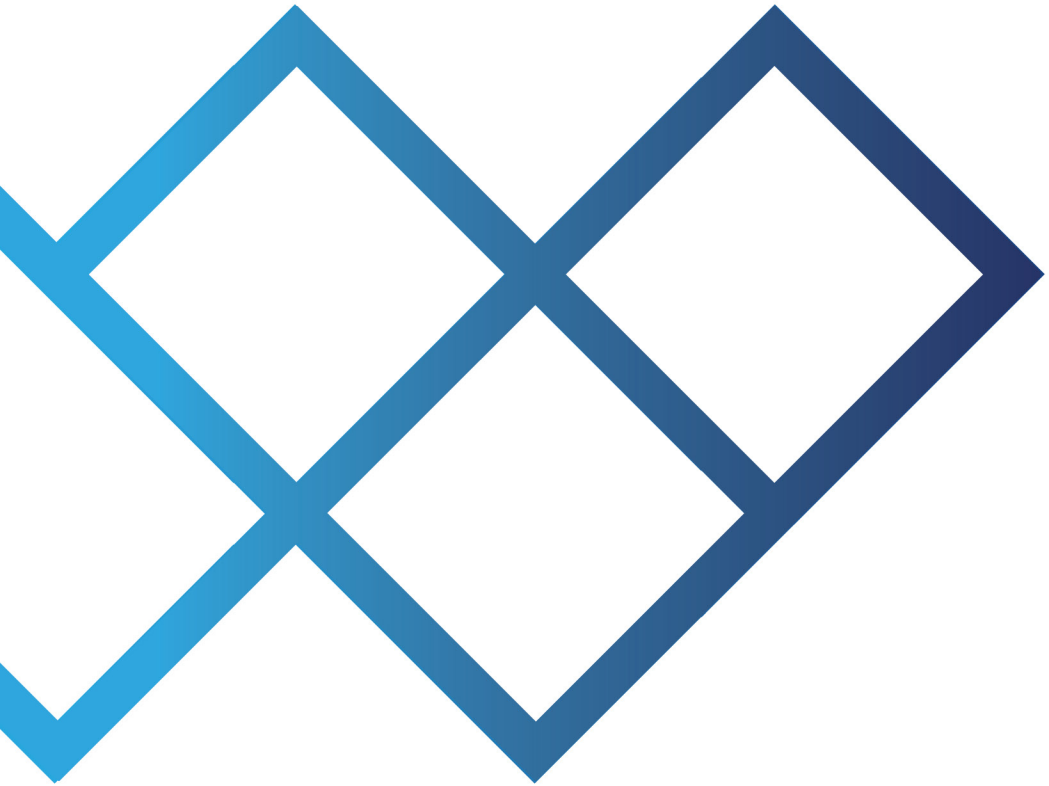
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Mid-Quarter Macro Update

Q4 2026

Macro Drives Markets. WestEnd Knows Macro.

20261117-6127243

U.S. Equity Sector Allocations

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WESTEND ETF STRATEGIES

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

Sector Allocations

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

Sector Avoidance

- Consumer Staples
- Energy
- Real Estate
- Industrials (ex-Transportation)

** For illustrative purposes only. Allocation information as of November 16, 2026. Source: WestEnd Advisors.*

International Equity and Fixed Income Allocations

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WESTEND GLOBAL ETF STRATEGIES

Current regional equity allocation positioning in global portfolios*

Regional Equity Overweights

- U.S.A. (incl. Small-Cap)
- 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

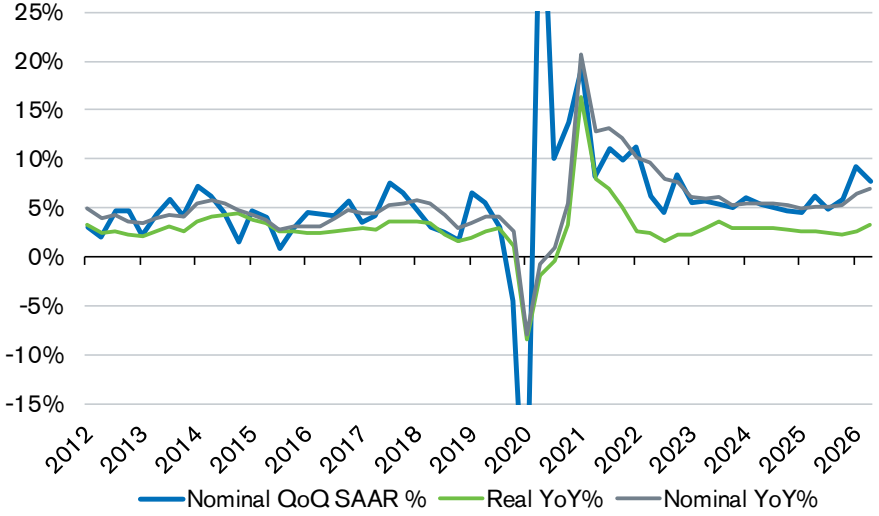
- Short-term Treasury Securities
- Long-term Corporate Credit

