ASTORIA
INVESTMENT MANAGEMENT

Cycle Indicators, Risk Metrics, & Portfolio Positioning

As of October 20th, 2026

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Astoria’s Portfolio Management Process

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What are we trying to accomplish in our ETF portfolios?

Astoria Uses Business Cycle, Earnings/Valuations, and Sentiment & Risk to Dictate our Asset Allocation / Portfolio Positioning. We incorporate a Dynamic Overlay depending on the 3 inputs above.

Business Cycle + **Earnings/Valuations** + **Sentiment & Risk** → **DYNAMIC OVERLAY**
Asset Allocation / Portfolio Positioning

OVERWEIGHT

Target OW assets that have earnings that are growing, cheaper than market, poor sentiment, and have a catalyst for upside

UNDERWEIGHT

Target UW assets that are expensive, earnings are slowing, strong sentiment, that lack a catalyst for upside

Diversify our factor exposures

Utilize liquid alternatives to hedge downside risk

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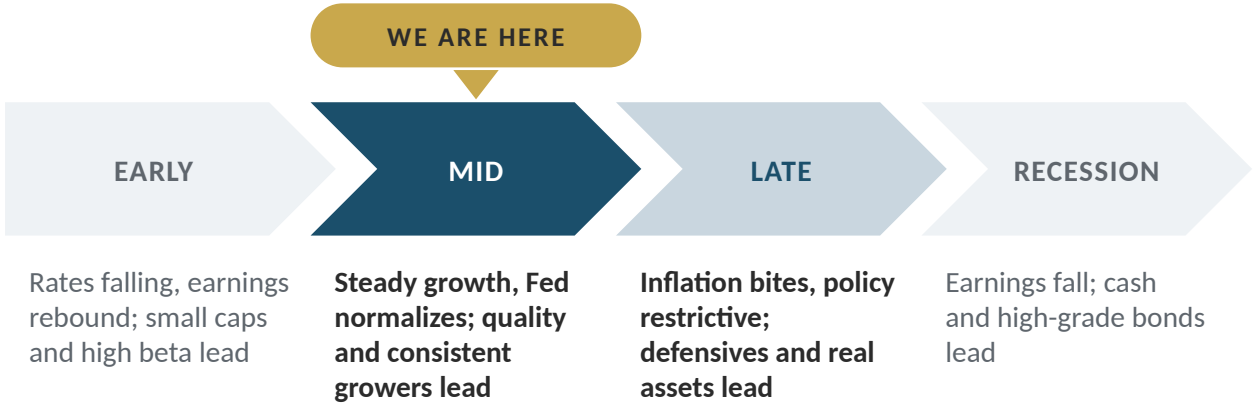
Growth is still in midcycle, but housing and credit pose some risk



Our read: midcycle. PMIs, retail sales and a 3.5% GDPNow say midcycle. Slowing hiring, hot headline inflation and a potential Fed hiking are posing some risk

Signal	Latest reading	Read
Labor market	+29K payrolls (Sep), 4.2% unemployment; claims 199K	**Cooling**
Activity	ISM mfg 54.5, services 54.9; GDPNow Q3 3.5%	**Expanding**
Consumer	Retail sales +0.8% (Sep) vs. 0.3% forecast	**Resilient**
Inflation	Core PCE 3.0%, core CPI 2.6%, PPI 6.3% y/y	**Energy-Driven**
Housing	NAHB 29, lowest since 2012; 7.58% mortgage rate	**Subdued**
Credit	Single-B OAS ~3.3% from ~2.7%; CCC ~13%	**Slowly Widening**

TILTS **Favor quality and shorter duration; underweight low-quality credit; hold real assets against sticky inflation**

Source: BLS, ADP, ISM, S&P Global, BEA, Atlanta Fed, Census Bureau, NAHB, FRED, Astoria analysis. Data as of October 20, 2026.

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Earnings are strong and broadening

29.0%
Q3 blended S&P 500 EPS growth, with 9% of companies reported

84%
of reporting S&P 500 companies beat estimates; Q4 growth expected double-digit

18.75x
S&P 500 forward P/E, relatively lower compared to recent trends

Tilt	Overweight	Underweight
Style	Quality growth; equal weight as growth broadens	Mag 7 concentration in cap-weighted index
Quality	Consistent earners with rising operating leverage	Low-quality, highly levered balance sheets
Valuation	Earnings-driven growers at reasonable multiples	Long-duration names reliant on multiple expansion

ASTORIA TAKE

Earnings carry the cycle. Operating leverage is lifting forward EPS, and leading earnings indicators point higher.

Leadership is broadening. The Mag 7 growth lead over the S&P 493 should narrow, favoring quality and equal weight.

Valuation has reset. The forward P/E started 2026 at 22x and now sits below its 5- and 10-year averages (19.8x, 19.1x). With the 10-year at 5.15%, earnings rather than multiple expansion should drive returns.

TILTS **Stay invested in equities through quality growth; let earnings drive returns; add equal weight as leadership broadens**

Source: FactSet, Morgan Stanley Research, WisdomTree, Bloomberg, Astoria analysis. Data as of October 20, 2026.

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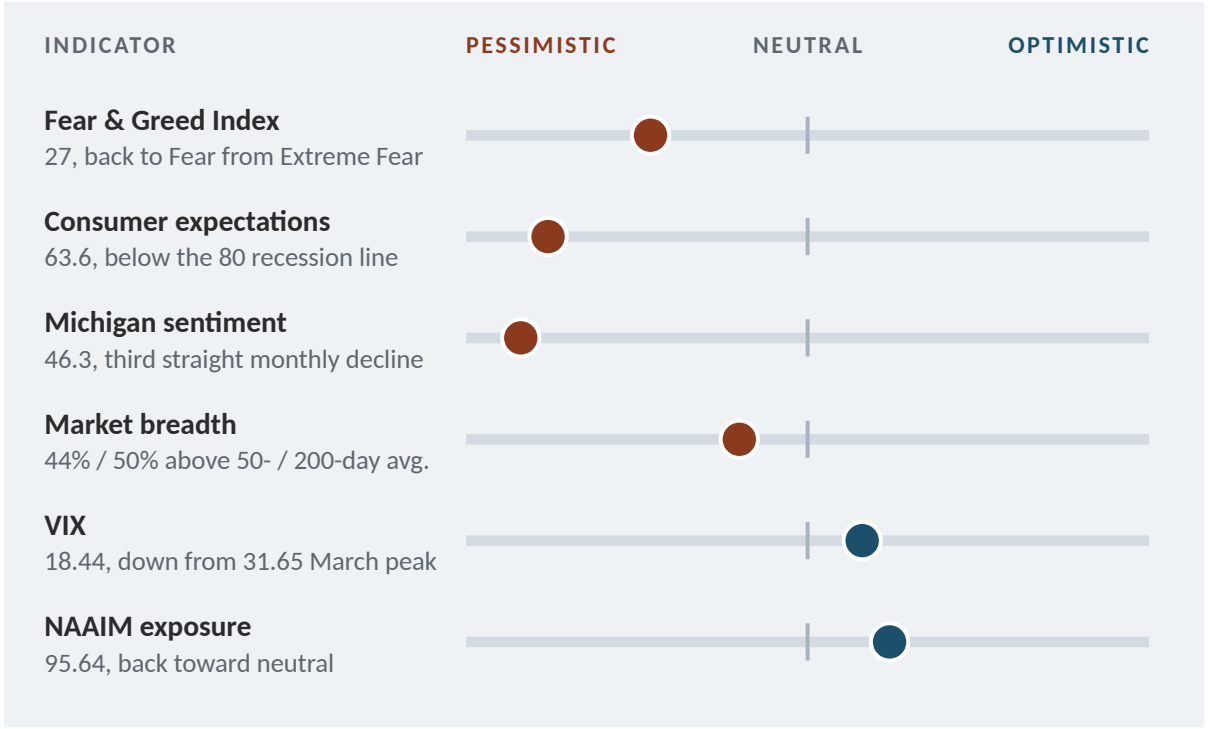
Fearful sentiment and calm risk gauges argue for staying invested



ASTORIA TAKE

Households are gloomy; markets are not. Consumer confidence is at its lowest since 2014, while the VIX has eased back to 18.

Pessimism is a contrarian signal. Fear readings with positioning near neutral leave room to add risk.

Liquidity and breadth are improving. Fed assets are up $159B y/y to $6.76T, and equal weight is gaining on cap weight.

Inflation expectations are the risk. Michigan 1-year expectations rose to 4.7%, which coincide with the Fed leaning hawkish.

TILTS **Stay invested and add risk on fear; lean into equal weight as breadth improves; use the calmer VIX to buy cheap protection**

Note: Marker placement is Astoria's assessment of each reading against its history. Source: CNN, The Conference Board, University of Michigan, Koyfin, NAAIM, FRED, FactSet, Astoria analysis. Data as of October 20, 2026.

