

Wilshire

2025 Year in Review & Market Update Webinar

Today's Agenda

- With Jerome Powell's chairmanship ending in May, what actions might be expected from the Federal Reserve?
- How do liquidity conditions look... is the Fed approaching its "neutral rate?"
- Is the "Monetary Debasement Trade" over or can Gold continue to build on its ~65% return in 2025?
- How might U.S. strategic objectives and the AI arms race impact markets?
- Will the fiscal impulse from the OBBBA drive economic growth higher in 2026?
- How high is the earnings hurdle given market valuations?
- What does market sentiment and positioning tell us about risk in 2026?
- What are Wilshire's dynamic and strategic market expectations?

Wilshire Advisors

Since 1972, Wilshire has been dedicated to improving investment outcomes for institutional investors and financial intermediaries worldwide.

- Institutional advisory and discretionary services
- Discretionary and advisory solutions for financial intermediaries
- Full spectrum provider of alternative investment solutions

~300

client relationships¹

\$134 Billion

in assets under management²

\$1.5 Trillion

in assets under advisement²

As of 9/30/2025. ¹ Includes institutional investors, financial intermediaries, and Wilshire-sponsored vehicles. Does not include individual retirement plans and retail investors via financial intermediary platforms. ² Assets under management refers to the amount of assets attributable to securities portfolios for which Wilshire provides discretionary and non-discretionary asset management services and is calculated differently than “regulatory assets under management.” Assets under advisement refers to the total amount of assets (inclusive of assets under management) attributable to all of Wilshire’s advisory relationships, including various consulting and advisory relationships for which Wilshire provides investment advisory services without engaging, on either a discretionary or non-discretionary basis, in the direct management of a client’s portfolio.

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Wilshire Monday Market Flash

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For timely market insight, listen to our **weekly 10-minute market update** brought to you by Josh Emanuel, Chief Investment Officer for Wilshire.

Visit [wilshire.com](https://www.wilshire.com) to access the four most recent Wilshire Monday Market Flash updates.

Wilshire

The Week Ahead: 9/27/2021 – 10/1/2021

Economic Data Releases:

- Monday: Durable Goods
- Tuesday: Wholesale Inventories
- Wednesday: Pending Home Sales
- Friday: Personal Income & Spending, PCE Deflator

Wilshire

Market Performance as of 9/24/2021

U.S. Equity	WTD	MTD	Aug	Jul	June	QTD	YTD	International Equity (EMEA)	WTD	MTD	Aug	Jul	June	QTD	YTD
S&P 500	0.52	1.45	3.54	2.35	4.21	8.88	17.78	MSCI Europe (USD)	0.23	1.43	2.49	1.79	1.48	3.15	7.74
NASDAQ	0.82	2.22	5.22	3.23	5.23	11.33	21.45	MSCI Asia (USD)	0.49	1.90	3.91	0.91	1.01	11.01	8.48
U.S. Fixed	0.01	0.01	0.01	0.01	0.01	0.01	0.01	MSCI Japan (USD)	0.30	0.52	1.76	0.78	1.15	2.80	5.17
U.S. High Yield	0.01	0.01	0.01	0.01	0.01	0.01	0.01	MSCI Emerging Markets (USD)	0.22	0.20	0.92	0.71	0.47	1.04	5.88
U.S. Large Growth	0.53	1.51	3.72	2.36	5.30	9.74	17.72	MSCI Europe (GBP)	0.22	1.31	2.51	1.80	1.39	3.10	7.42
U.S. Large Value	0.48	1.47	3.70	2.35	4.10	8.77	16.82	MSCI Europe (EUR)	0.22	1.30	2.47	1.79	1.37	3.01	7.34
U.S. Mid-Cap	0.58	1.47	3.25	2.44	3.82	8.82	16.82	MSCI North America (USD)	0.20	0.75	2.35	1.45	1.71	3.44	4.88
U.S. Small-Cap	0.58	1.47	3.25	2.44	3.82	8.82	16.82	MSCI Europe (USD)	0.20	0.75	2.35	1.45	1.71	3.44	4.88
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Presenters



Josh Emanuel, CFA

Chief Investment Officer

20+ years of industry experience

As CIO, leads Wilshire's investment activities, including:

- investment strategy
- manager research
- quantitative alpha research
- portfolio management



Steve Foresti

Chief Investment Officer Emeritus

30+ years of industry experience

Guides and supports Wilshire's investment and research efforts, including

- strategic asset allocation research
- capital market forecasts
- thought leadership

Market Performance Summary

Global Equities as of 12/31/2025

U.S. Equity	MTD (%)	QTD (%)	YTD (%)	1Y (%)
FT Wilshire 5000 Index SM	(0.07)	2.34	17.13	17.13
Standard & Poor's 500	0.06	2.65	17.88	17.88
FT Wilshire 4500 Index SM	0.03	1.80	9.36	9.36
MSCI USA Minimum Volatility	(0.75)	(0.51)	7.84	7.84

As of 12/31/2025. Source: Bloomberg. Indexes are total return. For illustrative purposes only.

U.S. Equity by Size/Style	MTD (%)	QTD (%)	YTD (%)	1Y (%)
FT Wilshire Large Cap Index SM	(0.08)	2.42	18.28	18.28
FT Wilshire Large Cap Growth Index SM	(0.73)	2.72	21.59	21.59
FT Wilshire Large Cap Value Index SM	0.60	2.12	15.04	15.04
FT Wilshire Small Cap Index SM	(0.03)	1.56	8.50	8.50
FT Wilshire Small Cap Growth Index SM	(0.67)	0.97	7.71	7.71
FT Wilshire Small Cap Value Index SM	0.63	2.17	9.37	9.37
FT Wilshire Micro Cap Index SM	0.52	3.59	15.67	15.67

As of 12/31/2025. Source: Bloomberg. Indexes are total return. For illustrative purposes only.

Non-U.S. Equity	MTD (%)	QTD (%)	YTD (%)	1Y (%)
MSCI ACWI	1.05	3.29	22.34	22.34
MSCI ACWI ex USA	3.00	5.05	32.39	32.39
MSCI ACWI ex USA Minimum Volatility	1.15	3.15	19.10	19.10
MSCI EAFE	3.00	4.86	31.22	31.22
MSCI Emerging Markets	2.99	4.73	33.57	33.57
MSCI ACWI ex USA Small Cap	1.96	2.96	29.26	29.26

As of 12/31/2025. Source: Bloomberg. Indexes are total return. For illustrative purposes only.

Non-U.S. Equity (local currency)	MTD (%)	QTD (%)	YTD (%)	1Y (%)
MSCI ACWI	0.76	3.62	19.71	19.71
MSCI ACWI ex USA	2.17	5.97	24.41	24.41
MSCI ACWI ex USA Minimum Volatility	0.68	4.21	14.63	14.63
MSCI EAFE	2.07	6.13	20.60	20.60
MSCI Emerging Markets	2.61	5.62	31.28	31.28
MSCI ACWI ex USA Small Cap	1.25	4.38	22.83	22.83

As of 12/31/2025. Source: Bloomberg. Indexes are total return. For illustrative purposes only.

Fixed Income Markets, Real Assets & Alternatives as of 12/31/2025

U.S. Fixed Income	MTD (%)	QTD (%)	YTD (%)	1Y (%)
Bloomberg U.S. Aggregate	(0.15)	1.10	7.30	7.30
Bloomberg Long Term Treasury	(1.73)	(0.05)	5.59	5.59
Bloomberg Long Term Corporate	(1.04)	(0.11)	7.44	7.44
Bloomberg U.S. TIPS	(0.40)	0.13	7.01	7.01
Bloomberg U.S. Credit	(0.19)	0.88	7.83	7.83
Bloomberg U.S. Corporate High Yield	0.57	1.31	8.62	8.62
S&P/LSTA Leveraged Loan	0.64	1.22	5.90	5.90

As of 12/31/2025. Source: Bloomberg. Indexes are total return. For illustrative purposes only.

Market Rates	Dec 31	Sept 30	June 30	Mar 31
10-Year Treasury	4.17	4.15	4.23	4.21
10-Year Breakeven Inflation	2.25	2.37	2.28	2.37

As of 12/31/2025. Source: Bloomberg. Indexes are total return. For illustrative purposes only.

Global Fixed Income	MTD (%)	QTD (%)	YTD (%)	1Y (%)
Bloomberg Global Aggregate	0.26	0.24	8.17	8.17
Bloomberg Global Aggregate (Hdg)	(0.21)	0.78	4.86	4.86
Bloomberg EM LC Gov't Universal	1.07	1.49	8.53	8.53
Bloomberg EM LC Gov't Universal (Hdg)	0.12	0.69	4.58	4.58

As of 12/31/2025. Source: Bloomberg. Indexes are total return. For illustrative purposes only.

Real Assets	MTD (%)	QTD (%)	YTD (%)	1Y (%)
Wilshire US Real Estate Securities Index SM	(2.21)	(1.89)	3.47	3.47
Wilshire Global Real Estate Securities Index SM	(1.50)	(1.47)	6.32	6.32
FTSE Global Core Infrastructure 50/50	(1.63)	1.00	15.30	15.30
Alerian Midstream Energy	(0.30)	(1.39)	4.98	4.98
Bloomberg Commodity	(0.32)	5.85	15.77	15.77
Gold	1.89	11.93	64.58	64.58
Bitcoin	(3.59)	(23.55)	(6.47)	(6.47)

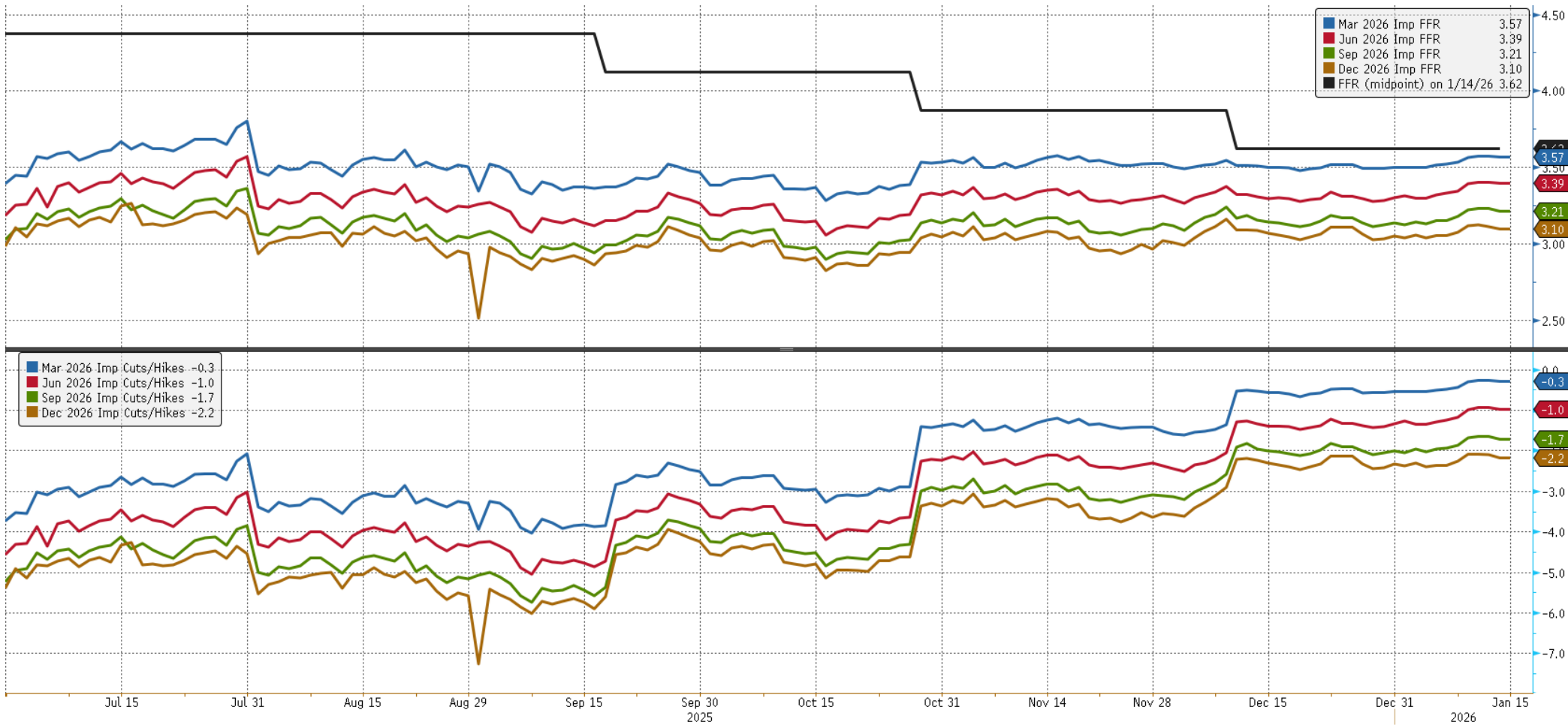
As of 12/31/2025. Source: Bloomberg. Indexes are total return. For illustrative purposes only.

U.S. Conditions vs. Strategic Objectives and A Tale of Two Economies

U.S. Objectives (and Their Related Risks)

- U.S. Strategic Objectives (largely tied to geopolitical positioning vs. China)
 - **AI Dominance:** Win the AI arms race
 - Requires massive investment in compute, energy & rare earth minerals
 - **Rebuild Industrial Base:** Onshore U.S. manufacturing and reduce external dependencies/vulnerabilities
 - Requires massive investment (internal & FDI)
 - **Financial Stability:** Address unsustainability of current deficit/debt path
 - Reduce annual % deficits (sustained real growth > rate of expenditure increases)
- Risks & Tradeoffs (to achieving those objectives)
 - **Rising Interest Rates:** Impact on net interest payments makes deficit & debt management challenging
 - **Market Drawdown:** Government revenues (i.e., tax receipts) are heavily impacted by capital market performance
 - **Inflation:** Rebuild of U.S. manufacturing (and AI spend) is inflationary (with longer-term offsets from AI efficiency gains)

Implied Fed Funds Rate (and Expected Easing)



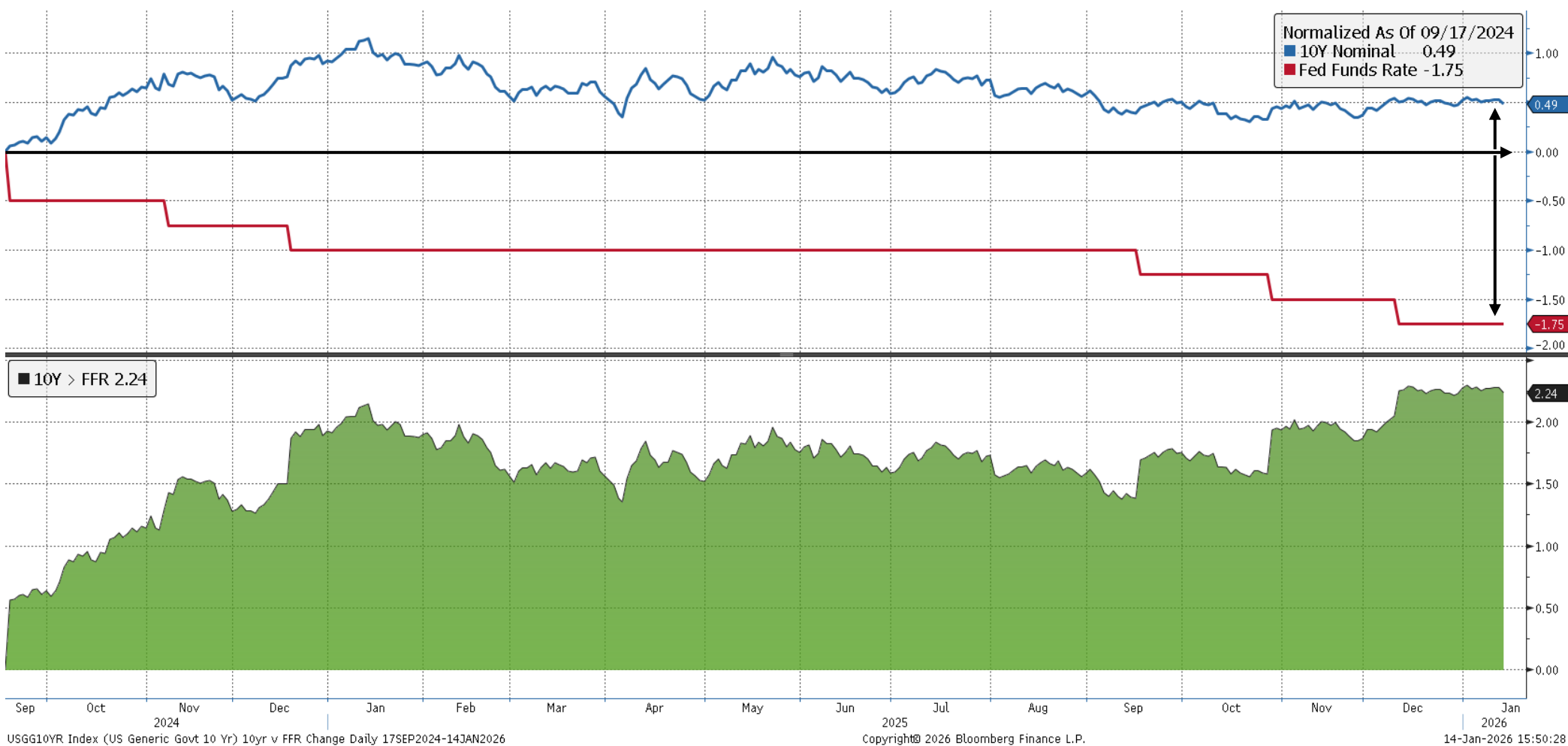
US0AFR JAN2026 Index (WIRP Implied Overnight Rate for the US - Futures Model) FFR Implied Daily 30JUN2025-14JAN2026

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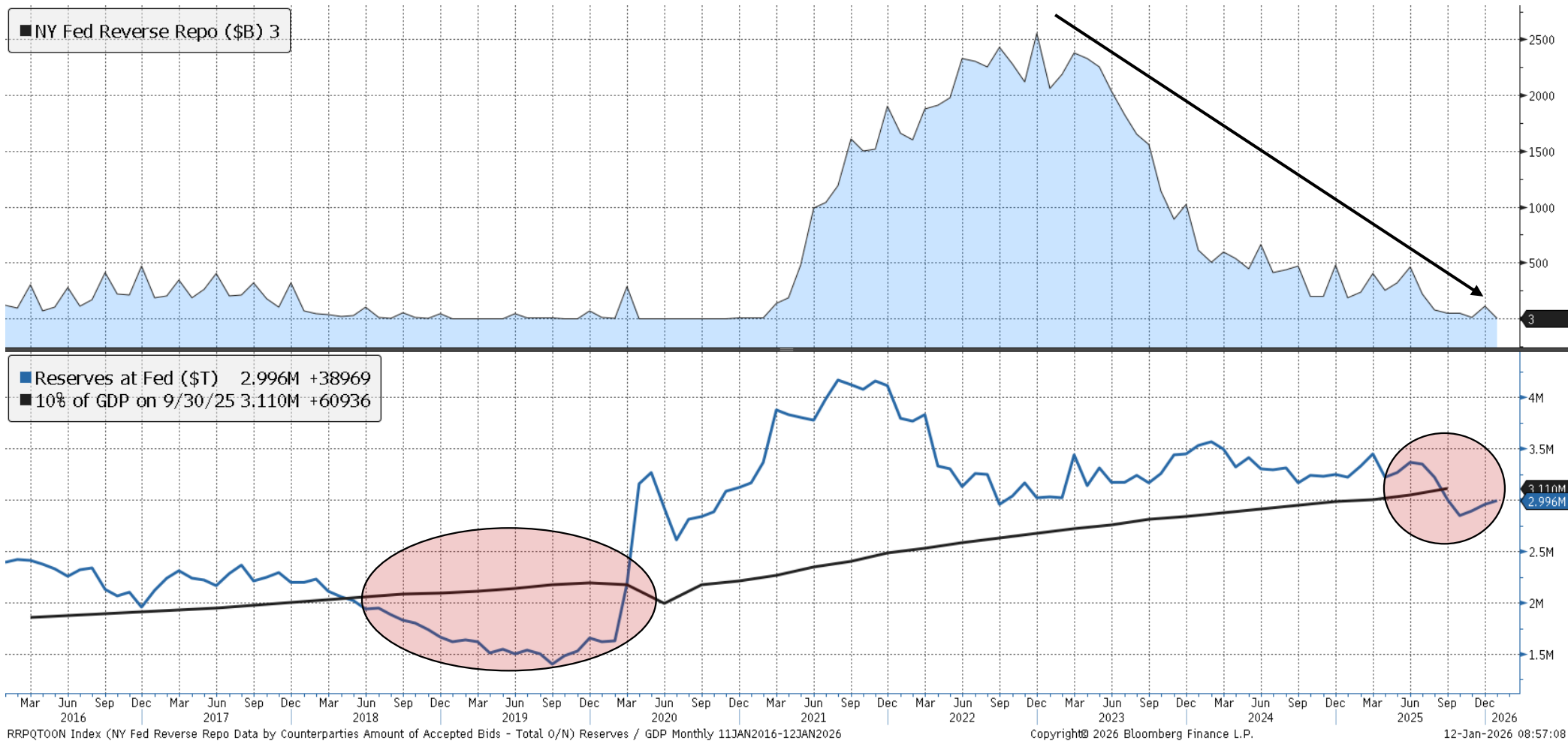
Data Source: Bloomberg

