Wilshire

Market Update Webinar

2Q 2026

Today's Agenda

- How have markets held up against the backdrop of geopolitical uncertainty and volatile energy prices?
- Does it matter "Who's Next" at the Fed; how might monetary policy shift under Kevin Warsh's leadership?
- Has a rising dollar killed the "debasement trade?"
- How have recent conditions impacted long-term capital market assumptions?
- How is Wilshire positioning portfolios in this environment?

Wilshire Firm Overview

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

- Investment advisor and manager to some of the largest institutions in the world
- Full spectrum provider of alternative investment solutions
- Leader in both intermediary and institutional markets
- Market leader in investment cost data, transparency, and analytics

$1.3 Trillion
In assets under advisement[2]

$183B
In assets under management[2]

$33.2B
In **alternative** assets under management[1,2]

~300
Client Relationships[1]

2,100
Manager research meetings a year on average

As of 3/31/2026. [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. [3] Includes discretionary private markets and hedge fund assets.

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Market Insight
Monday Market Flash

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** to access the four most recent Wilshire Monday Market Flash updates.

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

Wilshire

Market Performance Summary

Global Equities as of 6/30/2026

U.S. Equity	MTD (%)	QTD (%)	YTD (%)	1Y (%)
Wilshire 5000 Index℠	(0.36)	15.52	11.04	23.01
Standard & Poor's 500	(0.95)	15.20	10.21	22.32
Wilshire 4500 Completion Index℠	3.75	18.27	17.15	27.20
MSCI USA Minimum Volatility	0.23	4.39	3.18	4.46

U.S. Equity by Size/Style	MTD (%)	QTD (%)	YTD (%)	1Y (%)
Wilshire Large Cap Index℠	(0.70)	15.19	10.23	22.00
Wilshire Large Cap Growth Index℠	(2.28)	18.86	7.12	19.09
Wilshire Large Cap Value Index℠	1.62	9.84	13.30	22.82
Wilshire Small Cap Index℠	4.74	20.45	23.37	38.12
Wilshire Small Cap Growth Index℠	4.57	25.05	26.91	39.02
Wilshire Small Cap Value Index℠	4.95	15.75	19.78	37.14
Wilshire Micro Cap Index℠	0.97	21.80	24.05	60.04

Non-U.S. Equity	MTD (%)	QTD (%)	YTD (%)	1Y (%)
MSCI ACWI	(0.80)	14.93	11.25	23.67
MSCI ACWI ex USA	(0.59)	14.49	13.68	27.66
MSCI ACWI ex USA Minimum Volatility	(0.82)	2.33	2.34	6.32
MSCI EAFE	0.07	10.82	9.44	20.23
MSCI Emerging Markets	(1.41)	24.05	23.85	43.51
MSCI ACWI ex USA Small Cap	(3.85)	9.62	9.10	19.83

Non-U.S. Equity (local currency)	MTD (%)	QTD (%)	YTD (%)	1Y (%)
MSCI ACWI	(0.07)	15.13	12.16	25.50
MSCI ACWI ex USA	1.44	15.09	16.23	32.89
MSCI ACWI ex USA Minimum Volatility	0.87	2.90	4.53	11.13
MSCI EAFE	2.37	11.54	11.71	24.94
MSCI Emerging Markets	(0.07)	24.12	26.75	50.19
MSCI ACWI ex USA Small Cap	(1.71)	10.18	11.37	25.52

As of 6/30/2026. Source: Bloomberg. Indexes are total return. For illustrative purposes only. Past performance is not indicative of future results.

Fixed Income Markets, Real Assets & Alternatives as of 6/30/2026

U.S. Fixed Income	MTD (%)	QTD (%)	YTD (%)	1Y (%)
Bloomberg U.S. Aggregate	0.24	0.67	0.62	3.79
Bloomberg Long Term Treasury	1.03	0.85	0.44	2.89
Bloomberg Long Term Corporate	0.29	2.31	1.08	4.79
Bloomberg U.S. TIPS	(0.47)	0.89	1.15	3.42
Bloomberg U.S. Credit	0.20	1.33	0.85	4.34
Bloomberg U.S. Corporate High Yield	0.27	2.47	1.96	5.91
S&P/LSTA Leveraged Loan	0.08	1.88	1.31	4.36

Global Fixed Income	MTD (%)	QTD (%)	YTD (%)	1Y (%)
Bloomberg Global Aggregate	(0.71)	0.87	(0.21)	0.62
Bloomberg Global Aggregate (Hdg)	0.37	1.30	1.15	3.17
Bloomberg EM LC Gov't Universal	(0.03)	2.91	1.30	2.78
Bloomberg EM LC Gov't Universal (Hdg)	0.70	1.86	1.38	2.70

As of 6/30/2026. Source: Bloomberg. Indexes are total return. For illustrative purposes only. Past performance is not indicative of future results.

Real Assets	MTD (%)	QTD (%)	YTD (%)	1Y (%)
Wilshire US Real Estate Securities Index℠	1.65	9.98	12.36	14.27
Wilshire Global Real Estate Securities Index℠	(0.14)	6.50	7.27	9.25
FTSE Global Core Infrastructure 50/50	1.27	2.57	11.11	16.69
Alerian Midstream Energy	2.07	0.18	23.16	23.04
Bloomberg Commodity	(8.54)	(8.08)	14.36	25.46
Gold	(11.72)	(14.14)	(7.21)	21.34
Bitcoin	(20.30)	(14.01)	(33.09)	(45.50)

Alternatives	MTD (%)	QTD (%)	YTD (%)	1Y (%)
Wilshire Liquid Alternative Index℠	(0.31)	2.60	2.63	7.61
Wilshire Liquid Alternative Equity Hedge Index℠	(0.66)	4.65	2.90	10.66
Wilshire Liquid Alternative Event Driven Index℠	0.25	1.36	1.79	4.78
Wilshire Liquid Alternative Global Macro Index℠	(0.84)	1.81	7.29	14.54
Wilshire Liquid Alternative Multi-Strategy Index℠	0.07	3.29	5.49	11.13
Wilshire Liquid Alternative Relative Value Index℠	(0.11)	1.02	0.46	2.94

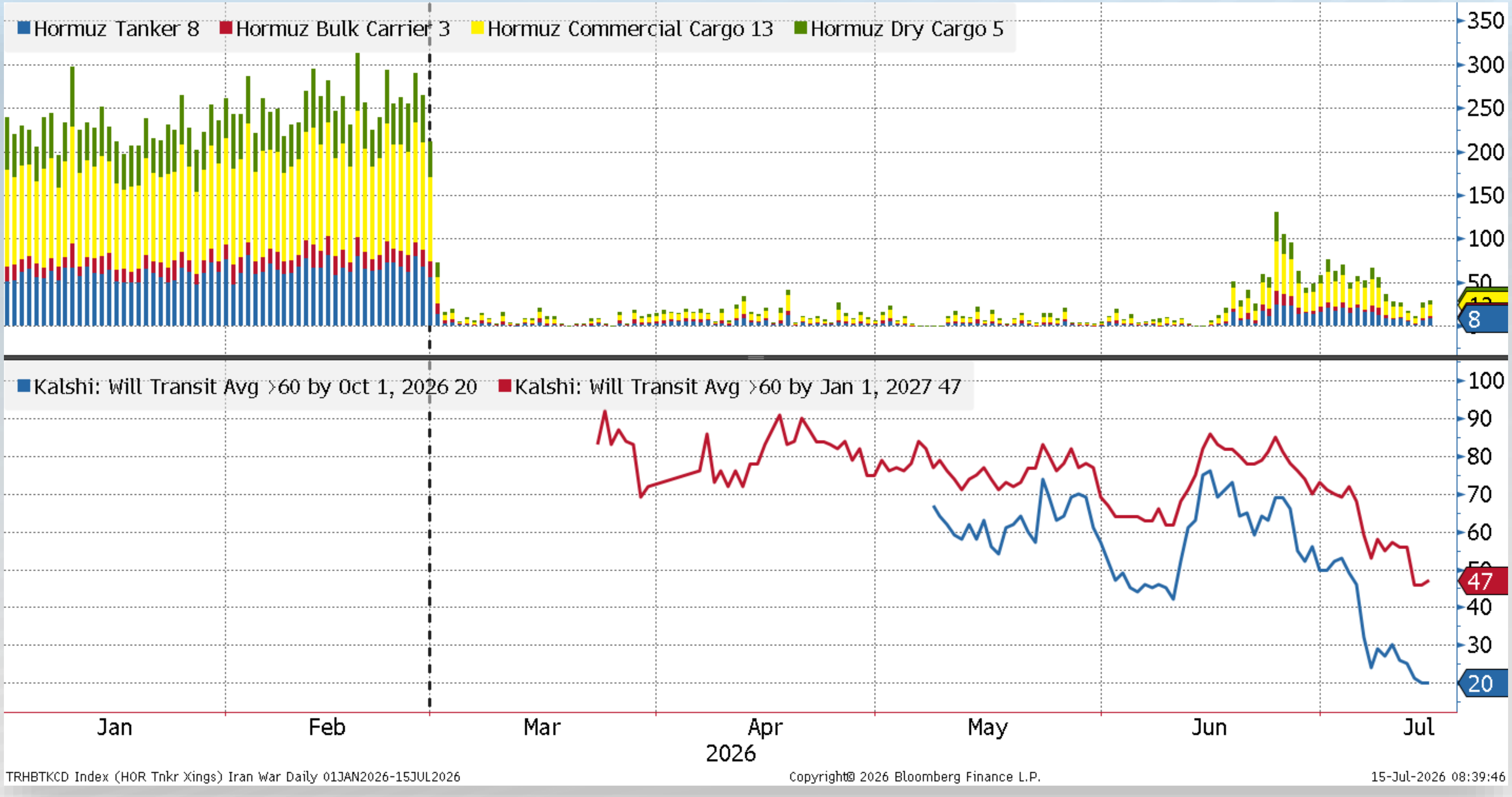
A Changing of the Guard at the Fed

"Meet the New Boss, Same as the Old Boss"[1]

[1] The Who, "Won't Get Fooled Again" from "Who's Next" (1971)

Geopolitics

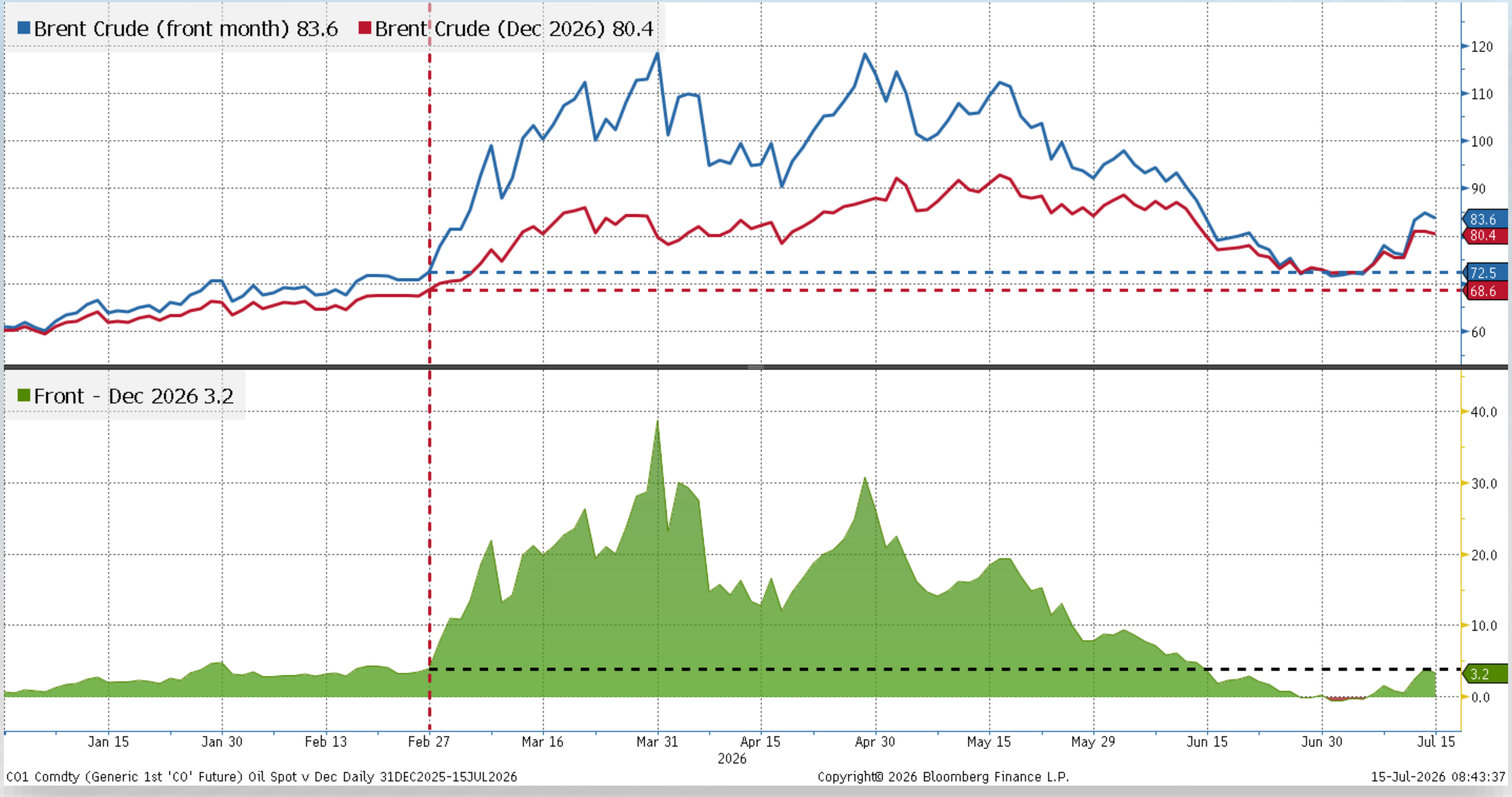
Strait of Hormuz Update (somewhat open)



Data Source: Bloomberg

Energy

Oil Prices: Front Month vs. Dec Futures



Data Source: Bloomberg

Federal Reserve

The Old Boss...
Jerome Powell

Tenure / Timeline

- May 2012: Appointed to unexpired seat (Obama)
- June 2014: Appointed to full 14-year term (Obama), **expires Jan 2028**
- Feb 2018: Sworn in as 16th Fed Chair (Trump)
- May 2022: Nominated for 2nd term (Biden)

Too early to write legacy likely to include

- COVID response
- “Transitory” inflation call
- 2022 rate tightening cycle (Silicon Valley Bank... BTFP)
- Cut rates into 2024 election (despite the purple ties)
- Clashes with Trump admin

Source: Federal Reserve

Federal Reserve

The Old Boss... Jerome Powell

Highlights / Lowlights

- **Inflation:** CPI peak @ 9.1% (Jun ‘**22**), **3.6% overall;** Core CPI peak @ 6.6% (Sept ‘22)
- **FFR Rate Actions 15 Hikes, 10 Cuts (1.5% in 2 emergency cuts March 3/15, 2020)**
- Fed Balance Sheet: Grew from **$4.4T to $6.7T**, peaked at $8.9T (Jan–Jul 2022)

Jerome Powell Tenure Statistics (8.25 Years)

Aggregates	Feb-18	May-26	Chg	% Chg	Ann %
M2 Money Supply ($T)	13.9	23.1	9.1	65.3%	6.3%
Fed Balance Sheet ($T)	4.4	6.7	2.3	52.6%	5.3%
Inflation				**% Chg**	**Ann %**
CPI				33.8%	3.6%
Core CPI				28.5%	3.1%
Employment	**Feb-18**	**May-26**	**Chg**		
Unemployment Rate (%)	4.1	4.3	0.2		

Source: Bloomberg

Federal Reserve

Meet the New Boss… Kevin Warsh

Background / History at Fed

- Feb 2006: Appointed to Fed (Bush II)
- Mar 2011: Left Fed mid-term to pursue private and academic interests
- Viewed as a hawkish governor; expressed skepticism of Fed's Nov 2010 $600B QE2 bond-buying program

First impressions (from June FOMC)

- Forward guidance gone (statement, Dots, Q&A, etc.)…
- **Taskforces…**
  1. Communications
  2. Balance Sheet
  3. Data
  4. Productivity & Jobs
  5. Inflation Measures

Source: Federal Reserve

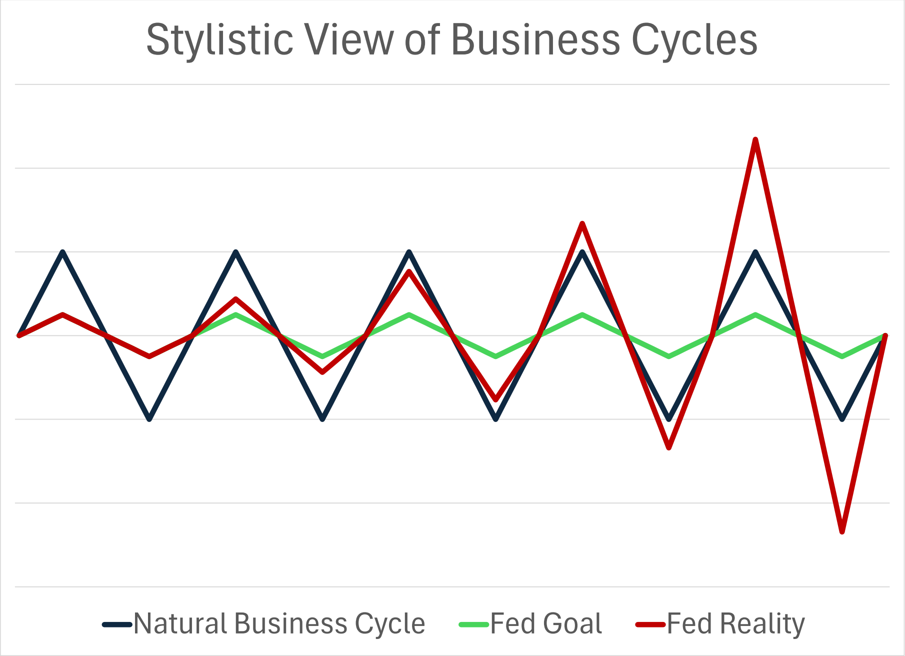
Federal Reserve

Meet the New Boss, Same As the Old Boss”[1]

Does it matter “Who’s Next?”

