Earned

2026 MID-YEAR MARKET OUTLOOK

Beyond the Headlines:

The Discipline Dividend for Long-Term Investors

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Introduction

Earlier this year, in our 2026 Outlook, we wrote that doctors rarely have the luxury of “starting over” financially – that with a shorter accumulation window, protecting capital matters just as much as growing it, and that the biggest risk for a physician is often not missing the next opportunity, but taking too much risk at the wrong time.

That framing has been tested this year in ways few would have predicted in January. An oil shock and military conflict in Iran, a new Federal Reserve chair, sweeping fiscal legislation, and the largest IPO in history have all landed inside six months. And yet the discipline we described in January has held. Markets have rewarded staying invested, staying diversified, and not reacting to every headline – which is, not coincidentally, the same approach we believe should govern a demanding medical career.

This mid-year check-in revisits the three themes from our January outlook (AI Playbook, Navigating Valuation, and Noise Resistance), walks through what has actually happened in the economy and markets since, and translates each development into what it means for your practice, your portfolio, and your plan.

The Discipline Dividend at Mid-Year

As we pass the midway point of the year, it is easy to think a full year's worth of events has already come to pass. The One Big Beautiful Bill's stimulus landed in investors' pockets, the Supreme Court ruled numerous executive order tariffs unlawful, and an oil shock and military conflict arrived in Iran. Software businesses went, and are still going, through their own existential moment, a new Fed chair took center stage, and SpaceX went public in the largest IPO in history, listing at a valuation above anything markets have seen. And we're just getting warmed up. Despite it all, markets have hummed along, with the exception of a pullback in March following the closure of the Strait of Hormuz. Why? Quite simply, fundamentals.

Companies around the globe have been reporting growing profits, some extraordinarily so. Revenues in the U.S. have grown by 11.9% over the past year and earnings by 28.8%, and U.S. companies sit atop record profit margins. The difference versus recent years is that growth has not been confined to a handful of companies: the equal-weight index is outperforming the cap-weighted index by nearly 2% through June, small-cap stocks have returned more than twice as much as their larger peers, and emerging markets are off to another strong start in 2026. Meanwhile, consumers have echoed this optimism in their actions, if not their mood, all while facing higher prices at the pump.

In short, the first half of 2026 has been an extraordinary mid-cycle run, with AI at the center of the story but, notably, no longer the whole of it. That does not mean markets are without risk. In focusing so singularly on earnings, the market has taken its eye off the Middle East – the global economy is waiting for resolution and the return of free-flowing resources, but the parties remain stubbornly far apart. Consumer spending has also been strong, but the power behind it has come from tapping savings as wages struggle to keep up with inflation amid energy spikes. That works for a time, but not forever.

> "We're experiencing an extraordinary mid-cycle run, with AI at the center of the story but no longer the whole of it."
>
> **Bill Martin, CFA**
> Chief Wealth Officer

As we look to the second half of the year, we remain guardedly optimistic. We check in on the three themes we set out in January and find the groundwork holding. Our positioning within U.S. equities and across the globe has been additive thus far, and we believe our conservative positioning in fixed income is both justified and a partial offset to the risks noted above. Consistent with the discipline we described in January, we see little need for wholesale change at mid-year. As we wrote then, sometimes no action is the best action.

WHAT THIS MEANS FOR OUR CLIENTS

For a doctor, this is the kind of year that tests whether your financial plan was truly built around your life or simply for a calm market. An oil shock, war, a Fed leadership change, and a record-breaking IPO created plenty of reasons to react. Your portfolio held its footing because it wasn’t built to chase headlines. It was built to absorb them while keeping your long-term plan on track.

The takeaway for the second half isn’t that uncertainty has passed. It’s that your plan is working as designed. The same discipline that carried you through demanding medical training and long call schedules is now working for your portfolio: stay focused, trust the process, and let consistency compound over time.

Checking in on our 2026 themes

AI Playbook

In January we committed to watching, not guessing, on the bubble question, and to measured exposure over all-in or all-out. At mid-year, our conclusion is unchanged: not a bubble yet. Capital spending remains largely cash-flow funded and demand still outpaces supply, though rising debt issuance is the trend we watch most closely. More telling, the AI Flywheel has been working and broadening. Through June, industrials and energy are leading U.S. markets alongside technology, small caps outpaced large, and emerging markets lead the world. The theme's beneficiaries now stretch well beyond the obvious names into areas our portfolios were positioned for.

WHAT THIS MEANS FOR OUR CLIENTS

In January we told you that if you own U.S. equities, AI is already one of your largest exposures, and the question was never whether to invest in it but how much. Now that question is easier to answer, not harder: the broadening into industrials, energy, and small caps means the AI trade is no longer a bet on a handful of mega-cap names, which creates a more diversified backdrop for the wealth you're building.

Navigating Valuation

Valuations remain full across most markets, but earnings have kept up: six consecutive quarters of double-digit growth and record margins carried prices, rather than multiple expansion. With the economy and fundamentals strong, we remain guardedly optimistic, though our long-term return forecasts stay modest given where valuations sit. Fixed income continues to offer attractive risk-adjusted returns and ballast against a fully valued backdrop, and we have resisted reaching down in quality with credit spreads near all-time tights.

WHAT THIS MEANS FOR OUR CLIENTS

Full valuations carried by real earnings, rather than hype, is a meaningfully different — and less fragile — kind of risk than we've seen in prior cycles. That said, our January message stands: with a shorter accumulation window than most high earners, this is a good moment to revisit your financial plan and confirm you're not taking on more risk than your goals require, even while markets feel good.

Noise Resistance

The year supplied the test: an oil shock, a military conflict, a new Fed chair and a record IPO. That markets moved through the Middle East conflict is Noise Resistance in its purest form, and manufacturing is another, with PMIs expanding all year in spite of tariff volatility. The discipline of seeing past headlines to fundamentals has been the year's best-rewarded decision, and it remains ours.

WHAT THIS MEANS FOR OUR CLIENTS

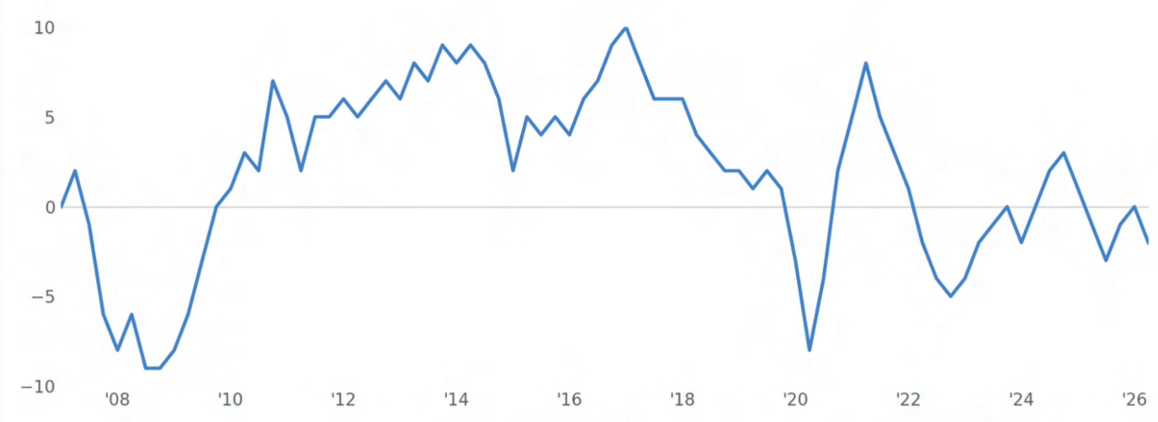
Doctors already navigate high-pressure environments where discipline matters. The first half of 2026 reinforced the same lesson for investing: reacting to every geopolitical or political headline would have hurt returns rather than protected them. Staying anchored to a well-built financial plan, rather than the news cycle, remains one of the most valuable decisions you can make.

Middle East shock, not derailment

February's strikes on Iran delivered exactly the kind of shock that tests an expansion. Strategas' economic balance sheet diffusion index slipped from positive in January to negative as oil surged and inflation pressures built – and by May it had already recovered. Four sectors (consumer spending, capital expenditures, manufacturing and employment) now rate as assets, the most in at least a year.

