

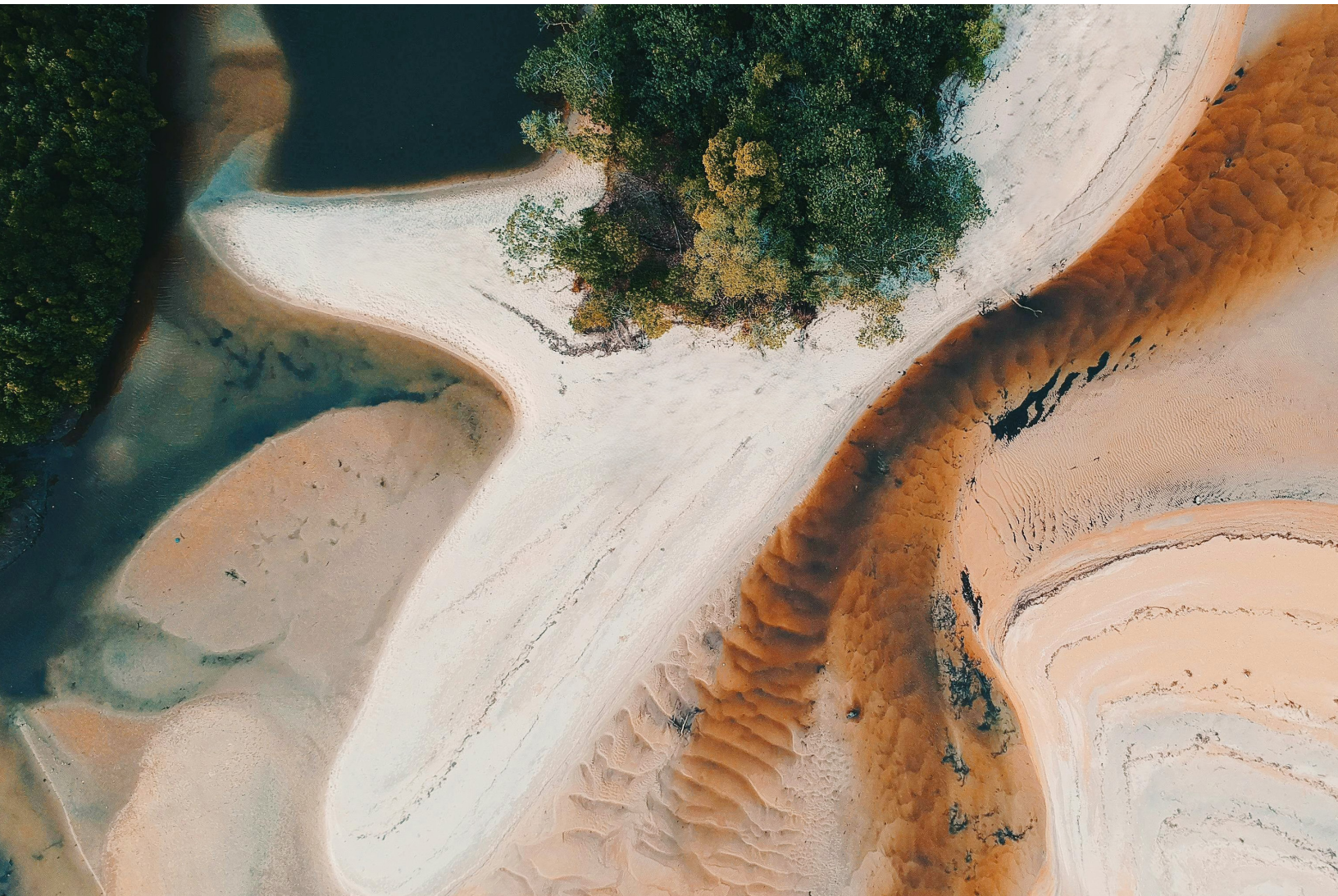


LOOMIS, SAYLES & COMPANY

Investment Outlook

Craig Burelle | Global Macro Strategist, Credit

April 2026



We believe the expansion phase of the credit cycle will continue through 2026, but acknowledge that markets will likely experience a number of challenges along the way.

On the micro level, corporate fundamentals have been solid and consensus 2026 earnings growth expectations are at healthy levels for most regions.ⁱ Earnings growth is the linchpin supporting investor demand, in our view. Fortunately, we continue to have confidence in bottom-up fundamentals, which should result in positive total returns across equities and corporate credits this year.

The macro picture appears less clear and fraught with risk on a number of fronts. The outbreak of war in the Middle East has sent energy markets soaring, and we expect prices to stay elevated. Liquidity and valuation concerns surrounding private credit investments are percolating. Most central banks appear to be finished cutting interest rates, which limits monetary policy support.

Investment Themes

PAGE 3 Macroeconomic Drivers

A prompt resolution in the Middle East seems unlikely to us. In the meantime, we think investors will look for strong fundamentals to buoy valuations.

PAGE 4 Corporate Credit

Valuations across corporate credit markets have offered little risk premium since 2022, but we believe a broader opportunity set is emerging.

PAGE 5 Government Debt & Policy

Just as US 10-year Treasury bond yields softened to near 4.0%, the war in the Middle East sparked concerns regarding inflation and US fiscal sustainability.^{iv} Now it appears that rates may stay higher for longer.

PAGE 6 Currencies

The US dollar tends to trade firmly when international developments pose risks to overall financial market stability.

PAGE 7 Global Equities

We think risk-off sentiment tied to the war will be a temporary headwind for equity markets that were trading near all-time highs in February.^{vi}

PAGE 8 Potential Risks

The bright spot in our outlook is very robust earnings growth expectations which are broadening across most of the world.^x However, we are monitoring a number of geopolitical and economic risks.

PAGE 9 Asset Class Outlook

Risks could create potential dislocations in our preferred areas of the investment landscape. Investors should be ready to seize on potential opportunities.

