Third Quarter 2026 Chartbook

Data as of June 30, 2026

Third Quarter 2026 Outlook

Economy – Stable Backdrop

- Improving labor market conditions, firmer manufacturing sentiment, and continued growth in AI-related capital spending growth are supporting a relatively stable outlook for the economy in the second half.
- Despite the stable backdrop, risks remain, including consumer headwinds from weak real wage growth and uncertainty around the path of interest rates.

Equities – Earnings Growth Driving Returns

- Stronger than expected earnings growth has helped drive stock prices higher. With expectations rising, the hurdle rate will become harder to clear.
- Market leadership is shifting away from the “Mag 7” and towards Value, Small Caps, and International.

Fixed Income – Less Certain Rate Path Outlook

- Elevated inflation is complicating the interest rate outlook. Bond yields have trended higher since late February, and the futures market is indicating potential rate hikes later in the year.
- Credit spreads are pricing in a stable outlook and low default risk. While spreads can widen rapidly during periods of stress, they remain compressed by historical standards.

U.S Economic Risk Overview

Indicator	Recession Risk	Trend Signal	Trend → Latest										
ISM Manufacturing PMI	LOW	↑	48.4	48.9	48.9	48.8	48.0	47.9	52.6	52.4	52.7	52.7	54.0	53.3
ISM Services PMI	LOW	→	50.5	51.9	50.3	52.0	52.4	53.8	53.8	56.1	54.0	53.6	54.5	54.0
Industrial Production - YoY Change	LOW	↑	1.9%	1.2%	1.9%	1.8%	1.8%	1.2%	1.0%	0.8%	0.6%	1.3%	1.6%	1.1%
Building Permits - YoY Change (3 Mo. Avg.)	MODERATE	↓	-2.2%	-5.8%	-3.9%	-3.2%	-2.1%	-2.3%	-3.4%	0.9%	-2.4%	-1.3%	-3.6%	-1.4%
Unemployment Rate	LOW	→	4.3%	4.3%	4.4%	4.4%	4.5%	4.4%	4.3%	4.4%	4.3%	4.3%	4.3%	4.2%
Temporary Help Employment - YoY Change	HIGH	↑	-4.0%	-3.8%	-3.6%	-3.8%	-3.3%	-3.6%	-2.7%	-2.4%	-1.9%	-1.5%	-0.9%	-0.2%
Real Retail Sales - YoY Change (3 Mo. Avg.)	LOW	↑	1.1%	1.5%	1.5%	1.2%	0.7%	0.3%	0.4%	0.8%	1.2%	1.3%	1.7%	2.5%
U. of Michigan Consumer Sentiment	MODERATE	↓	61.7	58.2	55.1	53.6	51.0	52.9	56.4	56.6	53.3	49.8	44.8	49.5
Leading Economic Index (LEI) - YoY Change	HIGH	↑	-3.8%	-3.4%	-3.5%	-3.2%	-3.1%	-3.7%	-3.7%	-3.6%	-3.1%	-3.0%	-1.6%	-1.5%
Treasury Yield Curve (10yr - 2yr)	LOW	→	0.43%	0.64%	0.56%	0.51%	0.55%	0.71%	0.74%	0.59%	0.51%	0.52%	0.47%	0.30%

Recession Riskometer



LOW

Economic Trend Signal



POSITIVE

Commentary

The dials on the left show our combined estimate of near-term recession risk and direction of economic growth, based on the average reading of ten economic indicators. The Recession Riskometer focuses on producer sentiment, output and manufacturing growth, employment, consumer strength and leading economic indicators.

- The economy may see support in the third quarter from an improving labor market, AI-related capital expenditure growth, and resilient consumer spending. Manufacturing activity also appears to be picking up. While inflation pressures have intensified in recent months, they could moderate if the recent slowdown in energy prices continues. Meanwhile, traditional recession indicators point to a low risk of a near-term economic downturn, while the economic trend signal suggests continued growth.

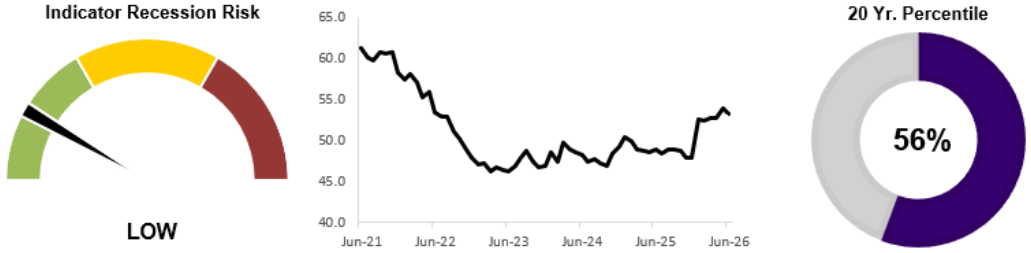
Data is Weakening — Data is Strengthening

Sources are listed on page 35-36.

U.S. Economic Risk Indicators

ISM Manufacturing PMI

Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
48.4	48.9	48.9	48.8	48.0	47.9	52.6	52.4	52.7	52.7	54.0	53.3

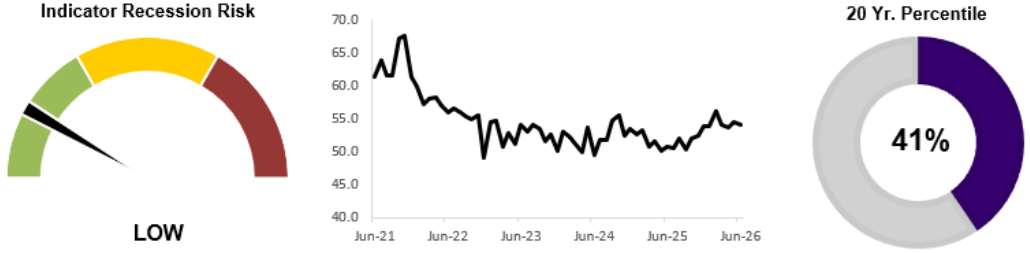


The ISM Manufacturing PMI decelerated to 53.3 in June but expanded for the sixth consecutive month. This indicator is signaling a low risk of recession in the manufacturing sector and is in the 56th percentile over the last 20 years.

A reading over 50 indicates expansion, below 50 signals contraction, and in the mid 40's suggests recession.

ISM Services PMI

Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
50.5	51.9	50.3	52.0	52.4	53.8	53.8	56.1	54.0	53.6	54.5	54.0

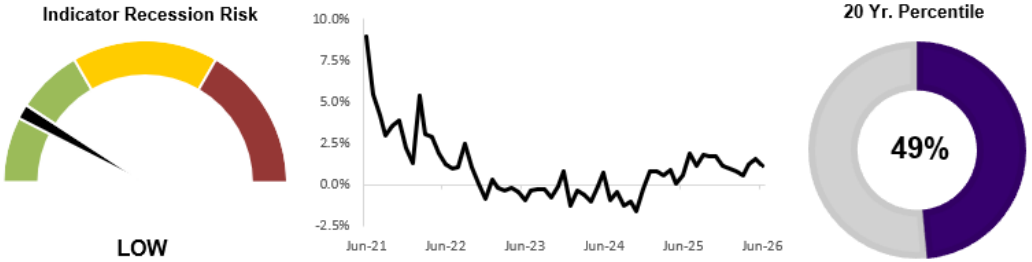


The ISM Services PMI edged lower to 54.0 in June and remained in expansion for the 24th straight month. This indicator is in the 41st percentile over the last 20 years and is signaling a low recession risk.

A reading over 50 indicates expansion, below 50 signals contraction, and in the mid 40's suggests recession.

Industrial Production - YoY Change

Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
1.9%	1.2%	1.9%	1.8%	1.8%	1.2%	1.0%	0.8%	0.6%	1.3%	1.6%	1.1%

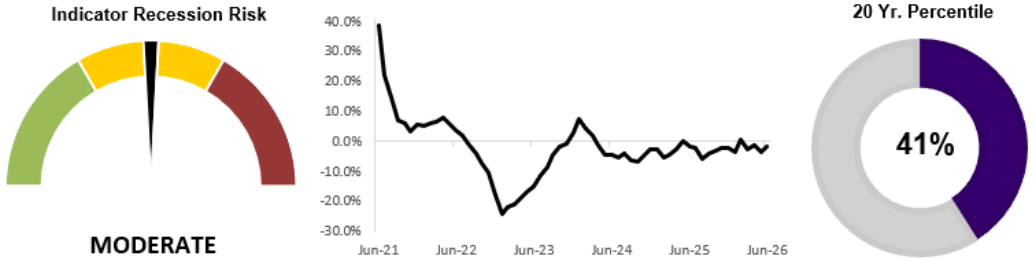


Industrial Production activity increased by 1.1% YoY in June, signaling a low recession risk for the industrial economy. Industrial production growth is in the 49th percentile over the past 20 years.

Industrial Production Index measures real output for manufacturing, mining, and utilities. The YoY change in Industrial Production signals a high risk of recession when it falls into negative territory. There is a low recessionary risk when greater than 1%.

Building Permits - YoY Change (3 Mo. Avg.)

Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
-2.2%	-5.8%	-3.9%	-3.2%	-2.1%	-2.3%	-3.4%	0.9%	-2.4%	-1.3%	-3.6%	-1.4%



The 3-month average of building permits fell 1.4% YoY through June, signaling a moderate recession risk. The current permits reading is in the 41st percentile over the past 20 years.

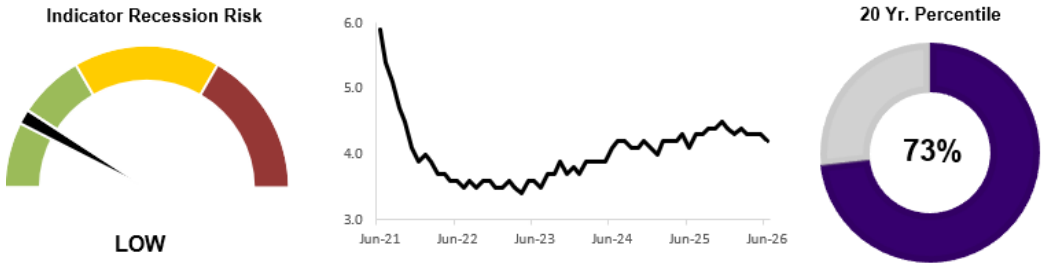
Building Permits are a measure of the issuance of permits to build new housing units. Building permit growth is a measure of the total year-over-year percentage change in building permits (3-month average). This indicator signals a high recession risk when growth falls below -15% YoY.

Sources are listed on page 35-36.

U.S. Economic Risk Indicators

U3 Unemployment Rate

Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
4.3%	4.3%	4.4%	4.4%	4.5%	4.4%	4.3%	4.4%	4.3%	4.3%	4.3%	4.2%

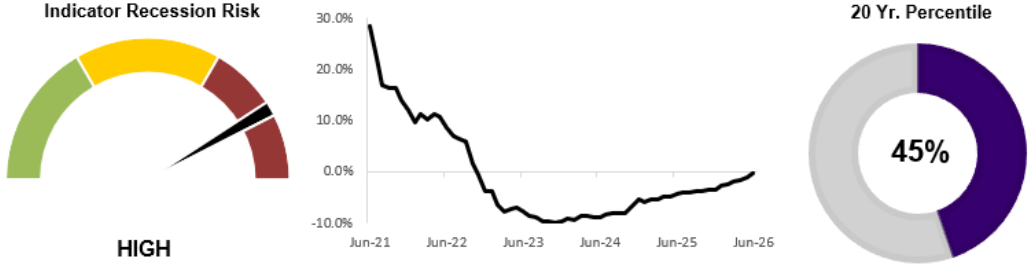


The unemployment rate fell to a 12-month low of 4.2% in June. The pace of jobs growth has improved in the first half of 2026 relative to last year. The current reading is in the 73rd percentile over the last 20 years.

The U3 Unemployment Rate measures the percentage of people without jobs who are actively seeking work. This is often the officially quoted unemployment rate.

Temporary Help Employment - YoY Change

Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
-4.0%	-3.8%	-3.6%	-3.8%	-3.3%	-3.6%	-2.7%	-2.4%	-1.9%	-1.5%	-0.9%	-0.2%

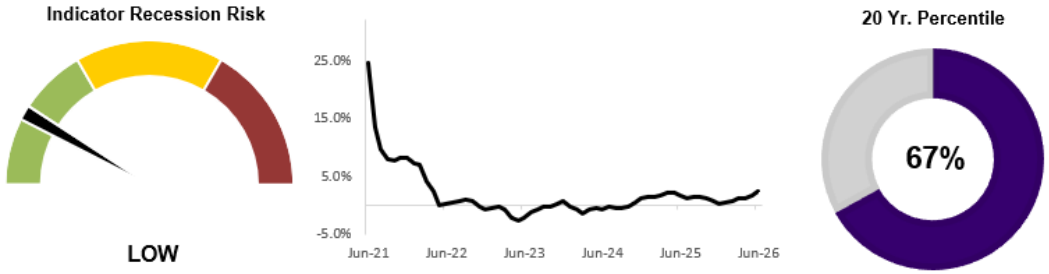


Temporary help employment growth fell 0.2% year-over-year in June, though the pace of deceleration has slowed. Temporary help employment is a leading indicator for the labor market. A declining trend is viewed as a warning sign.

Temporary help employment figures are viewed favorably if they are positive and trending higher. Changes in temporary help numbers are often used as a predictor of changes in future employment.

Real Retail Sales (3 Mo. Avg.) - YoY Change

Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
1.1%	1.5%	1.5%	1.2%	0.7%	0.3%	0.4%	0.8%	1.2%	1.3%	1.7%	2.5%

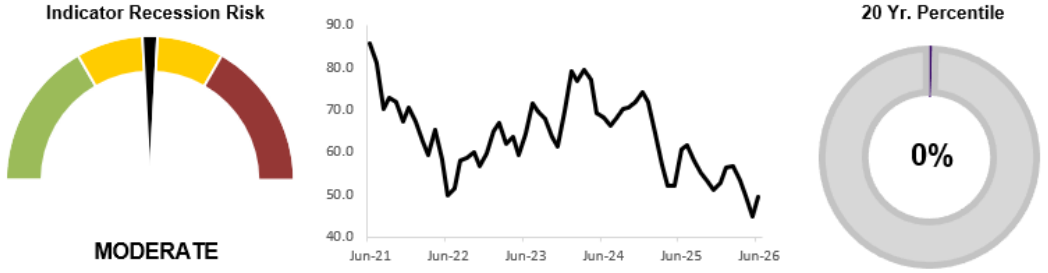


The 3-month average of Real Retail Sales rose 2.5% YoY in June, indicating accelerating spending growth. This indicator is in the 67th percentile over the last 20 years.

