WEEKLY HEADINGS

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Where did the time go? Next Tuesday, President Trump is set to deliver the first State of the Union address of his second term to a joint session of Congress. While the Supreme Court's IEEPA decision and a partial government shutdown may hang over the highly anticipated speech, the president is still expected to spotlight several policy achievements from the first year of his second term. Chief among them are the passage of the One Big Beautiful Bill Act, which is widely expected to generate sizable tax refunds for households this year, and sweeping changes to US trade policy. Markets will be listening closely for clues about the administration's key legislative priorities over the next three years, as well as any broader initiatives heading into November's midterm elections. In the spirit of the State of the Union, we share below our own take on the current 'state' of the upcoming midterm election, the economy and financial markets.

KEY TAKEAWAYS

Betting Markets Currently Reflect That Democrats Will Flip The House

Despite Depressed Confidence, The US Economy Remains On Solid Footing

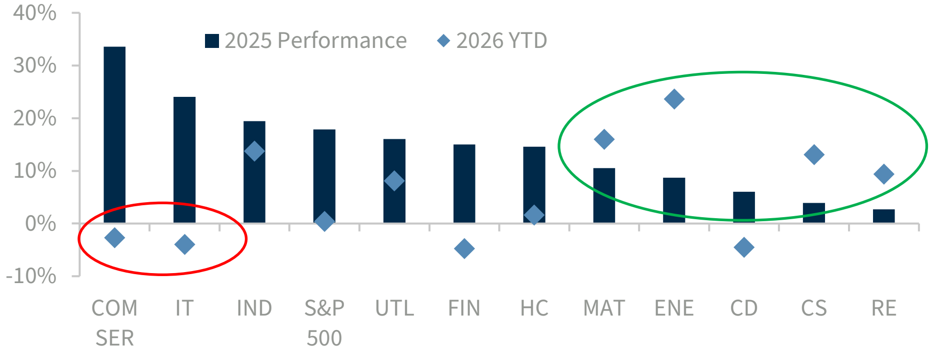
A Muted Start To The Year For The S&P 500, But Fundamentals Are Strong

- **State Of Midterm Elections |** It's been a busy start to the midterm election year in Washington, marked by a second government shutdown, rising geopolitical tensions—including Iran and Venezuela—and continued uncertainty around tariffs. While the economy has so far held up well, President Trump's approval rating has moved in the opposite direction, slipping to ~41%. That's near the low point of his current term and roughly in line with where it stood at this stage of his first term. Historically, presidential approval ratings have been closely linked to changes in House seats during midterm elections. Reflecting that, betting markets now assign an 84% probability that Democrats take control of the House, along with a rising—now 40%—probability that the Senate flips as well. With roughly 250 days until Election Day and the economy and cost of living topping voters' concerns, affordability is likely to remain front and center for the administration. While many proposed measures—such as the credit card interest rate cap—would require congressional action, the Trump administration is expected to maintain its focus on lowering health care, energy, and housing costs.
- **State Of The Economy |** Even as consumer confidence has slipped to a 12-year low, the US economy continues to grow at a healthy pace. Strong business investment—especially in the tech sector—along with resilient consumer spending has kept momentum intact. That said, concerns about the labor market haven't disappeared. Job growth stalled in 2025, with the economy adding just 181k jobs, though the unemployment rate remains a historically low 4.4%. Many companies, rather than hiring aggressively, are focusing on boosting productivity with their existing workforce as they adapt to the AI transition. Inflation, meanwhile, has stayed stubbornly above the Fed's 2.0% target for a fifth straight year, but once the effects of tariffs fade—likely around midyear—we expect the disinflationary trend to resume. Looking ahead, economic growth should remain on solid footing, supported by favorable financial conditions, one expected Fed rate cut this year, fiscal stimulus from the One Big Beautiful Bill tax changes, and continued strength in capital spending. In fact, mega-cap tech investment is projected to jump ~50% in 2026. These factors underpin our economists' forecast for 2.4% growth next year.
- **State Of The Bond Market |** Even as growth shows modest signs of improvement—highlighted by a recent jump in the Citi Economic Surprise Index—front-end Treasury yields have broken from their typically tight relationship with that measure and moved lower. We see two main reasons for this shift. First, a softer than expected CPI report—likely distorted by last year's six-week government shutdown—sparked a sharp rally in Treasuries as markets briefly priced in more than a 50% chance of a third 25-basis point Fed rate cut, a view that is now fading. Second, rising fears around AI-driven disruption have unsettled parts of the equity market, increasing the safe-haven appeal of Treasuries. The move has been swift: two-year yields recently fell to their lowest level in nearly four years, while the 10-year dropped to 4.07%, down ~16 basis points MTD—its steepest monthly decline since last February. In our view, this looks overdone. With growth expected to firm and a Fed cut already priced in, we see the 10-year Treasury yield rising back toward the 4.25%–4.50% range by year-end.
- **State Of The Equity Market |** After strong gains in 2025 (+18%), equity markets have gotten off to a quieter start this year. At the headline level, the S&P 500 is up just 0.4%—its weakest opening since 2022. Beneath the surface, though, there's been plenty of action, with pronounced sector rotation driving returns. Many of last year's laggards—Energy, Consumer Staples, and Materials—have emerged as this year's leaders, while last year's standouts, including Tech and Communication Services, are now trailing. Dispersion within sectors has also been elevated, as AI-related disruption fears have created perceived winners and losers—for example, semiconductors are significantly outperforming software within Tech. Looking ahead, with fundamentals still supportive—earnings trending higher and Fed policy remaining accommodative—we expect the bull market to continue. That said, stretched valuations and elevated sentiment point to more volatility and modest gains. We see the S&P 500 ending the year near 7,250 and favor Tech, Industrials, Consumer Discretionary, and Health Care.

