QUARTERLY MARKET PERSPECTIVES

Q2 2026

Q2 2026 REVIEW

KEY THEMES

- Market leadership extended beyond the Magnificent Seven, with AI-related gains expanding into semiconductors and the wider technology ecosystem. The theme remained the defining force in markets, driving returns across asset classes and capital allocation decisions.
- Investors consistently looked through geopolitical uncertainty and treated any conflict flare-ups in Iran as temporary. Equities climbed to new highs as confidence grew that diplomacy would prevail and energy-related inflation pressures would gradually ease.

FIXED INCOME

- Bond yields remained elevated throughout the quarter as sticky inflation and geopolitical uncertainty kept longer-term Treasury yields near the upper end of their recent range, creating periodic volatility across fixed income markets.
- Credit continued to outperform Treasuries as a healthy economy supported demand for credit-sensitive sectors. Investors favored taking credit risk to capture higher yields while remaining cautious on longer-duration bonds during a period of elevated interest rate volatility.

EQUITIES

- US equities advanced to new highs as earnings expectations ticked higher and investor optimism outweighed uncertainty on the geopolitical front. Market leadership broadened beyond the largest technology stocks, although AI-related companies continued to account for an outsized share of returns.
- International equities kept pace with US stocks during the quarter as improving economic momentum and lower energy prices provided a tailwind for returns. Emerging markets were among the biggest beneficiaries of the AI investment cycle, with semiconductor and memory chip leaders helping drive performance.

MARKET DASHBOARD (as of June 30, 2026)

KEY RETURNS AND STATISTICS

Bond Index Returns

Annualized

	Q2	YTD	1 Yr	3 Yr	5 Yr
Bloomberg Municipal 1-10Yr Index	1.3%	1.1%	4.5%	3.4%	1.4%
Bloomberg US Aggregate Bond Index	0.7%	0.6%	3.8%	4.2%	0.1%
Bloomberg US High Yield Index	2.5%	2.0%	5.9%	8.8%	4.2%

Treasury Yields

	1 Yr	2 Yr	5 Yr	10 Yr	30 Yr
Yield by Maturity	4.0%	4.2%	4.2%	4.5%	5.0%

FX and Commodity Returns

Annualized

	Q2	YTD	1 Yr	3 Yr	5 Yr
Bloomberg Dollar Index	0.6%	1.6%	2.7%	-0.3%	1.4%
Bloomberg Commodity Index	-8.9%	12.3%	20.7%	6.7%	5.4%
WTI Crude Oil	-19.1%	45.4%	38.3%	18.3%	14.6%
Natural Gas	-4.9%	-8.9%	-32.1%	-29.5%	-27.4%
Copper	10.3%	8.8%	20.8%	18.4%	8.5%
Gold	-13.5%	-7.4%	21.0%	26.8%	17.0%

Equity Index Returns

Annualized

US Equities	Q2	YTD	1 Yr	3 Yr	5 Yr
Russell 3000	15.4%	10.9%	22.8%	20.3%	12.3%
S&P 500	15.2%	10.2%	22.3%	20.6%	13.4%
Russell 2000	21.5%	22.6%	40.8%	18.6%	7.0%
Non-US Equities	**Q2**	**YTD**	**1 Yr**	**3 Yr**	**5 Yr**
MSCI All Country World ex. US	14.5%	13.7%	27.7%	18.8%	8.8%
MSCI EAFE	10.8%	9.4%	20.2%	16.4%	9.0%
MSCI Emerging Markets	24.1%	23.8%	43.5%	23.0%	7.2%

US Equity Style Box Returns*

Q2

	Value	Core	Growth
Large	13.9%	15.1%	16.7%
Mid	13.4%	13.8%	14.5%
Small	17.2%	21.5%	25.7%

1 Yr

	Value	Core	Growth
Large	27.1%	22.0%	17.7%
Mid	26.6%	21.6%	6.2%
Small	43.0%	40.8%	38.7%

Source: Bloomberg. As of June 30, 2026. *US Equity Style Box based on returns for Russell Indices. **Past performance is no guarantee of future results.** See important disclosures on the last page.

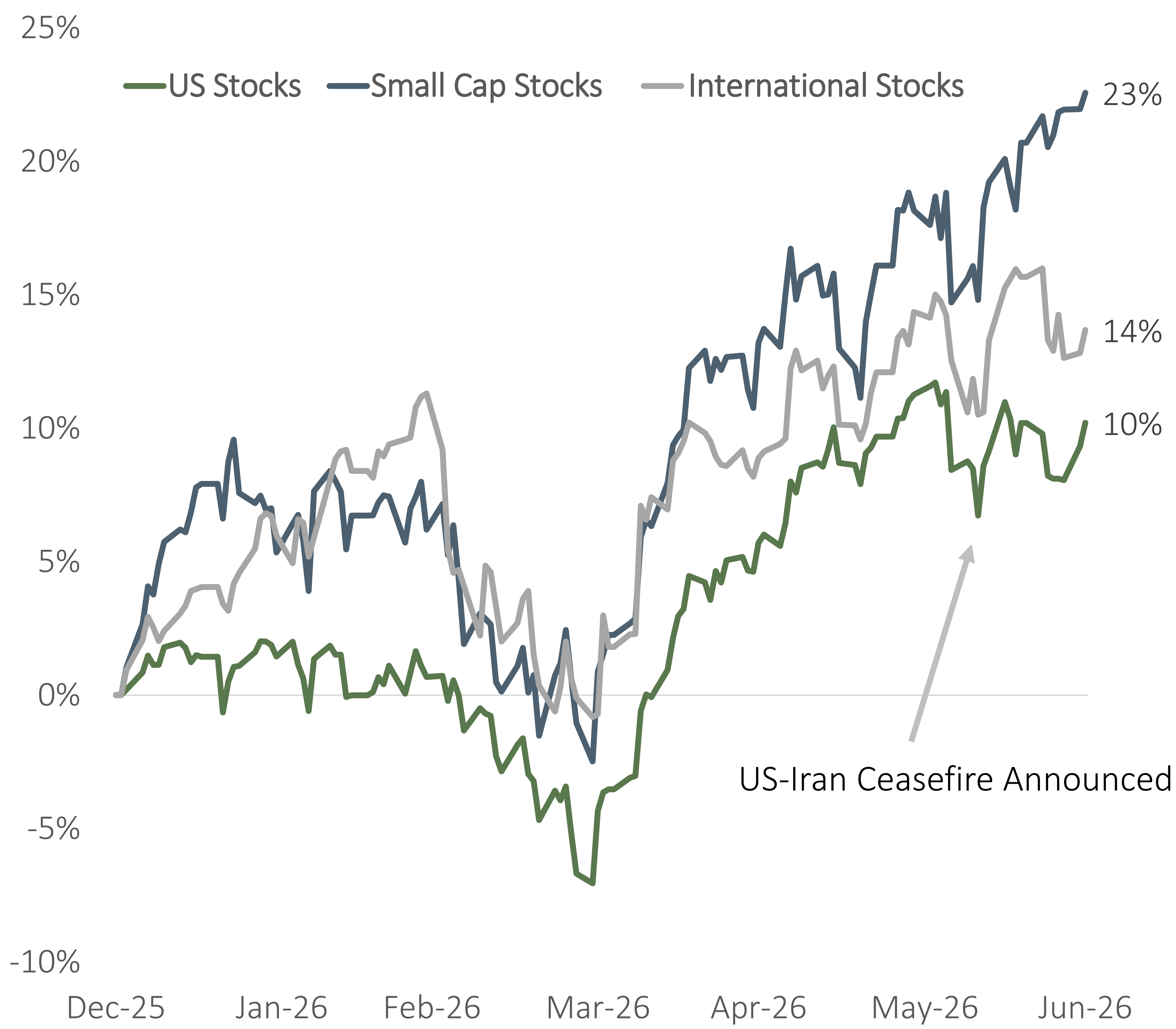
CLIMBING A WALL OF WORRY

MARKET PRICED A RETURN TO NORMALCY LONG BEFORE DIPLOMACY FULLY CAUGHT UP

Markets shrugged off geopolitical shocks throughout Q2, treating each escalation as temporary. Equities climbed to new highs, and markets priced a return to normalcy well before diplomacy caught up.

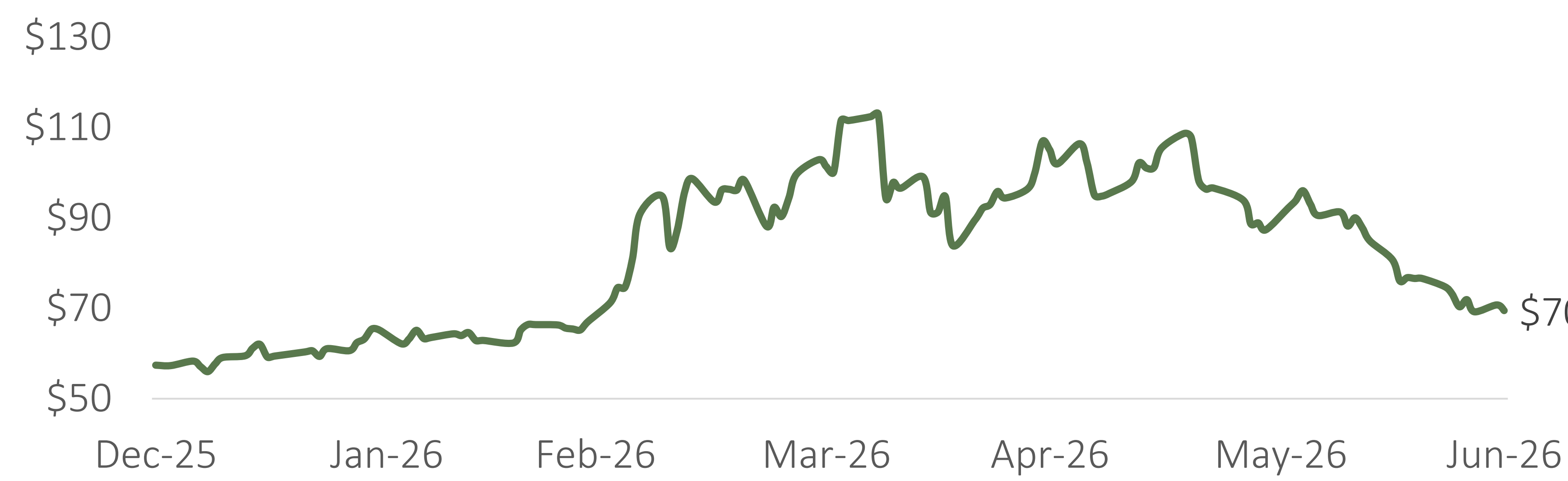
Markets Continue to Look Through the Iran Conflict

