

Economic Overview

Financial markets in August saw U.S. equities regain momentum off the July lull, with the S&P 500 notching a new record high thanks in part to very robust second quarter earnings results (+52%) and the mega-cap names re-establishing leadership. Growth stocks (R1000G +3.7%) outpaced value stocks (R1000V +2.0%) and rate sensitive stocks (REITs, utilities) lagged, while small caps saw a low-quality rally with the R2000 posting a 1% gain. Non-U.S. equities kept pace (+2.6%) where both developed markets (+2%) and emerging markets (+3.4%) posted solid gains led by industrial stocks in Germany/Japan and technology stocks in South Korea/Taiwan. Interest rates saw modest upside pressure where 2yr yields climbed to 4.39%, but 10yr yields remained relatively flat at 4.77%, enabling the broad bond market to post modest gains on the month (+0.4%). Renewed hostilities with Iran contributed to a significant jump in commodity prices (+7.4%) in August with gains across the board in petroleum (+6.5%), agriculture (+12.8%), industrial, and precious metal commodities.

On the economic front, the labor market rebounded from mixed signals in July, with payrolls growing 162,000 in August and the unemployment rate falling to 4.1%. However, questions remain surrounding the low hire low fire centric job market alongside negative real wage growth, a shrinking labor force, and falling labor market participation. Inflation rates were in line with expectations with headline PCE and CPI registering 3.7% and 3.4% respectively, but core inflation remains well above the Fed 2% target.

From a policy perspective, August ushered several market centric considerations across monetary, fiscal, trade, and foreign policy. Monetary policy debate was centered around Jackson Hole confab where the KC Fed hosted global central bankers debating the appropriate course. U.S. monetary policy remains very divided between hold and hike

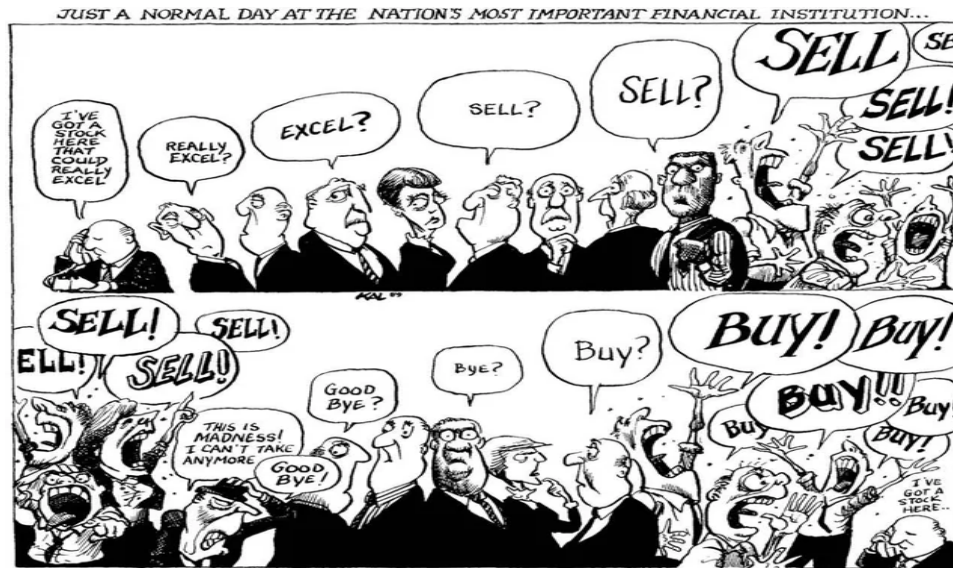
with the next meeting set for September 15-16 and a federal funds rate on hold at 3.50%-3.75% since December. On the fiscal side, as 30yr bond yields hit a 19-year high, Treasury Secretary Scott Bessent's announcement to increase long-term debt buyback capacity and separately to assist Japan in their open market operations broke from precedent but are likely only symbolic in nature. Both trade and foreign policy established themselves in the August headlines with a tit-for-tat trade war between the U.S. and Canada and a re-escalation of military attacks in the war with Iran – both contributing to inflationary pressures and overall uncertainty looking forward.

