WESTEND
Advisors
A VICTORY CAPITAL® INVESTMENT FRANCHISE

Macroeconomic Highlights

Q3 2026

Macro Drives Markets. WestEnd Knows Macro.

Table of Contents

WESTEND Advisors
A VICTORY CAPITAL® INVESTMENT FRANCHISE

WestEnd Outlook Highlights 2
U.S. Equity Sector Allocations 3
U.S. International and Fixed Income Allocations 4
U.S. Economic & Market Backdrop
Economic Cycle: Remains on track........ 6
Economic Cycle: Policy tailwinds create new opportunities........ 7
Labor Market: Signals OK on balance........ 8
Inflation: Delayed progress........ 9
Equity Market: Narrow EPS has supported market, but expect broadening out........ 10
U.S. Sector Outlook
Market Composition: Positioning for broader market leadership........12
Financials Sector: Fundamentals supported by several key drivers........13
Cyclical Exposures: Turning over a new leaf in Transports and Materials........14
Consumer Exposures: Tax boost temporary, consumer still reliant on wealth........15
AI and Tech Exposures: AI buildout and adoption are real, but questions remain........16
International Economic & Market Backdrop
Global Economy: Cycle still in an aging expansion........18
Global Economy: 2026 all about commodities – old & new........ 19
Emerging Markets: Electrical component boom has reshaped emerging markets........ 20
Europe and U.S. Small-Caps: Earnings acceleration playing out........21
Interest Rates & Real Assets
Fixed Income: Advanced cycle characteristics can provide opportunities for bond investors........ 23
Corporate Credit: Short-duration corporate bonds less exposed to spread volatility........ 24
Real Assets: Economic backdrop favors a multi-asset portfolio........ 25
Disclosures 26

WestEnd Outlook Highlights

WESTEND Advisors
A VICTORY CAPITAL® INVESTMENT FRANCHISE

- The economic cycle is mature but remains on track, in our view. We expect trend-like growth to continue with a modest cyclical pickup in some regions, increasingly supported by investment rather than the consumer. We are positioned for ongoing expansion, while adjusting exposures for risks and broadening opportunities we see ahead.
  - Private fixed investment tied to AI infrastructure has supported tech-focused areas of the economy, and while tech infrastructure spending growth could slow, we see signs of a broader pickup in a range of business investment and cyclical activity that we believe should help sustain economic growth.
  - The U.S. consumer has been outspending income growth for the past two years and, while increased tax refunds from the "One Big Beautiful Bill Act" may have helped offset near-term headwinds from higher gas prices, the savings rate is near all-time lows, suggesting limited ability to accelerate spending.
  - U.S. core inflation may have reached a peak, in our view, and should modestly improve through 2026, ending the year slightly above +2.5%, before a gradual return toward the Fed's inflation target in 2027, but the path for Fed easing has narrowed commensurate with recently stronger labor market data.
- Internationally, we see improving trends for cyclical activity in Europe, supported by improving credit conditions, stabilizing manufacturing activity, and greater earnings participation across a range of sectors. Meanwhile, we believe risks have increased in Asia and emerging markets, tied to increasing market concentration and dependence on the global semiconductor cycle.
- We believe current portfolio positioning should help weather volatility while capturing opportunities we see in a maturing economic cycle:
  - In U.S. large-cap equity allocations:
    - We maintain an overweight of select late-phase, defensive sector exposures that we believe offers a defensive counterbalance to economic exposure in the portfolio and can outperform if growth slows or investor sentiment weakens more than expected.
    - We are avoiding several of the most cyclical early-phase sectors, but we have implemented a mix of early- and mid-phase sectors which we believe provides an appropriate level of economic sensitivity and exposure to positive secular trends.
  - In global portfolios, we retain an underweight of international equities, in aggregate, but have shifted to an overweight of Europe, where we believe valuations underestimate earnings growth potential. We have reduced Emerging Asia exposure and are now underweight Asia, as a whole, and we continue to underweight emerging markets, which we believe have become increasingly dependent on sustained growth from tech hardware.
  - In balanced portfolios:
    - We maintain a neutral allocation to fixed income in traditional balanced portfolios, as the risk/return profile we see for bonds is relatively balanced given the potential for continued late-cycle economic growth amid a higher interest rate backdrop.
    - Within fixed income allocations, we expect returns to come primarily from yield and have increased our emphasis of long-term Treasury securities, while we have shifted to a meaningful underweight corporate exposure and continue to concentrate on shorter durations for corporate credit, as the potential for widening credit spreads from near record lows could put intermediate and longer-term corporate bonds at greater risk.

U.S. Equity Sector Allocations

WESTEND ETF STRATEGIES

Current large-cap U.S. equity sector allocation and avoidance*

Sector Allocations

- Financials
- Industrials
- Materials
- Communication Services
- Consumer Discretionary
- Information Technology
- Health Care
- Utilities

Sector Avoidance

- Consumer Staples
- Energy
- Real Estate

** For illustrative purposes only. Allocation information as of June 30, 2026. Source: WestEnd Advisors.*

International Equity and Fixed Income Allocations

WESTEND Advisors
A VICTORY CAPITAL® INVESTMENT FRANCHISE

WESTEND GLOBAL ETF STRATEGIES

Current regional equity allocation positioning in global portfolios*

Regional Equity Overweights

- U.S.A.
- Western Europe

Regional Equity Underweights

- Developed Asia
- Emerging Markets

WESTEND BALANCED ETF STRATEGIES

Current fixed income and asset class positioning in balanced portfolios*

Fixed Income Overweights

- Short-term Corporate Credit
- Longer-Term Treasury Securities

Fixed Income Underweights

- Short-term Treasury Securities
- Long-term Corporate Credit

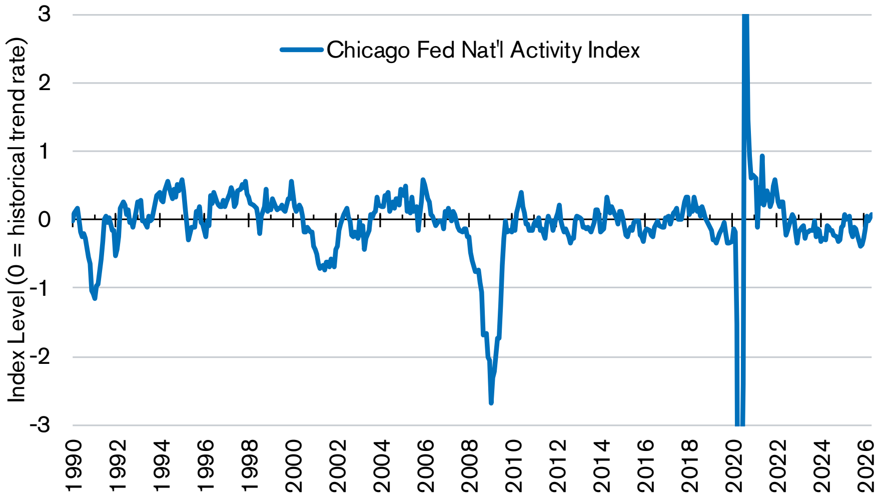
** For illustrative purposes only. Allocation information as of June 30, 2026. Source: WestEnd Advisors.*

U.S. Economic & Market Backdrop

The Cycle Remains On Track

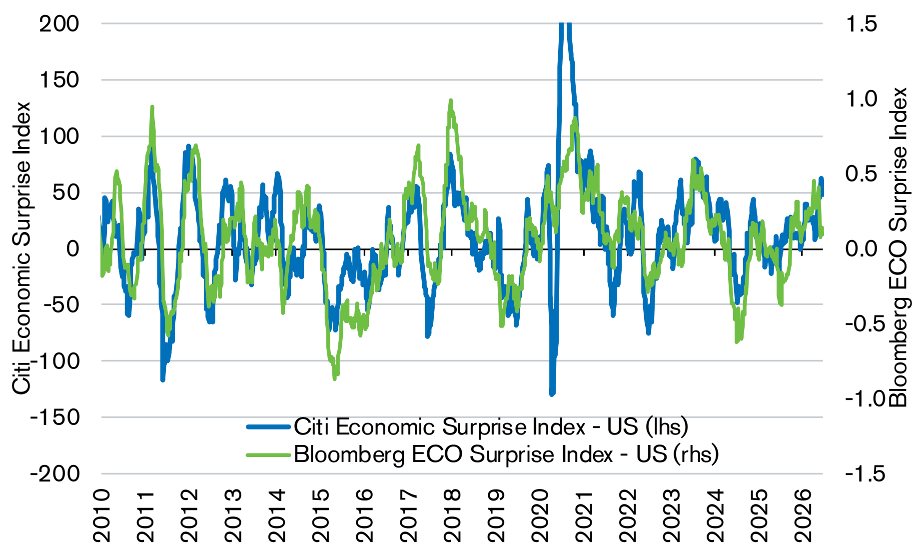
WESTEND Advisors
A VICTORY CAPITAL® INVESTMENT FRANCHISE

U.S. ECONOMIC ACTIVITY ON-TREND…



Source: Federal Reserve Bank of Chicago, WestEnd Advisors

…WITH RECENT IMPROVEMENTS TO DATA VS. EXPECTATIONS



Source: Citi, Bloomberg, WestEnd Advisors

Portfolio Impact: GDP growth can remain on trend, despite recent geopolitical and market volatility, in our view. Growth drivers of GDP have evolved year-to-date, with personal consumption slowing while areas of investment have improved. We believe economically sensitive sectors with emerging tailwinds that can support sustained growth—such as Financials, Materials and Transports—are appealing in the current macro and market environment.

