



VerusTM

 **PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**

1ST QUARTER 2026
Investment Landscape

Verus business update

Since our last Investment Landscape webinar:

- We celebrate our 40th anniversary this year. Wurts Johnson & Company (founding name) was established in January 1986.
- We are excited to host a Client Summit in Seattle in July!
- Verus employees recently passed CFA exams: Dillon Kuk (*Level I*); Lukas Seeley, Dan Hougard, James Wadner (*Level II*).
- Verus professionals were quoted in ten articles last quarter including an article on our CIO's opinion that challenged the notion of illiquidity premiums in private equity.
- Recent research, found at verusinvestments.com/research:
 - *Capital Markets Assumptions*
 - *Top 10 Thoughts for 2026*
- Eileen Neill, Managing Director | Senior Consultant, plans to retire on June 30, 2026. As the weeks and months ahead unfold, we will find ways to thank Eileen and wish her well on her retirement.



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VERUSINVESTMENTS.COM

SEATTLE 206.622.3700
CHICAGO 312.815.5228
PITTSBURGH 412.784.6678
LOS ANGELES 310.297.1777
SAN FRANCISCO 415.362.3484

Recent Verus research

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Thought leadership

TOP TEN THOUGHTS FOR 2026

Every year Verus identifies a series of topics that we believe will be important for investors to consider during the coming year. Some of those tend to be economics or markets focused, while others tend to focus on geopolitics or other broader issues. The paper also looks back at the past years' forecasts.

STATE OF THE CORE REAL ESTATE FUND UNIVERSE

Verus addresses the state of the core real estate fund universe. Discussion includes the mixed fundamental conditions facing the asset class and the heavy redemption queues that continue to challenge certain funds and frustrate investors who are seeking liquidity.

LDI FOR PUBLIC SPONSORS

We explore the dichotomy in LDI adoption between sponsor types. We discuss the characteristics of pension plans that make LDI strategies beneficial. We assess the current environment, to illustrate why LDI may appear relatively attractive today.

THIS MATTERS, AND THIS DOESN'T

We offer perspectives regarding what we watch out for to acknowledge or even avoid biases where possible. Deciding what matters most to the portfolio by ensuring a balanced set of information sources, keeping a watchful eye for biases and carefully thinking about incentives, and also determining what doesn't matter.

4th quarter summary

THE ECONOMY

- U.S. real GDP grew at an impressive rate in Q3 QoQ, fueled by consumer purchases, exports, and government spending. The Atlanta Fed GDPNow indicator suggested an incredible 5.3% QoQ growth rate in Q4, as of January 14th. The economy may continue to surpass expectations in 2026 with strong spending, monetary and fiscal easing, and further signs of productivity gains from AI investment. **p. 12**
- U.S. inflation eased during Q4. The November report was surprisingly soft at 2.7% YoY and December data reinforced this figure. Inflation was not reported in October due to the government shutdown and a lack of price data collection. This was the first missed inflation report in modern history, and questions remain broadly about the robustness of recent inflation reports. **p. 9**

EQUITY

- International developed equity (MSCI EAFE +4.9%) and emerging market equities (MSCI EM +4.7%) led during Q4, while domestic equities lagged (S&P 500 +2.7%). The outperformance of non-U.S. was materially larger for investors with currency hedging programs in place, due to the pain of U.S. dollar appreciation. **p. 28**
- U.S. equity P/E multiples moved further upwards, on positive earnings surprise and enthusiasm that certain headwinds may be easing. Tariff-fueled inflation has been far more tepid than feared, international trade volume has fared well despite trade frictions, and growth has been resilient. **p. 30**

FIXED INCOME

- High-quality bonds produced slightly positive returns in Q4 and mid single digit returns over the full year. Riskier fixed income delivered stronger returns during those periods. Falling long-term bond yields boosted the returns of duration assets, while stable spreads and mild default activity allowed investors to capture the spreads of risk assets such as high yield bonds and bank loans. **p. 20**
- High yield bond defaults rose slightly to 1.9% YoY, below the 15-year average of 2.5%. Loan default rates fell to 2.9% YoY, slightly above the 15-year average of 2.4%. Following the First Brands and Tricolor defaults in late 2025 which created a market-wide credit scare, recent evidence seems to suggest that these were isolated incidents of fraud rather than indicative of broader systemic issues. **p. 23**

ASSET ALLOCATION ISSUES

- Investors benefited from strong returns across most asset classes during 2025. Global equities delivered +22.3% on earnings growth and surprisingly resilient economic conditions, U.S. high yield bonds generated +8.6% as spreads were stable, and core fixed income delivered +7.3%, fueled by lower yields and Fed rate cuts. **p. 44**
- Market-priced volatility ended Q4 at a very low level of 14%, but exhibited spikes throughout the period as the U.S. government shutdown shook markets on multiple days, along with tariff surprises. Volatility may continue to ease as fears around inflation and the economy fade. **p. 31**

Strong Q4 gains across most asset classes closed out an incredible year for total portfolio performance

Although risk asset valuations are generally expensive, earnings momentum and productivity improvements could support further gains in 2026

What drove the market in Q4?

"S&P 500 ends Friday with another record close, scores a winning week"

S&P 500

09/30	10/31	11/30	12/31	01/20
6198	6238	6460	6704	6850

Article Source: CNBC, January 8th, 2026

"December's Jobs Data Reinforces Fed's Cautious Approach to Future Cuts"

Effective Federal Funds Rate

09/2024	12/2024	03/2025	06/2025	09/2025	12/2025
5.13%	4.48%	4.33%	4.33%	4.22%	3.72%

Article Source: New York Times, January 9th, 2026 – end of month figures shown

"US job growth stuck at stall speed in December; unemployment rate dips to 4.4%"

% Monthly Change in Employment

June '23	Dec '23	June '24	Dec '24	June '25	Dec '25
0.17%	0.17%	0.06%	0.20%	-0.01%	0.03%

Article Source: Reuters, January 9th, 2026

"US Core CPI Rises 0.2%, Bucking Estimates for Bigger Rebound"

U.S. Inflation (year-over-year)

May '25	Jun '25	Jul '25	Aug '25	Sep '25	Oct '25	Nov '25	Dec '25
2.4%	2.7%	2.7%	2.9%	3.0%	N/A	2.7%	2.7%

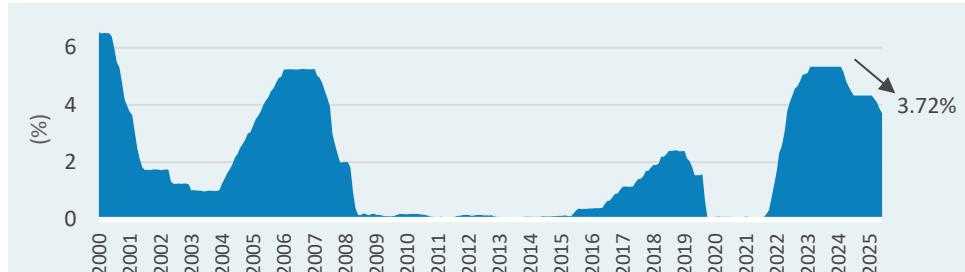
Article Source: Bloomberg, January 13th, 2026

U.S. EQUITY PERFORMANCE



Source: Standard & Poor's, as of 12/31/25

EFFECTIVE FEDERAL FUNDS RATE



Source: FRED, as of 12/31/25

U.S. MONTHLY JOB GROWTH



Source: Verus, FRED, as of 12/31/25

Economic environment



U.S. economics summary

- The U.S. Q3 GDP report reflected an impressive annualized real growth rate of 4.3% QoQ, fueled by consumer spending, exports, and government spending while investment was flat. The Atlanta Fed GDPNow indicator suggested an incredible 5.3% QoQ growth rate in Q4, as of January 14th. We believe the economy may continue to surpass expectations in 2026, on strong spending, monetary and fiscal easing, and further signs of productivity gains from AI investment.
- Unemployment increased during the quarter from 4.4% to 4.5% but fell back to 4.4% in December. Job growth has been very weak but does not appear to be moving towards net job loss, which historically has been a flashing signal of recession. Despite new hiring activity suggesting a sour labor market, layoffs remain very low relative to history. The current labor market has been recently described as *low hires and low fires*.
- The Federal Reserve voted to cut interest rates again by 0.25% at the December meeting, marking three consecutive meetings of cuts. Focus seems to have

shifted away from inflation and towards the labor market, as job gains have slowed and households express less confidence in job availability.

- U.S. inflation eased during Q4 according to the Bureau of Labor Statistics. The December report reflected a 2.7% YoY rate, which was also the core inflation figure. Inflation was not reported in October due to the government shutdown and a lack of price data collection. This was the first missed inflation report in modern history, and we believe it is fair to categorize that report as 'partially complete' as questions remain around the robustness of recent figures.
- Poor consumer sentiment continued during Q4, with sentiment of lower income consumers rising and sentiment of higher income consumers falling, according to the University of Michigan. This coincided with a trend of greater job loss among higher educated Americans, which could be AI-driven. Households expressed frustration over high prices and a softening labor market, though tariffs are becoming less of a focus.

	Most Recent	12 Months Prior
Real GDP (YoY)	2.3% 9/30/2025	2.8% 9/30/2024
Inflation (CPI YoY, Core)	2.6% 12/31/2025	3.2% 12/31/2024
Expected Inflation (5yr-5yr forward)	2.2% 12/31/2025	2.3% 12/31/2024
Fed Funds Target Range	3.50% - 3.75% 12/31/2025	4.25% - 4.50% 12/31/2024
10-Year Rate	4.2% 12/31/2025	4.6% 12/31/2024
U-3 Unemployment	4.4% 12/31/2025	4.1% 12/31/2024
U-6 Unemployment	8.4% 12/31/2025	7.6% 12/31/2024

Inflation

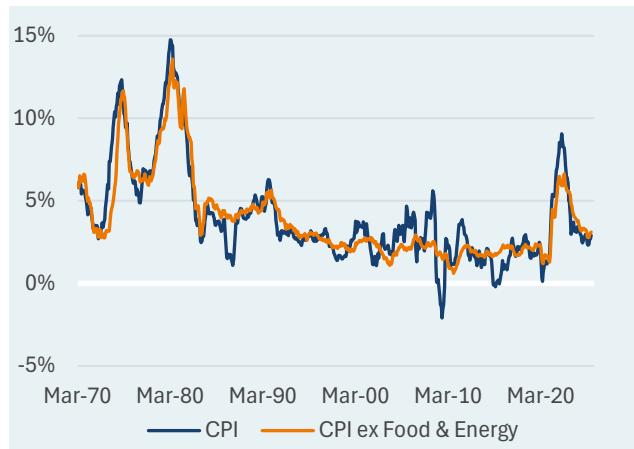
U.S. inflation (CPI) eased during Q4 according to the Bureau of Labor Statistics. The December report reflected a 2.7% rate of inflation year-over-year, which was also the core inflation figure (ex-food & energy). Inflation was not reported in October due to the government shutdown and a lack of price data collection during that time. This was the first missed inflation report in modern history, and we believe it is fair to categorize that report as 'partially complete'. Controversies exist around the way in which partial data was handled, and investors may consider monitoring the next few inflation reports to gain more clarity.

Many goods categories that are most exposed to tariff price hikes have shown only mild price rises over the past year, or have even shown negative price movement. It seems likely that tariff-driven inflation will be moderate in nature overall, with price rises that do occur taking more time to be worked out.

Tariff-fueled inflation has been much more moderate than initially expected

We believe that the rate of inflation in 2026 will remain sticky and above the Fed's target, and that a stronger than expected economy may present some ongoing upward price pressure.

U.S. CPI (YOY)



WHERE IS THE TARIFF INFLATION?

Categories less related to tariffs:	Size of category in the overall inflation calculation	Inflation (YoY)
Food	13.7%	3.1%
Food away from home	5.7%	2.4%
Meats, poultry, fish, & eggs	1.5%	6.9%
Shelter	35.5%	3.2%
Tuition, other school fees & childcare	2.5%	2.9%
Recreation services	3.4%	4.0%
Energy services	3.2%	7.7%
Medical care services	6.8%	3.5%
Categories more related to tariffs:		
Apparel	2.5%	0.6%
Toys	0.3%	0.8%
Footwear	0.6%	1.1%
New vehicles	4.3%	0.3%
Televisions	0.1%	-7.2%
Household furnishings & supplies	3.4%	3.4%
Tools, outdoor equipment & supplies	0.9%	5.4%

MONTHLY PRICE MOVEMENT (CPI)



