

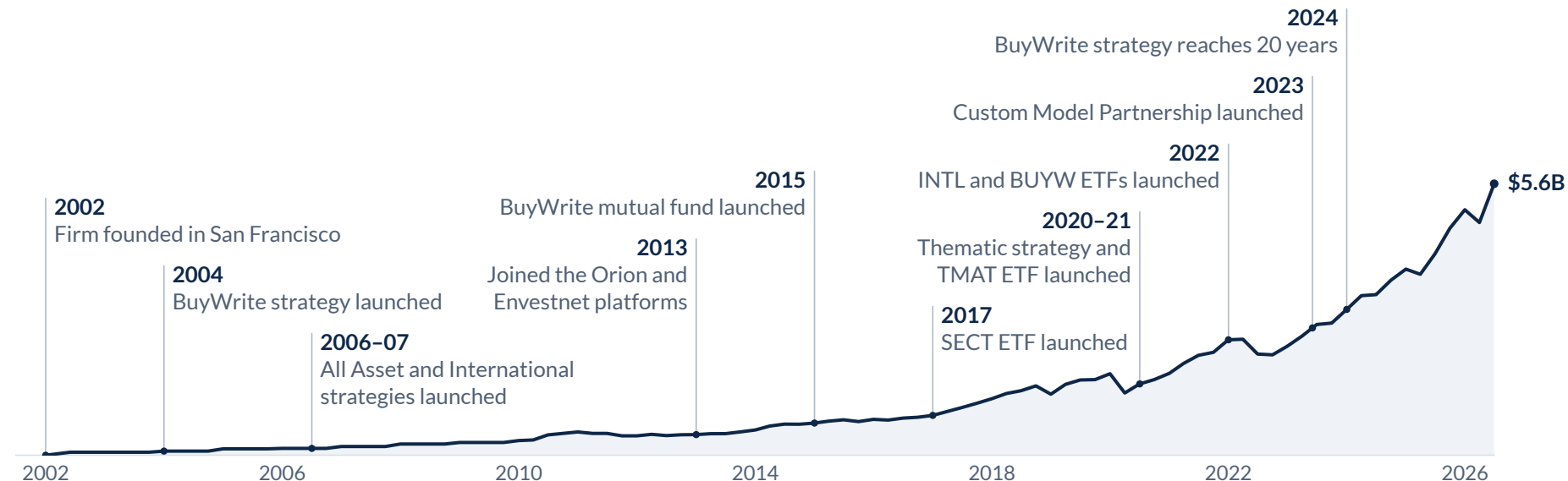
Macro Outlook

Q4 2026

Main Management

Main Management is a partner-owned, independent asset manager in San Francisco. We pair valuation discipline with catalysts – focusing on the signals that we believe matter through cycles. Advisors, family offices, and institutional investors partner with Main for institutional process with boutique access, delivered through actively managed ETFs, SMAs, and models available on major platforms including Orion, LPL, and Envestnet. Our approach combines fundamental research with catalyst-driven decisions across market cycles, emphasizing time in the market with disciplined execution. We are built for partnership – offering team-forward collaboration, due-diligence readiness, consultative engagement, and custom model partnerships that go beyond products to deliver liquid, transparent, and tax-aware investment solutions tailored to client objectives.

Assets under management and advisement, 2002 to today



Source: Main Management. Assets under management and advisement, quarterly.

2002

Founded in San Francisco

Independent

Partner-owned

\$5.6B

AUM/AUA as of 6/30/2026

RIA

SEC-registered investment adviser

Investment Team



Kim D. Arthur

Chief Executive Officer & Chief Investment Officer

Kim began his career at Montgomery Securities in 1987 and rose to head Institutional Sales and Trading at Banc of America Securities, overseeing 60 sales traders in six cities. Institutional Investor named him a “Rising Star” of Foundations and Endowments in 2009.



Darol Ryan

Managing Partner & President

Darol joined Main in 2019 to oversee the Institutional Advisor business. Before that he worked at Bank of America, JP Morgan and Morgan Stanley, where he ran the Derivatives Import business in New York and Asia Derivatives in Hong Kong.



Alex Varner

Managing Director – Research

Alex joined Main full-time in 2012 and leads research for the Investment Committee, tracking about 450 economic metrics each month. He holds an MBA from UNC Kenan-Flagler and a BA from Davidson College.



James W. Concidine

Founding Partner

Jim began his career in 1970 and has specialized in conservative covered-call writing since the CBOE opened in 1973. He led Montgomery Securities’ international institutional sales team from 1983 to 1992.



J. Richard Fredericks

Founding Partner

Dick is a founding partner of Main Management and a member of the Investment Committee. At Montgomery Securities he was an Institutional Investor “All-American” banking analyst for 17 consecutive years, and he served as U.S. Ambassador to Switzerland and Liechtenstein from 1999 to 2001.

We believe: That costs **Matter**.

We believe: In trust as the **cornerstone of our relationships**.

We believe: Price and proof **rarely** happen at the same time.

We believe: That compounding over long time periods is **the winning formula**.

The Quarter

Commodities led the quarter as oil rallied

Commodities are up +55.2% this year and Emerging Market Equity +23.7%. The 10-year Treasury yield rose +85bp in the quarter, and the S&P 500 added +2.3%.

■ YTD 2026 ■ Q3 2026

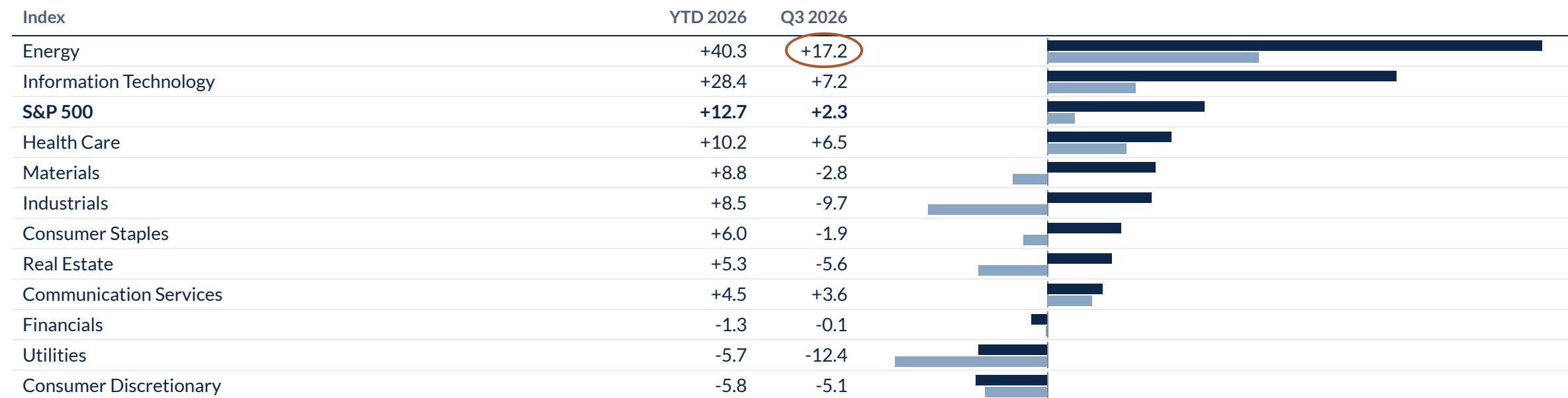
Index	YTD 2026	Q3 2026
Commodities	+55.2	+25.1
Emerging Market Equity	+23.7	-0.2
US Small Cap	+13.7	-7.2
S&P 500	+12.7	+2.3
Intl Small Cap	+11.8	+2.2
US Real Estate	+10.9	-5.7
EAFE Equity	+10.8	+0.9
Bank Loans	+3.1	+2.7
High Yield	-0.3	-2.0
Emerging Market Debt	-2.3	-4.6
US Agg Bonds	-2.8	-3.5
10Y Treasury	-4.6	-4.6
Intl Real Estate	-4.8	-4.1
China Equity	-11.9	+3.7

Source: Main Management, S&P Global, MSCI, FTSE Russell, Bloomberg, FactSet, Macrobond. Total returns in USD. Commodities is the S&P GSCI; Emerging Market Equity, EAFE Equity and Intl Small Cap are MSCI Emerging Markets, EAFE and ACWI ex USA Small Cap; China Equity is MSCI China, net; US Small Cap is the Russell 2000; US Real Estate and Intl Real Estate are the Dow Jones U.S. and World ex-US Select REIT indexes; Bank Loans is the S&P/LSTA Leveraged Loan Index; Emerging Market Debt, High Yield, US Agg Bonds and 10Y Treasury are the iShares EMB, HYG, AGG and IEF ETFs. Indexes are unmanaged and cannot be invested in directly. Data through 9/30/2026.

