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March 26th, 2026

FOURTH QUARTER 2025

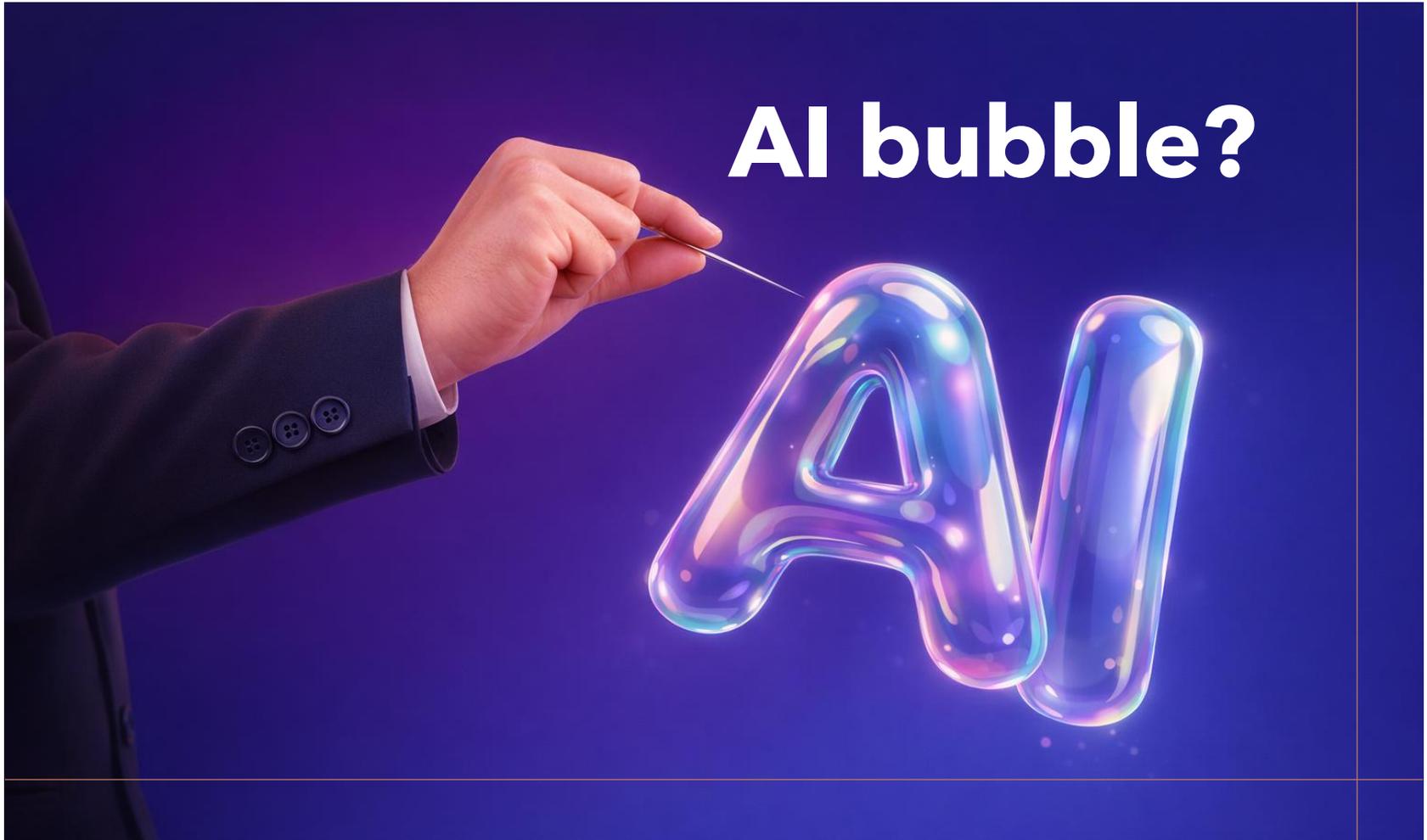
# Market review and outlook

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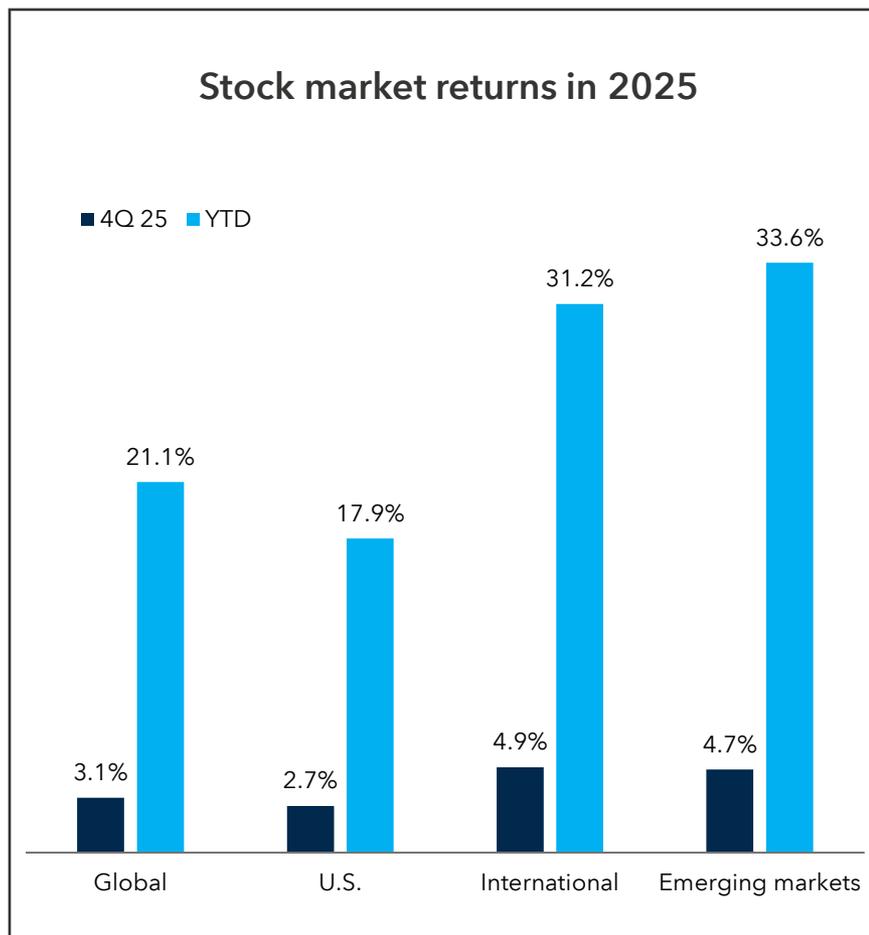
Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.



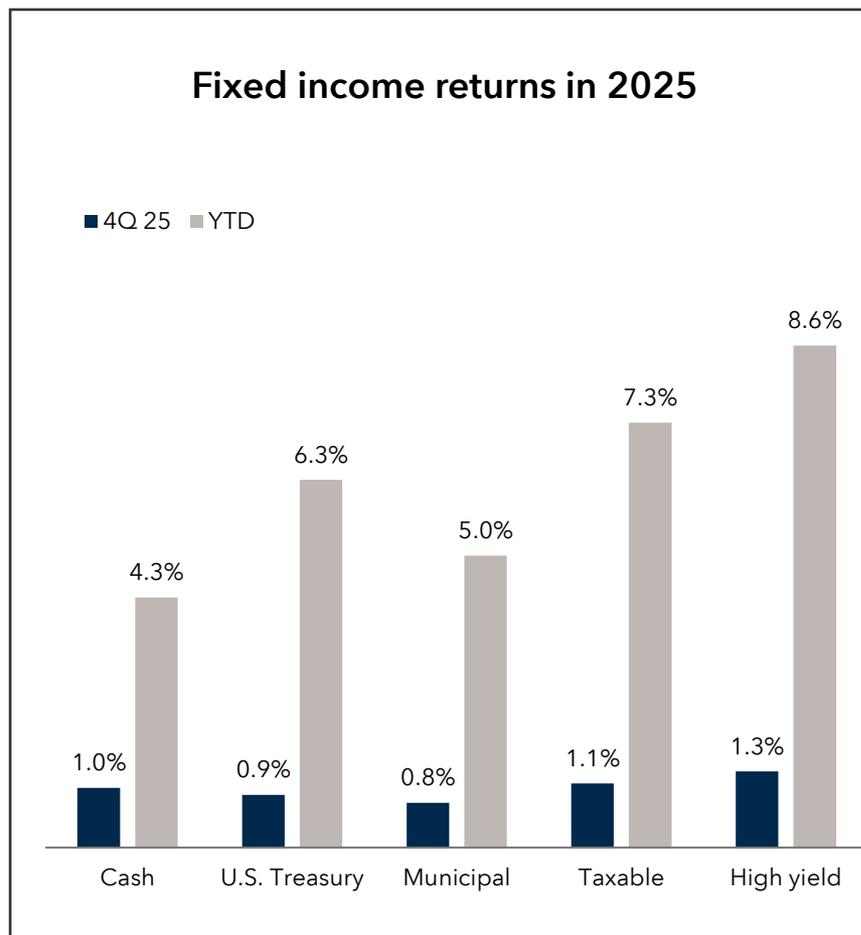
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# Both stocks and bonds delivered strong results in 2025

