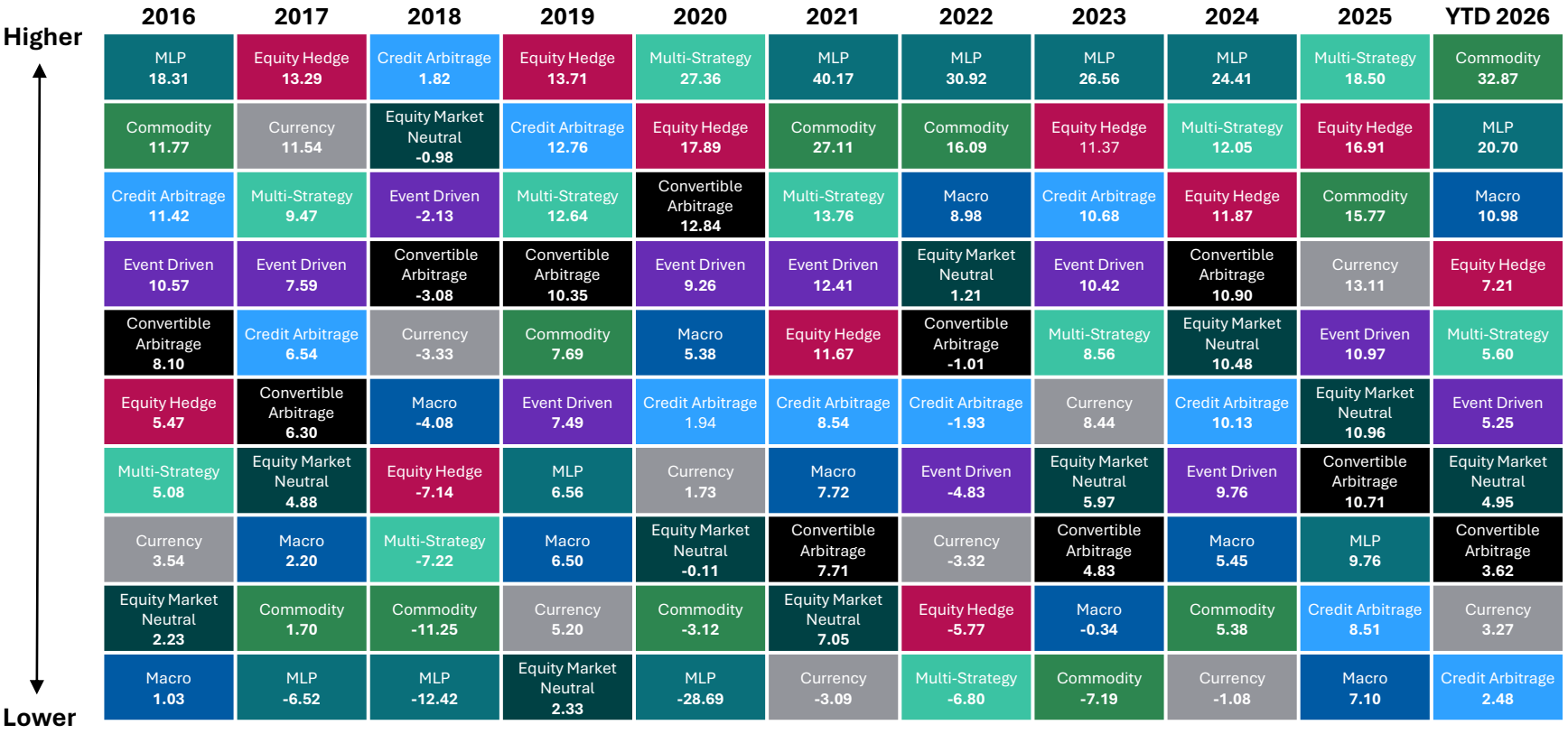
Commodities Return Analysis (%)

Index	1-Mo.	3-Mo.	YTD	1Y	3Y	5Y
Bloomberg Commodity Index	**-0.08**	**7.95**	**32.75**	**36.57**	**15.49**	**10.69**
Bloomberg Sub Agriculture	**-5.34**	**0.51**	**11.58**	**7.30**	**0.67**	**3.61**
Coffee	-0.88	-7.24	-5.57	-10.12	37.95	19.37
Corn	-10.29	-2.62	-6.62	-7.24	-10.31	-4.84
Cotton	-0.56	-3.93	11.32	7.29	-6.53	-4.35
Soybean	-5.46	3.58	15.04	7.69	-1.44	6.36
Soybean Oil	-3.09	-0.47	47.20	45.14	12.70	8.30
Sugar	4.37	26.56	23.38	29.15	-7.19	6.48
Wheat	-10.40	-7.23	13.28	5.17	-5.99	-11.78
Bloomberg Sub Energy	**7.93**	**25.48**	**101.07**	**87.19**	**15.33**	**10.64**
Brent Crude	19.67	47.13	151.52	139.44	33.14	27.99
Heating Oil	3.39	26.43	194.33	168.81	42.02	41.50
Natural Gas	-9.00	-8.86	-28.37	-36.27	-35.60	-35.56
Unleaded Gas	2.88	24.58	125.89	110.01	30.41	29.08
WTI Crude Oil	15.59	28.06	128.33	118.30	28.85	21.97

