City National Bank

Private Banking & Wealth Management

Economic and Market Overview

Third Quarter 2026

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Update: Geopolitical Events / Military Actions

The third quarter was once again shaped by the conflict involving Iran. The tentative peace framework that had calmed markets late in the second quarter collapsed over the summer, reigniting concerns regarding global energy supplies and pushing oil prices back above $100 per barrel. The renewed energy shock fed directly into inflation expectations and drove government bond yields sharply higher, both in the U.S. and abroad, while emerging-market debt came under renewed pressure. Equity markets initially looked past the conflict, reaching fresh record highs in August on strong AI-driven earnings, before pulling back in September as rising energy prices and Treasury yields weighed on sentiment. Unlike the second quarter, geopolitical developments returned as a primary driver of inflation, interest rates, and Federal Reserve policy. A durable resolution, and the associated decline in energy prices, remains a key potential source of relief heading into the fourth quarter.

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The US Economy

The U.S. economy continued to expand at a solid pace through midyear. According to the Bureau of Economic Analysis' third estimate, second-quarter 2026 GDP grew at an annualized 2.2% (the latest data available), revised up from 1.5% and modestly below the first quarter's upwardly revised 2.5%. Nonfarm payrolls increased by 162,000 in August, the strongest gain since March, following an upwardly revised gain of 21,000 in July, while unemployment held at 4.1%. Inflation, however, remained well above target. The Personal Consumption Expenditure (PCE) Price Index rose 3.4% year-over-year in August while Core PCE rose 3.0%. Renewed energy price pressure tied to the Middle East conflict continued to complicate the Federal Reserve's policy outlook.

The Federal Reserve raised the federal funds target range by 25 basis points to 3.75%-4.00% on September 16, its first rate hike since July 2023. Chair Kevin Warsh reiterated that inflation remains the Committee's primary focus, leaving further rate hikes on the table.

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U.S. Economic Conditions and Policy Outlooks

GROSS DOMESTIC PRODUCT (GDP)

Economic growth remained solid during Q2, with the upward revision from 1.5% to 2.2% primarily reflecting stronger investment, consumer spending, and government spending. Underlying private demand was robust, as real final sales to private domestic purchasers rose 4.6%, up from 1.8% in Q1. Corporate profitability strengthened considerably, with profits from current production increasing $384.0 billion in Q2 versus $63.4 billion in Q1. While inflation remains elevated, **the business sector retains significant capacity to invest even as cost pressures persist**.

HOUSING

Existing-home sales fell 2.0% during August to a seasonally adjusted annual rate of 3.98 million units, the first dip below 4 million since June 2025. The median existing-home price reached $429,100, up 1.6% year-over-year and the 38th consecutive month of annual gains. Inventory rose to approximately 4.9 months of supply. Builder sentiment weakened further, as the NAHB Housing Market Index fell to 32 in September, matching its lowest level in a year, reflecting elevated mortgage rates, high input costs, and labor shortages.

U.S. Economic Conditions and Policy Outlooks

EMPLOYMENT

The labor market reaccelerated after a soft summer. Nonfarm payrolls rose by 162,000 in August, well above the 31,000 monthly average of the prior 12 months, and June and July were revised up by a combined 55,000. The unemployment rate held at 4.1%, while labor force participation edged up to 61.6%. Wage growth moderated, with average hourly earnings growing 3.1% year-over-year.

Employment gains were concentrated in food services, local government education, and manufacturing. Despite weakness in information and financial activities, **the resurgence in job creation continues to support household income and spending**.

FEDERAL RESERVE POLICY

The Federal Reserve raised the federal funds rate by 25 basis points to 3.75% - 4.00% at its September meeting, its first hike since July 2023.

The decision was unanimous under Chair Kevin Warsh. Policymakers again raised their 2026 PCE inflation projection, from 3.6% to 3.7%, with core PCE at 3.4%. The Committee now projects policy rates ending 2026 near 4.1%, implying one additional hike this year.

Chair Warsh offered no forward guidance, but made clear that inflation remains the Committee's primary focus, leaving further rate hikes squarely on the table.

Asset Class Overview

US FIXED INCOME MARKETS

Fixed income markets faced intensifying headwinds from a re-escalating energy-driven inflation shock and the Federal Reserve's first rate hike since 2023. Treasury yields surged to multi-decade highs, with the 10-year Treasury finishing September at 5.29% (its highest since 2007), compared to 4.47% at the end of Q2.

