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Crosscurrents

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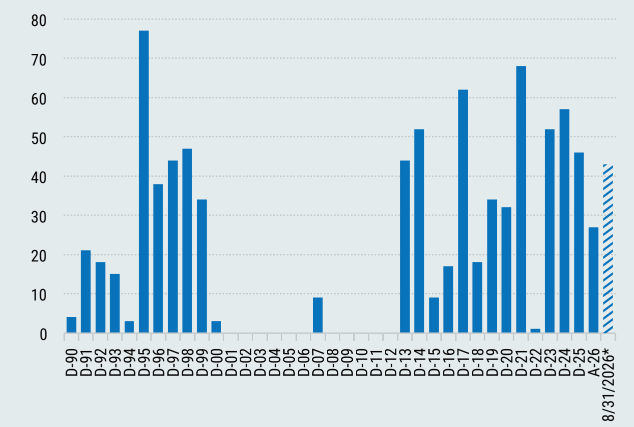
The S&P 500 gained 2.72% in August, supported in part by the final leg of what's been a stellar earnings season. Equity investors were willing to overlook conflicting messages from two arms of federal economic policy during the month, with Federal Reserve Chair Kevin Warsh signaling that an interest rate hike (or hikes) would likely be necessary to quell the country's persistent inflation problem, while Treasury Secretary Scott Bessent announced a "super-sized" Treasury bond buyback program in an effort to lower long-term interest rates. Bond investors seemed skeptical of the merits of Secretary Bessent's proposal; until the August 19 buyback announcement, the Bloomberg U.S. Aggregate Bond Index had risen by 0.84%, but then fell by 0.45% from that point through month-end. The 10-year Treasury ended the month at a yield of 4.75%, its highest level of the year. International equities also finished the month in positive territory, with the MSCI EAFE Index of developed markets returning 2.00% in August.

Year to date, the S&P 500 returned 13.12% and MSCI EAFE 14.24%, while the Bloomberg U.S. Aggregate Bond Index remained in the red, down 0.31%.

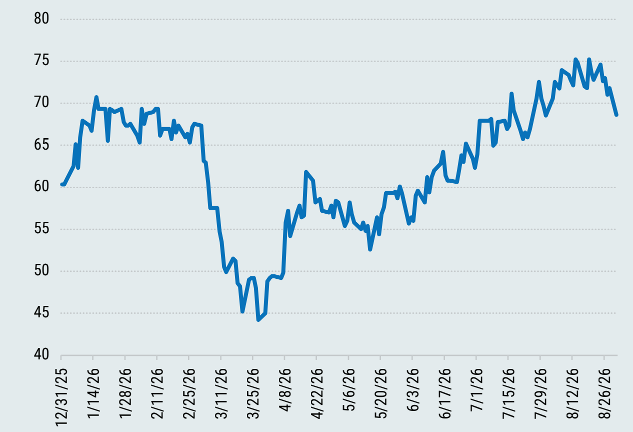
On August 13, the S&P 500 hit its 27th record high for the year, with more than 68% of the benchmark's underlying stocks trading above their 200-day moving averages, an impressive feat in what's been a challenging year from a geopolitical perspective.

NUMBER OF S&P 500 RECORD CLOSES



* Annualized.
Source: Bespoke Investment Group, Boston Partners, as of August 31, 2026. Past performance does not guarantee future results. It is not possible to invest directly in an index. See last page for index definitions.

% OF S&P 500 STOCKS > 200-DAY MOVING AVERAGE



Source: Bloomberg, as of August 31, 2026. Past performance does not guarantee future results. It is not possible to invest directly in an index. See last page for index definitions.

Sector returns

Energy led all S&P 500 sectors once again in August with the price of both West Texas Intermediate (WTI) and Brent crude oil continuing to climb higher as the 60-day Islamabad Memorandum of Understanding (MOU) between the United States and Iran expired; the Strait of Hormuz remained essentially closed and military strikes by both countries continued.

After a poor showing in July, the Technology sector rallied to a second-place finish in August. Because of the sector's 37.4% weight in the S&P 500, it was responsible for 83% of the benchmark's monthly return. Two stocks—Nvidia (up 9.98%) and Microsoft (up 9.37%)—were responsible for the bulk of the sector's outperformance; the two stocks represent nearly 14% of the S&P and roughly 36% of the Tech sector.

Utilities, often considered to be a bond surrogate sector, pulled up the rear given the pressure on the bond market during the month.

