CHIEF INVESTMENT OFFICE

# Capital Market Outlook

July 13, 2026

**All data, projections and opinions are as of the date of this report and subject to change.**

## IN THIS ISSUE

**Macro Strategy—*Divergences, Shocks, and Inflation Dynamics:*** "Cyclical" inflation—related to categories that rise and fall with the business cycle and labor market conditions—has eased substantially toward near prepandemic levels on a year-over-year (YoY) basis and remains in a downtrend. The renewed inflation flare-up appears mainly related to supply-side shocks, such as increased tariffs and Strait of Hormuz disruptions—layered on top of other "acyclical," industry-specific inflation pressures (insurance, healthcare, electricity prices and other Artificial Intelligence (AI)-related cost-push inflation). Encouragingly, tariff effects are estimated to have peaked, oil prices have moderated, money-supply growth is about average, and inflation expectations appear reasonably well anchored. In our view, the Federal Reserve (Fed) is therefore more likely to remain on hold than tighten again absent an unexpected strengthening of labor demand and unit labor costs.

**Market View—*Market Snippets: U.S. Real GDP Growth and Exceptional Foreign Demand for U.S. Assets:*** We believe the U.S. economy is a great deal stronger than headline figures suggest and continue to be amazed at the level of foreign demand for U.S. securities. First, don't buy the narrative that the U.S. economy is on a slippery slope to slower growth. Headline gross domestic product (GDP) figures look softer, but the drag is coming from trade, not underlying consumption or investment. Imports of high-technology products tethered to the AI buildout have skyrocketed, widening the trade deficit, while underlying growth remains supported by strong capital expenditures (capex) and consumer spending. At the same time, the U.S. remains the world's premier destination for foreign direct investment (FDI) thanks to a massive and wealthy consumer base, deep capital markets, technology and innovation excellence, and strong institutional variables. Meanwhile, foreign money managers are just as bullish: Foreign ownership of U.S. securities hit a record $35.1 trillion in Q1 2026. The bottom line: global firms and excess global liquidity still prefer to be inside the U.S., underwriting America's growth, competitiveness and capital markets.

**Thought of the Week—*A High Hurdle for Q2 Earnings:*** Expectations heading into Q2 earnings season are high, with analysts now anticipating earnings growth of over 20% for the S&P 500, a forecast that has steadily moved higher through wartime and follows the most profitable quarter in index history. If realized, it would represent the second consecutive quarter of earnings growth exceeding 20%. Beneath the surface however, the market's foundation has broadened. A narrow advance has evolved into a broader rally, with strength spreading across sectors, stocks and market capitalizations. That combination of robust earnings growth and expanding participation provides a constructive backdrop even as companies face one of the highest earnings hurdles seen in years.


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### Portfolio Considerations

The "Era of Transformation" is being driven by innovation, capital investment, infrastructure needs, and evolving themes that extend from short-term resilience and earnings growth to longer-term Rebalancing, Re-globalization, Reconstruction, and Rearmament.

Persistent shortages across AI-related resources, infrastructure, minerals, and defense equipment are expected to support productivity, profit margins, asset-price growth, and attractive potential opportunities across global equity markets, despite periodic "Bullwhip" market volatility.

We remain overweight U.S. and Emerging Market Equities—favoring Industrials, Financials, and Consumer Discretionary—while maintaining balanced exposure between Growth and Value, and views higher Fixed Income yields as attractive for income, diversification, and risk compensation.


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MACRO STRATEGY

## Divergences, Shocks, and Inflation Dynamics

### Chief Investment Office, *Macro Strategy Team*

With inflation reaccelerating over the past year and new Fed Chair Warsh striking a hawkish tone at his first post-policy-setting press conference, expectations for renewed aggressive rate hikes have sharply increased. Inflation no doubt deserves attention—headline personal consumption expenditures (PCE) inflation rose 4.1% YoY in May, while "core" PCE (ex food and energy) increased 3.4%, both uncomfortably above the Fed's 2% target.

Yet, in our view, the case for substantially tighter monetary policy at this point appears less supported by underlying growth and inflation dynamics than perceived. Here is some color behind our view that, absent a surprise hiring spree and increase in unit labor costs, there is scope for patience before imposing additional restraint on already moderate and uneven growth:

- **Tariffs and energy prices account for a substantial part of the recent inflation flare-up**. According to Dallas Fed May research, tariffs alone contributed roughly 0.8 percentage points to March "core" PCE inflation (i.e., it would have been 2.3% YoY instead of 3.1%). The direct impact from tariffs is also estimated to have peaked in Q1. U.S./Iran war uncertainty remains high, but supply-chain pressures quickly started to ease following the tentative reopening of the Strait of Hormuz (lower oil prices, easing freight rates, and moderating fertilizer prices). This suggests major supply-driven inflation pressures are set to fade absent geopolitical conflict escalation.
- **Methodological changes expected by late September seen lowering reported "core" PCE inflation**. With U.S. Bureau of Economic Analysis efforts to address price measurement issues around portfolio management fees, computer software and accessories, and legal services, "core" PCE inflation is expected to be revised slightly lower. According to Evercore ISI research, net changes imply a 3.2% revised May "core" PCE inflation versus 3.4% currently reported.
- **Labor market conditions remain uneven**. Wealth effects, government spending and the AI investment boom have continued to support aggregate demand, helping boost employment this year after the 2025 second-half hiring slump.

