

Viewpoint by Charts

February 2026

We expect new highs in Equities, but investors should consider the following 6 portfolio adjustments for 2026’s playbook:

ONE

Increasing exposure to Small-caps and Emerging Markets (EM) if underweight

TWO

Maintaining an overweight in Equities and diversifying overseas in general

THREE

Looking for new sector leadership:

- Prefer Financials, Consumer Discretionary, Industrials, Utilities
- Healthcare gathering momentum
- Dial down exposure to Information Technology and Communication Services if overexposed

FOUR

Leveraging Fixed Income as a ballast on risk assets as volatility is typically above average during midterm election years

FIVE

Leveraging excess Cash to increase exposure to major fundamental growth themes:

- Digital Infrastructure build out
- Mergers & Acquisitions uptick
- Biotechnology renaissance
- Data and cybersecurity
- Global defense
- Japan and EMs rising earnings

SIX

Leveraging Alternative Assets, for qualified investors, to complement public market exposure

Source: Chief Investment Office as of February 3, 2026. **FOR INFORMATIONAL PURPOSES ONLY.** CIO views are subject to change. Economic or financial forecasts are inherently limited and should not be relied on as indicators of future investment performance. **Please refer to index definitions and important disclosures at the end of this presentation.**

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Please see last page for important disclosure information.



Macro

Major geopolitical events and subsequent S&P 500 price returns

Event	Date	1 day	1-month	3-month	6-month	12-month
Cuban Missile Crisis	16-Oct-62	-0.3%	5.4%	13.3%	21.1%	27.8%
JFK Assassination	22-Nov-63	4.0%	6.7%	11.5%	16.0%	23.9%
Six-Day War	5-Jun-67	2.0%	3.3%	6.5%	7.7%	13.0%
Bretton Woods Collapse	15-Aug-71	3.2%	4.6%	-3.7%	9.8%	17.0%
Arab Oil Embargo	19-Oct-73	-1.0%	-8.6%	-13.3%	-14.9%	-34.4%
Iranian Shah Overthrown	11-Feb-79	0.3%	1.7%	1.6%	7.8%	20.5%
Fall of Berlin Wall	9-Nov-89	0.8%	3.6%	-0.9%	1.9%	-6.8%
Start of Gulf War	17-Jan-91	1.3%	12.5%	19.1%	16.2%	27.7%
9/11 Terrorist Attacks	11-Sep-01	-4.9%	-1.1%	4.3%	6.6%	-16.7%
Fukushima Nuclear Disaster	11-Mar-11	-0.6%	1.5%	-2.6%	-11.5%	5.1%
Russia Annexes Crimea	20-Feb-14	-0.2%	1.8%	1.8%	8.0%	14.7%
Brexit Vote	23-Jun-16	-3.6%	2.9%	2.4%	7.1%	15.4%
Russia-Ukraine Conflict	24-Feb-22	2.2%	5.4%	-8.1%	-3.4%	-7.4%
Israel-Hamas War	7-Oct-23	0.6%	1.3%	9.0%	20.8%	33.5%
Average		0.3%	2.9%	2.9%	6.6%	9.5%

- Simmering geopolitical tensions dominated the headlines in January.
- Near-term uncertainty created by geopolitical events has historically translated to increased market volatility.
- Longer-term, what ultimately matters is whether these events materially impact the outlook for corporate profits growth and interest rates.

CIO Key Considerations

While elevated geopolitical uncertainty can increase volatility in the near-term, long-term investors should remain committed to a disciplined investment process.

Source: Bloomberg. Data as of January 26, 2026. If the market was closed on the event date, the date of the previous market close was referenced. The one-day return for the 9/11 attacks after reopening of the market was on 9/17/2001. The one-day return for the JFK assassination after the reopening of the market was on 11/26/1963. **FOR INFORMATIONAL PURPOSES ONLY. Indexes are unmanaged and do not take into account fees or expenses. Past performance is no guarantee of future results. Please refer to important disclosures at the end of this presentation.**



