Market Update

September 2026

Presented By:
Doug Couden, CFA, Chief Investment Officer

BakerAvenue
WEALTH MANAGEMENT

Grow and Protect Investment Philosophy

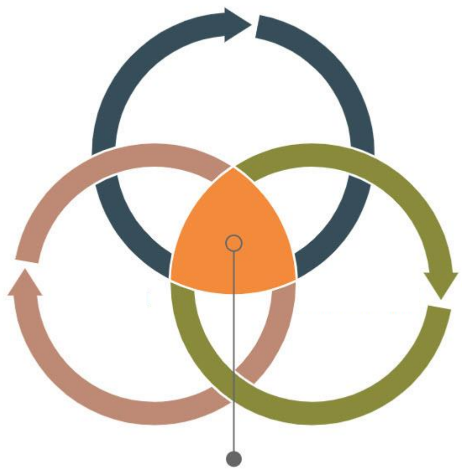
We utilize in-depth fundamental, technical, and macro analysis for long-term capital appreciation and risk control.

Macroeconomic Analysis

- Monetary Policy
- Fiscal Policy
- Interest Rate Analysis
- Currency Moves
- Geopolitical Issues
- Business Cycle Analysis
- Inflation Direction
- Credit Cycle Analysis

Technical Analysis

- Relative Strength
- Intermarket Analysis
- Market Trends
- Moving Averages
- Support & Resistance Levels
- Seasonal Patterns

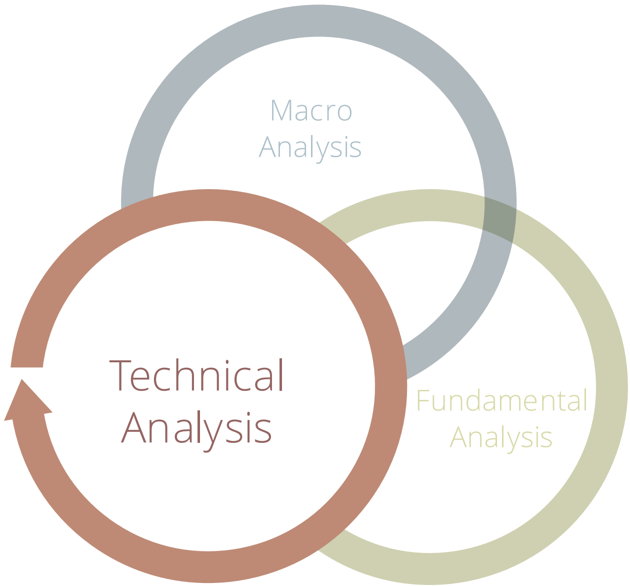


Fundamental Analysis

- Revenue & Cost Drivers
- Competitive Analysis
- Positioning
- Identifiable Catalysts
- Forecasts vs. Expectations
- Sustainability Profile
- Valuation

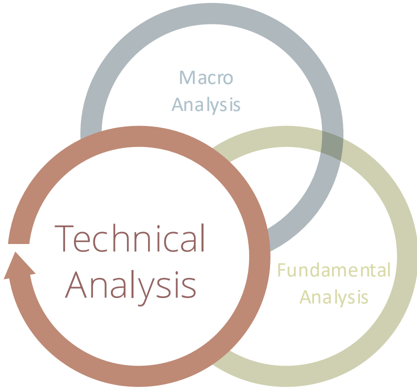
BakerAvenue Investment Committee

- Risk Exposure
- Portfolio Characteristics
- Thesis Challenges
- New Securities Selection



Technical Analysis

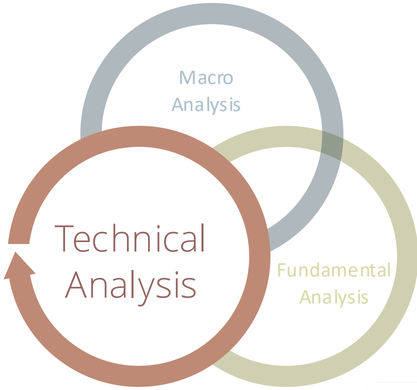
Price trends remain supportive with most indices remaining near all-time highs. Rotational trading is keeping internals mixed while the relative strength profile remains supportive.



Uptrend Intact, Internals Decent

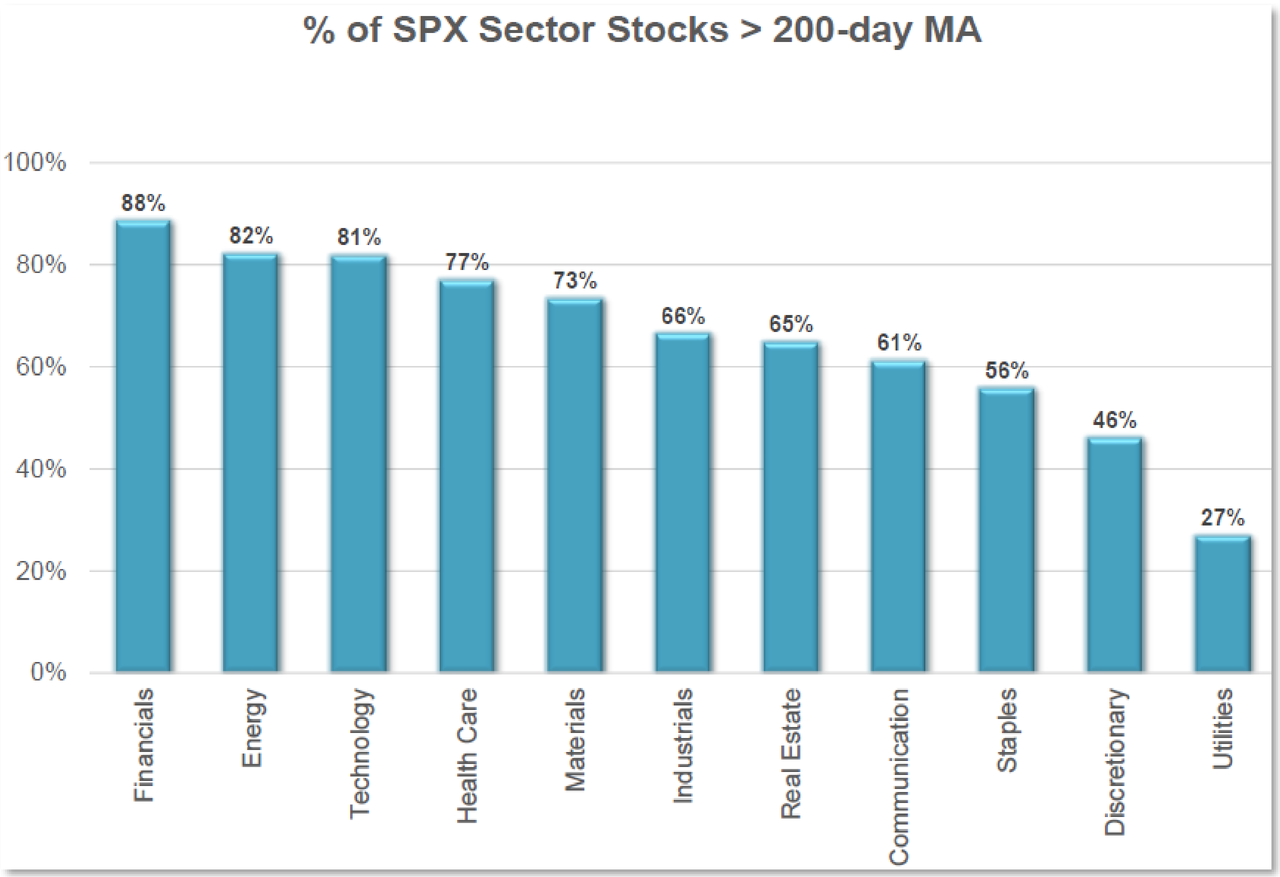
Price trends remain supportive as most indices remain close to all-time highs. Internals have room for improvement.

Source: Bloomberg, BakerAvenue. Data as of 9/7/2026.