Consumers continue to power the economy, supported by a labor market that has demonstrated stability. May payrolls rose with upward revisions to prior months, unemployment held near 4.3%, and jobless claims remained low. Manufacturing, in expansion since January, has added an engine that was largely missing in recent years. Still, inflation remains persistent, consumer confidence is soft, and the twin government and trade deficits linger.

Economic Balance Sheet Diffusion Index



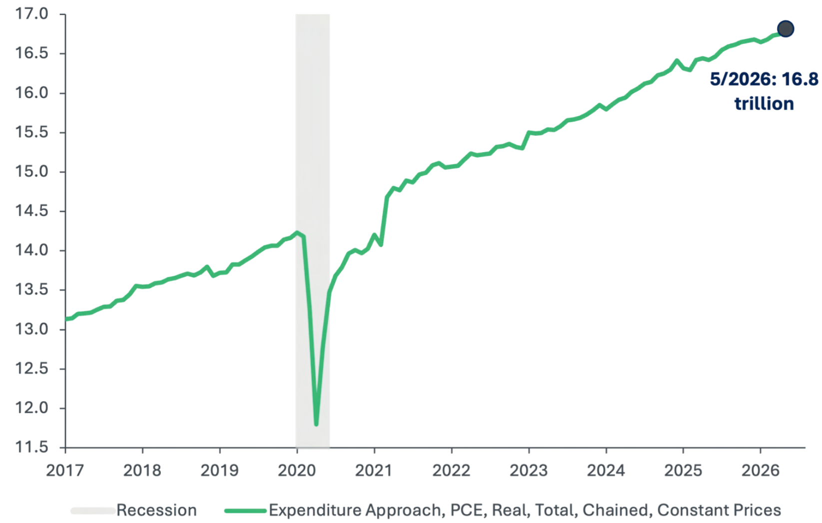
Source: Strategas as of June 26, 2026

Heads down, still spending

Consumer confidence sits near record lows, yet real personal consumption expenditures climbed to $16.8 trillion annualized in May despite tariffs, a Middle East shock, and inflation. Over the same period, wage growth fell modestly behind inflation (3.5% vs. 4.2%). The gap was filled by personal savings and fiscal stimulus: the savings rate fell to 3%, near its post-pandemic low, and one-time tax refunds provided a cushion. That is sustainable for a time, not indefinitely, and it is a trend we are watching closely.

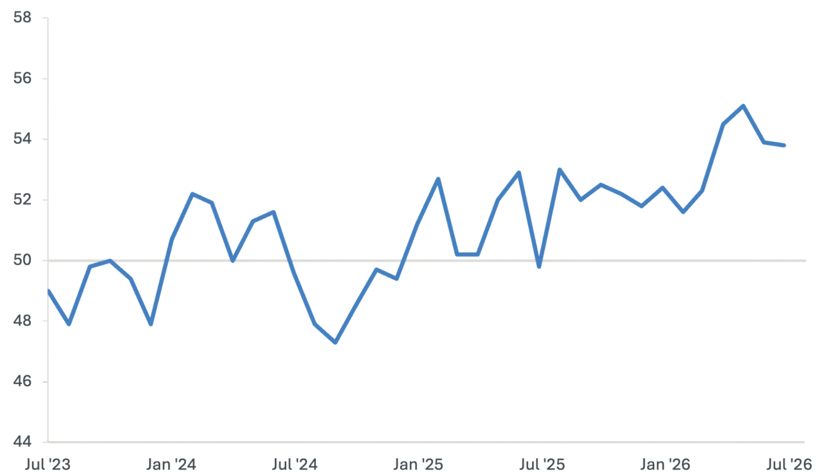
Manufacturing tells a more encouraging story. After roughly three years in a slump, the sector has been in expansion all year, and May's PMI reading was the strongest in four years, led by AI infrastructure investment and aerospace demand. The yellow flag is input costs: producer prices rose 6.5% year over year through May, the fastest pace since late 2022, pressuring margins even as volumes expand.

Economic Balance Sheet Diffusion Index



Source: U.S. Bureau of Economic Analysis, Real Personal Consumption Expenditures [PCEC96], chained 2017 dollars, SAAR, retrieved from FRED (St. Louis Fed) 31 Jul 2026. Shaded band: NBER recession, Feb–Apr 2020.

U.S. Manufacturing



Source: S&P Global US Manufacturing PMI (MPMIUSMA), seasonally adjusted. Monthly, Jul 2023 to Jul 2026; readings above 50 indicate expansion.

WHAT THIS MEANS FOR OUR CLIENTS

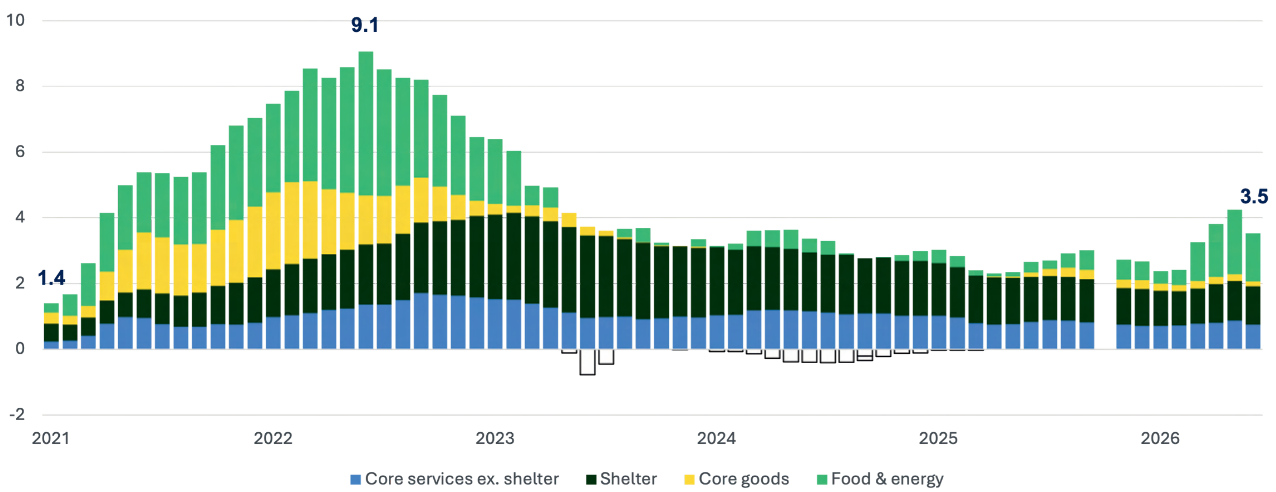
Consumers increasingly spending from savings rather than income is a reminder that a resilient economy doesn't always mean resilient household finances. That distinction matters when you're considering decisions like expanding your practice, hiring an associate, or adjusting your own household spending.

Inflation persists, Warsh waits

Core inflation has been remarkably steady, running between roughly 2.5% and 2.9% all year and easing to about 2.6% in June — stable, but still stubbornly above the Fed's 2% target. The near-term driver has been headline inflation, which ran 2.4% in January, accelerated to 4.2% by May, and eased to 3.5% in June, almost entirely on gasoline prices as the Iran conflict pushed oil higher. Economists rightly look through volatile components, but households pay headline prices, and that squeeze on real purchasing power connects directly to the falling savings rate funding consumption today.

