Russell Investments

Economic and Market Review

SECOND QUARTER 2026

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Agenda

2Q2026 market and news recap

Markets push higher following March volatility

January

- U.S. military executes "Operation Absolute Resolve" on Venezuela
- Gold prices surpass $5000 per ounce
- Core inflation drops to 2.5%, the lowest since 2021

February

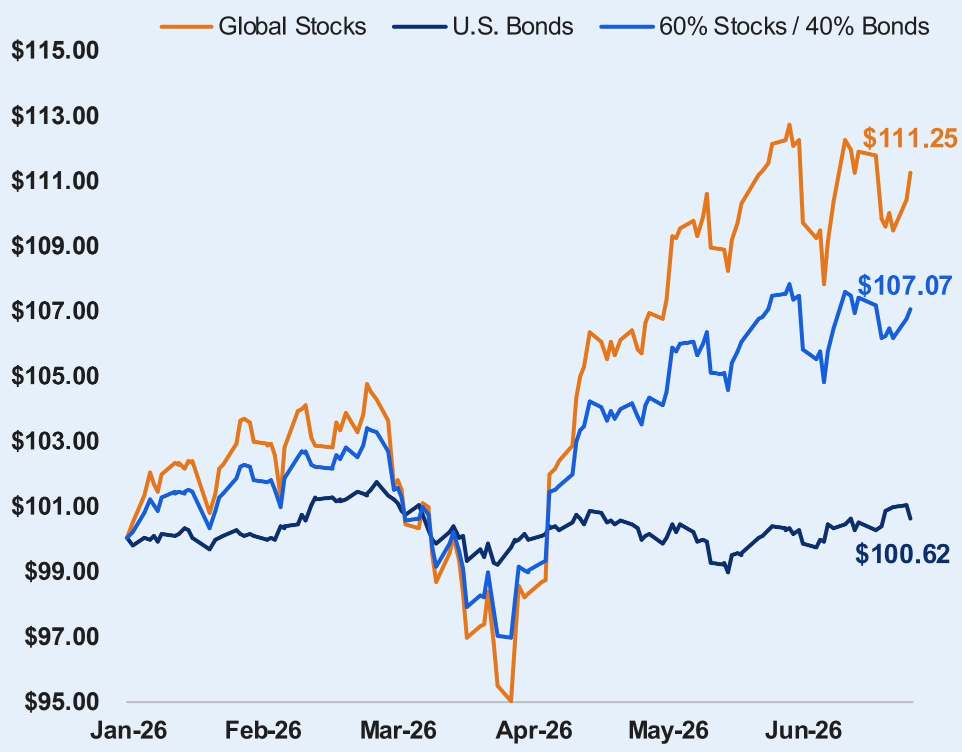
- Software stocks experience sharp selloff due to concerns surrounding AI disruption
- Supreme Court issues ruling reversing IEEPA tariffs
- U.S. military executes "Operation Epic Fury" on Iran

March

- Oil crosses $100 per barrel for the first time since 2022
- Volatility roils markets amid geopolitical tensions
- Nasdaq Composite and Russell 2000 Indexes briefly reach correction territory, falling over 10% from market peaks

Growth of $100

January 1 – June 30, 2026



April

- Oil prices peak around $115 per barrel
- Global stock markets rally on hopes for easing geopolitical tensions and recover March losses.

May

- Kevin Warsh sworn in as next chairman of the Federal Reserve
- 10-Year U.S. Treasury Yields rise above 4.5% for the first time since mid 2025
- Core inflation ticks up to 2.9%

June

- SpaceX begins trading as the largest IPO in history
- Strait of Hormuz begins first phase of reopening
- Oil falls back to just over $70 per barrel
- New York Knicks win first NBA championship since 1973

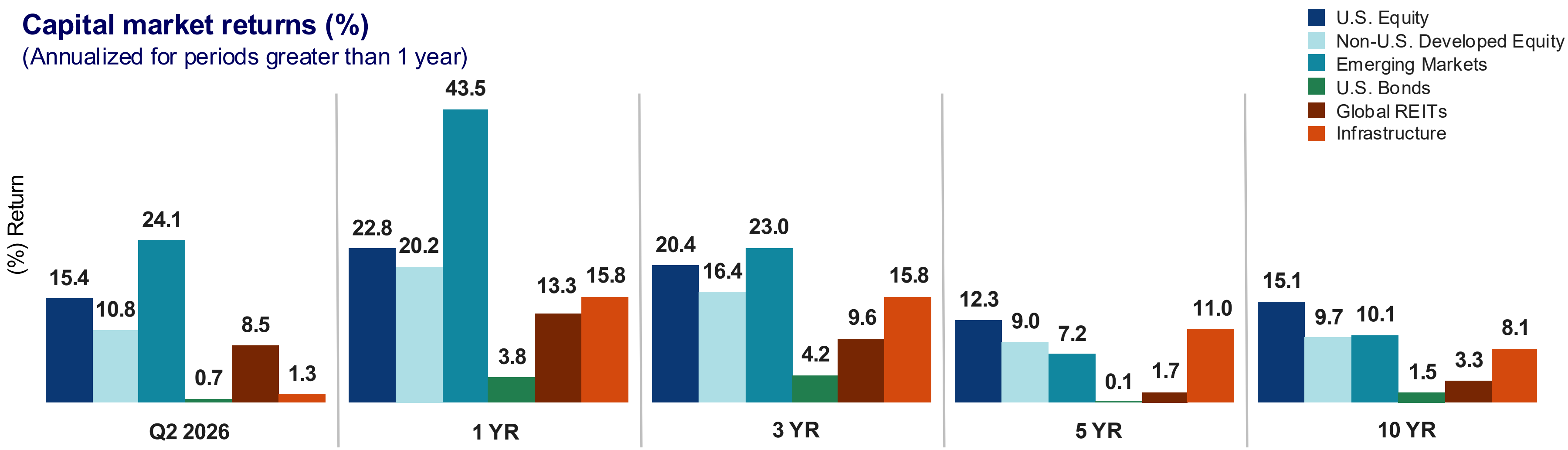
Source: Morningstar. Global Stocks: MSCI ACWI Index ; U.S. Bonds: Bloomberg U.S. Aggregate Bond Index. The 60/40 portfolio is a blend of 60% MSCI ACWI Index / 40% Bloomberg U.S. Aggregate Index. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

Capital markets

Periods ending June 30, 2026

Capital market returns (%)

(Annualized for periods greater than 1 year)



U.S. equity: (Russell 3000® Index) U.S. stock index which includes the 3,000 largest U.S. stocks as measured by market capitalization

Non-U.S. developed equity: (MSCI EAFE Index) International market index that includes Western Europe, Japan, Australia

Emerging markets: (MSCI Emerging Markets Index) Emerging markets index that includes S. Korea, Brazil, Russia, India and China

U.S. bonds: (Bloomberg U.S. Aggregate Bond Index) Broad index for U.S. Fixed Income market

Global REITs: (FTSE EPRA/NAREIT Developed Index) Index for global publicly traded real estate securities

Infrastructure: (S&P Global Infrastructure Index) Provides exposure to companies around the world that represent listed infrastructure

CAPITAL MARKETS Q2 2026:

U.S. equity rebounded strongly in Q2, supported by improved risk sentiment, resilient earnings & broader strength across technology and AI-related themes

Non-U.S. developed equity posted solid gains, helped by a weaker U.S. dollar, improving global sentiment, and broader participation across developed markets.

Emerging markets led the equity rally, benefiting from strong technology exposure, AI infrastructure demand, and improved appetite for risk assets.

U.S. bonds finished modestly positive, with yield income helping offset price pressure from a roughly 16 bps rise in rates

Global REITs posted solid gains, supported by improving real estate sentiment, resilient operating trends, and disciplined balance sheets

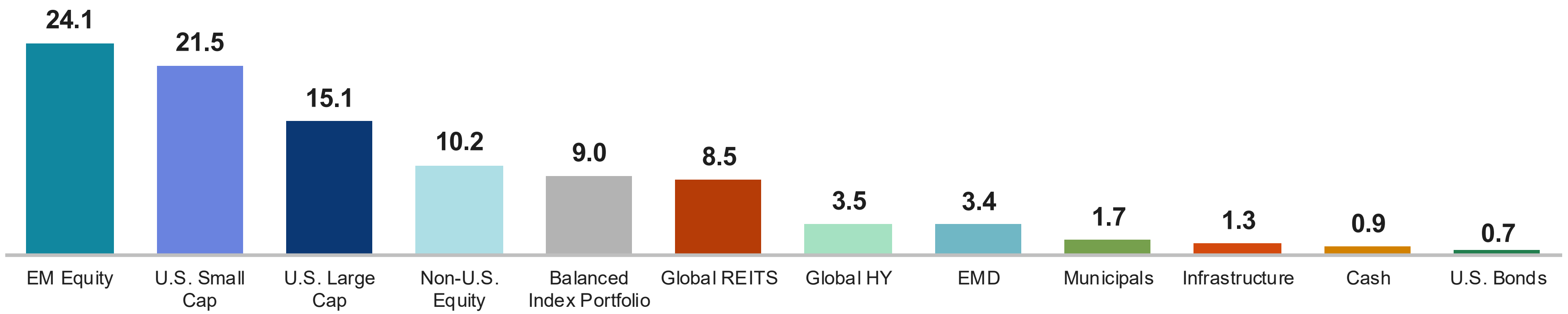
Infrastructure finished positive but trailed equities, with digital infrastructure demand remaining supportive despite a less powerful Q2 energy tailwind.