Total returns across most fixed income sectors were negative for the quarter. Credit markets showed relative resilience, with investment-grade spreads holding near 79 basis points.

Municipal bonds cheapened sharply alongside Treasuries amid record issuance, with 10- and 30-year muni yields climbing to their highest levels since April 2025.

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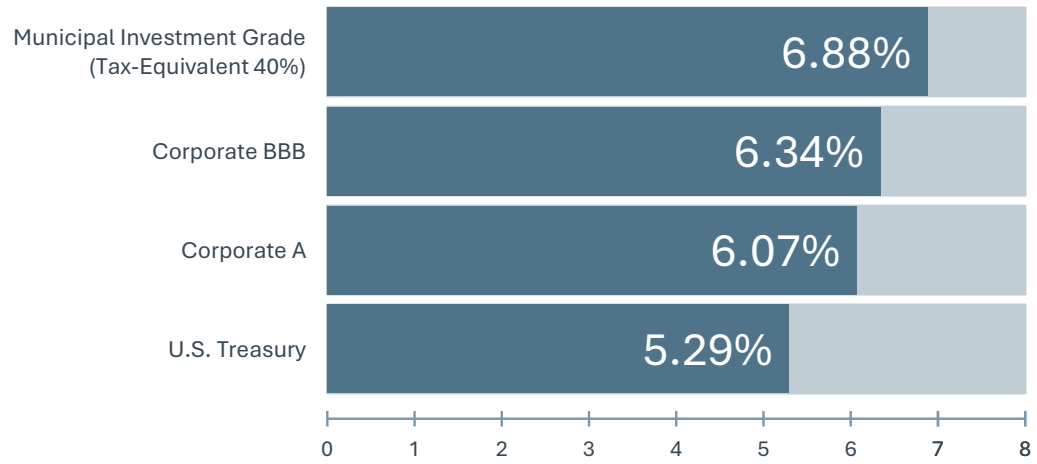
The table below shows the total return for the full 2025 year, Q3/2026, and YTD 2026 across the US Fixed Income Market.

US Fixed Income Market	2025 Total Return	Q3 2026 Total Return	2026 YTD Total Return
US Aggregate Bond Index	7.3%	-3.51%	-2.91%
Bank Loans (Morningstar LSTA)	5.9%	1.80%	3.24%
High Yield Bonds (ICE BofA)	8.5%	-1.82%	0.04%
Short Term Investment Grade Corp Bonds (ICE BofA)	6.8%	-1.04%	-0.03%
Intermediate Investment Grade Corporate Bonds (Bloomberg)	7.9%	-2.40%	-1.60%
Short Duration Municipal Bonds (S&P)	3.7%	-1.40%	-0.30%
Intermediate Duration Municipal Bond (S&P)	4.7%	-4.96%	-3.49%

Sources: Bloomberg (US Aggregate; US Intermediate Corporate); Morningstar/PitchBook LCD (Morningstar LSTA US Leveraged Loan); ICE Data Indices (US High Yield; 1-5 Year US Corporate); S&P Dow Jones Indices (municipal indexes). Total returns in U.S. dollars for periods ended September 30, 2026 (Q3 = 6/30/2026–9/30/2026; YTD = 12/31/2025–9/30/2026). Index performance is shown for illustrative purposes only, does not reflect fees or expenses, and does not represent any specific investment. An investment cannot be made directly in an index. Past performance is no guarantee of future results.

The table below shows the current yields across taxable and municipal investment grade bonds, with 10-year maturities. We again note the compelling tax equivalent yield of intermediate investment grade municipal bonds.

10-Year Yield Comparison
(Tax Equivalent Basis, 40% Federal Tax rate)



Yields as of 9/30/2026, 10-year maturity. Source: Envestnet | PMC Quarterly Market Environment, Q3 2026, "U.S. Treasury, Muni and Corporate 30-Year Yield Curves" (p. 6; data: Bloomberg). Municipal tax-equivalent yield = 10-year municipal yield (4.13%) ÷ (1 – 40%). Yields are not guaranteed and will fluctuate.

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US Equity Markets

U.S. equities extended their rally into Q3, though gains grew more volatile. Markets reached fresh record highs in August on blowout AI earnings before pulling back in September as a resurgent energy shock, rising Treasury yields, and a hawkish Fed rate hike weighed on sentiment. 86% of S&P 500 companies reported Q2 earnings above estimates.

