# 4th Quarter Investment Environment

William E. Hawes, CFA, CFP®

October 8, 2026



CANDOR ASSET ADVISORS®

Investment advisory and financial planning services offered through Candor Asset Advisors, LLC, a registered investment advisor.

# Asset Class Performance

| YTD Total Return | 1 month Total Return | 3 month Total Return | 6 month Total Return | 1 year Total Return | 3 year Total Return | 5 year Total Return | 10 year Total Return |
|---|---|---|---|---|---|---|---|
| Commodities 55.2% | Commodities 4.8% | Commodities 25.1% | Emerging Markets 23.9% | Commodities 56.7% | Emerging Markets 24.7% | Commodities 17.3% | US Growth 18.2% |
| Emerging Markets 23.7% | US Growth 2.2% | US Value 2.6% | S&P 500 17.9% | Emerging Markets 29.6% | US Growth 24.3% | S&P 500 13.8% | S&P 500 15.3% |
| US Value 19.3% | S&P 500 -0.3% | S&P 500 2.3% | US Growth 17.8% | US Value 23.8% | S&P 500 22.9% | US Growth 13.7% | US Value 11.4% |
| US Small 13.7% | Emerging Markets -0.5% | World exUSA 1.0% | US Value 16.8% | World exUSA 16.5% | US Value 20.1% | US Value 11.9% | Commodities 10.3% |
| S&P 500 12.7% | US Treasuries -2.2% | US Growth 0.9% | US Small 12.7% | US Small 16.2% | World exUSA 19.5% | World exUSA 10.2% | US Small 9.8% |
| World exUSA 10.6% | Aggregate Bonds -2.6% | Emerging Markets -0.2% | World exUSA 11.5% | S&P 500 15.7% | US Small 17.7% | Emerging Markets 9.4% | World exUSA 9.8% |
| US Growth 6.3% | US Value -3.1% | US Treasuries -3.0% | Commodities 10.9% | US Growth 7.5% | Commodities 17.5% | US Small 6.3% | Emerging Markets 9.5% |
| US Real Estate 3.7% | World exUSA -3.2% | Aggregate Bonds -3.5% | US Real Estate 2.1% | US Real Estate 1.3% | US Real Estate 10.0% | US Real Estate 1.7% | US Real Estate 5.1% |
| US Treasuries -2.8% | Muni Bonds -4.4% | US Real Estate -5.9% | US Treasuries -2.7% | Aggregate Bonds -1.8% | Aggregate Bonds 4.1% | Muni Bonds -0.2% | Muni Bonds 1.5% |
| Aggregate Bonds -2.9% | US Small -5.3% | Muni Bonds -6.3% | Aggregate Bonds -2.9% | US Treasuries -1.9% | US Treasuries 3.2% | Aggregate Bonds -0.6% | Aggregate Bonds 1.1% |
| Muni Bonds -4.2% | US Real Estate -6.4% | US Small -7.2% | Muni Bonds -4.0% | Muni Bonds -2.7% | Muni Bonds 2.9% | US Treasuries -1.0% | US Treasuries 0.6% |

Past performance is no guarantee of future results. You cannot invest directly in an index.

*Data as of 9/30/2026

| Asset | Index |
|---|---|
| US Real Estate | Dow Jones US Real Estate Index Total Return |
| US Growth Stocks | Russell 1000 Growth Total Return |
| Commodities | S&P GSCI Total Return |
| US Small Cap | Russell 2000 Total Return |
| S&P 500 | S&P 500 Total Return |
| US Value Stocks | Russell 1000 Value Total Return |
| World ex USA | MSCI World Ex USA Total Return |
| Emerging Markets | MSCI Emerging Markets Total Return |
| Aggregate Bonds | Barclays US Aggregate Total Return |
| Muni Bonds | Barclays Municipal Bond Total Return |
| US Treasuries | Barclays US Treasury Total Return |

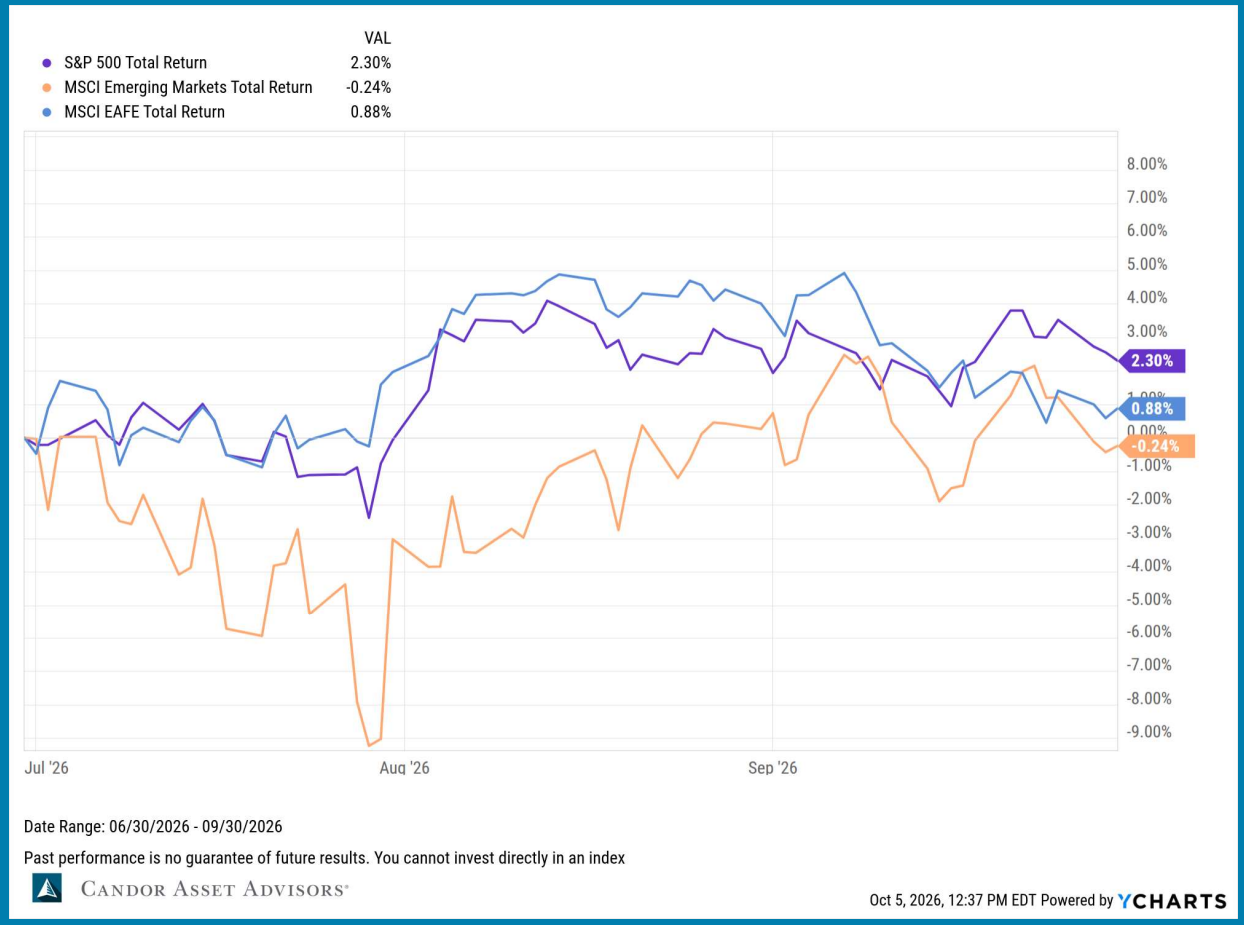
Source: YCharts

# Equity Performance

Charts and tables highlighting the performance of stock market indices, factors and sectors

# 3Q 26:

The US mildly outperforms the rest of the world



# Last 12 Months:

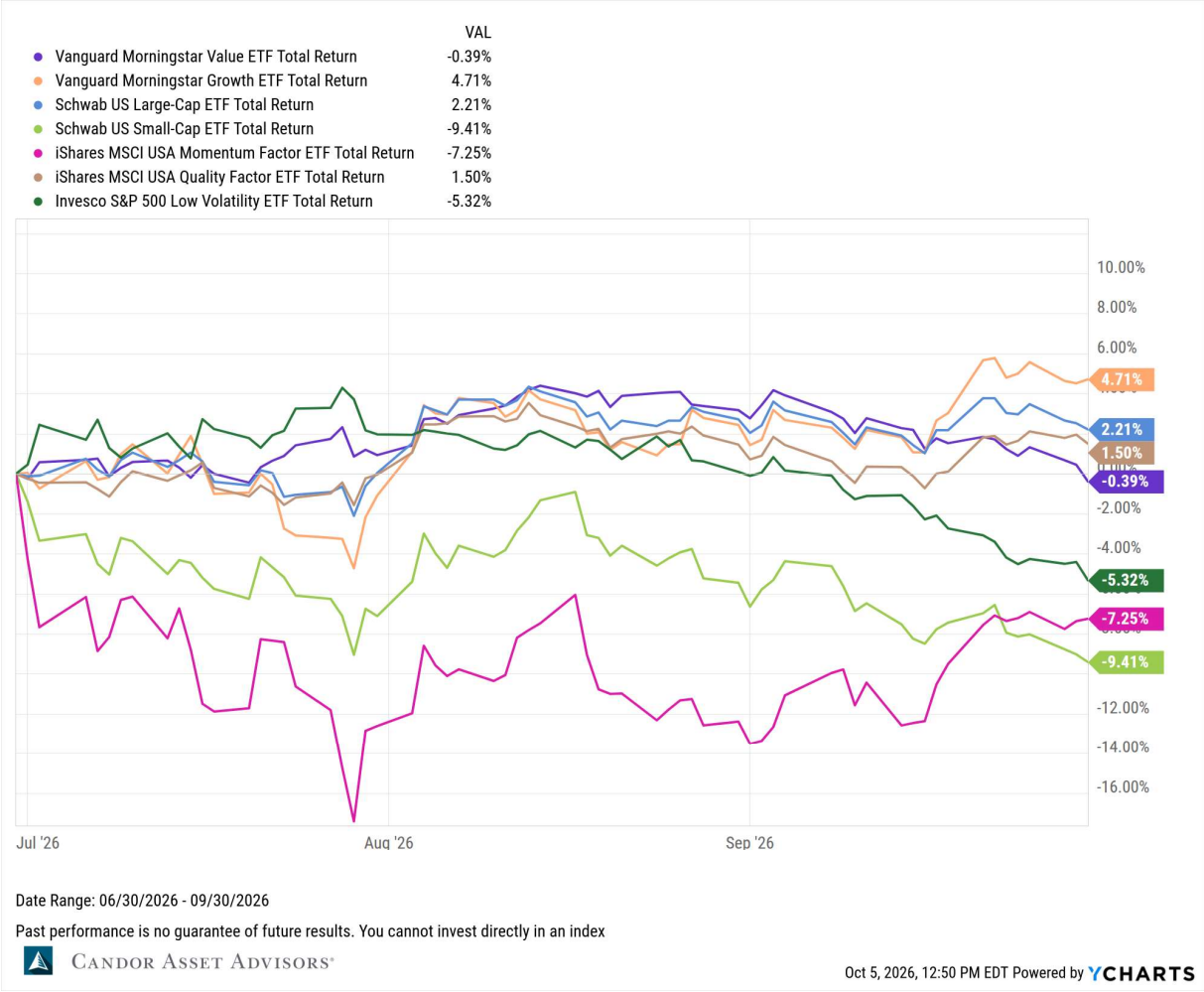
Emerging Markets leads



# US Equity Factor Performance 3Q 2026

Leaders: Large Cap, Growth

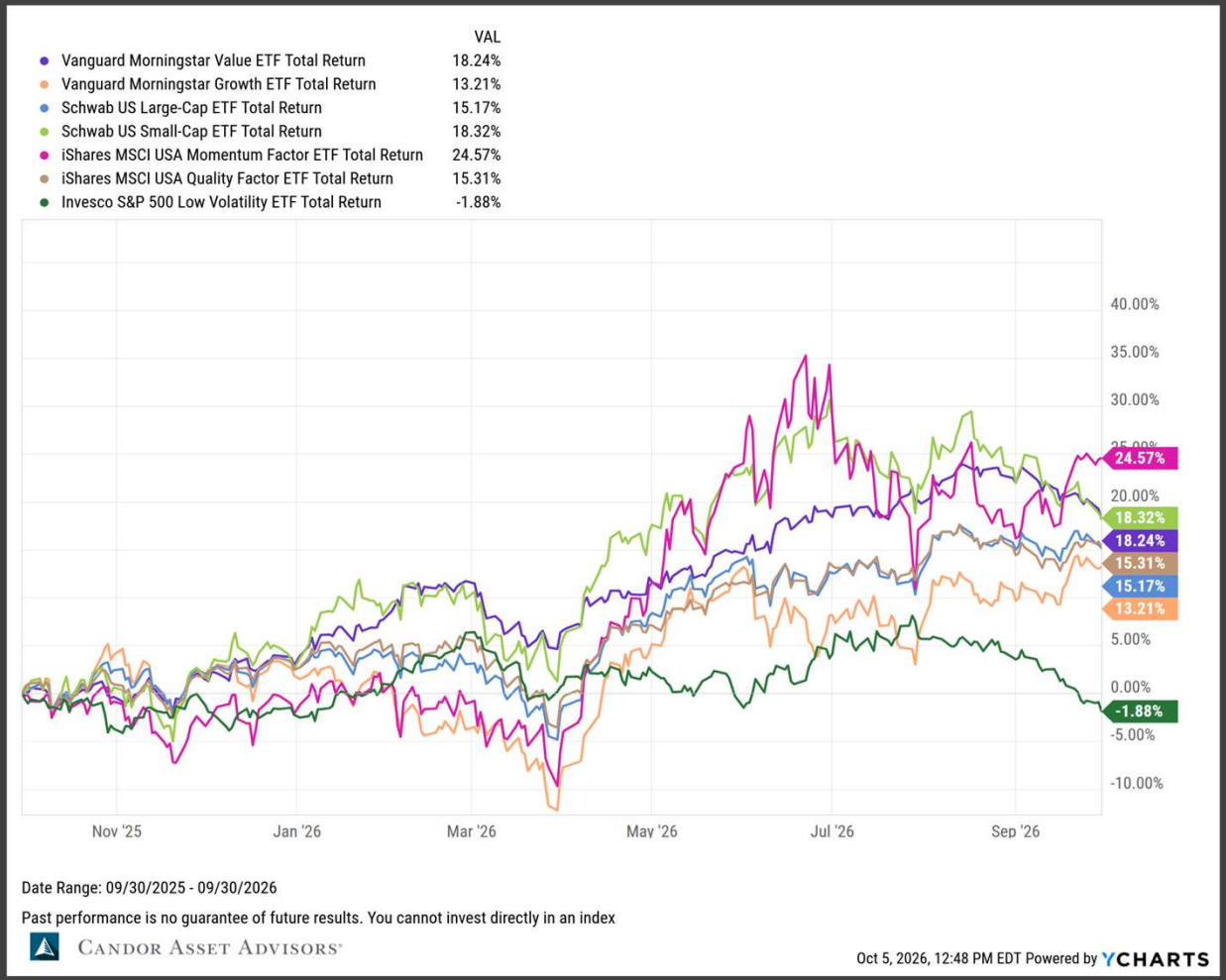
Laggards: Value, Small Caps, Momentum, Low Volatility



