

GROUND MARKET UPDATE



CURRENT STATE

During an industry analyst's podcast, a private TL/LTL carrier had the following to say about freight trends. **This carrier's spot rates have been trending flatish year over year the past several months, but rates have improved over the last several weeks and are tracking up 4% year over year so far in December.** This carrier believes this pickup reflects peak season activity which got off to a slow start but has caught up nicely in recent weeks. That said, this carrier's tender acceptance rate remains very healthy in the high-90% range, so they don't think we're at a clear or material inflection point yet. **Looking ahead, this carrier is pushing for 2.5%-3.0% year over year contract rate increases next year,** although some shippers have already started to push back in early bid conversations. On the positive side, this carrier is seeing additional wins with some of its largest shippers and with new shippers. Interestingly, this carrier also has a warehousing business (levered to industrial end markets), and warehousing/storage demand has picked up in recent weeks. As a result, they worry that finished goods aren't moving as quickly as expected, with risk of potential destocking ahead.

TL Spot Freight vs. TL Spot Capacity Index



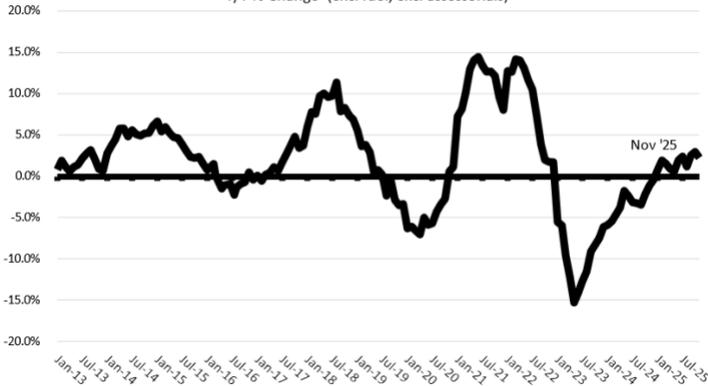
Truckload market demand remains soft as customers maintain cautious inventory positions and still see ample capacity despite incremental capacity reductions. Markets remain challenging given persistently weak demand, increased regulatory scrutiny, and carriers shifting operations toward contract/dedicated services.

MARKET FORECAST

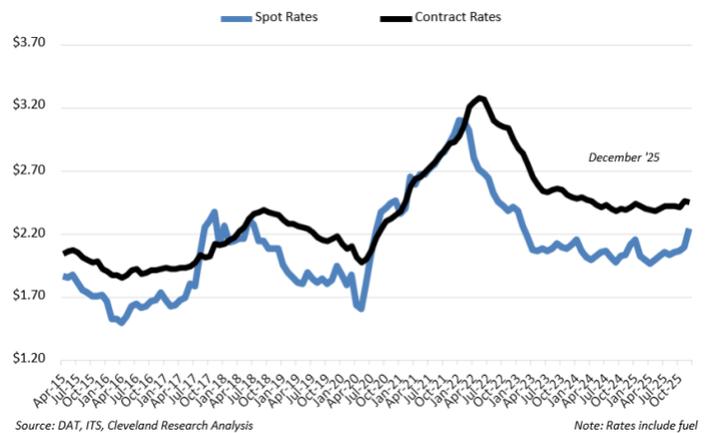
TL rates (ex-fuel, ex-assessorial) in November were flat month over month and up 2% year over year according to Cass Systems. While November is the eleventh month of year over year growth, recovery remains modest as rates remain 16% below May 2022 peak. Our work indicates initial 2026 TL pricing +0-2% year over year as weak demand growth offsets near-term capacity challenges and spot rate increases.

Truckload Linehaul Pricing Index

Y/Y % Change (excl fuel, excl assessorials)



Dry-Van TL Contract Rates vs Spot Rates



In December, contract TL rates are +2% year over year and spot rates are up 6% year over year, according to DAT. The margin between contract and spot rates appears to have been compressed as contract rates decreased 0.5% month over month and spot rates increased 7% month over month. With muted demand, our work remains cautious as TL rates appear +0-3% in 2026 led by modest price increases by assets.

INDUSTRY INSIGHT

The Port of Long Beach currently has 6 container vessels at berth... Average at anchor is 0 days...

