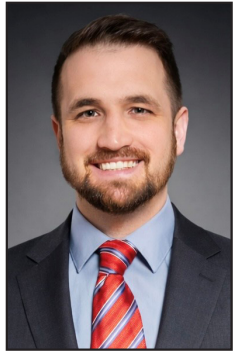




C&N VANTAGE POINT

QUARTERLY MARKET RECAP & OUTLOOK | THIRD QUARTER, 2026

MEET A TEAM MEMBER



DAVID STEARNS

Wealth Advisor

David Stearns joined C&N in January 2026 as a Wealth Advisor. He holds Series 7 and 66 securities registrations and is licensed in Pennsylvania and New York for insurance products. David works with individuals

and families on retirement planning, investment strategies, life insurance solutions, and financial education. His focus is helping clients better understand their options and make informed decisions that align with their goals.

Before entering financial services, David spent 11 years in retail management, where he developed a strong commitment to customer service, communication, and problem-solving. Prior to joining C&N, he worked with clients through Prudential and LPL Financial, helping them navigate important financial decisions.

David lives in Pine City, New York, with his wife, Haley, and their two young children, Adrian and Eloise. Outside the office, he enjoys golfing and spending time outdoors with his family, whether riding bikes, chasing chickens, or exploring new adventures together.

Key Equity Indexes - As of Quarter End	%YTD Return**	NTM P/E**	P/B**	Dividend Yield**
S&P 500	13.81	19.13	5.23	1.02
Russell 2000	15.18	22.96	2.04	1.21
Russell 1000 Growth	7.86	22.26	11.70	0.40
Russell 1000 Value	19.99	16.94	3.21	1.62
MSCI EAFE	9.74	14.57	2.23	2.49
MSCI EM	24.02	9.69	2.26	1.67

Sources: JP Morgan Weekly Market Recap; Northern Trust. Past performance does not guarantee future results, which may vary.
** As of 10/2/2026

Key Interest Rates	2026			
	12/31/25	3/27/26	7/3/26	10/2/26
2-yr Treasury Note	3.47	3.88	4.14	4.83
10-yr Treasury Note	4.18	4.44	4.49	5.28
30-yr Treasury Note	4.84	4.98	4.98	5.63
30-yr Fixed Mortgage	6.25	6.5	6.57	7.30
Corp. Bond Index	4.82	5.28	5.22	6.05
High-Yield Bond Index	7.06	7.82	7.44	8.44

Sources: JP Morgan Weekly Market Recap & Oppenheimer Markets Review At-a-Glance
Past performance does not guarantee future results, which may vary.

2026 YTD EQUITY STYLE PERFORMANCES**

Equity Size	US Equity Style			MSCI World Style		
	Value	Core	Growth	Value	Core	Growth
Large	19.23%	12.28%	6.30%	16.04%	12.40%	9.16%
Medium	15.25%	11.84%	1.01%	9.08%	7.93%	6.09%
Small	17.22%	13.87%	10.78%	10.73%	12.31%	14.06%

Source: Bloomberg. US Equity Style Returns are Russell Indices. Past performance does not guarantee future results, which may vary.

**As of 9/30/2026

***All returns represent total returns as of 9/30/2026

YTD U.S. FIXED INCOME PERFORMANCES***

Bloomberg Benchmark	Return
Treasury Index	-2.77%
Aggregate Index	-2.91%
High Yield Bond Index	0.10%
Municipal Bond Index	-4.18%

RESILIENCE AT A HIGHER PRICE

The third quarter was shaped by the return of energy-driven inflation and a sharp rise in global interest rates. Middle East tensions returned to the foreground, pushing Brent crude oil above \$100 per barrel and renewing concerns around inflation and energy supply. The rise in oil occurred against a backdrop of resilient economic activity and generally constructive corporate earnings. This combination proved important. Growth remained firm enough that central banks had less scope to look through the inflationary effects of the shock, even as uneven labor data and continued housing weakness pointed to greater pressure in some areas of the economy. After holding rates in July, the Federal Reserve raised its policy rate by 25 basis points in September. The European Central Bank and Bank of Japan also adjusted policy rates higher during the month, while the Bank of England remained on hold with a divided vote.

