3CHOPT

INVESTMENT PARTNERS

Quarterly Considerations

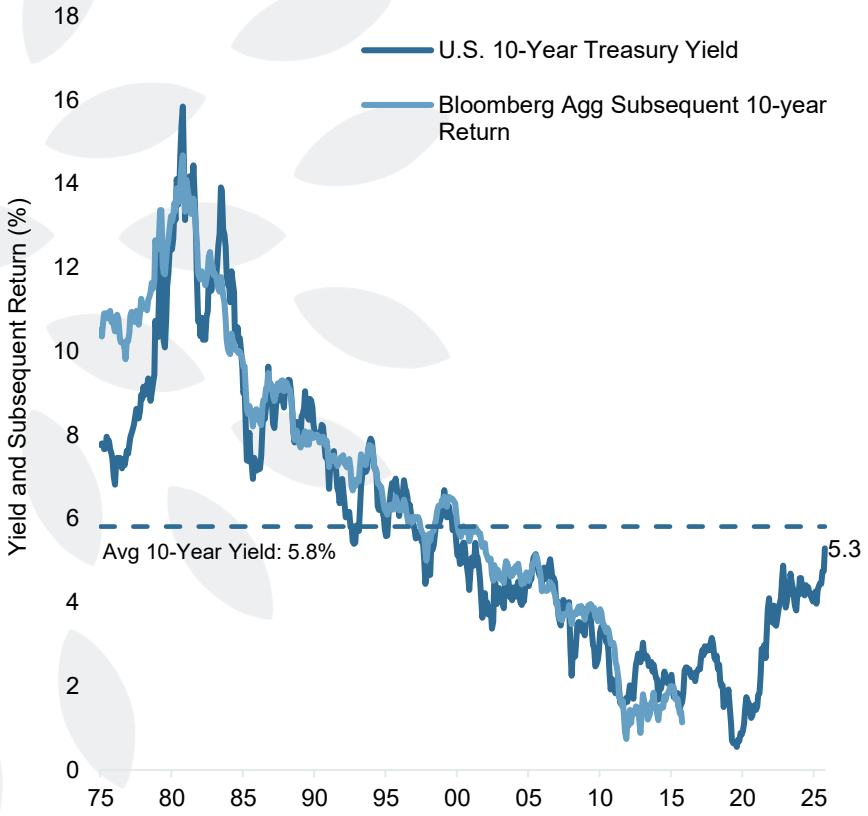
2026

1801 Libbie Avenue, Suite 106 | Richmond, Virginia 23226

MARKET THEMES

Return Expectations for Fixed Income are Higher

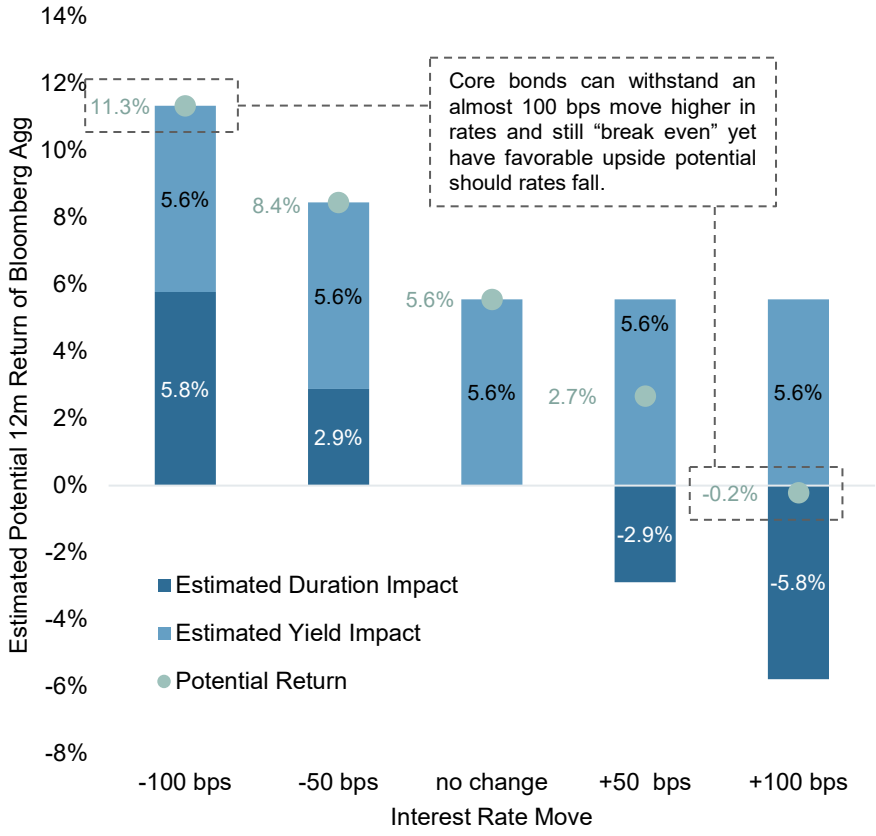
Bond markets experienced extreme interest rate moves during the third quarter, against a backdrop of sticky inflation, resilient economic growth, government deficit concerns, and shifting monetary policy expectations. The 10-year Treasury yield touched the highest level in over 20 years and now sits closer to the long-term average after decades of low interest rates. While price movement has been painful in the near term, current starting yields, a reasonably strong indicator of future fixed income performance, put the long-term outlook for fixed income returns at a favorable level.



Sources: FactSet, Morningstar Direct, Wealthspire. For the period January 1, 1976 to September 30, 2026.

The Coupon Cushion is Supportive

The Federal Reserve raised interest rates in September, its first hike since 2023. With yields higher, the risk/reward trade-off in fixed income is skewed positive. Due to the increased cushion from income, the Bloomberg Agg can withstand an approximately 100 basis point move higher in rates and still "break even" over a 12-month period. For context, this cushion was only ~25 basis points at the start of 2022. Conversely, there is meaningful upside potential should rates move lower from here.



Sources: FactSet, Bloomberg. As of September 30, 2026.