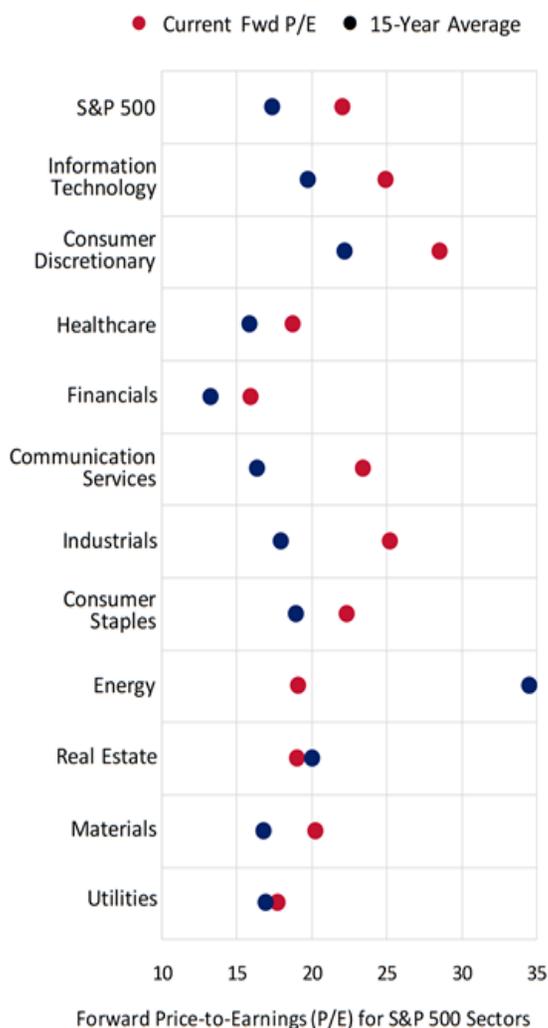
CIO Portfolio Strategy

CIO Asset Classes and Sector Views

Asset Class	Weighting
Equities	Overweight
U.S. Large-cap	Overweight
U.S. Mid-cap	Overweight
U.S. Small-cap	Overweight
International Developed	Slightly Overweight
Emerging Markets	Overweight
Fixed Income	Slightly Underweight
U.S. Investment-grade Taxable	Slightly Underweight
International	Slightly Underweight
Global High Yield Taxable	Slightly Underweight
U.S. Investment-grade Tax Exempt	Slightly Underweight
U.S. High Yield Tax Exempt	Slightly Underweight

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

Sector Valuations



- We maintain our Equity overweight relative to Fixed Income, while we continue to emphasize diversification, non-U.S. exposure with a slight bias toward EMs, above benchmark positioning in Financials, Utilities, Consumer Discretionary, and Industrials and benchmark exposure to Technology.
- 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 did not make any tactical asset allocation adjustments.

