



2026 Market Outlook



Welcome to Nottingham Advisors' 2026 Market Outlook

As we look ahead to 2026, we also take a moment to reflect on the past year — for us, one marked by meaningful accomplishments and significant growth. For all of us at Nottingham, it has been a period of evolution and progress.

I joined the Nottingham Advisors team in June after serving as Chief Investment Officer for our sister company, Nottingham Trust, since 2011. Now, I am honored and thrilled to share some exciting news about the next step in our journey. Behind the scenes, we've been working to formally unite the Nottingham Trust and Nottingham Advisors investment teams — a project we began planning in early 2023 and have been actively collaborating on since.

Operating under the Nottingham Advisors RIA, our combined team will oversee more than \$9 billion in client assets under advisement¹, serving high-net-worth individuals, trusts, nonprofits, and institutional clients. Our group includes seven members who hold the Chartered Financial Analyst® designation and three CERTIFIED FINANCIAL PLANNER® professionals. They bring deep experience across equities, fixed income, and alternative asset classes, as well as specialized knowledge in managing pension and bank portfolios. Beyond their credentials, this is a team of dedicated individuals who share a strong commitment to client service and excellence. Further, the growth and development of our next generation of professionals ensures continuity and leadership of our team well into the future.

This merger strengthens our research capabilities, broadens our investment strategies, and enhances the personalized service you've come to expect from Nottingham. Our mission remains unchanged: to deliver thoughtful, disciplined, and client-focused investment management that aligns with your long-term objectives.

Our 2026 Market Outlook represents the collective insights of our newly combined team — reflecting our views on the economy, interest rates, and portfolio positioning for the year ahead.

Thank you, as always, for the trust you place in us. We work every day to honor that confidence and deliver results worthy of it.

With that, we're pleased to present our 2026 Market Outlook.

Warm regards,

A handwritten signature in blue ink that reads 'Charles J. Perrillo, Jr.'.

Charles J. Perrillo, Jr., CFP®
President & CEO

1: As of September 30, 2025: Nottingham Advisors AUM \$1,642,234,677.09, AUA \$3,557,390,198.75; Nottingham Trust AUA \$4,119,058,000.00.

LEADERSHIP



CHARLES J. PERRILLO JR., CFP®
President & Chief Executive Officer

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Chief Investment Officer



TIMOTHY CALKINS, CFA®
Chief Fixed Income Officer



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Senior Portfolio Manager



MICHAEL SKRZYPczyk, CFA®
Senior Portfolio Manager



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KRISTOPHER HACKER, CFA®
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Chief Equity Officer
Nottingham Trust
Nottingham Advisors



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JACOB SCHMID
Trading Associate



KAREN WASHBON
Chief Compliance Officer



DENISE PARYLO
Operations Specialist

Macro Outlook



MATTHEW KRAJNA, CFA®
Chief Investment Officer

In a year characterized by elevated levels of uncertainty – tariffs, politics, geopolitics, to name a few – one thing that has been certain is that the stock market, and increasingly the economy, is being transformed by Artificial Intelligence (AI).

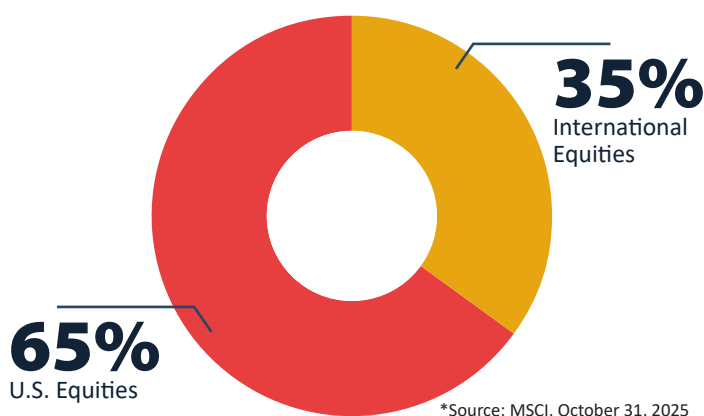
AI's Effect on Markets

This theme has led to significant profits accruing to shareholders of the Magnificent 7, which have in turn been responsible for a significant share of earnings growth of the S&P 500². As their share prices have grown faster than their earnings, valuations are being brought into question, and more importantly, investors are reassessing their level of exposure to a handful of names in the market.

