2025 Year in Review & 2026 Outlook

GREENLEAF TRUST®

PRESENTERS

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Chief Investment Officer

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VP, Assistant Director of Research

GREENLEAF TRUST OVERVIEW

Privately-held, trust-only bank: over $21Bn in assets under advisement
Offices in Kalamazoo, Grand Rapids, Birmingham, Traverse City, Petoskey, Midland, Delaware and Naples
Mission remains: financial security from generation to generation

Our Team

INVESTMENT & ECONOMIC THEMES

- 2025 Outlook and Outcomes
- 2026 Outlook
  - Policy
  - Artificial Intelligence
  - K-Shaped Economy
- Risks
- Q&A

PRACTICE POLL

ASSET CLASS FRAMEWORK

Growth

Higher Growth, Lower Inflation

- Equities
- High Yield Bonds
- Government Bonds

Higher Growth, Higher Inflation

- Equities
- Commodities
- Bank Loans

Lower Growth, Lower Inflation

- Government Bonds
- High Quality Corporates
- Cash

Lower Growth, Higher Inflation

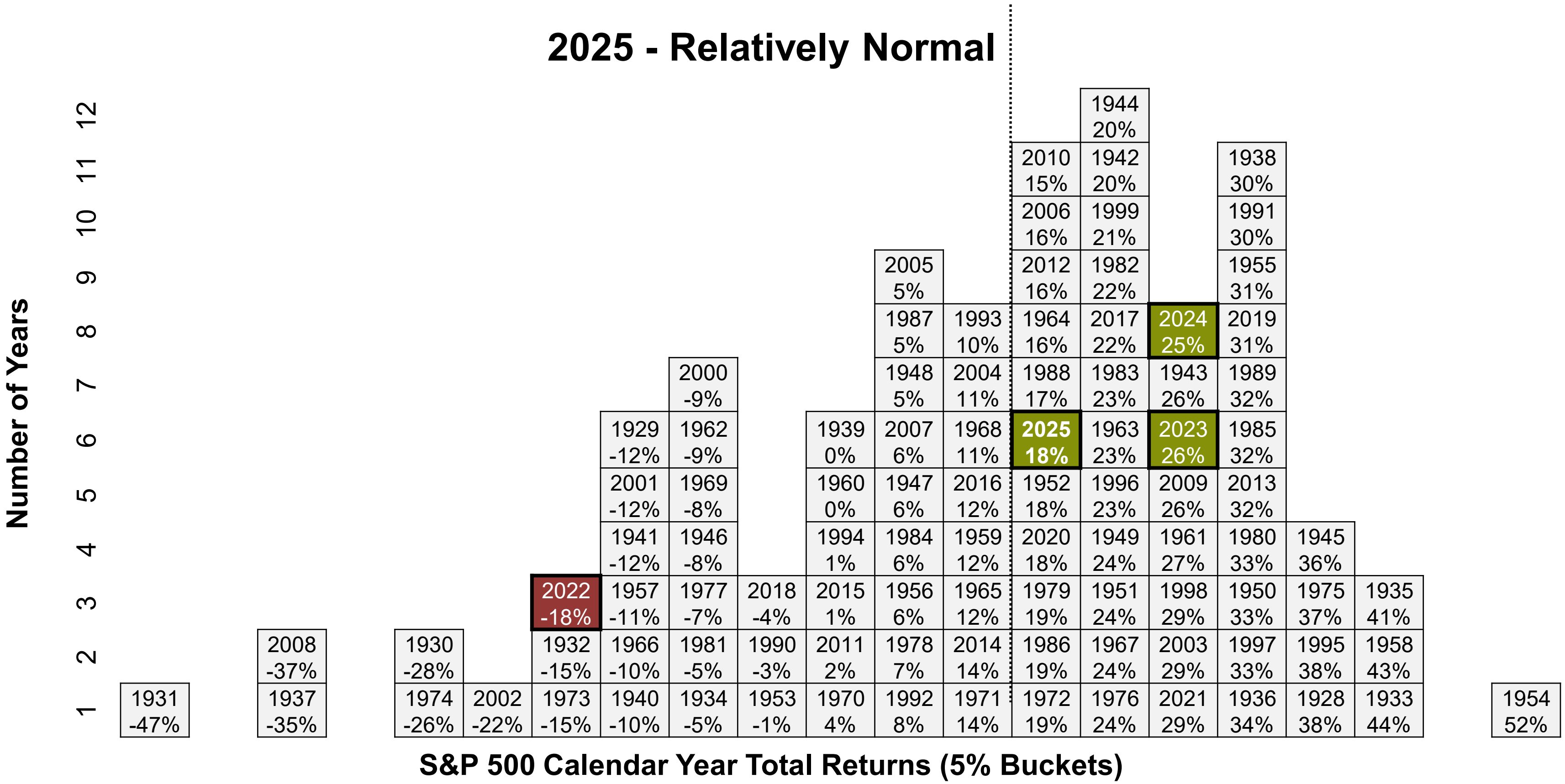
- Commodities
- TIPS
- Energy-sector Equities

Inflation

ECONOMIC AND FINANCIAL MARKET SURPRISES

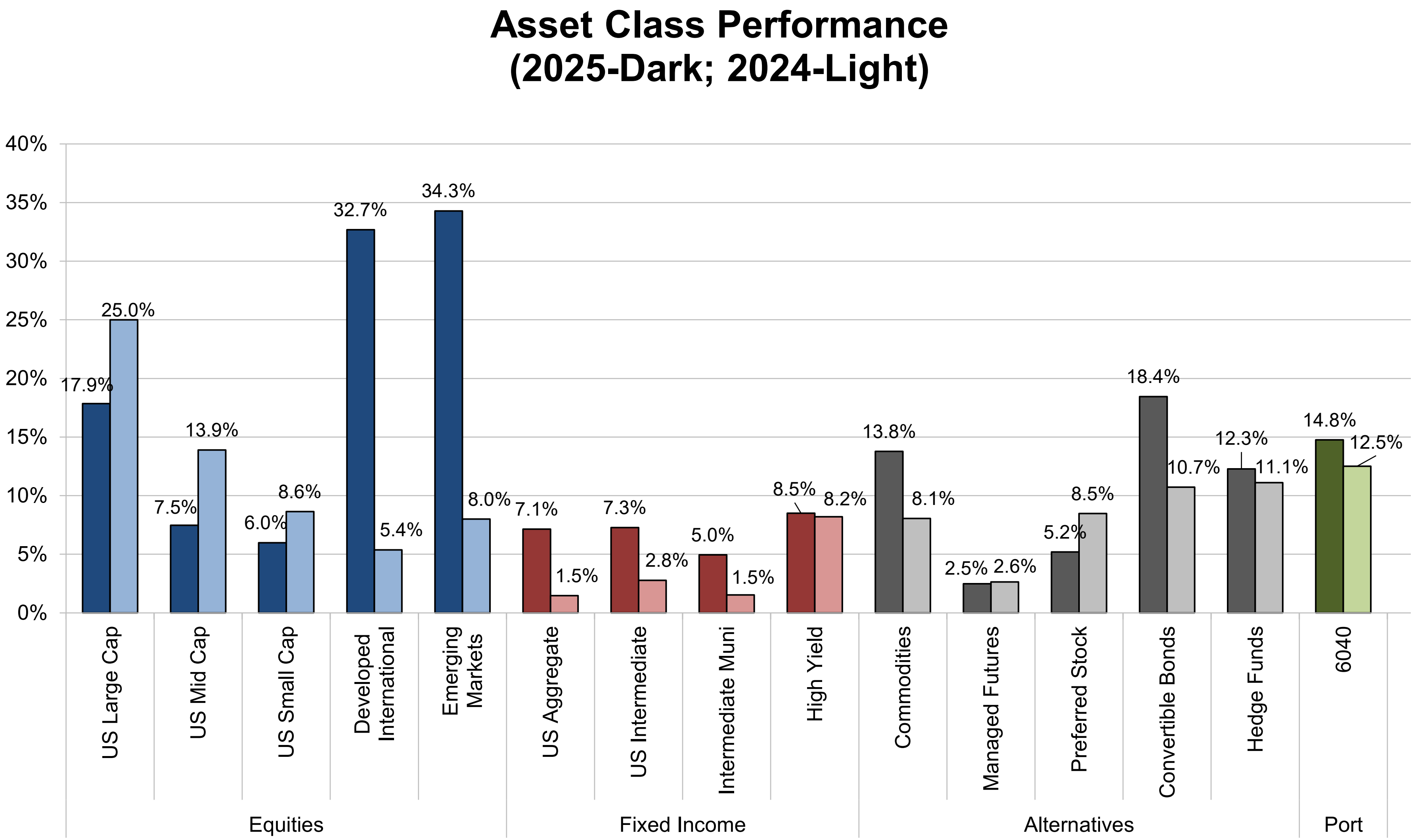
	2022			2023			2024			2025 (E)		
	Exp.	Actual	Surp.	Exp.	Actual	Surp.	Exp.	Actual	Surp.	Exp.	Actual	Surp.
Real Growth	3.9%	2.5%	-1.4%	0.3%	2.9%	2.6%	1.3%	2.8%	1.5%	2.1%	2.0%	-0.1%
Inflation	4.4%	8.0%	3.6%	4.0%	4.1%	0.1%	2.6%	3.0%	0.4%	2.5%	2.7%	0.2%
Job Gains	323	380	57	-10	216	226	74	168	94	115	49	-66
Fed Funds	1.00%	4.50%	3.50%	4.75%	5.50%	0.75%	4.00%	4.50%	0.50%	4.00%	3.75%	-0.25%
S&P 500 EPS	223.4	218.1	-2.4%	230.6	221.4	-4.0%	244.0	242.7	-0.5%	273.7	272.0	-0.7%

- The post-COVID economy has been characterized by huge surprises.
- 2022 brought an inflation and interest rate shock, 2023 saw growth far exceed low expectations, 2024 brought another significantly positive growth shock.
- We believed initial expectations for 2025 were reasonable and expected modest surprises.
- Surprises indeed wound up being mild last year.



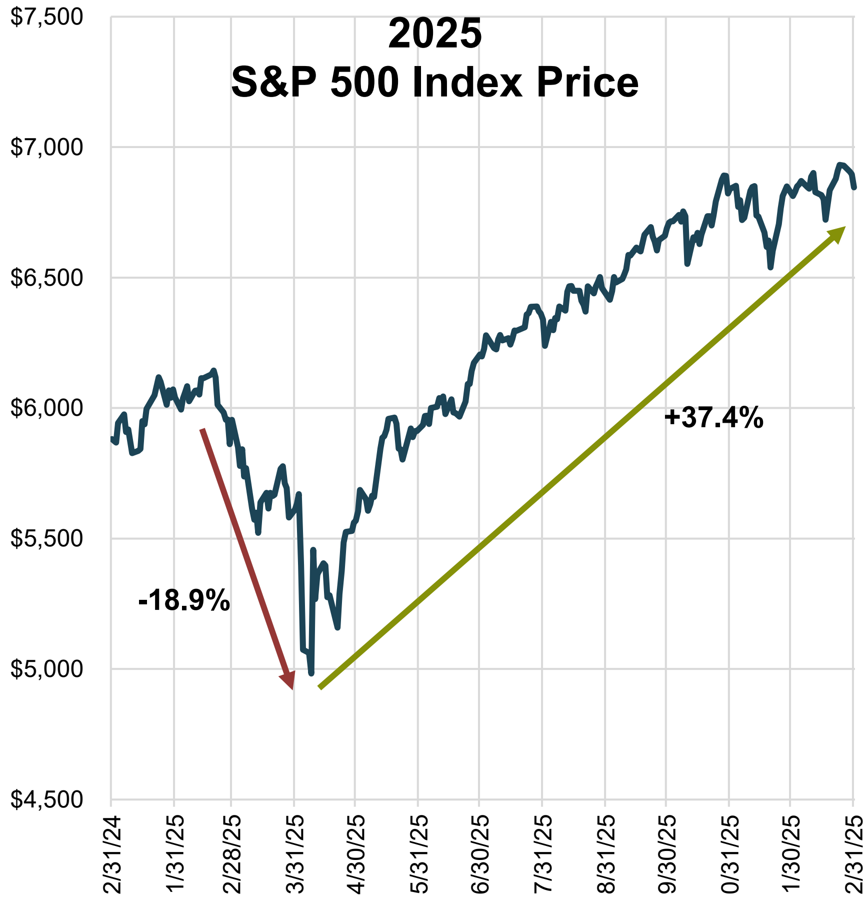
- S&P 500 returns have tracked these large surprises.
- 2022 was one of the 10 worst years for returns going back to 1928.
- 2023 and 2024 brought 20%+ annual returns.
- 2025 was closer to a ‘normal’ year, with the S&P 500 returning 18%.

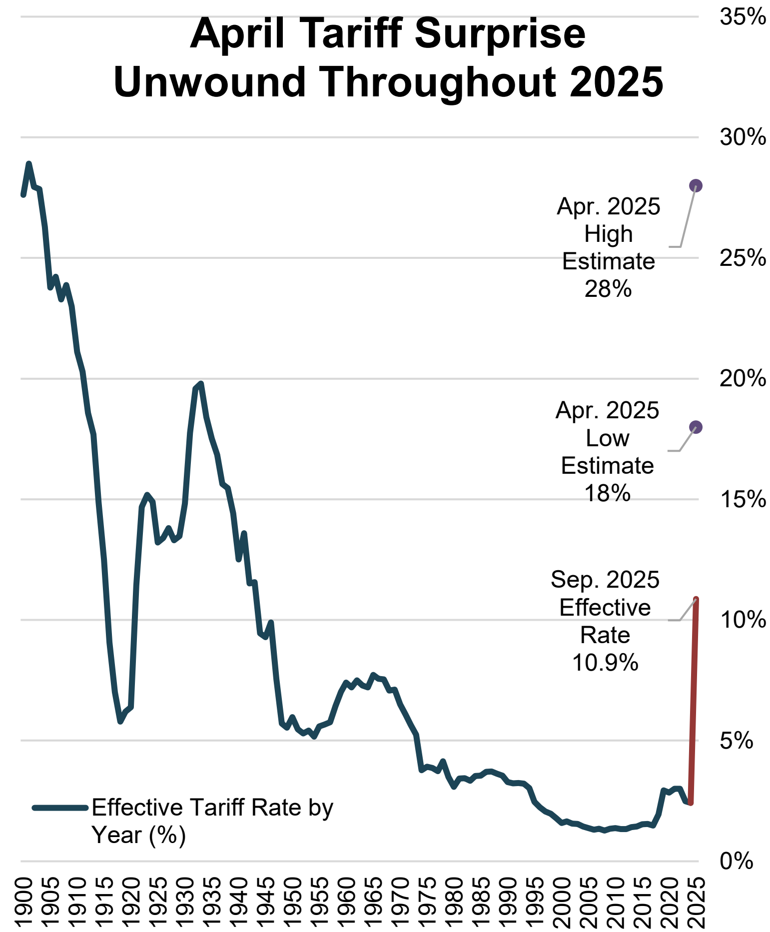
MARKETS OVERVIEW
AS OF 12/31/2025



US Large Cap: S&P 500; US Mid Cap: S&P 400; US Small Cap: S&P 600; Developed International: MSCI World ex-US; Emerging Markets: MSCI EM; US Aggregate: ICE BofA US Broad Market Index; US Intermediate: ICE BofA 1-10 Year US Broad Market Index; Intermediate Muni: ICE BofA 1-10 Year US Muni Index; High Yield: ICE BofA US High Yield Index; Commodities: Dow Jones UBS Commodity Index; Managed Futures: SG Trend Index; Convertible Bonds: Convertible Bonds: ICE BofA All US Convertibles ex Mandatory Index; Preferred Stock: ICE Exchange-Listed Preferred & Hybrid Securities Index; Hedge Funds: Bloomberg All Hedge Fund Index

