

Viewpoint by Charts

March 2026

Interesting Times

Overall, global and U.S. economic momentum is rebuilding, supported by resilient consumers, strong capital investment, overseas fiscal spending, and rising demand for natural resources and advanced power generation, even as the U.S. dollar trends slightly weaker despite its short-term strength.

At the same time, investors face a complex backdrop of sticky long-term rates, elevated geopolitical and Artificial Intelligence (AI)-related risks, and higher-than-normal volatility typical of midterm election years.

What do we expect to unfold in 2026 across the markets given our expectations?

- **Equity leadership is broadening as value, non-U.S. exposure and Small- to Mid-cap stocks continue to outperform Large-cap Growth.**
- **Significant mega-cap technology spending is driving a rotation toward asset-heavy sectors like Energy, Utilities, and Materials.**
- **Non-U.S. markets, particularly Emerging Markets (EM), continue to outperform, with strong fundamentals expected to overcome near-term volatility.**
- **The recent rally in Consumer Staples is likely to reverse as improving global growth drives renewed strength in more cyclical sectors.**
- **Stronger nominal growth, paired with productivity gains and cost discipline, is improving revenues and creating upside potential for corporate profit margins.**
- **Outsized volatility in the equity markets, represents a potential buying opportunity for long-term investors, in our view.**



Source: Chief Investment Office as of March 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 important disclosures at the end of this presentation. Past performance is no guarantee of future results.**

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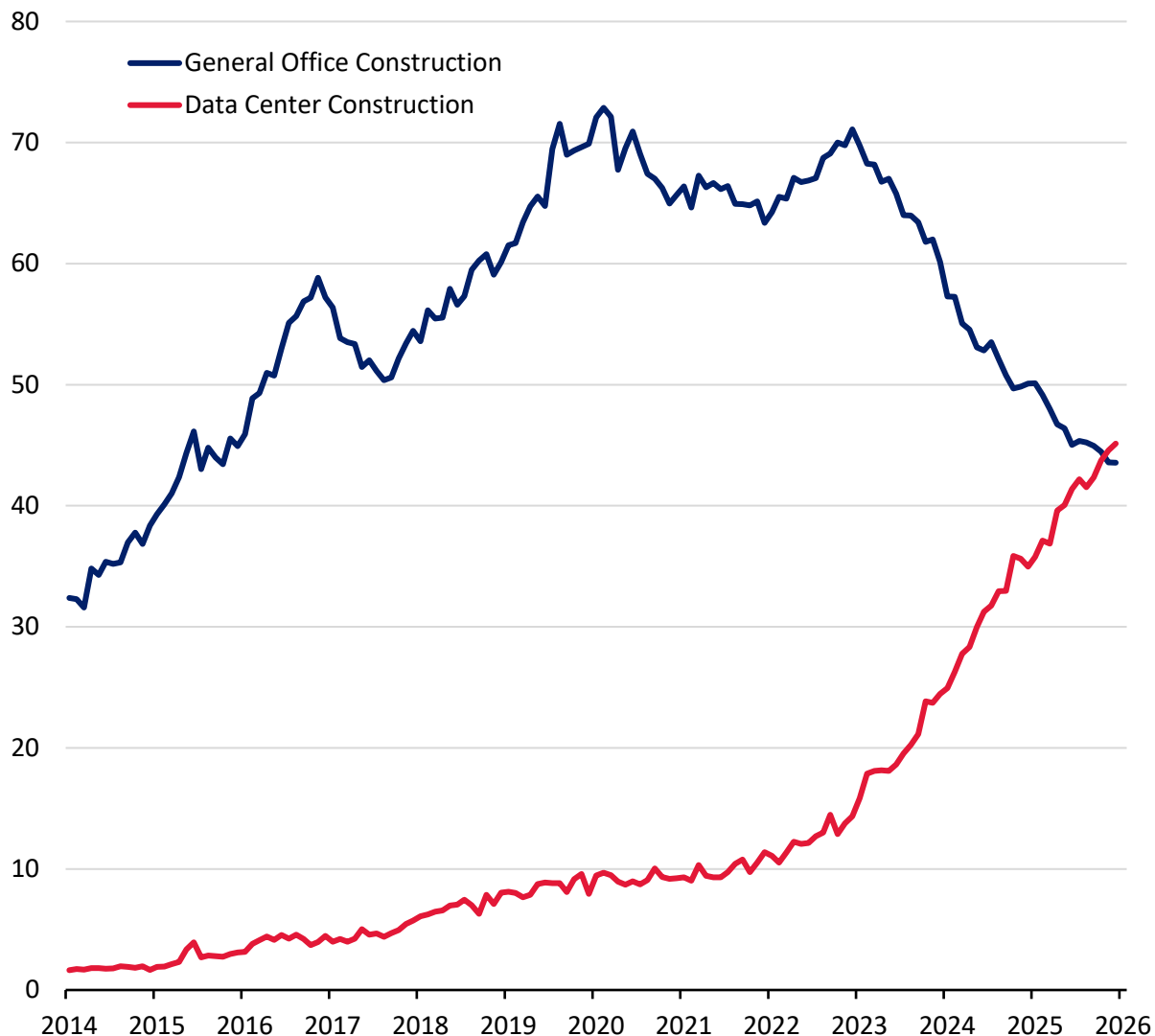
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Please see last page for important disclosure information.



