
INVESTMENT ADVISORY

Market Update

Q3 2026 — *The Price of Capital.*

Matter Family Office · As of September 30, 2026 · Private & Confidential



KEY INVESTMENT THEMES

Four Themes Shaping the Landscape

The through-line this quarter: capital has regained a meaningful price.

01

The Price of Capital

Extraordinary private-sector and government borrowing needs are colliding, and required returns are rising as a result.

02

AI: A Capital-Markets Story

The buildout now leans on debt, project finance and equipment finance — not just the cash flow of the largest tech companies.

03

Fiscal Resilience

A ~\$1.9 trillion deficit and rising interest costs don't signal a crisis, but they shrink the room to respond to the next shock.

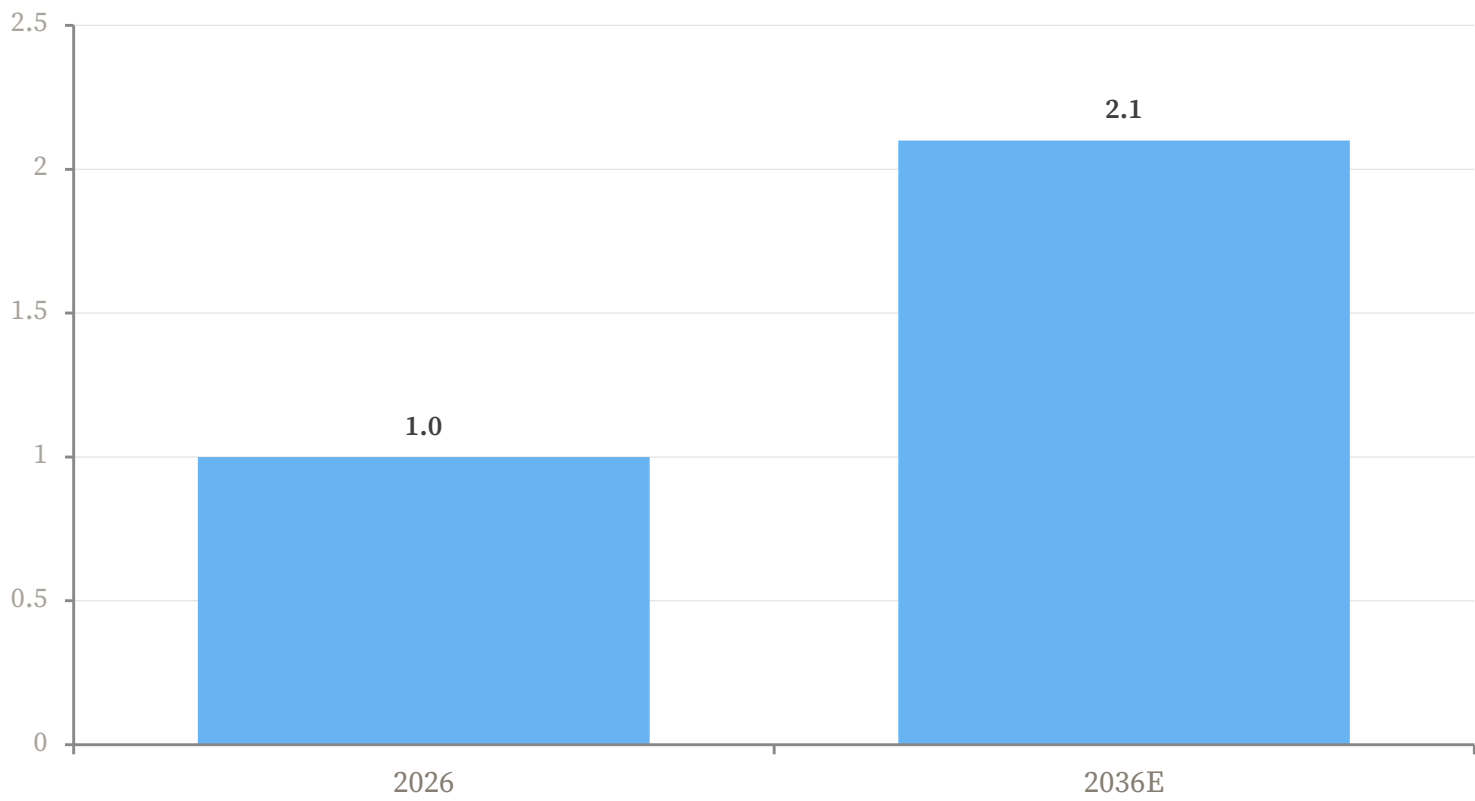
04

A More Discerning Market

Equity and credit investors are separating the companies that spend on AI from the ones that can earn a return on it.

