



NORTHSTAR

ASSET MANAGEMENT

Third Quarter 2026

October 21, 2026

Dear Client,

The third quarter of 2026 has ended and enclosed you will find your personalized quarterly performance report as of September 30th.¹ This letter will provide an explanation of overall NorthStar portfolio performance relative to our benchmarks. It also provides our opinion and view on the current world in which we live, which we share with you to provide context for our management style. We are happy to review your individual account upon request. If your investment objectives, risk tolerance, or overall financial situation have changed, please contact us immediately.

LIVING IN OUR WHACK-A-MOLE REALITY

Shareholder Rights Under Threat

Now they are coming for shareholder activists. As you may recall from past quarterly letters, the SEC is working to change investors' rights as owners of public companies from restricting voting access, to dismantling diversity, equity, and inclusion initiatives. The same administration using international tariffs and threats has now extended that reach to shareholders' ability to raise issues through the proxy process. We saw this directly with last year's White House executive order that directed the SEC's attention to the rules underpinning shareholder democracy itself.

At stake, we believe, is the right to file shareholder resolutions that call attention to matters boards and management may not have fully considered, including environmental impact, human rights abuses, global community effects, and corporate governance blind spots.

How SEC Review Worked, and How it is Being Dismantled

Historically, the Securities and Exchange Commission (SEC) served as a referee. A shareholder such as NorthStar would identify a material issue and file a resolution under Rule 14a-8. If the company objected, both sides made their case, and the SEC ruled on whether proposal went to a vote of all shareholders.

Last year, the SEC said companies could decide whether to include shareholder proposals on the ballot. That was the first step. Now, it appears the agency is attempting to eliminate the rule altogether. The irony is that shareholder resolutions are non-binding: even if 100% of shareholders vote in favor, the company is not required to act. Yet over the past 25 years, we have seen these resolutions lead to meaningful dialogue—and often to direct change—at portfolio companies.

¹ This report shows the quarterly change in your account value, your target asset allocation (equity, fixed income and cash), your current allocation, and your return (net of fees) for the last 10 years (or since you became a client) compared to your "custom benchmark," which has the same percentages in each asset class as your account(s)' current target allocation(s). If the total return of your account outperformed or underperformed your account's custom benchmark, we will attempt to explain why in the body of this letter, and we are happy to review your individual situation with you. You also receive normal and customary trade confirmations and account statements from the custodian of your assets. If there is any discrepancy between the information included on the quarterly report provided by NorthStar and the information on your brokerage statement, the brokerage statement should be relied upon.

Shareholder engagement has helped advance environmental standards, worker protections, product safety, operational transparency, and divestment—especially as political wrangling has weakened government requirements.

As you will read below, our strategy will remain firm even if the tools available to us change. In fact, the SEC’s recent actions have energized us to organize new shareholder campaigns. We shall not be moved.

Shareholder Activism Update

The SEC's proposal to rescind Rule 14a-8 would upend over 80 years of precedent. We know this play and have not stood idly by. Bold, activist informed pressure on companies is the heart of what it means to be NorthStar, and that will never change. Anticipating this moment, we have spent the past few years strengthening our investor toolkit to keep pressing companies, with or without proposals:

- **Filing while we can:** Continue engaging public equities in good faith, writing letters, requesting dialogue in keeping with good governance, and filing where we can.
- **Power in proxy voting:** We are voting more strategically, voting against directors, executive pay packages, and management proposals when companies fall short on accountability and material risk.
- **Pressing for corporate accountability at international companies:** Where shareholder proposal rights are often more limited, we've put questions directly to boards at the annual general meetings of Canadian National Railway, Magnum, Novo Nordisk, and Novonesis this past year
- **Expanding into bondholder engagement:** Bringing that same accountability to companies through our fixed income holdings.
- **Defending the right to file itself:** As a founding member of the Shareholder Rights Group, we're pushing back on the SEC's effort to curtail Rule 14a-8, supporting shareholder voice through education and advocacy.

Read below for our public commentary on this:

1. Responsible Investor, "Investors warn SEC on shifting shareholder proposal role to states" (September 9, 2026): <https://www.responsible-investor.com/investors-warn-sec-on-shifting-shareholder-proposal-role-to-states/>
2. NorthStar press release, "The SEC Has Left the Building" (August 17, 2026): <https://northstarasset.com/northstar-asset-management-responds-to-secs-withdrawal-from-rule-14a-8-no-action-process/>

Activism Report Released: Showing Up Louder

Our [2025–2026 Activism Report](#) chronicles a year of shareholder advocacy spanning environmental justice, human rights in the age of AI and remilitarization, immigrant rights, shareholder democracy, and actions in defense of vulnerable communities.