Overall, August delivered a solid outcome in financial markets with robust corporate earnings, a continuation of the high-profile AI infrastructure buildout, and a resilient economy countered by a complicated policy path which provided a subtlety cautious undertone.

QUOTE OF THE MONTH

"Don't look for the needle in the haystack. Just buy the haystack!"
-John Bogle

CARTOON OF THE MONTH



Source: The Economist

INDEX RETURNS (%)		CONSUMER METRICS				ECONOMIC TRENDS			
		Levels	8/31/26	5/31/26	8/31/25	Macro Metrics	8/31/26	5/31/26	8/31/25
S&P 500	20.38	Fed Funds	3.63	3.62	4.33	US Real GDP (QoQ)	1.50	2.10	3.80
NASDAQ	23.64	10 Year Treasury	4.75	4.45	4.23	Core PCE	3.34	3.46	2.91
Dow Jones	18.62	30 Year Mortgage	6.66	6.53	6.56	Unemployment Rate	4.20	4.30	4.30
Russell 2000	26.46	Gasoline	4.21	4.61	3.27	Oil (WTI)	87.03	91.16	64.36
MSCI EAFE	22.19	Used Cars and Trucks*	180.30	180.01	185.26	Gold	4,449.7	4,587.5	3,363.0
US Aggregate	1.89					Dollar Index	99.4	98.9	97.85
High Yield	4.78								
Municipal	4.12					Trailing Returns	1 Mo	3 Mo	1 Yr
						Oil (WTI)	1.01	-4.53	35.22
						S&P GSCI Gold Spot	9.12	-2.43	27.46
						Dollar Index	-0.49	0.53	1.69

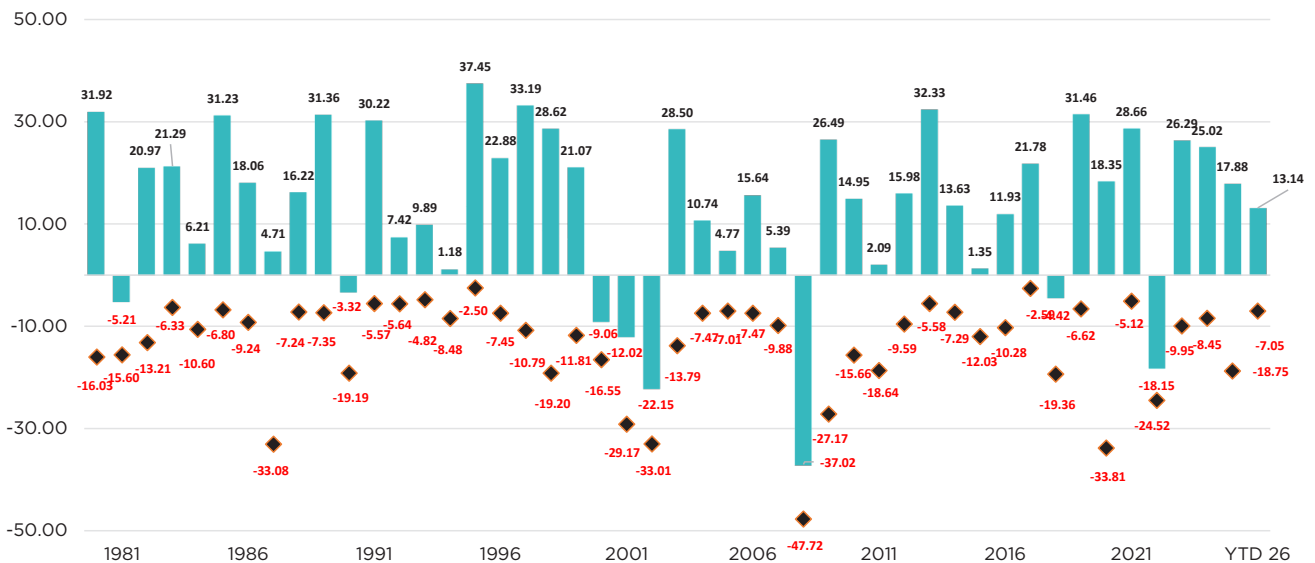
PERIODIC TABLE OF INVESTMENTS – AUGUST 31, 2026

