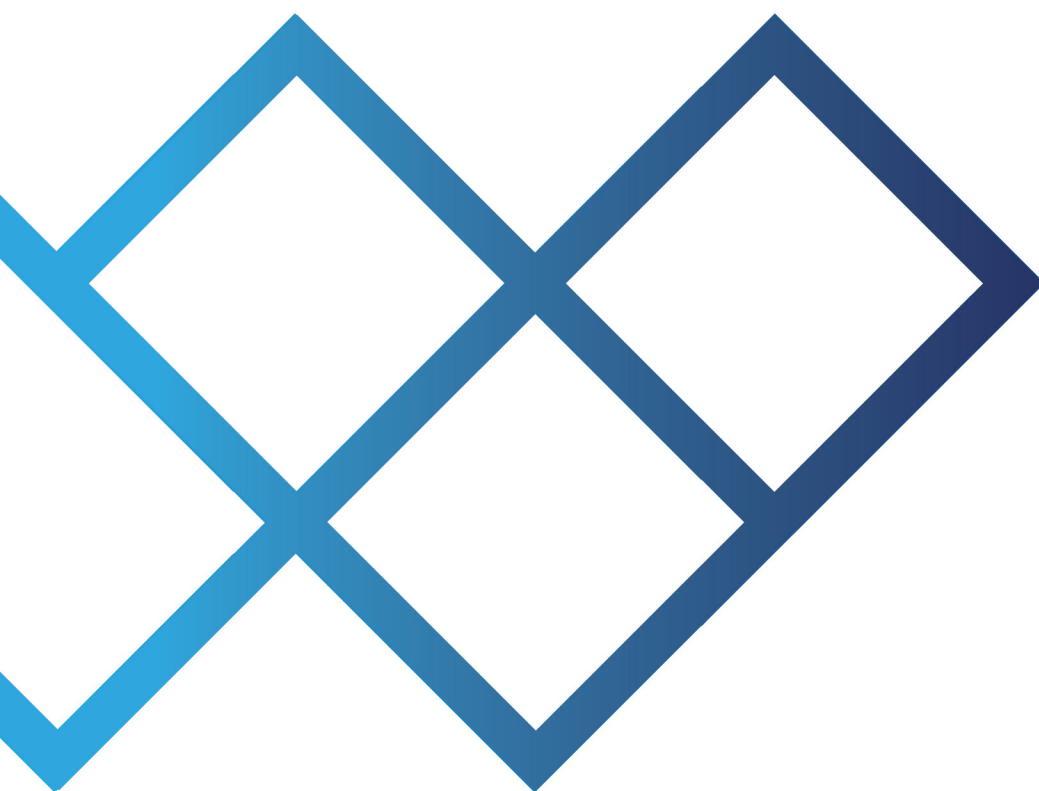




WESTEND
Advisors

A VICTORY CAPITAL® INVESTMENT FRANCHISE



Mid-Quarter Macro Update

Q4 2025

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U.S. Equity Sector Allocations

WESTEND ETF STRATEGIES

Current large-cap U.S. equity sector allocation and avoidance*

Sector Allocations

- Financials
- Health Care
- Consumer Staples
- Communication Services
- Consumer Discretionary
- Information Technology
- Utilities

Sector Avoidance

- Energy
- Industrials
- Materials
- Real Estate

** For illustrative purposes only. Allocation information as of November 20, 2025. Source: WestEnd Advisors.*

International Equity and Fixed Income Allocations

WESTEND GLOBAL ETF STRATEGIES

Current regional equity allocation positioning in global portfolios*

Regional Equity Overweights

- U.S.A.
- Asia (Developed and EM)

Regional Equity Underweights

- Europe
- Emerging Markets (ex-Asia)

WESTEND BALANCED ETF STRATEGIES

Current fixed income and asset class positioning in balanced portfolios*

Fixed Income Overweights

- Short-term Corporate Credit
- Longer-Term Treasury Securities

Fixed Income Underweights

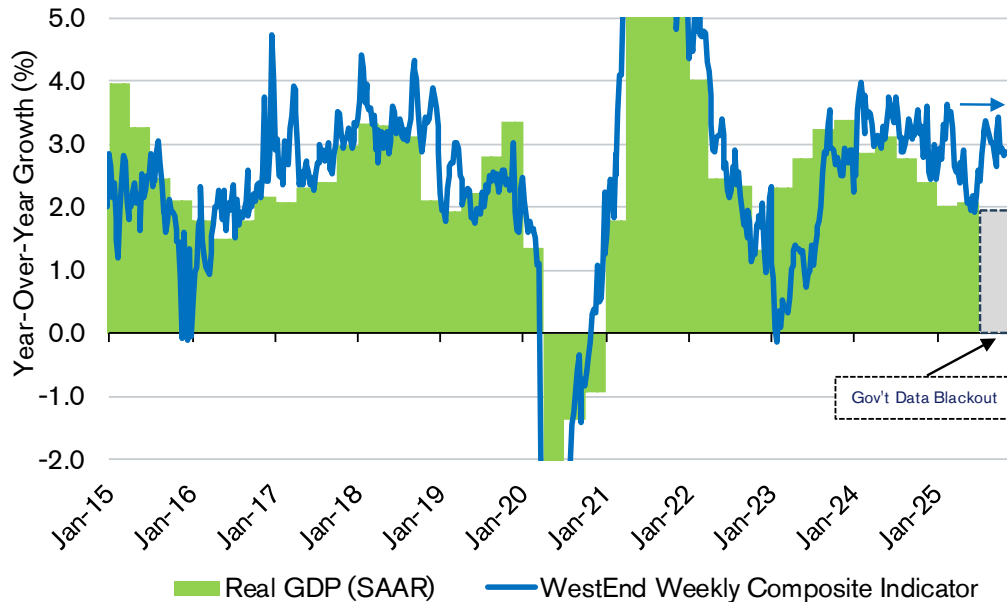
- Short-term Treasury Securities
- Long-term Corporate Credit