# US Equity Factor Performance Last 12 Months

Leaders: Value, Small Caps, Momentum

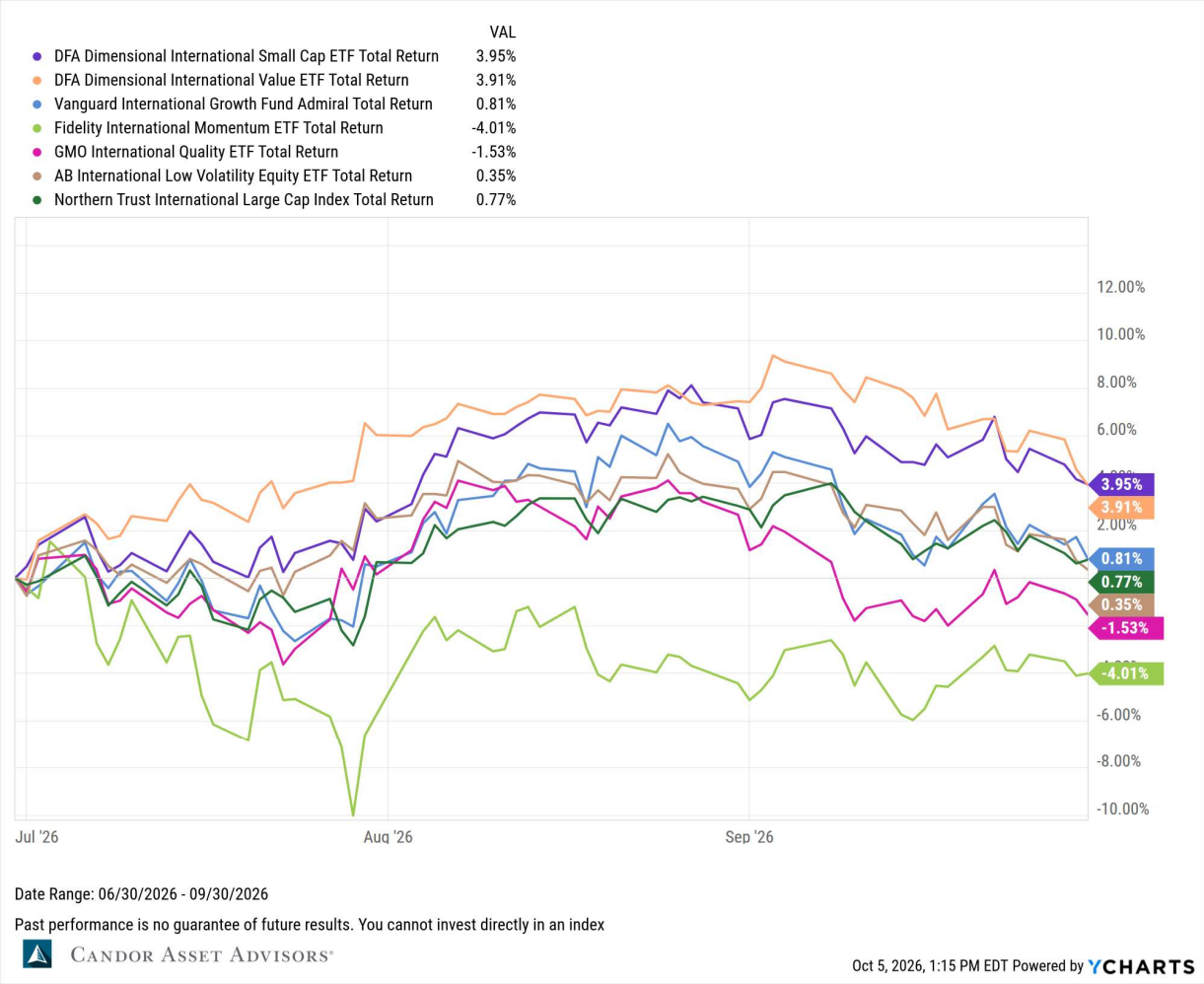
Laggards: Growth, Small Cap, Low Volatility



# International Equity Factor Performance 3Q 2026

Leaders: Small Caps, Value

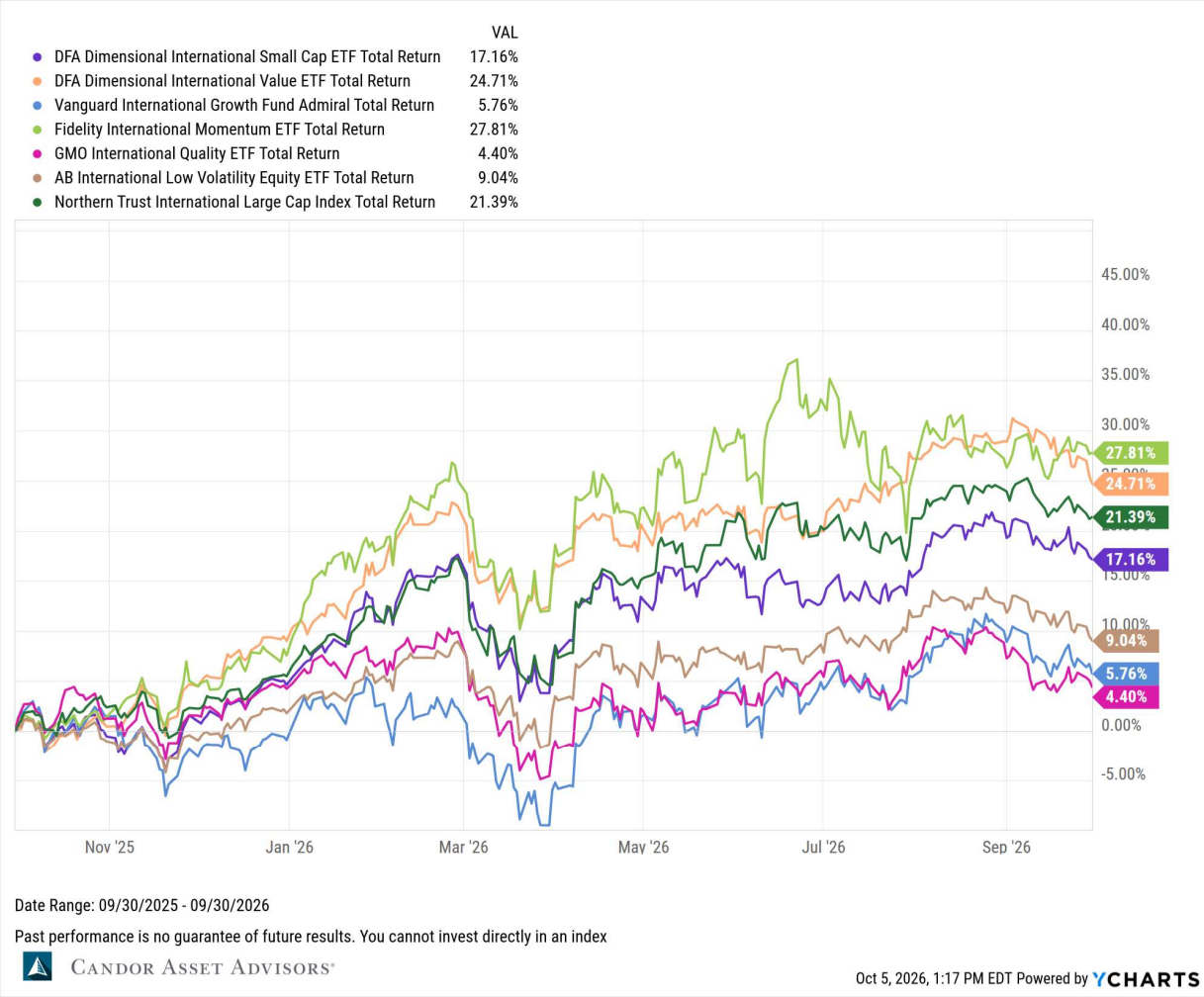
Laggards: Momentum, Quality



# International Equity Factor Performance Last 12 Months

Leaders: Value, Momentum, Large Caps

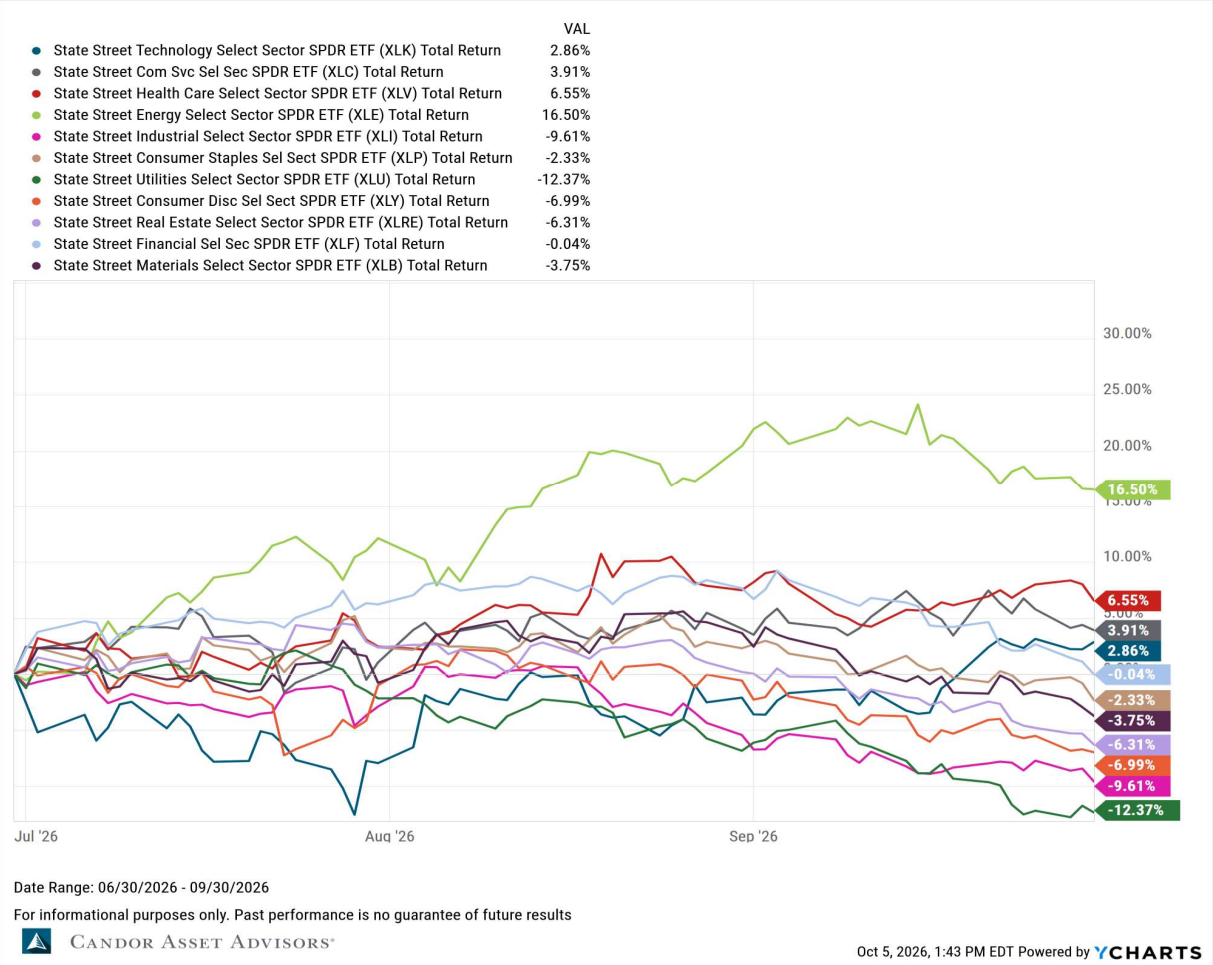
Laggards: Growth, Quality, Low Volatility