Index	1-Mo.	3-Mo.	YTD	1Y	3Y	5Y
Bloomberg Sub Industrial Metals	**-1.69**	**-1.07**	**9.32**	**16.88**	**12.77**	**4.83**
Aluminum	-2.56	-2.29	7.34	11.27	12.59	3.20
Copper	-1.79	-0.26	12.57	24.73	20.55	8.85
Nickel	-4.26	-11.88	-9.37	-0.99	-6.52	-4.85
Zinc	0.72	6.99	28.02	32.49	20.02	6.78
Bloomberg Sub Precious Metals	**-8.70**	**-6.08**	**-13.34**	**1.96**	**26.64**	**16.80**
Gold	-6.57	-4.16	-10.73	-3.23	23.96	16.06
Platinum	-16.19	-13.61	-30.00	-9.91	15.01	7.99
Silver	-18.37	-14.88	-30.41	1.41	27.83	14.80
Bloomberg Sub Livestock	**-4.57**	**-8.44**	**-8.31**	**-5.87**	**7.58**	**8.12**
Lean Hogs	-14.92	-21.64	-27.47	-24.05	-3.70	-2.40
Live Cattle	-0.46	-2.91	1.76	3.59	14.05	14.09

Past performance is no guarantee of future results.
It is not possible to invest directly in an index. Source: Morningstar as of 10/31/26. Data provided is for informational use only. See end of report for important additional information. Commodity represented by Bloomberg Commodity Index. Agriculture represented by Bloomberg Agriculture Subindex. Energy represented by Bloomberg Energy Subindex. Grains represented by Bloomberg Grains Subindex. Industrial Metals represented by Bloomberg Industrial Metals Subindex. Livestock represented by Bloomberg Livestock Subindex. Precious Metals represented by Bloomberg Precious Metals Subindex.

Asset Class Return Analysis (%)

