

Chart book

As of February 28, 2026

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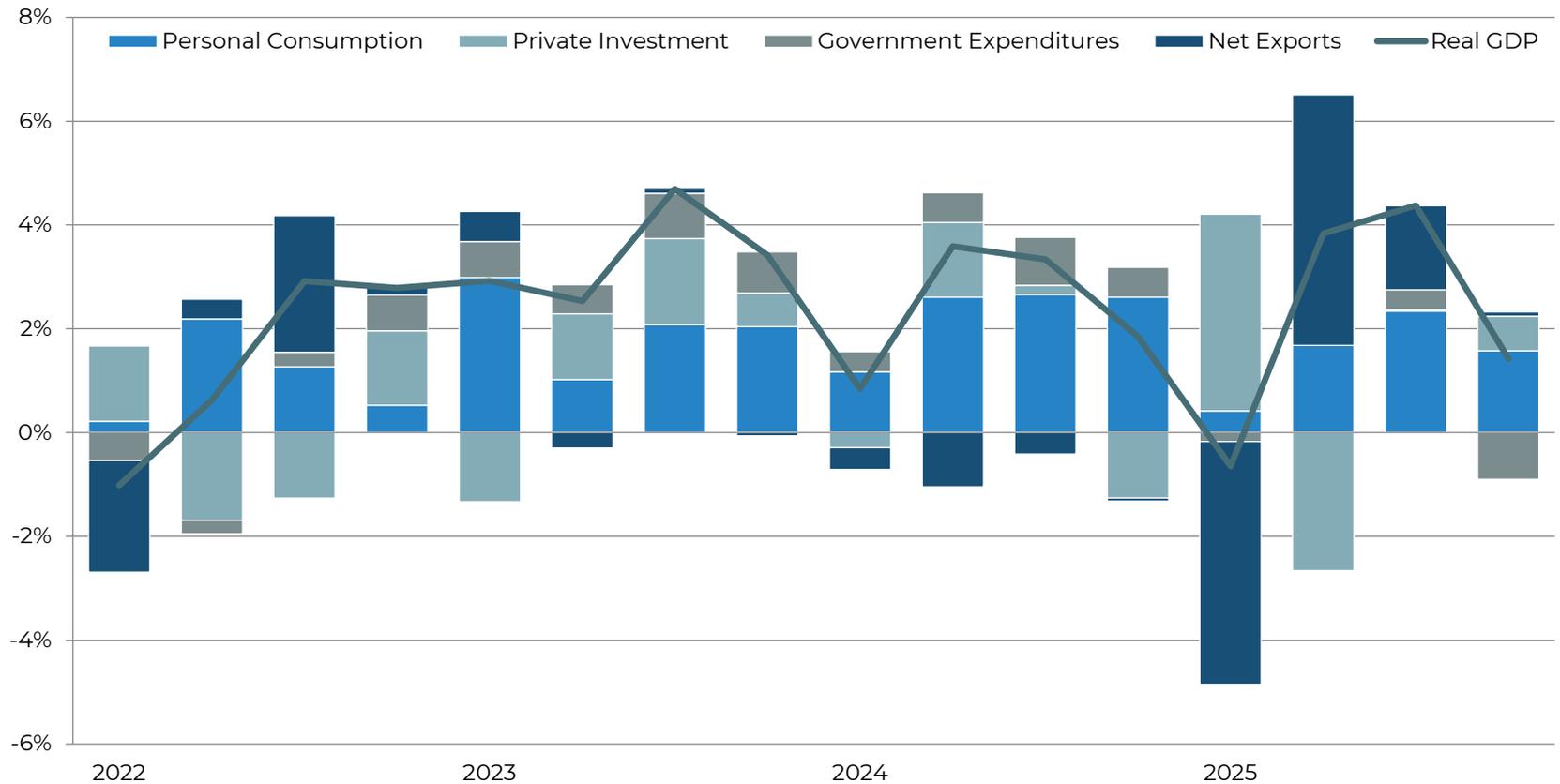


**ECONOMIC
PERSPECTIVE**

U.S. economic growth slowed more than expected in the fourth quarter, with GDP expanding at a 1.4% annualized rate, down from 4.4% in the prior quarter. Much of the slowdown reflected the temporary impact of the 43-day federal government shutdown, which drove a sharp decline in government spending. Importantly, most of that drag is expected to reverse in the first quarter of 2026 as government activity normalizes. Despite the headline slowdown, the underlying private-sector economy remained resilient. Consumer spending, which represents more than two-thirds of economic activity, continued to grow at a healthy pace. However, higher borrowing costs continued to weigh on housing and commercial construction, both of which contracted again during the quarter.

Economic Growth

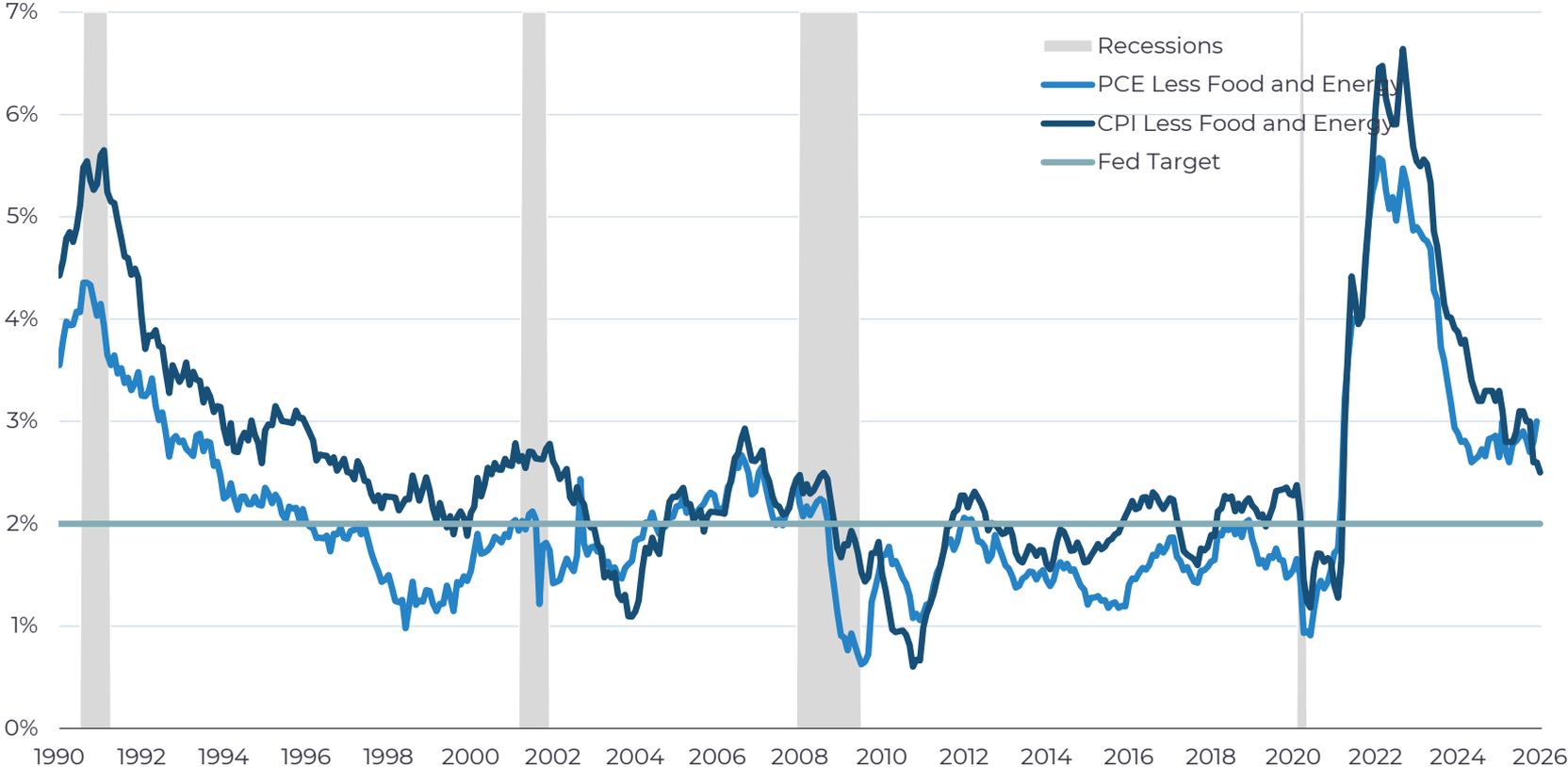
Contributions to Percent Change in Real GDP (Annualized Q/Q % Change)



January inflation data provided encouraging signs of continued moderation in price pressures, with the Consumer Price Index rising 2.4% year over year, slightly below expectations and marking the lowest level in nine months. Much of the improvement came from declining energy costs, particularly gasoline prices, while food inflation at grocery stores continued to ease. Housing-related inflation also slowed modestly. However, core inflation, which excludes food and energy, remained somewhat sticky at 2.5%, highlighting that underlying price pressures have not fully subsided. Despite the progress, inflation remains above the Federal Reserve's 2% target, and some economists caution that recent data may still reflect distortions from last year's government shutdown. As a result, policymakers are expected to maintain a cautious stance on interest rates.

