

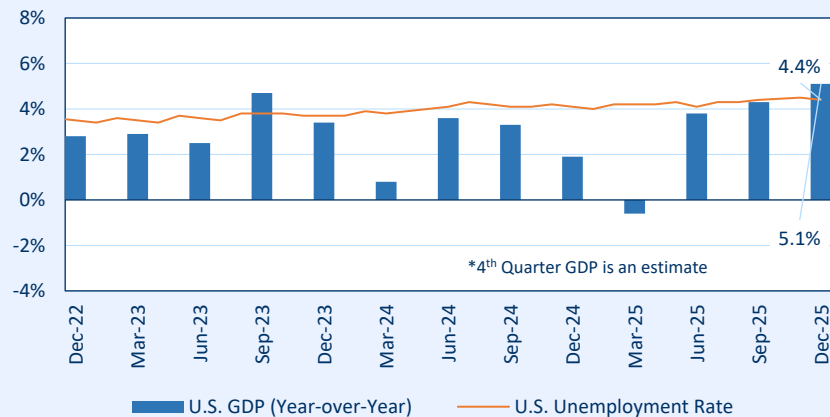
U.S. Economic Conditions

Despite an active news flow that is elevating uncertainty, U.S. economic growth as measured by Gross Domestic Product has been relatively strong in recent quarters (see the top-left chart below). Resilience has been a defining word for the U.S. economy in recent years as illustrated by how consumers and corporations have responded to a global pandemic, higher prices, higher borrowing costs, and the uncertainty of trade policy.

On the corporate front, spending on the latest wave of technological advancement (Artificial Intelligence or AI), productivity improvements, cooling wage pressures, and stable consumer demand have helped companies absorb the impact of tariffs and further increase earnings. *This has been a key driver of the stock market advance.* From a consumer perspective, elevated prices and interest rates have both had an impact in recent years. However, as illustrated in the chart on the bottom-left below, household net worth (helped by the stock market advance) and debt payments as a percentage of disposable income continued to improve in 2025.

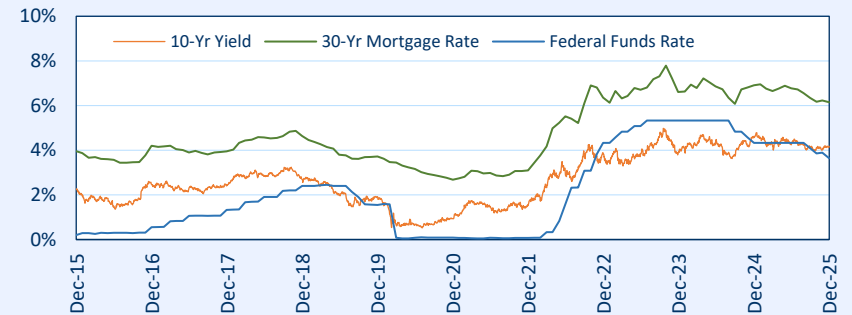
As we look forward to 2026, economists are cautiously optimistic that declining interest rates, growth-focused tax policy, continued AI spending, and a projected increase in corporate capital spending will further accelerate the economy. However, given the geopolitical environment with the mix of uncertainties seeming to change by the week, all forecasts are subject to meaningful error. Therefore, investors should confirm that they are appropriately diversified, and they have the time horizon and risk tolerance to withstand short-term outcomes that are much different than expectations.