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Business Cycle Indicators



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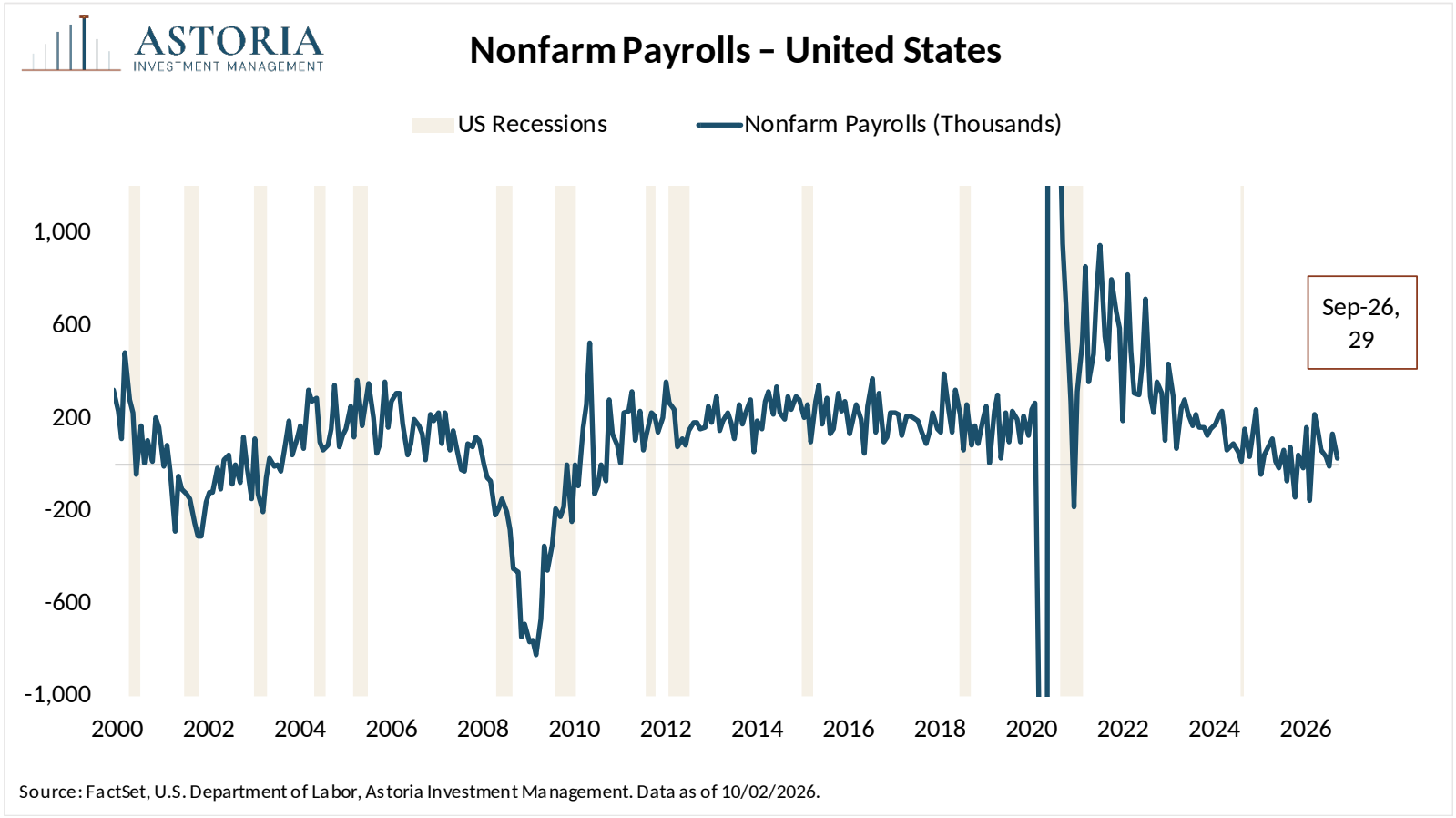
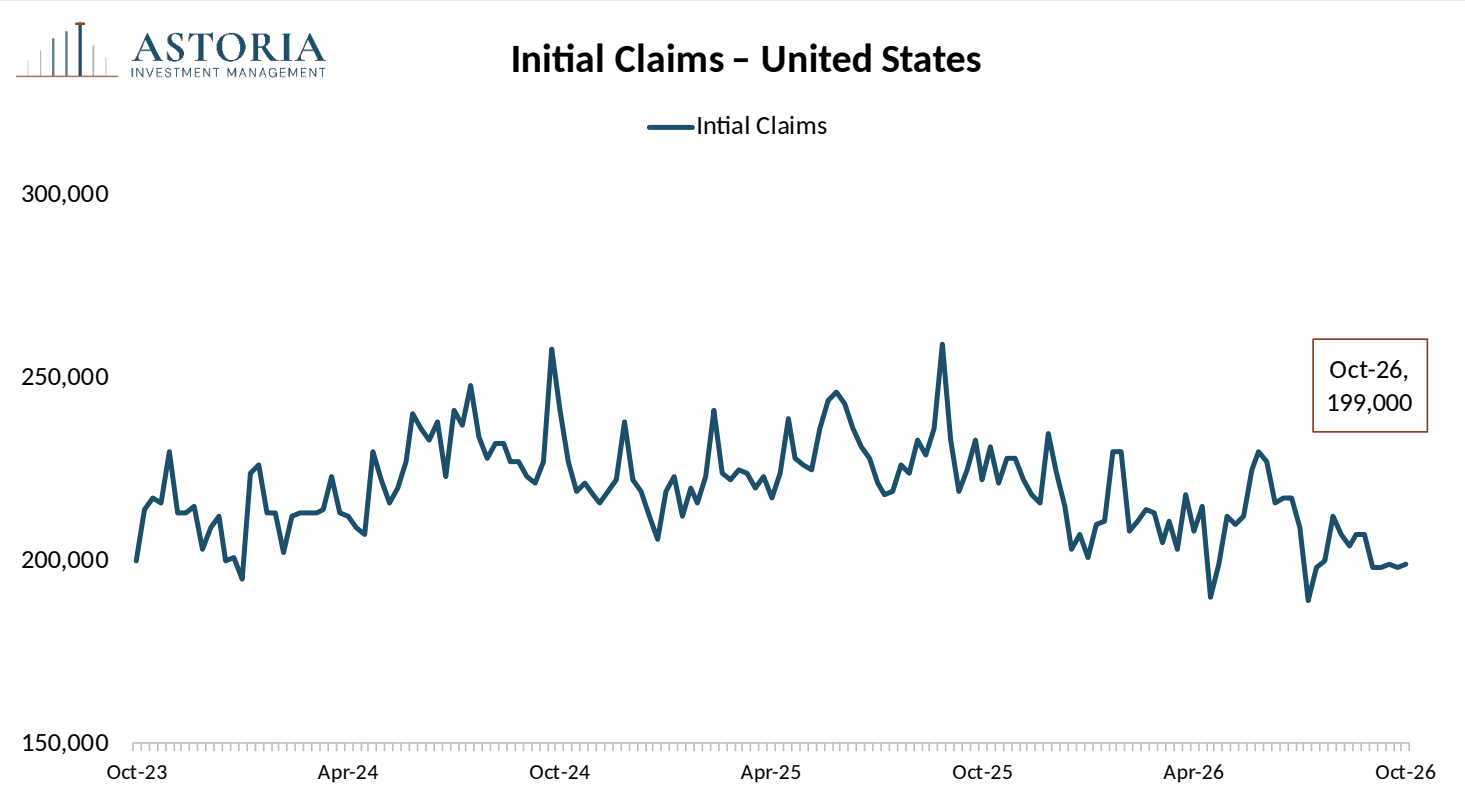
Sep Nonfarm Payrolls missed estimates and increased 29k, well below the 84k forecast, while Aug was revised down to +133k from +162k and Jul to -10k from +21k. Unemployment rate rose to 4.2% as labor force participation rose to 61.8%

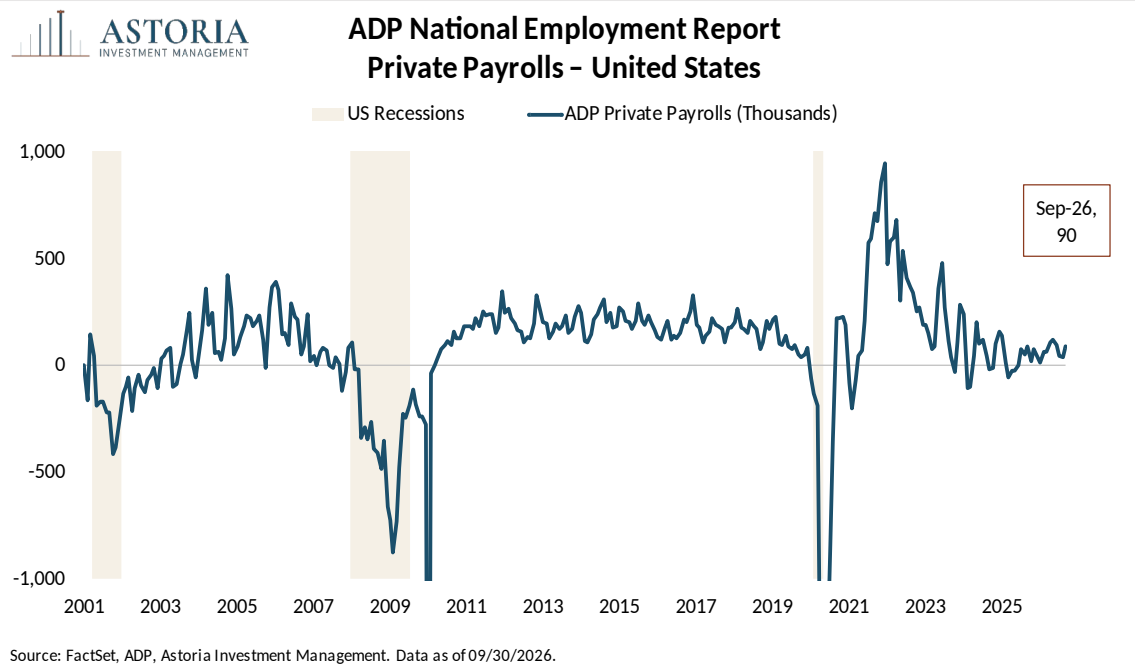


Initial Claims edged up to 199k, holding near the lowest levels since 1969, while Continuing Claims eased to 1.71 million, keeping the low firing and low hiring trend intact

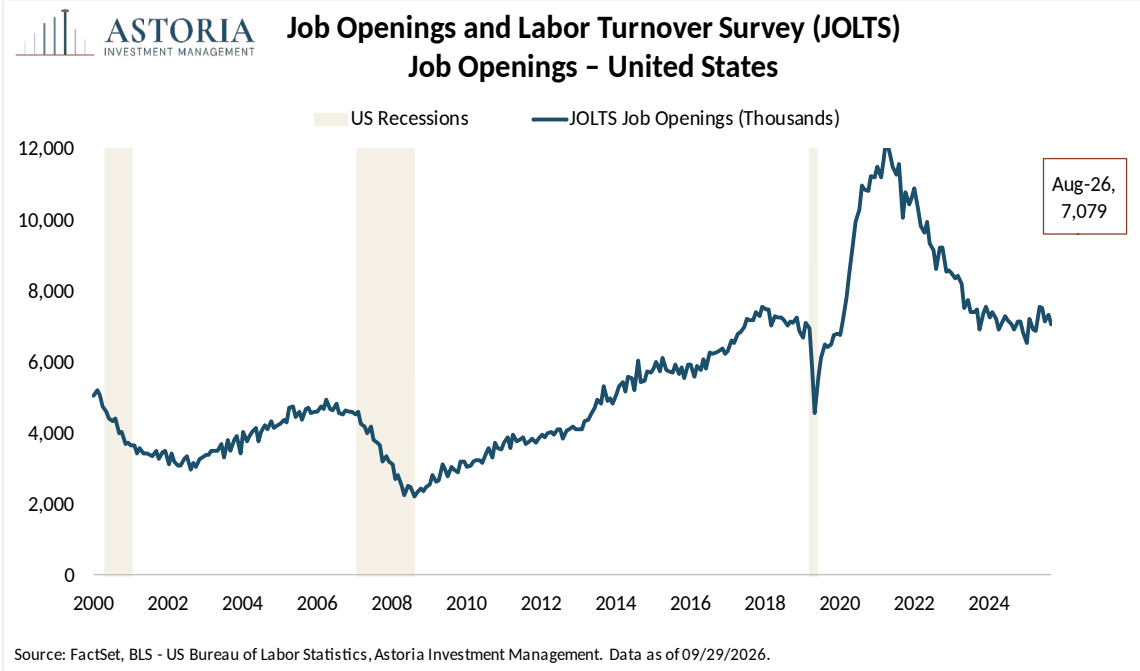


Source: FactSet, FRED, Astoria Investment Management. Data as of 10/15/2026.

