AllianceBernstein

Capital Markets Outlook

Keep an AI on the Prize

First Quarter 2026

Timeline of AB's Capital Markets Outlook Themes

2024

1Q:24—"What to Expect When You're Expecting Normalization"

- After experiencing a period of resistance, we continued to anticipate a soft landing

2Q:24—"At the Intersection of Hope and Fear"

- Identified the underlying macro picture as improving, even though the headline numbers during 1Q:24 appeared worrisome

3Q:24—"Distinguishing Signal from Noise"

- Recognized that the data were continuing to be noisy, but we believed the soft-landing signal was growing stronger

4Q:24—"Normalization: Endgame"

- Highlighted the latter stages of the normalization process; began to exit the pandemic economy…

2025

1Q:25—"Mind the Gaps"

- …and entered the post-pandemic economy with a degree of caution, as we faced new known unknowns and high market valuations

2Q:25—"At the Intersection of Fear and Hope"

- Acknowledged the very different routes the economy could take after the recent period of elevated policy-related volatility

3Q:25—"Red Light, Green Light…Yellow Light?"

- Reintroduced the theme of caution after the strong rebound, as policy uncertainty was expected to weigh on returns

4Q:25—"Kicking the Can Down the Tightrope"

- Emphasized a growing complacency by investors as markets ignored an increasing number of yellow lights

2026

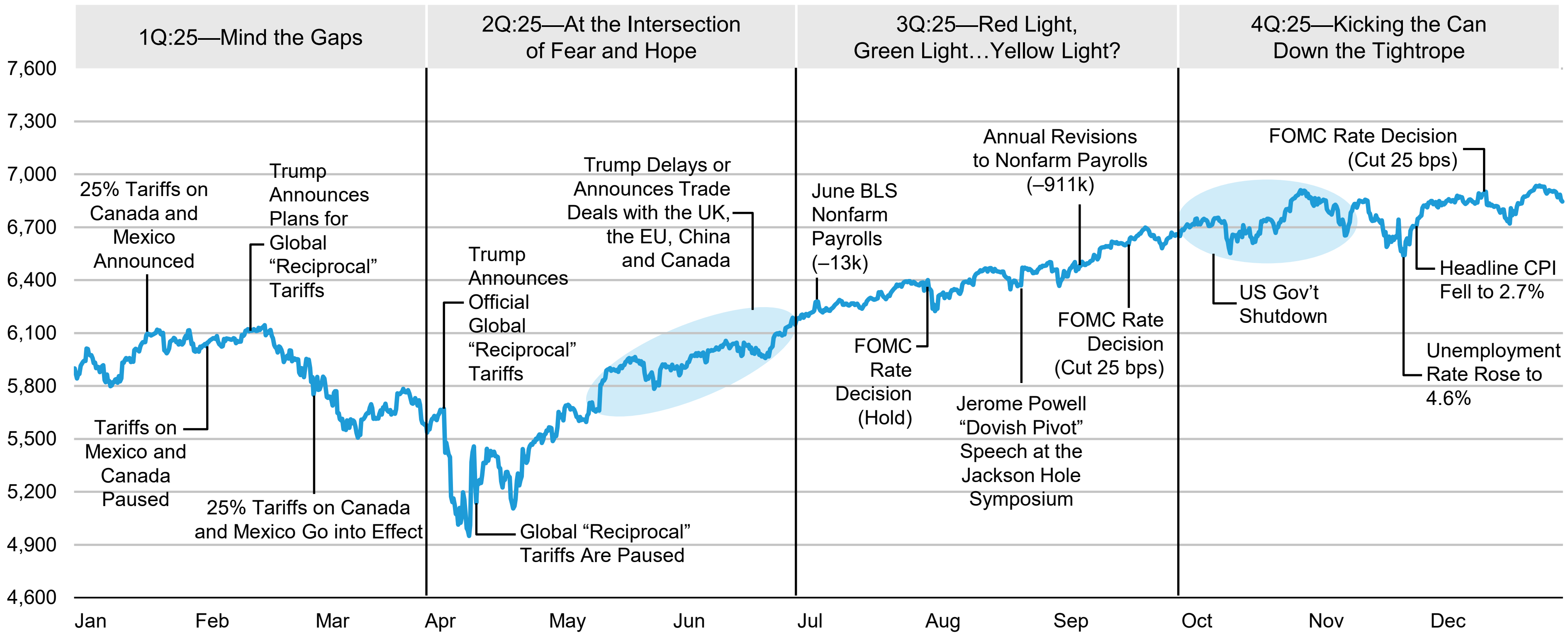
1Q:26—"Keep an AI on the Prize"

- Remind investors to be mindful of the likely nonlinear nature of markets as we navigate between current fundamentals and high forward expectations

Current analysis does not guarantee future results.
Source: AB

2025: After a Volatile Start, Markets Rallied on the Avoidance of Worst-Case-Scenario Tariffs, the AI Trade and Non-Recessionary Rate Cuts

S&P 500 Price Chart (in USD)



Past performance does not guarantee future results.

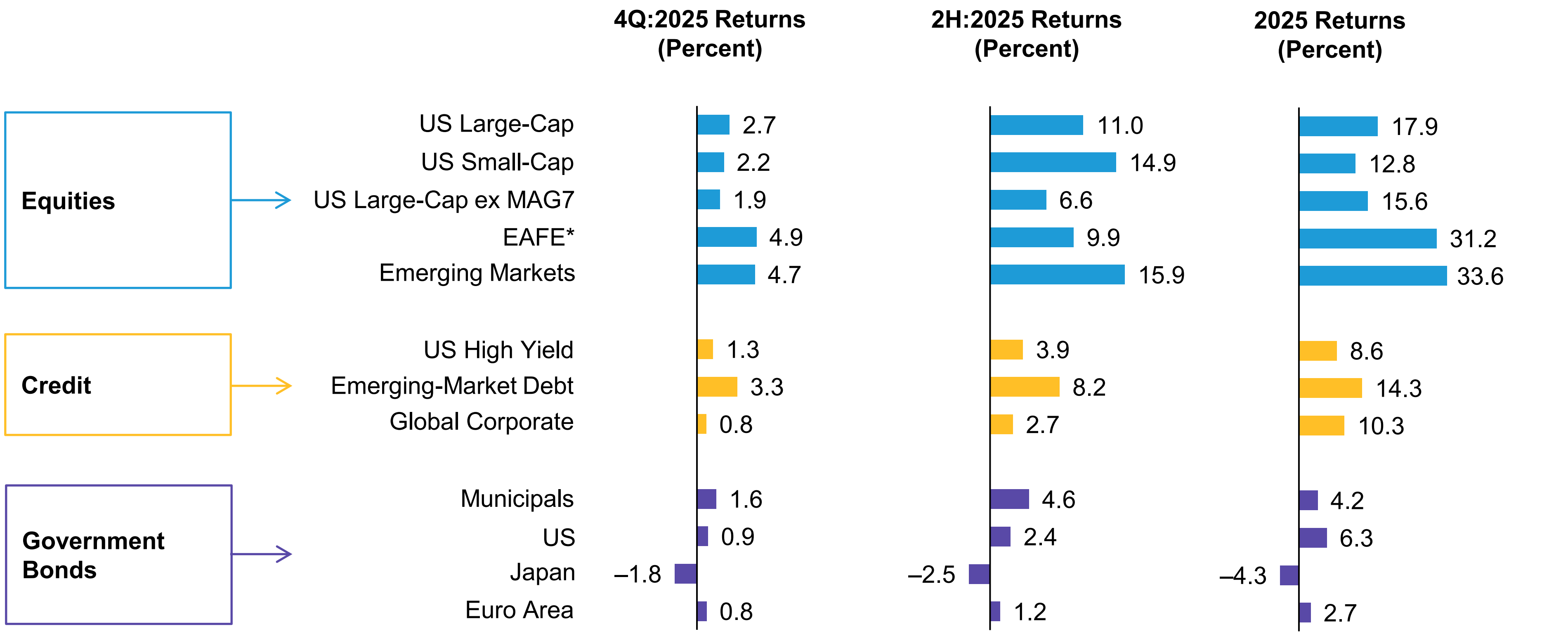
BLS: US Bureau of Labor Statistics; bps: basis points; FOMC: Federal Open Market Committee

Returns are price returns; event dates are approximate.

Through December 31, 2025

Source: Bloomberg, Federal Reserve, Institute for Supply Management, S&P, US Bureau of Labor Statistics and AB

Ex-COVID Rebound, 2025 Equity Performance Capped Off the Strongest Three-Year Period Since the Buildup of the Tech Bubble in the 1990s



Past performance does not guarantee future results.

Returns in US dollars. EAFE and emerging-market returns are net returns; all other returns are total returns. Japan government bonds are in hedged USD terms. All other non-US returns are in unhedged USD terms. US large-cap is represented by the S&P 500. US small-cap is represented by the Russell 2000. US large-cap ex MAG7 is represented by the Bloomberg US Large Cap ex Magnificent 7 Total Return. An investor cannot invest directly in an index, and its performance does not reflect the performance of any AB portfolio. The unmanaged index does not reflect the fees and expenses associated with the active management of a portfolio.

*Europe, Australasia and the Far East

As of December 31, 2025

Source: Bloomberg, FTSE Russell, S&P and AB

Macro Outlook: New Year, Similar Story

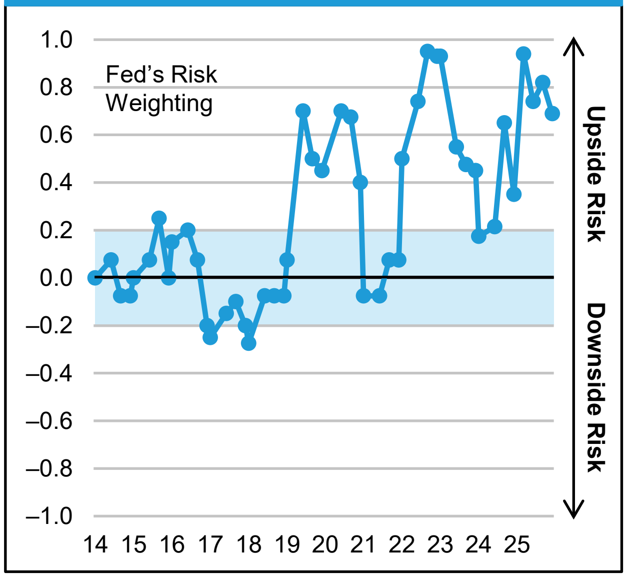
Rates

“Payroll jobs averaging 40,000 per month since April. We think there's an overstatement in these numbers by about 60,000, **so that would be negative 20,000 per month.** …The labor market has continued to cool gradually, maybe just a touch more gradually than we thought.”

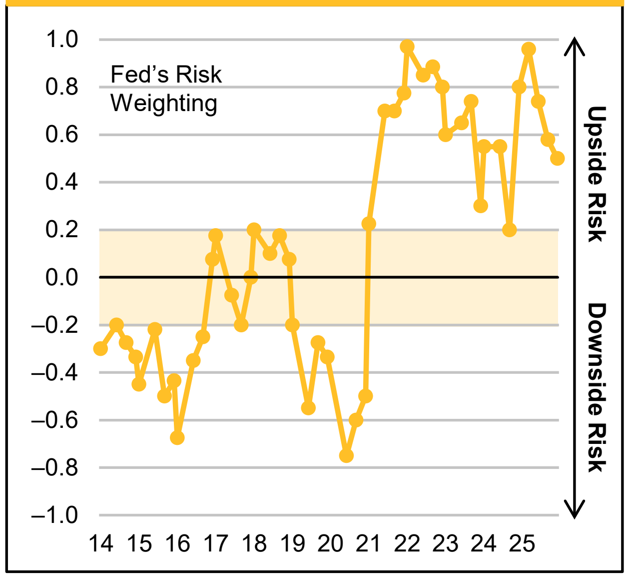
“The story with inflation…is that **if you get away from tariffs, inflation is in the low 2s,** right? So, it’s really tariffs that’s [sic] causing…the inflation overshoot. And we do think of those as likely to…be a one-time…price increase.”

“A number of things are driving what's happening in the [growth] forecast.…Fiscal policy is going to be supportive. And, as I mentioned, AI spending will continue. The consumer continues to spend. **So it looks like the baseline would be solid growth next year.**”

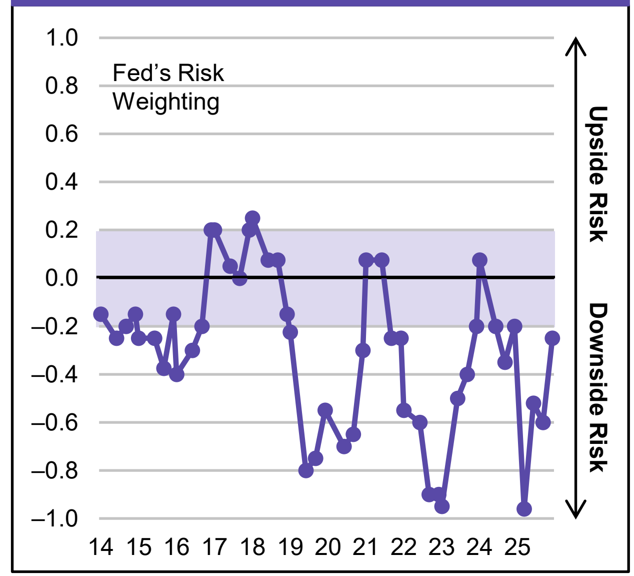
Labor Market



Inflation



Growth



Historical analysis and current forecasts do not guarantee future results.

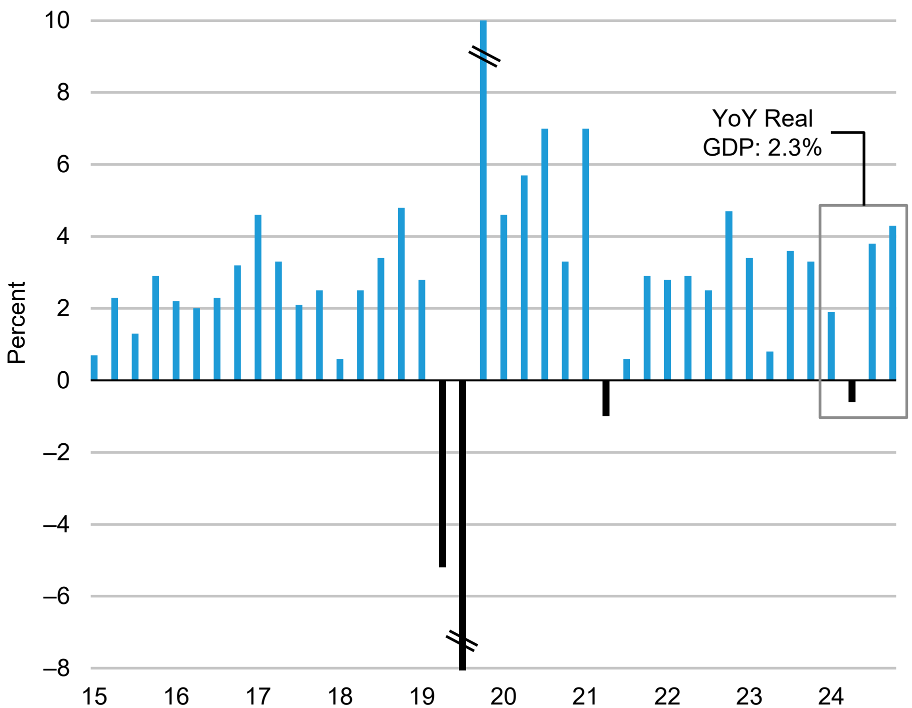
Quotes are from Jerome Powell on December 10, 2025. The shaded areas are considered risk weightings that are more neutral. Each point in the diffusion indices represents the number of participants who responded “weighted to the upside” minus the number who responded “weighted to the downside,” divided by the total number of participants.

Through December 31, 2025. Source: Federal Reserve and AB

Growth: "Solid"

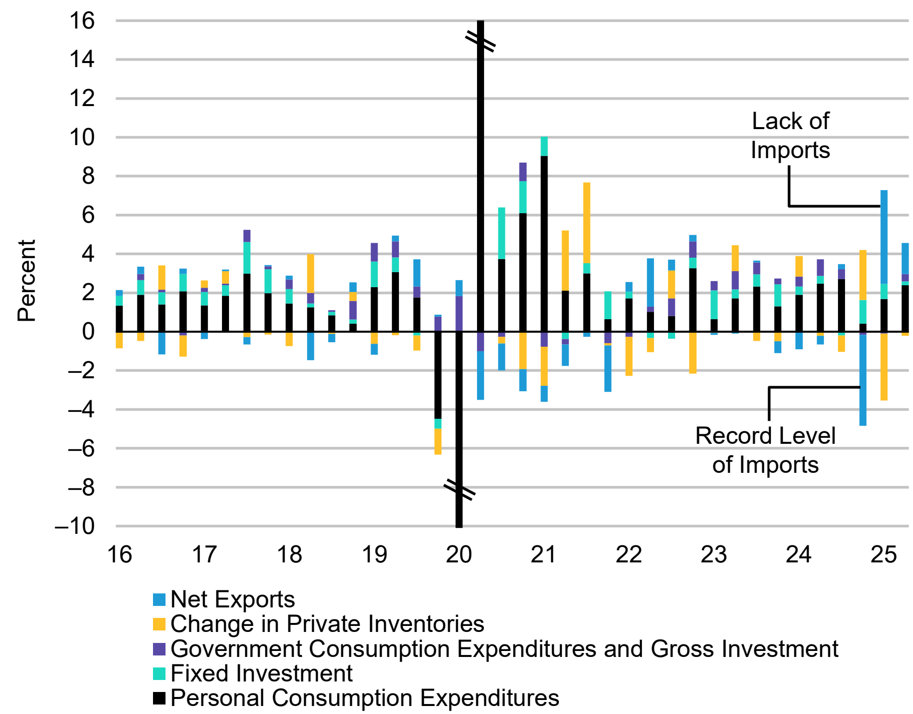
Real GDP on the Surface

Growth has been resilient in the face of great policy uncertainty



Real GDP One Layer Deeper

After two quarters of noisy GDP reports, the primary driver of 3Q:25 GDP was consumer spending…a healthier signal



Current analysis does not guarantee future results.

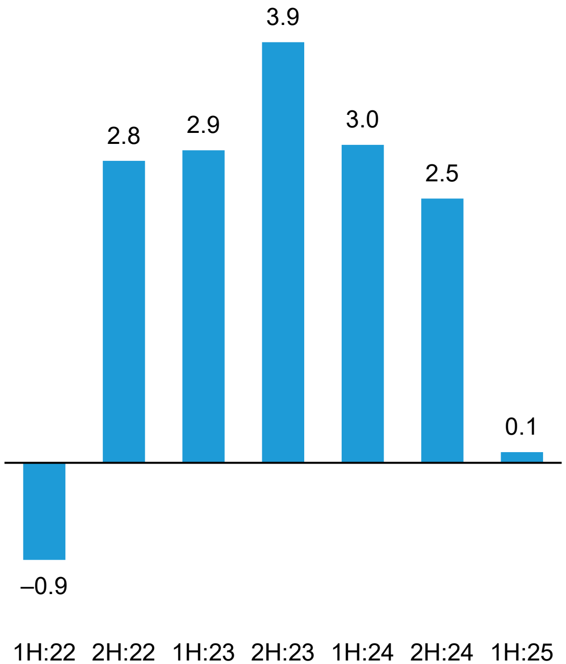
YoY: year-over-year

As of December 31, 2025

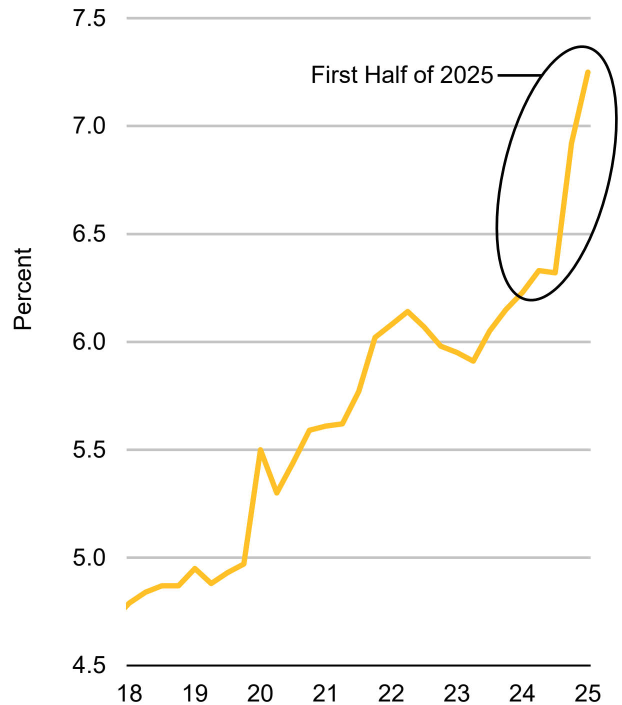
Source: Bloomberg, Bureau of Economic Analysis and AB

Growth: What's Driving It?

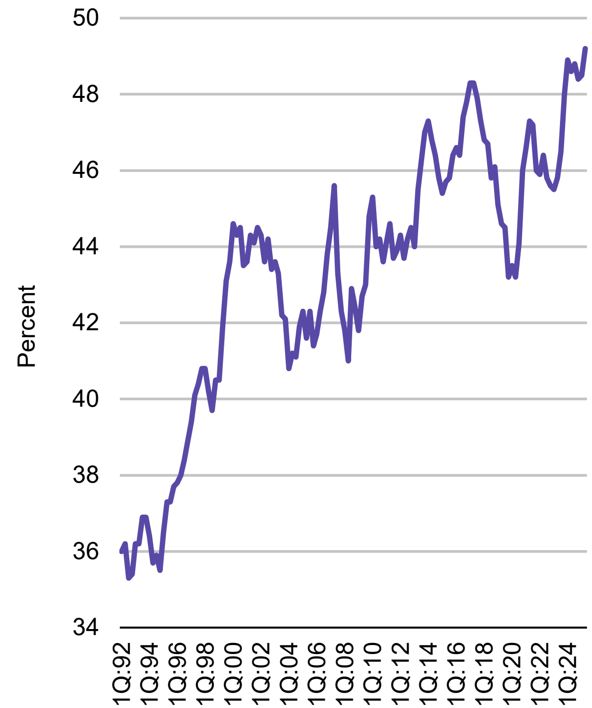
Business Spending
Real GDP *excluding* information-processing equipment and software investment (percent)



Business Spending
Real private fixed investment: tech related



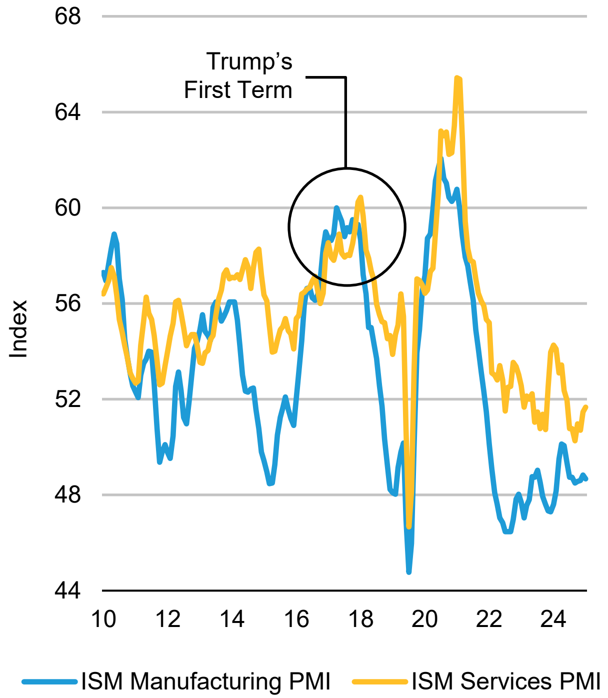
Consumer Spending
Top 10% of earners make up nearly half of all consumer spending in the US



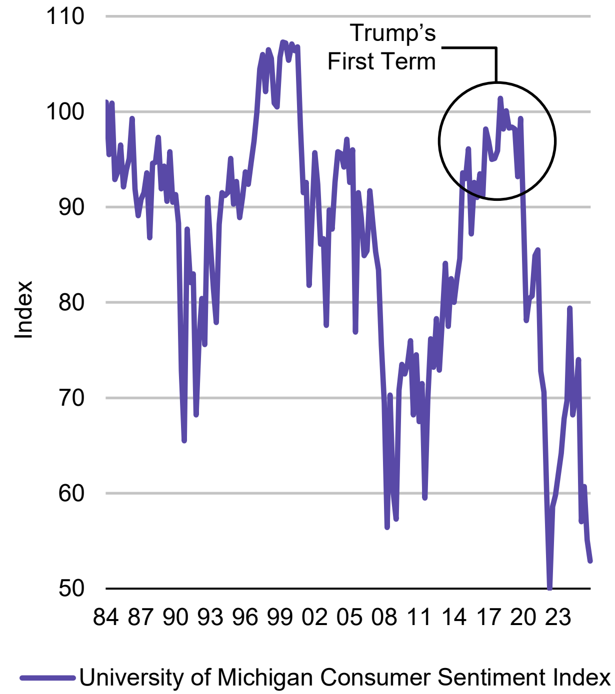
Current analysis does not guarantee future results.
1H: first half; 2H: second half
As of December 31, 2025
Source: Bloomberg, Bureau of Economic Analysis, Jason Furman, LSEG Data & Analytics, Moody's Analytics and AB

Growth: How Sustainable Is It?

