

Alternative opportunities

2026 Q2 | USD | Outlook and methodology

Invesco Solutions and Custom Strategies



Table of contents

1 **Private credit**
Direct lending and real asset debt

2 **Private equity**
Large buyout

3 **Private real assets**
Real estate and infrastructure

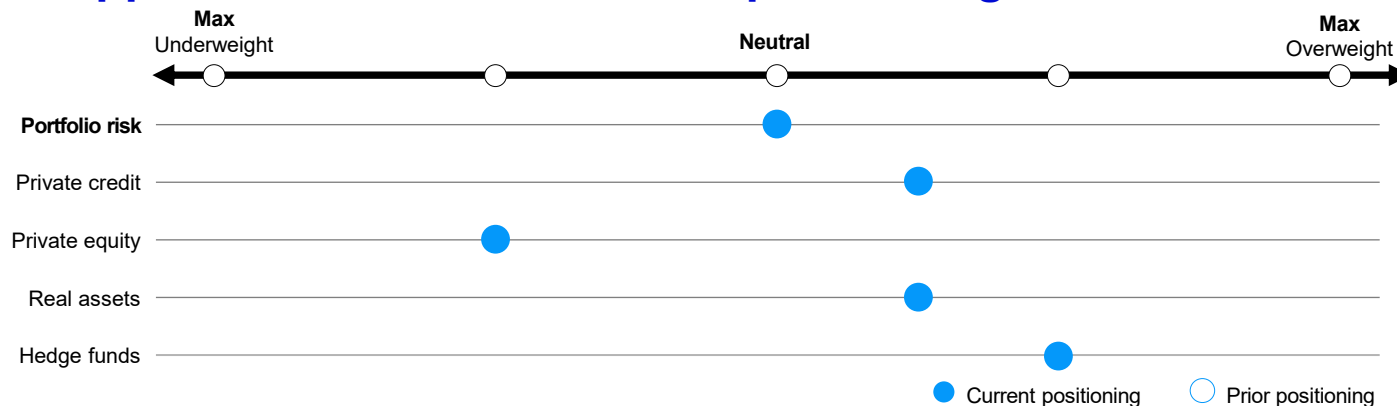
4 **Hedge funds**
Event-driven and systematic trend

2026 alternative opportunities: Private market positioning

Executive summary



Jeff Bennett, CFA
Head of Manager Selection
Invesco Solutions and
Custom Strategies



Portfolio risk

Amid geopolitical and economic uncertainty, we remain neutral on how we're allocating risk within our alternatives portfolio. Base interest rate normalization has paused and the oil shock from the Iran conflict is expected to increase inflation and long-term rates. We favor defensive assets, favoring private debt, real assets, and hedged strategies.

Private credit

We are still overweight direct lending as all-in yields remain attractive for senior positioning, especially in the core middle market. Significant private equity dry powder and a backlog of exits point to a continuation of recently improved deal activity. We are overweight real estate credit given high levels of current income and a recovering real estate market.

Private equity

We remain modestly underweight private equity (PE), but beneath the surface, we're beginning to normalize our views on leveraged buyouts versus growth strategies. PE free cash flow yields have risen in Q1, bucking a trend we've seen since 2012 and improving relative to public equities. We continue to favor growth and venture strategies.

Real assets

We favor income-driven, lower-capital-expense sectors in core RE. We see higher-return opportunities in real estate credit and volatility-driven equity mispricing rather than broad market beta. Our infrastructure view is positive, supported by the correction in valuations, strong fundamentals, and powerful secular tailwinds.

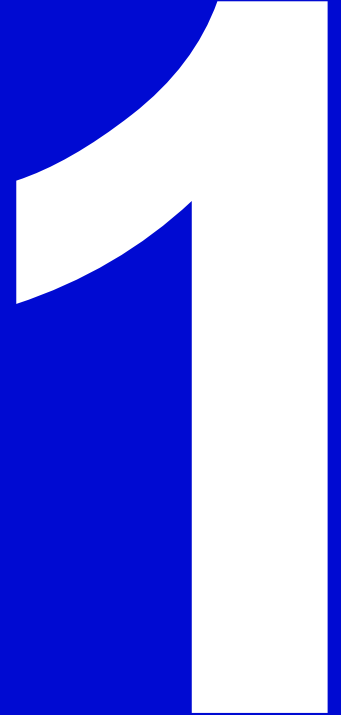
Hedge funds

We believe hedge funds with lower betas to market risk may be a valuable alternative within a portfolio. Our view is still attractive towards hedge funds, however it is moderating as the capital markets reopen and outlook for equity markets improves.