Real retail sales growth is a measure of the total change in retail and food sales adjusted for inflation using the Consumer Price Index. Real retail sales typically decline heading into a recession

U. of Michigan Consumer Sentiment

Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
61.7	58.2	55.1	53.6	51.0	52.9	56.4	56.6	53.3	49.8	44.8	49.5

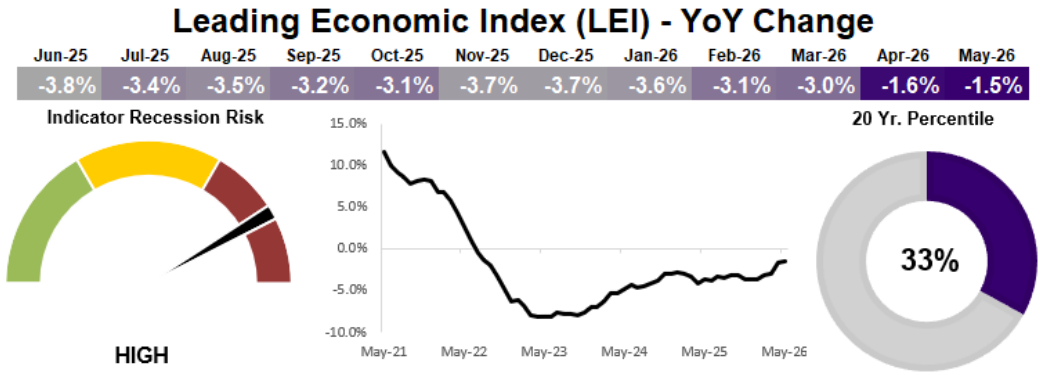


The University of Michigan Consumer Sentiment index rose from a record low in May to 49.5 in June, indicating a very low level of consumer confidence.

Strong consumer confidence is a positive signal for future consumer spending, but it is a concern if this indicator is trending lower. The index uses surveys to gather information on consumer expectations regarding the economy.

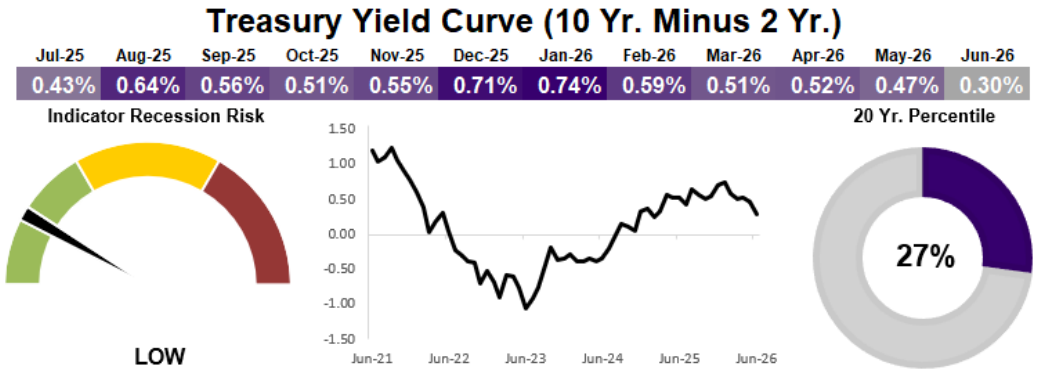
Sources are listed on page 35-36.

U.S. Economic Risk Indicators



The Leading Economic Index (LEI) declined 1.5% year-over-year in May but is showing signs of stabilization in recent months. The LEI is in the 33rd percentile over the last 20 years. This indicator signals a weakening outlook for the economy when it drops into negative territory.

The Conference Board Leading Economic Index (LEI) is a composite index of several U.S. economic indicators that lead the economy. This indicator historically has declined in recessions and rises back into positive territory in expansions.



The 2-10 treasury yield curve spread was 0.30% at the end of June. An inverted yield curve signals an elevated risk of recession over the next 12 to 24 months.

The difference (spread) between the yields of the 10-Year and 2-Year maturity Treasury bonds is one of the early and reliable predictors of a recession. Under normal conditions the 10-Year/2-Year spread is positive, and as recession nears the spread flattens and turns negative. This indicator will shift to high recession risk when the spread is below zero.

Sources are listed on page 35-36.

Sector Valuations

Price-to-Earnings (P/E)

Sector	Forward 12-Month P/E			Trailing 12-Month P/E		
	Current	20-Yr Avg.	% Premium/Discount vs Average	Current	20-Yr Avg.	% Premium/Discount vs Average
S&P 500	20.6	16.7	24%	27.7	19.0	46%
Communication Services	19.3	17.8	8%	22.8	21.2	7%
Consumer Discretionary	27.2	23.8	15%	33.1	24.6	35%
Consumer Staples	22.7	18.4	24%	25.9	19.6	32%
Energy	12.5	13.5	-8%	19.6	15.3	27%
Financials	14.8	13.5	10%	17.1	15.0	14%
Health Care	18.5	15.1	22%	24.3	19.3	26%
Industrials	26.2	17.4	51%	30.0	18.8	59%
Information Technology	23.3	18.1	29%	38.1	22.0	73%
Materials	17.4	16.0	8%	24.4	17.9	36%
Real Estate	18.1	18.7	-3%	31.5	40.3	-22%
Utilities	18.1	15.9	13%	22.6	18.1	25%

Price-to-Sales (P/S)

Sector	Forward 12-Month P/S			Trailing 12-Month P/S		
	Current	20-Yr Avg.	% Premium/Discount vs Average	Current	20-Yr Avg.	% Premium/Discount vs Average
S&P 500	3.3	1.9	71%	3.5	2.0	77%
Communication Services	4.1	2.5	65%	4.7	2.7	71%
Consumer Discretionary	2.8	1.7	68%	3.0	1.8	69%
Consumer Staples	1.5	1.2	25%	1.6	1.2	27%
Energy	1.4	1.1	30%	1.6	1.2	37%
Financials	3.3	2.4	38%	2.7	2.1	29%
Health Care	1.5	1.5	4%	1.6	1.6	1%
Industrials	3.0	1.6	84%	3.2	1.7	89%
Information Technology	7.8	3.7	110%	10.4	4.1	156%
Materials	2.2	1.5	41%	2.4	1.6	45%
Real Estate	6.1	5.8	5%	6.6	6.2	7%
Utilities	2.7	1.9	48%	2.9	1.9	51%

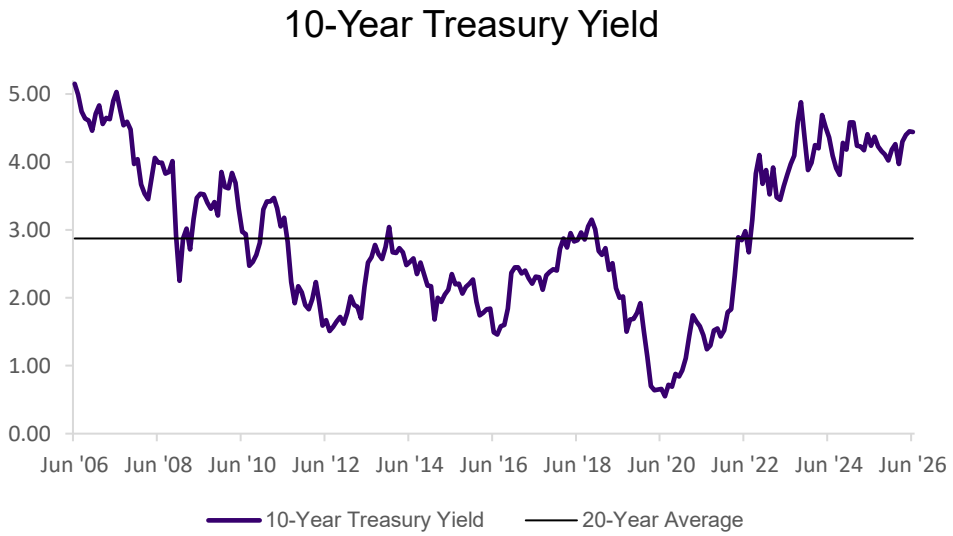
Source: Cetera Investment Management, FactSet, Standard & Poor's. Data as of 6/30/2026.

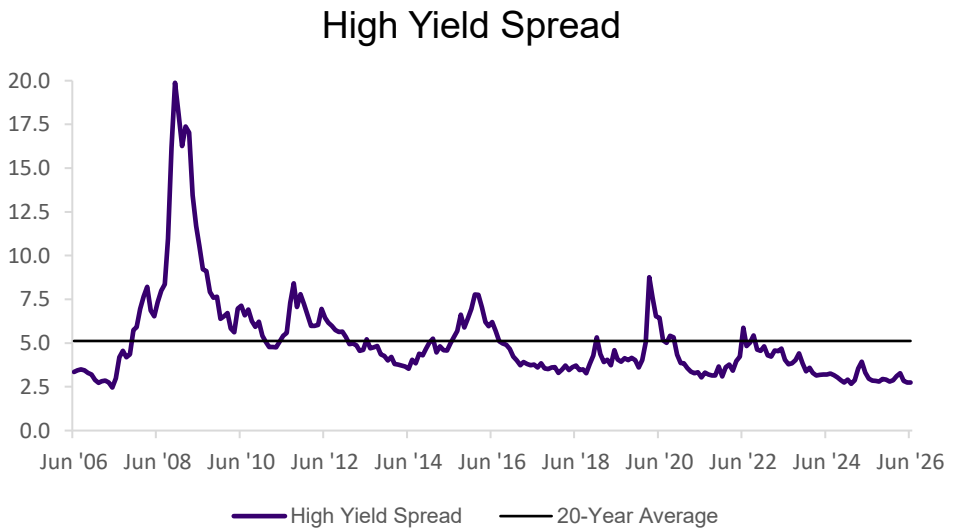
Fixed Income Overview

Yield		
Index	**Current**	**20 Yr. Avg.**
Bloomberg US Treasury Bill 3 Mon.	3.82	1.64
Bloomberg US Treasury 1-3 Yr.	4.16	1.66
Bloomberg US Treasury 7-10 Yr.	4.39	2.58
Bloomberg US Treasury US TIPS	4.42	2.54
Bloomberg Municipal	3.58	2.90
Bloomberg GNMA	5.02	3.27
Bloomberg US Corp IG	5.20	4.14
Bloomberg US Corporate High Yield	7.46	7.85
Bloomberg US Aggregate 1-3 Yr.	4.29	2.02
Bloomberg US Aggregate Bond	4.74	3.25
Bloomberg Global Treasury Ex. US	2.98	1.55

Spread vs 10-Yr Treasury Yield		
Index	**Current**	**20 Yr. Avg.**
Bloomberg Municipal	-0.86	0.01
Bloomberg GNMA	0.58	0.38
Bloomberg US Corp IG	0.76	1.26
Bloomberg US Corporate High Yield	3.02	4.96
Bloomberg US Aggregate 1-3 Yr.	-0.15	-0.87
Bloomberg US Aggregate Bond	0.30	0.36
Bloomberg Global Treasury Ex. US	-1.46	-1.34

The Yield table shows current yields for several commonly used fixed income benchmarks, compared to their 20-year average. The Treasury Spreads table shows spreads of bond sectors relative to Treasury bonds.

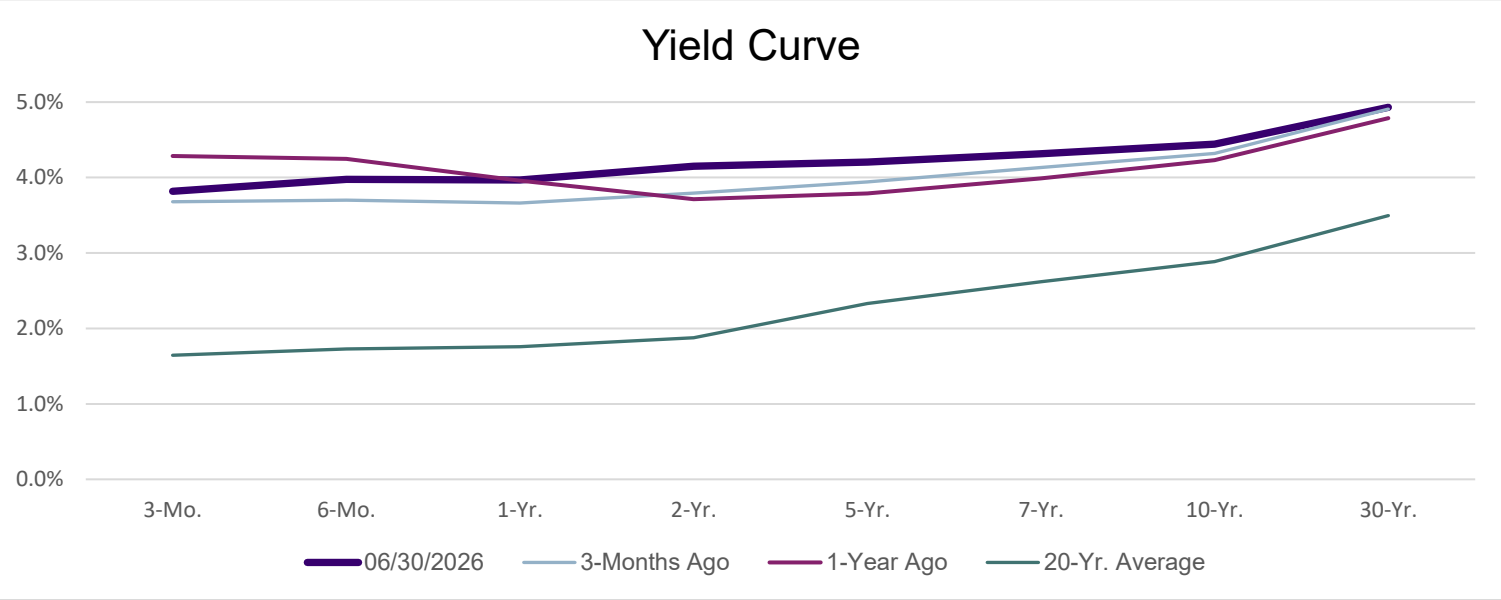




Source: Cetera Investment Management, FactSet, Federal Reserve Bank of St. Louis, Bloomberg, BofAML. Data as of 6/30/2026.

