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Economics Weekly
Wobbles in Private Debt Market

One of the things we learned from the likes of Hyman Minsky and Charles Kindleberger has been that stability breeds instability. The seeds of the next financial crisis are often sown in the previous expansion, and the best way to predict which part of the economy will be the catalyst for the next financial crisis is to simply look at who is taking on the most credit/leverage during the previous expansion. While there does not always have to be a crisis, when there is, it is often the result of excessive leverage built against increasingly speculative underlying assets, coupled with duration mismatching. Minsky and Kindleberger also believed that crises were less the result of surprise exogenous shocks, but rather more often endogenous, i.e., the result of cumulative bad balance sheet behavior built up over time, which was finally coming home to roost. At this point, as Warren Buffett tells us, we get to see who's been swimming naked. **With that in mind, one topic we have increasingly been receiving questions on over the last few weeks has been private credit, and in this *Economics Weekly,* we address concerns about whether recent emerging issues in the space pose a systemic threat to the banking system and the wider economy.**

What Is Private Lending?

One of the key characteristics of private markets is their opaqueness. Because private markets are underregulated (and where there is regulation, it is very fragmented) when compared to public debt markets or simple bank loans, there is a relative lack of publicly available data. This lack of regulation is what has increased their attractiveness for both lenders and borrowers who may not be investment-grade and struggle to gain access to credit elsewhere—especially in the post-global financial crisis, Dodd-Frank environment; however, that opacity can help breed suspicion, fear, and panic when the tide starts to turn. We are seeing some of this at the moment, with an increase in investors seeking redemptions.

After the GFC, private credit has been a very convenient way for many banks, and particularly insurance companies, to continue to lend, but off-balance-sheet, where they do not retain the risk against which they would have to hold more capital.

Private lending comes in roughly three forms:

1) **Traditional private credit funds –** These classic closed-end funds provide direct lending to mainly real economy borrowers, such as middle-market corporations, PE-backed companies, or asset-heavy businesses, and they can be opportunistic. They typically have maturity of 10-12 years, and most do not use leverage. These funds are also fully locked up and do not permit redemptions.

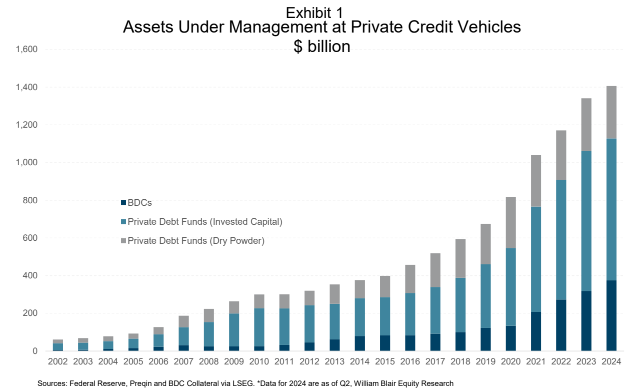
2) **Evergreen or semi-liquid private credit funds –** These are open-ended (or evergreen) structures, where investors can enter and exit periodically (either monthly or quarterly). Similar to traditional funds, these also provide lending to real economy borrowers, but the loans tend to be more senior. Loans are often for short maturities, and most do not use leverage. These funds are semi-gated, with some permitted redemptions.

3) **Business development companies (BDCs)** – These are public or private registered investment vehicles often set up to provide financing to senior small and midsize companies that are often PE-sponsored. Some of these funds use a small amount of leverage, 1.5x-2x, which is subject to regulatory caps. These funds are not gated, but those that are publicly listed will see shares trade daily, and shares could decline sharply under stress—which is what we are seeing today.

Why Are We Seeing Stress Now?

We are seeing moderate stress for four main reasons. First, interest rates have moved up from COVID-related lows of 0.25% on the fed funds rate to 3.5%-3.75% today, which is significant for borrowers on floating rates.

Second, loan growth has soared over the last few years. In the U.S., assets under management have increased from $675 billion in 2019 just before the pandemic to $1.4 trillion at the end of 2024 and an estimated $1.5 trillion–$2.1 trillion at the end of 2025 (exhibit 1). Too much money was chasing too few assets during this time. As a result, there are legitimate concerns that due diligence and lending standards over this period were lowered, with many borrowers taking on credit when perhaps they should not have been. Meanwhile, even though banks, insurance companies, and institutional investors are still the main lenders in this market, there has been a recent increase in retail lending, where loss-absorbing capacity is lower.



Third, over the last few months, the market has decided that many software and particularly SaaS companies will be heavily disintermediated by AI and as such need to be revalued lower. Given that private debt funds hold approximately 20%-25% of their funds in software and technology companies, many investors are starting to worry about the underlying value of those assets—especially with the price declines for similar companies in the public markets.

Lastly, the U.S. and Israel's war with Iran has raised the price of oil and other commodities, which is coming as a stagflationary shock. In other words, it is putting upward pressure on inflation (preventing the Fed from preemptively easing policy) and downward pressure on growth—neither of those pressures being particularly helpful for asset prices.

Painful, but Not Systemic

For those who followed markets during the GFC and experienced the devastating meltdown across the financial sector during this period, the scars left behind are hopefully helpful in preventing a repeat. While it is particularly unnerving to use the word "contained," the current rumbles in private credit do not look to us like they are systemic.

We think there are several key points to be made. The first, and perhaps most important, is that these private credit funds are not overly leveraged. This is not a case of Lehman Brothers being leveraged 30-to-1, when any small-market move risked pushing the firm into bankruptcy. Banks today are very well regulated, they have high capital adequacy ratios, and lending standards have been elevated, particularly following the Silicon Valley Bank episode.

Banks, insurance companies, and other lenders are lending to largely direct lending funds that are not taking that money as collateral, leveraging it many times, and then loaning out the entire amount. If they are undertaking leverage, it is at a roughly 1.5x-2x leverage ratio. Hence, in many instances, banks passing money to direct lenders is effectively a deleveraging of the financial system; had that money remained on the bank's balance sheet, the banks themselves would have leveraged those funds 10x-12x. Moving money off the balance sheet, therefore, is effectively lowering the leverage.

Second, there is little in the way of maturity transformation in the private lending space relative to other markets. In the past, investors would run into trouble very quickly, resulting in bank runs, when banks would "borrow short and lend long," i.e., asset-liability duration mismatching. This was very much at the heart of the last GFC—for example, what happened with the U.K.'s Northern Rock. In the private lending space, assets and liabilities are far more tightly aligned.

