COUGAR GLOBAL INVESTMENTS

2026: Key themes and expectations

OUTLOOK & TACTICAL UPDATE | DECEMBER 2025

MANAGER Outlook

Effective December 31, 2025

The Big Picture:

- The U.S. economy appears poised to remain solid, despite disparities in consumer spending.
- We raised our outlook's Growth probability due to supportive policies.
- While the macroeconomic backdrop is constructive for risk assets, we are mindful of risks.
- We introduced an infrastructure position with exposure to artificial intelligence (AI)-related buildout.
- Geopolitical pressures persist and warrant hedges.

Our December Macroeconomic Scenario Analysis (MES) anticipates an environment of persistent inflation and moderate growth over the next 12 months. We added 2% to our Growth probability and sourced it from the probability of Inflation. U.S. fiscal policy is expected to provide a boost to economic growth. Financial conditions are accommodative and the dovish bias of the U.S. Federal Reserve (Fed) is also pro-growth. The U.S. third-quarter gross domestic product (GDP) exceeded consensus expectations. In the third quarter of 2025, real GDP rose at a strong growth rate of 4.3% annualized quarter over quarter. This is up from 3.8% in the second quarter and follows a 0.6% decline in the first quarter. The acceleration in fourth-quarter growth was driven largely by stronger growth in consumption. Consumer spending has been a consistent contributor to growth, but it remains bifurcated among income groups. The Federal Reserve Bank of Dallas estimated that the richest 20% of households account for about 57% of total consumption in the United States. For these high-income households, the real threat to consumption is a U.S. equity bear market.

As 2026 unfolds, the labor market will have important implications for the economy and monetary policy. We expect nonfarm payrolls to pick up gradually but remain low compared to recent years. A further softening of the labor market in the first half of 2026 could give the Fed cover to implement additional interest rate cuts, provided that inflation is at acceptable levels. If the labor market strengthens and inflation remains sticky, then some Federal Open Market Committee (FOMC) members may take a more hawkish stance and delay rate cuts. This scenario could have negative consequences for bonds and equities.

We slightly lowered our Inflation probability from 46% to 44%. Inflation in the United States remains sticky, but we don't expect it to accelerate sharply. Until now tariffs have been passed on to consumers slowly. The U.S. November Consumer Price Index (CPI) showed cooling inflation, but the report and data collection were heavily impacted by the government shutdown.

We left our Recession probability unchanged at 10%, signaling that recessionary risks remain contained. U.S. layoffs remain low, and unemployment claims have not risen. Nevertheless, we continue to monitor various macroeconomic and market indicators for shifts in economic activity.

Our Chaos probability remains at 15% given elevated geopolitical concerns and the possibility of new military conflicts. Trade tensions between the United States and China have somewhat eased but the underlying structural issues between the two rivals remain. On the domestic front, concerns about the U.S. Fed's independence continue to linger.

Portfolio update

At the end of 2025, we strategically deferred year-end portfolio rebalancing to avoid triggering capital gains taxes. Then, at the beginning of January, we rebalanced portfolios.

Several months ago, we initiated a new position focused on U.S. infrastructure in our most growth-oriented portfolio. In January, we increased this allocation by 1% and added between 2% and 3% to the same holding across the remaining portfolios, funding the change from the U.S. large- and small- cap positions. This position provides exposure to traditional infrastructure that will remain supported by government expansionary policies, as well as exposure to the Bipartisan Infrastructure Law and the electrical infrastructure and machinery required to support AI data centers. We believe that AI will remain a dominant investment theme in 2026, despite the inherent uncertainty about its evolution and impact.

We maintain a positive view on U.S. sectors. Aerospace and defense is supported by continued government prioritization of military spending. Healthcare is driven by its defensive characteristics and AI's significant potential in medical discovery. Financials benefits from a steeper yield curve, deregulation, and AI technology implementation. Information technology represents the market's biggest opportunity, but some vulnerabilities were reflected in the recent tech stock volatility.

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Gold prices rose for four consecutive quarters. As a result, our gold allocation drifted above its target since the last rebalance. We increased the previous target weight by 1%. Still, the full rebalance enabled profit-taking as the drifted allocation was reduced to its new target weight. Geopolitical uncertainties, the central bank's accumulation of gold, and global diversification away from the U.S. dollar could provide ongoing support to gold prices. Yet, stretched technical conditions could lead to periods of consolidation.

