

CHIEF INVESTMENT OFFICE

Viewpoint by Charts

May 2025

The Chief Investment Office Nine Stages of Market Uncertainty To Recovery

Reset Phase

- Unforeseen event unfolds quickly
- Repricing of risk
- Liquidity needs arise

Relief Phase

- Policy action takes place
- Significant relief rallies occur

Re-examine Phase

- Period of choppy trade
- Stable growth confirmation begins

Re-growth Phase

- The climb back environment unfolds
- A new normal builds

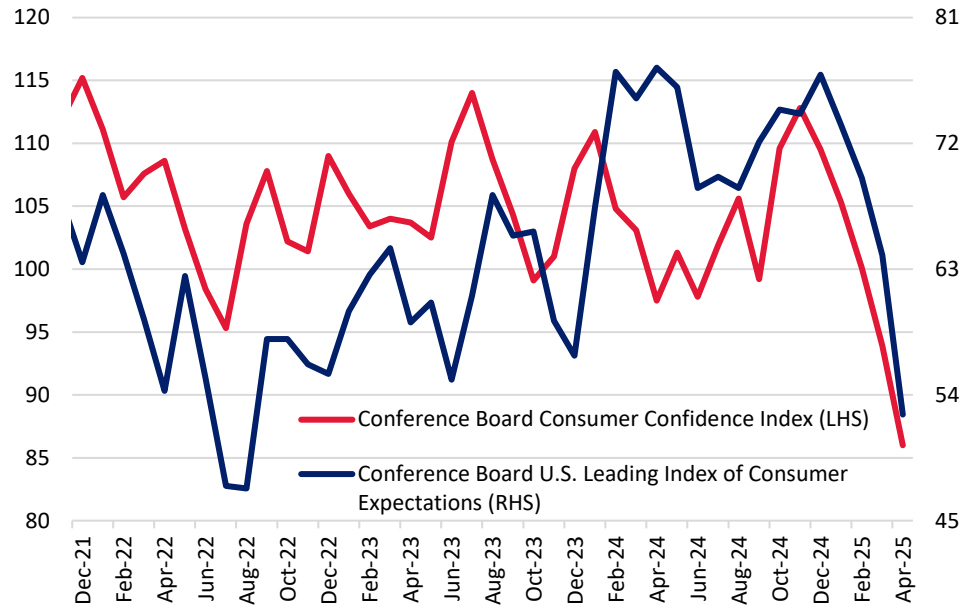
Source: Chief Investment Office as of May 6, 2025. CIO views are subject to change. **FOR INFORMATIONAL PURPOSES ONLY.**

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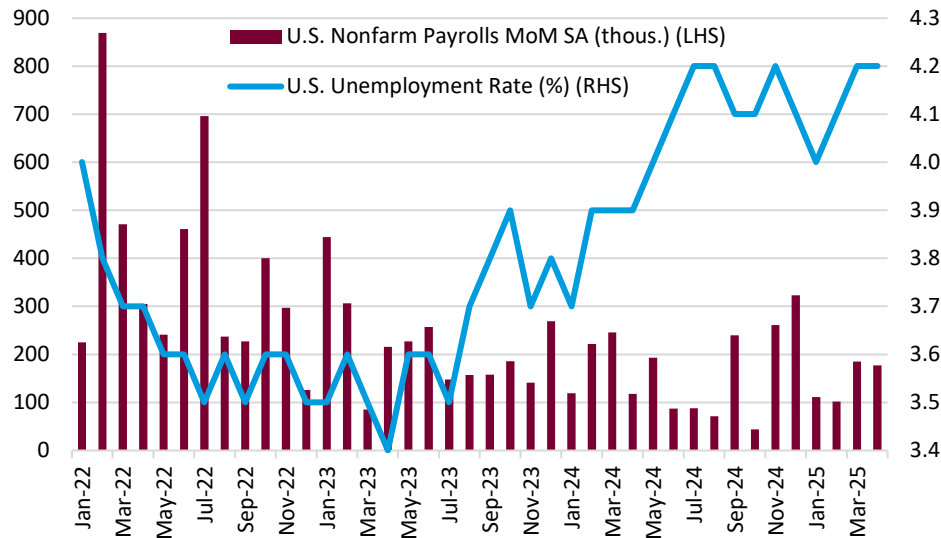
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Please see last page for important disclosure information.