- **Hopefully, but probably not much…**
  - “Everyone has a plan until they get punched in the mouth.” – Mike Tyson
  - In a highly-leveraged, credit-based system, the Fed will do what it takes to “keep the music playing”
- **Limited forward guidance could help**
  - Likely to result in slightly higher volatility, which could help reduce excessive speculation, leverage and malinvestment

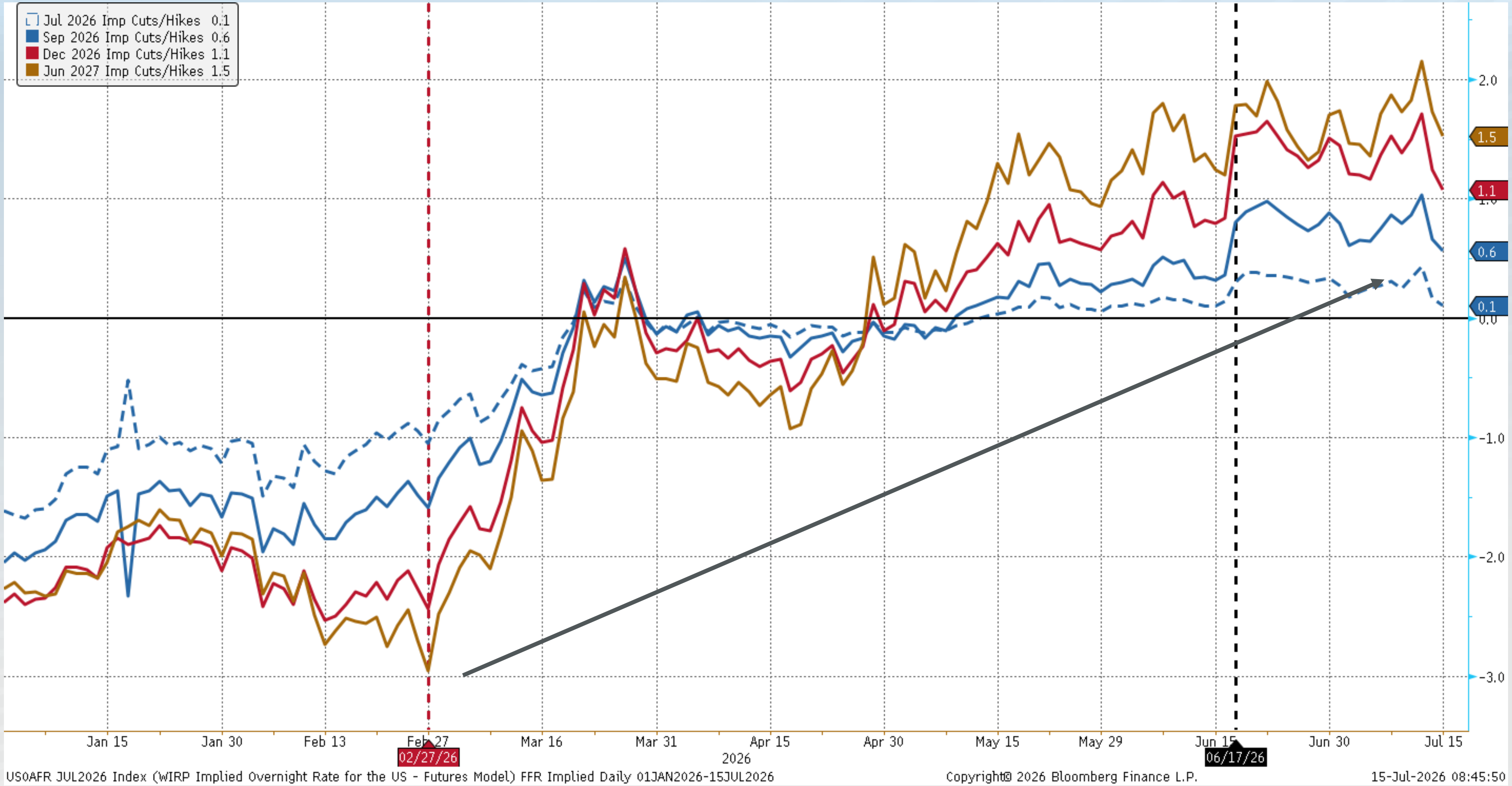
A skeptic’s take on the Fed’s impact



[1] The Who, “Won’t Get Fooled Again” from “Who’s Next” (1971)

Interest Rates

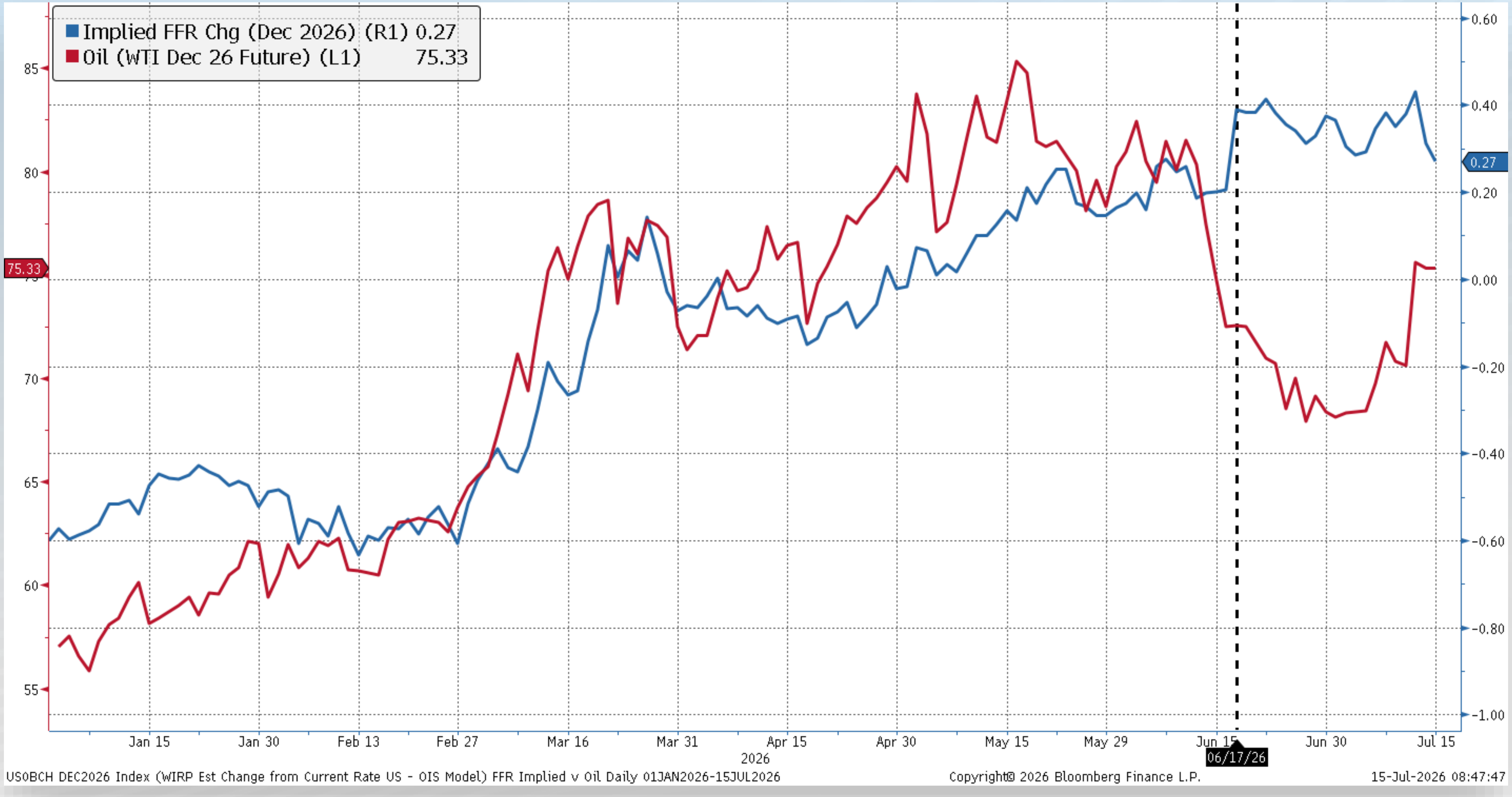
Fed Funds Implied Rate: Shift from Easing to Tightening



Data Source: Bloomberg

Interest Rates

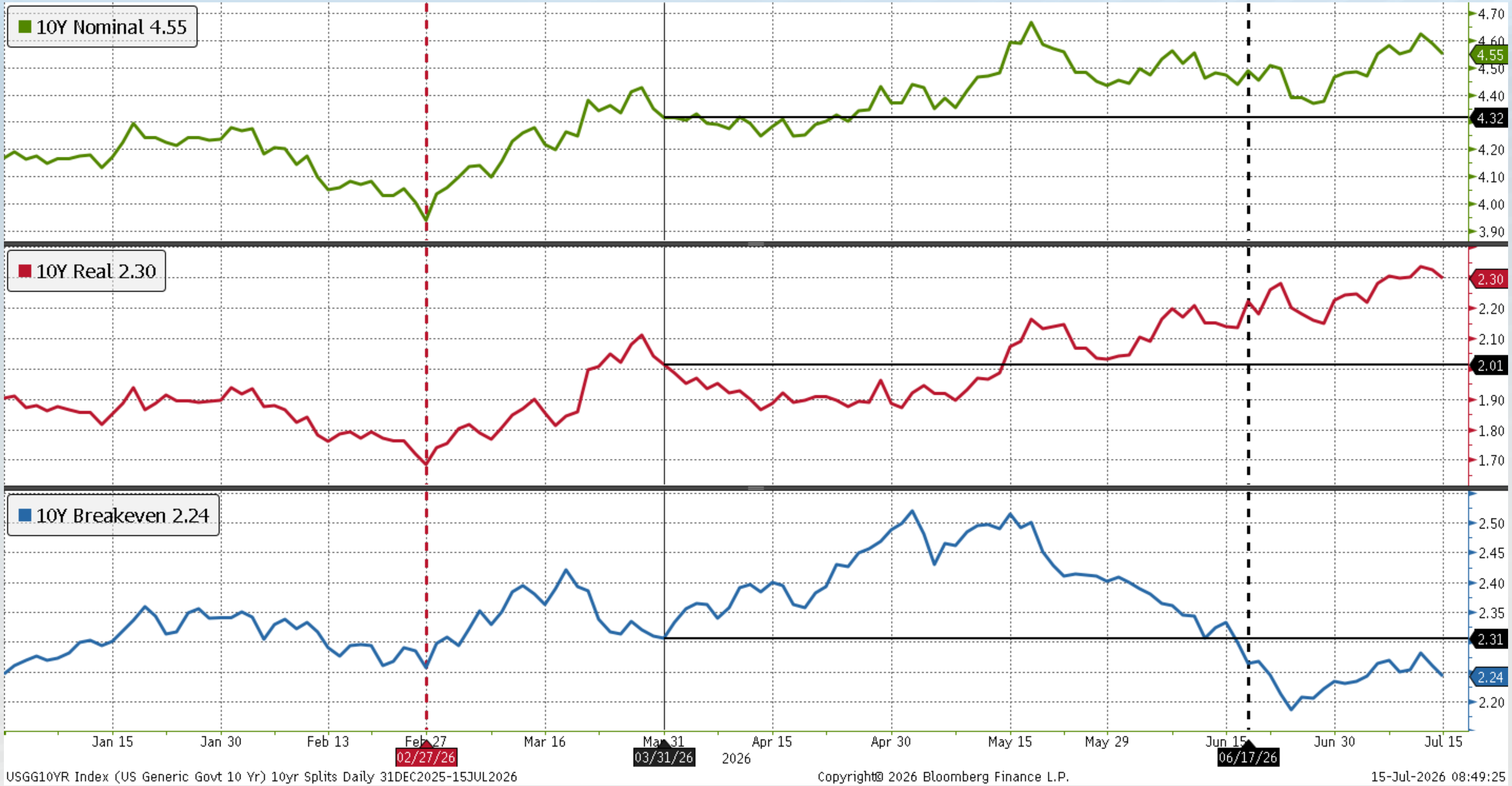
Fed Funds Implied Rate: Move with Oil Prices (until recently)



Data Source: Bloomberg

Interest Rates

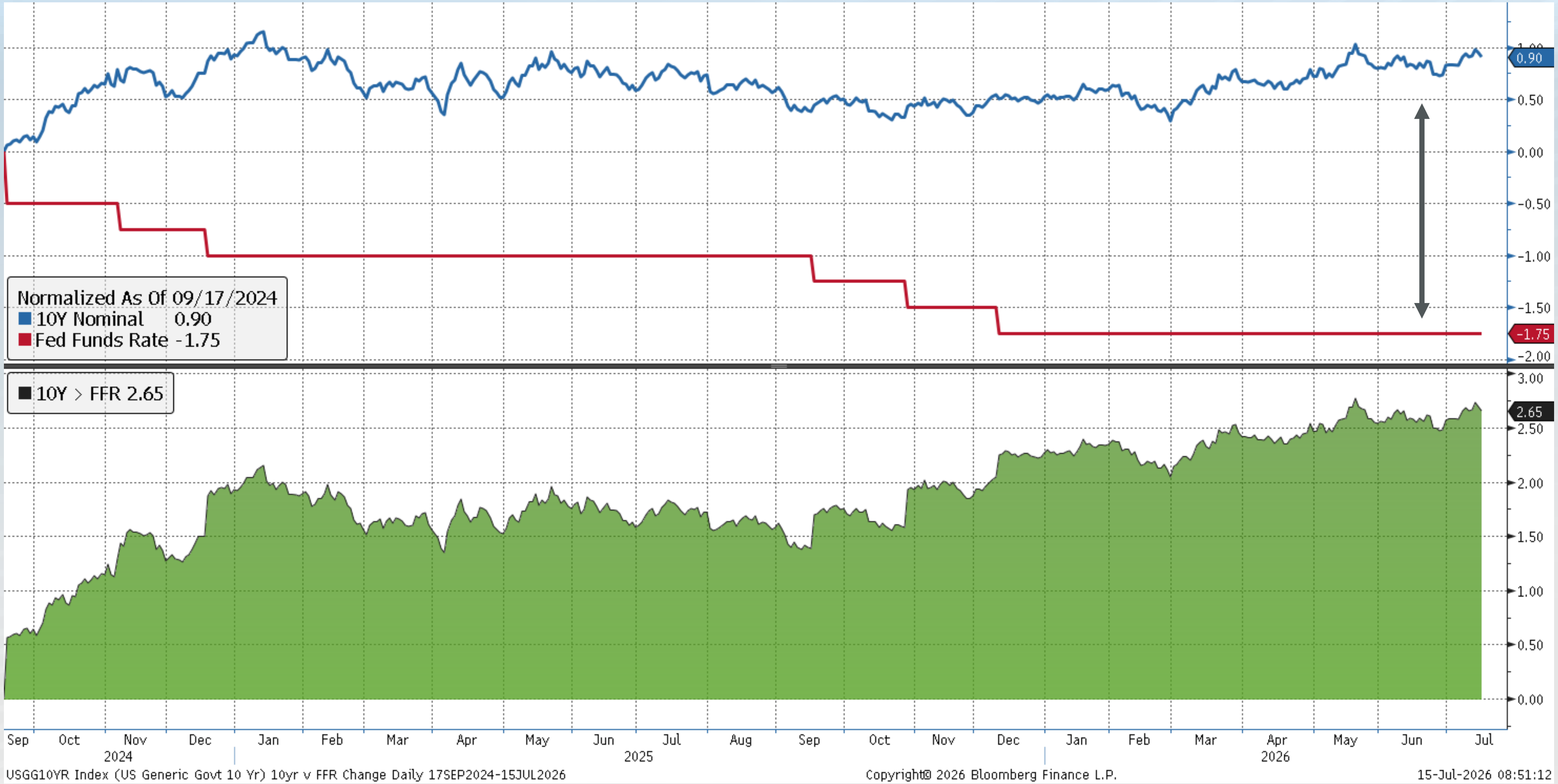
10-Year Rates: Real Rates Up, BEI Down



Data Source: Bloomberg

Federal Reserve

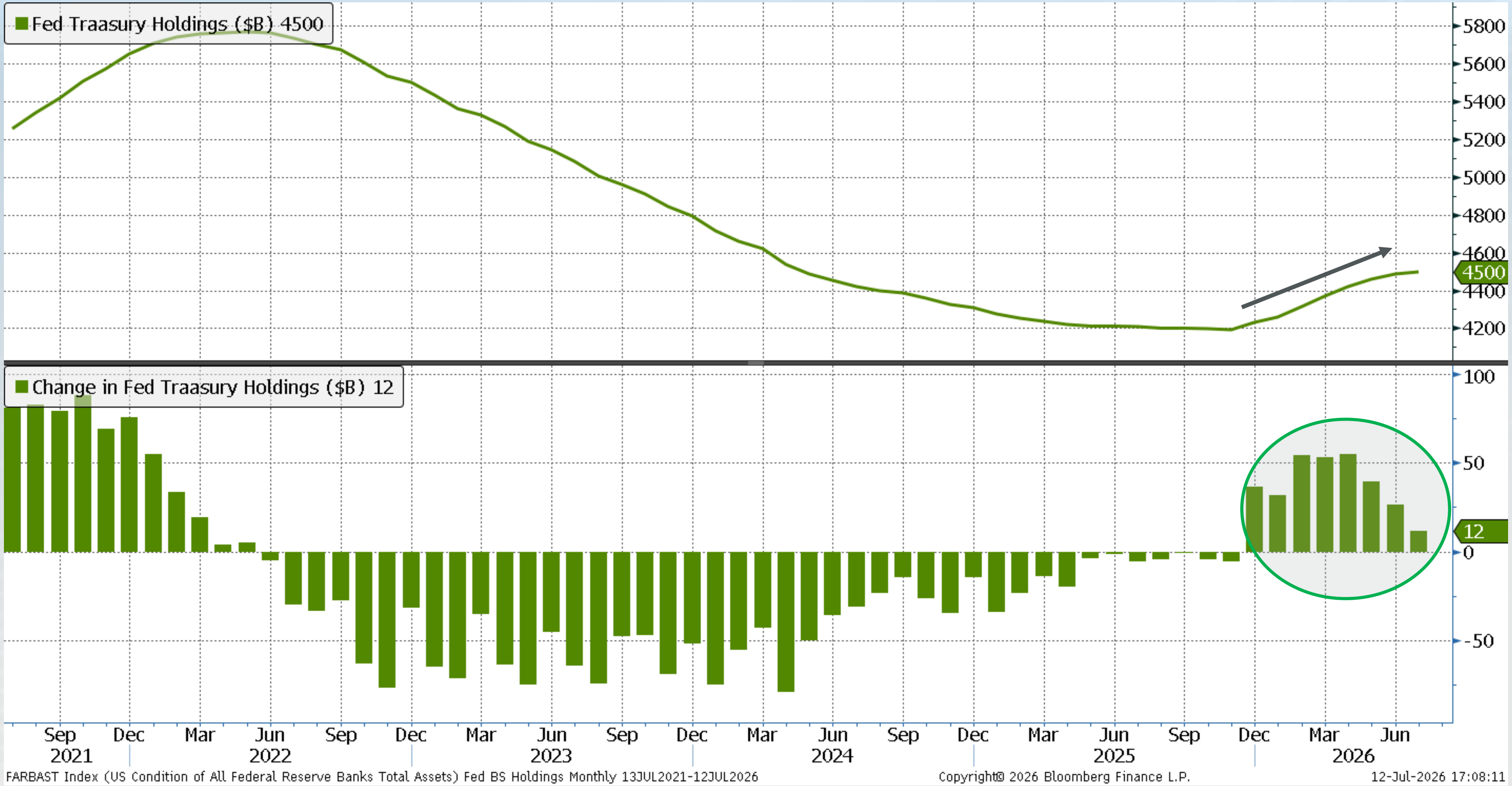
Reminder: Long-Rates Don't Necessarily Follow the Fed Funds Rate