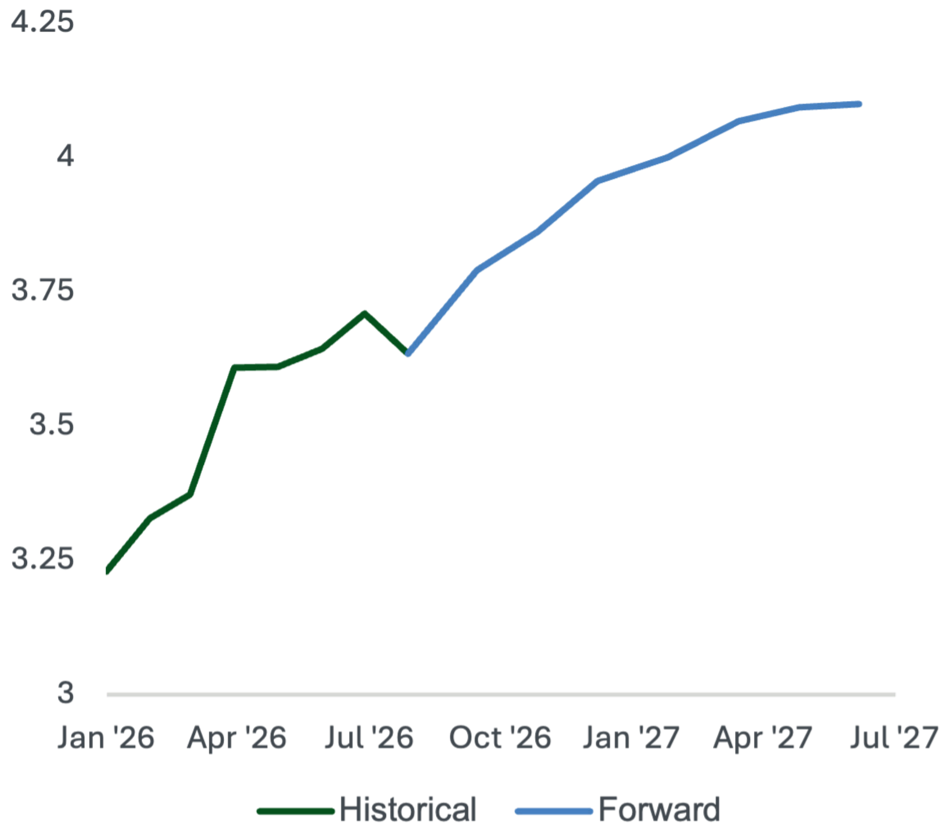
That is the box the Federal Reserve now sits in. Chair Warsh has held the target rate at 3.50%–3.75% through four pauses this year, and we believe the Fed likely remains on hold, even as markets price in the possibility of hikes. Cutting into an unresolved energy shock, with core still above target, would risk validating the inflation it is trying to contain. Patience, theirs and ours, remains warranted.

Core Inflation Holds Steady Amid Energy Spike



Bloomberg as of July 30, 2026

Market Implied Fed Funds



Bloomberg as of July 30, 2026

WHAT THIS MEANS FOR OUR CLIENTS

For doctors, inflation is still making everyday expenses more expensive, particularly energy costs, while interest rates are likely to remain elevated for longer. That means it's important to maintain flexibility in your household and practice cash flow and avoid making major financial decisions based on the expectation that lower rates are just around the corner. Patience and a disciplined long-term plan remain the best approach.

This too shall pass

Geopolitical events have a habit of making market forecasters look foolish. Not only are they hard to predict, but their resolution does not neatly tie to data and may outright defy logic. If asked in January whether an oil shock from strikes on Iran would be good or bad for markets, you would be hard pressed to find someone brave enough to say "good." Yet here we sit, halfway through 2026, and markets are resoundingly in the green. That is because a single variable rarely drives outcomes — today, it is earnings growth that investors are hanging their hat on.

Looking at global conflict in isolation tells us little about the future, whether for prices or, as our historical review of the last eleven conflicts shows, for inflation. In six of the last ten conflicts with a full year of data, inflation ran below 3% twelve months after onset. Five years on, only World War II left inflation meaningfully above trend.

We hold this view with appropriate humility. The current conflict has not abated, and markets continue to price a resolution that has yet to arrive. This is something we'll continue to watch closely for the remainder of the year. However, the discipline for long-term investors is not prediction; it is recognition. Those who recognize that this too shall pass tend to profit from that patience.

WHAT THIS MEANS FOR OUR CLIENTS

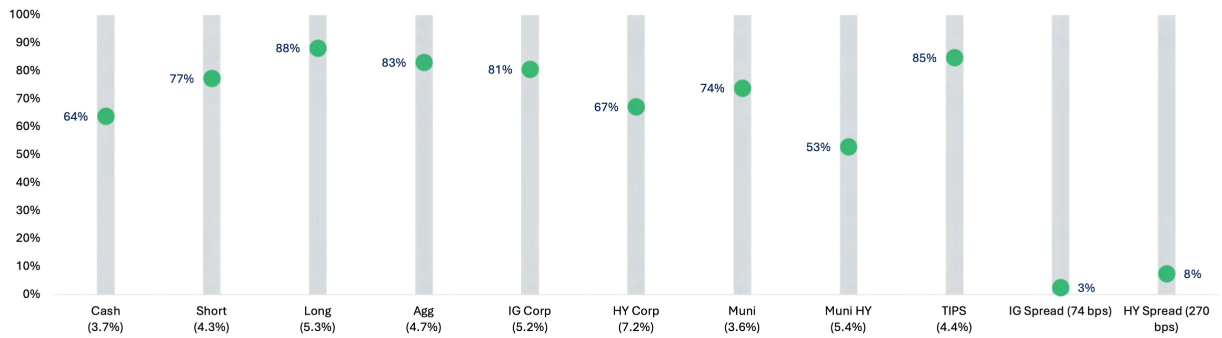
You already practice a version of this discipline every day: triaging what's clinically urgent from what merely feels alarming. Applying the same instinct to portfolio headlines — recognizing that markets have absorbed wars, oil shocks, and central bank transitions before without derailing long-term returns — is precisely the mindset that protects a shorter accumulation window from panic-driven decisions.

Opportunity persists, but don't overreach

Fixed income remains broadly attractive as all-in yields rank cheap relative to the last 20 years, largely because base rates are higher than in recent history. Credit spreads, by contrast, remain near their tightest levels of the last two decades. That distinction matters: starting yields are historically an instructive guide to the returns bond investors ultimately earn, while today's tight spreads mean investors are paid very little to take on additional credit risk.

The temptation remains to reach for yield by moving down in quality for incremental return. We would resist it. High yield spreads have sat below their long-term average for 33 consecutive months, more than double the typical 15-month stretch, and history is clear that forward returns in credit are earned at wide spreads, not tight ones.

Yield and Spread Percentile Rank (Last 20 Years)

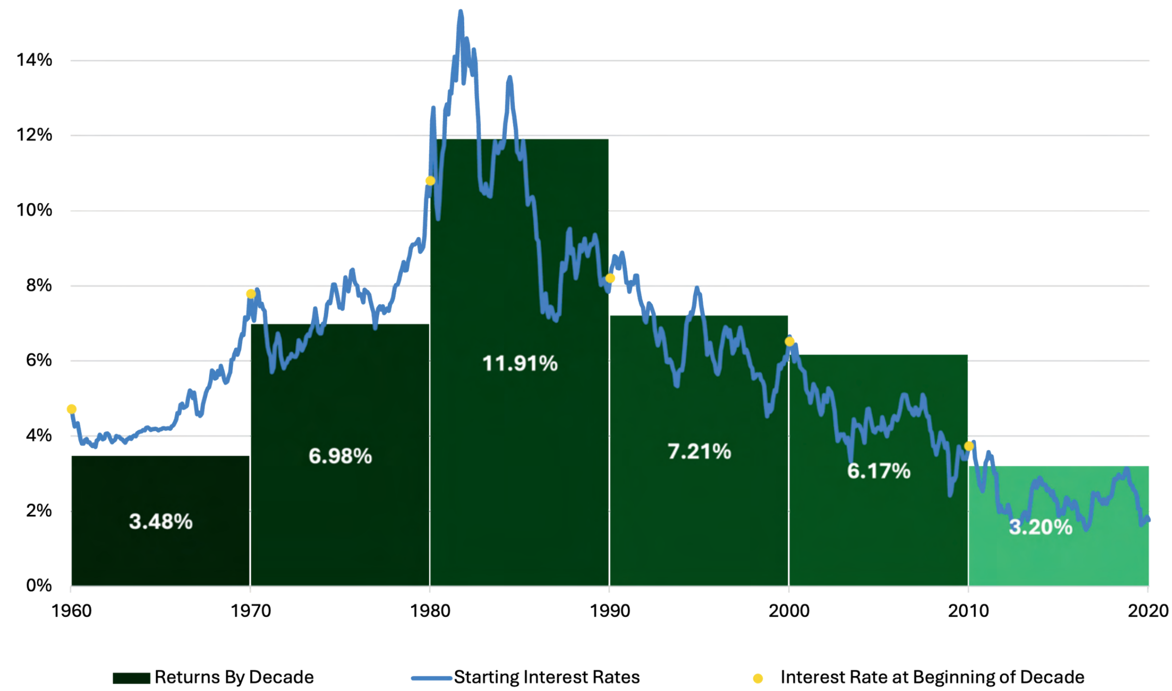


Source: FactSet. As of June 30, 2026.