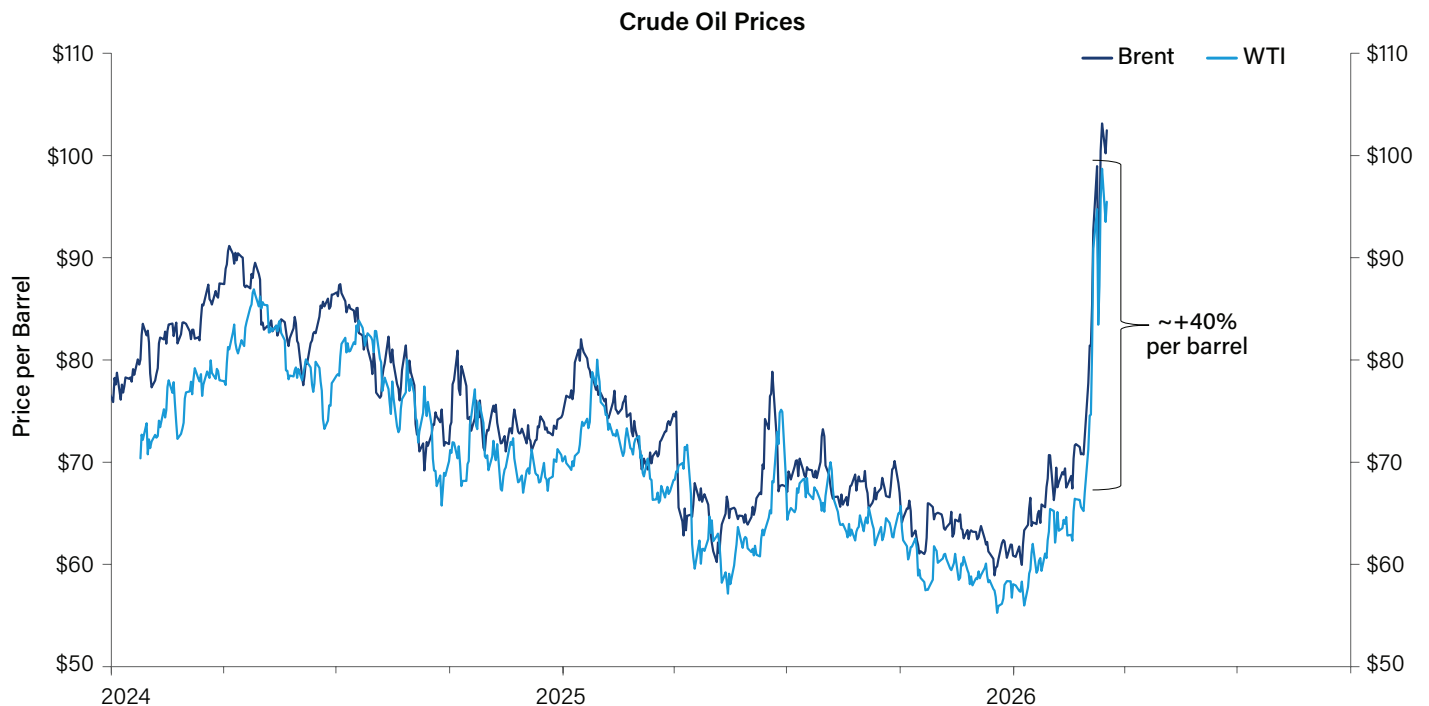
Macroeconomic Drivers

A prompt resolution in the Middle East seems unlikely to us. In the meantime, we think investors will look for strong fundamentals to buoy valuations.

- Assistance from lower interest rates at the front or long end of the yield curve does not look likely across the majority of developed and emerging markets.
- Since the outbreak of the war in the Middle East, long-end interest rates have risen while market expectations for monetary policy have tightened.ⁱⁱ
- We think the Federal Reserve (Fed) will resume cutting interest rates, but the timing is uncertain. We had anticipated a couple of “fine-tuning” rate cuts by the summer of 2026, but now we think those cuts may be pushed out to late 2026. A lot hinges on the soft US labor market balanced with the potential for energy prices to pass through to goods inflation.
- We believe the Senate will confirm Kevin Warsh as the new Federal Open Market Committee Chairman, but the timing is questionable.
- For the European Central Bank and Bank of England, market expectations suggest interest rate hikes are more likely than cuts over the next 12 months. The Bank of Japan seems likely to hike by 25 basis points by September 2026.
- The supply-driven oil price shock has weighed on economic growth prospects, but our probability of recession has only shifted a touch higher.
- We believe increased economic activity fueled by artificial intelligence (AI) investment is still positioned to boost US and global GDP growth throughout 2026.

Spiking oil prices can disrupt consumer spending patterns, especially after trending lower for years.

The negative impact on consumer budgets could prove short-lived if traffic in the Strait of Hormuz can normalize in April or early May.



Source: Bloomberg, as of March 17, 2026.

