



Q2 Outlook

April 2026

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FOR FINANCIAL PROFESSIONAL USE

First Quarter Recap

Broad Equity Markets	QTD	YTD	Mar	Feb	Jan	1YR
S&P 500	-5.03	-5.03	-4.98	-0.76	0.71	18.47
NASDAQ 100	-6.60	-6.60	-4.81	-2.26	0.39	23.98
Dow Jones Industrial	-3.80	-3.80	-5.20	0.31	1.16	13.36
Russell 2000	0.18	0.18	-5.00	0.80	4.61	25.08
FTSE Developed International	-0.14	-0.14	-11.08	6.02	5.93	24.93
FTSE Emerging International	-2.55	-2.55	-10.22	2.60	5.80	17.86
MSCI ACWI NR	-2.90	-2.90	-6.29	1.34	2.26	20.84
Bloomberg US Aggregate Index	-0.15	-0.15	-1.76	1.64	0.01	4.59
S&P GSCI	38.58	38.58	24.53	2.38	8.70	44.98
Bitcoin	-22.97	-22.97	3.43	-21.76	-4.81	-19.16
Gold	5.51	5.51	-11.76	4.83	14.06	50.03

Interest Rates	Levels as of:	Last four months:				6 Months Ago	1 Year Ago
		3/31/2026	2/28/2026	1/31/2026	12/31/2025	9/30/2025	3/31/2025
3 Month Treasury Yield		3.70	3.67	3.67	3.67	4.02	4.32
2 year Treasury Yield		3.79	3.38	3.52	3.47	3.60	3.89
10 Year Treasury Yield		4.30	3.97	4.26	4.18	4.16	4.23
30 Year Treasury Yield		4.88	4.64	4.87	4.84	4.73	4.59

Top Style	QTD
Mid Cap Value	3.64

Top Factor	QTD
Low Volatility	2.31

Top Sector	QTD
Energy	37.13

Top Fixed Income Sector	QTD
Convertible Bonds	3.45

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GRIP Review: Growth, Risk Appetite, Inflation & Policy

G GROWTH SLOWING

- Economic growth continues to decelerate
- Leading indicators remain weak
- Labor market continues to trend lower
- Manufacturing activity is the bright spot

R RISK APPETITE DETERIORATING

- Risk appetite weakening across markets as short-term trends have deteriorated significantly
- The risk composite remains positive due to resilience in global stocks, high yield bonds, and copper prices.

I INFLATION ACCELERATING

- Inflation picking up driven by higher gas prices
- Upward price pressures re-emerging
- Likely to hurt economic reacceleration in the near term

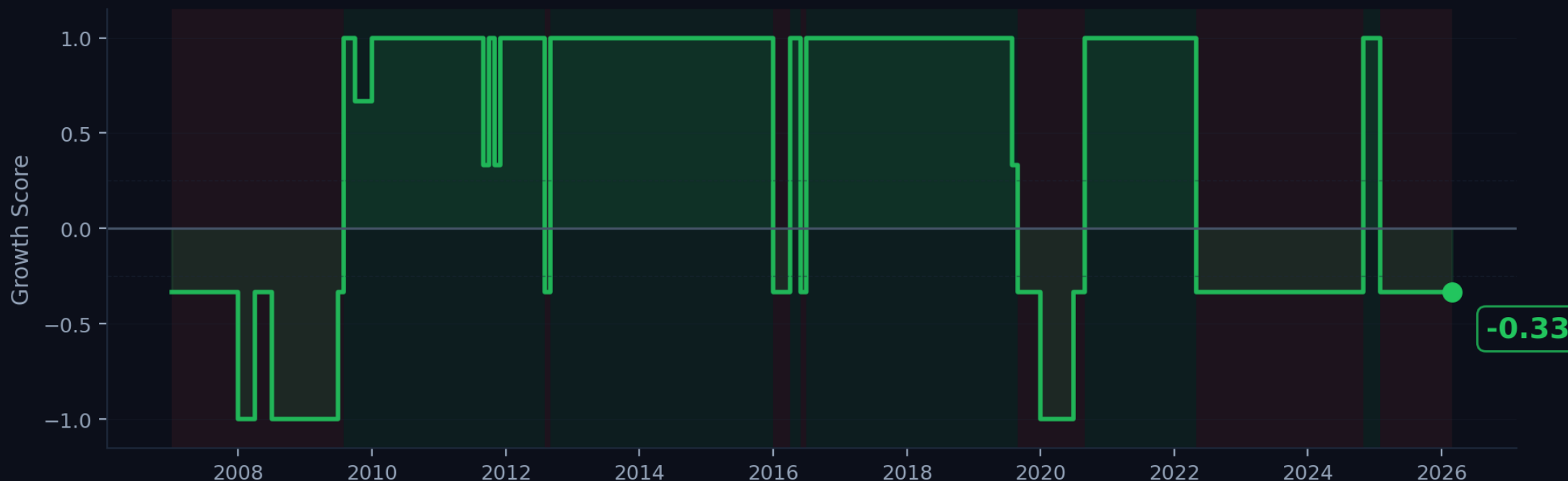
P POLICY ON HOLD

- 2-year yield above Fed funds rate — policy is easy
- Fed likely staying put; no rate cuts near-term
- Inflation pressures are taking priority over the labor market
- Policy stance could hurt growth

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LEI (2/3 weight) + Real Final Sales to Domestic Purchasers (1/3 weight, level-based)

Growth Composite



The growth composite presents a divided signal. The LEI has been in unbroken decline across the 3-, 6-, and 12-month horizons since late 2025, carrying a -1 signal at two-thirds weight. However, Real Final Sales to Domestic Purchasers remains positive at +1.9% annualized — still growth, just decelerating. By using the level of Real Final Sales rather than its rate of change, we capture the economically meaningful distinction between slowing growth and actual contraction. The tension between a negative LEI and positive demand is characteristic of a late-cycle environment where forward indicators deteriorate before the economy rolls over. Historically, this divergence can persist for several quarters before resolving.

US LEADING ECONOMIC INDEX

Exponential Trend, Rate of Change & Detrended Z-Score Analysis

CURRENT

97.5

VS TREND

-18.6%

Z-SCORE

-2.25 σ

PERCENTILE

0.1%

Exponential Trend & Standard Deviation Bands

LEI vs fitted exponential growth trend with $\pm 1\sigma$ and $\pm 2\sigma$ bands. Current level sits well below the -2σ boundary.

US Leading Economic Index – Exponential Trend & Standard Deviation Bands



Rate of Change — 3, 6, 12 Month

LEI level (top) with 3-month, 6-month, and 12-month percentage rate of change (bottom). All timeframes remain negative.

US Leading Economic Index — Level & Rate of Change



Detrended Z-Score — Historical Context

Log residuals from exponential trend normalized to z-scores. Current reading of -2.25σ is at the 0.1st percentile — among the most depressed in 56 years.