# US Equity Sector Performance 3Q 2026

Leaders: Energy, Healthcare

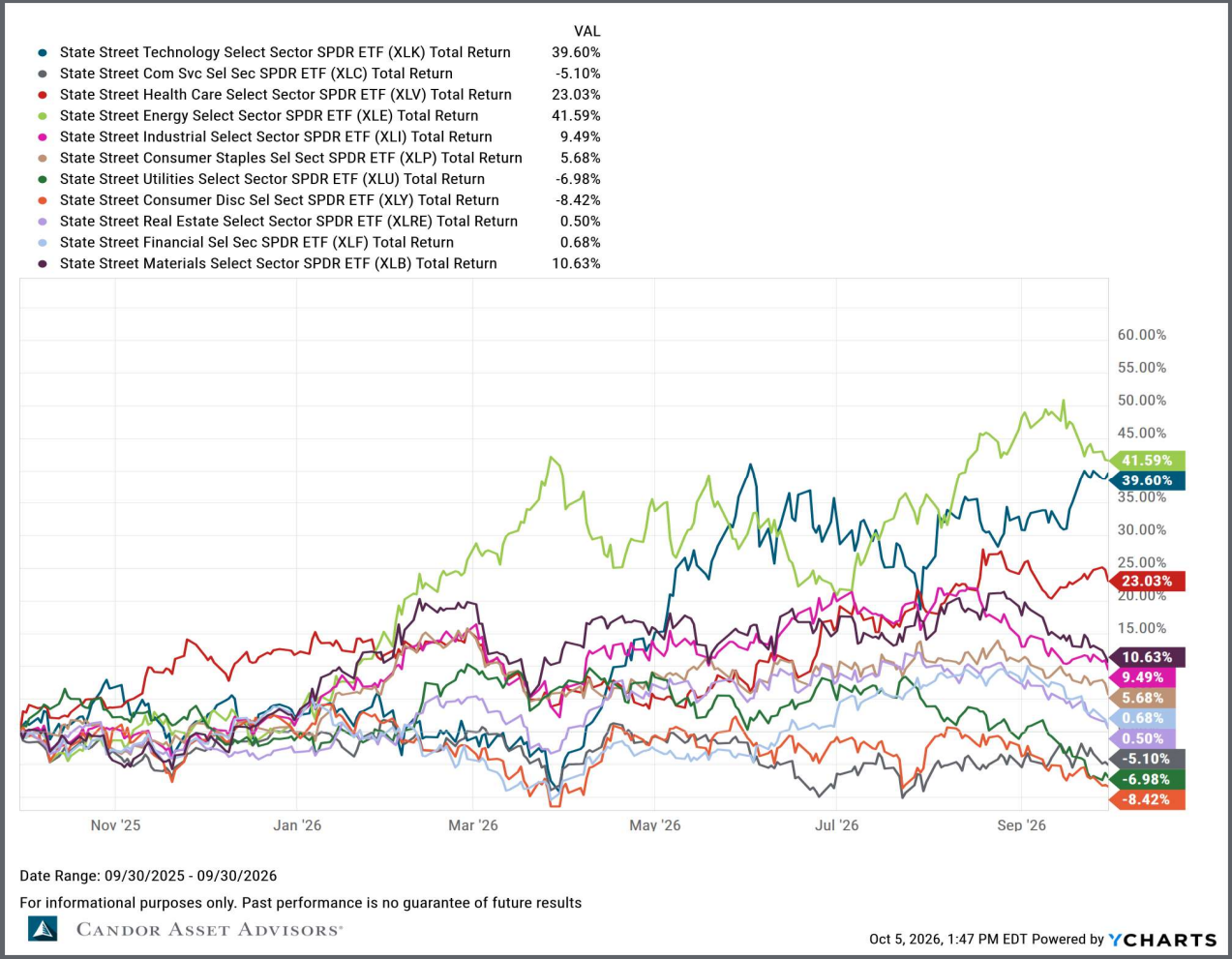
Laggards: Consumer Discretionary, Utilities, Real Estate, Industrials



# US Equity Sector Performance Last 12 Months

Leaders: Technology, Healthcare, Energy

Laggards: Communication Services, Utilities, Consumer Discretionary, Real Estate, Financials

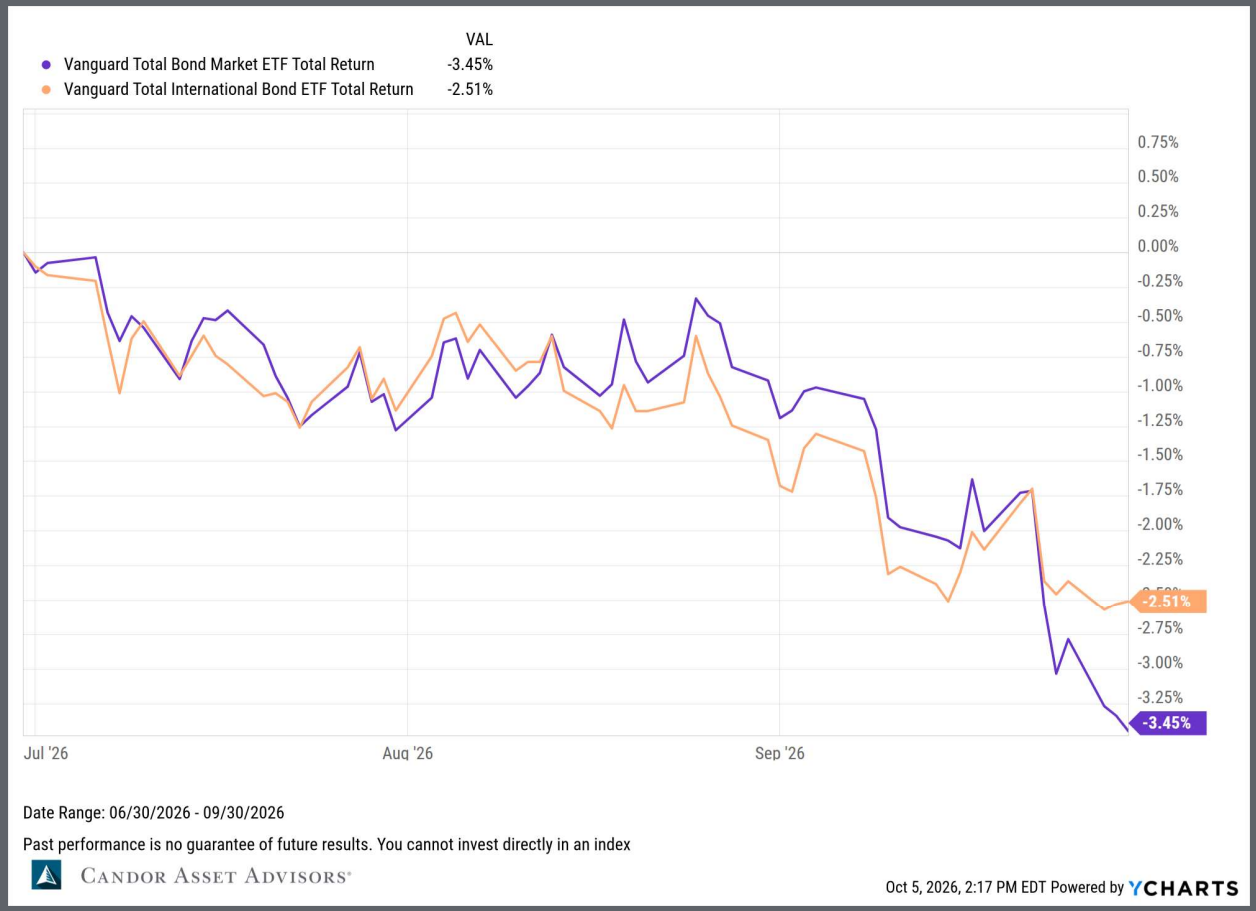


# Fixed Income Performance

Charts and tables highlighting the performance of fixed income indices and security types

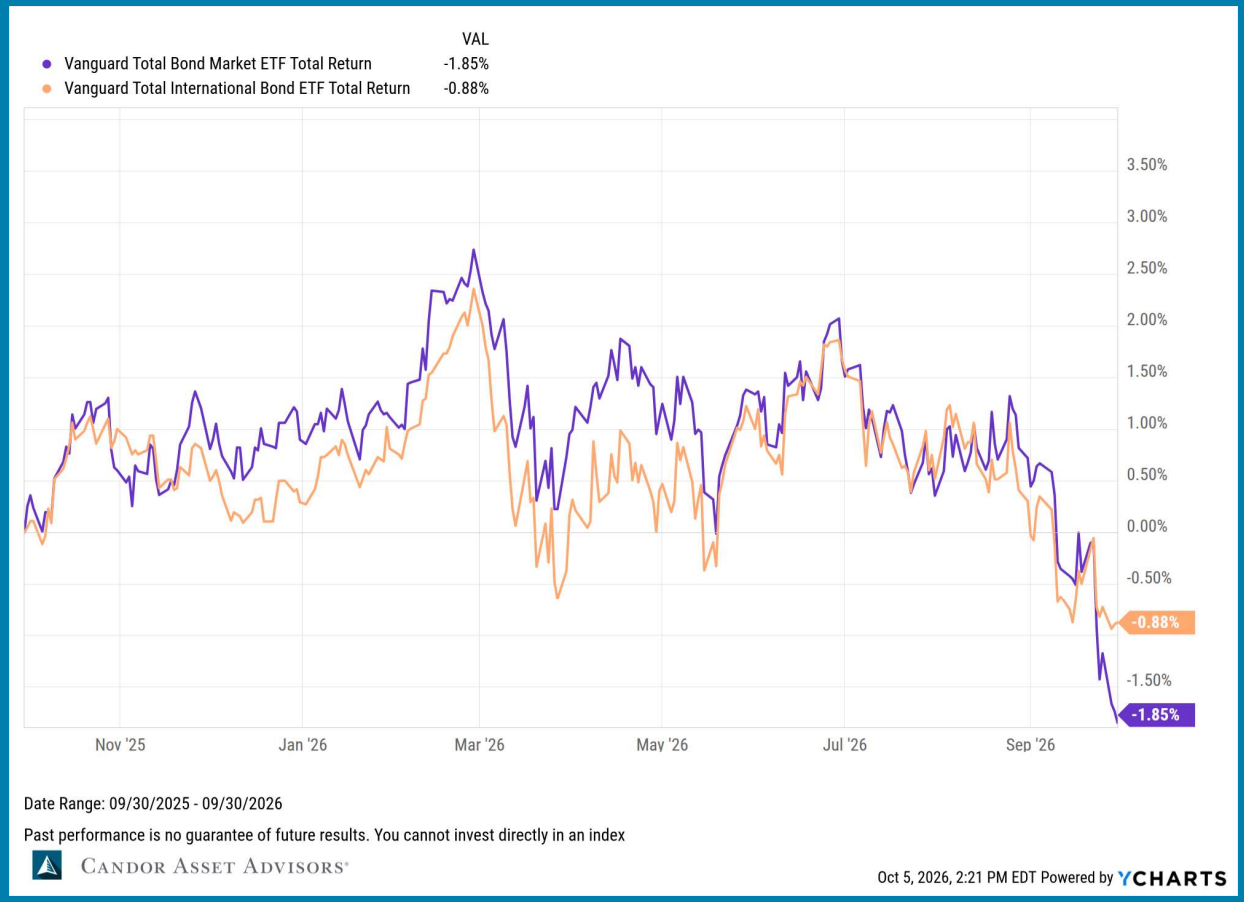
# Global Fixed Income Index Performance 3Q 2026:

International mildly outperforms the US while both were down



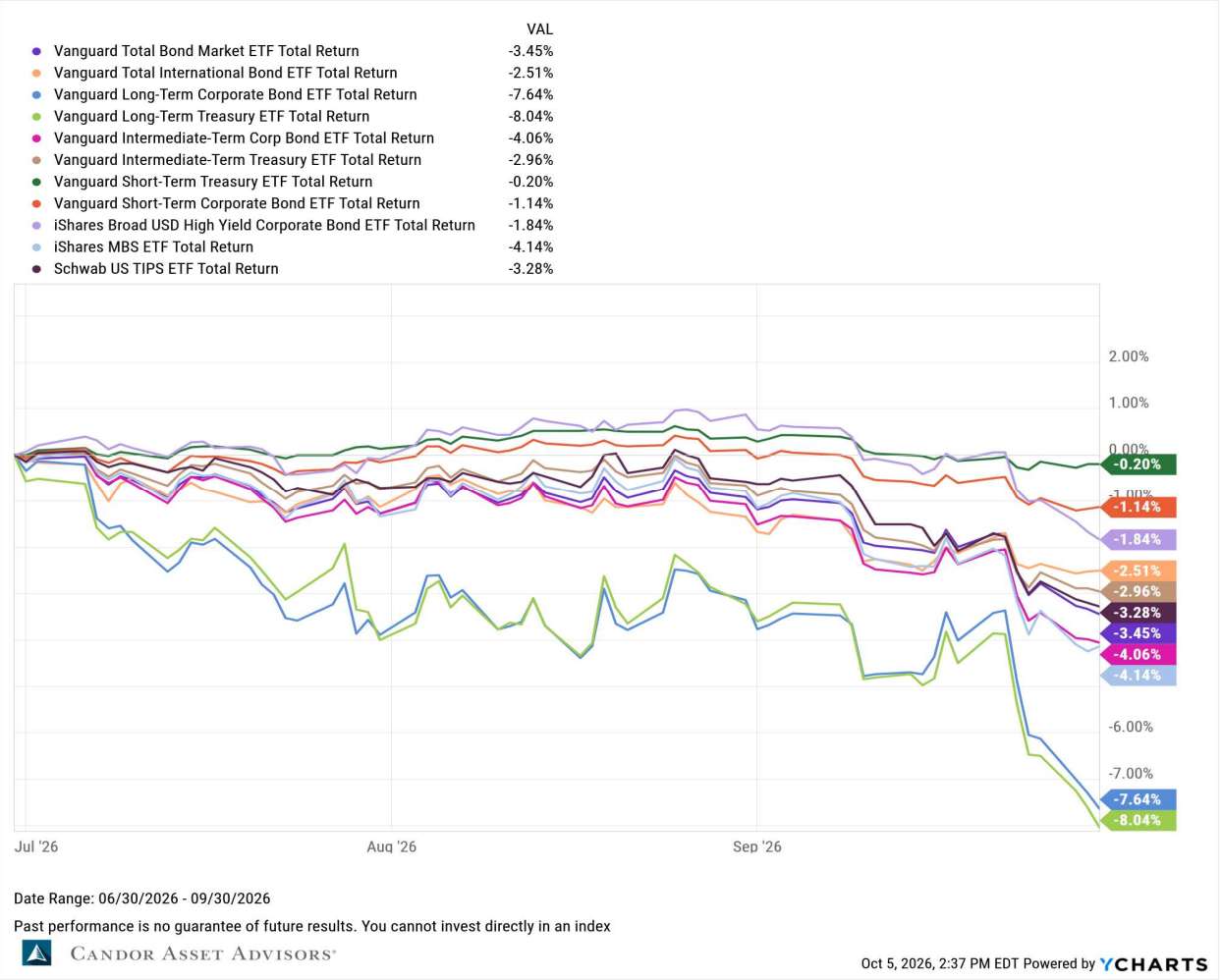
# Global Fixed Income Index Performance Last 12 Months:

Fixed Income Indices were mildly down



# US Fixed Income 3Q 26:

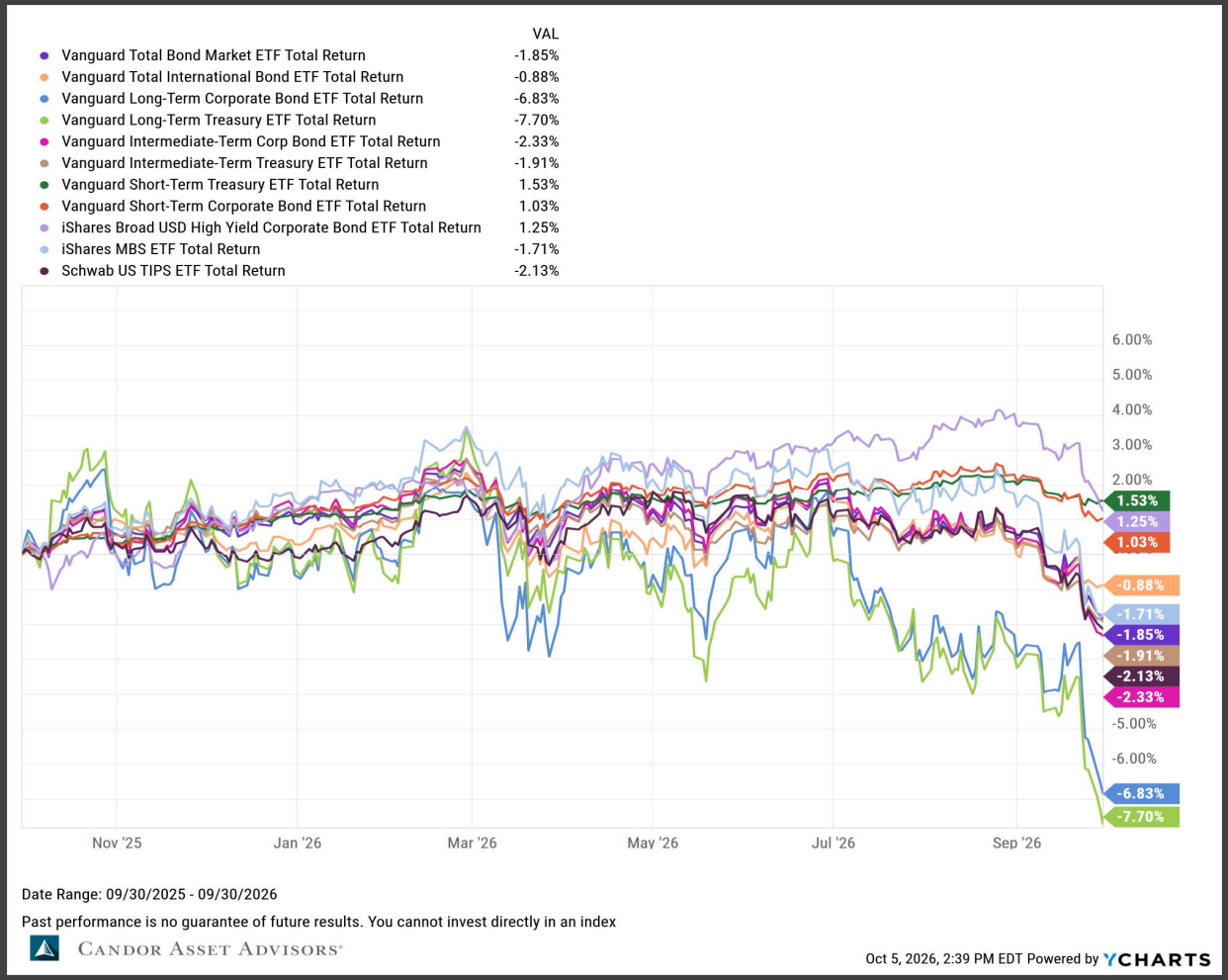
The short end outperforms while all maturities show negative returns



# US Fixed Income Last 12 Months:

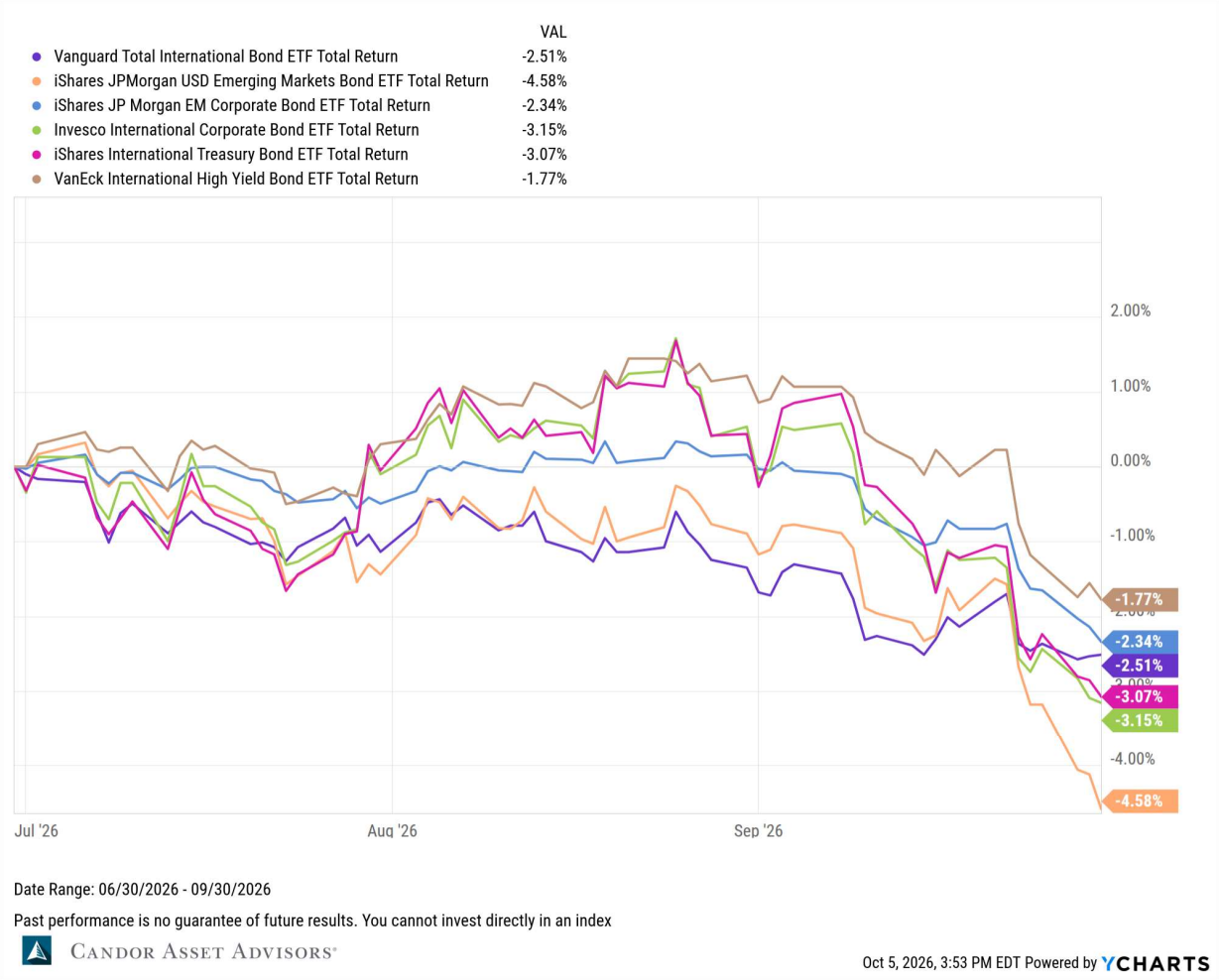
Leaders: Short Term Corporate & Govt Debt, High Yield

