

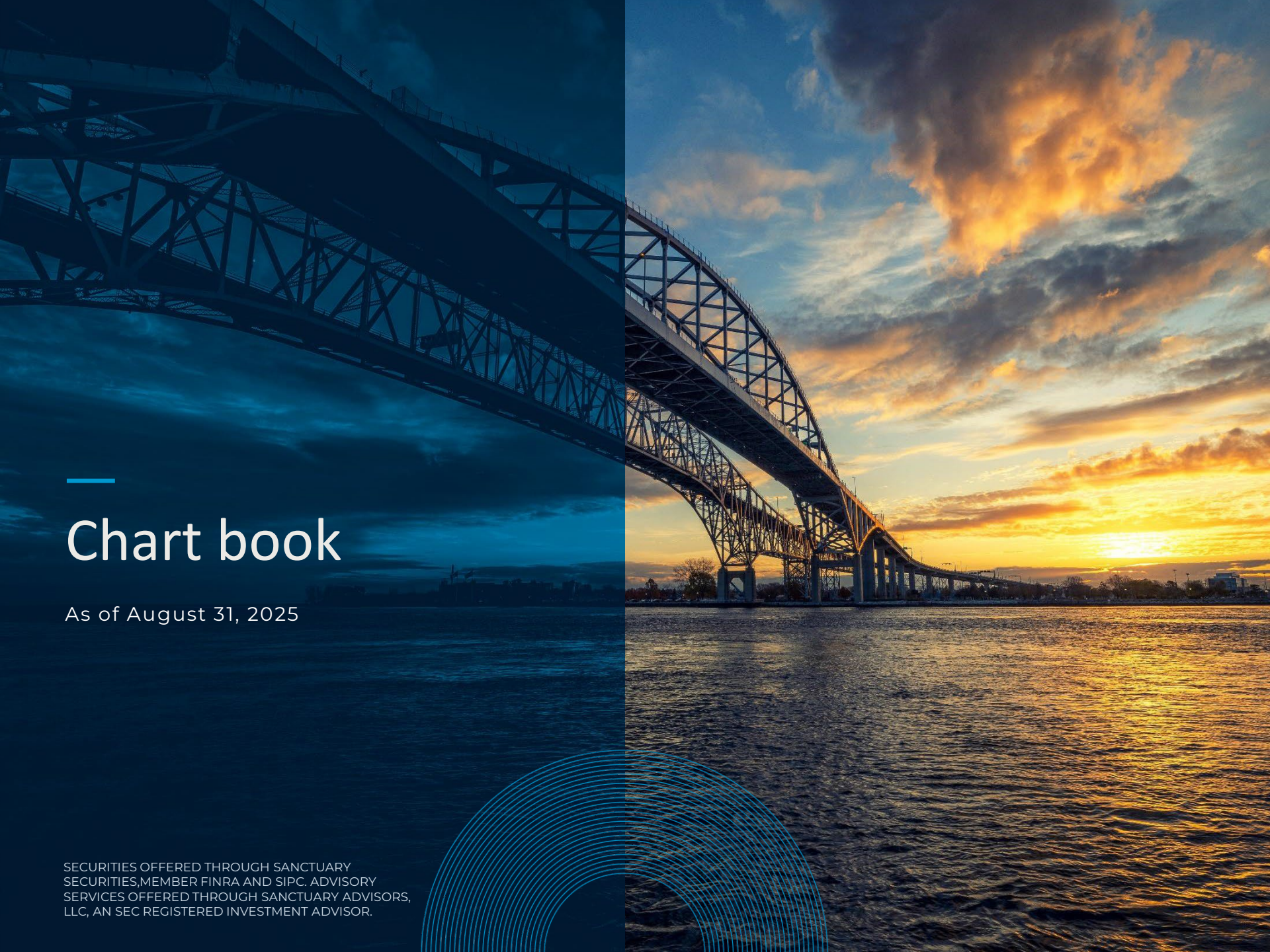


Chart book

As of August 31, 2025

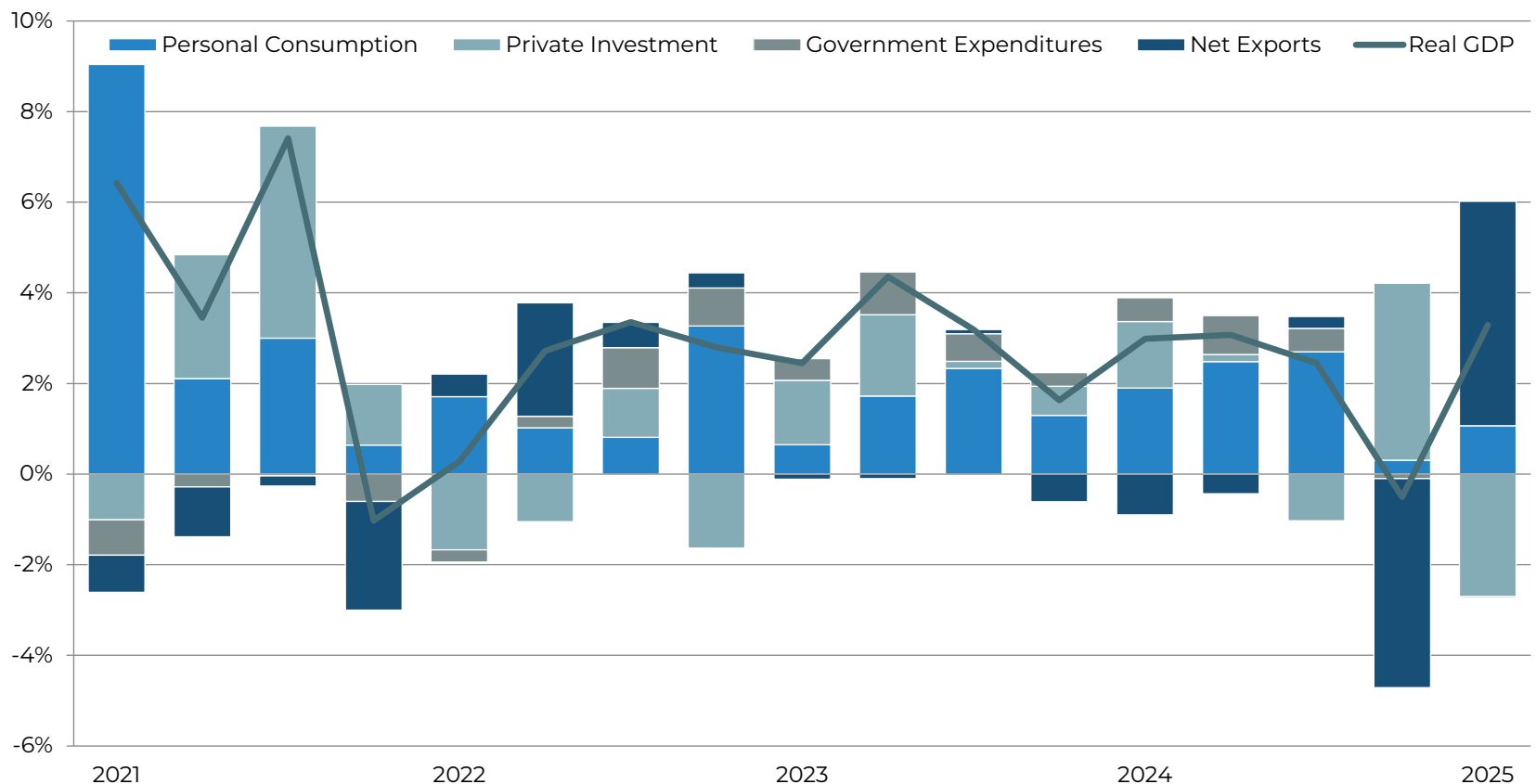
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**ECONOMIC
PERSPECTIVE**

The U.S. economy grew faster than initially reported in Q2 2025, with GDP revised up to 3.3% annualized growth from 3.0%. Stronger business investment, particularly in intellectual property and AI-related technologies, and slightly stronger consumer spending supported the revision. However, economists warned that the growth is distorted by tariff-driven swings in imports, which are expected to weigh more heavily on the economy in coming quarters. Despite the rebound, economists forecast slower growth in the second half of the year, averaging only about 1.5% for 2025, down from 2.8% in 2024. Rising tariffs are hurting profits for major U.S. companies, while labor market softness and reduced immigration are limiting job growth.