US LEI — Detrended Z-Score (Log Residuals from Exponential Trend)



Key Takeaways

Below Trend

The LEI at 97.5 sits 18.6% below its long-run exponential trend of 119.8 — far outside the -2σ band

Sustained Decline

The index has fallen for 48 consecutive months from its Dec 2021 peak of 117.8, with all rate-of-change measures negative

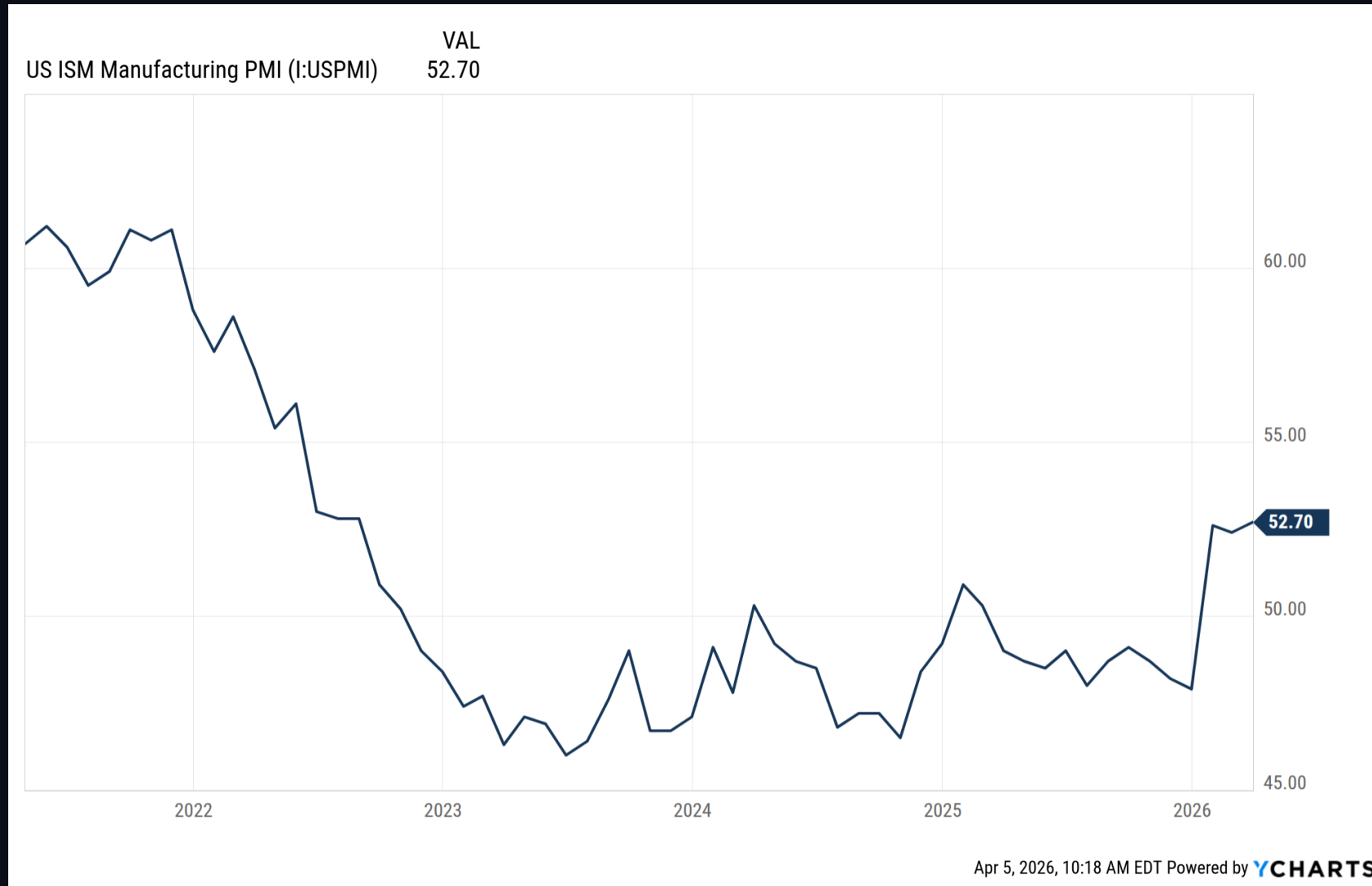
Historically Depressed

The detrended z-score of -2.25σ places the current reading at the 0.1st percentile — rivaling the worst readings of the 1974 and 1982 recessions

Brief Blip Only

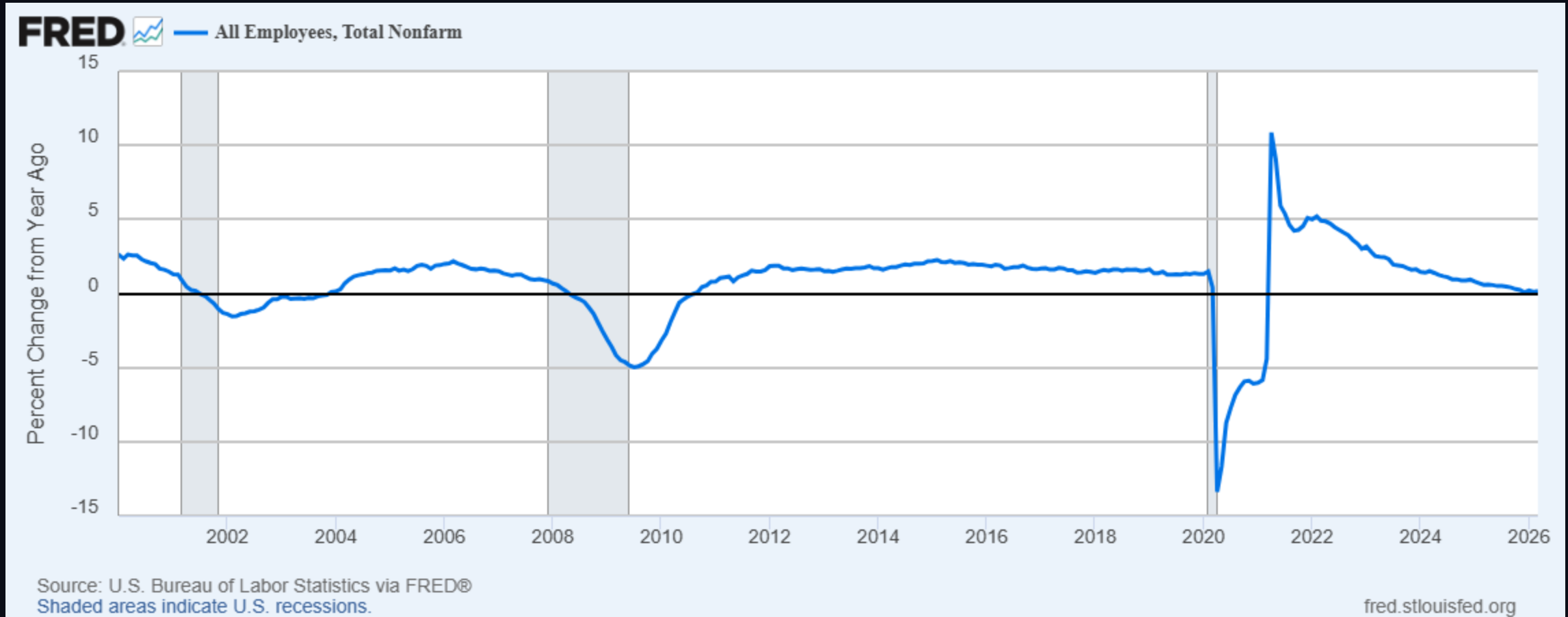
The Nov 2024 uptick to 101.7 was short-lived; the index resumed its decline and now sits at new cycle lows

Manufacturing continues to improve



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Labor market continues to deteriorate