Business Confidence* Remains Persistently Low

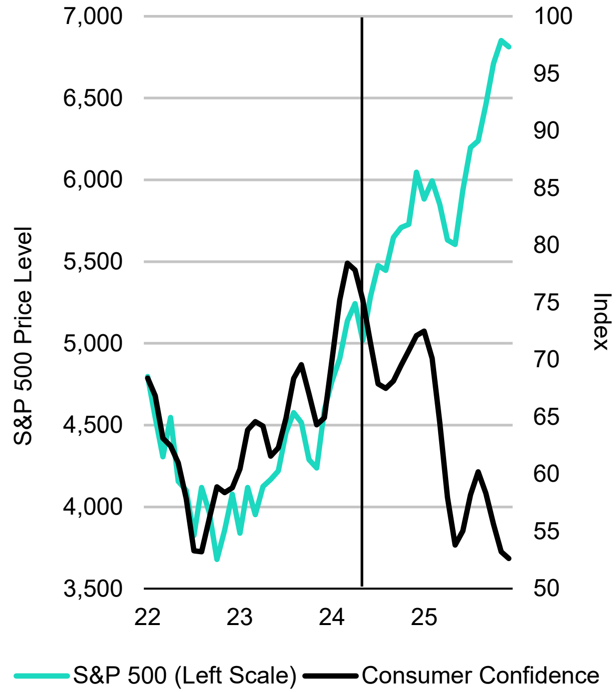


Consumer Confidence Remains Persistently Low



The "K-Shaped" Economy

The gap is wide and getting wider



Current analysis does not guarantee future results.

ISM: Institute for Supply Management; PMI: Purchasing Managers' Index

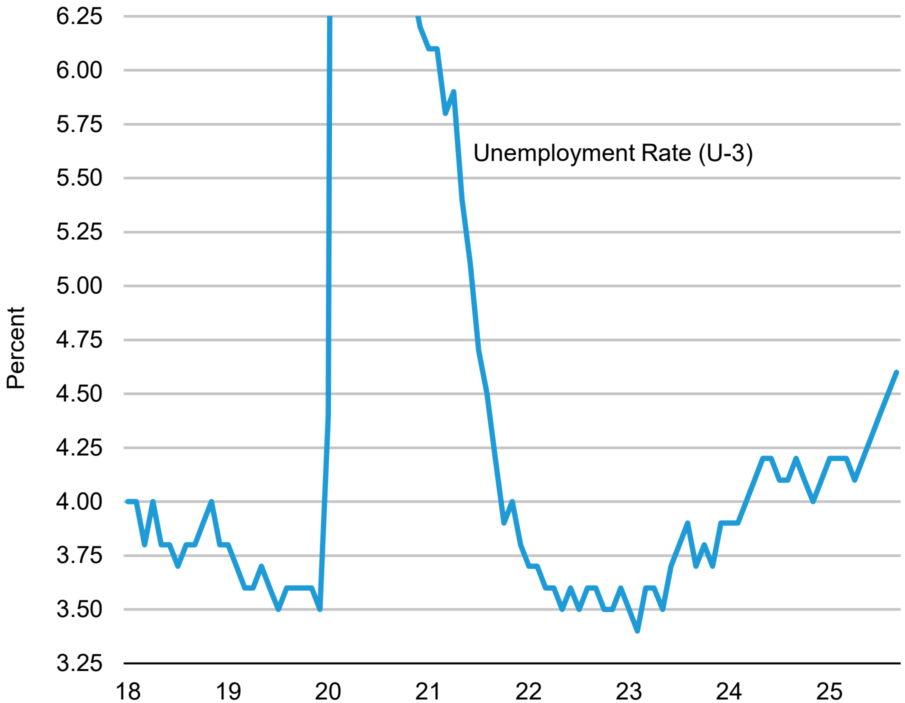
*Rolling three-month average

As of December 31, 2025

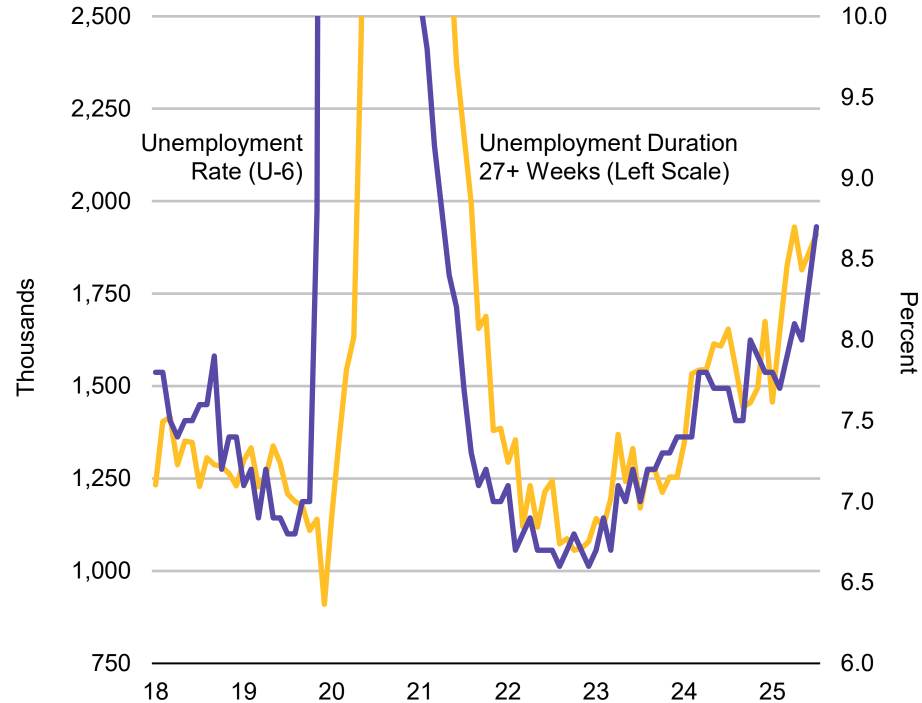
Source: Bloomberg, Institute for Supply Management, LSEG Data & Analytics, S&P, University of Michigan and AB

Labor: The Shark Circling the Boat

The Gold Standard
Unemployment rate (U-3)



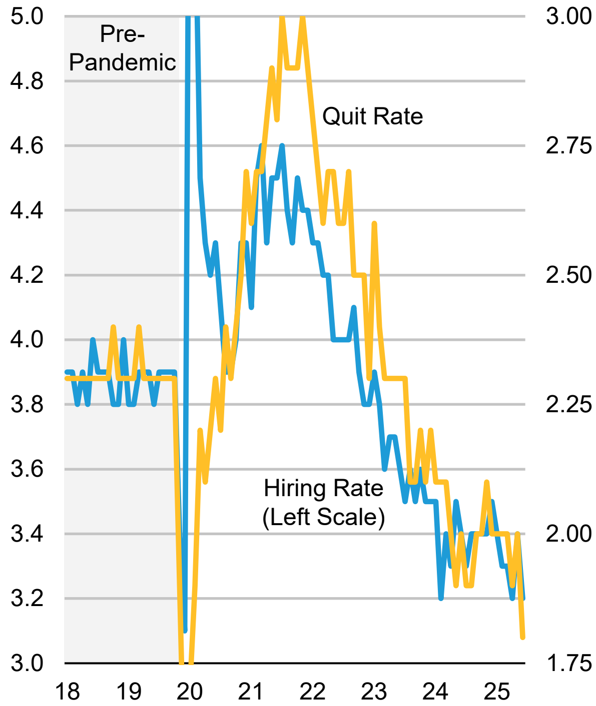
Another Lens
Unemployed for 27+ weeks and unemployment rate (U-6)



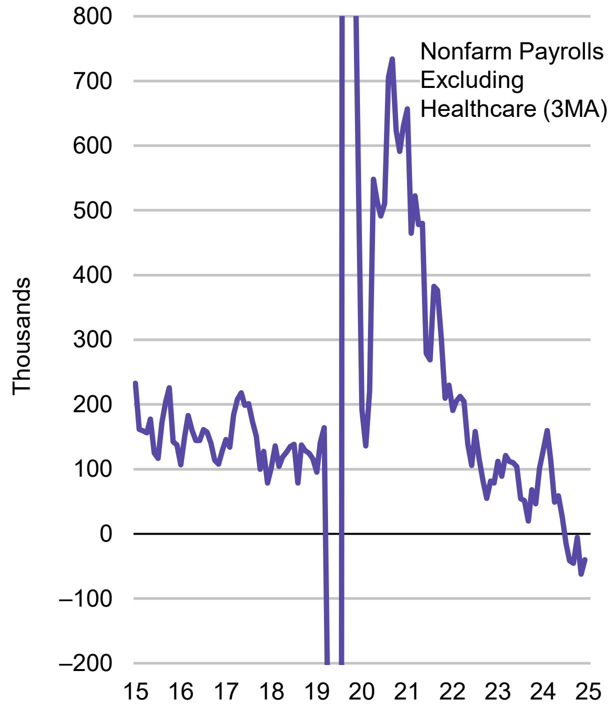
Current analysis does not guarantee future results.
U-3: measures the percentage of people in the labor force who are actively looking for work and available to work; U-6: measures the percentage of the US labor force that is unemployed (U-3), plus those who are underemployed and marginally attached to the workforce, and who have given up looking for work.
Through December 31, 2025
Source: Bloomberg, Bureau of Economic Analysis and AB

Labor: Blood in the Water?

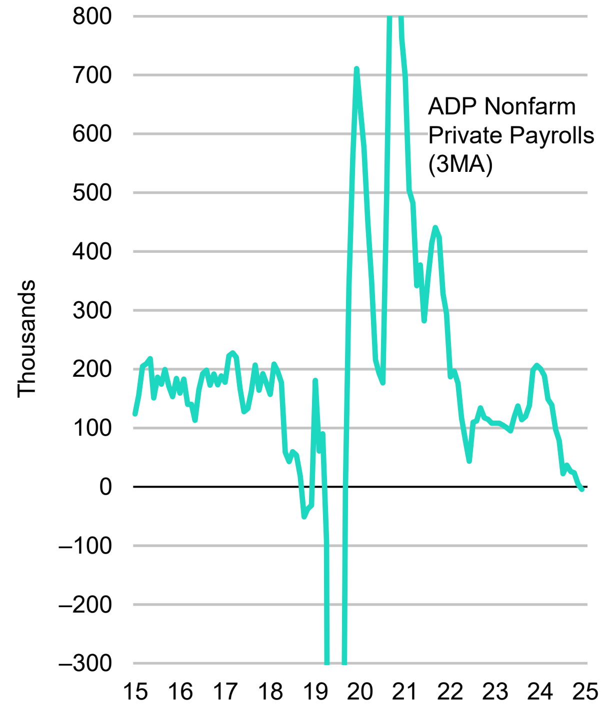
The Labor Market Is Frozen…
Percent



…Which Could Lead to It Stalling Out
Payrolls ex the least cyclical category



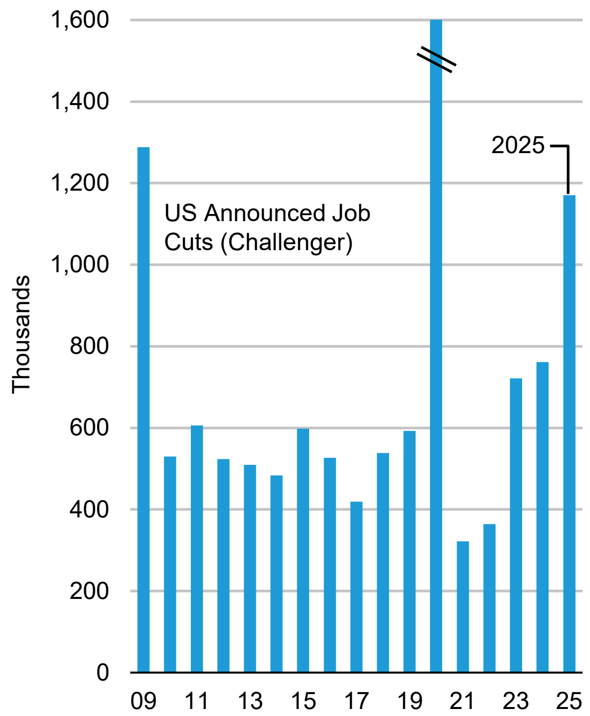
This Slowdown Is Further Evidenced by Private Payrolls Data



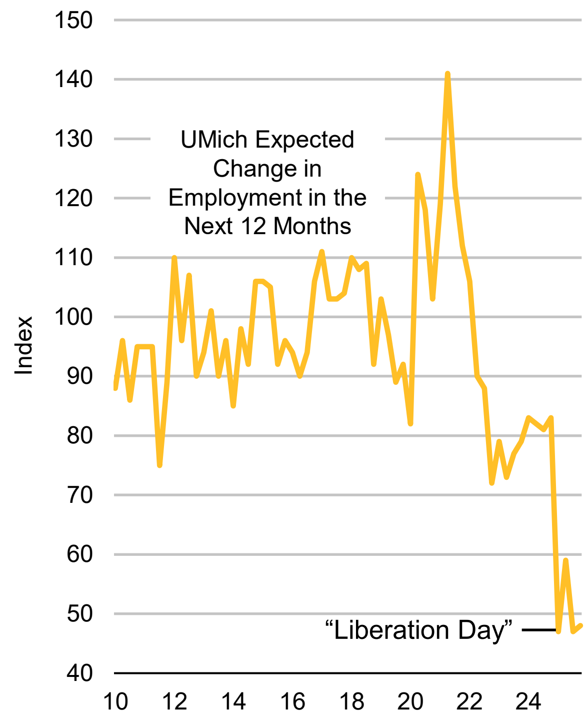
Current analysis does not guarantee future results.
3MA: three-month moving average
Through December 31, 2025
Source: ADP, Bloomberg, US Bureau of Labor Statistics and AB

Labor: Blood in the Water?

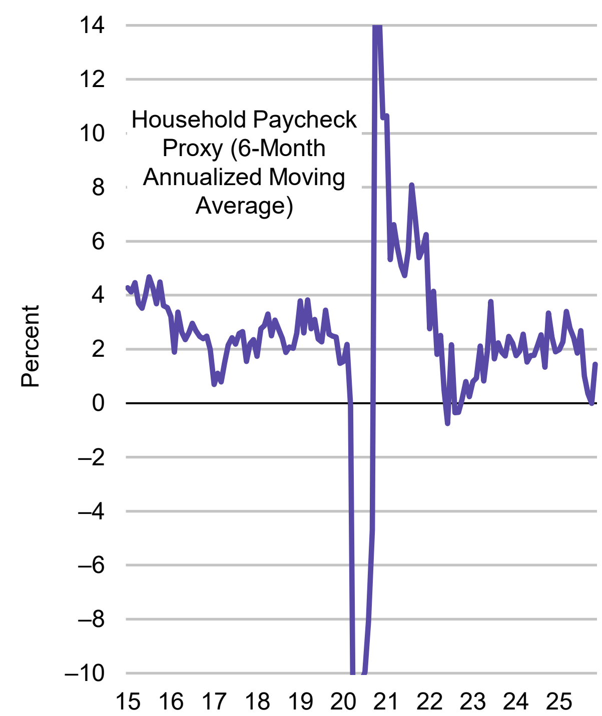
Job Cuts Are at the Highest Level in over a Decade Outside a Recession



Consumer Sentiment for the Labor Market Is Near an All-Time Low



As Wage Growth Slows, Paychecks Are Struggling to Keep Up with Inflation



Current analysis does not guarantee future results.

Through December 31, 2025

Source: Bloomberg; Challenger, Gray & Christmas; University of Michigan and AB

Inflation: On the Right Path

The Labor Market Isn't Creating Meaningful Inflationary Pressures

"Do we see what's going on with wages? You saw the ECI report today. It doesn't feel like a hot economy that wants to generate, you know, a Phillips curve [wage-based] kind of inflation."

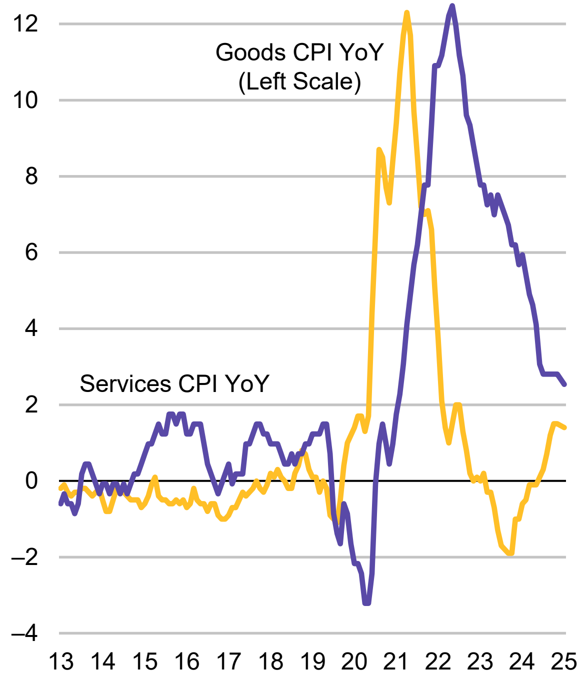
—Jerome Powell
December 10, 2025

"I think the other possibility is less likely, and that is…that…the labor market gets tight or the economy gets tight and you see…just traditional inflation. I don't see that as particularly likely."

—Jerome Powell
December 10, 2025

Instead, Tariffs—Manifested Through Goods—Are the Primary Cause

Percent



Fortunately, Tariffs Are Expected to Be a One-Off Price Change

"A reasonable base case is that the effects of tariffs on inflation will be relatively short-lived—effectively a one-time shift in the price level."

—Jerome Powell
December 10, 2025

"Let's assume there are no major new tariff announcements—inflation from goods should peak in the first quarter or so….[A]fter that [it] will take nine months to get fully in—and nine months is also an estimate—then you should start to see that [inflation] coming down in the back half of next year."

—Jerome Powell
December 10, 2025

Current analysis does not guarantee future results.
YoY: year over year
As of December 31, 2025
Source: Federal Reserve, US Bureau of Labor Statistics and AB

Inflation: Tariff Exemptions

Many of the tariffs initially imposed/threatened have been revised away

Food

Tariff exemptions related to food contain over 200 products. Some of these products include:

- Beef
- Coffee and tea
- Fruits
- Cocoa
- Spices
- Fertilizers

Energy

Tariff exemptions related to energy are broad-based and have been in place since "Liberation Day." They include:

- Crude oil (gasoline)
- Natural gas
- Critical minerals
- Energy products

Goods

Tariff exemptions related to goods include:

- Most goods from Canada and Mexico—the top two US trading partners
- Pharmaceuticals
- Semiconductors
- Lumber
- Metals
- Digital goods

Services

Tariffs around services are limited and hard to implement.

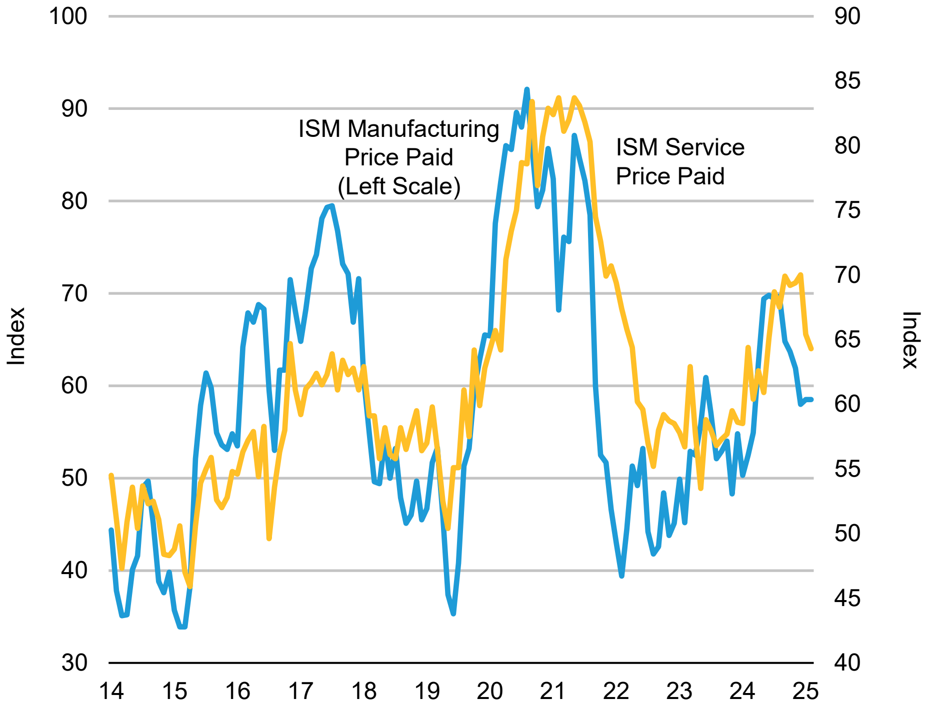
Services prices are mostly tied to wages, which are not directly affected by tariffs. The main service categories include:

- Shelter (wages)
- Education and communication services (wages)
- Medical care services (wages)
- Transportation services (wages)

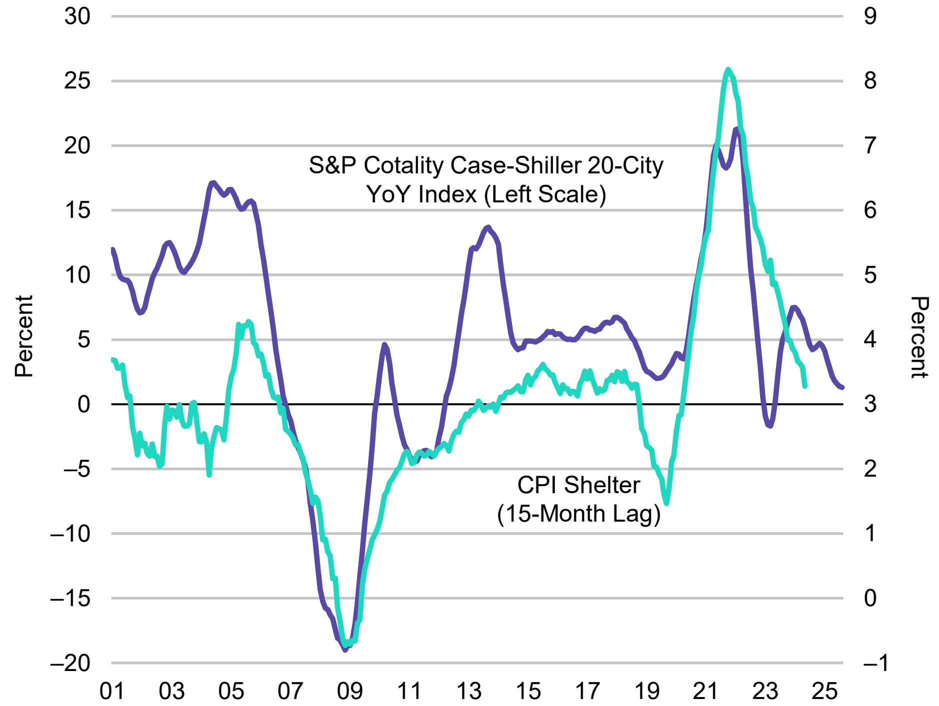
Current analysis does not guarantee future results.
As of December 31, 2025
Source: Bloomberg, The White House and AB

Inflation: What to Watch for Going Forward

Prices Paid by Manufacturing and Service Providers May Have Already Peaked, Similar to Trump's First Term



Although Tariffs Have Taken Center Stage in the Inflation Discussion, Don't Forget About Inflation's Biggest Driver



Current analysis does not guarantee future results.

ISM: Institute for Supply Management; YoY: year-over-year

Through December 31, 2025

Source: Bloomberg, Institute for Supply Management, S&P and AB

Bringing It All Together: What Does the Fed Think?

