Monthly Market Recap

February 2026

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From the Investment Committee

In February, global equity markets delivered mixed results, with large-cap, blue-chip stocks generally pulling back, while mid-cap and international equities showed resilience. The S&P 500 declined 0.76%, and the Nasdaq Composite lost more than 3% for the month as investors reacted to firmer-than-expected inflation data, stretched valuations in artificial intelligence-related stocks, and a broader shift toward lower-risk assets. Defensive sectors, including Utilities and Consumer Staples, outperformed, and investors rotated into bonds and gold, signaling a more cautious tone heading into March. International equities continued to outperform relative to US markets.

Bond markets rallied in February amid heightened volatility in risk assets. US Treasuries and investment-grade bonds benefited from a flight to quality, pushing Treasury yields lower for the month. The 10-year Treasury yield closed at 3.94%, the lowest since October 2024. Treasuries outperformed most other investment-grade bonds, except municipal bonds. Despite the rally, market expectations for a Federal Reserve rate cut in July remain intact, with at least two cuts priced in for the remainder of the year. The partial government shutdown and missing BLS data add uncertainty, which may lead some Fed members to favor a cautious, on-hold approach.

The economy showed mixed signals in February. Real gross domestic product grew at a 1.4% annualized rate in Q4 2025, reflecting a slowdown from prior quarters due to lingering effects of the government shutdown and softer consumer spending. The labor market remained resilient, with low initial jobless claims, strong private-sector employment, and 130,000 jobs added in January. Consumer confidence improved modestly but remained below long-term norms, while inflationary pressures persisted above target levels. Overall, the economy continues to expand at a slow but stable pace, with policymakers monitoring inflation and labor trends closely.

As February ended, the United States and Israel launched a coordinated military strike against Iran following unsuccessful diplomatic efforts. Investors should expect short-term volatility across global markets. Equities may experience initial selloffs, while safe-haven assets—including US Treasuries, gold, and the US dollar—tend to rally. Oil prices will likely rise on concerns about supply disruptions in the Strait of Hormuz.

During periods of heightened volatility, it is critical to remain disciplined and avoid reactive shifts based solely on headlines, as markets often stabilize once uncertainty becomes clearer. Our focus remains on high-quality assets with broad diversification, including selective access to private markets. We have also been incrementally increasing exposure to tangible and digital assets. Volatility is viewed as an opportunity to rebalance or add to high-quality investments at attractive valuations while maintaining a long-term perspective grounded in fundamentals rather than short-term geopolitical developments.

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Key Takeaways

Military Escalation in Iran	• The US and Israel launched coordinated airstrikes against Iranian military and strategic targets, triggering Iranian retaliatory missile and drone attacks on US bases and allied positions across the Middle East. • Initial market reaction included lower equity prices, surging oil prices, and a flight to safe-haven assets such as gold, US Treasuries, and the US dollar.
AI Disruption Contributes to Market Volatility	• Software and cybersecurity stocks experienced steep declines as emerging AI technologies, especially autonomous systems and automation tools, prompted investors to question the long-term demand for traditional software and IT services. • Investors moved out of high-valuation Technology stocks and into more defensive sectors as they evaluate which industries are likely to benefit from AI and which may be displaced.
Bond Market Reasserting Its Role as a Hedge	• Bond markets rallied in February on a flight-to-quality investor reaction. Not necessarily because of the Iranian military intervention, but due to the decline in equity markets, an increase in market volatility, AI apprehensions, and private credit concerns. • The 10-year Treasury yield closed the month at 3.941%, the lowest since October of 2024.
Real GDP Slows	• US real gross domestic product grew at a 1.4% annualized rate in the fourth quarter of 2025, representing a deceleration driven in part by softer consumer spending and the lingering impact of the government shutdown. • Markets have priced in at least two cuts in the fed funds rate through the balance of this year.

