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# The **BEAT**™

**B**onds | **E**quities | **A**lternatives | **T**axes

## Quarterly Global Market and Asset Allocation Guide

Q2 2026 – June

# The **BEAT™** | Q2 2026 - June

The **BEAT**, previously known as the Market Monitor, provides connectivity between changing market events and implications for investor portfolios.

Spanning **B**onds, **E**quities, **A**lternatives and **T**axes, this quarterly review provides timely information across a broad array of markets and investment topics.

Each edition explores investment ideas, identifies areas of focus and provides a comprehensive outlook on asset allocation — all supported by a concise review of economic and asset class data through clear and impactful charts.

We believe The **BEAT** is a critical desk reference that enables more informed discussion and understanding of financial markets.

If you are viewing this book on your computer or tablet, **click or tap on the section box to jump to the beginning of each section.**

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# Top Views

## Quarterly Global Market and Asset Allocation Guide

# The Tipping Point: Inflation Shock (Price) vs. Growth Scare (Valuation)

Markets are pricing the Middle East disruption as an inflation shock; oil is up, inflation is up and assets will adjust. But the tipping point is duration: when does a supply shock shift from price to growth? Price shocks are short-term, changing the level but not the trend; valuation shifts are structural, resetting the path of markets through P/E multiple compression and weaker earnings. For now, this is a price shock, not a valuation shock, thus suggesting dislocation, not deterioration, an opportunity to re-establish growth strategies at lower prices.

## Duration of the Shock: What Do Oil Futures Say?

Is the move in energy prices transient or sustained long enough to spill into broader economic activity and expectations? The steep backwardation in the oil futures curve points to lower prices over time, but also signals supply shortages in the future, at levels that keep growth buoyant and away from a growth or valuation shock.

## Demand Destruction? Not Yet

Are higher prices beginning to curtail consumption and activity, signaling a shift from price pressure to growth deterioration? There are no material signs of this so far, but we will watch the jobs market and consumption.

## Earnings Resilience

Are higher input costs being absorbed or passed through, or are they compressing margins and undermining forward earnings? Cashflows are being discounted at higher rates, which lower prices. But earnings growth is intact, keeping valuations buoyant.

## Market Breadth and Valuation Response

Is the impact contained to price adjustments, or are multiples compressing across sectors, indicating a broader revaluation of assets? The key signal is whether markets are simply repricing inputs—or reassessing the durability of earnings across the cycle. So far it’s a repricing of energy-related input prices.

## Credit Markets Remain Resilient

Are credit spreads widening and default risks rising, signaling a tightening of financial conditions and growing stress? We are not seeing this, a sign of idiosyncratic asset-price adjustments rather than systemic.

## Interest Rate Policy and the U.S. Dollar

Higher bond yields do not necessarily translate into a tightening of policy. We view this as a price adjustment in bonds. Similarly, the strength in the U.S. dollar (USD) is reflecting a safe-haven bid in a time of stress, but is expected to soften as volatility falls.

## Taxes

Tax day and market volatility offer an opportunity review last year’s tax filings to identify hidden tax triggers and inefficiencies that may be addressed going forward. By analyzing where taxes were incurred—often unintentionally—one can implement more proactive tax planning and portfolio management strategies. Importantly, today’s market dislocations may open the door to opportunistic tax loss harvesting, potentially helping to convert short-term volatility into improved after-tax outcomes.

The views and opinions expressed are those of the Portfolio Solutions Group at the time of writing of this presentation and are subject to change at any time due to market, economic or other conditions, and may not necessarily come to pass. Not to be construed as an investment or research recommendation.

# Top Active Views

1 O/W U.S. Equities: Growth Resilient With Tailwinds in 2026; Relatively Insulated From Oil Supply Concerns

2 O/W U.S. SMID (Small/Mid-Cap): Exposure to Broadening Growth Trends and Industrial Recovery

3 Selective in Europe: Neutral With an O/W to Eurozone Banks, German Fiscal Policy Beneficiaries and Utilities

4 Duration: U/W in U.S. With a Yield Curve Steepening Bias

5 Preference for Higher-Yielding Credit Relative to Investment Grade, as Recession Risks Are Low

6 Mortgage-Backed Securities (MBS)/Residential MBS Non-Agency Remains Our Highest Conviction Bond O/W

Note: O/W means overweight and U/W means underweight. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the portfolio management team at the time of writing/of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results**.

# Capital Markets Investment Framework

|  | OUR VIEW |  |  |  |  |
|---|---|---|---|---|---|
| ASSET ALLOCATION | – – | – | = | + | + + |
| **Bonds** |  |  |  |  |  |
| Duration | ○ | ○ | → ● | ○ | ○ |
| Credit | ○ | ● | ○ | ○ | ○ |
| **Equities** |  |  |  |  |  |
| Risk Level | ○ | ○ | ● | ○ | ○ |
| **Alternatives** |  |  |  |  |  |
| Private Markets | ○ | ○ | ● ← | ○ | ○ |
| Hedge Funds | ○ | ○ | ○ | ● | ○ |
| Commodities | ○ | ○ | ● | ○ | ○ |
| **Transition** |  |  |  |  |  |
| Cash/Short Duration | ○ | ● | ○ | ○ | ○ |

**Points of Focus:**

1 Remain U/W duration, close to neutral

2 Corporate credit remains expensive; we maintain a relative preference for Emerging Market Debt Hard Currency, Asset-Backed Securities and Bank Loans.

3 Remain neutral on equities globally, with a view of balanced risks.

| Current allocation
⬅ Change from previous

– – High conviction underweight
+ + High conviction overweight

– Underweight
+ Overweight

= Neutral

# Global Fixed Income

| FIXED INCOME | OUR VIEW<br>– – | – | = | + | ++ |
|---|---|---|---|---|---|
| **Bonds** | | | | | |
| U.S. Treasuries (USTs) | ○ | ● | ○ | ○ | ○ |
| Inflation-Linked Bonds (TIPS) | ○ | ○ | ○ | ● | ○ |
| Eurozone Govt. Bonds | ○ | ● | ○ | ○ | ○ |
| EM Hard Currency | ○ | ○ | ○ | ➡ ● | ○ |
| EM Local Currency | ○ | ○ | ○ | ● | ○ |
| **Public Credit** | | | | | |
| Municipal Bonds | ○ | ○ | ● | ○ | ○ |
| Investment Grade (IG) | ○ | ● | ○ | ○ | ○ |
| MBS/ABS | ○ | ○ | ○ | ○ | ● |
| High Yield (HY) | ○ | ○ | ● | ○ | ○ |
| Bank Loans | ○ | ○ | ○ | ● | ○ |

● **Current allocation**
⬅ **Change from previous**

– – High conviction underweight
+ + High conviction overweight
– Underweight
\+ Overweight
= Neutral

## Points of Focus:

1. MBS/ABS remains our highest conviction fixed income O/W.
2. Remain U/W IG given poor risk asymmetry to spreads.
3. Remain O/W TIPS given scope for inflation expectations to continue to rise in 2026.
4. Within European government bonds, we are O/W peripherals and U/W core.
5. O/W Bank Loans given high carry and growth backdrop.

For informational purposes and does not constitute an offer or a recommendation to buy or sell any particular security or to adopt any specific investment strategy. The tactical views expressed above are a broad reflection of our team's views and implementations, expressed for client communication purposes. Individual team allocations may differ. The information herein does not contend to address the financial objectives, situation or specific needs of any individual investor. The signals represent the Portfolio Solutions Group view on each asset class.

# Global Equity

| EQUITIES | OUR VIEW<br>– – | <br>– | <br>= | <br>+ | <br>++ |
|---|---|---|---|---|---|
| **Regional** | | | | | |
| U.S. | ○ | ○ | ○ | ● | ○ |
| Eurozone | ○ | ○ | ● | ○ | ○ |
| Japan | ○ | ○ | ● | ○ | ○ |
| Emerging Markets (EM) | ○ | ○ | ● | ○ | ○ |
| **Style** | | | | | |
| Growth vs. Value | ○ | ○ | ● | ○ | ○ |
| Quality | ○ | ○ | ○ | ● | ○ |
| Large-Cap vs. Small-Cap | ○ | ● | ⬅ | ○ | ○ |
| Cyclicals vs. Defensives | ○ | ○ | ○ | ● | ○ |

● **Current allocation**
⬅ **Change from previous**

– – High conviction underweight
+ + High conviction overweight
– Underweight
+ Overweight
= Neutral

**Points of Focus:**

1. Remain O/W U.S. relative to international given positive earnings trends and relative resilience to energy-related supply disruptions.
2. Targeted exposure in Europe; neutral overall, but O/W banks, German fiscal policy beneficiaries and utilities.
3. Move to U/W Large-Caps vs. SMID with added O/W to SMID in U.S. along with continued exposure in Europe.
4. Overweight cyclicals relative to defensives in the U.S. and Europe, given exposure to structural policy-driven growth tailwinds.

# Our Top Investment Views

## Country and Regional Themes

### U.S. Productivity Boom

- O/W U.S. Equities
- O/W U.S. Industrial Policy Beneficiaries
- O/W AI Adopters (Defense)
- O/W Bank Loans
- O/W U.S. Regional Banks

### Brazil Disinflation

- O/W Brazil 3-year Bond vs. Cash

### EU Renaissance

- O/W Eurozone Banks
- O/W French Banks
- O/W German Fiscal Policy Beneficiaries

### Japan's Revival

- O/W Japanese Banks

### Lower U.S. Mortgage Rates

- O/W MBS
- O/W U.S. Homebuilders

## Global Macro Themes

### Global Fiscal Expansion

- U/W Duration
- O/W TIPS vs. Nominals

### Global Power/Electrification

- O/W EU Utilities

## Market Specific Themes

### Corporate Credit Is Expensive

- U/W IG
- O/W Structured and EM Debt

### Managed Care Is Oversold

- O/W U.S. Managed Care

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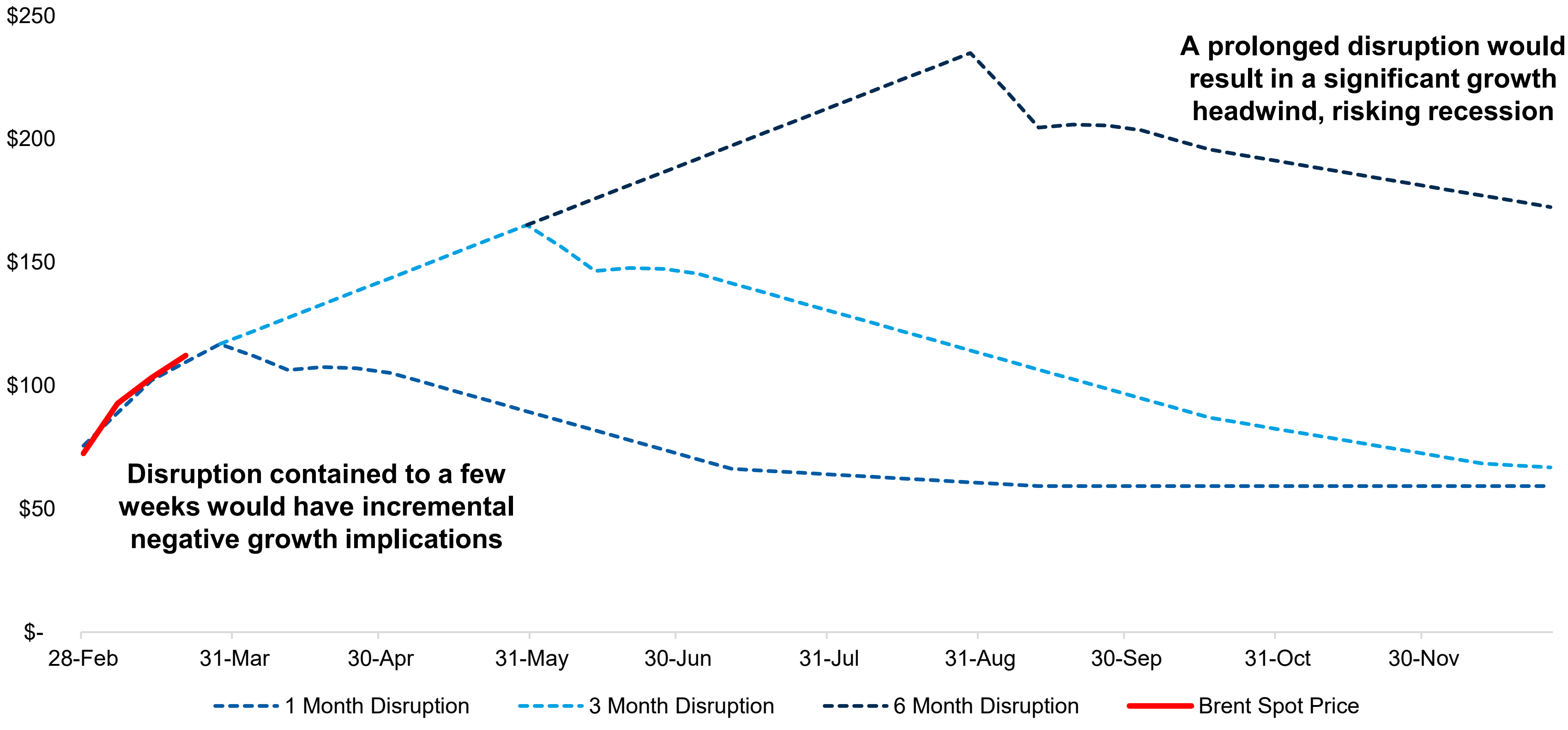
# Until the Iran Conflict Ends, Oil Remains the Focal Point for Markets

A quick resolution could be the impetus for oil prices to revert to pre-war lows with an incremental negative growth impact. But a prolonged conflict could push prices higher for longer with much more significant growth implications.

**Hypothetical Scenario Analysis: Strait of Hormuz Closure**

*Brent crude spot price forecasts ($/bbl.)*



**A prolonged disruption would result in a significant growth headwind, risking recession**

**Disruption contained to a few weeks would have incremental negative growth implications**

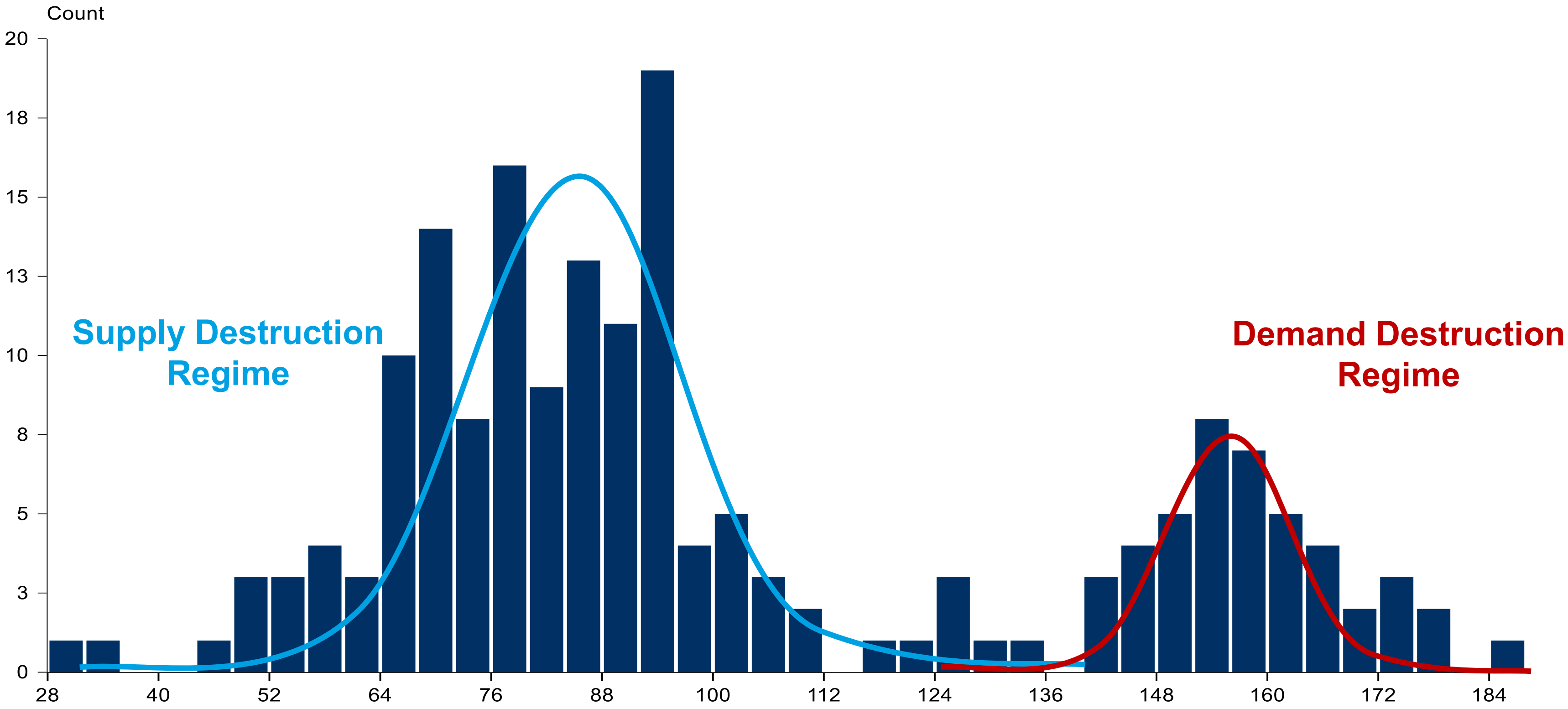
Source: Bloomberg, IEA, EIA, MSIM. As March 23, 2026. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the portfolio management team at the time of writing/of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

# Tail Risks Would Drive Oil Into Demand Destruction Territory

A prolonged disruption of shipping through the Strait of Hormuz would require oil prices to rise into demand destruction territory, historically above of $130. Oil prices currently include a premium based on this risk.

**Distribution of Inflation-Adjusted Oil Prices**

*Based on Brent crude oil since 2007 (in 2026 USD/bbl.)*



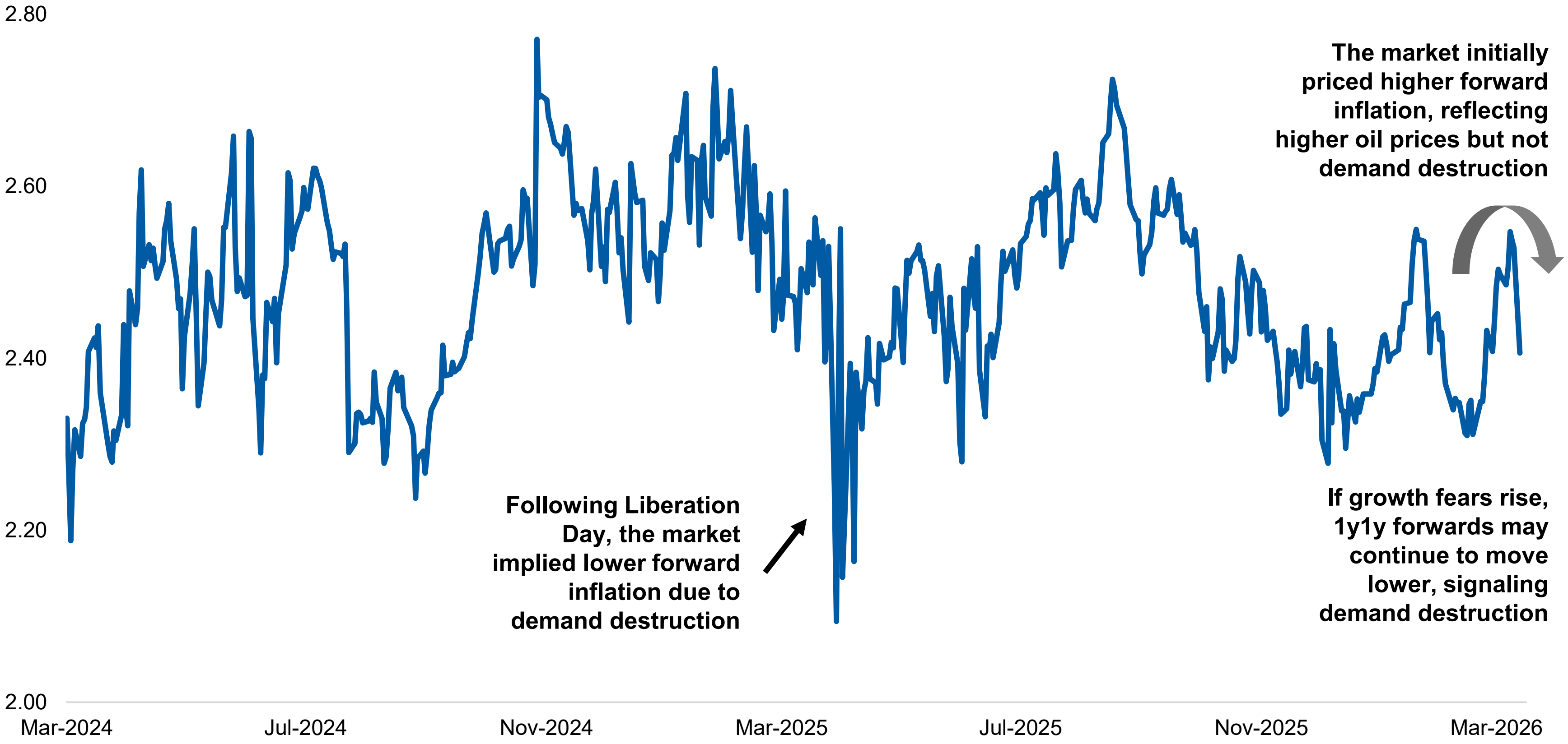
Source: Morgan Stanley Research. As March 4, 2026. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the portfolio management team at the time of writing/of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

# High Oil Prices: Inflation Shock (Price) vs. Growth (Valuation)

In the first weeks of the conflict, markets priced an inflation shock but not a growth scare, but this may change with a more prolonged disruption to shipping through the Strait of Hormuz.

**The 1y1y* Inflation Swap Does Not Show a Clear Demand Destruction Signal…Yet**

*1-year forward 1-year USD CPI swap rate*



**The market initially priced higher forward inflation, reflecting higher oil prices but not demand destruction**

**Following Liberation Day, the market implied lower forward inflation due to demand destruction**

**If growth fears rise, 1y1y forwards may continue to move lower, signaling demand destruction**

Source: Morgan Stanley Research, MSIM as of March 23, 2026.*The first 1 refers to the period in years; the second 1 refers to the tenor of the underlying bond. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the portfolio management team at the time of writing/of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/ estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

# Fuel and Gasoline Prices May Rise More than Oil Prices Suggest

The spread between crude oil prices and gas/diesel prices has widened sharply. This signifies that the price pressure on the consumer "at the pump" is likely larger than what oil prices alone suggest – adding an additional inflationary impact.

**Fuel Prices Don't Just Depend on Oil. The Cost of Turning Oil into Gas/Diesel Has also Risen, Amplifying Inflationary Pressures**
*NYMEX WTI Cushing crude oil first-month 3-2-1 Crack Spread*, USD per Barrel*

Source: Bloomberg, MSIM as of March 16, 2026. *The 3-2-1 Crack Spread approximates the value of crude oil inputs and product outputs, an indication of refinery profitability. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the portfolio management team at the time of writing/of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

# Comparing the Oil Shock of the Early 90s to Today

| | Category | 1990/91 Oil Shock | 2026 |
|---|---|---|---|
| **Consumer Exposure** | Gasoline burden | ~3% of consumer spending | ~1.8% of consumer spending |
| **Real Economy** | Productivity (2-year trend)<br>Manufacturing cycle<br>Employment | Weak (~1%)<br>ISM falling<br>Jobless claims rising | Strong (~2.5%)<br>ISM rising<br>Jobless claims very low |
| **Corporate Sector** | Corporate profit margins<br>Capital investment driver | ~4%<br>Tech weak/not leading | ~15%<br>Tech a major driver |
| **Energy Structure** | Petroleum trade balance<br>Oil supply response | Larger importer<br>Slow, globally dependent | Net exporter<br>Shale a major supplier |
| **Financial Conditions** | Bank loan growth<br>Financial system health | Declining<br>Weak (S&L crisis) | Rising<br>Very liquid |
| **Policy Environment** | Fiscal stance | Taxes rising (tightening) | Large fiscal impulse |

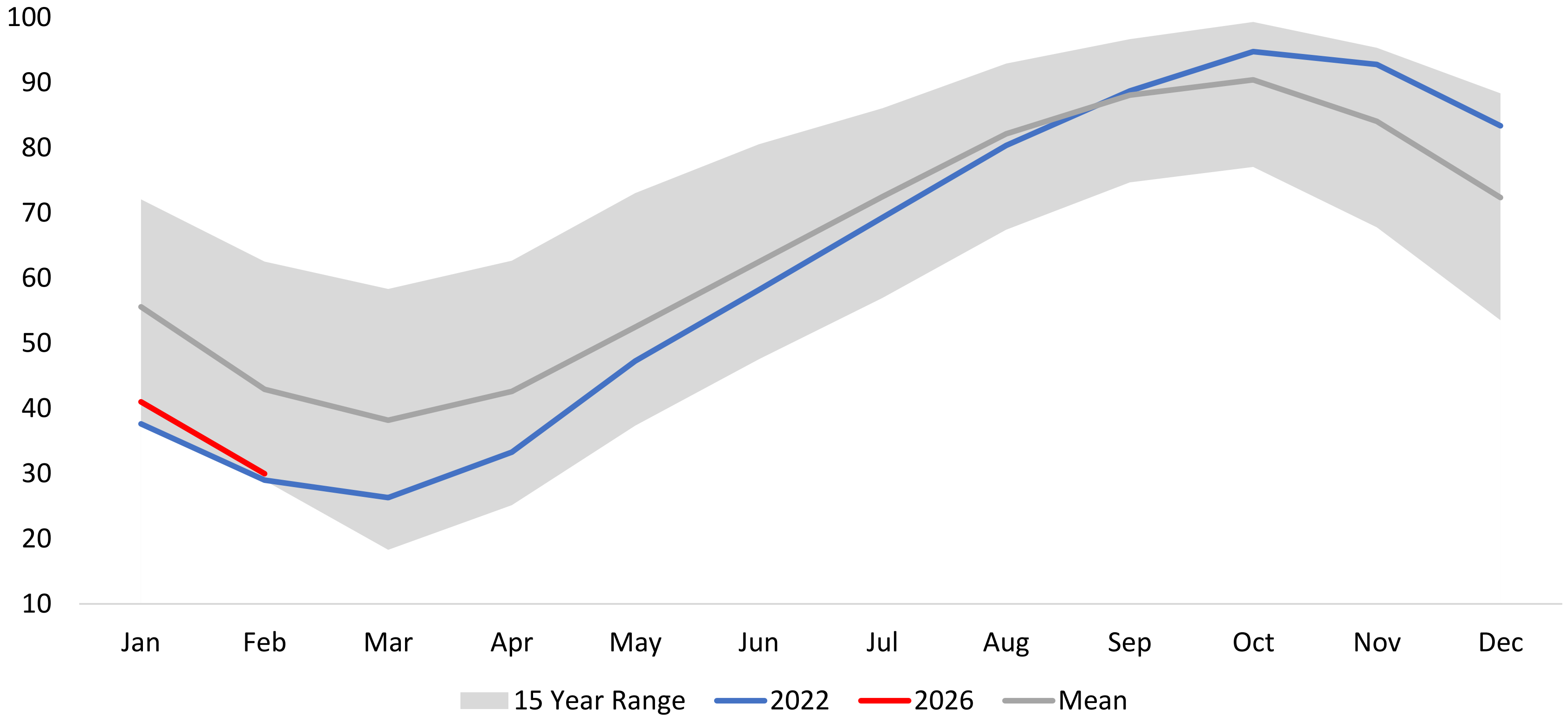
Source: Piper Sandler, MSIM as of March 12, 2026. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the portfolio management team at the time of writing/of this presentation and are subject to change at any time due to market, economic or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

# Energy Security Is Top of Mind in Europe, Again

The Iran conflict serves as another reminder that investments to reduce reliance on external sources of energy need to be a key part of the agenda for European policymakers, where the area will benefit from a strong push to expand energy grids and boost renewables capacity.

**Similarly to 2022, Europe Is Entering the Current Energy Market Disruptions With Low Inventories of Gas**

*European natural gas stock levels as a % of total capacity*



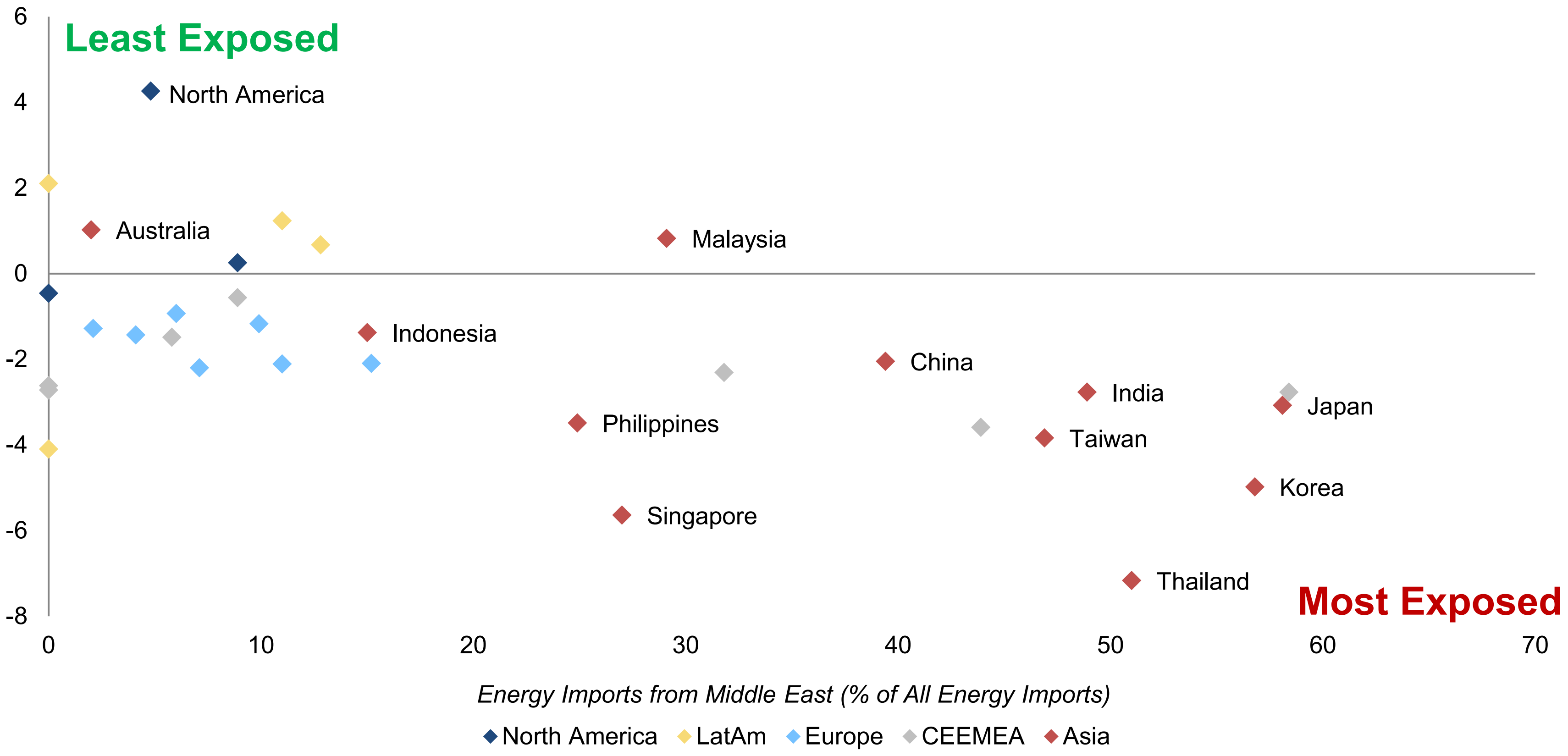
Source: Gas Infrastructure Europe (GIE), MSIM as of March 17, 2026. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the portfolio management team at the time of writing/of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

# Asia and Japan Are Most Exposed to Energy Shocks

The Middle East conflict exposes Asia's external energy dependence, including crude oil, gas and refined petroleum

**Most Countries in Asia Are Net Energy Importers, Highly Reliant on Middle Eastern Supplies**

*Energy trade balance (% of GDP)*



Source: UN Comtrade, Morgan Stanley Research, MSIM as of March 23rd, 2026. CEEMEA stands for Central Europe, Middle East, Africa. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the portfolio management team at the time of writing/of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

# Assuming a Conflict Resolution – Is it Back to Reacceleration?

We see Fed and fiscal policy, deregulation and fading tariff headwinds all contributing to a growth acceleration in 2026. These economic drivers are additive to an ongoing structural tailwind from AI, also prominent in 2025.

| | 2H 2025 | 2026 View | Implication |
|---|---|---|---|
| **#1 Fed Policy** | **Cutting** | **Holding**<br>(few cuts, if any) | Tailwinds from 2025 rate cuts carry into 2026. |
| **#2 Fiscal Policy** | **Emerging support** | **Tailwind** | Corporate tax breaks from the OBBBA had first effect in 3Q25 but grow into 2026. Consumer tax breaks hit when 2026 taxes are filed, typically realized in March/April. |
| **#3 Trade Policy** | **Peak tariff headwinds** | **Headwinds fade heading into 2H 2026** | Peak tariff headwinds in 2H25. Fiscal and monetary support heading into 2026. Tariff headwinds fading in 2H26. |
| **#4 Deregulation** | **Early efforts benefit select areas** | **Potentially greater policy focus** | Deregulatory agenda aims to reduce the direct and indirect costs of doing business in the U.S. |

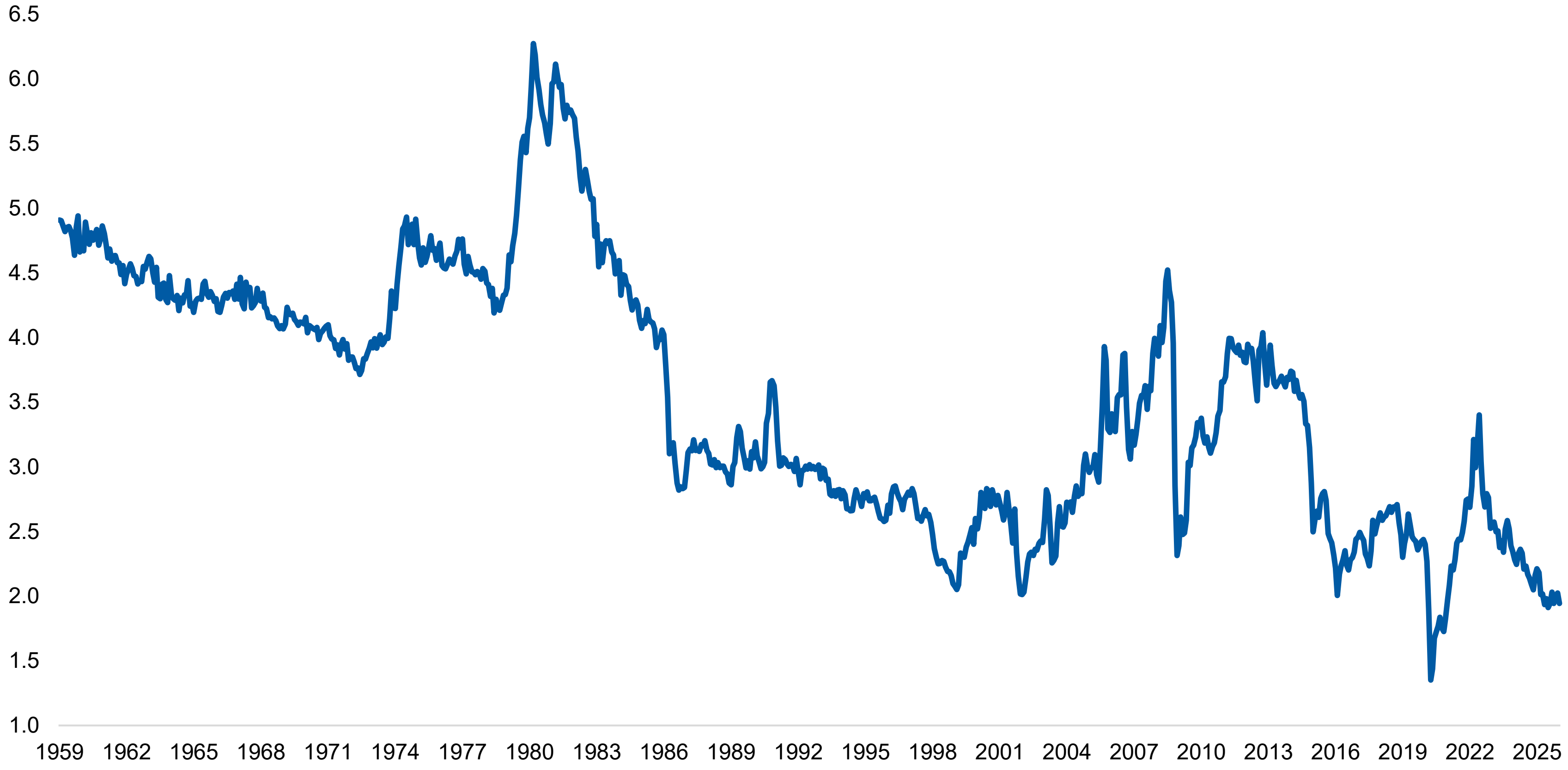
Source: MSIM PSG. As March 24, 2026. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the portfolio management team at the time of writing/of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

# U.S. Consumers Entered the Oil Shock From a Position of Strength

Heading into the current oil spike, energy's share of household spending sits near the historical low end of the range, providing a meaningful buffer that should help insulate consumer demand and the broader economy.

