Shifting Markets, Disciplined Process

SHRIER ASSOCIATES LLC
Wealth Management Strategies

Q3 2026 Commentary

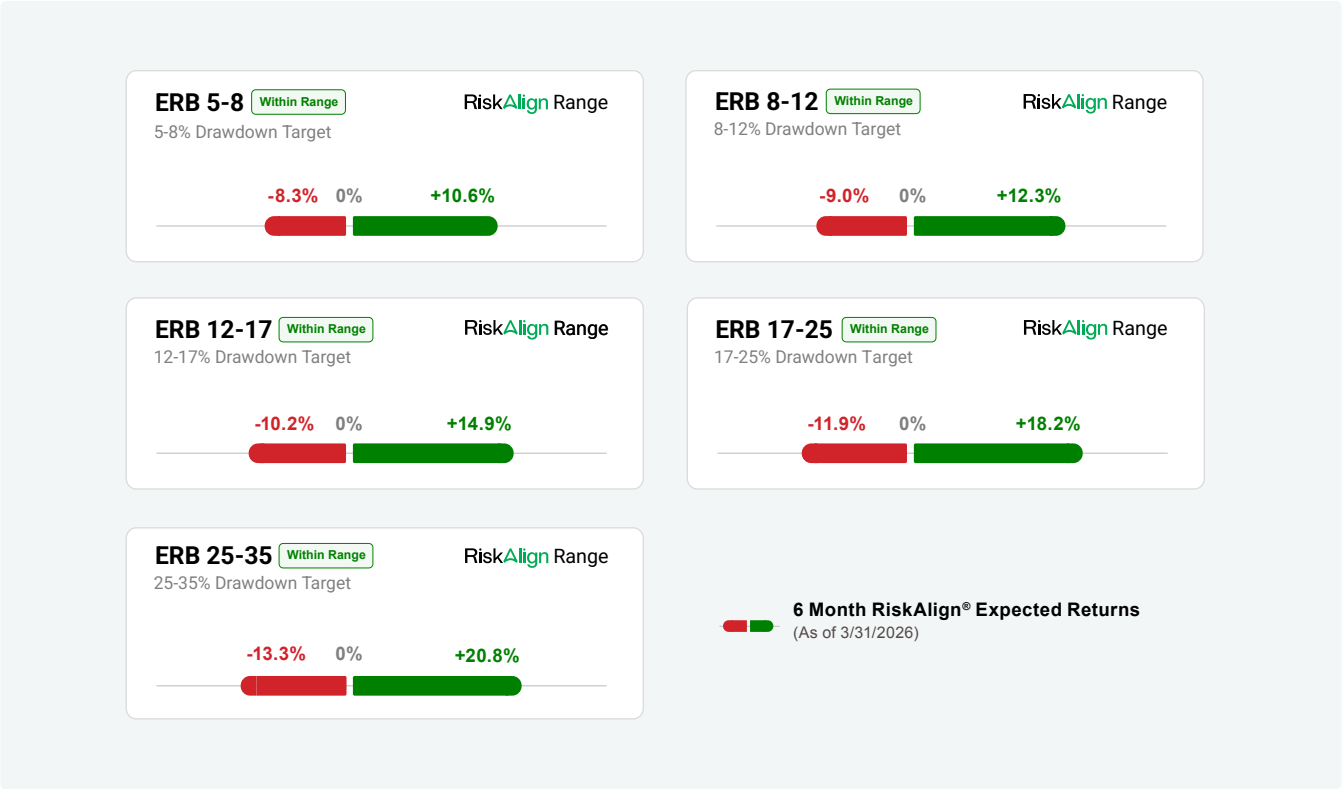


Why Process Matters More Than Prediction

Q3 shared similar volatility to Q1, introducing the threat of a pullback in risk assets that had been near all-time highs. In just three quarters, investors have experienced a selloff, a sharp rally, and now a surge in interest rates. No one could have predicted that sequence, and our **RiskFirst®** Process doesn't try to. Rather than forecasting the next market move, it is designed to keep portfolios on track across environments, with the Strategic, Defensive, and Private Real Estate Debt sleeves each playing a defined role.

