Mission Wealth

MARKET PERSPECTIVES

Q3 2025

Presented By

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Kieran Osborne is responsible for portfolio management, trading, analysis, investment, and economic research functions and leads the firm's Investment Committee.

Mr. Osborne oversees portfolio construction and implementation, conducts in-depth manager research and due diligence, and monitors fund performance on an ongoing basis.

Key Themes

KEY THEMES	COMMENTARY
Market Update	Trade policy has dominated the start of the year, with stock markets moving lower, then higher, primarily a function of tariff developments. While stocks have rallied off April lows as policy overhang has abated, the full economic implication of current policy remains unclear. Positive earnings and share buyback announcements have helped underpin investor sentiment, though stock market concentration remains a concern, underscoring the importance of portfolio diversification. Bond yields have trended lower on the back of moderating economic growth expectations and an increased likelihood of Fed rate cuts.
The Economy	The full economic impact of tariffs remains uncertain, though it is expected to result in a short-term moderation in economic growth and an increase in inflation. 2025 GDP growth is expected to grow 1.5%, down from expectations of over 2% earlier in the year but improved recently as some policy uncertainty has subsided. The labor market appears to be moderating, which may put downward pressure on consumer spending. On the other hand, increased adoption of AI bodes well for productivity. Inflation is expected to rise through the end of 2025 before declining in 2026, though it is expected to remain above the Fed's 2% target. We believe the Fed will pay greater attention to its employment mandate and is likely to begin cutting rates in the face of a slowing labor market, albeit at a measured pace.
Asset Class Outlook	We are positive on the long-term outlook for stocks, though anticipate some moderation in returns relative to recent strength. International stocks trade at a discount to the U.S. market and may be supported by fiscal and monetary policies. Current bond yields are relatively attractive, with many of our preferred bond funds yielding mid- to high-single digits. Moving forward, we believe alternative strategies may offer attractive risk-adjusted return potential.

Mission Wealth Actions

- The ongoing divergence in performance across asset classes continues to provide us with **enhanced rebalancing opportunities.**
    - Ahead of 2025, we were trimming Growth stocks and adding to Value, International, and emerging markets. In March & April, we were trimming Value and International stocks in favor of Growth stocks, which have subsequently outperformed.
- We believe **broad diversification, disciplined investment decision-making, and a focus on the long term** are critical to portfolio performance.
- Where appropriate, we have taken the opportunity to **tax-loss harvest** select positions to **enhance our clients' after-tax returns**.
- We are **constructive on bonds.** Many of our preferred bond funds yield **mid- to high-single digits,** and the **current yield is the strongest determining factor** for forward-looking bond total returns.
- We continue to **favor alternative investment strategies**, which we believe offer **attractive risk-adjusted returns and limited correlation** to public markets.

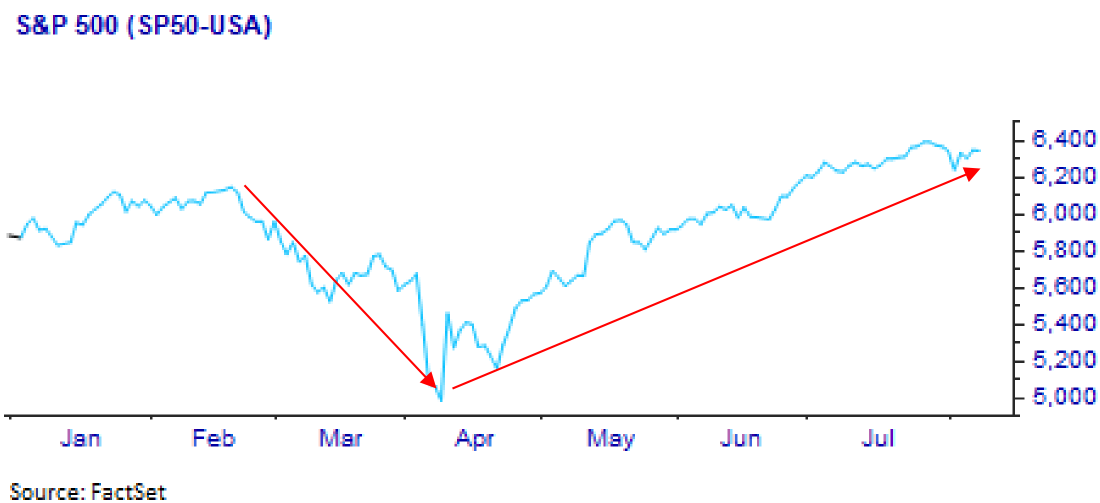
Part 1:

MARKET UPDATE

Market Update

Policy Dominates Start of Year

- After selling off sharply in April on the back of **trade policy concerns**, stocks have since rebounded **as policy overhang has abated**.
- With that said, the full **economic implications of current policy remain unclear**, with recent economic data indicating a softening in the labor market.
- Positive earnings and share buyback announcements have also helped underpin investor sentiment.

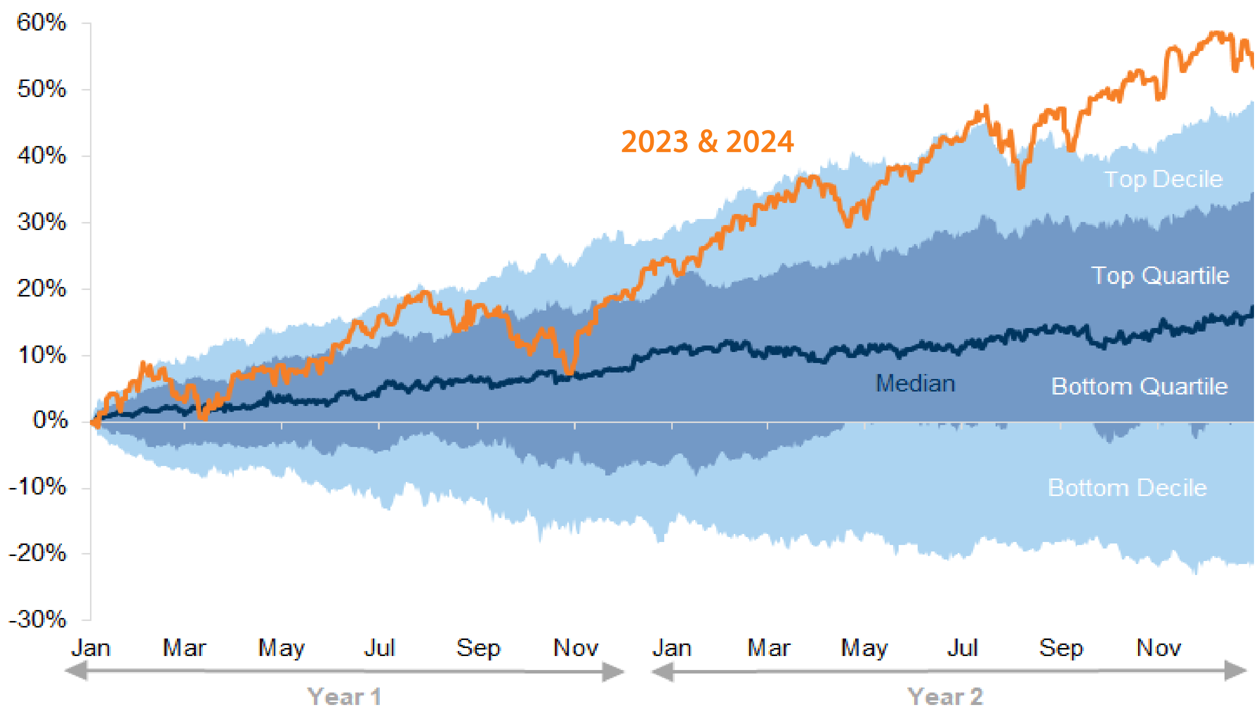


Market Update

Stock Performance In Perspective

- The strength of stocks in 2023 & 2024 was a **historic outlier**. That type of strength is unsustainable; moving forward, **expect some moderation in stock market returns**.

2 year calendarized S&P 500 performance starting in January. Data since 1928



Source: Bloomberg, Datastream, Goldman Sachs Global Investment Research

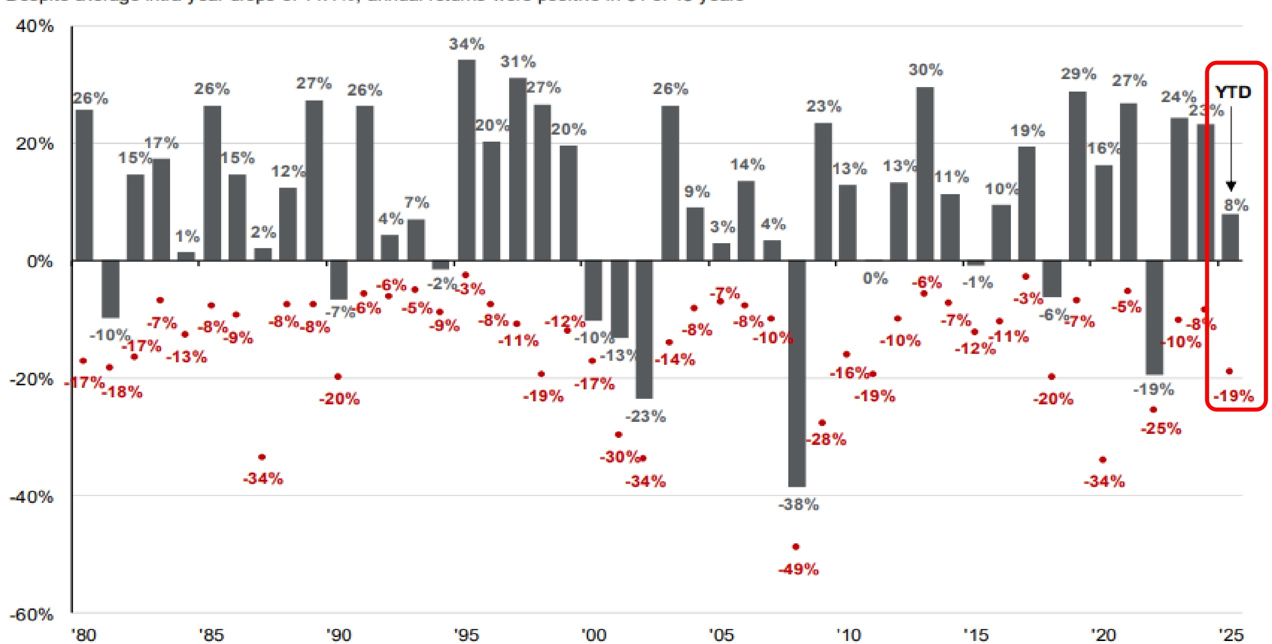
Market Update

Stock Performance in Perspective

- Stock market volatility should be expected, but **staying fully invested and focused on the long haul is critical** to investment success – 2025 YTD is a prime example.
- Despite **average intra-year declines of -14.1%,** annual returns were positive more than 75% of the time.

S&P 500 intra-year declines vs. calendar year returns

Despite average intra-year drops of 14.1%, annual returns were positive in 34 of 45 years

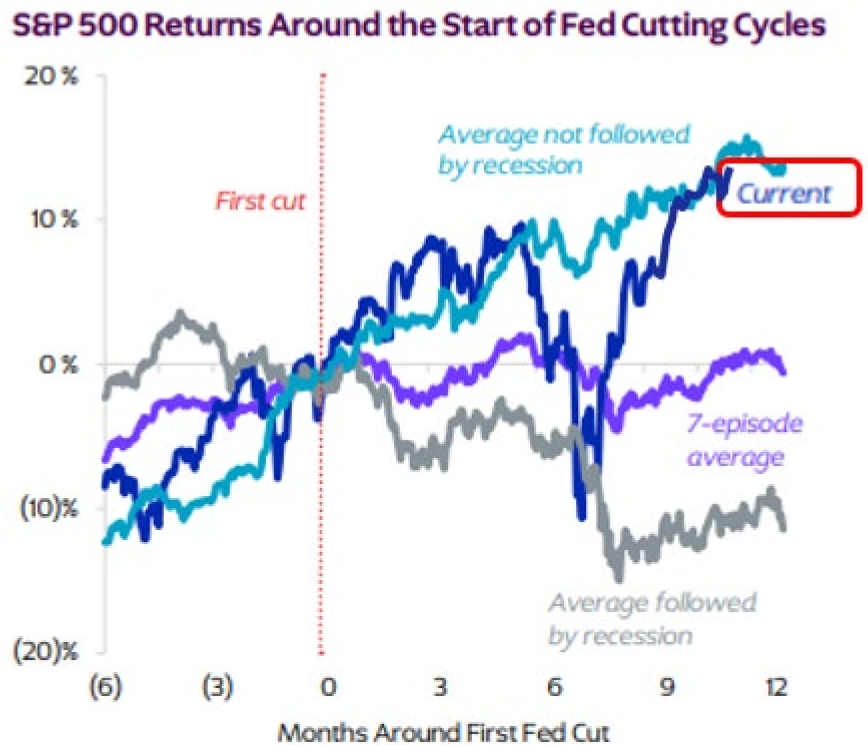


Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.

Market Update

Stock Performance In Perspective

- Stocks have rebounded strongly from recent lows and are now **aligned with historic precedent for a Fed cutting cycle without a recession** (our base case outlook).
- Expect some **moderation in returns moving forward**; we don't expect near-term stock returns to be as strong as 2023 & 2024.

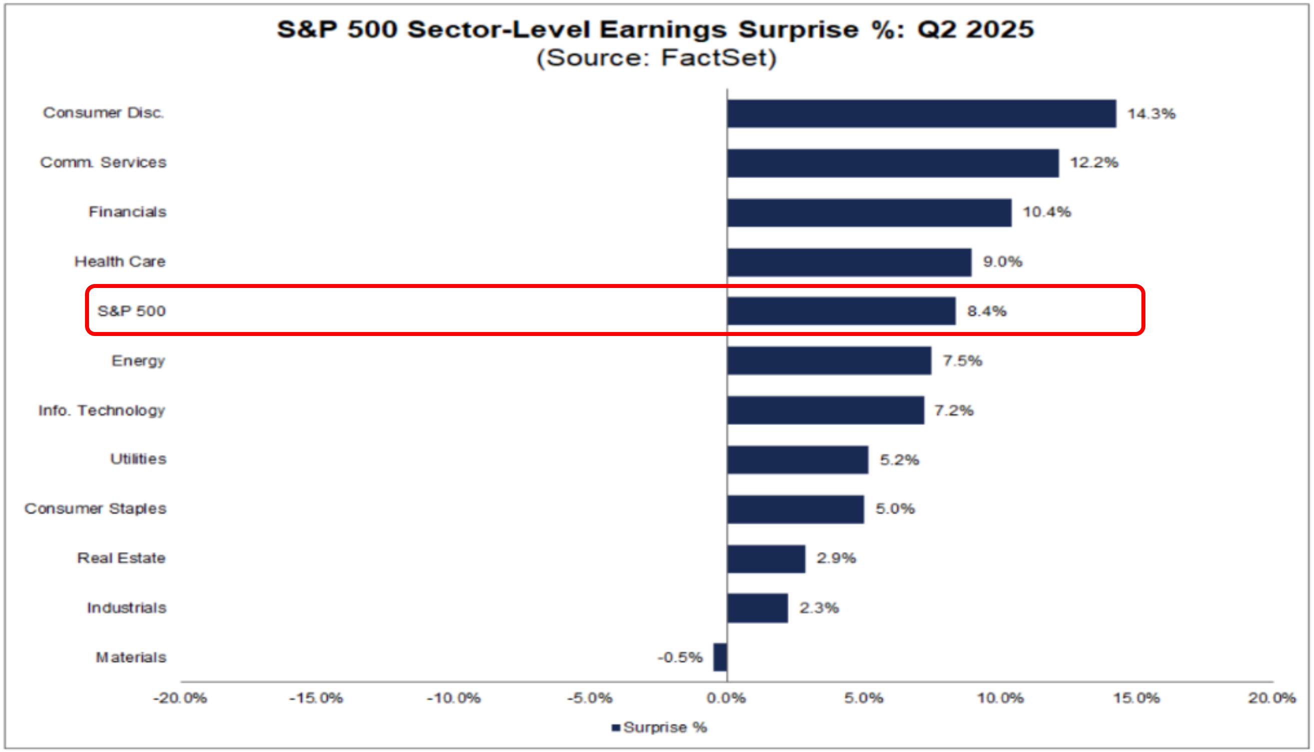


Source: Goldman Sachs Research, KKR Global Macro & Asset Allocation analysis.

