

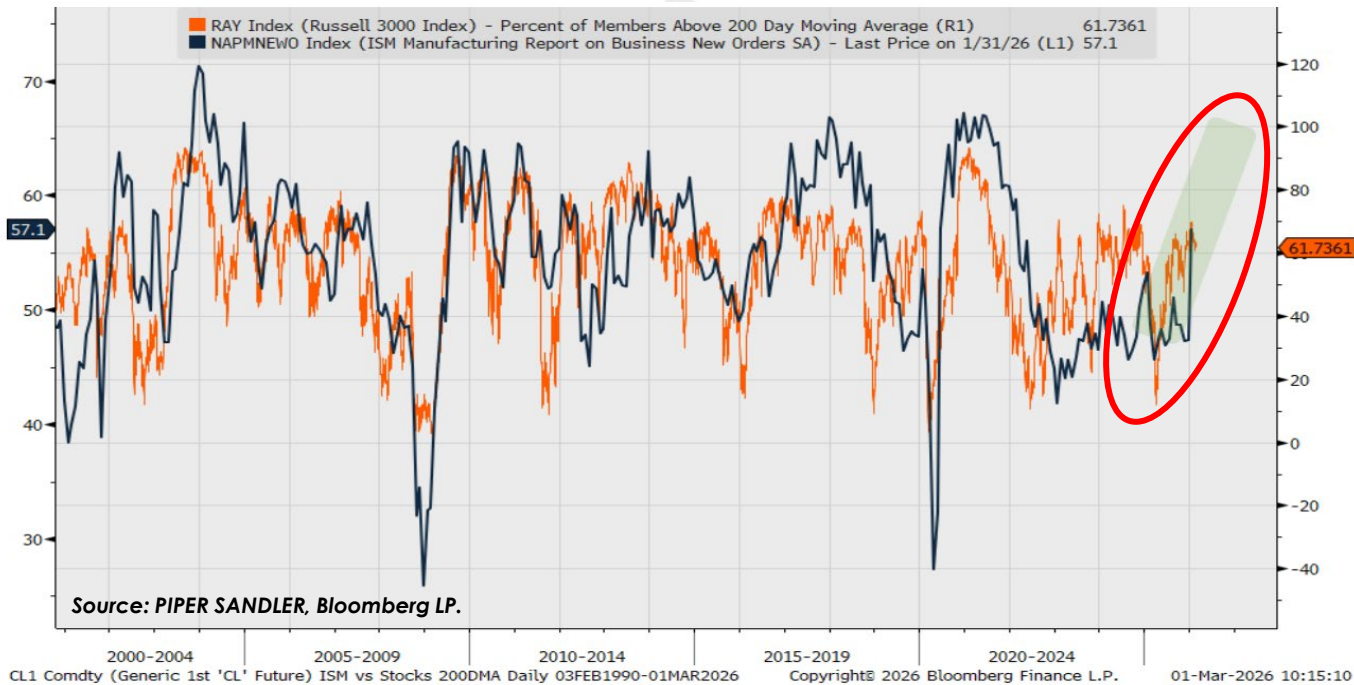


Five in Five

March 2026

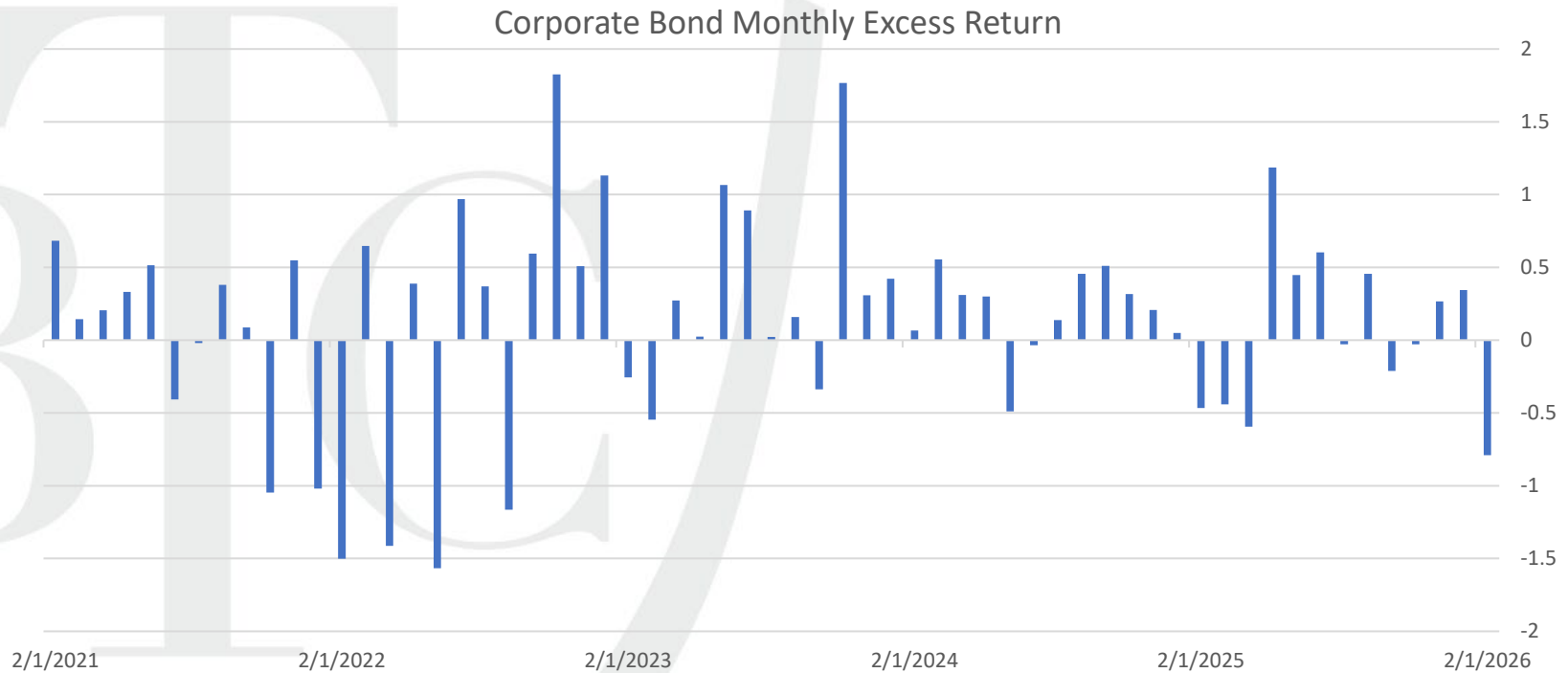


Improving PMI New Orders Trend Leads to Improving Equity Market Breadth & Performance



- The Institute for Supply Management (ISM) Manufacturing Purchasing Managers Index (PMI) is a monthly indicator of U.S. economic health. The ISM series may be characterized as a leading economic series given its high correlation with corporate earnings.
- PMI for February came in at 52.4%, as the U.S. economy continued its current expansion for the 16th consecutive month. Note a reading over 50 indicates economic expansion; a reading under 50 indicates economic contraction.
- A strong correlation exists between the ISM Manufacturing PMI New Orders and the trend and breadth of overall equity market price movement. This chart presents the trend of the new orders series compared to the percent of Russell 3000 companies whose current price exceeds their 200 daily-moving average.
- Note the uptick in PMI New Orders preceded the move within the Russell 3000 (a measure of U.S. large-cap and small-cap companies).