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Asset Class Performance

Equities

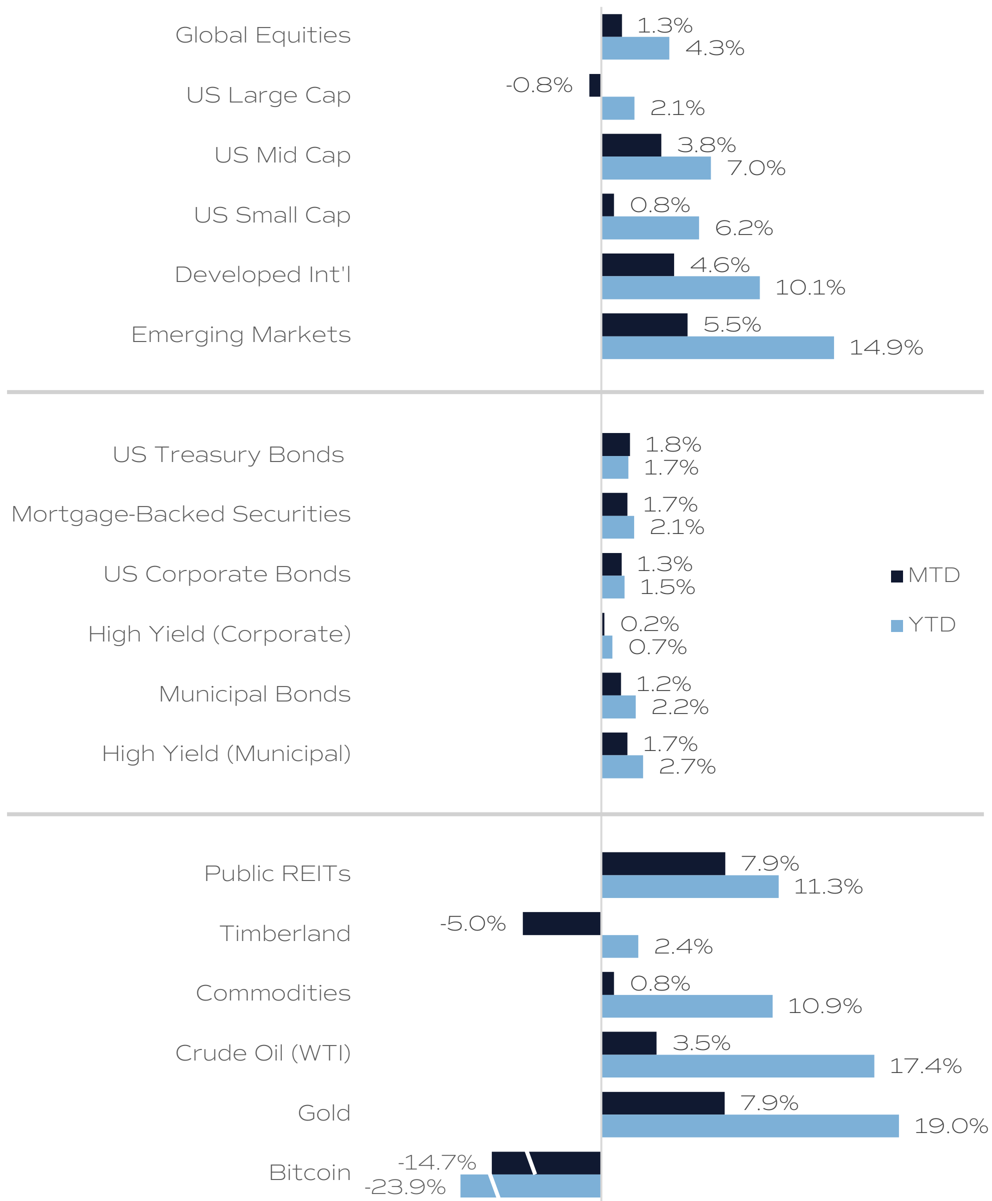
- The sector rotation away from Technology continued in February. Seven of the 11 sectors, led by Utilities, posted positive returns on the month, beating the S&P 500's -0.76% return.
- International markets outperformed domestic again, fueled by dollar volatility and the ongoing sector rotation.

Fixed Income

- Fixed-income returns were positive for February as underlying Treasury rates moved lower.
- Within the taxable universe, Treasury bonds were the best-performing asset class as equity market volatility increased.
- Municipal bond performance was solid, edging out most other bond sectors as investor demand picked up.

Real Assets

- While the year so far has been relatively benign, the spike in energy prices is the story heading into March.
- Outside of energy, the cracks in precious metals that formed in January appear to be deepening, as silver and platinum are seeing increased volatility. Thanks to the flight to quality, gold is hanging on for now.

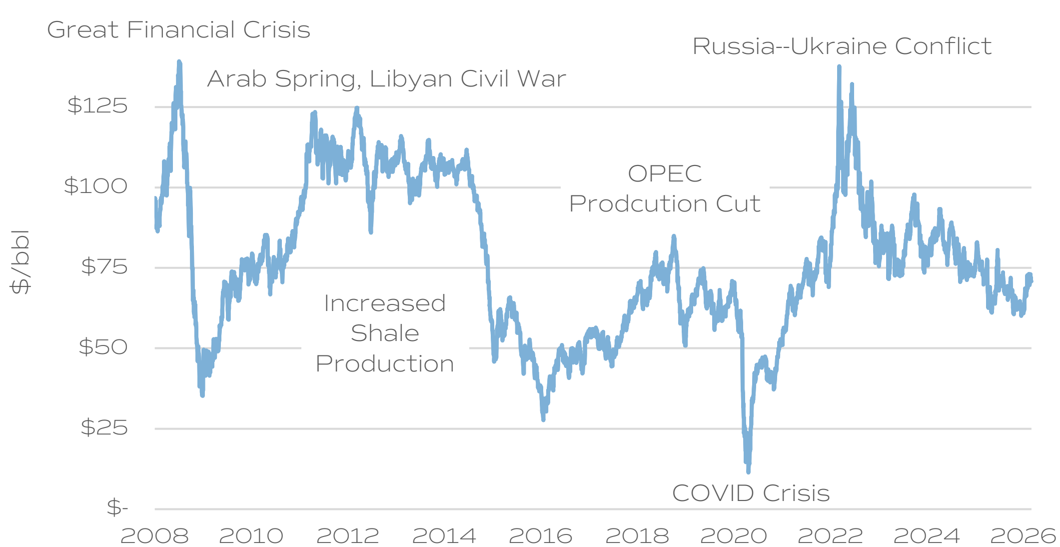


Source: Bloomberg as of February 28, 2026.