Interfaith Center on Corporate Responsibility Panel: Why Water Is Still the AI Story

At the Interfaith Center on Corporate Responsibility's annual conference in New York City, NorthStar's Associate Director of Research, Tenzing Tashishar, CFA, led the panel: **"The Closed-Loop Illusion: Water, Energy, and the Hidden Cost of AI Infrastructure."**

The AI boom has made water one of the industry's biggest constraints, and years after NorthStar first raised the issue, other investors, communities, and companies are recognizing why. The panel articulated for investors and advocates in the room, how the solutions that appear to use less water often just move it out of sight. These data centers burn enormous amounts of electricity, and generating that power, increasingly from natural gas and nuclear, consumes water of its own. Water is still central to the conversation about AI.

This panel builds on years of NorthStar engagement to protect the human right to water. We have pressed Adobe, Salesforce, and Zoom to address water risk in their data center operations, helping to reach withdrawal agreements with all three. Most recently we pushed Digital Realty, one of the world's largest data center providers, to disclose its water withdrawals at the regional level. Since our proposals the past two years, Digital Realty has published region-level water-risk disclosure and a water-stress map covering its global operations, emphasizing how investors can push for meaningful change.

ICCR FALL CONFERENCE

THE CLOSED-LOOP ILLUSION

Water, Energy, and the Hidden Costs of AI Infrastructure
Wednesday, October 7 • 1:10–2:10 PM ET • Chapel



Tenzing Tashishar, CFA
Moderator
Associate Director of Research
NorthStar Asset Management



Kelly Poole
Climate & Energy Coordinator
As You Sow



Shama Perveen, Ph.D.
Director, Water Research
Ceres



Benjamin Jacobson
Manager, Water & Agriculture
Ceres



Elena Schlossberg
Executive Director
Coalition to Protect Prince William County

Catalytic Investments (Outside Investments)

The SEC's retreat on shareholder rights is discouraging, but shareholder activism is only one of the tools we rely on to advocate for a more just and equitable world. As we have described in prior letters, neither government nor philanthropy alone can meet the full scope of community needs, and our Catalytic Investments put client capital to work directly where those gaps are widest. Increasingly, the two halves of our approach to socially responsible investing work to solve the same problems but from opposite ends. As shareholders in public companies, we press companies to evolve and improve from the inside, while as investors in community-based organizations, we finance the local farmers, entrepreneurs, developers, and governments from the outside.

Water is a clear example. Well before data centers became a mainstream controversy and a political flashpoint, we partnered with local activists to press large technology and data center companies on the risks of siting facilities in water-stressed communities. Our Catalytic Investments address the same vulnerability from the other side. Communities Unlimited finances the kind of small water systems most exposed to new industrial demand. It lends to nonprofits and local governments serving low-income customers in communities of 20,000 or fewer, helping them make the repairs and improvements needed to maintain an uninterrupted supply of safe drinking water and wastewater disposal. It also helps new operators earn their water operator certifications, building the local capacity these communities need to protect their resources.

Federal support for our CDFI investees remains uncertain, though one major question has now been answered. After extended delays and at least one lawsuit, Treasury announced FY2025 CDFI Program and Native American CDFI Assistance awards only two weeks before the funds were set to expire, with recipients notified on or before September 30, 2026. Those awards come with heightened scrutiny, as Treasury has said it will closely review them through audits, compliance reviews, and other monitoring to ensure awardees do not violate federal anti-discrimination laws. This underscores why patient and flexible private capital matters to these organizations, and it reflects the same policy uncertainty that shaped financial markets this quarter, which we turn to next.

Fundraising highlight: Coastal Enterprises Inc (CEI), a Maine-based CDFI focused on small business lending within clean energy & green enterprises, aquaculture & working waterfronts, farms & food systems, and childcare, is launching their CEI50 campaign to celebrate their 50th anniversary in 2027. They are aiming to raise \$50M in the form of loans and grants to support

another 50 years of empowering underrepresented entrepreneurs, supporting quality job creation, and delivering essential services to the local Maine economy. While this is not an offer or recommendation of this offering, please reach out to your advisor if you are interested in learning more about eligibility, availability, terms, conflicts and risks.