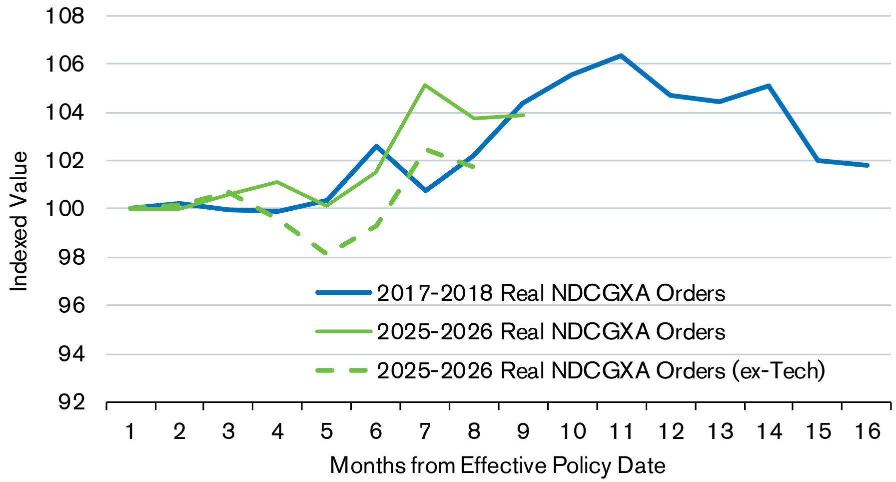
- **Headline Growth Stable:** Economic growth in the U.S. remains on trend, as indicated by the Chicago Fed National Activity Index (top chart).
- **Mixed Drivers Underneath the Surface:** In some areas, growth trends have improved beyond expectations (bottom chart), primarily in investment-driven parts of the economy (e.g., manufacturing production and equipment orders & shipments), and these areas should remain healthy, in our view.
- **Emerging Opportunities:** The economically sensitive exposures in our portfolio are intended to benefit from these evolving trends going forward, and they may not be as well appreciated as Tech and Tech-adjacent areas of the market at this point.

20260706-5723093

Policy Tailwinds Create New Opportunities

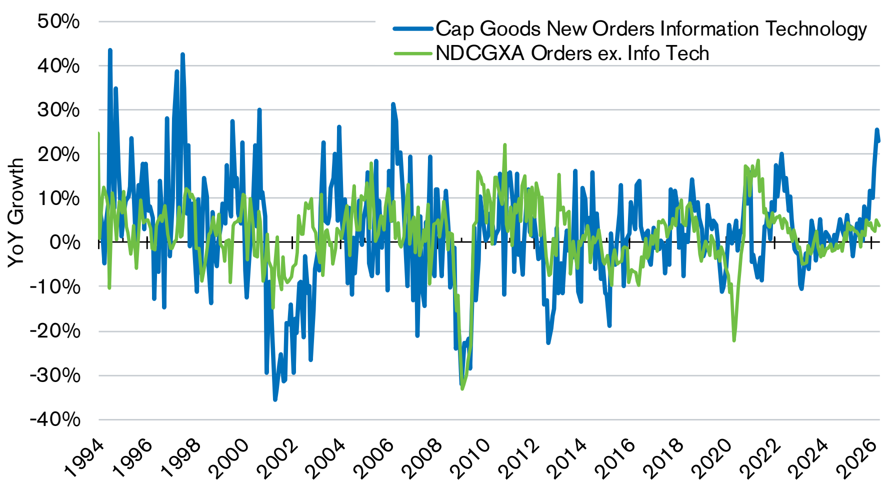
WESTEND Advisors
A VICTORY CAPITAL® INVESTMENT FRANCHISE

TAX POLICY APPEARS TO BE WORKING NEAR-TERM



Source: U.S. Census Bureau, BLS, WestEnd Advisors

HIGH TECH INDUSTRIES LIFTING CORE CAP GOODS ORDERS



Source: U.S. Census Bureau, WestEnd Advisors

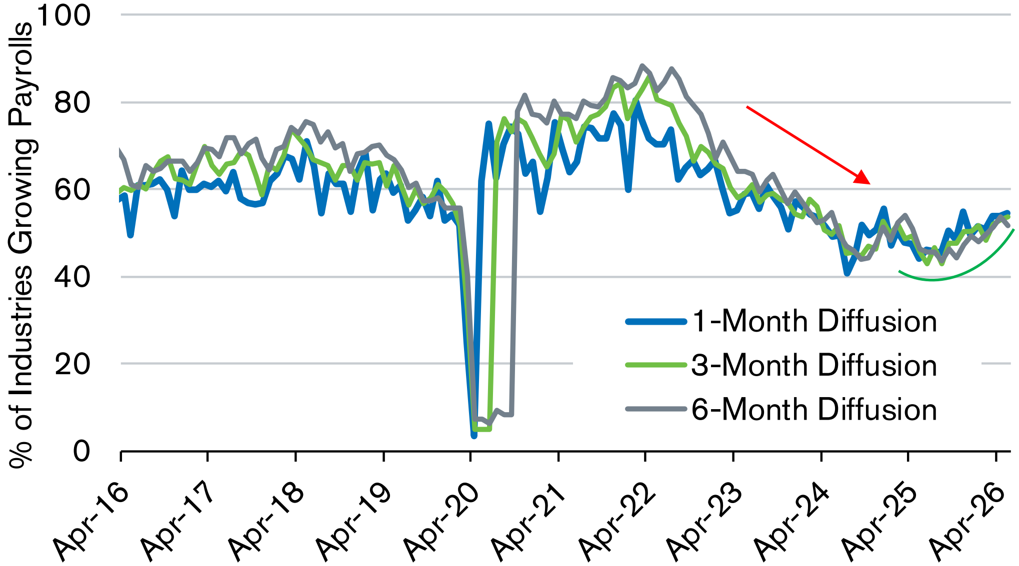
Portfolio Impact: Changes to tax policy alongside pre-existing policy forces can drive a broadening of fixed investment trends, in our view. We have added exposure to the U.S. Materials sector and the Transports industry, while in global and balanced strategies, we also maintain an allocation to small-cap companies, all of which we believe are set to benefit from favorable policy dynamics.

- **Manufacturing Slog Ending:** After multiple years of weak trends for certain data series, improvements in cyclical activity began to develop in Q4 and have been sustained in 2026.
- **Policy Tailwinds Were a Catalyst:** The lagged, positive effect of rate cuts in 2025 likely spurred some incremental activity, in our view, while fiscal policy like the OBBBA's provisions for accelerated depreciation have also supported an uptick in activity.
- **AI Helps Too:** The reaction to 2017 tax policy in real NDCGXA orders in 2017/2018 serves as a useful guide for how long this current impulse may last (top chart). Beyond the above factors, we believe AI is also having a meaningful positive effect (bottom chart).

Labor Market Signals OK On Balance

WESTEND Advisors
A VICTORY CAPITAL® INVESTMENT FRANCHISE

PAYROLLS BREADTH STABILIZING



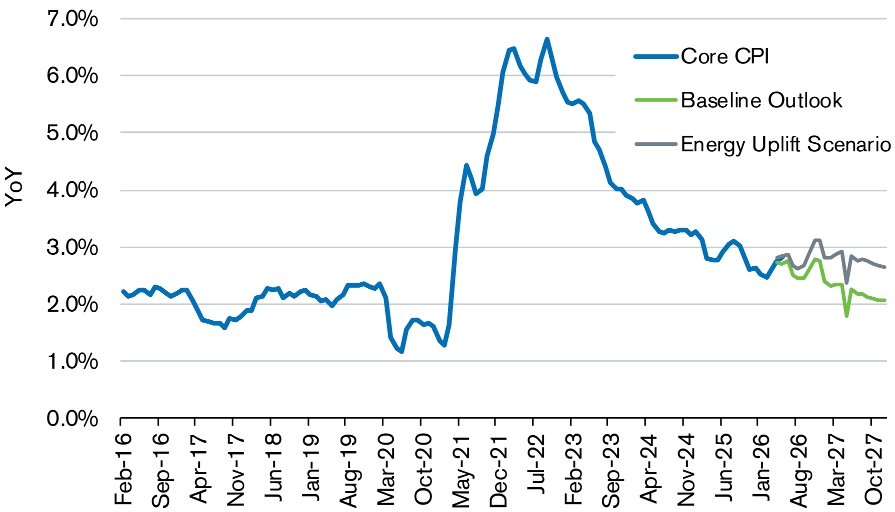
Source: Bloomberg, BLS, WestEnd Advisors

Portfolio Impact: Labor market growth remains soft by historical standards, though recent payroll trends have shown signs of stabilization, with an increasing number of industries reporting employment gains. Still-healthy corporate profit margins and a lower breakeven payroll growth rate suggest labor market risks remain contained for now, supporting the potential for a stable labor market backdrop over our investment time horizon.

- **Lower Labor Supply Growth:** Payrolls growth remains anemic by historical standards and is a key characteristic of the current cycle that supports our view that the economy is in the mature stages of expansion. That said, we believe sequential payrolls growth should be interpreted in the context of slower labor force growth, which requires lower payrolls gains to absorb new labor supply.
- **Signs of Payrolls Stabilization:** Looking ahead, a key positive dynamic we are monitoring is improving breadth in payrolls growth — a phenomenon not seen since late '21/early '22. For example, the diffusion indices in the chart above show that the percentage of industries that are adding jobs bottomed in late 2024 and has since trended higher, suggesting the labor market may be finding some support after softening persistently since 2022. Coupled with a still-healthy corporate profit environment, we believe this dynamic supports a path toward labor market stability over our investment time horizon.