**U.S. Energy Consumption Is at a Historical Lows**

*Energy consumption as percentage of total household consumption (%)*



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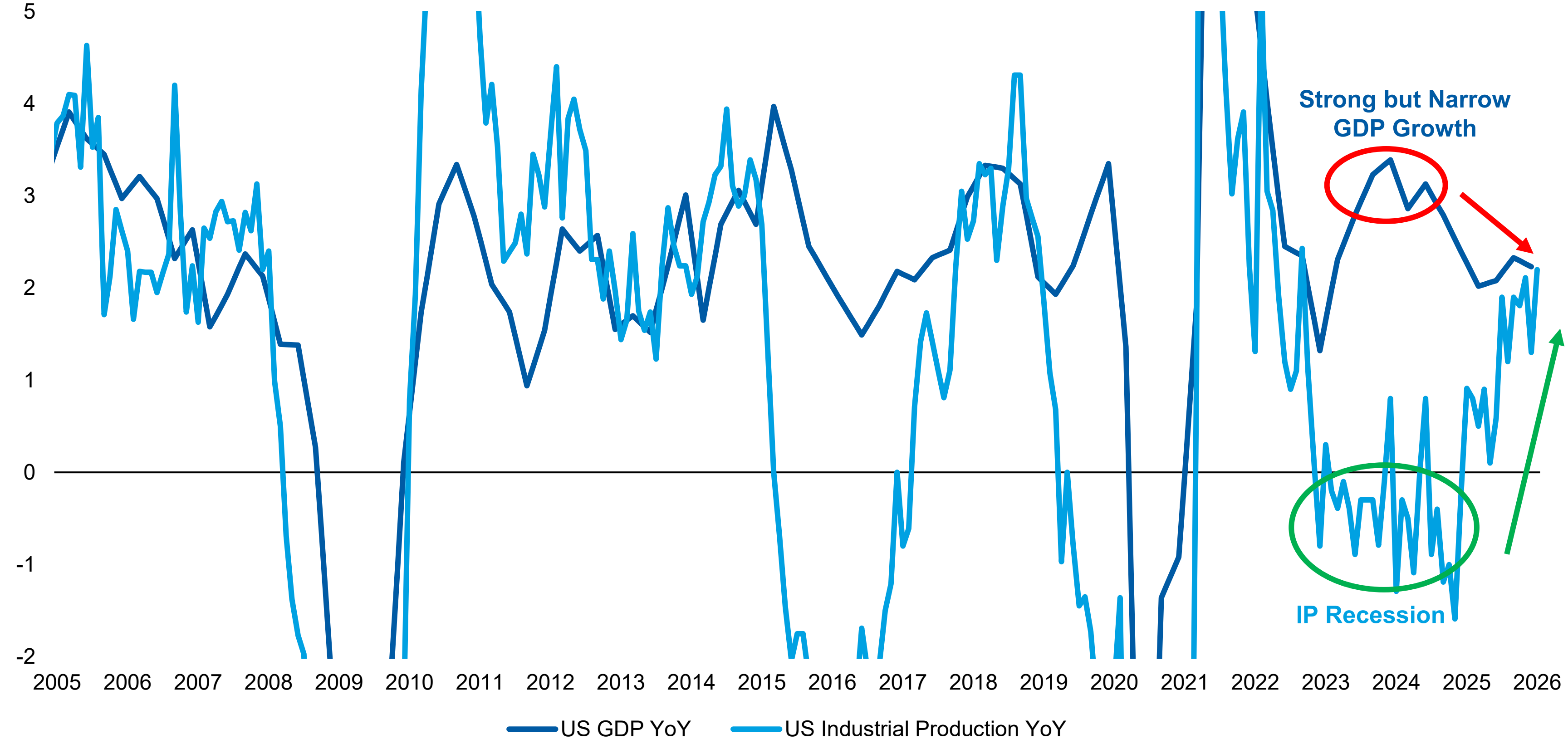
# Pre-Conflict Signs that U.S. Economic Growth Is/Was Broadening

While recent U.S. GDP growth has been strong, industrial production experienced a mild recession, but has since accelerated, closing the gap with GDP. As economic growth broadens, so should the stock market.

**U.S. GDP and Industrial Production (IP) Growth Have Converged**

*% Change*



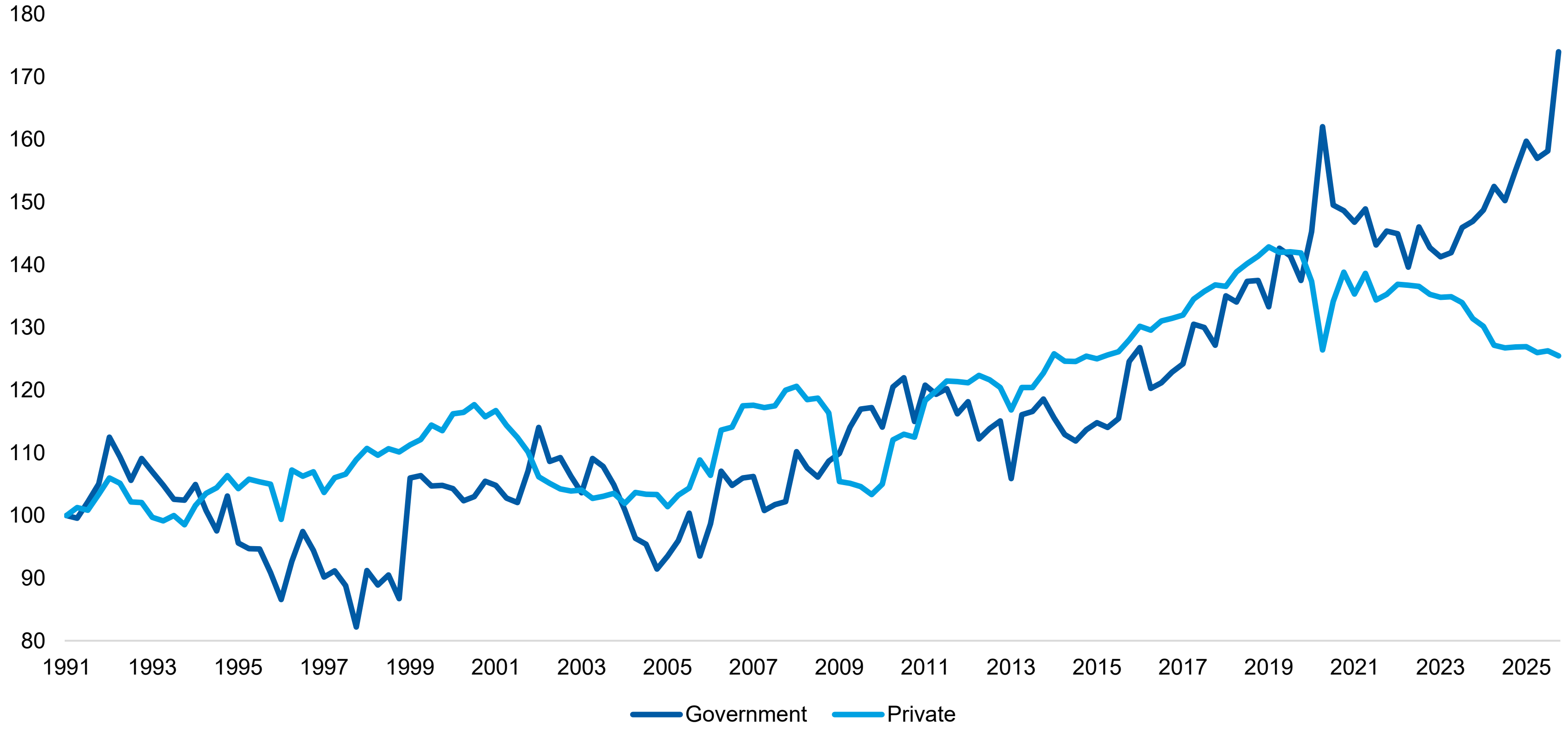
Source: Bloomberg, Haver, MSIM. As March 18, 2026. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the portfolio management team at the time of writing/of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

# Green Shoots in Capital Formation From Germany's Fiscal Spend

German fixed investment has accelerated, likely due to increased defense spending, while construction PMIs have moved into expansionary territory due to infrastructure spending expectations. This points to early signs of German fiscal spending having an impact on economic growth

**German Real Gross Fixed Capital Formation**

*Indexed to 100*



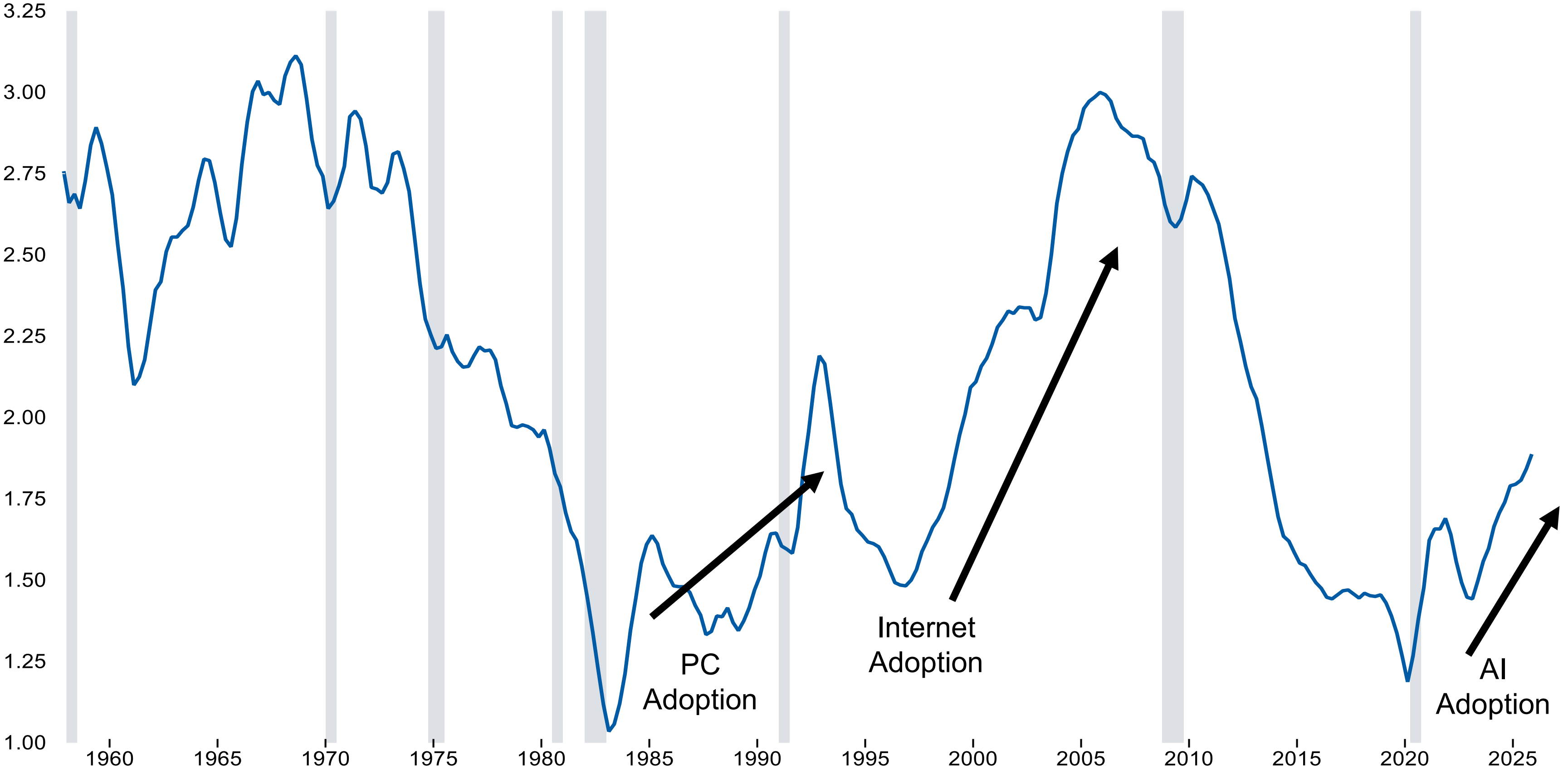
Source: Macrobond, MSIM as of March 23, 2026. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the portfolio management team at the time of writing/of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

# We Are Likely in the Early Stages of Another Productivity Boom

The latest technology adoption cycle is coinciding with another upturn in productivity

**Productivity Growth Appears To Be Turning Higher Again**

*Nonfarm business labor productivity: Output per hour (%YoY, 10YMA)*



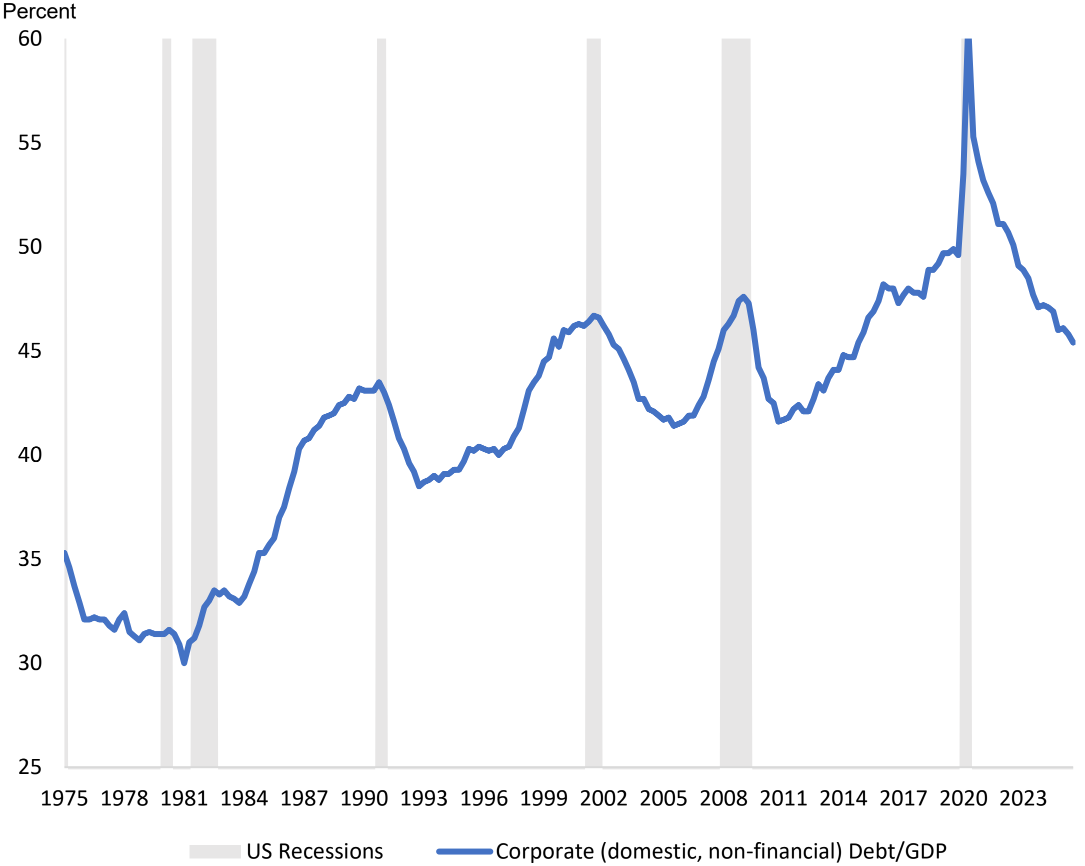
Source: Apollo, Macrobond, MSIM. As January 28, 2026. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the portfolio management team at the time of writing/of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

# Private Credit Headlines Point to a Reset, Not a Leverage Shock

Non-financial corporate debt-to-GDP has been falling since 2020, suggesting today's strains are more about repricing and credit dispersion than a system-wide leverage build

**No Leverage Build-Up Heading Into the Current Stress Episode**

Nonfinancial corporate debt as a percent of GDP



## Key Points

- **Systemic leverage is not elevated**: Aggregate nonfinancial corporate debt as a share of GDP has declined since 2020 and is broadly unchanged from a decade ago, contrasting with past pre-recession periods of rising leverage.
- **Private credit growth reflects substitution, not excess borrowing**: The expansion of private credit has largely replaced bank and public market lending, rather than driving a surge in total non-investment-grade debt relative to the economy.
- **Current strains point to a credit cycle, not a systemic one**: Credit risks are real, but balance sheet leverage and structural protections limit the risk of deleveraging spirals.

Source: Vishwanath Tirupattur, Morgan Stanley Research, Board of Governors of the Federal Reserve System, MSIM as of March 16, 2026. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the portfolio management team at the time of writing/of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

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# Bonds

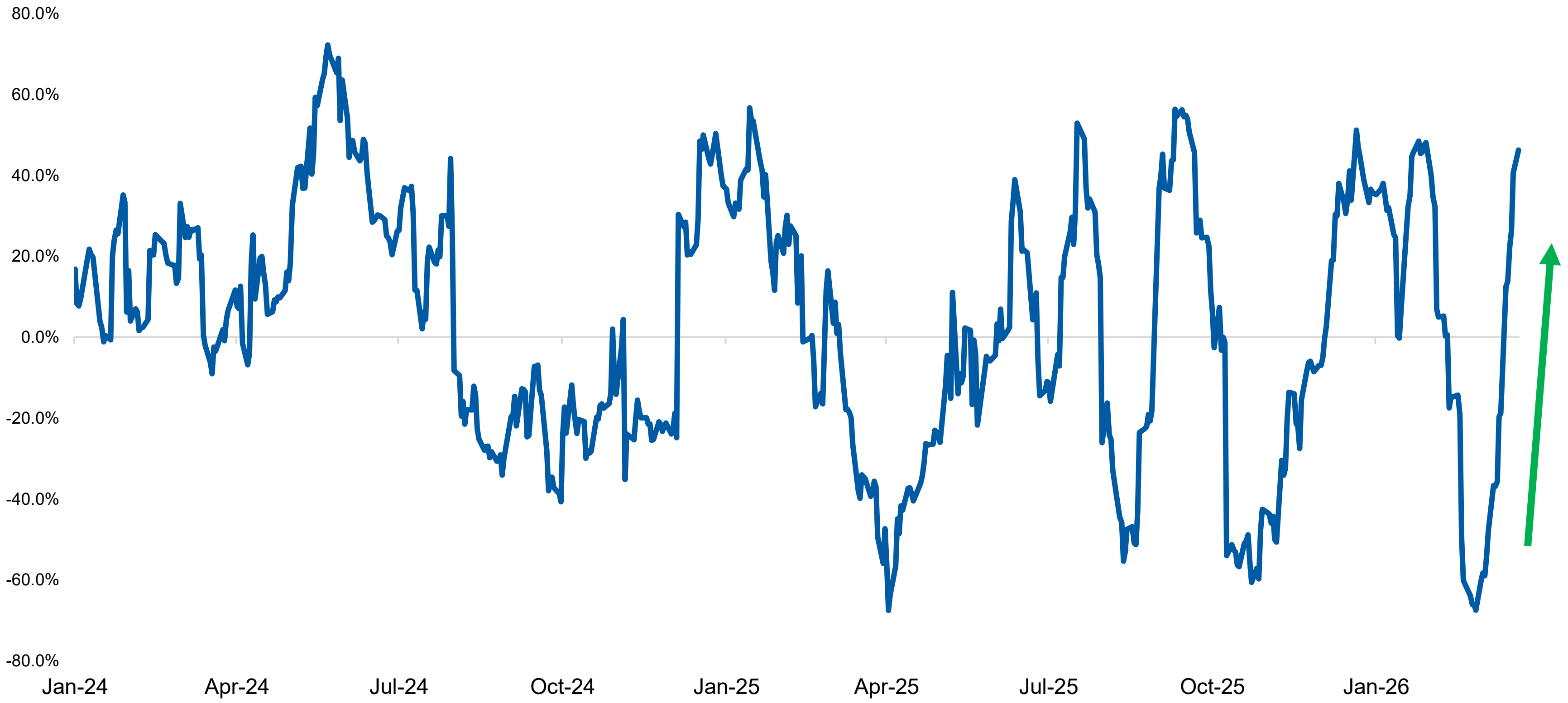
Quarterly Global Market and Asset Allocation Guide

# Through Iran Volatility, Bonds Are Not Hedging Equities…Yet

Similar to recent inflation scares, bonds yields are rising as equities fall, hurting the case for duration as a portfolio hedge. This dynamic may flip if the disruption is prolonged and growth concerns move to the forefront, but we are not there yet.

**Stock/Bond Return Correlation Has Turned Positive Again**

*1-month correlation of daily changes between the S&P500 Index and U.S. 10-year yield*



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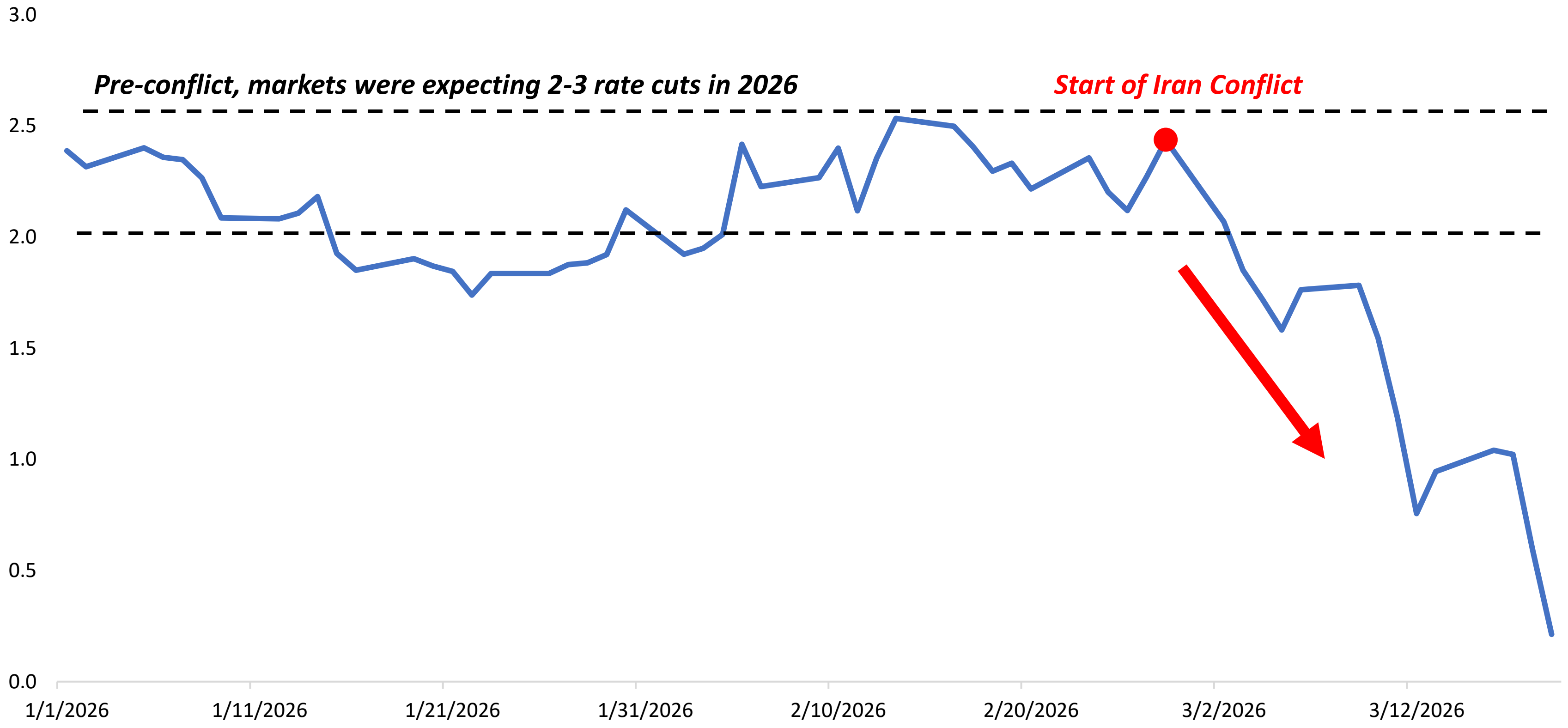
# Bond Markets Are Signaling Inflation Concerns, Not Growth

Following the start of the Iran conflict, bond markets have been reflecting concerns surrounding higher inflation and energy prices. While 2-3 Fed cuts were previously expected in 2026, the market is now pricing in none.

**While Iran Has Stoked Inflation Fears, Significant Growth Concerns Have yet to Materialize**

*Fed cuts expected in 2026*



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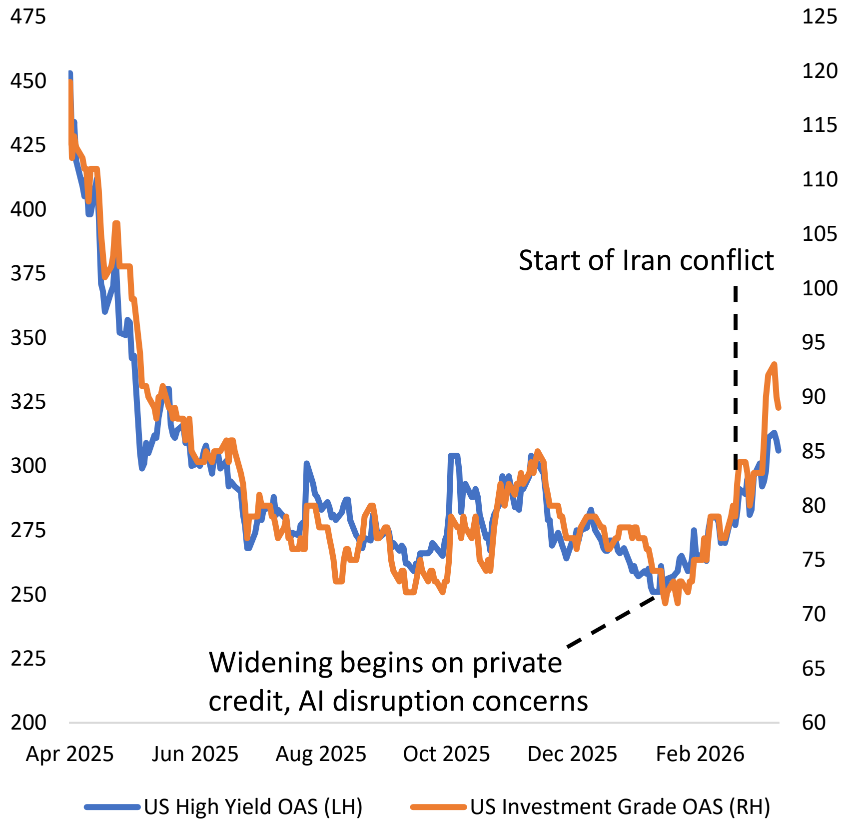
# Credit Spreads Widen, With Private Credit and AI in Focus

Credit spreads have continued their widening trend since late January as concerns about AI disruption and private credit rose to the surface. IG credit a has higher average maturity than HY, which has served to intensify AI disruption concerns.