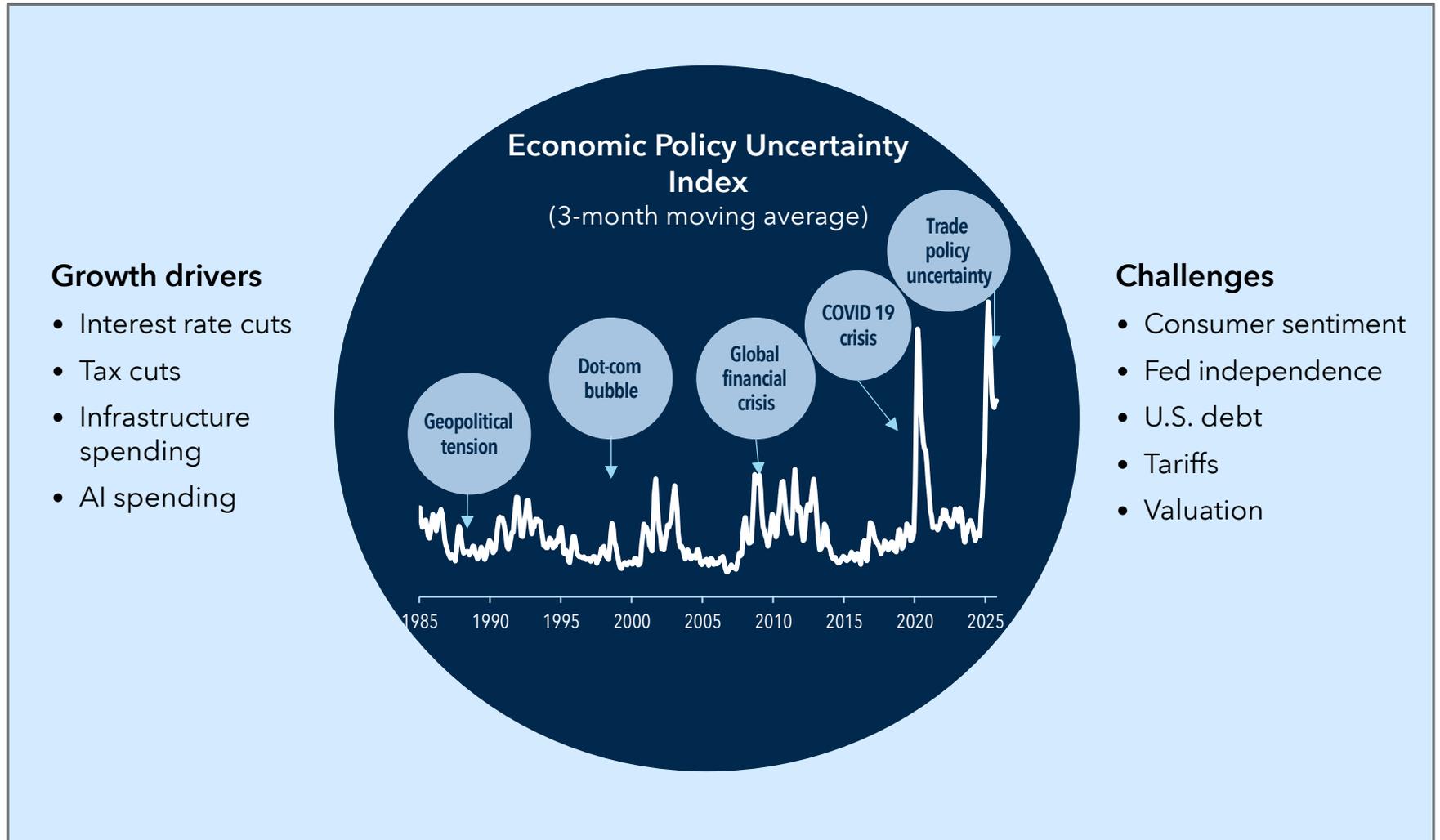


Source: Morningstar. Global represented by MSCI World Index, U.S. by S&P 500 Index, international by MSCI EAFE (Europe, Australasia, Far East) Index, and emerging markets by MSCI Emerging Markets Index. Indexes are unmanaged and, therefore, have no expenses. Investors cannot invest directly in an index. Past performance is no guarantee of future results. As of December 31, 2025.



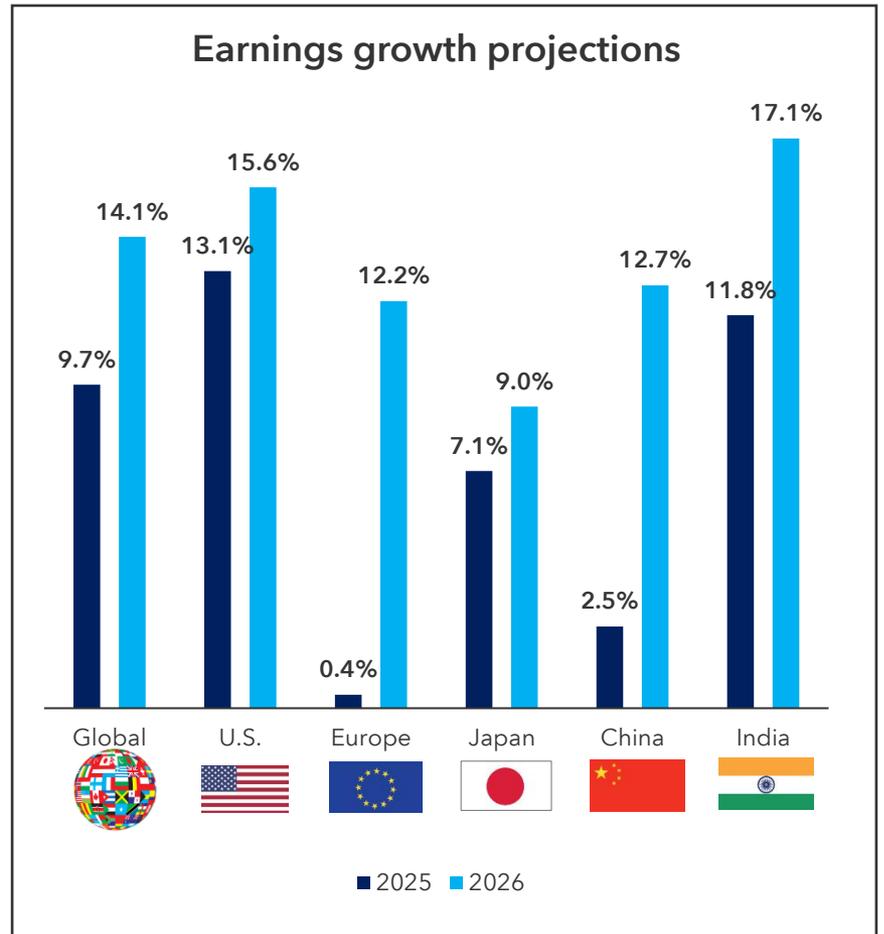
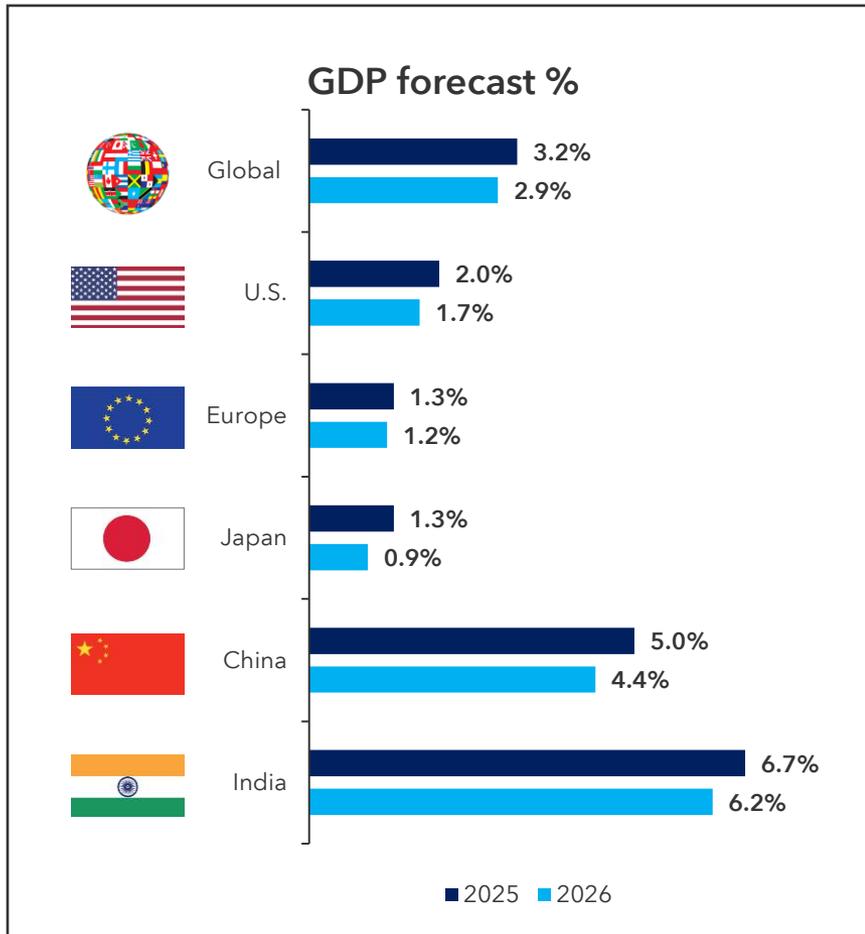
Source: Morningstar. Cash is represented by Bloomberg U.S. Treasury Bills Index, U.S. Treasury by Bloomberg U.S. Treasury Index, municipal by Bloomberg Municipal Short-Intermediate 1-10 Years Index, taxable by Bloomberg U.S. Aggregate Bond Index, high yield by Bloomberg U.S. Corporate High Yield Index. Indexes are unmanaged and, therefore, have no expenses. Investors cannot invest directly in an index. Past performance is no guarantee of future results. As of December 31, 2025.