Inflation Outlook

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

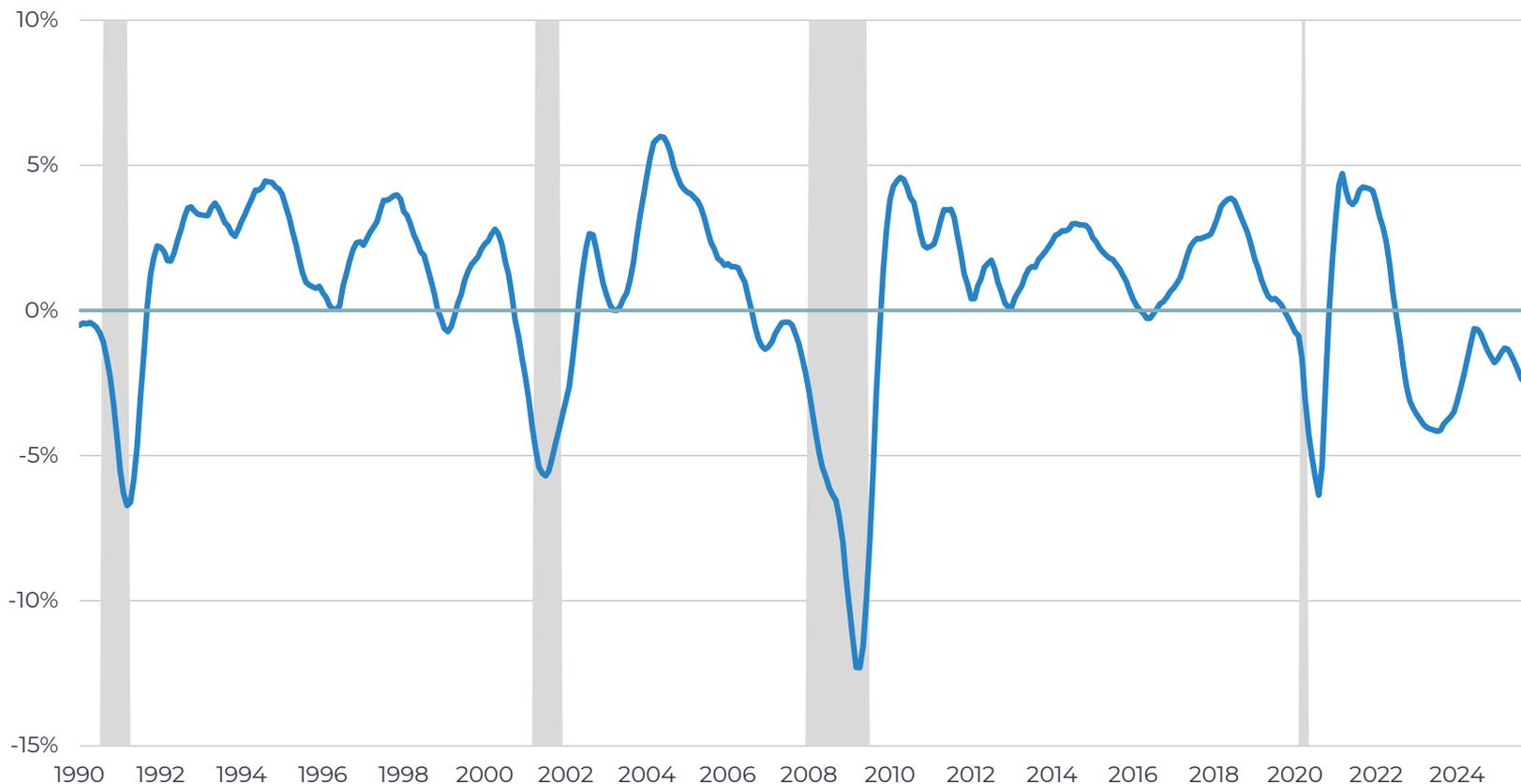


Source: U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis (Reported monthly)

The Conference Board's Leading Economic Index (LEI) fell 0.2% in December to 97.6. Weak consumer expectations, soft new orders, and labor market headwinds drove the downturn. Despite this, financial components, including a positive yield spread and rising building permits, offered some offset. In contrast, the Coincident Economic Index (CEI), which tracks current economic activity, rose 0.2% in December to 115.0, reflecting steady improvement in payrolls, industrial production, and personal income. Meanwhile, the Lagging Economic Index (LAG) inched down 0.1% to 119.6, indicating that some past economic weaknesses continue to linger. Overall, these indices portray an economy that is slowing modestly but remains fundamentally stable.

U.S. Economic Outlook

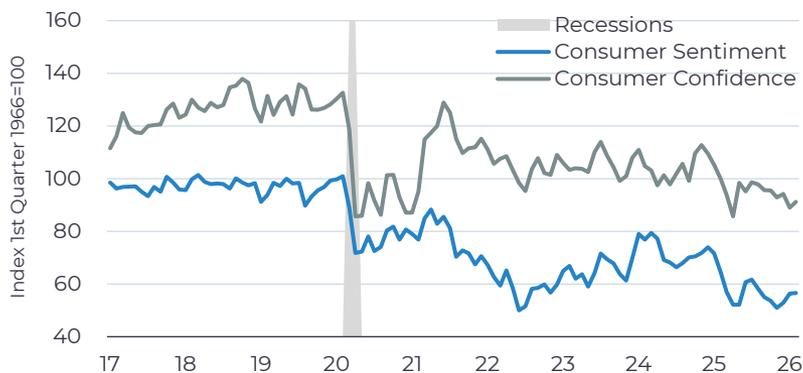
Leading Economic Index (Six-Month Moving Average of the Six-Month Rate of Change)



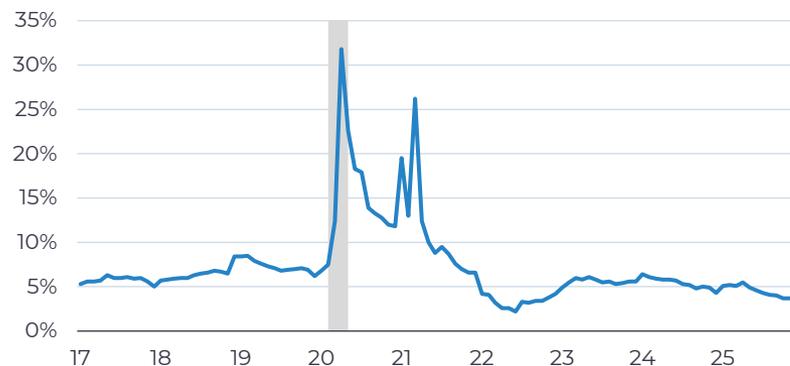
The Conference Board's Consumer Confidence Index rose 2.2 points to 91.2 in February, rebounding from a modest dip in January. The Expectations Index improved to 72.0, reflecting a slightly more optimistic short-term outlook for income, business, and labor market conditions, while the Present Situation Index fell to 120.0, as consumers' views of current business conditions softened. Consumers' concerns continue to focus on prices, inflation, and the cost of living, with elevated expectations for persistent interest rates. Looking at planned spending, consumers are increasingly willing to purchase big-ticket items, particularly used cars, furniture, TVs, and smartphones, while homebuying plans remain steady. Overall, the February data suggests consumer sentiment is gradually improving and supportive of ongoing private-sector demand.