U.S. Treasury Yield Curve

	U.S. Treasury Yields							
Date	**3-Mo.**	**6-Mo.**	**1-Yr.**	**2-Yr.**	**5-Yr.**	**7-Yr.**	**10-Yr.**	**30-Yr.**
06/30/2026	3.82%	3.98%	3.97%	4.15%	4.20%	4.31%	4.44%	4.93%
3-Months Ago	3.68%	3.70%	3.66%	3.79%	3.94%	4.13%	4.32%	4.91%
1-Year Ago	4.29%	4.25%	3.96%	3.71%	3.79%	3.99%	4.23%	4.79%
20-Yr. Average	1.64%	1.73%	1.76%	1.88%	2.33%	2.62%	2.88%	3.50%
3-Month Change	*0.14%*	*0.27%*	*0.31%*	*0.36%*	*0.26%*	*0.18%*	*0.12%*	*0.02%*



Source: Cetera Investment Management, FactSet, Federal Reserve Bank of St. Louis, Bloomberg, BofAML. Data as of 6/30/2026.

U.S. Economic Overview

Employment	As of	Latest	Previous	1 Yr. Ago	3 Mo. Avg.	12 Mo. Avg.	1 Mo. Diff.	1 Yr. Diff.	Percentile (10 Yrs.)	1 Yr. Trend	5 Yr. Trend	Trend					Latest
US Nonfarm Monthly Payrolls ('000)	Jun-26	57	129	-20	111	42	-72	77	14%			160	-156	214	148	129	57
US Total Nonfarm Payrolls - YoY Change	Jun-26	0.3%	0.3%	0.5%	0.3%	0.3%	0.0%	-0.2%	17%			0.2%	0.1%	0.2%	0.2%	0.3%	0.3%
U3 Unemployment Rate	Jun-26	4.2%	4.3%	4.1%	4.3%	4.3%	-0.1%	0.1%	46%			4.3%	4.4%	4.3%	4.3%	4.3%	4.2%
U6 Unemployment Rate	Jun-26	7.9%	8.1%	7.7%	8.1%	8.1%	-0.2%	0.2%	47%			8.1%	7.9%	8.0%	8.2%	8.1%	7.9%
Quits Rate	May-26	1.9%	1.9%	2.1%	1.9%	2.0%	0.0%	-0.2%	2%			2.0%	2.0%	1.9%	2.0%	1.9%	1.9%
Job Openings: Total Nonfarm ('000)	May-26	7,594	7,585	7,310	7,355	7,098	9	284	66%			6,550	7,240	6,922	6,887	7,585	7,594
Initial Jobless Claims ('000) 4 Wk. MA - Month End	Jun-26	223	215	239	215	220	8	-17	58%			213	216	208	208	215	223
KC Fed LMCI Momentum Indicator	Jun-26	0.1	0.0	-0.2	0.0	-0.1	0.1	0.3	45%			0.0	0.1	0.1	-0.1	0.0	0.1
Labor Force Participation Rate	Jun-26	61.5%	61.8%	62.3%	61.7%	62.1%	-0.3%	-0.8%	4%			62.1%	62.0%	61.9%	61.8%	61.8%	61.5%
Employment to Population Ratio	Jun-26	59.0	59.2	59.7	59.1	59.4	-0.2	-0.7	15%			59.4	59.3	59.2	59.1	59.2	59.0

Consumer	As of	Latest	Previous	1 Yr. Ago	3 Mo. Avg.	12 Mo. Avg.	1 Mo. Diff.	1 Yr. Diff.	Percentile (10 Yrs.)	1 Yr. Trend	5 Yr. Trend	Trend					Latest
Retail Sales - YoY Change	Jun-26	6.7%	7.3%	4.0%	6.4%	4.4%	-0.6%	2.7%	81%			3.3%	4.2%	4.2%	5.1%	7.3%	6.7%
Vehicle Sales (Mil. Units, annualized)	Jun-26	16.5	16.1	15.8	16.3	16.0	0.4	0.7	60%			14.6	15.5	16.3	16.2	16.1	16.5
Personal Savings Rate	May-26	3.0%	3.0%	4.9%	3.2%	3.9%	0.0%	-1.9%	3%			3.6%	4.4%	3.8%	3.5%	3.0%	3.0%

Production	As of	Latest	Previous	1 Yr. Ago	3 Mo. Avg.	12 Mo. Avg.	1 Mo. Diff.	1 Yr. Diff.	Percentile (10 Yrs.)	1 Yr. Trend	5 Yr. Trend	Trend					Latest
Industrial Production - YoY Change	Jun-26	1.1%	1.6%	0.6%	1.3%	1.3%	-0.4%	0.6%	64%			1.0%	0.8%	0.6%	1.3%	1.6%	1.1%
Capacity Utilization	Jun-26	76.1%	76.1%	76.2%	76.1%	75.8%	0.0%	-0.1%	32%			75.2%	75.8%	75.5%	76.1%	76.1%	76.1%
Core Capital Goods Orders - YoY Change	May-26	10.4%	10.9%	4.0%	10.4%	6.2%	-0.5%	6.4%	85%			6.3%	4.0%	6.2%	9.9%	10.9%	10.4%

Housing & Construction	As of	Latest	Previous	1 Yr. Ago	3 Mo. Avg.	12 Mo. Avg.	1 Mo. Diff.	1 Yr. Diff.	Percentile (10 Yrs.)	1 Yr. Trend	5 Yr. Trend	Trend					Latest
Building Permits ('000)	Jun-26	1,367	1,410	1,399	1,400	1,417	-43	-32	34%			1,393	1,540	1,363	1,423	1,410	1,367
Housing Starts ('000)	Jun-26	1,427	1,199	1,379	1,347	1,359	228	48	68%			1,385	1,346	1,522	1,414	1,199	1,427
New Home Sales ('000)	May-26	580	626	622	623	661	-46	-42	13%			723	576	630	664	626	580
S&P/Case-Shiller Home Price Index (20 city) - YoY Change	Apr-26	1.1%	0.9%	3.4%	1.0%	1.5%	0.2%	-2.3%	7%			1.5%	1.5%	1.3%	0.9%	0.9%	1.1%
Total Construction Spending - YoY Change	May-26	-1.5%	-2.5%	0.5%	-2.2%	-1.5%	1.0%	-2.0%	8%			-1.9%	-2.9%	-3.4%	-2.5%	-2.5%	-1.5%

Survey Data	As of	Latest	Previous	1 Yr. Ago	3 Mo. Avg.	12 Mo. Avg.	1 Mo. Diff.	1 Yr. Diff.	Percentile (10 Yrs.)	1 Yr. Trend	5 Yr. Trend	Trend					Latest
ISM Manufacturing PMI Composite	Jun-26	53.3	54.0	49.0	53.3	50.7	-0.7	4.3	55%			52.6	52.4	52.7	52.7	54.0	53.3
ISM Manufacturing PMI New Orders	Jun-26	56.0	56.8	46.9	55.6	52.0	-0.8	9.1	58%			57.1	55.8	53.5	54.1	56.8	56.0
ISM Services PMI Composite	Jun-26	54.0	54.5	50.8	54.0	53.1	-0.5	3.2	33%			53.8	56.1	54.0	53.6	54.5	54.0
ISM Services PMI New Orders	Jun-26	55.1	57.3	51.4	55.3	55.0	-2.2	3.7	30%			53.1	58.6	60.6	53.5	57.3	55.1
U. of Michigan Consumer Sentiment	Jun-26	49.5	44.8	60.7	48.0	53.6	4.7	-11.2	1%			56.4	56.6	53.3	49.8	44.8	49.5

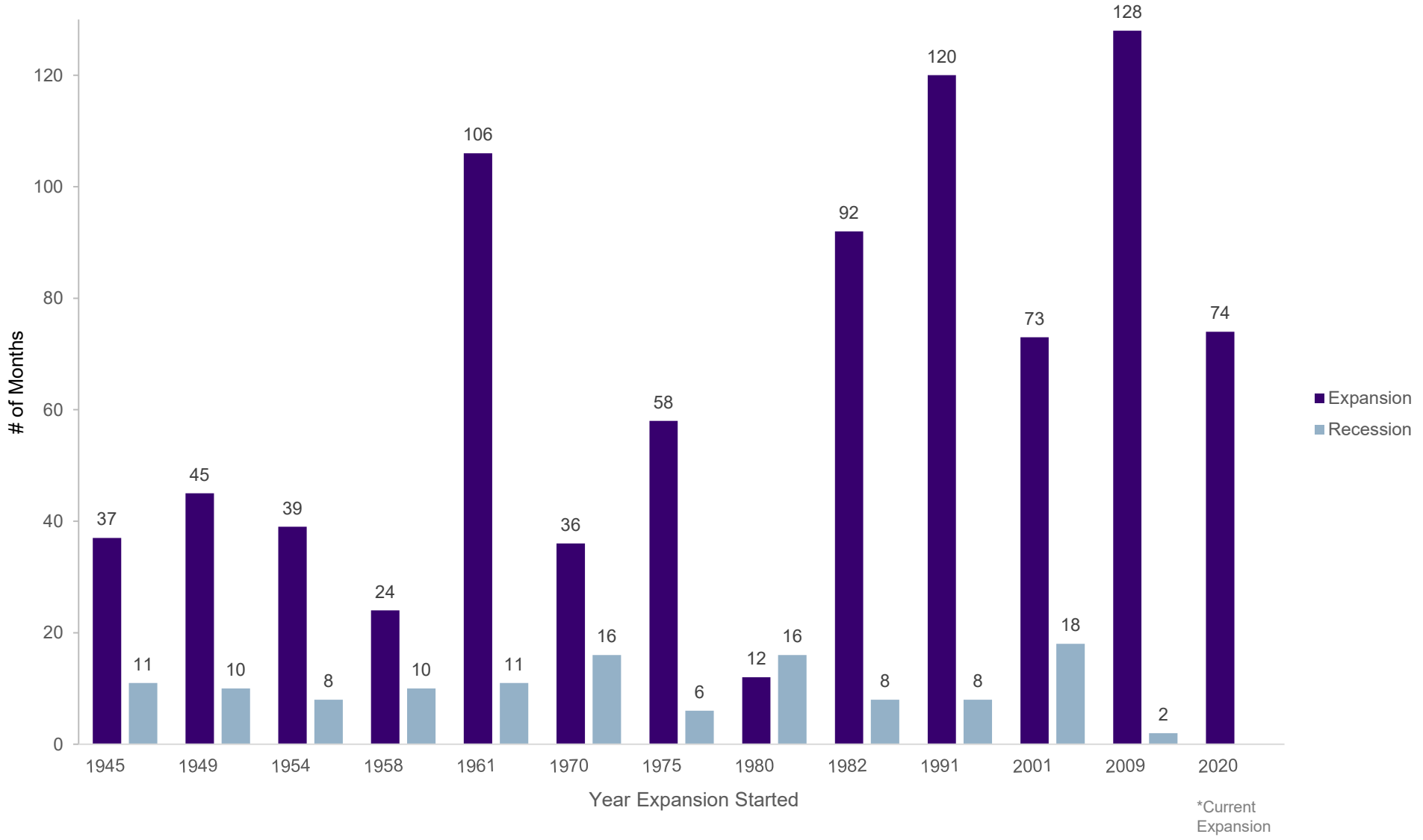
Inflation	As of	Latest	Previous	1 Yr. Ago	3 Mo. Avg.	12 Mo. Avg.	1 Mo. Diff.	1 Yr. Diff.	Percentile (10 Yrs.)	1 Yr. Trend	5 Yr. Trend	Trend					Latest
Consumer Price Index (CPI) - YoY Change	Jun-26	3.5%	4.2%	2.7%	3.9%	3.1%	-0.7%	0.9%	75%			2.4%	2.4%	3.3%	3.8%	4.2%	3.5%
PCE Price Index - YoY Change	May-26	4.1%	3.8%	2.5%	3.8%	3.0%	0.3%	1.6%	81%			2.9%	2.9%	2.9%	3.5%	3.8%	4.1%
Producer Price Index (PPI) - YoY Change	Jun-26	5.5%	6.0%	2.4%	5.7%	3.8%	-0.5%	3.1%	80%			3.0%	3.4%	4.3%	5.7%	6.0%	5.5%
Average Hourly Earnings - YoY Change	Jun-26	3.5%	3.4%	3.9%	3.5%	3.7%	0.1%	-0.3%	40%			3.7%	3.7%	3.4%	3.6%	3.4%	3.5%

GDP	As of	Latest	Previous	1 Yr. Ago	2 Qtr. Avg.	4 Qtr. Avg.	1 Qtr. Diff.	1 Yr. Diff.	Percentile (10 Yrs.)	1 Yr. Trend	5 Yr. Trend	Trend					Latest
Real GDP - QoQ (SAAR)	Q1-26	2.1%	0.5%	-0.6%	1.3%	2.7%	1.6%	2.7%	28%			1.9%	-0.6%	3.8%	4.4%	0.5%	2.1%
Real GDP - YoY Change	Q1-26	2.7%	2.0%	2.0%	2.3%	2.3%	0.7%	0.7%	59%			2.4%	2.0%	2.1%	2.3%	2.0%	2.7%

Other	As of	Latest	Previous	1 Yr. Ago	3 Mo. Avg.	12 Mo. Avg.	1 Mo. Diff.	1 Yr. Diff.	Percentile (10 Yrs.)	1 Yr. Trend	5 Yr. Trend	Trend					Latest
Treasury Yield Curve (10 Yr. Minus 2 Yr.) - Month End	Jun-26	0.30%	0.47%	0.52%	0.43%	0.54%	-0.17%	-0.22%	44%			0.74%	0.59%	0.51%	0.52%	0.47%	0.30%
Leading Economic Index (LEI) - YoY Change	May-26	-1.5%	-1.6%	-3.7%	-2.0%	-3.1%	0.1%	2.2%	45%			-3.7%	-3.6%	-3.1%	-3.0%	-1.6%	-1.5%

Sources are listed on pages 35-36.