Market Update

Positive Earnings

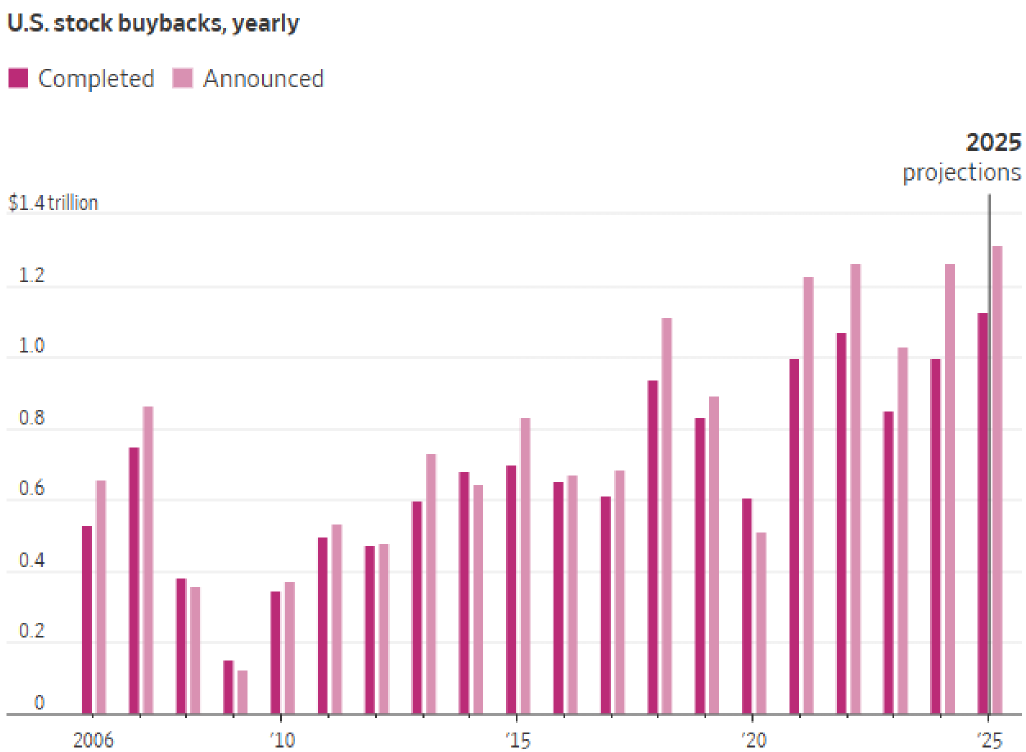
- Per FactSet, for Q2 2025, S&P 500 companies have reported earnings 8.4% above expectations.
- 81% of S&P 500 companies beat bottom-line earnings per share expectations for Q2.



Market Update

Buyback Announcements Help

- U.S. companies are **buying back shares at a record pace**, helping underpin recent stock market strength.



Source: Birinyi Associates

Market Update

Magnificent 7 (Mag 7) Recovers Earlier Losses

- After leading stocks lower to begin the year, the **Mag 7 stocks have recovered**.

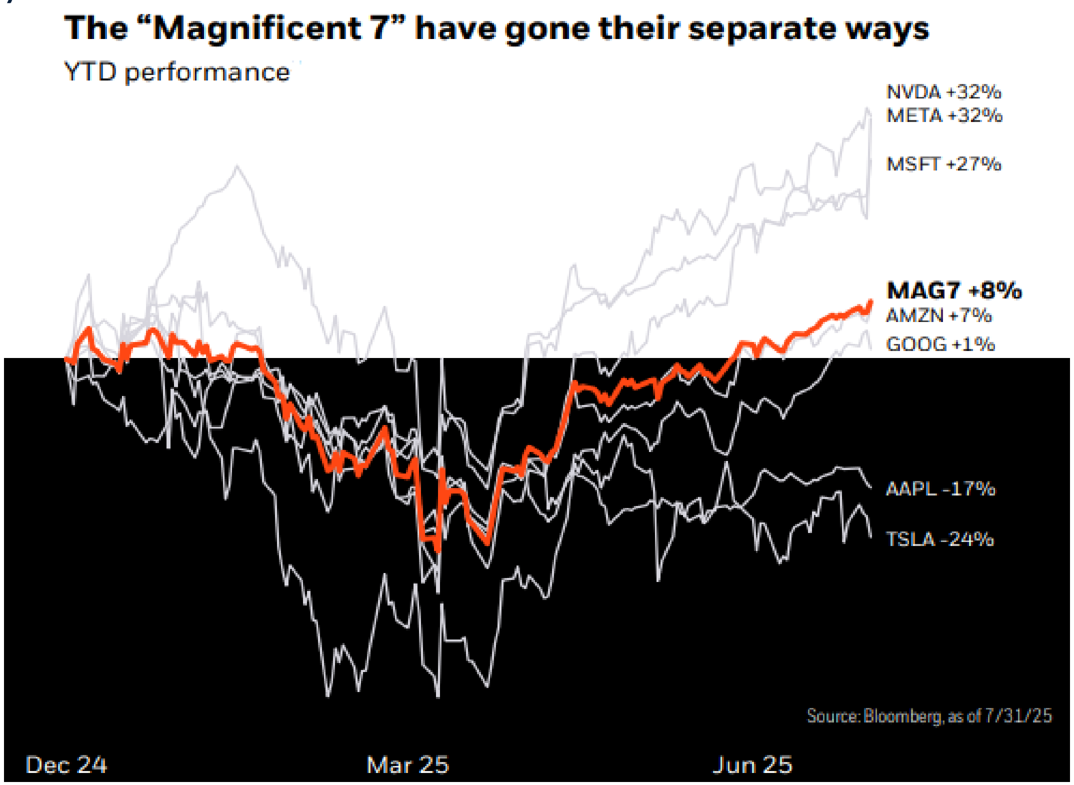
Source: FactSet

Mag 7 stocks = Apple, Alphabet, Amazon, Meta, Microsoft, Nvidia, Tesla.

Market Update

Mag 7: Divergent Performance

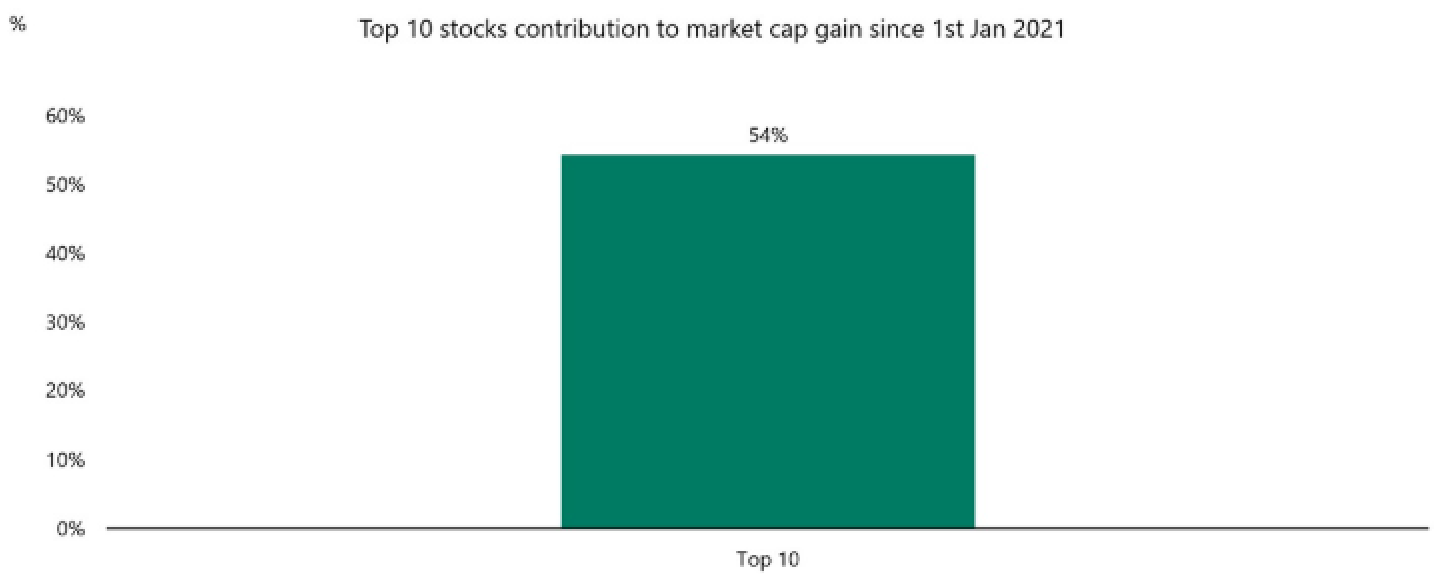
- Mag 7 stocks have experienced divergence in performance YTD.
- With recent retracement, index concentration remains elevated and could lead to future volatility.



Market Update

Stock Market Concentration

- Over recent years, **S&P 500 returns have been extremely concentrated** in the largest names.



Note: Top 10 companies are NVIDIA, Microsoft, Apple, Amazon, Alphabet, Meta, Broadcom, Tesla, Berkshire Hathaway, JP Morgan.
Sources: Bloomberg, Apollo Chief Economist

Market Update

Stock Market Concentration

- The S&P 500 has returned to extreme concentration levels, with the **top 10 companies accounting for 40% of market cap** and a record high share of earnings.

Sources: Bloomberg, Apollo Chief Economist

Market Update

Stock Market Concentration

- NVDA currently has the largest historic weight of any individual stock within the S&P 500.

Sources: Bloomberg

Market Update

Stock Market Concentration

- NVDA is approaching the size of the entire Healthcare and Industrials sectors.

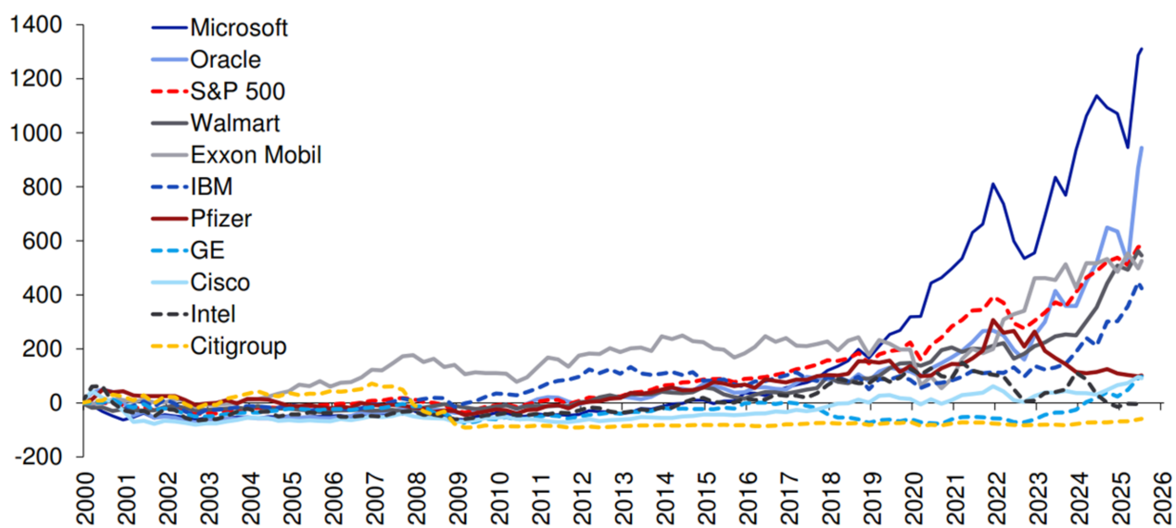
Market Update

Top Stocks Don't Stay Top Forever

- Current valuations share some similarities to 2000. **Only two of the top 10 companies at the beginning of 2000 have since outperformed the S&P 500**.
- **Four of the top 10 posted lower earnings** in 2024 vs. 2000.

➢ Underscores the **importance of diversification within investment portfolios**.

Cumulative total % return of the Top 10 US companies at the end of 1999 to current day. Legend in order of performance. Only two have outperformed the S&P 500.



Source : Bloomberg Finance LP, Deutsche Bank

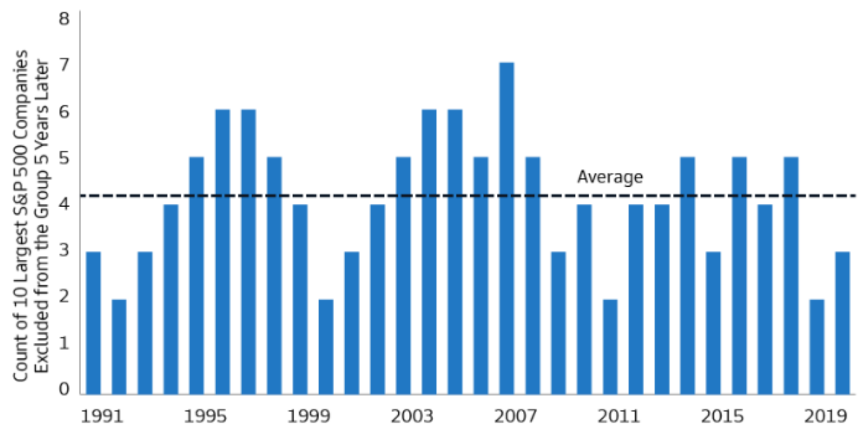
Market Update

Stock Market Concentration

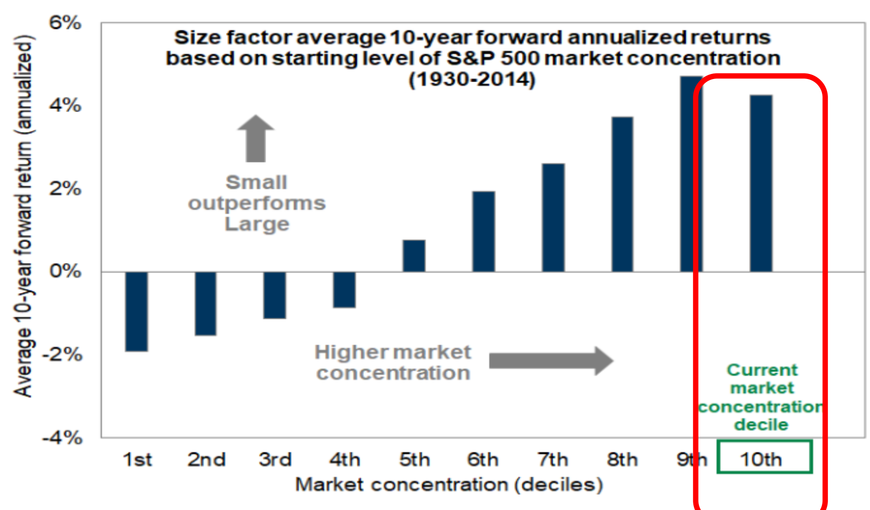
- Data shows it is **very difficult for market leaders to maintain their dominance** indefinitely.
- Historically, **four of the largest ten S&P 500 companies fell out** of the top ten in the following five years.
- Higher levels of stock concentration historically have led to **larger-cap stocks underperforming smaller-cap stocks.**

➢ ***Consider diversifying large, concentrated stock exposures.***

Number of 10 Largest S&P 500 Companies No Longer in Top 10 5 Years Later



Source: Bloomberg and Goldman Sachs Asset Management. As of March 31, 2024.