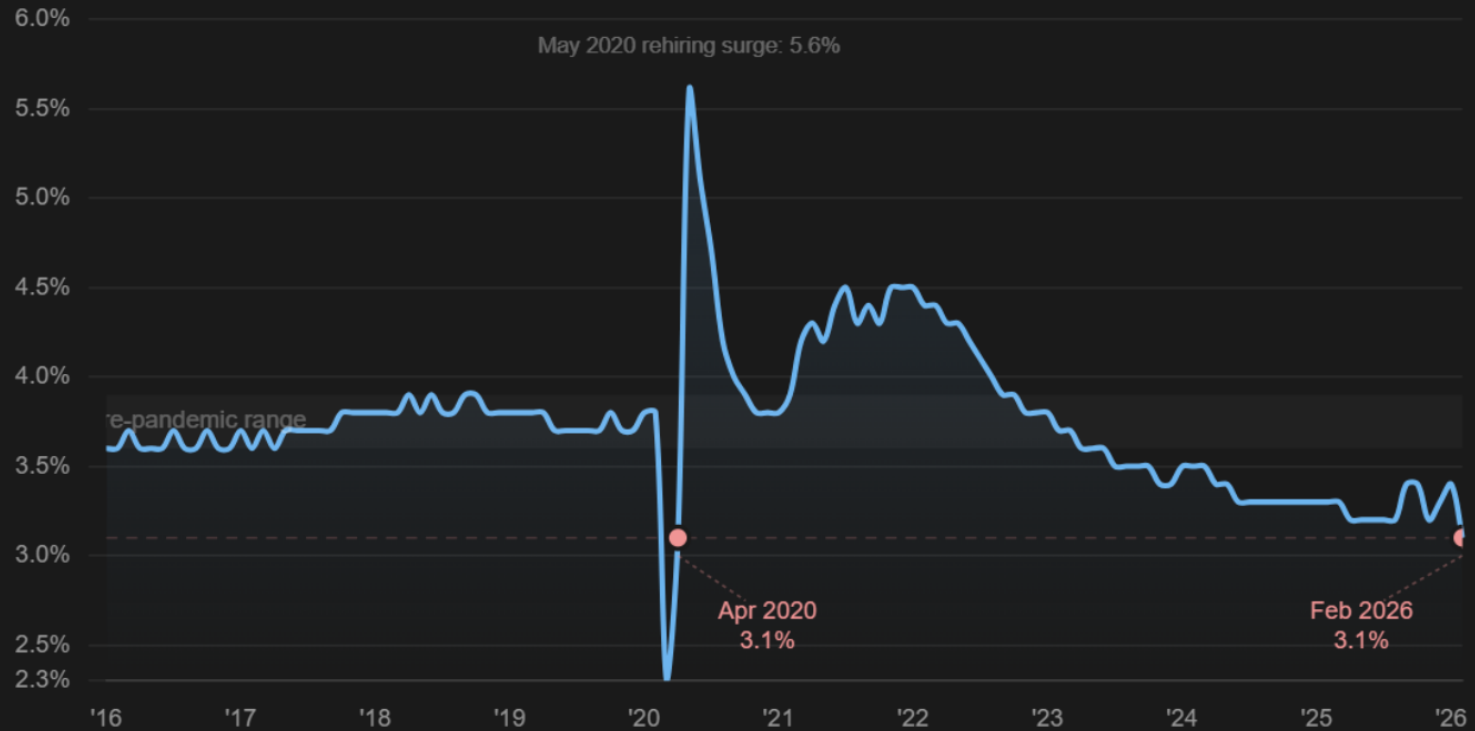


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Data is likely to get worse

U.S. hires rate Total nonfarm, seasonally adjusted

3.1% Lowest since April 2020



Source: Bureau of Labor Statistics, JOLTS · Feb 2026 release



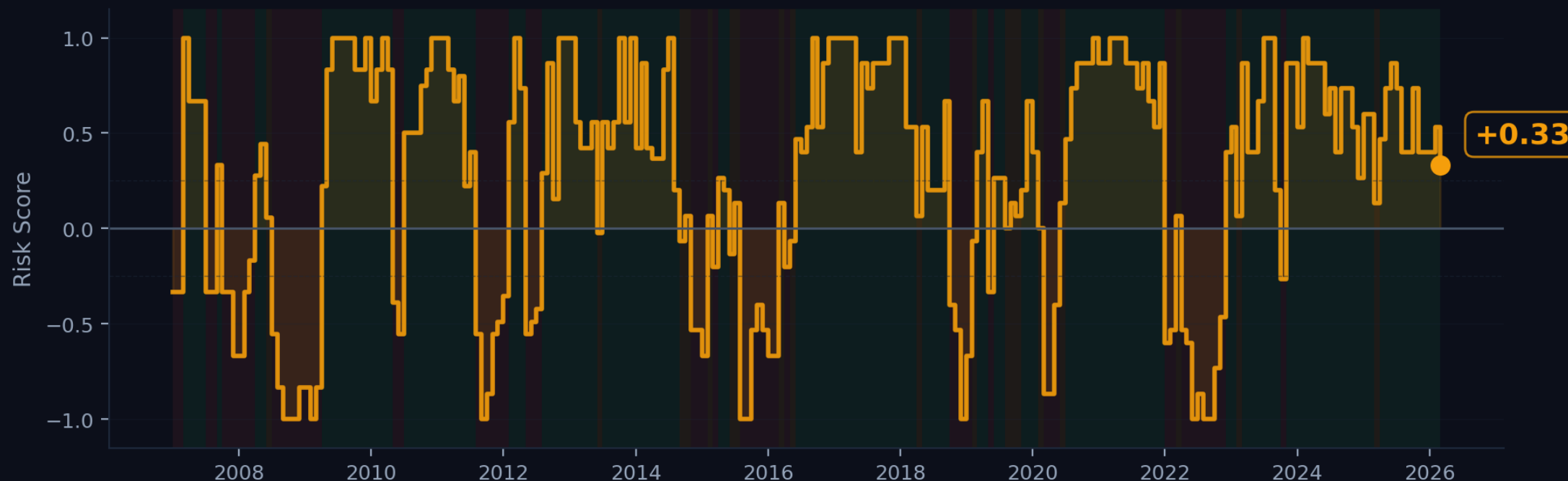
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Risk Appetite

Price Trends (2/3: ACWI, BTC, Copper, HYG) + Cross-Market & Breadth (1/3: ACWI/IEF, ACWI/Gold, SPHB/SPLV, VWEHX/VFITX, BPSPX)