Macro



- Soft data, like consumer confidence and future consumer expectations, has deteriorated as uncertainty persists. Meanwhile, hard data, like nonfarm payrolls and the unemployment rate, indicates that real levels of economic activity are still relatively strong.
- We continue to expect that economic growth will resume its firmer footing after this reset period in the U.S.



CIO Key Considerations

Against an uncertain macro backdrop, we continue to emphasize diversification across and within asset classes.

Source: Bloomberg as of May 2, 2025.

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.

CIO Portfolio Strategy

CIO Asset Classes and Sector Views

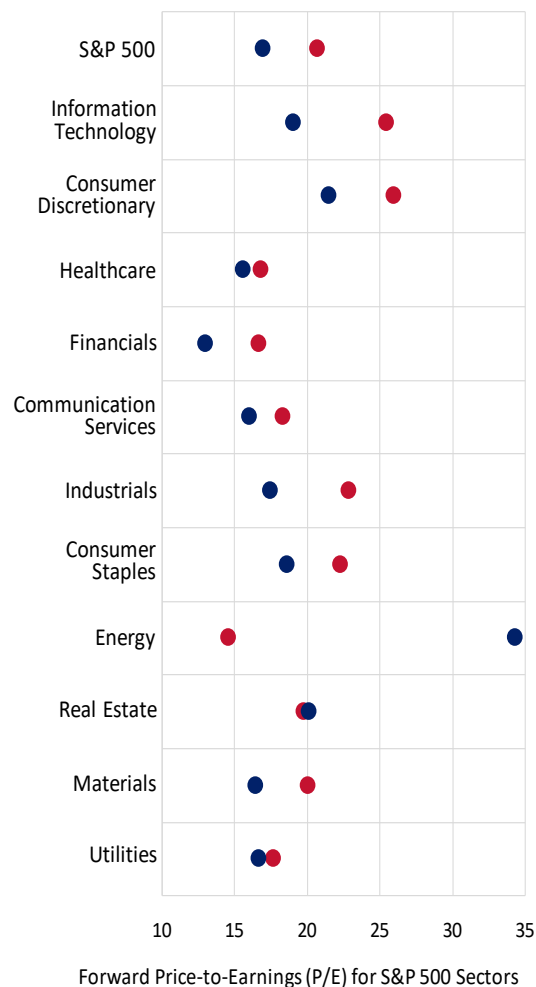


Asset Class	Weighting
Global Equities	Overweight
U.S. Large Cap Growth	Overweight
U.S. Large Cap Value	Overweight
U.S. Small Cap Growth	Overweight
U.S. Small Cap Value	Overweight
International Developed	Slightly Overweight
Emerging Markets	Slightly Overweight
Global Fixed Income	Slightly Underweight
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	Weight
Financials	Overweight
Utilities	Overweight
Consumer Discretionary	Overweight
Communication Services	Slightly Overweight
Information Technology	Slightly Overweight
Healthcare	Slightly Overweight
Industrials	Slightly Overweight
Real Estate	Slightly Overweight
Consumer Staples	Slightly Underweight
Energy	Slightly Underweight
Materials	Slightly Underweight

Sector Valuations

● Current Fwd P/E ● 15-Year Average



- We maintain an overweight to Equities, driven by U.S. Equities, with a preference for Large-caps over Small-caps, and we are neutral outside of the U.S. We still favor a significant allocation to bonds in a well-diversified portfolio. Through periods of volatility, we emphasize portfolio diversification and are buyers on weakness.
- This month, the Global Wealth & Investment Management Investment Strategy Committee (GWIM ISC) did not make any tactical asset allocation adjustments.