Concentration Risk in Equities

Concentration risk remains a paramount concern – whether it be the top 10 holdings of the S&P 500 accounting for over 40% of the index³, Technology's share of the S&P 500 eclipsing 35%⁴, or the U.S. share of the global equity market hovering above 65%⁵, markets remain concentrated, and equity investors of all shapes and sizes remain highly dependent to one of the most concentrated markets in history.

EQUITIES WITHIN THE
MSCI ACWI INDEX



With elevated levels of concentration, investors need to remain focused on diversification and find new ways to balance risk, including:



TAKING A GLOBAL WORLDVIEW

By incorporating exposures to both international and emerging markets equities, detailing key catalysts overseas, and re-thinking the opportunity set within Small-Cap equities



FOCUSING ON FIXED INCOME

By taking advantage of elevated interest rates to add high quality income generation to portfolios through individual fixed income securities and ETFs, all while expanding the opportunity set to include not only corporate bonds and Treasury securities, but also securitized and structured credit solutions



EXPLORING ALTERNATIVES

By including traditional public market alternative investments (precious metals, commodities, infrastructure), alternative investment strategies (long short, market neutral), and private market alternatives (credit, equity, real estate)

2, 3: J.P. Morgan Guide to the Markets, as of September 30, 2025 4: Nottingham Advisors; Goldman Sachs; J.P. Morgan Guide to the Markets, as of September 30, 2025
5: MSCI, October 31, 2025



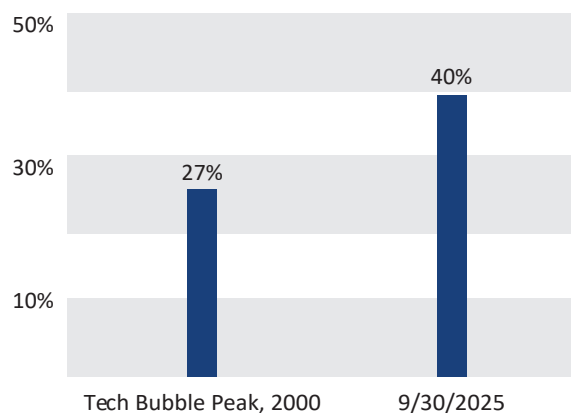
Strategic Portfolio Diversification

Within our 2026 Outlook, you'll hear firsthand from our talented team of investment strategists on ways to diversify and expand the investment opportunity set, how to think about current equity valuations, where to find opportunities in fixed income, and ways to incorporate new security types into portfolio solutions. These strategies can be combined to rethink the traditional 60/40 portfolio and introduce alternative investments. We will discuss our views on the direction of monetary policy and the potential implications of Federal Reserve actions. At the same time, we will layer in views on fiscal policy globally, and the implications we see for asset prices and earnings growth.

Key Questions for 2026

As we head into year-end, risks are plentiful and key questions remain unanswered. Namely, are we in an AI bubble? Will a second wave of inflation ensue? How many times will the Federal Reserve be able to cut interest rates in 2026? How will the impact of tariffs and increased geopolitical uncertainties be resolved? As these questions remain top of mind for investors, our team of experienced portfolio managers and asset allocation specialists remain ready to curate risk managed investment solutions to help achieve individual client goals and objectives, as well as fulfill institutional mandates – all within a separately managed account (SMA) framework.

WEIGHT OF TOP 10 HOLDINGS IN S&P 500 INDEX



*Source: Nottingham Advisors; Goldman Sachs; J.P. Morgan Guide to the Markets, as of September 30, 2025



Equity Outlook



KRISTOPHER HACKER, CFA®
Senior Vice President &
Chief Equity Officer

Through September 30, investors have experienced another strong year of equity market returns, with the S&P 500 Index up 14.8%.

Valuation Trends and Market Sentiment

Another way of thinking about the year to date would be that it has been an average year given that the S&P 500 has returned an average 15.3% over the last 10 years. The valuation of the S&P 500 has risen to almost 28x forward earnings, its highest level since 2001 outside of the pandemic. Given what feels like a never-ending bull market and the backdrop of elevated valuations compared to historical levels, investors have the right to ask if the market is due for a correction, and if so, when?