  Still, monthly employment growth has sequentially lost steam since March and labor income growth is below average (Exhibit 1). Moreover, private sector jobs outside healthcare and education have barely recovered their steep second half of 2025 declines and remain lower than two years ago. This helps explain why consumer perceptions of job-finding prospects have continued to deteriorate despite resilient economic growth. Job openings, quit rates, wage growth and hiring intentions in the National Federation of Independent Business small business survey remain consistent with moderate labor demand.
- **Growth resilient but not overheating**. Supported by the AI buildout, strong corporate profits, large fiscal deficits and positive wealth effects, real GDP growth is running at around a 2% pace in the first half despite strong headwinds. This is in line with 2025 and the 20-year average. However, real consumer spending has increased only 1.4% annualized from January to May (well below its 2.6% growth in 2025 and 2.2% 20-year average). Incoming data have generally continued to surprise to the upside but remain consistent with moderate growth and subdued hiring (including the Institute for Supply Management manufacturing and services surveys for June). Also, while fiscal deficits remain large, fiscal policy is expected to become less of a tailwind to growth in coming quarters. It would be hard for private sector growth to offset the fading fiscal impulse with much higher Fed policy rates.
- **Credit and money-supply growth is tame, and inflation expectations are still anchored**.
- **Wealth effects have supported high levels of activity but are unlikely to drive meaningful growth reacceleration absent stronger employment and real labor income growth**. Retired or near-retirement households own a disproportionate share of financial wealth. Yet, as they age, spending typically tilts toward essential goods and services, and long-term care prospects encourage precautionary saving. Also, wealth polarization lowers aggregate wealth effects. Given large wealth gains, combined real spending on air travel, jewelry, recreation goods/services, and leisure and accommodation—as an illustrative proxy for discretionary spending—has remained above trend. However, it has declined year-to-date (YTD) and is lower than year ago levels, consistent with depressed consumer sentiment and Consumer Discretionary sector underperformance YTD.

**Investment Implications**

Absent a surprise reacceleration of employment and spending, we continue to believe that the growth and inflation outlook favors an extended period of stable policy rates, a positive for continued expansion and risk assets.



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- **Subdued hiring and consumer spending help explain the normalization of cyclical inflation.** Slowing employment and wage growth along with higher prices have crowded out discretionary spending, cooling "cyclical" inflation. According to the San Francisco Fed, "cyclical" inflation—by definition closely tied to employment and wage growth—has returned to prepandemic levels. The recent inflation flareup has been concentrated in "acyclical" inflation (Exhibit 2), which is less sensitive to employment and more affected by supply shocks (energy, import prices) as well as by administered and industry-specific prices (i.e., tariffs, insurance, healthcare, AI-related electricity and electronics).

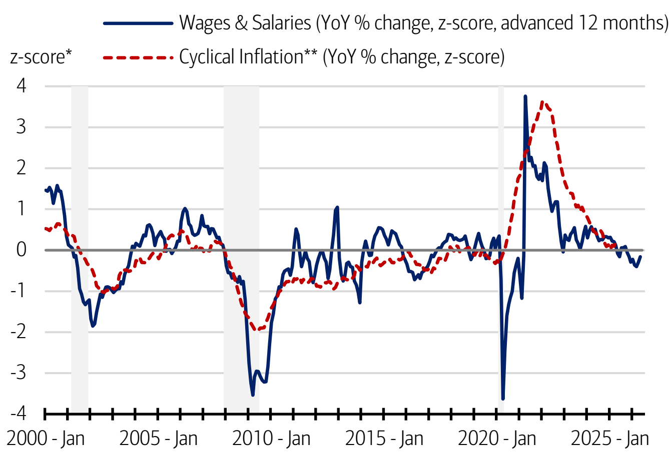
  Some of these effects are beginning to fade (tariffs), and some are seen dissipating over the next year (electronics). Also, as shown in Exhibit 1, softening labor income growth suggests further "cyclical" disinflation. Thus, absent a surprise reacceleration in employment and unit labor costs, inflation is likely to moderate again in coming quarters even without aggressive Fed tightening.