CHART OF THE WEEK

A Rotation in Sector Performance Beneath the Surface

While headline S&P 500 performance has been flat YTD, there has been significant sector rotation beneath the surface. Some of the worst performing sectors in 2025 (energy, staples, materials) have been some of the best performing thus far in 2026.



Source: FactSet

Economy

- Real GDP slowed sharply to a 1.4% annualized pace in 4Q25, well below expectations and down from 4.4% in Q3. Solid consumer spending (+2.4%) and private investment (+3.8%) were offset by a 5.1% plunge in government spending due to the shutdown.
- Core PCE reaccelerated to 3.0% YoY—the highest since March 2025—while personal income rose 0.3% and spending increased 0.4%, lifting the saving rate to 3.6%. The firming in core PCE, alongside sticky goods prices, reinforces our view of only one rate cut this year.
- Industrial production rose a strong 0.7% MoM, reaching the highest level since 2019 and supported by a 0.6% gain in manufacturing—which reached its highest level since 2022. The strength aligns with the ISM Manufacturing PMI returning to expansion territory.
- **Focus of the Week:** A slower week awaits investors, with focus shifting to several inflation-related reports. On Tuesday, we'll receive an update on housing prices via the FHFA and Case-Shiller Home Price Indices, both of which we expect to show subdued y/y readings, consistent with real-time measures such as Redfin and Zillow. Then on Friday, we'll get an inflation gauge on prices paid by producers, with headline PPI expected to slow to 1.6% y/y—the lowest since early 2024—largely reflecting favorable base effects.

February 23 – February 27

MON	Factory Orders	WED		FRI	PPI Construction Spending
TUE	FHFA/C-S Home Price Indices Consumer Confidence	THU	Jobless Claims	FUTURE EVENTS	3/3 Import/Export Price Indices 3/6 Employment Report

Equity

- The S&P 500 is roughly flat YTD as capital has rotated from growth (-2% YTD) to value (+4% YTD). It's interesting to note that the S&P 500 is trading at its narrowest range at this point in the year since 1966 with only a 2.7% difference between the highest and lowest closing prices this year. Despite muted performance at the index level, moves have been far greater at the S&P 500 constituent level. While 110 S&P 500 constituents have moved up or down by 5% or less YTD, 112 constituents have moved up or down by 20% or more reflecting elevated dispersion in returns. This highlights how dispersion/selectivity will be a key market theme this year.
- Among the bright spots in the equity market has been the Energy sector, up 23% YTD—the strongest start to a year over the last 25 years. The sector's recent outperformance reflects the bounce in oil prices to six-month highs, due to a wider risk premium amid US-Iran tensions. If and when these tensions subside, we expect oil prices to cool off—our year-end WTI target is $55-$60/barrel—which would pressure energy stocks, hence our underweight on the sector.
- **Focus of the Week**: Next week, markets will be focused on earnings results from NVIDIA for insight into the AI demand outlook given recent volatility in the Technology sector.

Fixed Income

- February through April is typically a weaker period for Treasuries, in part due to tax season. But thus far, bonds have bucked that trend. The 10-year yield is down 18 bps MTD, driving the Bloomberg US 10-Year Treasury Index up 1.8%—on track for its best month since last February, while outpacing the S&P 500 by 2.8%. Similar to last February, a deterioration in risk sentiment has supported demand. Short-term stock-bond correlations have moved back into negative territory while longer-term correlations remain attractive from a portfolio construction standpoint. Although Treasuries lost some of their diversifying benefits in 2021 and 2022 amid aggressive Fed rate hikes to combat inflation, easing price pressures have helped Treasuries restore their role as a stabilizing force in portfolios.
- January's FOMC minutes leaned slightly hawkish and highlighted ongoing divisions among policymakers over the future path of Fed policy. With inflation still running stubbornly above target, some policymakers opened the door for rate hikes if inflation remains elevated—though most favored holding rates steady for the foreseeable future. Notably, the minutes removed earlier references to inflation returning to 2% by 2027 or 2028, instead indicating that forecasts are slightly higher without providing an explicit date inflation may return to target. Markets took the minutes in stride, with consensus expectations still centered on two rate cuts before year-end.
- **Focus of the Week:** Auctions for 2-, 5-, and 7-year Treasuries are on deck with risk sentiment likely to drive markets into month-end.