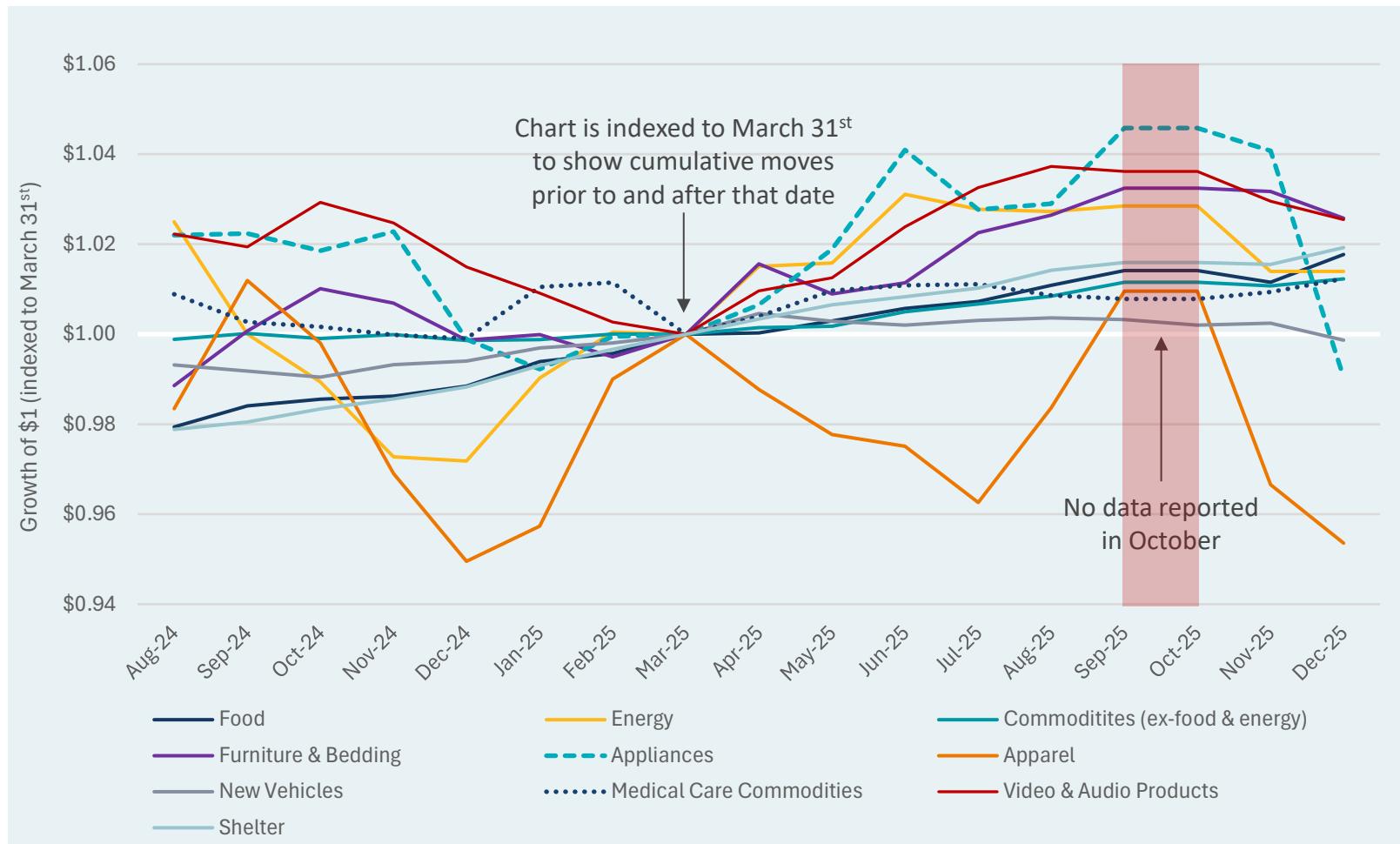
Source: BLS, as of 12/31/25

Source: Verus, BLS, as of 12/31/25

Source: BLS, as of 12/31/25

Few signs of tariff-driven inflation

INFLATION TRENDS SINCE APRIL

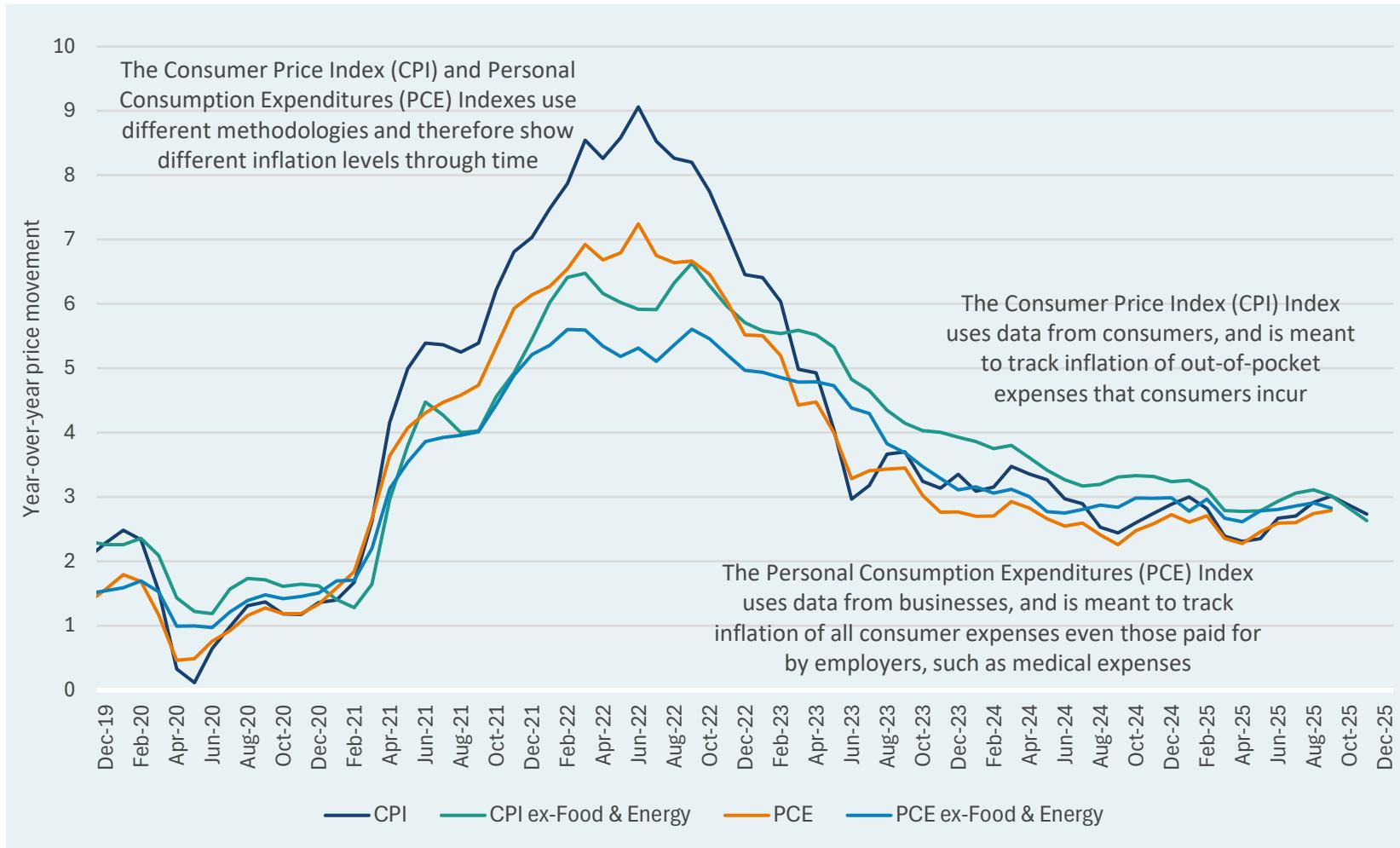


Source: Verus, FRED, as of 12/31/25

There has been a surprising absence of excess inflation following April's trade policy shift

Certain goods that were expected to show the largest price rises, such as new cars and apparel, have seen negligible price moves

...while inflation remains above target



Inflation eased during Q4, though controversy exists around the way in which partial data was handled following the government shutdown

Source: FRED, Verus, as of 12/31/25 or most recent release

GDP growth

The U.S. Q3 GDP report reflected an impressive annualized real growth rate of 4.3% quarter-over-quarter that was fueled by consumer spending, exports, and government spending, while investment was flat. Calendar year 2025 might reasonably be described as a time of resilient consumer spending, a lower trade deficit with fewer imports providing some support to domestic growth, and government spending playing less of a role following broad cuts by the administration. The Atlanta Fed GDPNow indicator suggested an incredible 5.3% QoQ growth rate in Q4, as of January 14th.

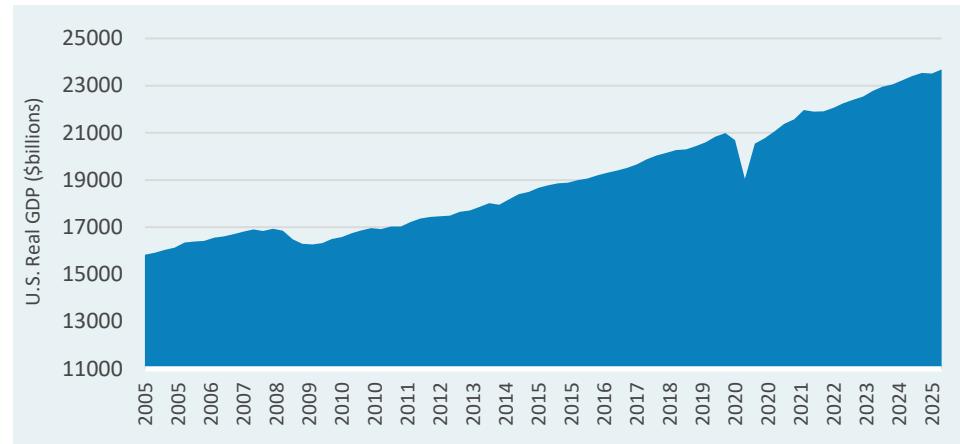
As 2025 has come to a close, we note a fairly consistent and salient theme—the degree to which economists missed the mark this year on a variety of predictions. First, dire forecasts

for spiking inflation fueled by tariffs turned out to be incorrect, as inflation is slightly lower year-over-year. Second, materially slower economic growth due to new trade barriers, or even a seizing up of international supply chains, has not happened. Domestic growth rates in Q2 and Q3 were some of the strongest of the past decade. Lastly, forecasts for spiking inflation and falling growth culminated in an intense popularity of the word “stagflation” since April; however, the U.S. economy has exhibited the opposite—a relatively good rate of growth with some moderation of inflation.

We believe the economy may continue to surpass expectations in 2026, on strong spending, monetary and fiscal easing, and further signs of productivity gains from AI investment.

The economy grew at an impressive 4.3% annualized rate during Q3, and this is expected to continue in Q4

U.S. GDP GROWTH



Source: FRED, as of 9/30/25

U.S. REAL GDP COMPONENTS (QoQ)



Source: FRED, as of 9/30/25

Labor market

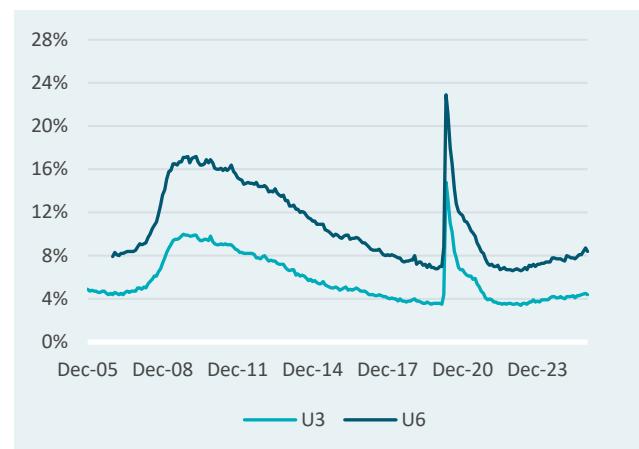
Unemployment increased during the quarter from 4.4% to 4.5% but fell back to 4.4% in December. Job growth has continued to be slow but does not appear to be moving towards net job loss, which historically has been a flashing signal of recession. It is worth noting that most job creation this past year has been in the healthcare sector. If this sector were excluded, job growth would have effectively been zero. Despite new hiring activity suggesting a sour labor market, layoffs remain very low relative to history. Some investors recently have described the labor market environment as *low hires and low fires* — a description that we believe is appropriate.

Falling immigration and a growing economy might imply a lower unemployment rate in 2026, but the year may be more

complicated than that. Unemployment is based on the number of people in *on the books* jobs relative to the number of people in the workforce (which excludes people who would be able to work but who are not looking for work). It seems likely the number of people working in fully *on the books* jobs will increase as the economy grows, and perhaps a small amount of onshoring occurs. However, one of the results of economic expansion is likely to be that more and more previously discouraged workers come back into the workforce — this increases the number of available workers in the labor force, which raises the unemployment rate all else equal. Therefore, we may well see either a flat or slightly increasing unemployment rate over the year, despite good economic growth.

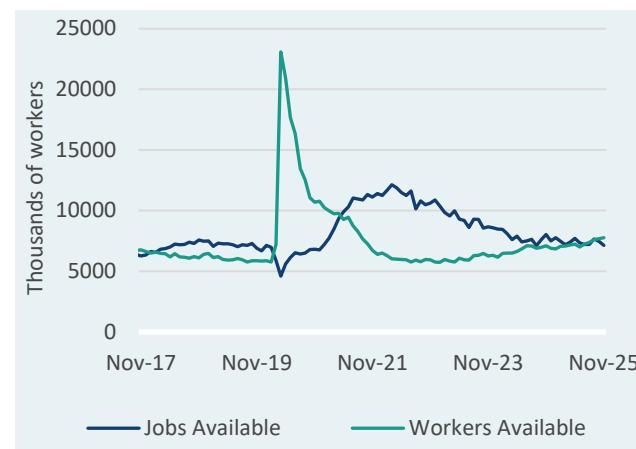
An environment of *low fires & low hires* seemed to continue during Q4

U.S. UNEMPLOYMENT



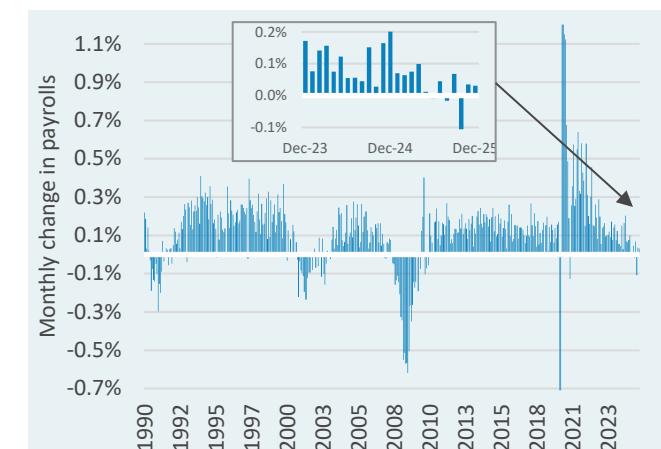
Source: FRED, as of 12/31/25

JOBS AVAILABLE VS WORKERS AVAILABLE



Source: FRED, as of 11/30/25

JOB GROWTH



Source: Verus, FRED, as of 12/31/25

The consumer

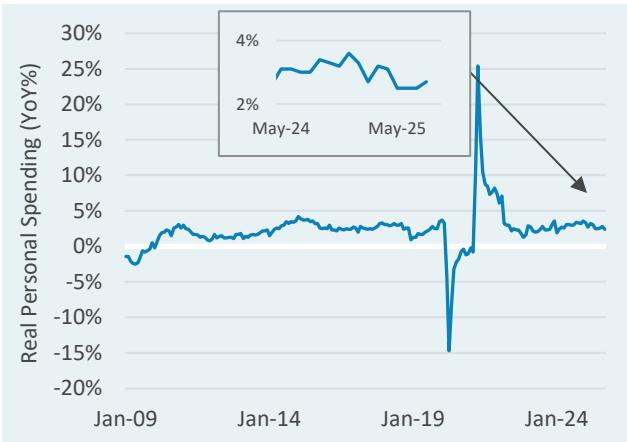
Retail sales growth was strong—fueled by impressive holiday shopping trends and auto sales. Broader personal spending data releases have been significantly delayed due to the government shutdown, but as of September these data also showed a relatively good inflation-adjusted growth rate of 2.4% year-over-year. Household spending overall has been robust, defying expectations for a slowdown and supporting the economy.