# Key factors impacting today's markets



Sources: Federal Reserve Bank of St. Louis, Economic Policy Uncertainty Index. The Economic Policy Uncertainty Index examines major U.S. newspaper coverage of policy-unrelated certainty, the number of expiring U.S. federal tax code provisions and the level of disagreement among economic forecasters from the Federal Reserve Bank of Philadelphia's Survey of Professional Forecasters. As of December 31, 2025.

# Forecasts for GDP growth and earnings are solid

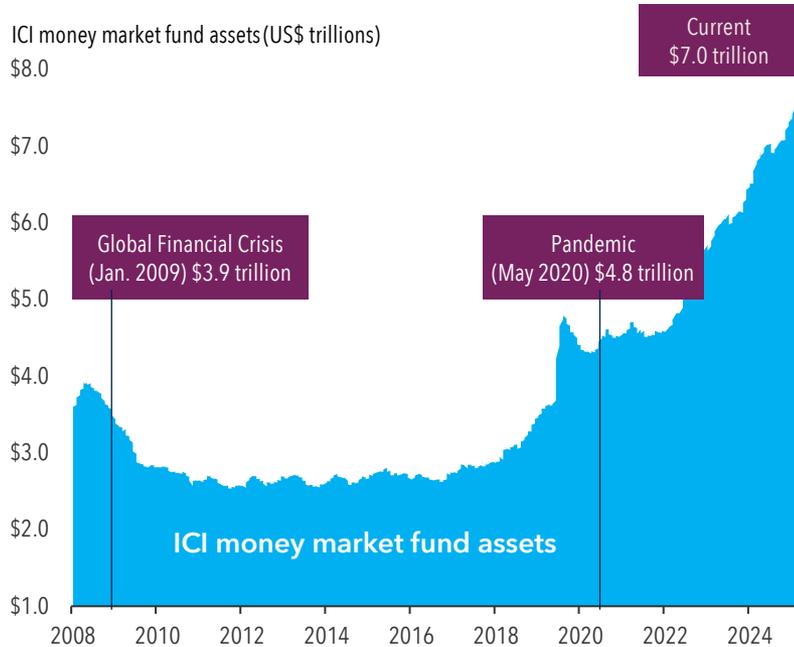


Left: Sources: Organization for Economic Co-operation and Development (OECD), *OECD Economic Outlook*, Volume 2025, Issue 2. GDP is gross domestic product and measures the total value of all finished goods and services produced or provided in a country or region during a specific time period. As of January 8, 2025. Right: Source: Refinitiv. IBES consensus earnings growth projections are the mean consensus per share estimates for each region for calendar year 2025 and 2026. Global is represented by MSCI World Index, U.S. by S&P 500 Index, Europe by MSCI Europe Index, Japan by MSCI Japan Index, China by MSCI China Index and India by MSCI India Index. The indexes are unmanaged and, therefore, have no expenses. Investors cannot invest directly in an index. As of December 31, 2025.

# Bonds tend to fare well when the Fed cuts rates

Assets in money market funds have reached an all-time high despite lower short-term rates.

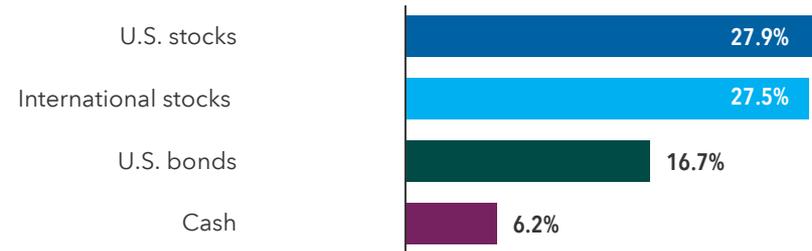
## Money market fund assets



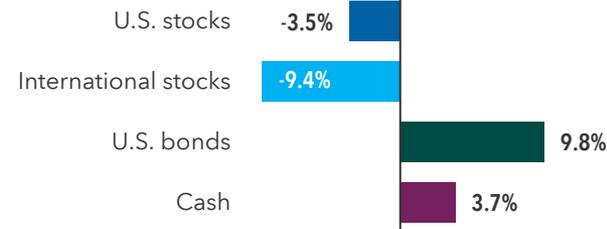
Historically stocks and bonds have fared well, on average, during non-recessionary rate cutting cycles, while bonds outpaced cash whether there was a recession or not.