Capital Has a Price Again

The rise in long-term yields has come almost entirely from higher real rates — not from higher expected inflation.



Federal Net Interest Expense (\$T, CBO projection)

~\$1.9T

Projected FY2026 federal deficit (CBO)

120%

Debt held by the public by 2036, up from ~101% today

+9 bps

Rise in 10-yr inflation expectations YTD — the rest is real yield

Real Yields Reprice; Credit Gets Picky

The repricing has been in the underlying rate for long-duration capital — and in the pockets where financing needs are largest.

RATES

Real Yields Did the Work

- *The 10-year's rise since year-end came almost entirely from higher real rates, not inflation.*
- *Investors want more compensation to lock up capital for longer — capital has a price again.*
- *Heavy federal issuance and AI-related borrowing widen the range of outcomes for long bonds.*
- *We're staying neutral on duration: better paid, but not stretching.*

CREDIT

Contained, but Selective

- *Investment-grade spreads stayed contained — no broad solvency worry.*
- *But AI-linked corporate debt spreads have widened on the scale of future financing needs.*
- *Private-credit redemptions stayed elevated in Q3 — an underwriting flag, not systemic.*
- *When underwriting matters more, so does manager selection.*

A More Discerning Market

Leadership is broadening, and investors are separating the companies that spend on AI from the ones that can earn a return on it.

52.8%

of the S&P 500 is now in AI-related industries

33%

the Mag 7’s share of the S&P 500 return in 2026 — was 63% in 2023

+12%

the Mag 7’s 2026 return — matched exactly by the other 493 stocks

+6%

hyperscalers’ 2026 return, down from +70% in 2023

+43%

semiconductors’ 2026 return, on +109% earnings growth

95%

of AI productivity comments on earnings calls are still forward-looking

Source: J.P. Morgan Guide to the Markets (as of 9/28/2026) and Federal Reserve Bank of St. Louis. Return share = a group’s contribution to the S&P 500’s total return.

More Than an Inflation Hedge

Owning something tangible doesn't guarantee protection — the economics have to work on their own.

01 Not Just a Hedge

Financing costs can rise, operating costs can climb, and an asset bought at the wrong price is still a bad investment.

02 The Right Mechanism

Look for a clear path for inflation to flow through into revenues, asset values, or distributions.

03 Why Infrastructure Fits

Long useful lives, physical scarcity, contractual cash flows, and revenues that reset over time.

04 Transportation Equipment

Long-term leases on railcars, containers, chassis and aircraft; lease rates move with inflation and assets hold residual value.

THE DEFINING QUESTION

The Price of Capital

What happens when huge private-sector capital needs collide with heavy government borrowing?

For most of the last decade, the question was how to find enough return in a world drowning in cheap money. Today it has flipped: who needs the capital, what are they using it for, and are we being paid enough to provide it?

The opportunity

Earn more attractive returns for supplying the same businesses with capital.

The obligation

Be more disciplined about where capital goes — the days of easy money are fading.



“Know what risk you’re taking — and get paid enough to take it.”

Matter Research • Q3 2026

What This Means for Portfolios

Same discipline across every asset class: know the risk, and get paid enough to take it.

1

Fixed Income: Stay Neutral

Real yields do real work again. Hold allocations rather than stretch, and build private credit selectively.

2

Equities: Rebalance to Target

Use strength to trim overweights like US Large Cap, and lean into middle-market buyouts over leverage.

3

Real Assets: A Bigger Role

Add infrastructure and transportation whose economics work on their own, not just as a hedge.



