

U.S. Equity

- Domestic equity markets, as represented by the S&P 500 Index (S&P) and the Russell 3000 Index, returned -0.8% and -0.5%, respectively in February.
- Seven of the 11 sectors saw positive returns for the month. Utilities was the best performing sector, returning 10.4% for the month, followed by Energy at 9.4%. Consumer Discretionary was the worst performing sector, returning -5.4% in February.
- Market rotation was seen in February as mid-caps (Russell Mid Cap Index) and small-caps (Russell 2000 Index) outperformed large, returning 3.8% and 0.8%, respectively, while large-caps (Russell 1000 Index) returned a slightly negative -0.5% for the month. Value stocks outperformed growth stocks across all capitalizations in February.
- According to FactSet Earnings Insight as of February 27, 2026, the blended earnings growth rate (with 96% of companies reporting actual results) for the S&P 500 for Q4 2025 is 14.2%. Supporting the continued double-digit growth were the “Magnificent Seven” companies which reported earnings growth of 27.2%, marking the tenth time in 11 quarters that the “Magnificent Seven” companies reported earnings growth above 25%. Looking ahead, the projected earnings growth rate for Q1 2026 is currently at 11.4%.

Non-U.S. Equity

- Non-U.S. equity markets, represented by the MSCI ACWI ex-U.S. Index, returned 5.0% in February. Developed markets, represented by the MSCI EAFE Index, returned 4.6% as Europe (MSCI Europe) returned 3.3% and Japan (MSCI Japan) returned 8.6%. Emerging markets (EM), as represented by the MSCI Emerging Markets Index, returned 5.5%. The EM returns continue to be supported by Korea (MSCI Korea) and Taiwan (MSCI Taiwan), as they returned 22.0% and 12.8%, respectively. This balanced out negative returns from China (MSCI China) of -5.8%.
- Within the ACWI ex-U.S. Index, 10 of the 11 sectors posted positive returns. Materials was the best performing sector for the month, returning 10.5%, while the Information Technology sector was the second-best performer, returning 9.9%. Communication Services was the worst performing sector, posting a return of -3.0%.

Fixed Income

- In February, yields fell across the intermediate and long-term portions of the treasury yield curve. The 2-year yield fell 14 basis points (bps) while the 5-year fell 29 bps. The yield on the 10- and 30-year fell 30 bps and 26 bps, respectively.
- The Bloomberg U.S. Aggregate Index returned 1.6% in February. Investment-grade (IG) credit returned 1.4%, AAA-rated bonds returned 1.4%, AA-rated bonds returned 1.7%, A-rated bonds returned 1.3% and BBB-rated bonds returned 1.3%. High-yield corporates, as represented by ICE BofA U.S. High Yield Index, underperformed IG returning 0.2% during the month. The Broad

Treasury Index returned 1.2% as yields fell. Spreads widened slightly across the corporate credit spectrum, however both high-yield and IG remain near multi-decade lows.

Listed Real Assets

- During February, real estate investment trusts (REITs), as represented by the MSCI U.S. REIT Index and the FTSE NAREIT Index, both returned approximately 7.9%. The Data Center and Self-Storage sectors saw the strongest performance for the month, while the Office sector stood as the most challenged. Listed Infrastructure, represented by the MSCI World Core Infrastructure Index, returned 8.7% for the month, supported by strong energy demand.