Data Source: Bloomberg

Federal Reserve

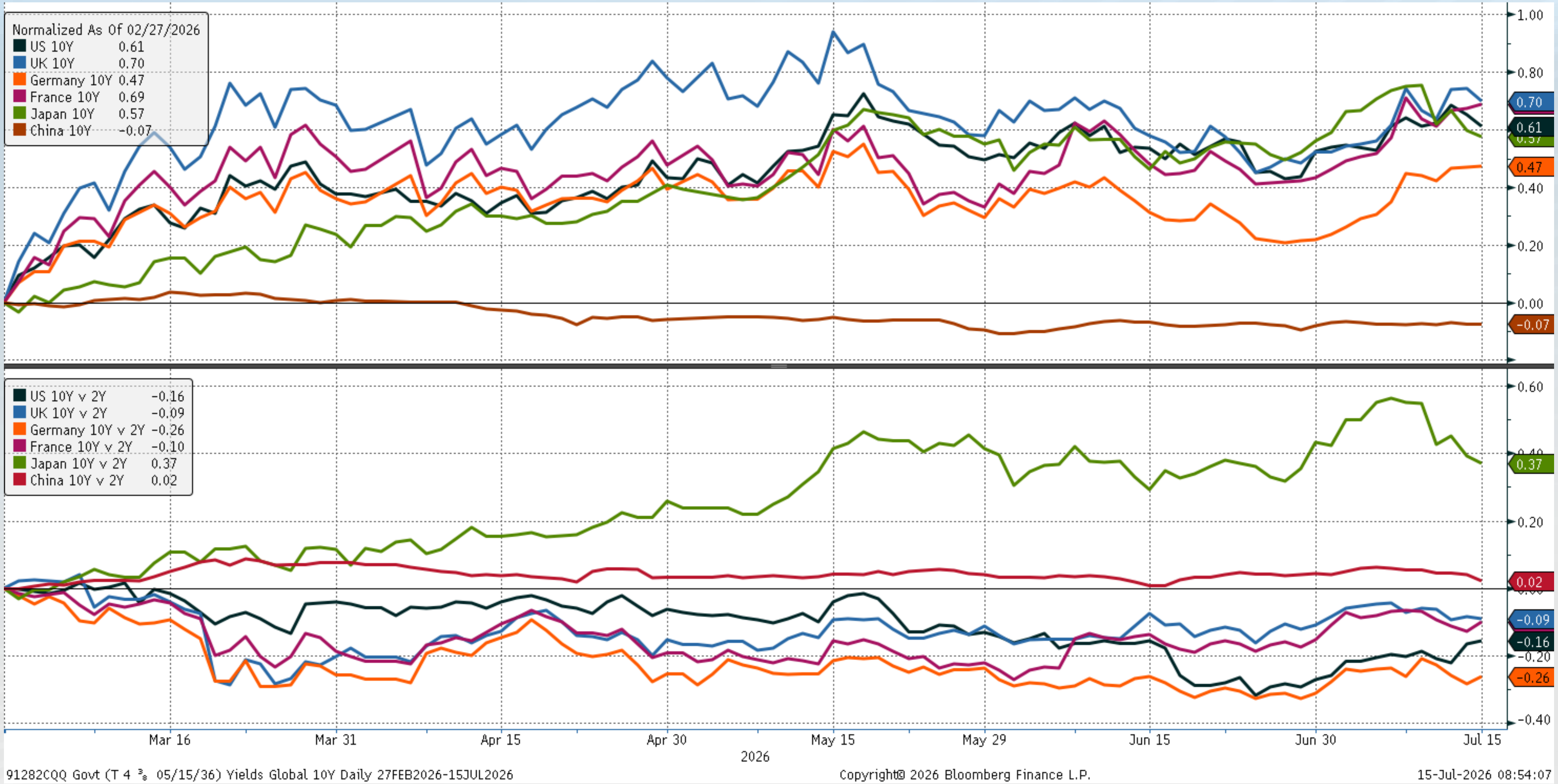
Fed Treasury Holdings: Something to Watch (RMPs)



Data Source: Bloomberg

Interest Rates

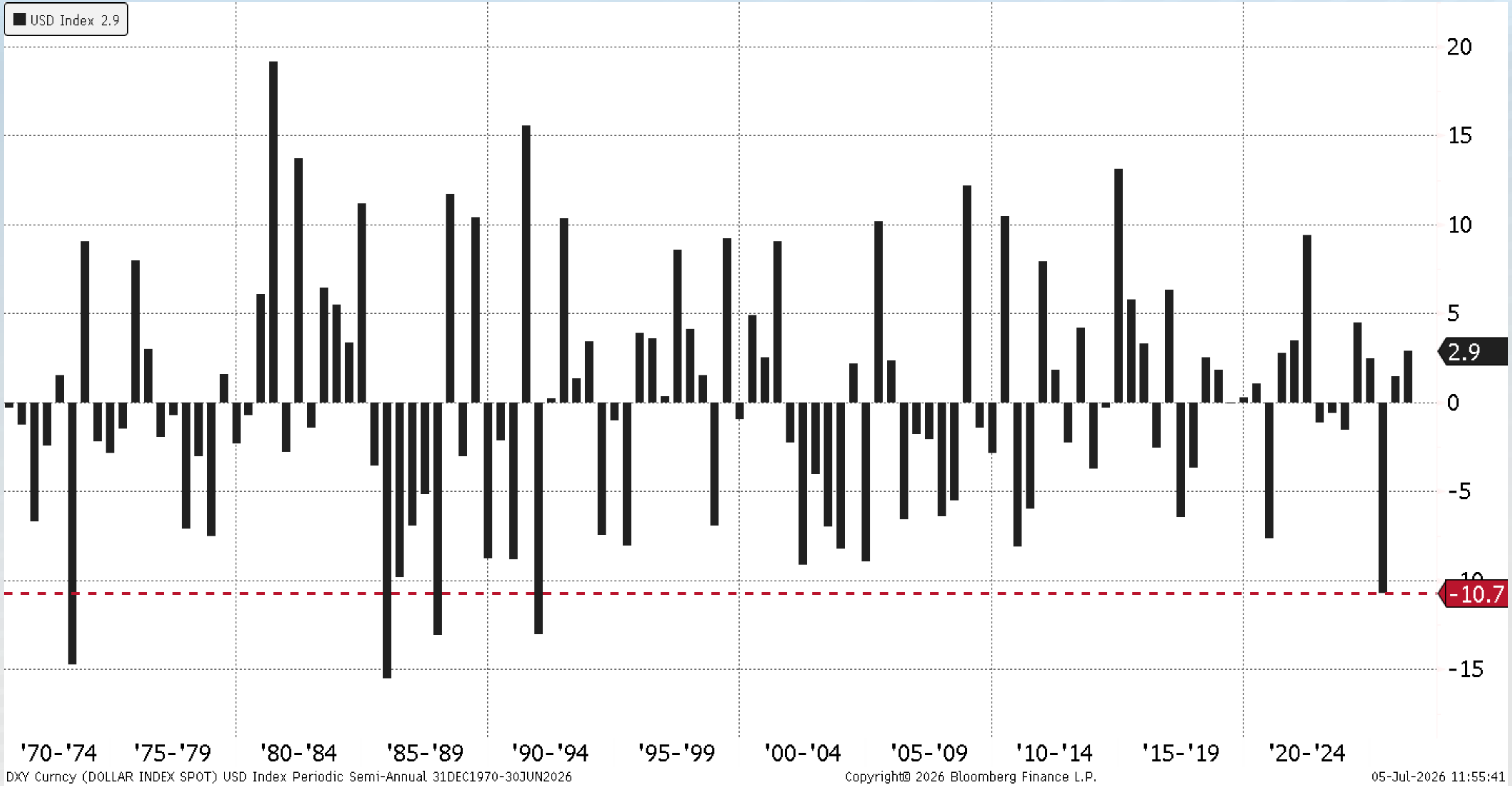
Global 10Y & 10Y vs. 2Y Spread since Iran War



Data Source: Bloomberg

Currency

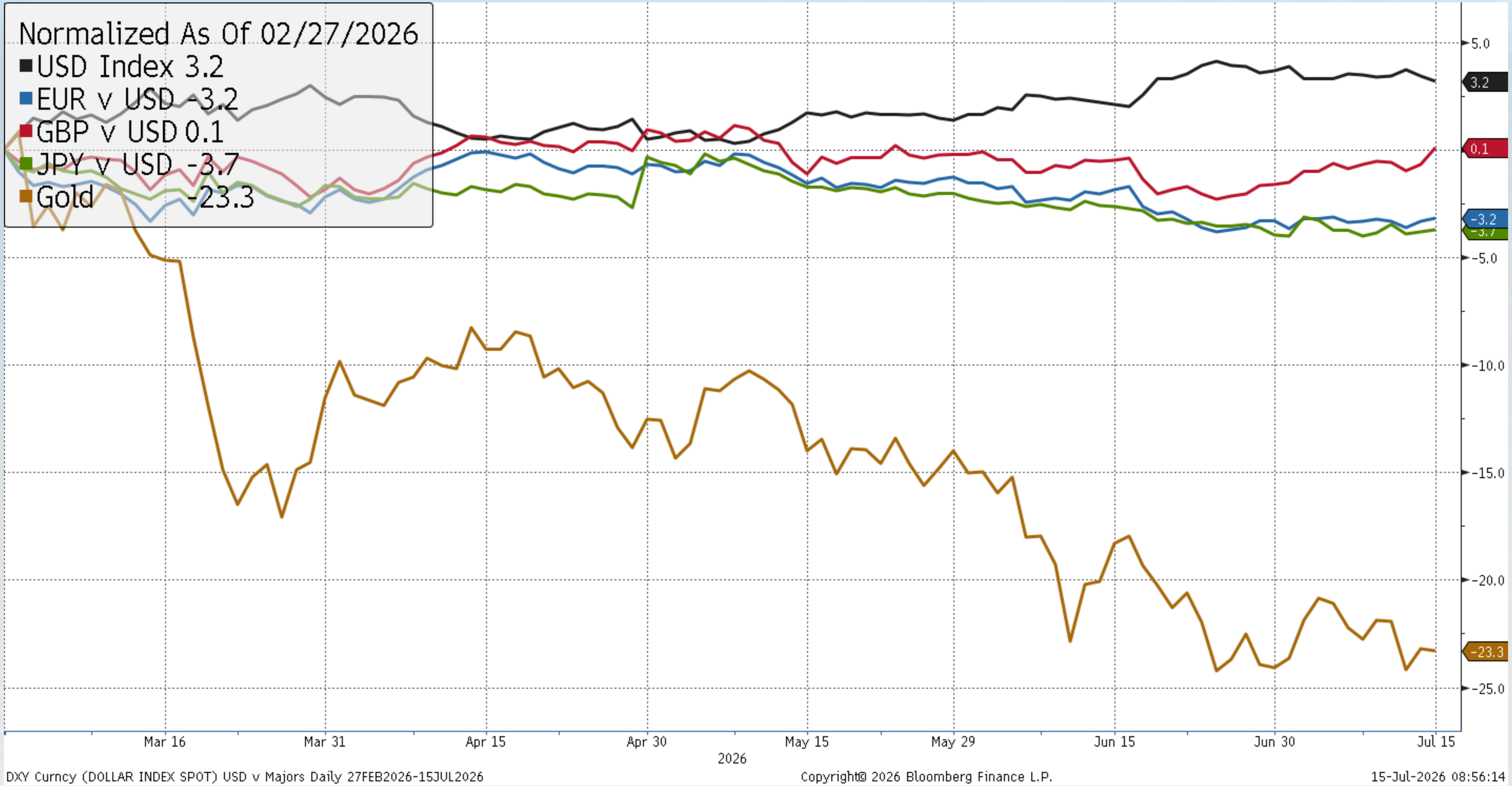
USD Bounce Back



Data Source: Bloomberg

Currency

USD Strength… Will It Last?



Data Source: Bloomberg

Increasingly Concentrated Economic & Market Drivers

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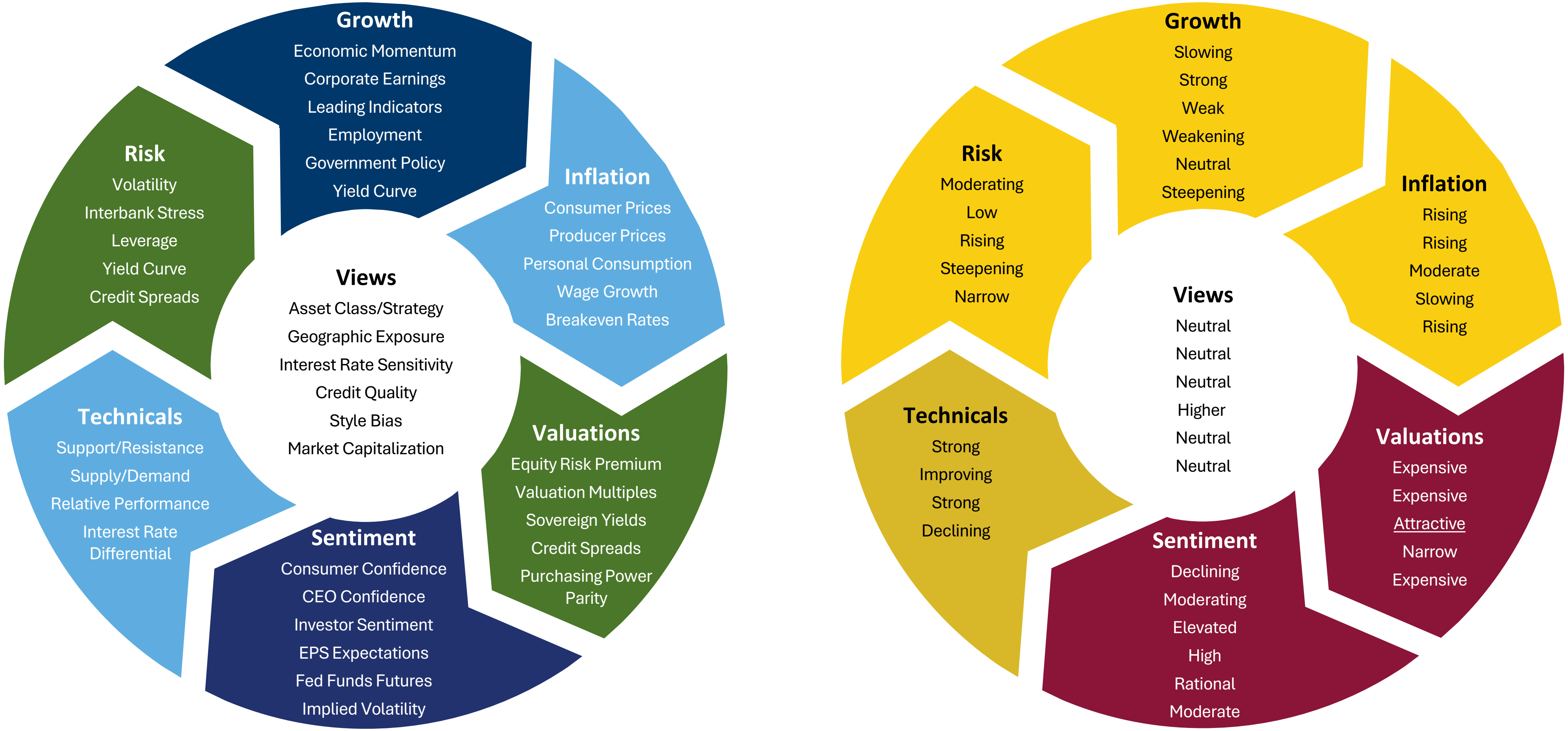
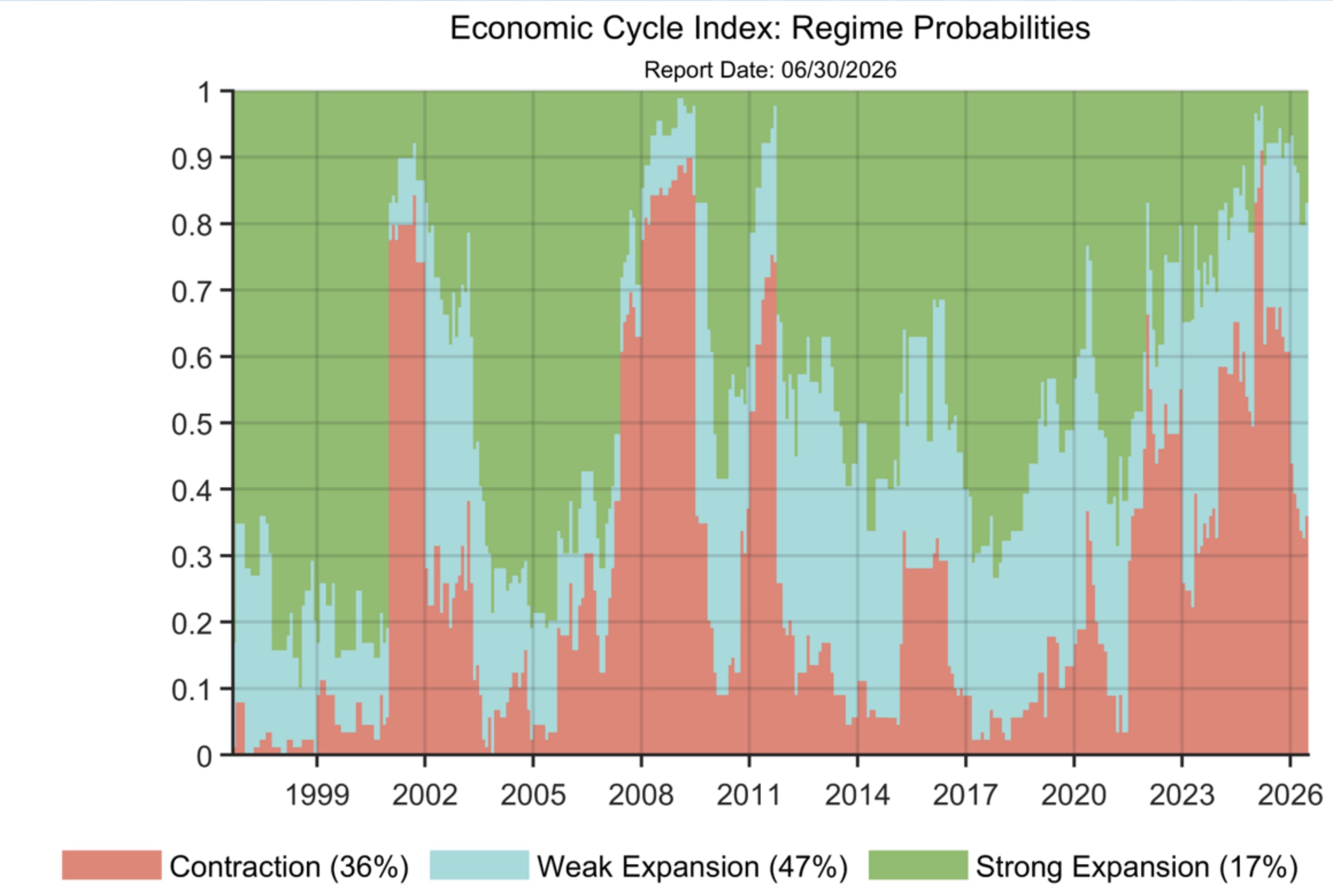
Investment Strategy Process & Outlook



Source: Wilshire. For illustrative and discussion purposes only.