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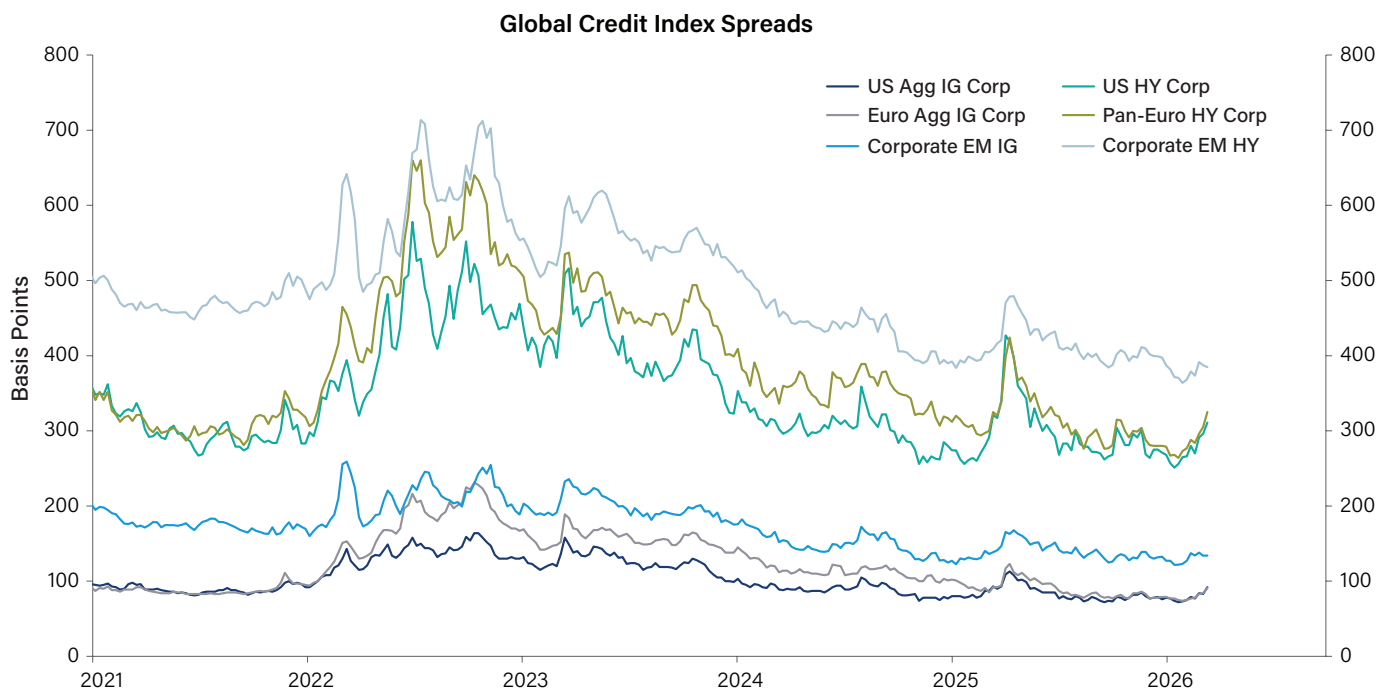
Corporate Credit

Valuations across corporate credit markets have offered little risk premium since 2022, but we believe a broader opportunity set is emerging.

- According to Bloomberg consensus estimates, US large-cap company earnings growth is expected to continue in 2026, with a high likelihood of year-over-year growth across all sectors of the market.ⁱⁱⁱ
- After several quarters of lagging its peers, we believe the energy sector could contribute to domestic large-cap earnings growth this year.
- We also expect cyclical sectors like financials and industrials to contribute to earnings growth, increasing our confidence that the expansion continues.
- Based on our Credit Research Diffusion Indices, or CANDIs, our Credit Research Team anticipates profit margin expansion within industries like banking and technology.
- The CANDIs also show the team's credit outlooks should remain stable or improve while leverage metrics, like debt-to-EBITDA, may actually decline a bit near term.
- Outside the US, we think an earnings rebound in Europe seems likely, which would support credit market valuations through 2026.
- We expect low-to-mid single-digit total returns for publicly traded corporate credit. Private credit liquidity concerns have been grabbing headlines, but we do not believe the asset class introduces systemic risks near term.

Corporate credit spreads have been tight worldwide for some time, but risk premiums are being restored and we are ready for potential opportunities.

Bouts of spread widening are not abnormal. We look to invest when valuations are dislocated from long-term fundamentals.



Source: Bloomberg, as of March 17, 2026. Used with permission from Bloomberg Finance L.P.

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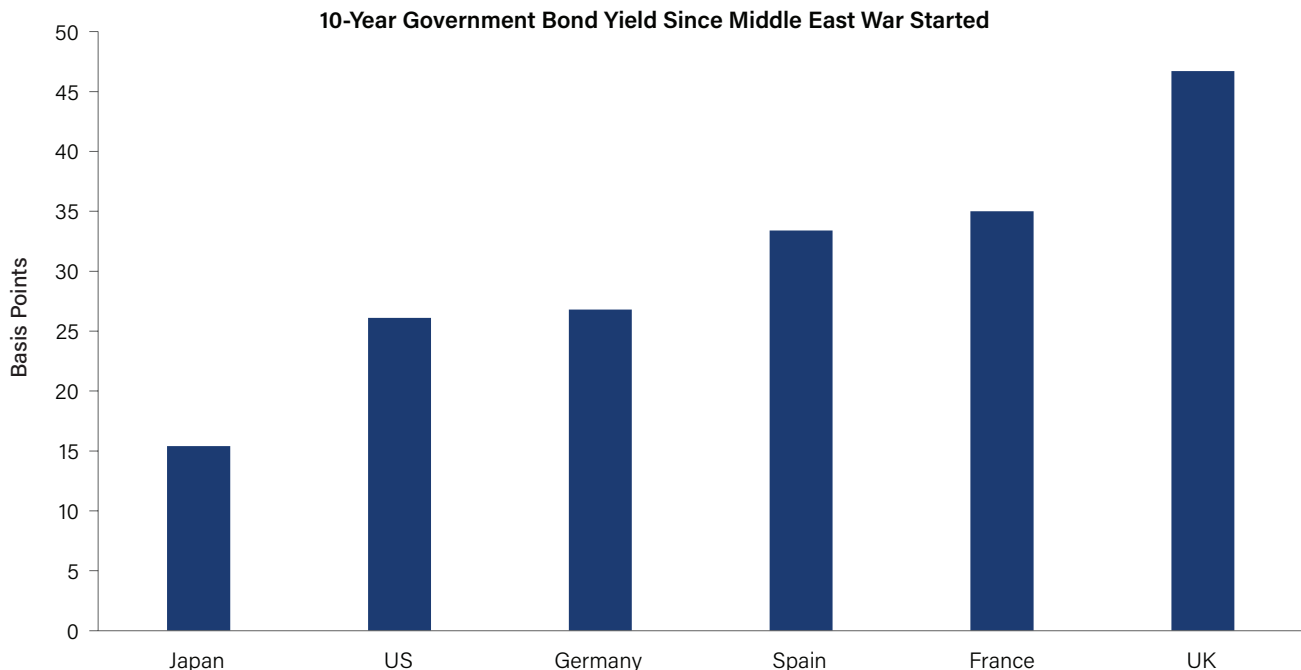
Government Debt & Policy

Just as US 10-year Treasury bond yields softened to near 4.0%, the war in the Middle East sparked concerns regarding inflation and US fiscal sustainability.^{iv} Now it appears that rates may stay higher for longer.