Third, as of the end of 2024, where we have data from the Federal Reserve, 20% of assets under management were being held as dry powder. Meanwhile, many funds also do not permit redemptions nor do they have to mark-to-market their portfolio assets to what they might view as short-term movements in an erratic equity market. As one fund manager told us, "Why should I revalue my fund to today's market values if it doesn't have to be marked-to-market for a year or more? That value is only the market's current view today; the market's view could be very different by the time our fund's assets mature." They have a point.

Lastly, while there are considerable downside risks related to an elongated closure of the Strait of Hormuz and destroyed energy and other commodity production facilities, this is not yet the base-case scenario. Furthermore, the household sector has been deleveraging their balance sheets for years now, with debt ratios nowhere near where they were at the start of the GFC. Similarly, debt ratios and its carrying capacity for that debt is also very favorable.

Conclusion

Taken together, the current strains in private credit fit the classic Minsky–Kindleberger framework of stress emerging later in the financial cycle, but they lack the defining features that typically turn stress into crisis.

While higher rates, rapid asset growth, sector-specific issues, and geopolitical shocks are exposing weaker balance sheets, the system does not appear to be built on excessive leverage, widespread maturity transformation, or opaque chains of rehypothecation. In contrast to past crises, credit risk here largely sits with investors who knowingly accepted it, rather than being amplified through highly levered intermediaries at the core of the financial system.

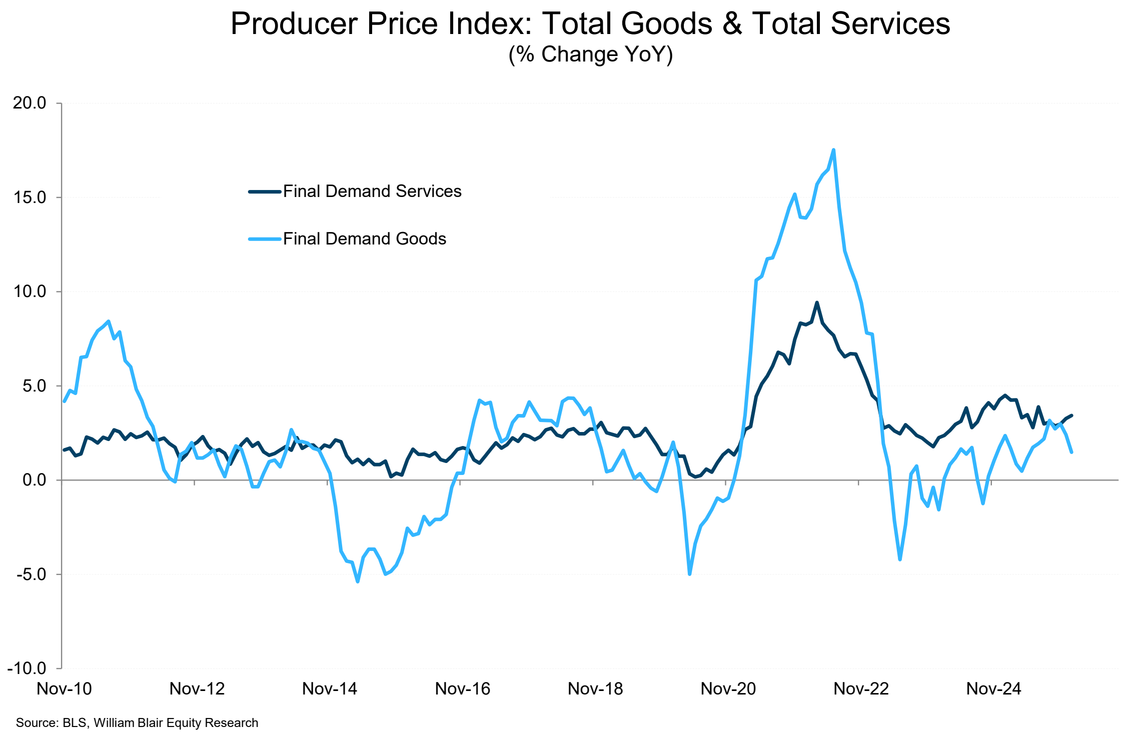
That does not mean the adjustment will be painless. Returns are likely to disappoint, some vehicles—particularly publicly traded BDCs and semi-liquid funds—will remain volatile, and weaker borrowers will face refinancing challenges. But this looks more like a period of repricing and differentiation than a systemic unwind. In short, the tide is indeed going out, and there will be swimmers exposed. Yet, unlike prior cycles, the water level around the banking system itself appears materially lower, suggesting that containment rather than contagion is the more likely outcome.

Highlights in the Week Ahead

Date	Time (ET)	Indicator	Last	Consensus	WB Estimate	Actual
24 Mar	8:30 a.m.	Productivity (Q4 F)	2.8%	2.4%	2.2%	
		Unit Labor Costs	2.8%	3.4%	3.3%	

Sources: Bloomberg, William Blair Equity Research

Indicator of the Week: Productivity



Economic Scorecard

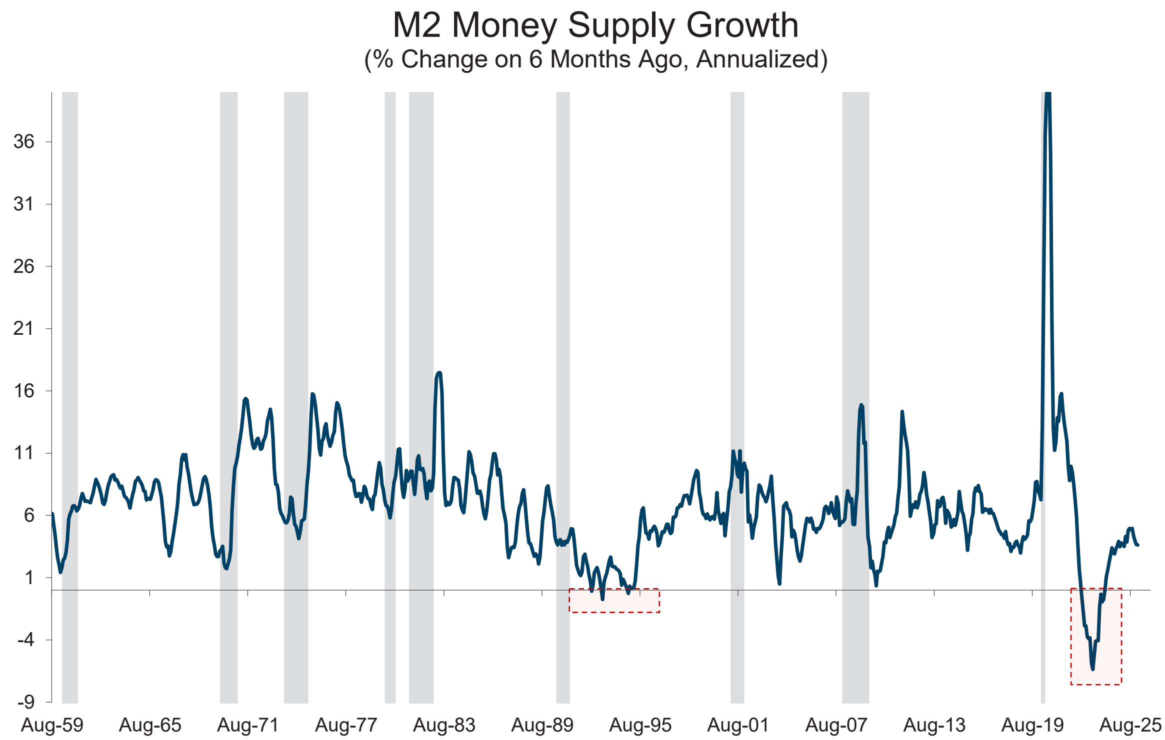
Rolling monthly heat map, % Change on Year Ago (unless otherwise noted)