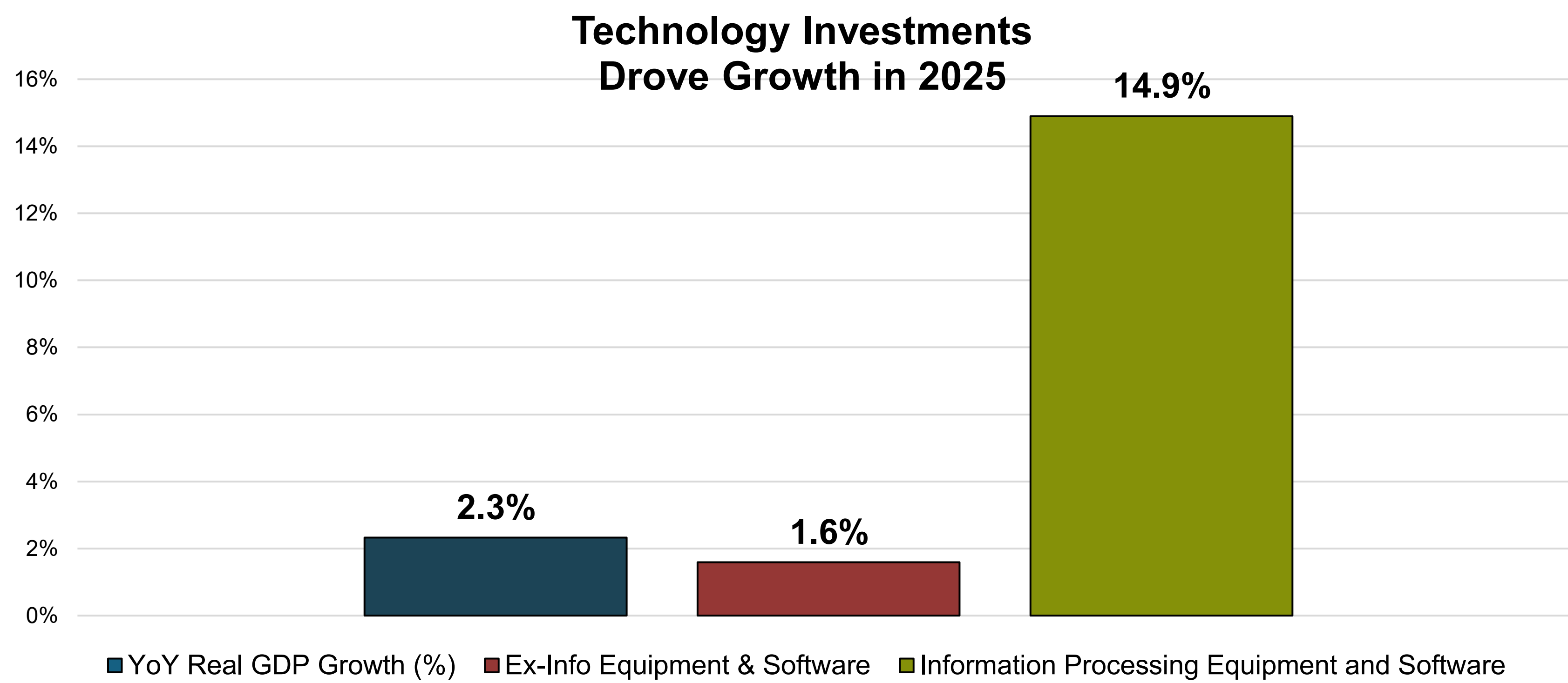
TARIFF ANNOUNCEMENT
APRIL 2025 DRAWDOWN





- Coming into 2025 investors expected roughly 10% effective US tariff rates.
- The April tariff announcements surprised, causing volatility in equity markets.
- Ultimately, exemptions and negotiations led to an effective tariff rate near 11%.

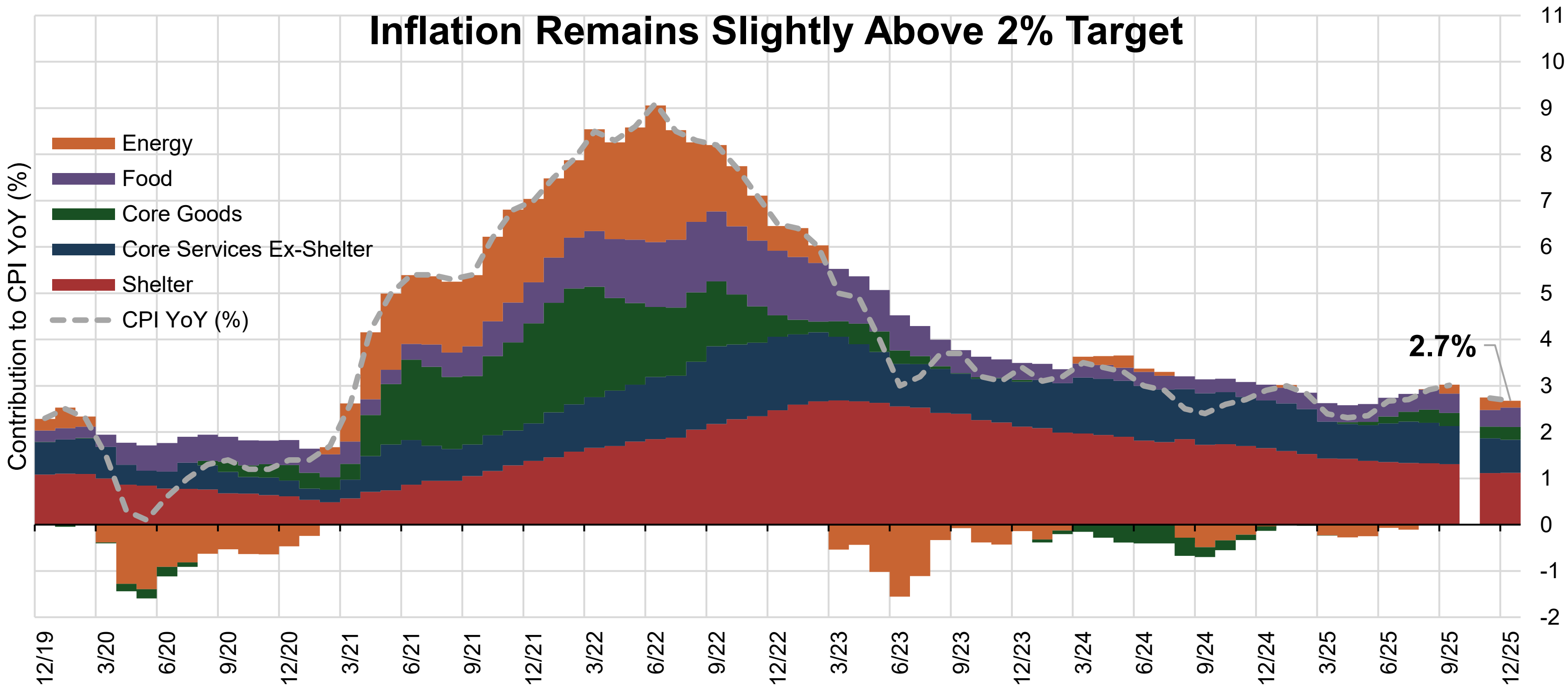
GDP GROWTH
TECH-ORIENTED INVESTMENT ACTIVITY LEADS



- Overall GDP growth was resilient in 2025 with real GDP growing above-trend at 2.3% year-over-year as of the latest data (Q3).
- Business investment in technology was up nearly 15% in 2025.
- For calendar year 2025, consensus expectations are for real GDP growth of 2.0%.

INFLATION

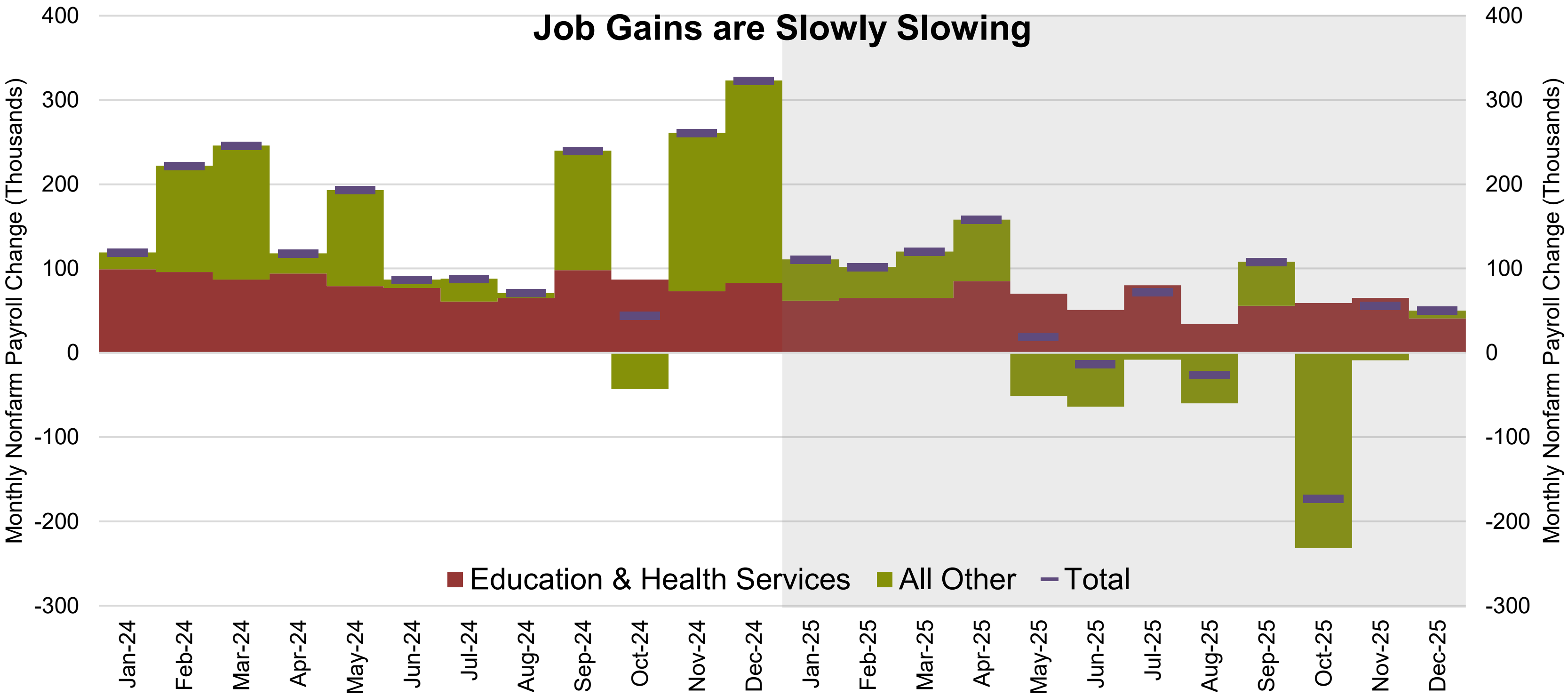
STILL ABOVE TARGET



- Coming into 2025, the expectation was for inflation to moderate to 2.5%.
- Inflation has been stickier than policymakers prefer, with CPI inflation up 2.7% for 2025.
- Goods inflation is showing some evidence of tariff-related impacts, but the impact has been more muted than initially feared.