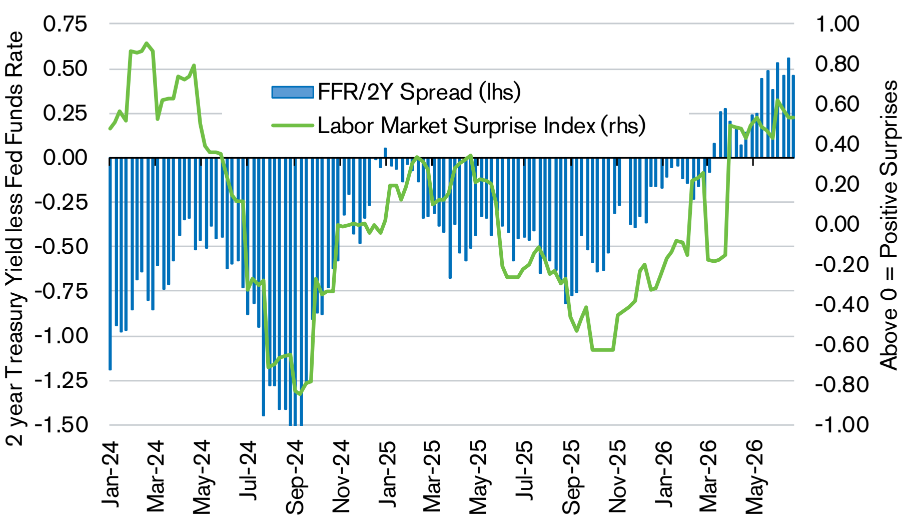
Inflation Outlook: Delayed Progress

DELAYED PROGRESS ON CORE INFLATION



Source: BLS, WestEnd Advisors

RATE PATH EXPECTATIONS AND LABOR MARKET SURPRISE



Source: Bloomberg, WestEnd Advisors

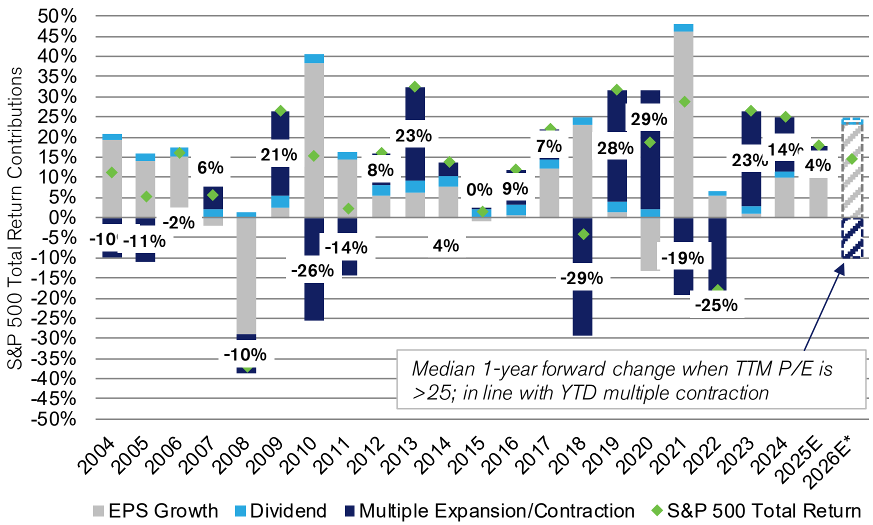
Portfolio Impact: In our base-case outlook, U.S. core inflation may have reached its peak but the path for Fed easing has narrowed commensurate with recently stronger labor market data. In our portfolios, we are taking a barbell approach of emphasizing areas with cyclical tailwinds, such as Transports and Materials, while maintaining underweights to areas that we feel face the most headwinds from elevated rates and inflation, including consumer-focused sectors and high-multiple areas such as Information Technology.

- **Continued-But-Slower Progress on Disinflation:** Core CPI should modestly improve through 2026, ending the year slightly above +2.5%, before a gradual return toward the Fed's inflation target in 2027, in our view.
- **The Fed Has a Path to Easing, But the Bar is Higher and the Timing is Less Certain:** The trajectory of labor data will likely be the determining input in the Fed's reaction function, in our view. Interestingly, the past two years have exhibited firmer labor market and inflation trends through the first half of the year, followed by softening trends in the second half, which has led to Fed rate cuts.

Narrow EPS Growth Has Supported Market, But Expect a Broadening Out

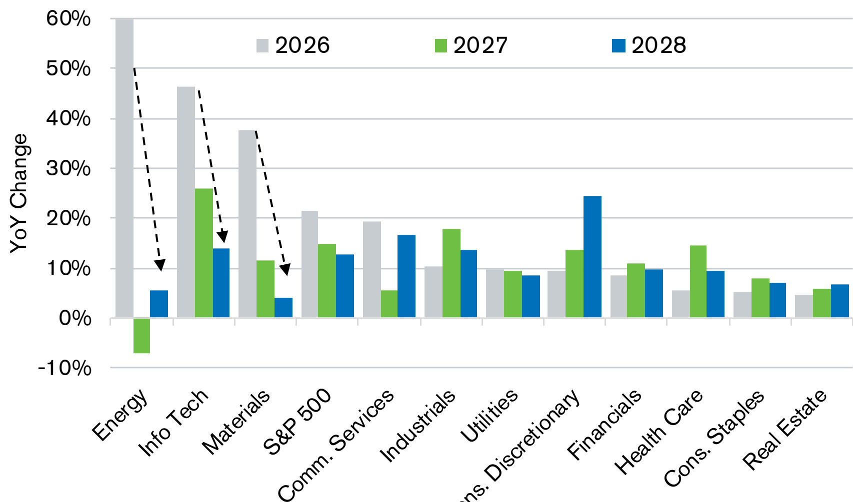
WESTEND Advisors
A VICTORY CAPITAL® INVESTMENT FRANCHISE

CONTRIBUTORS TO S&P 500 TOTAL RETURN



* Uses consensus '26 EPS growth. Assumes 14% return in '26, as multiple compression offsets strong EPS growth. Source: WestEnd Advisors

CONSENSUS EPS GROWTH BY SECTOR



Source: Bloomberg, WestEnd Advisors

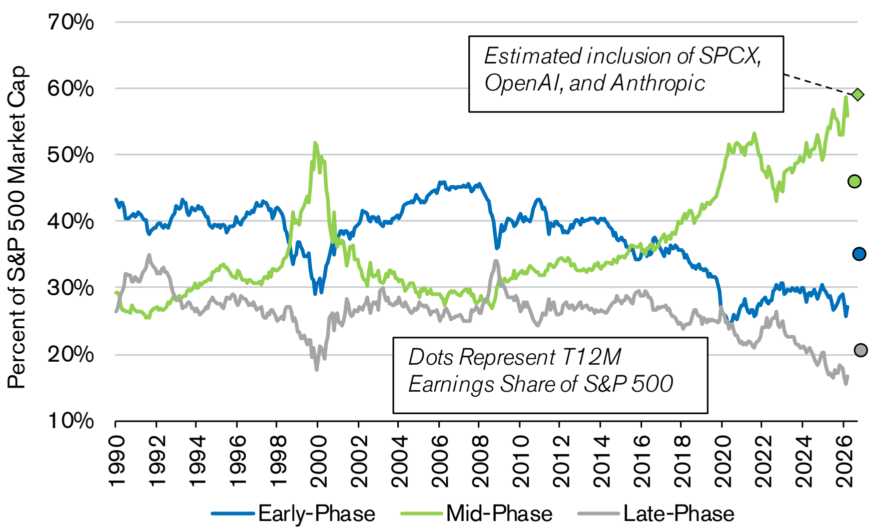
Portfolio Impact: Earnings growth has been revised higher for 2026, driven by continued leadership from Information Technology companies. Looking ahead, we see potential for other sectors, such as Financials and Materials, to generate double-digit EPS growth in 2027. Late-phase sectors such as Health Care and Utilities also appear poised to generate healthy growth. We have positioned portfolios to benefit from a backdrop of broader sector leadership.

- **Earnings Growth is Key:** Equities are on pace to generate a mid-teens return in 2026, despite a 10% compression in valuation multiples (consistent with the median 1-year forward P/E change when TTM P/Es are >25, as they were at the end of 2025). We expect strong EPS growth to continue as the primary driver of equity returns for the remainder of the year.
- **Consensus EPS Expectations:** Consensus growth estimates imply ~23% EPS growth for the S&P 500 in 2026, with over half of that growth contribution coming from Information Technology. We expect this year is likely to mark a peak in earnings growth for Energy, Materials, and Information Technology, and we expect earnings growth contributions to broaden out in 2027.

