



CAPITAL MARKETS OUTLOOK

Reviewing the quarter ended September 30, 2026

Economic Outlook:**3-6****Economic Review:****7-19**

- Gross Domestic Product
- Employment
- Manufacturing
- Housing Market
- Retail Sales
- US Consumer
- Inflation

Capital Markets:**20-30**

- Asset Class Returns
- Historical Price-Earnings Ratios
- Corporate Earnings
- Corporate Spending
- Federal Funds Rate
- Fixed Income Yields
- Foreign Exchange Rates
- Commodities

Q4 Themes:**31-39**

- Bond Yields
- Government Debt
- Portfolio Returns
- Earnings Growth

Disclosures:**40-44**



Dan DelMoro, CFA, CIMA
Chief Investment Officer

Dan serves as Chief Investment Officer at Klingman & Associates, overseeing the firm's investment outlook, portfolio strategy, and client portfolio construction.

Dan received his bachelor's degree in Finance from Lehigh University in 2010 and is a CFA® and CIMA® charterholder. He joined K&A in 2015 after spending five years at Deutsche Bank, where he most recently was an associate in the bank's equity research department covering Financial Institutions.

September 2026

Financial markets failed to sustain positive momentum through the third quarter of 2026 as global equities and bonds adjusted to sharply higher interest rates. Rates across most short- and long-term maturities rose, resulting in a parallel upward shift of the yield curve (page 25). While identifying a single reason for this move is difficult, we believe a combination of macro factors is at play. Higher short-term rates reflect the Federal Reserve's intensified commitment to stabilizing core prices, particularly as inflation remains pressured by higher oil prices (page 30). Meanwhile, higher long-term rates reflect a rising "term premium" as investors demand greater protection for lending money over longer horizons. This has pushed the 10-year US Treasury yield to a multi-decade high of 5.3% (page 25). Beneath these shifts lies a textbook supply and demand imbalance. The US federal budget deficit has reached \$2.0 trillion, ultimately funded by borrowing through the issuance of US Treasury securities. Corporate debt issuance has also ballooned to fund the capital required for artificial intelligence infrastructure (page 32). At the same time, global demand for debt remains in question as investors assess the inflation, growth, and interest rate outlook. While we acknowledge the risks and the potential for interest rates to move higher, we see compelling long-term opportunities for buyers of high-quality fixed income. We believe this entry point into fixed income offers both attractive expected returns and protective compensation in case of an equity market correction.

The U.S. economy, as measured by GDP, grew 2.2% in the second quarter of 2026 compared with a year earlier (page 8). Economic growth has been anchored by healthy consumers that have proven willing and able to spend (page 17). Looking forward, we expect economic growth to moderate toward 1-2% in 2027. Elevated energy prices and higher borrowing costs will likely weigh on discretionary spending patterns, particularly if the Federal Reserve needs to materially tighten policy further. The labor market remains tight overall but is showing some signs of weakness. Real wages have declined for six straight months (page 10), payroll gains have slowed (page 11), and labor supply is being pressured from a combination of retiring baby boomers and a curb to immigration. Looking beyond the consumer, we have seen encouraging signs of business investment spreading beyond AI-related capital expenditures. But the tailwind of government spending is likely over. Altogether, this presents a challenging backdrop for the Federal Reserve's leadership, and we believe the risk of a monetary policy misstep is higher. Despite all the noise, we believe equity markets have responded responsibly by looking past the near-term uncertainty and on to the continued growth of corporate earnings.

continued...

US Large Cap Equities, as measured by the S&P 500 Index, returned +2% in the third quarter and are now +13% for the year (page 21). The index continued to climb while the forward Price-to-Earnings valuation ratio went down (to 19x versus its long-term average of 17x) thanks to surging corporate earnings (page 22). S&P 500 earnings are expected to grow +34% in 2026 to \$362/share, +15% in 2027 and another +17% in 2028 (page 23). If these estimates are achieved, then current prices suggest the market is trading more in line with historical average valuations. But if the estimates are not realized, there may be some devaluations in response, particularly in the technology-heavy mega cap companies. We remain Neutral to US Large Cap Equities in our asset allocation models. US Mid Cap Equities, as measured by the S&P 400 Mid Cap Index, declined 6% in the third quarter but remained +10% year-to-date. US Small Cap Equities, as measured by the S&P 600 Small Cap Index, declined 7% in the third quarter and are +14%. A lot of attention has been paid to the negative impact higher interest rates have on equities, reducing the present value of future corporate earnings and compressing the price-to-earnings multiple an investor is willing to pay for a dollar of future growth. Further, investors typically assign a disproportional impact of higher interest rates on smaller companies given they commonly have shorter debt maturities. However, these companies continue to post healthy earnings, similar to their large cap peers, and maintain attractive valuations at 15-16x forward earnings. We remain Neutral to US Mid Cap and US Small Cap Equities.

Non-US Equities markets were largely unchanged in the third quarter. Non-US Developed Markets Equities, as measured by the MSCI EAFE Index, are +10% YTD and trade at 14.8x forward P/E with a 2.7% dividend yield. Emerging Market Equities, as measured by the MSCI EM Index, are +23% YTD and trade at 10x forward P/E with a 2% dividend yield. Manufacturing and export demand, particularly from companies tied to the AI infrastructure buildout, remain strong. This is evidenced by the strong corporate earnings growth and estimates going forward (page 33). However, we believe current valuations reasonably reflect the risks associated with tensions re-escalating and/or global growth slowing from the energy price shock. Many of these international countries are net oil importers, making their economies more susceptible to changes in prices. We remain Neutral weight in our asset allocation models.

continued...

The Federal Reserve (Fed) raised short-term interest rates by 25bps to a target range of 3.75-4.00% in September given the persistent inflationary trends (page 24). The headline PCE Price Index rose 3.4% versus a year ago while Core PCE, the Fed's preferred inflation measure, increased 3.0% (page 18). Financial markets have re-adjusted to Kevin Warsh's new leadership under which the central bank has been explicit in its goal for the bond market to do the work of the Fed. Looking forward, we believe the bond market has already done much of the tightening itself. The 2-year US Treasury has risen to 4.8% this year, the equivalent of nearly five 25bps rate hikes (page 25). We expect the Fed to hike one more time in this cycle with core inflation ultimately easing and demand for bonds cooling as a result. We believe this should clear a path for interest rates to stabilize, making this a potentially attractive entry point for fixed income. While there may be more volatility, the starting yield is historically a strong indicator of forward returns in fixed income (page 34). And today, ~85% of global fixed income yields are over 3%, up from just 12% in January 2022. We welcome the opportunity set and are glad to be firmly past the zero-interest rate environment. Credit spreads, or the premium charged by investors to hold below Investment Grade bonds over Treasuries, started to widen in the third quarter but remain tight at an average 3% spread versus 5% historically (page 28). With default rates expected to rise as the economy slows and attractive interest rates on Treasuries, Municipals and Investment Grade Corporates, we remain biased to higher quality bonds. We remain Overweight US Investment Grade Bonds in our asset allocation model and Underweight to Strategic Bonds.

As disciplined investors, our clients know how important it is to focus on long-term objectives and ignore the short-term "noise." There is plenty of noise across financial markets and geopolitics including the US midterm elections next month. Polls suggest Democrats are poised to make some gains in the House and Senate. While statisticians would be hard pressed to prove direct causation, we believe market sentiment would improve with a divided government. But it's important to turn down the noise to see the opportunities for our clients to better meet their objectives. As interest rates have risen, investors can own fixed income in their portfolio while still generating compelling rates of return. This is unlike the last two decades when investors were forced to either take more risk (own more equities) or accept a lower expected rate of return on their portfolios. This came to a peak in 2022, when a diversified investor had to essentially hold a portfolio of all equities to achieve a 7% expected rate of return (page 39). The Federal Reserve will eventually have to lower interest rates to stimulate the economy, and when that time comes, history tells us there may not be much time to react. Short-term interest rates tend to rise like an escalator but fall like an elevator. Investors will want to avoid that ride down by locking in current rates.

TACTICAL OVERLAY TO STRATEGIC ASSET ALLOCATION MODELS

CASH ALTERNATIVES	UNDERWEIGHT	NEUTRAL	OVERWEIGHT
FIXED INCOME			
US INVESTMENT GRADE BOND	UNDERWEIGHT	NEUTRAL	OVERWEIGHT
TIPS	UNDERWEIGHT	NEUTRAL	OVERWEIGHT
STRATEGIC BOND	UNDERWEIGHT	NEUTRAL	OVERWEIGHT
US STOCKS			
US LARGE CAP EQUITY	UNDERWEIGHT	NEUTRAL	OVERWEIGHT
US MID CAP EQUITY	UNDERWEIGHT	NEUTRAL	OVERWEIGHT
US SMALL CAP EQUITY	UNDERWEIGHT	NEUTRAL	OVERWEIGHT
NON-US STOCKS			
NON-US DEVELOPED MARKETS EQUITY	UNDERWEIGHT	NEUTRAL	OVERWEIGHT
NON-US EMERGING MARKETS EQUITY	UNDERWEIGHT	NEUTRAL	OVERWEIGHT
ALTERNATIVES			
REAL ESTATE	UNDERWEIGHT	NEUTRAL	OVERWEIGHT

This material is for informational purposes only and should not be used or construed as a recommendation regarding any security outside of a managed account. There is no assurance any of the trends mentioned will continue in the future. Dividends are not guaranteed and must be authorized by a company's board of directors. Diversification does not assure a profit or protect against loss. International investing involves additional risks such as currency fluctuations, differing financial and accounting standards, and possible political and economic instability. Also, investing in emerging markets can be riskier than investing in well-established foreign markets. Investing involves risk and investors may incur a profit or a loss, including the loss of all principal.

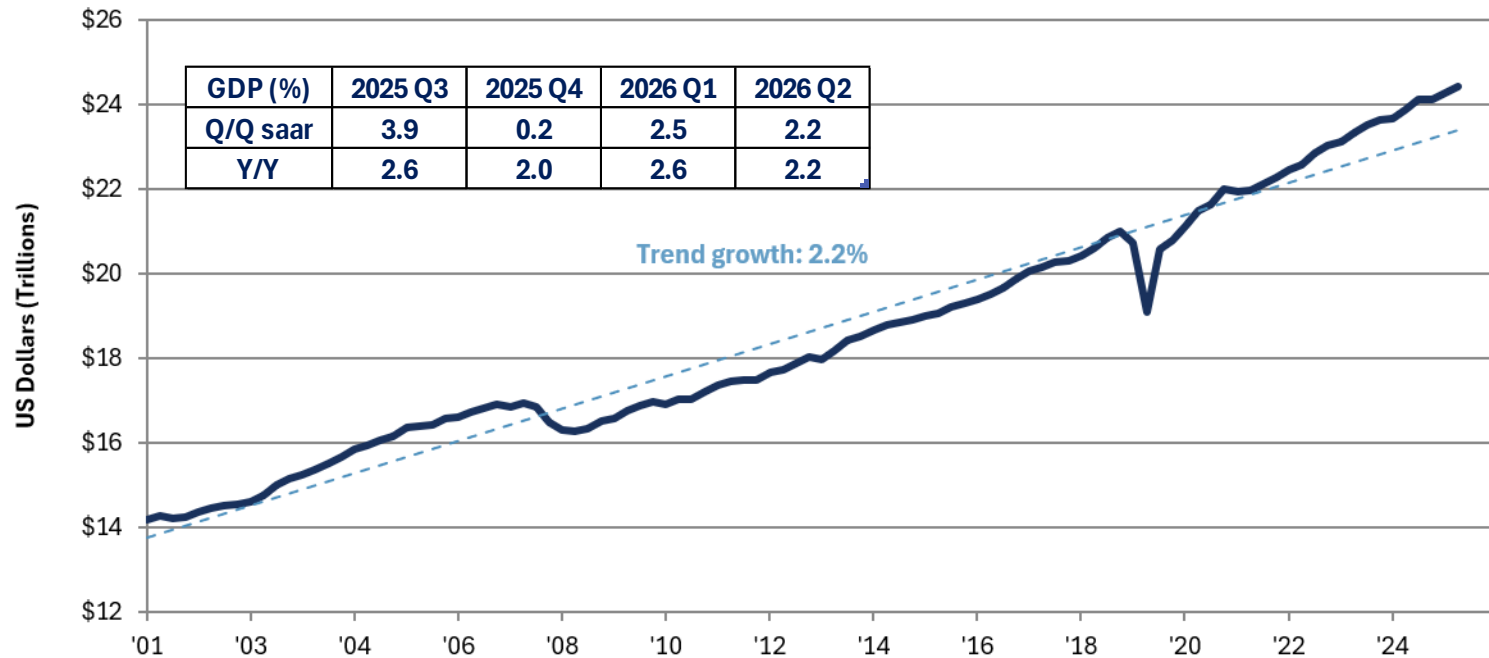
ECONOMIC REVIEW

CAPITAL MARKETS

QUARTERLY THEMES

Real Gross Domestic Product (GDP)