Energy led the quarter, and rate-sensitive sectors lagged

Energy returned +17.2% in the quarter and Information Technology +7.2%. Utilities (–12.4%) and Industrials (–9.7%) were the weakest as the 10-year yield moved through 5%.

■ YTD 2026 ■ Q3 2026



Source: Main Management, S&P Global, FactSet, Macrobond. S&P 500 sector total return indexes. Data through 9/30/2026.

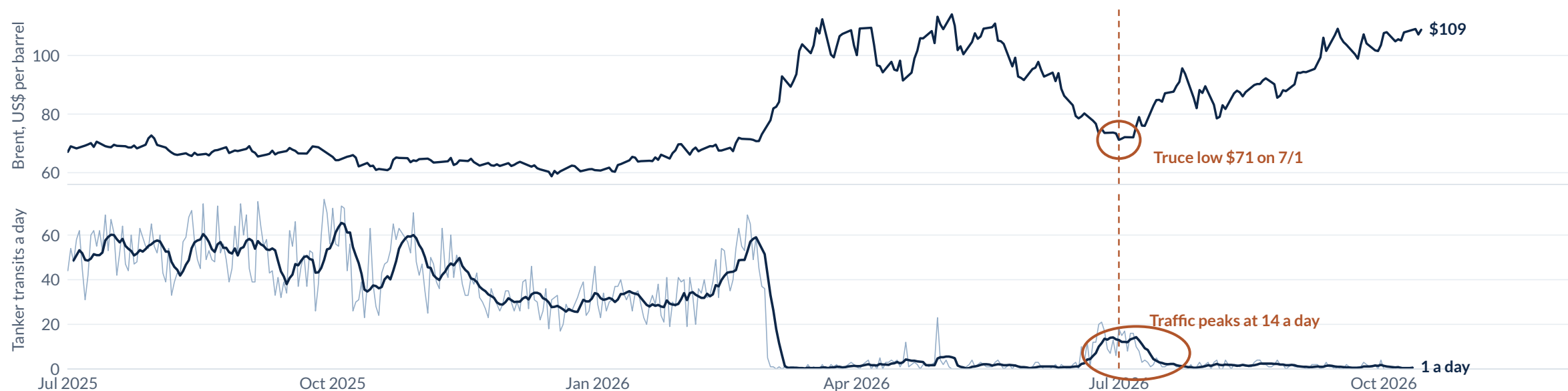
The Economy

Oil bottomed when tanker traffic through Hormuz peaked

During the June truce, Brent fell to \$71 on July 1 as tracked tanker transits through the Strait of Hormuz climbed to 14 a day. Tracked traffic has since fallen to 1 a day, against 48 a day in 2025, and Brent is back at \$109. Much of the remaining traffic now sails with transponders off, so tracked transits understate the oil still moving.

Brent crude and Strait of Hormuz tanker transits

Brent in US\$ per barrel, daily; tracked transits are the daily count and 7-day average; dashed line marks Brent's truce low



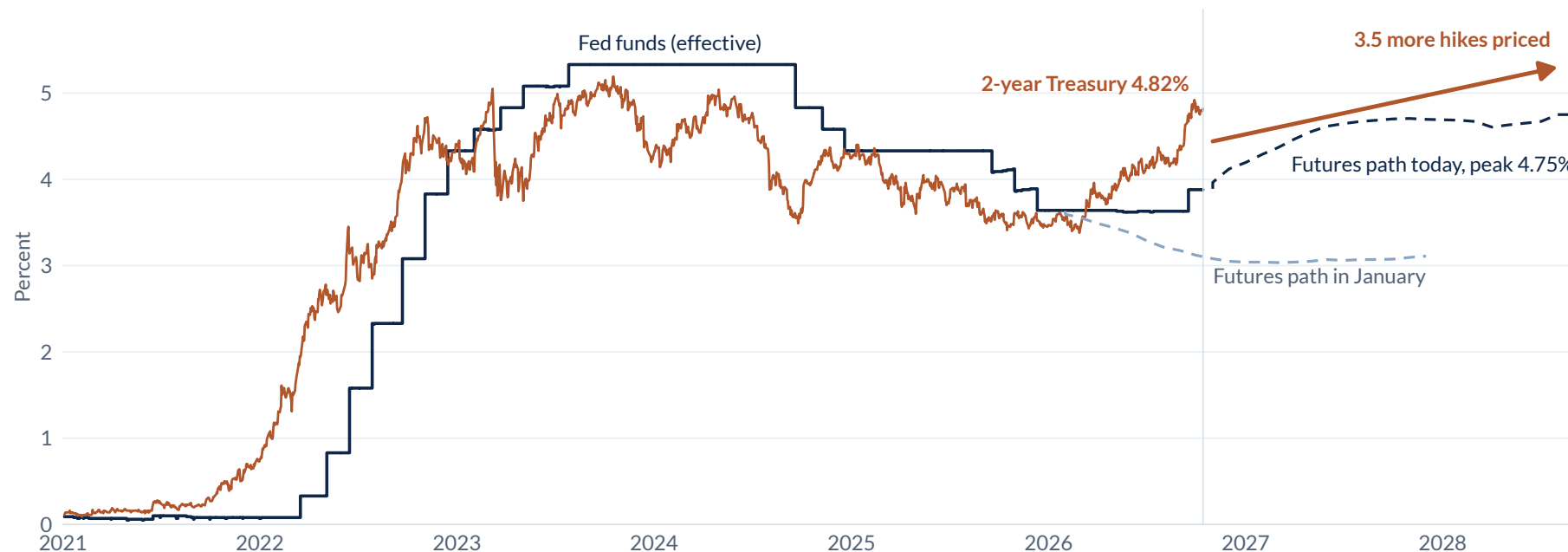
Source: Main Management, IMF PortWatch, ICE, Macrobond. Transits are tankers tracked by AIS transponder and exclude vessels sailing dark. Data through 10/14/2026.

The Fed has started hiking, and the market is pricing more

The FOMC raised rates a quarter point to 3.75–4.00% on September 16, and futures are pricing 3.5 more hikes. We think that is more tightening than inflation calls for, with headline CPI at 3.7% and core at 2.6%.

Policy rate, 2-year yield and the futures path

Percent; dashed lines are the fed funds futures curve today and in early January



3.88%

Effective fed funds rate

4.82%

2-year Treasury yield

3.5

Quarter-point hikes priced at the futures peak

2.6%

Core CPI, year over year

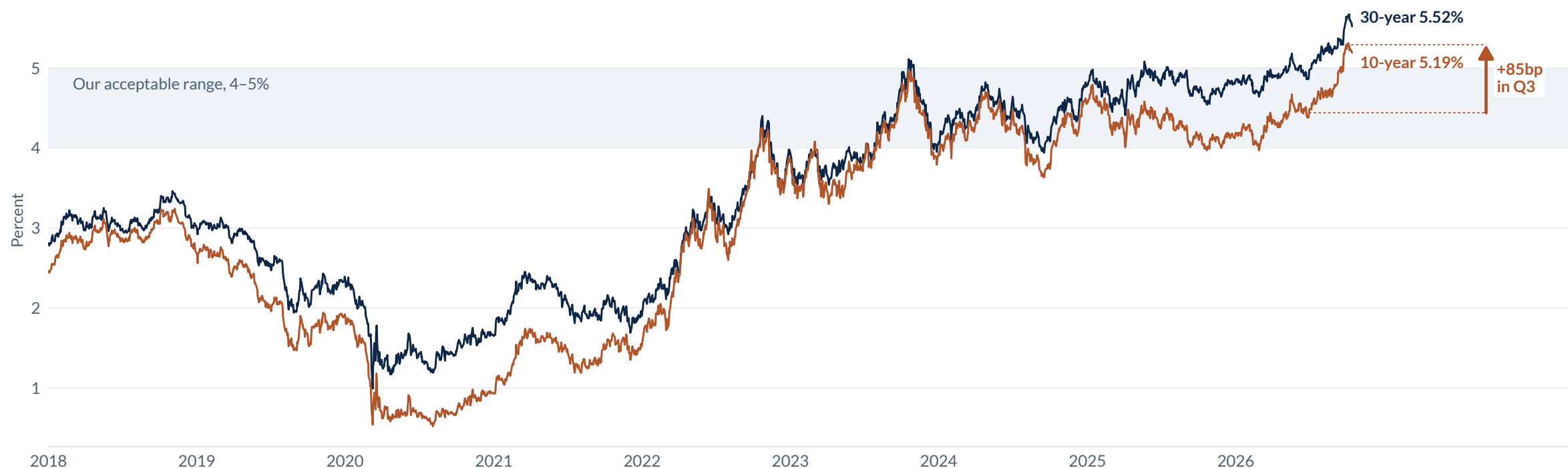
Source: Main Management, Federal Reserve Bank of New York, CME Group, U.S. Treasury, BLS, Macrobond. Data through 10/14/2026.