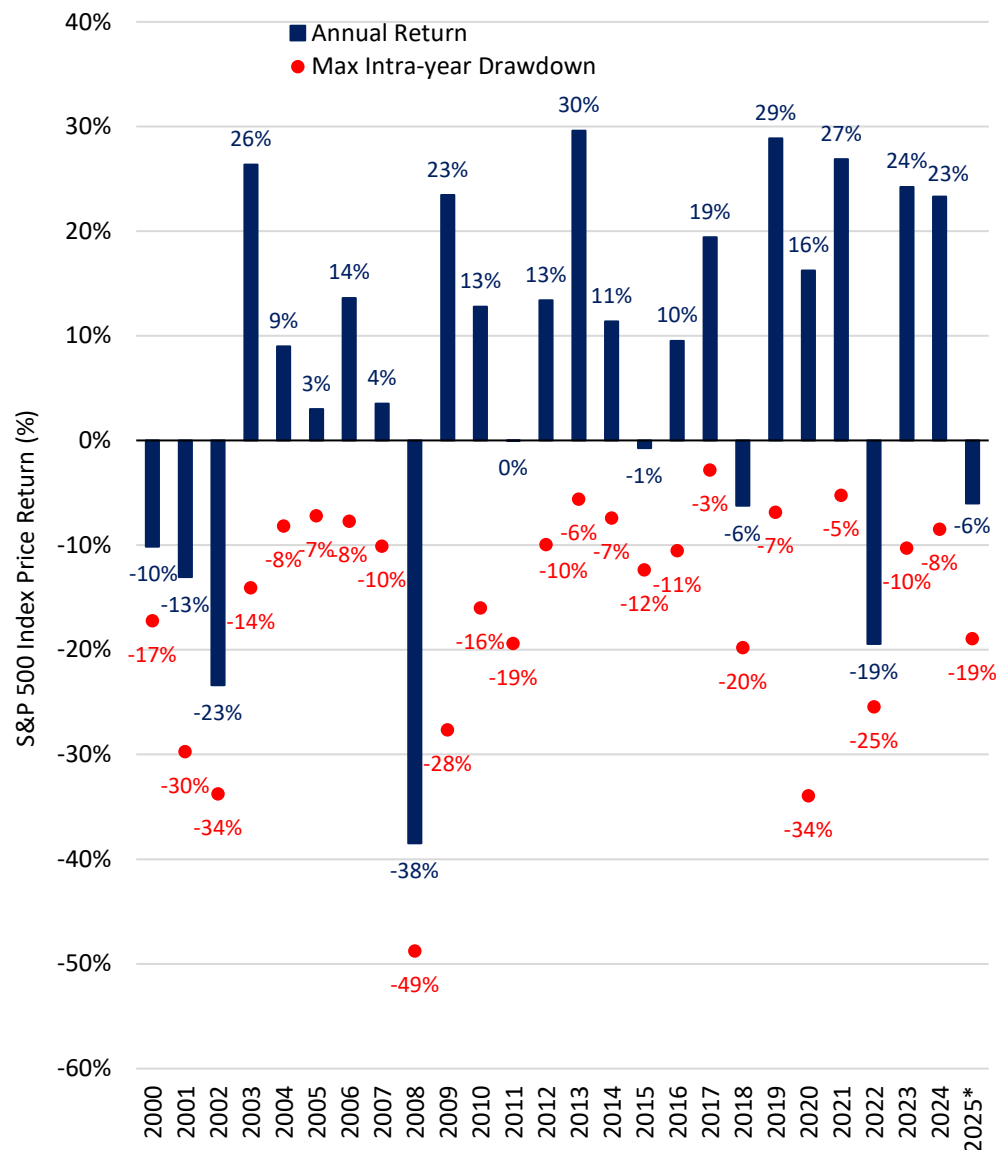
CIO Key Considerations

Portfolio diversification across and within asset classes in a core framework with targeted thematic overlays is our preferred strategy.

Please refer to the May 2025 Viewpoint for more detail weightings information. Sector Valuations source: Bloomberg as of May 2, 2025. 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.

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Equities



- Equity market volatility spiked in April and may continue as uncertainty persists. Against this backdrop, it's important to remember that volatility is normal.
- Since 2000, annual returns for the S&P 500 have been greater than the maximum intra-year drawdown.

