



The Longo Group

Chart book

As of August 31, 2026

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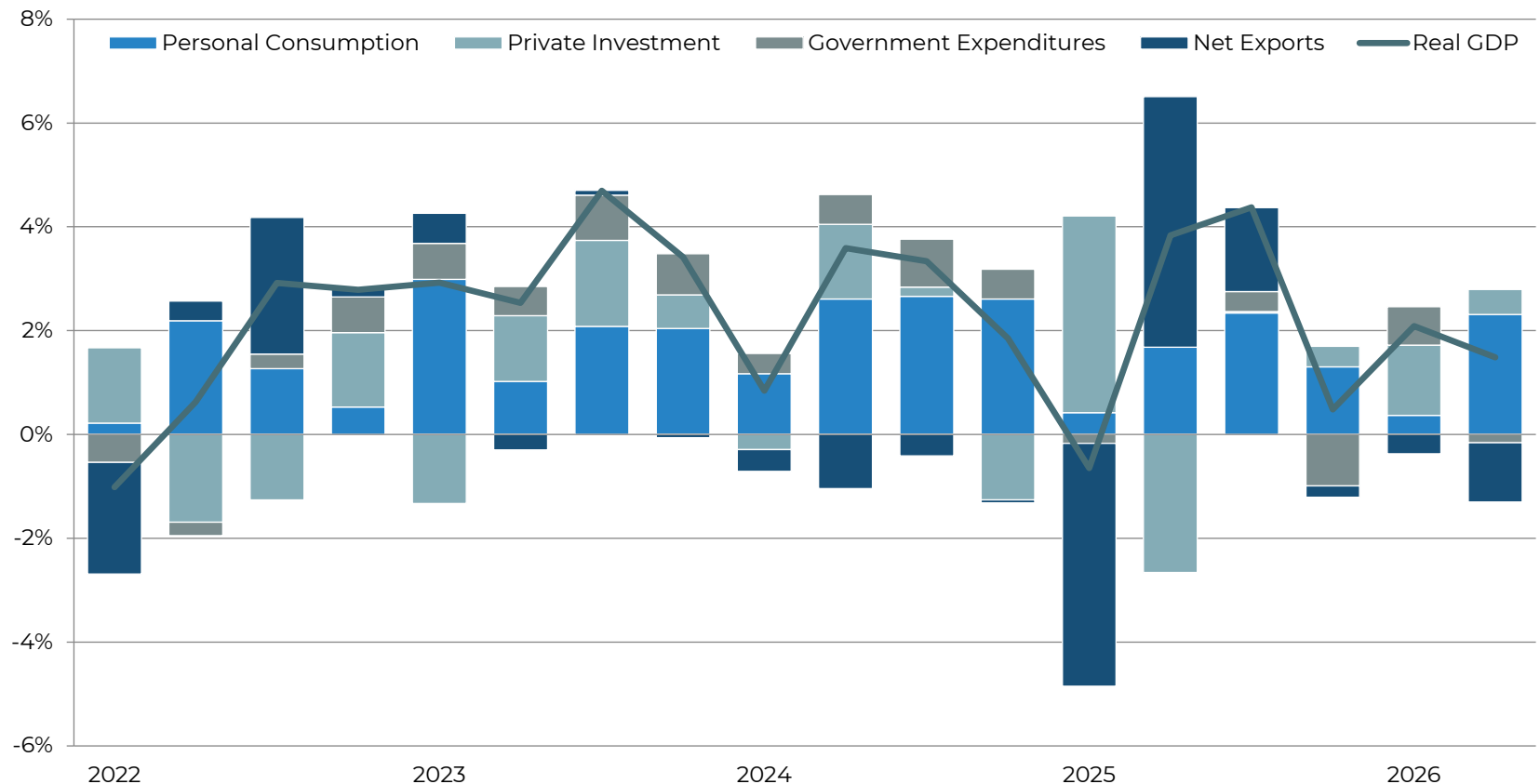
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**ECONOMIC
PERSPECTIVE**

The U.S. economy showed continued resilience in the second quarter, with GDP growth holding at a 1.5% annualized rate while consumer spending was revised higher to 3.4%. Business investment remained strong, particularly in AI, and final sales to private domestic purchasers rose to 4.2%, the strongest pace since early 2023. Corporate profits surged by \$400.9 billion, while gross domestic income growth accelerated to 2.2% from 1.2% in the first quarter. Overall, the data point to solid consumer demand, strong business investment, and improving income growth despite modest headline GDP growth.

Economic Growth

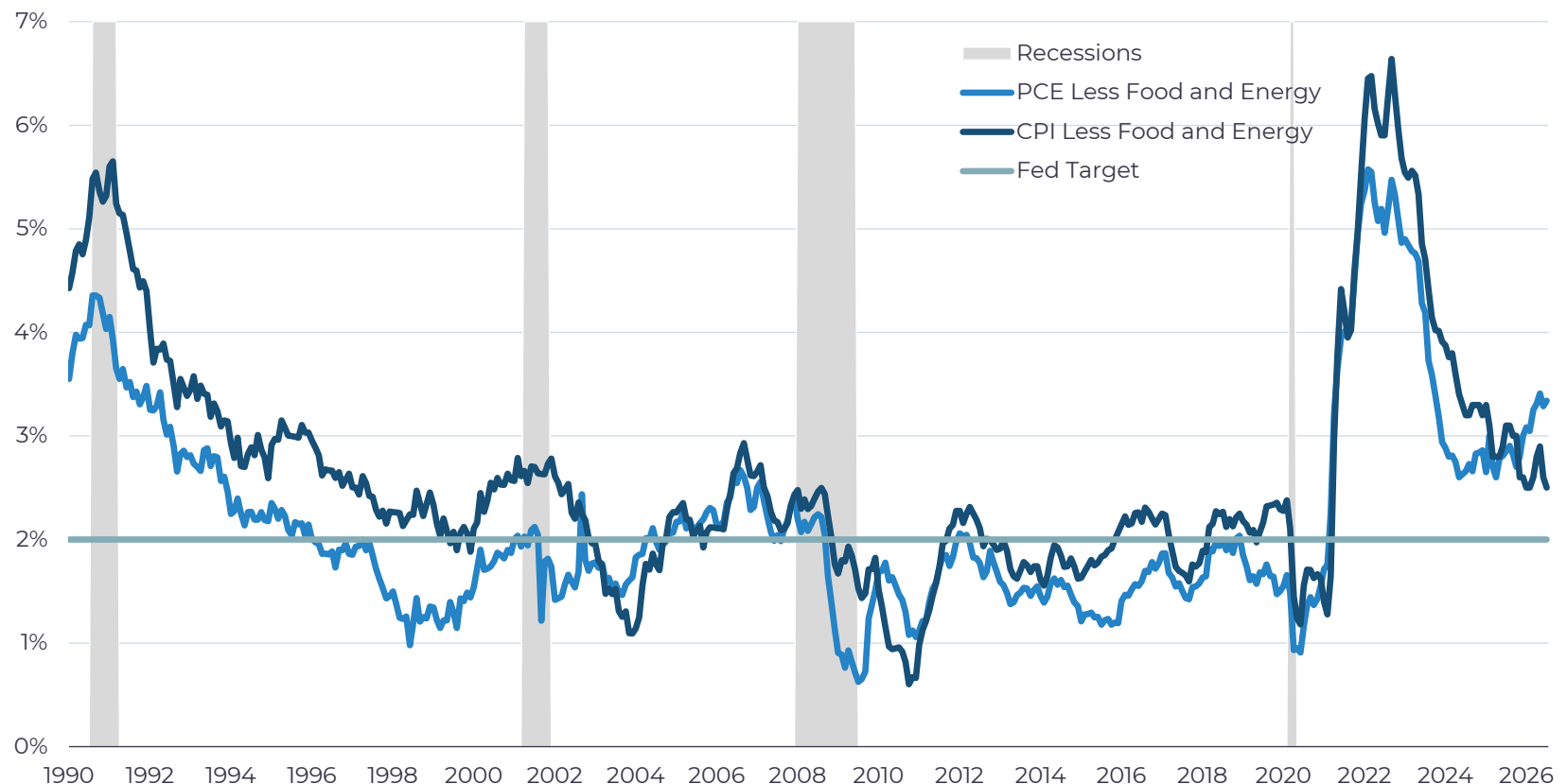
Contributions to Percent Change in Real GDP (Annualized Q/Q % Change)



U.S. inflation eased to 3.4% in July, down from 3.5% in June and 4.2% in May, largely reflecting lower gasoline prices. Core inflation also declined to 2.5%, indicating that underlying price pressures remained relatively contained. Energy costs continued to rise year-over-year but slowed from June, while housing inflation edged lower and food inflation held steady at 3%. The decline in inflation reduced expectations for near-term Federal Reserve rate hikes, although ongoing risks from energy and food prices related to geopolitical disruptions could put renewed upward pressure on inflation.