Fed's Summary of Economic Projections

Inflation
Year-End Fed Estimates

2026		2027		2028
2.4%	**vs.**	**2.1%**	**vs.**	**2.0%**

Real GDP
Year-End Fed Estimate

2026		2027		2028
2.3%	**vs.**	**2.0%**	**vs.**	**1.9%**

Unemployment
Year-End Fed Estimate

2026		2027		2028
4.4%	**vs.**	**4.2%**	**vs.**	**4.2%**

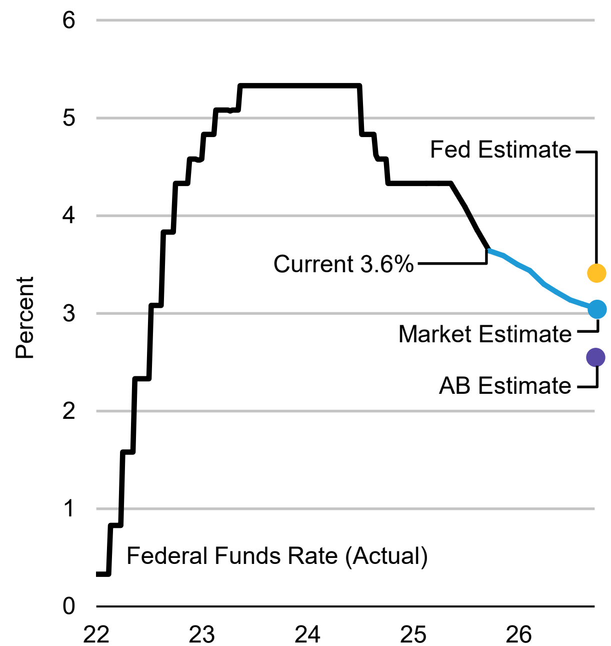
Fed's Dot Plot

Direction is lower, but magnitude is limited

%	2026	2027	2028	Longer Run
4.75	—	—	—	—
4.50	—	—	—	—
4.25	—	—	—	—
4.00	●●●	●●	●●	●
3.75	●●●●	●●	●●	●●
3.50	●●●●	●●●	●●	●●●
3.25	●●●●	●●●●●●	●●●●●●	●●●
3.00	●●	●●●	●●●●	●●●●●●
2.75	●	●●	●●●	●●●●
2.50	—	●		—
2.25	●	—	—	—
2.00	—	—	—	—
1.75	—	—	—	—
1.50	—	—	—	—

Year-End 2026 FFR Estimate

AllianceBernstein vs. market vs. Fed



Current analysis does not guarantee future results.
FFR: federal funds rate
In the middle display, each dot represents a vote from a Federal Open Market Committee member; the gold dots are the approximate median dots.
As of December 31, 2025
Source: Bloomberg, Federal Reserve, Thompson Reuters and AB

Macro Summary

Reviewing the "holy trinity" for markets

Growth
Solid

- Growth has been resilient in the face of elevated policy uncertainty. Going forward, the growth rate is expected to moderate
- Consumers are experiencing a "K-shaped" economy, where those earning the most—and exposed to rising asset markets—are continuing to spend, while those in the lower income brackets are struggling
- As long as the labor market doesn't stall, consumer spending should remain positive. The top 10% of earners, who account for nearly 50% of all consumer spending, remain largely unfazed by higher inflation and a low hiring rate
- A downturn in the stock markets could have significant consequences for the economy, as the wealth effect has been a major tailwind

Labor Market
Soft and vulnerable to a shock

- The labor market is flashing yellow and has become the primary focus of the Fed, as it threatens economic growth
- After a period of overhiring during the pandemic, a cooler labor market was initially welcomed as a limit to wage inflation. However, instead of returning to more neutral levels, the labor market has continued to cool
- This cooling is due to both a lower supply of, and demand for, workers; however, demand is starting to decrease faster than supply
- The buffer in the labor market is gone, making it vulnerable to stalling and impacting growth. The Fed is cutting rates in an attempt to provide support
- The key variable to monitor going forward is the hiring rate

Inflation
Higher than target, but on the right path

- After a long normalization process post-pandemic, inflation is once again under pressure, this time due to tariffs
- While inflation's path, which was heading lower, was disrupted by tariffs, we expect inflation to resume its downward move in 2026 as no new tariffs are implemented, the list of tariff exemptions grows and the softer labor market pressures companies to "eat" price increases
- The key variables to monitor going forward are producer paid prices and inflation expectations (BEIs)
- Ultimately, the Fed is willing to allow slightly higher inflation to protect the labor market
    - The Fed prefers 2.5% inflation with a more stable labor market over 2% inflation and a deteriorating labor market

Historical analysis and current forecasts do not guarantee future results.
BEI: break-even inflation
As of December 31, 2025
Source: AB

Macro Summary

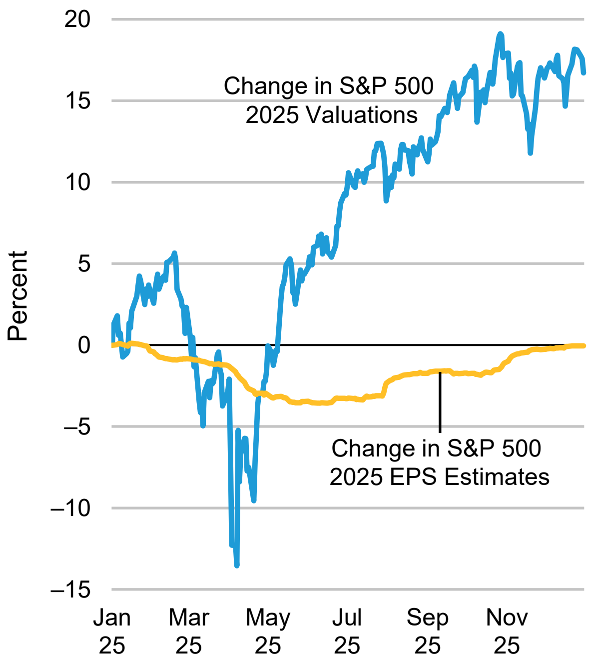
AB Global Economic Forecast

	Real Growth (Percent)		Inflation (Percent)		Official Rates (Percent)		Long Rates (Percent)	
	25F	26F	25F	26F	25F	26F	25F	26F
Global ex Russia	2.6	2.5	3.0	2.7	3.75	3.19	4.15	4.02
Industrial Countries	1.7	1.5	2.7	2.3	2.88	2.25	3.55	3.32
Emerging Countries	3.8	3.8	3.7	3.5	5.92	5.30	4.86	4.84
US	**1.9**	**2.0**	**3.0**	**2.5**	**3.63**	**2.63**	**4.00**	**3.75**
Euro Area	1.4	1.1	2.1	1.8	2.00	1.75	2.80	2.65
UK	1.4	0.9	3.5	2.4	3.75	3.00	4.50	4.10
Japan	1.0	1.0	2.8	2.2	0.50	0.75	2.00	2.25
China	4.5	4.3	0.5	1.0	1.00	1.25	2.00	2.25

Past performance and current analysis do not guarantee future results.
Inflation is a Core Consumer Price Index (CPI) estimate. Growth and inflation forecasts are calendar-year averages. Interest rates are year-end forecasts. Real growth aggregates represent 29 country forecasts, not all of which are shown. Long rates are 10-year yields.
As of December 31, 2025
Source: AB

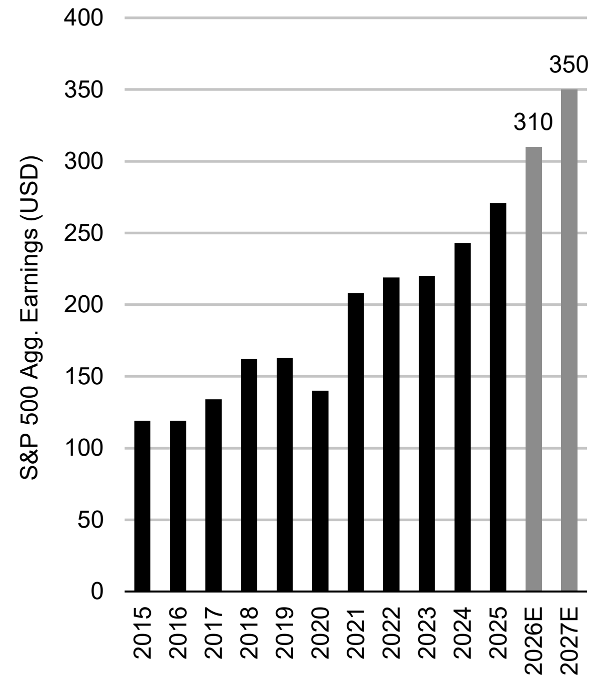
S&P 500 Earnings: Companies Showed Resilience in the Face of Uncertainty, but Context Is Still King

Equity Price Performance Was Entirely Driven by Multiple Expansion During 2025



Consequently, Companies Will Need to Deliver in 2026 or Face Increased Pricing Pressures from Markets

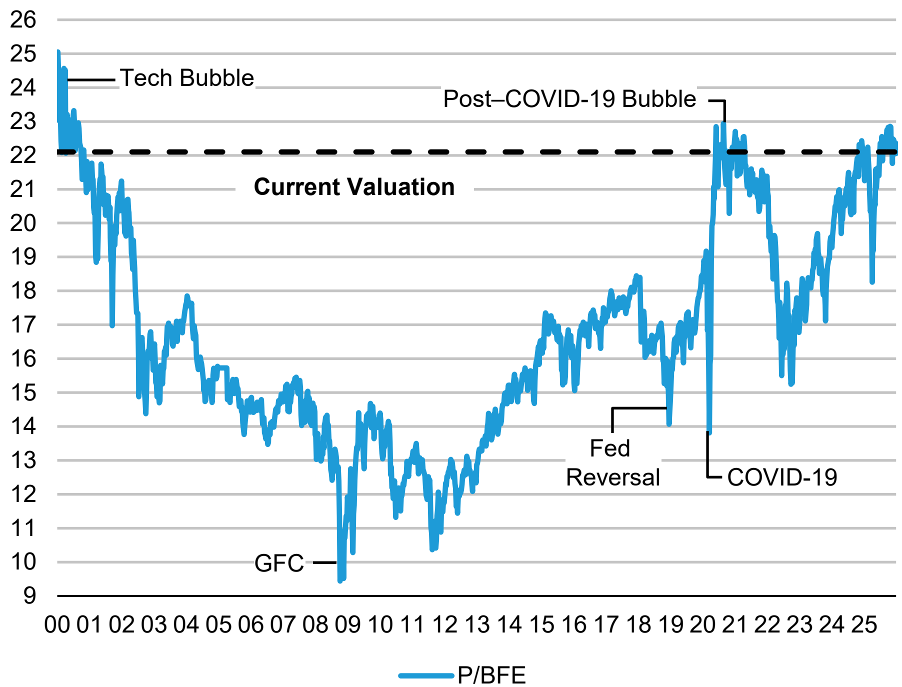
The Hurdle Rate for 2026 Is High
Markets have priced in 14% earnings growth—a high mark to beat



Historical analysis and current forecasts do not guarantee future results.
EPS: earnings-per-share. *For S&P 500 companies
As of December 31, 2025
Source: Bloomberg, FactSet, S&P and AB

S&P 500 Valuations: Multiples Appear to Have Hit a Ceiling as Fears Around an "AI Bubble" Swirled

S&P 500 Multiples



Time Period	P/E	P/BFE
December 31, 2025	**25.1**	**22.2**
December 31, 2024	24.7	21.5
December 31, 2023	21.5	19.6
December 31, 2022	17.2	16.8
Pre-Pandemic*	20.3	18.9
10-Year Average	20.5	18.8
Pre-Pandemic Five-Year Average	18.3	16.9
Average Since 2000	19.0	16.7

Current analysis does not guarantee future results.
GFC: global financial crisis. Price/earnings (P/E) is for the trailing 12 months; price/blended forward earnings (P/BFE) is for the next 12 months.
*February 21, 2020
As of December 31, 2025
Source: Bloomberg, S&P and AB

S&P 500 Scenario Chart: Using Earnings and Valuations to Form a Price Target Range

Choose Your Own Adventure

2026	17	18	19	20	21	22	23	24	25
280	4,760	5,040	5,320	5,600	5,880	6,160	6,440	6,720	7,000
285	4,845	5,130	5,415	5,700	5,985	6,270	6,555	6,840	7,125
290	4,930	5,220	5,510	5,800	6,090	6,380	6,670	6,960	7,250
295	5,015	5,310	5,605	5,900	6,195	6,490	6,785	7,080	7,375
300	5,100	5,400	5,700	6,000	6,300	6,600	6,900	7,200	7,500
305	5,185	5,490	5,795	6,100	6,405	6,710	7,015	**7,320**	7,625
310	5,270	5,580	5,890	6,200	6,510	**6,845**	7,130	7,440	7,750
315	5,355	5,670	5,985	6,300	6,615	6,930	7,245	7,560	7,875
320	5,440	5,760	6,080	6,400	6,720	7,040	7,360	7,680	8,000

S&P Price Level	2026 Price Return*
5,800	–15.3%
6,000	–12.3
6,200	–9.4
6,400	–6.5
6,600	–3.6
6,845	0.0
7,000	2.3
7,250	5.9
7,500	9.6

2027	15	16	17	18	19	20	21	22	23
325	4,875	5,200	5,525	5,850	6,175	6,500	6,825	7,150	7,475
330	4,950	5,280	5,610	5,940	6,270	6,600	6,930	7,260	7,590
335	5,025	5,360	5,695	6,030	6,365	6,700	7,035	7,370	7,705
340	5,100	5,440	5,780	6,120	6,460	6,800	7,140	7,480	7,820
345	5,175	5,520	5,865	6,210	6,555	6,900	7,245	7,590	7,935
350	5,250	5,600	5,950	6,300	6,650	**6,845**	7,350	7,700	8,050
355	5,325	5,680	6,035	6,390	6,745	7,100	7,455	7,810	8,165
360	5,400	5,760	6,120	6,480	6,840	7,200	7,560	7,920	8,280
365	5,475	5,840	6,205	6,570	6,935	7,300	7,665	8,030	8,395

S&P Price Level	2026–27 Price Return†
6,000	–8.3%
6,200	–6.3
6,400	–4.3
6,600	–2.4
6,845	0.0
7,000	1.5
7,250	3.9
7,500	6.2
7,750	8.5

■ December 31, 2025 (What's Currently Priced In by Markets*) ■ AB's Most Likely Range of Future Outcomes

Historical analysis and current forecasts do not guarantee future results.

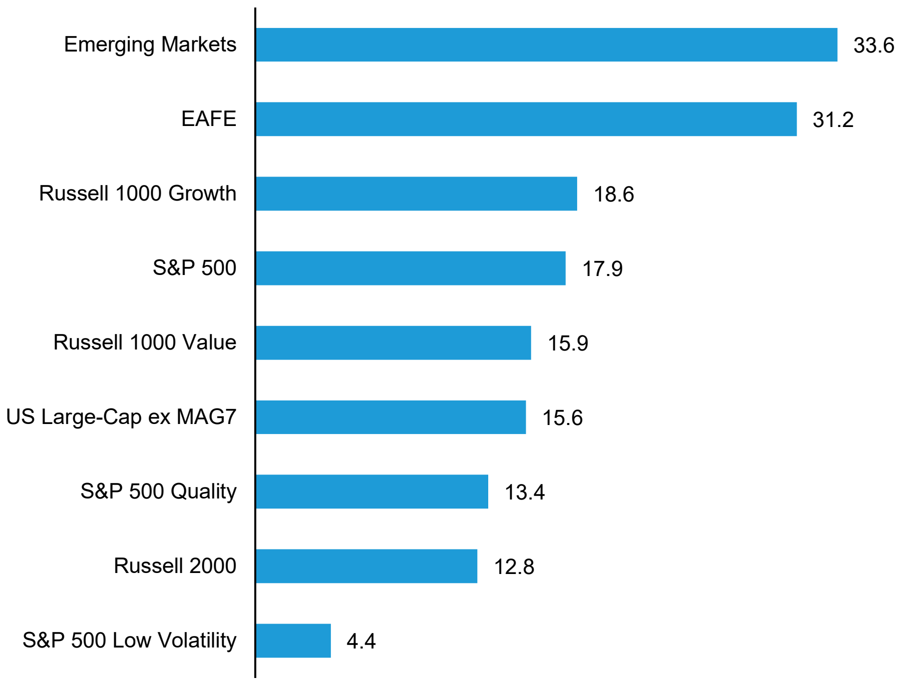
*Based on S&P 500's 4Q:25 closing price of 6,845; horizontal axis contains forward price/earnings multiples; vertical axis contains forward earnings; numbers may not sum due to rounding; †Annualized

As of December 31, 2025

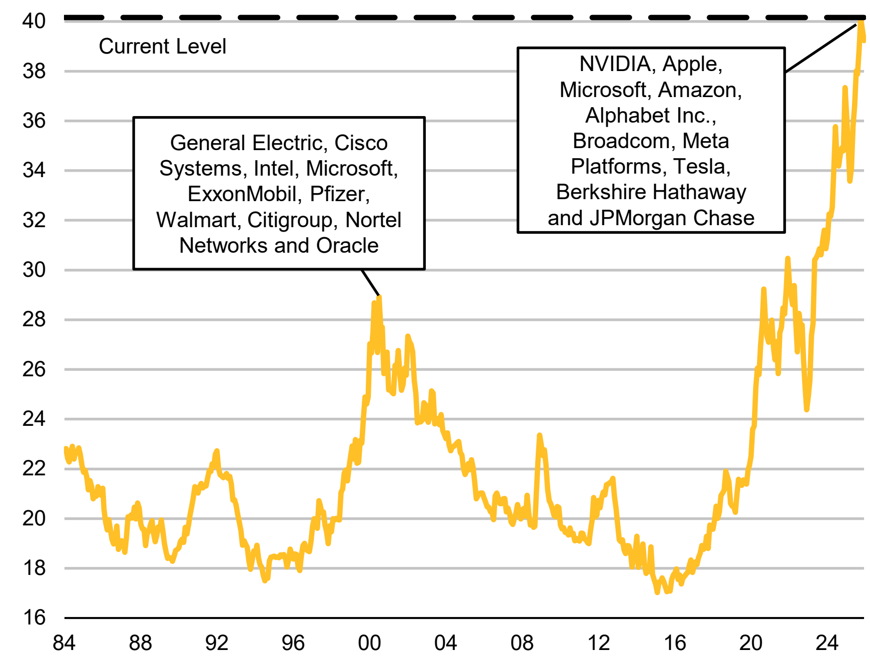
Source: Bloomberg, S&P and AB

International and Growth Equities Led, and Concentration Persists

Another Year of Strong Returns
YTD (percent)



While the Names Have Changed, the MAG7 and Tech-Adjacent Stocks Are Leading the Concentration Charge
10 largest combined weights (percent)

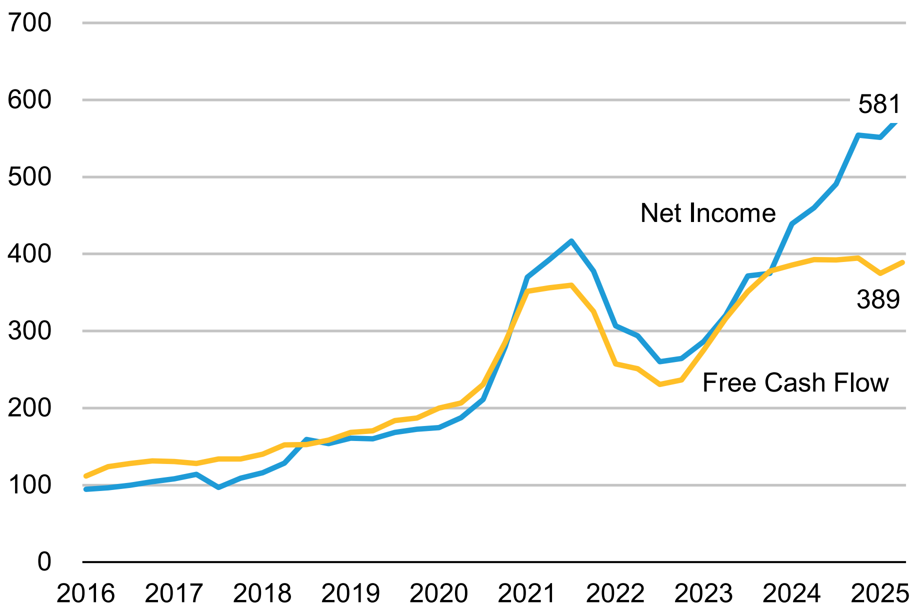


Past performance does not guarantee future results. Analysis is provided for illustrative purposes only and is subject to revision. References to specific securities discussed are not to be considered recommendations by AllianceBernstein L.P.
EAFE: Europe, Australasia and the Far East; MAG7: Magnificent Seven; YTD: year to date.
As of December 31, 2025
Source: Bloomberg, FTSE Russell, MSCI, S&P and AB

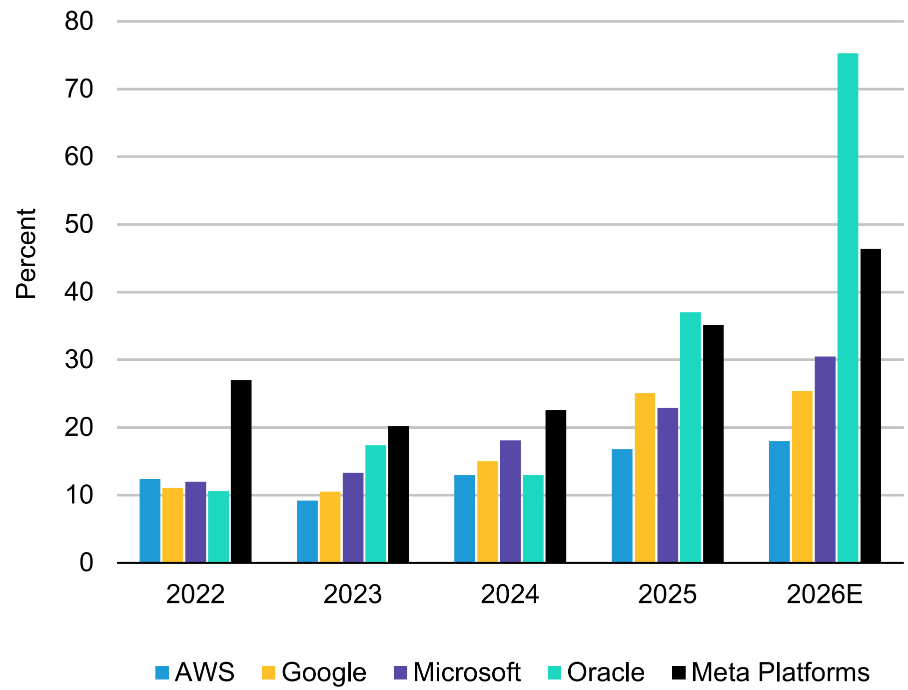
Earnings for the MAG7 Have Been Strong, but Free Cash Flow Has Stalled

Hyperscalers' massive capital spending could pressure their future profits and their monolithic status

Magnificent Seven Earnings vs. Free Cash Flow
Last 12 months (USD billions)



Spending Spree Has Led to Hyperscalers Becoming More Asset-Heavy vs. Asset-Light Businesses
Hyperscalers capex as a percent of sales

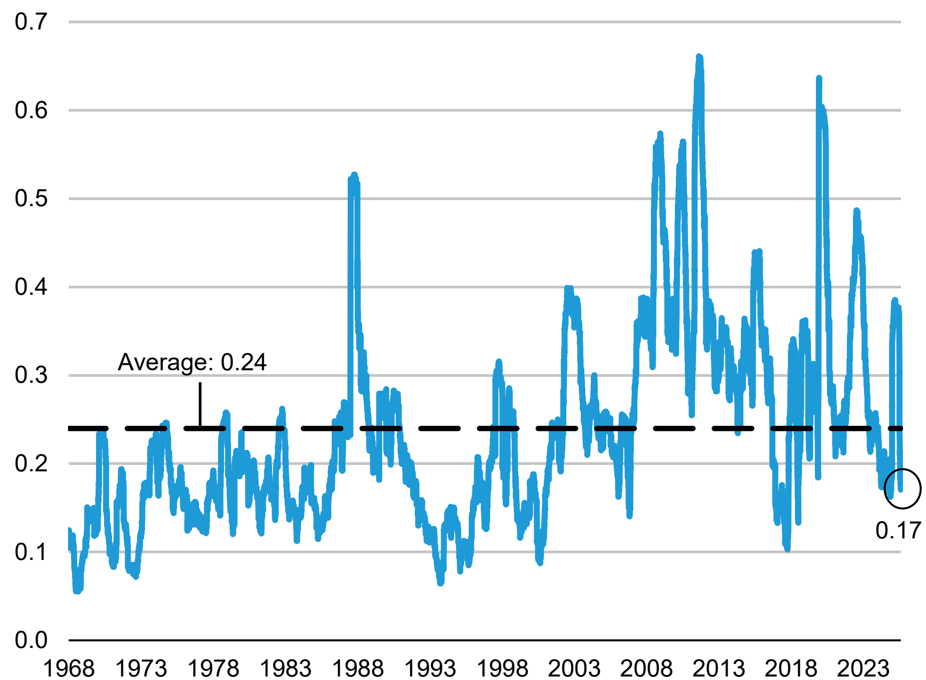


Past performance and current analysis do not guarantee future results.
Left display through September 30, 2025; right display through December 31, 2025
Source: Amazon Web Services (AWS), Bloomberg, Goldman Sachs, Google, Meta Platforms, Microsoft, NVIDIA, Oracle, S&P and AB

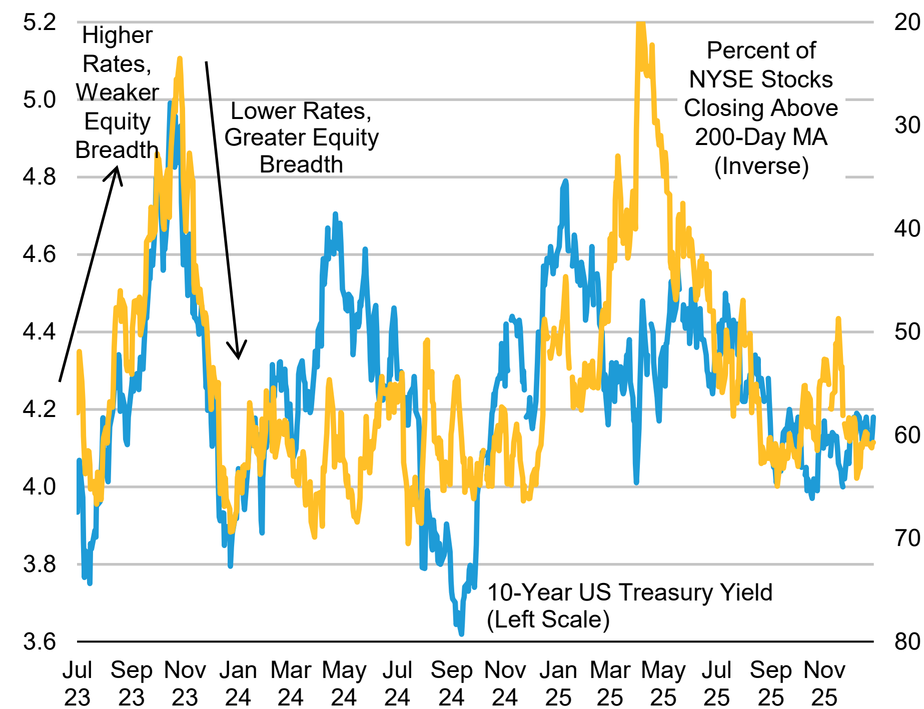
Lower Correlations and Rates Imply a Better Active Management Backdrop

Fed easing and questions surrounding artificial intelligence spending returns led to a broadening

Average US Pairwise Stock Correlation*



We Expect Lower Rates Ahead, Which Has Historically Led to Stronger Equity Breadth (Percent)



Past performance does not guarantee future results. Analysis is provided for illustrative purposes only and is subject to revision.