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	YTD
Small Cap 21.31	Emerging Markets 37.75	Private Equity 11.75	Large Cap 31.49	Private Equity 27.67	Private Equity 43.54	Commodities 16.09	Large Cap 26.29	Large Cap 25.02	Emerging Markets 34.36	Commodities 32.06
High Yield 17.49	International Stocks 25.62	Private Real Estate 8.35	Mid Cap 30.54	Small Cap 19.96	Large Cap 28.71	Private Real Estate 7.46	Global Stocks 22.81	Global Stocks 18.02	International Stocks 31.89	Emerging Markets 24.35
Mid Cap 13.80	Global Stocks 24.62	Private Credit 5.90	Global Stocks 27.30	Emerging Markets 18.69	Commodities 27.11	Private Credit 5.78	International Stocks 18.85	Mid Cap 15.34	Global Stocks 22.87	Small Cap 20.01
Private Equity 13.29	Large Cap 21.83	Bank Loans 0.35	Small Cap 25.52	Large Cap 18.40	Mid Cap 22.58	Private Equity -0.38	Mid Cap 17.23	Small Cap 11.54	Large Cap 17.88	Mid Cap 16.72
Large Cap 11.96	Private Equity 19.00	Core Fixed Income 0.01	International Stocks 22.66	Mid Cap 17.10	Private Real Estate 22.18	Bank Loans -1.25	Small Cap 16.93	Hedge Funds 9.13	Commodities 15.77	Global Stocks 14.61
Commodities 11.77	Mid Cap 18.52	High Yield -2.26	Emerging Markets 18.90	Global Stocks 16.82	Global Stocks 19.04	Hedge Funds -5.32	High Yield 13.46	Bank Loans 8.80	Small Cap 12.81	International Stocks 14.24
Emerging Markets 11.60	Small Cap 14.65	EM Debt -2.46	Private Equity 17.45	Hedge Funds 10.88	Private Credit 17.96	High Yield -11.22	Bank Loans 13.02	Private Equity 8.32	EM Debt 11.11	Large Cap 13.14
Bank Loans 10.14	Private Credit 9.53	Hedge Funds -4.02	High Yield 14.41	International Stocks 8.28	Small Cap 14.82	Core Fixed Income -13.01	Private Credit 12.63	High Yield 8.20	Mid Cap 10.60	Hedge Funds 5.39
EM Debt 9.88	EM Debt 8.17	Large Cap -4.38	EM Debt 13.11	Core Fixed Income 7.51	International Stocks 11.78	International Stocks -14.01	Emerging Markets 10.27	Emerging Markets 8.05	Hedge Funds 10.41	Bank Loans 2.79
Private Credit 10.58	Hedge Funds 7.76	Global Stocks -8.93	Core Fixed Income 8.72	EM Debt 6.52	Hedge Funds 6.2	EM Debt -15.26	Private Equity 9.91	Private Credit 6.72	High Yield 8.20	High Yield 2.60
Private Real Estate 8.76	Private Real Estate 7.61	Mid Cap -9.06	Private Credit 8.87	High Yield 6.17	High Yield 5.36	Mid Cap -17.32	EM Debt 9.09	EM Debt 6.58	Core Fixed Income 7.30	EM Debt 1.45
Global Stocks 8.48	High Yield 7.48	Small Cap -11.01	Hedge Funds 8.38	Private Credit 5.78	Bank Loans 5.14	Global Stocks -17.96	Hedge Funds 6.06	Commodities 5.38	Bank Loans 5.03	Core Fixed Income -0.31
Core Fixed Income 2.65	Core Fixed Income 3.54	Commodities -11.25	Bank Loans 7.87	Bank Loans 2.26	Core Fixed Income -1.54	Large Cap -18.11	Core Fixed Income 5.53	International Stocks 4.35	Private Real Estate 3.77	Private Real Estate -N/A
International Stocks 1.51	Bank Loans 3.29	International Stocks -13.36	Commodities 7.69	Private Real Estate 1.18	EM Debt -1.65	Emerging Markets -19.74	Commodities -7.91	Core Fixed Income 1.25	Private Equity 5.62	Private Equity -N/A
Hedge Funds 0.49	Commodities 1.70	Emerging Markets -14.25	Private Real Estate 5.34	Commodities -3.12	Emerging Markets -2.22	Small Cap -20.44	Private Real Estate -12.02	Private Real Estate -1.44	Private Credit 4.62	Private Credit -N/A