U.S. Gross Domestic Product and Unemployment

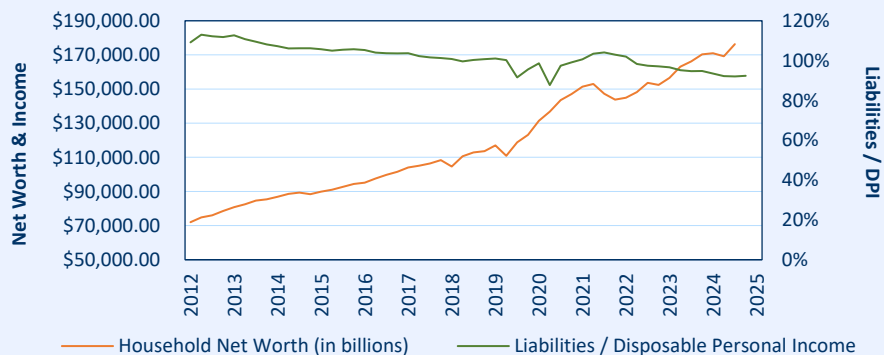


Interest Rates and Yields

Date	3/31/2025	6/30/2025	9/30/2025	12/31/2025
10-Year Yield	4.23	4.24	4.16	4.18
30-Year Mortgage Rate	6.65	6.77	6.34	6.15
Federal Funds Rate	4.33	4.33	4.09	3.64



Consumer Finances



Corporate Earnings



U.S. Stock Market

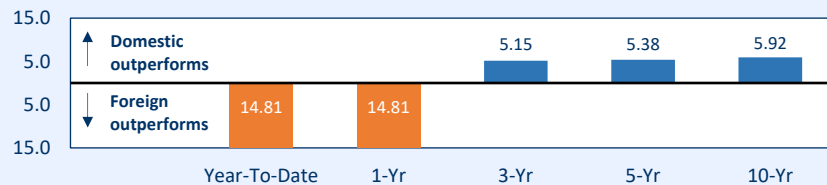
U.S. equities had a solid year in 2025, which was driven by resilient economic growth, solid corporate earnings, continued AI investment, easing inflation pressures, and improving confidence around the Federal Reserve’s policy path. This marked the third consecutive year of double-digit gains, with the Russell 3000 Index (total U.S. stock market) rising 17.2% for the year. While market returns were broad-based, large-cap growth and AI-related companies continued to lead the advance (though to a lesser degree than in the prior two years). Large cap stocks also outperformed small cap stocks for the full year, but smaller-company stocks gained momentum in the second half of 2025 and outperformed large caps by a wide margin (lower interest rates and the perception that rates will fall further led to this).

Given the strong market advance in recent years, it is not surprising that overall stock market valuations are elevated relative to historical averages. However, it is comforting that corporate earnings have justified higher prices, and valuations are more attractive in certain market segments. *The mix of positive and negative influences in this environment reinforces the importance of diversification, maintaining a long-term perspective, and adhering to disciplined portfolio construction rather than chasing recent winners or reacting to short-term market movements.*

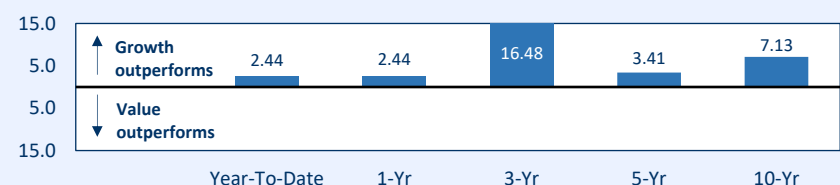
Market Segment		YTD	1-Year	3-Year	5-Year	10-Year
Russell 3000	Broad Indices	17.1%	17.1%	22.2%	13.1%	14.3%
S&P 500		17.9%	17.9%	23.0%	14.4%	14.8%
Russell 2000		12.8%	12.8%	13.7%	6.1%	9.6%
Large Growth	Category	16.1%	16.1%	27.6%	11.3%	15.2%
Large Blend		15.5%	15.5%	20.1%	12.7%	13.3%
Large Value		15.0%	15.0%	13.9%	11.7%	10.7%
Mid Growth		7.7%	7.7%	15.1%	3.7%	10.9%
Mid Blend		9.1%	9.1%	13.2%	8.9%	10.3%
Mid Value		10.2%	10.2%	11.6%	10.6%	9.7%
Small Growth		8.1%	8.1%	13.0%	2.9%	10.3%
Small Blend		7.9%	7.9%	11.8%	7.6%	9.4%
Small Value		6.9%	6.9%	10.6%	9.7%	9.0%