Interest rate markets absorbed the greatest adjustment. The 10-year Treasury yield rose more than 80 basis points to 5.29%, while sovereign yields also moved materially higher in Europe, the U.K. and Japan. Most of the increase in the U.S. 10-year yield came through higher real yields rather than longer term inflation expectations. The adjustment therefore extended beyond higher near-term inflation concerns. Rising real yields increased discount rates across markets, placing greater pressure on longer duration and financing sensitive assets.

Equities were comparatively resilient, although headline returns concealed a more difficult market beneath the surface. The S&P 500 Index gained approximately 2%, supported by solid underlying earnings growth and continued investment in artificial intelligence infrastructure. Energy benefited directly from higher oil prices, healthcare provided defensive leadership and selected large technology companies continued to deliver strong results. Yet the advance was far from broad. Smaller companies and more rate sensitive areas of the market fared considerably worse, leaving the advance dependent on a narrower group of large-cap leaders.

Credit markets and real assets showed a similar divide. Investment grade credit spreads widened only modestly, while high yield spreads moved more noticeably higher as all-in borrowing costs increased. Natural resource equities benefited from the commodity backdrop, but global real estate and listed infrastructure declined as the rise in yields outweighed the support from inflation-linked revenues. The U.S. dollar finished little changed, masking more notable moves in individual currencies, while gold ended modestly higher despite the sharp increase in real yields.

By quarter-end, the main question had shifted. Investors were no longer asking only whether the energy shock would fade, but whether earnings and economic growth could remain resilient as the cost of capital moved higher.

THIRD QUARTER 2026 TOTAL RETURNS (%)

Higher yields weighed on fixed income and rate-sensitive real assets, while equity returns remained positive but uneven.

	FIXED INCOME						EQUITIES			REAL ASSETS		
	Cash	Muni	Inv. Grade	TIPS	High Yield	EM Debt	U.S.	Dev. Ex-U.S.	EM	NR	GRE	GLI
	0.9	-6.3	-3.5	-3.2	-1.8	0.3	1.4	1.2	-0.2	10.4	-5.1	-7.4
YTD	2.8	-4.2	-2.9	-2.1	0.1	0.1	12.7	10.7	22.4	21.1	3.8	1.9

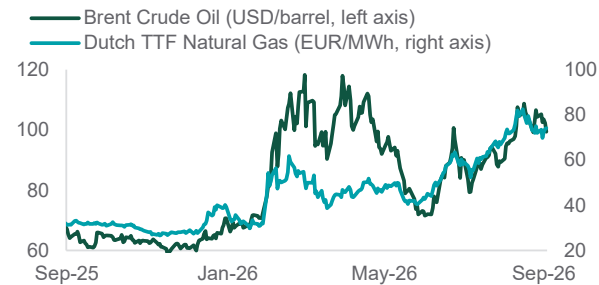
Source: Northern Trust Asset Management, Bloomberg. Data as of 9/30/2026. NR: Natural Resources; GRE: Global Real Estate; GLI: Global Listed Infrastructure. Indexes are gross of fees. Past performance is not indicative or a guarantee of future results. Index performance returns do not reflect any management fees, transaction costs or expenses. It is not possible to invest directly in any index.

KEY DEVELOPMENTS

Energy Pressure Rebuilds

Energy markets became a central macro force once again. Brent crude oil rose roughly 42%, moving from the low \$70s to above \$100 per barrel as Middle East tensions and concerns around supply routes intensified. The pressure extended into refined products, with U.S. diesel and European gasoil prices rising relatively more than crude and U.S. distillate inventories remaining below seasonal norms. Higher energy costs added to near-term inflation pressure, complicating the outlook for consumers, companies and central banks.

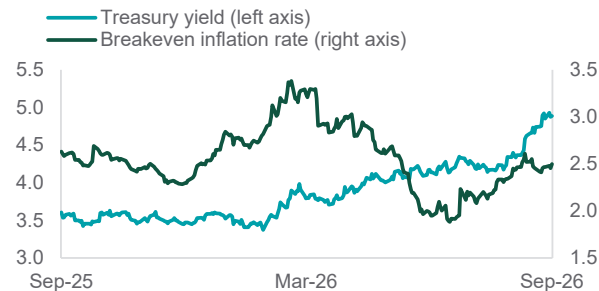
Price of Brent crude oil and European natural gas



Policy Rates Recalibrated

Policy expectations followed a round trip during the quarter. Softer labor data and subdued July core inflation initially raised the prospect of a more accommodative Federal Reserve path. That move reversed as energy prices remained elevated, August inflation strengthened and economic activity continued to hold up. The Federal Reserve, European Central Bank and Bank of Japan adjusted their policy rates higher. The Bank of England remained on hold, although three policymakers supported an increase.