Fed Cuts Don't Necessarily Lead to Lower Long Rates



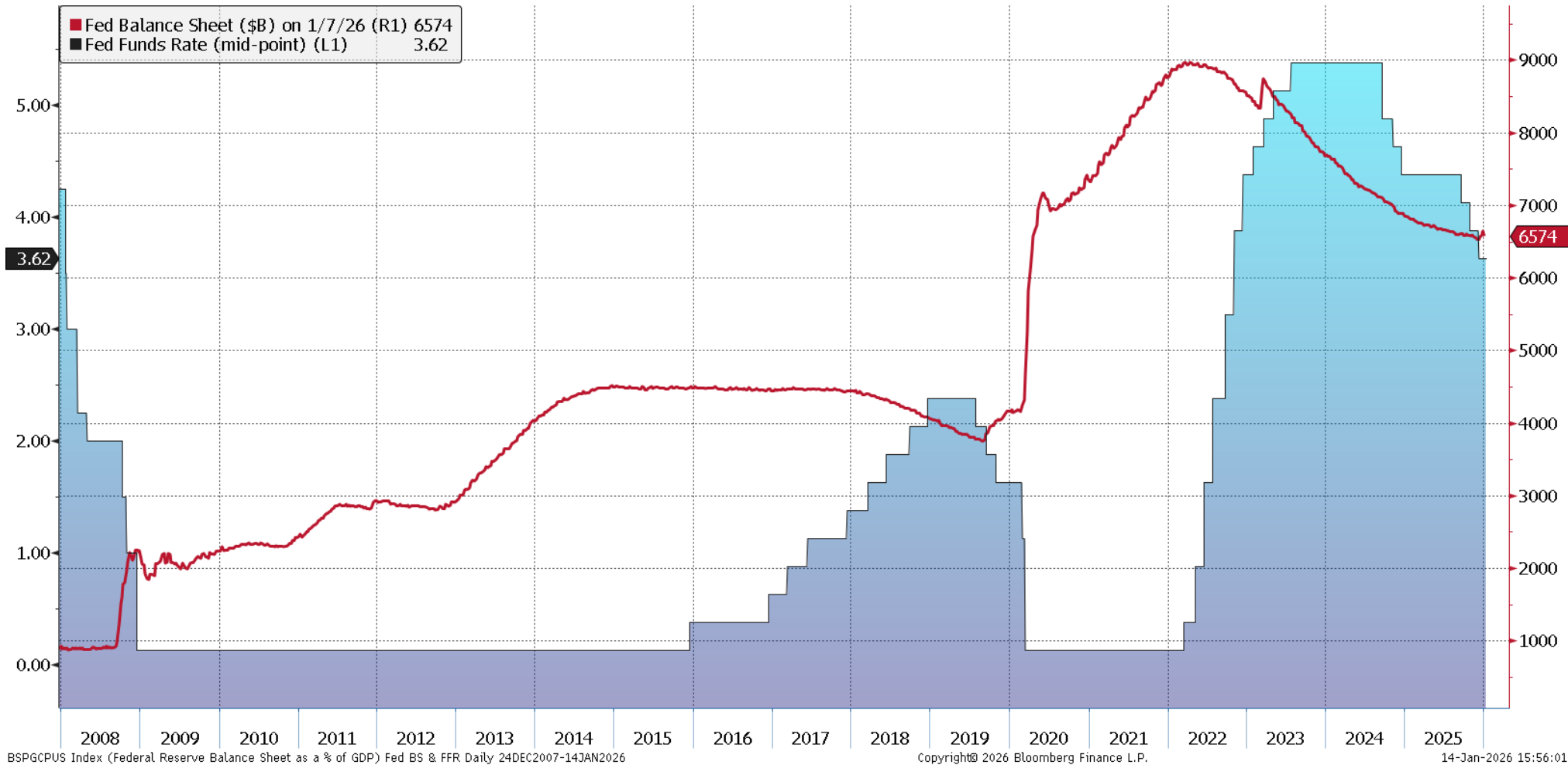
Data Source: Bloomberg

Liquidity Conditions: Reserve Management Purchases (RMP)



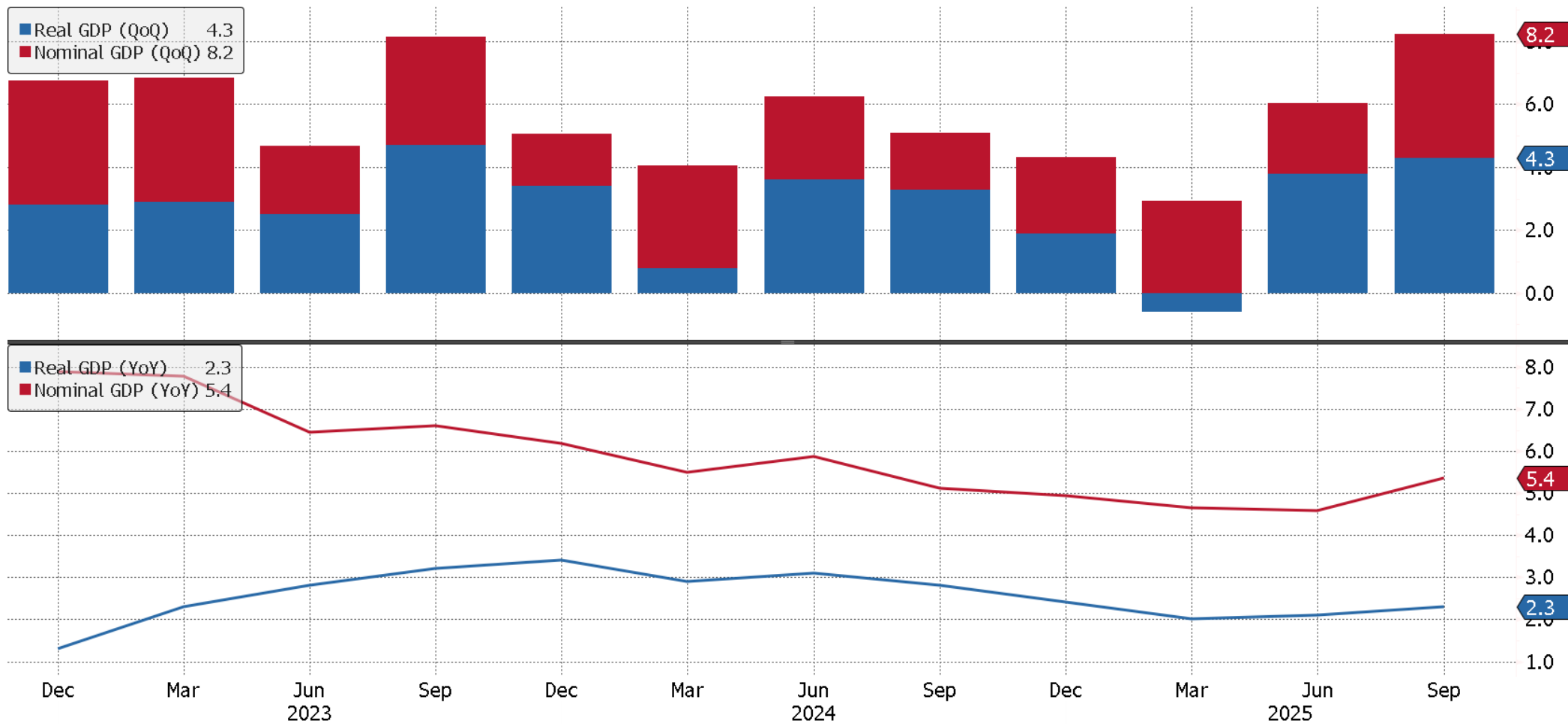
Data Source: Bloomberg

Liquidity Conditions: Fed Balance Sheet



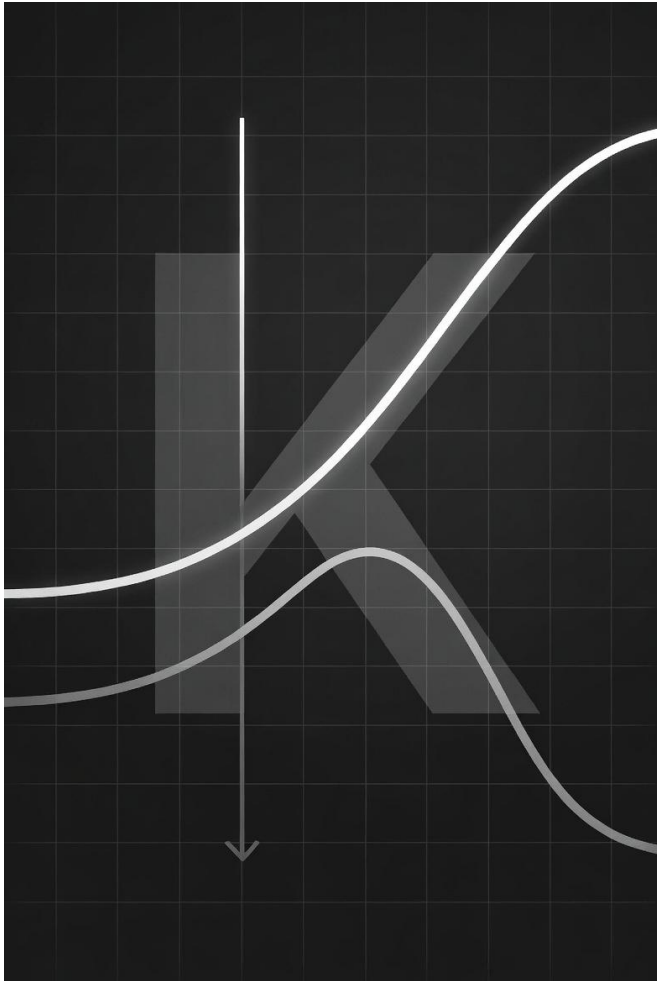
Data Source: Bloomberg

A Glimpse of How “Running it Hot” Might Look



Data Source: Bloomberg

K-Shaped Economy: A Tale of Two Economies



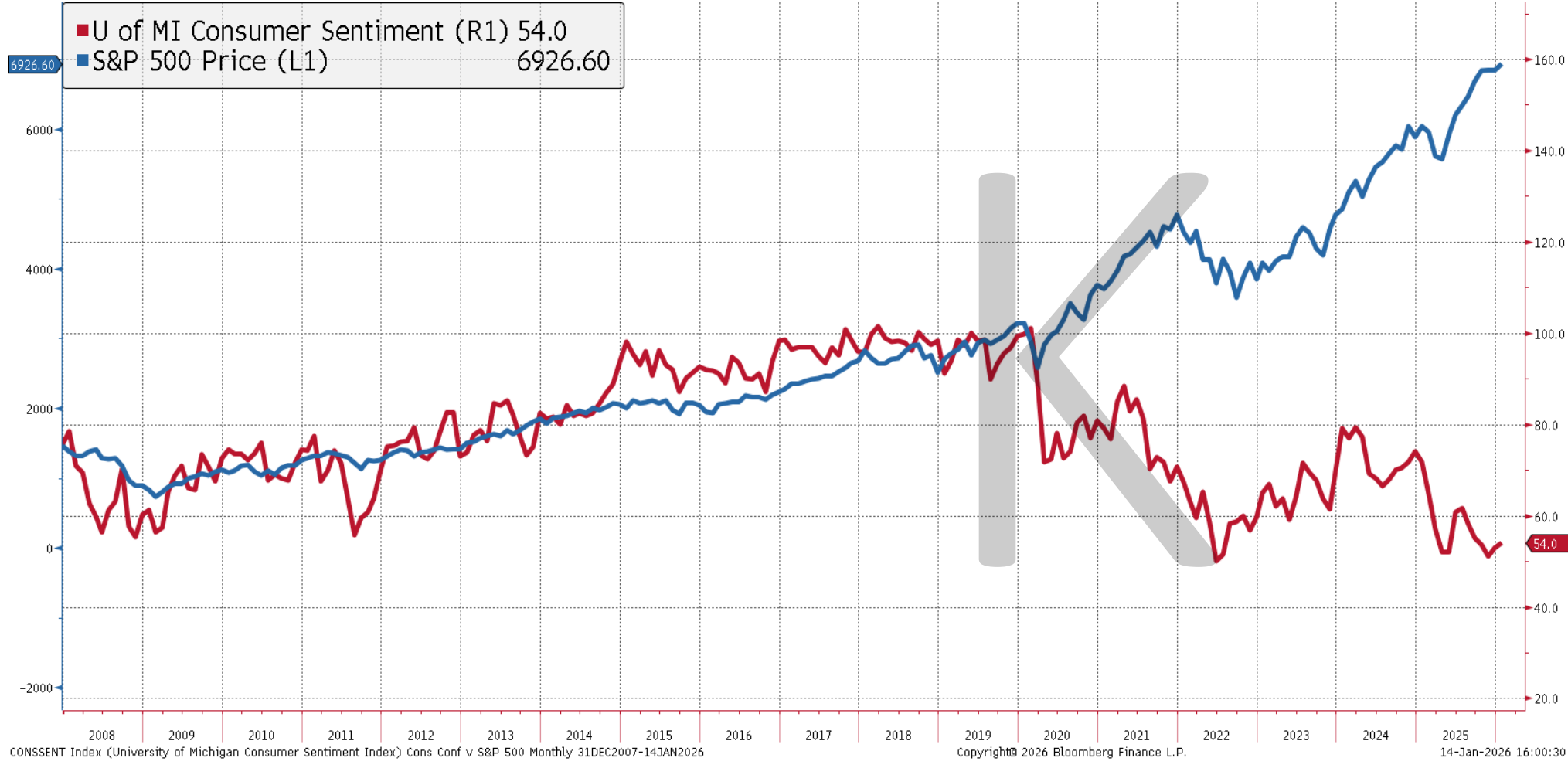
K-Up: The “Haves”

- Who: Own assets/homes, white-collar jobs (i.e., Tech/Finance)
- Situation: Protected/Benefit from inflation. Vulnerable to AI efficiency.
- Impact: Drive aggregate economic output (i.e., concentrated / cap-weighted)

K-Down: The “Have Nots”

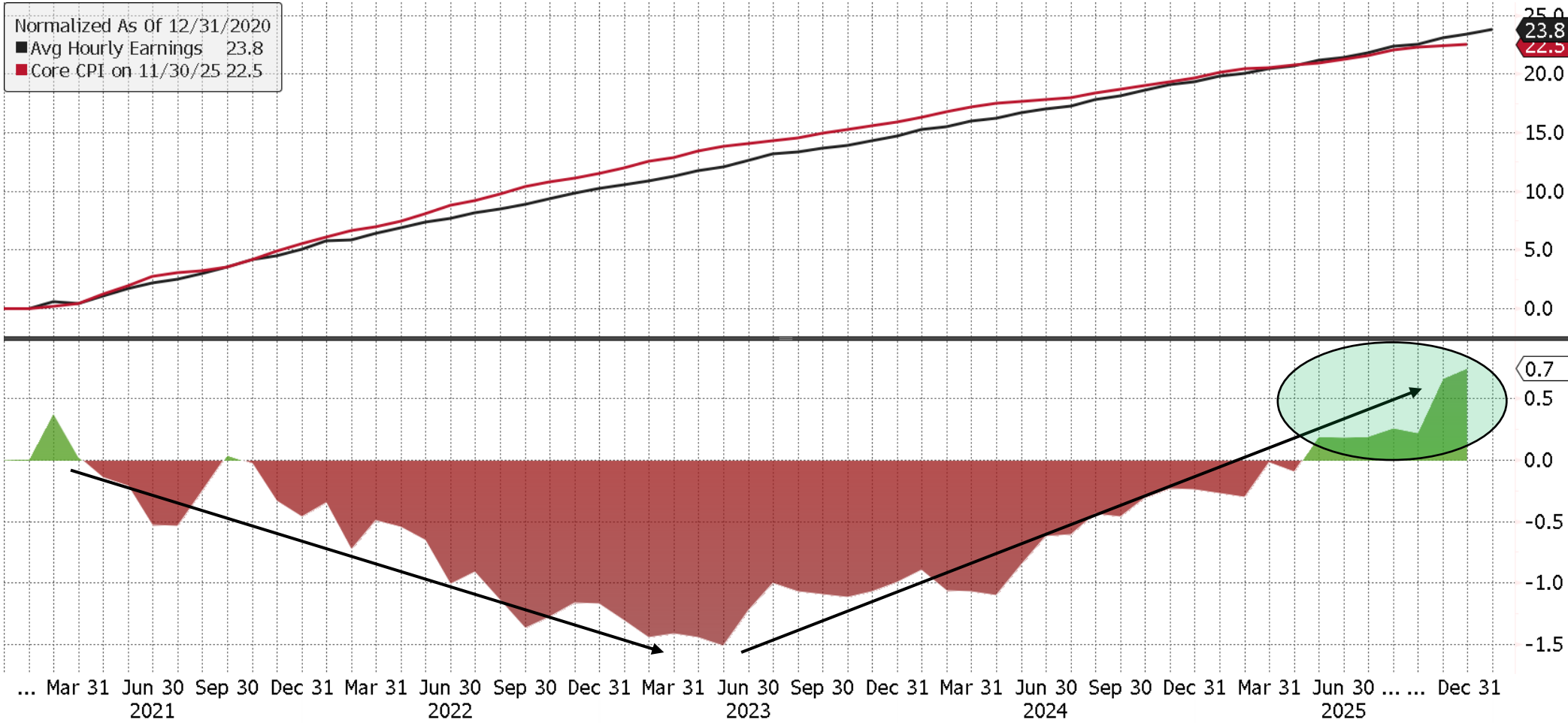
- Who: Don’t hold meaningful assets, blue-collar jobs, carry relatively large debt burdens
- Situation: Have suffered from globalization/outourcing, struggle to keep pace with inflation
- Impact: Muted impact on aggregate economic output but large in # so drive overall confidence stats (i.e., equal-weighted measures)

S&P 500 vs. Consumer Sentiment



Data Source: Bloomberg

“Affordability” Driving K-Down’s Sentiment... But this Doesn’t Look So Bad



AHE TOTL Index (US Average Hourly Earnings All Employees Total Private SA) CPI v Wages Daily 30DEC2020-12JAN2026
Data Source: Bloomberg
Copyright© 2026 Bloomberg Finance L.P.
12-Jan-2026 09:03:51