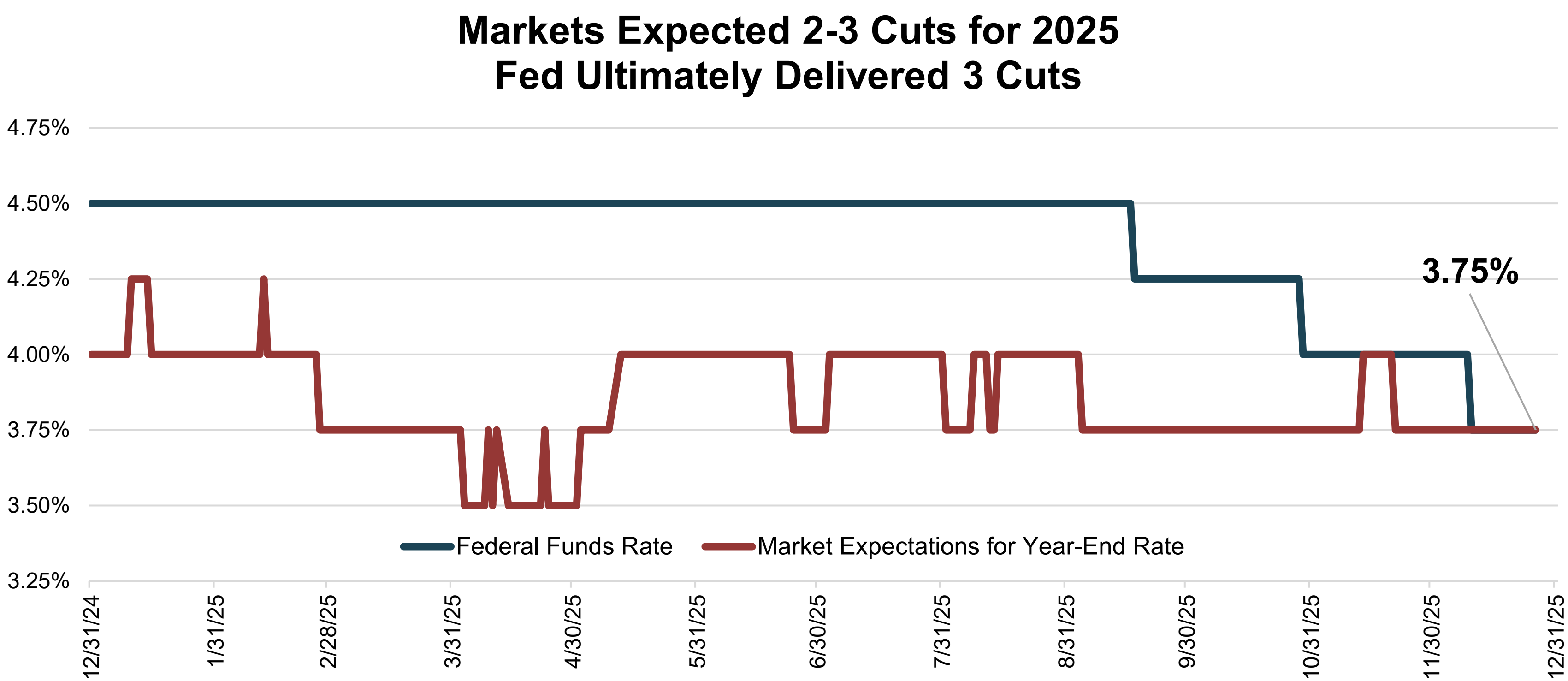
LABOR MARKET

SIGNS OF SLOWLY SLOWING



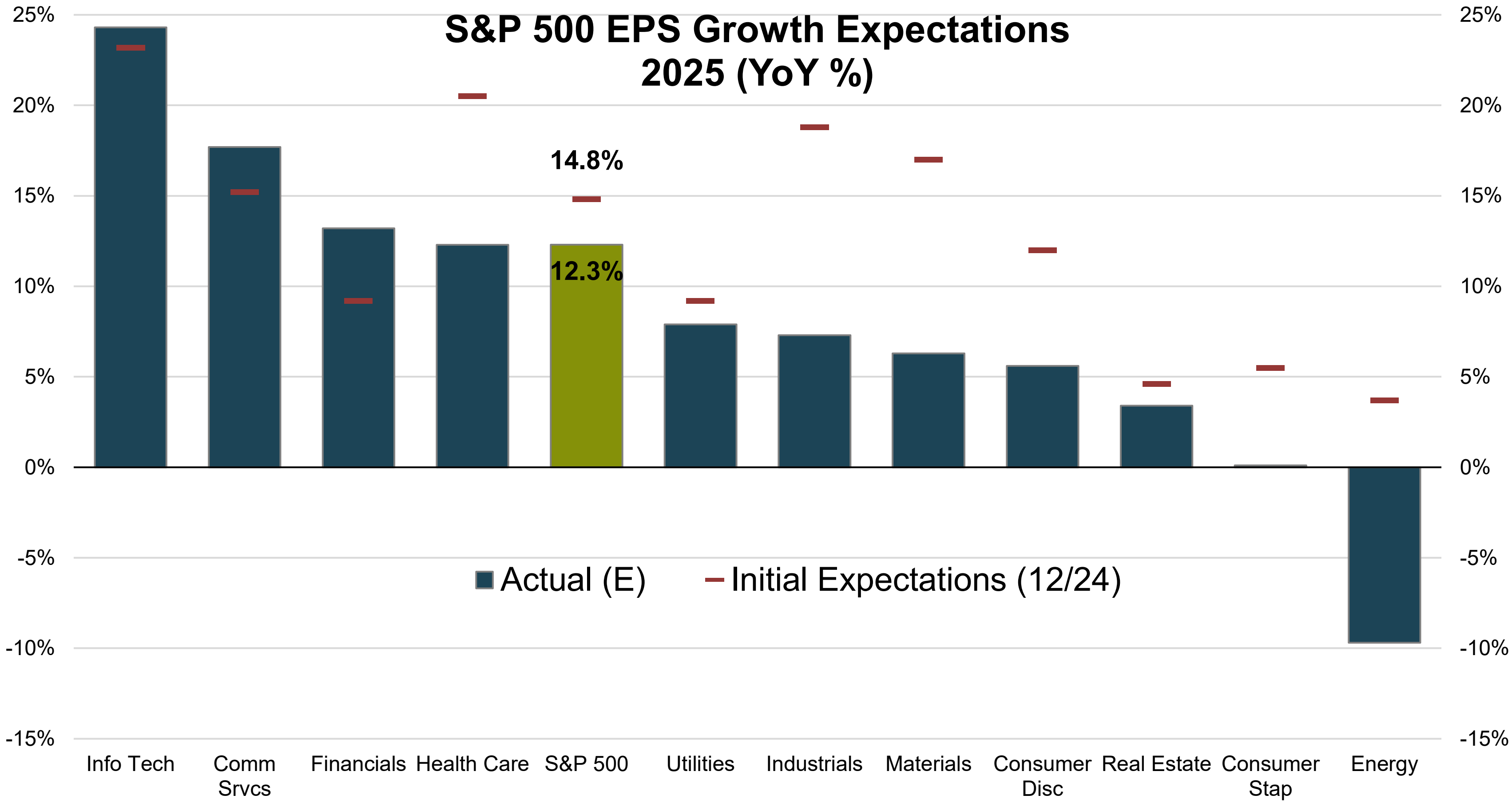
- Coming into 2025, expectations were for 115k job gains per month and a year-end unemployment rate of 4.3%.
- The labor market has shown signs of cooling, with only 12k job additions per month since May. Since May, Education & Health Services have added 57k jobs per month and all other sectors combined to lose 45k jobs per month.
- The unemployment rate has crept higher, from 4.0% starting the year to 4.4%. Monthly job gains were 49k per month in 2025.

MONETARY POLICY
FEDERAL FUNDS RATE FORECASTS



- Coming into 2025, markets expected the Fed to cut rates twice.
- During the tariff-announcement volatility in April, expectations were increased to 4 cuts.
- In the second half of the year markets repriced to expect 2-3 cuts and the Fed ultimately delivered 3 cuts in September, November, and December.
- We continue to believe the Fed will be more sensitive to its labor market mandate than its inflation mandate.

CORPORATE EARNINGS
STRONG EXPECTATIONS MET



- Earnings grew strongly in 2025, up over 12% for the S&P 500.
- Sectors exposed to AI-related activity led earnings growth, with Information Technology and Communication Services leading. Energy and Consumer sectors lagged.
- Coming into 2025, bottom-up expectations were for 14.8% earnings growth.

RECAP & LESSONS LEARNED IN 2025

Recap:

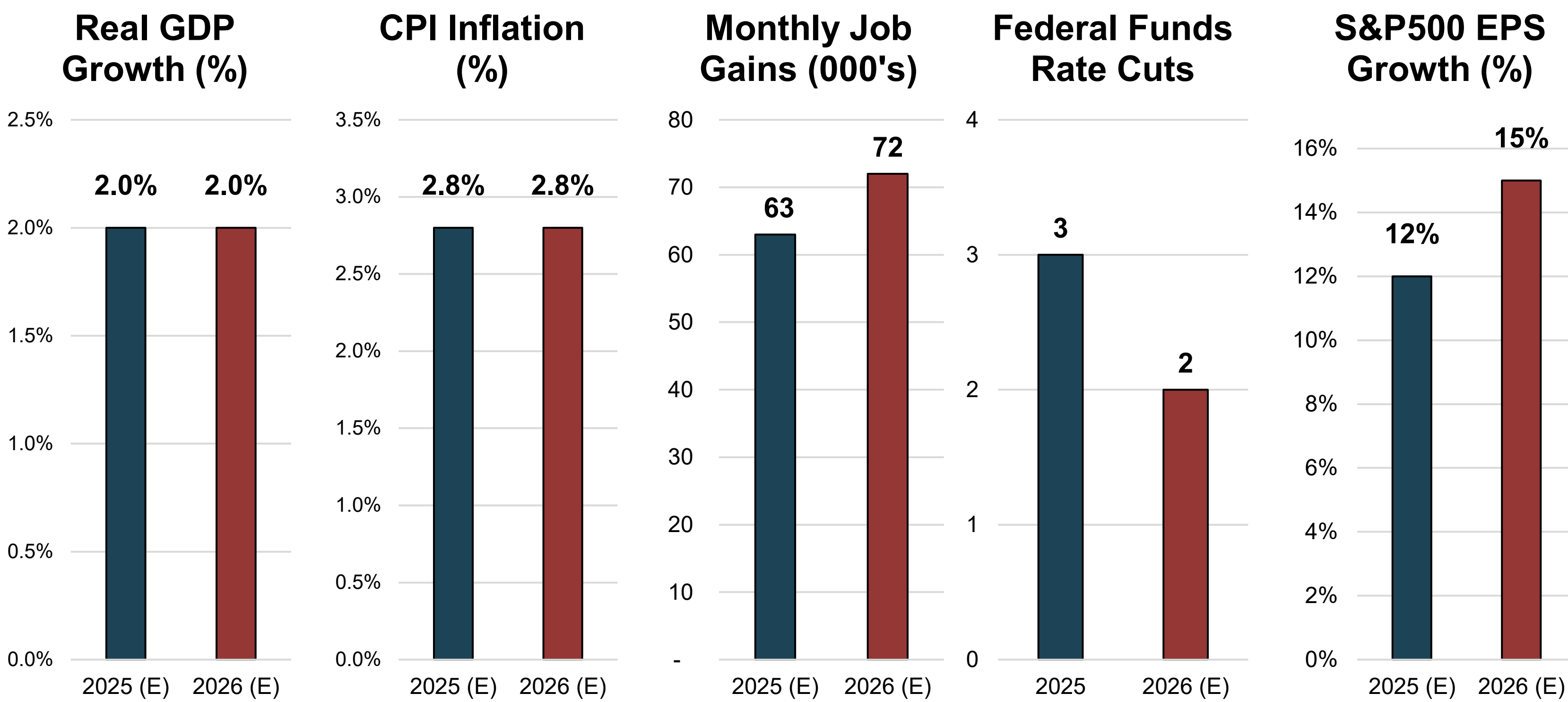
- After consecutive years of major macroeconomic surprises, economic and financial market outcomes in 2025 came in close to initial expectations.
- Markets, while volatile in the first half, delivered solid returns for investors.
- Three major themes emerged throughout the year which created volatility and opportunity.
  - Policy
  - Artificial Intelligence
  - K-Shaped Economy
- These themes will continue to shape consensus expectations for 2026 and surprises relative to those expectations will continue to drive market outcomes.

Lessons Learned:

- Long-term investment strategies outperform attempts at timing the market.
- Headlines are rarely relevant for your long-term financial plan.
- Having a well-developed plan is the best defense during periods of market volatility.

AUDIENCE POLL

2026 EXPECTATIONS
THE SEQUEL - 2025 II



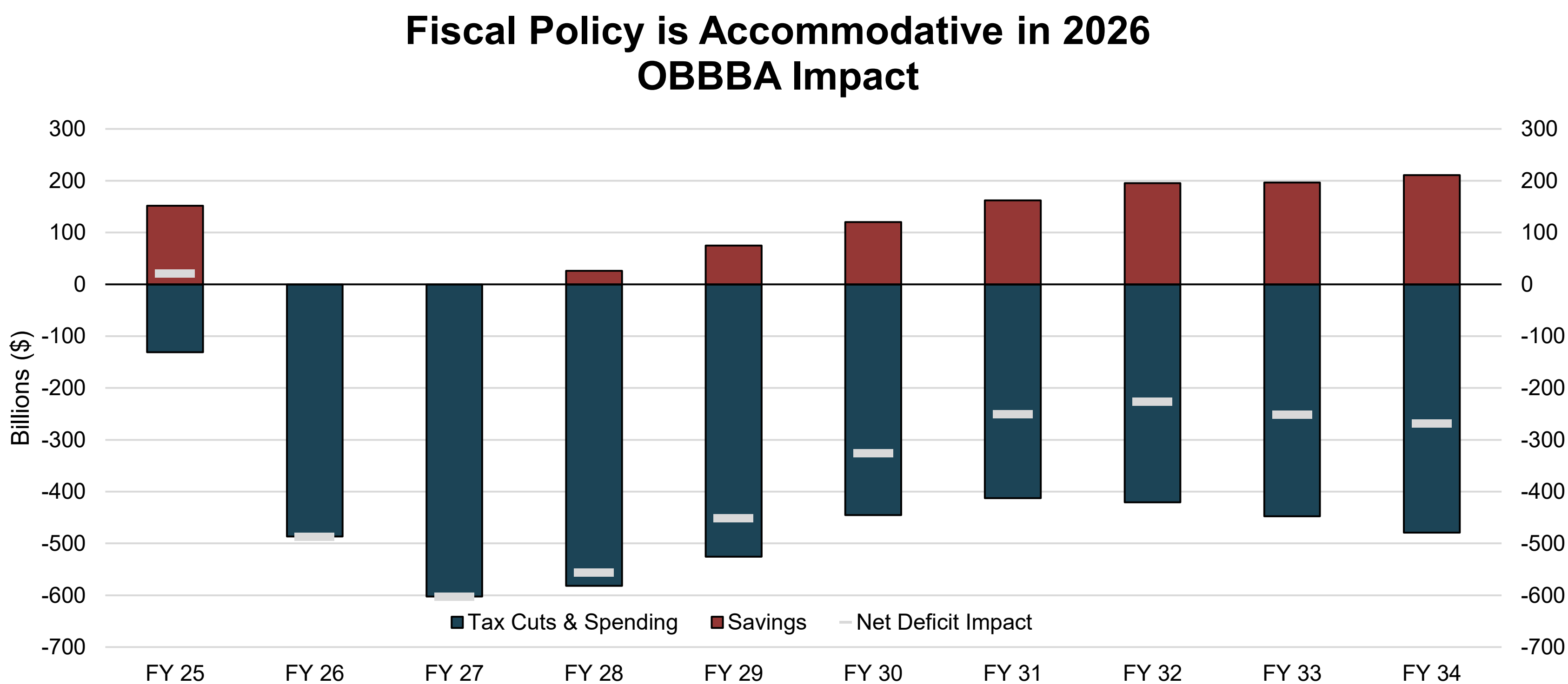
- Consensus expectations are for 2026 to be a virtual repeat of 2025.
- Growth is expected to be slightly above-trend.
- Inflation is expected to stay slightly elevated.
- The labor market is expected to be sluggish.
- The Federal Reserve is expected to continue normalizing rates.
- S&P 500 companies are expected to grow earnings strongly, 15%.