YTD Asset Class Returns

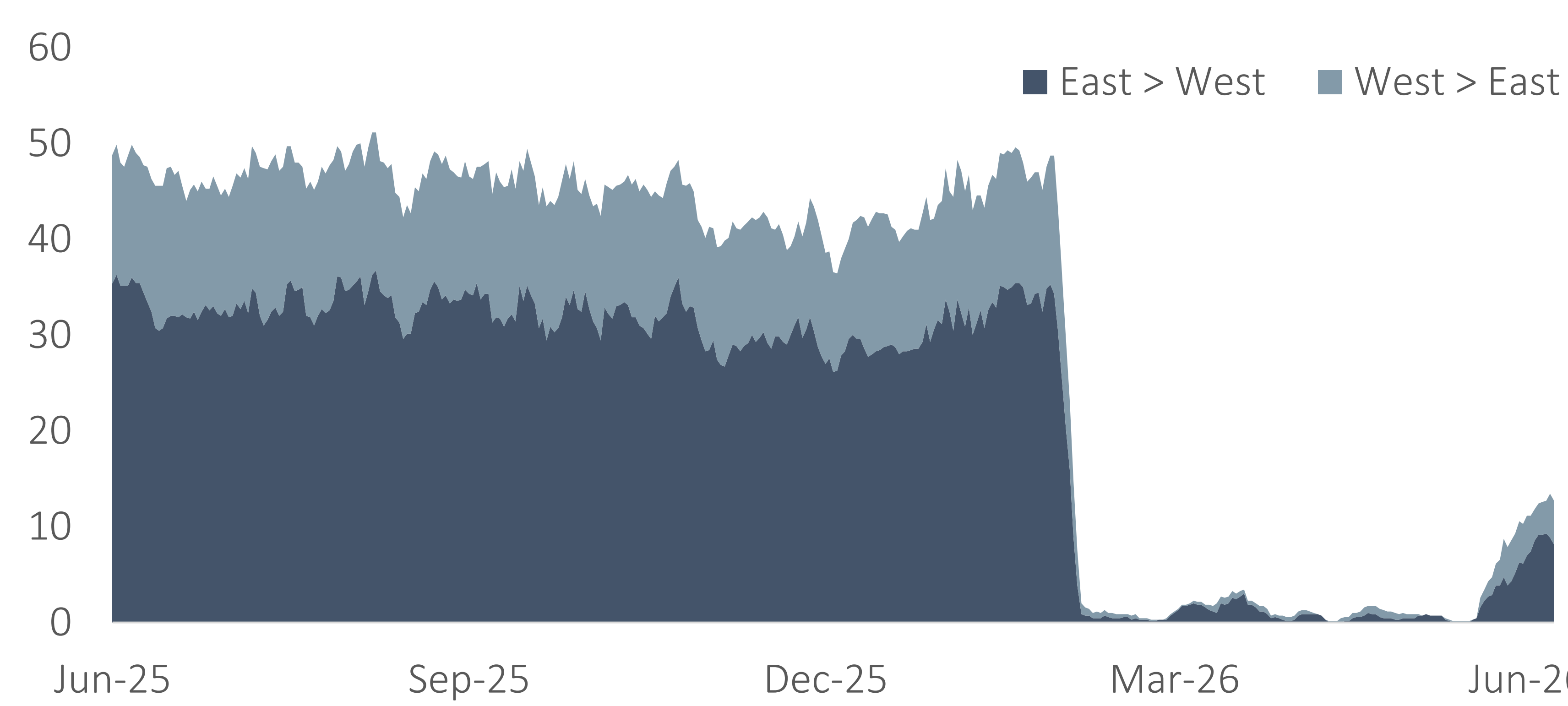


Investors Cautiously Optimistic the Oil Supply Shock Has Ended

West Texas Intermediate Oil Price



Hormuz Commercial Cargo Vessel Crossings (Rolling 7 Days)



Source: Crescent Grove Advisors, Bloomberg. As of June 30, 2026. Past performance is no guarantee of future results. See important disclosures on the last page.

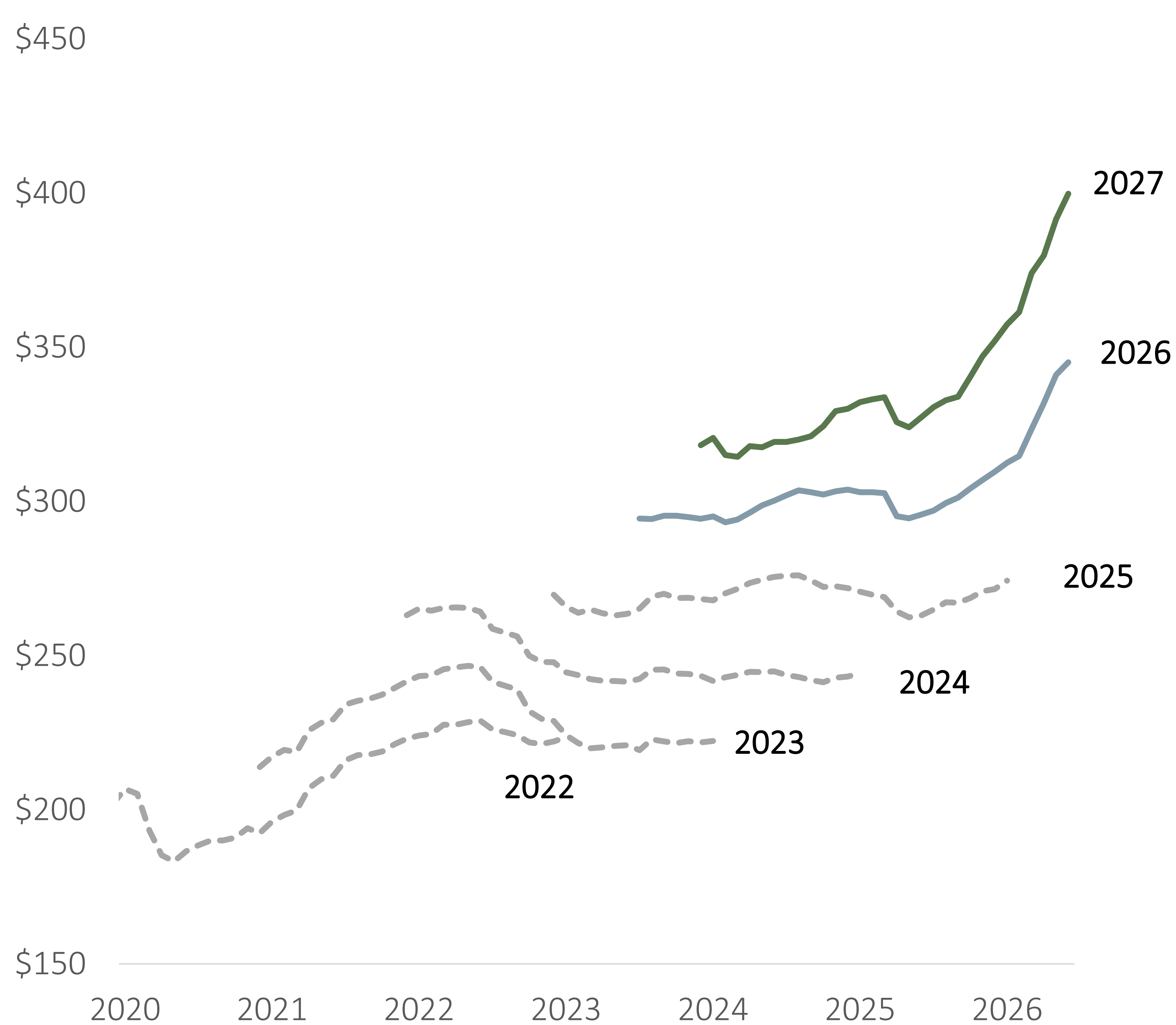
EARNINGS ARE DOING THE HEAVY LIFTING

REAL EARNINGS ARE FUELING THIS MARKET RALLY

The market's rise is being driven by real earnings growth, not just multiple expansion or sentiment. That growth is heavily concentrated in a handful of AI-related sectors, leaving the rally's foundation narrower than the index-level numbers suggest.

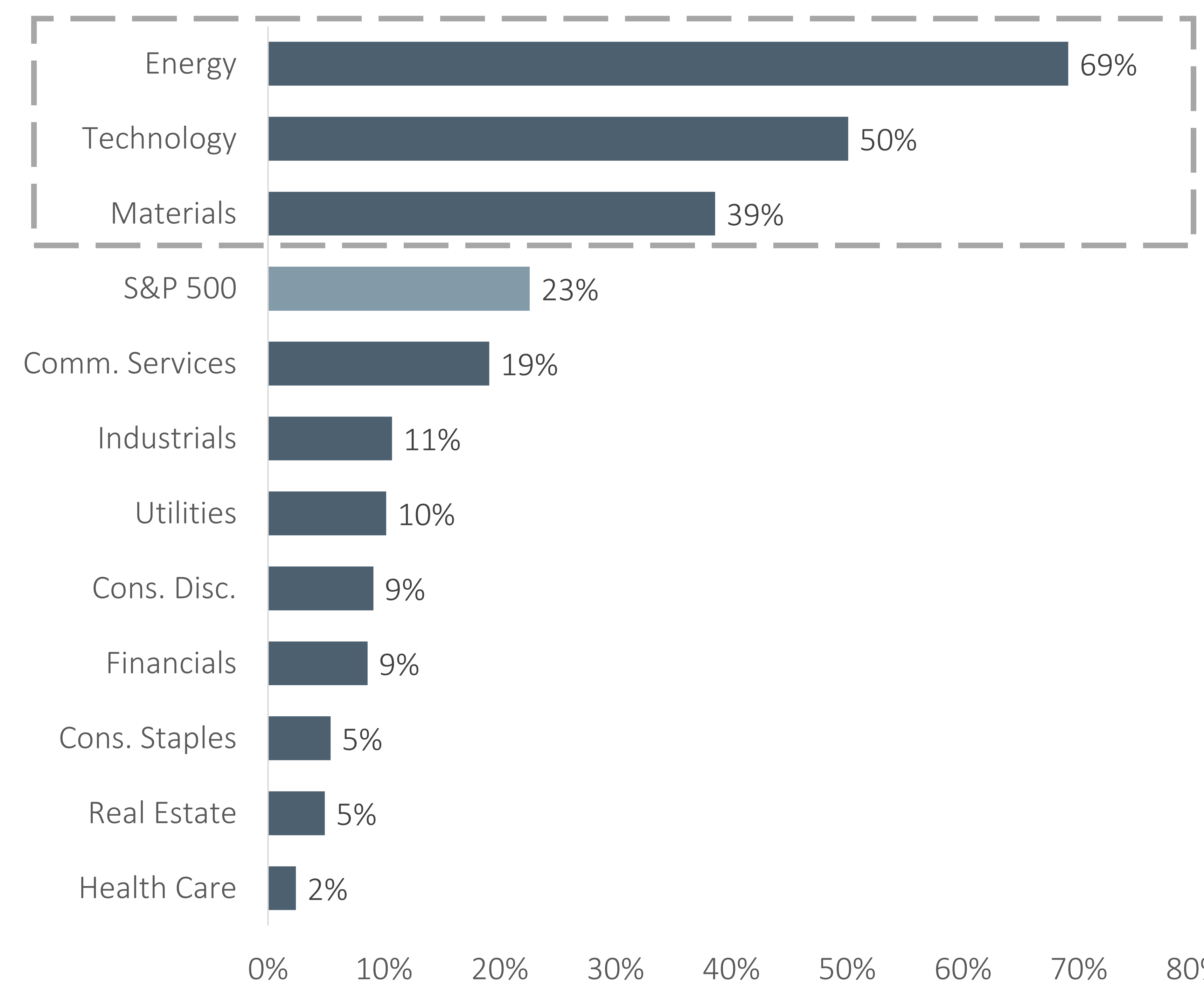
Earnings Revisions Are Rising at Their Fastest Pace in Years

S&P 500 Index: Consensus Year-End EPS Estimates



Consensus Earnings Are Inflecting Higher, Led Almost Entirely by AI

2026 Earnings-Per-Share Consensus Growth Estimates (YoY%)



Source: Crescent Grove Advisors, Bloomberg. As of June 30, 2026. Past performance is no guarantee of future results. See important disclosures on the last page.

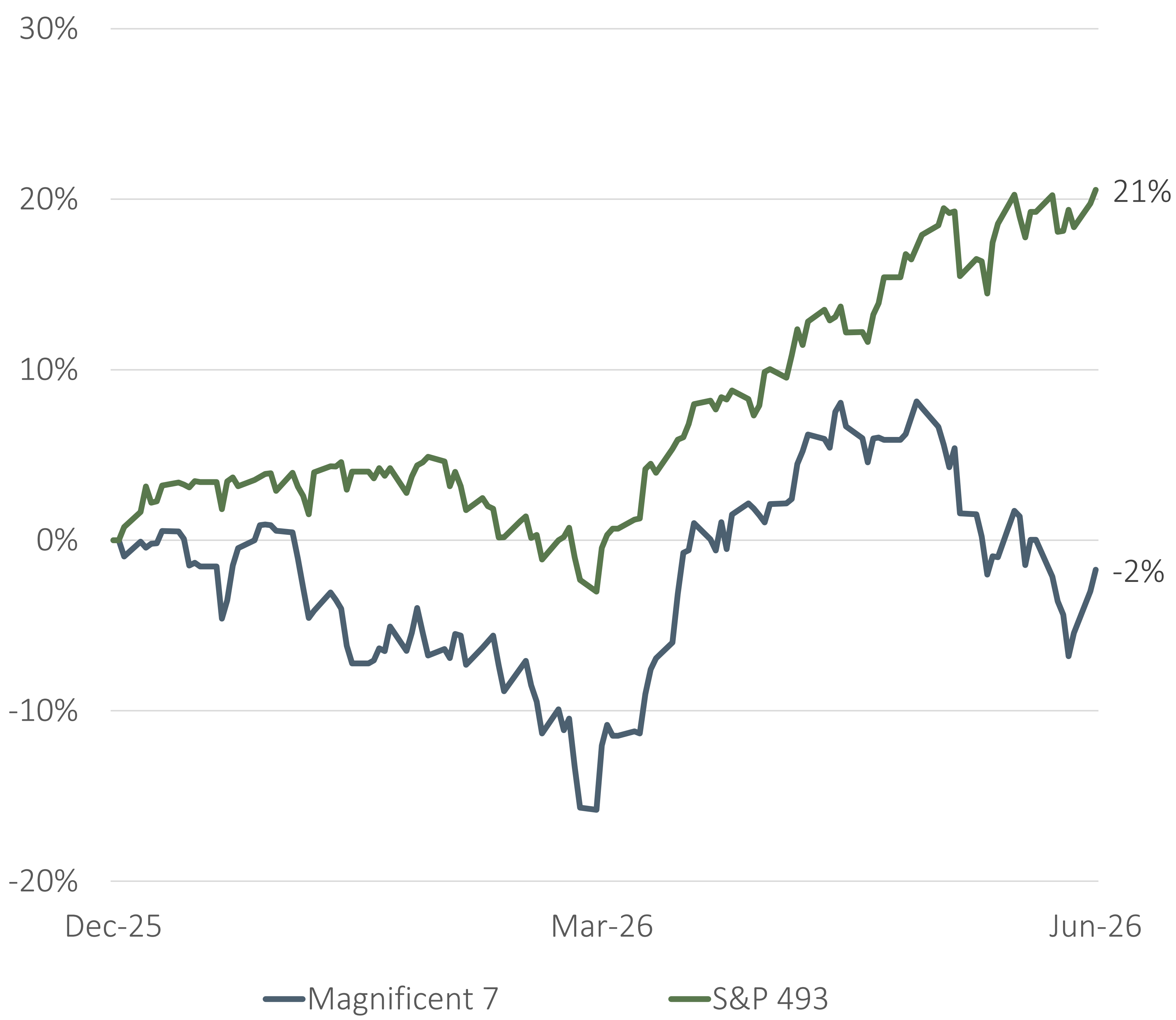
BEYOND THE MAG 7: A BROADER SET OF WINNERS