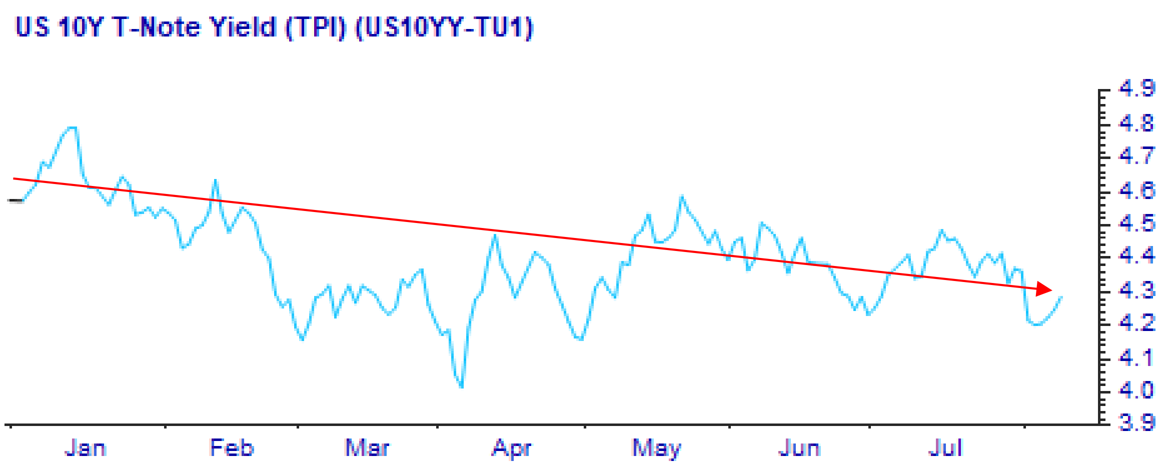


Source: Kenneth R. French, Goldman Sachs Global Investment Research

Market Update

Bond Yields Move Lower

- **Bond yields have trended lower** so far this year on the back of **moderating economic growth expectations** and an **increased likelihood** of forthcoming **Fed rate cuts**.
- **Yields remain relatively attractive**, and a still uncertain macroeconomic backdrop may **support bond prices,** especially if the Fed resumes rate cuts later in the year.



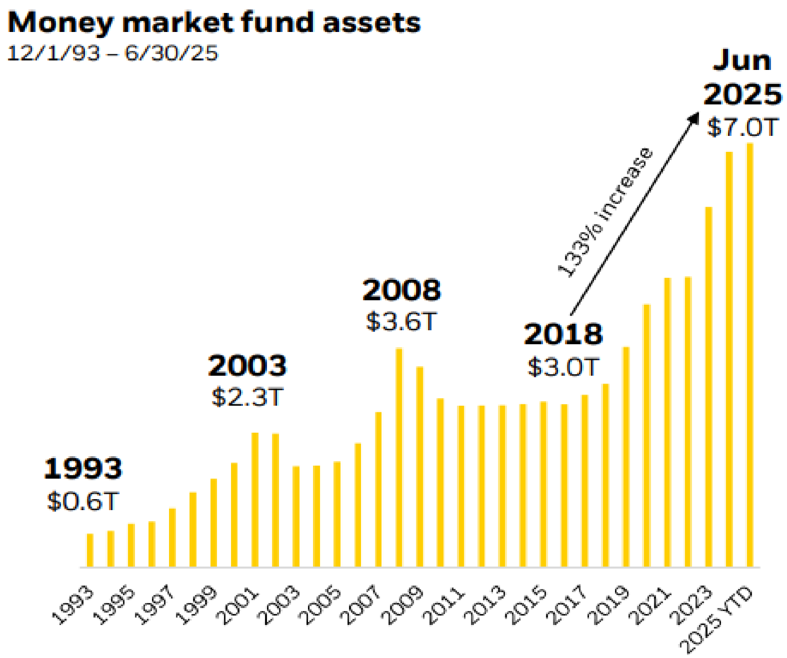
Source: FactSet

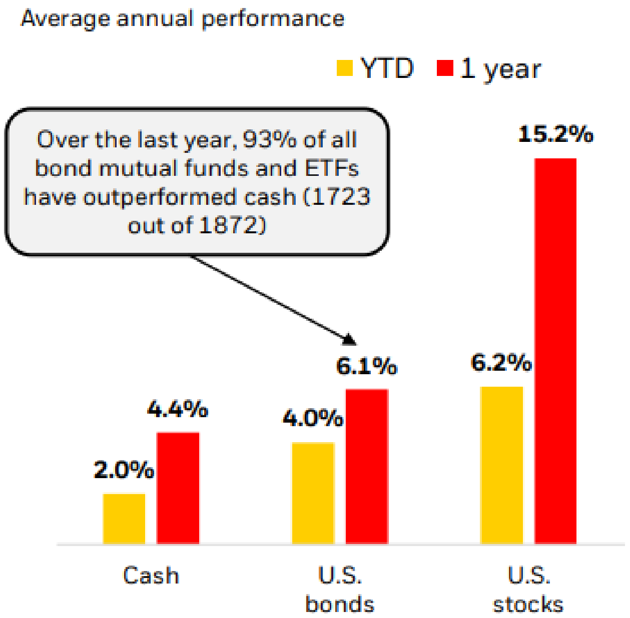
Market Update

Cash at Historic Levels

- More money has recently gone into money market funds than all mutual funds and ETFs combined. At the same time, cash performance has trailed bonds and stocks.

➢ Underscores the **importance of staying fully invested** and **<u>not</u> sitting on the sidelines.**





Source: BlackRock, Morningstar and the ICI as of 6/30/25. U.S. Stocks are represented by the S&P 500 TR Index. Cash represented by the Morningstar money market fund category average, U.S. bonds represented by the Bloomberg U.S. Agg Bond Intermediate TR Index.

Part 2:

THE ECONOMY

The Economy

Economic Outlook

- Q2 GDP growth came in at +3.0% after declining -0.5% in Q1 as inventory numbers fluctuated on the back of tariff uncertainty.
- The full impact of tariffs remains uncertain. **2025 GDP growth is expected to grow 1.5%**, down from an expectation of over 2% earlier in the year, but improved from recent expectations as some policy uncertainty has abated.
- Measures of inflation are anticipated to **remain above the Fed's long-term target of 2% through at least 2026.**

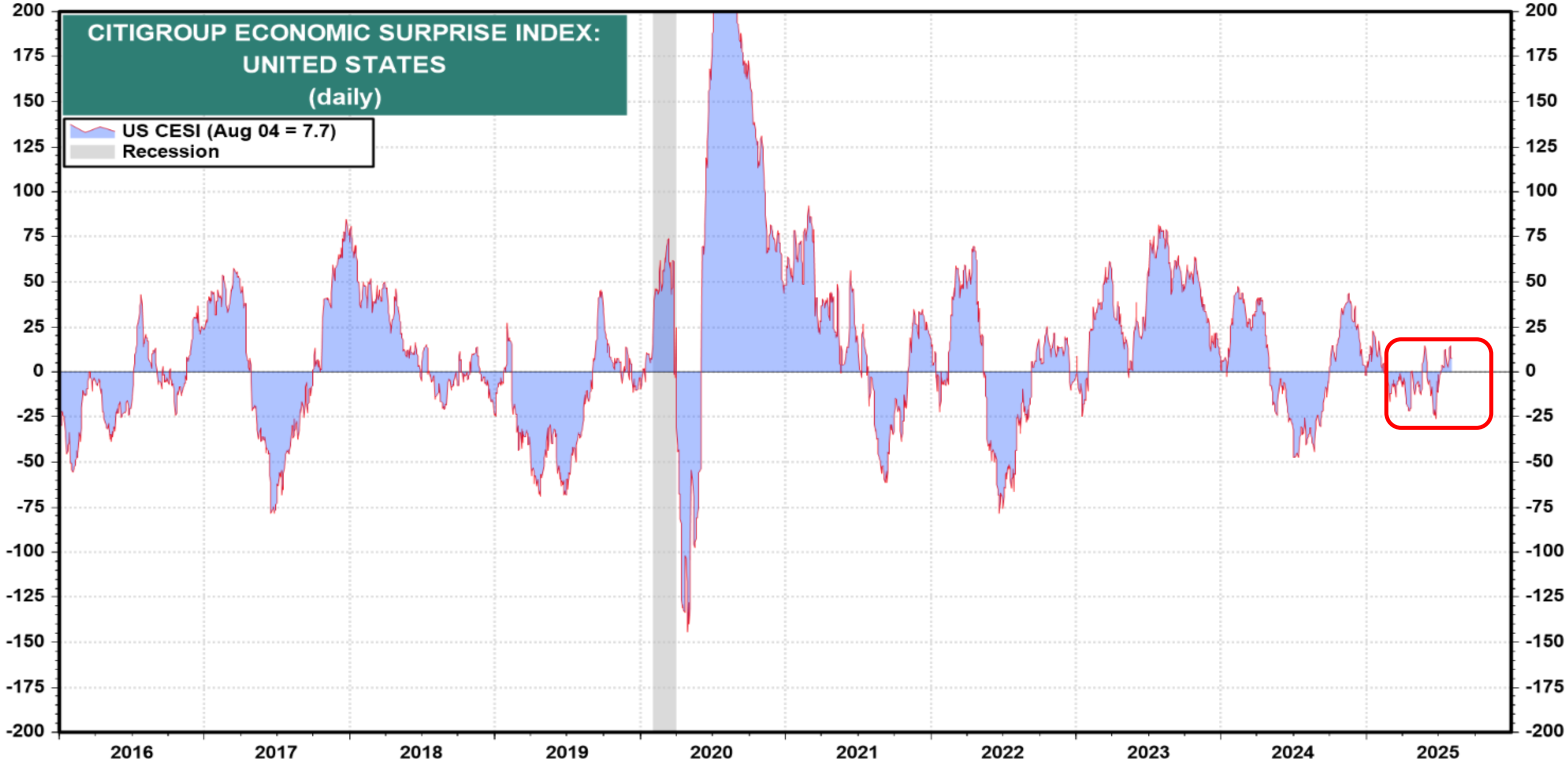
United States Economy	2022	2023	2024	*2025 Est.*	*2026 Est.*	*2027 Est.*
Real GDP (%y/y)	2.5	2.9	2.8	*1.5*	*1.6*	*1.8*
Household Consumption (Real, %y/y)	3.0	2.5	2.8	*2.0*	*1.4*	*1.9*
Government Consumption (Real, %y/y)	-1.1	3.9	3.4	*1.5*	*0.8*	*1.0*
Gross Private Domestic Investment, Residential (Real, %y/y)	-8.6	-8.3	4.2	*-0.5*	*1.3*	*1.5*
Gross Private Domestic Investment, Non-Residential (Real, %y/y)	7.0	6.0	3.6	*1.7*	*1.4*	*2.5*
Inflation						
CPI (%q/q, SAAR)	8.0	4.1	3.0	*3.0*	*2.7*	*2.3*
Core CPI (%q/q, SAAR)	6.2	4.8	3.4	*3.2*	*2.9*	*2.1*
PPI (%y/y)	9.5	2.0	2.4	*2.9*	*2.1*	*1.4*

Source: FactSet

The Economy

Economic Data

- Despite some recent weaker labor market data, **economic data surprises remain marginally positive**. Economic data surprises have fluctuated between positive and negative so far this year.

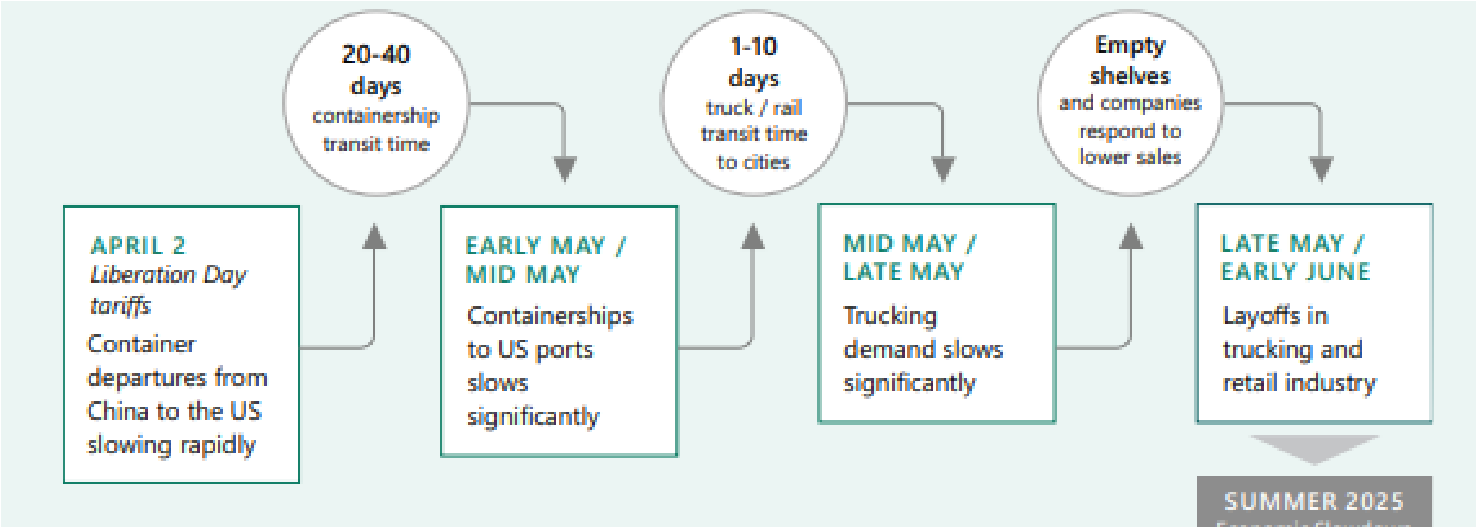


Source: LSEG Datastream and © Yardeni Research, and Citigroup Inc.

The Economy

Lagged Impact of Policy

- There is a lagged effect of policy changes, such as tariffs, on the economy. In turn, economic data itself is inherently lagged.
- The economic impact of current policy uncertainty is expected to result in a **short-term moderation in economic growth and an increase in inflation pressures**.
- We are starting to **see some weakness show up in economic data**, notably employment data.

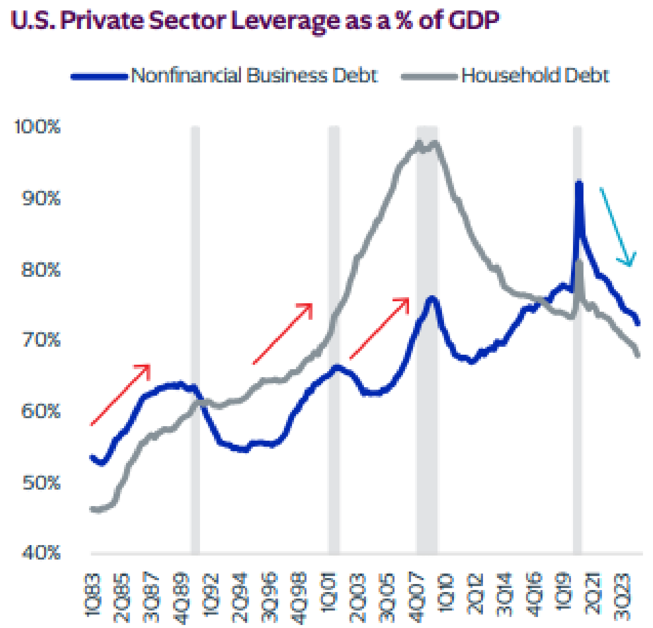


Source: Apollo Chief Economist

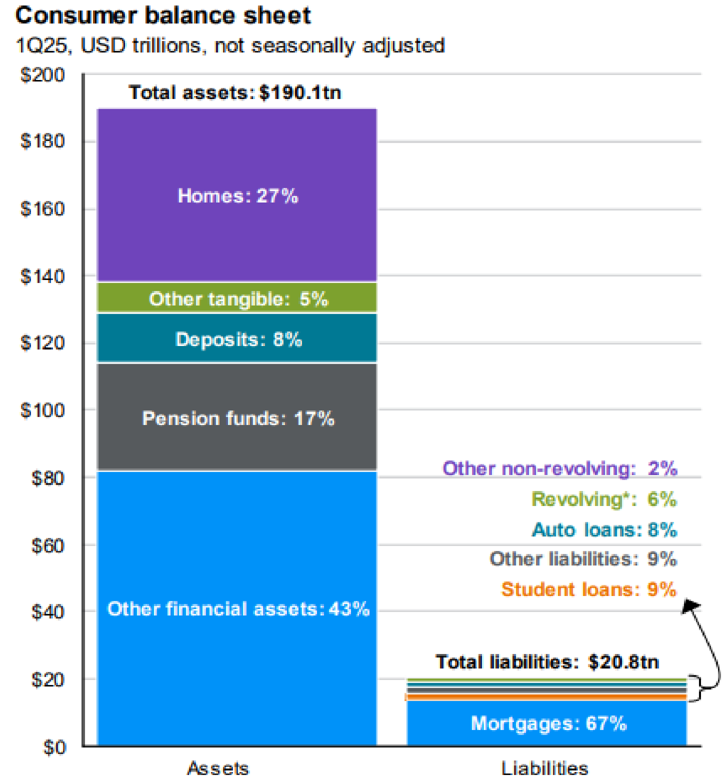
The Economy

Lack of Excesses Evident

- Good news: the economy entered the current period in relatively strong shape, with a lack of excesses and **healthy consumer and corporate balance sheets.**



Gray shading denotes recessionary quarters. Data as at June 10, 2025. Source: U.S. Bureau of Economic Analysis, Haver Analytics, KKR Global Macro & Asset Allocation analysis.