2026 GROWTH OUTLOOK
TAILWINDS AND HEADWINDS

Real GDP Growth	Tailwind or Headwind
Policy	**Tailwind**
Fiscal Policy	Tailwind
Monetary Policy	Tailwind
Trade Policy	Headwind
Artificial Intelligence	**Tailwind**
Infrastructure Investment	Tailwind
Labor Market Impact	Headwind
K-Shaped Economy	**Headwind**
Overall	**Tailwind**

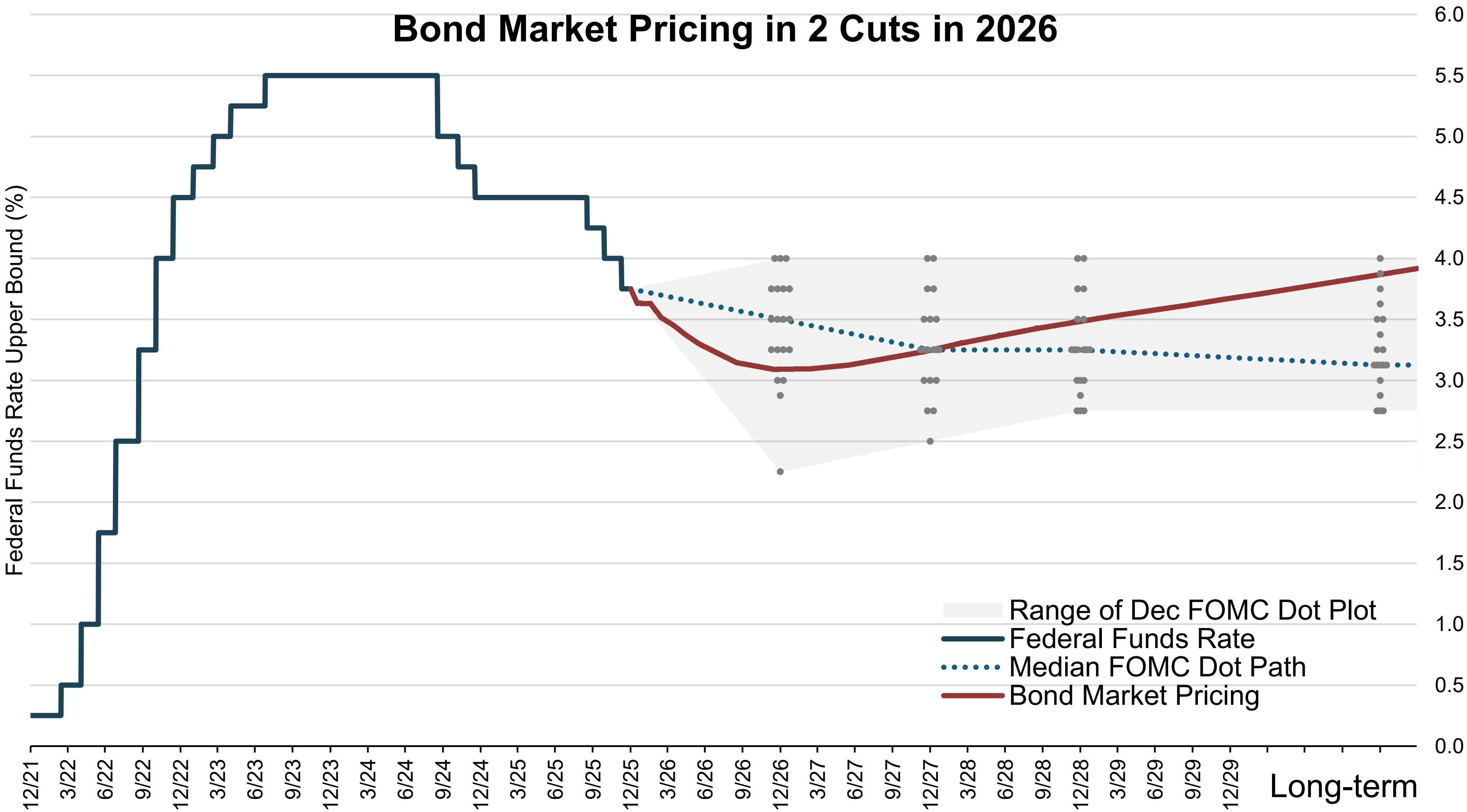
- We believe tailwinds outnumber headwinds for the growth outlook for 2026.
- We could see growth exceed initial expectations driven by positive impacts from fiscal and monetary policy and the continued investment in artificial intelligence.
- Trade policy and the labor market stand out as areas to watch for weakness as the year unfolds.
- Recession risk appears low, with consensus odds of 30%.

POLICY OUTLOOK
FISCAL POLICY



- Fiscal policy is expected to be supportive of growth in 2026.
- Tax provisions in the OBBBA should result in larger tax refunds, with some forecasters estimating an average refund increase of $1,000 in 2026 or $100bn in total.
- Corporate tax provisions are also more favorable.
- Spending cuts occur later in the legislation.

POLICY OUTLOOK
MONETARY POLICY



- Monetary policy is expected to be supportive as well.
- 2 cuts are priced in for 2026, the median Fed dot shows 1 cut.

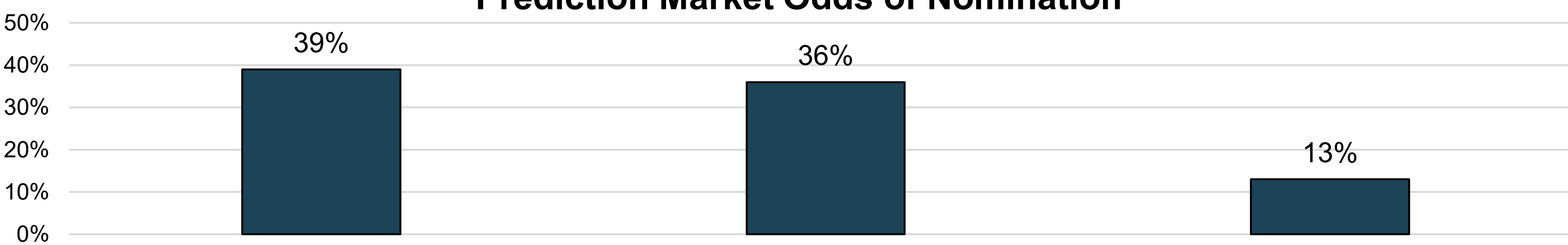
POLICY OUTLOOK
MONETARY POLICY

Kevin
Hassett
Director of National Economic Council

Kevin
Warsh
Former Fed Board of Governors (06-11)

Christopher
Waller
Current Fed Board of Governors (2020-)

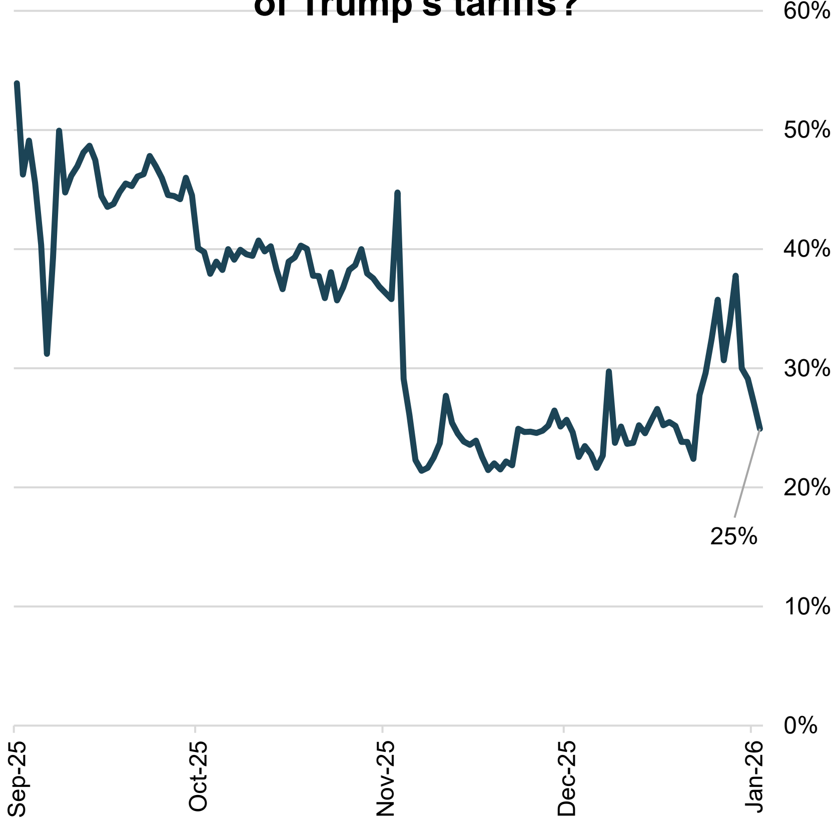
Prediction Market Odds of Nomination



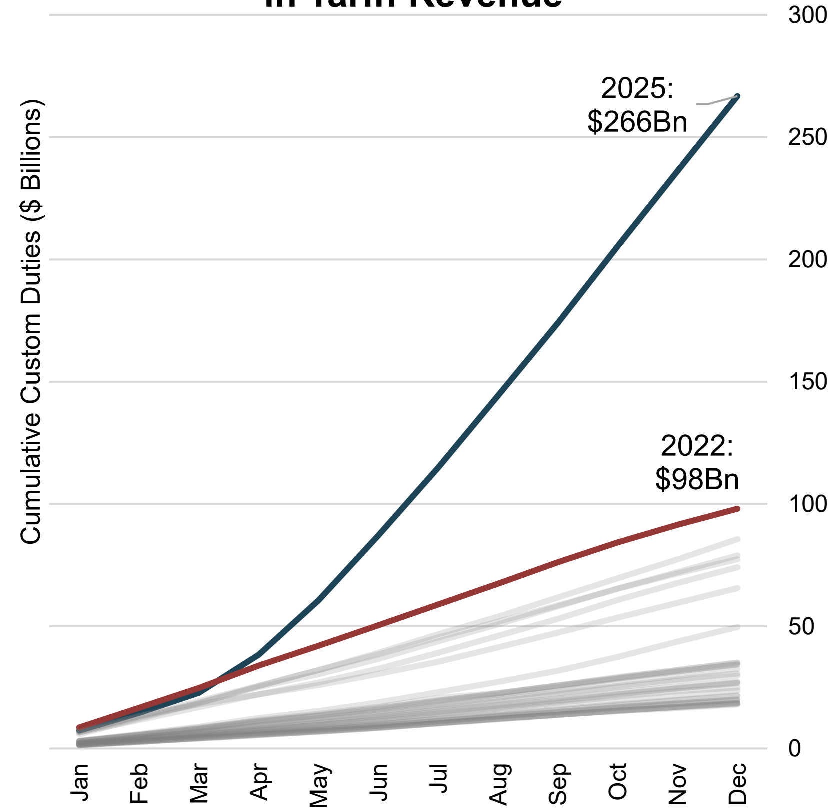
- The President is expected to announce a Fed Chair nominee in early 2026.
- Prediction markets currently assess three frontrunners, Kevin Hassett, Kevin Warsh, and Christopher Waller.

POLICY OUTLOOK
TRADE POLICY

Prediction Market Odds
Will the Supreme Court rule in favor of Trump's tariffs?



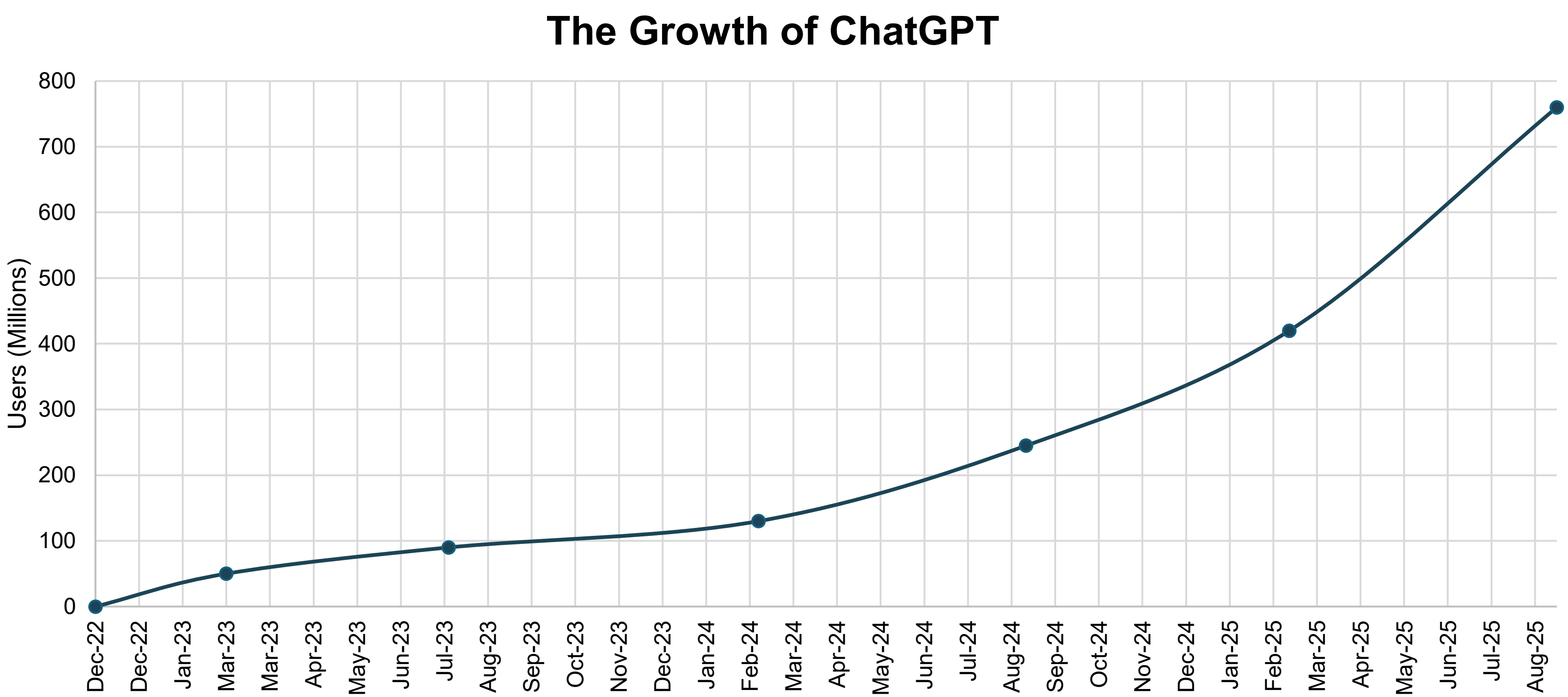
US Treasury Collecting Roughly $30Bn per Month in Tariff Revenue



- Pending court decisions create uncertainty for trade policy next year.
- The Treasury is currently collecting around $30Bn per month in tariff duties.
- The US-Mexico-Canada Agreement expires midyear and will need to be renegotiated.