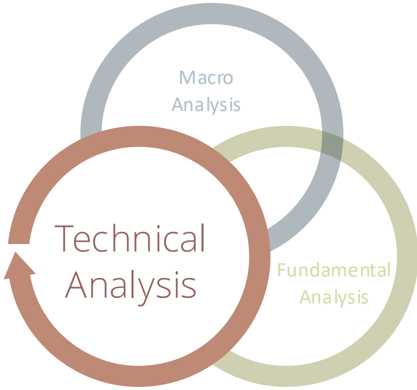


Relative Strength Favoring Cyclicals

Technically, relative price strength is favoring the more economically sensitive pockets of the market.

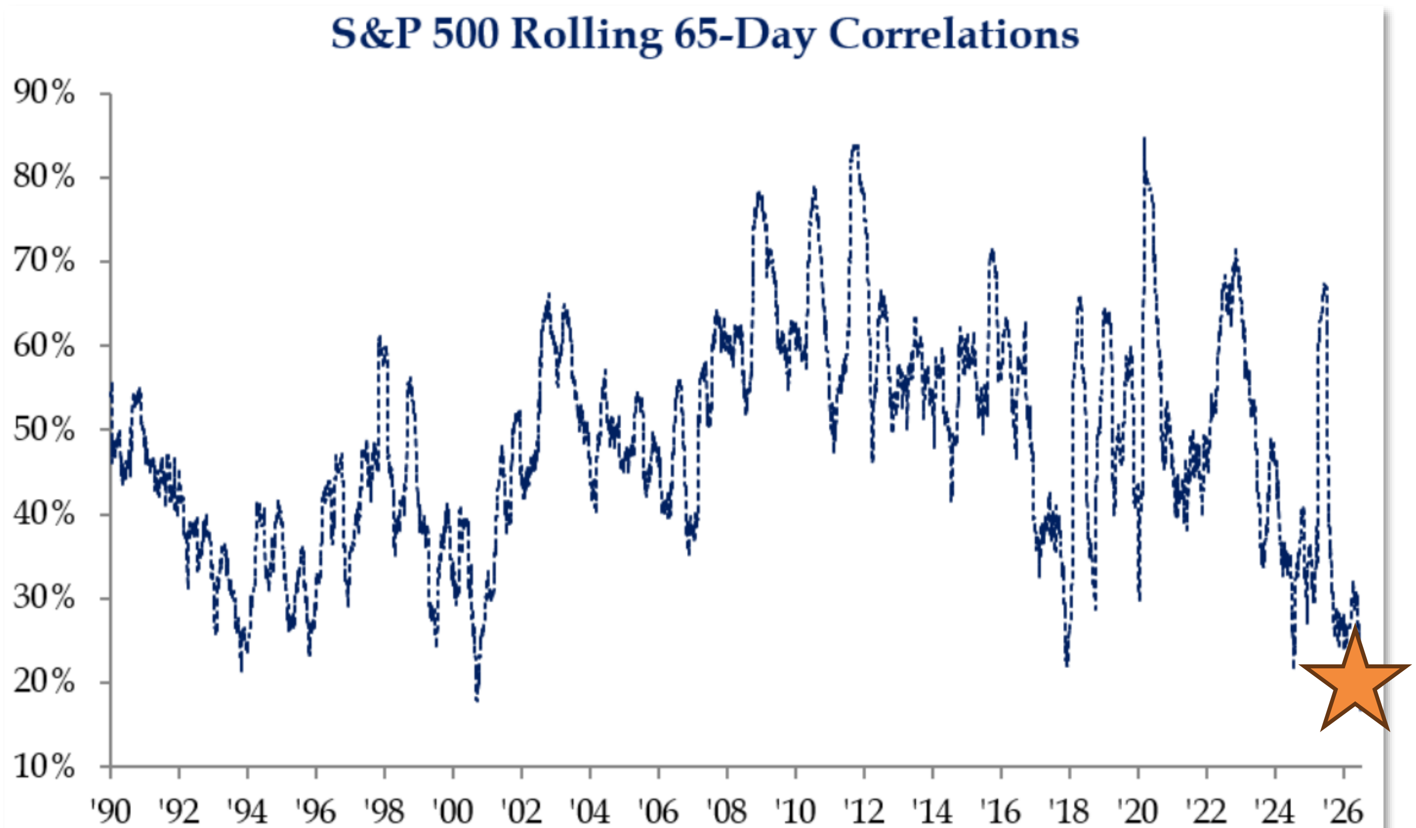


Source: S&P, Piper Sandler, Bloomberg, BakerAvenue. Data as of 9/7/2026.

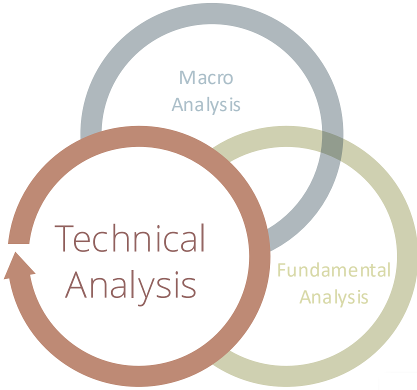


Correlations Near All-Time Low

The market is increasingly reflecting a "market of stocks" rather than a "stock market."

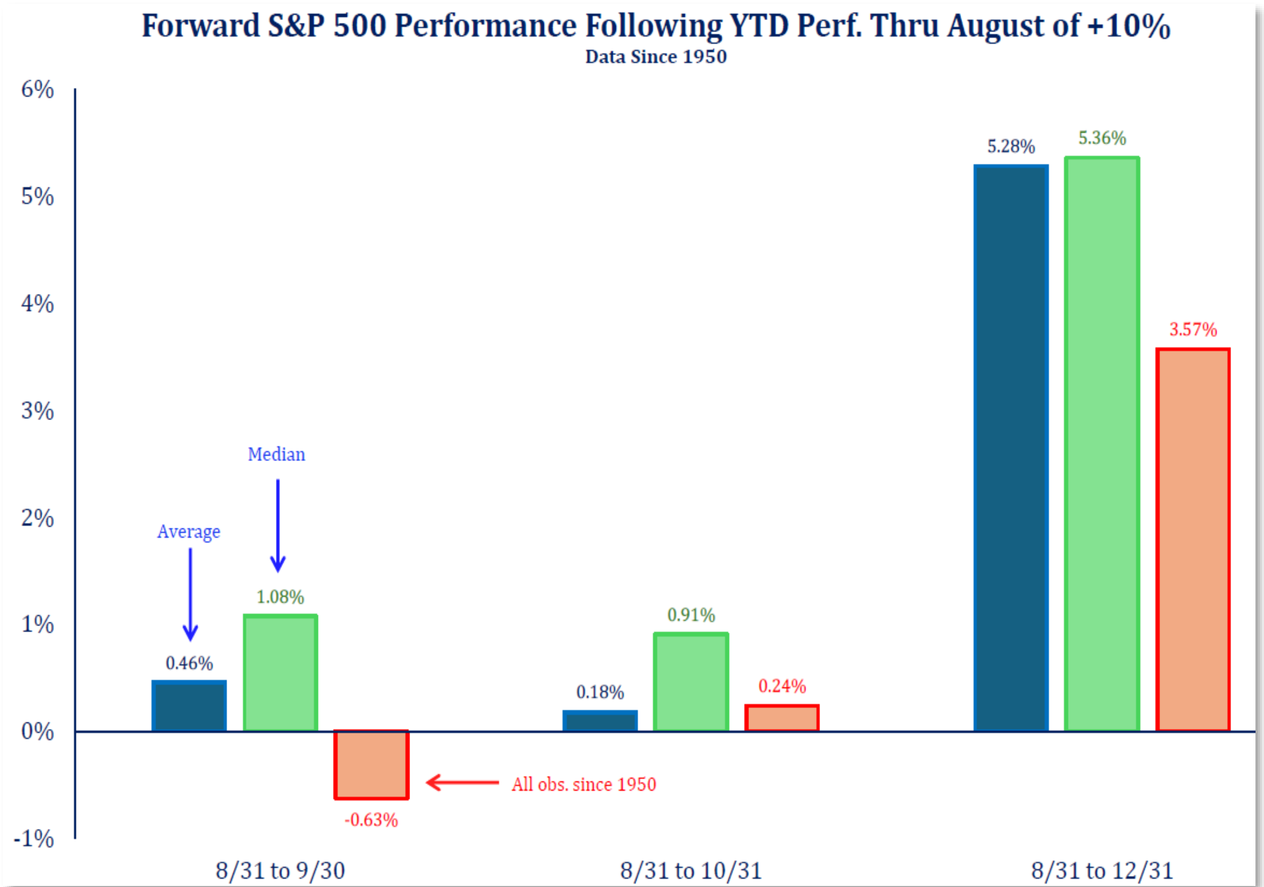


Source: CBOE, Strategas, Bloomberg, BakerAvenue. Data as of 9/7/2026.