** For illustrative purposes only. Allocation information as of November 20, 2025. Source: WestEnd Advisors.*

Economic & Market Backdrop

High-Frequency Data Held Up During Shutdown

HIGH FREQUENCY DATA IMPLIES RESILIENT GROWTH IN 2H



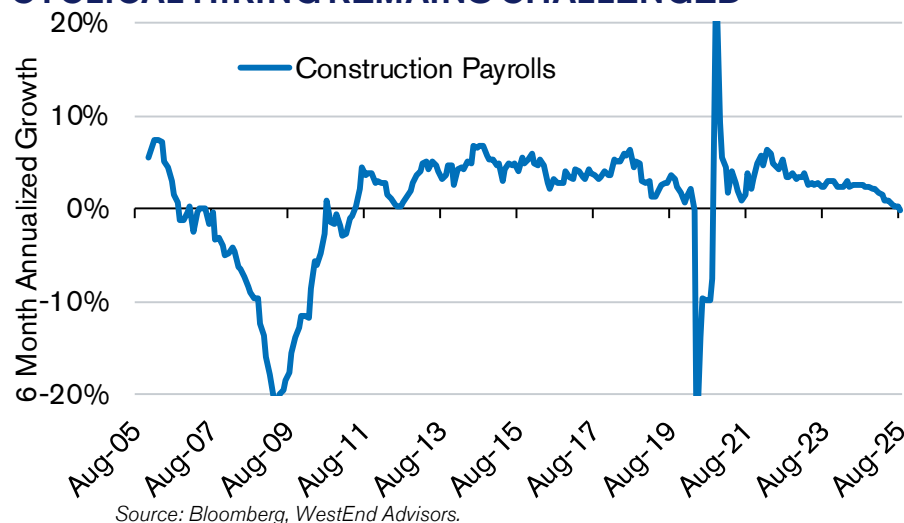
Source: BEA, Dallas Fed, WestEnd Advisors.

Portfolio Impact: A government shutdown-induced data blackout temporarily reduced visibility into the state of the economy. Our analysis of alternative data sources, such as high-frequency data, suggests that economic activity has held up well in recent months following a slowdown in the 1H of the year, driven by resilient consumer spending and productivity gains.

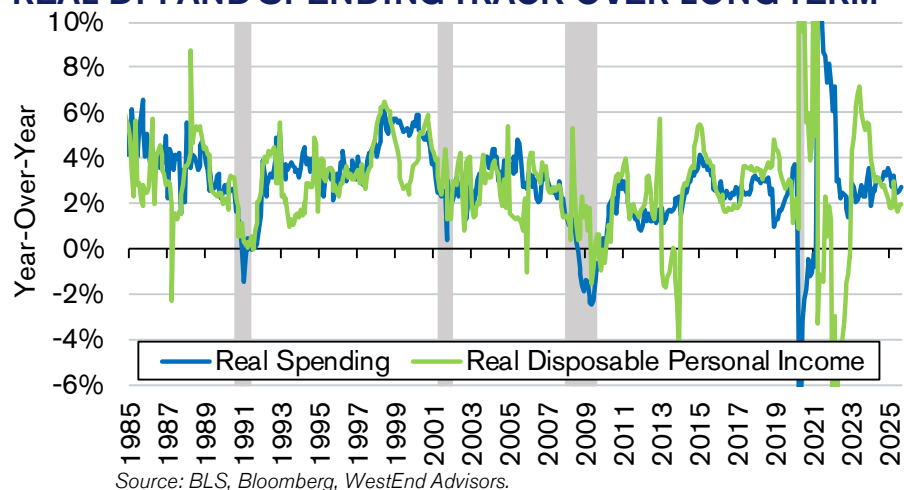
- ❖ **High-Frequency Data:** Measures of high-frequency data, such as WestEnd's in-house composite indicator (see chart), can provide timely intra-quarter information on the evolution of economic trends. This more real-time supplemental data, which includes, for example, weekly mortgage applications and chain-store retail sales, helps corroborate the in-depth and widely followed headline economic releases from official statistics agencies that have been delayed due to the ongoing government shutdown.
- ❖ **First-Half Slowdown:** Real GDP growth slowed in the first half of 2025, largely due to international trade volatility around the implementation of tariffs as well as soft trends in non-tech fixed investment.
- ❖ **Second-Half Stabilization:** Alternative data sources, such as high-frequency data, point to continued moderate growth in the second-half of the year, driven by resilient consumer spending and productivity gains.

