

Q3 2026 Investment review

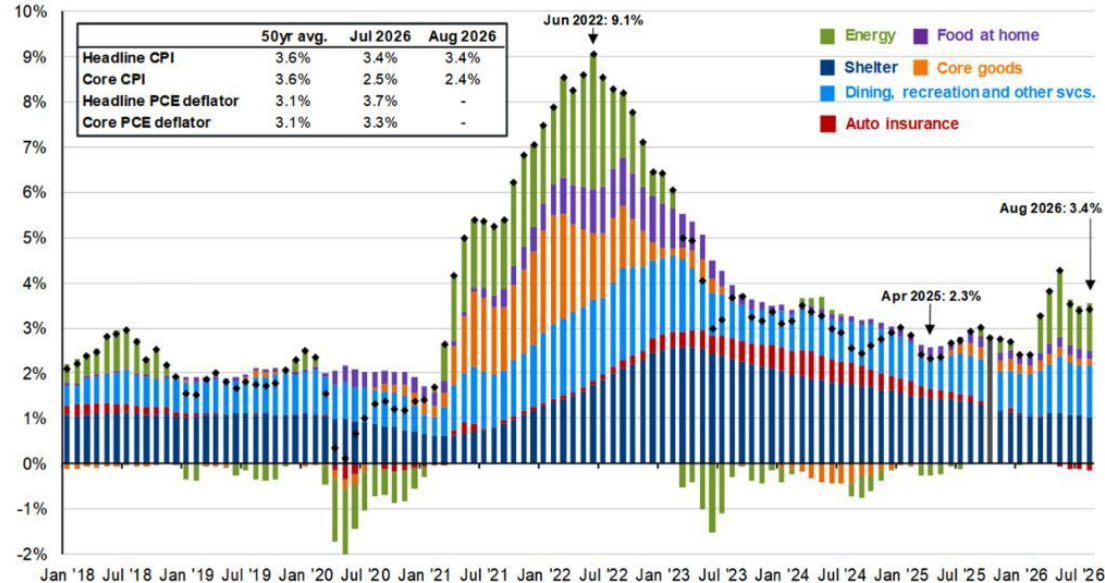


INVESTMENT REVIEW

As a result of higher oil prices, inflation has continued to creep up again

Contributors to headline CPI inflation

Contribution to year-over-year % change in CPI, non-seasonally adjusted



- Headline CPI held at 3.4% in August, with energy the largest contributor to the year-over-year change.
- Core CPI eased to 2.4%, below its 50-year average, suggesting the pressure is concentrated in energy rather than broad-based.
- Shelter and services remain the steady base of inflation while goods and food contributions have faded since 2023.

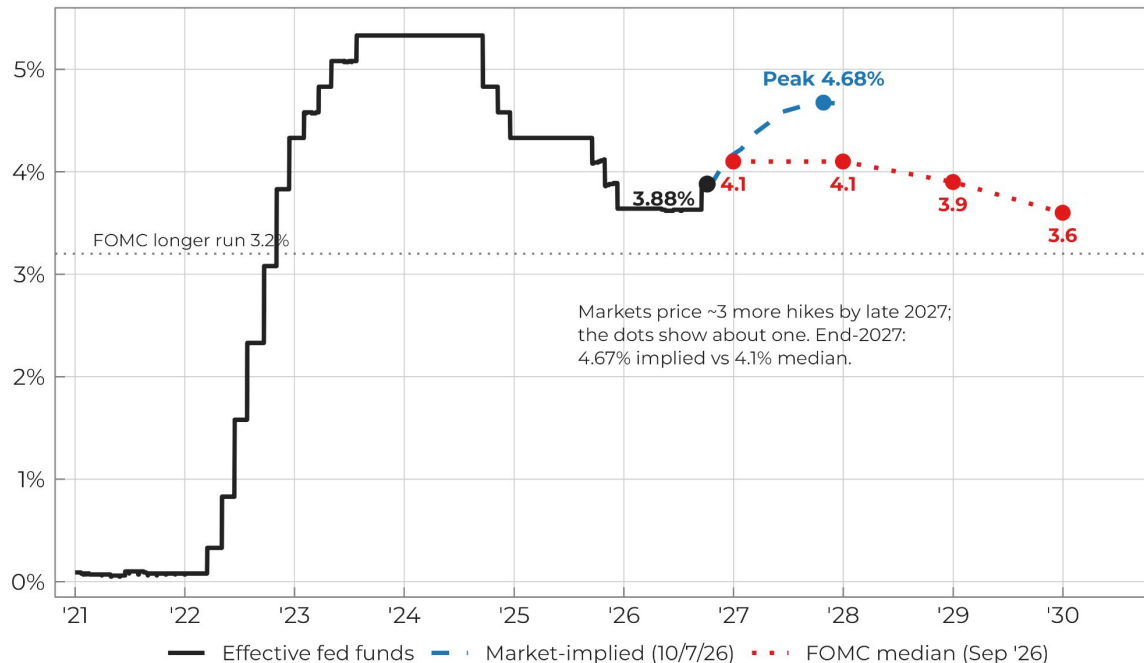
For educational purposes only. Jan 2018 - July 2026. Sources: JP Morgan Guide to the Markets, Bureau of Labor Statistics, Bureau of Economic Analysis.