With a second month of strong returns, the Energy sector maintained its lead on a year-to-date basis for all S&P 500 sectors, while Technology kept second place and Consumer Discretionary remained the laggard through August. Tesla, with a year-to-date decline of 18.18% and an 18% weight in Consumer Discretionary, contributed more than 40% to the sector's performance.

SECTOR RETURNS

AUGUST		YTD	
Energy	7.02%	Energy	44.20%
Information Technology	6.25%	Information Technology	22.88%
Materials	5.97%	Materials	16.69%
Health Care	4.89%	Industrials	13.56%
Financials	1.34%	Real Estate	12.20%
Consumer Discretionary	-0.04%	Health Care	11.14%
Consumer Staples	-0.68%	Consumer Staples	9.55%
Communication Services	-1.23%	Financials	6.17%
Real Estate	-1.87%	Utilities	0.27%
Industrials	-2.56%	Communication Services	0.14%
Utilities	-4.77%	Consumer Discretionary	0.00%

Source: Bloomberg, as of August 31, 2026. Past performance does not guarantee future results.

STYLE RETURNS ACROSS MARKET CAPS

	AUGUST	YTD
Russell 1000 Value	2.03%	23.12%
Russell 1000 Growth	3.73%	4.06%
Russell Midcap Value	1.63%	21.26%
Russell Midcap Growth	2.55%	2.91%
Russell 2000 Value	0.30%	23.38%
Russell 2000 Growth	1.64%	16.91%

Source: Bloomberg, as of August 31, 2026. Past performance does not guarantee future results. It is not possible to invest directly in an index. See last page for index definitions.

RISK FACTOR RETURNS

	AUGUST	YTD
Quality		
S&P B+ or better	0.04%	9.40%
S&P B or lower	3.96%	21.08%
Beta		
S&P 500 lowest quintile	2.94%	15.67%
S&P 500 highest quintile	4.18%	16.00%
Size		
Russell 1000	2.82%	13.03%
Russell 2000	0.98%	20.01%

Source: BofA, Bloomberg, as of August 31, 2026. Past performance does not guarantee future results. It is not possible to invest directly in an index. See last page for index definitions.

Style returns

Growth led value by 1.32% in August when averaged across the three Russell market capitalization ranges. Within the large-cap space it was once again the Technology sector that was the primary driver of the return differential; while the returns for the sector in each style category were similar (up 6.26% in the value index vs. up 6.74% in growth), it was the weighting that made the difference: 52.54% for the sector in the Russell 1000 Growth Index versus 18.77% in the Russell 1000 Value Index. It was the same story in mid caps, where Tech carried a 31.57% weight in the growth index vs. a 10.45% weight in the Russell Midcap Value Index.

In small caps, it was Financials that made the biggest difference; the Russell 2000 Growth Index recorded a 0.76% gain for the sector versus a 1.53% loss for Financials in the Russell 2000 Value Index—while the value index had almost three times as much Financials exposure as the growth index.

Year to date, value maintained a lead over growth by 14.63% when averaged across the three capitalization ranges—value stocks' best relative performance since 2022.

More risk on than risk off in August

August saw the risk-on outperformance of low-quality and high-beta stocks, but small caps (a risk-on factor) lagged large caps, though this was almost entirely due to the outperformance of large-cap Tech stocks, which accounted for approximately 80% of the return differential between the Russell 1000 and the Russell 2000 Indexes.

On a year-to-date basis, risk-on factors have dominated.

INTERNATIONAL MARKET RETURNS	AUGUST	YTD
EAFE		
Local currency	1.43%	14.79%
U.S. dollars	2.00%	14.24%
Emerging markets		
Local currency	1.88%	23.81%
U.S. dollars	3.40%	24.35%
Currencies		
Bloomberg U.S. Dollar Index (DXY)	-0.49%	1.13%
MSCI EM Currency Index	1.74%	3.93%
United States		
S&P 500 Index	2.72%	13.12%
S&P 500 Equal Weight Index	2.06%	15.57%

Source: MSCI, Bloomberg, as of August 31, 2026. International markets are represented by MSCI indexes. Past performance does not guarantee future results. It is not possible to invest directly in an index. See last page for index definitions.

Lower returns for non-U.S. stocks in August, but outperformance over the year to date

Developed market international stocks (as measured by the MSCI EAFE Index) lagged the S&P 500 in August in both local currency and U.S. dollar (USD) terms, though USD returns were higher as the basket of six foreign currencies in the Bloomberg U.S. Dollar Index (DXY) posted overall gains versus the greenback. The euro is the largest currency weight in the DXY and gained 0.76% vs. the USD during August. Meanwhile, the returns of emerging-market stocks were higher during the month, particularly in dollar terms as the MSCI EM Currency Index gained 1.74% versus the dollar.