MARKET LEADERSHIP IS ROTATING FROM MAG 7 TO THE AI SUPPLY CHAIN

The market has moved beyond the Magnificent 7, but leadership remains firmly tied to AI. Investors have rotated into the broader AI ecosystem, rewarding the companies building and enabling the infrastructure behind the boom.

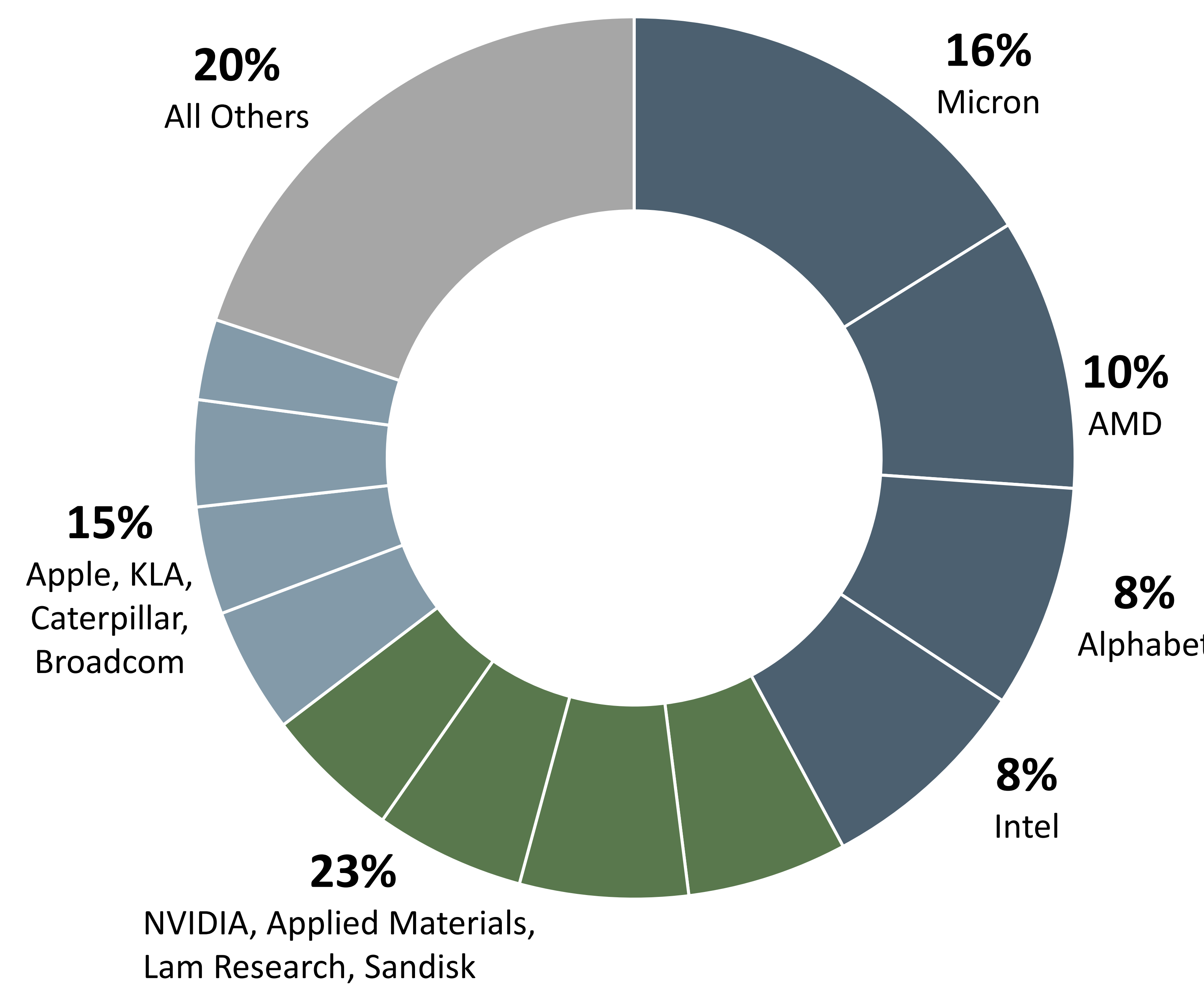
The Mag 7 Trade Is Fading as Investors Chase the Next AI Winners

YTD Total Return: Magnificent 7 vs S&P 493



S&P 500's Top Contributors in 1H'26 Were AI and AI-Related Stocks

% Contribution to S&P 500's First-Half 10.2% Total Return



Source: Crescent Grove Advisors, Bloomberg. As of June 30, 2026. Past performance is no guarantee of future results. See important disclosures on the last page.

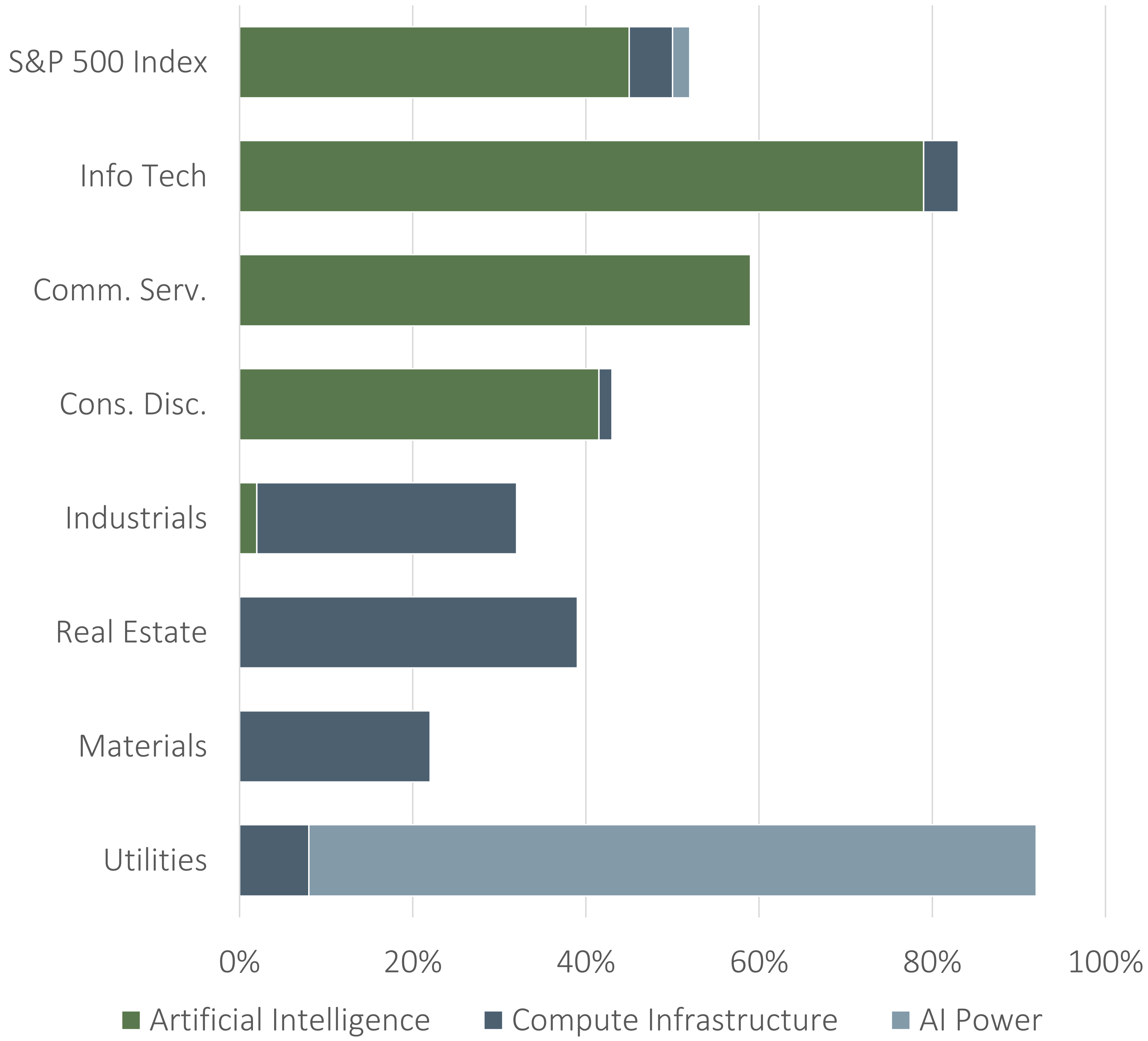
AI IS EATING THE WORLD

MAJOR EQUITY INDICES HAVE BECOME INCREASINGLY DOMINATED BY THE AI ECOSYSTEM

As capital continues to flow toward AI-related companies, diversification within passive benchmarks has diminished. Investors who believe they own "the market" are increasingly making a concentrated bet on the continued success of the AI ecosystem.