A notable contrast exists regarding sour consumer sentiment but strong household spending patterns, though this may be a feature of what has recently been referred to as a “K-shaped” spending environment. This term describes a gap between upper income households, which are spending heavily, and lower income households which are feeling pain from higher prices and

housing costs, and can afford less. Substantial stock market gains and real estate appreciation in recent years have pushed up the wealth of those that own more of those assets (upper income households), while lower income households that rely primarily on wages have been squeezed by inflation and have not seen large wealth gains.

Personal savings rates dropped from a highpoint of 5.5% in April to 4.0% in September, alongside robust consumer spending. This was the lowest savings rate since 2022. While typically investors might perceive strong spending and low savings as an indication of economic strength and confidence in the future, in the current environment this may be less positive and more related to the mentioned “K-shape” effect.

REAL PERSONAL SPENDING



Source: FRED, as of 12/31/25

RETAIL SALES



Source: Verus, FRED, as of 11/30/25

PERSONAL SAVINGS RATE



Source: FRED, as of 9/30/25

Sentiment

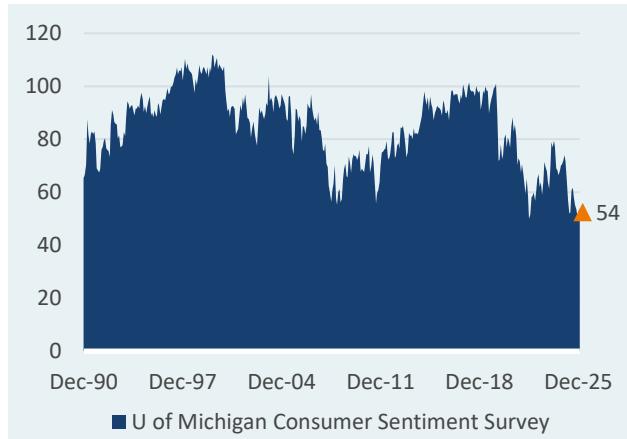
Poor consumer sentiment continued during Q4, with sentiment of lower income consumers beginning to rise and sentiment of higher income consumers beginning to fall, according to the University of Michigan. This coincided with a trend of greater job loss among higher educated Americans. Households expressed frustration over high prices and a softening labor market, while concerns about tariffs faded.

The Conference Board Consumer Confidence Index—another gauge of confidence—also indicated ongoing poor sentiment. Specifically, the survey reflected a sharp drop in how households feel about current business and labor market conditions, while the longer-term outlook for jobs, income,

and business conditions was stable but materially below late-2025 levels.

Small business sentiment in November, as indicated by the NFIB Small Business Optimism Index, was relatively stable during Q4 and slightly above the long-term average. Despite the ongoing national trend of low hiring activity, one-third of small businesses reported difficulties in finding qualified candidates to fill open positions (far above the long-term average). ‘Labor quality’ overtook ‘inflation’ as a greater business concern. A growing number of small businesses plan to create new jobs in the next three months, which was the highest reading of 2025.

CONSUMER SENTIMENT (UNIV. OF MICHIGAN)



CONSUMER CONFIDENCE (CONFERENCE BOARD)



Source: University of Michigan, as of 12/31/25

Source: Conference Board, as of 12/31/25

NFIB SMALL BUSINESS SENTIMENT



Source: NFIB, as of 12/31/25

Housing

Home price appreciation slowed, up only 0.7% in November year-over-year, according to Redfin. Sales activity was reportedly down -7.0% year-over-year during this time, despite a material drop in the 30-year average fixed mortgage rate from 6.9% to 6.2%. The housing market appears to be still frozen in place, as high prices and interest rates have significantly damaged affordability, and many existing homeowners are disincentivized to sell and forego their existing low mortgage rate. On balance, there are fewer potential buyers and sellers in this environment, though sellers are greater in number. According to MLS data, in November there were 37% more sellers than buyers—a historically large mismatch.

New building permits continued to fall and are at levels not seen since 2019. Housing starts have remained stable over the past three years.

30-YEAR MORTGAGE RATE (%)



EXISTING HOME SALES



New home construction fell to the lowest level in five years in October, with larger multi-family projects experiencing the sharpest drop. This was despite mortgage rates moving lower (the 30-year average fixed mortgage reached 6.06% on January 15th). Home affordability has become a top concern in the U.S., and each political party appears to be working to make progress on this concern. During the first week of 2026, President Trump proposed a ban on institutional investor purchases of single-family homes. Shortly thereafter, the President directed Fannie Mae and Freddie Mac to purchase \$200 billion in mortgage-backed securities in order to push down the spreads of these securities, with the goal of pushing down mortgage rates. We expect there to be much more discussion of these topics leading up to U.S. midterm elections.

RATES DROP & NEW HOME SALES JUMP



International economics summary

- Eurozone GDP growth was 1.4% YoY in Q3, while Japan grew at a 0.6% rate. Canada grew at a 0.4% YoY rate in October. International economic growth, as well as growth forecasts, have generally outpaced expectations since the U.S. trade policy shift in April contributed to widespread fears of a global slowdown.
- Inflation trends have eased in many regions, which has helped to mitigate investor concerns and allowed central banks more flexibility in monetary decisions. In particular, Eurozone rate of inflation fell from 2.5% YoY at the beginning of the year to 2.0% in December, as energy price shocks faded a bit from the lookback period.
- The tariff environment showed signs of gradual easing as U.S. negotiations with key partners continued, several planned increases were deferred, and exemptions from USMCA provisions helped moderate headline tariff rates. The Supreme Court's review of the administration's IEEPA-based tariffs further introduced the possibility of reduced tariff pressures in the future. Policy and legal uncertainty remains a major global concern for investors and central banks.
- During Q4, the ECB held rates steady at 2.00% for a fourth consecutive meeting, citing inflation stabilizing near its 2% target and a resilient eurozone outlook. The central bank signaled no urgency to adjust policy further.

The BOE, facing easing inflation and softer economic momentum, reduced the Bank Rate by 25 bps to 3.75% in December but emphasized that any additional cuts would be gradual and data-dependent.

- The U.S. continued negotiating efforts toward a Russia–Ukraine ceasefire, supported by major dialogues including U.S.–Ukraine consultations in Geneva and U.S.–Russia talks in Moscow. These efforts, backed by European allies, created periods of constructive engagement, though Russia maintained extensive demands. Negotiations seem to have stalled as of early January, and the conflict has re-intensified, likely reducing near-term prospects for progress.
- In early January, U.S. forces captured Venezuelan President Maduro, citing narcotics-related criminal activity, illegitimate governance, strategic interests tied to Venezuela's oil sector, and goals of destabilizing foreign influence and improving regional security. The U.S. indicated plans to guide Venezuela's political transition and support rebuilding its oil infrastructure, while issuing follow-on threats toward Colombia, Mexico, and Cuban leadership. At the same time, the U.S. administration expanded comments around the national security importance of Greenland, prompting rejection from Greenlandic and Danish leaders and a NATO response.

	GDP (Real, YoY)	Inflation (CPI, YoY)	Unemployment
United States	2.3% 9/30/2025	2.7% 11/30/2025	4.4% 12/31/2025
Eurozone	1.4% 9/30/2025	2.0% 12/31/2025	6.3% 11/30/2025
Japan	0.6% 9/30/2025	2.9% 11/30/2025	2.4% 11/30/2025
Canada	0.4% 10/31/2025	2.2% 11/30/2025	6.8% 12/31/2025
BRICS Nations	4.7% 9/30/2025	1.0% 12/31/2025	5.1% 12/31/2025
Brazil	1.8% 9/30/2025	4.3% 12/31/2025	5.2% 11/30/2025
Russia	0.6% 9/30/2025	6.6% 11/30/2025	2.1% 11/30/2025
India	8.2% 9/30/2025	0.7% 11/30/2025	8.5% 12/31/2017
China	4.8% 9/30/2025	0.8% 12/31/2025	5.1% 11/30/2025

NOTE: India lacks reliable government unemployment data. Unemployment rate shown above is estimated from the Centre for Monitoring Indian Economy. The Chinese unemployment rate represents the monthly surveyed urban unemployment rate in China.

International economics

Eurozone GDP growth was 1.4% YoY in Q3, while Japan grew at a 0.6% rate and Canada at a 0.9% rate. International economic growth, as well as growth forecasts, have far outpaced expectations since the U.S. trade policy shift in April contributed to widespread fears of a global slowdown. Inflation trends have eased in many regions, which has helped to ease investor concerns and allowed central banks far more flexibility in monetary decisions. In particular, the Eurozone rate of inflation fell from 2.5% YoY in January to 2.0% in December, as energy price shocks faded a bit from the lookback period.

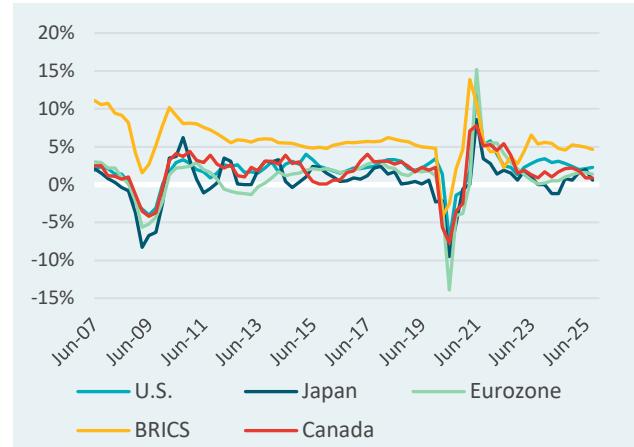
A wide set of trade news has continued to affect market pricing, though late 2025 was characterized by broad de-escalations. This included a China trade truce, partner exemptions and trade frameworks (autos, energy, timber), and pauses on escalations. This helped drive tariff collection rates far below April's headline peaks (the effective average U.S. tariff rate stabilized around 10-17% by late year). Although the situation is fluid and changing quickly, here we mention a few notable developments of recent months.

INFLATION (CPI YEAR-OVER-YEAR)



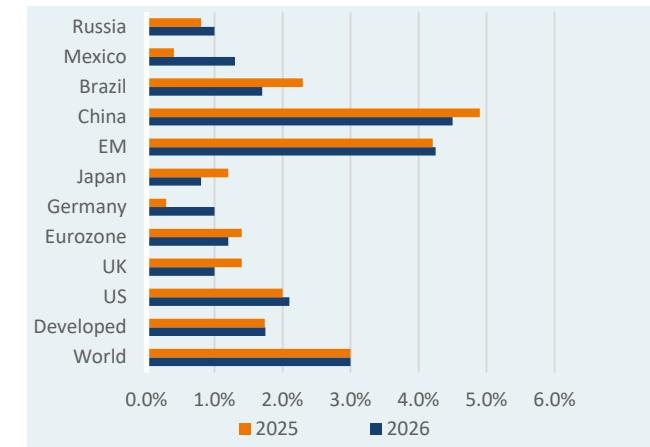
Source: BLS, Verus, as of 12/31/25 or most recent date

REAL GDP GROWTH (YEAR-OVER-YEAR)



Source: BLS, Verus, as of 12/31/25 or most recent date

GDP GROWTH EXPECTATIONS



Source: Bloomberg, as of 1/20/26

Fixed income rates & credit



Fixed income environment

- Riskier fixed income delivered stronger returns during Q4 and also during the full year, while higher-quality exposures produced slightly positive returns during Q4 and mid single digit returns over the year. Slightly lower long-term bond yields boosted the returns of duration assets, while stable spreads and mild credit default activity allowed investors to capture credit spreads of riskier assets such as high yield and bank loans.
- The 10-year U.S. Treasury yield ended Q4 unchanged at 4.16%, fluctuating in a tight range as investors tried to work out the balance of labor market weakness, inflation pressures, the trajectory of the economy, and how those dynamics will affect the Fed's rate path. Additionally, the government shutdown caused extended delays in the release of key economic data which has further clouded the picture.
- The Federal Reserve cut rates once in October and again in December, bringing the target range to 3.50%-3.75%. The FOMC appears to have shifted into an easing and liquidity-supporting stance with these cuts and

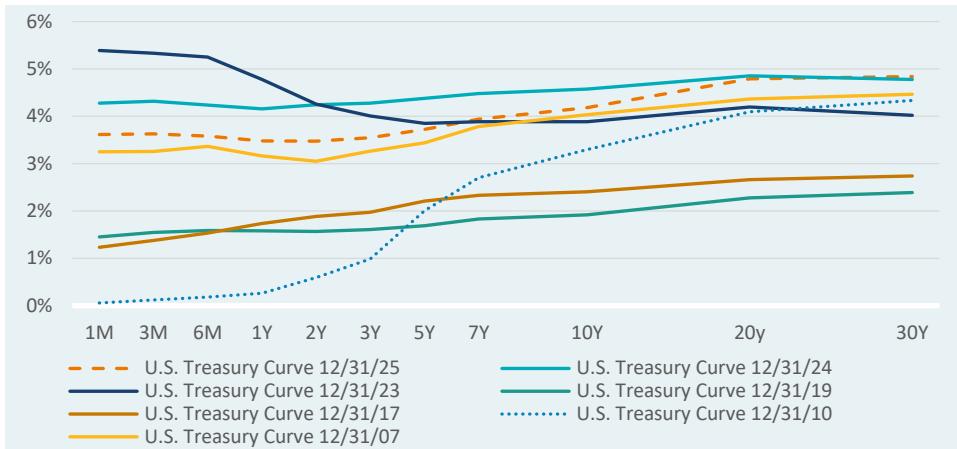
- public comments, which came alongside the announcement that the Fed balance sheet runoff would end, and T-bill purchases would resume.
- Market inflation fears appear to have eased during the quarter, as the 10-year TIPS Breakeven Rate fell from 2.36% to 2.25%.
- The U.S. yield curve showed further normalization, exhibiting the steepest shape since early 2022. The 10-year Treasury minus 2-year Treasury yield was 0.71% as of December 31st, as short-term rates fell with Fed rate cuts and longer-term yields were stable.
- High yield bond default activity rose slightly to 1.9% YoY, below the 15-year average of 2.5%. Loan default rates fell to 2.9% YoY, slightly above the 15-year average of 2.4%. Following the First Brands and Tricolor defaults in late 2025 which created a market-wide credit scare, recent evidence seems to suggest that these were isolated incidents of fraud rather than indicative of broader underlying systemic issues.