U.S. Sector Outlook

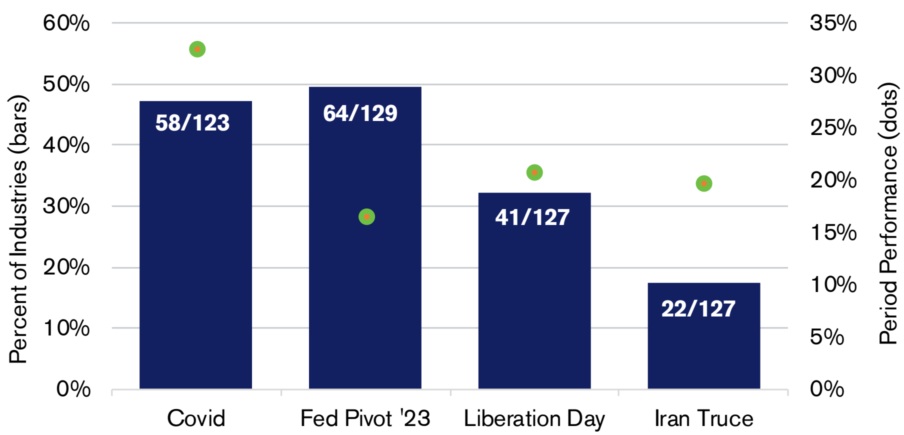
Positioning for Broader Market Leadership

MID-PHASE SECTORS MAKE UP RECORD WEIGHT IN S&P 500



Source: Bloomberg, WestEnd Advisors

PERCENT OF INDUSTRIES OUTPERFORMING S&P 500



Source: Bloomberg, WestEnd Advisors

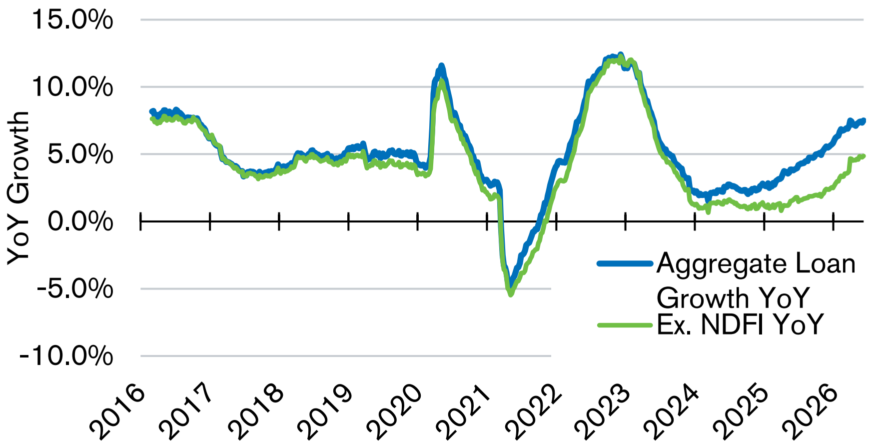
Portfolio Impact: Market composition has changed significantly over the last 10 years, with the Information Technology and Communication Services sectors rising as a proportion of the market at the expense of all other sectors. We believe investors should consider the drivers of composition shifts (earnings, valuations, IPOs, etc.), and we have oriented our equity portfolios to participate in a wider range of potential market leadership outcomes.

- **Mid-Phase Dominance:** Mid-phase sectors in aggregate represent ~45% of S&P 500 earnings, nearly 10ppt below their market cap representation of ~57% (top chart). An anticipated string of mega-cap IPOs could further increase mid-phase sectors' weight in the S&P 500 over time.
- **Info Tech Earnings Power:** Over the past 10 years, earnings for the Information Technology sector have risen at a ≈15% CAGR vs. ≈9.5% for the broad market. Tech's forward P/E ratio has expanded ~35% during that time, reflecting optimism about future growth prospects.
- **Market Influence:** Recent market rallies have seen a declining portion of industries outperforming, including the 8-week record-setting rally at the start of Q2, when fewer than 20% of industries beat the market (bottom chart).

Financials Fundamentals Supported by Several Key Drivers

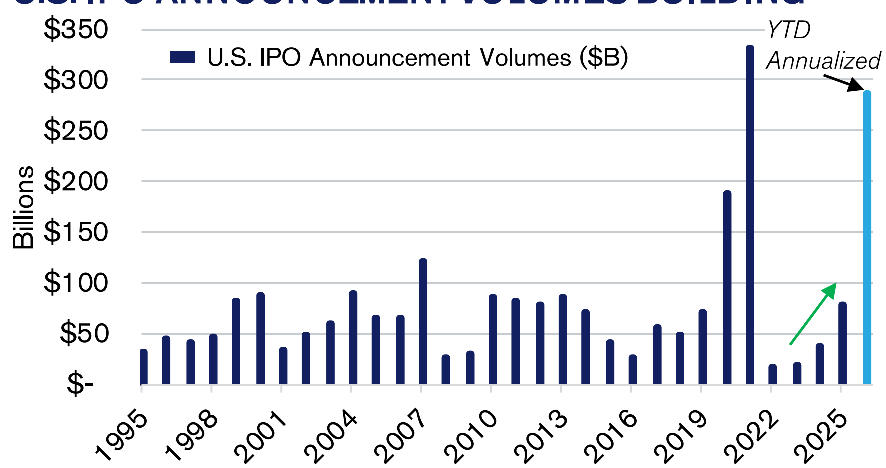
WESTEND Advisors
A VICTORY CAPITAL® INVESTMENT FRANCHISE

LOAN GROWTH DRIVERS BROADENING OUT



Source: Bloomberg, Federal Reserve, WestEnd Advisors

U.S. IPO ANNOUNCEMENT VOLUMES BUILDING



Source: Bloomberg, WestEnd Advisors

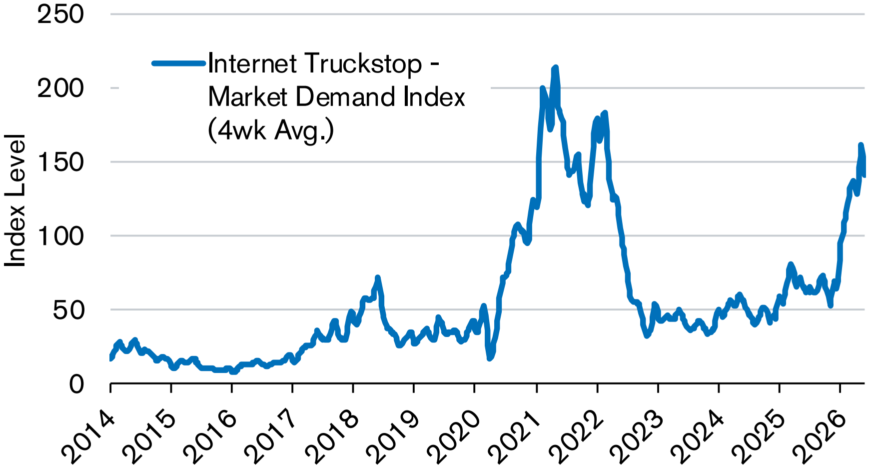
Portfolio Impact: The Financials sector continues to deliver steady earnings growth, supported by resilient capital markets activity, benign credit conditions, and accelerating loan growth. While consensus calls for Financials sector earnings growth to trail the broader market over the next two years, the relatively modest expectations present a lower hurdle for positive earnings surprises than for sectors where expectations remain elevated, in our view. As a result, we maintain an overweight of U.S. Financials.

- **Drivers of Loan Growth Broadening:** Loan growth has accelerated meaningfully since early 2025, though much of the initial increase was driven by lending to non-depository financial institutions (NDFIs), particularly within private credit. More recently, loan growth outside of NDFIs has shown clear signs of acceleration, which we see as a positive for Financials sector fundamentals.
- **Capital Markets to Remain an Area of Strength:** Capital markets activity remains robust, supported by strong investment banking fees, healthy M&A activity, and accelerating IPO issuance. With announced IPO volumes at their highest level since 2021 and several large offerings expected following the blockbuster SpaceX IPO, we believe capital markets activity should remain healthy over our investment time horizon.

Turning Over a New Leaf In Transports & Materials

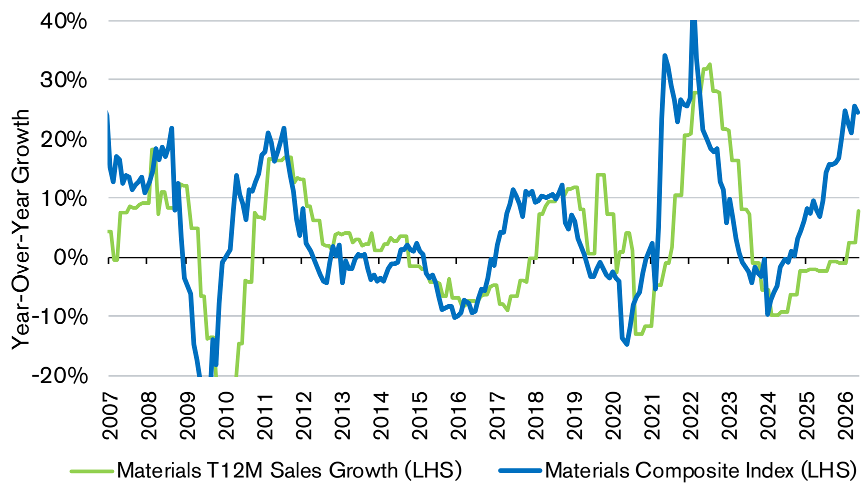
WESTEND Advisors
A VICTORY CAPITAL® INVESTMENT FRANCHISE

TRUCK MARKET TIGHTNESS ON PAR WITH COVID



Source: Truckstop.com, Bloomberg, WestEnd Advisors

POTENTIAL UPSIDE TO MATERIALS TOP-LINE GROWTH



Source: Bloomberg, WestEnd Advisors

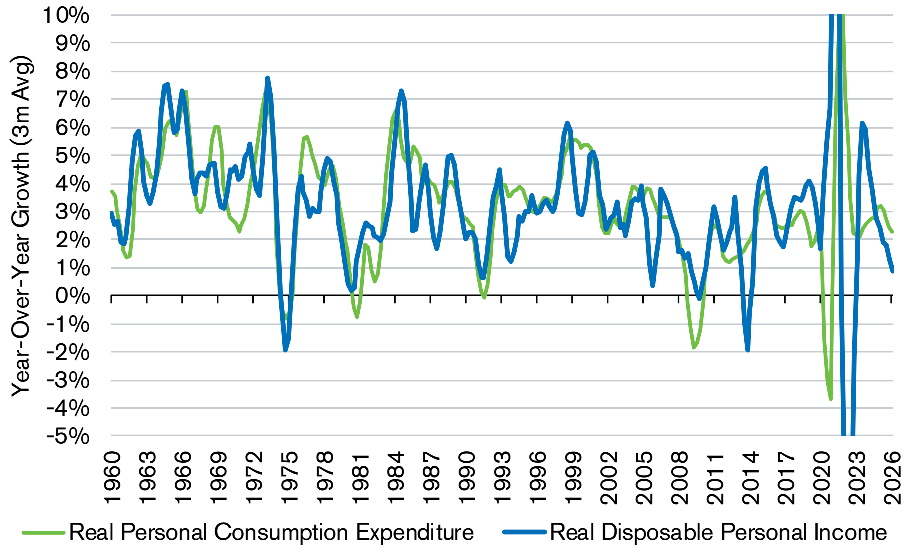
Portfolio Impact: Macro data thus far in 2026 points to a stable, trend-like growth environment, characterized by above-target-but-stable inflation, rising bond yields, and gradually improving non-tech industrial production. Similar to the 2000s economic cycle, we believe this backdrop favors U.S. Materials and Transportation equities, and we maintain overweight positions in both across our ETF portfolios.