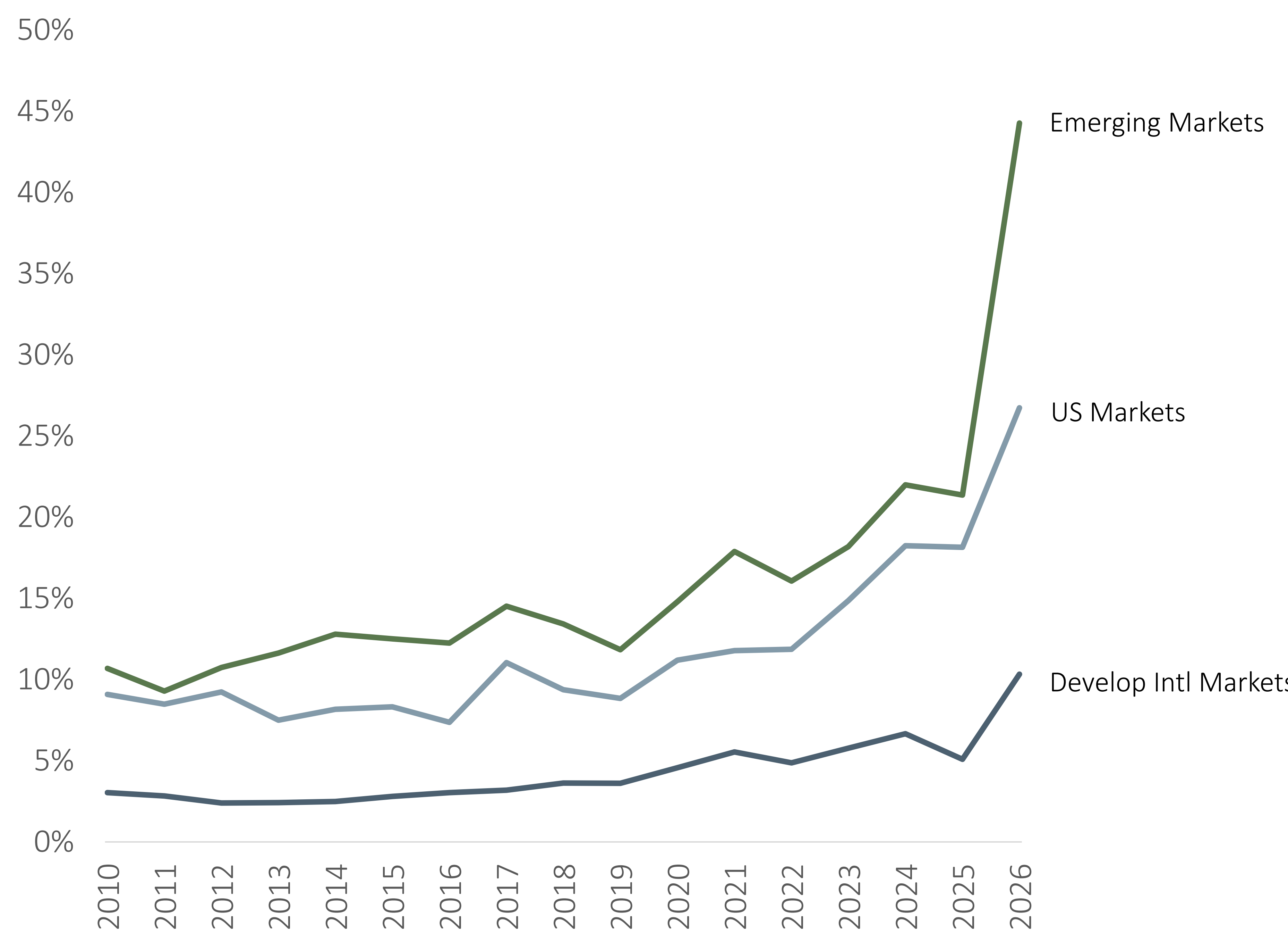
The AI Ecosystem Now Dominates Equity Markets

% of AI and AI-related names in the S&P 500 Sectors



Global Equity Markets Are Becoming Increasingly AI-Centric

% of Market: Semiconductors, Technology Hardware and Equipment



Source: Crescent Grove Advisors, Bloomberg. AI and AI-related based on companies that appear in the Bloomberg Artificial Intelligence theme basket. Emerging Markets (MSCI Emerging Markets Index), US Markets (Russell 3000 Index), Developed International Markets (MSCI EAFE Index). Past performance is no guarantee of future results. See important disclosures on the last page.

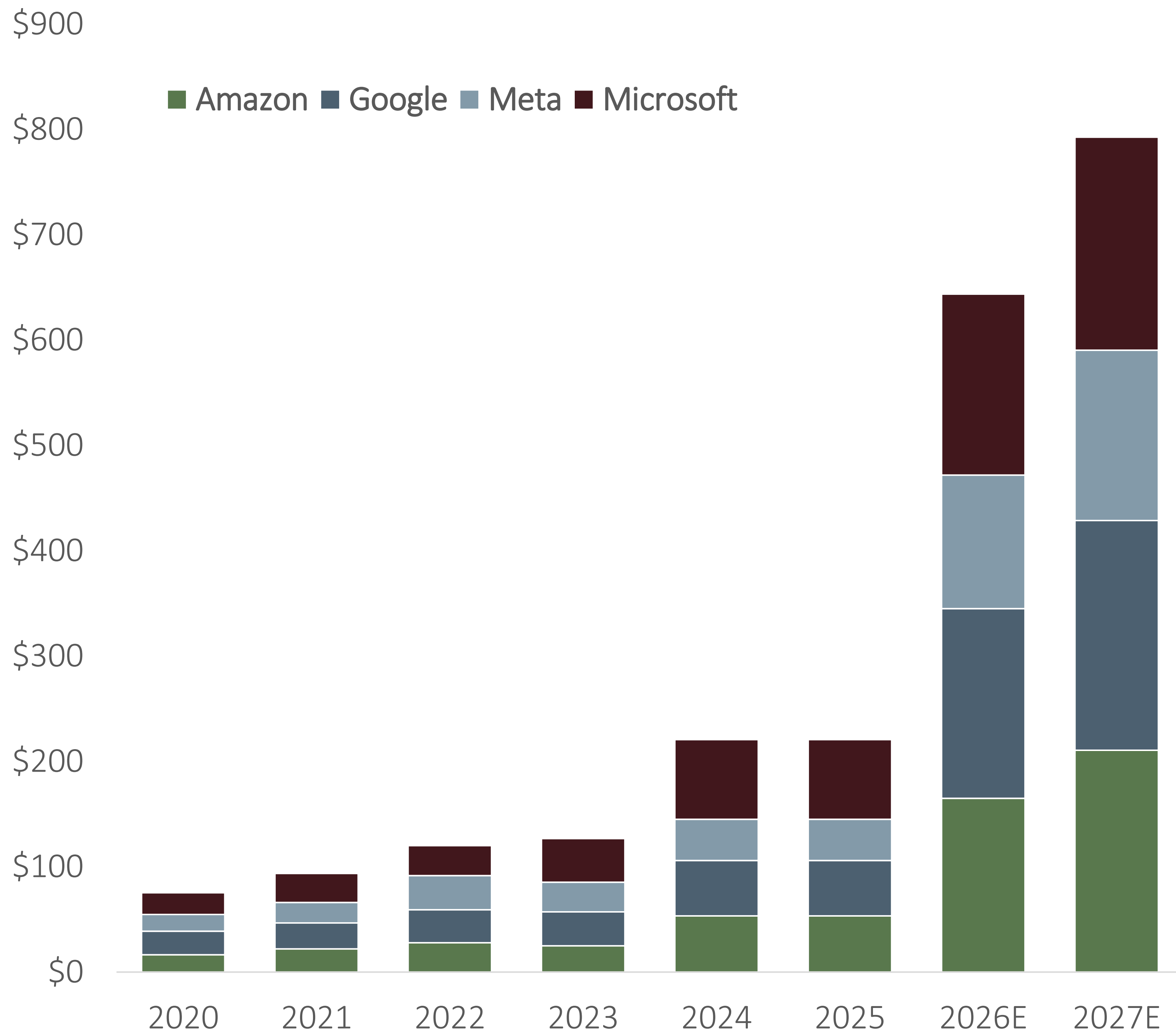
THE BEAR CASE FOR AI: CAPEX FATIGUE

TAKING A LOOK AT WHAT COULD UPEND THE AI TRADE

The semiconductor boom is only as durable as hyperscalers' willingness to keep investing. If the return on AI infrastructure disappoints or capital spending slows, the industry's largest earnings tailwind could become its biggest vulnerability.

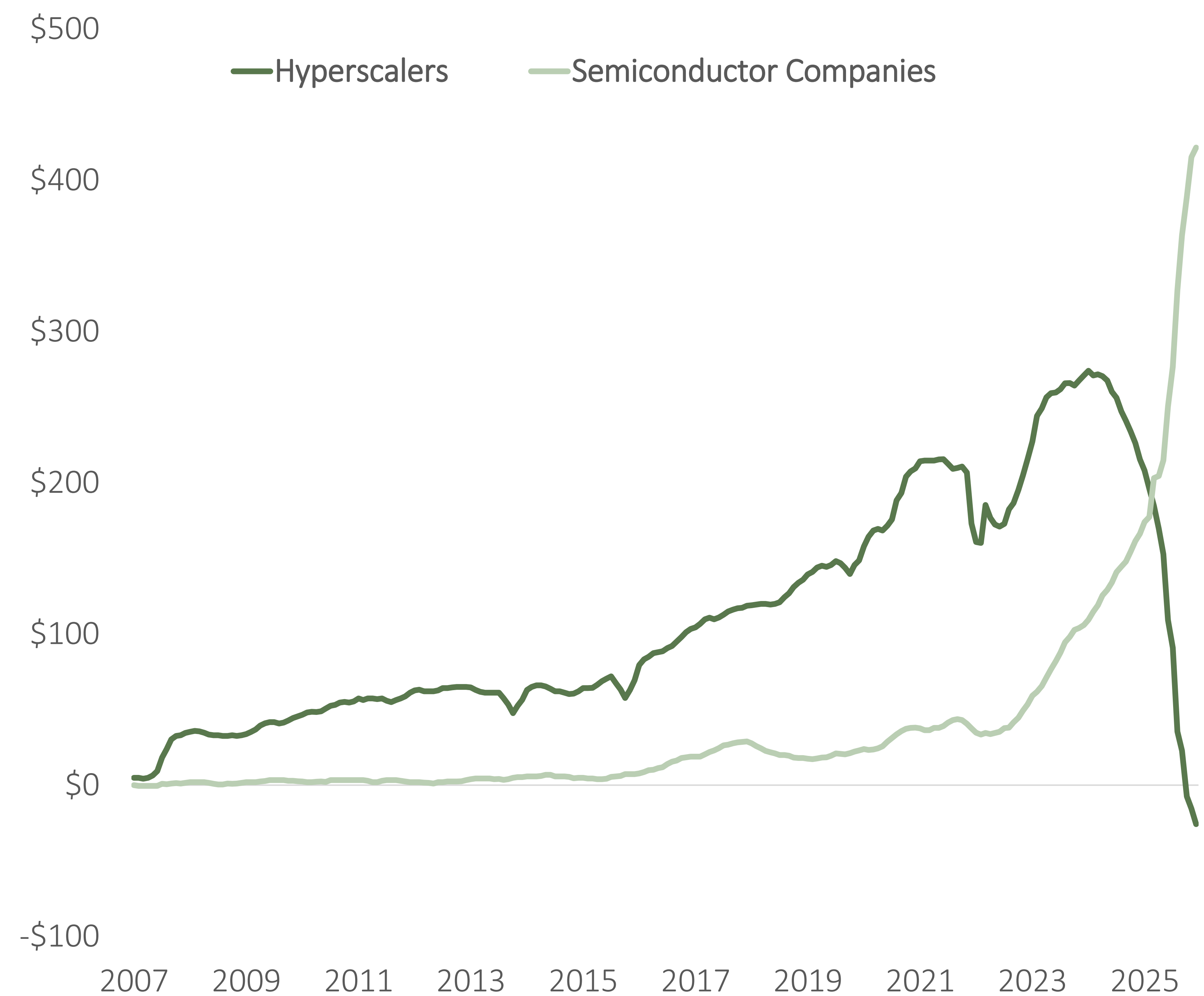
AI Capex is Compounding Faster Than AI Revenues

AI capex among US hyperscalers ($ billion)



Hyperscalers' AI Investment Is Powering a Semiconductor Windfall

12-month forward free cash flow ($bn)



Source: Crescent Grove Advisors, Bloomberg. Hyperscalers represented by Amazon, Google, Meta, Microsoft. Semiconductor companies represented by Nvidia, Micron, Broadcom, and Applied Materials. Past performance is no guarantee of future results. See important disclosures on the last page.