+0.33 Risk-On

Risk Appetite Composite



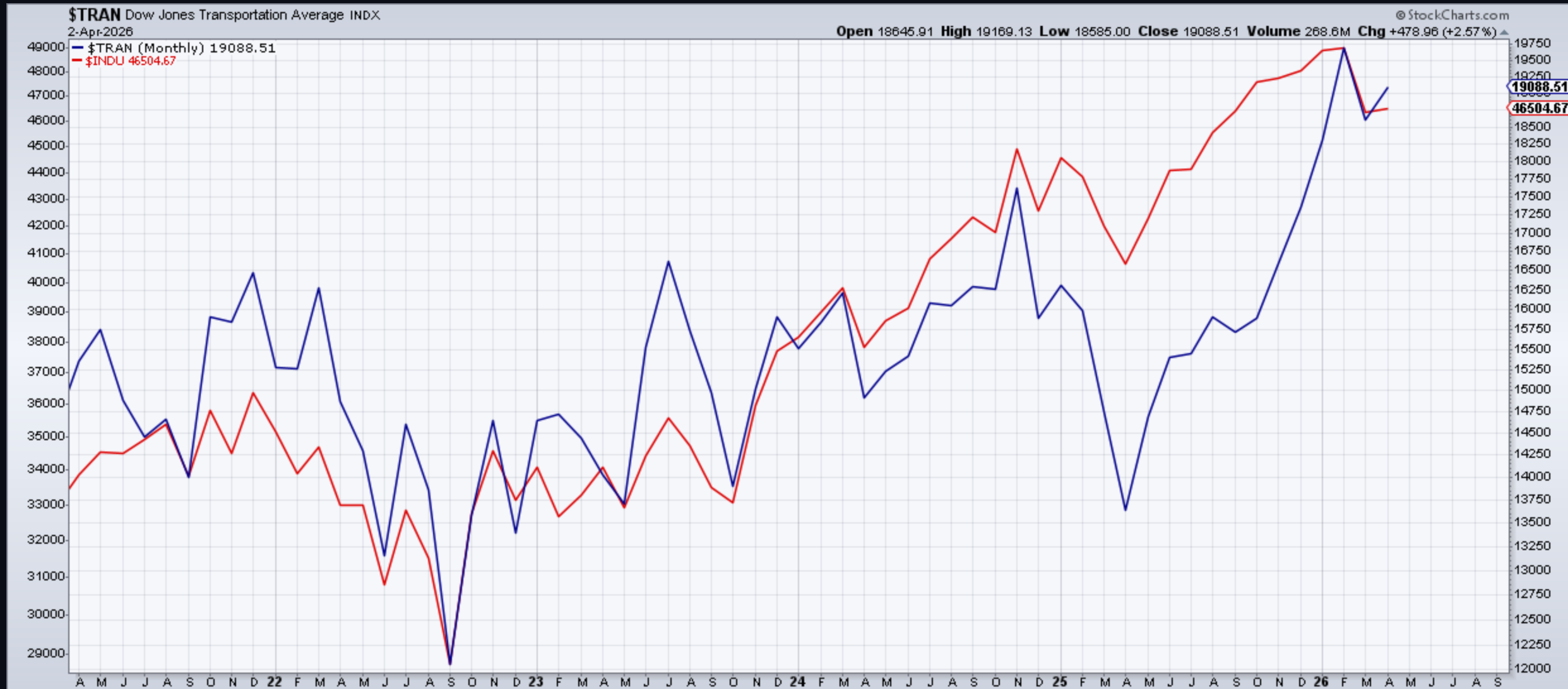
Risk Appetite remains positive but is eroding from within. ACWI, Copper, and HYG maintain bullish signals on 6- and 12-month windows, but every single 3-month rate of change has turned negative. BTC is negative across all three windows (-40% over 6 months). Cross-market breadth is mixed to negative: ACWI/Gold is bearish across all timeframes (-6.4% / -13.7% / -16.5%), BPSPX breadth collapsed from 57.6 to 33.6 in one month, and VWEHX/VFITX (high-yield vs investment-grade credit) has gone neutral. The positive reading is a lagging artifact of prior trend strength — if 3-month weakness persists for 1-2 more months, 6-month windows flip and the composite swings decisively bearish.

Price trends remain resilient



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Dow Theory suggests primary trend is still positive



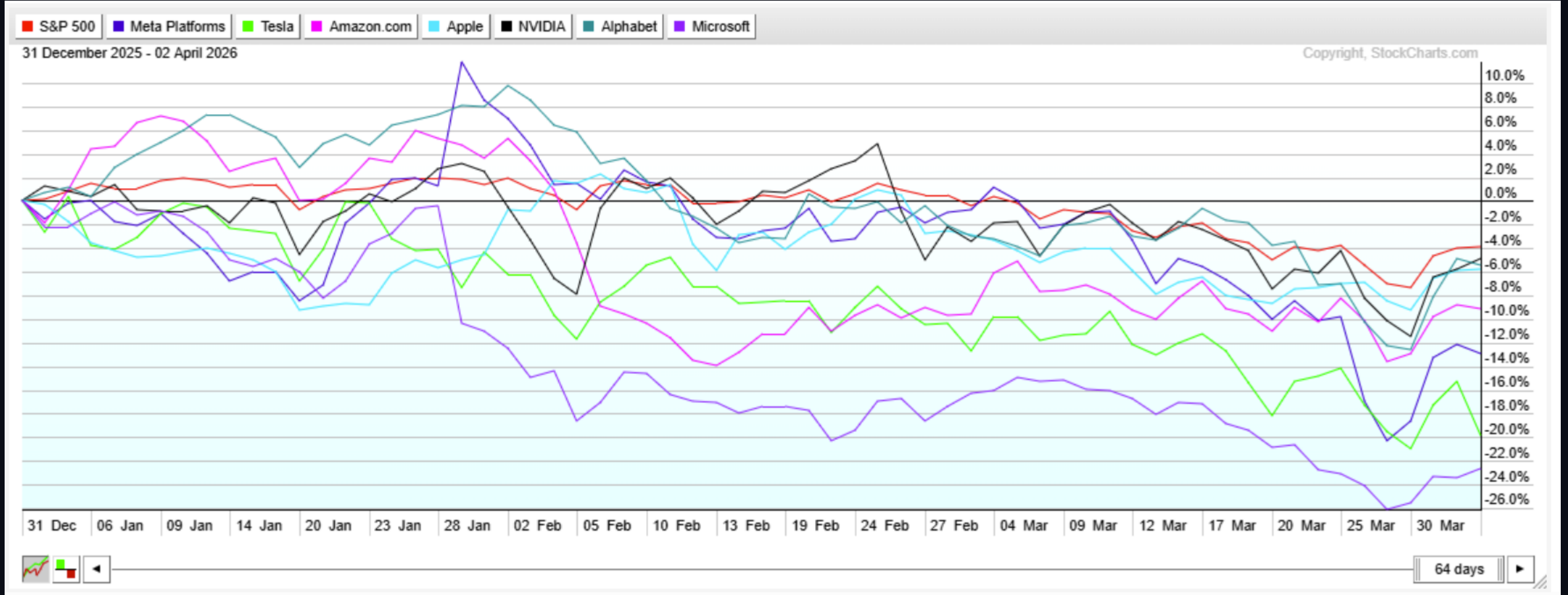
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Credit spreads are not confirming volatility trends