## Average annualized returns across past seven Fed easing cycles

### Non-recessionary rate-cutting cycles

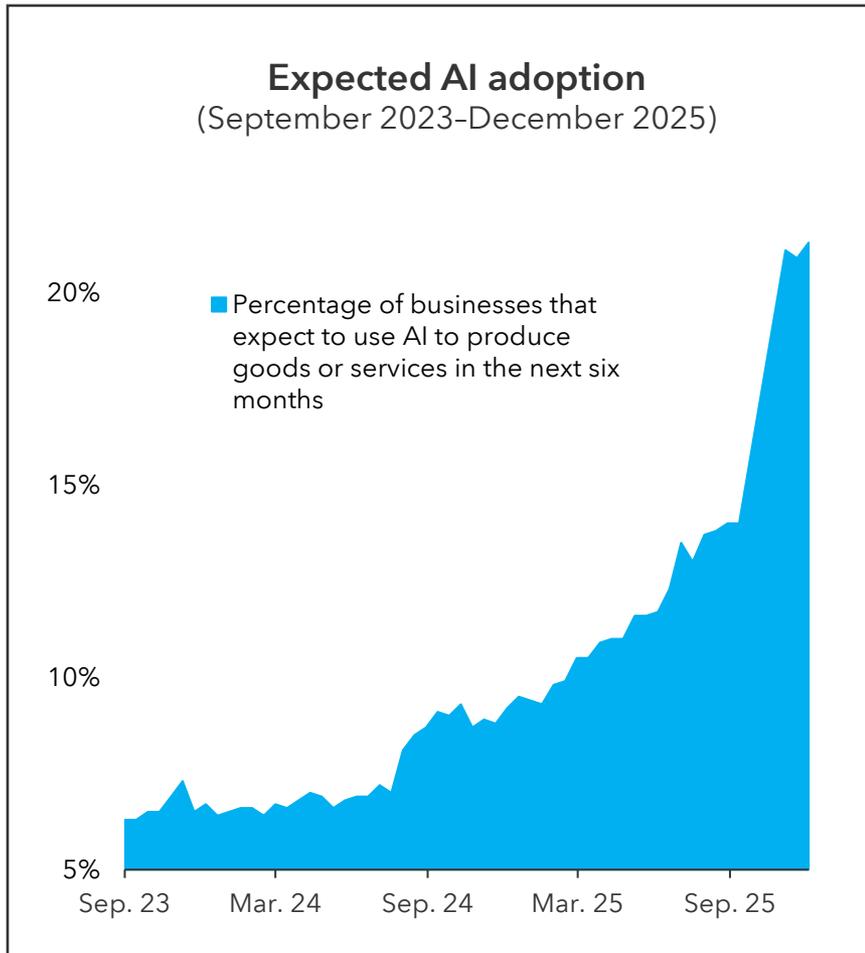


### Recessionary rate-cutting cycles

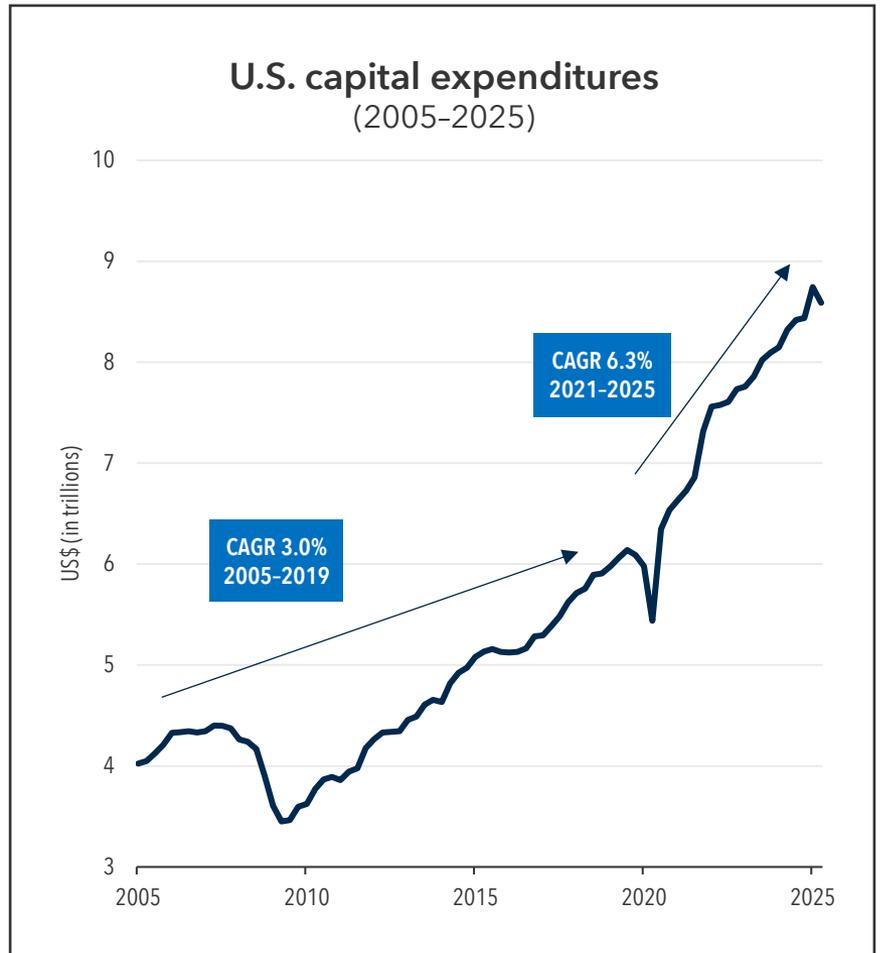


Left: Sources: Capital Group, Bloomberg. As of December 31, 2025. Right: Sources: Capital Group, Bloomberg Index Services, Ltd., Morningstar, Standard & Poor's. Return calculations reflect annualized total returns over periods in which the U.S. Federal Reserve had stopped raising rates and began to actively cut rates, measured from the peak federal funds rate target to the lowest federal funds rate target for each cycle. Specific easing cycles include: August 1984–August 1986 (non-recessionary), May 1989–September 1992 (recessionary), February 1995–January 1996 (non-recessionary), March 1997–November 1998 (non-recessionary), May 2000–June 2003 (recessionary), June 2006–December 2008 (recessionary) and December 2018–March 2020 (recessionary). U.S. stocks are represented by S&P 500 Index, international stocks by MSCI World ex USA Index, U.S. bonds by Bloomberg U.S. Aggregate Index and cash by the average investment rate of 3-month U.S. Treasury Bills. The indexes are unmanaged and, therefore, have no expenses. Investors cannot invest directly in an index. Past performance is no guarantee of future results. As of December 31, 2025.

# AI adoption and capex are rising in the U.S.

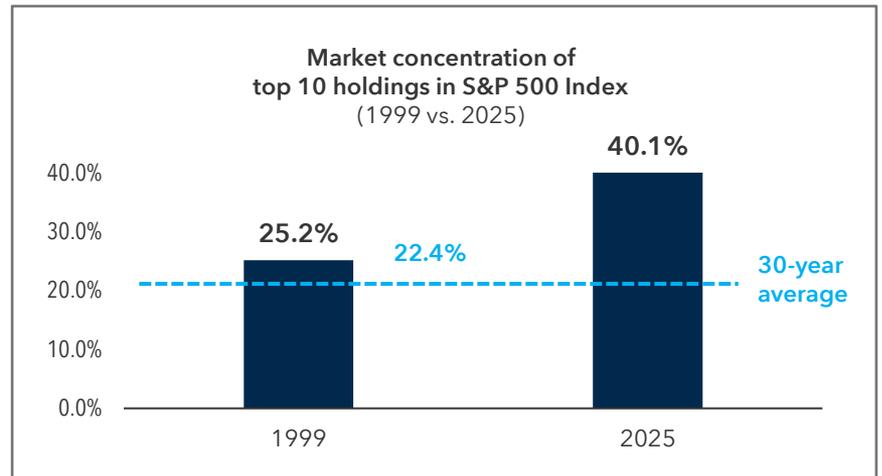
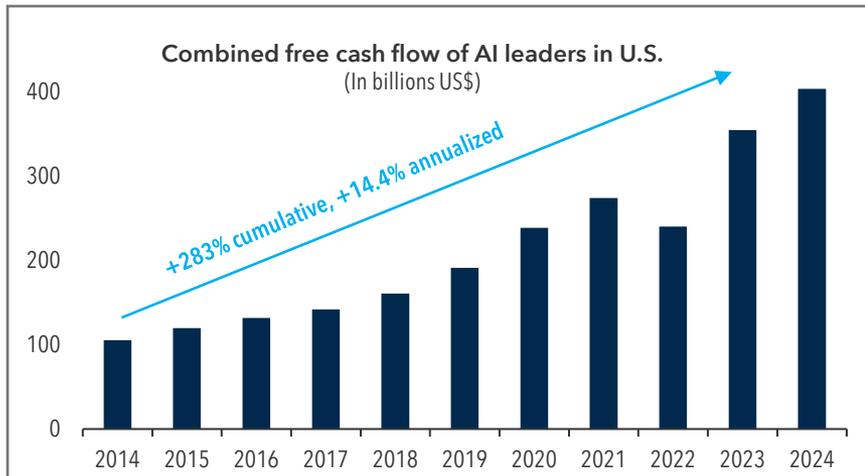
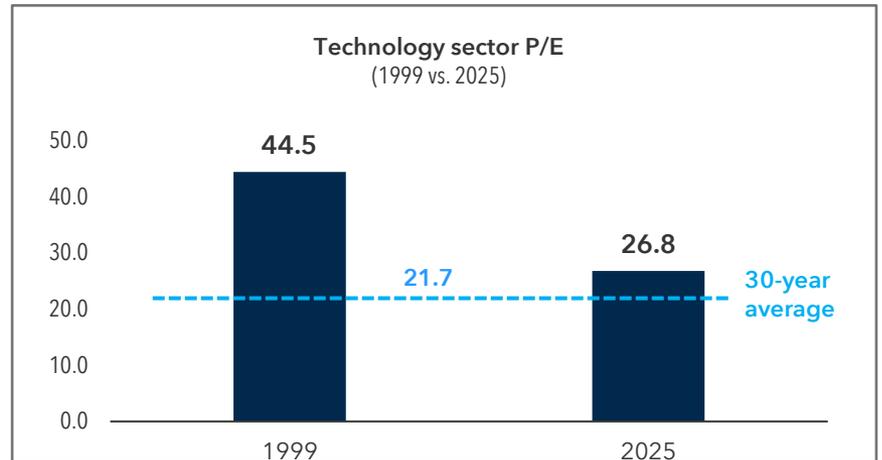
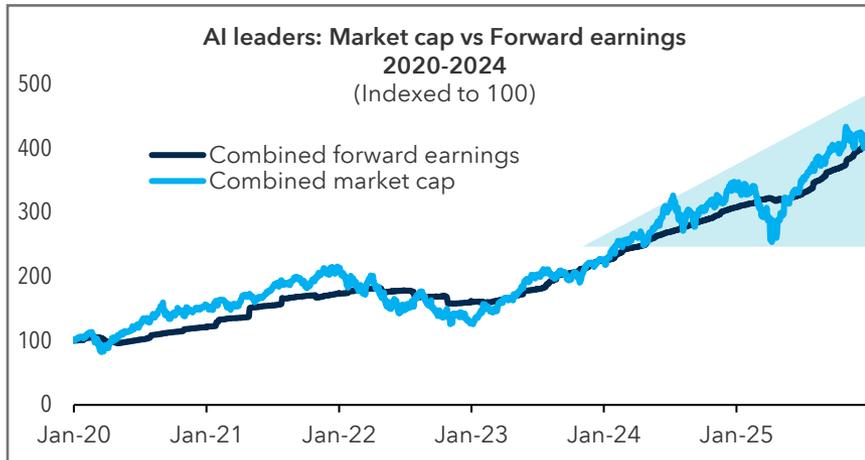


Source: U.S. Bureau of Labor Statistics. As of December 31, 2025.



