

February 2026

Demarche Dashboard

A Flash Report on Markets and the Economy



Data and Commentary for the Period Ended 02/28/2026

Global Overview

Global equity markets diverged in February as U.S. equities softened while international markets continued their strong performance. The S&P 500 declined during the month as investors reassessed exposure to growth themes tied to digital transformation and artificial intelligence, while value stocks and more defensive areas of the market held up better. International equities were supported by strong corporate earnings and share buybacks in developed markets, while emerging markets benefited from strength in semiconductor exporters. Economic data remained broadly stable, with manufacturing activity remaining in expansion territory, labor market conditions continuing to show resilience, and signs of modest improvement in consumer confidence. In fixed income, Treasury yields declined, particularly at the longer end of the curve, while widening credit spreads reflected increased investor caution amid geopolitical tensions and trade policy uncertainty. In the news, liquidity concerns resurfaced in parts of the private credit market following elevated redemption requests at a several large BDCs.

U.S. Markets & Economy

After a strong start to the year, markets slowed broadly in February, with the S&P 500 declining 0.8%. Investors reassessed exposure to companies tied to themes such as digital transformation and artificial intelligence. As a result, the consumer discretionary and information technology sectors each fell by more than 7% during the month, though this weakness was partially offset by positive performance in several more defensive sectors. Notably, the S&P 500 Equal Weight Index outperformed its market-cap-weighted counterpart for the fourth consecutive month, returning 3.6% and further highlighting the broadening of market leadership that began in late 2025 and has continued into early 2026. Consumer confidence rose modestly during the month to 91.2 from an upwardly revised 89.0, largely driven by an increase in the Expectations Index, which gauges consumers' six-month outlook for income, business, and labor market conditions. Meanwhile, the ISM Manufacturing PMI remained relatively stable, edging down slightly to 52.4 from 52.6 and marking the second consecutive month of expansion. The labor market showed improvement during the month as initial jobless claims declined from 232,000 to 213,000, suggesting significant layoffs have yet to materialize and labor market conditions remain stable in the "slow to hire, slow to fire" environment. Investor sentiment and the shift toward safer assets were reflected in market performance, with value leading across the board. In large caps, the Russell 1000 Value Index returned 2.6%, outperforming the Russell 1000 Growth Index, which declined 3.4%. In small caps, the Russell 2000 Value Index gained 1.9%, outperforming the Russell 2000 Growth Index's -0.2% return. Overall, the Russell 1000 declined 0.5%, while the Russell 2000 gained 0.8%.

Although the Federal Reserve did not meet in January, fixed income markets experienced considerable movement. Treasury yields declined across most of the curve, with the largest declines occurring in intermediate and longer maturities. Credit spreads widened during the month, with investment-grade spreads increasing from 73 to 86 bps and high-yield spreads widening from 272 to 312 bps as investors became more cautious amid geopolitical tensions and uncertainty around trade policy. Performance in fixed income was led by longer-duration government and higher quality credit bonds, as the Bloomberg U.S. Government/Credit Long Index returned 3.2%. The Bloomberg U.S. Aggregate Bond Index gained 1.6%, while the ICE BofA U.S. High Yield Index posted a more modest 0.2% return.

International Markets & Economy

The Eurozone showed signs of stabilization as Composite PMI rose to a three-month high of 51.9 in February. Annual inflation in the euro area increased to 1.9% from January's 16-month low of 1.7%, slightly above expectations, but still below the ECB's 2.0% target. Germany's headline CPI eased to 1.9% from 2.1%, while France's Q4 2025 GDP grew modestly, and the household savings rate declined again to 17.9% from 18.3%. In Japan, a decisive election delivered Prime Minister Takaichi's party a two-thirds supermajority, reducing fiscal policy uncertainty and reinforcing

