CHIEF INVESTMENT OFFICE

# Viewpoint by Charts

## The Missing Opportunities

August 2026

Recent market volatility driven by geopolitical tensions and rising bond yields is viewed as a potential buying opportunity, as strong economic growth, corporate profits, and ample liquidity continue to support potentially attractive investment opportunities across asset classes. Consider:

### Multi-asset Portfolios

rebalancing toward more diversified exposures—such as Small- and Mid-cap stocks, non-U.S. Equities, Emerging Markets, quality, and Value strategies—and use market weakness to increase equity allocations if underweight, given the strong long-term growth outlook.

### Equity Market

enhancing portfolio diversification by increasing exposure to Value opportunities, dividend strategies and select growth themes such as healthcare, infrastructure, defense, cybersecurity, robotics, and Artificial Intelligence (AI)-related beneficiaries.

### Fixed Income

extending duration toward strategic targets and adding high-quality longer dated municipal bonds and Investment-grade corporate bonds, while using strategic cash to allocate to ultra short active portfolios to capture attractive yields and compelling real income opportunities.

### Real/Tangible Assets

increasing exposure to industrial metals, energy, basic materials, and real asset infrastructure—including warehouses and data centers—to capitalize on long-term demand driven by AI investment, reindustrialization, reconstruction, and global defense spending.

### Hedge Strategies

increasing allocations, for qualified investors, to Equity Hedge Strategies—particularly fundamental equity long/short and quantitative equity strategies—to capitalize on rising market dispersion, higher stock-specific volatility, and expanding opportunities across AI-driven and less-efficient international markets.