In sum, wealth effects and large government deficits have offered substantial support to the economy in the face of strong headwinds. However, by mitigating the consumer sector's self-adjustment to higher prices through much weaker real growth, they have also accommodated "acyclical" effects on inflation. This has prolonged the post-pandemic disinflation process, maintaining a disproportionate adjustment burden on cyclical activity. As a result, employment, consumer spending and economic growth have remained resilient but moderate, labor income slowed while profits surged, and "cyclical" inflation continued to trend lower while "acyclical" inflation reaccelerated.

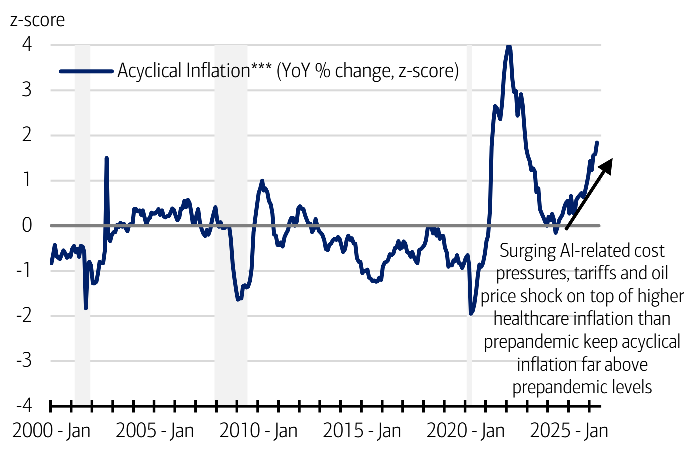
There is little evidence of overheating growth, and some supply-driven inflation effects are already peaking or are poised to fade. In our view, with moderate economic data and a fading fiscal tailwind next year, aggressive tightening risks imposing an excessive adjustment burden on already restrained interest rate sensitive sectors—such as housing, discretionary spending, and labor demand—delivering additional disinflation at potentially significant economic cost. A slightly longer period of soft-to-moderate growth with somewhat persistent but receding inflation, as we expect, would be supportive for risk assets, which benefit from lower macro volatility, moderate interest rates, and sustained expansion and profits growth.

**Exhibit 1: Inflation Divergence Likely to Resolve to the Downside.**

A) Cyclical inflation back to normal and under further downside pressure.




B) Timing strongly supports a supply-side-shock inflation explanation.




*z-score= number of standard deviations from the mean of a data set. Exhibit 1A) **Inflation driven by business-cycle conditions. Sources: San Francisco Fed/Haver Analytics. Data as of July 8, 2026. Exhibit 1B) ***Inflation driven by industry-specific factors, administered prices, and supply shocks. Sources: Bureau of Economic Analysis; San Francisco Fed/Haver Analytics. Data as of July 8, 2026.

## Market Snippets: U.S. Real GDP Growth and Exceptional Foreign Demand for U.S. Assets

*Joseph Quinlan, Managing Director and Head of CIO Market Strategy*
*Ariana Chiu, Assistant Vice President and Investment Strategist*

We believe the U.S. economy is a great deal stronger than headline figures suggest and continue to be amazed at the level of foreign demand for U.S. securities. Both dynamics—solid real growth and sturdy foreign capital inflows—are bullish for the U.S. economy and capital markets. We briefly discuss each variable below.

**The U.S. Economy: Stronger than you think.** Don't buy the narrative that the U.S. economy is on a slippery slope to slower growth. Yes, the Atlanta Fed's GDPNow forecast estimates the U.S. economy grew by just 1.3% in Q2 on an annualized basis, following 2.1% growth in Q1. But there's one important caveat to note: The drag to growth is coming from trade, or America's widening trade deficit, which could shave roughly 1.3% off of growth for Q2.

That's because imports of high-technology products tethered to the AI buildout have skyrocketed in recent months—enough to offset the surge in U.S. oil exports fueled by the war in the Middle East. As an example, imports of computer accessories and telecommunications equipment increased by 88% and 48% YoY in May, respectively. Semiconductor imports nearly doubled YoY to $12 billion in May,[1] surpassing U.S. imports of apparel and footwear for the first time. Indeed, if not for soaring exports of crude oil and petroleum products, which hit a record $28 billion in May, the U.S. trade deficit would have widened even further, and real growth would have been even weaker.

The good news? Remove volatile trade and inventory data, and growth in real final sales to private domestic purchasers is tracking closer to 3% for the quarter, up from 1.7% in Q1 (Exhibit 2). Domestic demand remains solid thanks to strong capex spending and consumer spending. The former has been bolstered by expanding investment in data centers, and the associated demand for spending on semiconductors, power generation equipment, optical networking, cooling infrastructure, grid components, and related goods. Consumer spending, meanwhile, continues to be supported by higher income households, in addition to a relatively low unemployment rate (4.2%), solid wage gains, and, more recently, lower energy prices.