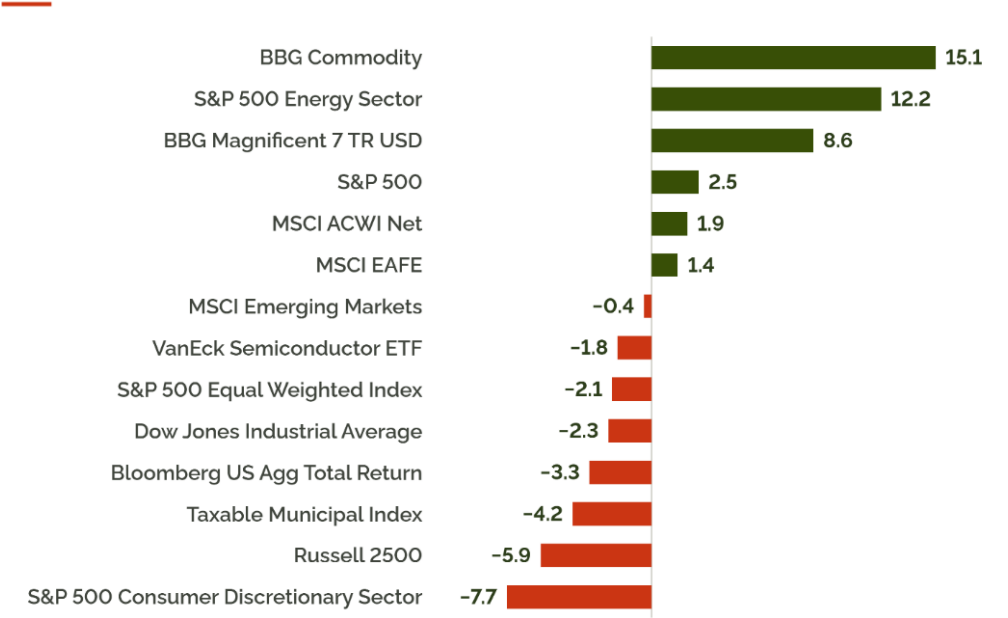
Update on Economic Outlook and NorthStar’s Strategy

Q3 2026: Violent Intra-Sector Rotation

The third quarter marked a violent rotation beneath the surface of equity markets. Renewed fears of higher interest rates triggered a significant sell-off in the most rate-sensitive areas of the market, notably small- and mid-cap stocks, real estate, and utilities. At the same time, signs of a weakening consumer weighed on consumer discretionary stocks, which fell 7.7% in the quarter. Market breadth was remarkably poor: 63% of the stocks in the S&P 500 posted a negative return, while the Bloomberg Magnificent 7 index gained 8.6%.

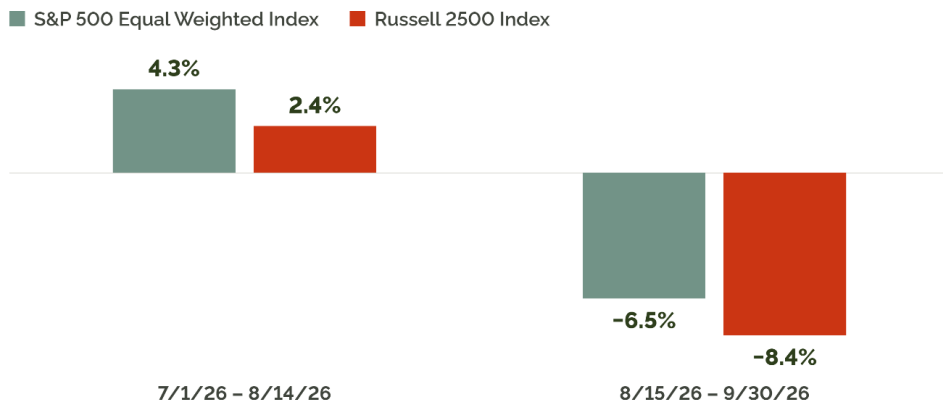
Nowhere do we feel that disconnect clearer than in AI. Despite reports of rogue AI agents and calls for regulatory guardrails from industry leaders including Anthropic CEO Dario Amodei, Elon Musk, and OpenAI CEO Sam Altman, Meta’s launch of Muse propelled its stock up 26% in September alone. Taken together, the quarter was a reminder of how far stock market leadership has drifted from the economic reality facing the vast majority of households.

Q3 2026 Total Return Performance (%)



Source: Bloomberg. Q3 2026 total return performance (%). Indices shown: SPX, BCOM, LBUSTRUU, BM7T, MXWD, SPW, SMH US (ETF), R2500, INDU, MXEF, MXEA.

