

Executive Summary

Third Quarter 2026



After a torrid second quarter rally, global equity markets experienced an uptick in volatility in Q3 but still managed to eke out modest headline gains for the period. The S&P 500 logged Q3 and year-to-date returns of 2.3% and 12.8%, respectively, while the MSCI ACWI tallied comparable returns of 1.6% and 13.0%, leaving equities solidly on pace to post a fourth consecutive year of strong, double-digit gains. Meanwhile, bond investors have suffered through a challenging year in which rapidly rising global yields have triggered losses across most corners of the fixed income market. Despite stock and bond prices moving in opposite directions for the first time since 2021, a 65/35 balanced portfolio has still returned about 8% so far this year.

The third quarter was marked by a notable uptick in geopolitical and macroeconomic tensions, including soaring global bond yields, resurgent inflation, a new wave of U.S. trade tariffs, a host of interest rate hikes by central banks across the globe, and a prolonged war in the Middle East that has sent oil and gas prices back near cycle highs. Despite these headwinds and a seemingly endless cacophony of negative news headlines, the global economy has proven to be remarkably resilient, with consumer spending, labor markets, manufacturing and service metrics, and business capital investment remaining notably strong. If there is a key takeaway from Q3, it is that strong economic growth and earnings momentum can support risk assets even as inflation, geopolitics, and fiscal challenges put upward pressure on interest rates. Financial markets have reacted quite rationally to this bipolar environment in our view.

This week marks the 4th anniversary of the current bull market in the S&P, which officially began on October 12, 2022, making it the 9th longest bull market in history. During this run, the S&P has generated a cumulative total return of 130%, although gains have been narrowly concentrated in those stocks and sectors related to the AI revolution. For perspective, of the 11 S&P sectors, only two have outperformed the broader index over this four-year period: technology (+267%) and communication services (+207%). The returns across most other corners of the U.S. equity market have been solid, but much more pedestrian, including REITs (+46%), consumer staples (+49%), healthcare (+50%), small caps (+63%), and mid caps (+71%). On a positive note, after a decade of lagging, foreign stocks have participated well in this “AI-Bull,” including Japan (+121%), EM (+115%), and Europe (+108%).

While the investing landscape has undoubtedly become more complicated in 2026, we believe the fundamental case for owning stocks remains fully intact even as market risks have risen. Corporate balance sheets are generally quite healthy, and earnings growth has accelerated significantly over the course of the year, not only in the U.S. but across the globe. For perspective, between January and today, consensus earnings growth forecasts for 2026 have increased for the S&P 500 (from 16% to 34%), Europe (from 13% to 20%), Japan (from 11% to 20%), and emerging markets (from 18% to 74%). While stocks have performed well, returns have not kept pace with earnings this year, and as a result P/E valuations are down 16% for the S&P and the ACWI and 19% for the technology sector since year end.

We hope that you enjoyed a fun and relaxing summer and that your fall is off to a great start. As always, we greatly appreciate the trust and support that you have placed in us.

Sector	Recent Change	BEC Sentiment			Rationale
		Negative	Neutral	Positive	
Primary Asset Classes	Equities			●	Corporate fundamentals remain exceptionally strong as earnings growth forecasts continue to move higher across the globe
	Fixed Income	↑	●		Global yields spiked in Q3 on resurgent inflation, high fiscal deficits across the globe, and torrid corporate bond issuance for AI build
	Liquid Alternatives	● ● ●			No current exposure
	Cash	↓	● ●		Redeployed accumulated cash from dividends and interest
Equities	Growth		●		Valuations multiples for growth stocks have contracted, as earnings growth has outpaced stock returns in 2026.
	Value		●		Neutral positioning
	Cyclicals		●		Neutral positioning
	Defensives		●		Neutral positioning
	U.S. Large Caps			●	Corporate earnings growth is accelerating and broadening into sectors beyond technology
	U.S. Small/Mid Caps			●	Valuations attractive and fundamentals improving, but small and mid caps are more sensitive to rising interest rates
	Developed Europe		●		Economic growth continues to lag other regions. All eyes on France and its deteriorating fiscal and political prospects
	Developed Asia		●		With energy flowing again through the Strait of Hormuz, economic growth likely to snap back in this energy-dependent region
	Emerging Market			●	Korea and Taiwan are among the key winners in the global race to build out AI infrastructure
Fixed Income	Duration	↓	●		After paring portfolio duration from neutral to underweight in Q2, we further reduced duration modestly in Q3
	Credit Risk		●		Despite financial market volatility, credit spreads widened only modestly in Q3. Default rates remain extremely low
	U.S. Treasuries/TIPS		●		Pared longer duration Treasuries in favor of TIPS and short duration corporate credit in Q2, which provided some protection in Q3
	IG Credit/Preferred	↑		● ●	Modestly overweight on strong fundamentals and low default risk, but spreads remain historically tight
	High Yield		● ● ●		No current exposure
	Developed Market		● ● ●		No current exposure
	Emerging Market		●		EM currency gains in Q3 helped dampen the negative impact from rising yields
Alternatives	REITs	● ● ●			No standalone exposure today, but do have modest exposure through broader equity indices
	Commodity	● ● ●			No current exposure
	MLPs/Infrastructure	● ● ●			No standalone exposure today, but do have modest exposure through broader equity indices
FX	U.S. Dollar		●		Neutral to modest overweight to the U.S. dollar by virtue of portfolio positioning