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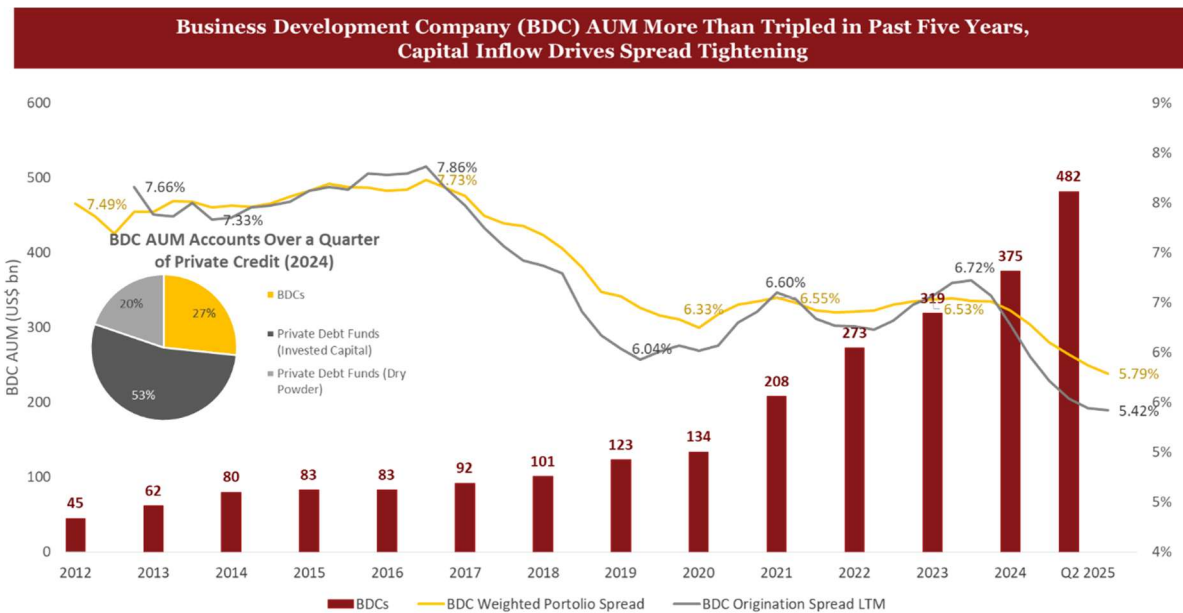
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expectations for expansionary government spending. Later in the month, the nomination of two dovish economists to the Bank of Japan’s board pushed longer-term bond yields higher and weakened the yen as investors priced in a more gradual tightening path. The MSCI EAFE returned 4.6%, with European markets reaching new all-time highs supported by strong corporate earnings and record share buybacks. China lowered its 2026 GDP growth target to 4.5%–5.0%, the first downgrade in three years, citing persistent property-sector strains and deflationary risks, though its trade surplus reached a record \$1.19 trillion in 2025, driven by stronger trade with emerging markets as ASEAN surpassed both the EU and the U.S. as China’s largest trading partner. Export growth in the “New Three” sectors: electric vehicles, batteries, and solar rose 27.1%, helping offset weakness in traditional manufacturing. The trade surplus with the United States remains large at over \$340 billion despite declining direct shipments amid tariffs. The MSCI Emerging Markets Index rose 5.5%, with South Korea and Taiwan posting outsized gains driven by strong semiconductor earnings and export momentum.

In the News

Blue Owl permanently closed one of its tech-focused funds in February, suspending the quarterly withdrawals previously available to investors, though the firm sold approximately \$1.4 billion of lending investments at 99.7% of par to provide liquidity to shareholders. The assets came from three of its Business Development Company (BDC) vehicles, which lend directly to middle-market firms. Concerns around private credit increased following the news, as BCRED, Blackstone’s \$82 billion BDC, had \$1.7 billion in net outflows during the first quarter. Blackstone and its employees contributed \$400 million to support liquidity. Sentiment toward the semi-liquid private credit market weakened further when BlackRock’s HLEND received \$1.2 billion in redemption requests in early March, equal to 9.3% of net asset value, though only \$620 million (5% of NAV) will be paid. In addition to several high-profile private credit bankruptcies late last year, rising redemption pressure has also been linked to the sector’s exposure to software borrowers facing disruption from artificial intelligence. As of Q3 2025, 29% of BDC assets were invested in software companies, representing \$152.6 billion of debt across 155 BDC portfolios. Loans currently trade at an average of 97% of par, with roughly 6% priced below 90%. Blue Owl is a major lender to the software sector, while BCRED has approximately 25% of its loan portfolio allocated to software companies. Retail investors have increasingly entered private credit markets in search of higher yields, but the influx of capital has raised concerns around weakening underwriting standards, lower spreads on new loans, and increased refinancing activity that may ultimately compress investor returns.