Macro

Construction Spending (USD Billions, seasonally adjusted annual rate)



- Concerns about the disruptive power of AI and future hyperscaler capital expenditures have recently come into focus, sparking a bout of market volatility.
- Nonetheless, the AI buildout continues with tangible effects on the real economy and real assets. Indeed, according to the Census Bureau, data center construction officially surpassed traditional office construction in late 2025.
- We view the AI investment and deployment theme as fundamentally intact and continue to see the potential for a new phase of growth, powered by accelerating productivity, infrastructure investment, and energy transformation.

CIO Key Considerations

While we believe that secular tailwinds related to the AI buildout remain, recent volatility underscores the importance of avoiding overexposure to any one area of the market.

Source: Census Bureau. Data through December 2025, as of February 27, 2026. **FOR INFORMATIONAL PURPOSES ONLY. Please refer to important disclosures at the end of this presentation.**



CIO Portfolio Strategy

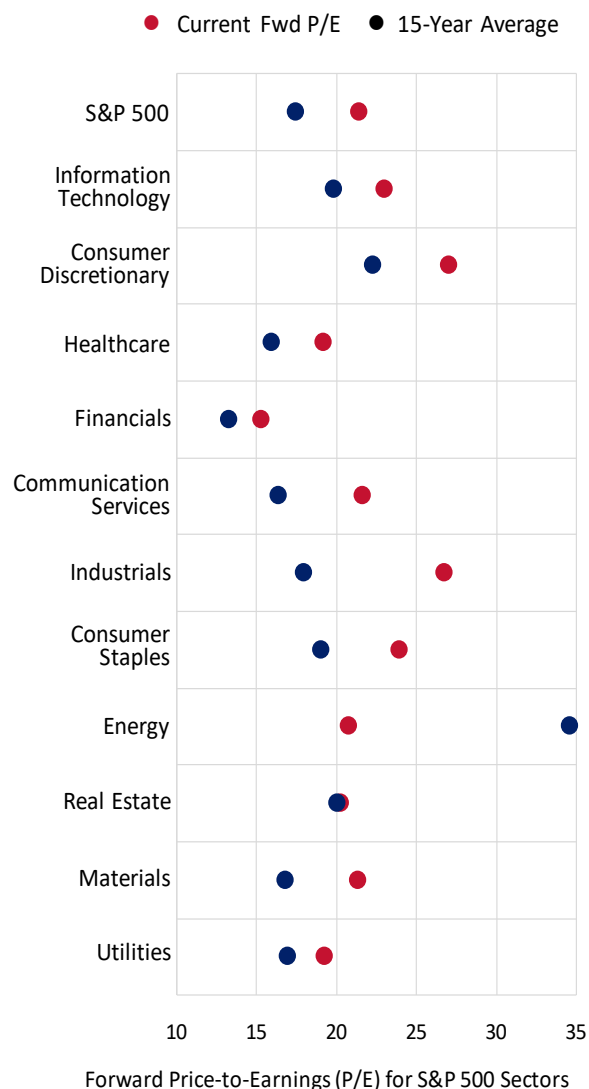
CIO Asset Classes and Sector Views



Asset Class	Weighting
Equities	Overweight
U.S. Large-cap	Overweight
U.S. Mid-cap	Slightly Overweight
U.S. Small-cap	Slightly Overweight
International Developed	Slightly Underweight
Emerging Markets	Slightly 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	Slightly Overweight
Consumer Discretionary	Slightly Overweight
Industrials	Slightly Overweight
Information Technology	Slightly Underweight
Healthcare	Slightly Underweight
Materials	Slightly Underweight
Real Estate	Slightly Underweight
Consumer Staples	Slightly Underweight
Communication Services	Slightly Underweight
Energy	Underweight

Sector Valuations



- For U.S.-centric portfolios, we suggest staying overweight Equities while diversifying into Small-caps, EMs, and new sector leaders such as Financials, Industrials, Utilities, and Healthcare, while trimming over-concentrated Technology and Communication Services exposure. We adjusted our sector allocations by upgrading Materials to neutral and downgrading Communication Services to slight underweight.
- Gold remains supported by fiscal expansion and reserve diversification, while silver benefits from rising long-term industrial demand and advanced automation uses.
- Thematic opportunities continue to develop in biotechnology, life sciences, and robotics, alongside heavy investment flows into AI-enabled infrastructure, grid modernization, power generation, and aerospace and defense.