Source: FTSE/Russell, Bloomberg, MSCI, FTSE NAREIT, and S&P. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

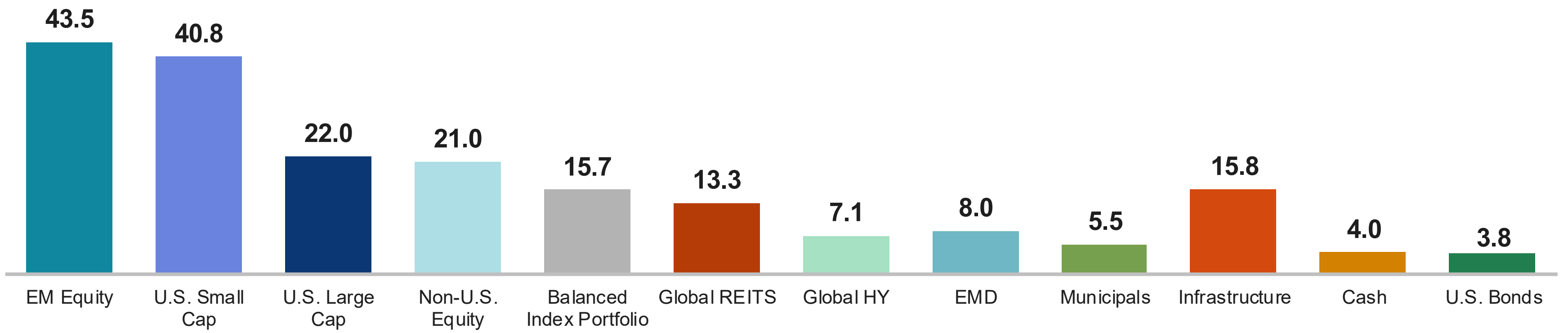
What worked and what "didn't"

Equities Alternatives Fixed Income

Q2 2026 returns (%)



1 year returns (%)

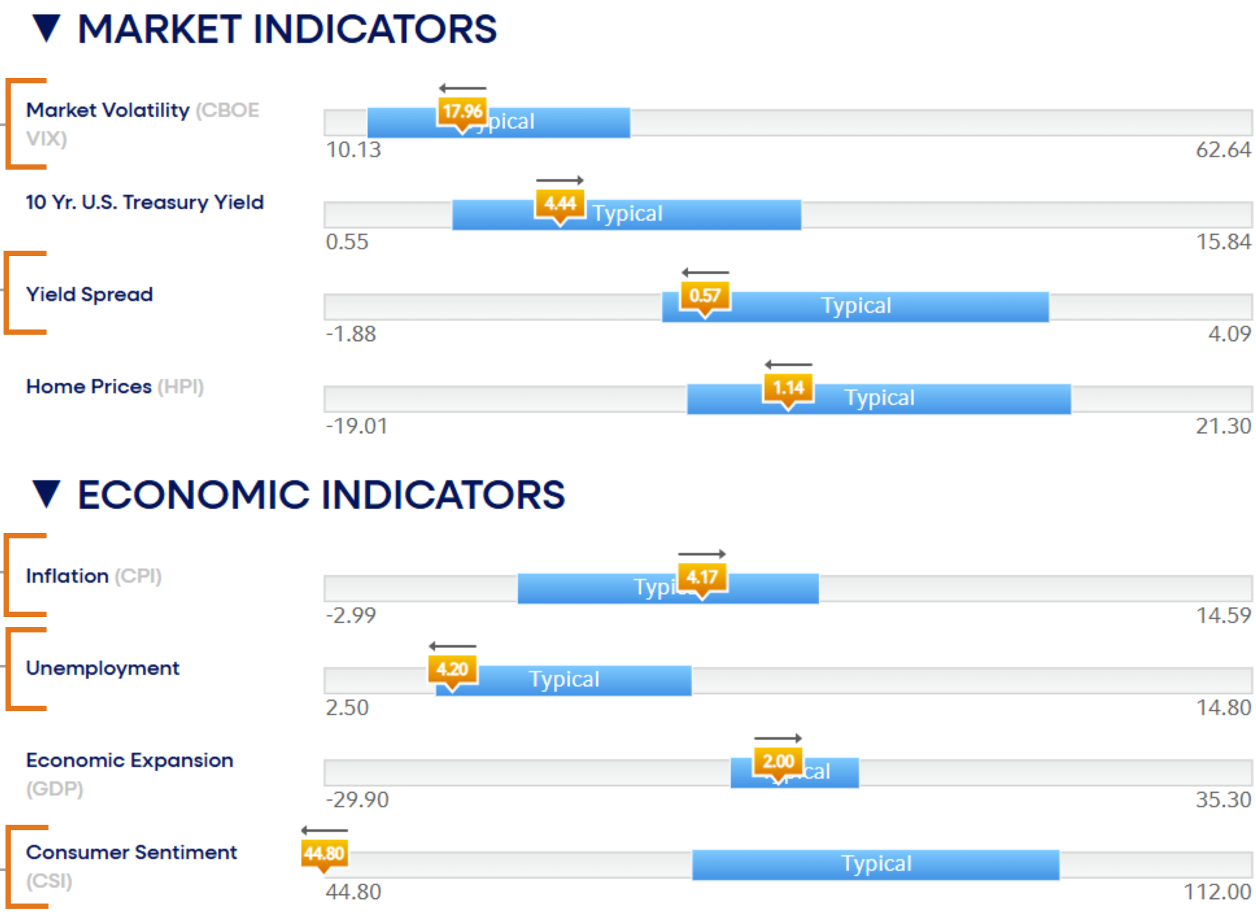


Source: U.S. Small Cap: Russell 2000® Index; U.S. Large Cap: Russell 1000® Index; Non-U.S.: MSCI World ex-USA Net index; Infrastructure: S&P Global Infrastructure Index; Global High Yield: Bloomberg Global High Yield Index; Global REITs: FTSE EPRA/NAREIT Developed Index; Municipals: Bloomberg Municipal 1-15 Yr. Blend Index, Cash: Bloomberg US Treasury Bill 1-3 Month Index; EM Equity: MSCI Emerging Markets Index; U.S. Bonds: Bloomberg U.S. Aggregate Bond Index; Emerging Market Debt: Bloomberg EM USD Aggregate Index Balanced Index: 3% U.S. Small Cap ,36% U.S. Large Cap,13% Non-U.S., 2% Infrastructure, 4% Global High Yield, 2% Global REITs, 2% Cash, 4% EM Equity, 34% U.S. Bonds. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

Economic indicators dashboard

Q2 2026

MOST RECENT | 3-MO. TREND | TYPICAL RANGE | ACTUAL RANGE



Market Volatility: Decreased but remains in typical range

Yield Spread: Widened further in Q2, remains in typical range

Inflation: Increased sharply from 2.4% in previous quarter

Unemployment: Dropped from 4.3% in Q1, remains in lower end of typical range

Consumer Sentiment: May 2026 reading at lowest level since sentiment reading began

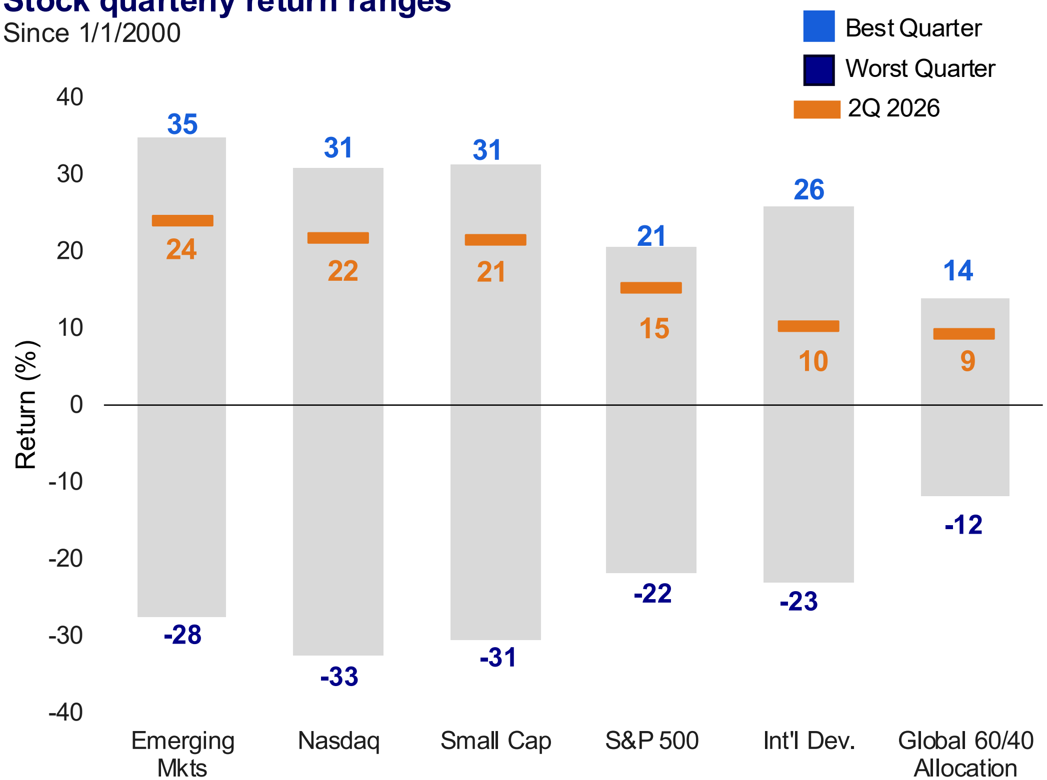
Source: http://www.russellinvestments.com, current view from RI.com as of 7/7/2026, data points as of most recent month-end. For more up to date information, please refer to www.russellinvestments.com. See appendix for category definitions. Russell Investments' Economic Indicators Dashboard charts several key indicators to help investors assess economic and market trends.

Broad based rally in global stocks strengthens

Stocks deliver one of the best quarters in recent history with emerging markets leading the way

Stock quarterly return ranges

Since 1/1/2000



Asset Class	2Q 2026 Return %	Best Quarter Since	Prior 1 Year Return %	Following 1 Year Return %
Emerging Markets	24.1	Q2 2009*	-47.1	23.2
Nasdaq	21.6	Q2 2020*	0.7	45.2
Small Cap	21.5	Q4 2020*	0.4	14.8
S&P 500	15.2	Q2 2020*	-7.0	40.8
Non-US Stocks	10.2	Q2 2025	5.3	21.0
Global 60/40 Allocation	9.1	Q4 2023	12.5	10.8

*Best overall quarter since 1/1/2000

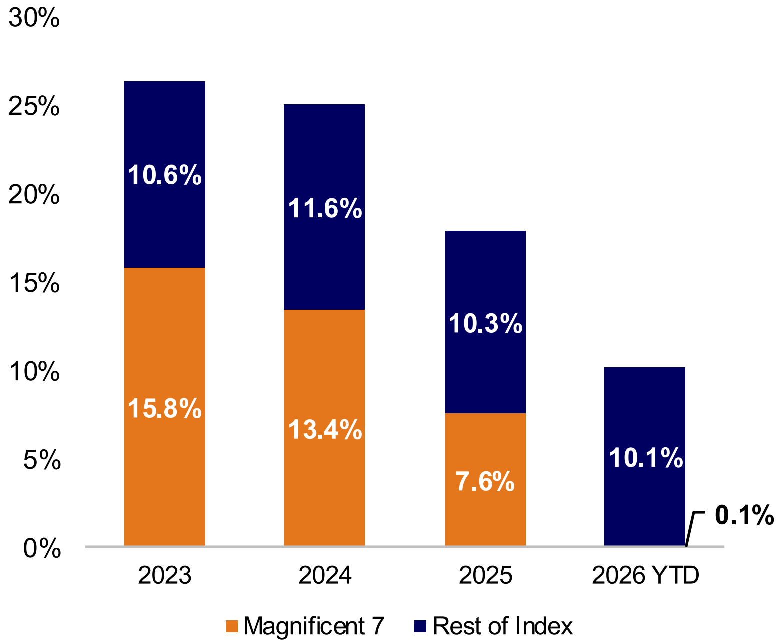
- Most major equity indices posted double-digit returns for Q2 and delivered their best quarter since Covid or GFC recoveries
- Following the prior best quarters in these markets, stocks continued to trend higher over the following year
- Strong Q2 returns after Q1 volatility highlights the difficulty timing markets and importance of staying invested through uncertainty