Source: FactSet, FRB.

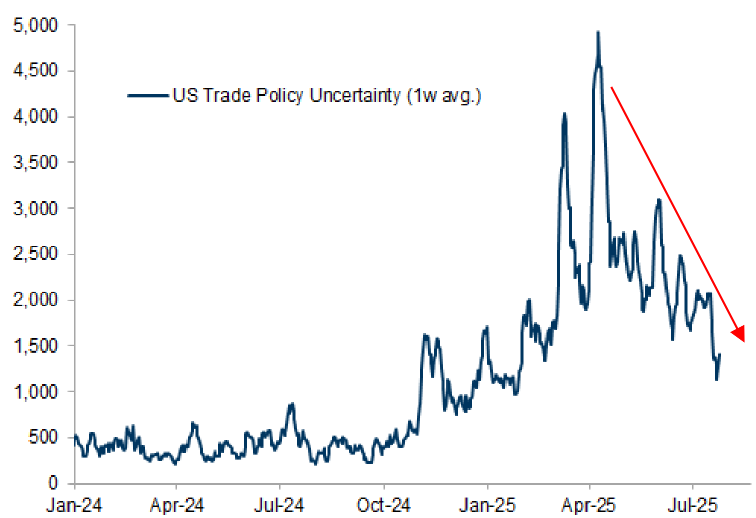
- Business and consumer **leverage levels have not increased this cycle.** It's when excesses are present that downside economic risks tend to be exacerbated.

The Economy

Trade Policy Uncertainty Reduced

- **Uncertainty** related to trade policy has **dominated headlines** and impacted the outlook for businesses and the economy.
- Policy uncertainty makes it more difficult for businesses to plan and invest. That said, an increased number of trade agreements have brought greater clarity.
- Trade policy **uncertainty has reduced recently,** as trade agreements continue to be reached and the impact of tariffs becomes clearer.
    - ➢ 87% decline in S&P 500 companies citing “recession” on earnings calls in Q2 vs. Q1.

Trade policy uncertainty

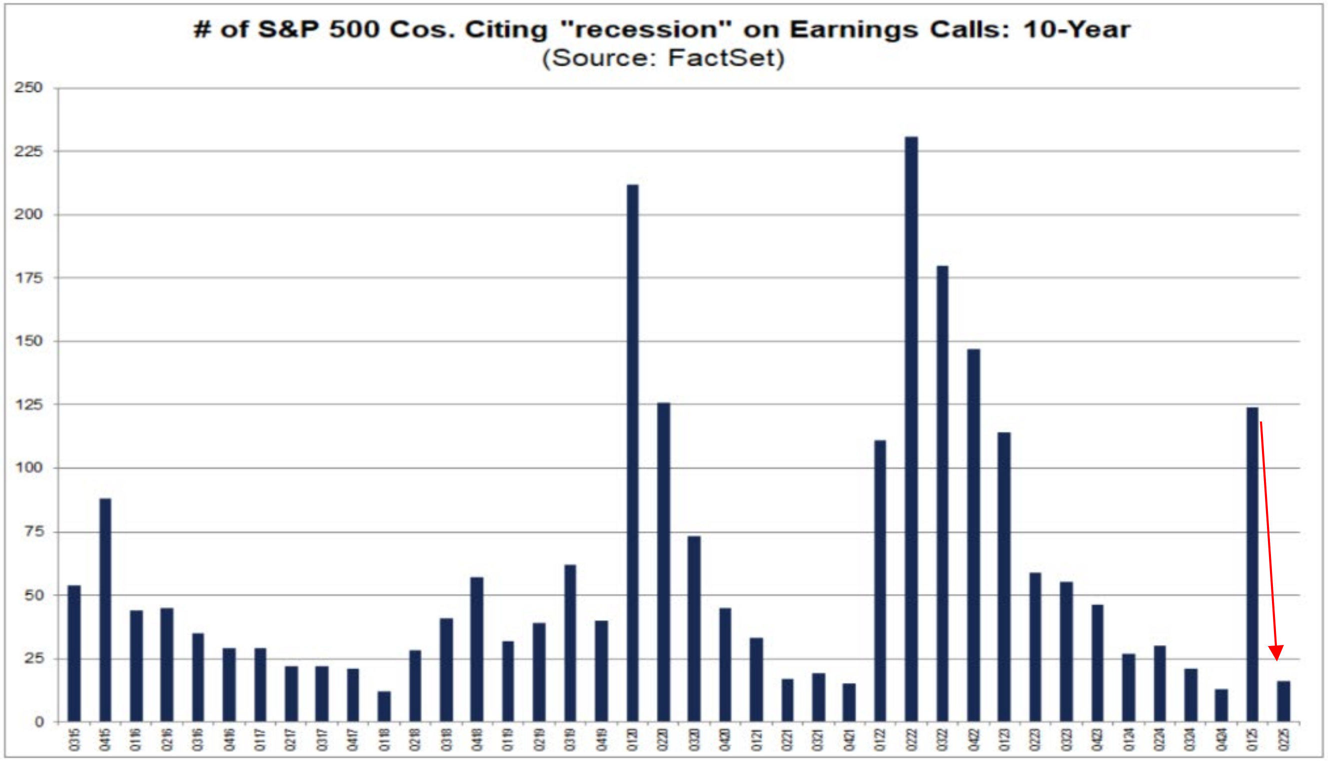


Source: Haver Analytics, Goldman Sachs Global Investment Research

The Economy

Trade Policy Uncertainty Reduced

- Uncertainty related to trade policy has thawed.
- After spiking on Q1 earnings calls given tariff concerns at the time, there has been an 87% decline in S&P 500 companies citing “recession” on earnings calls for Q2.



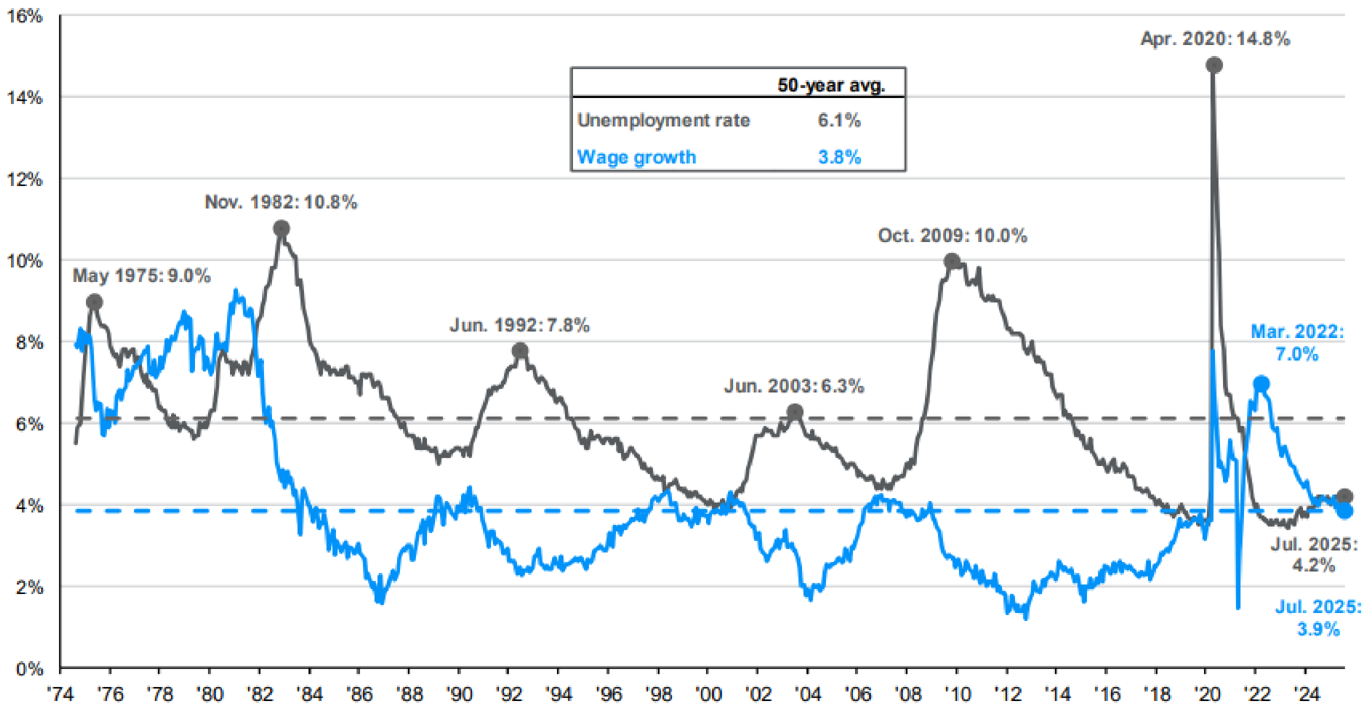
The Economy

Unemployment Rate Rising, But Still Relatively Low

- Labor market conditions have begun to ease, **wage growth has moderated**, and the **unemployment rate is trending higher,** though remains relatively low.

Civilian unemployment rate and year-over-year wage growth

Private production and non-supervisory workers, seasonally adjusted, percent



Source: BLS, FactSet, J.P. Morgan Asset Management. Private production and non-supervisory jobs represent just over 80% of total private nonfarm jobs.

The Economy

Moderating Labor Market

- Ongoing weakness in the labor market may weigh on economic growth.
- Estimates for **underlying job growth have declined**. This slowdown reflects weaknesses in survey data and points towards further **upward pressure on the unemployment rate ahead**.

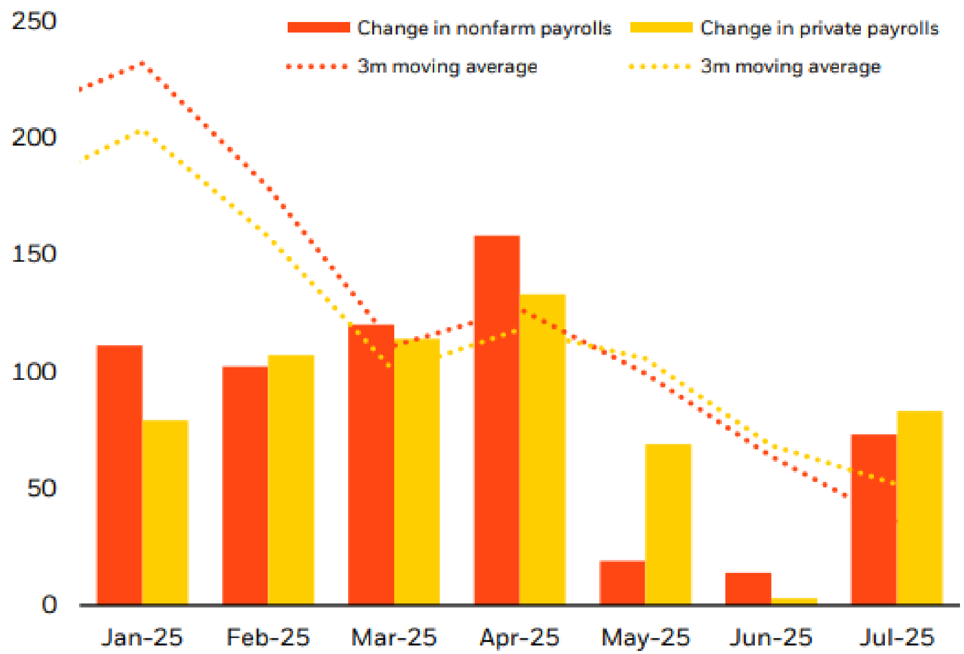
Source: Goldman Sachs Global Investment Research

The Economy

Moderating Labor Market

- A cooling labor market increases the likelihood that **consumer spending slows**.
- **Consumer spending is the single most important category** for the overall U.S. economy.

Change in nonfarm payrolls, private payrolls (MoM, thousands)

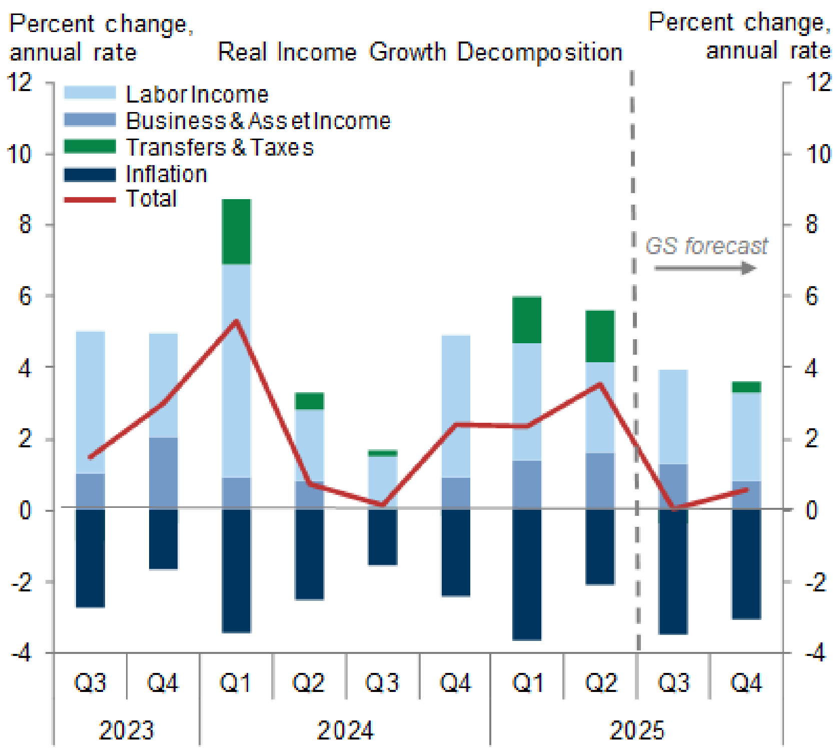


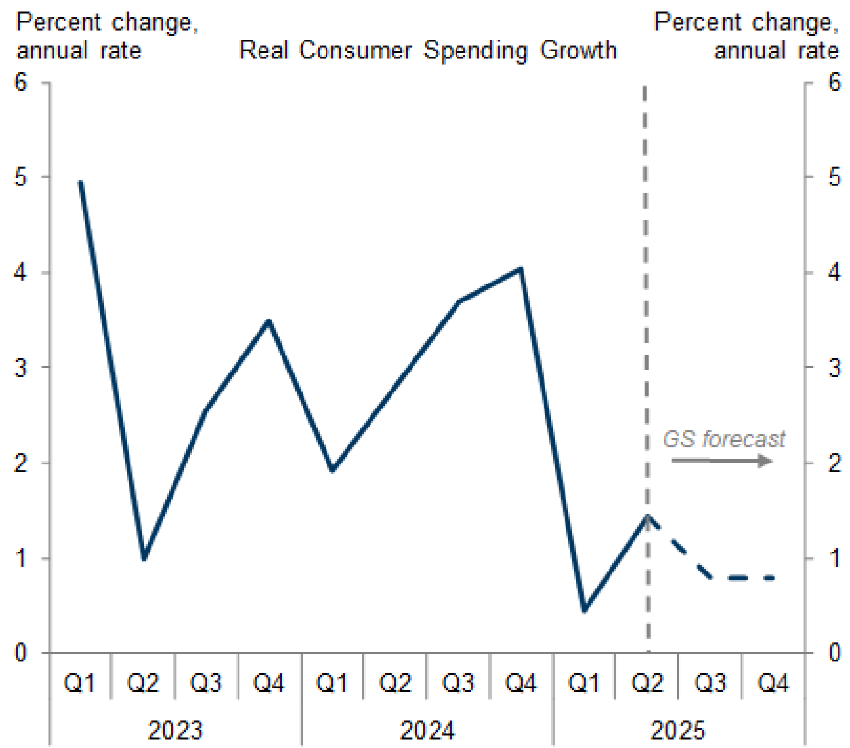
Source: Bloomberg, Department of Labor. As of 8/1/2025.