Index	2025 Total Return	Q3 2026 Total Return	2026 YTD Total Return
S&P 500	17.9%	2.30%	12.75%
NASDAQ Composite Total Return Index	21.1%	2.61%	16.09%
Russell 1000 Growth Total Return Index	18.6%	0.93%	6.30%
Russell 1000 Value Total Return Index	15.9%	2.62%	19.25%
Dow Jones Industrial Average Total Return Index	14.9%	-2.34%	7.19%
Russell 2000 Total Return Index	12.8%	-7.19%	13.71%
S&P SmallCap 600 Total Return Index	6.0%	-7.92%	14.11%

Sources: S&P Dow Jones Indices (S&P 500, Dow Jones Industrial Average and S&P SmallCap 600 total return indexes); Nasdaq (Nasdaq Composite Total Return Index); FTSE Russell (Russell 1000 Growth, Russell 1000 Value, Russell 2000 total return indexes); Morningstar. Total returns in U.S. dollars for periods ended September 30, 2026 (Q3 = 6/30/2026–9/30/2026; YTD = 12/31/2025–9/30/2026). Index performance is shown for illustrative purposes only, does not reflect fees or expenses, and does not represent any specific investment. An investment cannot be made directly in an index. Past performance is no guarantee of future results.

US Equity Markets

HISTORIC EARNINGS GROWTH CONTINUES

Corporate earnings remained a key driver of market performance. Following an exceptional Q2 reporting season, in which 86% of S&P 500 companies reported EPS above estimates, expectations for the third quarter moved higher during the quarter. FactSet's estimated Q3 2026 earnings growth rate for the S&P 500 rose to 29.6% as of October 9, up from 26.7% on June 30, which would mark a third straight quarter of growth above 25%. Upward revisions, supported by AI-related capital investment and surging energy profits, suggest that the historic earnings growth achieved by U.S. companies is expected to continue.

Index	2024 Earnings Growth	2025 Earnings Growth	2026 Q3 Expected Earnings Growth (6/30)	2026 Q3 Earnings Growth (Blended, 10/9)
S&P 493	4%	10%	25.2%	27.0%
MAG 7	40%	22%	31.8%	38.2%

Source: FactSet Earnings Insight (June 30, July 20 and October 9, 2026). S&P 493 = S&P 500 excluding the Magnificent 7 (Alphabet, Amazon, Apple, Meta, Microsoft, NVIDIA, Tesla). Q3 2026 blended growth combines actual results for companies that have reported with estimates for those that have not; Q3 reporting season runs through November 2026. S&P 493 expected (6/30) and Magnificent 7 blended (10/9) growth are derived from FactSet index-level data. Projections are estimates and are subject to change.

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International Equity Markets

International equities generated modestly positive results during the third quarter and overall performed in line with U.S. equities. Regional performance was mixed, with Europe ranking the weakest out of all. The performance of major international equity market indices can be seen in the table below.

Index	2025 Total Return	2026 Q3 Total Return	2026 YTD Total Return
MSCI ACWI ex US Total Return Index	33.1%	0.57%	14.66%
MSCI World Index	21.6%	1.96%	12.09%
MSCI Emerging Markets Total Return Index	34.4%	-0.24%	23.73%
MSCI EMU Total Return Index (Eurozone)	41.3%	-2.10%	7.81%
MSCI AC Asia ex Japan Total Return Index	33.0%	-0.23%	26.05%
MSCI EM Latin America Total Return Index	55.7%	4.03%	15.22%

Source: MSCI index factsheets (USD) as of September 30, 2026. MSCI index returns are gross total returns (dividends reinvested before withholding taxes) in U.S. dollars. Total returns for periods ended September 30, 2026 (Q3 = 6/30/2026–9/30/2026; YTD = 12/31/2025–9/30/2026). Index performance is shown for illustrative purposes only, does not reflect fees or expenses, and does not represent any specific investment. An investment cannot be made directly in an index. Past performance is no guarantee of future results.

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Alternative Investments

Alternative investments produced mixed results during the third quarter as investors navigated a re-escalating Middle East conflict, rising inflation expectations, and a more hawkish Federal Reserve. Commodities surged as oil prices climbed back above $100 per barrel, with the Bloomberg Commodity Index jumping 16.2%. Publicly traded real estate moved lower as Treasury yields rose to multi-decade highs, with the DJ US Select REIT Index posting a return of -5.7% for the quarter.