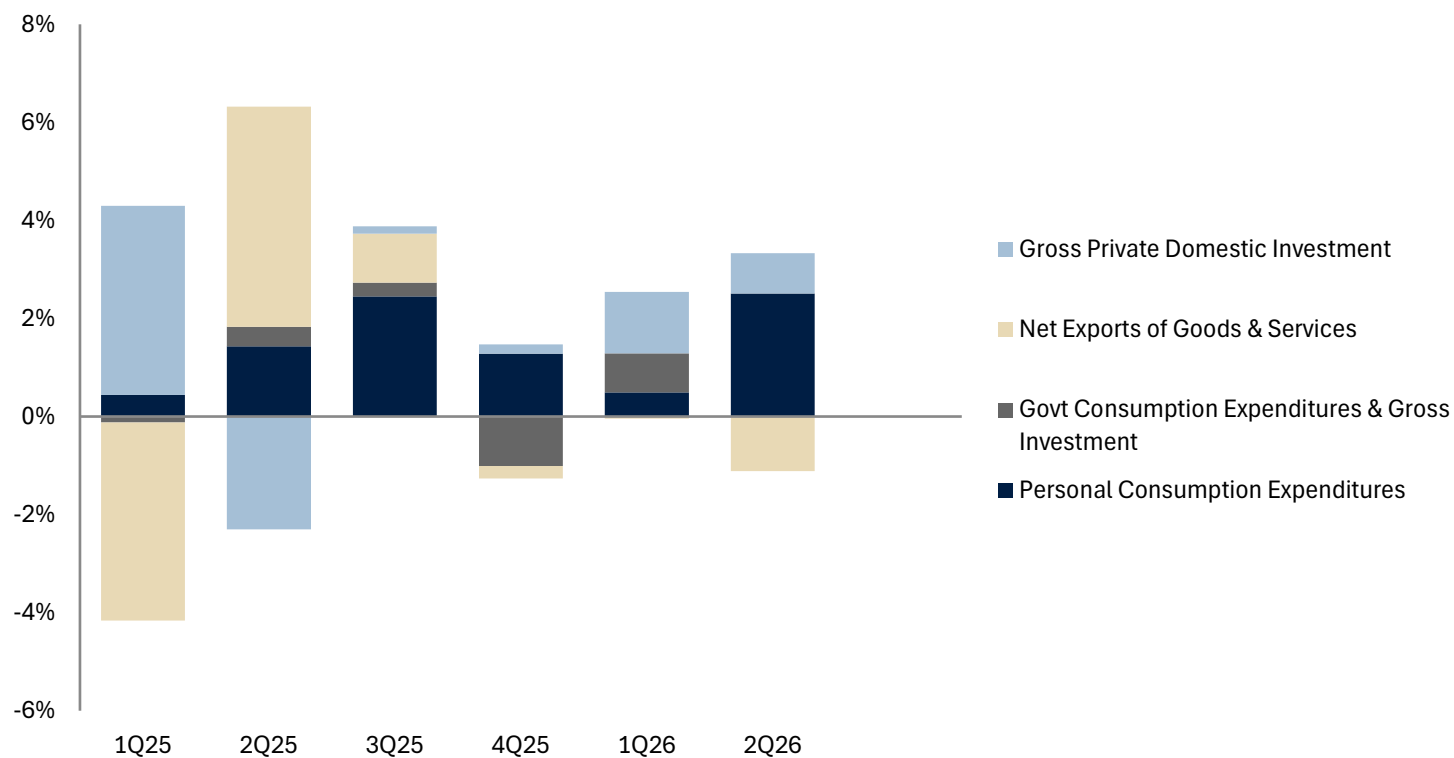
Gross domestic product increased 2.2 percent in the second quarter of 2026 versus a year ago according to the Bureau of Economic Analysis, driven by increases in consumer spending and private investment.



Source: Bureau of Economic Analysis, Federal Reserve Bank of St. Louis Economic Data. Trillions of chained (2017) dollars, seasonally adjusted. Data as of 6/30/2026.

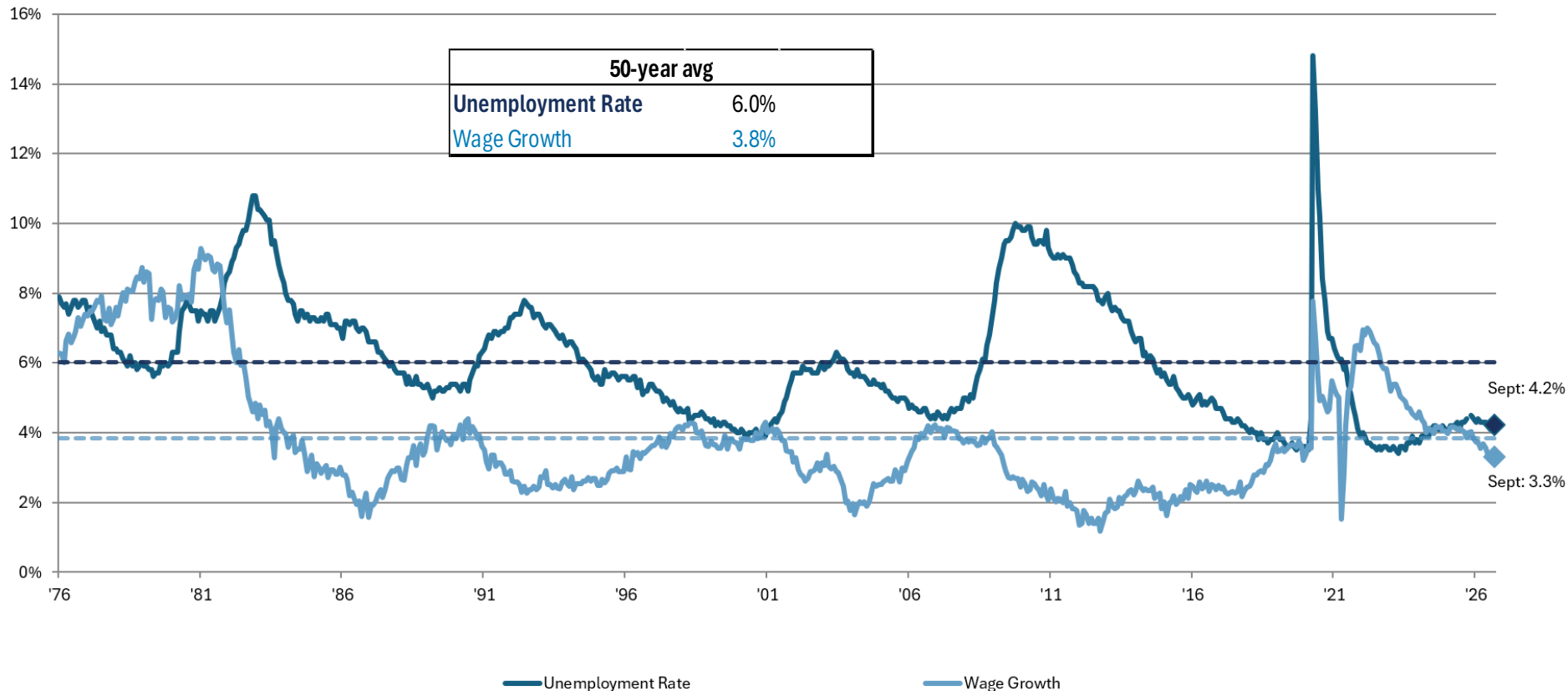
CONTRIBUTIONS TO % CHANGE IN REAL GDP

Second quarter real GDP growth reflected increases in gross private domestic investment and consumer spending, while net exports were negative.



Source: Bureau of Economic Analysis, Federal Reserve Bank of St. Louis Economic Data. Data as of 6/30/2026.

Civilian Unemployment Rate and Year-over-Year Wage Growth



Source: Federal Reserve Bank of St. Louis Economic Data. Unemployment rate and wage growth is measured monthly, seasonally adjusted. Private production and non-supervisory jobs represent just over 80% of total private nonfarm jobs. Data as of 9/30/2026.

The pace of gains in Non-Farm Payrolls has slowed, reflecting tighter labor market conditions.

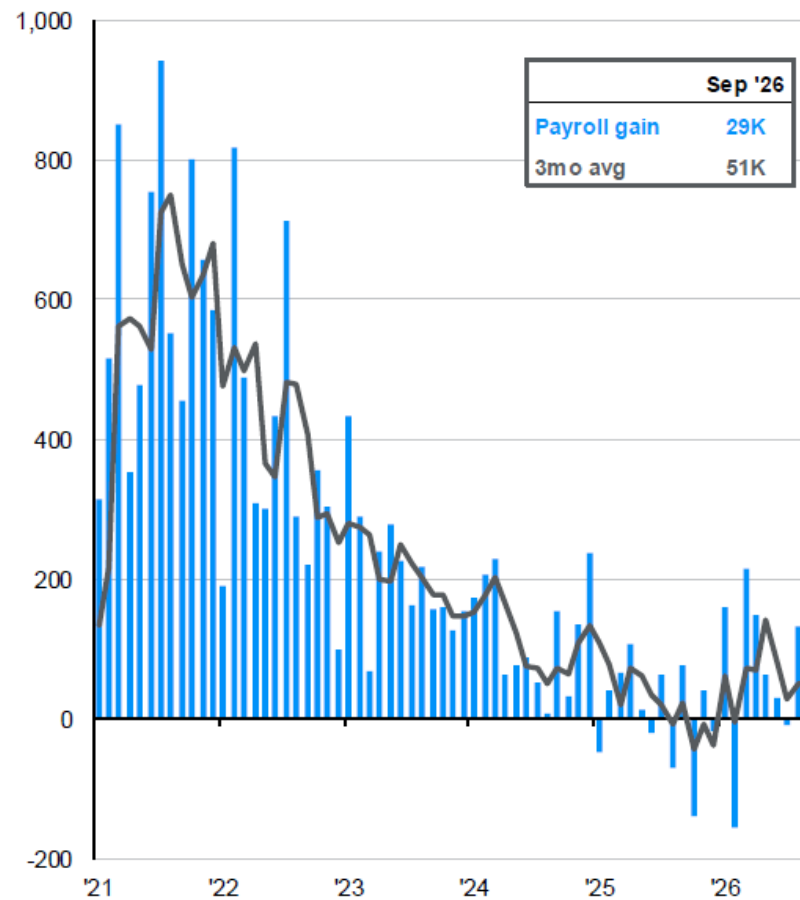
Non-Farm Payrolls YoY Change



Source: Federal Reserve Bank of St. Louis Economic Data. Data as of 9/30/2026.

Non-Farm Payroll Gains

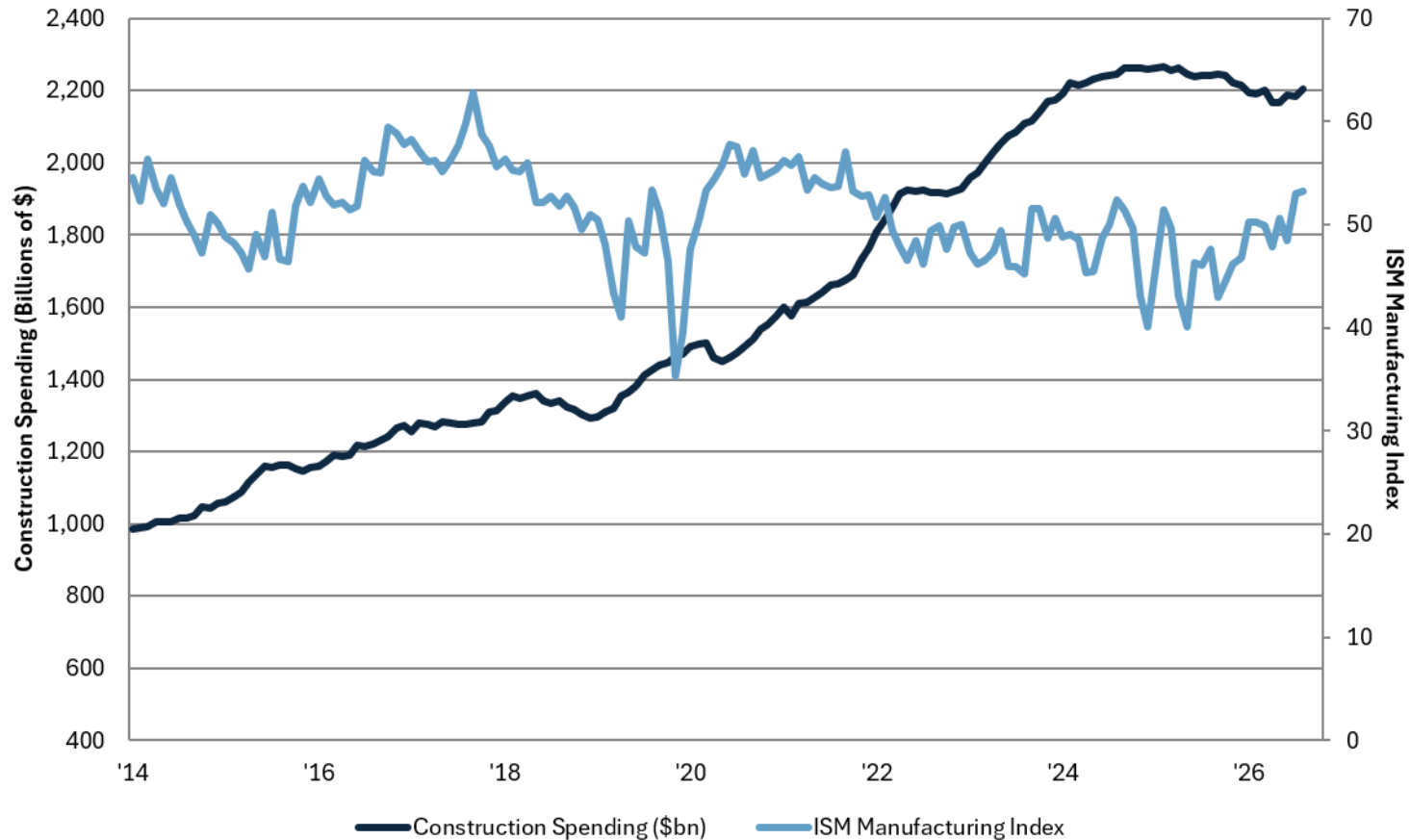
Month-over-Month Change and 3-Month Moving Average



Source: BLS, FactSet, CBO, JPMorgan Asset Management. Data as of 9/30/2026.