Source: Federal Reserve Bank of St. Louis. CAGR is compound annual growth rate, or the amount that a statistic grew each year over a set period of time after accounting for compounding. As of December 31, 2025.

# AI boom generating strong earnings, but valuations are elevated



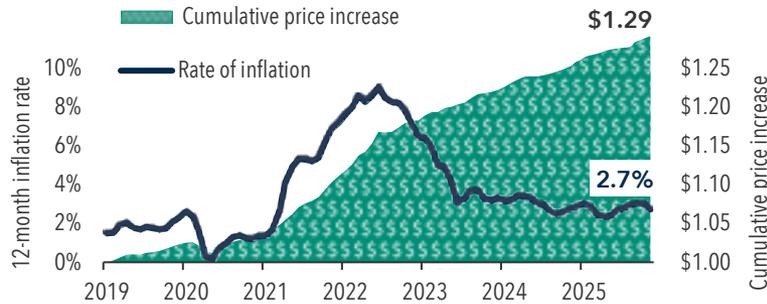
AI leaders represents seven of the largest AI-exposed companies: Alphabet, Amazon, Apple, Broadcom, Meta, Microsoft and Nvidia. Past results are not predictive of results in future periods. All data as of December 31, 2025, unless otherwise noted. Top Left: Sources: Capital Group, Bloomberg. Data aggregates forward 12-month net income ("forward earnings") and market capitalization ("market cap") for AI leaders. Data are indexed to 100 on January 1, 2020. Bottom left: Sources: Capital Group, FactSet. Combined free cash flow is trailing 21-month free cash flow for AI leaders. Figures are as of December 31 each year. Top right: Source: LSEG. Technology sector P/E represents forward P/E for the U.S. technology sector. P/E is price-to-earnings ratio, a measure of valuation; a higher figure means the company is more expensive relative to the amount of profit it makes. It is determined by dividing the company's stock price by its earnings per share (EPS). EPS is a measure of profitability; higher figures are more positive. It is determined by dividing a company's net profit by the number of its outstanding common shares. Bottom right: Source: FactSet and LSEG.

# Consumers remain anxious as prices rise and labor softens

While inflation is manageable, the cost of goods has continued to rise.

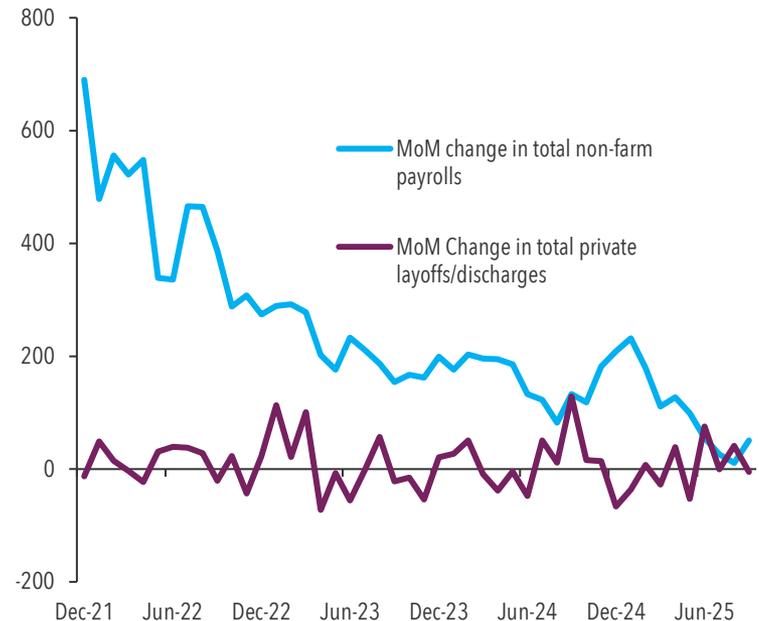
Employers appear hesitant to hire or reduce workforce.

## Inflation rate vs. total price growth (January 2019–December 2025)



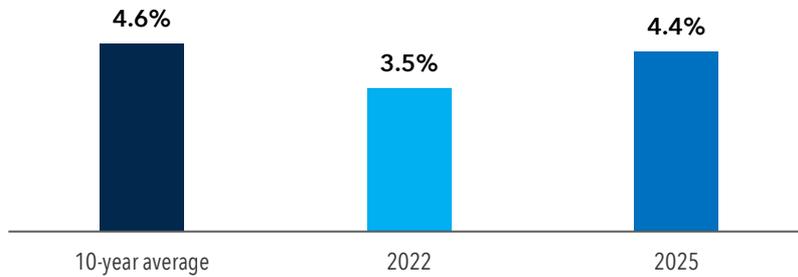
## New hiring and layoffs/discharges

3-month moving average  
Dec. 1, 2021–Sep. 30, 2025,  
in thousands



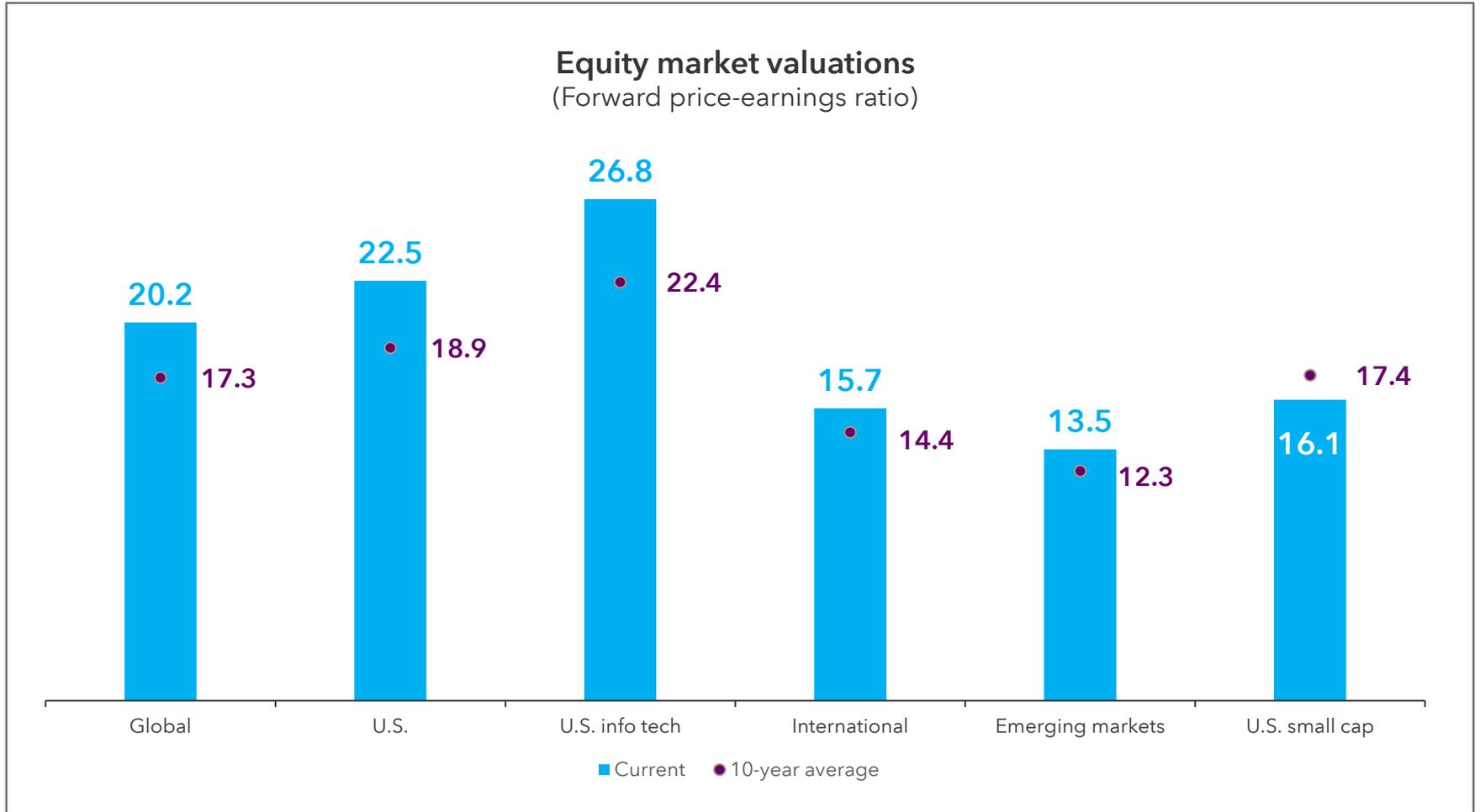
The unemployment rate has remained relatively low.