The bottom line: Don't be spooked by headlines speaking to a U.S. economy that is losing steam—it's trade, not underlying consumption or investment, that has weighed on U.S. growth estimates.

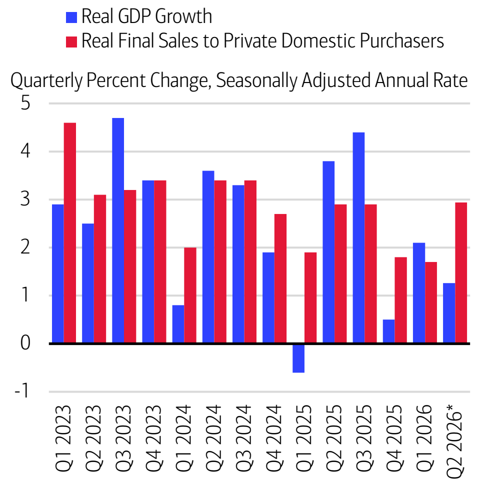
**America: Still No. 1 In Terms of Inflows.** Rising trade tensions, geopolitical fragmentation, and economic volatility have all weighed on global FDI this decade, although when it comes to attracting capital from the world's largest companies, one destination stands out: the U.S.

Based on the latest figures from the United Nations, the U.S.—by a wide margin—yet again was the largest recipient of global FDI last year, attracting some $277 billion in 2025. As Exhibit 3 underscores, the amount of foreign capital invested in the U.S. in 2025 was well ahead of second-place Singapore ($151 billion), third-place Hong Kong ($116 billion) and lagging China ($105 billion). Investment in data centers and energy infrastructure were the primary targets of foreign investors.

### Investment Implications

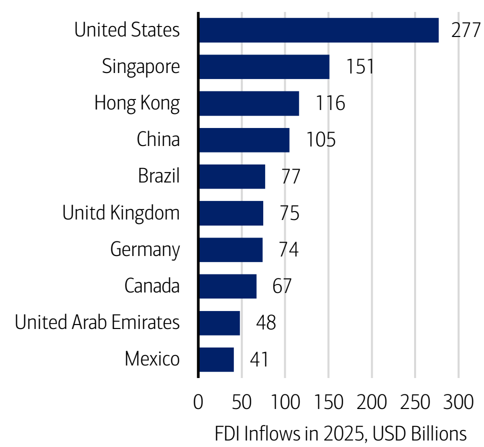
In an era of global fragmentation, America will continue to be the premier destination of excess global liquidity in our view. Solid growth and robust capital and portfolio inflows strengthen the case for maintaining a U.S. bias in portfolios.

### Exhibit 2: Underlying U.S. Growth Remains Strong




*Atlanta Fed estimate as of July 8, 2026. Source: Bureau of Economic Analysis, Haver Analytics. Data as of July 8, 2026.

### Exhibit 3: Top 10 Recipients of Foreign Direct Investment in 2025




Source: United Nations. Data as of July 7, 2026.

[1] Census Bureau. Data as of July 2026.

The U.S. remains the world's premier destination for FDI for a number of reasons. A massive and wealthy consumer base, a hub for technology and innovation excellence, deep capital markets, a large and highly skilled labor force, and strong institutional variables like a strong rule of law and intellectual property rights—all of these dynamics have long been key factors pulling in capital from overseas. Also drawing more capital: the risk of U.S. trade protectionism, which has incentivized foreign firms to be "inside" the U.S. market as opposed to being "outside."

Robust capital inflows, in turn, have been hugely beneficial to the U.S. economy. The greater the level of FDI, the greater the job creation in the U.S. and higher wages. Think more tax revenues for local communities, more exports, and more research and development spending—all of which strengthens the competitive position of the U.S. economy relative to the rest of the world.

The bottom line: An era of global fragmentation and heightened geopolitical risk has sent multinationals scrambling to rethink how, where and what to produce. Global supply chains are being reconfigured as we write. Everything is in flux, although one constant remains: the preference among global firms to be "inside" the U.S., the largest and most profitable market in the world.

**Foreign money managers are just as bullish on the U.S. as foreign multinationals.** Foreign capital inflows to the U.S. are double-barreled—think strong flows not only from foreign corporations but also offshore money managers. As Exhibit 4 depicts, foreign ownership of U.S. securities (U.S. Treasurys, agencies, corporate bonds and U.S. Equities) totaled a record high of $35.1 trillion in Q1 2026. Foreign ownership of U.S. securities is roughly 10 times larger today than at the beginning of this century.