The ISM Manufacturing Index registered 53.2 in August and is back in expansionary territory (a level above 50). Construction spending increased at the end of the quarter.

Construction and Manufacturing

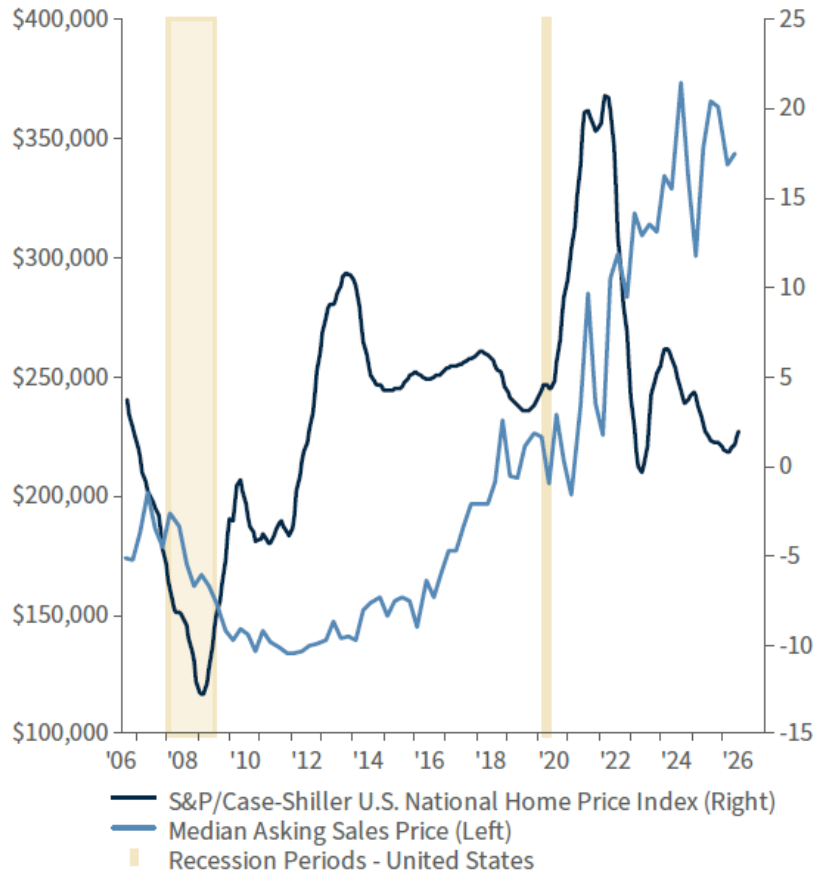


Source: Federal Reserve Bank of St. Louis Economic Data, YCharts. Data as of 8/31/2026.

HOUSING MARKET

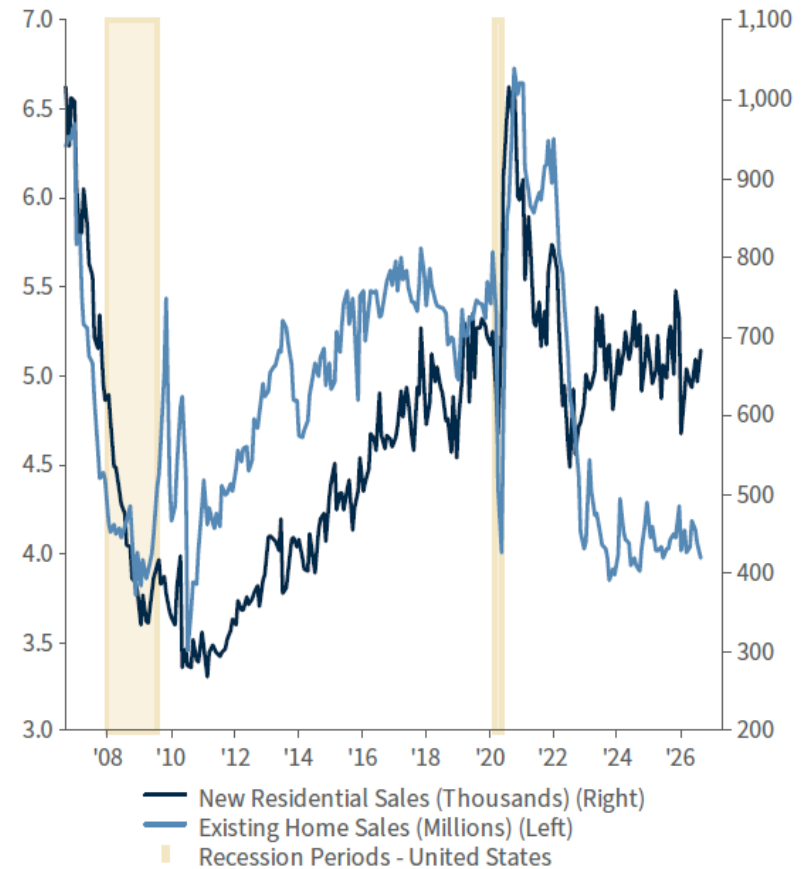
While home prices have continued to climb, the pace of price increases has moderated significantly. New home sales trended higher while existing home sales trended lower during the summer.

National Home Price Index (YoY Change)



Source: FactSet, Raymond James. Data as of 9/30/2026.

New and Existing Home Sales



Source: FactSet, Raymond James. Data as of 9/30/2026.

Retail sales remain relatively stable but did trend lower over the summer.

Retail Sales YoY Change



Source: Federal Reserve Bank of St. Louis Economic Data. Data as of 7/31/2026.

CONSUMER CONFIDENCE

US Consumer sentiment was 51.7 in August, as measured by the University of Michigan Consumer Sentiment Index. Consumer confidence remains low despite healthy economic conditions.

Consumer Confidence

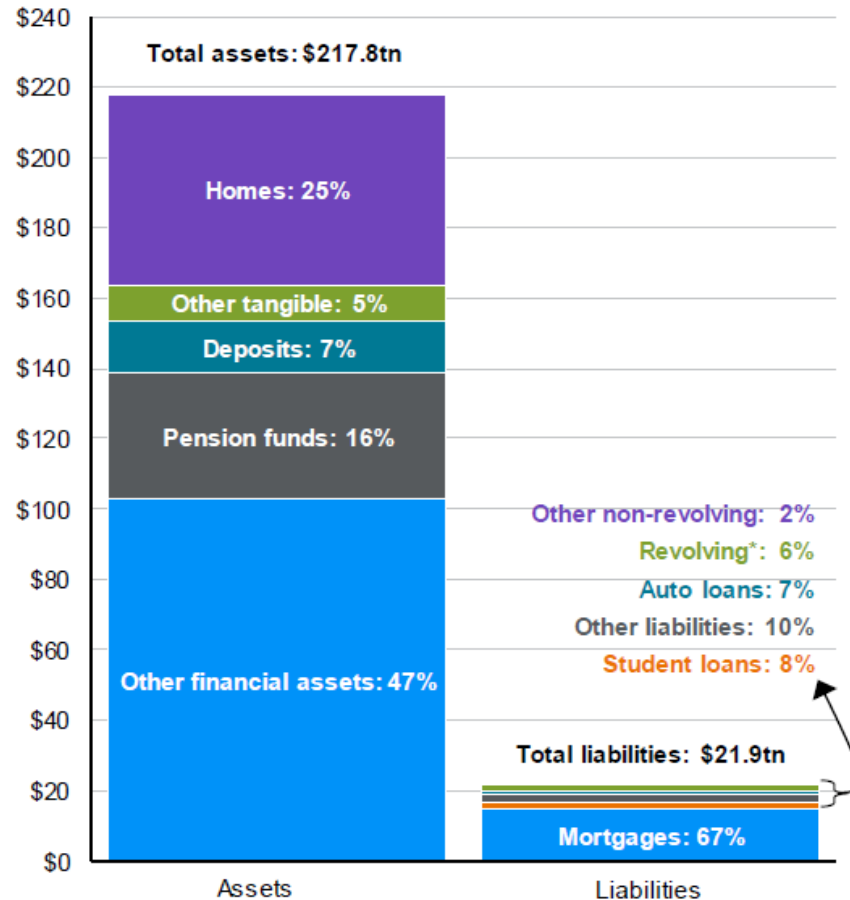


Source: Federal Reserve Bank of St. Louis Economic Data, University of Michigan Consumer Sentiment Index. Data as of 8/31/2026.