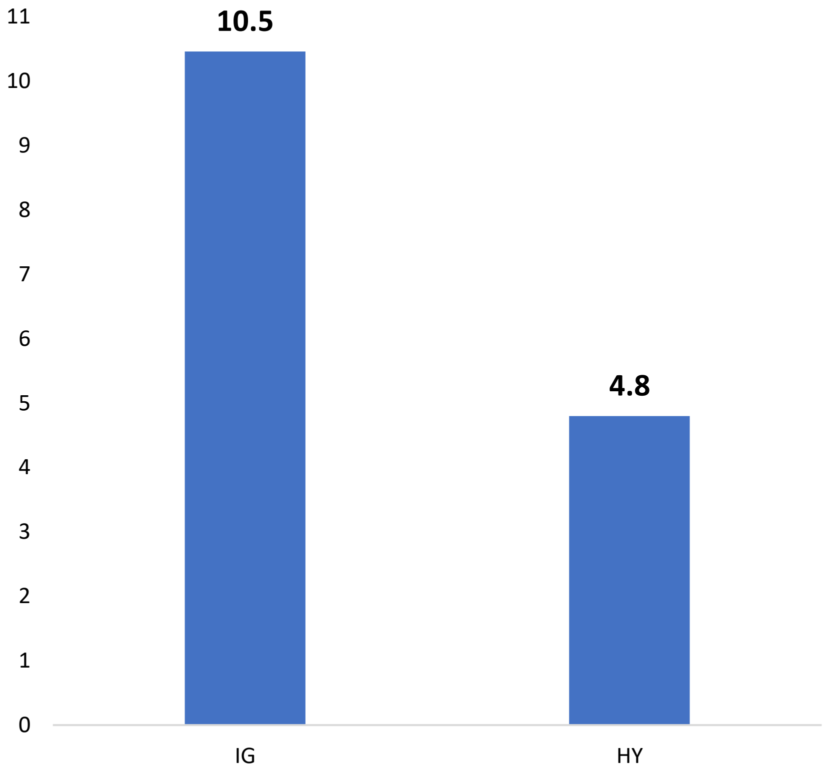
**Credit Spread Widening Was Underway Before the Conflict Started**
*U.S. IG OAS (RH), U.S. HY OAS (LH)*



Start of Iran conflict

Widening begins on private credit, AI disruption concerns

**Average Maturity for IG is ~10Y, Intensifying Disruption Concerns**
*Average maturity for U.S. IG, U.S. HY*



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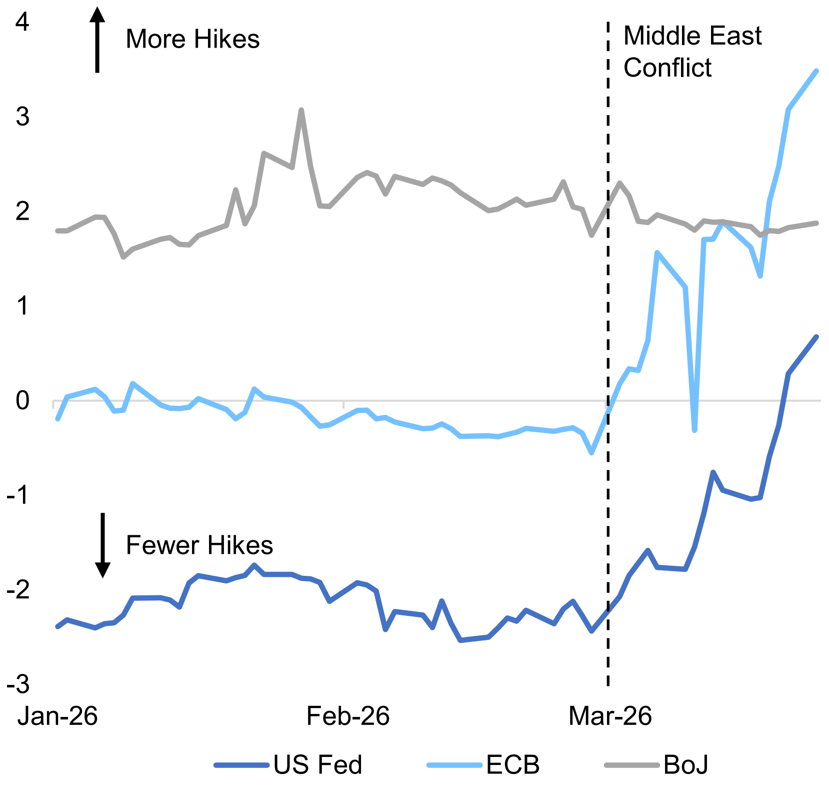
# Hawkish Repricing in U.S./E.U. Rate Paths; Japan Stays Anchored

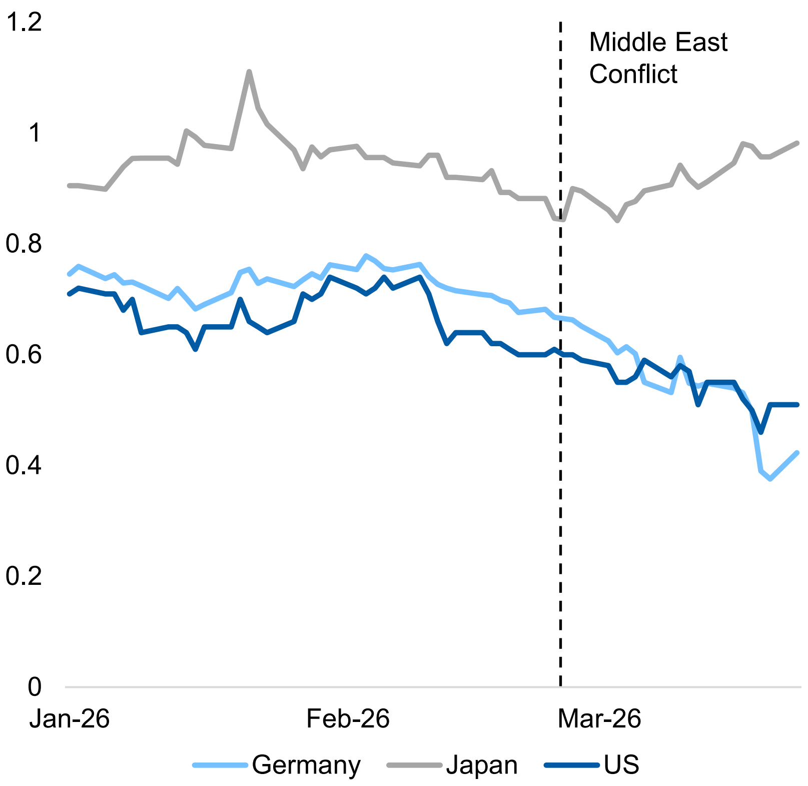
Markets are projecting that the Fed and ECB will hike rates in response to the energy supply shock, with yield curves flattening in both regions. Conversely, the Japanese short end has remained stable, resulting in a steepening of the curve.

**Given Inflation Concerns, the Market Has Repriced Fed and ECB Policy Expectations, but not the BoJ**

*Central bank hikes priced in by December 2026*



*10Y-2Y yield curve slope (%)*



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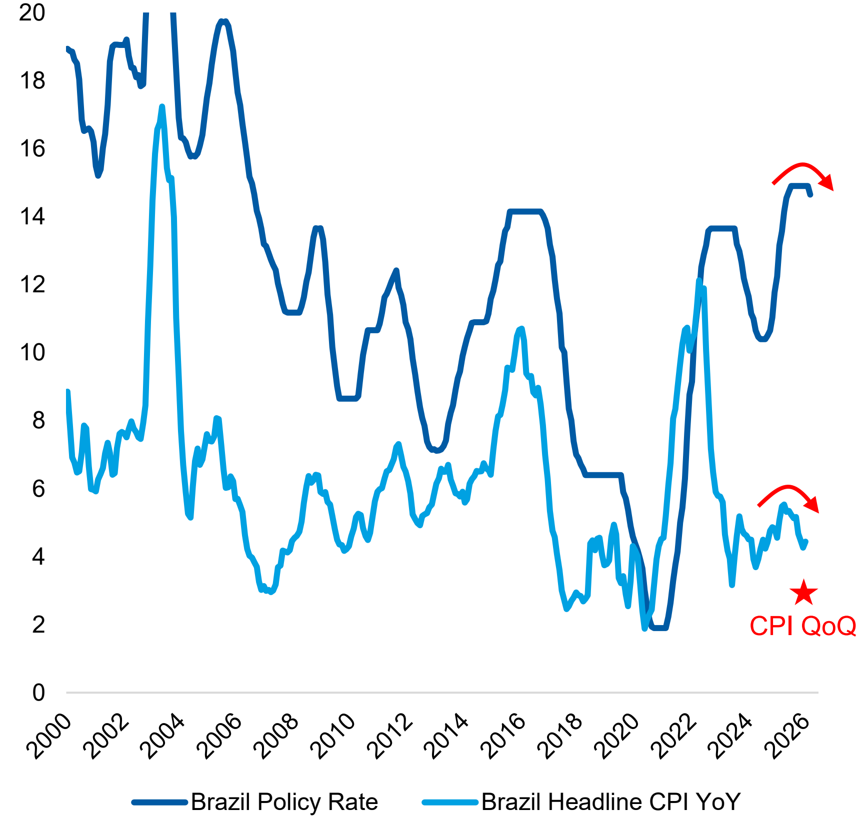
# The Brazil Central Bank Has Begun an Easing Cycle

After hiking interest rates to 15% and real rates reaching double digits, the Brazilian central bank began a rate cutting cycle. We expect the central bank to cut roughly 500 basis points (bps) over the next 12-18 months as disinflation persists.

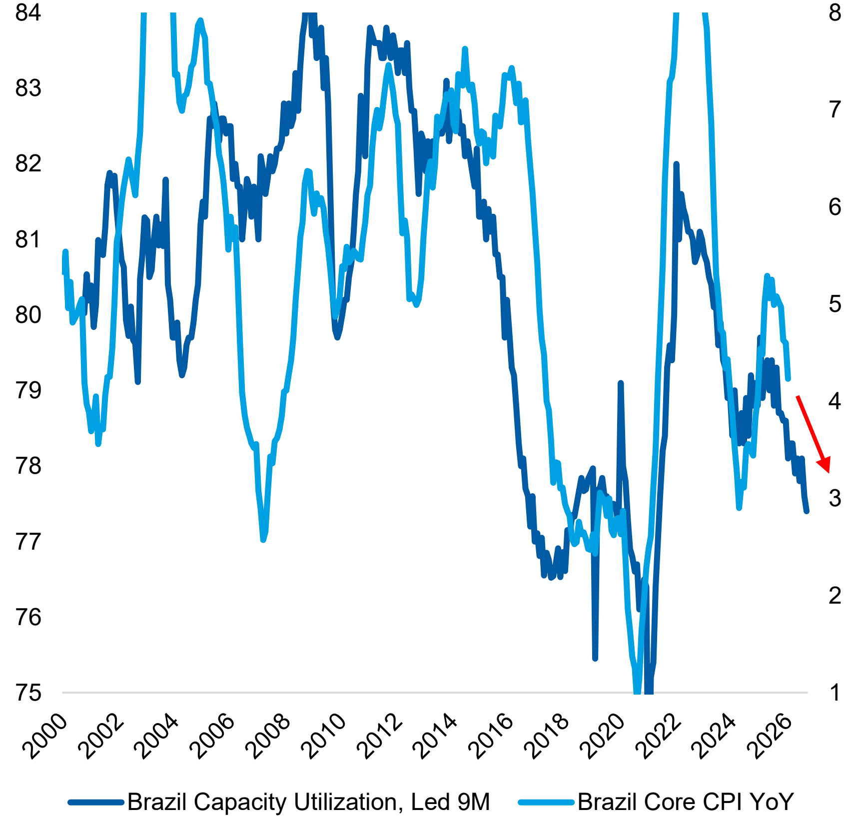
**Disinflation To Drive Rate Cuts**

*Year-over-year percent change (%)*



**Domestic Slowdown To Cause Further Disinflation**

*Brazil capacity utilization, led 9M (LH, %), Brazil core CPI YoY (RH, %)*



Source: Bloomberg Haver, MSIM, as of March 20, 2026. *The Taylor rule says that an increase in inflation by one percentage point should prompt the central bank to raise the nominal interest rate by more than one percentage point For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the portfolio management team at the time of writing/of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

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# Equities

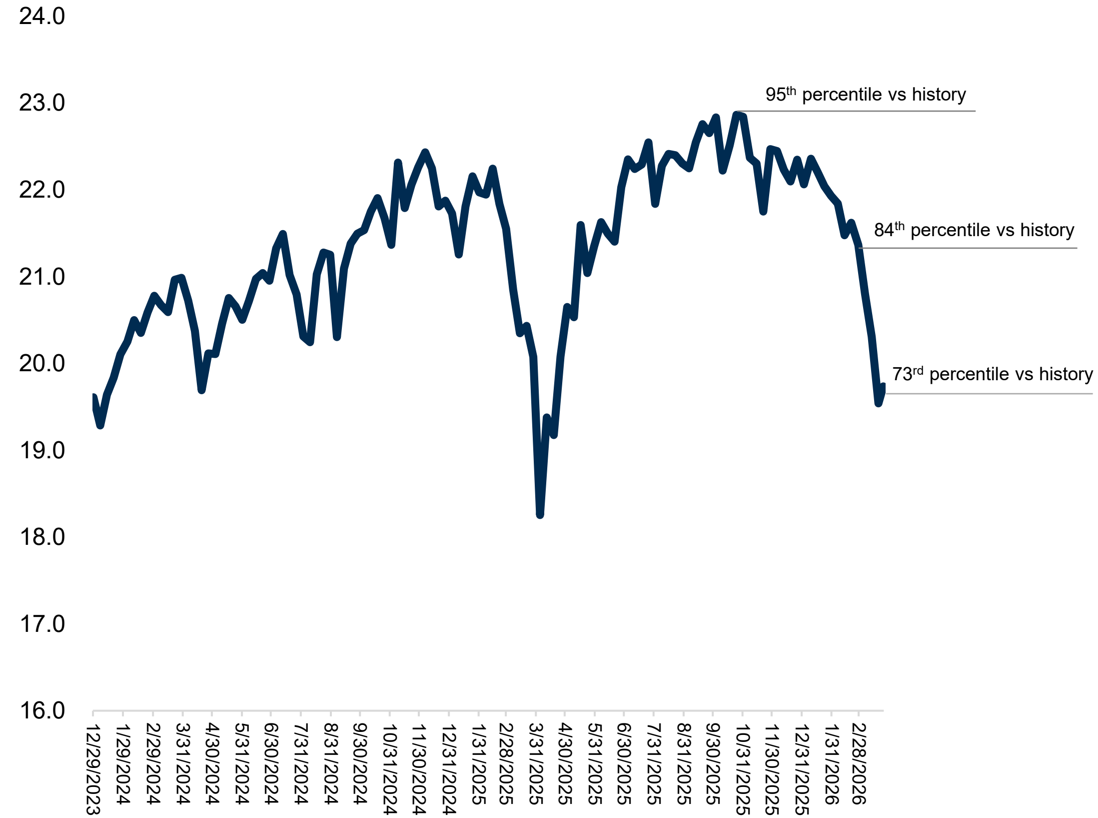
Quarterly Global Market and Asset Allocation Guide

# S&P 500 Valuation no Longer at Extremes vs. History

The S&P 500 P/E peaked at 23x in October, ranking in the 95th percentile vs. a 30-year history. It has since fallen to 20x, now in the 73rd percentile. The initial de-rating hit select sectors on AI disruption concerns, while the Iran reset was broad.

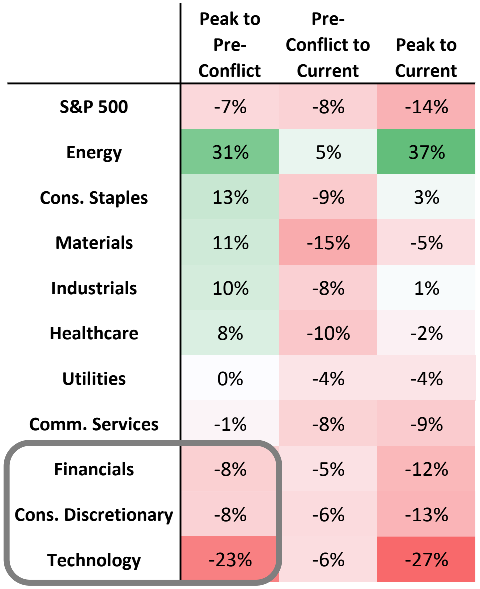
**S&P 500 P/E Still Elevated, but no Longer Top Decile vs. 30-year History**

*Blended forward 12-mth rolling P/E, as of March 24, 2026*



**Re-rating First due to AI Disruption, then Iran**

*Blended forward 12-month rolling P/E change*



| | Peak to Pre-Conflict | Pre-Conflict to Current | Peak to Current |
|---|---|---|---|
| **S&P 500** | -7% | -8% | -14% |
| **Energy** | 31% | 5% | 37% |
| **Cons. Staples** | 13% | -9% | 3% |
| **Materials** | 11% | -15% | -5% |
| **Industrials** | 10% | -8% | 1% |
| **Healthcare** | 8% | -10% | -2% |
| **Utilities** | 0% | -4% | -4% |
| **Comm. Services** | -1% | -8% | -9% |
| **Financials** | -8% | -5% | -12% |
| **Cons. Discretionary** | -8% | -6% | -13% |
| **Technology** | -23% | -6% | -27% |

**Driven by AI Disruption Fears**

**Broader Conflict Related De-Risking**

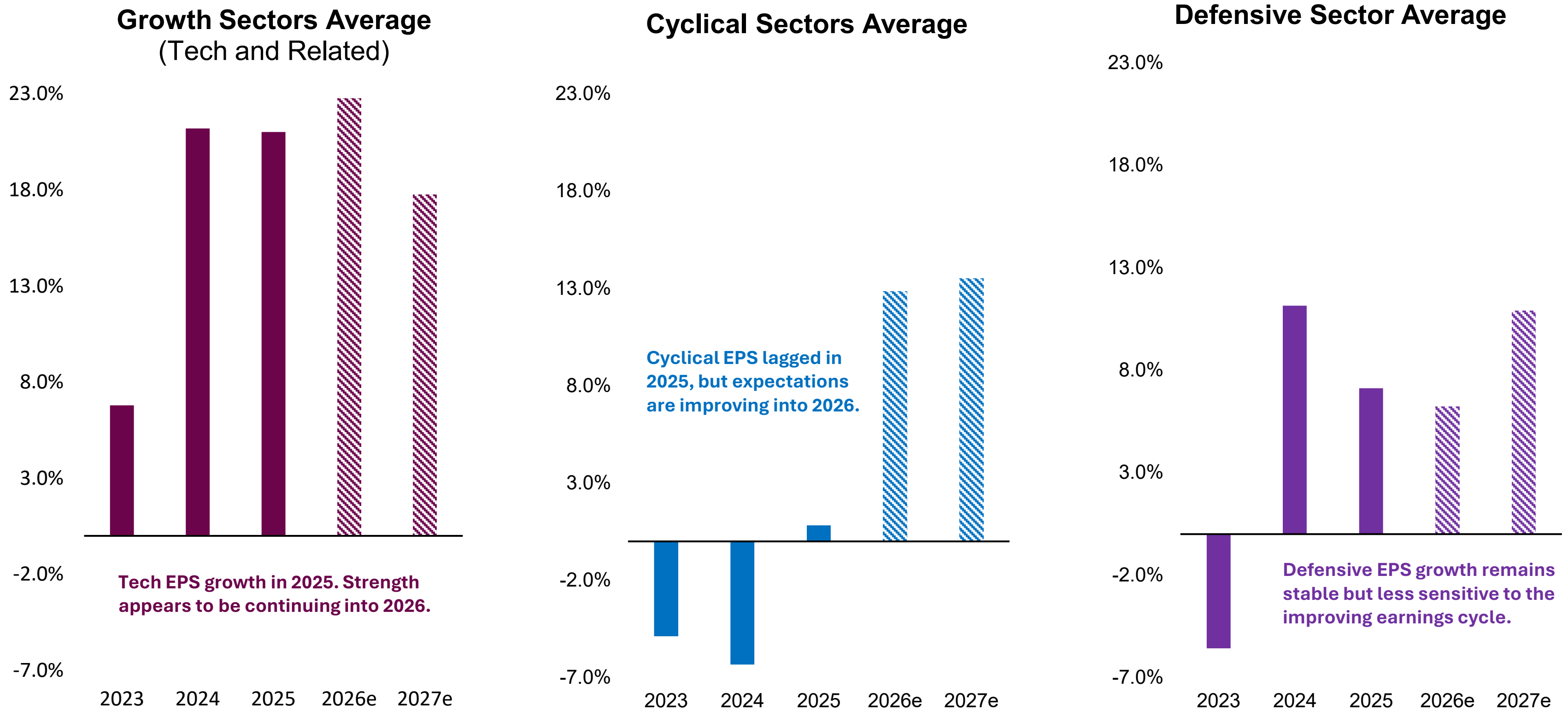
Note: Peak multiple as of 10/24/2025, pre-conflict as of 2/27/2026, current as of 3/24/2026

Source: Bloomberg, MSIM. As of March 24, 2026. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the portfolio management team at the time of writing/of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

# 2026 Earnings Expectations – Tech, Cyclical, Defensive

In 2026, a recovery in cyclical earnings, along with continued strength in tech, points to a broadening of EPS growth.

**U.S. Sector EPS Growth Rates, Consensus Estimates for 2026/2027**



Tech EPS growth in 2025. Strength appears to be continuing into 2026.

Cyclical EPS lagged in 2025, but expectations are improving into 2026.

Defensive EPS growth remains stable but less sensitive to the improving earnings cycle.

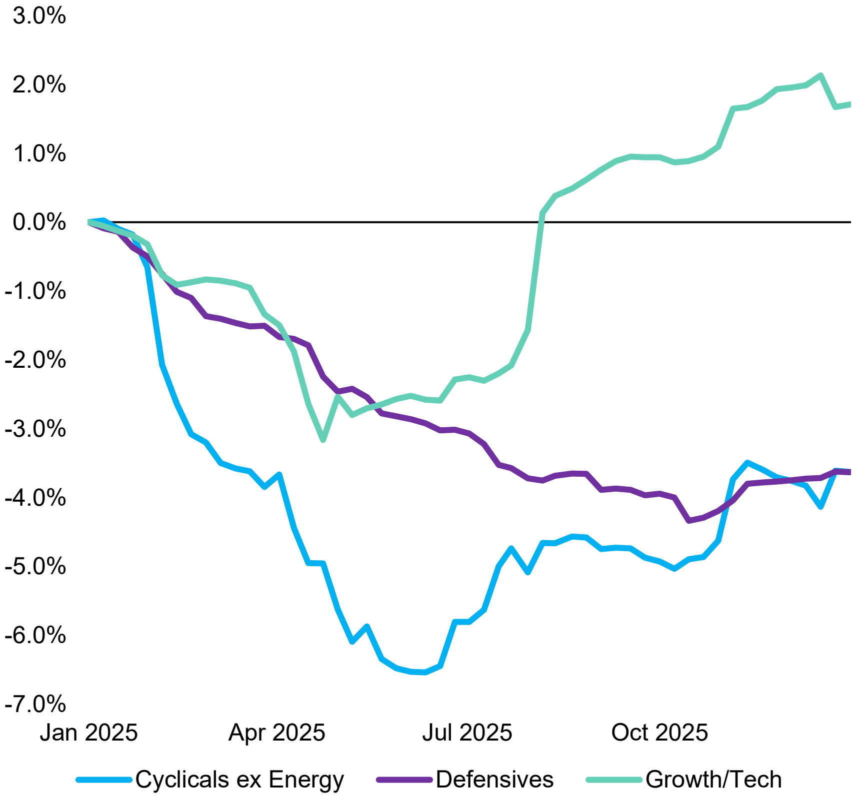
Source: Bloomberg, MSIM. As of November 23, 2025. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the portfolio management team at the time of writing/of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

# U.S. Tech and Cyclicals Have Led Positive Revisions in YTD 2026

In 2025, better-than-expected tech earnings more than offset tariff-related disappointment in cyclicals. The pre-conflict trend in 2026 was a positive revision in both tech and cyclical sectors.

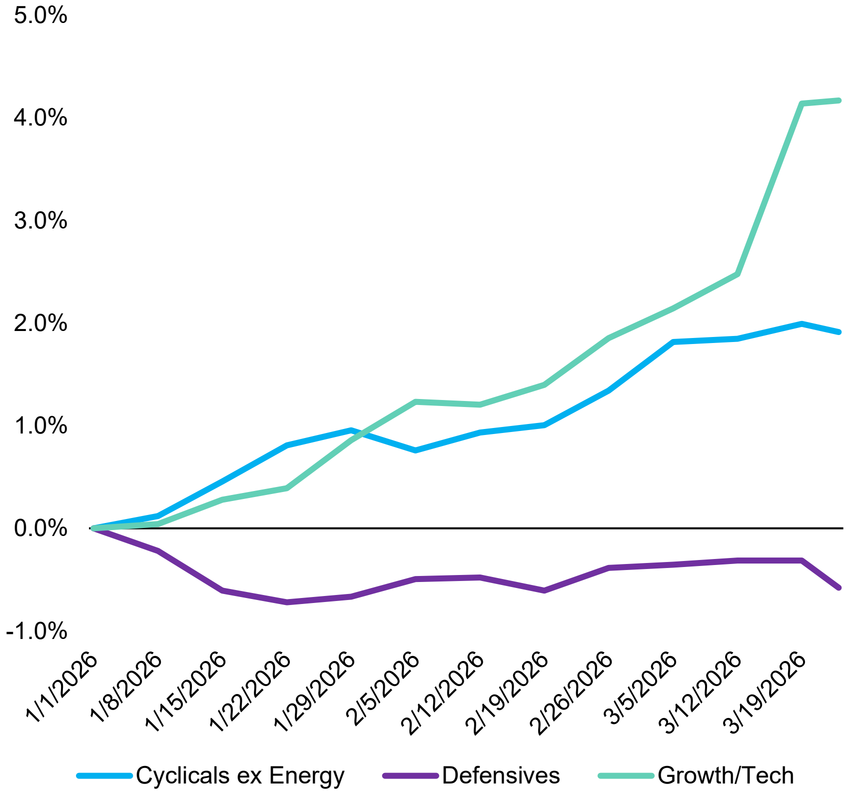
**In 2025, Positive Surprises Were Concentrated in Tech Sectors…**

*CY 2025 EPS estimate evolution, S&P 500 sectors*



**…While in 2026 YTD, Surprises Have Broadened Out to Cyclicals**

*CY 2026 EPS estimate evolution, S&P 500 sectors*



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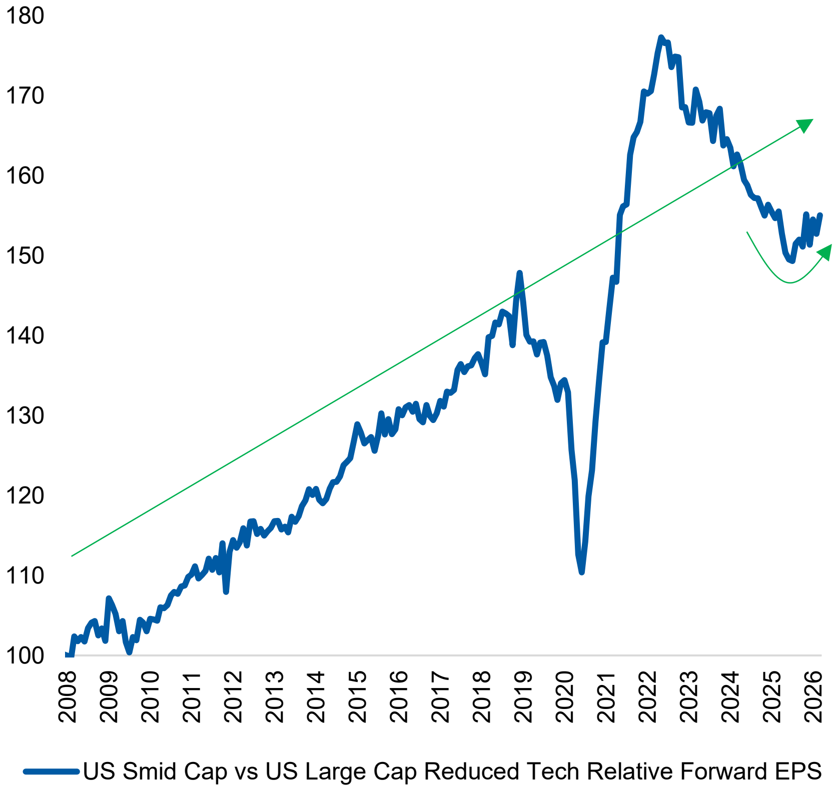
# As Economic Growth Broadens, SMID To Outperform

SMID caps are most likely to benefit from a broadening in economic growth, due to their high domestic exposure and larger weighting within the industrial sector.

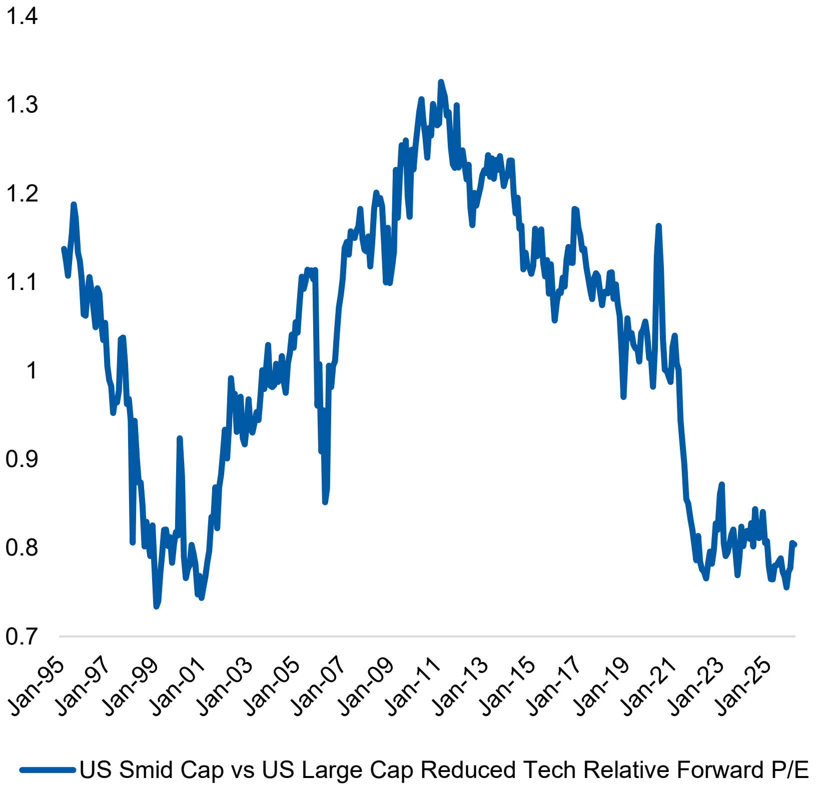
**SMID Earnings To Experience a Cyclical and Structural Tailwind**

*Indexed to 100 on Jan 2008*



**SMID Equities Remain Extremely Cheap vs. Large Cap**

*Relative blended 12-month forward P/E ratio*



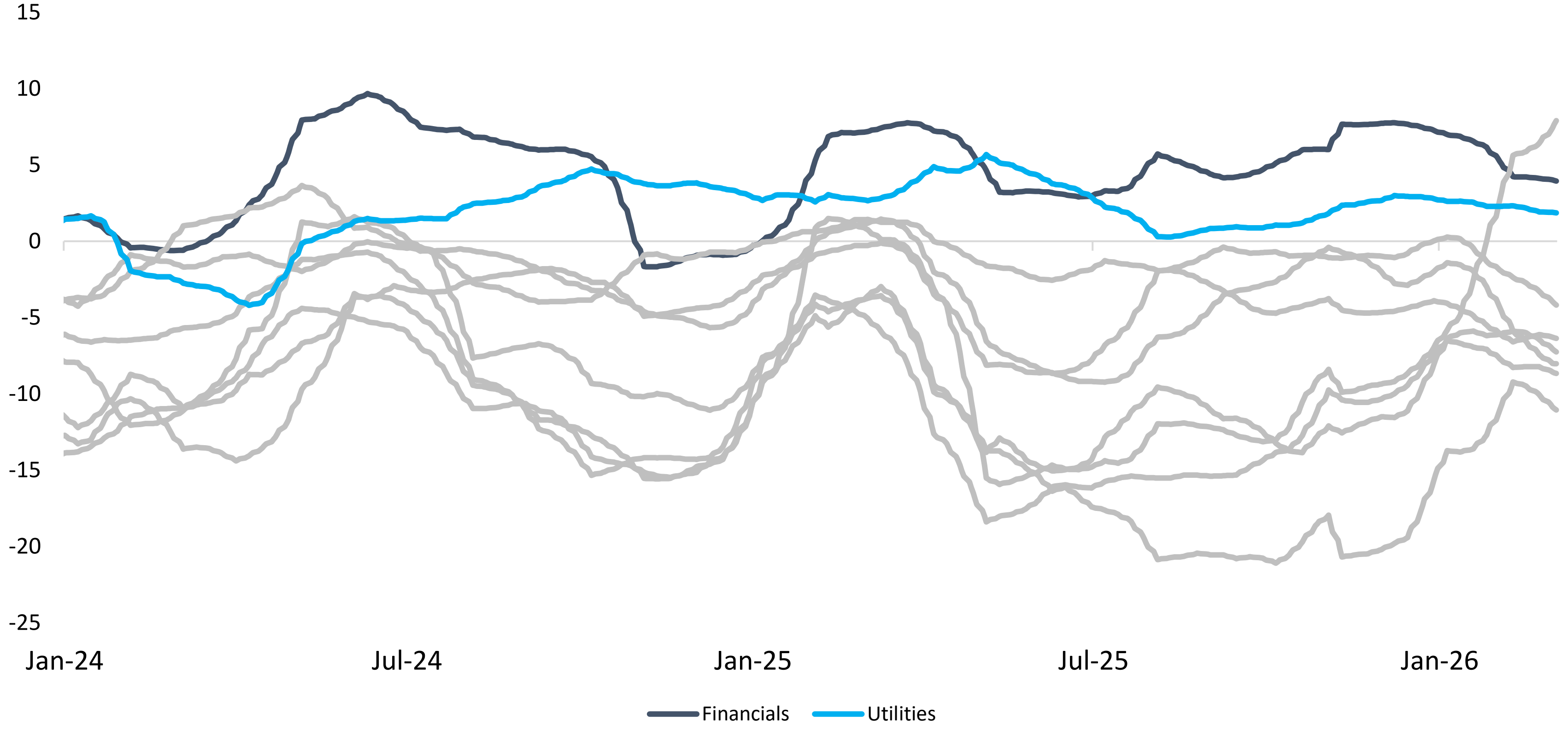
Source: Factset, Haver, Bloomberg, MSIM. As March 18, 2026. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the portfolio management team at the time of writing/of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

# Our European Exposure Remains Selective

With European markets facing structural challenges from Chinese competition and higher energy prices, we continue to prefer segments that benefit from the shift towards a more domestically driven growth model vs. broad market exposure

**Even Amid Volatility, Earnings of Structurally Supported Sectors Such as Financials and Utilities Are Holding Up Better Than Peers**

*Earnings revision ratio 3-month average for financials, utilities and other GICS sectors*