U.S. Economic Expansions and Recessions



Source: Cetera Investment Management, National Bureau of Economic Research. Data as of 6/30/2026.

S&P 500 Historical Returns

	January	February	March	April	May	June	July	August	September	October	November	December	Annual	
YTD	1.45	-0.76	-4.98	10.49	5.26	-0.95							10.21	YTD
2025	2.78	-1.30	-5.63	-0.68	6.29	5.09	2.24	2.03	3.65	2.34	0.25	0.06	17.88	2025
2024	1.68	5.34	3.22	-4.08	4.96	3.59	1.22	2.43	2.14	-0.91	5.87	-2.38	25.02	2024
2023	6.28	-2.44	3.67	1.56	0.43	6.61	3.21	-1.59	-4.77	-2.10	9.13	4.54	26.29	2023
2022	-5.17	-2.99	3.71	-8.72	0.18	-8.25	9.22	-4.08	-9.21	8.10	5.59	-5.76	-18.11	2022
2021	-1.01	2.76	4.38	5.34	0.70	2.33	2.38	3.04	-4.65	7.01	-0.69	4.48	28.71	2021
2020	-0.04	-8.23	-12.35	12.82	4.76	1.99	5.64	7.19	-3.80	-2.66	10.95	3.84	18.40	2020
2019	8.01	3.21	1.94	4.05	-6.35	7.05	1.44	-1.58	1.87	2.17	3.63	3.02	31.49	2019
2018	5.72	-3.69	-2.54	0.38	2.41	0.62	3.72	3.26	0.57	-6.84	2.04	-9.03	-4.38	2018
2017	1.90	3.97	0.12	1.03	1.41	0.62	2.06	0.31	2.06	2.33	3.07	1.11	21.83	2017
2016	-4.96	-0.13	6.78	0.39	1.80	0.26	3.69	0.14	0.02	-1.82	3.70	1.98	11.96	2016
2015	-3.00	5.75	-1.58	0.96	1.29	-1.94	2.10	-6.03	-2.47	8.44	0.30	-1.58	1.38	2015
2014	-3.46	4.57	0.84	0.74	2.35	2.07	-1.38	4.00	-1.40	2.44	2.69	-0.25	13.69	2014
2013	5.18	1.36	3.75	1.93	2.34	-1.34	5.09	-2.90	3.14	4.60	3.05	2.53	32.39	2013
2012	4.48	4.32	3.29	-0.63	-6.01	4.12	1.39	2.25	2.58	-1.85	0.58	0.91	16.00	2012
2011	2.37	3.43	0.04	2.96	-1.13	-1.67	-2.03	-5.43	-7.03	10.93	-0.22	1.02	2.11	2011
2010	-3.60	3.10	6.03	1.58	-7.99	-5.23	7.01	-4.51	8.92	3.80	0.01	6.68	15.06	2010
2009	-8.43	-10.65	8.76	9.57	5.59	0.20	7.56	3.61	3.73	-1.86	6.00	1.93	26.46	2009
2008	-6.00	-3.25	-0.43	4.87	1.30	-8.43	-0.84	1.45	-8.91	-16.79	-7.18	1.06	-37.00	2008
2007	1.51	-1.96	1.12	4.43	3.49	-1.66	-3.10	1.50	3.74	1.59	-4.18	-0.69	5.49	2007
2006	2.65	0.27	1.24	1.34	-2.88	0.14	0.62	2.38	2.58	3.26	1.90	1.40	15.79	2006
2005	-2.44	2.10	-1.77	-1.90	3.18	0.14	3.72	-0.91	0.81	-1.67	3.78	0.03	4.91	2005
2004	1.84	1.39	-1.51	-1.57	1.37	1.94	-3.31	0.40	1.08	1.53	4.05	3.40	10.88	2004
2003	-2.62	-1.50	0.97	8.24	5.27	1.28	1.76	1.95	-1.06	5.66	0.88	5.24	28.68	2003

Source: Cetera Investment Management, FactSet, Standard & Poor's. Data based on S&P 500 Total Return Index as of 6/30/2026.

Asset Class Return Heat Map

Calendar Year Return (%)										
2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	YTD
21.31	37.28	1.82	31.49	19.96	43.24	16.09	26.29	25.02	33.57	23.85
11.96	25.03	0.01	27.32	18.40	28.71	1.52	22.91	16.40	31.22	22.57
11.77	22.04	-1.49	26.00	18.31	27.11	-13.01	18.24	11.54	21.64	17.83
11.19	21.83	-4.38	25.52	16.02	20.11	-13.46	16.93	10.34	17.88	14.36
8.52	14.65	-4.62	22.01	13.39	14.82	-14.45	15.97	8.73	15.98	10.31
8.45	14.53	-4.74	19.96	9.62	11.35	-15.17	13.73	7.50	15.77	10.21
6.30	7.06	-8.00	18.44	7.82	11.26	-17.10	9.83	5.38	12.81	9.44
3.88	5.23	-11.01	12.35	7.51	2.65	-18.11	8.94	5.32	10.12	6.61
2.65	3.54	-11.25	8.72	0.54	0.04	-20.09	5.53	4.27	7.30	2.65
1.00	1.70	-13.79	7.69	-3.12	-1.54	-20.44	5.14	3.82	4.29	1.81
0.26	0.82	-14.58	2.21	-8.00	-2.54	-24.37	-7.91	1.25	2.88	0.62

Annualized Return (%)				
1-Year	3-Year	5-Year	10-Year	20-Year
43.51	23.03	13.41	15.51	11.39
40.78	20.61	11.15	13.06	9.14
25.46	18.84	9.37	11.62	8.88
22.32	18.60	9.05	10.07	7.11
21.70	16.44	7.20	9.66	6.77
21.53	13.05	6.98	8.68	6.76
20.23	12.47	6.92	6.10	5.54
14.59	11.69	5.90	5.83	4.65
7.33	7.10	3.61	3.96	3.32
3.96	4.74	2.42	2.35	1.65
3.79	4.16	0.08	1.54	-0.04

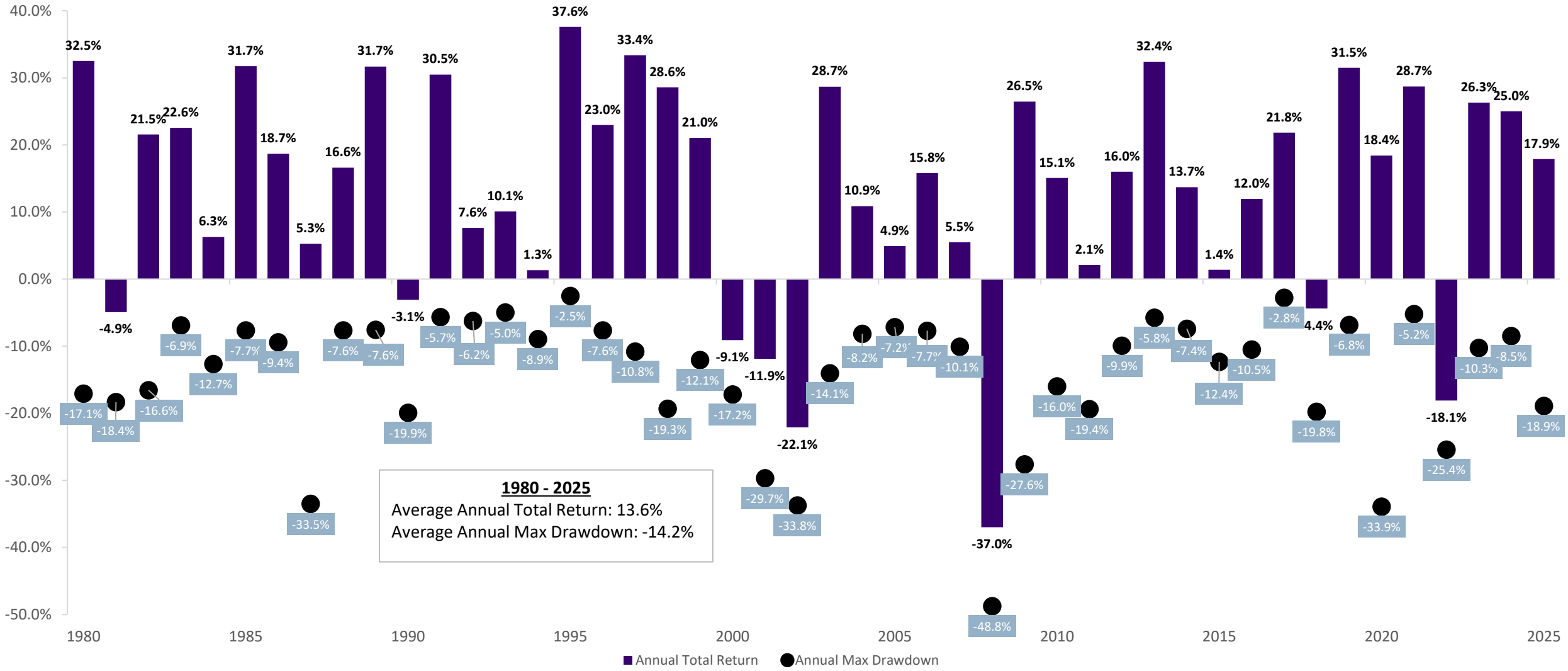
Volatility
St. Dev.
22.01
20.68
20.31
16.91
16.23
15.34
15.31
9.96
5.15
4.26
0.57

- Large Cap Stocks
- Small Cap Stocks
- Int'l Developed Stocks
- Int'l Emerging Market Stocks
- REITs
- Commodities
- Aggregate Bonds
- Cash
- Conservative Allocation
- Moderate Allocation
- Aggressive Allocation

Source: Cetera Investment Management, Morningstar Direct, S&P Global, FTSE Russell, MSCI, Bloomberg, ICE BofA.
*Index: **Large Cap Stocks** (S&P 500), **Small Cap Stocks** (Russell 2000), **Int'l Developed Stocks** (MSCI EAFE), **Int'l Emerging Market Stocks** (MSCI EM), **REITS** (FTSE Nareit Equity REITs), **Commodities** (Bloomberg Commodity) **Aggregate Bonds** (Bloomberg U.S. Aggregate Bond Index), **Cash** (Bloomberg U.S. Treasury Bill 1-3 M Index), **Conservative Allocation** (78% Bloomberg U.S. Aggregate Bond Index, 13% Russell 3000, 7% MSCI EAFE, 2% ICE BofA US 3-Month Treasury Bill), **Moderate Allocation** (39% Russell 3000, 38% Bloomberg U.S. Aggregate Bond Index, 21% MSCI EAFE, 2% ICE BofA US 3-Month Treasury Bill), **Aggressive Allocation** (64% Russell 3000, 34% MSCI EAFE, 2% ICE BofA US 3-Month Treasury Bill). Volatility is measured by the 20-Year Standard Deviation.*

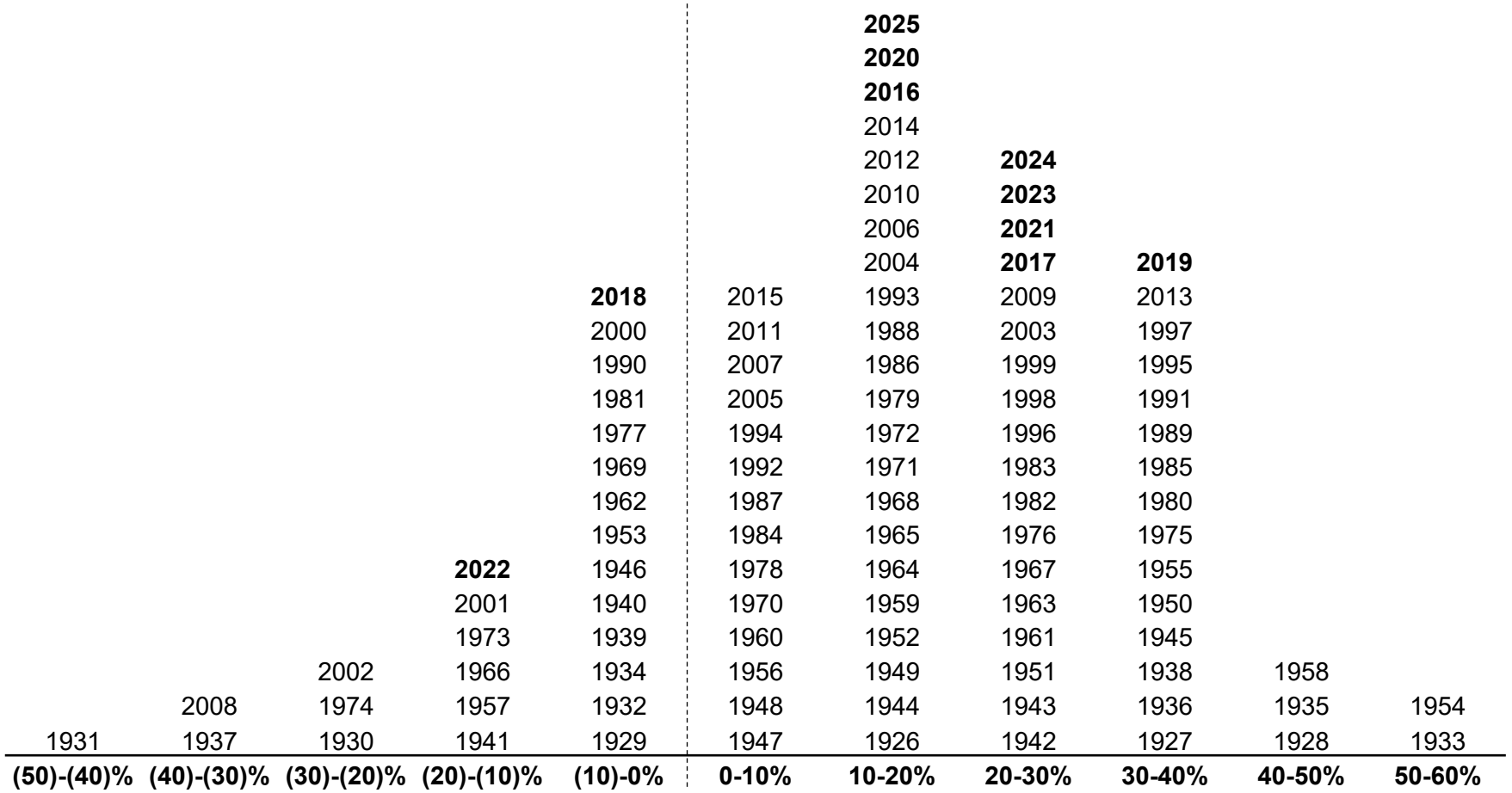
Assumes reinvestment of income and no transaction costs or taxes. Investors cannot invest directly in indexes. Past performance is not indicative of future returns. Data as of 6/30/2026.