Inflation Outlook

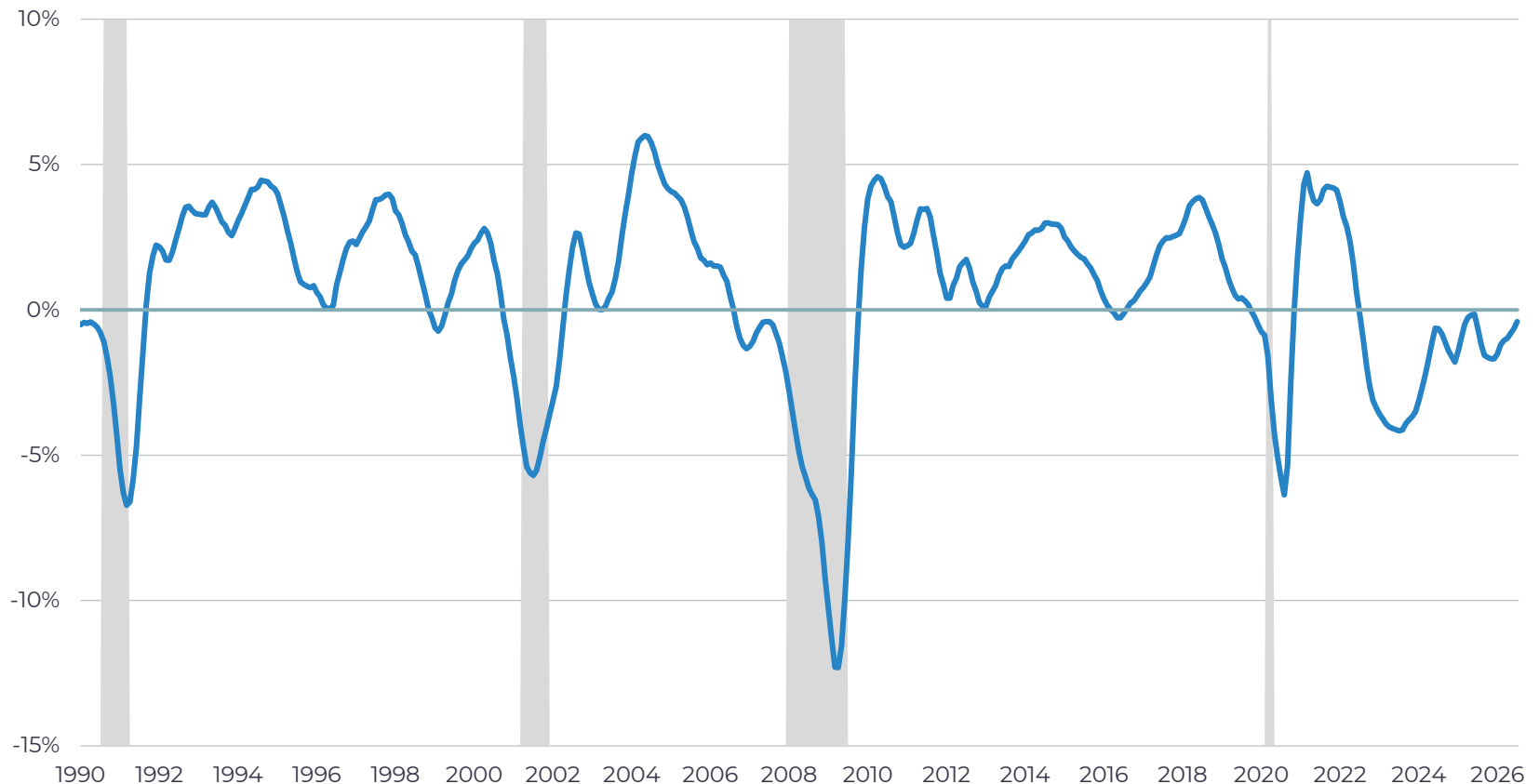
Consumer Price Index (Core) and Personal Consumption Expenditures Price Index (Core) (Y/Y % Change)



The Conference Board's Leading Economic Index (LEI) rose 0.2% in July 2026 to 99.5, marking its fourth increase in six months and turning its six-month growth rate positive for the first time in more than four years. The improvement suggests moderate economic growth ahead, with business investment - particularly in AI - expected to remain a key driver, although elevated living costs may weigh on consumer spending. The Coincident Economic Index also increased 0.2% to 114.8, with most components contributing positively, while the Lagging Index rose 0.2% to 120.4. Overall, the data point to an economy that continues to expand at a moderate pace, with The Conference Board forecasting 1.9% real GDP growth in both 2026 and 2027.

U.S. Economic Outlook

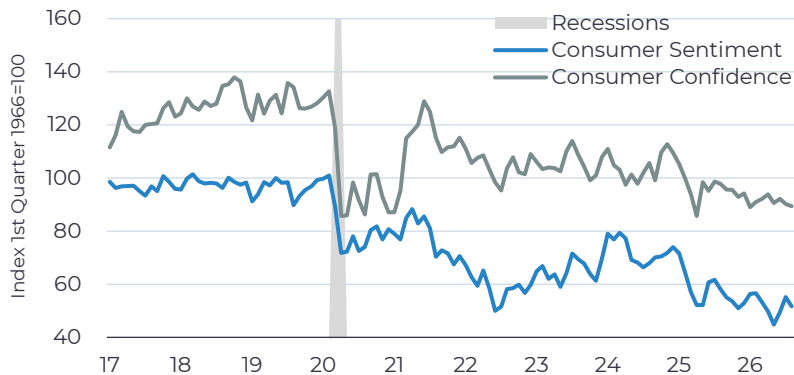
Leading Economic Index (Six-Month Moving Average of the Six-Month Rate of Change)



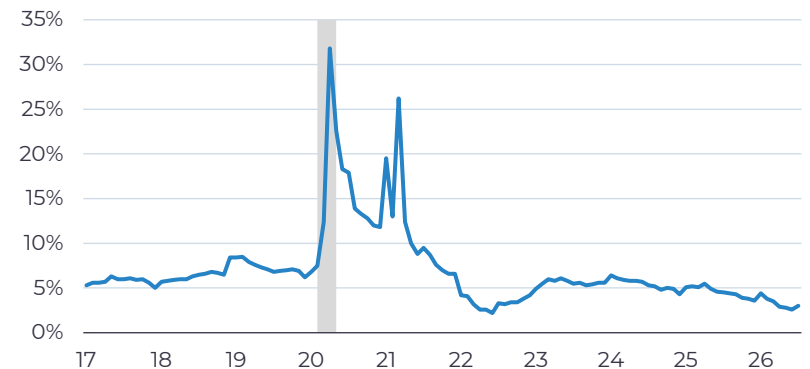
U.S. consumer confidence edged down 0.8 points to 89.4 in August, marking a second consecutive monthly decline. The weakness was driven by a 5.8-point drop in the Expectations Index to 68.2, as consumers became more pessimistic about business and labor market conditions over the next six months. In contrast, the Present Situation Index rose 6.8 points to 121.2, reflecting improved perceptions of current employment and business conditions. Consumers remained generally optimistic about household income, stock prices, and the likelihood of avoiding a recession, although inflation expectations and concerns about prices, energy, food, trade, and jobs increased modestly. Overall, the report indicates that current economic conditions appear relatively solid, but consumer sentiment toward the future is becoming more cautious.

Consumer Outlook

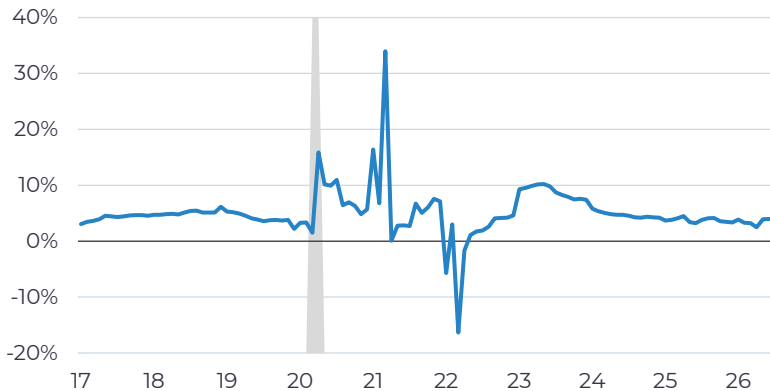
Consumer Sentiment & Confidence Indexes



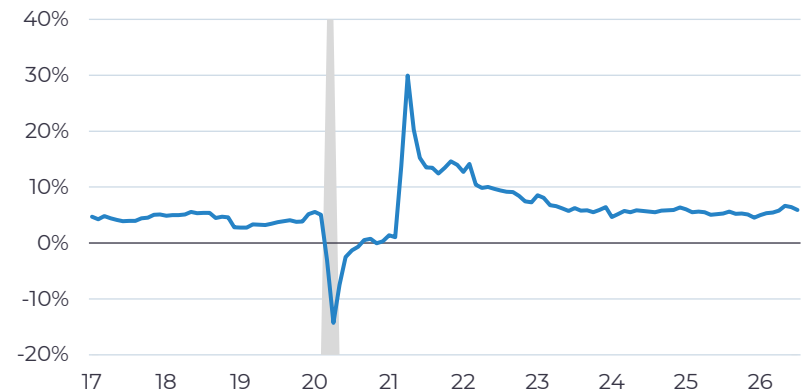
Personal Saving Rate (Seasonally Adjusted Annual Rate)



Disposable Personal Income (Y/Y % Change)