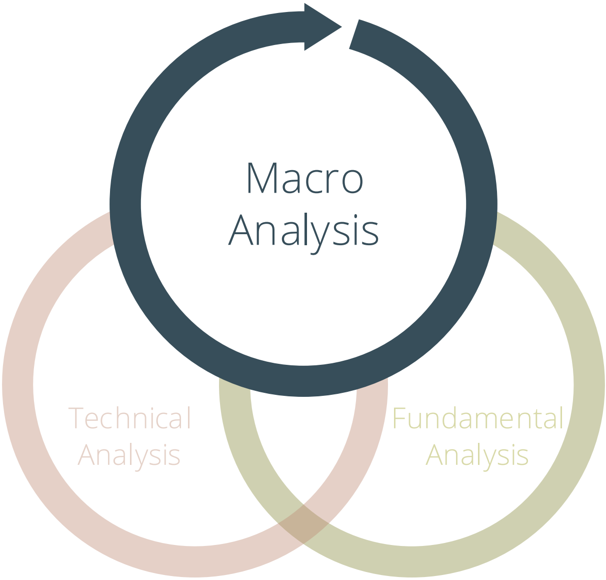


More Challenging Seasonals

September has historically been a volatile month. Encouragingly, volatility has been kept in check when the market enters the more challenging seasonal stretch with positive trends.

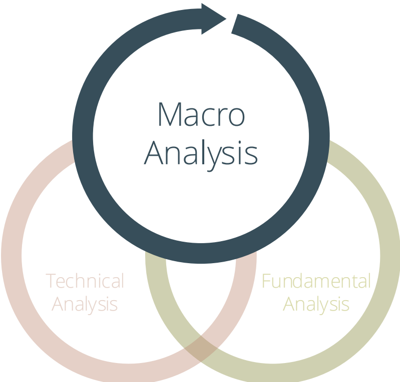


Source: Strategas, Bloomberg, BakerAvenue. Data as of 9/7/2026.



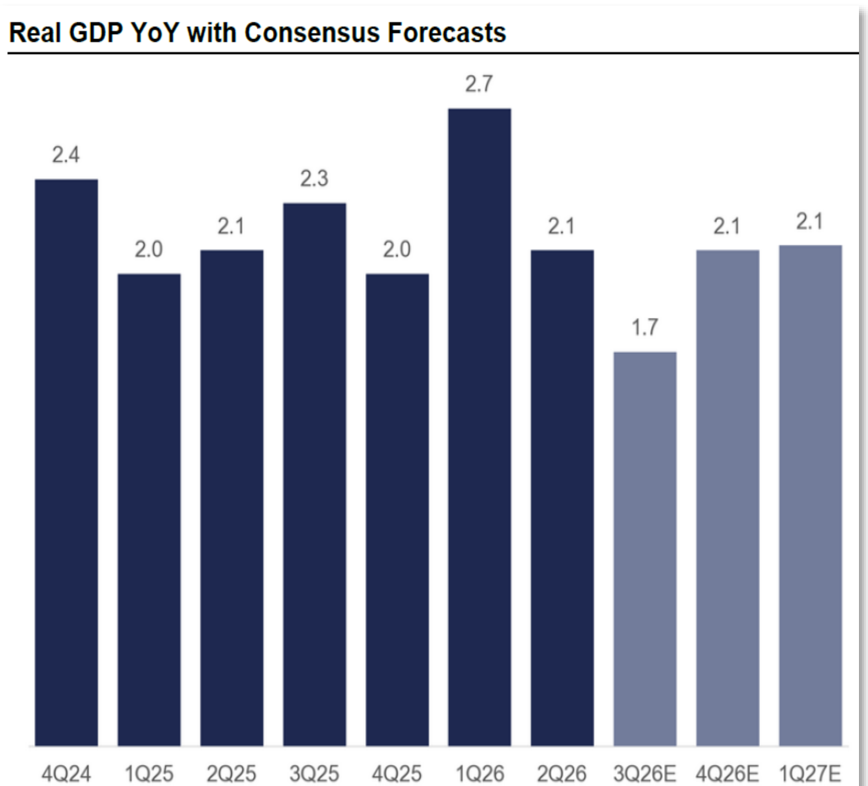
Macroeconomic Analysis

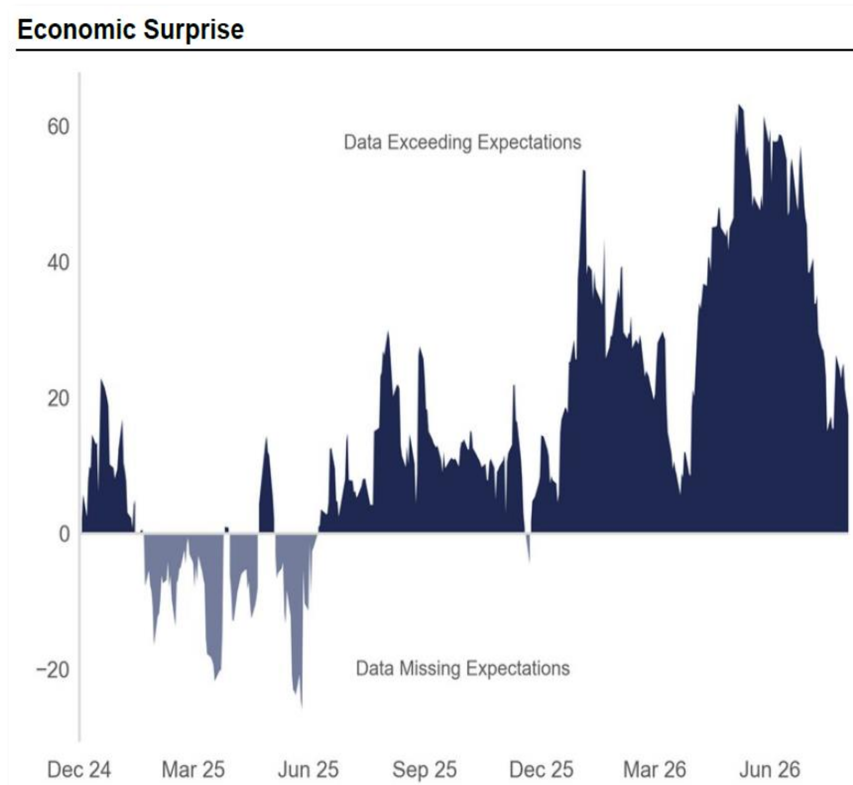
Our outlook continues to assume moderate economic growth. We expect elevated macro uncertainty and see interest rates continuing to carry outsized influence.



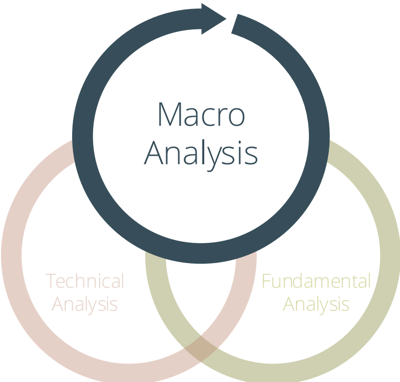
Resilient Growth Continues

We expect moderate growth and put low odds on any recessionary conditions developing. Most economic data is coming in above expectations.