Low Labor Demand May Limit Spending Growth

CYCLICAL HIRING REMAINS CHALLENGED



REAL DPI AND SPENDING TRACK OVER LONG TERM

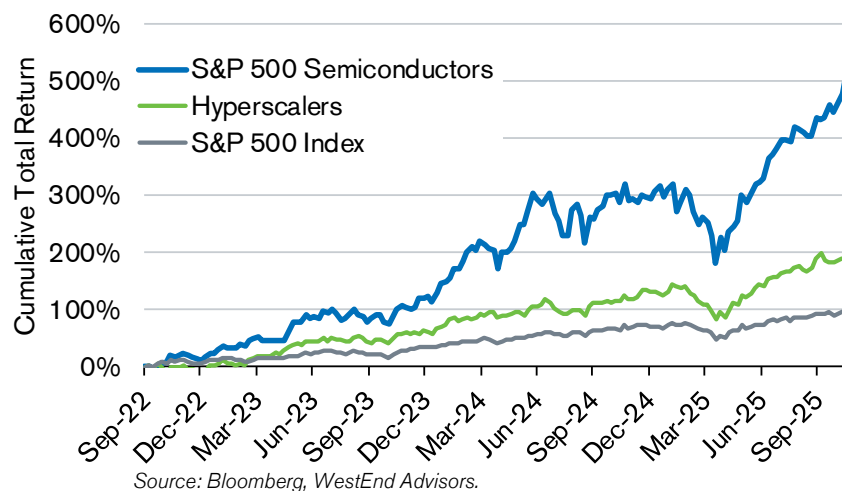


Portfolio Impact: Given the ongoing labor market slowdown, we are incrementally more cautious towards the consumer after a multi-year period of healthy income growth and spending. As such, we remain underweight the Consumer Discretionary sector across our portfolios.

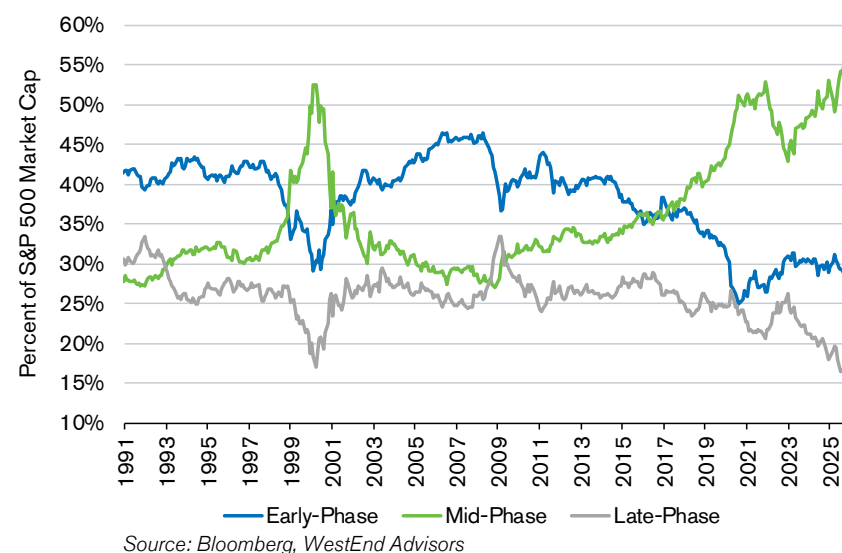
- ❖ **Labor Market Concerns Persist:** The current year-over-year growth rate for nonfarm payrolls is historically slow, outside of prior recessionary periods, especially for more cyclical industries, such as construction, which have been constrained by higher financing costs and slowing demand.
- ❖ **Income Growth to Slow:** Even though layoffs remain relatively low, aggregate income growth is likely to slow, in our view, driven by a combination of slower job growth as well as a void of transfer payments that boosted incomes in 2024.
- ❖ **Wealth Effect:** Despite the tremendous wealth effect from significant stock market and home price appreciation in recent years, we believe a backdrop that includes slowing income growth and low labor demand is unlikely to lead to stronger consumption trends.

Quantifying Impact of the AI Infrastructure Boom

AI GAINS HAVE BEEN HIGHLY CONCENTRATED



MID-PHASE SECTORS MAKE UP RECORD WEIGHT IN S&P 500



Portfolio Impact: Since the launch of ChatGPT in 2022, most of the earnings upside and investor enthusiasm around generative AI has accrued to chipmakers and infrastructure/energy enablers. Investors should be wary, however, of extraordinary market concentration driven by recent gains in a handful of companies that were early in solidifying their leadership within the broader AI ecosystem.

Early Winners in AI Arms Race:

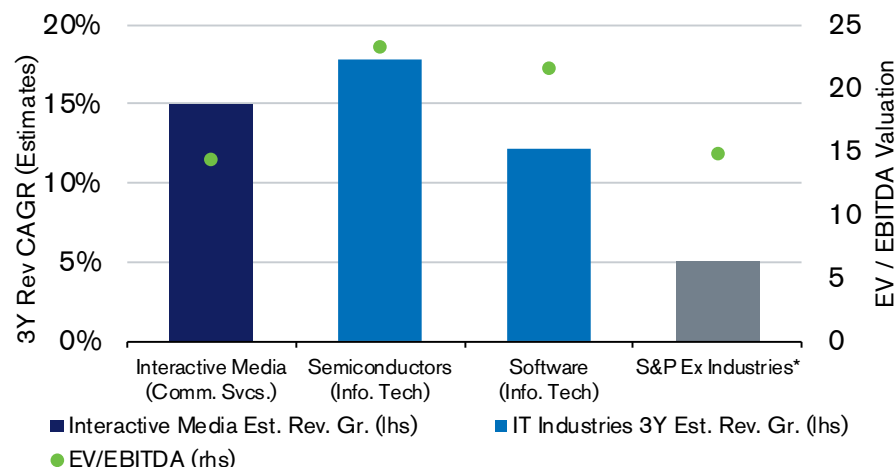
- ❖ The meteoric rise of generative AI and AI-related investment led to a historic period of narrow market breadth and market concentration that has primarily benefitted the largest companies in the S&P 500.
- ❖ While the first stage of the AI investment cycle has driven extraordinary returns for a small group of companies at the center of the infrastructure buildout, we see potential for market leadership to evolve and broaden out as efficiency gains become more widespread.

Market Influence:

- ❖ Beating the market requires looking different than the market, yet overweighting mid-phase sectors (>56% of the market) requires high conviction. In contrast, defensive sectors now make up <16% of the market.

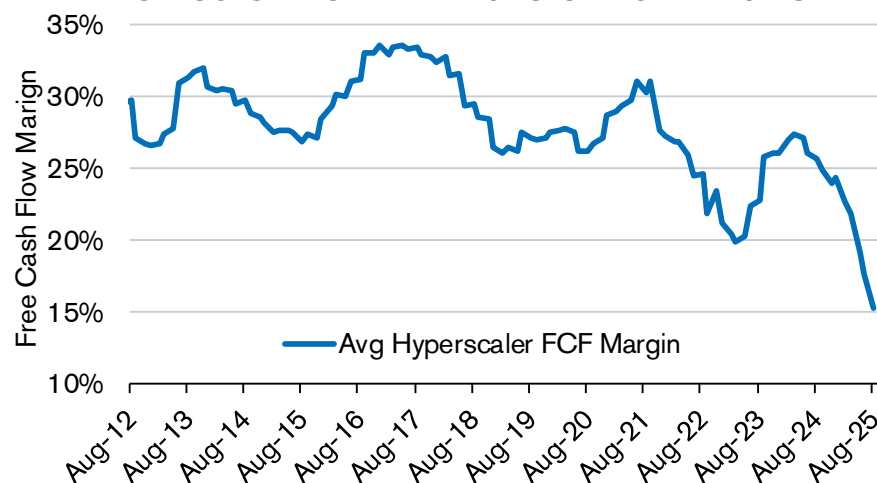
AI Growth Engine Fuels Key Mid-Phase Sectors

COMPELLING GROWTH AND VALUATION SETUP FOR COMMS



* Excludes Interactive Media, Semiconductors, and Software industries.
Source: Bloomberg, WestEnd Advisors.

AI INFRASTRUCTURE SPEND WEIGHS ON FCF MARGINS



Source: Bloomberg, WestEnd Advisors. Hyperscalers include MSFT, ORCL, META, GOOGL.

Portfolio Impact: Generative artificial intelligence (AI) has ushered in a powerful, multi-year investment cycle, driving record infrastructure spending by hyperscalers. We view this investment cycle as fundamentally durable, though we expect its sustainability will hinge on successful AI monetization and on user adoption meeting elevated expectations.

AI Tailwinds Support Info. Tech. and Comm. Svcs.:

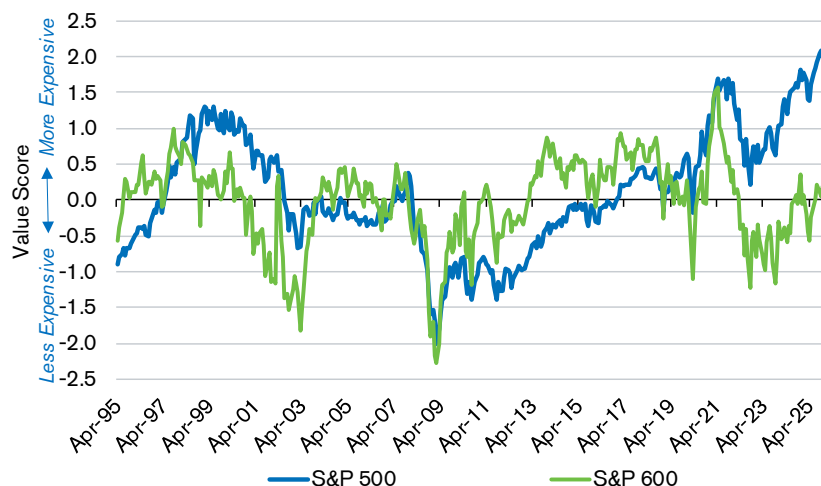
- ❖ The largest industries within the U.S. Information Technology and Communication Services sectors have benefitted disproportionately from initial artificial intelligence (AI) tailwinds and offer robust top-line growth relative to the broader market.
- ❖ Looking ahead, Communication Services is expected to continue delivering robust revenue growth, similar to Information Technology in our view, yet trades at more attractive valuations (top chart).

Free Cash Flow Margin Compression:

- ❖ The surge in AI-related capex has solidified hyperscalers' leadership within the AI ecosystem, but has come at a cost – the average free cash-flow margin for major hyperscalers is now at decade-lows (bottom chart), underscoring how capital intensity is reshaping the profitability profile of market leaders.