OPERATIONS DASHBOARD

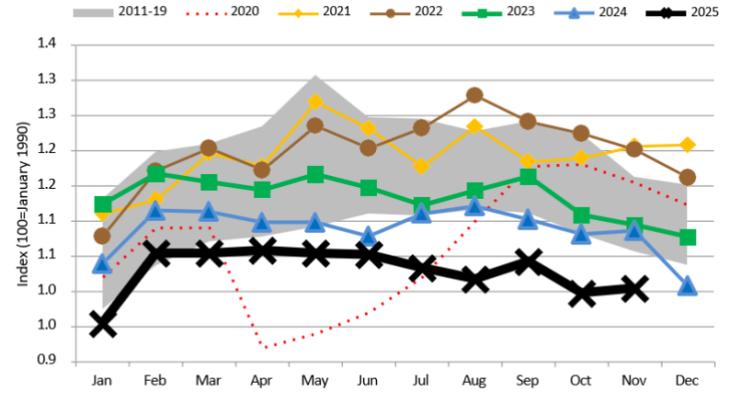


Two Minnesota-based trucking companies shut down, putting 200 drivers out of work... Over the weekend, two Minnesota-based carriers under the True North Equity Partners umbrella ceased operations overnight, putting approximately 200 drivers out of work. MinStar Transport and Transport Design Inc., each operating fleets of around 100 trucks, announced their immediate closures in communications to employees and partners, according to multiple reports circulating in trucking communities on social media. **The sudden shutdowns are the latest in a string of carrier failures amid the ongoing Great Freight Recession, now approaching its fourth year since starting in March 2022.** "2 Minnesota Companies overnight are Shutting Down. 200 more Truckers out of work," read a widely shared post from the TalkCDL Facebook group that has drawn significant attention among drivers and industry insiders. Similar alerts appeared across other trucking forums, underscoring the abrupt loss of jobs in an already challenging market. Both companies were part of True North Equity Partners' portfolio of transportation assets. True North, a Minneapolis-based private equity firm focused on lower-middle-market investments, acquired Transport Design in March 2020. The Burnsville, Minnesota-headquartered firm specialized in refrigerated and dry van services, serving food and consumer goods shippers across the Midwest. True North expanded its holdings in October 2022 by purchasing MinStar Transport of Egan, along with affiliated entities MinStar Logistics, Transport21, and North Star Transport. MinStar focused on temperature-controlled logistics, with a network supporting regional and national distribution. At the time of the MinStar acquisition, eight months into the freight downturn, the Minneapolis/St. Paul Business Journal reported that True North Equity Partners' trucking portfolio was expected to generate \$220 million in annual revenue. **This is not an isolated incident. The trucking industry has seen a wave of closures and bankruptcies throughout 2025.** Two recent examples:

- 10 Roads Express, the largest trucking bankruptcy since Yellow Corp., with 2,500 trucks and 5,000 employees
- Montgomery Transport, which shuttered after its owner, One Equity Partners, exited the industry, idling over 1,000 employees

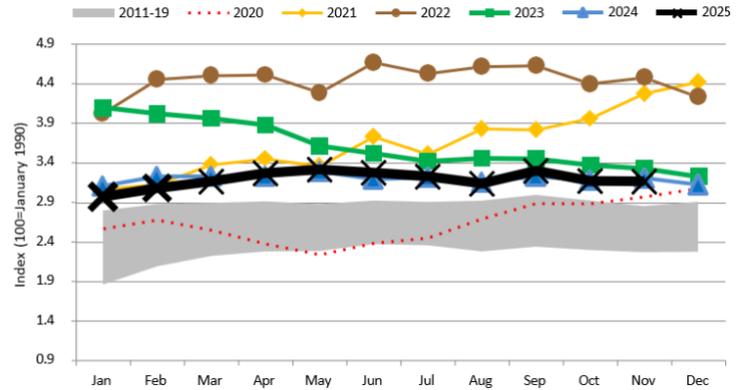
During November, freight shipments across all domestic modes were down 7.5% Y/Y and up 1% M/M according to Cass Systems. The Y/Y decline has largely been a result of lower LTL shipments given outsized exposure to weaker industrial markets and some modal shift to TL. Year-to-date shipments are down 6% Y/Y, the third consecutive year of declines (2024 down 4%, 2023 down 5%, 2022 +1%, 2021 +12%). Most industry experts believe initial 2026 shipments will grow +0-3% on stabilizing inventory levels.

Cass Freight Index - Shipments



Total freight spend in November was down ~1% Y/Y as shipments were down ~7.5% Y/Y (see above exhibit) according to Cass Information Systems. Versus prior month, expenditures were ~flat and shipments were up ~1%.

Cass Freight Index - Expenditures



The November 2025 readings in the Logistics Manager's Index (LMI) was in **expansory territory for the twenty-fourth month in a row** (above 50 indicates expansion, below 50 indicates contraction) at 55.7 (57.4 in October). The slight decline M/M appears driven by further softening of warehousing and inventory metrics partially offset by some momentum in Transportation Prices which were up ~5% M/M.

Logistics Managers' Index (LMI)