Macroeconomic Overview

	Year End 2025 %	Recent Period %	Prior Period %	YTD Change %
GDP (YoY Change)*	2.40	2.20	2.40	(0.20)
Conference Board - LEI*	(0.20)	(0.20)	(0.20)	0.00
Unemployment Rate**	4.40	4.30	4.40	(0.10)
CPI (YoY Change)**	2.70	2.40	2.70	(0.30)
CPI ex. Food & Energy**	2.60	2.50	2.60	(0.10)
PCE*	2.99	3.00	2.83	0.01
Effective Fed Funds Rate	3.64	3.64	3.64	0.00
10-Year U.S. Treasury	4.17	3.94	4.24	(0.23)

Crude Oil Prices During Global Events Since 2008*



- Geopolitics are at the forefront again given the latest conflict with Iran. Oil prices will likely move higher, but the question of duration remains.
    - This should increase inflation fears in the short term, but we are inclined to believe supply shock will be transitory.
    - Q4 earnings season is nearly over, traditionally a time of enhanced market volatility. Combined with the current geopolitical issues, markets could be quite choppy for the rest of Q1.
- With this outlook, we expect to be patient deploying capital, looking for good entry points on larger volatility moves.
- Despite Iran and the Strait of Hormuz serving as an energy shipping chokepoint, our sense is that the supply chain will be fairly resilient and that the price of oil should stabilize over the coming weeks.
    - If this is what happens, we see limited impact for the broader US economy.
    - If oil spikes and stays elevated for many months, inflation could start to enter the conversation again.
    - The better news is that the "asset light" US economy of today is not nearly as dependent on oil as in the past, particularly the '70s and '80s, when heavier industries were the norm.

Source: Bloomberg as of February 28, 2026. *December 31, 2025. **January 31, 2026. ***Bloomberg as of March 1, 2026.

US Equity Markets

	MTD %	YTD %	1 Yr %
Utilities	10.35	11.86	25.94
Energy	9.44	25.22	30.19
Materials	8.38	17.82	24.48
Consumer Staples	7.94	16.26	13.51
Industrials	7.12	14.26	33.47
Real Estate	6.35	9.38	7.16
Health Care	3.54	3.52	10.80
S&P 500	*(0.76)*	*0.67*	*18.83*
Financials	(3.72)	(6.13)	2.00
Technology	(3.91)	(5.51)	24.44
Communications Services	(5.14)	0.37	32.89
Consumer Discretionary	(5.38)	(3.76)	9.80

	Value	Core	Growth
Large	2.6	-0.5	-3.4
Mid	4.7	3.8	0.8
Small	1.9	0.8	-0.2

MTD (%)

	Value	Core	Growth
Large	7.2	0.8	-4.8
Mid	9.2	3.8	-3.8
Small	9.0	6.2	3.7

YTD (%)

Source: Bloomberg as of February 28, 2026.

Best

- The ***Utilities*** sector outperformed in February, supported in part by rising power demand tied to expected AI and data center needs. Utilities may be entering a new growth cycle as increasing load projections reflect mega-cap Tech names continuing to build the infrastructure needed to support AI. Utilities returned 10.35% on the month, outperforming the S&P 500 by +11%.

Worst

- ***Consumer Discretionary*** was the worst performing sector for the month, falling 5.38% due to high borrowing costs, increasing cost of living and weak consumer confidence. Consumers spent more of their income on basic necessities, with low-income households affected the most.

- Value outperformed Growth in February. Growth stock earnings waivered during the month, and the sector faced a broader rotation away from the mega-cap Tech names that many view as too rich in valuation. Anticipated AI expenditures by large tech also worried investors.
- International equities continued to outperform US stocks in February and YTD. Developed international stocks returned 4.6% MTD and 10.1% YTD versus the returns on the S&P 500 of -0.76% during February and 0.67% YTD. This outperformance was driven by investors rotating away from fully valued US mega-cap Tech, dollar volatility and a weaker dollar YTD, along with a shift towards lower-valued international stocks versus the US.