Sector		YTD Return	Trailing Price-to-Earnings (P/E) Ratio		
			Dec. 31 2025	20-yr Avg	Relative to 20-yr Avg.
S&P 500 Index	U.S. Market	17.9%	27.6	19.4	143%
Basic Materials	Cyclical	15.3%	23.8	18.9	126%
Consumer Cyclical		5.7%	29.9	20.9	143%
Financial Services		16.9%	18.3	14.4	127%
Real Estate		4.1%	30.0	29.4	102%
Comm. Services	Sensitive	26.4%	17.8	19.3	92%
Energy		6.9%	17.5	14.9	117%
Industrials		18.7%	27.9	19.7	142%
Technology		21.4%	37.0	23.5	157%
Consumer Defensive	Defensive	1.1%	24.6	20.6	119%
Healthcare		15.2%	26.2	22.2	118%
Utilities		19.4%	21.1	18.4	115%

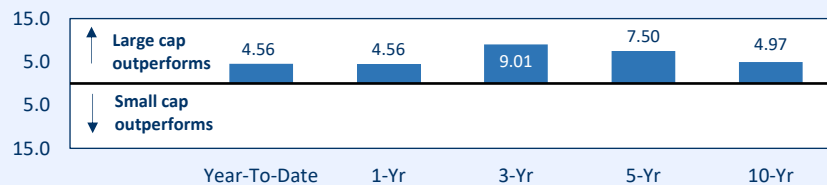
U.S. Stock vs. Foreign Stock



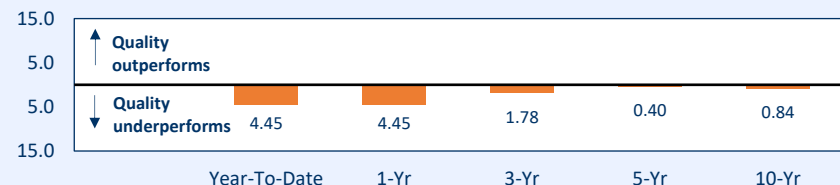
Growth Stock vs. Value Stock



Large Cap Stock vs. Small Cap Stock



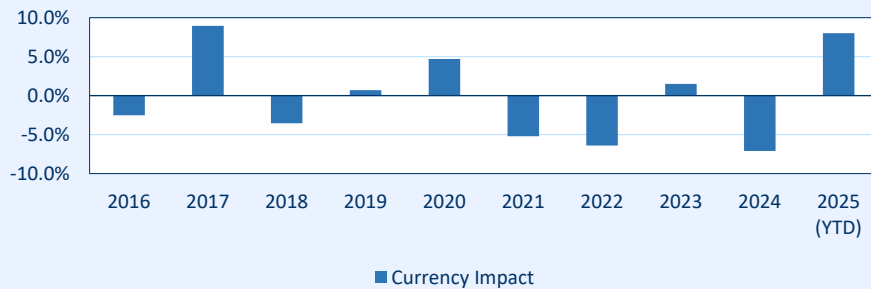
Quality Stock vs. Low Quality Stock



Foreign Economic Conditions & Stock Markets

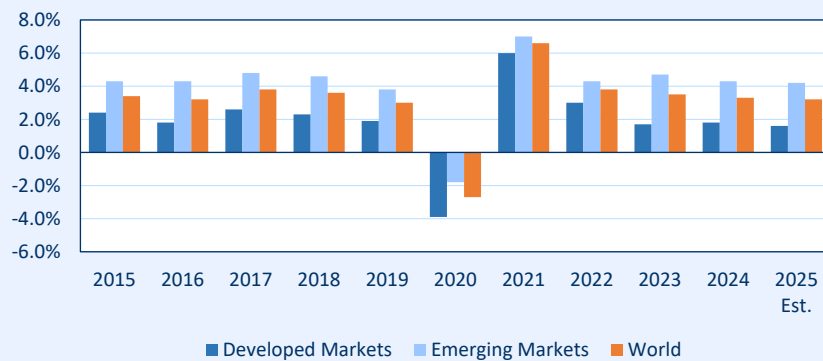
In a reversal of what has generally occurred over the last decade, foreign stocks outperformed U.S. stocks by a wide margin in 2025. To provide context, consider that the MSCI ACWI ex-U.S. IM Index (total foreign market) rose 32.0% for the year, which was 14.8% higher than the Russell 3000 Index (total U.S. market). Foreign outperformance was driven by improving economic momentum abroad, the injection of stimulus in certain countries, and more attractive valuations coming into the year. Another key driver was the decline in the U.S. dollar, which as illustrated in the chart on the top-left below, can have a meaningful impact on foreign stock returns for dollar-based investments. In terms of market categories, Emerging Market (EM) stocks underperformed Developed Market stocks by a wide margin in the early stages of the year. However, EM stocks rebounded strongly throughout the remainder of 2025 and ultimately finished the year in line with Developed Markets returns (as illustrated in the top-right table below). Moving forward, geopolitical risks may be a key driver in 2026. However, the performance gap in 2025 highlights the continued benefit of global diversification at a time when many U.S. investors were questioning if foreign stock allocations should be in their portfolios.