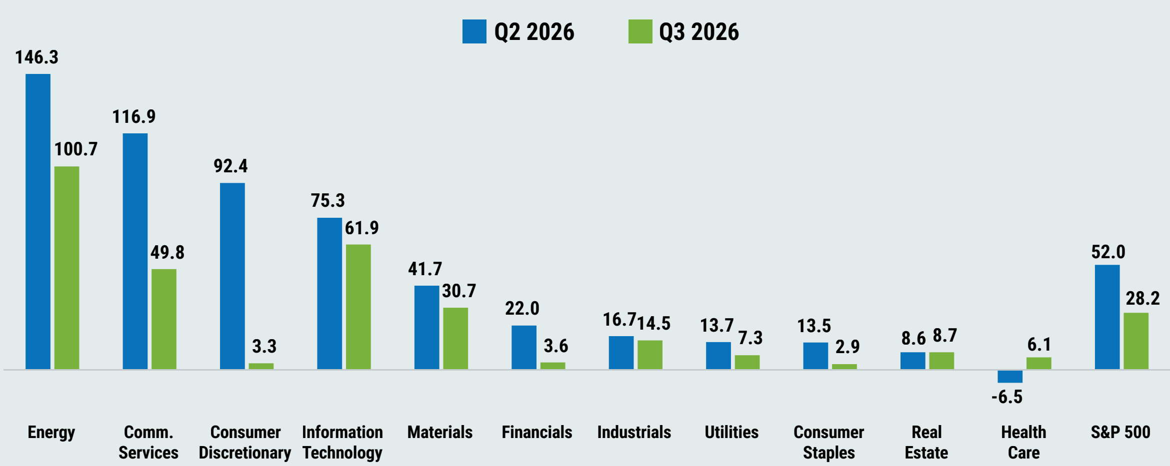
Year to date, emerging- and developed-market stocks led the S&P 500 in both local currency and USD terms. The strong year-to-date performance of emerging markets—nearly double the gains of the S&P 500—has been due almost entirely to two countries—Taiwan (up 63.89%) and South Korea (up 92.08%)—and one industry: semiconductors.

Looking ahead

To say that the Q2 earnings season was stellar might be an understatement, as according to FactSet (with 97% of S&P 500 companies having reported) earnings growth for the quarter was up a remarkable 52%, the highest growth rate since Q2 2021 when the U.S. was recovering from the effects of COVID-19. Moreover, 86% of the companies reporting beat their estimates by an average of 26.5%. That's the highest earnings surprise on record since FactSet began tracking the metric in 2008.

The Energy sector led the earnings hit parade during the quarter (up 146.3%) and is expected to do so for the third quarter as well (estimates call for earnings growth of 100.7%). While other sectors are expected to see more modest Q3 earnings growth, the S&P 500 is still expected to increase Q3 earnings by a robust 28.2%. If so, price levels for the index should remain well supported.

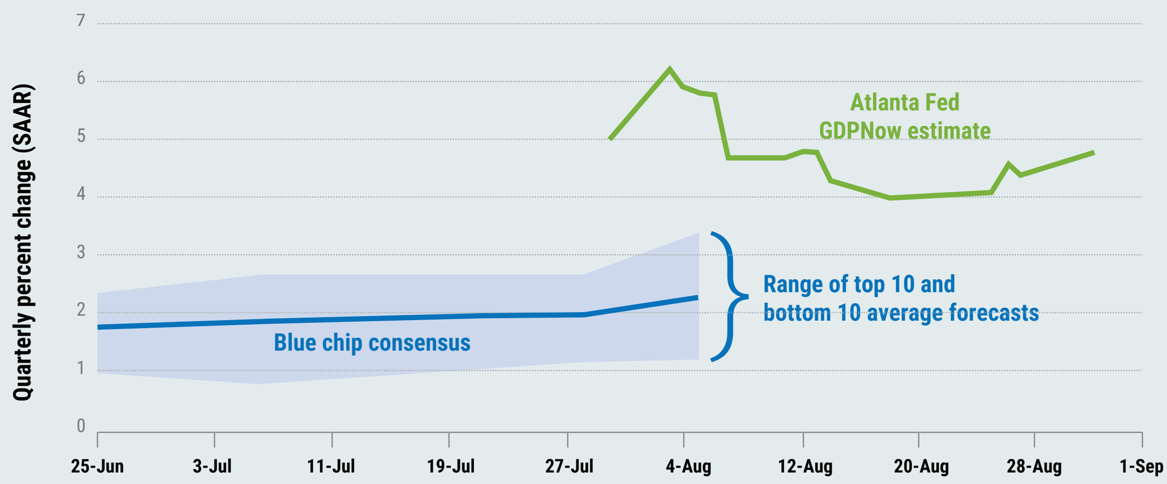
S&P 500 ACTUAL AND EXPECTED EARNINGS GROWTH