MA: moving average

*The stock correlations are the average pairwise correlations of daily stock returns for the constituents of the MSCI USA over rolling six-month windows.

Left display as of November 11, 2025; right display as of December 31, 2025

Source: Bloomberg, FactSet, MSCI and AB

Value or Growth…Yes! In a Fast-Changing World, Optionality Is Key

Remain style neutral, given high index valuations and a diverse opportunity set

Value Areas of Focus

Financials
2025/2026 YoY
EPS Growth: 10%

Industrials
2025/2026 YoY
EPS Growth: 16%

Favored Industries

- Capital Markets
- Machinery
- Commercial Banks
- Electrical Equipment
- Insurance
- Industrial Conglomerates

Growth Areas of Focus

Communication Services
2025/2026 YoY
EPS Growth: 12%

Healthcare
2025/2026 YoY
EPS Growth: 13%

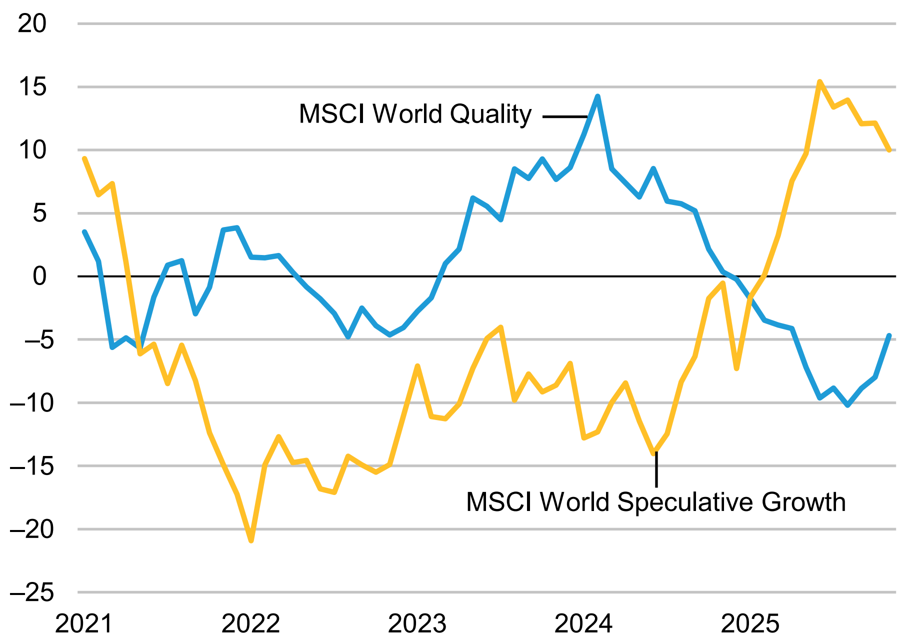
Favored Industries

- Interactive Media
- Life-Science Tools and Services
- Entertainment
- Healthcare Providers and Services
- Wireless Telecom
- Pharmaceuticals

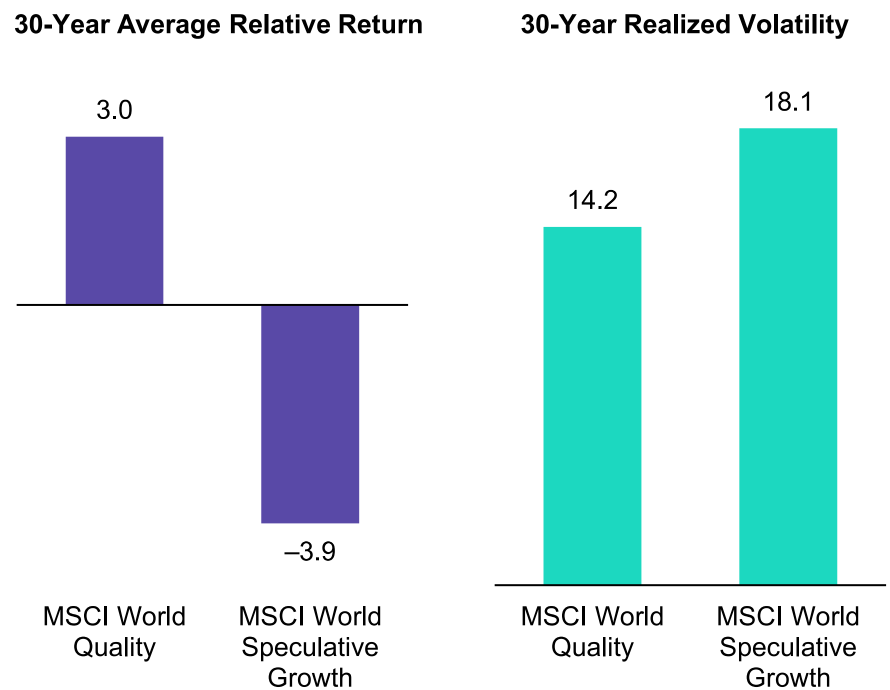
Current analysis does not guarantee future results.
EPS: earnings per share; YoY: year-over-year
As of December 31, 2025
Source: Bloomberg, FactSet and AB

Despite Quality Stocks Lagging More Speculative Cohorts, Their Long-Term Return Profile Is Compelling

Global Quality and Speculative Growth vs. MSCI World*
Trailing 12-month relative returns (percent)



Quality: Higher Relative Returns and Lower Volatility
USD (percent)



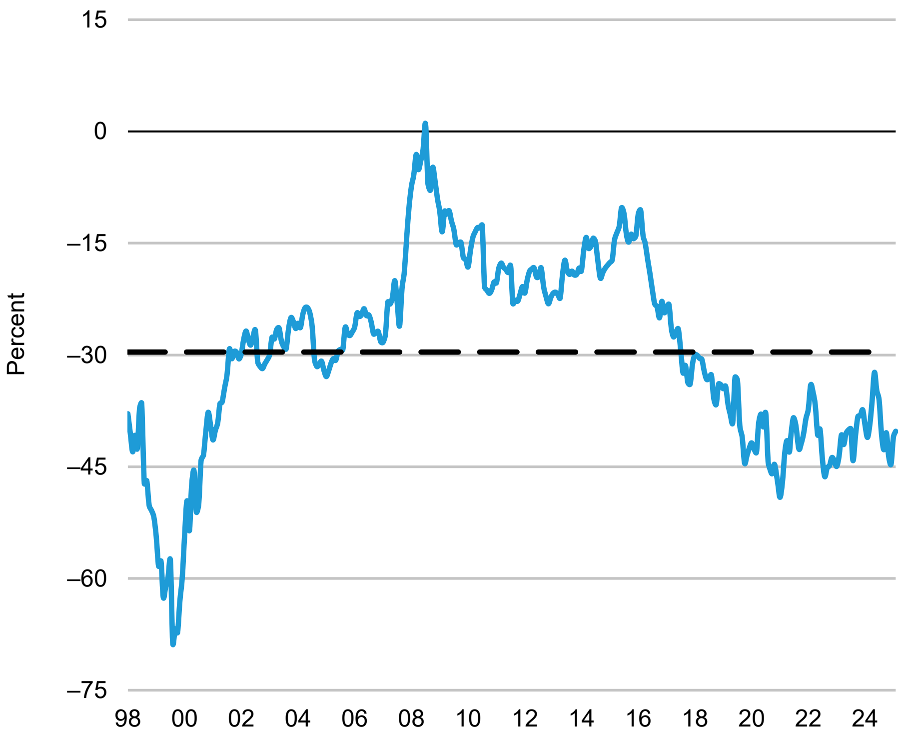
Past performance does not guarantee future results.
*Quality represented by MSCI World Quality. Speculative growth stocks are hypergrowers with profitability (free cash flow to assets) and valuation (free cash flow to price) in the bottom 60% (lower profitability and more expensive stocks in quintiles 3–5) and year-over-year sales growth in the top 30%.
As of December 1, 2025
Source: FTSE Russell, International Data Corporation, MSCI, S&P and AB

Not All Stocks Are Expensive, and Cheap Does Not Mean Dull

Many value stocks have strong earnings potential, and an economic recovery could be a boost

Russell 1000 Value vs. Russell 1000 Growth

Price/forward earnings discount



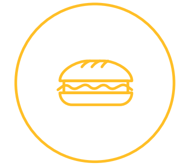
Finding Growth Within Value

Key investment themes

Commercial Aircraft Manufacturing
2025/2026 YoY EPS Growth: 22%

- Commercial aircraft production has been crimped in the last five years, and consumers still prefer experiences over goods

Cyclically Depressed Consumer Spending
2025/2026 YoY EPS Growth: 10%



- Recent, softer consumer demand has led to faster-growing quick-service restaurants and entertainment parks being attractively priced

Agricultural Cycle and Productivity
2025/2026 YoY EPS Growth: 24%

- Farm equipment and seed sales are off from COVID-19's surge but are needed to spur agricultural productivity, given limited acreage availability

Healthcare Spending
2025/2026 YoY EPS Growth: 8%

- The managed-care industry's long-term growth is intact despite cyclical pressures, and secular research and development spending is likely to remain above GDP growth

Past performance and current analysis do not guarantee future results.

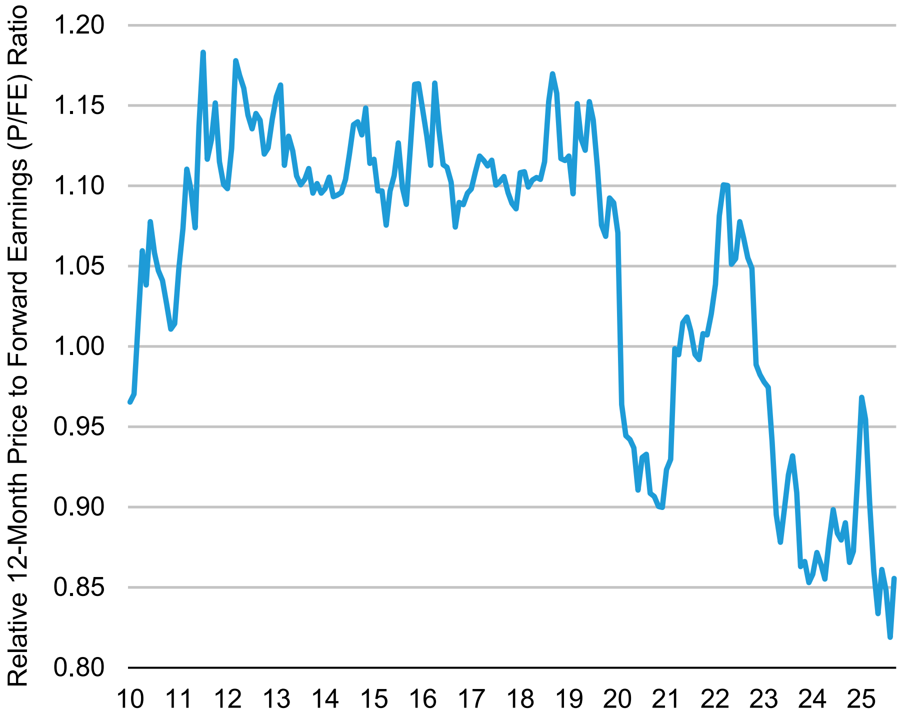
EPS: earnings-per-share; YoY: year-over-year

As of December 31, 2025

Source: FactSet, FTSE Russell and AB

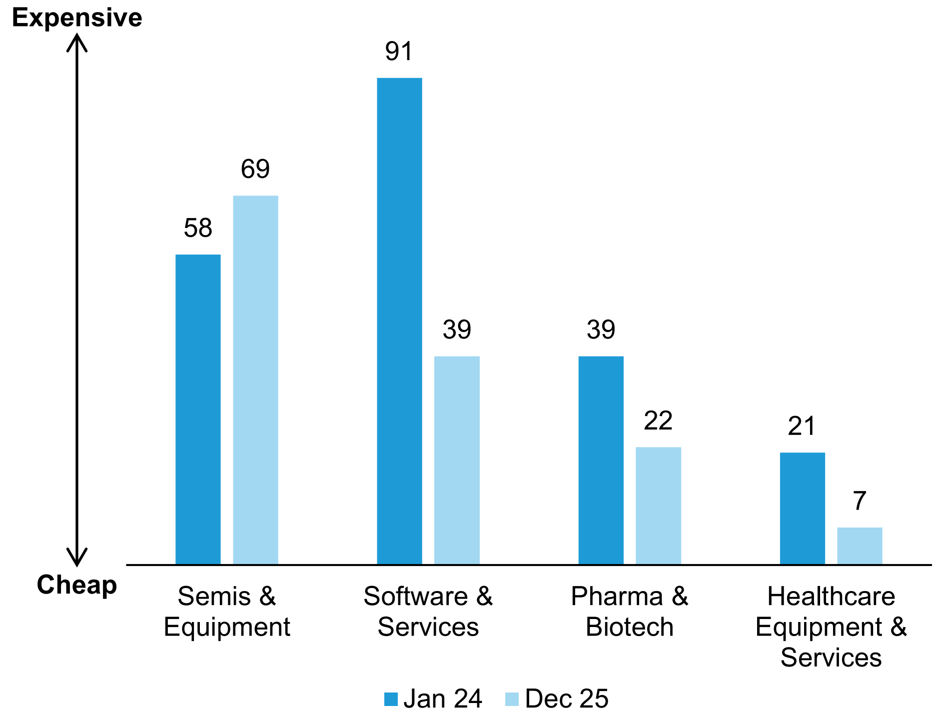
Lower-Volatility Stocks on Sale Have Potential to Play Both Defense and Offense

Low-Volatility Relative Factor Valuation Is the Lowest in More than 15 Years?*



Software Preferred vs. Semiconductors, and Healthcare Remains Attractively Priced

Relative-valuation percentiles†



Past performance does not guarantee future results.

*Calculated as a ratio of the MSCI USA Low Volatility Index P/E ratio relative to those of the MSCI USA Large and Mid Cap indices.

†Valuation percentiles for industries are cap-weighted average price-to-next-12-months earnings forecast relative to the benchmark and relative to their own history. The investable benchmark is the S&P 500.

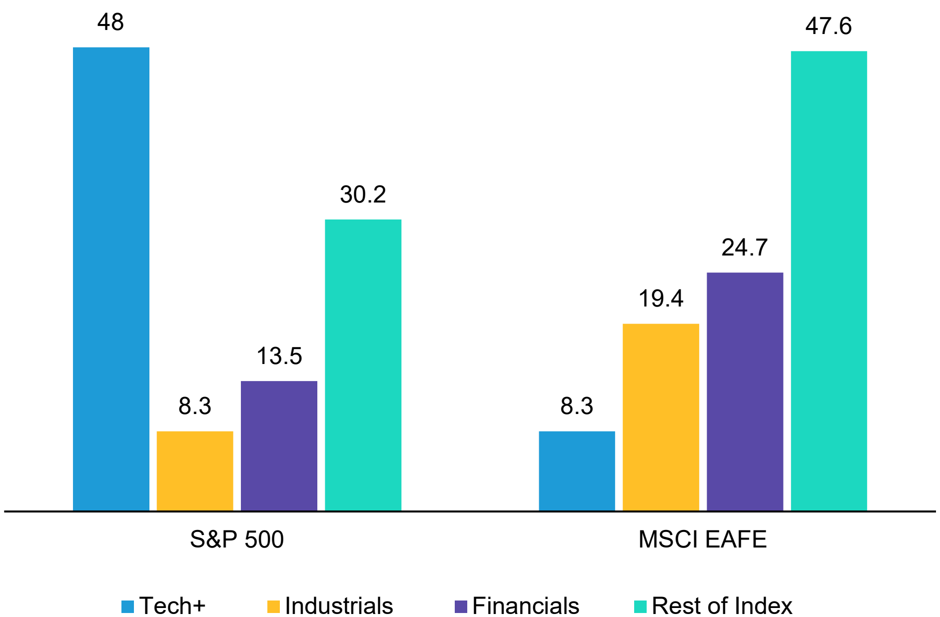
As of November 30, 2025. Source: Macrobond, MSCI, S&P and AB

The Surge of US Mega-Caps Has Led to a Highly Concentrated S&P 500

Non-US markets also offer leading companies, but in a less crowded house

Comparative Sector Weights: 2025

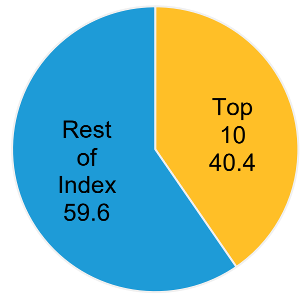
Percent



Comparative Index Weights

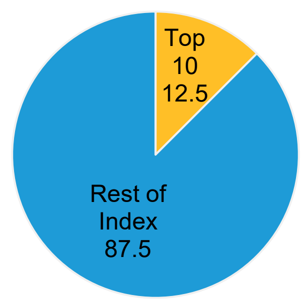
Percent

S&P 500



Company	
NVIDIA	8.0%
Microsoft	6.8%
Apple	6.6%
Alphabet Inc.	4.5%
Amazon	3.7%
Top Five	**29.6%**

MSCI EAFE



Company	
ASML	2.0%
SAP	1.4%
HSBC	1.3%
Novartis	1.2%
Nestlé	1.2%
Top Five	**7.1%**

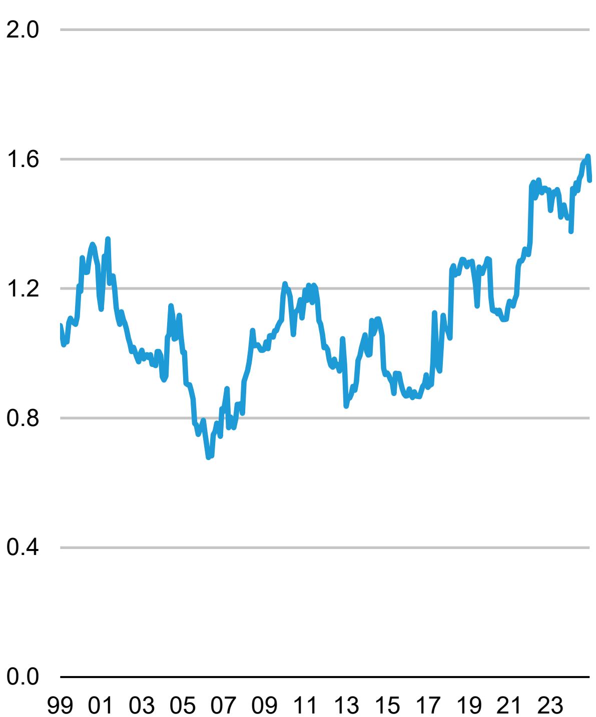
Past performance and current analysis do not guarantee future results.

As of September 30, 2025

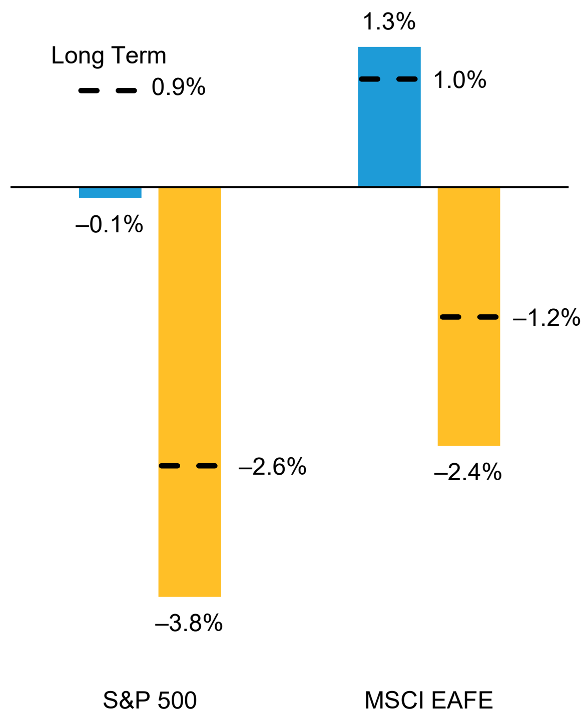
Source: FactSet, FTSE Russell, MSCI, S&P and AB

Many Dynamics Remain Positive for International Stocks

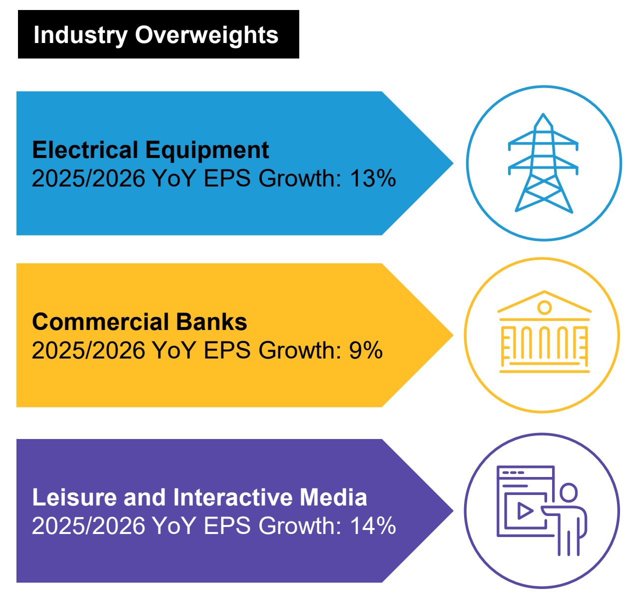
US Stocks Come with a Higher Beta...
Trailing 24 months volatility ratio
S&P 500/MSCI EAFE



…and This Has Been Evident During Earnings Season*



Favoring Long-Cycle Industrials, Banks with Strong Shareholder Yields and Differentiated Consumer Businesses



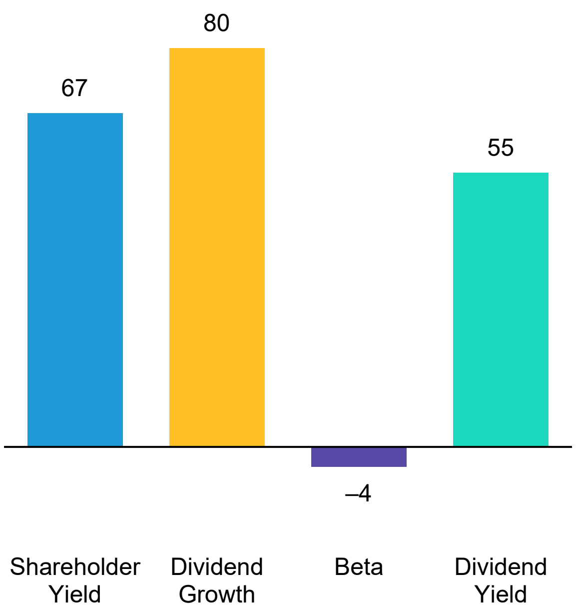
Past performance does not guarantee of future results.
EPS: earnings-per-share; YoY: year-over-year. Long term is a 20-year period from January 2005 through December 2024. *Beat and miss returns measure the relative return during a five-day period around an earnings report: two days before the report, the day of the report and two days after the report.
Left display as of August 31, 2025; middle display as of November 30, 2025; right display as of December 31, 2025
Source: FactSet, International Data Corporation, MSCI, S&P and AB

Sharing the Wealth Pays, Especially When the Fed Lowers Rates

Companies that thoughtfully return capital outpace more volatile ones over time, and the price is right

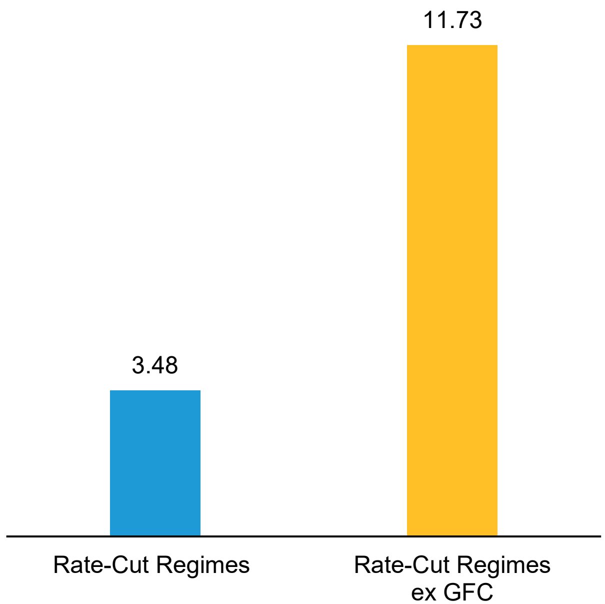
History Tells Us Beta's Staying Power Is Not Robust*

20-year cumulative returns (percent)



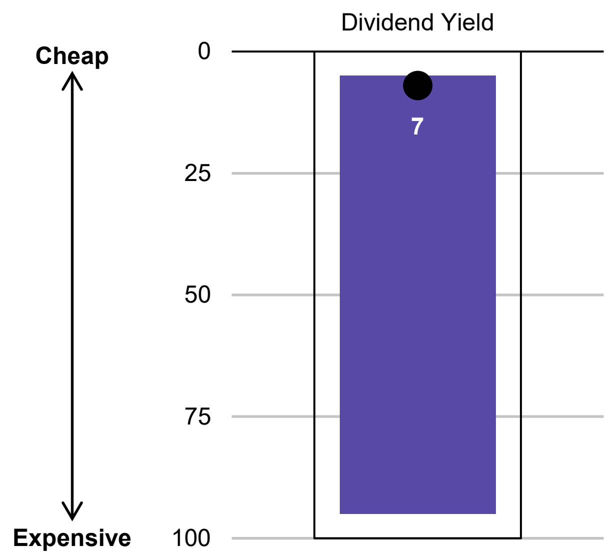
Dividend Stocks Have Delivered When the Fed Has Cut Rates†

Percent



Dividend Payers: An Inexpensive Space, and You Get Paid While You Wait‡

Percentile



Past performance does not guarantee future results.