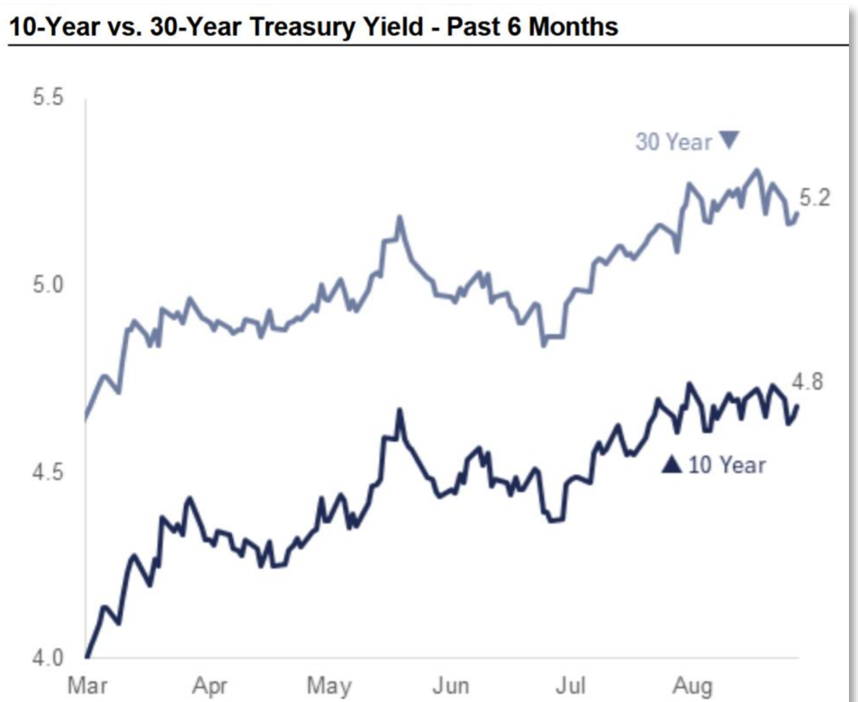


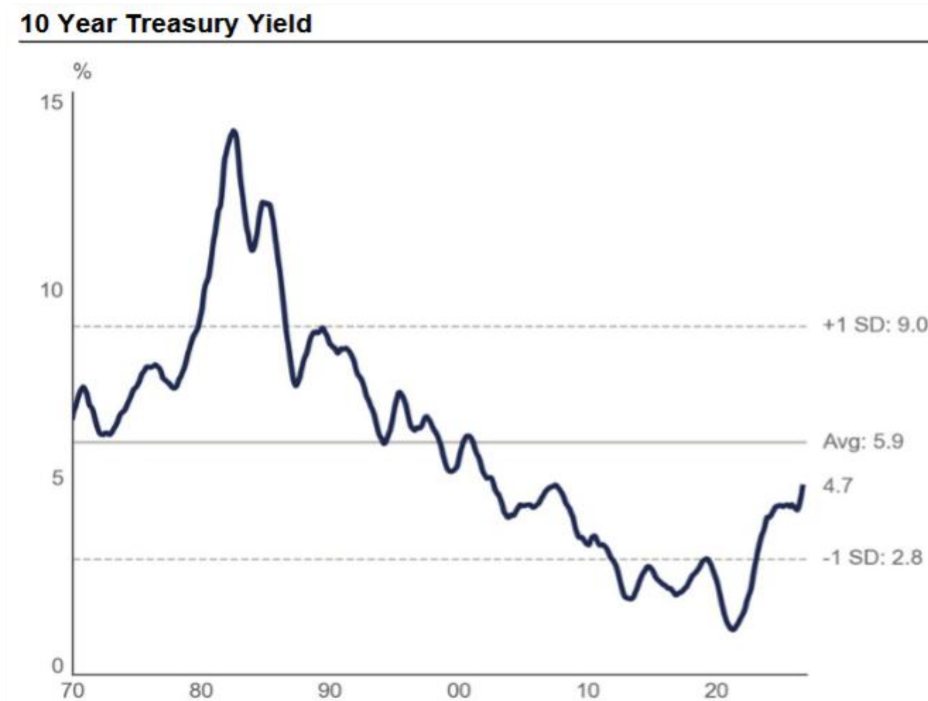
Source: Seaport, Bloomberg, BakerAvenue. Data as of 9/7/2026.



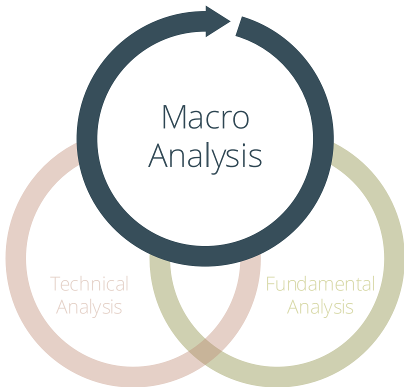
Higher Rate Backdrop

While Treasury yields are well off pandemic lows, they are modest relative to their long-term history. We see the rate backdrop as manageable provided economic growth is sustained.



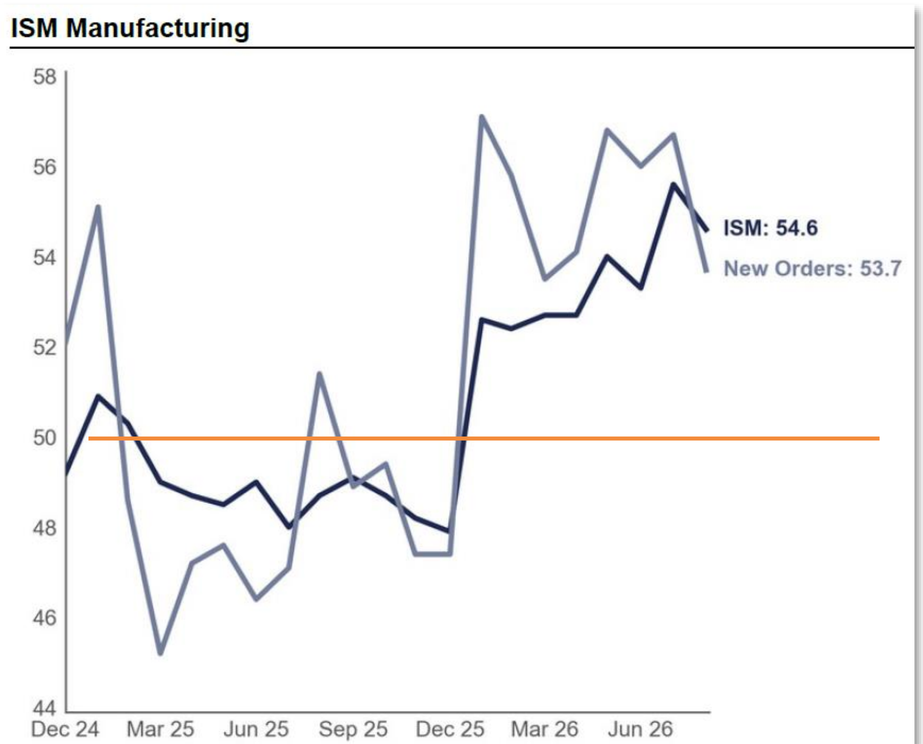


Source: Seaport, Bloomberg, BakerAvenue. Data as of 9/7/2026.

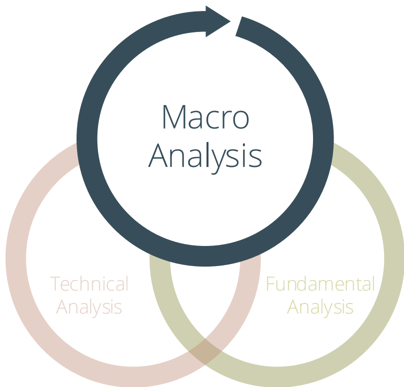


The Industrial Economy

We continue to favor the industrial economy as beneficiaries of increased capital spending, favorable tax treatment and re-shoring trends. A healthy industrial economy bodes well for broad market profitability.