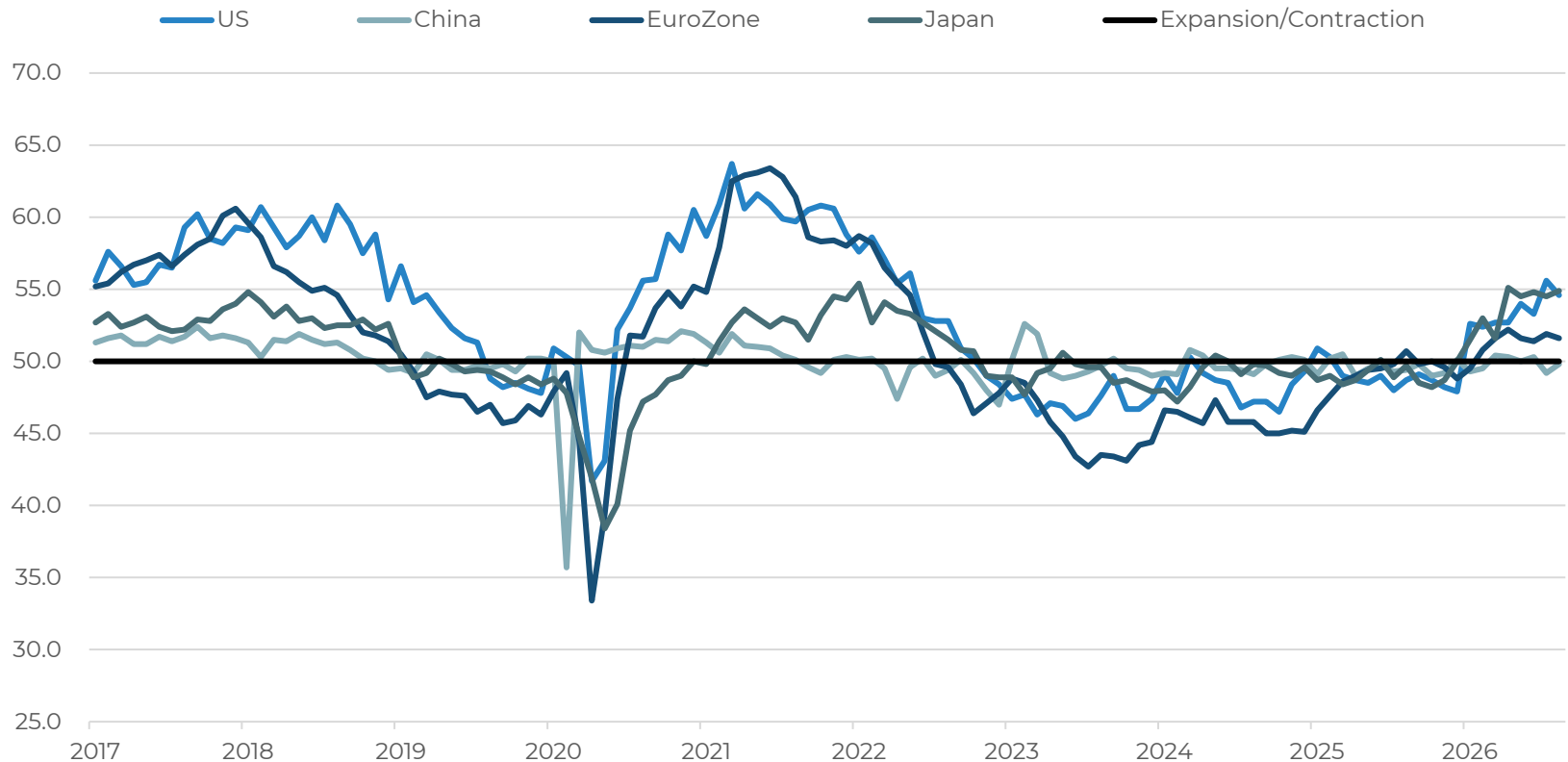
Personal Consumption Expenditures (Y/Y % Change)



Global economic growth accelerated to a 27-month high in August, with the JPMorgan Global Composite PMI rising to 53.5 from 52.7 in July. The improvement was broad-based, with stronger services activity, manufacturing, new orders, employment, and the first increase in international trade volumes in six months. Services led the expansion, particularly financial services, while the U.S. ranked as the fastest-growing major economy. Business confidence also improved for the third consecutive month, while input costs and output prices increased at their slowest pace since February. Overall, the August data point to strengthening global economic momentum, supported by services, financial activity, employment, and a recovery in global trade.

Global Economic Outlook

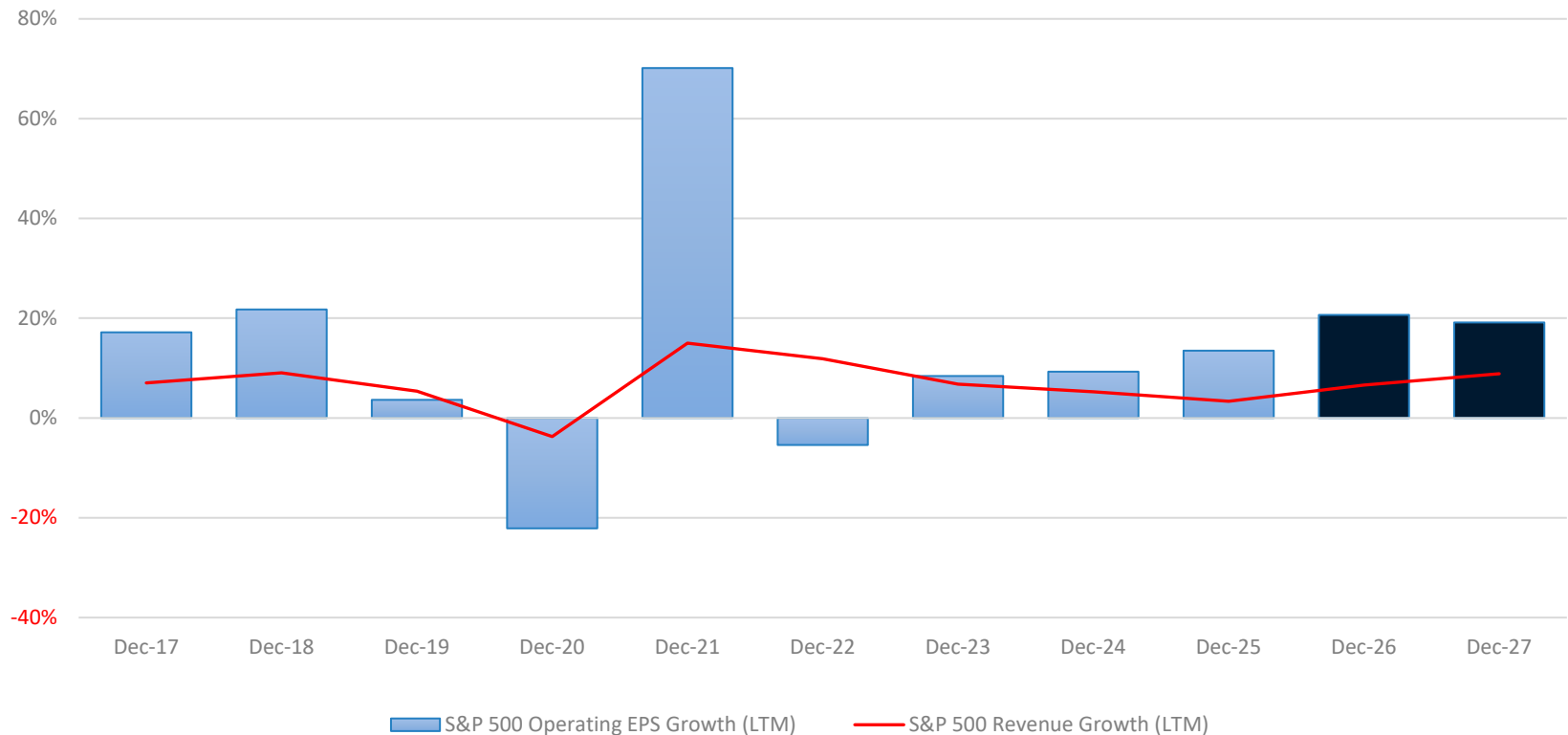
Manufacturing Purchasing Managers Index (PMI) (A PMI over 50 represents growth in manufacturing)



According to FactSet, the bottom-up price target for the S&P 500 over the next 12 months is 9241, which is 19.3% above the closing price of 7748. At the sector level, the Information Technology (+25.9%) and Communication Services (+22.3%) sectors are expected to see the largest price increases. On the other hand, the Energy (+6.0%) sector is expected to see the smallest price increase. Overall, there are 12,924 ratings on stocks in the S&P 500. Of these 12,924 ratings, 59.2% are Buy ratings, 35.9% are Hold ratings, and 4.9% are Sell ratings. At the sector level, the Information Technology (69%), Communication Services (67%), Energy (64%), Materials (63%), and Health Care (62%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (44%) sector has the lowest percentage of Buy ratings.

Corporate Profitability

S&P 500 Operating Earnings Per Share and Revenue Per Share Growth (Y/Y % Change)



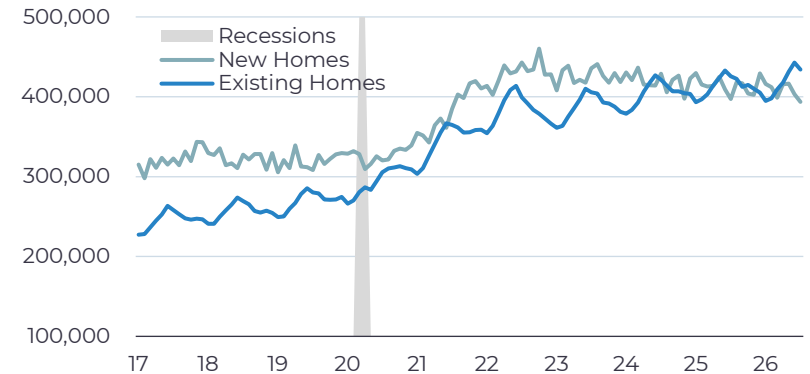
U.S. existing-home sales fell 1.7% in July to a 4.06 million annualized pace, as high prices and rising mortgage rates continued to weigh on demand. The median home price rose 2% year-over-year to \$434,100, marking 37 consecutive months of annual price gains, while the 30-year mortgage rate reached 6.69%. Housing inventory also remains constrained, with 1.54 million homes for sale, equal to 4.6 months of supply and below historical norms. First-time buyers accounted for just 29% of purchases, well below the typical 40% share. Overall, the housing market remains constrained by high borrowing costs, record prices, and limited inventory, keeping sales near historically low levels.