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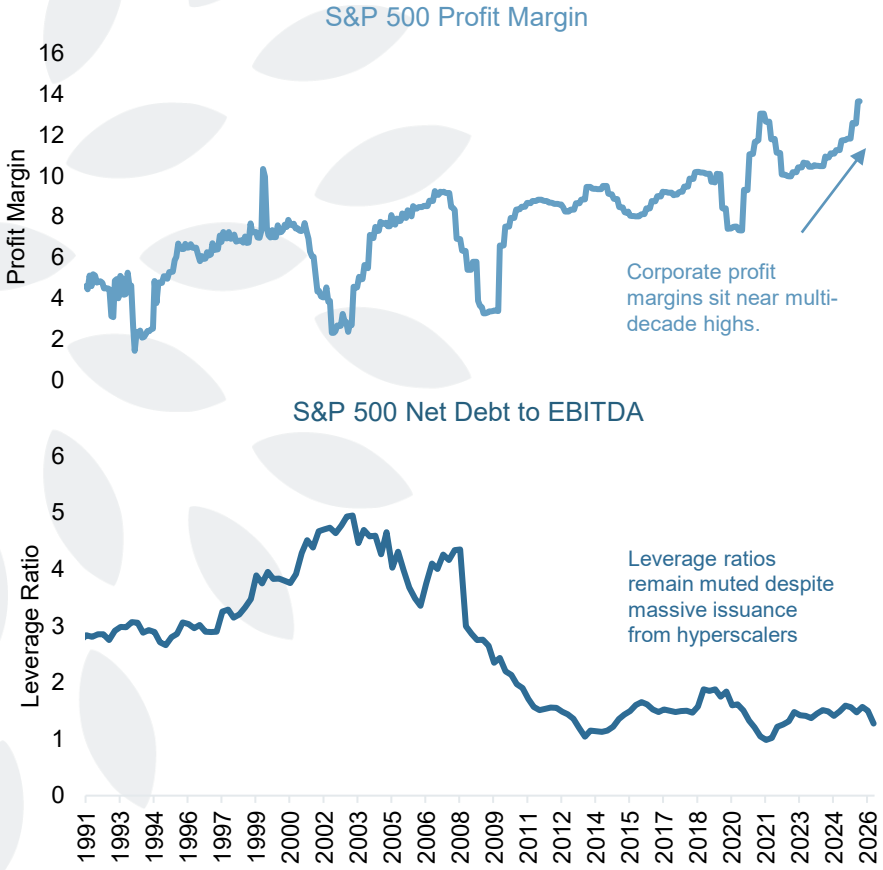
MARKET THEMES

Fundamentals Remain Supportive

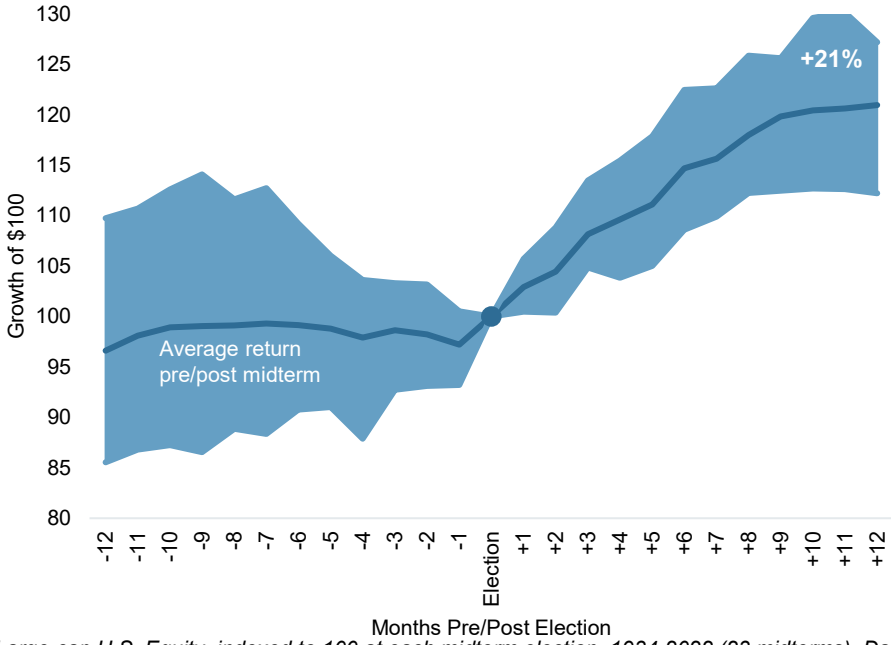
The economic backdrop remains robust as GDP growth for Q2 2026 was revised higher to 2.2%. Much of the strength can be attributed to capex and other AI related spending, but consumer spending also remains strong, supported in large part by a stable labor market. Despite large debt issuance, corporate fundamentals remain strong as profit margins and earnings are at record levels, while leverage remains manageable.



Source: Bloomberg. As of September 30, 2026.

Midterms Bring Volatility but Potentially Positive Results

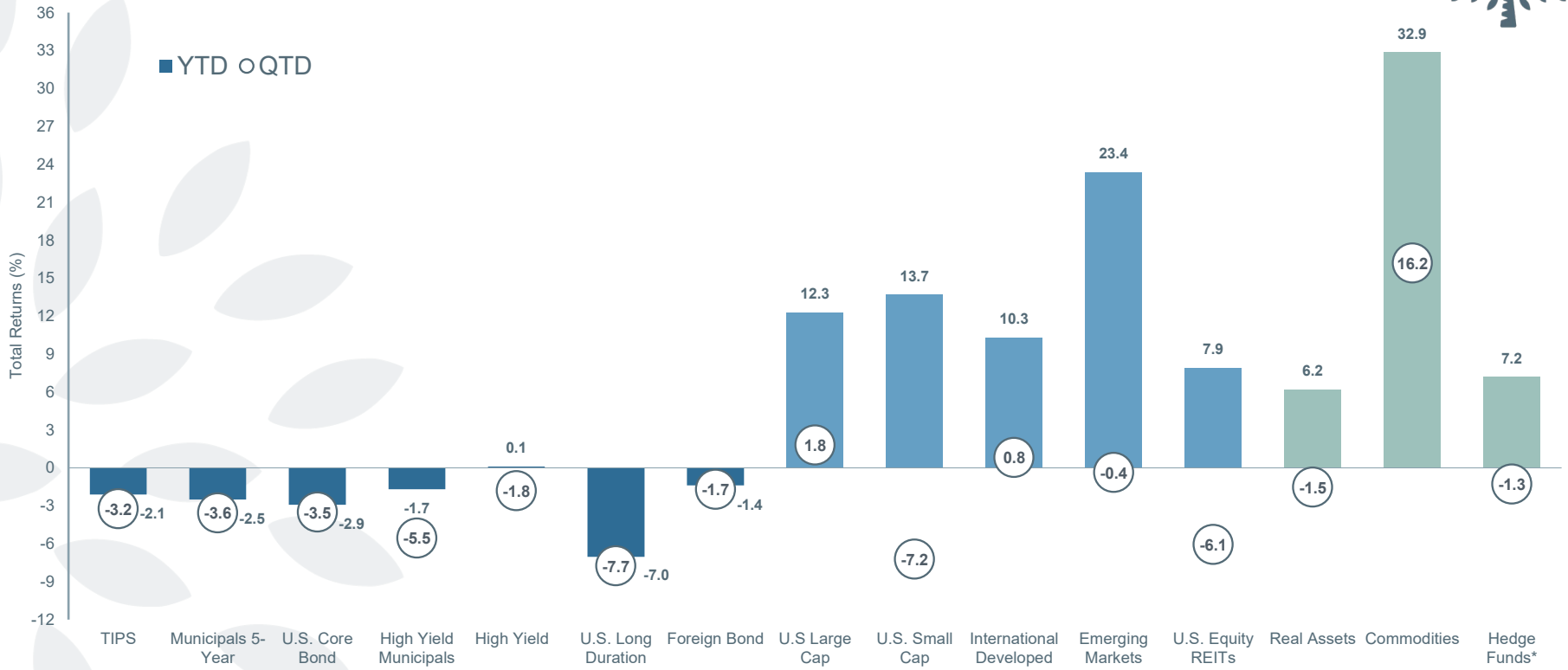
Investors dislike uncertainty. Notably, the anticipation of uncertainty leading into an election can create volatility and obscure whatever else is driving markets. The flip side is that the eventual election results bring clarity that has historically supported market performance. Since 1934, the 12 months following every midterm (all 23) have been positive for U.S. equities, with an average return of 21%.