Source: Invesco Solutions and Custom Strategies, views as of May 4, 2026. The opinions expressed are those of the author, are based on current market conditions and are subject to change without notice. These opinions may differ from those of other Invesco investment professionals.

Private credit

Direct lending
and real asset debt



2026 alternative opportunities: Private credit



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Ron Kantowitz
Head of Direct Lending
Invesco Private Debt



Charlie Rose
Global Head of Commercial
Real Estate Credit

Presently overweight private credit as spreads begin to widen in public markets

Asset class	Overall	Valuations	Fundamentals	Secular trend
Direct lending	Overweight	Neutral	Neutral	Attractive
Real asset credit	Overweight	Attractive	Neutral	Attractive
Alternative credit	Overweight	Neutral	Neutral	Attractive

Direct lending

The US direct lending market remains well-positioned, in our view, supported by elevated base rates, attractive spreads, and the continuation of the K-shaped dynamic across the economy. Mergers and acquisitions (M&A) activity is showing signs of improvement. We expect the opportunity set to continue growing, likely unevenly, since deal volume remains below historic levels. In the core middle market, we continue to observe attractive leverage levels, deal structures, and documentation, reinforcing our positive view on this private credit segment. The recent focus on the private credit markets has been driven by two dynamics: Liquidity pressure on business development company (BDC) funds and concentrated software sector exposure in a limited number of funds. We believe this reflects normal market tension, not a systemic breakdown, and long-term opportunities remain firmly intact.

Distressed debt and special situations

Significant uncertainty around multiple macroeconomic variables remains. Concerns around AI disruption in the software sector and oil prices stemming from the Iran conflict are leading to an increase in stressed and opportunistic investments. While much has been written about redemption pressures in private credit funds [i.e., retail-focused, non-traded business development companies (BDCs)] and the potential for opportunities, it's not yet a windfall for this asset class because of the underlying strength of the private credit market. Capital solutions have been increasing in volume and quality, driven by longer private equity holding periods and higher base rates. An area of opportunity may come from the stress emerging in loans trading below 95% of par value.

Commercial real estate debt

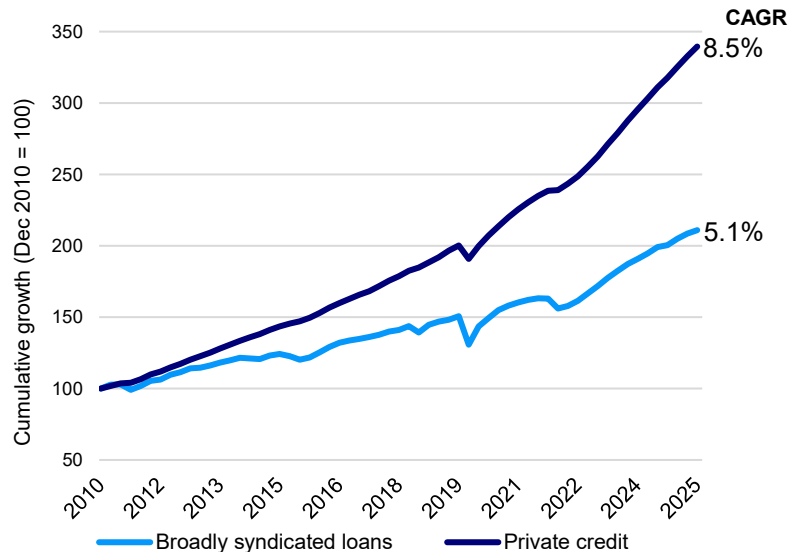
Real estate capital markets were resilient, with the total transaction volume up by 27% year-

over-year in the first quarter and commercial mortgage-backed securities (CMBS) issuance on par with 2025 volume.² In addition, credit spreads remained stable with activity in all lending groups, including banks, which have increased direct lending activity recently in light of revised regulations. Overall, healthy real estate fundamentals, coupled with abundant liquidity across capital markets, particularly for residential and industrial, have benefited lenders and borrowers this year. While the outlook for residential and industrial remains strong, life science continues to experience headwinds, primarily driven by supply and demand imbalances. Recent momentum in venture capital funding, one of the primary drivers of demand, will aid the sector's recovery. The primary recovery is through supply stabilization over multiple years, some of which is expected to be absorbed through alternative uses.