Economic Growth

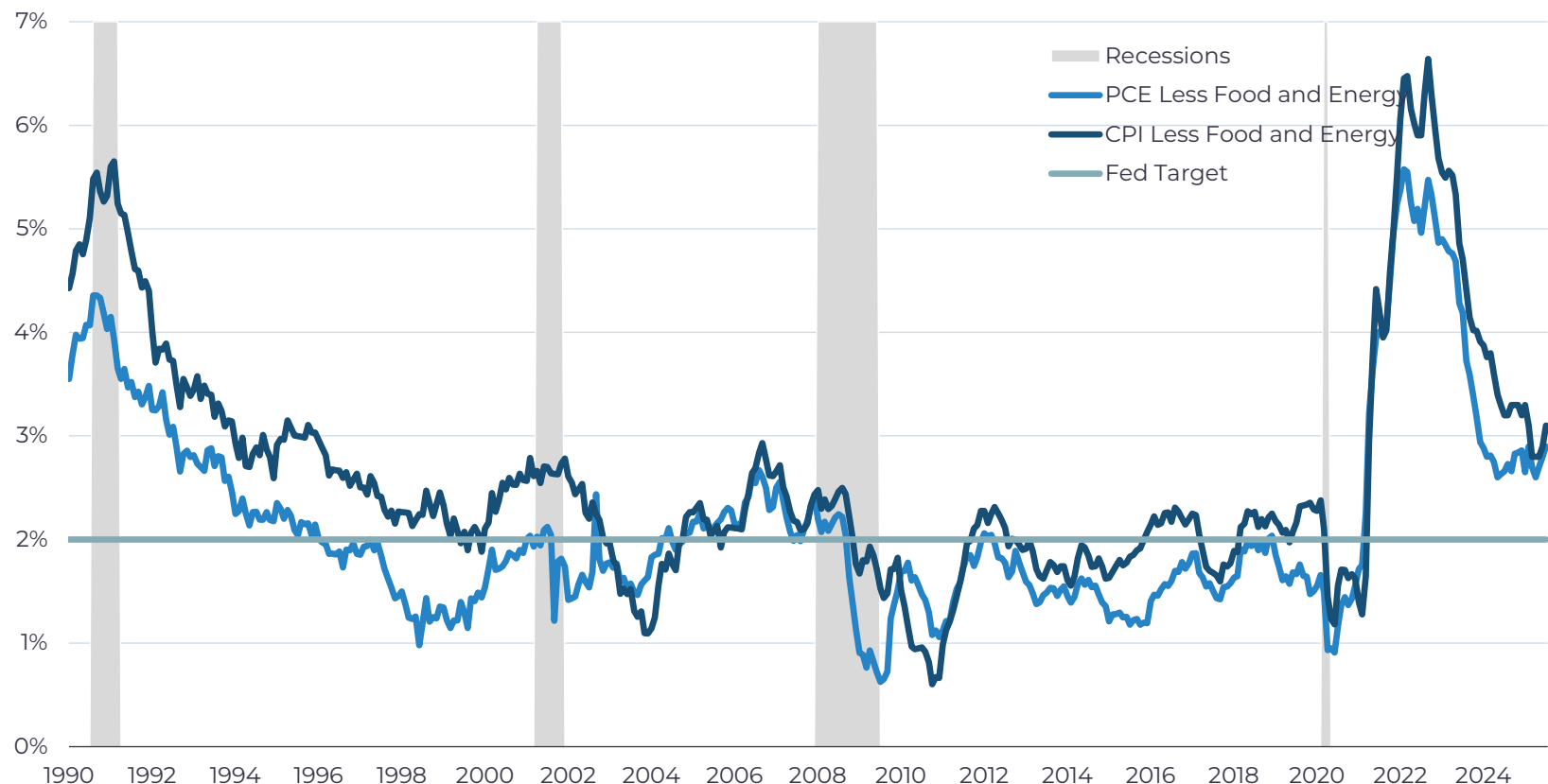
Contributions to Percent Change in Real GDP (Annualized Q/Q % Change)



U.S. consumer prices rose 0.2% in July, with the core CPI (excluding food and energy) up 0.3%, its largest gain in six months. Inflation pressures were concentrated in services such as healthcare, dental care, airline fares, and tariff-affected goods like furniture. Year-over-year, headline CPI increased 2.7%, while core CPI rose 3.1%. Economists warn tariffs will likely fuel more inflation ahead, even as overall demand looks soft. The report leaves the Federal Reserve divided ahead of its September 16–17 meeting: some policymakers may argue tariffs are temporary and labor market weakness justifies cuts, while others point to sticky services inflation as a reason to hold. Markets remain uncertain.

Inflation Outlook

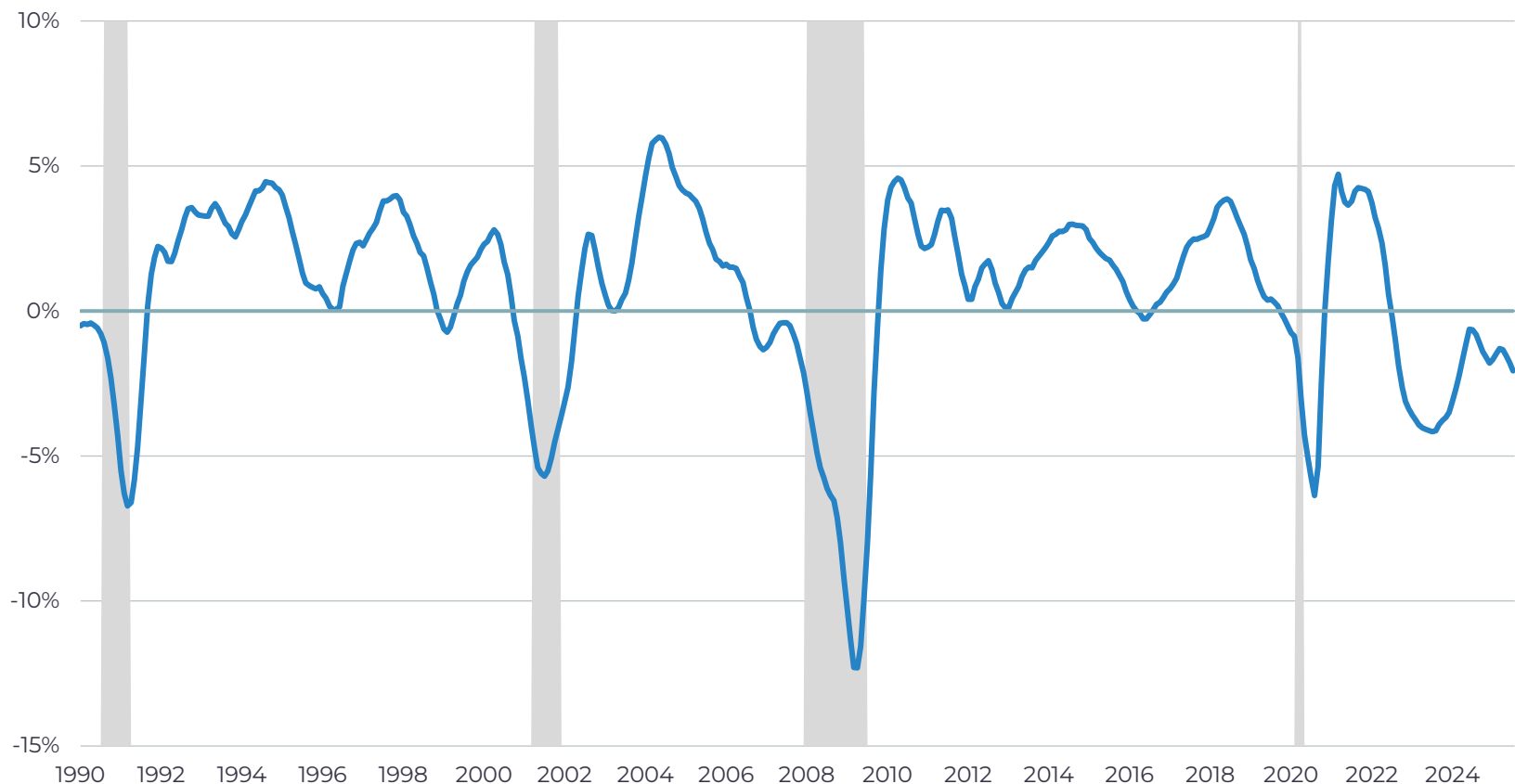
Consumer Price Index (Core) and Personal Consumption Expenditures Price Index (Core) (Y/Y % Change)



The Conference Board Leading Economic Index (LEI) for the U.S. fell 0.1% in July 2025 to 98.7, continuing its downward trend with a 2.7% drop over the past six months, signaling ongoing economic weakness. Pessimistic consumer expectations and weak new orders weighed on the index, while strong stock prices and fewer unemployment claims provided support. Despite the LEI flashing a recession signal, The Conference Board expects slower growth - not recession - with GDP projected to rise 1.6% in 2025 before slowing further in 2026. The Coincident Economic Index (CEI), which tracks current conditions, rose 0.2% in July, supported by gains in payrolls and trade sales. The Lagging Economic Index (LAG) was unchanged at 119.9, but is up 0.9% over the past six months, reversing earlier declines.

U.S. Economic Outlook

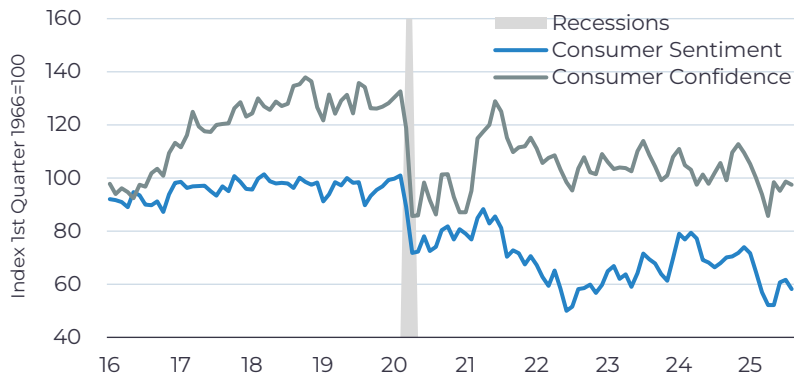
Leading Economic Index (Six-Month Moving Average of the Six-Month Rate of Change)



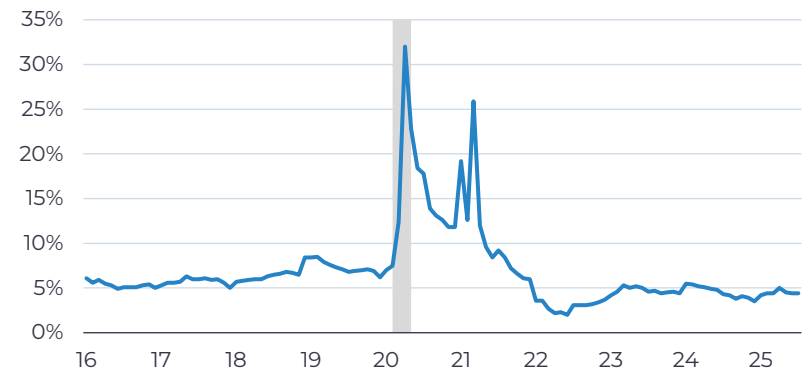
The Conference Board Consumer Confidence Index declined slightly in August 2025 to 97.4 reflecting modest weakening in both current conditions and short-term expectations. Consumers' views on job availability, future income, and business conditions softened, while inflation concerns rose. Confidence varied by age and partisan affiliation, falling for younger consumers and across both major political parties. Consumers' outlook on stock prices deteriorated, and more expected interest rates to rise. Financial sentiment for families improved slightly, but concerns about a possible recession increased. Purchasing intentions were mixed as plans for discretionary spending and vacations declined, while purchases of essential services like financial and home/car maintenance increased.