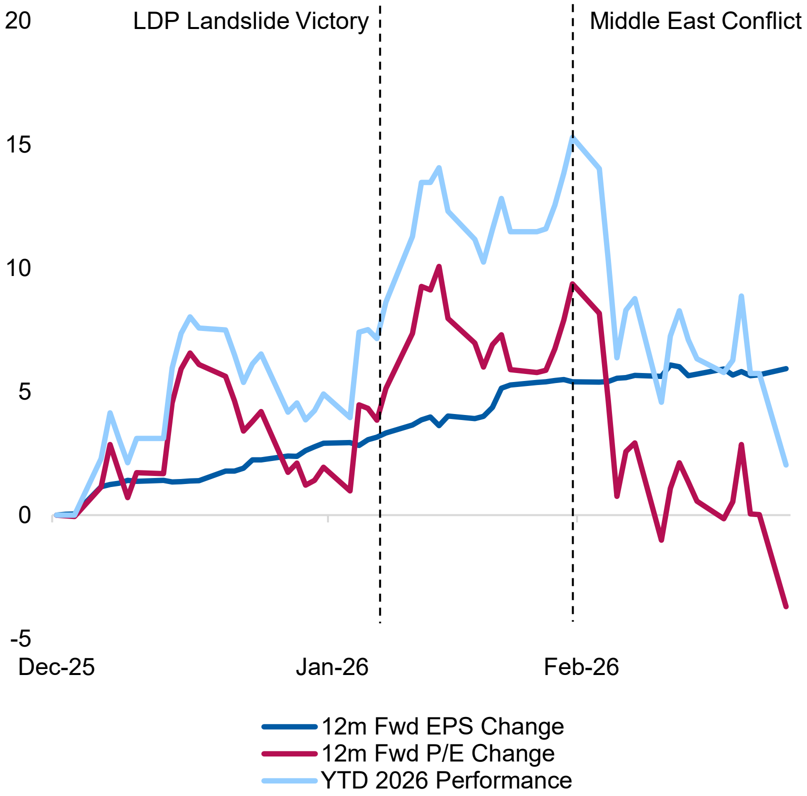
Source: Refinitiv, MSIM. As of March 23, 2026. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the portfolio management team at the time of writing/of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

# Japan Equities: Consolidation, but Not the End of the Rally

Following the Liberal Democratic Party's (LDP) landslide victory, the strong start for Japanese equities has been interrupted by geopolitics. But history suggests foreign inflows and equity upside can resume once uncertainty clears

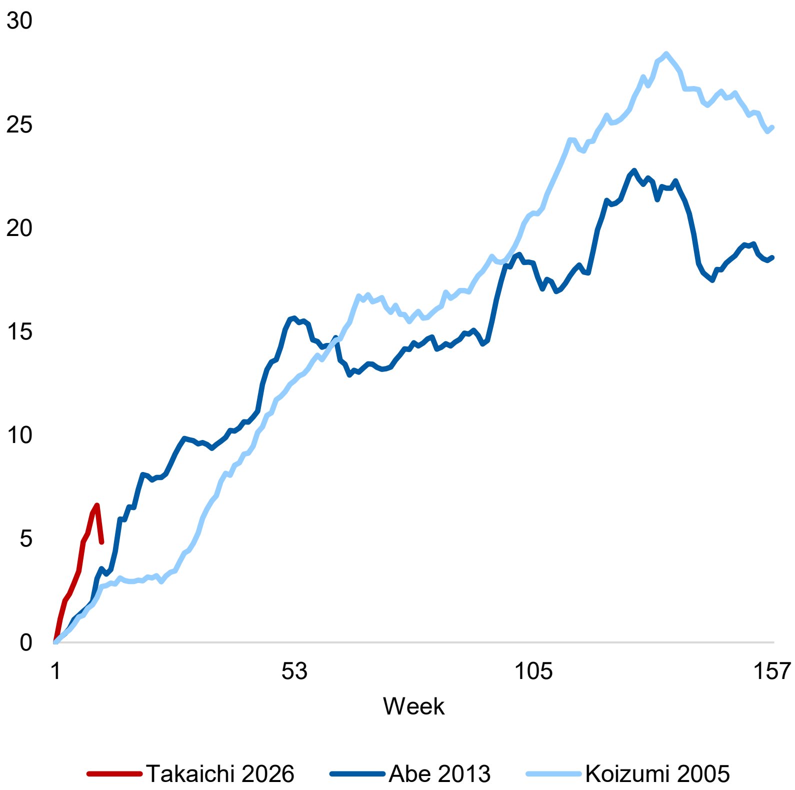
**"Takaichi Trade" Momentum Reversed by Geopolitics**

*MSCI Japan YTD 2026 performance drivers (%)*



**Strong LDP Mandates Historically Catalyzed Foreign Inflows**

*Cumulative foreign buying in Japanese equities (JPY Trillion)*



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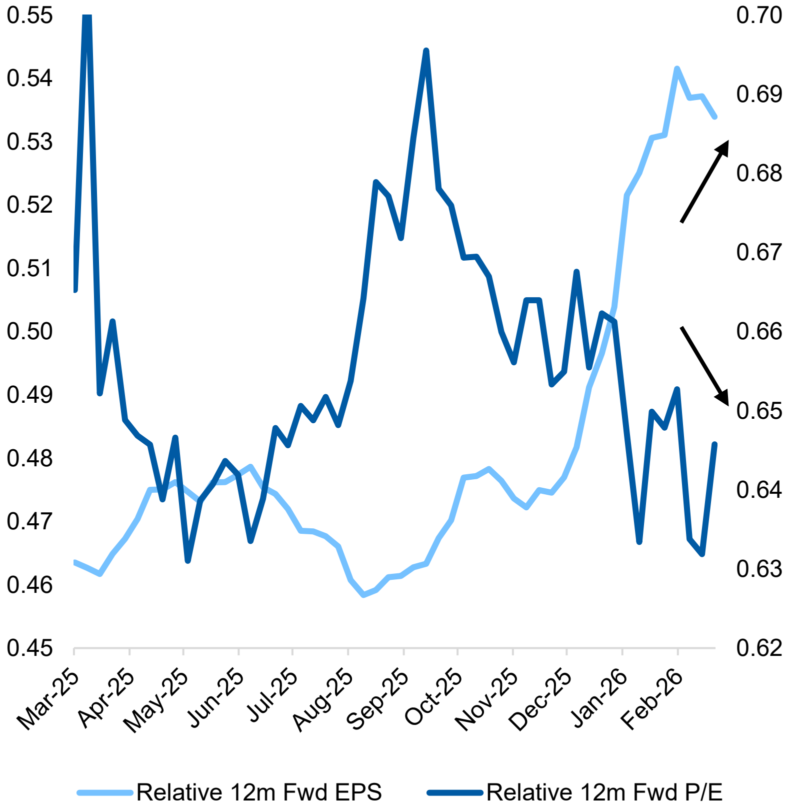
# EM Earnings Upgrades and Cheap Valuations Mask Narrow Breadth

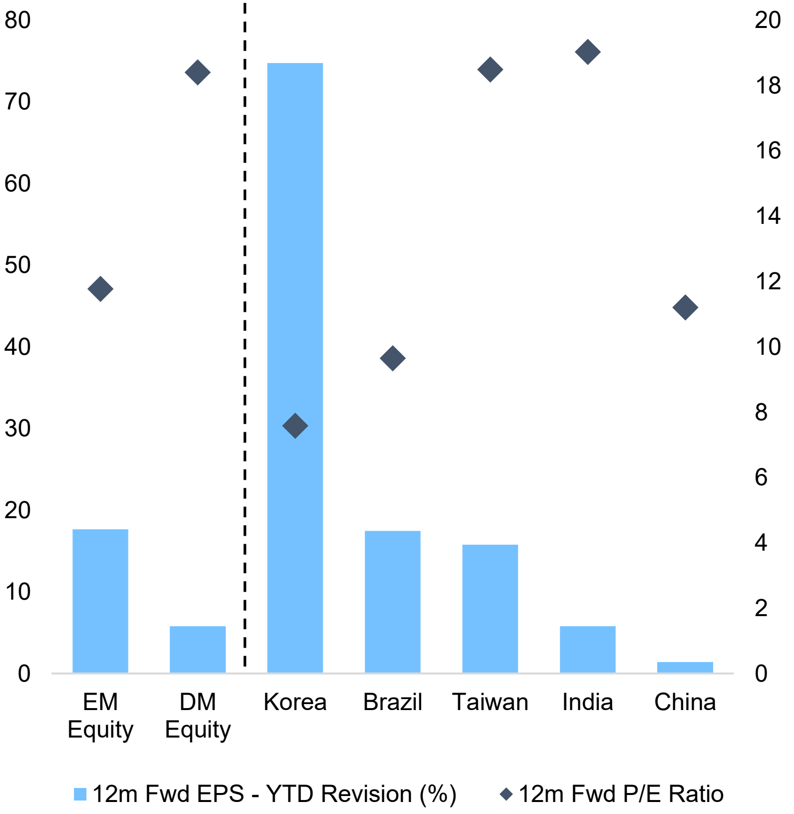
Aggregate emerging market (EM) earnings strength is driven by a narrow group of winners: AI-linked semiconductors in Taiwan and Korea and commodities exposure in Brazil.

**EM-DM Divergence Reflects Wide Dispersion Across Major EM Countries**

*EM relative to DM forward EPS (LHS) and forward P/E Ratio (RHS)*



*YTD forward EPS revision (LHS) and forward P/E ratio (RHS)*



Source: Bloomberg, MSIM. As March 25, 2026. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the portfolio management team at the time of writing/of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

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# Alternatives

Quarterly Global Market and Asset Allocation Guide

# Private Markets – Q2 2026 Positioning and Commentary

| | | |
|---|---|---|
| Private Equity | **Neutral** | • The **war** in Iran is **weighing on growth expectations**, **deal activity**, business/investor confidence and **margins**, while it is unclear if **valuations will fully reflect this uncertainty**.<br>• **Focus** on businesses with **limited margin sensitivity** to energy shocks, supported by **defensive valuations** and **conservative leverage.** |
| Private Credit | **Neutral** | • We separate noise from genuine concern and arrive at a **cautious, but less bearish than consensus, view of Direct Lending**. Credit fundamentals are in check and in line with history.<br>• We think most headline issues can be addressed via **manager selection** but believe **dispersion will increase**.<br>• **Mixed opportunities** in broader Private Credit to arrive at an overall neutral view on balance. |
| Infrastructure | **Neutral to Positive** | • **Demand** is **healthy in energy-related sectors** given expected increase in electricity demand over the next five years as a result of data center buildout, reindustrialization and electrification. **Short/medium term energy shock** beneficial to supply.<br>• **Monitoring transport opportunities** related to U.S.-E.U. trade as well as from the war in Iran. **Telecom** opportunities are **still expensive** in many segments, including data centers |
| Real Estate | **Neutral to Positive** | • **Marginally softer** due to positive but slowing demand, and what starts to appear as a **normalization** in the decline **of developments in industrial areas.**<br>• Access to **capital markets continue to improve** and buyers can now benefit from an attractive **positive leverage** between running yield and cost of debt. |
| Natural Resources | **Neutral** | • Agriculture and related businesses will face **short/medium-term headwinds** from **increase in input costs**, such as fertilizer and **energy.**<br>• **Performance** is **diverging** between businesses that can **pass on cost increases** and those that cannot. |

Source: PSG, Morgan Stanley Research. As of 27 March, 2026. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the portfolio management team at the time of writing of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

# Private Equity

## Neutral on all segments

| Q2 2026 | Negative | Neutral/ Negative | Neutral | Neutral/ Positive | Positive |
|---|---|---|---|---|---|
| **Buyout** | | | ▨ | | |
| **Growth** | | | ▨ | | |
| **Venture Capital** | | | ▨ | | |

## Points of Focus

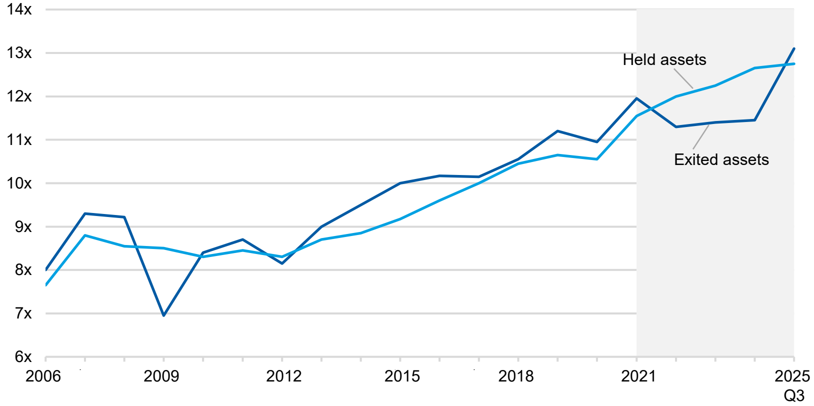
1 **M&A/PE Exit:** Activity rebounded strongly in 2H25, however distributions as a percentage of Net Asset Value have not significantly picked up. Ongoing geopolitical tensions may slow momentum.

2 **Bid/Ask Spread Converging:** Improved transaction activity translated in converging values of held vs exited assets. Macro uncertainty could reverse this trend.

3 **AI Impact on Software:** SaaS* is undergoing repricing, but most companies are likely to evolve rather than face rapid disruption. Greater bifurcation across winners and losers is expected.

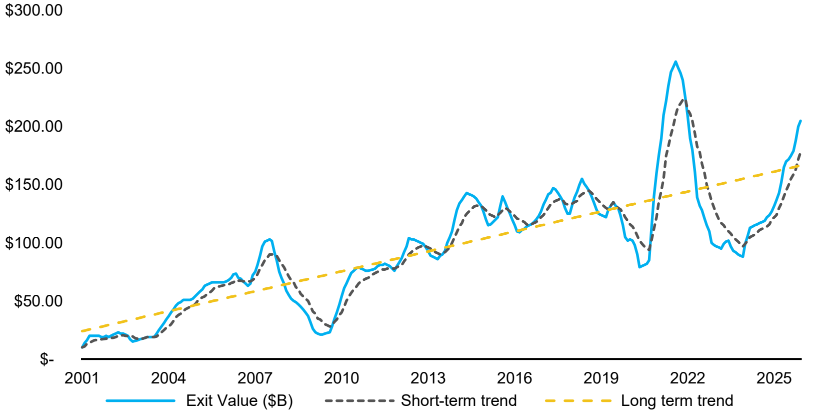
### Exit Valuations Converging to Current Marks

*Buyout Median EV/EBITDA multiple held vs. exited assets*



### Exit Activity Has Now Moved Above Its Long-term Trend

*U.S. buyout trailing six-month exit value*



Source: 1) MSCI as of Sep 2025, 2) Preqin Insights as of Dec 2025. *Software as a Service. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the portfolio management team at the time of writing of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

# Private Credit

## Direct lending bottoming, special situations/real estate debt attractive

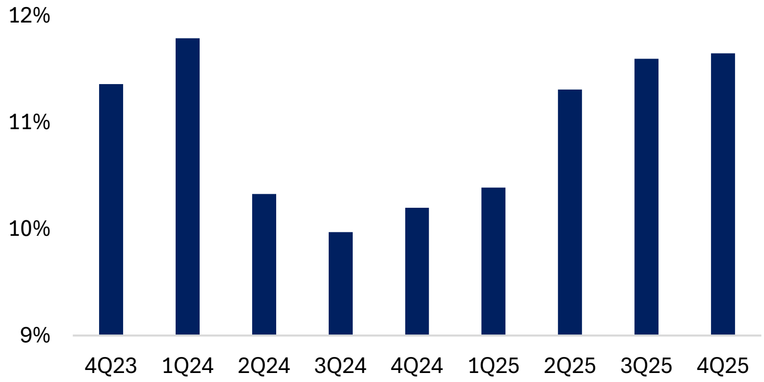
| Q2 2026 | Negative | Neutral/ Negative | Neutral | Neutral/ Positive | Positive |
|---|---|---|---|---|---|
| **Direct Lending** | | 🟦 | | | |
| **Real Estate Debt** | | | | 🟩 | |
| **Special Situations** | | | | | 🟩 |
| **ABS (Asset Backed Securities)** | | | ▨ | | |

## Points of Focus

1. **Sentiment vs. Fundamentals:** Bearish sentiment, driven by ABS headlines, AI disruption fears and semi-liquid outflows, appears overstated relative to underlying credit fundamentals.
2. **Manager Selection Key:** General partners focused on 1st lien senior secured, non-cyclical upper mid-market exposure are best positioned to outperform.
3. **Relative Opportunities:** Headwinds in direct lending are creating tailwinds for strategies such as special situations.

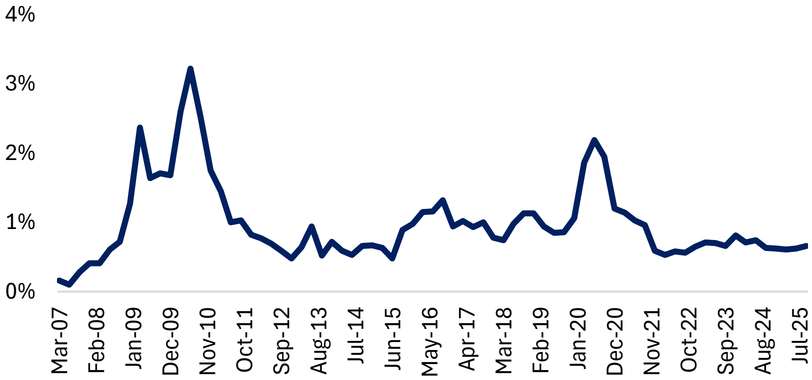
### PIK* Levels Were Relatively Stable Over the Quarter

*% of loans paying >2% PIK*



### Public BDC** Credit Health Remains Stable

*Non-accruals at fair market value (%)*



Source: Cliffwater Index Dec 2025. * Payment in Kind. ** Business Development Company. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the portfolio management team at the time of writing of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

# Infrastructure

## Constructive on energy, selective on digital, cautious transport

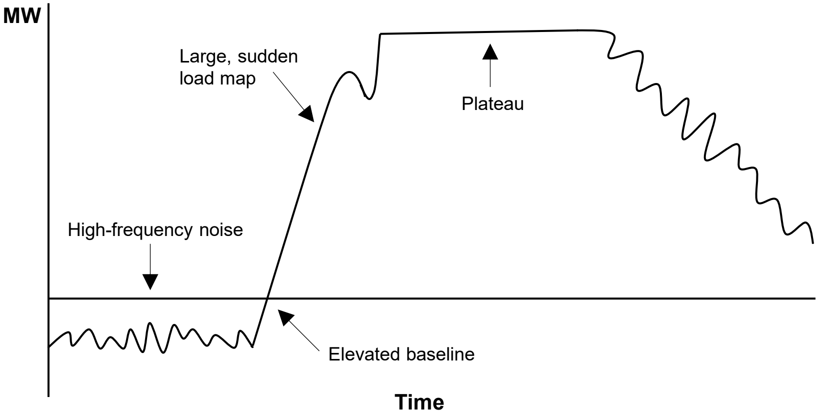
| Q2 2026 | Negative | Neutral/ Negative | Neutral | Neutral/ Positive | Positive |
|---|---|---|---|---|---|
| **Transport** | | 🟦 | | | |
| **Telecom** | | | ▨ | | |
| **Renewables** | | | | | 🟩 |
| **Power (Ex Renewables)** | | | | 🟩 | |

## Points of Focus

1. **Energy Supply Shock (ESS):** Iran war is adding to supply pressures, supporting both renewables and conventional power, reinforcing long-term demand tailwinds.
2. **Battery Demand Surge:** AI-driven load volatility is accelerating demand for batteries (ESS*) to manage peaks/smooth spikes in a capacity-constrained market
3. **Selective on Digital:** Speculative data center buildout is becoming more challenging due to elevated valuations and increasing capital in the space.

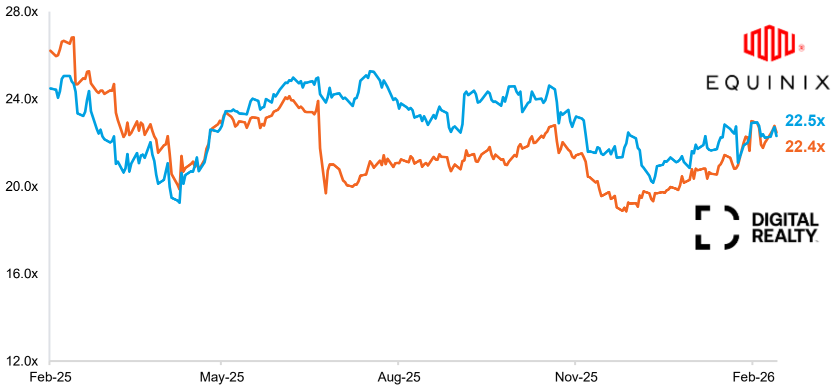
## ESS* Finding Strong Use Cases

*Power demand fluctuation curve of inference*



## Data Center Valuations Climbing**

*Price to NTM FFO*



Source: JP Morgan. As of Feb 2026. * Energy Storage System **Equinix/Digital Realty are involved with data centers. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the portfolio management team at the time of writing of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

# Real Estate

## Residential and Industrial Supported by Long-Term Tailwinds

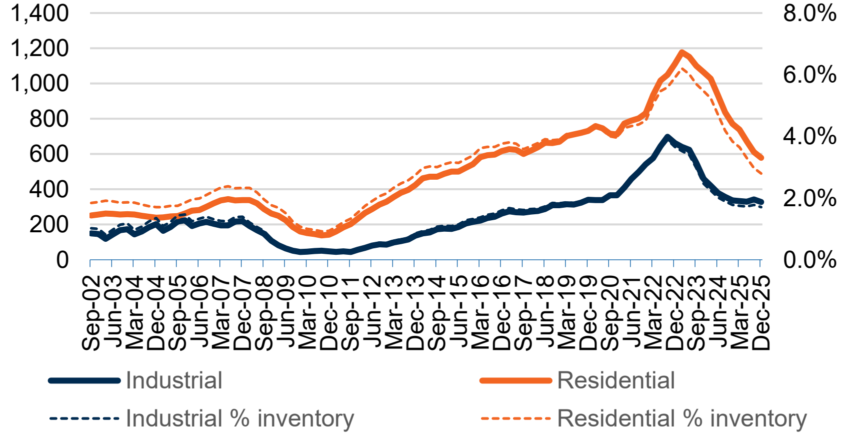
| Q2 2026 | Negative | Neutral/ Negative | Neutral | Neutral/ Positive | Positive |
|---|---|---|---|---|---|
| **Industrial** | | | | 🟩 | |
| **Residential** | | | | | 🟩 |
| **Office** | | | ▨ | | |
| **Retail** | | | ▨ | | |

## Points of Focus

1. **Industrial Moderating:** Development pipeline stabilizing at 2% of inventory. Demand remains healthy but is softening.
2. **Improving Capital Markets**: Falling borrowing costs, easing lending standards and rising origination, with stress signals stabilizing.
3. **Focus on Cash Flowing Assets:** Wide cap rates and attractive leverage support entry into high-quality cash flowing assets for value-add returns

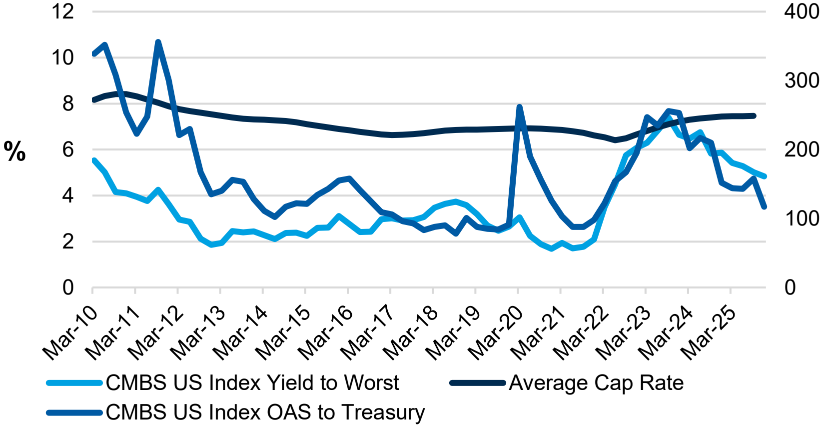
### New Developments: Industrial Stabilization

*Commercial square footage (m)/K units*



### Positive Leverage Returning

*CMBS debt metrics*



Source: Costar (Dec 01-Dec 25). As of March 2026. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. The views and opinions expressed are those of the portfolio management team at the time of writing of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

Eaton Vance

# Taxes

Quarterly Global Market and Asset Allocation Guide

# Inputs Feeding an Investor's Tax Return

Taxpayers receive several documents with the quantity, timing and character of portfolio income for annual tax preparation

## TAX PREPARATION PORTFOLIO TAXES INPUTS

**Form 1099-B**: sales of securities and capital gains/losses

**Form 1099-DIV**: dividends, capital gain distributions, etc.

**Form 1099-INT**: interest income

**Form 1099-DA**: cryptocurrency sales reporting

**Schedule K-1**: partnership income, gains and deductions

**Form 8283**: noncash charitable contributions

**Potentially several more inputs**

## TAX PREPARATION OUTPUT FORMS

**Form 1040:** Used to file annual tax returns to determine whether an investor owes or receives a refund.

Source: MSIM. As of March 31, 2026. The content herein is for general education and is not a substitute for individualized tax, legal or investment advice. References to documents like 1099s, K-1s, manual basis adjustments and gift records are high-level and do not capture all complexities (e.g., wash sales, step-ups, state rules, trust/estate nuances, or undocumented adjustments). Investors should engage a qualified tax professional and/or attorney to evaluate their specific facts and prepare filings. Morgan Stanley and its affiliates do not provide tax advice.The views and opinions expressed are those of the portfolio management team at the time of writing/of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass.  Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

# Portfolio Income Sources and Their Tax Impacts

Not all income is created equal. Source and event type will dictate tax outcomes.

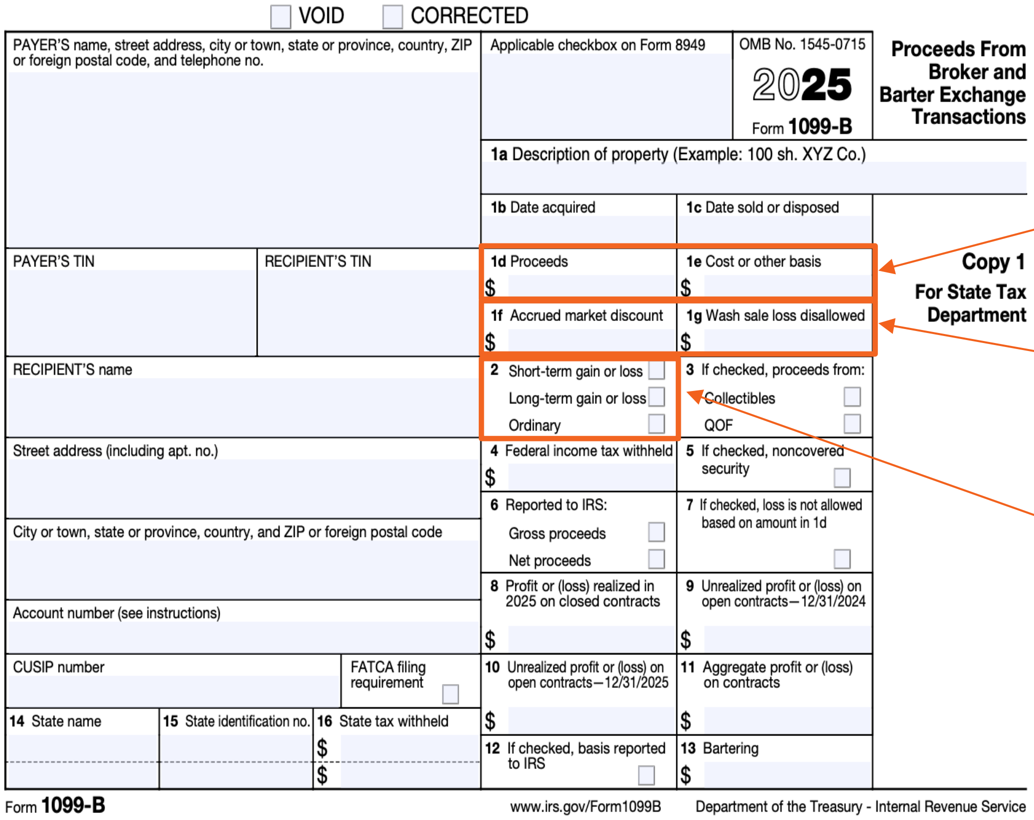
| INCOME OR EVENT TYPE | APPLICABLE TAXES |
|---|---|
| Interest | Ordinary Income Tax, State and Local Tax, Net Investment Income Tax (NIIT) |
| Non-Qualified Dividends | Ordinary Income Tax, State and Local Tax, NIIT |
| Qualified Dividends | Qualified Dividend Rate, State and Local Tax, NIIT |
| Foreign Dividends | Foreign Withholding Tax (may qualify for foreign tax credit or deduction) |
| Short-Term Capital Gains | Ordinary Income Tax, State and Local Tax, NIIT |
| Long-Term Capital Gains | Long-Term Capital Gains Tax, State and Local Tax, NIIT |
| IRA/401(k) Withdrawals | Ordinary Income Tax |
| Gifts and Bequests | Gift Tax, Estate Tax, Generation-Skipping Transfer Tax |

Source: MSIM. As of March 31, 2026. The content herein is for general education and is not a substitute for individualized tax, legal or investment advice. References to documents like 1099s, K-1s, manual basis adjustments and gift records are high-level and do not capture all complexities (e.g., wash sales, step-ups, state rules, trust/estate nuances, or undocumented adjustments). Investors should engage a qualified tax professional and/or attorney to evaluate their specific facts and prepare filings. Morgan Stanley and its affiliates do not provide tax advice.The views and opinions expressed are those of the portfolio management team at the time of writing/of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass.  Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

# Example: Form 1099-B

Reports an investor's closed investment positions, including proceeds, cost basis, holding period and adjustments. Also used for calculating taxable gains or losses.

.



☐ VOID ☐ CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.

Applicable checkbox on Form 8949

OMB No. 1545-0715

2025

Form **1099-B**

**Proceeds From Broker and Barter Exchange Transactions**

**1a** Description of property (Example: 100 sh. XYZ Co.)

**1b** Date acquired

**1c** Date sold or disposed

PAYER'S TIN

RECIPIENT'S TIN

**1d** Proceeds $

**1e** Cost or other basis $

**1f** Accrued market discount $

**1g** Wash sale loss disallowed $

**Copy 1**

**For State Tax Department**

RECIPIENT'S name

**2** Short-term gain or loss ☐
Long-term gain or loss ☐
Ordinary ☐

**3** If checked, proceeds from:
Collectibles ☐
QOF ☐

Street address (including apt. no.)

**4** Federal income tax withheld $

**5** If checked, noncovered security ☐

City or town, state or province, country, and ZIP or foreign postal code

**6** Reported to IRS:
Gross proceeds ☐
Net proceeds ☐

**7** If checked, loss is not allowed based on amount in 1d ☐

Account number (see instructions)

**8** Profit or (loss) realized in 2025 on closed contracts $

**9** Unrealized profit or (loss) on open contracts—12/31/2024 $

CUSIP number

FATCA filing requirement ☐

**10** Unrealized profit or (loss) on open contracts—12/31/2025 $

**11** Aggregate profit or (loss) on contracts $

**14** State name

**15** State identification no.

**16** State tax withheld $ $

**12** If checked, basis reported to IRS ☐

**13** Bartering $

Form **1099-B** www.irs.gov/Form1099B Department of the Treasury - Internal Revenue Service

**Proceeds vs. Basis (1d and 1e)**: Determines gain/loss dollar amount

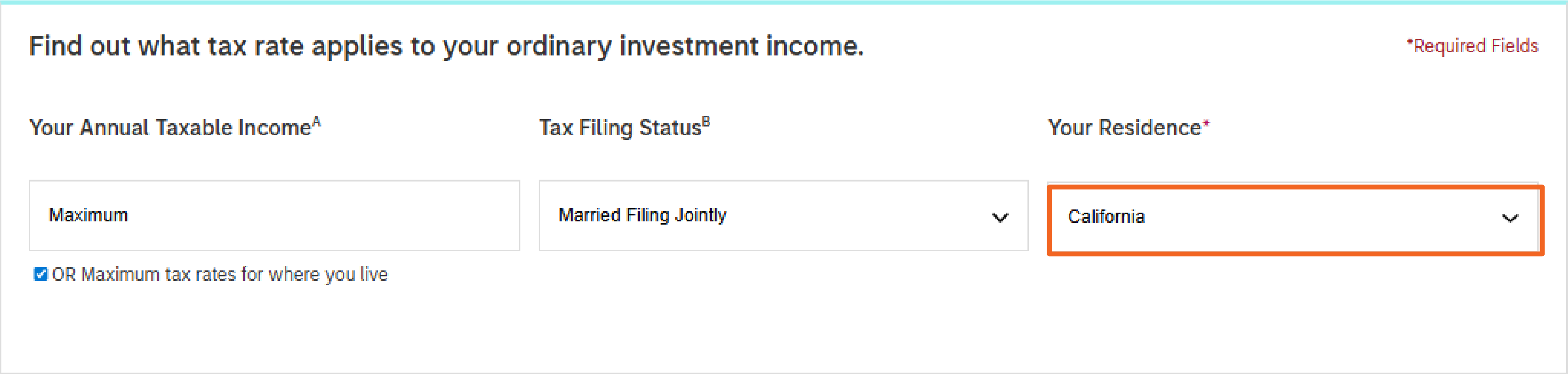
**Adjustments/Disallowed Losses (1f and1g):** Changes character or defers deductions.

**Holding Period and Character (2):** Dictates tax rate (short-term, long-term, ordinary)

Source: MSIM. As of March 31, 2026. The content herein is for general education and is not a substitute for individualized tax, legal or investment advice. References to documents like 1099s, K-1s, manual basis adjustments and gift records are high-level and do not capture all complexities (e.g., wash sales, step-ups, state rules, trust/estate nuances, or undocumented adjustments). Investors should engage a qualified tax professional and/or attorney to evaluate their specific facts and prepare filings. Morgan Stanley and its affiliates do not provide tax advice.The views and opinions expressed are those of the portfolio management team at the time of writing/of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

# Example: Investment Tax Calculation

Illustrate the impact of taxes reported on form 1099-B by leveraging the Eaton Vance Investment Tax Calculator



Find out what tax rate applies to your ordinary investment income.