STOCK MARKETS CAN TRADE LOWER IN THE SHORT-RUN

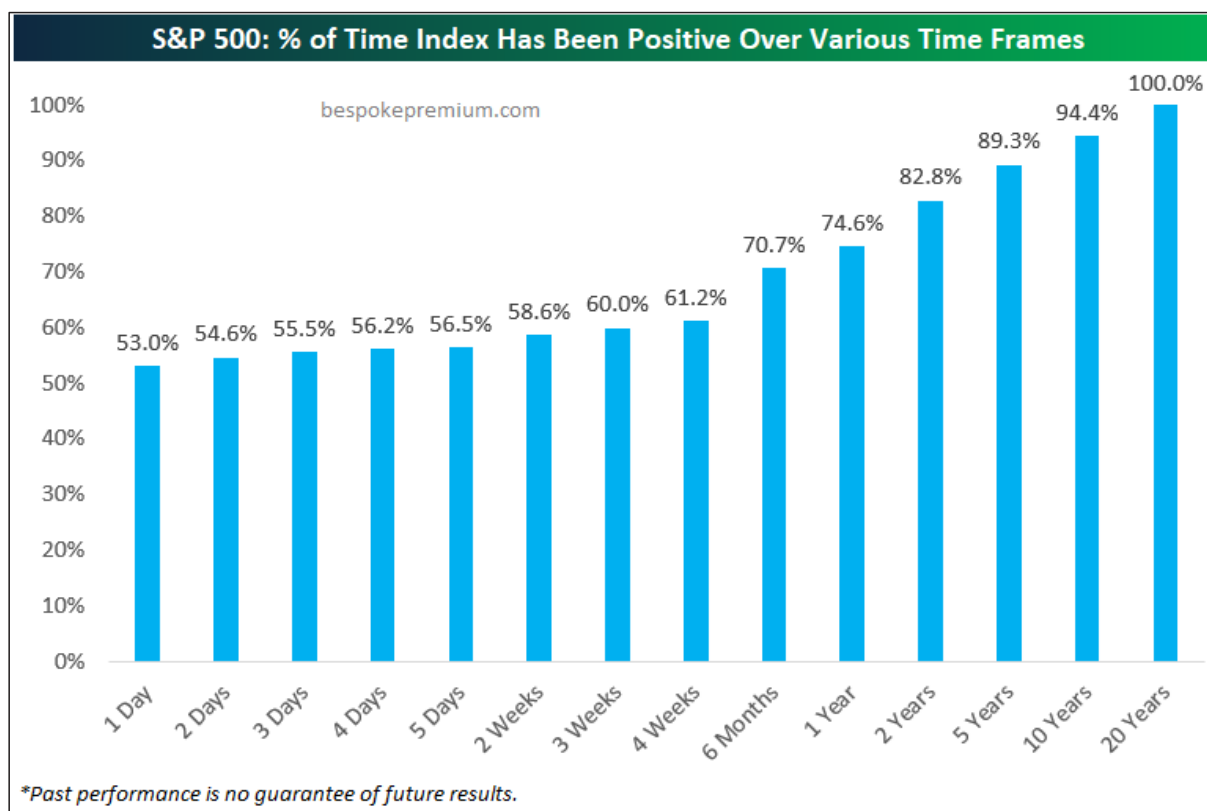
Intra-year S&P 500 Drawdowns with Annual Returns

Market volatility is normal and can be difficult to time. History shows that staying the course has been a successful investing strategy.



Source: Morningstar Direct, Standard & Poor's. Uses Total Return with daily closing prices.

STOCK MARKETS TRADE HIGHER IN THE LONG-RUN



Source: Bespoke



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