Technology's Continued Dominance

While this is a complicated question, it is important to remember that bull markets typically do not die of old age. Earnings per share on the S&P 500 are expected to grow +13.8% in 2026 to nearly \$303⁶. It should come as no surprise that the Technology sector is expected to lead the charge with 21.6% earnings growth next year on the back of significant infrastructure spend for the AI buildout⁷. Capital expenditures for data centers and semiconductors remain the driving force behind AI, with the hyperscalers such as Alphabet, Meta, and Amazon pledging to buy hundreds of billions of dollars of semiconductors from the likes of NVIDIA, AMD, and Broadcom. Private companies such as OpenAI have even forecasted trillions in spend over the next decade, with little evidence of slowing.

2026 EPS GROWTH ESTIMATES

| | | |
|------------------------|-------|--|
| Information Technology | 21.6% | |
| Materials | 20.3% | |
| Industrials | 18.9% | |
| S&P500 | 13.8% | |
| Consumer Discretionary | 13.4% | |
| Healthcare | 11.1% | |
| Energy | 10.9% | |
| Financials | 10.7% | |
| Utilities | 8.8% | |
| Communication Services | 8.6% | |
| Consumer Staples | 7.5% | |

*Source: Factset
Research Database

While the AI buildout sets up Technology to continue to be an attractive area of the market, concentration risk remains a key concern. As of September 30, the top 10 stocks accounted for nearly 40% of the S&P 500, an all-time high. As investors continue to question the pace of AI spend, and whether there will be enough revenue to pay for the buildout, green shoots of rotation into other areas of the equity market looks to be underway. Software looks attractive as valuations are below historical levels, and stand to potentially benefit from the application and implementation of AI solutions now that they have access to the processing power needed to drive continued innovation.

6: FactSet Consensus Estimates, as of September 30, 2025 7: FactSet Research Database, as of September 30, 2025 8: International Monetary Fund, Organisation for Economic Co-operation, September 30, 2025

Opportunities in Defensive and Value Stocks

Aside from Technology, defensive and value-oriented equities look fundamentally attractive. Stocks within the Healthcare and Consumer Staples sectors, as well as other high-dividend paying equities, have materially underperformed the market. That underperformance has left valuations below both the S&P 500 and their historical averages, and their dividend yield above benchmark Treasuries (right).

Lower interest rates for capital-intensive industries, coupled with tax benefits from the One Big Beautiful Bill Act, may drive earnings growth. Lower interest rates from potential Federal Reserve rate cuts could make dividends from income-generating equities more attractive as well.



*Source: Nottingham Advisors, YCharts, as of September 30, 2025

Small-Cap Equities: A Rebound Ahead?

Thinking beyond Large-Caps, Small-Caps continue to look attractive and are trading at historically low levels. Small-Cap U.S. equities, as measured by the S&P 600, have materially underperformed the S&P 500 in recent years given their lack of exposure to Technology and Artificial Intelligence related themes, leaving them at multi-decade lows. Elevated interest rates have been a headwind that could be a tailwind in 2026 as rates get set to come down. A resilient U.S. economy, attractive valuations, and lower interest rates provide a favorable backdrop for Small-Caps, in particular Small-Cap value-oriented equities most sensitive to these themes.

**Investors have
the right to ask:
is the market due
for a correction?**

International Equities and Global Growth

Lastly, investors should continue to re-evaluate their allocation to international equities within their asset allocations. As the graphic on page 4 shows, international equities are a significant allocation in the global opportunity

set and represent more than one-third of the MSCI All Country World Index. Sticking with our value-oriented framework, international equities have attractive valuations and are already starting to benefit from easing monetary policy and expansionary fiscal policies abroad. Global central banks have been ahead of the Federal Reserve in terms of reducing rates – both by starting earlier and cutting them more quickly. Increased fiscal stimulus from the Eurozone on infrastructure and defense, coupled with a more resilient Chinese economy, has caused global GDP estimates to rise. A more favorable backdrop for global growth has boosted earnings estimates of international equities as a whole, as evidenced by strong returns year to date. As of September 30, Developed and Emerging markets had returned 25.8% and 28.2%⁸, respectively.