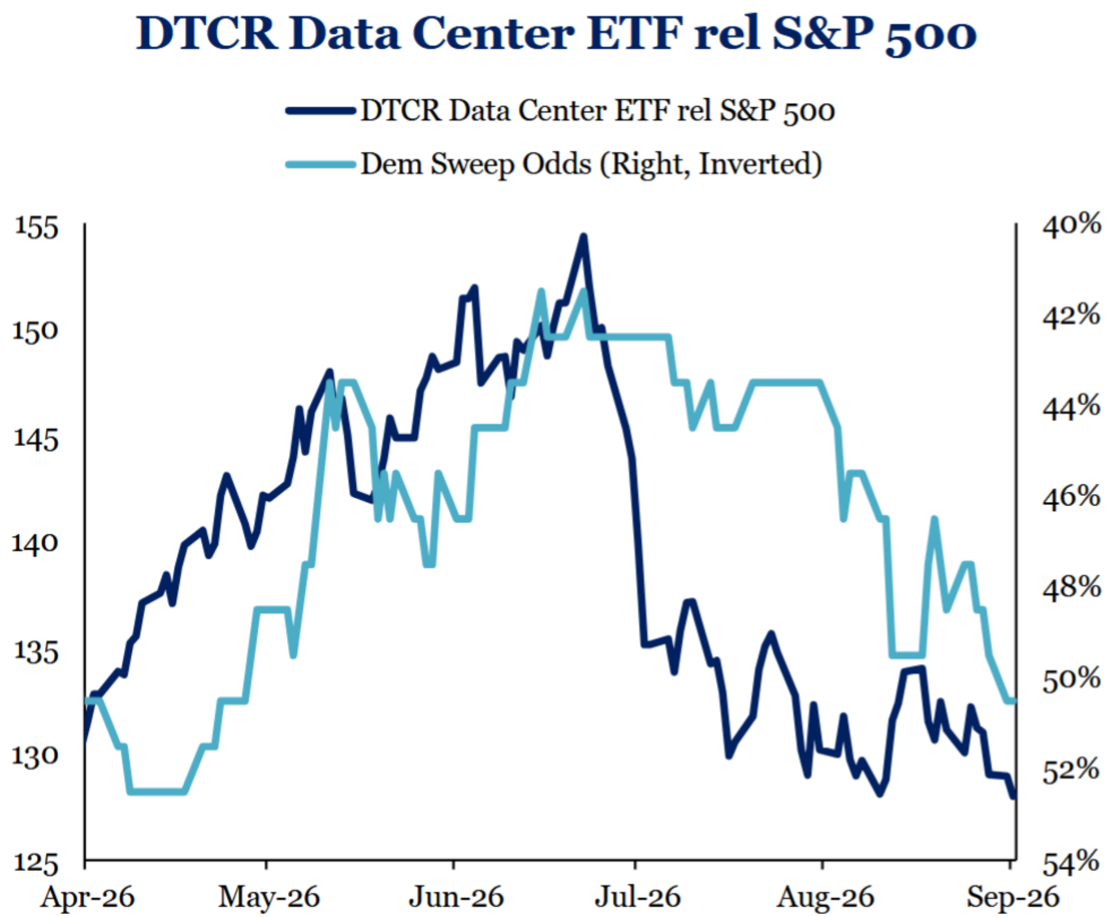


Source: Seaport, Bloomberg, JPMorgan, BakerAvenue. Data as of 9/7/2026.

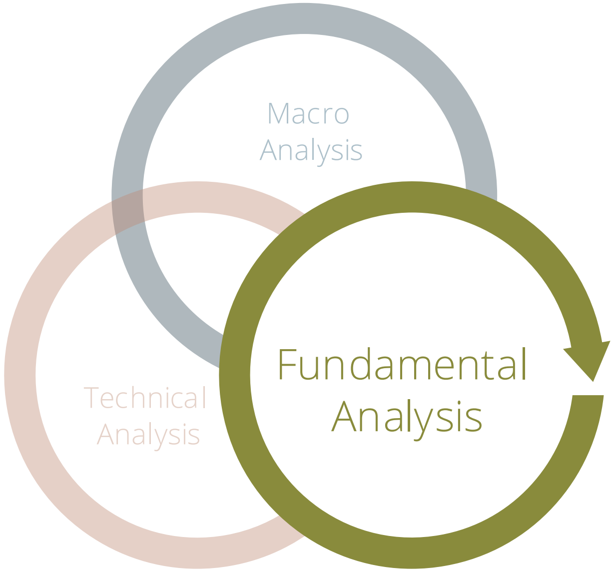


Political Volatility Increasing

We expect the midterms to result in few material legislative updates, and thus little broad market influence. There could be sector and industry impacts.

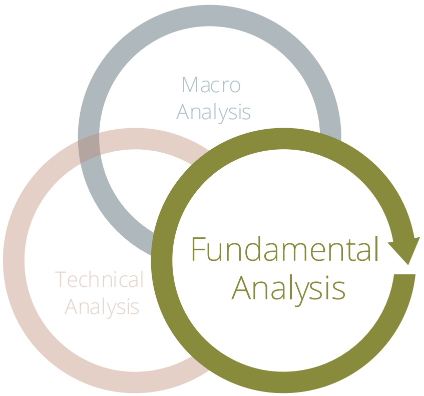


Source: Strategas, Polymarket, Factset, Bloomberg, BakerAvenue. Data as of 9/7/2026.