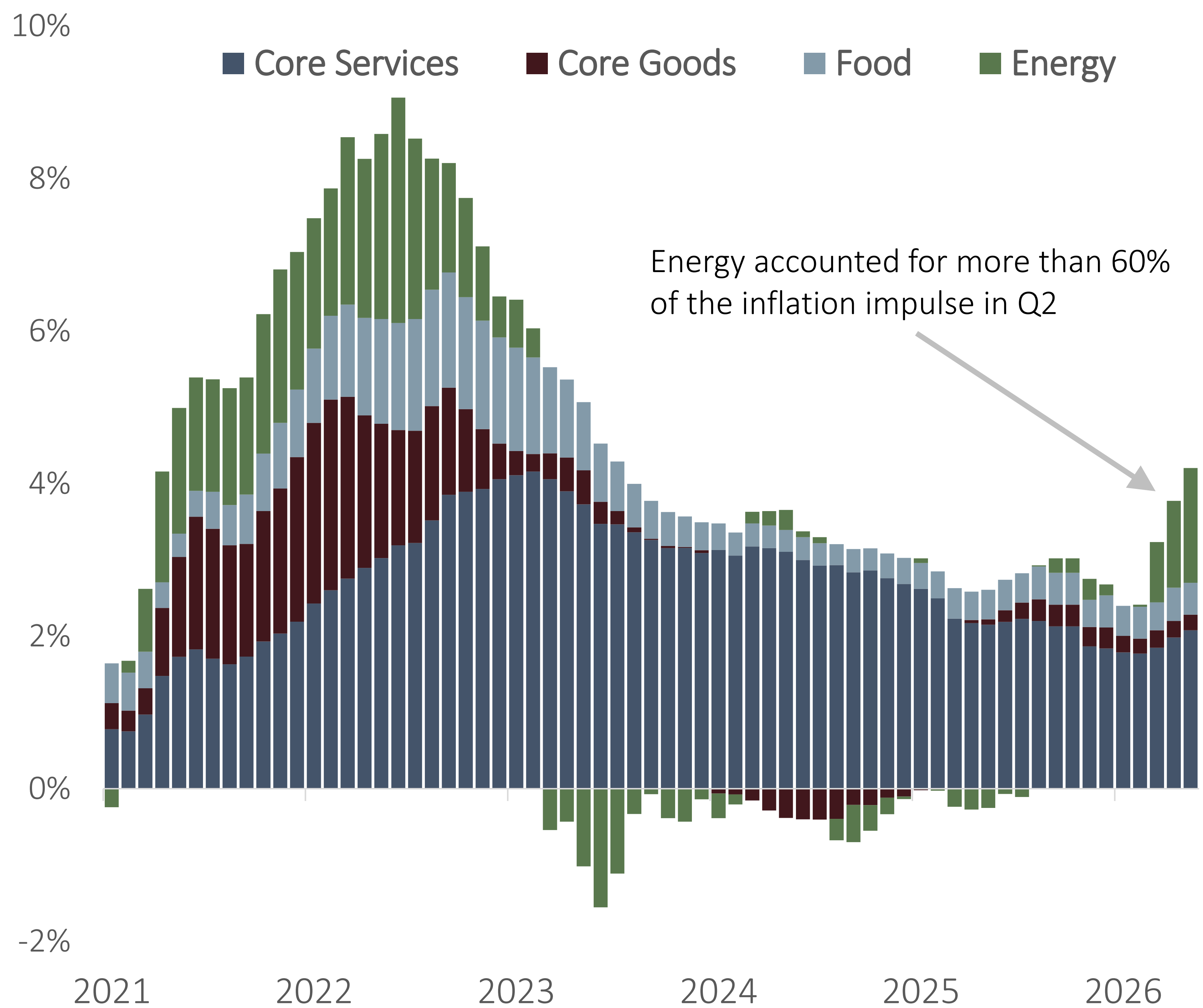
INFLATION TRAJECTORY IS HIGHER, BUT PRESSURES MAY EASE

AN OPTIMISTIC VIEW OF INFLATION SEES IMPROVEMENT AS TARIFF, ENERGY, AND AI PRESSURES FADE

With Middle East tensions easing and tariff pressures fading, two key inflation headwinds are starting to subside. That should help the Fed on its course toward a 2% inflation target.

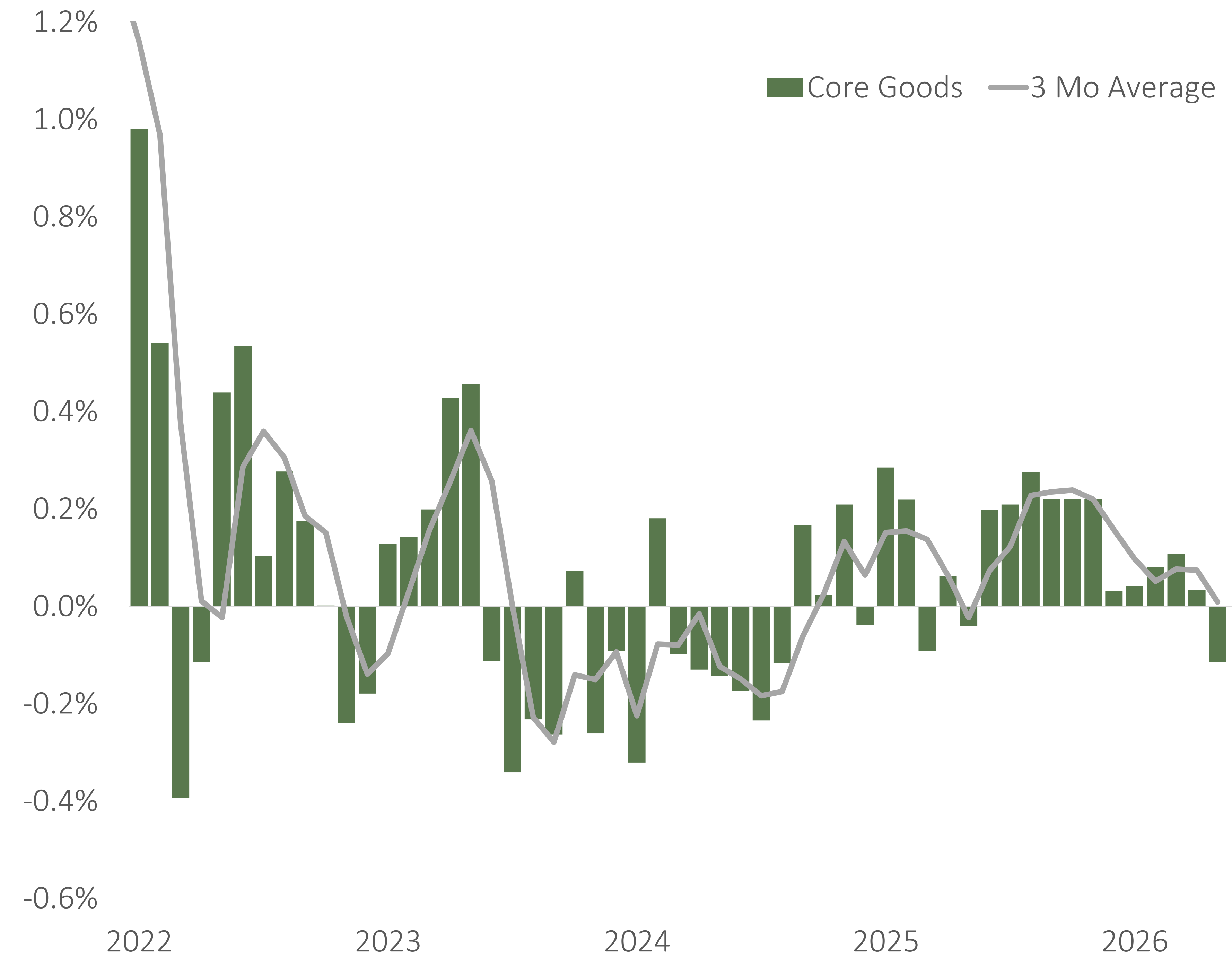
Inflation Progress Stalls on Energy Passthrough and AI Pressures

Contribution to Headline Inflation (CPI)



Core Goods Data May Finally Be Showing Tariff Pressures Fading

Core Goods CPI (MoM, 3 Mo Average)



WARSH WATCH: A NEW CHAIR HAS HIS HANDS FULL

THE FED ENTERS A NEW CHAPTER

The new Fed Chair inherits an economy where inflation remains above the Fed's 2% target. Bringing inflation down while avoiding collateral damage to growth will be one of the more difficult balancing acts of his tenure.

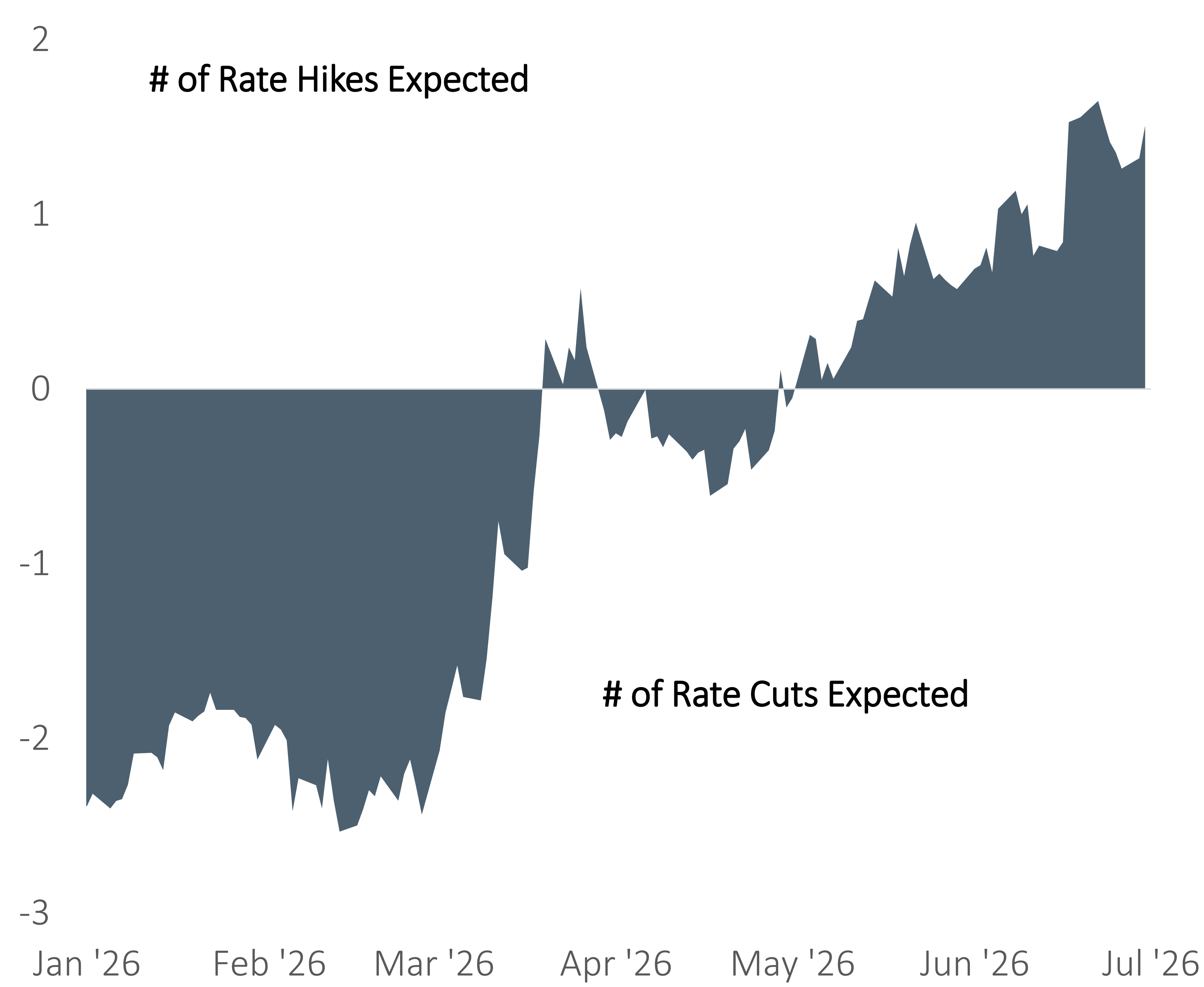
The Fed's Q2 Forecast Reset

FOMC Median Economic Projections: Year-End 2026 Forecast

Variable	March '26	June '26	Message
Real GDP	2.4%	2.2%	Less growth cushion
PCE Inflation	2.7%	3.6%	Big inflation reset
Core PCE Inflation	2.7%	3.3%	Core prices prove stickier
Fed Funds Rate	3.4%	3.8%	Higher policy path
Unemployment	4.4%	4.3%	Labor still not weak enough for cuts

The Market's Fed Repricing: From Multiple Cuts to a Potential Hike

Fed Funds Market Expectations (Full Year 2026)



Source: Crescent Grove Advisors, Bloomberg. Fed projections based on summary of economics projections. Past performance is no guarantee of future results. See important disclosures on the last page.