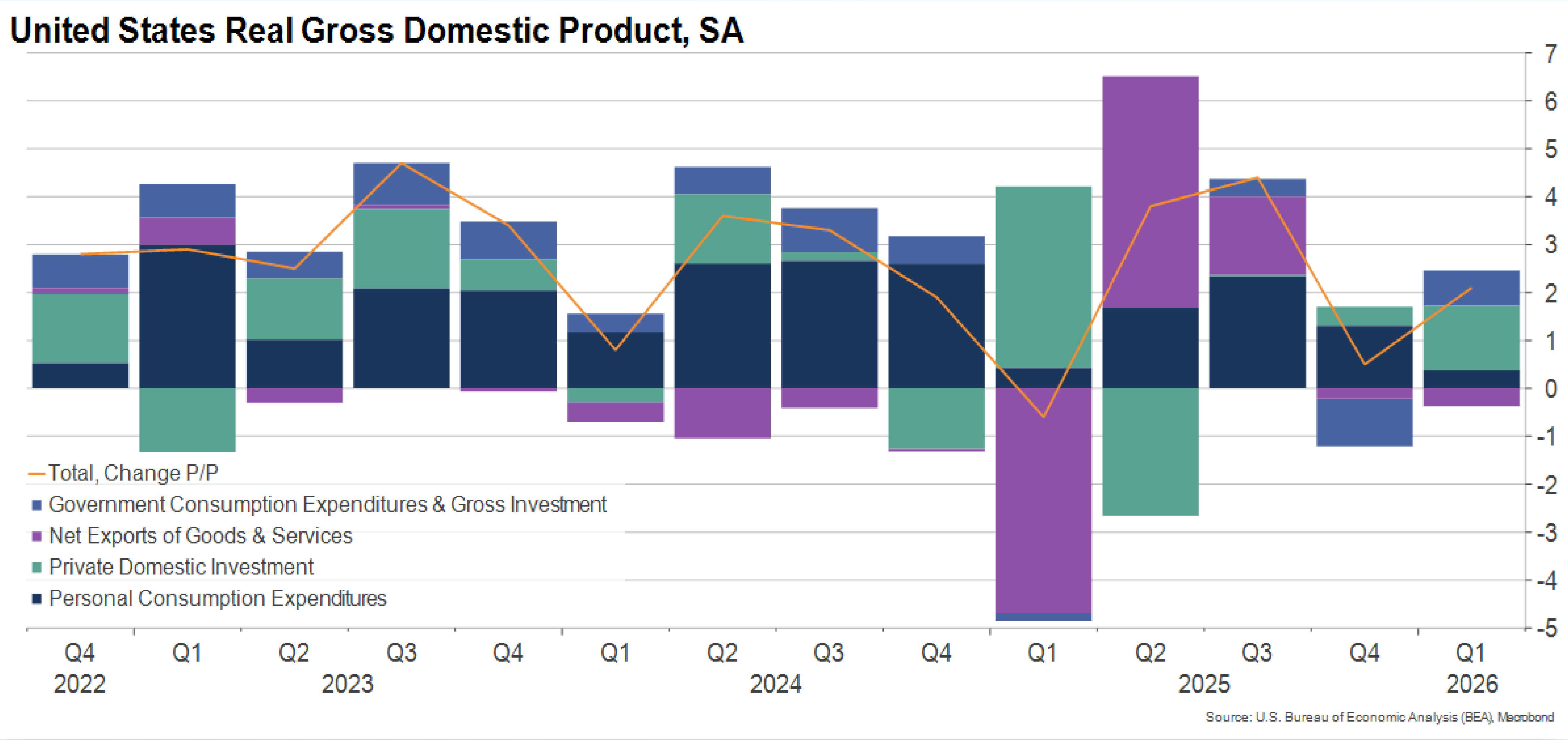
The Economy

Improving General Economy & Corporate Sector Offset by Weakness in Household Segment



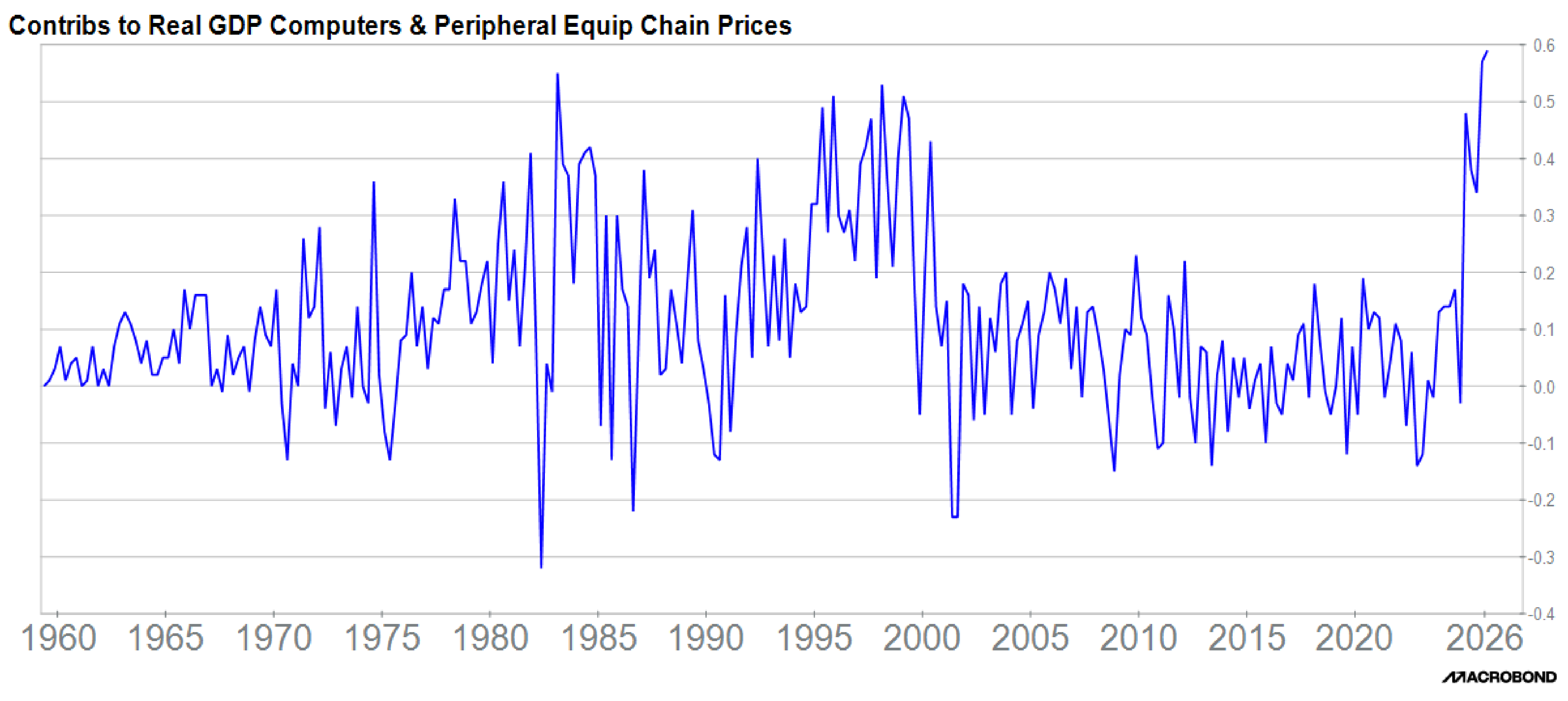
Data Source: Wilshire

Q1 Growth Improved on Higher Domestic Investment



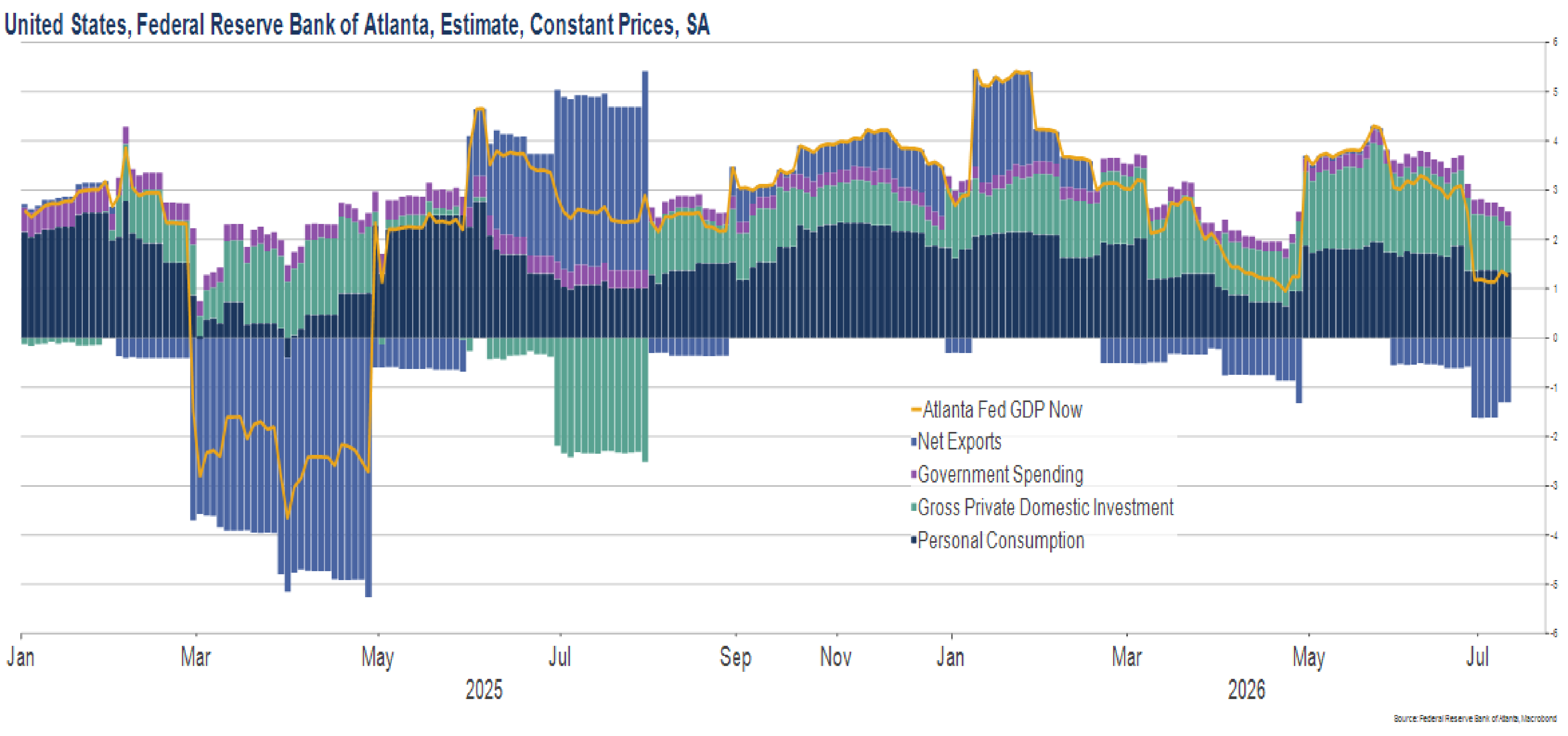
Data Source: Macrobond

Private Investment was High Due to Strong Contributions from AI Spending



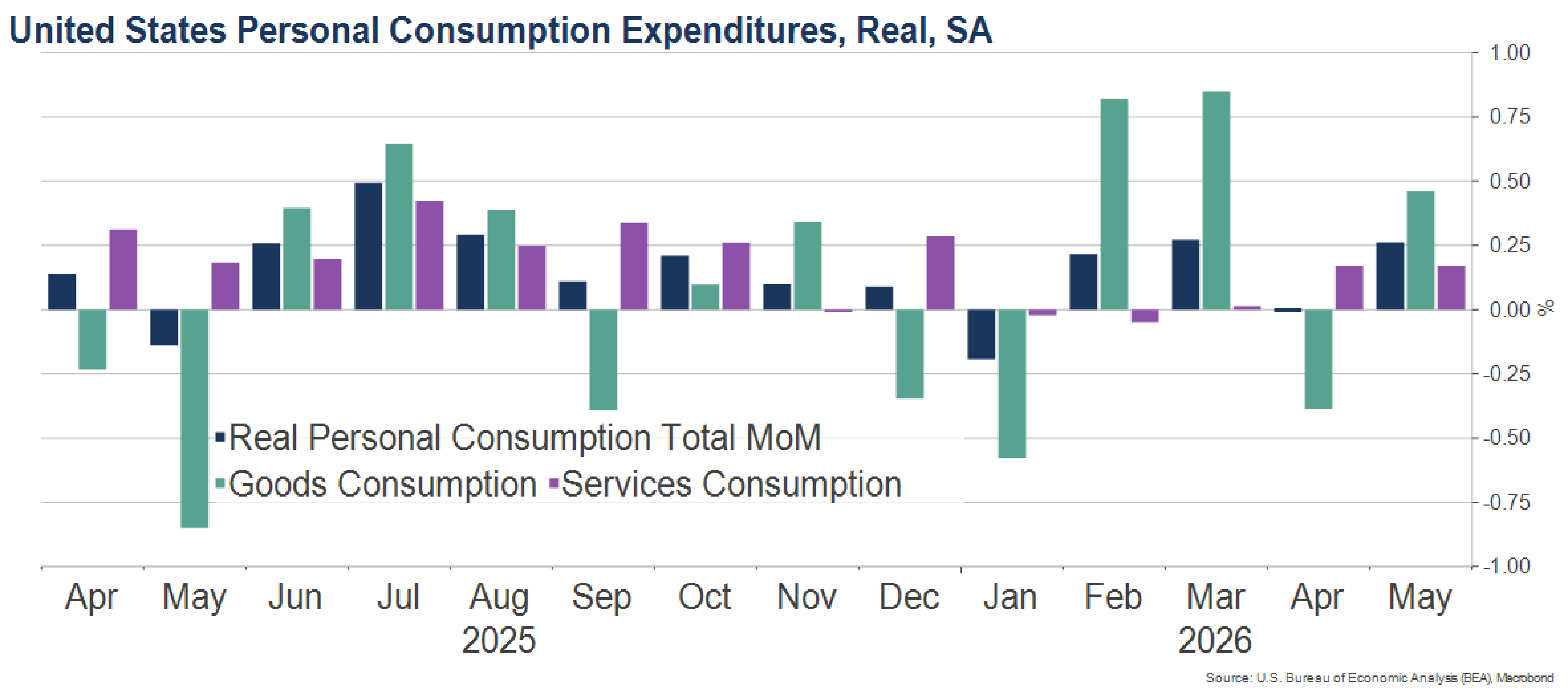
Data Source: Macrobond

Fed GDPNow Indicates Slowing in Investment, Consumption & Exports



Data Source: Macrobond

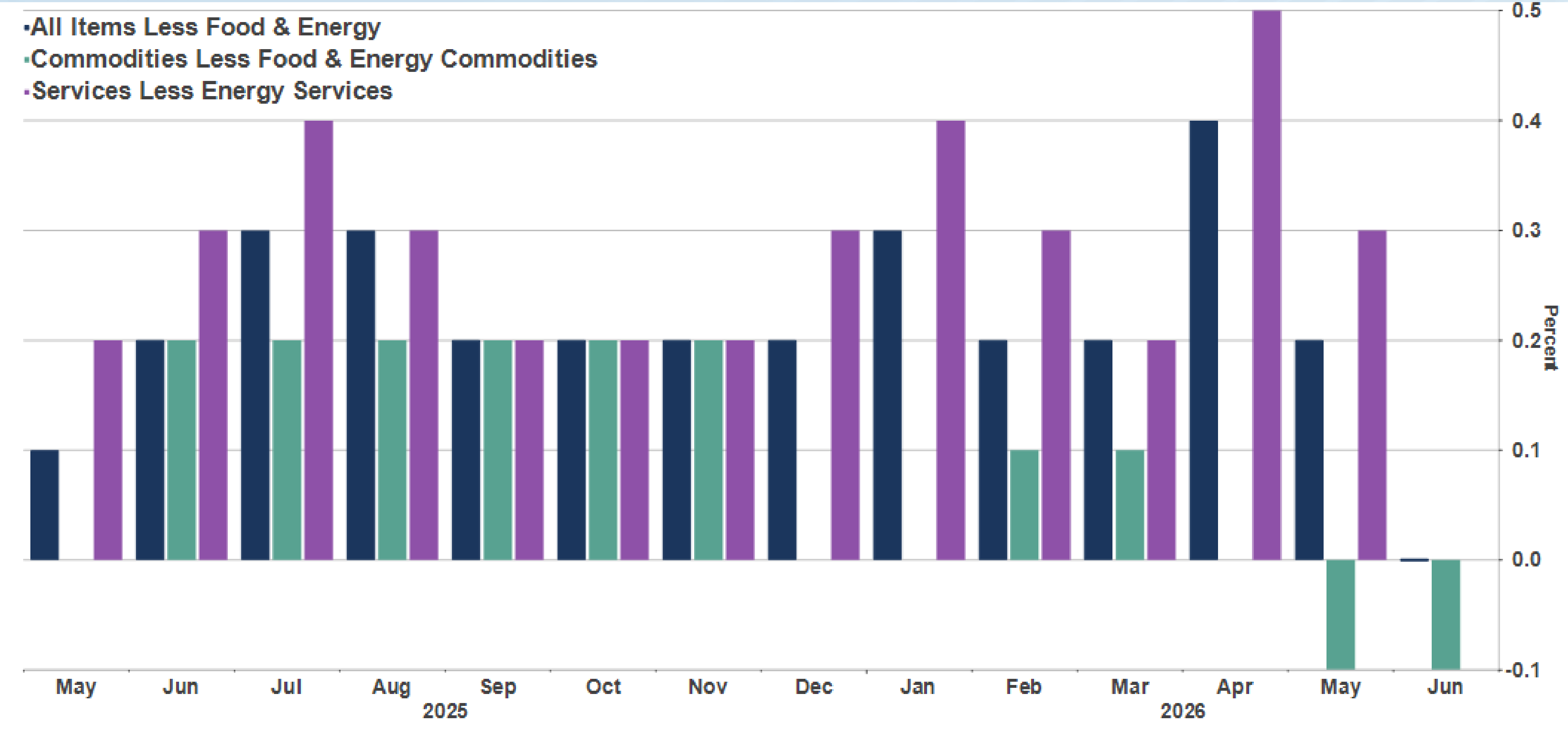
Personal Consumption Has Been Modest in Q2