Currency Impact on Foreign Investment (made by U.S. investors)



Return	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
In Local Currency	7.0%	18.2%	-10.6%	20.8%	6.0%	13.0%	-9.6%	14.1%	12.6%	24.4%
Currency Impact	-2.5%	9.0%	-3.5%	0.7%	4.7%	-5.2%	-6.4%	1.5%	-7.1%	8.0%
Net In U.S. Dollars	4.5%	27.2%	-14.2%	21.5%	10.7%	7.8%	-16.0%	15.6%	5.5%	32.4%

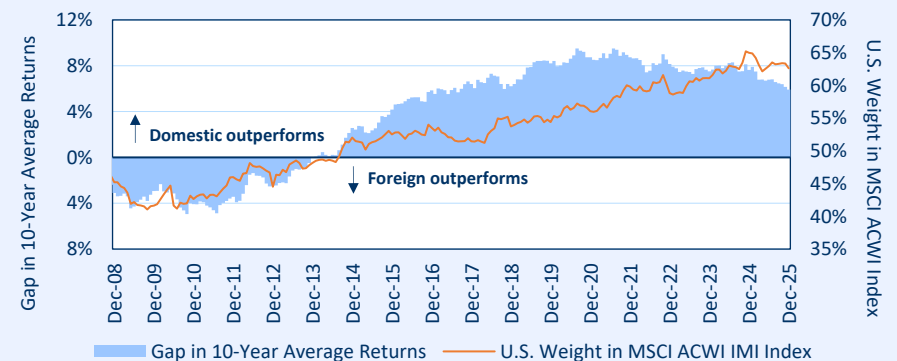
Global Gross Domestic Product



Foreign Stock Performance

Market Segment	YTD	1-Year	3-Year	5-Year	10-Year
MSCI ACWI ex-U.S. IM	32.0%	32.0%	17.1%	7.8%	8.4%
Developed Markets	31.3%	31.3%	16.9%	8.4%	8.1%
Emerging Markets	31.4%	31.4%	16.3%	4.7%	8.4%
Foreign Large Growth	20.3%	20.3%	13.7%	3.4%	7.5%
Foreign Large Blend	30.4%	30.4%	16.7%	8.1%	8.1%
Foreign Large Value	38.5%	38.5%	19.2%	11.4%	8.5%
Foreign Small/Mid Growth	20.4%	20.4%	11.5%	1.3%	6.7%
Foreign Small/Mid Blend	30.3%	30.3%	15.1%	6.6%	7.8%
Foreign Small/Mid Value	37.2%	37.2%	18.9%	11.0%	8.9%