Laggards: Long Term Corporate & Government Debt



# International Fixed Income 3Q 26:

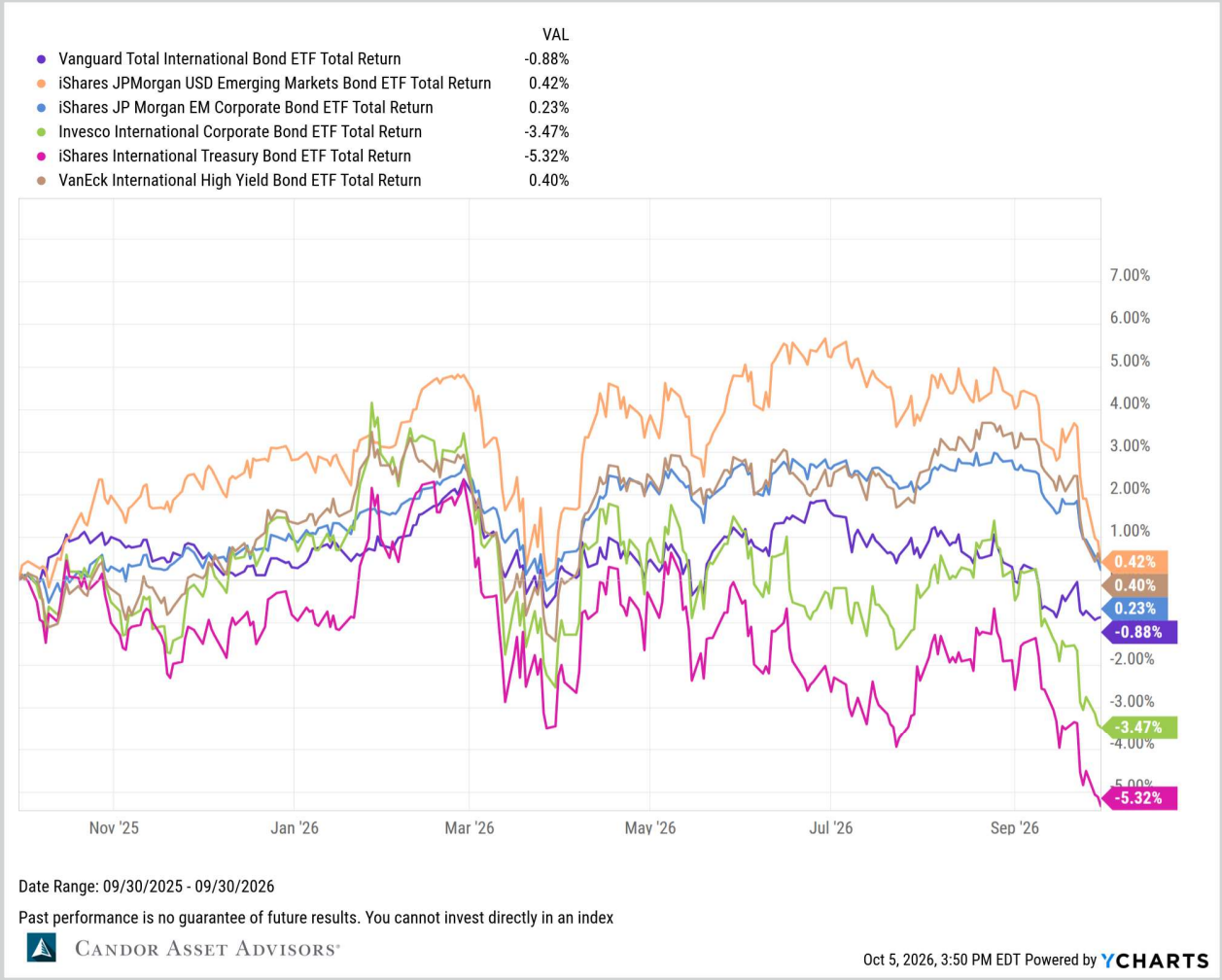
# Disappointing throughout



# International Fixed Income Last 12 Months:

Leaders: Emerging Market Corporate & Government

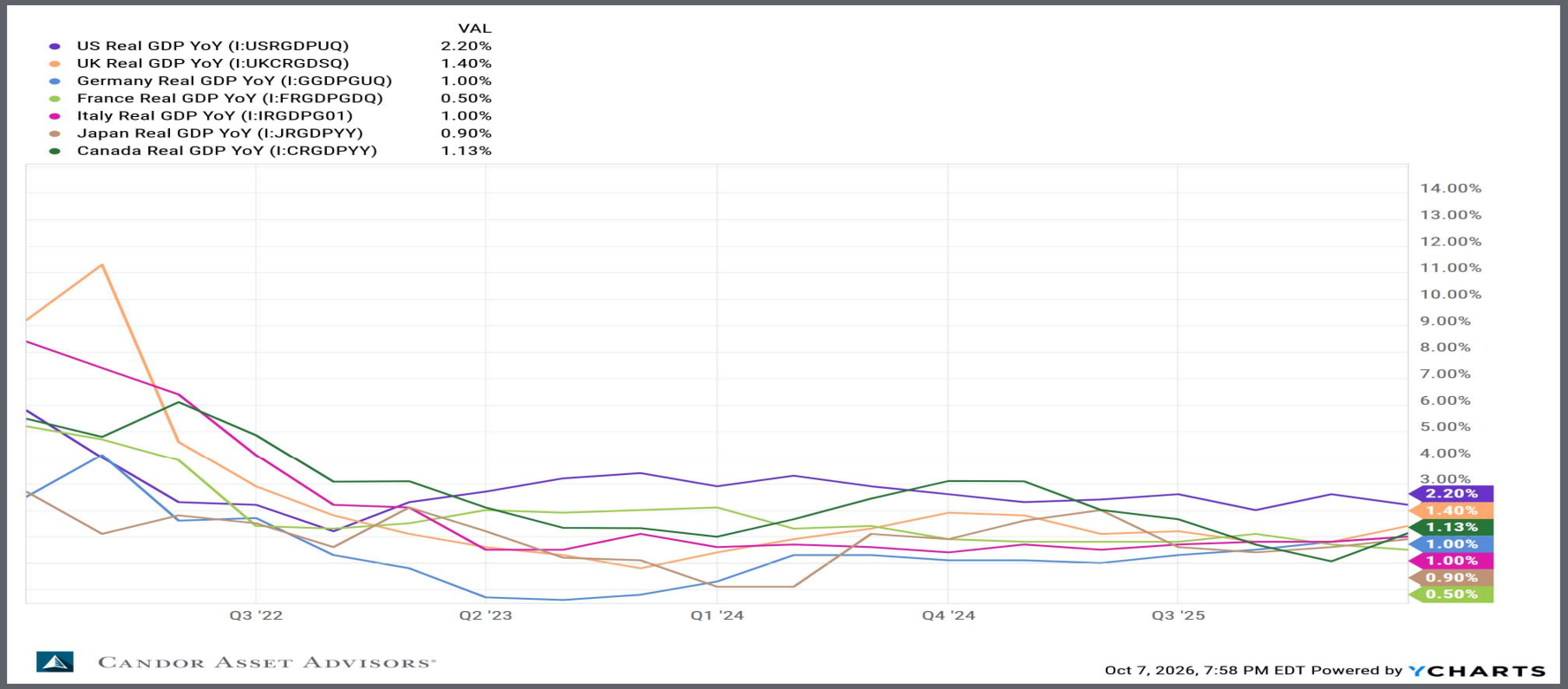
Laggards: Intl Developed Corporate & Government Debt



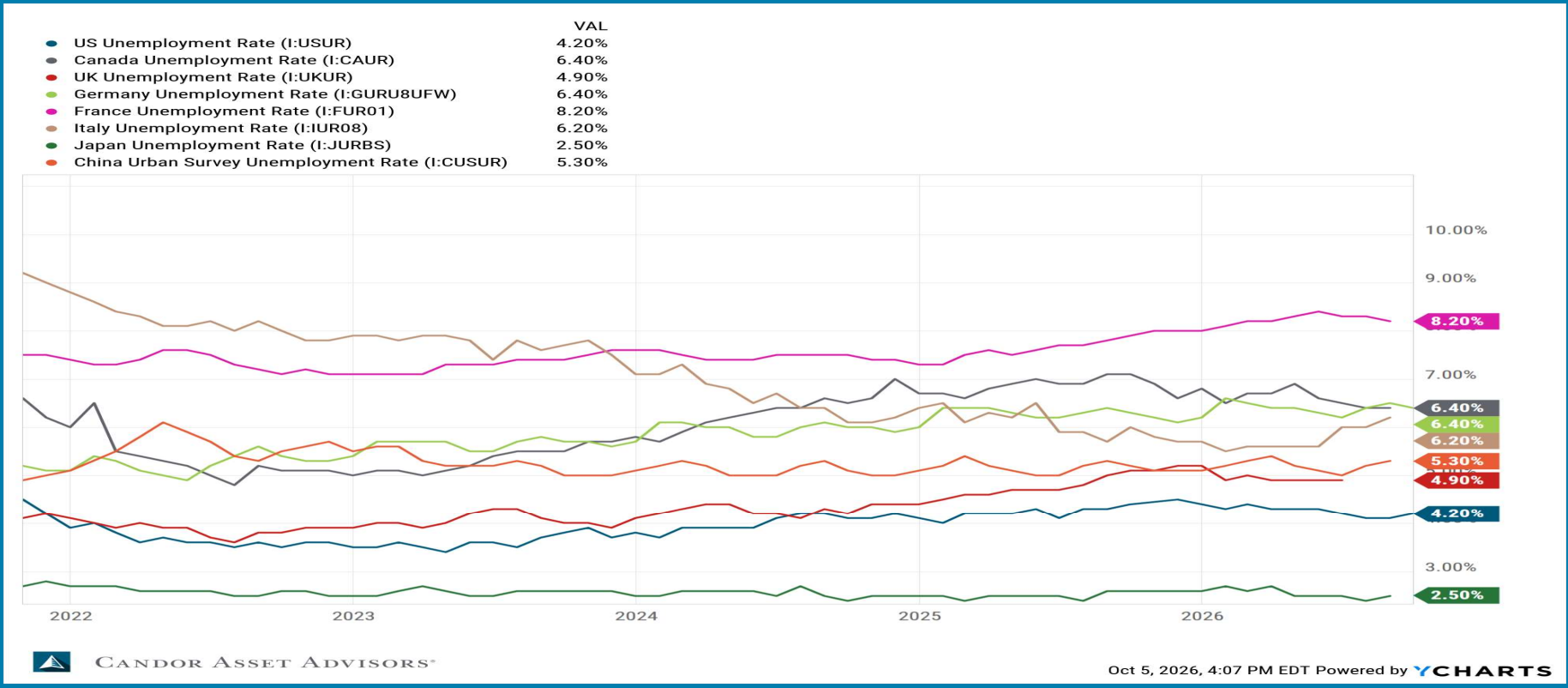
# Economic Data

Select charts and data highlighting the major economic events

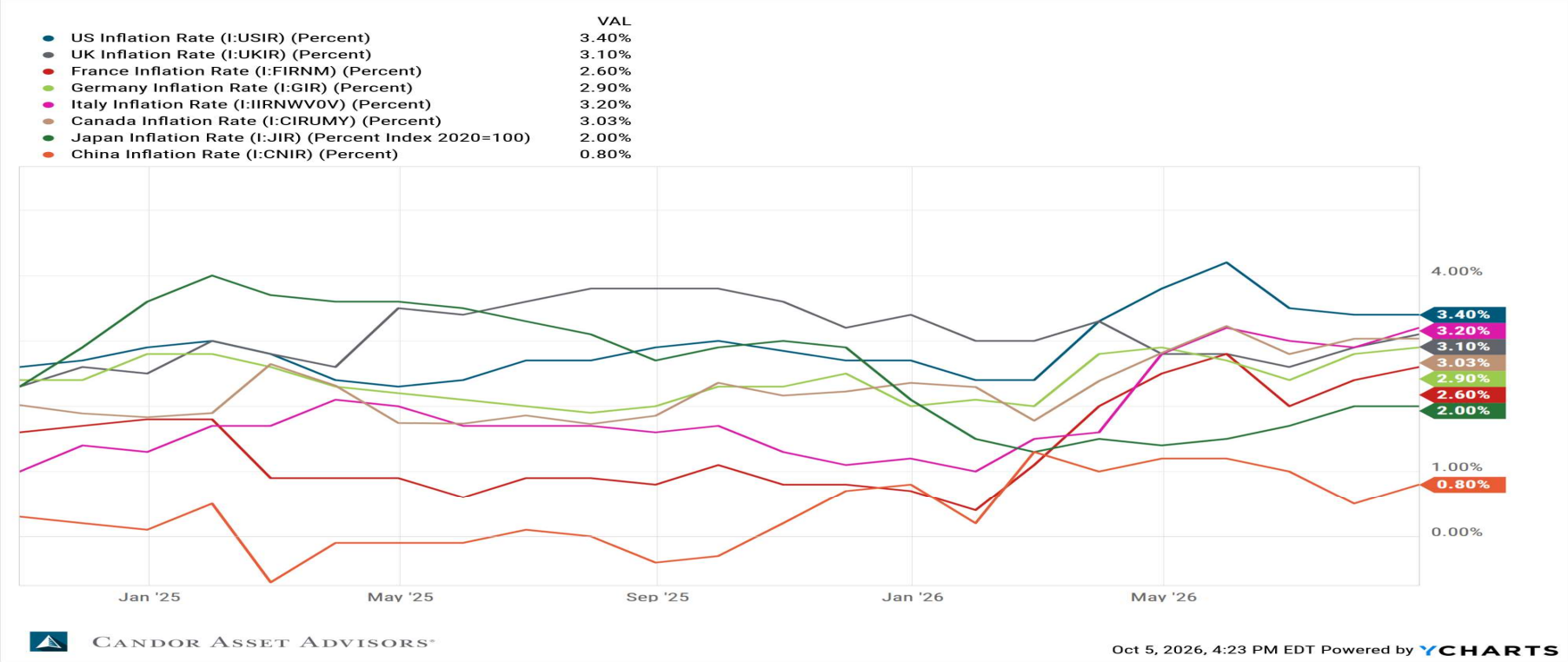
# G7 Real GDP growth is modest



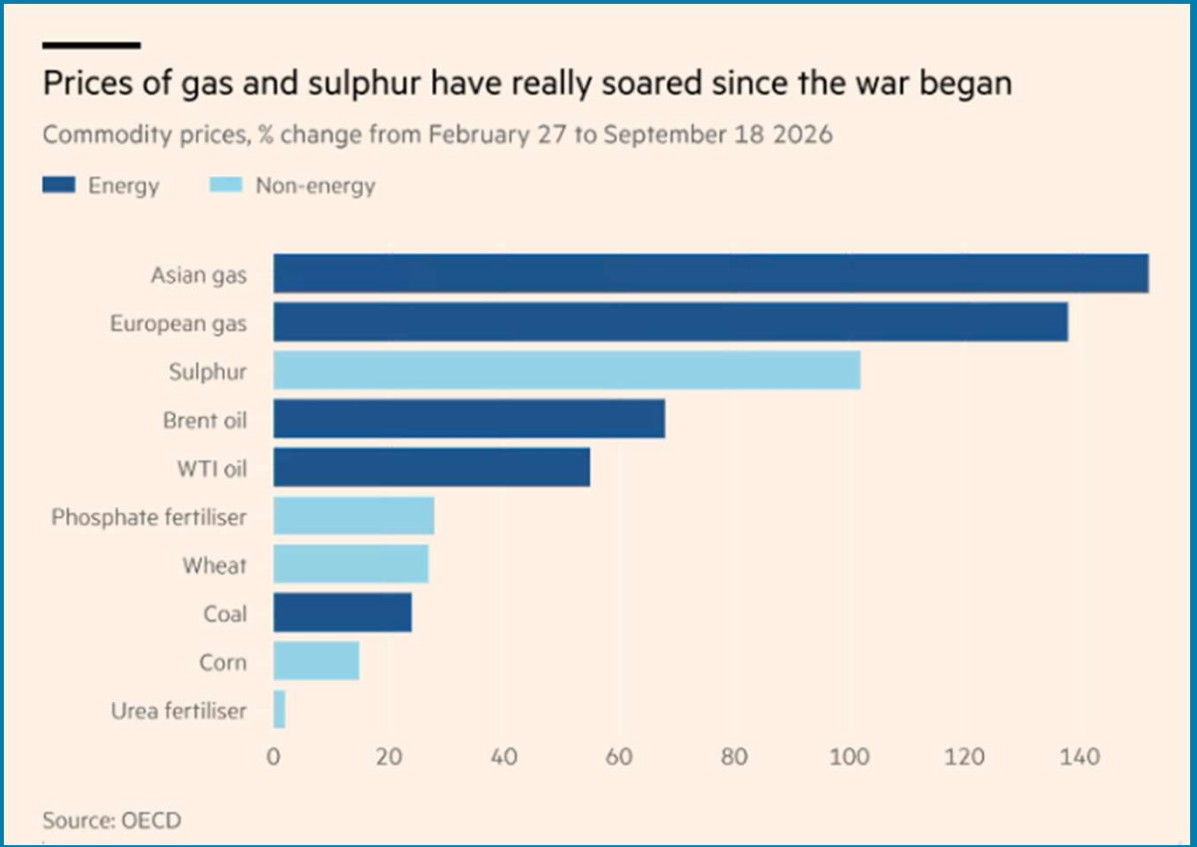
# Unemployment has been relatively steady
## Leaders: Japan and US; Laggards: France