Rebalancing for a Global Portfolio

Looking ahead, if earnings estimates from both analysts and companies hold true, we could see another year of strong global equity market returns. While Technology and its adjacent markets may continue to benefit in this environment, a rotation into Small-Caps, Value, and International equity markets looks under way. Emphasizing a globally diversified portfolio remains a key theme for 2026 given the changing nature of monetary policy globally, an improved growth backdrop, and attractive valuations.

Fixed Income Outlook



TIMOTHY CALKINS, CFA®
Chief Fixed Income Officer

The bond market has experienced a bumper year thus far in 2025. In general, interest rates have declined, credit spreads have tightened, and performance has been strong across categories.

Some allocations benefited enough from declining interest rates to post returns in the 6% to 7% range. Even the weakest performer, tax-free municipal bonds, looks reasonable after a recent rally, particularly when adjusted into a more comparable taxable-equivalent return.

What drove this outcome in 2025? The decline in yields was influenced by the Federal Reserve restarting its rate-cutting cycle, which had been on hold since December 2024. The Fed became concerned about the weakening labor market data and decided it would be prudent to begin lowering the federal funds rate in an attempt to support the demand for labor, with the intention of keeping unemployment from rising precipitously.

Weaker Labor Market

For a variety of reasons, the employment picture in the U.S. has deteriorated over the past several months. Whether it is uncertainty forcing managers to run their businesses lean due to higher tariff-related expenses, the emergence of AI cost-savings at the expense of human labor, or weakening consumer spending weighing on top-line growth, the health of the labor market has become a top concern for the Federal Reserve.

Slowing Rate of Fed Easing

The Federal Reserve has thus far effectively managed through one of the most difficult policymaking environments in its history. We believe that the members of the committee are doing a commendable job in steering the rate-policy ship through such uncertain waters. The difficulty in balancing their concern over a weakening labor market while continuing to monitor and manage inflation has been made clear by consecutive Fed meetings marked by dissenting votes on the policy rate adjustments. The uncertainty surrounding the future path of monetary policy remains a key question heading into 2026.

| | YIELD | | RETURN |
|------------------------|-----------|------------|--------|
| | 9/30/2025 | 12/31/2024 | 2025 |
| U.S. Treasuries | | | |
| 2-Year | 3.60% | 4.25% | 3.79% |
| 5-Year | 3.74% | 4.38% | 6.01% |
| TIPS | 1.55% | 2.13% | 6.87% |
| 10-Year | 4.16% | 4.58% | 7.01% |
| 30-Year | 4.73% | 4.78% | 4.26% |
| Sector | | | |
| U.S. Aggregate | 4.37% | 4.91% | 6.13% |
| IG Corps | 4.81% | 5.33% | 6.88% |
| Convertibles | 5.39% | 6.13% | 17.75% |
| U.S. HY | 6.70% | 7.49% | 7.22% |
| Municipals | 3.66% | 3.74% | 2.64% |
| MBS | 4.74% | 5.27% | 6.76% |
| ABS | 4.75% | 5.38% | 4.65% |
| Leveraged Loans | 8.30% | 8.68% | 4.60% |

*Source: J.P. Morgan Guide to the Markets, as of September 30, 2025

Chair Jerome Powell alluded to the bifurcated internal views, noting that an additional rate cut at the December 2025 meeting was not at all a given, which was a bit of a surprise to the bond market, as investors had priced it in as an almost certainty.

Given the uncertainty, how are we thinking about 2026 Bond Positioning?

We believe the opportunity afforded in the Treasury bond market is quite attractive. The term premium that investors receive for a risk-free asset is at the highest level in close to a decade, suggesting that there is a fair amount of compensation to own duration. For many years, this was not the case.