Source: FactSet, as of August 31, 2026. Past performance does not guarantee future results. It is not possible to invest directly in an index.

The macroeconomic backdrop is also reasonably positive, as Q3 GDP is forecasted to grow by 4.8% as measured by the Atlanta Fed's GDPNow Model—well above the forecast from the economists polled by Wolters Kluwer for the Blue Chip Economic Indicators publication.

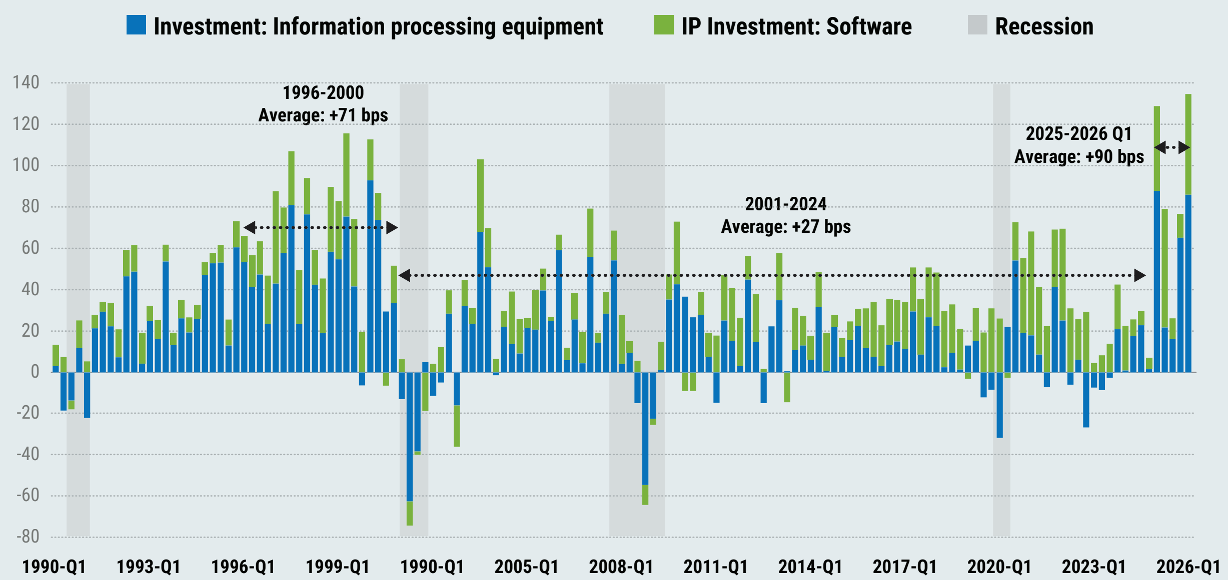
EVOLUTION OF ATLANTA FED GDPNOW REAL GDP ESTIMATE FOR 2026: Q3



Source: Federal Reserve Bank of Atlanta, Wolters Kluwer, as of August 31, 2026. SAAR stands for seasonally adjusted annual rate and is a method for adjusting economic data to account for seasonal variations, allowing for more accurate comparisons over time. Past performance does not guarantee future results. See last page for definitions.

The artificial intelligence (AI) buildout has been a major factor in the strength in the economy and is not expected to diminish any time soon.