CIO Key Considerations

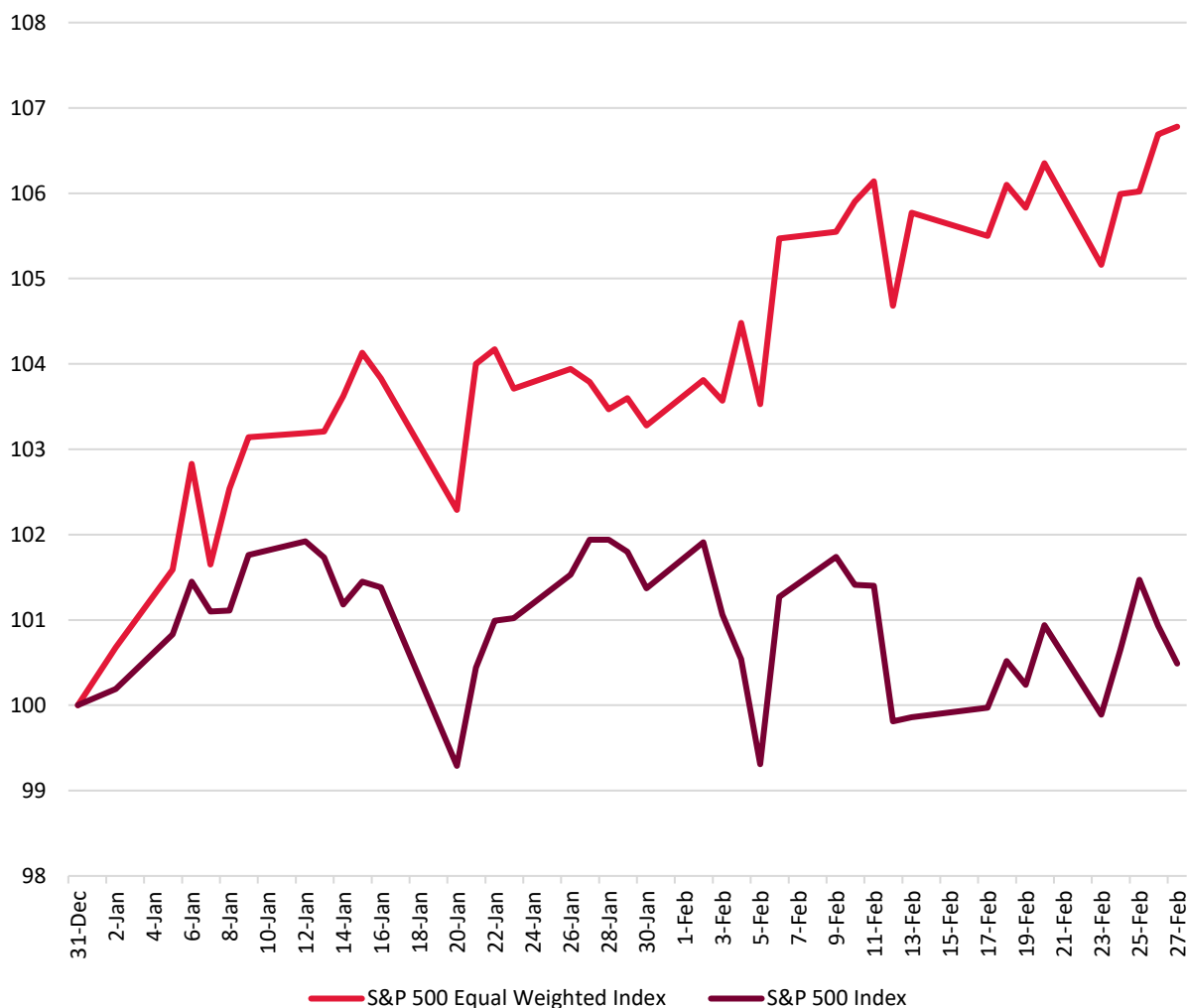
We view noise-driven Equity pullbacks as opportunities to buy or rebalance, supported by stronger growth, clearer rate visibility, reflationary tailwinds from a weaker dollar, double-digit profit growth expectations, and rising deal activity.

Please refer to the March Viewpoint for more detail weightings information. Sector Valuations source: Bloomberg as February 27, 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

Indexed to 100 = December 31, 2025



- Diversification across and within Equities is already proving to be valuable this year as a market broadening trend has taken hold.
- The recent market rotation into more cyclically oriented Equities has been supported by attractive valuations, better earnings growth, and improving macro conditions.
- Amid shifting market dynamics, the S&P 500 Equal Weighted Index has outperformed the S&P 500 Index by over 600 basis points year-to-date through February.