Washington Policy

- On Friday morning, the Supreme Court struck down the Trump administration's IEEPA tariffs, but we believe they will quickly be replaced with other tariff authorities. Read more in our Q&A on the topic and reports from Ed Mills' Washington Policy team.
- The administration has combined military pressure on Iran with escalation, with Trump indicating yesterday (2/19) that we will "find out about Iran in about 10 days." The US has built up one of the largest regional deployments since 2003, with regional allies like Israel on alert, signaling a real willingness to act rather than just posture. Recent talks yielded only modest progress, with Iran reportedly offering limited enrichment caps in exchange for sanctions relief. Markets have generally treated recent Trump geopolitical shocks as short-lived, given the pattern of narrowly targeted operations and quick de-escalation.

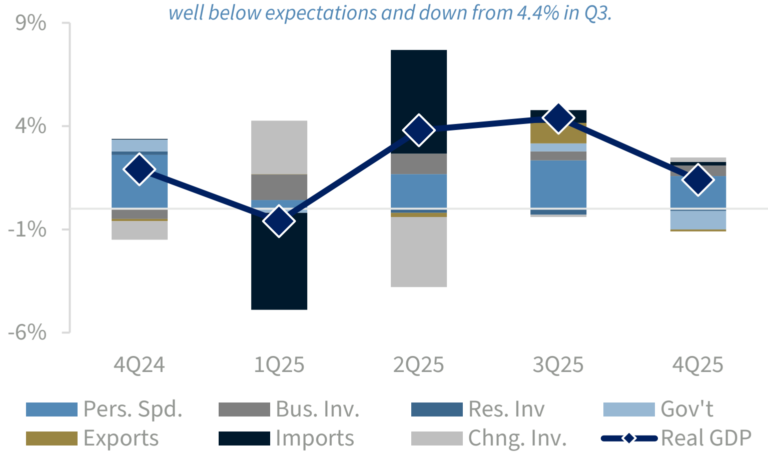
Commodities

- As headline-grabbing as precious metals are, YTD gains in gold and silver are far outpaced by neodymium—the most economically impactful of the 17 rare earths and the top-gaining commodity YTD (up 42% to a 4-year high). Neodymium is a vital input for specialized magnets that are used in highly engineered products, such as military aircraft, electric vehicles, and MRI machines. Counterintuitively, neodymium pricing is 30% higher than where it peaked amid China's export curtailments in the summer of 2025. Following the US-China trade truce, Chinese magnet exports have normalized, but they are still lagging behind growth in global demand.
- As confirmed by new data from the US Geological Survey, China dominates the rare earth market: 69% of global mined output comes from China, and its share of magnet processing is even higher. Control over magnet exports remains a major source of Beijing's leverage in trade negotiations, but the US economy is gradually moving toward self-sufficiency. The US already mines more than enough rare earths for its domestic needs, and while magnet production capacity is currently slim, substantial expansion is underway. We expect the US to become fully self-sufficient in 2028/29, though it's worth noting that all infrastructure development is prone to delays.

Charts of the Week

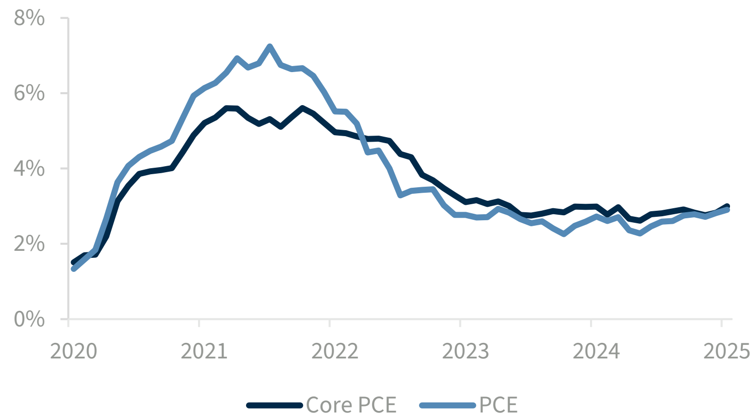
4Q GDP Surprises To The Downside

Real GDP slowed sharply to a 1.4% annualized pace in 4Q25, well below expectations and down from 4.4% in Q3.



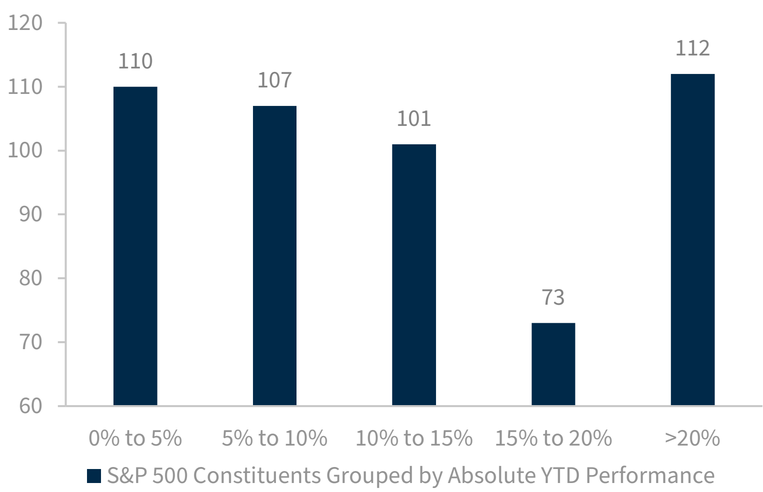
Core PCE Price Index Picks Up

Core PCE reaccelerated to 3.0% YoY—the fastest yearly growth rate since March 2025.