The 10-year has moved above the 4–5% range

The 10-year Treasury yield rose +85bp in the third quarter to a peak of 5.29% and is 5.19% today, and the 30-year is at 5.52%. In our view, with yields above 5%, equity returns will depend more on earnings growth.

10-year and 30-year Treasury yields

Percent, daily



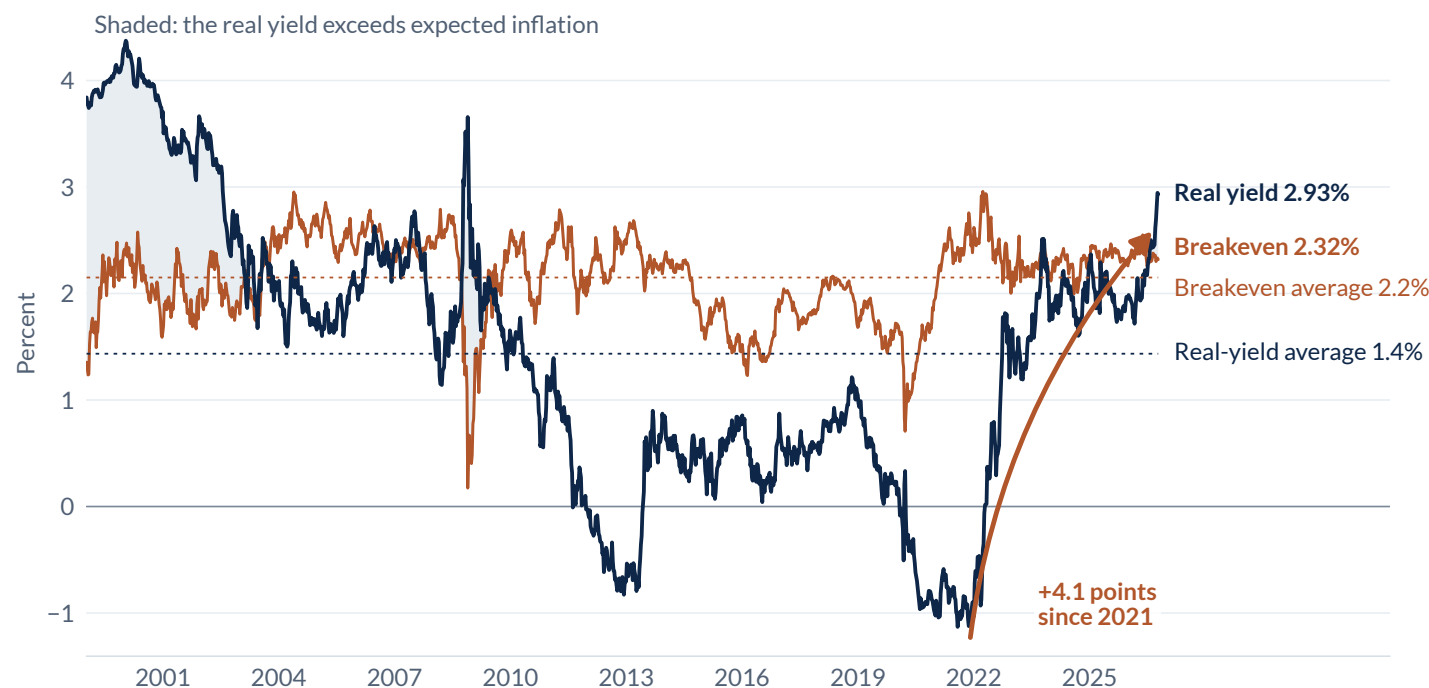
Source: Main Management, U.S. Treasury, Federal Reserve, Macrobond. Data through 10/14/2026.

Real yields are paying investors to own Treasuries

The 10-year TIPS yields 2.93%, about twice its 1.4% average since 1999 and higher than in 87% of weeks. The 10-year breakeven is 2.32%, close to its 2.2% average, so the rise in yields has come from real rates.

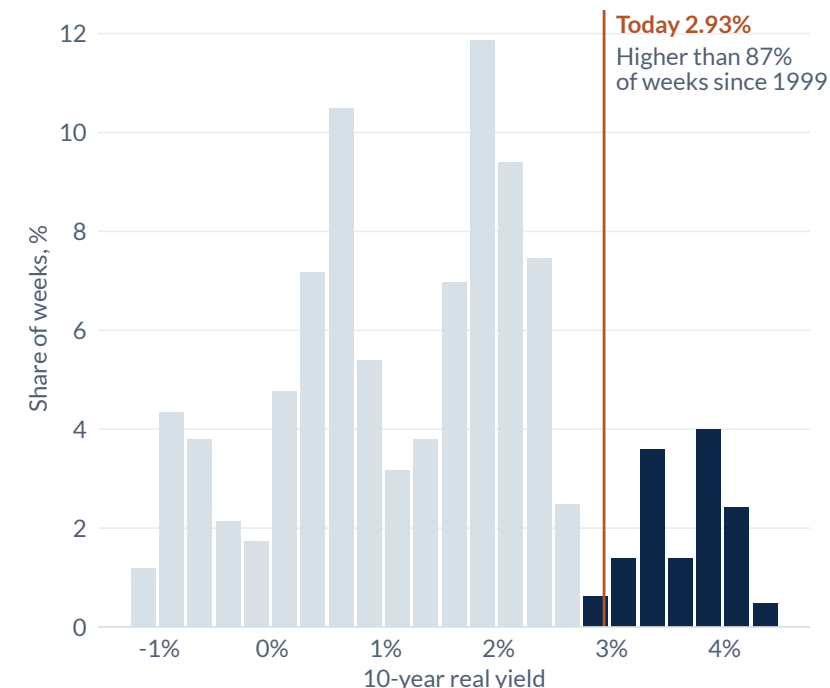
Real yield and inflation expectations

10-year TIPS yield and 10-year breakeven inflation, weekly, percent



Where today's real yield ranks

Distribution of weekly 10-year TIPS yields since 1999



Source: Main Management, Federal Reserve, U.S. Treasury, Macrobond. The real yield is the 10-year Treasury inflation-protected yield; breakeven inflation is the 10-year nominal yield minus the TIPS yield. Weekly from January 1999. Data through 10/14/2026.

Stocks have held up through rising yields when earnings grew

The S&P 500 finished higher in 4 of the last 5 long rises in the 10-year yield, and earnings grew in all 5. Since October 2025 the 10-year is up +122bp, and the index has gained +15.2% while forward earnings grew +38.1%.