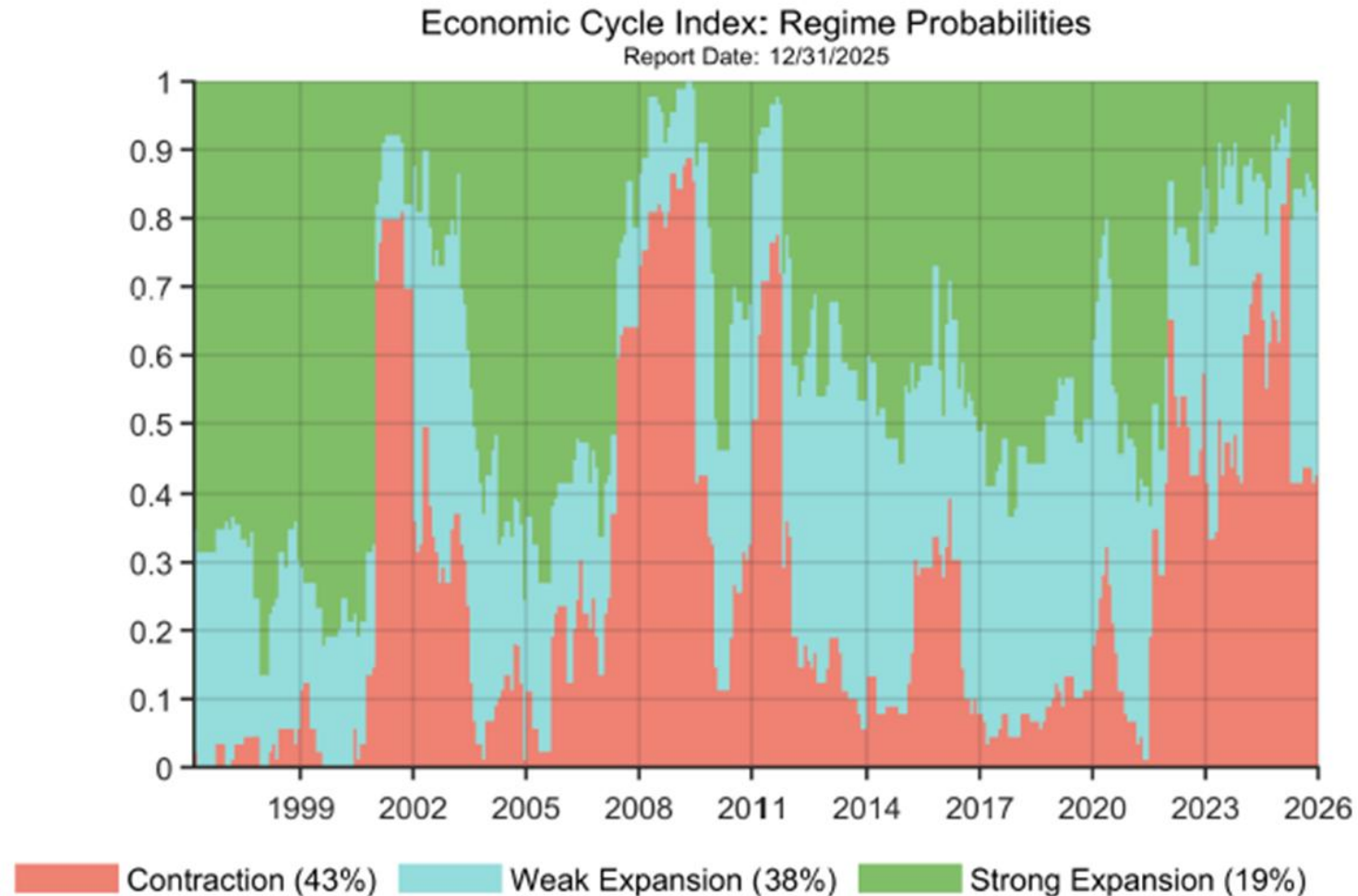


“Don’t Be Complacent when
Consensus is Optimistic”

Investment Strategy Process & Outlook



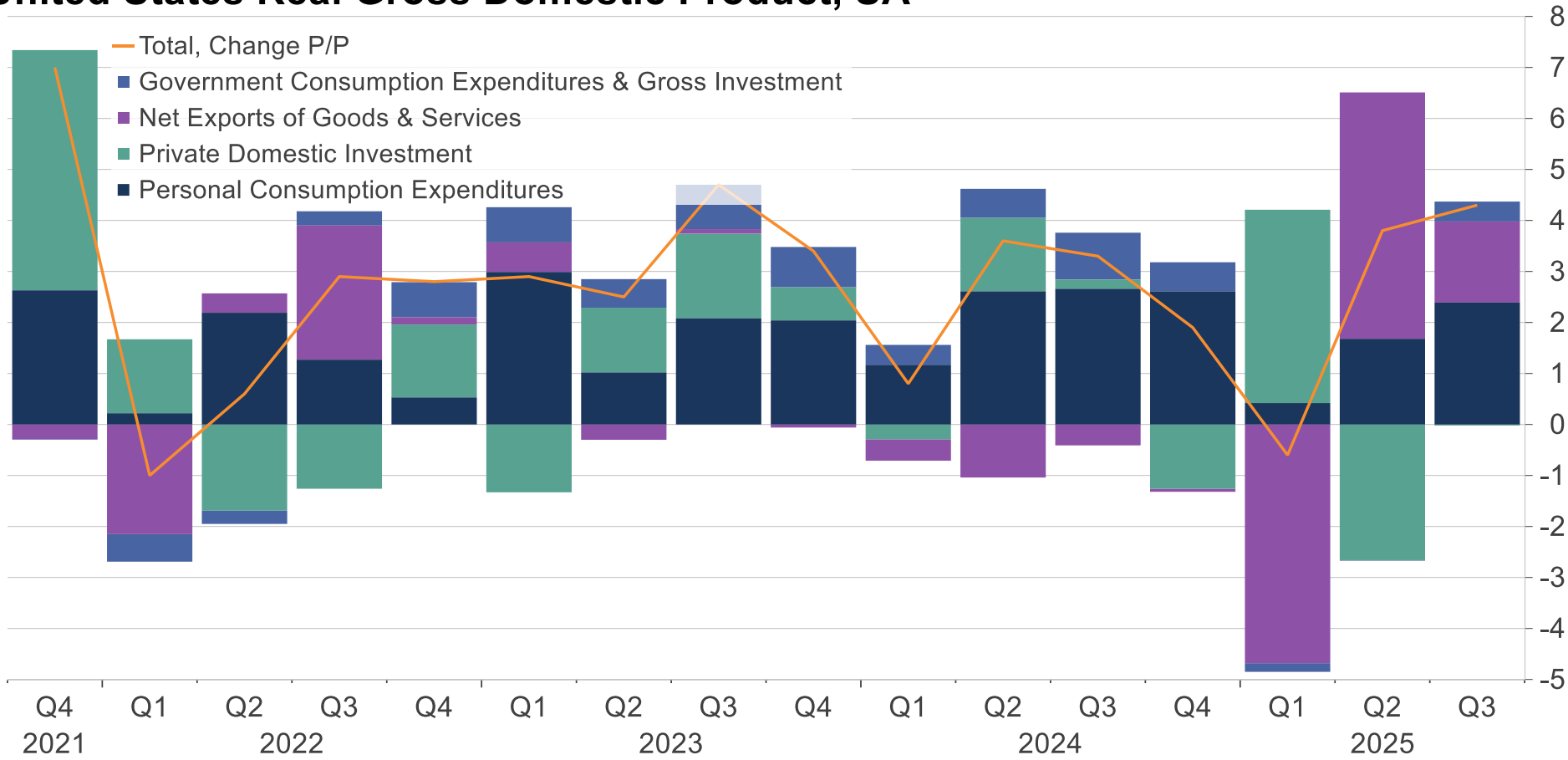
Healthy General Economy Offset by Weakness in Corporate and Household Segments



Data Source: Wilshire

Q3 Growth Outpaced Expectations and Q2 Growth Revised Higher

United States Real Gross Domestic Product, SA

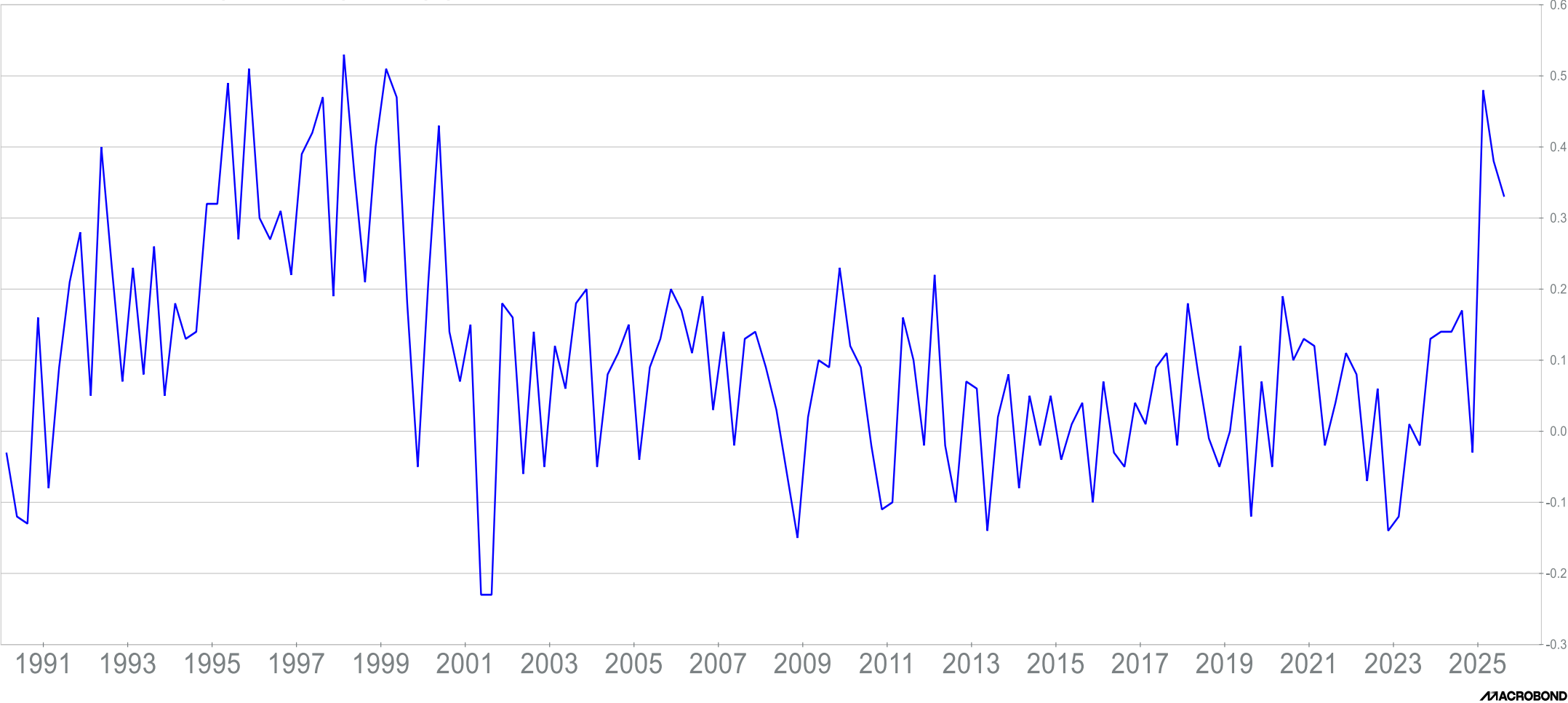


Source: U.S. Bureau of Economic Analysis (BEA), Macrobond

Data Source: Macrobond

Private Investment was Muted Despite Strong Contributions from AI Spending

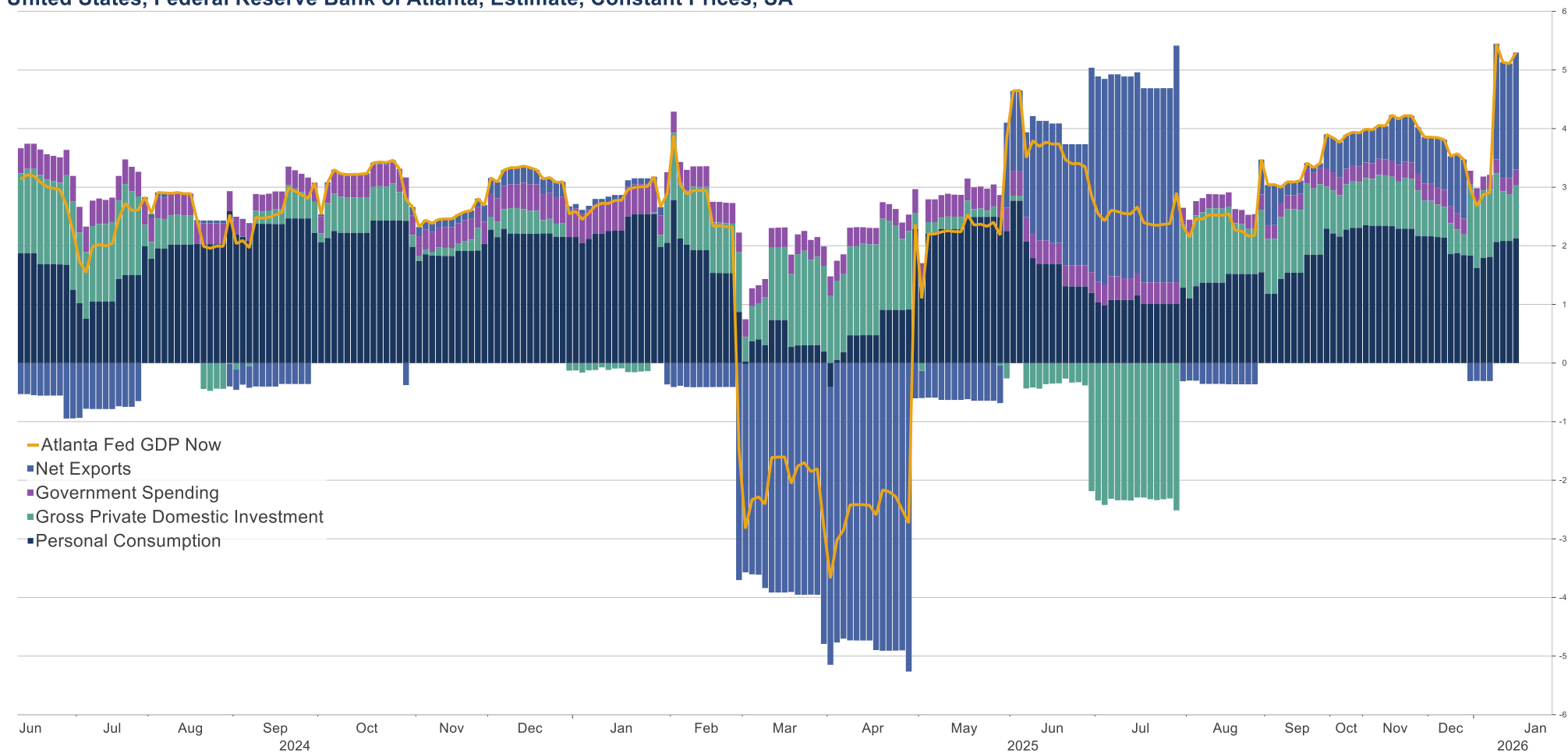
Contribs to Real GDP Computers & Peripheral Equip Chain Prices



Data Source: Bloomberg, BEA

Consumption Remained Strong in 2H25; Investment May have Picked up in Q4

United States, Federal Reserve Bank of Atlanta, Estimate, Constant Prices, SA

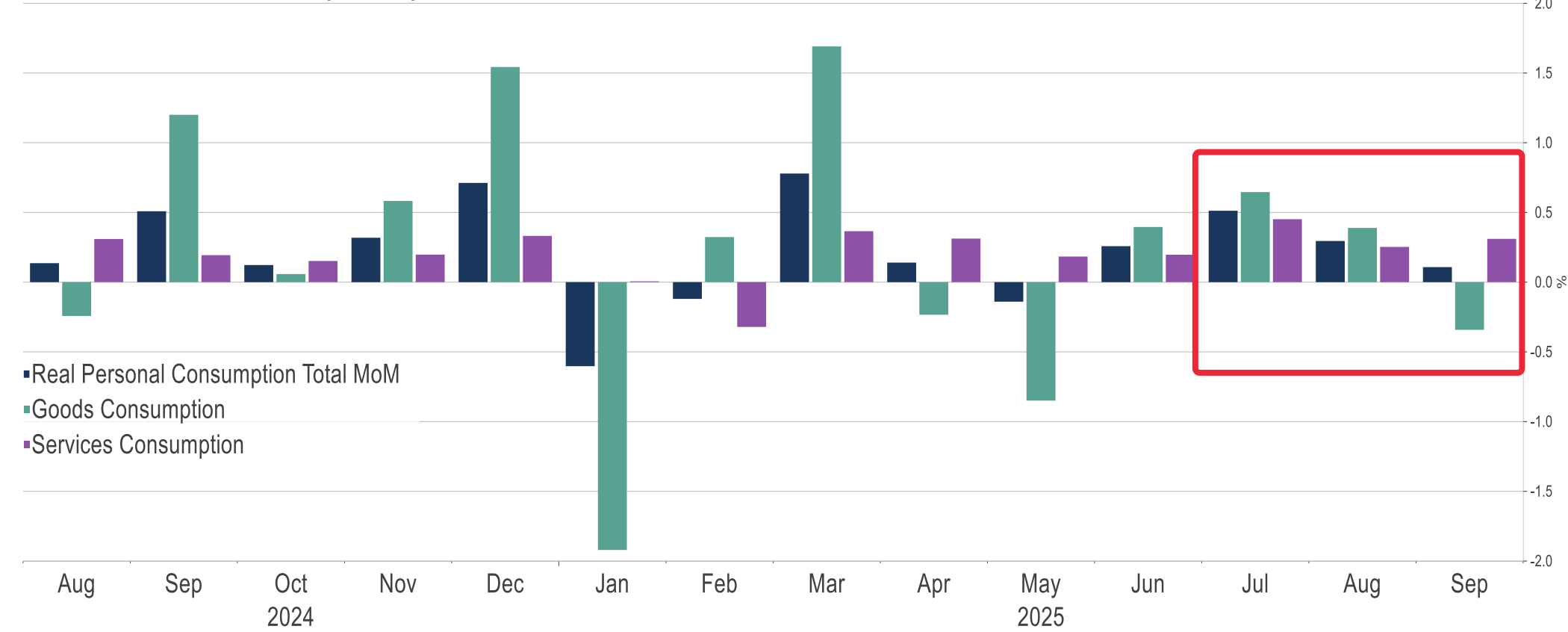


Data Source: Macrobond

Source: Federal Reserve Bank of Atlanta, Macrobond

Personal Consumption was Strong in Q3, Likely Due to the “Wealth Effect,” but the Trend is Slowing