Data Source: Macrobond

Inflation

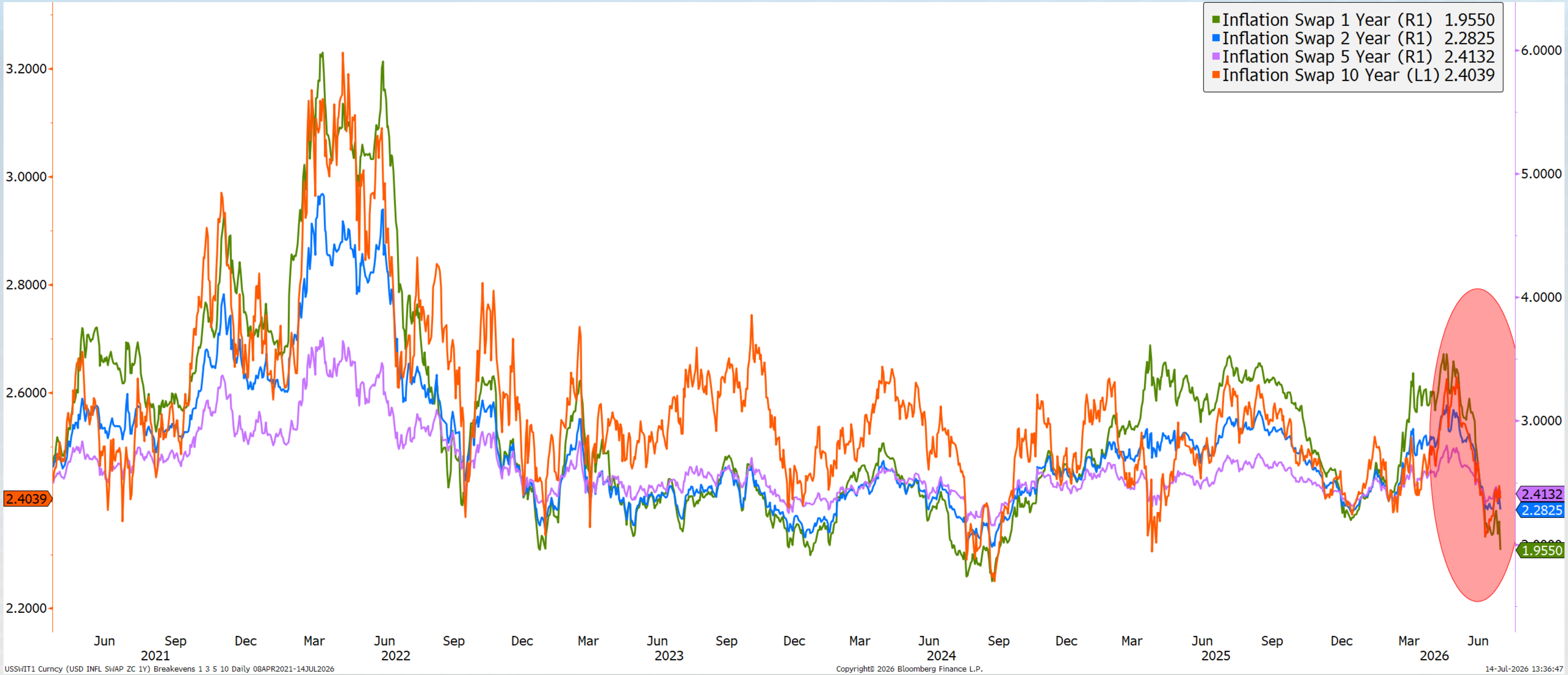
Inflationary Pressure Slowed in June



Data Source: Macrobond

Inflation

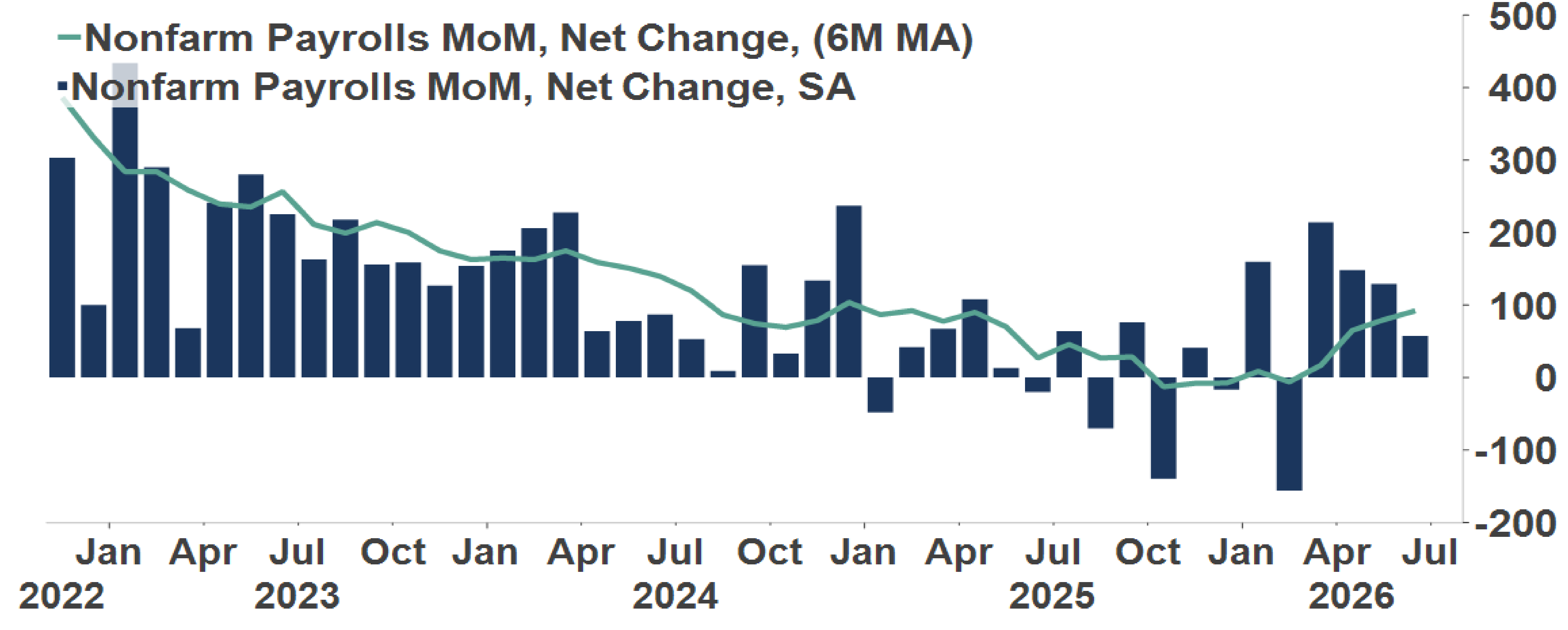
Inflation Expectations have Cratered… Doing the Work for the Fed



Data Source: Bloomberg

Employment

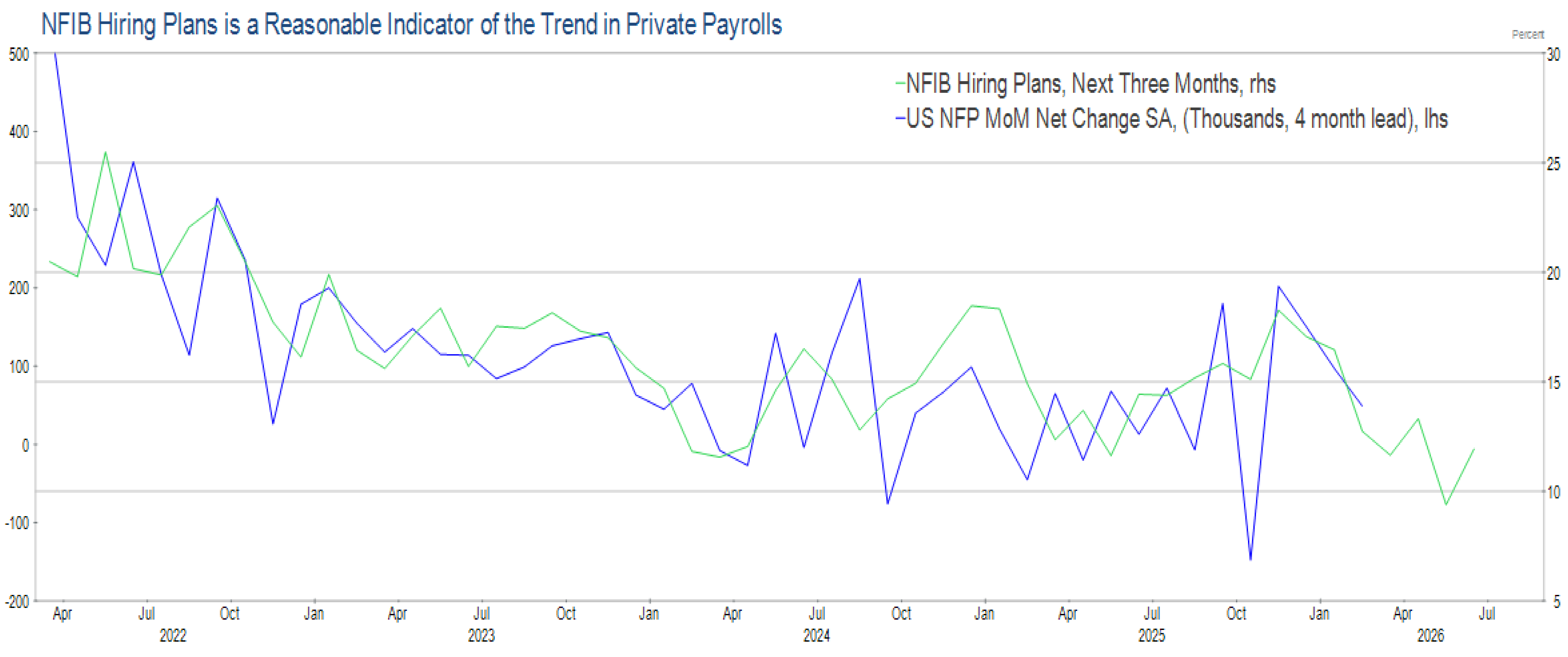
Short-Term Strength in the Labor Market is Losing Momentum



Data Source: Macrobond, BLS

Employment

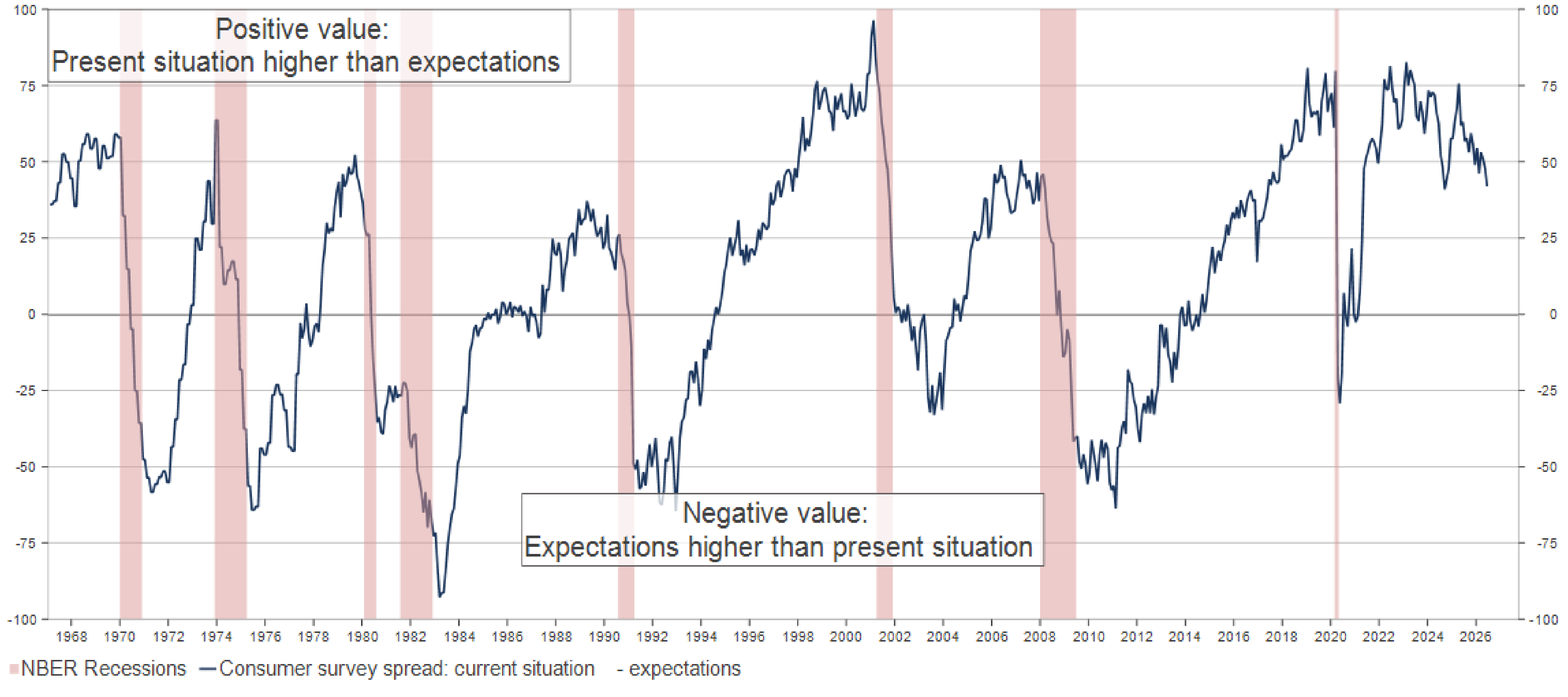
Business Sentiment Regarding the Labor Market is Softening



Data Source: Macrobond, BLS, NFIB

Consumer Sentiment

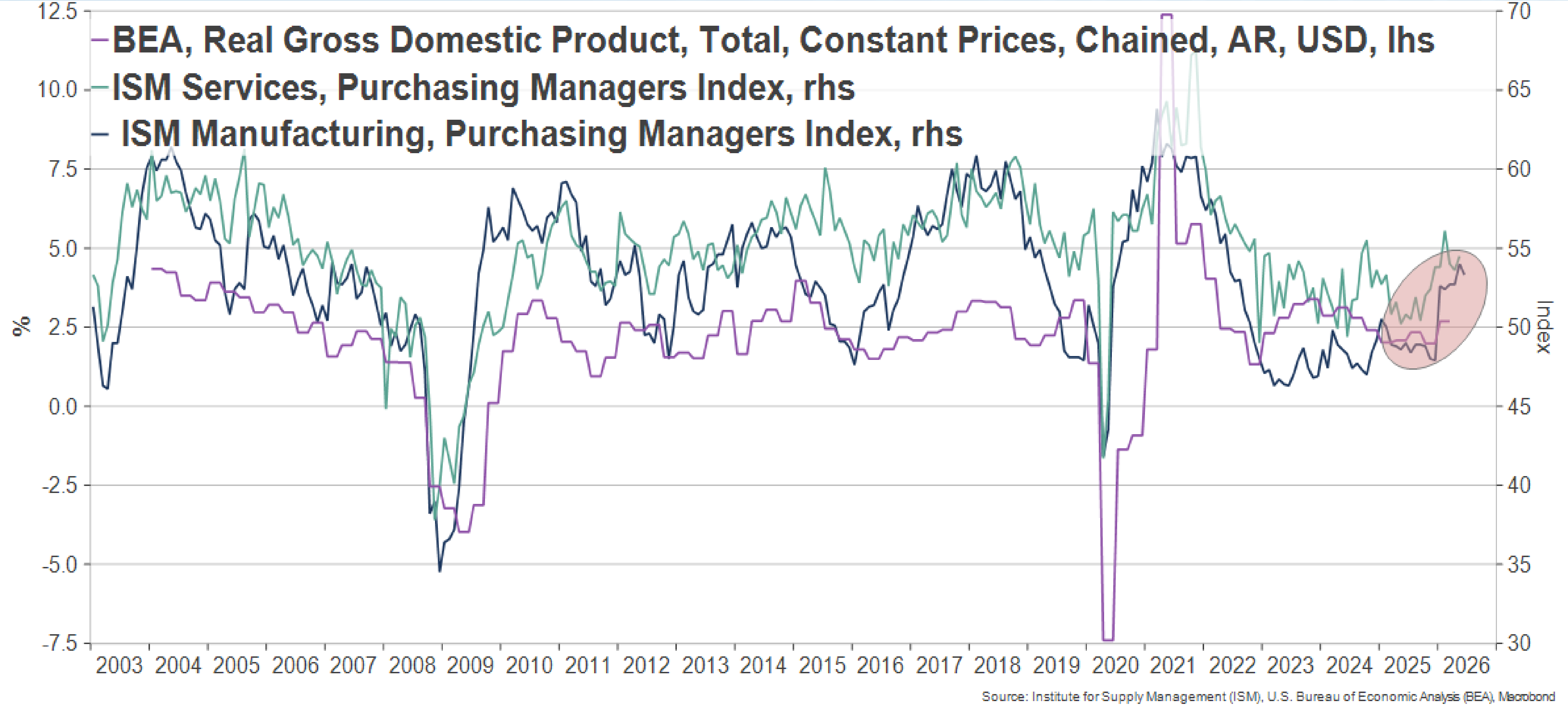
Consumer Confidence Shows Growing Risk of Economic Weakness



Data Source: Macrobond, Conference Board

Business Sentiment

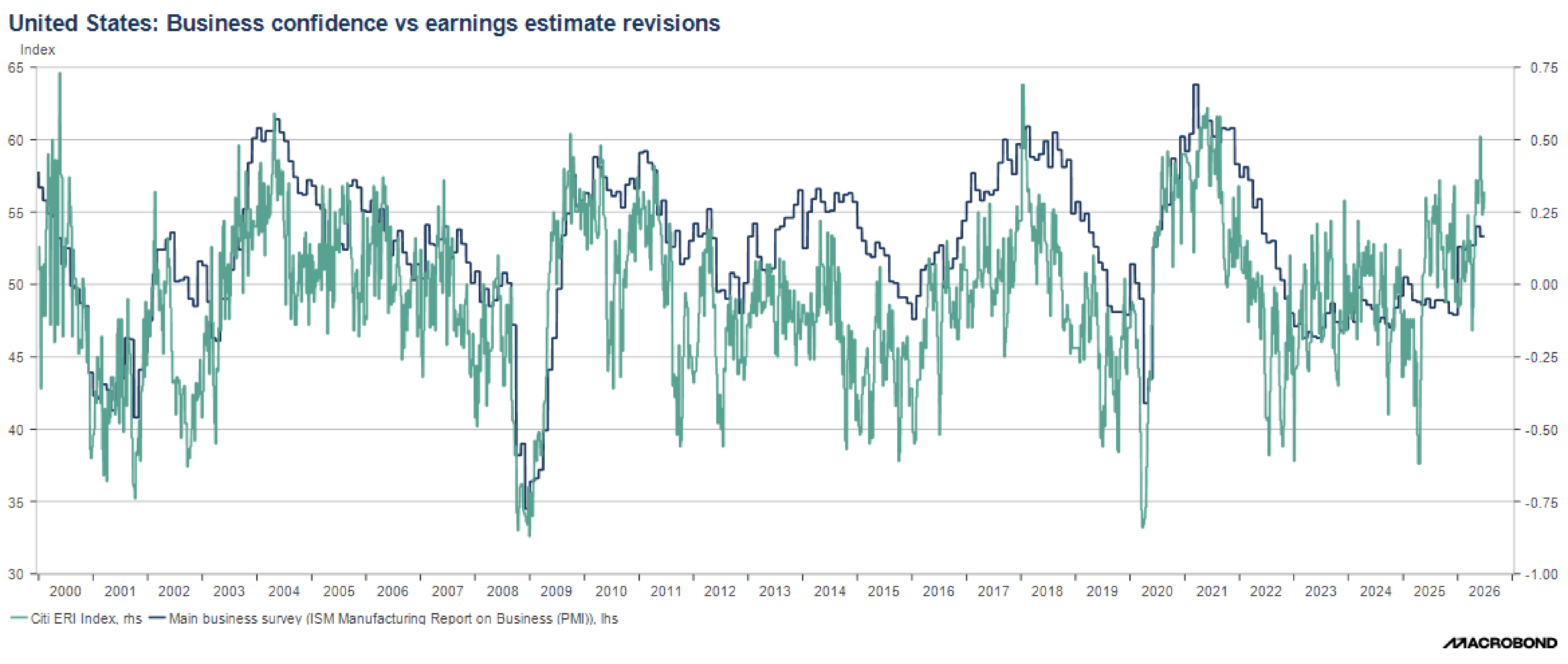
ISM PMIs Show a Material Improvement in Business Sentiment