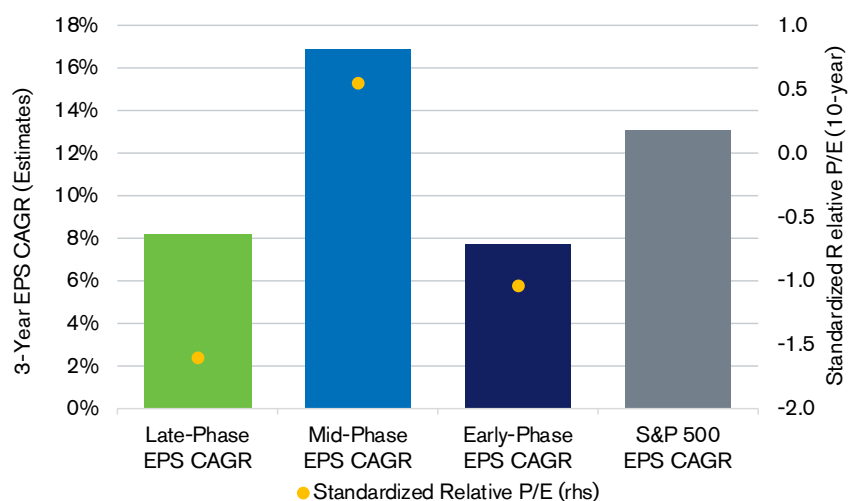
Positioning for Broader Market Leadership

SMALL-CAPS OFFER HISTORIC DISCOUNT TO LARGE-CAPS



Source: Bloomberg, WestEnd Advisors. Value Score is a composite index of the standardized values of more than a dozen different valuation metrics.

FAVORABLE RELATIVE VALUATION FOR LATE-PHASE



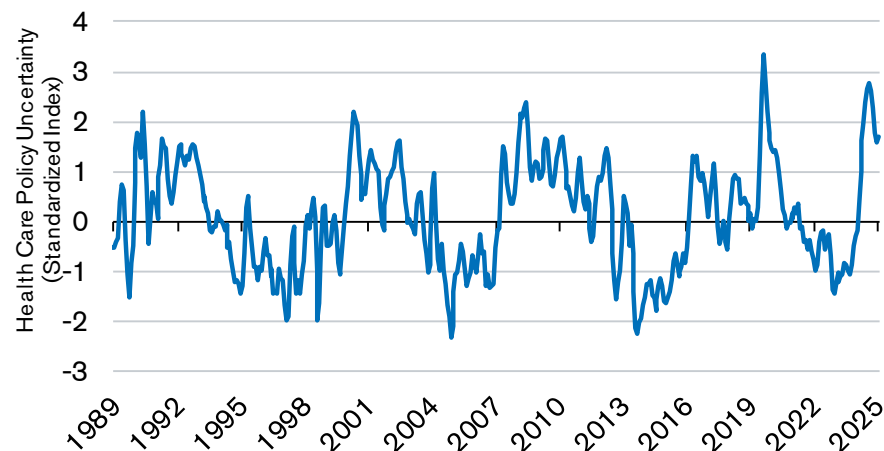
Source: Bloomberg, WestEnd Advisors

Portfolio Impact: We have broadened exposure within our global portfolios' U.S. equity allocations by adding small-cap U.S. equities to capture potential upside as market breadth improves, while also continuing to emphasize high-quality defensive sectors that offer attractive growth at reasonable valuations. These allocations reflect our view that diversifying beyond mega-cap growth leadership may enhance portfolio resilience and participation in a wider range of potential market leadership outcomes.

- ❖ **Small-Caps:** The S&P SmallCap 600 trades at 15.7x forward earnings, a ~30% discount to the S&P 500. Current relative valuations are comparable only to the late 1990s, after which small-caps materially outperformed large-cap equities.
- ❖ **Relative Earnings Strength:** U.S. large-cap stocks appear poised to see their earnings growth advantage over small-caps wane in 2026, in our view.
- ❖ **Late-Phase Sector Allocation:** The substantial valuation discount of late-phase defensive sectors versus the broader market offers potential for relative multiple expansion alongside durable and resilient earnings growth in a late-cycle environment.

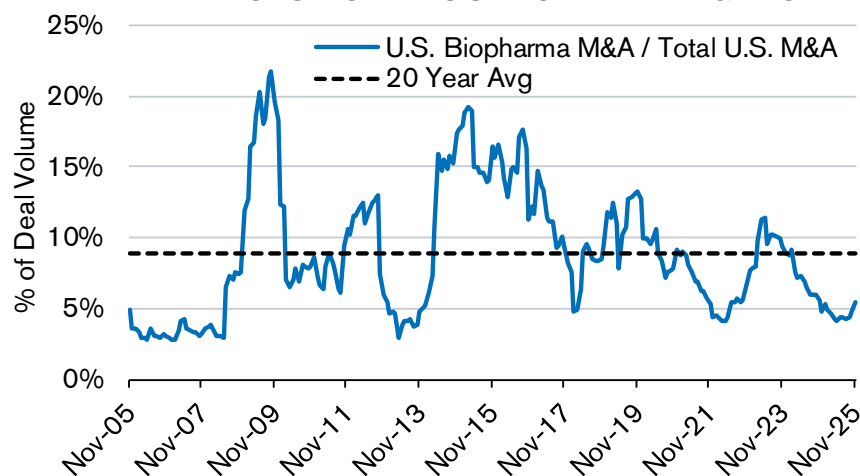
Improving Tailwinds for the Biotech Industry

HEALTH CARE POLICY UNCERTAINTY TRENDING LOWER



Source: Baker, Bloom & Davis, Bloomberg, WestEnd Advisors.
Line shows 3m avg z-score of the standardized Health Care Policy Uncertainty Index to compress skew.