Take a step back

Step back far enough and the bond market's last half century resolves into two eras: yields rising to address 1970s inflation, and then four decades of decline into the era of quantitative easing and negative rates. That second era has very likely come to an end. Even during the inflationary 1970s—one of the most difficult periods in modern U.S. bond-market history—nominal bond returns remained positive over the decade. Over longer holding periods, starting yield has historically been a strong predictor of subsequent bond returns.

Total Return by Decade & Starting Yield

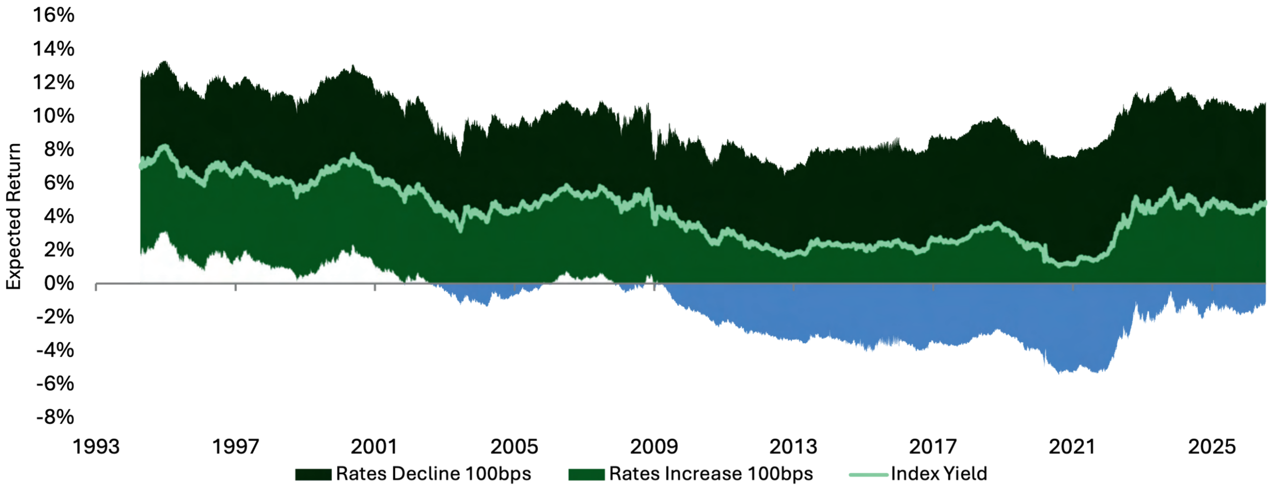


Source: Bloomberg as of June 30, 2026.

The skew favors investors

With the Bloomberg Aggregate starting near a 4.7% yield, a 1% decline in rates would drive returns into double digits, roughly 12%, while a 1% rise would produce only a modest 2% decline — an upside scenario roughly six times the downside.

Impact From +/- 1% Change in Rates to the Bloomberg Aggregate



Source: Bloomberg as of June 30, 2026.

~4.7% Starting yield on the Bloomberg Aggregate

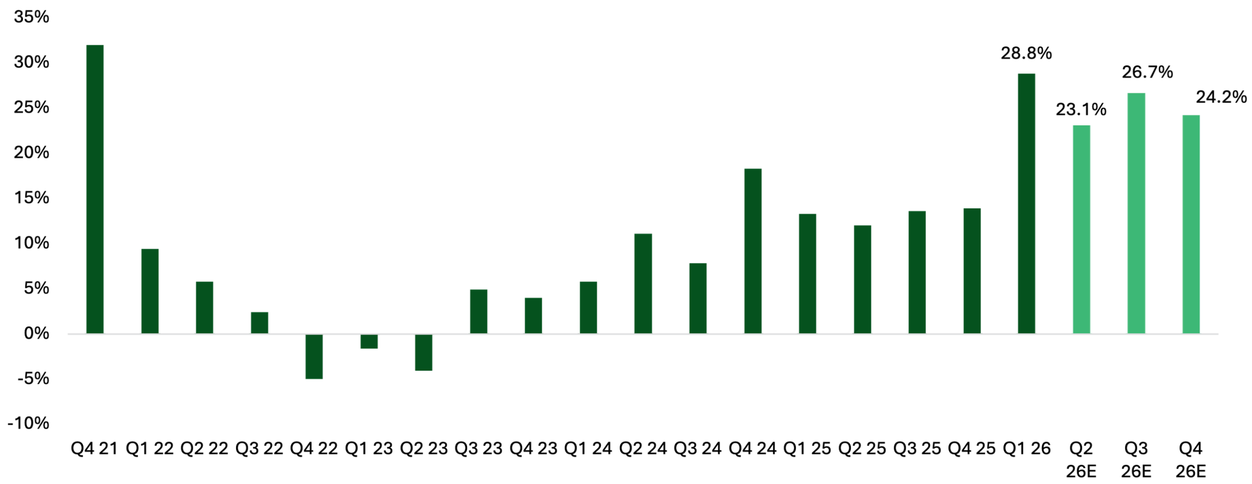
WHAT THIS MEANS FOR OUR CLIENTS

Today's higher bond yields can provide attractive income and stability as financial priorities shift throughout your career, from building wealth during peak earning years to preparing for retirement or creating liquidity around major career decisions. Rather than reaching for extra yield through lower-quality bonds, high-quality fixed income can serve as a reliable counterbalance to growth assets while preserving flexibility for the next stage of your career.

Earnings growth is doing the heavy lifting

First-quarter S&P 500 earnings grew 28.8% year-over-year, and consensus expects 23.1% for the second quarter — which would mark the seventh consecutive quarter of double-digit growth against a long-run average of about 7%. Estimated next-12-month operating margins reached a record 21.0%. Either corporate America is accelerating in a way rarely seen, or expectations have grown too lofty; either way, earnings delivery, not multiple expansion, is doing the heavy lifting, which is the healthier way to carry a market.

S&P 500 Year-over-Year Quarterly Earnings Growth (%)



Source: Bloomberg as of June 30, 2026.

Bubble check

In January we asked the question: is AI a bubble? At mid-year, valuations are running high — the S&P 500 trades near 21x forward earnings, elevated against its own history — but fundamentals are strong and earnings have delivered. AI capital spending, estimated at more than $1 trillion thus far, has been funded largely by operating cash flow, and demand still outpaces supply. Debt funding is becoming more common, however, and the “show me” moment, when that capex must justify its scale, has yet to arrive. Our conclusion is unchanged from January: not a bubble yet, though the jury remains out.

WHAT THIS MEANS FOR OUR CLIENTS

The question we posed in January still stands, and it's a better question at mid-year than it was then: not "should I invest in AI," but "how much exposure is appropriate given my goals, timeline, and risk tolerance." Nothing in the data argues for abandoning that exposure — but nothing argues for chasing more of it either. Staying at your target allocation, rather than drifting upward as AI names keep winning, is the discipline that protects the gains you've already made.

Global Equity: The Era of Mega IPOs

June's SpaceX listing raised roughly $75 billion, the largest IPO in history, lifting the company's market value above $2 trillion. The pipeline behind it is deep – OpenAI, Anthropic, Databricks and others are expected to list within the next year. As floats increase over time, more weight falls on fundamentals to carry these companies forward, and history argues for selectivity: among the ten largest U.S. IPOs since 2000, the median maximum drawdown exceeded 50% in the first year.

IPO Activity

Source: Bloomberg as of June 30, 2026.