	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26
Growth																			
US Leading Indicators	-4.3	-3.7	-3.0	-3.0	-2.7	-3.0	-3.6	-4.3	-3.9	-4.0	-3.5	-3.5	-3.3	-3.3	-3.8	-3.9	-3.8		
US Coincident Indicators	1.6	1.6	1.3	1.7	1.5	1.5	1.8	2.0	1.4	1.3	1.6	1.4	1.1	1.1	1.1	0.7	1.2		
US Lagging Indicators	0.3	0.1	0.0	0.1	-0.1	0.1	-0.1	-0.2	0.7	0.4	0.4	0.4	1.1	1.2	0.9	1.2	1.0		
Consumer																			
Total Retail Sales	2	3.2	3.9	4.5	4.5	3.9	5.1	5	3.4	4.4	4.1	5	4.1	3.2	3.2	2.4	3.2		
Personal Income	5.3	5.5	5.3	5.3	5	5	5.2	5.6	4.5	4.3	4.8	5.1	5.1	4.7	4.7	4.6	4.4		
Real Disposable Personal Income	2.8	2.7	2.4	2.2	1.8	1.8	2.3	2.8	1.5	1.2	1.7	1.8	1.8	1.4	1.3	1.2	1.8		
Real Personal Consumption	3.4	3.3	3.2	3.6	3.3	2.7	3.2	3.1	2.5	2.5	2.6	2.8	2.4	2.5	2.3	1.6	2.4		
Personal Saving Rate (%)	4.8	5	4.9	4.3	5.1	5.2	5.1	5.5	4.9	4.6	4.5	4.4	4.3	4	4	4	4.5		
Consumer Confidence (Conference Board)**	99.2	109.6	112.8	109.5	105.3	100.1	93.9	85.7	98.4	95.2	98.7	97.8	95.6	95.5	92.9	94.2	89	91.2	
Employment																			
Employment Growth	1.0	0.9	0.9	0.9	0.8	0.7	0.6	0.6	0.6	0.5	0.5	0.5	0.4	0.3	0.2	0.1	0.2	0.1	
ASA Temporary Staffing Index	-12.0	-9.5	-6.6	-21.0	-8.2	-7.5	-8.7	-6.4	-5.8	-5.3	-0.8	-0.9	0.8	1.5	4.5	7.3	2.3	3.2	
ISM Employment Index Manufacturing*	44.7	44.6	48.3	45.4	49.7	47.1	44.4	46.2	46.1	45.1	44.9	44.3	45.4	45.8	44.1	44.8	48.1	48.8	
ISM Employment Index Services*	48.5	52.2	50.8	51	51.4	53.4	46	49.2	50.4	47.7	46.9	46.9	47.6	48.1	48.7	51.7	50.3	51.8	
Unemployment Rate, %	4.1	4.1	4.2	4.1	4	4.2	4.2	4.2	4.3	4.1	4.3	4.3	4.4	4.4	4.5	4.4	4.3	4.4	
Average Hourly Earnings	3.9	4	4.2	4.1	4	4.1	4.2	3.9	4	3.9	4	4	3.8	3.9	3.9	3.7	3.7	3.8	
Initial Jobless Claims (avg. wkly. chg. '000s)	225	236	219	223	219	226	223	226	233	239	222	231	234	226	221	219	213	216	
Jop Openings	-25.0	-14.0	-12.0	-14.4	-11.3	-14.2	-15.3	-5.7	-6.1	-2.9	-4.5	-8.0	3.3	-2.8	-9.5	-10.2	-6.5	-4.1	
Layoff Announcements	53.4	50.9	26.8	11.4	-39.5	103.2	204.8	62.7	47	-1.6	139.8	13.3	-25.8	175.3	23.5	-8.3	117.8	-71.9	
Housing Market																			
Housing Starts	-1	-1.2	-14.5	-0.5	-1.7	-4	3.3	0.9	-2.6	4.1	12.3	-7.2	-2.1	-5.9	2.2	-8.4	9.5		
New Home Sales	5.3	-8.8	10.7	11.7	-2.8	-2.4	-4.6	-1.8	-5.7	-1.3	-10	1.9	0.3	4.7	13.2	-0.8	-11.3		
Existing Home Sales	-3.0	3.1	6.2	8.6	1.7	-1.0	-2.7	-1.5	-0.5	0.5	0.8	2.3	4.4	2.2	-1.2	1.9	-1.7		
Median House Price (Existing Homes)	-1.2	2.1	-7.4	1.1	-0.2	-1.4	-5.4	-0.4	2.5	-1.2	-7.4	3	-1	-5.2	1.8	-0.9	-6.8		
Existing Homes Inventory (Mths' supply)	3.9	3.9	3.8	3.8	3.9	4	4.2	4.2	4.3	4.3	4.3	4.3	4.3	4.3	4.2	4	4.2		
New Homes Inventory (Mths' supply)	7.9	9.3	8.7	8.2	9	9.3	9.2	8.5	9.6	9.1	9.3	8.4	8.1	9	7.6	8	9.7		
NAHB Homebuilder Sentiment*	41	43	46	46	47	42	39	40	34	32	33	32	32	37	38	39	37	37	
Inflation																			
Consumer Price Index	2.4	2.6	2.7	2.9	3	2.8	2.4	2.3	2.4	2.7	2.7	2.9	3	3	2.7	2.7	2.4		
CPI Less-food & energy	3.3	3.3	3.3	3.2	3.3	3.1	2.8	2.8	2.8	2.9	3.1	3.1	3	3	2.6	2.6	2.5		
Producer Price Index	2.1	2.8	2.9	3.5	3.8	3.4	3.2	2.4	2.7	2.4	3.2	2.7	3	2.8	3	3	2.9		
PPI Less-food & energy	3.3	3.6	3.4	3.7	3.9	3.7	3.8	3.1	3.2	2.7	3.5	2.9	3	3	3	3.3	3.5		
PCE Price Index	2.3	2.5	2.6	2.7	2.6	2.7	2.4	2.3	2.5	2.6	2.6	2.7	2.8	2.7	2.8	2.9	2.8		
PCE Prices Less-food & energy	2.8	3.0	3.0	3.0	2.8	3.0	2.7	2.6	2.8	2.8	2.9	2.9	2.8	2.8	2.8	3.0	3.1		
Business Activity - US																			
Industrial Production	-1.2	-1.0	-1.6	-0.3	0.9	0.8	0.6	0.9	0.1	0.6	1.9	1.2	1.9	1.8	2.1	1.4	2.3	1.4	
New Cap Gds Orders less-aircraft & parts	0.5	0.2	-1.1	1.9	3.3	-0.9	2.2	0.5	2.2	4.5	4.4	2.5	5.3	6.2	4.1	8	2.9		
Business Inventories	2.1	1.9	2.2	2.7	1.8	2.5	2.3	2.5	2.2	1.7	1.6	1.4	1	1.3	1.3	1.2	1.6		
ISM Manufacturing PMI*	47.3	47	48.4	49.2	50.5	50	48.9	48.8	48.6	49	48.4	48.9	48.9	48.8	48	47.9	52.6	52.4	
Markit US Manufacturing PMI*	47.3	48.5	49.7	49.4	51.2	52.7	50.2	50.2	52	52.9	49.8	53	52	52.5	52.2	51.8	52.4	51.6	
ISM Services Index*	54.6	55.5	52.4	53.5	52.6	53.2	50.8	51.6	50.2	50.8	50.5	51.9	50.3	52	52.4	53.8	53.8	56.1	
Markit US Services PMI*	55.2	55	56.1	56.8	52.9	51	54.4	50.8	53.7	52.9	55.7	54.5	54.2	54.8	54.1	52.5	52.7	51.7	
Business Activity - International																			
Germany Manufacturing PMI Markit/BME*	40.6	43	43	42.5	45	46.5	48.3	48.4	48.3	49	49.1	49.8	49.5	49.6	48.2	47	49.1	50.9	
Japan Manufacturing PMI Jibun Bank*	49.7	49.2	49	49.6	48.7	49	48.4	48.7	49.4	50.1	49	49.7	48.5	48.2	48.7	50	51.5	53	
Caixin China Manufacturing PMI*	49.3	50.3	51.5	50.5	50.1	50.8	51.2	50.4	48.3	50.4	49.5	50.5	51.2	50.6	49.9	50.1	50.3	52.1	
China Manufacturing PMI*	49.8	50.1	50.3	50.1	49.1	50.2	50.5	49	49.5	49.7	49.3	49.4	49.8	49	49.2	50.1	49.3	49	
UK Manufacturing PMI Markit/CIPS*	51.5	49.9	48	47	48.3	46.9	44.9	45.4	46.4	47.7	48	47	46.2	49.7	50.2	50.6	51.8	51.7	
France Manufacturing PMI Markit*	44.6	44.5	43.1	41.9	45	45.8	48.5	48.7	49.8	48.1	48.2	50.4	48.2	48.8	47.8	50.7	51.2	50.1	
Currencies* **																			
Euro (EUR/USD)	5.3	2.9	-2.9	-6.2	-4.2	-4.0	0.2	6.2	4.6	10.0	5.4	5.8	5.4	6.0	9.7	13.4	14.4	13.9	
Renmimbi (USD/CNY)	-3.8	-2.7	1.6	2.8	1.1	1.2	0.5	0.4	-0.6	-1.4	-0.4	0.6	1.5	0.0	-2.4	-4.3	-4.0	-5.7	
Yen (USD/Yen)	-3.8	0.2	1.1	11.5	5.6	0.4	-0.9	-9.3	-8.4	-10.5	0.5	0.6	3.0	1.3	4.3	-0.3	-0.3	3.6	
Sterling (GBP/USD)	9.6	6.1	0.9	-1.7	-2.3	-0.4	2.3	6.7	5.6	8.6	2.7	2.9	0.5	2.0	3.9	7.7	10.4	7.2	
Canadian $ (USD/CAD)	-0.4	0.4	3.3	8.6	8.2	6.5	6.3	0.2	0.8	-0.5	0.3	1.8	2.9	0.5	-0.2	-4.6	-6.4	-5.7	
Mexican Peso (USD/MXN)	13.0	11.0	17.2	22.7	20.1	20.5	23.6	14.4	14.3	2.3	1.4	-5.4	-7.0	-7.4	-10.2	-13.5	-15.6	-16.2	
US Equities																			
S&P 500	34.4	36.0	32.1	23.3	24.7	16.8	6.8	10.6	12.0	13.6	14.8	14.4	16.1	19.9	13.5	16.4	14.9	15.5	
S&P 400 Midcap	24.8	30.9	31.3	12.2	18.6	7.1	-4.2	-0.3	0.6	5.9	1.7	5.3	4.5	4.8	-1.7	5.9	6.1	15.5	
S&P 600 Smallcap	23.5	27.6	30.9	6.8	14.5	4.5	-5.0	-3.6	-3.4	2.8	-6.3	1.8	1.9	3.8	-4.0	4.2	7.0	15.9	
Russell 2000	24.9	32.1	34.6	10.0	17.5	5.3	-5.3	-0.5	-0.2	6.2	-1.9	6.7	9.3	12.9	2.7	11.3	14.3	21.7	