In fixed income, the portfolio's weighted average duration remains within a shorter-term range. Long-term bond volatility may increase due to higher term premiums driven by sticky inflation and fiscal concerns.

We anticipate several headwinds in the new year. Earnings growth will have to drive most of the upside, and the bar for positive earnings surprises is high, so equities could be more volatile in 2026. Investors remain concerned about high valuations and concentration in the Magnificent Seven stocks of the S&P 500 Index. If inflation surprises to the upside, then we could see a larger increase in bond yields, disrupting the uptrend in equities. Given all of these factors, our portfolios remain broadly diversified. We remain underweight in equities to protect capital during market downturns. We have included higher-beta sectors and smaller-cap positions in an effort to enhance portfolio performance in a market rally.

Thank you for your continued trust and partnership. We wish you a prosperous and successful New Year.

Irina Dorogan, CIM®
Portfolio Manager

MACROECONOMIC Scenario Analysis

On a monthly basis, the Cougar Global investment team establishes the probabilities of the future path of the U.S. economy over the next 12 months and quantifies its independent global research into the following five scenarios:

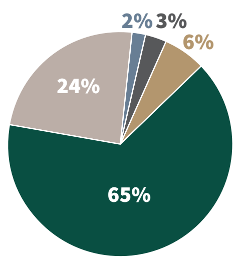
	GROWTH	INFLATION	STAGNATION	CHAOS	RECESSION
Current probability	2%	44%	29%	15%	10%
Last month	0%	46%	29%	15%	10%
Change	⬆ 2%	⬇ -2%	0%	0%	0%

Current MES as of December 2025

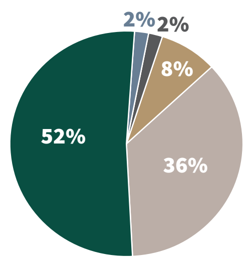
ASSET ALLOCATION Shifts

As of December 2025

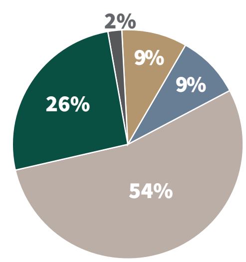
Global Tactical Strategy Conservative



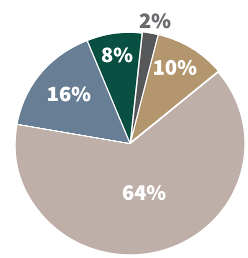
Global Tactical Strategy Conservative Growth



Global Tactical Strategy Moderate Growth



Global Tactical Strategy Growth



Total US Equity | Total Fixed Income | Total International Equity | Cash | Gold

Asset Class	Symbol	Conservative Previous Month	Conservative Current Month	Conservative Change	Conservative Growth Previous Month	Conservative Growth Current Month	Conservative Growth Change	Moderate Growth Previous Month	Moderate Growth Current Month	Moderate Growth Change	Growth Previous Month	Growth Current Month	Growth Change
S&P 500	IVV	10	8	-2	11	10	-1	22	20	-2	22	22	0
S&P 400	IJH	3	3	0	4	4	0	4	4	0	7	7	0
S&P 600	IJR	0	0	0	5	4	-1	6	5	-1	6	5	-1
MSCI EAFE	IEFA	2	2	0	2	2	0	6	6	0	12	12	0
U.S. Healthcare	XLV	5	5	0	6	6	0	6	6	0	8	8	0
Nasdaq 100	QQQ	2	2	0	3	3	0	4	4	0	4	4	0
S&P Aerospace & Defense	XAR	2	2	0	3	3	0	7	7	0	7	7	0
Financial Select Sector	XLF	2	2	0	4	4	0	5	5	0	7	7	0
Emerging Markets ex -China	EMXC	0	0	0	0	0	0	3	3	0	4	4	0
U.S. Infrastructure Development	PAVE	0	2	2	0	2	2	0	3	3	3	4	1
TOTAL EQUITIES		26	26	0	38	38	0	63	63	0	80	80	0
0–3 Month Treasury Bond	SGOV	4	4	0	3	3	0	0	0	0	0	0	0
Short-Term TIPS	STIP	16	16	0	13	13	0	10	10	0	6	5	-1
U.S. Aggregate Bonds	AGG	23	23	0	17	17	0	10	10	0	3	3	0
U.S. 1–3 Year Treasury Bonds	SHY	11	11	0	8	8	0	3	3	0	0	0	0
Treasury Floating	TFLO	12	11	-1	12	11	-1	4	3	-1	0	0	0
TOTAL FIXED INCOME		66	65	-1	53	52	-1	27	26	-1	9	8	-1
Gold	IAU	5	6	1	7	8	1	8	9	1	9	10	1
Cash	CASH	3	3	0	2	2	0	2	2	0	2	2	0

The portfolios reflect the inherent risks of fluctuating prices and uncertainty of rates of returns. The cash portion of this portfolio is represented by money market instruments.