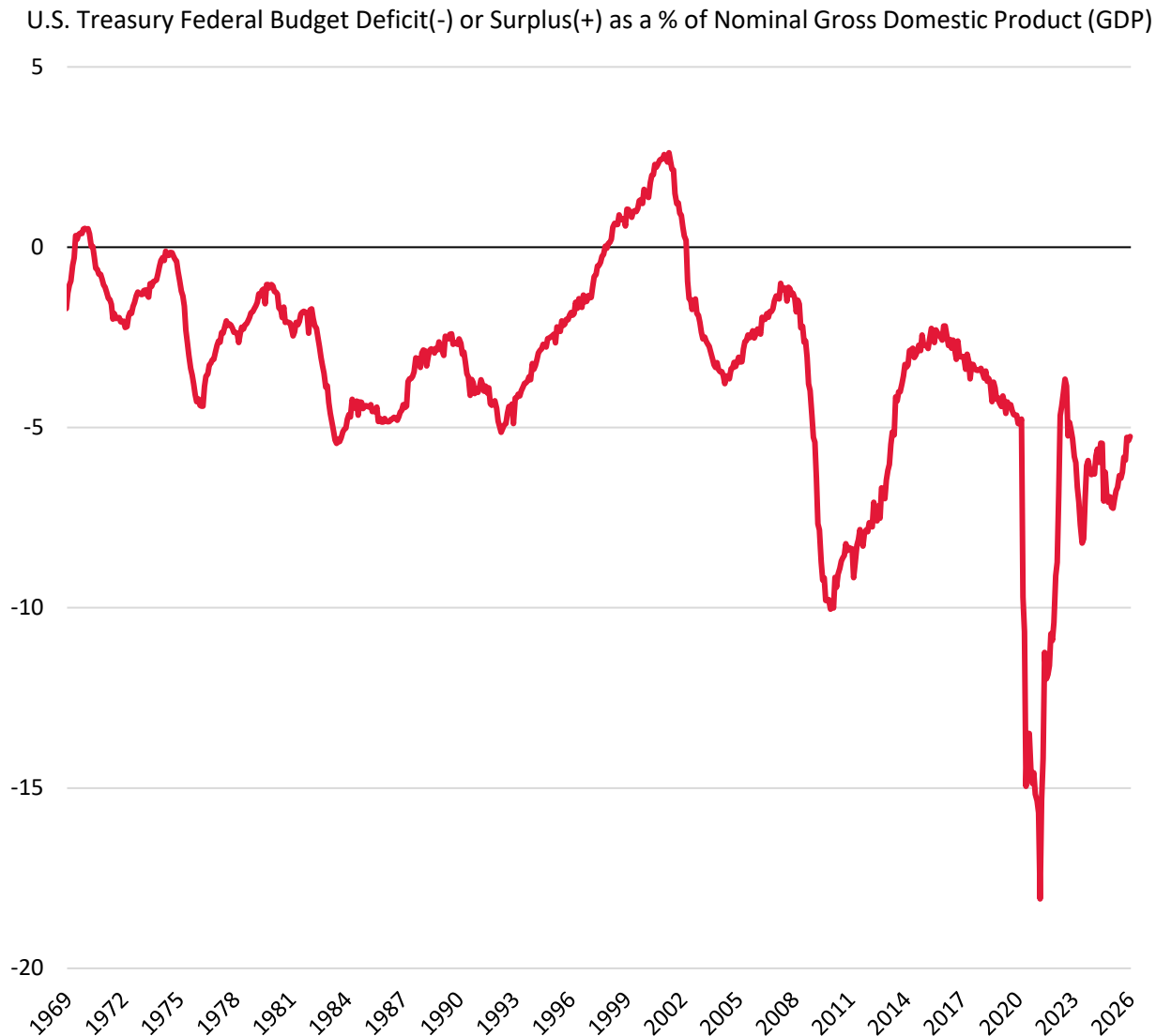
CIO Key Considerations

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 February 27, 2026. Past performance is no guarantee of future results. FOR INFORMATIONAL PURPOSES ONLY. Performance results are extremely short term and do not provide an adequate basis for evaluating performance potential over varying market conditions or economic cycles. Indexes are unmanaged and do not take into account fees or expenses. 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



- The Supreme Court recently ruled against many of the global tariffs imposed by the White House starting in 2025.
- The decision leaves many unknowns to be worked out in the weeks ahead. Left uncertain, for example, is how it may impact the U.S. budget deficit and potentially influence yields.
- In our view, tariffs will broadly remain in place in some form, albeit at a potentially lower level initially. This is likely to have a more marginal impact to U.S. economic activity than the positive supply-side initiatives included in the One Big Beautiful Bill Act.