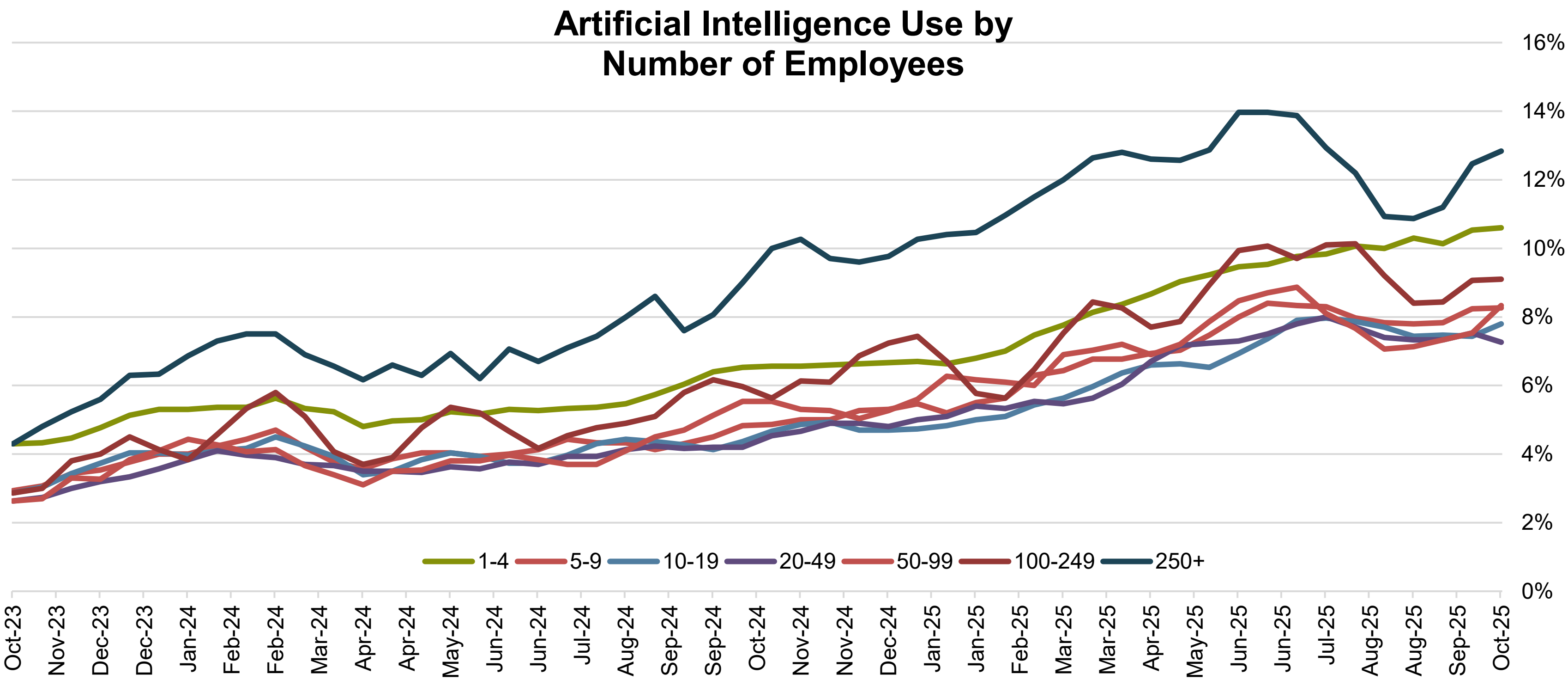
AUDIENCE POLL

ARTIFICIAL INTELLIGENCE IMPACT
GROWTH IN USE



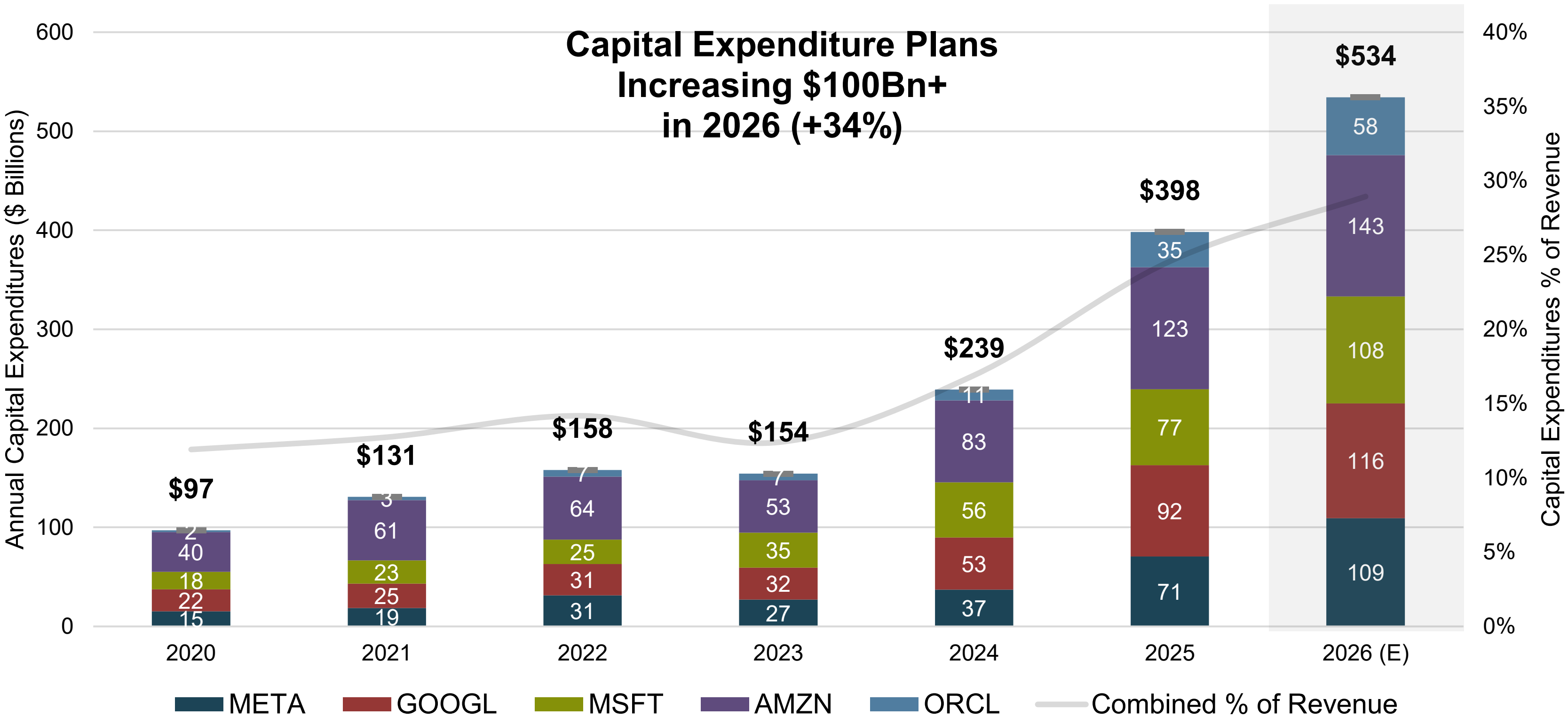
- ChatGPT was released for public use in November 2022.
- Since that time, OpenAI estimates that weekly active users have grown to more than 700 million, over 10% of the adult population of earth.

ARTIFICIAL INTELLIGENCE IMPACT
FIRM ADOPTION



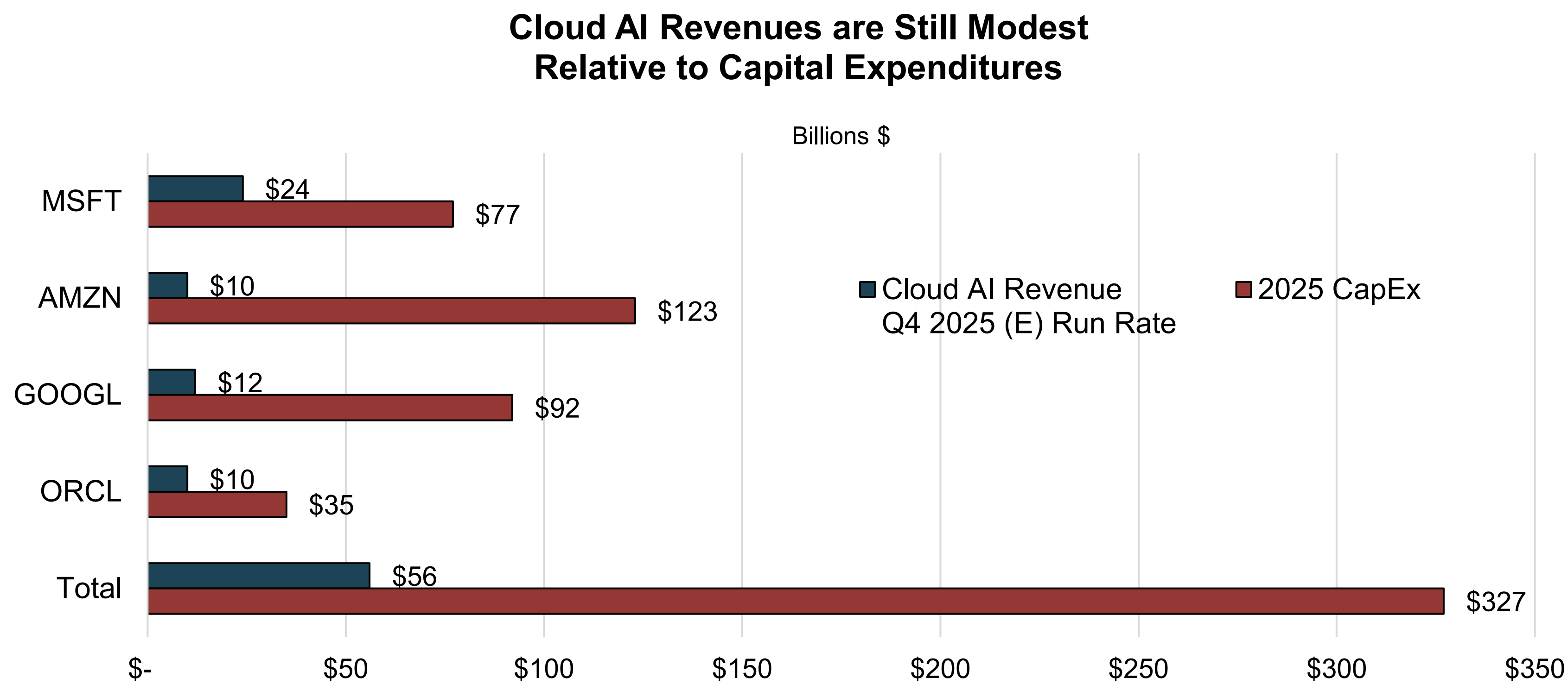
- Artificial Intelligence adoption rates by businesses are increasing but remain relatively low according to Census Bureau data.
- Larger firms have been adopting AI at a faster pace than smaller-sized firms.
- Firms in the Information, Professional & Tech Services, and Education have been leading adoption rates.

ARTIFICIAL INTELLIGENCE IMPACT
BUSINESS INVESTMENT



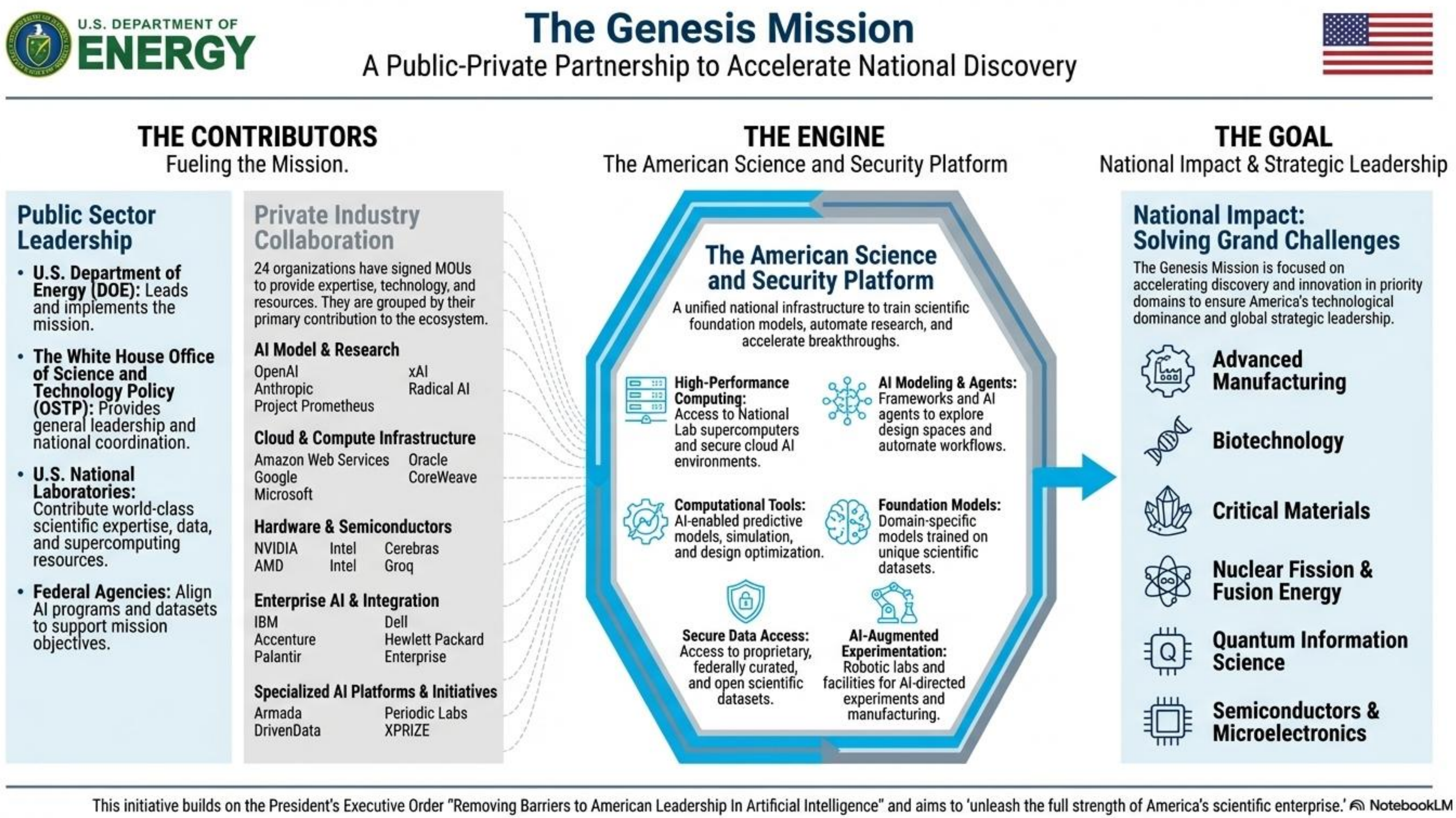
- Capital expenditures among the 5 largest US hyperscalers grew 67% in 2025, a roughly $150Bn increase over 2024.
- Guidance for 2026 is for another $100Bn+ increase, a roughly 34% increase over 2025.
- These investments should support overall GDP growth as well as corporate earnings growth in 2026.

ARTIFICIAL INTELLIGENCE OUTLOOK
CLOUD AI REVENUES

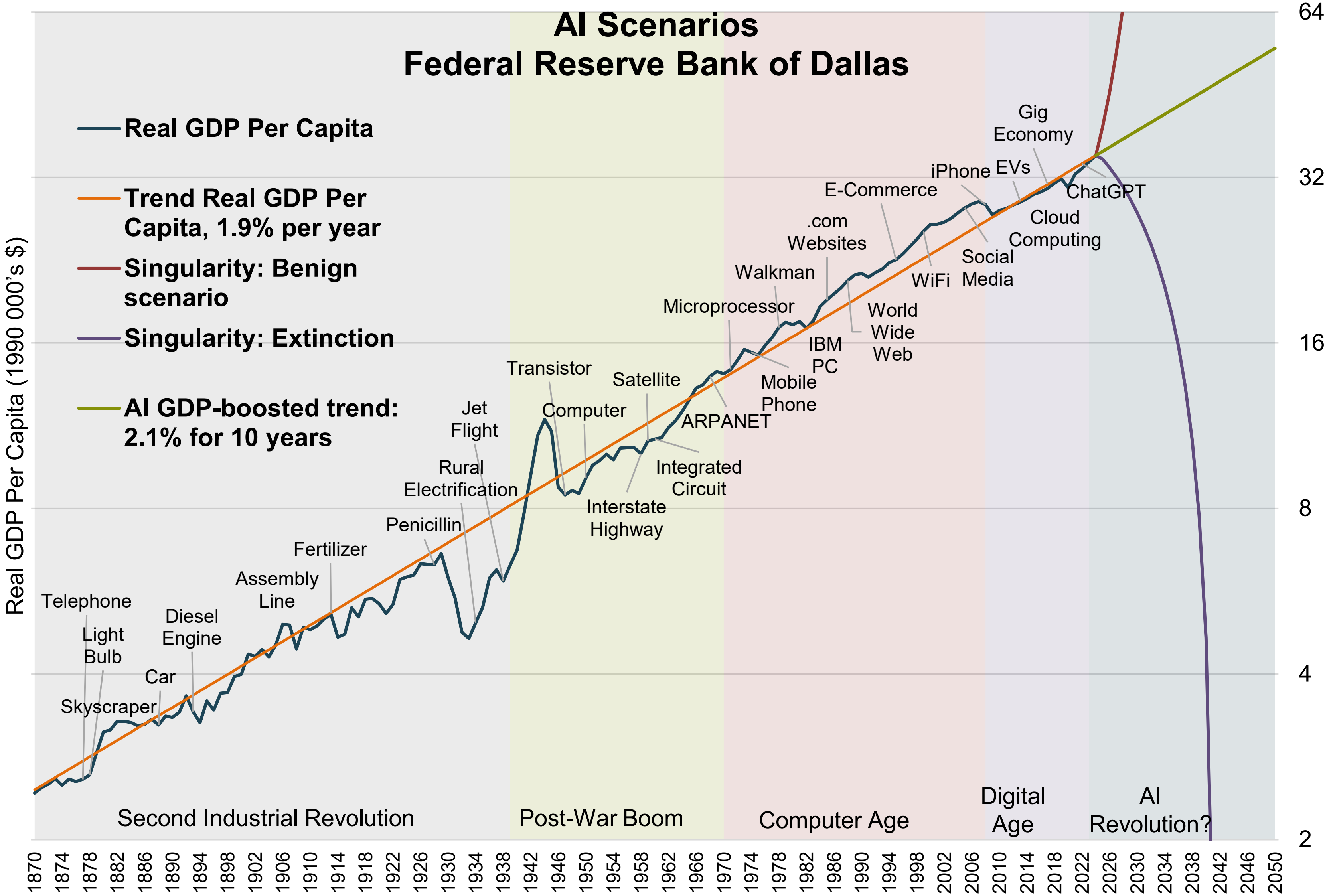


- Current Cloud AI revenues for hyperscalers are still modest in relation to capital expenditures.
- However, there is significant revenue backlogs supporting data center expansion plans.
- The industry is currently scaling up and investments will eventually need to be monetized.