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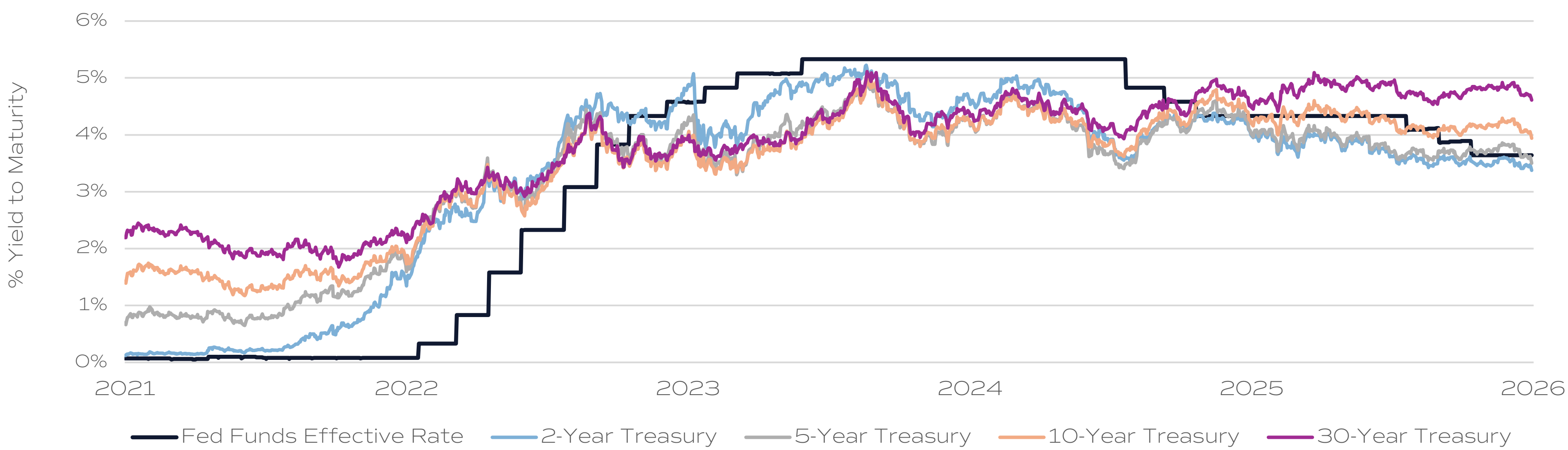
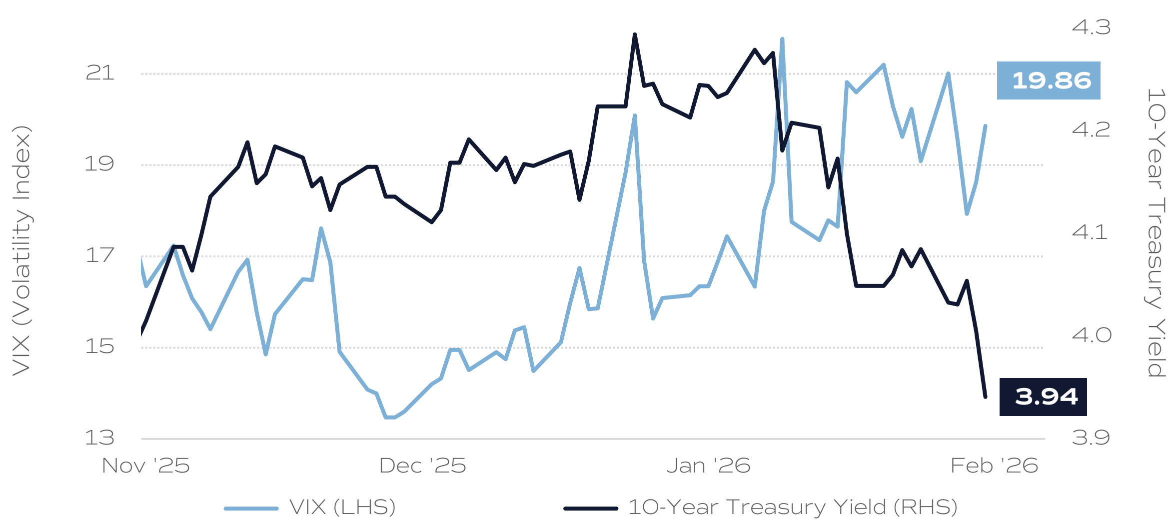
Fixed Income

Fed Funds Rate & Treasury Yields



*10-Year Treasury Yield As a Hedge for Equity Volatility**



- In recent months, the ability for bonds, especially US Treasuries, to act as a hedge to risk assets has reasserted itself.
- As equity market volatility increased, bond yields declined and prices increased over the last few months.
- While this hedge has not always worked, specifically during 2022, it typically does work when the Fed is not aggressively pursuing changes in monetary policy.

Source: Bloomberg as of February 28, 2026. *Bloomberg as of February 26, 2026.