Data Source: Macrobond

Business Sentiment

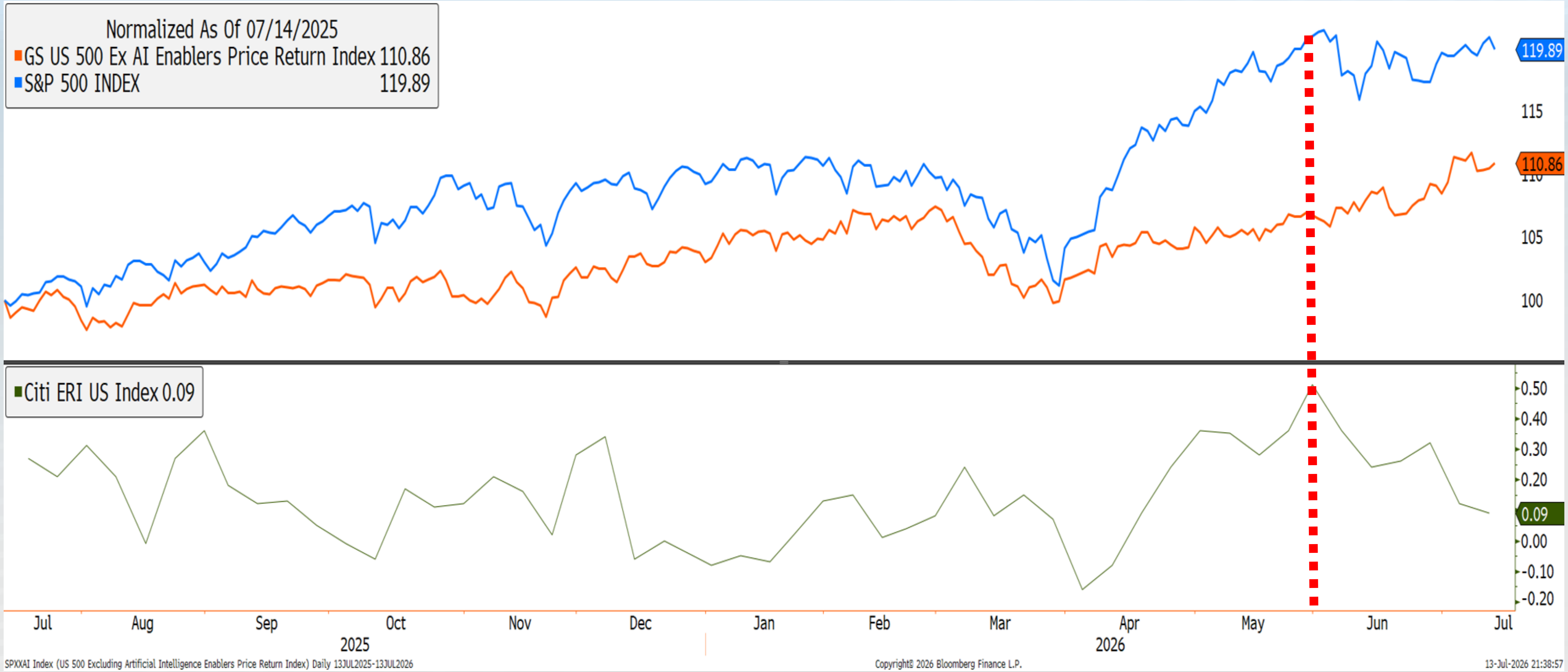
Improving Business Sentiment has Historically Coincided with Upward Revisions, but Perhaps We Witnessed a Recent Peak



Data Source: Macrobond

Business Sentiment

Peak Earnings Sentiment Marked the Short-Term Top of AI Trade and Rotation into Other Themes



Data Source: Macrobond

Market Outlook and Positioning

Equity Valuations

Nothing Cheap Here but Earnings Growth is Supportive of Prices...

This table shows a matrix of U.S. Equity 2026 EPS levels vs. the U.S. 10-year 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 U.S. 10-year yield.

The table indicates that U.S. equities would need to decline approximately 13–20% to be consistent with long-term equilibrium valuations, assuming earnings of $400 for the S&P 500 Index® in 2027.

This implies a richness to equity valuations, however the path to reaching equilibrium valuations can be gradual and does not require such a decline to the extent that interest rates decline and earnings growth is stronger than expected.

US Equity Forward EPS ($)	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
400	30%	23%	16%	10%	4%	-1%	-5%	-9%	-13%	-16%	-20%	-22%	-25%	-28%	-30%
390	27%	20%	13%	7%	2%	-3%	-7%	-11%	-15%	-18%	-22%	-24%	-27%	-30%	-32%
380	24%	16%	10%	4%	-1%	-5%	-10%	-14%	-17%	-20%	-24%	-26%	-29%	-31%	-34%
370	20%	13%	7%	2%	-3%	-8%	-12%	-16%	-19%	-23%	-26%	-28%	-31%	-33%	-35%
360	17%	10%	4%	-1%	-6%	-10%	-14%	-18%	-22%	-25%	-28%	-30%	-33%	-35%	-37%
350	14%	7%	1%	-4%	-9%	-13%	-17%	-20%	-24%	-27%	-30%	-32%	-35%	-37%	-39%
340	11%	4%	-2%	-7%	-11%	-15%	-19%	-23%	-26%	-29%	-32%	-34%	-36%	-39%	-41%
330	7%	1%	-4%	-9%	-14%	-18%	-22%	-25%	-28%	-31%	-34%	-36%	-38%	-40%	-42%
320	4%	-2%	-7%	-12%	-16%	-20%	-24%	-27%	-30%	-33%	-36%	-38%	-40%	-42%	-44%
310	1%	-5%	-10%	-15%	-19%	-23%	-26%	-30%	-32%	-35%	-38%	-40%	-42%	-44%	-46%
305	-1%	-7%	-12%	-16%	-20%	-24%	-28%	-31%	-34%	-36%	-39%	-41%	-43%	-45%	-47%
300	-2%	-8%	-13%	-18%	-22%	-25%	-29%	-32%	-35%	-37%	-40%	-42%	-44%	-46%	-48%
295	-4%	-10%	-15%	-19%	-23%	-27%	-30%	-33%	-36%	-38%	-41%	-43%	-45%	-47%	-48%
290	-6%	-11%	-16%	-20%	-24%	-28%	-31%	-34%	-37%	-39%	-42%	-44%	-46%	-48%	-49%
285	-7%	-13%	-17%	-22%	-26%	-29%	-32%	-35%	-38%	-40%	-43%	-45%	-47%	-49%	-50%
280	-9%	-14%	-19%	-23%	-27%	-30%	-33%	-36%	-39%	-41%	-44%	-46%	-48%	-49%	-51%
275	-10%	-16%	-20%	-24%	-28%	-32%	-35%	-38%	-40%	-42%	-45%	-47%	-49%	-50%	-52%
270	-12%	-17%	-22%	-26%	-30%	-33%	-36%	-39%	-41%	-44%	-46%	-48%	-50%	-51%	-53%
265	-14%	-19%	-23%	-27%	-31%	-34%	-37%	-40%	-42%	-45%	-47%	-49%	-50%	-52%	-54%
260	-15%	-20%	-25%	-29%	-32%	-35%	-38%	-41%	-43%	-46%	-48%	-50%	-51%	-53%	-55%
250	-19%	-23%	-28%	-31%	-35%	-38%	-41%	-43%	-46%	-48%	-50%	-52%	-53%	-55%	-56%

Data Source: Wilshire. For illustrative and discussion purposes only.

Equity Valuations

AI Capex is Driving Higher Margins and Earnings Growth

Global Equity Markets Fundamentals As of 06/30/2026

	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**	**-2.1**	**12.6**	**1.6**	**2.2**	**3.6**	**1.8**	**2.2**	**5.7**	**1.8**	**2.1**	**27.6**	**1.1**	**1.6**	**21.0**	**0.2**	**0.9**
Developed Market	**2.7**	**-1.4**	**-1.5**	**9.3**	**1.1**	**1.5**	**1.8**	**2.3**	**2.6**	**2.3**	**2.0**	**2.8**	**18.5**	**1.6**	**0.9**	**16.2**	**1.2**	**0.9**
Eurozone	2.6	-1.0	-1.1	9.0	0.7	1.4	1.8	2.6	2.8	2.4	2.2	2.8	19.4	1.8	1.3	16.4	1.5	1.2
Japan	1.8	-2.0	-1.4	7.7	1.5	1.4	1.6	2.8	3.1	2.1	2.5	3.3	20.5	2.3	1.3	17.9	1.5	1.4
UK	3.2	-1.7	-1.9	8.4	-0.3	0.5	1.6	1.6	2.2	2.4	2.1	3.0	17.1	2.0	0.6	13.1	0.8	-0.0
Emerging Market	**1.9**	**-2.3**	**-2.5**	**11.4**	**1.7**	**2.2**	**2.1**	**2.8**	**3.4**	**2.6**	**2.8**	**3.8**	**18.8**	**2.1**	**1.7**	**11.9**	**-0.6**	**0.0**
China	2.2	-0.5	-0.5	9.7	0.5	-0.3	1.2	-0.1	-0.2	1.4	-0.5	-0.8	12.7	-0.4	-0.1	10.5	-0.4	-0.3
India	1.3	0.4	-0.5	11.3	1.9	1.5	2.4	-0.2	1.0	3.3	-1.7	0.2	23.8	-0.9	0.3	21.0	-0.9	0.6
Brazil	5.9	-0.4	0.8	10.3	-0.9	0.3	1.1	0.3	-0.2	1.8	0.6	0.5	10.6	1.1	-0.5	8.2	0.1	-1.0
South Korea	0.6	-3.0	-2.2	13.1	2.8	4.0	2.9	4.0	6.6	3.2	4.0	6.7	24.4	2.3	2.9	7.7	-1.3	-1.4

U.S. Equities Fundamentals As of 06/30/2026

	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	-2.1	12.6	1.6	2.2	3.6	1.8	2.2	5.7	1.8	2.1	27.6	1.1	1.6	21.0	0.2	0.9
Large Cap Growth	0.4	-1.6	-1.8	17.3	2.0	2.6	6.0	1.2	1.9	13.2	0.5	1.4	35.5	0.4	1.2	25.8	-0.5	0.6
Large Cap Value	1.7	-1.9	-2.4	9.2	0.3	1.1	2.3	2.3	2.3	3.4	2.6	2.7	22.6	1.6	1.6	17.8	0.9	1.0
Mid Cap	1.5	-0.8	-1.2	6.0	-0.7	0.2	1.8	0.3	0.7	3.4	1.2	1.6	23.8	0.3	0.3	18.5	-0.0	-0.1
Small Cap	1.3	-0.6	-0.8	0.7	-1.0	-0.6	1.7	2.4	2.6	2.7	2.2	2.1	108.9	3.5	2.1	30.8	1.5	0.7

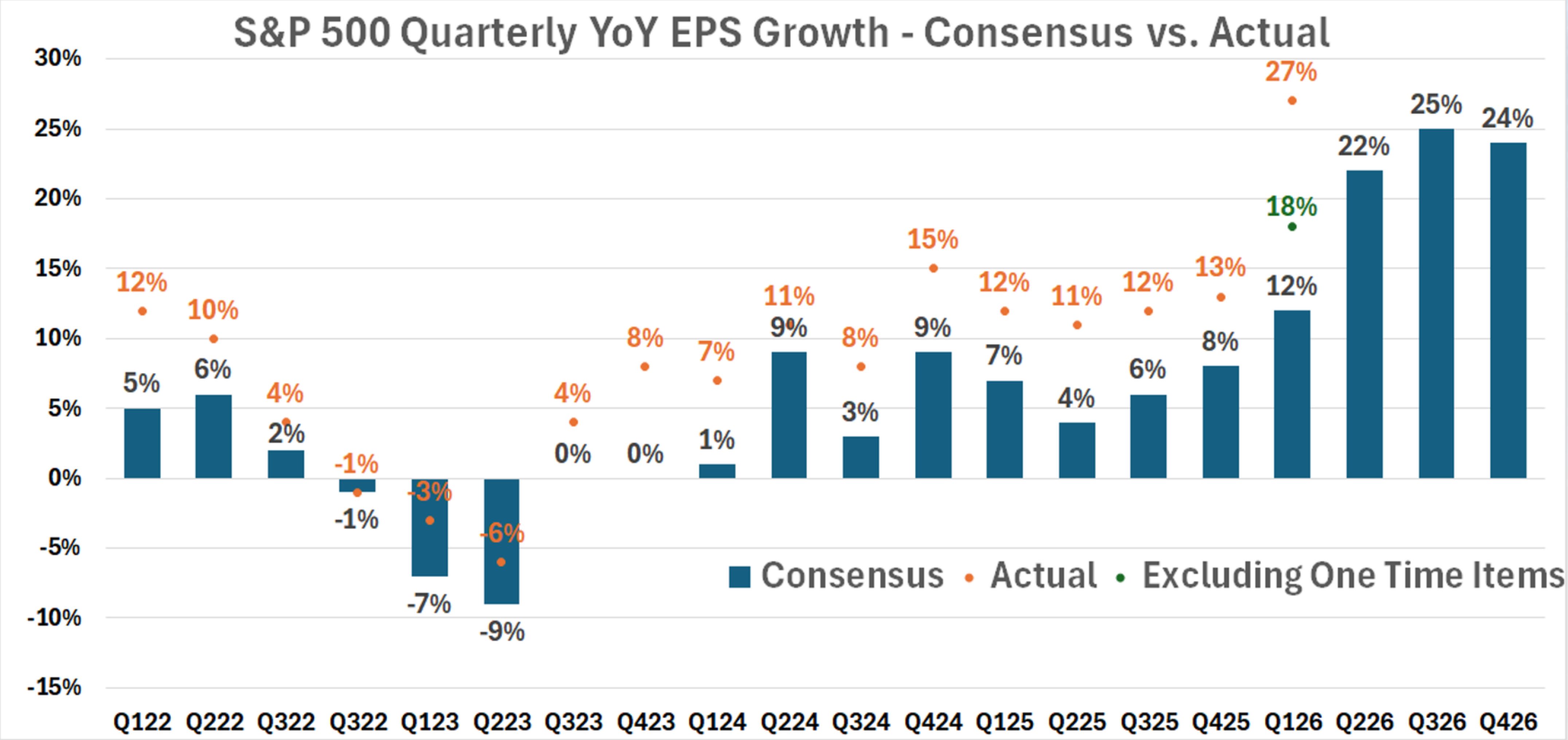
Equities Relative Fundamentals As of 06/30/2026

	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	-1.6	0.3	-0.5	3.2	1.1	0.6	1.9	-0.3	0.7	2.5	-0.4	1.0	1.5	-0.5	0.9	1.3	-2.0	0.3
EAFE vs. EM	0.8	2.5	0.9	-2.0	-1.0	0.1	0.9	-2.6	-0.9	0.9	-2.3	-1.3	1.0	-1.2	-1.0	1.4	2.6	1.5
US LC vs. US SC	-0.3	-1.4	-2.0	11.8	2.0	2.4	2.1	-0.6	0.8	2.1	-0.2	1.1	0.3	-2.5	-2.1	0.7	-2.4	-0.4
US LCG vs. US LCV	-1.3	0.9	-0.3	8.1	1.7	2.4	2.6	-0.1	1.0	3.9	-1.7	0.1	1.6	-1.9	0.2	1.4	-1.9	0.1

Data Source: Wilshire. As of 9/30/2025. For illustrative and discussion purposes only.

Earnings Sentiment

The Bar Was Low Last Year, but Expectations are VERY High in 2026...



Data Source: Goldman Sachs, FactSet

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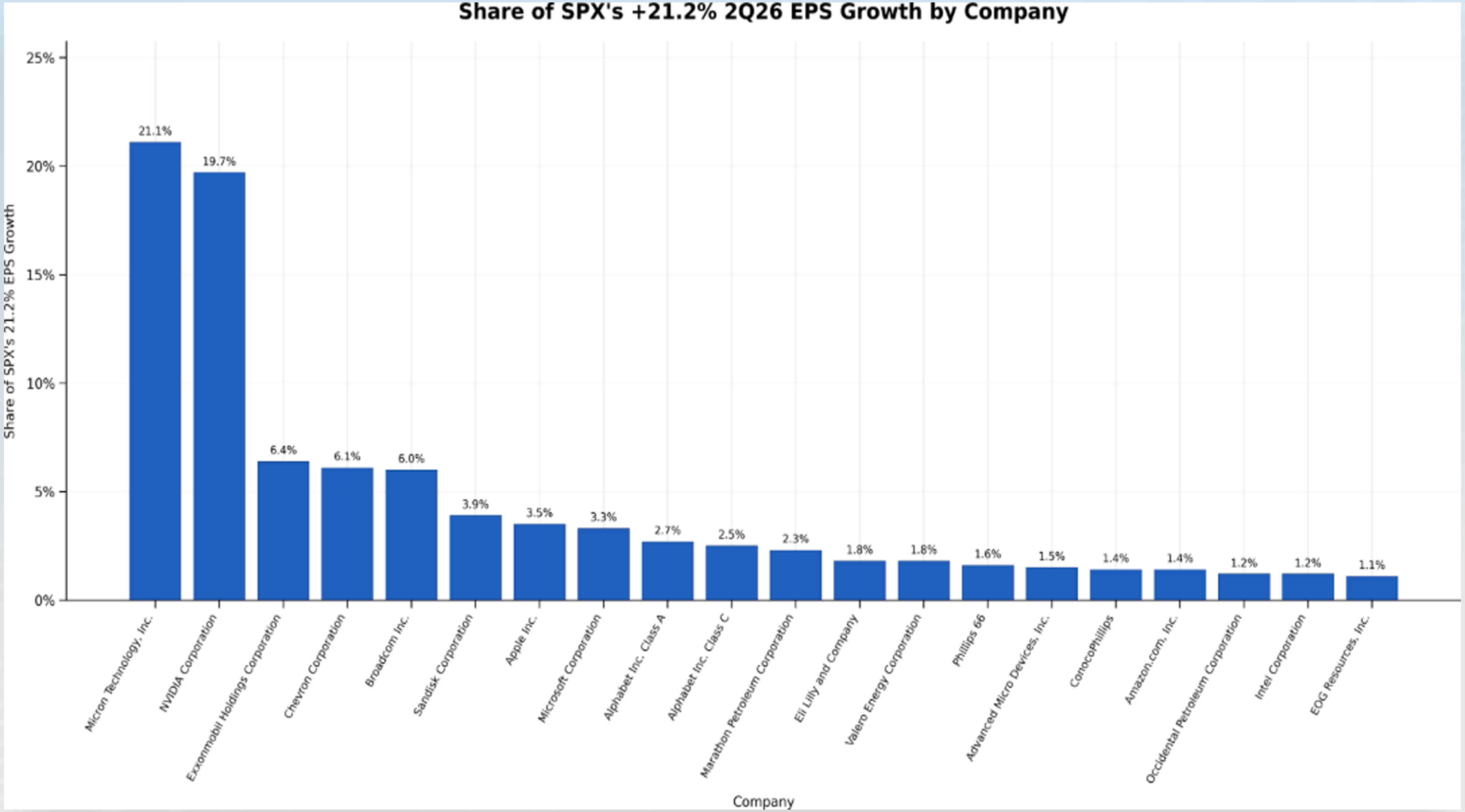
Fundamentals

