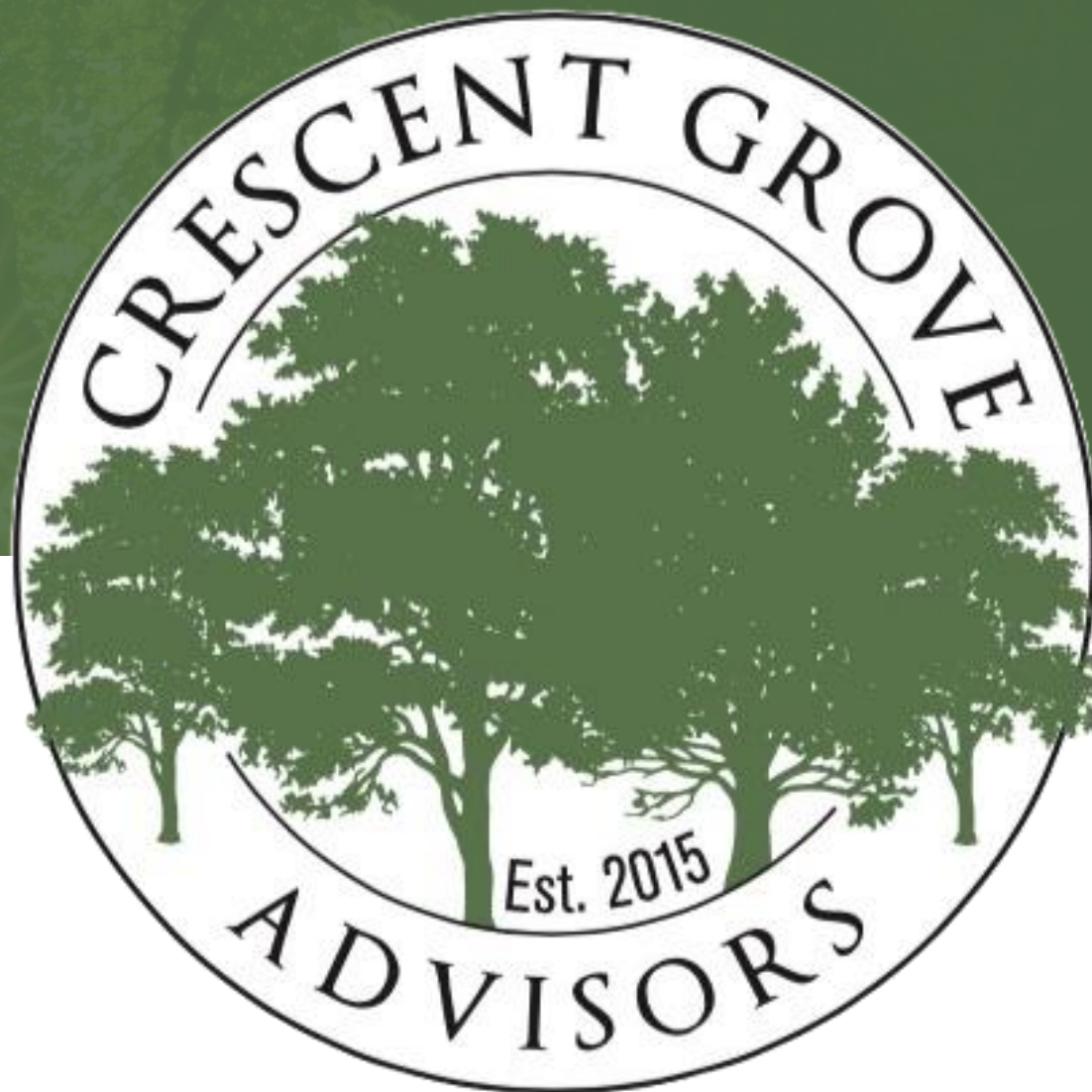




QUARTERLY MARKET PERSPECTIVES

Q3 2026

Q3 2026 REVIEW

KEY THEMES

- Resilient economic growth and growing competition for capital pushed Treasury yields sharply higher in Q3. Markets shifted from anticipating Fed rate cuts to pricing in additional tightening, reflecting a fundamental reassessment of the economic and policy outlook.
- Headline equity indices remained resilient, but rising rates pressured small caps and the average stock experienced a meaningful drawdown. A stronger dollar also weighed on international equities, while AI-related companies continued to dominate market leadership.

FIXED INCOME

- The Federal Reserve raised rates by 25 basis points in September in its first hike since July 2023, as resilient growth and persistent inflation prompted renewed tightening. The move sharply contrasted with expectations for further cuts at the start of the year, with markets now pricing in additional hikes.
- The sharp increase in Treasury yields weighed on bond returns, particularly longer-duration securities. Credit markets remained relatively orderly, though widening spreads among CCC-rated borrowers signaled emerging stress beneath the surface.

EQUITIES

- Higher interest rates weighed on small caps and other rate-sensitive stocks, while large-cap leadership masked significant dispersion across the broader market. Despite headline indices holding near record highs, the average stock experienced a material drawdown.
- Dollar appreciation weighed on non-US returns, with developed markets modestly outperforming emerging markets. EM equities faced additional volatility as their growing exposure to the AI trade made returns increasingly dependent on a narrow set of technology-related companies.



MARKET DASHBOARD (as of September 30, 2026)

KEY RETURNS AND STATISTICS

Bond Index Returns					Annualized
	Q3	YTD	1 Yr	3 Yr	5 Yr
Bloomberg Municipal 1-10Yr Index	-4.1%	-3.1%	-2.1%	2.7%	0.5%
Bloomberg US Aggregate Bond Index	-3.5%	-2.9%	-1.8%	4.1%	-0.6%
Bloomberg US High Yield Index	-1.8%	0.1%	1.4%	8.0%	3.6%

Treasury Yields					
	1 Yr	2 Yr	5 Yr	10 Yr	30 Yr
Yield by Maturity	4.5%	4.9%	5.1%	5.3%	5.6%

FX and Commodity Returns					Annualized
	Q3	YTD	1 Yr	3 Yr	5 Yr
Bloomberg Dollar Index	-0.2%	1.3%	1.6%	-1.2%	0.9%
Bloomberg Commodity Index	15.1%	29.3%	35.5%	10.6%	7.1%
WTI Crude Oil	35.8%	97.5%	86.3%	19.5%	20.9%
Natural Gas	-13.6%	-21.3%	-28.3%	-30.6%	-35.7%
Copper	5.3%	14.6%	33.5%	20.5%	10.7%
Gold	3.1%	-4.4%	7.2%	29.8%	18.0%

Equity Index Returns					Annualized
US Equities	Q3	YTD	1 Yr	3 Yr	5 Yr
Russell 3000	1.4%	12.4%	15.1%	22.2%	12.6%
S&P 500	2.3%	12.7%	15.7%	22.9%	13.8%
Russell 2000	-7.2%	13.7%	16.2%	17.7%	6.3%
Non-US Equities	Q3	YTD	1 Yr	3 Yr	5 Yr
MSCI All Country World ex. US	0.5%	14.2%	20.0%	20.5%	9.5%
MSCI EAFE	0.8%	10.3%	15.7%	18.4%	9.3%
MSCI Emerging Markets	-0.4%	23.4%	29.2%	24.1%	8.9%

US Equity Style Box Returns*

Q3			1 Yr		
	Value	Core	Growth		
Large	2.6%	1.8%	0.9%	Large	23.8%
Mid	-2.0%	-3.0%	-5.8%	Mid	16.9%
Small	-4.9%	-7.2%	-9.4%	Small	20.8%
					15.0%
					12.0%
					-2.7%
					16.2%
					12.1%

Source: Bloomberg. As of September 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.



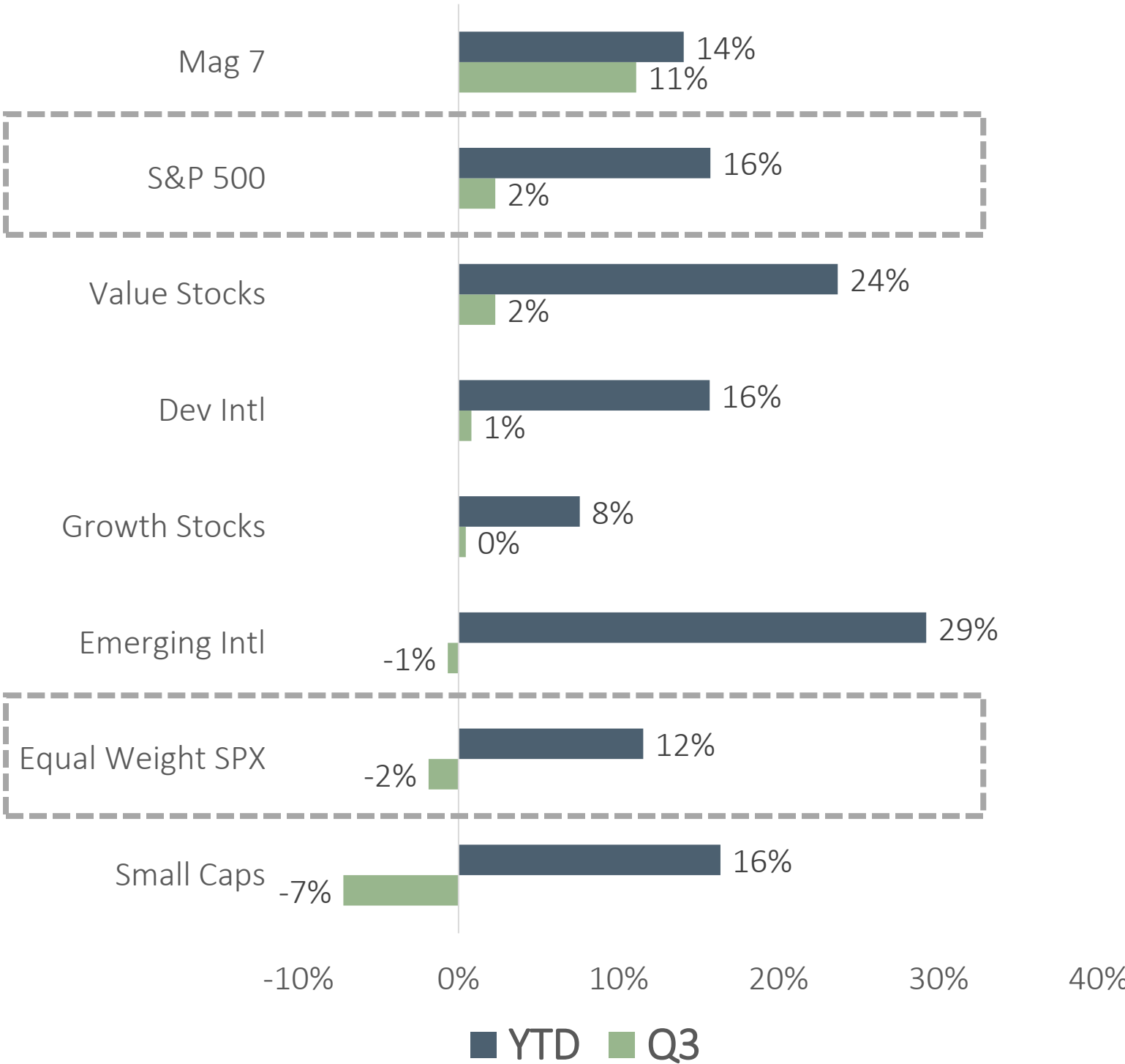
A TALE OF TWO MARKETS

STOCKS DEFY RISING RATES, BONDS BEAR THE BRUNT

Equities remained resilient in Q3 despite rising interest rates, with large-cap stocks leading gains and smaller companies lagging. Bonds struggled as higher yields pressured returns, particularly among longer-duration securities.