Each sleeve responded in its own way this quarter. The Strategic sleeve stayed diversified as market leadership shifted, the Defensive strategies began reducing exposure as risks grew, and Private Real Estate Debt continued to provide steady income. Rather than judging success by short-term results, we measure progress against a defined range of expectations. For Q3, each model remained within its **RiskAlign®** range. That is the process working as intended: keeping portfolios within their designed risk profile through a stretch when both stocks and bonds were under pressure. By staying anchored to this discipline, we remain on track toward long-term objectives regardless of the next quarter's headlines.

RiskAlign® Ranges



Source: Redwood. For illustrative purposes only. Drawdown Target is the peak-to-trough percentage value loss the adviser seeks to achieve for any period of portfolio downturn. **RiskAlign®** ranges are hypothetical projections based on statistical models and assumptions. They are not guarantees of future performance and actual results may differ materially. See disclaimer at the end for more information.

For the period shown in the range, the model portfolios results have fallen within the **RiskAlign®** ranges shown. However, these observations are based on hypothetical analysis and do not indicate that future results will fall within these ranges. Actual outcomes may vary significantly and may fall outside the projected ranges, including the potential for loss of principal.

Market Review

The third quarter of 2026 was a tug-of-war between rising economic risks and continued enthusiasm around artificial intelligence. Renewed conflict between the U.S. and Iran sent oil prices higher, with Brent crude approaching $107 per barrel, including an 18% jump in September alone. Higher energy costs put pressure on consumers and businesses, but the ongoing AI investment boom helped support stocks and offset some of the uncertainty.

The bigger shakeup came from the bond market. The 10-year U.S. Treasury yield climbed above 5% for the first time since 2007, pushing borrowing costs higher across the economy. Investors demanded higher yields as inflation remained stubborn and U.S. government debt approached $40 trillion. For bondholders, the impact was immediate: as yields rose, existing bond prices fell. While AI helped keep stocks resilient, rising interest rates became one of the biggest challenges for investors this quarter.

Treasury Yields Return to 2007 Levels



Source: Bloomberg, Redwood, Data as of 9/30/2026.

Strategic

The third quarter was a tale of two markets. The S&P 500 gained 2.30% and the technology-heavy Nasdaq rose 2.61%, while smaller companies, represented by the Russell 2000, fell 7.19%. Semiconductor stocks, among the year's strongest performers, stumbled in July and August as investors questioned whether massive AI spending would translate into equally impressive profits. Despite the volatility, strength among the largest technology companies helped keep the major indexes in positive territory.

Bond investors faced a tougher environment. In September, the Federal Reserve raised interest rates by a quarter of a percentage point, its first increase since 2023. With inflation still above the Fed's 2% target and the economy holding up, investors began preparing for the possibility of additional hikes. That pushed bond yields higher and existing bond prices lower, particularly for longer-term holdings.

Having a diversified approach toward different asset classes helped the strategic sleeve of Our Engineered Risk-Budgeted (ERB) models perform in this fragmented market. The recent portfolio update in the ERB models also helped reallocate some equity exposures that had performed well into other sleeves that are well positioned for the current market environment. Within the strategic fixed-income sleeve, the rebalance swapped the long-term Treasury position for a short-term Treasury holding, which is less sensitive to interest rate volatility.

Q3 Performance Attribution

Key contributors and detractors to portfolio performance during the quarter.

⊕ Strategic Equity Contributors

STRATEGY	RETURN
Large-Mid Cap Blend LeaderShares® AlphaFactor® U.S. Core Equity	+2.83%
Large Cap Blend Vanguard S&P 500 Index	+2.31%
Large Cap Blend Invesco QQQ Trust Series 1	+0.56%
Developed International iShares MSCI EAFE	+0.01%

Key Takeaway: Equity contributors reflected mega-cap tech resilience and some broadening in market leadership beyond AI-focused names during the period.