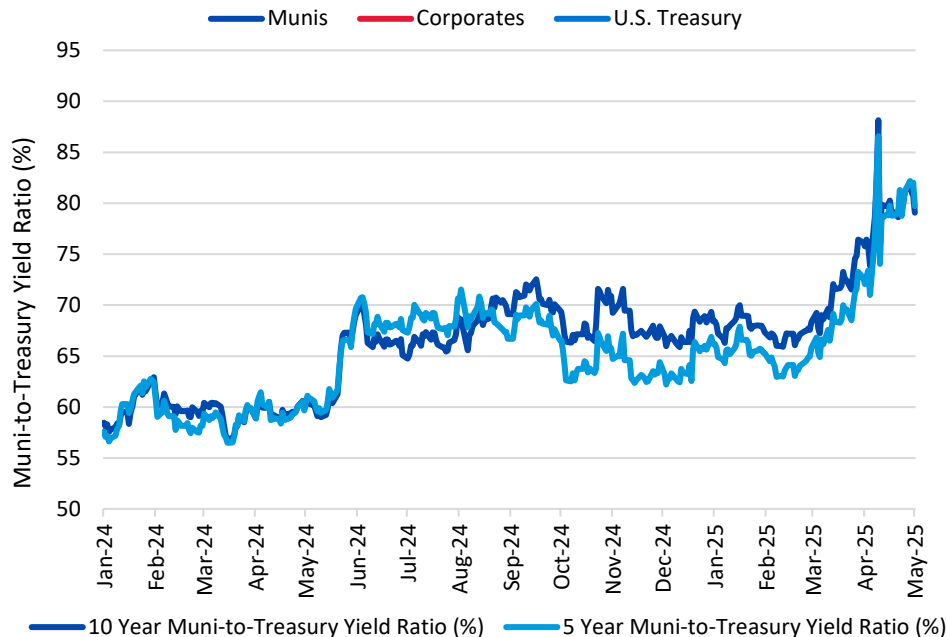
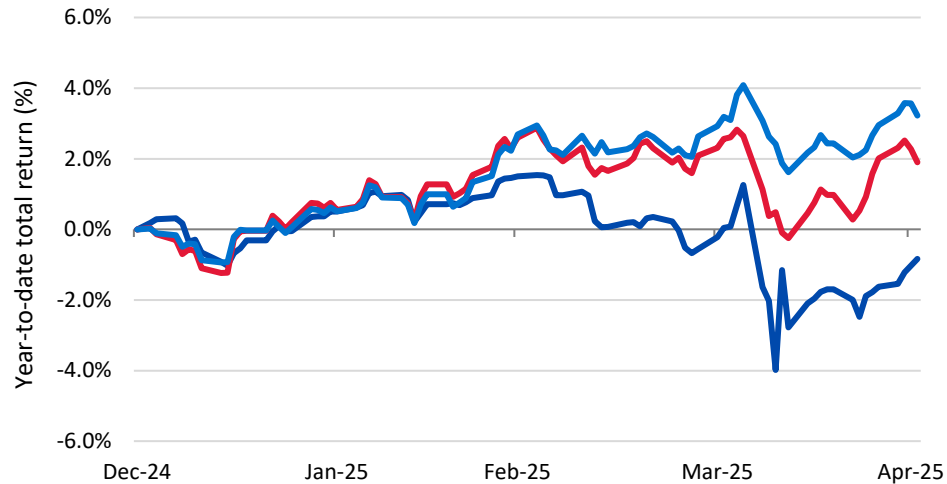
CIO Key Considerations

While near term volatility is likely to persist, we expect Equities to regain a sense of stability as the fog lifts and the path forward becomes clearer. We maintain an Equity overweight relative to our strategic targets.

*Year-to-date through April 28, 2025. Source: Bloomberg. Data as of April 28, 2025.

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Fixed Income



- Within Fixed Income, tax-exempt bonds (munis) have significantly underperformed taxable securities year-to-date due to a combination of technical and fundamental factors.
- However, we believe that technical and fundamental conditions should strengthen from here, potentially poising valuations to rally over the rest of the year.
- In all-Fixed Income high-tax-sensitivity portfolios, this month we move to exhibit a preference for Investment-grade Tax-Exempt and High Yield Tax- Exempt relative to Investment-grade Corporates.

CIO Key Considerations

While U.S. Investment-grade Tax Exempt appears more attractive, we maintain a slight underweight to favor our Equity overweight in multi asset class portfolios.

Source: Bloomberg. Data as of May 1, 2025. Indexes referenced: Munis = Bloomberg Municipal Bond Index, Corporates = Bloomberg U.S. Corporate Index, U.S. Treasury = Bloomberg U.S. Treasury Index.

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Alternative Investments



- Alternative Investments (Alts)* have delivered attractive historical return and risk profiles that helped improve portfolio efficiency when implemented in properly diversified and methodical manners.
- Within the Alts asset classes, we see potential tactical opportunities and challenges.