Foreign vs. U.S. Performance and Allocation



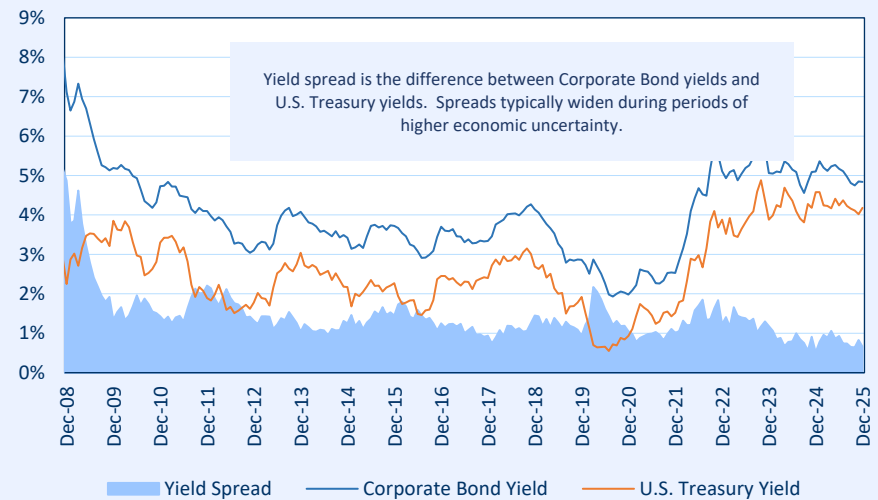
Fixed Income Markets

U.S. fixed income securities delivered favorable returns in 2025 as they benefited from higher portfolio yields, declining interest rates, a resilient U.S. economy, and growing confidence that inflation was moving toward more sustainable levels. In response to weaker data in a few areas of the economy (e.g., the labor market) and cooling inflation, Federal Reserve policymakers cut interest rates three times during the year (to a target range of 3.50% to 3.75% by yearend). In terms of interest rate movement, the 10-year Treasury Yield fell from 4.58% at the start of the year to 4.18% by yearend. Therefore, it is unsurprising that longer-term bonds generally outperformed shorter-term bonds. From a sector perspective, Corporate bonds (both investment grade and high yield), outperformed higher-quality U.S. Treasuries as investors felt relatively comfortable taking on risk. However, the strongest-performing global fixed income sector was Emerging Market bonds - *although foreign bond performance still fell short of U.S. bond performance overall during the year (as noted in the top-left table below)*. Overall, 2025 was the strongest year for bonds since 2020, and it was a welcomed step in the recovery after a historically weak year in 2022 when the Fed raised rates significantly to combat inflation.

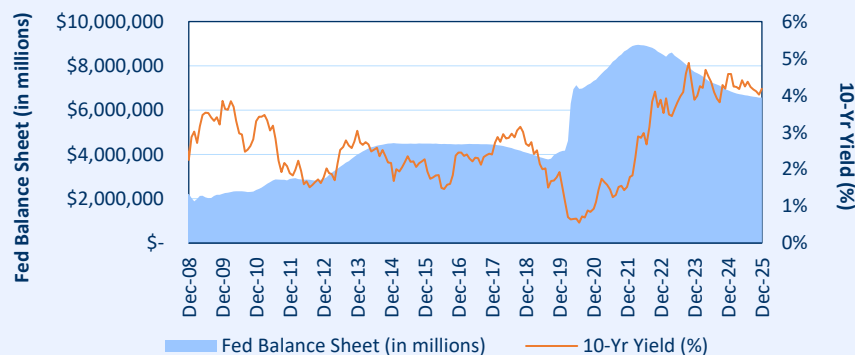
Fixed Income Performance

Sector, Maturity, Region	Avg. Yield	Avg. Maturity	YTD	1-Yr	3-Yr	5-Yr	10-Yr
Agency MBS	4.63%	7.3	6.1%	6.1%	4.8%	0.9%	2.1%
U.S. Treasuries	3.86%	6.7	6.0%	6.0%	3.9%	-0.5%	1.4%
U.S. TIPS	1.69%	7.1	7.0%	7.0%	4.2%	1.1%	3.1%
Municipals	3.60%	13.5	4.2%	4.2%	3.9%	0.8%	2.3%
Invest. Grade Corporate	4.81%	10.4	7.8%	7.8%	6.1%	-0.1%	3.3%
High-Yield Corporate	6.53%	4.8	8.6%	8.6%	10.1%	4.5%	6.5%
Emerging Markets	6.80%	11.2	11.1%	11.1%	8.9%	1.5%	4.2%
Short-Term Bond	3.94%	3.3	6.0%	6.0%	5.6%	2.2%	2.5%
Intermediate-Term Bond	4.26%	8.3	7.3%	7.3%	5.4%	0.2%	2.5%
Long-Term Bond	4.73%	16.3	7.3%	7.3%	4.8%	-2.8%	2.7%
Foreign Bond	2.99%	8.6	2.8%	2.8%	5.3%	0.8%	2.6%
U.S. Bond	4.32%	8.2	7.3%	7.3%	4.7%	-0.4%	2.0%