⊖ Strategic Equity Detractors

STRATEGY	RETURN
Large Cap Blend Invesco S&P 500 Momentum	-6.02%

Key Takeaway: Momentum-oriented large-cap equity exposure pulled back after extremely strong performance YTD.

⊕ Strategic Fixed-Income Contributors

No positive fixed-income contributors during this period.

⊖ Strategic Fixed-Income Detractors

STRATEGY	RETURN
Core Bond iShares Core Total Bond	-3.41%
Core Bond LeaderShares® Dynamic Yield	-1.06%
Investment-Grade Bond State Street SPDR Portfolio Short Term Treasury	-0.23%

Key Takeaway: All Fixed-income detractors were led by core bond exposure, as higher rates weighed most heavily on duration-sensitive holdings.

Returns shown are for illustrative purposes and represent strategy-level performance based on model allocations or representative holdings. These results do not reflect actual client account performance and do not include advisory fees, transaction costs, or taxes, which would reduce returns. Actual client results will vary.

Defensive

Market risks continued to build throughout the third quarter. Renewed tensions in the Middle East, stubborn inflation, and the possibility of further Fed rate hikes added uncertainty. At the same time, investors began questioning whether the massive spending on AI would deliver the profits companies were expecting. With Treasury yields reaching their highest levels in nearly two decades, both stocks and bonds faced growing pressure.

While the overall drawdown in risk assets was mild, the potential for a larger pullback in a stretched stock market, set against an uncertain economic backdrop, moved some of our tactical models into a defensive stance. As a result, toward the end of the third quarter, 3 of the 5 Defensive strategies moved into a risk-off position, reducing exposure to areas more sensitive to market declines. Our Defensive strategies are designed to respond to changing market conditions rather than predict them, allowing portfolios to reduce risk when uncertainty rises and return to a more invested position when conditions improve.

Q3 Performance Attribution

STRATEGY	STATUS	RETURN
Tactical Domestic LeaderShares® AlphaFactor® Tactical Focused	**Risk On**	**-1.67%**
Tactical International Redwood AlphaFactor® Tactical International Fund	**Risk Off**	**+4.24%**
Tactical Diversified Redwood Systematic Macro Trend ("SMaRT")® Fund	**Risk On**	**+2.00%**
Non-Traditional Bond / Tactical Redwood Managed Volatility Fund	**Risk Off**	**-1.88%**
Non-Traditional Bond / Tactical Redwood Managed Municipal Income Fund	**Risk Off**	**-5.84%**

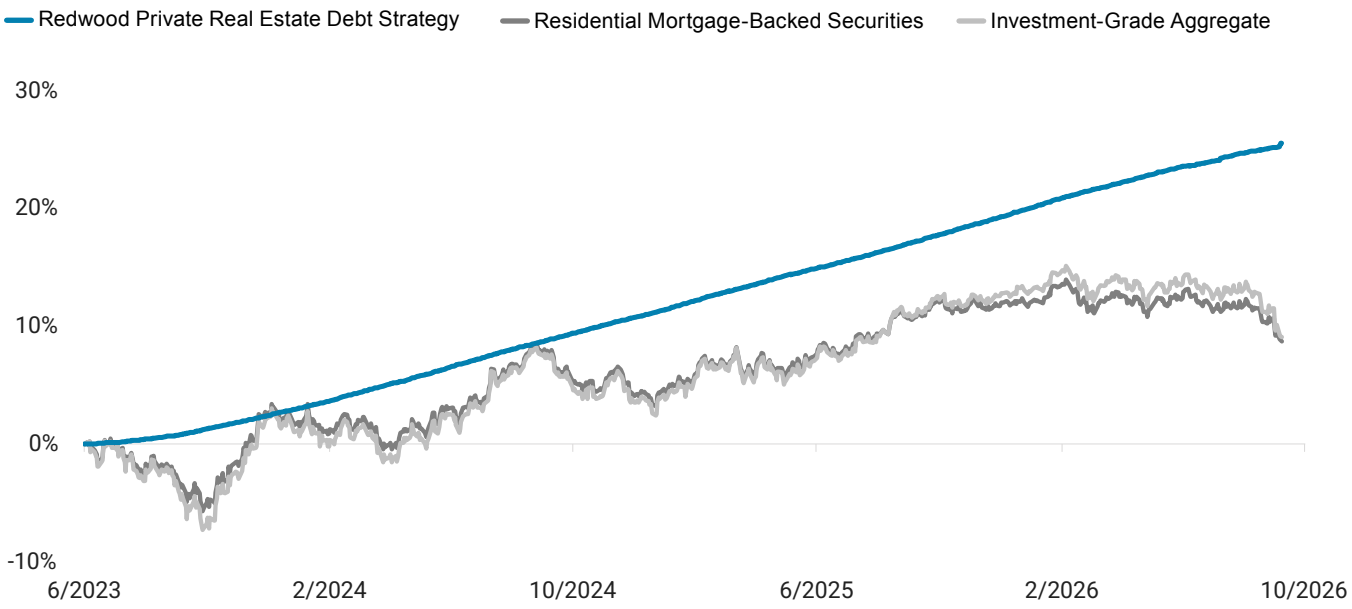
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Private Real Estate Debt