Alternative	2025 Total Return	Q3 2026 Total Return	2026 YTD Total Return
Bloomberg Commodity Index Total Return (BCOMTR)	15.8%	16.19%	32.87%
S&P GSCI Gold Total Return Index	62.5%	3.67%	-4.42%
FTSE Nareit All Equity REITs Total Return Index	2.3%	-6.06%	7.9%

Sources: Bloomberg (Bloomberg Commodity Index Total Return); S&P Dow Jones Indices (S&P GSCI Gold Total Return); FTSE Russell/Nareit (FTSE Nareit All Equity REITs Total Return); DJ US Select REIT Index return per Envestnet. Commodity investing involves substantial risk. Total returns in U.S. dollars for periods ended September 30, 2026 (Q3 = 6/30/2026–9/30/2026; YTD = 12/31/2025–9/30/2026). Index performance is shown for illustrative purposes only, does not reflect fees or expenses, and does not represent any specific investment. An investment cannot be made directly in an index. Past performance is no guarantee of future results.

Energy Shock Reignites Inflation as the Fed Turns to Rate Hikes

Re-accelerating energy prices, sticky services inflation, and a hawkish Federal Reserve pushed Treasury yields to multi-decade highs during the quarter

The collapse of the tentative summer peace framework reignited energy-driven price pressure, pushing oil back above $100 per barrel. Inflation has re-accelerated well above earlier projections, driven by energy-price pass-through, sticky services inflation, and lingering tariff effects. Markets priced in a higher-for-longer path, with the long end of the curve selling off most sharply.

Federal Reserve Chair **Kevin Warsh** struck a decidedly hawkish tone, centering his remarks on inflation rather than growth or employment. The Committee raised the federal funds rate to 3.75%–4.00%, and updated projections imply one additional hike before year-end.

In effect, additional rate hikes before year-end have entered the base case for many analysts, a reversal from the multiple cuts priced in at the start of 2026.

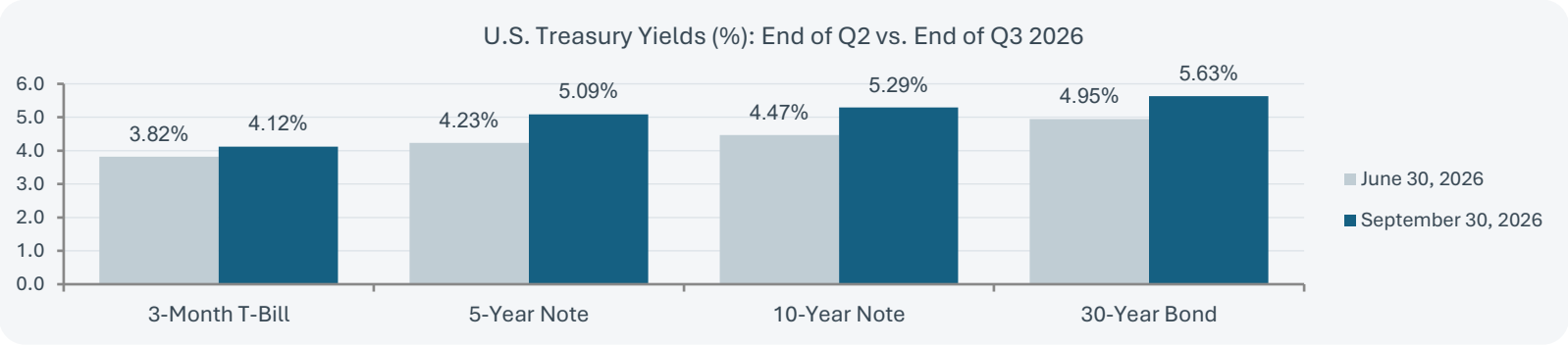


Chart compares U.S. Treasury yields at the end of Q2 2026 (6/30/2026) and Q3 2026 (9/30/2026). Source: Envestnet | PMC Quarterly Market Environment, Q3 2026 / Bloomberg. Federal Reserve projections: FOMC Summary of Economic Projections, September 2026. Projections are estimates and are subject to change.

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Our Investment Positioning for 2026

FIXED INCOME, we continue to favor intermediate-duration exposures and high-quality corporate credit. The Federal Reserve's first rate hike since 2023 and renewed energy-driven inflation pushed the 10-year Treasury yield to 5.29%, its highest level since 2007, while investment-grade credit spreads held near 79 basis points. At these levels, high-quality bonds offer attractive income and total return potential should inflation ease.