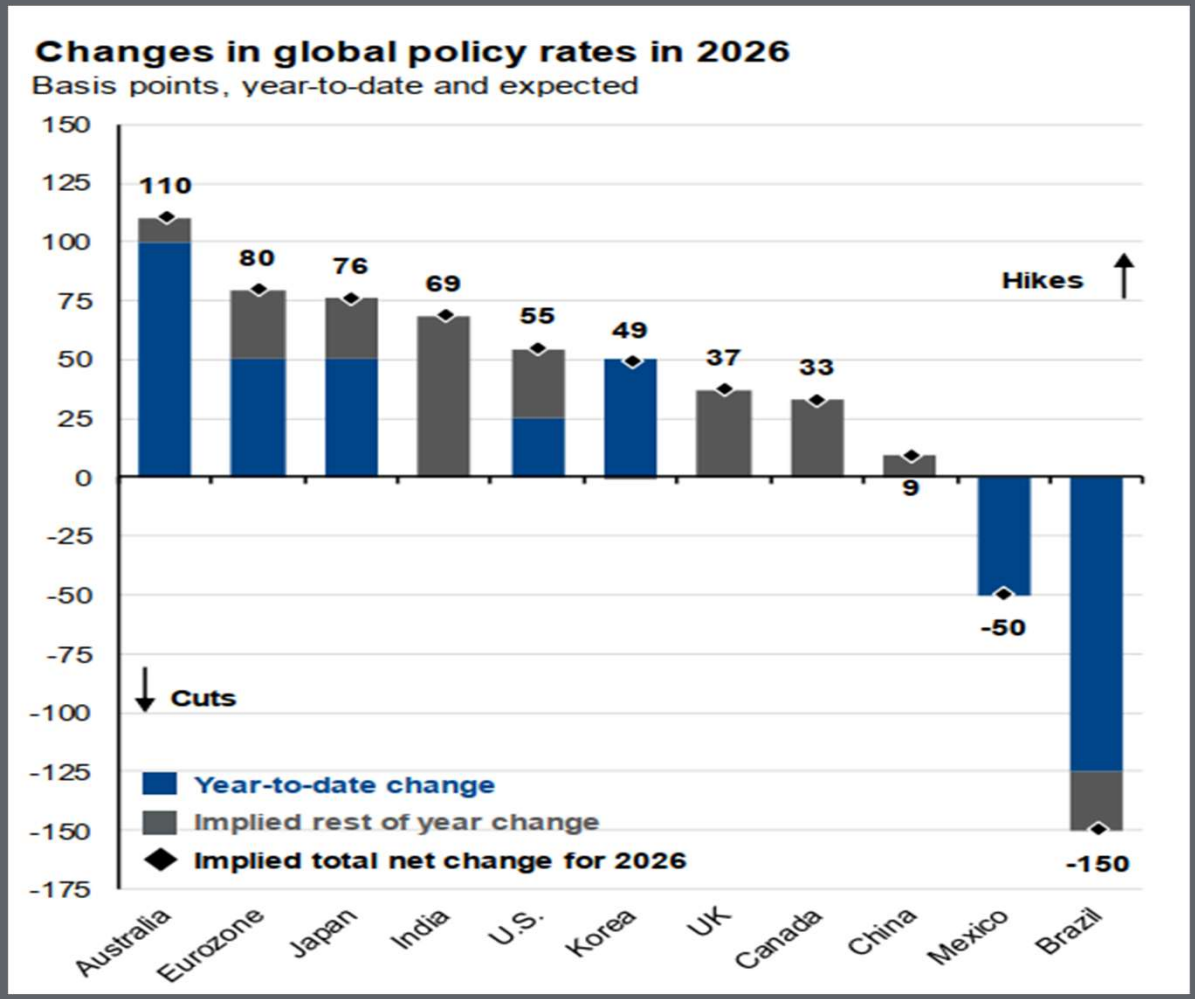
# Inflation has ticked up in most areas



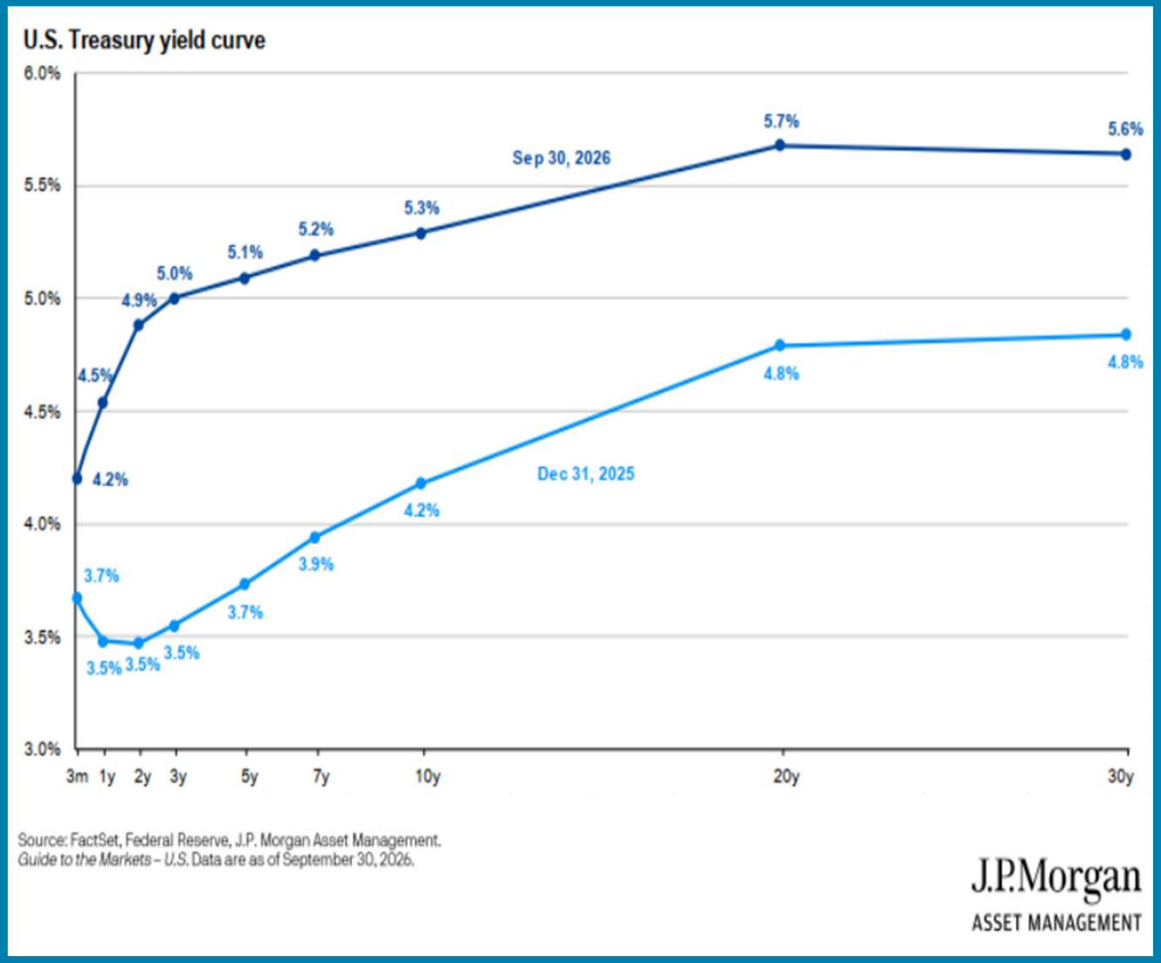
# Higher commodity prices related to the Middle East Conflict have played a significant role



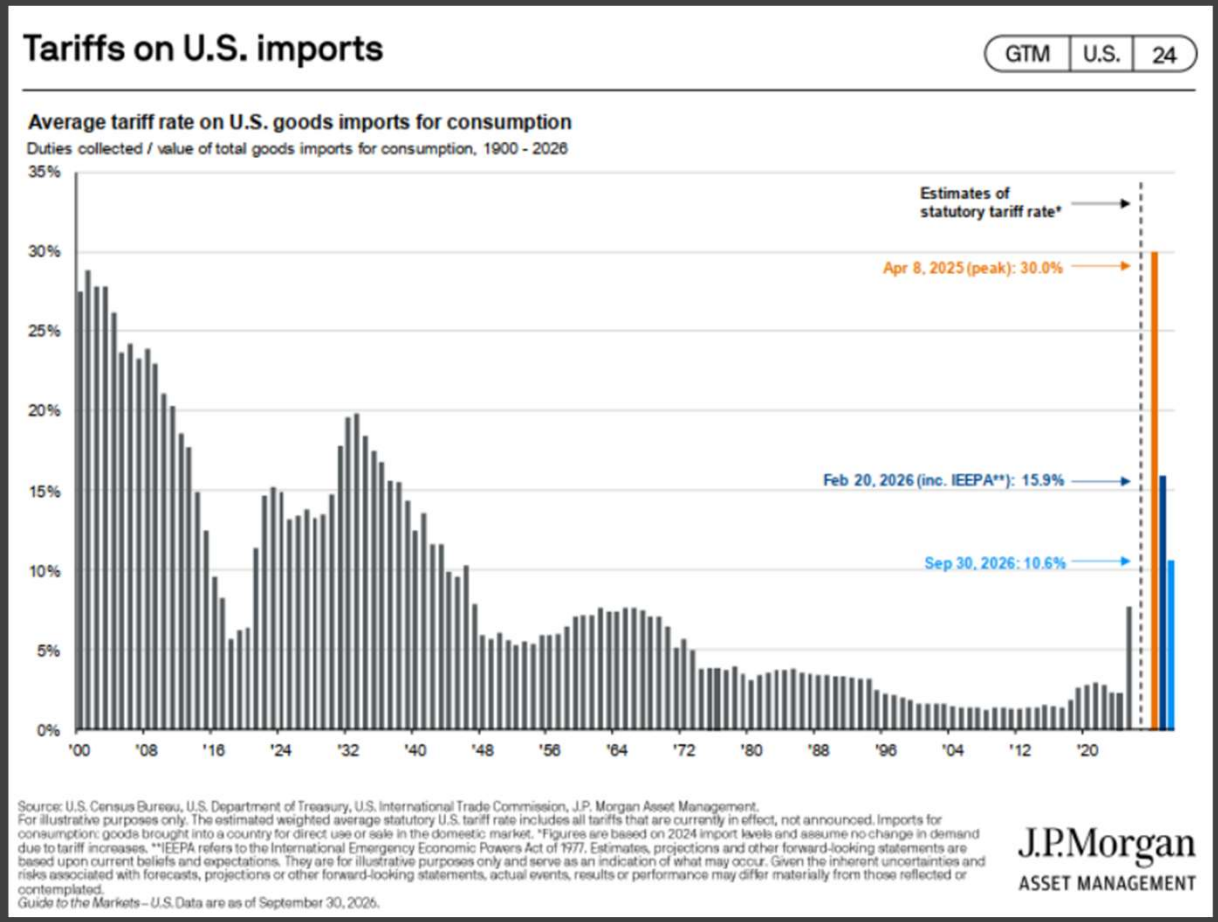
# Higher inflation is causing most central banks to raise rates



# The US yield curve has increased and especially on the shorter end



# US tariff pressures are retreating from recent highs



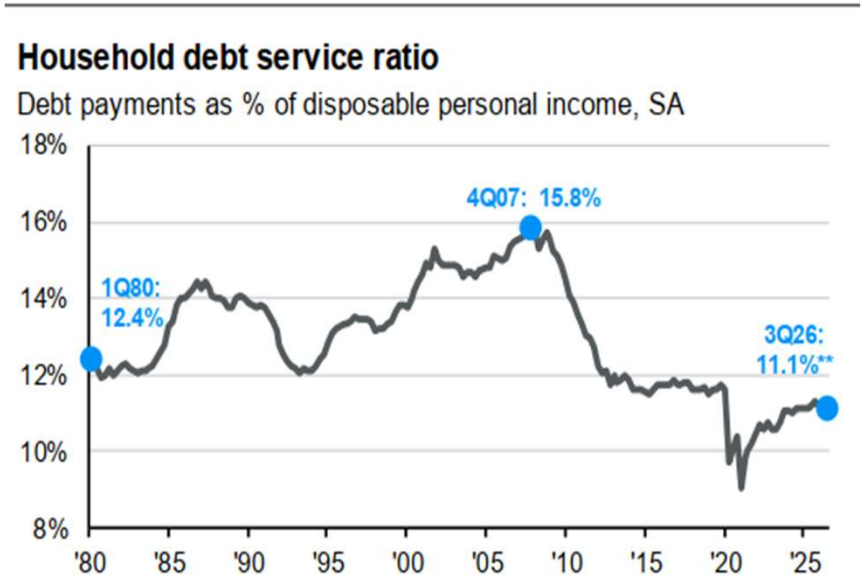
The Fed sees a slightly strong labor market and higher short-term rates than 90 days ago

Source: Federal Reserve

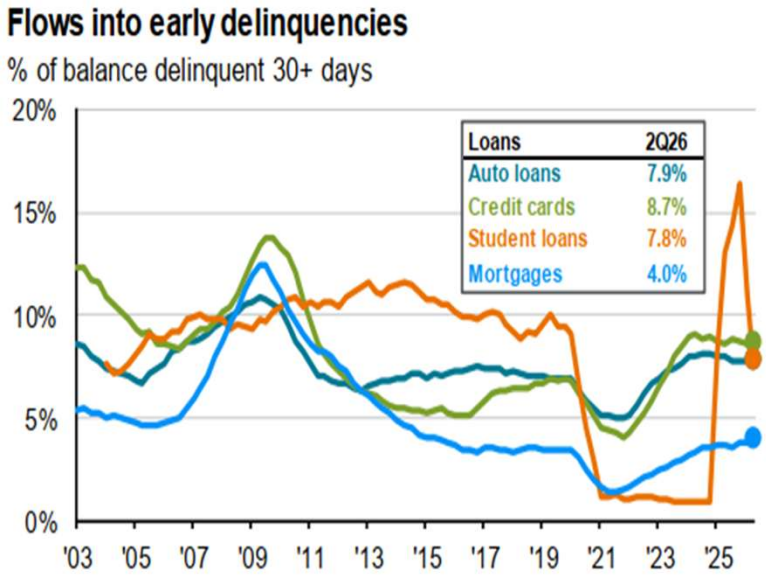
| Indicator / Variable | Horizon | June 2026 Projection | September 2026 Projection | Change |
|---|---|---|---|---|
| | | | | |
| Real GDP Growth | 2026 | 2.20% | 2.30% | 0.10% |
| | 2027 | 2.30% | 2.40% | 0.10% |
| | 2028 | 2.20% | 2.20% | 0.00% |
| | 2029 | N/A* | 2.10% | N/A* |
| | Longer Run | 2.00% | 2.00% | 0.00% |
| | | | | |
| Unemployment Rate | 2026 | 4.30% | 4.10% | -0.20% |
| | 2027 | 4.30% | 4.10% | -0.20% |
| | 2028 | 4.20% | 4.10% | -0.10% |
| | 2029 | N/A* | 4.10% | N/A* |
| | Longer Run | 4.20% | 4.20% | 0.00% |
| | | | | |
| PCE Inflation | 2026 | 3.60% | 3.70% | 0.10% |
| | 2027 | 2.30% | 2.30% | 0.00% |
| | 2028 | 2.00% | 2.10% | 0.10% |
| | 2029 | N/A* | 2.00% | N/A* |
| | Longer Run | 2.00% | 2.00% | 0.00% |
| | | | | |
| Federal Funds Rate | 2026 | 3.80% | 4.10% | +0.3% (+30 bps) |
| | 2027 | 3.60% | 4.10% | +0.5% (+50 bps) |
| | 2028 | 3.40% | 3.90% | +0.5% (+50 bps) |
| | 2029 | N/A* | 3.60% | N/A* |
| | Longer Run | 3.10% | 3.20% | +0.1% (+10 bps) |