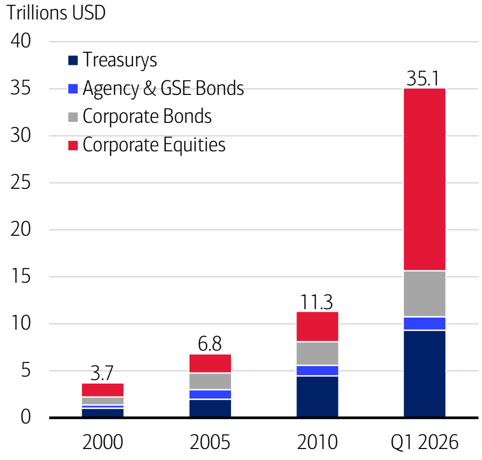
Based on the latest data from the Fed's Flow of Funds series, foreign ownership of U.S. Treasurys reached a record high of $9.3 trillion in Q1, complemented by foreigners owning some $1.4 trillion in government agency bonds, $4.9 trillion in corporate bonds and $19.4 trillion in U.S. Equities. In the context of total holdings, Exhibit 5 highlights that foreigners continue to control a sizable share of the Treasury market (30%), government agencies (11%), corporates (37%), and equities (21%). All of the above is another way of saying that the world still prefers to invest its excess capital in U.S. securities, notwithstanding all the chatter about the U.S. dollar debasement trade and central bank purchases of gold.

Yes, the world's money managers have diversified their dollar holdings this decade. But at the end of the day, America's resilient economy-cum-deep capital markets remains a key draw to money managers sitting in Europe, the Middle East and Asia. As we have often highlighted in the past, no financial system on the planet has the volume of investment-grade assets, nor the absorptive capacity to inhale and exhale the world's excess capital. The first port of call for much of the world's capital remains the U.S.

And that's bullish for the U.S. since portfolio inflows represent an abundant and cheap source of financing for a U.S. government perennially in debt. Other people's money allows the U.S. government, corporations and households to borrow and spend at significantly lower borrowing costs that would otherwise be impossible. Notably, massive global demand for U.S. Treasurys helps suppress government bond yields, lowering the interest burden on federal debt.

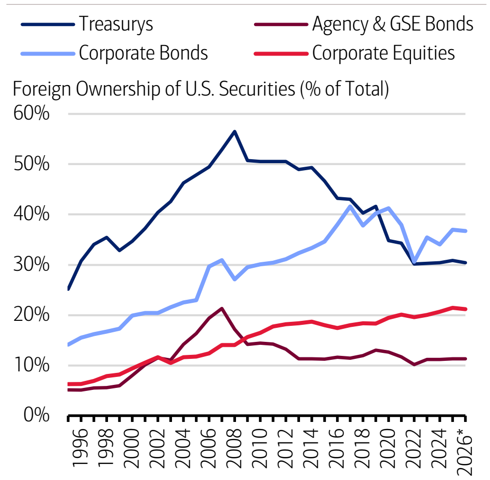
The bottom line: The U.S. economy enjoys a privilege the rest of the world dreams of: excess global liquidity that helps grease real growth, consumption and investment, underwriting America's global competitiveness.

**Exhibit 4: Foreign Ownership of U.S. Securities.**




*Government-sponsored Enterprise. Source: Federal Reserve Board. Data as of June 11, 2026. It is not possible to invest directly in an index. **Please refer to index definitions at the end of this report.**.

**Exhibit 5: Percent of U.S. Securities Held by Foreigners.**




*2026 data refers to Q1 2026. Source: Federal Reserve Board. Data as of June 11, 2026. It is not possible to invest directly in an index. **Please refer to index definitions at the end of this report.**.

## A High Hurdle for Q2 Earnings

**Lauren Sanfilippo,** ***Director and Senior Investment Strategist***

Q2 earnings season begins with an unusually high bar for companies to clear. Analysts now expect S&P 500 earnings growth of roughly 23% YoY, up 4% since the end of March.[2] If realized, this would be the second consecutive quarter of 20%+ earnings growth. Those upward revisions follow the most profitable quarter yet for the S&P 500 and leave little room for disappointment.[3]

At the same time, the market has rotated, as capital left the most extended pockets of growth, momentum and direct AI exposure and found a broader set of industries and market capitalizations. As Exhibit 6A shows, the number of S&P 500 members trading above their 50-day moving average continues to climb, a sign that the market advance is being shared across individual stocks. At the sector level, Financials, Healthcare and Consumer Staples have benefited from the rotation out of chip stocks. While the Magnificent 7[4] are flat YTD, the rest of the market, or "the S&P 493," is up 14%. Said another way, while the S&P 500 Index appears to be in a tight range since its all-time high made in early June, the equal-weighted S&P 500 has been making new highs in July. Weakness or consolidation among some of the largest names has given way to strength across a broader set of constituents.