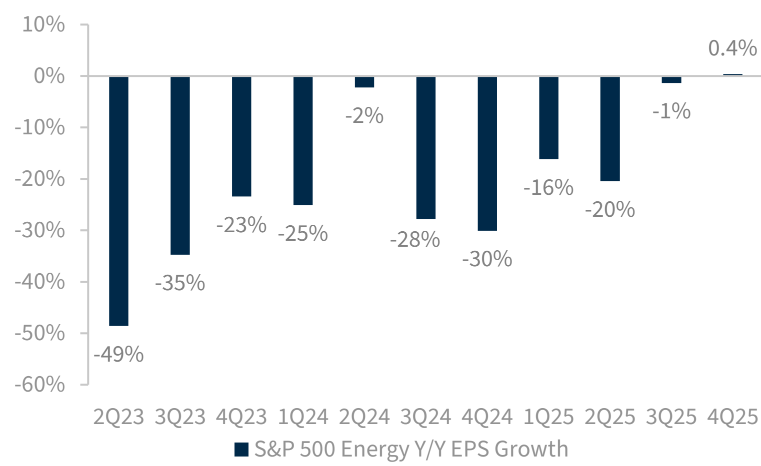
Large Moves Beneath The Surface

While the S&P 500 is roughly flat YTD, more constituents have experienced widely different levels of performance.



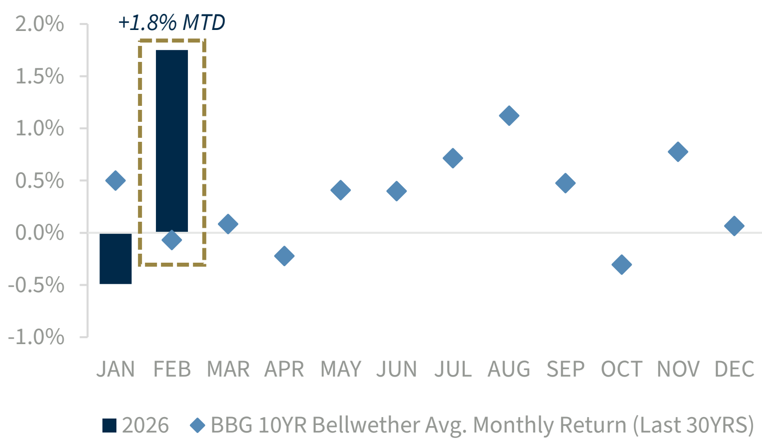
Energy Ends Earnings Draught

The Energy sector is on pace to post positive Y/Y earnings growth in 4Q25 for the first time in 11 quarters.



Weak Risk Sentiment Boosts Treasuries

As was the case in February 2025, deteriorating risk sentiment is boosting Treasuries, defying a seasonally weak period.



Chinese Magnet Exports Are At Pre- Trade War Levels

While there is no near-term risk of physical supply shortages, Chinese exports are lagging behind growth in global demand, and thus prices are rising.

Source for charts: FactSet, as of 2/19/2026.

Asset Class Performance | Distribution by Asset Class and Style (as of February 19)**

Weekly Returns (as of February 19)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	0.8%	0.6%	0.4%
Mid Cap	1.4%	1.6%	2.3%
Small Cap	1.6%	1.9%	2.2%

International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	0.8%	0.5%	-0.1%
Mid Cap	0.4%	1.0%	-0.2%
Small Cap	0.8%	1.3%	0.3%

Fixed Income (Bloomberg indices)

	1-3 YR	Medium	Long
Treasury	0.1%	0.1%	0.3%
Invest. Grade	0.1%	0.1%	0.2%
High Yield	0.1%	0.1%	0.5%

Year-to-Date Returns (as of February 19)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	6.5%	0.6%	-4.7%
Mid Cap	8.3%	6.2%	-0.7%
Small Cap	10.5%	7.5%	4.7%

International Equities (MSCI indices)

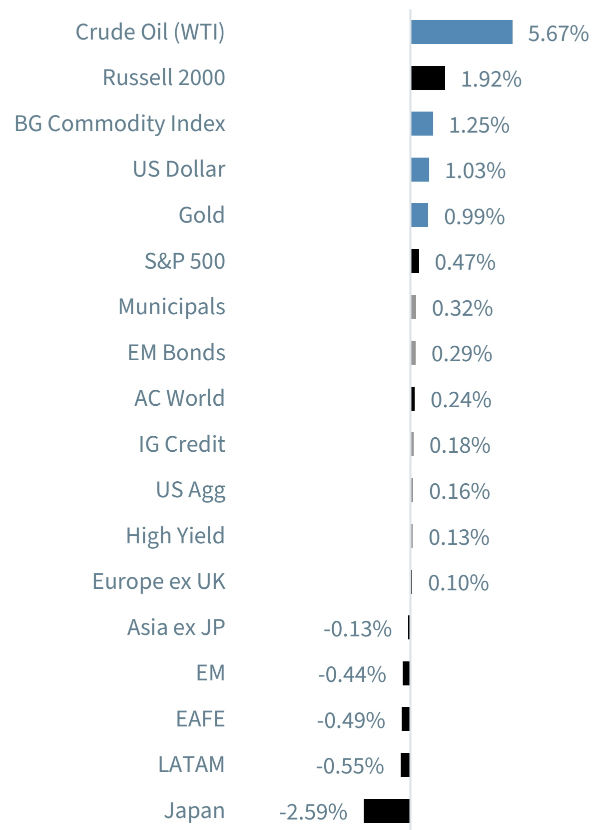
	Dev. Mkt	World	Emerg. Mkt
Large Cap	6.9%	2.5%	11.6%
Mid Cap	8.3%	6.3%	9.6%
Small Cap	7.7%	8.7%	9.2%