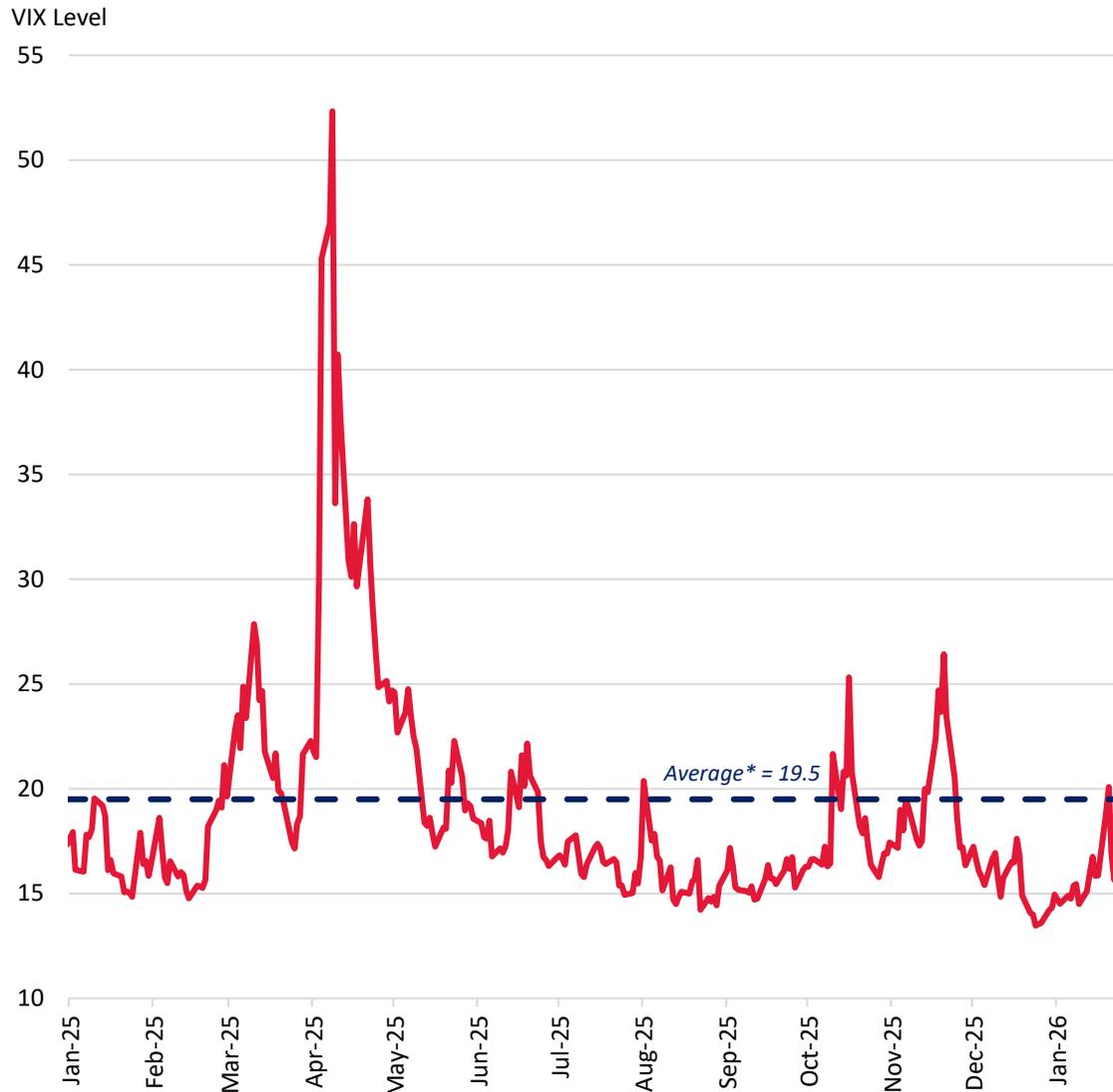
CIO Key Considerations

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

Please refer to the February Viewpoint for more detail weightings information. Sector Valuations source: Bloomberg as January 30, 2026. The Chief Investment Office (CIO) views and opinions expressed are for informational purposes only, are made as of the date of this material, and are subject to change without notice. All sector and asset allocation recommendations must be considered in the context of an individual investor's goals, time horizon, liquidity needs and risk tolerance. **Past performance is no guarantee of future results. FOR INFORMATIONAL PURPOSES ONLY. Indexes are unmanaged and do not take into account fees or expenses. It is not possible to invest directly in an index. Please refer to index definitions and important disclosures at the end of this presentation.**



Equities



- Amid increased geopolitical concerns and renewed trade tensions, the Chicago Board Options Exchange Volatility Index (VIX) recently rose to the highest level since November 2025.
- This development serves as an important reminder that volatility is considered normal. The VIX's long term average* is 19.5, and surges above that level are not uncommon.
- When volatility spikes, staying grounded and avoiding acting emotionally is often the best course of action.