Sep ADP Private Payrolls beat expectations and increased 90k, up from a revised 36k in Aug, led by education and health services. Aug JOLTS Job Openings fell to 7.08 million, the lowest since March, while hires edged up to 5.19 million

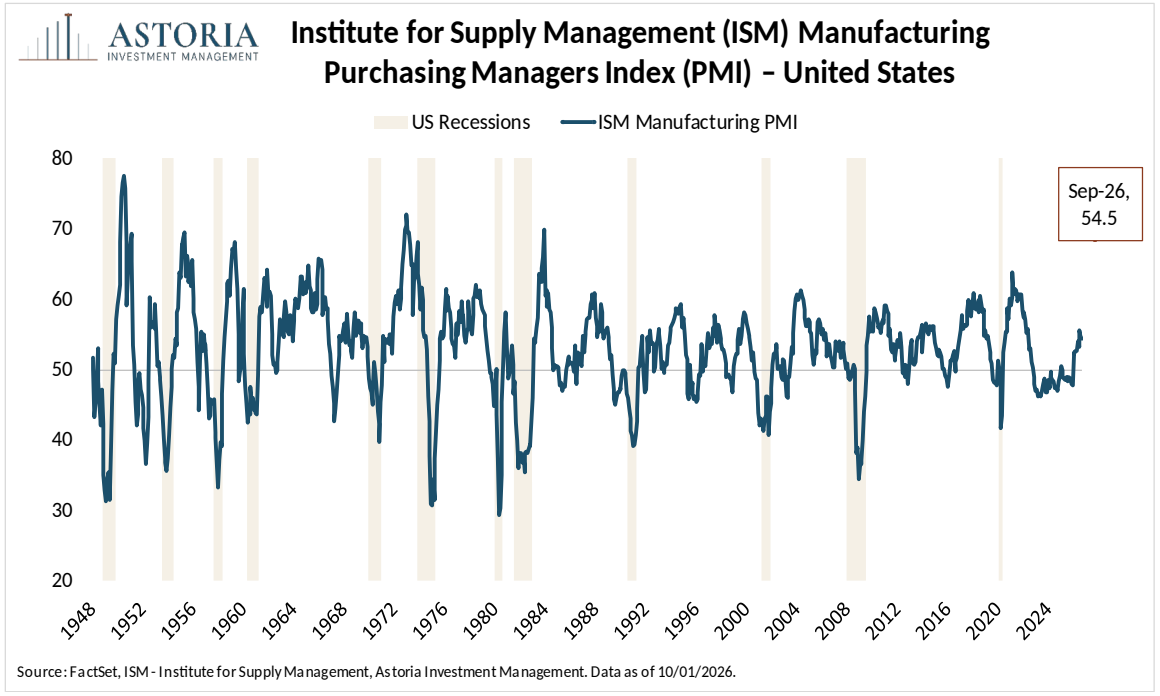


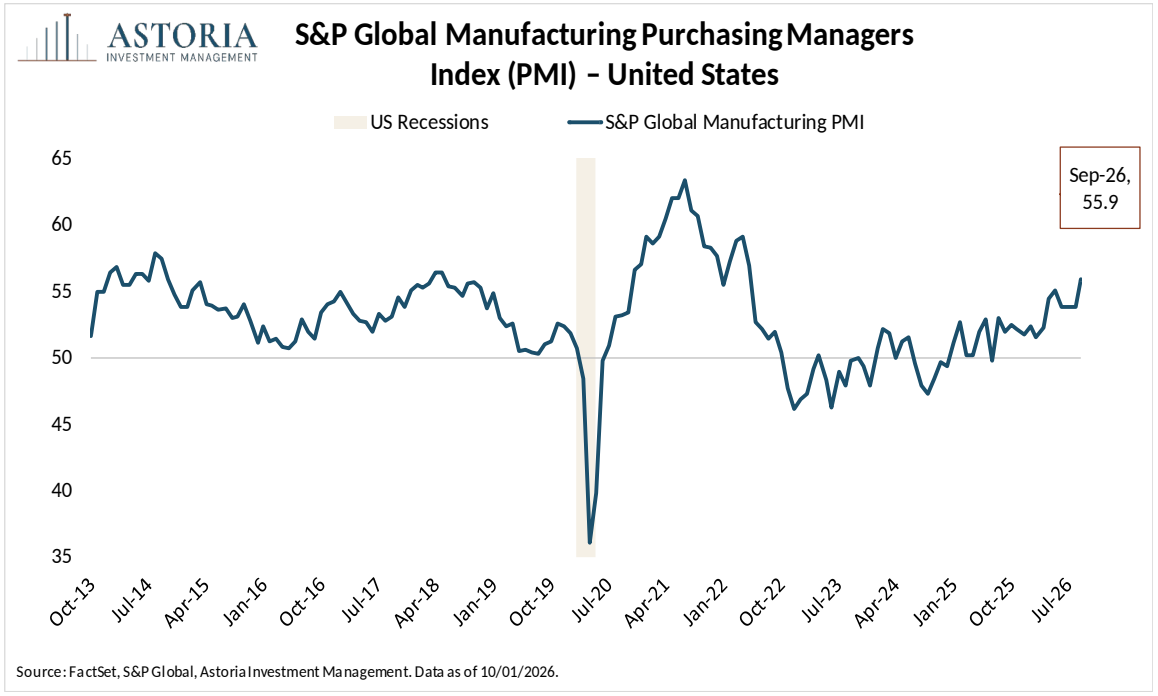
Source: FactSet, ADP, Astoria Investment Management. Data as of 09/30/2026.



Source: FactSet, BLS - US Bureau of Labor Statistics, Astoria Investment Management. Data as of 09/29/2026.

Sep ISM Manufacturing PMI eased to 54.5 from 54.6, its ninth straight month in expansion, as new orders rose to 55.3 from 53.7. Sep S&P Global Manufacturing PMI was finalized at 55.9, up from 53.9 but below the 57.0 flash reading





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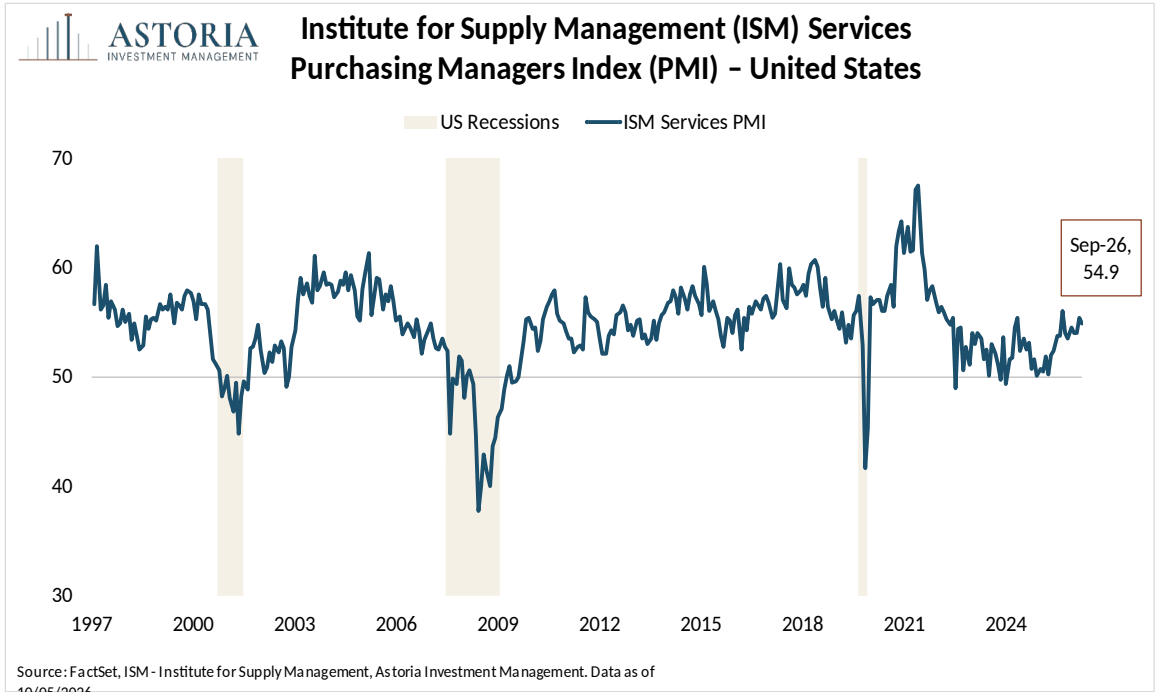
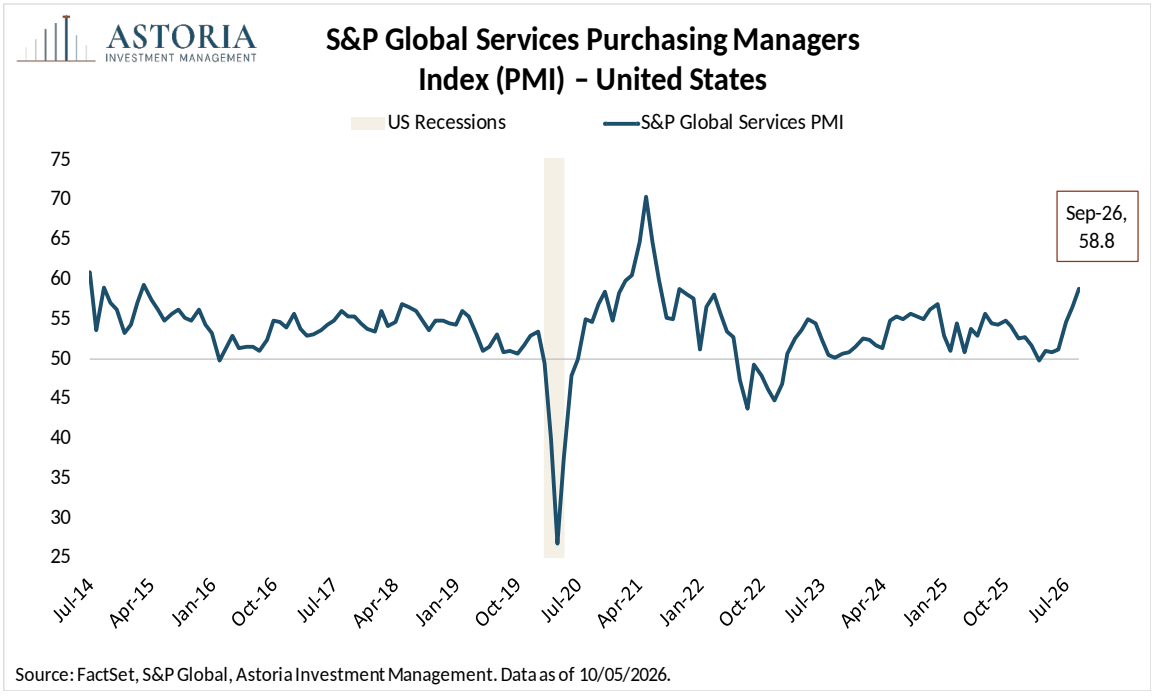
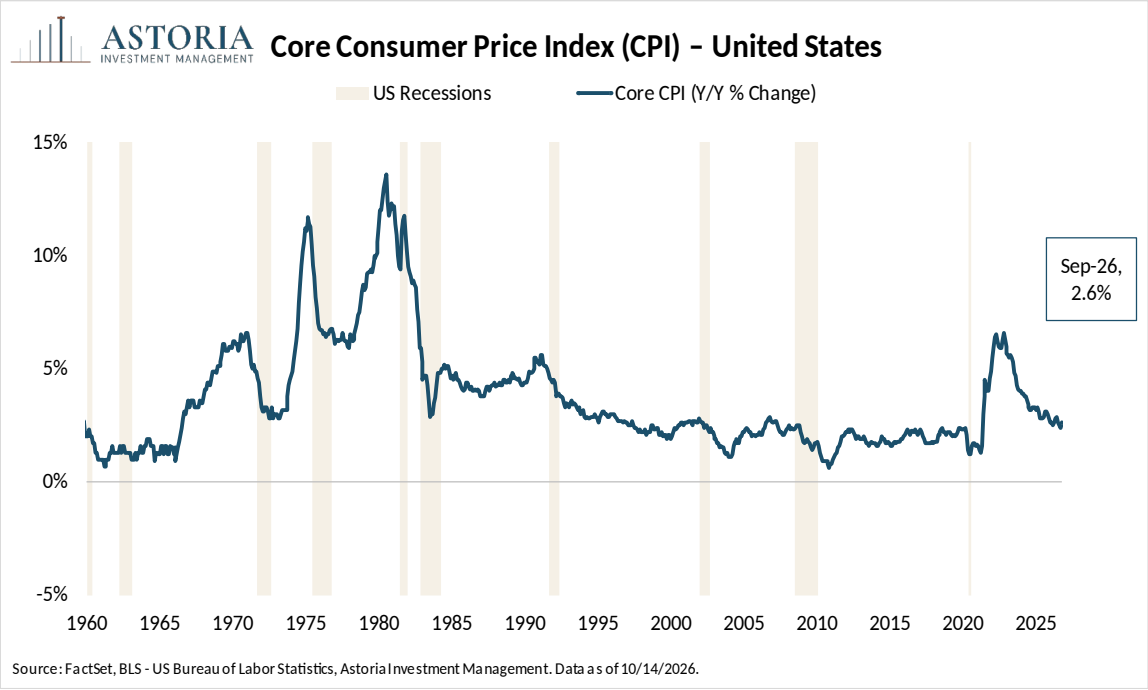
Sep ISM Services PMI eased to 54.9 from 55.4, in line with expectations and its 27th straight month in expansion, as employment rose to 50.1. Sep S&P Global Services PMI was finalized at 58.8, its highest since Jul 2021

