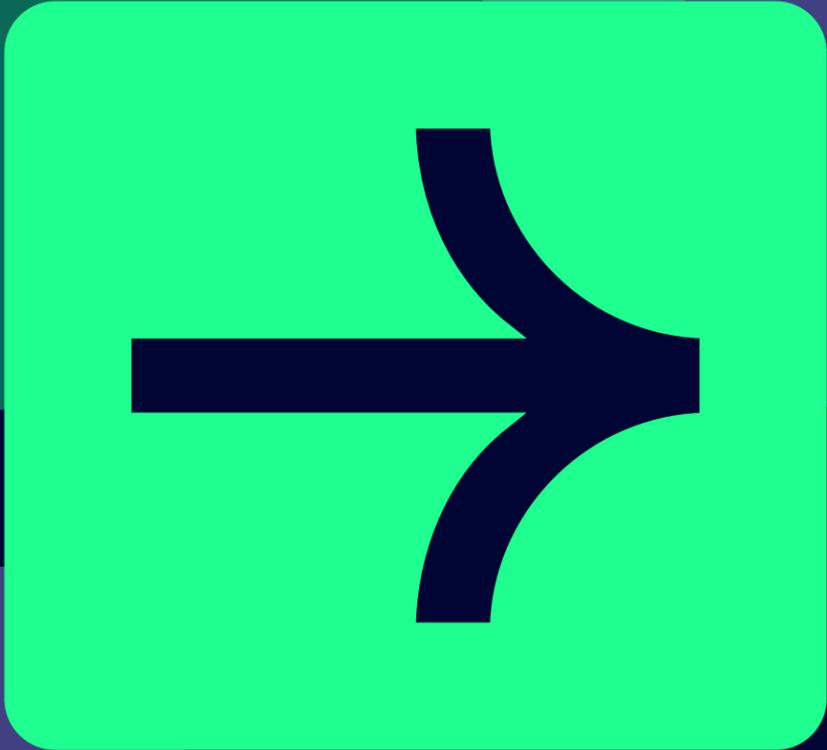


GLOBAL MARKET OUTLOOK 2026

Forward with focus



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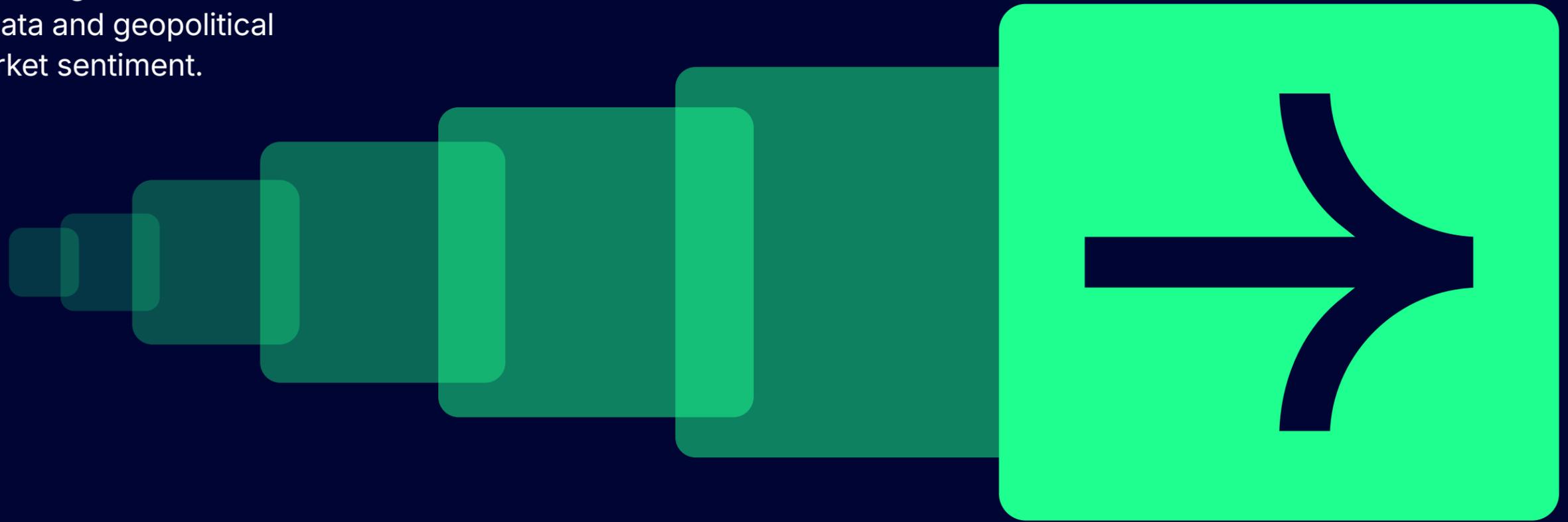
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We enter 2026 with a sense of optimism, albeit with a cautious edge. Policy actions taken over recent years are increasingly evident in growth, inflation, and market leadership, while political and geopolitical uncertainty remains a feature of the environment.