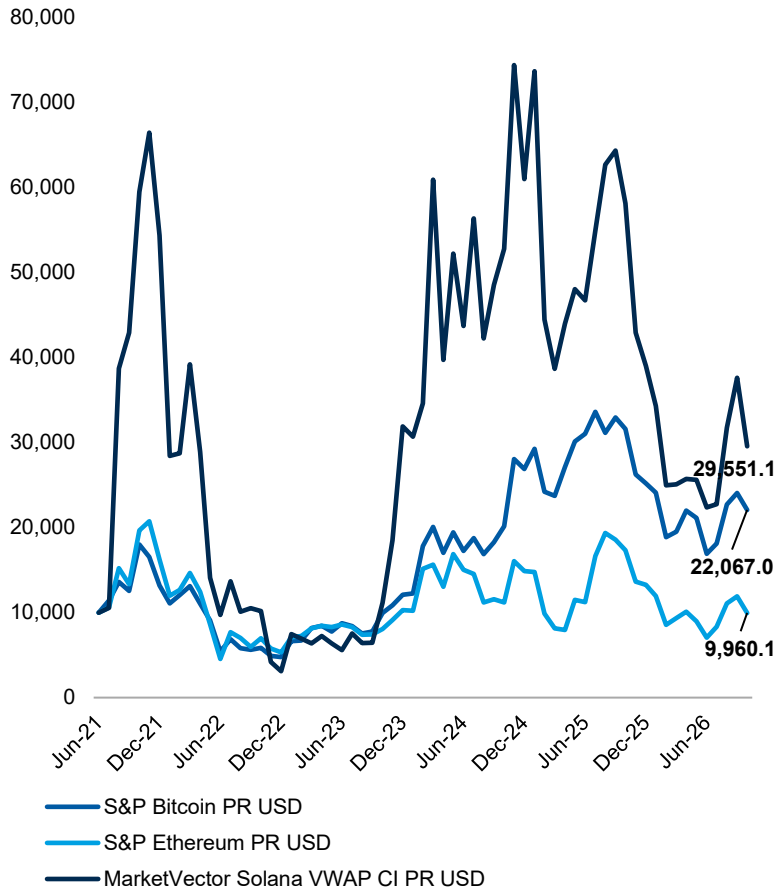


2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	YTD 2026
MLP 18.31	Equity Hedge 13.29	Credit Arbitrage 1.82	Equity Hedge 13.71	Multi-Strategy 27.36	MLP 40.17	MLP 30.92	MLP 26.56	MLP 24.41	Multi-Strategy 18.50	Commodity 32.87
Commodity 11.77	Currency 11.54	Equity Market Neutral -0.98	Credit Arbitrage 12.76	Equity Hedge 17.89	Commodity 27.11	Commodity 16.09	Equity Hedge 11.37	Multi-Strategy 12.05	Equity Hedge 16.91	MLP 20.70
Credit Arbitrage 11.42	Multi-Strategy 9.47	Event Driven -2.13	Multi-Strategy 12.64	Convertible Arbitrage 12.84	Multi-Strategy 13.76	Macro 8.98	Credit Arbitrage 10.68	Equity Hedge 11.87	Commodity 15.77	Macro 10.98
Event Driven 10.57	Event Driven 7.59	Convertible Arbitrage -3.08	Convertible Arbitrage 10.35	Event Driven 9.26	Event Driven 12.41	Equity Market Neutral 1.21	Event Driven 10.42	Convertible Arbitrage 10.90	Currency 13.11	Equity Hedge 7.21
Convertible Arbitrage 8.10	Credit Arbitrage 6.54	Currency -3.33	Commodity 7.69	Macro 5.38	Equity Hedge 11.67	Convertible Arbitrage -1.01	Multi-Strategy 8.56	Equity Market Neutral 10.48	Event Driven 10.97	Multi-Strategy 5.60
Equity Hedge 5.47	Convertible Arbitrage 6.30	Macro -4.08	Event Driven 7.49	Credit Arbitrage 1.94	Credit Arbitrage 8.54	Credit Arbitrage -1.93	Currency 8.44	Credit Arbitrage 10.13	Equity Market Neutral 10.96	Event Driven 5.25
Multi-Strategy 5.08	Equity Market Neutral 4.88	Equity Hedge -7.14	MLP 6.56	Currency 1.73	Macro 7.72	Event Driven -4.83	Equity Market Neutral 5.97	Event Driven 9.76	Convertible Arbitrage 10.71	Equity Market Neutral 4.95
Currency 3.54	Macro 2.20	Multi-Strategy -7.22	Macro 6.50	Equity Market Neutral -0.11	Convertible Arbitrage 7.71	Currency -3.32	Convertible Arbitrage 4.83	Macro 5.45	MLP 9.76	Convertible Arbitrage 3.62
Equity Market Neutral 2.23	Commodity 1.70	Commodity -11.25	Currency 5.20	Commodity -3.12	Equity Market Neutral 7.05	Equity Hedge -5.77	Macro -0.34	Commodity 5.38	Credit Arbitrage 8.51	Currency 3.27
Macro 1.03	MLP -6.52	MLP -12.42	Equity Market Neutral 2.33	MLP -28.69	Currency -3.09	Multi-Strategy -6.80	Commodity -7.19	Currency -1.08	Macro 7.10	Credit Arbitrage 2.48

Past performance is no guarantee of future results. It is not possible to invest directly in an index. Source: Morningstar as of 9/30/2026 (*YTD Data is on a 1-month lag). Data provided is for informational use only. Alternative investments often are speculative and include a high degree of risk. See end of report for important additional information. Macro represented by HFRI Macro Index. MLP represented by Alerian MLP Index. Event Driven represented by HFRI Event Driven Index. Multi-Strategy represented by HFRI Equity Hedge: Multi-Strategy Index. Equity Hedge represented by HFRI Equity Hedge Index. Convertible Arbitrage represented by HFRI Relative Value: Fixed Income-Convertible Arbitrage Index. Currency represented by J.P. Morgan EMLI+ Index. Equity Market Neutral represented by HFRI Equity Hedge: Equity Market Neutral Index. Credit Arbitrage represented by HFRI Event Driven: Credit Arbitrage Index. Commodity represented by Bloomberg Commodity Index.