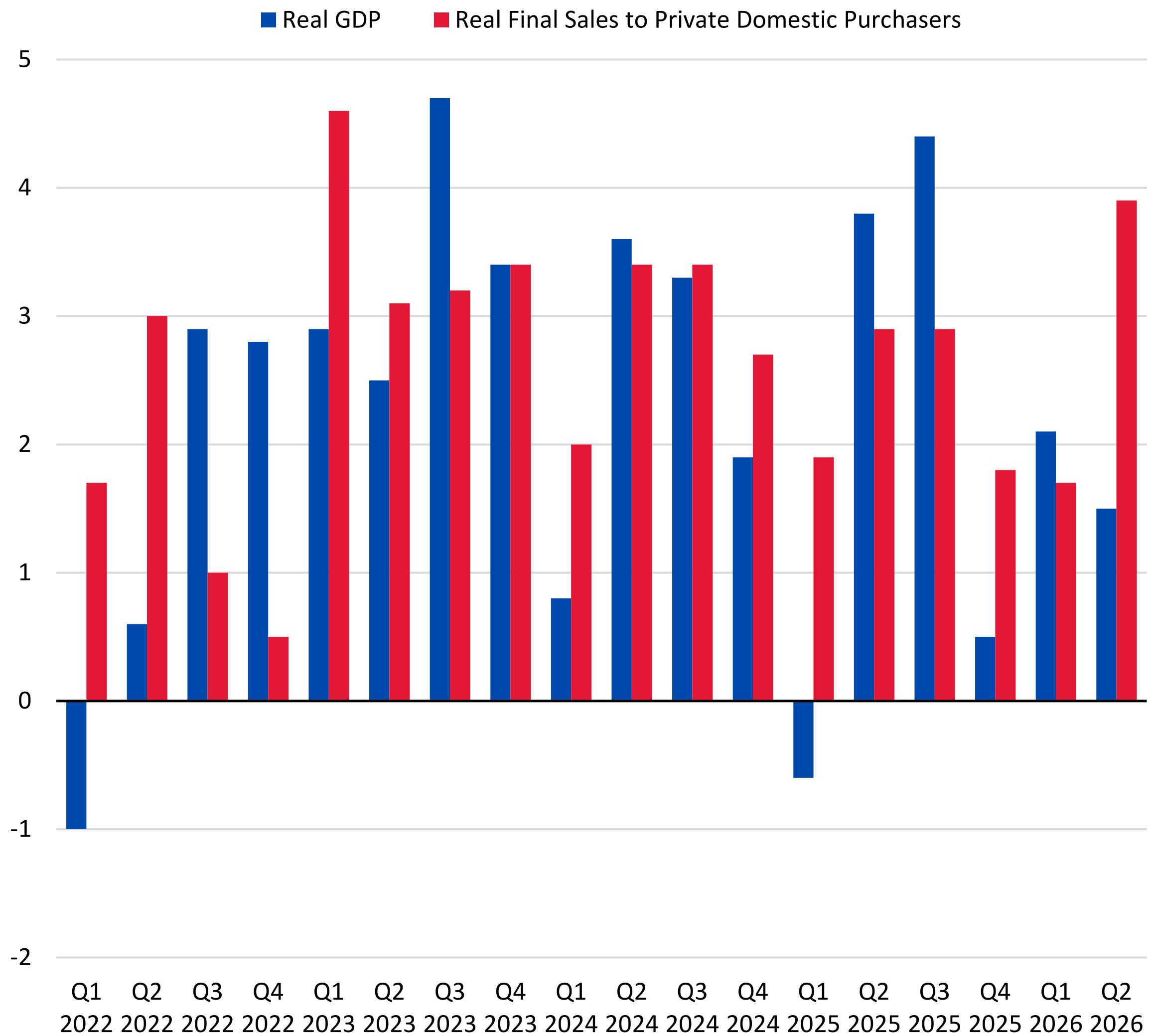
### Private Markets

expanding, for qualified investors, private market exposure through Venture Capital, Growth Equity, Buyouts, infrastructure, Real Estate, and Private Credit with a focus on capitalizing on AI-driven innovation, secular growth trends, global diversification, and evolving credit opportunities.

Source: Chief Investment Office as of August 4, 2026. **FOR INFORMATIONAL PURPOSES ONLY.** CIO views are subject to change. Economic or financial forecasts are inherently limited and should not be relied on as indicators of future investment performance. **Please refer to important disclosures at the end of this presentation.**

# Macro

**Real Gross Domestic Product (GDP) Growth vs. Underlying Growth**
Quarterly Percent Change at an Annual Rate




- Growth in real final sales to private domestic purchasers came in at 3.9% for Q2 according to preliminary estimates, up from 1.7% in Q1. Domestic demand remains solid thanks to strong capital expenditures spending and consumer spending.
- Key supports behind spending include wealth effects, a relatively low unemployment rate, and solid wage gains.
- More recently, credit and debit card data from Bank of America Institute suggests a potential convergence in wages and spending across income cohorts in recent months.

**CIO Key Considerations**

Solid underlying economic growth supported by resilient consumption and strong capital investment underpins our U.S. bias in portfolios.

Source: Bloomberg. Data as of July 30, 2026. **FOR INFORMATIONAL PURPOSES ONLY. Please refer to important disclosures at the end of this presentation.**