# The US consumer remains in ok financial shape

## Debt services remain reasonable

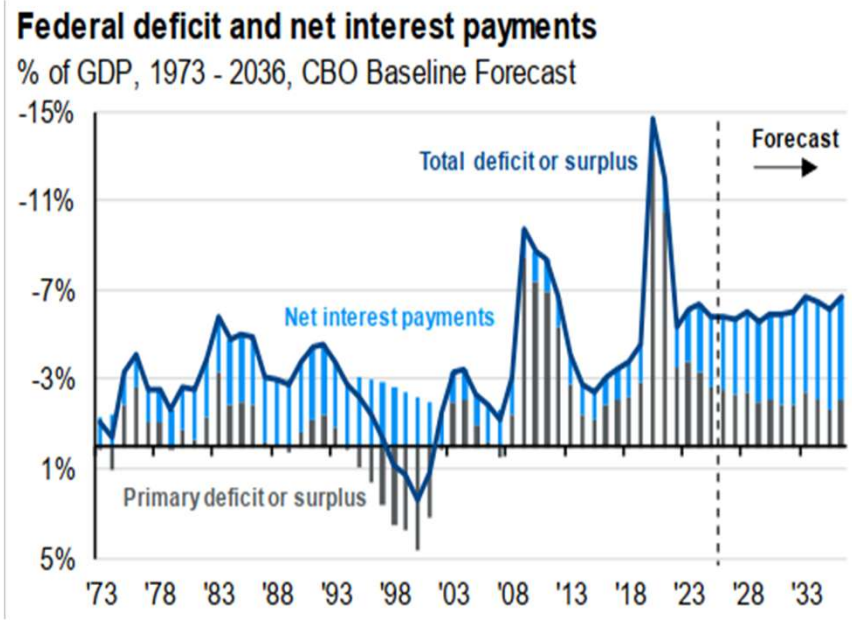



## Delinquencies ticked up but remain in line with averages

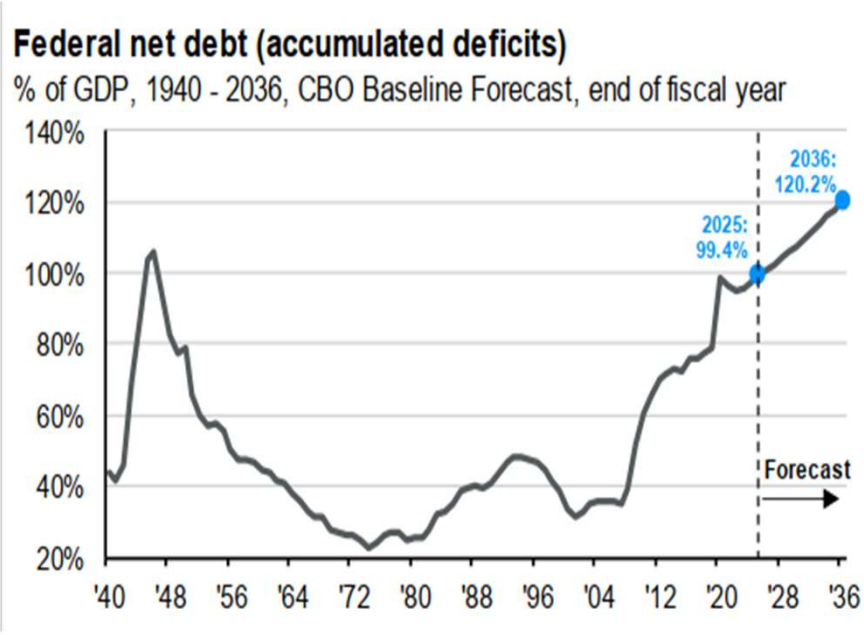


# The same can't be said for the US Federal Government

## Annual fiscal deficits have increased

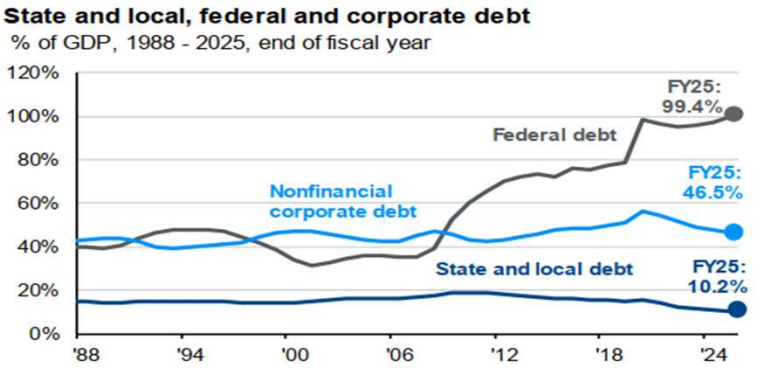


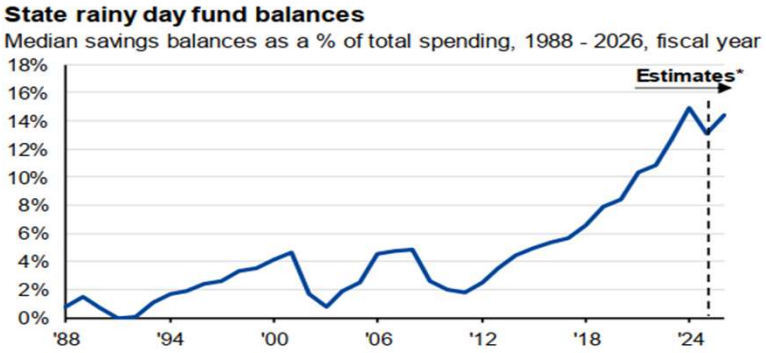

## While Debt/GDP is trending higher

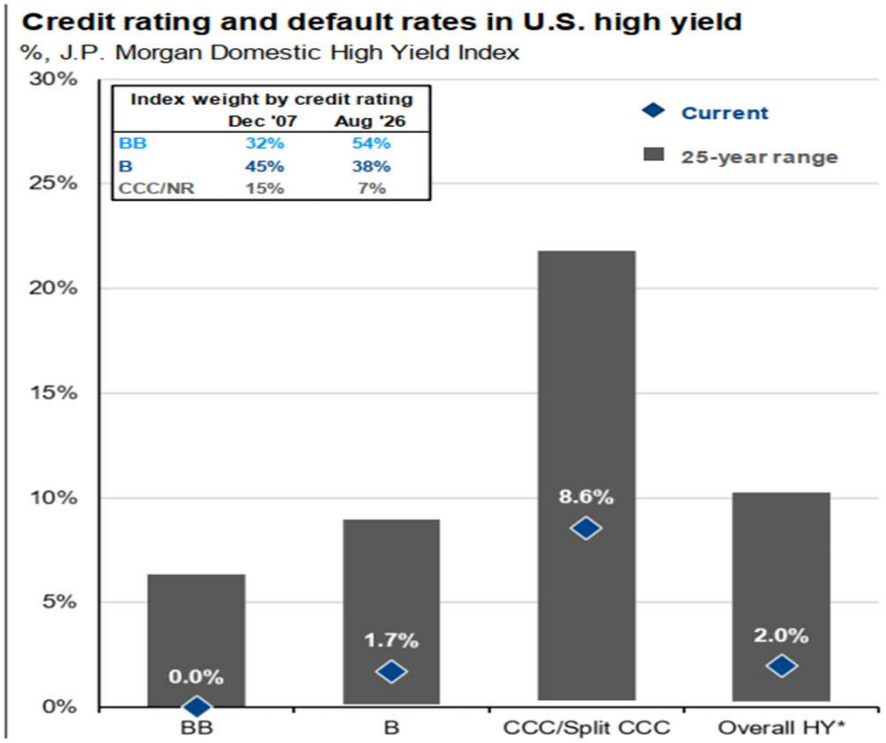



Source: JP Morgan

# State, local and corporate debt look to be in solid shape

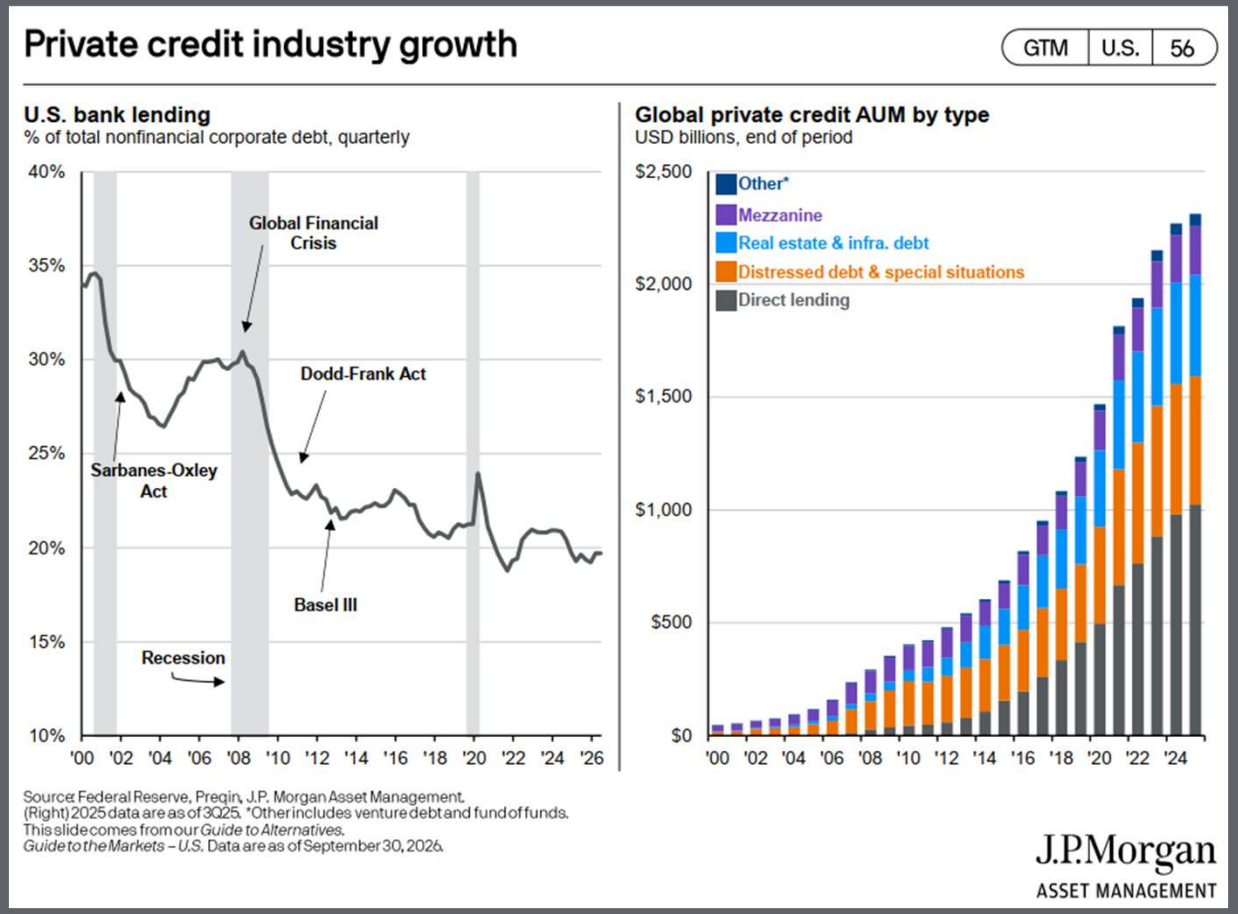


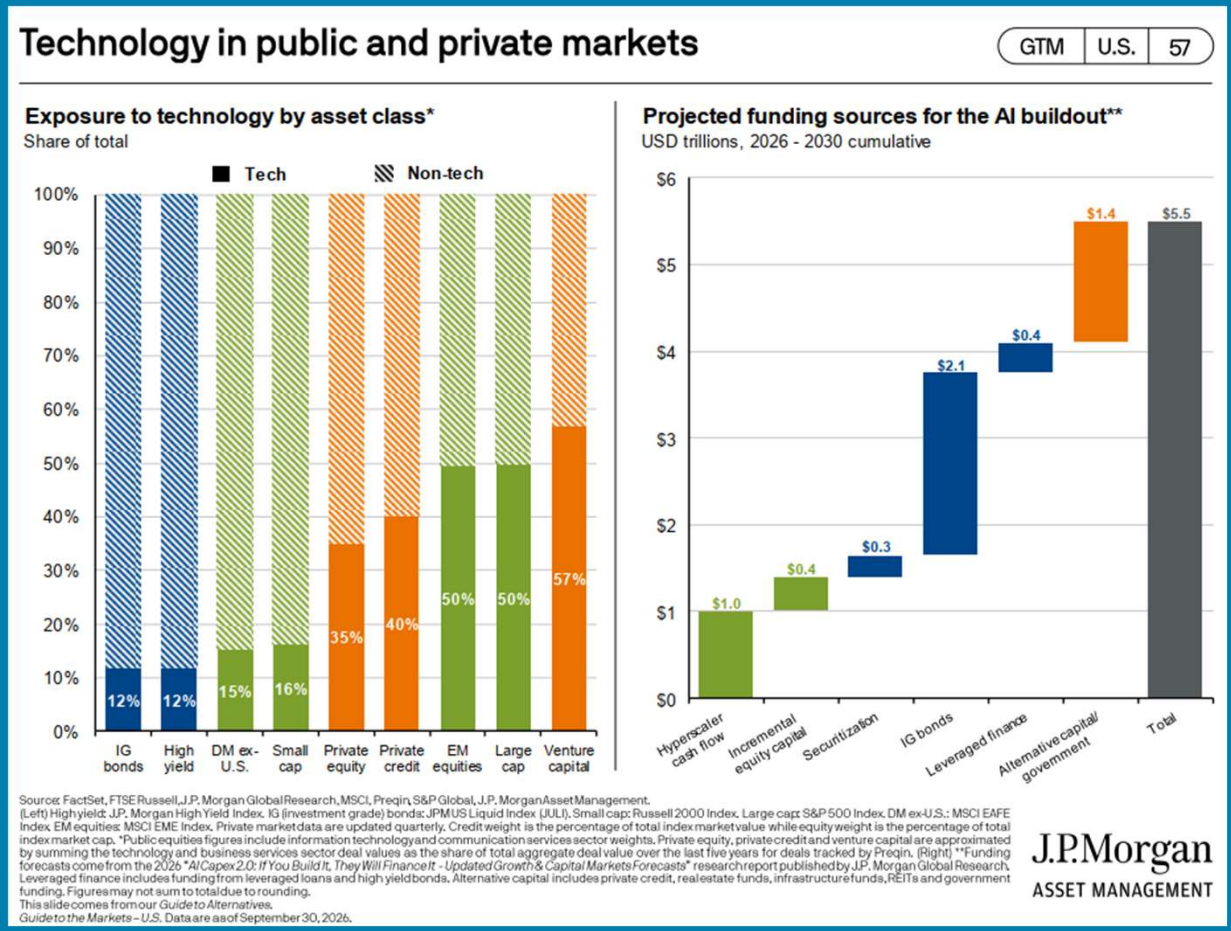

Source: JP Morgan

# Private credit needs to be monitored

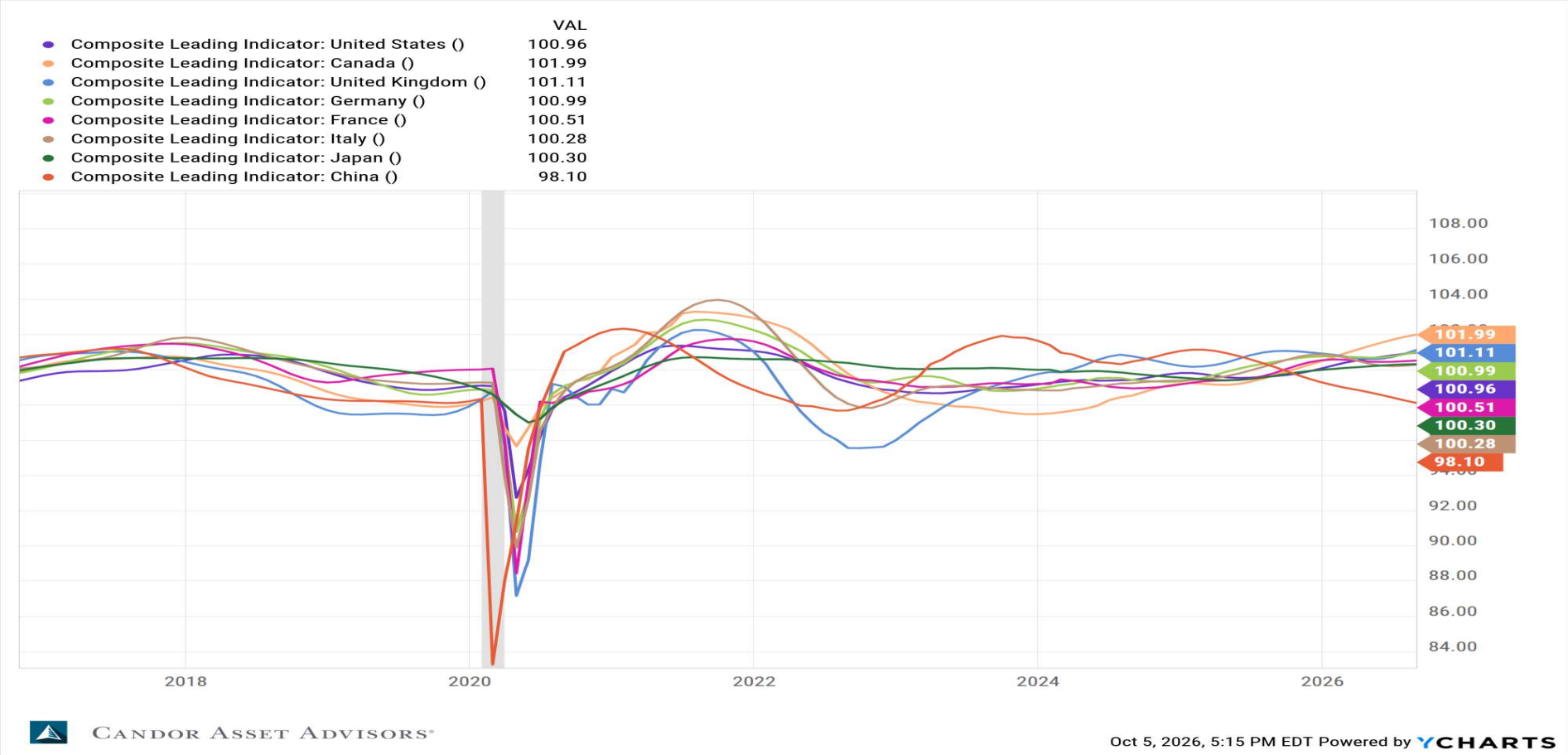


AI project financing needs to be watched. Private funds, EM equities, large cap equities and Venture capital are the most exposed now.

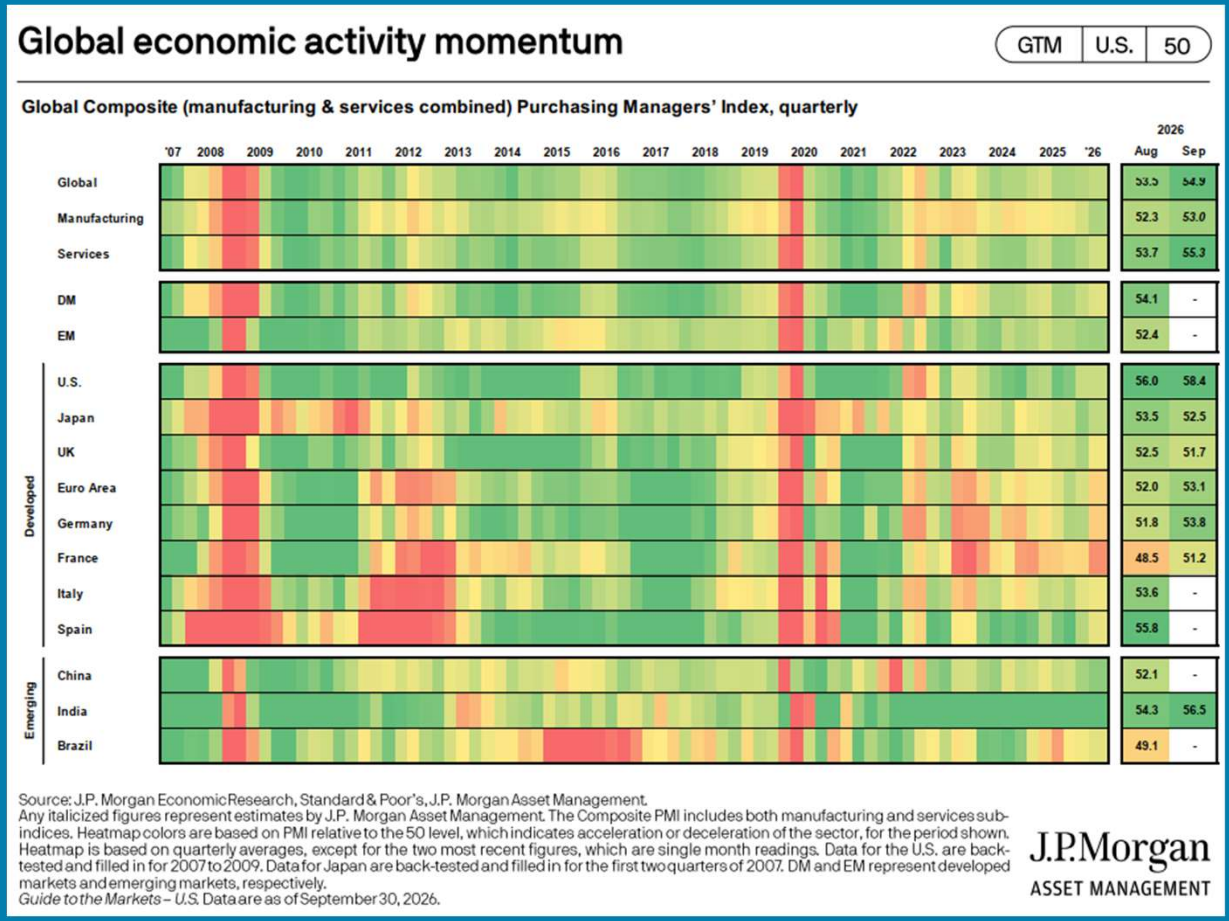
Investment grade debt will be increasingly used.



# Leading Economic Indicators look ok to up for most countries except China



# Global PMIs suggest a recession is not imminent



# For more information

- Check out our website at:

www.candorassetadvisors.com




- We discuss where we see opportunities in stocks, fixed income and other asset classes in our investment strategy commentaries

- Sign up to receive our insights by emailing us at:
  - info@candorassetadvisors.com

- To schedule a conversation, use the following link:
  - https://calendly.com/bhawes-1/brief_conversation



See disclosures at end of document.

# William E. Hawes, CFA, CFP®
## President and Chief Investment Officer

*With over 27 years of industry experience, Bill brings a wealth of knowledge in investment management and financial planning. Prior to earning his MBA, Bill worked in mortgage banking and insurance, and the insights gained provided him with a broader perspective of the financial issues facing clients.*

*Bill has been a Chartered Financial Analyst since 2000 and is a Certified Financial Planner. Bill also enjoys golf, travel, studying history, watching his favorite sports teams, and spending time with family.*



Before founding Candor Asset Advisors®, Bill co-created and managed Century Management's Large Cap Absolute Value and Large Cap Value strategies. Bill also analyzed companies in a variety of industries for the firm's all-cap value strategy.

Prior to moving back to Texas, Bill served as an equity analyst for Engemann Asset Management in Southern California. He co-managed a mid-cap growth fund and served as a multi-sector analyst for the mid-cap and large-cap growth teams.

After graduate school, Bill served as co-portfolio manager and equity analyst at Franklin Templeton. While there he served as portfolio manager on All Cap, Large Cap Core, and Consumer Sector portfolios. Notable institutional clients included CalPers, Mitsui Trust, Norges Bank, and Penn Mutual. He also spent considerable time analyzing auto, transportation, and consumer stocks.

Bill earned his Master in Business Administration from the University of Southern California. While there he also served on USC's MBA student investment fund.

Between his graduate and undergraduate studies, Bill worked at North American Mortgage Company in California as a management trainee and later as a financial analyst and marketing coordinator. The experience gave him a better understanding of the mortgage and real estate markets which he leverages to this day.

Bill earned his Bachelor of Business Administration from the University of Texas at Austin. While a student, he also served as a special agent for Northwestern Mutual. The experience gave him an understanding of life and disability insurance and the work ethic, tools, and temperament needed to grow a financial services practice.