Source: Morningstar. U.S. Small Cap: Russell 2000® Index; S&P 500: S&P 500 Index; International Developed: MSCI World ex-USA Net index; Emerging Markets: MSCI Emerging Markets Index; Nasdaq: Nasdaq Composite Index; Global 60/40 Allocation: 60% MSCI ACWI Index and 40% Bloomberg US Aggregate Bond Index. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

U.S. equity returns have new leadership in 2026

Magnificent 7 returns have not been the driving force behind U.S. equities

S&P 500 return contribution, Magnificent 7 vs rest of Index



Stocks with >200% return YTD

Stock (Sector/Industry)	YTD Return (%)	Cont. to S&P 500 Return	S&P 500 Index Weight 12/31/2025	S&P 500 Index Weight Today
SanDisk (Tech/Hardware)	858	0.5	0.1%	0.5%
Micron Technology (Tech/Semiconductors)	305	1.6	0.6%	2.0%
Intel (Tech/Semiconductors)	278	0.8	0.3%	1.0%
Western Digital (Tech/Hardware)	271	0.3	0.1%	0.3%
Seagate (Tech/Hardware)	251	0.3	0.1%	0.3%
Dell (Tech/Hardware)	245	0.2	0.1%	0.2%
Top 6 Index Leaders	**316***	**3.7**	**1.3%**	**4.4%**
Magnificent 7	**1***	**0.1**	**34.9%**	**31.6%**

*weighted average return based on beginning of year index weights

- There is a new group of stocks leading U.S. equity, with six companies returning greater than 200% through Q2 of 2026
- This group is benefitting from the A.I. buildout and are concentrated in the semiconductor and tech hardware industries
- From 2023-2025 the Magnificent 7 stocks accounted for almost half the S&P 500's returns but have been a nonfactor in 2026

Source: Morningstar Direct & Russell Investments. "Magnificent 7" stocks includes Apple, Microsoft, Alphabet, Amazon, Nvidia, Tesla & Meta. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

The bull is running …

But is it out of breath?

Current vs. historical bull market average

Jan. 1926 – Jun. 2026

Bull market stats (Since Jan. 1926)

	Jan '26-Aug '29	Jul '32-Aug '32	Mar '33-Jan '34	Aug '34-Feb '37	Apr '38-Sep '39	May '42-May '46	Dec '46-Dec '61	Jul '62-Nov '68	Jul '70-Nov '72	Oct '74-Aug '87	Dec '87-Aug '00	Oct '02-Oct '07	Mar '09-Dec '19	Apr '20-Dec '21	Oct '22-Present	**Average**
Return (%)	193%	92%	105%	135%	65%	210%	936%	144%	76%	845%	817%	108%	451%	68%	121%	**291%**
Length (Yrs)	3.7	0.2	0.9	2.6	1.5	4.1	15.1	6.4	2.4	12.9	12.8	5.1	10.8	1.8	3.8	**5.6**

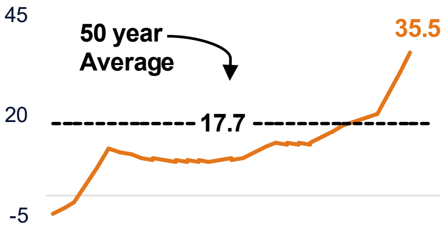
- Since 1926, the average bull market gained 291% and lasted 5.6 years
- The current bull market, which began in October 2022, is up 121% over roughly 3.8 years
- That puts this bull at 41% of the average return and 68% of the average length

Source: Morningstar Direct, S&P 500 Index. Bull markets: Markets where the cumulative returns exceed 20%. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

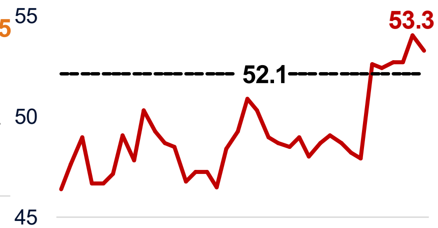
The rally has had fundamental support

Earnings have improved while the economy remains resilient

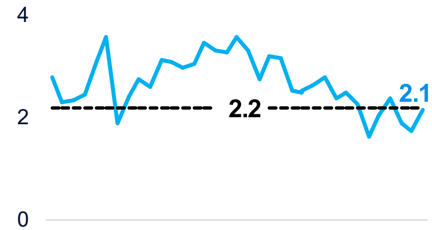
S&P 500 earnings growth TTM
(3 years through Mar. '26)



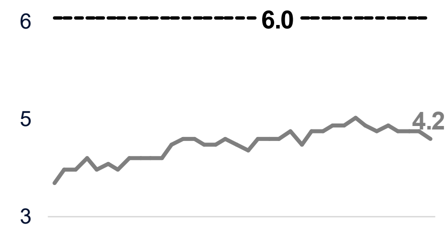
Manufacturing activity
(3 years through Jun. '26)



Consumer spending (YoY %)
(3 years through May '26)



Unemployment rate (%)
(3 years through Jun. '26)



S&P 500: Growth of $100k
(3 years through June 2026)

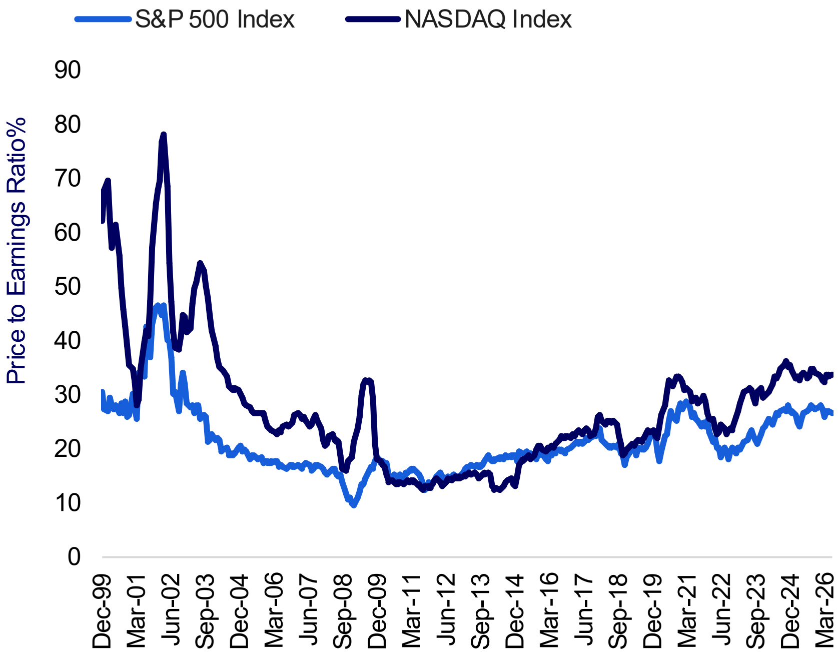
- Earnings growth has improved, giving the rally fundamental support
- Manufacturing activity has moved back into expansion territory
- Positive spending growth and low unemployment has supported company revenues and the consumer backdrop

Source: St. Louis Fred, YCharts, & Morningstar Direct. S&P 500 EPS Growth TTM: S&P 500 Earnings Per Share YoY Trailing Twelve Months, Manufacturing Activity: US ISM Manufacturing PMI, Consumer Spending: US Real Personal Consumption Expenditures YoY, Unemployment Rate: U.S. Unemployment Rate. S&P 500: S&P 500 Index. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

New stock market bubble?

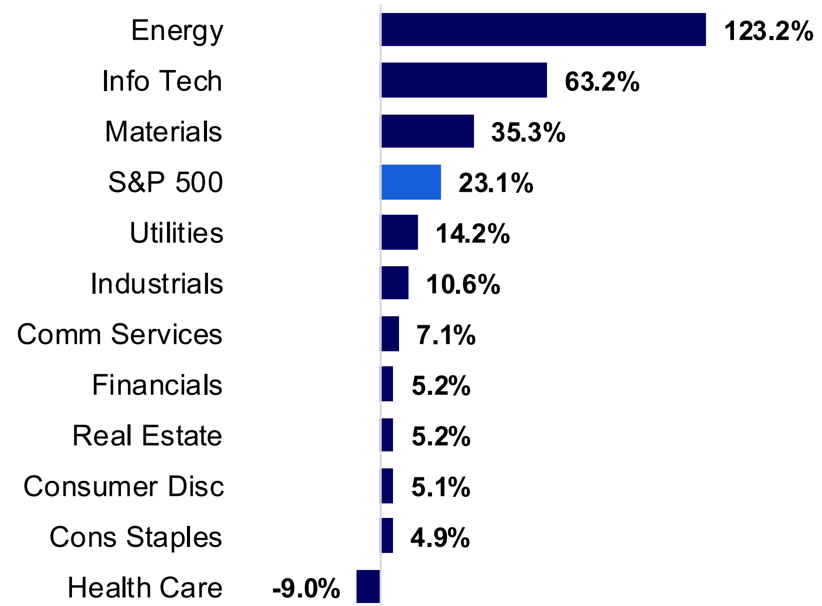
Current equity valuations significantly lower than tech bubble period