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# CIO Portfolio Strategy

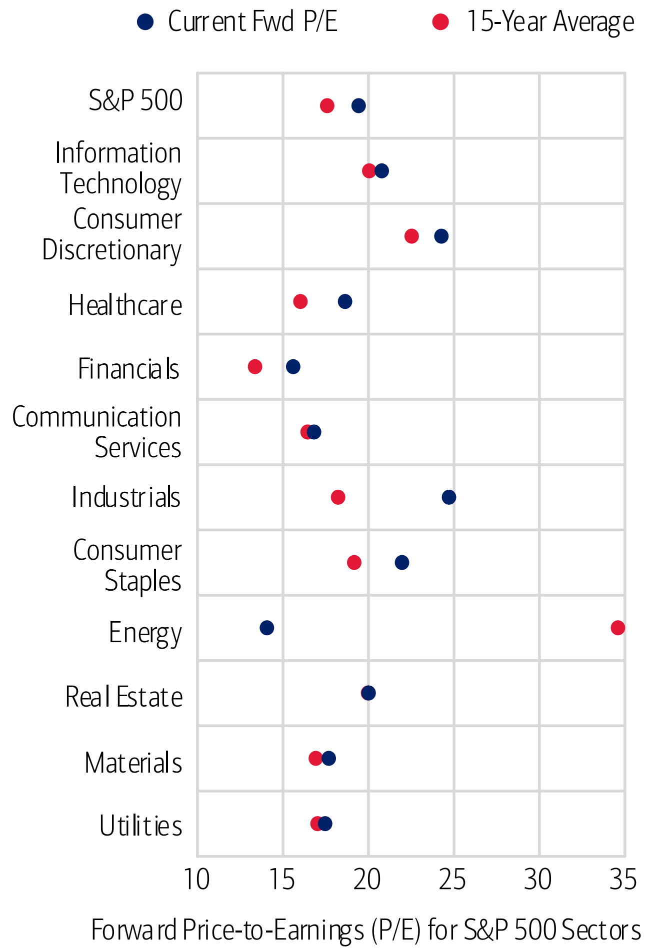
## CIO Asset Classes and Sector Views

Underweight | Slightly Underweight | Neutral | Slightly Overweight | Overweight

| Asset Class | Weighting |
|---|---|
| Global Equities | Slightly Overweight |
| U.S. Large-cap Growth | Slightly Overweight |
| U.S. Large-cap Value | Slightly Overweight |
| U.S. Small-cap Growth | Slightly Overweight |
| U.S. Small-cap Value | Slightly Overweight |
| International Developed | Slightly Underweight |
| Emerging Markets | Slightly Overweight |
| Global Fixed Income | Slightly Underweight |
| U.S. Governments | Slightly Underweight |
| U.S. Mortgages | Slightly Underweight |
| U.S. Corporates | Slightly Underweight |
| International Fixed Income | Slightly Underweight |
| U.S. High Yield | Slightly Underweight |
| U.S. Investment-grade Tax Exempt | Slightly Underweight |
| U.S. High Yield Tax Exempt | Slightly Underweight |

| Sector | Weighting |
|---|---|
| Industrials | Slightly Overweight |
| Consumer Discretionary | Slightly Overweight |
| Financials | Slightly Overweight |
| Information Technology | Neutral |
| Energy | Neutral |
| Materials | Neutral |
| Utilities | Neutral |
| Healthcare | Neutral |
| Communication Services | Slightly Underweight |
| Real Estate | Slightly Underweight |
| Consumer Staples | Slightly Underweight |

## Sector Valuations




- For U.S.-centric portfolios, we suggest staying overweight Equities while diversifying into Small-caps, Emerging Markets, and new sector leaders such as Industrials, Utilities, and Financials, while trimming over-concentrated Technology and Communication Services exposure.
- Thematic opportunities continue to develop in biotechnology, life sciences, and robotics, alongside heavy investment flows into AI-enabled infrastructure, grid modernization, power generation, and aerospace and defense.
- We remain constructive on Fixed Income overall but are underweight to fund our Equity overweight. We maintain a neutral duration stance and continue to expect range-bound yields, given sticky inflation and real GDP growth remaining near or above 2%.

### CIO Key Considerations

We view noise-driven Equity pullbacks as potential opportunities to buy or rebalance, supported by stronger growth, clearer rate visibility, reflationary tailwinds from a weaker dollar, double-digit profit growth expectations, and rising deal activity.