Large-cap U.S. Equity, indexed to 100 at each midterm election, 1934-2022 (23 midterms). Dark blue line average return, band is middle half of outcomes (quartile 1 to quartile 3).

Sources: Wealthspire analysis. Election dates and outcomes from the GPO Official Congressional Directory, U.S. Senate Historical Office and the American Presidency Project (UCSB). Returns are monthly total returns measured relative to Election Day; November of the election year is the first post-election month. Return stream is a spliced long-history proxy: Ibbotson SBBI U.S. Large Cap Total Return, February 1926 through December 1987, and S&P 500 Total Return, January 1988 through December 2025. Non-election years are calendar

ASSET CLASS RETURNS



*Source: Morningstar Direct. As of September 30, 2026. *Hedge fund returns as of August 31, 2026.*

Fixed Income (3Q 2026)

- Fixed income markets struggled as interest rates moved sharply higher during the quarter. The Bloomberg Agg experienced one of its worst quarterly returns in quite some time.

- Corporate high yield fell modestly during the quarter as spreads widened. Concerns about rising borrowing costs were a main driver of the move lower.

- Long-dated rates experienced a meaningful move higher during the quarter, nearing multi-decade highs. This was a significant headwind for long duration bonds.

Equity (3Q 2026)

+ U.S. large cap equities were modestly positive during the third quarter. Strength in AI related names, which are viewed as less rate sensitive, helped support the large cap space.

- Small-cap U.S. stocks declined during the quarter, pressured by concerns about rising borrowing costs.

+/- Non-U.S. markets were mixed, generating essentially flat returns for the period. Developed markets were modestly positive while weakness in South Korea was a headwind for emerging markets.

Real Asset / Alternatives (3Q 2026)

- The more interest-rate-sensitive REIT sector fell as interest rates moved higher during the quarter.

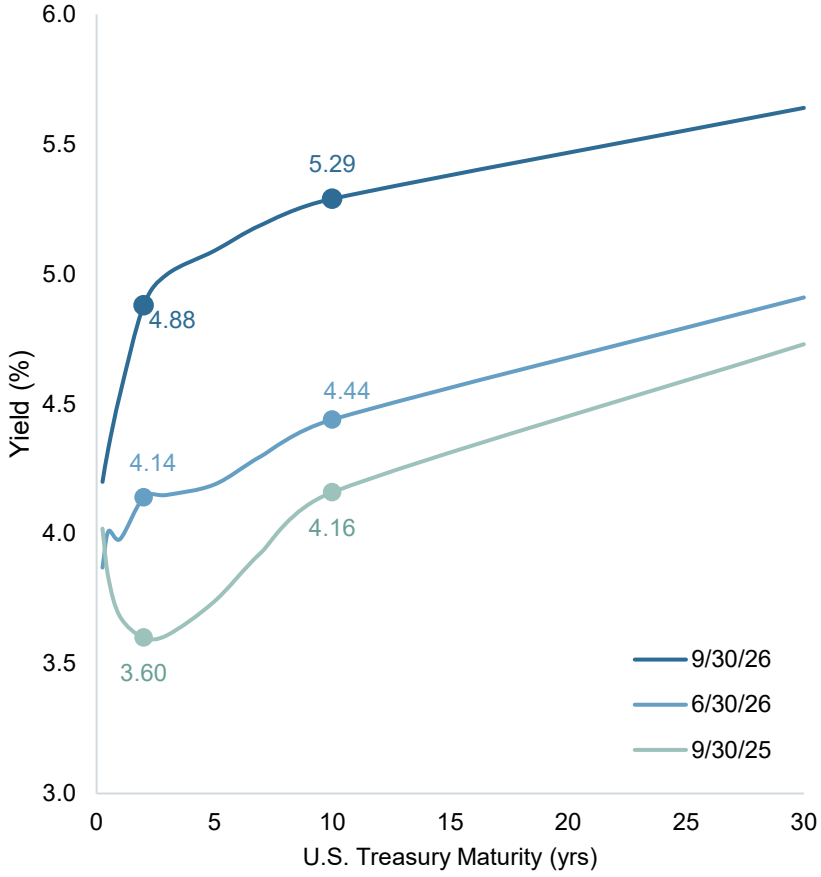
+ Commodities posted a double-digit gain during the quarter. Ongoing geopolitical conflict in the Middle East continues to create volatility in the energy markets and oil prices moved sharply higher in the quarter.

- Real assets fell modestly in the quarter; commodity-related areas held up well, but rate sensitive components were negatively impacted by higher rates.

FIXED INCOME MARKET UPDATE

U.S. Treasury Yield Curve

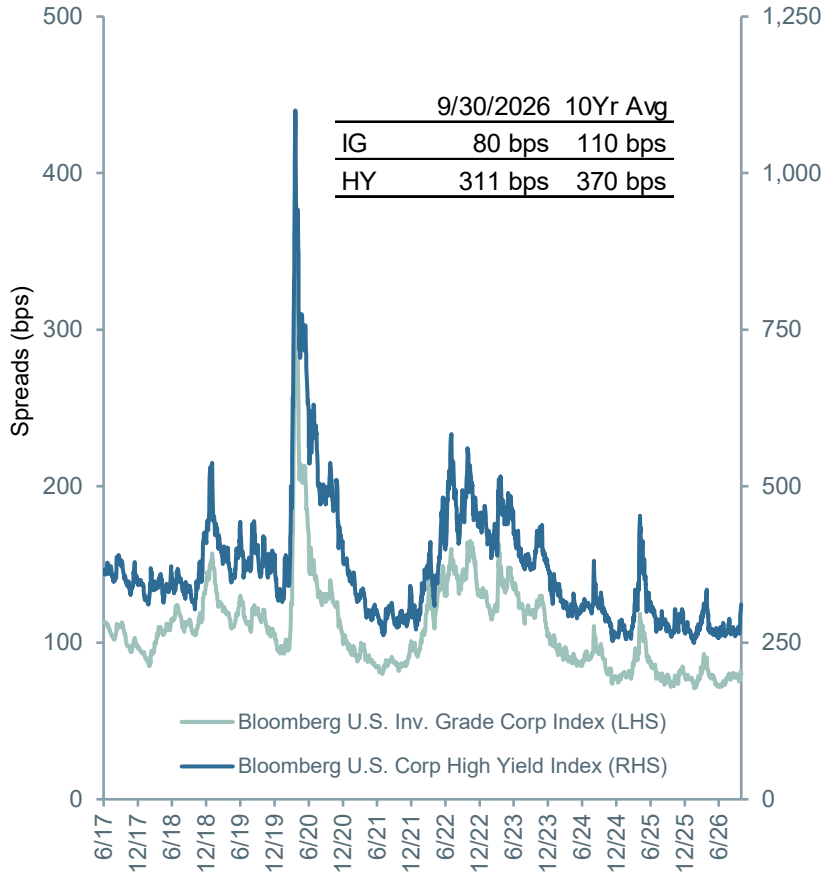
Rates jumped during the third quarter and the U.S. Treasury curve steepened. The Fed hiked rates in September, putting upward pressure on the short end of the curve, while long-end rates moved higher as investors digested several economic crosscurrents including favorable economic growth, government debt levels, and sticky inflation.