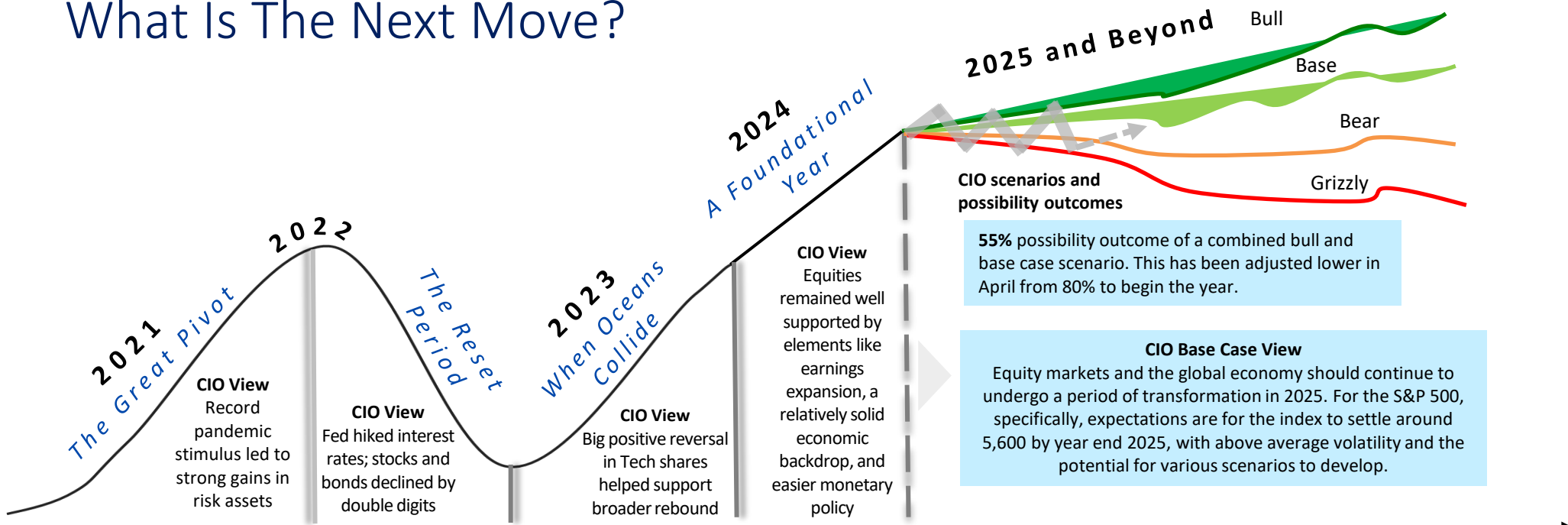
CIO Key Considerations

For qualified investors, Alts may help complement traditional Equities and Fixed Income investments.

Sources: Hedge Fund Research HFRI; Cambridge Associates; NCREIF; Bloomberg. Indices referenced: Public Equities (S&P 500 index), Fixed Income (Bloomberg U.S. Aggregate bond index), Hedge Strategies (Hedge Fund Research HFRI Fund Weighted Composite), Core Real Estate (50/50 NCREIF Property /NCREIF Transaction Based; After 06/2020 80% NCREIF Property + 20% FTSE NAREIT Equity REITs Total Return Index), and Private Equity & Private Credit (Cambridge Associates US Private Equity Index (Legacy Version) / US Private Credit Index). Quarterly data from 3/31/1995 – 12/31/2024 referenced. *Return through 9/30/2024. **Return through 12/31/2024. For illustrative purposes only.

Many products that pursue Alternative Investment strategies, specifically Private Equity and Hedge Funds, are available only to qualified investors. 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.

What Is The Next Move?



SCENARIO 1 BULL CASE (approximately 10% possibility outcome)

- Tariffs are negotiated downwards.
- A new economic re-expansion builds, and growth is well above trend in 2025.
- Financial conditions remain easy and inflation trends lower at the same time.
- Yield curve steepens as yields on the back-end rise as economic growth increases above trend.
- Long-term bull market continues as earnings rise higher-than-expected through 2025.
- Cyclical areas lead Equity markets with growth stock momentum resurging.
- S&P 500 climbs back well above new highs.