Consumer Outlook

Consumer Sentiment & Confidence Indexes



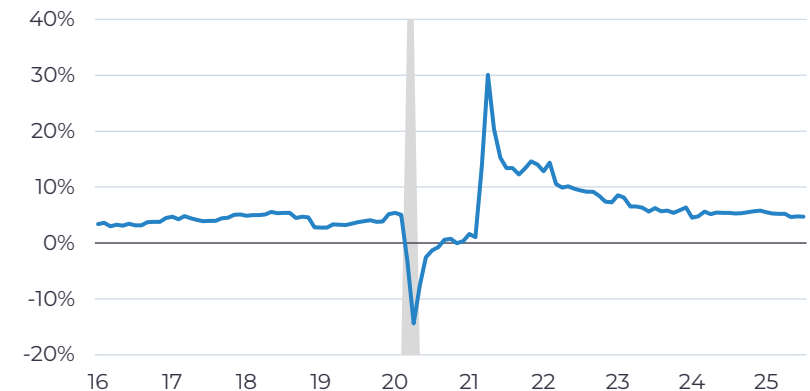
Personal Saving Rate (Seasonally Adjusted Annual Rate)



Disposable Personal Income (Y/Y % Change)



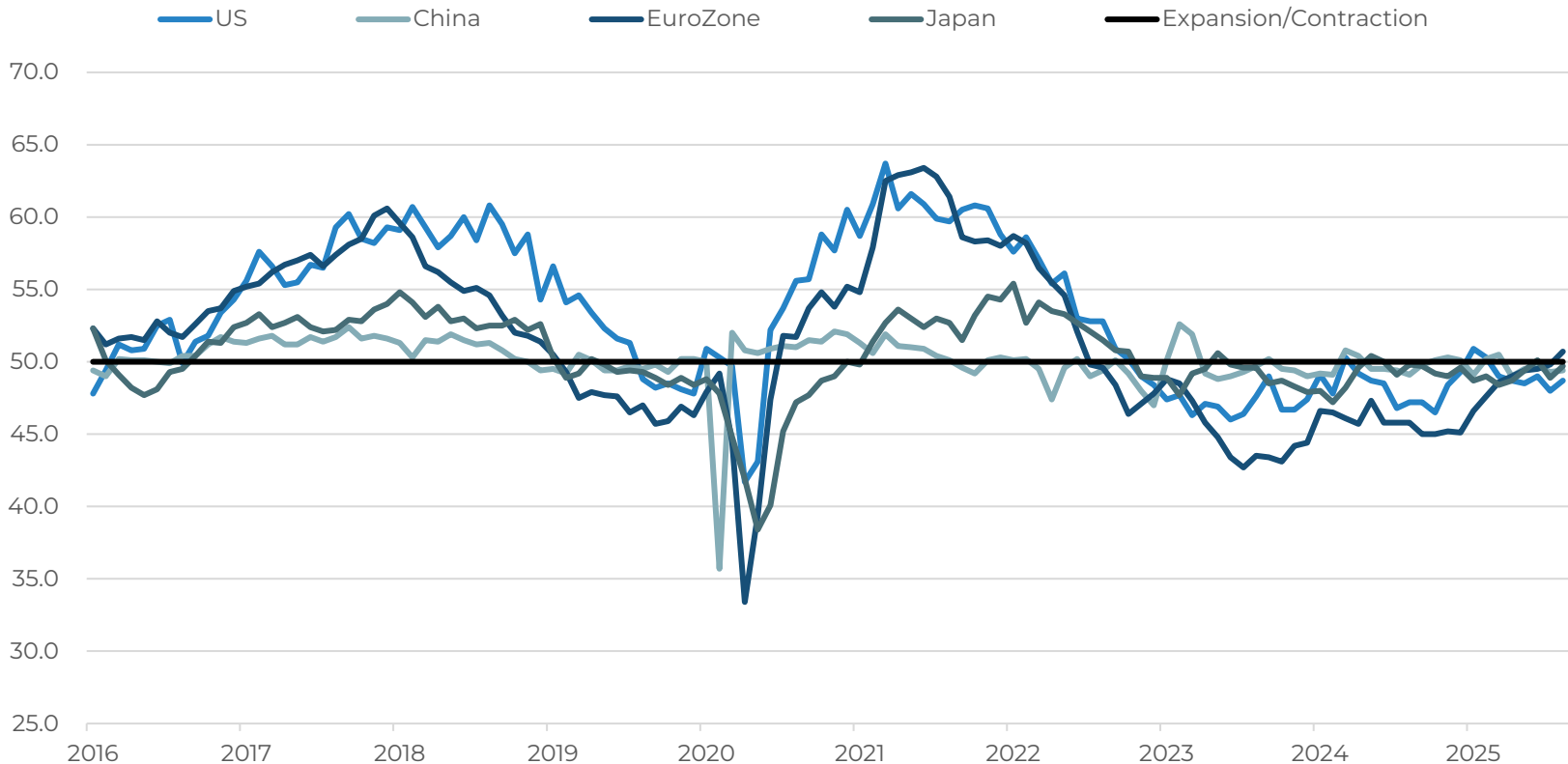
Personal Consumption Expenditures (Y/Y % Change)



Global economic growth accelerated for the fourth month in a row in August, with the J.P. Morgan Global Composite PMI rising to 52.9. Services continued to outpace manufacturing, though factory output returned to growth across all major goods categories. India led global expansion, while the U.S., UK, Japan, Eurozone, and China also saw gains, and downturns eased in Russia and Brazil. New orders rose at the quickest rate this year, lifting backlogs and modestly boosting employment, though job creation remained weak overall. Despite stronger activity, business confidence fell to near post-pandemic lows amid geopolitical uncertainty and U.S. trade policy concerns. Input and output prices both increased, with services facing stronger cost pressures than manufacturing, keeping inflation risks elevated.

Global Economic Outlook

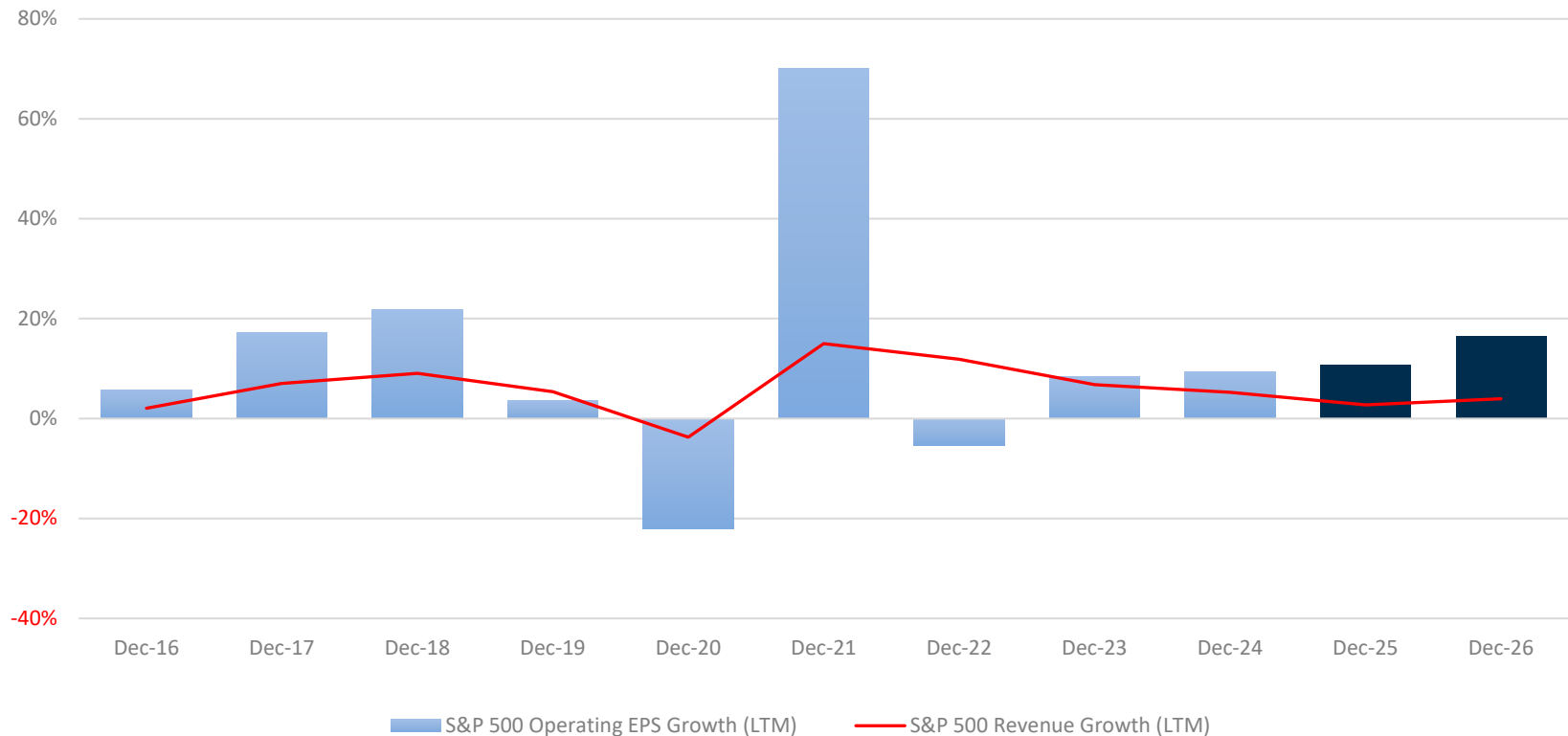
Manufacturing Purchasing Managers Index (PMI) (A PMI over 50 represents growth in manufacturing)



According to FactSet, the bottom-up price target for the S&P 500 over the next 12 months is 6502. At the sector level, the Information Technology (+15.7%) sector is expected to see the largest price increase. On the other hand, the Consumer Discretionary (+7.3%) and Financials (+7.4%) sectors are expected to see the smallest price increases. Overall, there are 12,317 ratings on stocks in the S&P 500. Of these 12,317 ratings, 55.9% are Buy ratings, 38.8% are Hold ratings, and 5.3% are Sell ratings. At the sector level, the Energy (65%), Information Technology (65%), and Communication Services (64%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (41%) sector has the lowest percentage of Buy ratings.