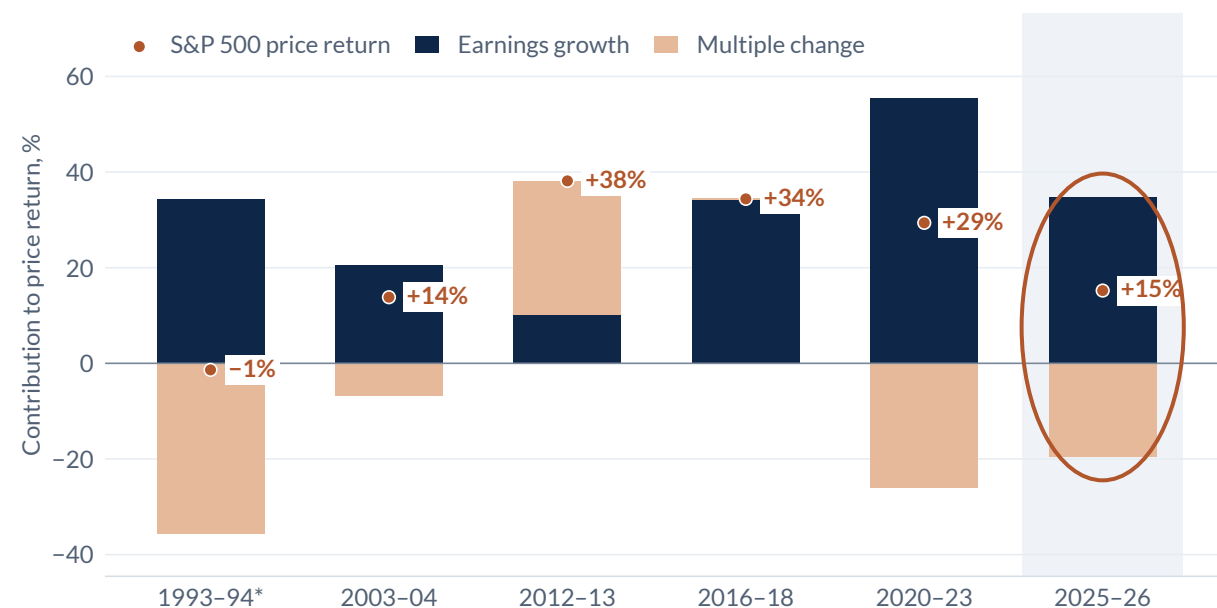
The 10-year yield in each episode

Change from the low, basis points



What carried the S&P 500

Price return split into earnings growth and multiple change, low to peak



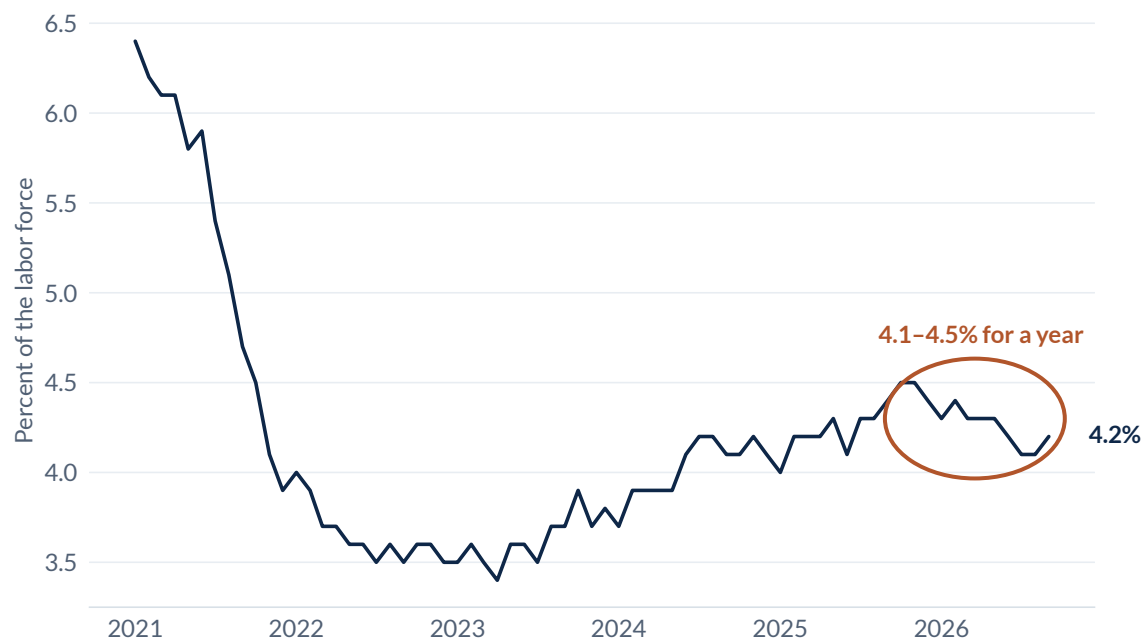
Source: Main Management, S&P Global, FactSet, Robert Shiller, Federal Reserve, Macrobond. Each episode runs from the 10-year yield's low to its peak before a 100bp decline; the current one runs to 10/14/2026. Earnings are forward 12-month consensus EPS. *1993-94 predates forward estimates and uses trailing reported EPS. S&P 500 price return. Five episodes; past performance does not guarantee future results.

The labor market is holding up while growth runs below trend

Unemployment is 4.2%, and payrolls have averaged 66k a month over the six months through September. Real GDP grew 2.2% in Q2 2026 and has averaged 1.6% over the last three quarters.

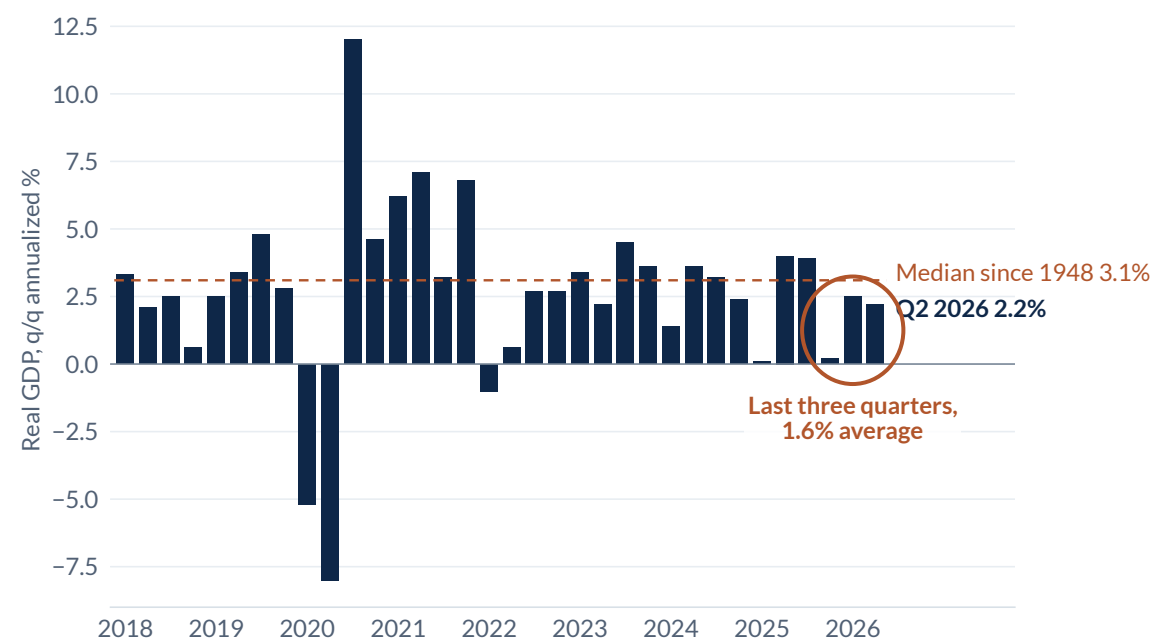
Unemployment rate

Percent of the labor force



Real GDP

Quarter over quarter, annualized



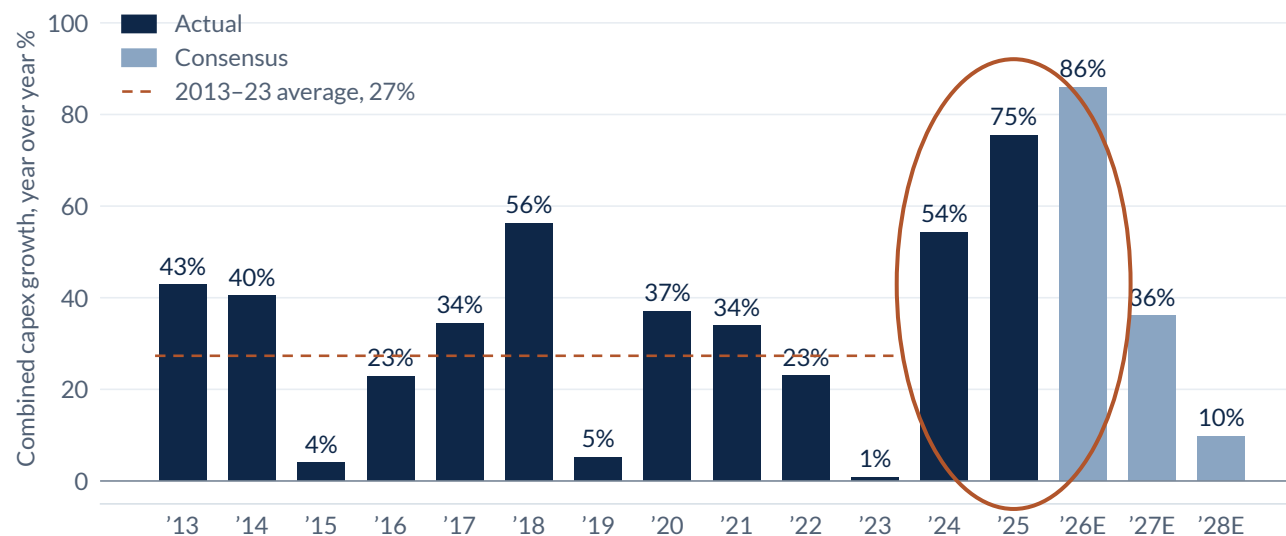
Source: Main Management, BLS, BEA, Macrobond. Data through the latest monthly and quarterly releases.