S&P 500 Annual Total Return and Max Drawdown



Source: Cetera Investment Management, FactSet, YCharts. The annual total return includes dividends. The annual max decline is the largest price decline in each calendar year. Return and max drawdown data based on closing prices. Data as of 12/31/2025.

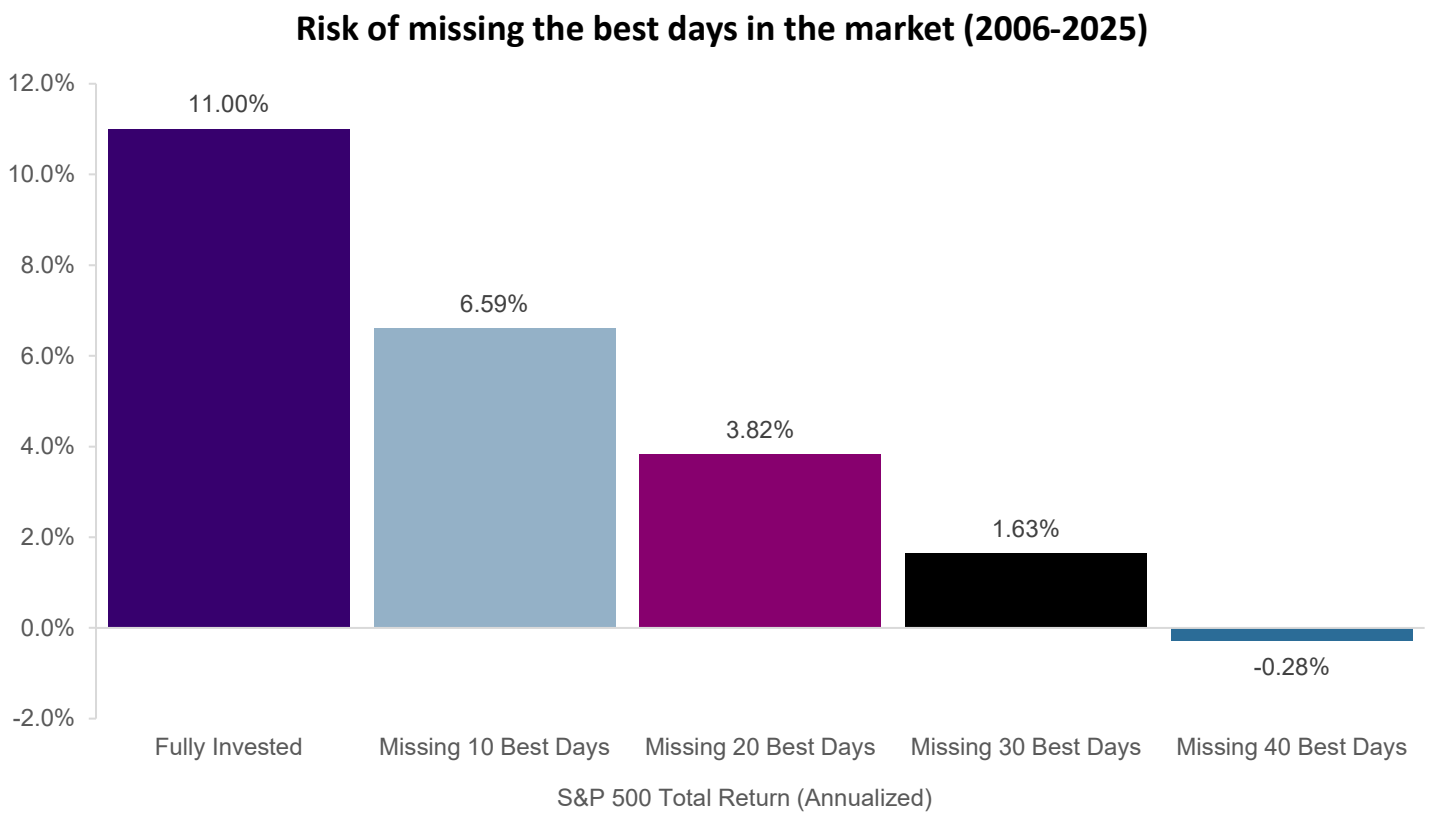
Providing Perspective on Equity Returns (1926-2025)



The histogram shows the distribution of U.S. large-cap stock returns since 1926. Returns have been positively skewed over time, with roughly 74% of years posting gains. The prior 10 years are shown in bold to highlight the recent return distribution. Annual declines greater than 20% have occurred six times since 1926—rare events that nonetheless represent real market risk. While returns vary widely from year to year, the long-term pattern shows a positive skew, illustrating that investors have been consistently rewarded over time, even though future results may differ from the past.

Source: Cetera Investment Management, Morningstar Direct, Ibbotson Associates. Returns based on SBBI US Large Stock Total Return Index. Past performance is not indicative of future returns. Data as of 12/31/2025.

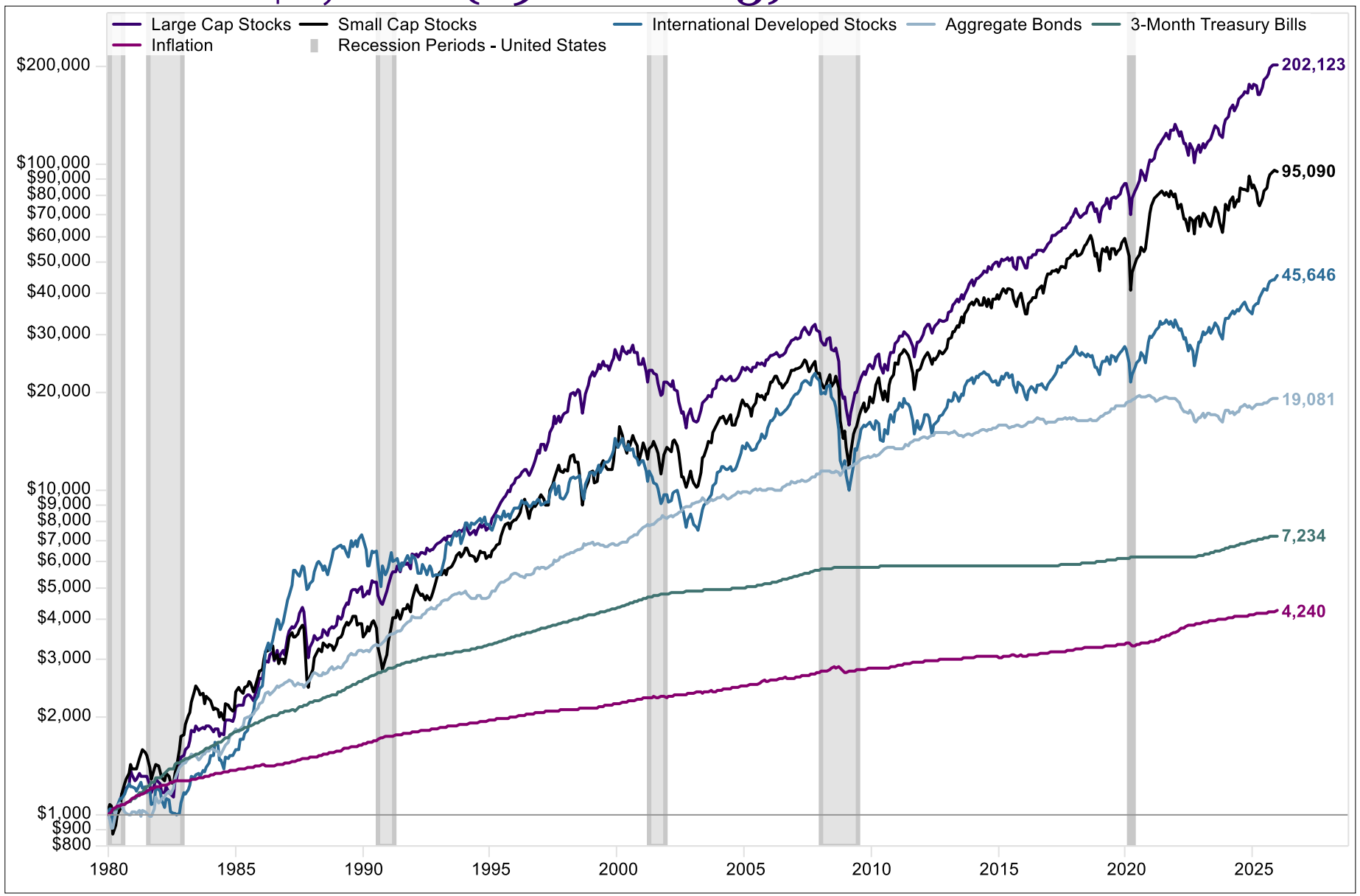
The Cost of Market Timing



This chart demonstrates the impact on returns of missing the stock market's best days versus staying fully invested. Building and protecting wealth is critical to achieving long-term goals, but perfectly timing the market is nearly impossible. Incorrectly timing the market can come with a high cost: when the market unexpectedly performs well, an investor may miss some of the best-performing trading days and weeks, which can meaningfully reduce long-term returns.

Source: Cetera Investment Management, FactSet, S&P Global. Returns shown are annualized and based on the S&P 500 Total Return Index. Past performance is not indicative of future returns. Data as of 12/31/2025.

Growth of $1,000 (1980-2025)



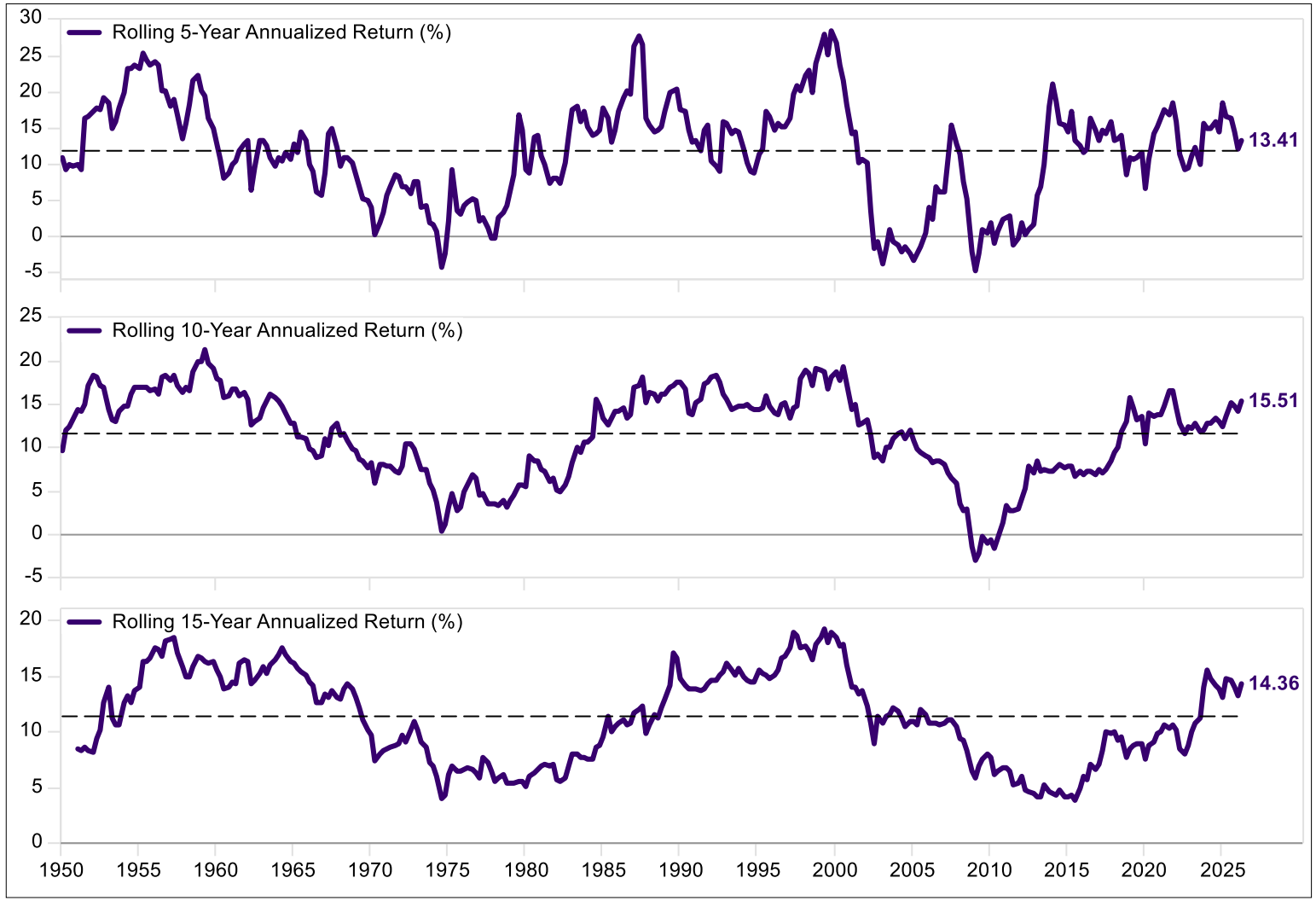
Annualized Return (1980-2025)

Large Cap Stocks	12.23%
Small Cap Stocks	10.41%
Int'l Developed Stocks	8.66%
Aggregate Bonds	6.62%
3-Month Treasury Bills	4.40%
Inflation	3.22%

Source: Cetera Investment Management, FactSet, S&P Global, Russell Investments, MSCI, Bloomberg, ICE BofA, U.S. Bureau of Labor Statistics. Index: Large Cap Stocks (S&P 500), Small Cap Stocks (Russell 2000), Int'l Developed Stocks (MSCI EAFE), Aggregate Bonds (Bloomberg U.S. Aggregate Bond Index), 3-Month Treasury Bills (ICE BofA U.S. 3-Month Treasury Bill Index), Inflation (Consumer Price Index).