Consider that around 50 S&P 500 stocks are up more than 50% YTD and almost 15 have doubled. At the same time, far fewer stocks have suffered comparable drawdowns. This is a market with meaningful churn, but also one where upside dispersion has been substantial. Speaking of upside, the rotation has also been evident along the capitalization spectrum, with Small-caps on track for one of their biggest periods of outperformance to the S&P 500 in decades.

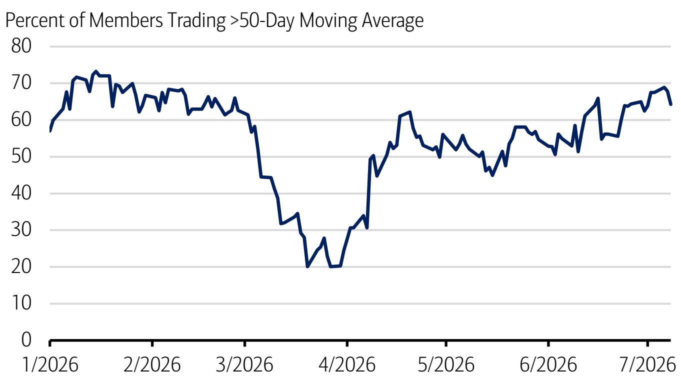
The broader thesis going into earnings season remains constructive as U.S. companies continue to find ways to grow earnings. Most encouraging is that earnings estimates for all sectors are positive for the first time in five years. The last time occurred during the second half of 2021 when the U.S. economy reopened following the pandemic.[5] See Exhibit 6B, which further points to the rarity of the set up. Since 1995 the S&P 500 has generated calendar-year earnings growth of over 20% only six times—1995, 2003, 2004, 2010, 2018, and 2021. If estimates hold, 2026 will make seven.

**Investment Implications**

The high level of earnings growth and improving breadth reinforces the case for diversification. From a portfolio positioning standpoint, as market leadership expands beyond a handful of stocks the potential opportunity set for investors widens.

**Exhibit 6: Better Participation and Great Expectations in the S&P 500.**

A) Better Breadth after Dipping at the end of Q1.




B) Instances of 20%+ Earnings Growth.

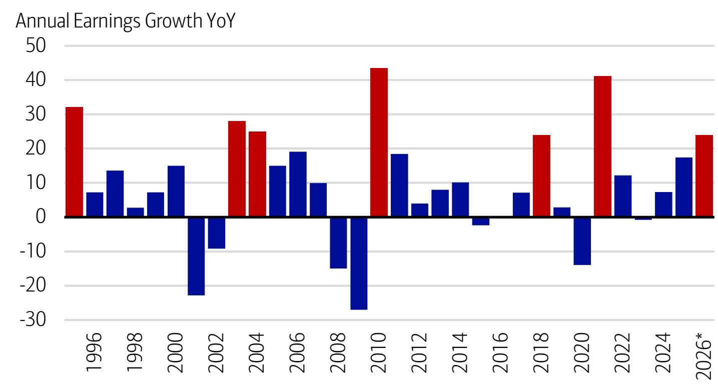



Exhibit 6A) Note: 60-80% of stocks trading above their 50-Day Moving Average is considered "healthy breadth." Source: Bloomberg. Data as of July 8, 2026. Data would differ if a different time period was displayed. Short-term performance shown to illustrate more recent trend. Exhibit 6B) *Consensus Estimate for 2026. Source: Bloomberg. Data as of July 2026. It is not possible to invest directly in an index. **Please refer to index definitions at the end of this report.** .

[2] Source: FactSet as of July 8, 2026. Note: A more usual pattern is for estimates to decline before reporting begins.

[3] As measured by net margin and dollars earned. As of Q1 2026.

[4] Apple, Amazon, Alphabet, Nvidia, Meta, Microsoft, and Tesla.

[5] Source: Yardeni research as of July 8, 2026.

## Equities

| | Total Return in USD (%) | | | |
|---|---|---|---|---|
| | Current | WTD | MTD | YTD |
| DJIA | 52,637.01 | -0.5 | 0.6 | 10.5 |
| NASDAQ | 26,281.61 | 1.7 | 0.3 | 13.4 |
| S&P 500 | 7,575.39 | 1.3 | 1.0 | 11.4 |
| S&P 400 Mid Cap | 3,780.11 | -0.6 | -1.9 | 15.2 |
| Russell 2000 | 2,977.81 | -0.6 | -1.5 | 20.7 |
| MSCI World | 4,867.82 | 0.8 | 0.9 | 10.7 |
| MSCI EAFE | 3,125.35 | -0.6 | 0.3 | 9.8 |
| MSCI Emerging Markets | 1,690.70 | 0.4 | -1.7 | 21.7 |