Housing Market Outlook

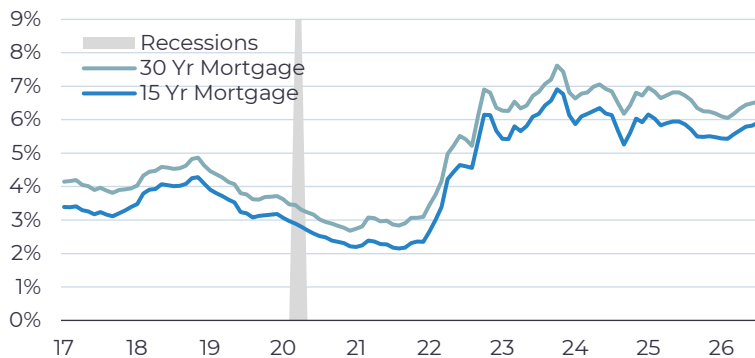
Housing Affordability (higher = more affordable)



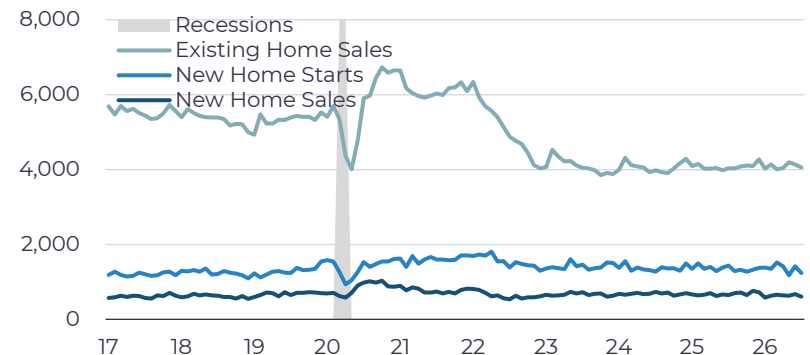
Median Selling Price of New and Existing Homes



Average Fixed Rate Mortgage in the U.S.®



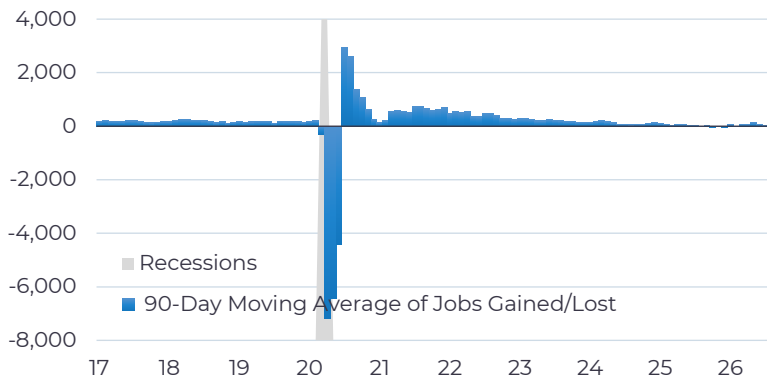
Housing Starts, Existing Home Sales and New Home Sales (000's)



U.S. job growth accelerated sharply in August, with nonfarm payrolls rising 162,000, the strongest gain in five months and well above expectations. The unemployment rate held at 4.1% even as the labor force grew by 683,000, suggesting the labor market regained momentum after recent weakness. The gains were led by leisure and hospitality and local government education, which together accounted for more than 60% of total job growth. Manufacturing and construction also added jobs, while information and financial services declined. Wage growth eased slightly to 3.1% year-over-year, indicating that the stronger labor market has not yet created significant additional inflation pressure. Overall, the August employment report points to a healthier labor market and could give the Federal Reserve less urgency to cut rates.

Labor Market Outlook

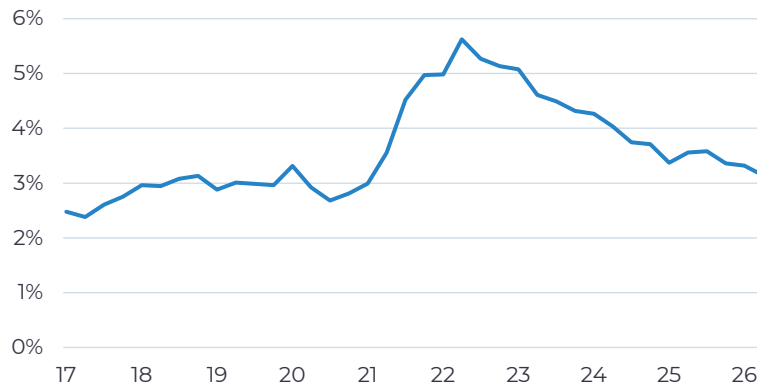
Jobs Gained/Lost (000's) with 12-Month Moving Average



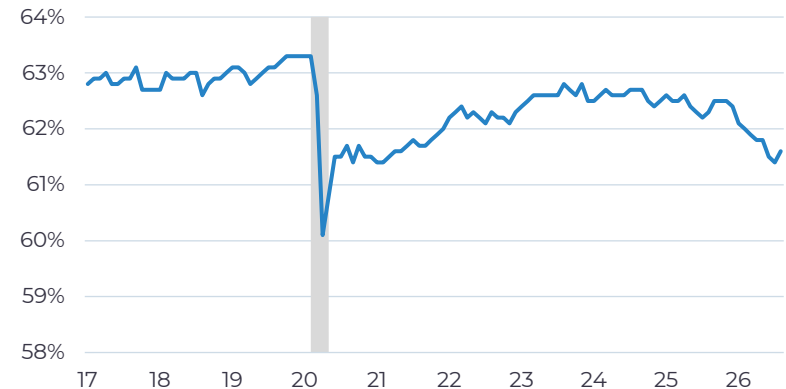
Labor Market Slack (000's)



Wage Growth (Y/Y % Change)



Labor Force Participation Rate

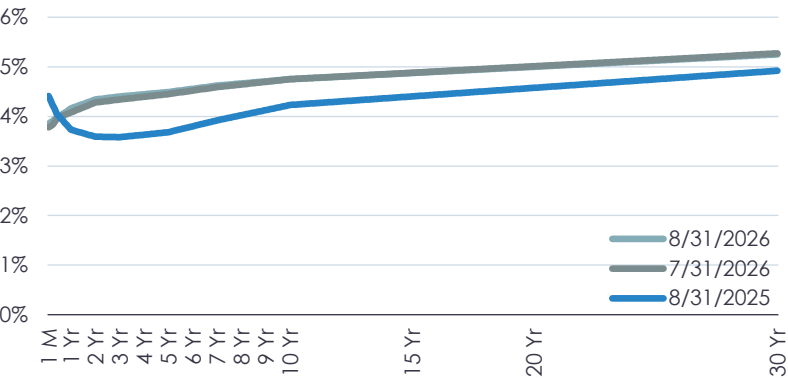


**BOND MARKET
PERSPECTIVE**

Global bonds were largely unchanged in August, as Treasury yields were volatile but ended near their starting levels. The U.S. 10-year Treasury yield remained at 4.75%, while yields rose more significantly in Germany and Japan amid fiscal concerns, higher borrowing needs, and shifting central bank expectations. Emerging-market hard-currency debt performed better, gaining 0.9%, supported by tighter spreads, a weaker dollar, and resilient investor risk appetite. Credit markets also strengthened, with high-yield bonds outperforming investment-grade debt as spreads narrowed and demand remained strong. Overall, August was a mixed month for fixed income, with stable U.S. Treasuries, pressure on some international sovereign bonds, and stronger performance from emerging-market and high-yield credit.