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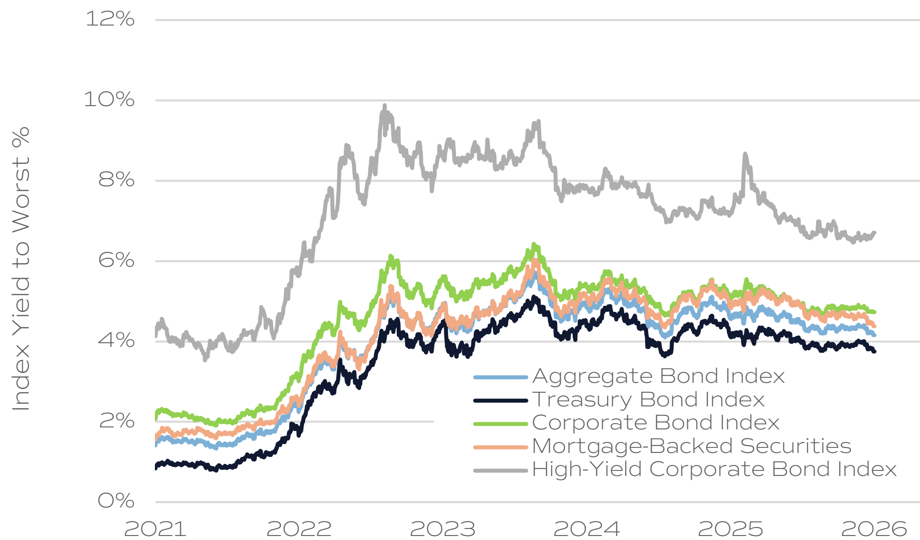
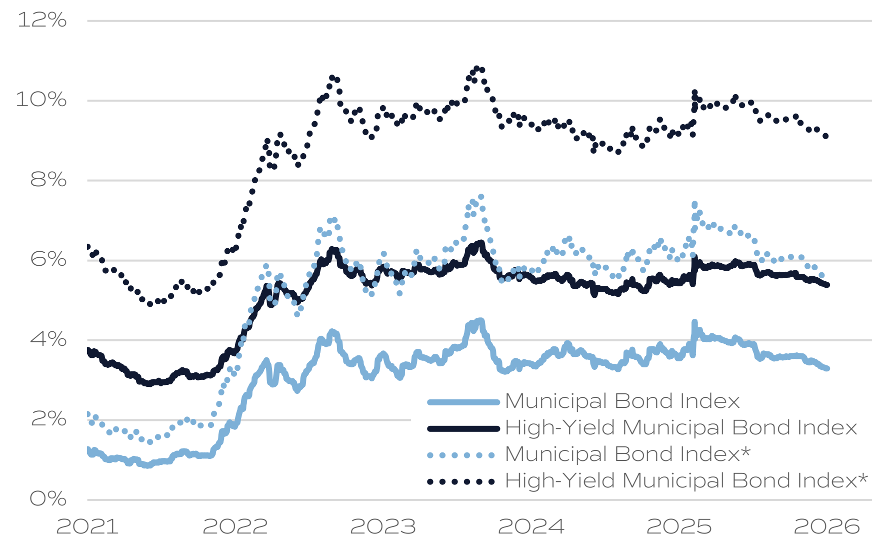
Fixed Income Yields

Taxable Bond Indexes Yield to Worst



Tax-Exempt Bond Indexes Yield to Worst*



US Treasury Yield Curves

- Yields moved lower as risk assets sold off.
- Municipal bond yields declined the most as investor demand for tax-free income increased in January and February.
- The decline in municipal bond yields relative to their taxable counterpart has been notable. In some circumstances, taxable bonds on an after-tax basis yield more than municipal bonds for investors in low-tax states.
- Corporate high-yield bonds underperformed as risk assets declined and volatility picked up.

Source: Bloomberg, Bloomberg BVAL as of February 28, 2026. *Tax-equivalent yield. Assumes a federal income tax rate of 37% and Medicaid surtax of 3.8%.