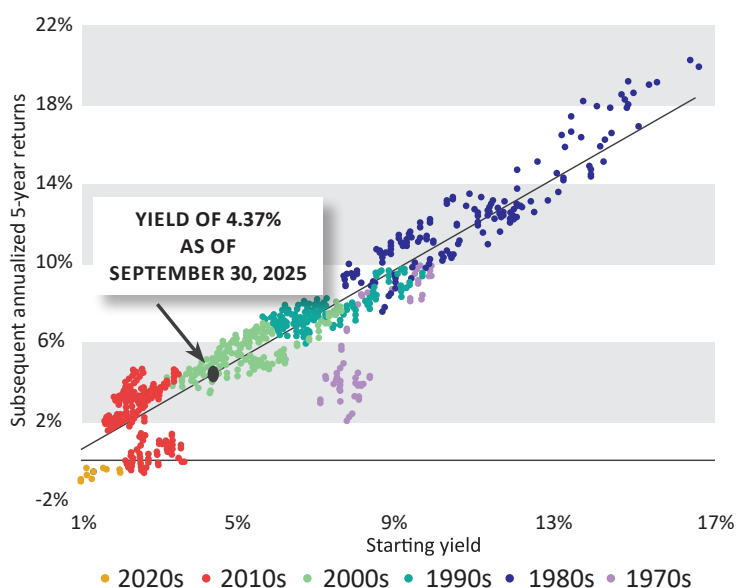
High-quality taxable municipal bonds are also attractive. They can offer credit ratings similar to (or better than) the U.S. Government, and additional yield. In 2025 it has been common to see higher credit quality (AAA/AA) taxable municipal bonds offering similar yields to lower-rated (A/BBB) corporate bonds.

Highly rated government agency mortgage-backed securities (MBS) also provide a nice yield boost over Treasuries. For most of the past 20 years, the callability (refinancing risk) of these bonds has made them unattractive to own. However, with the move up in rates since 2022, this risk declined significantly and made owning MBS much more appealing. We have also found value in the structured credit market, including AAA-rated Collateralized Loan Obligations (CLO) exposures offering significant yield pick-up to similar duration investment-grade securities.

Investment-Grade (IG) corporate bonds have been a strong performer in 2025, but look pricey. The additional yield offered in excess of Treasury bond yields has declined to near all-time lows. It would not surprise us to see corporates give back some of this strong performance in 2026, emphasizing the need to consider MBS, CLO, and additional elements of the securitized and structured credit markets in portfolio allocations.



YIELD TO WORST AND SUBSEQUENT 5-YEAR ANNUALIZED RETURNS



*Source: J.P. Morgan Guide to the Markets, as of September 30, 2025

While Fed policy is important, Bond Performance will ultimately reflect economic health

On the heels of one of the strongest total return environments experienced in recent history for bonds, we expect 2026 returns to be far more muted, retrenching toward the run rate yield offered by the bond market, currently just over 4%.

Historically, there has been a strong correlation between a bond's starting yield and its realized return over the following five years. This is likely to be the case in the coming years. The coupon income provides the baseline for returns, with some potential to be boosted by price upside if we do see interest rates decline.

Taken together, the opportunity set for income generation remains robust, with many ways to provide bespoke solutions to clients and offer an institutional perspective on security selection and asset allocation. Individual fixed income securities remain a hallmark of our custom SMA portfolios and decades of experience navigating ever-changing fixed income markets.

Remaining Dynamic and Flexible

ASSET CLASS VIEWS

- ▲ Overweight
- ▼ Underweight
- Neutral

- U.S. Large-Cap
- ▲ U.S. Mid-Cap
- ▲ U.S. Small-Cap

- Int'l Developed
- Int'l Emerging
- Treasuries & Agencies

- Investment Grade Corporates
- ▲ ABS/MBS
- ▼ High Yield
- ▲ Alternatives

Key Portfolio Positioning

Our Investment Policy Committee's current views on global markets, October 2025

STRATEGIC THEMES

Tilt Toward Small-Caps

Attractive absolute and relative valuations compared to Large-Caps are at multi-decade lows. Small-Caps globally may benefit from easier monetary policies and a better global growth backdrop in 2026.

Go Global

Focus on the world, with more than 35% of the global investible universe outside the U.S.

Hedge with Gold

Potential hedging properties and low correlation to traditional asset classes offers potential upside through increased central bank buying, lower interest rates, a weaker U.S. Dollar, and heightened geopolitics.

TACTICAL TILTS

Tilt Toward Income

Increased exposure to Asset-Backed Securities (ABS), Mortgage-Backed Securities (MBS), and Collateralized Loan Obligations (CLOs) offer added income compared to traditional core fixed income, while maintaining a high degree of liquidity and emphasizing investment-grade asset quality.