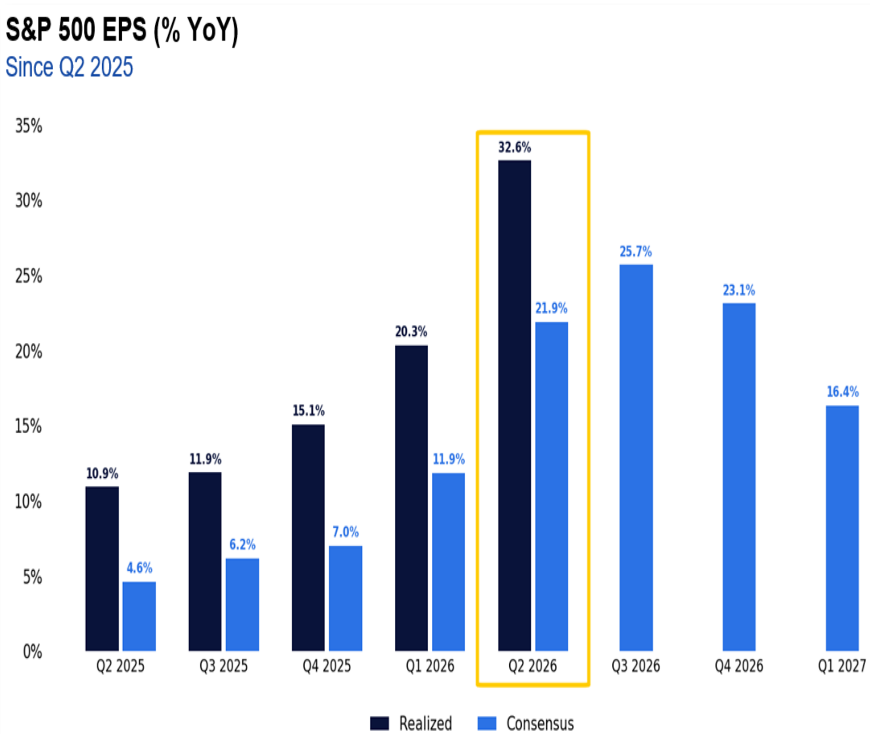
Fundamental Analysis

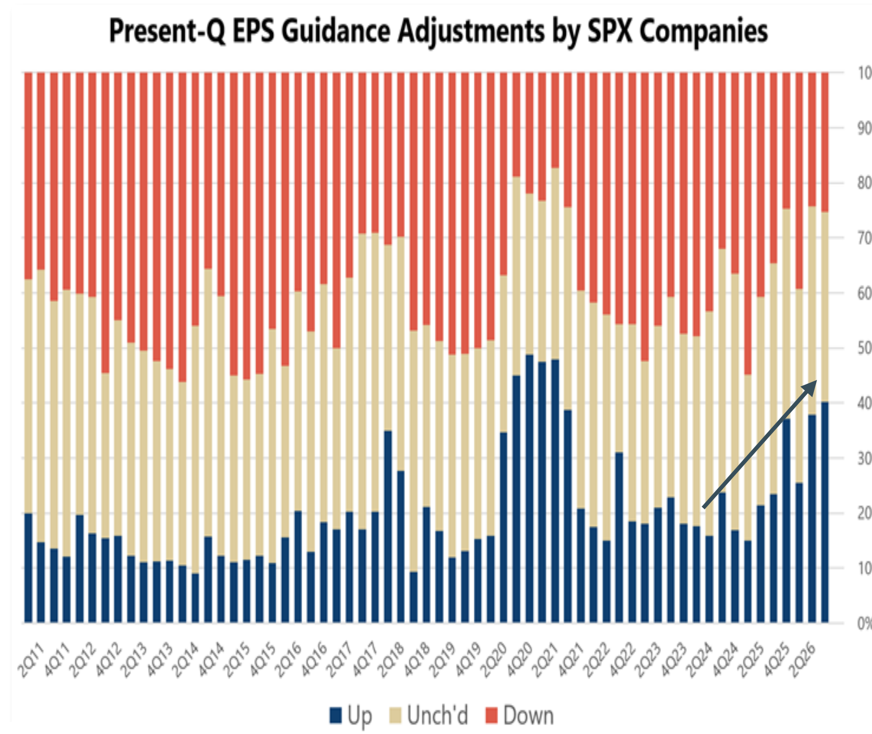
Fundamentals remain in good shape, and we continue to see upside to consensus earnings and revenue estimates. Growth is broadening out, and we believe several growth themes (e.g., industrial spending, increased capital market activity, power beneficiaries, etc.) are sustainable.



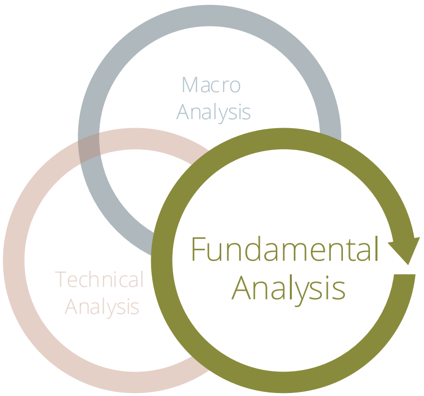
Strong Earnings Results

Second quarter reporting season was historically strong with growth rates far exceeding initial estimates. Forward guidance was equally as impressive.



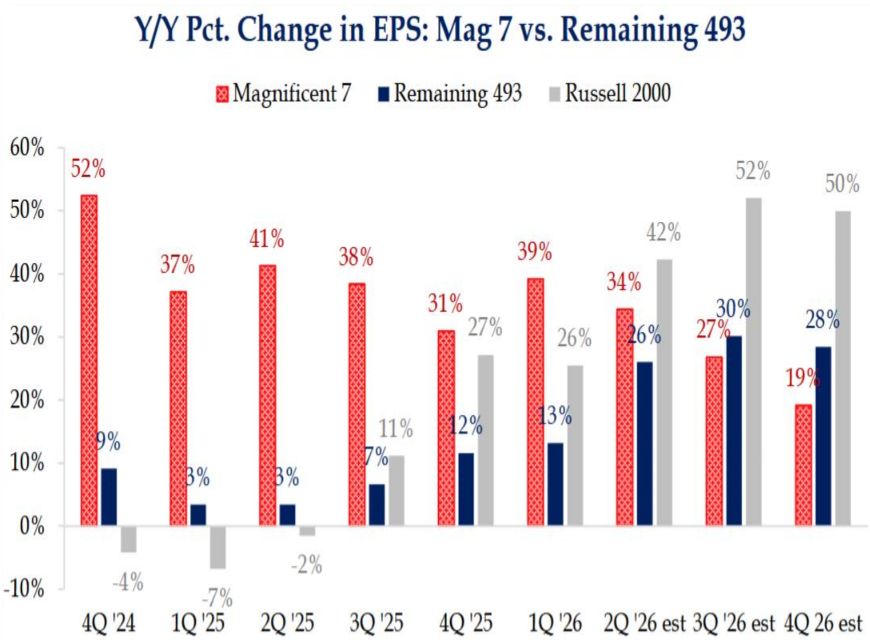


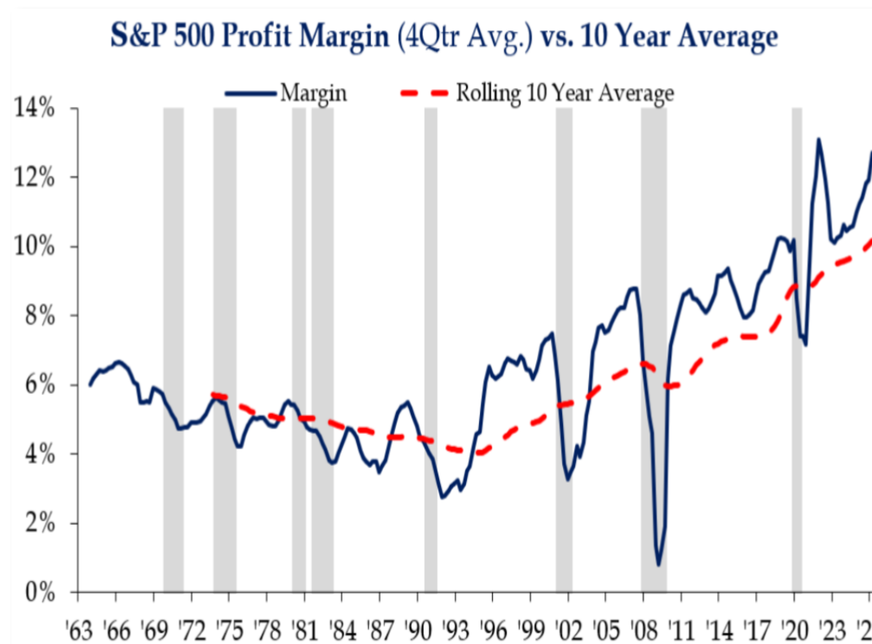
Source: Citadel, FactSet, Bloomberg, BakerAvenue. Data as of 9/7/2026.



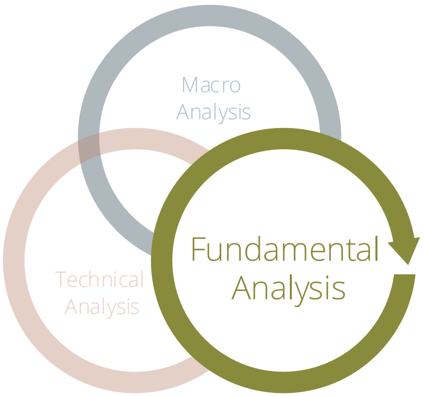
Growth Is Broadening Out

Growth rates are converging, lending support to improved market breadth.
Despite volatile macros, profitability remains elevated, an encouraging sign.