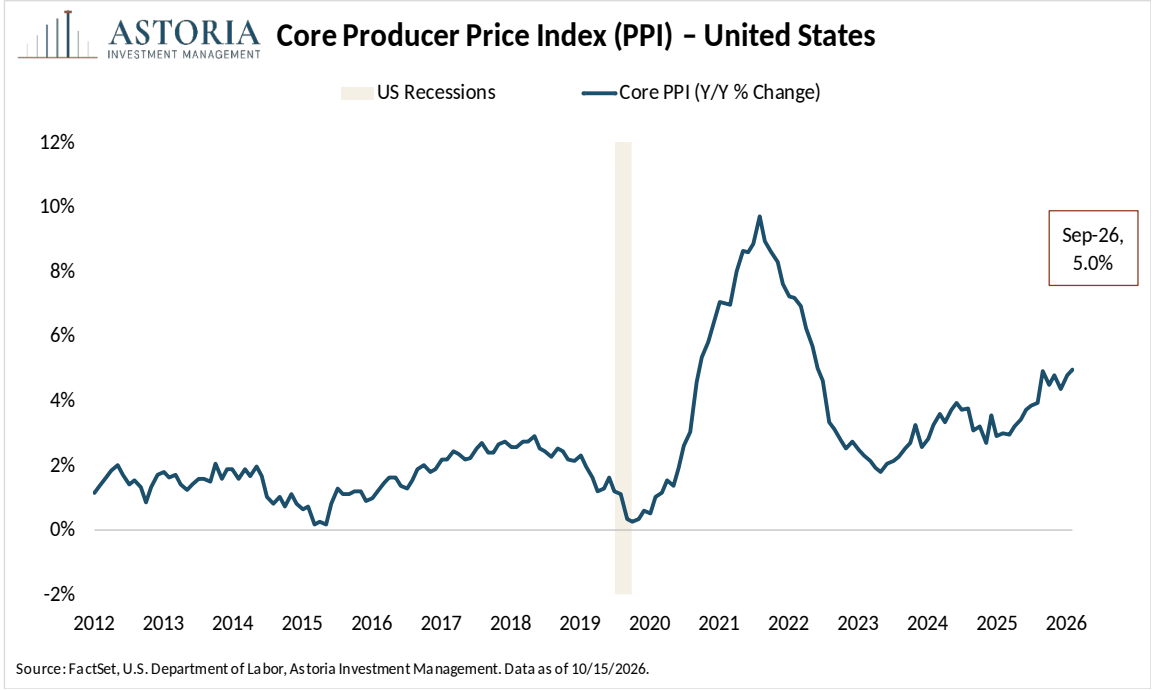




Inflation via Sep Core CPI rose to 2.6% YoY from 2.4%, above the 2.5% forecast, with the 0.3% monthly gain a tenth above forecast. Meanwhile, Sep PPI rose 6.3% YoY, well above the 5.4% consensus, with Core PPI at 5.0% YoY

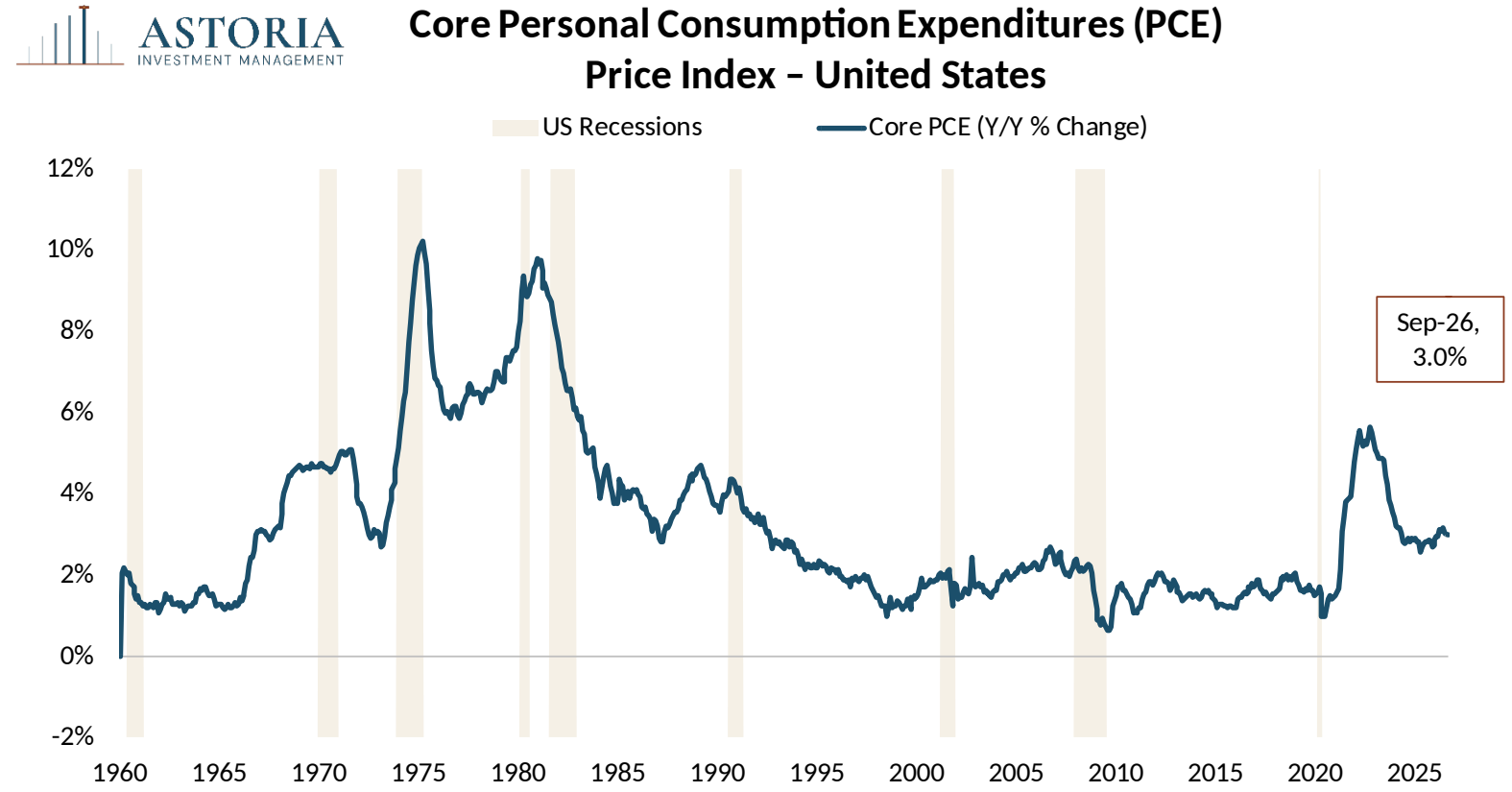


Source: FactSet, BLS - US Bureau of Labor Statistics, Astoria Investment Management. Data as of 10/14/2026.



Source: FactSet, U.S. Department of Labor, Astoria Investment Management. Data as of 10/15/2026.

Aug PCE came in cooler than expected in the first inflation report since the Sep 16 Fed hike. Core PCE rose 3.0% YoY against a 3.3% consensus, while headline PCE rose 3.4%, also below expectations



Source: FactSet, BEA - US Bureau of Economic Analysis, Astoria Investment Management. Data as of 09/30/2026.