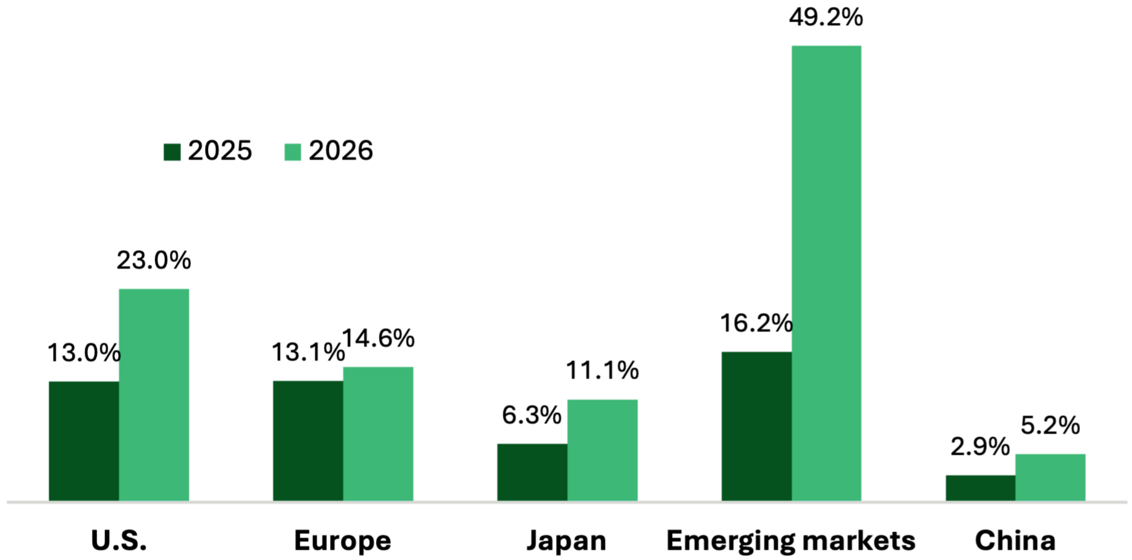
WHAT THIS MEANS FOR OUR CLIENTS

A wave of headline-grabbing IPOs is exactly the environment where FOMO does the most damage to a plan with a limited runway to recover from a mistake. Our guidance emphasizes discipline and diversification rather than chasing the IPO calendar – you already have exposure to this theme through your existing diversified equity allocation, without taking on the concentrated, first-year drawdown risk that comes with buying into a single new listing.

Not only an AI story

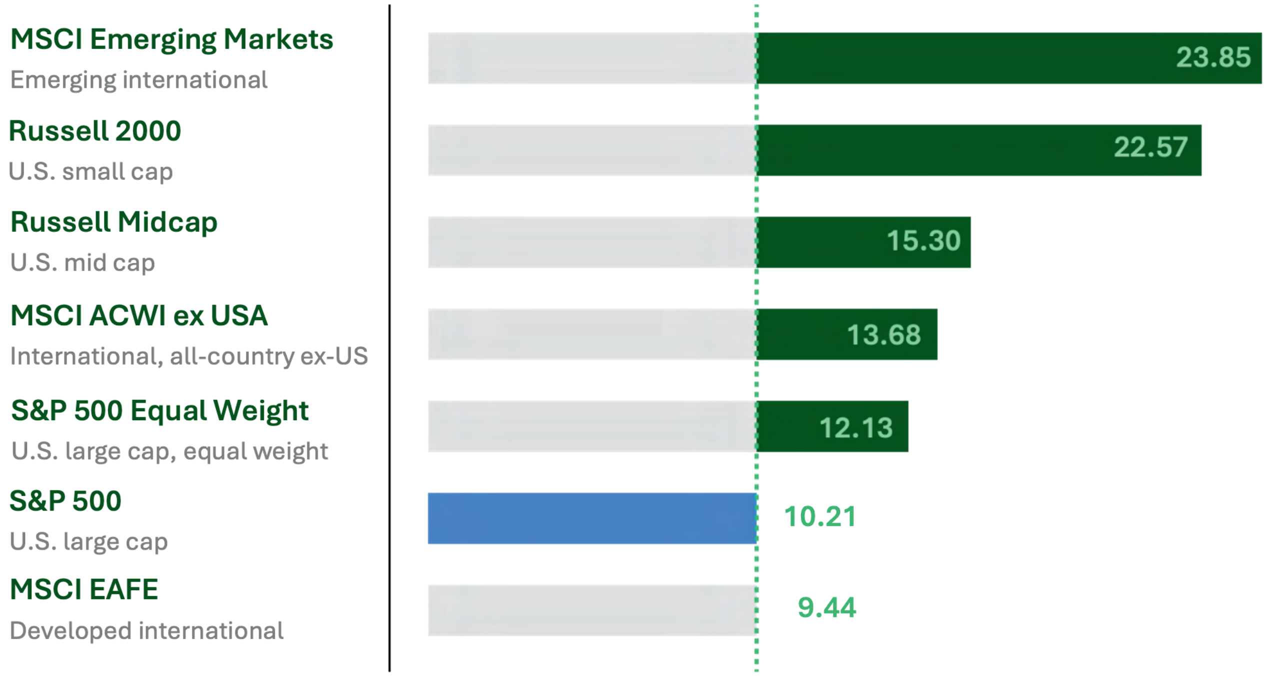
Halfway through the year, emerging markets lead all major equity markets at 23.9%, U.S. small caps have returned 22.6%, and developed international markets at 9.4% sit within a point of the S&P 500's 10.2%. This is what broadening looks like: markets with less exposure to the AI value chain are more than holding their own, echoing the AI Flywheel theme we described in January.

Estimated Annual Earnings Growth Across the Globe



Sources: Capital Group, FactSet, MSCI, S&P Global. Estimated annual earnings growth is represented by the mean industry analyst consensus earnings per share estimates for the year ending December 2026 across the S&P 500 Index (U.S.), the MSCI Europe Index (Europe), the MSCI Japan Index (Japan), the MSCI EM Index (Emerging markets) and the MSCI China Index (China). Earnings growth represented in USD. Estimates are as of May 31, 2026.

Total Return By Index, %



Source: Bloomberg as of June 30, 2026.

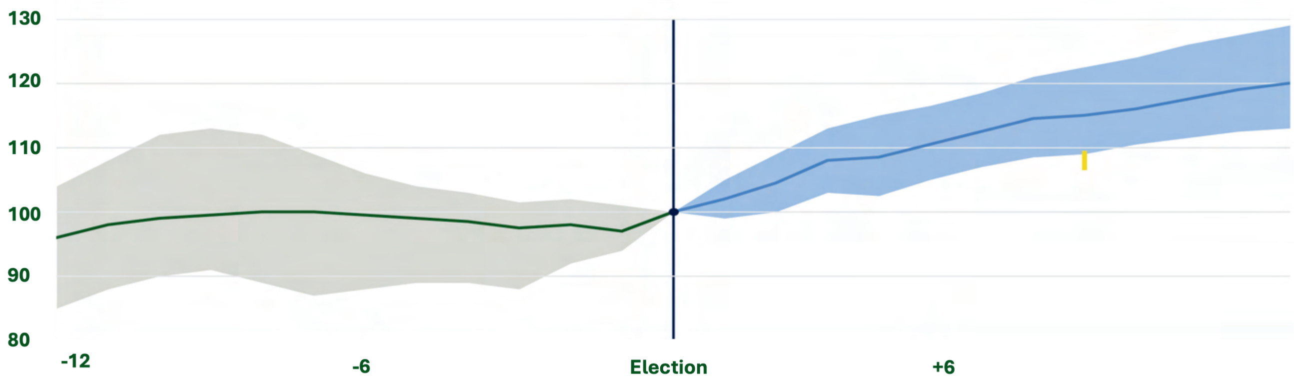
WHAT THIS MEANS FOR OUR CLIENTS

In January, we told you we were maintaining an overweight to mid- and small-cap stocks and a modest overweight to non-U.S. equity precisely because many doctors' portfolios skew heavily toward familiar large U.S. companies. Halfway through the year, both positions are being rewarded, and we are maintaining them – a reminder that diversification away from what feels most familiar is often the decision that pays off, not the one that costs you.

Patterns, not predictions

The twelve months following every completed midterm election since 1934 have produced a positive U.S. equity return – all 23 of them, averaging 21.0%. Notably, the data undercuts every partisan explanation: post-midterm returns are statistically indistinguishable by the president's party (20.5% under Democrats versus 21.6% under Republicans), and a chamber changing hands doesn't help either. Returns tend to be more muted leading into the election itself, likely reflecting investors' general dislike of uncertainty rather than any specific policy outcome.

Large Cap U.S. Returns in Midterm Election Years



Sources: Fiducient Advisors analysis. Election dates and outcomes from the GPO Official Congressional Directory, U.S. Senate Historical Office and the American Presidency Project (UCSB). Returns are monthly total returns measured relative to Election Day; November of the election year is the first post-election month. Return stream is a spliced long-history proxy: Ibbotson SBBI U.S. Large Cap Total Return, February 1926 through December 1987, and S&P 500 Total Return, January 1988 through December 2025. Non-election years are calendar years in which neither a midterm nor a general election took place. Past performance does not indicate future performance and there is a possibility of a loss. Indices cannot be invested in directly. See disclosures for list of indices representing each asset class.