United States Personal Consumption Expenditures, Real, SA

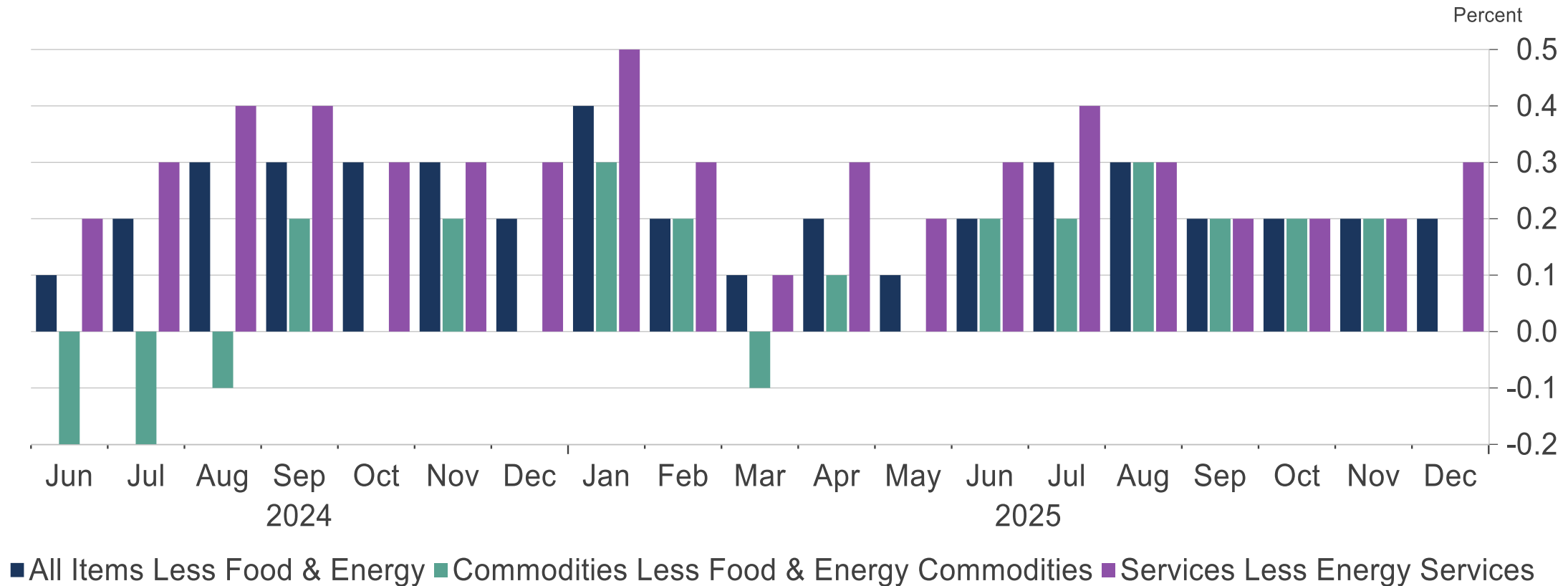


Data Source: Macrobond

Source: U.S. Bureau of Economic Analysis (BEA), Macrobond

Goods & Services Inflation have Moderated, but the Data is Noisy

US Core CPI MoM

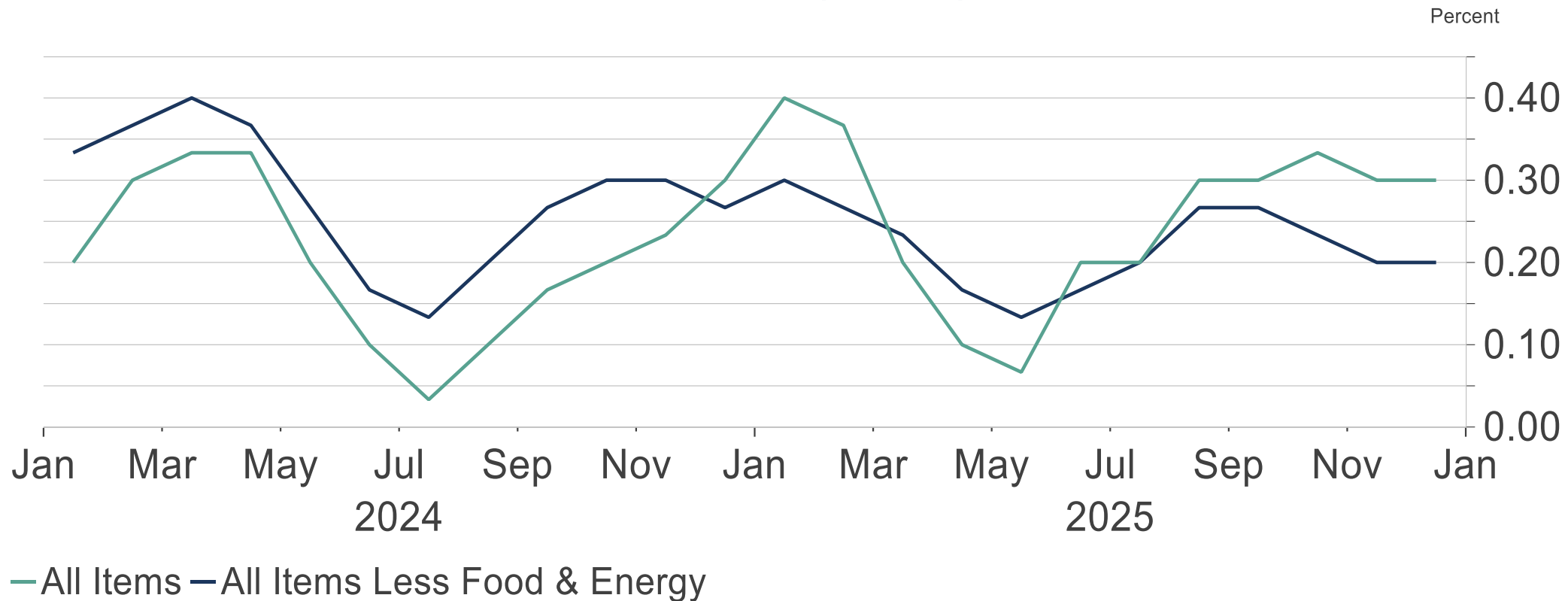


Source: U.S. Bureau of Labor Statistics (BLS), Macrobond

Data Source: Macrobond

Inflation May Be a Symptom of Softening Demand

United States, Consumer Price Index, SA, (3M MA)

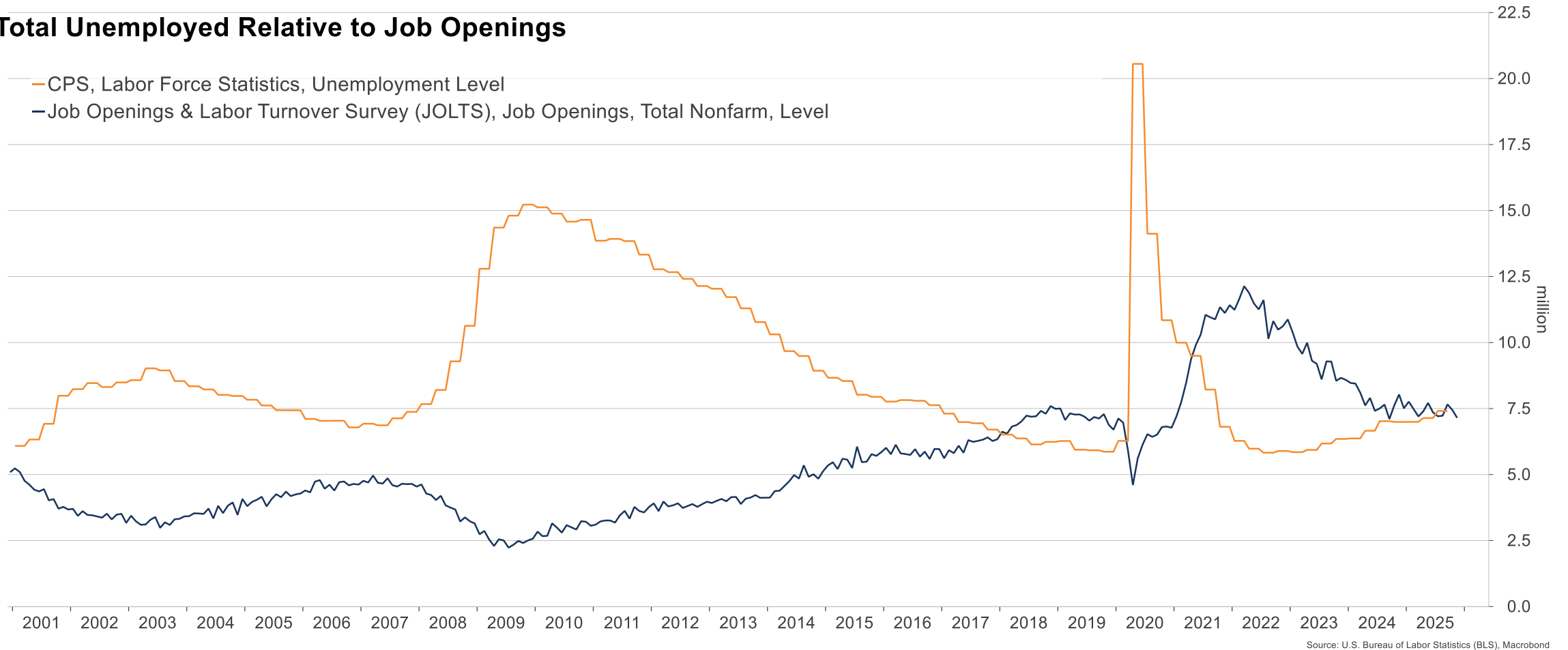


Source: U.S. Bureau of Labor Statistics (BLS), Macrobond

Data Source: Macrobond

Labor Market Conditions are Deteriorating...

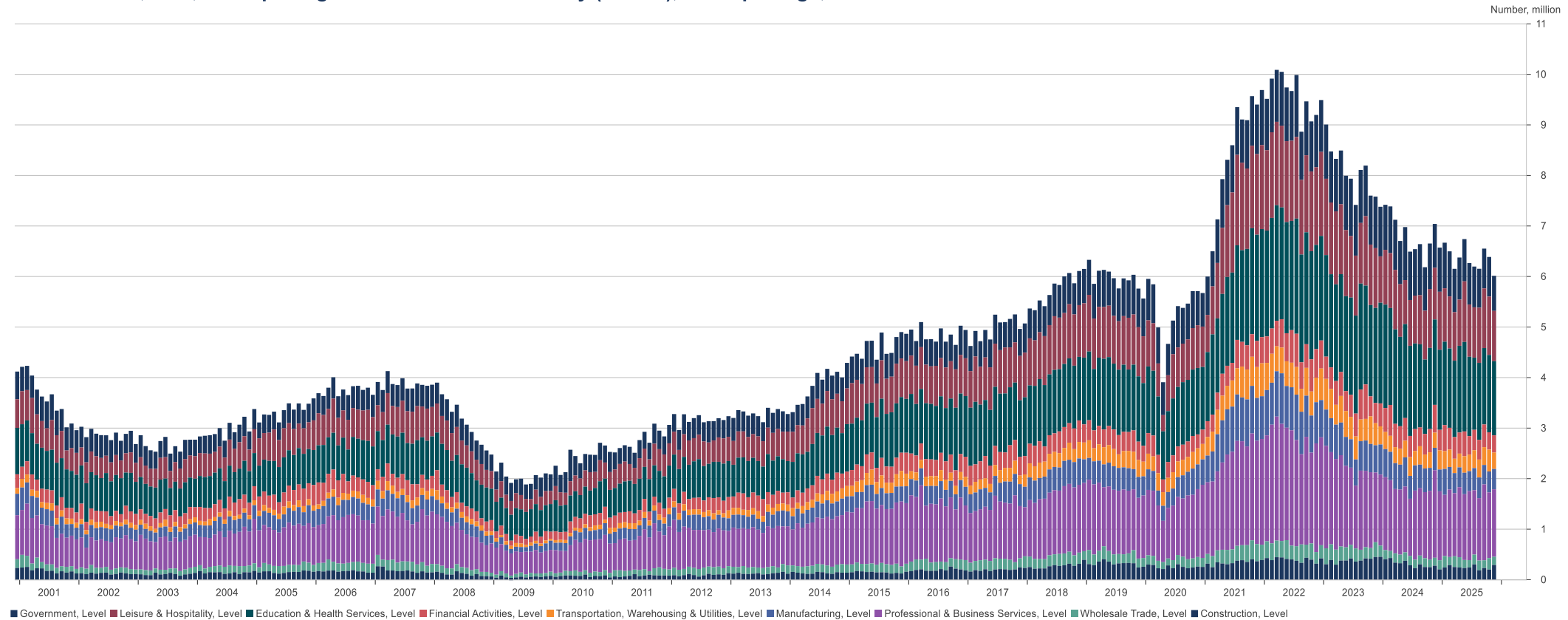
Total Unemployed Relative to Job Openings



Data Source: Morgan Stanley Economic Research

Higher Income Jobs are Suffering the Most... There Could Be Impacts on Consumption

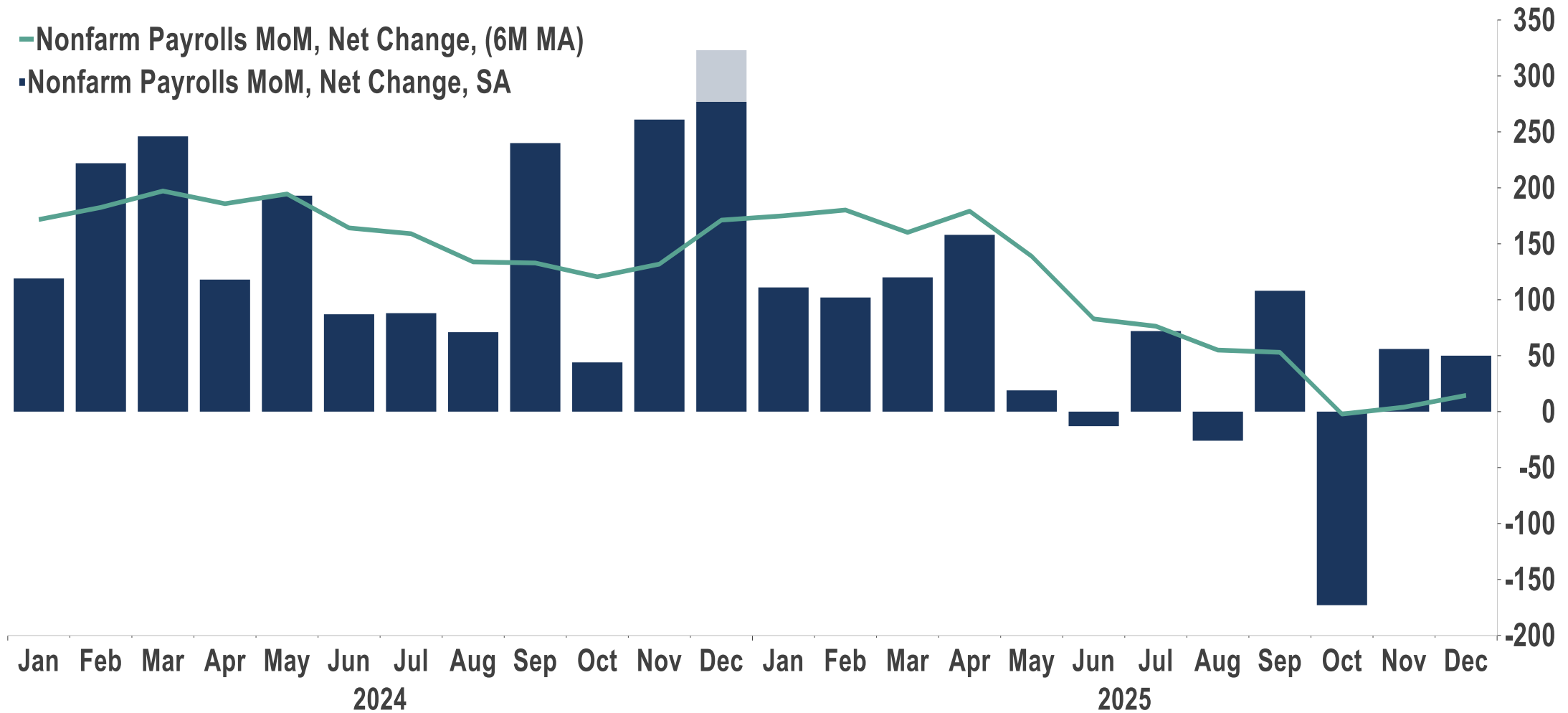
United States, BLS, Job Openings & Labor Turnover Survey (JOLTS), Job Openings, SA



Source: U.S. Bureau of Labor Statistics (BLS), Macrobond

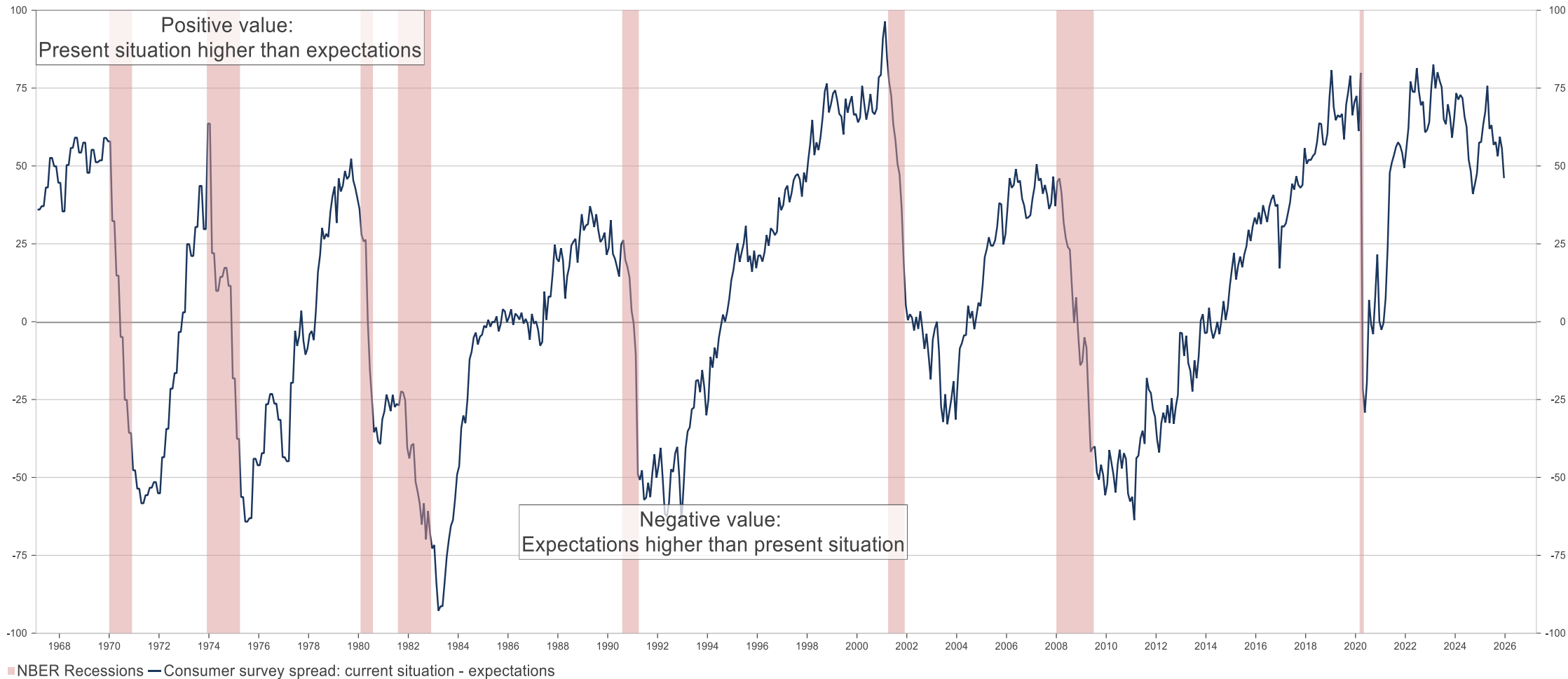
Data Source: Macrobond, BEA

Payroll Growth Continues to Weaken; Revisions are Likely...