Consumer Outlook

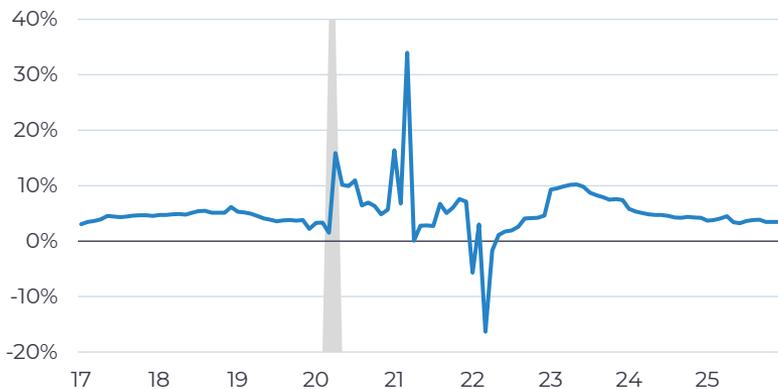
Consumer Sentiment & Confidence Indexes



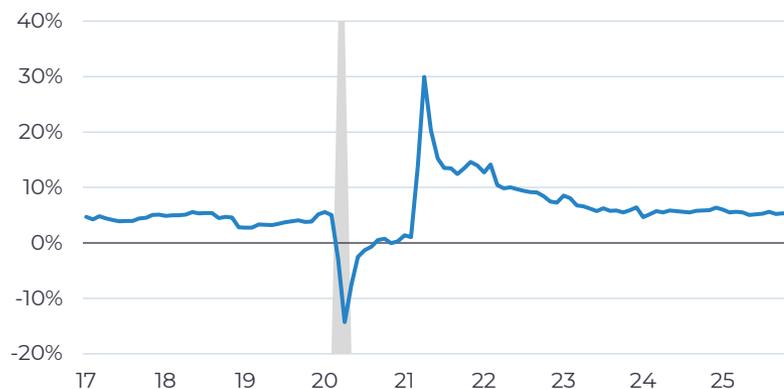
Personal Saving Rate (Seasonally Adjusted Annual Rate)



Disposable Personal Income (Y/Y % Change)



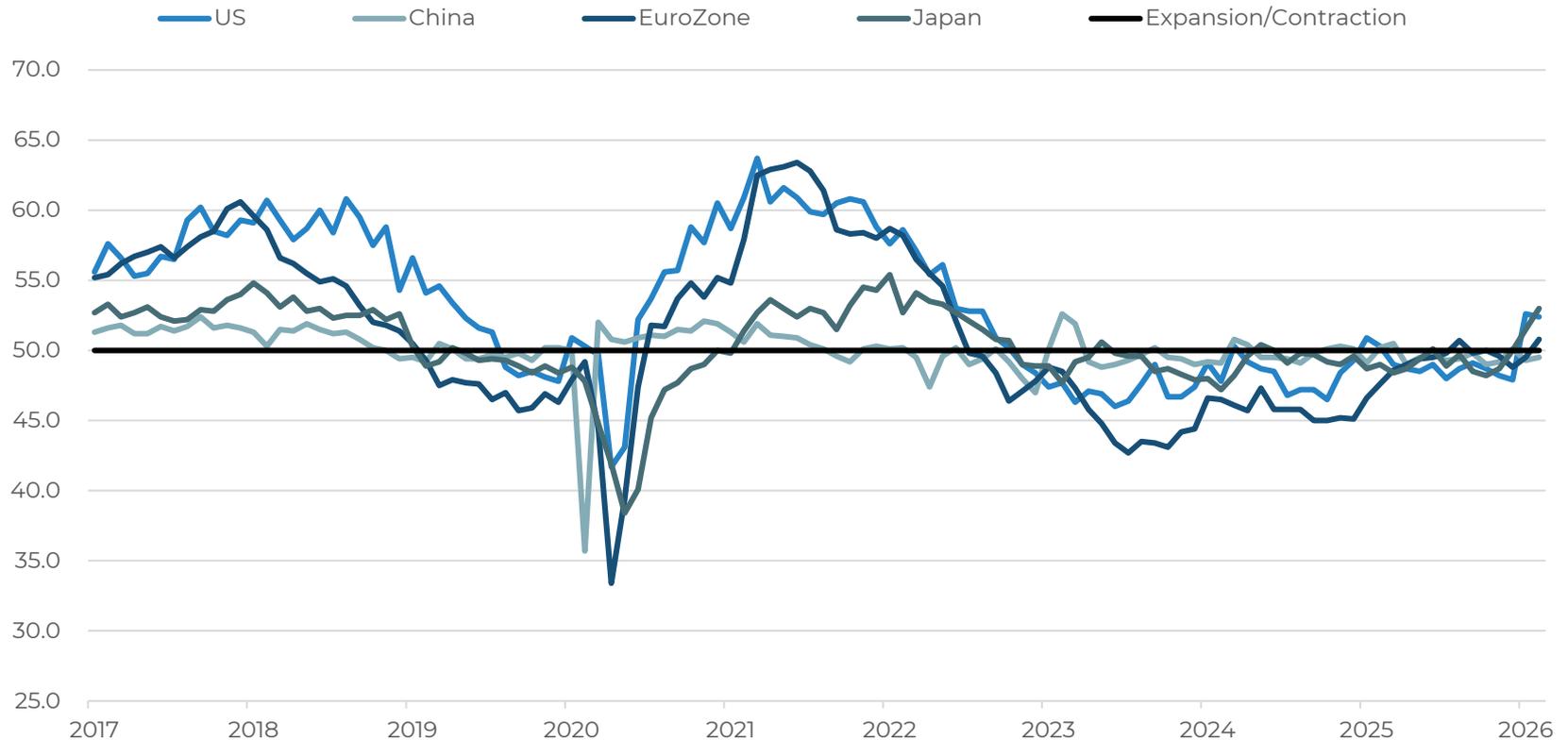
Personal Consumption Expenditures (Y/Y % Change)



Global economic activity accelerated in February, with the J.P. Morgan Global Composite PMI rising to 53.3. Growth was underpinned by strong new business inflows, rising business confidence, and a modest rebound in international trade, which increased for the first time since March 2025. The global services sector continued to outpace manufacturing, though the gap narrowed, with financial and consumer services leading growth. Regionally, Asia drove global expansion, led by India, China, and Japan, each posting significant output gains. The U.K. performed well, while growth in the U.S. slowed to a ten-month low. Inflationary pressures rose, with input costs hitting a nine-month high and output prices increasing at the fastest pace since May 2023, particularly in developed economies. Overall, February data indicate resilient global expansion, driven by robust services activity, improving trade flows, and sustained business optimism.

Global Economic Outlook

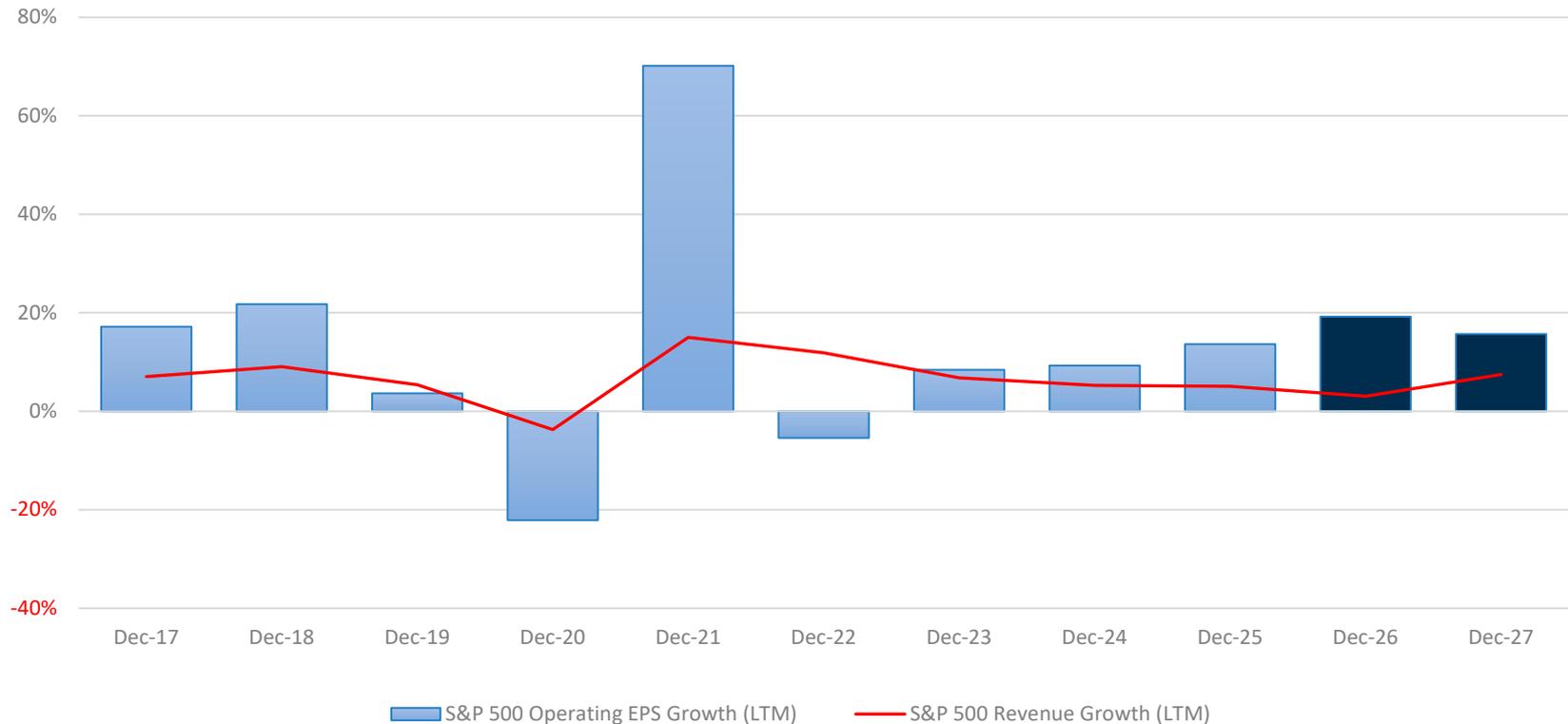
Manufacturing Purchasing Managers Index (PMI) (A PMI over 50 represents growth in manufacturing)