- We still believe US government debt burdens are large but manageable. Domestic fiscal policy risks are well known and should not drive long-term interest rates higher near term, in our view.
- However, the recent breakout of war and the associated costs adds risk to that view. The US has a recession-era budget deficit at a time when the economy is expanding.
- We think continued attacks on one of the world’s largest oil-producing regions will exacerbate inflation risks.
- Our current interest rate forecasts should be supportive for risk assets. However, if inflation risks continue to rise, we see potential for rates to rise to a level that would add pressure to risk assets.
- Countries in Europe and Asia are importers of Middle Eastern oil and could face significant challenges, such as lower economic growth and higher inflation, if oil supply tightens from here.
- We have a strong degree of confidence that the global economic expansion will continue despite present headwinds. Many economies started this war-related energy shock with economic growth levels near trend or better.^v

Typically, risk-off events contribute to lower yields for high-grade global government bonds, but that has not been the case so far.

We believe the current risk-off tone could presage inflationary upside pressure and potentially larger government deficits, which have propped yields up.



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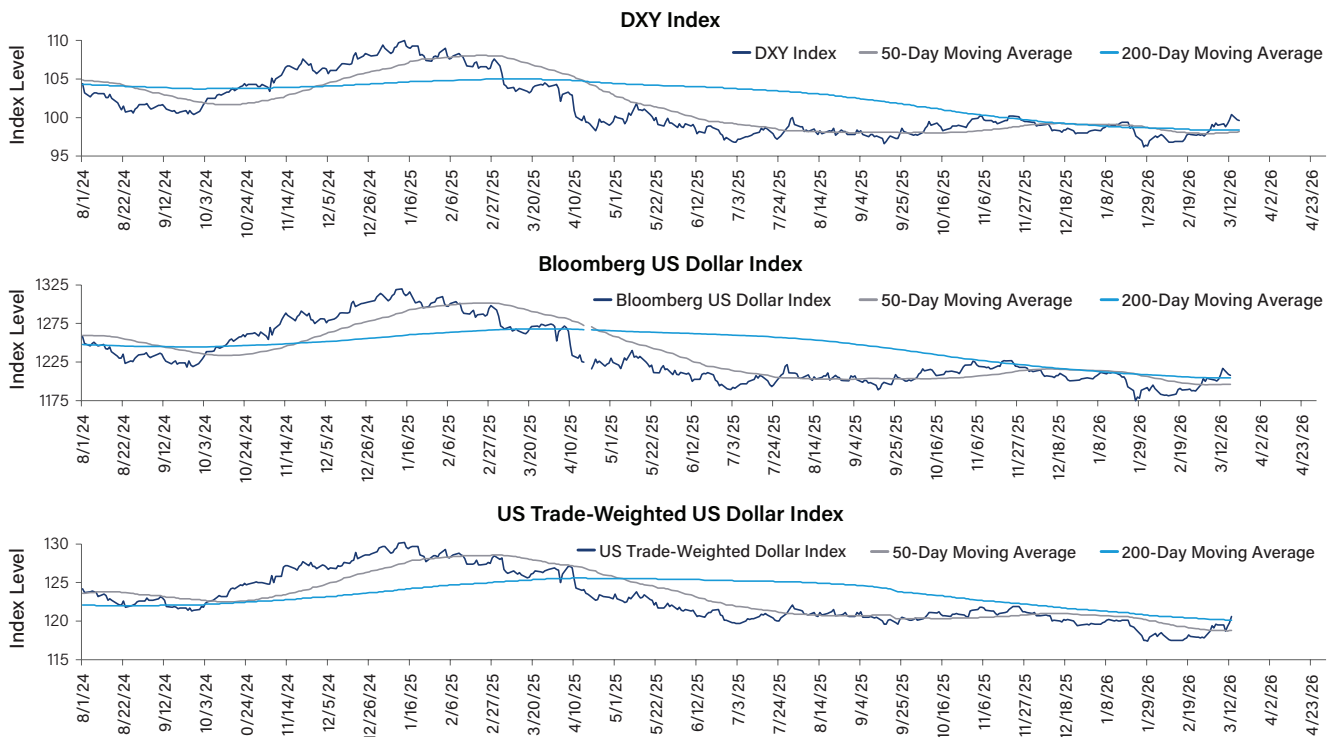
Currencies

The US dollar tends to trade firmly when international developments pose risks to overall financial market stability.

- We believe that non-US-dollar assets can perform well as the expansion progresses, but ongoing conflict in the Middle East has lowered our optimism and expectations.
- The threshold for US investment grade and high yield corporate bonds to outperform non-dollar assets is now lower, in our view.
- The risk premium for owning non-US-dollar-denominated assets typically moves higher when global risks are rising. While the premium is rising, we are reluctant to turn pessimistic on non-US-dollar assets broadly.
- We still see attractive opportunities in Latin America, where we believe the potential to earn carry could exceed currency depreciation while investors wait for the war's end.
- When global growth expectations begin to stabilize or even improve, we think a more bullish stance for owning non-US-dollar assets will return quickly.

US dollar indices traded higher as the Middle East war broke out, but we do not anticipate a full reversal of the dollar's weaker trend.

The potential for a US dollar bull market remains low in our view, especially if the Fed cuts interest rates this year while other central banks hold or tighten monetary policy.



Source: Bloomberg, as of March 17, 2026. Used with permission from Bloomberg Finance L.P.