U.S. Treasury Market

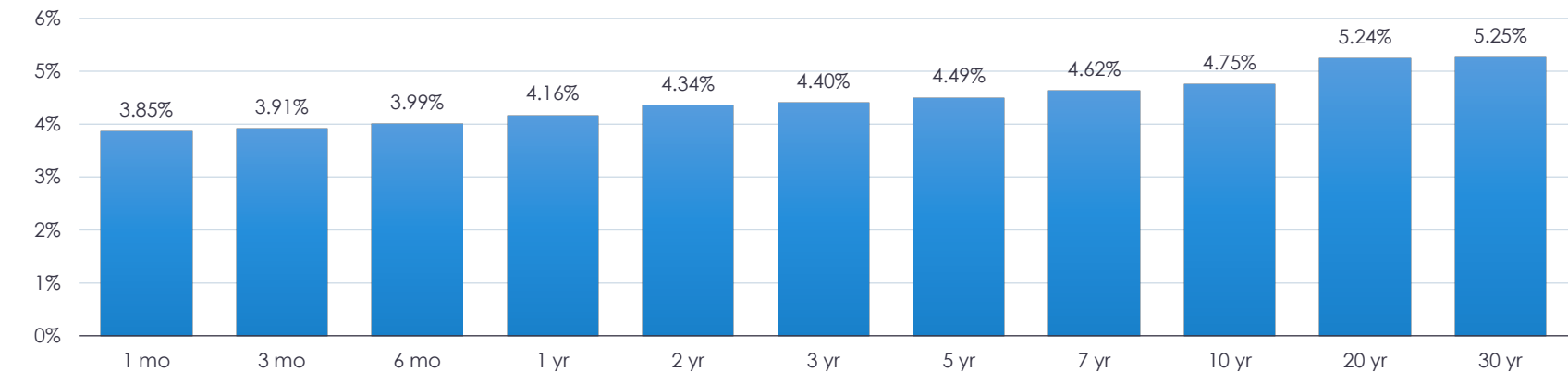
U.S Treasury Yield Curve



Historical U.S. 10-Year Treasury Rate

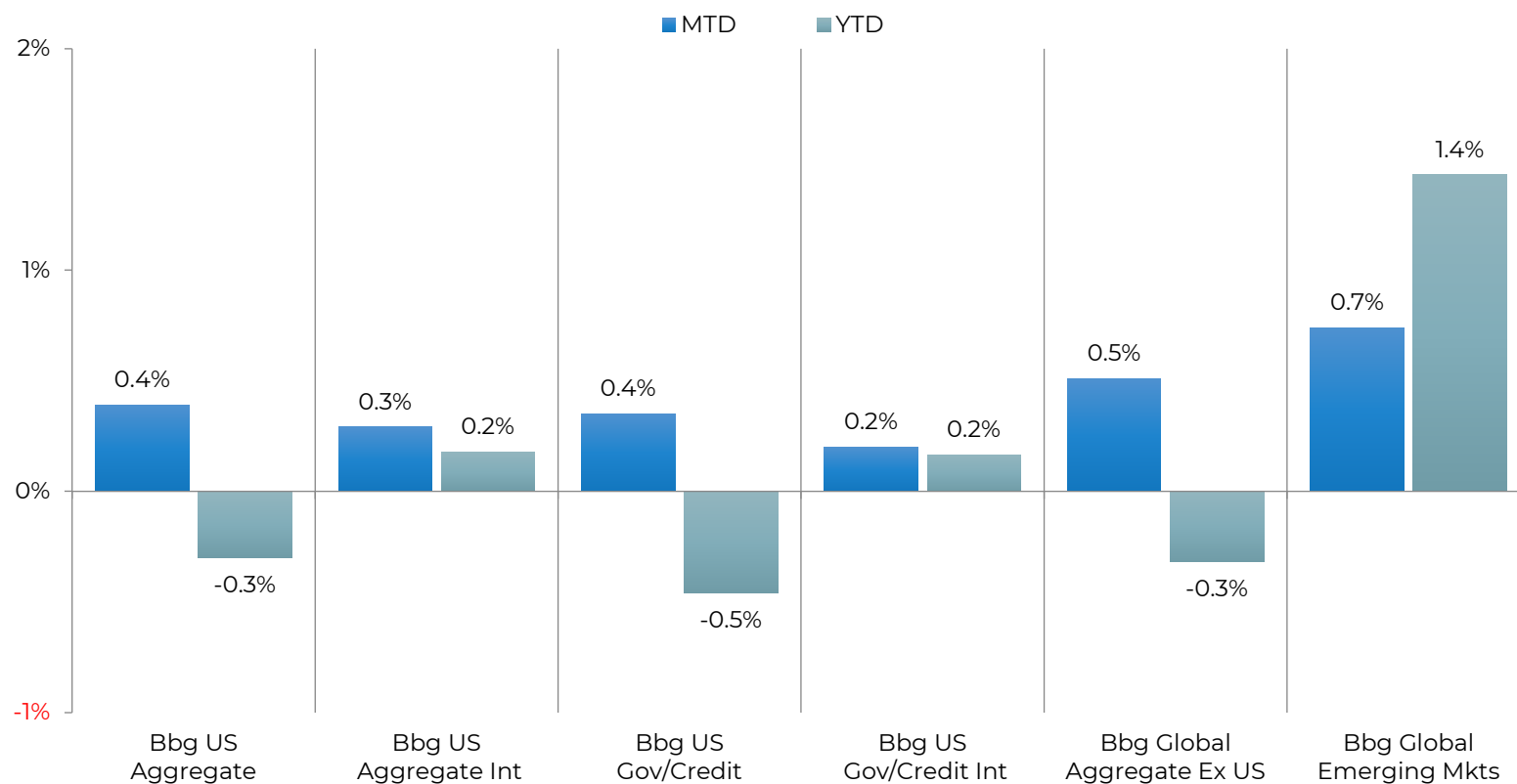


Current U.S. Treasury Yields by Maturity



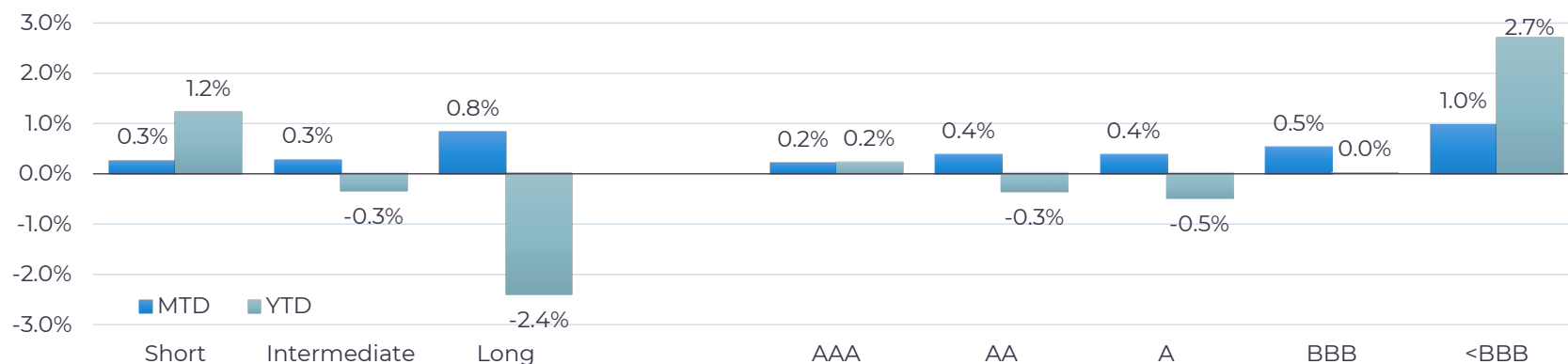
Source: U.S. Department of Treasury

Global Fixed Income Returns by Bellwether Index

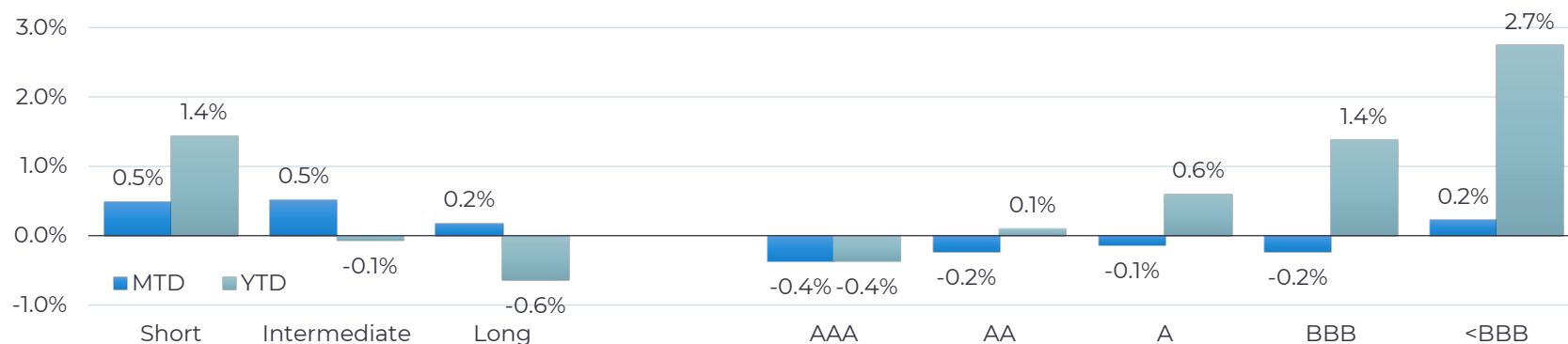


Domestic Fixed Income Returns by Maturity and Credit Quality

Domestic Bond Market - Taxable

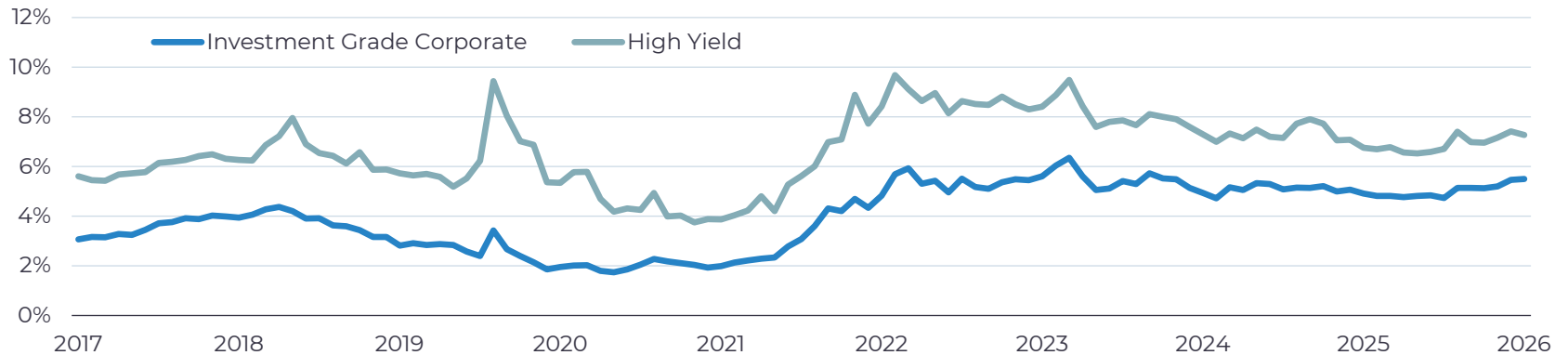


Domestic Bond Market - Municipal

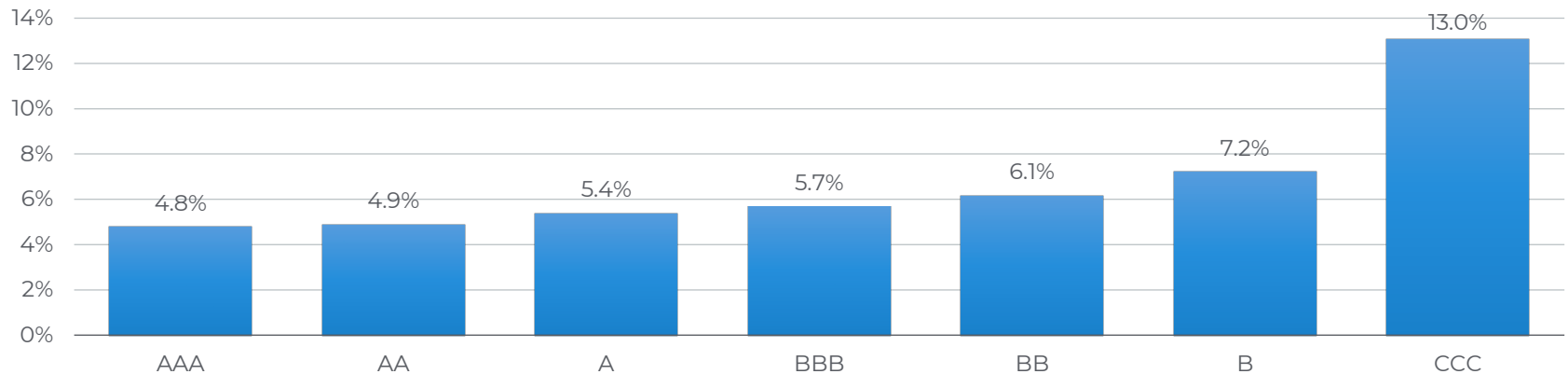


Domestic Fixed Income Bond Yields

Historical Corporate Bond Market Yield to Worst



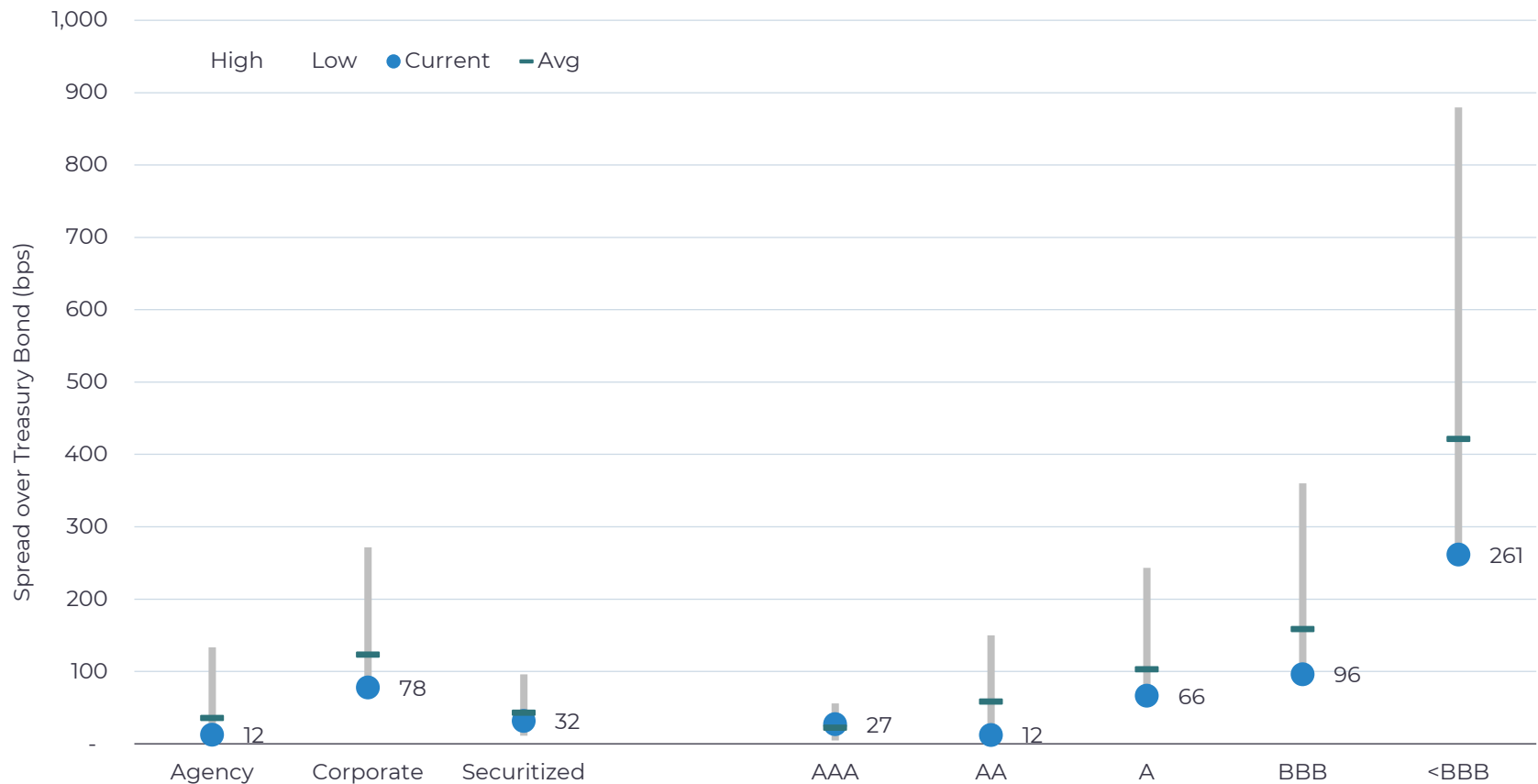
Current Corporate Bond Market Yields by Credit Quality



Investment Grade Corporate bonds are represented by the Bloomberg Barclays U.S. Corporate Investment Grade index. High Yield bonds are represented by the Bloomberg Barclays U.S. Corporate High Yield index. Source: Bloomberg Barclays

Domestic Fixed Income Bond Spreads