According to FactSet, the bottom-up price target for the S&P 500 over the next 12 months is 8321, which is 21.8% above the closing price of 6831. At the sector level, the Information Technology (+32%) sector is expected to see the largest price increase. On the other hand, the Energy (-1.0%) sector is expected to see the largest price decrease. Overall, there are 12,734 ratings on stocks in the S&P 500. Of these 12,734 ratings, 57.8% are Buy ratings, 36.7% are Hold ratings, and 5.5% are Sell ratings. At the sector level, the Information Technology (68%), Communication Services (64%), and Energy (61%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (43%) 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)



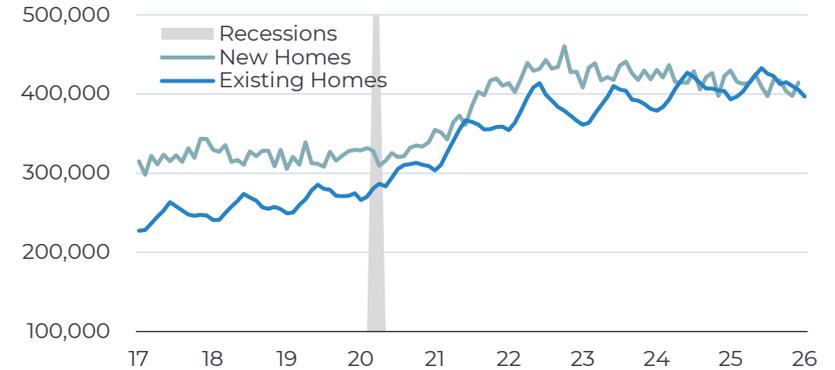
Elevated home prices and mortgage rates have slowed buyer activity, while sellers remain cautious, reluctant to give up low-rate mortgages. This has resulted in slower sales, flatter price growth, and occasional price cuts, creating the perception of a “stuck” market. Economists emphasize that today’s conditions differ sharply from the 2007–2009 housing crash. The current environment reflects a long-term market correction following the pandemic-era surge in prices and historically low inventories. Price growth has slowed to roughly 1%, mortgage rates have stabilized, and affordability is gradually improving as wages rise. Crucially, the job market remains strong, foreclosures are low, and stricter post-crisis lending standards make a credit-driven collapse unlikely. Most indicators point to a controlled, multi-year market reset.

Housing Market Outlook

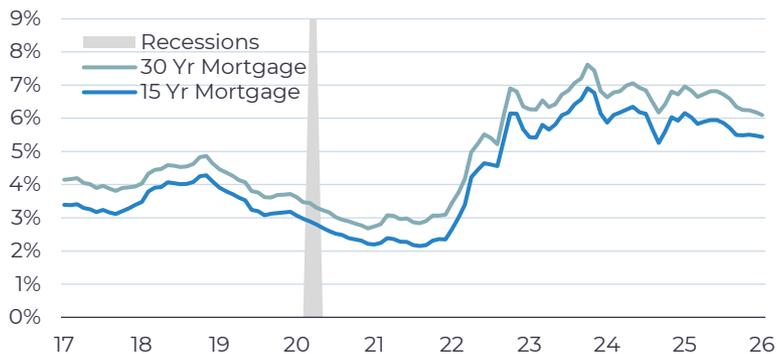
Housing Affordability (higher = more affordable)



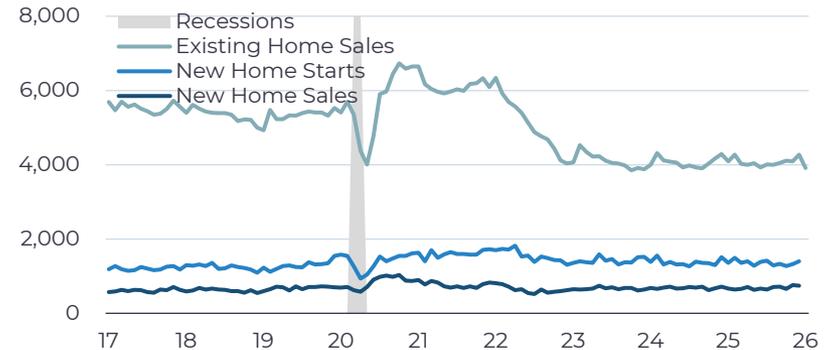
Median Selling Price of New and Existing Homes



Average Fixed Rate Mortgage in the U.S.®



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

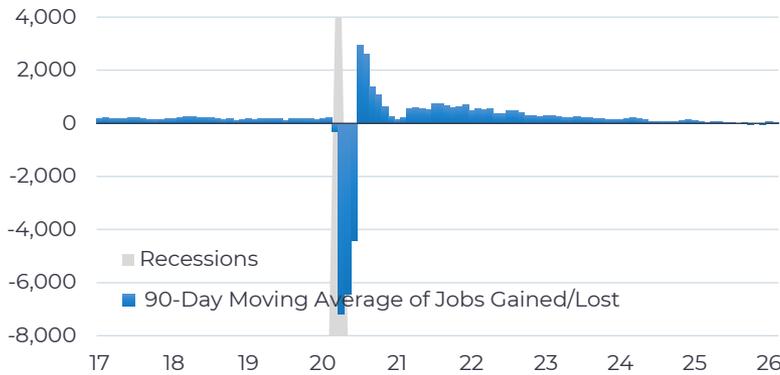


Source: National Association of Realtors, Freddie Mac, U.S. Bureau of the Census (Reported monthly)

The U.S. labor market showed unexpected weakness in February, with nonfarm payrolls declining by 92,000 jobs and the unemployment rate rising to 4.4%. Job losses were broad-based, led by healthcare, leisure and hospitality, construction, information, and federal government employment, while modest gains were seen in social assistance and financial activities. Despite softer employment, wage growth remained resilient, with average hourly earnings rising 0.4% in February, translating to 3.8% year-over-year growth, providing continued support to household income. Economists see February's report as a challenge to the Federal Reserve's narrative of a stabilizing labor market, though the central bank is still expected to maintain the benchmark rate at 3.50%-3.75% in March, with a rising probability of a rate cut by June if labor conditions remain soft.

Labor Market Outlook

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



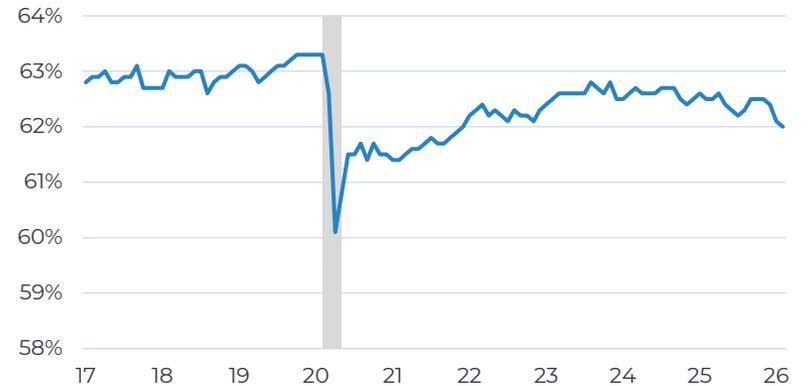
Labor Market Slack (000's)



Wage Growth (Y/Y % Change)



Labor Force Participation Rate



Source: U.S. Bureau of Labor Statistics, (Reported monthly, Wage Growth reported quarterly)

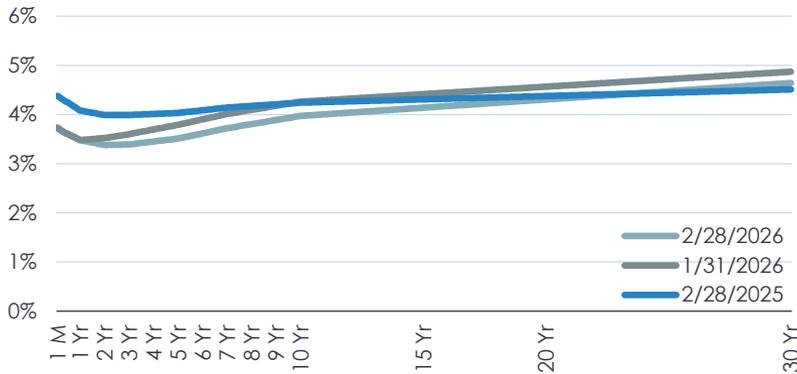
An aerial photograph of a bridge spanning a river, overlaid with a teal color. The bridge is a simple concrete structure with a single lane. The surrounding landscape is rocky and forested. The text "BOND MARKET PERSPECTIVE" is centered on the bridge. There are two thin teal lines: one above the text and one below it. In the bottom right corner, there is a decorative graphic of concentric teal circles.

