

All data, projections and opinions are as of February 20, 2026, 10:30am EST unless noted otherwise and subject to change.

Markets Examined

- For a fourth week, Global Equity, as measured by the MSCI All-Country World Index, traded in a range near its record high. Fixed Income worldwide was mixed to lower. The Bloomberg U.S. Dollar Index was on pace for its biggest weekly rise since late-November. Despite this, the energy complex propelled the Bloomberg Commodity Index to its first gain in three weeks. Geopolitical tensions in the Middle East fueled a rise in the price of oil toward its highest weekly close since August.
- The Industrials sector led in an advance for the S&P 500, spurred by early economic releases. Along with industrial production, orders for business equipment surpassed the Bloomberg consensus estimate (Exhibit 1). Initial jobless claims fell to a four-week low. However, on Friday, markets were whipsawed. Q4 real gross domestic product growth underwhelmed, yet a closely followed measure of inflation was higher than expected. The rise in U.S. Treasury yields was also supported by a ruling from the U.S. Supreme Court against enacted tariff policy. In the S&P 500, bond proxy sectors declined. Consumer Staples fell by the most since late October, breaking a six-week streak of increases.
- The MSCI Europe Index marked its 13th straight weekly advance. Economic surveys indicated stronger industrial growth in the region.
- Local Equity markets in China were closed throughout the week-long Lunar New Year holiday. In global trade, the MSCI China Index fell.
- In Japan, a decline in the yen factored in the first negative U.S. dollar-based return for the MSCI Japan Index in three weeks. Meanwhile the MSCI Korea Index notched its eighth advance in nine weeks, led by Energy and Industrials.

The latest key insights from the CIO

We believe that the Equity outlook for 2026 remains bullish, with market pullbacks viewed as tactical buying opportunities for long-term investors. As stated in our **Equity Spotlight**, the strong fundamentals—led by Artificial Intelligence-driven investment, resilient consumer spending, and sector tailwinds in Financials, Industrials, Utilities, and Consumer Discretionary—support continued confidence in high quality stocks.

In our most recent **The FIX**, we believe municipal bonds have been benefiting from strong fundamentals despite moderating technicals, while taxable credit markets remain well supported by demand, keeping spreads tight even amid heavy issuance and sector volatility.

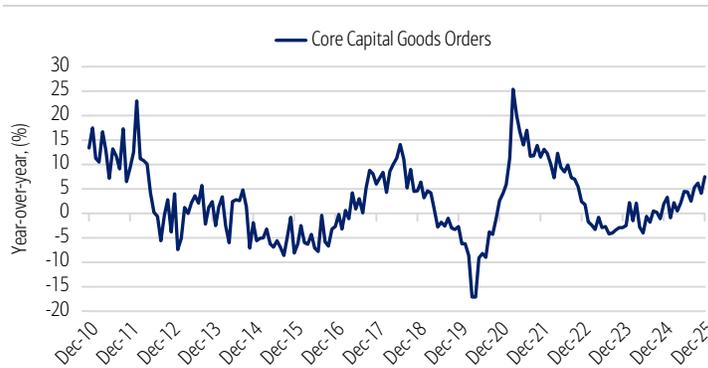
[Equity Spotlight: The Silver Lining to Market Grinding ▶](#)

[The FIX: A Fixed Income Market Update ▶](#)

The Bottom Line

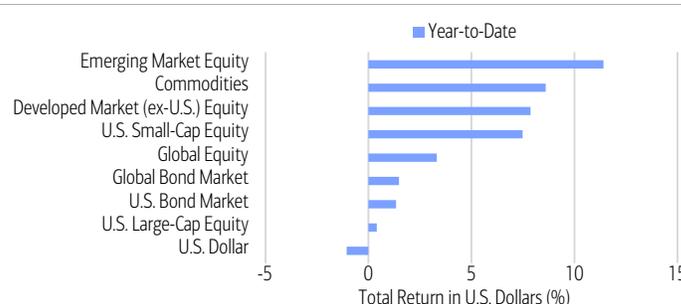
- Nominal economic growth remains in “boom” territory, supporting strong corporate profits and an investment climate inclined to buy market dips despite headline and geopolitical risks.
- With Equities expected to reach new highs, investors may benefit from portfolio adjustments increasing holdings to U.S. Small caps, Emerging Markets, and diversified sector exposures where underweight. Thematically, we are positive on long term opportunities, such as the digital infrastructure build out and global defense, among others. For qualified investors, we find appeal in select Alternative Investments.
- While we remain overweight Equities, we hold a constructive view on Fixed Income, viewing it as a portfolio ballast on anticipated volatility associated with the U.S. midterm election. We expect yields to stay range bound in the coming years as inflation remains sticky and real gross domestic product holds near or above 2%. However, yield volatility could rise in either direction, particularly given the anticipated transition in Fed leadership later this year.

Exhibit 1: Business Investment is On the Rise.



Source: Census Bureau. Data as of February 18, 2026.

Exhibit 2: Global Asset Class Returns.