Global Equity Market Review

Third Quarter 2026



After logging a strong, broad-based 15% rally in the second quarter, global equity markets took a breather in Q3 as strong corporate earnings were largely offset by an uptick in geopolitical and macroeconomic risks and surging global bond yields. When the dust settled, the MSCI ACWI recorded a modest total return of 1.6% for the period, bringing year-to-date gains to 13.0%.

- The S&P 500 Index logged a 2.3% total return during Q3 to boost year-to-date gains to 12.8%. The S&P has set 27 new record highs so far in 2026, including 3 during the third quarter.
- The S&P 500 Equal-Weighted Index (-1.9%) trailed the S&P 500 Cap-Weighted Index (+2.3%) in Q3, fully erasing the broadening of market gains earlier in the year.
- U.S. large caps (+2.3%) dramatically outpaced mid caps (-6.4%) and small caps (-7.9%) for the quarter. Smaller-cap companies are more sensitive to rising interest rates.
- Growth stocks have outperformed value stocks year to date, although the return picture was mixed in Q3 across market cap size segments.
- As further evidence of narrowing of returns, only 4 of 11 S&P sectors logged third quarter gains, led by energy (+17.2%), information technology (+7.2%), and healthcare (+6.5%), while rate-sensitive utilities (-12.4%), industrials (-9.7%), and real estate (-5.6%) lagged considerably.
- After returning a staggering 102% during 1H 2026, the Philadelphia Semiconductor Index fell 11.3% in Q3, as investors rotated out of chips and memory and back into the hyperscalers and software stocks.

International Equity Market Highlights (MSCI indices, all returns in US\$):

- The MSCI ACWI Index (ex U.S.) posted a modest Q3 total return of 0.5%, boosting YTD gains to 14.2%.
- Among key regional indices, MSCI Pacific (+5.6%) and the S&P 500 (+2.3%) outpaced MSCI EM (-0.4%) and MSCI Europe (-1.7%) in Q3.
- 16 of 22 developed market countries posted Q3 gains, led by Singapore (+13.4%), Norway (+11.5%), Ireland (+9.9%), Portugal (+9.1%), Austria (+6.6%), and Hong Kong (+6.0%), while Denmark (-6.9%), Switzerland (-5.7%), and France (-5.5%) were the relative laggards.
- 13 of 24 EM countries posted Q3 gains, led by Poland (+17.2%), Colombia (+17.2%), Greece (+15.4%), Brazil (+8.2%), and U.A.E. (+6.5%), while Egypt (-10.1%), South Korea (-9.6%), Qatar (-9.2%), and India (-5.6%) were the weakest performers.

Liquid Alternatives

- Building on a strong first half of 2026, the Bloomberg Commodity Index surged 16.2% in Q3 to boost YTD gains to 32.9%.
- Q3 gains were broad-based, including large quarterly increases in the price of WTI crude (+30.1%), Brent Crude (+34.4%), natural gas (+55.2%), heating oil (+45.2%), gold (+3.7%), copper (+8.0%), and agricultural commodities (+14.2%).