**BOND MARKET
PERSPECTIVE**

February saw a meaningful rally in Treasuries as rates moved decisively lower, reinforcing the market's shift toward a slower-growth, easier-policy narrative. The 10-year Treasury yield fell 30bps to 3.97%, marking its largest monthly decline since February 2025, while the 2-year yield declined 15bps to 3.38%, its lowest level since August 2022. The larger move in the long end points to falling term premiums and potentially increased confidence that inflation pressures are moderating, while the decline in the front end reflects growing conviction that policy rates will come down later in 2026.

U.S. Treasury Market

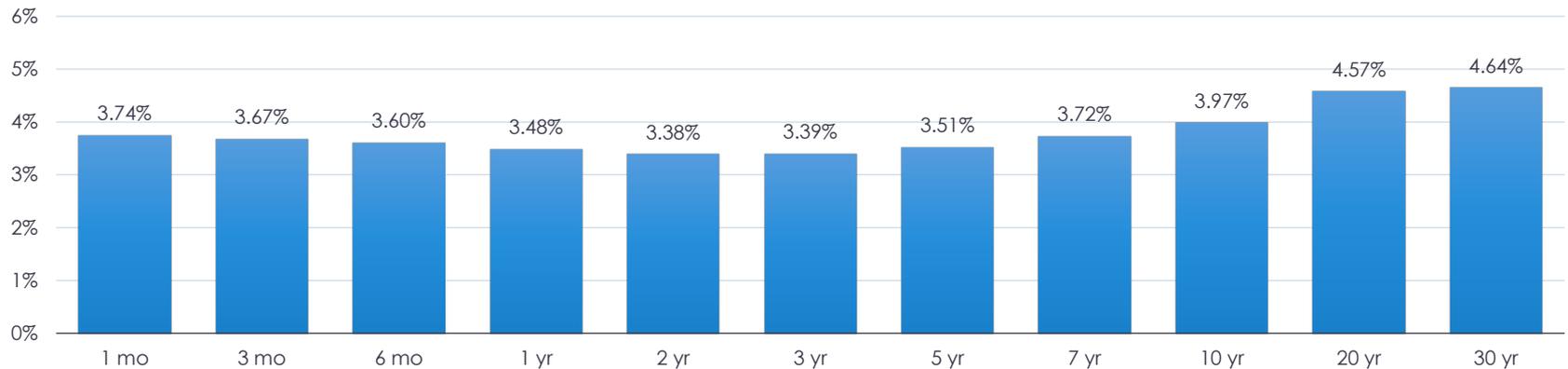