- **Confluence of Favorable Dynamics Support Transports:** After several years of manufacturing weakness, improving capital spending and emerging capacity constraints are creating a more favorable backdrop for Transportation companies, while valuations remain palatable, in our view.
- **Tailwinds Emerging Across the Materials Sector:**
  - The Chemicals and Construction Materials industries are likely to benefit, in our view, from the secular tailwinds of data-center construction, grid investment, and industrial & residential electrification.
  - Metals & Mining earnings are heavily influenced by prices for copper (which we believe could be undersupplied through 2027) and gold.
  - Containers & Packaging is benefiting from improving pricing dynamics and accelerating post-tariff demand.

Tax Boost Temporary, Consumer Still Reliant on Wealth

WESTEND Advisors
A VICTORY CAPITAL® INVESTMENT FRANCHISE

CONSUMER SPENDING FUEL REMAINS A QUESTION MARK



Source: BEA, Bloomberg, WestEnd Advisors

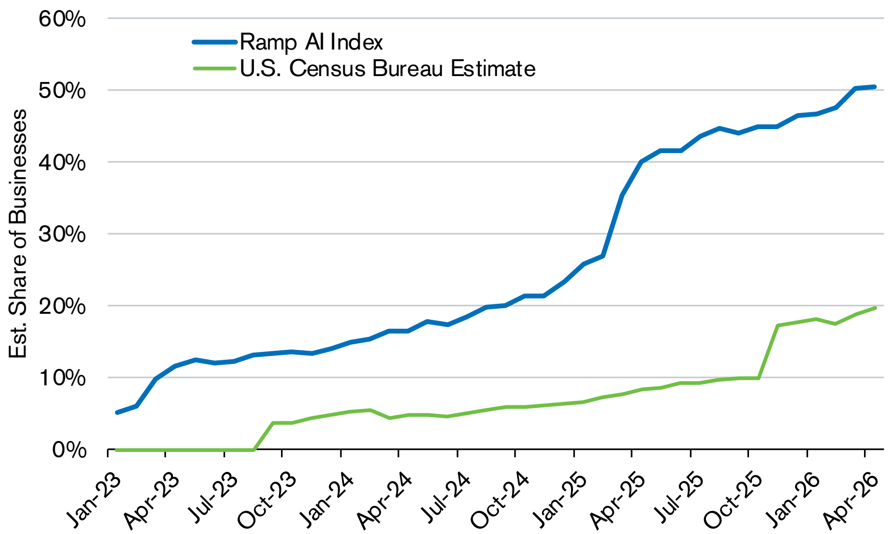
Portfolio Impact: The U.S. consumer has remained resilient, but we see underlying fundamentals softening as real disposable income growth has stalled and households appear increasingly reliant on accumulated savings, asset gains, and temporary tax-related support to sustain spending. As first-half fiscal tailwinds fade, higher consumer costs and a reduced savings cushion could pressure consumer spending and consumer-facing companies' margins. As a result, we maintain an underweight position across Consumer Discretionary and Consumer Staples equity sectors in U.S. allocations.

- **Consumer Fundamentals Softening:** Consumption growth has remained resilient despite a continued deterioration in household income fundamentals, with real disposable personal income growth flat-to-down in recent economic data releases. Consumers have increasingly outspent income growth, supported by accumulated savings and strong asset-price gains, leaving spending more dependent on the wealth effect and, therefore, more vulnerable to potential market weakness.
- **First-Half Stabilizers Not Likely to Persist:** The recent improvement in some consumption categories appears partly supported by a temporary boost from larger tax refunds, including benefits associated with the OBBBA, which we do not expect to persist. Total tax refunds through early May grew at a mid-teens pace versus the comparable period last year, suggesting that some first-half spending strength reflects a front-loaded consumer boost. As that support fades, higher consumer costs could further pressure household purchasing power while also weighing on consumer-facing companies' margins, supporting our underweight to the consumer.

AI Buildout and Adoption is Real, But Questions Remain

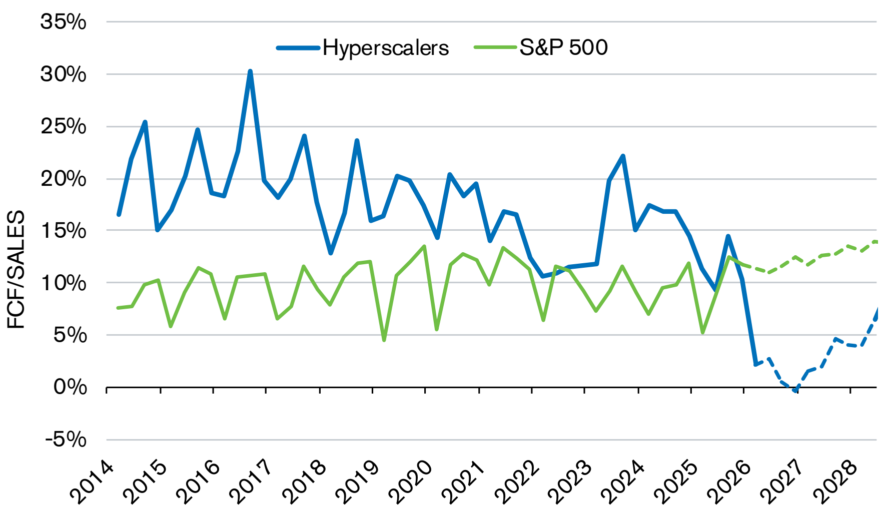
WESTEND Advisors
A VICTORY CAPITAL® INVESTMENT FRANCHISE

SHARE OF U.S. BUSINESSES ADOPTING AI



Source: Ramp, U.S. Census Bureau, Bloomberg, WestEnd Advisors

HYPERSCALERS FCF MARGINS WORSE THAN MARKET



Source: Bloomberg, WestEnd Advisors

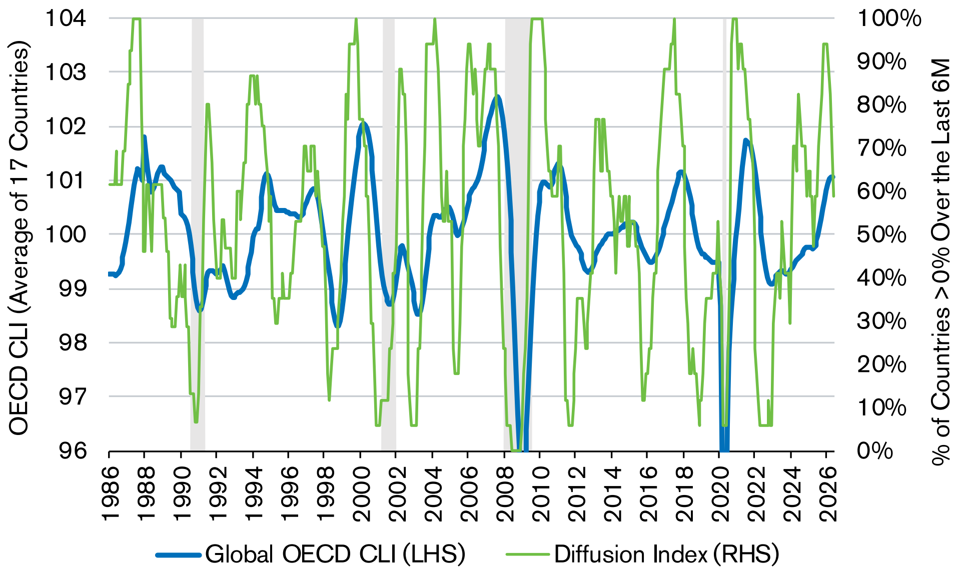
Portfolio Impact: Sectors like Information Technology and Communication Services are expected to generate strong earnings growth in 2026, with AI exerting a growing influence on sector-level fundamentals. During this exceptional investment cycle, as AI evolves, investors must wrestle with the monetization and adoption curve of AI vs. high expectations in a rapidly changing ecosystem.

- **AI Usage Has Traction:** AI adoption has increased in 2026 with inference/agentic AI taking hold across a rising percentage of businesses (top chart).
- **Risks to AI Business Models Remain:** The largest drivers of demand are companies that are reliant on usage and monetization assumptions that stretch many years into the future. This comes with risk; for example, capacity constraints, regulation, LLM innovation, price competition, and uncertain macro conditions are all factors that could undermine the assumptions that are currently embedded in AI-related earnings estimates and valuations.
- **Fundamentals Worsening:** AI providers continue to invest heavily in capacity, and the margin for error is slim due to factors mentioned above and a deteriorating quality of fundamentals for leading AI companies (bottom chart).