Consumer Finances

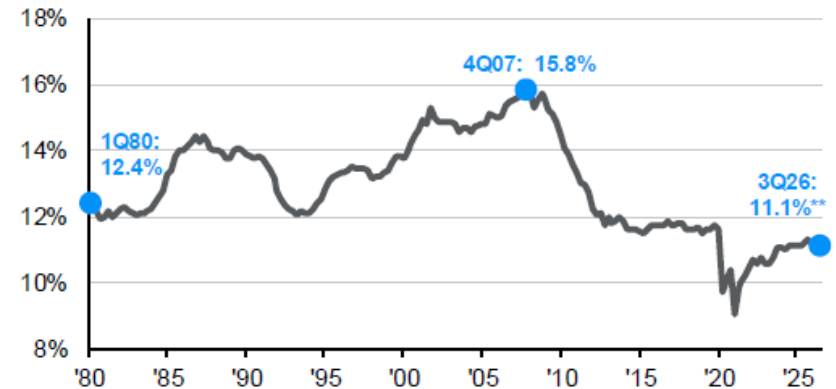
Consumer balance sheet

2Q26, USD trillions, not seasonally adjusted



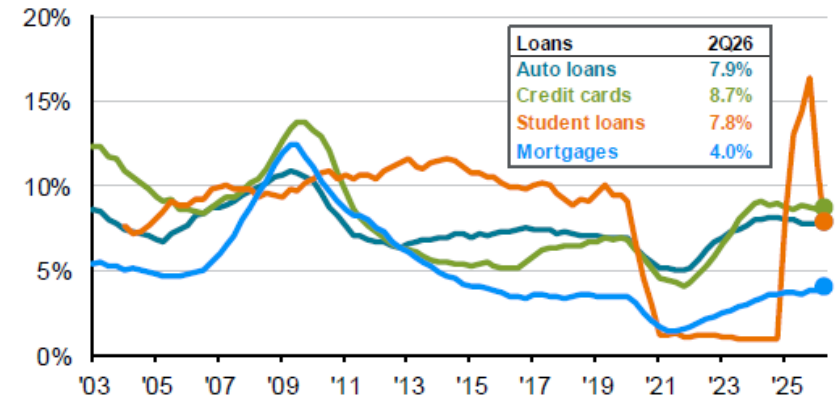
Household debt service ratio

Debt payments as % of disposable personal income, SA



Flows into early delinquencies

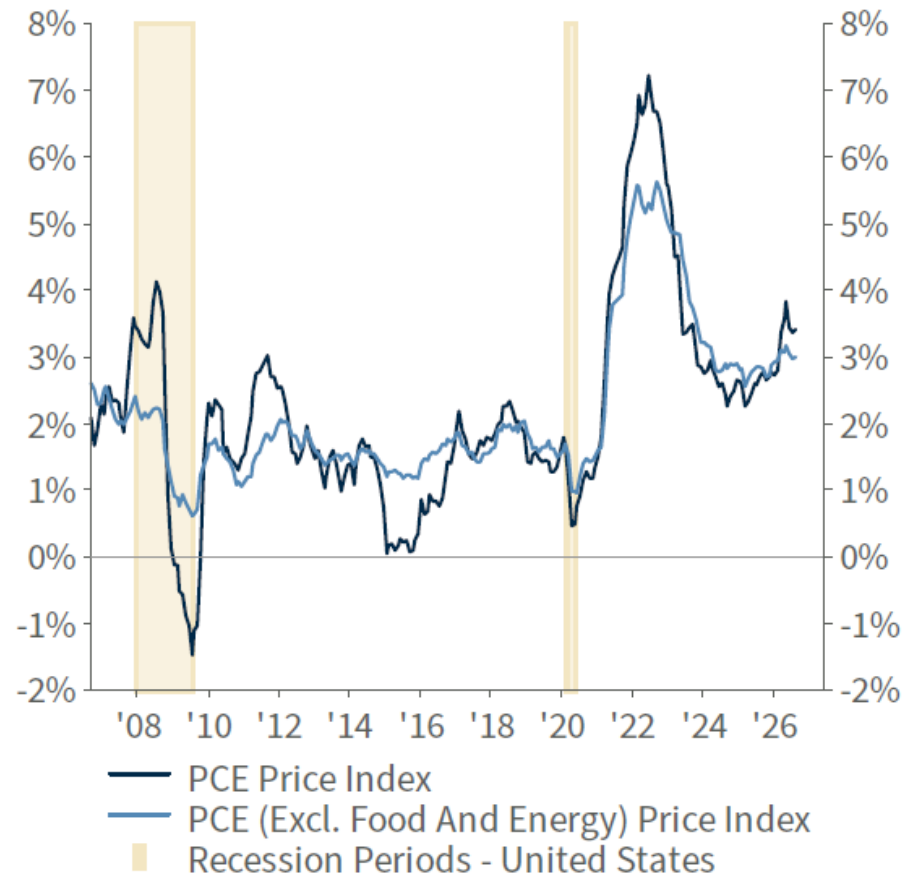
% of balance delinquent 30+ days



Source: FactSet, FRB, JPMorgan Asset Management, BEA. Data include households and nonprofit organizations (seasonally adjusted). *Revolving includes credit cards. Values may not sum to 100% due to rounding. **Periods for which official data are unavailable are JPMorgan Asset Management estimates. Household debt service ratio data from 1Q80 to 4Q04 are JPMorgan Asset Management estimates. Due to the moratorium on delinquent student loan payments being reported to credit bureaus, missed federal student loan payments were not reported until 4Q24. Household debt service ratio data as of 9/30/2026. Consumer finances and delinquency data as of 6/30/2026.

Inflation

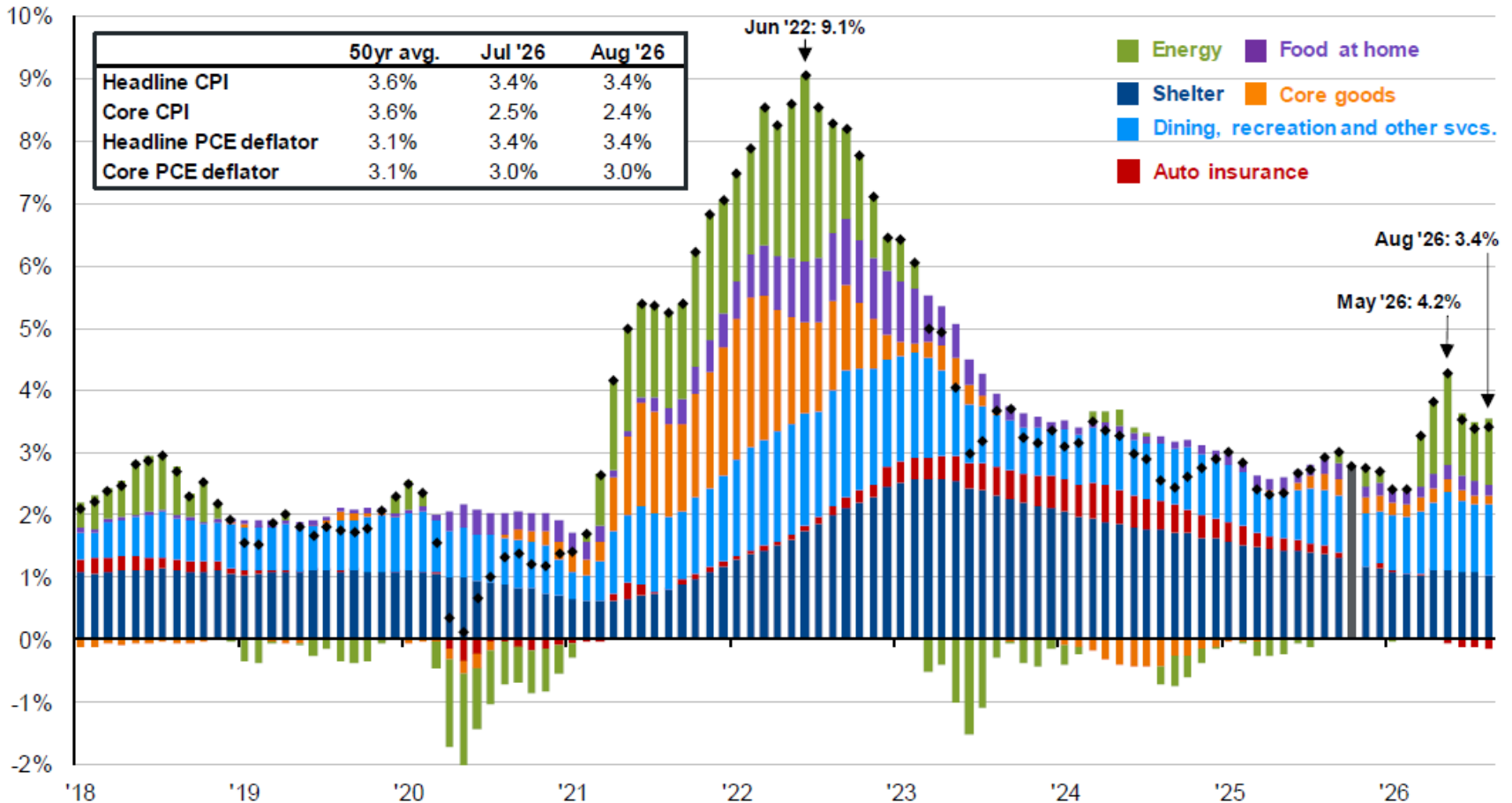
Inflation ticked lower this summer after increasing in the spring. The PCE Price Index (PCE) and Core PCE Index, which excludes the volatile food and energy components, increased 3.4% and 3.0% respectively in August versus a year ago.



Source: FactSet, Raymond James. Personal Consumption Expenditure (PCE) is the preferred measure of inflation by the Bureau of Economic Analysis. Data as of 9/30/2026.

Inflation

Contributors to Headline CPI Inflation



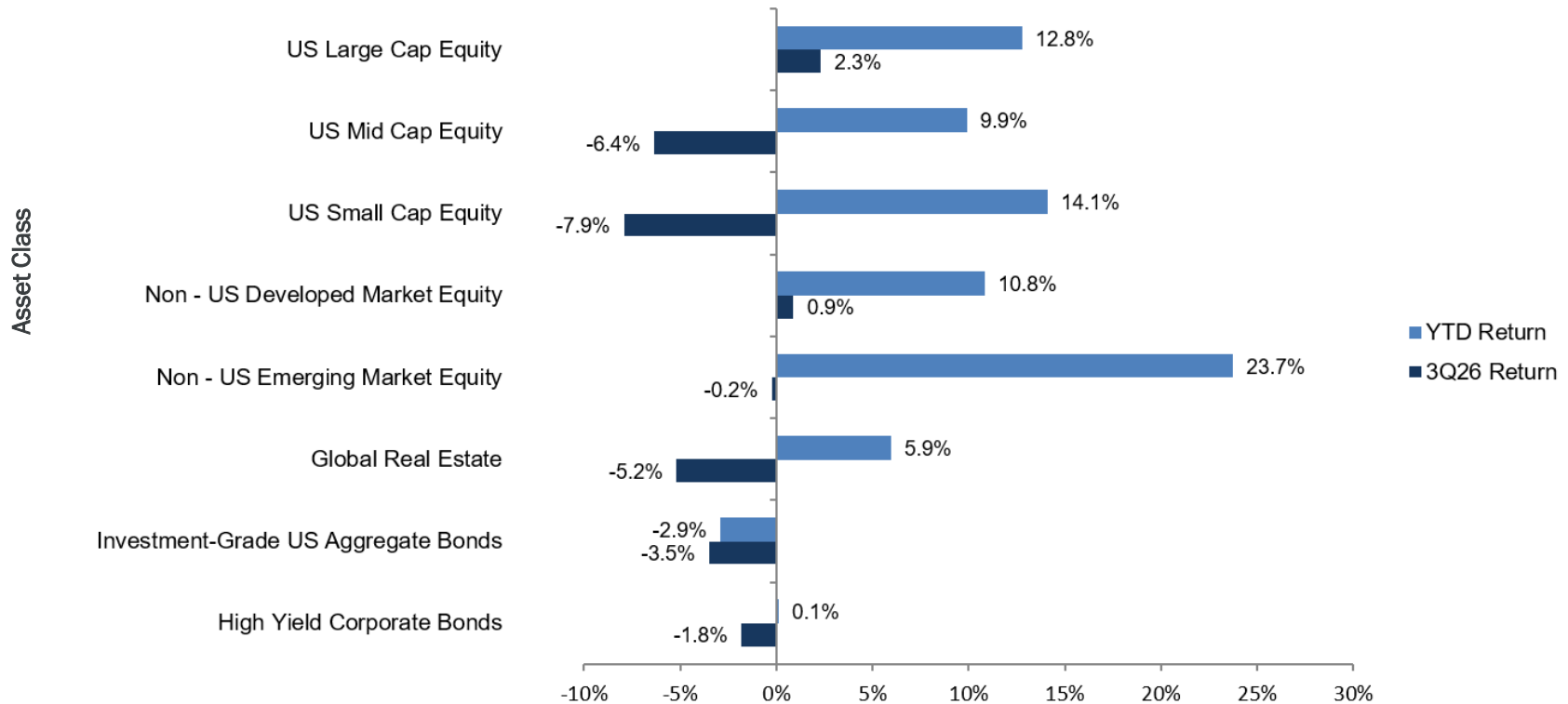
Source: BLS, FactSet, JPMorgan Asset Management. Contributions mirror the BLS methodology on Table 7 of the CPI report. Values may not sum to headline CPI figures due to rounding and underlying calculations. "Shelter" includes owners' equivalent rent and rent of primary residence. "Food at home" includes alcoholic beverages. Data as of 8/31/2026.

ECONOMIC REVIEW

CAPITAL MARKETS

QUARTERLY THEMES

ASSET CLASS RETURNS



Source: FactSet, as of 9/30/2026. Past performance is not indicative of future results. Please see slides 42-44 for asset class definitions.

PRICE-EARNINGS RATIOS VERSUS HISTORICAL AVERAGES

	Current Forward P/E	20-Year Average	Current P/E as a % of 20-year Average
S&P 500	19.3	16.0	120.3%
S&P 400	15.0	15.7	95.5%
S&P 600	13.5	16.3	83.1%

Source: Standard & Poor's. P/E calculated as the most recent index price, divided by consensus earnings in the next twelve months. 20-year averages as of June 2024. Current P/E data as of 9/30/2026. Please see slides 42-44 for index definitions.