Chart of the Month



Source: Fed, Raymond James, Haulihan Locky

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Capital Markets Overview

	TRAILING			ANNUALIZED				
	1-Mo	3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	
Broad Market	MSCI World NR USD	0.73	3.82	2.99	21.33	20.58	12.46	13.28
	Bloomberg US Agg Bond TR USD	1.64	1.60	1.75	6.26	5.12	0.42	1.97
	Russell 3000 TR USD	(0.48)	1.05	1.07	17.02	20.93	12.80	15.08
	DJ Industrial Average TR USD	0.31	3.06	2.12	13.59	16.61	11.73	13.89
	NASDAQ Composite PR USD	(3.38)	(2.99)	(2.47)	20.27	25.55	11.43	17.40
	MSCI EAFE NR USD	4.63	13.39	10.09	34.63	18.77	10.78	10.26
	FTSE Treasury Bill 3 Mon USD	0.29	0.95	0.61	4.28	5.00	3.43	2.29
	Bloomberg Commodity TR USD	1.10	11.22	11.58	23.30	9.75	11.10	7.25
Domestic Equities	S&P 500 TR USD	(0.76)	0.74	0.68	16.99	21.80	14.19	15.50
	S&P MidCap 400 TR	4.12	8.42	8.34	17.24	12.94	9.10	12.11
	S&P SmallCap 600 TR USD	2.17	7.85	7.90	17.89	10.09	6.06	11.23
	Russell 1000 TR USD	(0.54)	0.84	0.83	16.73	21.42	13.32	15.32
	Russell 1000 Growth TR USD	(3.36)	(5.41)	(4.82)	14.78	26.11	14.36	18.23
	Russell 1000 Value TR USD	2.59	8.00	7.28	18.36	16.03	11.79	11.90
	Russell Mid Cap TR USD	3.82	6.70	6.99	16.82	14.83	9.02	12.40
	Russell Mid Cap Growth TR USD	0.79	(1.43)	(0.09)	8.22	15.73	6.34	13.19
	Russell Mid Cap Value TR USD	4.72	9.27	9.21	19.33	13.89	10.17	11.30
	Russell 2000 TR USD	0.80	5.58	6.20	23.34	13.14	5.05	11.30
	Russell 2000 Growth TR USD	(0.24)	2.40	3.72	21.88	13.77	2.30	11.32
	Russell 2000 Value TR USD	1.93	9.12	8.92	24.95	12.39	7.67	10.90
International Equities	MSCI ACWI Ex USA NR USD	5.02	14.64	11.30	39.71	19.90	9.76	10.48
	MSCI EAFE NR USD	4.63	13.39	10.09	34.63	18.77	10.78	10.26
	MSCI EAFE Growth NR USD	3.22	9.98	8.07	23.65	14.08	6.43	9.17
	MSCI EAFE Value NR USD	5.93	16.64	11.96	46.09	23.53	15.06	11.08
	MSCI Japan NR USD	8.59	16.37	15.75	43.95	22.54	9.65	10.46
	MSCI AC Asia Ex Japan NR USD	5.87	17.66	14.55	48.84	21.26	5.48	11.01
	MSCI Europe NR USD	3.27	12.07	7.87	31.81	18.18	11.77	10.30
	MSCI United Kingdom NR USD	5.12	14.73	10.55	37.10	19.73	14.86	9.69
	MSCI EAFE Small Cap NR USD	4.79	13.38	10.86	41.70	17.00	7.34	9.51
	MSCI EM NR USD	5.50	18.27	14.83	49.96	21.53	6.31	10.69
Fixed Income	Bloomberg US Govt/Credit TR USD	1.64	1.36	1.64	5.83	5.01	0.30	2.09
	Bloomberg US Govt/Credit Interm TR USD	1.13	1.30	1.21	6.16	5.47	1.42	2.24
	Bloomberg US Govt/Credit Long TR USD	3.22	1.56	2.98	4.82	3.63	(2.92)	1.84
	ICE BofA US High Yield TR USD	0.16	1.30	0.65	7.02	9.34	4.48	6.64
	VettaFi US High Yield USD	0.07	1.25	0.51	6.89	9.21	4.54	6.63
	Morningstar LSTA US LL TR USD	(0.78)	(0.45)	(1.08)	3.93	7.80	5.81	5.84
	FTSE WGBI NonUSD USD	0.91	3.02	2.56	9.83	3.93	(3.97)	(0.39)
	Bloomberg Gbl Agg Ex USD TR USD	0.73	2.96	2.36	9.87	4.33	(2.56)	0.40
REITs	FTSE Nareit All REITs TR	7.16	7.59	10.17	6.27	7.92	5.81	6.95
	Wilshire US REIT TR USD	7.87	8.58	11.16	9.02	10.93	8.33	7.19