GFC: global financial crisis. *Factor returns are calculated by the relative performance of the top-quintile cohort vs. the bottom-quintile cohort within the S&P 500. †Top tercile of dividend payers, cap-weighted, recalculated monthly returns vs. the S&P 500 over six distinct Fed cutting regimes, starting from 1998, where a regime is defined to be at least three months of consecutive rate cuts. ‡Percentile rankings are based on monthly valuations (i.e., relative price to earnings of first quarter for each factor vs. Russell 1000) from 1990. Dividend yield: last 12 months' dividends per share divided by current share price.

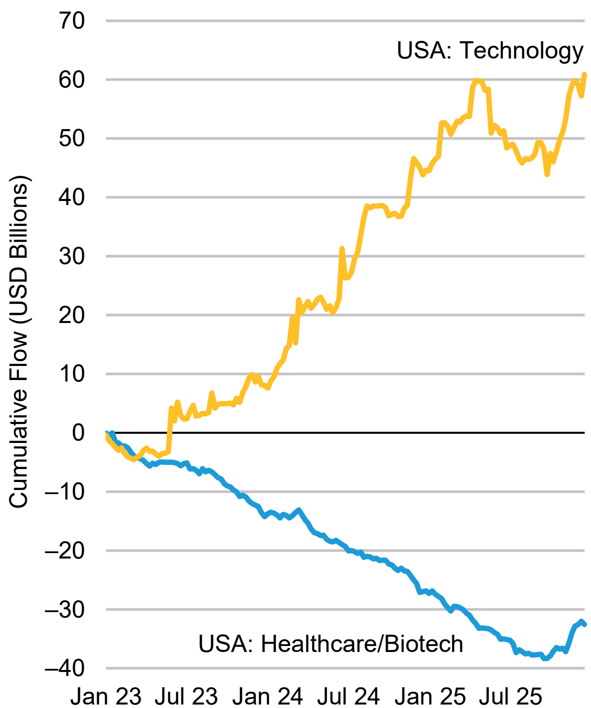
Left display as of December 31, 2025; middle display as of December 31, 2024; right display as of November 30, 2025

Source: Bloomberg, FTSE Russell, Piper Sandler, S&P, US Federal Reserve and AB

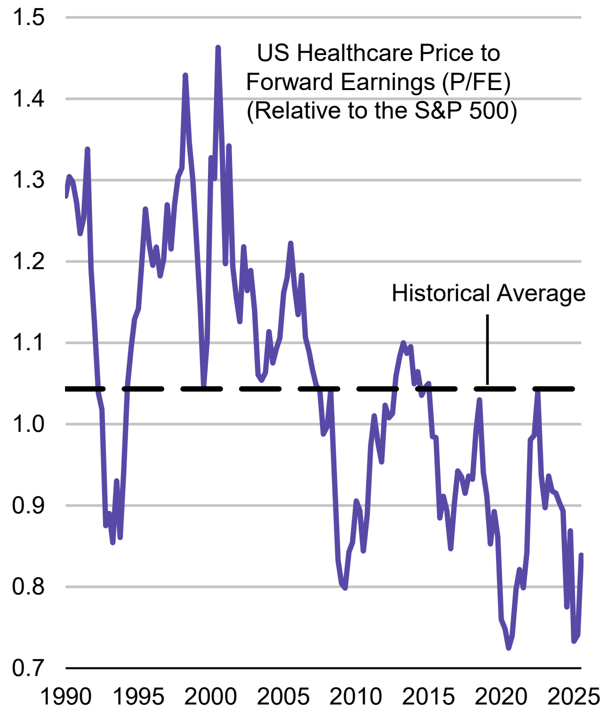
Healthcare Remains a Compelling Quality Growth Opportunity

An out-of-favor sector that has improved regulatory clarity and earnings support

Rampant Outflows from Healthcare vs. Technology Stocks Has Led to…

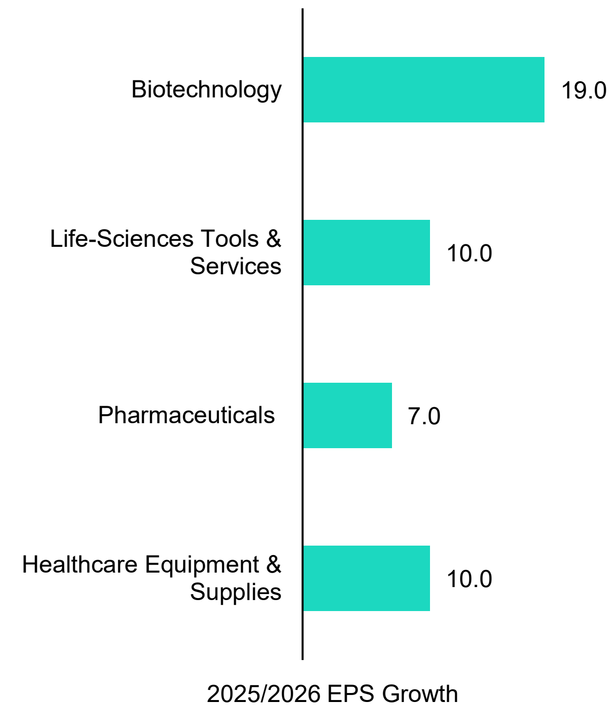


…Healthcare Stocks Trading at a Large Discount to the Broader Market



Favorable Earnings-Growth Rates for Healthcare Industries

Earnings-growth forecast (percent)



Historical analysis does not guarantee future results.

EPS: earnings-per-share

Left display as of December 17, 2025; middle and right displays as of December 31, 2025

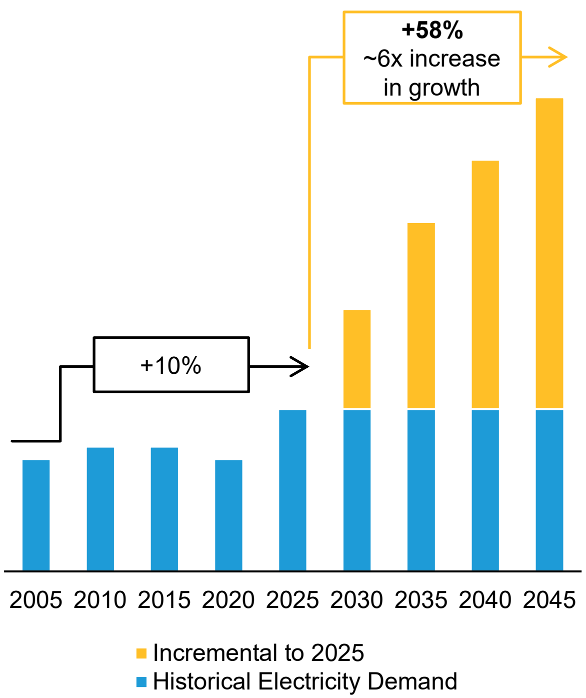
Source: Bloomberg, Emerging Portfolio Fund Research Global, FactSet and AB

Power Demand and Cybersecurity: Two Vital Needs in Today's World

Secular themes are driving demand growth across multiple industries

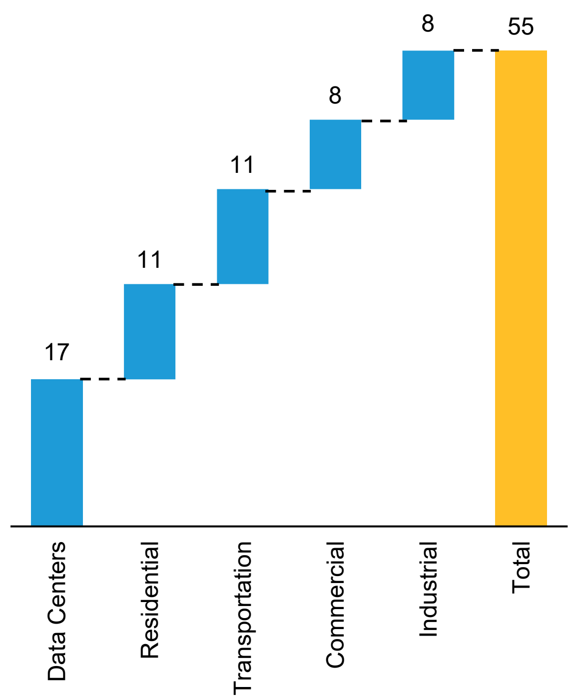
US Power Demand Is Expected to Grow ~58% over the Next Two Decades

US power demand, thousand TWh*



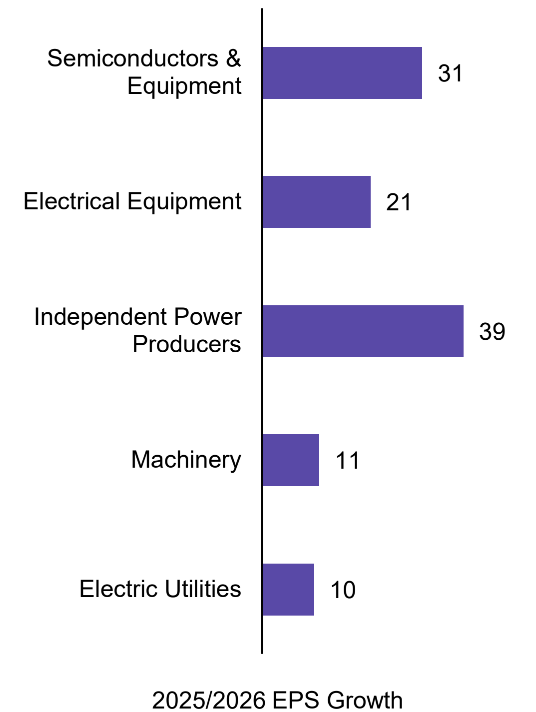
Incremental Power Demand Growth Is Not All About Data Centers

Percent



Favorable Earnings-Growth Rates for Power Electrification Industries

Earnings-growth forecast (percent)†



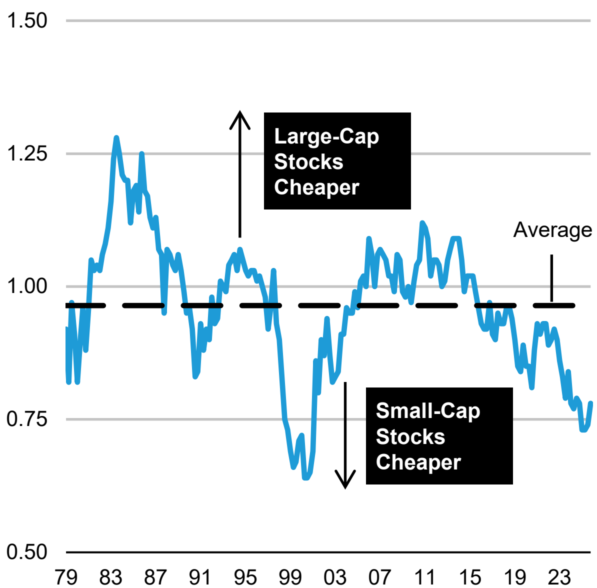
Current analysis does not guarantee future results.

EPS: earnings-per-share; TWh: terawatt hour. *McKinsey & Company, *Global Energy Perspective 2023*; US Energy Information Administration (EIA), *Annual Energy Outlook 2023*.
†Earnings-growth forecasts are based on consensus estimates.
Left and middle displays as of March 31, 2025; right display as of December 31, 2025
Source: Bank of America, Bloomberg, EIA, Electric Reliability Council of Texas, Goldman Sachs, McKinsey & Company and AB

The Case for Rebalancing into Small-Caps Is Gaining Traction

Attractive valuations are finally accompanied by consensus earnings support

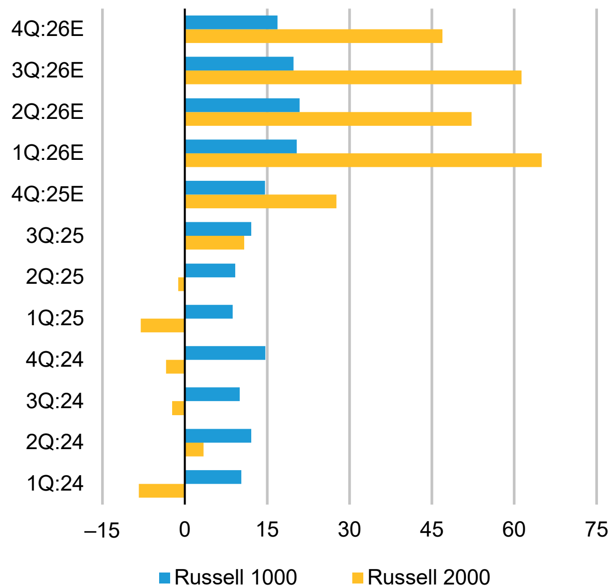
Relative Valuations Are at Modern-Day Lows



- Price/earnings ratio: Russell 2000 vs. S&P 500

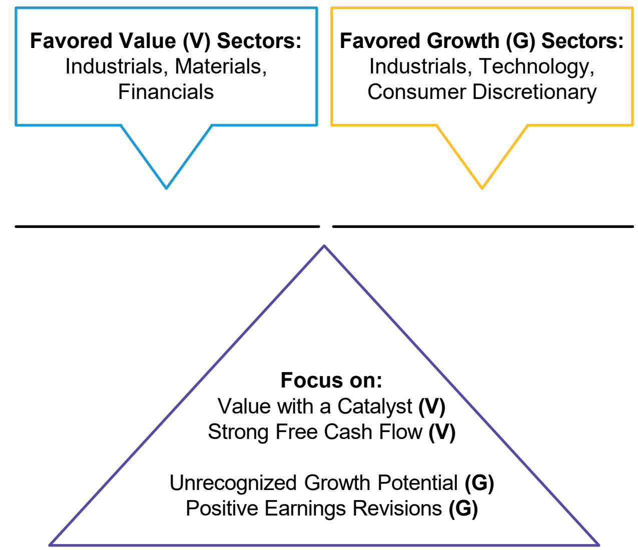
Small-Caps Projected to Have an Earnings Edge

Percent



- Quarterly EPS growth: Russell 2000 vs. Russell 1000

Small-Caps Projected to Have an Earnings Edge



- Stay selective: a focus on profitability in value and positive earnings revisions in growth

Past performance does not guarantee future results.

EPS: earnings-per-share

As of December 31, 2025

Source: FactSet, FTSE Russell, S&P, Strategas Research Partners and AB

1Q 2026 Equity Playbook

Current Market Backdrop

- The S&P 500 trades well above its long-term averages, and the top 10 biggest stocks remain a large portion of the index
- While not declaring the end of the tech run, concerns persist regarding select hyperscalers' massive capital spending
- Improved earnings outlooks across the cap spectrum led to other asset classes, such as small-cap stocks, participating in the upswing
- Higher-beta and momentum stocks fueled last year's gains, but we advise a focus on durable businesses with staying power

Key Areas of Conviction

- **Large-Cap Quality Core:** Optionality is key, as a fast-changing world and passive index concentration offers diverse opportunities to be active
    - Financials, industrials, communication services and healthcare
- **Value:** Attractive price points, an easing Fed and slow but positive economic growth argue for a gradual rotation into high cash-flow generators
    - Commercial aircraft manufacturing, select consumer businesses, agricultural productivity and healthcare spending beneficiaries
    - Sustainable dividend growers that could get a tailwind from expected Fed easing
- **Thematic:** Long-term trends offer many avenues to capitalize on them; the opportunity set intersects with traditional growth and value stocks
    - Robust power demand and related capital-spending beneficiaries
- **Low Volatility:** Higher-quality, lower-beta names are typically more resilient in market pullbacks, especially when speculation is out of favor
    - Healthcare, tech software and other select defensive industries
- **International:** Lower earnings volatility, expected additional dollar weakness and many stocks still trading at a discount
    - Electrical equipment, commercial banks, leisure and online media

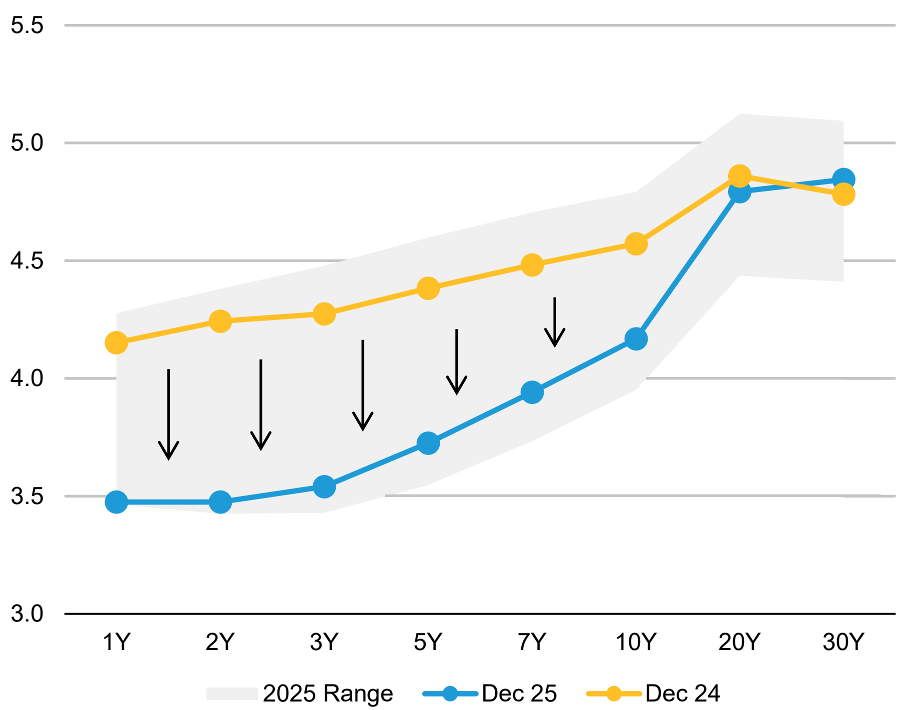
Other Thoughts

- Rebalance into small-cap equities—attractive valuations and long-awaited expected earnings traction may augment recent gains

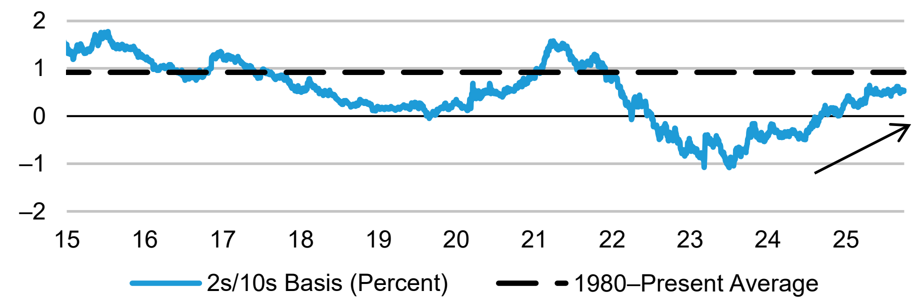
As of December 31, 2025
Source: AB

The Treasury Curve Steepened in 2025, Led by a Decline in Front-End Yields

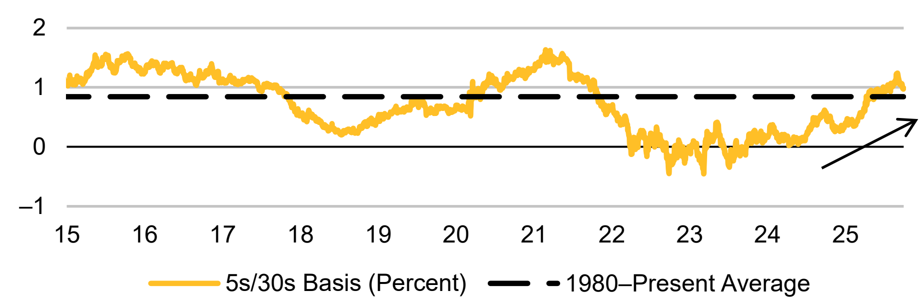
The Front End of the Curve Fell in 2025
Yield (percent)



The Yield Pickup Between 10-Year and Two-Year Treasuries Has Increased…
Basis (difference in yield)



…as Has the Yield Pickup Between the 30-Year and Five-Year
Basis (difference in yield)

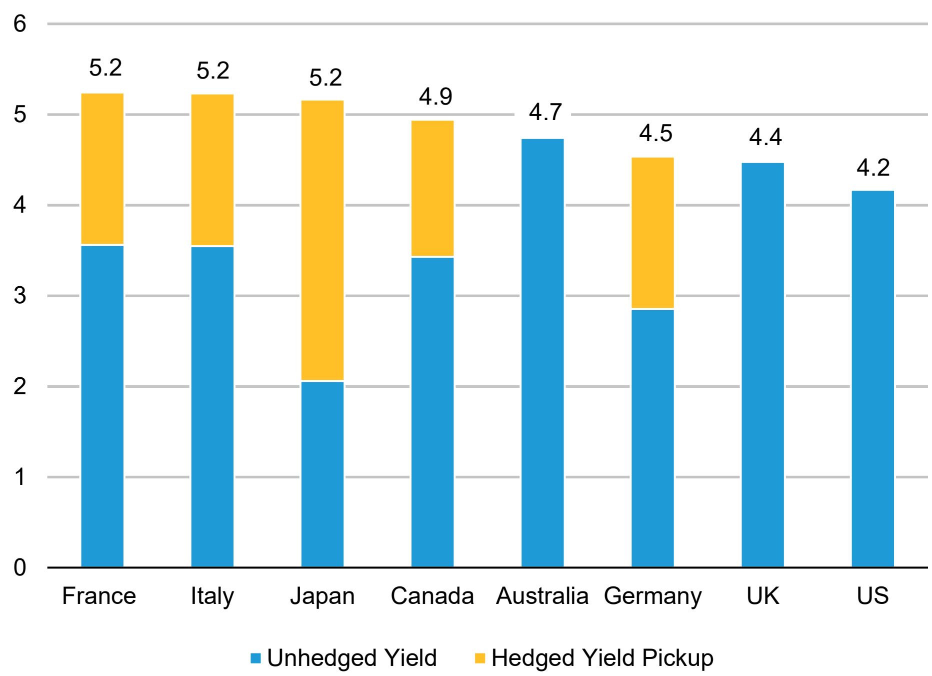


Historical analysis does not guarantee future results.
As of December 31, 2025
Source: Bloomberg and AB

Navigating Global Rates

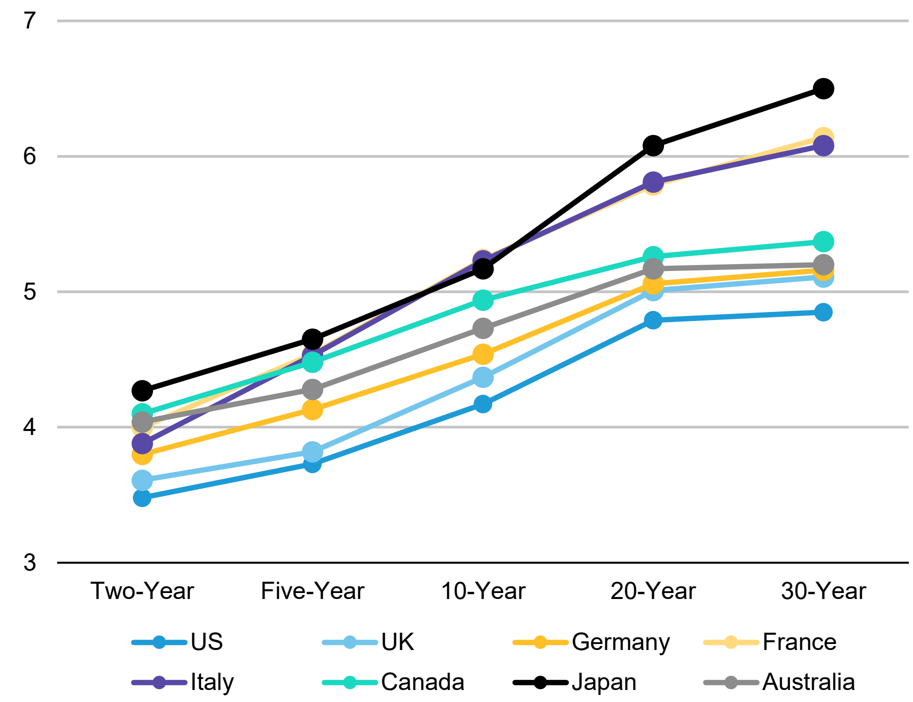
US Treasury Yields Look Low Compared to Attractive USD-Hedged Global Yields

Percent



Major Developed-Market Yield Curves, Hedged

Percent



Past performance does not guarantee future results.