BOND MARKET RETURNS

RETURNS FOR MAJOR BOND INDICES

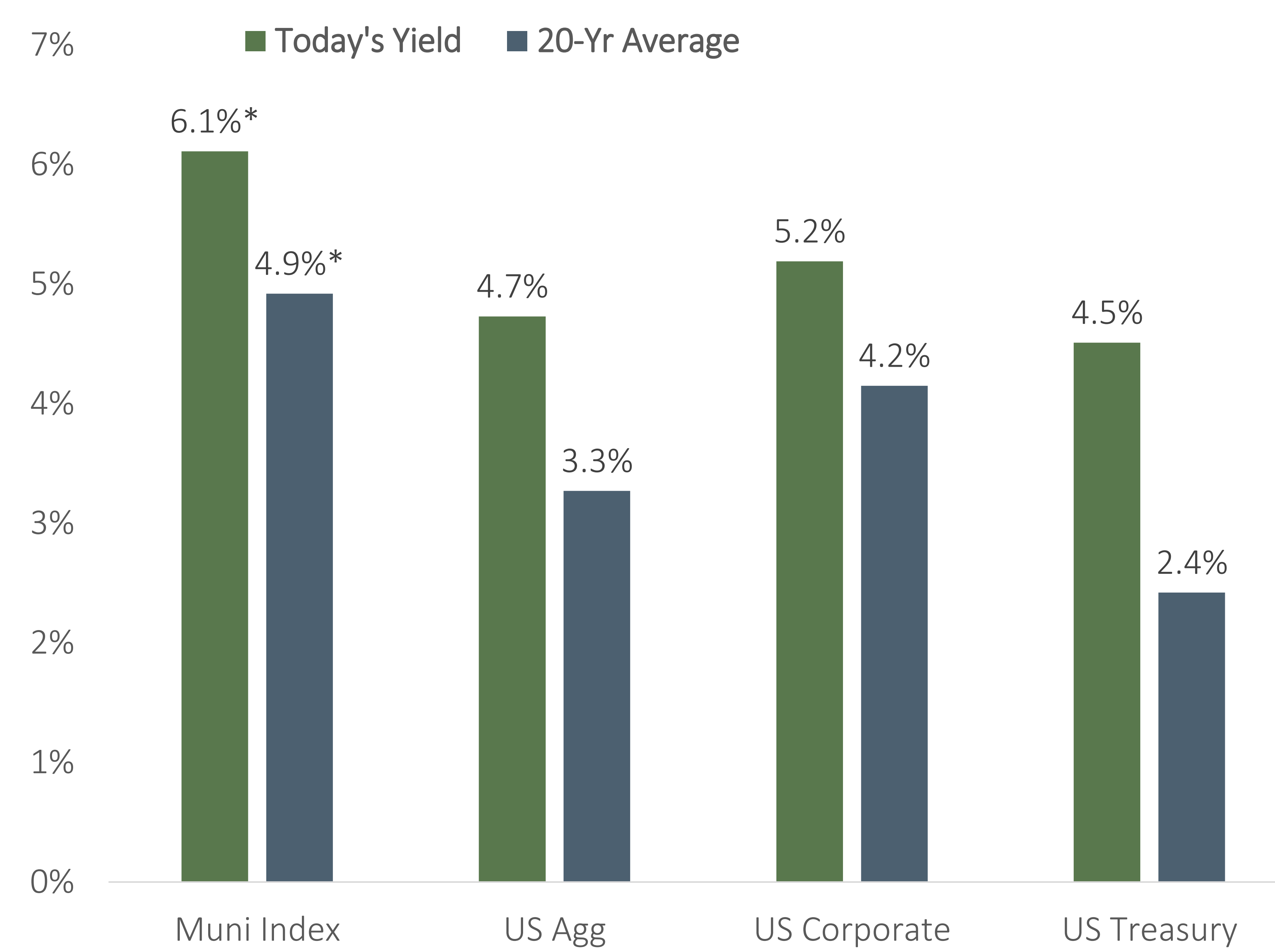
Bond markets delivered mixed results in Q2 as higher Treasury yields pressured government bonds, while resilient economic growth and tight credit spreads supported corporate bonds. Spread sectors generally outperformed Treasuries, with investors favoring credit exposure over longer-duration rate risk.

Up-and-Down Quarter for Bond Investors

Major Bond Index Returns – YTD

Fixed Income Yields Are Near Decade Highs and Above Long-Term Averages

Fixed Income Sector Yields vs 20-Yr Average



Source: Crescent Grove Advisors, Bloomberg. As of June 30, 2026. *Muni index yield illustrated as a tax-equivalent yield assuming a 40.8% Federal tax rate.
Past performance is not a guarantee of future returns. See important disclosures on the last page.

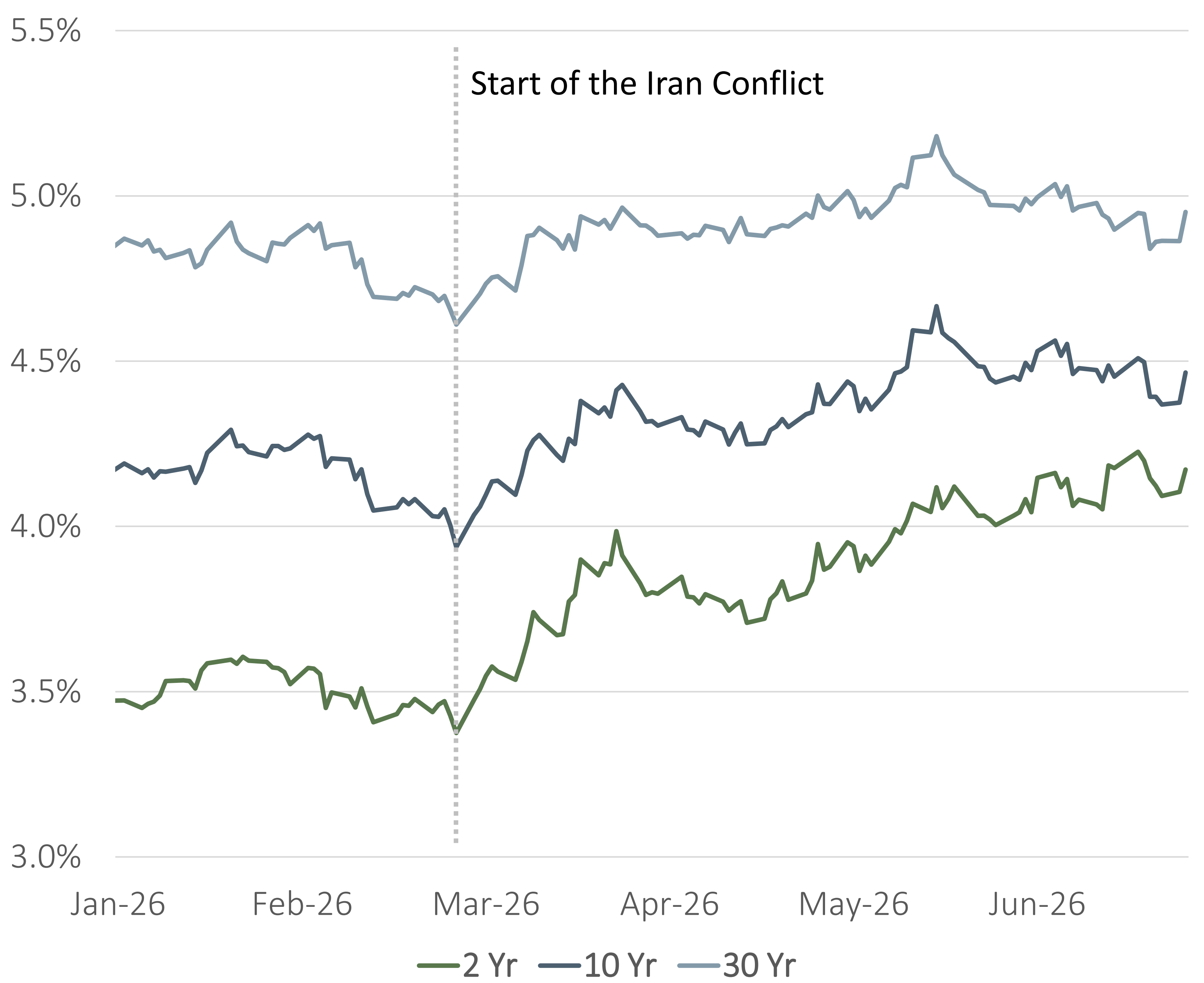
TREASURY YIELDS

BENCHMARK TREASURY YIELDS

The Fed held rates steady throughout Q2, but sticky inflation and geopolitical uncertainty kept interest rate volatility elevated as investors scaled back expectations for rate cuts. Higher Treasury yields weighed on government bonds and high-grade sectors of the bond market.

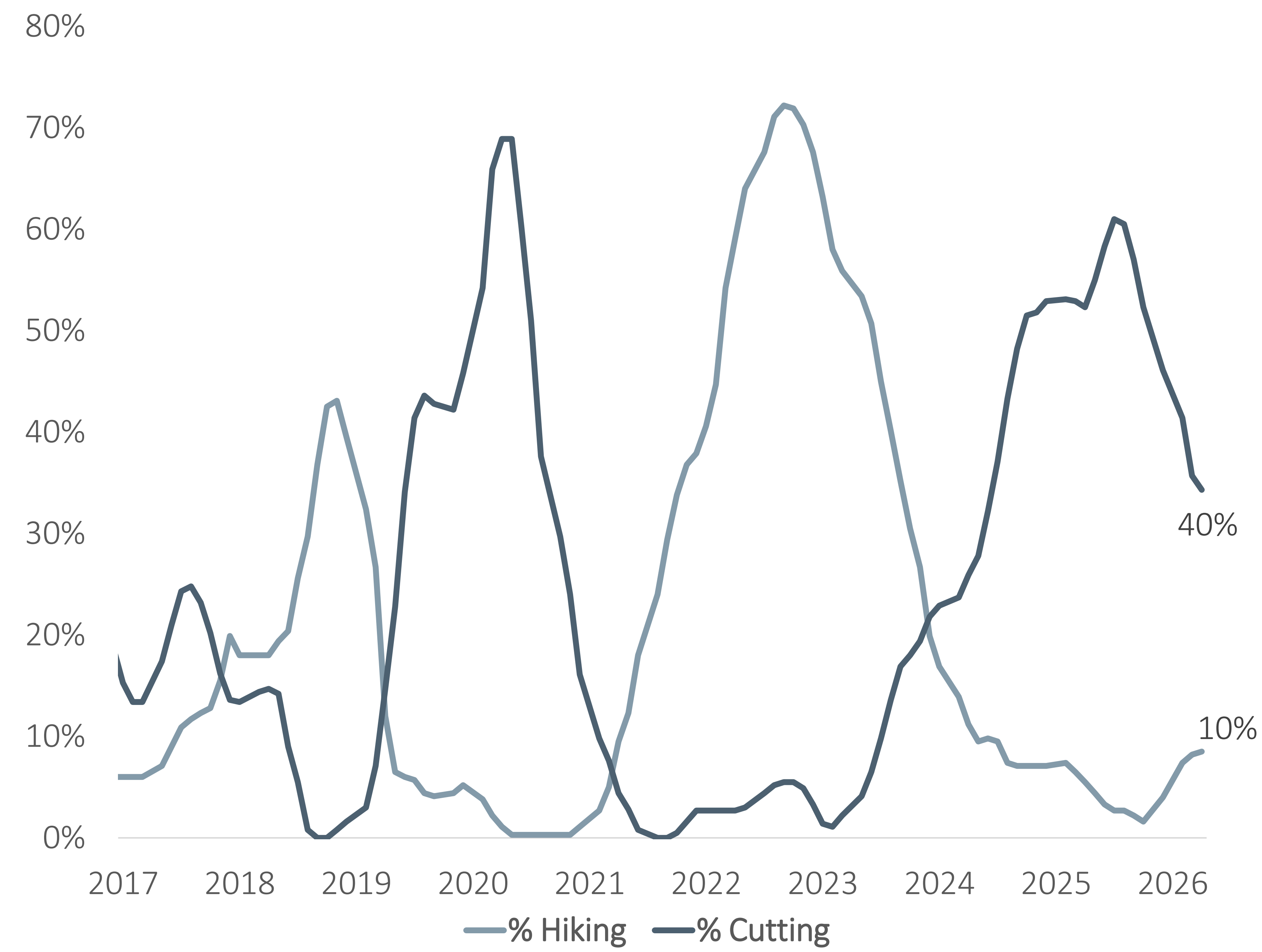
Iran Conflict Inflation Fears Push Treasury Yields Higher

Treasury Yields – YTD



Global Central Banks Are No Longer Universally Easing

Percent of Top 30 Central Banks Hiking vs Cutting



Source: Crescent Grove Advisors, Bloomberg. As of June 30, 2026. See important disclosures on the last page.