**Matter Family Office — Q3
2026 Investment Outlook**

ITE DTAF: The Investment Case

We see three things at once: scaled ownership of hard-to-replace assets, income that reprices periodically, and a return stream that behaves differently than other assets in the portfolio—a compelling investment, not just a hedge.

3rd

largest U.S. railcar lessor

Scaled & scarce

A niche few institutions own —
Berkshire owns another of the largest.
~\$12B and ~350k assets.

15–20%

of leases reset each year

Renewal flexibility

Staggered expirations avoid
concentrated rollover risk; ~58% LTV
and ~95% utilization.

1.9%

volatility, vs 15.2% for the S&P 500

Proven & uncorrelated

10.6% net since 2014 (3.1x MOIC);
near-zero correlation to markets.

1.5%

mgmt fee — plus 17.5% carry

Better terms at scale

Fees negotiated down, reflecting the
size of Matter’s investment.

Source: ITE Management, DTAF Investor Presentation (Q1 2026) and Matter analysis. Returns net of fees; track record as of 3/31/2026. See following page for detail.

Differentiated Assets with Differentiated Economics

A scaled operator of critical transportation assets — creating an attractive return stream that is uncorrelated with the other key strategies in the portfolio

Vertical	Allocation	Useful Life	Avg. Lease	Target Return*
Rail	40–50%	35–50 yrs	3–7 yrs	9–13%
Intermodal	30–40%	13–25 yrs	3–7 yrs	10–13%
Aviation	10–20%	35–50 yrs	4–8 yrs	11–25%

95%

fleet utilization

95%

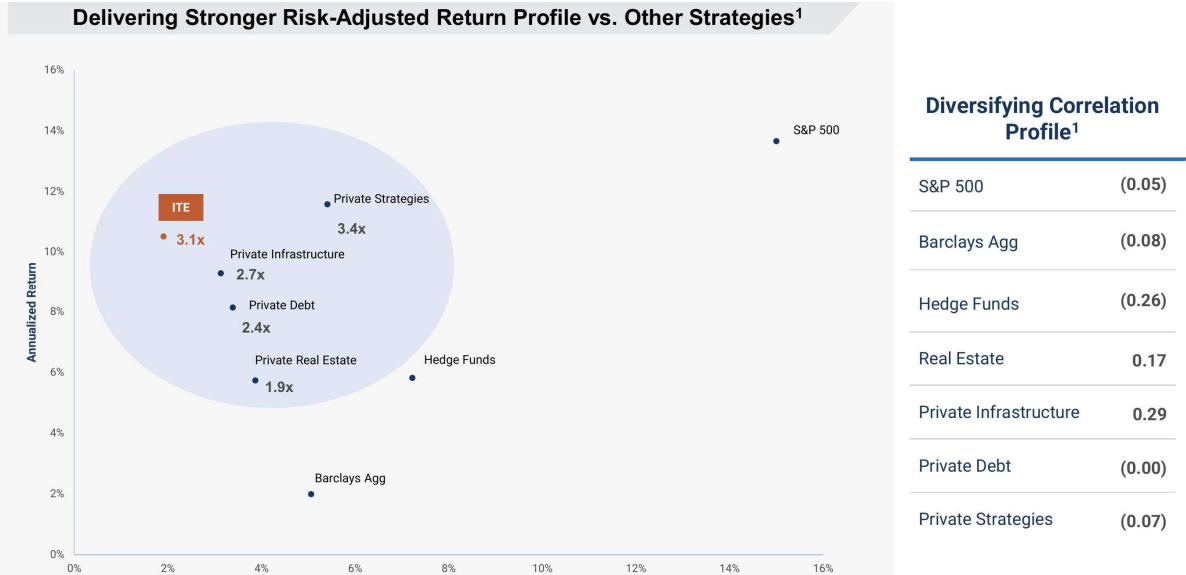
renewal success

~58%

loan-to-value

<1%

annual write-offs



Source: ITE Management, DTAF Investor Presentation (Q1 2026) and Matter analysis. Risk-adjusted profile and correlations vs. major public and private indices; net of fees as of 3/31/2026.

IMPORTANT INFORMATION

Disclosures

Please read in conjunction with the data and views presented in this update.

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