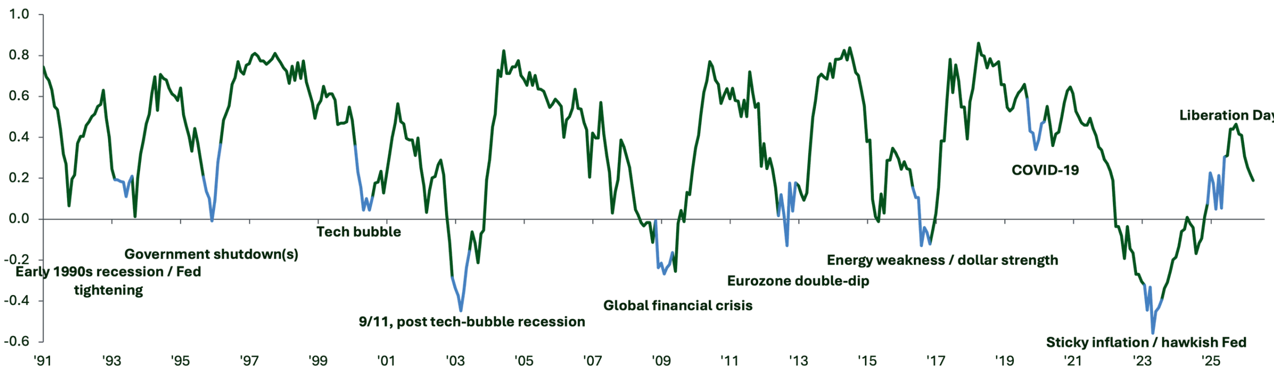
WHAT THIS MEANS FOR OUR CLIENTS

As November's midterms approach, expect the volume of political commentary in your feed to rise – this is the point where that noise is least useful. The historical pattern argues for staying the course through the pre-election uncertainty rather than trying to position around a specific outcome you can't reliably predict, which is the same Noise Resistance discipline that has served portfolios well all year.

Diversifying hedge funds

The classic criticism of diversifiers is that they work until the moment they are needed. The data tells a different story for hedge funds: their correlation to a 60/40 stock-bond portfolio spends much of its life near 0.6 to 0.8, but in nearly every stress episode of the last 35 years — from the tech bubble to the Global Financial Crisis — it collapsed toward zero and frequently below. The pattern repeated this cycle: correlations fell through the 2022–23 inflation episode, again around Liberation Day, and sit at modest levels today. That independence matters more in a world where inflation, not recession, becomes the recurring threat, since inflationary shocks are the environment in which stocks and bonds risk weakening at the same time.

Rolling 12 Month Hedge Fund Correlations to 60/40 Stock/Bond Portfolio



Sources: Bloomberg, FactSet, HFR, Standard & Poor's, J.P. Morgan Asset Management, Guide to Alternatives. Hedge funds represented by HFRI Macro. 60/40 portfolio is 60% S&P 500 / 40% Bloomberg U.S. Aggregate. Data as of April 30, 2026. Past performance is not a reliable indicator of current and future results. See disclosures for list of indices representing each asset class.

WHAT THIS MEANS FOR OUR CLIENTS

This is the same "Age of Alpha" case we made in last summer's mid-year outlook: with traditional asset classes offering fewer easy wins, selectivity and diversification matter more, not less. Alternatives are not suitable for everyone based on liquidity needs or complexity, but if you're a qualified investor without exposure, this is worth a conversation with your advisor; if you're already allocated, it's worth reviewing whether that allocation still fits your plan.

A Note to Our Clients

For doctors with demanding schedules and complex financial lives, there's rarely time to monitor markets or react to every headline. Yet the decisions you make – or don't make – can have a lasting impact on your future. In January we wrote that discipline, not prediction, is what protects a shorter accumulation window. The first half of 2026 put that discipline through a real test: an oil shock, a war, a Fed leadership transition, and the largest IPO in history. It held.

At Earned, our role is to help simplify that complexity. Through an integrated, doctor-centric approach, we align your investments with tax planning, career stage, and long-term personal and professional goals, so that market noise doesn't distract you from patient care, your family, or the life you're building outside of medicine.

Whether you're already working with Earned or exploring what a more coordinated approach could look like, our goal is the same: to help you move forward with clarity, confidence, and peace of mind – knowing your wealth strategy is working as hard as you are.

Bill Martin, CFA®
Chief Wealth Officer
Earned

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Comparisons to any indices referenced herein are for illustrative purposes only and are not meant to imply that actual returns or volatility will be similar to the indices. Indices cannot be invested in directly. Unmanaged index returns assume reinvestment of any and all distributions and do not reflect our fees or expenses.

When referencing asset class returns or statistics, the following indices are used to represent those asset classes, unless otherwise noted. Each index is unmanaged, and investors can not actually invest directly into an index:

Domestic equity returns based on the following indices: Large Value: Russell 1000 Value TR USD, Large Core: Russell 1000 TR USD, Large Growth: Russell 1000 Growth TR USD, Mid Value: Russell Mid Cap Value TR USD, Mid Core: Russell Mid Cap TR USD, Mid Growth: Russell Mid Cap Growth TR USD, Small Value: Russell 2000 Value TR USD, Small Core: Russell 2000 TR USD, Small Growth: Russell 2000 Growth TR USD

Factor returns based on the following indices: Earnings Yield: MSCI USA Barra Earnings Yield NR USD, Low Leverage: MSCI USA Barra Low Leverage NR USD, Low Volatility: MSCI USA Barra Low Volatility NR USD, Momentum: MSCI USA Barra Momentum NR USD, Value: MSCI USA Barra Value NR USD

S&P 500 sector performance based on the following indices: S&P 500 Sec/Commun Services TR USD, S&P 500 Sec/Financials TR USD, S&P 500 Sec/Energy TR USD, S&P 500 Sec/Industrials TR USD, S&P 500 TR USD, S&P 500 Sec/Health Care TR USD, S&P 500 Sec/Cons Disc TR USD, S&P 500 Sec/Utilities TR USD, S&P 500 Sec/Cons Staples TR USD, S&P 500 Sec/Materials TR USD, S&P 500 Sec/Information Technology TR USD, S&P 500 Sec/Real Estate TR USD

International Developed equity returns based on the following indices: Large Value: MSCI EAFE Large Value NR USD, Large Core: MSCI EAFE Large NR USD, Large Growth: MSCI EAFE Large Growth NR USD, Mid Value: MSCI EAFE Mid Value NR USD, Mid Core: MSCI EAFE Mid NR USD, Mid Growth: MSCI EAFE Mid Growth NR USD, Small Value: MSCI EAFE Small Value NR USD, Small Core: MSCI EAFE Small Cap NR USD, Small Growth: MSCI EAFE Small Growth NR USD

International equity returns based on the following indices: Large Value: MSCI ACWI ex USA Large Value NR USD, Large Core: MSCI ACWI ex USA Large NR USD, Large Growth: MSCI ACWI ex USA Large Growth NR USD, Mid Value: MSCI ACWI ex USA Mid Value NR USD, Mid Core: MSCI ACWI ex USA Mid NR USD, Mid Growth: MSCI ACWI ex USA Mid Growth NR USD, Small Value: MSCI ACWI ex USA Small Value NR USD, Small Core: MSCI ACWI ex USA Small NR USD, Small Growth: MSCI ACWI ex USA Small Growth NR USD

Emerging Markets equity returns based on the following indices: Large Value: MSCI EM Large Value NR USD, Large Core: MSCI EM Large NR USD, Large Growth: MSCI EM Large Growth NR USD, Mid Value: MSCI EM Mid Value NR USD, Mid Core: MSCI EM Mid NR USD, Mid Growth: MSCI EM Mid Growth NR USD, Small Value: MSCI EM Small Value NR USD, Small Core: MSCI EM Small NR USD, Small Growth: MSCI EM Small Growth NR USD