	QTD Total Return	1 Year Total Return
Core Fixed Income (Bloomberg U.S. Aggregate)	1.1%	7.3%
Core Plus Fixed Income (Bloomberg U.S. Universal)	1.2%	7.6%
U.S. Treasuries (Bloomberg U.S. Treasury)	0.9%	6.3%
U.S. Treasuries: Long (Bloomberg U.S. Treasury 20+)	-0.5%	4.6%
U.S. High Yield (Bloomberg U.S. Corporate HY)	1.3%	8.6%
Bank Loans (Morningstar LSTA Leveraged Loan)	1.2%	5.9%
Emerging Market Debt Local (JPM GBI-EM Global Diversified)	3.3%	19.3%
Emerging Market Debt Hard (JPM EMBI Global Diversified)	3.3%	14.3%
Mortgage-Backed Securities (Bloomberg MBS)	1.7%	8.6%

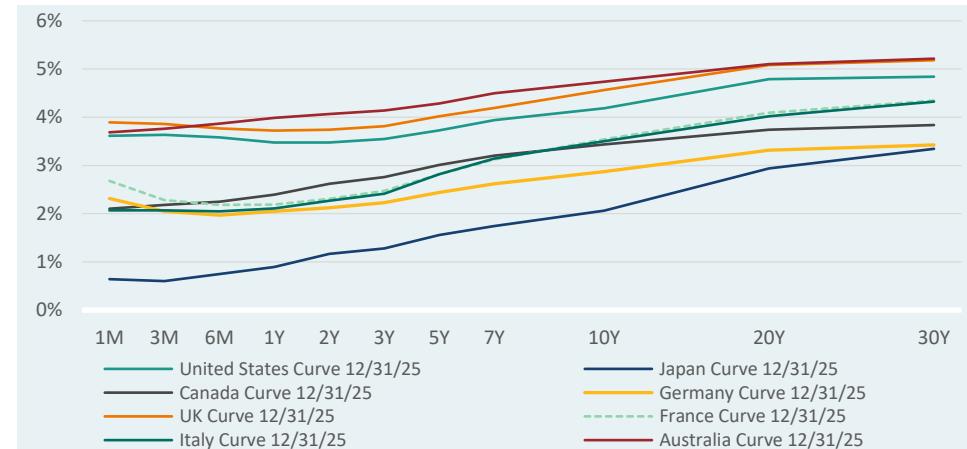
Source: Standard & Poor's, J.P. Morgan, Bloomberg, as of 12/31/25

Yield environment

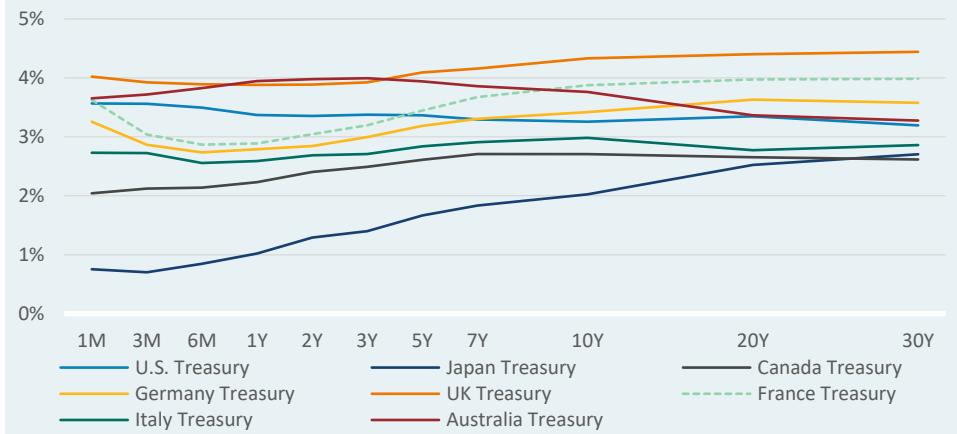
U.S. YIELD CURVE



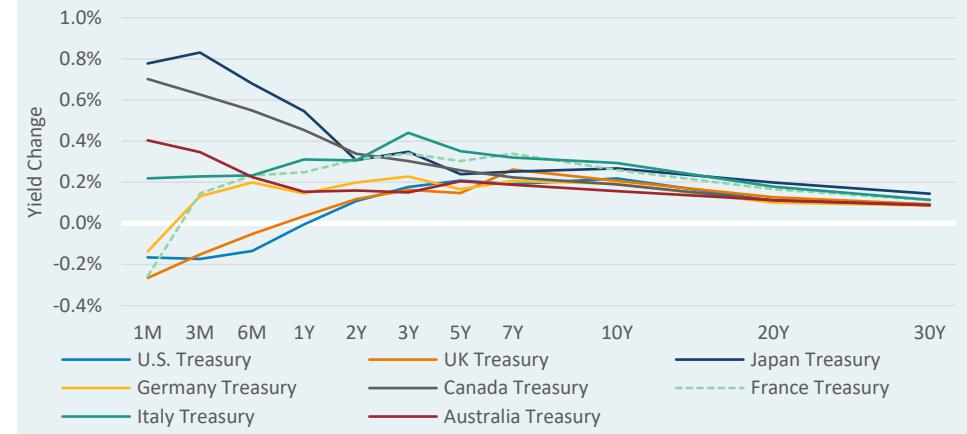
GLOBAL GOVERNMENT YIELD CURVES



YIELD CURVE CHANGES OVER LAST FIVE YEARS



IMPLIED CHANGES OVER NEXT YEAR



Source: Bloomberg, as of 12/31/25

Credit environment

During Q3, credit delivered positive returns alongside strong investor sentiment and demand for yield. Bank loans and high yield returned +1.3% and +1.2%, respectively (Bbg U.S. Corporate High Yield, Morningstar LSTA Leveraged Loan). High yield outpaced bank loans over the full year (+8.6% vs. +5.9%) as the Federal Reserve cut rates and longer bond yields moved mildly lower which supported longer-duration assets.

Within the high yield space, lower quality credits underperformed BB- and B-rated names during October and November, representing the first negative monthly returns since April. However, positive momentum in December led to a slight recovery in CCC rate bonds (+0.6% during Q4),

though this segment still lagged BB- and B-rated bonds (+1.7% and +1.8%, respectively). In 2025, BB rated bonds returned +9.4%, while B rated returned +8.9% and CCC returned +8.1%.

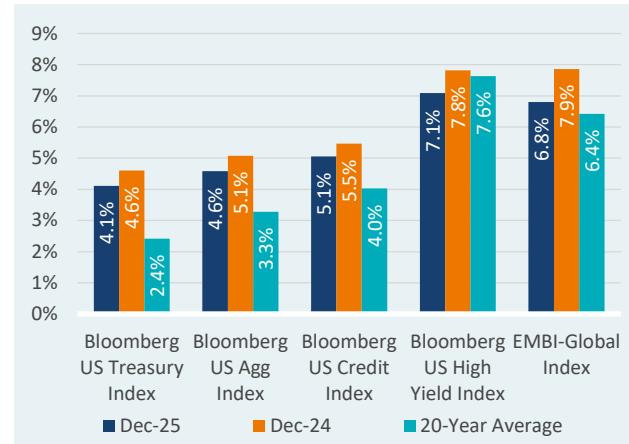
High yield bond spreads ended the quarter unchanged at 2.7%, though spreads widened to as much as 3.2% intra-quarter. Investment grade spreads rose slightly to 0.8%. Bank loan spreads initially widened closer to 4.5% but ended the quarter at similar levels to Q3 at 4.3%. While major concerns circulated during 2025 around tariffs and broad policy impacts on U.S. corporations and consumers, markets now appear to have returned to a level of optimism in line with past years.

SPREADS



Source: Barclays, Bloomberg, as of 12/31/25

YIELD TO MATURITY



Source: Morningstar, as of 12/31/25

CREDIT SPREAD (OAS)

Market	12/31/2025	12/31/2024
Long U.S. Corp	1.0%	1.0%
U.S. Inv Grade Corp	0.8%	0.8%
U.S. High Yield	2.7%	2.9%
U.S. Bank Loans*	4.3%	4.5%

Source: Barclays, Credit Suisse, Bloomberg, as of 12/31/25

*Discount margin (4-year life)

Default & issuance

Default/distressed activity was higher during Q4, with defaulted payments totaling \$11.8 billion. The level of distressed exchange and LME (liability management exercise) activity was similar in size to defaults, totaling \$11.2 billion, which was a notable increase from prior quarters. December marked a 6-month high for distressed/LME volume and was the third time since 2022 that high yield bond volume outpaced loan volume. However, credit markets continue to exhibit relatively muted default and distressed activity.

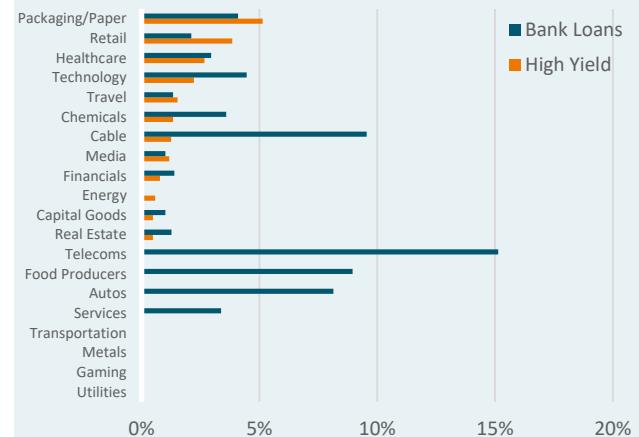
High yield bond defaults rose to 1.9% YoY, which was 0.4% higher than 2024 activity levels, though still below the 15-year average of 2.5%. Loan default rates fell to 2.9% YoY, representing 1.7% less than the four year high that occurred in January. While lower, this figure was still above the 15-year average of 2.4%.

During 2025, 30 companies defaulted on obligations, totaling \$35 billion, with bonds representing 39% of this total and loans representing 61%. Additionally,

30 companies completed a distressed exchange, totaling \$32.8 billion, with bonds representing 37% of the total and loans representing 63%. The combined total of 60 defaults/LMEs in 2025 represented a -19% and -21% decrease from 2024 and 2023, respectively. However, default activity in 2025 was primarily characterized by short periods of elevated activity followed by periods of minimal stressed actions, rather than a consistent flow of activity. Following the First Brands and Tricolor defaults in late 2025 which created a market-wide credit scare, recent evidence seems to suggest that these were isolated incidents of fraud rather than indicative of broader underlying systemic issues.

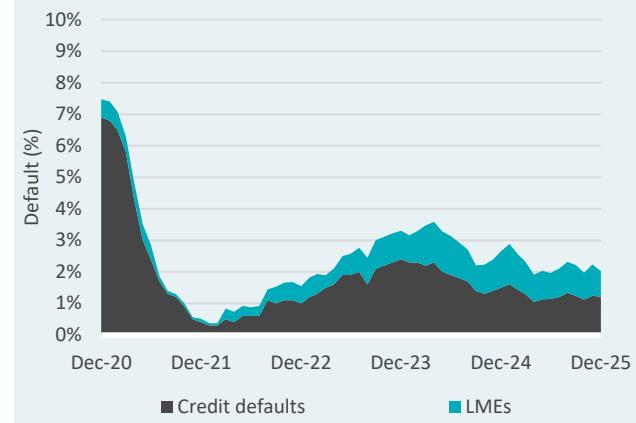
Gross high yield issuance in 2025 reached a four-year high of \$332 billion, up 15% YoY. Bank loan issuance was slightly lower than 2024 but still exhibited one of the largest volumes of the past decade.

PAST 12 MONTHS (PAR DEFAULT RATE)



Source: BofA Global Research, ICE, LCD /Pitchbook, as of 12/31/25

U.S. HIGH YIELD: DEFAULTS + LME (PAST YEAR)



Source: BofA Merrill Lynch, as of 12/31/25 – par weighted

NOTE: "LME" stands for liability management exercise, which is effectively a renegotiation of debt terms but without an official default

DEVELOPED MARKET USD ISSUANCE



Source: BofA Merrill Lynch, as of 12/31/25

Equity



Equity environment

- International developed equity (MSCI EAFE +4.9%) and emerging market equities (MSCI EM +4.7%) led during Q4, while domestic equities lagged S&P 500 (+2.7%). Domestic equities also lagged over full year 2025, although most of the performance difference was due to foreign currency volatility.
- Fourth quarter YoY earnings growth of the S&P 500 is expected to be +8.3%, according to FactSet, as of January 9th. Information technology stocks fueled the largest upside surprise and were the largest contributor to calendar year 2026 upward earnings adjustments. Earnings growth expectations for calendar year 2026 are +14.9%, and then +14.9% again in 2027. These forecasts are higher than they were before April's tariff announcements.
- Business investment in artificial intelligence including software, services, and infrastructure, may have summed to \$1.5 trillion in

2025, according to Reuters. Total spending may surpass \$2 trillion in 2026.

- Chinese equities had begun to rebound during 2025, after substantial underperformance. However, this market began to suffer in Q4, down -7.5% (MSCI China) while emerging market ex-China gained +10.0% (MSCI EM ex-China). It is unclear whether the country can mitigate deep structural problems, including property market weakness, population decline, and deflationary trends exacerbated by massive excess industrial capacity.
- Market-priced volatility ended Q4 at a very low level of 14%, but exhibited spikes throughout as the U.S. government shutdown shook markets on multiple days, along with tariff surprises.

	QTD TOTAL RETURN		1 YEAR TOTAL RETURN	
	(unhedged)	(hedged)	(unhedged)	(hedged)
U.S. Large Cap (S&P 500)	2.7%		17.9%	
U.S. Small Cap (Russell 2000)	2.2%		12.8%	
U.S. Equity (Russell 3000)	2.4%		17.1%	
U.S. Large Value (Russell 1000 Value)	3.8%		15.9%	
U.S. Large Growth (Russell 1000 Growth)	1.1%		18.6%	
Global Equity (MSCI ACWI)	3.3%	3.7%	22.3%	20.3%
International Large (MSCI EAFE)	4.9%	6.7%	31.2%	23.1%
Eurozone (EURO STOXX 50)	5.0%	5.6%	37.5%	23.4%
U.K. (FTSE 100)	6.8%	6.8%	35.1%	25.6%
Japan (TOPIX)	2.8%	9.7%	27.7%	31.7%
Canada (S&P/TSX)	7.1%	6.1%	34.5%	30.4%
Emerging Markets (MSCI Emerging Markets)	4.7%	5.7%	33.6%	31.5%

Source: Standard & Poor's, FTSE, MSCI, STOXX, JPX, as of 12/31/25 – performance quoted from perspective of U.S. dollar investor

Domestic equity

U.S. equities generated a moderate return of +2.7% (S&P 500) during Q4, continuing a steady march upward alongside surprisingly strong U.S. economic news and positive corporate earnings guidance. Concerns grew amongst investors that U.S. large cap equity indexes have become even more concentrated in AI-related businesses and reliant on AI trends.