Corporate Bonds

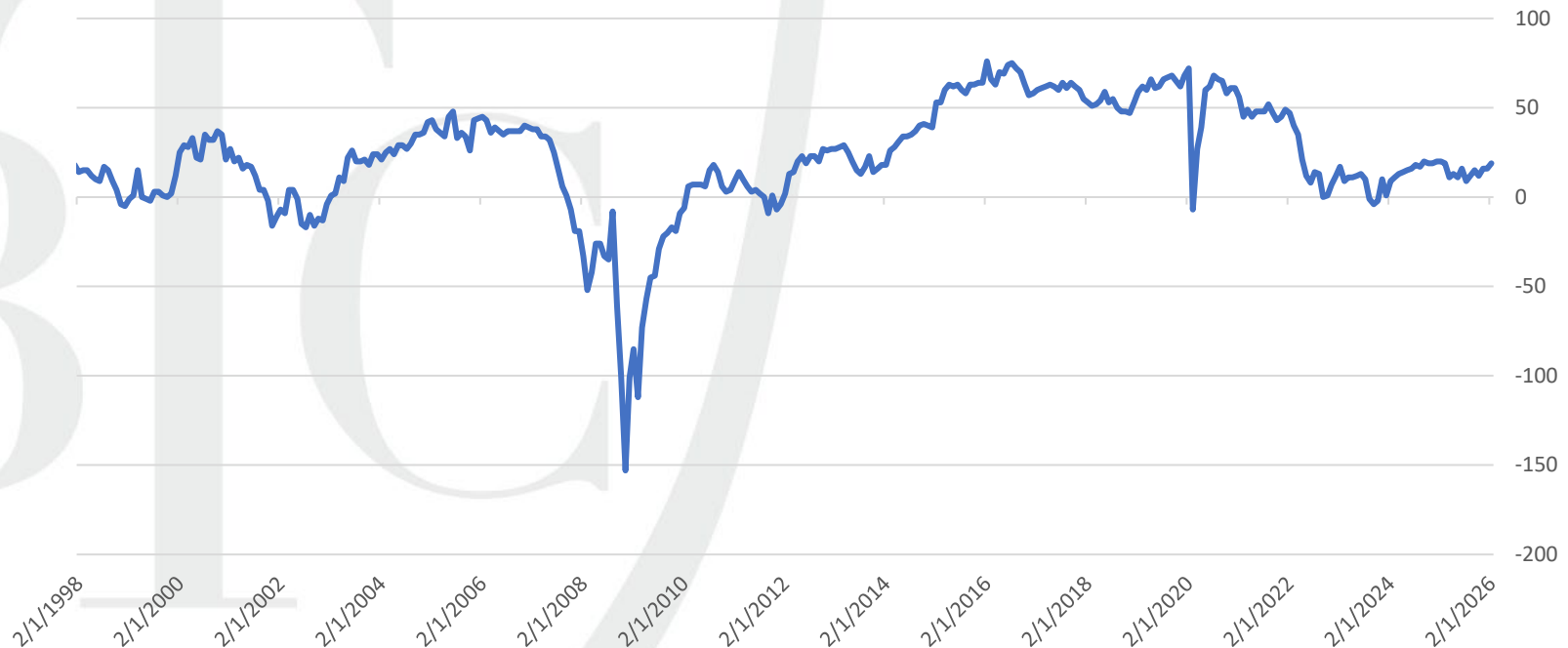


Source: Bloomberg

- Corporate bonds underperformed by 79 basis points in February.
- It was the worst monthly performance since 2022.
- Private debt concerns and AI risks contributed to the weakness.
- The outlook has become cloudy despite a seemingly cyclical rebound in economic data (AI uncertainty, persistent negative payrolls, crowded long positioning, now rising oil prices).

Corporate Bonds

Spread Gap between Long Corporates and Intermediate Corporates (BBB)










Source: Bloomberg

- The credit curve has been flat over the last several years.
- This makes longer dated corporate bonds less attractive relative to intermediate term bonds.
- Recessions are anomalies because bonds trade on recovery rate and price and less so on spread basis.
- The strategies hold a lower exposure to corporate bonds with long maturities than their benchmarks. This reduces a strategies exposure to credit risk.
- This was a tailwind last month as the relative excess return for January was the worst month since 2022.

What is Driving Year-to-Date Performance – MSCI USA Index

Gross Performance as of 03/05/2026 in USD








Index Name	1D	1W	1M	3M	YTD	1Y	3Y	5Y	10Y
MSCI USA Index	-0.6%	-1.1%	0.6%	-0.6%	-0.3%	18.0%	20.7%	13.4%	15.0%
 MSCI USA Minimum Volatility Index	-0.5%	0.1%	2.0%	2.9%	2.9%	5.1%	12.5%	9.6%	10.7%
 MSCI USA High Dividend Yield Index	-1.3%	-1.7%	0.0%	8.5%	8.0%	15.5%	13.1%	10.6%	10.9%
 MSCI USA Quality Index	-1.1%	-1.3%	0.5%	1.0%	1.0%	15.0%	23.3%	14.5%	16.4%
 MSCI USA Momentum Index	-1.6%	-3.4%	2.2%	-2.5%	-1.4%	13.5%	20.1%	10.3%	14.4%
 MSCI USA Enhanced Value Index	-1.1%	-2.2%	-0.3%	9.8%	8.1%	40.1%	18.9%	11.5%	12.5%
 MSCI USA Equal Weighted Index	-0.8%	-1.4%	1.6%	3.1%	3.3%	12.9%	13.0%	8.9%	11.8%
 MSCI USA Growth Target Index	-0.7%	-1.5%	0.9%	-0.1%	-0.3%	20.3%	22.0%	12.7%	14.6%

Source: MSCI Inc.