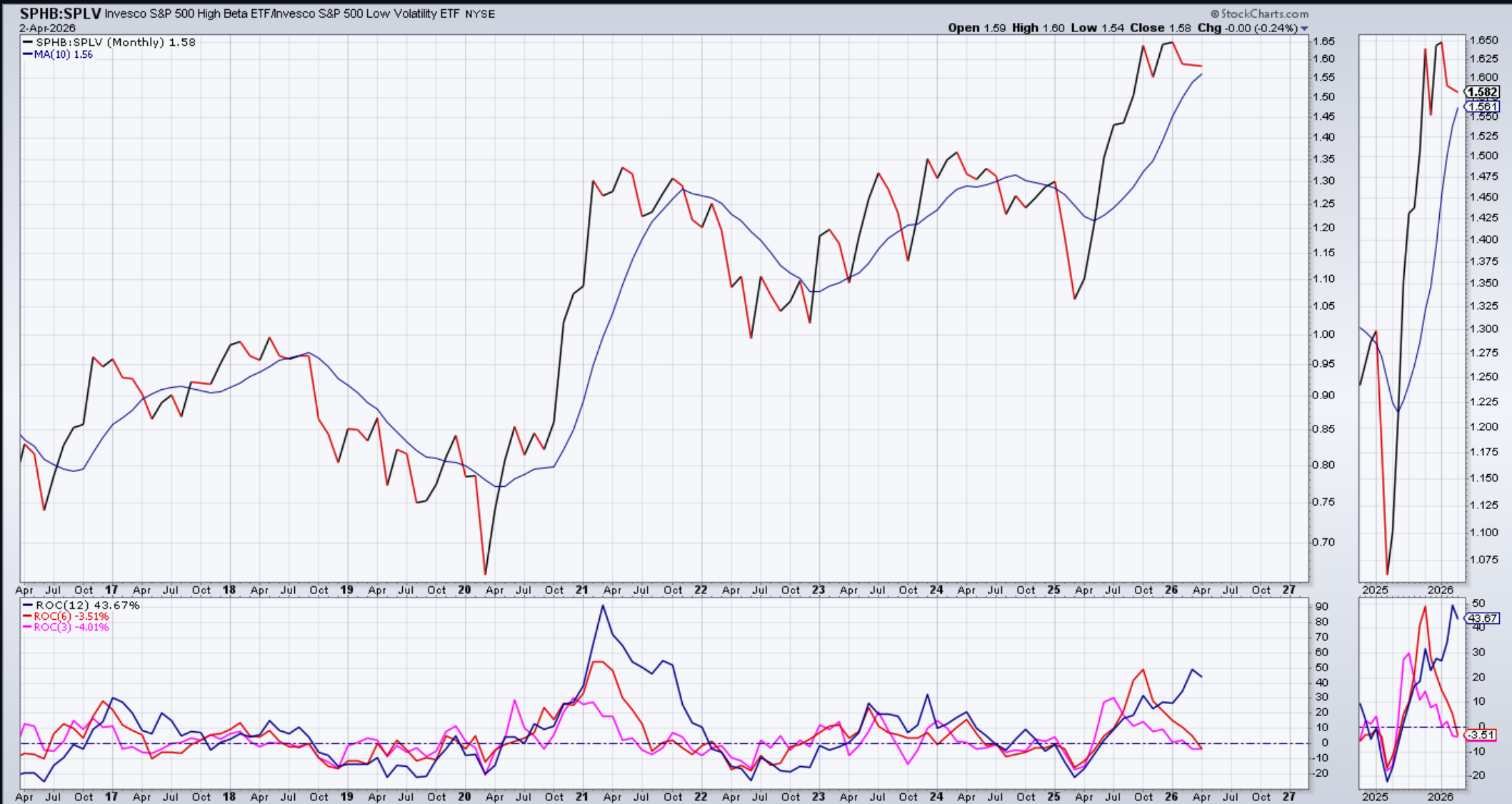
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Mag 7 is now the lag 7



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High beta maintained positive trend relative to low volatility



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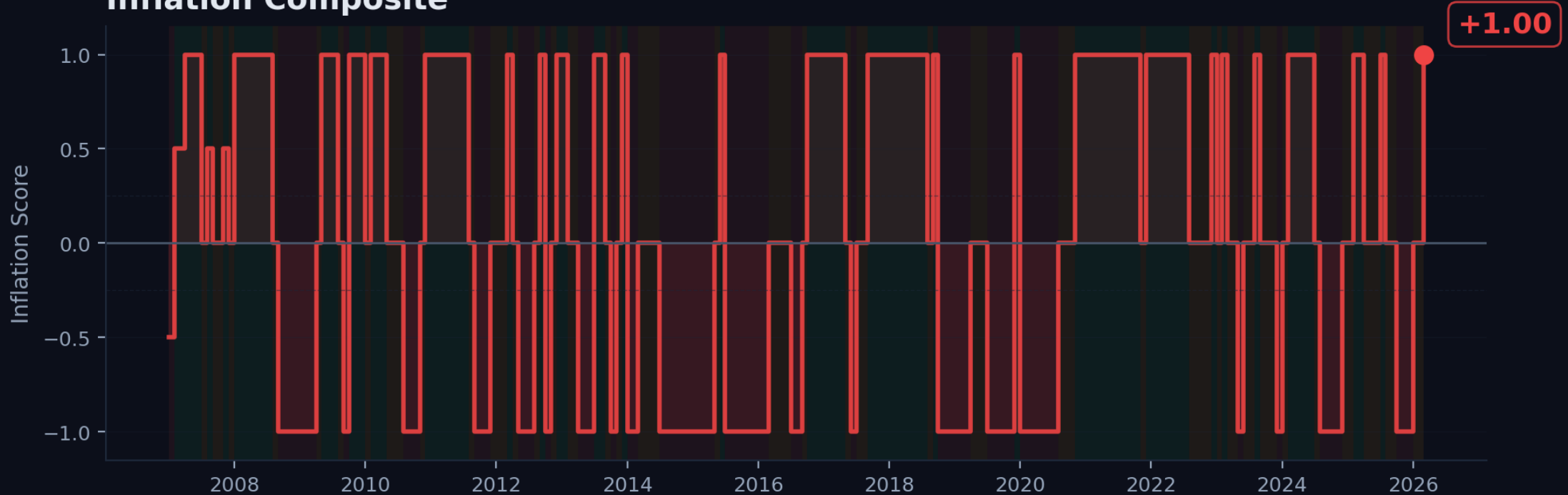
Breadth is trending lower and approaching oversold



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Equal weight: Gasoline Prices + TIP/TLH Breakeven Ratio

Inflation Composite



Inflation has surged to its maximum reading — a sharp reversal from the -1.00 deflationary signal that held through December 2025. Gasoline prices nearly doubled over three months (+87%, from \$1.71 to \$3.20/gal), and are up 40% year-over-year. The TIP/TLH breakeven ratio confirms: market-implied inflation expectations are rising across all three lookback windows. The velocity of this reversal — from maximum negative to maximum positive in one quarter — points to an acute supply-side energy shock, not a gradual demand-driven overheating. Stagflationary episodes are often triggered by exactly this pattern: an exogenous commodity surge landing on an already-softening economy.