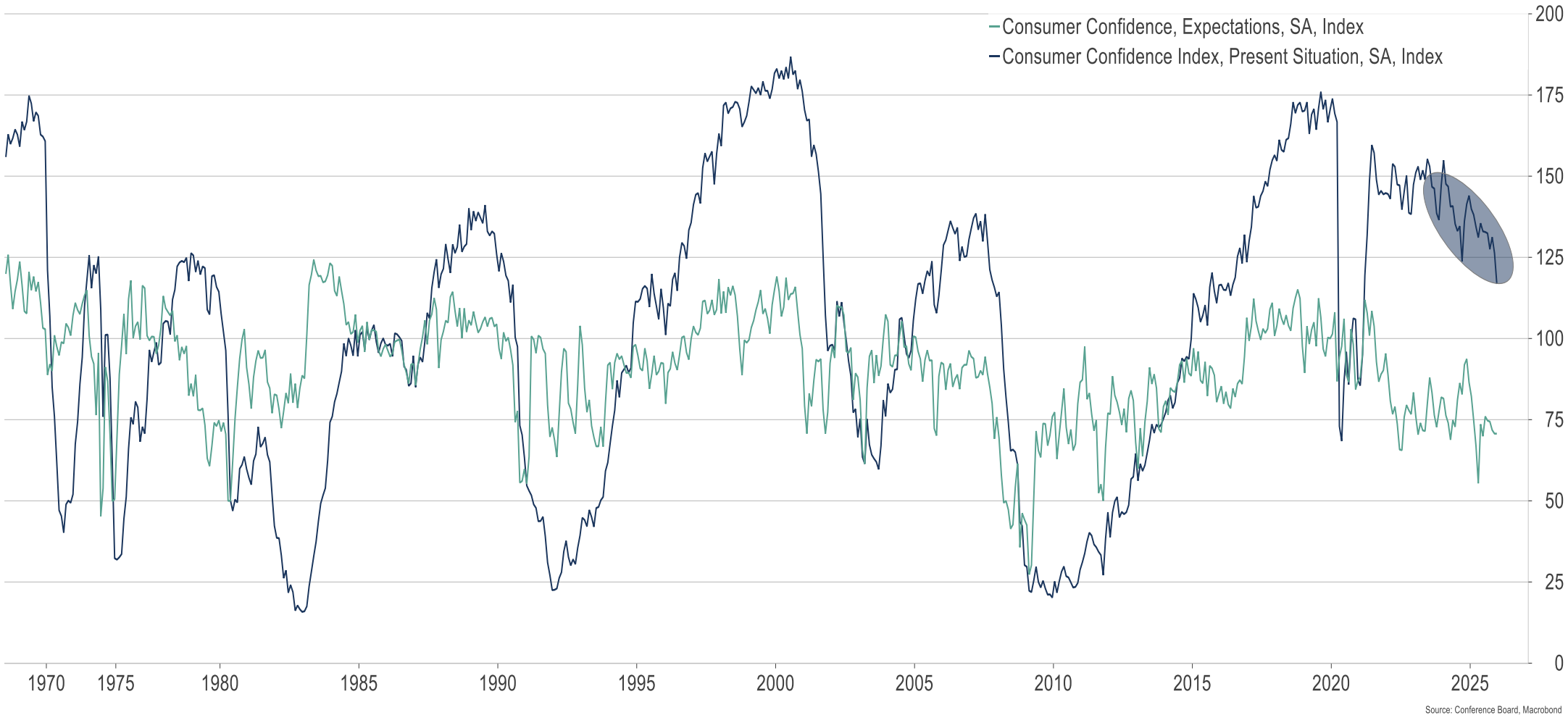
Data Source: Macrobond, BLS

Consumer Confidence Shows Growing Risk of Economic Weakness



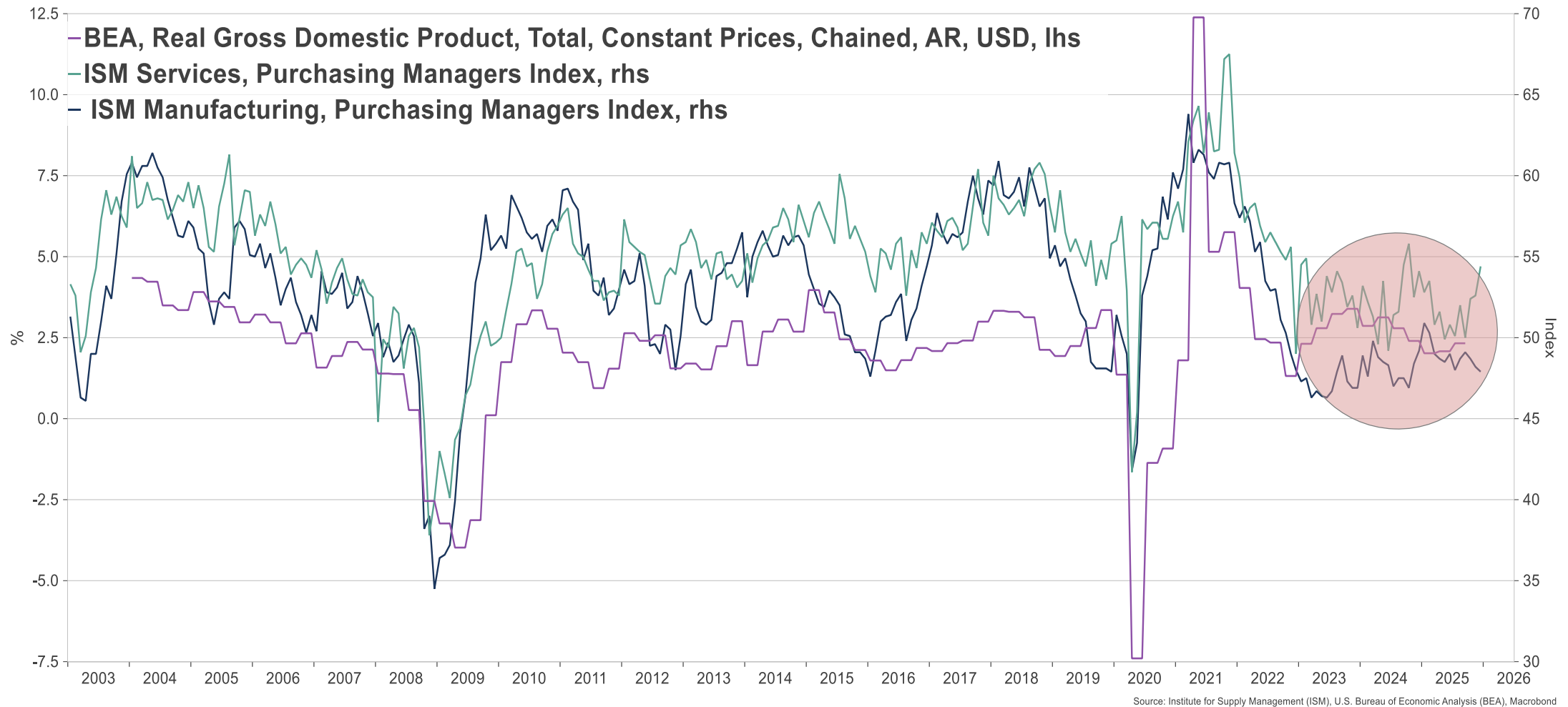
Data Source: Macrobond; Conference Board

Consumer Confidence Indicates Weakness in Present Situations



Data Source: Macrobond; Conference Board

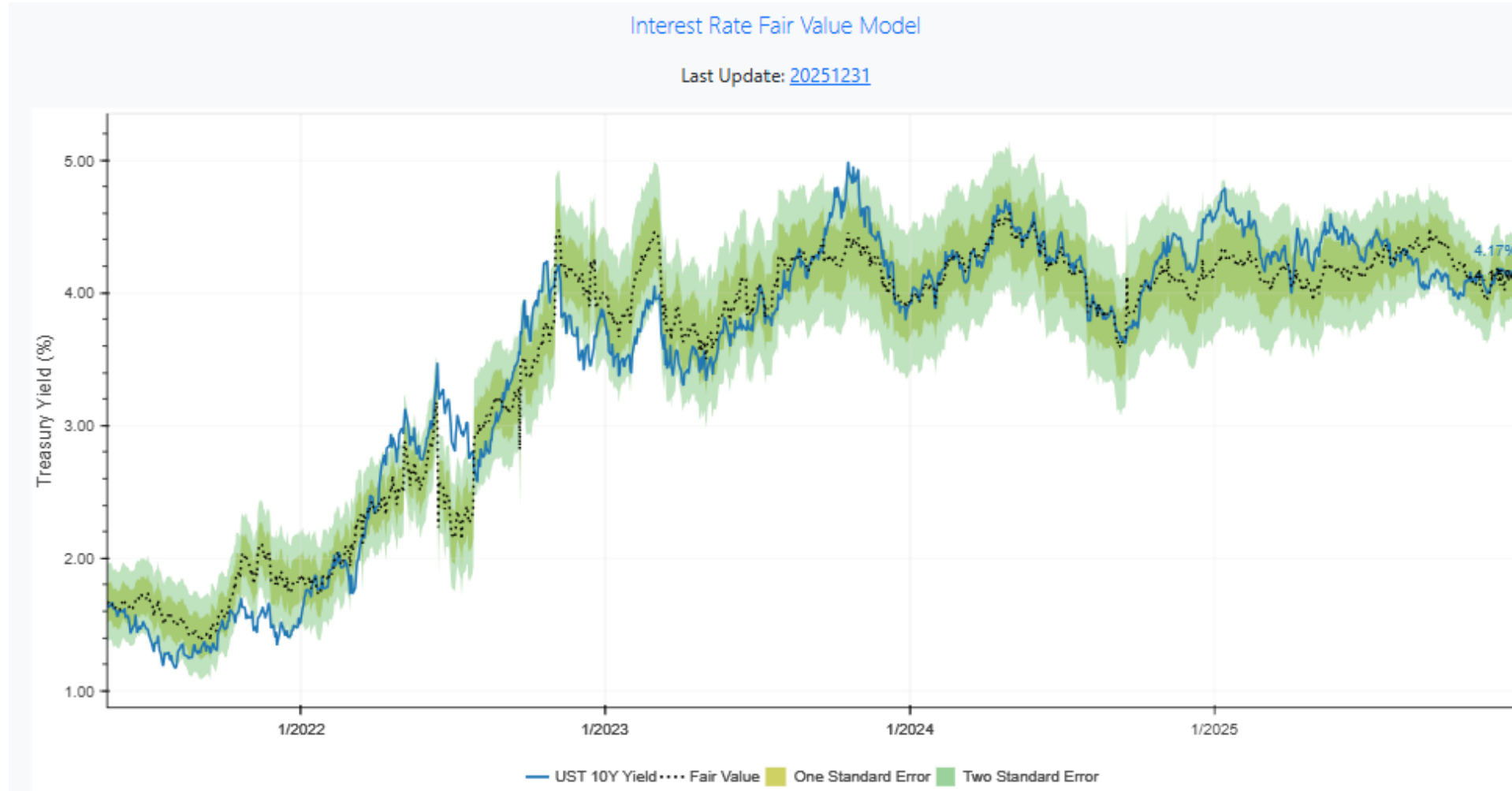
ISM PMIs Show a Neutral Outlook



Data Source: Macrobond

Market Outlook and Positioning

Wilshire's 10-Year Fair Value Model Indicates Reasonable Bond Valuations



Data Source: Wilshire

We are Still Far from Equilibrium Valuations; But Earnings & Rates Can Power Equities Forward

		US 10 Year Treasury Yield (%)														
		2.00	2.25	2.50	2.75	3.00	3.25	3.50	3.75	4.00	4.25	4.50	4.75	5.00	5.25	5.50
US Equity 2026 EPS (\$)	310	10%	3%	-2%	-7%	-12%	-16%	-20%	-23%	-26%	-29%	-32%	-35%	-37%	-39%	-41%
	305	8%	2%	-4%	-9%	-13%	-17%	-21%	-25%	-28%	-31%	-33%	-36%	-38%	-40%	-42%
	300	6%	0%	-5%	-10%	-15%	-19%	-22%	-26%	-29%	-32%	-34%	-37%	-39%	-41%	-43%
	295	5%	-2%	-7%	-12%	-16%	-20%	-24%	-27%	-30%	-33%	-35%	-38%	-40%	-42%	-44%
	290	3%	-3%	-9%	-13%	-18%	-21%	-25%	-28%	-31%	-34%	-36%	-39%	-41%	-43%	-45%
	285	1%	-5%	-10%	-15%	-19%	-23%	-26%	-29%	-32%	-35%	-38%	-40%	-42%	-44%	-46%
	280	-1%	-7%	-12%	-16%	-20%	-24%	-28%	-31%	-34%	-36%	-39%	-41%	-43%	-45%	-47%
	275	-3%	-8%	-13%	-18%	-22%	-26%	-29%	-32%	-35%	-37%	-40%	-42%	-44%	-46%	-48%
	270	-4%	-10%	-15%	-19%	-23%	-27%	-30%	-33%	-36%	-38%	-41%	-43%	-45%	-47%	-49%
	265	-6%	-12%	-16%	-21%	-25%	-28%	-31%	-34%	-37%	-40%	-42%	-44%	-46%	-48%	-50%
	260	-8%	-13%	-18%	-22%	-26%	-30%	-33%	-36%	-38%	-41%	-43%	-45%	-47%	-49%	-51%
	250	-11%	-17%	-21%	-25%	-29%	-32%	-35%	-38%	-41%	-43%	-45%	-47%	-49%	-51%	-52%
	245	-13%	-18%	-23%	-27%	-30%	-34%	-37%	-39%	-42%	-44%	-46%	-48%	-50%	-52%	-53%
	240	-15%	-20%	-24%	-28%	-32%	-35%	-38%	-41%	-43%	-45%	-47%	-49%	-51%	-53%	-54%
	235	-17%	-22%	-26%	-30%	-33%	-36%	-39%	-42%	-44%	-46%	-49%	-50%	-52%	-54%	-55%
	230	-18%	-23%	-27%	-31%	-35%	-38%	-41%	-43%	-45%	-48%	-50%	-51%	-53%	-55%	-56%
225	-20%	-25%	-29%	-33%	-36%	-39%	-42%	-44%	-47%	-49%	-51%	-53%	-54%	-56%	-57%	
220	-22%	-27%	-31%	-34%	-37%	-40%	-43%	-46%	-48%	-50%	-52%	-54%	-55%	-57%	-58%	
215	-24%	-28%	-32%	-36%	-39%	-42%	-44%	-47%	-49%	-51%	-53%	-55%	-56%	-58%	-59%	

- This exhibit shows a matrix of U.S. Equity 2026 EPS levels vs. the U.S. 10-yr Treasury yield, with each cell indicating the price movement needed to reach long-term equilibrium valuations, as measured by the equity risk premium. The equity risk premium is measured based on the spread of the earnings yield of the S&P 500 Index vs. the US 10yr yield.
- The exhibit indicates that U.S. equities would need to decline approximately 23-30% to be consistent with long-term equilibrium valuations, assuming earnings of \$310 for the S&P 500 Index® in 2026.
- This implies a richness to equity valuations, however the path to reaching equilibrium valuations can be gradual and do not require such a decline to the extent that interest rates decline and earnings growth is stronger than expected

Data Source: Wilshire. As of 10/03/2025. For illustrative and discussion purposes only. Assumes a current price of SPX at 6967, 10yr at 4.14%, and 2026 EPS of 310 (Consensus). The boxed area assumes yield curve control and an FFTR of 3.0% in one year.

Valuations are Still High but the Earnings Outlook and Margins Remain Positive

Global Equity Markets Fundamentals As of 12/31/2025

	Dividend Yield			Profit Margin			Price to Sales			Price to Book			TR12M P/E			Forward P/E		
	Value	Z-5Y	Z-15Y	Value	Z-5Y	Z-15Y	Value	Z-5Y	Z-15Y	Value	Z-5Y	Z-15Y	Value	Z-5Y	Z-15Y	Value	Z-5Y	Z-15Y
U.S. Equity	1.1	-1.6	-2.2	11.7	0.8	1.8	3.4	1.7	2.1	5.5	1.7	2.1	27.3	0.8	1.7	22.8	1.0	1.5
Developed Market	2.8	-0.6	-1.2	8.8	0.4	1.3	1.7	1.9	2.2	2.2	2.1	2.7	17.2	0.4	0.5	16.2	1.1	1.0
Eurozone	2.8	-0.3	-0.9	9.1	0.7	1.5	1.6	2.1	2.3	2.3	2.3	2.6	16.9	0.3	0.6	16.3	1.3	1.3
Japan	2.0	-0.9	-0.5	7.6	1.2	1.5	1.4	2.7	2.5	1.9	2.6	2.8	18.3	0.5	0.6	17.3	1.0	1.2
UK	3.8	-1.3	-1.2	7.2	-0.4	0.1	1.6	2.2	2.5	2.3	2.9	3.2	15.0	0.4	0.1	14.2	1.6	0.6
Emerging Market	2.3	-0.9	-1.2	10.5	1.0	1.5	1.7	1.6	2.3	2.1	2.0	2.5	16.9	0.8	1.0	13.9	1.2	1.4
China	2.1	-0.4	-0.7	10.2	0.8	0.0	1.4	0.5	0.6	1.7	0.4	0.2	14.9	0.4	0.7	12.9	0.5	0.7
India	1.2	-0.3	-1.2	11.1	2.0	1.5	2.6	0.4	1.4	3.8	-0.3	0.9	26.0	-0.4	0.7	22.6	-0.2	0.8
Brazil	6.5	-0.1	1.0	9.9	-0.8	0.2	1.1	0.0	-0.3	1.7	0.1	0.3	10.1	0.5	-0.6	10.0	1.7	-0.3
South Korea	1.3	-2.5	-0.9	8.6	1.0	1.6	1.4	2.9	4.2	1.6	2.7	2.8	17.5	0.7	1.3	10.4	-0.3	0.1

U.S. Equities Fundamentals As of 12/31/2025

	Dividend Yield			Profit Margin			Price to Sales			Price to Book			TR12M P/E			Forward P/E		
	Value	Z-5Y	Z-15Y	Value	Z-5Y	Z-15Y	Value	Z-5Y	Z-15Y	Value	Z-5Y	Z-15Y	Value	Z-5Y	Z-15Y	Value	Z-5Y	Z-15Y
Large Cap	1.1	-1.6	-2.2	11.7	0.8	1.8	3.4	1.7	2.1	5.5	1.7	2.1	27.3	0.8	1.7	22.8	1.0	1.5
Large Cap Growth	0.5	-1.3	-1.8	15.7	1.4	2.2	6.3	1.6	2.2	14.7	1.5	1.9	39.1	1.1	1.7	29.3	0.6	1.3
Large Cap Value	1.9	-1.4	-1.9	9.2	0.4	1.1	2.1	1.3	1.8	3.0	2.1	2.2	20.7	0.5	1.1	18.0	1.0	1.2
Mid Cap	1.6	0.2	-0.6	5.8	-0.3	0.0	1.6	-0.6	0.2	3.1	-0.3	0.7	22.5	-0.2	0.1	18.7	-0.1	-0.0
Small Cap	1.3	-0.5	-0.9	-0.0	-1.0	-1.1	1.4	0.5	1.2	2.2	0.1	0.3	62.0	0.5	0.6	26.8	0.1	0.2

Equities Relative Fundamentals As of 12/31/2025

	Dividend Yield			Profit Margin			Price to Sales			Price to Book			TR12M P/E			Forward P/E		
	Value	Z-5Y	Z-15Y	Value	Z-5Y	Z-15Y	Value	Z-5Y	Z-15Y	Value	Z-5Y	Z-15Y	Value	Z-5Y	Z-15Y	Value	Z-5Y	Z-15Y
US vs. EAFE	-1.7	-0.4	-0.9	2.9	0.5	0.2	2.0	0.4	1.3	2.5	-0.1	1.1	1.6	0.5	1.5	1.4	-0.2	1.2
EAFE vs. EM	0.5	0.9	-0.2	-1.7	-0.3	0.4	1.0	-0.6	0.1	1.0	-0.3	-0.1	1.0	-0.9	-0.7	1.2	0.0	-0.5
US LC vs. US SC	-0.2	-0.8	-1.8	11.8	2.5	2.6	2.4	1.4	1.8	2.5	1.2	1.9	0.4	-1.0	-0.6	0.9	1.0	1.7
US LCG vs. US LCV	-1.3	0.3	-0.6	6.5	1.0	1.8	3.0	1.1	1.7	4.9	0.4	1.2	1.9	0.6	1.4	1.6	-0.5	1.0

Data Source: Wilshire. As of 12/31/2025. For illustrative and discussion purposes only.