Global Equity & Liquid Alternatives Market Recap

Region/Asset Class	Index	Total Return (in U.S. Dollars)				
		Q3	YTD	3-Year	5-Year	10-Year
Domestic Equity						
U.S. Large Cap Core	S&P 500	2.3%	12.8%	22.9%	13.8%	15.3%
U.S. Mid Cap Core	S&P 400	(6.4%)	9.9%	14.5%	8.0%	10.5%
U.S. Small Cap Core	S&P 600	(7.9%)	14.1%	14.8%	6.2%	9.8%
U.S. Total Stock Market	S&P 1500	1.6%	12.7%	22.2%	13.3%	14.9%
Domestic Equity - Size & Style						
Large Cap Growth	S&P 500 Growth	3.4%	15.9%	28.5%	14.9%	18.0%
Large Cap Value	S&P 500 Value	0.9%	9.0%	16.3%	11.7%	11.7%
Mid Cap Growth	S&P 400 Growth	(6.5%)	13.7%	15.9%	7.8%	10.8%
Mid Cap Value	S&P 400 Value	(6.2%)	6.0%	13.1%	8.1%	9.8%
Small Cap Growth	S&P 600 Growth	(10.0%)	14.4%	14.7%	5.5%	10.1%
Small Cap Value	S&P 600 Value	(5.9%)	13.8%	14.8%	6.9%	9.4%
Domestic Equity - Sector						
Information Technology	S&P 500 Technology	7.2%	28.4%	36.6%	23.5%	26.0%
Real Estate	S&P 500 Real Estate	(5.6%)	8.4%	11.6%	2.6%	6.4%
Industrials	S&P 500 Industrials	(9.7%)	8.5%	19.8%	13.1%	12.8%
Energy	S&P 500 Energy	17.2%	40.3%	14.5%	23.3%	10.2%
Consumer Discretionary	S&P 500 Cons. Discr.	(5.1%)	(5.8%)	13.5%	5.6%	12.1%
Communication Services	S&P 500 Telecom	3.7%	4.5%	29.5%	12.9%	12.7%
Consumer Staples	S&P 500 Cons. Staples	(1.9%)	6.0%	10.1%	7.4%	8.0%
Utilities	S&P 500 Utilities	(12.4%)	(5.7%)	13.6%	7.6%	8.3%
Materials	S&P 500 Materials	(2.8%)	8.8%	9.7%	6.5%	9.7%
Financials	S&P 500 Financials	(0.1%)	(1.3%)	19.1%	9.2%	12.9%
Healthcare	S&P 500 Healthcare	6.5%	10.2%	11.3%	7.6%	10.8%
International Equity						
Developed Market	MSCI EAFE	0.8%	10.3%	18.4%	9.3%	9.1%
Emerging Market	MSCI Emerging Market	(0.4%)	23.4%	24.1%	8.9%	9.1%
Frontier Markets	MSCI Frontier Market	(0.3%)	9.8%	22.4%	7.9%	8.7%
International Total Market	MSCI ACWI (ex. U.S.)	0.5%	14.2%	20.5%	9.6%	9.3%
International Small Cap	MSCI EAFE Small Cap	2.9%	10.8%	18.2%	5.8%	8.1%
Europe	MSCI Europe	(1.7%)	6.0%	17.5%	9.5%	9.2%
Pacific	MSCI Pacific	5.6%	19.2%	19.8%	8.9%	8.9%
Liquid Alternatives						
U.S. Real Estate	DJ U.S. Select REIT	(5.7%)	10.9%	13.1%	4.2%	4.9%
International Real Estate	S&P Global X-U.S. REIT	(4.8%)	(5.5%)	8.3%	(0.8%)	1.7%
TIPS	Barcap U.S. TIPS	(3.2%)	(2.1%)	3.8%	0.0%	2.2%
Master Limited Partnerships	Alerian Energy MLP	1.9%	20.7%	20.0%	22.4%	9.3%
Commodities (Broad)	Bloomberg Commodity	16.2%	32.9%	15.6%	11.3%	7.9%
Gold	GSCI Gold Spot	3.7%	(3.6%)	30.9%	19.0%	12.3%
Crude Oil (WTI)	GSCI WTI Crude Spot	30.1%	57.5%	(0.1%)	3.8%	6.5%
Copper	GSCI Copper Spot	8.0%	16.0%	20.5%	10.1%	11.5%

Global Fixed Income Market Review

Third Quarter 2026



Global bond markets sold off in tandem during the third quarter, with Treasury yields reaching their highest levels in more than two decades. Several factors contributed to the spike in yields, including resurgent inflation data, the ongoing energy supply shock, heavy corporate borrowing to fund the AI buildout, and rampant deficit spending in the U.S. and other developed countries which is increasing competition for capital. The yield on the 10-Year U.S. Treasury bond jumped 85 basis points, its largest quarterly increase since 1994, and the quarter-end yield of 5.29% was the highest since 2002. The Treasury yield curve closed out the period higher and flatter year to date, but credit spreads widened only modestly, reflecting the exceptionally strong earnings growth and corporate fundamentals of U.S. companies.