** For illustrative purposes only. Allocation information as of November 16, 2026. Source: WestEnd Advisors.*

U.S. Growth Has Perked Up As Labor Market Holds Steady

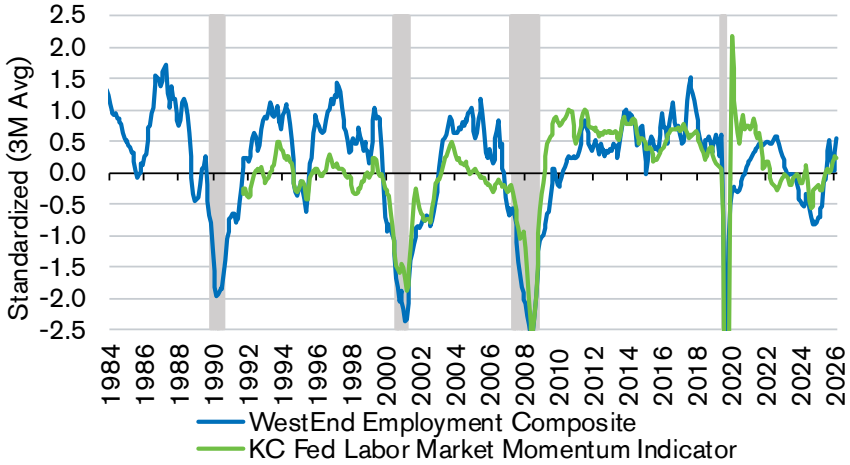
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FINAL SALES TO PRIVATE DOMESTIC PURCHASERS



Source: BEA, Bloomberg, WestEnd Advisors

LABOR MARKET HAS STABILIZED OR IMPROVED



Source: Bloomberg, Kansas City Fed, WestEnd Advisors

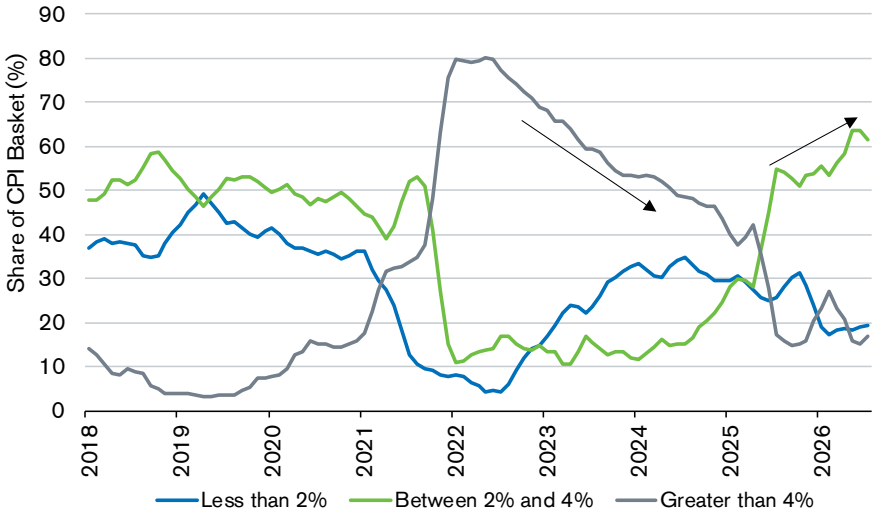
Portfolio Impact: Broad measures of nominal activity have improved in 2026 alongside stabilizing labor market trends. Our portfolios were positioned for pockets of cyclical strength entering the year. We retain U.S. cyclical exposure through overweights in small-caps, Transports, and Materials, which we expect should continue to benefit from capex investment strength, while we have reduced Financials exposure given incremental headwinds from inflation and higher rates.