USD - US dollar priced index TR - Total Return PR - Price Return LCL - Local Currency Priced Index NR - Return includes reinvested net dividends

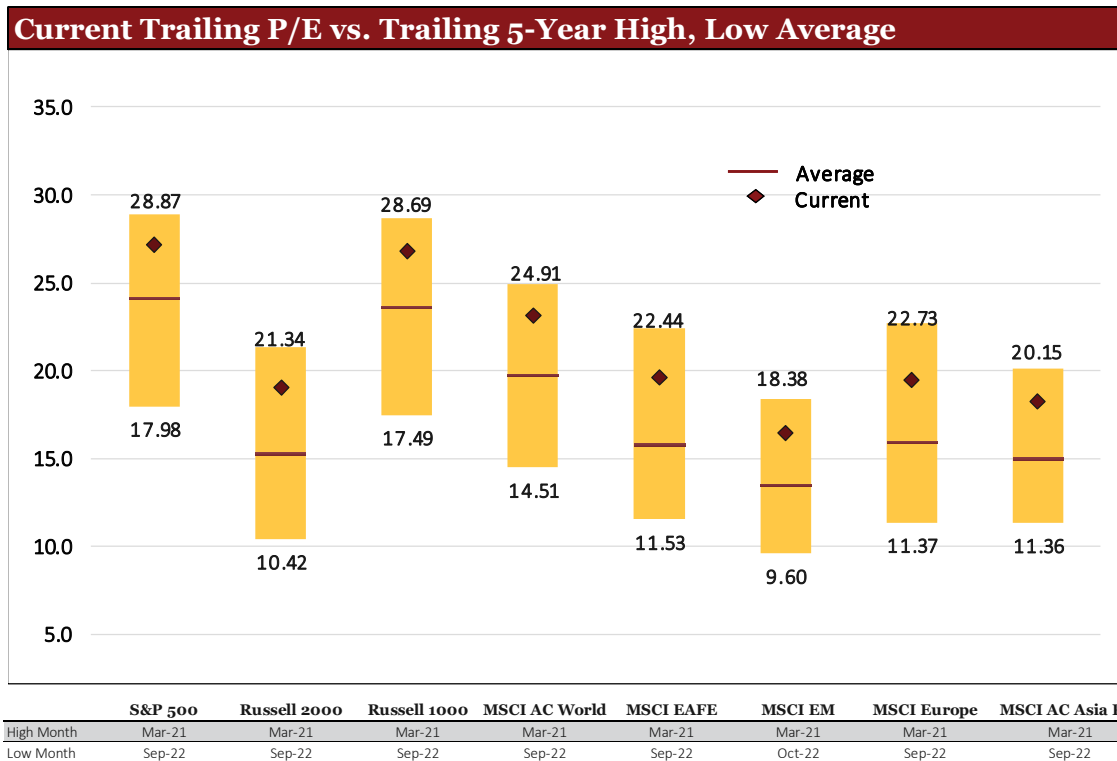
Source: Morningstar

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Source: Morningstar; Data as of 02/28/2026