The monetary policy and bond market narratives have changed dramatically since year end, with investors shifting their expectations from rate cuts to rate increases. The Federal Reserve implemented its first policy hike in three years at its September meeting, and futures markets are pricing in 2-3 additional rate increases over the next twelve months.

Domestic Fixed Income Market Highlights:

- The Bloomberg U.S. Aggregate Bond Index lost 3.5% during the third quarter, fully erasing a modest positive return for bonds in the first half. The yield on the AGG finished the third quarter at 5.6%, up from 4.7% at the end of June and 4.3% at the end of 2025.
- The yield on the 10-year Treasury closed the third quarter at 5.29%, an increase of 85 bps for the quarter and 111 bps since the end of 2025, while the yield on the 2-year Treasury has risen 74 bps and 141 bps over comparable periods on the notable shift in investor sentiment from Fed rate cuts to rate hikes later this year.
- Leveraged loans and preferred stock were the best-performing fixed income categories in the third quarter, returning 2.0% and 0.3%, respectively.
- Credit spreads on investment grade corporate bonds ended Q3 at 80 bps, up a modest 6 bps during the quarter and 2 bps since year end, well below the long-term average IG spread of 147 bps.
- Credit spreads on high yield bonds finished Q3 at 260 bps, reflecting a modest tightening of 10 bps for the quarter and 6 bps since year end, also well below the 20-year average HY spread of 487 bps.
- Total U.S. corporate bond issuance was \$598 billion during the third quarter, an increase of 11.9% versus the same period last year, with IG issuance up 19.9% and high yield issuance down 14.5%. Full-year issuance is on pace to exceed 2025's record total by more than 20% driven in large part by the rapid buildout of data centers and related AI infrastructure, which have accounted for 54% of all new IG credit issuance YTD.

International Fixed Income Market Highlights (all returns in USD, unless noted):

- The Bloomberg Global Aggregate (ex. U.S.) Bond Index posted total return losses of 1.6% for the quarter and 2.5% YTD fueled by rising global bond yields.

Global Bond Market Recap

Region/Sector	Index	Total Return				
		Period		Annualized		
		Q3	YTD	3-Year	5-Year	10-Year
Domestic Fixed Income						
Treasuries-Short	Bloomberg Treasury 1-3	(0.2%)	0.5%	4.1%	1.9%	1.8%
Treasuries-Interm.	Bloomberg Treasury 7-10	(4.5%)	(4.7%)	3.0%	(1.9%)	0.2%
Treasuries-Long	Bloomberg Treasury 20 +	(8.9%)	(8.3%)	0.0%	(8.4%)	(2.7%)
U.S. Broad	Bloomberg U.S. Aggr.	(3.5%)	(2.9%)	4.1%	(0.6%)	1.1%
MBS	Bloomberg MBS	(4.3%)	(3.3%)	4.5%	(0.4%)	0.9%
IG Credit	Bloomberg Credit	(3.8%)	(3.0%)	4.9%	(0.4%)	2.0%
High Yield	Bloomberg Corp HY	(1.8%)	0.1%	8.0%	3.6%	5.1%
Leveraged Loans	MStar Leveraged Loan	2.0%	3.3%	7.0%	6.2%	5.4%
Preferred Stock	S&P Preferred Stock	0.3%	0.3%	6.8%	1.1%	3.6%
TIPS	Bloomberg U.S. TIPS	(3.2%)	(2.1%)	3.8%	0.0%	2.2%

International Fixed Income

Global Broad	Bloomberg Global Aggr.	(2.5%)	(2.7%)	3.8%	(1.9%)	0.1%
Intl. Broad	Bloom. Gbl. Aggr. xUS	(1.6%)	(2.5%)	3.5%	(2.9%)	(0.9%)
Global Treasuries	Bloomberg Global Tsy.	(2.0%)	(2.9%)	2.6%	(3.2%)	(1.0%)
Global Credit	Bloomberg Global Credit	(3.3%)	(2.9%)	6.0%	0.0%	2.0%
Global High Yield	Bloomberg Global HY	(2.2%)	(0.1%)	9.9%	3.9%	4.6%
Emerging Market	Bloomberg EM	(3.5%)	(1.5%)	8.0%	1.4%	2.8%