The Economy

Moderating Labor Market

- A slowing labor market may, lead **to weaker real income growth** and **weigh on consumer spending**.



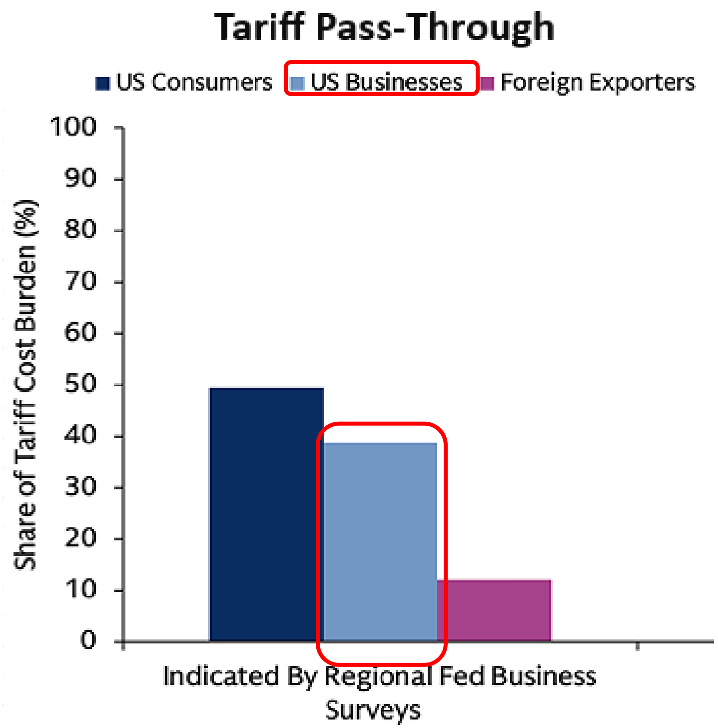


Source: US Bureau of Economic Analysis (BEA), US Bureau of Labor Statistics, Goldman Sachs Global Investment Research

The Economy

Cost of Tariffs

- Business surveys indicate that **~50% of the cost of tariffs have been transferred to consumers**, causing increased inflationary pressures.
- **Another 35-40% of the cost of tariffs has been borne by businesses.**
- Should businesses continue to bear a large portion of tariff expenses, we may see **downward pressure on margins and earnings.**



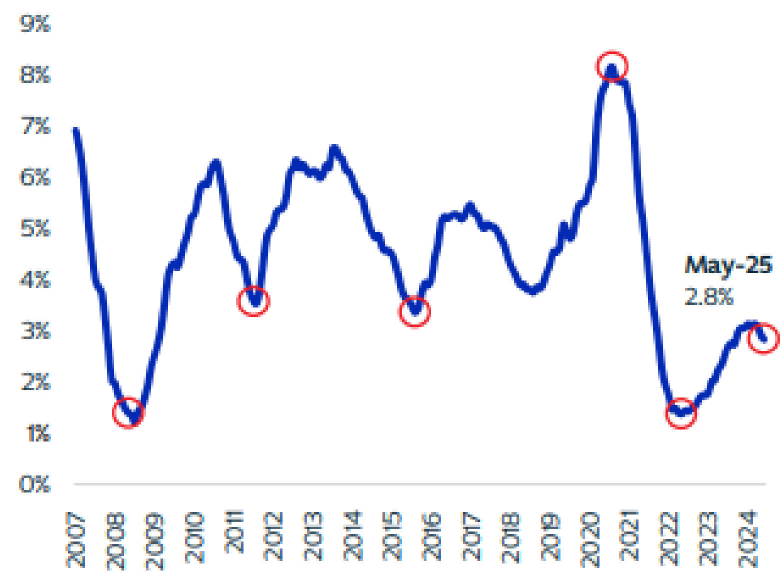
Source: GS GIR and GS Asset Management. As of July 30, 2025. Chart shows the share of tariff cost that will be shared by US consumers, US businesses, and foreign exporters according to Regional Federal Reserve Business Surveys as of June 23, 2025

The Economy

Capital Market Activity

- On the other hand, we expect a **rebound in business investment and capital markets activity** as trade policy uncertainty continues to abate.
- Capital markets data indicates we are still **recovering from near-trough levels**.
- As uncertainty surrounding trade improves, we may see an increase in investment activity, which would be a **positive for overall economic growth**.

Capital Markets Liquidity (TTM) as a % of GDP (IPO, HY Bond, Leveraged Loan Issuance)



Data as at May 31, 2025. Source: Preqin, Bank of America, Bloomberg, KKR Global Macro & Asset Allocation analysis.

The Economy

Business Activity

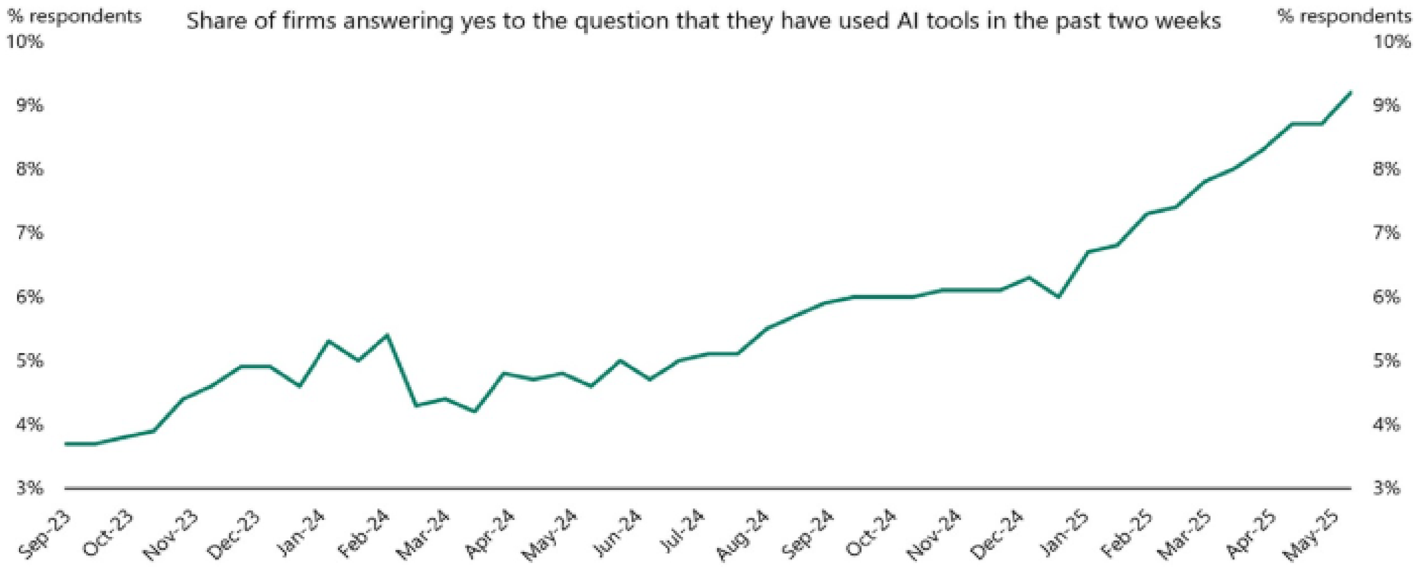
- The number of new businesses created has expanded significantly recently, which bodes well for investment and economic growth.

Sources: US Census Bureau, Macrobond

The Economy

AI Set to Enhance Productivity

- Artificial Intelligence (AI) adoption is likely to lead to **productivity gains**, which are essential to **underpinning the current economic expansion**.
- An increased number of businesses are using AI tools to help produce goods or services. The rising trend in AI adoption is a **positive for future productivity growth**.

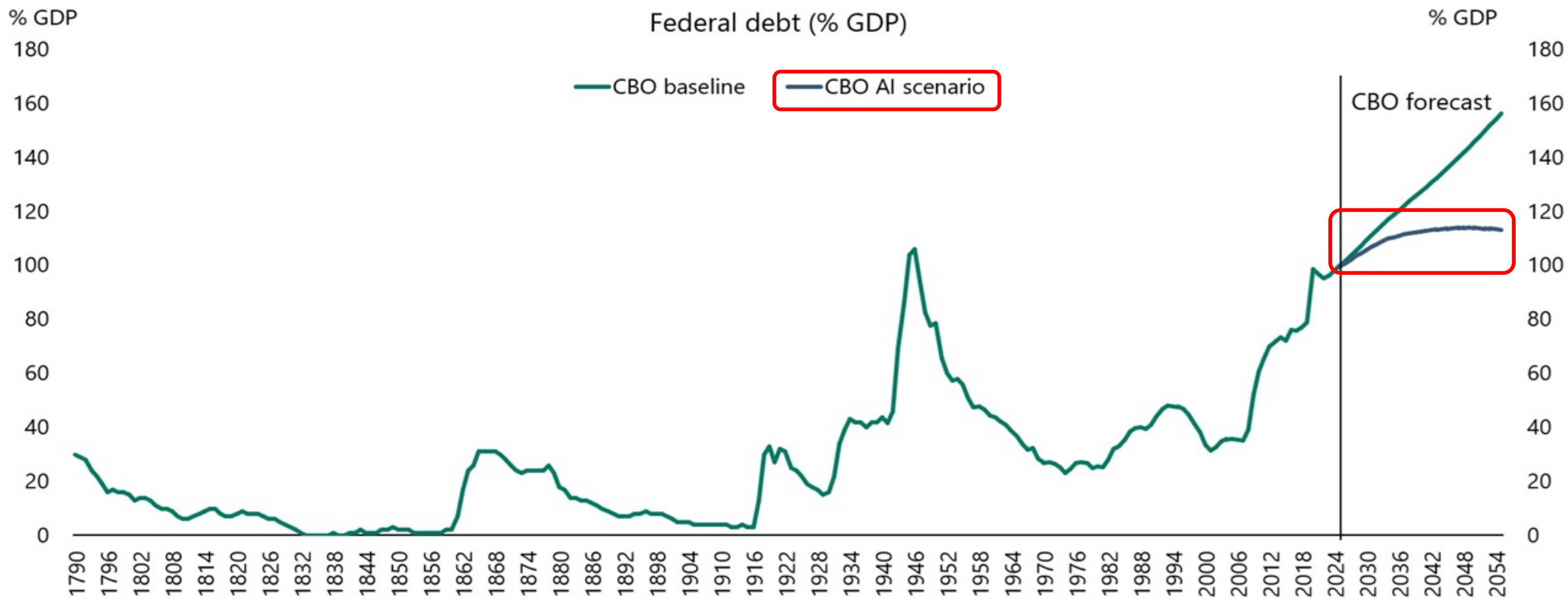


Note: AI adoption rate answers the question: In the last two weeks, did this business use Artificial Intelligence (AI) in producing goods or services? Examples of AI: machine learning, natural language processing, virtual agents, voice recognition, etc. Sources: US Census Bureau Business Trends and Outlook Survey, Apollo Chief Economist

The Economy

AI Implications on U.S. Fiscal Situation

- **AI could help solve the U.S.'s fiscal trajectory.**
- The Congressional Budget Office (CBO) estimates that if AI results in permanently higher GDP growth and permanently lower inflation (via productivity enhancements), it could **help solve the U.S. fiscal problem.**



Sources: The Long-Term Budget Outlook Under Alternative Scenarios for the Economy and the Budget | Congressional Budget Office

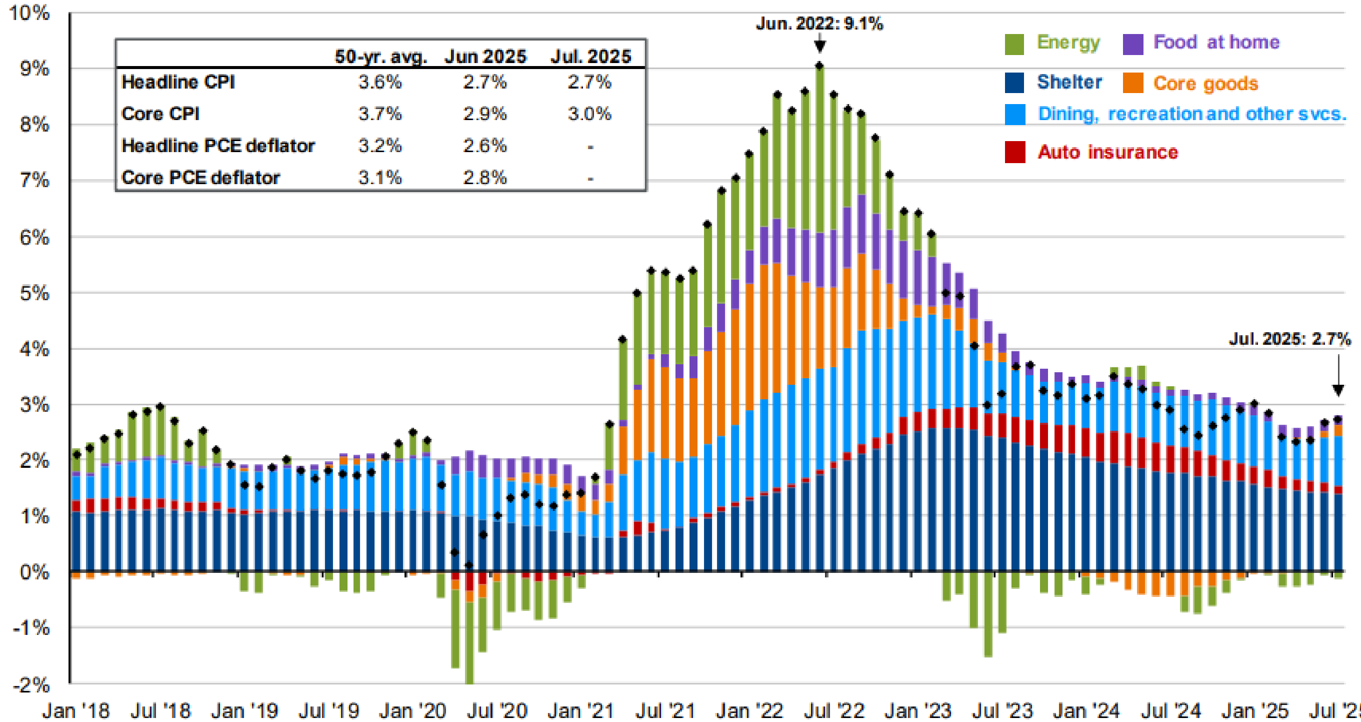
The Economy

Inflation Rising

- **Inflation measures recently moved higher** and remain above the Fed's 2% target.
- **Shelter costs may improve** in the near term, while **tariffs pose upside risks**.