- **Strong, Broadening Activity:** Domestic activity in the U.S. perked up due to very strong AI investment and steady personal consumption (top chart).
- **Impulses Converge:** AI investment remains a secular growth driver while stimulative impacts from the OBBBA have also added tailwinds, in our view. We believe strong domestic investment in AI and other equipment can persist, and consumption can remain steady.
- **Signs of Payrolls Stabilization:** Our proprietary labor market composite and the Kansas City Fed's Labor Market Momentum Indicator have improved considerably this year after nearing recessionary territory in mid-2025. More recently, hiring has broadened, layoffs have remained low, and unemployment has trended lower.

Hiking Cycle Looks Like An Adjustment

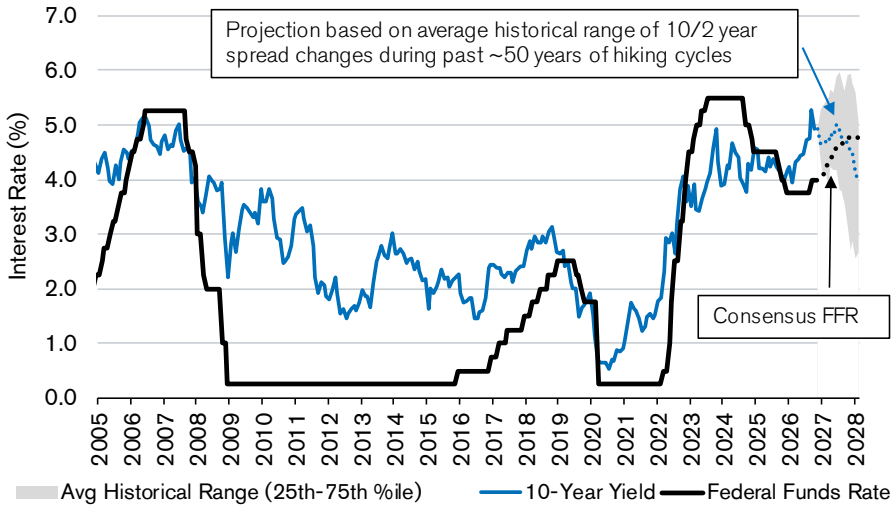
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INFLATION STICKY, BUT IT'S NO 2022 REDUX



Source: BLS, WestEnd Advisors

HIKING CYCLES TYPICALLY RESULT IN FLATTENING



Source: Federal Reserve, Bloomberg, WestEnd Advisors

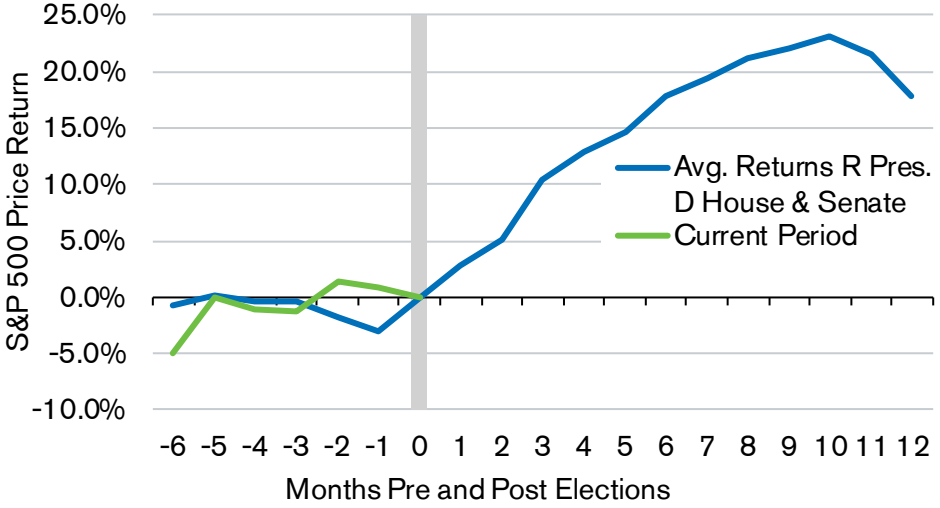
Portfolio Impact: In our base-case outlook, the yield curve flattens as the Federal Reserve modestly adjusts rates higher to account for sticky, but not runaway, inflation. In U.S. equity allocations, we are emphasizing areas with growth tailwinds, such as Communication Services and Health Care, while maintaining underweights to areas that we believe face the most headwinds from elevated rates and inflation, including Industrials ex-transports and consumer-focused sectors.