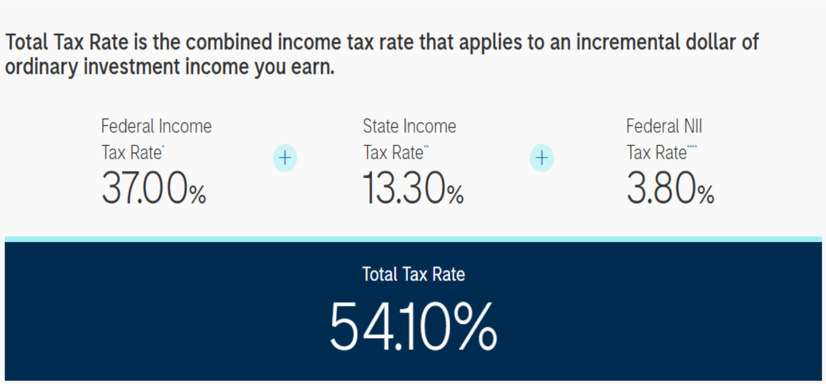
*Required Fields

Your Annual Taxable Income[A]: Maximum

Tax Filing Status[B]: Married Filing Jointly

Your Residence*: California

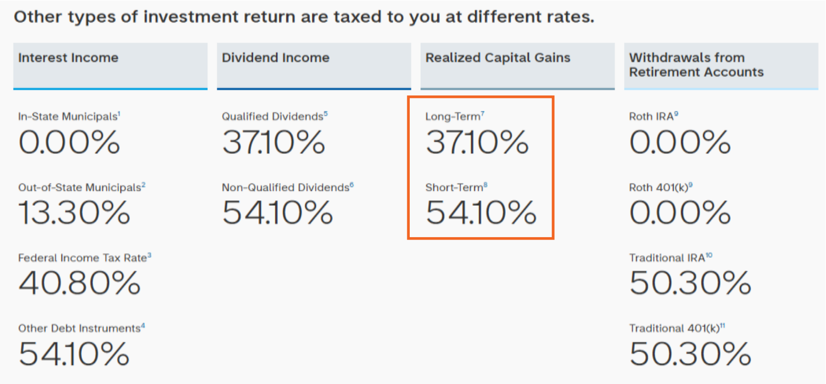
☑ OR Maximum tax rates for where you live



Total Tax Rate is the combined income tax rate that applies to an incremental dollar of ordinary investment income you earn.

Federal Income Tax Rate* 37.00% + State Income Tax Rate** 13.30% + Federal NII Tax Rate*** 3.80%

Total Tax Rate 54.10%



Other types of investment return are taxed to you at different rates.

| Interest Income | Dividend Income | Realized Capital Gains | Withdrawals from Retirement Accounts |
|---|---|---|---|
| In-State Municipals[1] 0.00% | Qualified Dividends[5] 37.10% | Long-Term[7] 37.10% | Roth IRA[9] 0.00% |
| Out-of-State Municipals[2] 13.30% | Non-Qualified Dividends[6] 54.10% | Short-Term[8] 54.10% | Roth 401(k)[9] 0.00% |
| Federal Income Tax Rate[3] 40.80% | | | Traditional IRA[10] 50.30% |
| Other Debt Instruments[4] 54.10% | | | Traditional 401(k)[11] 50.30% |

Source: MSIM. As of March 31, 2026. **For Illustrative Purposes Only**. The content herein is for general education and is not a substitute for individualized tax, legal or investment advice. References to documents like 1099s, K-1s, manual basis adjustments and gift records are high-level and do not capture all complexities (e.g., wash sales, step-ups, state rules, trust/estate nuances, or undocumented adjustments). Investors should engage a qualified tax professional and/or attorney to evaluate their specific facts and prepare filings. Morgan Stanley and its affiliates do not provide tax advice.The views and opinions expressed are those of the portfolio management team at the time of writing/of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is not indicative of future results.**

# Visit the Wealth Education Center

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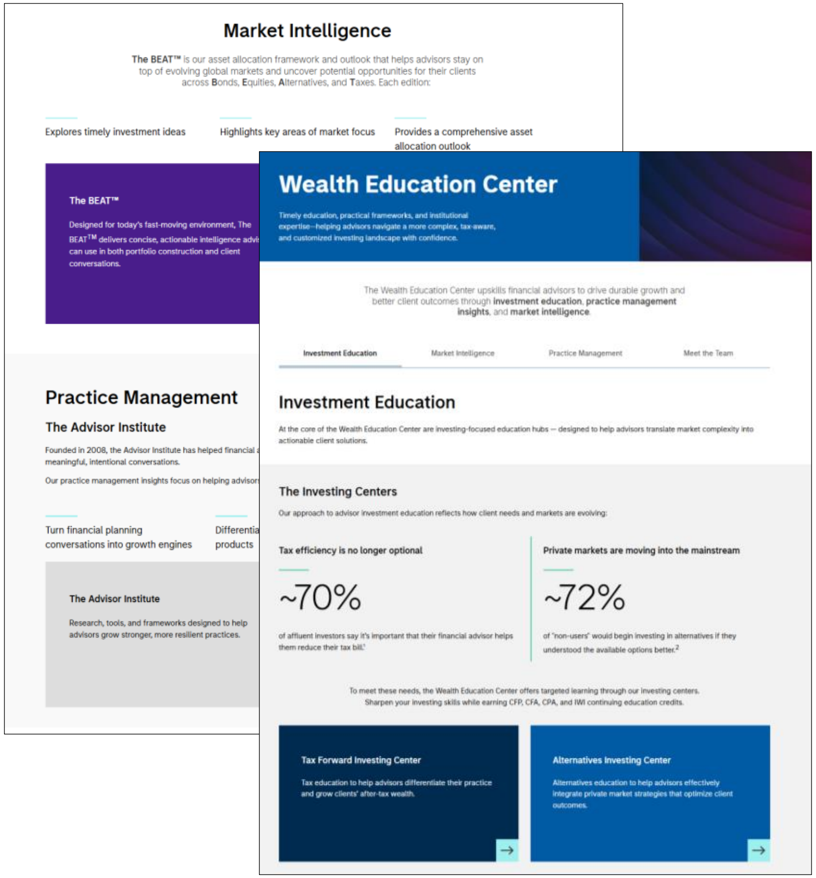
Visit the [Wealth Education Center](#) for our best ideas for advisors in investment education, practice management, and market intelligence.



**Market Intelligence**

**The BEAT™** is our asset allocation framework and outlook that helps advisors stay on top of evolving global markets and uncover potential opportunities for their clients across **B**onds, **E**quities, **A**lternatives, and **T**axes. Each edition:

Explores timely investment ideas

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Provides a comprehensive asset allocation outlook

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Timely education, practical frameworks, and institutional expertise—helping advisors navigate a more complex, tax-aware, and customized investing landscape with confidence.

The Wealth Education Center upskills financial advisors to drive durable growth and better client outcomes through **investment education**, **practice management insights**, and **market intelligence**.

Investment Education | Market Intelligence | Practice Management | Meet the Team

**Investment Education**

At the core of the Wealth Education Center are investing-focused education hubs — designed to help advisors translate market complexity into actionable client solutions.

**The Investing Centers**

Our approach to advisor investment education reflects how client needs and markets are evolving:

**Tax efficiency is no longer optional**

~70%

of affluent investors say it's important that their financial advisor helps them reduce their tax bill.[1]

**Private markets are moving into the mainstream**

~72%

of "non-users" would begin investing in alternatives if they understood the available options better.[2]

To meet these needs, the Wealth Education Center offers targeted learning through our investing centers. Sharpen your investing skills while earning CFP, CFA, CPA, and IWI continuing education credits.

**Tax Forward Investing Center**

Tax education to help advisors differentiate their practice and grow clients' after-tax wealth. →

**Alternatives Investing Center**

Alternatives education to help advisors effectively integrate private market strategies that optimize client outcomes. →

Source: Eaton Vance 5/4/26. The content herein is for general education and is not a substitute for individualized tax, legal, or investment advice. Investors should engage a qualified tax professional and/or attorney to evaluate their specific facts and prepare filings. Morgan Stanley and its affiliates do not provide tax advice. RO 5450096

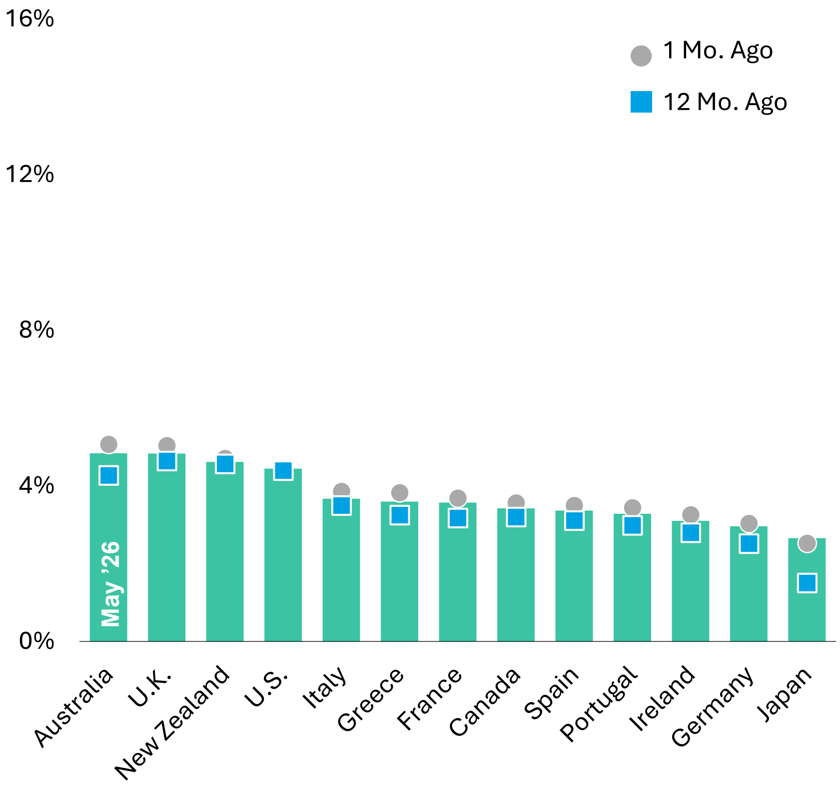
Eaton Vance

# Market Monitor – June 2026

# Sovereign Bond Yields

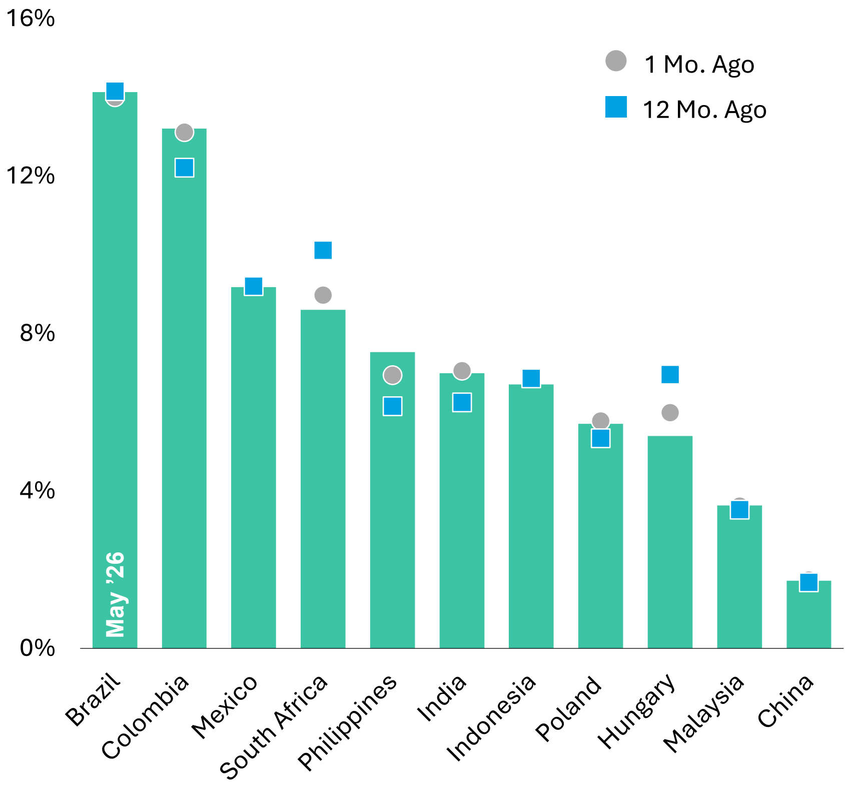
## Developed Markets

(10 yr. Yield)



## Emerging Markets

(10 yr. Yield)



**Past performance is no guarantee of future results.**

It is not possible to invest directly in an index. Source: Factset as of 5/31/26. Data provided is for informational use only. See end of report for important additional information.

# Key Rates (%)

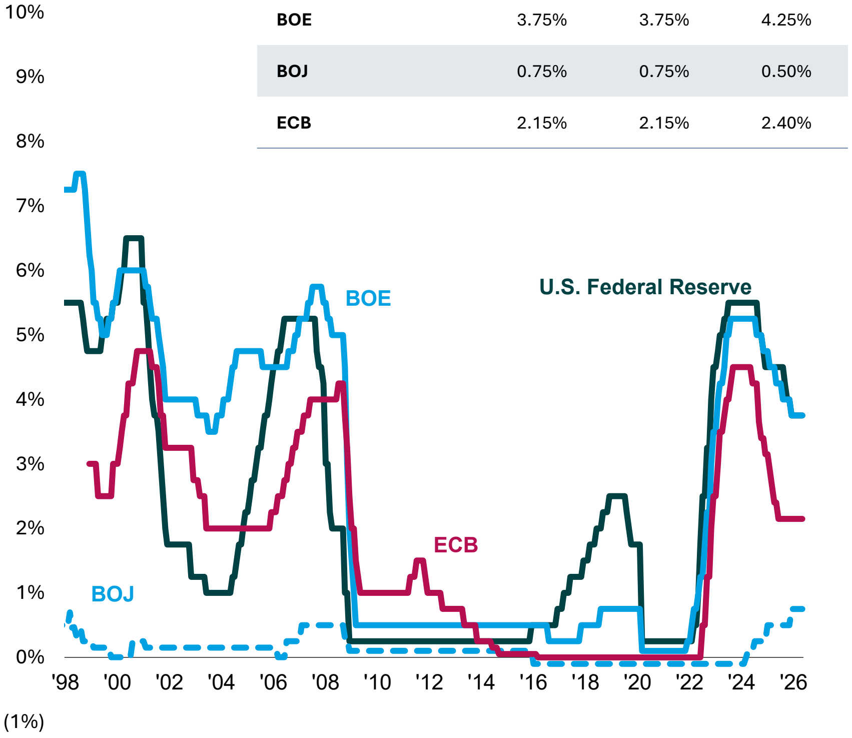
| Security | Current | 12-Mo. Ago | Average | Minimum | Maximum |
|---|---|---|---|---|---|
| **1-Week SIFMA** | 1.57 | 1.97 | 2.45 | 1.57 | 3.22 |
| **Secured Overnight Financing Rate** | 3.63 | 4.33 | 3.96 | 3.50 | 4.51 |
| **1-Mo SOFR** | 3.62 | 4.32 | 3.94 | 3.58 | 4.37 |
| **3-Mo SOFR** | 3.66 | 4.33 | 3.89 | 3.63 | 4.33 |
| **2-Yr Treasury** | 4.00 | 3.94 | 3.68 | 3.39 | 4.12 |
| **5-Yr Treasury** | 4.14 | 4.00 | 3.81 | 3.52 | 4.32 |
| **10-Yr Treasury** | 4.44 | 4.43 | 4.23 | 3.95 | 4.66 |
| **30-Yr Treasury** | 4.98 | 4.92 | 4.83 | 4.54 | 5.18 |
| **2-Yr Japan** | 1.36 | 0.75 | 1.05 | 0.72 | 1.45 |
| **10-Yr Japan** | 2.66 | 1.51 | 1.92 | 1.39 | 2.78 |
| **2-Yr German Bund** | 2.56 | 1.77 | 2.13 | 1.78 | 2.76 |
| **10-Yr German Bund** | 2.96 | 2.52 | 2.78 | 2.48 | 3.19 |
| **2-Yr UK Gilt** | 4.24 | 3.97 | 3.93 | 3.52 | 4.60 |
| **10-Yr UK Gilt** | 4.83 | 4.65 | 4.62 | 4.25 | 5.15 |
| **Bloomberg US Agg** | 4.67 | 4.75 | 4.46 | 4.16 | 4.87 |
| **Bloomberg Global Agg** | 3.76 | 3.59 | 3.56 | 3.36 | 3.95 |
| **Bloomberg US Corporate** | 5.13 | 5.25 | 4.94 | 4.68 | 5.34 |
| **Bloomberg US Long Corporate** | 5.79 | 5.95 | 5.69 | 5.37 | 6.02 |
| **Bloomberg US Municipal** | 3.67 | 4.04 | 3.68 | 3.29 | 4.07 |
| **Bloomberg US Long Municipal** | 4.56 | 4.88 | 4.68 | 4.42 | 5.14 |
| **US High Yield** | 7.01 | 7.46 | 6.91 | 6.49 | 7.67 |
| **US Loans** | 8.09 | 8.55 | 8.18 | 7.76 | 8.51 |

**Past performance is no guarantee of future results.**
It is not possible to invest directly in an index. Source: Bloomberg, Leveraged Commentary & Data (LCD), and Factset as of 5/31/26. Current represents most recent month. Average, minimum, and maximum measure a 12-month period ending most recent month. Data provided is for informational use only. US High Yield is represented by ICE BofA US High Yield Index. US Loans is represented by Morningstar LSTA U.S. Leveraged Loan Index. Bloomberg indices and ICE BofA US HY index using yield to worst. Morningstar LSTA U.S. Leveraged Loan Index using yield to maturity. SOFR is the Secured Overnight Financing Rate, a broad measure of secured overnight U.S. Treasury repo rates. See end of report for important additional information.

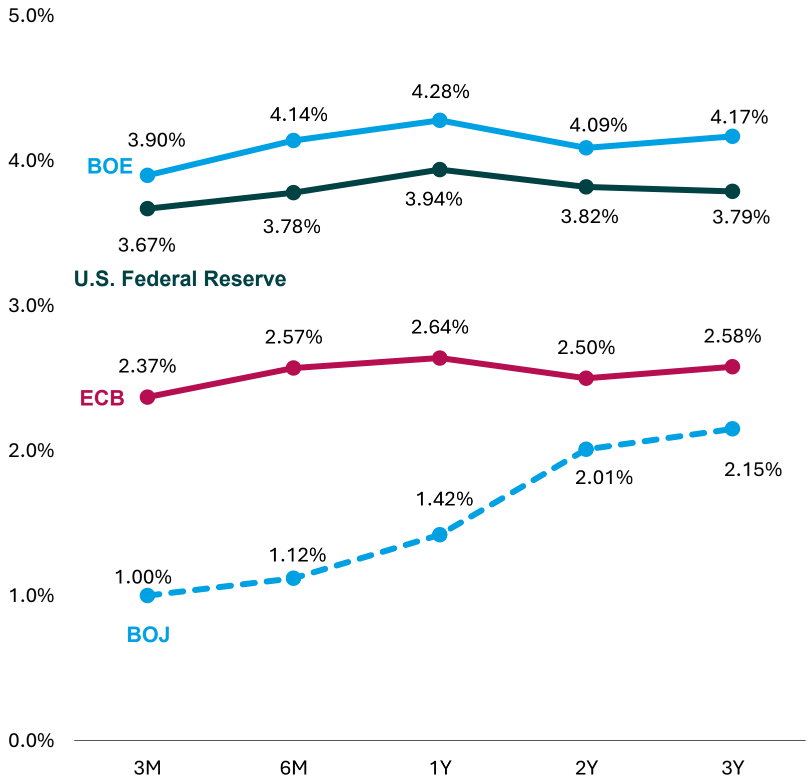
# Monetary Policy

## Central Bank Policy Rates

| | Current | 1-Mo. Ago | 12-Mo. Ago |
|---|---|---|---|
| **U.S. Federal Reserve** | 3.75% | 3.75% | 4.50% |
| **BOE** | 3.75% | 3.75% | 4.25% |
| **BOJ** | 0.75% | 0.75% | 0.50% |
| **ECB** | 2.15% | 2.15% | 2.40% |



## Market Expectations for Future Central Bank Rates



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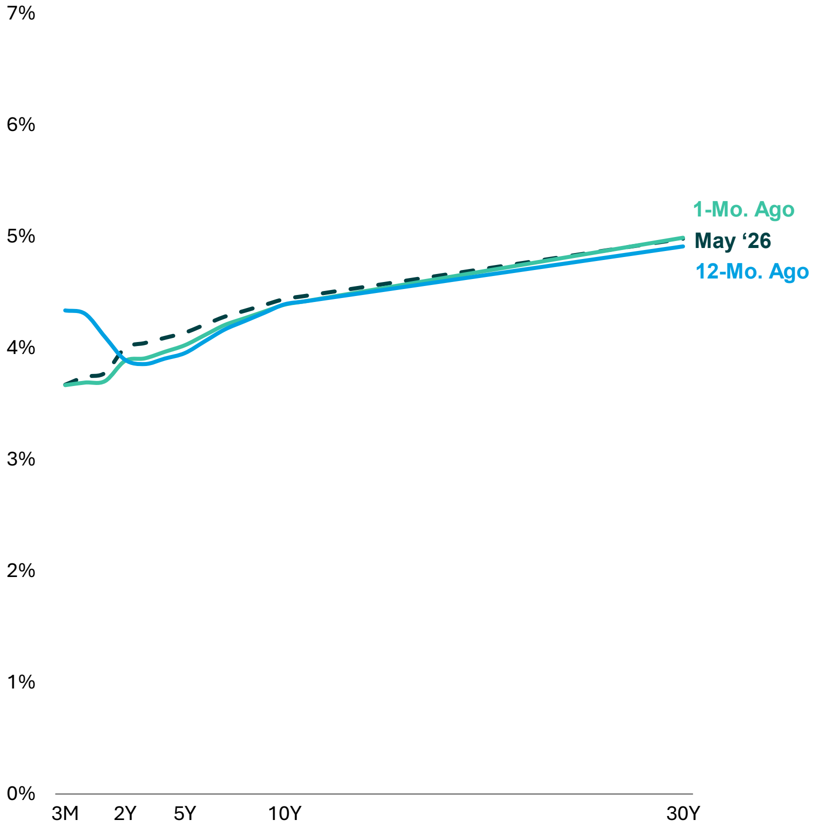
# U.S. Treasury Yields

## U.S. Treasury Yield Curves



### Yields & Performance

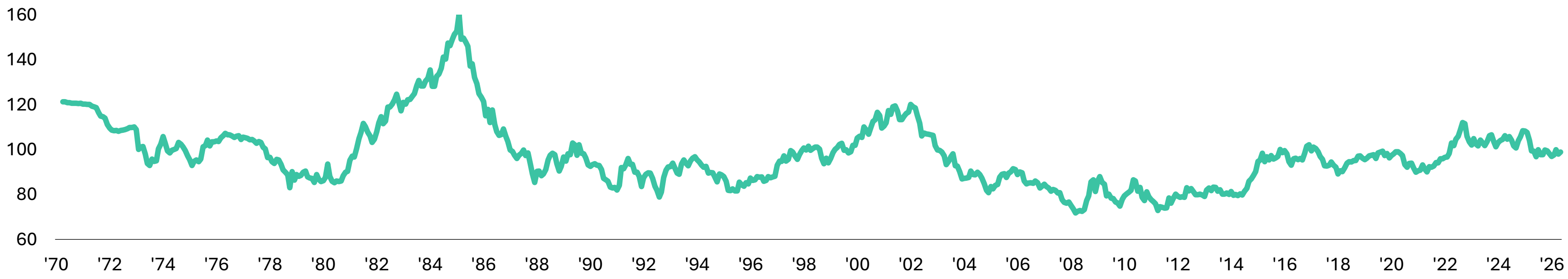
| Security | Yield (%) | | | Total Return (%) | |
|---|---|---|---|---|---|
| | Current | 1-Mo. Ago | 12-Mo. Ago | 1-Mo. | 12-Mo. |
| **3-mo. Treasury** | 3.67 | 3.67 | 4.34 | 0.30 | 3.88 |
| **6-mo. Treasury** | 3.74 | 3.69 | 4.31 | 0.28 | 3.97 |
| **2-yr. Treasury** | 4.00 | 3.89 | 3.90 | 0.10 | 3.19 |
| **3-yr. Treasury** | 4.05 | 3.91 | 3.86 | -0.05 | 3.00 |
| **5-yr. Treasury** | 4.14 | 4.03 | 3.96 | -0.17 | 3.02 |
| **10-yr. Treasury** | 4.44 | 4.39 | 4.39 | 0.01 | 4.01 |
| **30-yr. Treasury** | 4.98 | 4.99 | 4.91 | 0.51 | 3.47 |

Source: Factset, Morningstar as of 5/31/26. Data provided is for informational use only. Past Performance is not a reliable indicator of future results. See end of report for important additional information.

# Developed Market Currency Performance and Yields

| | Spot Returns vs. USD (%) | | | | | Spot Returns vs. EUR (%) | | | | | Local Interest Rates (%) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Currency** | **1-Mo.** | **YTD** | **1Y** | **3Y** | **5Y** | **1-Mo.** | **YTD** | **1Y** | **3Y** | **5Y** | **1Y** |
| U.S. Dollar (USD) | - | - | - | - | - | 0.52 | 0.64 | -2.72 | -2.97 | 0.94 | 3.80 |
| Euro (EUR) * | -0.52 | -0.64 | 2.79 | 3.06 | -0.93 | - | - | - | - | - | 2.62 |
| British Pound (GBP) | -0.80 | 0.22 | -0.04 | 2.84 | -1.06 | -0.28 | 0.86 | -2.76 | -0.21 | -0.13 | 4.15 |
| Japanese Yen (JPY) | -1.56 | -1.54 | -9.36 | -4.26 | -7.23 | -1.05 | -0.90 | -11.82 | -7.10 | -6.36 | 1.11 |
| Australian Dollar (AUD) | 0.08 | 7.90 | 11.80 | 3.60 | -1.45 | 0.60 | 8.59 | 8.76 | 0.52 | -0.53 | 4.58 |
| Canadian Dollar (CAD) | -1.19 | -0.49 | -0.19 | -0.44 | -2.59 | -0.68 | 0.15 | -2.90 | -3.40 | -1.68 | 2.59 |
| New Zealand Dollar (NZD) | 1.69 | 4.11 | 0.28 | -0.04 | -3.84 | 2.22 | 4.78 | -2.45 | -3.00 | -2.93 | 3.02 |
| Norwegian Krone (NOK) | 0.73 | 9.22 | 10.63 | 6.46 | -2.07 | 1.26 | 9.92 | 7.63 | 3.30 | -1.15 | 4.55 |
| Swedish Krona (SEK) | 0.20 | -0.16 | 4.03 | 5.63 | -2.13 | 0.73 | 0.49 | 1.20 | 2.50 | -1.21 | 1.99 |
| Danish Krone (DKK) | -0.53 | -0.70 | 2.60 | 2.94 | -1.02 | -0.01 | -0.06 | -0.19 | -0.12 | -0.10 | 1.97 |
| Swiss Franc (CHF) | 0.09 | 1.40 | 5.14 | 5.37 | 2.85 | 0.61 | 2.05 | 2.29 | 2.24 | 3.82 | -0.03 |

## U.S. Dollar Index



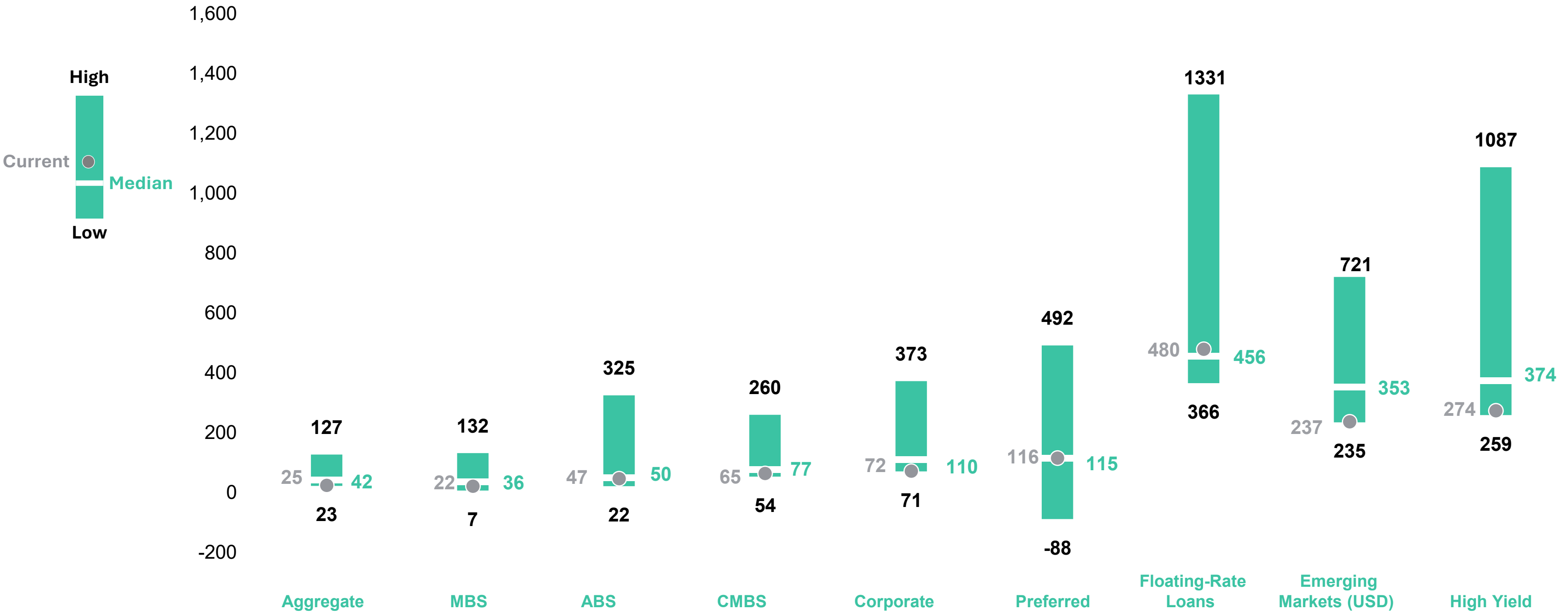
Source: Factset, Morningstar as of 5/31/26. Data provided is for informational use only. Past Performance is not a reliable indicator of future results. See end of report for important additional information.

# Characteristics and Performance Analysis

| | Averages | | | | | | Total Returns (%) | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Index** | **Coupon (%)** | **Price ($)** | **Yield to Worst (%)** | **Spread (bps)** | **Maturity (yrs.)** | **Duration (yrs.)** | **1-Mo.** | **3-Mo.** | **YTD** | **1Y** | **3Y** | **5Y** | **10Y** |
| **U.S. High Grade** | | | | | | | | | | | | | |
| **Bloomberg U.S. Aggregate Index** | 3.72 | 93.1 | 4.67 | 25 | 8.2 | 5.9 | 0.31 | -1.35 | 0.38 | 5.13 | 3.95 | 0.17 | 1.70 |
| U.S. Treasury | 3.34 | 92.9 | 4.29 | – | 7.7 | 5.8 | 0.11 | -1.70 | 0.00 | 3.71 | 2.82 | -0.35 | 1.05 |
| U.S. Mortgage Backed Securities | 3.57 | 91.5 | 4.93 | 22 | 7.3 | 5.5 | 0.30 | -1.29 | 0.77 | 6.85 | 4.37 | 0.45 | 1.44 |
| U.S. Asset Backed Securities | 4.46 | 99.3 | 4.53 | 47 | 4.0 | 2.9 | 0.25 | -0.26 | 0.86 | 4.69 | 5.09 | 2.42 | 2.49 |
| U.S. Commercial Mortgage Backed Securities | 3.62 | 95.8 | 4.79 | 65 | 4.2 | 3.7 | 0.11 | -1.01 | 0.61 | 5.01 | 5.43 | 1.19 | 2.45 |
| U.S. Corp. Investment Grade | 4.54 | 94.2 | 5.13 | 72 | 10.5 | 6.8 | 0.76 | -0.79 | 0.67 | 6.09 | 5.37 | 0.63 | 2.81 |
| **Bloomberg Municipal Bond Index** | 4.68 | 102.5 | 3.67 | – | 13.4 | 6.6 | 0.37 | -0.84 | 1.34 | 6.67 | 3.77 | 0.92 | 2.21 |
| **Bloomberg Taxable Municipal Bond Index** | 4.48 | 92.8 | 5.07 | – | 13.9 | 7.6 | 0.34 | -2.05 | 0.53 | 6.71 | 4.53 | 0.09 | 2.64 |
| **ICE BofA US Inflation-Linked Treasury Index** | 1.26 | 93.7 | 1.73 | – | 7.5 | 4.4 | 0.29 | -0.02 | 1.77 | 4.89 | 3.92 | 1.08 | 2.82 |
| **ICE BofA Preferred Index (Fixed Rate)** | 5.67 | 88.8 | 6.35 | 116 | – | 6.9 | -0.43 | -1.42 | 0.37 | 6.19 | 6.33 | 1.55 | 3.61 |
| **U.S. High Yield** | | | | | | | | | | | | | |
| **ICE BofA US High Yield Index** | 6.65 | 97.3 | 7.01 | 274 | 4.8 | 3.0 | 0.49 | 0.99 | 1.64 | 7.44 | 9.29 | 4.36 | 5.79 |
| **Morningstar LSTA U.S. Leveraged Loan Index** | S+3.13 | 95.3 | 8.09 | 480 | 4.5 | – | 0.51 | 2.35 | 1.24 | 5.12 | 8.33 | 6.07 | 5.49 |
| **Emerging Markets** | | | | | | | | | | | | | |
| **J.P. Morgan EM Bond Index (EMBI) Global Diversified** | 5.76 | 93.1 | 6.91 | 237 | – | 6.3 | 1.00 | 0.49 | 2.58 | 13.66 | 10.87 | 2.59 | 3.99 |
| **J.P. Morgan Corp. EM Bond Index (CEMBI) Broad Diversified** | 5.69 | 97.9 | 6.06 | 171 | – | 4.4 | 0.38 | 0.13 | 1.79 | 7.86 | 8.21 | 2.75 | 4.36 |
| **J.P. Morgan Govt. Bond Index-EM (GBI-EM) Global Diversified** | 5.68 | – | 6.19 | – | – | 5.3 | 0.85 | -2.10 | 1.32 | 10.63 | 8.39 | 1.84 | 3.25 |
| **Global Developed Markets** | | | | | | | | | | | | | |
| **Bloomberg Global Aggregate Ex-U.S. Index** | 2.47 | 94.3 | 3.00 | 24 | 8.1 | 6.6 | 0.35 | -1.73 | 0.59 | 1.70 | 3.30 | -3.00 | -0.13 |
| **FTSE World Government Bond Index** | 2.74 | – | 3.54 | – | – | 6.6 | 0.30 | -1.79 | 0.38 | 2.51 | 2.75 | -2.72 | -0.08 |
| **ICE BofA European Union Government Bond Index** | 2.34 | 93.0 | 3.11 | 30 | 8.7 | 7.1 | 0.64 | -2.40 | 0.23 | 3.48 | 5.63 | -2.97 | 0.24 |
| **ICE BofA Developed Mkts HY Ex-Sub Fincl Index (USD Hedged)** | 6.38 | 97.5 | 6.69 | 293 | 3.7 | 3.0 | 0.67 | 0.94 | 1.76 | 7.22 | 9.33 | 4.53 | 5.84 |
| **Bloomberg Euro-Aggregate Corporates (EUR)** | 2.93 | 97.5 | 3.48 | 79 | 5.2 | 4.5 | 0.94 | -0.42 | 0.89 | 2.37 | 4.69 | 0.31 | 1.23 |
| **Bloomberg Pan-European High Yield Euro (EUR)** | 5.20 | 98.0 | 5.81 | 263 | 4.1 | 3.4 | 1.02 | 0.31 | 1.27 | 4.19 | 7.56 | 3.12 | 3.89 |

**Past performance is no guarantee of future results.** It is not possible to invest directly in an index. Source: Bloomberg, J.P. Morgan, ICE BofA Data Indices, LLC, Factset, and Leveraged Commentary & Data (LCD), as of 5/31/26. Data provided is for informational use only. See end of report for important additional information. Yield to maturity is shown for the Morningstar LSTA U.S. Leveraged Loan Index and the FTSE World Government Bond Index. S+ refers to SOFR (Secured Overnight Financing Rate) as the base rate. Loan Index spread represents the three-year discounted spread over SOFR. Returns of the ICE BofA Developed Mtks HY Ex-Sub Financial Index are USD Hedged. The averages for the index are unhedged. Returns and averages for the Bloomberg Euro-Agg Corps and Bloomberg Pan-Euro HY indices are in EUR (unhedged).