U.S. stock market price/earnings ratio



S&P 500 Index: One-year earnings growth

2Q 2026 projected



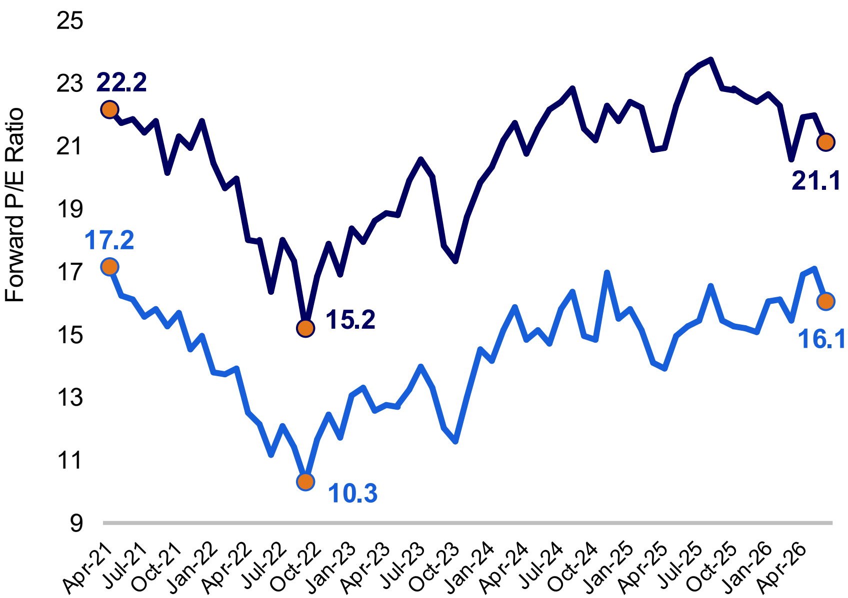
- The NASDAQ Index peaked near 80 and the S&P 500 Index peaked over 45
- NASDAQ currently at 34 and S&P 500 at 27
- Recent stock market strength driven by improving earnings more than expanding multiples

Sources: P/E Ratio data is from Macrotrends and Morningstar, S&P 500 Index earnings data is from FactSet. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

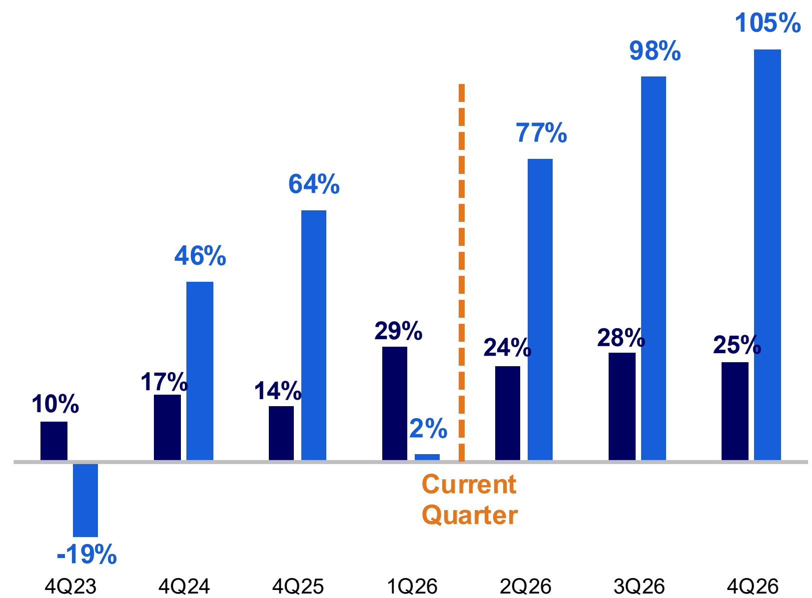
Positive momentum for small cap stocks

Improving fundamentals and attractive valuations may help drive returns

Valuation comparison
April 2021 – June 2026



Historical and projected earnings growth
4Q23 – 4Q26



■ Large Cap Stocks ■ Small Cap Stocks

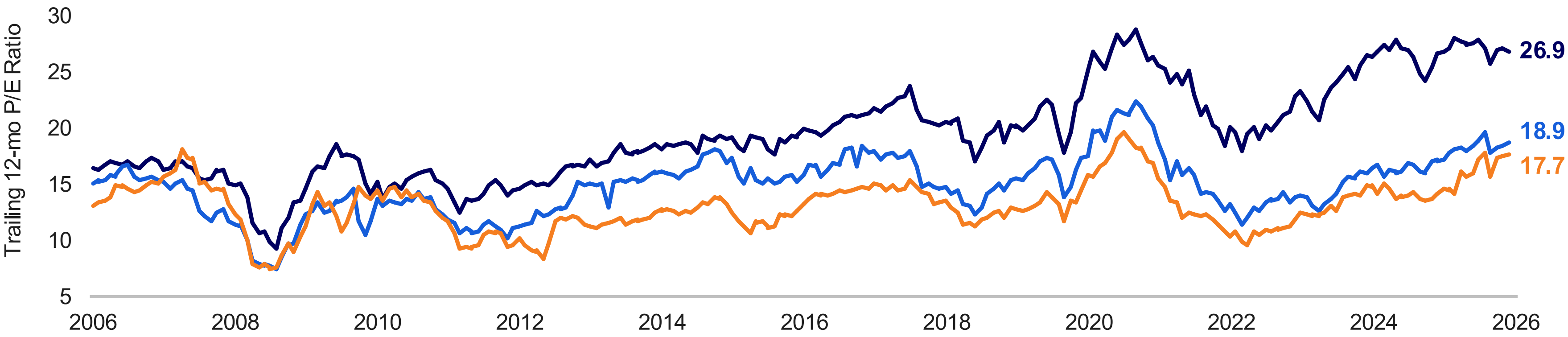
- Small cap stocks continued their strong performance in Q2 and outperformed large cap by nearly 20% over the last year
- Attractive valuations and strong earnings growth suggest momentum may continue

Source: Morningstar, LSEG and IBES. Large Cap Stocks represented by S&P 500 Index and Small Cap Stocks represented by Russell 2000 Index. Earnings figures represent year over year growth rates. Earnings as of 7/2/2026. P/E ratio based on future earnings. Indexes are unmanaged and cannot be invested in directly.

Non-U.S. stocks still at discount after outperforming

Global stocks have attractive valuations relative to U.S. counterparts

U.S. & non-U.S. stock valuations



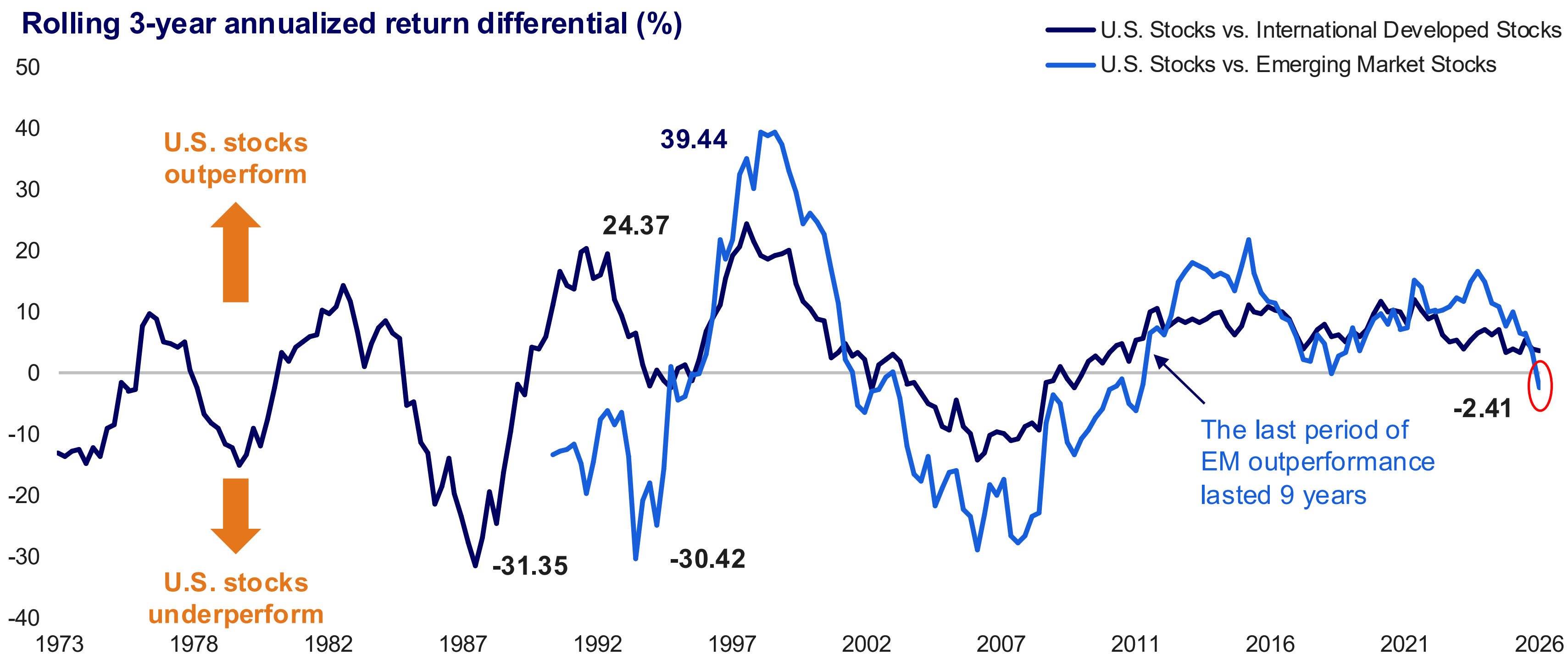
	Average trailing 12-mo P/E as of 6/30/2026			Average discount relative to U.S. as of 6/30/2026			Maximum and current discount Levels		
	5YR	10YR	20YR	5YR	10YR	20YR	Max	Max date	Current
U.S. Large Cap	24.1	23.0	19.6	-	-	-	-	-	-
International Dev'd	15.6	16.2	15.0	-35%	-29%	-23%	-43%	Sept. 2024	-30%
Emerging Markets	13.4	13.9	13.1	-44%	-39%	-31%	-51%	Oct. 2022	-34%

- All three indexes are now more expensive following periods of strong performance that have increased their price-to-earnings
- However, international developed and emerging market equities are still at valuation discounts in line with the historical averages
- Earnings keeping pace with prices will put downward pressure on further multiple expansion

Source: Morningstar. U.S. Large Cap Equity represented by the S&P 500. International Developed Equity represented by the MSCI EAFE Index. Emerging Markets Equity represented by the MSCI EM Index. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