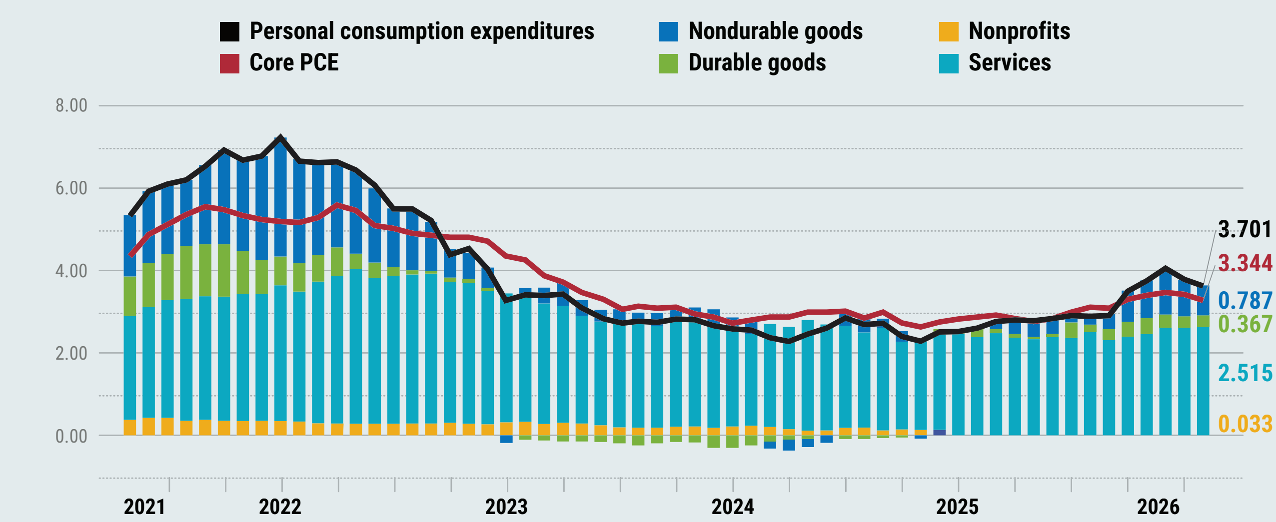
CONTRIBUTIONS TO REAL GDP GROWTH (BASIS POINTS)



Source: Carson Investment Research, FRED as of April 30, 2026. Shaded area shows U.S. recessions. 100 basis points= 1 percentage point. Past performance does not guarantee future results.

Two potential flies in the ointment that could hinder forward growth (and stock returns) are inflation and interest rates. In terms of inflation, Fed Chair Warsh stated in his August 28 speech at the Jackson Hole Economic Policy Symposium that regarding "the price-stability side of our mandate, the numbers are more concerning. The Fed's preferred measure of inflation, the 12-month change in the PCE price index, stands at 3.7 percent, while the six-month change is 4.1 percent. The comparable measures from the consumer price index (CPI) are also elevated, as are the core measures of both PCE and CPI inflation. None of these measures are perfect, but they all tell a similar story: Inflation is running above our 2 percent target. So, the Fed's predominant focus right now should be on prices."

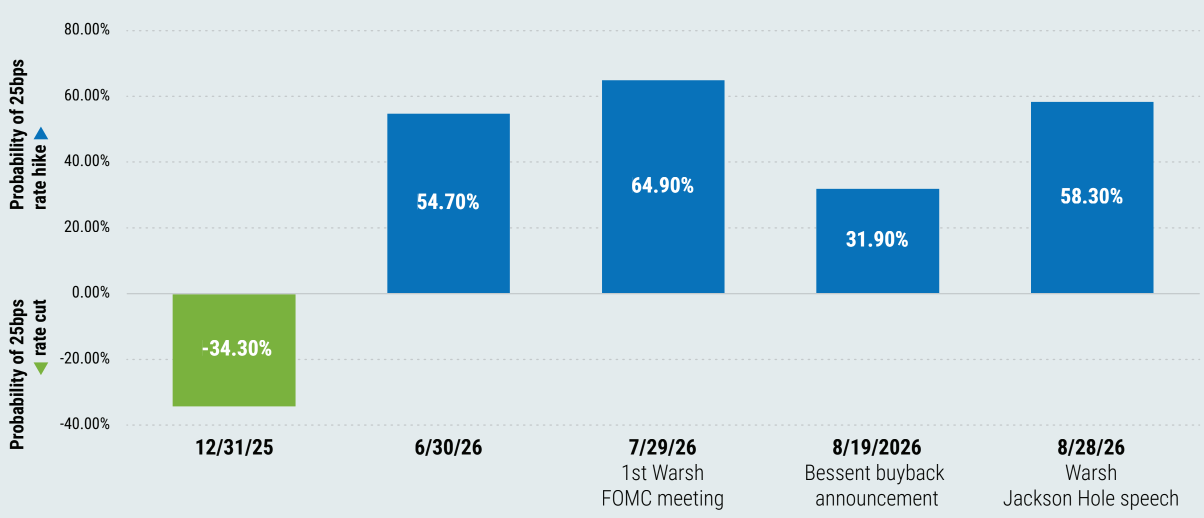
CONTRIBUTIONS TO U.S. PERSONAL CONSUMPTION EXPENDITURES (PCE)



Source: Bloomberg, Bureau of Economic Analysis, as of August 31, 2026. Past performance does not guarantee future results.