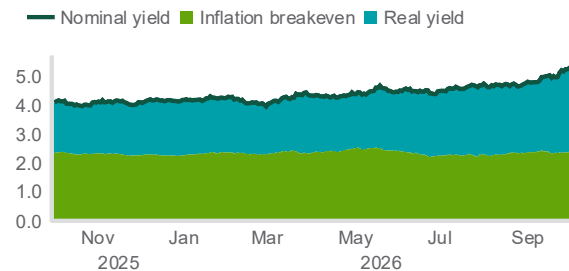
2-year Treasury yield and breakeven inflation rate (%)



A Real Yield Reset

The rise in Treasury yields was not simply an inflation story. The 10-year Treasury yield rose more than 80 basis points during the quarter, with the matching real yield accounting for approximately 82% of the increase. The result was a broader increase in the real hurdle rate across markets, placing pressure on government bonds and rate sensitive assets even as economic activity remained resilient. Treasury volatility also increased as expectations for near-term rate relief faded.

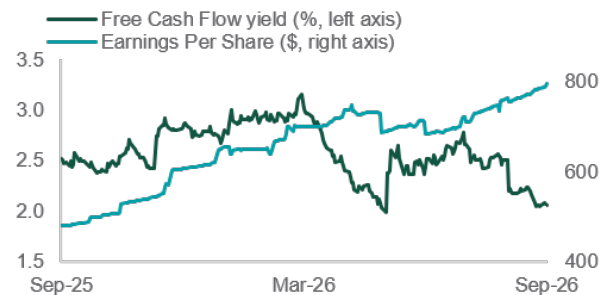
10-year Treasury yield decomposition (%)



Financing the Buildout

Artificial intelligence investment remained an important source of economic and earnings support. Cloud demand and large technology backlogs supported continued expansion in data center capacity, even as borrowing costs increased. However, the investment cycle remained highly capital intensive. Across the technology sector, earnings continued to rise while free cash flow yield declined, increasing the importance of future cash generation in validating the scale of investment and supporting valuations.

Nasdaq technology index EPS and free cashflow yield



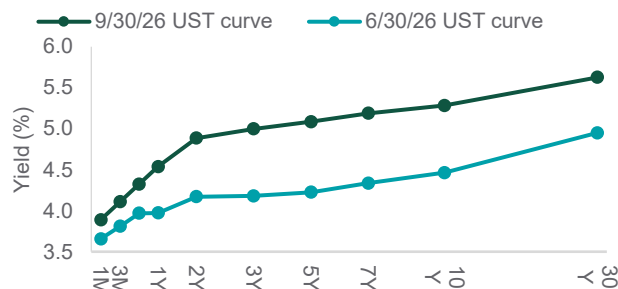
Source: Northern Trust Asset Management, Bloomberg, Macrobond. Data as of 9/30/2026. Note: EPS = earnings per share. Past performance is not indicative or a guarantee of future results. Index performance returns do not reflect any management fees, transaction costs or expenses. It is not possible to invest directly in any index.

MARKET REVIEW

Interest Rates

Treasury yields rose sharply across the curve as resilient economic activity, higher energy prices and a recalibration of policy expectations reduced the prospect of near-term rate relief. The 2-year yield increased 71 basis points (bps) to 4.89%, while the 10-year yield rose 82 bps to 5.29%. Higher real yields accounted for most of the 10-year move, while breakeven inflation increased more modestly. This left the 2- to 10-year curve modestly steeper, while the curve flattened beyond the 5-year maturity.