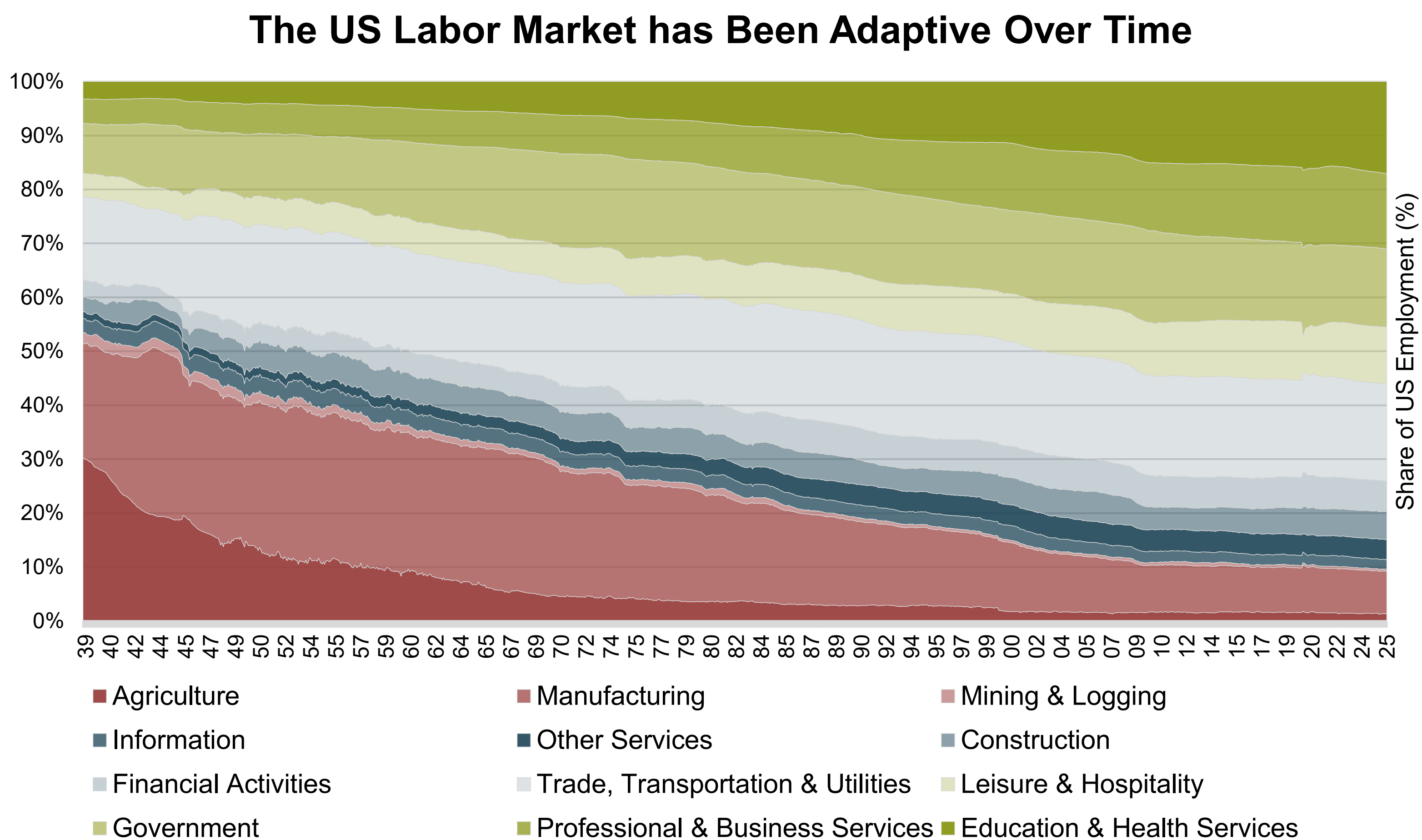
AI & POLICY OVERLAP



ARTIFICIAL INTELLIGENCE OUTLOOK
LONG-TERM PERSPECTIVE



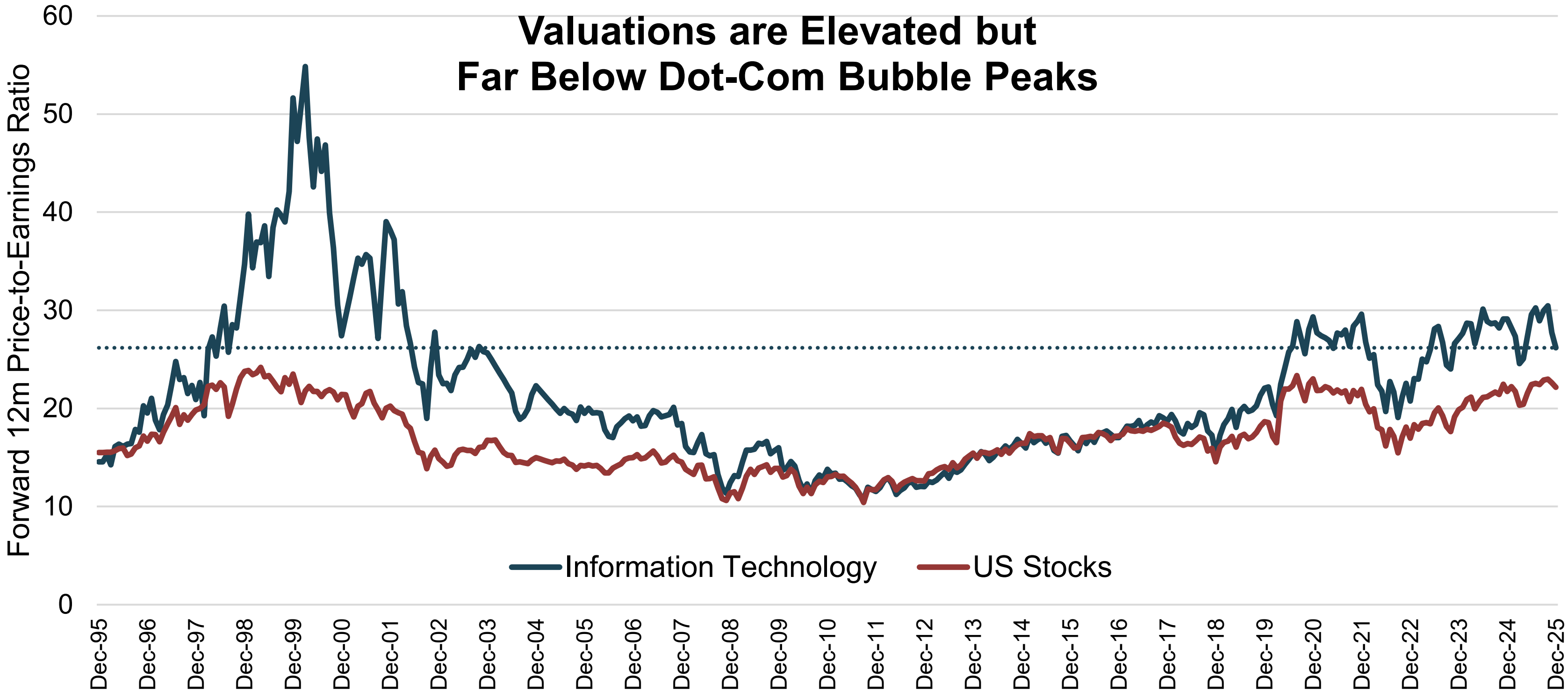
ARTIFICIAL INTELLIGENCE OUTLOOK
LABOR MARKET



- Over time the labor market has adapted as societal needs have changed and as the technology available to address those needs has changed.
- AI is having an impact on junior-level employment in certain industries already.

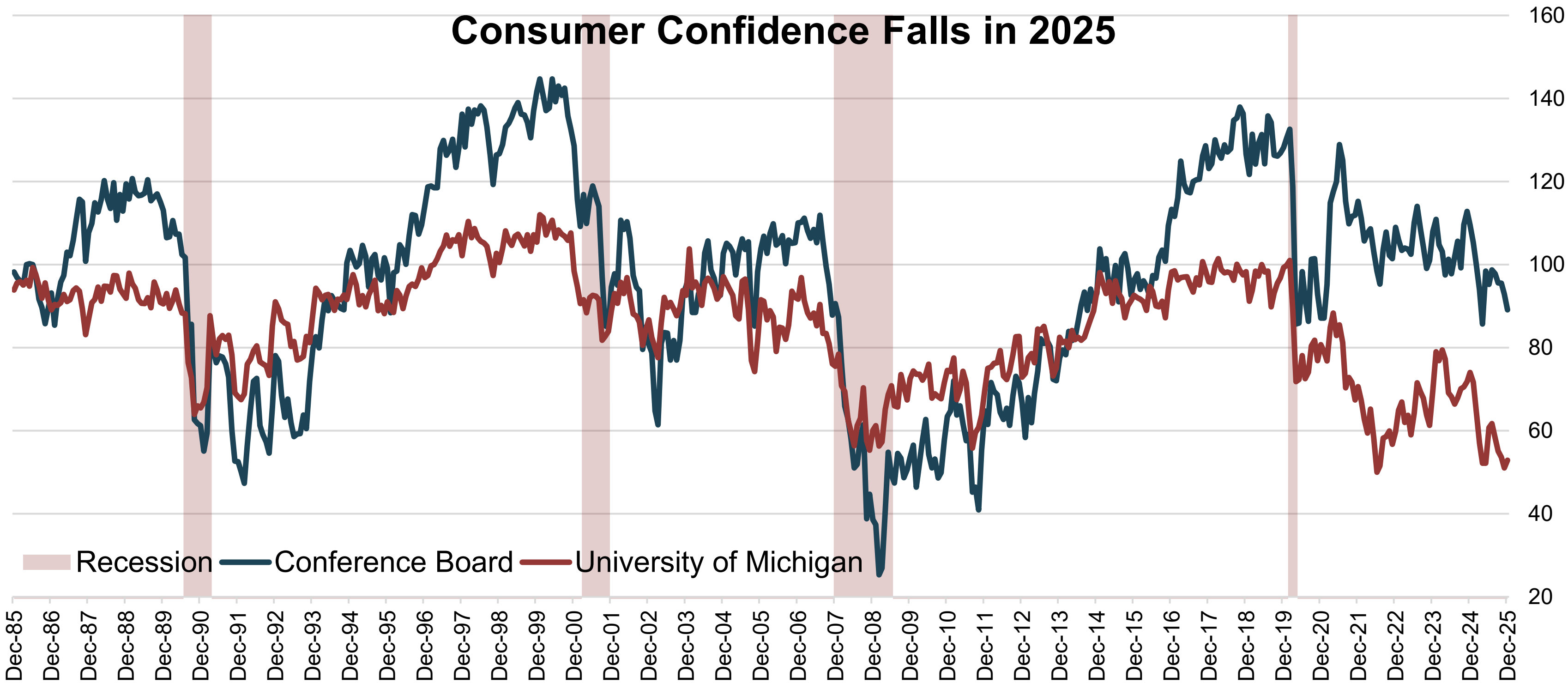
AUDIENCE POLL

IS AI IN A BUBBLE?



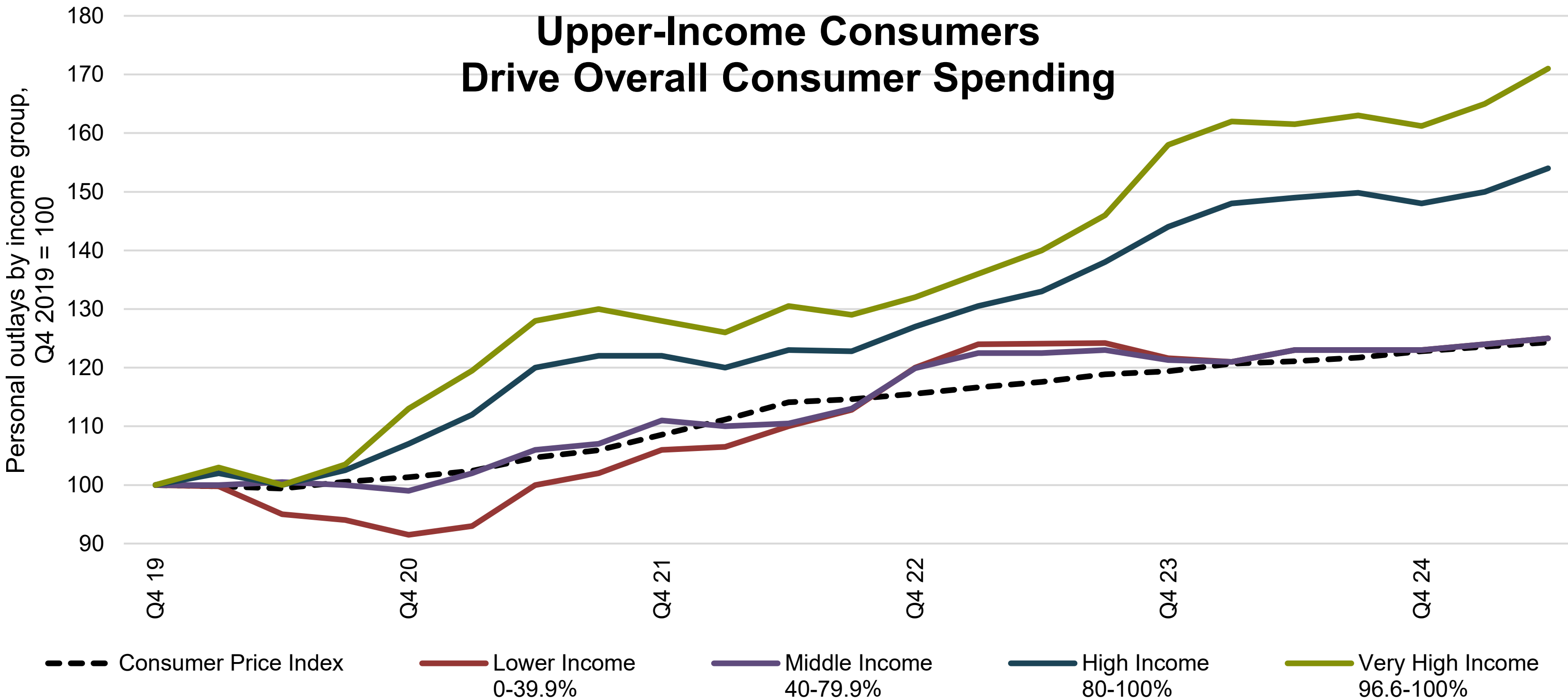
- Starting valuations are elevated relative to recent history but remain far blow the Dot-Com bubble peaks.
- US stocks have become more concentrated, with the top 10 stocks representing roughly 40% of the market cap. Earnings are also more concentrated. Those same 10 stocks generate over 30% of total earnings.