Regional market leadership rotates

Emerging Market equities outperform U.S. for first time since 1Q 2012

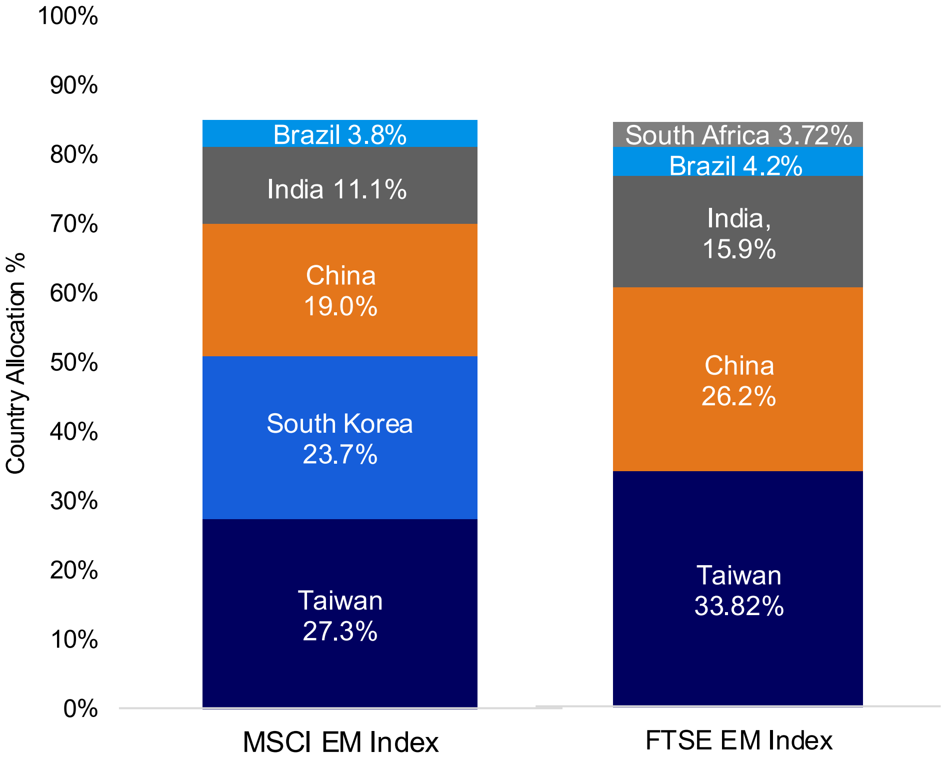


- While the U.S. has led in recent years, history demonstrates that international equities have also experienced extended periods of outperformance
- Emerging market equities have outperformed U.S. equities by 2.4% over the three years ending June 30, 2026

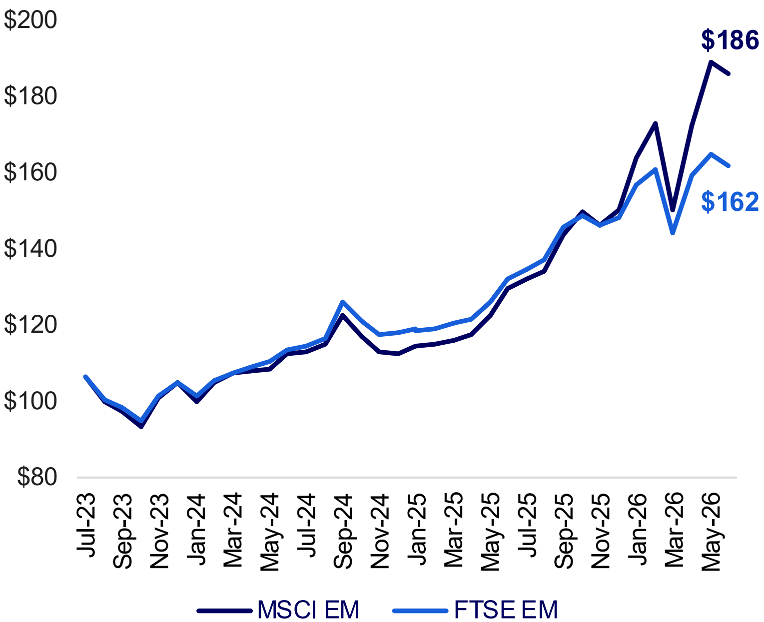
Source: Morningstar Direct. U.S. Stocks: S&P 500 Index (Net Return); International Developed Stocks: MSCI World ex USA Index (Net Return); Emerging Market Stocks: MSCI Emerging Markets Index (Gross Return through 12/31/2003; Net Return thereafter). Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

Emerging markets' definitions and results can vary

Know your index: Country composition can drive relative performance



Three years of Emerging Markets returns periods ending June 2026
Growth of $100



- MSCI's inclusion of South Korea changes the profile and results of the emerging markets exposure
- MSCI's EM Index has outperformed FTSE's EM Index by 20% over the three years ending June
- Tech and Artificial Intelligence related companies have driven strong returns in Taiwan and South Korea

Sources: MSCI Emerging Markets Index and FTSE Emerging Markets Index. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

Starting yield matters

Higher starting yields have been an attractive entry point

U.S. bond yield ranges	Average forward returns (annualized) Jan. 1976 – Jun. 2026 1 Year	3 Year	5 Year	10 Year
0-2%	-3.5	-0.8	1.1	1.2
2-3%	3.9	2.4	2.4	2.1
4-5%	5.3	4.8	5.1	4.5
5-6%	6.1	6.2	6.1	5.2
6-7%	8.4	7.0	7.0	6.4
7-8%	10.1	6.6	6.9	8.4
8%+	13.9	11.7	11.6	10.5

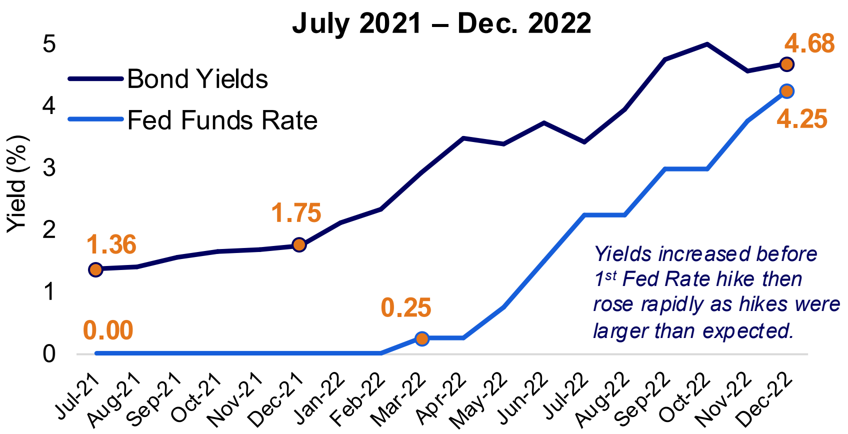
- Starting yields have historically been a strong indicator of future bond returns
- Currently, U.S. bonds are yielding 4.7% putting today's yield environment in a historically constructive range
- Historically, this range has produced average forward returns of roughly 4.5%–5.3%

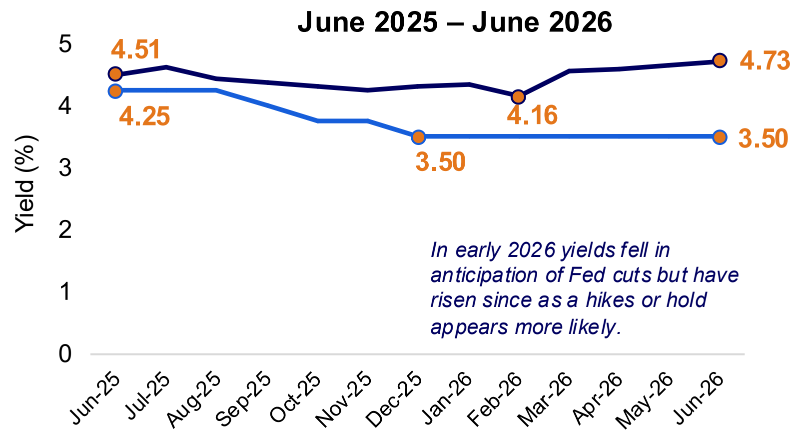
Source: Morningstar Direct. U.S. Bond: Bloomberg U.S. Aggregate Bond Index. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

Improving benefits to holding bonds

Bonds show higher yields with less interest rate sensitivity and volatility than before

Bond Yield and Fed Funds comparison: 2021 vs today





Aggregate Bond Index Characteristic Comparison:

	12/31/2021	6/30/2026	Impact for investors
Aggregate Bond Yield	1.75%	4.73%	More income
Duration	6.77 years	5.88 years	Less interest rate sensitivity
1 year expected return if:			
Rates rise 1%	-5.02%	-1.15%	Higher expected returns across scenarios
Rates stay the same	1.75%	4.73%	
Rates fall 1%	8.52%	10.61%	

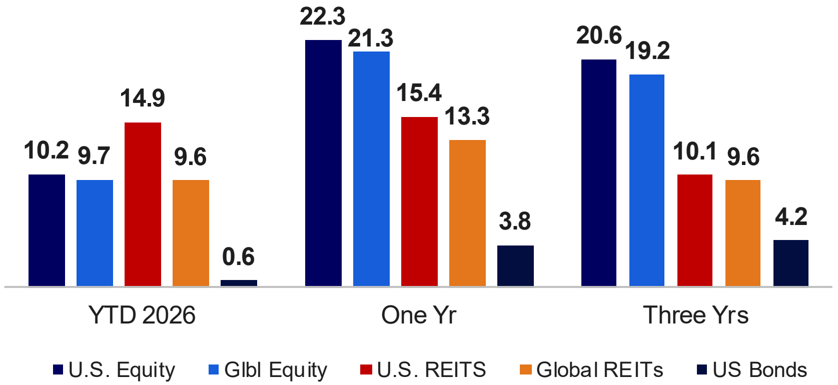
- Investors have shifted expectations from Fed rate cuts to potentially rate hikes in 2026
- Compared to the rapid rate rise in 2021-2022, recent interest rate movements have been relatively minor
- Higher yields and lower interest rate sensitivity today suggest less return risk in a rising rate environment

Source: Barclays Live and St. Louis Fed. Bond Yields and characteristics represented by Bloomberg US Aggregate Bond Index. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

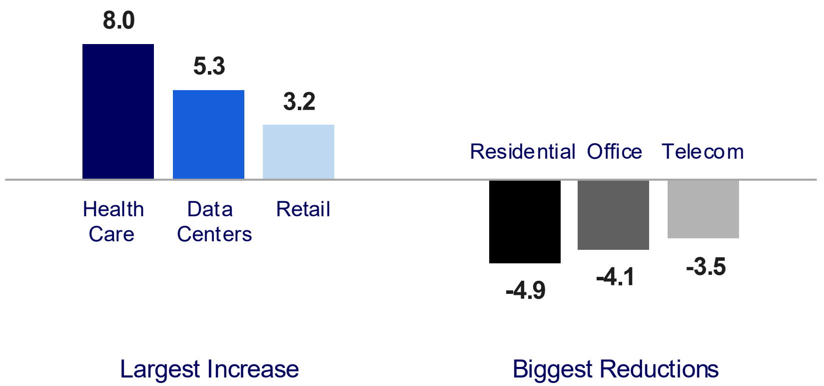
Real estate securities showing signs of life?