Corporate Profitability

S&P 500 Operating Earnings Per Share and Revenue Per Share Growth (Y/Y % Change)



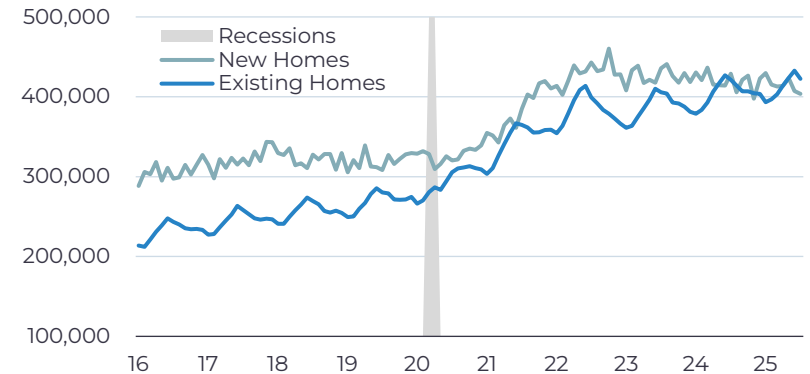
Meredith Whitney, famed for predicting the 2008 financial crisis, is warning of new risks in the U.S. housing market as existing home sales fall below 4 million annually, the weakest level in over 25 years. She points to demographics as the key driver, with about 60% of homes owned by people over 55 who are reluctant or unable to downsize due to limited affordable alternatives, steep moving costs, and outdated capital gains tax thresholds. This “inventory lock,” reinforced by many homeowners holding low-rate mortgages, is keeping supply constrained, driving prices higher. With median home prices at \$402,500, a typical household now needs an income of \$118,530 to buy - over 50% more than the U.S. median income - leaving homeownership increasingly out of reach.

Housing Market Outlook

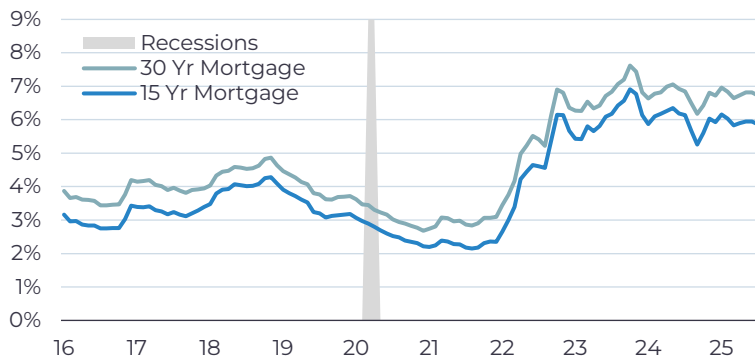
Housing Affordability (higher = more affordable)



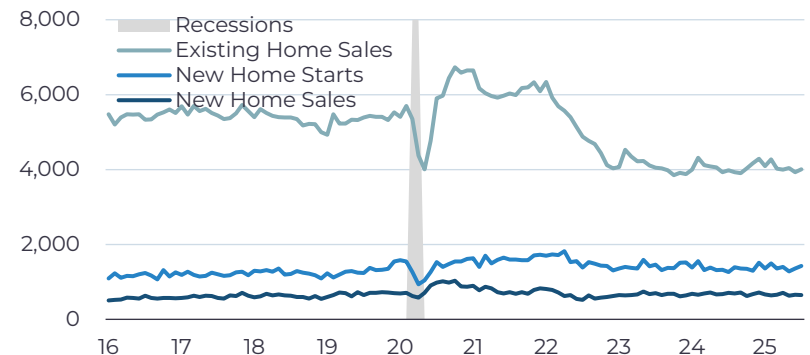
Median Selling Price of New and Existing Homes



Average Fixed Rate Mortgage in the U.S.®



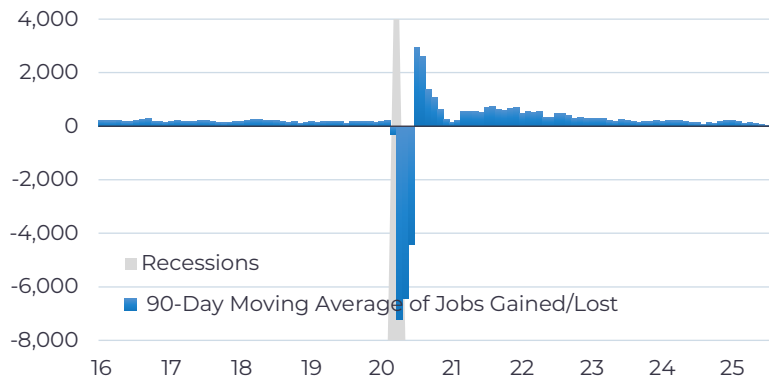
Housing Starts, Existing Home Sales and New Home Sales (000's)



The August U.S. jobs report showed a sharp labor market slowdown, with just 22,000 jobs added versus 75,000 expected, and unemployment rising to 4.3%. Downward revisions revealed June job losses of 13,000 and fewer than 30,000 jobs created on average over the past three months, marking the weakest stretch since 2020. While wages rose in line with forecasts (0.3% monthly, 3.7% annually), the report highlighted stark industry divides: education and health services added 46,000 jobs, while durable goods, business services, and government shed a combined 52,000. Economists warn the labor market has “headed off a cliff-edge,” as private payrolls also slowed and jobless claims rose, underscoring mounting economic weakness.

Labor Market Outlook

Jobs Gained/Lost (000's) with 12-Month Moving Average



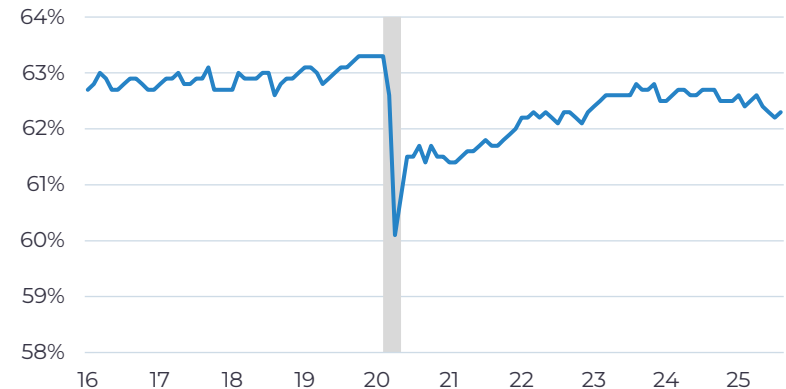
Labor Market Slack (000's)



Wage Growth (Y/Y % Change)



Labor Force Participation Rate

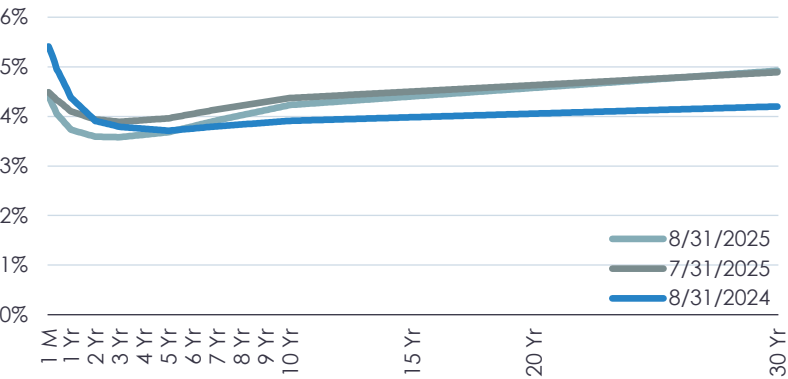


**BOND MARKET
PERSPECTIVE**

Global bond markets delivered mixed returns in August, influenced by economic data and political developments. U.S. Treasury yields fell sharply early in the month following weak July jobs data and downward revisions to prior months, prompting markets to anticipate a near-term Fed rate cut. Fed officials, including Chair Jerome Powell at Jackson Hole, emphasized labor market weakness over inflation, with mid-August CPI data coming in below expectations. Short-dated Treasuries benefited, while longer maturities were pressured by fiscal spending concerns and questions about Fed independence. Corporate bonds fared relatively well, supported by a benign U.S. corporate environment and easing tariff worries, outperforming European and UK corporate indices.

