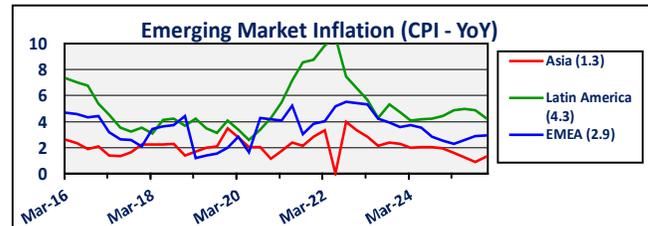
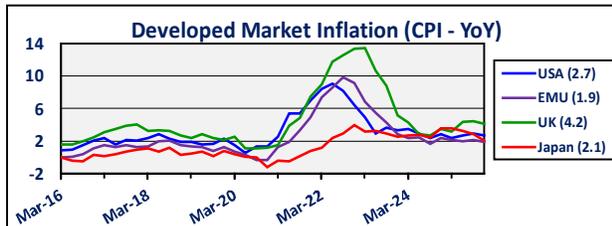


Fourth Quarter 2025

Global Market and Economic Perspective

Global Economic Commentary

- ❖ The release of the official BEA advance estimate of fourth quarter U.S. economic growth is delayed from the government shutdown, but most other sources suggest it remains around 2%, underpinned by strong consumption & AI-related investments. In China, growth for the quarter slowed to 4.5% while export growth remained notably strong. Growth across other major developed markets remains around 1%.
- ❖ Inflation in the Eurozone came in slightly below target, while it continued above targets in Japan, the UK and US. Many global central banks, including the Federal Reserve, cut policy rates during the quarter, save for Japan. The Bank of Japan hiked policy rates in December, while its government bond yields continued to rise throughout the quarter. Interestingly, Japan's government bond yields now actually exceed those in China for the first time in recorded history.
- ❖ Unemployment during the fourth quarter remained just off recent lows in most developed countries, while continuing to grind lower in emerging markets economies.



Notes: Emerging market economic statistics are estimated by region using eight countries, which represent roughly 80% of the MSCI Emerging Market Equity Index. Recent observations may be estimated where reporting lags make official data unavailable at the time of this report.



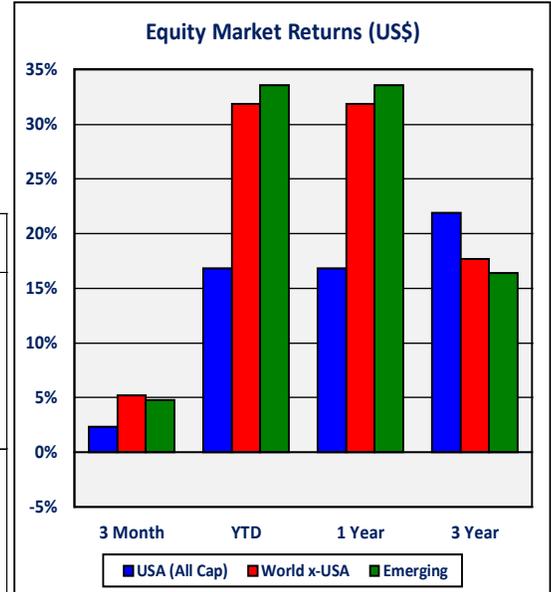
Global Market and Economic Perspective – Q4 2025

Global Equity and Currency Commentary

- ❖ Global equity markets finished the year with another solidly positive quarter. In the U.S., large cap growth stocks led large cap value stocks, while small cap value stocks were quite strong, leading small cap to edge out large cap for the quarter.
- ❖ Non-U.S. developed markets had the best performance for the quarter with positive local market results and even despite notable dollar strength versus the Japanese yen. For the full year in 2025, Canada and Europe local markets both outperformed other developed non-U.S. markets.
- ❖ For the full year in 2025, emerging markets finished ahead of developed markets (U.S. and non-U.S.) with significant contributions from each region.

Global Equity Market Returns (MSCI)

12/31/2025	Returns (US\$)				Returns (Local)			
	3 Month	YTD	1 Year	3 Year	3 Month	YTD	1 Year	3 Year
United States								
USA (All Cap)	2.3%	16.8%	16.8%	21.9%				
USA Growth	2.9%	20.9%	20.9%	34.0%				
USA Value	1.4%	13.0%	13.0%	11.6%				
USA SC Growth	1.8%	13.3%	13.3%	16.2%				
USA SC Value	2.9%	10.0%	10.0%	11.1%				
Foreign Developed								
World x-USA	5.2%	31.9%	31.9%	17.6%	6.1%	21.7%	21.7%	16.6%
Europe	6.2%	35.4%	35.4%	18.2%	6.1%	20.6%	20.6%	14.1%
Far East	3.0%	25.8%	25.8%	16.5%	8.4%	25.1%	25.1%	22.2%
Australia	-1.0%	14.7%	14.7%	10.1%	-1.6%	6.5%	6.5%	10.7%
Canada	7.7%	36.5%	36.5%	20.8%	6.1%	30.1%	30.1%	21.3%
Emerging Markets								
Emerging	4.7%	33.6%	33.6%	16.4%	5.6%	31.3%	31.3%	17.7%
Asia	4.5%	32.1%	32.1%	16.8%	5.8%	31.7%	31.7%	18.5%
Latin America	8.2%	54.8%	54.8%	14.8%	8.7%	38.4%	38.4%	14.7%
EMEA	4.0%	31.8%	31.8%	14.6%	2.7%	25.1%	25.1%	15.1%