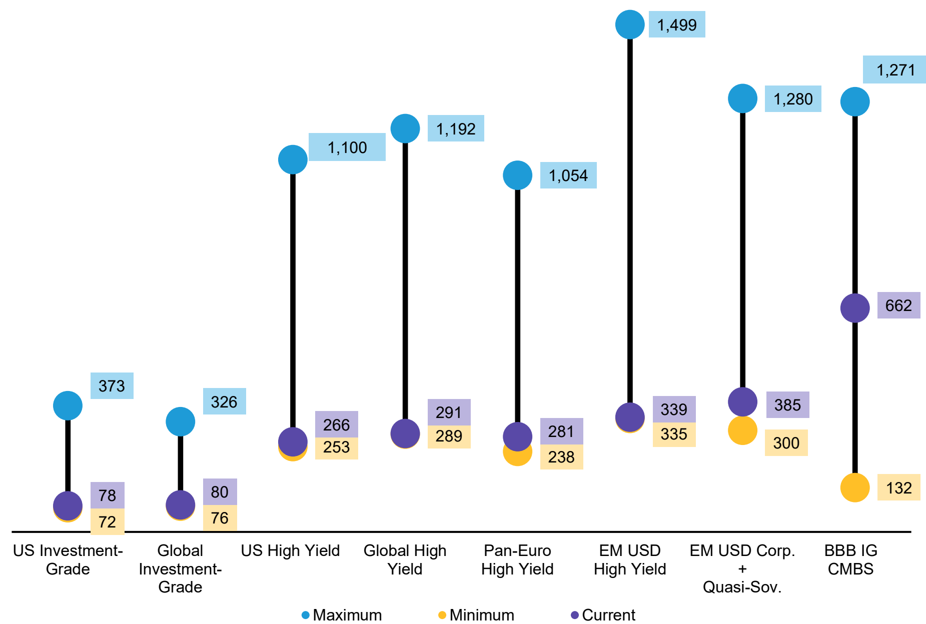
Hedged yields are hedged to US dollars. Left display shows 10-year maturities.

As of December 31, 2025

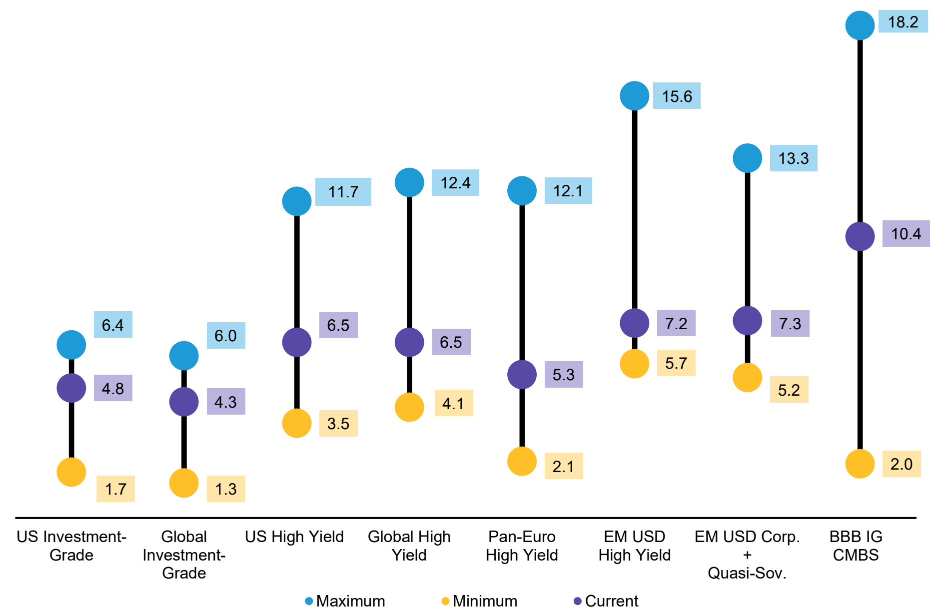
Source: Bloomberg and AB

Spreads Are at Relatively Tight Levels, but Yields Are Still Attractive

Spread Ranges
January 2010–December 2025



Yield Ranges
January 2010–December 2025

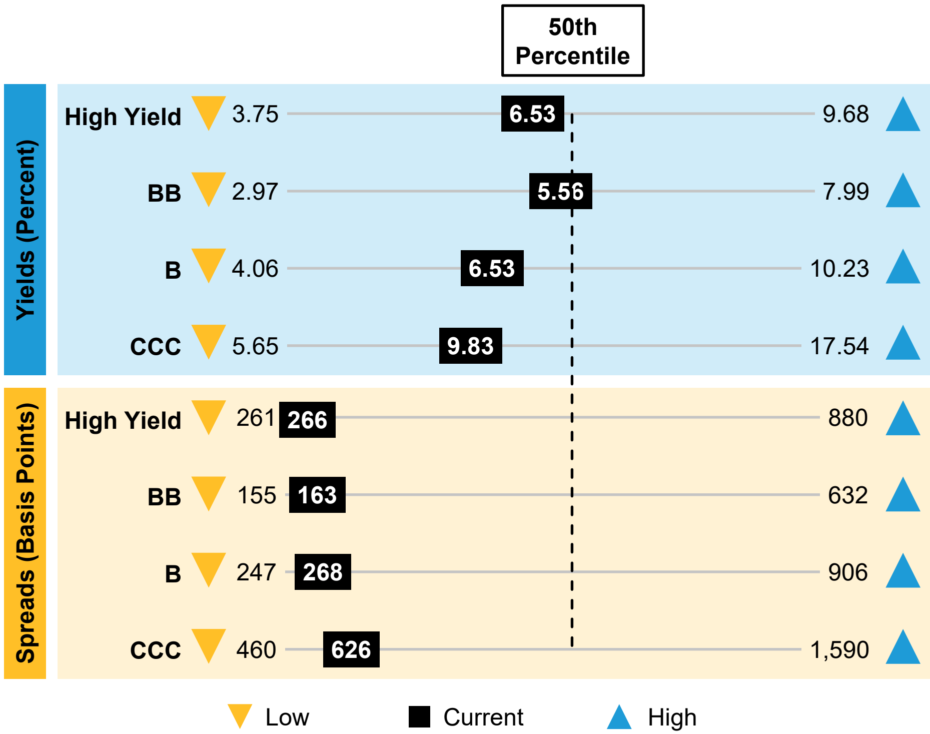


Past performance does not guarantee future results.
CMBS: commercial mortgage-backed securities; EM: emerging-market; IG: investment-grade; quasi-sov.: quasi-sovereign; USD: US dollar. Historical information is provided for illustrative purposes only. US investment-grade is represented by Bloomberg US Agg Corporate; global investment-grade by Bloomberg Global Agg Corporate; US high yield by Bloomberg US High Yield Corporate; global high yield by Bloomberg Global High Yield Corporate; Pan-Euro high yield by Bloomberg Pan-European High Yield; EM USD high yield by Bloomberg EM USD Sovereign High Yield; EM USD corp. + quasi-sov. by Bloomberg EM USD Corp + Quasi-Sovereign High Yield; BBB IG CMBS by Bloomberg CMBS IG BBB.
As of December 31, 2025
Source: Bloomberg and AB

US High Yield: Current High-Yield Valuations May Lead to Attractive Future Returns

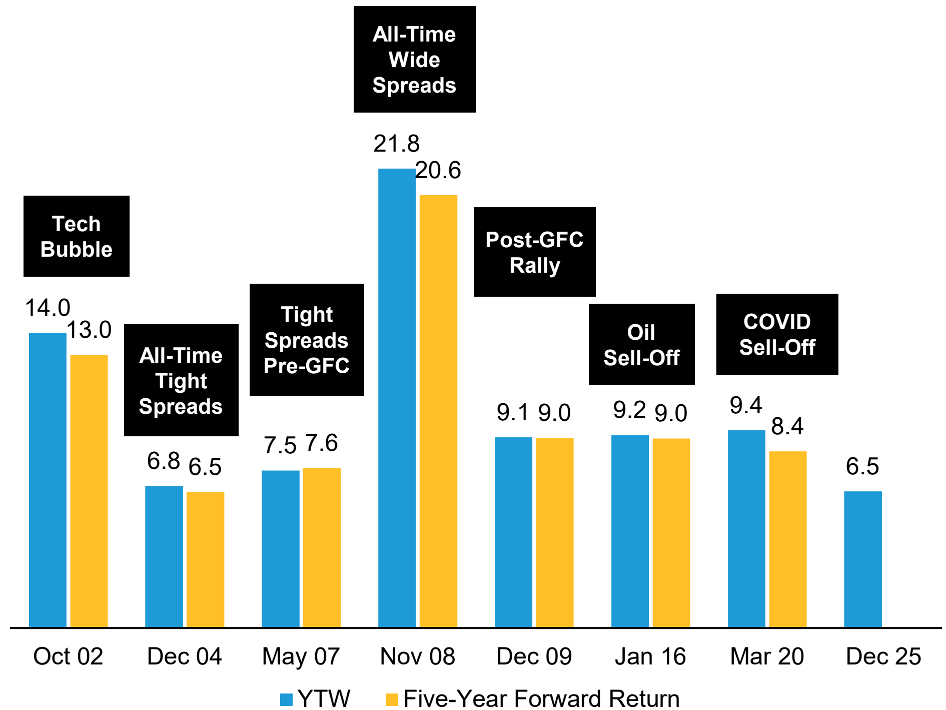
Spreads Are Tight but Yields Are Attractive

Yields near long-term average levels



Yield to Worst Has Historically Been a Strong Predictor of Future Returns

Yield to worst and five-year forward annualized returns (percent)



Past performance and historical analysis do not guarantee future results.

GFC: global financial crisis; YTW: yield to worst

Both displays are represented by the Bloomberg US Corporate High Yield.

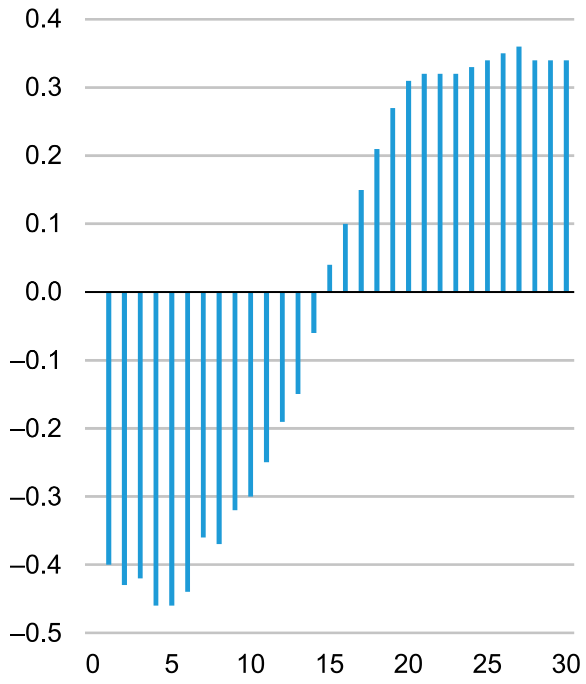
Data from January 2016 to December 2025

As of December 31, 2025. Source: Bloomberg and AB

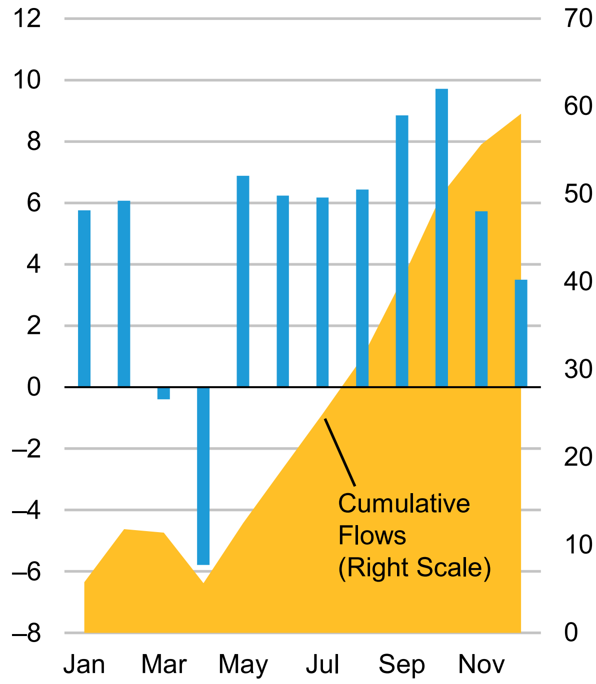
2025 Was Marked by Record New Issue Supply and a Twisting Yield Curve

Muni returns were back-loaded as tax policy concerns abated and technicals improved

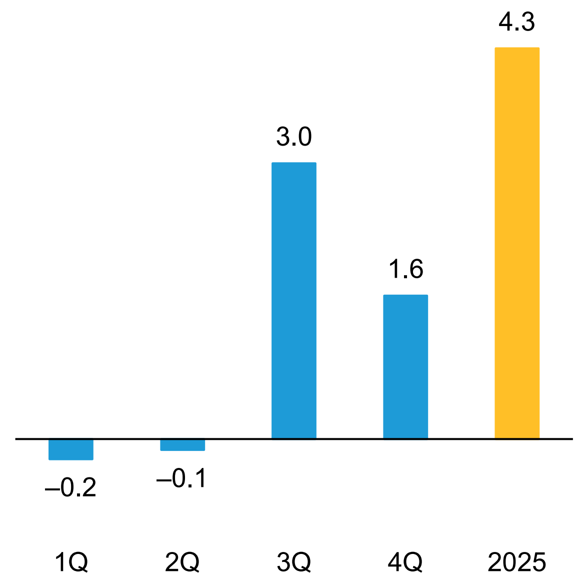
2025 AAA Yield Change by Tenor
Percent



Muni Mutual Fund and ETF Flows Supported 2025 Market Performance
USD billions



Bloomberg Municipal Index Returns
Percent

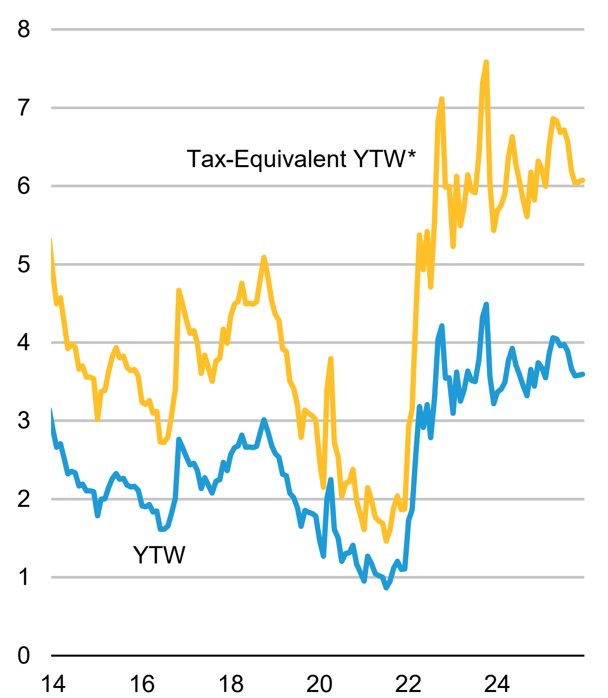


Past performance does not guarantee future results.
ETF: exchange-traded fund
As of December 31, 2025
Source: Bloomberg, Morningstar, Municipal Market Data and AB

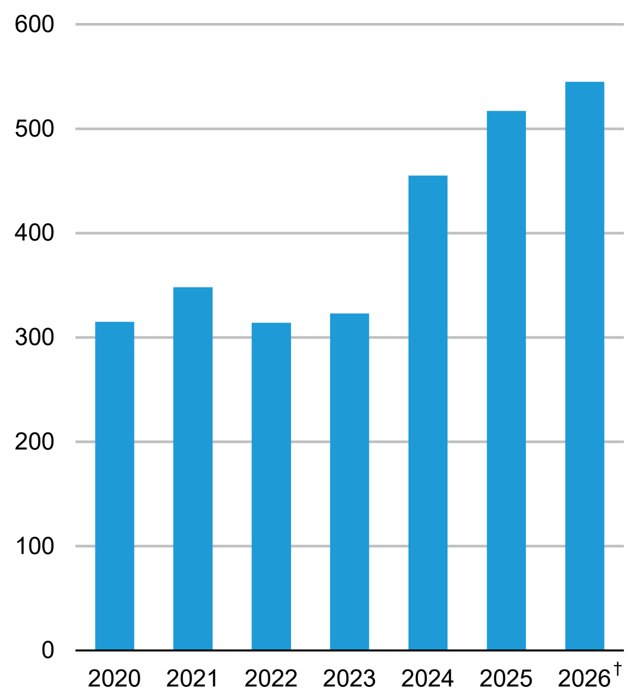
2026 Outlook: The Good, the Bad and the Opportunities

Yields remain high and the curve is steep, but heavy new issue supply could inject periodic volatility

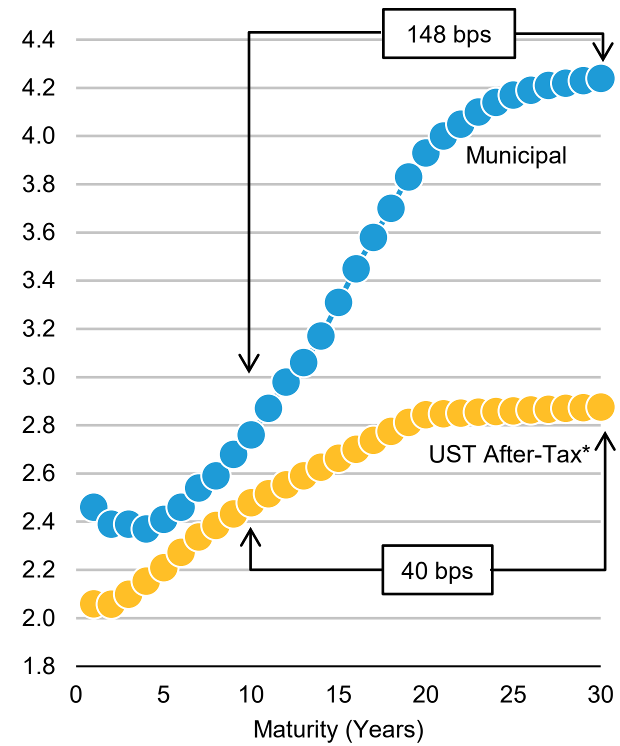
Bloomberg Municipal Index Yield to Worst (Percent)



2026 Tax-Exempt Supply Expectations
USD billions



Municipal Yield Curve Offers More Slope vs. US Treasuries (Percent)



Current analysis and forecasts do not guarantee future results.

bps: basis points; UST: US Treasury; YTW: yield to worst. *Tax rate assumptions using a 40.8% tax rate. †Forecast

As of December 31, 2025

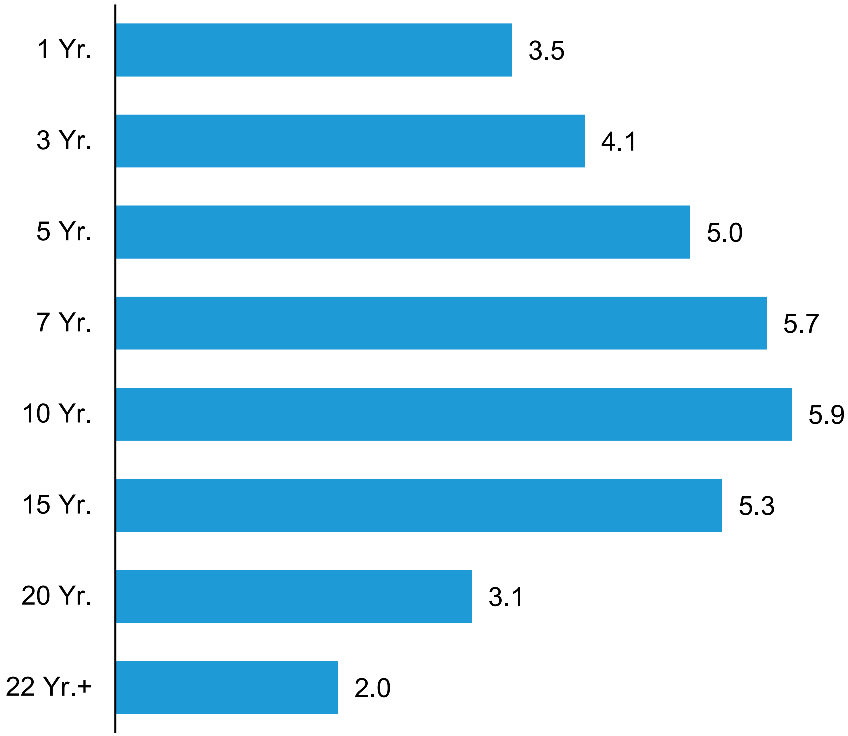
Source: Bloomberg, J.P. Morgan, Municipal Market Data and AB

Long Maturities Lagged in 2025

Curve positioning is crucial: a barbelled maturity structure helps maximize income and total return potential

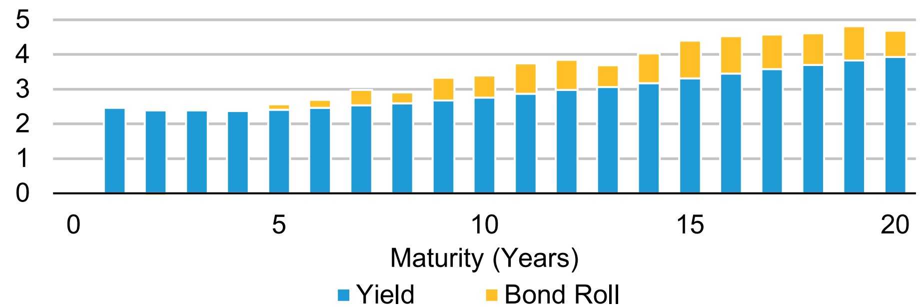
2025 Muni Returns by Maturity

Percent



Yield + Roll Is Maximized in the 15–20-Year Part of the Curve

AAA municipal yield curve (percent)



The Short and Long Ends of the Curve Look Most Attractive

Muni/Treasury after-tax spreads* (basis points)

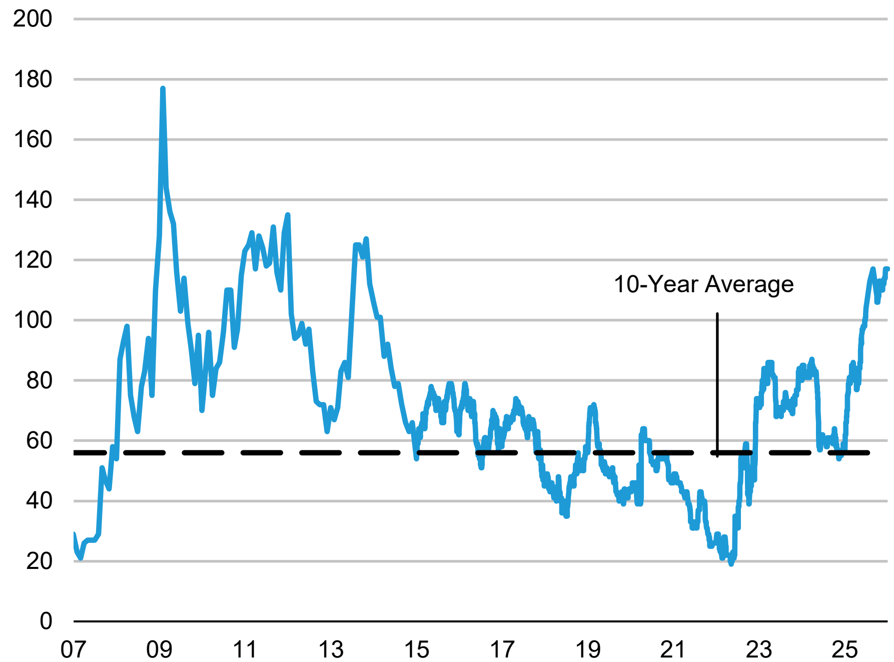
Maturity	Dec 31, 2025	Five-Year Average
2 Yr.	**33**	17
5 Yr.	**21**	20
10 Yr.	**32**	42
15 Yr.	**62**	66
20 Yr.	**110**	77
30 Yr.	**138**	99