MUNICIPAL FIXED INCOME, our highest conviction remains investment-grade municipal bonds. Municipals cheapened sharply amid record issuance; a 10-year municipal yield of 4.13% equates to a 6.88% tax-equivalent yield at a 40% federal tax rate, above comparable A-rated (6.07%) and BBB-rated (6.34%) corporate bonds and the 10-year Treasury (5.29%).

ALTERNATIVE INVESTMENTS, gold and publicly traded real estate remain holdings within our alternative allocations. Gold gained 3.67% during the third quarter, while REITs declined 6.06% as Treasury yields rose. Both continue to serve as diversifiers amid re-accelerating inflation and elevated geopolitical risk.

U.S. EQUITY, we maintain a constructive view on U.S. equities, supported by strong corporate earnings, continued investment in artificial intelligence infrastructure, and resilient economic growth. Blended S&P 500 earnings growth for the third quarter is tracking at 29.6%, which would mark a third straight quarter above 25%. While mega-cap technology remains important, we continue to favor broader market participation with an emphasis on quality. Value has led year-to-date (Russell 1000 Value +19.25% vs. Growth +6.30%), while small caps fell more than 7% in the quarter amid higher interest rates.

INTERNATIONAL EQUITY, we maintain a modest overweight allocation to international equities. International markets performed broadly in line with U.S. equities during the third quarter and remain ahead year-to-date (MSCI ACWI ex US +14.66% vs. S&P 500 +12.75%), and continue to offer diversification and valuation opportunities. Developed international markets remain our preference, while selective emerging market exposure, led by Asia ex Japan (+26.05% YTD), may benefit from technology-related investment themes.

Risks are Ever Present

It is rarely possible to predict the outcome of geopolitical events, inflationary pressures, or monetary policy decisions. The third quarter was a clear reminder: the collapse of the tentative summer peace framework pushed oil back above $100 per barrel, PCE inflation ran at 3.4% year-over-year, and the Federal Reserve delivered its first rate hike since 2023, with updated projections implying one additional hike before year-end. The 10-year Treasury yield climbed to 5.29%, its highest level since 2007, and equities pulled back in September from August record highs. At the same time, economic growth, the labor market, and corporate earnings have remained resilient. We know risks are ever present and we manage through those risks dynamically, using all our extensive capabilities.

Our portfolios are customized to each one of our clients' individual goals and objectives. Levels of liquidity have been defined as part of the investment guidelines which we manage to. In this environment, we believe diversified portfolios with an emphasis on quality, disciplined duration management, and regular rebalancing are well positioned. Higher bond yields now provide a meaningful income cushion, while allocations to municipal bonds, alternatives, and international equities help diversify portfolios against inflation, interest rate, and geopolitical risks.

We hope that the information provided in this document is of value and provides context. Should you wish to have a deeper conversation, we look forward to meeting with you.

Important Disclosures

Before investing, you should carefully consider the investment objectives, risks, fees, and expense of the portfolio you have chosen. Past performance is not a guarantee of future results. The value of investments varies and therefore the amount to be received at the time of sale may be higher than was originally invested. Actual returns may be better or worse than those shown in this material.

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Not FDIC	Not Insured by Any Federal Government Agency	Not Deposits
Not Bank Guaranteed	Subject to Investment Risk	May Lose Value

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Investments in smaller companies carry greater risk than is customarily associated with larger companies for various reasons, such as volatility of earnings and prospects, higher failure rates, and limited markets, product lines, or financial resources. Investing overseas involves special risks, including the volatility of currency exchange rates and, in some cases, limited geographic focus, political and economic instability, and relatively illiquid markets.

Income (bond) securities are subject to interest rate risk, which is the risk that debt securities in a portfolio will decline in value because of increases in market interest rates. Exchange Traded Funds (ETFs) are subject to risks similar to those of stocks, such as market risk. Investing in ETFs may bear indirect fees and expenses charged by ETFs in addition to their direct fees and expenses, as well as indirectly bearing the principal risks of those ETFs. ETFs may trade at a discount to their net asset value and are subject to the market fluctuations of their underlying investments. Investing in commodities can be volatile, can suffer from periods of prolonged decline in value, and may not be suitable for all investors. Index performance is presented for illustrative purposes only and does not represent the performance of any specific investment product or portfolio. An investment cannot be made directly into an index.