International Economic & Market Backdrop

Global Cycle Still in an Aging Expansion

GLOBAL CYCLE REMAINS IN EXPANSION



Source: OECD, Bloomberg, WestEnd Advisors

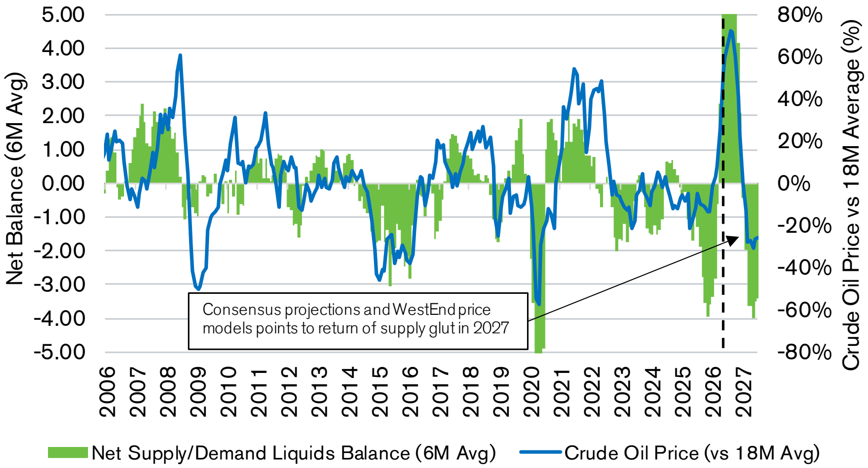
Portfolio Impact: With global leading economic indicators pointing to an increasingly advanced expansion, we have shifted global allocations toward areas within developed markets that are showing signs of improving economic tailwinds, accelerating earnings growth, and reasonable valuations, such as U.S. small-caps and Developed European equities. At the same time, we have moved to an underweight of Emerging Asia, given its greater reliance on a narrow set of technology-driven growth engines and a less favorable risk-reward setup as the semiconductor cycle matures.

- **Global Cycle Remains on Track:** Global leading indictor aggregate (OECD CLI) readings have been consistent with an economic expansion since the beginning of 2023, although the breadth of improvement has narrowed over the past three months. Global growth has been supported by trade and investment tied to AI, semiconductors, and related capital spending for the past few years, but more recently we see signs that activity is broadening into more traditional cyclical areas such as industrial goods, machinery, autos, luxury goods, and capital equipment.
- **Shifting Cycle Leadership:** We believe Europe and U.S. small-cap equities – which lagged for several years following the global rate hiking cycle – are increasingly positioned to benefit from broader economic activity, in our view, supported by improving credit conditions, stabilizing manufacturing activity, and greater earnings participation across a range of sectors. In contrast, Emerging Asia remains deeply dependent on technology exports and semiconductor pricing, leaving the region more vulnerable as earnings growth peaks and the global chip cycle matures.

2026 All About Commodities – Old & New

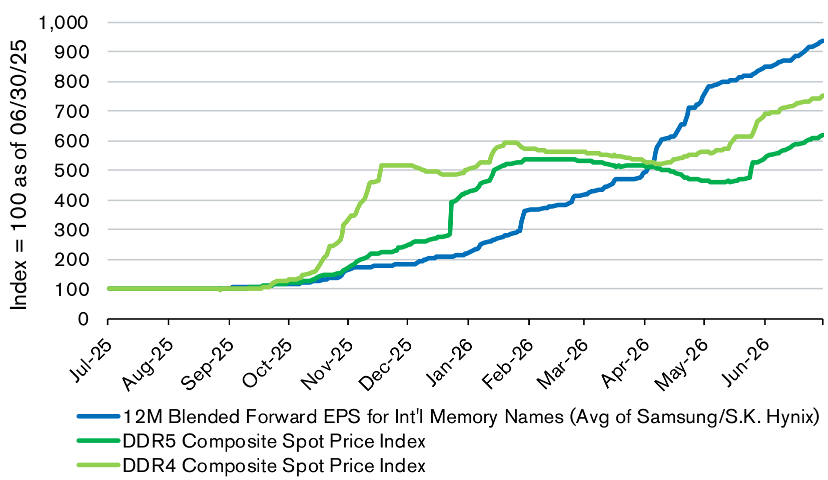
WESTEND Advisors
A VICTORY CAPITAL® INVESTMENT FRANCHISE

RESOLUTION HAS CAPPED UPSIDE TO OIL PRICES



Source: IEA, Bloomberg, WestEnd Advisors

MEMORY & COMPONENT PRICE SURGE DRIVING GLOBAL TECH



Source: inSpectrum, Bloomberg, WestEnd Advisors

Portfolio Impact: In 2026, global equity markets have been heavily influenced by rising prices for commodities and commoditized components. We expect the global supply backdrop is likely to improve in 2027 for both crude oil and tech hardware, and we have positioned global portfolios to have underweight allocations to the regions we see as most exposed to volatile swings in commodity and component prices.

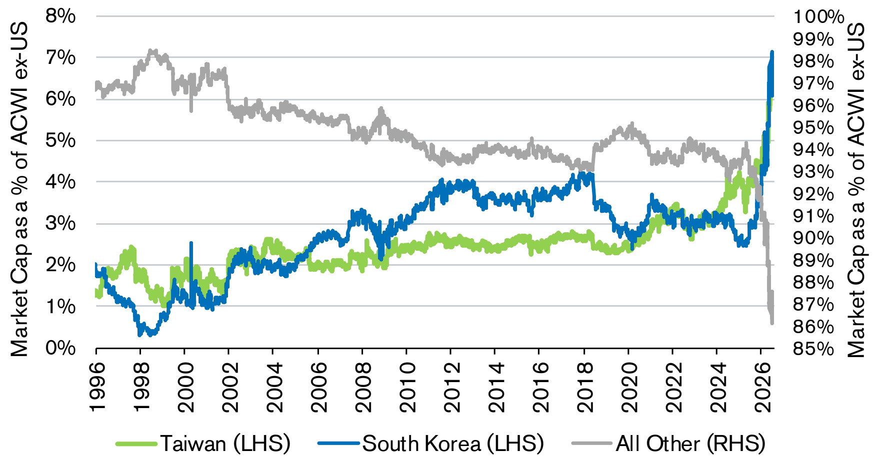
- **Oil Shock Avoids Worst Outcome:** Commodity-oriented regions led global equity markets in Q1, as the closure of the Strait of Hormuz caused the greatest supply disruption in the history of the oil market. Looking ahead, supply projections from the EIA and IEA suggest that tanker traffic through the Strait may return to normal by the end of the year, which could leave energy markets well supplied in 2027 (top chart).
- **Q2 ’26 All About Semis:** In Q2, global equity market performance narrowed significantly, with only about a third of countries beating the MSCI ACWI. Semiconductor and component stocks have driven global indices higher, as EPS estimates were raised to catch up with the surge in prices for electrical components that began in the second half of 2025 (bottom chart).

20260706-5723093

Electrical Component Boom Has Reshaped Emerging Markets

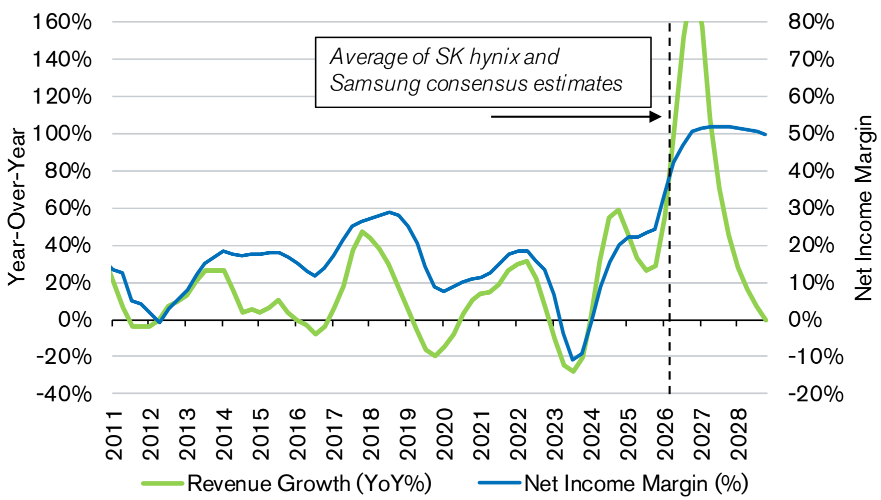
WESTEND Advisors
A VICTORY CAPITAL® INVESTMENT FRANCHISE

SOUTH KOREA & TAIWAN WEIGHT IN INTERNATIONAL (EX-US)



Source: Bloomberg, WestEnd Advisors

INVESTORS NO LONGER EXPECT MEMORY MARGINS TO BE CYCLICAL



Source: Bloomberg, WestEnd Advisors

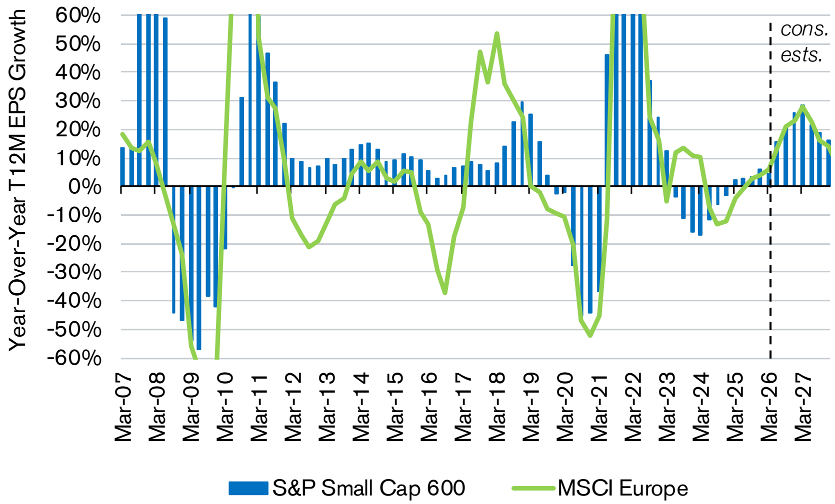
Portfolio Impact: Rising equity markets in Emerging Asia have been fueled by an unprecedented surge in memory and component prices. With growth in global semiconductor sales at a historic peak and additional memory manufacturing capacity set to come online over the next two years, we question the sustainability of this growth within our investment horizon. As such, we have further reduced Emerging Asia exposure in global portfolios.

