Weekly Mosaic – October Review

Week of November 2nd, 2026

Madison INVESTMENTS

+3.4%

GDP 3Q26, Seasonally Adjusted Annual Rate, Quarter-over-Quarter

The first look at 3rd quarter GDP growth came in above expectations of +3.0%, driven by consumer spending contributing +2.5% and nonresidential investment (capex) adding +1.8%. Net exports were a big offset, detracting by -3.3%.

+3.12%

Core PCE Deflator, Year-over-Year

One of the Federal Reserve's favored measures of inflation, Personal Consumption Expenditures (PCE) ex-food and energy, ticked higher to 3.12% from a previous reading of 3.03%.

91.7

Consumer Confidence

The Conference Board's measure of consumer confidence surprised to the upside in October, as consensus expectations were closer to 80.0.

Top of Mind

The month of October ended on a decisively soft note as the tensions in the Middle East remained unresolved, and the capital markets became more selective about which companies within the AI ecosystem will continue to have access to capital.

This dynamic weighed on high-beta and momentum stocks the most, which were down 8.8% and 10.0%, respectively, during the month. Emerging market equities, which are also heavily exposed to the AI ecosystem, were also down over 8%.

For equity investors, the market-cap weighted S&P 500 was off by nearly 1%; however, there were pockets of strength beneath the surface as the equal-weighted S&P 500 index advanced 5.0% and mid-cap stocks (Russell Mid Cap Index) advanced over 3.0%.

Bond investors were rewarded in October as the yield curve shifted decisively lower, with the 10-year US Treasury yield ending the month below 5.0%. The benefit from the drop in yields was partially offset by spreads widening within corporate credit.

Index Returns

As of 10/30/2026 (%)	1-Week	QTD	YTD	1-Year	3-Year
S&P 500 TR	-0.56	-0.87	11.77	12.11	23.40
Russell Mid Cap TR	0.52	3.19	15.41	16.56	20.47
Russell 2000 TR	1.30	0.58	14.37	14.80	20.76
MSCI EAFE NR	0.87	-0.74	9.52	13.51	19.75
MSCI EM NR	-0.72	-8.05	13.45	14.05	22.28
Bloomberg US Agg Bond TR	0.56	2.44	-0.54	-0.07	5.45
Bloomberg Intermediate Corporate Bond TR	0.47	1.59	-0.01	0.91	6.27
Bloomberg High Yield Corporate TR	0.50	0.30	0.40	1.56	8.56
Bloomberg Commodities TR	-1.65	-0.08	32.75	36.57	15.49

Price Levels

	10/30/2026	1 Mo	3 Mo	6 Mo	1-Year
US Dollar Index	101.88	101.45	99.91	98.16	99.53
10 Year Treasury Yield	4.91	5.27	4.71	4.38	4.09
West Texas Crude (WTI) $/bbl	104.06	97.18	86.16	105.38	61.36

Current Positioning

Reasonably constructive, while continuing to monitor the risks associated with potentially higher levels of inflation and a potential slowdown in capex spending by the AI hyperscalers.

	Min / Neutral / Max	
EQUITIES		Valuations have improved as fundamentals remain strong. Portfolios are underweight the market cap and sectors with the most demanding valuations, favoring more reasonably valued areas of the market.
U.S. Equity		Relative advantages remain attractive, and valuations have continued to improve across the market cap spectrum. Portfolios are overweight US stocks relative to international stocks.
Large		The persistence of earnings growth from large cap companies has been astounding. However, their valuations remain at a premium to other segments of US and international equities.
Mid		Mid-cap stocks remain attractively positioned, as absolute and relative valuations stand to continue benefiting from a broadening equity market.
Small		Valuations remain attractive against large caps, and fundamentals continue to improve.
Value		Overweight Financials while avoiding the cheapest valued companies, leading us away from deep value sectors and industries.
Growth		Driven by an underweight to Consumer Discretionary and Communication Services, neutral weight Technology.
International		International equity valuations are attractive; however, the risk of higher energy prices and inflation threatens further monetary support by the various global central banks.
Developed Markets		Underweight developed markets relative to the benchmarks, with a neutral weight to European and Japanese equities.
Emerging Markets		Emerging market stocks remain attractive relative to developed market stocks.
FIXED INCOME		Opportunities within fixed income markets are attractive over the mid- to long-term time periods, while recognizing volatility could persist over the short-term.
Duration		Underweight duration, specifically long-duration Treasuries, as economic growth continues to surprise to the upside and inflation remains above target, with a growing risk of moving higher.
Treasury		Underweight US Treasuries, favor the securitized sector and high-quality corporate credit.
Corporate		Prefer intermediate and long-corporate bond exposure. High-quality bias remains, with little value offered in the form of spreads across the high-yield universe.
MBS/Securitized		Attractive relative yield, fair spreads, and strong implied credit quality position, specifically within residential mortgages and asset-backed securities.
ALTERNATIVES		
EM Local Currency Debt		Emerging market (EM) local currency debt stands to continue benefiting from falling real rates, rising asset prices in EM, and rising currencies.
CASH		Neutral weight cash, as we believe there are attractive opportunities outside.