Economic Indicators

	GDP			Unemployment Rate	Interest Rates	Exchange Rates ³ per US \$		Inflation ²
	Latest ¹	2026 ¹	2027 ¹	(Most recently available)	Sovereign Bonds, 10 Year	Current	1 Year Ago	(Most recently available)
United States	1.40	1.72	1.86	4.30	4.06	-	-	2.50
China	1.20	4.41	4.34	5.10	1.81	6.86	7.28	0.80
Japan	0.10	0.89	0.90	2.60	2.07	156.05	150.64	2.00
United Kingdom	0.10	1.17	1.33	5.20	4.31	1.35	1.26	3.10
Euro Area	0.30	1.21	1.40	6.20	3.03	1.18	1.04	2.20
Germany	0.30	1.00	1.45	6.30	2.71	1.18	1.04	2.50
France	0.20	0.95	1.04	7.90	3.29	1.18	1.04	0.70
Italy	0.30	0.62	0.74	5.60	3.36	1.18	1.04	1.70
Canada	-0.20	1.27	1.70	6.50	3.23	1.36	1.44	2.60
India	2.00	6.15	6.45	5.00	6.70	90.90	86.27	4.95
Mexico	0.90	1.17	1.73	2.70	8.73	17.22	20.53	4.52
Brazil	0.10	1.67	2.23	5.10	13.55	5.14	5.88	4.72

Sources: (Most recently available data) St. Louis Federal Reserve, The Wall Street Journal, OECD, Trading Economics

1. Latest GDP is seasonally adjusted annualized rate. 2026 & 2027 is forecasted data from OECD

2. In terms of Core CPI

3. Euro Area and U.K. exchange rates quoted in market standard format (USD/Non-USD currency)

4. Germany, France, and Italy currency exchange rates are taken at the Euro Area exchange rates

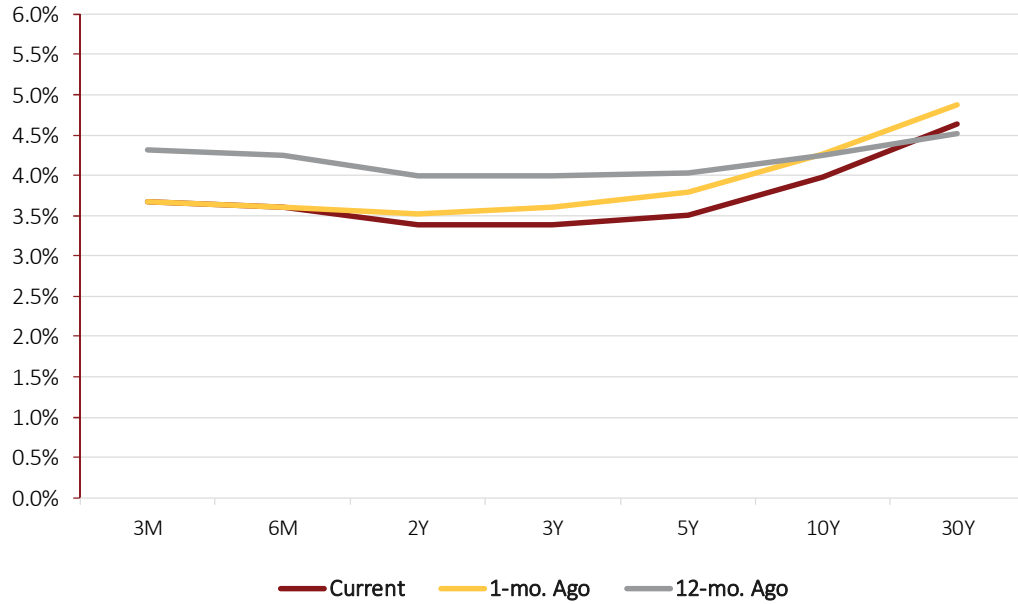
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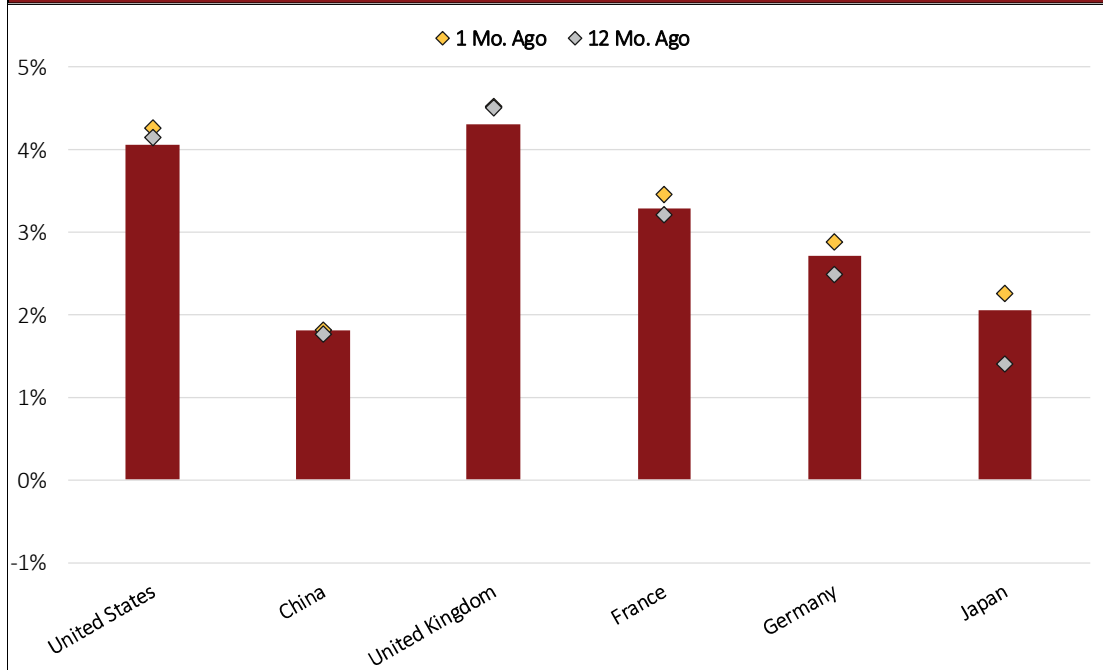
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U.S. Treasury Yield Curves