# Candor Asset Advisors

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www.candorassetadvisors.com

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# Disclosures

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- Stocks are not guaranteed and have been more volatile than other asset classes. Government bonds and Treasury bills are guaranteed by the full faith and credit of the United States government as to the timely payment of principal and interest.
- **Exchange Traded Funds (ETF's) are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from the Fund Company or your financial professional. Be sure to read the prospectus carefully before deciding whether to invest. An investment in the Fund involves risk, including possible loss of principal.**
- Fixed income securities are subject to increased loss of principal during periods of rising interest rates. Fixed income investments are subject to various other risks, including changes in credit quality, liquidity, prepayments, and other factors. REIT risks include changes in real estate values and property taxes, interest rates, cash flow of underlying real estate assets, supply and demand, and the management skill and creditworthiness of the issuer.
- Indices are unmanaged and investors cannot invest directly in an index. Unless otherwise noted, performance of indices does not account for any fees, commissions or other expenses that would be incurred. Returns do not include reinvested dividends.

# Disclosures Continued

- The S&P 500 Index is a market capitalization–weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation to represent US equities.
- The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.
- The MSCI EAFE Index(Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada.
- The Russell 1000 Value Index® measures the performance of those Russell 1000 companies with lower price to-book ratios and lower forecasted growth values
- The Russell 1000 Growth Index® measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.
- The Russell 2000 Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.
- The Russell 2000 Growth Index measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000 companies with higher price-to-value ratios and higher forecasted growth values.
- The Bloomberg US High Yield Index covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (sovereign rating of Baa1/BBB+/BBB+ and below using the middle of Moody's, S&P, and Fitch) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included.
- The Bloomberg Barclays US Aggregate Bond Index, or the Agg, is a broad base, market capitalization-weighted bond market index representing intermediate term investment grade bonds traded in the United States. Investors frequently use the index as a stand-in for measuring the performance of the US bond market.
- The Bloomberg Municipal Index: consists of a broad selection of investment-grade general obligation and revenue bonds of maturities ranging from one year to 30 years. It is an unmanaged index representative of the tax-exempt bond market,
- The U.S. Treasury Index is a component of the U.S. Government index

# Disclosures Continued

- Neither Asset Allocation nor Diversification guarantee a profit or protect against a loss in a declining market. They are methods used to help manage investment risk.
- Unless otherwise stated charts came from YCharts.
- Financial plans are hypothetical in nature and intended to help you in making decisions on your financial future based on information that you have provided and reviewed. Assumptions need to be reviewed regularly.
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