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Real Assets

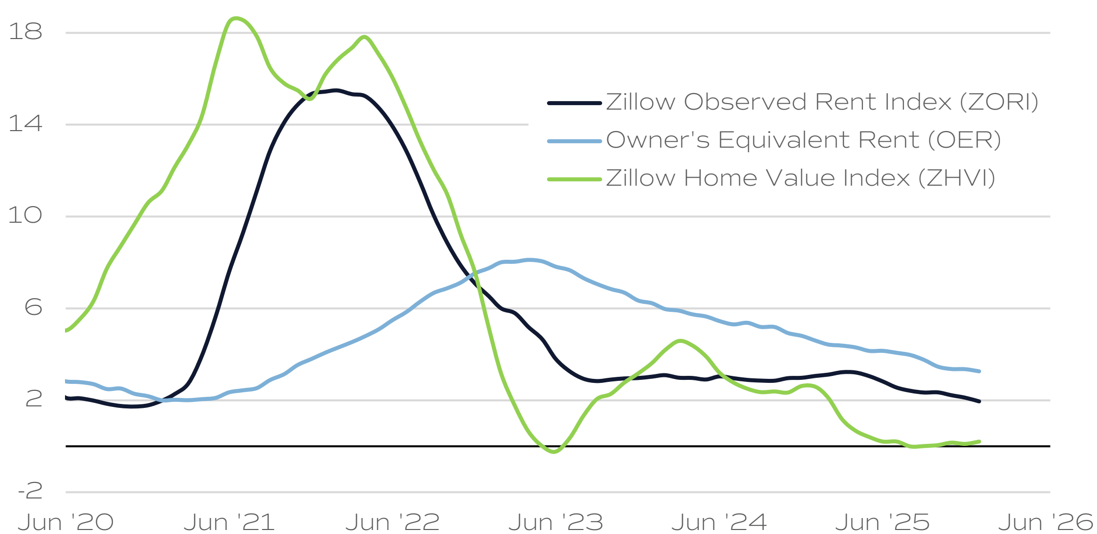
	Price USD	MTD %	YTD %	1 Yr %
Real Assets				
FTSE NAREIT	813.24	7.91%	11.32%	10.25%
FTSE NAREIT - Timberland	127.52	-5.02%	2.36%	-14.35%
Bloomberg Commodity Index	121.68	0.81%	10.93%	16.69%
Crude Oil (WTI) [bbl.]	67.02	3.52%	17.43%	3.06%
Natural Gas [MMBtu]	2.98	-58.84%	-25.31%	-23.79%
Copper [MT]	13,343.50	1.41%	7.41%	42.59%
Gold [oz.]	5,278.93	7.86%	22.22%	84.72%
Silver [oz.]	93.79	10.08%	30.87%	201.08%
Bitcoin	66,723.70	-14.67%	-23.87%	-20.77%
Ethereum	1,958.40	-18.99%	-34.23%	-11.94%

Summary: While the crash in crypto currencies and precious metals headlined the end of January, the spike in energy markets will clearly be the story in March.

A US-Israeli coalition began a second set of military strikes against Iran the last day of the month, causing large spikes across the energy complex, most notably in both WTI and Brent Crude.

While headlines of war and intraday spikes exceeding 10% tend to capture most of the attention, crude oil has been gradually carving out a broader bottom since falling into the $50/barrel range last spring.

Housing Market Holding Steady*



- In anticipation of possible "stagflation" commentators, here's a good reminder of where we are as it relates to rent and housing.
- Remember, OER (Owner's Equivalent Rent) makes up roughly 25% of headline CPI, and as we discussed more than a year ago, this data point has shown no signs of taking off any time soon.
- Spikes in energy prices can be concerning but tend to be transitory, even more so now that the US has become an energy-independent nation.

Source: Bloomberg as of February 28, 2026. *FactSet as of February 28, 2026.

Financial Markets Performance

	Price USD	MTD %	QTD %	YTD %	1 Yr %	3 Yr %	5 Yr %
Global Equity							
MSCI ACWI	1,056.76	1.31%	4.34%	4.34%	25.56%	21.15%	12.26%
U.S. Equity							
S&P 500	6,878.88	-0.76%	0.67%	0.67%	18.83%	21.64%	14.16%
Russell 1000	3,756.96	-0.54%	0.82%	0.82%	18.54%	21.27%	13.29%
Russell Mid Cap	4,105.81	3.82%	7.00%	7.00%	18.25%	14.74%	9.01%
Russell 2000	2,632.36	0.80%	6.24%	6.24%	24.74%	13.13%	5.03%
International Equity							
MSCI ACWI ex US	467.95	5.04%	11.34%	11.34%	38.92%	20.40%	10.40%
MSCI EAFE	3,179.91	4.64%	10.12%	10.12%	34.26%	19.30%	11.49%
MSCI Europe	211.70	3.59%	8.08%	8.08%	32.76%	18.82%	12.63%
MSCI Japan	2,409.07	8.77%	15.86%	15.86%	40.68%	22.98%	10.07%
MSCI Emerging Markets	1,610.70	5.50%	14.85%	14.85%	47.15%	21.90%	6.76%
Global Fixed Income							
Bloomberg U.S. Aggregate	2,389.86	1.64%	1.75%	1.75%	6.68%	5.14%	0.42%
Bloomberg Gov't/Credit	2,757.30	1.64%	1.64%	1.64%	6.25%	5.03%	0.30%
Bloomberg US Treasury Total Return	2,476.84	1.82%	1.72%	1.72%	5.79%	4.20%	-0.10%
Bloomberg US Corporate Total Return	3,597.34	1.29%	1.47%	1.47%	6.91%	6.39%	0.81%
Bloomberg US Corporate High Yield	2,934.74	0.19%	0.70%	0.70%	7.22%	9.45%	4.50%
Bloomberg Global Aggregate	511.64	1.12%	2.07%	2.07%	8.36%	4.76%	-1.23%
Bloomberg Municipal Bond Index	1,423.09	1.25%	2.20%	2.20%	5.00%	4.45%	1.44%
Bloomberg High Yield Municipal Bond Index	481.86	1.67%	2.67%	2.67%	3.15%	6.49%	2.51%

Source: Bloomberg as of February 28, 2026.