U.S Treasury Yield Curve



Historical U.S. 10-Year Treasury Rate

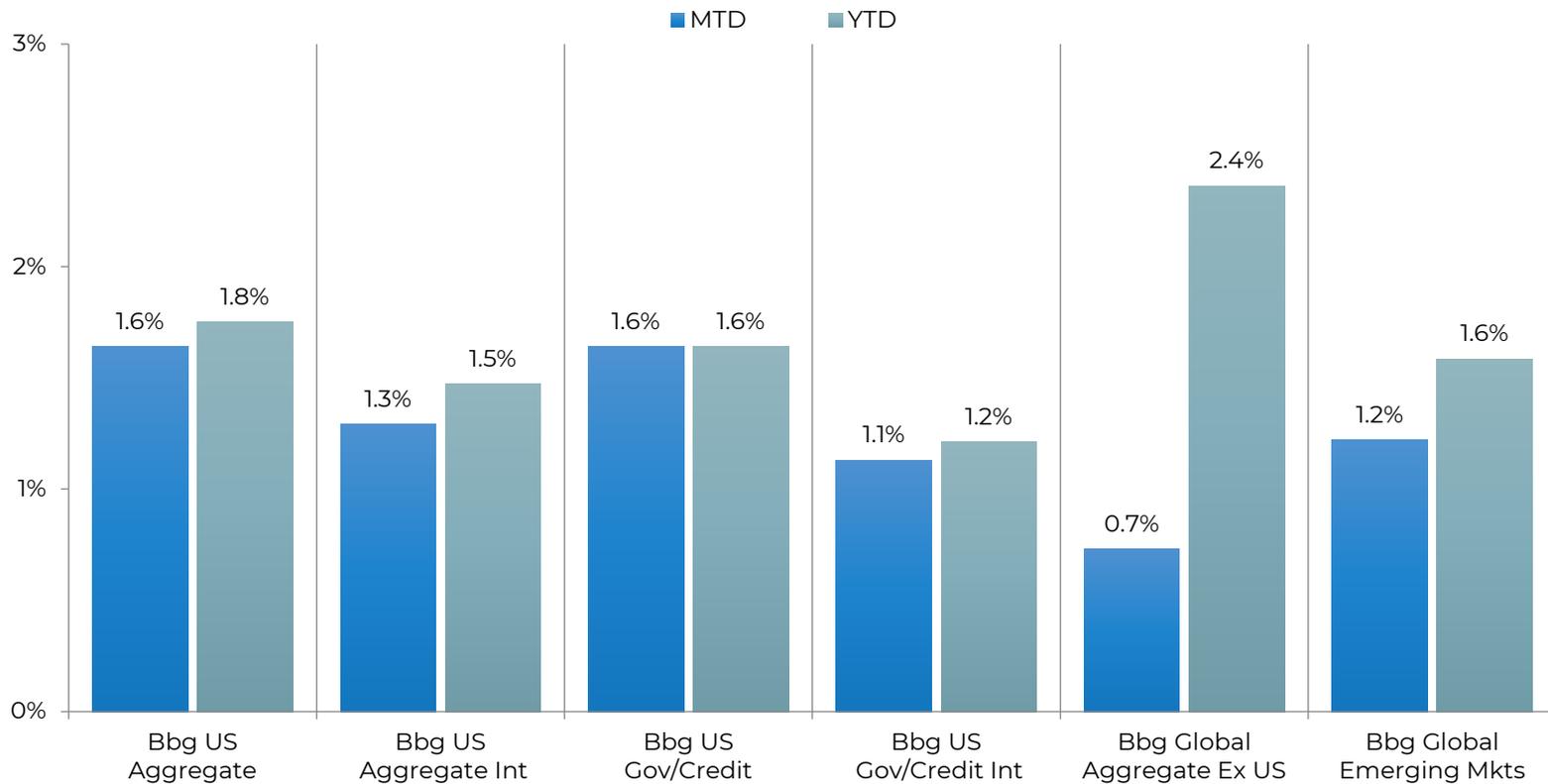


Current U.S. Treasury Yields by Maturity



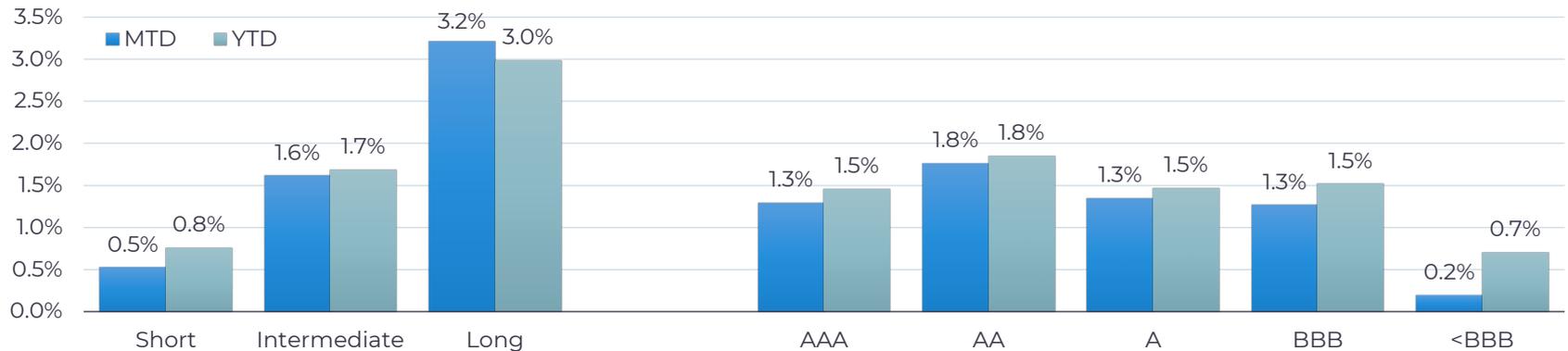
Source: U.S. Department of Treasury

Global Fixed Income Returns by Bellwether Index

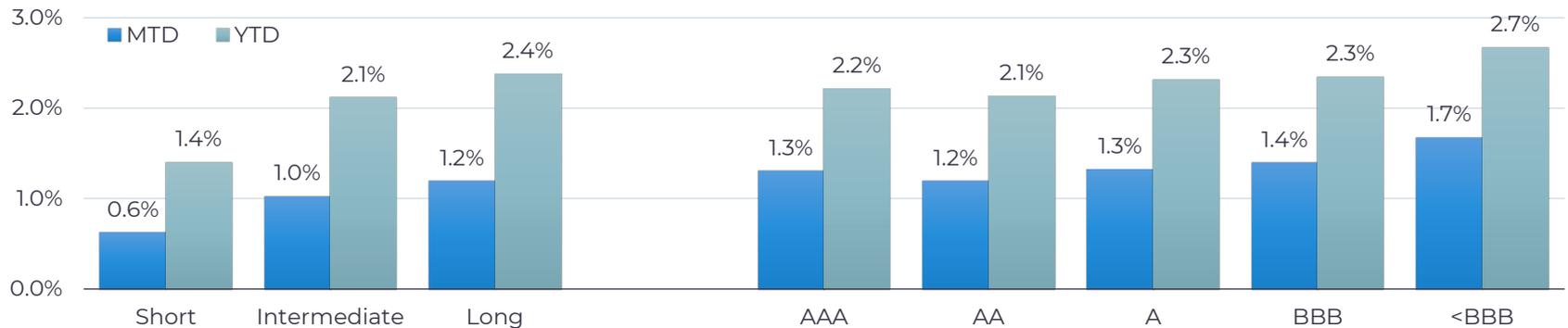


Domestic Fixed Income Returns by Maturity and Credit Quality

Domestic Bond Market - Taxable



Domestic Bond Market - Municipal

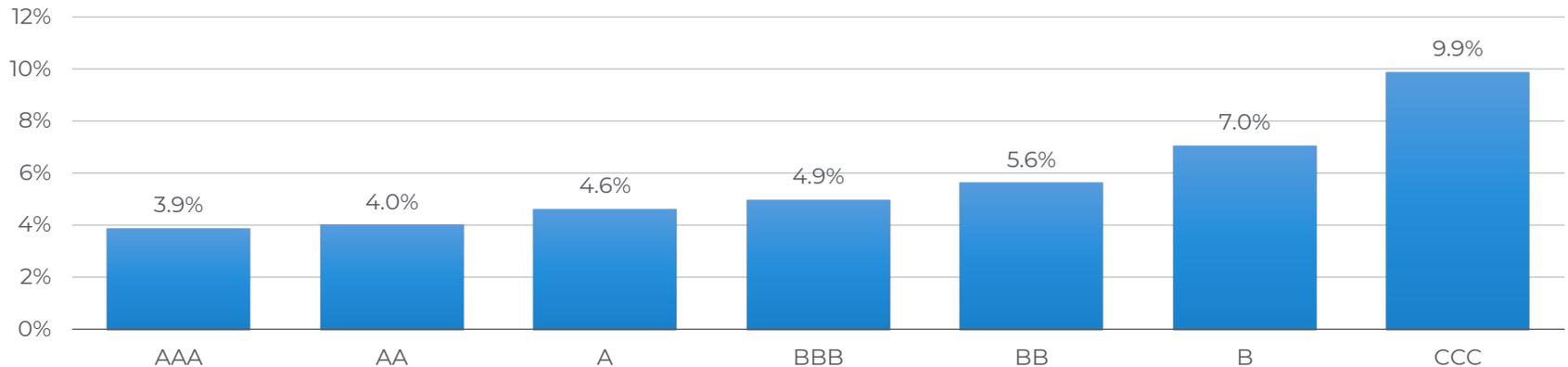


Domestic Fixed Income Bond Yields

Historical Corporate Bond Market Yield to Worst



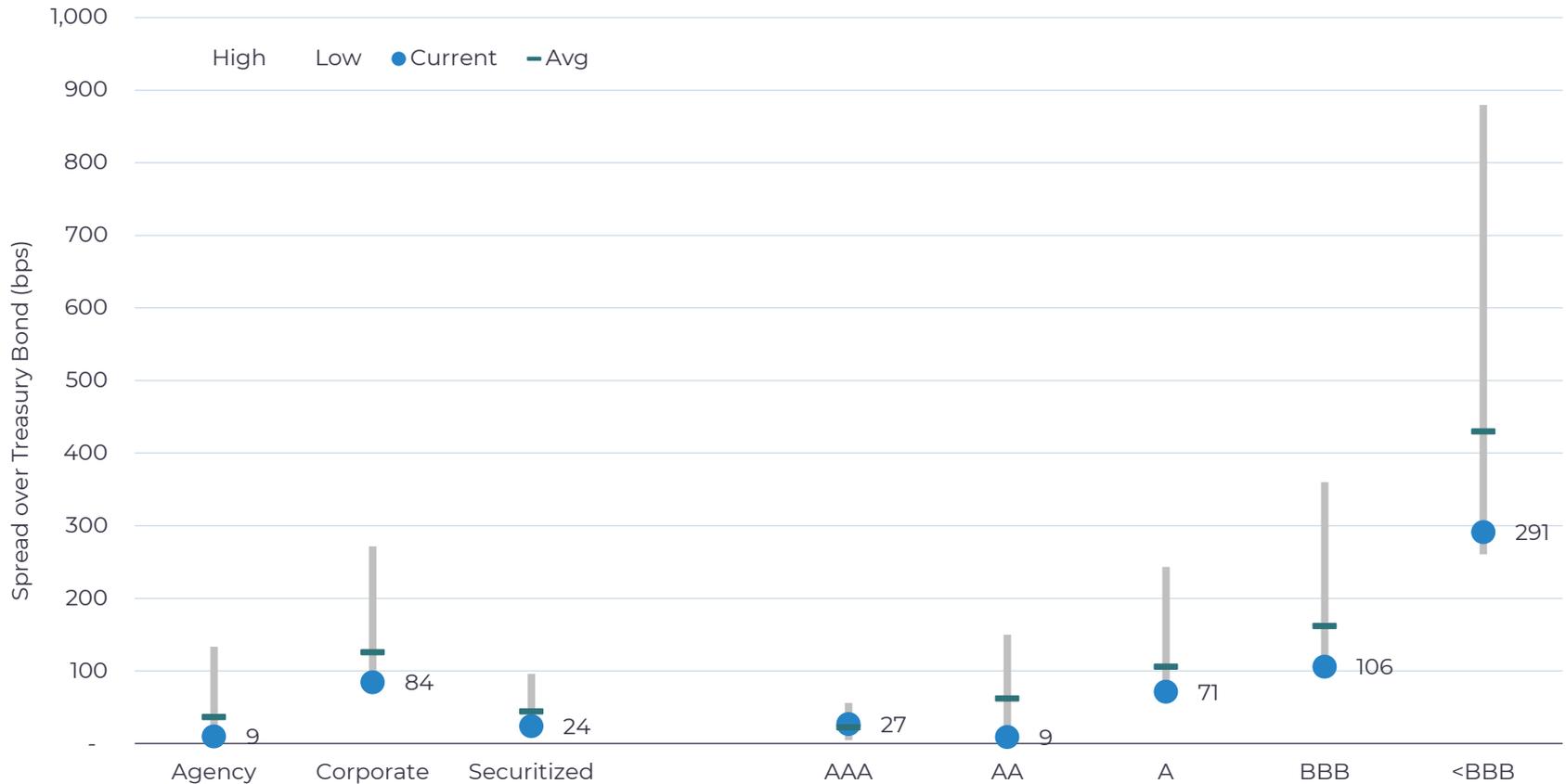
Current Corporate Bond Market Yields by Credit Quality