- **Inflation Challenge Different Than 2022:** The Fed Chair recently cited the percent of CPI components above 3% as pointing to inflationary pressure, though the data suggests this is mostly due to a migration lower in the hotter components (top chart). While inflation continues to overshoot the Fed's target due to factors including shortages and sticky core services, we do not currently expect hikes to surpass the 2022/2023 cycle.
- **Fed Hikes May Lead To Flatter Curve:** While long-end rates often move higher in the early part of a hiking cycle, that is frequently followed by a flattening of the curve. The bottom chart shows the trajectory of the 10-year yield if the 10-year to 2-year spread follows its average path after an initial Fed rate hike.

Market Clarity May Arrive Post-Midterms

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MIDTERMS HISTORICALLY A CLEARING EVENT



Source: Bloomberg, WestEnd Advisors

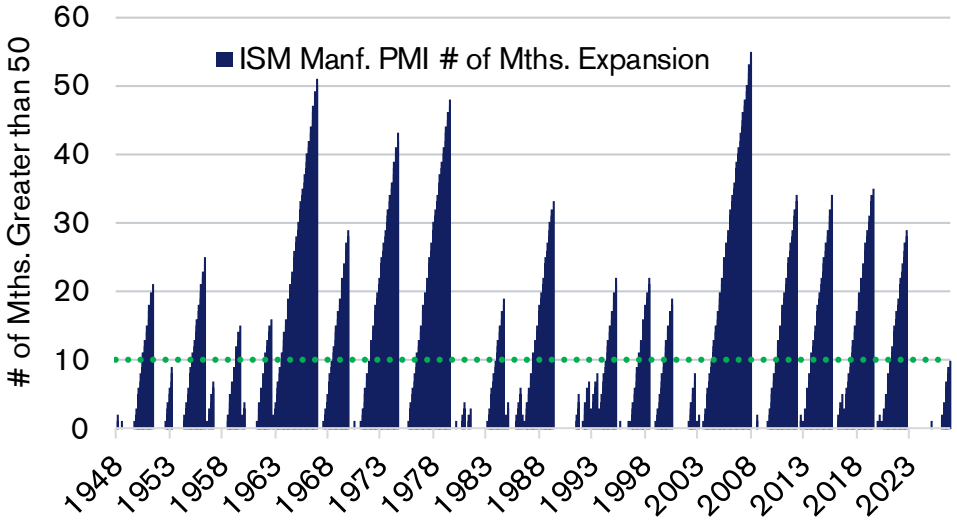
Portfolio Impact: The 2026 midterms delivered a divided government outcome, directionally in line with expectations. Historically, strong post-midterm equity returns suggest the removal of election uncertainty could serve as a clearing event for markets. Meanwhile, policy implications may be less consequential than in prior cycles, as key issues driving market volatility, including trade, geopolitics, and immigration, remain largely under executive authority.

- **Post-Midterms Upside:** If history is any guide, moving past the 2026 midterms could serve as a clearing event for equity markets, reducing political uncertainty and providing greater clarity on future policy priorities. As the top chart illustrates, equity returns following midterm elections resulting in a Republican president and Democratic Congress have historically been strong, consistent with the broader pattern of positive post-midterm performance.
- **Limited Changes to Policy:** While Democrats will control Congress beginning in January, divided government makes major partisan legislation unlikely to pass, and executive-driven policies on trade, immigration, and geopolitics should remain largely unchanged. We expect investors will closely monitor congressional priorities on AI regulation, entitlement spending, and defense. Any delay or moderation of Medicaid cuts could benefit the Health Care sector, particularly hospitals and insurers, while easing SNAP and Medicaid cuts could also support lower-income consumers by limiting pressure on discretionary spending. However, such changes would generally require bipartisan agreement or veto-proof congressional support, limiting the likelihood of meaningful legislative revisions.

Manufacturing Improvements Benefit Key Cyclical Areas

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POTENTIALLY EARLY DAYS FOR MANF. EXPANSION



Source: Institute for Supply Management, Bloomberg, WestEnd Advisors. Data from Jan. 1948 to Oct. 2026.