Source: FactSet. As of September 30, 2026.

Corporate Credit Spreads

Risk-off sentiment late in the quarter pushed corporate credit spreads wider. Lower quality segments were more impacted than higher quality areas of the market as rising rates increased concerns about the potential impact on future borrowing costs.



Source: FactSet. As of September 30, 2026.

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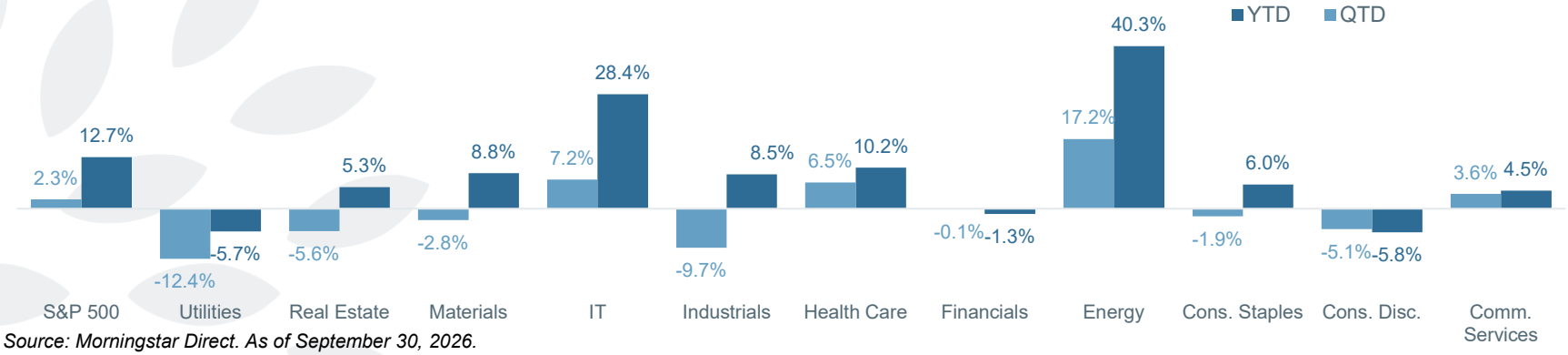
EQUITY MARKET UPDATE

U.S. Equities – Returns by Sector (3Q 2026)

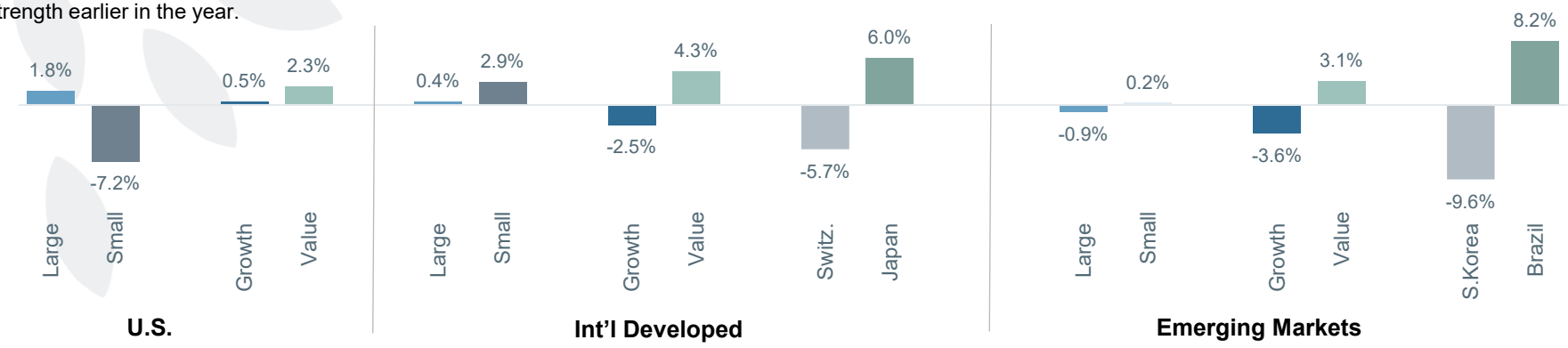
U.S. large cap equities, as measured by the S&P 500, produced a modest gain in the third quarter. Corporate fundamentals remain resilient, helping to provide a solid foundation for the space. Earnings growth and AI related technology were key drivers. Microsoft rose over 30% during the quarter, while Apple, NVIDIA and Meta also produced double-digit gains. The energy sector rose over 15%, buoyed by higher oil prices. More interest-rate-sensitive areas of the market, such as utilities and real estate, declined during the quarter as interest rates jumped higher.



Source: Morningstar Direct. As of September 30, 2026.

Market Capitalization, Style, and Select Country Performance (3Q 2026)

Global equity markets were mixed during the quarter. U.S. large cap held up reasonably well amidst the volatility, supported by AI related earnings strength. However, small-cap U.S. was negatively impacted by the shift higher in interest rates. Abroad, small cap was more resilient, and value outpaced growth. International developed saw modest gains, while emerging markets slightly declined. Weakness in South Korea weighed on emerging market returns as the AI chip trade paused following strength earlier in the year.