# Spread Analysis (bps)



| | Aggregate | MBS | ABS | CMBS | Corporate | Preferred | Floating-Rate Loans | Emerging Markets (USD) | High Yield |
|---|---|---|---|---|---|---|---|---|---|
| **Max Spread Date** | 3/20/2020 | 3/19/2020 | 3/26/2020 | 3/25/2020 | 3/23/2020 | 3/23/2020 | 3/20/2020 | 3/23/2020 | 3/23/2020 |
| **Min Spread Date** | 1/28/2026 | 4/14/2021 | 6/21/2021 | 6/21/2021 | 1/22/2026 | 12/6/2017 | 4/20/2018 | 5/11/2026 | 1/22/2025 |
| **Spread on 12/31/25** | 27 | 22 | 52 | 75 | 78 | 114 | 429 | 253 | 281 |
| **Spread on 12/31/24** | 34 | 43 | 44 | 80 | 80 | 77 | 424 | 325 | 292 |
| **Spread on 12/31/23** | 42 | 47 | 68 | 126 | 99 | 148 | 490 | 384 | 334 |

**Past performance is no guarantee of future results.** It is not possible to invest directly in an index. Source: Factset and Leveraged Commentary & Data (LCD) as of 5/31/26. Spread history measures past 10 years. Data provided is for informational use only. See end of report for important additional information. All fixed-income spreads are in basis points and measure option-adjusted yield spread relative to comparable maturity U.S. Treasuries using daily data. Aggregate represented by Bloomberg US Aggregate Index. MBS represented by Bloomberg U.S. Mortgage Backed Securities (MBS) Index. ABS represented by Bloomberg U.S. Asset Backed Securities (ABS) Index. CMBS represented by Bloomberg U.S. CMBS Investment Grade Index. Corporate represented by Bloomberg U.S. Corporate Investment Grade Index. Preferred represented by ICE BofA Fixed Rate Preferred Securities Index. Floating-Rate Loans represented by Morningstar LSTA U.S. Leveraged Loan Index. Loan Index spread represents the three-year discounted spread over SOFR (Secured Overnight Financing Rate). Emerging Markets(USD) represented by J.P. Morgan Emerging Markets Bond Index (EMBI) Global Diversified. High Yield represented by ICE BofA US High Yield Index.

# Corporate Bond Market Update

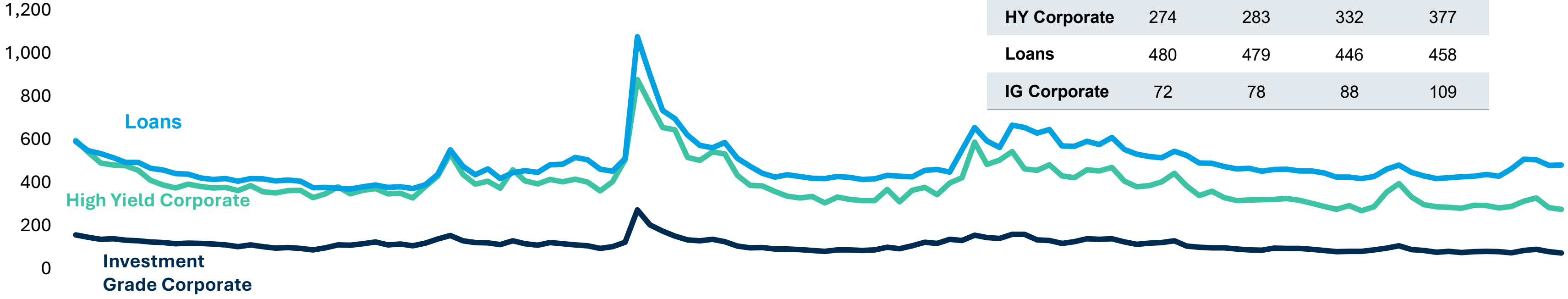
| | Averages | | | | | | Total Returns (%) | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Coupon (%) | Price ($) | Yield to Worst (%) | Spread (bps) | Maturity (yrs.) | Duration (yrs.) | 1-Mo. | 3-Mo. | YTD | 1Y | 3Y | 5Y | 10Y |
| **U.S. High Grade** | | | | | | | | | | | | | |
| **Bloomberg U.S. Corp. Investment Grade Index** | **4.54** | **94.2** | **5.13** | **72** | **10.5** | **6.8** | **0.76** | **-0.79** | **0.67** | **6.09** | **5.37** | **0.63** | **2.81** |
| AAA Index | 3.53 | 81.1 | 4.99 | 31 | 17.7 | 10.6 | 0.97 | -1.63 | 0.13 | 4.78 | 2.36 | -1.73 | 1.46 |
| AA Index | 4.17 | 91.7 | 4.96 | 47 | 13.4 | 7.9 | 0.67 | -1.27 | 0.30 | 4.88 | 3.68 | -0.61 | 1.54 |
| A Index | 4.42 | 94.2 | 5.01 | 61 | 10.1 | 6.8 | 0.65 | -0.92 | 0.50 | 5.91 | 4.96 | 0.43 | 2.41 |
| BBB Index | 4.78 | 95.0 | 5.29 | 89 | 10.1 | 6.5 | 0.88 | -0.55 | 0.92 | 6.52 | 6.09 | 1.07 | 3.40 |
| **U.S. High Yield** | | | | | | | | | | | | | |
| **ICE BofA U.S. High Yield Index** | **6.65** | **97.3** | **7.01** | **274** | **4.8** | **3.0** | **0.49** | **0.99** | **1.64** | **7.44** | **9.29** | **4.36** | **5.79** |
| BB Index | 5.99 | 98.9 | 5.93 | 164 | 5.0 | 3.2 | 0.53 | 0.60 | 1.62 | 7.29 | 8.40 | 3.91 | 5.48 |
| B Index | 7.56 | 99.7 | 7.25 | 299 | 4.6 | 2.7 | 0.69 | 1.70 | 2.13 | 8.42 | 9.27 | 4.45 | 5.64 |
| CCC Index | 7.60 | 81.1 | 13.53 | 941 | 3.8 | 2.6 | -0.48 | 0.86 | 0.01 | 4.57 | 12.58 | 5.43 | 6.97 |
| **Morningstar LSTA U.S. Leveraged Loan Index** | **S+3.13** | **95.3** | **8.09** | **480** | **4.5** | **-** | **0.51** | **2.35** | **1.24** | **5.12** | **8.33** | **6.07** | **5.49** |
| BBB Index | S+1.84 | 100.0 | 5.47 | 182 | 4.8 | - | 0.35 | 1.56 | 2.08 | 6.05 | 7.23 | 5.82 | 4.61 |
| BB Index | S+2.39 | 99.5 | 6.16 | 256 | 4.9 | - | 0.48 | 2.02 | 2.26 | 6.18 | 7.94 | 6.24 | 4.89 |
| B Index | S+3.36 | 96.4 | 8.08 | 472 | 4.6 | - | 0.59 | 2.63 | 1.09 | 5.30 | 8.89 | 6.43 | 5.83 |
| CCC Index | S+4.76 | 70.5 | 24.83 | 2071 | 3.2 | - | -0.49 | 1.47 | -3.71 | -2.56 | 5.68 | 2.59 | 5.91 |
| D Index | - | 40.7 | - | - | - | - | -3.84 | 6.32 | 8.32 | -28.91 | -21.76 | -25.95 | -18.00 |

**Past performance is no guarantee of future results.**

It is not possible to invest directly in an index. Source: Bloomberg, J.P. Morgan, ICE BofA Data Indices, LLC, Factset, and Leveraged Commentary & Data (LCD), as of 5/31/26. Data provided is for informational use only. See end of report for important additional information. Yield to maturity is shown for the Morningstar LSTA U.S. Leveraged Loan Index. S+ refers to SOFR (Secured Overnight Financing Rate) as the base rate. Loan Index spread represents the three-year discounted spread over SOFR.

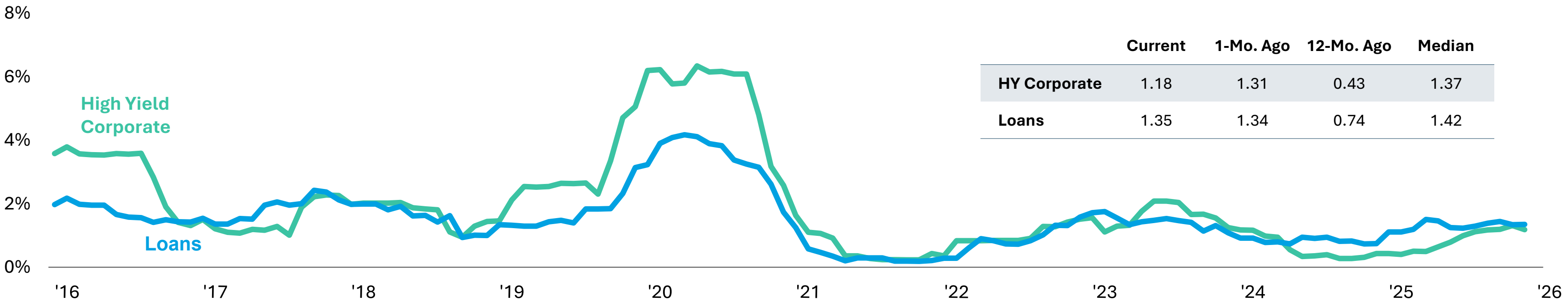
# Corporate Bond Market Update

## Average Spread (bps)



| | Current | 1-Mo. Ago | 12-Mo. Ago | Median |
|---|---|---|---|---|
| **HY Corporate** | 274 | 283 | 332 | 377 |
| **Loans** | 480 | 479 | 446 | 458 |
| **IG Corporate** | 72 | 78 | 88 | 109 |

## Annual Default Rate



| | Current | 1-Mo. Ago | 12-Mo. Ago | Median |
|---|---|---|---|---|
| **HY Corporate** | 1.18 | 1.31 | 0.43 | 1.37 |
| **Loans** | 1.35 | 1.34 | 0.74 | 1.42 |

**Past performance is no guarantee of future results.**

It is not possible to invest directly in an index. Source: J.P. Morgan and Leveraged Commentary & Data (LCD), as of 5/31/26. Data provided is for informational use only. See end of report for important additional information. Corporate spreads are in basis points and measure option-adjusted yield spread relative to comparable maturity U.S. Treasuries. Loan Index spread represents the three-year discounted spread over SOFR (Secured Overnight Financing Rate).

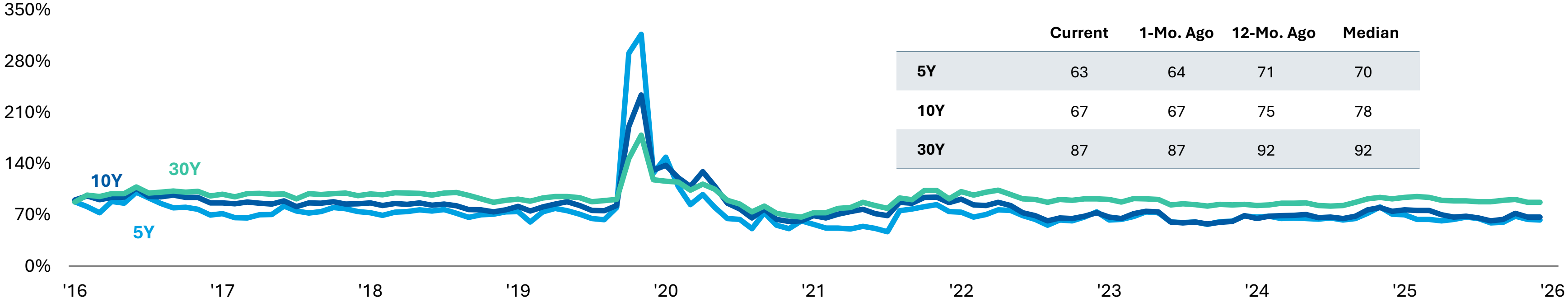
# Municipal Bond Market Update

| | Averages | | | | | Total Returns (%) | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Coupon (%) | Price ($) | Yield To Worst (%) | Maturity (yrs.) | Duration (yrs.) | 1-Mo. | 3-Mo. | YTD | 1Y | 3Y | 5Y | 10Y |
| **Bloomberg Municipal Bond Index** | **4.68** | **102.5** | **3.67** | **13.4** | **6.6** | **0.37** | **-0.84** | **1.34** | **6.67** | **3.77** | **0.92** | **2.21** |
| AAA Index | 4.63 | 103.4 | 3.53 | 13.1 | 6.9 | 0.28 | -1.06 | 1.12 | 6.45 | 3.40 | 0.70 | 1.85 |
| AA Index | 4.69 | 103.3 | 3.55 | 13.2 | 6.5 | 0.35 | -0.86 | 1.26 | 6.53 | 3.56 | 0.84 | 2.04 |
| A Index | 4.67 | 101.0 | 3.90 | 13.3 | 6.6 | 0.43 | -0.75 | 1.55 | 6.97 | 4.26 | 1.20 | 2.56 |
| BBB Index | 4.68 | 97.1 | 4.48 | 17.0 | 7.2 | 0.65 | -0.24 | 2.10 | 7.67 | 5.01 | 1.35 | 3.16 |
| 5-Year Index | 4.76 | 106.2 | 3.02 | 4.9 | 3.7 | 0.20 | -1.16 | 0.63 | 4.28 | 3.53 | 1.15 | 1.85 |
| 10-Year Index | 4.64 | 105.8 | 3.44 | 9.8 | 6.0 | 0.24 | -1.88 | 0.45 | 6.21 | 3.43 | 1.06 | 2.30 |
| 22+ Year Index | 4.78 | 97.4 | 4.56 | 26.7 | 11.0 | 0.59 | 0.02 | 2.20 | 8.17 | 3.83 | -0.20 | 2.17 |
| **Bloomberg High Yield Municipal Bond Index** | **4.75** | **66.4** | **5.53** | **19.3** | **7.2** | **0.62** | **0.05** | **2.72** | **6.21** | **6.00** | **1.78** | **4.15** |
| Hospital | 5.49 | 72.8 | 5.81 | 20.9 | 6.4 | 0.57 | 0.65 | 3.53 | 9.18 | 8.41 | 2.47 | 3.58 |
| IDR/PCR | 4.27 | 37.5 | 5.83 | 18.1 | 8.1 | 0.37 | -0.04 | 2.92 | 1.45 | 3.52 | 0.32 | 3.55 |
| Tobacco | 2.46 | 18.1 | 6.84 | 25.9 | 13.2 | 0.06 | -0.94 | 1.27 | -3.27 | 1.64 | -1.66 | 3.75 |
| Puerto Rico | 3.54 | 56.0 | 4.63 | 17.7 | 6.7 | 1.54 | 0.71 | 4.18 | 9.82 | 6.54 | 2.50 | 6.49 |

**Past performance is no guarantee of future results.**
It is not possible to invest directly in an index. Source: Bloomberg, Morningstar as of 5/31/26. Coupon and Yield To Worst figures are based on average market prices while Price is based on an average of par value. Data provided is for informational use only. See end of report for important additional information.

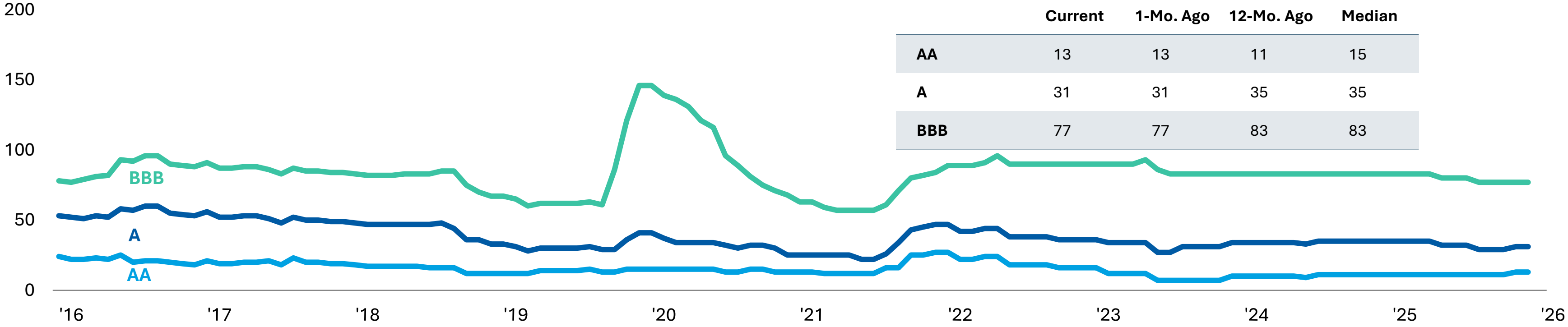
# Municipal Bond Market Update

## AAA Muni-to-Treasury Yield Ratios



| | Current | 1-Mo. Ago | 12-Mo. Ago | Median |
|---|---|---|---|---|
| **5Y** | 63 | 64 | 71 | 70 |
| **10Y** | 67 | 67 | 75 | 78 |
| **30Y** | 87 | 87 | 92 | 92 |

## Credit Quality Spreads vs. AAA (bps)



| | Current | 1-Mo. Ago | 12-Mo. Ago | Median |
|---|---|---|---|---|
| **AA** | 13 | 13 | 11 | 15 |
| **A** | 31 | 31 | 35 | 35 |
| **BBB** | 77 | 77 | 83 | 83 |

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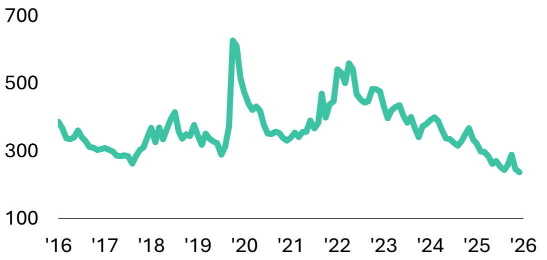
It is not possible to invest directly in an index. Source: Bloomberg as of 5/31/26. Data provided is for informational use only. See end of report for important additional information. All spreads are in basis points and measure option-adjusted yield spread relative to comparable maturity U.S. Treasuries.

# Emerging Markets Bond Market Update

## Sovereign EMD Spreads (USD)

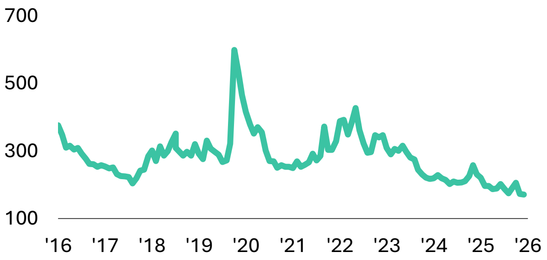
Bps



| | Avg. Spread (bps) |
|---|---|
| **Current** | 237 |
| **1-Mo. Ago** | 247 |
| **12-Mo. Ago** | 334 |
| **Median** | 353 |

## Corporate EMD Spreads (USD)

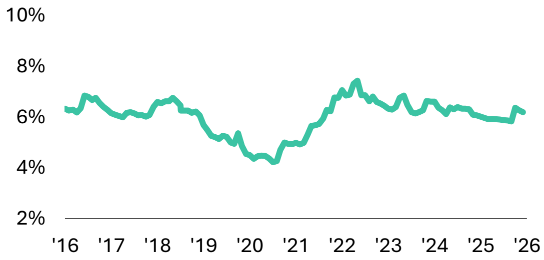
Bps



| | Avg. Spread (bps) |
|---|---|
| **Current** | 171 |
| **1-Mo. Ago** | 173 |
| **12-Mo. Ago** | 230 |
| **Median** | 277 |

## Local EMD Yields (%)

Bps



| | Avg. Yield (%) |
|---|---|
| **Current** | 6.19 |
| **1-Mo. Ago** | 6.26 |
| **12-Mo. Ago** | 6.07 |
| **Median** | 6.19 |

| | Averages | | | | Total Returns (%) | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Coupon (%)** | **Price ($)** | **Yield (%)** | **Duration** | **1-Mo.** | **3-Mo.** | **YTD** | **1Y** | **3Y** | **5Y** | **10Y** |
| **JPMorgan Emerging Markets Bond Index (EMBI) Global Diversified** | 5.76 | 93.1 | 6.91 | 6.3 | 1.00 | 0.49 | 2.58 | 13.66 | 10.87 | 2.59 | 3.99 |
| **JPMorgan Corporate Emerging Markets Bond Index (CEMBI) Broad Diversified** | 5.69 | 97.9 | 6.06 | 4.4 | 0.38 | 0.13 | 1.79 | 7.86 | 8.21 | 2.75 | 4.36 |
| **JPMorgan Government Bond Index-Emerging Markets (GBI-EM) Global Diversified** | 5.68 | – | 6.19 | 5.3 | 0.85 | -2.10 | 1.32 | 10.63 | 8.39 | 1.84 | 3.25 |

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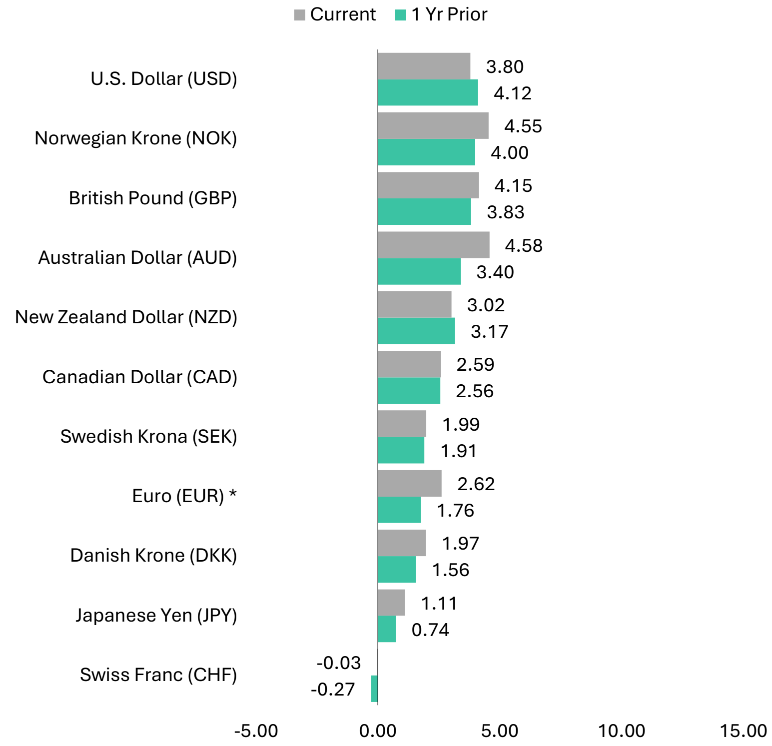
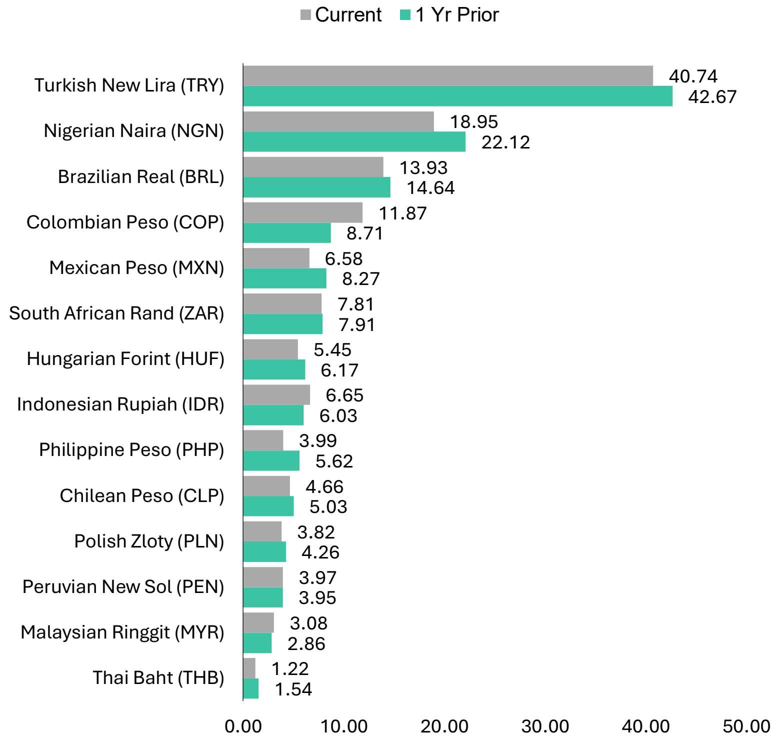
# Local Sovereign Currency Yields

## Developed Market Local Interest Rates % (1 Year)



## Emerging Market Local Interest Rates % (1 Year)



**Past performance is no guarantee of future results**.
It is not possible to invest directly in an index. *German Rate. Source: Bloomberg as 5/31/26. Data provided is for informational use only. See end of report for important additional information.

# Asset Class Return Analysis (%)

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | YTD 2026 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Higher | High Yield 17.49 | EMD (Local Currency) 15.21 | Municipal 1.28 | Investment Grade 14.54 | Global Agg Ex-U.S. 10.11 | High Yield 5.36 | Bank Loan -0.77 | High Yield 13.46 | Bank Loan 8.95 | EMD (Local Currency) 19.26 | EMD (Hard Currency) 2.58 |
| | EMD (Hard Currency) 10.19 | Global Agg Ex-U.S. 10.51 | MBS 0.99 | EMD (Hard Currency) 14.42 | Investment Grade 9.89 | Bank Loan 5.20 | Municipal -8.53 | Bank Loan 13.32 | High Yield 8.20 | EMD (Hard Currency) 14.30 | EMD (Corp. Bonds) 1.79 |
| | Bank Loan 10.16 | EMD (Hard Currency) 9.32 | Treasury 0.86 | High Yield 14.41 | Treasury 8.00 | Municipal 1.52 | High Yield -11.22 | EMD (Local Currency) 12.70 | EMD (Corp. Bonds) 7.63 | Global Agg Ex-U.S. 8.85 | High Yield 1.64 |
| | EMD (Local Currency) 9.94 | EMD (Corp. Bonds) 7.96 | Bank Loan 0.44 | EMD (Local Currency) 13.47 | EMD (Corp. Bonds) 7.13 | EMD (Corp. Bonds) 0.91 | EMD (Local Currency) -11.69 | EMD (Hard Currency) 11.09 | EMD (Hard Currency) 6.54 | EMD (Corp. Bonds) 8.73 | Municipal 1.34 |
| | EMD (Corp. Bonds) 9.65 | High Yield 7.48 | EMD (Corp. Bonds) -1.65 | EMD (Corp. Bonds) 13.09 | High Yield 6.17 | Investment Grade -1.04 | MBS -11.81 | EMD (Corp. Bonds) 9.08 | Investment Grade 2.13 | MBS 8.58 | EMD (Local Currency) 1.32 |
| | Investment Grade 6.11 | Investment Grade 6.42 | Global Agg Ex-U.S. -2.15 | Bank Loan 8.64 | EMD (Hard Currency) 5.88 | MBS -1.04 | EMD (Corp. Bonds) -12.26 | Investment Grade 8.52 | MBS 1.20 | High Yield 8.50 | Bank Loan 1.24 |
| | MBS 1.67 | Municipal 5.45 | High Yield -2.26 | Municipal 7.54 | Municipal 5.21 | EMD (Hard Currency) -1.51 | Treasury -12.46 | Municipal 6.40 | Municipal 1.05 | Investment Grade 7.77 | MBS 0.77 |
| | Global Agg Ex-U.S. 1.49 | Bank Loan 4.12 | Investment Grade -2.51 | Treasury 6.86 | MBS 3.87 | Treasury -2.32 | Investment Grade -15.76 | Global Agg Ex-U.S. 5.72 | Treasury 0.58 | Treasury 6.32 | Investment Grade 0.67 |
| | Treasury 1.04 | MBS 2.47 | EMD (Hard Currency) -4.61 | MBS 6.35 | Bank Loan 3.12 | Global Agg Ex-U.S. -7.05 | EMD (Hard Currency) -16.45 | MBS 5.05 | EMD (Local Currency) -2.38 | Bank Loan 5.90 | Global Agg Ex-U.S. 0.59 |
| Lower | Municipal 0.25 | Treasury 2.31 | EMD (Local Currency) -6.21 | Global Agg Ex-U.S. 5.09 | EMD (Local Currency) 2.69 | EMD (Local Currency) -8.75 | Global Agg Ex-U.S. -18.70 | Treasury 4.05 | Global Agg Ex-U.S. -4.22 | Municipal 4.25 | Treasury -0.00 |

**Past performance is no guarantee of future results.** It is not possible to invest directly in an index. In general, fixed income investments are subject to credit and interest rate risks. High yield investments may have a higher degree of credit and liquidity risk. Foreign securities are subject to currency, political, economic and market risks. Investors should carefully review the risks of each asset class prior to investing. Source: Morningstar as of 5/31/26. Data provided is for informational use only. See end of report for important additional information. Investment Grade represented by Bloomberg U.S. Corporate Index. MBS represented by Bloomberg U.S. Mortgage Backed Securities (MBS) Index. Treasury represented by Bloomberg U.S. Treasury Index. High Yield represented by ICE BofA US High Yield Index. Municipal represented by Bloomberg Municipal Bond Index. Bank Loan represented by Morningstar LSTA U.S. Leveraged Loan Index. Global Agg Ex-U.S. represented by Bloomberg Global Aggregate Ex-USD Index. EMD (Local Currency) represented by J.P. Morgan Government Bond Index-Emerging Markets (GBI-EM) Global Diversified. EMD (Hard Currency) represented by J.P. Morgan Emerging Markets Bond Index (EMBI) Global Diversified. EMD (Corp. Bonds) represented by J.P. Morgan Corporate Emerging Market Bond Index (CEMBI) Broad Diversified.