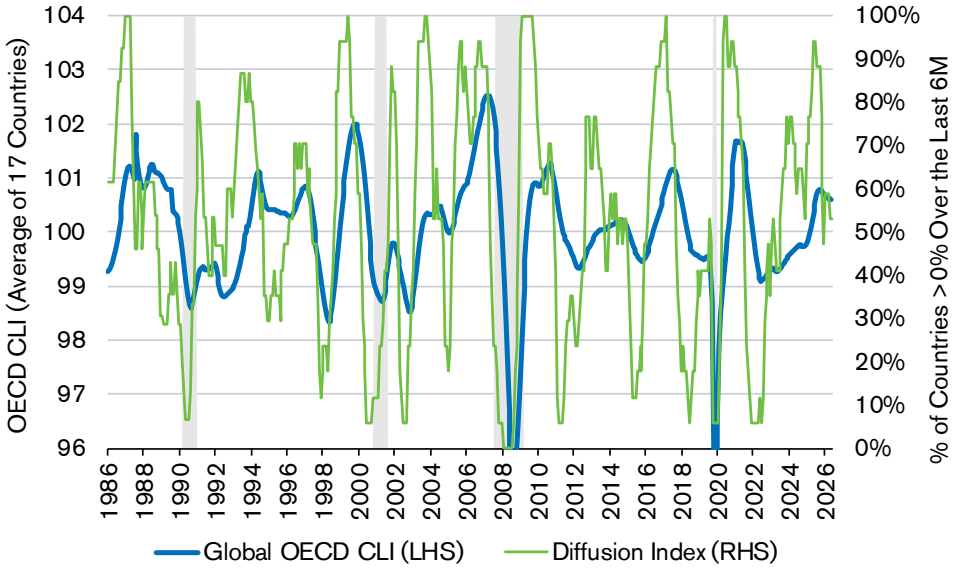
Portfolio Impact: Macro data thus far in 2026 points to a stable, trend-like growth environment, alongside a renewed expansion in manufacturing activity following one of the most prolonged periods of weakness on record. Similar to the 2000s economic cycle, we believe this backdrop favors select cyclical exposures, particularly U.S. Materials and Transportation equities, where we maintain overweight positions across our ETF portfolios.

- **If Past Is Prologue, More Manufacturing Growth Lies Ahead:** The ISM Manufacturing PMI registered its 10th consecutive expansionary reading in October, marking the longest stretch since the post-COVID recovery. Our analysis of prior expansionary periods suggests this trend could have further room to run. Historically, following 10 consecutive months of readings above 50, the PMI has remained in expansionary territory for a median of 19 additional months. This suggests manufacturing activity could remain healthy throughout 2027, creating a favorable backdrop for select cyclical exposures, particularly Transportation and Materials equities, in our view.
- **Transports and Materials Supported by Favorable Dynamics:** Within Transportation, improving industrial activity and still-reasonable valuations support our constructive outlook. Meanwhile, Materials industries stand to benefit from several distinct drivers, including data-center construction, grid investment, and electrification demand for Chemicals and Construction Materials; potentially constrained copper supply and favorable gold prices for Metals & Mining; and improving pricing dynamics and recovering post-tariff demand for Containers & Packaging.

Global Expansion Continues But Narrowing as Rates Rise

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GLOBAL CYCLE REMAINS IN EXPANSION



Source: OECD, Bloomberg, WestEnd Advisors

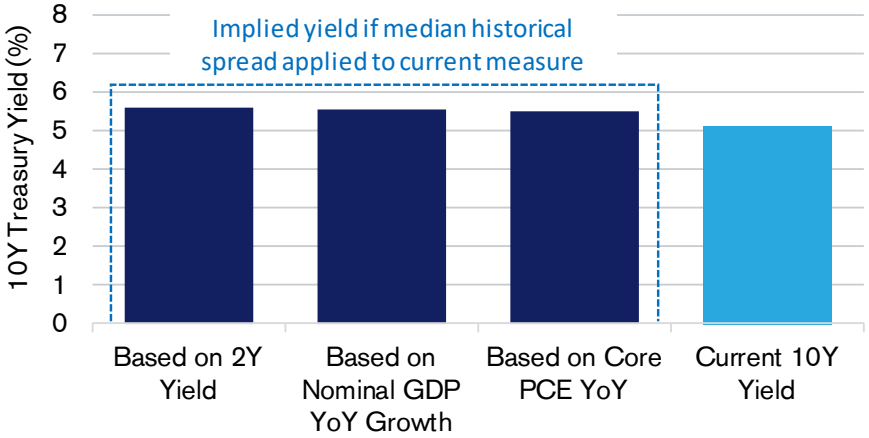
Portfolio Impact: With global leading economic indicators pointing to an increasingly advanced expansion, we have shifted global allocations toward areas within developed markets where we see signs of stable economic trends, diversified earnings growth, and reasonable valuations, such as U.S. small-caps and Developed European equities. At the same time, we remain underweight Emerging Asia, given its greater reliance on technology-driven growth and a less favorable risk-reward setup, in our view, as the semiconductor cycle progresses.