Year-over-year Q4 earnings growth of the S&P 500 is expected to be +8.3%, according to FactSet, as of January 9th. Information technology stocks fueled by far the largest upside surprise to quarterly earnings and were the largest contributor to calendar year 2026 upward earnings

adjustments. At the industry level, semiconductors, semiconductor equipment, and software businesses were the largest contributors to positive earnings surprise. The fourth quarter would mark the tenth consecutive positive growth quarter for the index. Earnings growth expectations for calendar year 2026 are +14.9% and then +14.9% again in 2027. These forecasts are higher than they were before April's tariff announcements.

Domestic equity fundamentals have been consistently outperforming. If this trend continues, indices could move higher despite lofty valuations.

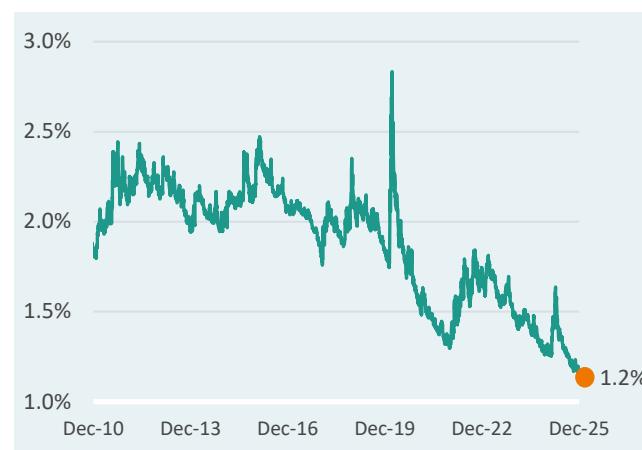
U.S. equities delivered further gains again in Q4, on positive earnings surprise, fading inflation fears, and Fed rate cut hopes

S&P 500 PRICE INDEX



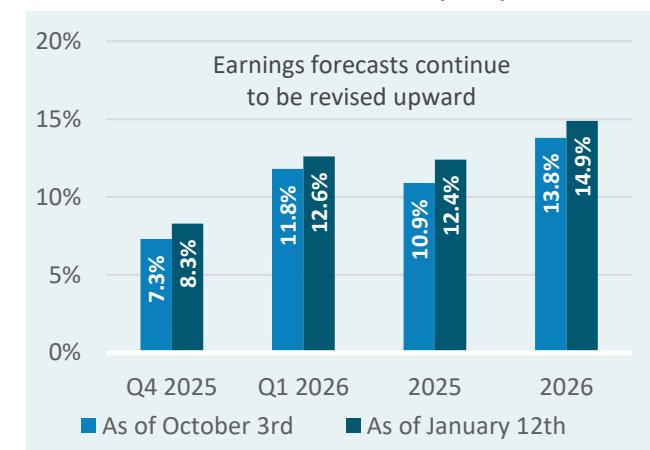
Source: Standard &Poor's, as of 12/31/25

S&P 500 DIVIDEND YIELD



Source: Bloomberg, as of 12/31/25

S&P 500 EARNINGS FORECASTS (YOY)



Source: Factset, Verus, as of 1/12/26

Domestic equity size & style

Small cap equities underperformed large caps during Q4 (FTSE Russell 2000 +2.2% vs. FTSE Russell 1000 +2.4%) and also lagged over the full year (+12.8% vs. +17.4%). Many investors predicted that Federal Reserve rate cuts could ignite a small cap comeback, but that has failed to materialize. Value stocks outperformed growth during the quarter (Russell 1000 Value +3.8% vs. Russell 1000 Growth +1.1%) but also lagged over the full year (+15.9% vs 18.6%) as artificial intelligence trends have pushed high-growth names further upward.

Attempting to make positioning bets or tilts into certain U.S. style factors has been incredibly difficult in this environment

(though this is a tenuous proposition in most environments). The market leadership of the Magnificent 7 stocks, and now the substantial AI-related rally, create a situation where investors likely must bet against these major trends to tactically lean into value or small caps. As we have expressed in this document for many years, we believe style factor positions should be longer-term in nature, with the exception of rare timing opportunities that come along only once in a while.

Style factor performance remains very unpredictable in the current environment

VALUE VS. GROWTH 1-YR ROLLING RELATIVE PERFORMANCE



SMALL VS. LARGE 1-YR ROLLING RELATIVE PERFORMANCE



1-YEAR SIZE & STYLE PERFORMANCE

	Value	Core	Growth
Large Cap	15.9%	17.4%	18.6%
Mid Cap	11.0%	10.6%	8.7%
Small Cap	12.6%	12.8%	13.0%

Source: FTSE, as of 12/31/25

Source: FTSE Russell, as of 12/31/25

Source: FTSE Russell, as of 12/31/25

International developed equity

International developed equity (MSCI EAFE +4.9%) and emerging market equities (MSCI EM +4.7%) led during Q4, while domestic equities lagged (S&P 500 +2.7%).

Regional developed equity performance was generally strong across the board. European equities outperformed (MSCI UK +7.0%, MSCI Euro +5.2%) while Japan showed a mild positive return (MSCI Japan +3.2%). Non-U.S. equities substantially outpaced the U.S. equity market in 2025, although a large portion of this outperformance was due to foreign currency movement (depreciation of the U.S. dollar). It will be important

to monitor these dynamics in 2026, though we would be surprised to see material dollar weakening if U.S. economic exceptionalism persists.

The continuation of AI growth trends would likely benefit the United States and China in outsized ways, as these countries lead the world in innovation across these areas and stand to benefit the most. Europe in particular has lacked a start-up culture as well as a robust venture capital market, therefore benefiting from less business creation. In short, sustained European performance may remain challenging unless valuations continue to expand.

INTERNATIONAL DEVELOPED EQUITY



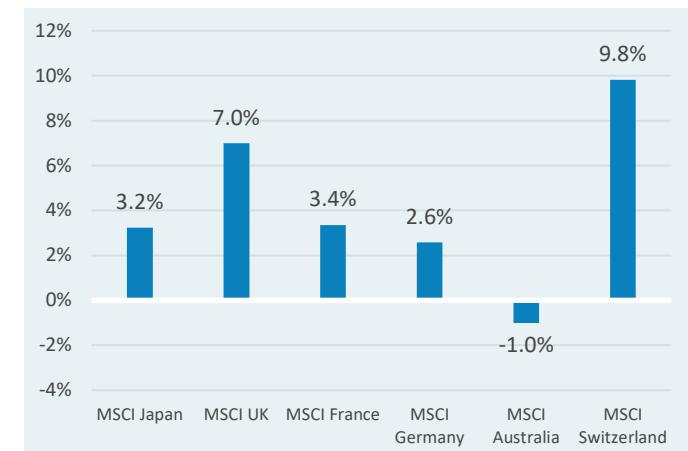
CUMULATIVE PERFORMANCE (10 YEARS)



Source: MSCI, as of 12/31/25

Source: Verus, as of 12/31/25

REGIONAL RETURNS (QUARTER-TO-DATE)



Source: MSCI Indices, as of 12/31/25

Emerging market equity

Emerging market equities delivered strong performance during Q4 (MSCI EM +4.7%), resulting in a robust +33.6% return for 2025 which was nearly double the return of the domestic market (S&P 500 +17.9%).

Latin American equities delivered an incredible +54.8% during the year, fueled by the Mexican market. This compared to +32.1% from Asia. Despite longer-term underperformance, Chinese equities had been roaring back to life recently. However, this market began to suffer in Q4, down -7.5% while emerging market ex-China was up +10%.

It remains unclear whether China can mitigate the various structural problems hanging overhead, including widespread property market weakness, population decline, and a deflation problem which is being exacerbated by massive excess industrial capacity and overproduction which has flooded many markets and pushed down prices domestically and abroad. It appears that China's reported real GDP growth is moderating in the 4% range, which would be a pace not experienced since the 1980s.

EMERGING MARKET EQUITY



Source: MSCI, as of 12/31/25

MSCI EM 2025 Q4 COUNTRY RETURNS (USD)



Source: Verus, Bloomberg, as of 12/31/25

CHINA RECOVERY



Source: MSCI, as of 12/31/25

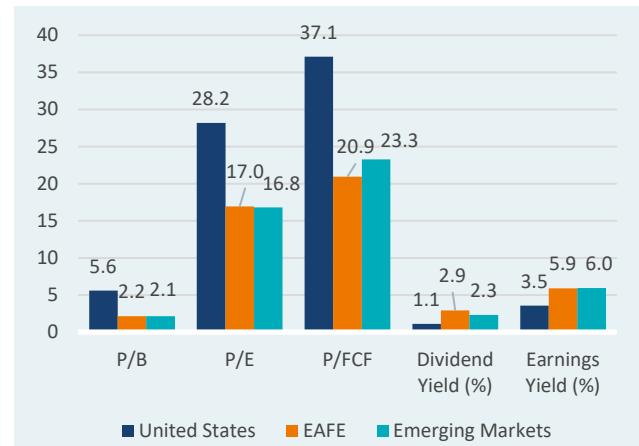
Equity valuations

U.S. equity P/E multiples moved further upwards during Q4, on positive earnings surprise and likely on enthusiasm that some headwinds of 2025 are easing. Tariff-fueled inflation increases have been far more tepid than initially feared, international trade has fared well despite new trade barriers, and U.S. economic growth has shown surprising strength.

When discussing domestic valuations, it is reasonable to ask how much of a market loss would be incurred if valuations came back to longer-term average levels (and that would in fact be a large loss). However, current valuations are partly a product of evolving index sector

composition (high growth tech-focused businesses tend to command higher multiples). Additionally, A.I. investments and innovation may unlock significant future productivity gains, and earnings forecasts for future years remain very strong. In other words, history may not provide a perfect guide to future performance. For example, it is possible that strong market performance continues if earnings forecasts are further guided upward, the “Magnificent 7” stocks show consistent strong earnings momentum, and the AI narrative remains alive and well. But in a situation where 2026 gains are once again large, and that is driven mostly by higher valuations, we believe investors may be well-served by reevaluating their risk stance.

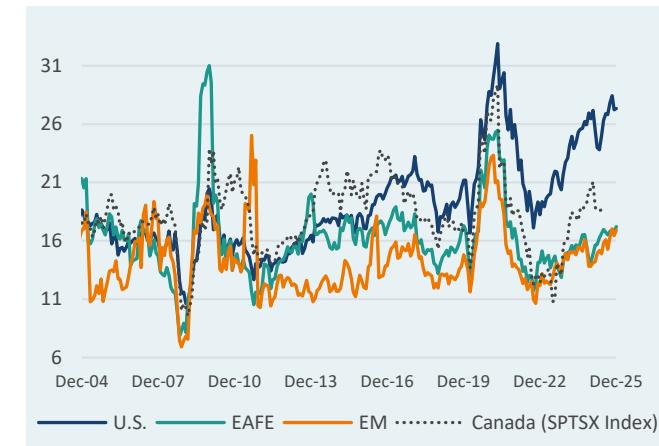
MSCI VALUATION METRICS (3-MONTH AVG)



FORWARD P/E



TRAILING P/E



Source: MSCI, Verus, as of 12/31/25 – trailing P/E

Source: MSCI, Canada shown as S&P/TSX, as of 12/31/25

Source: MSCI, Canada shown as S&P/TSX, as of 12/31/25

Market volatility

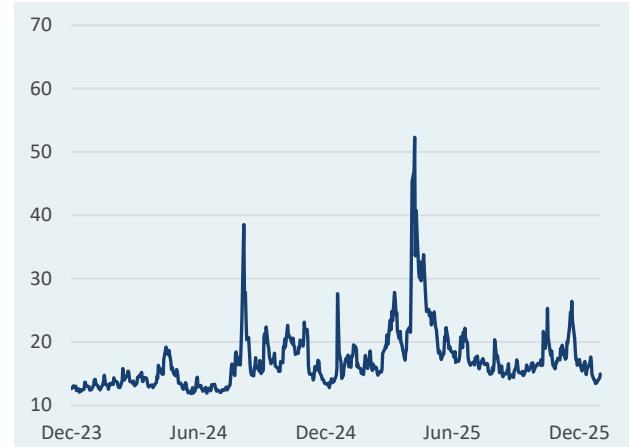
Market-priced volatility (Cboe VIX Index) ended the quarter at a very low level of 14%, but exhibited spikes throughout as the U.S. government shutdown shook markets on multiple days, along with tariff surprises.

Volatility gauges of fixed income volatility, such as the “MOVE Index” have been slowly declining to historical levels in recent years, alongside easing inflation uncertainty and therefore better clarity regarding future Federal Reserve actions. This indicator is now within a normal range and may see further easing if the impacts of tariffs on the economy become

better known (specifically, if it becomes clear that tariffs will not in fact lead to an inflationary spiral or immediate recession).

Despite what felt like a fairly volatile year for a variety of reasons, the past 12-month volatility of most equity regions was very low—at 11% volatility level for the S&P 500, 9% volatility of the MSCI Emerging Markets Index, and slightly above 7% from MSCI EAFE Index (monthly annualized volatility).