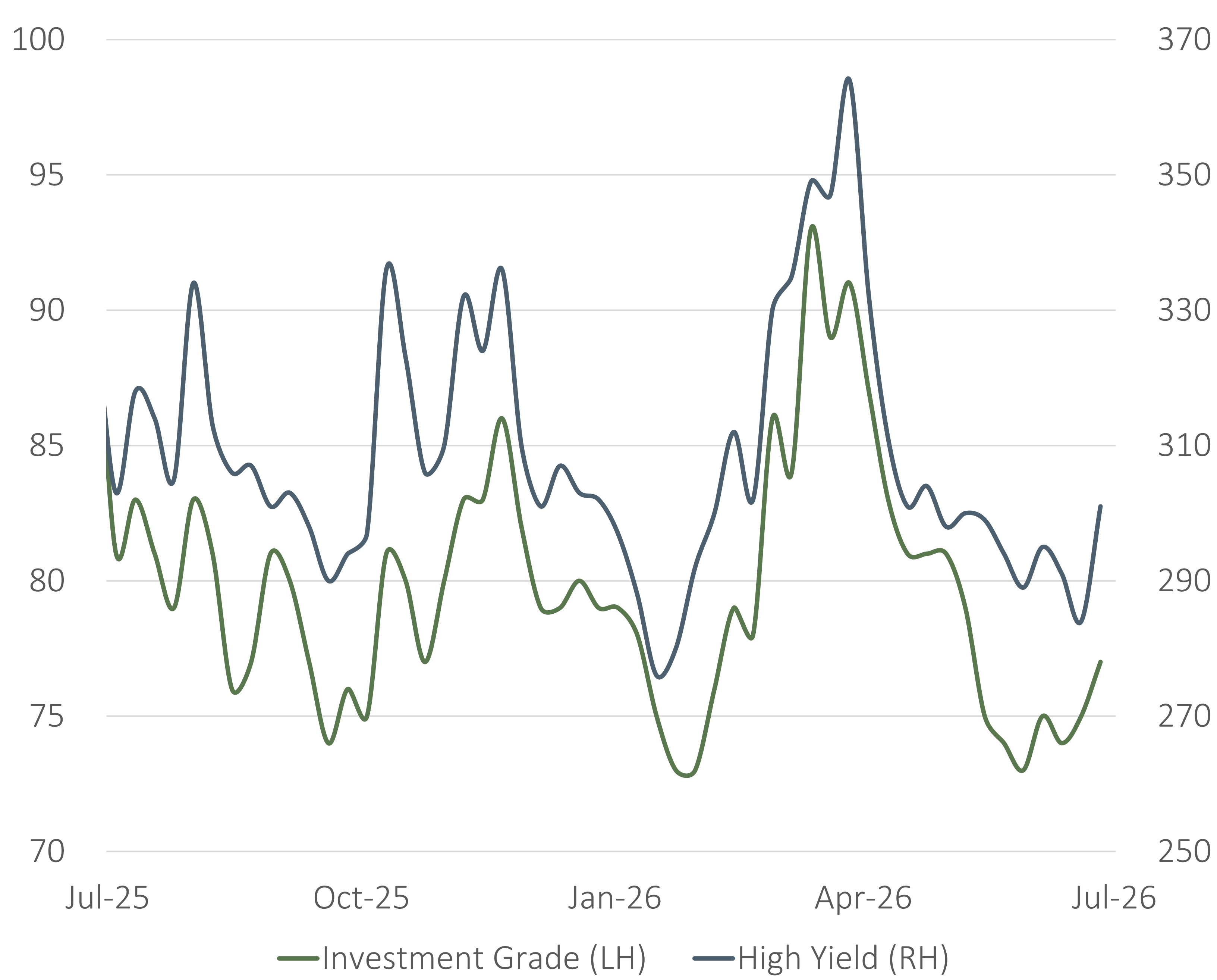
CREDIT SPREADS

INVESTMENT GRADE AND HIGH YIELD CREDIT SPREADS

Credit markets remained resilient throughout Q2 as strong fundamentals kept default expectations low and credit spreads near historically tight levels. Investors continued to favor corporate bonds over Treasuries in search of higher income.

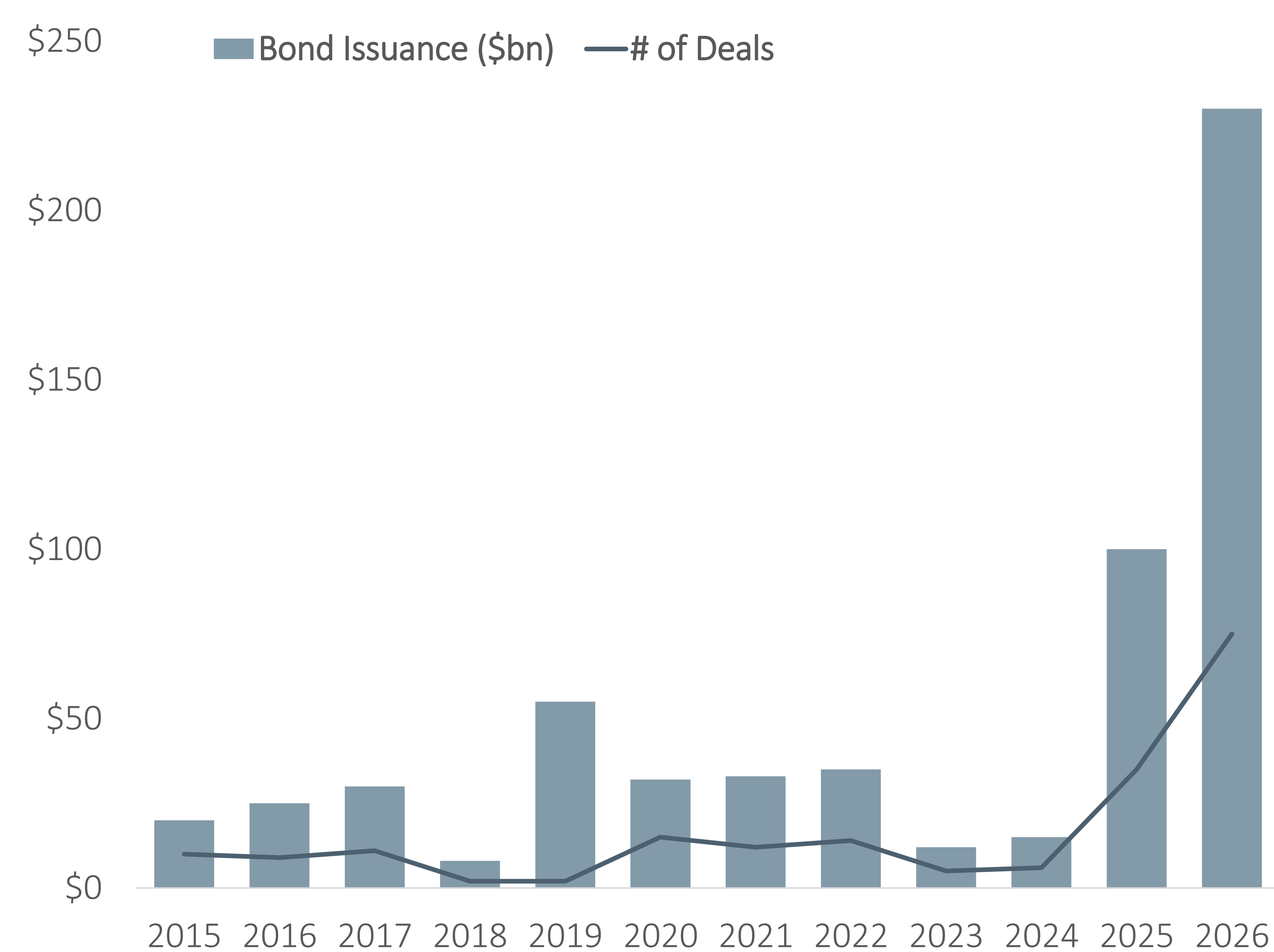
Credit Markets Tune Out the Noise and Remain Range-Bound

Investment Grade and High Yield Corporate Spreads (bps)



Tech Firms Increasingly Turn to Bond Markets to Fund AI Buildout

AI-Related Bond Issuance



Source: Crescent Grove Advisors, Bloomberg. Issuance from Amazon, Alphabet, Microsoft, Meta, Oracle, Nvidia, and SpaceX. Full year through 2025. YTD in 2026. See important disclosures on the last page.

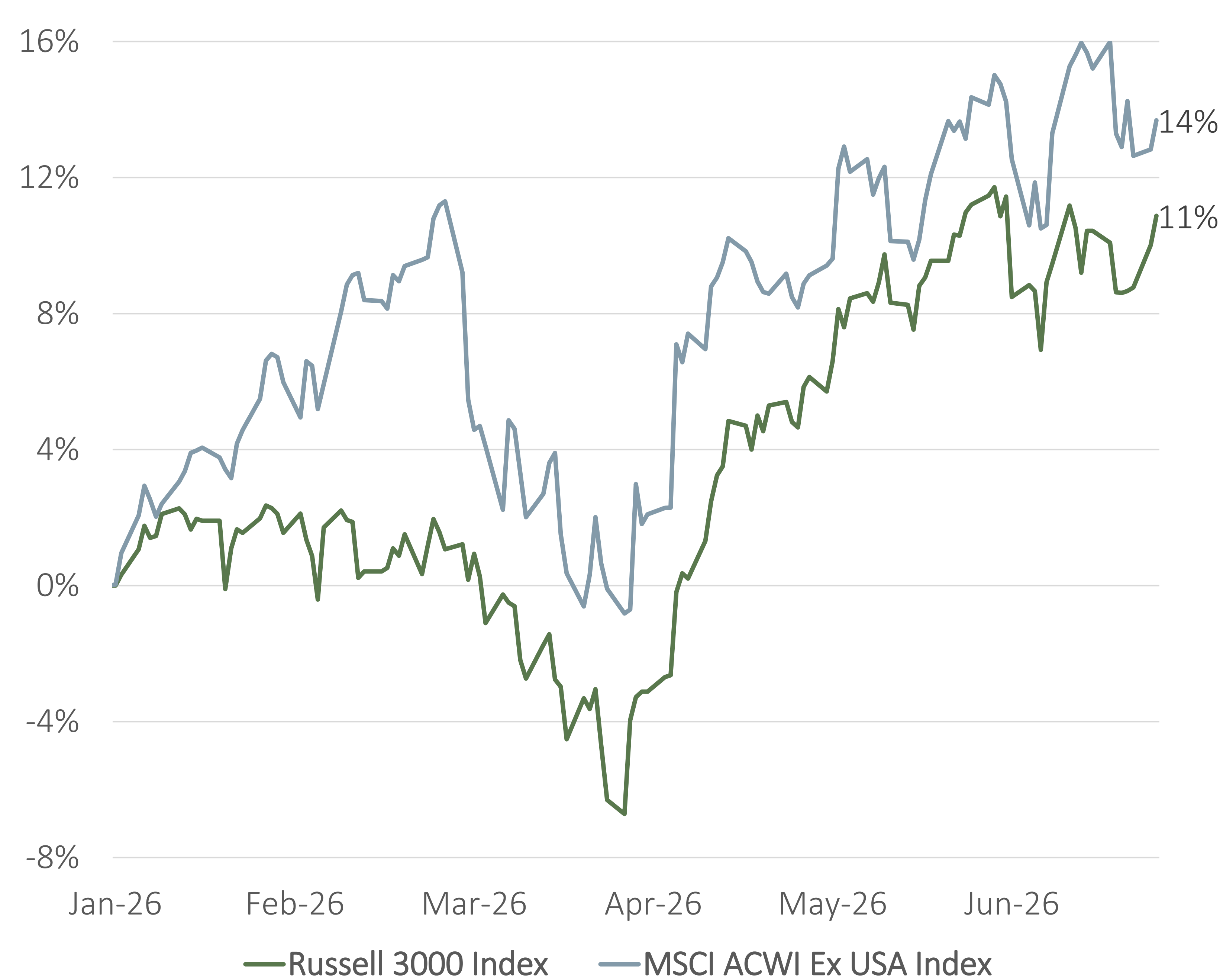
STOCK MARKET RETURNS: US VS. NON-US

RUSSELL 3000 VS. MSCI ACWI EX-USA INDEX

International equities maintained their YTD lead over US stocks in Q2, helped by improving global economic momentum. Emerging markets led the way, driven by strong AI-related gains in Asian semiconductor and memory stocks.