CIO Key Considerations

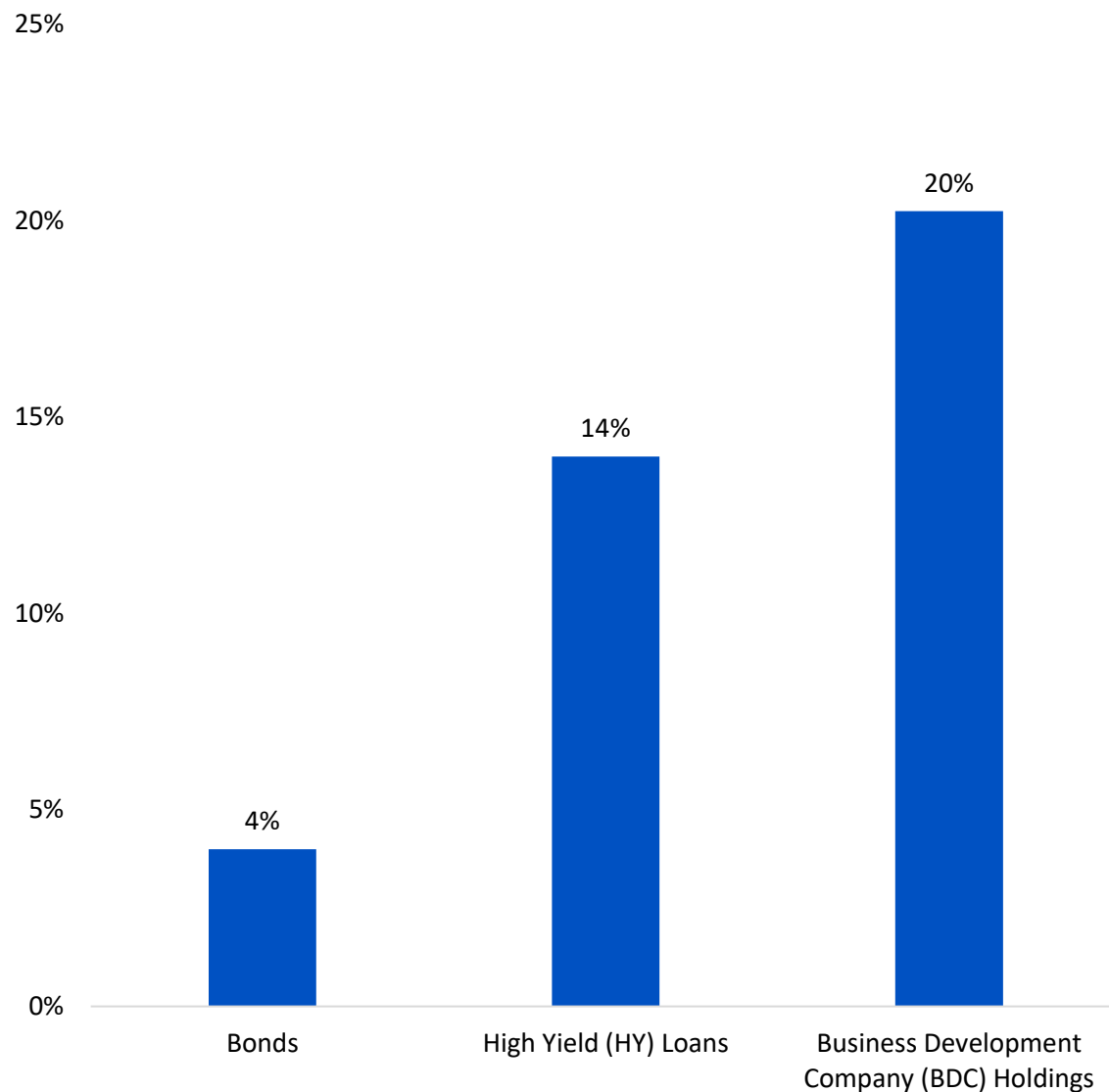
We continue to expect range-bound yields given sticky inflation and real GDP remaining near or above 2%. However, we recognize potentially high volatility in either direction.