Hypothetical $1,000 invested at the beginning of 1980. Assumes reinvestment of income and no transaction costs or taxes. For illustrative purposes only and not indicative of any investment. Investors cannot invest directly in indexes. Past performance is no guarantee of future results. Log Scale. Data as of 12/31/2025.

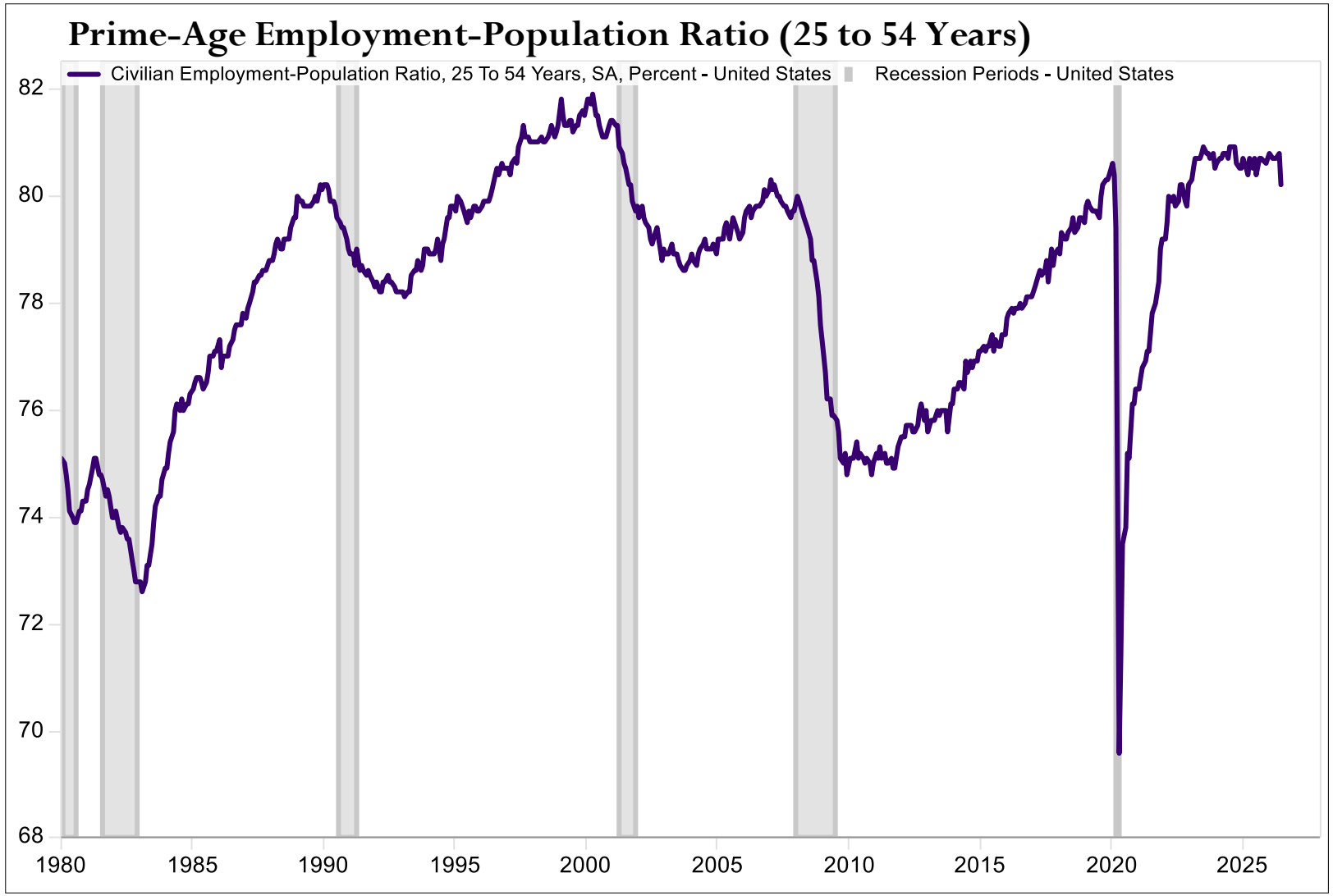
Rolling S&P 500 Returns Since 1950



The chart shows the rolling 5, 10, and 15-year annualized returns for the S&P 500 (including dividend reinvestment) since 1950. Returns are through the end of each quarter. As an example, the most recent 5-year rolling return on this chart represents the annualized return from 7/1/2021 through 6/30/2026. The average return for each rolling chart is represented by the dashed black line. Shorter holding periods have larger variability in returns.

Source: Cetera Investment Management, FactSet, Standard & Poor's. Total returns used. Past performance is not indicative of future results. Data as of 6/30/2026.

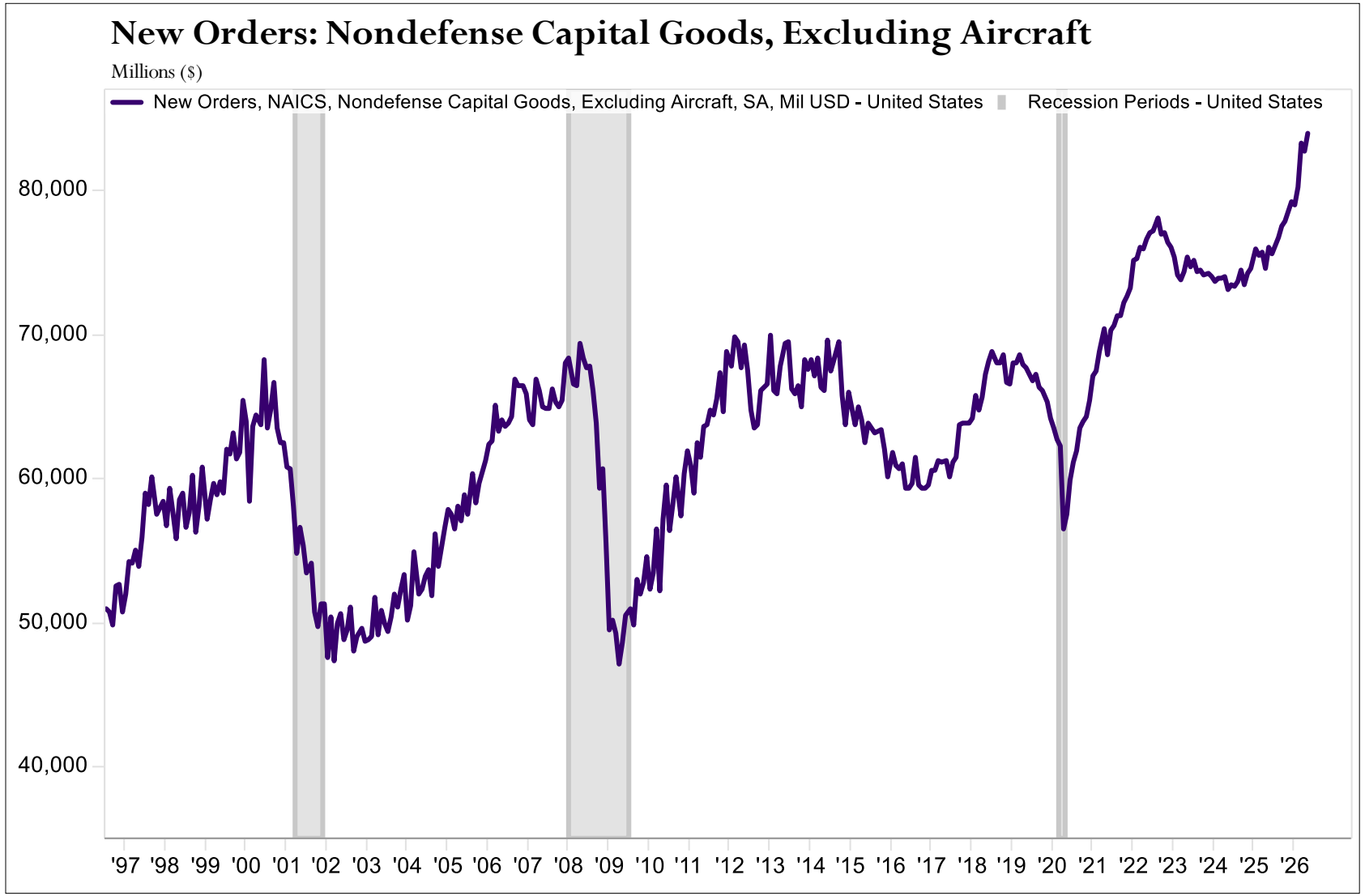
Prime-Age-to-Population Ratio



The prime-age employment (25-to-54-year-old population) ratio fell to 80.2% in June from 80.8% in May, which was near its highest level since 2001. The sharp one-month drop occurred despite a lower unemployment rate suggesting household-survey noise and immigration composition effects may have contributed to the decline. Even after the drop, prime-age employment remains elevated and consistent with a healthy labor market. Hiring has improved this year and layoffs remain low. There is limited evidence so far of broad labor market disruption from AI.

Source: Cetera Investment Management, FactSet, U.S. Bureau of Labor Statistics. Data as of 6/30/2026.

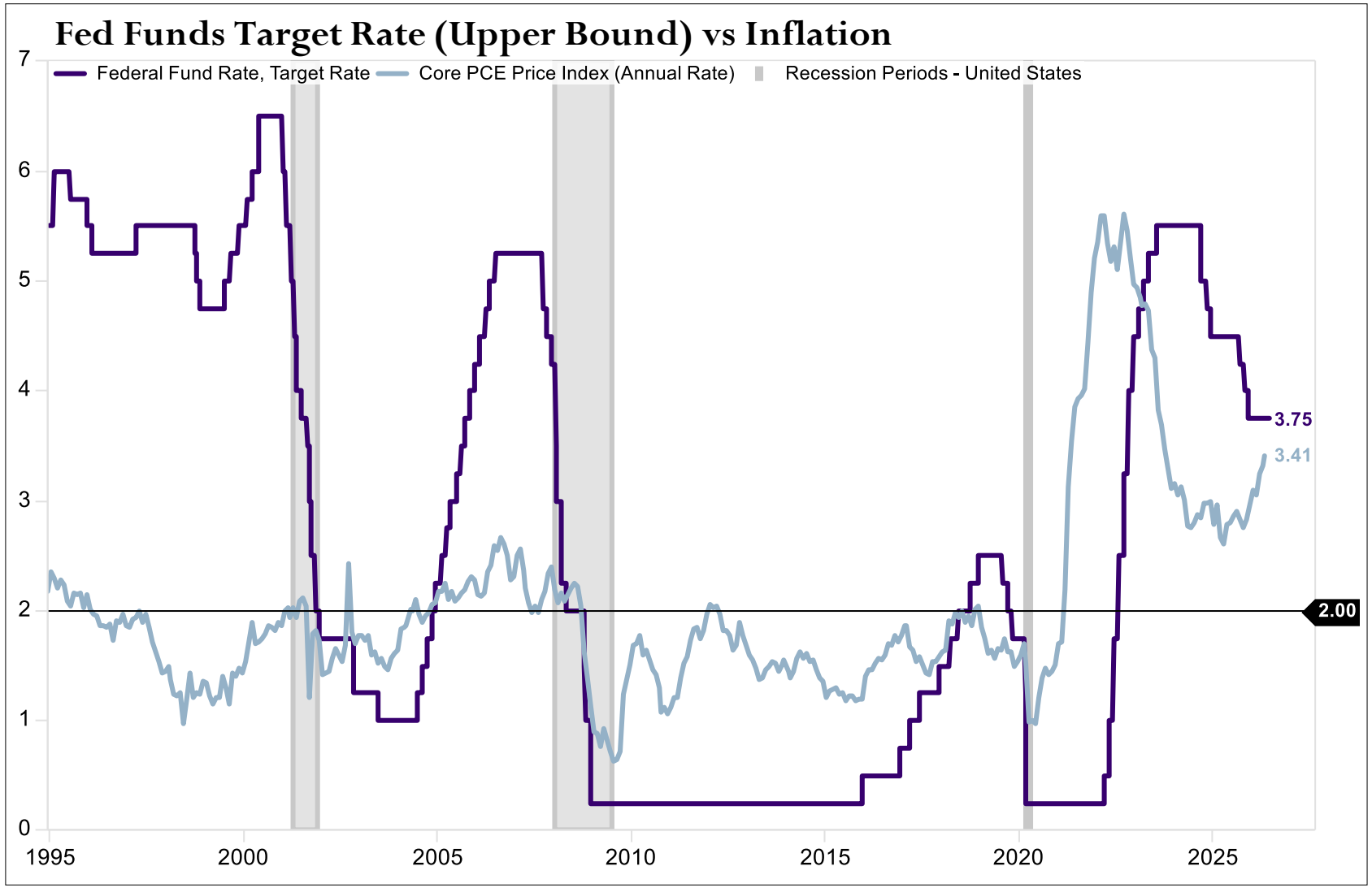
Capital Spending Strength



Business investment demand is trending higher, with core capital orders (nondefense ex-aircraft), up 10.4% over the past year. While recent gains have been supported by areas such as AI and technology investment, the broader uptrend suggests strengthening underlying demand for business spending, an important driver of economic growth.