U.S. IMPLIED VOLATILITY (VIX)



REALIZED VOLATILITY



U.S. TREASURY IMPLIED VOL (“MOVE” INDEX)



Source: Cboe, as of 12/31/25

Source: Standard & Poor's, MSCI, Verus, as of 12/31/25

Source: BofA, as of 12/31/25

Long-term equity performance



Source: Standard & Poor's, FTSE, MSCI, Verus, as of 12/31/25

Other assets



Currency

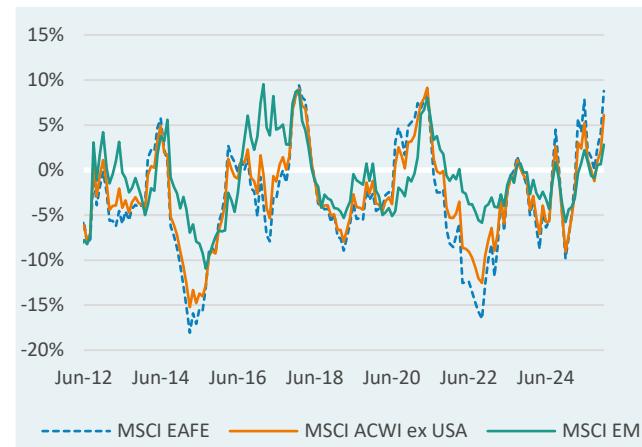
The U.S. dollar was broadly stable on a trade-weighted basis during Q4. However, certain individual currency movements such as USD vs. Japanese yen or USD vs. Euro saw notable changes that impacted the performance of investors without a currency hedging program in place. Currency movement has had frequent large impacts on the performance of equity programs. During 2025, unhedged currency resulted in a positive swing of +8.8% for U.S. investors in international developed equities and +2.8% in emerging markets.

Predicting the direction of currency markets is incredibly difficult and we believe investors should generally avoid making decisions based on these views. For example, a common narrative in 2025 revolved around a worsening U.S. fiscal picture that would result in a shock to the dollar, possible due to a *return of the bond vigilantes* (bond investors who sell government bonds in protest of fiscal policies such as excessive government spending or deficits). This was referred to as the *dollar debasement* trade. Instead, the U.S. dollar is

roughly unchanged in value since the time the One Big Beautiful Bill Act was passed.

A more thoughtful portfolio approach to currency exposure has provided lower portfolio volatility and higher long-term returns—a rare proposition. This approach involves reducing the uncompensated risk of unhedged foreign currency exposure, and instead of unhedged exposure, making a passive investment in the currency market by investing in currencies with higher interest rates, undervalued currencies, and currencies showing positive price momentum. This approach, represented by the MSCI Currency Factor Mix Index, has offered a positive one-year rolling return over most periods with far lower volatility than an unhedged approach, although the past year of currency volatility has resulted in an historically less common environment of Currency Factor Mix underperformance relative to embedded (unhedged) currency.

EFFECT OF CURRENCY (1-YEAR ROLLING)



U.S. DOLLAR MAJOR CURRENCY INDEX



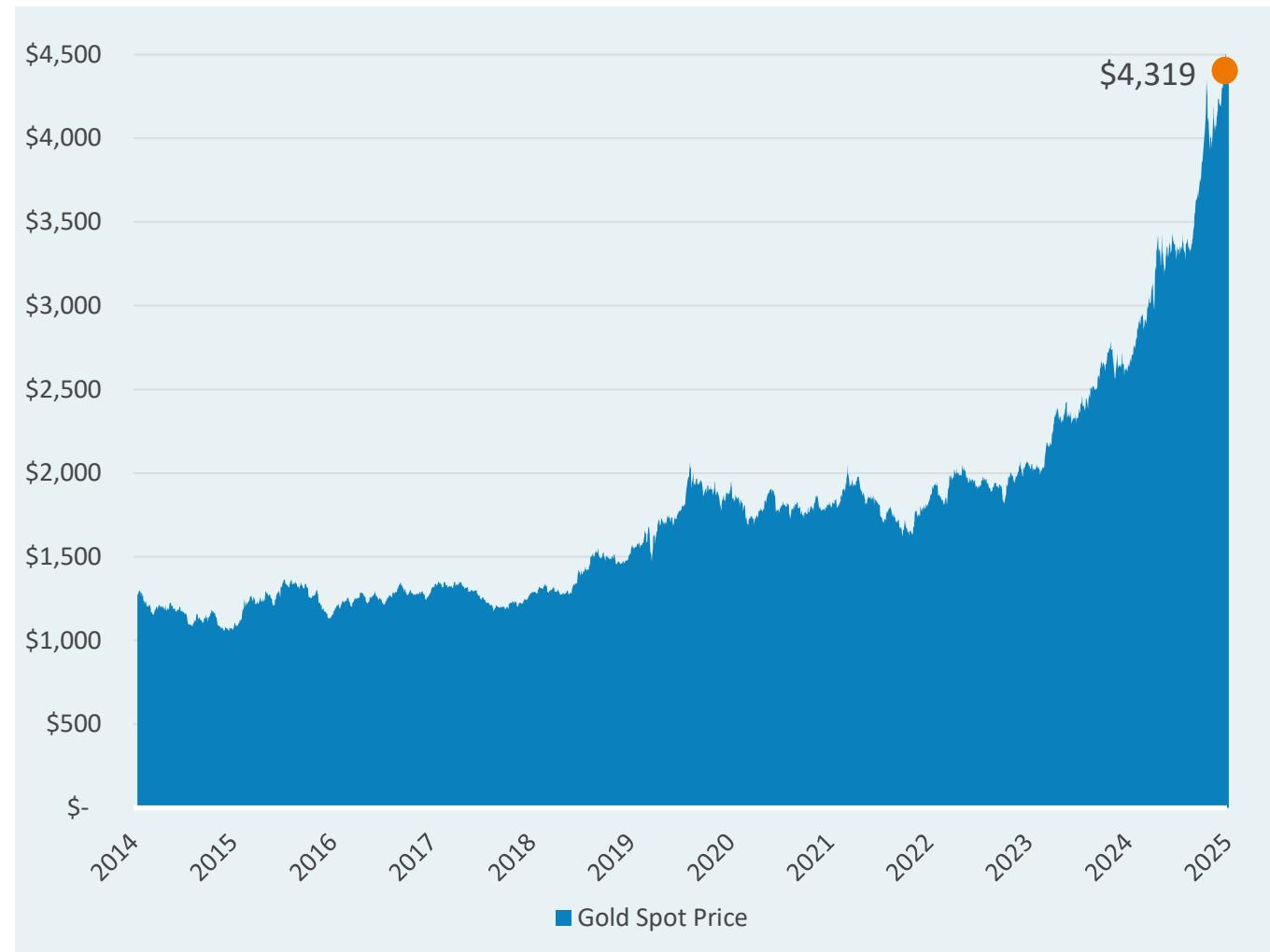
EMBEDDED CURRENCY VS CURRENCY FACTORS



The gold rally continues

The price of gold has continued to skyrocket, up a whopping +65% during 2025. A wide variety of factors can influence the price of gold, including government purchase trends, interest rate fluctuations which impact the opportunity cost of holding the metal (gold provides no yield, which means it is more costly to hold during higher interest rate environments), investor demand for safe-haven assets, and fears of inflation and/or currency debasement. This makes it especially difficult to pin down why gold has moved so dramatically in recent years.

Much of the recent commentary around gold's rally has pinned this trend on rising risks of inflation and currency debasement. We are skeptical of this story, at least in terms of describing year-to-date performance, given that inflation expectations have not moved higher during that time (neither TIPS Breakeven Rates nor 5-year 5-year forward inflation), and the U.S. dollar is slightly higher since passing of the "One Big Beautiful Bill Act" in July.



Source: Verus, Bloomberg, price as of morning 12/31/25

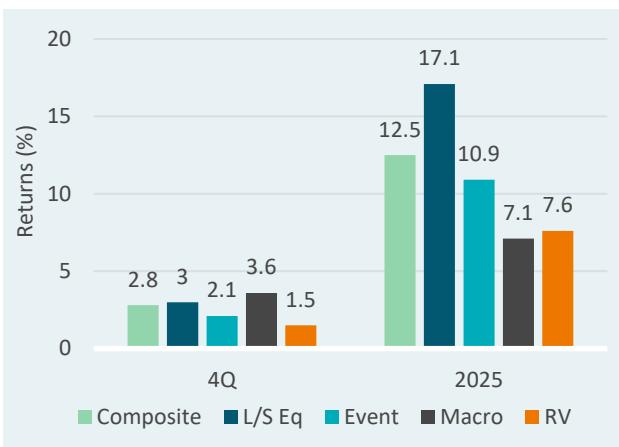
Hedge funds

Hedge funds finished 2025 up +12.5% (HFRI Composite), their highest annual return since 2009. Gains were broad based, with Long/Short Equity (+17.1%) and Event Driven (+12.5%) the top performing sectors for the year. Calendar year 2025 was the third year since 2006 in which each of the four primary sectors returned at least 7%.

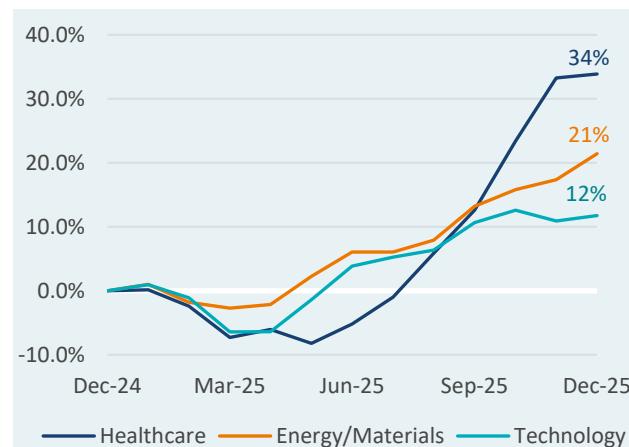
Within long/short equity, healthcare and energy/materials-focused funds outperformed the rest, including technology/TMT funds. Healthcare strategies had their all-time best year since that composite began tracking those funds (2008). Energy and materials-focused funds were able to capitalize on the meteoric rise in precious metals and industrial commodities in Q4.

After several consecutive quarters of outperformance, quant funds took a backseat to traditional fundamental growth and value strategies in the second half of 2025. Most of this reversal has been the lack of upside capture from quants while absolute returns remained steady. The four-month period of April through August—a period of significant market gains following the volatility of liberation day and tariff announcements—saw the most extreme differential between the two styles. Quants, and systematic trading in general, continues to remain susceptible to underperformance around macro-driven market events.