## Fixed Income†

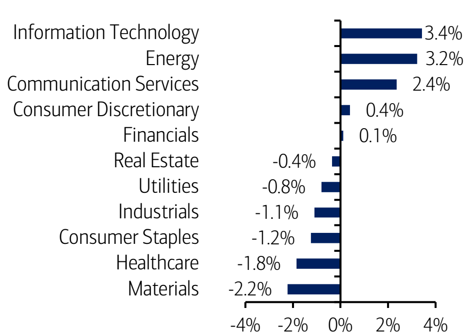
| | Total Return in USD (%) | | | |
|---|---|---|---|---|
| | Current | WTD | MTD | YTD |
| Corporate & Government | 4.76 | -0.44 | -0.59 | -0.10 |
| Agencies | 4.51 | -0.19 | -0.22 | 0.39 |
| Municipals | 3.65 | -0.32 | -0.40 | 1.91 |
| U.S. Investment-Grade Credit | 4.84 | -0.44 | -0.58 | 0.04 |
| International | 5.32 | -0.60 | -0.76 | 0.08 |
| High Yield | 7.16 | 0.02 | 0.11 | 2.07 |
| 90 Day Yield | 3.78 | 3.75 | 3.81 | 3.63 |
| 2 Year Yield | 4.21 | 4.14 | 4.17 | 3.47 |
| 10 Year Yield | 4.56 | 4.48 | 4.47 | 4.17 |
| 30 Year Yield | 5.06 | 4.99 | 4.95 | 4.84 |

## Commodities & Currencies

| | Total Return in USD (%) | | | |
|---|---|---|---|---|
| Commodities | Current | WTD | MTD | YTD |
| Bloomberg Commodity | 325.64 | 3.1 | 3.1 | 17.9 |
| WTI Crude $/Barrel†† | 71.41 | 4.0 | 2.7 | 24.4 |
| Gold Spot $/Ounce†† | 4119.93 | -0.1 | 2.8 | -4.6 |

| | Total Return in USD (%) | | | |
|---|---|---|---|---|
| Currencies | Current | Prior Week End | Prior Month End | 2025 Year End |
| EUR/USD | 1.14 | 1.14 | 1.14 | 1.17 |
| USD/JPY | 161.68 | 161.11 | 162.55 | 156.71 |
| USD/CNH | 6.78 | 6.79 | 6.79 | 6.98 |

## S&P Sector Returns




Sources: Bloomberg, Factset. Total Returns from the period of 07/06/2026 to 07/10/2026. †Bloomberg Barclays Indices. ††Spot price returns. All data as of the 07/10/2026 close. Data would differ if a different time period was displayed. Short-term performance shown to illustrate more recent trend. **Past performance is no guarantee of future results.**

## Economic Forecasts (as of 7/10/2026)

| | Q1 2026A | Q2 2026E | Q3 2026E | Q4 2026E | 2026E | 2027E |
|---|---|---|---|---|---|---|
| Real global GDP (% y/y annualized) | - | - | - | - | 3.2 | 3.5 |
| Real U.S. GDP (% q/q annualized) | 2.1 | 2.5* | 2.5 | 2.4 | 2.3 | 2.2 |
| CPI inflation (% y/y) | 2.7 | 3.9* | 3.4 | 3.0 | 3.2 | 2.1 |
| Core CPI inflation (% y/y) | 2.5 | 2.8* | 2.7 | 2.8 | 2.7 | 2.6 |
| Unemployment rate (%) | 4.3 | 4.3 | 4.3 | 4.2 | 4.3 | 4.2 |
| Fed funds rate, end period (%) | 3.63 | 3.63 | 3.88 | 4.38 | 4.38 | 4.38 |

The forecasts in the table above are the base line view from BofA Global Research. The Global Wealth & Investment Management (GWIM) Investment Strategy Committee (ISC) may make adjustments to this view over the course of the year and can express upside/downside to these forecasts. Historical data is sourced from Bloomberg, FactSet, and Haver Analytics. **There can be no assurance that the forecasts will be achieved. Economic or financial forecasts are inherently limited and should not be relied on as indicators of future investment performance.**
A = Actual. E/* = Estimate. Data as of July 10, 2026.
Sources: BofA Global Research; GWIM ISC as of July 10, 2026.

## Asset Class Weightings (as of 7/7/2026)

| | CIO View | | | | |
|---|---|---|---|---|---|
| Asset Class | Underweight | | Neutral | Overweight | |
| Global Equities | · | · | · | ● | · |
| U.S. Large-cap Growth | · | · | · | ● | · |
| U.S. Large-cap Value | · | · | · | ● | · |
| U.S. Small-cap Growth | · | · | · | ● | · |
| U.S. Small-cap Value | · | · | · | ● | · |
| International Developed | · | ● | · | · | · |
| Emerging Markets | · | · | · | ● | · |
| Global Fixed Income | · | ● | · | · | · |
| U.S. Governments | · | ● | · | · | · |
| U.S. Mortgages | · | ● | · | · | · |
| U.S. Corporates | · | ● | · | · | · |
| International Fixed Income | · | ● | · | · | · |
| High Yield | · | ● | · | · | · |
| U.S. Investment-grade Tax Exempt | · | ● | · | · | · |
| U.S. High Yield Tax Exempt | · | ● | · | · | · |
| Cash | | | | | |