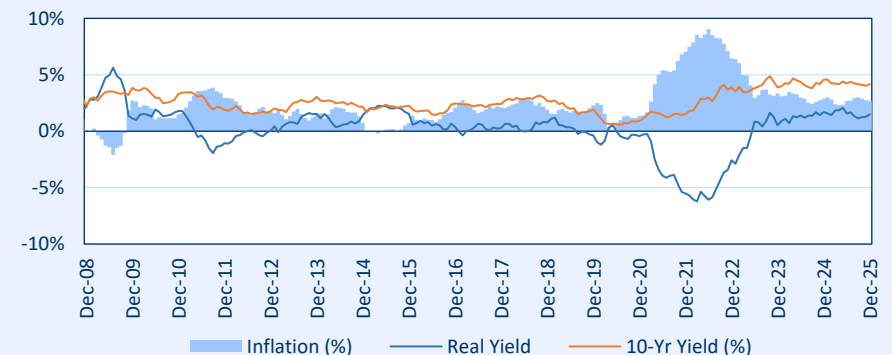
Yield Spreads



Federal Reserve Balance Sheet and 10-Year Treasury Yield



Year-Over-Year Inflation Data and Real Yield



Definitions:

Federal Funds Rate - The interest rate set by the Federal Open Market Committee (FOMC), the governing body of the Federal Reserve Bank, which determines the amount banks charge for overnight lending of their reserve balances to other financial institutions. **Disposable Personal Income (DPI)** - The amount of total discretionary income received by a household net of taxes. **Liabilities / DPI** - The amount of total debt owed by households in relation to their DPI, measured as the aggregate of the entire U.S. population.

Data Sources:**Page 1:**

Gross Domestic Product (GDP): Second quarter 2024 GDP is an advanced estimate from the U.S. Bureau of Economic Analysis. **Unemployment**: U.S. Bureau of Labor Statistics, Unemployment Rate, retrieved from FRED, Federal Reserve Bank of St. Louis. **10-Year Treasury**: U.S. Treasury, Daily Treasury Yield Curve Rates. **30-Year Mortgage Rates**: FreddieMac, Monthly Average Commitment Rate And Points On 30-Year Fixed-Rate Mortgages Since 1971. **Fed Funds Rate**: The effective federal funds rate (EFFR) is calculated as a volume-weighted median of overnight federal funds transactions reported in the FR 2420 Report of Selected Money Market Rates. Data from the Federal Reserve Bank of New York. **Household Net Worth**: Board of Governors of the Federal Reserve System (US), Households and Nonprofit Organizations; Net Worth, Level [TNWBSHNO], retrieved from FRED, Federal Reserve Bank of St. Louis. **Median Household Income**: U.S. Census Bureau, Real Median Household Income in the United States [MEHOINUSA672N], retrieved from FRED, Federal Reserve Bank of St. Louis. **Liabilities / Disposable Personal Income**: Board of Governors of the Federal Reserve, Balance Sheet of Households and Nonprofit Organizations, 1952 - 2024. **Earnings**: Standard & Poor's Global.