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Global Equities

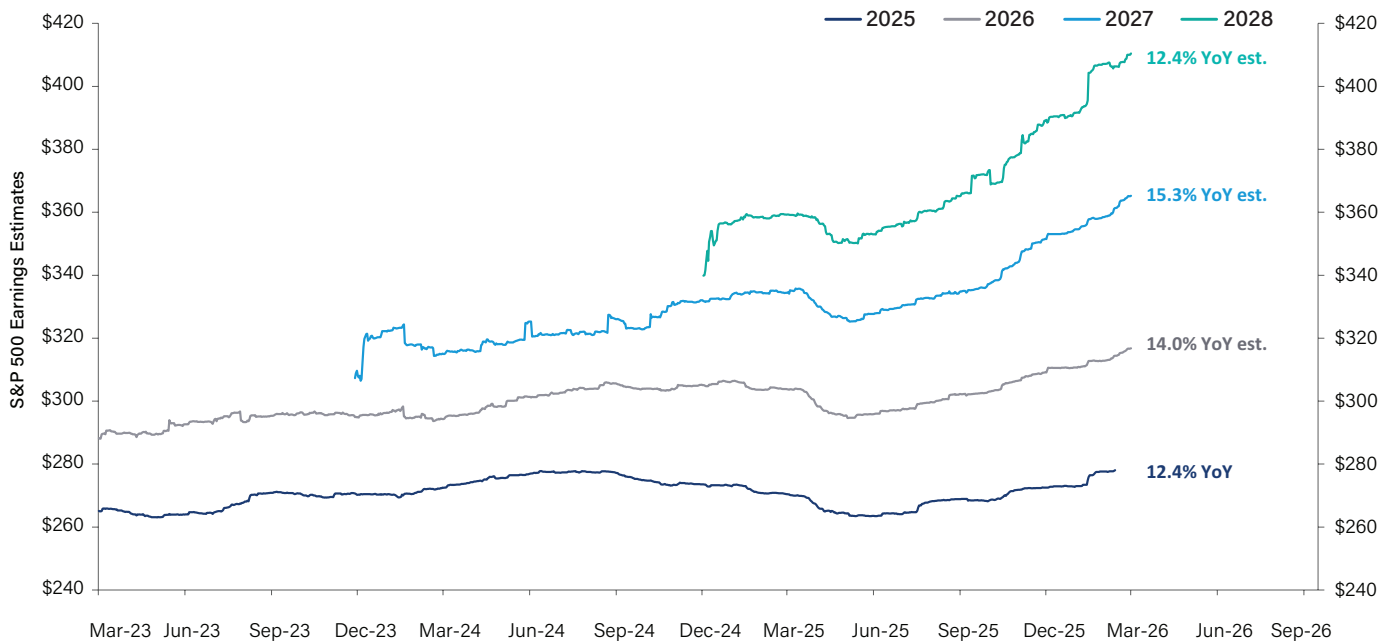
We think risk-off sentiment tied to the war will be a temporary headwind for equity markets that were trading near all-time highs in February.^{vi}

- Within the US, concerns over the demise of many software firms and fear of AI-related job losses will likely keep markets anxious. In our view, a software and services equity recovery may be slow to develop.
- We believe AI-related capital expenditure should help propel equity markets and domestic investment for years.
- We would not be surprised to see growth equities lead markets higher if tensions across the Middle East begin to ease and eventually simmer down. Large-cap growth companies still have better fundamental prospects than large-cap value peers. The Russell 1000® Growth Index has a forward price-to-earnings ratio of 25.2, which is lower than its five-year average near 30.^{vii}
- Earnings growth is finally broadening beyond technology companies.^{viii} We see potential for most S&P 500 Index large-cap companies to deliver double-digit growth rates in 2026.
- In our view, global equity earnings are poised to move higher. Consensus estimates suggest MSCI Emerging Market Index earnings growth could top 37%, MSCI Europe Index 9.4% and MSCI Japan Index 9%.^{ix}

It's been remarkable to see S&P 500 Index earnings estimates continue higher and consistently imply the potential for double-digit year-over-year growth.

One positive of higher oil prices is improved energy earnings, which are helping to lift aggregate S&P 500 expectations while other sectors remain stable.