Digital Assets

Growth of $10K Investment



Correlation Table

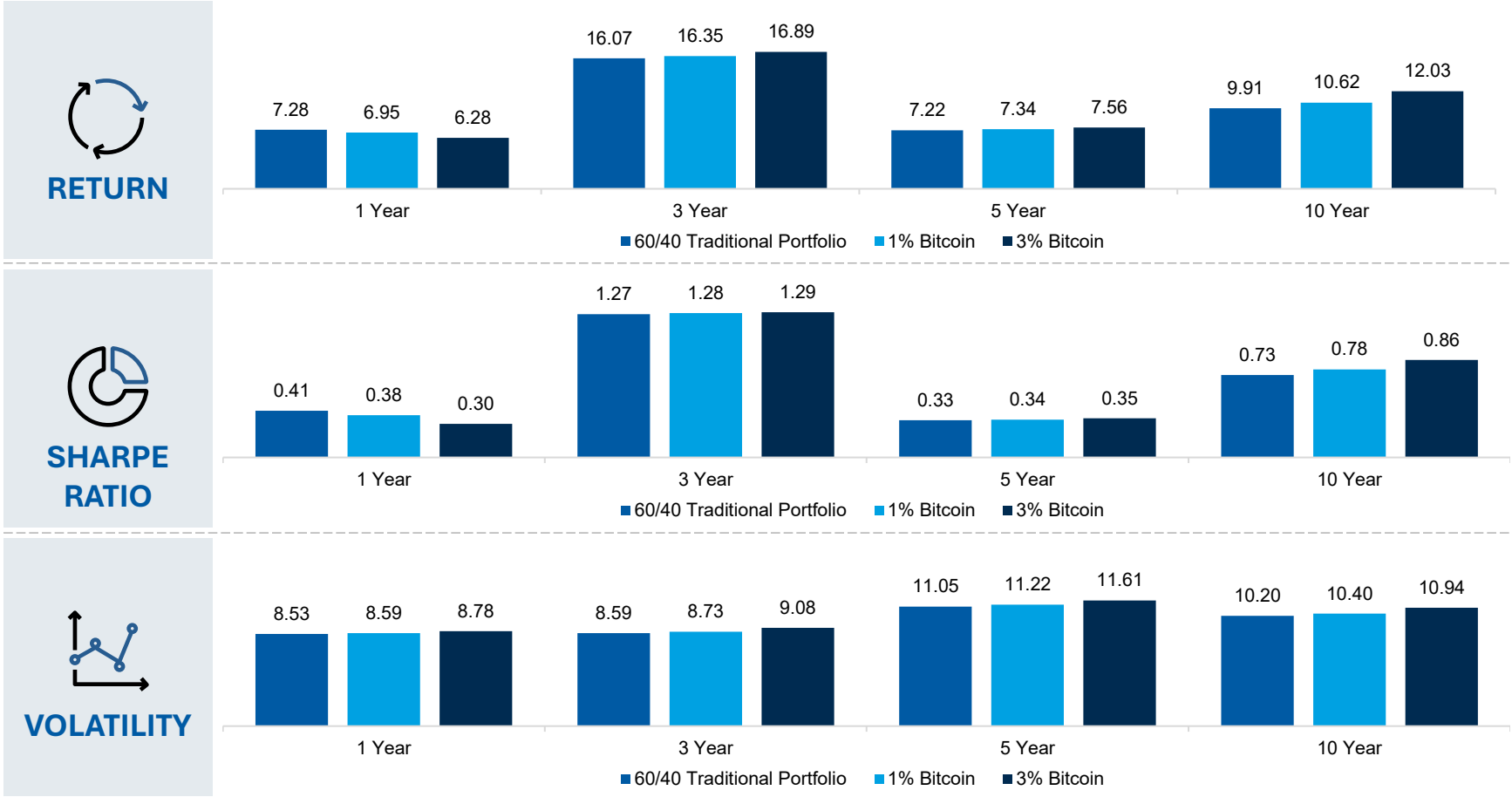
	S&P 500	NASDAQ	GOLD	DXY	U.S. AGG	BITCOIN
S&P 500	1.00	0.91	0.30	-0.38	0.38	0.33
NASDAQ	0.91	1.00	0.22	-0.32	0.37	0.31
GOLD	0.29	0.22	1.00	-0.51	0.39	0.15
DXY	-0.44	-0.31	-0.54	1.00	-0.53	-0.14
U.S. AGG	0.60	0.52	0.42	-0.66	1.00	0.14
BITCOIN	0.50	0.50	0.20	-0.17	0.17	1.00

5 Years ended Oct 31, 2026 | From 01 Jan 2016 to 31 Oct 2026

Past performance is no guarantee of future results.

It is not possible to invest directly in an index. Source: Morningstar as of 10/31/2026. Historical Asset Performance shown for 10K Growth for S&P Bitcoin, S&P Ethereum and Marketvector Solana market indexes from Common Inception (7/1/2021) to (10/31/2026). The right table above shows the return correlation between various asset classes (represented by market indices as defined in this disclosure) over the past five and from Jan 2016 until present. Data provided is for informational use only. See end of report for important additional information. S&P 500 is represented by the S&P 500 Index. Nasdaq is represented by Nasdaq Index. Gold is represented by PHLX Gold & Silver Index. DXY represented by US Dollar Index. US Aggregate is represented by the Bloomberg US Aggregate Bond Index. Bitcoin is represented by S&P Bitcoin Index.

Digital Assets: Small Allocations Can Impact Portfolios



Source: Morningstar Oct 31, 2026. Performance shown is hypothetical and the portfolio analysis for the relevant time assumes all allocations were held in the same weights shown. Index performance does not reflect any management fees or expenses. Indexes are not managed and one cannot invest directly in index. 60/40 Portfolio consists of 60% allocation to S&P 500 and 40% allocation to Bloomberg U.S. Aggregate Bond Index. Bitcoin exposure was added to the hypotheticals by proportionally reducing allocations to each index. **Past performance is no guarantee of future results.**

Fund and ETF Flows by Category

Top 10 Open-End Mutual Fund Categories by Monthly Flows ($MM)

	1 Mo.	3 Mo.	12 Mo.
Nontraditional Bond	1,647	3,634	9,992
Equity Market Neutral	1,396	2,984	9,690
Ultrashort Bond	858	6,304	10,230
Macro Trading	794	1,451	3,906
Bank Loan	738	907	-8,832
Short-Term Inflation-Protected Bond	640	2,505	13,584
Securitized Bond - Diversified	520	175	3,738
Multistrategy	481	842	2,159
Inflation-Protected Bond	458	2,979	9,265
Focused Region	431	866	5,670

Top 10 Exchange-Traded Fund Categories by Monthly Flows ($MM)