Please refer to the August Viewpoint for more detail weightings information. Sector Valuations source: Bloomberg as August 4, 2026. The Chief Investment Office (CIO) views and opinions expressed are for informational purposes only, are made as of the date of this material, and are subject to change without notice. All sector and asset allocation recommendations must be considered in the context of an individual investor's goals, time horizon, liquidity needs and risk tolerance. **Past performance is no guarantee of future results. FOR INFORMATIONAL PURPOSES ONLY. Indexes are unmanaged and do not take into account fees or expenses. It is not possible to invest directly in an index. Please refer to index definitions and important disclosures at the end of this presentation.**



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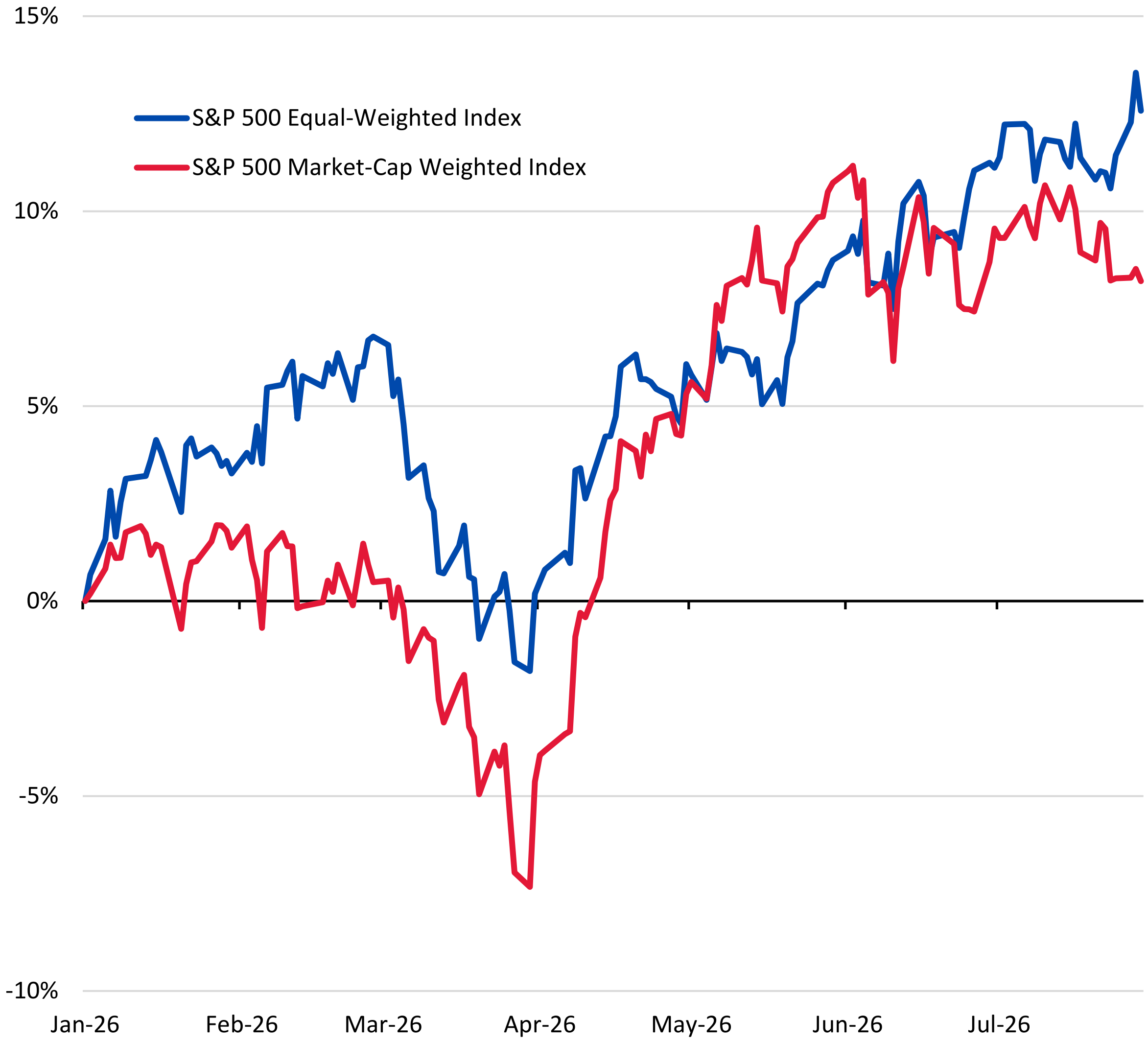
# Equities