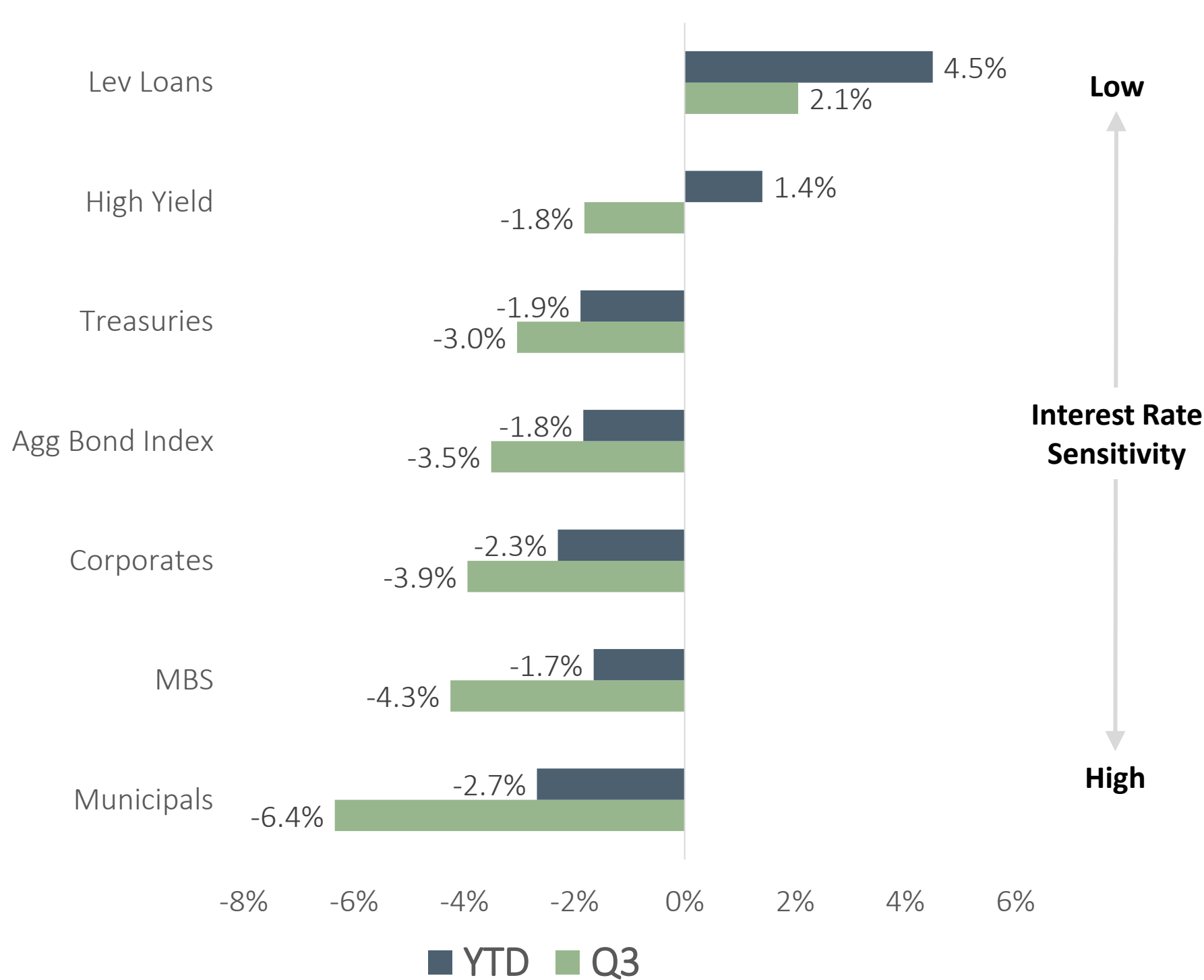
Stocks Climb Higher, but Leadership Narrows

Equity Asset Class Returns



Duration Damage: Rising Rates Weigh on Bonds

Fixed Income Asset Class Returns



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

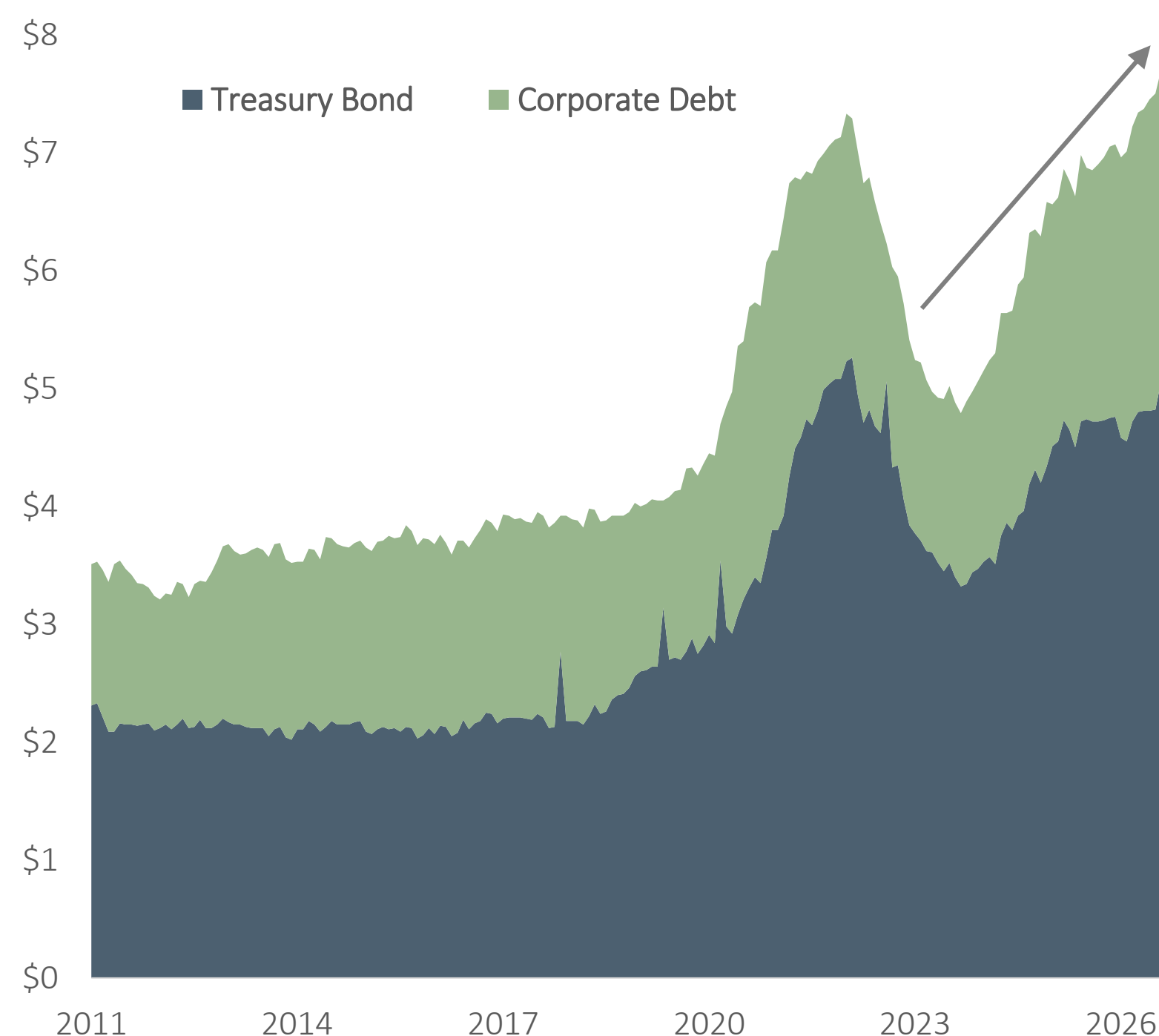


WHAT'S PUSHING UP YIELDS: COMPETITION FOR CAPITAL

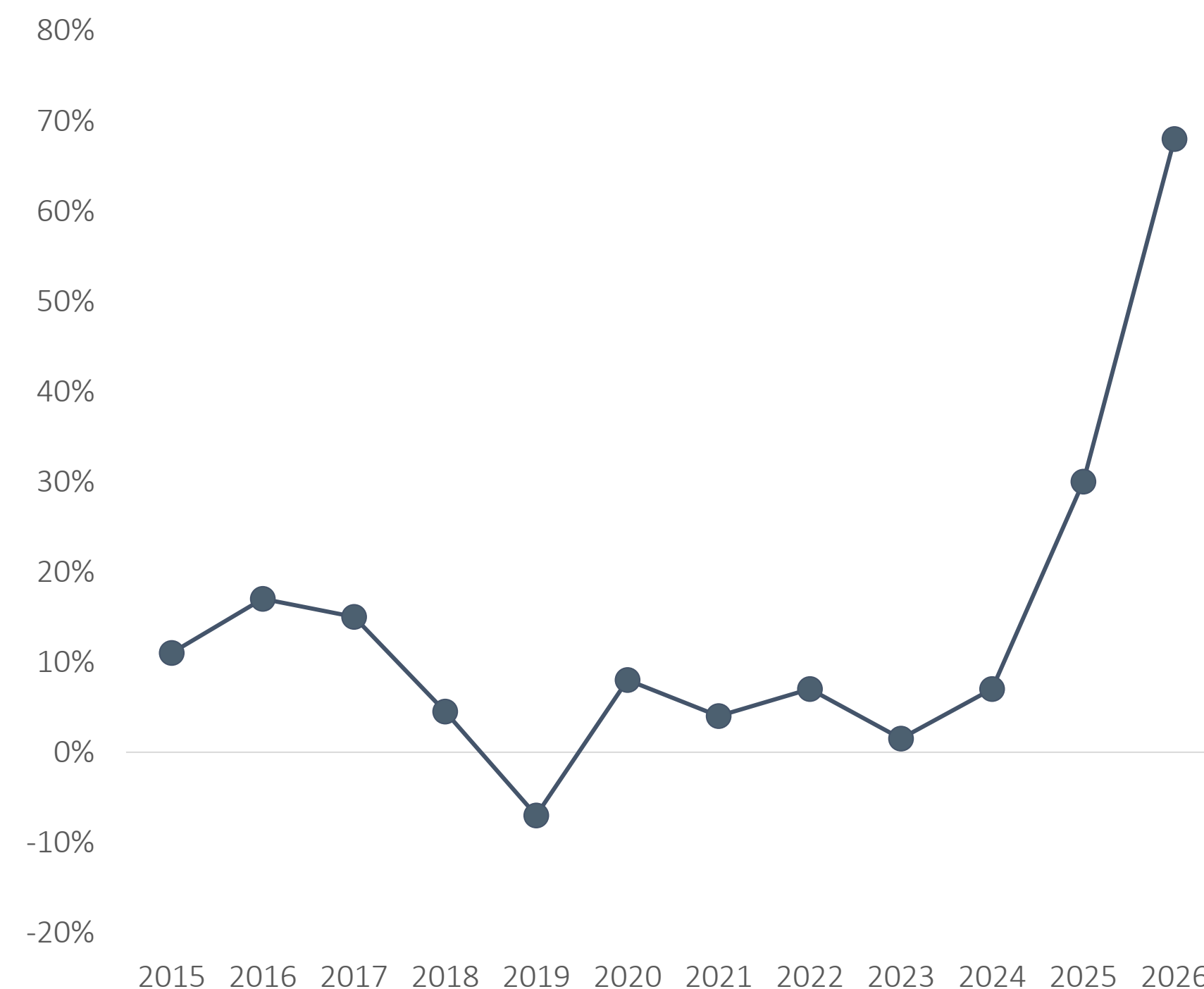
SURGE IN ISSUANCE MEANS MORE OPPORTUNITIES TO CAPTURE YIELD

Competition for capital is intensifying as surging AI-related debt issuance and growing Treasury borrowing increase bond supply. With more borrowers competing for capital, interest rates must rise to attract investors and clear the market.

Treasury and Corporate Borrowers Compete for Capital
Debt Issuance: Treasury and Corporate Bond Markets (Trillions)



Megacap Tech Is Issuing Nearly as Much Long-Term Debt as the Government
Long-Dated Megacap Tech Bond Issuance as % of Treasury Bond Issuance



Source: Crescent Grove Advisors, Bloomberg. Tech issuance based on analysis from JPMorgan Asset Management. As of September 30, 2026. See important disclosures on the last page.



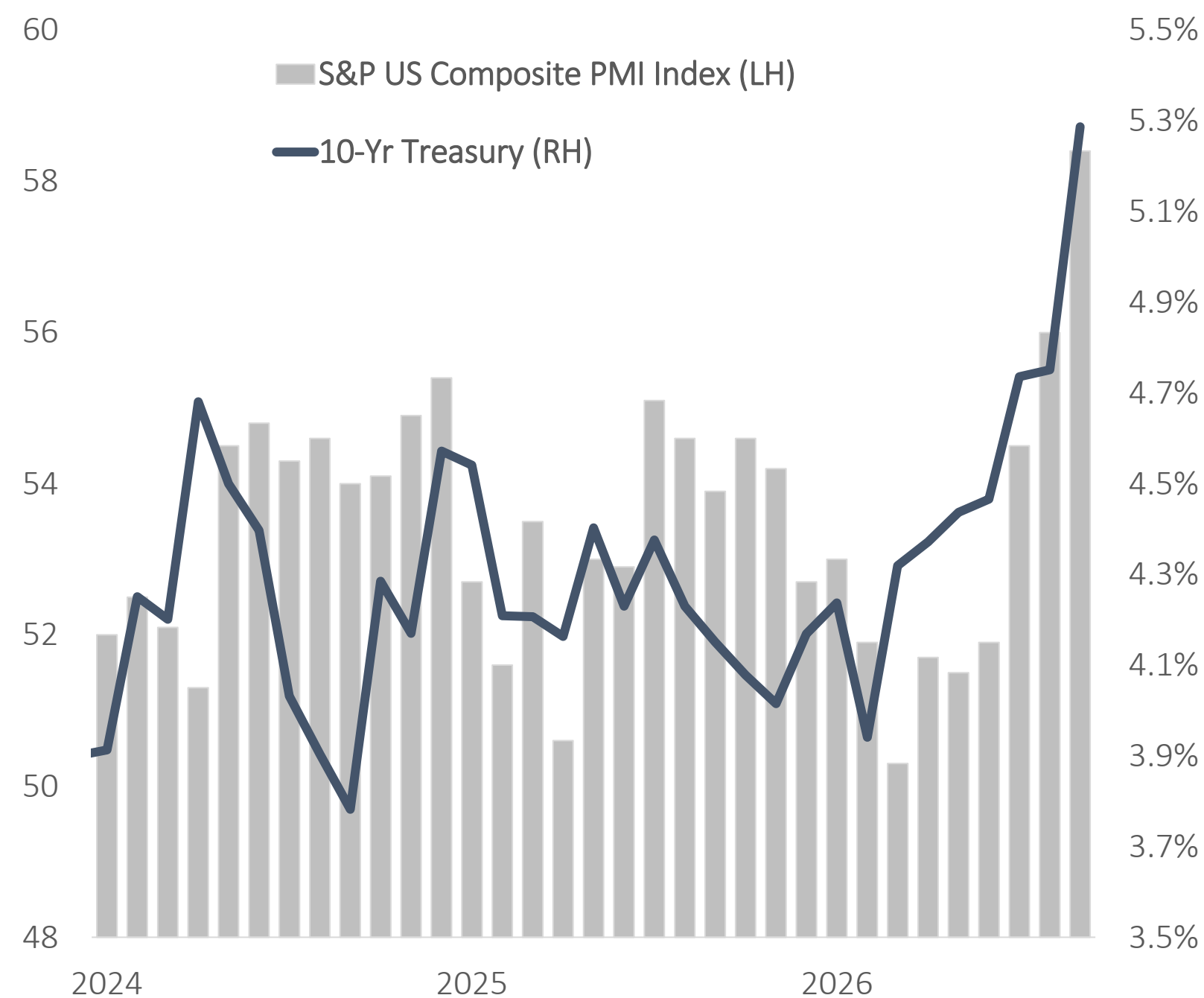
WHAT'S PUSHING UP YIELDS: ECONOMIC GROWTH

HIGHER BOND YIELDS ARE PRICING IN A STRONGER ECONOMIC OUTLOOK

Rising interest rates increasingly reflect US economic resilience, as stronger growth and persistent inflation challenge expectations for monetary easing. With economic momentum proving more durable than expected, bond yields are adjusting to a higher interest rate environment.