## Unemployment Rate



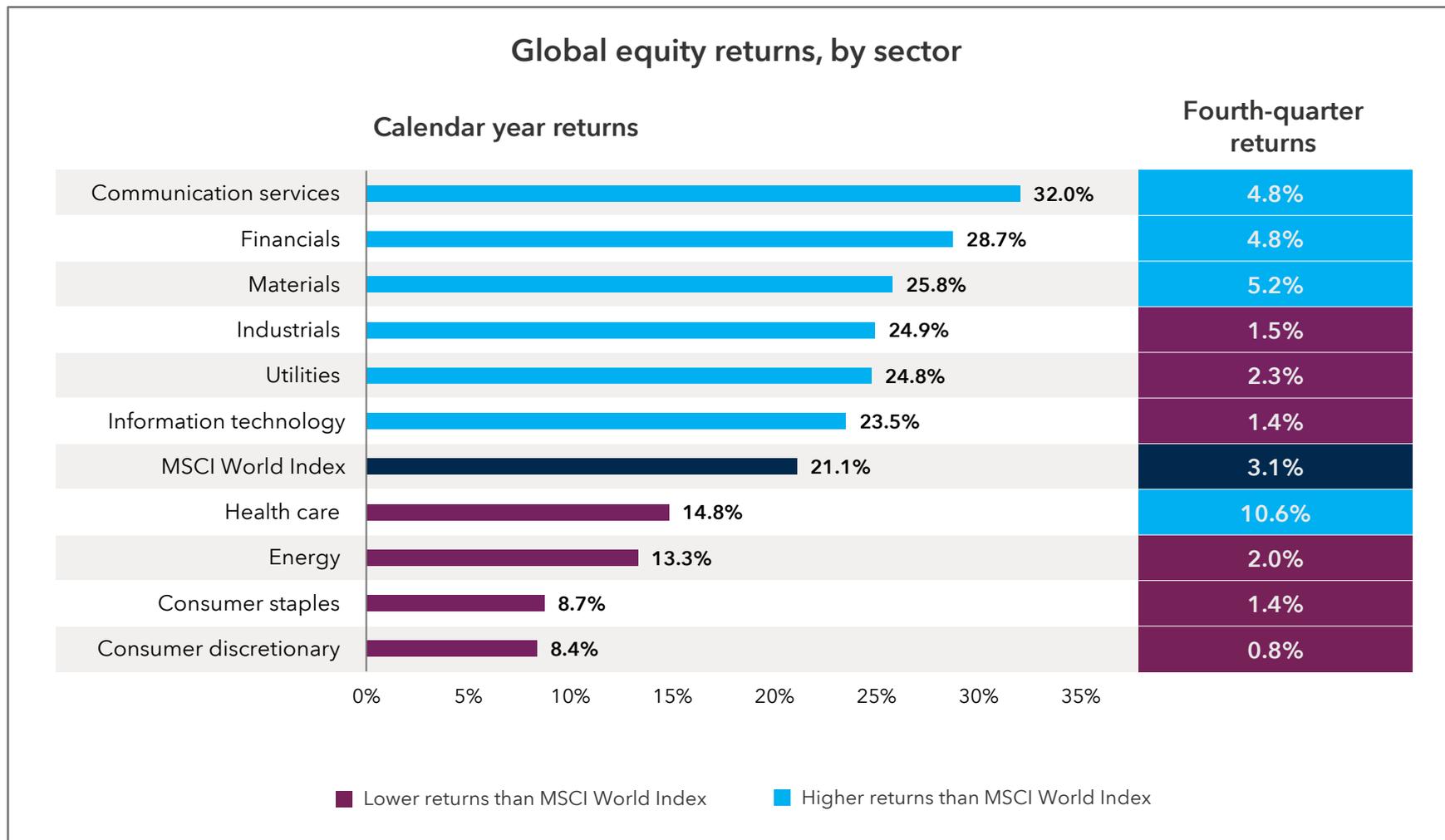
Top left: Sources: Refinitiv, Bureau of Labor Statistics. Inflation is represented by the Consumer Price Index (CPI), which tracks changes in prices paid by urban consumers. Rate of inflation compares prices each month to a year ago. Total price growth keeps track of how prices have grown over time and is indexed to \$1 on January 1, 2019. Due to the government shutdown, unemployment figures for October 2025 were unavailable. September 2025 figures were repeated for that month. As of December 31, 2025. Bottom left: Source: Bureau of Labor Statistics (BLS), as of January 9, 2026, 2022 represents December 31, 2022, unemployment rate. Right: Sources: Datastream, LSEG. As of September 30, 2025.

# Outside of U.S. tech stocks, valuations are more reasonable



Sources: Sources: LSEG. Global is represented by MSCI World Index, U.S. by S&P 500 Index, U.S. info tech by S&P GICS Tech Sector Index, International by MSCI EAFE Index, emerging markets by MSCI Emerging Markets Index, U.S. small cap by S&P 600 Index. Forward price-to-earnings ratios are based on 12-month earnings estimates. Price-to-earnings ratio is a measure of valuation; a higher figure means the company is more expensive relative to the amount of profit it makes. It is determined by dividing the company's stock price by its earnings per share (EPS). EPS is a measure of profitability; higher figures are more positive. It is determined by dividing a company's net profit by the number of its outstanding common shares. The indexes are unmanaged and, therefore, have no expenses. Investors cannot invest directly in an index. As of December 31, 2025.

# A diversified mix of sectors led markets for the year

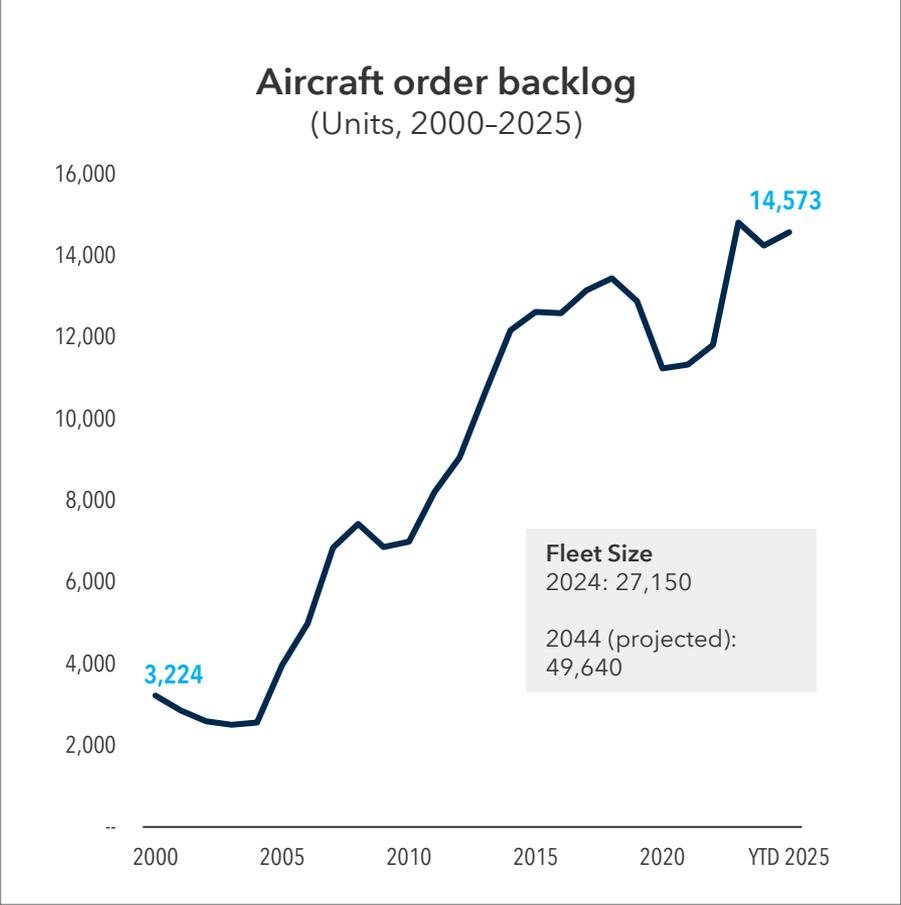


Source: Morningstar Direct. Global equity represented by MSCI World Net USD Index. The indexes are unmanaged and, therefore, have no expenses. Investors cannot invest directly in an index. Past performance is no guarantee of future results. As of December 31, 2025.