**S&P 500's Equal-Weighted Counterpart Has Outperformed the S&P 500 Year-to-Date**
Price Return Indexed to January 1, 2026




- The market has rotated, as capital left the most extended pockets of growth, momentum, and direct AI exposure and found a broader set of industries and market capitalizations. Weakness or consolidation among some of the largest names gave way to strength across a broader set of constituents.
- At the sector level, Financials, Healthcare and Consumer Staples have benefited from the rotation out of chip stocks. While the S&P 500 Index has remained in a tight range in recent months, the equal-weighted S&P 500 made new highs in July.
- The number of S&P 500 members trading above their 50-day moving average continues to climb, a sign that the market advance is being shared across individual stocks.

**CIO Key Considerations**

Strong earnings growth and improving breadth reinforces the case for diversification. As market leadership expands beyond a handful of stocks the potential opportunity set for investors widens.

Source: Bloomberg. Data as of July 29, 2026. **FOR INFORMATIONAL PURPOSES ONLY**. Performance results are extremely short term and do not provide an adequate basis for evaluating performance potential over varying market conditions or economic cycles. **Indexes are unmanaged and do not take into account fees or expenses. It is not possible to invest directly in an index. Please refer to index definitions and important disclosures at the end of this presentation.**

# Fixed Income

**U.S. Government 30-Year Yield (%)**


- Yields across Fixed Income have moved meaningfully higher this year on both a nominal and real basis, offering more compelling compensation for inflation, duration, and broader market risks.
- Although yields could move modestly higher, the balance of this risk has become more favorable, with income and carry now expected to account for an increasingly larger share of total return. Importantly, starting yields are highly correlated (i.e., around 80%) with future returns and provide a buffer against potential rate volatility.
- In our view, this is an opportune moment to extend portfolio duration toward strategic targets, generate meaningful income relative to cash with limited credit risk, and enhance diversification within portfolios.