Markets are currently pricing in higher interest rates versus Fed dot plot expectations

- Markets are pricing in another chance of a 25 bps rate hike in December, in line with FOMC median projections.
- FOMC median and markets however diverge on the long-run, with markets projecting “higher for longer” inflation, implying the expectation of more rate hikes to come in 2027.

Markets See More Hikes Than the Fed Does

Market pricing vs. the dot plot, as of Oct 7, 2026



INVESTMENT REVIEW

While mid and small caps lagged this quarter, they have been additive in diversifying the portfolio this year

Cumulative total return

Third quarter · Jul 1 – Sep 30, 2026



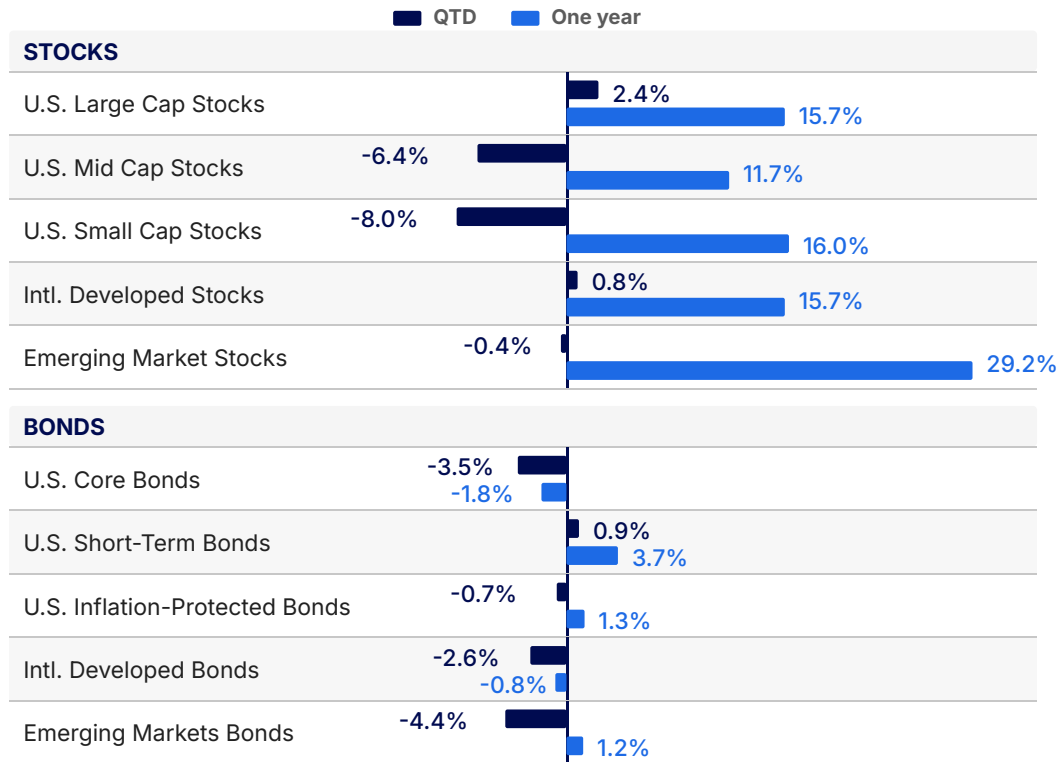
Large cap: SPYM. Mid cap: SPMD. Small cap: SPSM. Daily total returns, rebased to zero at the start of the period. Source: Bloomberg. Past performance does not guarantee future results.

For educational purposes only. Quarter-to-date: 6/30/2026 to 9/30/2026. Year-to-date: 1/1/2026 to 9/30/2026.

INVESTMENT REVIEW

Q3 2026: Market performance

- Sparked by rising inflation and a resilient economy, the Federal Reserve delivered its first rate hike since 2023.
- U.S. small-/mid-caps underperformed, reflecting greater sensitivity to borrowing costs and economic conditions.
- Large-caps outperformed, supported by strong earnings growth, energy demand, and continued AI investment optimism.
- July's semiconductor pull-back weighed on emerging markets, particularly South Korea.
- Global bond yields rose as higher oil prices revived inflation concerns and expectations for tighter policy. Long-duration bonds underperformed shorter-duration bonds.



For educational purposes only. Does not reflect any specific investment, portfolio, or Betterment product, you cannot invest directly in the index. Quarter-to-date: 7/1/2026 to 9/30/2026. Year-to-date: 1/1/2026 to 9/30/2026. "U.S. Large Cap Stocks" represented by the S&P 500 Index, "U.S. Small- Cap Stocks" represented by the S&P 600 Index "Int'l Developed Market Stocks" represented by the MSCI EAFE Index, "Int'l Emerging Market Stocks" represented by the MSCI Emerging Market Index, "U.S. Core Bonds" represented by the Bloomberg U.S. Aggregate Bonds Index, "Int'l Developed Market Bonds" represented by the Bloomberg Global Aggregate ex-USD Float Adjusted RIC Capped Index, "Int'l Emerging Market Bonds" represented by the JPMorgan EMBI Global Core Index, "U.S. Short-Term Bonds" represented by the FTSE US Treasury 0-1 Year Index, "U.S. Inflation-Protected Bonds" represented by the ICE U.S. Treasury Inflation Linked Bond 0-5 Year Index. Where applicable, index returns represent the total return performance of the index. Returns not guaranteed and actual results will vary. Figures do not account for taxes, fees, or inflation beyond "real return" adjustment. Investment involves risk of loss. Source: Bloomberg.

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