Source: Federal Reserve Bank; Data as of 02/28/2026

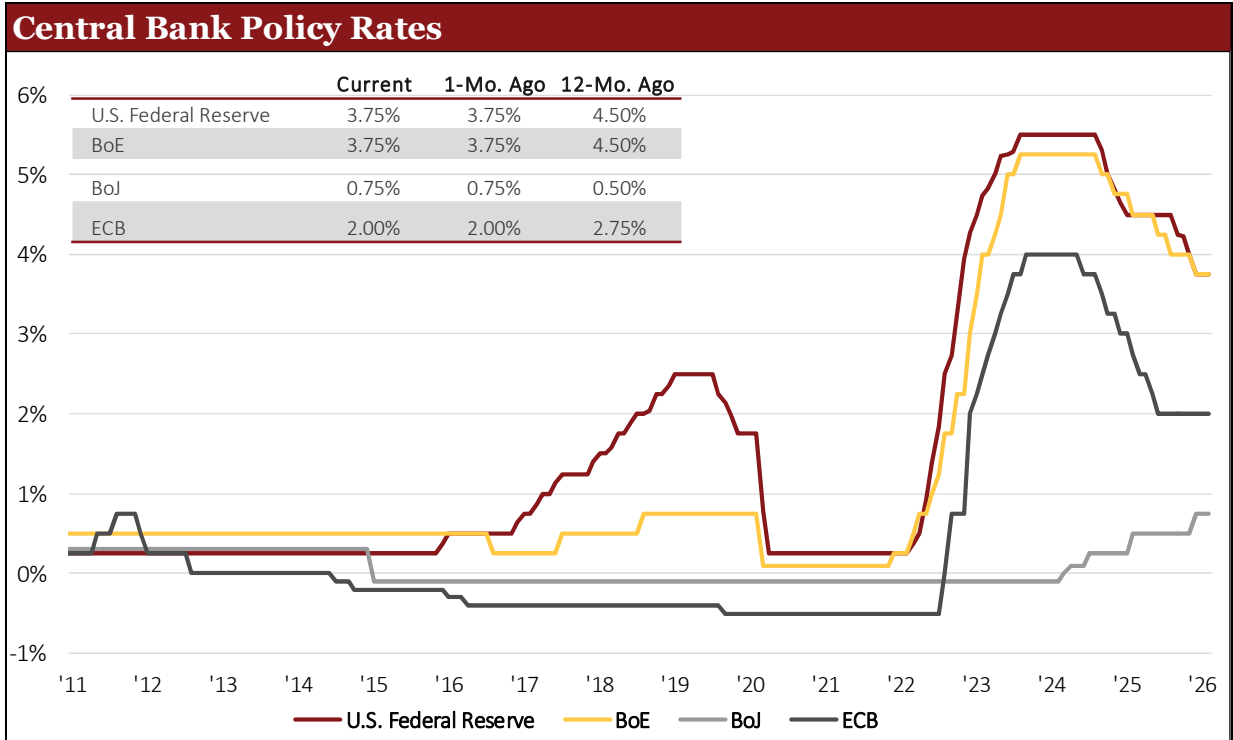
10-Year Sovereign Yields



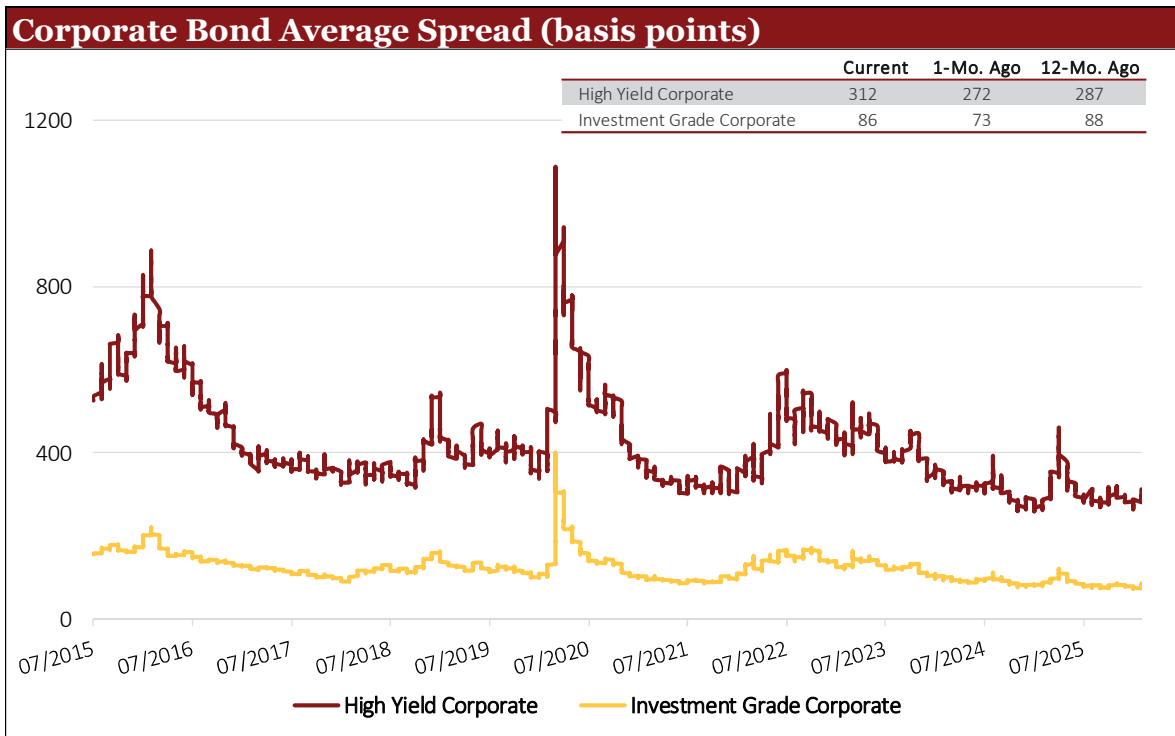
Source: Trading Economics; Data as of 02/28/2026

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Source: Federal Reserve Bank, Bank of England, European Central Bank, Trading Economics; Data as of 02/01/2026



Source: Federal Reserve Bank, Bank of America; Data as of 02/28/2026