Valuations of Small Caps (and Growth) Imply Very Strong Earnings Growth

U.S. and Global Equity Earning Growth and Valuation

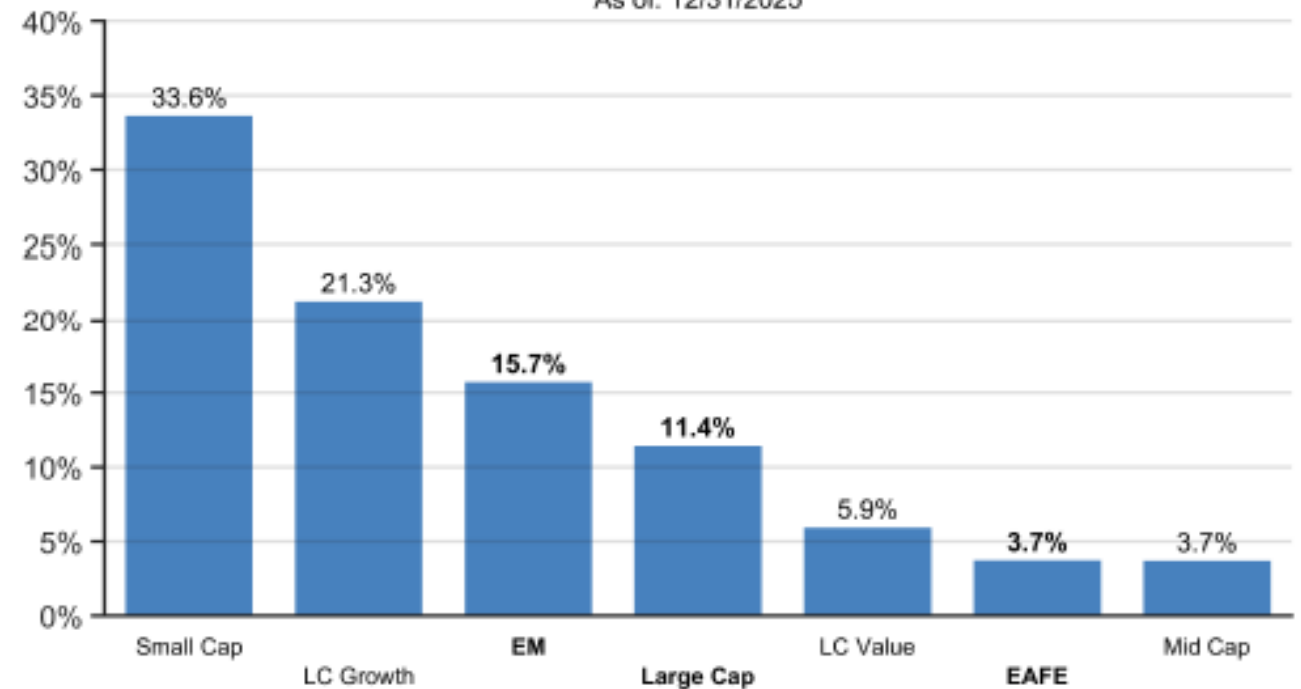
Last Observation: 12/31/2025

	TR12M EPS Growth			Fwd12M EPS Growth			TR12M P/E			Forward P/E		
	Value	Z-5Y	Z-15Y	Value	Z-5Y	Z-15Y	Value	Z-5Y	Z-15Y	Value	Z-5Y	Z-15Y
U.S. Market												
Large Cap	12.6%	0.0	0.4	11.4%	0.4	0.8	27.3	0.8	1.7	22.8	1.0	1.5
LC Growth	15.9%	0.1	0.7	21.3%	1.6	2.0	39.1	1.1	1.7	29.3	0.6	1.3
LC Value	7.6%	-0.1	0.1	5.9%	0.1	0.4	20.7	0.5	1.1	18.0	1.0	1.2
Mid Cap	9.6%	-0.2	0.0	3.7%	-0.5	-0.1	22.5	-0.2	0.1	18.7	-0.1	-0.0
Small Cap	8.0%	-0.2	-0.0	33.6%	0.7	1.0	62.0	0.5	0.6	26.8	0.1	0.2
LC vs. SC	1.6%	0.5	0.6	0.3%	-0.1	-0.0	0.4	-1.0	-0.6	0.9	1.0	1.7
LCG vs. LCV	2.1%	0.5	0.7	3.6%	0.3	-0.0	1.9	0.6	1.4	1.6	-0.5	1.0
Global Markets												
EAFE	4.8%	-0.3	0.1	3.7%	-0.1	-0.4	17.2	0.4	0.5	16.2	1.1	1.0
EM	8.7%	0.1	0.5	15.7%	0.2	0.4	16.9	0.8	1.0	13.9	1.2	1.4
US vs. EAFE	2.6%	0.2	0.1	3.1%	0.3	0.5	1.6	0.5	1.5	1.4	-0.2	1.2
EAFE vs. EM	0.6%	0.3	0.0	0.2%	-0.2	-0.2	1.0	-0.9	-0.7	1.2	0.0	-0.5

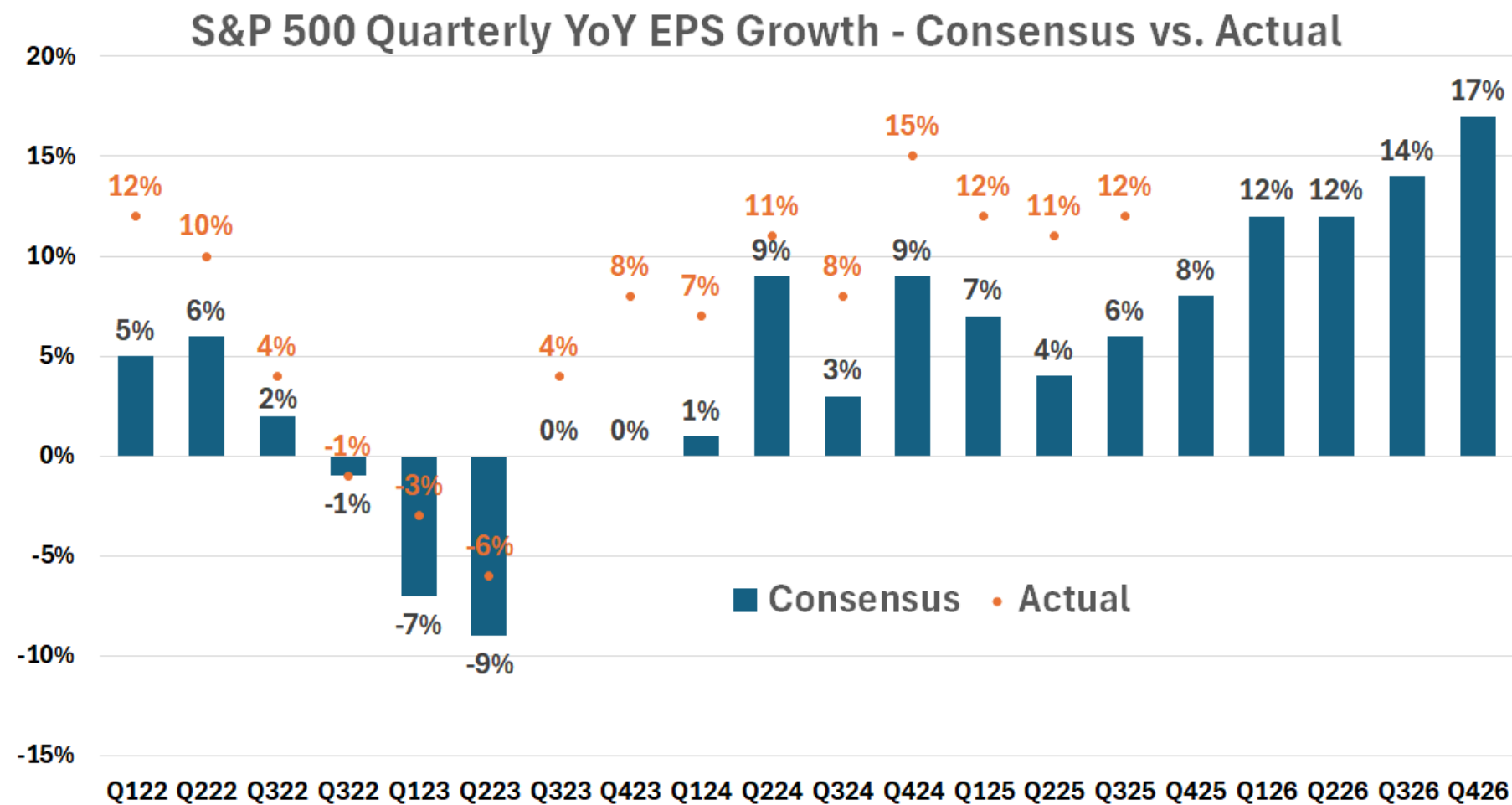
Data Source: Bloomberg

U.S. and Global Equity Forward 12M EPS Growth

As of: 12/31/2025



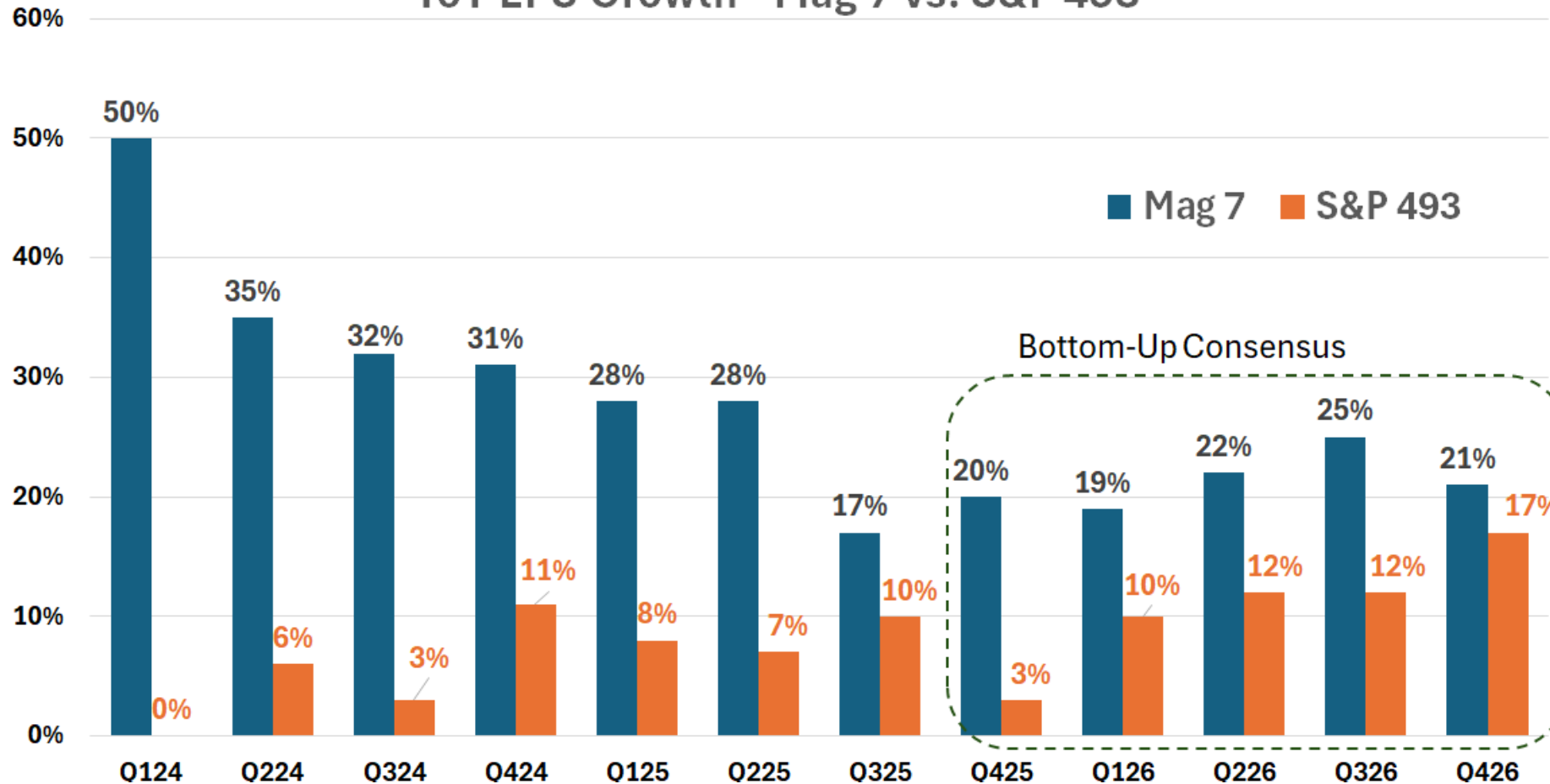
The Bar was Low Last Year, but Expectations are High into 2026...



Data Source: Goldman Sachs, FactSet

Especially for Mag 7 at a Time when Capex is High...

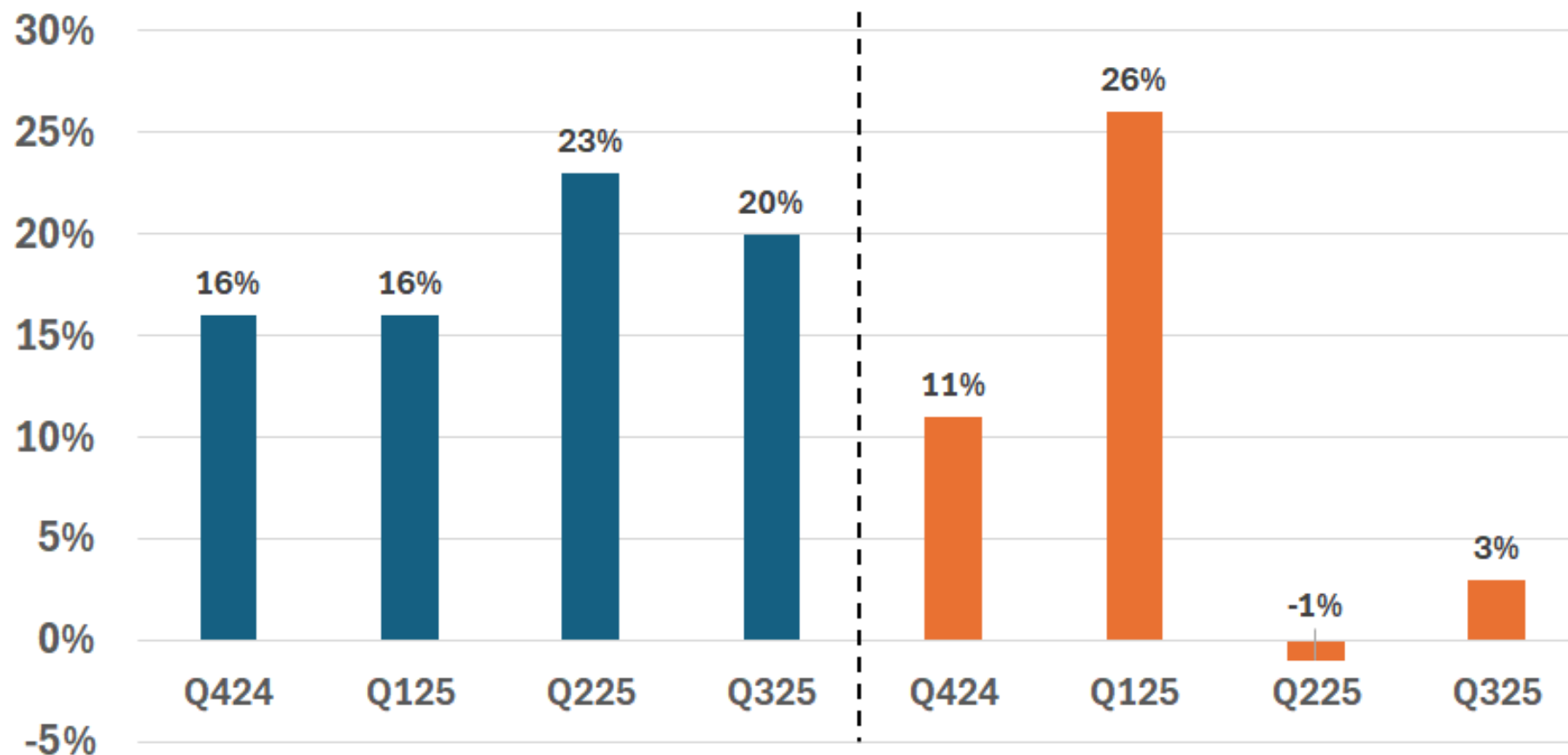
YoY EPS Growth - Mag 7 vs. S&P 493



Data Source: Goldman Sachs Investment Research

AI Capex is Taking the Cash out of Your Buyback Tailwind...

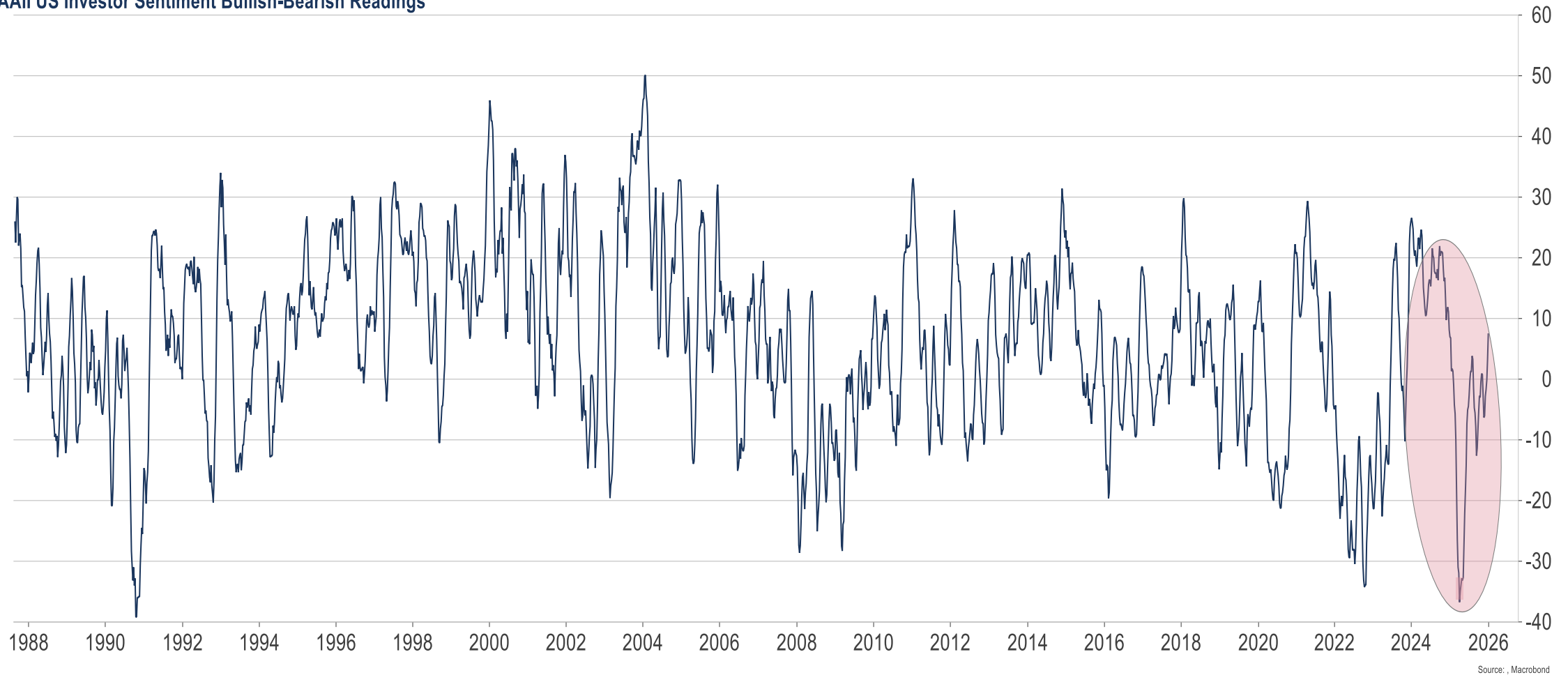
YoY Growth in S&P Cash Use



Data Source: Goldman Sachs Investment Research

Retail Sentiment has Improved and is Increasingly Positive

AAll US Investor Sentiment Bullish-Bearish Readings

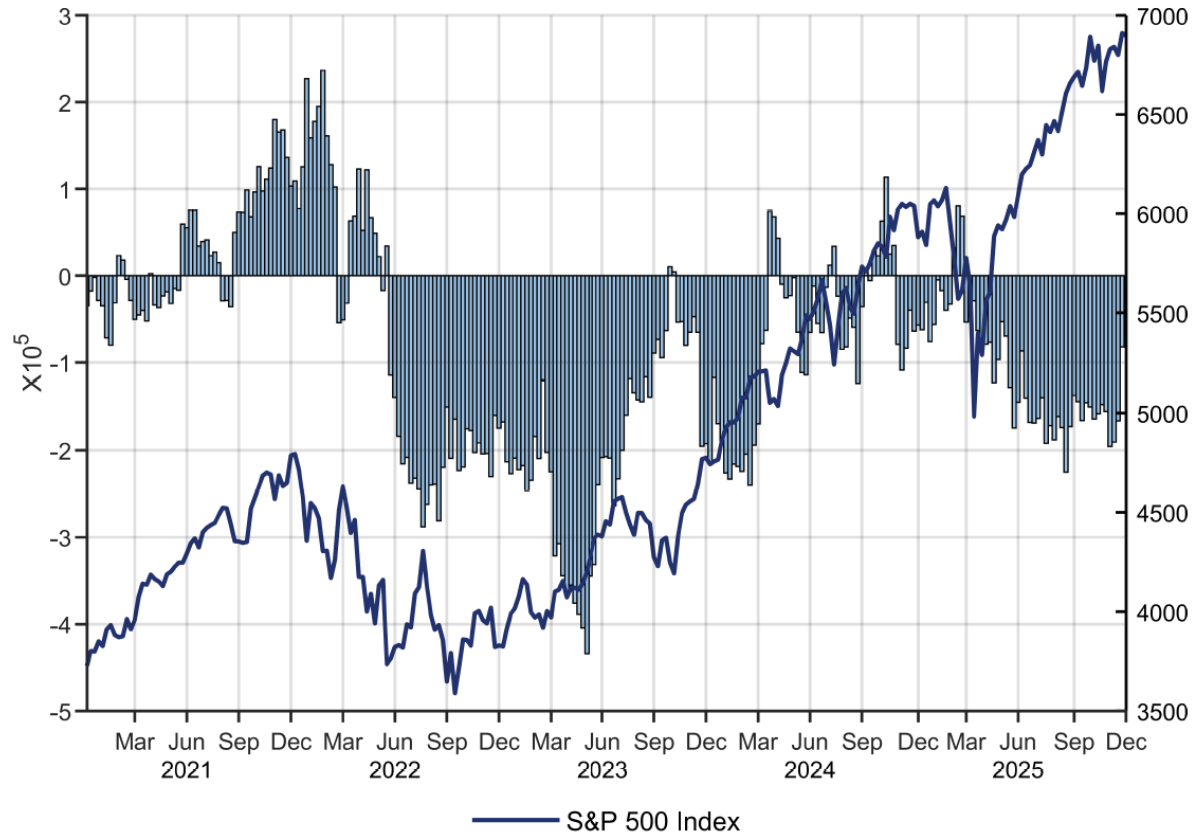


Data Source: Bloomberg, Macrobond

Net Short Exposure in Equities, but Vol Selling is Back in Vogue...