Equity country returns based on the following indices: Belgium: MSCI Belgium NR USD, Canada: MSCI Canada NR USD, France: MSCI France NR USD, Germany: MSCI Germany NR USD, Italy: MSCI Italy NR USD, Japan: MSCI Japan NR USD, Netherlands: MSCI Netherlands NR USD, Sweden: MSCI Sweden NR USD, Switzerland: MSCI Switzerland NR USD, UK: MSCI United Kingdom NR USD, USA: MSCI USA NR USD, Brazil: MSCI Brazil NR USD, China: MSCI China NR USD, India: MSCI India NR USD, Mexico: MSCI Mexico NR USD, South Korea: MSCI Korea NR USD, ACWI ex US: MSCI ACWI ex USA NR USD, EAFE: MSCI EAFE NR USD, EM: MSCI EM NR USD

Commodity Performance based on the following indices: Energy: Bloomberg Sub Energy TR USD, Industrial Metals: Bloomberg Sub Industrial Metals TR USD, Precious Metals: Bloomberg Sub Precious Metals TR USD, Agriculture: Bloomberg Sub Agriculture TR USD

REIT sector performance is based on the following indices: FTSE Nareit Equity Health Care TR, FTSE Nareit Equity Lodging/Resorts TR, FTSE Nareit Equity Office TR, FTSE Nareit Equity Data Centers TR, FTSE Nareit Equity Diversified TR, FTSE Nareit Equity Specialty TR, FTSE Nareit Equity Retail TR, FTSE Nareit Equity Residential TR, FTSE Nareit Equity Industrial TR, FTSE Nareit Equity Self Storage TR

Fixed Income

- Bloomberg 1-3 Month U.S. Treasury Bill Index is designed to measure the performance of public obligations of the U.S. Treasury that have a remaining maturity of greater than or equal to 1 month and less than 3 months.
- Bloomberg U.S. Aggregate Index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.
- Bloomberg Global Aggregate ex. USD Indices represent a broad-based measure of the global investment-grade fixed income markets. The two major components of this index are the Pan-European Aggregate and the Asian-Pacific Aggregate Indices. The index also includes Eurodollar and Euro-Yen corporate bonds and Canadian government, agency and corporate securities.
- Bloomberg U.S. Corporate High Yield Index covers the universe of fixed rate, non-investment grade debt. Euro bonds and debt issues from countries designated as emerging markets (sovereign rating of Baa1/BBB+/BBB+ and below using the middle of Moody's, S&P, and Fitch) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included.
- Bloomberg US Government/Credit 1-3 Year Index is the 1-3 year component of the U.S. Government/Credit Index, which includes securities in the Government and Credit Indices. The Government Index includes treasuries and agencies, while the credit index includes publicly issued U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements.
- Bloomberg US Government/Credit Long Index is the Long component of the U.S. Government/Credit Index, which includes securities in the Government and Credit Indices. The Government Index includes treasuries and agencies, while the credit index includes publicly issued U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity and quality requirements.
- Bloomberg US Treasury Inflation Protected Securities Index consists of Inflation-Protection securities issued by the U.S. Treasury.
- Bloomberg Muni Index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market. Bonds must be rated investment-grade by at least two ratings agencies.
- Bloomberg High Yield Municipal Bond Index covers the universe of fixed rate, non-investment grade debt.
- Bloomberg Intermediate U.S. Gov't/Credit is the Intermediate component of the U.S. Government/Credit index, which includes securities in the Government and Credit Indices. The Government Index includes treasuries and agencies, while the credit index includes publicly issued U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements.

- JPMorgan GBI-EM Global Diversified tracks the performance of local currency debt issued by emerging market governments, whose debt is accessible by most of the international investor base.
- ICE BofA US 3M T bill Index is an unmanaged index that is comprised of a single U.S. Treasury issue with approximately three months to final maturity, purchased at the beginning of each month and held for one full month.
- Bloomberg US Treasury Bellwether Indices are a series of benchmarks tracking the performance and attributes of eight on-the-run US Treasuries that reflect the most recently issued 3m, 6m, 2y, 3y, 5y, 10y and 30y securities.

Equity

- The S&P 500 Index is a capitalization-weighted index designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.
- Russell 3000 Index is a market-cap-weighted index which consists of roughly 3,000 of the largest companies in the U.S. as determined by market capitalization. It represents nearly 98% of the investable U.S. equity market.
- Russell 1000 Index consists of the largest 1000 companies in the Russell 3000 Index.
- Russell 1000 Growth Index measures the performance of those Russell 1000 companies with higher P/B ratios and higher forecasted growth values.
- Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower P/B ratios and lower forecasted growth values.
- Russell Mid Cap Index measures the performance of the 800 smallest companies in the Russell 1000 Index.
- Russell Mid Cap Growth Index measures the performance of those Russell Mid Cap companies with higher P/B ratios and higher forecasted growth values.
- Russell Mid Cap Value Index measures the performance of those Russell Mid Cap companies with lower P/B ratios and lower forecasted growth values.
- Russell 2000 consists of the 2,000 smallest U.S. companies in the Russell 3000 index.
- Russell 2000 Growth Index measures the performance of the Russell 2000 companies with higher P/B ratios and higher forecasted growth values.
- Russell 2000 Value Index measures the performance of those Russell 2000 companies with lower P/B ratios and lower forecasted growth values.
- MSCI USA Barra Earnings Yield Index is a long/short (130/30) index that targets high exposure to the earnings yield factor, low exposure to other style and industry factors, and low tracking error relative to the MSCI USA Index, its parent index. The earnings yield factor combines current and historical earnings-to-price ratios with a measure of analyst-predicted earnings-to-price ratios.

- MSCI USA Barra Low Leverage Index The index is derived from the parent index, MSCI Investable Market, and seeks to target exposure to low leverage companies as defined by the Barra Equity Model. The index is rebalanced monthly subject to tracking error and turnover constraints.
- MSCI USA Barra Low Volatility Index aims to reflect the performance characteristics of a minimum variance strategy applied to the large and mid cap USA equity universe. The index is calculated by optimizing the MSCI USA Index, its parent index, in USD for the lowest absolute risk (within a given set of constraints). Historically, the index has shown lower beta and volatility characteristics relative to the MSCI USA Index.
- MSCI USA Barra Momentum Index is derived from the parent index, MSCI Investable Market, and seeks to target exposure to companies with positive price momentum as defined by the Barra Equity Model. The index is rebalanced monthly subject to tracking error and turnover constraints.
- MSCI USA Barra Value Index is derived from the parent index, MSCI Investable Market, and seeks to target exposure to companies with value characteristics as defined by the Barra Equity Model. The index is rebalanced monthly subject to tracking error and turnover constraints.
- MSCI ACWI (All Country World Index) ex. U.S. Index captures large and mid-cap representation across Developed Markets countries (excluding the United States) and Emerging Markets countries. The index covers approximately 85% of the global equity opportunity set outside the U.S.
- MSCI EAFE Index is an equity index which captures large and mid-cap representation across Developed Markets countries around the world, excluding the U.S. and Canada. The index covers approximately 85% of the free float-adjusted market capitalization in each country.
- MSCI Emerging Markets Index captures large and mid-cap representation across Emerging Markets countries. The index covers approximately 85% of the free-float adjusted market capitalization in each country.
- MSCI EAFE Large Value Index captures large cap securities exhibiting overall value style characteristics across Developed Markets countries around the world, excluding the US and Canada. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield.
- MSCI EAFE Large Cap Index is an equity index which captures large cap representation across Developed Markets countries around the world, excluding the US and Canada. The index covers approximately 70% of the free-float adjusted market capitalization in each country.

- MSCI EAFE Large Growth Index captures large cap securities exhibiting overall growth style characteristics across Developed Markets countries around the world, excluding the US and Canada. The growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend.
- MSCI EAFE Mid Value Index captures mid cap securities exhibiting overall value style characteristics across Developed Markets countries around the world, excluding the US and Canada. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield.
- MSCI EAFE Mid Cap Index is an equity index which captures mid cap representation across Developed Markets countries around the world, excluding the US and Canada. The index covers approximately 15% of the free-float adjusted market capitalization in each country.
- MSCI EAFE Mid Cap Growth Index captures mid cap securities exhibiting overall growth style characteristics across Developed Markets countries around the world, excluding the US and Canada. The growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend.
- MSCI EAFE Small Cap Value Index captures small cap securities exhibiting overall value style characteristics across Developed Markets countries around the world, excluding the US and Canada. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield.
- MSCI EAFE Small Cap Index is an equity index which captures small cap representation across Developed Markets countries around the world, excluding the US and Canada. The index covers approximately 14% of the free-float adjusted market in each country.