Items to Watch

- Escalating conflict in the middle east remains an area to watch, as U.S. involvement in Iran at the end of the month prompted increased market volatility. Energy prices, especially oil, surged due to fears of potential disruptions to trade through the Strait of Hormuz, which moves approximately 20% of the world’s oil supply. Rising oil prices related to this supply disruption and the corresponding inflationary impact are concerns for both fixed income and equity markets. The extent to which this affects markets will depend on the duration and size of the conflict, as well as whether shipping will be impacted for an extended period.
- Tariffs uncertainty continues as the tariffs enacted under the International Emergency Economic Powers Act (IEEPA) were ruled illegal by the U.S. Supreme court in February. This brought the overall effective tariff rate (as estimated by the Yale Budget Lab) to 9.1% from an estimated 16.9%, however shortly after ruling the Trump administration imposed new tariffs under Section 122 of the Trade Act of 1974, which increased the estimated effective tariff rate to 13.7%. While the authority to impose tariffs under section 122 is limited, the administration has other means by which they may impose tariffs, leaving the full scope of future tariff rates uncertain.
- U.S. producer price inflation increased 0.5% month-over-month (MoM) in January, exceeding forecasts and slightly above the 0.4% rise in December. This hotter than expected figure came as the prices of services increased 0.8% MoM, this largest jump in six months. On the other side the price of goods was down -0.3%, the largest decline since March, before “Liberation Day”. Together this points to stubborn price pressures that may make the cooling of inflation a slower, bumpier process.

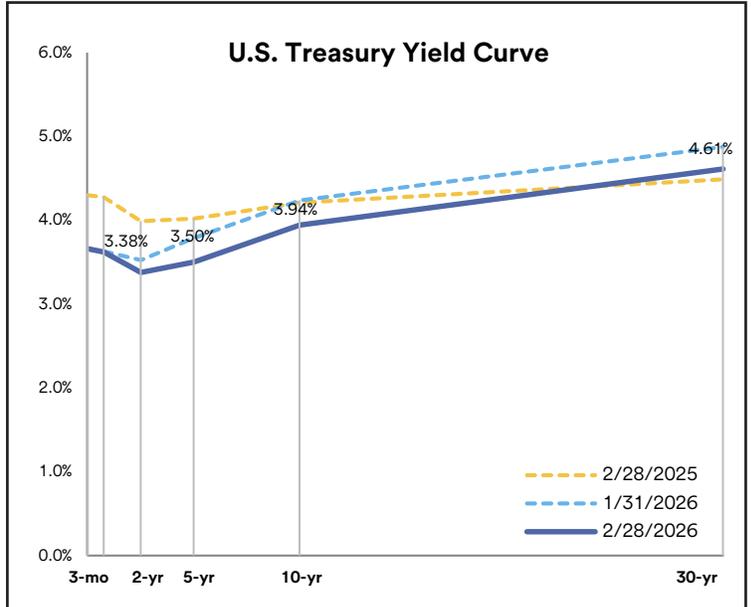
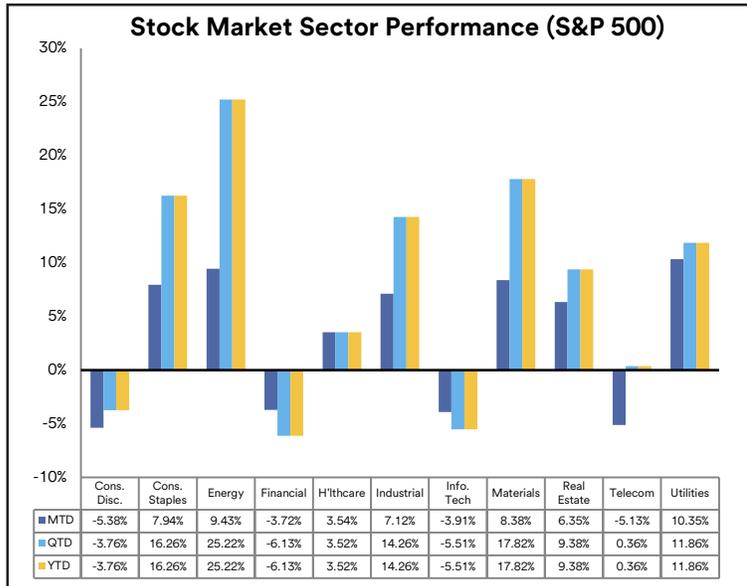
Sources