Alternative Investments may have complex terms and features that are not easily understood and are not suitable for all investors. Investors should conduct their own due diligence to ensure they understand the features of the product before investing. Alternative investment strategies may employ a variety of hedging techniques and nontraditional instruments, such as inverse and leveraged products. Certain hedging techniques include matched combinations that neutralize or offset individual risks, such as merger arbitrage, long/short equity, convertible bond arbitrage, and fixed income arbitrage. Leveraged products are those that employ financial derivatives and debt to try to achieve a multiple (for example two or three times) of the return or inverse return of a stated index or benchmark over the course of a single day. Inverse products use short selling, derivatives trading, and other leveraged investment techniques, such as futures trading, to achieve their objectives, mainly to track the inverse of their benchmarks. As with all investments, there is no assurance that any investment strategies will achieve their objectives or protect against losses.

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INDEX OVERVIEW

The **Dow or DJIA** (Dow Jones Industrial Average) is an unmanaged index of 30 common stocks comprising 30 actively traded blue chip stocks, primarily industrials, and assumes reinvestment of dividends. The **NASDAQ Composite** is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market. The **S&P 500 Index** is an unmanaged index comprising 500 widely held securities considered to be representative of the stock market in general. The **DJ US Select REIT Index** is a subset of the Dow Jones Americas Select RESI and includes only REITs and REIT-like securities (The Dow Jones US Select Real Estate Securities Index (RESI) represents equity real estate investment trusts (REITs) and real estate operating companies (REOCs) traded in the US). The **Bloomberg Commodity Index** is a broadly diversified commodity price index that tracks prices of futures contracts on physical commodities on the commodity market and is designed to minimize concentration in any one commodity or sector. The **MSCI EAFE Index** is recognized as the preeminent benchmark in the US to measure international equity performance. It comprises the MSCI country indices that represent developed markets outside of North America: Europe, Australasia, and the Far East.

The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The **MSCI ACWI Index** is a free float-adjusted market-capitalization-weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 46 country indices comprising 23 developed and 23 emerging markets country indices. The **MSCI Emerging Markets (EM) Eastern Europe Index** captures large and mid cap representation across four emerging markets (the Czech Republic, Hungary, Poland, and Russia) countries in Eastern Europe. With 52 constituents, the Index covers approximately 85% of the free float-adjusted market capitalization in each country. The **MSCI EM (Emerging Markets) Latin America Index** is a free float-adjusted market-capitalization-weighted index that is designed to measure the equity market performance of emerging markets in Latin America. The **MSCI ACWI Ex-US Index** is a market-capitalization-weighted index maintained by Morgan Stanley Capital International (MSCI) and designed to provide a broad measure of stock performance throughout the world, with the exception of US-based companies. The **MSCI China Index** captures large and mid cap representation across China H shares, B shares, Red chips, and P chips covering about 85% of this China equity universe. The **Bloomberg Municipal Bond Index** is an unmanaged index comprising investment-grade, fixed-rate municipal securities representative of the tax-exempt bond market in general. The **Bloomberg Global Aggregate ex-US Index** is a market-capitalization-weighted index, meaning the securities in the index are weighted according to the market size of each bond type. Most US-traded investment-grade bonds are represented. Municipal bonds and Treasury Inflation-Protected Securities are excluded, due to tax treatment issues. The Index includes Treasury securities, government agency bonds, mortgage-backed bonds, corporate bonds, and a small amount of foreign bonds traded in the US.

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The **Bloomberg US 5-10 Year Corporate Bond Index** measures the investment return of US dollar-denominated, investment-grade, fixed-rate, taxable securities issued by industrial, utility, and financial companies, with maturities between 5 and 10 years. Treasury securities, mortgage-backed securities (MBS), foreign bonds, government agency bonds, and corporate bonds are some of the categories included in the Index. The **Bloomberg US 5-7 Year Treasury Bond Index** is a market-capitalization-weighted index and includes Treasury bonds issued by the US with a time to maturity of at least 5 years, but no more than 7 years. The **Russell 1000 Index** is a market-capitalization-weighted benchmark index made up of the 1000 largest US companies in the Russell 3000 Index (which comprises the 3000 largest US companies). The **Russell 2000 Index** is an unmanaged index considered representative of small cap stocks. The **Russell 3000 Index** is an unmanaged index considered to be representative of the US stock market and measures the performance of the largest 3,000 US companies representing approximately 98% of the investable US equity market. The **Russell Midcap Index** is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership.