Rising interest rates have created a difficult environment for traditional bonds, but not all fixed-income investments have felt the same pressure. As Treasury yields climbed above 5%, investment-grade bonds and mortgage-backed securities lost value. Our Private Real Estate Debt strategy has followed a different path. Its shorter-term loans are less sensitive to interest-rate swings, helping the strategy deliver steadier returns while traditional bond markets struggled. As the chart shows, this difference has become particularly noticeable in 2026.

Steady Income, Falling Rates

Total Return Since Inception of Redwood's Private Real Estate Debt Strategy



Source: Bloomberg, Redwood. Data as of 9/30/2026. Investors should carefully consider the investment objectives, risks, charges and expenses of the Redwood Private Real Estate Debt Fund.

The Redwood Private Real Estate Debt strategy ended the quarter with an annualized distribution of 7.03% while seeking to maintain a stable daily net asset value (NAV), the per-share value of the fund. Its underlying holdings are private, short-term loans backed by commercial real estate, which have historically shown low correlation with public markets. As in prior quarters, its role is not to outperform stocks. Its role is to support the portfolio with current income and capital preservation.

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The **RiskAlign®** Range is a projection outlook and forecast based on statistical models, assumptions, methodologies, and unquantifiable opinions that are subject to change. The **RiskAlign®** Range is provided for information purposes only and reflects the views of Redwood as of the date of publication. It is intended to provide an overview of potential portfolio outcomes and should not be construed as investment advice or a recommendation for any specific investment strategy or product. Any outlook and projection has limitations due to unforeseen factors. These unforeseen factors can be external or internal financial market events.

As part of the calculation of the **RiskAlign®** Range, the following assumptions were made involving normal distribution and standard deviation, further explained hereafter. A 6-month rolling standard deviation is applied to historical returns of portfolio holdings. The bottom range number is the blended hypothetical model portfolio's 6-year rolling return mean, minus 2 standard deviations. The upper range number is the blended hypothetical model portfolio's 6-year rolling return mean, plus 2 standard deviations. Assuming a normal distribution, 95% of data points lie within 2 standard deviations about the mean. This does not imply a 95% probability of future portfolio returns. This does not include the other 5% of data points that may fall significantly above and below the mean including a 100% loss of principal. The final **RiskAlign®** ranges may contain non-quantifiable factors such as opinions of Redwood's.

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Definitions:

The S&P 500 is an unmanaged index of 500 large-cap U.S. companies, which seeks to measure the U.S. stock market and is based on the market capitalization of 500 leading companies publicly traded in the U.S. as determined by Standard and Poor's. **Nasdaq** is a market capitalization weighted index comprised of approximately 3,000 common equities listed on the NASDAQ stock exchange. **Russell 2000** is an index that measures the performance of the small-cap segment of the U.S. equity universe, including approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

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Wealth Management Strategies

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