Interest Rates Have Moved in Lockstep with Business Health

S&P US Composite PMI vs 10-Year Treasury Yields

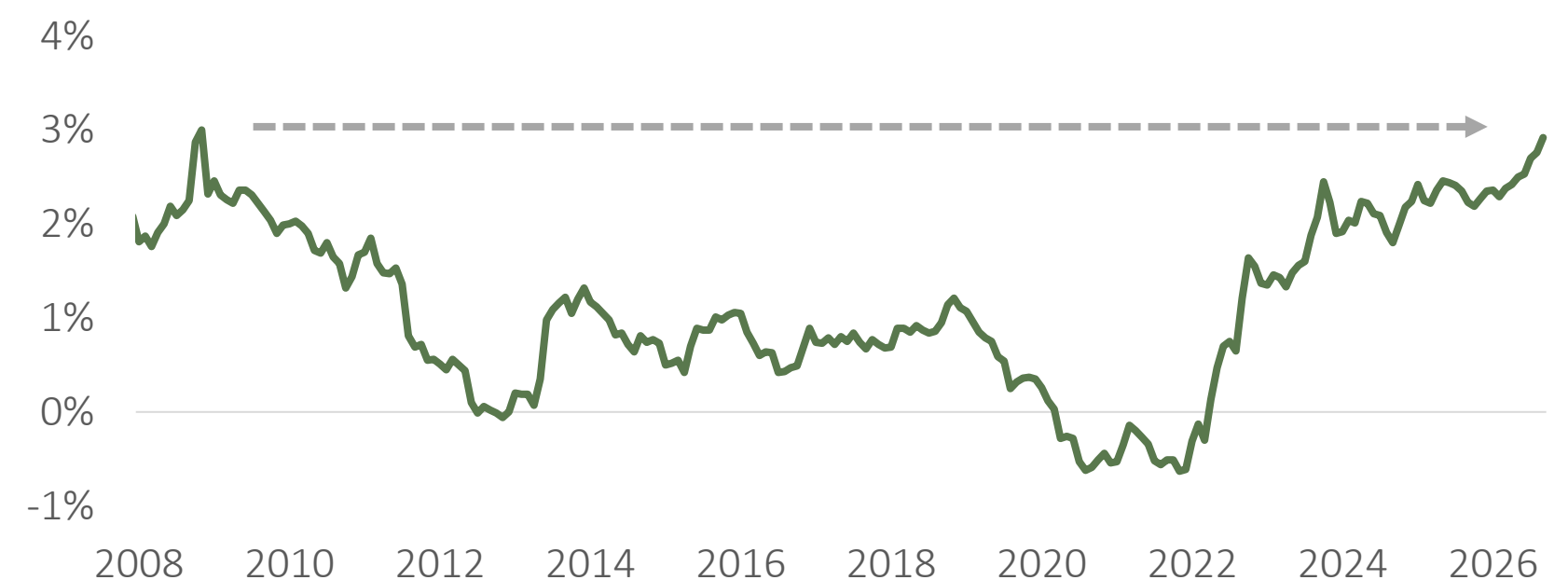


Manufacturing Momentum Reflects Economic Optimism

S&P Global US Manufacturing PMI



20-Year Real Yields: Highest Since 2008



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



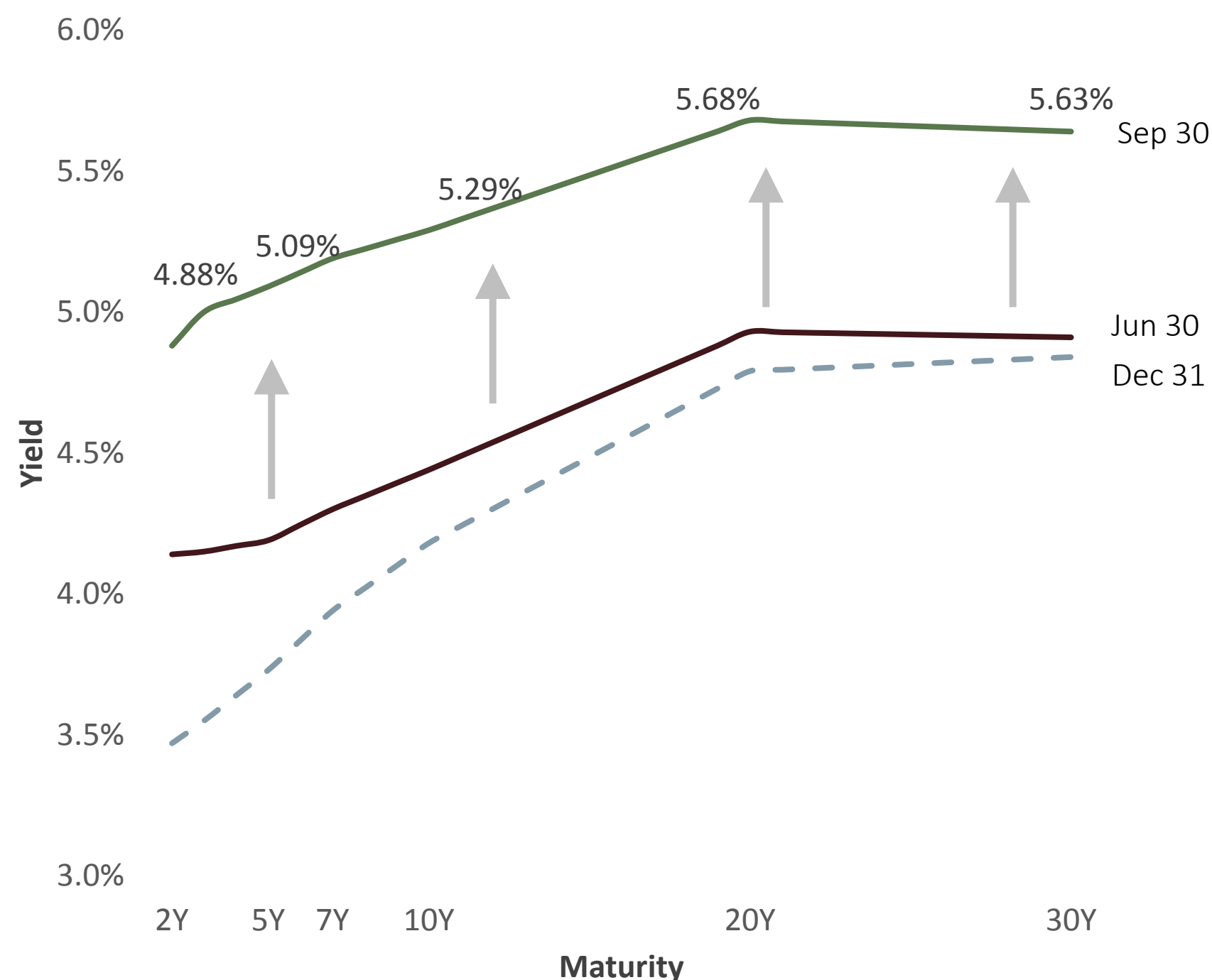
THE BOND MATH HAS FLIPPED

HIGHER YIELDS HAVE CHANGED THE RISK/REWARD IN BONDS

At today's higher yields, bonds offer a more favorable risk/reward profile than in years. Income provides a meaningful cushion against rising rates, while a comparable decline can generate substantially greater upside through price appreciation.

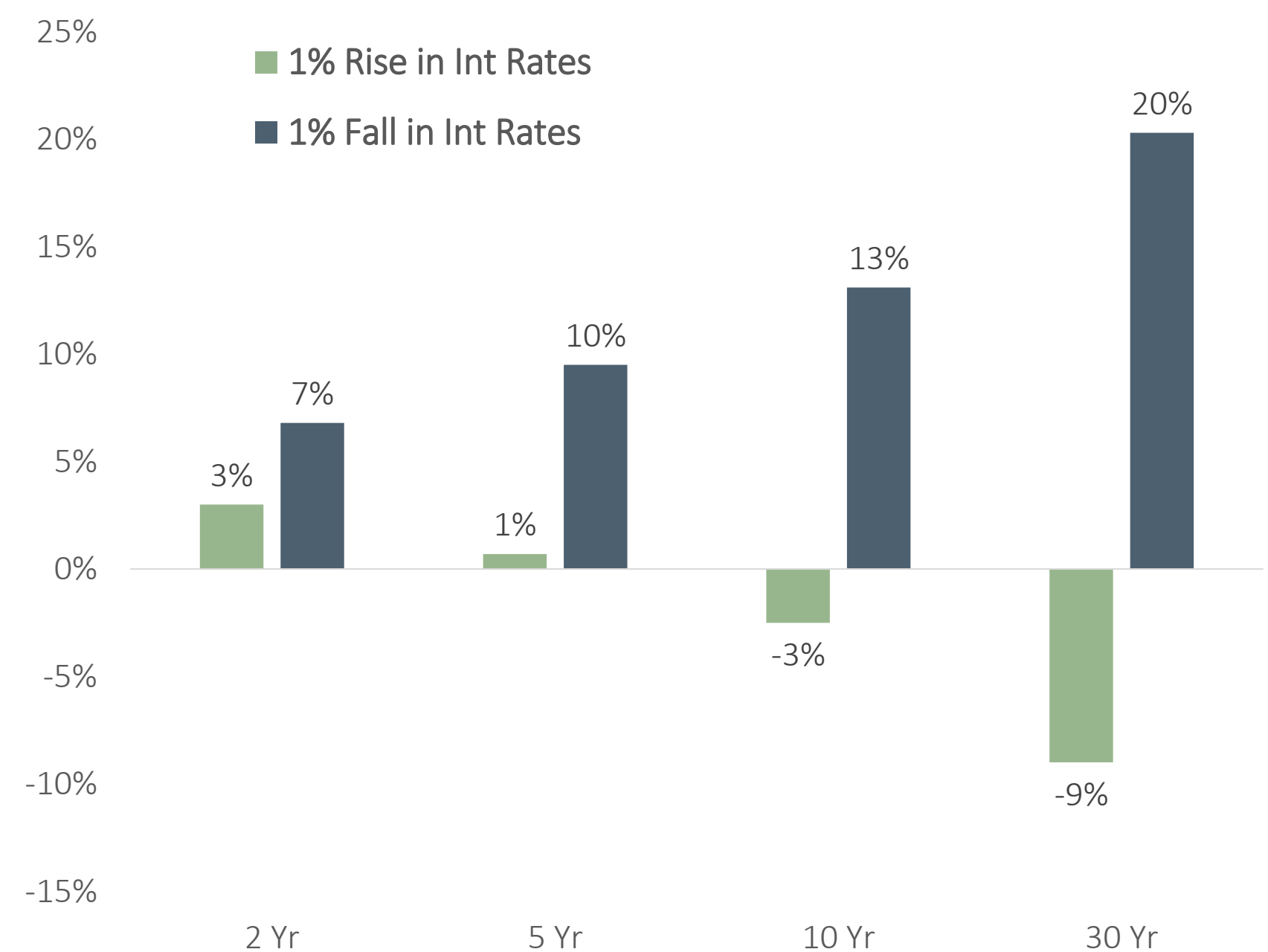
Bond Yields Have Reset Sharply Higher

Treasury Yield Curve



Bonds Now Offer a More Favorable Risk/Reward Trade-Off

12-Month Total Return Given +1% / -1% Change in Interest Rates



Source: Crescent Grove Advisors, Bloomberg. As of September 30, 2026. Bond returns based on a parallel shift in the yield curve. **Past performance is no guarantee of future results.** See important disclosures on the last page.