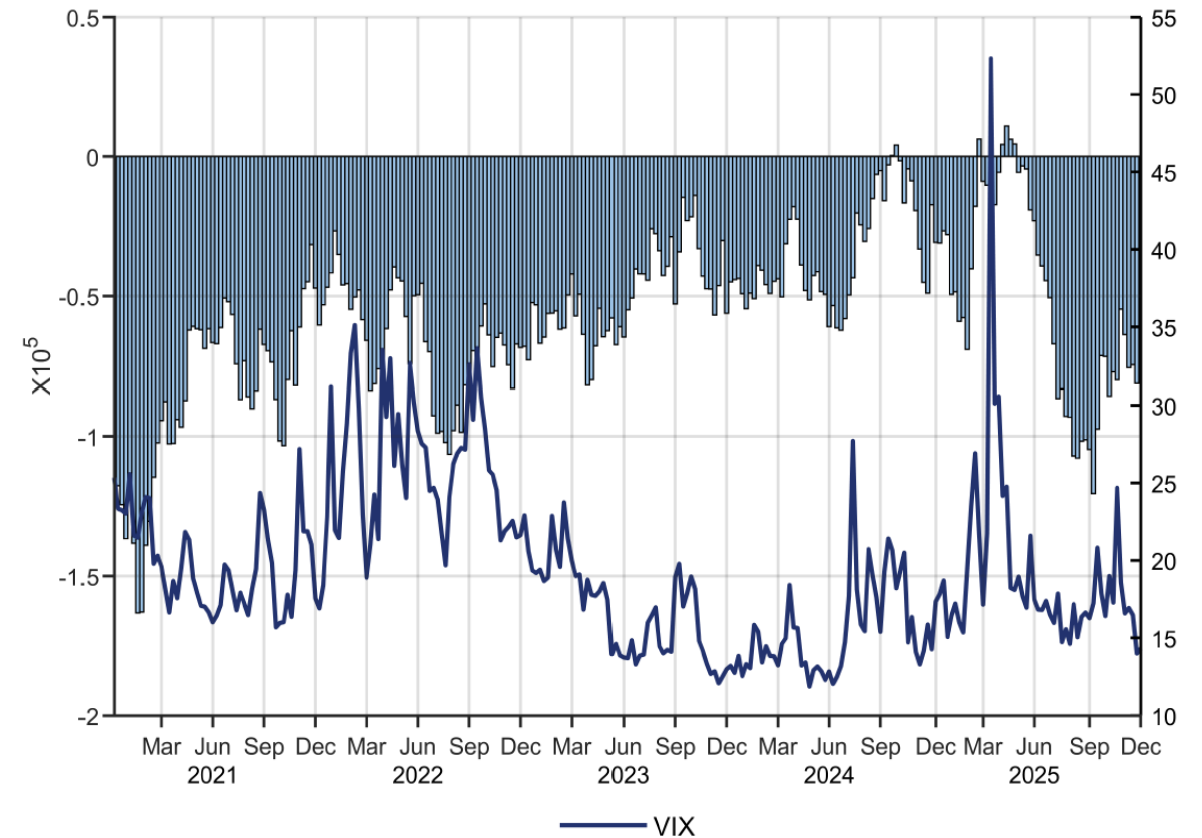
S&P 500 Index: CFTC Net Non-Comm Futures Positions

Last Observation: 12/30/2025



VIX: CFTC Net Non-Comm Futures Positions

Last Observation: 12/30/2025

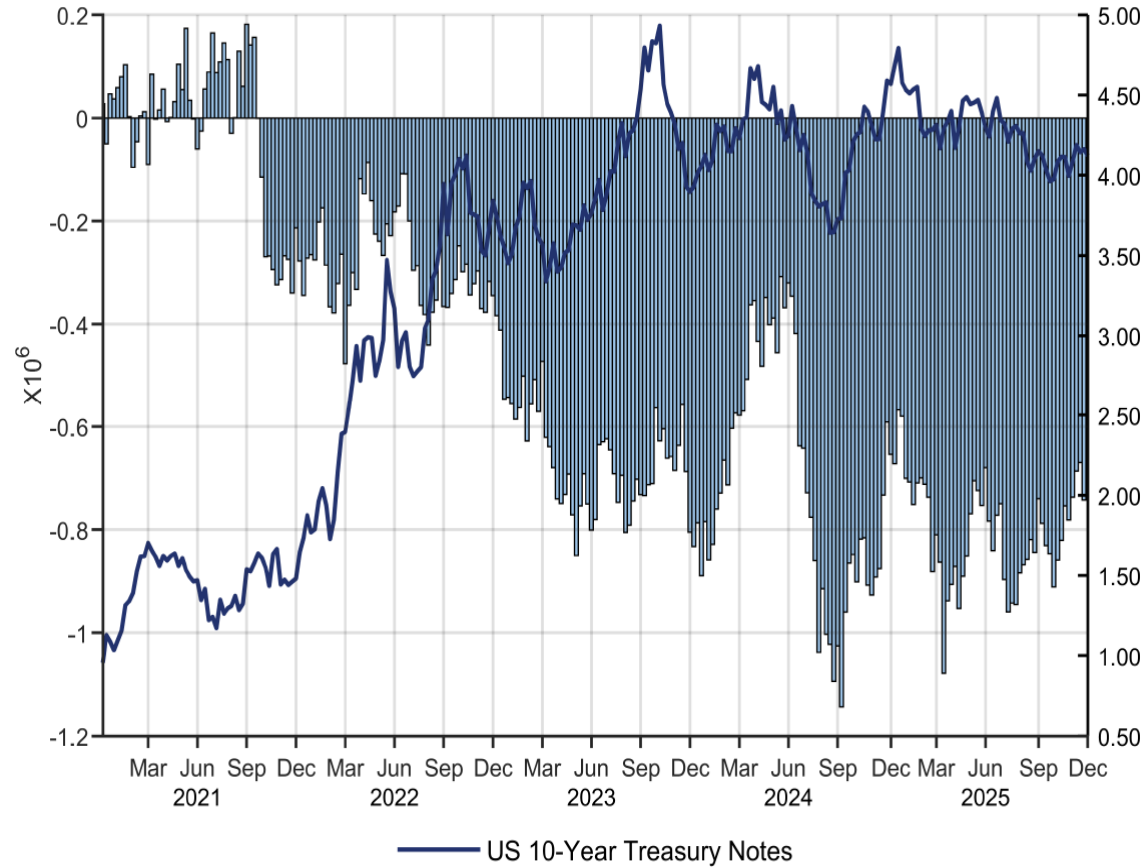


Data Source: Wilshire

Rates and Dollar Positioning Remains Very Negative/Low

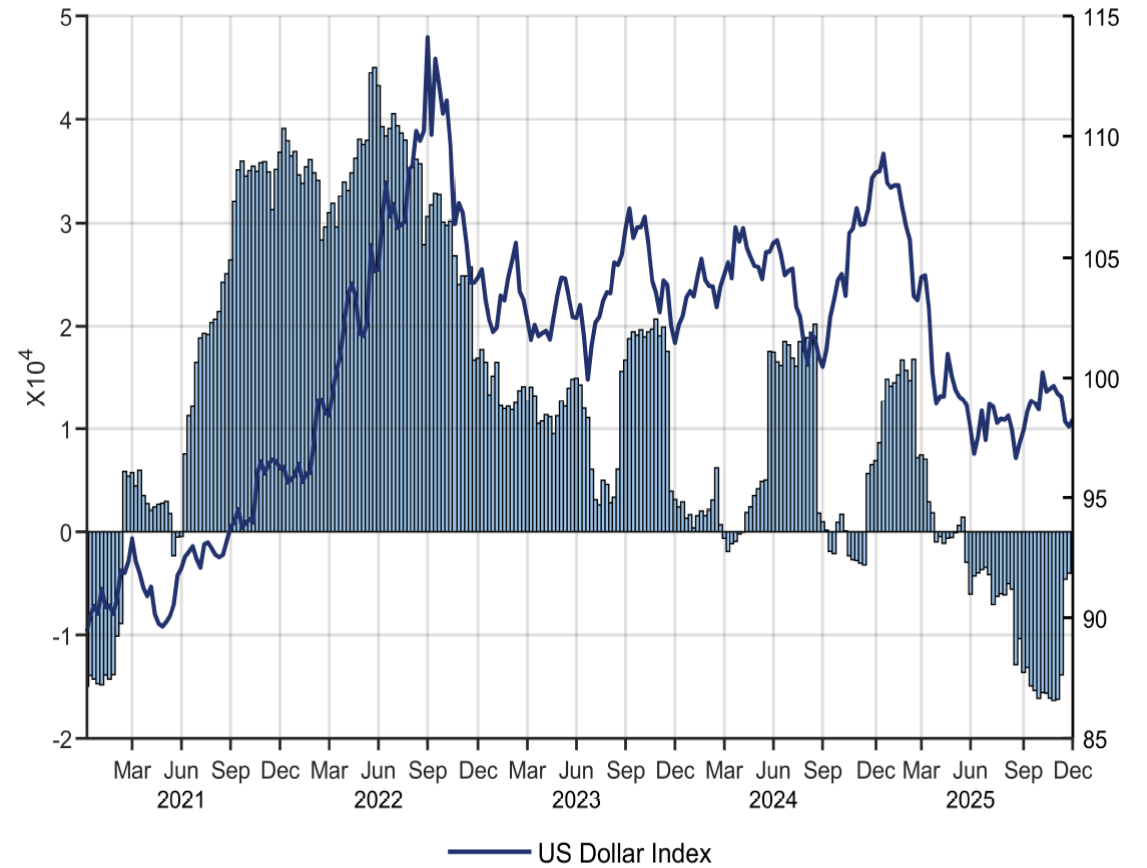
US 10-Year Treasury Notes: CFTC Net Non-Comm Futures Positions

Last Observation: 12/30/2025



US Dollar Index: CFTC Net Non-Comm Futures Positions

Last Observation: 12/30/2025



Data Source: Wilshire

Wilshire Investment Strategy Views – Q1 2026



For illustrative and discussion purposes only.

4Q 2025 1Q 2026

December 2025 Capital Market Assumptions

Summary of Changes

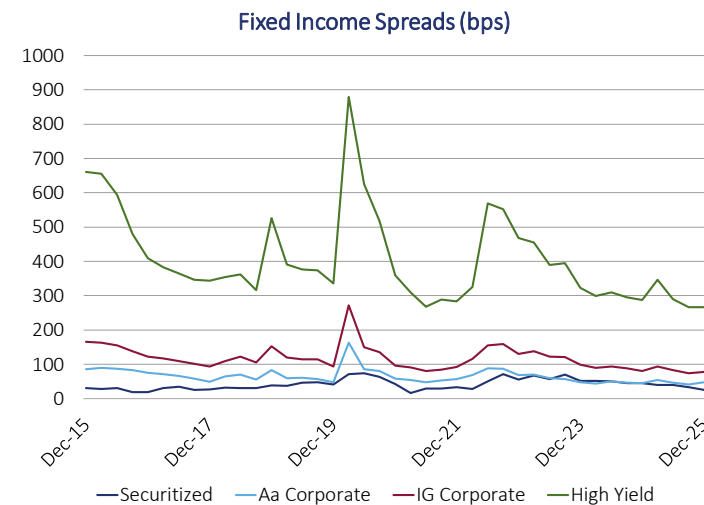
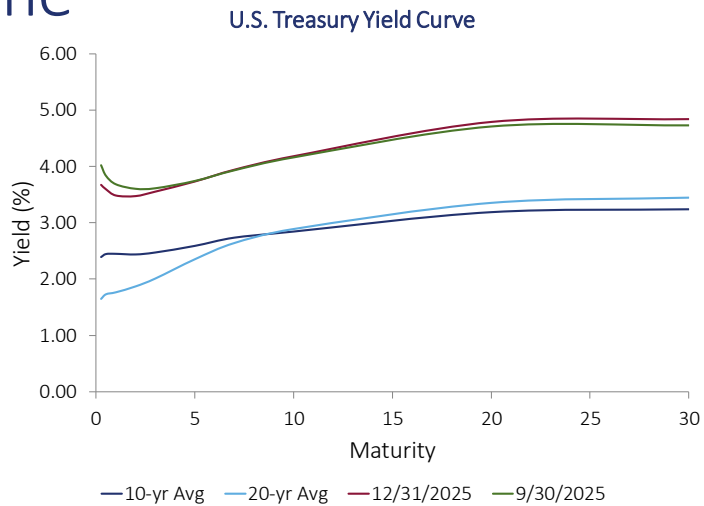
- Yield curve rotated around the 5-year with the short end of the curve down and longer rates rising
 - Curve movements resulted in slightly higher forecasts for fixed income asset classes
 - Little change in spreads for investment grade and high yield bonds
- Yields on real asset securities are mostly up from last quarter; inflation assumption down modestly at 2.30%
- Equity assumptions are up; private equity to a similar degree due to slight changes in leverage costs
- Equity risk premium increased (i.e., to a smaller negative) due to an increase in the equity forecast greater than the change in core bonds

Data Source: Wilshire

Asset Class Assumption	Total Return (%)			Risk (%)
	Sep 2025	Change	Dec 2025	
Inflation	2.35	-0.05	2.30	1.75
Cash Equivalents	3.30	-0.05	3.25	0.75
Treasuries	4.40	0.05	4.45	5.00
Core Bonds	4.90	0.00	4.90	4.75
LT Core Bonds	5.10	0.05	5.15	9.95
High Yield Bonds	6.05	0.00	6.05	10.00
Private Credit	7.45	0.00	7.45	12.75
Global RE Securities	5.80	0.15	5.95	16.55
Private Real Estate	6.45	0.10	6.55	13.95
U.S. Stocks	4.10	0.35	4.45	17.00
Dev. ex-U.S. Stocks	5.10	0.35	5.45	18.00
Emerging Market Stocks	5.35	0.35	5.70	26.00
Private Equity	6.00	0.30	6.30	29.65
Hedge Funds	5.90	0.10	6.00	6.60
Global 60/40 (ACWI/U.S. Core)	5.05	0.25	5.30	10.75

Implied Risk Premia	Relative Return (%)		
	Sep 2025	Change	Dec 2025
Cash - Inflation	0.95	0.00	0.95
Treasury - Cash	1.10	0.10	1.20
Core - Treasury	0.50	-0.05	0.45
Long-Term Core - Core	0.20	0.05	0.25
High Yield - Core	1.15	0.00	1.15
Global RESI - Core	0.90	0.15	1.05
U.S. Stocks - Core	-0.80	0.35	-0.45
Private Equity - U.S. Stocks	1.90	-0.05	1.85
Implied Real Return (ACA - CPI)			
U.S. Stocks	1.75	0.40	2.15
U.S. Bonds	2.55	0.05	2.60
Cash Equivalents	0.95	0.00	0.95

Fixed Income

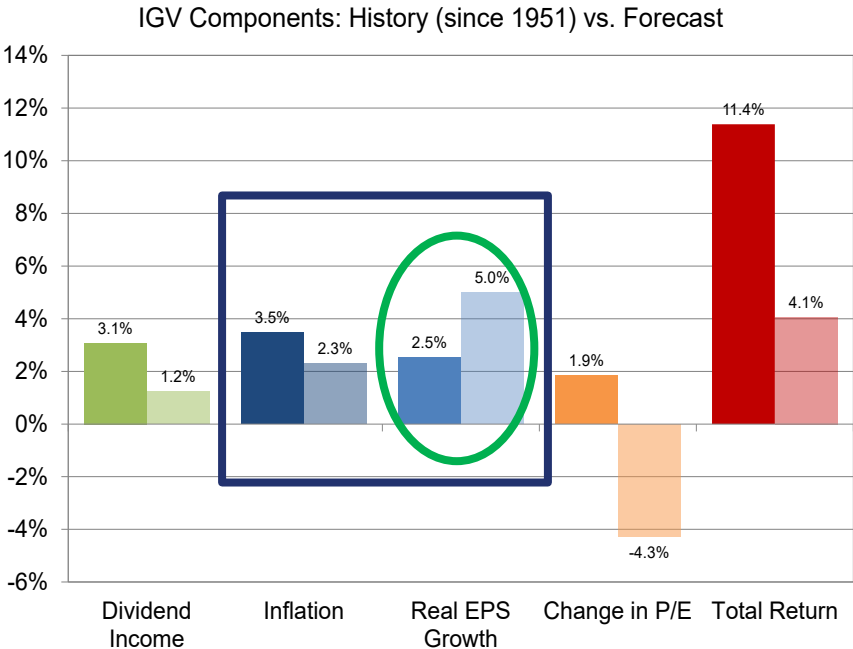


Data Source: Bloomberg, Wilshire

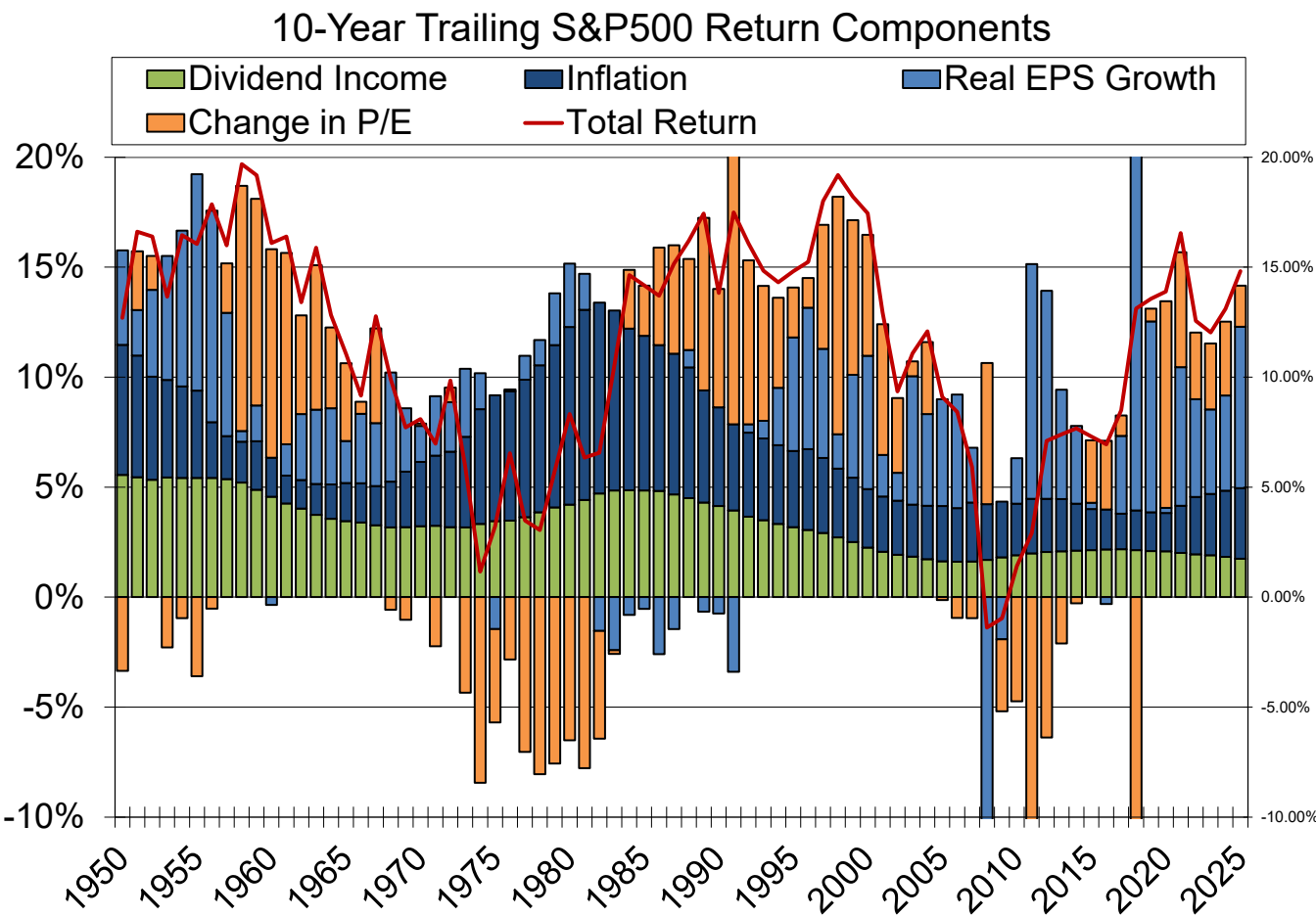
Inflation & Fixed Income		Sep 2025	Change	Dec 2025
Inflation	10-Year Treasury Yield	4.15	0.02	4.17
	10-Year Real Yield	<u>1.78</u>	<u>0.12</u>	<u>1.90</u>
	Breakeven Inflation	2.37	(0.10)	2.27
	Inflation Forecast	2.35	(0.05)	2.30
Cash	91-Day T-Bill Yield	4.02	(0.35)	3.67
	T-Bill Yield in 10 Yrs	3.25	0.00	3.25
	Cash Forecast	3.30	(0.05)	3.25
Treasury	U.S. Treasury Idx Yield	3.94	(0.05)	3.89
	Treasury Idx Yield in 10 Yrs	5.15	0.15	5.30
	Treasury Idx Forecast	4.40	0.05	4.45
	U.S. LT Treasury Idx Yield	4.71	0.08	4.79
	LT Treasury Idx Yield in 10 Yrs	5.04	0.17	5.21
	LT Treasury Idx Forecast	4.65	0.10	4.75
Spread	U.S. Corporate Idx OAS	0.74	0.04	0.78
	Corporate Idx OAS in 10 Yrs	1.48	(0.00)	1.48
	Corporate Idx Forecast	5.30	0.05	5.35
	U.S. Core Bond Forecast	4.90	0.00	4.90
	U.S. LT Core Bond Forecast	5.10	0.05	5.15
	U.S. High Yield Idx OAS	2.67	(0.01)	2.66
	High Yield Idx OAS in 10 Yrs	4.90	(0.01)	4.89
	High Yield Bond Forecast	6.05	0.00	6.05