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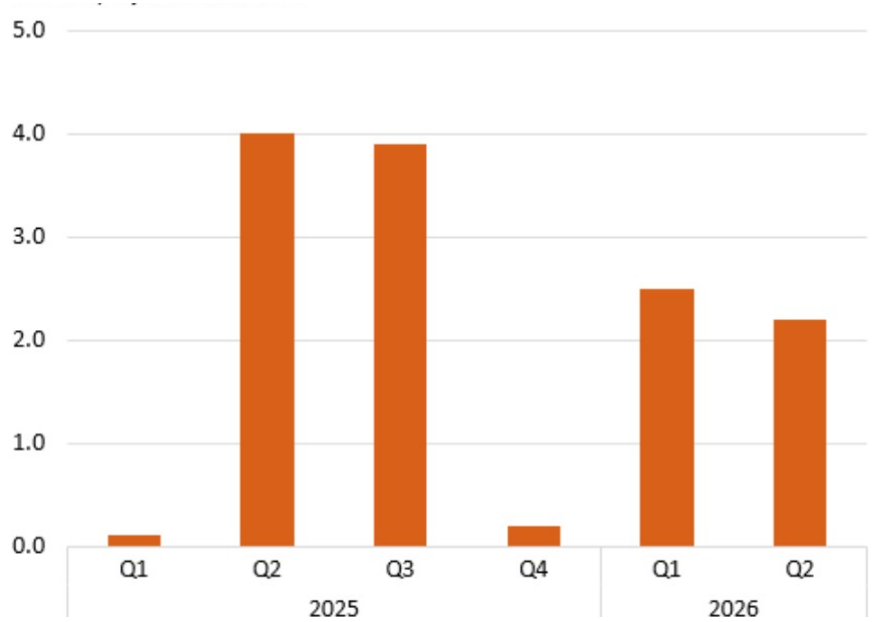
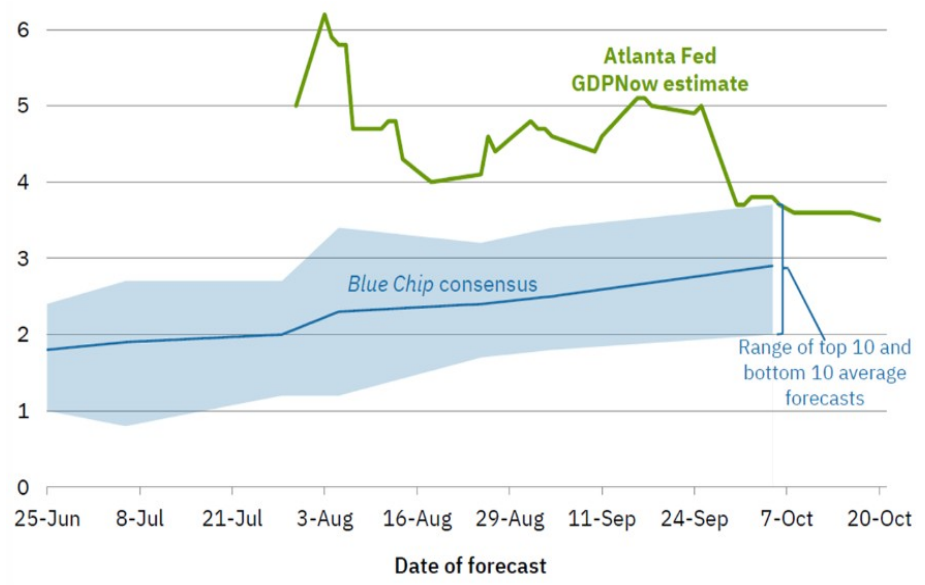
US Real GDP for Q2 2026 was revised up to +2.2% in the third estimate from 1.5%, while Q1 2026 was revised up to +2.5%. The Atlanta Fed's GDPNow expects Q3 2026 GDP to accelerate via the latest 3.5% estimate, down from 3.6% last week

US Real GDP QoQ % Chg. (Annualized)



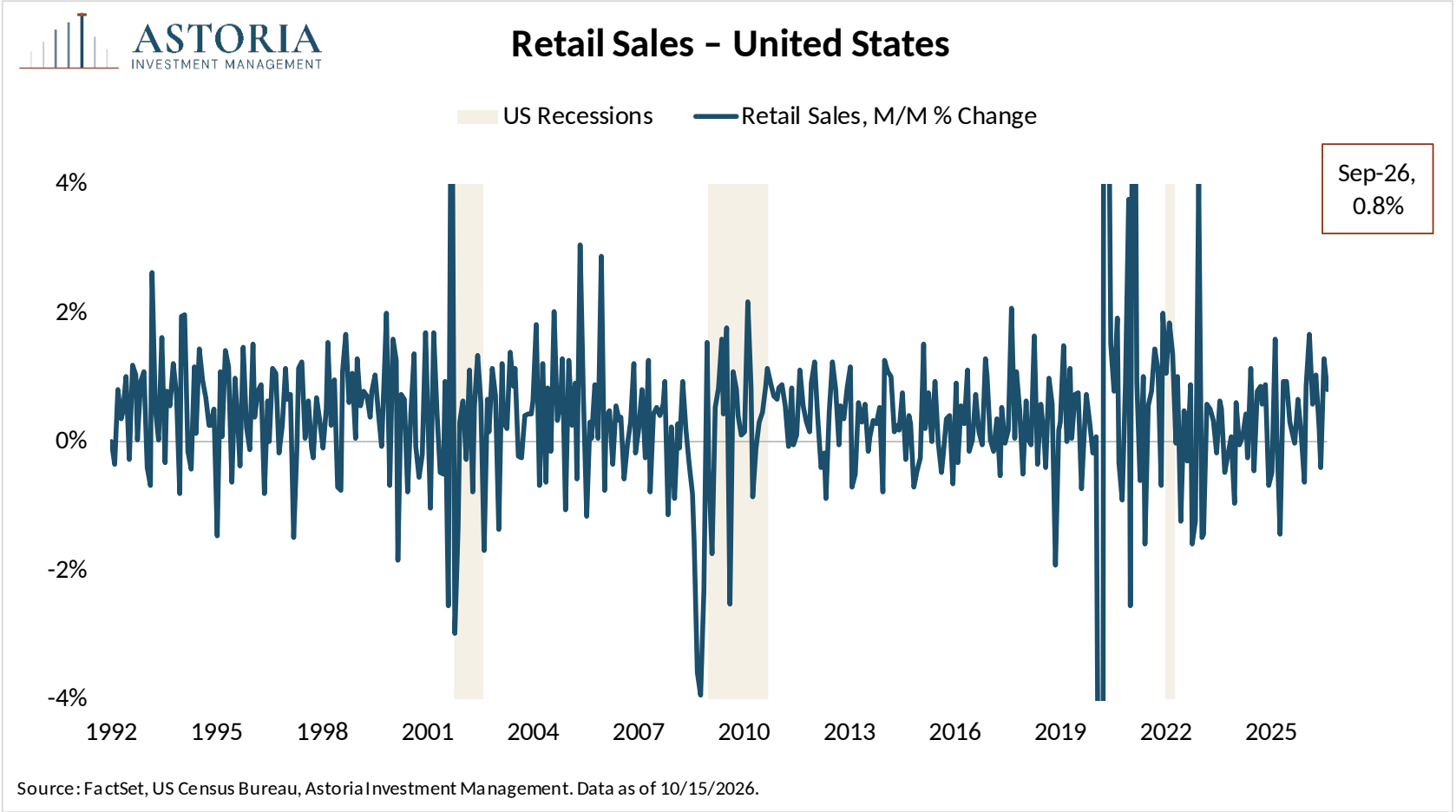
Source: U.S. Bureau of Economic Analysis. Data as of October 20, 2026.

Atlanta Fed GDPNow Q3 2026 Real GDP Est.



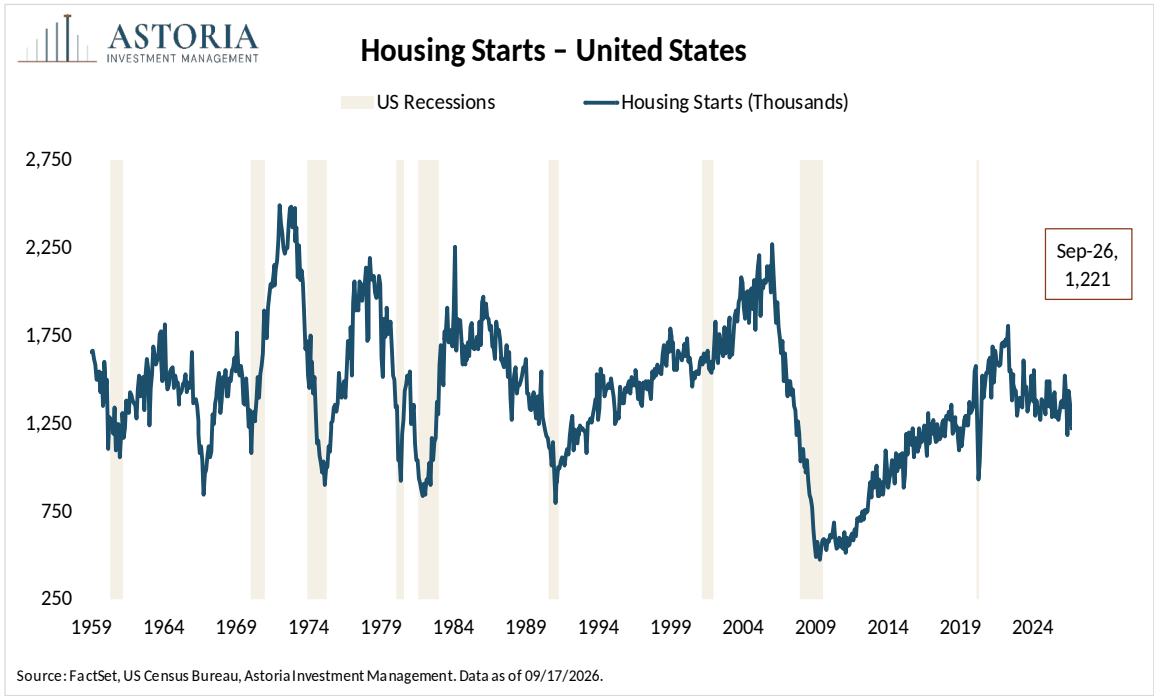
Source: Blue Chip Economic Indicators and Blue Chip Financial Forecasts. Data as of October 20, 2026.