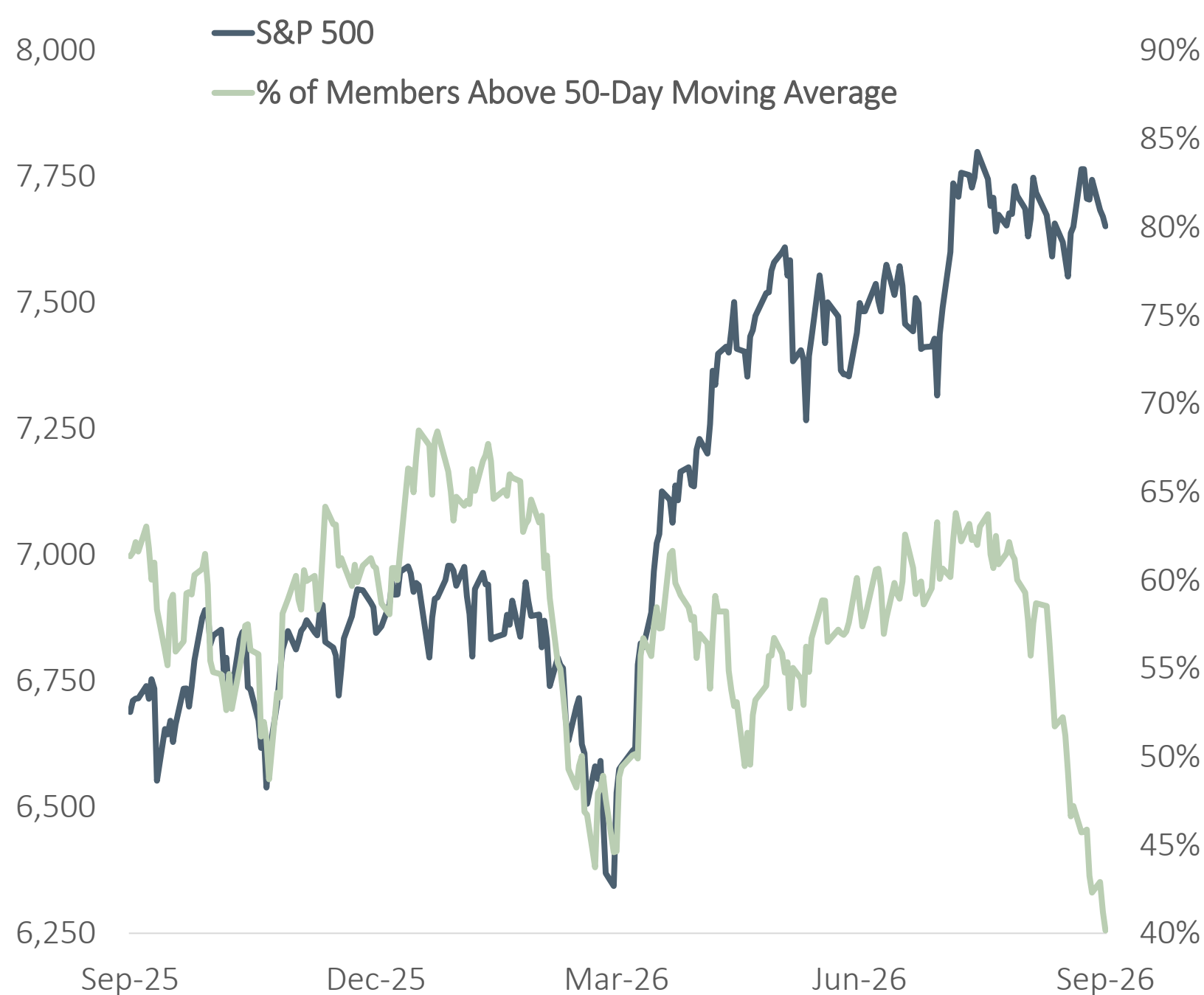
ALL-TIME HIGHS MASK DAMAGE UNDER THE SURFACE

WIDESPREAD DRAWDOWNS ACROSS INDIVIDUAL STOCKS HIGHLIGHT SIGNIFICANT DISPERSION

Major indices trade near all-time highs, but a widespread selloff across individual stocks highlights dispersion beneath the surface. The gap between index-level performance and the average stock underscores just how uneven market returns have become.

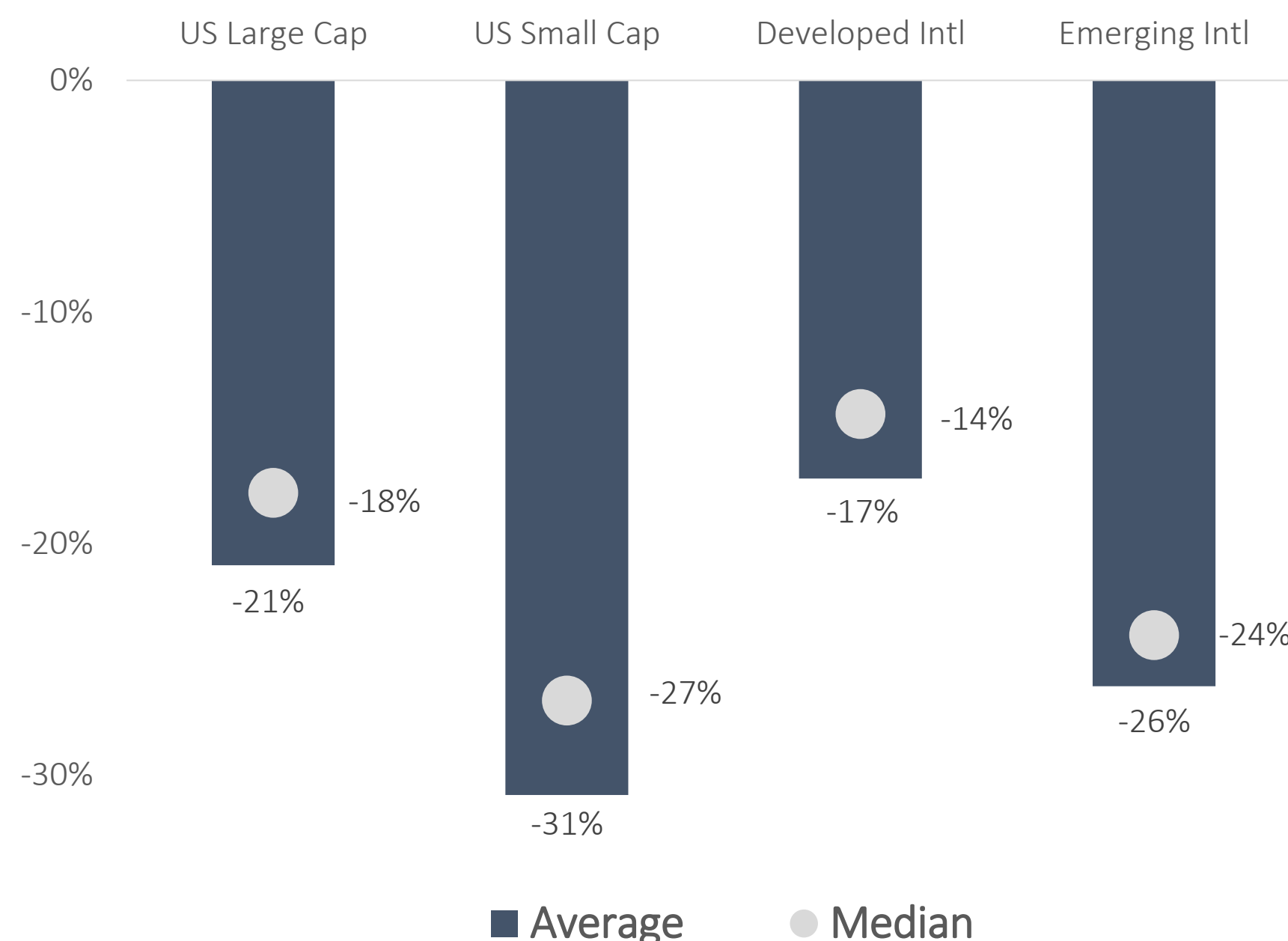
Index Strength Is Masking Weakening Breadth

S&P 500 vs Constituents Above Their 50-Day Moving Average



The S&P 500 Is Not the Average Stock

% from 52-Week Highs: Average and Median Stock



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



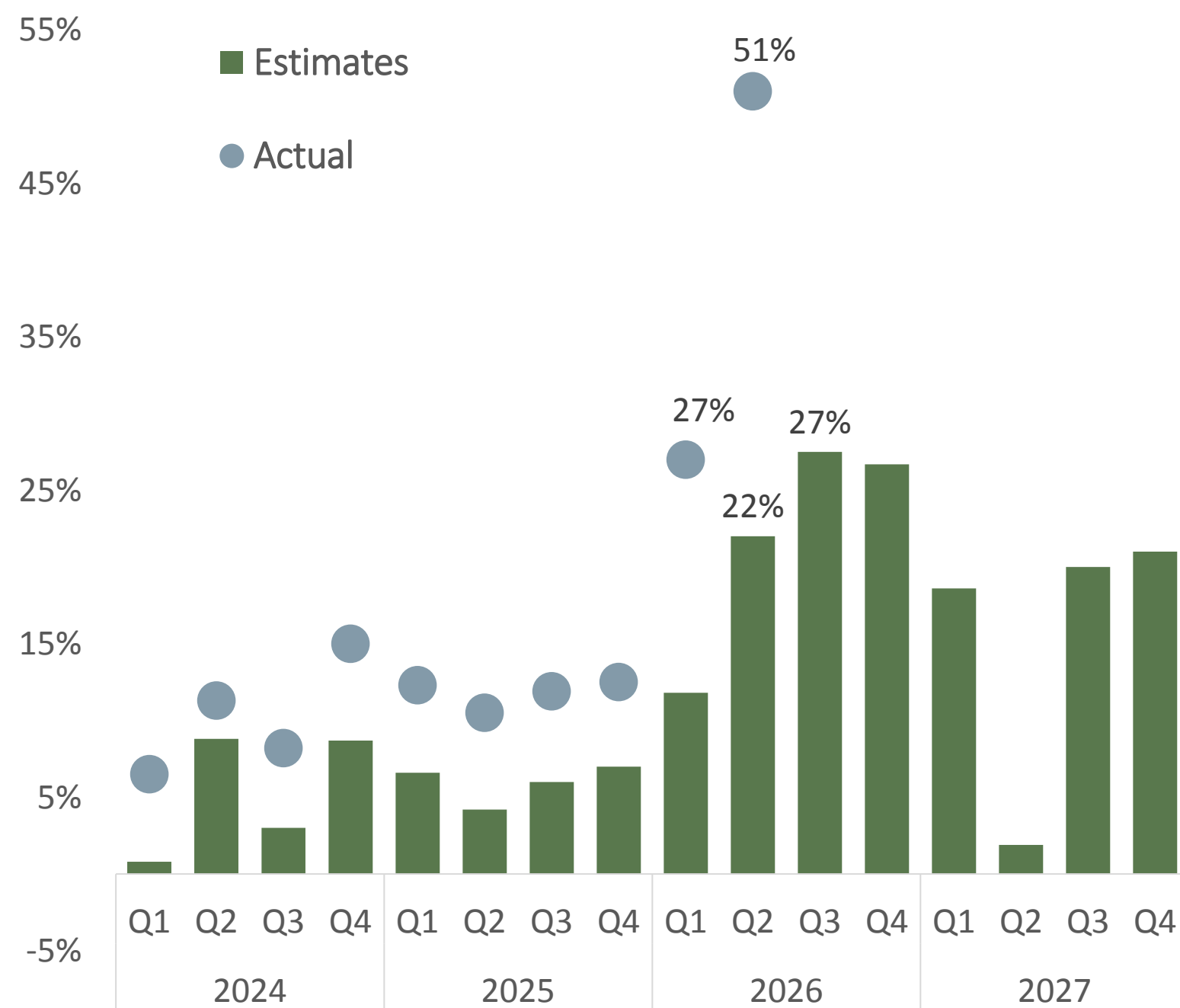
THE MARKET'S NEXT TEST: SUSTAINING EARNINGS GROWTH

THE EARNINGS BAR KEEPS RISING AS VALUATIONS RETREAT

Earnings expectations continue to climb as valuations compress, leaving corporate profits to drive market returns. With the earnings bar increasingly elevated, sustaining profit growth will be critical to supporting further market gains.

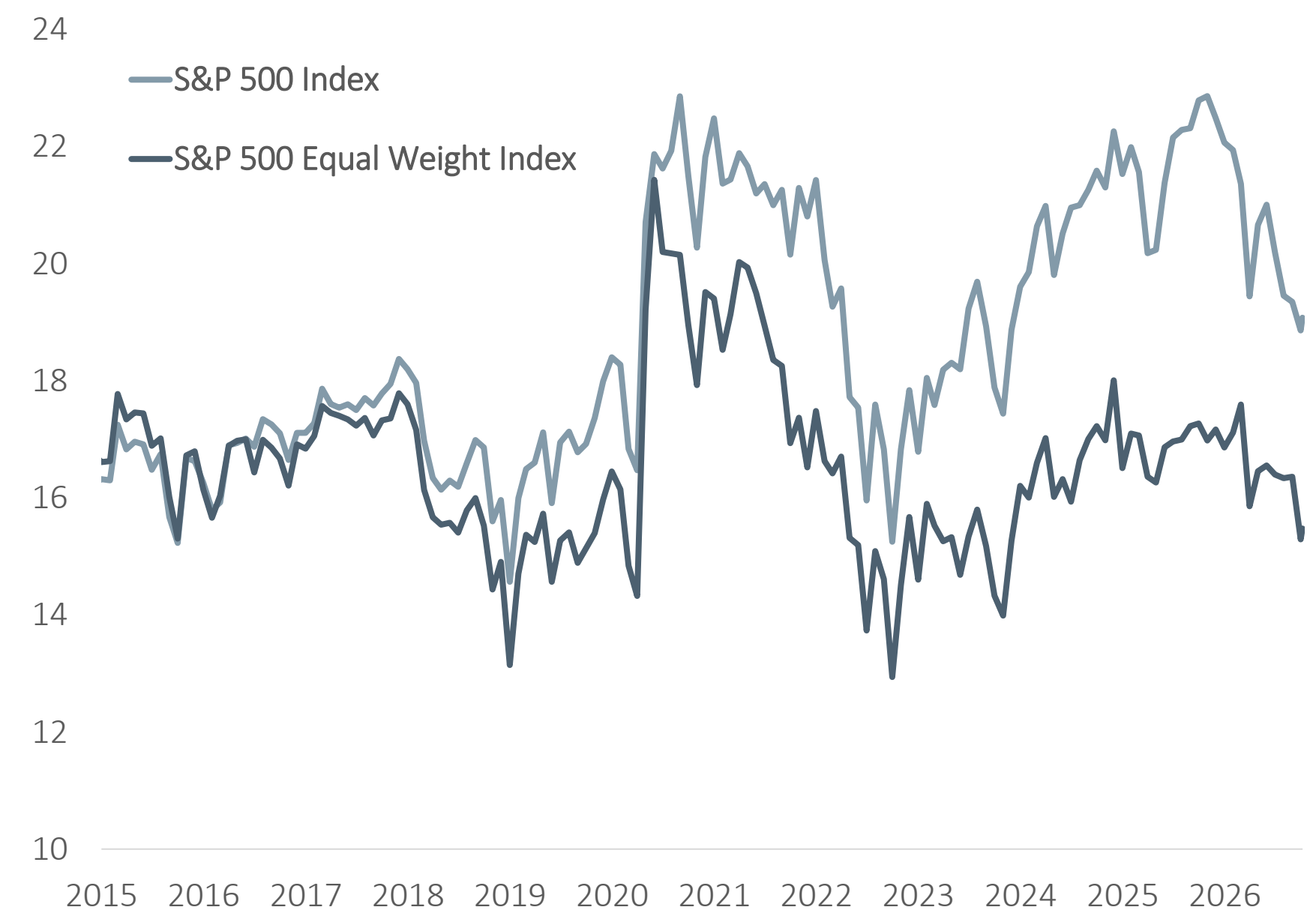
Earnings Continue to Outpace Expectations...