The **Housing Market Index** (HMI) is based on a monthly survey of **NAHB** members designed to take the pulse of the single-family housing market. The survey asks respondents to rate market conditions for the sale of new homes at the present time and in the next six months, as well as the traffic of prospective buyers of new homes. Builders rate current sales, future sales expectations (next six months), and prospective buyer traffic. The HMI is a weighted average of these three components, with a score above 50 indicating a positive market outlook and below 50 indicating a negative one. The **JPMorgan Emerging Market Bond Index** (EMBI Global) tracks total returns for traded external debt instruments in the emerging markets and is an expanded version of the JPMorgan EMBI+. As with the EMBI+, the EMBI Global includes US dollar-denominated Brady bonds, loans, and Eurobonds with an outstanding face value of at least $500 million. The **CBOE Volatility Index** (VIX) is an up-to-the-minute market estimate of expected volatility that is calculated by using real-time S&P 500 Index option bid/ask quotes. The Index uses nearby and second nearby options with at least 8 days left to expiration and then weights them to yield a constant, 30-day measure of the expected volatility of the S&P 500 Index.

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DEFINITIONS

The **Federal Open Market Committee** (FOMC) is the monetary policymaking body of the Federal Reserve System. The **federal funds rate** is the interest rate at which a depository institution lends funds maintained at the Federal Reserve to another depository institution overnight. The **European Central Bank** (ECB) is the central bank for Europe's single currency, the euro. The ECB's main task is to maintain the euro's purchasing power and thus price stability in the euro area. The euro area comprises the 19 European Union countries that have introduced the euro since 1999. The **Gross Domestic Product** (GDP) rate is a measurement of the output of goods and services produced by labor and property located in the United States. The **Bureau of Labor Statistics** (BLS) is a unit of the United States Department of Labor. It is the principal fact-finding agency for the U.S. government in the broad field of labor economics and statistics and serves as a principal agency of the U.S. Federal Statistical System. The **Bureau of Economic Analysis** (BEA) is an agency in the U.S. Department of Commerce that provides important economic statistics, including the gross domestic product of the United States. It is a governmental statistical agency that collects, processes, analyzes, and disseminates essential statistical data to the American public, the U.S. Congress, other Federal agencies, state and local governments, business, and labor representatives. The **PCE** (Personal Consumption Expenditure) Index of Prices is a U.S.-wide indicator of the average increase in prices for all domestic personal consumption. Using a variety of data, including **U.S. Consumer Price Index** and Producer Price Index prices, it is derived from personal consumption expenditures and is essentially a measure of goods and services targeted toward and consumed by individuals.

Sector performance is represented by the **Global Industry Classification Standard** (GICS) sectors, developed by Standard & Poor's and MSCI Barra.

The **Consumer Price Index** (CPI) measures the monthly change in prices paid by U.S. consumers. The Bureau of Labor Statistics (BLS) calculates the CPI as a weighted average of prices for a basket of goods and services representative of aggregate U.S. consumer spending. The **Federal Funds** (fed funds) Rate refers to the interest rate that banks charge other institutions for lending excess cash to them from their reserve balances on an overnight basis.

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PERFORMANCE DATA SOURCES – FIXED INCOME, YIELDS & EARNINGS

Line item	Exact index / series	Basis	Source used (Q3 2026)	Where to pull next quarter
US Aggregate Bond Index	Bloomberg US Aggregate (LBUSTRUU)	TR, USD	Bloomberg 2025 review (7.30%); BlackRock BMOPX benchmark row 9/30	Morningstar Direct / Bloomberg
Bank Loans	Morningstar LSTA US Leveraged Loan TR	TR, USD	Morningstar Indexes page 9/30; PitchBook LCD (2025)	indexes.morningstar.com – trailing returns
High Yield Bonds	ICE BofA US High Yield (H0A0)	TR, USD	Morgan Stanley IM HY Monitor Q3 (ICE data)	FRED BAMLHYH0A0HYM2TRIV / Morningstar Direct
Short Term IG Corp	ICE BofA 1-5 Year US Corporate	TR, USD	IGSB fact sheet benchmark (2025); IGSB NAV + fee (Q3/YTD)	Morningstar Direct / ICE Data Indices
Intermediate IG Corp	Bloomberg US Intermediate Corporate	TR, USD	SPIB (tracks index) returns + fee	Morningstar Direct / Bloomberg
Short Duration Munis	ICE Short Maturity AMT-Free US Natl Muni	TR, USD	iShares SUB benchmark (2025); SUB NAV + fee (Q3/YTD)	iShares SUB fact sheet / Morningstar Direct
Intermediate Munis	S&P Intermediate Term Natl AMT-Free Muni	TR, USD	American Century fact sheet 9/30 (index row)	American Century fact sheet / S&P DJI
10-Yr Treasury / Corp A / BBB	PMC 30-Year Yield Curves chart, 10-yr point	Yield	Envestnet PMC Q3 2026 p.6 (Bloomberg)	Next quarter's PMC Quarterly Market Environment
Municipal (Tax-Equiv.)	PMC 10-yr muni yield ÷ (1 – 40%)	Yield	PMC Q3 p.6: 4.13% ÷ 0.60 = 6.88%	PMC chart, same method
Earnings – Q3 Expected	S&P 493 / Mag 7 EPS growth at 6/30	YoY %	FactSet (6/30, 7/20); 493 derived	FactSet Earnings Insight – first edition after QE
Earnings – Q3 Blended	S&P 493 / Mag 7 EPS growth	YoY %	FactSet 10/9; Russell Inv. via CNBC (493)	FactSet Earnings Insight – after season (~mid-Nov)
Earnings – 2026 Projected	S&P 493 / Mag 7 CY2026 growth	YoY %	Carried from Q2 deck (FactSet)	FactSet Mag 7 vs 493 topic page