PATENT EXPIRATIONS TO LIFT U.S. BIOPHARMA M&A ACTIVITY



Source: Bloomberg, WestEnd Advisors

Portfolio Impact: Looking ahead, we believe biotechnology companies stand to benefit from waning policy uncertainty across the broader Health Care sector, the potential for lower interest rates, and an anticipated pickup in M&A activity.

❖ **Reduced Policy Uncertainty:** Recent developments in Washington signal waning policy uncertainty across the Health Care sector, particularly benefiting biotechnology companies. We believe this improved regulatory environment could lift depressed valuation multiples and increase the likelihood of companies achieving their robust fundamental targets.

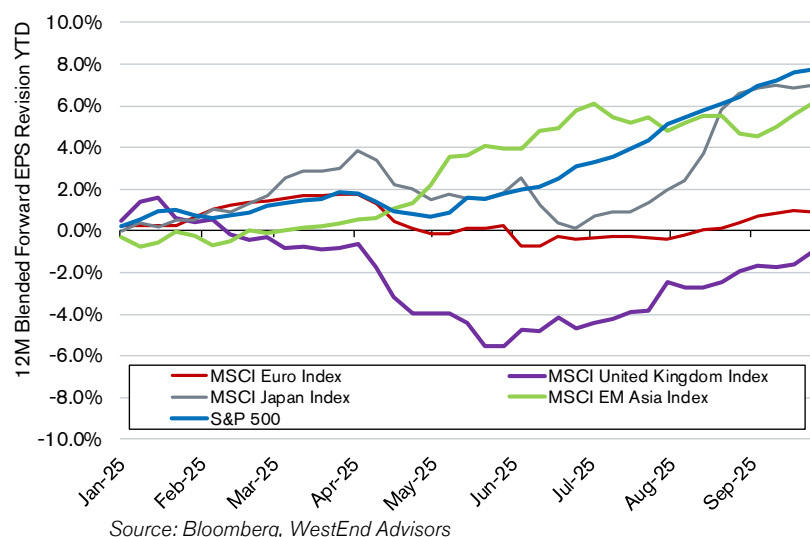
❖ **Valuation:** The Biotechnology industry's EV/Sales multiple and its valuation premium to the S&P 500 are both at historically depressed levels.

❖ **Increased M&A Activity:** Large-cap pharmaceutical and biotechnology companies face a cascade of patent expirations near the end of the decade, creating strong incentives for M&A activity to backfill product pipelines. This dynamic will likely generate substantial capital flows into earlier-stage biotechnology firms, in our view.

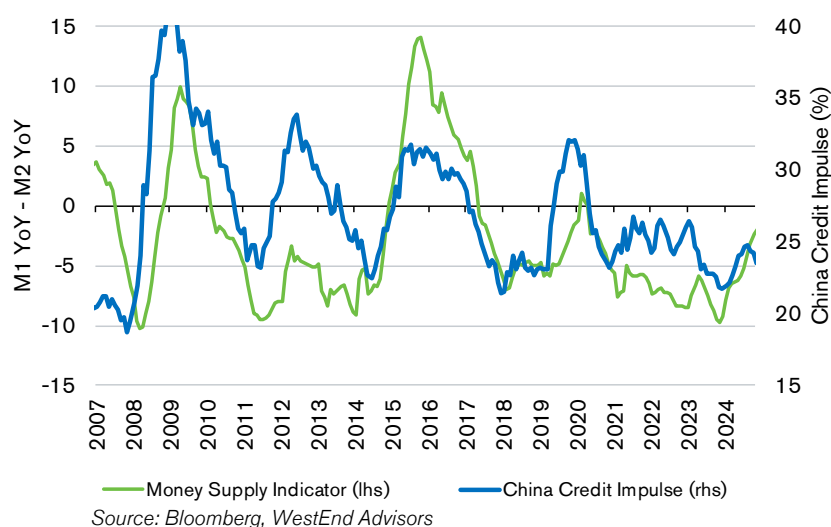
International Economic & Market Backdrop

Opportunity in Asia for Global Investors

U.S. AND ASIA HAVE STRONGEST EARNINGS MOMENTUM



CHINA MONETARY CONDITIONS ON IMPROVING TRAJECTORY



Portfolio Impact: Asia remains the most compelling opportunity outside of the U.S., in our view. Improving monetary conditions in China as well as fiscal support, stronger relative earnings momentum, and reduced trade-policy uncertainty create a favorable setup for the region to outperform over our investment horizon.