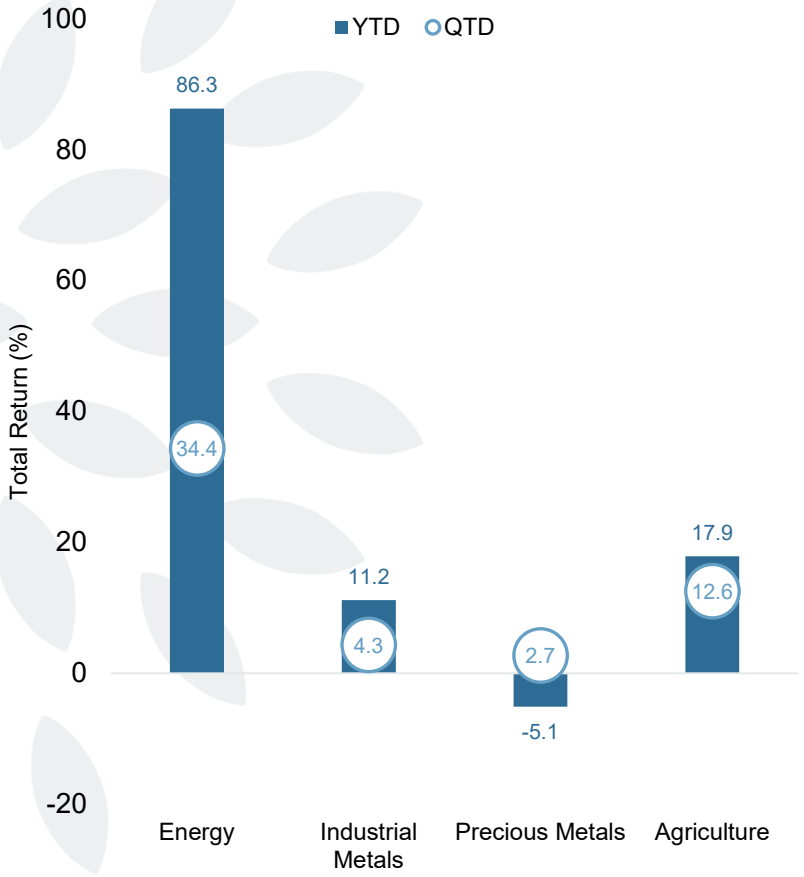


Source: Morningstar Direct. As of September 30, 2026.

REAL ASSETS MARKET UPDATE

Commodity Performance (3Q 2026)

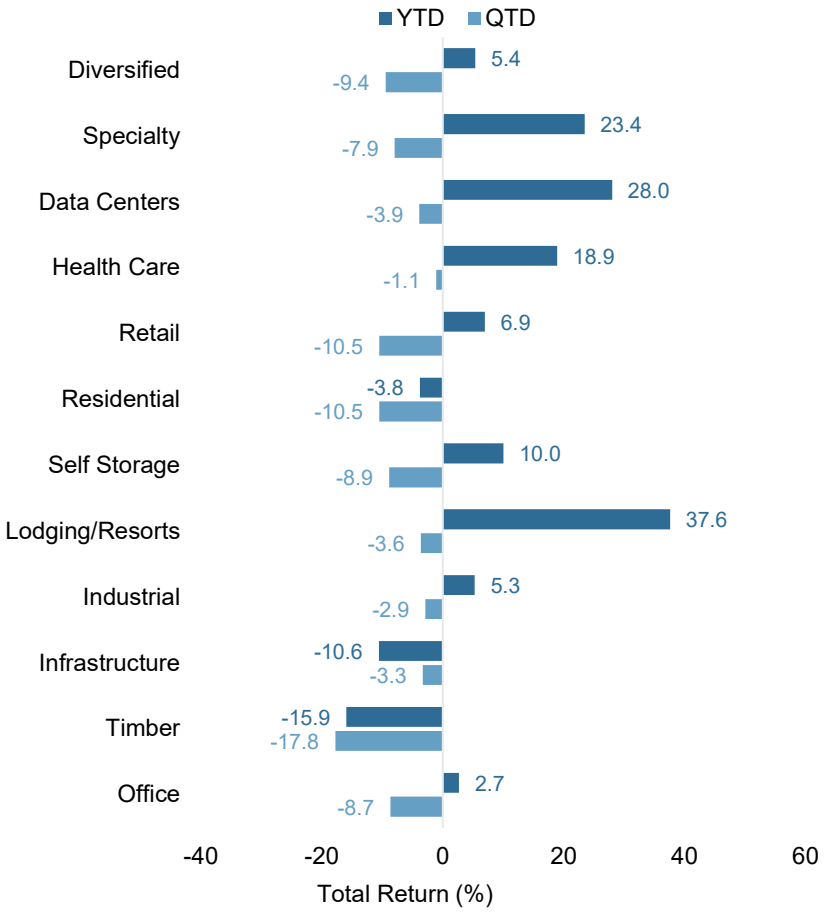
Geopolitical unrest and uncertainty about conflict resolution in the Middle East continue to fuel volatility in the commodity markets. The energy sub-component rose over 30% as Brent crude oil prices flared above $120 per barrel late in the quarter.



Source: Morningstar Direct. As of September 30, 2026.

REIT Sector Performance (3Q 2026)

REITs have performed well year-to-date but gave back some of the returns during the third quarter. The sharp rise in interest rates, particularly on the long end of the yield curve, negatively impacted the real estate market.



Source: Morningstar Direct. As of September 30, 2026.

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THE CASE FOR DIVERSIFICATION