Current Yields & Duration

Bond/Index	Yield			Current Modified Duration
	9/30/26	12/31/25	12/31/24	
2-Year Treasury	4.88%	3.47%	4.25%	--
5-Year Treasury	5.09%	3.73%	4.38%	--
10-Year Treasury	5.29%	4.18%	4.58%	--
30-Year Treasury	5.64%	4.84%	4.78%	--
Bloomberg U.S. Aggregate Bond	5.56%	4.32%	4.91%	5.8
Bloomberg Investment Grade Credit	6.04%	4.81%	5.33%	6.2
Bloomberg Corporate High Yield	8.35%	6.53%	7.49%	3.0
Bloomberg Global Aggregate (xUS)	3.70%	2.99%	2.85%	6.3
JPM EMBI Global Diversified (local currency)	6.54%	5.87%	6.39%	5.2
JPM EM Diversified (US\$ denominated)	7.23%	6.80%	7.86%	6.1

Global Currency Market Review

Third Quarter 2026



Global currency markets were defined by a massive surge in macroeconomic volatility during the third quarter, bringing the global central bank easing cycle to a grinding halt. A combination of resilient economic growth, soaring energy prices, resurgent inflation, and spiking global bond yields forced major central bankers to consider or enact renewed tightening cycles rather than the rate cuts expected earlier this year. In fact, 80% of developed market central banks raised their policy rate during the quarter, including the Federal Reserve, the Royal Bank of Australia, the European Central Bank, the Bank of Japan, and Norges Bank (Norway), among others.

The relatively flat returns for the U.S. Dollar Index and the Bloomberg Dollar Spot Index for the quarter mask a significant uptick in currency market volatility in recent months, and both indices surged in September to close near 18-month highs. The Euro has been particularly weak as moribund economic growth across the continent and the region's susceptibility to the ongoing global energy supply shock weigh on the common currency. Unlike the 2012 European Debt Crisis that was fueled by fiscal crises in southern European countries (remember the "PIIGS"?), the eye of the storm in 2026 is France, which faces a notably bleak picture and ongoing political instability. The Japanese Yen also faced notable weakness in July, touching multi-decade lows before a highly unusual, \$59 billion coordinated intervention by the U.S. and Japan helped to stabilize that market.

Currency market movements have had a mixed impact on U.S. investors who own foreign assets so far this year, helping returns modestly in Q3 but providing a headwind on a year-to-date basis. Our primary benchmark for international equities, the MSCI All-Country World Index (ex. U.S.), posted a negative third quarter return of 0.5% in local currency terms, but this translated into a modest positive return of 0.5% in U.S. dollar terms. On a regional basis, currency effects boosted Q3 returns for U.S. investors in developed Asia by 2.6% and emerging markets by 2.5%, but they weighed on Q3 returns in Europe by 1.0%.

While we remain unhedged to currency in our BEC portfolios, we added to our foreign currency exposure in 2025 and again in the first quarter of 2026 by reducing our overweight to U.S. assets. Heading into Q4, our FX exposure remains modestly overweight to the dollar relative to that of our portfolio benchmarks.

Global Currency Market Recap

U.S. Dollar Appreciation/(Depreciation)	Q3	YTD	2025	2024	2023
vs. Euro	0.7%	3.6%	(11.9%)	6.7%	(2.8%)
vs. British Pound	0.2%	1.8%	(7.0%)	1.7%	(5.0%)
vs. Japanese Yen	(2.8%)	0.6%	(0.6%)	11.6%	7.6%
vs. Canadian Dollar	(0.1%)	3.6%	(4.9%)	8.8%	(2.2%)
vs. Australian Dollar	(1.5%)	(4.2%)	(7.7%)	10.0%	0.1%
vs. Brazilian Real	0.4%	(5.0%)	(11.4%)	27.4%	(8.2%)
vs. Indian Rupee	1.4%	7.0%	4.9%	2.9%	0.6%
vs. Chinese Yuan Renminbi	(1.3%)	(4.4%)	(3.9%)	2.9%	2.7%

Currency Indices

U.S. Dollar Index	0.3%	3.2%	(9.4%)	7.1%	(2.1%)
Bloomberg Dollar Spot Index	(0.2%)	1.3%	(8.1%)	8.0%	(2.7%)
Fed Nominal Broad U.S. Dollar Index	0.0%	0.7%	(7.2%)	9.0%	(2.3%)
MSCI Emerging Market Currency Index	3.6%	3.5%	7.2%	(0.7%)	4.8%