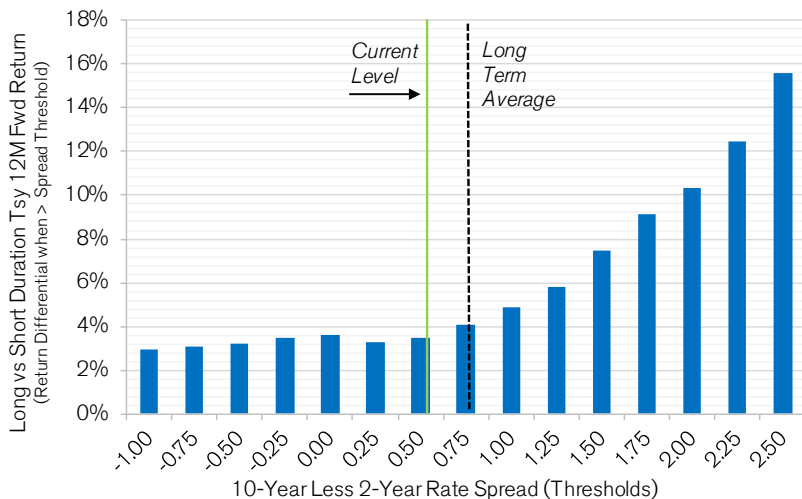
❖ **Regional Earnings Revisions:** So far this year, EPS estimates have seen the strongest upward revisions in the U.S., Japan, and EM Asia, driven by a combination of the AI infrastructure capex boom, supportive monetary policy, and favorable structural reforms in Japan and China. In contrast, EPS revisions have been relatively subdued in the U.K. and the Euro-Area due to sluggish manufacturing and lower exposure to high-tech industries.

❖ **China Monetary Signal:** The pronounced monetary policy support in China has led to improving liquidity conditions and a rising appetite for credit. Historically, an accelerating credit impulse and increasing growth in narrow money (M1) relative to broad money (M2) have been supportive of equity valuations and signaled a healthy environment for risk assets more broadly.

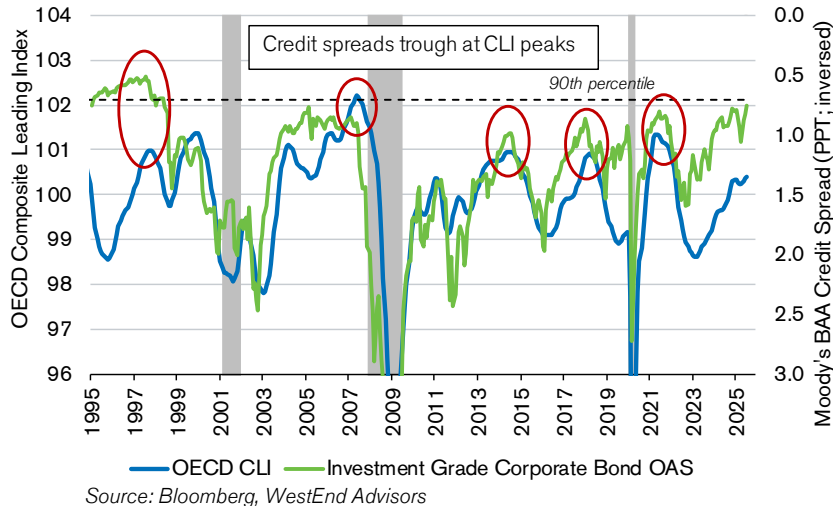
Fixed Income / Real Assets

Yield Curve Normalization Can Continue, While Credit Remains Expensive

DURATION MORE ATTRACTIVE AS CURVE STEEPENS



CORPORATE CREDIT HISTORICALLY EXPENSIVE



Portfolio Impact: We believe the yield curve re-steepening process can continue. As the Federal Reserve recalibrates interest rate policy to a more neutral stance, resilient economic growth and above-target inflation could limit the downside to longer-term interest rates. As a result, we expect fixed income returns to be driven primarily by relatively healthy coupon yields, with limited price gains. In balanced portfolios, we believe a neutral allocation to bonds is currently warranted.

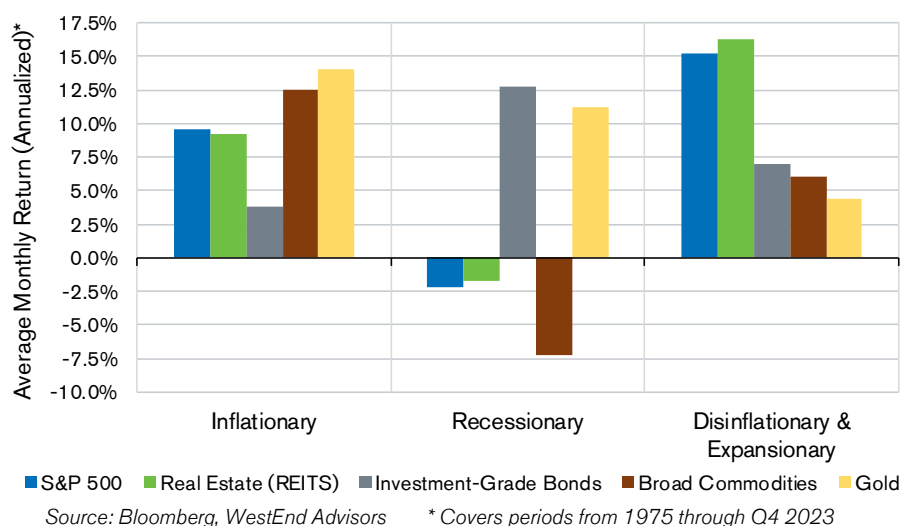
❖ **Duration Attractiveness:** Long-duration bonds become more attractive as the yield curve steepens. Historically, the outperformance of long vs. short duration Treasury securities has been strongest when the yield spread is above average.