Consensus expects capex growth to peak this year, and returns come into focus

Combined capital spending at the five hyperscalers grew 54% in 2024 and 75% in 2025, against a 27% average from 2013 to 2023. Consensus has 86% this year, 36% in 2027 and 10% in 2028, and consensus estimates have capex reaching a peak of 44% of revenue in 2027 while free cash flow falls below zero.

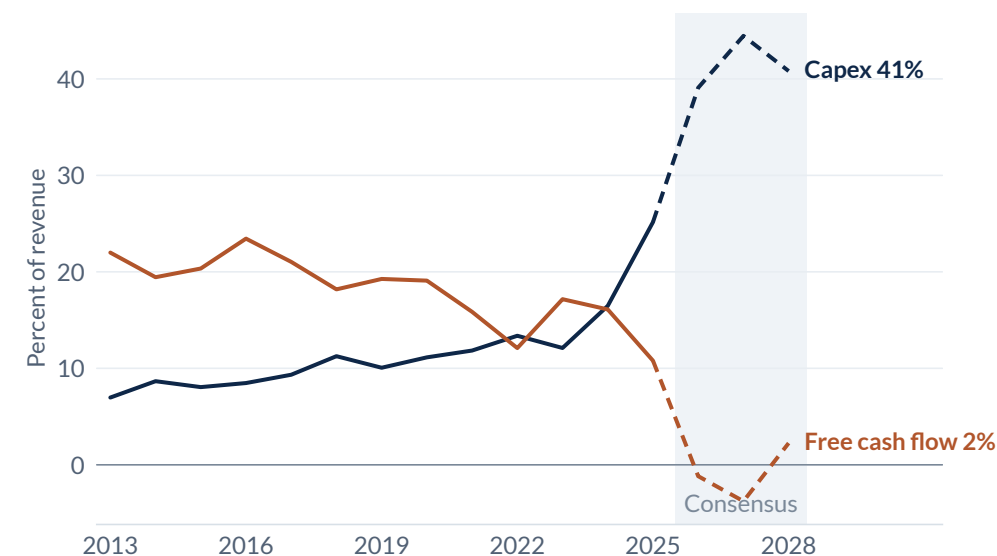
Capex growth, five hyperscalers combined

Calendar years; light bars are consensus estimates



Capex and free cash flow

Combined, as a percent of combined revenue



Source: Main Management, company filings and FactSet consensus (AMZN, GOOGL, META, MSFT, ORCL), Macrobond. Cash capital expenditure, excluding finance leases. Microsoft's and Oracle's fiscal years are converted to calendar years. Data through 10/14/2026.

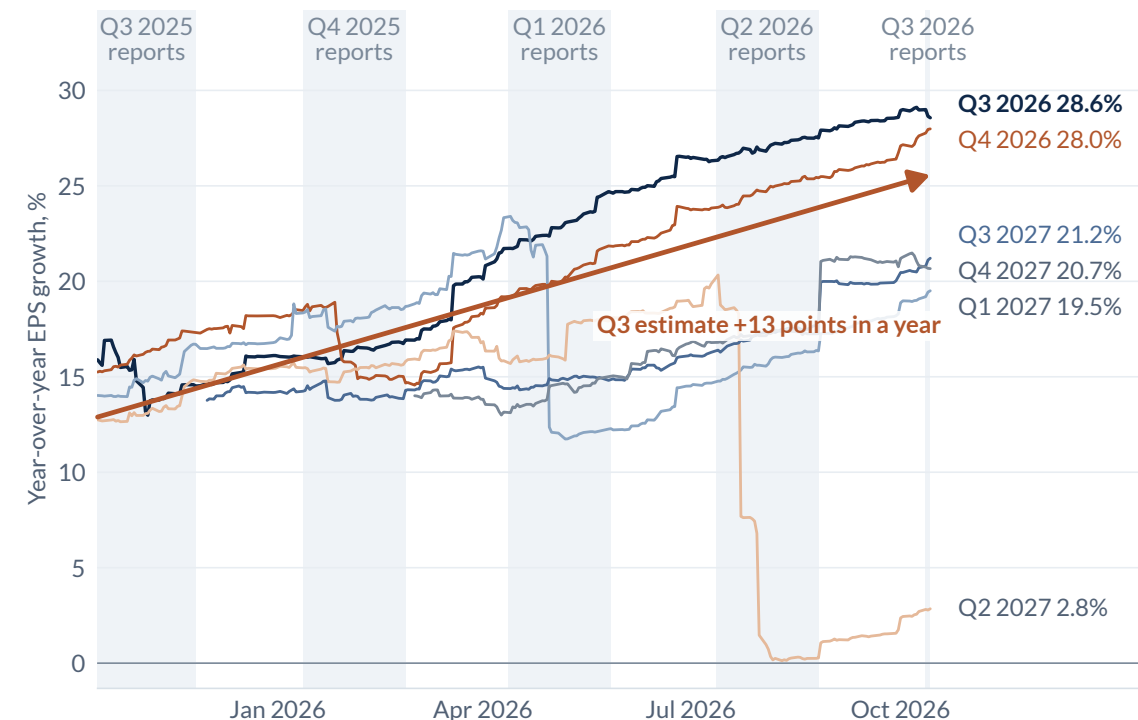
Earnings and the Outlook

Earnings are still rising

Consensus expects S&P 500 earnings growth of 32.4% this year, 15.9% next year and 28.6% for the third quarter. Historically the warning sign has been negative earnings growth, as in 2008 and 2022.

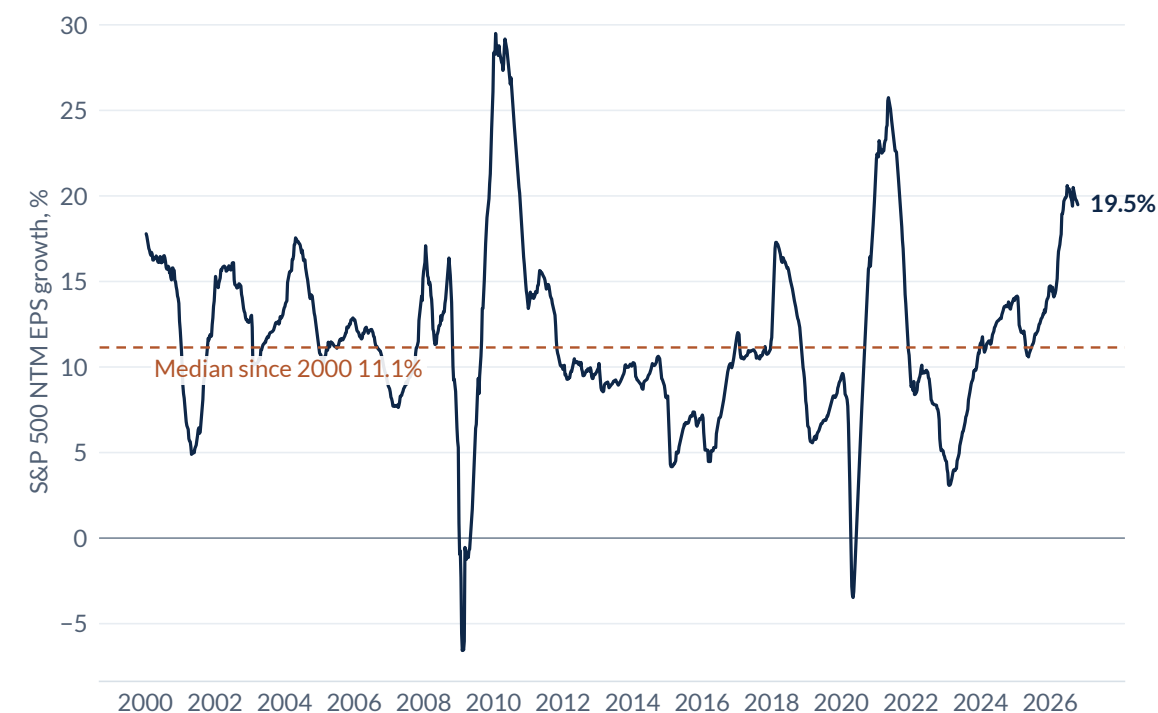
Consensus EPS growth by calendar quarter