	1 Mo.	3 Mo.	12 Mo.
Ultrashort Bond	19,877	44,671	128,520
Large Blend	16,456	86,269	462,356
Foreign Large Blend	15,538	35,152	154,505
Intermediate Core-Plus Bond	8,787	16,540	54,344
Muni National Intermediate	8,663	13,342	35,827
Large Value	7,741	31,177	111,107
Derivative Income - Diversified	5,667	18,141	59,883
Intermediate Core Bond	5,344	19,598	79,831
Long Government	5,240	11,181	15,008
Digital Assets	4,503	10,698	7,518

Bottom 10 Open-End Mutual Fund Categories by Monthly Flows ($MM)

	1 Mo.	3 Mo.	12 Mo.
Large Blend	-23,027	-53,572	-202,997
Large Growth	-19,256	-52,892	-201,421
Large Value	-10,361	-43,839	-139,116
Foreign Large Growth	-5,419	-29,523	-63,282
Intermediate Core-Plus Bond	-5,344	-5,706	17,593
Small Growth	-4,623	-8,063	-27,571
Moderate Allocation	-4,344	-13,918	-56,558
Foreign Large Blend	-4,159	-11,960	-39,736
Mid-Cap Growth	-3,848	-13,189	-53,484
Mid-Cap Blend	-3,572	-10,495	-28,782

Bottom 10 Exchange-Traded Fund Categories by Monthly Flows ($MM)

	1 Mo.	3 Mo.	12 Mo.
Trading--Leveraged Equity	-3,564	2,058	-7,132
Corporate Bond	-3,112	2,355	29,244
Government Mortgage-Backed Bond	-1,576	75	1,523
Long-Term Bond	-1,425	-781	1,779
Emerging Markets Bond	-1,381	-467	1,483
High Yield Bond	-1,336	159	11,320
Equity Precious Metals	-1,102	-818	-88
Industrials	-862	-354	21,910
Foreign Large Growth	-766	405	9,660
India Equity	-719	-1,086	-3,097

Source: Morningstar as of 9/30/26. Flow data is on a one-month lag. Data provided is for informational use only. See end of report for important additional information.

Major Asset Class Return Analysis (%)

Higher

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	YTD 2026
Small-Cap 21.31	Emerging Markets 37.28	Municipal 1.28	S&P 500 31.49	Small-Cap 19.96	S&P 500 28.71	Commodities 16.09	S&P 500 26.29	S&P 500 25 .02	Emerging Markets 33.57	Commodities 32.75
High Yield 17.49	International 25.03	Bank Loan 0.44	Small-Cap 25.52	S&P 500 18.40	Commodities 27.11	Bank Loan -0.77	International 18.24	Small-Cap 11.54	International 31.22	Small-Cap 14.37
S&P 500 11.96	S&P 500 21.83	US Agg 0.01	International 22.01	Emerging Markets 18.31	Small-Cap 14.82	Municipal -8.53	Small-Cap 16.93	Asset Allocation 9.79	S&P 500 17.88	Emerging Markets 13.45
Commodities 11.77	Small-Cap 14.65	High Yield -2.26	Asset Allocation 18.70	Asset Allocation 11.95	Asset Allocation 11.43	High Yield -11.22	Asset Allocation 14.09	Bank Loan 8.95	Commodities 15.77	S&P 500 11.77
Emerging Markets 11.19	Asset Allocation 14.02	S&P 500 -4.38	Emerging Markets 18.42	International 7.82	International 11.26	US Agg -13.01	High Yield 13.46	High Yield 8.20	Asset Allocation 15.56	International 9.52
Bank Loan 10.16	High Yield 7.48	Asset Allocation -5.40	High Yield 14.41	US Agg 7.51	High Yield 5.36	Asset Allocation -13.04	Bank Loan 13.32	Emerging Markets 7.50	Small-Cap 12.81	Asset Allocation 8.34
Asset Allocation 8.61	Municipal 5.45	Small-Cap -11.01	US Agg 8.72	High Yield 6.17	Bank Loan 5.20	International -14.45	Emerging Markets 9.83	Commodities 5.38	High Yield 8.50	Bank Loan 3.06
US Agg 2.65	Bank Loan 4.12	Commodities -11.25	Bank Loan 8.64	Municipal 5.21	Municipal 1.52	S&P 500 -18.11	Municipal 6.40	International 3.82	US Agg 7.30	High Yield 0.33
International 1.00	US Agg 3.54	International -13.79	Commodities 7.69	Bank Loan 3.12	US Agg -1.54	Emerging Markets -20.09	US Agg 5.53	US Agg 1.25	Bank Loan 5.90	Municipal -0.48
Municipal 0.25	Commodities 1.70	Emerging Markets -14.57	Municipal 7.54	Commodities -3.12	Emerging Markets -2.54	Small-Cap -20.44	Commodities -7.91	Municipal 1.05	Municipal 4.25	US Agg -0.54