- **Global Cycle Remains on Track:** Global leading indicator aggregate (OECD CLI) readings have been consistent with an economic expansion since the beginning of 2023, although the breadth of improvement has narrowed this year alongside rising energy prices and interest rates (see chart above). While the trends in investment, production, and consumption activity have remained stable in recent months, we are closely monitoring the impact that the renewed Fed hiking cycle will have on global economic activity.
- **Shifting Cycle Leadership:** We believe Europe and U.S. small-cap equities, which lagged for several years as tech-oriented equities drove global markets higher, can benefit from a more diversified set of economic drivers, including stable credit conditions, healthy manufacturing order 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 advances.

Rates Remain Tethered to Macro, Creating Opportunity

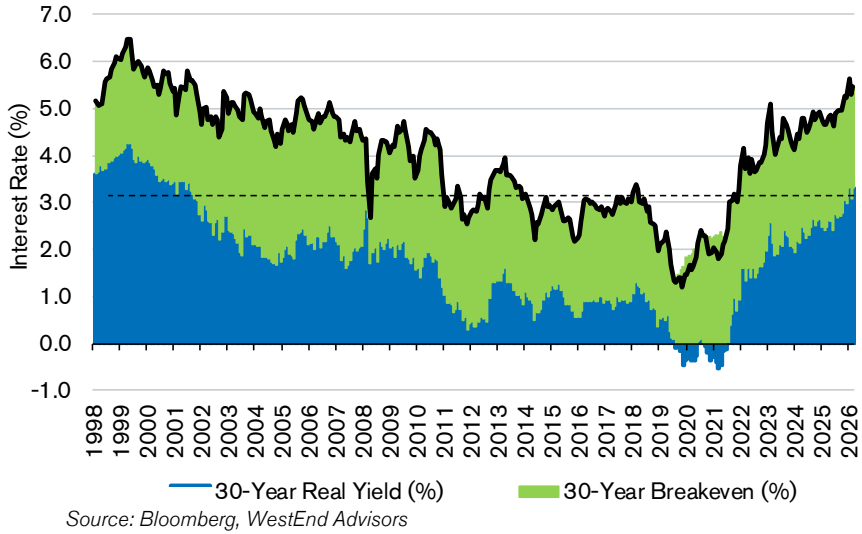
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THEORIES ABOUND, BUT RATES APPEAR "NORMAL"



Median spreads based on data from Jan. 1977 through Nov. 16. 2026.
Source: Bloomberg, WestEnd Advisors.

30-YEAR TREASURY REAL YIELD AT 25-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 makes longer-maturity Treasury bonds attractive, in our view. We expect fixed income returns to be driven primarily by healthy coupon yields. In traditional balanced portfolios, we maintain a neutral allocation to bonds.

- **Rising Yields Aligned With Macro Fundamentals:** Despite numerous theories surrounding this year's move in interest rates, we believe the changes have been largely consistent with underlying macroeconomic fundamentals. As the top chart illustrates, taking historical median 10-year Treasury yield spreads versus 2-year Treasury yields, nominal GDP growth, and core PCE inflation and applying them, respectively, to current readings of those measures suggests the current 10-year yield is broadly justified.
- **Duration Attractiveness:** With the recent rise in interest rates pushing real yields to multi-decade highs in some cases, we believe investors have an opportunity to enhance yield by extending duration rather than assuming additional credit risk, with elevated yields offering a meaningful income cushion and a potentially asymmetric risk/return profile.

Footnotes & Disclosures

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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 US Aggregate Treasury Index measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury. The Bloomberg 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.

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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.