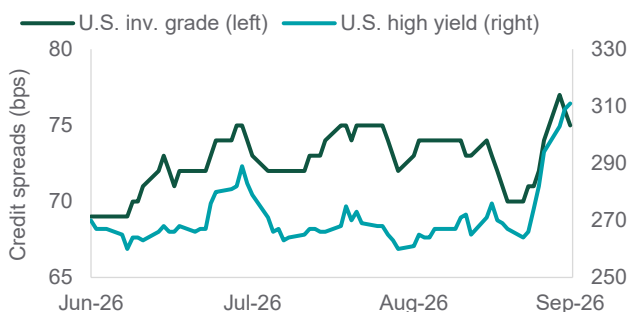
U.S. TREASURY YIELD CURVE



Credit Markets

Investment grade (IG) credit spreads widened 6 bps to 0.75%, while high yield (HY) spreads increased 41 bps to 3.11%. Higher Treasury yields were the primary headwind for longer duration and higher quality bonds. HY faced additional pressure from wider spreads, although its higher starting income and shorter duration provided some cushion. Credit markets remained orderly overall, but the greater weakness in lower-quality segments reflected increasing differentiation as all-in borrowing costs moved higher.

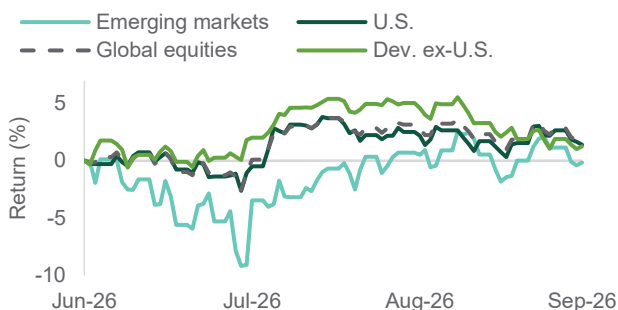
CREDIT SPREADS



Equities

Global equities finished modestly higher, led by the U.S. Developed ex-U.S. equities posted a smaller gain, while emerging markets declined modestly amid considerable country level dispersion. Within the U.S., large-cap equities remained positive, supported by energy, healthcare and select technology companies, while smaller companies declined. With fewer than 40% of S&P 500 Index constituents posting positive quarterly returns, headline performance remained increasingly dependent on a narrower group of market leaders.

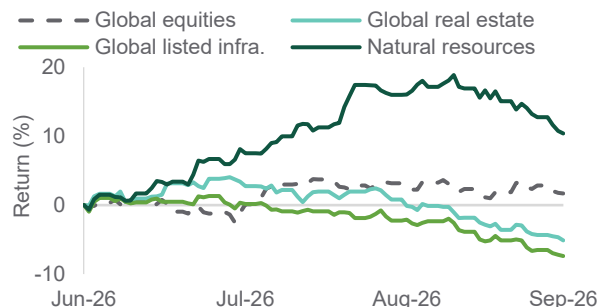
REGIONAL EQUITY INDICES



Real Assets

Real assets displayed significant dispersion. Natural resource equities benefited from higher energy and industrial metal prices, while global real estate and listed infrastructure declined. Higher commodity prices supported natural resource equities but also added to inflation pressure, while rising yields weighed on real assets with greater financing needs and longer duration cash flows. Gold finished modestly higher as geopolitical uncertainty and inflation concerns were partly offset by the rise in real yields.

REAL ASSET INDICES



Source: Bloomberg. Returns in U.S. dollars. Indexes are gross of fees. Past performance is not indicative or a guarantee of future results. Index performance returns do not reflect any management fees, transaction costs or expenses. It is not possible to invest directly in any index.

NOTABLE MARKET EVENTS DURING THE QUARTER

■ 3Q 2026 global equity total return: 1.7%



JULY	AUGUST	SEPTEMBER
1 Weaker than expected June payroll growth lowered short-term Treasury yields and reduced expectations for a near-term Federal Reserve rate increase.	6 Reported progress toward reopening the Strait of Hormuz lowered oil prices, while strong technology earnings supported a broad equity recovery.	11 August payroll growth exceeded expectations and prior months were revised higher, weakening the labor market case for leaving policy unchanged.
2 Samsung reported a sharp increase in preliminary operating profit, but semiconductor shares declined as elevated expectations continued to weigh on the sector.	7 July consumer inflation matched expectations, lowering short-term Treasury yields and reducing expectations for a September Federal Reserve rate increase.	12 The European Central Bank raised its deposit rate by 25 basis points as Brent crude moved higher, placing renewed pressure on global sovereign bonds.
3 Softer June consumer inflation lowered Treasury yields and reduced the probability of a July Federal Reserve rate increase.	8 U.S. business activity reached its fastest pace in more than four years, and technology shares recovered ahead of major semiconductor earnings.	13 The Federal Reserve raised its target range by 25 basis points and indicated that additional policy adjustment remained possible.
4 Brent crude oil crossed \$100 per barrel as energy-supply concerns intensified, while the European Central Bank left its deposit rate unchanged.	9 Strong semiconductor guidance reinforced confidence in AI investment, while European Central Bank officials indicated that policy rates may need to rise further.	14 The Bank of Japan raised its policy rate to 1.25%, while a divided vote reduced expectations for another near-term increase and weighed on the yen.
5 The Federal Reserve held rates with three members supporting an increase, while disappointing memory chip earnings added to pressure on global technology shares.	10 Federal Reserve Chair Kevin Warsh emphasized persistent inflation risks, pushing the probability of a September rate increase above 50%.	15 Strong U.S. activity data coincided with a sharp global bond selloff and renewed pressure on rate-sensitive assets.