Improving returns adding to income benefits as the indexes evolve

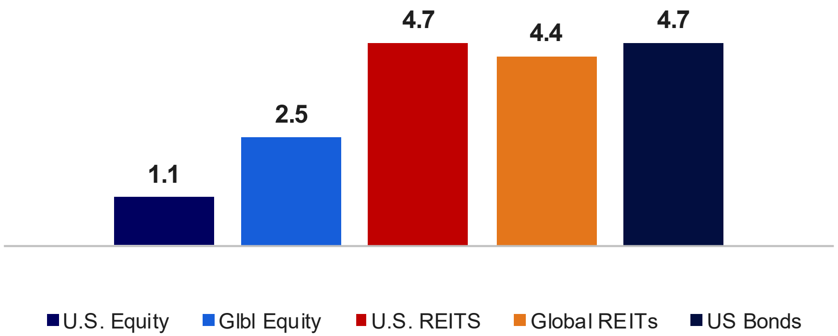
Asset class returns
Periods ending June 2026



Largest sector shifts%
December 2023 to June 2026



Current asset class yields%
Periods ending June 2026



- Real estate securities are contributing positively to portfolios after a difficult stretch
- Returns are competitive with long-term equity results
- Income levels are attractive relative to traditional stocks and competing with fixed income

Sources: U.S. Equity: S&P 500 Inex, Global Equity: MSCI World Index, U.S. REITS: FTSE NAREIT All Equity Index, Global REITs: FTSE EPRA NAREIT Developed Index NET, US Bonds: Bloomberg Barclays Aggregate Bond Index, U.S. REIT sector allocations: NAREIT Indexes. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

Executive Summary

2026:Q2

MARKET REVIEW: KEY THEMES FROM THE SECOND QUARTER

EM Dispersion elevated
Large dispersion of returns within emerging markets, with Korea outperforming Indonesia by 160%.

Tech enthusiasm
Tech stocks shined this quarter, outperforming all other sectors in the MSCI ACWI Index. However, there was strong dispersion within tech, with semiconductors outperforming while software names struggled.

Hawkish pivot continues
Hawkish pivot continued in the fixed income market, as solid U.S. jobs data and elevated inflation changed the Fed's messaging. Markets now see Fed hikes instead of Fed cuts.

GLOBAL MARKET OUTLOOK

Economy
As war shock fades, we expect global economic activity to remain robust and potentially even re-accelerate.

Stocks
Earnings expectations continue to remain strong. Investor sentiment not yet at an extreme.

Sovereign bonds
We continue to think a Fed hike in 2026 remains unlikely. We see good value in several DM government bond markets.

Public credit
Spreads could widen out amid greater debt issuance.

Currency
USD strengthened amid hawkish Fed pivot, but we expect weakening trend to persist over the medium-term.

Private markets
Accelerating IPO momentum should help improve outcomes for private market funds. Private credit risks remain contained.

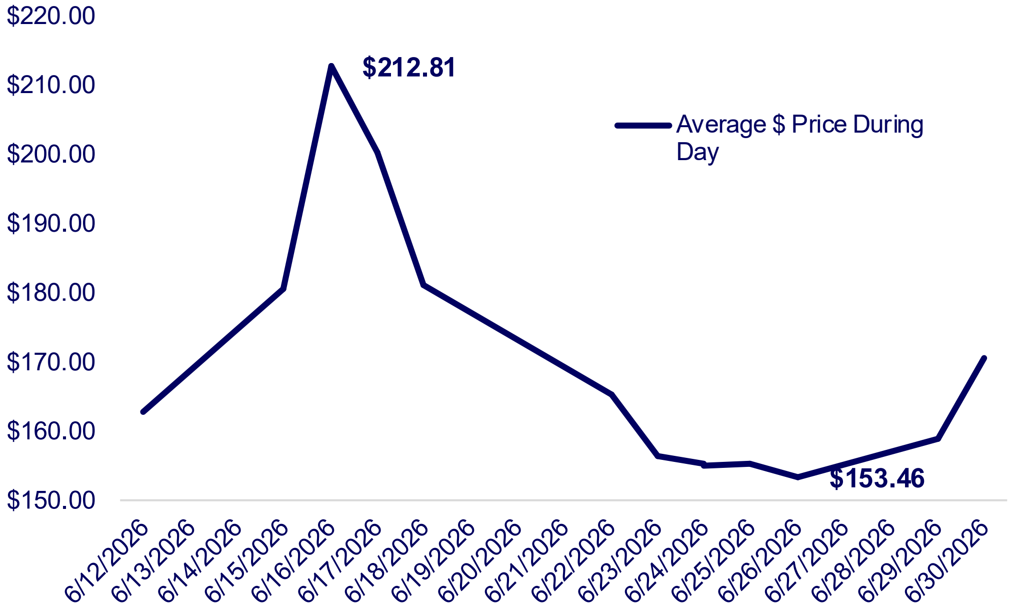
Russell Investments. July 2026.

The story of a historical IPO

SpaceX "launch" month sent investors on wild ride with little impact on market indexes

- SpaceX was valued at $2T+, and issued ~$75b of stock to the public (~4% float) on June 12
- S&P Indexes excluded SpaceX due to no earnings
- Indexes that included SpaceX did so at float weight, ~0.10% - 0.20% of index
- Additional 2026 large IPOs likely to receive similar index treatment

The SPCX Public Price Experience
Since June 12 launch



- Investors that received the $150 IPO price and held the stock received a return of 10.4% by month-end
- SpaceX investors who purchased at day 3 average price lost 21% if they held the stock until month-end
- Experience varied by the day, with early buy and hold participants experiencing negative returns

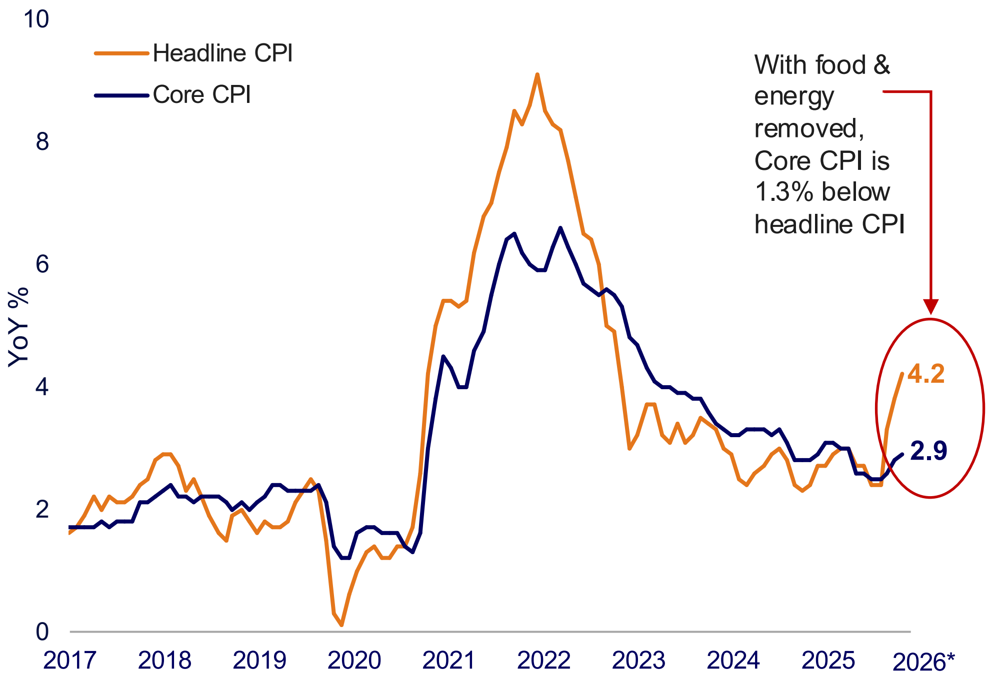
Sources: Daily price averages from Google Finance

Inflation has risen

But the underlying trend is narrower than 2022

Headline vs. Core CPI (YoY %)

(10 years through May 2026)



2022 v. today: What's driving CPI

Component	2022 Peak* YoY %	2022 Peak* Relative Importance	May 2026 YoY %	May 2026 Relative Importance	50 Year Avg
Headline CPI	9.1%	100%	4.2%	100%	3.7%
Core CPI	5.9%	79.3%	2.9%	79.9%	3.7%
Food	10.4%	13.4%	3.1%	13.7%	3.6%
Energy	41.6%	7.3%	23.5%	6.4%	4.5%
Shelter	5.6%	32.9%	3.4%	35.6%	4.4%

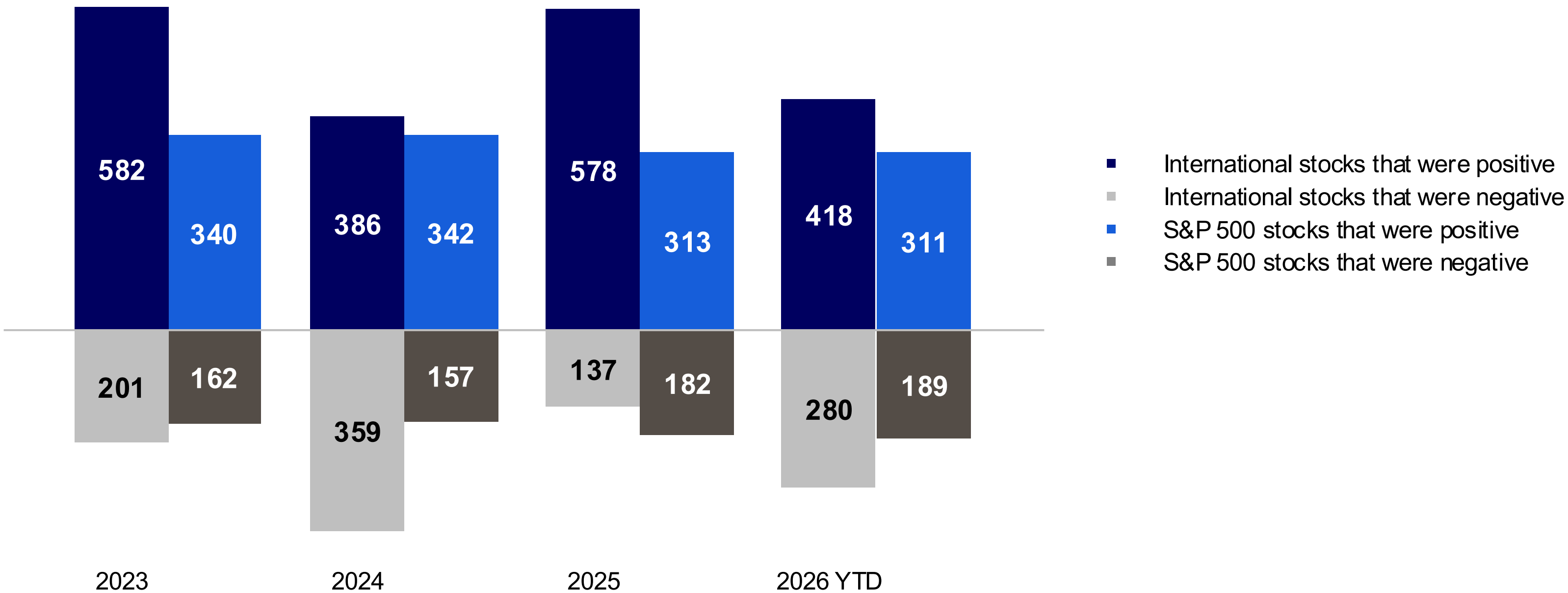
- In 2022, broad pressures from food, energy and shelter were all significant drivers of inflation
- Today, food and shelter are no longer the same kind of pressure they were in 2022, energy has done most of the work
- Despite a volatile Q2, the level of WTI Crude Oil is at $70.56 falling to levels seen in early March

Source: Bureau of Labor & Statistics. 2026*: As of 5/31/2026. 2022 Peak*: Values based on the 6/30/2022 Headline CPI Peak date. Relative Importance: Based on 12/31/2021 for 2022 and 12/31/2024 for 2026. Crude Oil Prices: West Texas Intermediate (WTI) – Cushing, Oklahoma. Monthly increase based on month-over-month change in Spot WTI Crude Oil price.