Past performance does not guarantee future results. There is no guarantee any investment objective will be achieved. An investor cannot invest in an index. Index figures do not reflect the deduction of management fees and other expenses an investor would incur when investing in a fund or separately managed portfolio. *Tax rate assumptions using a 40.8% tax rate. No representation is being made that any account will or is likely to achieve returns or a volatility profile similar to those being shown. As of December 31, 2025. Source: Bloomberg, Municipal Market Data and AB

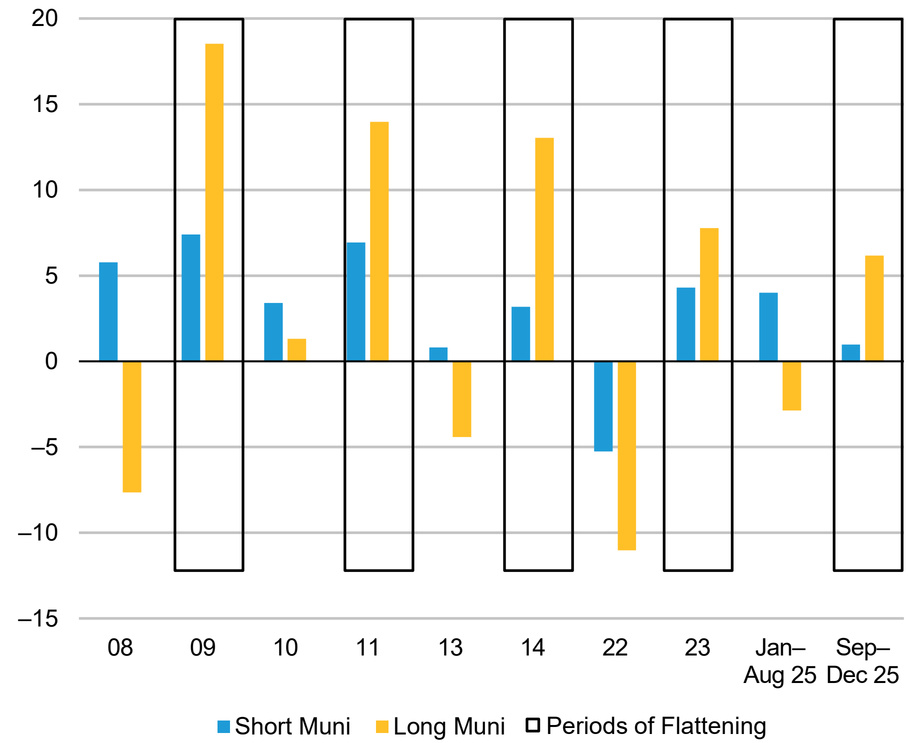
Historically, Steepening Shifts Are Followed by Curve-Flattening Periods

When the curve flattens, long bonds have historically outperformed

10s/20s Municipal Yield-Curve Slope
Basis points



Short vs. Long Bond Muni Performance in Steepening and Flattening Environments (Percent)

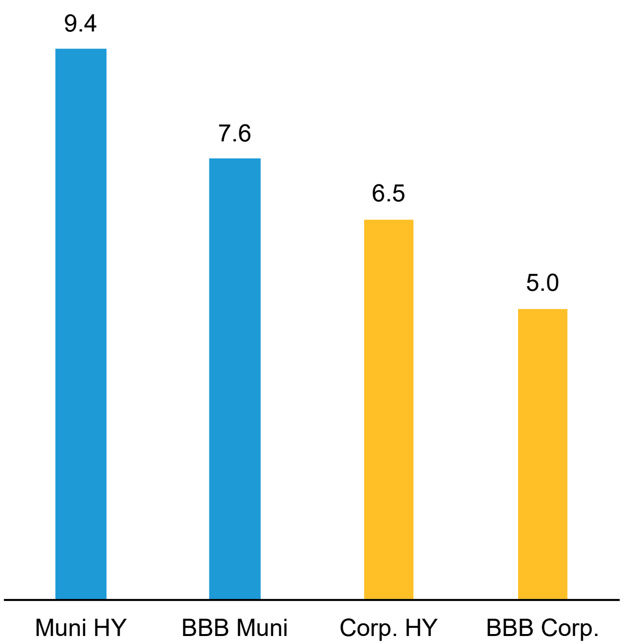


Past performance does not guarantee future results. There is no guarantee any investment objective will be achieved.
Short muni returns are represented by the Bloomberg 5 Year Municipal Bond. Long muni returns are represented by the Bloomberg 20 Year Municipal Bond.
As of December 31, 2025
Source: Bloomberg, Municipal Market Data and AB

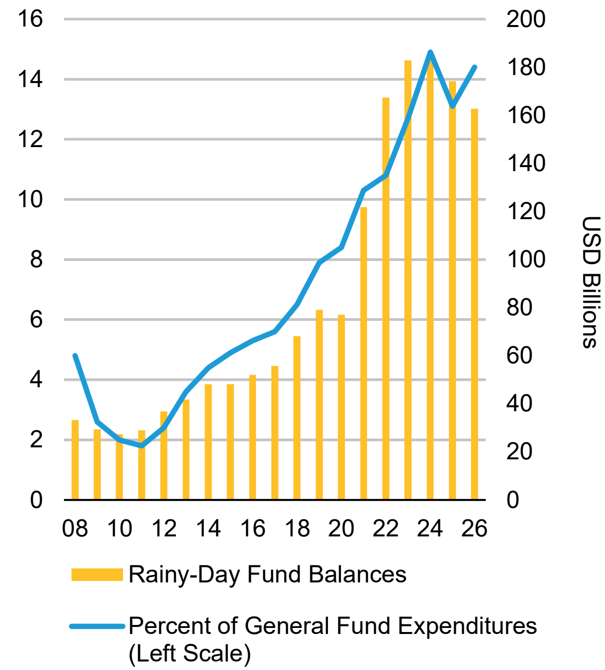
Muni Credit Remains the Best Yield Opportunity for High-Tax Investors

While credit boasts supportive fundamentals and compelling yields, selectivity is crucial

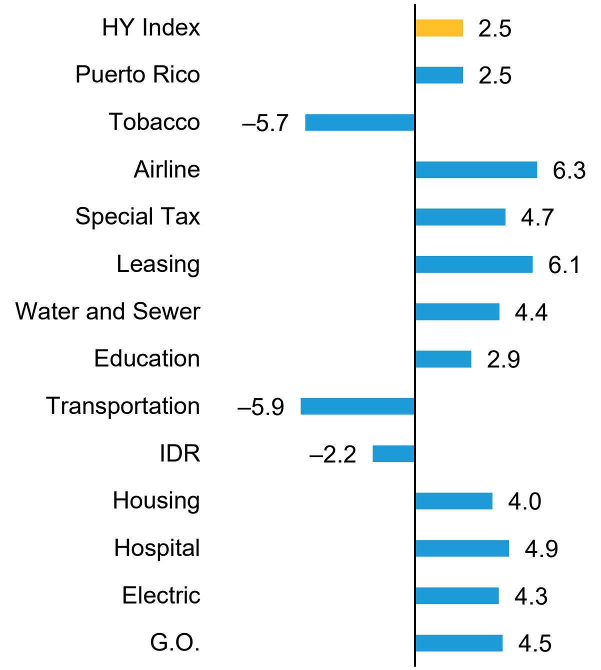
Tax-Equivalent Yield Analysis*
Percent



State Rainy-Day Fund Balances



Significant Sector Dispersion in 2025
YTD return by HY sector (percent)



Current analysis does not guarantee future results. There is no guarantee any investment objective will be achieved.

IDR: industrial development revenue; G.O.: general obligation; HY: high yield; YTD: year-to-date

*Tax rate assumptions using a 40.8% tax rate

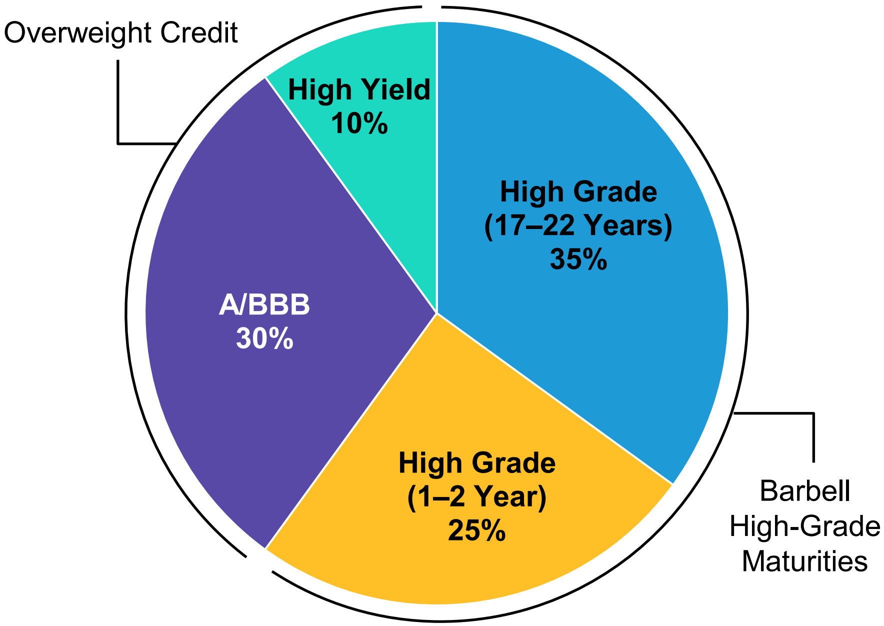
As of December 31, 2025

Source: Bloomberg, National Association of State Budget Officers and AB

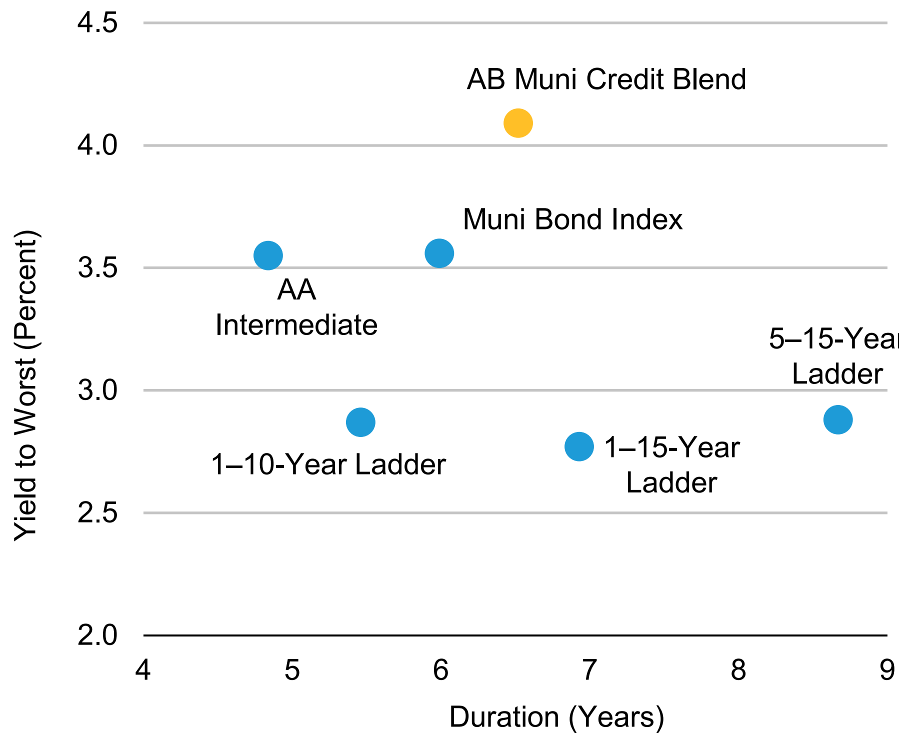
Portfolio Construction for Today's Environment

Overweight municipal credit, overweight duration via a barbelled maturity structure

AB Municipal Credit Blend



Active Better Positioned than Passive



Current analysis does not guarantee future results. An investor cannot invest in an index. Index figures do not reflect the deduction of management fees and other expenses an investor would incur when investing in a fund or separately managed portfolio.

AB Muni Credit Blend is a blend of Bloomberg muni indices: 60% high grade, 30% A/BBB and 10% high yield.

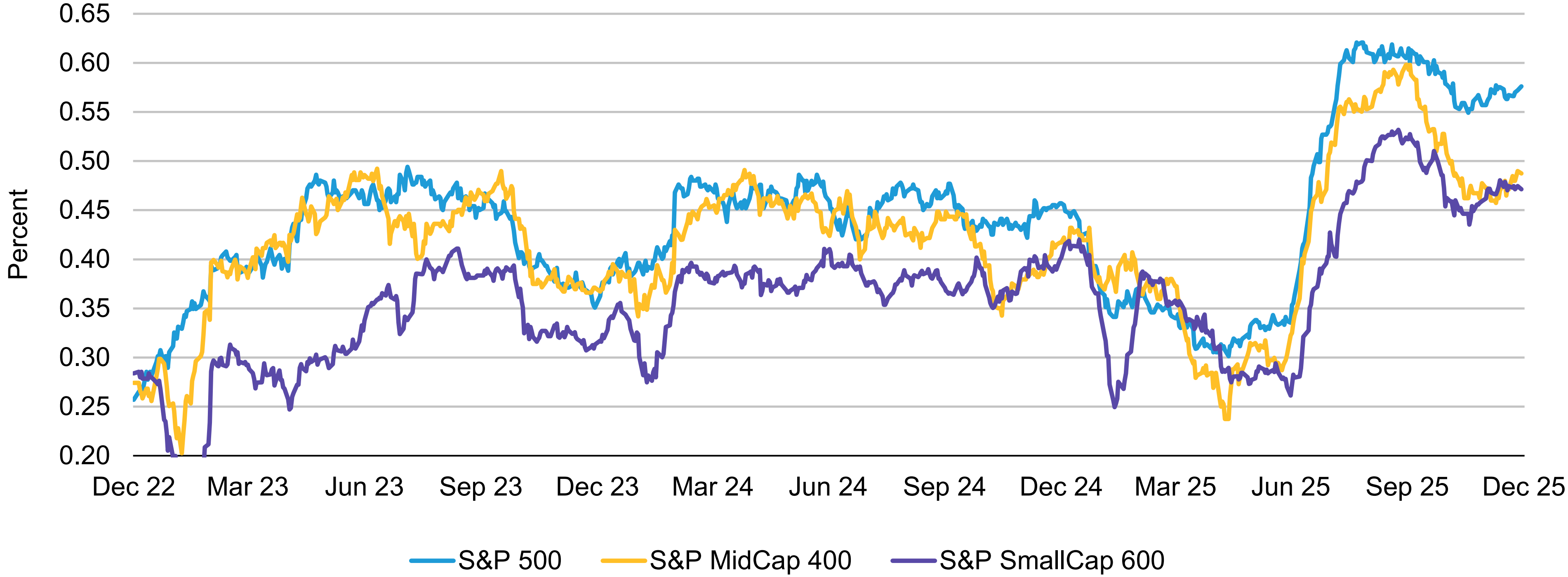
As of December 31, 2025

Source: Bloomberg and AB

Appendix

Forward Revisions Breadth Is the Highest It's Been in Three Years

Forward Revisions Breadth

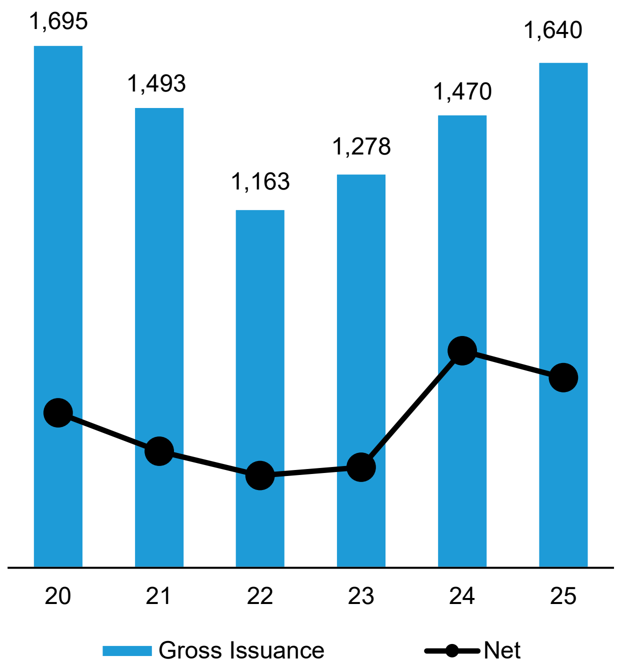


Past performance does not guarantee future results. Analysis is provided for illustrative purposes only and is subject to revision.
Earnings revisions breadth is calculated as the number of positive revisions minus the number of negative revisions divided by the total estimates.
Through December 31, 2025
Source: FactSet, S&P and AB

Investment-Grade Corporates Can Help Diversify Investors' Credit Allocations

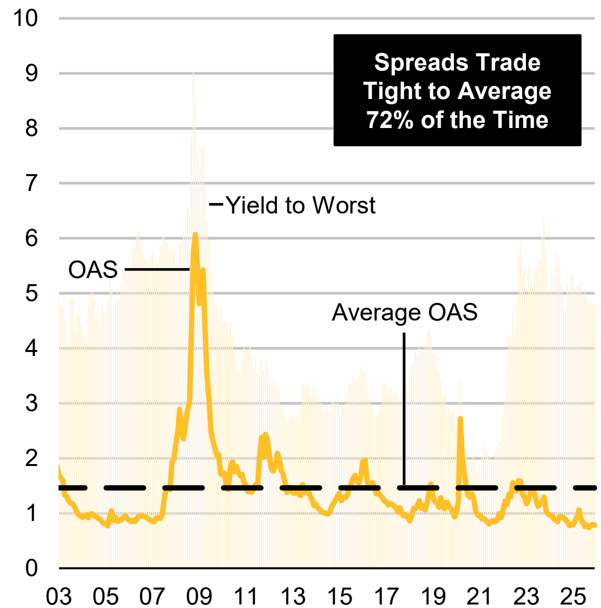
Net Supply Remains Manageable in the Face of Strong Issuance

US IG supply (billions)



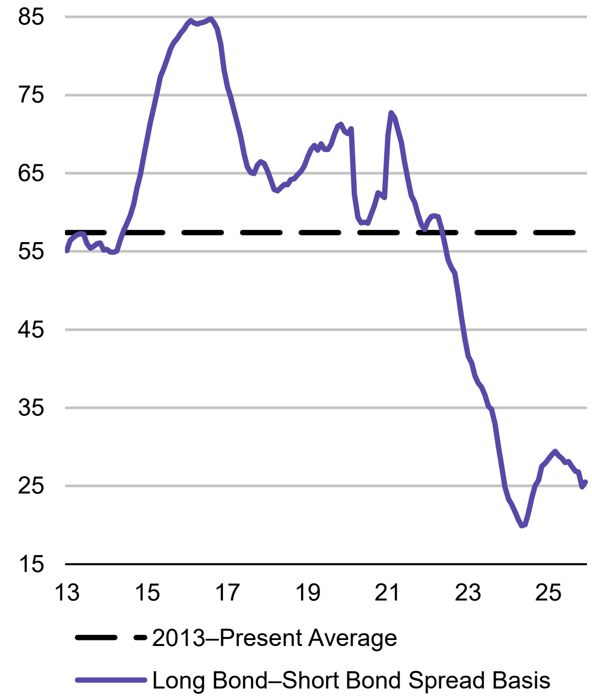
Yields Are Compelling, While Spreads Are Still Tight

Percent



Long-End Bonds Are Offering Historically Low-Spread Pickup

OAS (basis points)



Historical and current analyses do not guarantee future results.

IG: investment-grade; OAS: option-adjusted spread

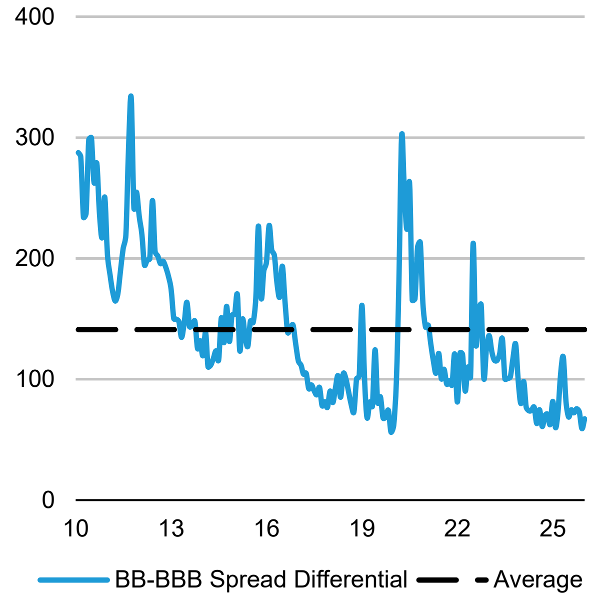
Middle display average since January 1, 2003; right display index represented by Bloomberg US Corporate

Through December 31, 2025

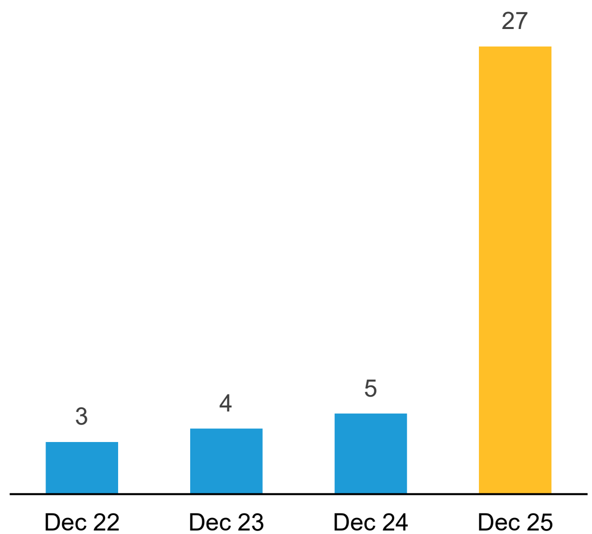
Source: Bloomberg, J.P. Morgan and AB

Investors Can Move Up in Quality from BBs to BBBs Without Giving Up Much (or Any) Yield

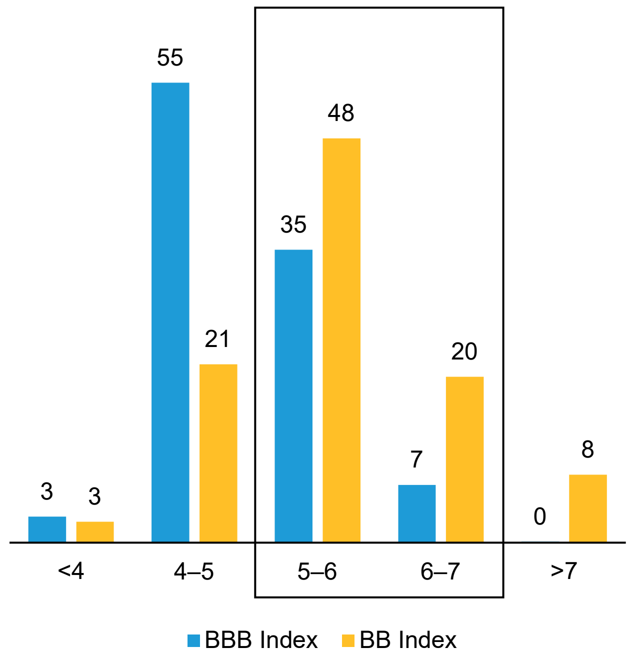
The BB–BBB Spread Ratio Is Trading at Tight Levels…
Spread (basis points)



…Dramatically Increasing the Share of BBB Bonds that Yield More than the BB Market
Percent of BBB cohort with YTW above BB cohort



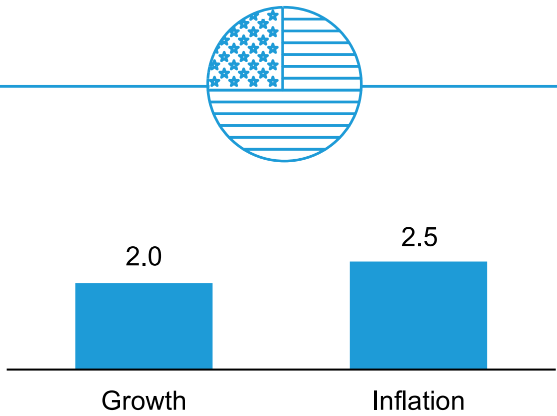
42% of the BBB Market Offers Yields Similar to BBs
Yield-to-worst buckets (percent)