Source: Cetera Investment Management, FactSet, U.S. Census Bureau. Data as of 5/31/2026.

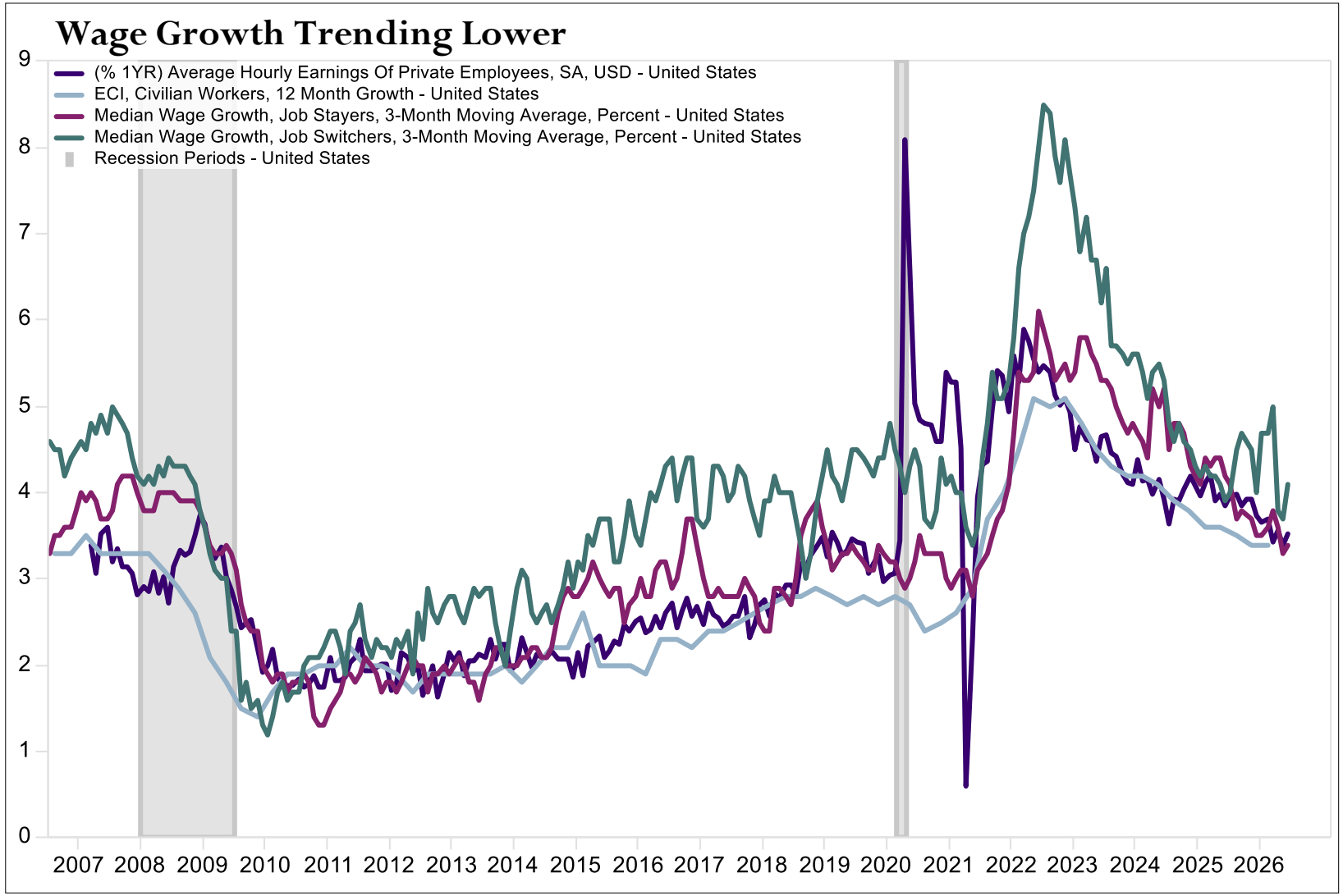
The Fed's Hands are Tied



Inflation remains stubbornly above the Fed's 2.0% long-term target. The Fed's preferred inflation gauge, the core PCE price index, is up 3.4% Y/Y, near its highest level since 1992 outside of the post-pandemic period. While recent price pressures have been driven by energy prices, Fed policy may remain constrained if core inflationary pressures persist.

Source: Cetera Investment Management, FactSet, Federal Reserve, U.S. Bureau of Economic Analysis. Data as of 6/30/2026.

Slowing Wage Growth



Despite above-trend inflation, wage growth is slowing across a range of indicators. Easing wage growth may give the Fed more time to assess whether recent inflationary pressures from energy and tariffs are transitory, potentially reducing urgency to hike interest rates.

Source: Cetera Investment Management, FactSet, Federal Reserve Bank of Atlanta, U.S. Bureau of Labor Statistics. Data as of 6/30/2026.

Disclosures

About Cetera® Investment Management
Cetera Investment Management LLC (CIM) is a Securities and Exchange Commission registered investment adviser owned by Cetera Financial Group® (CFG). CIM provides market perspectives, portfolio guidance, model management, and other investment advice to its affiliated broker-dealers and registered investment advisers.

About Cetera Financial Group
Cetera Financial Group (Cetera) is a network of independent retail firms, including those that are members of FINRA/SIPC: Cetera Advisors LLC; Cetera Wealth Services, LLC (formerly known as Cetera Advisor Networks); Cetera Investment Services LLC (marketed as Cetera Financial Institutions or Cetera Investors); and Cetera Financial Specialists LLC. Entities registered as investment advisers with the Securities and Exchange Commission include Cetera Investment Management LLC and Cetera Investment Advisers LLC. Cetera's principal office is located at 655 W. Broadway, 11th Floor, San Diego, CA 92101.

Avantax Planning Partners, Inc. (APP) and The Retirement Planning Group, LLC ("TRPG"), are both SEC registered investment advisers within the Aretec Group, Inc. (dba Cetera Holdings, an affiliate of Cetera). Cetera Planning Partners ("CPP") operates as a doing business as name of TRPG. TRPG and APP currently operate independently. All of the referenced entities are under common ownership.

Advisory services may only be offered by investment adviser representatives in connection with an appropriate Advisory Services Agreement and disclosure brochure.

The material contained in this document was authored by and is the property of CIM. CIM provides investment management and advisory services to a number of programs sponsored by affiliated and non-affiliated registered investment advisers. Your registered representative and/or investment adviser representative is not registered with CIM and did not take part in the creation of this material. They may not be able to offer CIM portfolio management services.

Nothing in this presentation should be construed as offering or disseminating specific advice to any individual without the benefit of direct and specific consultation with a financial professional. Information contained herein shall not constitute an offer or a solicitation of any services. Past performance is not a guarantee of future results.
For more information about CIM, please reference the CIM Form ADV 2A and the applicable ADV 2A for the registered investment adviser your financial professional is registered with. Please consult with your financial professional for their specific firm registrations and available program offerings.

No independent analysis has been performed and the material should not be construed as investment advice. Investment decisions should not be based on this material since the information contained here is a singular update, and prudent investment decisions require the analysis of a much broader collection of facts and context. All information is believed to be from reliable sources; however, we make no representation as to its completeness or accuracy. The opinions expressed are as of the date published and may change without notice. Any forward-looking statements are based on assumptions, may not materialize, and are subject to revision.

All economic and performance information is historical and not indicative of future results. The market indices discussed are not actively managed. Investors cannot directly invest in unmanaged indices.

Please consult your financial professional for more information. Additional risks are associated with international investing, such as currency fluctuations, political and economic instability, and differences in accounting standards. A diversified portfolio does not assure a profit or protect against loss.

Definitions

The **Recession Riskometer** is the average reading of ten economic indicators – Unemployment, ISM Manufacturing and Non-Manufacturing Indexes, Industrial Production Growth, Building Permits Growth, Temporary Staffing Employment Growth, Real Retail Sales Growth, Consumer Confidence as measured by the University of Michigan, Philadelphia Federal Reserve's Leading Indicator for the U.S. Index, as well as the difference between 10- and 2-year Treasury rates.

The Economic Trend Signal measures the average of whether each of the ten indicators in the **Recession Riskometer** are improving, neutral or declining in their most recent reading as compared to historical data.

The U3 Unemployment Rate measures the percentage of people without jobs who are actively seeking work. This is often the officially quoted unemployment rate. The U6 Unemployment Rate expands the definition of U3 by including "discouraged workers", or those who have stopped looking for work because current economic conditions make them believe that no work is available for them, other "marginally attached workers", or those who would like and are able to work, but have not looked for work recently, as well as part-time workers who want to work full-time, but cannot due to economic reasons.

The ISM Manufacturing Index is based on surveys of over 400 manufacturing firms across 20 industries by the Institute of Supply Management. Equal weight is given to responses in five areas - new orders, production, supplier deliveries, employment and inventories. Generally, a reading over 50 indicates expansion, and a reading in the low 40's suggests recessionary conditions. Changes in the index are also helpful in gauging the direction of economic growth.

The ISM Services Index is based on surveys of over 350 non-manufacturing firms in 17 industries representing over 80% of the U.S. economy by the Institute of Supply Management. The survey shows the percentage of managers reporting higher activity, lower activity or no change in the following areas: business activity, new orders, employment, supplier deliveries, backlog of orders, new export orders, inventory change, inventory sentiment, imports, and prices.

Industrial Production and Capacity Utilization is measured monthly by the United States Federal Reserve, based on hours worked by industrial-sector employees. The report shows total amount of US industrial production as a percentage compared to a baseline year. It also offers percentage changes from month to month and year to year, and a breakdown of production by industry grouping.

Definitions (cont.)

Building Permits are a measure of the issuance of permits to build new housing units (single and multi-family units). Building Permits Growth is a measure of the total year-over-year percentage change of the 3-month average of building permits. This indicator leads housing construction and provides a signal for potential weakness in the housing sector when it is declining.

The US Bureau of Labor Statistics surveys the temporary staffing industry is surveyed in its Professional and Business Services. They produce a report on Temporary Help Employment - changes in this figure are often used as a predictor of changes in future employment. Changes in Temporary Help Employment is a coincident economic indicator.

Real Retail Sales Growth is a measure of the total year-over-year change in retail and food sales adjusted for inflation using the Consumer Price Index. Real Retail Sales figures provided are the year-over-year change of the 3-month average. By neutralizing the impact of inflation, the year-over-year change in retail and food sales provides a better view into consumer spending strength because growth in this figure indicates stronger demand without the impact of rising prices. Real Retail and Food Sales typically decline heading into recession, and a weaker read is a concern for the economy.

The University of Michigan Consumer Sentiment Index is survey of consumer confidence conducted via telephone surveys to gather information on consumer expectations regarding the overall economy.

The Leading Economic Index (LEI) is a composite index of several U.S. economic indicators that lead the economy including building permits, manufacturers' new orders, and consumer expectations. This index is often used as a proxy to gauge where the economy is heading over the next several months because it measures the strength of leading indicators. The Leading Economic Index historically has declined ahead of recessions and trends higher during expansions.

The difference (spread) between the yields of the 10-Year and 2-Year maturity Treasury bonds. Often referred to as the 10-Year/2-Year spread, this metric is one of the early and reliable predictors of recession. Under normal conditions the 10-Year/2-Year spread is positive, as investors demand higher risk premium for longer -term bonds. Spreads are usually wider early in an economic recovery and narrow as growth sets in. As recession becomes more likely, spreads tend to move toward zero or turn negative - this occurs because in periods when economic growth slows inflation decreases and demand for credit declines, pushing long term rates lower.

Definitions (cont.)

A Price/Earnings (P/E) ratio is a measure for equity analysis. It is calculated by dividing the current market price of a stock by its earning per share.

A Price/Book (P/B) ratio is a measure for equity analysis. It is calculated by dividing the current market price of a stock by the most recent book value per share.

The yield curve is a graphical representation of several yields or interest rates across different bond maturities. Typical maturities include 3-month, 6-month, 1-year, 2-year, 5-year, 10-year and 30-year.

The High-Yield - US Treasury spread is the percentage difference in current yields of various classes of high-yield bonds compared against U.S. Treasury bonds.

Percentile is a method of ranking a metric versus its history by measuring the percentage of group observations equal to or lower than it. As an example, if a metric scores in the 80th percentile, it is greater than 80% of all other group observations over the stated time period and lower than 20% of the group observations.

Standard deviation is a statistical method used to gauge asset risk based on measuring the dispersion in returns relative to the average over a specified period of time.

The Global Industry Classification Standard (GICS) is a classification system for equities, it is used by various equity indexes to classify domestic and international stocks and breaks equites down to 11 sectors, which Morningstar breaks down into three groups as described below. Stocks in Energy, Industrials, Information Technology and Telecommunication Services are classified as Sensitive. Consumer Discretionary, Financials and Materials are defined as Cyclical, and Consumer Staples, Health Care and Utilities are classified as Defensive.

Definitions (cont.)

Sensitive - The sensitive super sector includes industries which ebb and flow with the overall economy, but not severely so. Sensitive industries fall between the defensive and cyclical industries as they are not immune to a poor economy but they also may not be as severely impacted by a poor economy as industries in the cyclical super sector. In general, the stocks in these industries move closely to the direction of the economy.

Cyclical - The cyclical super sector includes industries significantly impacted by economic shifts. When the economy is prosperous these industries tend to expand and when the economy is in a downturn these industries tend to shrink. In general, the stocks in these industries expand faster when the economy is growing and also contract faster in a recession.

Defensive - The defensive super sector includes industries that are relatively immune to economic cycles. These industries provide services that consumers require in both good and bad times, such as healthcare and utilities. In general, the stocks in these industries are not very sensitive to the direction of the economy.

A drawdown is a measure of the decline from a peak point for an investment or an index. It is typically quoted for a specified period of time, and measured as the percentage between the peak and the subsequent trough in value. The duration of a drawdown indicates the time elapsed before the investment returns to the starting peak value.