K-SHAPED ECONOMY
CONSUMER CONFIDENCE



- Despite a healthy overall macroeconomic environment in 2025, consumer confidence fell throughout the year.
- The University of Michigan Index of Consumer Sentiment ended 2025 near a 40-year low. Consumers cited the persistence of high prices weighing on personal finances.
- These dynamics enforce the notion of a K-shaped economic experience.

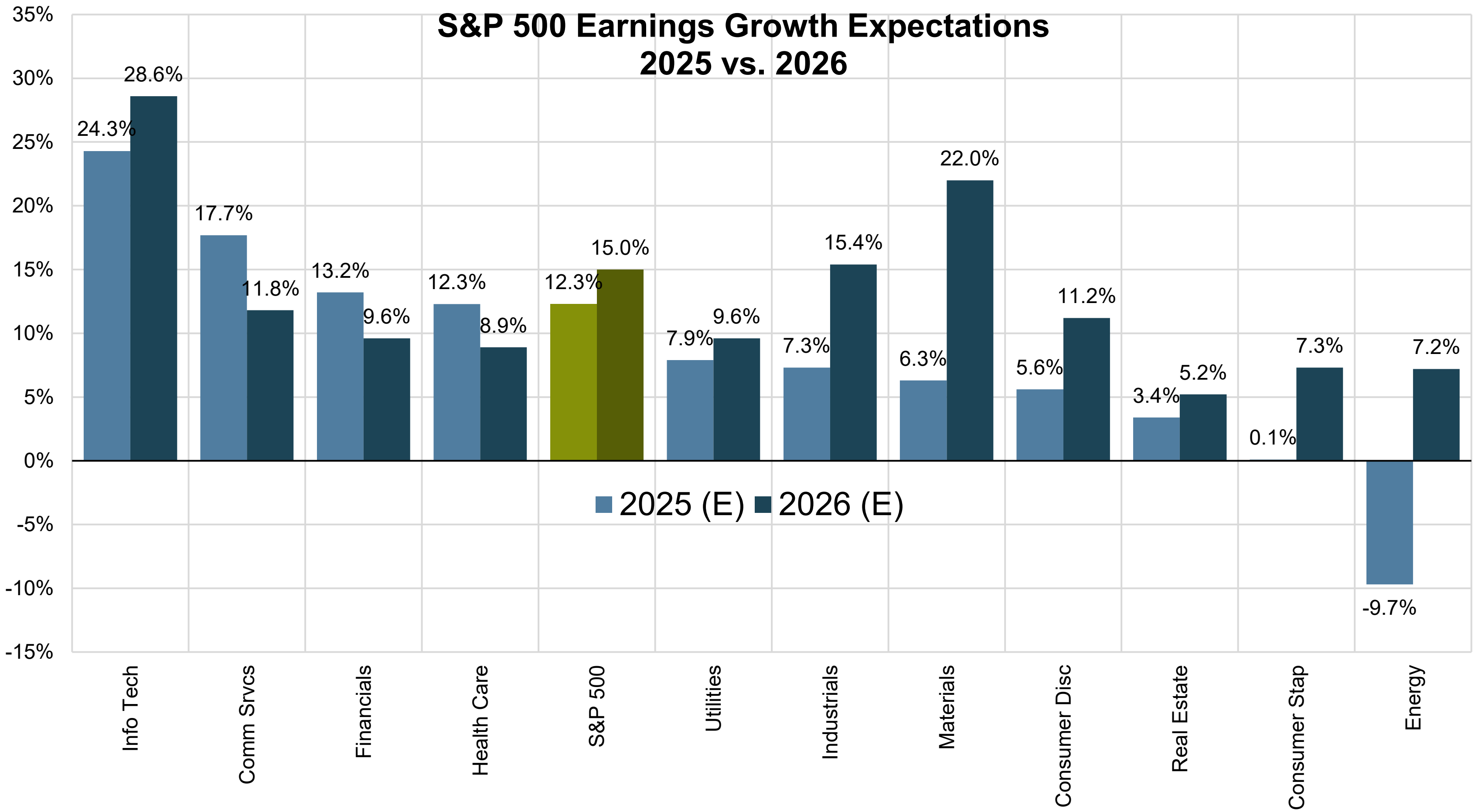
K-SHAPED ECONOMY
CONSUMER SPENDING



- Consumer spending has been bifurcated since 2019 between the bottom 80% of consumers and the upper 20%.
- Since 2019, the bottom 80%, incomes roughly less than $175,000, have essentially treaded water with overall inflation.
- Upper-income consumers have grown spending strongly and estimates now show that the top 10% of consumers by income drive roughly half of overall spending.

CORPORATE EARNINGS OUTLOOK

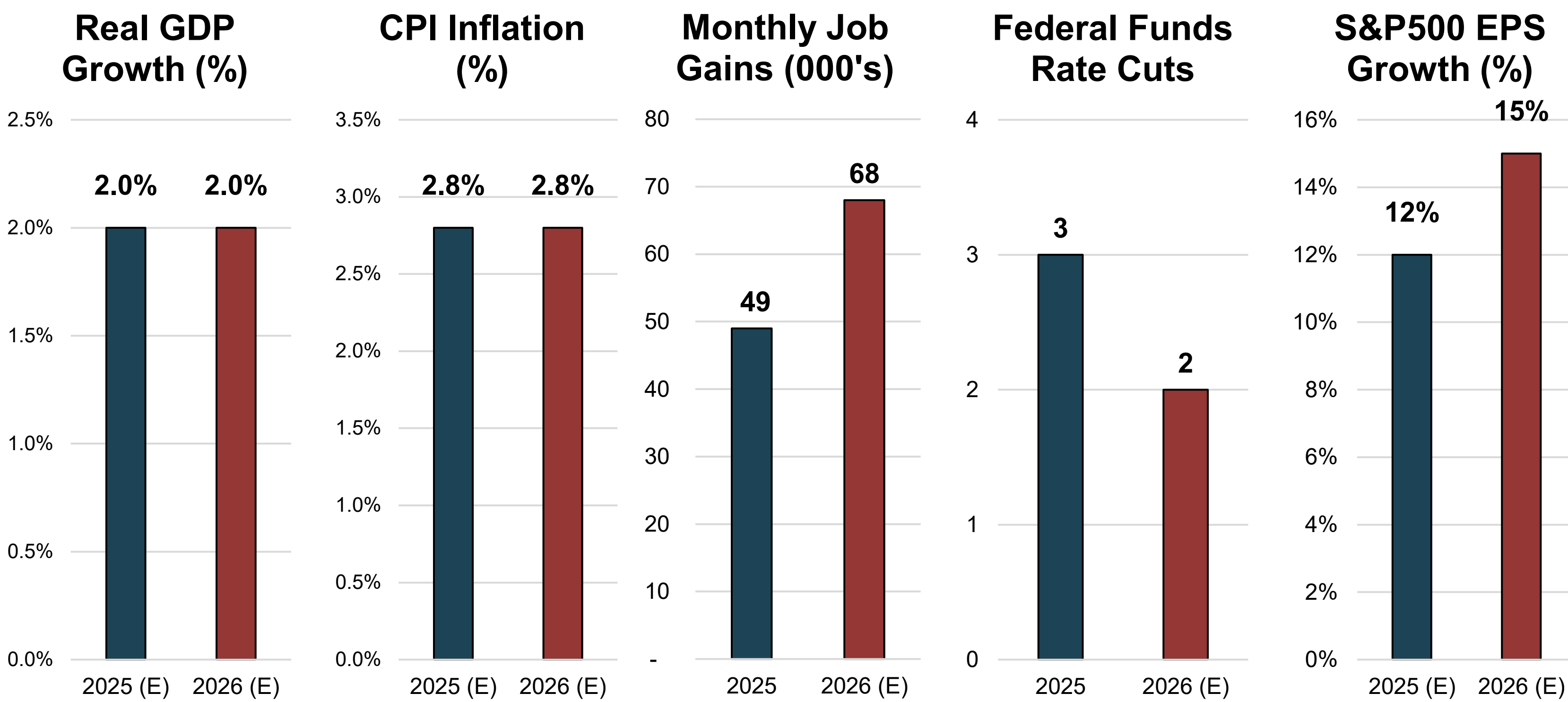
FORECASTS OF S&P 500 EARNINGS



- Overall earnings per share are expected to grow 15%.
- 2026's higher expectations create a higher hurdle to clear for positive surprises.
- "Magnificent 7" earnings are forecasted to grow 23%, the remaining S&P 493 13%.

AUDIENCE POLL

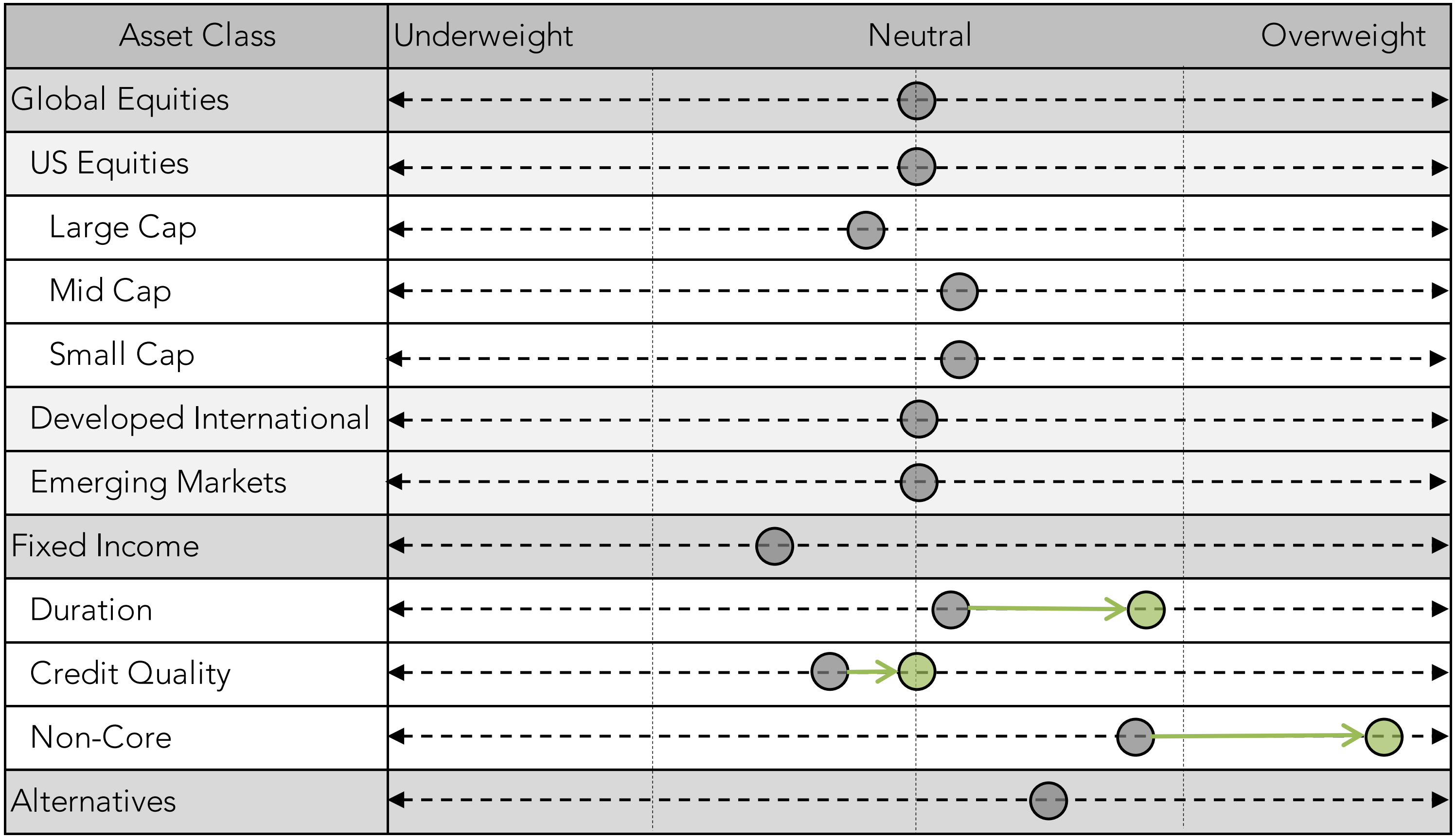
2026 EXPECTATIONS
GREENLEAF'S VIEWS



- Overall, expectations for 2026 appear reasonable again.
- Unforeseeable shocks could shape the year in ways we cannot predict in advance.
- We believe there are more economic tailwinds than headwinds entering the year.
- We expect growth, inflation, and job gains to register mildly positive surprises.
- We expect 2 rate cuts by the Fed but believe 3 cuts is more probable than just 1.
- We expect earnings to grow double-digits but fall slightly short of 15%.