Loss harvesting opportunities in global equities

Recent market gains do not mean loss harvesting goes to zero

Tax loss harvesting opportunities in global equities



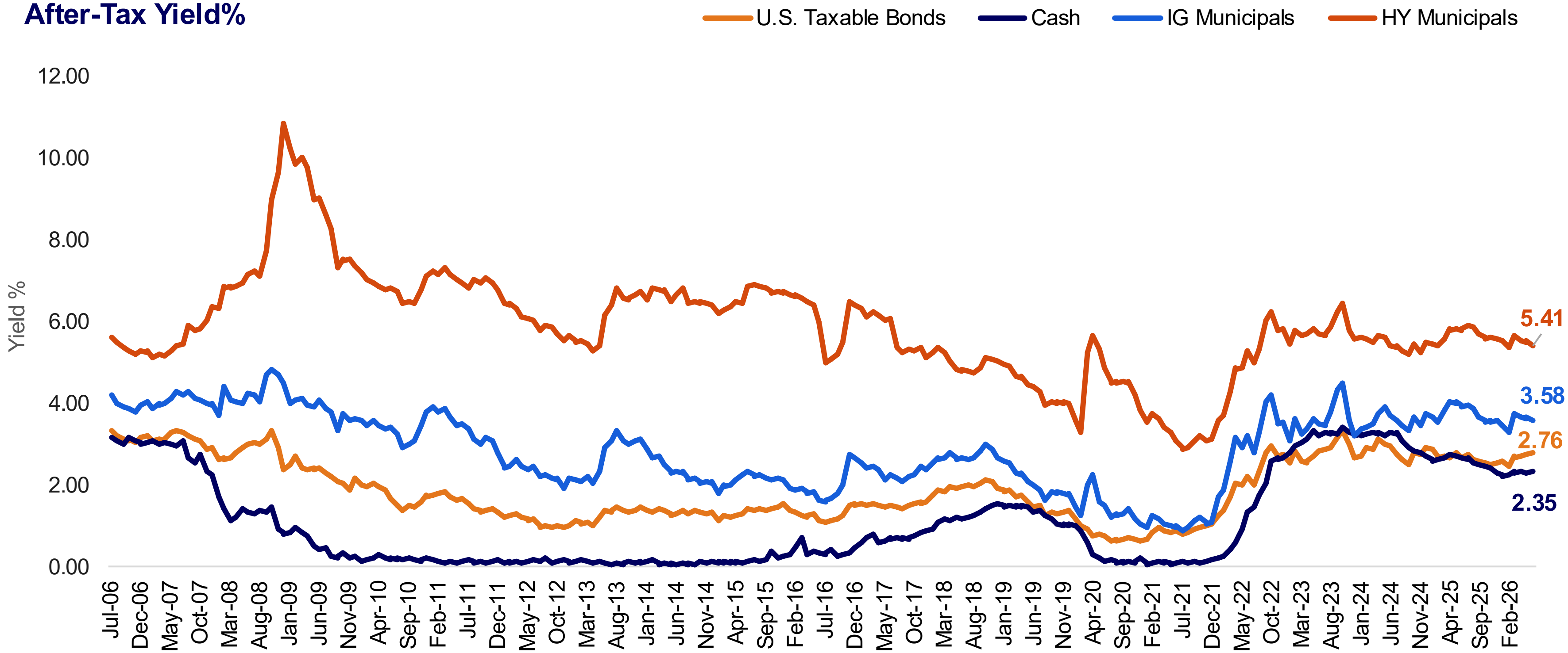
- Despite double digit returns across global equities YTD, each index is filled with loss harvesting opportunities
- From 2023 through Q2 2026, U.S. stocks and international developed stocks were up 105% and 78%, respectively
- Realized losses can be carried forward indefinitely to offset future gains. Equity exposure with ongoing tax management can help maximize loss carryforwards

Source: Morningstar & Russell Investments. International stocks represented by the MSCI World ex-USA index. Indexes are unmanaged and cannot be invested in directly

Municipals remain a good source of after-tax income

Competitive after-tax yields compared to taxable bonds

Municipal Bond and Taxable Bond After-Tax Yield%



- Tax-managed investment success if measured by how much of the turn is kept after taxes
- Municipal bonds' after-tax income advantage relative to taxable bonds is evident across most periods

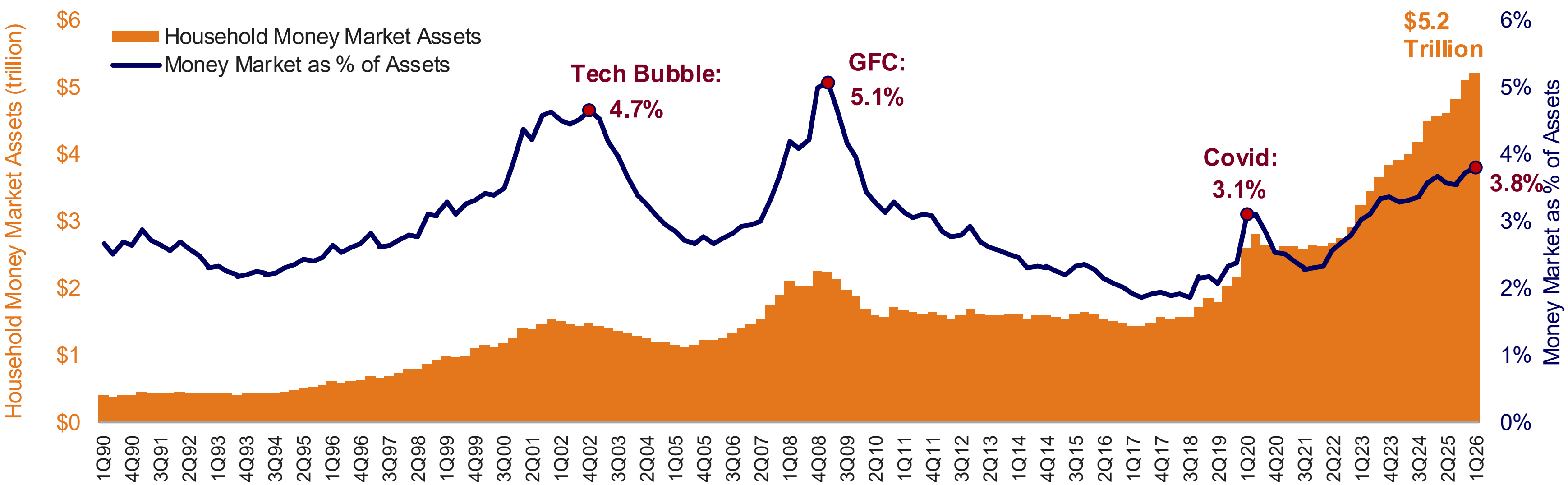
Sources: U.S. Taxable Bonds: Bloomberg Barclays Aggregate Bond Index, Cash: Bloomberg Barclays 1-3 Month Treasury Index, IG Municipals: Bloomberg Barclays Municipal Bond Index, HY Municipals: Bloomberg Barclays High Yield Municipal Index, After-tax income calculation based upon the highest marginal U.S. tax rate + 3.8% Net Investment Tax. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

Household money market assets surpass $5 trillion

Total values and portion of household assets have both increased

Money market levels

Total and % of household assets



		S&P 500 Total Returns Since Money Market Peaks (%)		
Time Period	**Money Market Peak Quarter**	**1 Year Later**	**5 Years Later**	**Total Since Peak**
Tech Bubble	Q4 2002	29	83	1,230
GFC	Q1 2009	50	161	1,197
Covid	Q1 2020	56	135	218

- Household money market assets have increased to over $5 trillion compared to around $1.5 trillion pre-Covid
- Relative to financial assets the amount in money markets have increased as well, indicating larger cash allocations
- This can result in a drag on investment results as markets have generally produced positive returns over long horizons

Source: St. Louis Fed and Morningstar. Asset levels reflect money market values and value of financial assets at the household level. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

You are already “doing something”… you have a plan

Doing nothing with the portfolio is a conscious decision

Remember – volatility comes with being invested in the market

Learn from research on soccer goalies and penalty kicks

- 94% of goalies dove for the ball….
- They caught 30% diving left
- They caught 25% diving right
- They caught *60%* when they stayed in the center

When uncertainty strikes...stay centered on your plan!

Source: “Action Bias Among Elite Soccer Goalkeepers: The Case of Penalty Kicks”, Bar-Eli, Michael and Azar, Ofer, H. and Ritov; 2005

Important information and disclosures

RISKS OF ASSET CLASSES DISCUSSED IN THIS PRESENTATION:

Global, International and Emerging markets return may be significantly affected by political or economic conditions and regulatory requirements in a particular country. Investments in non-U.S. markets can involve risks of currency fluctuation, political and economic instability, different accounting standards and foreign taxation. Such securities may be less liquid and more volatile. Investments in emerging or developing markets involve exposure to economic structures that are generally less diverse and mature, and political systems with less stability than in more developed countries.

Real Assets: Investments in infrastructure-related companies have greater exposure to adverse economic, financial, regulatory, and political risks, including, governmental regulations. Global securities may be significantly affected by political or economic conditions and regulatory requirements in a particular country. Declines in the value of real estate, economic conditions, property taxes, tax laws and interest rates all present potential risks. Investments in international markets can involve risks of currency fluctuation, political and economic instability, different accounting standards, and foreign taxation.