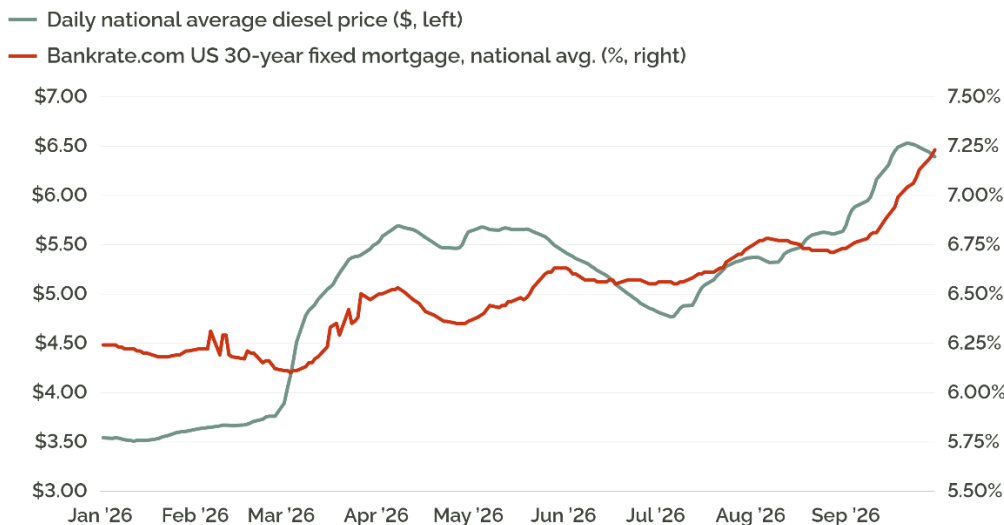
Intra-quarter Returns for S&P 500 Equal Weight & Russell 2500



Source: Bloomberg. Q3 2026 total return performance (%).

The squeeze on households is easy to see. The national average price of diesel rose 32%² during the third quarter alone, from \$4.84 a gallon at the end of June to \$6.39 at the end of September, after peaking at \$6.53 on September 21. That is roughly 80% higher than where it began the year, and it feeds directly into the cost of transporting food and other goods. At the same time, the average 30-year fixed mortgage rate climbed from 6.55% to 7.23% over the quarter, ending September at its highest level of the year and putting homeownership further out of reach for many families. Rising energy and borrowing costs help explain why consumer discretionary stocks struggled even as AI leaders rallied.

Diesel Price and US Home Mortgage 30-Year Fixed Rate



Source: Bloomberg; Bankrate.com US Home Mortgage 30 Year Fixed National Average (%); Daily National Average Diesel Price (\$/gallon). Daily data, 1/2/2026 - 9/30/2026.

² Bloomberg 10/06/2026

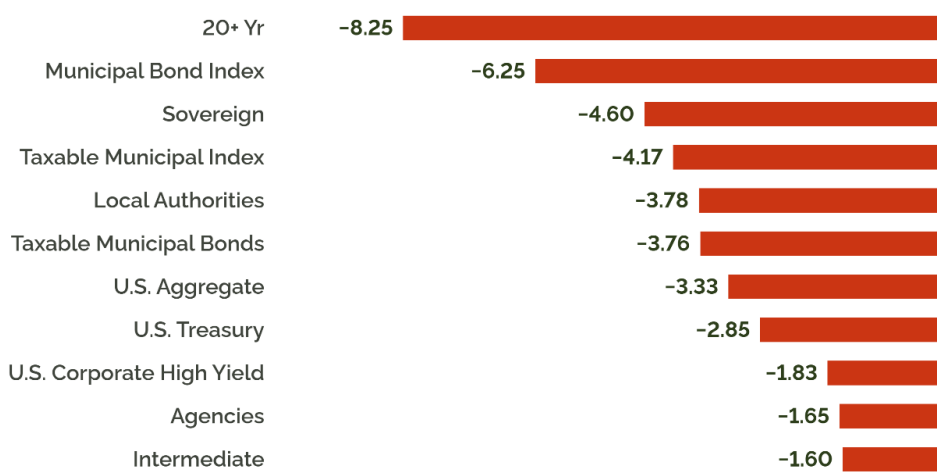
A Difficult Quarter for Bonds, and a More Normal Rate Environment Ahead

Bonds sold off significantly during the quarter as the Federal Reserve raised its policy rate by 25 basis points and signaled that further hikes may follow in the coming months. The 10-year Treasury yield rose to 5.28%, and major bond sectors lost money in the third quarter, led by long-dated (20+ year) Treasuries, which fell 8.25%.