Source: Bloomberg. Returns in U.S. dollars. Indexes are gross of fees. Past performance is not indicative or a guarantee of future results. Index performance returns do not reflect any management fees, transaction costs or expenses. It is not possible to invest directly in any index.

Recalibrating Rates, Not Tightening Policy

Markets love simple narratives. A rate cut is dovish. A rate hike is hawkish. A pause falls somewhere in between. The Federal Reserve's latest 25 basis point increase has therefore been interpreted through a familiar lens: tighter policy, more pressure on growth, and another obstacle for risk assets.

That interpretation may be too simplistic.

Not every move in the federal funds rate signals a change in policy direction. Sometimes a central bank adjusts nominal rates simply to maintain the same degree of restraint. The key distinction is between nominal and real rates. Monetary policy is ultimately transmitted through the latter. If inflation expectations rise while policy rates stand still, the real stance becomes easier. A modest increase in nominal rates may therefore represent recalibration rather than tightening.

Recent market pricing provides important context. Long-term inflation expectations, as captured by 5-year, 5-year forward inflation rates, have remained broadly stable for months, suggesting that current inflation pressures have not become embedded in longer-term expectations. A limited and well-signaled increase may therefore prove to be a recalibration rather than the start of a sustained tightening cycle.

The complication is that policy rates no longer tell the whole story.

Broader financial conditions matter more than policy rates in isolation. Credit spreads, equity valuations, the dollar

and long-term bond yields are what determine financing conditions for households and businesses. A widely anticipated 25 basis point increase that has already been discounted by investors may have little incremental effect. By contrast, the rise in longer-dated Treasury yields over the past year has exerted meaningful tightening pressure without any additional action from the Fed.

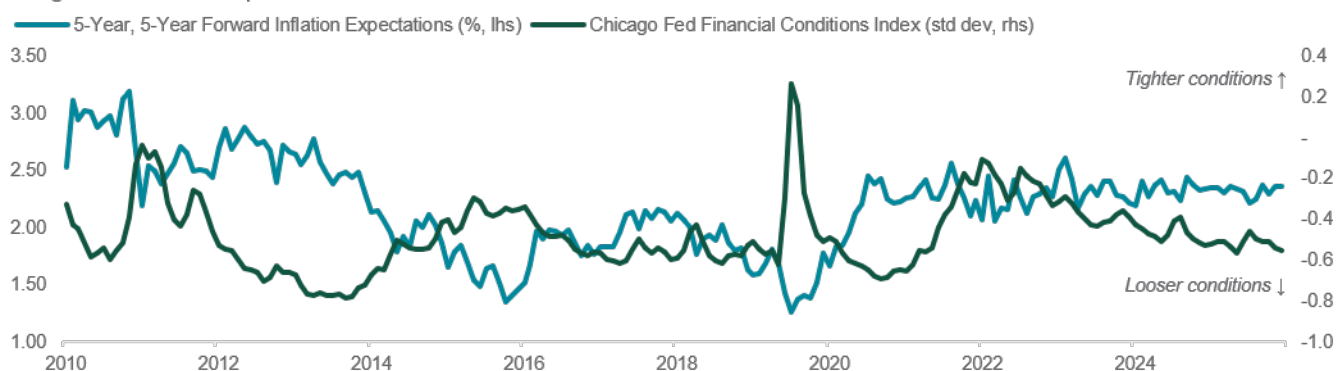
There is also the uncomfortable reality that inflation is not solely a demand story. Sticky services inflation continues to reflect structural supply constraints, while energy-price shocks remain capable of lifting headline inflation regardless of policy settings. History suggests monetary policy has only limited influence over either.