Fixed Income (Bloomberg indices)

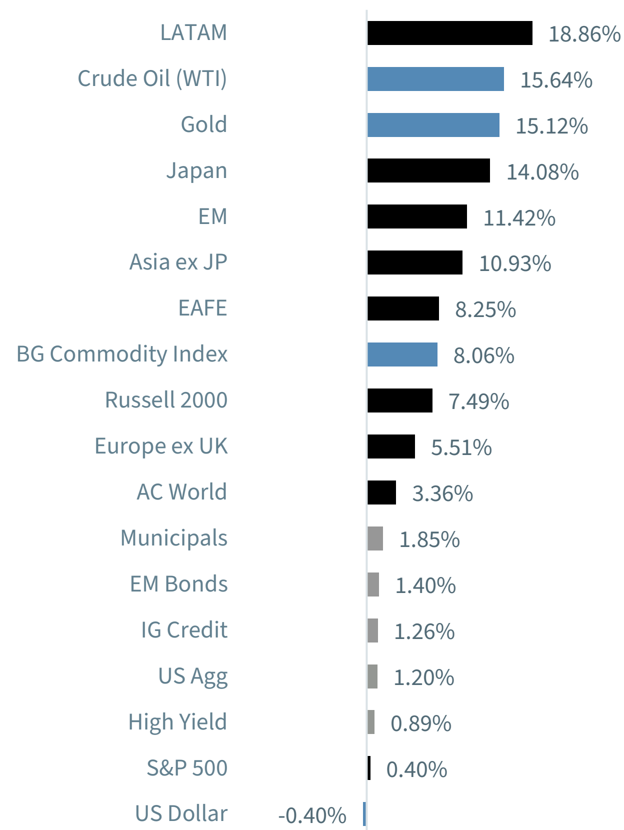
	1-3 YR	Medium	Long
Treasury	0.5%	0.8%	1.2%
Invest. Grade	0.6%	0.9%	1.1%
High Yield	0.7%	0.9%	2.4%

Asset Class Performance | Weekly and Year-to-Date (as of February 19)**

Weekly***



Year-to-Date***



■ Commodities ■ Equities ■ Fixed Income

**Weekly performance calculated from Thursday close to Thursday close.

***Assumes all asset classes are priced in US dollars unless otherwise noted. Ranked in order of performances (best to worst).

Weekly Data**

US Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500	6861.9	0.5	(1.0)	0.4	13.1	20.6	13.6	15.6
DJ Industrial Average	49395.2	(0.1)	1.0	2.8	10.7	13.4	9.4	11.7
NASDAQ Composite Index	22682.7	0.4	(3.3)	(2.4)	13.1	24.3	10.3	17.5
Russell 1000	7205.3	0.6	(0.8)	0.6	15.3	20.7	14.1	15.4
Russell 2000	6623.4	1.9	2.0	7.5	15.8	12.2	6.2	11.2
Russell Midcap	10461.3	1.6	3.0	6.2	9.3	12.5	9.4	12.1

Equity Sectors

Sector	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
Materials	665.6	0.5	6.7	16.0	19.9	11.2	9.3	12.3
Industrials	1492.2	2.1	6.6	13.8	29.0	21.5	16.0	14.9
Comm Services	439.7	(1.1)	(8.0)	(2.7)	20.8	35.7	14.3	12.8
Utilities	467.2	1.9	6.6	8.1	18.3	13.9	11.9	10.7
Consumer Discretionary	1840.5	0.4	(6.1)	(4.5)	0.7	17.2	7.1	13.5
Consumer Staples	975.6	(2.2)	5.0	13.1	10.3	11.0	10.7	9.4
Health Care	1831.1	0.8	1.6	1.6	9.4	7.8	8.4	11.1
Information Technology	5452.7	0.4	(2.4)	(4.0)	16.4	31.6	18.9	24.7
Energy	844.3	2.1	8.0	23.6	25.5	13.2	24.1	11.1
Financials	865.3	0.9	(2.4)	(4.8)	1.4	14.6	12.0	14.1
Real Estate	274.7	0.2	6.1	9.4	8.4	7.2	6.5	8.2