4Q AND 1 YEAR RETURNS FOR HFR SECTORS



LONG/SHORT SECTOR PERFORMANCE - 2025



12M RETURNS – QUANT V FUNDAMENTAL



Source: MPI, HFR

Source: MPI, HFR

Source: MPI, HFR

Appendix

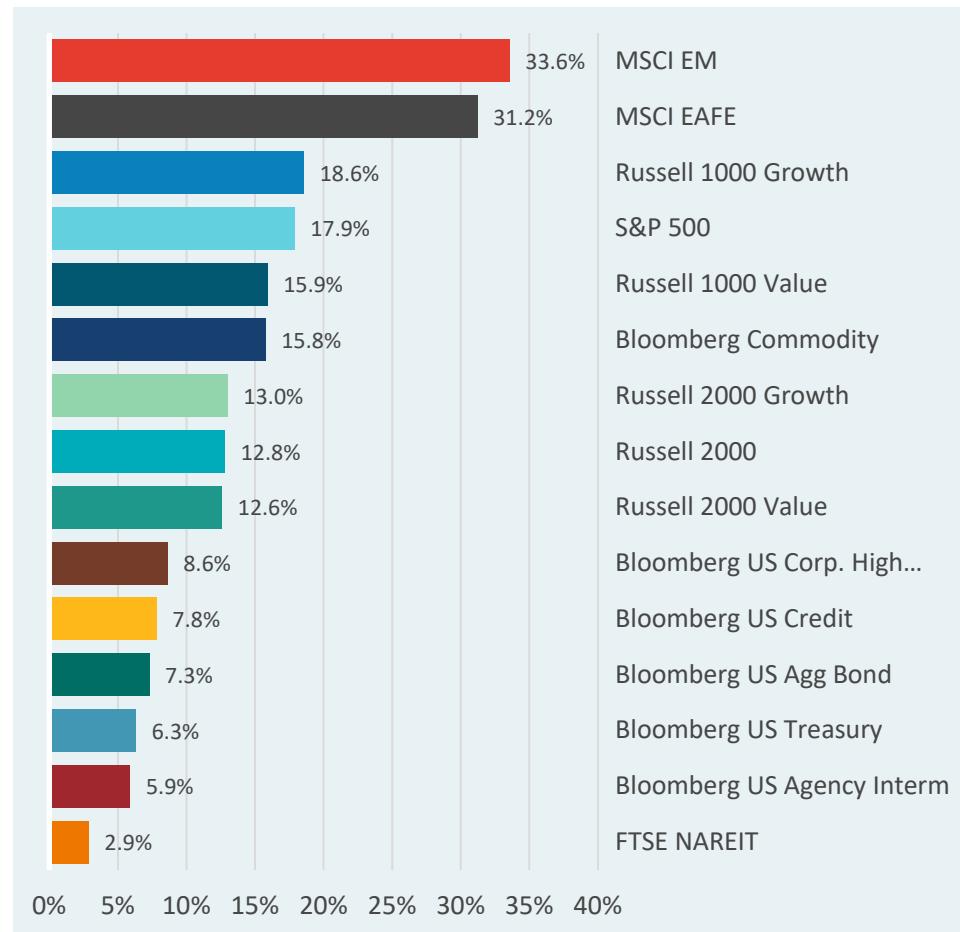
Periodic table of returns

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	YTD	5-Year	10-Year	
BEST																								
Emerging Markets Equity	34.0%	32.1%	39.4%	5.2%	78.5%	29.1%	11.0%	18.2%	43.3%	13.5%	13.3%	31.7%	37.3%	6.7%	36.4%	38.5%	28.3%	16.1%	42.7%	33.4%	33.6%	15.3%	18.1%	
International Equity	23.3%	26.3%	16.2%	1.8%	37.2%	26.9%	7.8%	18.1%	38.8%	13.2%	5.7%	21.3%	30.2%	1.8%	31.4%	34.6%	27.6%	9.4%	26.5%	24.5%	31.2%	13.6%	14.6%	
Large Cap Growth	13.9%	23.5%	15.8%	-6.5%	34.5%	24.5%	2.6%	17.5%	34.5%	13.0%	0.9%	17.3%	25.0%	0.0%	28.5%	21.0%	27.1%	1.5%	18.7%	15.2%	18.6%	11.3%	10.5%	
Large Cap Equity	13.5%	22.2%	11.8%	-21.4%	31.8%	18.9%	1.5%	17.3%	33.5%	11.8%	0.5%	12.1%	22.2%	-1.5%	26.5%	20.0%	26.5%	-5.6%	18.2%	14.4%	17.4%	10.6%	9.6%	
60/40 Global Portfolio	7.1%	18.4%	11.2%	-23.4%	28.4%	16.8%	0.4%	16.4%	33.1%	6.0%	0.0%	11.8%	21.7%	-4.0%	25.5%	18.3%	25.2%	-7.5%	16.9%	11.5%	16.7%	8.9%	9.6%	
Large Cap Value	6.3%	15.5%	10.8%	-28.9%	27.2%	16.7%	0.1%	16.4%	32.5%	5.6%	-0.3%	11.3%	17.3%	-4.8%	22.4%	13.4%	17.7%	-13.0%	15.6%	9.8%	15.9%	8.9%	9.3%	
Commodities	5.4%	15.2%	10.3%	-33.8%	23.5%	16.1%	-2.2%	15.3%	22.8%	4.9%	-0.8%	11.2%	14.6%	-6.1%	22.0%	10.9%	14.8%	-14.5%	14.6%	9.2%	15.8%	6.1%	8.4%	
Small Cap Growth	5.3%	13.3%	7.0%	-35.6%	20.6%	15.5%	-2.9%	14.6%	12.6%	4.2%	-1.4%	7.1%	13.7%	-8.3%	18.7%	7.8%	11.3%	-14.5%	11.5%	8.1%	13.0%	5.9%	8.2%	
Small Cap Equity	4.7%	11.6%	7.0%	-36.8%	19.7%	13.1%	-4.2%	11.4%	11.0%	3.4%	-2.7%	6.1%	7.8%	-9.3%	18.4%	7.5%	9.2%	-17.5%	9.8%	7.5%	12.8%	4.9%	7.5%	
Small Cap Value	4.7%	9.1%	5.8%	-37.6%	18.9%	9.8%	-5.2%	10.5%	9.0%	2.7%	-3.8%	5.6%	6.8%	-11.0%	8.7%	4.6%	6.2%	-19.1%	5.5%	5.4%	12.6%	4.2%	5.7%	
Hedge Funds of Funds	4.6%	8.5%	4.8%	-38.4%	11.5%	7.8%	-5.5%	4.8%	0.0%	0.0%	-4.4%	2.6%	5.1%	-11.2%	8.4%	2.8%	2.8%	-20.1%	5.1%	5.3%	9.2%	3.6%	4.7%	
US Bonds	4.2%	4.8%	-0.2%	-38.5%	5.9%	6.5%	-12.1%	4.2%	-2.0%	-2.2%	-7.5%	1.0%	3.5%	-12.9%	7.7%	1.6%	0.0%	-20.4%	3.9%	3.8%	7.3%	3.2%	4.7%	
Cash	3.0%	4.3%	-1.6%	-43.4%	0.1%	5.7%	-13.3%	0.1%	-2.6%	-4.9%	-14.9%	0.3%	1.7%	-13.8%	6.4%	0.5%	-1.5%	-26.4%	-5.1%	1.3%	4.3%	3.2%	2.2%	
Real Estate	2.4%	2.1%	-9.8%	-53.3%	-16.8%	0.1%	-18.4%	-1.1%	-9.5%	-17.0%	-24.7%	-0.4%	0.8%	-14.6%	2.2%	-3.1%	-2.5%	-29.1%	-7.9%	0.4%	3.7%	-0.4%	2.0%	
WORST																								
	 Large Cap Equity	 Small Cap Growth	 Commodities																					
	 Large Cap Value	 International Equity	 Real Estate																					
	 Large Cap Growth	 Emerging Markets Equity	 Hedge Funds of Funds																					
	 Small Cap Equity	 US Bonds	 60% MSCI ACWI/40% Bloomberg Global Bond																					
	 Small Cap Value	 Cash																						

Source Data: Bloomberg, Hedge Fund Research, Inc. (HFR), National Council of Real Estate Investment Fiduciaries (NCREIF). Indices used: Russell 1000, Russell 1000 Value, Russell 1000 Growth, Russell 2000, Russell 2000 Value, Russell 2000 Growth, MSCI EAFE, MSCI EM, Bloomberg US Aggregate, 90-Day T-Bills, Bloomberg Commodity, NCREIF Property, HFRI FOF, MSCI ACWI, Bloomberg Global Bond. NCREIF Property Index performance data as of 9/30/25.

Major asset class returns

ONE YEAR ENDING DECEMBER



TEN YEARS ENDING DECEMBER



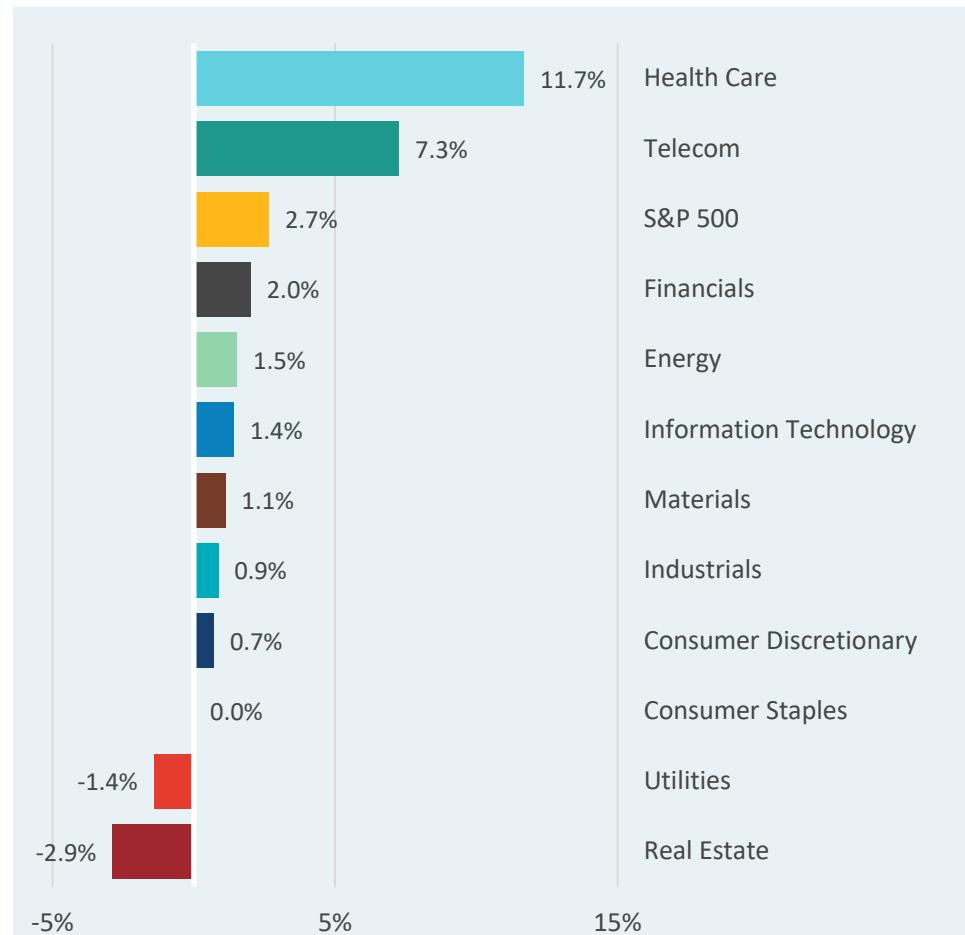
*Only publicly traded asset performance is shown here. Performance of private assets is typically released with a 3- to 6-month delay.

Source: Bloomberg, as of 12/31/25

Source: Bloomberg, as of 12/31/25

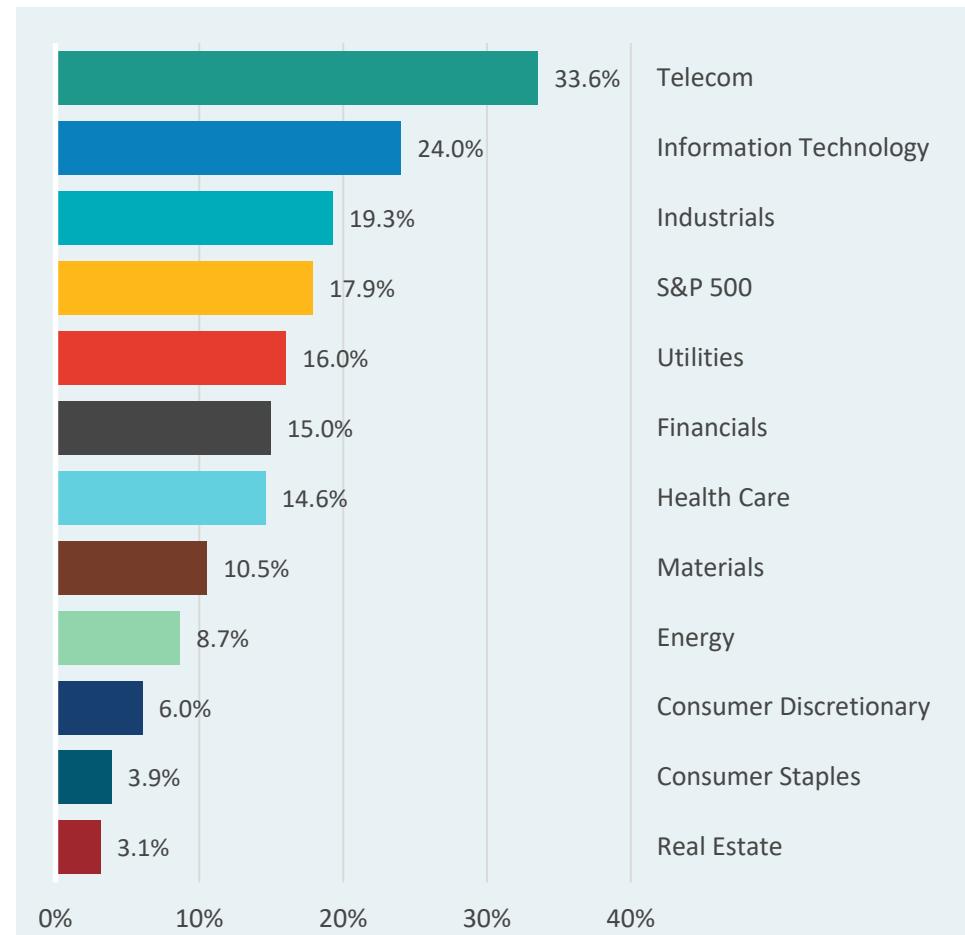
S&P 500 sector returns

QTD



Source: Bloomberg, as of 12/31/25

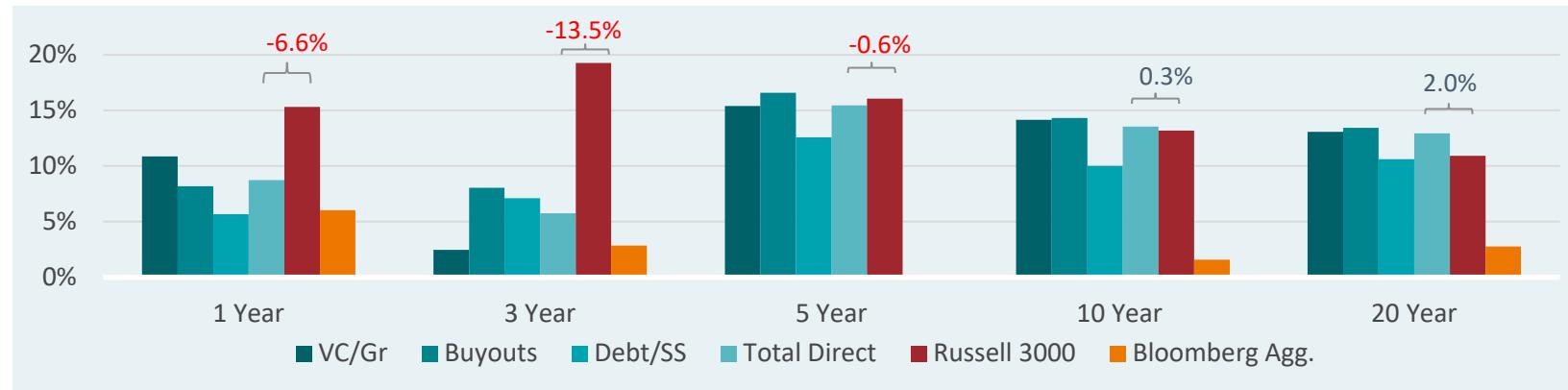
ONE YEAR ENDING DECEMBER



Source: Bloomberg, as of 12/31/25

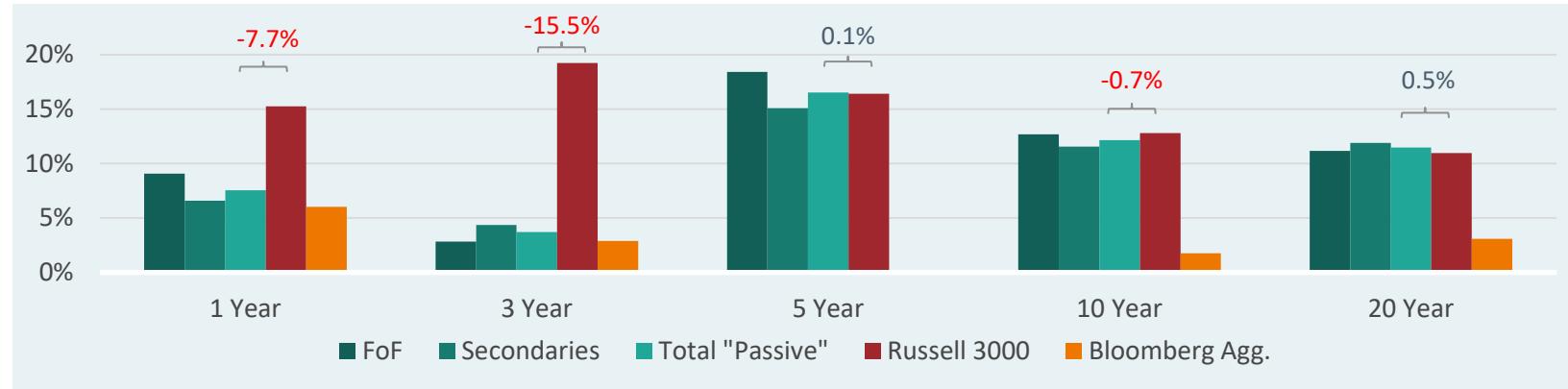
Private equity vs. traditional assets performance

DIRECT PRIVATE EQUITY FUND INVESTMENTS



Direct P.E Fund Investments outperformed public equites in longer time periods

“PASSIVE” STRATEGIES

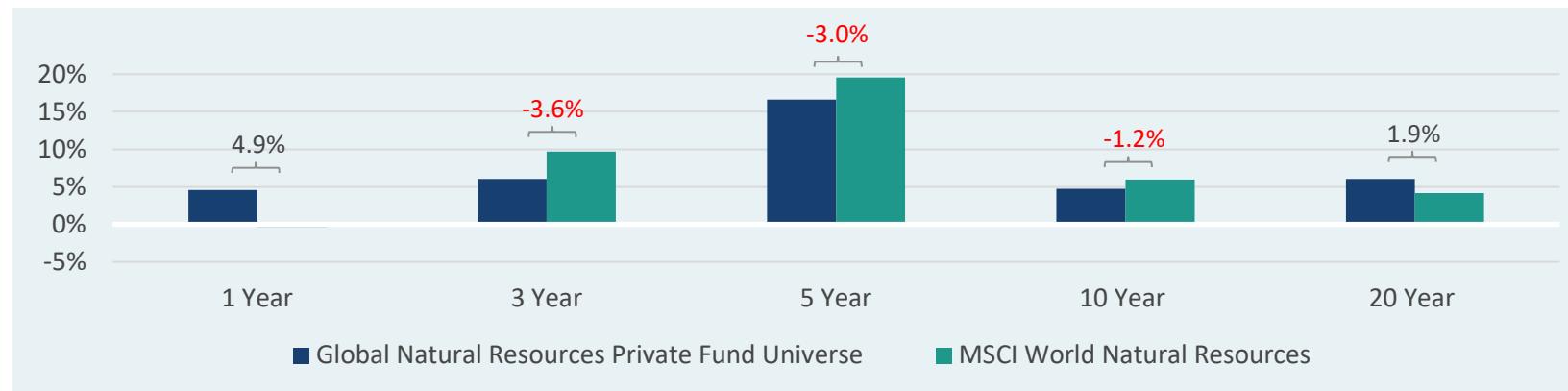


“Passive” strategies vs. public equities has been mixed

Sources: FTSE PME: U.S. Direct Private Equity and “Passive” returns are as of June 30, 2025. Public Market Equivalent returns resulted from “Total Passive” and Total Direct’s identical cash flows invested into and distributed from respective traditional asset comparable.