Impact of Currency on International Equity Returns

Regional Indices	Total Return					
	Third Quarter		Year to Date		One Year	
	Local Currency	U.S. Dollar	Local Currency	U.S. Dollar	Local Currency	U.S. Dollar
S&P 500	--	2.3%	--	12.8%	--	15.7%
S&P 1500	--	1.6%	--	12.7%	--	15.6%
MSCI EAFE	0.6%	0.8%	12.4%	10.3%	19.3%	15.7%
MSCI ACWI	1.3%	1.6%	13.6%	13.0%	17.7%	16.8%
MSCI ACWI (ex. U.S.)	(0.5%)	0.5%	15.7%	14.2%	22.6%	20.0%
MSCI Europe	(0.7%)	(1.7%)	9.5%	6.0%	16.2%	12.6%
MSCI Pacific	3.0%	5.6%	18.4%	19.2%	25.9%	21.8%
MSCI EAFE Small Cap	2.0%	2.9%	11.6%	10.8%	16.8%	13.7%
MSCI Emerging Market	(2.9%)	(0.4%)	23.1%	23.4%	30.0%	29.2%

ETF Market Update

Third Quarter 2026



ETF market highlights for the third quarter and year to date included:

- U.S. listed ETFs attracted Q3 and YTD inflows of \$505 billion and \$1.5 trillion, respectively, while mutual funds posted outflows of \$261 billion and \$525 billion for the same periods.
- With total AUM of \$16.2 trillion, ETFs account for 41.0% of the U.S. listed fund market.
- Index funds (including mutual funds and ETFs) account for \$22.3 trillion (or 56.5%) of the \$39.4 trillion U.S. listed fund market. 86.9% of all ETF assets are passively rather than actively managed compared to just 35.5% of mutual fund assets.
- Including both mutual funds and ETFs, passive index funds generated \$306.1 billion of net inflows last quarter, while actively-managed funds logged \$62.1 billion of net outflows.
- Including both mutual funds and ETFs, U.S. equity funds experienced net outflows of \$26.7 billion, international equity funds logged net inflows of \$9.6 billion, and taxable bond funds added \$175.8 billion of net inflows during the quarter.
- ETF categories with the highest net inflows for Q3 included U.S. large blend (\$87 billion), ultrashort bond (\$45 billion), foreign large blend (\$35 billion), U.S. large value (\$31 billion), U.S. large growth (\$31 billion), and intermediate core bond (\$20 billion).
- ETF categories with the largest outflows in Q3 included financial sector (-\$2 billion), foreign small/mid blend (-\$2 billion), and intermediate government bond (-\$1 billion).

% of Active Mutual Fund Managers Outperforming Their S&P or Barclays Index

For the periods ending 6/30/2026

Equity Fund Category	Relevant Index	1-year	3-Year	5-Year	10-Year	20-Year
Domestic Equity:						
Large Cap	S&P 500	39%	21%	9%	12%	5%
Mid Cap	S&P 400	24%	28%	23%	22%	9%
Small Cap	S&P 600	32%	45%	44%	29%	9%
Real Estate	S&P U.S. REITs	6%	8%	3%	15%	5%
International Equity:						
Intl. Equity	S&P 700	38%	30%	21%	13%	NA
Intl. Small Cap	S&P Developed Small Cap	31%	37%	38%	24%	20%
Emerging Market	S&P/IFCI Composite	57%	37%	29%	15%	9%
Fixed Income Fund Category						
Gov't Long	Barclays Long Gov't	9%	8%	6%	4%	16%
Gov't Intermediate	Barclays Interm. Gov't	33%	0%	5%	0%	10%
Investment Grade Long	Barclays Long Gov't/Credit	48%	44%	17%	25%	6%
High Yield	Barclays High Yield	42%	17%	22%	13%	12%
Global Income	Barclays Global Aggregate	82%	65%	56%	42%	31%
Emerging Market	Barclays Emerging Market	72%	61%	58%	30%	4%

Source: Standard & Poors Index Versus Active (SPIVA) Report, September 2026.