U.S. Treasury Market

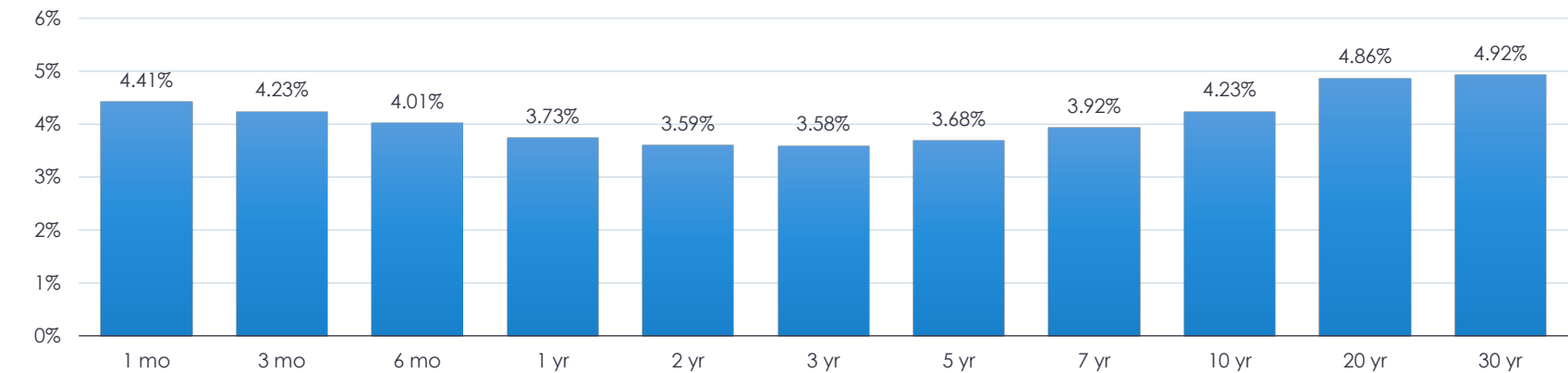
U.S Treasury Yield Curve



Historical U.S. 10-Year Treasury Rate

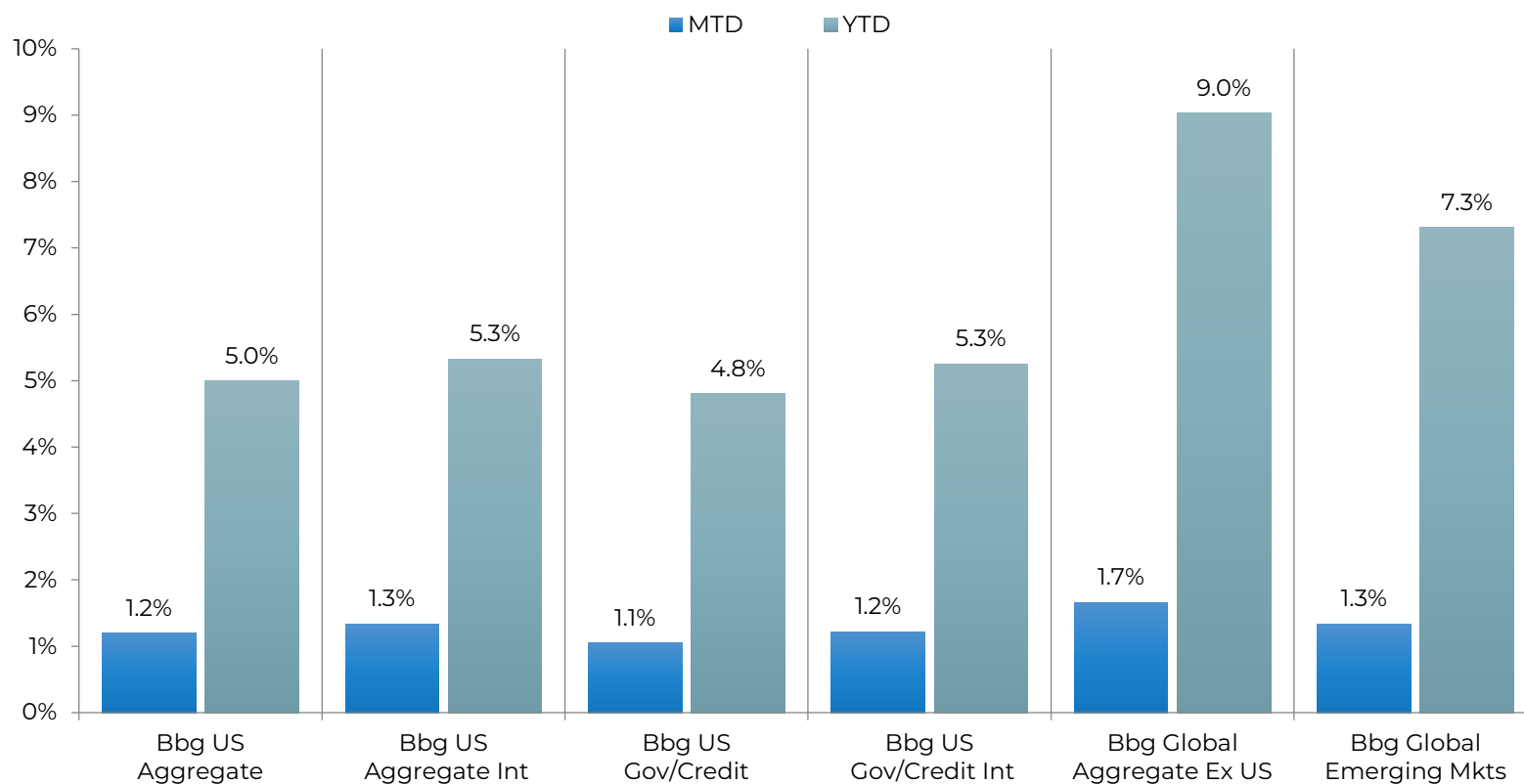


Current U.S. Treasury Yields by Maturity



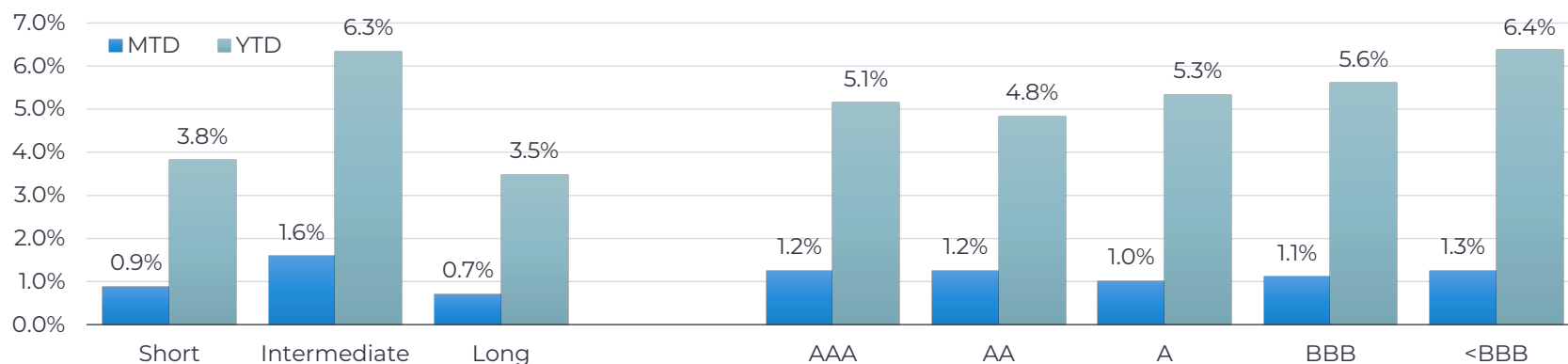
Source: U.S. Department of Treasury

Global Fixed Income Returns by Bellwether Index

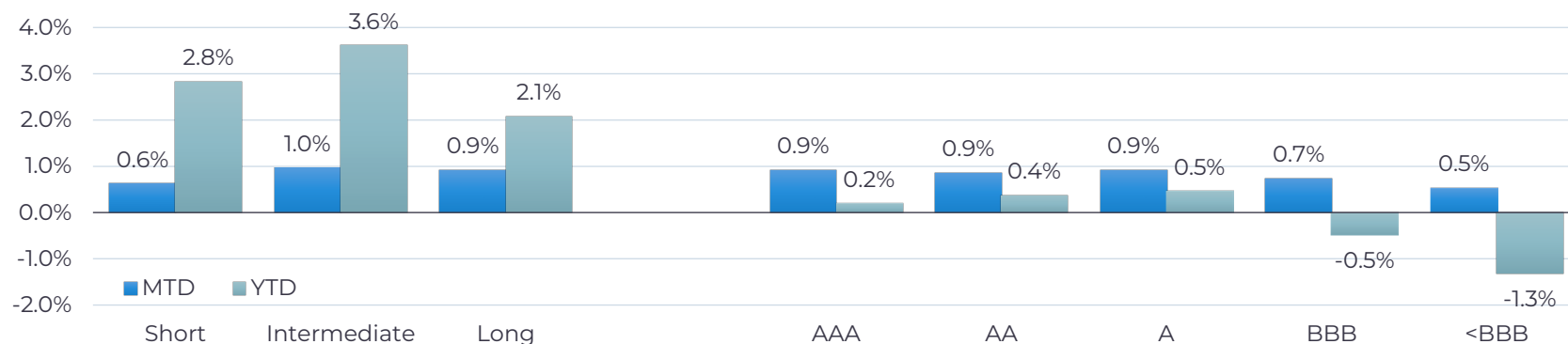


Domestic Fixed Income Returns by Maturity and Credit Quality

Domestic Bond Market - Taxable

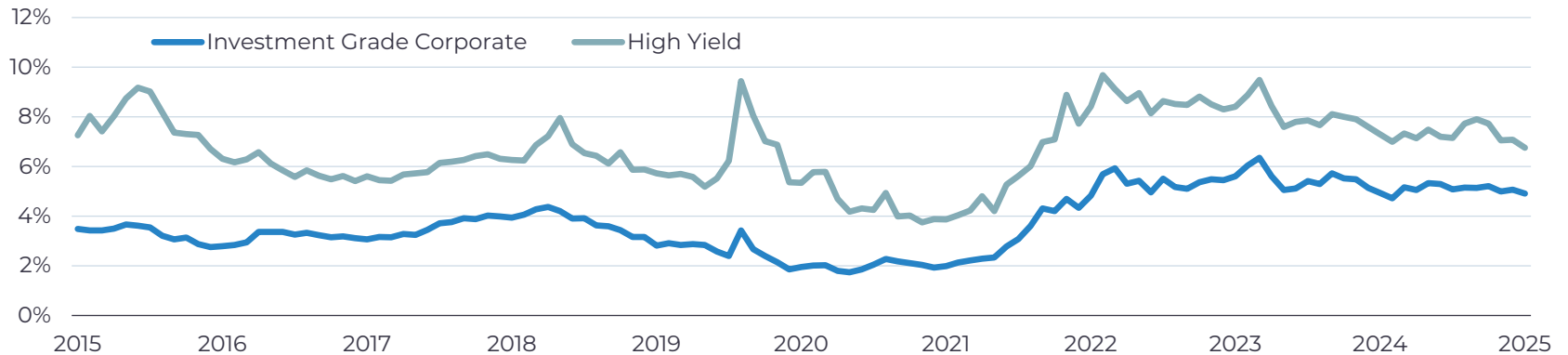


Domestic Bond Market - Municipal

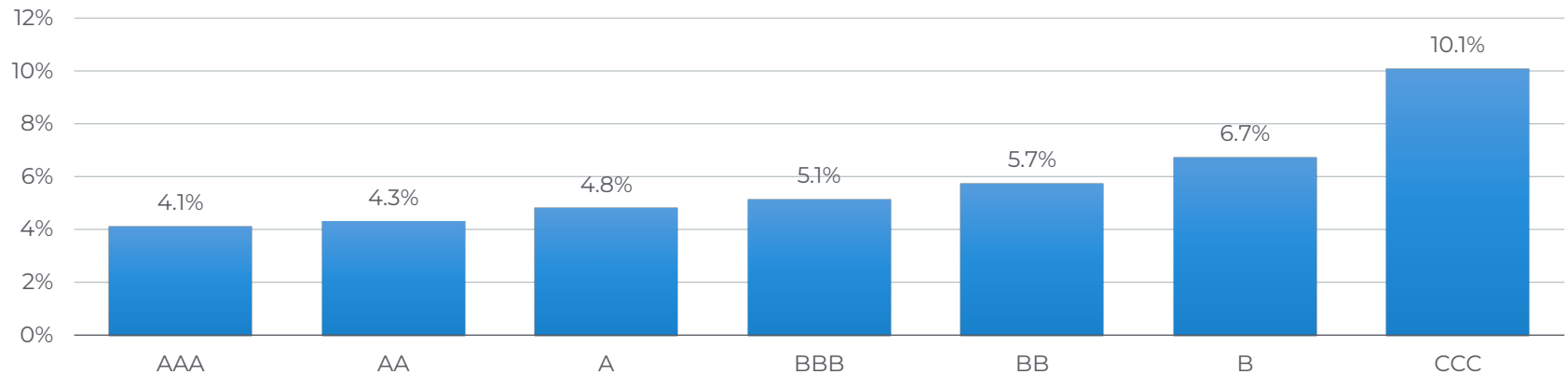


Domestic Fixed Income Bond Yields

Historical Corporate Bond Market Yield to Worst



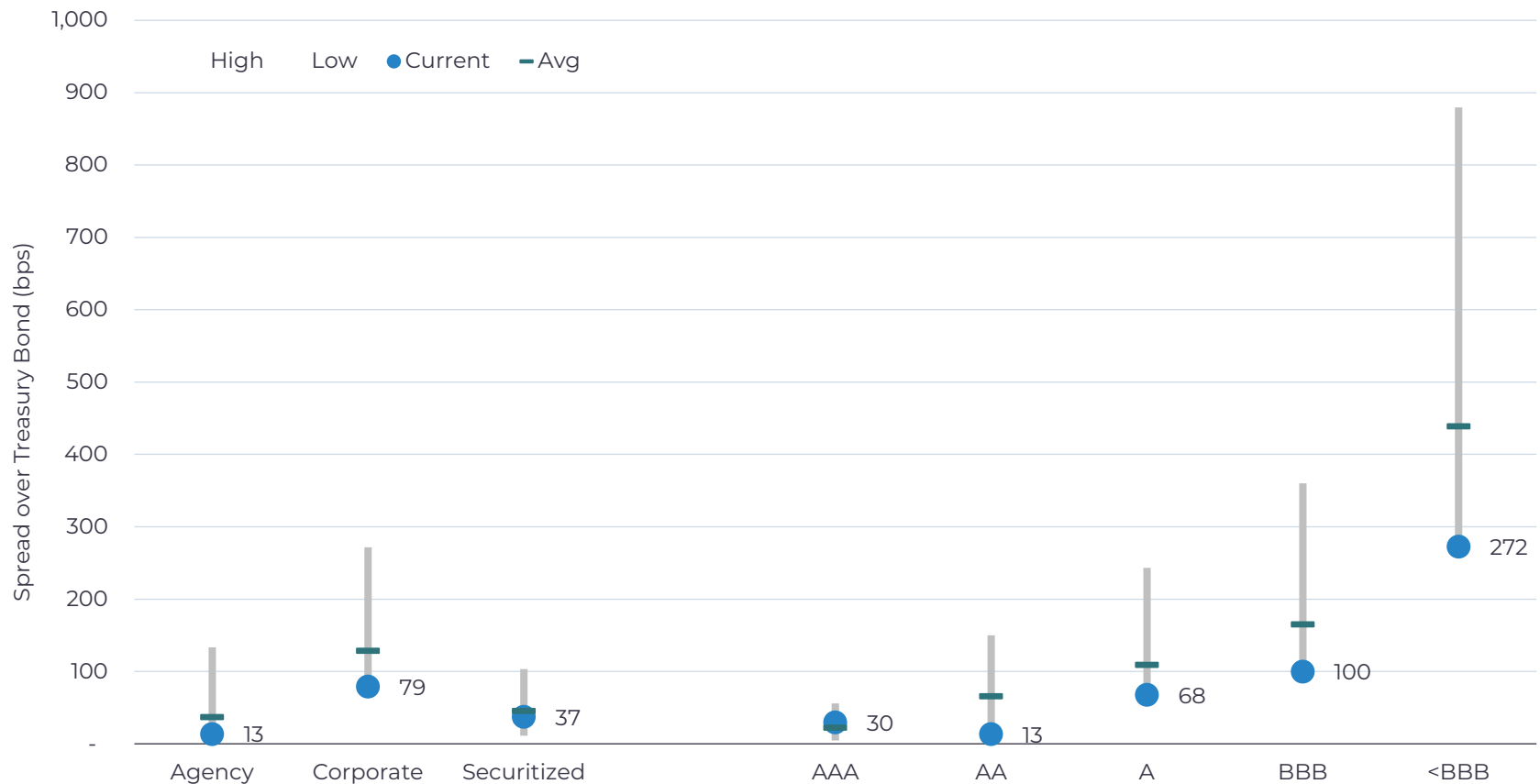
Current Corporate Bond Market Yields by Credit Quality



Investment Grade Corporate bonds are represented by the Bloomberg Barclays U.S. Corporate Investment Grade index. High Yield bonds are represented by the Bloomberg Barclays U.S. Corporate High Yield index. Source: Bloomberg Barclays

Domestic Fixed Income Bond Spreads

Current Bond Spreads Compared to 15-Year Range and 15-Year Average