**CIO Key Considerations**

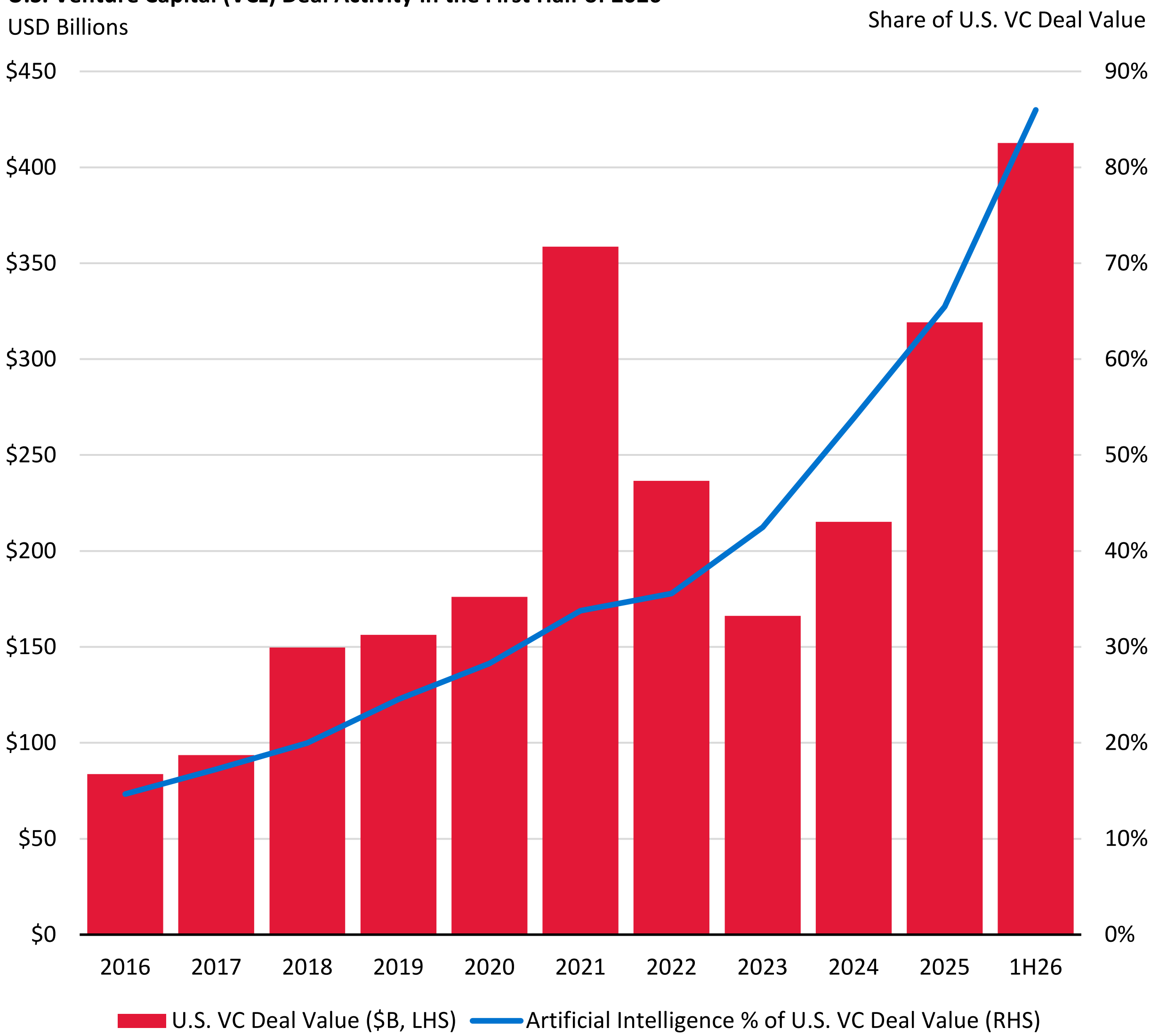
We remain constructive on Fixed Income overall but maintain our underweight to fund our Equity overweight.

Source: Bloomberg. Data as of July 29, 2026. **Past performance is no guarantee of future results. FOR INFORMATIONAL PURPOSES ONLY. Please refer to important disclosures at the end of this presentation.**

# Alternative Investments (Alts)[1]

**U.S. Venture Capital (VCz) Deal Activity in the First Half of 2026**

USD Billions




- VC activity in the first half of 2026 surpassed deal values seen over the last 10 years, rising 29% year-to-date (YTD) to $412.7 billion.
- Deal activity remains highly concentrated as 86% of VC deal value in the first half of the year was driven by AI-related deals. So far, AI VC deal values have increased 70% YTD to $354.9 billion.
- Despite deal activity being disproportionately supported by a small set of companies, VC continues to offer complementary exposure to the AI buildout along with public markets.

**CIO Key Considerations**

While AI concentration may raise concerns, VC may continue to provide potential opportunities to access the earlier stages of innovation and disruption.

Source: PitchBook. Data as of June 30, 2026. Latest data available. [1]**Alternative investments are intended for qualified investors only. Alternative investments such as derivatives, hedge funds, private equity funds and private credit funds can result in higher potential but also higher loss potential. FOR INFORMATIONAL PURPOSES ONLY. Please refer to important disclosures at the end of this presentation.**



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# What Is The Next Move?