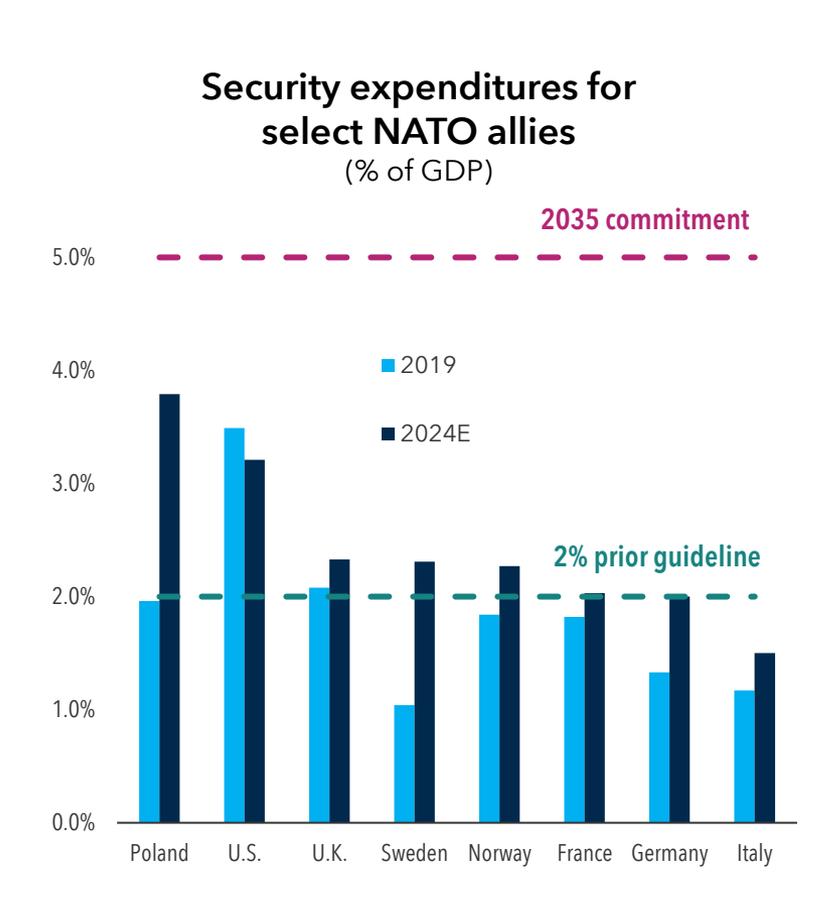
# Demand for aircraft could be a tailwind for manufacturers

As commercial air travel has risen, backlogs for new aircraft have continued to expand with demand meaningfully exceeding production capacity.

Defense spending is rising in the face of mounting geopolitical tensions and supply chain challenges.



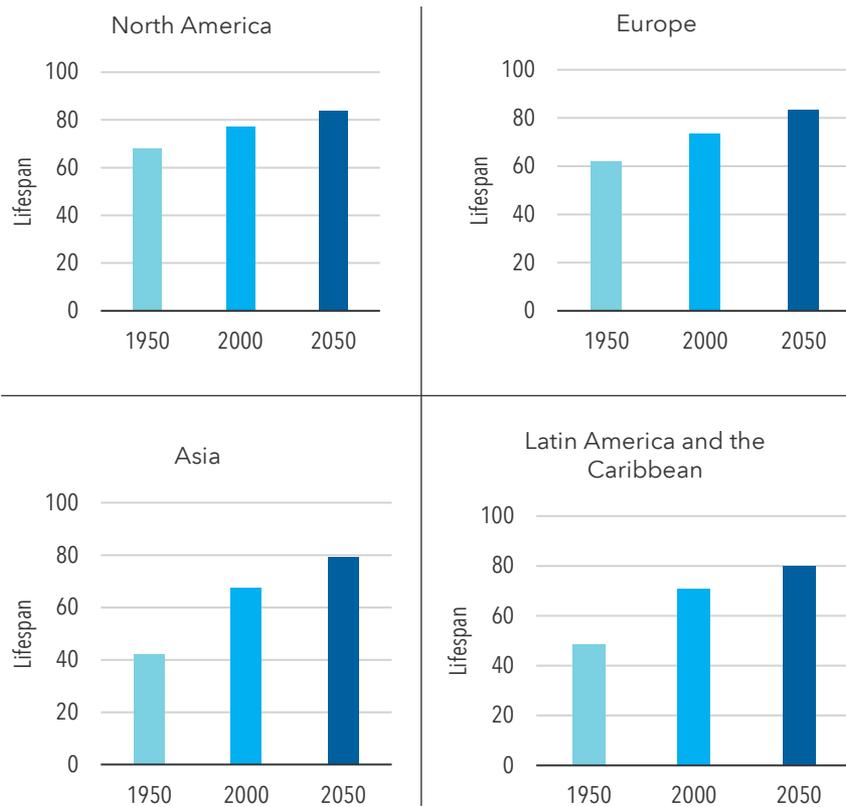
Sources: Airbus, Boeing, Goldman Sachs. Backlog data as of May 31, 2025. Fleet size data as of June 2025.



Sources: Capital Group, NATO. Figures for 2024 are estimates based on most recently available data, as of October 31, 2025. New 5% commitment was announced June 27, 2025. Percentage of GDP is based on constant prices and exchange rates, indexed to 2021.

# Senior citizens require an array of services

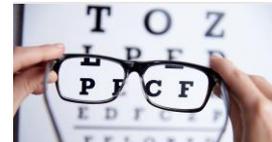
## Average lifespan (1950-2050)



## Older consumers can drive demand for:



Retirement communities



Vision care



Pharmaceuticals



Leisure travel

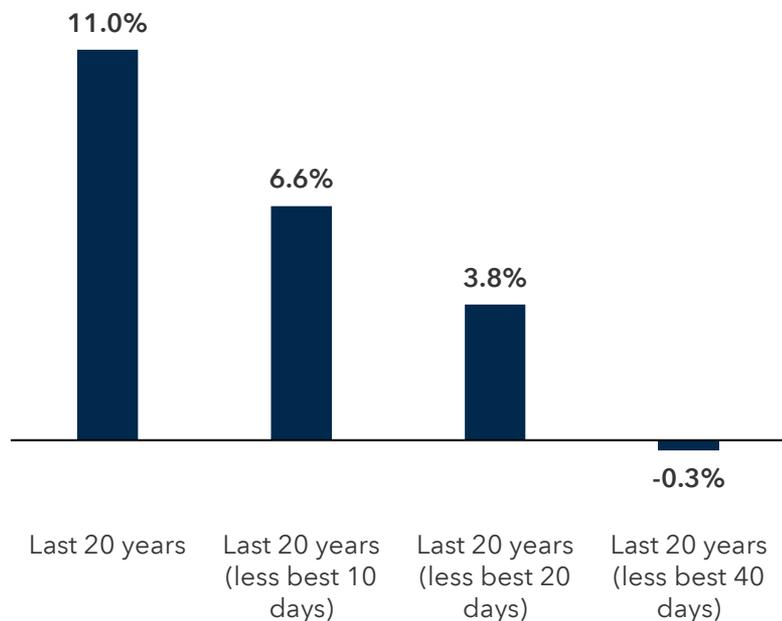
Source: United Nations. Data reflects median estimates from the latest World Population Prospects (WPP) report. As of July 2024.

Source: Capital Group.

# Attempting to time markets can be very challenging

Missing the best days in the market can devastate long-term returns.

## Penalty for missing the market's best days S&P 500 annualized total return (Jan. 1, 2006-Dec. 31, 2025)



The market's surge on April 9 of this year followed a bruising decline, underscoring the challenge of market timing.