S&P 500 Index: %YoY Earnings Estimates vs Realized



...While Valuations Reset Lower

Forward Price-to-Earnings Ratio: S&P 500 vs S&P 500 Equal Weight



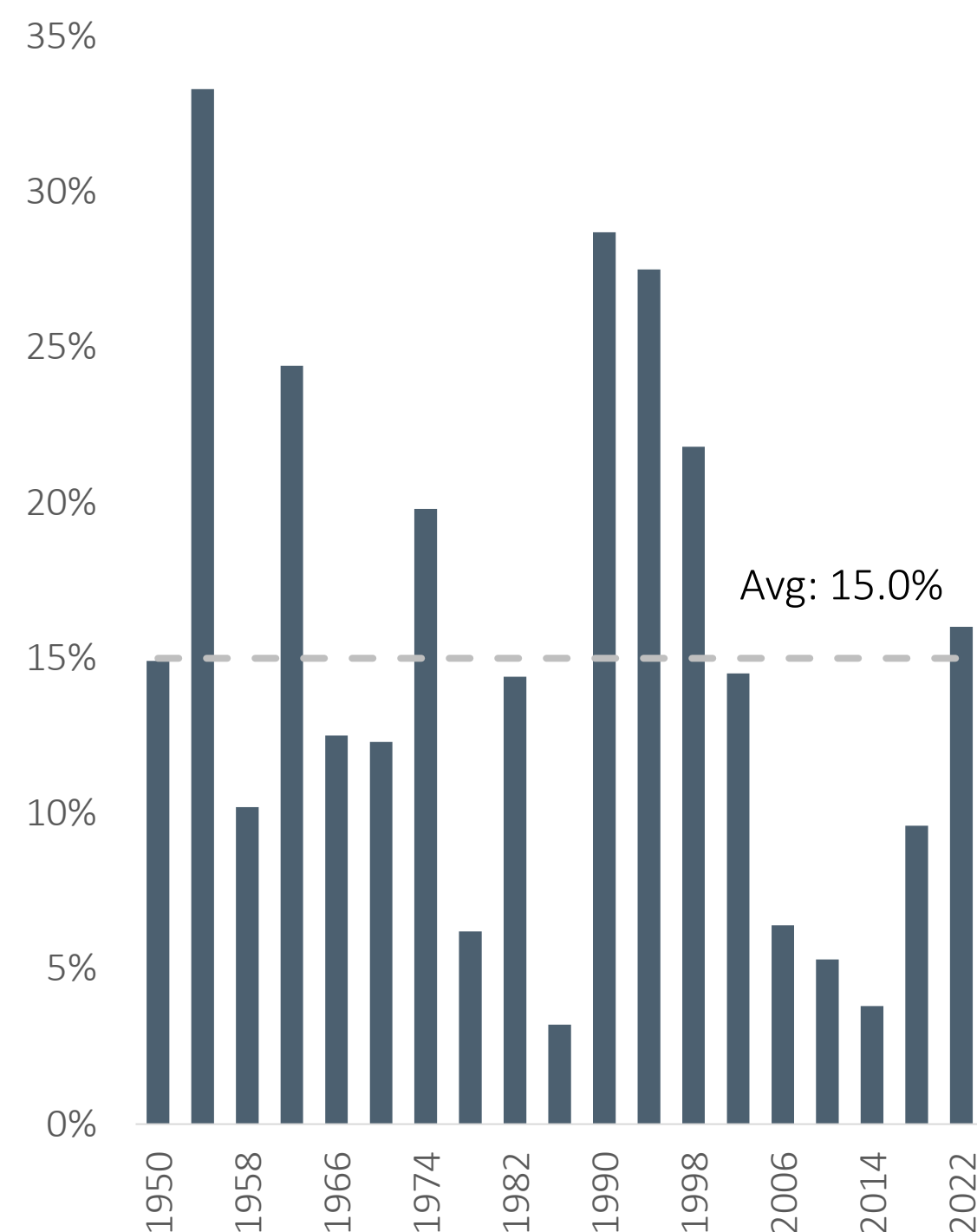
THE MIDTERM EFFECT: HISTORICALLY BULLISH FOR STOCKS

MIDTERM ELECTIONS HAVE HISTORICALLY MARKED A TURNING POINT FOR MARKETS

Midterm elections have historically been a powerful tailwind for equities. As election uncertainty fades, markets have historically rallied in the year following midterms. Since 1950, the S&P 500 has delivered positive returns in every 12-month period after midterms.

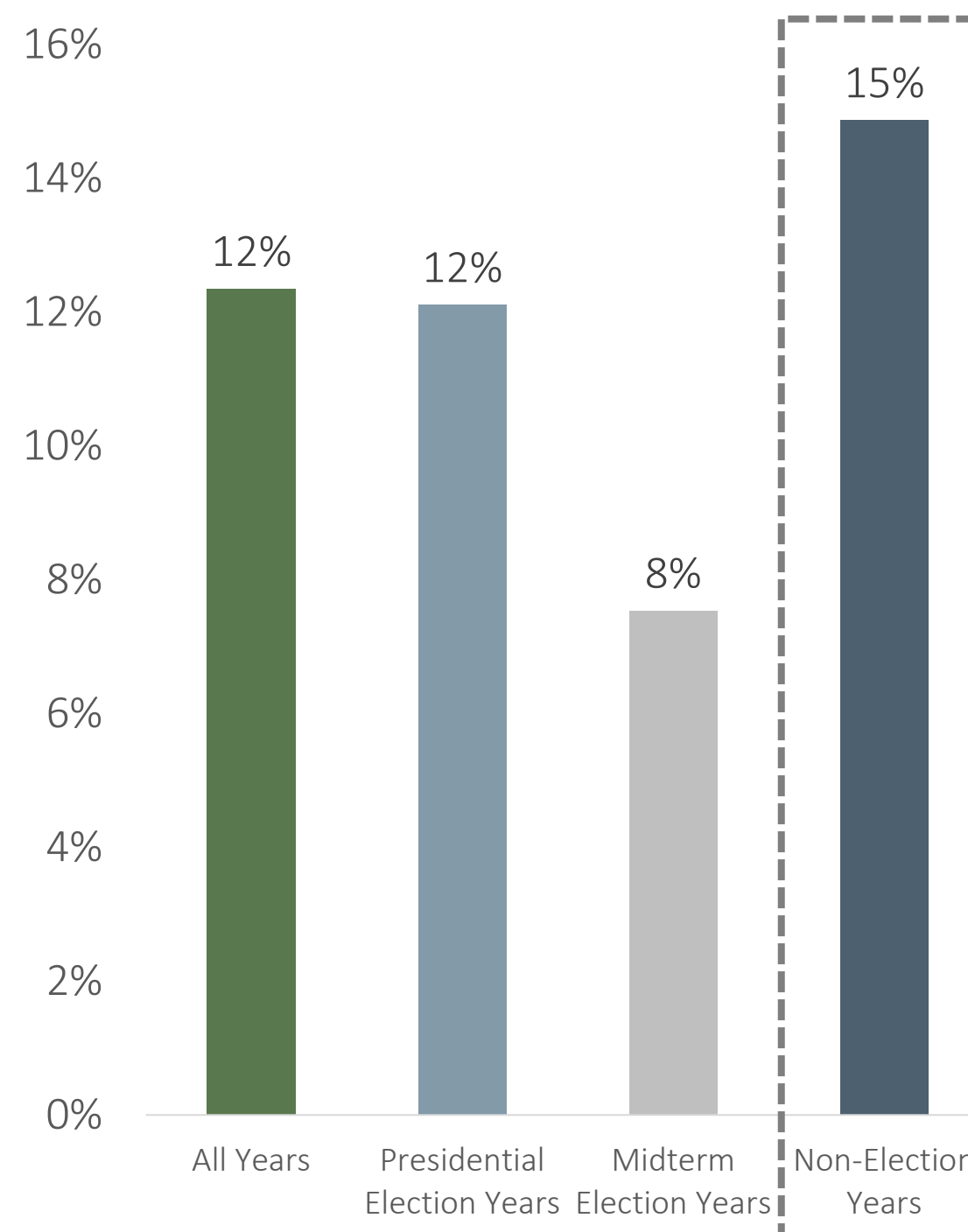
Midterms: A Historically Unbeaten Market Catalyst

S&P 500 Returns 12 Months After Midterm Elections



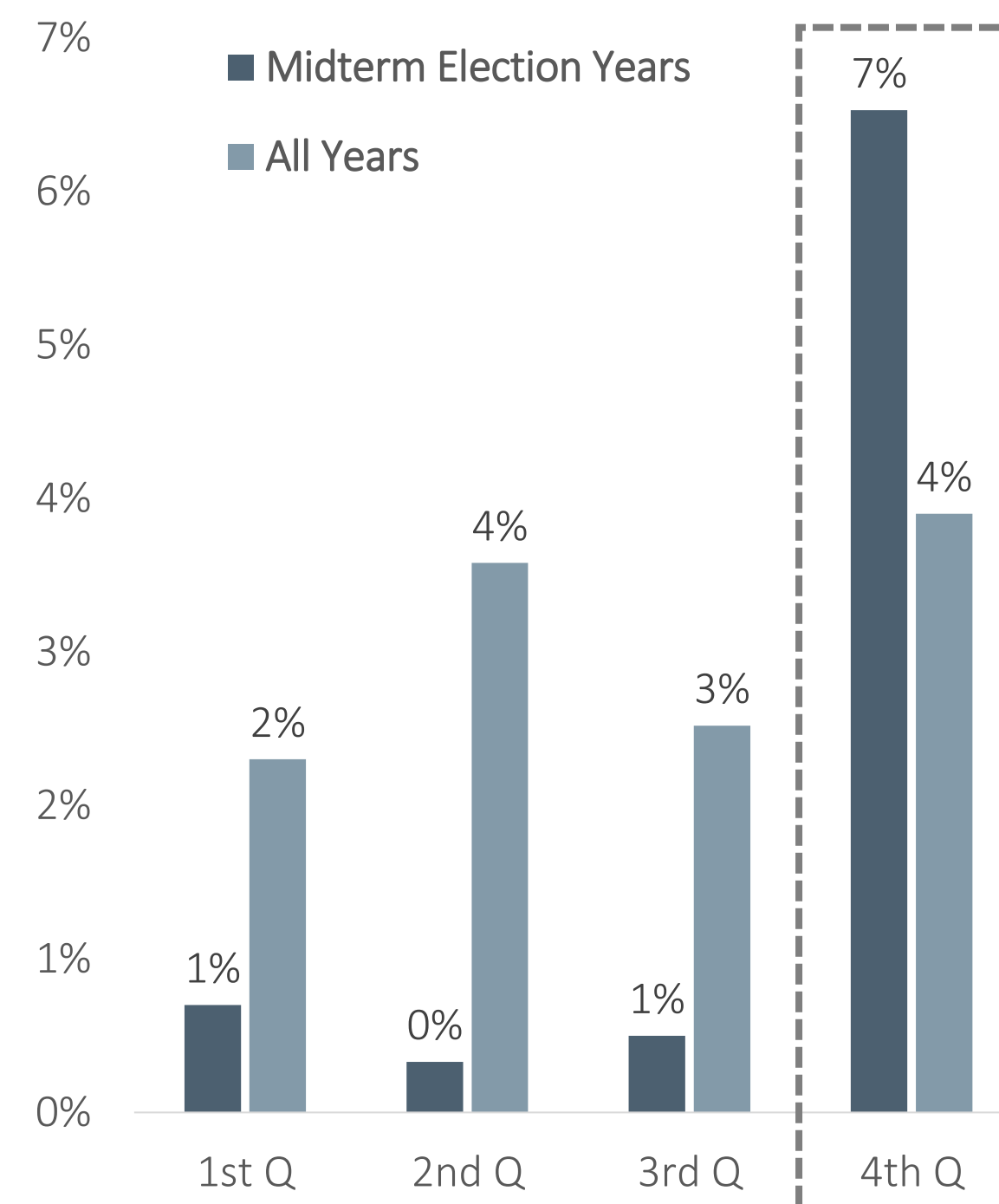
Stocks Tend to Shine in Non-Election Years

S&P 500 Return Across Election / Non-Election Years



A Fourth-Quarter Tailwind for Equities Following Midterms

S&P 500: Quarterly Returns in Midterm Years vs All Years



Source: Crescent Grove Advisors, Bloomberg, JPMorgan Asset Management. **Past performance is no guarantee of future results.** See important disclosures on the last page.