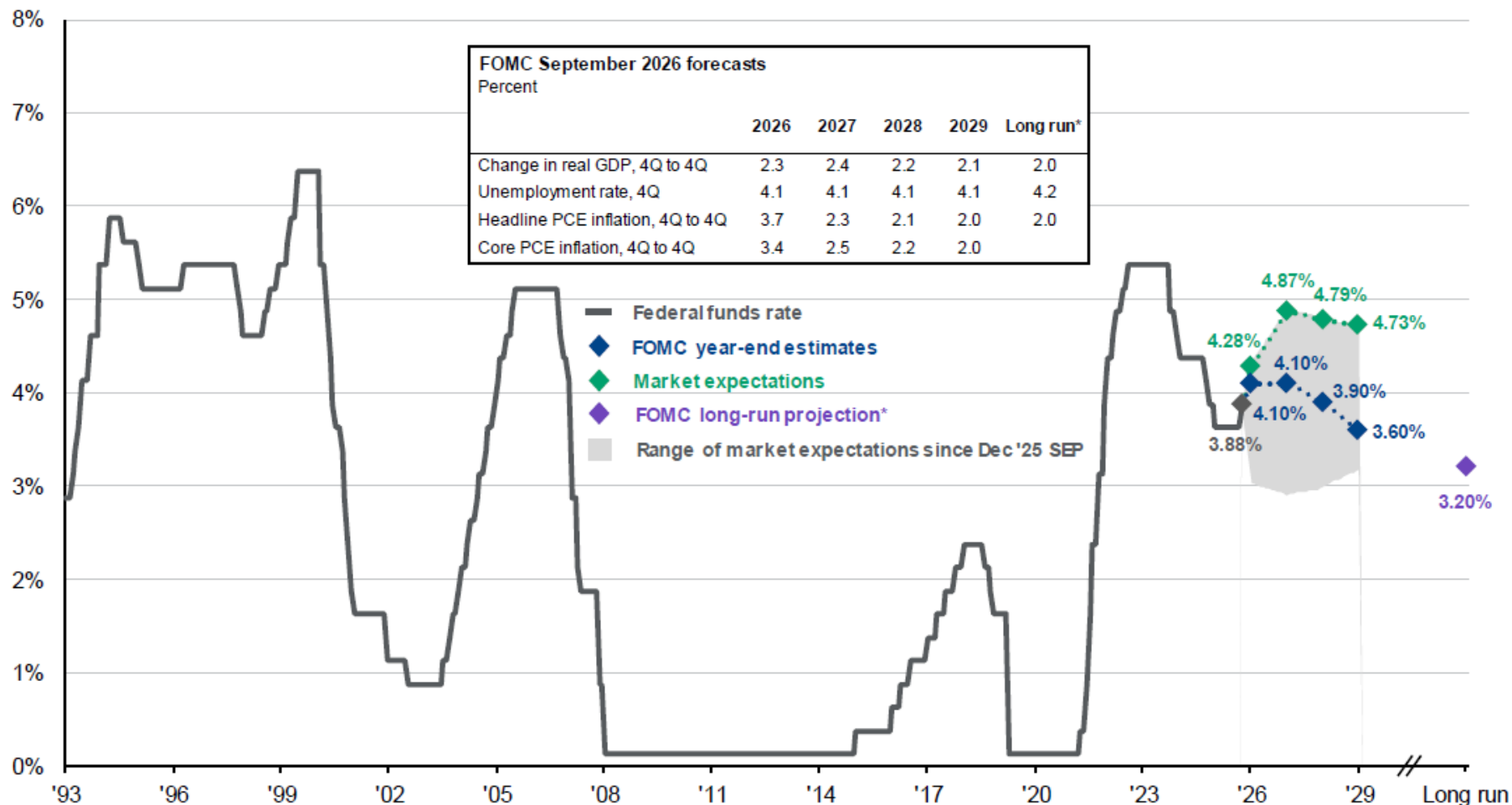
S&P 500 Calendar Year Bottom-Up EPS Estimates: Current & Historical



Source: Standard & Poor's, FactSet, Earnings Insight Report. Data as of 9/30/26. Please see slides 42-44 for index definitions.

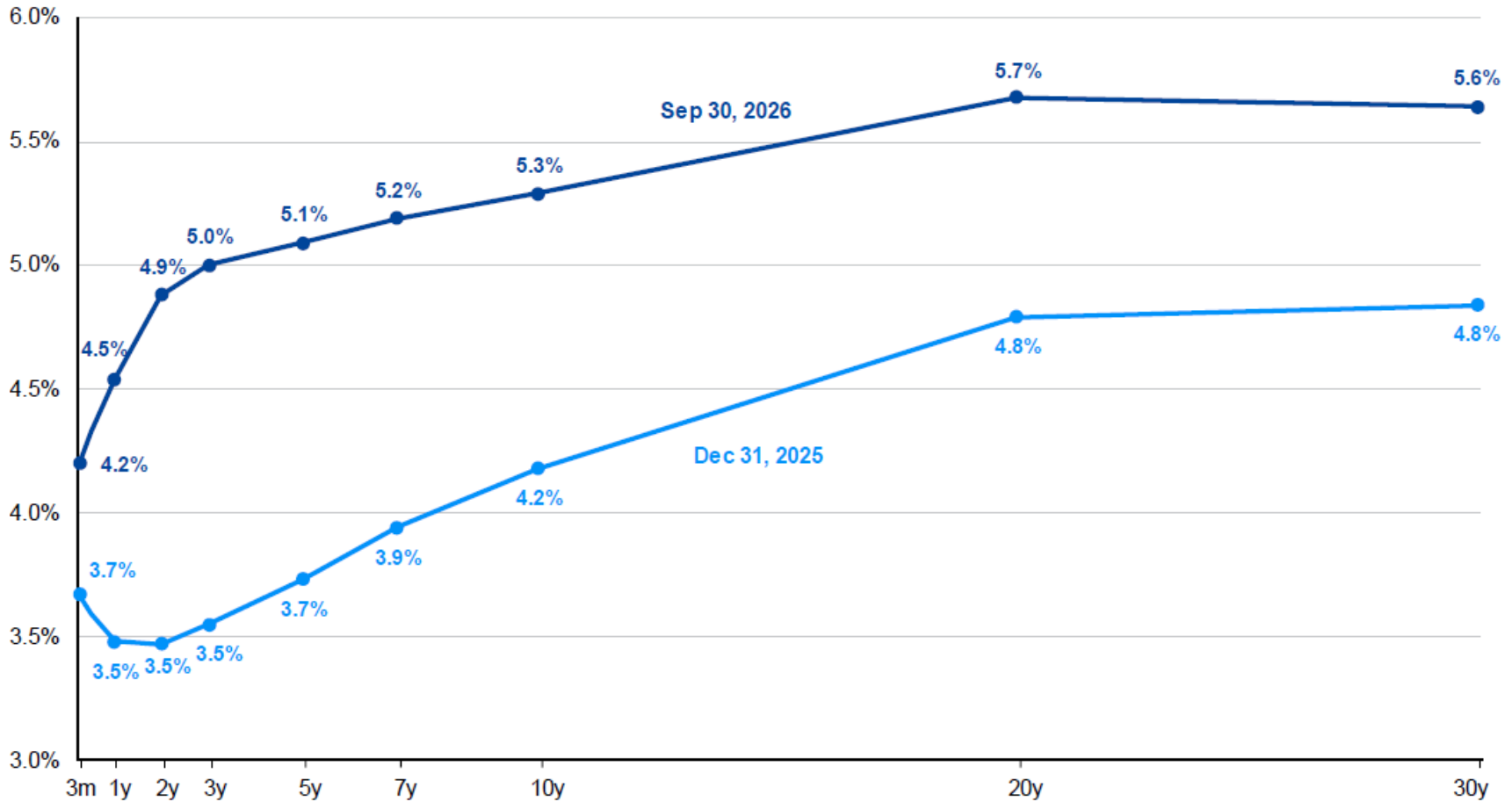
Federal Funds Rate Expectations

FOMC and Market Expectations for the Federal Funds Rate



Source: FactSet, JPMorgan Asset Management. Data as of 9/30/2026.

US Treasury Yield Curve



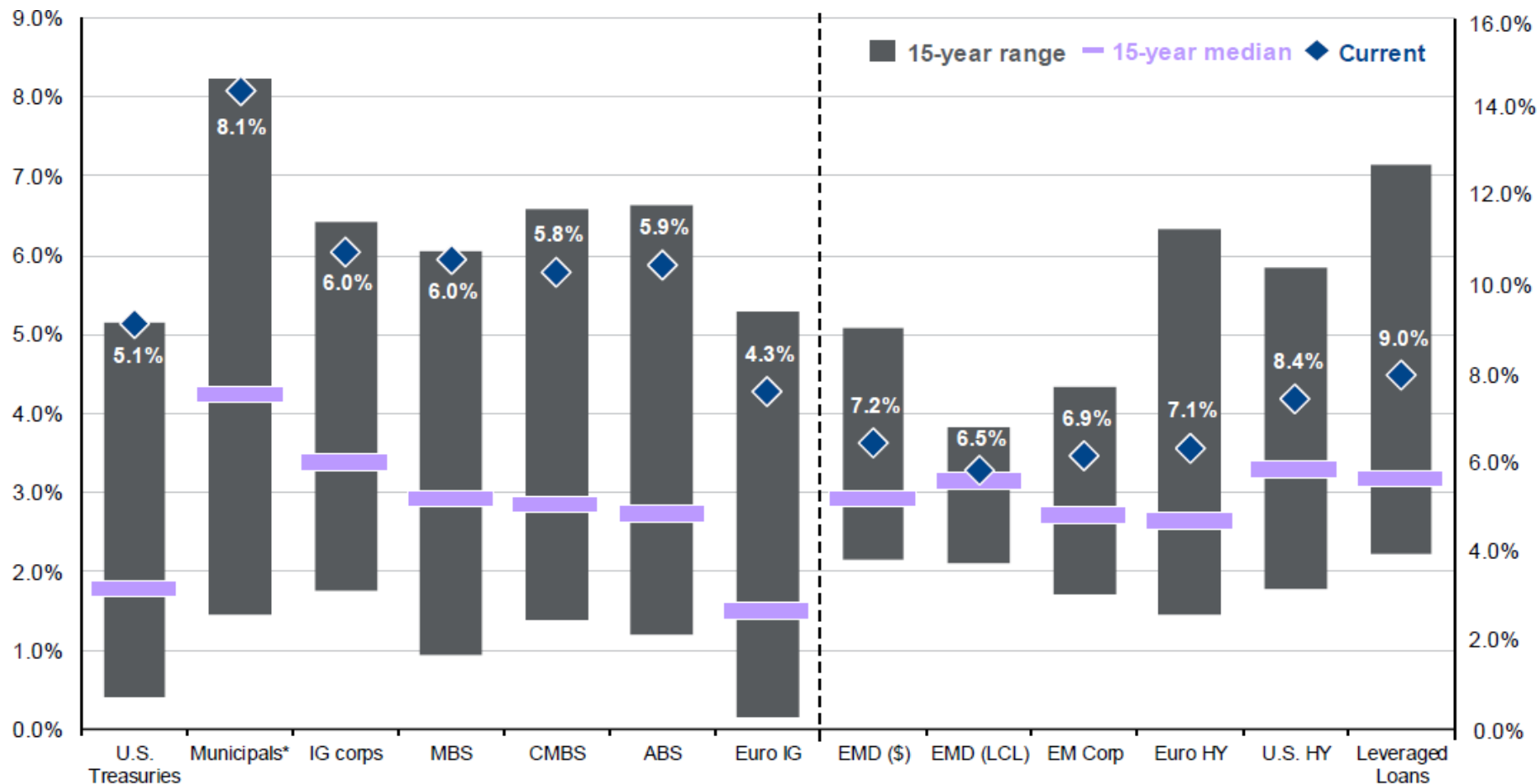
Source: FactSet, JPMorgan Asset Management. Data as of 9/30/2026. Please see slides 42-44 for index definitions .

Yield to Worst



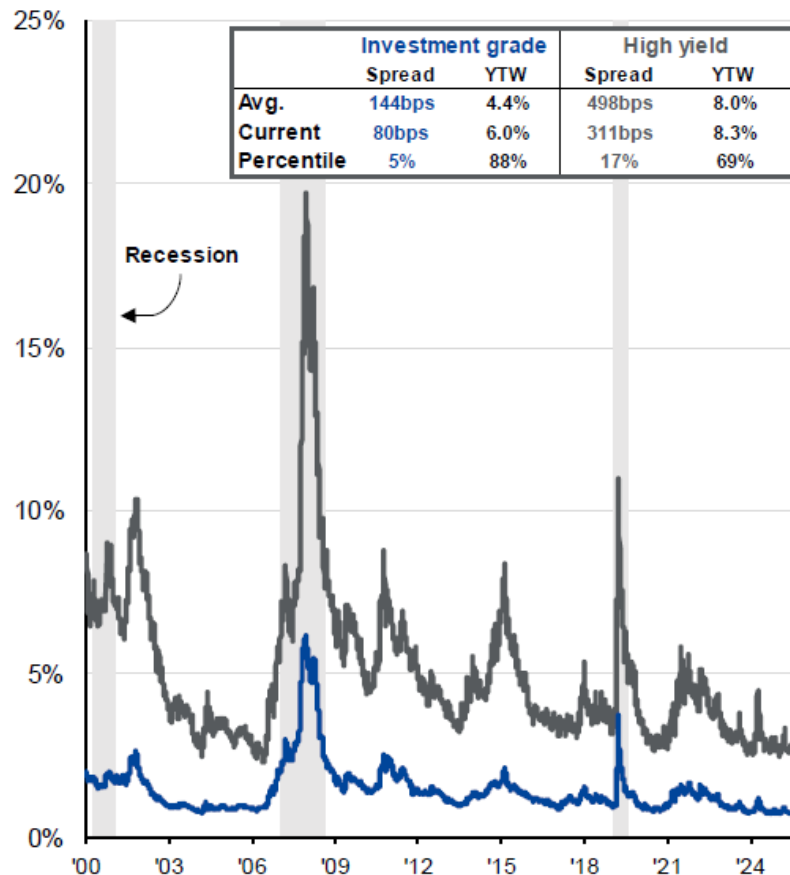
Source: FactSet, Bloomberg, Raymond James. All yields are Yield to Worst. Past performance is not indicative of future results.. Data as of 9/30/2026. Please see slides 42-44 for index definitions

Yield to Worst Across Fixed Income Sectors



Source: Bloomberg, FactSet, JPMorgan, as of 9/30/26. All sectors shown are yield-to-worst except for Municipals, which is based on the tax-equivalent yield-to-worst assuming a top-income tax bracket rate of 37% plus a Medicare tax rate of 3.8% for a total of 40.8%. Please see slides 42-44 for index definitions.