Current Bond Spreads Compared to 15-Year Range and 15-Year Average



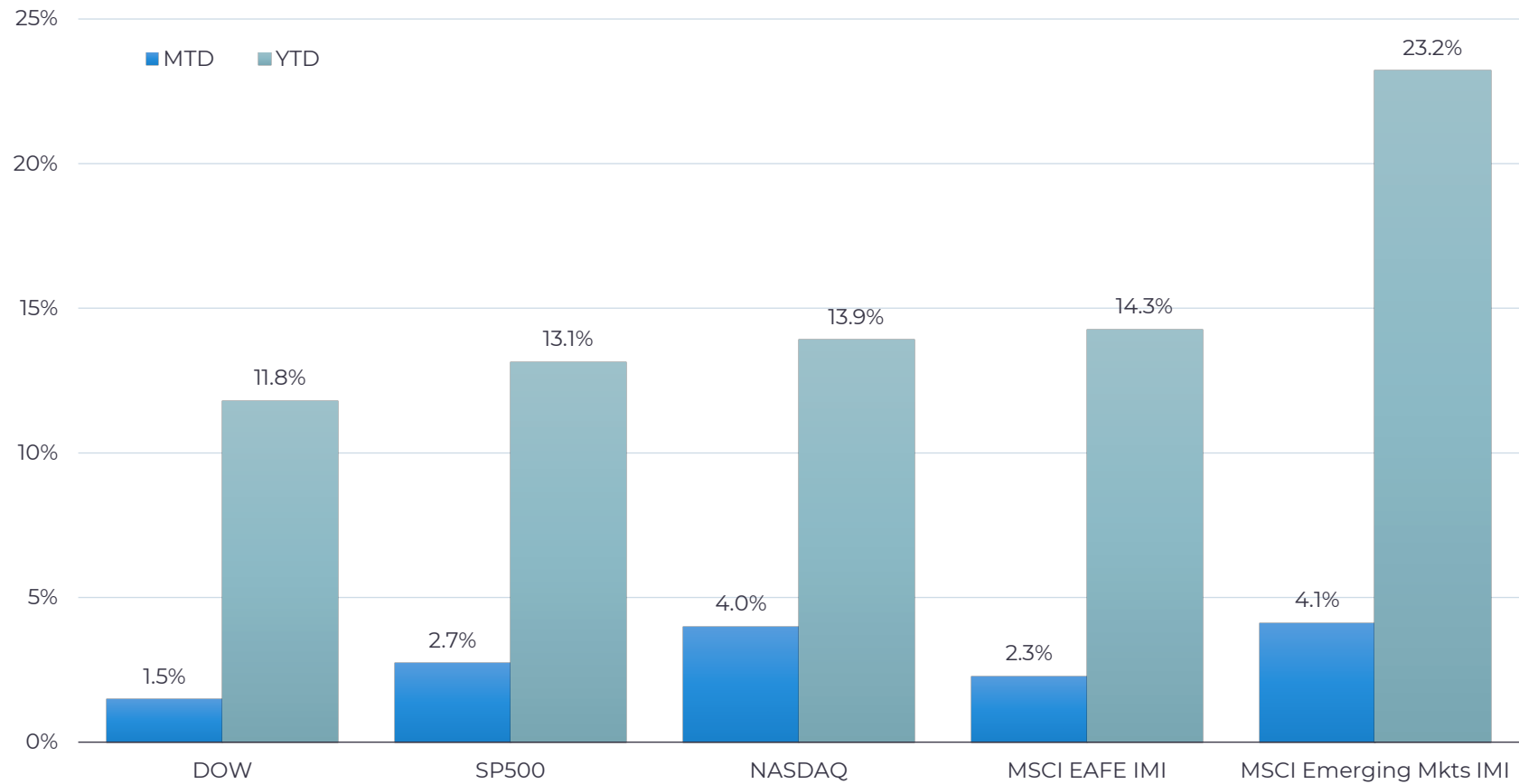
The length of each bar represents the Range of the highest and lowest spread to the Treasury benchmark over the past 15 years. Average represents the average spread over the past 15 years. Current represents the most recent month. Source: Bloomberg Barclays

**EQUITY MARKET
PERSPECTIVE**

U.S. equities advanced broadly in August, supported by strong corporate earnings and continued enthusiasm around AI. The S&P 500 gained 2.7%, while the Nasdaq rose 4.0%, with growth stocks outperforming value. Market leadership broadened beyond technology into energy, materials, healthcare, and software, while small caps gained 1.0%. Internationally, emerging-market equities had their strongest August since 2004, rising 4.1%, helped by a weaker U.S. dollar and broader AI-related strength. Overall, August was a strong month for equities, with AI-driven growth extending beyond the largest technology companies and market leadership becoming increasingly diversified.