The bond market reaction to the speech was swift, as reflected by the change in the futures market's probability of a 25-basis-point hike by the Federal Reserve.

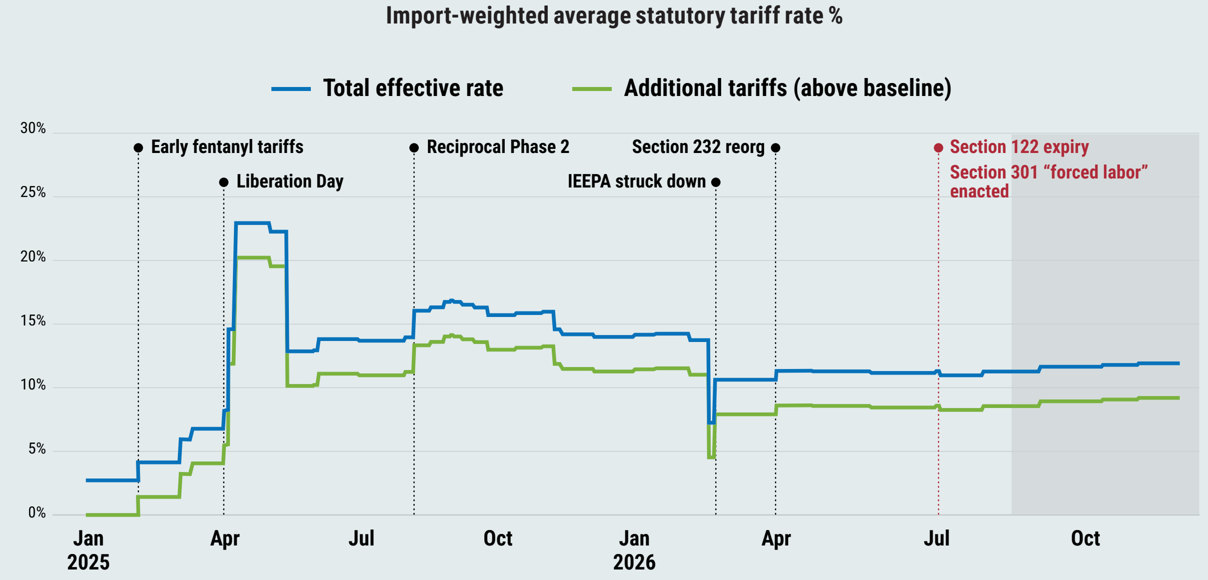
FED FUNDS FUTURES RATE ACTION PROBABILITIES FOR SEPTEMBER 16TH



Source: Bloomberg, Boston Partners, as of August 28, 2026. Past performance does not guarantee future results. See last page for definitions.

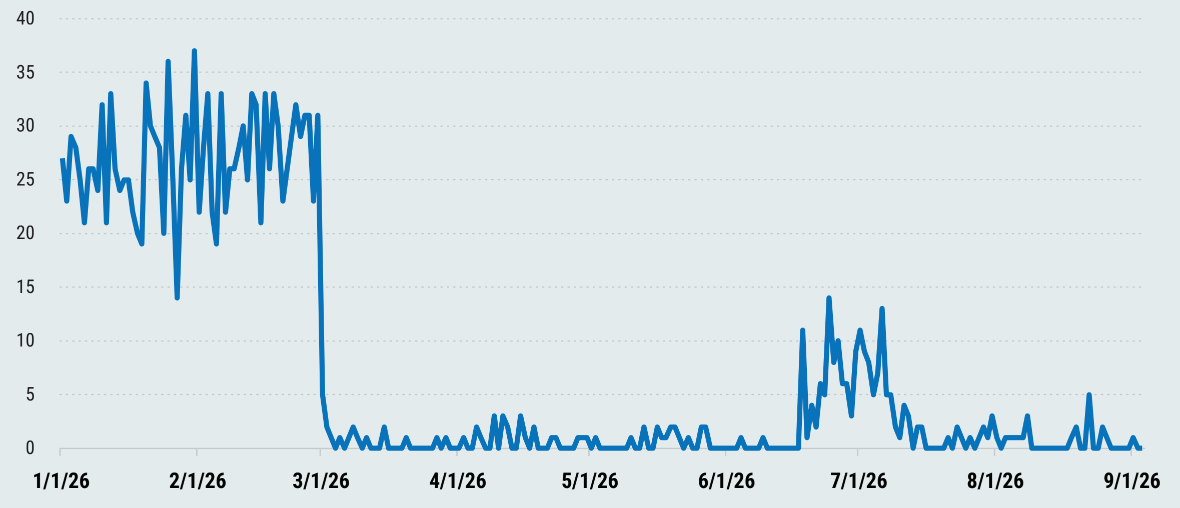
Two other headwinds, which unfortunately represent now-familiar territory, are tariffs and the energy bottleneck in the Strait of Hormuz, neither of which appears likely to resolve soon.