S&P 500 Index Earnings Estimates by Calendar Year



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Potential Risks

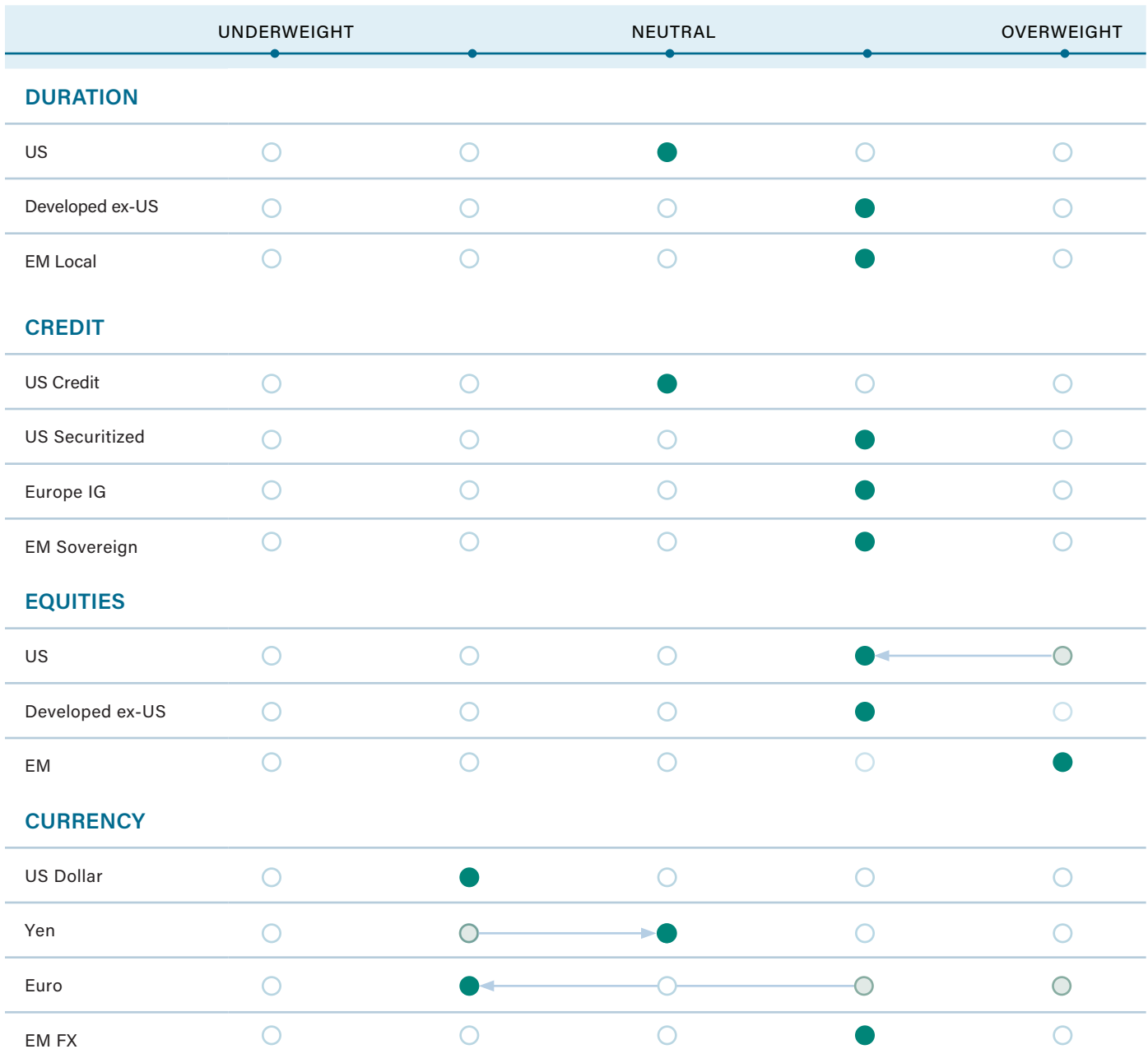
The bright spot in our outlook is very robust earnings growth expectations which are broadening across most of the world.^x The Fed may reduce interest rates later this year and a massive AI-driven capital expenditure cycle has been lifting economic growth. For the third year in a row, we believe double-digit S&P 500 Index earnings growth is likely in 2026. We expect global growth to remain resilient near long-run trend levels. However, we see more risks to consider.

- The Loomis Sayles Macro Strategies Team is projecting a 15% probability of US recession. Oil prices spiked meaningfully, but perhaps not high enough to drive a material shock that saps consumption (excluding gasoline). That could change quickly in a military escalation though.
- High energy prices typically draw down sentiment globally, which could cause consumers to pull back on spending away from the gas pump.
- Global growth could take a larger hit than US growth. Many countries are net energy importers, while the US is a net exporter. Downward revisions to consensus global growth forecasts could lead non-US-dollar exposure to underperform, in our view.
- Labor markets are not robust, but keep in mind that substantial job creation is not typical late in the cycle.
- Private credit fears may prove to be just that. However, we are monitoring the sector closely for signs that true credit instability could be widespread.
- While more risks have emerged, we still believe solid bottom-up fundamentals will drive positive total returns across markets. We may just have to be patient near term.

Asset Class Outlook

Risks could create potential dislocations in our preferred areas of the investment landscape. Investors should be ready to seize on potential opportunities.

● Current View ○ Previous View



First Quarter Review

INDEX RETURNS BY SECTOR (%) as of March 31, 2026

INDEX				
US BROAD MARKET	1 MONTH	3 MONTH	6 MONTH	1 YEAR
BBG US AGGREGATE BOND	-1.76	-0.05	1.05	4.35
BBG US GOVERNMENT/CREDIT	-1.81	-0.20	0.69	3.86

The US fixed income market experienced modest gains during an optimistic stretch in January and February. However, this trend reversed in March at the onset of the war in the Middle East, which led to higher inflation expectations, higher yields and modestly negative bond returns at the end of the first quarter.

US GOVERNMENTS	1 MONTH	3 MONTH	6 MONTH	1 YEAR
BBG US TREASURYS	-1.74	-0.04	0.86	3.25
3-MONTH T-BILLS	0.29	0.87	1.87	4.05
2-YEAR TREASURY	-0.48	0.23	1.35	3.55
5-YEAR TREASURY	-1.57	-0.14	0.94	3.89
10-YEAR TREASURY	-2.50	-0.31	0.79	3.72
30-YEAR TREASURY	-3.92	-0.14	-0.64	-0.66
BBG US TIPS	-1.34	0.26	0.40	3.00
BBG US AGENCY	-0.99	0.23	1.40	4.15

Yields across the maturity spectrum rose during the quarter. This led to duration underperformance. Positive return from rising interest rates more than offset negative price return in shorter maturities (three months to two years). Longer-duration maturities are generally more price sensitive to a rise in rates, which led to outright negative total quarterly returns for longer-maturity bonds.

US MUNICIPALS	1 MONTH	3 MONTH	6 MONTH	1 YEAR
BBG US MUNICIPALS	-2.32	-0.18	1.38	4.29

Municipal bond yields generally have a modest spread over Treasuries. Given the risk-off nature of the quarter, spreads widened, which led to a slight underperformance relative to US Treasuries.

US SECURITIZED	1 MONTH	3 MONTH	6 MONTH	1 YEAR
BBG MBS	-1.65	0.40	2.12	5.79
BBG ABS	-0.80	0.31	1.57	4.66
BBG CMBS	-1.30	0.32	1.66	5.39

The securitized market was one of the few pockets of the fixed income market that pulled off positive returns for the quarter, supported by the asset class' generally lower duration.