Global Equity Returns by Bellwether Index

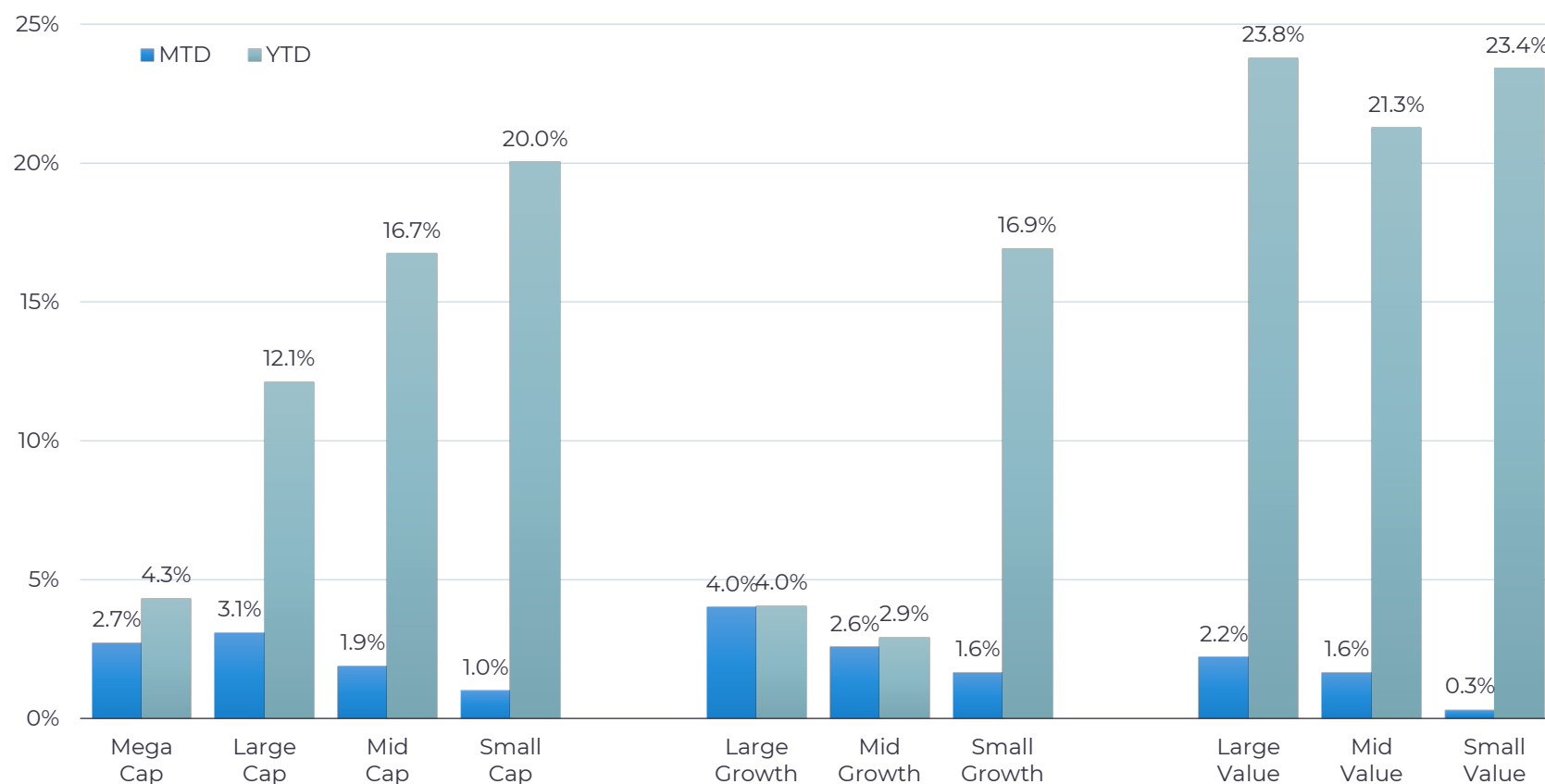
Global Equity Markets



Source: S&P Dow Jones, NASDAQ, MSCI

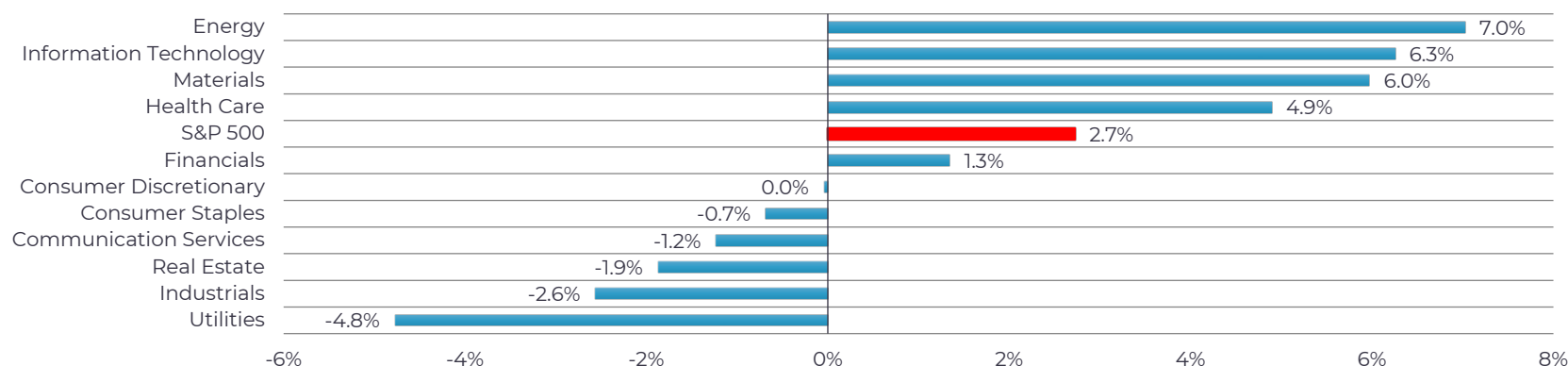
Domestic Equity Returns by Market Cap & Style