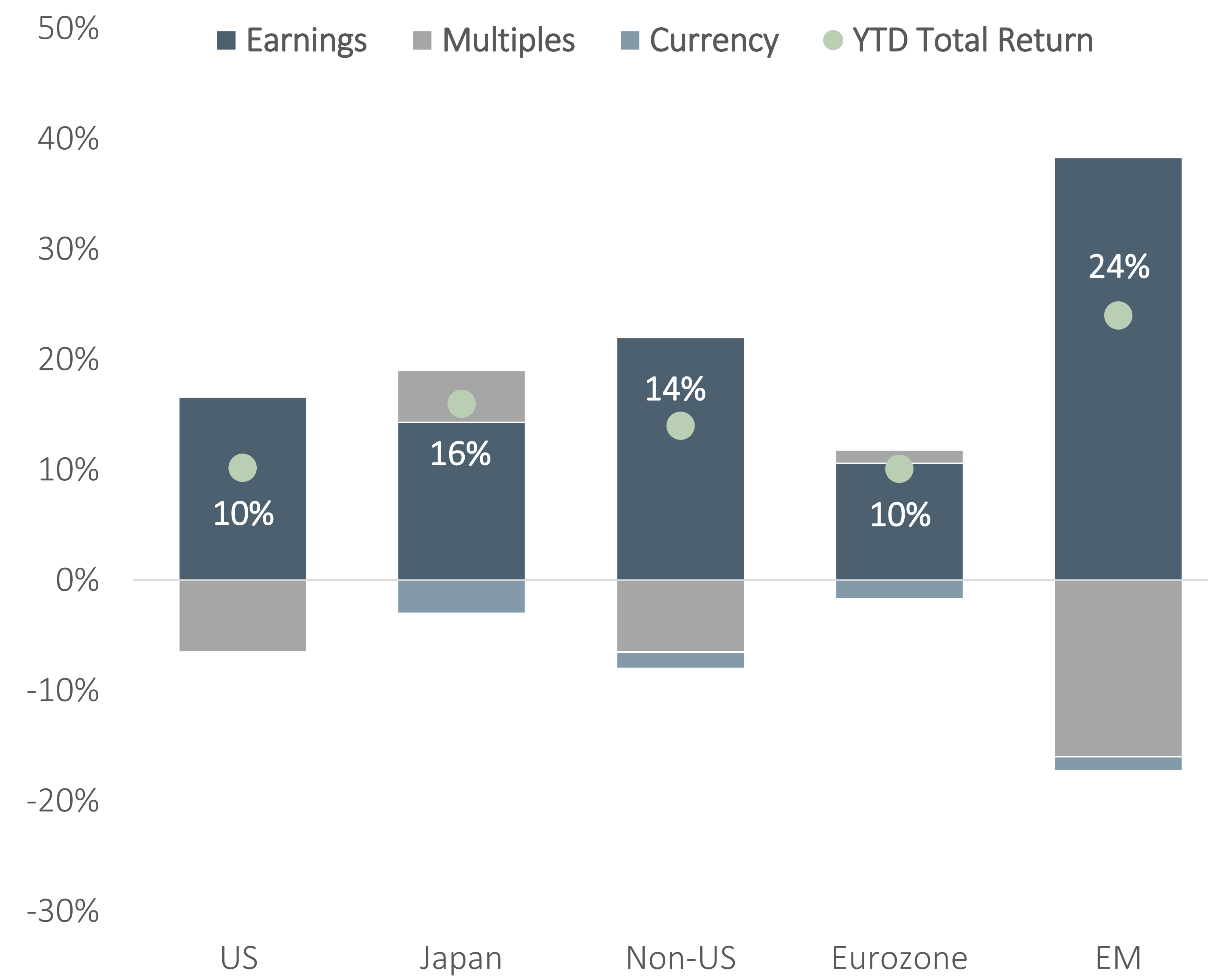
The Leadership Rotation Moves Overseas

US (Russell 3000) vs. Non-US (MSCI ACWI ex. USA)



Earnings Growth Outpaced Multiple Expansion

YTD Returns: Global Equity Return Composition



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STOCK MARKET RETURNS: US LARGE VS. SMALL

S&P 500 INDEX VS. RUSSELL 2000 INDEX

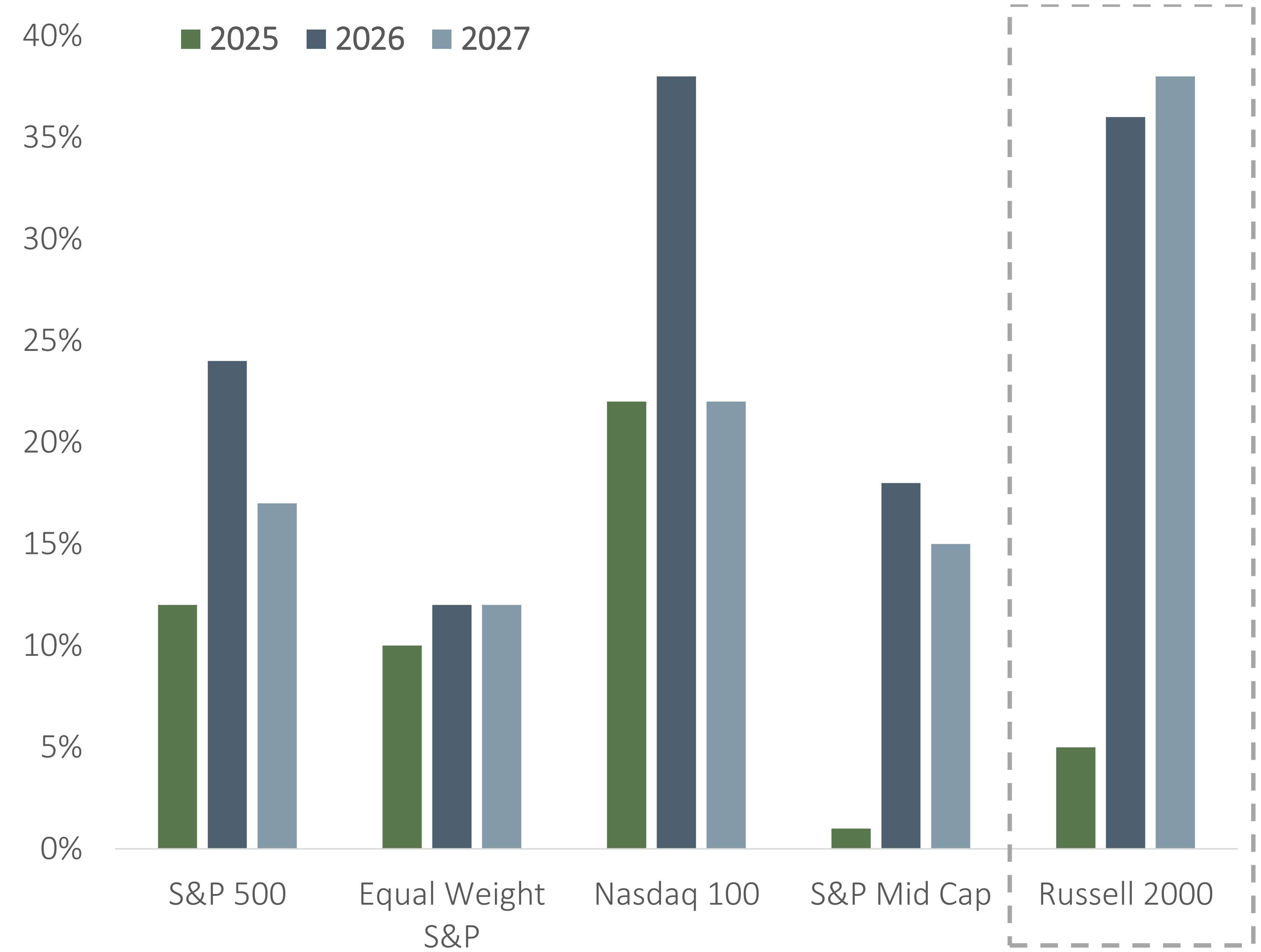
Market leadership broadened meaningfully as small cap stocks outperformed their large cap peers after years of lagging. Attractive relative valuations and prospects for stronger earnings growth renewed investor interest in smaller companies, signaling a healthier and more diversified market rally.

Small Caps Lead Market Broadening

US Large Caps (S&P 500) vs. Small Caps (Russell 2000)

Small Cap Turnaround: Earnings Expected to Outpace Large Caps

Realized and Consensus EPS Growth Estimates



Source: Crescent Grove Advisors, Bloomberg, Russell. As of June 30, 2026. **Past performance is no guarantee of future results.** See important disclosures on the last page.

STOCK MARKET RETURNS: DEVELOPED INT'L VS. EM

MSCI EAFE INDEX VS. MSCI EMERGING MARKETS INDEX

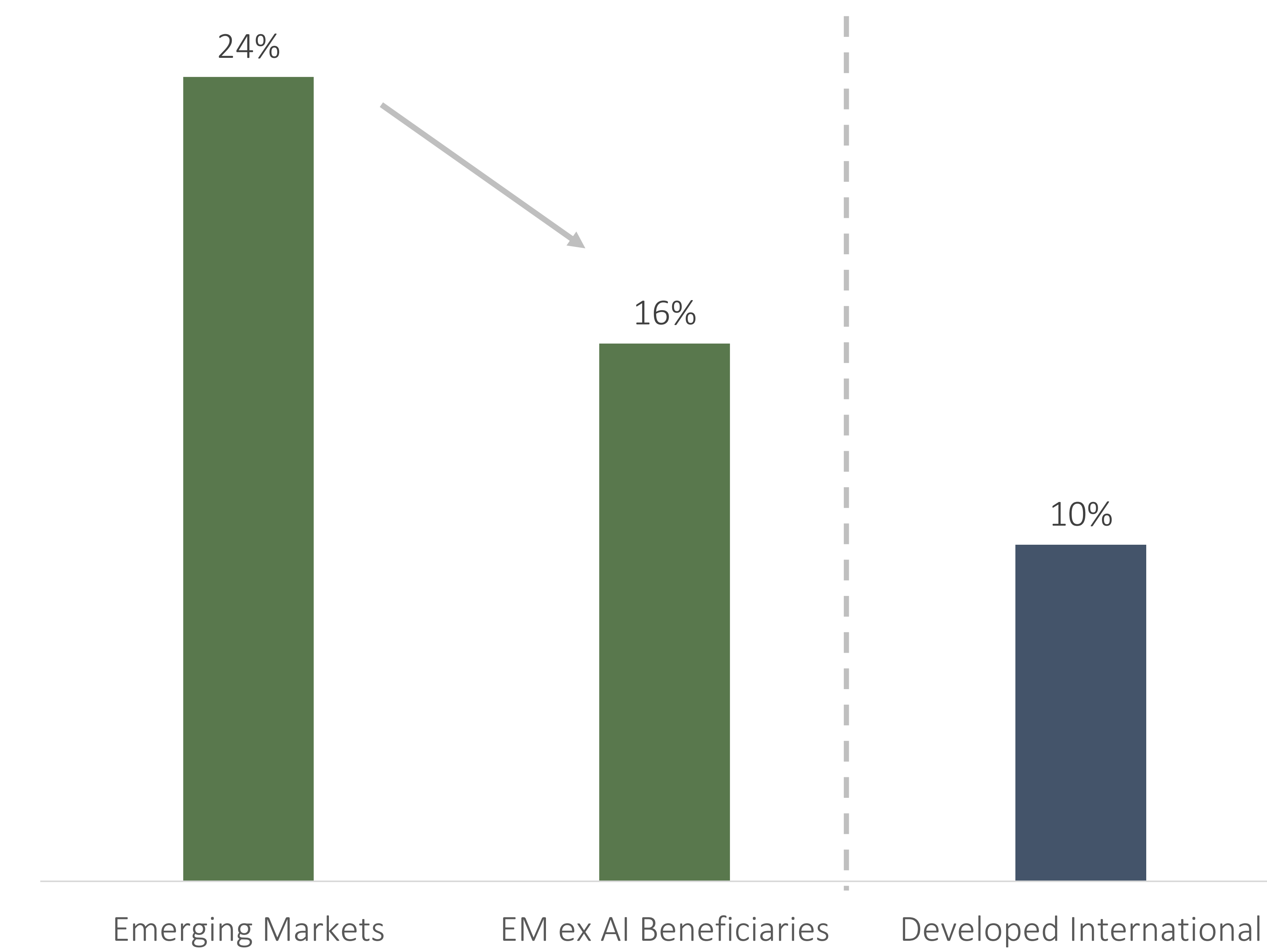
Emerging markets meaningfully outperformed developed international equities during the second quarter, driven in large part by the AI investment theme. Strong demand for AI infrastructure meant AI-heavy markets like South Korea were outsized contributors to EM returns.

Emerging Markets Breakout on AI-Driven Strength

Dev Int'l (MSCI EAFE) vs Emerging Markets (MSCI EM)

Emerging Markets Are Increasingly Becoming an AI Story

YTD Returns: Developed Markets vs Emerging (ex SK Hynix, Samsung, TSMC)



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Crescent Grove Advisors, LLC
2026