Data Sources: Bloomberg indices from Bloomberg Live; currency returns, JPMorgan and Citigroup indices from Bloomberg; bank loans from S&P Global Market Intelligence.

All returns in US dollars, unless noted.

Past performance is no guarantee of future results.

**INDEX RETURNS
BY SECTOR (%)**

as of March 31, 2026

INDEX					
CORPORATES	1 MONTH	3 MONTH	6 MONTH	1 YEAR	
BBG US INVESTMENT GRADE	-1.98	-0.54	0.30	4.78	
AAA	-2.45	-0.71	-0.62	2.86	
AA	-2.00	-0.45	-0.05	3.67	
A	-1.95	-0.54	0.38	4.76	
BBB	-2.00	-0.55	0.30	5.02	
BBG EUROPEAN INVESTMENT GRADE	-2.27	-0.99	-0.72	2.02	
-LOCAL-CURRENCY RETURNS					
AAA	-2.74	-0.91	-1.25	1.15	
AA	-2.12	-0.94	-0.96	1.21	
A	-2.22	-0.95	-0.78	1.91	
BBB	-2.32	-1.03	-0.64	2.24	
BBG STERLING INVESTMENT GRADE	-3.51	-1.99	0.74	4.68	
-LOCAL-CURRENCY RETURNS					
AAA	-6.90	-5.41	-0.84	0.92	
AA	-3.88	-2.63	0.05	3.15	
A	-3.51	-1.97	0.65	4.22	
BBB	-3.42	-1.88	0.93	5.32	

The US corporate investment grade sector produced negative returns in the quarter due to higher US rates and spread widening as geopolitical strains soured risk appetite. While US investment grade bonds underperformed US Treasuries, they outperformed their euro and UK corporate peers across the Atlantic, which sold off to a greater degree.

CORPORATES	1 MONTH	3 MONTH	6 MONTH	1 YEAR	
BBG US HIGH YIELD	-1.18	-0.50	0.81	7.01	
BB	-1.34	-0.28	1.22	7.12	
B	-0.97	-0.65	0.92	6.95	
CCC	-1.01	-1.26	-1.08	7.38	
BBG PAN-EURO HIGH YIELD	-2.41	-1.50	-0.85	2.73	
-LOCAL-CURRENCY RETURNS					
BB	-2.44	-1.30	-0.59	3.38	
B	-2.43	-2.03	-1.11	2.99	
CCC	-2.11	-1.41	-2.20	-4.59	

The Bloomberg US High Yield Index outperformed its investment grade counterpart by just a few basis points during the quarter. High yield corporates had the benefit of having lower duration compared to US investment grade, but high yield spreads widened more. US high yield corporates also outperformed their European counterparts.

Data Sources: Bloomberg indices from Bloomberg Live; currency returns, JPMorgan and Citigroup indices from Bloomberg; bank loans from S&P Global Market Intelligence.

All returns in US dollars, unless noted.

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**INDEX RETURNS
BY SECTOR (%)**

as of March 31, 2026

INDEX				
BANK LOANS	1 MONTH	3 MONTH	6 MONTH	1 YEAR
S&P/LSTA LEVERAGED LOAN	0.54	-0.55	0.66	4.81
BB	0.47	0.71	2.19	6.03
B	0.61	-0.90	0.49	4.86
CCC	0.17	-4.94	-6.46	-2.67

In aggregate, bank loans produced a modest negative return for the quarter. While bank loans' floating interest rates help provide low duration during times of rising rates, the CCC bucket in particular was hit hard by rising spreads amid evaporating risk sentiment.

DEVELOPED COUNTRIES	1 MONTH	3 MONTH	6 MONTH	1 YEAR
CITIGROUP WGBI -LOCAL-CURRENCY RETURNS	-1.99	-0.40	-0.02	1.45
CITIGROUP NON-USD WGBI	-2.18	-0.65	-0.66	0.20
UNITED STATES	-1.72	-0.04	0.87	3.26
CANADA	-1.88	0.31	-0.37	-0.41
JAPAN	-2.44	-2.15	-5.00	-7.63
AUSTRALIA	-1.68	-0.52	-2.22	0.51
UNITED KINGDOM	-4.27	-2.00	1.16	2.40
EUROPEAN GBI	-2.69	-0.62	-0.38	1.24
FRANCE	-2.89	-0.41	-0.11	0.67
GERMANY	-2.02	-0.31	-0.81	0.09
IRELAND	-2.20	-0.18	-0.01	1.18
ITALY	-3.36	-1.48	-0.61	2.43
SPAIN	-2.51	-0.53	-0.01	2.19

It wasn't just the US that saw rising government bond yields; across developed markets, government bonds sold off during the quarter on renewed fears about inflation increasing due to the surge in oil prices. The UK and Japan were hit particularly hard, with losses at or exceeding 2%.

EMERGING MARKET BONDS	1 MONTH	3 MONTH	6 MONTH	1 YEAR
JP MORGAN EMBIG -SOVEREIGN/QUASI-SOVEREIGN, USD	-3.05	-1.14	1.86	9.59
JP MORGAN CEMBI BROAD DIVERSIFIED -CORPORATES, USD	-1.83	-0.21	1.08	5.93
JP MORGAN GBI-EM GLOBAL DIVERSIFIED -GOVERNMENTS, LOCAL-CURRENCY	-2.28	-0.83	1.12	6.90

Emerging market (EM) government bonds underperformed the broader fixed income market. Though EM corporate bonds outperformed EM government bonds, they still lost value in the quarter.