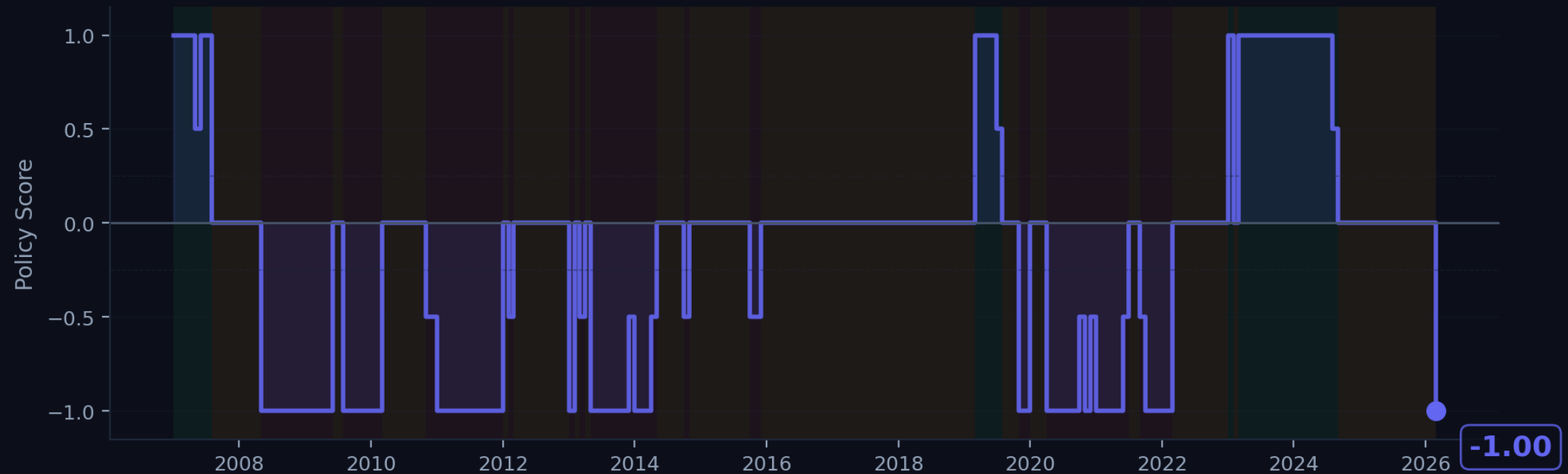
Inflation spike is all about oil prices



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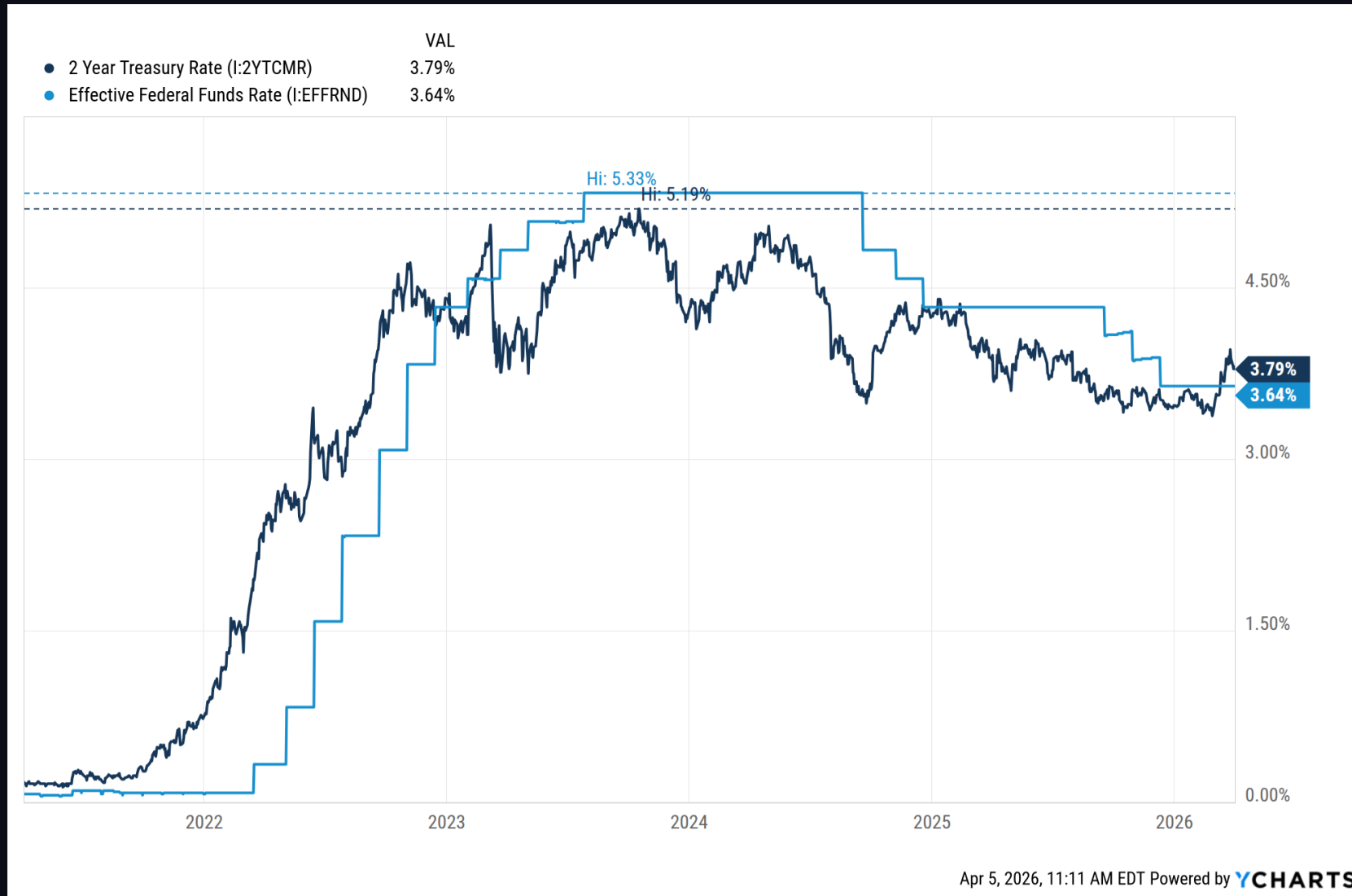
Equal weight: Yield Curve (FF/2Y Ratio) + Fed Funds Direction (3/6/12mo ROC)

Policy Composite



Policy registers maximum easing for the first time in this cycle, but the signal requires a critical caveat. The yield curve uninverted not because the Fed cut aggressively — the Fed Funds rate has been unchanged at 3.64% since January. Rather, the 2-Year Treasury yield spiked 45bps in March (3.39% to 3.84%), surging above Fed Funds. This move reflects the bond market repricing war-driven inflation risk into the front end of the curve. Combined with the Fed's ongoing cutting cycle (the directional component is genuinely easing), both halves technically align. However, when the geopolitical conflict resolves, the 2Y war premium is likely to drain, pushing the yield back below Fed Funds and reinverting the curve. The easing reading should be treated as a geopolitical distortion rather than a true policy regime shift.

Fed Funds rate is below the 2-year Treasury rate



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MACROECONOMIC REGIME QUADRANT