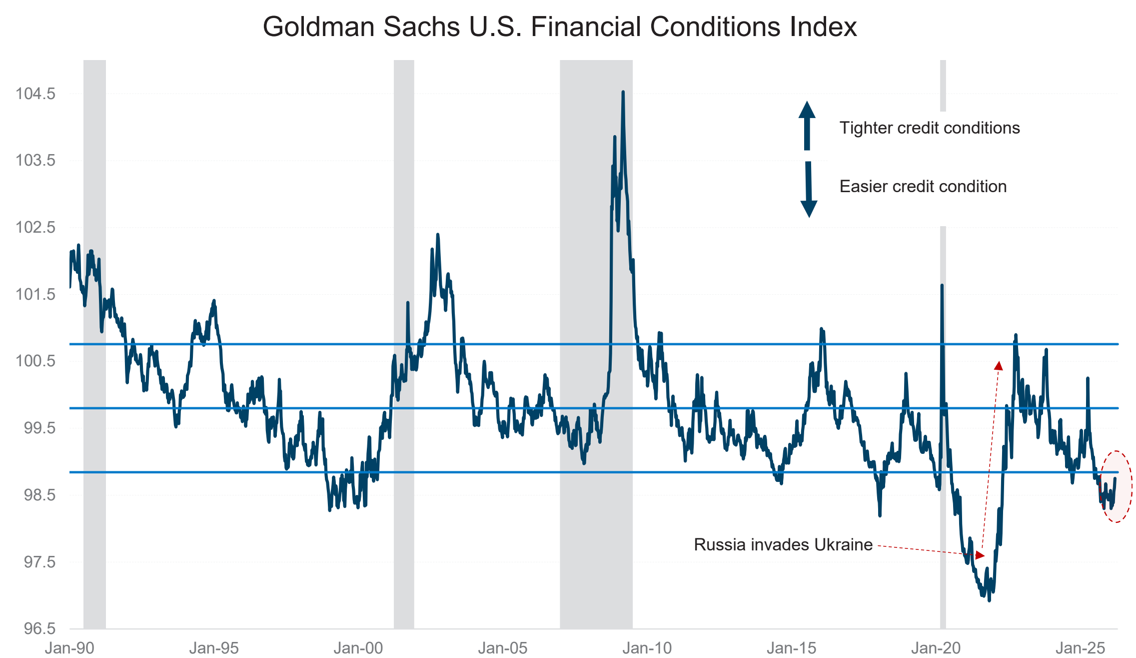
* Diffusion Index, **1985=100, ***Currencies - green/red = strengthening/weakening foreign currency vs dollar