Corporate Credit Spreads (OAS 2001 – Present)



Source: Bloomberg, FactSet, JPMorgan, as of 9/30/26. U.S. Investment Grade: Bloomberg U.S. Corporate Investment Grade Index; U.S. High Yield: Bloomberg U.S. Aggregate Corporate High Yield Index. Please see slides 42-44 for index definitions.

After a volatile first half of the year, the US Dollar strengthened at the end of the quarter.

US Dollar Index



Source: FactSet, as of 9/30/2026. Please see slides 42-44 for index definitions.

COMMODITY PRICES

WTI Price



Source: FactSet, Raymond James. Data as of 9/30/2026.

Gold Price



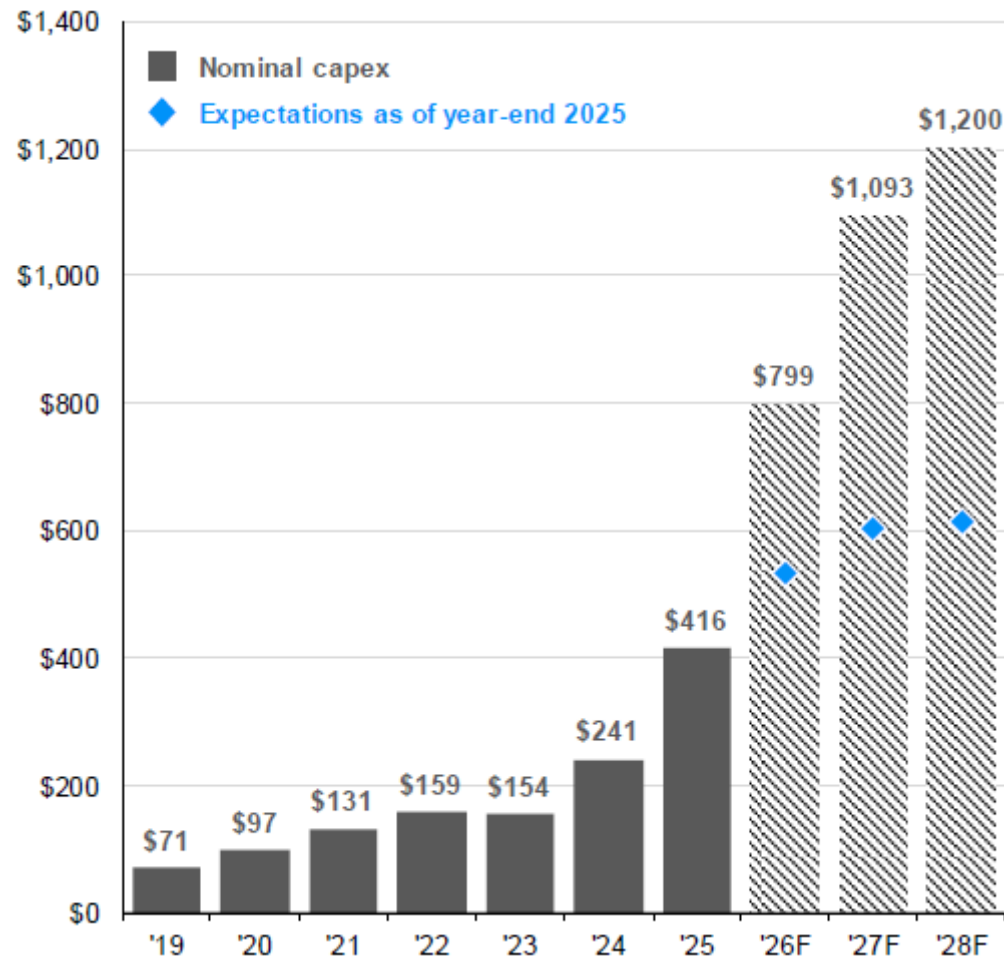
Source: FactSet, Raymond James. Data as of 9/30/2026.

ECONOMIC REVIEW

CAPITAL MARKETS

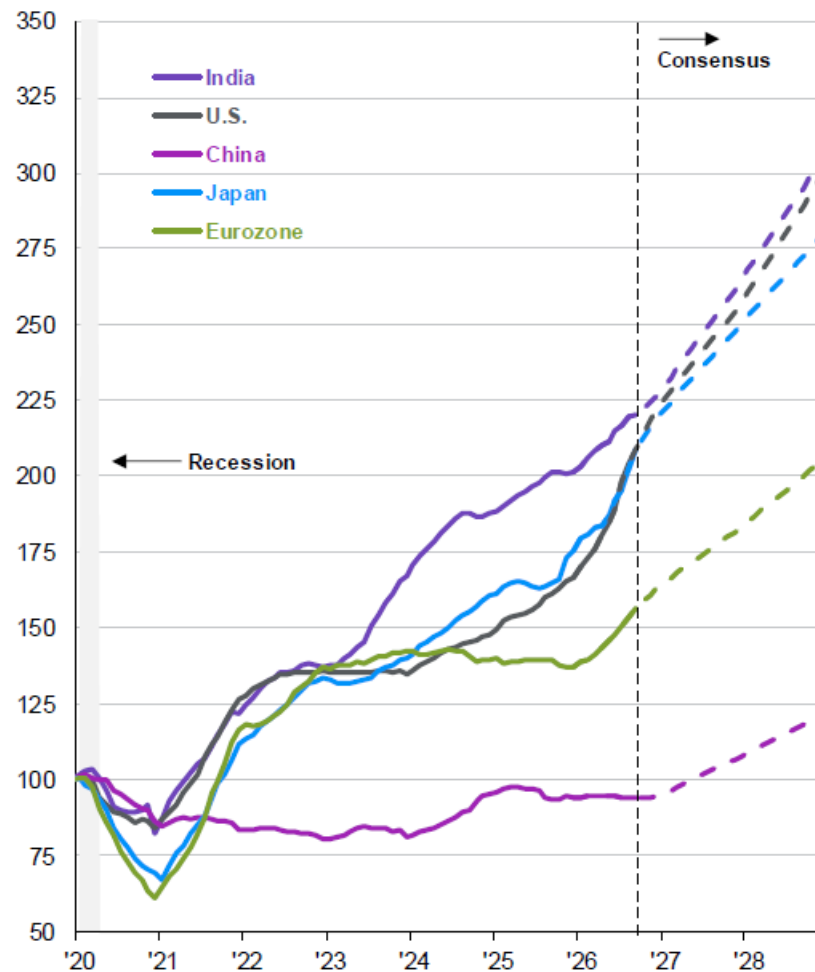
QUARTERLY THEMES

Capex from the Major AI Hyperscalers



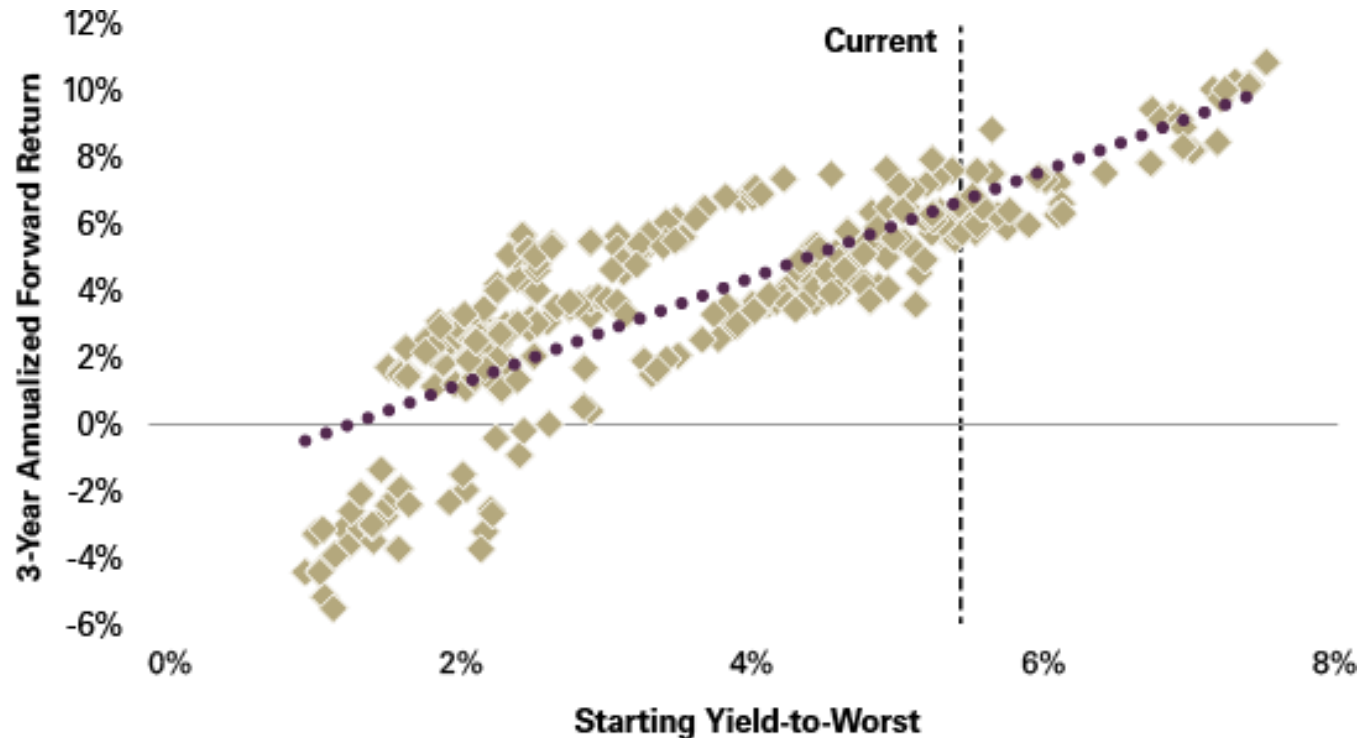
Source: Bloomberg, FactSet, JPMorgan, as of 9/30/26. Data for 2026, 2027 and 2028 reflect consensus estimates. Capex shown is company total. *Hyperscalers are the large cloud computing companies that own and operate data centers with horizontally linked servers that, along with cooling and data storage capabilities, enable them to house and operate AI workloads.