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

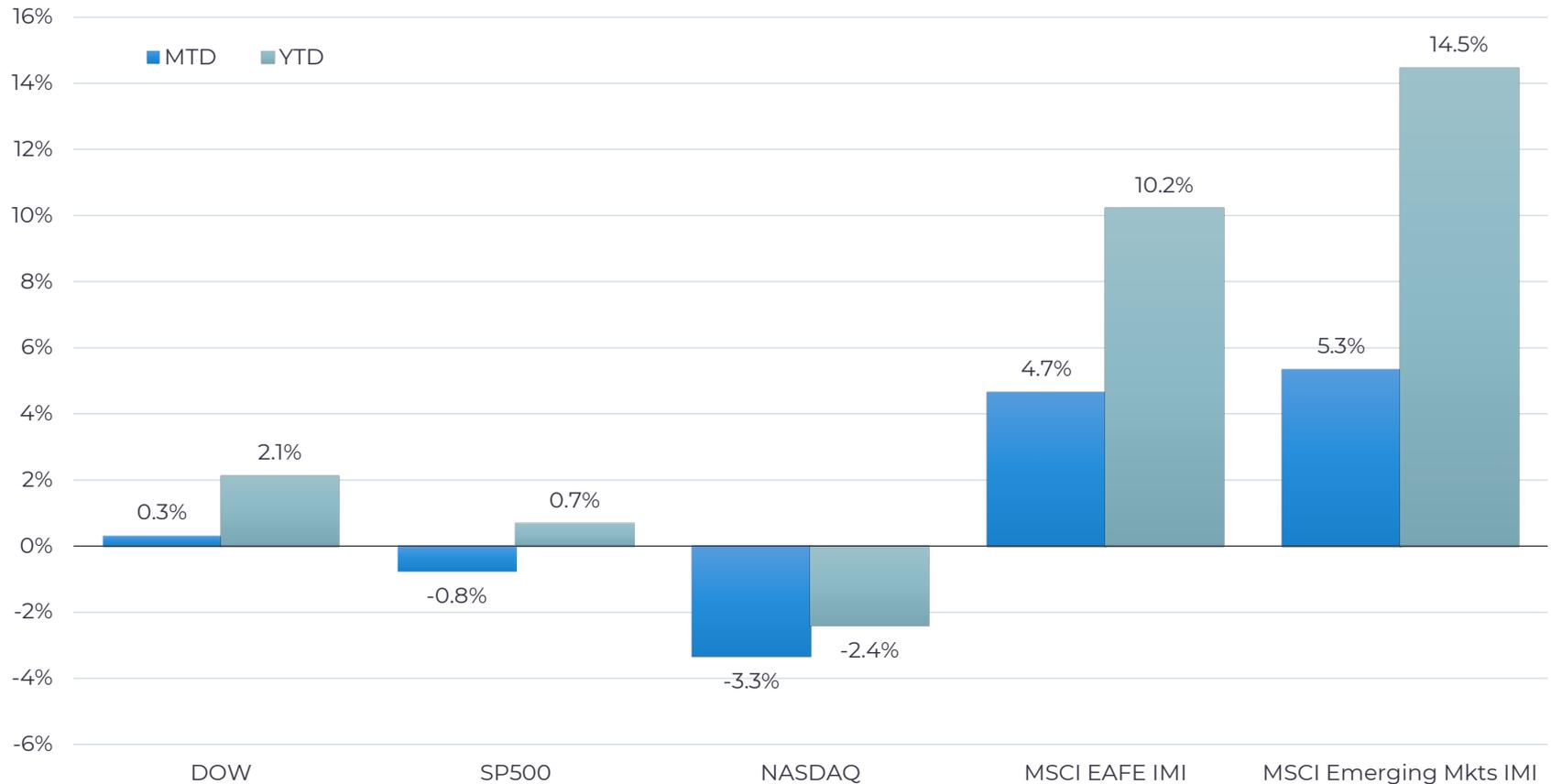
An aerial photograph of a bridge spanning a river, overlaid with a teal color scheme. The bridge is a simple concrete structure with a single lane. The surrounding landscape is rocky and forested. The text 'EQUITY MARKET PERSPECTIVE' is centered in white, bold, sans-serif font. There are two thin teal horizontal lines: one above the text and one below it. In the bottom center, there is a decorative graphic of several concentric teal circles.

**EQUITY MARKET
PERSPECTIVE**

Overall, February's equity action points to a market in transition, with investors reallocating from concentrated mega-cap leadership toward value-oriented, cyclical, and defensive sectors, reflecting confidence in the durability of economic activity despite ongoing debate around AI investment and selective growth headwinds. We view the mixed performance as a sign rotation beneath headline indices rather than broad risk-off sentiment. Large-cap growth stocks, particularly technology and AI-related names, experienced notable declines while mid- and small-cap stocks outperformed. Sector performance illustrated the rotation as defensive and commodity-linked groups led the advance, including Utilities (+10.4%), Energy (+9.4%) and Materials (+8.4%). In contrast, Technology (-3.9%), Communication Services (-5.1%), and Consumer Discretionary (-5.4%) lagged. Non-US equities performed well as developed (MSCI EAFE) and emerging markets (MSCI EM) gained 4.7% and 5.3%, respectively.

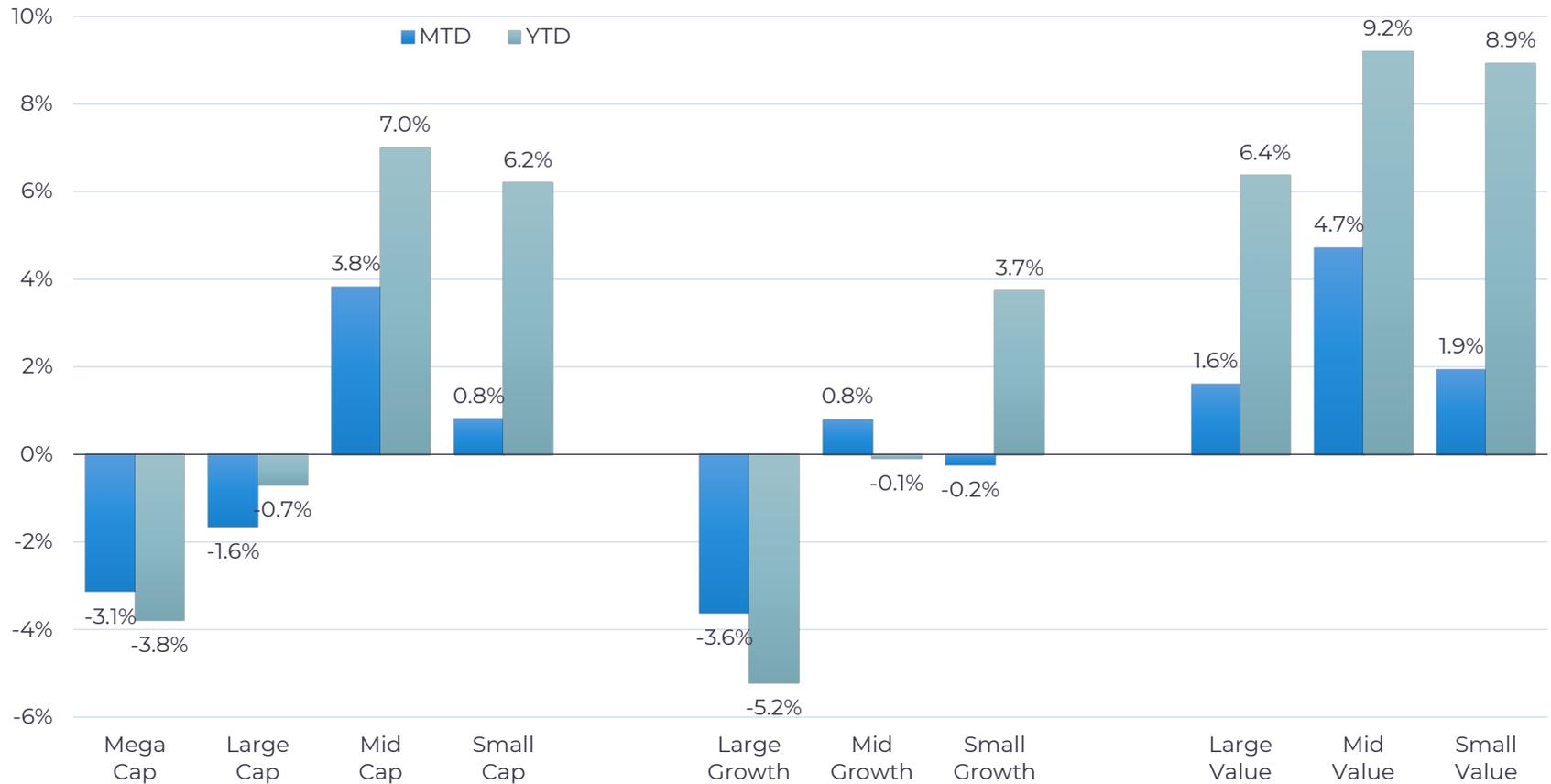
Global Equity Returns by Bellwether Index