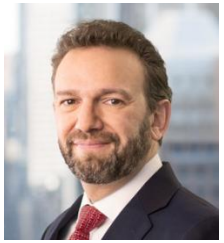
Lower

Past performance is no guarantee of future results. It is not possible to invest directly in an index. Source: Morningstar as of 10/31/26. Data provided is for informational use only. Investing involves risks including the possible loss of principal. Investors should carefully review the risks of each asset class prior to investing. See end of report for important additional information. S&P 500 represented by the S&P 500 Index. International represented by MSCI EAFE Index. Emerging Markets represented by MSCI Emerging Markets Index. Small-Cap represented by Russell 2000 Index. US Aggregate represented by the Bloomberg Capital US Aggregate Bond Index. Municipal represented by Bloomberg Municipal Bond Index. High Yield represented by ICE BofA US High Yield Index. Bank Loan represented by Morningstar LSTA U.S. Leveraged Loan Index. Commodity represented by Bloomberg Commodity Index. The Asset Allocation portfolio assumes the following weights: 25% in the S&P 500 Index, 15% in the MSCI EAFE Index, 5% in the MSCI Emerging Markets Index, 10% in the Russell 2000 Index, 25% in the Bloomberg Capital US Aggregate Bond Index, 5% in the Bloomberg Municipal Bond Index, 5% in the Bloomberg US Corporate High Yield Index, 5% in the Morningstar LSTA U.S. Leveraged Loan Index, and 5% in the Bloomberg Commodity Index.

Portfolio Solutions Group

The Portfolio Solutions Group is a comprehensive multi-asset business with activity across all asset strategies and type, both traditional and alternative, through solutions that span fully liquid (public assets), comprehensive (public and private assets) and fully private portfolios. Offerings are delivered by a managed portfolio or model, in discretionary or advisory format.

The team's expertise lies in partnering with institutional, intermediary and high net worth investors to understand their unique needs and crafting solutions to help them achieve their overall investment objectives.

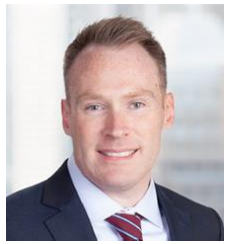


JIM CARON
Chief Investment Officer
Managing Director

MARK BAVOSO
Managing Director

GREG WATERMAN
Executive Director

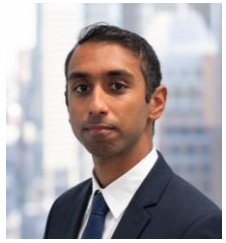
EDWARD RIGUARDI
Executive Director



SCHUYLER HOOPER
Executive Director

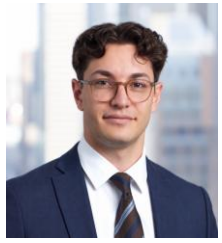
UMAR MALIK
Vice President

CHRIS CHIA
Vice President



SACHIN RAGHAVAN
Sr. Associate

SILVIA MARE
Analyst



FABIAN WELTI
Analyst

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Asset Allocation Committee

The Asset Allocation Committee is an independent group of senior investment professionals across various disciplines within MSIM and Eaton Vance. The Portfolio Solutions Group presents multisector research and investment ideas to the Committee, which is responsible for vetting and challenging these ideas to insure they meet their rigorous standards and can then be included in representative asset allocation recommendations.

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Portfolio Manager
Head of Investment Strategy for the High Yield Team

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Portfolio Manager
Co-Head of the Municipals Team

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Co-Head of the Mortgage and Securitized Team

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Head of Macro & Thematic Research,
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STEVEN TURNER, CFA
Head of Investment Selection,
Portfolio Solutions Group

MARK VAN DER ZWAN, CFA
Chief Investment Officer and Head of the AIP Hedge Fund Team

Index Definitions

The **Bloomberg Capital Expenditure Index measures capital expenditure in the U.S.**

Bloomberg Commodity Index is a broadly diversified index tracking futures contracts on physical commodities.

The **Bloomberg ECO Labor Market Surprise Index** measures economic data releases on the labor market compared to market expectations.

Bloomberg Euro-Aggregate Corporates Index consists of bonds issued in the euro or the legacy currencies of the 16 sovereign countries participating in the European Monetary Union (EMU)

Bloomberg Global Aggregate Ex-USD Index is a broad-based measure of global Investment Grade fixed-rate debt investments, excluding USD-denominated debt.

Bloomberg High Yield Municipal Bond Index is an unmanaged index of non-Investment Grade Municipal bonds traded in the U.S.

Bloomberg Magnificent 7 Index is an equal-dollar weighted equity benchmark consisting of Alphabet, Amazon, Apple, Microsoft, Meta, Nvidia and Tesla.

Bloomberg Municipal Bond Index is an unmanaged index of Municipal bonds traded in the U.S.

Bloomberg Pan-European High Yield Index covers the universe of fixed-rate, sub-investment-grade debt denominated in euros or other European currencies (except Swiss francs).

Bloomberg Taxable Municipal Bond Index is an unmanaged index of Taxable Municipal bonds traded in the U.S.

Bloomberg U.S. Agency Index measures agency securities issued by U.S government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. government.

Bloomberg U.S. Aggregate Index is an unmanaged index of domestic investment-grade bonds, including corporate, government and mortgage-backed securities.

Bloomberg U.S. Asset Backed Securities (ABS) Index measures ABS with the following collateral type: credit and charge card, auto, and utility loans.

Bloomberg U.S. CMBS Index measures the market of conduit and fusion CMBS deals with a minimum current deal size of $300mn.