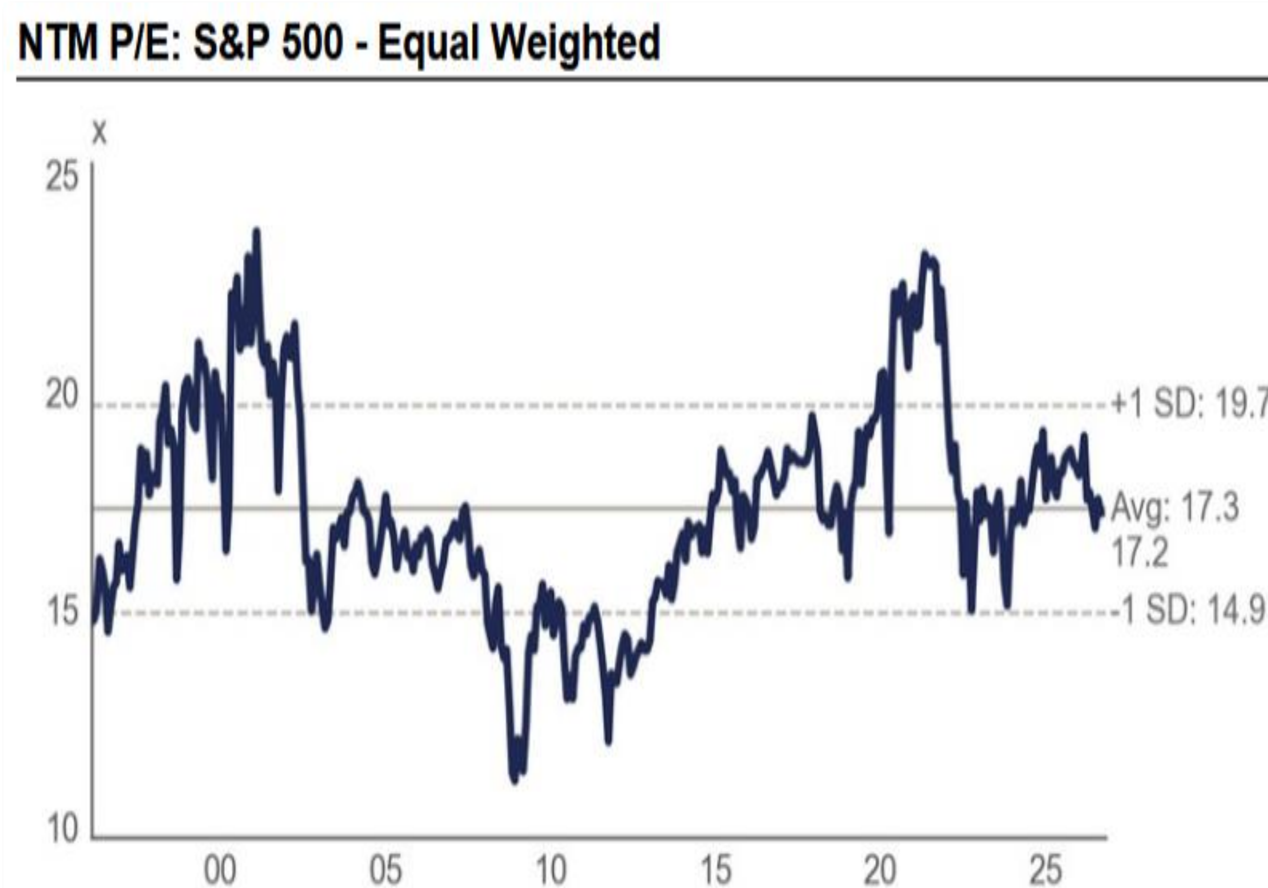


Source: FactSet, S&P, Bloomberg, BakerAvenue. Data as of 9/7/2026.

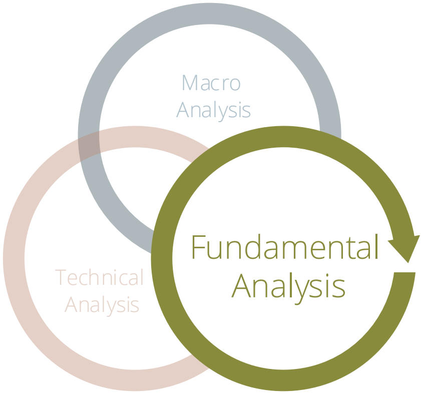


Valuations Have Come Down

Profits are moving faster than prices, keeping valuations in check. The average stock is trading in line with historical valuation ranges.

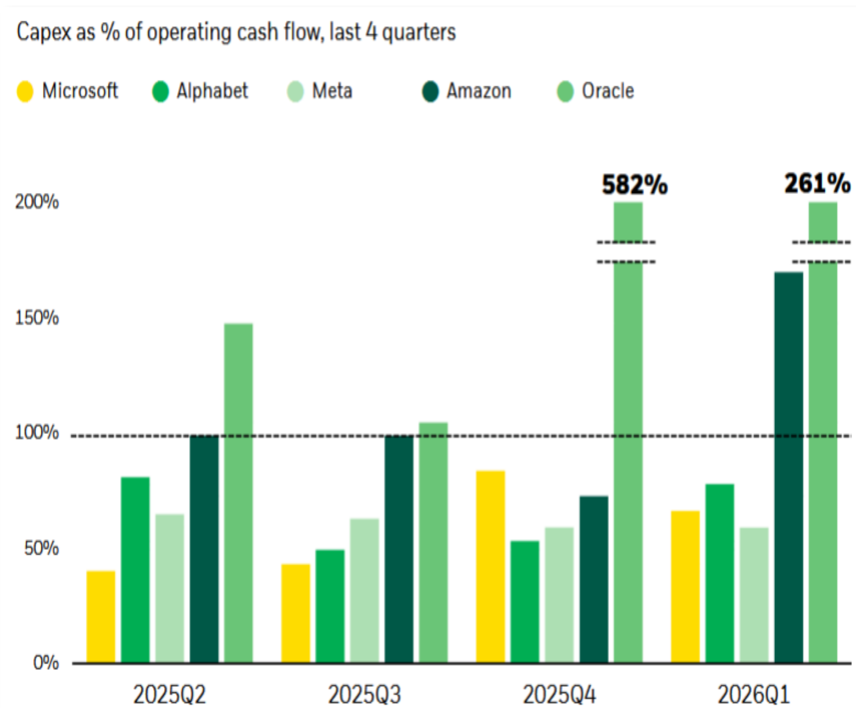


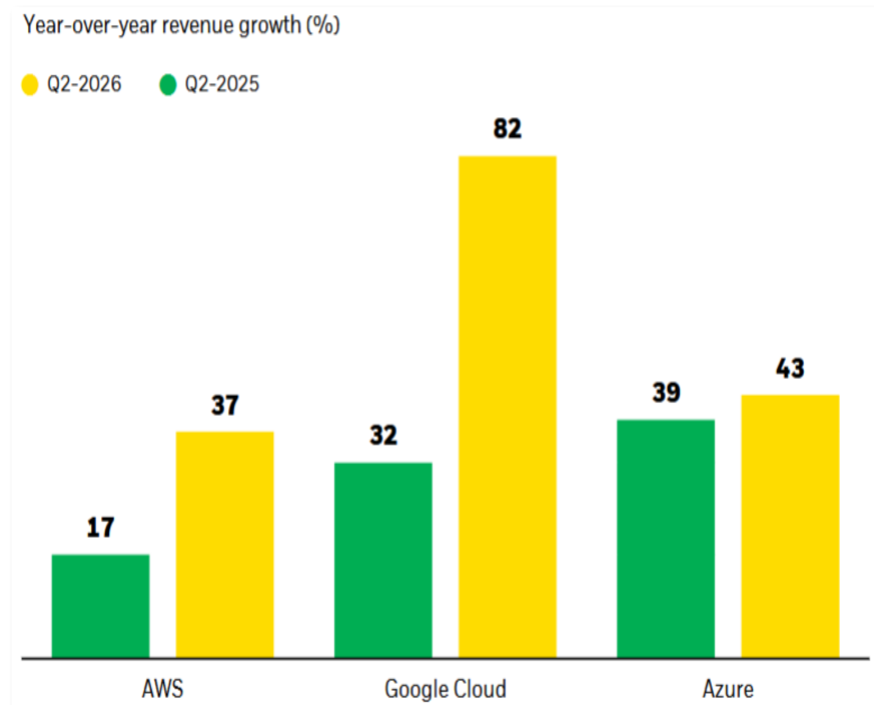
Source: Seaport, Bloomberg, BakerAvenue. Data as of 9/7/2026.