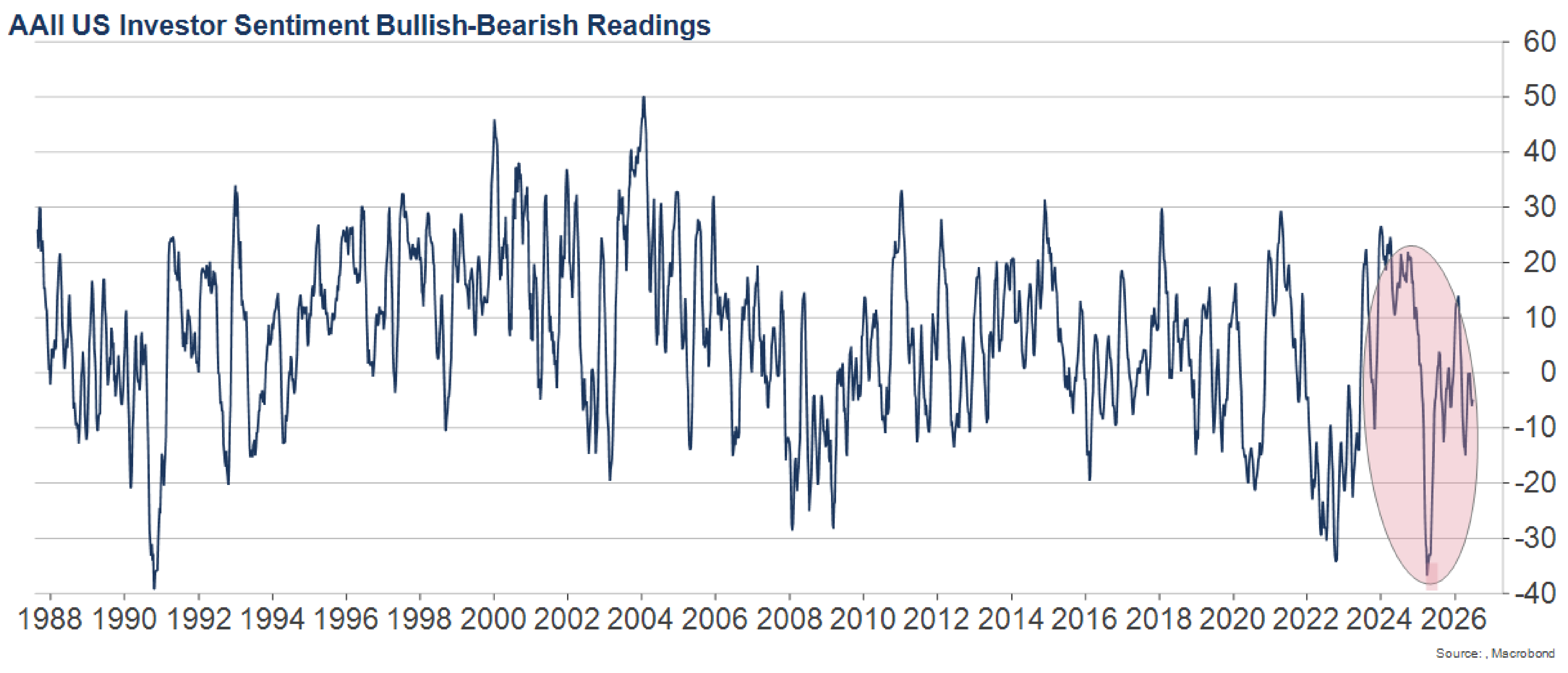
Q2 Earnings Growth is Highly Concentrated in a Few Names



Data Source: Macrobond

Sentiment and Technicals

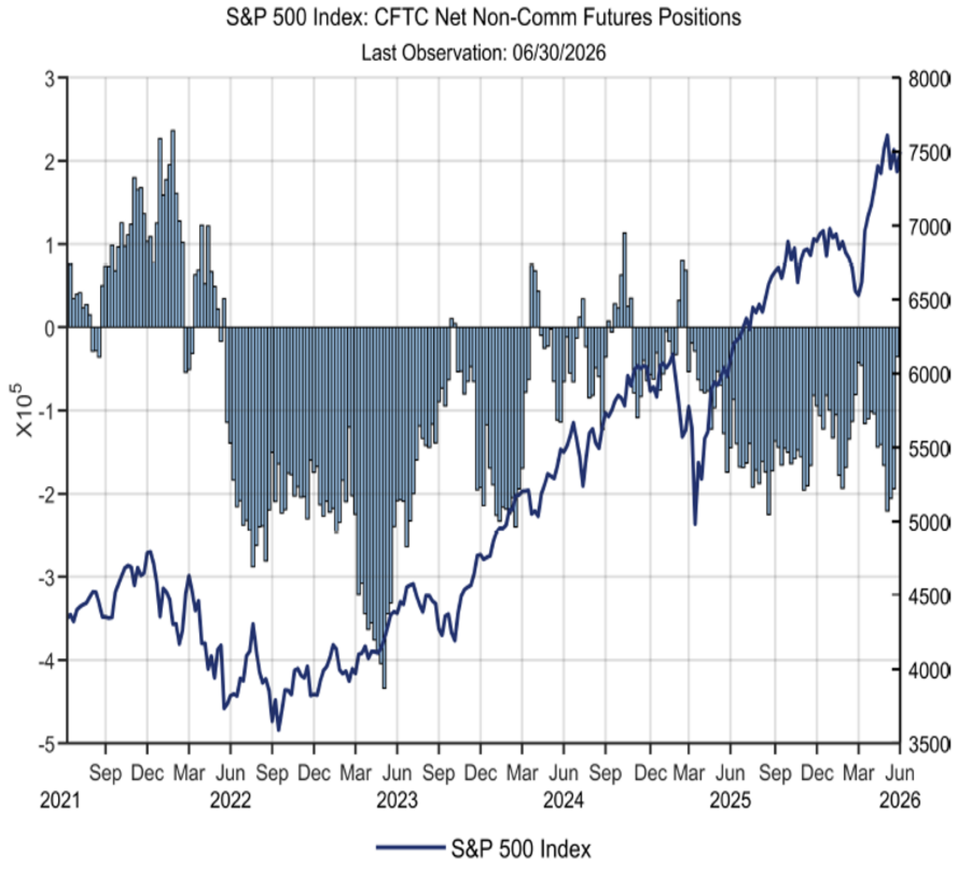
Retail Sentiment is Relatively Balanced

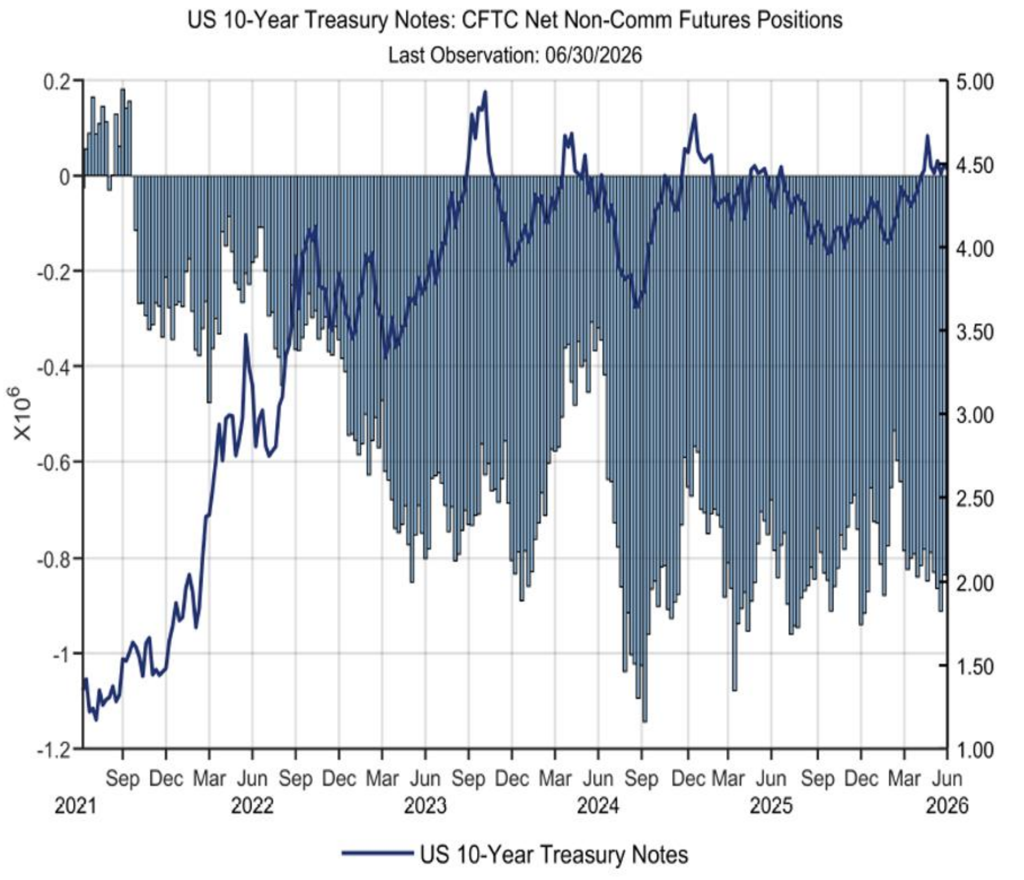


Data Source: Bloomberg, Macrobond

Sentiment and Technicals

Net Exposure in Equities & Treasuries Remains Low





Data Source: Wilshire

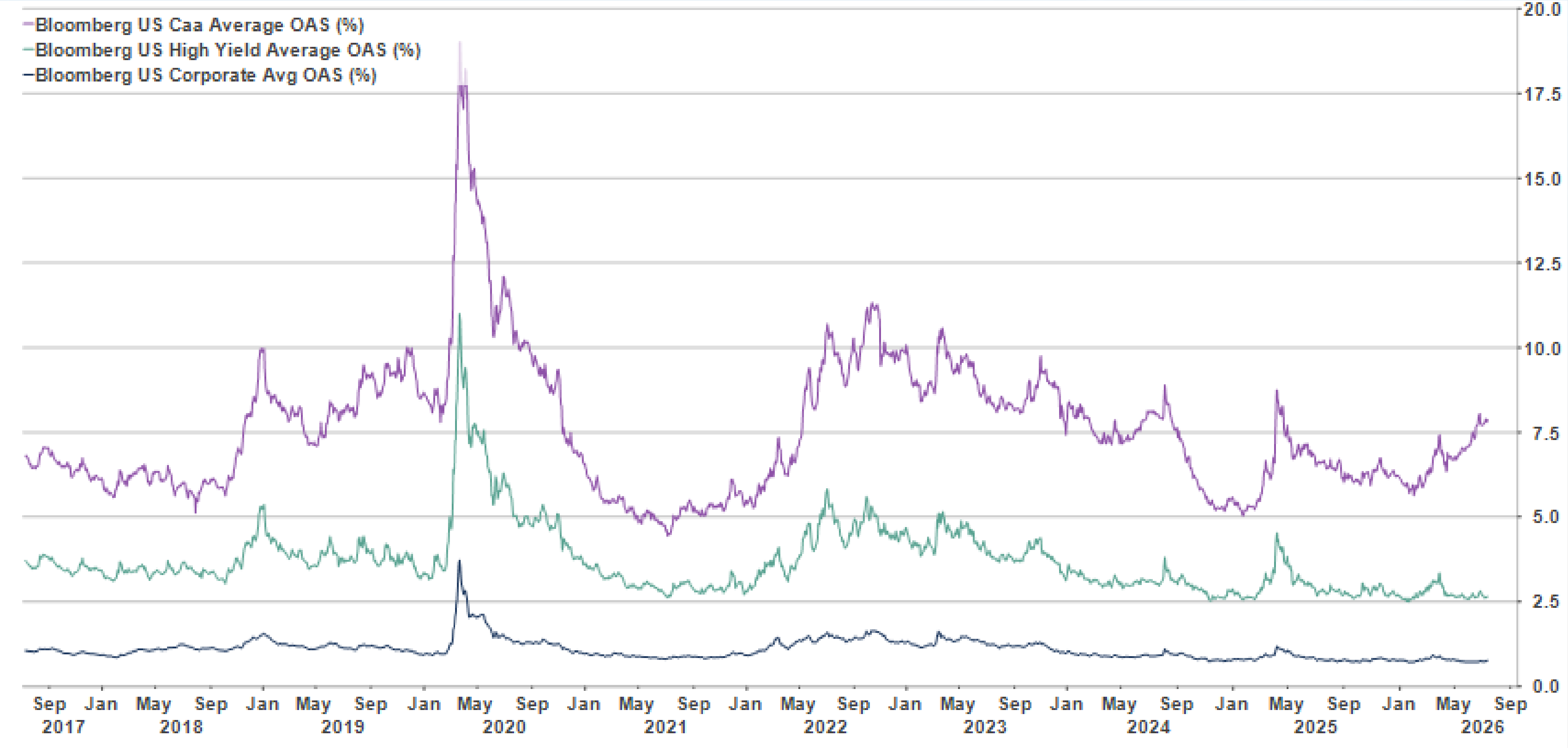
Fixed Income Valuations

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

Data Source: Wilshire, as of 06/30/26

Fixed Income Valuations

Credit Spreads Remain near Historic Lows, Except for Lowest Quality



Data Source: Macrobond

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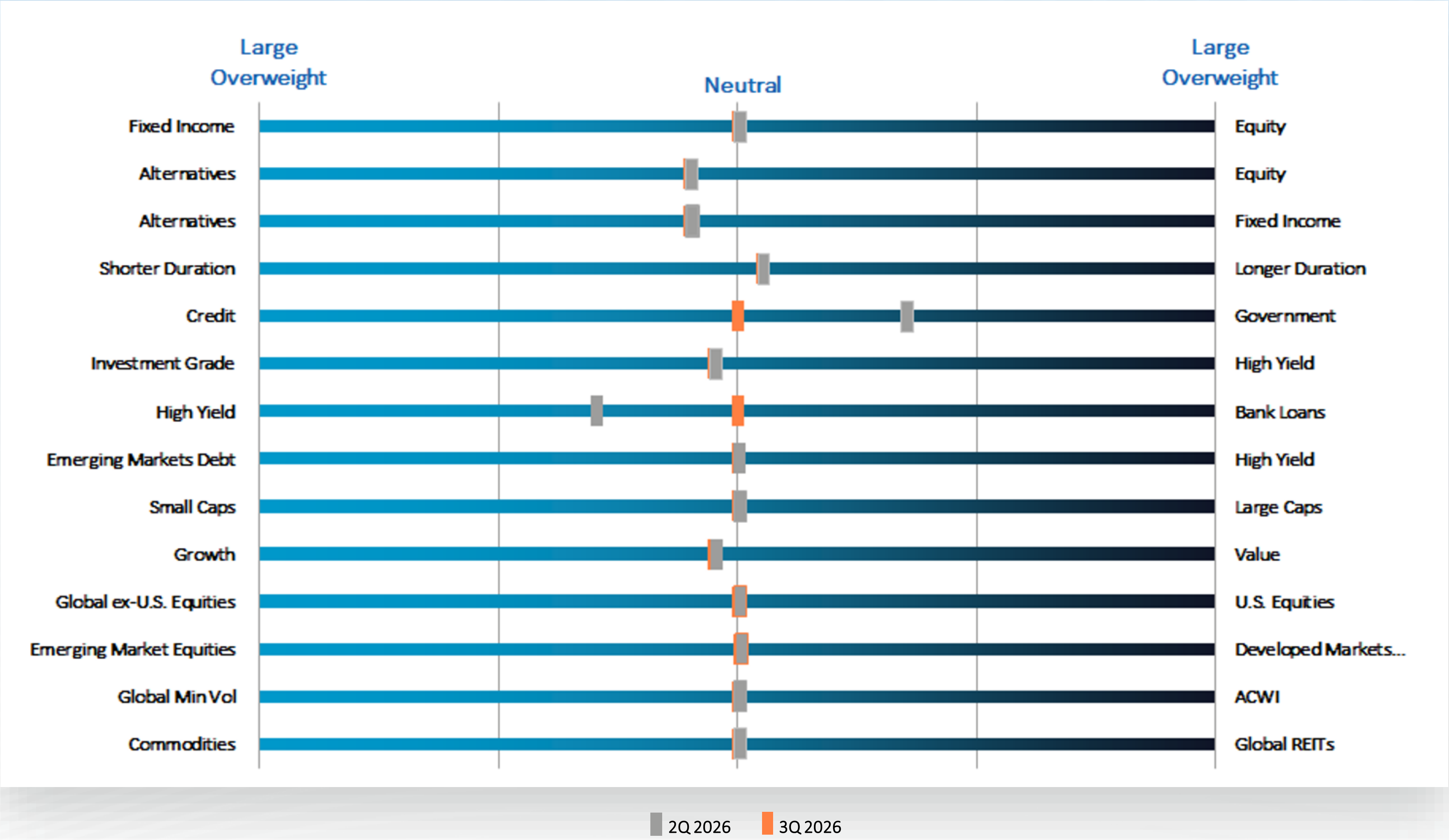
Wilshire Investment Strategy Views — Q3 2026

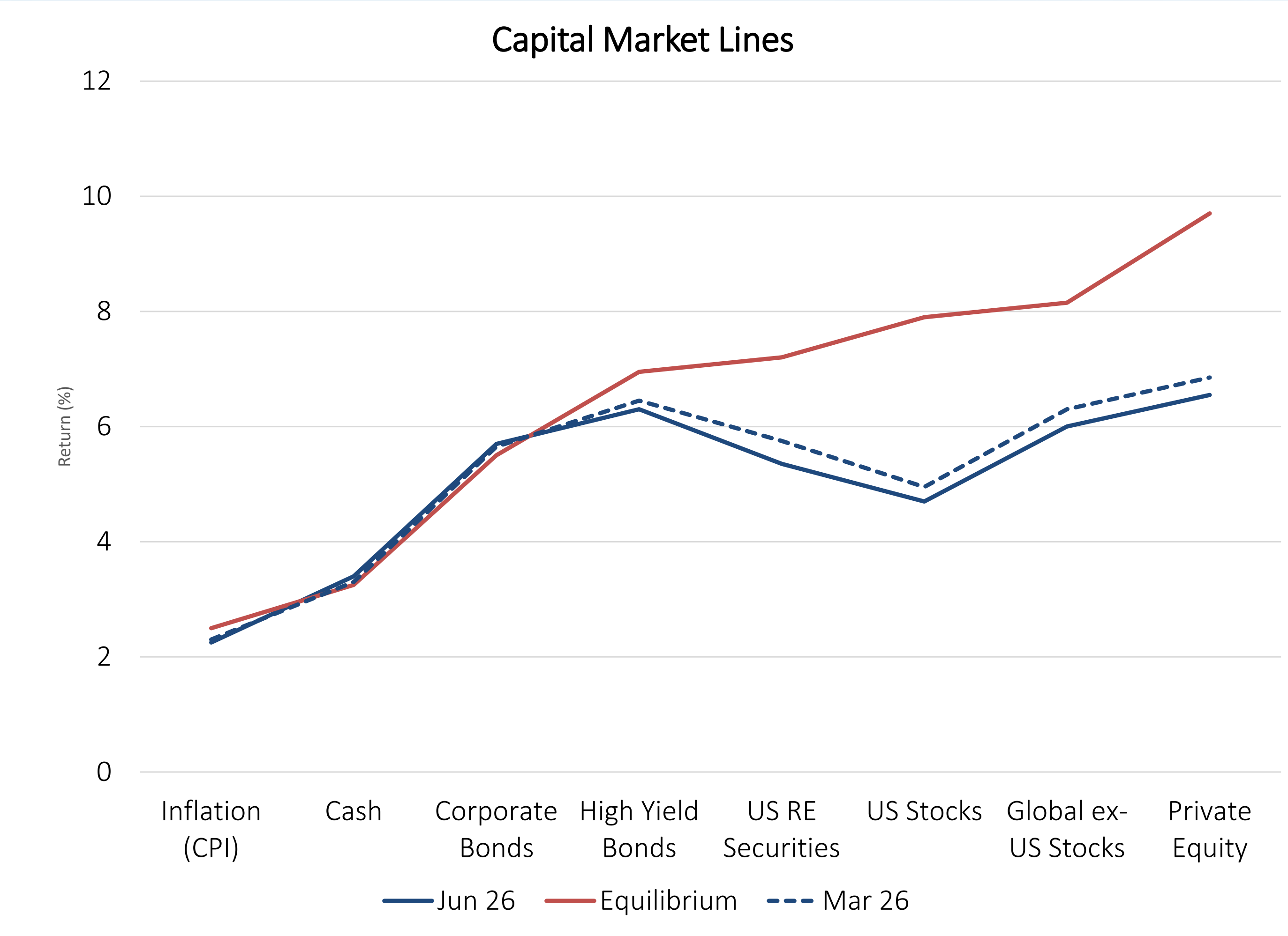


For illustrative and discussion purposes only.