DAILY STATUTORY TARIFF RATE – CURRENT LAW



Source: The Budget Lab, as of August 31, 2026.

STRAIT OF HORMUZ CRUDE OIL TANKER CROSSINGS

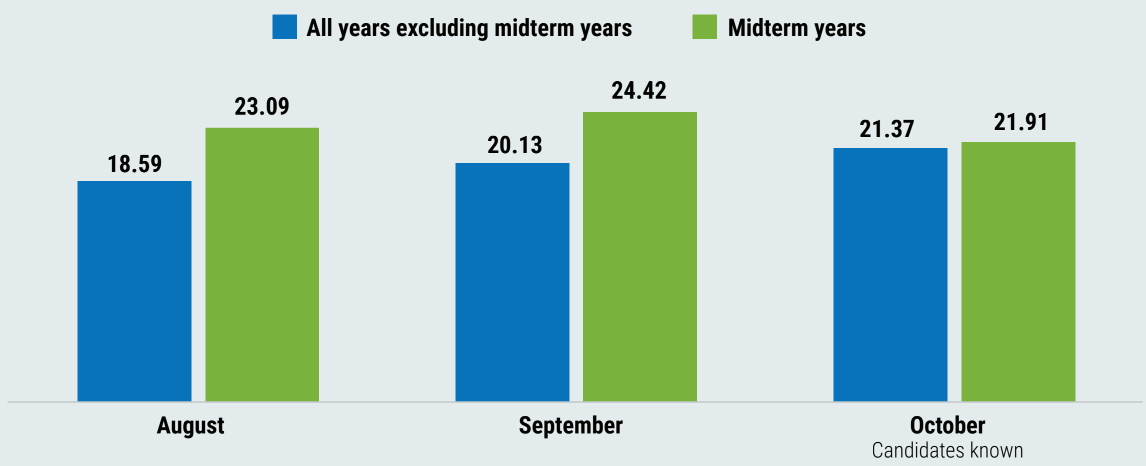


Source: Bloomberg, as of September 1, 2026. Past performance does not guarantee future results. See last page for definitions.

Also, with midterm elections on the horizon, investors should expect a heightened level of volatility in the stock market through September at a minimum, subsiding once the candidates and platforms are established.

HEIGHTENED STOCK VOLATILITY PRIOR TO MIDTERM ELECTIONS

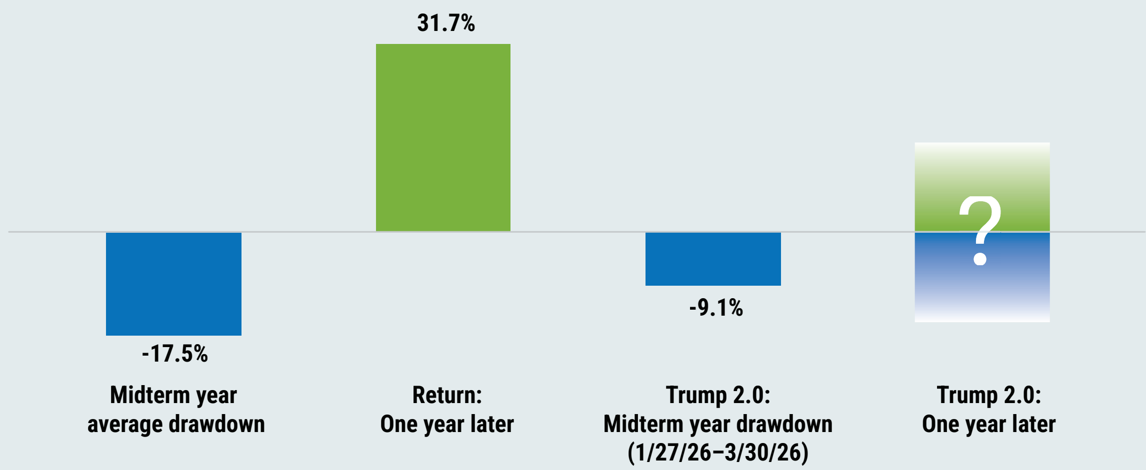
Average monthly VIX levels 1990 - 2026



Source: Bloomberg, Boston Partners, as of August 31, 2026. Past performance does not guarantee future results. See last page for definitions.