S&P 500, year over year, quarters not yet reported; earnings seasons shaded



Forward twelve-month EPS growth

S&P 500, percent, consensus



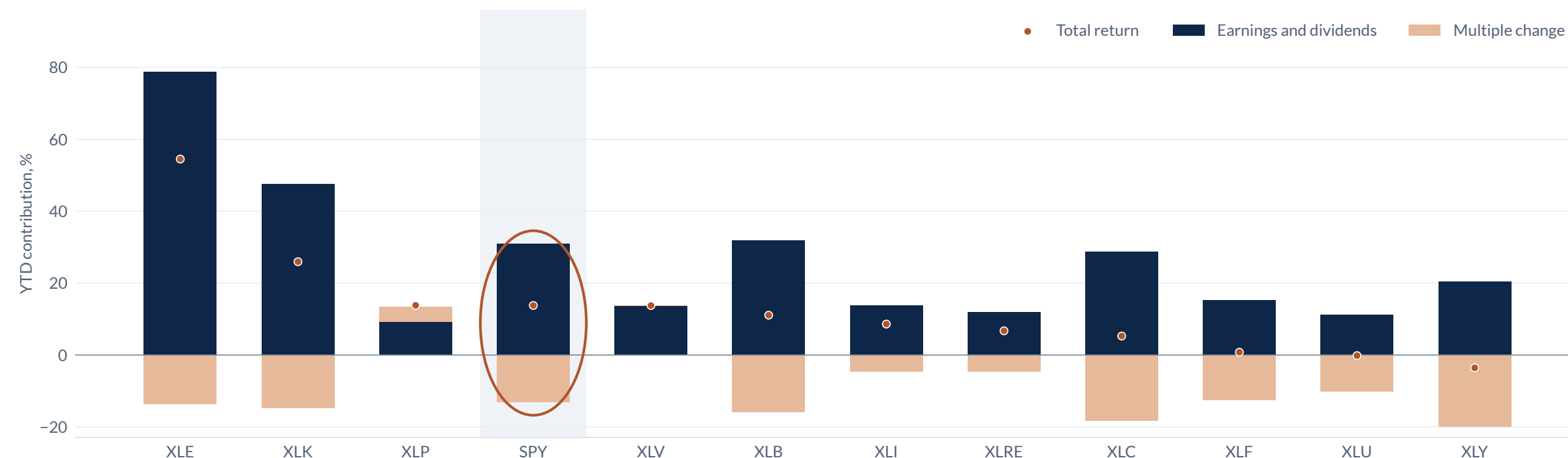
Source: Main Management, FactSet, Macrobond. Quarterly growth is the FactSet S&P 500 aggregate; forward twelve-month growth is the SPDR S&P 500 ETF aggregate. Data through 10/14/2026.

The multiple has compressed while earnings have risen

The S&P 500's forward P/E has fallen from 22.2x to 19.0x this year while the index has returned +12.7%, all of it from rising earnings.

Year-to-date return decomposition

Sector SPDRs and the S&P 500 (shaded); total return from the S&P sector indexes



Source: Main Management, S&P Global, FactSet, Macrobond. Multiple change from each ETF's NTM P/E; earnings and dividends are the residual. Data through 10/14/2026.

The market's multiple is well below its 2000 peak, on twice the margin

At the March 2000 peak, the S&P 500 traded at 26.8x forward earnings on an 8.9% net margin, with the 10-year Treasury yield at 6.2%. Today the multiple is 19.0x on a 16.9% margin, with the 10-year at 5.2%. The dividend yield is 1.4% in both periods.

March 2000 and today

S&P 500; each row on its own scale

Forward P/E



Forward dividend yield



10-year Treasury yield



Forward net margin



Valuation and profitability since 2000

S&P 500 forward P/E and forward net margin, weekly



Source: Main Management, S&P Global, FactSet, U.S. Treasury, Macrobond. The peak is 3/24/2000. Forward P/E is the S&P 500 index; dividend yield and net margin are the SPDR S&P 500 ETF aggregate, next twelve months. Data through 10/14/2026.

Technology's premium has narrowed, and Utilities trade at a rare discount

Information Technology trades 13% above the S&P 500's forward multiple, against an average premium of 25% over the last five years. Utilities trade at 84% of the market's multiple, against 99% over 20 years, which we attribute to higher rates and regulation.

Information Technology

Forward P/E relative to the S&P 500, weekly



Utilities

Forward P/E relative to the S&P 500, weekly



Source: Main Management, FactSet, Macrobond. Technology Select Sector SPDR (XLK) and Utilities Select Sector SPDR (XLU) aggregates against the SPDR S&P 500 ETF, next twelve months. Data through 10/14/2026.

Midcaps are cheap, and most of the losses sit in small caps

The S&P 400 trades at 76% of the S&P 500's forward multiple, against 91% on average over 20 years. 42% of Russell 2000 companies lost money over the last twelve months, against 9% in the S&P 400 and 18% in the Main Thematic Strategy, which carries the highest long-term growth estimates of the five portfolios.

Midcap valuation

S&P 400 forward P/E relative to the S&P 500, weekly



Valuation, profitability and growth

By portfolio; holdings losing money is the share of companies with negative trailing 12-month EPS

	Forward P/E	Holdings losing money	Long-term EPS growth
Main Thematic Strategy	25.1x	18%	18%
Mid-cap growth (VOT)	26.6x	12%	15%
S&P 400 (IJH)	14.7x	9%	12%
Russell 2000 (IWM)	22.5x	42%	9%
S&P 500 (SPY)	19.1x	5%	16%

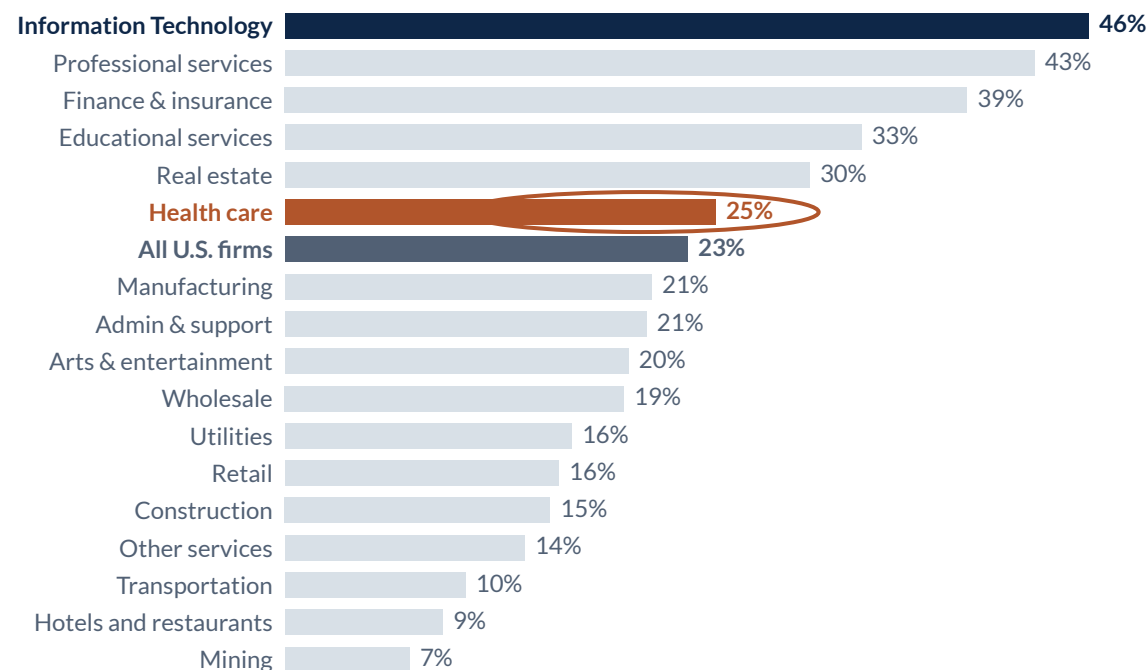
Source: Main Management, FactSet, fund holdings from Main Management, Vanguard, iShares and State Street, Macrobond. Holdings as of 10/2/2026 (TMAT and VOT 10/5/2026). Forward P/E is the FactSet aggregate, next twelve months. Long-term EPS growth is the holdings-weighted median of consensus 3–5 year estimates, excluding estimates beyond $\pm 100\%$; coverage is about half of the Russell 2000 by weight. On forward estimates, 8% of TMAT's holdings and 27% of the Russell 2000's are expected to lose money. Data through 10/14/2026.