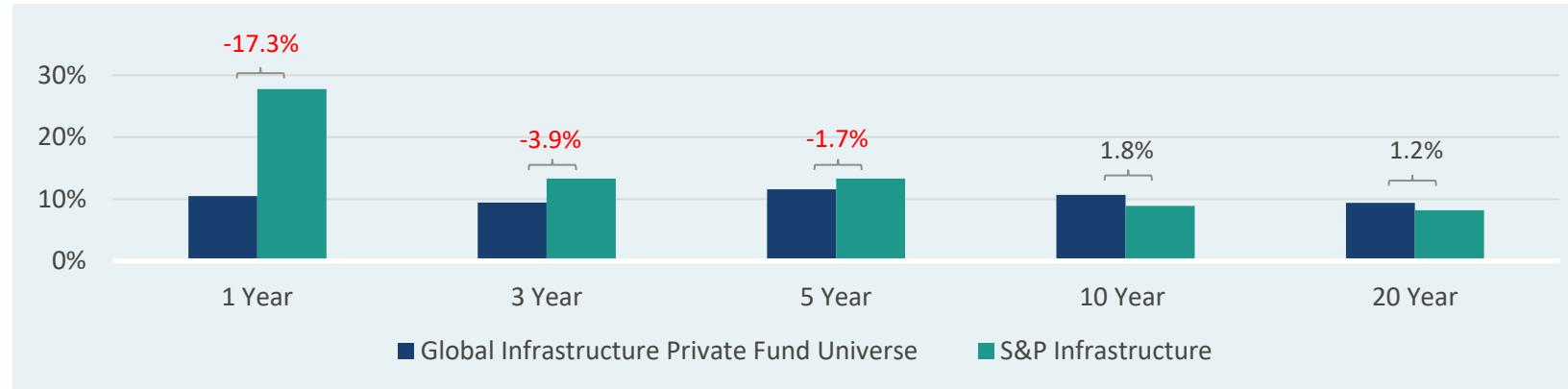
Private vs. liquid real assets performance

GLOBAL NATURAL RESOURCES FUNDS



N.R. funds vs MSCI World Natural Resources has been mixed

GLOBAL INFRASTRUCTURE FUNDS

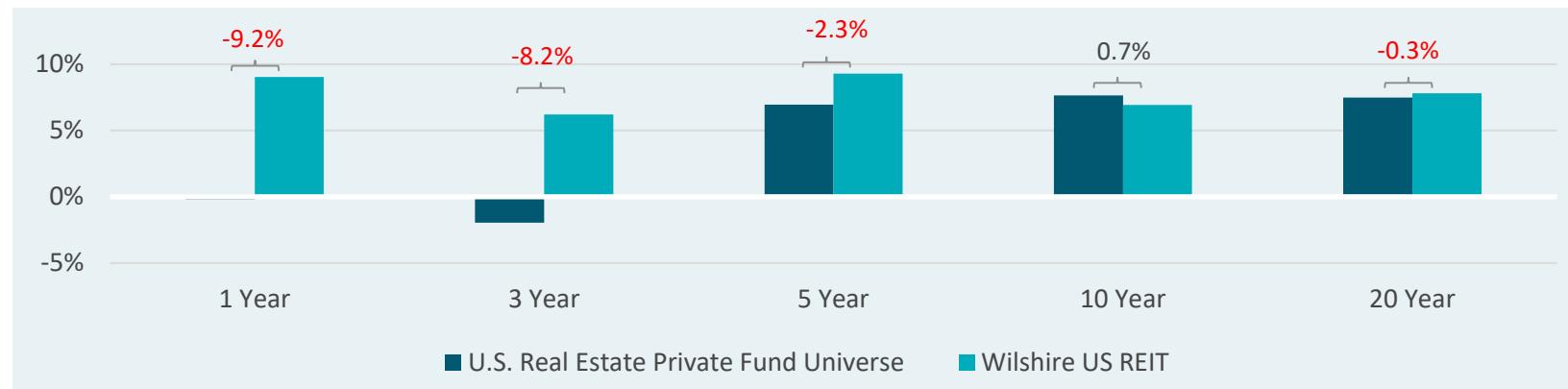


Infra. funds outperformed S&P Infra across longer periods

Sources: FTSE PME: Global Natural Resources (vintage 1999 and later, inception of MSCI World Natural Resources benchmark) and Global Infrastructure (vintage 2002 and later, inception of S&P Infrastructure benchmark) universes as of June 30, 2025. Public Market Equivalent returns resulted from identical cash flows invested into and distributed from respective liquid real assets universes.

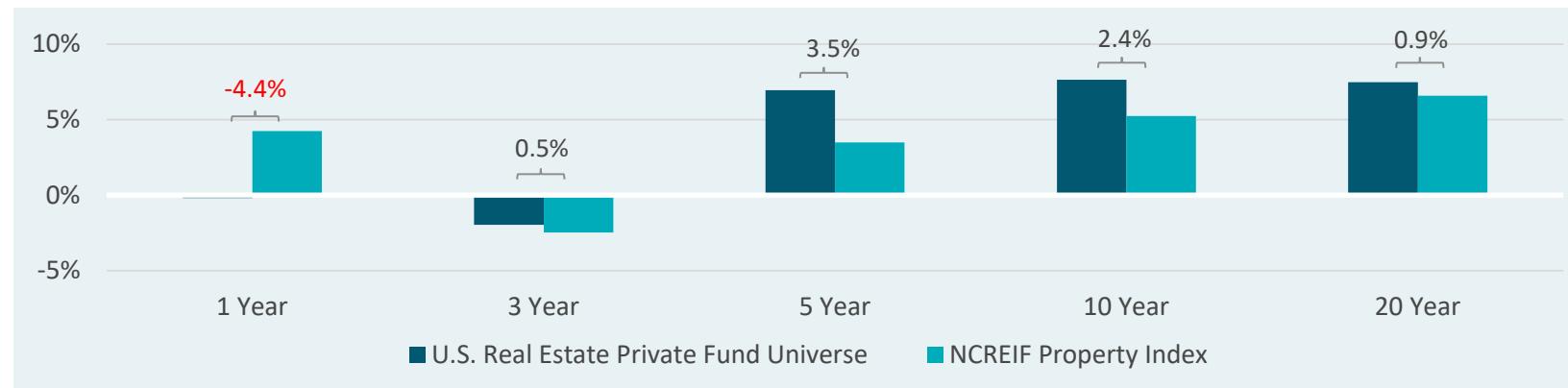
Private vs. liquid and core real estate performance

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



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

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



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

Sources: FTSE PME: U.S. Real Estate universes as of June 30, 2025. Public Market Equivalent returns resulted from identical cash flows invested into and distributed from respective liquid real estate universes.

Detailed index performance

DOMESTIC EQUITY	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Index							
S&P 500	0.1%	2.7%	17.9%	17.9%	23.0%	14.4%	14.8%
S&P 500 Equal Weighted	0.4%	1.4%	11.4%	11.4%	12.7%	10.5%	11.7%
DJ Industrial Average	0.9%	4.0%	14.9%	14.9%	15.3%	11.6%	13.1%
Russell Top 200	0.1%	3.0%	19.2%	19.2%	25.4%	15.1%	15.8%
Russell 1000	0.0%	2.4%	17.4%	17.4%	22.7%	13.6%	14.6%
Russell 2000	-0.6%	2.2%	12.8%	12.8%	13.7%	6.1%	9.6%
Russell 3000	0.0%	2.4%	17.1%	17.1%	22.2%	13.1%	14.3%
Russell Mid Cap	-0.3%	0.2%	10.6%	10.6%	14.3%	8.7%	11.0%
Style Index							
Russell 1000 Growth	-0.6%	1.1%	18.6%	18.6%	31.1%	15.3%	18.1%
Russell 1000 Value	0.7%	3.8%	15.9%	15.9%	13.9%	11.3%	10.5%
Russell 2000 Growth	-1.3%	1.2%	13.0%	13.0%	15.6%	3.2%	9.6%
Russell 2000 Value	0.2%	3.3%	12.6%	12.6%	11.7%	8.9%	9.3%

INTERNATIONAL EQUITY	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Index							
MSCI ACWI	1.0%	3.3%	22.3%	22.3%	20.6%	11.2%	11.7%
MSCI ACWI ex US	3.0%	5.1%	32.4%	32.4%	17.3%	7.9%	8.4%
MSCI EAFE	3.0%	4.9%	31.2%	31.2%	17.2%	8.9%	8.2%
MSCI EM	3.0%	4.7%	33.6%	33.6%	16.4%	4.2%	8.4%
MSCI EAFE Small Cap	2.3%	2.7%	31.8%	31.8%	14.9%	5.6%	7.5%
Style Index							
MSCI EAFE Growth	1.8%	1.9%	20.8%	20.8%	13.1%	4.4%	7.4%
MSCI EAFE Value	4.2%	7.8%	42.2%	42.2%	21.3%	13.4%	8.7%
Regional Index							
MSCI UK	3.8%	7.0%	35.1%	35.1%	18.3%	13.3%	7.8%
MSCI Japan	0.5%	3.2%	24.6%	24.6%	17.5%	6.6%	7.6%
MSCI Euro	3.6%	5.2%	38.7%	38.7%	21.0%	11.0%	9.0%
MSCI EM Asia	3.0%	4.5%	32.1%	32.1%	16.8%	3.6%	8.9%
MSCI EM Latin America	1.1%	8.2%	54.8%	54.8%	14.8%	8.6%	8.8%

Source: Bloomberg, HFRI, as of 12/31/25

FIXED INCOME	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Index							
Bloomberg US TIPS	-0.4%	0.1%	7.0%	7.0%	4.2%	1.1%	3.1%
Bloomberg US Treasury Bills	0.4%	1.0%	4.3%	4.3%	4.9%	3.2%	2.2%
Bloomberg US Agg Bond	-0.1%	1.1%	7.3%	7.3%	4.7%	-0.4%	2.0%
Bloomberg US Universal	-0.1%	1.2%	7.6%	7.6%	5.2%	0.1%	2.4%
Duration							
Bloomberg US Treasury 1-3 Yr	0.3%	1.1%	5.2%	5.2%	4.5%	1.8%	1.8%
Bloomberg US Treasury 20+ Yr	-2.1%	-0.5%	4.6%	4.6%	-0.4%	-8.2%	-0.4%
Bloomberg US Treasury	-0.3%	0.9%	6.3%	6.3%	3.6%	-1.0%	1.4%
Issuer							
Bloomberg US MBS	0.2%	1.7%	8.6%	8.6%	4.9%	0.1%	1.6%
Bloomberg US Corp. High Yield	0.6%	1.3%	8.6%	8.6%	10.0%	4.5%	6.5%
Bloomberg US Agency Interm	0.2%	1.1%	5.9%	5.9%	4.8%	1.2%	1.8%
Bloomberg US Credit	-0.2%	0.9%	7.8%	7.8%	6.0%	0.0%	3.1%
OTHER							
Index							
Bloomberg Commodity	-0.3%	5.8%	15.8%	15.8%	3.9%	10.6%	5.7%
FTSE NAREIT Equity REITS	-2.3%	-1.6%	2.9%	2.9%	8.3%	6.6%	5.7%
Morningstar LSTA US LL	0.7%	1.2%	5.9%	5.9%	9.3%	6.4%	5.8%
S&P Global Infrastructure	-0.7%	2.4%	22.6%	22.6%	14.6%	11.0%	9.4%
Alerian MLP Infrastructure	-1.5%	3.1%	8.1%	8.1%	19.2%	25.7%	8.1%
Emerging Market Debt							
JPM EMBI Global Div	0.7%	3.3%	14.3%	14.3%	10.6%	1.8%	4.4%
JPM GBI-EM Global Div	1.5%	3.3%	19.3%	19.3%	9.5%	1.1%	3.9%
Hedge Funds							
HFRI Composite	0.0%	1.3%	10.9%	10.9%	9.6%	6.8%	6.5%
HFRI FOF Composite	0.0%	1.9%	9.2%	9.2%	8.1%	4.9%	4.7%
Currency (Spot vs. USD)							
Euro	1.3%	0.1%	13.4%	13.4%	3.1%	-0.8%	0.8%
Pound Sterling	1.8%	0.2%	7.7%	7.7%	3.7%	-0.3%	-0.9%
Yen	-0.3%	-5.6%	0.3%	0.3%	-5.8%	-8.0%	-2.6%

Definitions

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

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

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

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

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