Tactical Views

Asset Class	Underweight		Neutral		Overweight
Cash	·	●	·	·	·
Equities	·	·	·	●	·
U.S. Large Cap	·	·	·	●	·
U.S. Mid Cap	·	·	●	·	·
U.S. Small Cap	·	·	●	·	·
Developed Int'l	·	●	·	·	·
Emerging Markets	·	·	●	·	·
Fixed Income	·	·	·	●	·
U.S. Government	·	·	●	·	·
MBS	·	●	·	·	·
Corporates	·	·	·	●	·
Municipals	·	·	·	●	·
Muni High Yield	·	·	·	●	·
Taxable High Yield	·	·	●	·	·
Developed Int'l	·	●	·	·	·
Emerging Markets	·	·	●	·	·
Real Assets	·	·	●	·	·
Commodities	·	·	·	●	·
Timberland	·	·	●	·	·
Private Real Estate	·	·	●	·	·
Alternatives	·	·	●	·	·
Hedge Funds	·	·	●	·	·
Private Equity	·	·	·	●	·
Private Debt	·	●	·	·	·

Equity Sectors	Underweight		Neutral		Overweight
Energy	·	·	●	·	·
Healthcare	·	●	·	·	·
Consumer Discretionary	·	·	●	·	·
Industrials	·	·	·	●	·
Technology	·	·	·	●	·
Communications	·	·	●	·	·
Financials	·	·	·	●	·
Real Estate	·	·	●	·	·
Utilities	·	·	·	●	·
Materials	·	·	●	·	·
Consumer Staples	·	●	·	·	·

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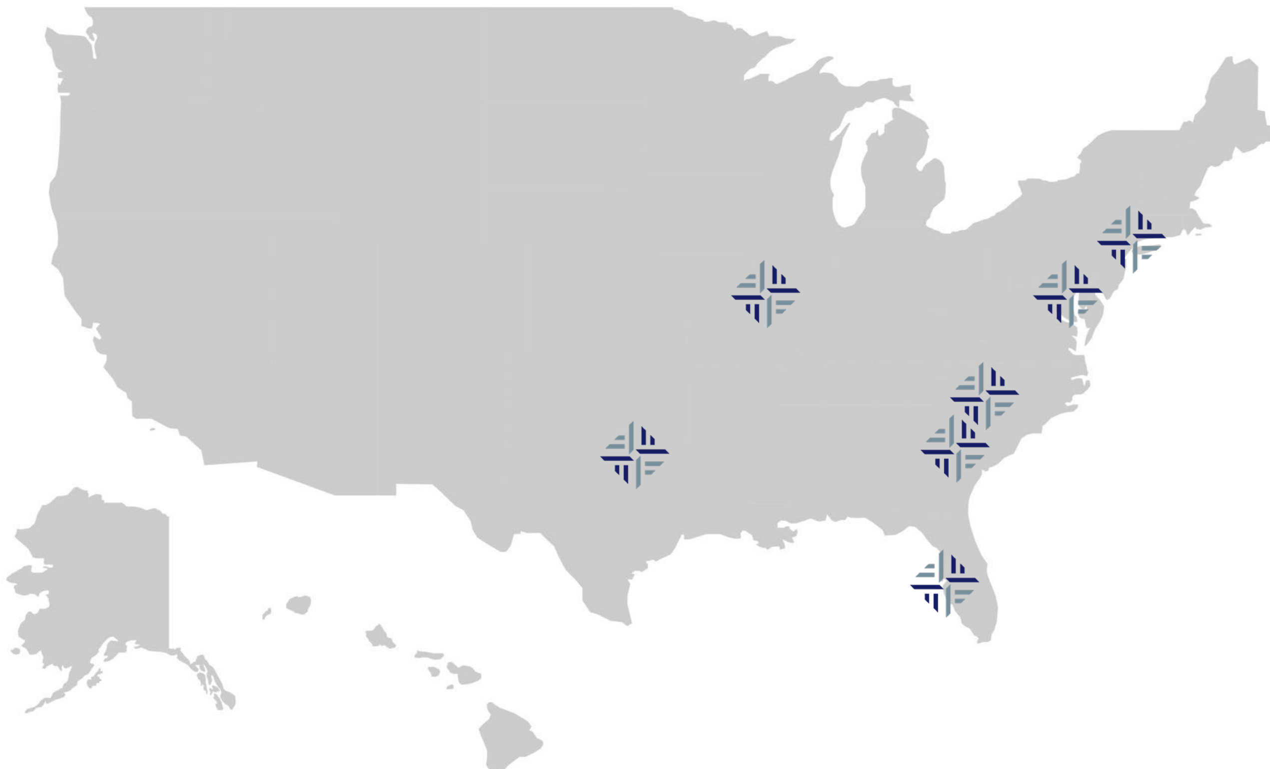