Fixed Income

Index	Yield	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
3-Month Treasury Bill (%)	3.7	0.1	0.2	0.5	4.2	4.9	3.3	2.2
2-Year Treasury (%)	3.5	0.0	0.3	0.5	4.9	4.3	1.6	1.6
10-Year Treasury (%)	4.1	0.3	1.7	1.2	8.5	3.4	(1.4)	0.5
Bloomberg US Corporate HY	7.0	0.1	0.4	0.9	7.8	9.6	4.4	7.0
Bloomberg US Aggregate	4.2	0.2	1.1	1.2	7.6	4.7	0.2	1.9
Bloomberg Municipals	--	0.3	0.9	1.9	5.5	4.2	1.1	2.4
Bloomberg IG Credit	4.8	0.2	1.1	1.3	8.0	6.0	0.7	3.3
Bloomberg EM Bonds	5.7	0.3	1.0	1.4	11.0	9.0	2.0	4.3

Commodities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
WTI Crude ($/bl)	66.4	5.7	1.8	15.6	(7.9)	(4.6)	2.3	7.7
Gold ($/Troy Oz)	4997.4	1.0	5.3	15.1	70.2	39.3	23.0	15.0
Bloomberg Commodity Index	118.5	1.3	(1.8)	8.1	10.2	3.6	6.8	4.7

Currencies

Currency	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
US Dollar Index	97.9	1.0	1.0	(0.4)	(8.6)	(1.9)	1.6	0.1
Euro	1.18	(1.0)	(1.1)	0.2	12.8	3.3	(0.6)	0.6
British Pound	1.35	(1.5)	(2.0)	0.0	6.9	3.9	(0.8)	(0.6)
Japanese Yen	155.02	(1.5)	(0.5)	1.1	(2.3)	(4.7)	(7.4)	(3.1)

International Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
MSCI AC World	1047.2	0.2	0.4	3.4	20.3	19.9	11.3	13.5
MSCI EAFE	3127.1	(0.5)	2.9	8.2	32.4	18.1	10.3	10.6
MSCI Europe ex UK	3437.3	0.1	1.2	5.5	30.1	17.5	10.9	11.3
MSCI Japan	5475.6	(2.6)	7.0	14.1	38.3	21.7	8.8	10.7
MSCI EM	1563.3	(0.4)	2.4	11.4	41.3	19.5	4.8	10.8
MSCI Asia ex JP	1012.4	(0.1)	2.5	10.9	40.4	19.1	3.9	11.0
MSCI LATAM	3213.8	(0.6)	3.0	18.9	62.0	19.8	13.5	11.6
Canada S&P/TSX Composite	24551.5	3.5	5.2	5.9	31.1	17.8	12.8	10.1

**Weekly performance calculated from Thursday close to Thursday close.

Disclosures

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The information has been obtained from sources considered to be reliable, but we do not guarantee that the foregoing material is accurate or complete. Diversification and asset allocation do not ensure a profit or protect against a loss.

INTERNATIONAL INVESTING | International investing involves additional risks such as currency fluctuations, differing financial accounting standards, and heightened political and/or economic instability. These risks are greater in emerging markets.

ENERGY COMMODITIES | Investing in energy commodities is generally considered speculative, with high levels of volatility, limited market regulation, and emerging markets risk. Oil prices are influenced by OPEC decisions and tend to be economically sensitive. Natural gas prices are influenced by weather.

MINING COMMODITIES | Investing in mining commodities is generally considered speculative, with high levels of volatility, limited market regulation, and emerging markets risk. Prices of precious metals such as gold are influenced by central bank decisions. Prices of industrial metals such as copper tend to be economically sensitive.

SECTORS | Sector investments are companies focused on a specific economic sector and are presented here for illustrative purposes only. Sectors, including Tech, are subject to varying levels of competition, economic sensitivity, and political and regulatory risks. Investing in any individual sector involves limited diversification.

CURRENCIES | Currency investing is generally considered speculative, with high levels of volatility and limited market regulation. These risks are greater in emerging markets.

FIXED INCOME | Fixed-income securities (or bonds) are exposed to various risks including but not limited to credit (risk of default of principal and interest payments), market and liquidity, interest rate, reinvestment, legislative (changes to the tax code), and call risks. There is an inverse relationship between interest rate movements and fixed income prices. Generally, when interest rates rise, fixed income prices fall and when interest rates fall, fixed income prices generally rise. A credit rating of a security is not a recommendation to buy, sell or hold the security and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning Rating Agency. Ratings and insurance do not remove market risk since they do not guarantee the market value of the bond.

MUNICIPAL BONDS | Municipal securities typically provide a lower yield than comparably rated taxable investments in consideration of their tax-advantaged status. Investments in municipal securities may not be appropriate for all investors, particularly those who do not stand to benefit from the tax status of the investment. Please consult an income tax professional to assess the impact of holding such securities on your tax liability.

US TREASURIES | US Treasury securities are guaranteed by the US government and, if held to maturity, generally offer a fixed rate of return and guaranteed principal value.

PERSONAL CONSUMPTION EXPENDITURES | The Personal Consumption Expenditures (PCE) Price Index is a measure of the prices that people living in the United States, or those buying on their behalf, pay for goods and services.

PRODUCER PRICE INDEX | The Producer Price Index (PPI) is a measure of wholesale inflation, while the Consumer Price Index measures the prices paid by consumers.