Current positioning highlighted

GROWTH ▲

Accelerating

DISINFLATION

Growth Accelerating
Inflation Slowing

INFLATION

Growth Accelerating
Inflation Accelerating

CURRENT REGIME

Disinflation

Inflation

Deflation

Stagflation



GROWTH ▼

Slowing

DEFLATION

Growth Slowing
Inflation Slowing

STAGFLATION

Growth Slowing
Inflation Accelerating

▶ WE ARE HERE

Asset Allocation Guide



RECOMMENDED ASSET ALLOCATION THEMES

Key positioning and preferences across asset classes

FIXED INCOME



Bonds Over Stocks

Short duration, high quality bonds preferred in current environment

GEOGRAPHY



International Over Domestic

International developed markets preferred over emerging markets

MARKET CAP



Small Cap Over Large Cap

US small cap equities favored over large cap

STYLE



Value Over Growth

Value equities preferred over growth equities

MANAGEMENT



Active Over Passive

Active management favored in the current market regime

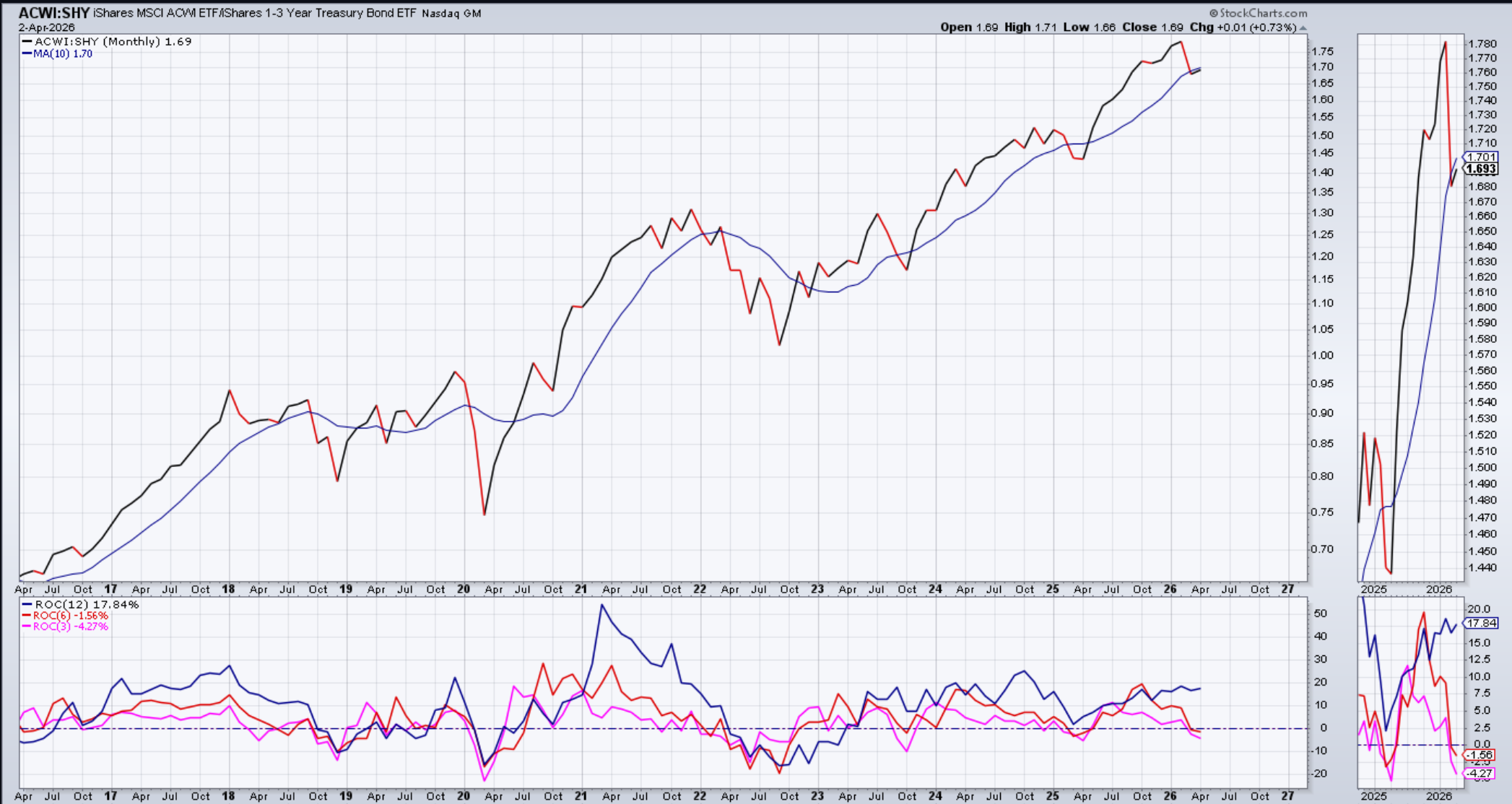
ALTERNATIVES



Futures & Commodities

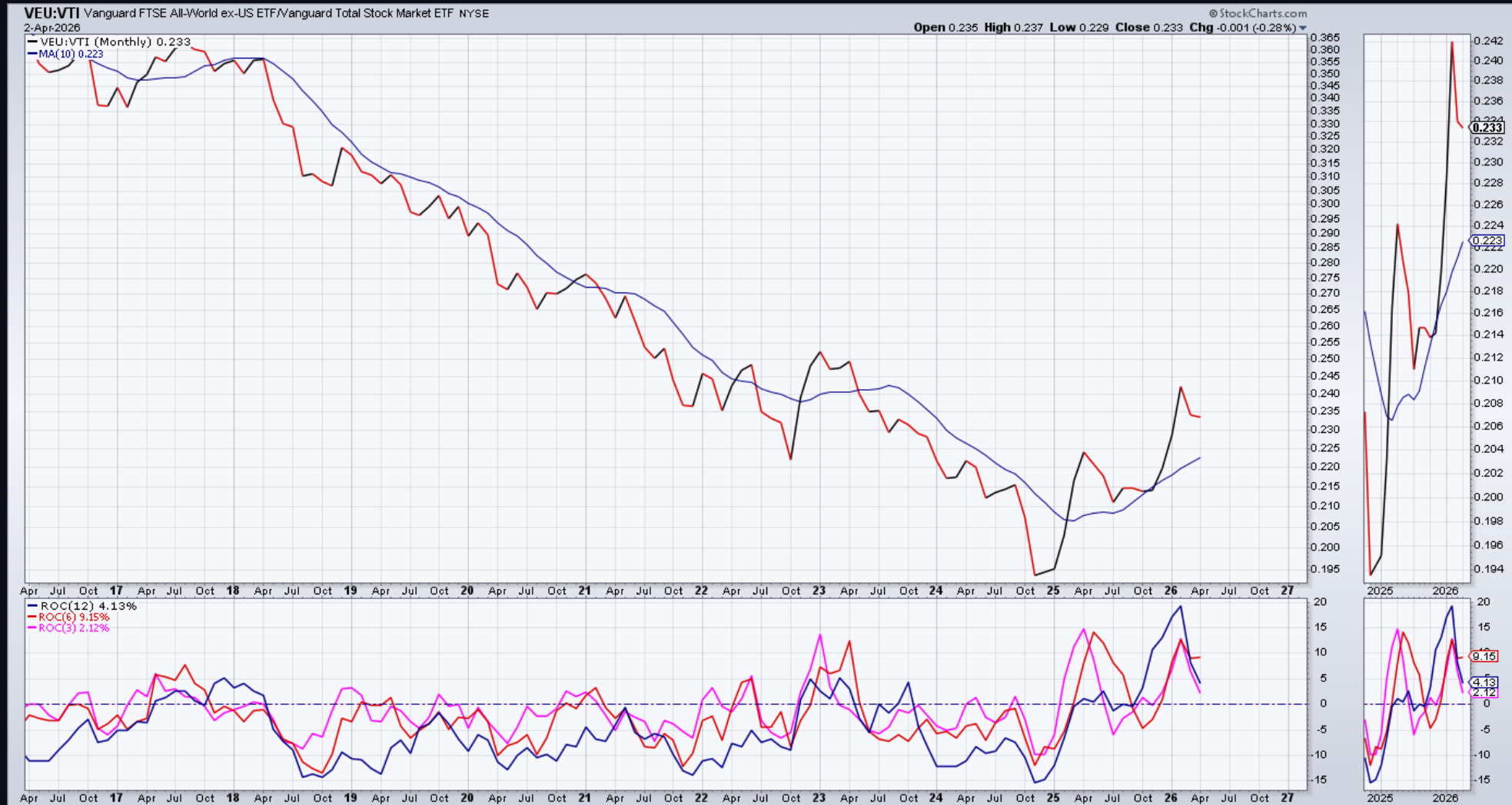
Managed futures and commodities are ideal diversifiers

Cash > Stocks



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International > domestic



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Small > large



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Value > growth



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Active > Passive



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Commodities > stocks



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! Key Watch Items – April 2026

01 Risk Appetite 6-Month Window

ACWI, Copper, and HYG 6-month ROCs are still positive but narrowing. If any flip, the composite swings decisively bearish — completing a more hostile GRIP regime.