This Implementation Guide distills our 2026 Global Market Outlook into practical portfolio considerations. We highlight areas of conviction, signal where selectivity is required, and set out an approach for key asset classes that is supportive of durable portfolio construction.

Growth amid uncertainty

Global growth remains intact heading into 2026, supported by policy easing and fiscal initiatives, though uneven data and geopolitical risks continue to shape market sentiment.



The global economy is expected to continue expanding in 2026, underpinned by a combination of monetary easing, targeted fiscal stimulus, and sustained investment in artificial intelligence.

In the US, policy settings remain broadly supportive of growth, while Europe and parts of Asia are increasingly reliant on public spending to stabilize activity and improve longer-term competitiveness.

“ Economic expansion is set to continue, but the outlook is shaped by delayed policy effects and persistent geopolitical risk.”

—Simona Mocuta, Chief Economist

At the same time, the effects of trade, regulatory, and migration policies are only gradually feeding through to economic data, contributing to uneven momentum across regions. Geopolitical tensions remain a persistent source of risk, influencing commodity markets, capital flows, and investor confidence. Against this backdrop, diversification and resilience remain central considerations for portfolio positioning.

→ How to implement

Investment Theme	Style	Implementation
Position for Policy Divergence	Active	Flexible Asset Allocation Strategies Tactical Asset Allocation Overlay
Build Geopolitical Risk Resilience	Active	Real Assets Strategy
Leverage Fiscal Stimulus	Index	S&P Global Infrastructure Strategy (Equity)
Protect Against USD Weakness	Index	Hedged share classes of funds
	Active	Dynamic Strategic Hedging overlay

Use ETFs?



AI optimism trumps policy concerns

US equities retain a leadership position in 2026 and AI optimism leads the charge, while scope is growing for performance to broaden across regions, sectors, and market capitalizations.



Equity markets enter 2026 with positive momentum, supported by resilient earnings and ongoing confidence in AI-driven productivity gains. The US remains at the center of this theme, reflecting deep capital markets, a strong innovation ecosystem, and policy settings that continue to favor investment and capital spending.

“Equities remain supported by earnings growth, but returns are likely to be more differentiated as leadership broadens.”

—Dane Smith, Americas Head of Investment Strategy and Research

Valuations are elevated and market leadership remains concentrated. This sets the stage for higher dispersion in returns, placing a premium on selectivity across sectors and styles.

Beyond US large caps, opportunities may emerge in small caps, Japan, and parts of emerging markets, particularly where domestic reform, earnings momentum, and technology adoption are strengthening.

→ How to implement

Investment Theme	Style	Implementation
Remain Constructive on US Equity	Active	US Equity Select Strategy US Premier Growth Equity Strategy
	Index	S&P 500 Index Strategy
Broadening Into Small Cap	Index	Russell 2000 Index Strategy S&P 600 Small Cap Index Strategy MSCI World Small Cap Index Strategy
Selective in Europe Sectors	Active	Eurozone Value Spotlight Strategy
Broadly Favor Emerging Markets	Index	EM Equity Select Strategy EM Equity Enhanced Strategy Asia Pacific Value Spotlight MSCI EM Small Cap Index Strategy MSCI China Index Strategy
	Active	EM Small Cap Active Equity Strategy

Use ETFs?



The search for income and opportunity

Fixed income continues to offer attractive income potential in 2026, though careful positioning is required as policy paths diverge and fiscal concerns persist.

The fixed income backdrop remains constructive, with sovereign bonds favored over credit, given tight spreads and elevated government borrowing. Diverging central bank paths are creating opportunities for active duration positioning, particularly in the intermediate part of yield curves where risk-adjusted returns appear most compelling.