Global Equity Earnings Growth Since the Pandemic



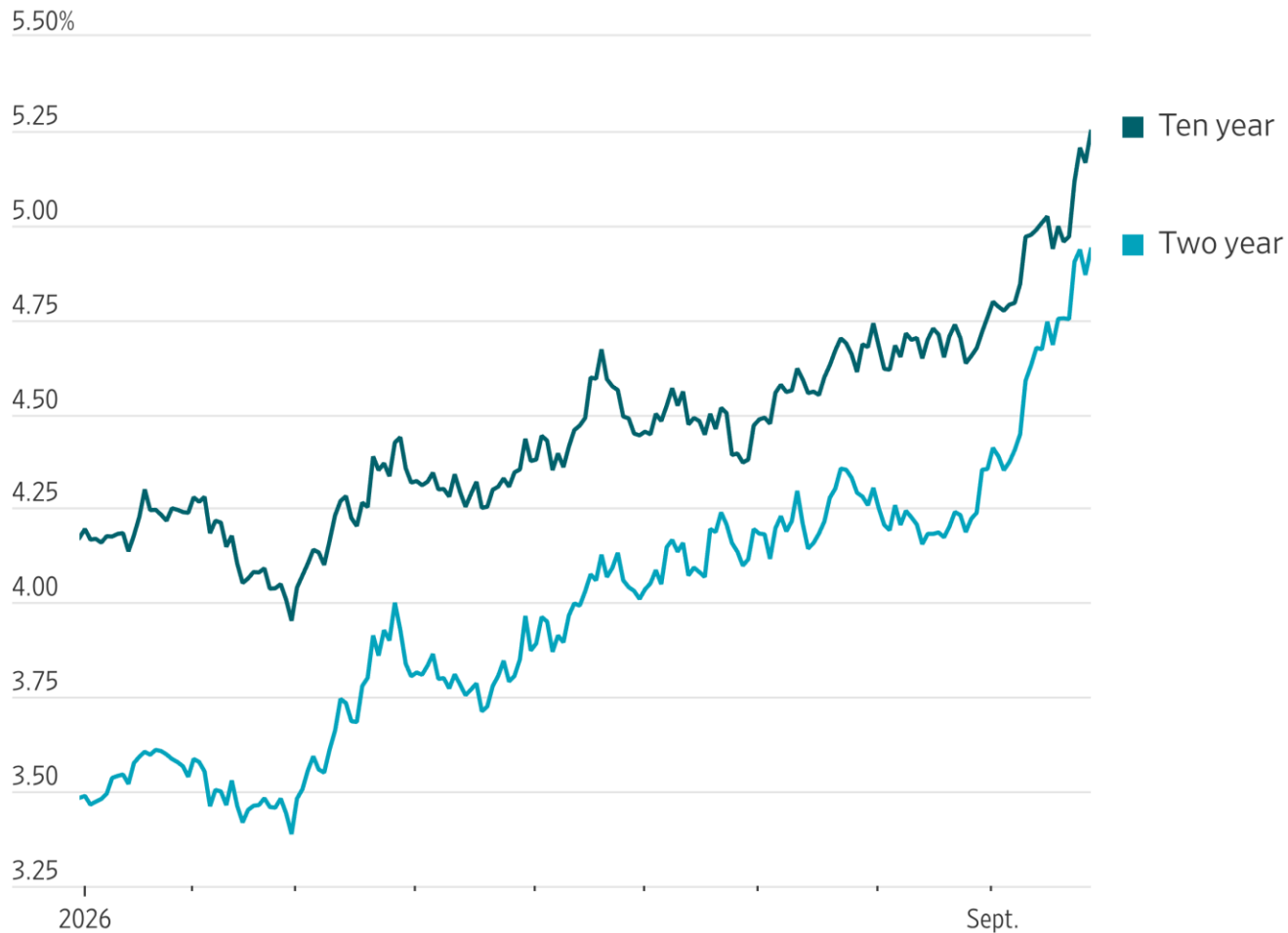
Source: FactSet, MSCI, Standard & Poor's, JPMorgan. Data as of 9/30/2026. Countries are represented by their respective MSCI country index except for the US, which is represented by the S&P 500. Please see slides 42-44 for index definitions.

Bloomberg US Aggregate Index Starting Yield-to-Worst



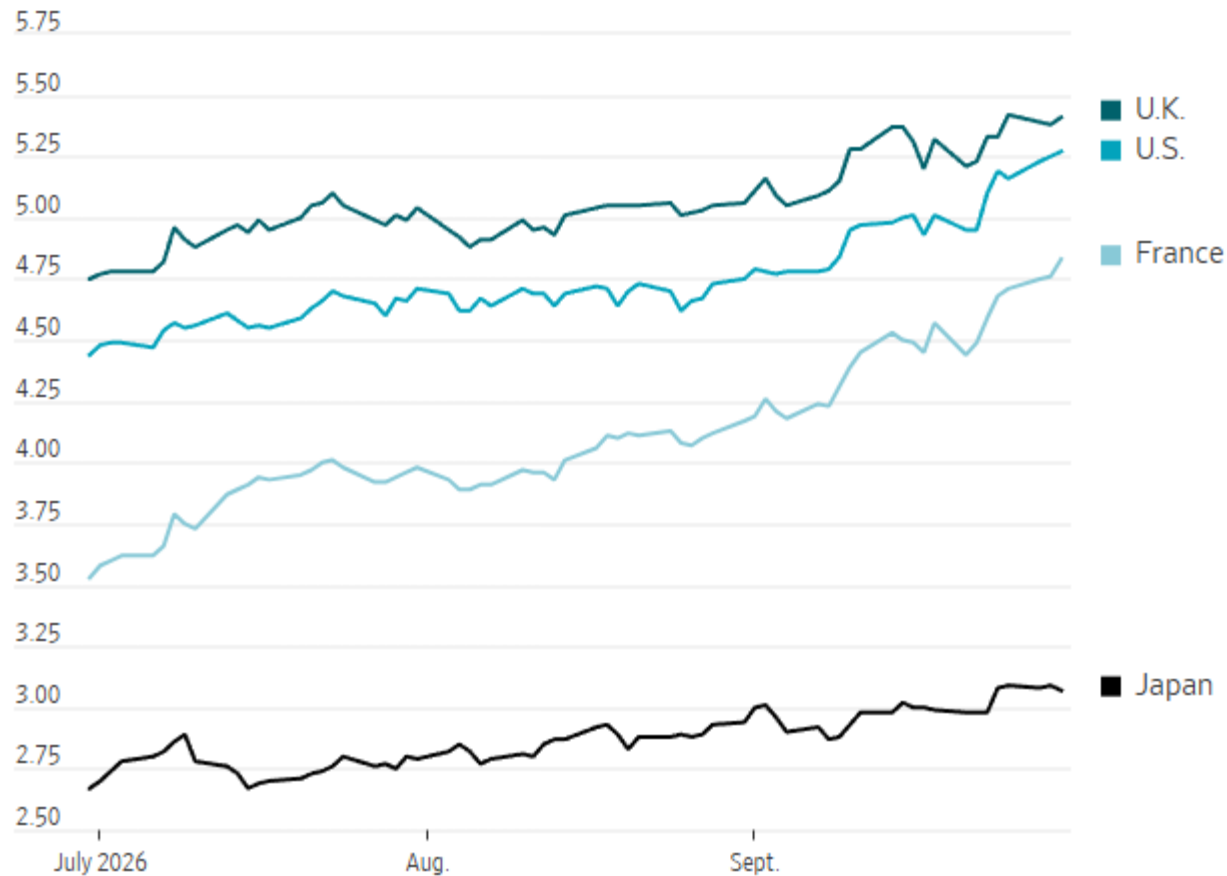
Source: Guggenheim Investments, Bloomberg. Data as of 9/28/2026. Yield-to-worst calculations span monthly observations on month-end from 8/31/1999 through 8/31/2023. 3Y forward returns are based on the performance of the index for the 3-year period following each yield observation. Please see slides 42-44 for index definitions.

Yield on 2-year and 10-year Treasury Notes



Source: Tullett Prebon, Wall Street Journal. Data as of 9/30/2026. Please see slides 42-44 for index definitions.

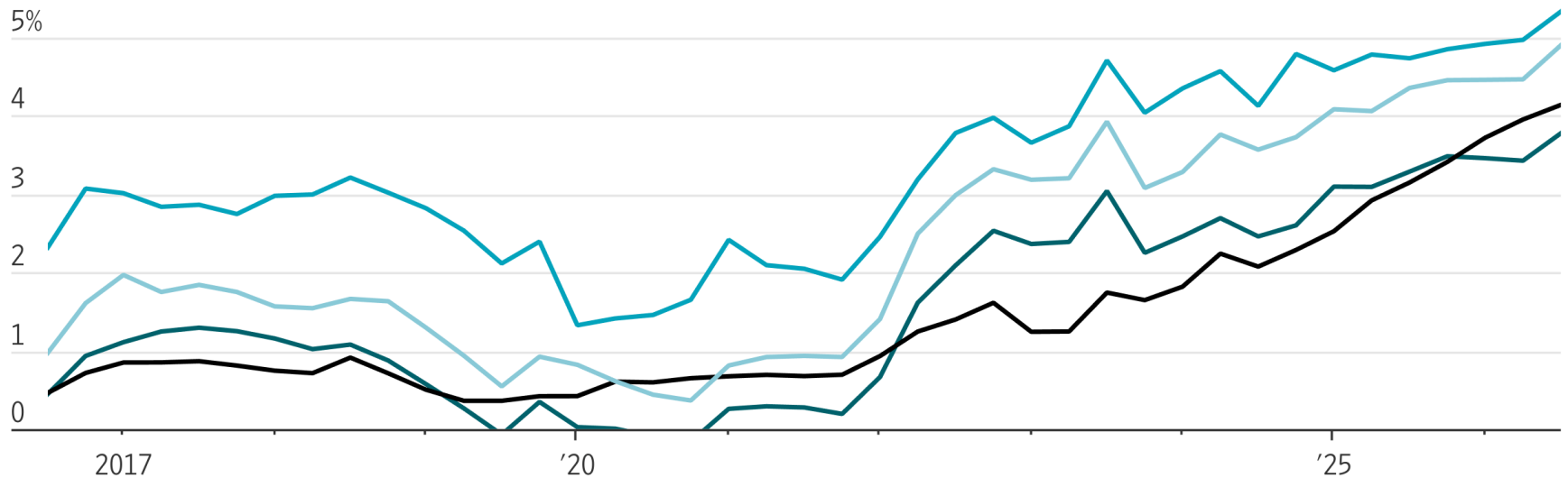
10-year Sovereign Bond Yields



Source: FactSet, Wall Street Journal. Data as of 9/30/2026. Please see slides 42-44 for index definitions.