Past performance does not guarantee future results.
YTW: yield to worst. Bonds are rated by a nationally recognized statistical rating organization; AAA is highest (best) and D is lowest (worst). BBB bonds are represented by the BBB cohort bonds in the Bloomberg US Credit Corp. BB bonds are represented by the BB cohort bonds in the Bloomberg US High Yield Corporate.
Middle display: percent of BBB portion of investment-grade market trading with a yield above the BB index yield at that point
As of December 31, 2025
Source: Bloomberg and AB

Tariffs Have a Different Impact on the US than on Europe

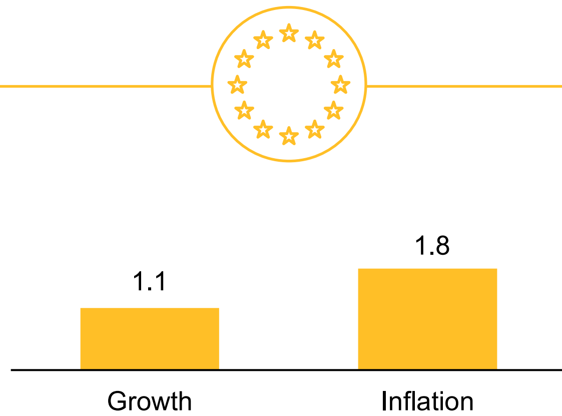
US Outlook: Growth Uncertainty and Inflationary Trends
2026 forecast (percent)



Growth:
Reduced policy uncertainty, AI adoption and easier monetary policy could support expansion

Inflation:
Potential transitory inflationary impact

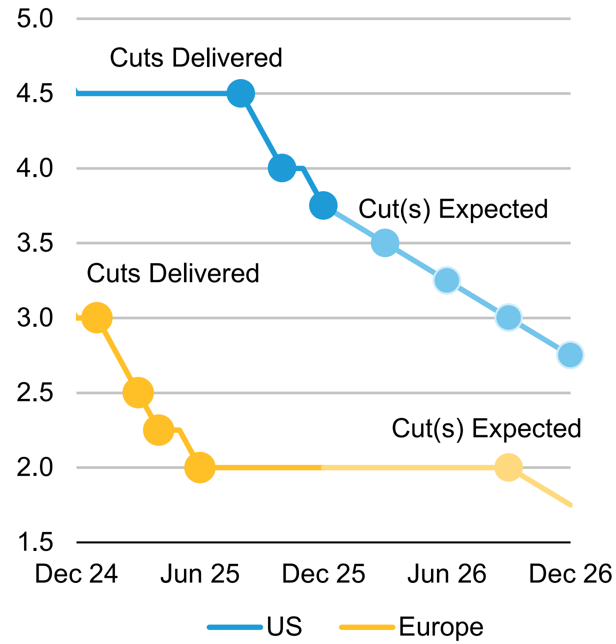
EU Outlook: Export-Demand Weakness and Disinflationary Trends
2026 forecast (percent)



Growth:
Reduced export demand likely to weigh on growth; Germany's fiscal package likely to support growth in 2026 and beyond

Inflation:
Potential disinflationary impact

The ECB May Have Room to Cut Again
Fed and ECB policy rates (percent)



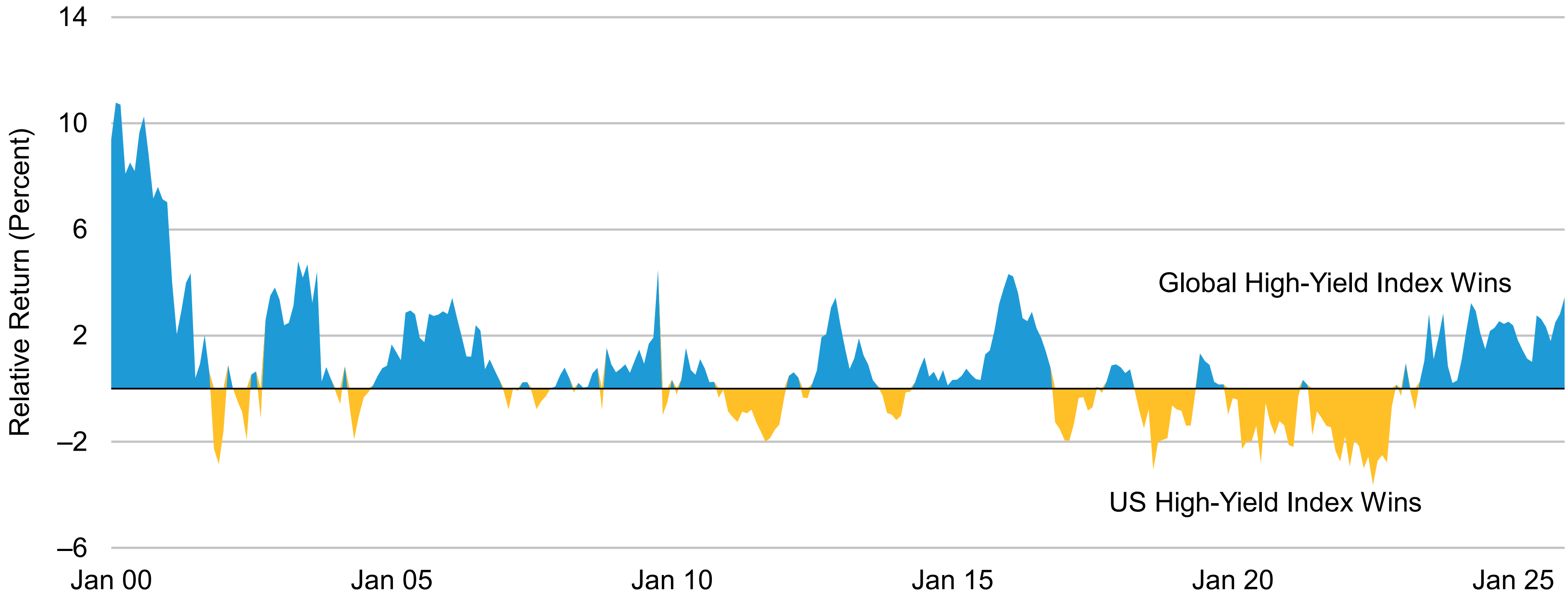
Current analysis does not guarantee future results. There is no guarantee that any estimates or forecasts will be realized.
Growth forecasts are year-over-year calendar averages.
As of December 31, 2025
Source: AB

Globalizing Your Exposure Could Generate Additional Alpha

Global high yield historically outperforms US high yield ~65% of the time

Global Is Back in Favor After Lagging US High Yield in Recent Years

Trailing 12-month relative return



Past performance and current analysis do not guarantee future results.

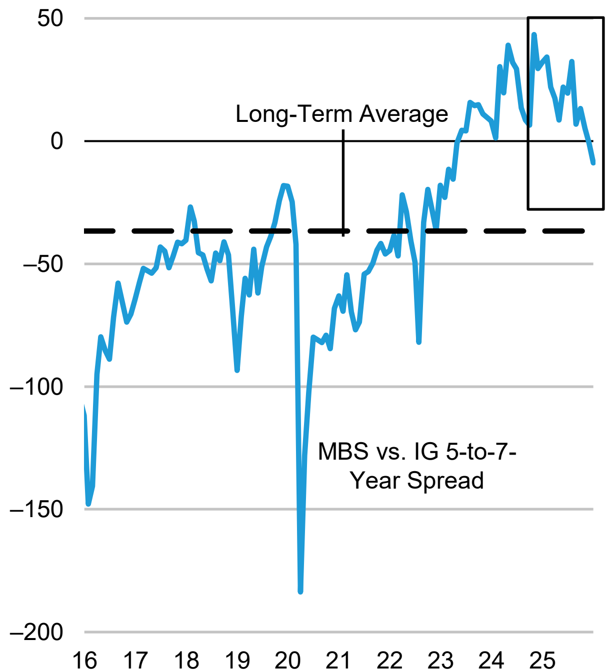
Global high-yield index USD hedged is represented by the Bloomberg Global High Yield USD Hedged; US high-yield index is represented by the Bloomberg US Corporate High Yield. Relative return represents rolling 12-month outperformance of global high-yield and US high-yield indices.

January 31, 2000, through December 31, 2025

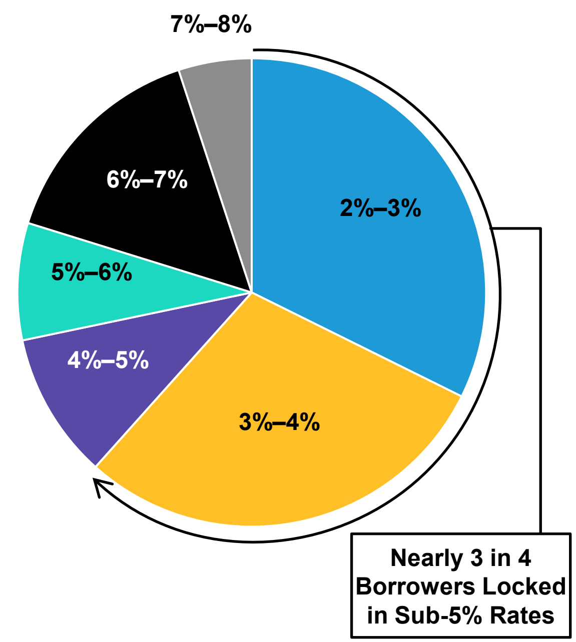
Source: Bloomberg and AB

We Believe Agency MBS Deserve a Place in Today's Asset Allocation

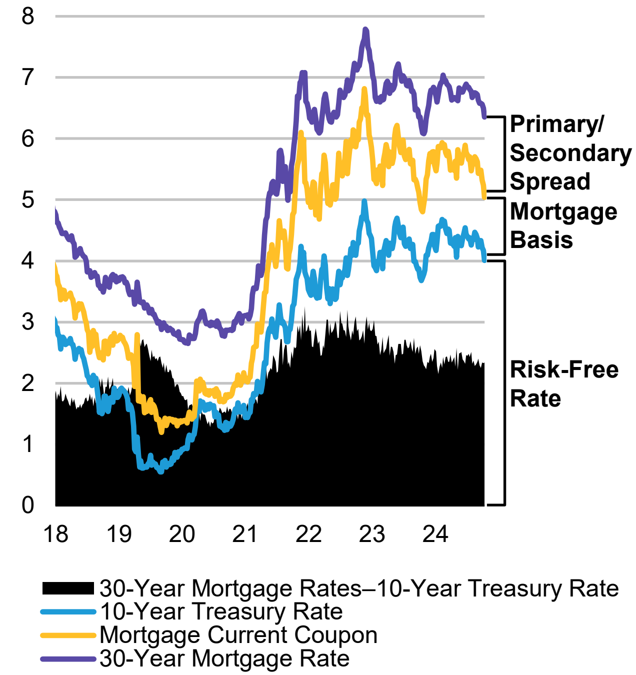
Despite Recent Outperformance, Agency MBS Spreads Look Attractive vs. IG Corporates (Spread Difference, bps)



We Don't Expect a Wave of Refinancing Despite the Fed's Cutting Cycle
MBS universe by mortgage rate



A Significant Decline in Mortgage Rates Is Unlikely
Percent



Past performance does not guarantee future results. There is no guarantee that any estimates or forecasts will be realized.

bps: basis points; IG: investment-grade; MBS: mortgage-backed securities

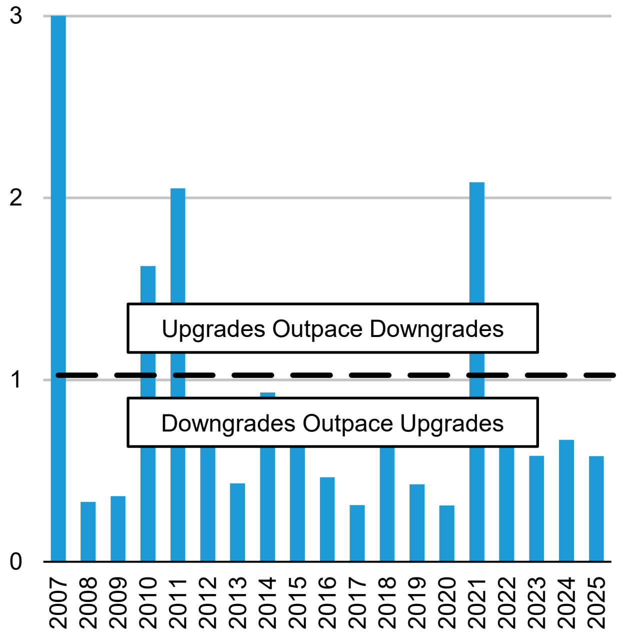
Agency MBS spread is represented by J.P. Morgan 30-Year Current Coupon Zero-Volatility spread; IG spread by JULI All Main Sectors ALL 5–7 Portfolio spread (Treasury)

Left display from January 1, 2016, to December 31, 2025; middle display as of July 1, 2025; right display as of September 11, 2025

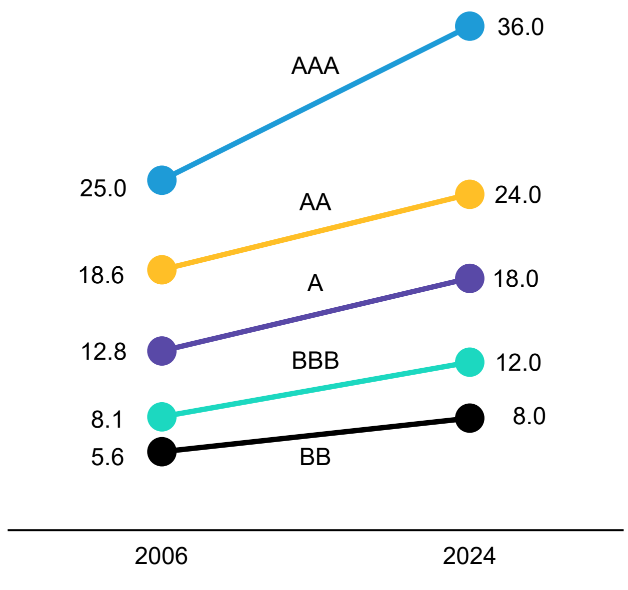
Source: Bloomberg, J.P. Morgan and AB

While Cautious on Underlying Loans, CLOs Offer a Resilient Structure with an Attractive Spread Pickup over Corporates

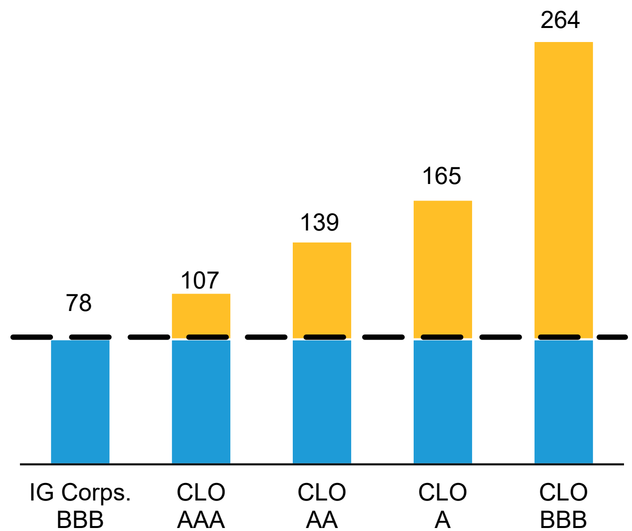
Loan Market Quality Is Declining
Ratings upgrade/downgrade ratio by amount outstanding



Newly Issued CLOs Have Stronger Credit Enhancements than Pre-GFC
Credit enhancement levels* (percent)



CLOs Offer a Compelling Spread Pickup over BBB Corporate Bonds
Spreads (basis points)



Past performance does not guarantee future results.
CLO: collateralized loan obligation; GFC: global financial crisis; IG: investment-grade
Bonds are rated by a nationally recognized statistical rating organization; AAA is highest (best) and D is lowest (worst). Ratings are subject to change. Investment-grade securities are those rated BBB and above.
*Credit enhancement levels are for broadly syndicated loan CLOs.
As of December 31, 2025
Source: Bloomberg, J.P. Morgan, KANERAI, Wells Fargo and AB

Disclosures and Important Information

Hypothetical, back-tested or simulated performance has many inherent limitations, only some of which are described herein. The hypothetical performance shown herein has been constructed with the benefit of hindsight and does not reflect the impact that certain economic and market factors might have had on the decision-making process. No hypothetical, back-tested or simulated performance can completely account for the impact of financial risk in actual performance. Therefore, it will invariably show better rates of return. The hypothetical performance results herein may not be realized in the actual management of accounts. No representation or warranty is made as to the reasonableness of the assumptions made or that all assumptions used in constructing the hypothetical returns have been stated or fully considered. Assumption changes may have a material impact on the returns presented. This material is not representative of any particular client's experience. Investors should not assume that they will have an investment experience similar to the hypothetical, back-tested or simulated performance shown. There are frequently material differences between hypothetical, back-tested or simulated performance results and actual results subsequently achieved by any investment strategy. Prospective investors are encouraged to contact the representatives of the investment manager to discuss the methodologies (and assumptions) used to calculate the hypothetical performance shown herein.

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A Word About Risk

Important Risk Information Related to Investing in Equity and Short Strategies

All investments involve risk. Equity securities may rise and decline in value due to both real and perceived market and economic factors as well as general industry conditions.

A short strategy may not always be able to close out a short position on favorable terms. Short sales involve the risk of loss by subsequently buying a security at a higher price than the price at which it sold the security short. The amount of such loss is theoretically unlimited (since it is limited only by the increase in value of the security sold short). In contrast, the risk of loss from a long position is limited to the investment in the long position, since its value cannot fall below zero. Short selling is a form of leverage. To mitigate leverage risk, a strategy will always hold liquid assets (including its long positions) at least equal to its short position exposure, marked to market daily.

Important Risk Information Related to Investing in Emerging Markets and Foreign Currencies

Investing in emerging-market debt poses risks, including those generally associated with fixed-income investments. Fixed-income securities may lose value due to market fluctuations or changes in interest rates. Longer-maturity bonds are more vulnerable to rising interest rates. A bond issuer's credit rating may be lowered due to deteriorating financial condition; this may result in losses and potentially default, or failure to meet payment obligations. The default probability is higher in bonds with lower, noninvestment-grade ratings (commonly known as "junk bonds").

There are other potential risks when investing in emerging-market debt. Non-US securities may be more volatile because of the associated political, regulatory, market and economic uncertainties; these risks can be magnified in emerging-market securities. Emerging-market bonds may also be exposed to fluctuating currency values. If a bond's currency weakens against the US dollar, this can negatively affect its value when translated back into US-dollar terms.

Bond Ratings Definition

A measure of the quality and safety of a bond or portfolio, the bond rating is based on the issuer's financial condition, and not based on the financial condition of the fund itself. AAA is highest (best) and D is lowest (worst). Ratings are subject to change. Investment-grade securities are those rated BBB and above. If applicable, the Pre-Refunded category includes bonds that are secured by US government securities and therefore are deemed high-quality investment-grade by the advisor.

Index Definitions

Following are definitions of the indices referred to in this presentation. It is important to recognize that all indices are unmanaged and do not reflect fees and expenses associated with the active management of a mutual fund portfolio. Investors cannot invest directly in an index, and its performance does not reflect the performance of any AB mutual fund.

- **Bloomberg CMBS IG BBB Index:** Measures the market of US Agency and US Non-Agency conduit and fusion CMBS deals with a minimum current deal size of $300 million
- **Bloomberg EM Local Currency Government High Yield Index:** Measures the performance of local-currency emerging-markets debt
- **Bloomberg EM USD Corp + Quasi Sovereign High Yield Index:** Measures fixed and floating-rate US dollar–denominated debt issued from sovereign, quasi-sovereign and corporate EM issuers. Country eligibility and classification as Emerging Markets is rules-based and reviewed annually using World Bank income group and International Monetary Fund (IMF) country classifications
- **Bloomberg EM USD Sovereign High Yield Index:** Measures US dollar–denominated debt issued by emerging-market sovereigns, government guaranteed, and 100% government owned emerging-market issuers. Country eligibility and classification as emerging markets is rules-based and reviewed annually using World Bank income group and International Monetary Fund (IMF) country classifications
- **Bloomberg Global Aggregate Corporate Bond Index:** Tracks the performance of investment-grade corporate bonds publicly issued in the global market and found in the Global Aggregate. (Represents global corporate on slide 4)
- **Bloomberg Global High-Yield Bond Index:** Provides a broad-based measure of the global high-yield fixed-income markets. It represents the union of the US high-yield, pan-European high-yield, US emerging-markets high-yield, commercial mortgage-backed security high-yield and pan-European emerging-markets high-yield indices
- **Bloomberg Global Treasury—Euro Bond Index:** Includes fixed-rate, local-currency sovereign debt that makes up the euro-area treasury sector of the Global Aggregate Bond Index. (Represents euro-area government bonds on slide 4)
- **Bloomberg Global Treasury—Japan Bond Index:** Includes fixed-rate, local-currency sovereign debt that makes up the Japanese treasury sector of the Global Aggregate Bond Index. (Represents Japan government bonds on slide 4)
- **Bloomberg Municipal Bond Index:** A rules-based, market value–weighted index engineered for the long-term tax-exempt bond market. (Represents municipals on slide 4)
- **Bloomberg Pan-European High Yield Index:** Measures the market of noninvestment-grade, fixed-rate corporate bonds denominated in the following currencies: euro, Danish krone, Norwegian krone, pound sterling, Swedish krona and Swiss franc. Inclusion is based on the currency of issue, and not the domicile of the issuer. The index excludes emerging-market debt

Index Definitions (cont.)

- **Bloomberg US Aggregate Bond Index:** A broad-based benchmark that measures the investment-grade, US dollar–denominated, fixed-rate, taxable bond market, including US Treasuries, government-related and corporate securities, mortgage-backed securities (agency fixed-rate and hybrid adjustable-rate mortgage pass-throughs), asset-backed securities and commercial mortgage-backed securities
- **Bloomberg US Corporate BAA Index:** Measures the Baa-rated, fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by US and non-US industrial, utility and financial issuers
- **Bloomberg US Corporate High-Yield Bond Index:** Represents the corporate component of the Bloomberg US High-Yield Index. (Represents US high yield on slide 4)
- **Bloomberg US High Yield Index:** Covers the universe of fixed-rate, noninvestment-grade debt. Eurobonds and debt issues from countries designated as emerging markets (sovereign rating of Baa1/BBB+/BBB+ and below using the middle of Moody's, S&P and Fitch) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-emerging-market growth countries are included. Original issue zeroes, step-up coupon structures, 144-As and pay-in-kind bonds (PIKs, as of October 1, 2009) are also included
- **Bloomberg US Treasury Index:** Includes fixed-rate, local-currency sovereign debt that makes up the US Treasury sector of the Global Aggregate Index. (Represents US government bonds on slide 4)
- **Bloomberg US Large Cap ex Magnificent 7 Total Return Index:** A float-adjusted market cap–weighted benchmark designed to measure the most highly capitalized US companies, excluding members of the Bloomberg Magnificent 7 Index (Alphabet Inc., Amazon, Apple, Meta Platforms, Microsoft, NVIDIA, Tesla)
- **J.P. Morgan Emerging Market Bond Index Global:** A benchmark index for measuring the total return performance of government bonds issued by emerging-market countries that are considered sovereign (issued in something other than local currency) and that meet specific liquidity and structural requirements. In order to qualify for index membership, the debt must be more than one year to maturity, have more than $500 million outstanding and meet stringent trading guidelines to ensure that pricing inefficiencies don't affect the index. (Represents emerging-market debt on slide 4)
- **MSCI EAFE Index:** A free float–adjusted, market capitalization–weighted index designed to measure developed-market equity performance, excluding the US and Canada. It consists of 22 developed-market country indices. (Represents EAFE on slide 4)
- **MSCI Emerging Markets Index:** A free float–adjusted, market capitalization–weighted index designed to measure equity market performance in the global emerging markets. It consists of 21 emerging-market country indices. (Represents emerging markets on slide 4)
- **MSCI Low Volatility Index:** Aims to reflect the performance characteristics of a minimum variance strategy applied to the MSCI large- and mid-cap equity universe across 23 developed-market countries
- **MSCI World Index:** A market capitalization–weighted index that measures the performance of stock markets in 24 countries
- **Russell 1000 Index**: A stock market index that represents the highest-ranking 1,000 stocks in the Russell 3000 Index, representing about 90% of the total market capitalization of that index

Index Definitions (cont.)

- **Russell 2000 Index:** Measures the performance of the small-cap segment of the US equity universe. It is a subset of the Russell 3000 Index, representing approximately 8% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. (Represents US small-cap on slide 4)
- **S&P 500:** Includes a representative sample of 500 leading companies in leading industries of the US economy. (Represents US large-cap on slide 4)

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