Commodities: Commodities may have greater volatility than traditional securities. The value of commodities may be affected by changes in overall market movements, changes in interest rates or sectors affecting a particular industry or commodity, and international economic, political and regulatory developments.

Bonds: With fixed income securities, such as bonds, interest rates and bond prices tend to move in opposite directions. When interest rates fall, bond prices typically rise and conversely when interest rates rise, bond prices typically fall. When interest rates are at low levels there is risk that a sustained rise in interest rates may cause losses to the price of bonds. Bond investors should carefully consider these risks such as interest rate, credit, repurchase and reverse repurchase transaction risks. Greater risk, such as increased volatility, limited liquidity, prepayment, non-payment and increased default risk, is inherent in portfolios that invest in high yield ("junk") bonds or mortgage-backed securities, especially mortgage-backed securities with exposure to sub-prime mortgages. Investment in non-U.S. and emerging market securities is subject to the risk of currency fluctuations and to economic and political risks associated with such foreign countries. When interest rates are at low levels there is risk that a sustained rise in interest rates may cause losses to the price of bonds.

Small capitalization (small cap) investments involve stocks of companies with smaller levels of market capitalization (generally less than $2 billion) than larger company stocks (large cap). Small cap investments are subject to considerable price fluctuations and are more volatile than large company stocks. Investors should consider the additional risks involved in small cap investments.

Large capitalization (large cap) investments involve stocks of companies generally having a market capitalization between $10 billion and $200 billion. The value of securities will rise and fall in response to the activities of the company that issued them, general market conditions and/or economic conditions.

Although stocks have historically outperformed bonds, they also have historically been more volatile. Investors should carefully consider their ability to invest during volatile periods in the market.

Growth: Growth investments focus on stocks of companies whose earnings/profitability are accelerating in the short-term or have grown consistently over the long-term. Such investments may provide minimal dividends which could otherwise cushion stock prices in a market decline. A stock's value may rise and fall significantly based, in part, on investors' perceptions of the company, rather than on fundamental analysis of the stocks. Investors should carefully consider the additional risks involved in growth investments.

Value: Value investments focus on stocks of income-producing companies whose price is low relative to one or more valuation factors, such as earnings or book value. Such investments are subject to risks that the stocks' intrinsic values may never be realized by the market, or, that the stocks may turn out not to have been undervalued. Investors should carefully consider the additional risks involved in value investments.

An **Investment Grade** is a system of gradation for measuring the relative investment qualities of bonds by the usage of rating symbols, which range from the highest investment quality (least investment risk) to the lowest investment quality (greatest investment risk).

Gross domestic product (GDP) refers to the market value of all final goods and services produced within a country in a given period. It is often considered an indicator of a country's standard of living.

Trailing price-to-earnings (P/E) is a relative valuation multiple that is based on the last 12 months of actual earnings. It is calculated by taking the current stock price and dividing it by the trailing earnings per share (EPS) for the past 12 months.

Forward price to earnings (forward P/E) is a quantification of the ratio of price-to-earnings (P/E) using forecasted earnings for the P/E ratio.

Price-to-book ratio compare a firm's market to book value by dividing price per share by book value per share.

INDEX DEFINITIONS:

Bloomberg Global High-Yield Index: An index which provides a broad-based measure of the global high-yield fixed income markets. The Global High-Yield Index represents that union of the U.S. High-Yield, Pan-European High-Yield, U.S. Emerging Markets High-Yield, CMBS High-Yield, and Pan-European Emerging Markets High-Yield Indices.

Bloomberg High Yield Municipal Bond Index: An unmanaged index considered representative of noninvestment-grade bonds. FactSet Research Systems Inc. Intermediate U.S. Credit Index is an unmanaged index of dollar-denominated, investment-grade, publicly issued securities with maturities of one to 10 years.

Bloomberg Intermediate Treasury Index: Measures the performance of U.S. Dollar denominated U.S. Treasuries, government-related and investment grade U.S. corporate securities that have a remaining maturity of greater than one year and less than ten years.

Bloomberg Short Treasury Index: Is composed of all treasuries that have a remaining maturity between one and twelve months.

Bloomberg U.S. Aggregate Bond Index: An index, with income reinvested, generally representative of intermediate-term government bonds, investment grade corporate debt securities, and mortgage-backed securities. (specifically: Bloomberg Government/Corporate Bond Index, the Asset-Backed Securities Index, and the Mortgage-Backed Securities Index).

Bloomberg U.S. Credit Bond Index: Measures the performance of investment grade corporate debt and agency bonds that are dollar denominated and have a remaining maturity of greater than one year.

Bloomberg US Corporate Bond Index: Measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers.

Important information and disclosures

Bloomberg U.S. Municipal Index: Covers the USD-denominated long-term tax-exempt bond market.

Bloomberg Commodity Index Family: Represents the major commodity sectors within the broad index: Energy (including petroleum and natural gas), Petroleum (including crude oil, heating oil and unleaded gasoline), Precious Metals, Industrial Metals, Grains, Livestock, Softs, Agriculture and Ex-Energy. Also available are individual commodity sub-indexes on the 19 components currently included in the DJ-UBSCI℠, plus brent crude, cocoa, feeder cattle, gas oil, lead, orange juice, platinum, soybean meal and tin.

Bloomberg Commodity Index Total Return: Composed of futures contracts on physical commodities. Unlike equities, which typically entitle the holder to a continuing stake in a corporation, commodity futures contracts normally specify a certain date for the delivery of the underlying physical commodity. In order to avoid the delivery process and maintain a long futures position, nearby contracts must be sold and contracts that have not yet reached the delivery period must be purchased. This process is known as "rolling" a futures position.

Bloomberg 1-3 Month T-Bill Index: Measures the total return performance of U.S. Treasury bills with remaining maturities between 1 and 3 months, denominated in U.S. dollars.

FTSE NAREIT: An Index designed to present investors with a comprehensive family of REIT performance indexes that span the commercial real estate space across the U.S. economy, offering exposure to all investment and property sectors. In addition, the more narrowly focused property sector and sub-sector indexes provide the facility to concentrate commercial real estate exposure in more selected markets.

JPM Emerging Market Bond Index (EMBI): Dollar-denominated sovereign bonds issued by a selection of emerging market countries.

MSCI AC World ex-USA Index: An index that tracks global stock market performance that includes developed and emerging markets but excludes the U.S.

MSCI country indices: Indices which include securities that are classified in that country according to the MSCI Global Investable Market Index Methodology, together with companies that are headquartered or listed in that country and carry out the majority of their operations in that country.

MSCI EAFE (Europe, Australasia, Far East) Index: A free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada.

MSCI Emerging Markets Index: A float-adjusted market capitalization index that consists of indices in 24 emerging economies.

MSCI World Index: A broad global equity index that represents large and mid-cap equity performance across 23 developed markets countries.

Russell 3000® Index: Index measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market.

Russell 2000® Index: measures the performance of the 2,000 smallest companies in the Russell 3000 index.

The S&P 500® Index: A free-float capitalization-weighted index published since 1957 of the prices of 500 large-cap common stocks actively traded in the United States. The stocks included in the S&P 500® are those of large publicly held companies that trade on either of the two largest American stock market exchanges: the New York Stock Exchange and the NASDAQ.

The S&P Global Infrastructure Index: Provides liquid and tradable exposure to 75 companies from around the world that represent the listed infrastructure universe. To create diversified exposure across the global listed infrastructure market, the index has balanced weights across three distinct infrastructure clusters: Utilities, Transportation, and Energy.

S&P Global Natural Resources Index: The index includes 90 of the largest publicly-traded companies in natural resources and commodities businesses that meet specific investability requirements, offering investors

Euro Stoxx 600 index" Index is derived from the Stoxx Total Market Index and is a subset of the STOXX Global 1800 Index, represents large, mis and small capitalization companies across 17 countries of the European Region.

Market Indicators

HOME PRICES – The S&P/Case-Shiller Home Price Index is a measurement of U.S. residential real estate prices, tracking changes in top 20 metropolitan regions. This indicator value represents the trailing year over year % change in the home prices index as of last month-end. Residential real estate represents a large portion of the U.S. economy, and the Home Price index helps us monitor the value of real estate.

MARKET VOLATILITY(VIX) – CBOE VIX (Chicago Board Options Exchange Volatility Index) measures annualized implied volatility as conveyed by S&P 500 stock index option prices and is quoted in percentage points per annum. For instance, a VIX value of 15 represents an annualized implied volatility of 15% over the next 30-day period. The VIX measures implied volatility, which is a barometer of investor sentiment and market risk.

10 YR. U.S. TREASURY YIELD – The yield on the 10-year U.S. Treasury note issued by the U.S. Government. It is important because it is seen as a benchmark for interest rate movements and borrowing costs in the economy.

YIELD SPREAD – The spread between 3-month Treasury bill yields and 10-year Treasury note yields measures the market outlook for future interest rates. A normal or upward-sloping yield curve, can imply that investors expect the economy to grow and inflation to eat into asset returns. They thus demand a higher yield for long-term Treasuries. An inverted yield curve has often been an indicator of coming recessions, but not always. For example, reduced inflation expectations could cause the yield curve to flatten.

Economic Indicators

CONSUMER SENTIMENT – The University of Michigan Survey of Consumer Sentiment Index is an economic indicator which measures the degree of optimism that consumers feel about the overall state of the economy and their personal financial situation.

ECONOMIC EXPANSION (GDP) – GDP (Gross Domestic Product) measures the total market value of a nation's output of goods and services during a specific time period. It is usually measured on a quarterly basis. Current GDP is based on the current prices of the period being measured. Nominal GDP growth refers to GDP growth in nominal prices (unadjusted for price changes). Real GDP growth refers to GDP growth adjusted for price changes. Calculating Real GDP growth allows economists to determine if production increased or decreased, regardless of changes in the purchasing power of the currency.

INFLATION – The Consumer Price Index (CPI) NSA (non-seasonally adjusted) measures changes in the price level of a market basket of consumer goods and services purchased by households. This indicator value represents the trailing year over year % change in the CPI index as of last month-end.

UNEMPLOYMENT – The Bureau of Labor Statistics measures employment and unemployment of all persons over the age of 15 using two different labor force surveys conducted by the United States Census Bureau (within the United States Department of Commerce) and the Bureau of Labor Statistics (within the United States Department of Labor) that gather employment statistics monthly. The data reported here is seasonally adjusted (SA) to account for seasonal gains in employment leading up to Christmas.

01-01-343-Q2 (7/26)