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	10 Years (Ann)
U.S. Small Cap 21.3	Emerging Markets Equity 37.3	High Yield Municipals 4.8	U.S. Large Cap 31.4	U.S. Large Cap 21.0	U.S. Equity REITs 41.3	Commodities 16.1	U.S. Large Cap 26.5	U.S. Large Cap 24.5	Emerging Markets Equity 33.6	Commodities 32.9	U.S. Large Cap 15.0
High Yield 17.1	International Developed Equity 25.0	Cash 1.8	U.S. Mid Cap 30.5	U.S. Small Cap 20.0	Commodities 27.1	Cash 1.5	International Developed Equity 18.2	U.S. Mid Cap 15.3	International Developed Equity 31.2	Emerging Markets Equity 23.4	U.S. Mid Cap 11.2
U.S. Mid Cap 13.8	U.S. Large Cap 21.7	Municipals 5-Year 1.7	U.S. Equity REITs 28.7	Emerging Markets Equity 18.3	U.S. Large Cap 26.5	Hedge Funds -5.3	U.S. Mid Cap 17.2	U.S. Small Cap 11.5	U.S. Large Cap 17.4	U.S. Small Cap 13.7	U.S. Small Cap 9.8
U.S. Large Cap 12.1	U.S. Mid Cap 18.5	U.S. Core Bond 0.0	U.S. Small Cap 25.5	U.S. Mid Cap 17.1	U.S. Mid Cap 22.6	Municipals 5-Year -5.3	U.S. Small Cap 16.9	Balanced 10.8	Balanced 16.2	U.S. Large Cap 12.3	Emerging Markets Equity 9.1
Commodities 11.8	Balanced 15.4	TIPS -1.3	International Developed Equity 22.0	Balanced 13.5	U.S. Small Cap 14.8	High Yield -11.2	Balanced 15.4	Hedge Funds 9.1	Commodities 15.8	U.S. Mid Cap 11.8	International Developed Equity 9.1
Emerging Markets Equity 11.2	U.S. Small Cap 14.6	High Yield -2.1	Balanced 19.4	TIPS 11.0	International Developed Equity 11.3	TIPS -11.8	High Yield 13.4	High Yield 8.2	U.S. Small Cap 12.8	International Developed Equity 10.3	Balanced 8.0
U.S. Equity REITs 8.6	High Yield Municipals 9.7	U.S. Equity REITs -4.0	Emerging Markets Equity 18.4	Hedge Funds 10.9	Balanced 10.2	U.S. Core Bond -13.0	U.S. Equity REITs 11.4	Emerging Markets Equity 7.5	U.S. Mid Cap 10.6	U.S. Equity REITs 7.9	Commodities 7.9
Balanced 5.9	U.S. Equity REITs 8.7	Hedge Funds -4.0	High Yield 14.3	International Developed Equity 7.8	High Yield Municipals 7.8	High Yield Municipals -13.1	Emerging Markets Equity 9.8	High Yield Municipals 6.3	Hedge Funds 9.2	Hedge Funds 7.2	Hedge Funds 5.7
TIPS 4.7	Hedge Funds 7.8	U.S. Large Cap -4.8	High Yield Municipals 10.7	U.S. Core Bond 7.5	Hedge Funds 6.2	International Developed Equity -14.5	High Yield Municipals 9.2	Commodities 5.4	High Yield 8.6	Balanced 6.6	U.S. Equity REITs 5.4
High Yield Municipals 3.0	High Yield 7.5	Balanced -5.5	U.S. Core Bond 8.7	High Yield 7.1	TIPS 6.0	Balanced -16.0	Hedge Funds 6.1	Cash 5.3	U.S. Core Bond 7.3	Cash 2.8	High Yield 5.1
U.S. Core Bond 2.6	U.S. Core Bond 3.5	U.S. Mid Cap -9.1	TIPS 8.4	High Yield Municipals 4.9	High Yield 5.3	U.S. Mid Cap -17.3	U.S. Core Bond 5.5	U.S. Equity REITs 4.9	TIPS 7.0	High Yield 0.1	High Yield Municipals 3.2
International Developed Equity 1.0	Municipals 5-Year 3.1	U.S. Small Cap -11.0	Hedge Funds 8.4	Municipals 5-Year 4.3	Municipals 5-Year 0.3	U.S. Large Cap -19.1	Cash 5.1	International Developed Equity 3.8	Municipals 5-Year 5.0	High Yield Municipals -1.7	Cash 2.4
Hedge Funds 0.5	TIPS 3.0	Commodities -11.2	Commodities 7.7	Cash 0.5	Cash 0.0	Emerging Markets Equity -20.1	Municipals 5-Year 4.3	TIPS 1.8	Cash 4.3	TIPS -2.1	TIPS 2.1
Cash 0.3	Commodities 1.7	International Developed Equity -13.8	Municipals 5-Year 5.4	Commodities -3.1	U.S. Core Bond -1.5	U.S. Small Cap -20.4	TIPS 3.9	U.S. Core Bond 1.3	High Yield Municipals 2.5	Municipals 5-Year -2.5	Municipals 5-Year 1.4
Municipals 5-Year -0.4	Cash 0.8	Emerging Markets Equity -14.6	Cash 2.2	U.S. Equity REITs -5.1	Emerging Markets Equity -2.5	U.S. Equity REITs -24.9	Commodities -7.9	Municipals 5-Year 1.2	U.S. Equity REITs 2.3	U.S. Core Bond -2.9	U.S. Core Bond 1.1

Sources: Morningstar, FactSet. As of September 30, 2026. *Periods greater than one year are annualized. Total returns in U.S. dollars. Hedge Funds as of August 31, 2026.

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FINANCIAL MARKETS PERFORMANCE

Total Return as of September 30, 2026
Periods greater than one year are annualized
All returns are in U.S. dollar terms

Global Fixed Income Markets	QTD	YTD	1YR	3YR	5YR	7YR	10YR	15YR
Bloomberg 1-3-Month T-Bill	0.9%	2.8%	3.8%	4.6%	3.8%	2.8%	2.4%	1.6%
Bloomberg U.S. TIPS	-3.2%	-2.1%	-2.0%	3.8%	0.0%	2.1%	2.1%	2.1%
Bloomberg Municipal Bond (5 Year)	-3.6%	-2.5%	-2.0%	2.9%	0.5%	1.1%	1.4%	1.8%
Bloomberg High Yield Municipal Bond	-5.5%	-1.7%	-0.6%	5.4%	0.6%	2.1%	3.2%	4.6%
Bloomberg U.S. Aggregate	-3.5%	-2.9%	-1.8%	4.1%	-0.6%	0.4%	1.1%	1.8%
Bloomberg U.S. Corporate High Yield	-1.8%	0.1%	1.4%	8.0%	3.6%	4.6%	5.1%	6.1%
Bloomberg Global Aggregate ex-U.S. Hedged	-1.8%	-0.2%	0.3%	4.3%	1.0%	0.9%	1.9%	2.9%
Bloomberg Global Aggregate ex-U.S. Unhedged	-1.6%	-2.5%	-3.0%	3.5%	-2.9%	-1.5%	-0.9%	-0.4%
Bloomberg U.S. Long Gov / Credit	-7.7%	-7.0%	-7.1%	2.5%	-5.4%	-2.6%	-0.2%	1.9%
Global Equity Markets	**QTD**	**YTD**	**1YR**	**3YR**	**5YR**	**7YR**	**10YR**	**15YR**
S&P 500	2.3%	12.7%	15.7%	22.9%	13.8%	16.2%	15.3%	15.7%
Dow Jones Industrial Average	-2.3%	7.2%	11.5%	17.0%	10.6%	11.7%	13.1%	13.3%
NASDAQ Composite	2.6%	16.1%	19.2%	27.5%	14.0%	19.8%	18.6%	18.6%
Russell 3000	1.4%	12.4%	15.1%	22.3%	12.6%	15.5%	14.7%	15.3%
Russell 1000	1.8%	12.3%	15.0%	22.5%	13.0%	15.8%	15.0%	15.5%
Russell 1000 Growth	0.9%	6.3%	7.5%	24.3%	13.7%	18.7%	18.2%	17.6%
Russell 1000 Value	2.6%	19.3%	23.8%	20.1%	11.9%	12.3%	11.4%	13.0%
Russell Mid Cap	-3.0%	11.8%	12.0%	17.2%	8.0%	11.4%	11.2%	13.0%
Russell Mid Cap Growth	-5.8%	1.0%	-2.7%	15.4%	4.9%	10.7%	11.9%	13.2%
Russell Mid Cap Value	-2.0%	15.3%	16.9%	17.5%	9.3%	10.8%	9.9%	12.4%
Russell 2000	-7.2%	13.7%	16.2%	17.7%	6.3%	10.5%	9.8%	11.8%
Russell 2000 Growth	-9.4%	10.7%	12.1%	17.5%	4.7%	9.9%	9.9%	11.9%
Russell 2000 Value	-4.9%	17.0%	20.8%	17.9%	7.8%	10.7%	9.4%	11.4%
MSCI ACWI	1.6%	13.0%	16.8%	21.7%	11.6%	13.5%	12.4%	11.8%
MSCI ACWI ex. U.S.	0.5%	14.2%	20.0%	20.5%	9.6%	10.5%	9.2%	8.2%
MSCI EAFE	0.8%	10.3%	15.7%	18.4%	9.3%	10.2%	9.1%	8.5%
MSCI EAFE Growth	-2.5%	6.4%	8.4%	13.9%	4.3%	7.8%	7.8%	8.1%
MSCI EAFE Value	4.3%	14.3%	23.3%	23.0%	14.3%	12.3%	10.1%	8.7%
MSCI EAFE Small Cap	2.9%	10.8%	13.7%	18.2%	5.8%	9.0%	8.1%	9.0%
MSCI Emerging Markets	-0.4%	23.4%	29.2%	24.1%	8.9%	10.4%	9.1%	7.0%
Alternatives	**QTD**	**YTD**	**1YR**	**3YR**	**5YR**	**7YR**	**10YR**	**15YR**
FTSE NAREIT All Equity REITs	-6.1%	7.9%	5.6%	11.0%	2.4%	3.8%	5.4%	8.8%
S&P Real Assets	-1.5%	6.2%	7.8%	10.7%	4.9%	5.5%	5.4%	5.6%
FTSE EPRA NAREIT Developed	-5.9%	3.7%	3.2%	10.6%	1.6%	2.3%	3.5%	6.7%
FTSE EPRA NAREIT Developed ex U.S.	-5.6%	-7.1%	-5.8%	7.5%	-2.1%	-0.8%	1.4%	4.3%
Bloomberg Commodity Total Return	16.2%	32.9%	40.6%	15.6%	11.3%	12.1%	7.9%	1.8%
HFRI Fund of Funds Composite*	-1.3%	7.2%	12.5%	9.9%	5.5%	6.6%	5.7%	4.6%
HFRI Asset Weighted Composite*	0.7%	6.9%	11.9%	9.0%	6.2%	6.0%	5.5%	4.9%