“ Income opportunities remain compelling, but outcomes will increasingly depend on selectivity and duration positioning.”

—Desmond Lawrence, Europe Investment Strategy and Research

Emerging market debt remains an attractive source of income, supported by declining inflation and improving fundamentals, though currency movements remain an important component of total returns. Credit continues to play a role in portfolios, but incremental opportunities increasingly lie in more specialized segments and approaches rather than broad market exposure.

→ How to implement

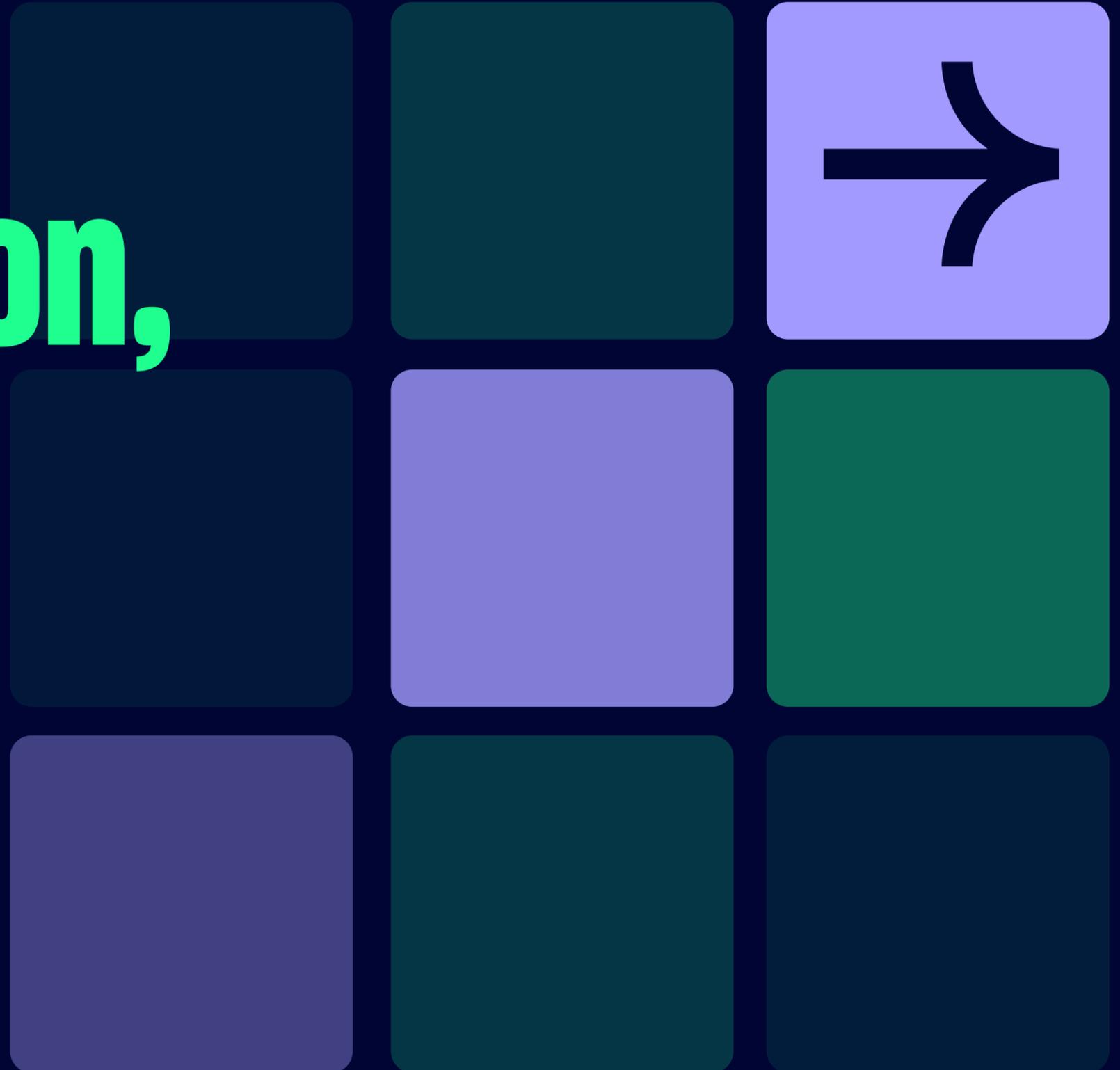
Investment Theme	Style	Implementation
Sovereign Debt Remains Attractive	Index	US Treasury Bond Index Strategy (favor intermediate duration) Global Treasuries 1 - 10 (Hedged/Unhedged) Global Treasuries All Maturity (Hedged/Unhedged)
Go Active in Investment Grade	Active	US Systematic Active Fixed Income Intermediate Strategy (1 - 10) US Systematic Active Fixed Income Long Strategy (10+)
EMD Local Currency	Index	Emerging Markets Local Currency Government Bond Index Strategy Emerging Markets Local Currency Enhanced
EMD Hard Currency	Index	Emerging Markets Hard Currency Government Bond Index Strategy
Opportunities in Mortgages, Structured Credit and Private Credit	Index	Indexed Leveraged Loans