CIO Key Considerations

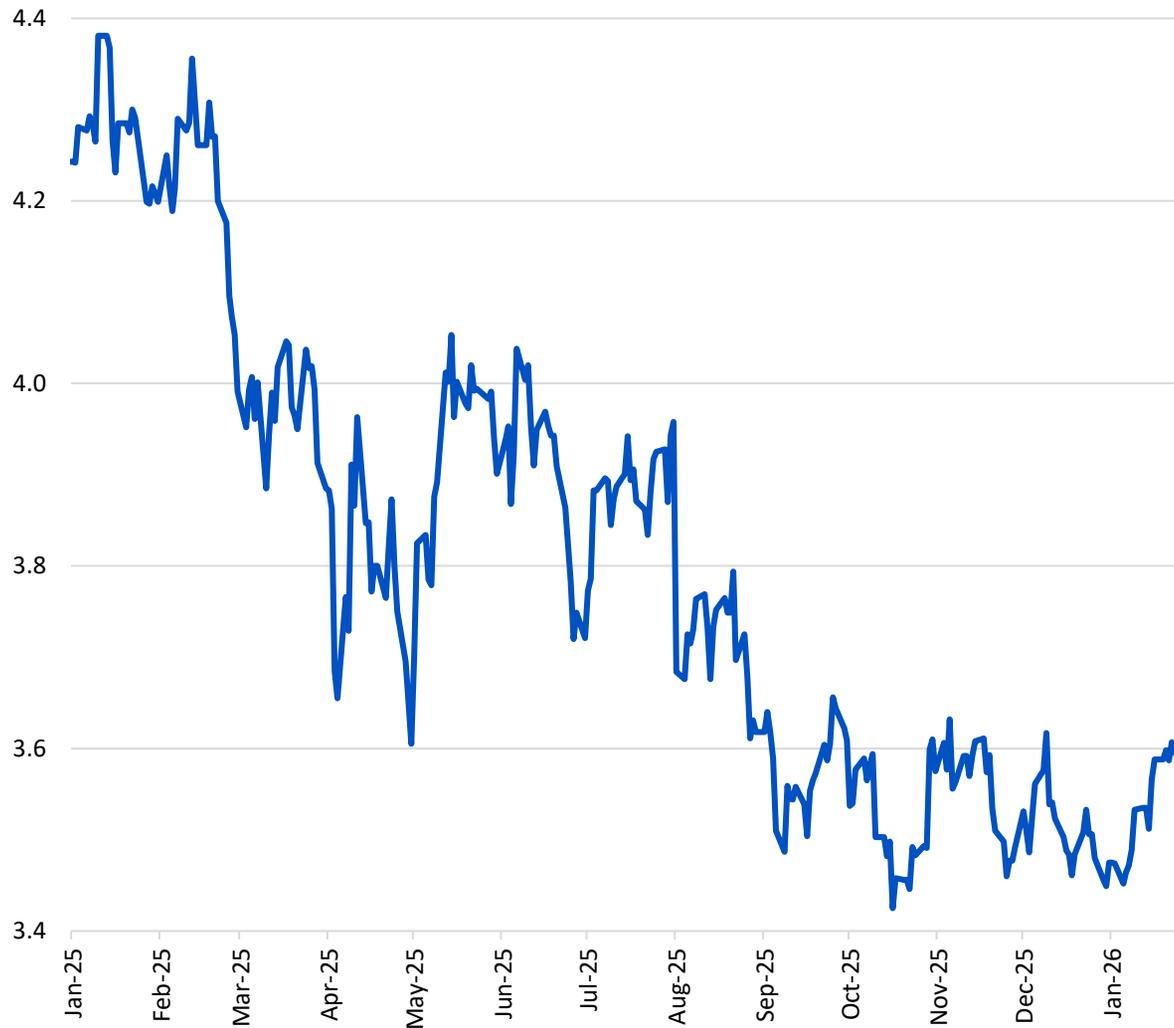
We continue to emphasize broad portfolio diversification to take advantage of periods of market weakness as they arise throughout the year.

Source: Bloomberg. Data as of January 26, 2026. *Refers to average level since 1989. 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.



Fixed Income

2 year Treasury Yield (%)



- The Federal Reserve (Fed) paused its interest rate cutting cycle at the January Federal Open Market Committee meeting, with the benchmark federal funds rate in a range of 3.50% to 3.75%.
- The policy sensitive 2-year Treasury yield ended January hovering below the 3.60% level as the outlook for monetary policy was recalibrated.
- We continue to expect range-bound yields given sticky inflation and real gross domestic product (GDP) remaining near or above 2% for the next few years.