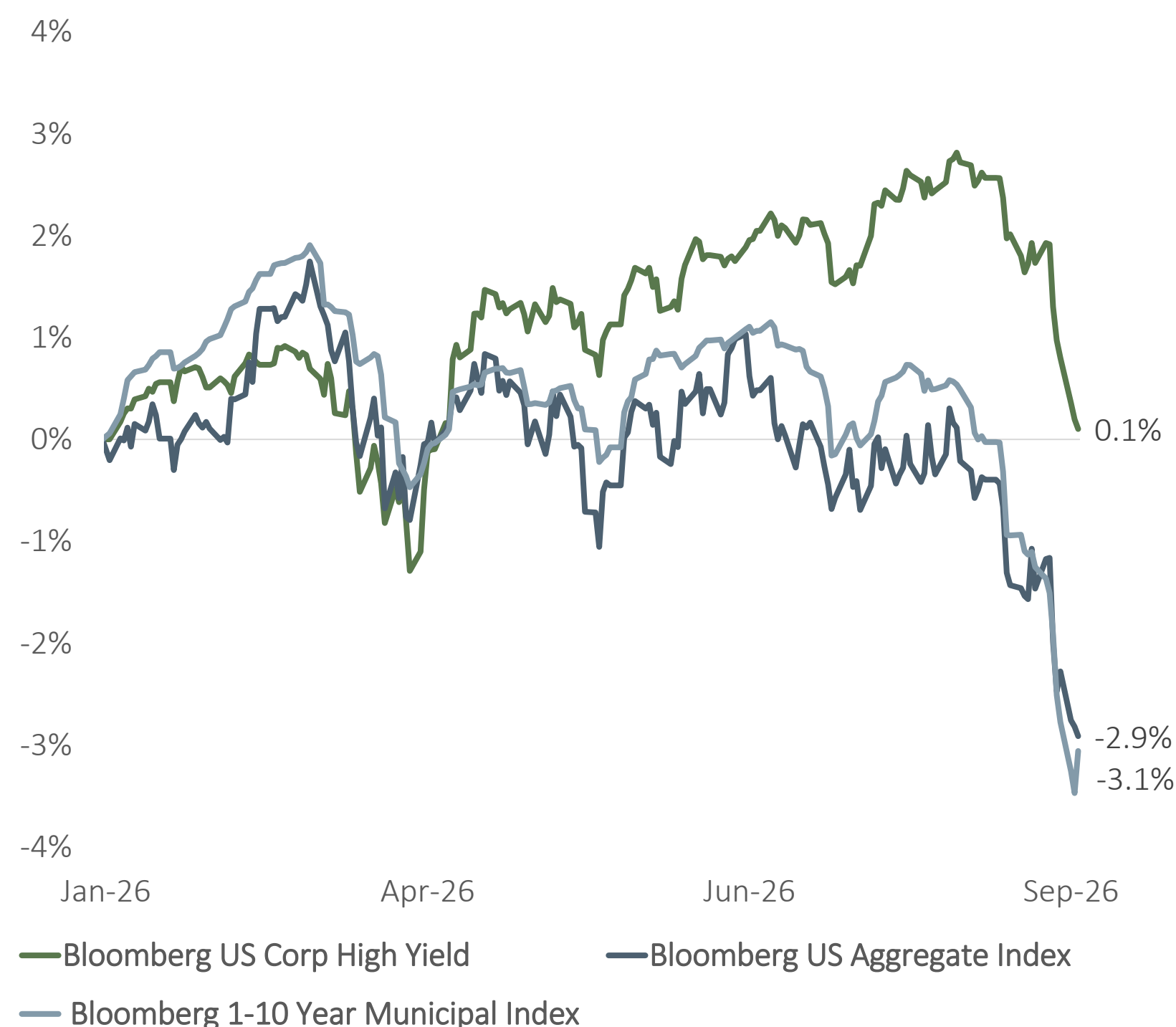
BOND MARKET RETURNS

RETURNS FOR MAJOR BOND INDICES

Bond markets struggled in Q3 as Treasury yields surged amid resilient economic growth and shifting Fed expectations. Higher rates weighed on returns, while widening spreads among lower-rated borrowers signaled emerging stress in credit markets.

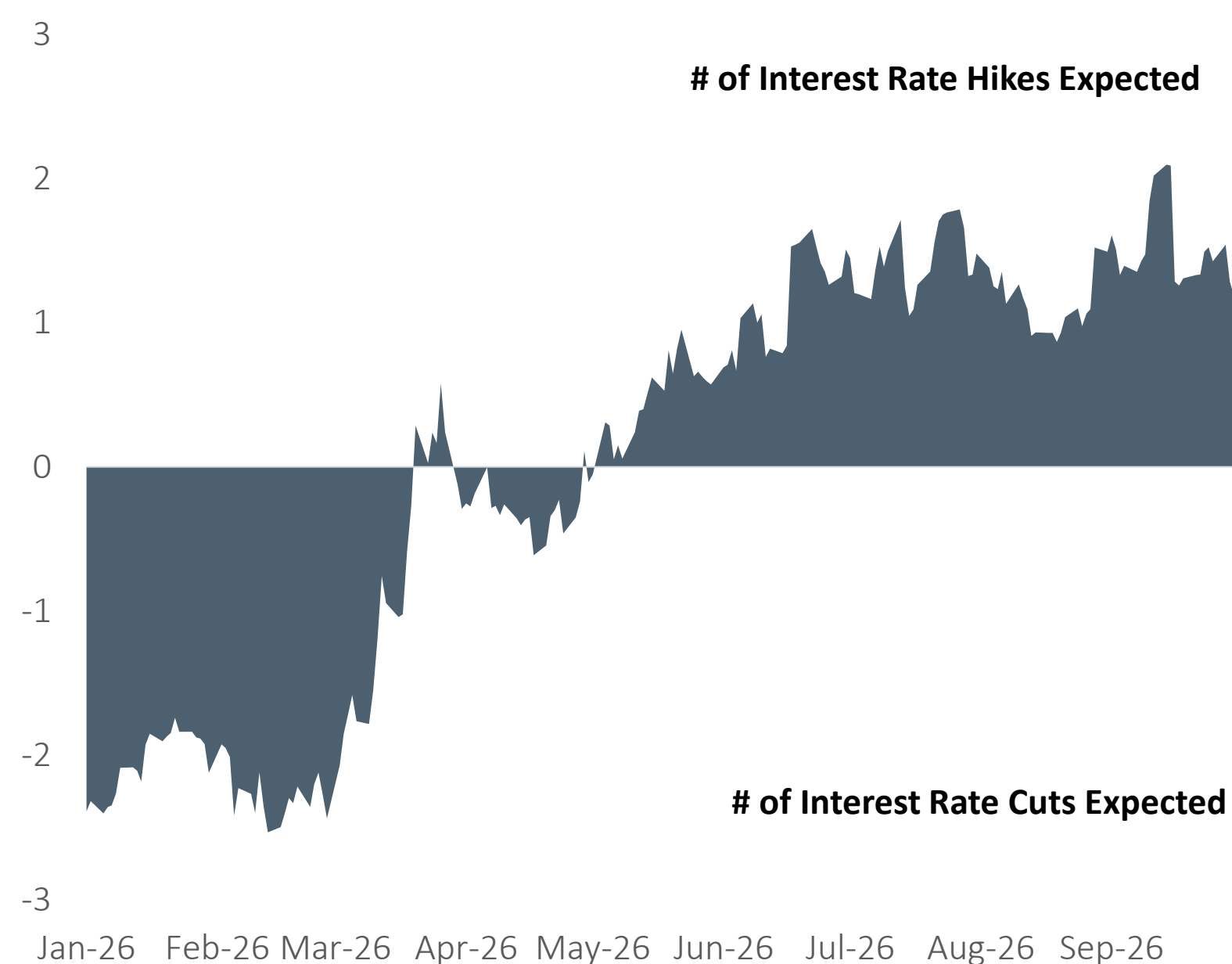
Bond Markets Buckle Under Rising Rates

Major Bond Index Returns – YTD



The Fed Outlook Flips From Two Cuts to Two Hikes

Market-Implied Change in Policy Interest Rates Expected in 2026



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



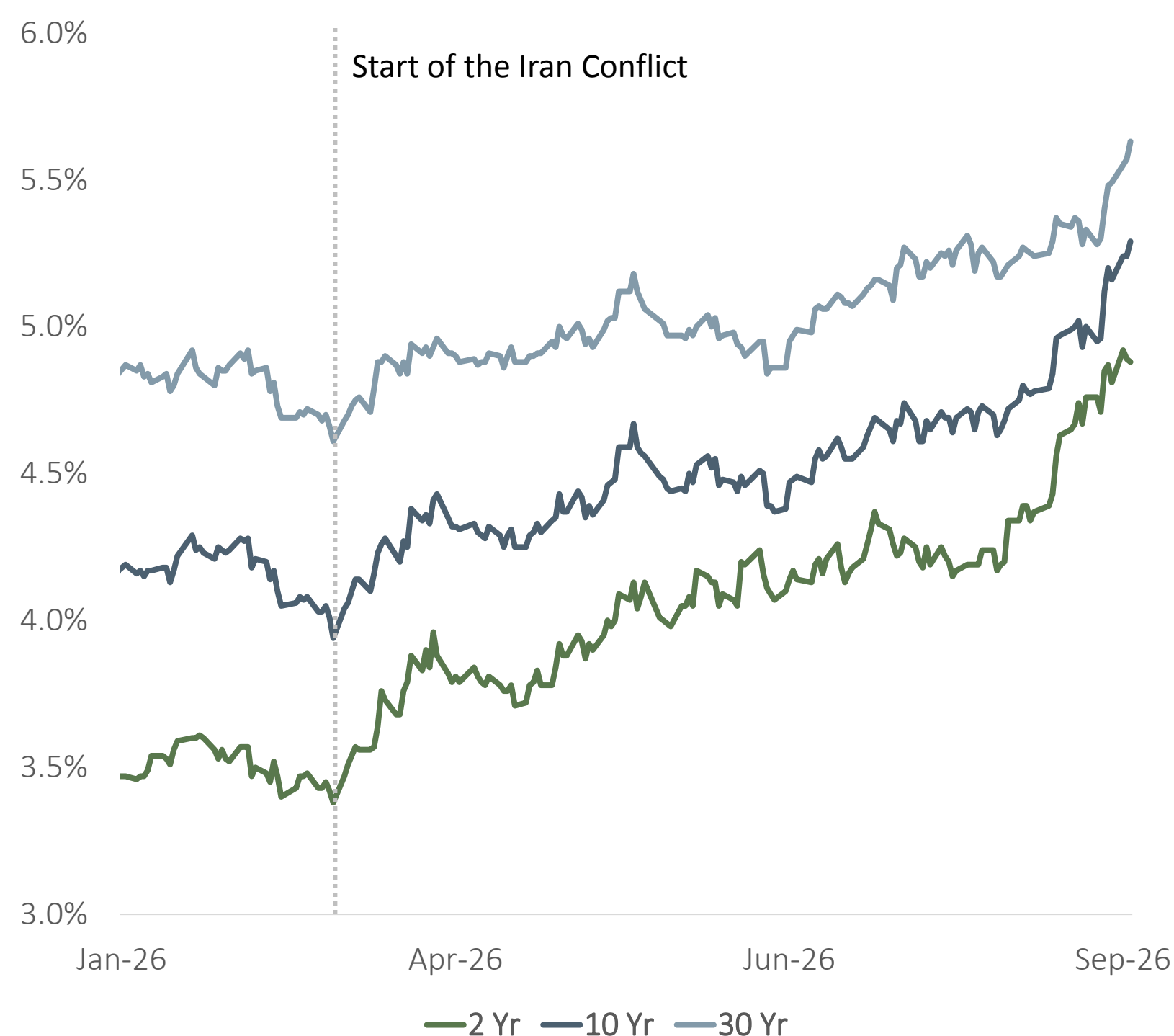
TREASURY YIELDS

BENCHMARK TREASURY YIELDS

Treasury yields jumped in Q3, with the 10-year climbing 85 basis points as stronger-than-expected growth and inflation pushed rates higher. Markets shifted from expecting Fed rate cuts to pricing in additional hikes, driving one of the sharpest quarterly increases in yields in years, weighing on bond returns.