Bloomberg U.S. Corporate Investment Grade Index is an unmanaged index that measures the performance of investment-grade corporate securities within the Barclays U.S. Aggregate Index.

Bloomberg U.S. Mortgage-Backed Securities (MBS) Index measures agency mortgage-backed pass-through securities issued by GNMA, FNMA, and FHLMC.

Bloomberg U.S. Treasury Index measures public debt instruments issued by the U.S. Treasury.

CBOE Volatility Index (VIX) tracks the implied volatilities of a wide range of S&P 500 Index options.

CBOE S&P 500 BuyWrite Index measures the performance of a hypothetical buy-write strategy on the S&P 500 Index.

Citigroup Eurozone Economic Surprise Index represents the sum of the difference between official economic results and forecasts in Europe.

Citigroup U.S. Economic Surprise Index represents the sum of the difference between official economic results and forecasts in the U.S.

The DAX consists of the 40 major German blue chip companies trading on the Frankfurt Stock Exchange.

ICE BofA US Inflation-Linked Treasury Index tracks the performance of USD denominated inflation linked sovereign debt publicly issued by the US government.

ICE BofA Fixed Rate Preferred Securities Index is an unmanaged index of fixed-rate, preferred securities issued in the U.S.

ICE BofA European Union Government Bond Index tracks the performance of sovereign debt publicly issued by countries that are members of the European Union.

ICE BofA U.S. High Yield Index is an unmanaged index of below-investment grade U.S. corporate bonds.

ICE BofA Developed Markets High Yield Ex-Subordinated Financial Index (Hedged) is an unmanaged index of global developed market below investment grade corporate bonds, USD hedged.

FTSE 100 Index is an unmanaged market-capitalization weighted index representing the performance of the 100 largest UK listed blue chip companies, which pass screening for size and liquidity.

FTSE All Small Index consists of all the companies in the FTSE SmallCap and FTSE Fledgling indices.

FTSE World Government Bond Index (WGBI) measures the performance of fixed-rate, local currency, investment-grade sovereign bonds.

J.P. Morgan Corporate Emerging Markets Bond Index (CEMBI) Broad Diversified is an unmanaged index of USD-denominated emerging market corporate bonds.

J.P. Morgan Emerging Markets Bond Index (EMBI) Global Diversified is an unmanaged index of USD-denominated bonds with maturities of more than one year issued by emerging markets governments.

J.P. Morgan Government Bond Index-Emerging Markets (GBI-EM) Global Diversified is an unmanaged index of local-currency bonds with maturities of more than one year issued by emerging market governments.

The MDAX lists German companies trading on the Frankfurt Stock Exchange. It includes the 50 Prime Standard shares that rank in size immediately below the companies included in the DAX index**.**

Morgan Stanley Capital International (MSCI) Emerging Markets Index is an unmanaged index of emerging markets common stocks

MSCI EMU Index (European Economic and Monetary Union) captures large and mid cap representation across the 10 Developed Markets countries in the EMU. With 229 constituents, the index covers approximately 85% of the free float-adjusted market capitalization of the EMU.

Morgan Stanley Capital International All Country Asia Pacific Index (MSCI AC Asia Pac) is an unmanaged total return, capitalization-weighted index that measures the performance of stock markets in 15 Pacific region countries, including Australia, China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, New Zealand, Pakistan, the Philippines, Singapore, Sri Lanka, Taiwan and Thailand.

Morgan Stanley Capital International (MSCI) Japan Index is an unmanaged index designed to measure the performance of the large and mid cap segments of the Japan market.

Morgan Stanley Capital International (MSCI) World Index is an unmanaged index of equity securities in the developed markets.

Morgan Stanley Capital International (MSCI) World ex USA Small Cap Index is an unmanaged index of small-cap equity securities in the developed markets, excluding the United States.

Morgan Stanley Capital International All Country World (MSCI AC World) Index is an unmanaged free float-adjusted market-capitalization-weighted index designed to measure the equity market performance of developed and emerging markets.

Morgan Stanley Capital International Europe (MSCI Europe) Index is an unmanaged free float-adjusted market-capitalization-weighted index designed to measure the equity market performance of the developed markets in Europe.

Morgan Stanley Capital International Europe, Australasia, Far East (MSCI EAFE) Index is an unmanaged index of equities in the developed markets, excluding the U.S. and Canada.

MSCI USA Index is designed to measure the performance of the large and mid cap segments of the US market. With 625 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in the US.

MSCI China captures large and mid-cap representation across China A-shares, B-shares, H-shares, Red-chips and P-chips. It reflects the Mainland China and Hong Kong opportunity set from an international investor's perspective.

The **MSCI India Index** is designed to measure the performance of the large and mid cap segments of the Indian market.

Index Definitions, Terms and About Risk

The **MSCI World Index** is a free float adjusted market capitalization weighted index that is designed to measure the global equity market performance of developed markets. The term "free float" represents the portion of shares outstanding that are deemed to be available for purchase in the public equity markets by investors. The performance of the Index is listed in U.S. dollars and assumes reinvestment of net dividends.