- **Memory Surge Shifts Global Index Composition:** The rally of semiconductor and memory stocks has led to one of the largest shifts in global market composition in years. Taiwan and South Korea respectively are now the 3rd and 4th largest countries globally by market cap, and together they now make up over 16% of the MSCI ACWI Index and about 50% of the MSCI Emerging Markets Index.
- **EM Now Tethered to Cyclical Semi Cycle:** As a result, investment returns in EM, and especially EM Asia, are increasingly tethered to the global semiconductor sales cycle. While trends in these areas have been strong, we believe investors should be cautious in assuming that profit margins for these companies will be less cyclical than in the past (see bottom chart).

U.S. Small-Cap and Europe Earnings Acceleration Playing Out

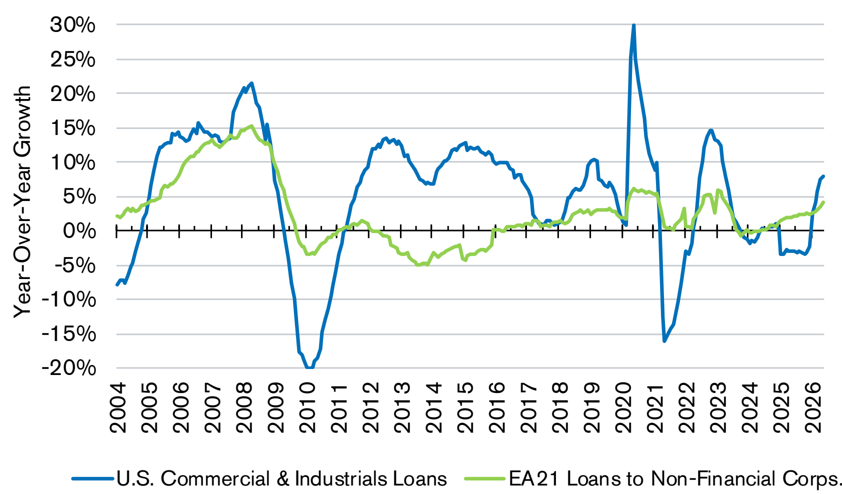
WESTEND Advisors
A VICTORY CAPITAL® INVESTMENT FRANCHISE

EARNINGS GROWTH QUIETLY IMPROVING IN CERTAIN AREAS



Source: Bloomberg, WestEnd Advisors

CREDIT TRENDS TO SUPPORT EUROPE AND U.S. SMALL CAPS



Source: Bloomberg, WestEnd Advisors

Portfolio Impact: Europe and U.S. small-caps remain attractive, in our view, as their forward earnings growth trajectories are improving while valuations remain favorable relative to broader global equities. Broad improvements in earnings estimates, production activity, and loan growth give us positive conviction in the fundamentals for both areas.

- **Attractive Earnings Growth in Underappreciated Areas:** The earnings growth trajectories for U.S. small-caps and Europe are improving, in our view, supported by easier comparisons, improving cyclical momentum, and the potential operating leverage as growth recovers. Over the first half of 2026, 12M forward EPS estimates for the S&P 600 and MSCI Europe indices have exhibited their strongest 6-month increase in at least 4 years.
- **Credit Trends Supportive of Improvement:** Corporate loan growth in both the U.S. and Europe has been showing positive momentum, a signal that business activity and capital spending are improving. In our view, this supports the case for more diversified cyclical areas of the market, such as small-caps, and reinforces the outlook for European equities, where earnings are levered to a recovery in global trade, manufacturing, and credit creation.

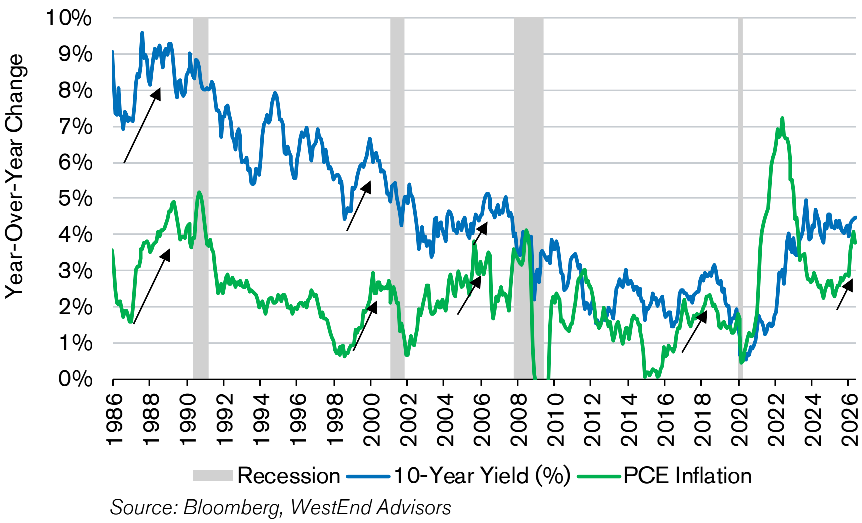
Interest Rates & Real Assets

20260706-5723093

Advanced Cycle Characteristics in Fixed Income Can Provide Opportunities For Bond Investors

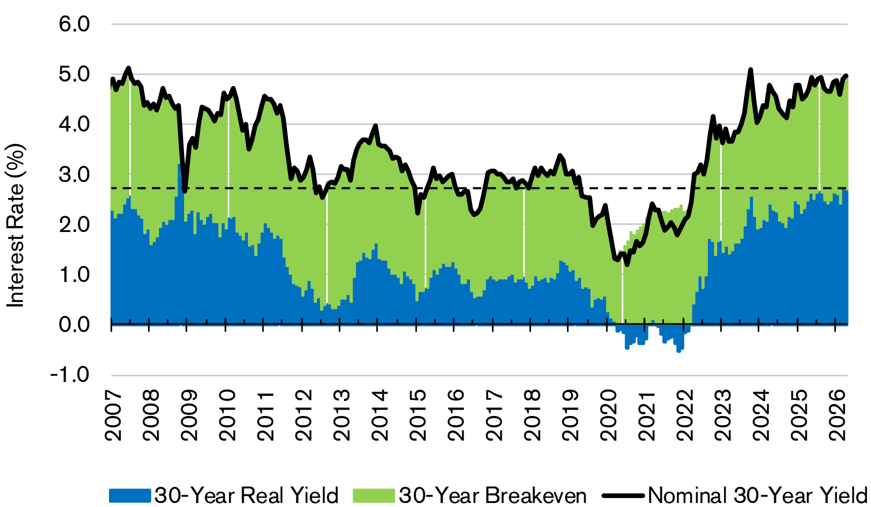
WESTEND Advisors
A VICTORY CAPITAL® INVESTMENT FRANCHISE

NOT UNUSUAL TO SEE RISING INFLATION & YIELDS DURING ADVANCED STAGE OF CYCLE



Source: Bloomberg, WestEnd Advisors

30-YEAR TREASURY REAL YIELD AT 20-YEAR HIGHS



Source: Bloomberg, WestEnd Advisors

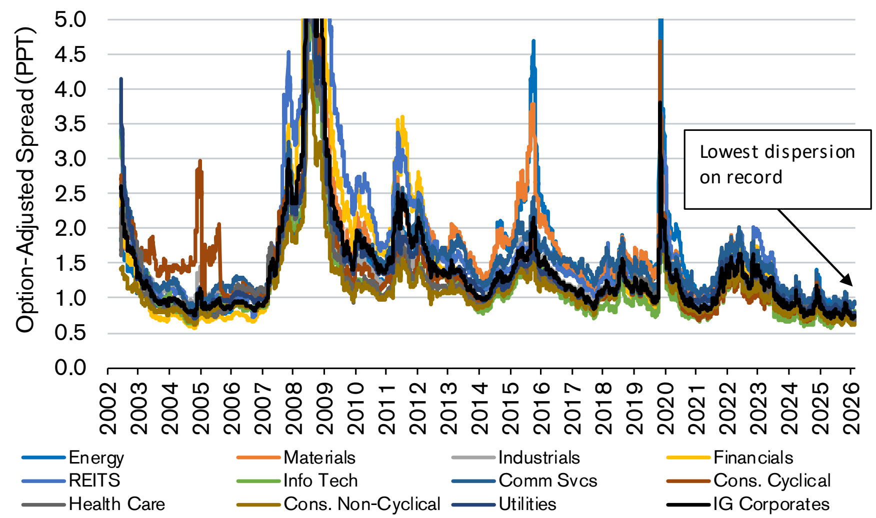
Portfolio Impact: The combination of a positive-sloping yield curve, in which longer maturities provide a yield advantage over shorter-duration bonds, and high absolute real yields make longer-maturity Treasury bonds attractive, in our view. We expect fixed income returns to be driven primarily by healthy coupon yields, with potential for moderate price gains. In traditional balanced portfolios, we have maintained a neutral allocation to bonds.

- **Elevated Inflation, Rising Yields:** Periods of rising yields and inflation have often occurred during the more advanced stages of a cycle (top chart). Historically, these periods have provided good opportunities for bond investors to increase yield by positioning further out on the yield curve, rather than by increasing credit risk.
- **Duration Attractiveness:** The increase in long-term interest rates YTD has been driven primarily by real yields, as long-term inflation break-evens have moved lower since the beginning of the year. The real yield on 30-year Treasury bonds is now at the highest level in nearly 20 years (bottom chart), providing an extra ~80 bps of real yield compared to intermediate-maturities.