## 10 best days for the S&P 500 since Dec. 31, 2005

Rank	Date	S&P 500 return	Volatility
1	Oct. 13, 2008	11.6%	55.0
2	Oct. 28, 2008	10.8%	66.9
3	April 9, 2025	9.5%	33.6
4	March 24, 2020	9.4%	61.7
5	March 13, 2020	9.3%	57.8
6	March 23, 2009	7.1%	43.2
7	April 6, 2020	7.0%	45.2
8	Nov. 13, 2008	6.9%	59.1
9	Nov. 24, 2008	6.5%	64.7
10	March 10, 2009	6.4%	44.4
20-year average volatility			19.3

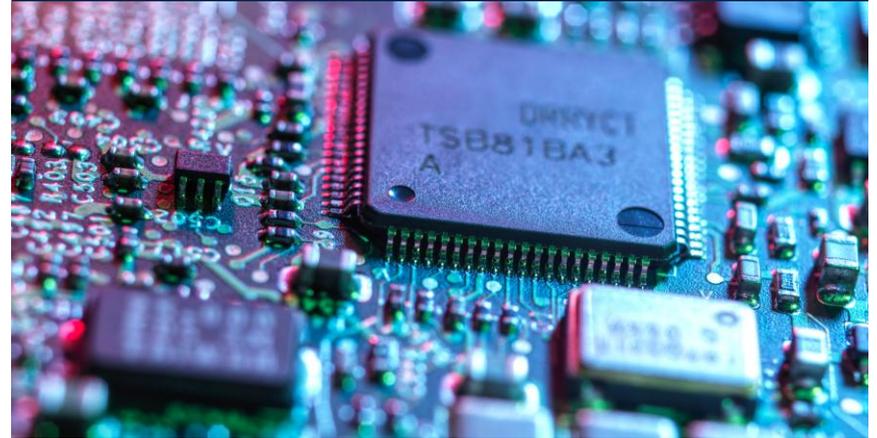
Indexes are unmanaged and, therefore, have no expenses. Investors cannot invest directly in an index. Past results are not predictive of results in future periods. Left: Sources: LSEG, S&P 500 Index. As of December 31, 2025. Right: Sources: Morningstar, S&P 500 Index, CBOE Volatility Index (VIX). Volatility is a measure of how rapidly a market is moving up or down; higher volatility indicates larger price swings. It is measured here by the VIX, an index that's designed to measure constant, 30-day expected volatility of the U.S. stock market, derived from real-time mid-quote prices of S&P 500 Index call and put options. As of December 31, 2025.

# Key takeaways

Markets remain strong as fiscal and monetary stimulus plus AI spending outstrip tariff drag



Elevated U.S. valuations are driven by Tech/AI stocks



Watch labor markets, inflation and consumer spending as we head into 2026



To help mitigate bubble risk, consider diversifying into non-tech/AI stocks in the U.S., international stocks and bonds



# Index definitions

Bloomberg Commodity Index is a diversified commodity price index that tracks the futures prices of 23 commodities across six sectors.

Bloomberg Municipal Bond Index is a market-value-weighted index designed to represent the long-term investment-grade tax-exempt bond market. This index is unmanaged, and its results include reinvested distributions but do not reflect the effect of sales charges, commissions, account fees, expenses or U.S. federal income taxes.

Bloomberg Municipal Short-Intermediate 1-10 Years Index is a market-value-weighted index that includes investment-grade tax-exempt bonds with maturities of one to 10 years. This index is unmanaged, and its results include reinvested distributions but do not reflect the effect of sales charges, commissions, account fees, expenses or U.S. federal income taxes.

Bloomberg U.S. Aggregate Bond Index represents the U.S. investment-grade fixed-rate bond market. This index is unmanaged, and its results include reinvested dividends and/or distributions but do not reflect the effect of sales charges, commissions, account fees, expenses or U.S. federal income taxes.

Bloomberg U.S. Corporate High Yield Index is an unmanaged, U.S. dollar -denominated, nonconvertible, non-investment-grade debt index. The index consists of domestic and corporate bonds rated Ba and below with a minimum outstanding amount of \$150 million. This index is unmanaged and includes reinvested dividends and/or distributions, but does not reflect sales charges, commissions, expenses, or taxes. Results reflect dividends gross of withholding taxes.

Bloomberg U.S. Treasury Bill Index tracks the market for Treasury bills issued by the U.S. government. U.S. Treasury bills are issued in fixed maturity terms of 4, 13, 26 and 52 weeks. This index is unmanaged and includes reinvested dividends and/or distributions, but does not reflect sales charges, commissions, expenses, or taxes. Results reflect dividends gross of withholding taxes.

Bloomberg U.S. Treasury Index is an unmanaged index of prices of U.S. Treasury bonds with maturities of 1 to 30 years. This index is unmanaged and includes reinvested dividends and/or distributions, but does not reflect sales charges, commissions, expenses, or taxes. Results reflect dividends gross of withholding taxes.

London Bullion Market Association (LBMA) Gold PM Index tracks the price of gold on the London bullion market.

MSCI All Country World Index is a free-float-adjusted market-capitalization-weighted index that is designed to measure equity market results in the global developed and emerging markets, consisting of more than 40 developed- and emerging-market country indexes. When applicable, results through December 31, 2000, reflect dividends gross of withholding taxes, and dividends net of withholding taxes thereafter. This index is unmanaged, and its results include reinvested dividends and/or distributions but do not reflect the effect of sales charges, commissions, account fees, expenses or U.S. federal income taxes.

MSCI China Index is constructed based on the integrated China equity universe included in the MSCI Emerging Markets Index, providing a standardized definition of the China equity opportunity set. The index aims to represent the performance of large- and mid-cap segments with H shares, B shares, red chips, P chips and foreign listings (e.g., ADRs) of Chinese stocks. China A shares will be partially included in this index, making it the de facto index for all of China.

MSCI EAFE® (Europe, Australasia, Far East) Index is a free float-adjusted market capitalization weighted index that is designed to measure developed equity market results, excluding the United States and Canada. Results reflect dividends net of withholding taxes. This index is unmanaged, and its results include reinvested dividends and/or distributions but do not reflect the effect of sales charges, commissions, account fees, expenses or U.S. federal income taxes.

MSCI Emerging Markets Index is a free float-adjusted market capitalization weighted index that is designed to measure equity market results in the global emerging markets, consisting of more than 20 emerging market country indexes. Results reflect dividends gross of withholding taxes through December 31, 2000, and dividends net of withholding taxes thereafter. This index is unmanaged, and its results include reinvested dividends and/or distributions but do not reflect the effect of sales charges, commissions, account fees, expenses or U.S. federal income taxes.

MSCI Europe Index is a free float-adjusted market capitalization-weighted index that is designed to measure results of more than 10 developed equity markets in Europe. Results reflect dividends net of withholding taxes. This index is unmanaged, and its results include reinvested dividends and/or distributions but do not reflect the effect of sales charges, commissions, account fees, expenses or U.S. federal income taxes.

MSCI India Index is a free float-adjusted market capitalization-weighted index that is designed to measure the equity market results of India. Results reflect dividends net of withholding taxes. Results reflect dividends net of withholding taxes. This index is unmanaged, and its results include reinvested dividends and/or distributions but do not reflect the effect of sales charges, commissions, account fees, expenses or U.S. federal income taxes.

MSCI Japan Index is a free float-adjusted market capitalization-weighted index that is designed to measure the equity market results of Japan. Results reflect dividends net of withholding taxes. Results reflect dividends net of withholding taxes. This index is unmanaged, and its results include reinvested dividends and/or distributions but do not reflect the effect of sales charges, commissions, account fees, expenses or U.S. federal income taxes.

MSCI World ex USA Index is a free float-adjusted market capitalization weighted index that is designed to measure equity market results of developed markets excluding the U.S. The index consists of more than 20 developed market country indexes, including the United States. Results reflect dividends net of withholding taxes. This index is unmanaged, and its results include reinvested dividends and/or distributions but do not reflect the effect of sales charges, commissions, account fees, expenses or U.S. federal income taxes.

MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure equity market results of developed markets. The index consists of more than 20 developed market country indexes, including the United States. Results reflect dividends net of withholding taxes. This index is unmanaged, and its results include reinvested dividends and/or distributions but do not reflect the effect of sales charges, commissions, account fees, expenses or U.S. federal income taxes.

Russell 1000 Growth Index is a market capitalization-weighted index that represents the large-cap growth segment of the U.S. equity market and includes stocks from the Russell 1000 Index that have higher price-to-book ratios and higher expected growth values. This index is unmanaged, and its results include reinvested dividends and/or distributions but do not reflect the effect of sales charges, commissions, account fees, expenses or U.S. federal income taxes.

Russell 1000 Value Index is a market capitalization-weighted index that represents the large-cap value segment of the U.S. equity market and includes stocks from the Russell 1000 Index that have lower price-to-book ratios and lower expected growth values. This index is unmanaged, and its results include reinvested dividends and/or distributions but do not reflect the effect of sales charges, commissions, account fees, expenses or U.S. federal income taxes.

S&P 500 Index is a market capitalization-weighted index based on the results of approximately 500 widely held common stocks. This index is unmanaged, and its results include reinvested dividends and/or distributions but do not reflect the effect of sales charges, commissions, account fees, expenses or U.S. federal income taxes.

S&P SmallCap 600 Index is a float-adjusted market-cap weighted index that seeks to measure the small-cap segment of the U.S. equity market. This index is unmanaged, and its results include reinvested dividends and/or distributions but do not reflect the effect of sales charges, commissions, account fees, expenses or U.S. federal income taxes.

S&P GSCI is a diversified commodity price index that tracks the futures prices of 24 commodities across five sectors. S&P GSCI Gold is a subindex of the S&P GSCI that tracks gold futures prices.

The S&P Goldman Sachs Commodity Index (GSCI) tracks the prices of various commodities.

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