The length of each bar represents the Range of the highest and lowest spread to the Treasury benchmark over the past 15 years. Average represents the average spread over the past 15 years. Current represents the most recent month. Source: Bloomberg Barclays

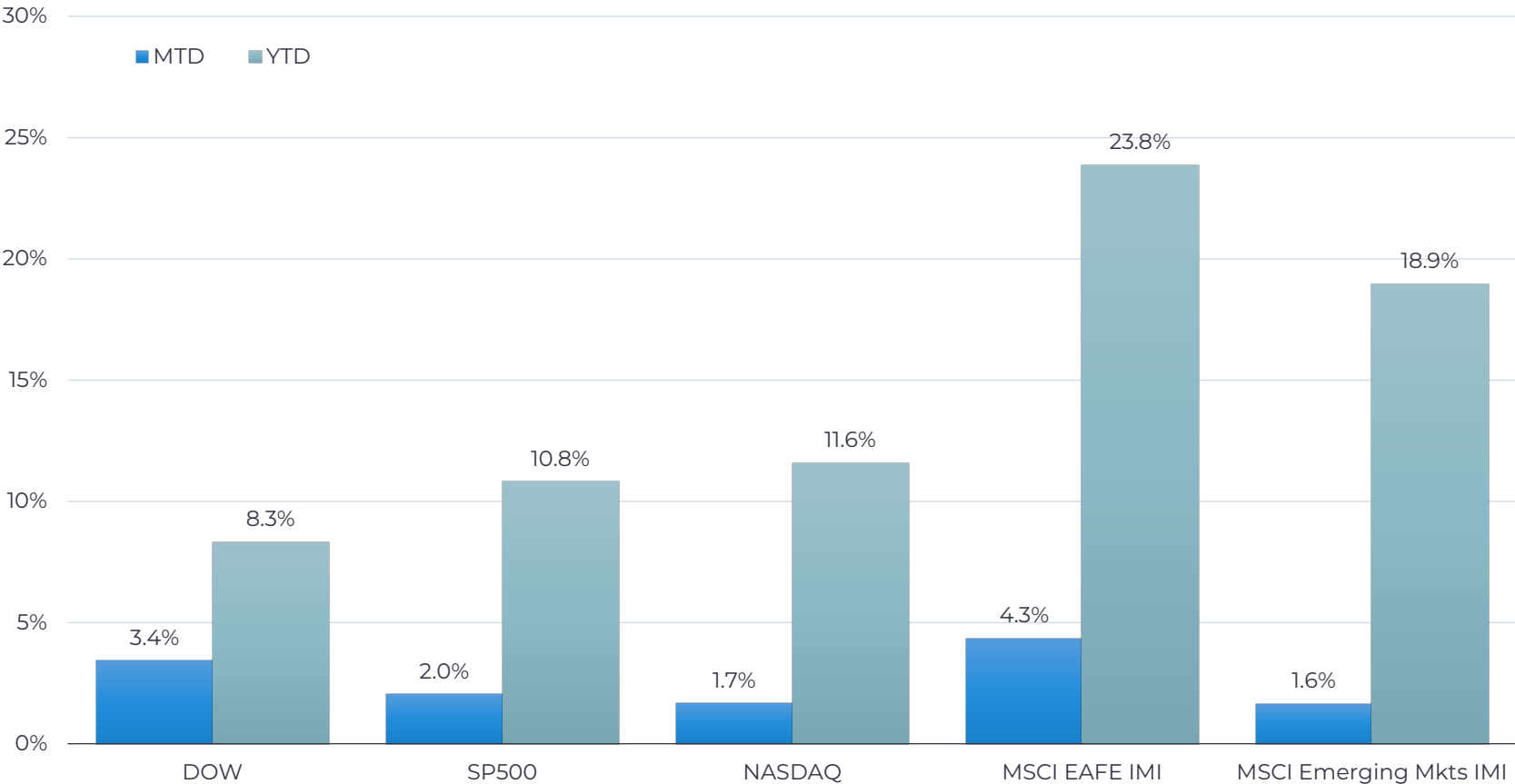


EQUITY MARKET PERSPECTIVE

Global equities advanced in August on the back of strong corporate earnings, moderating inflation and expectations for lower interest rates. As measured by the S&P 500, U.S. stocks rose 2.0% despite weak labor data, tariff concerns, and persistent inflation. U.S. equity markets were lifted by Fed Chair Jerome Powell’s dovish Jackson Hole remarks that fueled hopes for a September rate cut. International developed market equities were up 4.3% and emerging market equities were up 1.6%, as both were propelled by a weaker U.S. dollar. Sector performance was mixed as information technology lagged following reports of limited financial returns from most corporate AI pilots, while materials led gains on trade progress and stronger manufacturing. Healthcare outperformed thanks to attractive valuations and positive company-specific developments.