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An investment in Exchange Traded Funds (ETF), structured as a mutual fund or unit investment trust, involves the risk of losing money and should be considered as part of an overall program, not a complete investment program. An investment in ETFs involves additional risks: non-diversified, the risks of price volatility, competitive industry pressure, international political and economic developments, possible trading halts, and index tracking error. All investments are subject to risk. Asset allocation and diversification do not ensure a profit or protect against a loss. There is no assurance that any investment strategy will be successful or that any securities transaction, holdings, sectors or allocations discussed will be profitable.

Cougar Global Investments calculates the Macro Economic Scenario (MES) analysis by assigning probabilities to each of the five economic scenarios (Growth, Stagnation, Inflation, Chaos and Recession) over the next 12 months. Macroeconomic scenarios are based on quantitative data sourced from various firms and then weighted and may be adjusted based upon Cougar Global Investments thought capital. MES are subject to change. These are hypothetical examples and are not representative of any specific situation. Actual economic results may vary. Economic forecasts set forth may not develop as Cougar MES indicates and there can be no guarantee that these strategies promoted will be successful. Past performance is no guarantee of future results. Macro Economic Scenarios: Growth – U.S. economy is growing at or above its potential growth rate, Recession – U.S. economy is shrinking (negative quarter over quarter growth rate), Stagnation – U.S. economy is growing at lower than its potential growth rate, Inflation – Consumer Price Index (CPI) inflation rate is higher than U.S. economy's potential growth rate, Chaos – a high impact, low probability event ("Black Swans").

Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful. Small-capitalization companies are subject to higher volatility than those of large-capitalized companies. International and emerging market investing involves special risks such as currency fluctuation and political instability and may not be appropriate for all investors. Stock investing involves risk, including the risk of loss. Investments in emerging market issuers are subject to a greater risk of loss than investments in issuers located or operating in more developed markets. This is due to, among other things, the potential for greater market volatility, lower trading volume, higher levels of inflation, political and economic instability, greater risk of a market shutdown and more governmental limitations on foreign investments in emerging market countries. High Yield/Junk Bonds are not investment grade securities, involve substantial risks and generally should be part of the diversified portfolio of sophisticated investors. Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity and redemption features. Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and are subject to availability and change in price. Mortgage-Backed Securities are subject to credit, default risk, prepayment risk that acts much like call risk when you get your principal back sooner than the stated maturity, extensions risk, the opposite of prepayment risk, and interest rate risk. Investing in IAU involves additional risks. The market price of the Shares will be as unpredictable as the price of gold has historically been and the price received upon the sale of Shares may be less than the value of the gold represented by them. Government bonds and Treasury bills are guaranteed by the U.S. Government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. The fund's concentrated holding will subject it to greater volatility than a fund that invests more broadly. The fast price swings of commodities will result in significant volatility in an investor's holdings. Precious metal investing is subject to substantial fluctuation and potential for loss. All indexes mentioned are unmanaged and cannot be invested into directly. Past performance is no guarantee of future results. The indexes don't reflect charges, expenses, fees and is not indicative of any particular investment. Commodity-linked investments may be more volatile and less liquid than the underlying instruments or measures, and their value may be affected by the performance of the overall commodities baskets as well as weather, disease, and regulatory developments. The Bloomberg U.S. Aggregate Bond Index is composed of the total U.S. investment-grade bond market. The market-weighted index includes Treasuries, agencies, CMBS, ABS and investment grade corporates. The MSCI ACWI® (All Country World Index) measures the performance of large and mid-cap stocks across 23 developed markets (DM) and 24 emerging markets (EM) countries. The S&P 500 or Standard & Poor's 500 Index (IVV) is a market-capitalization-weighted index of the 500 largest U.S. publicly traded companies. The iShares Core S&P Mid-Cap ETF (IJH) seeks to track the investment results of an index composed of mid-capitalization U.S. equities. The iShares Core S&P Small-Cap ETF (IJR) seeks to track the investment results of an index composed of small-capitalization U.S. equities. The iShares Global Consumer Staples ETF (KXI) seeks to track the S&P Global 1200 Consumer Staples (Sector) Capped IndexTM. The iShares Core MSCI EAFE ETF (IEFA) seeks to track the investment results of an index composed of large-, mid- and small-capitalization developed market equities, excluding the U.S. and Canada. The Health Care Select Sector SPDR® Fund (XLV) seeks to provide investment results that, before expenses, correspond generally to the price and yield performance of the Health Care Select Sector Index (the "Index"). The S&P Aerospace & Defense Select Industry® Index (XAR) represents the aerospace & defense segment of the S&P Total Stock Market IndexTM. The Financials Sector Index (XLF) seeks to provide an effective representation of the financial sector of the S&P 500 Index. The Index includes companies from the following industries: financial services; insurance; banks; capital markets; mortgage real estate investment trusts ("REITs"); and consumer finance. The Nasdaq-100 (QQQ) is a globally recognized index that tracks the performance of 100 of the largest non-financial companies listed on the Nasdaq Stock Market® encompassing a diverse range of industries and sectors. The Global X U.S. Infrastructure Development ETF (PAVE) seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the Indxx U.S. Infrastructure Development Index. The iShares MSCI Emerging Markets ex China ETF (EMXC) seeks to track the investment results of an index composed of large- and mid-capitalization emerging market equities, excluding China. The iShares 0-3 Month Treasury Bond ETF (SGOV) seeks to track the investment results of an index composed of U.S. Treasury bonds with remaining maturities less than or equal to three months. The iShares 0-5 Year TIPS Bond ETF (STIP) seeks to track the investment results of an index composed of inflation-protected U.S. Treasury bonds with remaining maturities of less than five years. The iShares Core U.S. Aggregate Bond ETF (AGG) seeks to track the investment results of an index composed of the total U.S. investment-grade bond market. The SPDR® Bloomberg 1-10 Year TIPS ETF (TIPX) seeks to provide investment results that, before fees and expenses, correspond generally to the price and yield performance of the Bloomberg 1-10 Year U.S Government Inflation-Linked Bond Index. The iShares 1-3 Year Treasury Bond ETF (SHY) seeks to track the investment results of an index composed of U.S. Treasury bonds with remaining maturities between one and three years. The iShares Treasury Floating Rate Bond ETF (TFLO) seeks to track the investment results of an index composed of U.S. Treasury floating rate bonds. The Russell 2000® Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000® Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

Cougar Global optimizes portfolios in US dollars for four risk categories. GTS – Conservative may be appropriate for clients who have accumulated sufficient wealth to begin making regular withdrawals for income requirements while potentially achieving investment returns sufficient to preserve capital over a full investment cycle. GTS – Conservative Growth may be appropriate for clients who may have occasional income needs and are willing to take moderate downside risk to achieve investment returns GTS – Moderate Growth may be appropriate for clients who have a long term investment horizon and can tolerate downside volatility in the course of a market cycle. GTS – Growth may be appropriate for clients who have a long term investment horizon and can tolerate higher downside volatility in the course of a market cycle. The conversion dates from sub-advisors to ETFs are April 30, 2008, for GTS – Conservative; February 29, 2008 for GTS – Moderate Growth; and October 31, 2007 for GTS – Conservative Growth. As of December 31, 2008, Cougar Global stopped using sub-advisors.

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About Cougar Global Investments

Cougar Global Investments is a global macroeconomic asset allocation manager that believes the goal of investing is to achieve compound annualized returns for clients. We use a disciplined portfolio construction methodology combining post-modern portfolio theory and risk management to pursue our clients' objectives.

About Raymond James Investment Management

Raymond James Investment Management is a global asset management company that combines the exceptional insight and agility of individual investment teams with the strength and stability of a full-service firm. Together with our boutique investment managers – Chartwell Investment Partners, ClariVest Asset Management, Cougar Global Investments, Eagle Asset Management, Reams Asset Management and Scout Investments – we offer a range of investment strategies and asset classes, each with a focus on risk-adjusted returns and alpha generation. We believe providing a lineup of seasoned, committed portfolio managers – spanning a wide range of disciplines and investing vehicles – is the best way to help investors seek their long-term financial goals.

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