Contributors to headline CPI inflation

Contribution to y/y % change in CPI, non-seasonally adjusted



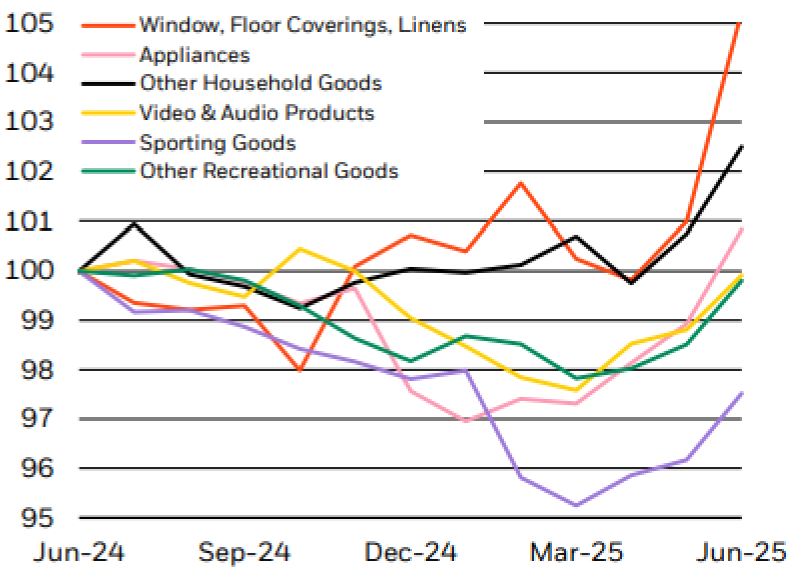
	50-yr. avg.	Jun 2025	Jul. 2025
Headline CPI	3.6%	2.7%	2.7%
Core CPI	3.7%	2.9%	3.0%
Headline PCE deflator	3.2%	2.6%	-
Core PCE deflator	3.1%	2.8%	-

The Economy

Inflation Rising

- The impact of tariffs are beginning to show up in prices of select CPI categories.
- With that said, we anticipate the impact of tariffs to result in a **one-time price adjustment.**

Select CPI core goods categories, % change

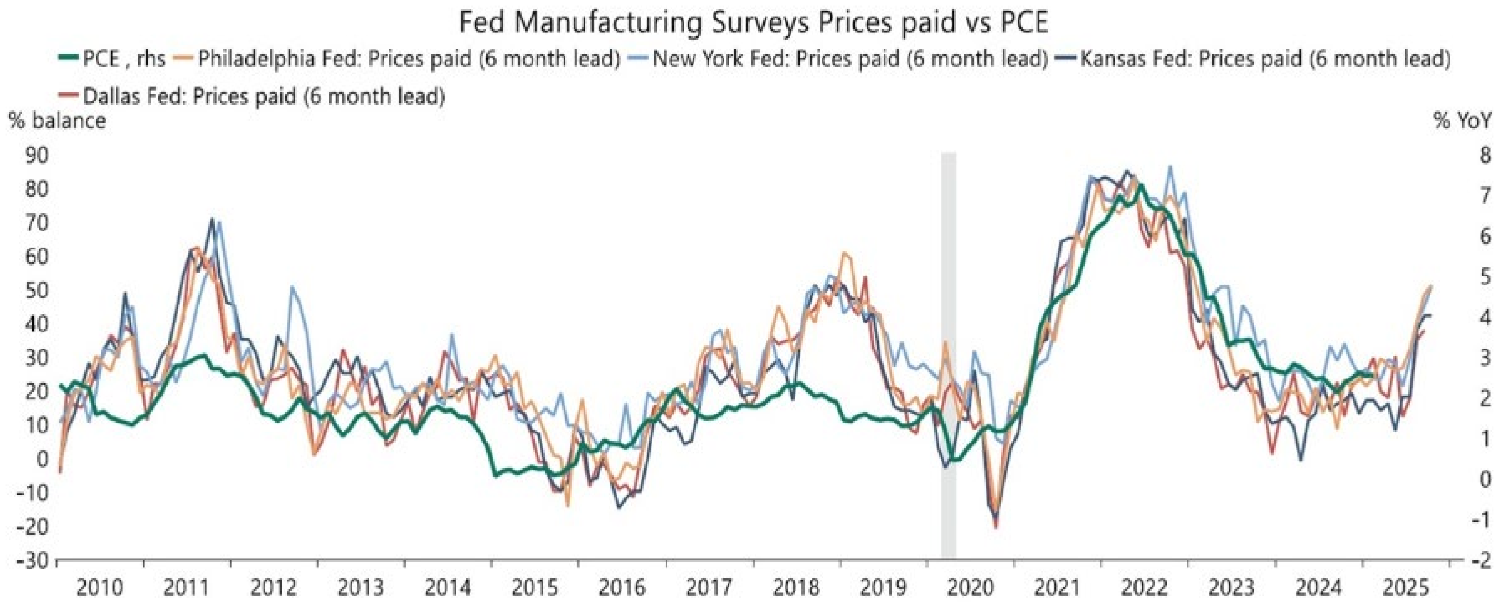


Source: Bloomberg, Bureau of Labor Statistics.
As of 7/21/2025.

The Economy

Inflation Rising

- Manufacturing surveys indicate an **increase in inflation is likely**.

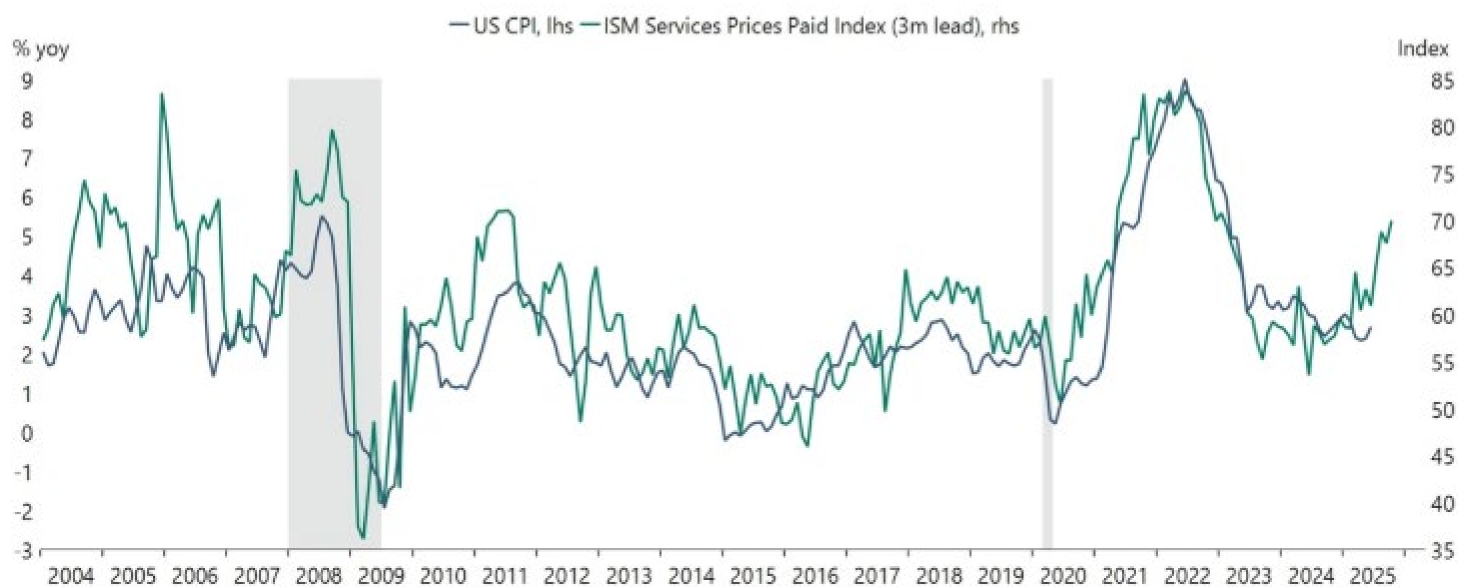


Sources: Federal Reserve Bank of Dallas, Federal Reserve Bank of Kansas City, Federal Reserve Bank of New York, Federal Reserve Bank of Philadelphia, US Bureau of Economic Analysis (BEA), Macrobond, Apollo Chief Economist

The Economy

Inflation Rising

- ISM Services Prices paid data shows **inflation pressures in the service sector are increasing**, pointing to potential upside for inflation data ahead.

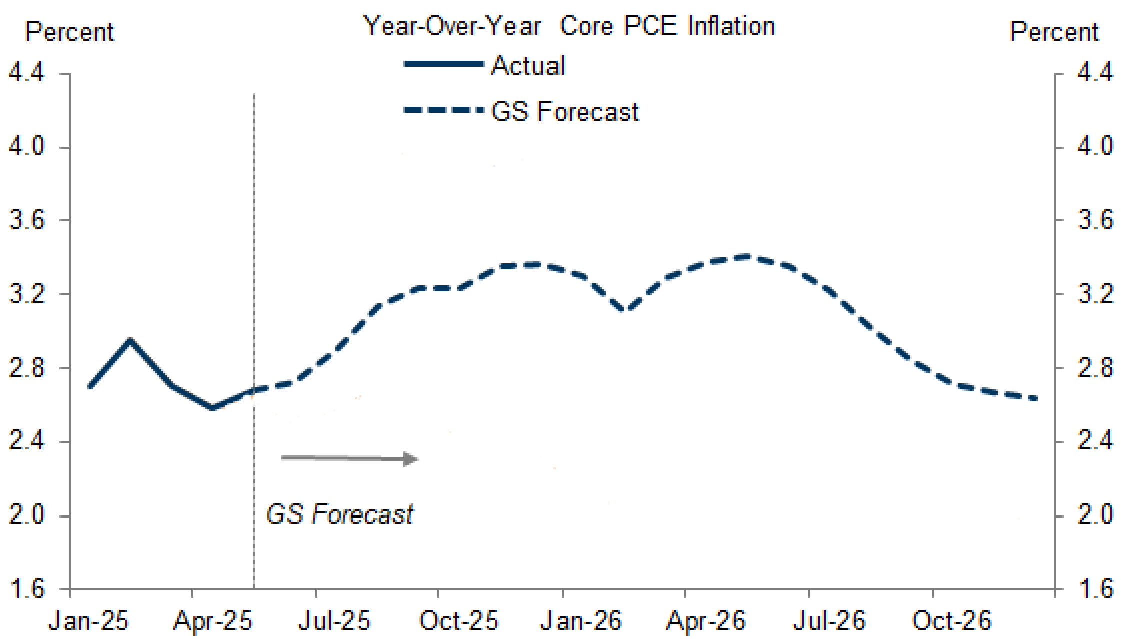


Sources: Institute for Supply Management (ISM), US Bureau of Labor Statistics (BLS), Macrobond, Apollo Chief Economist

The Economy

Inflation Rising

- **Inflation is expected to rise** through the end of 2025 before declining in 2026, though it is expected to **remain above the Fed's 2% target** for the foreseeable future.
- The impact of tariffs is likely to boost inflation and result in a **reset to the price level**. Future inflation may normalize as it cycles this new baseline.



Source: Goldman Sachs Global Investment Research

The Economy

Fed Policy: Cuts Coming

- With a likely one-time impact on inflation due to tariffs and moderating economy, we anticipate the **Fed will pay greater attention to its employment mandate** and is likely to **cut rates in the face of a slowing labor market**.

- With that said, and given inflation still above 2%, the Fed is likely to be cautious in its approach.

- The Fed's most recent forecasts indicate **0.50% of total rate cuts in 2025,** slowing thereafter. This outlook may change depending on the economy's trajectory.

  - Expect the Fed to cut rates slowly inferring continued **higher interest rates**, albeit with a downward bias.

Economic Projections of Fed Board members and presidents, June 2025

Percent

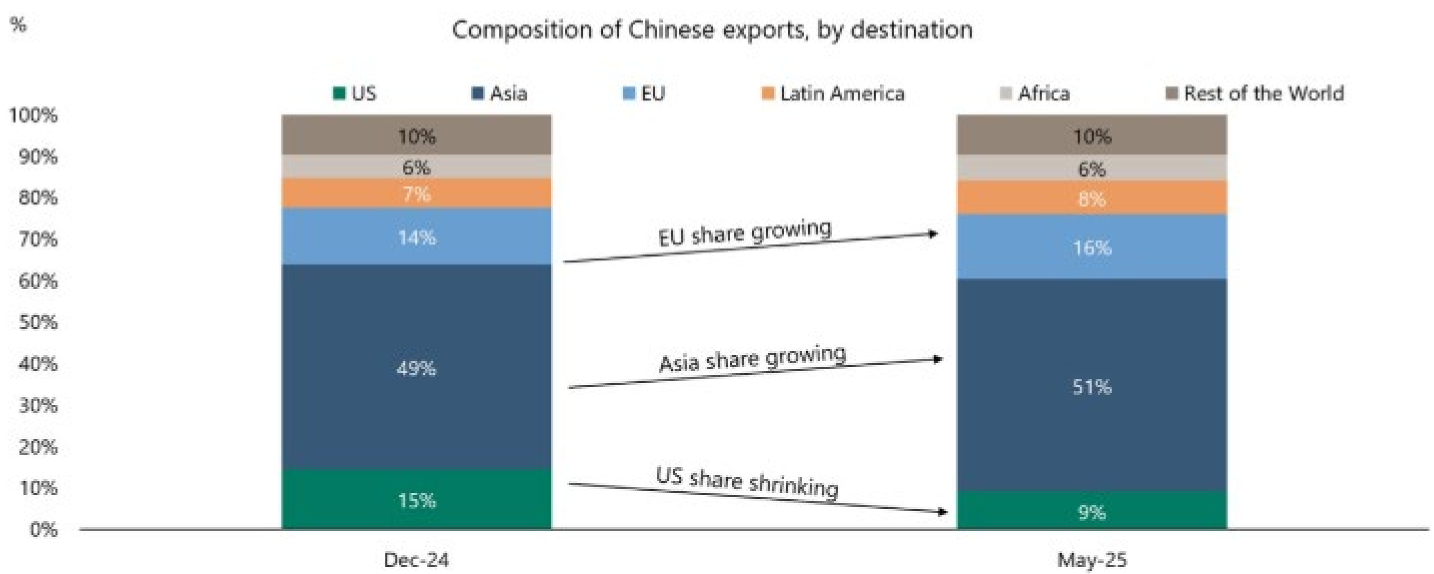
Variable	Median			
	2025	2026	2027	Longer run
Change in real GDP	1.4	1.6	1.8	1.8
March projection	1.7	1.8	1.8	1.8
Unemployment rate	4.5	4.5	4.4	4.2
March projection	4.4	4.3	4.3	4.2
PCE inflation	3.0	2.4	2.1	2.0
March projection	2.7	2.2	2.0	2.0
Core PCE inflation	3.1	2.4	2.1	
March projection	2.8	2.2	2.0	
Memo: Projected appropriate policy path	-0.50%	-0.25%		
Federal funds rate	3.9	3.6	3.4	3.0
March projection	3.9	3.4	3.1	3.0

Source: Federal Reserve

The Economy

International Trade

- Current U.S. trade policy may result in **closer trade co-operation abroad**, potentially **resulting in increased international (ex. U.S.) trade volumes.**
- Since the end of 2024, the share of China's exports to the U.S. have declined, while intra-Asia exports, European and Latin American exports have increased.