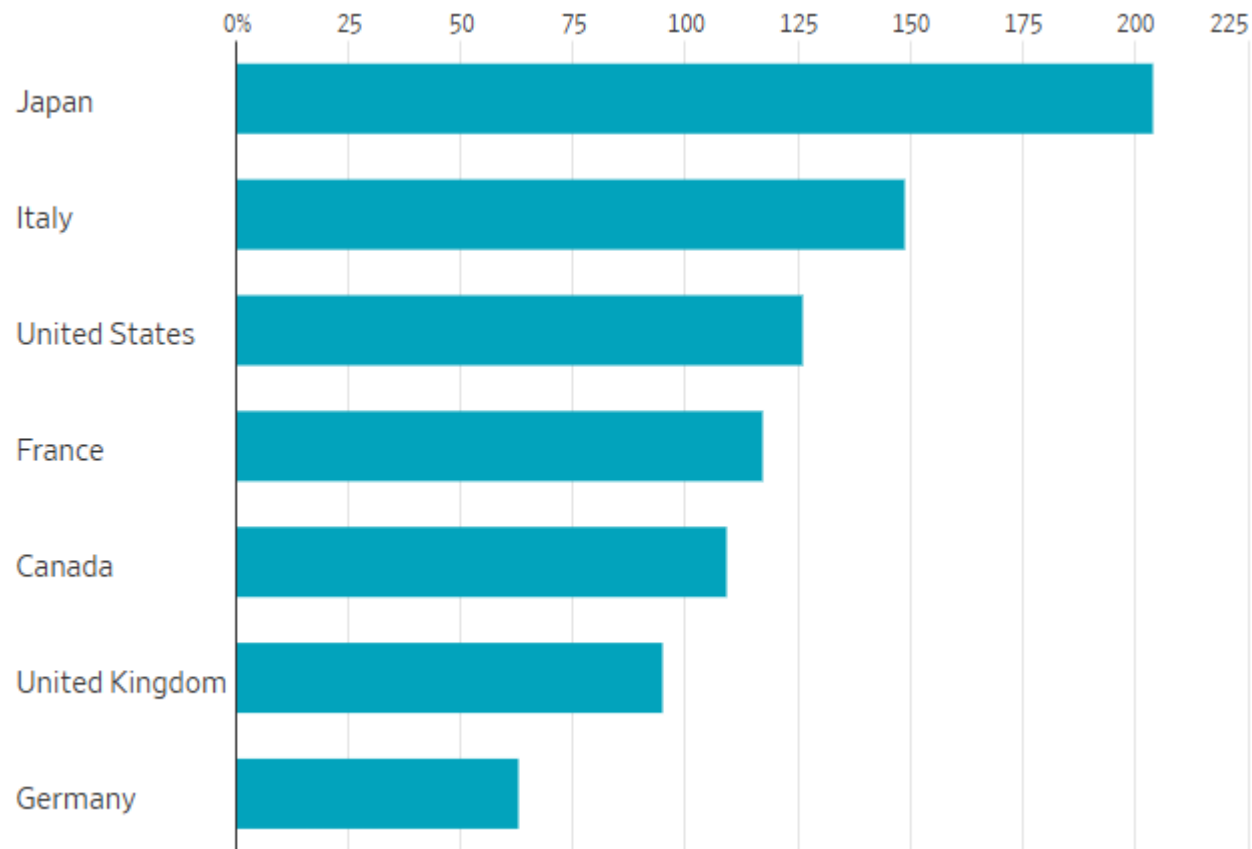
30-year Sovereign Bond Yields

■ U.S. ■ France ■ Japan ■ Germany



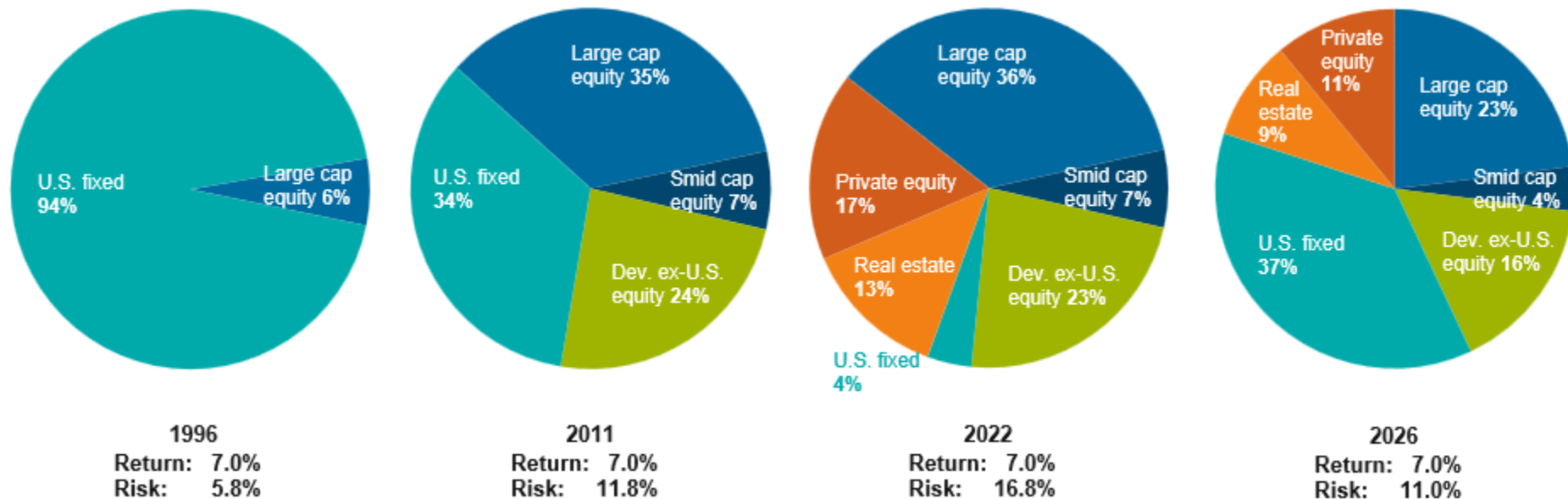
Source: Tullet Prebon, Wall Street Journal. Data as of 8/19/2026. Please see slides 42-44 for index definitions.

Gross Government Debt-to-GDP Ratios



Source: OECD, Wall Street Journal. All Data as of 2025 except Japan, which is 2024. Please see slides 42-44 for index definitions.

Increasing Complexity to Earn a 7% Return over the Past 30 Years



Source: Callan, Evercore Inc. Data as of 1/31/2026. Please see slides 42-44 for index definitions.

DISCLOSURE

All of the accolades received by Klingman & Associates along with the full disclosure of the criteria used for awarding them can be found at:

https://www.klingmanria.com/accolades_and_recognition.htm

Data provided by Morningstar, Bloomberg.

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There is no assurance that any investment strategy will be successful or that any securities transaction, holdings, sectors or allocations discussed will be profitable. It should not be assumed that any investment recommendation made in the future will be profitable or equal any investment performance discussed herein. Please note all indices are unmanaged and investors cannot invest directly in an index. An investor who purchases an investment product that attempts to mimic performance of an index will incur expenses that would reduce returns. Past performance is not indicative of future results. The performance noted in this presentation does not include fees and costs, which would reduce investor's returns.

Asset allocation and diversification does not guarantee a profit nor protect against loss. Dividends are not guaranteed and will fluctuate. Past performance is not indicative of future results. Investing in international securities involves additional risks such as currency fluctuations, differing financial accounting standards, and possible political and economic instability. These risks are greater in emerging markets. The values of real estate investments may be adversely affected by several factors, including supply and demand, rising interest rates, property taxes, and changes in the national, state and local economic climate. Companies engaged in business related to a specific sector are subject to fierce competition and their products and services may be subject to rapid obsolescence. There are additional risks associated with investing in an individual sector including limited diversification. Rebalancing a non-retirement account could be a taxable event that may increase your tax liability. Currencies investing are generally considered speculative because of the significant potential for investment loss. Their markets are likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising.

Certified Financial Planner Board of Standards Inc. owns the certification marks CFP®, Certified Financial Planner™ and federally registered CFP in the U.S., which it awards to individuals who successfully complete CFP Board's initial and ongoing certification requirements.

DISCLOSURE (continued)

Fixed Income: subject to credit risk and interest rate risk. An issuer's credit rating may impact their ability to pay the promised income and return of principal upon maturity. Generally, when interest rates rise, bond prices fall, and vice versa. Specific-sector investing can be subject to different and greater risks than more diversified investments.

Consumer Price Index (CPI): a common measure of inflation which examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. Changes in CPI are used to assess price changes associated with the cost of living.

Gross Domestic Product (GDP): a broad measurement of a nation's overall economic activity. It is the monetary value of all the finished goods and services produced within a country's borders in a specific time period, including all private and public consumption, government outlays, investments and net exports that occur within a defined territory.

Price-to-Earnings Ratio (P/E): a ratio for valuing a company that measures its current share price relative to its per-share earnings.

Price-to-Book Ratio (P/B): A ratio used to compare a stock's market value to its book value. It is calculated by dividing the closing stock price by the latest quarter's book value per share.

Small-cap and Mid-Cap Equity: generally involve greater risks, and may not be appropriate for every investor. International investing also involves special risks, including currency fluctuations, different financial accounting standards, and possible political and economic volatility.

High-Yield Fixed Income: not suitable for all investors. Risk of default may increase due to changes in the issuer's credit quality. Price changes may occur due to changes in interest rates and the liquidity of the bond. When appropriate, these bonds should only comprise a modest portion of your portfolio.

Commodities: trading is generally considered speculative because of the significant potential for investment loss.

U.S. Government Fixed Income: guaranteed timely payment of principal and interest by the federal government.

U.S. Treasury Bills: A short-term debt obligation backed by the U.S. government with a maturity of less than one year.

Fixed Income Sectors: Returns based on the four sectors of Barclays Global Sector Classification Scheme: Securitized (consisting of U.S. MBS Index, the ERISA-Eligible CMBS Index and the fixed-rate ABS Index), Government Related (consisting of U.S. Agencies and non-corporate debts with four sub sectors: Agencies, Local Authorities, Sovereign and Supranational), Corporate (dollar-denominated debt from U.S. and non-U.S. industrial, utility, and financial institutions issuers), and Treasuries (includes public obligations of the U.S. Treasury that have remaining maturities of one year or more).

INDEX DESCRIPTIONS

Asset class and reference benchmarks:

ASSET CLASS	BENCHMARK
U.S. Equity	Russell 3000 TR
Non-U.S. Equity	MSCI ACWI ex US NR
U.S. Fixed Income	Barclays U.S. Aggregate Bond TR
Global Real Estate (prior to 2008)	NASDAQ Global Real Estate NR
Global Real Estate (2008-present)	FTSE EPRA/NAREIT Global Real Estate NR
Commodities	Bloomberg Commodity TR USD
Cash & Cash Alternatives	Citi Treasury Bill 3 Mon USD

Bloomberg Commodity Total Return Index: Formerly the Dow Jones-UBS Commodity Index TR (DJUBSTR), is composed of futures contracts and reflects the returns on a fully collateralized investment in the BCOM. This combines the returns of the BCOM with the returns on cash collateral invested in 3 Month U.S. Treasury Bills.

Barclays 10-Year Municipal: A rules-based, market-value weighted index engineered for the long-term tax-exempt bond market. This index is the 10 year (8-12) component of the Municipal Bond Index.

Barclays 10-Year U.S. Treasuries: Measures the performance of U.S. Treasury securities that have a remaining maturity of 10 years.

Barclays U.S. Aggregate Index: Represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment-grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

Barclays Global Aggregate ex-U.S. Dollar Bond Index: Tracks an international basket of bonds that currently contains 65% government, 14% corporate, 13% agency and 8% mortgage-related bonds.

Barclays High Yield: Covers the universe of fixed-rate, non-investment grade debt. Pay-in-kind (PIK) bonds, Eurobonds, and debt issues from countries designated as emerging markets (e.g., Argentina, Brazil, Venezuela, etc.) are excluded, but Canadian and global bonds (SEC-registered) of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures and 144-As are also included.

Barclays U.S. Corporate High Yield: Composed of fixed-rate, publicly issued, non-investment grade debt.

Citi 3-Month Treasury-Bill Index: This is an unmanaged index of three-month Treasury bills.

FTSE EPRA/NAREIT Global Real Estate Index: Designed to represent general trends in eligible listed real estate stocks worldwide. Relevant real estate activities are defined as the ownership, trading and development of income producing real estate.

INDEX DESCRIPTIONS (continued)

Global Financial Data: Index data has calculated for world ex US indices back to 1919. Since the Morgan Stanley World index was not calculated before 1970, an index has been put together to simulate how a World Index would have performed had it been calculated back to 1919. From 1970 on, the indices are capitalization weighted and include the same countries as are now included in the MSCI World Index.

MSCI All Country World Index Ex-U.S. Index: A market-capitalization-weighted index maintained by Morgan Stanley Capital International (MSCI) and designed to provide a broad measure of stock performance throughout the world, with the exception of U.S.-based companies. It includes both developed and emerging markets.

MSCI EAFE Index (Europe, Australasia, Far East): A free-float adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States and Canada. The EAFE consists of the country indices of 21 developed nations.

MSCI EAFE Growth Index: Represents approximately 50% of the free-float adjusted market capitalization of the MSCI EAFE index, and consists of those securities classified by MSCI as most representing the growth style.

MSCI EAFE Small-Cap Index: An unmanaged, market-weighted index of small companies in developed markets, excluding the U.S. and Canada.

MSCI EAFE Value: Represents approximately 50% of the free-float adjusted market capitalization of the MSCI EAFE index, and consists of those securities classified by MSCI as most representing the value style.

MSCI Emerging Markets Index: Designed to measure equity market performance in 25 emerging market indexes. The three largest industries are materials, energy and banks.

MSCI Local Currency Index: A special currency perspective that approximates the return of an index as if there were no currency valuation changes from one day to the next.

NASDAQ Global Real Estate Index: The index measures the performance of real estate stocks which listed on an Index Eligible Global Stock Exchange. The index is market-capitalization weighted.

Russell 1000 Index: Measures the performance of the 1,000 largest companies in the Russell 3000 Index, which represents approximately 90% of the investible U.S. equity market.

Russell 1000 Value Index: Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

Russell 1000 Growth Index: Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell Mid-Cap Index: Measures the performance of the 800 smallest companies of the Russell 1000 Index, which represent approximately 30% of the total market capitalization of the Russell 1000 Index.

Russell Mid-cap Value Index: Measures the performance of those Russell Mid-cap companies with lower price-to-book ratios and lower forecasted growth values.

Russell Mid-Cap Growth Index: Measures the performance of those Russell Mid-cap companies with higher price-to-book ratios and higher forecasted growth values.

Russell 2000 Index: Measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represent approximately 8% of the total market capitalization of the Russell 3000 Index.

Russell 2000 Value Index: Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

Russell 2000 Growth Index: Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 3000 Index: measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents 98% of the investable U.S. equity market.

INDEX DESCRIPTIONS (continued)

Standard & Poor's 500 (S&P 500): Measures changes in stock market conditions based on the average performance of 500 widely held common stocks. Represents approximately 68% of the investable U.S. equity market.

S&P 500 Consumer Discretionary: Comprises those companies included in the S&P 500 that are classified as members of the GICS® consumer discretionary sector.

S&P 500 Consumer Staples: Comprises those companies included in the S&P 500 that are classified as members of the GICS® consumer staples sector.

S&P 500 Energy: Comprises those companies included in the S&P 500 that are classified as members of the GICS® energy sector.

S&P 500 Financials: Comprises those companies included in the S&P 500 that are classified as members of the GICS® financials sector.

S&P 500 Health Care: Comprises those companies included in the S&P 500 that are classified as members of the GICS® health care sector.

S&P 500 Industrials: Comprises those companies included in the S&P 500 that are classified as members of the GICS® industrials sector.

S&P 500 Information Technology: Comprises those companies included in the S&P 500 that are classified as members of the GICS® information technology sector.

S&P 500 Materials: Comprises those companies included in the S&P 500 that are classified as members of the GICS® materials sector.

S&P 500 Telecom Services: Comprises those companies included in the S&P 500 that are classified as members of the GICS® telecommunication services sector.

S&P 500 Utilities: Comprises those companies included in the S&P 500 that are classified as members of the GICS® utilities sector.

S&P Mid Cap 400 (S&P 400): Provides investors with a benchmark for mid – cap companies. The index, which is distinct from the large-cap S&P 500, measures the performance of mid-cap companies, reflecting distinctive risk and return characteristics of this market segment.

S&P Small Cap 600 (S&P 600): Provides investors with a benchmark for small – cap companies. The index, which is distinct from the large-cap S&P 500, measures the performance of small-cap companies, reflecting distinctive risk and return characteristics of this market segment.

VIX is the Chicago Board Options Exchange (CBOE) Volatility Index, which shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options. It is a widely used measure of market risk.