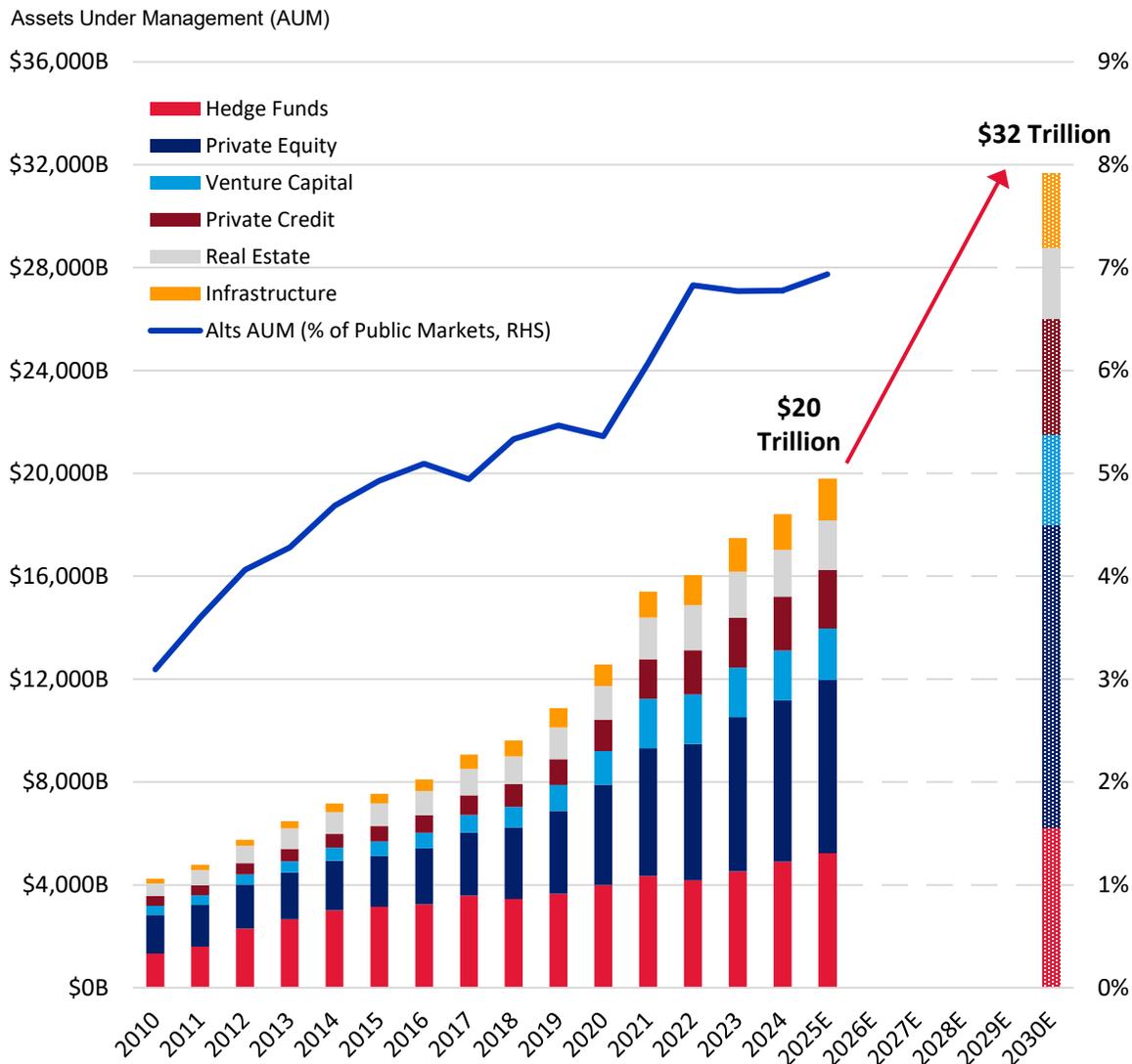
CIO Key Considerations

From a positioning perspective, the CIO still favors a significant allocation to bonds in a well-diversified portfolio.

Source: Bloomberg. Data as of January 26, 2026. Past performance is no guarantee of future results. FOR INFORMATIONAL PURPOSES ONLY. Please refer to important disclosures at the end of this presentation.



Alternative Investments (Alts)¹



- Private markets have grown substantially over the past decade and are projected to continue to finance an increasing share of global investment activity in the coming years.
- Companies are also increasingly remaining private for longer, with a greater share of valuation growth occurring before going public.
- Private investments are increasingly complementing traditional portfolios to provide return-enhancing and risk-mitigating opportunities.

CIO Key Considerations

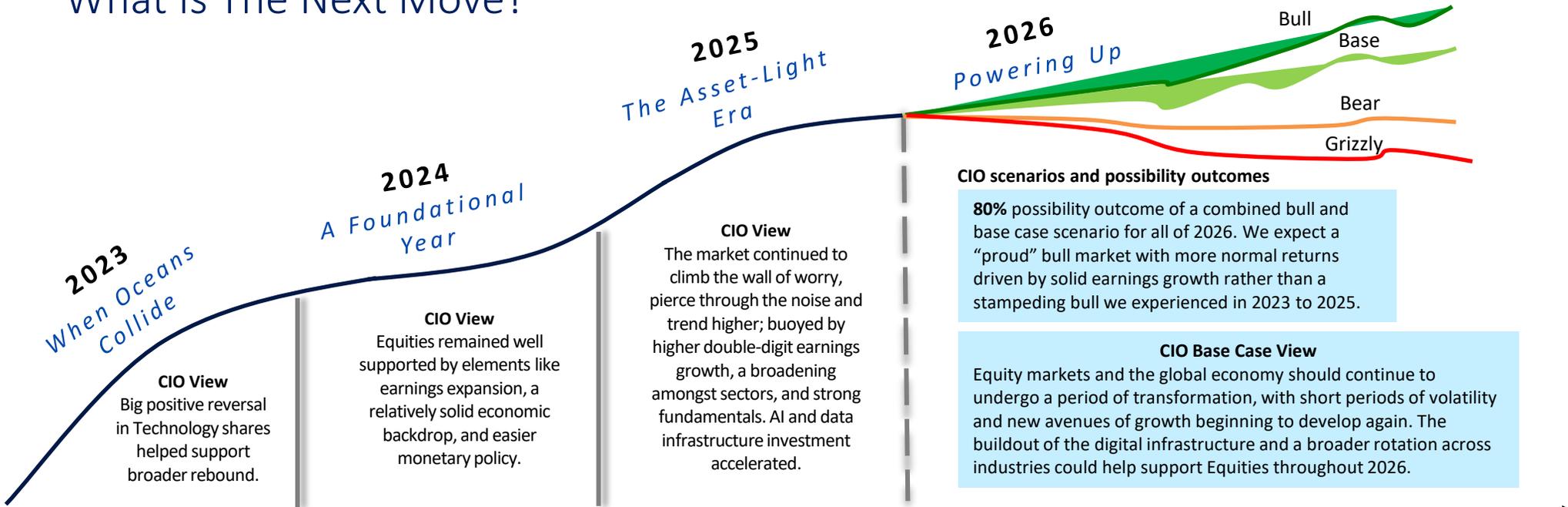
In our view, maintaining consistent strategic allocations within Alts is important as they provide diversification benefits and potential for improved forward returns.