The quarter caps a difficult decade for bonds. In the aftermath of the global financial crisis, years of ultra-low interest rates left investors with little income and little cushion against rising yields. Bonds have contributed just 0.2% a year to the returns of a traditional 60/40 portfolio so far in the 2020s, compared with 5.1% a year in the 1980s. We believe we are now entering a more normalized interest rate environment, driven by a lack of fiscal discipline and rising levels of government debt. The upside of higher yields is that bonds can once again offer decent income.

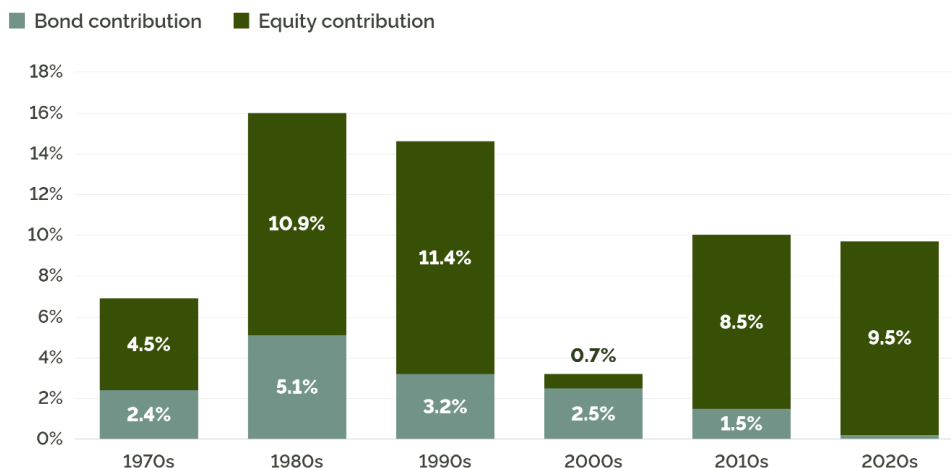
Return % for Fixed Income Sectors

Jul 1 – Sep 30, 2026



Source: Bloomberg, 10/05/2026. Fixed income sector returns, July 1 – September 30, 2026.

Average Annual Contribution by Decade for a 60/40 Portfolio



Source: Bloomberg, 10/05/2026. Average annual contribution by decade for a 60/40 portfolio.

Portfolio and Outlook

Despite the constantly shifting backdrop of government priorities, interest rate expectations, and geopolitical conflict, we have maintained target equity allocations across client portfolios. Over time, broader economic fundamentals — specifically earnings growth, interest rates, and inflation — reassert themselves as the primary drivers of performance. We continue to worry about the euphoria surrounding artificial intelligence and the degree of concentration in equity markets. Our equity exposures remain well diversified, which we believe positions portfolios to weather a correction in the most crowded areas of the market should expectations for AI reset.

Our equity portfolios declined slightly as the non-AI parts of the portfolio struggled under the weight of rising interest rates and concerns around broader slowdown. Several of the software stocks (Microsoft, Salesforce, Palo Alto) recovered sharply in the quarters as concerns related to demise of these software business models dissipated.

Selectivity in adding Fixed Income Exposure

Our base case has long assumed that longer-term interest rates would remain at current or higher levels, as our government and others need to fund Social Security, Medicare, defense programs, and interest on a growing debt load while grappling with challenges related to ecological limits and socio-political upheaval. The third quarter reinforced that view: without greater fiscal discipline, rising government debt is likely to keep upward pressure on yields. We have maintained our discipline of buying bonds only when we believe yields are at attractive levels.

At current yields, high-quality bonds can once again offer decent income. Where appropriate, we will continue to diversify across duration and add high-quality bonds in the one-to-ten-year maturity range to our clients' portfolios. We believe bonds in this maturity range offer an optimal combination of flexibility, income, and stability for the portfolio.

Administrative Matters

Plan Ahead for 2026 Giving

If we've processed charitable gifts or DAF (Donor-Advised Fund) contributions for you in the past, keep an eye out soon. We'll be sending:

- Blank gift forms for contributions over \$1,000
- Pre-filled contribution forms for clients with DAFs
- A summary of your 2025 giving activity (if applicable)
- A snapshot of your 2026 donations to date (if applicable)

Now is also a good time to check your DAF balance if you're planning to make contributions or grants before the end of the year. We're happy to help coordinate next steps.