Source: ISM, Federal Reserve, Census Bureau, Bureau of Labor Statistics, Conference Board, Bloomberg, William Blair

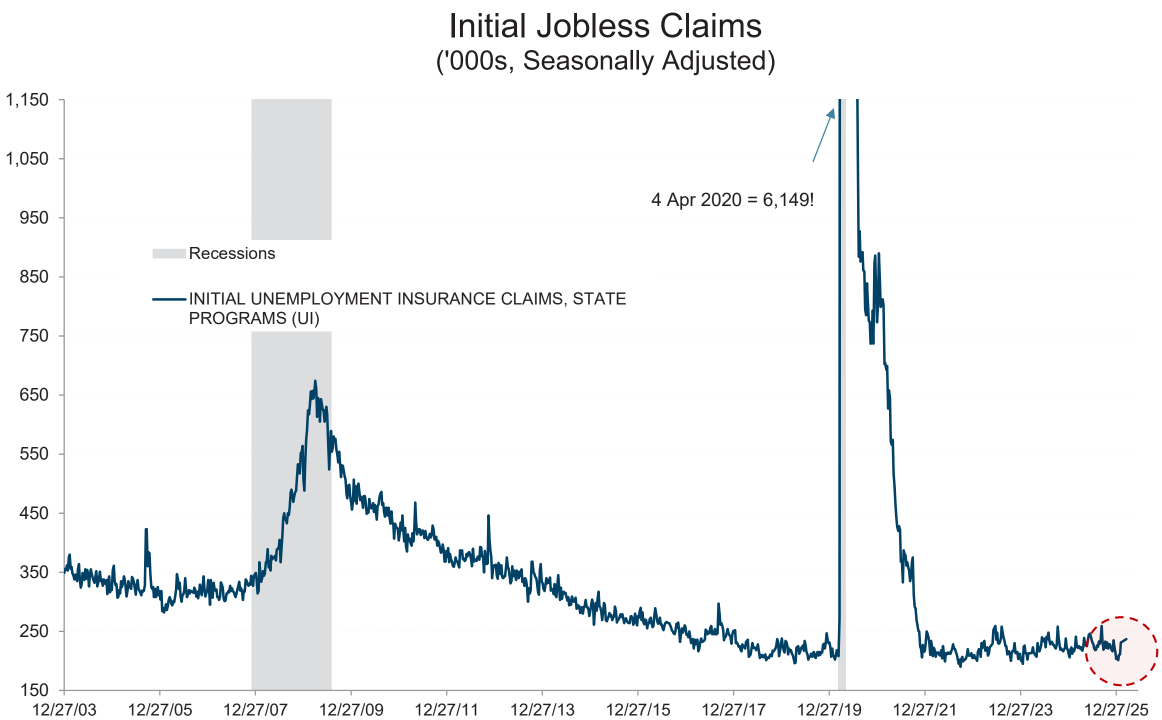
Other Economic Indicators



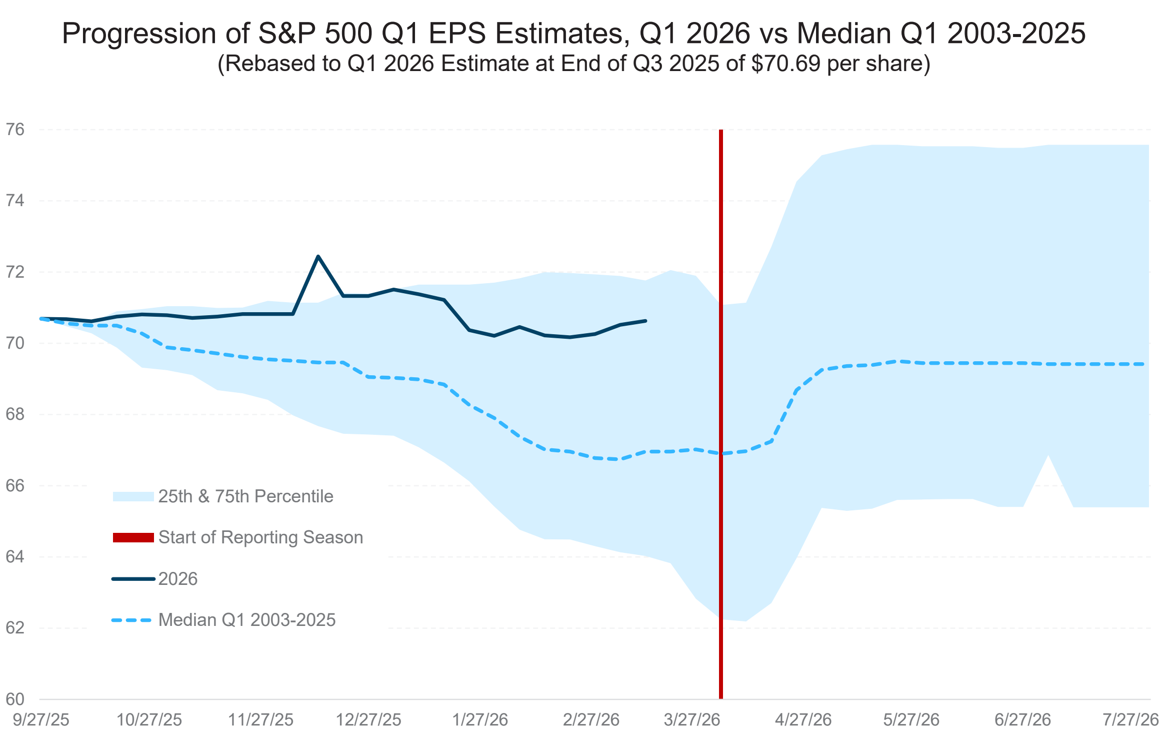
Sources: Federal Reserve, William Blair Equity Research