Use ETFs?



Income, diversification, and growth

Alternatives play a growing role in portfolios as investors seek income, diversification, and exposure to long-term growth themes outside traditional markets.



Alternatives have become increasingly important as traditional stock–bond relationships have proven less reliable. Investors are placing greater emphasis on assets that can provide stable income, diversification benefits, and access to structural growth trends.

“ Alternatives are no longer peripheral; they are central to building durable, well-balanced portfolios.”

—Robert Spencer, Head of Client Portfolio Management, Investment Solutions Group

Private credit, infrastructure, real assets, and selective hedge fund strategies offer ways to strengthen portfolio resilience. Areas linked to AI-related investment, such as digital infrastructure, alongside income-generating real assets, stand out as key components of diversified portfolios in 2026.

→ How to implement

Investment Theme	Style	Implementation
Income	Index	S&P Global Infrastructure Index Strategy (Equity)
	Active	Private Credit Secondaries
Growth	Index	S&P Global Infrastructure Index Strategy (Equity)
	Active	Private Equity Secondaries Infrastructure Secondaries
Diversification	Active	Global Alternative Beta Strategy Real Assets Strategy

Use ETFs?



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Marketing Communication

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Equity securities may fluctuate in value in response to the activities of individual companies and general market and economic conditions.

Companies with large market capitalizations go in and out of favor based on market and economic conditions. Larger companies tend to be less volatile than companies with smaller market capitalizations. In exchange for this potentially lower risk, the value of the security may not rise as much as companies with smaller market capitalizations.

Investments in small-sized companies may involve greater risks than in those of larger, better known companies.

Commodities investing entail significant risk as commodity prices can be extremely volatile due to wide range of factors. A few such factors include overall market movements, real or perceived inflationary trends, commodity index volatility, international, economic and political changes, change in interest and currency exchange rates.

Asset Allocation is a method of diversification which positions assets among major investment categories. Asset Allocation may be used in an effort to manage risk and enhance returns. It does not, however, guarantee a profit or protect against loss.

Bonds generally present less short-term risk and volatility than stocks, but contain interest rate risk (as interest rates rise bond values and yields usually fall); issuer default risk; issuer credit risk; liquidity risk; and inflation risk. These effects are usually pronounced for longer-term securities.

Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss.

Increase in real interest rates can cause the price of inflation-protected debt securities to decrease. Interest payments on inflation-protected debt securities can be unpredictable.

There are risks associated with investing in Real Assets and the Real Assets sector, including real estate, precious metals and natural resources. Investments can be significantly affected by events relating to these industries.

Hedge funds are typically unregulated private investment pools made available to only sophisticated investors who are able to bear the risk of the loss of their entire investment. An investment in a hedge fund should be viewed as illiquid and interests in hedge funds are generally not readily marketable and are generally not transferable. Investors should be prepared to bear the financial risks of an investment in a hedge fund for an indefinite period of time. An investment in a hedge fund is not intended to be a complete investment program, but rather is intended for investment as part of a diversified investment portfolio.

Investing in foreign domiciled securities may involve risk of capital loss from unfavorable fluctuation in currency values, withholding taxes, from differences in generally accepted accounting principles or from economic or political instability in other nations. Investments in emerging or developing markets may be more volatile and less liquid than investing in developed markets and may involve exposure to economic structures that are generally less diverse and mature and to political systems which have less stability than those of more developed countries.

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ID3641250-6503256.4.1.GBL.INST 1225 Exp. Date: 12/31/2026