## CIO Equity Sector Views

| | CIO View | | | | |
|---|---|---|---|---|---|
| Sector | Underweight | | Neutral | Overweight | |
| Industrials | · | · | · | ● | · |
| Consumer Discretionary | · | · | · | ● | · |
| Financials | · | · | · | ● | · |
| Information Technology | · | · | ● | · | · |
| Energy | · | · | ● | · | · |
| Materials | · | · | ● | · | · |
| Utilities | · | · | ● | · | · |
| Healthcare | · | · | ● | · | · |
| Communication Services | · | ● | · | · | · |
| Real Estate | · | ● | · | · | · |
| Consumer Staples | · | ● | · | · | · |

CIO asset class views are relative to the CIO Strategic Asset Allocation (SAA) of a multi-asset portfolio.
Source: Chief Investment Office as of June 2, 2026. All sector and asset allocation recommendations must be considered in the context of an individual investor's goals, time horizon, liquidity needs and risk tolerance. Not all recommendations will be in the best interest of all investors.



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# Index Definitions

**Securities indexes assume reinvestment of all distributions and interest payments. Indexes are unmanaged and do not take into account fees or expenses. It is not possible to invest directly in an index. Indexes are all based in U.S. dollars.**

**S&P 500 Index** is a stock market index tracking the stock performance of 500 leading companies listed on stock exchanges in the United States.

**Treasury/Bloomberg U.S. Treasury Index** measures U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury. Treasury bills are excluded by the maturity constraint, but are part of a separate Short Treasury Index. STRIPS are excluded from the index because their inclusion would result in double-counting.

**Corporate Bond/Bloomberg U.S. Corporate Bond Index** is a broad benchmark that measures the performance of the investment-grade, fixed-rate, taxable corporate bond market in the United States.

**Agency & GSE Bonds/Bloomberg US Aggregate Bond Index** is a broad-based benchmark that includes agency bonds and Government Sponsored Enterprises (GSE) bonds, alongside other investment-grade U.S. dollar-denominated fixed-rate taxable securities.

**Corporate Equities/Bloomberg Corporate Equities Index** are a broad range of stock market indices, tracking the performance of a selection of stocks, typically focused on a specific sector or geographic region.

**S&P 500 Equal Weighted Index** is the equal-weight version of the widely-used S&P 500. The index includes the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight - or 0.2% of the index total at each quarterly rebalance.

# Important Disclosures

**Investing involves risk, including the possible loss of principal. Past performance is no guarantee of future results.**

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Asset allocation, diversification and rebalancing do not ensure a profit or protect against loss in declining markets.

Investments have varying degrees of risk. Some of the risks involved with equity securities include the possibility that the value of the stocks may fluctuate in response to events specific to the companies or markets, as well as economic, political or social events in the U.S. or abroad. Small cap and mid cap companies pose special risks, including possible illiquidity and greater price volatility than funds consisting of larger, more established companies. Investing in fixed-income securities may involve certain risks, including the credit quality of individual issuers, possible prepayments, market or economic developments and yields and share price fluctuations due to changes in interest rates. When interest rates go up, bond prices typically drop, and vice versa. Investments in high-yield bonds (sometimes referred to as "junk bonds") offer the potential for high current income and attractive total return, but involves certain risks. Changes in economic conditions or other circumstances may adversely affect a junk bond issuer's ability to make principal and interest payments. Income from investing in municipal bonds is generally exempt from Federal and state taxes for residents of the issuing state. While the interest income is tax-exempt, any capital gains distributed are taxable to the investor. Income for some investors may be subject to the Federal Alternative Minimum Tax (AMT). Treasury bills are less volatile than longer-term fixed income securities and are guaranteed as to timely payment of principal and interest by the U.S. government. Bonds are subject to interest rate, inflation and credit risks. Investments in foreign securities (including ADRs) involve special risks, including foreign currency risk and the possibility of substantial volatility due to adverse political, economic or other developments. These risks are magnified for investments made in emerging markets. Investments in a certain industry or sector may pose additional risk due to lack of diversification and sector concentration. There are special risks associated with an investment in commodities, such as gold, including market price fluctuations, regulatory changes, interest rate changes, credit risk, economic changes and the impact of adverse political or financial factors. Investing directly in Master Limited Partnerships, foreign equities, commodities or other investment strategies discussed in this document, may not be available to, or appropriate for, clients who receive this document. However, these investments may exist as part of an underlying investment strategy within exchange-traded funds and mutual funds.

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