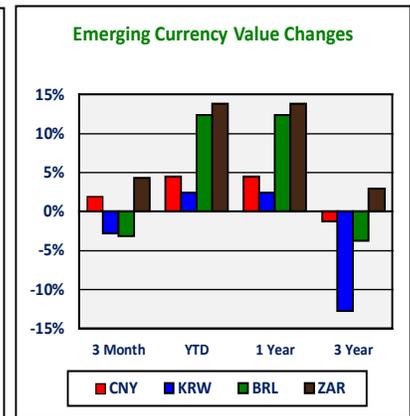
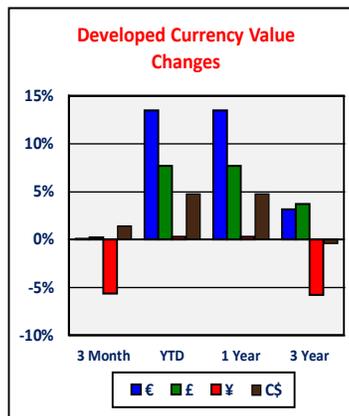


Annualized if greater than one year

Foreign Exchange Rate History (Bloomberg)

12/31/2025	Current Level	Change (Foreign Currency versus \$)			
		3 Month	YTD	1 Year	3 Year
Developed					
Euro (€)	1.17	0.1%	13.4%	13.4%	3.1%
British Pound (£)	1.35	0.2%	7.7%	7.7%	3.7%
Japanese Yen (¥)	157	-5.6%	0.3%	0.3%	-5.8%
Canadian Dollar (C\$)	1.37	1.4%	4.8%	4.8%	-0.4%
Emerging					
Chinese Renminbi (CNY)	6.99	1.9%	4.4%	4.4%	-1.3%
Korean Won (KRW)	1445	-2.8%	2.4%	2.4%	-12.8%
Brazilian Real (BRL)	5.50	-3.2%	12.3%	12.3%	-3.8%
South African Rand (ZAR)	16.56	4.3%	13.8%	13.8%	2.9%

Annualized if greater than one year



Global Market and Economic Perspective – Q4 2025

US Fixed Income and Fed Commentary

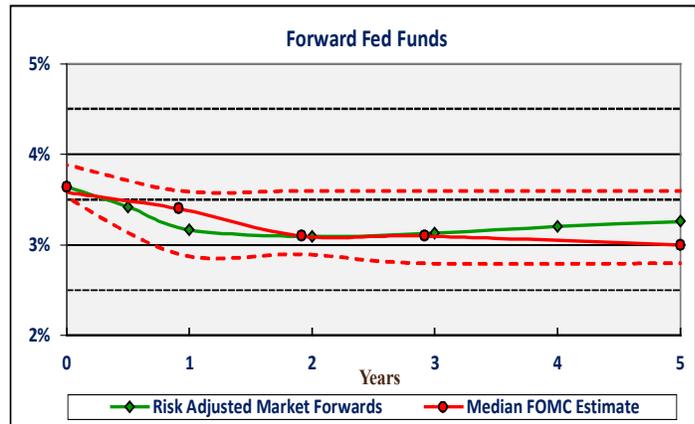
- ❖ In the fourth quarter, the upward-sloping Treasury yield curve steepened, as yields fell more for shorter-maturity than longer-maturity securities. The FOMC cut rates twice in the quarter with expectations for limited, but continued easing in the coming quarters.
- ❖ Credit spreads narrowed meaningfully for the quarter and are now quite tight by historical standards across both investment grade and high yield. The combination of the decline in treasury rates and credit spreads led to gains in other investment-grade fixed income. As a result, corporate bonds and tax-exempt municipals performed even better than Treasuries across the maturity spectrum.
- ❖ The Fed still projects reducing policy rates toward a neutral posture over the coming 12-18 months and will also transition to a new Fed Chair, with Kevin Warsh’s pending appointment.

FOMC Fed Funds Rate Projections as of December 2025 Meeting						
	Current	Dec-25	Dec-26	Dec-27	Dec-28	Long Run
Lower	3.64%	3.60%	2.90%	2.90%	2.80%	2.80%
Median	3.64%	3.60%	3.40%	3.10%	3.10%	3.00%
Upper	3.64%	3.90%	3.60%	3.60%	3.60%	3.60%

Market Implied Fed Funds Rate as of Jan 02, 2026						
Current	6 Month	1 Year	2 Year	3 Year	4 Year	5 Year
3.64%	3.42%	3.17%	3.10%	3.13%	3.21%	3.26%

Notes

Upper and lower bands show central tendency for FOMC projections.
 Market implied Fed Funds rates are risk adjusted.



US Bond Yield and Spread History (Bloomberg)

	Current Level	Change Through December 2025			
		3 Month	YTD	1 Year	3 Year
US Treasury					
Short	3.55%	-0.11%	-0.75%	-0.75%	-0.78%
Intermediate	3.92%	-0.01%	-0.57%	-0.57%	0.00%
Long	4.79%	0.08%	-0.07%	-0.07%	0.71%
US High Yield					
Yield	6.53%	-0.17%	-0.95%	-0.95%	-2.43%
Spread	2.68%	-0.02%	-0.19%	-0.19%	-2.00%
Tax-Exempt Muni.					
Short	2.46%	0.08%	-0.47%	-0.47%	-0.24%
Intermediate	2.88%	-0.11%	-0.33%	-0.33%	-0.10%
Long	3.93%	-0.16%	0.09%	0.09%	0.10%