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**INDEX RETURNS
BY SECTOR (%)**

as of March 31, 2026

INDEX				
CURRENCY MARKETS	1 MONTH	3 MONTH	6 MONTH	1 YEAR
DOLLAR BLOC				
CANADIAN DOLLAR	-1.98	-1.38	0.03	3.38
AUSTRALIAN DOLLAR	-3.06	3.40	4.34	10.45
NEW ZEALAND DOLLAR	-4.18	-0.19	-0.81	1.22
WESTERN EUROPE				
EURO	-2.19	-1.64	-1.54	6.81
NORWEGIAN KRONE	-1.86	4.06	3.12	8.43
SWEDISH KRONA	-4.65	-2.73	-0.55	6.03
SWISS FRANC	-3.78	-0.86	-0.39	10.61
BRITISH POUND	-1.89	-1.84	-1.63	2.39
EMERGING EUROPE & AFRICA				
CZECH KORUNA	-3.39	-3.12	-2.42	8.60
HUNGARIAN FORINT	-4.04	-1.55	0.00	12.03
POLISH ZLOTY	-3.74	-3.37	-2.08	4.29
RUSSIAN RUBLE	-5.32	-3.19	1.85	2.22
SOUTH AFRICAN RAND	-5.93	-2.24	1.94	8.15
TURKISH NEW LIRA	-1.16	-3.38	-6.46	-14.65
ASIA				
JAPANESE YEN	-1.68	-1.27	-6.82	-5.52
CHINESE RENMINBI	-0.46	1.36	3.31	5.26
INDONESIAN RUPIAH	-1.32	-1.79	-1.94	-2.56
MALAYSIAN RINGGIT	-3.88	0.27	3.89	9.60
PHILIPPINE PESO	-5.08	-3.17	-4.18	-5.79
SINGAPORE DOLLAR	-1.69	-0.11	0.26	4.34
SOUTH KOREAN WON	-5.22	-5.25	-7.61	-3.06
LATIN AMERICA				
ARGENTINE PESO	1.15	5.04	-0.16	-22.35
BRAZILIAN REAL	-1.07	5.68	2.73	10.14
CHILEAN PESO	-5.79	-2.78	3.90	2.67
COLOMBIAN PESO	2.12	2.83	6.72	13.86
MEXICAN PESO	-3.96	0.39	2.09	14.13
PERUVIAN NEW SOL	-3.57	-3.31	-0.16	5.74

The US dollar rallied this quarter, as it tends to do during risk-off environments. Many currencies sold off. However, Latin America performed well given its significant geographical distance from the war in the Middle East and some countries in the region benefited from higher oil prices.

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**GLOBAL EQUITY
MARKETS**

as of March 31, 2026

INDEX TOTAL RETURNS (%)					
	INDEX	3 MONTH	1 YEAR	3 YEAR	5 YEAR
	S&P 500*	-4.33	17.73	18.27	12.03
	MSCI ALL COUNTRY WORLD	-3.11	20.44	17.06	9.96
	MSCI EUROPE	-2.68	19.77	13.92	9.44
	MSCI JAPAN	1.51	26.20	16.09	6.93
	MSCI EMERGING MARKETS	-0.10	30.17	15.37	4.15

While US corporate bonds generally outperformed global peers, equities did not. The S&P 500 Index was the worst performer this quarter, though equities generally sold off across the world. Japan was the lone market to deliver positive equity returns.

**US EQUITY
MARKETS**

as of March 31, 2026

INDEX TOTAL RETURNS (%)					
	INDEX	3 MONTH	1 YEAR	3 YEAR	5 YEAR
	RUSSELL 1000*	-4.18	17.67	18.09	11.30
	GROWTH	-9.78	18.73	21.12	12.72
	VALUE	2.10	15.80	14.27	9.40
	RUSSELL MIDCAP*	1.29	15.91	13.30	7.24
	GROWTH	-6.35	9.52	12.71	5.36
	VALUE	3.68	17.55	13.10	7.92
	RUSSELL 2000*	0.89	25.61	13.01	3.76
	GROWTH	-2.81	23.48	12.23	1.62
	VALUE	4.96	27.97	13.76	5.78

Within the US, large-cap stocks (the Russell 1000® Index) underperformed small-cap stocks (Russell 2000® Index) during the quarter. Value outperformed growth. We view both as signs of a risk-off environment.

Data Source: FactSet. All returns quoted in US dollars. Performance for one and multi-year periods is annualized. Sorted by index quarterly returns. Due to rounding, sector totals may not equal 100%.

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S&P 500 SECTORS

as of March 31, 2026

SECTOR PERFORMANCE (%)

INDEX	3 MONTH	1 YEAR	3 YEAR	5 YEAR
ENERGY	38.25	36.32	18.02	25.15
MATERIALS	9.73	17.96	9.37	6.86
UTILITIES	8.26	19.71	14.19	10.87
CONSUMER STAPLES	7.68	6.31	8.61	8.46
INDUSTRIALS	4.61	25.18	18.80	12.25
REAL ESTATE	2.76	2.34	7.11	4.41
HEALTHCARE	-4.87	2.32	6.04	6.47
COMMUNICATION SERVICES	-6.94	32.51	31.11	12.92
INFORMATION TECHNOLOGY	-9.13	29.05	25.89	18.40
CONSUMER DISCRETIONARY	-9.19	11.72	15.39	6.30
FINANCIALS	-9.35	0.72	17.36	10.21

Dispersion among equity sectors was quite large in the quarter. Five sectors produced negative returns, while six sectors were positive. The energy sector was by far the largest outperformer during the period, given the rise in oil prices.

Data Source: FactSet. All returns quoted in US dollars. Performance for one and multi-year periods is annualized. Sorted by index quarterly returns. Due to rounding, sector totals may not equal 100%.

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Credit



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Endnotes

ⁱ Bloomberg, as of March 17, 2026.

ⁱⁱ Bloomberg, as of March 17, 2026.

ⁱⁱⁱ Bloomberg, as of March 23, 2026

^{iv} Bloomberg, as of March 17, 2026.

^v Government sources, as of December 2025.

^{vi} Bloomberg, as of March 17, 2026.

^{vii} Bloomberg, as of March 23, 2026.

^{viii} Bloomberg, as of March 23, 2026.

^{ix} Bloomberg, as of March 23, 2026.

^x Bloomberg consensus estimates, as of March 23, 2026.

Disclosure

All data and views are as of March 31, 2026, unless otherwise noted.

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