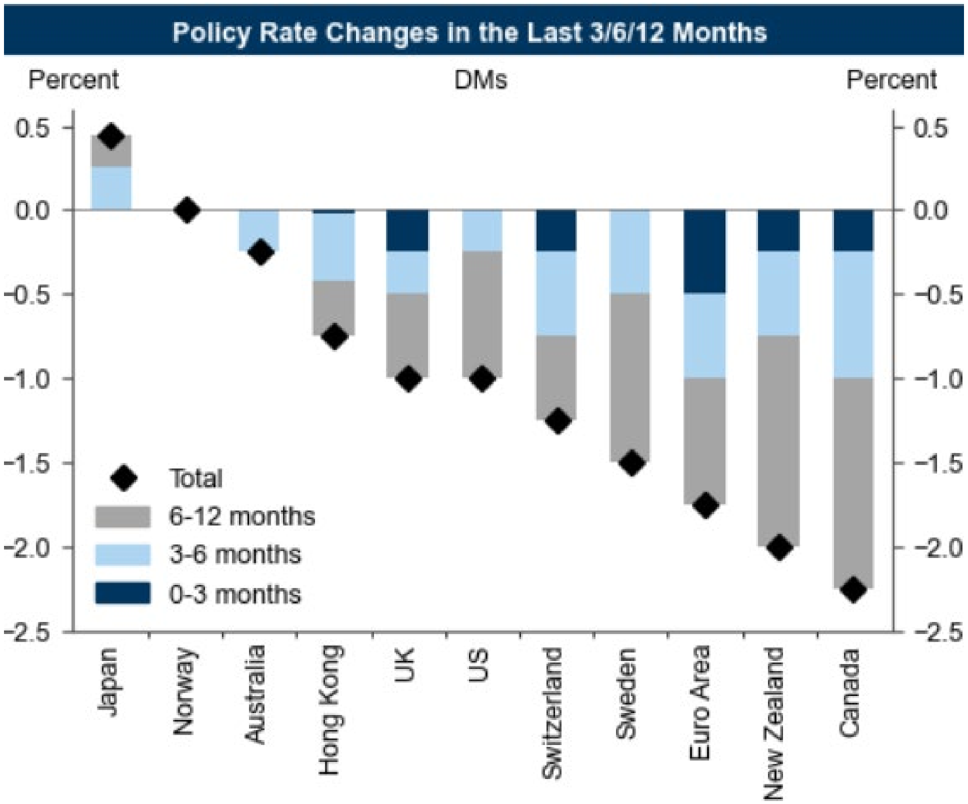


Sources: China General Administration of Customs, Macrobond

The Economy

Global Monetary Policy

- While the Fed is currently on pause, many major global **central banks have cut rates over the last three months and are following an easing bias** (ex. Japan).
- **Global central banks are expected to continue lowering policy rates**, which may help ease financial conditions internationally and potentially **underpin global growth.**



Source: Haver Analytics, Goldman Sachs Global Investment Research

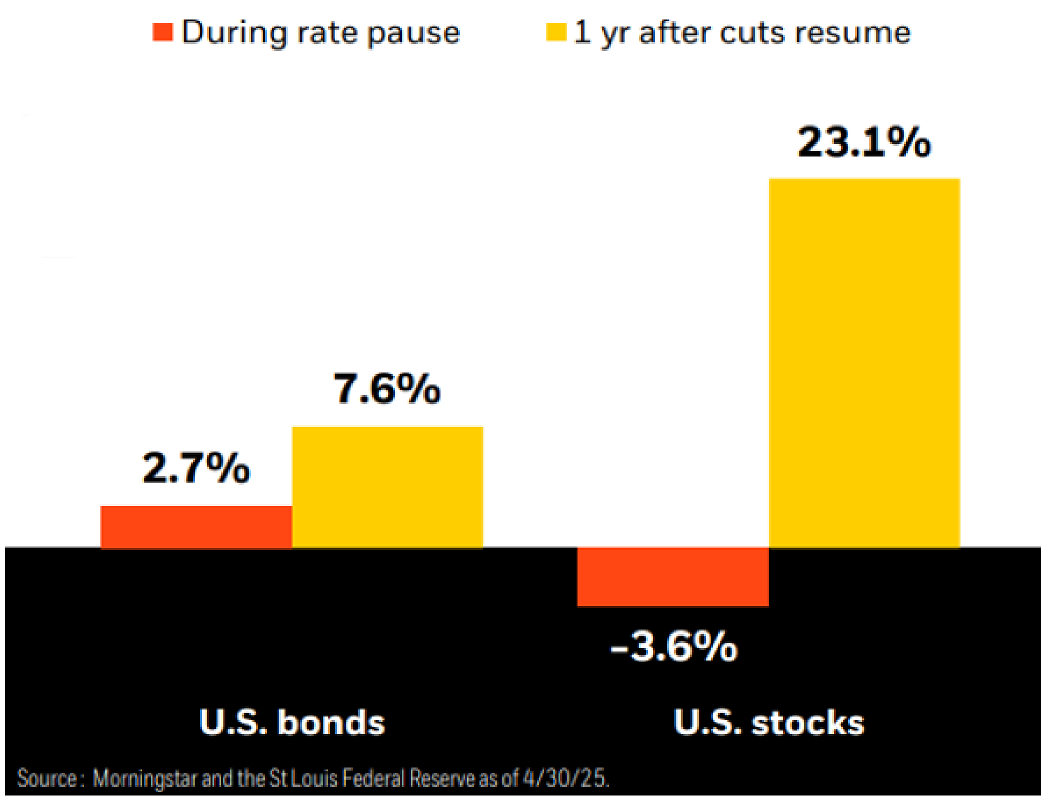
Part 3:

OUTLOOK

Outlook

A Resumption of Fed Cuts May be Positive

- Historically, both stocks and bonds have outperformed when the Fed resumes rate cuts.

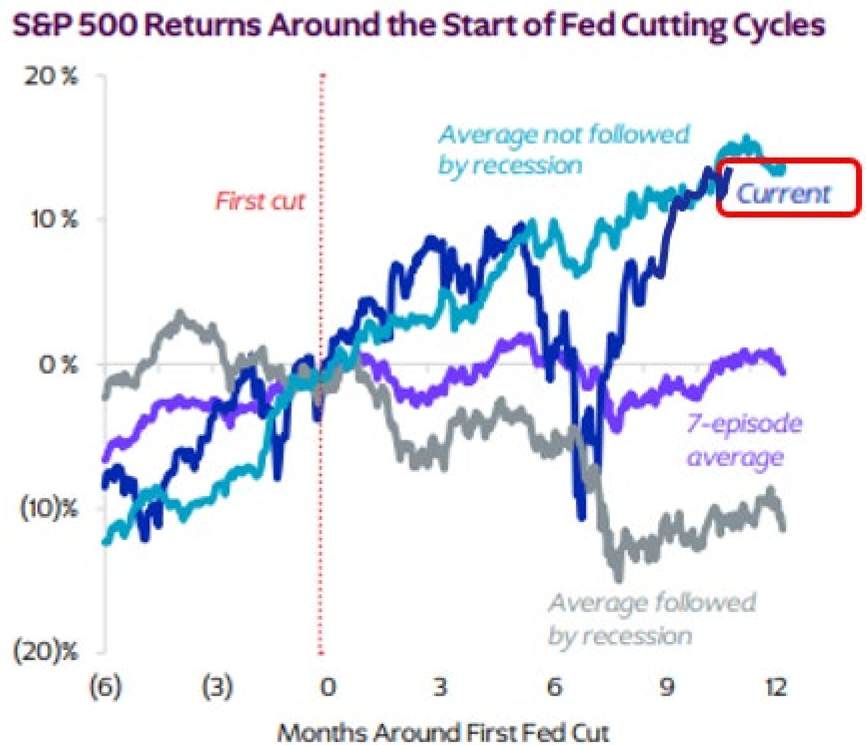


Outlook

Stock Performance Aligned with History

- Stocks have rebounded strongly from recent lows and are now **aligned with historic precedent for a Fed cutting cycle without a recession** (our base case outlook).

➢ Historic precedent suggests some moderation in returns **moving forward**.



Source: Goldman Sachs Research, KKR Global Macro & Asset Allocation analysis.

Outlook

Cautious on Valuations

- Stocks remain **expensive** relative to historic averages.
- Today's Price-to-Earnings (P/E) ratio **implies moderate annualized returns for the S&P 500 in the years ahead**.
- Relatively higher interest rates and associated cost of capital may also weigh on **stock returns.**

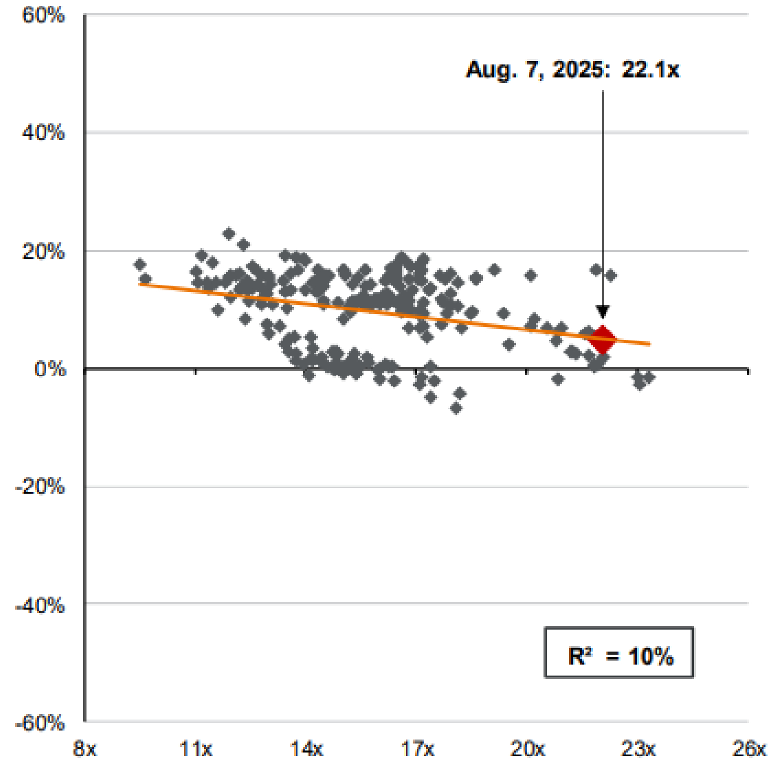
S&P 500 Index

Valuation measure	Description	Latest	30-year avg.*
P/E	Forward P/E	22.1x	17.0x
CAPE	Shiller's P/E	38.4x	28.3x
Div. Yield	Dividend yield	1.5%	2.1%
EY Spread	EY minus Baa yield	-0.6%	0.7%

As of 8/7/2025

Forward P/E and subsequent 5-yr. annualized returns

S&P 500 Total Return Index

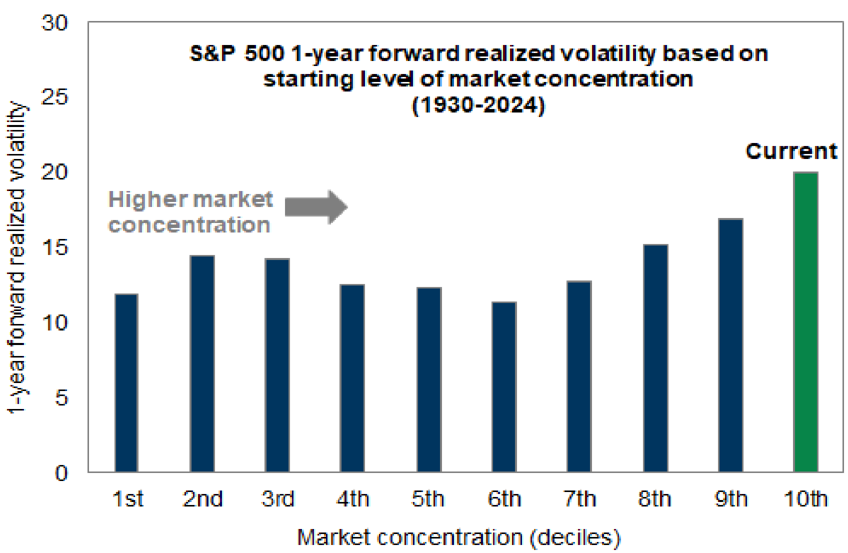


Source: FactSet, Refinitiv Datastream, Standard & Poor's, Thomson Reuters, J.P. Morgan Asset Management.

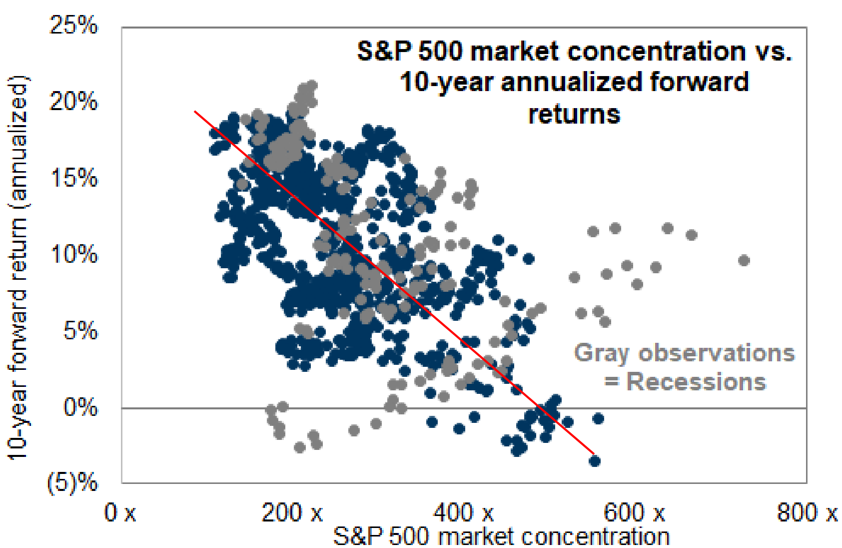
Outlook

Bumpier, More Moderate Road Ahead

- **Higher levels of stock concentration** tend to be associated with **higher levels of volatility.**
- Higher market concentration also tends to be **associated with lower forward returns.**



Source: Goldman Sachs Global Investment Research



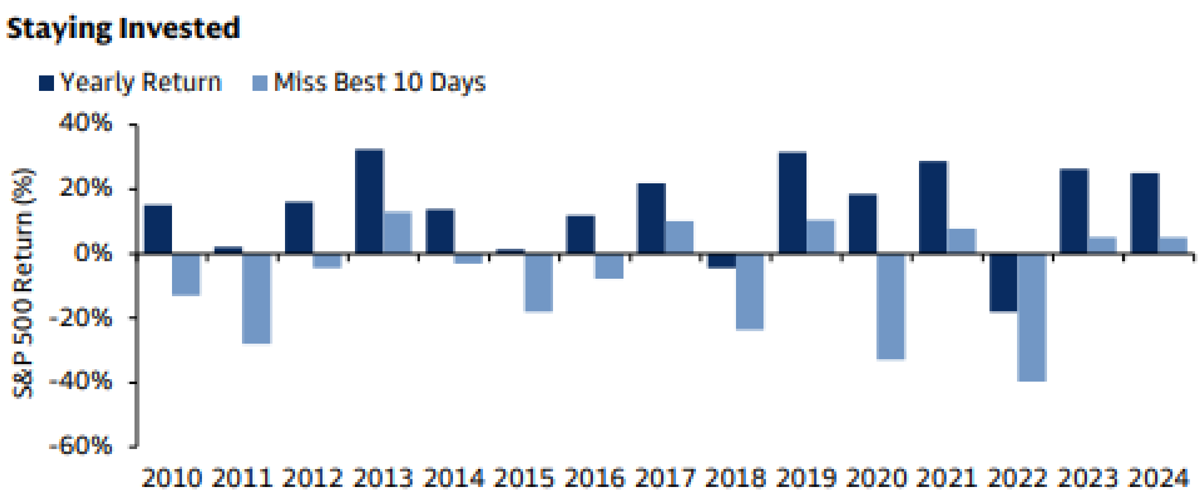
Source: Goldman Sachs Global Investment Research

Market concentration defined by largest stock / 75th percentile stock.

Outlook

Stay Invested

- Take a long-term perspective. **Don't overreact** or make investment decisions based on the **short-term news headlines** of the day.
- The market's **strongest days typically immediately follow the worst days. Missing out** on those strongest days can have a **significant negative impact on long-term performance**.
- Since 1990, **missing the 10 best days each year would have resulted in an annual loss of -13%** vs. the S&P 500's annual return of over 10%.