*Sources: Morningstar, FactSet. As of September 30, 2026. *HFRI indexes as of August 31, 2026.*

See disclosures for list of indices representing each asset class. Past performance does not indicate future performance and there is a possibility of a loss.

DISCLOSURES

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You are urged to compare the value of your holdings presented in this report to the statement you receive from the bank custodian and to report any material differences to us.

DISCLOSURES

When referencing asset class returns or statistics, the following indices are used to represent those asset classes, unless otherwise noted. Benchmarks and financial indices are shown for discussion purposes only and should not be used in making any investment decision. They provide general market data that serves as point of reference to compare the performance of a strategy with the performance of other securities that make up a particular market. Comparisons to any indices referenced herein are for illustrative purposes only and are not meant to imply that actual returns or volatility will be similar to the indices. No representation is made that any benchmark or index is an appropriate measure for comparison. They do not reflect the actual cost of investing in the instruments that comprise it or other fees. Indices cannot be invested in directly. Unmanaged index returns assume reinvestment of any and all distributions and do not reflect our fees or expenses.

- TIPS: Bloomberg US Treasury US TIPS TR USD
- Municipals 5-Year: Bloomberg Municipal Bond 5 Year (4-6) TR USD
- U.S. Core Bond: Bloomberg US Aggregate Bond TR USD
- High Yield Municipals: Bloomberg HY Muni TR USD
- High Yield: Bloomberg US Corporate High Yield TR USD
- U.S. Long Duration: Bloomberg U.S. Long Government/Credit TR USD
- Foreign Bond: Bloomberg Global Aggregate ex-USD TR USD (50/50 blend of hedged and unhedged)
- EM Debt (unhedged): J.P. Morgan GBI-EM Global Diversified Composite Unhedged TR USD
- U.S. Large Cap: Russell 1000 TR USD
- U.S. Mid Cap: Russell Mid Cap TR USD
- U.S. Small Cap : Russell 2000 TR USD
- International Developed: MSCI EAFE NR USD
- Emerging Markets: MSCI Emerging Markets NR USD
- U.S. Equity REITs: FTSE Nareit All Equity REITs TR USD
- Real Assets: S&P Real Assets TR USD
- Commodities: Bloomberg Commodity TR USD
- Hedge Funds: Hedge Fund Research HFRI Fund of Funds Composite USD
- Foreign Bond Unhedged: Bloomberg Global Aggregate ex USD TR USD unhedged
- U.S. MBS: Bloomberg US MBS (30Y) TR USD
- Balanced: 60% MSCI ACWI NR USD, 40% Bloomberg U.S. Aggregate Bond TR USD
- Cash: Bloomberg 1-3 Month US Treasury Bill Index

Equity valuations are based on trailing 12-month P/E ratios for S&P 500 Index (U.S.), MSCI EAFE Index (Int'l Developed), and MSCI EM Index (Emerging Markets)

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

Equity country returns based on the following indices: U.S.: MSCI USA NR USD, China: MSCI CHINA NR USD, Japan: MSCI Japan NR USD, Germany: MSCI Germany NR USD, United Kingdom: MSCI NR USD, India: MSCI India NR USD, France: MSCI France NR USD, Italy: MSCI Italy NR USD, Canada: MSCI Canada NR USD, Korea: MSCI Korea NR USD, Energy:

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

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

Marketable Alternatives indices used include HFRI Fund of Funds Composite Index, HFRI Asset Weighted Composite Index, HFRI Equity Hedge (Total) Index – Asset Weighted, HFRI Event Driven (Total) Index – Asset Weighted, HFRI Macro (Total) Index – Asset Weighted, HFRI Relative Value (Total) Index – Asset Weighted. HFRI Fund of Funds Composite Index is not asset weighted.

MATERIAL RISKS & LIMITATIONS

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

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

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

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

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

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

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

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

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

All investing involves risk including the potential loss of principal. Market volatility may significantly impact the value of your investments. Recent tariff announcements may add to this volatility, creating additional economic uncertainty and potentially affecting the value of certain investments. Tariffs can impact various sectors differently, leading to changes in market dynamics and investment performance. You should consider these factors when making investment decisions. We recommend consulting with a qualified financial adviser to understand how these risks may affect your portfolio and to develop a strategy that aligns with your financial goals and risk tolerance.

MATERIAL RISKS & LIMITATIONS

The returns from the types of securities in which an **ETF and mutual fund** invests may underperform returns from the various general securities markets or different asset classes. The securities in the underlying indexes may underperform fixed-income investments and stock market investments that track other markets, segments and sectors. Different types of securities tend to go through cycles of out-performance and underperformance in comparison to the general securities markets.

Value of investments in client portfolios can be impacted by changes in the level of **interest rates**, the spread between rates, the shape of the yield curve and other rate related movements. These changes can be unpredictable and can cause losses.

Investment strategies focusing on **large-cap companies** may underperform other equity investment strategies as large cap companies may not experience sustained periods of growth in the mature product markets in which they operate.