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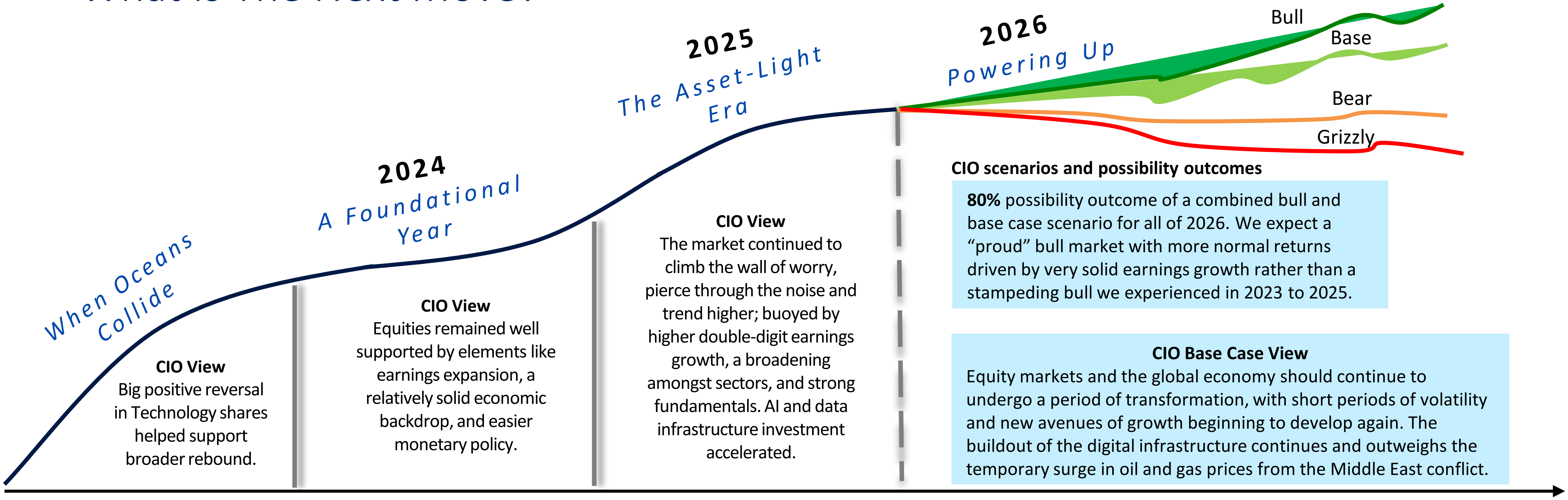


**CIO View**
Big positive reversal in Technology shares helped support broader rebound.

**CIO View**
Equities remained well supported by elements like earnings expansion, a relatively solid economic backdrop, and easier monetary policy.

**CIO View**
The market continued to climb the wall of worry, pierce through the noise and trend higher; buoyed by higher double-digit earnings growth, a broadening amongst sectors, and strong fundamentals. AI and data infrastructure investment accelerated.

**CIO scenarios and possibility outcomes**

**80%** possibility outcome of a combined bull and base case scenario for all of 2026. We expect a "proud" bull market with more normal returns driven by very solid earnings growth rather than a stampeding bull we experienced in 2023 to 2025.

**CIO Base Case View**
Equity markets and the global economy should continue to undergo a period of transformation, with short periods of volatility and new avenues of growth beginning to develop again. The buildout of the digital infrastructure continues and outweighs the temporary surge in oil and gas prices from the Middle East conflict.

**SCENARIO 1 BULL CASE (approximately 25% possibility outcome)**

- Bull case raised to 25% from 15% as earnings momentum surprises further.
- Geopolitical tensions ease significantly and peace accelerates.
- A new economic re-expansion builds, and growth is well above trend in 2026.
- Extended pause on rates or one hike at most with profits and economic growth well above trend.
- Yield curve steepens as yields on the back-end rise as economic growth increases above trend and short rates slip.
- Long-term bull market continues as earnings rise higher-than-expected through 2026. Bull market in metals.
- AI capital investment (capex) accelerates lifting the Technology sector again.