Global Equity Returns by Bellwether Index

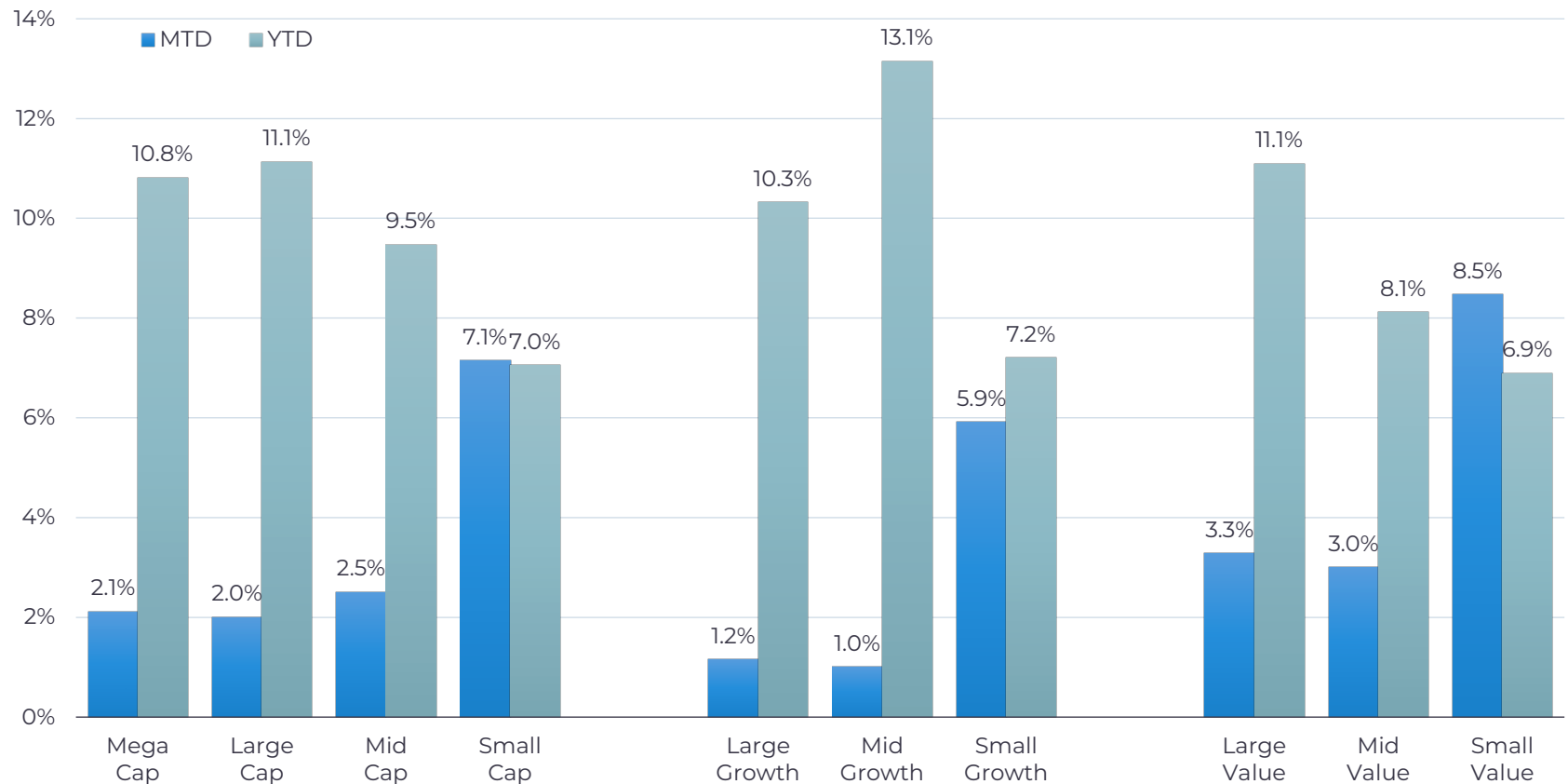
Global Equity Markets



Source: S&P Dow Jones, NASDAQ, MSCI

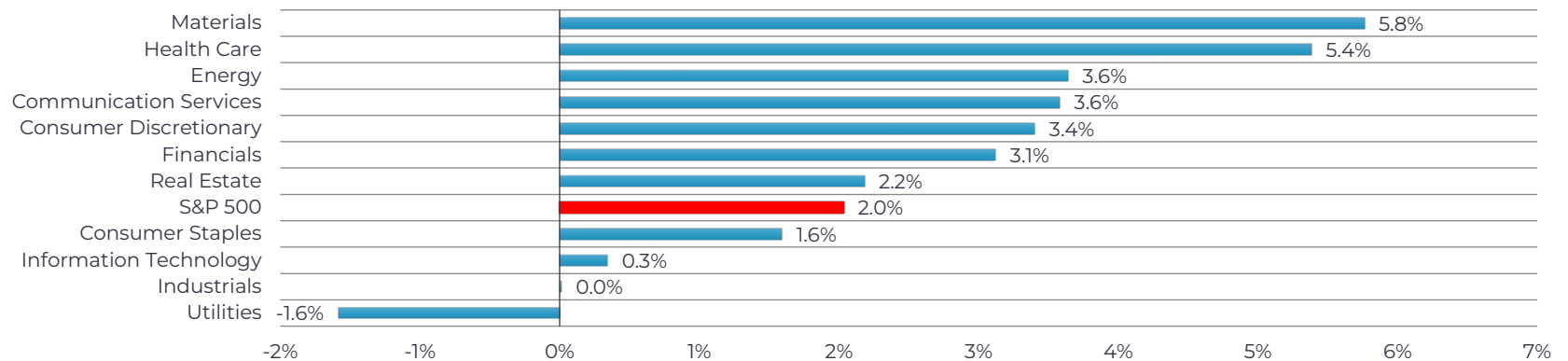
Domestic Equity Returns by Market Cap & Style