# Performance: Market Barometer (%)

### 1-Month Returns

| | Value | Core | Growth |
|---|---|---|---|
| **Large Cap** | 2.95 | 5.10 | 7.20 |
| **Mid Cap** | 2.32 | 2.85 | 4.75 |
| **Small Cap** | 2.79 | 4.37 | 5.84 |

| | |
|---|---|
| **Global**<br>5.16 | **U.S.**<br>5.26 |
| **International**<br>3.07 | **Emerging Markets**<br>9.69 |

### 1-Year Returns

| | Value | Core | Growth |
|---|---|---|---|
| **Large Cap** | 28.55 | 28.85 | 28.66 |
| **Mid Cap** | 27.21 | 22.37 | 7.88 |
| **Small Cap** | 44.36 | 43.08 | 41.87 |

| | |
|---|---|
| **Global**<br>30.27 | **U.S.**<br>29.78 |
| **International**<br>22.80 | **Emerging Markets**<br>54.31 |

### 3-Year Returns

| | Value | Core | Growth |
|---|---|---|---|
| **Large Cap** | 19.44 | 23.33 | 26.45 |
| **Mid Cap** | 18.60 | 18.45 | 17.46 |
| **Small Cap** | 20.22 | 20.25 | 20.22 |

| | |
|---|---|
| **Global**<br>22.30 | **U.S.**<br>23.61 |
| **International**<br>18.15 | **Emerging Markets**<br>25.15 |

■ < -20
■ -20 to -10
■ -10 to 0
■ 0 to 10
■ 10 to 20
■ > 20

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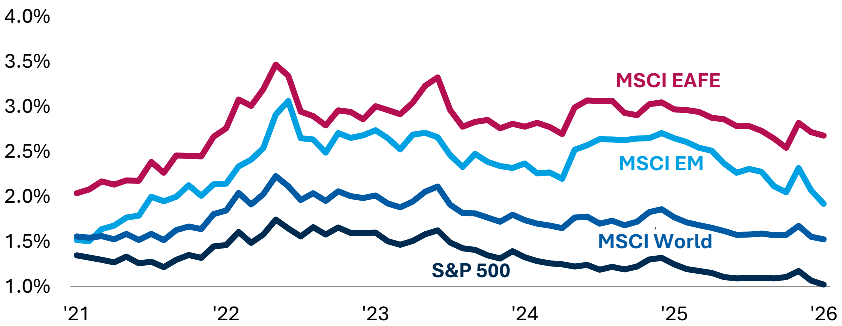
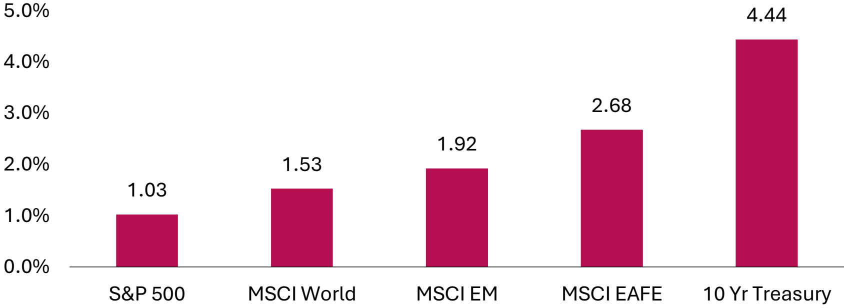
It is not possible to invest directly in an index. Source: Morningstar as of 5/31/26. Data provided is for informational use only. See end of report for important additional information. Returns over 1 year are annualized. Large Cap Value represented by Russell 1000 Value Index. Large Cap Core represented by Russell 1000 Index. Large Cap Growth represented by Russell 1000 Growth Index. Mid Cap Value represented by Russell Mid Cap Value Index. Mid Cap Core represented by Russell Mid Cap Index. Mid Cap Growth represented by Russell Mid Cap Growth Index. Small Cap Value represented by Russell 2000 Value Index. Small Cap Core represented by Russell 2000 Index. Small Cap Growth represented by Russell 2000 Growth Index. Global represented by MSCI ACWI Index. US represented by S&P 500 Index. International represented by MSCI EAFE Index. Emerging Markets represented by MSCI Emerging Markets Index.

# Dividend Yields and Volatility Analysis

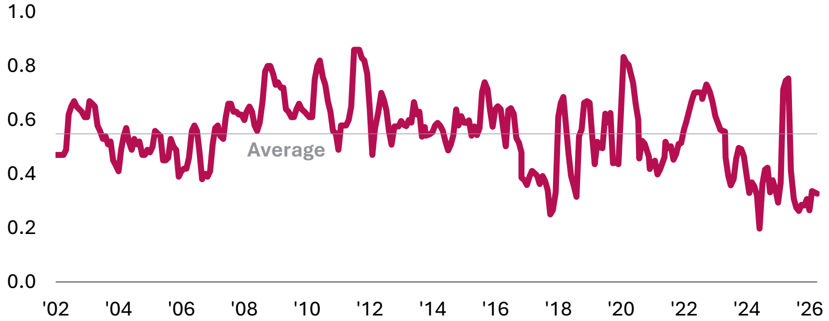
## Historical Yields



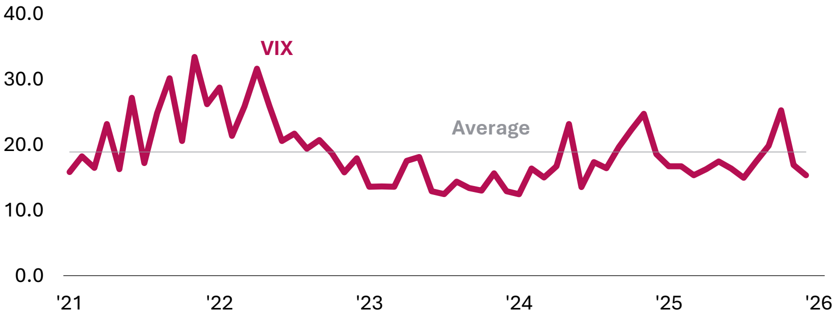
## Current Yields



## Correlation of S&P 500 Stocks



## CBOE Market Volatility Index (VIX)

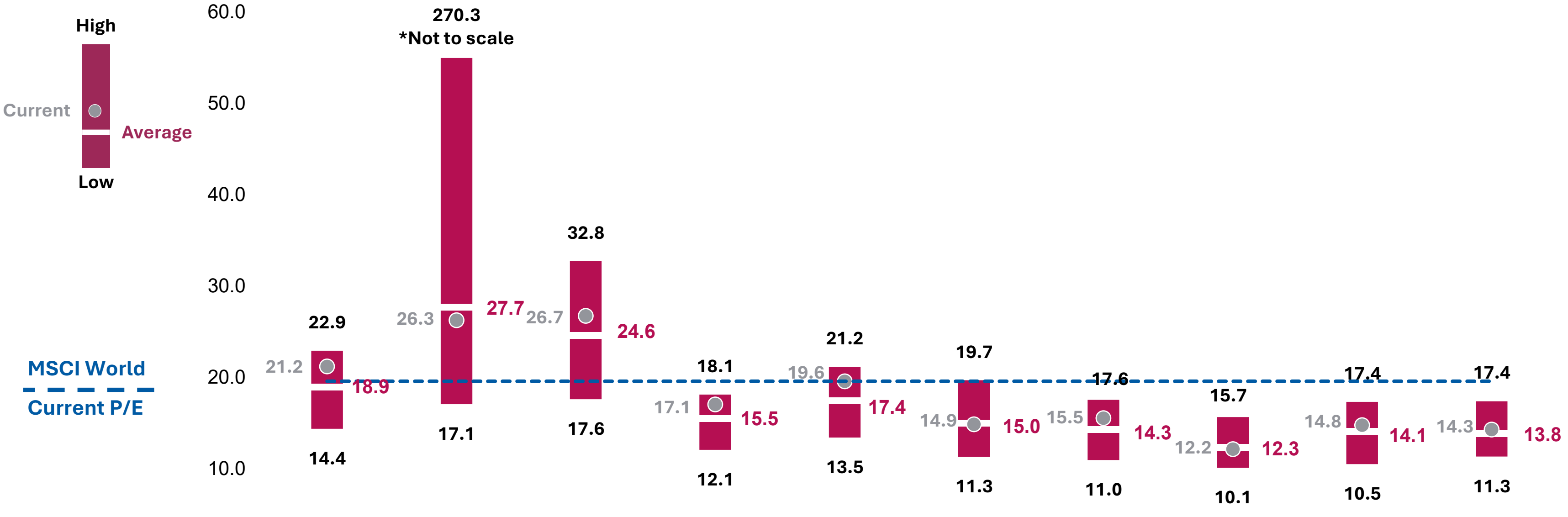


**Past performance is no guarantee of future results.**

It is not possible to invest directly in an index. Source: Morningstar as of 5/31/26. Data provided is for informational use only. See end of report for important additional information. Returns over 1 year are annualized. Large Cap Value represented by Russell 1000 Value Index. Large Cap Core represented by Russell 1000 Index. Large Cap Growth represented by Russell 1000 Growth Index. Mid Cap Value represented by Russell Mid Cap Value Index. Mid Cap Core represented by Russell Mid Cap Index. Mid Cap Growth represented by Russell Mid Cap Growth Index. Small Cap Value represented by Russell 2000 Value Index. Small Cap Core represented by Russell 2000 Index. Small Cap Growth represented by Russell 2000 Growth Index. Global represented by MSCI ACWI Index. US represented by S&P 500 Index. International represented by MSCI EAFE Index. Emerging Markets represented by MSCI Emerging Markets Index.

# Valuation Analysis

## Regions/Styles: Current NTM P/E vs. 10-Year High, Low, Average

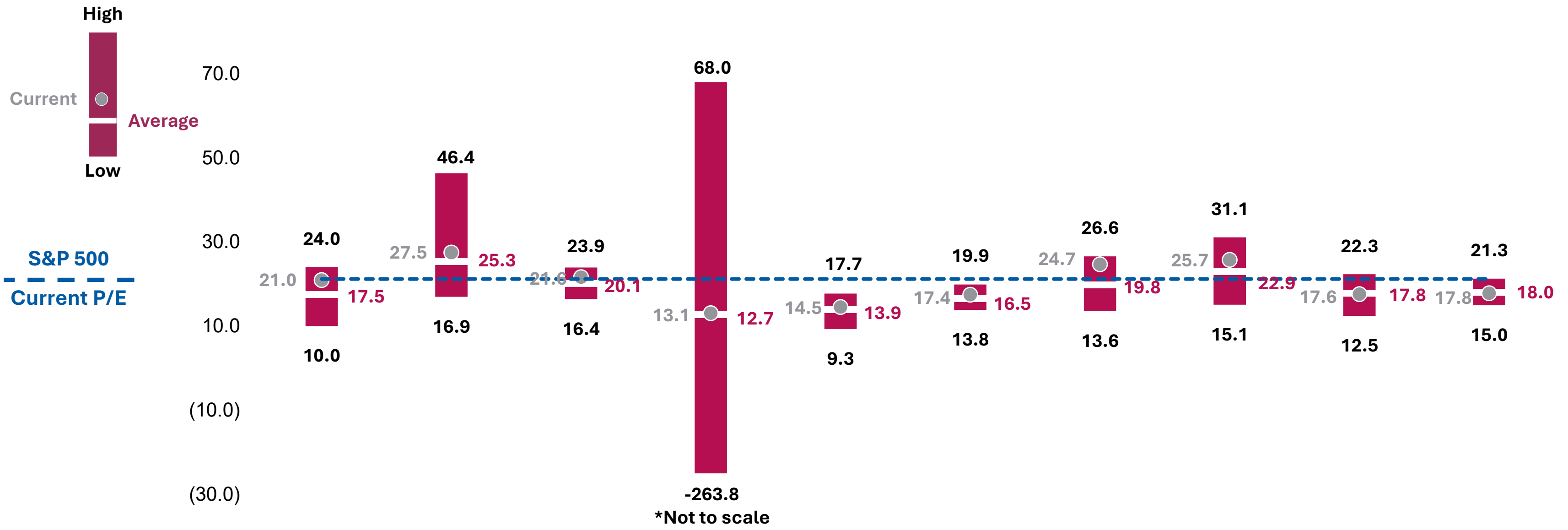


| | S&P 500 | Russell 2000 | Russell 1000 Growth | Russell 1000 Value | MSCI World | MSCI World ex USA Small Cap | MSCI EAFE | MSCI EM | MSCI Europe | MSCI AC Asia Pac |
|---|---|---|---|---|---|---|---|---|---|---|
| **High Date** | 8/20 | 6/20 | 8/20 | 3/21 | 8/20 | 8/20 | 8/20 | 1/21 | 6/20 | 1/21 |
| **Low Date** | 12/18 | 9/22 | 12/18 | 9/22 | 12/18 | 9/22 | 9/22 | 10/18 | 9/22 | 12/18 |

Source: FactSet as of 5/31/26. NTM P/E is market price per share divided by expected earnings per share over the next twelve months. Data provided is for informational use only. See end of report for important additional information. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass.

# Valuation Analysis

## S&P 500 Sectors: Current NTM P/E vs. 10-Year High, Low, Average

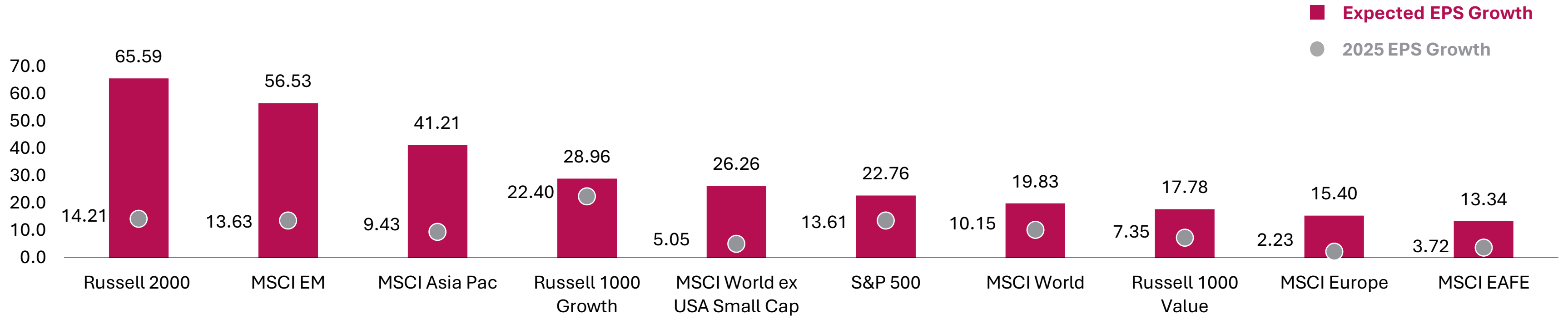


| | Communication Services | Consumer Discretionary | Consumer Staples | Energy | Financials | Health Care | Industrials | Information Technology | Materials | Utilities |
|---|---|---|---|---|---|---|---|---|---|---|
| **High Date** | 8/20 | 6/20 | 2/26 | 7/16 | 11/24 | 8/24 | 2/26 | 10/25 | 7/20 | 3/22 |
| **Low Date** | 5/18 | 6/16 | 4/18 | 7/20 | 3/20 | 3/20 | 12/18 | 12/18 | 6/22 | 9/23 |

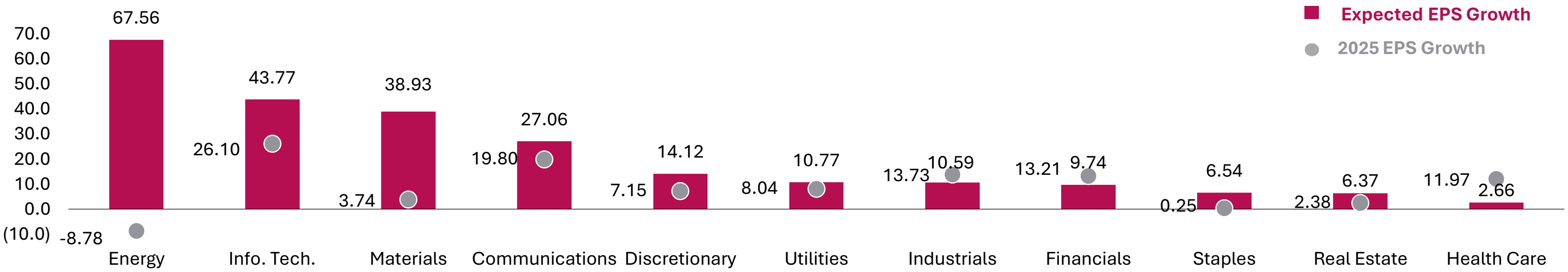
Source: FactSet as of 5/31/26. NTM P/E is market price per share divided by expected earnings per share over the next twelve months. The Real Estate sector is excluded from this 10-year chart since the sector was created on August 31, 2016. Data provided is for informational use only. See end of report for important additional information. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass.

# Corporate Earnings Growth

## Regions/Styles



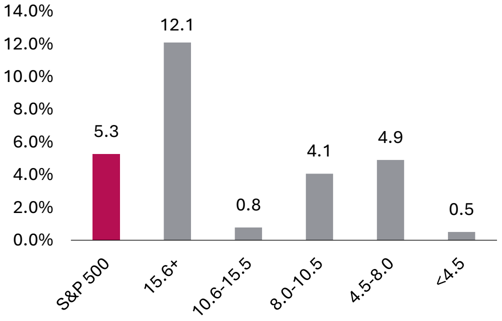
## S&P 500 Sectors



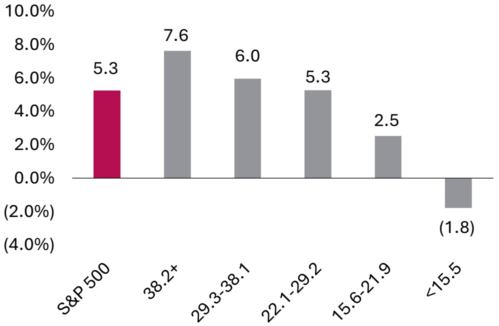
Source: FactSet as of 5/31/26. Expected EPS Growth is defined as the expected % change in the EPS growth from the beginning of the current calendar year though the end of the calendar year. 2025 EPS Growth is defined as the % change in EPS from the beginning of the year through the end of the year. Data provided is for informational use only. See end of report for important additional information. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass.

# S&P 500 Index: 1-Month Return Analysis

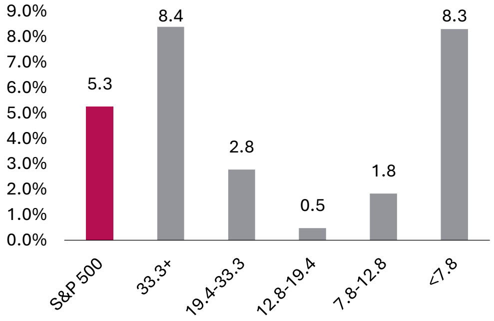
### 3-5 Year Earnings Growth



### Trailing 12 Month P/E

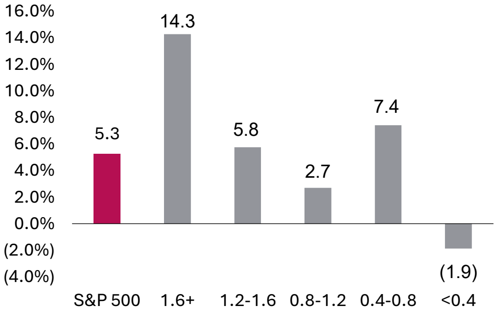


### Return On Equity

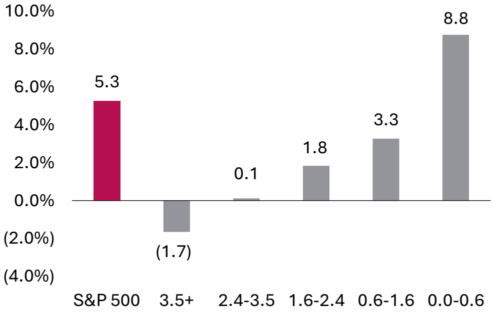


### Market Cap

### Beta



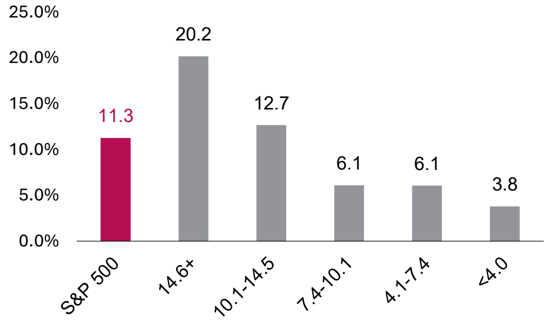
### Dividend Yield



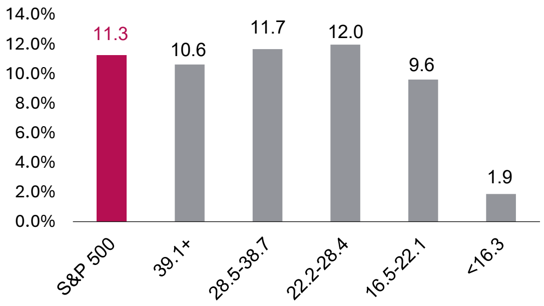
**Past performance is no guarantee of future results.**
It is not possible to invest directly in an index. Source: FactSet as of 5/31/26. Data provided is for informational use only. See end of report for important additional information.

# S&P 500 Index: YTD Analysis

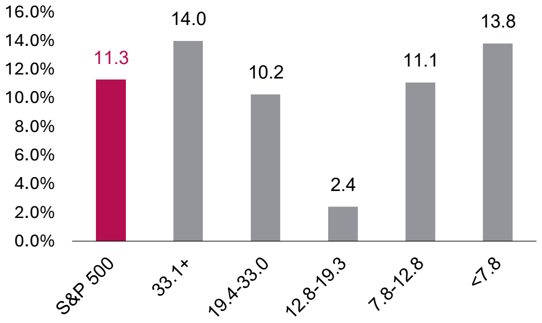
## 3-5 Year Earnings Growth



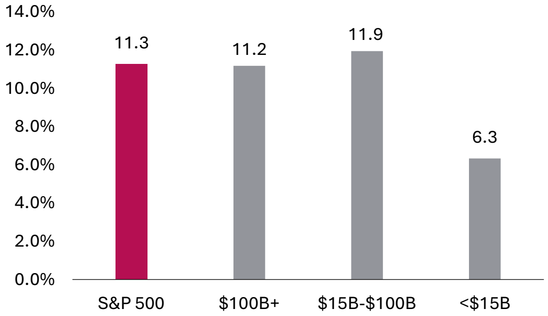
## Trailing 12 Month P/E



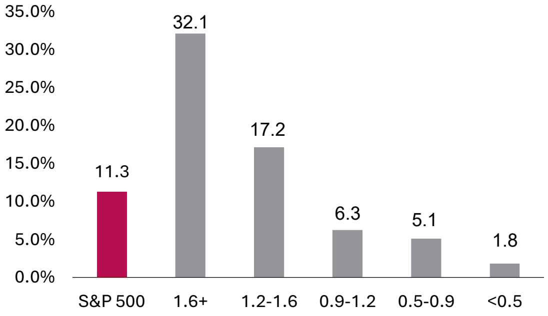
## Return On Equity



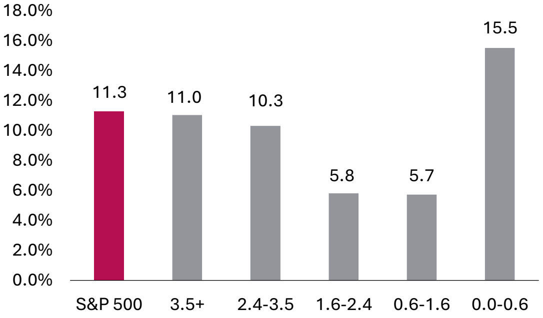
## Market Cap



## Beta



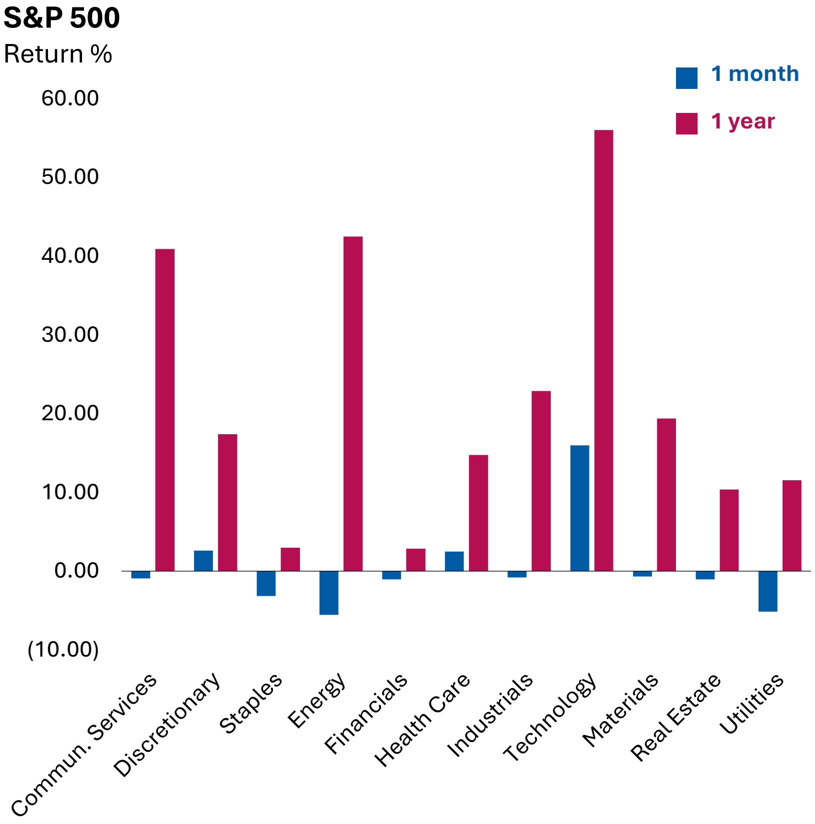
## Dividend Yield

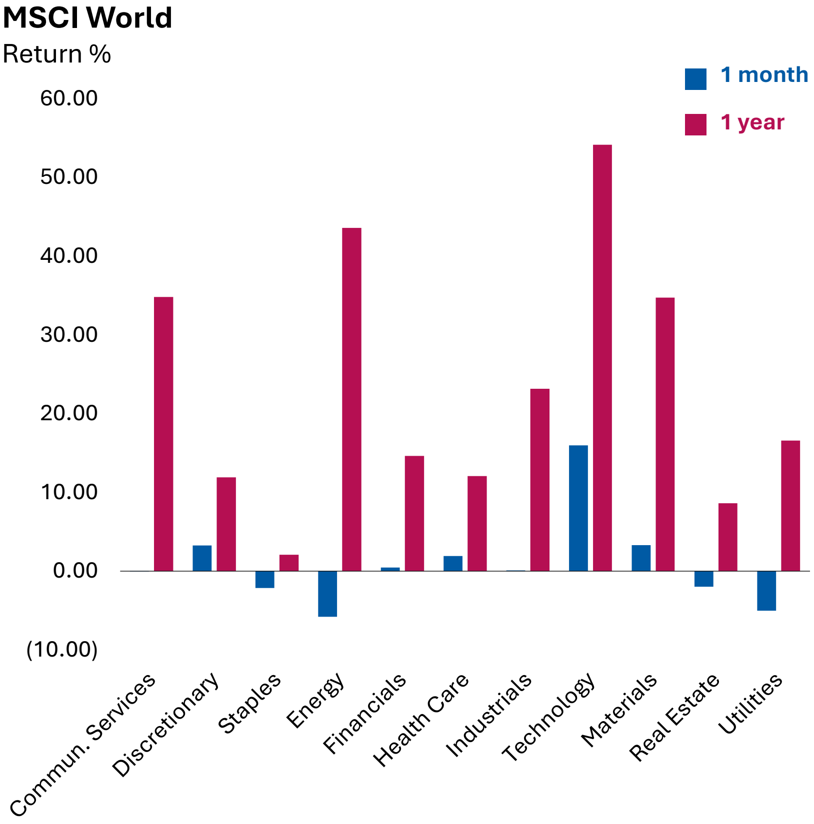


**Past performance is no guarantee of future results.**

It is not possible to invest directly in an index. Source: FactSet as of 5/31/26. Data provided is for informational use only. See end of report for important additional information.

# Index Sectors: Return Analysis

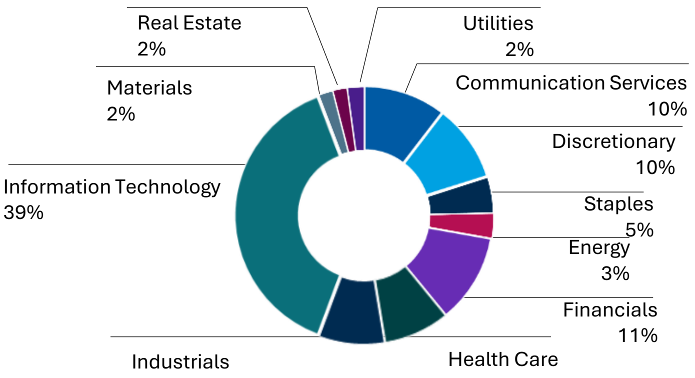




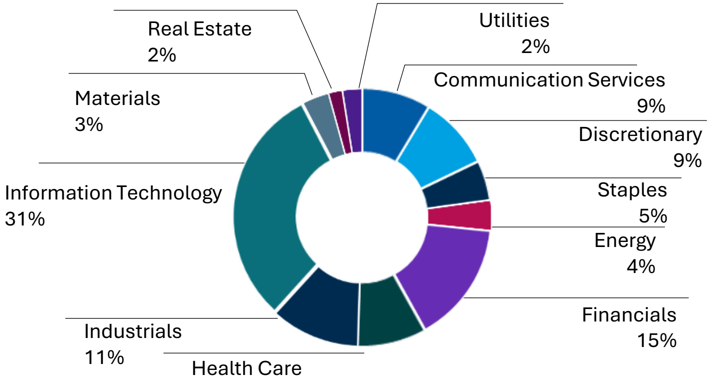
**Past performance is no guarantee of future results**.
It is not possible to invest directly in an index. Source: Morningstar as of 5/31/26. Data provided is for informational use only. See end of report for important additional information.

# Current Characteristics and Sector Weights

| | S&P 500 | R2000 | R1000G | R1000V | MSCI World | MSCI World ex USA Small Cap | MSCI EAFE | MSCI EM | MSCI Europe | MSCI Asia Pac |
|---|---|---|---|---|---|---|---|---|---|---|
| **Number of Holdings** | 503 | 1902 | 386 | 863 | 1308 | 2204 | 689 | 1205 | 403 | 1252 |
| **Maximum Market Cap** | $5,109.59B | $81.07B | $5,109.59B | $4,269.03B | $5,130.70B | $21.95B | $627.24B | $1,852.09B | $627.24B | $1,852.09B |
| **Minimum Market Cap** | $5.35B | $0.01B | $0.89B | $0.89B | $1.88B | $0.02B | $2.08B | $0.00B | $2.34B | $0.00B |
| **Dividend Yield** | 1.03 | 1.01 | 0.46 | 1.65 | 1.53 | 2.58 | 2.68 | 1.92 | 2.89 | 1.81 |
| **NTM PE** | 21.21 | 26.27 | 26.74 | 17.06 | 19.60 | 14.87 | 15.54 | 12.16 | 14.77 | 14.29 |
| **Price to Book** | 5.67 | 2.54 | 13.82 | 3.25 | 4.14 | 1.72 | 2.33 | 2.65 | 2.51 | 2.45 |
| **Price to Cash Flow** | 18.41 | 17.67 | 27.69 | 13.09 | 15.59 | 10.40 | 10.98 | 12.11 | 10.40 | 13.79 |
| **Price to Sales** | 3.60 | 1.57 | 6.25 | 2.23 | 2.85 | 1.12 | 1.76 | 2.16 | 1.73 | 2.08 |
| **Est 3-5 Yr EPS Growth** | 16.11 | 14.20 | 15.88 | 16.20 | 14.61 | 11.23 | 10.31 | 25.81 | 10.86 | 20.56 |
| **5Yr. Div Growth Rate** | 6.23 | 9.52 | 3.00 | 5.60 | 7.45 | 9.58 | 8.84 | 1.68 | 11.21 | 3.19 |



**S&P 500**



**MSCI World**

Source: FactSet as of 5/31/26. Data provided is for informational use only. See end of report for important additional information. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass.