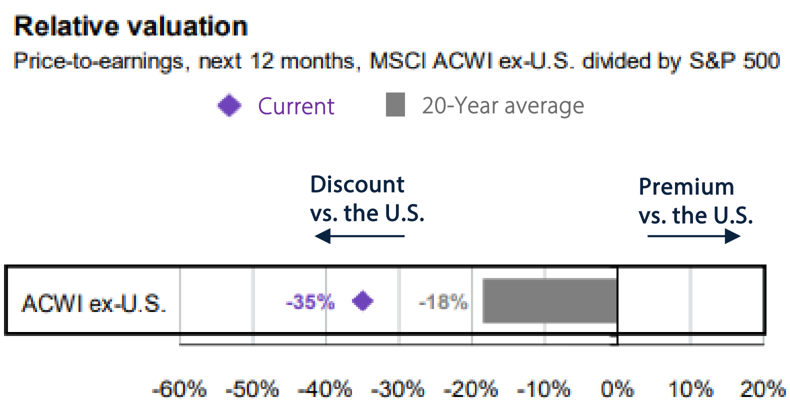


Source: Bloomberg and Goldman Sachs Asset Management. As of December 31, 2024.

Outlook

International Relatively Cheaper

- International stocks continue to trade at **historical discounts** to the U.S. market.
- International stocks may be **supported by fiscal and monetary policies**.



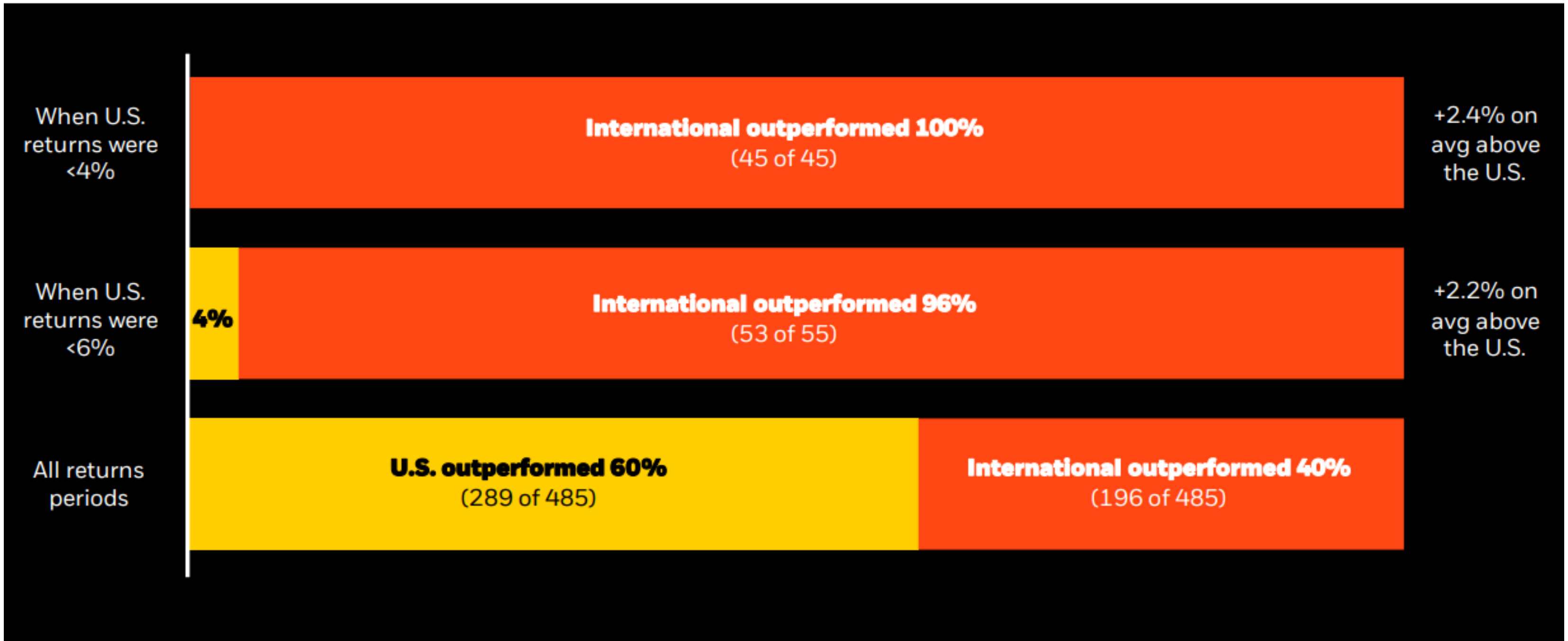
Outlook

International Stocks Offer Diversification Benefits

- Historically, international stocks outperformed U.S. stocks 96% of the time when U.S. stocks returned less than 6% and 100% of the time when U.S. stocks returned less than 4%.

International stocks have historically outperformed in periods of lower U.S. stock returns

10-year rolling periods, U.S. return levels vs. international (1986 – 2024)

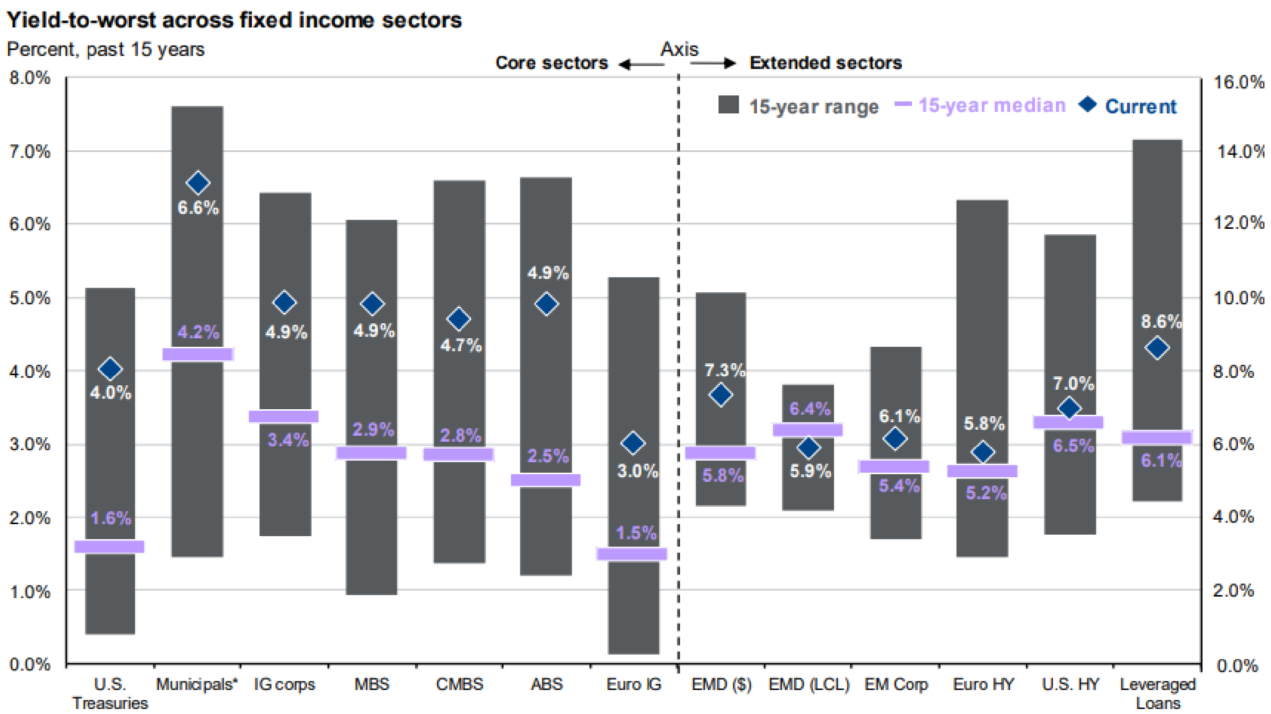


Source: Morningstar as of 4/30/25. U.S. stocks represented by the S&P 500 Index and International stocks represented by the MSCI EAFE Index. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes

Outlook

Bond Yields Attractive

- **Current core fixed income bond yields are attractive** relative to recent history; **current yield is the strongest determining factor** for forward-looking bond returns.
- Many of our bond funds are **yielding mid- to high-single digits**.

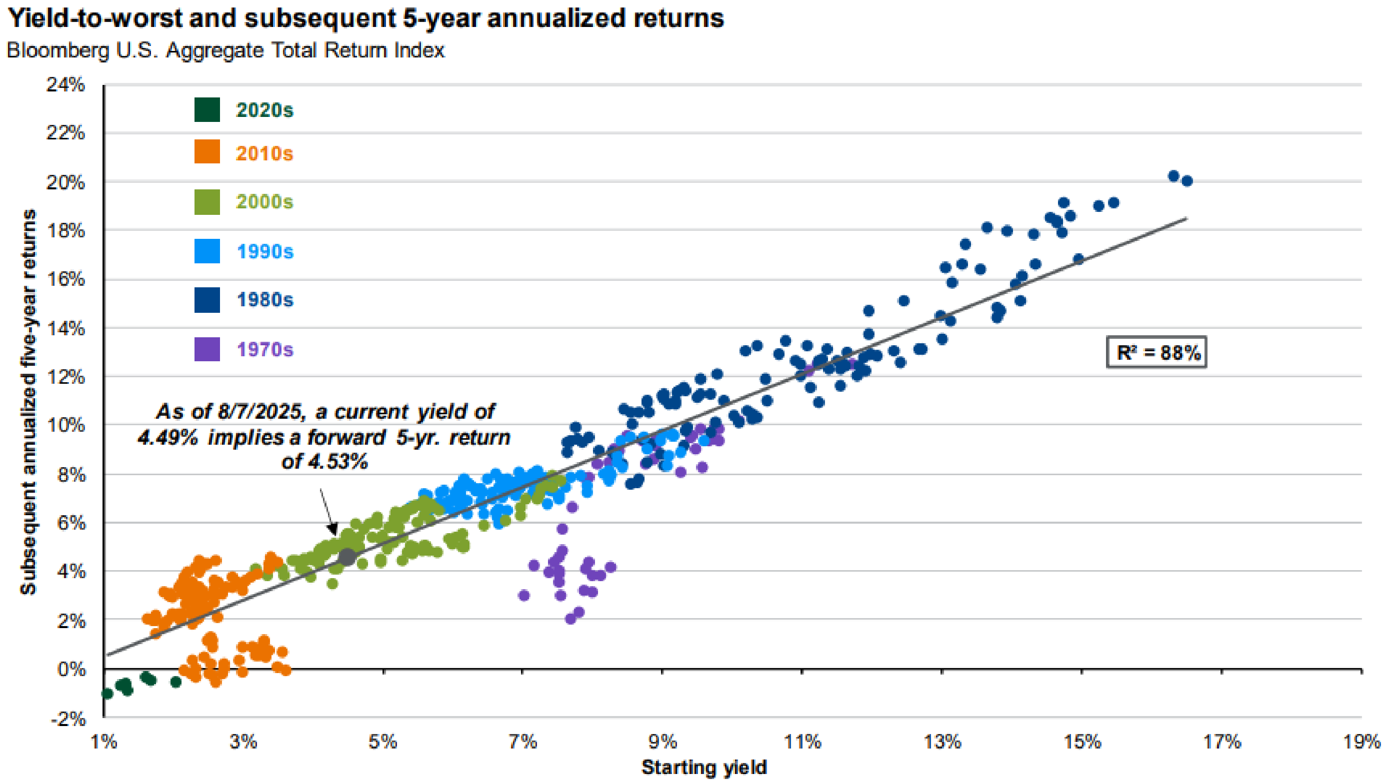


Source: Bloomberg, FactSet, J.P. Morgan Credit Research, J.P. Morgan Asset Management

Outlook

Bond Outlook

- The current yield on core fixed income implies a **healthy mid-single-digit forward-looking return expectation**.

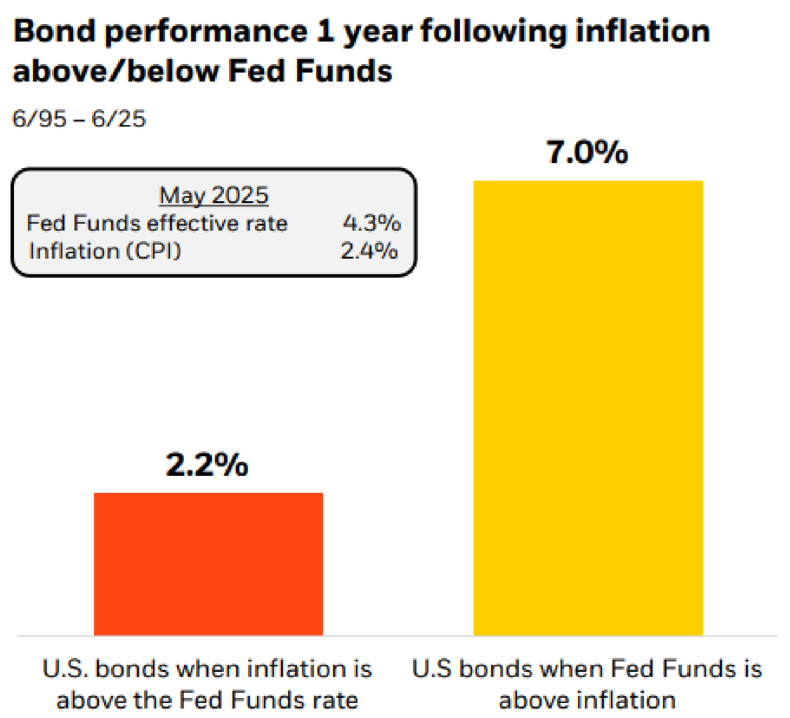


Source: Bloomberg, FactSet, J.P. Morgan Asset Management.

Outlook

Bond Outlook

- Historically, when the Fed Funds rate exceeds inflation, it is a **positive for bond market returns**.



Source: BlackRock, Morningstar as of 6/30/25. U.S. bonds represented by the Bloomberg U.S. Agg Bond Intermediate TR Index

Outlook - Alternatives

Private Equity

- We believe private equity (PE) offers **attractive upside risk-adjusted return potential.** PE has historically **outperformed public stock markets with less volatility.** PE represents a **large, untapped investment opportunity** for many investors.

Real Assets

- Real Estate transaction **volumes have picked up and we appear to be past the bottom for valuations**. We are positive about the outlook moving forward, particularly for residential, industrial logistics, medical office, data centers, and others.

- We believe infrastructure offers investors long-term **consistency in returns and yield** in assets like power and utilities, ports, airports, toll roads, data centers, cell towers, and fiber networks. **Trillions of dollars in spending are required in these infrastructure areas over the coming years** to sustain ongoing economic growth.

Direct Credit

- We consider it to be a **favorable environment for direct lending strategies**, with still high interest rates underpinning current yield. **Business fundamentals continue to be robust**, supporting credits.

Outlook - Alternatives

Private Equity

- We may be entering a **favorable period for alternative asset classes** to outperform public market equivalents. Should public stock market returns moderate, **private equity may produce attractive relative performance**.

Avg. 3yr Annualized Excess Total Return of U.S. Private Equity Relative to S&P 500 in Various Public Market Return Regimes

Data as at 11/30/2022. Source: Cambridge Associates, Pitchbook, KKR GMAA analysis. No representation is made that the trends depicted or described above will continue.

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Fixed income yields are based on Bloomberg indices and from the following sources: US Treasury, FactSet, PIMCO, JP Morgan Asset Management, and are represented by Broad Market, U.S. Treasuries, Municipals, U.S. Corporate bonds, MBS, ABS, Euro Corporates, Emerging Markets Debt, Emerging Markets Corporates, U.S. High Yield, Euro High Yield, Leveraged Loans. Yield-to-worst is the lowest possible yield that can be received on a bond, apart from the company defaulting, and it considers factors like call provisions, prepayments, and other features that may affect the bond's cash flows.

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