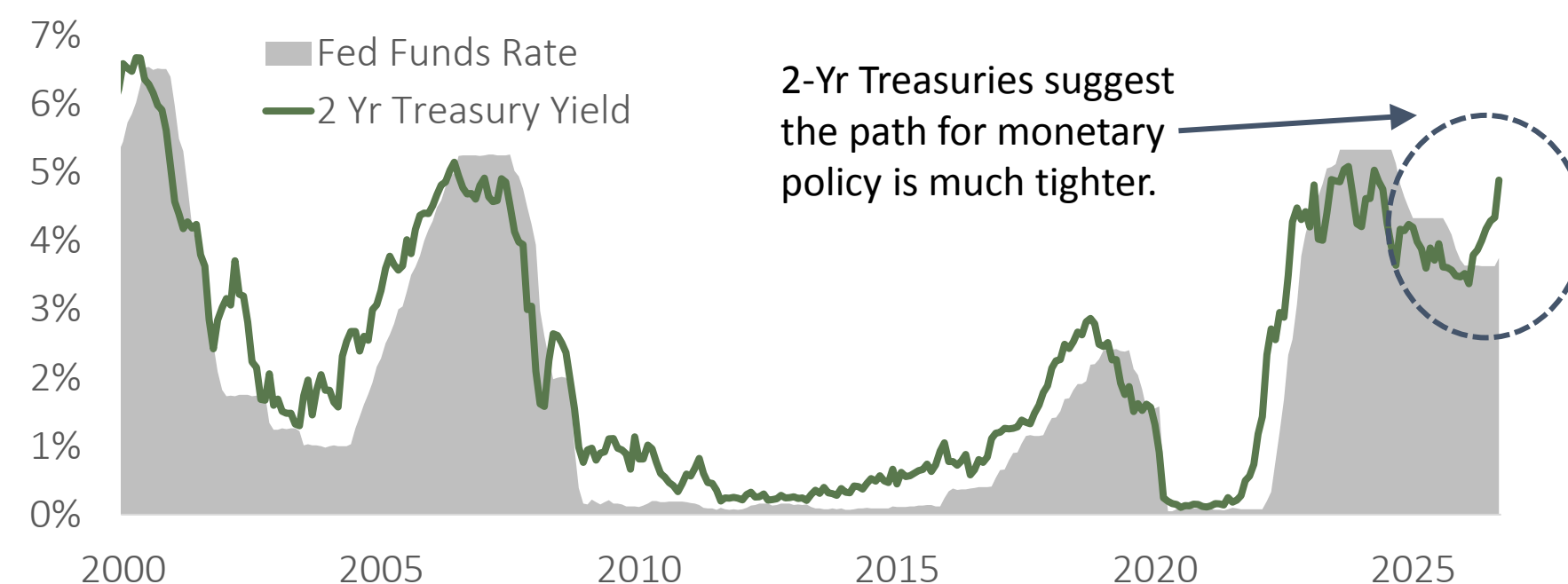
Higher for Longer Takes Hold as Treasury Yields Climb

Treasury Yields – YTD

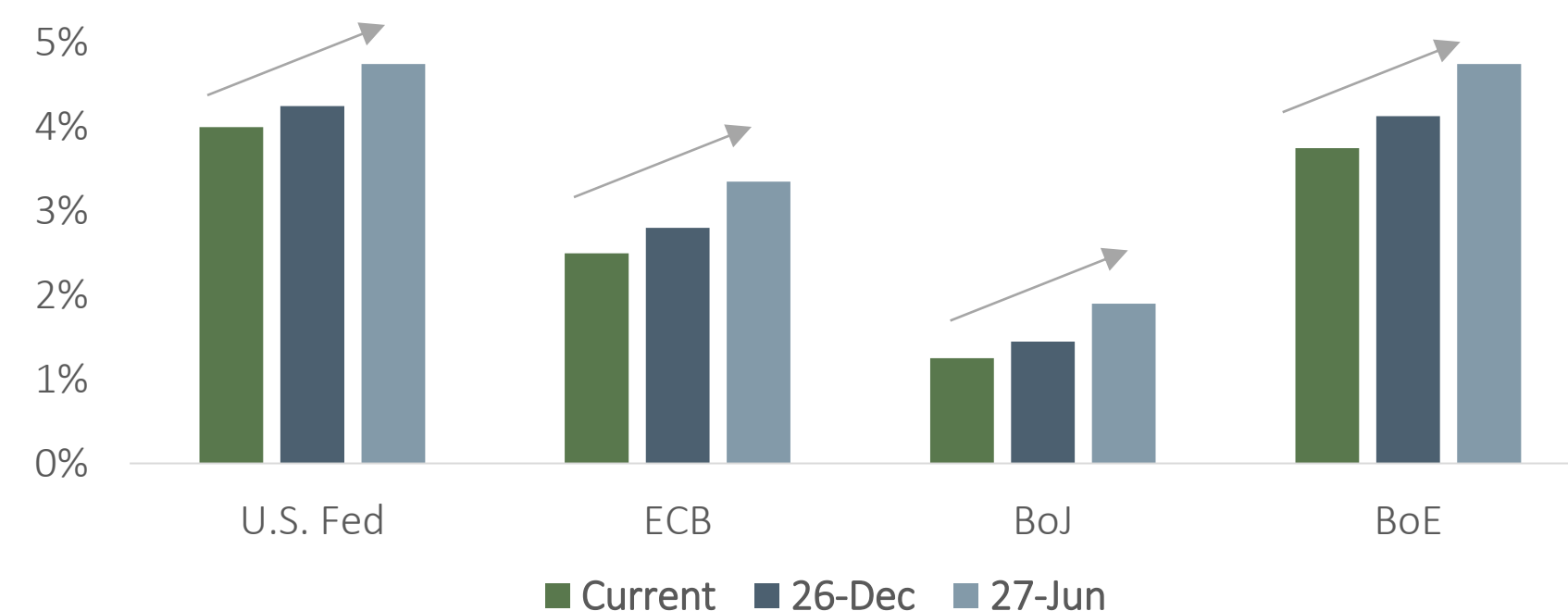


The 2-Year Treasury: A Crystal Ball for Fed Policy

2-Yr Treasury Yields vs Fed Funds Rates



Central Bank Policy Rates: Market is Pricing a Synchronized Tightening Cycle



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



CREDIT SPREADS

INVESTMENT GRADE AND HIGH YIELD CREDIT SPREADS

Credit markets were fairly orderly in Q3, but some cracks started to emerge as spreads widened among lower-rated borrowers. Higher-quality credit held up relatively well, while growing stress in CCC-rated bonds signaled increasing concerns about the weakest corporate issuers.

Credit Markets Begin to Price in Rising Risks

Investment Grade and High Yield Corporate Spreads (bps)



Credit Spreads Remain Contained, but CCCs Tell a Different Story

Corporate Credit Spreads by Credit Rating (bps)

Credit Rating	Dec 31, 2025	Sep 30, 2026	Change
Investment Grade	79	83	+4
AAA	35	42	+7
AA	48	59	+11
A	64	69	+5
BBB	100	103	+3
High Yield	296	327	+31
BB	186	211	+25
B	315	333	+18
CCC	892	1,180	+288
Distressed	2,037	2,553	+516

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



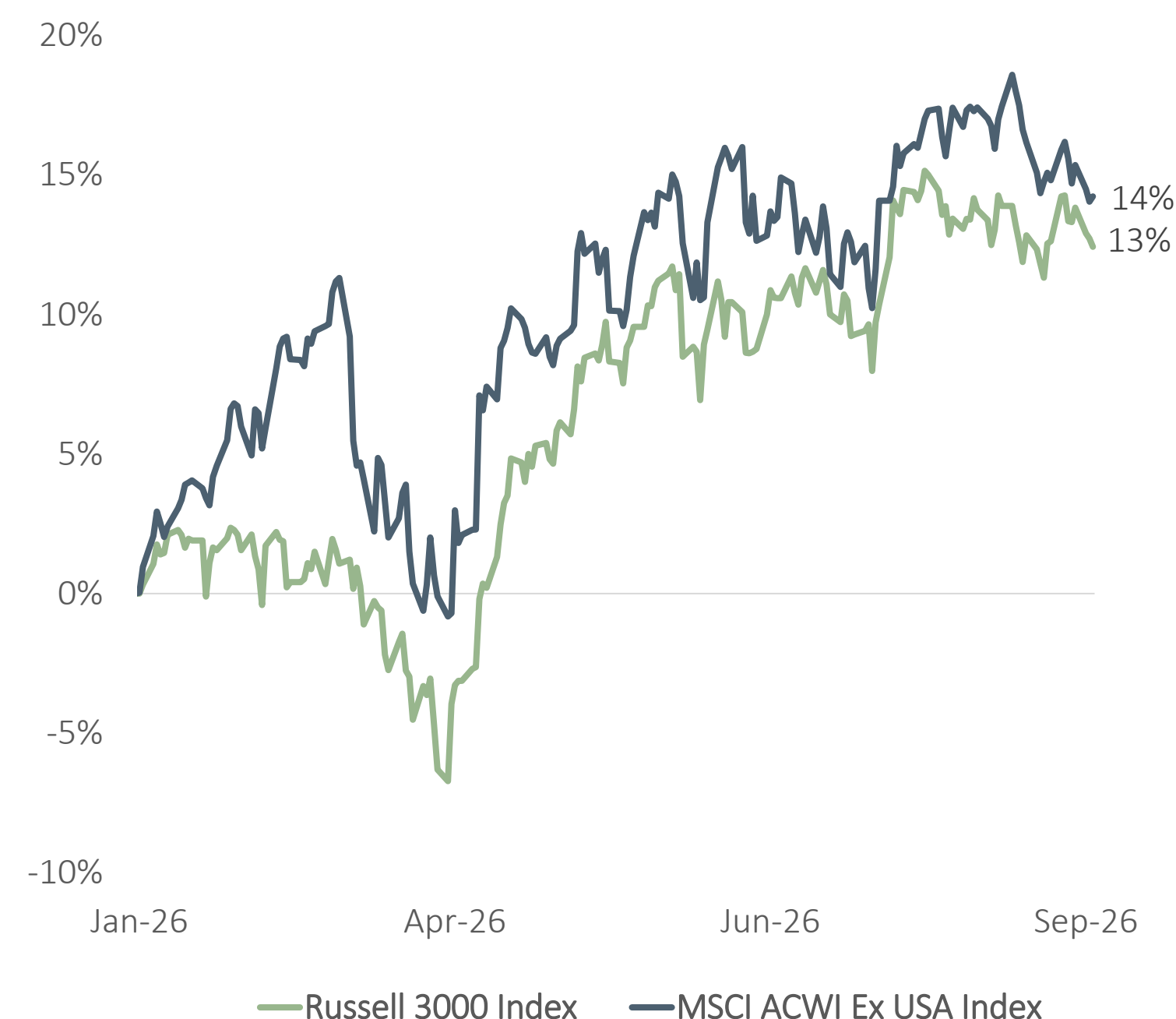
STOCK MARKET RETURNS: US VS. NON-US

RUSSELL 3000 VS. MSCI ACWI EX-USA INDEX

International equities lagged US markets in Q3 as a strengthening dollar weighed on returns across non-US markets. Currency headwinds offset gains across many overseas markets, reinforcing the performance gap between US and non-US stocks.

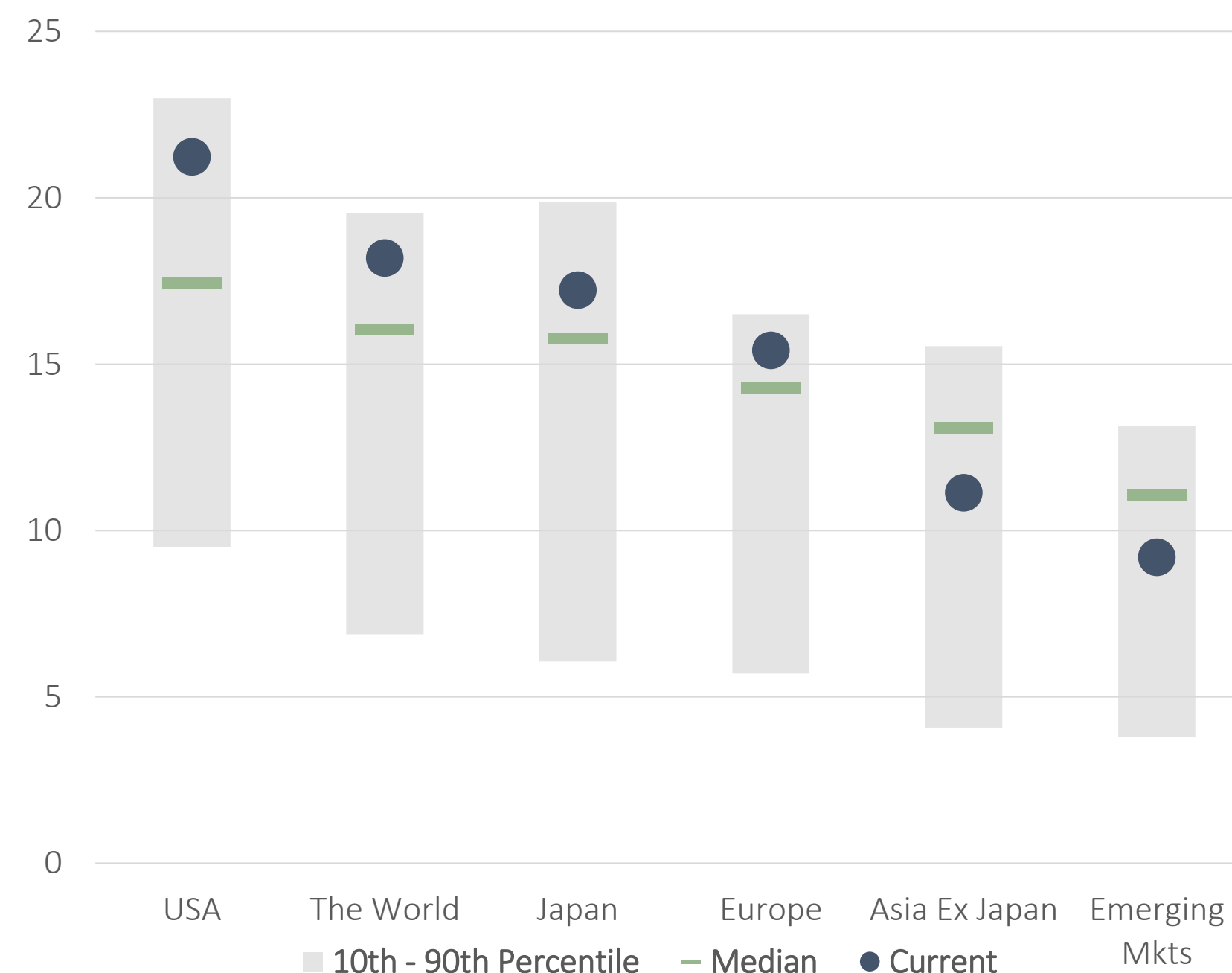
A Strong Dollar Creates Headwinds for International Equities