Sep Retail Sales beat expectations and increased 0.8% from Aug, well above the 0.3% forecast, while Aug was revised up to 1.3%, with gasoline station sales up 6.4%

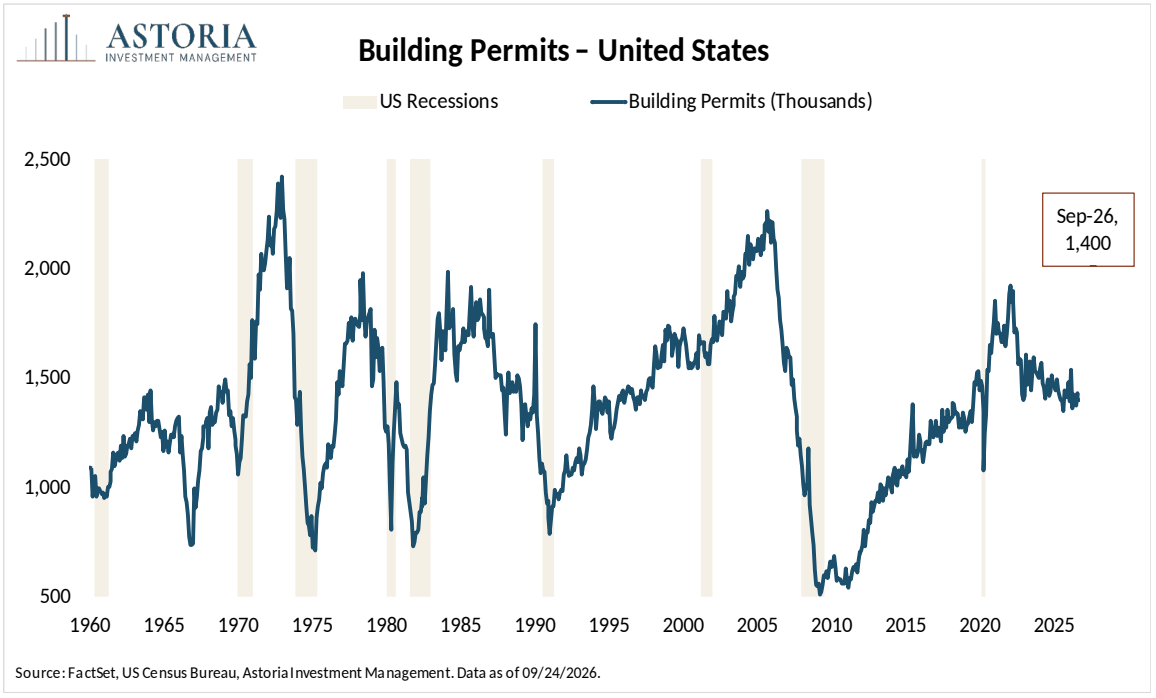


Source: FactSet, US Census Bureau, Astoria Investment Management. Data as of 10/15/2026.

Sep Housing Starts fell 5.2% to 1.221 million as single-family starts dropped 4.6% to 859k, the lowest since Sep 2025. Building Permits slipped to 1.400 million, signaling construction activity remains soft



Source: FactSet, US Census Bureau, Astoria Investment Management. Data as of 09/17/2026.



Source: FactSet, US Census Bureau, Astoria Investment Management. Data as of 09/24/2026.

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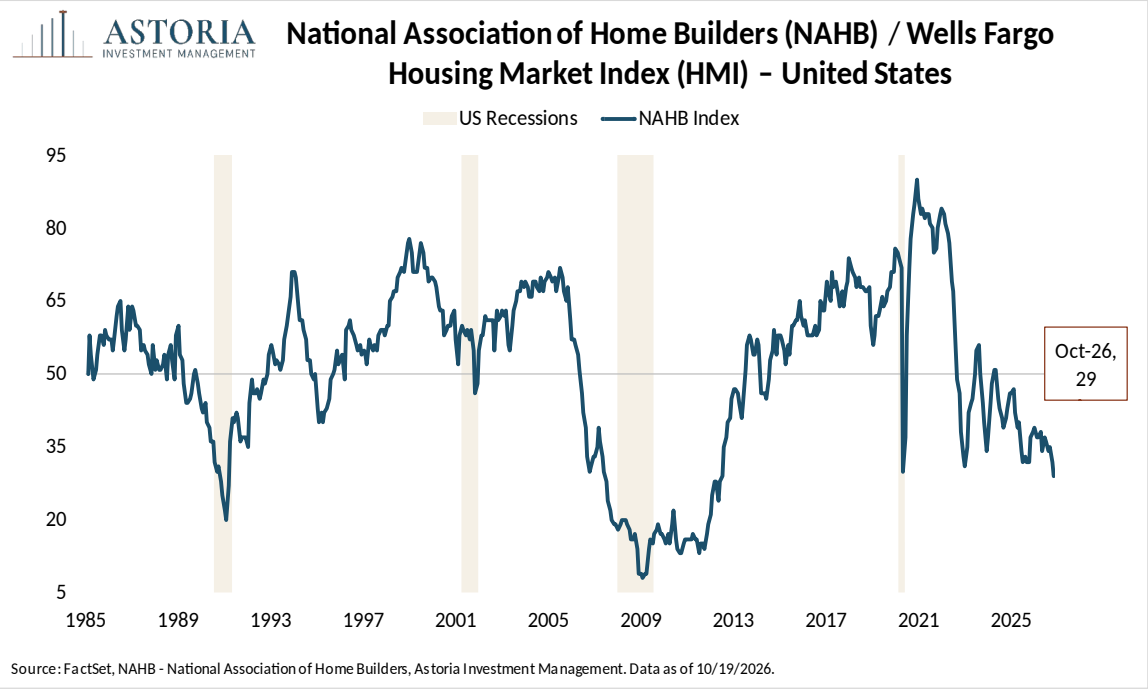
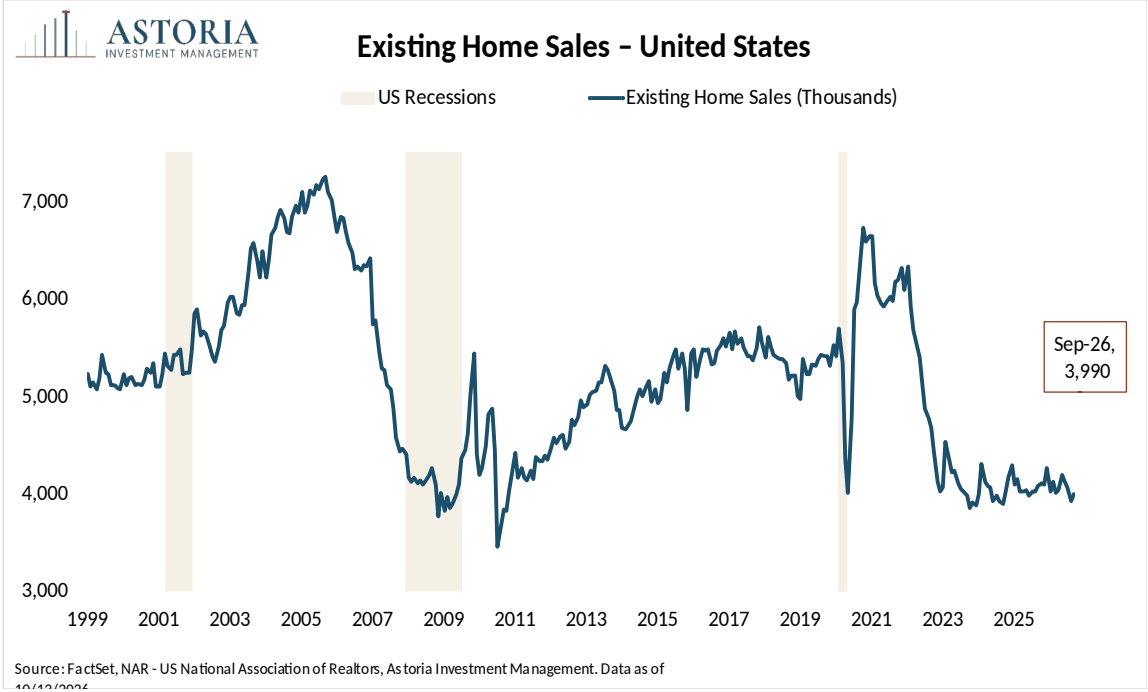
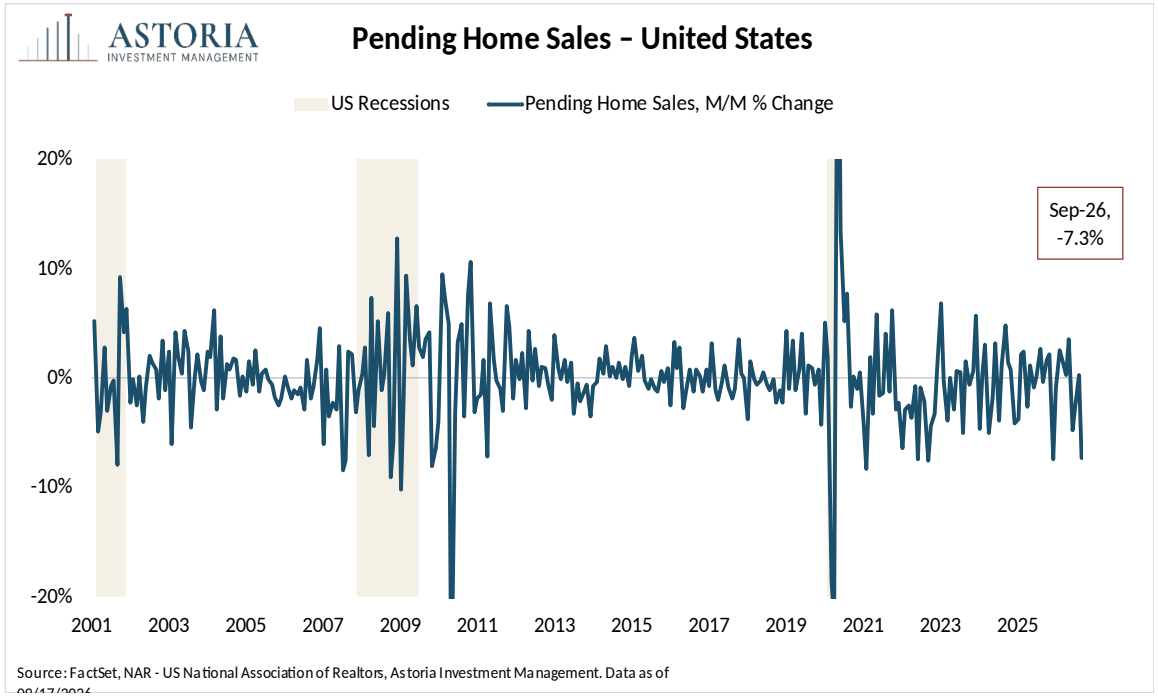
Oct NAHB HMI fell three points to 29, its lowest since Jun 2012, with 43% of builders cutting prices. Meanwhile, Sep Existing Home Sales rose 1.5% to 3.99 million, the second straight reading below 4 million