SCENARIO 2 BASE CASE (approximately 45% possibility outcome)

- Deals are made and some of the announced tariffs are negotiated down.
- U.S. gross domestic product (GDP) overall remains slightly positive, and a recession scenario is avoided, but a negative GDP quarter is likely.
- One-time price increases do not materialize into an "economy-wide" resurgence in inflation.
- Deregulation and tax relief potentially boost growth outlook.
- Fed funds rate is stable for the remainder of the year with the potential for cuts if needed.
- Earnings growth for S&P 500 is lower than previously anticipated but remains positive in 2025.
- U.S. dollar slightly weaker.
- Broader participation within the Equity markets including non-U.S. stocks.
- Sector dispersion remains wide.

SCENARIO 3 BEAR CASE (approximately 35% possibility outcome)

- Tariffs add 1 to 1.5% to inflation and subtract a similar amount from GDP growth.
- Stagflation worries build as growth slumps below trend and inflation remains above target.
- Expectations for monetary policy are recalibrated.
- Earnings could decline slightly more than 10% in 2025.
- Unemployment rate rises above 5% as recession risk increases.
- Defensive areas of the market outperform.
- Cyclical areas underperform and high-quality Growth outperforms low-quality Value.

SCENARIO 4 GRIZZLY CASE (approximately 10% possibility outcome)

- Tit-for-tat tariffs turn into a full blown "trade war."
- Sharp economic hard landing, not just deterioration, occurs through 2025.
- Federal Reserve policy requires new emergency measures and aggressive cuts.
- Contains the sharpest fall in earnings by some 20% or more.
- Major widespread stress hits the office property and regional banking sectors.
- Fixed Income significantly outperforms Equities as risk aversion rises sharply.
- U.S. dollar rallies.
- Defensive assets outperform sharply.
- S&P 500 falls further into bear market territory.

— Denotes current significant uncertainty sharp volatility. — 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 May 2, 2025. 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.

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.

Conference Board Consumer Confidence Index is a monthly indicator that measures consumer optimism about the economy and their personal financial situation.

Conference Board U.S. Leading Index of Consumer Expectations is a composite index that aims to predict the future direction of the U.S. economy.

Public Equities/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.

Munis/Bloomberg Municipal Bond Index is a widely used benchmark that tracks the performance of the US tax-exempt municipal bond market. It's a market-value-weighted index, meaning the inclusion of bonds in the index is based on their relative market capitalization. The index includes a variety of bond types, such as general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds.

Corporates/Bloomberg U.S. Corporate Index is a benchmark for investment-grade, fixed-rate, taxable U.S. corporate bonds. It tracks the performance of USD-denominated securities publicly issued by industrial, utility, and financial institutions. The index serves as a key reference point for portfolios that include investment-grade corporate bonds.

U.S. Treasury/Bloomberg U.S. Treasury Index is a market index that tracks the performance of fixed-rate, nominal debt issued by the U.S. Treasury. It includes a wide range of Treasury securities, but excludes Treasury bills and STRIPS.

Fixed Income/Bloomberg US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, fixed-rate agency MBS, ABS and CMBS (agency and non-agency).

Hedge Strategies/HFRI Fund Weighted Composite Index is a benchmark that tracks the performance of a group of single-manager hedge funds. It's a global index that's equally weighted, meaning each fund has the same weight in the index.

Core Real Estate/NCREIF Property/NCREIF Transaction Based measures the composite total rate of return of a large pool of individual commercial real estate properties acquired in the private market for investment purposes; A real estate market index that's equally weighted between transaction and appraisal indices.

FTSE Nareit All Equity REITs Index Total Return is a free-float adjusted, market capitalization-weighted index of U.S. equity REITs. Constituents of the index include all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property.

Private Equity & Private Credit/Cambridge Associates US Private Equity Index is a calculation of the average return of a group of private equity funds. It's based on data from a range of private equity funds, including buyout, growth equity, and energy funds.

Cambridge Associates US Private Credit Index contains the historical performance records of 180+ private investment fund managers and 782 institutional quality funds raised between 1986 and 2024.

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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Alternative investments are speculative and involve a high degree of risk.

Alternative investments are intended for qualified investors only. Alternative Investments such as derivatives, hedge funds, private equity funds, and funds of funds can result in higher return potential but also higher loss potential. Changes in economic conditions or other circumstances may adversely affect your investments. Before you invest in alternative investments, you should consider your overall financial situation, how much money you have to invest, your need for liquidity, and your tolerance for risk.

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.

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