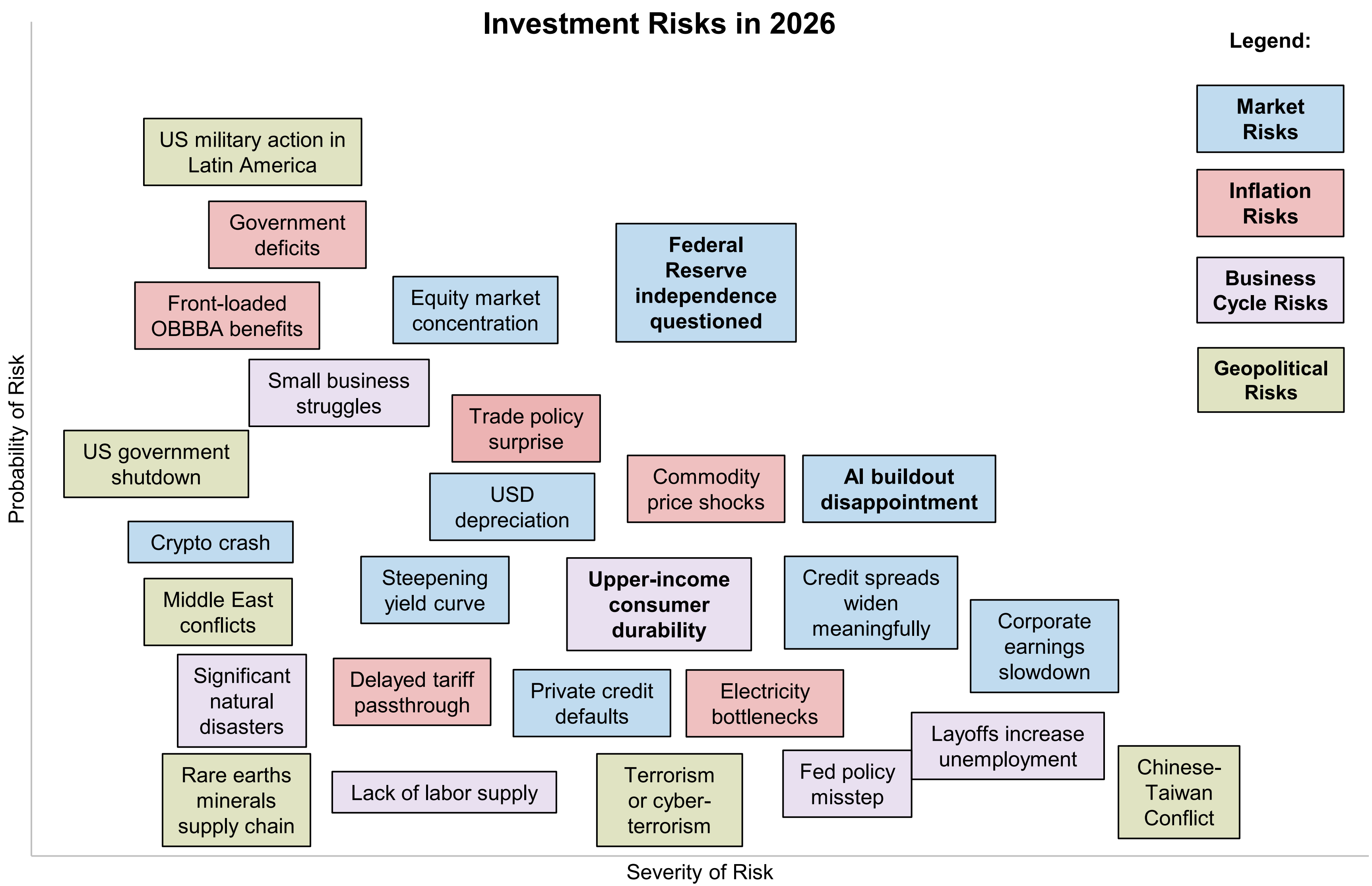
PORTFOLIO POSITIONING

AS OF 12/31/2025



- The positive macroeconomic environment and strong earnings growth prospects create opportunities in global equities, albeit at high starting valuations in certain categories.
- Within fixed income, starting credit spread levels are tight, limiting opportunities.
- Higher starting yields provide attractive risk-reward opportunities in bonds and rate-sensitive alternatives.

RISKS


Investment Risks in 2026
Legend:
Market Risks
Inflation Risks
Business Cycle Risks
Geopolitical Risks
US military action in Latin America
Government deficits
Front-loaded OBBBA benefits
Equity market concentration
Federal Reserve independence questioned
Small business struggles
Trade policy surprise
US government shutdown
USD depreciation
Commodity price shocks
AI buildout disappointment
Crypto crash
Steepening yield curve
Upper-income consumer durability
Credit spreads widen meaningfully
Middle East conflicts
Corporate earnings slowdown
Significant natural disasters
Delayed tariff passthrough
Private credit defaults
Electricity bottlenecks
Layoffs increase unemployment
Rare earths minerals supply chain
Lack of labor supply
Terrorism or cyber-terrorism
Fed policy misstep
Chinese-Taiwan Conflict
Probability of Risk
Severity of Risk

CONCLUSION

- Asset markets experienced positive performance in 2025, driven by solid outcomes that matched expectations.

- As we head into 2026, the economic foundation remains strong:
  - Recession risks appear low.
  - Business investment is robust.

- Elevated earnings growth expectations set a higher bar for positive surprises in 2026.

- Global economic policy uncertainty creates risks and opportunities in investment markets.

- The long-term outlook for market returns is favorable.

Q&A - THANK YOU!

Our Team

Thank you for the opportunity to serve on your behalf!

DATA SOURCES

Recession date source: National Bureau of Economic Research, Inc.

Slide 6 – "Asset Class Framework";

Source: Greenleaf Trust Investment Research.

Slide 7 – "Economic and Financial Market Surprises";

Retrieved from Bloomberg; Retrieved from Bloomberg; Real GDP Growth, Inflation, and Job Gain forecasts are median private forecasts for real GDP growth, the consumer price index (CPI), and average monthly nonfarm payroll gains in 2025; Fed Funds forecasts = December 2025 Fed Funds Futures; S&P 500 earnings expectation = BEst Bloomberg Estimates Earnings Per Share (EPS) , dated 12/31/2025.

Slide 8 – "Surprises Move Markets";

Retrieved from Bloomberg, dated 12/31/2025. S&P 500 Index Returns 1927-2025, author's calculations.

Slide 9 – "Markets Overview";

Retrieved from Bloomberg. Indices listed on slide.

Slide 10 – "Tariff Announcement";

Retrieved from Bloomberg. S&P 500 Index, author's calculations. Effective Tariff Rates by Year, Source: Yale Budget Lab, Estimates from Goldman Sachs, JPMorgan, and Yale Budget Lab. September 2025 Effective Rate = September 2025 Custom Duties Collected / Trade in Goods with World, NSA Imports September 2025, Sources: US Treasury & Census Bureau

Slide 11 – "GDP Growth";

Source: Bureau of Economic Analysis, dated 9/30/2025. Consensus forecasts from Bloomberg, median forecast dated 12/31/2025.

Slide 12 – "Inflation";

Retrieved from Bloomberg: CPI = the Consumer Price Index for All Urban Consumers (CPI-U), Source = Bureau of Labor Statistics, dated 11/30/2025.

Slide 13 – "Labor Market";

Retrieved from Bloomberg: U3 Unemployment Rate =U-3 US Unemployment Rate Total in Labor Force Seasonally Adjusted, Source = Bureau of Labor Statistics, dated 11/30/2025; Monthly Nonfarm Payroll Gains = US Employees on Nonfarm Payrolls Total MoM Net Change SA, Source = Bureau of Labor Statistics, dated 11/30/2025.

Slide 14 – "Monetary Policy";

Retrieved from Bloomberg: Federal Funds Target Rate = Upper-Bound of Federal Funds Target, Source = Federal Reserve, dated 12/31/25; Market Expectations are December 2025 Fed Funds Rate Futures implied rate, author's calculations.

Slide 15 – "Corporate Earnings";

Source: Factset Earnings Insight dated 12/19/25 and 12/20/24.

Slide 18 – "2026 Expectations";

Retrieved from Bloomberg; Retrieved from Bloomberg; Real GDP Growth, Inflation, and Job Gain forecasts are median private forecasts for real GDP growth, the consumer price index (CPI), and average monthly nonfarm payroll gains in 2025 and 2026; Fed Funds forecasts = December 2026 Fed Funds Futures; S&P 500 earnings expectation = BEst Bloomberg Estimates Earnings Per Share (EPS) , dated 12/31/2025.

Slide 19 – "2026 Growth Outlook";

Source: Greenleaf Trust Investment Research

Slide 20 – "Policy Outlook: Fiscal Policy";

Source: Congressional Budget Office Estimated Budgetary Effects of Public Law 119-21, to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14 Relative to CBO's January 2025 Baseline, dated 7/21/25. Author's calculations of Receipts and Outlays.

Slide 21 – "Policy Outlook: Monetary Policy";

Retrieved from Bloomberg; =Federal Funds Rate = Federal Funds Target Rate - Upper Bound, Source = Federal Reserve, dated 12/31/2025, Median FOMC Dot Path = median forecasts in December 10, 2025 Summary of Economic Projections of the Appropriate Policy Path, Source = Federal Reserve; Bond Market Pricing = rates implied from SOFR Futures Curve, dated 12/31/2025.

Slide 22 – "Policy Outlook: Monetary Policy" 2;

Prediction Market Odds of Nomination Source: Kalshi Who will Trump nominate as Fed Chair? Dated 1/4/26.

DATA SOURCES

Recession date source: National Bureau of Economic Research, Inc.

Slide 23 – "Policy Outlook: Trade Policy";

Prediction market odds, Source: Kalshi Will the Supreme Court Rule in Favor of Trump's Tariffs, dated 1/4/26. Customs Duties Collection retrieved from Bloomberg, Source: US Treasury, dated 12/31/25.

Slide 25 – "Artificial Intelligence Impact: Growth in Use";

Aaron Chatterji, Thomas Cunningham, David J. Deming, Zoe Hitzig, Christopher Ong, Carl Yan Shan, and Kevin Wadman, "How People Use ChatGPT," NBER Working Paper 34255 (2025), https://doi.org/10.3386/w34255

Slide 26 – "Artificial Intelligence Impact: Firm Adoption";

Source: Census Bureau BTOS survey, dated October 2025.

Slide 27 – "Artificial Intelligence Impact: Business Investment";

Retrieved from Bloomberg, Sources, company filings. 2026 expectations are consensus forecasts from Bloomberg dated 12/31/25.

Slide 28 – "Artificial Intelligence Outlook: Cloud AI Revenue";

Retrieved from Bloomberg. Source: Cloud AI Revenue Run Rate = Bloomberg Intelligence The Booming AI Capex Cycle dated November 13, 2025 estimates. 2025 CapEx source: company reports.

Slide 29 – "AI & Policy Overlap";

Source: White House https://www.whitehouse.gov/presidential-actions/2025/11/launching-the-genesis-mission/, Google Notebook LM

Slide 30 – "Artificial Intelligence Outlook: Long-term Perspective";

Source: Dallas Federal Reserve Bank https://www.dallasfed.org/research/economics/2025/0624, Innovations listed from Greenleaf Trust Investment Research

Slide 31 – "Artificial Intelligence Outlook: Labor Market Impact";

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Slide 33 – "Is AI in a Bubble?";

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Slide 34 – "K-Shaped Economy: Consumer Confidence";

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Slide 35 – "K-Shaped Economy: Consumer Spending";

Source: Moody's analysis of BLS data dated Q2 2025

Slide 36 – "Corporate Earnings Outlook";

Source: Factset Earnings Insight dated 12/19/25.

Slide 38 – "2026 Expectations";

Retrieved from Bloomberg; Retrieved from Bloomberg; Real GDP Growth, Inflation, and Job Gain forecasts are median private forecasts for real GDP growth, the consumer price index (CPI), and average monthly nonfarm payroll gains in 2025 and 2026; Fed Funds forecasts = December 2026 Fed Funds Futures; S&P 500 earnings expectation = BEst Bloomberg Estimates Earnings Per Share (EPS) , dated 12/31/2025.

Slide 39 – "Portfolio Positioning";

Source: Greenleaf Trust Investment Research

Slide 40 – "Risks";

Source: Greenleaf Trust Investment Research

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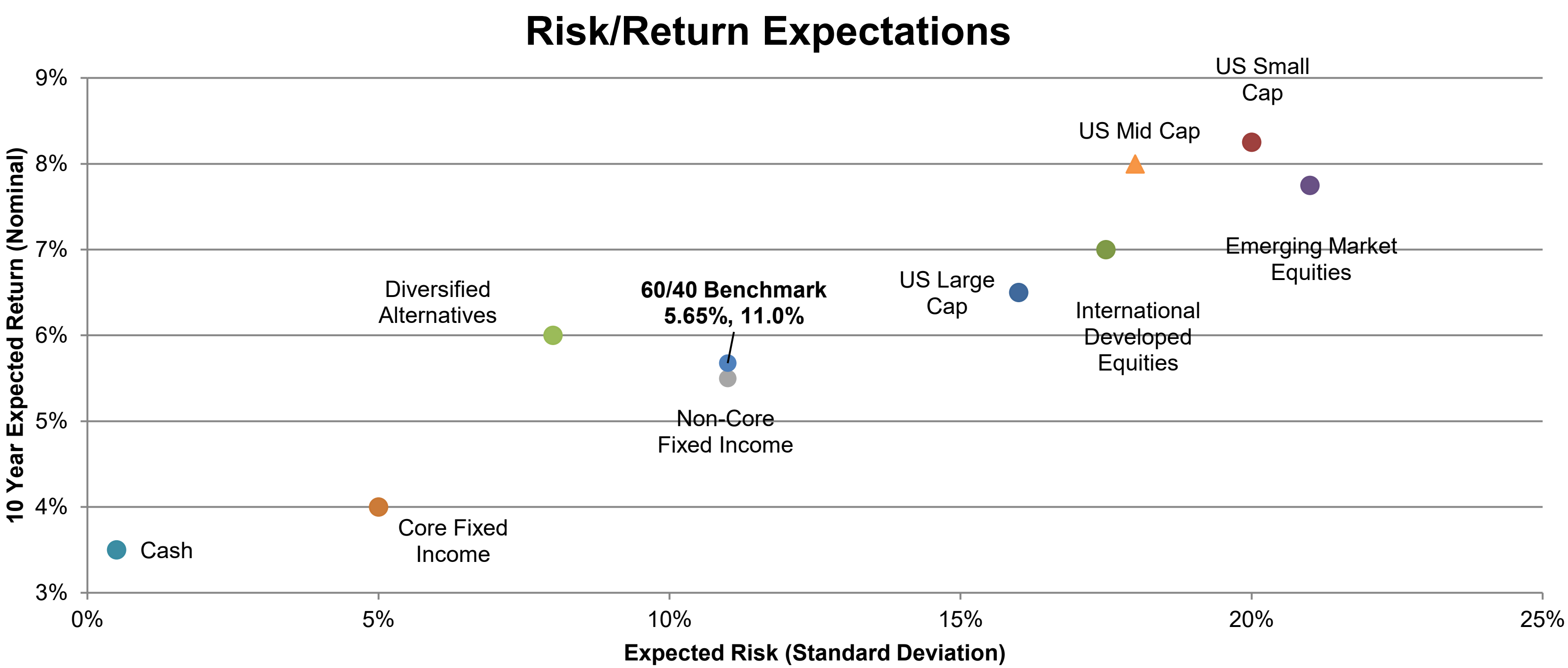
APPENDIX

LONGER-TERM OUTLOOK
10-YEAR CAPITAL MARKET ASSUMPTIONS



Asset Class	Historical Returns Public (94-25)	10 Year Expected Return (Dec 2025)	10 Year Expected Risk (Annualized vol.)
US Large Cap	10.57%	6.50%	17.00%
US Mid Cap	11.02%	8.00%	19.00%
US Small Cap	9.78%	8.25%	21.00%
Developed International Equities	6.28%	7.00%	18.00%
Emerging International Equities	5.14%	7.75%	22.00%
Core Fixed Income	4.15%	4.00%	5.50%
Non-Core Fixed Income	7.07%	5.50%	11.00%
Diversified Alternatives	7.16%	6.00%	8.00%
Cash	2.49%	3.50%	0.50%
Inflation	2.53%	2.50%	1.50%
60/40 Public Portfolio		5.65%	11.00%

Source: GLT Research