Source: Bloomberg. Data as of February 27, 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

Percent of Technology Holdings



- Private Credit (PC) faces rising AI-driven risk as direct lending has outsized exposure to software and Software as a Service (SaaS), reflecting legacy Private Equity dealmaking trends.
- Despite AI-driven disruption risks varying across borrowers and portfolios, Direct Lending (DL) in Private Credit is relatively insulated by low loan-to-value ratios, strong Equity cushions, senior positioning, and tighter credit protections.
- Fundamentals remain broadly stable so far, including within software, supported by a healthy macro backdrop.

CIO Key Considerations

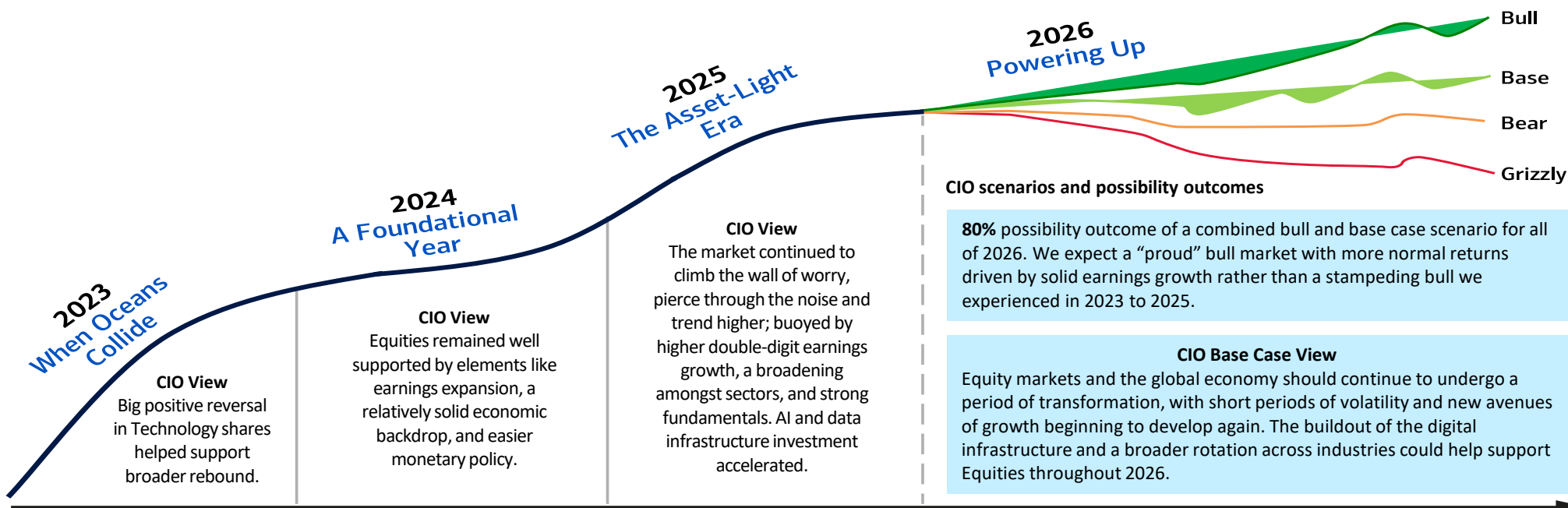
While near term volatility is possible, DL and the broader PC universe are positioned to benefit from opportunities emerging through increased mergers & acquisitions activity, expansion into Investment-grade or asset-based lending strategies, and the underappreciated upside from AI driven growth and innovation.

Source: BofA Global Research, Prequin. Data as of January 29, 2026.

¹Many products that pursue Alternative Investment strategies, specifically Private Equity, 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.
- Sharp geopolitical risk in short term abates by mid-year and Oil prices fade.
- 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 and stay elevated throughout 2026.
- 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 much broader conflict globally and lasts well into 2027.
- 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 March 2, 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.**



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

S&P 500 Equal Weighted Index is the equal-weight version of the widely-used S&P 500. The index includes the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight - or 0.2% of the index total at each quarterly rebalance.

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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