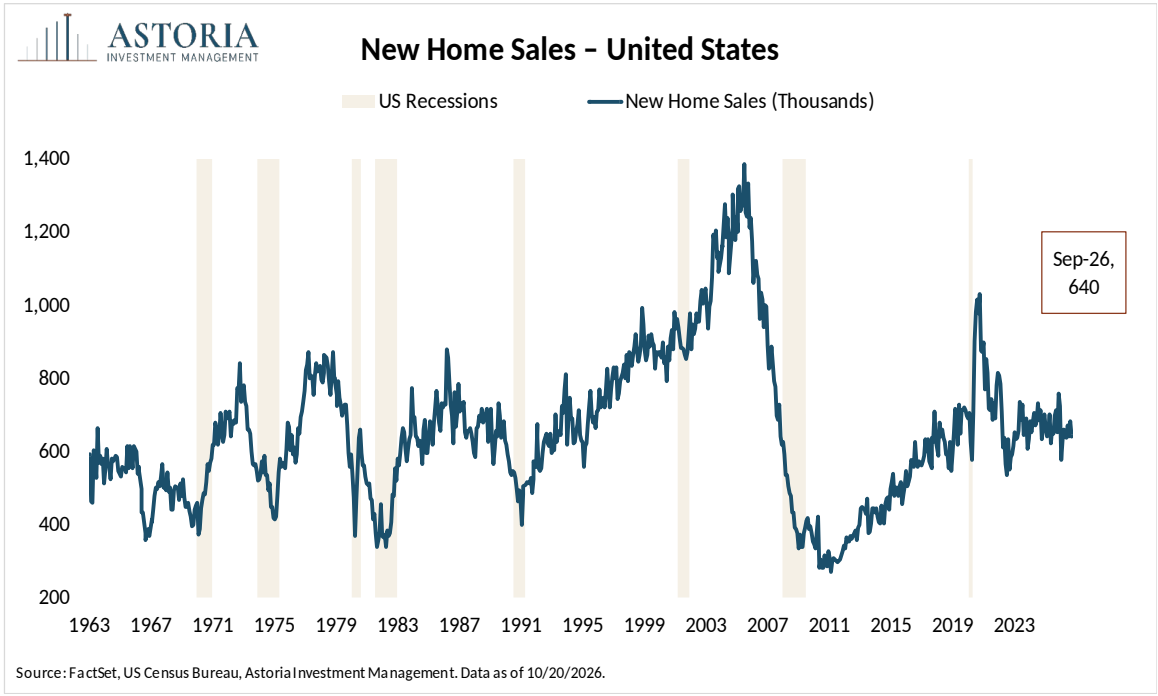




Sep Pending Home Sales fell 7.3% MoM and 11.3% YoY to a record low, with declines in all four regions. Aug New Home Sales rose 6.4% to 684k, while a 7.58% mortgage rate and 8.5 months of supply weigh on demand



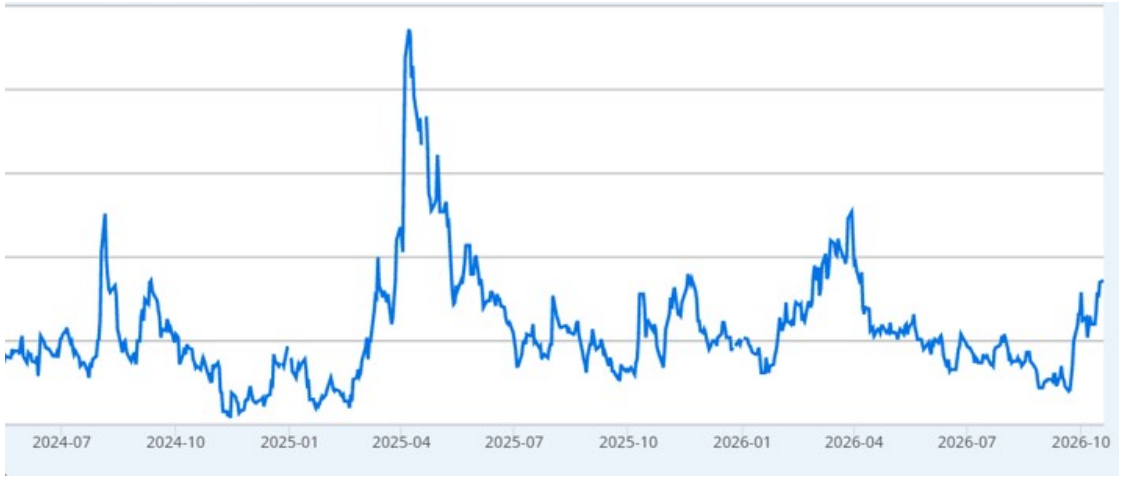
Source: FactSet, NAR - US National Association of Realtors, Astoria Investment Management. Data as of 09/17/2026



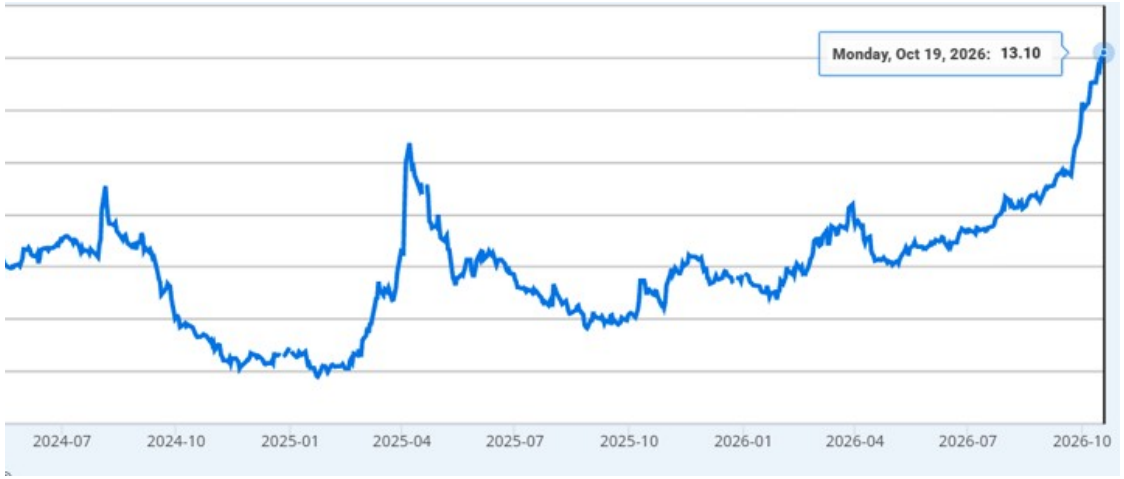
Source: FactSet, US Census Bureau, Astoria Investment Management. Data as of 10/20/2026.

High Yield Credit Spreads are widening at the lower end of the quality spectrum, with Single-B spreads rising to about 3.3% from a low near 2.7% and CCC & below spreads near 13.0%, the top of their two-year range

Single-B High Yield OAS



CCC & Below High Yield OAS



Source: FRED. Data as of October 20, 2026.

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Earnings/Valuation Indicators

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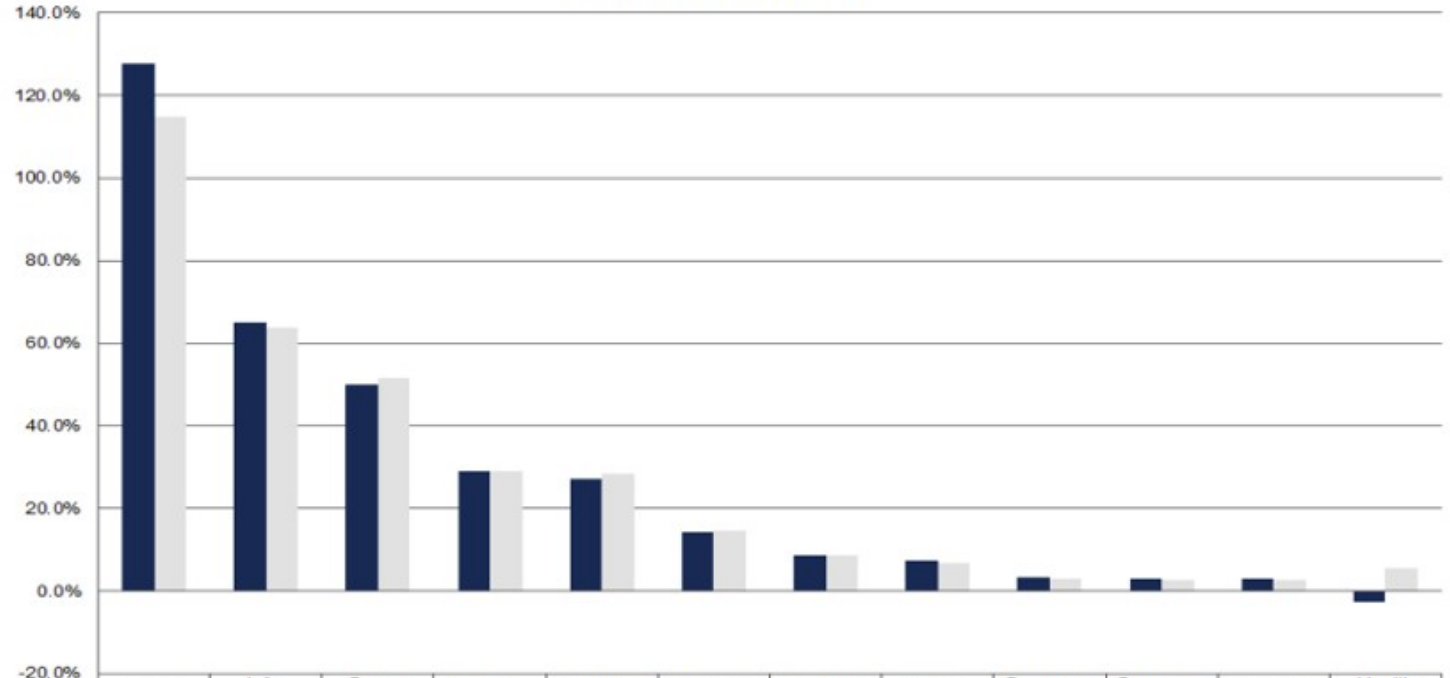
Q3 2026 Earnings: 9% of S&P 500 companies have reported actual results, 84% of companies beat; blended earnings growth = 29.0% on the same level as the Sep end estimate of 29.2%

S&P 500 EPS YoY: Q3 2026



	Energy	Info. Technology	Comm. Services	S&P 500	Materials	Industrials	Real Estate	Utilities	Consumer Disc.	Consumer Staples	Financials	Health Care
Today	127.6%	65.1%	50.1%	29.0%	27.1%	14.2%	8.6%	7.5%	3.2%	3.2%	3.0%	-2.6%
30-Sep	114.8%	63.8%	51.5%	29.2%	28.4%	14.6%	8.7%	6.7%	3.1%	2.8%	2.9%	5.5%

Source: FactSet. Data as of October 20, 2026.