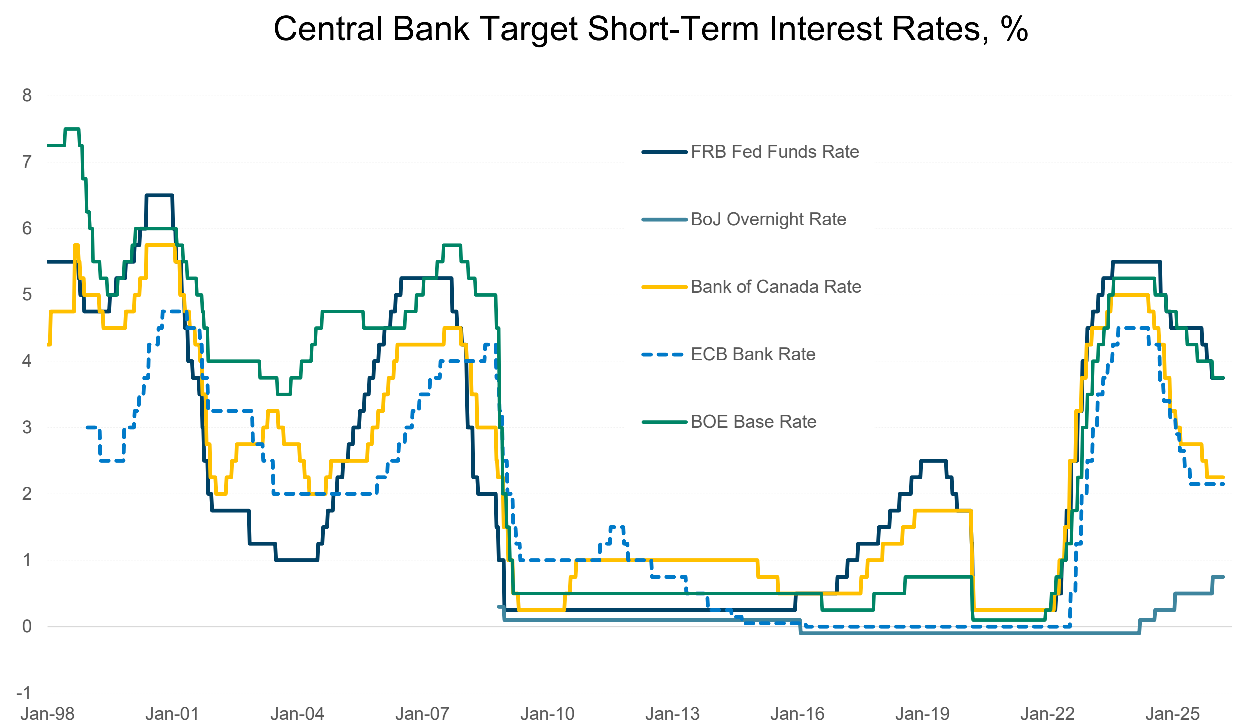
Sources: Bloomberg, William Blair Equity Research



Source: Department of Labor, Bloomberg, William Blair Equity Research



Sources: LSEG, William Blair Equity Research



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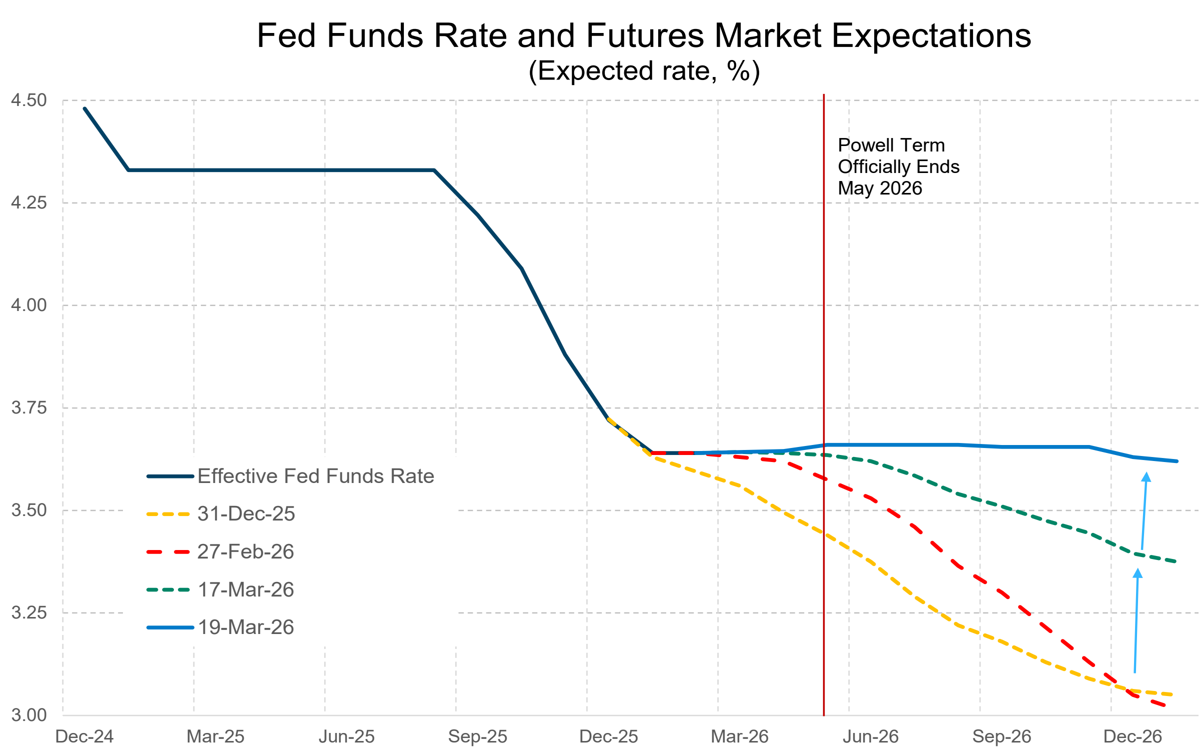