Investment strategies focusing on **small- and mid-cap stocks** involve more risk than strategies focused on larger more established companies because small- and mid-cap companies may have smaller revenue, narrower product lines, less management depth, small market share, fewer financial resources and less competitive strength.

Some investments are subject to **limited liquidity**. This means clients are not able to buy or sell securities quickly enough to prevent or minimize a loss. In addition, clients can be subject to high costs or losses due to wide bid-ask spreads or large price movements. In times of crisis, liquidity risk can even affect investments generally deemed “safe,” including money market funds and similar investments.

Portfolio, volatility or return targets or objectives, if any, are used solely for illustration, measurement or comparison purposes and as an aid or guideline for prospective investors to evaluate a particular strategy. Volatility and performance will fluctuate, including over short periods, and should be evaluated over the time period indicated and not over shorter periods. Actual volatility and returns will depend on a variety of factors including overall market conditions and the ability to implement the appropriate investment process, investment objectives and risk management.

DISCLOSURES – INDEX & BENCHMARK DEFINITIONS

Fixed Income

- **Bloomberg 1-3 Month U.S. Treasury Bill Index** is designed to measure the performance of public obligations of the U.S. Treasury that have a remaining maturity of greater than or equal to 1 month and less than 3 months.
- **Bloomberg U.S. Aggregate Index** covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.
- **Bloomberg Global Aggregate ex. USD Indices** represent a broad-based measure of the global investment-grade fixed income markets. The two major components of this index are the Pan-European Aggregate and the Asian-Pacific Aggregate Indices. The index also includes Eurodollar and Euro-Yen corporate bonds and Canadian government, agency and corporate securities.
- **Bloomberg U.S. Corporate High Yield Index** covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (sovereign rating of Baa1/BBB+/BBB+ and below using the middle of Moody's, S&P, and Fitch) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included.
- **Bloomberg US Government/Credit Long Index** is the Long component of the U.S. Government/Credit Index, which includes securities in the Government and Credit Indices. The Government Index includes treasuries and agencies, while the credit index includes publicly issued U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity and quality requirements.
- **Bloomberg US Treasury Inflation Protected Securities Index** consists of Inflation-Protection securities issued by the U.S. Treasury.
- **Bloomberg Muni Index** is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market. Bonds must be rated investment-grade by at least two ratings agencies.
- **Bloomberg High Yield Municipal Bond Index** covers the universe of fixed rate, non-investment grade debt.
- **BC U.S. Corporate Investment** Grade represents investment grade corporate securities that are U.S., domestic, taxable, and dollar denominated

Equity

- **The S&P 500 Index** is a capitalization-weighted index designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.
- **Russell 3000 Index** is a market-cap-weighted index which consists of roughly 3,000 of the largest companies in the U.S. as determined by market capitalization. It represents nearly 98% of the investable U.S. equity market.
- **Russell 1000 Index** consists of the largest 1000 companies in the Russell 3000 Index.
- **Russell 1000 Growth Index** measures the performance of those Russell 1000 companies with higher P/B ratios and higher forecasted growth values.
- **Russell 1000 Value Index** measures the performance of those Russell 1000 companies with lower P/B ratios and lower forecasted growth values.
- **Russell Mid Cap Index** measures the performance of the 800 smallest companies in the Russell 1000 Index.
- **Russell Mid Cap Growth Index** measures the performance of those Russell Mid Cap companies with higher P/B ratios and higher forecasted growth values.
- **Russell Mid Cap Value Index** measures the performance of those Russell Mid Cap companies with lower P/B ratios and lower forecasted growth values.
- **Russell 2000** consists of the 2,000 smallest U.S. companies in the Russell 3000 index.
- **Russell 2000 Growth Index** measures the performance of the Russell 2000 companies with higher P/B ratios and higher forecasted growth values.
- **Russell 2000 Value Index** measures the performance of those Russell 2000 companies with lower P/B ratios and lower forecasted growth values.

DISCLOSURES – INDEX & BENCHMARK DEFINITIONS

- **MSCI ACWI (All Country World Index)** captures large and mid cap representation across Developed Markets (DM) and Emerging Markets (EM) countries. The index covers approximately 85% of the global investable equity opportunity set.
- **MSCI ACWI (All Country World Index) ex. U.S. Index** captures large and mid-cap representation across Developed Markets countries (excluding the United States) and Emerging Markets countries. The index covers approximately 85% of the global equity opportunity set outside the U.S.
- **MSCI EAFE Index** is an equity index which captures large and mid-cap representation across Developed Markets countries around the world, excluding the U.S. and Canada. The index covers approximately 85% of the free float-adjusted market capitalization in each country.
- **MSCI EAFE Large Cap Index** is an equity index which captures large cap representation across Developed Markets countries around the world, excluding the US and Canada. The index covers approximately 70% of the free-float adjusted market capitalization in each country.
- **MSCI EAFE Small Cap Index** is an equity index which captures small cap representation across Developed Markets countries around the world, excluding the US and Canada. The index covers approximately 14% of the free float adjusted market in each country.
- **MSCI Emerging Market**s Index captures large and mid-cap representation across Emerging Markets countries. The index covers approximately 85% of the free-float adjusted market capitalization in each country.
- **MSCI Emerging Markets (EM) Large Index** includes large-cap representation across Emerging Markets countries. The index covers approximately 70% of the free float-adjusted market capitalization in each country.
- **MSCI Emerging Markets (EM) Small Cap Index** includes small cap representation across Emerging Markets countries. The index covers approximately 14% of the free float-adjusted market capitalization in each country. The small cap segment tends to capture more local economic and sector characteristics relative to larger Emerging Markets capitalization segments.
- **MSCI Japan** is a rules-based index that serves as a benchmark for Japan's equity markets.

Alternatives & Miscellaneous/Other

- **S&P Real Asset Index** is designed to measure global property, infrastructure, commodities, and inflation-linked bonds using liquid and investable component indices that track public equities, fixed income, and futures. In the index, equity holds 50% weight, commodities 10%, and fixed income 40%.
- **FTSE Nareit All Equity REITs Index** is a free-float adjusted, market capitalization-weighted index of U.S. equity REITs. Constituents of the index include all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property.
- **FTSE EPRA Nareit Developed Index** is designed to track the performance of listed real estate companies and REITS worldwide.
- **FTSE EPRA Nareit Developed ex US Index** is a subset of the FTSE EPRA Nareit Developed Index and is designed to track the performance of listed real estate companies and REITS in developed markets excluding the US.
- **Bloomberg Commodity Index** is calculated on an excess return basis and reflects commodity futures price movements. The index rebalances annually weighted 2/3 by trading volume and 1/3 by world production and weight-caps are applied at the commodity, sector and group level for diversification.
- **HFRI Fund of Funds Composite Index** is a global, equal-weighted index of all fund of hedge funds that report to the HFR Database. Constituent funds report monthly net of all fees performance in U.S. Dollars and have a minimum of $50 million under management or a twelve (12) month track record of active performance.

Additional Information

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