Growth of the U.S. Listed Exchange Traded Fund (ETF) Market

	2020	2021	2022	2023	2024	2025	YTD 2026	CAGR
# of U.S. Listed ETFs	2,425	2,832	2,977	3,321	3,727	4,629	5,504	16%

U.S. Listed ETF AUM by Asset Class (\$B)

U.S. Stock	\$2,641	\$3,717	\$3,230	\$4,281	\$5,721	\$7,193	\$8,592	27%
Sector Stock	618	844	651	775	904	1,129	1,467	21%
International Stock	895	1,104	988	1,192	1,315	1,907	2,416	21%
Allocation/Balanced	20	27	23	22	15	20	36	18%
Taxable Bond	1,021	1,170	1,147	1,382	1,643	2,071	2,391	21%
Municipal Bond	64	82	104	122	139	191	231	31%
Alternatives/Other	92	165	139	240	414	536	689	55%
Commodity/Other	144	137	132	131	159	334	337	28%
ETF AUM	\$5,495	\$7,246	\$6,414	\$8,145	\$10,310	\$13,381	\$16,159	25%

U.S. Listed ETF Net Fund Flows by Asset Class, Year to Date (\$B)

U.S. Stock	\$126	\$385	\$257	\$292	\$590	\$578	\$510
Sector Stock	71	105	(13)	(14)	26	57	134
International Stock	28	169	94	83	96	216	258
Allocation/Balanced	2	5	1	(4)	3	5	10
Taxable Bond	195	188	164	188	276	390	410
Municipal Bond	14	21	30	15	18	38	53
Alternatives/Other	14	33	60	14	98	116	109
Commodity	40	(5)	(4)	18	1	55	10
ETF Net Fund Flows	\$492	\$900	\$589	\$592	\$1,108	\$1,456	\$1,494

U.S. Listed Fund AUM by Type (\$B)

US Listed ETFs	\$5,495	\$7,246	\$6,413	\$8,145	\$10,310	\$13,381	\$16,159	25%
US Listed Mutual Funds	18,137	20,818	16,234	18,401	20,236	22,054	23,286	6%
Total Fund Assets	\$23,632	\$28,064	\$22,647	\$26,546	\$30,546	\$35,435	\$39,445	12%
ETF Market Share	23.3%	25.8%	28.3%	30.7%	33.8%	37.8%	41.0%	

Top U.S. Listed ETF Sponsors by AUM (\$B)

Blackrock/iShares	\$2,025	\$2,471	\$2,201	\$2,597	\$3,145	\$3,968	\$4,618	19%
Vanguard	1,509	2,069	1,874	2,336	2,982	3,866	4,577	27%
State Street/SPDRs	845	1,109	981	1,222	1,494	1,836	2,123	21%
Invesco/PowerShares	296	408	329	457	631	803	1,005	30%
Schwab	199	272	259	319	395	495	605	25%

Source: Morningstar Direct and Blue Edge Capital. ETF data includes ETFs and ETNs.

Important Notes & Disclosures

Third Quarter 2026



(1) Blue Edge Capital, LLC (BEC) is an independent investment management firm, registered under the Investment Advisers Act of 1940, serving private investors, family offices, foundations, and institutional investors. BEC employees own 100% of the firm.

(2) Investing in BEC Portfolios involves risks, including the potential for loss of capital. BEC's investment strategies are focused on investment in exchange traded funds (ETFs) that hold domestic and international equities, fixed income, real estate, commodities, precious metals, currencies, cash, and other instruments. BEC's investment strategy includes making tactical asset allocation decisions among asset classes with the goals of improving investment performance and managing risk through the economic cycle. Asset classes and proportional weighting in the BEC Portfolios may change at any time without notification based on the discretion of the BEC Investment Committee, which is responsible for all tactical asset allocation decisions for BEC's investment Portfolios.

(3) The returns generated by the BEC Portfolios are subject to numerous risks, including economic, social, and political uncertainty, market volatility, foreign currency exchange rate volatility, and tracking error versus an underlying index. ETFs that hold fixed income securities are also subject to default risk and interest rate risk of their underlying holdings. Investments in ETFs that own foreign assets may incur greater risks than domestic investments. The actual return performance of any ETF may deviate from the returns of the underlying index it is intended to replicate. There can be no assurance that the investment objectives of any Portfolio managed by BEC will be achieved. A complete list of returns for all BEC ETF holdings is available upon request.