CONSUMER PRICE INDEX | The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

FHFA HOME PRICE INDEX | The FHFA House Price Index® (FHFA HPI®) is a comprehensive collection of publicly available house price indexes that measure changes in single-family home values based on data that extend back to the mid-1970s from all 50 states and over 400 American cities.

CASE SHILLER HOME PRICE INDEX | The S&P CoreLogic Case-Shiller Home Price Index is a leading, monthly, repeat-sales measure of U.S. residential real estate prices, tracking changes in home values. It covers national, 10-city, and 20-city composites based on single-family home resales, providing a reliable gauge of market trends.

ISM MANUFACTURING INDEX | The ISM Manufacturing Index (or PMI) is a key monthly economic indicator from the Institute for Supply Management (ISM), surveying US purchasing managers on production, new orders, employment, inventories, and supplier deliveries, with a reading above 50 signaling expansion and below 50 indicating contraction in the manufacturing sector.

ISM SERVICES INDEX | The ISM Services Index (now called the Services PMI) is a key economic indicator from the Institute for Supply Management (ISM) that tracks the health of the US service sector (around 80% of the economy) by surveying purchasing managers in over 400 non-manufacturing firms monthly. It's a composite index based on sub-indices like Business Activity, New Orders, Employment, and Supplier Deliveries, with readings above 50 indicating expansion and below 50 signaling contraction.

CITI ECONOMIC SURPRISE INDEX | Citigroup Economic Surprise Index represents the sum of the difference between official economic results and forecasts. With a sum over 0, its economic performance generally beats market expectations. With a sum below 0, its economic conditions are generally worse than expected.

Disclosures

DATA SOURCE | FactSet, Bloomberg as of 2/19/2026

DOMESTIC EQUITY DEFINITION

DOW JONES INDUSTRIAL AVERAGE (DJIA) | The Dow Jones Industrial Average (DJIA) is an index that tracks 30 large, publicly-owned companies trading on the New York Stock Exchange (NYSE) and the NASDAQ.

NASDAQ COMPOSITE INDEX | The Nasdaq Composite Index is the market capitalization-weighted index of over 3,300 common equities listed on the Nasdaq stock exchange.

S&P 500 | The S&P 500 Total Return Index: The index is widely regarded as the best single gauge of large-cap U.S. equities. There is over USD 7.8 trillion benchmarked to the index, with index assets comprising approximately USD 2.2 trillion of this total. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

S&P 500 EQUAL WEIGHT INDEX | The S&P 500 Equal Weight Index: The index includes the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight - or 0.2% of the index total at each quarterly rebalance.

LARGE GROWTH | Russell 1000 Growth Total Return Index: This index represents a segment of the Russell 1000 Index with a greater- than-average growth orientation. Companies in this index have higher price-to-book and price-earnings ratios, lower dividend yields and higher forecasted growth values. This index includes the effects of reinvested dividends.

MID GROWTH | Russell Mid Cap Growth Total Return Index: This index contains stocks from the Russell Midcap Index with a greater-than-average growth orientation. The stocks are also members of the Russell 1000 Growth Index. This index includes the effects of reinvested dividends.

LARGE BLEND | Russell 1000 Total Return Index: This index represents the 1000 largest companies in the Russell 3000 Index. This index is highly correlated with the S&P 500 Index. This index includes the effects of reinvested dividends.

SMALL GROWTH | Russell 2000 Growth Total Return Index: This index represents a segment of the Russell 2000 Index with a greater- than-average growth orientation. The combined market capitalization of the Russell 2000 Growth and Value Indices will add up to the total market cap of the Russell 2000. This index includes the effects of reinvested dividends.

MID BLEND | Russell Mid Cap Total Return Index: This index consists of the bottom 800 securities in the Russell 1000 Index as ranked by total market capitalization. This index includes the effects of reinvested dividends.

SMALL BLEND | Russell 2000 Total Return Index: This index covers 2000 of the smallest companies in the Russell 3000 Index, which ranks the 3000 largest US companies by market capitalization. The Russell 2000 represents approximately 10% of the Russell 3000 total market capitalization. This index includes the effects of reinvested dividends.

LARGE VALUE | Russell 1000 Value Total Return Index: This index represents a segment of the Russell 1000 Index with a less-than-average growth orientation. Companies in this index have low price-to-book and price-earnings ratios, higher dividend yields and lower forecasted growth values. This index includes the effects of reinvested dividends.

MID VALUE | Russell Mid Cap Value Total Return Index: This index contains stocks from the Russell Midcap Index with a less-than-average growth orientation. The stocks are also members of the Russell 1000 Value Index. This index includes the effects of reinvested dividends.

SMALL VALUE | Russell 2000 Value Total Return Index: This index represents a segment of the Russell 2000 Index with a less-than-average growth orientation. The combined market capitalization of the Russell 2000 Growth and Value Indices will add up to the total market cap of the Russell 2000. This index includes the effects of reinvested dividends.

COMMODITY INDEX DEFINITION

BLOOMBERG COMMODITY INDEX (BCOM) | The Bloomberg Commodity Index is a broadly diversified commodity price index distributed by Bloomberg Index Services Limited.