AI Spending Sustainability

This past earnings season reinforced resilient AI demand trends. Elevated capital spending is beginning to show up in revenues for the hyperscalers. Sustained AI adoption, and corresponding monetization, will ease circular financing concerns.





Source: Blackrock, Bloomberg, BakerAvenue. Data as of 9/7/2026.

Current Market Overview - September '26

- Factors within our technical, fundamental, and macro disciplines continue to skew positively on balance. Tactical consolidations are to be expected.
- The technical foundation is underscored by upward sloping long-term averages with decent participation. Macro uncertainty is elevated and interest rates have moved higher, but economic growth remains supportive. We believe corporate fundamentals remain in good shape with another year of revenue and earnings growth tracking ahead of plan.
- Our base case still assumes moderate growth. We are mindful of the risks and plan on being thoughtful regarding portfolio construction and risk control. The dynamic backdrop is well-suited for active oversight.

Source: BakerAvenue. As of 9/8/2026.

Select BakerAvenue Technical Indicators

TECHNICAL INDICATOR	CURRENT STATUS	REFERENCE
New Highs vs. New Lows	**Positive**	When "New Highs" exceeds "New Lows,“ it implies an upward biased market.
Long-term trend	**Positive**	Defined as being above / below the 12-month moving average and above or below the prior monthly high or low.
% of stocks > 50 DMA	**Neutral**	Below 50% is negative. Oversold levels below 5% is contrarian positive.
% of stocks > 200 DMA	**Positive**	Below 50% is negative. Oversold levels below 10% is contrarian positive.
% of Golden Crosses	**Neutral**	% of stocks with 50 DMA > 200 DMA for major indices.
Sentiment Bull:Bear Ratio	**Neutral**	AAII Sentiment: Excessive bearish is contrarian positive, excessive optimism is contrarian negative.
Cyclicals vs. Defensives	**Positive**	Relative strength ratio between cyclicals vs defensives.
Small vs. Large Ratio	**Positive**	Measures market breadth and "risk on" investor sentiment (4mo:9mo).
High Yield vs. Treasuries	**Positive**	Measures appetite for risk and recession probabilities (4mo:9mo).
VIX	**Neutral**	Greater than 25 suggests elevated risk. Extreme VIX numbers may be construed as contrarian positive.

Source: BakerAvenue. Data as of 8/31/2026.

Select BakerAvenue Macro Indicators

MACRO INDICATOR	CURRENT STATUS	REFERENCE	METRICS
Monetary Policy	**Positive**	Assessment of global monetary backdrop (accommodative or restrictive).	Rates; Policy
Inflation	**Neutral**	Multiples react to different levels (and forecasts) of inflation.	CPI; PPI; Wages
Interest Rates	**Negative**	Monitor absolute level, yield curve slope and rate volatility impacts on market multiples.	Yield Curve; Fed Guidance
Currency Factors	**Positive**	Currency moves play a role in asset selection.	DXY; RMB; EUR; etc.
Commodity Backdrop	**Neutral**	Important to monitor supply & demand; particularly crude and its impacts.	All commodities
Geopolitical Risk	**Negative**	Assessing market risks associated with various geopolitical tensions.	Policy risk index, Intl. metric, etc.
Business Cycle Analysis	**Positive**	Where are we in the business cycle?	Expansion metrics, GDP growth, etc.
Fiscal Policy	**Positive**	Stimulative or Restrictive fiscal policy.	Budget; Taxes; Elections; etc.
Leading Indicators	**Positive**	Analyze key economic inputs to assess economic growth potential.	PMI; Cons. Conf.; Employment; etc.
Economic Surprise Trend	**Positive**	Trend in incoming macro data and inflection points.	CESI; ESRI; etc.

Source: BakerAvenue. Data as of 8/31/2026.

Select BakerAvenue Fundamental Indicators

FUNDAMENTAL INDICATOR	CURRENT STATUS	REFERENCE	METRICS
Earnings Growth	Positive	Measure of overall corporate profitability – the more profitable, the better.	EPS YoY/QoQ
Earnings Revisions	Positive	Market expectations on corp profitability, focus on trend & inflection.	FY1/FY2 +/-
Sales Growth	Positive	A measure of top line corporate success.	Revs YoY/QoQ
Sales Revisions	Positive	Market expectations on corporate revenues, focus on trend & inflection.	FY1/FY2 +/-
Valuation	Neutral	Overall market, sector & industry levels on an absolute and relative basis.	P/E; PE; P/B; P/CF
Credit Spreads	Positive	Relative to Tsy; sector and in trend context, key to risk management.	HY over Tsy; IBOX
Margins	Positive	A measure of corporate profitability – we focus on trend and inflection.	OpM; GM
Payout Ratios	Positive	Overall market, sector & industry levels on an absolute & relative basis.	DivYld; Payout
Mgt Commentary	Neutral	Reviewing bottom-up corporate intel for guidance on business trends.	Meetings; Channel Checks
Corporate Buybacks	Neutral	Overall market, sector & industry levels on an absolute & relative basis.	Announced buybacks

Source: BakerAvenue. Data as of 8/31/2026.

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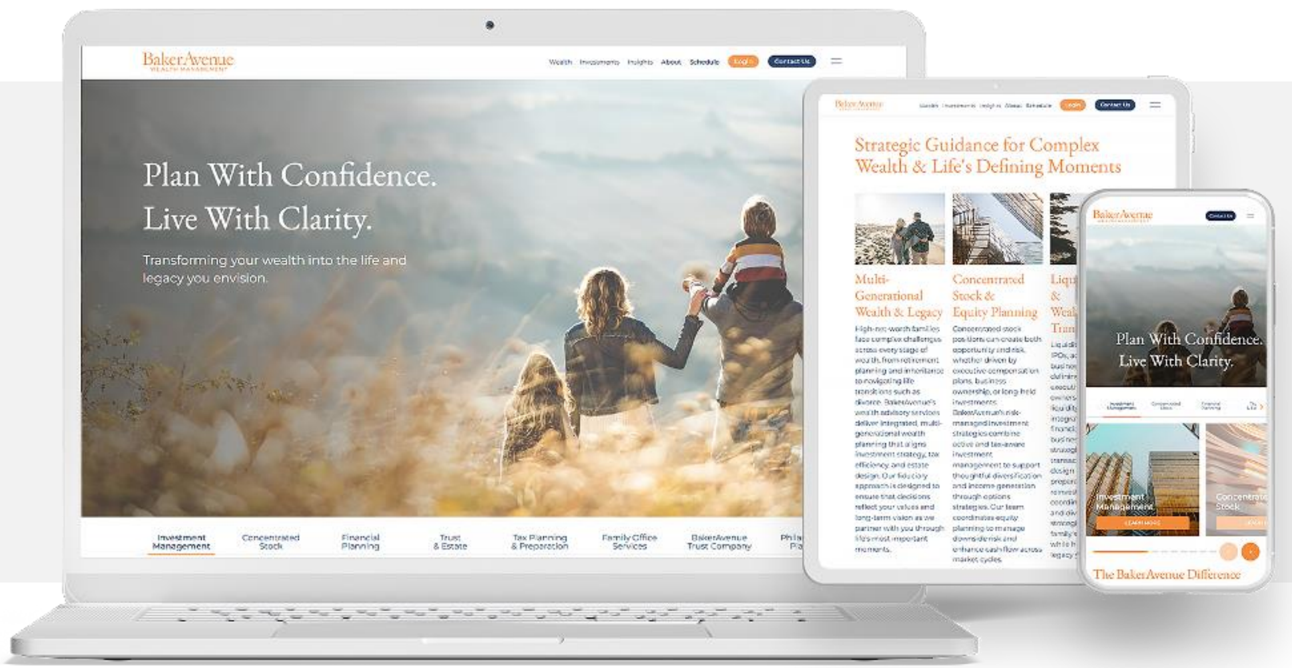

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