Rethinking AI

Exposure through Utilities (U.S.) and Global Infrastructure (primarily International) holdings that add income while offering growth upside to key themes of power generation and AI data center buildouts.

International Nuance

Developed regions and countries such as Europe, Canada, and Japan offer the ability to tilt into specific markets, investment styles, and factors. Within Emerging Markets we remain tilted toward smaller value-oriented companies given attractive relative valuations.



Our History

Founded in 1981, Nottingham Advisors brings more than four decades of investment management experience, a global perspective, and a commitment to personalized client service—all with one goal: meeting your needs.

We specialize in providing customized investment solutions for high-net-worth individuals, trusts, and institutional clients including pension plans, endowments, foundations, and other organizations. We pride ourselves on delivering advice that is objective, conflict-free, and solely in the best interests of our clients. As a fiduciary, we put your institution's interests first. Our team works closely with you to develop a tailored investment strategy that aligns with your goals, risk tolerance, and long-term vision.



Nottingham Advisors was recently recognized as a 5-Star Wealth Management Team by InvestmentNews⁹, a testament to the strength of our disciplined process, experienced team, and unwavering client focus.

Our Institutional Services

Nottingham Advisors offers a comprehensive suite of investment advisory services designed to meet the unique needs of institutional clients. Our services are always aligned with fiduciary best practices and tailored to support each plan's Investment Policy Statement (IPS), regulatory requirements, and long-term objectives. We can tailor the scope of our services based on your governance structure, internal resources, and specific objectives. Our offerings include:

- Asset Management
- Ongoing Investment Advisory
- Performance Monitoring & Reporting
- Committee Engagement
- Regulatory & Fiduciary Oversight
- Fiduciary Alignment
- Risk-Adjusted Focus
- Discretionary or Non-Discretionary Advisory Services
- Specialized Strategies

Nottingham's investment team is dedicated to sharing insights with clients at all times.

A View from the Top

Nottingham's periodic market analysis aims to inform clients on timely market changes from the Federal Open Market Committee. Written from the opinion perspective, Nottingham strives to communicate these changes quickly to help manage market expectations.
nottinghamadvisors.com/vft



CIO Newsletters

Our newsletters aim to connect big-picture macroeconomic themes and trends with current portfolio positioning and our Investment Policy Committee's current views. This piece is typically more qualitative in nature and easily digestible.

nottinghamadvisors.com/cio-newsletters

Market Wrap

The Nottingham monthly Market Wrap summarizes the month's major action in equities, fixed income, alternatives, and economic data in a timely and succinct manner.

nottinghamadvisors.com/monthly-market-wrap



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⁹5-Star Wealth Management Teams

May 12, 2025

www.investmentnews.com/best-in-wealth/5-star-wealth-management-teams/260297

Nottingham Advisors DB360 – Nottingham Advisors Asset Management

*Please Note: Limitations. Neither rankings nor recognitions by unaffiliated rating services, publications, media, or other organizations, nor the achievement of any professional designation, certification, degree, or license, membership in any professional organization, or any amount of prior experience or success, should be construed by a client or prospective client as a guarantee that the client will experience a certain level of results if the investment professional or the investment professional's firm is engaged, or continues to be engaged, to provide investment advisory services. A fee was not paid by either the investment professional or the investment professional's firm to receive the ranking. The ranking is based upon specific criteria and methodology (see ranking criteria/methodology). No ranking or recognition should be construed as an endorsement by any past or current client of the investment professional or the investment professional's firm. ANY QUESTIONS: Nottingham Advisors Inc.'s Chief Compliance Officer remains available to address any questions regarding rankings and/or recognitions, including the criteria used for any reflected ranking.

Methodology

InvestmentNews honored the top wealth management firms in America that excelled in growing and retaining clients.

Investors across the country were invited to nominate their advisory teams – defined as groups consisting of four or more advisors – and highlight the standout services that distinguished these teams. Key areas of focus included:

- 1 meaningful contributions to clients and the financial industry
- 2 deep understanding of client needs
- 3 notable impact achieved over the past 12 months
- 4 standout performance based on AUM and team results

The IN team carefully reviewed all nominations, evaluating how each advisory team made a significant difference for their clients and within the broader financial services industry.