- This chart presents the various factor indexes that reflect the performance of equity “risk premia” factors (Minimum Volatility, Yield, Quality, Momentum, Value, Size, Growth) of the MSCI USA Index, which exhibits a negative year-to-date (YTD) return of 0.3%.
- YTD, the Enhanced Value Index, which exhibits the performance of securities that exhibit higher value characteristics relative to their peers within the corresponding GICS® sector, has been the best performing factor. The value investment-style characteristics for index construction are defined using three variables: Price-to-Book Value, Price-to-Forward Earnings and Enterprise Value-to-Cash flow from Operations.
- Given the current situation between the U.S. and Iran, the Minimum Volatility Index has captured positive returns relative to the broader USA Index in the near-term. The Minimum Volatility Index is optimized for the lowest absolute risk (within a given set of constraints of the USA Index) and historically has exhibited lower beta and volatility characteristics.
- Historically, the Quality Index has exhibited consistent relative outperformance to that of the USA Index. The Quality Index exhibits the performance of quality growth stocks with high quality scores based on three main fundamental variables: high return on equity (ROE), stable year-over-year earnings growth and low financial leverage.

What is Driving Year-to-Date Performance – MSCI World ex USA Index

Gross Performance as of 03/05/2026 in USD

Index Name	1D	1W	1M	3M	YTD	1Y	3Y	5Y	10Y
MSCI World ex USA Index	-0.8%	-5.2%	-0.6%	6.0%	3.6%	25.6%	17.1%	10.6%	9.9%
 MSCI World ex USA Minimum Volatility Index	-0.6%	-2.9%	0.3%	6.7%	4.5%	20.7%	15.6%	8.8%	7.4%
 MSCI World ex USA High Dividend Yield Index	-1.1%	-4.2%	-1.0%	7.3%	4.5%	27.3%	18.7%	13.0%	10.3%
 MSCI World ex USA Quality Index	-1.1%	-5.2%	-0.7%	4.5%	3.1%	14.9%	12.2%	7.7%	9.5%
 MSCI World ex USA Momentum Index	-1.2%	-6.4%	-1.1%	5.6%	3.1%	28.3%	20.4%	11.2%	11.2%
 MSCI World ex USA Enhanced Value Index	-0.9%	-6.2%	-2.0%	9.1%	5.5%	38.0%	23.1%	15.7%	11.2%
 MSCI World ex USA Equal Weighted Index	-0.6%	-4.6%	-0.4%	6.5%	4.3%	26.1%	15.7%	8.2%	8.7%
 MSCI World ex USA Growth Target Index	-0.8%	-5.1%	-0.9%	6.0%	3.0%	24.5%	19.7%	12.4%	11.6%

Source: MSCI Inc.

- This chart presents the various factor indexes that reflect the performance of equity “risk premia” factors (Minimum Volatility, Yield, Quality, Momentum, Value, Size, Growth) of the MSCI World ex USA Index, which exhibits a positive return of 3.6% YTD.
- Similar to the USA Index, Enhanced Value has been the best performing factor YTD. Historically, this factor has exhibited relative outperformance over the broader index, different from the USA Index in which Quality has been the predominant factor of performance.
- The Minimum Volatility Index has captured positive returns relative to the broader Index in the near-term, similar to that of the USA Index.
- Unlike that of the USA Index, within the World ex USA Index the performance of the Quality Index has been inferior to the Enhanced Value, Momentum (designed to reflect the performance of an equity momentum strategy by emphasizing stocks with high price momentum, while maintaining reasonably high trading liquidity, investment capacity and moderate index turnover), and High Dividend Yield (designed to reflect the performance of higher dividend income and quality characteristics than average dividend yields that are both sustainable and persistent, omitting stocks with potentially deteriorating fundamentals that could force them to cut or reduce dividends) factors.

Disclosures

- *Sources: Bloomberg, MSCI Inc., PIPER SANDLER.*
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