**SCENARIO 2 BASE CASE (approximately 55% possibility outcome)**

- U.S. GDP maintains its momentum as fiscal bill impact is felt and Middle East tensions ease considerably.
- One-time price increases from oil and gas surge do not materialize into an "economy-wide" resurgence in inflation.
- Limited hikes later in the year as job growth remains healthy and inflation sticky.
- Earnings growth for S&P 500 is double digit percentages in 2026.
- The AI wave continues but "leaders" and "laggards" become clearer.
- Broader participation within the Equity markets including Emerging Markets and small/mid capitalization shares continues.
- Financials, Utilities, Industrials, Consumer Discretionary, Basic Materials rise. Technology sectors extend their leadership.

**SCENARIO 3 BEAR CASE (approximately 15% possibility outcome)**

- Bear case drops to 15% from 25% as Iran conflict dissipates and oil prices fall.
- Geopolitical tensions re-escalate.
- Stagflation worries build as the growth slump bites and inflation remains well above target.
- Expectations for monetary policy are recalibrated with the potential for rate hikes rising sharply even in the face of slow growth.
- Earnings begin to decline early as a growth slump ensues and AI capex fizzles.
- Unemployment rate rises above 5% as recession risk increases.
- Defensive areas of the market outperform as technology bubble concerns materialize.
- Recession odds rise alongside midterm concerns.

**SCENARIO 4 GRIZZLY CASE (approximately 5% possibility outcome)**

- Trade wars develop again and stick.
- Geopolitical tensions boil over into broader conflict.
- Sharp economic hard landing, not just deterioration, unfolds.
- Fed policy requires new emergency measures and aggressive cuts.
- A sharp fall in earnings ensues as spreads widen and AI capex deteriorates.
- Credit stress unfolds further in the lower quality credits impacting investor sentiment in the high-quality sector.
- Fixed Income significantly outperforms Equities as risk aversion rises sharply.
- U.S. dollar rallies.
- Defensive assets outperform sharply.
- S&P 500 falls into protracted bear market territory.

Black line represents the lifecycle of the CIO economic process and is not meant to represent any specific investment, index or performance of any kind. Source: CIO. Data as of August 4, 2026. CIO views are subject to change. **FOR INFORMATIONAL PURPOSES ONLY.** Economic or financial forecasts are inherently limited and should not be relied on as indicators of future investment performance. **Please refer to index definitions and important disclosures at the end of this presentation.**

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**S&P 500 Index** is a stock market index tracking the stock performance of 500 leading companies listed on stock exchanges in the United States.

**S&P 500 Equal-Weighted Index Price Return** is designed to track the equally weighted performance of the 500 companies in the S&P 500.

**S&P 500 Market-cap Weighted Index Price Return** meaning companies with higher total market values receive larger index weights.

**S&P 500 sub-sectors and industry groups Global Industry Classification Standard (GICS®)/S&P 500 Total Return Index**, including Information Technology Total Return (TR) USD; Consumer Discretionary TR USD; Industrials TR USD; Real Estate TR USD; Communication Services TR USD; Materials TR USD; Financials TR USD; Consumer Staples TR USD; Utilities TR USD; Energy TR USD; Healthcare TR USD.

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Nonfinancial assets, such as closely-held businesses, real estate, fine art, oil, gas and mineral properties, and timber, farm and ranch land, are complex in nature and involve risks including total loss of value. Special risk considerations include natural events (for example, earthquakes or fires), complex tax considerations, and lack of liquidity. Nonfinancial assets are not in the best interest of all investors. Clients should always consult with your independent attorney, tax advisor, investment manager, and insurance agent for final recommendations and before changing or implementing any financial, tax, or estate planning strategy.