E=estimates. Sources: Public Markets AUM is defined as global Equities and global Fixed Income. Securities Industry and Financial Markets Association; World Federation of Exchanges = Equities, Bank of International Settlements = Fixed Income, Preqin = Alts as defined as Hedge Funds, Private Equity, Venture Capital, Private Credit, Real Estate, Infrastructure. Data as of October 24, 2025. **Latest data available.**

¹Many 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.** Please refer to important disclosures at the end of this presentation.



What Is The Next Move?



SCENARIO 1 BULL CASE (approximately 25% possibility outcome)

- Tariff revenues largely remain and help drive sizable cut into the deficit.
- Geopolitical tensions ease significantly.
- A new economic re-expansion builds, and growth is well above trend in 2026.
- Financial conditions ease substantially and inflation trends lower in 2026 at the same time.
- Yield curve steepens as yields on the back-end rise as economic growth increases above trend and short rates slip.
- Long-term bull market continues as earnings rise higher-than-expected through 2026. Bull market in metals.
- AI capital investment (capex) accelerates lifting the Technology sector further.
- S&P 500 climbs well above new highs.

SCENARIO 2 BASE CASE (approximately 55% possibility outcome)

- U.S. GDP gathers momentum as fiscal bill impact is felt, and Fed cuts continue.
- One-time price increases do not materialize into an “economy-wide” resurgence in inflation.
- Deregulation and tax relief potentially boost growth outlook above expectations.
- Rate cuts continue in 2026 with slightly weaker U.S. dollar. Metals continue to rise.
- Earnings growth for S&P 500 is double digit percentages in 2026.
- The AI wave continues but “leaders” and “laggards” become clearer.
- Broader participation within the Equity markets including non-U.S. stocks and small/mid capitalization shares continues.
- Financials, Utilities, Industrials, Consumer Discretionary and Technology sectors extend their leadership but Healthcare joins.

SCENARIO 3 BEAR CASE (approximately 15% possibility outcome)

- Tariffs add more to inflation than expected.
- Geopolitical tensions re-escalate.
- Stagflation worries build again as growth slumps below trend and inflation remains well above target.
- Expectations for monetary policy are recalibrated, and rate cuts accelerate as job growth slows considerably.
- Earnings begin to decline early in 2026 as a growth slump ensues and AI capex fizzles.
- Unemployment rate rises above 5% as recession risk increases.
- Defensive areas of the market outperform as technology bubble concerns materialize.
- Valuations head lower as the growth shock impacts the premium price to earnings multiple in Equities.

SCENARIO 4 GRIZZLY CASE (approximately 5% possibility outcome)

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

— Black line represents the lifecycle of the CIO economic process and is not meant to represent any specific investment, index or performance of any kind. Source: CIO. Data as of January 30, 2026. CIO views are subject to change. **FOR INFORMATIONAL PURPOSES ONLY.** Economic or financial forecasts are inherently limited and should not be relied on as indicators of future investment performance. **Please refer to index definitions and important disclosures at the end of this presentation.**



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.

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

Chicago Board Options Exchange Volatility Index (VIX) measures the market's expectation of 30-day volatility for the S&P 500.

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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