Health Care is early in putting AI to work

46% of businesses in the Information Technology sector use AI, against 25% in Health Care, according to the Census Bureau's business survey. On earnings calls last quarter, 97% of Technology companies in the S&P 500 cited AI and 57% of Health Care companies, up from 47% a year earlier.

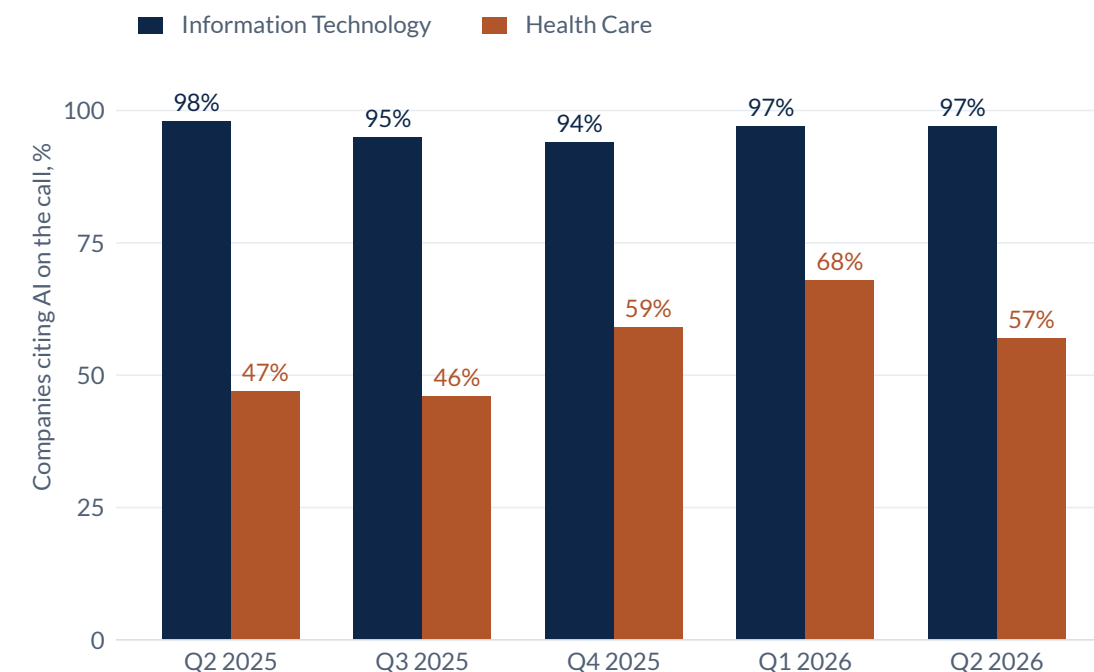
Businesses using AI, by sector

Share of firms using AI in any business function, average of the last three surveys



AI on S&P 500 earnings calls

Share of companies citing AI, by earnings season



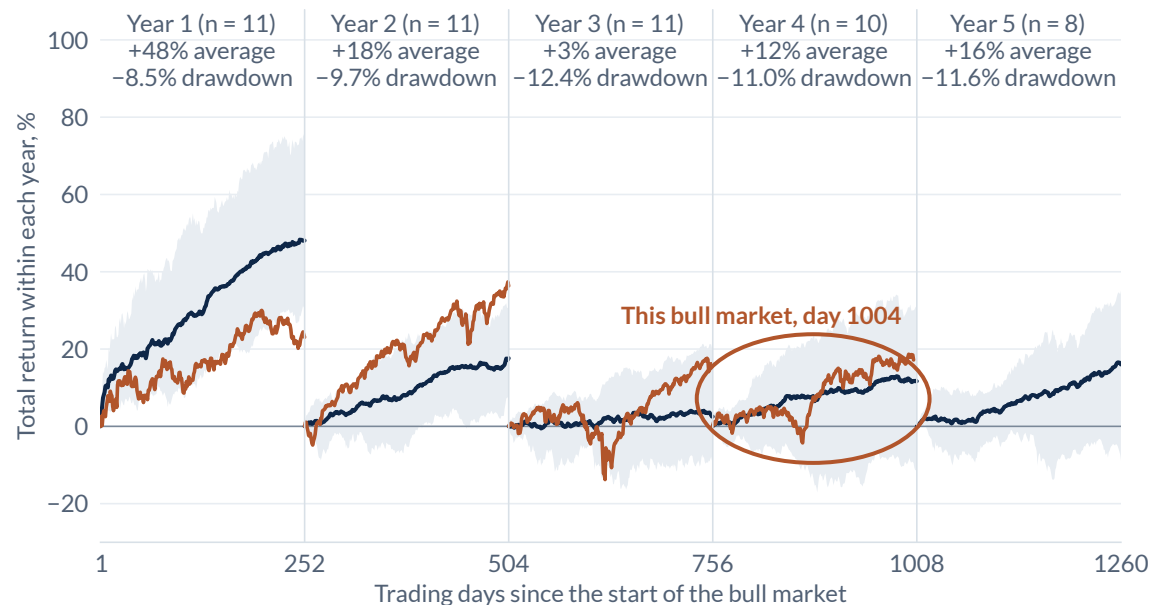
Source: Main Management, U.S. Census Bureau Business Trends and Outlook Survey (NAICS sectors, through 9/6/2026), FactSet Earnings Insight (GICS sectors). The Census question changed wording in November 2025, and earlier readings are not comparable.

The bull market turned four in October

The bull market that began on October 12, 2022 turned four this month. Across the 11 completed bull markets since 1949, year four averaged +12% and year five +16%, with wide variation across cycles. In the 14 midterm years that began in a bull market, the S&P 500 returned +13.6% on average, with +5.7% in the fourth quarter.

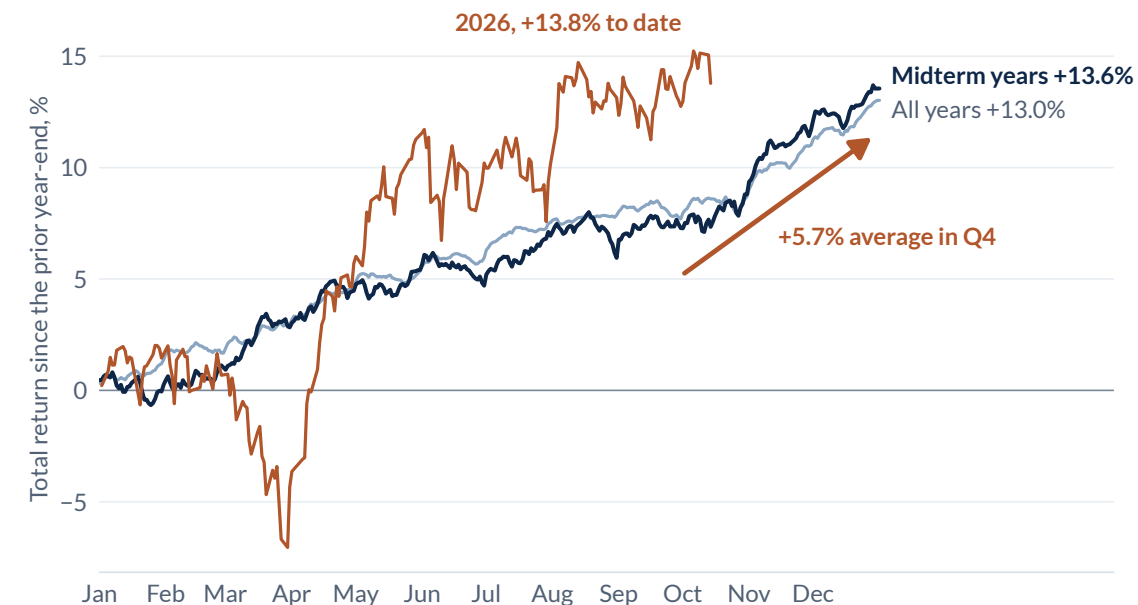
S&P 500 bull markets by year

Each year rebased to zero; average path, 5th–95th percentile range, and this cycle



Midterm years that began in a bull market

S&P 500 total return, change since the prior year-end



Source: Main Management, S&P Global, Macrobond. S&P 500 total return; before 1989 the daily price index scaled to the monthly total return index. Bull-market start and peak dates per Yardeni Research. Years are 252 trading days; a bull counts in every year it began before entering a bear market (a 20% close below its peak), measured through the full year, and the current bull is drawn separately. Midterm years from 1950 to 2022 whose prior year-end fell inside a bull market. Averages are historical and are not a forecast; past performance does not guarantee future results. Data from 6/13/1949 to 10/14/2026.