This is why investors should focus less on the next 25 basis points and more on the trajectory beyond it. As the old market adage goes, historically it has often been the last rate hike, rather than the first, that causes trouble. A cumulative 75 basis point recalibration spread over six months is manageable and largely priced in. The genuine risk would be something more aggressive: a sustained tightening cycle exceeding 125 basis points over the course of a year. That would signal a meaningful shift in policy intent rather than a technical adjustment.

For now, the Fed may simply be recalibrating the dial, not turning the screws. The distinction is subtle. For markets, it is everything.

ROOM TO RECALIBRATE – LOOSE FINANCIAL CONDITIONS, ANCHORED INFLATION EXPECTATIONS

Long-term Inflation Expectations vs. Financial Conditions



Source: Northern Trust Asset Management, Chicago Fed, Federal Reserve Board, Bloomberg. Data from 9/1/2010 through 9/22/2026. Historical trends are not predictive of future results.



C&N PORTFOLIO POSITIONING:

SLIGHT OVERWEIGHT TO RISK ASSETS

C&N Vantage Point
October 2026



Market Views:

Equities Pressured Short Term, Structurally Strong Long Term.
Fed Likely To Raise Two Times.
Remain Diversified. Above Average Volatility To Continue.

Market Risks:

Inflation Going Higher And Staying Longer.
High Oil Prices Lead To Economic Demand Destruction.
Stagflation. (Slow Growth, High Inflation.)

Risk Type	Asset Class	Sector Category	Under Weight	Neutral	Over Weight	Viewpoints
Risk Control	Cash/Cash Alternatives	Ultrashort Bonds				Maintain slight overweight. This is a source of funds for rebalancing in the event of a larger equity market downturn.
	Alternatives (Fixed Based)	Absolute Return				This is a bond alternative category. Yields have risen and equity volatility has increased. We believe this is a more favorable risk/reward environment for Absolute Return. We maintain neutral positioning.
		Inflation-Linked Bonds				Inflation expectations are increasing, given the ramifications of higher oil prices. We maintain a slight overweight.
		US Investment Grade Bonds				Yields have increased as higher inflation fears have surfaced. Fed raised rates in September and historically they raise multiple times. We trim to a slight underweight.
	Fixed Income	International Bonds				U.S. yields remain more competitive than most foreign developed markets. We stay underweight international bonds, but maintain our allocation towards unhedged bonds due to dollar weakness.
		Emerging Markets Bonds				We maintain our neutral position given the unknown impacts of potential tariff wars, and expecting any growth shock from the Iran conflict to hit emerging markets first.
		High Yield Bonds				Higher oil and its possible impacts, such as demand destruction and higher inflation, may cause a growth slowdown. We maintain a neutral allocation.
Risk Assets	Equities	US Large Cap				We increased our overweight to this category and maintain our slight overweight to Growth. We prefer large-caps in a higher interest rate environment and believe AI-driven growth continues.
		Developed Ex-US				We slightly favor Large Value within this category believing it offers better valuation than their U.S. counterparts. A higher dividend yield provides a slightly more defensive posture.
		US Mid & Small Cap				We trim Small growth given its YTD performance and use proceeds to add to our U.S. Large Cap trade. Higher interest rates may become a headwind for smaller companies so we prefer large caps.
		Emerging Markets				Uncertainty from oil price impacts has us maintaining an underweight to this category, as we prefer developed international equities who tend to have more diversified revenue sources.
	Alternatives (Equity Based) & Real Assets	Real Estate				We maintain our neutral position but look to assess this category based on Fed rate hikes and concerns of the AI buildup on real estate.
		Commodities/Natural Resources				The asset class has had strong YTD performance. We monitor market conditions as the Iran conflict develops, but energy companies have good earnings visibility. We maintain our neutral stance.

Note: Views are subject to change based on market conditions and other factors. These views should not be construed as a recommendation for any specific security or sector. Client portfolios may or may not be at the recommended weightings above due to, but not limited to: distributions, tax management limitations, systematic purchases, etc. NOT FDIC INSURED / MAY LOSE VALUE / NO BANK GUARANTEE



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