June 2026 Capital Market Assumptions

Capital Market Assumptions

June 2026 vs. March 2026 & Equilibrium Assumptions



Source: Wilshire

Capital Market Assumptions

CMA Summary of Changes

Yield curve rose across the entire maturity spectrum

- Curve movements resulted in higher forecasts for fixed income asset classes
- Modest decrease in spreads for investment grade and high yield bonds

Yields on real estate are down from last quarter; inflation assumption down slightly at 2.25%

Equity assumptions are down; emerging markets down more than developed on a very strong 2026

Equity risk premium decreased due to the fall in the equity forecast versus a slight increased in core bonds

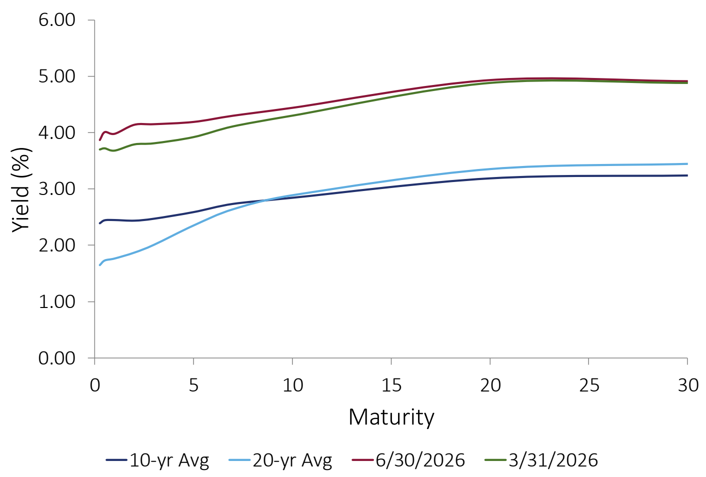
Asset Class Assumption	Total Return (%) Mar 2026	Change	Jun 2026	Risk (%)
Inflation	2.30	-0.05	2.25	1.75
Cash Equivalents	3.30	0.10	3.40	0.75
Treasuries	4.65	0.10	4.75	5.00
Core Bonds	5.15	0.05	5.20	4.75
LT Core Bonds	5.35	0.00	5.35	9.95
High Yield Bonds	6.45	-0.15	6.30	10.00
Private Credit	7.60	0.05	7.65	12.75
Global RE Securities	5.90	-0.40	5.50	16.55
Private Real Estate	6.60	-0.25	6.35	13.95
U.S. Stocks	4.95	-0.25	4.70	17.00
Dev. ex-U.S. Stocks	5.95	-0.25	5.70	18.00
Emerging Market Stocks	6.20	-0.50	5.70	26.00
Private Equity	6.85	-0.30	6.55	29.65
Hedge Funds	6.20	-0.05	6.15	6.60
Global 60/40 (ACWI/U.S. Core)	5.70	-0.15	5.55	10.75

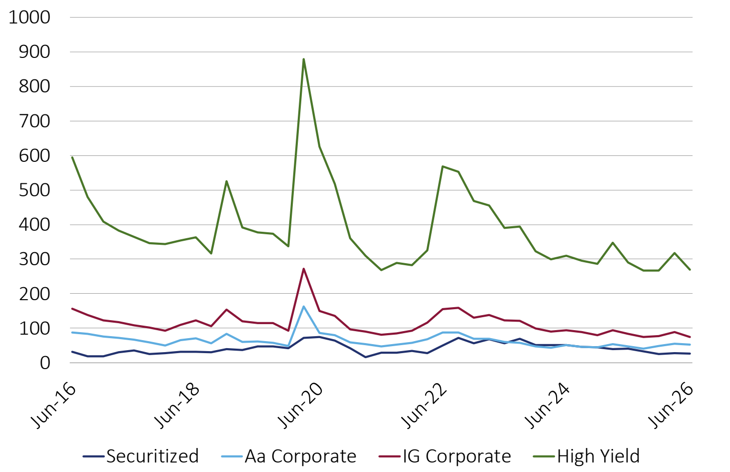
Implied Risk Premia	Relative Return (%) Mar 2026	Change	Jun 2026
Cash - Inflation	1.00	0.15	1.15
Treasury - Cash	1.35	0.00	1.35
Core - Treasury	0.50	-0.05	0.45
Long-Term Core - Core	0.20	-0.05	0.15
High Yield - Core	1.30	-0.20	1.10
Global RESI - Core	0.75	-0.45	0.30
U.S. Stocks - Core	-0.20	-0.30	-0.50
Private Equity - U.S. Stocks	1.90	-0.05	1.85
Implied Real Return (ACA - CPI)			
U.S. Stocks	2.65	-0.20	2.45
U.S. Bonds	2.85	0.10	2.95
Cash Equivalents	1.00	0.15	1.15

Source: Wilshire

Capital Market Assumptions

Fixed Income





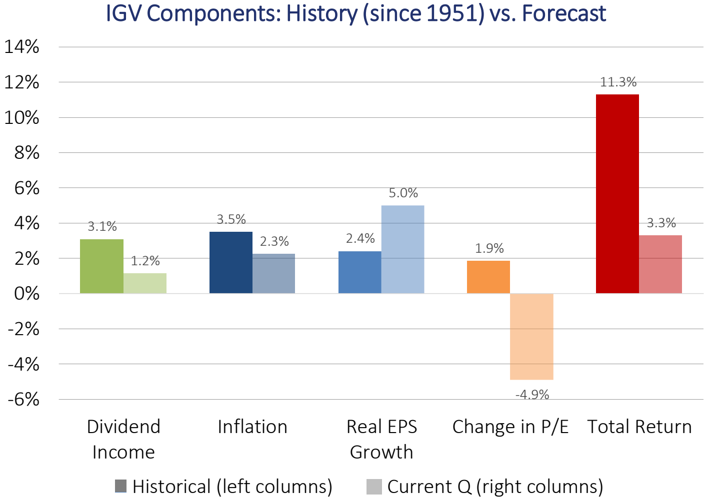
Source: Bloomberg, Wilshire

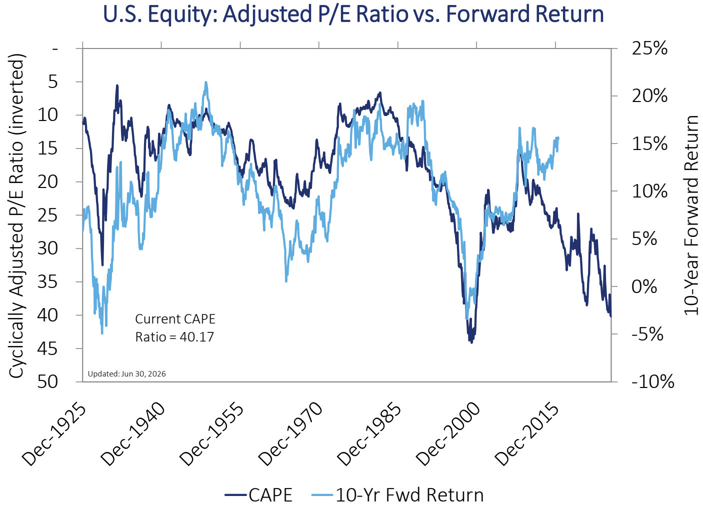
Inflation & Fixed Income		Mar 2026	Change	Jun 2026
Inflation	10-Year Treasury Yield	4.32	0.15	4.47
	10-Year Real Yield	2.01	0.21	2.23
	Breakeven Inflation	2.31	(0.07)	2.24
	Inflation Forecast	**2.30**	**(0.05)**	**2.25**
Cash	91-Day T-Bill Yield	3.70	0.17	3.87
	T-Bill Yield in 10 Yrs	3.25	0.00	3.25
	Cash Forecast	**3.30**	**0.10**	**3.40**
Treasury	U.S. Treasury Idx Yield	4.14	0.23	4.37
	Treasury Idx Yield in 10 Yrs	5.40	(0.05)	5.35
	Treasury Idx Forecast	**4.65**	**0.10**	**4.75**
	U.S. LT Treasury Idx Yield	4.91	0.03	4.93
	LT Treasury Idx Yield in 10 Yrs	5.23	(0.04)	5.20
	LT Treasury Idx Forecast	**4.85**	**0.05**	**4.90**
Spread	U.S. Corporate Idx OAS	0.89	(0.14)	0.74
	Corporate Idx OAS in 10 Yrs	1.48	(0.00)	1.48
	Corporate Idx Forecast	**5.65**	**0.05**	**5.70**
	U.S. Core Bond Forecast	**5.15**	**0.05**	**5.20**
	U.S. LT Core Bond Forecast	**5.35**	**0.00**	**5.35**
	U.S. High Yield Idx OAS	3.17	(0.47)	2.70
	High Yield Idx OAS in 10 Yrs	4.89	(0.00)	4.88
	High Yield Bond Forecast	**6.45**	**(0.15)**	**6.30**

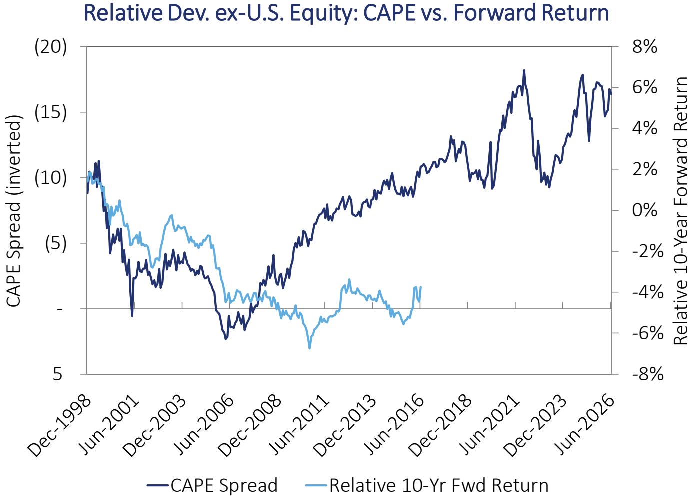
Capital Market Assumptions

Equity Markets

	Equity: Public & Private Wilshire Modeling Output	Mar 2026	Change	Jun 2026
Equity	DDM	6.95	(0.15)	6.80
	IGV	4.75	(1.45)	3.30
	CAPE	1.85	(1.60)	0.25
	U.S. Equity Forecast	**4.95**	**(0.25)**	**4.70**
	Dev-ex-US Equity Forecast	**5.95**	**(0.25)**	**5.70**
	EM Equity Forecast	**6.20**	**(0.50)**	**5.70**
Private	Cost of Debt (Public)	5.95	0.05	6.00
	Cost of Debt (Private)	7.30	0.10	7.40
	Private Market Basket Forecast	**6.85**	**(0.30)**	**6.55**





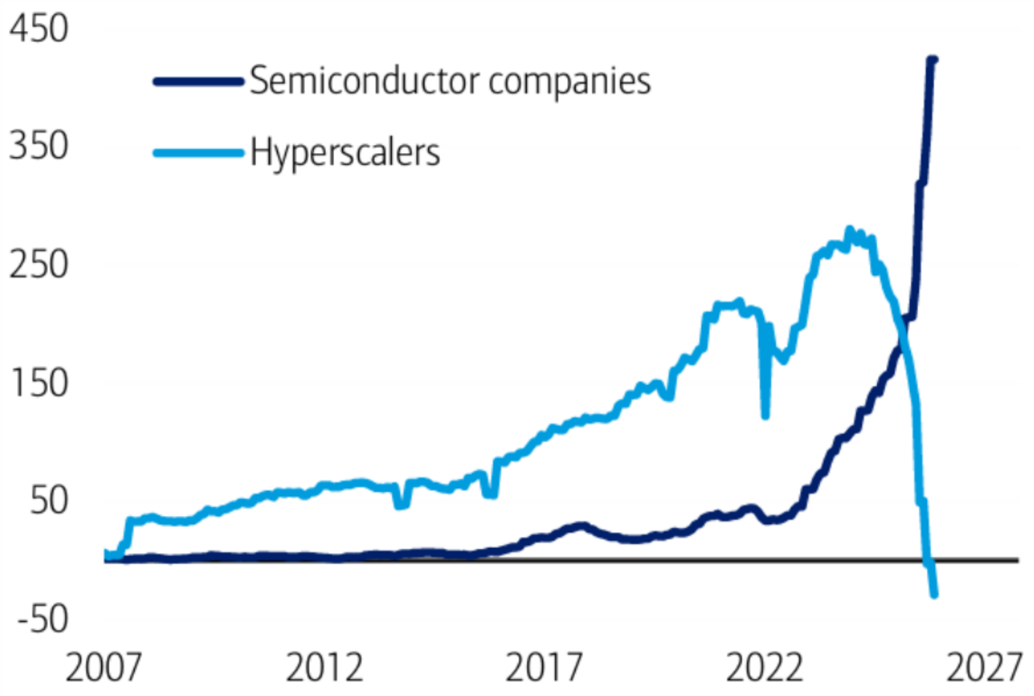


Sources: S&P, Bloomberg, Wilshire

Capital Market Assumptions

The Bet Driving It All: AI Hyperscalers Buying "Picks & Shovels"

Exhibit 6: A generational transfer in free cash flow is taking place
12m forward FCF of "hyperscalers" and semiconductor companies, $bn



Source: BofA Research Investment Committee. Hyperscalers = AMZN, GOOGL, META, MSFT, ORCL. Semiconductor companies = NVDA, MU, AVGO, & AMAT

BofA GLOBAL RESEARCH

The cash transfer:

- Hyperscalers → Semiconductor Companies
- Funding massive capital expenditure in the "AI arms race"

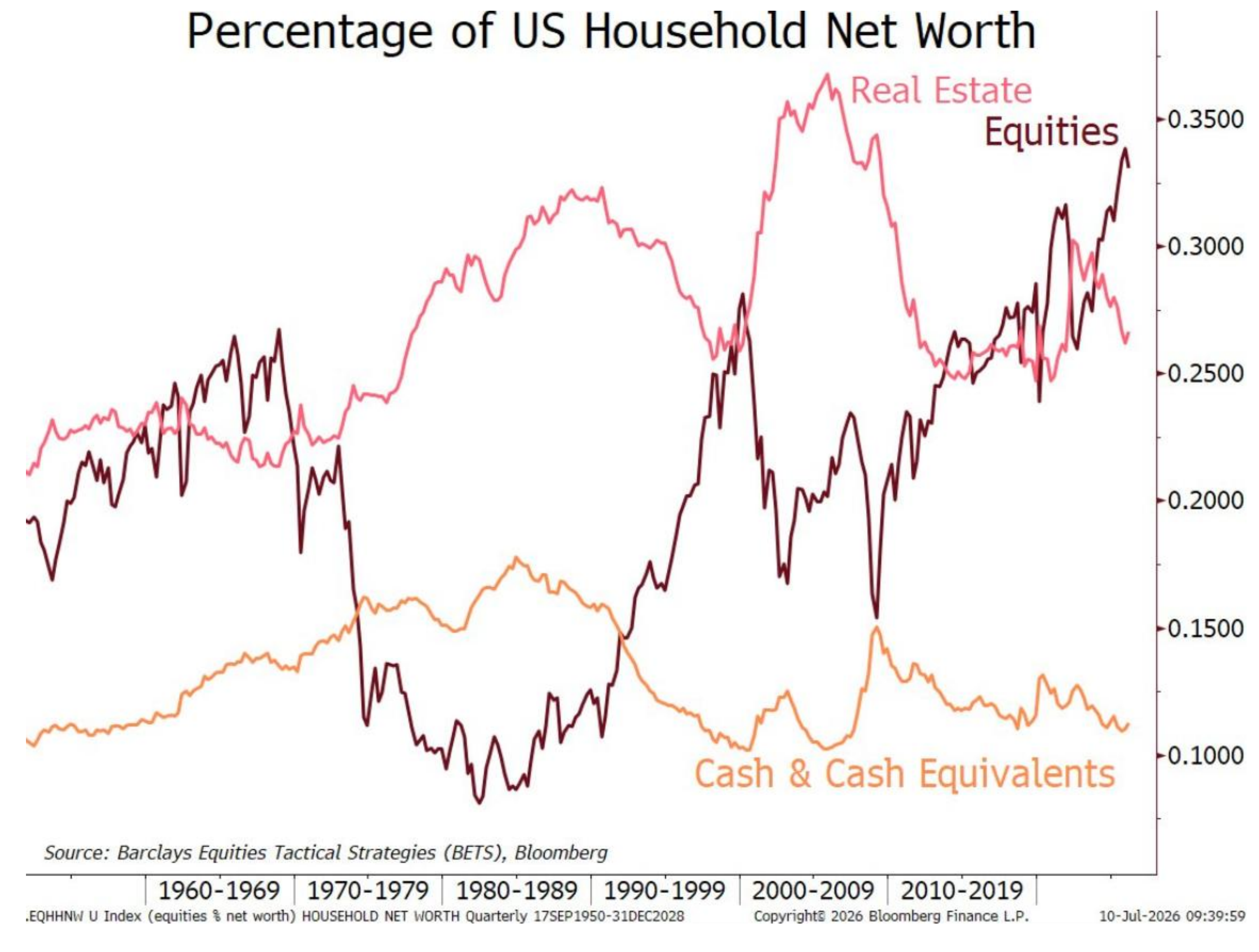
Market pricing

- Valuations suggest markets are pricing the hyperscalers' investment to pay off and the semiconductor companies to continue their rapid growth
- If they're right, valuations make sense (and our models are underestimating future returns)

Data Source: BofA Global Research

Capital Market Assumptions

The Stock Market is the Economy (so, it's likely to be defended)



Data Source: Barclays, Bloomberg

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