Global Equity Markets



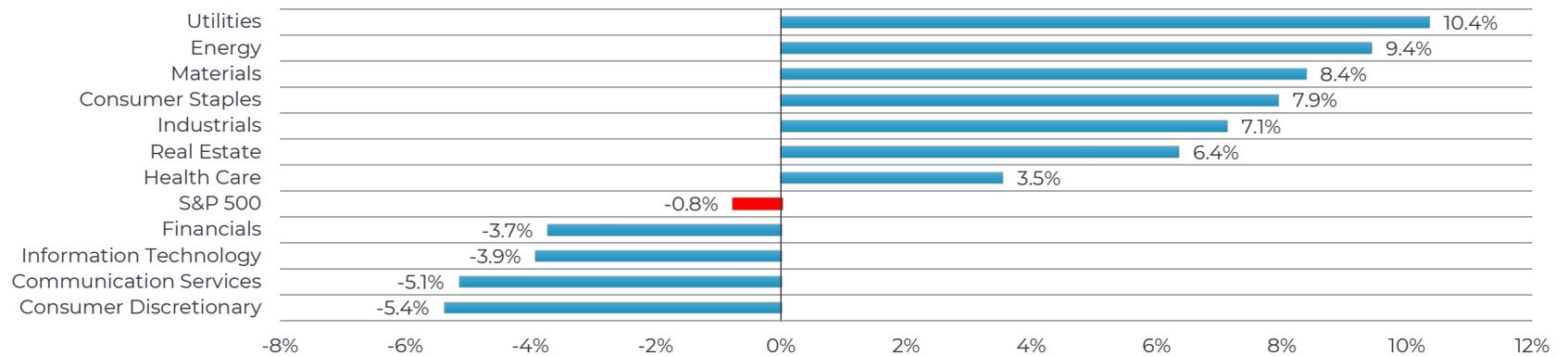
Domestic Equity Returns by Market Cap & Style

Domestic Equity Markets

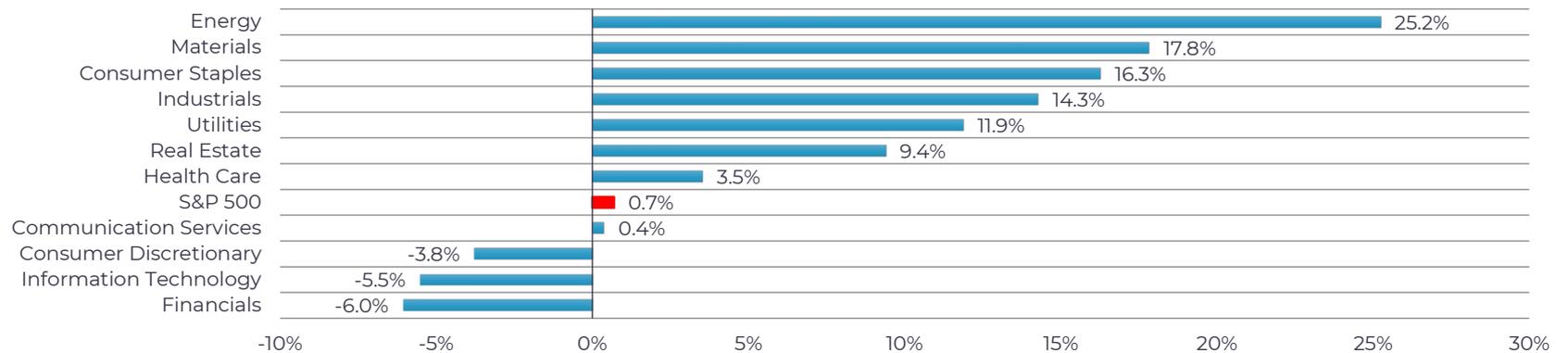


Domestic Equity Returns by Sector

MTD S&P 500 Returns by Sector

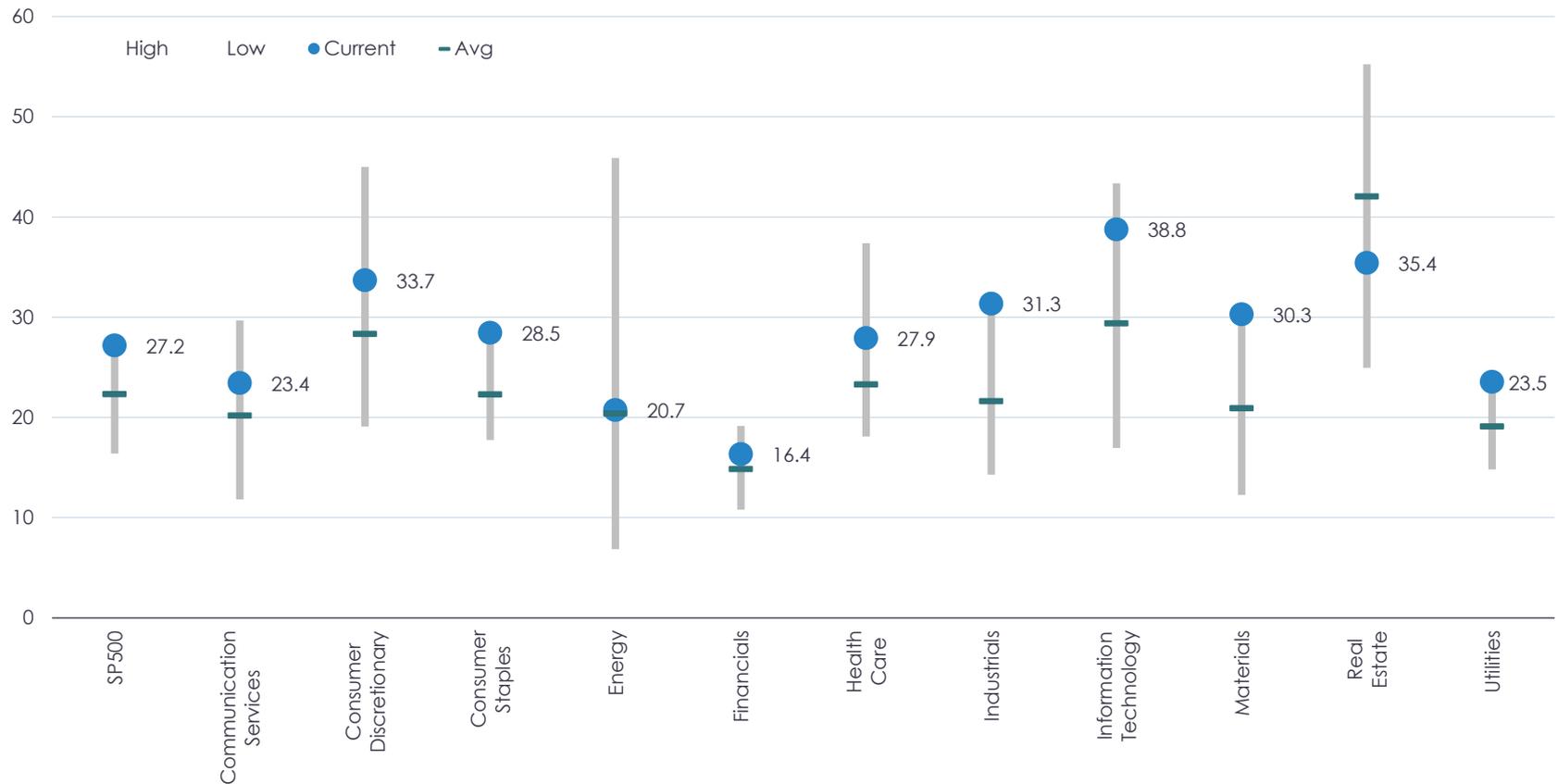


YTD S&P 500 Returns by Sector



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 MCSI 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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