Sources: Bloomberg, William Blair Equity Research

S&P 500 Sector Performance

Global Industry Classification System	Current Weight* 19-Mar-26	Week Ago 12-Mar-26	Month Ago 19-Feb-26	Qtr-to-Date 31-Dec-25	Year-to-Date 31-Dec-25
S&P 500 Index	**100.00**	**-0.99**	**-3.72**	**-3.49**	**-3.49**
S&P 400 MidCap Index		**0.73**	**-5.94**	**2.02**	**2.02**
S&P 600 SmallCap Index		**0.59**	**-6.26**	**1.96**	**1.96**
Dow Jones Industrials		**-1.41**	**-6.83**	**-4.25**	**-4.25**
Nasdaq Composite		**-0.99**	**-2.61**	**-4.95**	**-4.95**
Communication Services	**10.53**	**-1.02**	**-0.25**	**-3.05**	**-3.05**
Advertising	0.06	-5.44	-6.47	-18.67	-18.67
Broadcasting	0.05	-1.49	-0.96	-22.40	-22.40
Cable & Satellite	0.05	-1.61	-8.60	0.46	0.46
Integrated Telecommunication Services	0.83	-1.29	-1.19	13.23	13.23
Interactive Home Entertainment	0.14	-1.15	0.31	-11.34	-11.34
Interactive Media & Services	7.87	-0.78	-1.04	-3.98	-3.98
Movies & Entertainment	1.12	-1.76	7.49	-5.15	-5.15
Publishing & Printing	0.02	1.67	2.86	-8.30	-8.30
Wireless Telecommunication Svcs	0.37	-3.63	-4.04	1.75	1.75
Consumer Discretionary	**10.14**	**-1.54**	**-4.51**	**-8.87**	**-8.87**
Apparel Retail	0.39	-0.40	0.55	4.84	4.84
Apparel & Accessories & Luxury Goods	0.10	1.73	-7.99	-3.22	-3.22
Auto Parts & Equipment	0.02	-1.28	-14.03	-9.09	-9.09
Automobile Manufacturers	2.53	-3.48	-8.07	-14.94	-14.94
Automobile Retail	0.28	-4.78	-9.25	-11.24	-11.24
Broadline Retail	3.75	-0.34	2.00	-9.32	-9.32
Casinos & Gaming	0.09	2.04	-6.07	-12.48	-12.48
Computer & Electronics Retail	0.02	2.54	-3.18	-4.09	-4.09
Consumer Electronics	0.07	-0.26	-1.95	15.90	15.90
Distributors	0.04	-5.07	-13.80	-16.75	-16.75
Footwear	0.13	-0.26	-17.21	-13.24	-13.24
Home Furnishings	0.01	-4.63	-23.36	-10.13	-10.13
Home Improvement Retail	0.75	-3.42	-14.51	-4.65	-4.65
Homebuilding	0.17	-0.61	-16.28	-5.69	-5.69
Hotels, Resorts & Cruise Lines	0.80	2.29	-2.46	-8.72	-8.72
Leisure Products	0.02	-3.94	-9.55	11.41	11.41
Restaurants	0.85	-3.06	-5.32	-2.30	-2.30
Other Specialty Retail	0.08	-9.51	-17.38	-9.72	-9.72
Consumer Staples	**5.65**	**-3.13**	**-6.01**	**6.02**	**6.02**
Agricultural Products	0.09	-4.56	-0.61	24.74	24.74
Brewers	0.01	-3.23	-12.55	-9.43	-9.43
Consumer Staples Merchandise Retail	2.60	-3.21	-2.93	10.11	10.11
Distillers & Vintners	0.05	2.20	-5.41	6.17	6.17
Food Distributors	0.06	-3.82	-8.92	10.83	10.83
Food Retail	0.07	-1.60	9.06	18.05	18.05
Household Products	0.78	-3.31	-8.86	2.44	2.44
Packaged Foods & Meats	0.37	-0.95	-9.01	-2.45	-2.45
Personal Care Products	0.09	0.74	-13.89	-7.41	-7.41
Soft Drinks	1.06	-3.01	-6.00	5.57	5.57
Tobacco	0.60	-4.69	-9.06	4.92	4.92
Energy	**3.66**	**3.17**	**7.28**	**31.78**	**31.78**
Integrated Oil & Gas	1.84	2.71	6.61	32.17	32.17
Oil & Gas Equipment & Services	0.27	7.53	-3.60	28.85	28.85
Oil & Gas Exploration & Production	0.75	4.25	11.02	31.82	31.82
Oil & Gas Refining & Marketing & Transportation	0.35	2.53	18.70	43.87	43.87
Oil & Gas Storage & Transportation	0.45	1.27	3.27	23.41	23.41