- Yale Budget Lab
- U.S. Energy Information Administration
- Bloomberg
- FactSet

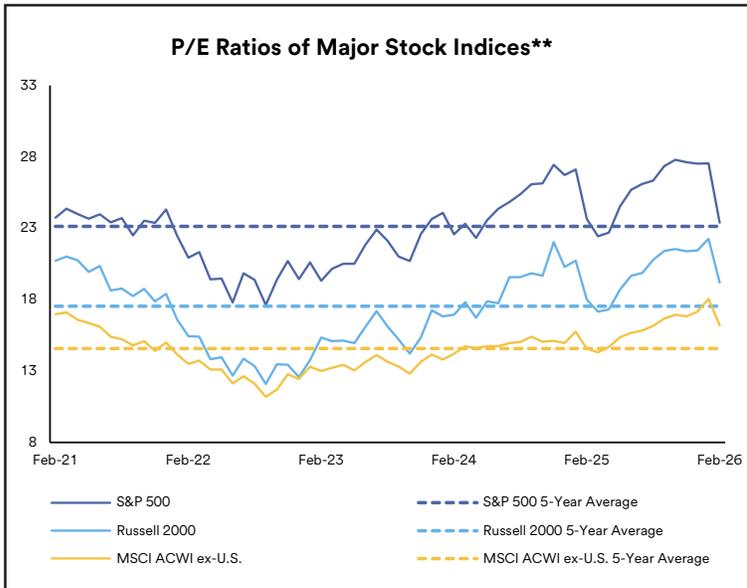
1 - All returns are expressed as total returns (price returns net of dividends).

Total Return of Major Indices				
Domestic Equity	MTD	QTD	YTD	1 YR
S&P 500	-0.76%	0.67%	0.67%	16.96%
Russell 3000	-0.48%	1.06%	1.06%	16.99%
Russell 2000	0.80%	6.24%	6.24%	23.37%
Russell 1000	-0.54%	0.82%	0.82%	16.71%
International Equity	MTD	QTD	YTD	1 YR
MSCI ACWI ex-U.S.	5.02%	11.30%	11.30%	39.71%
MSCI EAFE	4.63%	10.09%	10.09%	34.63%
MSCI Emerging Markets	5.50%	14.83%	14.83%	49.96%
Fixed Income	MTD	QTD	YTD	1 YR
Bloomberg U.S. Agg	1.64%	1.75%	1.75%	6.26%
Bloomberg Global Agg	1.12%	2.06%	2.06%	8.23%
ICE BofA U.S. HY	0.16%	0.65%	0.65%	7.02%
Listed Real Assets	MTD	QTD	YTD	1 YR
MSCI U.S. REIT	7.85%	11.11%	11.11%	7.92%
FTSE NAREIT Index	7.91%	11.20%	11.20%	9.27%
MSCI World Core Infrastructure	8.71%	12.79%	12.79%	24.68%

Economic Indicators		
Domestic	Current	Previous Month
Unemployment Rate (%)	4.3%	4.4%
Initial Jobless Claims (4 week avg)	220.3 K	219.5 K
CB Leading Economic Indicators	-0.2	-0.3
Capacity Utilization	76.2%	75.7%
GDP (annual growth rate)	1.4%	4.4%
University of Michigan Consumer Confidence	56.6	56.4
New Home Starts	745 K	758 K
Existing Home Sales	3.9 MM	4.3 MM
Retail Sales (YoY)	2.4%	3.3%
U.S. Durable Goods (MoM)	-1.4%	5.4%
Consumer Price Index (YoY)	2.4%	2.7%
Producer Price Index (MoM)	-0.8%	-0.1%
Developed International*	9/30/2025	6/30/2025
Market GDP (ann'l rate)	1.3%	1.6%
Market Unemployment	4.9%	4.8%



Source: Bloomberg. Data as of February 28, 2026, unless otherwise noted.



*Developed market data is calculated with respect to the weightings in the MSCI World ex-U.S. Index. Most current data is as of December 31, 2025 due to release dates of numerous countries.

**P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earning results for consistency.

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