IGV Component Model

Income + Growth (Inflation & Real) + Valuation

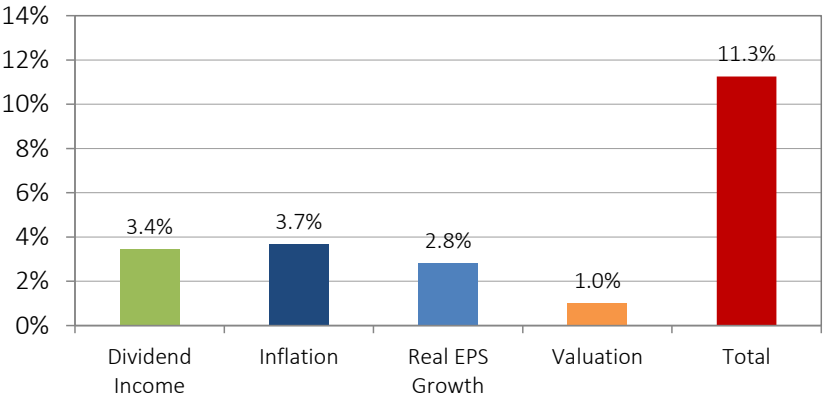


Data Source: Bloomberg, S&P, Wilshire

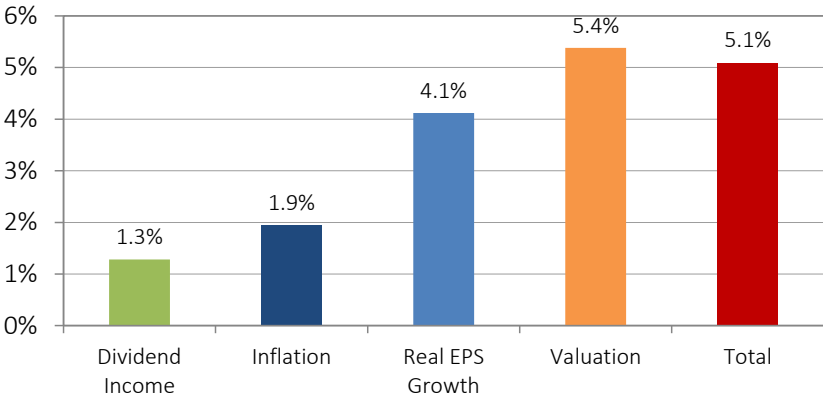


Historical Contribution Statistics

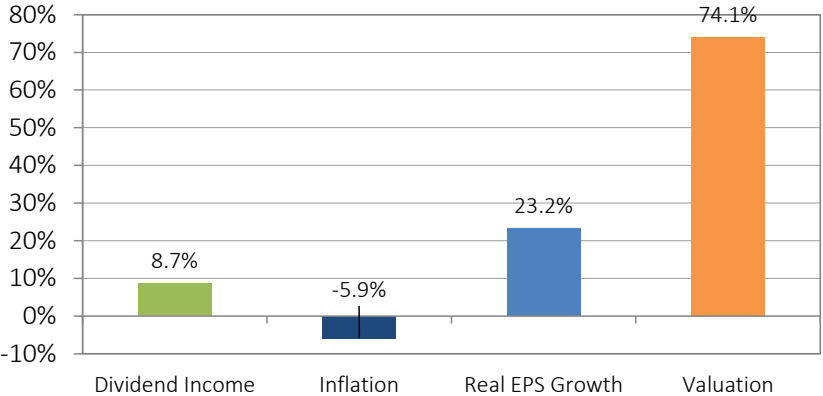
Avg. Return Contributions



St Dev of 10Yr Return Contributions

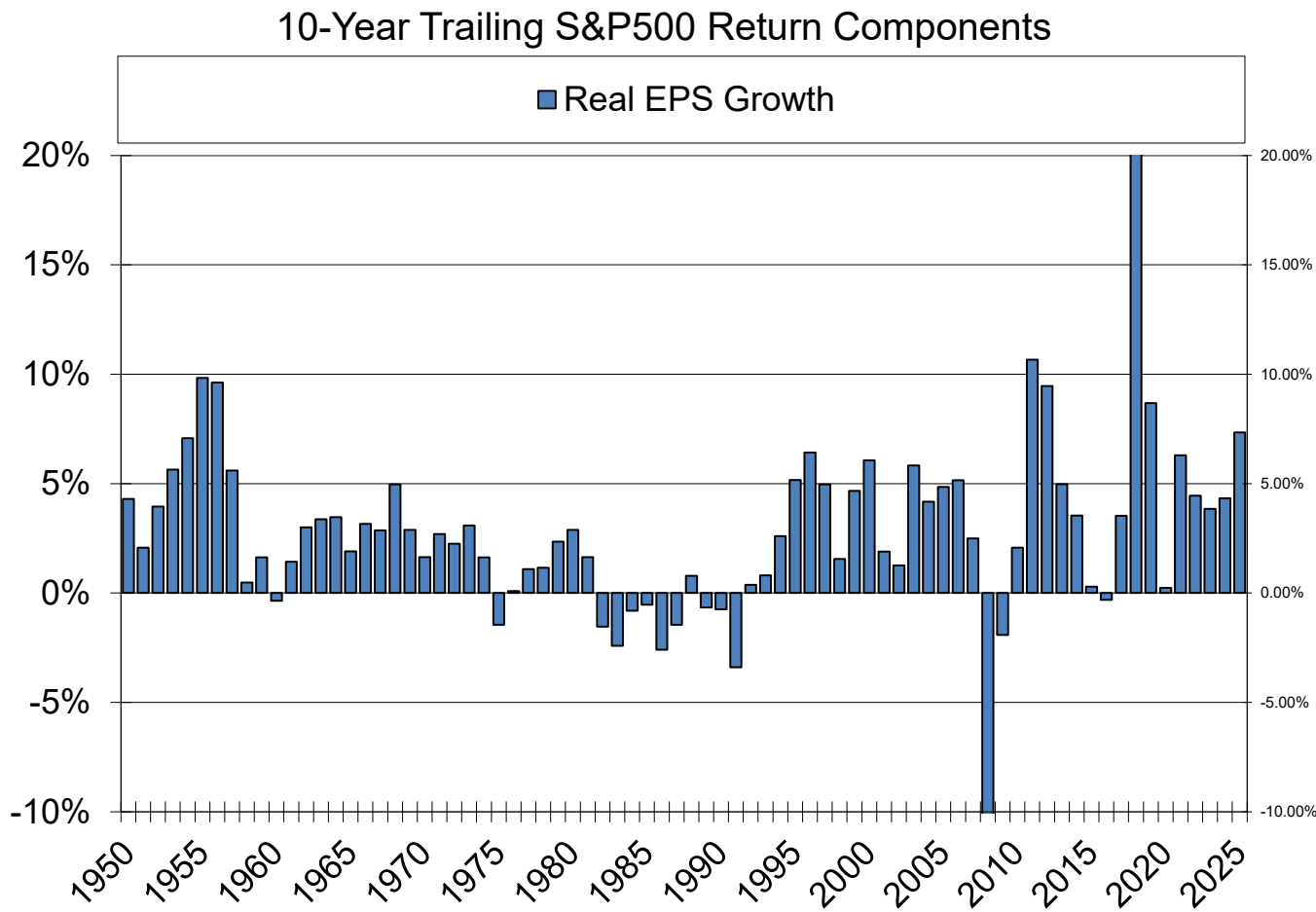


% Contribution to Risk



Data Source: Bloomberg, S&P, Wilshire

Real EPS Growth



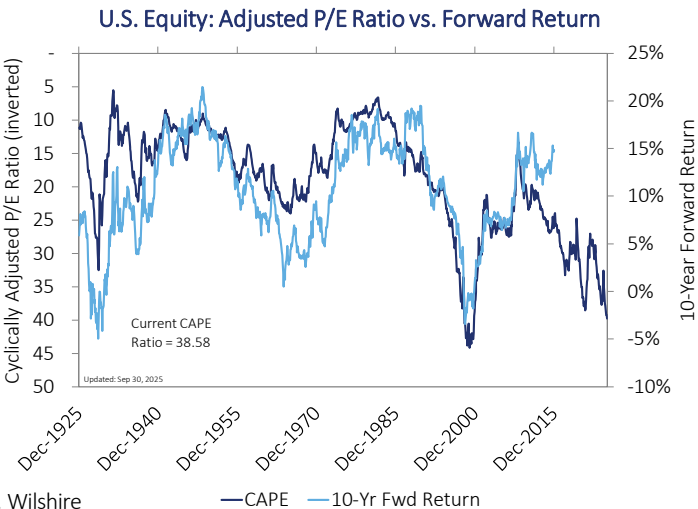
Distribution of 10-Year Contributions

%iles	I	G Inf	G Real	V
100	5.6%	8.7%	22.2%	12.6%
90	5.3%	6.6%	7.1%	7.5%
75	4.6%	5.0%	4.9%	4.4%
50	3.4%	3.0%	2.7%	1.4%
25	2.1%	2.3%	0.5%	-2.2%
10	1.8%	1.8%	-1.5%	-6.6%
0	1.6%	1.3%	-11.1%	-11.0%

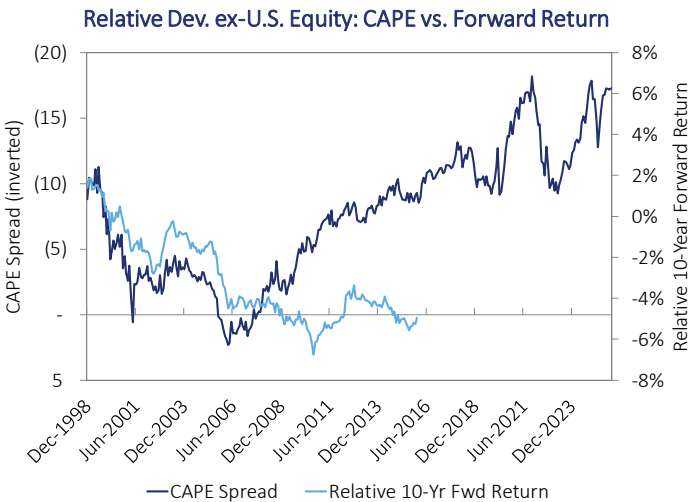
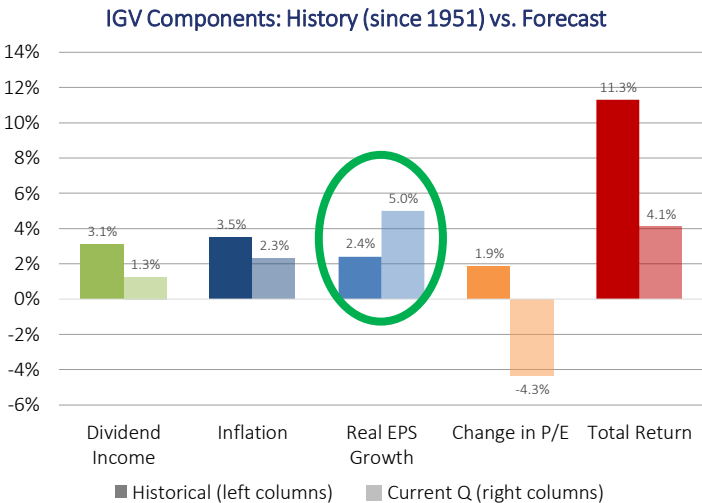
Data Source: Bloomberg, S&P, Wilshire

Equity Markets

Equity: Public & Private Wilshire Modeling Output		Sep 2025	Change	Dec 2025
Equity	DDM	6.85	0.00	6.85
	IGV	1.85	2.25	4.10
	CAPE	0.75	(0.50)	0.25
	U.S. Equity Forecast	4.10	0.35	4.45
Dev-ex-US Equity Forecast		5.10	0.35	5.45
EM Equity Forecast		5.35	0.35	5.70
Private	Cost of Debt (Public)	5.80	0.10	5.90
	Cost of Debt (Private)	7.25	0.00	7.25
	Private Market Basket Forecast	6.00	0.30	6.30

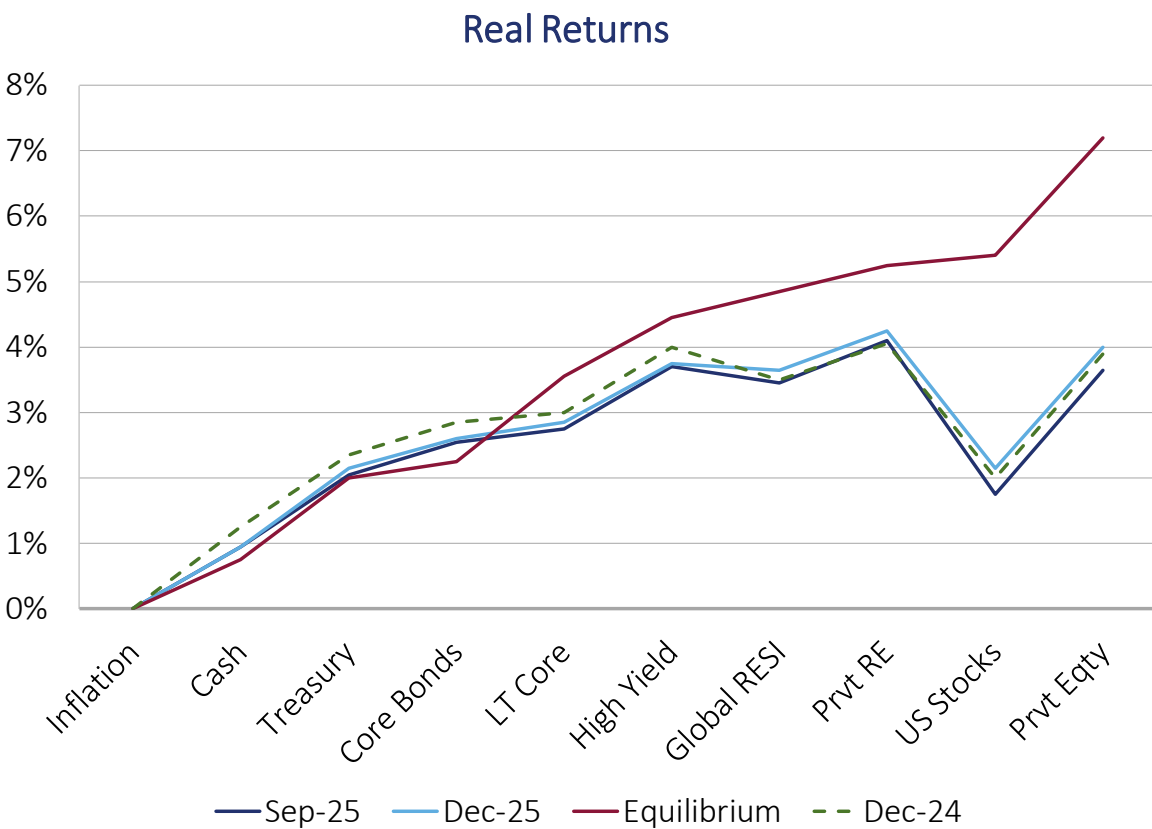
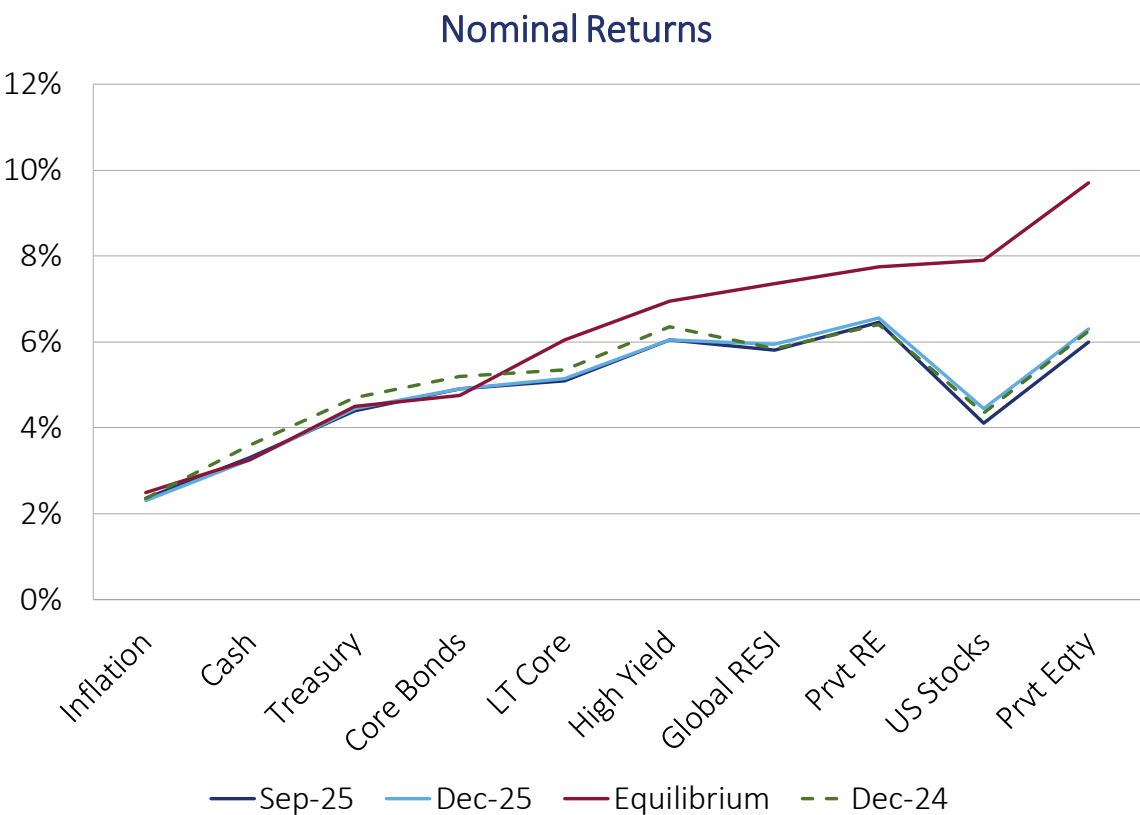


Data Source: Bloomberg, S&P, Wilshire



Equilibrium Assumptions

Current versus Equilibrium Asset Class Assumptions



Data Source: Wilshire

Question & Answer

Thank you for joining us!

Please use the Q&A panel to submit questions.



The screenshot shows a web interface for asking questions. At the top, there are three tabs: 'Ask a question' (highlighted in green), 'Rate this', and 'Details'. Below the tabs is a section titled 'Ask a question' containing a text input field with the placeholder 'Type your question here...'. At the bottom of this section is a link that says 'Not hearing audio? Click here for help'. To the right of the input field is a grey button labeled 'Send question'. Two red arrows originate from the text 'Please use the Q&A panel to submit questions.'; one arrow points to the 'Ask a question' tab, and the other points to the 'Send question' button.

To find out more about our solutions or speak to one of our experts, we're ready to connect you to the right team and answer any of your questions.

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