- MSCI EAFE Small Cap Growth Index captures small cap securities exhibiting overall growth style characteristics across Developed Markets countries around the world, excluding the US and Canada. The growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend.
- MSCI ACWI (All Country World Index) ex USA Large Value Index captures large-cap securities exhibiting overall value style characteristics across Developed Markets countries (excluding the US) and Emerging Markets (EM) countries. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield.
- MSCI ACWI (All Country World Index) ex USA Large Index captures large cap representation across Developed Markets countries (excluding the US) and Emerging Markets countries. The index covers approximately 70% of the free float-adjusted market capitalization in each country.
- MSCI ACWI (All Country World Index) ex USA Large Growth Index captures large-cap securities exhibiting overall growth style characteristics across Developed Markets countries (excluding the US) and Emerging Markets countries. The growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend.
- MSCI ACWI (All Country World Index) ex USA Mid Value Index captures mid cap securities exhibiting overall value style characteristics across Developed Markets countries (excluding the US) and Emerging Markets (EM) countries. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield.
- MSCI ACWI (All Country World Index) ex USA Mid Cap Index captures mid cap representation across Developed Markets countries (excluding the US) and Emerging Markets (EM) countries. The index covers approximately 15% of the free float-adjusted market capitalization in each country.
- MSCI ACWI (All Country World Index) ex USA Mid Growth Index captures mid-cap securities exhibiting overall growth style characteristics across Developed Markets countries (excluding the US) and Emerging Markets countries. The growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend.

- MSCI ACWI (All Country World Index) ex USA Small Value Index captures small cap securities exhibiting overall value style characteristics across Developed Markets countries (excluding the US) and Emerging Markets (EM) countries. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield.
- MSCI ACWI (All Country World Index) ex. U.S. Small Cap Index captures small cap representation across Developed Markets countries (excluding the US) and Emerging Markets countries. The index covers approximately 14% of the global equity opportunity set outside the U.S.
- MSCI ACWI (All Country World Index) ex U.S. Small Growth Index captures small-cap securities exhibiting overall growth style characteristics across Developed Markets countries (excluding the US) and Emerging Markets countries. The growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend.
- MSCI Emerging Markets (EM) Large Value Index captures large-cap securities exhibiting overall value style characteristics across Emerging Markets (EM) countries. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield.
- MSCI Emerging Markets (EM) Large Index includes large-cap representation across Emerging Markets countries. The index covers approximately 70% of the free float-adjusted market capitalization in each country.
- MSCI Emerging Markets (EM) Large Growth Index captures large-cap securities exhibiting overall growth style characteristics across Emerging Markets (EM) countries. The growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend.
- MSCI Emerging Markets (EM) Mid Value Index captures mid cap securities exhibiting overall value style characteristics across Emerging Markets (EM) countries. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield.
- MSCI Emerging Markets (EM) Mid Index includes mid-cap representation across Emerging Markets countries. The index covers approximately 15% of the free float-adjusted market capitalization in each country.

- MSCI Emerging Markets (EM) Mid Growth Index captures mid cap securities exhibiting overall growth style characteristics across Emerging Markets (EM) countries. The growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend.
- MSCI Emerging Markets (EM) Small Value Index captures small cap securities exhibiting overall value style characteristics across Emerging Markets (EM) countries. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield.
- MSCI Emerging Markets (EM) Small Cap Index includes small cap representation across Emerging Markets countries. The index covers approximately 14% of the free float-adjusted market capitalization in each country. The small cap segment tends to capture more local economic and sector characteristics relative to larger Emerging Markets capitalization segments. MSCI Emerging Markets (EM)
- Small Growth Index captures small cap securities exhibiting overall growth style characteristics across Emerging Markets (EM) countries. The growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend.

Alternatives & Miscellaneous

- S&P Real Asset Index is designed to measure global property, infrastructure, commodities, and inflation-linked bonds using liquid and investable component indices that track public equities, fixed income, and futures. In the index, equity holds 50% weight, commodities 10%, and fixed income 40%.
- FTSE Nareit Equity REITs Index contains all Equity REITs not designed as Timber REITs or Infrastructure REITs.
- FTSE EPRA Nareit Developed Index is designed to track the performance of listed real estate companies and REITs worldwide.
- FTSE EPRA Nareit Developed ex US Index is a subset of the FTSE EPRA Nareit Developed Index and is designed to track the performance of listed real estate companies and REITs in developed markets excluding the US.
- Bloomberg Commodity Index is calculated on an excess return basis and reflects commodity futures price movements. The index rebalances annually weighted 2/3 by trading volume and 1/3 by world production and weight-caps are applied at the commodity, sector and group level for diversification.

Index Definitions

- HFRI Fund Weighted Composite Index is a global, equal-weighted index of over 2,000 single-manager funds that report to the HFR Database. Constituent funds report monthly net of all fees performance in U.S. Dollars and have a minimum of $50 million under management or a twelve (12) month track record of active performance. The HFRI Fund Weighted Composite Index does not include Funds of Hedge Funds.
- HFRI Fund of Funds Composite Index is a global, equal-weighted index of all fund of hedge funds that report to the HFR Database. Constituent funds report monthly net of all fees performance in U.S. Dollars and have a minimum of $50 million under management or a twelve (12) month track record of active performance.
- The Alerian MLP Index is a float adjusted, capitalization-weighted index, whose constituents represent approximately 85% of total float-adjusted market capitalization, is disseminated real-time on a price-return basis (AMZ) and on a total-return basis.

Additional Information

- Equity sector returns are calculated by S&P, Russell, and MSCI for domestic and international markets, respectively. S&P and MSCI sector definitions correspond to the GICS® classification (Global Industry Classification System); Russell uses its own sector and industry classifications.
- MSCI country indices are free float-adjusted market capitalization indices that are designed to measure equity market performance of approximately 85% of the market capitalization in each specific country.
- Currency returns are calculated using FactSet's historical spot rates and are calculated using the U.S. dollar as the base currency.

Fixed Income securities are subject to interest rate risks, the risk of default and liquidity risk. U.S. investors exposed to non-U.S. fixed income may also be subject to currency risk and fluctuations.

Cash may be subject to the loss of principal and over a longer period of time may lose purchasing power due to inflation.

Domestic Equity can be volatile. The rise or fall in prices takes place for a number of reasons including, but not limited to changes to underlying company conditions, sector or industry factors, or other macro events. These may happen quickly and unpredictably.

International Equity can be volatile. The rise or fall in prices takes place for a number of reasons including, but not limited to changes to underlying company conditions, sector or industry impacts, or other macro events. These may happen quickly and unpredictably. International equity allocations may also be impacted by currency and/or country-specific risks which may result in lower liquidity in some markets.

Real Assets can be volatile and may include asset segments that may have greater volatility than investment in traditional equity securities. Such volatility could be influenced by a myriad of factors including, but not limited to overall market volatility, changes in interest rates, political and regulatory developments, or other exogenous events like weather or natural disaster.

Private Equity involves higher risk and is suitable only for sophisticated investors. Along with traditional equity market risks, private equity investments are also subject to higher fees, lower liquidity and the potential for leverage that may amplify volatility and/or the potential loss of capital.

Private Credit involves higher risk and is suitable only for sophisticated investors. These assets are subject to interest rate risks, the risk of default and limited liquidity. U.S. investors exposed to non-U.S. private credit may also be subject to currency risk and fluctuations.

Private Real Estate involves higher risk and is suitable only for sophisticated investors. Real estate assets can be volatile and may include unique risks to the asset class like leverage and/or industry, sector or geographical concentration. Declines in real estate value may take place for a number of reasons including, but are not limited to economic conditions, change in condition of the underlying property or defaults by the borrower.

Marketable Alternatives involves higher risk and is suitable only for sophisticated investors. Along with traditional market risks, marketable alternatives are also subject to higher fees, lower liquidity and the potential for leverage that may amplify volatility or the potential for loss of capital. Additionally, short selling involves certain risks including, but not limited to additional costs, and the potential for unlimited loss on certain short sale positions.