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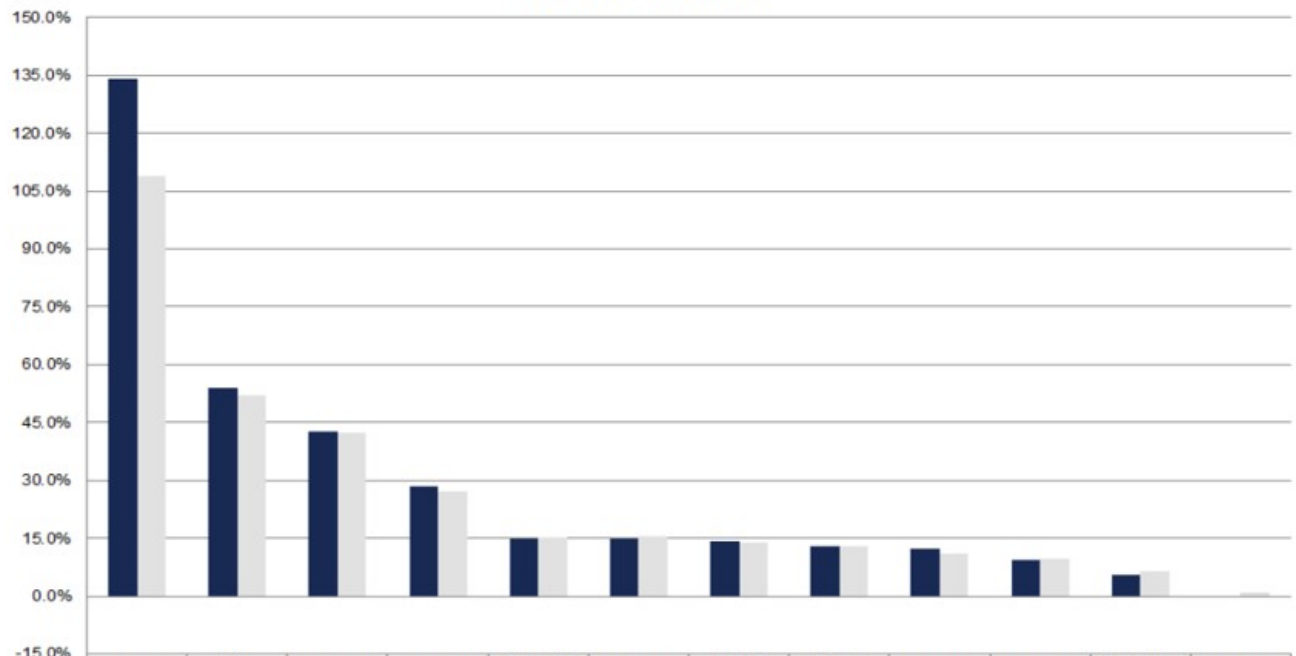
Earnings for the S&P 500 for the next quarter is estimated to be double-digit. In Q4, Energy, Information Technology, and Materials are forecasted to lead while Industrials, Consumer Staples, and Real Estate are expected to lag

S&P 500 EPS YoY: Q4 2026 Expected

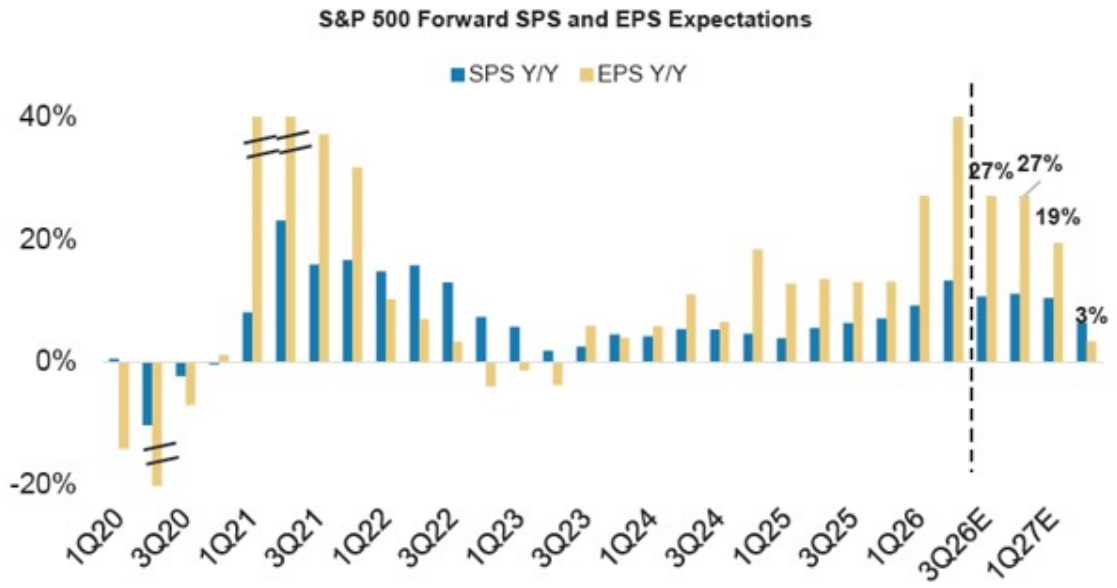


	Energy	Info. Technology	Materials	S&P 500	Consumer Disc.	Utilities	Health Care	Comm. Services	Financials	Real Estate	Consumer Staples	Industrials
Today	134.1%	53.8%	42.6%	28.6%	14.9%	14.8%	14.3%	13.0%	12.4%	9.6%	5.4%	-0.3%
30-Sep	108.9%	52.1%	42.4%	27.1%	15.2%	15.5%	13.9%	13.1%	11.1%	9.7%	6.5%	1.1%

Source: FactSet. Data as of October 20, 2026

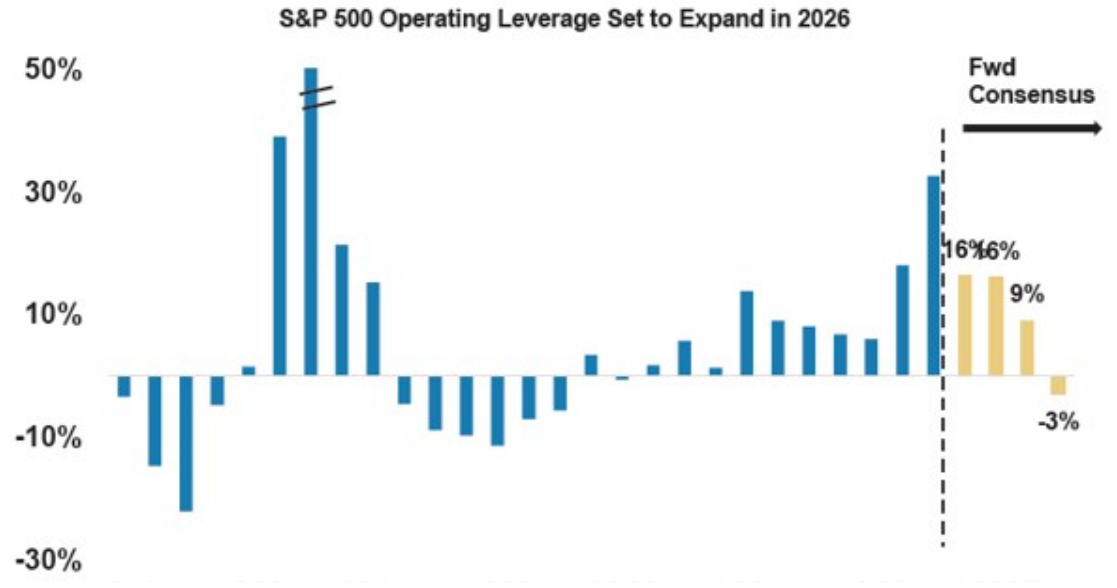
EPS growth is picking up momentum as operating leverage resurges in 2026, supporting stronger forward earnings expectations

Forward SPS and EPS Expectations

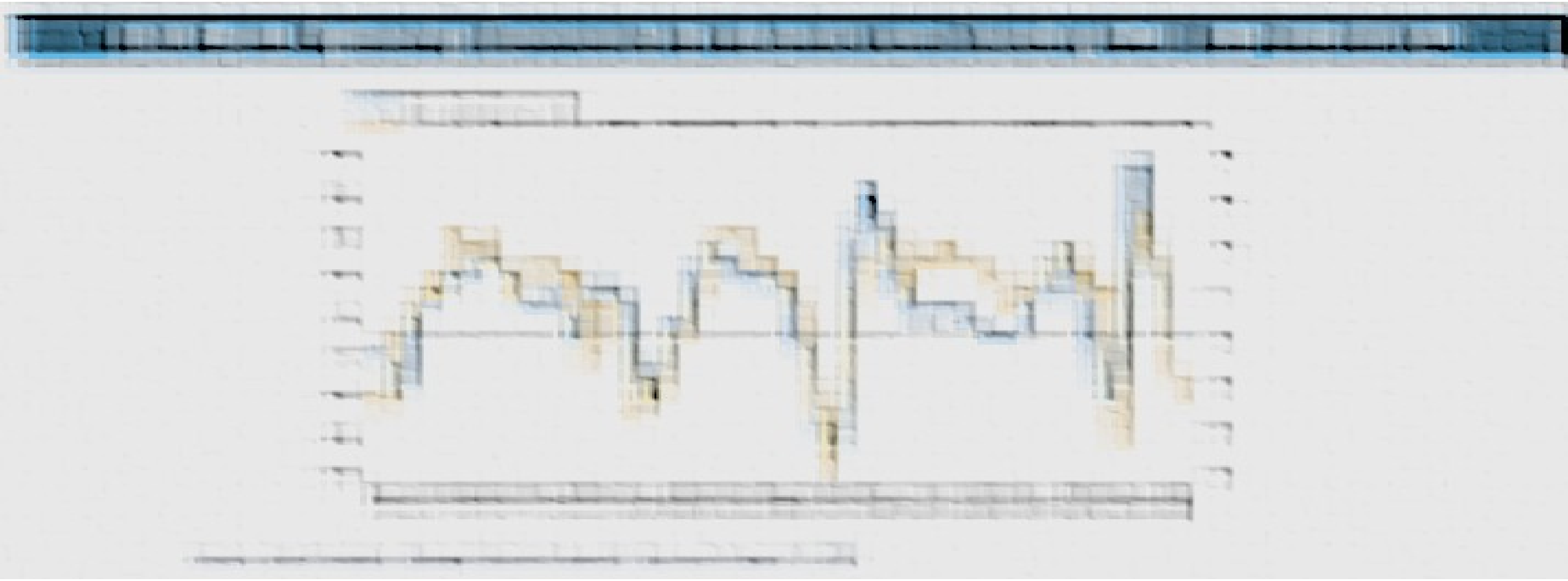


Source: Morgan Stanley. Data as of October 20, 2026.

Operating Leverage



To access more of our macroeconomic insights and business cycle indicators on slides 25-49, please contact Will Pham (will@astoriaim.com).



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