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



Stocks Are Cheaper, Not Cheap, Except in Emerging Markets

Forward P/E: Global Indices



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



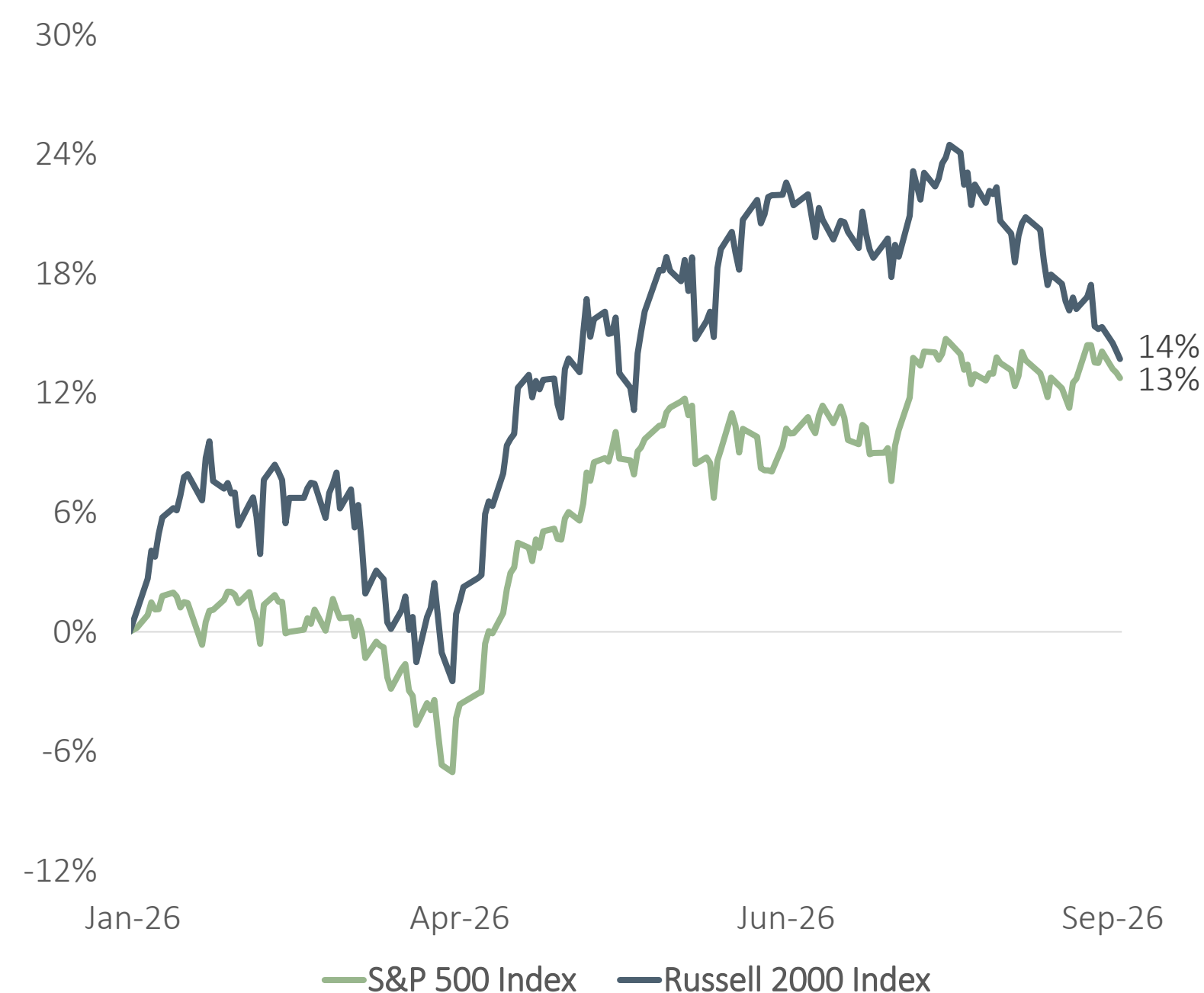
STOCK MARKET RETURNS: US LARGE VS. SMALL

S&P 500 INDEX VS. RUSSELL 2000 INDEX

Small cap stocks surrendered much of their earlier outperformance in Q3 as sharply higher interest rates weighed on the asset class. Greater sensitivity to borrowing costs and tighter financial conditions drove renewed underperformance relative to large cap stocks.

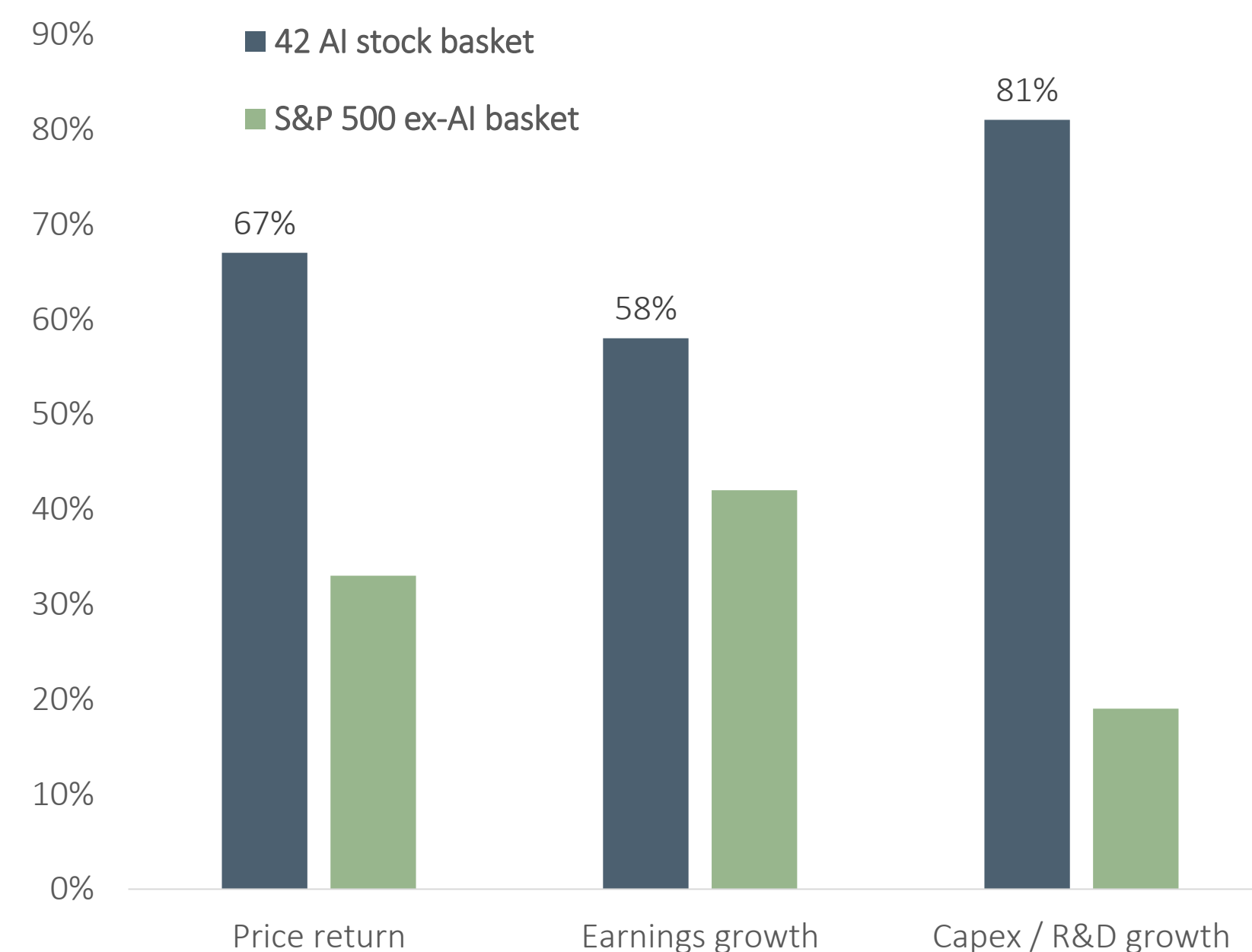
The Rate Reset Derails the Small-Cap Rally

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



The AI Boom Is Lifting Large Caps, but Leaving Small Caps Out

Since 2024: Returns, Earnings Growth and Capex Growth from AI Stocks



Source: Crescent Grove Advisors, Bloomberg, Russell, JPMorgan Asset Management. As of September 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

Developed international equities outperformed emerging markets in Q3, though both faced headwinds from a stronger dollar. Emerging markets maintained a material YTD lead, largely driven by the AI trade and growing exposure to AI-related companies.

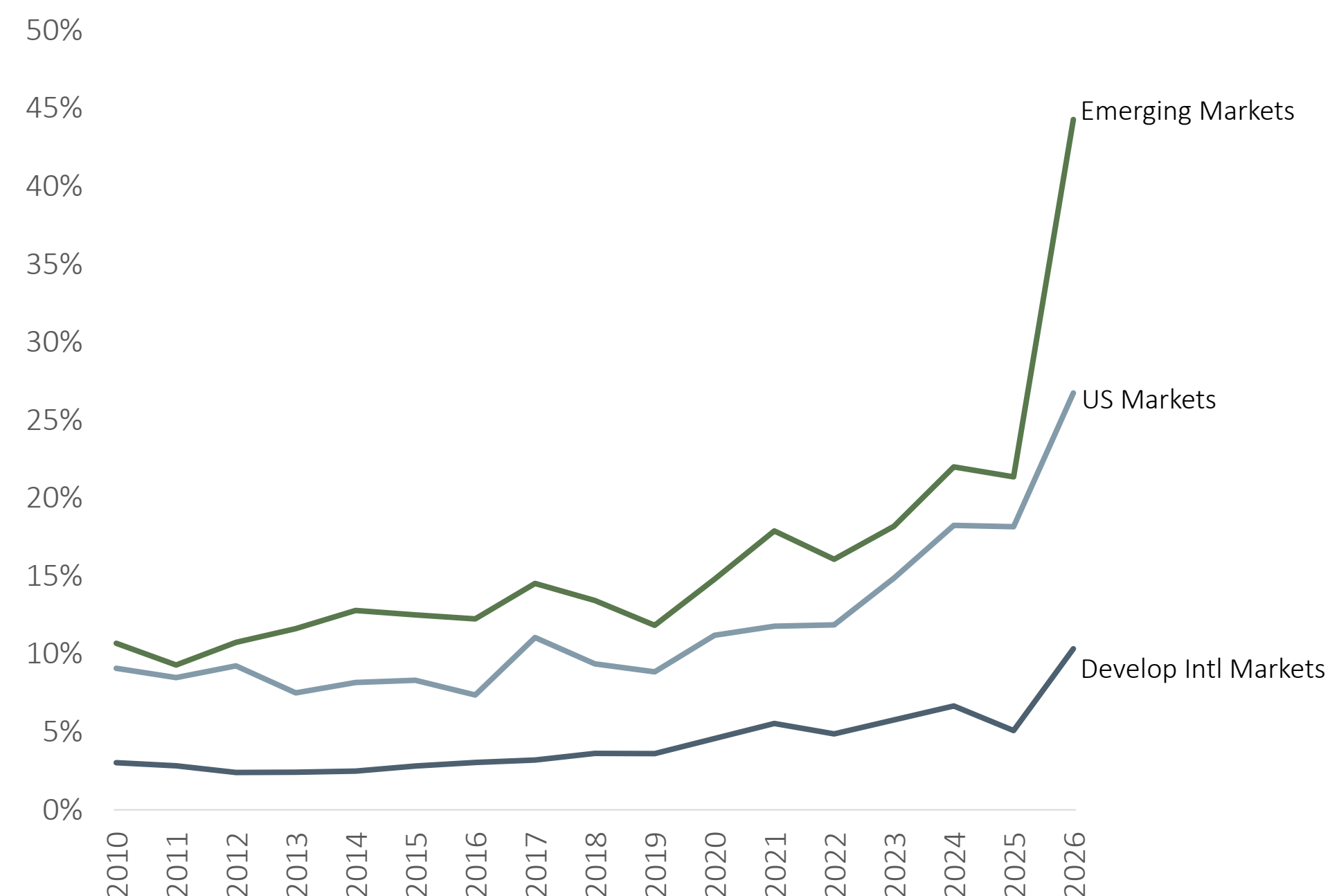
A Stronger Dollar Creates Headwinds Abroad

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



Emerging Markets Are Becoming Increasingly AI-Centric

% of Market: Semiconductors, Technology Hardware and Equipment



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



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October 2026 - Past performance is not indicative of future performance, and all investments are subject to the risk of loss. Material contained in this presentation is for informational purposes and should not be construed as accounting, legal, or tax advice.

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The specific securities identified and described herein do not represent all of the securities purchased, sold, or recommended to advisory clients, and it should not be assumed that investments in the securities identified and discussed were or will be profitable. A complete list of all recommendations made by the firm is available upon request. Indices are unmanaged, do not reflect fees and expenses, and are not available for direct investment.

Crescent Grove Advisors, LLC
2026