# Asset Class Return Analysis (%)

| | | 1-Mo. | 3-Mo. | YTD | 1Y | 3Y | 5Y | 10Y | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **U.S. Equities** | S&P 500 | 5.26 | 10.52 | 11.27 | 29.78 | 23.61 | 14.15 | 15.65 | 17.88 | 25.02 | 26.29 | -18.11 | 28.71 |
| | Russell 1000 Defensive | 1.85 | 3.30 | 4.96 | 16.93 | 16.11 | 10.07 | 12.81 | 12.28 | 18.55 | 20.23 | -16.43 | 26.93 |
| | Russell 1000 Dynamic | 7.96 | 16.18 | 16.33 | 40.56 | 30.54 | 16.39 | 17.70 | 22.31 | 30.63 | 33.34 | -21.94 | 25.57 |
| | Russell 2500 | 4.36 | 10.04 | 18.36 | 37.96 | 20.22 | 7.77 | 11.84 | 11.91 | 12.00 | 17.42 | -18.37 | 18.18 |
| | Russell 1000 Growth | 7.20 | 13.71 | 8.23 | 28.66 | 26.45 | 15.73 | 18.86 | 18.56 | 33.36 | 42.68 | -29.14 | 27.60 |
| | Russell 1000 Value | 2.95 | 5.97 | 13.68 | 28.55 | 19.44 | 10.42 | 11.37 | 15.91 | 14.37 | 11.46 | -7.54 | 25.16 |
| | Russell Mid Cap | 2.85 | 4.52 | 11.82 | 22.37 | 18.45 | 8.15 | 11.71 | 10.60 | 15.34 | 17.23 | -17.32 | 22.58 |
| | Russell 2000 | 4.37 | 11.26 | 18.15 | 43.08 | 20.25 | 6.61 | 11.21 | 12.81 | 11.54 | 16.93 | -20.44 | 14.82 |
| | CBOE S&P 500 BuyWrite BXM | 2.09 | 2.89 | 5.01 | 18.90 | 12.40 | 8.59 | 7.70 | 8.91 | 20.12 | 11.82 | -11.37 | 20.47 |
| **Global Equities** | MSCI World | 4.55 | 7.28 | 10.49 | 27.49 | 21.89 | 11.96 | 13.09 | 21.09 | 18.67 | 23.79 | -18.14 | 21.82 |
| | MSCI EAFE | 3.07 | -0.65 | 9.37 | 22.80 | 18.15 | 8.79 | 9.28 | 31.22 | 3.82 | 18.24 | -14.45 | 11.26 |
| | MSCI EM | 9.69 | 9.39 | 25.61 | 54.31 | 25.15 | 7.54 | 10.66 | 33.57 | 7.50 | 9.83 | -20.09 | -2.54 |
| | MSCI AC Asia Pac | 8.52 | 6.92 | 22.87 | 44.87 | 23.22 | 8.26 | 10.47 | 28.00 | 9.56 | 11.45 | -17.22 | -1.46 |
| | MSCI ACWI | 5.16 | 7.54 | 12.15 | 30.27 | 22.30 | 11.45 | 12.81 | 22.34 | 17.49 | 22.20 | -18.36 | 18.54 |
| | MSCI Europe | 2.63 | -0.98 | 6.81 | 19.96 | 17.65 | 8.99 | 9.32 | 35.41 | 1.79 | 19.89 | -15.06 | 16.30 |
| | MSCI World Small Cap | 3.79 | 4.50 | 14.75 | 34.12 | 19.36 | 7.16 | 10.47 | 19.88 | 8.15 | 15.76 | -18.76 | 15.75 |
| | MSCI World Ex USA Small Cap | 3.95 | 0.09 | 12.27 | 30.29 | 19.38 | 6.60 | 8.89 | 34.07 | 2.76 | 12.62 | -20.59 | 11.14 |
| | FTSE 100 | -0.07 | -3.08 | 6.80 | 22.46 | 19.24 | 11.06 | 8.50 | 35.13 | 7.73 | 14.38 | -7.01 | 17.36 |
| | FTSE All Small | 2.93 | -0.31 | 6.80 | 18.24 | 16.20 | 4.24 | 8.22 | 23.25 | 8.62 | 12.57 | -23.06 | 22.15 |
| | STOXX Europe 600 | 2.49 | -0.92 | 6.78 | 20.17 | 17.93 | 8.78 | 9.35 | 35.87 | 1.97 | 19.87 | -16.14 | 16.09 |
| | Nikkei 225 Average | 10.14 | 11.14 | 30.02 | 60.61 | 25.35 | 11.29 | 12.09 | 28.96 | 8.45 | 22.05 | -19.49 | -4.69 |
| **Sectors** | S&P 500 Comm. Services | -0.91 | 8.91 | 9.31 | 40.93 | 33.92 | 14.88 | 13.58 | 33.55 | 40.23 | 55.80 | -39.89 | 21.57 |
| | S&P 500 Cons Disc | 2.61 | 8.17 | 4.11 | 17.41 | 19.89 | 8.58 | 13.44 | 6.04 | 30.14 | 42.41 | -37.03 | 24.43 |
| | S&P 500 Cons Staples | -3.17 | -7.54 | 7.49 | 2.98 | 9.54 | 7.64 | 8.41 | 3.90 | 14.87 | 0.52 | -0.62 | 18.63 |
| | S&P 500 Energy | -5.56 | 0.65 | 26.04 | 42.50 | 17.27 | 21.34 | 9.57 | 8.68 | 5.72 | -1.33 | 65.72 | 54.64 |
| | S&P 500 Financials | -1.06 | 0.76 | -5.32 | 2.88 | 19.59 | 8.26 | 12.54 | 15.02 | 30.56 | 12.15 | -10.53 | 35.04 |
| | S&P 500 Health Care | 2.48 | -6.26 | -2.96 | 14.76 | 7.24 | 5.67 | 9.64 | 14.60 | 2.58 | 2.06 | -1.95 | 26.13 |
| | S&P 500 Industrials | -0.81 | -1.98 | 11.99 | 22.89 | 23.30 | 12.29 | 13.70 | 19.42 | 17.47 | 18.13 | -5.48 | 21.12 |
| | S&P 500 Info Tech | 15.99 | 31.04 | 23.81 | 56.03 | 35.22 | 24.64 | 26.67 | 24.04 | 36.61 | 57.84 | -28.19 | 34.53 |
| | S&P 500 Materials | -0.66 | -4.99 | 11.94 | 19.41 | 12.79 | 5.15 | 10.27 | 10.54 | -0.04 | 12.55 | -12.27 | 27.28 |
| | S&P 500 Real Estate | -1.05 | 1.10 | 10.59 | 10.38 | 11.12 | 4.04 | 7.10 | 3.15 | 5.23 | 12.36 | -26.13 | 46.19 |
| | S&P 500 Utilities | -5.14 | -6.27 | 4.84 | 11.55 | 14.57 | 9.77 | 9.64 | 16.04 | 23.43 | -7.08 | 1.57 | 17.67 |

**Past performance is no guarantee of future results.** It is not possible to invest directly in an index. Source: Morningstar as of 5/31/26. Data provided is for informational use only. Results in US Dollar. See end of report for additional information.

# Asset Class Return Analysis (%)

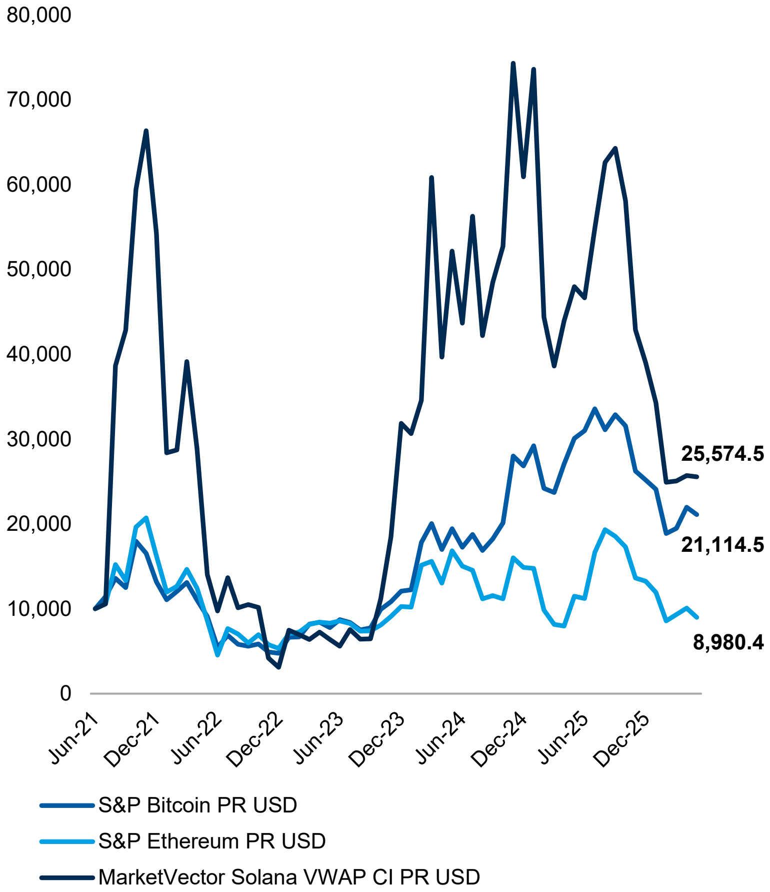
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | YTD 2026 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Higher** | Small-Cap<br>**21.31** | Emerging Markets<br>**37.28** | Growth<br>**-1.51** | Growth<br>**36.39** | Growth<br>**38.49** | S&P 500<br>**28.71** | Value<br>**-7.54** | Growth<br>**42.68** | Growth<br>**33.36** | International Small-Cap<br>**34.07** | Emerging Markets<br>**25.61** |
| | Value<br>**17.34** | International Small-Cap<br>**31.04** | S&P 500<br>**-4.38** | S&P 500<br>**31.49** | Small-Cap<br>**19.96** | Growth<br>**27.60** | International<br>**-14.45** | S&P 500<br>**26.29** | S&P 500<br>**25.02** | Emerging Markets<br>**33.57** | Small-Cap<br>**18.15** |
| | Mid-Cap<br>**13.80** | Growth<br>**30.21** | Value<br>**-8.27** | Mid-Cap<br>**30.54** | S&P 500<br>**18.40** | Value<br>**25.16** | Mid-Cap<br>**-17.32** | Global<br>**22.20** | Global<br>**17.49** | International<br>**31.22** | Value<br>**13.68** |
| | S&P 500<br>**11.96** | International<br>**25.03** | Mid-Cap<br>**-9.06** | Global<br>**26.60** | Emerging Markets<br>**18.31** | Mid-Cap<br>**22.58** | S&P 500<br>**-18.11** | International<br>**18.24** | Mid-Cap<br>**15.34** | Global<br>**22.34** | International Small-Cap<br>**12.27** |
| | Emerging Markets<br>**11.19** | Global<br>**23.97** | Global<br>**-9.42** | Value<br>**26.54** | Mid-Cap<br>**17.10** | Global<br>**18.54** | Global<br>**-18.36** | Mid-Cap<br>**17.23** | Value<br>**14.37** | Growth<br>**18.56** | Global<br>**12.15** |
| | Global<br>**7.86** | S&P 500<br>**21.83** | Small-Cap<br>**-11.01** | Small-Cap<br>**25.52** | Global<br>**16.25** | Small-Cap<br>**14.82** | Emerging Markets<br>**-20.09** | Small-Cap<br>**16.93** | Small-Cap<br>**11.54** | S&P 500<br>**17.88** | Mid-Cap<br>**11.82** |
| | Growth<br>**7.08** | Mid-Cap<br>**18.52** | International<br>**-13.79** | International Small-Cap<br>**25.41** | International Small-Cap<br>**12.78** | International<br>**11.26** | Small-Cap<br>**-20.44** | International Small-Cap<br>**12.62** | Emerging Markets<br>**7.50** | Value<br>**15.91** | S&P 500<br>**11.27** |
| | International Small-Cap<br>**4.32** | Small-Cap<br>**14.65** | Emerging Markets<br>**-14.58** | International<br>**22.01** | International<br>**7.82** | International Small-Cap<br>**11.14** | International Small-Cap<br>**-20.59** | Value<br>**11.46** | International<br>**3.82** | Small-Cap<br>**12.81** | International<br>**9.37** |
| **Lower** | International<br>**1.00** | Value<br>**13.66** | International Small-Cap<br>**-18.07** | Emerging Markets<br>**18.42** | Value<br>**2.80** | Emerging Markets<br>**-2.54** | Growth<br>**-29.14** | Emerging Markets<br>**9.83** | International Small-Cap<br>**2.76** | Mid-Cap<br>**10.60** | Growth<br>**8.23** |

**Past performance is no guarantee of future results.**

It is not possible to invest directly in an index. In general, Foreign securities are subject to currency, political, economic and market risks. The risks of investing in emerging market countries are greater than investments in foreign developed countries. Investors should carefully review the risks of each asset class prior to investing. Source: Morningstar as of 5/31/26. Data provided is for informational use only. See end of report for important additional information. Small-Cap represented by Russell 2000 Index. Emerging Markets represented by MSCI Emerging Markets Index. Value represented by Russell 1000 Value Index. Mid-Cap represented by Russell Midcap Index. Global represented by MSCI ACWI Index. Growth represented by Russell 1000 Growth Index. International represented by MSCI EAFE Index. International Small-Cap represented by MSCI World Ex USA Small Cap Index.

# Digital Assets

### Growth of $10K Investment



### Correlation Table

| | S&P 500 | NASDAQ | GOLD | DXY | U.S. AGG | BITCOIN |
|---|---|---|---|---|---|---|
| **S&P 500** | 1.00 | 0.92 | 0.30 | -0.38 | 0.39 | 0.32 |
| **NASDAQ** | 0.93 | 1.00 | 0.21 | -0.33 | 0.40 | 0.31 |
| **GOLD** | 0.29 | 0.18 | 1.00 | -0.52 | 0.41 | 0.12 |
| **DXY** | -0.43 | -0.32 | -0.58 | 1.00 | -0.54 | -0.13 |
| **U.S. AGG** | 0.62 | 0.57 | 0.45 | -0.67 | 1.00 | 0.16 |
| **BITCOIN** | 0.52 | 0.52 | 0.13 | -0.16 | 0.20 | 1.00 |

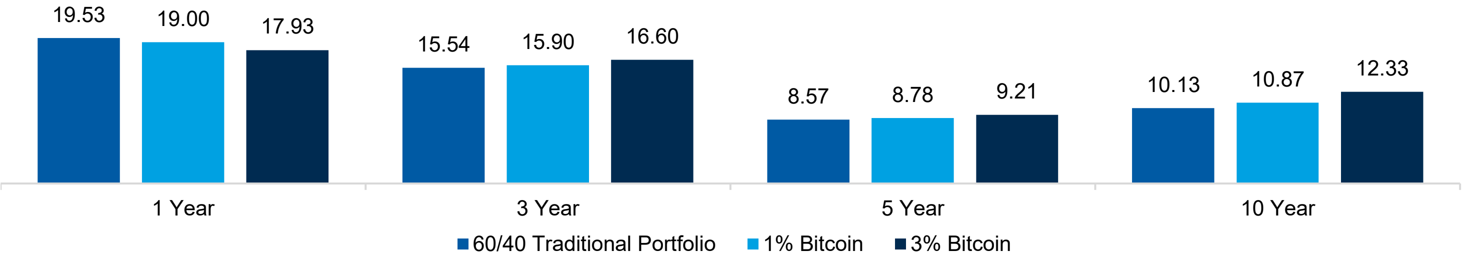
■ 5 Years ended May 31, 2026 ■ From 01 Jan 2016 to 31 May 2026

**Past performance is no guarantee of future results.**

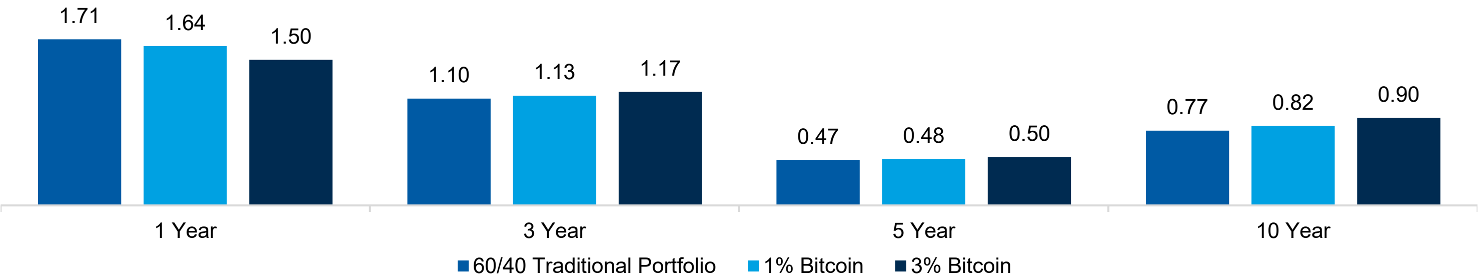
It is not possible to invest directly in an index. Source: Morningstar as of 05/31/2026. Historical Asset Performance shown for 10K Growth for S&P Bitcoin, S&P Ethereum and Marketvector Solana market indexes from Common Inception (7/1/2021) to (5/31/2026). The right table above shows the return correlation between various asset classes (represented by market indices as defined in this disclosure) over the past five and from Jan 2016 until present. Data provided is for informational use only. See end of report for important additional information. S&P 500 is represented by the S&P 500 Index. Nasdaq is represented by Nasdaq Index. Gold is represented by PHLX Gold & Silver Index. DXY represented by US Dollar Index. US Aggregate is represented by the Bloomberg US Aggregate Bond Index. Bitcoin is represented by S&P Bitcoin Index.

# Digital Assets: Small Allocations Can Impact Portfolios

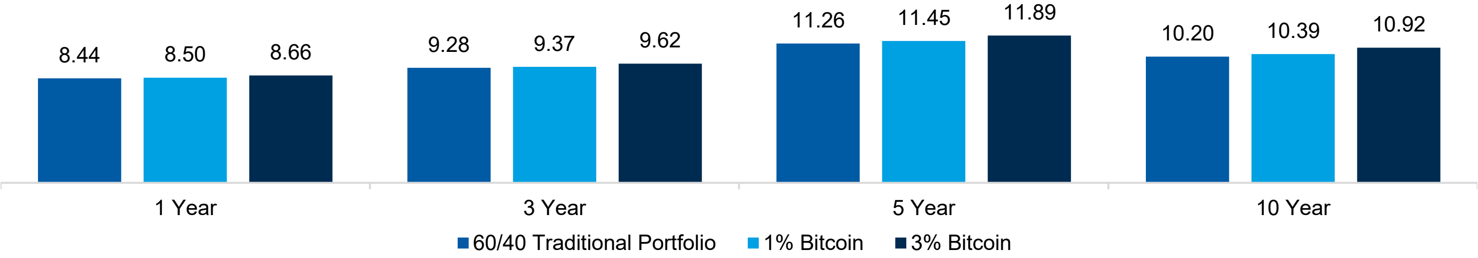
**RETURN**



**SHARPE RATIO**



**VOLATILITY**



Source: Morningstar May 31, 2026. Performance shown is hypothetical and the portfolio analysis for the relevant time assumes all allocations were held in the same weights shown. Index performance does not reflect any management fees or expenses. Indexes are not managed and one cannot invest directly in index. 60/40 Portfolio consists of 60% allocation to S&P 500 and 40% allocation to Bloomberg U.S. Aggregate Bond Index. Bitcoin exposure was added to the hypotheticals by proportionally reducing allocations to each index. **Past performance is no guarantee of future results.**

# Portfolio Solutions Group

The Portfolio Solutions Group is a comprehensive multi-asset business with activity across all asset strategies and type, both traditional and alternative, through solutions that span fully liquid (public assets), comprehensive (public and private assets) and fully private portfolios. Offerings are delivered by a managed portfolio or model, in discretionary or advisory format.

The team's expertise lies in partnering with institutional, intermediary and high net worth investors to understand their unique needs and crafting solutions to help them achieve their overall investment objectives.

.

**JIM CARON**

*Chief Investment Officer*
*Managing Director*

**MARK BAVOSO**

*Managing Director*

**GREG WATERMAN**

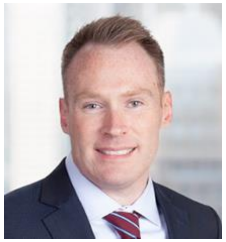
*Executive Director*

**EDWARD RIGUARDI**

*Executive Director*

**ERIC ZHANG**

*Executive Director*



**SCHUYLER HOOPER**

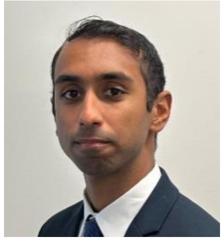
*Executive Director*

**UMAR MALIK**

*Vice President*

**CHRIS CHIA**

*Vice President*



**SACHIN RAGHAVAN**

*Associate*

**SILVIA MARE**

*Analyst*

# Asset Allocation Committee

The Asset Allocation Committee is an independent group of senior investment professionals across various disciplines within MSIM and Eaton Vance. The Portfolio Solutions Group presents multisector research and investment ideas to the Committee, which is responsible for vetting and challenging these ideas to insure they meet their rigorous standards and can then be included in representative asset allocation recommendations.

**MARK BAVOSO**
*Senior Portfolio Manager, Portfolio Solutions Group*

**JUSTIN BOURGETTE, CFA**
*Portfolio Manager*
*Head of Investment Strategy for the High Yield Team*

**CRAIG BRANDON, CFA**
*Portfolio Manager*
*Co-Head of the Municipals Team*

**JIM CARON**
*Chief Investment Officer, Portfolio Solutions Group*

**GREG FINCK**
*Portfolio Manager*
*Co-Head of the Mortgage and Securitized Team*

**BRAD GODFREY, CFA**
*Co-Head of the Emerging Markets Team*

**KATIE HERR**
*Head of Fixed Income Product Strategy*

**LAUREN HOCHFELDER**
*Co-Chief Executive Officer of MSREI*
*Head of MSREI Americas*

**JITANIA KANDHARI**
*Deputy CIO, Solutions & Multi Asset Group;*
*Head of Macro & Thematic Research,*
*Emerging Markets; Portfolio Manager*

**VISHAL KHANDUJA, CFA**
*Portfolio Manager*
*Head of the Broad Markets Fixed Income Team*

**KYLE LEE, CFA**
*Portfolio Manager*
*Co-Head of the Emerging Markets Team*

**CHRIS MORAHAN, CFA**
*Head of Equity*
*Product & Portfolio Strategy*

**SCOTT R. NORBY**
*Private Credit and Equity*

**NISHA PATEL, CFA**
*Senior Portfolio Manager*
*Head of Fixed Income SMA Management, Parametric*

**ANDREW SLIMMON**
*Senior Portfolio Manager*
*Head of Applied Equity Advisors*

**ANDREW SZCZUROWSKI, CFA**
*Portfolio Manager*
*Co-Head of the Mortgage and Securitized Team*

**STEVEN TURNER, CFA**
*Head of Investment Selection,*
*Portfolio Solutions Group*

**MARK VAN DER ZWAN, CFA**
*Chief Investment Officer and Head of the AIP Hedge Fund Team*

# Index Definitions

The **Bloomberg Capital Expenditure Index measures capital expenditure in the U.S.**

**Bloomberg Commodity Index** is a broadly diversified index tracking futures contracts on physical commodities.

The **Bloomberg ECO Labor Market Surprise Index** measures economic data releases on the labor market compared to market expectations.

**Bloomberg Euro-Aggregate Corporates Index** consists of bonds issued in the euro or the legacy currencies of the 16 sovereign countries participating in the European Monetary Union (EMU)

**Bloomberg Global Aggregate Ex-USD Index** is a broad-based measure of global Investment Grade fixed-rate debt investments, excluding USD-denominated debt.

**Bloomberg High Yield Municipal Bond Index** is an unmanaged index of non-Investment Grade Municipal bonds traded in the U.S.

**Bloomberg Magnificent 7 Index** is an equal-dollar weighted equity benchmark consisting of Alphabet, Amazon, Apple, Microsoft, Meta, Nvidia and Tesla.

**Bloomberg Municipal Bond Index** is an unmanaged index of Municipal bonds traded in the U.S.

**Bloomberg Pan-European High Yield Index** covers the universe of fixed-rate, sub-investment-grade debt denominated in euros or other European currencies (except Swiss francs).

**Bloomberg Taxable Municipal Bond Index** is an unmanaged index of Taxable Municipal bonds traded in the U.S.

**Bloomberg U.S. Agency Index** measures agency securities issued by U.S government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. government.

**Bloomberg U.S. Aggregate Index** is an unmanaged index of domestic investment-grade bonds, including corporate, government and mortgage-backed securities.

**Bloomberg U.S. Asset Backed Securities (ABS) Index** measures ABS with the following collateral type: credit and charge card, auto, and utility loans.

**Bloomberg U.S. CMBS Index** measures the market of conduit and fusion CMBS deals with a minimum current deal size of $300mn.

**Bloomberg U.S. Corporate Investment Grade Index** is an unmanaged index that measures the performance of investment-grade corporate securities within the Barclays U.S. Aggregate Index.

**Bloomberg U.S. Mortgage-Backed Securities (MBS) Index** measures agency mortgage-backed pass-through securities issued by GNMA, FNMA, and FHLMC.

**Bloomberg U.S. Treasury Index** measures public debt instruments issued by the U.S. Treasury.

**CBOE Volatility Index (VIX)** tracks the implied volatilities of a wide range of S&P 500 Index options.

**CBOE S&P 500 BuyWrite Index** measures the performance of a hypothetical buy-write strategy on the S&P 500 Index.

**Citigroup Eurozone Economic Surprise Index** represents the sum of the difference between official economic results and forecasts in Europe.

**Citigroup U.S. Economic Surprise Index** represents the sum of the difference between official economic results and forecasts in the U.S.

**The DAX** consists of the 40 major German blue chip companies trading on the Frankfurt Stock Exchange.

**ICE BofA US Inflation-Linked Treasury Index** tracks the performance of USD denominated inflation linked sovereign debt publicly issued by the US government.

**ICE BofA Fixed Rate Preferred Securities Index** is an unmanaged index of fixed-rate, preferred securities issued in the U.S.

**ICE BofA European Union Government Bond Index** tracks the performance of sovereign debt publicly issued by countries that are members of the European Union.

**ICE BofA U.S. High Yield Index** is an unmanaged index of below-investment grade U.S. corporate bonds.

**ICE BofA Developed Markets High Yield Ex-Subordinated Financial Index (Hedged)** is an unmanaged index of global developed market below investment grade corporate bonds, USD hedged.

**FTSE 100 Index** is an unmanaged market-capitalization weighted index representing the performance of the 100 largest UK listed blue chip companies, which pass screening for size and liquidity.

**FTSE All Small Index** consists of all the companies in the FTSE SmallCap and FTSE Fledgling indices.

**FTSE World Government Bond Index (WGBI)** measures the performance of fixed-rate, local currency, investment-grade sovereign bonds.

**J.P. Morgan Corporate Emerging Markets Bond Index (CEMBI) Broad Diversified** is an unmanaged index of USD-denominated emerging market corporate bonds.

**J.P. Morgan Emerging Markets Bond Index (EMBI) Global Diversified** is an unmanaged index of USD-denominated bonds with maturities of more than one year issued by emerging markets governments.

**J.P. Morgan Government Bond Index-Emerging Markets (GBI-EM) Global Diversified** is an unmanaged index of local-currency bonds with maturities of more than one year issued by emerging market governments.

**The MDAX** lists German companies trading on the Frankfurt Stock Exchange. It includes the 50 Prime Standard shares that rank in size immediately below the companies included in the DAX index.

**Morgan Stanley Capital International (MSCI) Emerging Markets Index** is an unmanaged index of emerging markets common stocks

**MSCI EMU Index (European Economic and Monetary Union)** captures large and mid cap representation across the 10 Developed Markets countries in the EMU. With 229 constituents, the index covers approximately 85% of the free float-adjusted market capitalization of the EMU.

**Morgan Stanley Capital International All Country Asia Pacific Index (MSCI AC Asia Pac)** is an unmanaged total return, capitalization-weighted index that measures the performance of stock markets in 15 Pacific region countries, including Australia, China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, New Zealand, Pakistan, the Philippines, Singapore, Sri Lanka, Taiwan and Thailand.

**Morgan Stanley Capital International (MSCI) Japan Index** is an unmanaged index designed to measure the performance of the large and mid cap segments of the Japan market.

**Morgan Stanley Capital International (MSCI) World Index** is an unmanaged index of equity securities in the developed markets.

**Morgan Stanley Capital International (MSCI) World ex USA Small Cap Index** is an unmanaged index of small-cap equity securities in the developed markets, excluding the United States.

**Morgan Stanley Capital International All Country World (MSCI AC World) Index** is an unmanaged free float-adjusted market-capitalization-weighted index designed to measure the equity market performance of developed and emerging markets.

**Morgan Stanley Capital International Europe (MSCI Europe) Index** is an unmanaged free float-adjusted market-capitalization-weighted index designed to measure the equity market performance of the developed markets in Europe.

**Morgan Stanley Capital International Europe, Australasia, Far East (MSCI EAFE) Index** is an unmanaged index of equities in the developed markets, excluding the U.S. and Canada.

**MSCI USA Index** is designed to measure the performance of the large and mid cap segments of the US market. With 625 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in the US.

**MSCI China** captures large and mid-cap representation across China A-shares, B-shares, H-shares, Red-chips and P-chips. It reflects the Mainland China and Hong Kong opportunity set from an international investor's perspective.

The **MSCI India Index** is designed to measure the performance of the large and mid cap segments of the Indian market.

# Index Definitions, Terms and About Risk

The **MSCI World Index** is a free float adjusted market capitalization weighted index that is designed to measure the global equity market performance of developed markets. The term "free float" represents the portion of shares outstanding that are deemed to be available for purchase in the public equity markets by investors. The performance of the Index is listed in U.S. dollars and assumes reinvestment of net dividends.

**The MSCI USA Health Care Index** is designed to capture the large and mid cap segments of the US equity universe. All securities in the index are classified in the Health Care sector as per the Global Industry Classification Standard.

**Morningstar LSTA U.S. Leveraged Loan Index** is an unmanaged index of the institutional leveraged loan market. Prior to August 29, 2022, the index name was S&P/LSTA Leveraged Loan Index.

**Nikkei 225 Stock Average Index** is unmanaged price-weighted index of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange.

**Russell 1000 Index** is an unmanaged index of 1,000 U.S. large-cap stocks.

**Russell 1000 Growth Index** is an unmanaged index of 1,000 U.S. large-cap growth stocks.

**Russell 1000 Value Index** is an unmanaged index of 1,000 U.S. large-cap value stocks.

**Russell 2000 Index** is an unmanaged index of 2,000 U.S. small-cap stocks.

**Russell 2500 Index** is an unmanaged index of approximately 2,500 U.S. small- and mid-cap U.S. stocks.

**Russell Midcap Index** is an unmanaged index of U.S. mid-cap stocks.

**Standard & Poor's 400 Index** is designed to measure the performance of 400 mid-sized U.S. companies, reflecting the distinctive risk and return characteristics of this market segment.

**Standard & Poor's 493 Index** is designed to measure the performance of the S&P 500 excluding the "Mag 7" i.e. Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla.

**Standard & Poor's 500 Index** is an unmanaged index of large-cap stocks commonly used as a measure of U.S. stock market performance.

**STOXX Europe 600 Index** is a fixed component number index designed to provide a broad yet liquid representation of large, mid and small capitalization companies in Europe.

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Unless otherwise stated, index returns do not reflect the effect of any applicable sales charges, commissions, expenses, taxes or leverage, as applicable. It is not possible to invest directly in an index. Data provided is for informational use only. Past performance is no guarantee of future results. See end of report for important additional information.

**Municipal-to-Treasury Yield Ratios** are relative value indicators that measure the richness or cheapness of Municipal bond yields to comparable maturity Treasury bond yields.

## Terms

**Yield to Worst** is a measure which reflects the lowest potential yield earned on a bond without the issuer defaulting. The yield to worst is calculated by making worst-case scenario assumptions by calculating the returns that would be received if provisions, including prepayment, call or sinking fund, are used by the issuer.

## About Risk

**Bank Loans** – There can be no assurance that the liquidation of collateral securing an investment will satisfy the issuer's obligation in the event of non-payment or that collateral can be readily liquidated. The ability to realize the benefits of any collateral may be delayed or limited. **Commodities** – The value of commodities investments will generally be affected by overall market movements and factors specific to a particular industry or commodity including weather, embargoes, tariffs, or health, political, international and regulatory developments. **Credit** – Investments in income securities may be affected by changes in the creditworthiness of the issuer and are subject to the risk of non-payment of principal and interest. The value of income securities also may decline because of real or perceived concerns about the issuer's ability to make principal and interest payments. **Duration** – Securities with longer durations tend to be more sensitive to interest rate changes than securities with shorter durations. Equity – Equity investment values are sensitive to stock market volatility. **Foreign** – Investments in foreign instruments or currencies can involve greater risk and volatility than U.S. investments because of adverse market, economic, political, regulatory, geopolitical, or other conditions. In emerging countries, these risks may be more significant. **Gov't Agency** – While certain U.S. Government-sponsored agencies may be chartered or sponsored by acts of Congress, their securities are neither issued nor guaranteed by the U.S. Treasury. **Income Market** – An imbalance in supply and demand in the income market may result in valuation uncertainties and greater volatility, less liquidity, widening credit spreads and a lack of price transparency in the market. There generally is limited public information about Municipal issuers. **Inflation-Linked** – Interest payments on inflation-linked securities may vary widely and will fluctuate as principal and interest are adjusted for inflation. Investments in inflation-linked securities may lose value in the event that the actual rate of inflation is different than the rate of the inflation index. **Interest Rate** – As interest rates rise, the value of certain income investments is likely to decline.. **Lower-Rated** – Investments rated below Investment Grade (typically referred to as "junk") are generally subject to greater price volatility and illiquidity than higher rated investments. **Maturity** – Longer-term bonds typically are more sensitive to interest rate changes than shorter-term bonds. **Preferred Stocks** – When interest rates rise, the value of preferred stocks will generally decline. **Prepayment - MBS** – Mortgage-backed securities are subject to prepayment risk. **Prepayment - Bank Loan** – Bank Loans are subject to prepayment risk. **Real Estate** – Changes in real estate values or economic downturns can have a significant negative effect on issuers in the real estate industry, including REITs.

## RISK CONSIDERATIONS

Diversification does not eliminate the risk of loss.

In general, equity securities' values also fluctuate in response to activities specific to a company. Investments in foreign markets entail special risks such as currency, political, economic, and market risks. The risks of investing in emerging market countries are greater than risks associated with investments in foreign developed countries. Fixed income securities are subject to the ability of an issuer to make timely principal and interest payments (credit risk), changes in interest rates (interest-rate risk), the creditworthiness of the issuer and general market liquidity (market risk). In a rising interest-rate environment, bond prices may fall and may result in periods of volatility and increased portfolio redemptions. In a declining interest-rate environment, the portfolio may generate less income. Longer-term securities may be more sensitive to interest rate changes. Alternative investments are speculative, involve a high degree of risk, are highly illiquid, typically have higher fees than other investments, and may engage in the use of leverage, short sales, and derivatives, which may increase the risk of investment loss. These investments are designed for investors who understand and are willing to accept these risks. Performance may be volatile, and an investor could lose all or a substantial portion of its investment.

There is no guarantee that any investment strategy will work under all market conditions, and each investor should evaluate their ability to invest for the long-term, especially during periods of downturn in the market.

**A separately managed account may not be appropriate for all investors. Separate accounts managed according to the Strategy include a number of securities and will not necessarily track the performance of any index. Please consider the investment objectives, risks and fees of the Strategy carefully before investing. A minimum asset level is required.**

**For important information about the investment managers, please refer to Form ADV Part 2.**

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