Mosaic by Madison Investments

Mosaic by Madison Investments represents Madison's global multi-asset product suite spanning the risk spectrum with a series of distinct portfolios across ETF/Mutual Fund and ETF mandates. Madison's Multi-Asset Solutions team has deep experience monitoring worldwide macroeconomic trends and their associated investment implications. Risk management and a commitment to consistency are key components of our philosophy and process. We believe that efficient asset allocation and downside volatility mitigation should lead to increased long-term client investment success.

Multi-Asset Solutions Team



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The S&P 500® Index is a large-cap market index which measures the performance of a representative sample of 500 leading companies in leading industries in the U.S.

The Russell Midcap® Index measures the performance of the mid-cap segment of the U.S. equity universe.

The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index, which represents approximately 11% of the total market capitalization of the Russell 3000® Index.

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The MSCI EAFE (Europe, Australasia & Far East) Index is a free-float adjusted market capitalization index that is designed to measure developed market equity performance, excluding the U.S. and Canada.

The MSCI Emerging Markets Index captures large and mid cap representation across 24 Emerging Markets (EM) countries. With 1,138 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each

Bloomberg U.S. Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, USD-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, mortgage backed securities, asset-backed securities and corporate securities, with maturities greater than one year.

The Bloomberg Commodity Total Return index (BCOM) is composed of futures contracts and reflects the returns on a fully collateralized investment in the BCOM. This combines the returns of the BCOM with the returns on cash collateral invested in 13 week (3 Month) U.S. Treasury Bills.

The Bloomberg US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded.

The Bloomberg US Intermediate Corporate Bond Index measures performance of USD-denominated investment grade, fixed-rate, taxable corporate bond securities with maturities greater than or equal to one year, but less than ten years, that are issued by U.S and non-U.S. industrial, utility and financial issuers.

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All investing involves risks including the possible loss of principal. There can be no assurance the asset allocation portfolios will achieve their investment objectives. The portfolios may invest in equities which are subject to market volatility. In addition to the general risk of investing, the portfolio is subject to additional risks including investing in bond and debt securities, which includes credit risk, prepayment risk and interest rate risk. When interest rates rise, bond prices generally fall. Securities rated below investment grade are more sensitive to economic, political and adverse development changes.

Equity risk is the risk that securities held by the fund will fluctuate in value due to general market or economic conditions, perceptions regarding the industries in which the issuers of securities held by the fund participate, and the particular circumstances and performance of particular companies whose securities the fund holds. In addition, while broad market measures of common stocks have historically generated higher average returns than fixed income securities, common stocks have also experienced significantly more volatility in those returns.

Commodity values can be very volatile. They can be impacted by world or local events, government regulations and economic conditions. Investments in commodities can lose value.

Each portfolio is subject to the risks and expenses of the underlying funds in direct proportion to the allocation of assets among the underlying funds.

Upon request, Madison may furnish to the client or institution a list of all security recommendations made within the past year.

Beta: a measure of the portfolio's sensitivity to market movements. A portfolio with a beta greater than 1 is more volatile than the market, and a portfolio with a beta less than 1 is less volatile than the market.

Bond Spread is the difference between yields on differing debt instruments of varying maturities, credit ratings, and risk, calculated by deducting the yield of one instrument from another.

Duration is a measure of the sensitivity of the price of a bond or other debt instrument to a change in interest rates. Duration measures how long it takes, in years, for an investor to be repaid the bond's price by the bond's total cash flows.

The Personal Consumption Expenditures Price Index is a measure of the prices that people living in the United States, or those buying on their behalf, pay for goods and services.

Yield Curve is a line that plots yields (interest rates) of bonds having equal credit quality but differing maturity dates. The slope of the yield curve gives an idea of future interest rate changes and economic activity. There are three main types of yield curve shapes: normal (upward-sloping curve), inverted (downward-sloping curve), and flat.