Need something sooner or want to get started now? Email us at clientservices@northstarasset.com

Interested in opening a Donor-Advised Fund or learning more about the [#HalfMyDAF](#) campaign? We'd be happy to walk you through your options and how these strategies can support your giving goals.

Upcoming Office Closures

Please note that the NorthStar office will be closed on the following dates:

- **Thanksgiving Break:** Wednesday, November 25th at 1 PM through Friday, November 27th
Reopening Monday, November 30th at 8:30 AM EST
- **End-of-Year Closure:** Thursday, December 24th at 1 PM through Friday, January 1st
Reopening Monday, January 4th at 8:30 AM EST

If you need immediate assistance during these closures, please contact your custodian directly:

- Stephen Calderara, Morgan Stanley: (978) 739-9652
- Schwab Alliance Team: (800) 515-2157

For all other requests, please leave us a voicemail at **(617) 522-2635** or email clientservices@northstarasset.com.

Please also note that the stock market and many financial firms will be closed on:

- Thursday, November 26
- Friday, December 25
- Friday, January 1, 2027

Connect With Us Anytime

Your experience is our priority. Whether you have a quick question or need more in-depth assistance, our **Client Services Team** is here to help. You can reach us at clientservices@northstarasset.com or call **(617) 522-2635**. We're in the office every weekday and always happy to welcome visitors. Please let us know ahead of time so we can prepare for your visit.

We appreciate your continued trust and partnership. We look forward to staying connected and helping you make the most of everything NorthStar has to offer.

Sincerely,



Julie N.W. Goodridge
Founder & Chief Executive Officer



Nimrit Kang
Chief Investment Officer

Important Disclosures

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Past performance is no guarantee of future results. All investment portfolios carry risk, including the risk of loss. No assurance can be given that NorthStar will attain its investment objectives or that an investor will not lose invested capital. This material may contain forward-looking statements, which are based on assumptions about future events. Actual events are difficult to predict and may differ materially from those assumed. There can be no assurance that forward-looking statements will materialize or that actual results will not be materially different from those described here. The forecasts, opinions, and estimates expressed in this material constitute our judgment as of its date and are subject to change without notice based on market, economic, and other conditions. The assumptions used in our forecasts concern future events over which we have no control and may turn out to be materially different from actual experience.

References to specific securities, engagements, investment results, or portfolio holdings are provided for illustrative purposes and do not constitute recommendations. Holdings and portfolio characteristics are subject to change. There is no assurance that any particular investment objective or intended outcome will be achieved.

Examples of shareholder engagements described herein are provided solely to illustrate NorthStar's stewardship activities and are not intended to suggest that similar results will occur in the future. Corporate actions described may have resulted from a variety of factors, including efforts by other investors, stakeholders, regulators, or company management. Engagement outcomes presented are not representative of all engagements undertaken by NorthStar.

Indices are presented herein for illustrative and comparative purposes only. Such indices are not available for direct investment, may be unmanaged, assume reinvestment of income, do not reflect the impact of any trading commissions and costs, management fees, or performance fees, and have limitations when used for comparison or other purposes because they, among other things, may have different strategies, volatility, credit, or other material characteristics. In considering performance results discussed here, prospective clients should note that equity portions of individually managed accounts may differ from the results shown here because of client-specific restrictions, client circumstances, client legacy positions, different fee and expense structures, actual trading, tax considerations, and other reasons.

Outside/Catalytic Investments are privately placed with various types of entities. Privately placed investments generally carry higher risk and are typically illiquid. More information on the risks of Outside/Catalytic Investments may be found in NorthStar's Form ADV Part 2A brochure.

Any information that may be considered advice concerning a federal tax issue is not intended to be used, and cannot be used, for the purposes of (i) avoiding penalties imposed under the United States Internal Revenue Code or (ii) promoting, marketing, or recommending to another party any transaction or matter discussed herein. NorthStar does not offer legal or tax advice, and nothing contained in this material should be construed as legal or tax advice. Please consult an Enrolled Agent, CPA, or attorney before implementing any of the strategies discussed herein.

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Additional information regarding NorthStar, including fees, expenses, and risks of investment, is contained in NorthStar's investment advisory agreement, its Form ADV, Form CRS, and related disclosure documents, which should be reviewed carefully. NorthStar's Form ADV Part 2A and Form CRS can be accessed via <https://adviserinfo.sec.gov/>.