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Index Data: Source - Morningstar Direct. Indices listed are as follows: Russell 3000 Index (broad U.S. market), S&P 500 (U.S. large cap), Large Growth (Russell 1000 Growth), Large Blend (Russell 1000), Large Value (Russell 1000 Value), Mid Growth (Russell Mid Cap Growth), Mid Blend (Russell Mid Cap), Mid Value (Russell Mid Cap Value), Small Growth (Russell 2000 Growth), Small Blend (Russell 2000), Small Value (Russell 2000 Value). **Sector Performance Data**: Source - Morningstar Direct. Represents Morningstar sector index performance. **Price to Earnings Data**: P/E ratios are trailing 12-month, sourced from Morningstar Direct. **Factor Performance Data**: Source - Morningstar Direct. U.S. Stock vs. Foreign Stock (Russell 3000 vs. MSCI ACWI ex-U.S. IM Index), Growth vs. Value (Russell 3000 Growth vs. Russell 3000 Value Index), Large Cap Stock vs. Small Cap Stock (S&P 500 vs. Russell 2000 Index), Quality Stock vs. Low Quality Stock (S&P 500 Quality Index vs. S&P 500 Index).

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Gross Domestic Product: Source - imf.org. Gross Domestic Product (GDP) for Developed markets (advanced economies), Emerging markets (emerging and developing economies), and World represent year-over-year economic growth data. **Foreign Stock Performance**: Source - Morningstar Direct. In order from top to bottom, the indices used are as follows: the MSCI ACWI ex-U.S. IM Index (broad foreign market), the MSCI EAFE IM Index (Developed Markets), the MSCI EM IM Index (Emerging Markets), the MSCI ACWI ex-U.S. Large Growth Index, the MSCI ACWI ex-U.S. Large Blend Index, the MSCI ACWI ex-U.S. Large Value Index, the MSCI ACWI ex-U.S. Small/Mid Growth Index, the MSCI ACWI ex-U.S. Small/Mid Blend Index, and the MSCI ACWI ex-U.S. Small/Mid Value Index. **Currency Impact on Returns**: Source - Morningstar Direct. Represents the yearly returns for the MSCI ACWI ex-U.S. Local Currency Index (Local Currency) and the MSCI ACWI ex-U.S. USD Index (U.S. Dollar). The currency data represents the difference between the yearly returns of the MSCI ACWI ex-U.S. Index in U.S. dollars versus Local Currency. **Foreign vs. U.S. Performance and Allocation**: Source - Morningstar Direct. Represents 1) the 10-year rolling return difference between the Russell 3000 Index (domestic) and the MSCI ACWI ex-U.S. IM Index (foreign) and 2) the U.S. historical weight within the MSCI ACWI ex-U.S. Index.

Page 4:

Fixed Income Performance: Source - Morningstar Direct. Indices/categories listed are as follows: Agency MBS (Bloomberg US MBS Index), U.S. Treasuries (S&P/BGCantor U.S. Treasury Bond Index), U.S. TIPS (Bloomberg U.S. Treasury U.S. TIPS Index), Municipals (Bloomberg Municipal Index), Invest. Grade Corporates (Bloomberg US Corp Bond Index), High-Yield Corporates (Bloomberg High Yield Corporate Index), Emerging Markets (JPM EMBI Global Diversified Index), Short-Term Bond (Morningstar Short-Term Bond Category), Intermediate-Term Bond (Morningstar Intermediate Core-Plus Bond Category), Long-Term Bond (Morningstar Long-Term Bond Category), Foreign Bond (Bloomberg Global Agg ex USD Hedged USD), U.S. Bond (Bloomberg U.S. Aggregate Bond). **Yield Spreads**: Corporate Bond Yield - U.S. Department of the Treasury, 10-Year High Quality Market (HQM) Corporate Bond Par Yield [HQMCB10YRP], retrieved from FRED, Federal Reserve Bank of St. Louis. Treasury Yield / Real Yield - U.S. Treasury, Daily Treasury Yield Curve Rates. **Federal Reserve Balance Sheet Size & 10-Year Treasury Yield**: Fed Balance Sheet - Board of Governors of the Federal Reserve System (US), Assets: Total Assets: Total Assets (Less Eliminations from Consolidation): Wednesday Level [WALCL], retrieved from FRED, Federal Reserve Bank of St. Louis. **Inflation Data & Real Yield**: Source - inflationdata.com. U.S. Treasury, Daily Treasury Yield Curve Rates. Real yield represents the 10-Year Treasury Bond Yield less the year-over-year change in the Consumer Price Index (CPI).

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