FIXED INCOME DEFINITION

AGGREGATE BOND | Bloomberg US Agg Bond Total Return Index: The index is a measure of the investment grade, fixed-rate, taxable bond market of roughly 6,000 SEC-registered securities with intermediate maturities averaging approximately 10 years. The index includes bonds from the Treasury, Government-Related, Corporate, MBS, ABS, and CMBS sectors.

HIGH YIELD | Bloomberg US Corporate High Yield Total Return Index: The index measures the USD-denominated, high yield, fixed- rate corporate bond market. Securities are classified as high yield if the middle rating of Moody’s, Fitch and S&P is Ba1/BB+/BB+ or below.

CREDIT | Bloomberg US Credit Total Return Index: The index measures the investment grade, US dollar-denominated, fixed- rate, taxable corporate and government related bond markets. It is composed of the US Corporate Index and a non-corporate component that includes foreign agencies, sovereigns, supranationals and local authorities.

Disclosures

MUNICIPAL | Bloomberg Municipal Total Return Index: The index is a measure of the long-term tax-exempt bond market with securities of investment grade (rated at least Baa by Moody's Investors Service and BBB by Standard and Poor's). This index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds.

BLOOMBERG US CONVERTIBLE LIQUID BOND INDEX | The index tracks the performance of USD-denominated convertible securities, specifically bonds and convertible preferred stock, issued in the US market with a minimum amount outstanding of $350 million.

BLOOMBERG CAPITAL AGGREGATE BOND TOTAL RETURN INDEX | This index represents securities that are SEC-registered, taxable, and dollar denominated. The 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. The index is designed to minimize concentration in any one commodity or sector. It currently has 22 commodity futures in seven sectors. No one commodity can compose less than 2% or more than 15% of the index, and no sector can represent more than 33% of the index (as of the annual weightings of the components).

BLOOMBERG EMERGING MARKET BOND INDEX | The Bloomberg USD Emerging Market Composite Bond Index is a rules-based, market-value-weighted index engineered to measure USD fixed-rate sovereign and corporate securities issued from emerging markets. The index includes both investment- grade and below-investment-grade securities.

BLOOMBERG WIRP FUTURES MODEL | The Bloomberg World Interest Rate Probability (WIRP) function calculates the implicit forecast for rates after each meeting over the next year for the biggest developed world central banks, based on pricing in futures and overnight index swaps markets.

BLOOMBERG TREASURY INDEX | The Bloomberg US Treasury Index measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury. Treasury bills are excluded by the maturity constraint but are part of a separate Short Treasury Index. The Index is a component of the US Aggregate, US Universal, Global Aggregate and Global Treasury Indices. The index includes securities with remaining maturity of at least one year.

INTERNATIONAL EQUITY DEFINITION

EMERGING MARKETS EASTERN EUROPE | MSCI EM Eastern Europe Net Return Index: The index captures large- and mid-cap representation across four Emerging Markets (EM) countries in Eastern Europe.

EMERGING MARKETS ASIA | MSCI EM Asia Net Return Index: The index captures large- and mid-cap representation across eight Emerging Markets countries. With 554 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

EMERGING MARKETS LATIN AMERICA | MSCI EM Latin America Net Return Index: The index captures large- and mid-cap representation across five Emerging Markets (EM) countries in Latin America. With 116 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

EMERGING MARKETS | MSCI Emerging Markets Net Return Index: This index consists of 23 countries representing 10% of world market capitalization. The index is available for a number of regions, market segments/sizes and covers approximately 85% of the free float-adjusted market capitalization in each of the 23 countries.

PACIFIC EX-JAPAN | MSCI Pacific Ex Japan Net Return Index: The index captures large- and mid-cap representation across four of 5 Developed Markets (DM) countries in the Pacific region (excluding Japan). With 150 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

JAPAN | MSCI Japan Net Return Index: The index is designed to measure the performance of the large and mid cap segments of the Japanese market. With 319 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan.

NIKKEI 225 INDEX | The Nikkei 225 is Japan's main stock market index, tracking the performance of 225 large, highly traded "blue-chip" companies listed on the Tokyo Stock Exchange (TSE). It's a price-weighted index, meaning higher-priced stocks have a greater impact, similar to the Dow Jones Industrial Average, and serves as a key indicator of the Japanese economy.

FOREIGN DEVELOPED MARKETS | MSCI EAFE Net Return Index: This index is designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada. The index is available for a number of regions, market segments/sizes and covers approximately 85% of the free float-adjusted market capitalization in each of the 21 countries.

MSCI EAFE | The MSCI EAFE (Europe, Australasia, and Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 22 developed nations.

MSCI ACWI | The MSCI All Country World Index (ACWI) is a stock index designed to track broad global equity-market performance. The index is comprised of the stocks of about 3,000 companies from 23 developed countries and 26 emerging markets.

MSCI ACWI EX US | The MSCI All Country World Index (ACWI) is a stock index designed to track broad global equity-market performance. The index is comprised of the stocks of about 3,000 companies from 23 developed countries and 26 emerging markets.

CANADA S&P/TSX COMPOSITE | The S&P/TSX Composite Index is a capitalization-weighted equity index that tracks the performance of the largest companies listed on Canada's primary stock exchange, the Toronto Stock Exchange.

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