Financials	**11.55**	**0.25**	**-6.21**	**-10.97**	**-10.97**
Asset Management & Custody Banks	0.92	3.77	-8.82	-15.20	-15.20
Consumer Finance	0.55	-0.58	-12.97	-22.61	-22.61
Diversified Banks	2.90	1.39	-8.87	-11.29	-11.29
Diversified Financial Services	6.75	0.14	-5.22	-11.77	-11.77
Financial Exchanges & Data	0.96	1.34	3.24	-6.74	-6.74
Insurance Brokers	0.42	0.55	-3.76	-12.26	-12.26
Investment Banking & Brokerage	1.27	2.14	-7.56	-10.86	-10.86
Life & Health Insurance	0.27	-0.89	-8.14	-9.11	-9.11
Multi-Sector Holdings	1.10	-2.12	-3.11	-4.22	-4.22
Property & Casualty Insurance	0.93	-1.88	-2.42	-4.22	-4.22
Regional Banks	0.26	-0.97	-14.52	-7.85	-7.85
Reinsurance	0.02	-1.98	-7.86	-6.89	-6.89
Transaction & Payment Processing	1.84	-1.80	-5.23	-14.69	-14.69
Health Care	**9.04**	**-2.45**	**-6.94**	**-5.64**	**-5.64**
Biotechnology	1.62	-5.32	-6.44	0.15	0.15
Health Care Distributors	0.38	-4.84	-5.39	4.28	4.28
Health Care Equipment	1.67	-0.18	-7.38	-12.11	-12.11
Health Care Facilities	0.20	-5.69	-7.20	4.08	4.08
Health Care Services	0.35	-2.98	-6.64	-3.53	-3.53
Health Care Supplies	0.06	1.75	-10.99	-6.98	-6.98
Life Sciences Tools & Services	0.76	0.85	-9.03	-18.20	-18.20
Managed Health Care	0.60	1.18	-7.23	-16.79	-16.79
Pharmaceuticals	3.39	-3.08	-6.53	-0.47	-0.47
Industrials	**8.46**	**-0.74**	**-7.14**	**5.52**	**5.52**
Aerospace & Defense	2.26	-2.51	-6.87	4.82	4.82
Agricultural & Farm Machinery	0.25	-3.12	-14.26	21.91	21.91
Air Freight & Logistics	0.32	0.36	-10.25	8.05	8.05
Building Products	0.46	0.96	-9.55	6.07	6.07
Cargo Ground Transportation	0.09	2.22	-8.09	11.84	11.84
Construction & Engineering	0.28	3.62	2.24	38.55	38.55
Construction Machinery & Heavy Trucks	0.81	-1.60	-9.48	14.82	14.82
Data Processing & Outsourced Services	0.03	-1.70	-1.04	-21.86	-21.86
Diversified Support Svcs	0.17	-5.40	-9.97	-8.11	-8.11
Electrical Components & Equipment	0.56	0.92	-8.46	5.82	5.82
Environmental & Facilities Services	0.35	-1.62	-1.54	1.93	1.93
Heavy Electrical Equipment	0.39	5.44	5.13	34.25	34.25
Human Resource & Employment Services	0.20	0.99	-1.78	-17.59	-17.59
Industrial Conglomerates	0.36	-2.71	-8.03	5.89	5.89
Industrial Machinery	0.66	-0.34	-10.93	0.73	0.73
Passenger Airlines	0.15	9.61	-11.78	-8.58	-8.58
Passenger Ground Transportation	0.26	3.25	3.29	-7.80	-7.80
Railroads	0.45	-3.59	-10.22	1.30	1.30
Research & Consulting Svcs	0.14	-0.90	-2.12	-10.13	-10.13
Trading Companies & Distributors	0.24	-2.38	-10.34	0.57	0.57
Information Technology	**31.51**	**-0.95**	**-2.42**	**-6.39**	**-6.39**
Application Software	2.13	-0.32	6.37	-21.87	-21.87
Communications Equipment	1.04	2.71	2.32	8.85	8.85
Electronic Components	0.45	0.60	-7.94	12.84	12.84
Electronic Equipment & Instruments	0.15	0.95	5.79	26.60	26.60
Electronic Manufacturing Services	0.14	1.84	-10.06	-5.02	-5.02
Internet Software & Services	0.08	3.11	2.85	-4.97	-4.97
IT Consulting & Services	0.67	1.80	-3.37	-20.26	-20.26
Semiconductor Equipment	1.39	8.10	-1.30	35.27	35.27
Semiconductors	12.46	-1.61	-4.29	-1.63	-1.63
Systems Software	6.21	-2.83	-1.36	-18.93	-18.93
Technology Distributors	0.03	5.44	-3.64	-12.15	-12.15
Technology Hardware, Storage & Peripherals	6.76	-1.01	-2.84	-4.08	-4.08
Materials	**1.86**	**-4.05**	**-10.04**	**4.24**	**4.24**
Commodity Chemicals	0.08	0.00	25.42	65.13	65.13
Construction Materials	0.22	-0.90	-17.57	-14.47	-14.47
Copper	0.13	-9.44	-14.30	5.57	5.57

Fertilizers & Agricultural Chemicals	0.13	-5.17	4.57	24.08	24.08
Gold	0.18	-13.35	-20.89	-0.65	-0.65
Industrial Gases	0.48	-0.58	0.21	14.91	14.91
Metal & Glass Containers	0.03	-4.38	-10.66	11.37	11.37
Paper Packaging	0.14	-5.04	-21.80	-7.30	-7.30
Specialty Chemicals	0.37	-3.56	-13.81	-0.41	-0.41
Steel	0.10	-3.05	-10.84	-0.87	-0.87
Real Estate	**1.86**	**-0.73**	**-3.21**	**4.09**	**4.09**
Data Center REITs	0.26	0.09	4.43	22.84	22.84
Health Care REITs	0.34	0.04	-0.70	10.48	10.48
Hotel & Resort REITs	0.02	2.14	-4.83	7.73	7.73
Industrial REITs	0.20	-0.62	-5.72	2.68	2.68
Multi-Family Residential REITs	0.00	-2.38	-6.37	-7.53	-7.53
Office REITs	0.01	1.29	-14.16	-20.85	-20.85
Other Specialized REITs	0.10	-2.35	-4.65	11.64	11.64
Real Estate Service	0.09	0.30	-11.36	-24.37	-24.37
Retail REITs	0.26	-0.50	-3.00	7.85	7.85
Self-Storage REITs	0.13	-5.36	-7.03	5.88	5.88
Single-Family Residential REITs	0.13	-5.36	-7.03	5.88	5.88
Telecom Tower REITs	0.23	0.45	-2.25	0.38	0.38
Timber REITs	0.03	-0.30	-10.14	-3.08	-3.08
Utilities	**2.40**	**-0.02**	**0.57**	**8.31**	**8.31**
Electric Utilities	1.59	-0.18	1.17	8.53	8.53
Gas Utilities	0.05	-1.01	3.31	10.30	10.30
Independent Power Producers & Energy Traders	0.11	3.99	-4.81	2.90	2.90
Water Utilities	0.04	-0.83	4.37	5.06	5.06
Multi-Utilities	0.61	-0.13	-0.45	8.84	8.84

*Current Weight is market cap based, based on calculations by William Blair Intl. Ltd.

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S&P 500: 6606.49
NASDAQ: 22090.70

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