But returns in the wake of midterm elections have tended to be robust.

S&P 500 RETURNS DURING MIDTERM YEARS: 1950 TO 2026



Source: Carson Investment Research, Boston Partners, as of August 31, 2026. Past performance does not guarantee future results. It is not possible to invest directly in an index. See last page for definitions.

Here's to hoping history repeats itself!

About Boston Partners

Boston Partners is a value equity manager with a distinctive approach to investing—one that combines attractive valuation characteristics with strong business fundamentals and positive business momentum in every portfolio. The consistent application of this approach for more than 30 years by an experienced and long-tenured team has created a proven record of performance across economic cycles, market capitalizations, and geographies.

Important information

Beta is a measure of a portfolio's market risk relative to its benchmark. In general, a beta higher than 1.00 indicates a more volatile portfolio and beta lower than 1.00 indicates a less volatile portfolio in relation to its benchmark. The **Consumer Price Index (CPI)** is a commonly used measure of inflation that tracks the variation in prices paid by typical consumers for retail goods and other items. **Core CPI** excludes the more volatile food and energy segments. **Core PCE (Personal Consumption Expenditures)** is a measure of inflation that excludes the prices of food and energy, which tend to be more volatile. The **Federal Open Market Committee (FOMC)** is a rotating group of 12 members of the Federal Reserve system tasked with setting and implementing monetary policy. The **Federal Reserve Bank of Atlanta's GDPNow model** provides a real-time estimate of GDP growth for the current quarter based on available economic data. **Gross domestic product (GDP)** is the total market value of all the goods and services produced by a country and is a closely watched reflection of overall economic health. **West Texas Intermediate (WTI)** and **Brent crude** are two of the more easily refined types of oil and serve as key benchmarks for oil prices.

Index definitions

The **Bloomberg U.S. Aggregate Bond Index (Agg)** tracks the performance of intermediate-term investment-grade bonds traded in the United States. The **Bloomberg U.S. Dollar Index (DXY)** is used to measure the value of the dollar against a basket of six foreign currencies. The value of the index is a fair indication of the dollar's value in global markets. The **MSCI Emerging Markets (EM) Currency Index** tracks the performance of emerging market currencies relative to the U.S. dollar where the weight of each currency is equal to its country weight in the MSCI Emerging Markets Index. The **MSCI EAFE Index** tracks the performance of large- and mid-cap equities traded across global developed markets, excluding the United States and Canada. The **MSCI Emerging Markets Index** tracks the performance of large- and mid-cap equities traded in global emerging markets. The **Russell 1000 Index** tracks the performance of the 1,000 largest companies traded in the United States. The **Russell 2000 Index** tracks the performance of the 2,000 smallest companies traded in the United States. The **Russell 1000 Growth and Value Indexes** track the performance of those large-cap U.S. equities in the Russell 1000 Index with growth and value style characteristics, respectively. The **Russell 2000 Growth and Value Indexes** track the performance of those small-cap U.S. equities in the Russell 2000 Index with growth and value style characteristics, respectively. The **Russell Midcap Growth and Value Indexes** track the performance of those mid-cap U.S. companies in the Russell 1000 Index with growth and value style characteristics, respectively. The **S&P 500 Index** tracks the performance of the 500 largest companies traded in the United States. The **S&P 500 Equal Weight Index** also tracks the performance of the 500 largest companies traded in the United States, but weights each company equally, rather than proportionally according to market cap. **S&P credit ratings,** which range from AAA (highest) to D (default), are assigned by S&P Global to individual companies to indicate their relative creditworthiness. The **VIX,** or CBOE Volatility Index, tracks expectations for future volatility of the stock market based on the prices of underlying S&P 500 Index options. It is not possible to invest directly in an index.

Market capitalization breakpoints

The breakpoints for capitalization ranges should be viewed only as guideposts and will change over time. In general, small-cap stocks are considered to have market caps of between $150 million and $7 billion, mid caps to have market caps between $7 billion and $50 billion, and large caps to be those companies with market caps above $50 billion.

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