❖ **10-Year Fair Value:** Absent sharp economic deterioration, the fair value of the 10-year Treasury yield could remain between 4% and 5%, according to WestEnd's internal estimate based on long-run real GDP growth and CPI.

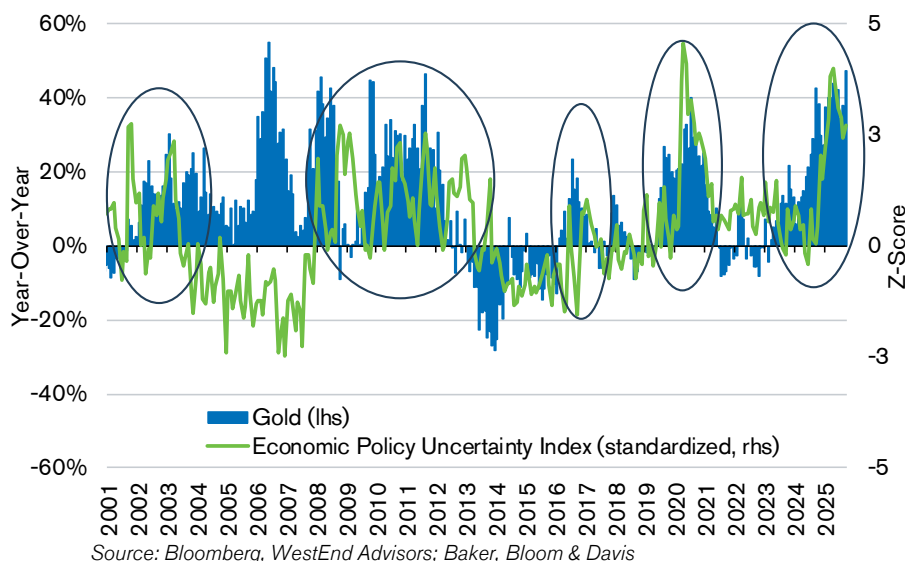
❖ **Spread Rebound Reduces Credit Appeal:** Credit spreads fell back toward historic lows after the tariff turmoil in April. The risk/reward profile for long-duration corporate credit remains unappealing, in our view, as credit spreads have typically widened during periods when leading economic indicators roll over.

Asset Class Returns Driven by Macro Environment

MACRO CONDITIONS DRIVE ASSET CLASS DISPERSION



GOLD CAN PROVIDE HEDGE AGAINST UNCERTAINTY



Portfolio Impact: Given our outlook for a late-cycle environment, we continue to avoid the most economically sensitive real asset exposures, like real estate and broad commodities. Against this backdrop, we continue to see gold as an attractive alternative to fixed income that can benefit from falling real interest rates and economic uncertainty.

- ❖ **Real Assets Can Enhance Portfolio Outcomes:** Macroeconomic conditions can influence the performance of assets outside of traditional equities and fixed income. Active, macroeconomically driven asset allocation decisions can enhance not only portfolio diversification but return potential as well.
- ❖ **Gold Performing Well in Uncertain Macro Environment:** We continue to see gold as a compelling asset in this environment. Year-to-date, it is one of the best-performing assets and has benefitted from multiple tailwinds including elevated economic policy uncertainty, a falling dollar, declining real interest rates, and strong demand from central banks and ETF investors.

Footnotes & Disclosures

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The Standard and Poor's 500 Stock Index includes 500 stocks and is a common measure of the performance of the overall U.S. stock market. The MSCI ACWI consists of 47 country indexes comprising 23 developed and 24 emerging market country indexes. The total return of the MSCI ACWI (Net) Index is calculated using net dividends. Net total return reflects the reinvestment of dividends after the deduction of withholding taxes, using (for international indices) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. The Bloomberg Barclays US Aggregate Treasury Index measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury. The Bloomberg Barclays US Aggregate Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. An index is unmanaged and is not available for direct investment.

Any portfolio characteristics, including position sizes and sector allocations, among others, are generally averages and are for illustrative purposes only and do not reflect the investments of an actual portfolio unless otherwise noted. The investment guidelines of an actual portfolio may permit or restrict investments that are materially different in size, nature, and risk from those shown. The investment processes, research processes, or risk processes shown herein are for informational purposes to demonstrate an overview of the process. Such processes may differ by product, client mandate, or market conditions. Portfolios that are concentrated in a specific sector or industry may be subject to a higher degree of market risk than a portfolio whose investments are more diversified.

Holdings, Sector Weightings, and Portfolio Characteristics were current as of the date specified in this presentation. The listing of particular securities should not be considered a recommendation to purchase or sell these securities. While these securities were among WestEnd Advisors' strategies' holdings at the time this material was assembled, holdings will change over time. There can be no assurance that the securities remain in the portfolio or that other securities have not been purchased. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities presently in the portfolio. Individual clients' portfolios may vary. Upon request, WestEnd Advisors will provide a list of all recommendations for the prior year.