(4) BEC began formally tracking the performance of its Global Portfolios as of January 1, 2011, its Traditional Portfolios as of January 1, 2017, and its ESG Portfolios as of July 1, 2018 (Equity and Balanced) and July 1, 2021 (Growth and Growth & Income). Portfolio composite returns for each portfolio are presented on a time-weighted, size-weighted total return basis using monthly portfolio valuations. The composite returns for each Portfolio presented herein include all eligible BEC accounts. To be eligible for inclusion in the BEC composite, an account must be fee paying, fully discretionary, and not part of a broker wrap program. All returns are expressed in U.S. Dollars and are presented net of all fees and expenses, including the fees of the underlying ETF sponsors. The returns reflect the reinvestment of all dividends and interest. As a result of technological enhancements to our performance reporting system, BEC began accruing dividends as of September 1, 2018, and accrued dividends are included in our portfolio composite performance as of that date. The return information presented herein is preliminary and has not been audited or otherwise verified by an independent accounting firm, and past performance of any BEC portfolio does not guarantee future results. For the launch date of the ESG portfolios (June 30, 2018), we used NAV pricing for the following ESG Portfolio holdings (tickers ESGU, JUST, ESML, ESGD, ESGE, and SUSB) to provide more accurate performance measurement.

(5) The data for portfolio turnover, current portfolio positioning, and return performance of individual asset classes within each BEC portfolio are based on a representative composite account that remained invested since inception. Asset class returns are presented net of the underlying ETF fees and all trading costs but before any BEC management fee, which is deducted from accumulated cash in the portfolio. The asset class benchmark for BEC global fixed income is a blended benchmark comprised of 80% Bloomberg U.S. Aggregate Bond Index and 20% Bloomberg Global Aggregate Bond Index (ex-U.S.), rebalanced monthly.

(6) The performance of each BEC Portfolio is tracked against one or more performance benchmarks, which have been selected as reasonable proxies for the investment strategy of that portfolio and which are provided for informational purposes only. These benchmarks are rebalanced on a monthly basis, and the actual tactical asset allocation of any BEC portfolio may differ significantly from the composition of its respective benchmark indices at any given time. These benchmarks, which are summarized in the following data table, are not directly investable and do not reflect the deduction of any investment management fee or transaction costs.

	Benchmark Component Weighting					
	MSCI ACWI	Russell 3000	MSCI ACWI (xUS)	Bloomberg U.S. Aggr. Bond	Bloomberg Global (xU.S.) Aggr. Bond	Bloomberg Commodity
Global Passive Benchmarks						
Global Equity	100.0%	--	--	0.0%	--	--
Global Growth	80.0%	--	--	20.0%	--	--
Global Balanced	65.0%	--	--	35.0%	--	--
Global Growth & Income	45.0%	--	--	55.0%	--	--
Global Style Benchmarks						
Global Equity	--	45.0%	45.0%	--	--	10.0%
Global Growth	--	37.0%	37.0%	13.0%	3.0%	10.0%
Global Balanced	--	30.0%	30.0%	24.0%	6.0%	10.0%
Global Growth & Income	--	20.0%	20.0%	40.0%	10.0%	10.0%
Traditional Benchmarks						
Traditional Equity	--	80.0%	20.0%	--	--	--
Traditional Growth	--	64.0%	16.0%	20.0%	--	--
Traditional Balanced	--	52.0%	13.0%	35.0%	--	--
Traditional Growth & Income	--	40.0%	10.0%	50.0%	--	--

(7) BEC charges an annual investment management fee on all managed accounts, and the firm's standard fee schedule is as follows: 0.75% on the first \$5,000,000 of assets, 0.65% on the next \$5,000,000, and 0.50% on assets over \$10,000,000. Fees and minimums are negotiable, and some clients may pay less than the standard fee.

(8) The material provided herein is presented for informational purposes only and is based on information from a variety of sources that we consider reliable, including Standard & Poors, MSCI Barra, Morningstar, Alerion, Russell Investments, Goldman Sachs, J.P. Morgan, Deutsche Bank, Merrill Lynch, Charles Schwab, X-Rates.com, CNBC, Dow Jones, Tamarac, and Portfolio Center. BEC does not represent that the information is accurate or complete.

(9) The opinions expressed herein are current opinions as of the date appearing on this material only. All portfolio holdings are as of September 30, 2026.

(10) This report is neither an offer to sell nor a solicitation of an offer to buy any securities. Blue Edge Capital, LLC's most recent Forms ADV I, II, and III are available upon request to BEC or directly at the SEC website www.sec.gov.

(11) For more information, please visit our website (www.blueedgecap.com) or call us directly at (804) 673-7401.

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