The MSCI USA Health Care Index is designed to capture the large and mid cap segments of the US equity universe. All securities in the index are classified in the Health Care sector as per the Global Industry Classification Standard.

Morningstar LSTA U.S. Leveraged Loan Index is an unmanaged index of the institutional leveraged loan market. Prior to August 29, 2022, the index name was S&P/LSTA Leveraged Loan Index.

Nikkei 225 Stock Average Index is unmanaged price-weighted index of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange.

Russell 1000 Index is an unmanaged index of 1,000 U.S. large-cap stocks.

Russell 1000 Growth Index is an unmanaged index of 1,000 U.S. large-cap growth stocks.

Russell 1000 Value Index is an unmanaged index of 1,000 U.S. large-cap value stocks.

Russell 2000 Index is an unmanaged index of 2,000 U.S. small-cap stocks.

Russell 2500 Index is an unmanaged index of approximately 2,500 U.S. small- and mid-cap U.S. stocks.

Russell Midcap Index is an unmanaged index of U.S. mid-cap stocks.

Standard & Poor's 400 Index is designed to measure the performance of 400 mid-sized U.S. companies, reflecting the distinctive risk and return characteristics of this market segment.

Standard & Poor's 493 Index is designed to measure the performance of the S&P 500 excluding the "Mag 7" i.e. Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla.

Standard & Poor's 500 Index is an unmanaged index of large-cap stocks commonly used as a measure of U.S. stock market performance.

STOXX Europe 600 Index is a fixed component number index designed to provide a broad yet liquid representation of large, mid and small capitalization companies in Europe.

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Terms

Yield to Worst is a measure which reflects the lowest potential yield earned on a bond without the issuer defaulting. The yield to worst is calculated by making worst-case scenario assumptions by calculating the returns that would be received if provisions, including prepayment, call or sinking fund, are used by the issuer.

About Risk

Bank Loans – There can be no assurance that the liquidation of collateral securing an investment will satisfy the issuer's obligation in the event of non-payment or that collateral can be readily liquidated. The ability to realize the benefits of any collateral may be delayed or limited. **Commodities** – The value of commodities investments will generally be affected by overall market movements and factors specific to a particular industry or commodity including weather, embargoes, tariffs, or health, political, international and regulatory developments. **Credit** – Investments in income securities may be affected by changes in the creditworthiness of the issuer and are subject to the risk of non-payment of principal and interest. The value of income securities also may decline because of real or perceived concerns about the issuer's ability to make principal and interest payments. **Duration** – Securities with longer durations tend to be more sensitive to interest rate changes than securities with shorter durations. Equity – Equity investment values are sensitive to stock market volatility. **Foreign** – Investments in foreign instruments or currencies can involve greater risk and volatility than U.S. investments because of adverse market, economic, political, regulatory, geopolitical, or other conditions. In emerging countries, these risks may be more significant. **Gov't Agency** – While certain U.S. Government-sponsored agencies may be chartered or sponsored by acts of Congress, their securities are neither issued nor guaranteed by the U.S. Treasury. **Income Market** – An imbalance in supply and demand in the income market may result in valuation uncertainties and greater volatility, less liquidity, widening credit spreads and a lack of price transparency in the market. There generally is limited public information about Municipal issuers. **Inflation-Linked** – Interest payments on inflation-linked securities may vary widely and will fluctuate as principal and interest are adjusted for inflation. Investments in inflation-linked securities may lose value in the event that the actual rate of inflation is different than the rate of the inflation index. **Interest Rate** – As interest rates rise, the value of certain income investments is likely to decline.. **Lower-Rated** – Investments rated below Investment Grade (typically referred to as "junk") are generally subject to greater price volatility and illiquidity than higher rated investments. **Maturity** – Longer-term bonds typically are more sensitive to interest rate changes than shorter-term bonds. **Preferred Stocks** – When interest rates rise, the value of preferred stocks will generally decline. **Prepayment - MBS** – Mortgage-backed securities are subject to prepayment risk. **Prepayment - Bank Loan** – Bank Loans are subject to prepayment risk. **Real Estate** – Changes in real estate values or economic downturns can have a significant negative effect on issuers in the real estate industry, including REITs.

Risk Considerations

Diversification does not eliminate the risk of loss.

In general, equity securities' values also fluctuate in response to activities specific to a company. Investments in foreign markets entail special risks such as currency, political, economic, and market risks. The risks of investing in emerging market countries are greater than risks associated with investments in foreign developed countries. Fixed income securities are subject to the ability of an issuer to make timely principal and interest payments (credit risk), changes in interest rates (interest-rate risk), the creditworthiness of the issuer and general market liquidity (market risk). In a rising interest-rate environment, bond prices may fall and may result in periods of volatility and increased portfolio redemptions. In a declining interest-rate environment, the portfolio may generate less income. Longer-term securities may be more sensitive to interest rate changes. Alternative investments are speculative, involve a high degree of risk, are highly illiquid, typically have higher fees than other investments, and may engage in the use of leverage, short sales, and derivatives, which may increase the risk of investment loss. These investments are designed for investors who understand and are willing to accept these risks. Performance may be volatile, and an investor could lose all or a substantial portion of its investment.

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