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When referencing asset class returns or statistics, the following indices are used to represent those asset classes, unless otherwise notes. Each index is unmanaged, and investors can not actually invest directly into an index:

TIPS: Bloomberg Global Inflation-Linked: U.S. TIPS Total Return Index Unhedged
Municipals 5-Year: Bloomberg Municipal Bond 5 Year (4-6) Total Return Index Unhedged USD
Core Bond: Bloomberg US Aggregate Total Return Index USD
High Yield Municipals: Bloomberg Muni High Yield Total Return Index Value Unhedged USD
High Yield: Bloomberg US Corporate High Yield Total Return Index USD
U.S. Long Duration: Bloomberg US Aggregate Government & Credit - Long
Foreign Bond: Bloomberg Global Aggregate ex-USD Total Return Index Value USD (50/50 blend of hedged and unhedged)
Real Assets: S&P Real Assets
U.S. Large Cap: Russell 1000 Total Return Index
U.S. Small Cap: Russell 2000 Total Return Index
International Developed: MSCI EAFE Net Total Return USD Index
Emerging Markets: MSCI Emerging Markets Net Total Return USD Index
U.S. Equity REITs: FTSE Nareit Equity REITs Total Return Index USD
Commodities: Bloomberg Commodity Total Return Index
Hedge Funds: Hedge Fund Research HFRI Fund of Funds Composite Index
Foreign Bond: Bloomberg Global Aggregate x USD Total Return Unhedged
U.S. Core Bond: Bloomberg U.S. Aggregate Total Return Index USD
U.S. High Yield: Bloomberg US Corporate High Yield Total Return Index USD
U.S. MBS: Bloomberg U.S. MBS (30Y) Total Return Index
U.S. All Cap: Russell 3000 Total Return Index
U.S. Large Cap: Russell 1000 Total Return Index
U.S. Small Cap: Russell 2000 Total Return Index
US Value: Russell 3000 Value Total Return Index
US Growth: Russell 3000 Growth Total Return Index
Int'l Developed All Cap: MSCI EAFE IMI Net Total Return USD Index
Int'l Developed Large Cap: MSCI EAFE Large Cap Net Total Return USD Index
Int'l Developed Small Cap: MSCI EAFE Small Cap Net Total Return USD Index
Int'l Developed Value: MSCI EAFE Value Net Total Return USD Index
Int'l Developed Growth: MSCI EAFE Growth Net Total Return USD Index
EM All Cap: MSCI Emerging Markets IMI Net Total Return USD Index
EM Large Cap: MSCI Emerging Markets Large Cap Net Total Return USD Index
EM Small Cap: MSCI Emerging Markets Small Cap Net Total Return USD Index
EM Value: MSCI Emerging Markets Value Net Total Return USD Index
EM Growth: MSCI Emerging Markets Growth Net Total Return USD Index

Material Risks & Limitations

Fixed Income securities are subject to interest rate risks, the risk of default and liquidity risk. U.S. investors exposed to non-U.S. fixed income may also be subject to currency risk and fluctuations.

Cash may be subject to the loss of principal and over longer period of time may lose purchasing power due to inflation.

Domestic Equity can be volatile. The rise or fall in prices take place for a number of reasons including, but not limited to changes to underlying company conditions, sector or industry factors, or other macro events. These may happen quickly and unpredictably.

International Equity can be volatile. The rise or fall in prices take place for a number of reasons including, but not limited to changes to underlying company conditions, sector or industry impacts, or other macro events. These may happen quickly and unpredictably. International equity allocations may also be impact by currency and/or country specific risks which may result in lower liquidity in some markets.

Real Assets can be volatile and may include asset segments that may have greater volatility than investment in traditional equity securities. Such volatility could be influenced by a myriad of factors including, but not limited to overall market volatility, changes in interest rates, political and regulatory developments, or other exogenous events like weather or natural disaster.

Private Equity involves higher risk and is suitable only for sophisticated investors. Along with traditional equity market risks, private equity investments are also subject to higher fees, lower liquidity and the potential for leverage that may amplify volatility and/or the potential loss of capital.

Private Credit involves higher risk and is suitable only for sophisticated investors. These assets are subject to interest rate risks, the risk of default and limited liquidity. U.S. investors exposed to non-U.S. private credit may also be subject to currency risk and fluctuations.

Private Real Estate involves higher risk and is suitable only for sophisticated investors. Real estate assets can be volatile and may include unique risks to the asset class like leverage and/or industry, sector or geographical concentration. Declines in real estate value may take place for a number of reasons including, but are not limited to economic conditions, change in condition of the underlying property or defaults by the borrow.

Marketable Alternatives involves higher risk and is suitable only for sophisticated investors. Along with traditional market risks, marketable alternatives are also subject to higher fees, lower liquidity and the potential for leverage that may amplify volatility or the potential for loss of capital. Additionally, short selling involved certain risks including, but not limited to additional costs, and the potential for unlimited loss on certain short sale positions.