Domestic Equity Markets

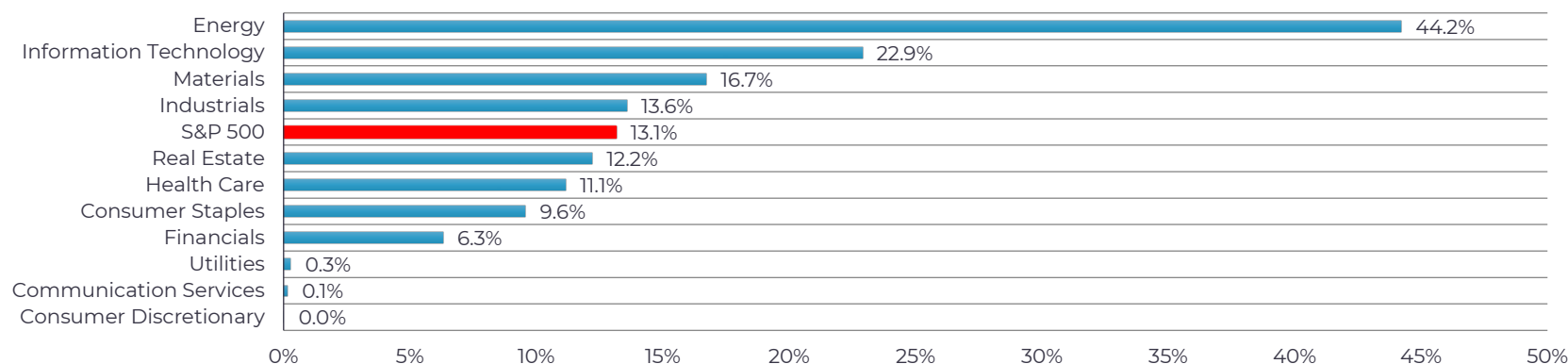


Domestic Equity Returns by Sector

MTD S&P 500 Returns by Sector

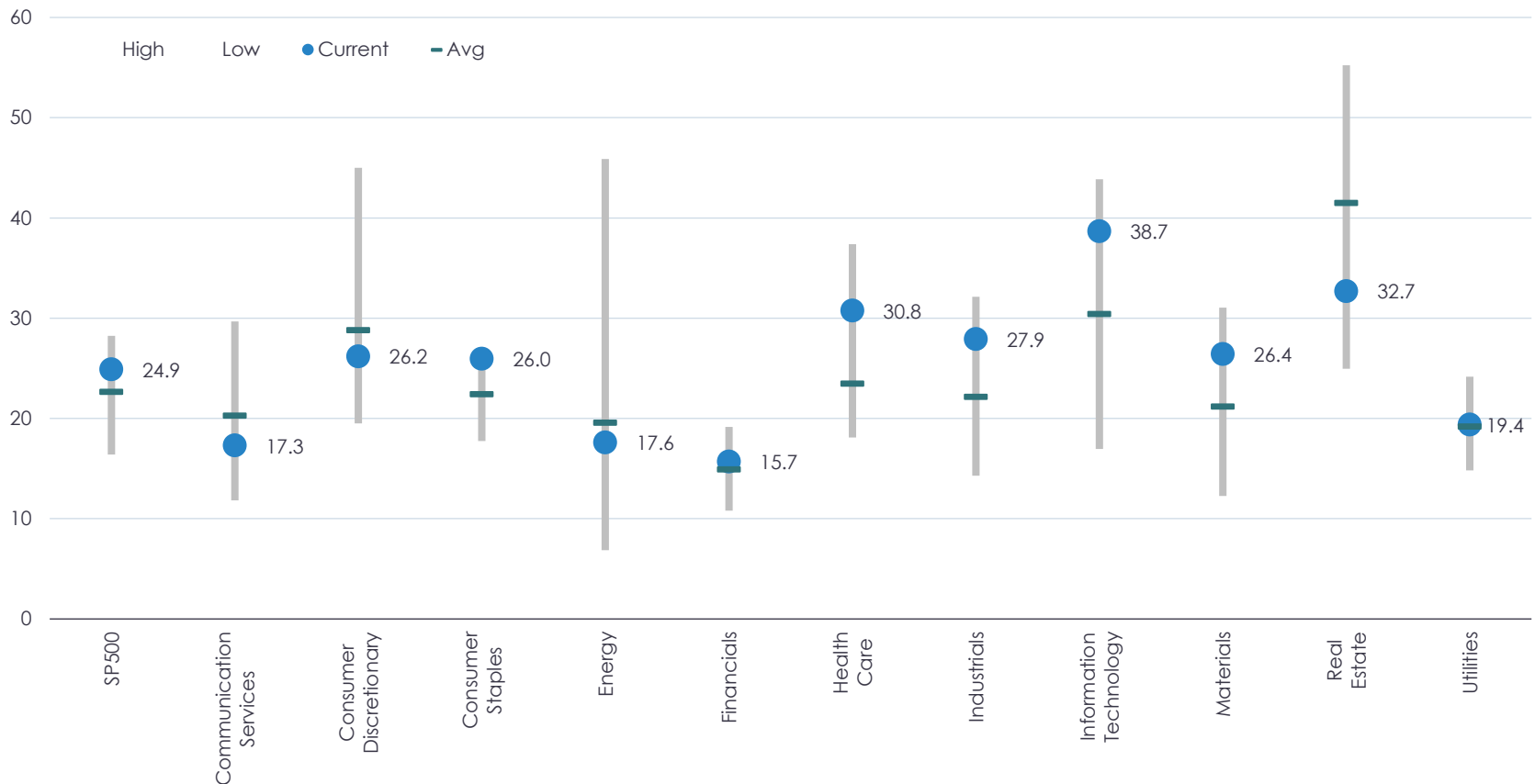


YTD S&P 500 Returns by Sector



Domestic Equity Valuations by Sector

Trailing 12 Month P/E Ratio Compared to 10-Year Range and 10-Year Average



P/E ratios are based on trailing 12 months earnings (LTM) excluding negative earnings. The length of each bar represents the Range of the highest and lowest P/E ratio over the past 10 years. Average represents the average P/E ratio over the past 10 years. Current represents the most recent month. Source: Bloomberg

Economic Indicator Descriptions

- **Real Gross Domestic Product (GDP):** GDP is a basic measure of U.S. economic output adjusted for inflation. Alternatively, it can be thought of as the final value of all goods and services produced within the U.S. Positive GDP growth signals an expanding economy.
- **Consumer Price Index (CPI):** Measuring the change in the CPI provides an estimate for inflation. The CPI tracks the price of a basket of consumer goods and services. High inflation or deflation (negative inflation) can be signs of economic worry. CPI is typically reported in two ways: headline and core CPI. Headline CPI includes all categories that comprise the CPI basket of goods and services.
- **Personal Consumption Expenditure Chain-type Price Index (PCEPI):** Measuring the change in the PCEPI provides an estimate for inflation. In comparison to CPI, which uses one set of expenditure weights for several years, this index uses expenditure data from the current period and the preceding period. This price index method assumes that the consumer has substituted from goods whose prices are rising to goods whose prices are stable or falling. Core PCEPI, which is closely monitored by the Fed, strips out the more volatile Food and Energy categories.
- **Conference Board Index of Leading Economic Indicators (LEI):** The LEI is designed to signal peaks and troughs in the business cycle. The ten components include: average weekly manufacturing hours; average weekly initial claims for unemployment insurance; manufacturers' new orders for consumer goods and materials; ISM® Index of New Orders; manufacturers' new orders for nondefense capital goods excluding aircraft orders; building permits for new private housing units; stock prices of 500 common stocks; Leading Credit Index™; interest rate spread on 10-year Treasury bonds less federal funds and average consumer expectations for business conditions.
- **The Institute for Supply Management (ISM) PMI Index:** The PMI is a composite index of five "sub-indicators", which are extracted through surveys to purchasing managers from around the country. The five sub-indexes are: Production, New orders, Supplier deliveries, Inventories and Employment level. An Index value over 50 indicates expansion; below 50 indicates contraction.
- **The Institute for Supply Management (ISM) Non-manufacturing Index (NMI):** The NMI is a composite index of four "sub-indicators", which are extracted through surveys to purchasing managers. The four sub-indexes: Business activity, New orders, Employment, Supplier deliveries. An Index value over 50 indicates expansion; below 50 indicates contraction.
- **Consumer Confidence Index (CCI):** The Consumer Confidence Index is a well-known proxy for the attitudes of U.S. consumer towards the business climate, personal finances and spending. This index attempts to measure the confidence that consumers have in the overall economy. This is important because consumer spending accounts for a large portion of U.S. GDP.
- **Consumer Sentiment Index (MCSI):** The MCSI uses telephone surveys to gather information on consumer expectations regarding the overall economy. The MSCI is becoming more useful for investors because it gives a monthly snapshot of whether consumers feel like spending money by accessing their views on the business climate, personal finance, and spending in order to judge their level of optimism/pessimism. This is important because consumer spending accounts for a large portion of U.S. GDP.
- **Disposable Personal Income per Capita (DPI):** DPI is the amount of money that households have available for spending and saving after income taxes have been accounted for. DPI is monitored to gauge the overall state of the economy.
- **Personal Consumption Expenditures (PCE):** PCE consists of the actual and imputed expenditures of households including durables, non-durables and services.
- **Retail Sales:** The retail sales report captures in-store sales as well as catalog and other out-of-store sales. The report also breaks down sales figures into groups such as food and beverages, clothing, and autos. The results are often presented two ways: with and without auto sales being counted, because their high sticker price can add extra volatility to the data.
- **Housing Affordability Index (HAI):** Published monthly by the National Association of Realtors, the HAI index has a value of 100 when the median-income family has sufficient income to purchase a median-priced existing home. A higher index number indicates that more households can afford to purchase a home.
- **Unemployment Rate:** Calculated monthly by the Bureau of Labor Statistics, the unemployment rate is a gauge of the health of the U.S. labor market. High unemployment can stifle the growth of the economy.
- **Wage Growth:** Calculated quarterly by the Bureau of Labor Statistics, the employment cost index measures the growth of employee compensation (wages and benefits). The index is based on a survey of employer payrolls in the final month of each quarter. The index tracks movement in the cost of labor, including wages, fringe benefits and bonuses for employees at all levels of a company. We are using the wage component of this index.

Benchmark Descriptions

- **U.S. Aggregate Bond:** The Barclays U.S. Aggregate Bond Index measures the performance of USD-denominated, SEC-registered, investment-grade, fixed-rate or step up, taxable bonds. The index includes bonds from the Treasury, Government-Related, Corporate and MBS, ABS, and CMBS sectors. Securities included in the index must have at least one year until final maturity.
- **U.S. Treasury:** The Barclays Capital U.S. Treasury Index measures the performance of public obligations of the U.S. Treasury with a remaining maturity of one year or more.
- **U.S. Agency:** The Barclays Capital U.S. Agency Bond Index measures the performance of the agency sector of the U.S. government bond market and is comprised of investment-grade USD-denominated debentures issued by government and government-related agencies, including FNMA. The index includes both callable and non-callable securities that are publicly issued by U.S. government agencies, quasi-federal corporations, and corporate and foreign debt guaranteed by the U.S. government.
- **U.S. Corporate:** The Barclays Capital U.S. Corporate Bond Index measures the performance of publicly issued USD-denominated corporate and Yankee debentures and secured notes that meet specified maturity, liquidity, and quality requirements.
- **U.S. MBS:** The Barclays Capital U.S. Mortgage Backed Securities Index measures the performance of mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).
- **U.S. Municipal Bond:** The Barclays Capital Municipal Bond Index measures the performance of the USD-denominated, investment grade, fixed-rate tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and pre-refunded bonds. Securities included in the index must have at least one year until final maturity.
- **General Obligation Bond Index:** The Barclays General Obligation Bond Index measures the average market-weighted performance of general obligations securities that have been issued in the last five years with maturities greater than one year.
- **Revenue Bond Index:** The Barclays Revenue Bond Index measures the average market-weighted performance of revenue backed securities that have been issued in the last five years with maturities greater than one year.
- **Investment Style:** Performance of different types of stocks will vary over time. A common way to characterize a stock is by market capitalization (e.g., large cap or small cap) or style (e.g., value or growth).
- **Large Cap vs. Small Cap:** Large companies tend to be more established companies and therefore exhibit lower volatility. Over an extended period of time, expected returns of small cap companies are often higher due to the risks associated with smaller, less established companies.
- **Value vs. Growth:** Value companies typically trade at discount valuations and may pay a dividend. Growth companies are those that are experiencing greater earnings growth prospects.
- **Mega Cap:** The Russell Top 50 Index measures the performance of the top 50 largest companies in the Russell 1000 Index, which represents approximately 40% of the total market capitalization of the Russell 1000 index.
- **Large Cap:** The Russell Top 200 Index measures the performance of the 200 largest companies in the Russell 1000 Index, which represents approximately 68% of the total market capitalization of the Russell 1000 index.
- **Mid Cap:** The Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 36% of the total market capitalization of the Russell 1000 Index.
- **Small Cap:** The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index.
- **Large Cap Growth:** The Russell 1000 Growth Index measures the performance of those Russell 1000 index companies with higher price-to-book ratios and higher forecasted growth values.
- **Large Cap Value:** The Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.
- **Mid Cap Growth:** The Russell Midcap Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values.
- **Mid Cap Value:** The Russell Midcap Value Index measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values.
- **Small Cap Growth:** The Russell 2000 Growth Index measures the performance of those Russell 2000 Index companies with higher price-to-value ratios and higher forecasted growth values.
- **Small Cap Value:** The Russell 2000 Value Index measures the performance of those Russell 2000 Index companies with lower price-to-book ratios and lower forecasted growth values.



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