Short-Duration Corporate Bonds Less Exposed To Spread Volatility

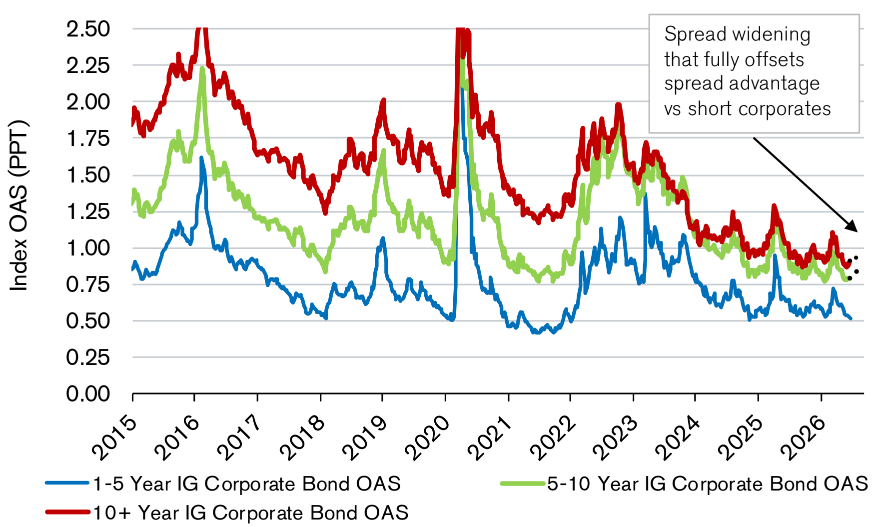
WESTEND Advisors
A VICTORY CAPITAL® INVESTMENT FRANCHISE

NO DIFFERENTIATION IN CORPORATE OAS ACROSS SECTORS



Source: Bloomberg, WestEnd Advisors

LITTLE SPREAD CUSHION FOR INTERMEDIATE & LONG CORPORATES



Source: Bloomberg, WestEnd Advisors
**Assumes interest rates are unchanged*

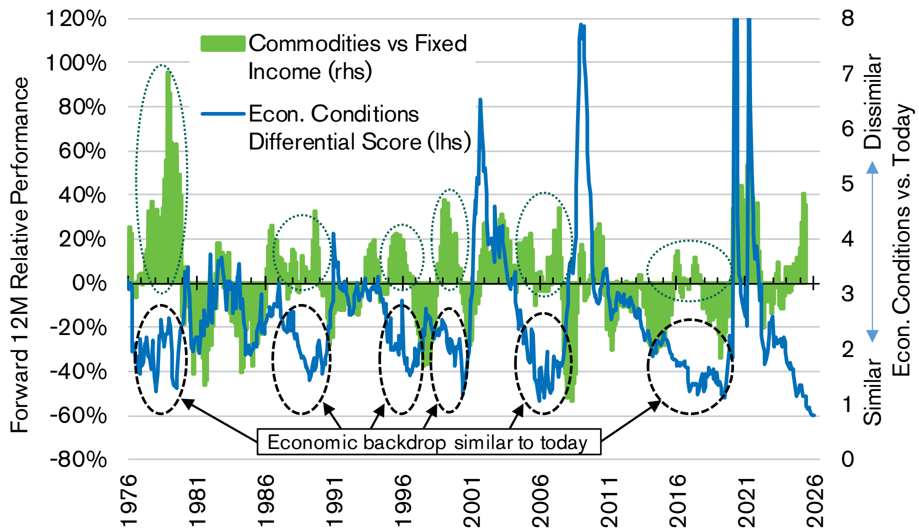
Portfolio Impact: Historically low credit spreads may foreshadow lower risk premiums for risky assets, in our view. Elevated debt issuance and rising input costs could push credit spreads back toward long-run average levels, which we believe warrants reduced credit exposure and a focus on the short-end of the corporate yield curve. We continue to avoid long-duration corporate bonds in balanced portfolios.

- **Credit Spreads Remain Near Historic Lows:** Investment-grade credit spreads across all 11 sectors remain near post-GFC lows, and the dispersion between sector-level credit spreads is at the lowest level on record (top chart). Current credit spread levels on longer-term corporate bonds have historically preceded neutral-to-weak relative performance versus Treasury bonds.
- **Low Credit Risk Premiums:** Short-duration corporate bonds can provide better insulation from macroeconomic risks, in our view, as they have lower price sensitivity to increases in credit spreads. At this point, it would take less than 10 bps of spread widening to fully offset the yield advantage of intermediate-and-long-duration corporate bonds relative to shorter-maturity credit.

Economic Backdrop Favors a Multi-Asset Portfolio

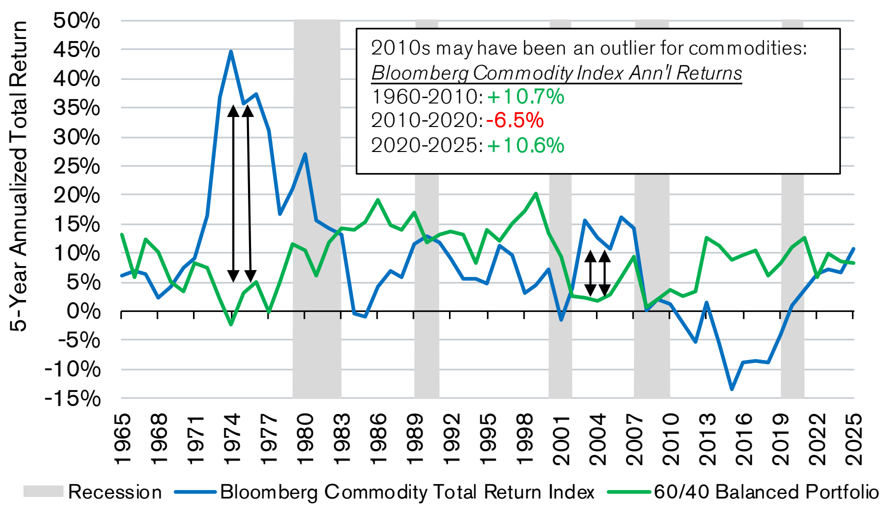
WESTEND Advisors
A VICTORY CAPITAL® INVESTMENT FRANCHISE

CURRENT DATA MIX SUPPORTIVE OF REAL ASSETS



Source: Bloomberg, WestEnd Advisors

REAL ASSETS PROVIDE BALLAST TO TRADITIONAL PORTFOLIOS



Source: Bloomberg, WestEnd Advisors

Portfolio Impact: It is not uncommon to see rising inflation and upward pressure on interest rates during mature stages of the economic cycle, which we view as supportive of a multi-asset portfolio allocation. With a range of inflation and growth paths possible, we have diversified our real asset exposure away from a focus on gold to include a broader set of global natural resources and energy infrastructure exposure.

- **Analogs Favor Commodities:** Since 1976, periods with economic characteristics similar to today's have seen commodities outperform fixed income about 60% of the time and by an annualized average of +4.9 ppts (top chart).
- **Multi-Asset Over Long-Term:** Real asset exposures, proxied in the bottom chart by the Bloomberg Commodity Index, have historically supported returns during periods when traditional 60/40 balanced portfolios have struggled, such as in the 1970s and the early-to-mid 2000s. The 2010s, a decade in which commodity returns were negative, may prove to be an outlier over the long-run, in our view. Commodity return profiles in the 2020s have shown signs of reverting to pre-GFC levels.

Footnotes & Disclosures

WestEnd Advisors, LLC ("WestEnd"), an SEC-registered investment adviser, operates as an autonomous Victory Capital® Investment Franchise. WestEnd's active principals are responsible for managing the firm and its day-to-day operations. Registration of an investment adviser does not imply any level of skill or training. WestEnd manages equity securities for individual, institutional and wrap clients.

This report should not be relied upon as investment advice or recommendations and is not intended to predict the performance of any investment. Past performance is not indicative of future results. It should not be assumed that recommendations made in the future will be profitable. The information contained herein is not intended to be an offer to provide investment advisory services. Such an offer may only be made if accompanied by WestEnd Advisors' SEC Form ADV Part 2. These opinions may change at anytime without prior notice. All investments carry a certain degree of risk including the possible loss of principal, and an investment should be made with an understanding of the risks involved with owning a particular security or asset class. The information has been gathered from sources believed to be reliable, however data is not guaranteed.

The Standard and Poor's 500 Stock Index includes 500 stocks and is a common measure of the performance of the overall U.S. stock market. The MSCI ACWI consists of 47 country indexes comprising 23 developed and 24 emerging market country indexes. The total return of the MSCI ACWI (Net) Index is calculated using net dividends. Net total return reflects the reinvestment of dividends after the deduction of withholding taxes, using (for international indices) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. The Bloomberg Barclays US Aggregate Treasury Index measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury. The Bloomberg Barclays US Aggregate Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. An index is unmanaged and is not available for direct investment.

Any portfolio characteristics, including position sizes and sector allocations, among others, are generally averages and are for illustrative purposes only and do not reflect the investments of an actual portfolio unless otherwise noted. The investment guidelines of an actual portfolio may permit or restrict investments that are materially different in size, nature, and risk from those shown. The investment processes, research processes, or risk processes shown herein are for informational purposes to demonstrate an overview of the process. Such processes may differ by product, client mandate, or market conditions. Portfolios that are concentrated in a specific sector or industry may be subject to a higher degree of market risk than a portfolio whose investments are more diversified.

Holdings, Sector Weightings, and Portfolio Characteristics were current as of the date specified in this presentation. The listing of particular securities should not be considered a recommendation to purchase or sell these securities. While these securities were among WestEnd Advisors' strategies' holdings at the time this material was assembled, holdings will change over time. There can be no assurance that the securities remain in the portfolio or that other securities have not been purchased. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities presently in the portfolio. Individual clients' portfolios may vary. Upon request, WestEnd Advisors will provide a list of all recommendations for the prior year.