Source: Bloomberg. As of February 19, 2026. 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. Please refer to index definitions at the end of this report. It is not possible to invest directly in an index. **Past performance is no guarantee of future results.**

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Index Definitions

Securities indexes assume reinvestment of all distributions and interest payments. Indexes are unmanaged and do not take into account fees or expenses. It is not possible to invest directly in an index. Indexes are all based in U.S. dollars.

Equity/S&P 500 Index is a market-capitalization-weighted index that is widely regarded as the best single gauge of large-cap U.S. equities. The index includes 500 leading companies and covers approximately 80% of available market capitalization.

MSCI All-Country World Index is a globally recognized stock market index that represents the performance of large and mid-cap stocks across both developed and emerging market countries. It's a widely used benchmark for gauging the overall health and returns of the global equity market.

MSCI Korea Index is designed to measure the performance of the large and mid cap segments of the South Korean market.

MSCI Europe Index captures large and mid cap representation across 15 Developed Markets (DM) countries in Europe.

MSCI China Index captures large and mid cap representation across China A shares, H shares, B shares, Red chips, P chips and foreign.

MSCI Japan Index is designed to measure the performance of the large and mid cap segments of the Japanese market.

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.

U.S. Large-Cap Equity/S&P 500 Total Return Index is a market-capitalization-weighted index that is widely regarded as the best single gauge of large-cap U.S. equities. The index includes 500 leading companies and covers approximately 80% of available market capitalization. Total return referenced.

U.S. Small-Cap Equity/Russell 2000 Small-Cap Total Return Index measures the performance of the small-cap segment of the U.S. equity universe. It includes approximately 2,000 of the smallest securities based on a combination of their market capitalization and current index membership and represents approximately 7% of the total market capitalization of the Russell 3000 Index, as of the most recent reconstitution. Total return referenced.

Developed Market (ex-U.S.) Equity/MSCI Daily Total Return Net World Ex USA Index captures large and mid cap representation across 22 of 23 Developed Markets (DM) countries – excluding the United States. With 870 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. Total return referenced.

Emerging Market Equity/MSCI Daily Total Return Net EM Index captures large- and mid-cap representation across 24 Emerging Markets countries. With 1,440 constituents, the index covers approximately 85% of the free float adjusted market capitalization in each country. Total return referenced.

Global Bond Market/ICE BofA Global Broad Market Index tracks the performance of investment grade debt publicly issued in the major domestic and eurobond markets, including sovereign, quasi-government, corporate, securitized and collateralized securities.

U.S. Bond Market/ICE BofA U.S. Broad Market Index tracks the performance of U.S. dollar denominated investment grade debt publicly issued in the U.S. domestic market, including US Treasury, quasi-government, corporate, securitized and collateralized securities.

Commodities/Bloomberg Commodity Total Return Index reflects the returns on a fully collateralized investment in the Bloomberg Commodity Index. This index is calculated on an excess return basis and reflects commodity futures price movements. The index rebalances annually weighted 2/3 by trading volume and 1/3 by world production and weight-caps are applied at the commodity, sector, and group level for diversification. Roll period typically occurs from 6th-10th business day based on the roll schedule.

U.S. Dollar/Bloomberg U.S. Dollar Index tracks the performance of a basket of 10 leading global currencies versus the U.S. Dollar. Each currency in the basket and their weight is determined annually based on their share of international trade and FX liquidity.

Important Disclosures

Investing involves risk, including the possible loss of principal. Past performance is no guarantee of future results.

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Asset allocation, diversification and rebalancing do not ensure a profit or protect against loss in declining markets.

Investments have varying degrees of risk. Some of the risks involved with equity securities include the possibility that the value of the stocks may fluctuate in response to events specific to the companies or markets, as well as economic, political or social events in the U.S. or abroad. Small cap and mid cap companies pose special risks, including possible illiquidity and greater price volatility than funds consisting of larger, more established companies. Investing in fixed-income securities may involve certain risks, including the credit quality of individual issuers, possible prepayments, market or economic developments and yields and share price fluctuations due to changes in interest rates. When interest rates go up, bond prices typically drop, and vice versa. Bonds are subject to interest rate, inflation and credit risks. Municipal securities can be significantly affected by political changes as well as uncertainties in the municipal market related to taxation, legislative changes, or the rights of municipal security holders. Income from investing in municipal bonds is generally exempt from federal and state taxes for residents of the issuing state. While the interest income is tax-exempt, any capital gains distributed are taxable to the investor. Income for some investors may be subject to the Federal Alternative Minimum Tax. Investments in high-yield bonds (sometimes referred to as "junk bonds") offer the potential for high current income and attractive total return, but involves certain risks. Changes in economic conditions or other circumstances may adversely affect a junk bond issuer's ability to make principal and interest payments. Treasury bills are less volatile than longer-term fixed income securities and are guaranteed as to timely payment of principal and interest by the U.S. government. Investments in foreign securities (including ADRs) involve special risks, including foreign currency risk and the possibility of substantial volatility due to adverse political, economic or other developments. These risks are magnified for investments made in emerging markets. Investments in a certain industry or sector may pose additional risk due to lack of diversification and sector concentration. There are special risks associated with an investment in commodities including market price fluctuations, regulatory changes, interest rate changes, credit risk, economic changes and the impact of adverse political or financial factors.

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