International trades at two-thirds of the U.S. multiple, and Korea is the deepest discount

International stocks trade at 64% of the S&P 500's forward multiple, against 81% on average since 2008, while consensus expects Emerging Market earnings to grow 64.6% this year. Korea, Brazil and Mexico trade furthest below their own histories, Latin America as a whole is 10% below its average, and China, at 10.3x, is close to its usual relative multiple.

International valuation

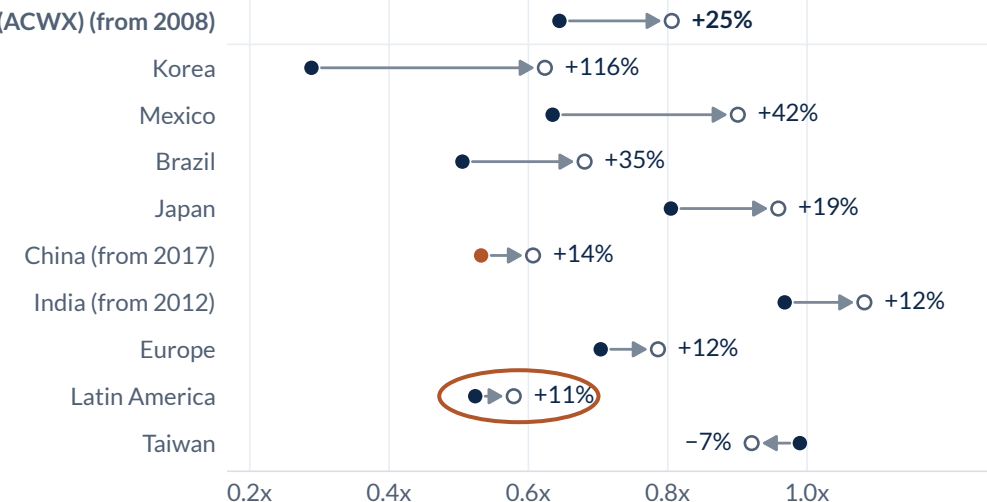
iShares MSCI ACWI ex U.S. (ACWX) forward P/E relative to the S&P 500, weekly



By market, today and 20-year average

Forward P/E relative to the S&P 500; the label is the change back to the average

All international (ACWX) (from 2008)



Source: Main Management, FactSet, Macrobond. FactSet aggregates of the iShares and SPDR country and regional ETFs (Korea EWY, Brazil EWZ, Mexico EWW, Latin America ILF, Japan EWJ, Europe SPEU, China FLCH, India INDA, Taiwan EWT) against the SPDR S&P 500 ETF, next twelve months. Emerging Market earnings growth is the iShares Core MSCI Emerging Markets ETF (IEMG) aggregate, calendar 2026. Averages cover 20 years, or each fund's history if shorter. Data through 10/14/2026.

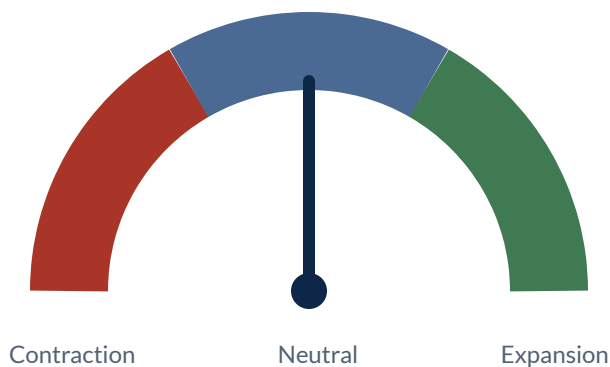
Recession Watch

Inflation remains the only negative reading. The yield curve, manufacturing and retail sales are positive, and the rest are neutral.

Recession start	Inflation	Consumer	Yield curve	Housing	Sentiment	Autos	Employment	PMI	Retail sales
Nov 1973	↓	—	—	↓	—	—	↓	↓	—
Jan 1980	↓	↓	↓	↓	↔	↓	↓	↓	—
Jul 1981	↓	↓	↓	↓	↔	↓	↓	↓	—
Jul 1990	↓	↓	↓	↓	↔	↓	↓	↔	—
Mar 2001	↔	↓	↓	↔	↔	↔	↓	↓	↔
Dec 2007	↓	↓	↓	↓	↔	↓	↓	↓	↓
Sep 2026	↓	↔	↑	↔	↔	↔	↔	↑	↑
Last change	May '26	Apr '25	Jan '26	Dec '24	Apr '25	Jan '25	Jul '25	Jul '25	Dec '24

Overall read

Neutral



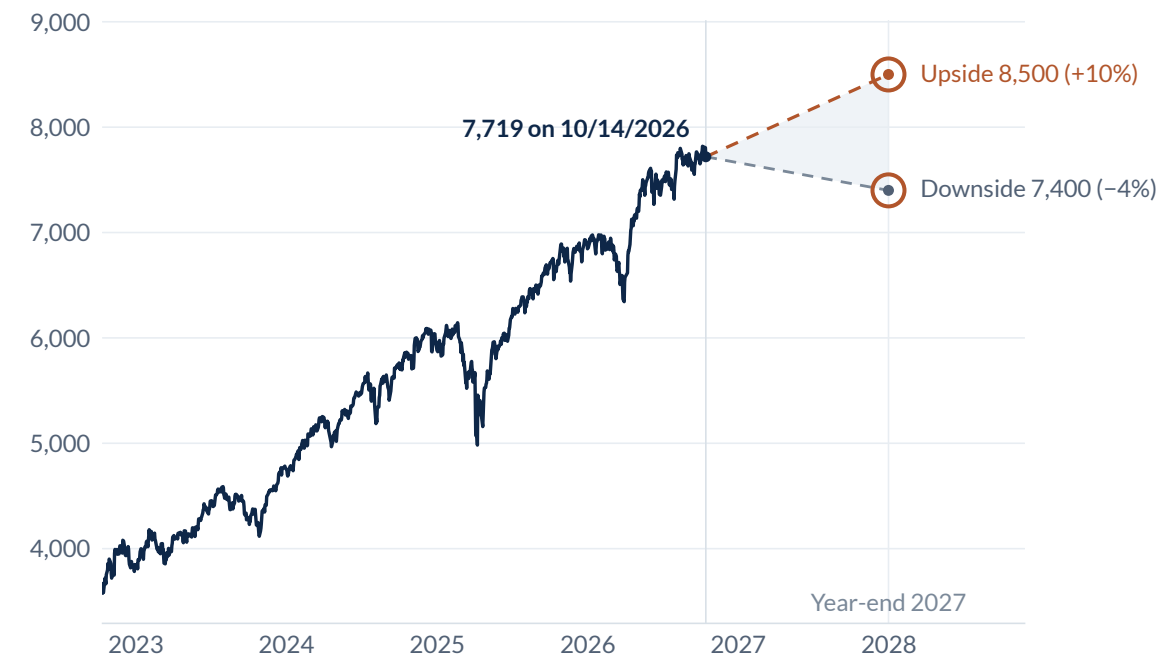
The overall read is the Investment Committee's judgment across the nine indicators.

Source: Main Management, BLS, Conference Board, FactSet, Census, NAR, University of Michigan, ISM, S&P Global, Macrobond.

Our estimated S&P 500 range for year-end 2027: 7,400 to 8,500

The range rests on earnings. The downside applies 18x to \$411 of forward earnings and the upside 20x to \$425, which spans -4% to +10% from 7,719 today.

S&P 500 since the bull market began, and the range to year-end 2027



Case	Forward EPS	Multiple	S&P 500	From today
Today	\$407	19.0x	7,719	
Downside	\$411	18.0x	7,400	-4%
Upside	\$425	20.0x	8,500	+10%

Source: Main Management estimates; FactSet consensus via Macrobond. The range is Main Management's opinion as of 10/14/2026, based on the earnings and multiple assumptions shown; the index may trade outside it. Percentages are changes in the index price level, exclude dividends, and are not a projection of the return of any Main Management strategy or account.

Questions

Thank you for your partnership.

Disclosures

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