Domestic Equity Markets

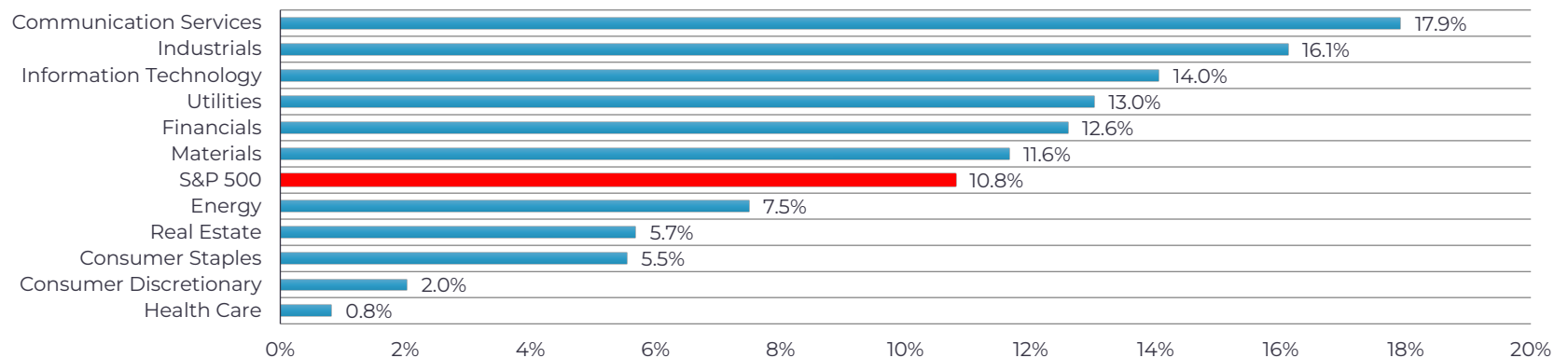


Domestic Equity Returns by Sector

MTD S&P 500 Returns by Sector

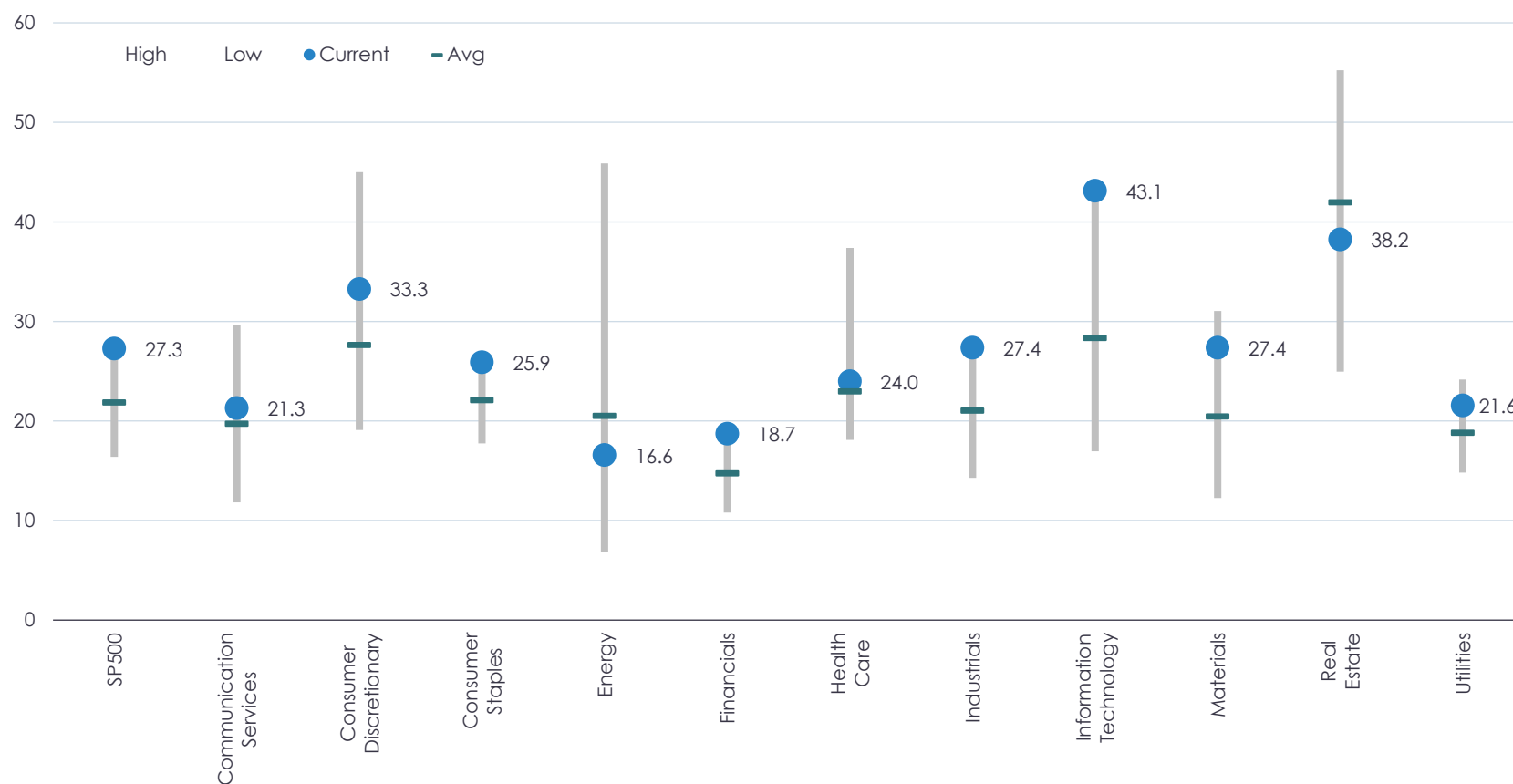


YTD S&P 500 Returns by Sector



Domestic Equity Valuations by Sector

Trailing 12 Month P/E Ratio Compared to 10-Year Range and 10-Year Average



P/E ratios are based on trailing 12 months earnings (LTM) excluding negative earnings. The length of each bar represents the Range of the highest and lowest P/E ratio over the past 10 years. Average represents the average P/E ratio over the past 10 years. Current represents the most recent month. Source: Bloomberg

Economic Indicator Descriptions

- **Real Gross Domestic Product (GDP):** GDP is a basic measure of U.S. economic output adjusted for inflation. Alternatively, it can be thought of as the final value of all goods and services produced within the U.S. Positive GDP growth signals an expanding economy.
- **Consumer Price Index (CPI):** Measuring the change in the CPI provides an estimate for inflation. The CPI tracks the price of a basket of consumer goods and services. High inflation or deflation (negative inflation) can be signs of economic worry. CPI is typically reported in two ways: headline and core CPI. Headline CPI includes all categories that comprise the CPI basket of goods and services.
- **Personal Consumption Expenditure Chain-type Price Index (PCEPI):** Measuring the change in the PCEPI provides an estimate for inflation. In comparison to CPI, which uses one set of expenditure weights for several years, this index uses expenditure data from the current period and the preceding period. This price index method assumes that the consumer has substituted from goods whose prices are rising to goods whose prices are stable or falling. Core PCEPI, which is closely monitored by the Fed, strips out the more volatile Food and Energy categories.
- **Conference Board Index of Leading Economic Indicators (LEI):** The LEI is designed to signal peaks and troughs in the business cycle. The ten components include: average weekly manufacturing hours; average weekly initial claims for unemployment insurance; manufacturers' new orders for consumer goods and materials; ISM® Index of New Orders; manufacturers' new orders for nondefense capital goods excluding aircraft orders; building permits for new private housing units; stock prices of 500 common stocks; Leading Credit Index™; interest rate spread on 10-year Treasury bonds less federal funds and average consumer expectations for business conditions.
- **The Institute for Supply Management (ISM) PMI Index:** The PMI is a composite index of five "sub-indicators", which are extracted through surveys to purchasing managers from around the country. The five sub-indexes are: Production, New orders, Supplier deliveries, Inventories and Employment level. An Index value over 50 indicates expansion; below 50 indicates contraction.
- **The Institute for Supply Management (ISM) Non-manufacturing Index (NMI):** The NMI is a composite index of four "sub-indicators", which are extracted through surveys to purchasing managers. The four sub-indexes: Business activity, New orders, Employment, Supplier deliveries. An Index value over 50 indicates expansion; below 50 indicates contraction.
- **Consumer Confidence Index (CCI):** The Consumer Confidence Index is a well-known proxy for the attitudes of U.S. consumer towards the business climate, personal finances and spending. This index attempts to measure the confidence that consumers have in the overall economy. This is important because consumer spending accounts for a large portion of U.S. GDP.
- **Consumer Sentiment Index (MCSI):** The MCSI uses telephone surveys to gather information on consumer expectations regarding the overall economy. The MSCI is becoming more useful for investors because it gives a monthly snapshot of whether consumers feel like spending money by accessing their views on the business climate, personal finance, and spending in order to judge their level of optimism/pessimism. This is important because consumer spending accounts for a large portion of U.S. GDP.
- **Disposable Personal Income per Capita (DPI):** DPI is the amount of money that households have available for spending and saving after income taxes have been accounted for. DPI is monitored to gauge the overall state of the economy.
- **Personal Consumption Expenditures (PCE):** PCE consists of the actual and imputed expenditures of households including durables, non-durables and services.
- **Retail Sales:** The retail sales report captures in-store sales as well as catalog and other out-of-store sales. The report also breaks down sales figures into groups such as food and beverages, clothing, and autos. The results are often presented two ways: with and without auto sales being counted, because their high sticker price can add extra volatility to the data.
- **Housing Affordability Index (HAI):** Published monthly by the National Association of Realtors, the HAI index has a value of 100 when the median-income family has sufficient income to purchase a median-priced existing home. A higher index number indicates that more households can afford to purchase a home.
- **Unemployment Rate:** Calculated monthly by the Bureau of Labor Statistics, the unemployment rate is a gauge of the health of the U.S. labor market. High unemployment can stifle the growth of the economy.
- **Wage Growth:** Calculated quarterly by the Bureau of Labor Statistics, the employment cost index measures the growth of employee compensation (wages and benefits). The index is based on a survey of employer payrolls in the final month of each quarter. The index tracks movement in the cost of labor, including wages, fringe benefits and bonuses for employees at all levels of a company. We are using the wage component of this index.

Benchmark Descriptions

- **U.S. Aggregate Bond:** The Barclays U.S. Aggregate Bond Index measures the performance of USD-denominated, SEC-registered, investment-grade, fixed-rate or step up, taxable bonds. The index includes bonds from the Treasury, Government-Related, Corporate and MBS, ABS, and CMBS sectors. Securities included in the index must have at least one year until final maturity.
- **U.S. Treasury:** The Barclays Capital U.S. Treasury Index measures the performance of public obligations of the U.S. Treasury with a remaining maturity of one year or more.
- **U.S. Agency:** The Barclays Capital U.S. Agency Bond Index measures the performance of the agency sector of the U.S. government bond market and is comprised of investment-grade USD-denominated debentures issued by government and government-related agencies, including FNMA. The index includes both callable and non-callable securities that are publicly issued by U.S. government agencies, quasi-federal corporations, and corporate and foreign debt guaranteed by the U.S. government.
- **U.S. Corporate:** The Barclays Capital U.S. Corporate Bond Index measures the performance of publicly issued USD-denominated corporate and Yankee debentures and secured notes that meet specified maturity, liquidity, and quality requirements.
- **U.S. MBS:** The Barclays Capital U.S. Mortgage Backed Securities Index measures the performance of mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).
- **U.S. Municipal Bond:** The Barclays Capital Municipal Bond Index measures the performance of the USD-denominated, investment grade, fixed-rate tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and pre-refunded bonds. Securities included in the index must have at least one year until final maturity.
- **General Obligation Bond Index:** The Barclays General Obligation Bond Index measures the average market-weighted performance of general obligations securities that have been issued in the last five years with maturities greater than one year.
- **Revenue Bond Index:** The Barclays Revenue Bond Index measures the average market-weighted performance of revenue backed securities that have been issued in the last five years with maturities greater than one year.
- **Investment Style:** Performance of different types of stocks will vary over time. A common way to characterize a stock is by market capitalization (e.g., large cap or small cap) or style (e.g., value or growth).
- **Large Cap vs. Small Cap:** Large companies tend to be more established companies and therefore exhibit lower volatility. Over an extended period of time, expected returns of small cap companies are often higher due to the risks associated with smaller, less established companies.
- **Value vs. Growth:** Value companies typically trade at discount valuations and may pay a dividend. Growth companies are those that are experiencing greater earnings growth prospects.
- **Mega Cap:** The Russell Top 50 Index measures the performance of the top 50 largest companies in the Russell 1000 Index, which represents approximately 40% of the total market capitalization of the Russell 1000 index.
- **Large Cap:** The Russell Top 200 Index measures the performance of the 200 largest companies in the Russell 1000 Index, which represents approximately 68% of the total market capitalization of the Russell 1000 index.
- **Mid Cap:** The Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 36% of the total market capitalization of the Russell 1000 Index.
- **Small Cap:** The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index.
- **Large Cap Growth:** The Russell 1000 Growth Index measures the performance of those Russell 1000 index companies with higher price-to-book ratios and higher forecasted growth values.
- **Large Cap Value:** The Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.
- **Mid Cap Growth:** The Russell Midcap Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values.
- **Mid Cap Value:** The Russell Midcap Value Index measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values.
- **Small Cap Growth:** The Russell 2000 Growth Index measures the performance of those Russell 2000 Index companies with higher price-to-value ratios and higher forecasted growth values.
- **Small Cap Value:** The Russell 2000 Value Index measures the performance of those Russell 2000 Index companies with lower price-to-book ratios and lower forecasted growth values.



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