A simple moving average of an investment or an index calculates its average price for a set period to the most recent price. The moving average is updated each successive period by deleting the price from the earliest date and adding the newly available most recent price. The result is a trend line for price movements, which may be an indicator of market sentiment. Generally, if the moving average is trending higher and the investment or index price rises above the moving average, sentiment is considered to be bullish, as prices are likely to continue higher, and it may be a good time to buy. If the moving average trend slopes downward, and the investment price is below the moving average, this may be a bearish, or sell signal, as prices may continue to move down.

Index Definitions

The S&P 500 is an index of 500 stocks chosen for market size, liquidity and industry grouping (among other factors) designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

The S&P Growth Index is a float adjusted, market capitalization weighted index of 317 stocks drawn from the S&P 500 Index that exhibit strong growth characteristics. S&P Dow Jones Indexes uses three factors to measure growth: sales growth, the ratio of earnings change to price, and momentum.

The S&P Value Index is a float adjusted, market capitalization weighted index of 364 stocks drawn from the S&P 500 Index that exhibit strong value characteristics. S&P Dow Jones Indexes uses three factors to measure value: the ratios of book value, earnings and the sales to price sales metric.

The S&P MidCap 400 provides investors with a benchmark for mid-sized companies. The index, which is distinct from the large-cap S&P 500®, measures the performance of 400 mid-sized companies, representing more than 7% of available market cap.

The S&P MidCap 400 Growth Index represents the growth companies of the S&P MidCap 400 Index which itself is composed of mid-cap stocks from the broad U.S. equity market. Growth companies are identified by three factors: book value to price ratio, earnings to price ratio, and sales to price ratio.

The S&P MidCap 400 Value Index represents the value companies of the S&P MidCap 400 Index which itself is composed of mid-cap stocks from the broad U.S. equity market. Value companies are identified by three factors: book value to price ratio, earnings to price ratio, and sales to price ratio.

The S&P SmallCap 600 measures the small-cap segment of the U.S. equity market. Introduced in 1994, the index is designed to track the performance of 600 small-size companies in the U.S, reflecting this market segment's distinctive risk and return characteristics. The index measures a segment of the market that is typically known for less liquidity and potentially less financial stability than large-caps, the index was constructed to be an efficient benchmark composed of small-cap companies that meet investability and financial viability criteria.

The S&P SmallCap 600 Growth Index represents the growth companies of the S&P S&P SmallCap 600 Index which itself is composed of small cap stocks from the broad U.S. equity market. Growth companies are identified by three factors: book value to price ratio, earnings to price ratio, and sales to price ratio.

Index Definitions (cont.)

The S&P SmallCap 600 Value Index represents the value companies of the S&P SmallCap 600 Index which itself is composed of small-cap stocks from the broad U.S. equity market. Value companies are identified by three factors: book value to price ratio, earnings to price ratio, and sales to price ratio.

The MSCI EAFE is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The MSCI EAFE Growth index represents large and mid-cap securities exhibiting overall growth style characteristics across Developed Markets countries around the world, excluding the U.S. and Canada.

The MSCI EAFE Value index represents large and-mid cap securities exhibiting overall value style characteristics across Developed Markets countries around the world, excluding the U.S. and Canada.

The MSCI Emerging Markets is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The MSCI Europe Index is a free float-adjusted market capitalization index that is designed to measure developed market equity performance in Europe.

The MSCI Pacific Index captures large and mid-cap representation across five Developed Markets (DM) countries in the Pacific region. With 470 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The MSCI ACWI is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 46 country indexes comprising 23 developed and 23 emerging market country indexes. The developed market country indexes included are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The emerging market country indexes included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates.

Index Definitions (cont.)

The S&P 500® Consumer Discretionary Index comprises those companies included in the S&P 500 that are classified as members of the GICS® Consumer Discretionary sector.

The S&P 500® Consumer Staples Index comprises those companies included in the S&P 500 that are classified as members of the GICS® Consumer Staples sector.

The S&P 500® Energy Index comprises those companies included in the S&P 500 that are classified as members of the GICS® Energy sector.

The S&P 500® Financials Index comprises those companies included in the S&P 500 that are classified as members of the GICS® Financials sector.

The S&P 500® Health Care Index comprises those companies included in the S&P 500 that are classified as members of the GICS® Health Care sector.

The S&P 500® Industrials Index comprises those companies included in the S&P 500 that are classified as members of the GICS® Industrials sector.

The S&P 500® Information Technology Index comprises those companies included in the S&P 500 that are classified as members of the GICS® Information Technology sector.

The S&P 500® Materials Index comprises those companies included in the S&P 500 that are classified as members of the GICS® Materials sector.

The S&P 500® Real Estate Index comprises those companies included in the S&P 500 that are classified as members of the GICS® Real Estate sector.

The S&P 500® Telecommunication Services Index comprises those companies included in the S&P 500 that are classified as members of the GICS® Telecommunication Services sector.

The S&P 500® Utilities Index comprises those companies included in the S&P 500 that are classified as members of the GICS® Utilities sector.

Index Definitions (cont.)

The Bank of America Merrill Lynch U.S. Treasury Bill 3 Month index measures the performance of a single issue of outstanding treasury bill which matures closest to, but not beyond, three months from the rebalancing date. The issue is purchased at the beginning of the month and held for a full month; at the end of the month that issue is sold and rolled into a newly selected issue.

The Bloomberg U.S. Treasury: 1-3 Year Index measures the performance of U.S. Treasury securities with remaining maturities of one to three years.

The Bloomberg U.S. Treasury: 7-10 Year Index measures the performance of U.S. Treasury securities that have a remaining maturity of at least seven years and less than 10 years.

The Bloomberg U.S. Treasury: U.S. TIPS Index includes all publicly issued, U.S. Treasury inflation-protected securities that have at least one year remaining to maturity, are rated investment grade, and have $250 million or more of outstanding face value.

The Bloomberg U.S. Municipal Bond Index is an unmanaged, market-value-weighted index of investment-grade municipal bonds with maturities of one year or more.

The Bloomberg GNMA Index measures the performance of Government National Mortgage Association (GNMA or “Ginnie Mae”) bonds. It is a subset of the Bloomberg Barclays U.S. Aggregate index.

The Bloomberg U.S. Corporate (Investment Grade) Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by U.S. and non-US private-sector industrial, utility and financial issuers. Certificates of deposit are also included. Launched in July 1973, securities included must be rated investment grade (Baa3/BBB-/BBB- or higher). Eligible senior and subordinated corporate securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 10.75 years. The index is unhedged and rebalances monthly.

The Bloomberg U.S. Corporate High-Yield Index measures the market of USD-denominated, non-investment grade, fixed-rate, taxable corporate bonds. Securities are classified as high-yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt.

Index Definitions (cont.)

The Bloomberg U.S. Aggregate 1-3 Years Index consists of publicly issued investment grade corporate, US Treasury and government agency securities with remaining maturities of one to three years.

The Bloomberg Capital U.S. Aggregate Bond Index, which was originally called the Lehman 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 debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 8.25 years. This total return index, created in 1986 with history backfilled to January 1, 1976, is unhedged and rebalances monthly.

The Bloomberg Global Treasury ex U.S. Bond Index consists of those securities included in the Barclays Global Aggregate Bond Index that are Treasury securities, with the U.S. excluded. The Barclays Global Aggregate Bond Index is comprised of several other Barclays indexes that measure fixed income performance of regions around the world.

The Bloomberg U.S. 1–3 Month U.S. Treasury Bill Index is an unweighted index that measures the performance of one- to three-month maturity of U.S. Treasury bills.

The Bloomberg Commodity Index is a broadly diversified index that measures 22 exchange-traded futures on physical commodities in five groups (energy, agriculture, industrial metals, precious metals, and livestock), which are weighted to account for economic significance and market liquidity. No single commodity can comprise less than 2% or more than 15% of the index; and no group can represent more than 33% of the index. However, between rebalancings, group weightings may fluctuate to levels outside the limits. The index rebalances annually, weighted 2/3 by trading volume and 1/3 by world production.

Index Definitions (cont.)

The Bloomberg US Treasury 20+ Year index represents the 20+ Year component of the Barclays US Treasury Index. Included securities must have at least 20 years to final maturity regardless of call features, and least $250 million par amount outstanding. They must be rated investment grade (Baa3/BBB- or higher) by at least two of the following ratings agencies: Moody's, S&P, Fitch.

The FTSE NAREIT Equity REIT TR Index provides investors with exposure to all investment and property sectors. Equity REITs are defined as firms that own, manage, and lease investment-grade commercial real estate. Investing in a non-diversified fund that concentrates holdings into fewer securities or industries involves greater risk than investing in a more diversified fund. Changes in real estate values or economic downturns can have a significant negative effect on issuers in the real estate industry.

The Russell 2000 index is comprised of 2000 small-capitalization companies. It is made up of the bottom two-thirds in company size of the Russell 3000 index.

The Russell 3000 index is a market-capitalization weighted equity index that is comprised of the 3,000 largest publicly traded U.S. companies, representing about 98% of the investable U.S. equity market.

Federal funds rate is the interest banks charge one another when lending reserve balances on an overnight basis. Typically banks with reserve capital above the minimum required to be held at the Federal Reserve will lend the excess to banks who need to meet minimums.

Treasury yield is the return on investment of U.S. government's debt obligations. Short-term Treasury bills offer no interest payments and are issued at discount from face value. The yield of the three-month Treasury bill is the difference between the discount price and face value, expressed as an annualized percentage rate.

Longer-term Treasury notes are issued for maturities from 1-10 years and offer an interest (or coupon) payment. They may be purchased at premium or discount from face value. The yield on 1- and 2- year Treasury notes is based on their coupon payment and face value, adjusted upward if the note was purchased at discount, and downward if the note was purchased at a premium. It is also expressed as an annualized percentage rate.

Index Definitions (cont.)

Factor Indices are designed to reflect the performance of stocks representing a specific set of factor characteristics. Factor-specific indexes are calculated based on Russell and FTSE index universes. The cut-off date for the calculation of all factor data is the close of business on the last business day of the month prior to the review month. Detail on the calculation of each individual factor follow:

Momentum is defined as the cumulative total local return, calculated over the period that starts twelve months prior to the effective date, and ends the Monday following the third Friday of the previous month. A full period history is required to calculate Momentum. Country Relative Momentum is calculated in excess of the country median stock level of Momentum.

Quality is defined as a composite of Profitability and Leverage. Indexes derived from each eligible universe consider three individual measures of Profitability and a single measure of Leverage. Annual reported financial statement items are sourced from a third-party data provider.

Size is calculated as the natural logarithm of each company's full market capitalization in USD. Shares in issue as of the review effective date and price and foreign exchange rates as of the data cut-off date are used to calculate each company's full market capitalization.

Value is represented by a composite of three common valuation measures: • Cash-flow Yield = Latest Annual Cash-Flow / Full Market Capitalization • Earnings Yield = Latest Annual Net Income / Full Market Capitalization • Sales to Price = Latest Annual Sales / Full Market Capitalization Sales to Price is calculated in excess of the country median stock level. Annual measures of cashflow, net income and sales are sourced from a third-party data provider.

Volatility is defined as the standard deviation of five years of weekly (Wednesday to Wednesday) total local returns prior to the rebalance month. A minimum of 52 weekly return observations are required to calculate volatility. Country Relative Volatility is calculated in excess of the country median stock level of Volatility.

Yield is calculated as the natural logarithm of each company's twelve-month trailing dividend yield. Companies whose trailing dividend yield is zero are assigned a negative normalized score (Z-Score).

Data Sources

Economic Indicator	Source
Nonfarm Monthly Payrolls ('000)	U.S. Bureau of Labor Statistics
Total Nonfarm Payrolls - YoY Change	U.S. Bureau of Labor Statistics
U3 Unemployment Rate	U.S. Bureau of Labor Statistics
U6 Unemployment Rate	U.S. Bureau of Labor Statistics
Quit Rate	U.S. Bureau of Labor Statistics
Job Openings: Total Nonfarm Payroll	U.S. Bureau of Labor Statistics
Initial Jobless Claims ('000) 4 Wk. MA - Month End	U.S. Employment and Training Administration
KC Fed LMCI Momentum Indicator	Federal Reserve Bank of Kansas City
Labor Force Participation Rate	U.S. Bureau of Labor Statistics
Employment to Population Ratio	U.S. Bureau of Labor Statistics
Temporary Help Employment	U.S. Bureau of Labor Statistics
Retail Sales - YoY Change	U.S. Bureau of the Census
Vehicle Sales (Mil. Units, annualized)	U.S. Bureau of Economic Analysis
Personal Savings Rate	U.S. Bureau of Economic Analysis
Real Retail Sales (3MMA) - YoY Change	Federal Reserve Bank of St. Louis
Industrial Production - YoY Change	Board of Governors of the Federal Reserve System (US)
Capacity Utilization	Board of Governors of the Federal Reserve System (US)
Core Capital Goods Orders - YoY Change	U.S. Bureau of the Census
Building Permits ('000)	U.S. Bureau of the Census
Housing Starts ('000)	U.S. Bureau of the Census

Data Sources (cont.)

Economic Indicator	Source
New Home Sales	U.S. Bureau of the Census
S&P/Case-Shiller Home Price Index (20 city) - YoY Change	S&P Dow Jones Indices LLC
Total Construction Spending - YoY Change	U.S. Bureau of the Census
ISM Manufacturing Composite PMI	Institute for Supply Management
ISM Manufacturing New Orders	Institute for Supply Management
ISM Services Composite PMI	Institute for Supply Management
ISM Services New Orders	Institute for Supply Management
U. of Michigan Consumer Sentiment	University of Michigan
Consumer Price Index (CPI) - YoY Change	U.S. Bureau of Labor Statistics
Personal Consumption Expenditure (PCE) - YoY Change	U.S. Bureau of Economic Analysis
Producer Price Index (PPI) - YoY Change	U.S. Bureau of Labor Statistics
Average Hourly Earnings - YoY Change	U.S. Bureau of Labor Statistics
Real GDP – QoQ (SAAR)	U.S. Bureau of Economic Analysis
Real GDP – YoY Change	U.S. Bureau of Economic Analysis
Treasury Yield Curve (10-Yr. Minus 2-Yr.)	Federal Reserve Bank of St. Louis
Leading Economic Index (LEI) – YoY Change	The Conference Board