Methodology: all returns are total returns in U.S. dollars measured to 9/30/2026 (Q3 = 6/30–9/30; YTD = 12/31/2025–9/30; calendar-year = 12/31–12/31). 2025 column one decimal; Q3 and YTD two decimals. MSCI returns are gross total returns (USD). ETF-based figures add back the fund expense ratio. Yields as of 9/30/2026. Full detail and links: BTC_Q3_2026_Performance_Sources.xlsx.

Economic and Market Overview

Third Quarter 2026

PERFORMANCE DATA SOURCES – EQUITY & ALTERNATIVES

Line item	Exact index / series	Basis	Source used (Q3 2026)	Where to pull next quarter
S&P 500	S&P 500 Total Return	TR, USD	YCharts (2025); PMC Q3; SPXTR levels (YTD)	S&P DJI / Morningstar Direct
NASDAQ Composite	Nasdaq Composite TR (XCMP)	TR, USD	Nasdaq XCMP index levels; PMC Q3	indexes.nasdaqomx.com XCMP history
Russell 1000 Growth	Russell 1000 Growth TR	TR, USD	YCharts RLGTR (2025/YTD); IWF + fee (Q3)	FTSE Russell factsheet / Morningstar Direct
Russell 1000 Value	Russell 1000 Value TR	TR, USD	IWD + fee (Q3/YTD); FTSE (2025)	FTSE Russell factsheet / Morningstar Direct
Dow Jones Industrial Avg.	DJIA Total Return (DJITR)	TR, USD	DJITR index levels (YTD); DIA + fee (Q3)	S&P DJI / Morningstar Direct
Russell 2000	Russell 2000 TR (RUTTR)	TR, USD	PMC Q3; RUTTR levels (YTD)	FTSE Russell factsheet
S&P SmallCap 600	S&P SmallCap 600 TR	TR, USD	VSMSX + fee (Q3/YTD); S&P DJI (2025)	S&P DJI / Morningstar Direct
MSCI ACWI ex US, World, EM	MSCI indexes (USD)	Gross TR	MSCI gross-return factsheets 9/30	msci.com factsheet PDF – Gross Returns
MSCI EMU, AC Asia ex Japan	MSCI indexes (USD)	Gross TR	MSCI gross-return factsheets 9/30	msci.com factsheet PDF – Gross Returns
MSCI EM Latin America	MSCI EM Latin America (USD)	Gross TR	MSCI gross-return factsheets 9/30	msci.com factsheet PDF – Gross Returns
Commodities	Bloomberg Commodity Index TR (BCOMTR)	TR, USD	Bloomberg BCOM factsheet 9/30	Bloomberg BCOM monthly factsheet
Gold	S&P GSCI Gold Total Return	TR, USD	YCharts (2025); Google Finance (Q3); index levels (YTD)	S&P DJI / Morningstar Direct
REITs	FTSE Nareit All Equity REITs TR	TR, USD	FTSE factsheet 9/30; The Real Deal (Q3)	reit.com Monthly Index Values

Methodology: all returns are total returns in U.S. dollars measured to 9/30/2026 (Q3 = 6/30–9/30; YTD = 12/31/2025–9/30; calendar-year = 12/31–12/31). 2025 column one decimal; Q3 and YTD two decimals. MSCI returns are gross total returns (USD). ETF-based figures add back the fund expense ratio. Yields as of 9/30/2026. Full detail and links: BTC_Q3_2026_Performance_Sources.xlsx.