02 BPSPX Breadth Below 30

Breadth at 33.6 is deeply impaired. A further decline below 30 would indicate widespread technical damage across the S&P 500 and confirm the narrowing of market leadership.

03 Real Final Sales Q1 2026

The next quarterly release determines whether the deceleration from 2.9% to 1.9% is stabilizing or accelerating. A negative print shifts Growth from mixed to fully contracting.

04 Gasoline Price Stabilization

The 87% 3-month surge is the primary inflation catalyst. Any stabilization begins to ease the inflation score — but with a lag as the 6- and 12-month windows need time to turn.

05 VWEHX/VFITX Direction

The high-yield vs investment-grade credit ratio is currently neutral. A move to negative would confirm credit stress is broadening beyond the breadth deterioration already visible.

06 Geopolitical Resolution & 2Y Reversion

When the conflict ends, the 2Y war premium fades and the yield curve likely reinverts — restoring a tight policy signal alongside weakening growth. This is the more classically concerning configuration.

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Alternative Investment Inventory



Alternative Investment Inventory available on BridgePort

Investment Name	Asset Class	Available Capacity	Next Close	Documents Due by:	Wires due by	Alerts
AGDF27 - Anduril Fund 3	Pre-IPO Equity	Not Capacity Constrained	4/21/2026	4/21/2026	4/21/2026	Best practice is to alert investment team for anticipated allocations.
AGDF28 - TogetherAI Fund 2	Pre-IPO Equity	Not Capacity Constrained	4/21/2026	4/21/2026	4/21/2026	Best practice is to alert investment team for anticipated allocations.
AGDF29 - Harvey AI	Pre-IPO Equity	Not Capacity Constrained	4/21/2026	4/21/2026	4/21/2026	Best practice is to alert investment team for anticipated allocations.
AGDF30 - Glean AI	Pre-IPO Equity	Not Capacity Constrained	4/21/2026	4/21/2026	4/21/2026	Best practice is to alert investment team for anticipated allocations.
AGDF31 - 1x Tech	Pre-IPO Equity	Not Capacity Constrained	4/21/2026	4/21/2026	4/21/2026	Best practice is to alert investment team for anticipated allocations.
AGDF32 - Lahzo	Pre-IPO Equity	Not Capacity Constrained	4/21/2026	4/21/2026	4/21/2026	Best practice is to alert investment team for anticipated allocations.
Dynamic Investment Opportunities	Multi-Strategy	Ask Investment Team for More Information	5/1/2026	4/22/2026	4/23/2026	Best practice is to alert investment team for anticipated allocations.
WealthShield Absolute Return Fund	Multi-Strategy	Not Capacity Constrained	5/1/2026	4/22/2026	4/23/2026	Best practice is to alert investment team for anticipated allocations.
Point72 Flagship	Multi-Strategy	Expected Late 2026	N/A	N/A	N/A	Please provide any indications of interest to your investment team.
Schonfeld Strategic Partners	Multi-Strategy	Expected Late 2026	N/A	N/A	N/A	Please provide any indications of interest to your investment team.
Elliot Associates	Multi-Strategy	Expected Late 2026	N/A	N/A	N/A	Please provide any indications of interest to your investment team.
Balyasny Asset Management Atlas	Multi-Strategy	Expected Late 2026	N/A	N/A	N/A	Please provide any indications of interest to your investment team.
Millenium USA LP	Multi-Strategy	Ask Investment Team for More Information	N/A	N/A	N/A	Capacity is provided on first come first serve basis as capital is called by Millenium.
Marshall Wace Alpha Plus Fund	Multi-Strategy	Accepting Indications of Interest	N/A	N/A	N/A	Please provide any indications of interest to your investment team.
Hudson Bay Flagship	Multi-Strategy	Accepting Indications of Interest	N/A	N/A	N/A	Please provide any indications of interest to your investment team.
Walleye Opportunities Fund	Multi-Strategy	Accepting Indications of Interest	N/A	N/A	N/A	Please provide any indications of interest to your investment team.
Suvretta Fund	Long/Short Equity	Accepting Indications of Interest	N/A	N/A	N/A	Please provide any indications of interest to your investment team.
Point72 Turion L/S	Long/Short Equity	Not Capacity Constrained	5/1/2026	4/22/2026	4/23/2026	Best practice is to alert investment team for anticipated allocations.
Viking Global Equity L/S	Long/Short Equity	\$0	N/A	N/A	N/A	Best practice is to alert investment team for anticipated allocations.
Coatue L/S	Long/Short Equity	Not Capacity Constrained	5/1/2026	4/22/2026	4/23/2026	Best practice is to alert investment team for anticipated allocations.
Sachem Head L/S	Long/Short Equity	Not Capacity Constrained	5/1/2026	4/22/2026	4/23/2026	Best practice is to alert investment team for anticipated allocations.
Kerrisdale Partners	Long/Short Equity	Not Capacity Constrained	5/1/2026	4/22/2026	4/23/2026	Best practice is to alert investment team for anticipated allocations.
Golden Tree Credit Arbitrage	Arbitrage	Accepting Indications of Interest	5/1/2026	N/A	N/A	Please provide any indications of interest to your investment team.

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Discovery Global Macro	Global Macro	Not Capacity Constrained	5/1/2026	4/22/2026	4/23/2026	Best practice is to alert investment team for anticipated allocations.
HIP Opportunities - Commodities Series	Diversified Commodities	Ask Investment Team for More Information	5/1/2026	4/22/2026	4/23/2026	Best practice is to alert investment team for anticipated allocations.
Infinity Credit Opportunity Fund	Real Estate Lending	Not Capacity Constrained	5/1/2026	4/22/2026	4/23/2026	Final close expected June 2026.
Sealy SPIRE REIT	Private Industrial Real Estate	Not Capacity Constrained	5/1/2026	4/23/2026	4/23/2026	Best practice is to alert investment team for anticipated allocations.
Sealy SIP IV, LP	Private Industrial Real Estate	Not Capacity Constrained	Every Friday	Every Thursday	Every Thursday	Final Close expected September 2026
BridgePort Diversified Systematic	Trend Following	Not Capacity Constrained	5/1/2026	4/28/2026	4/28/2026	N/A
BDT & MSD Real Estate Credit Opportunity Fund III	Real Estate Lending	Ask Investment Team for More Information				Please provide any indications of interest to your investment team.
BDT & MSD Real Estate Senior Lending Partners	Real Estate Lending	Ask Investment Team for More Information				Please provide any indications of interest to your investment team.
MSD Investment Corporation	Business Development Company	Ask Investment Team for More Information				Please provide any indications of interest to your investment team.
BDT & MSD Credit Solutions	Private Credit	Ask Investment Team for More Information				Please provide any indications of interest to your investment team.
Forum Private Lending	Real Estate Lending	Ask Investment Team for More Information				Please provide any indications of interest to your investment team.
Forum Strategic Growth Portfolio	Private Real Estate	Ask Investment Team for More Information				Please provide any indications of interest to your investment team.
Forum Multifamily Direct Development	Private Multifamily Real Estate	Ask Investment Team for More Information				Please provide any indications of interest to your investment team.
Ascentis 1031 Exchange Opportunities	1031 Exchanges	Ask Investment Team for More Information				Please provide any indications of interest to your investment team.

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