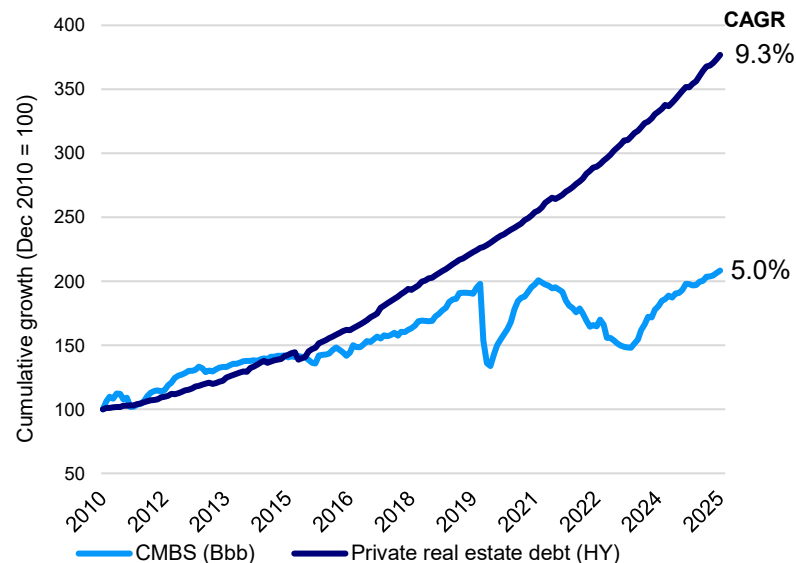
Sources: Invesco Solutions and Custom Strategies, Invesco Private Credit, Invesco Real Estate Credit, views as of May 4, 2026. *See real assets section for more detail on the secular trends in infrastructure.

Cumulative growth of private credit vs. public credit

Senior direct lending and broadly syndicated loans



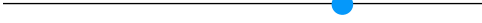






Real estate debt and CMBS



Sources: Investment growth of 100; Private credit represented by the Cliffwater Senior Direct Lending Index and broadly syndicated loans represented by the S&P UBS Leveraged Loan Total Return Unhedged index, quarterly from Dec. 31, 2010 to Dec. 31, 2025 or most recently available; CMBS (Bbb) represented by Bloomberg Non-Agency Investment Grade CMBS: Bbb Total Return Unhedged Index and private real estate debt (HY) represented by the Gilberto-Levy High Yield Commercial Real Estate Debt Index (G-L 2), monthly, from Dec. 31, 2010 to Dec. 31, 2025 or most recently available. Private credit is net of normative fees, while loans are gross of fees. An investment cannot be made directly into an index. **Past performance is no guarantee of future results.**

Views on private assets: Private credit

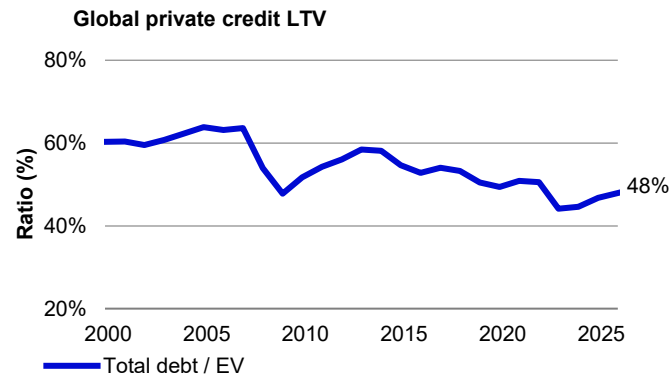
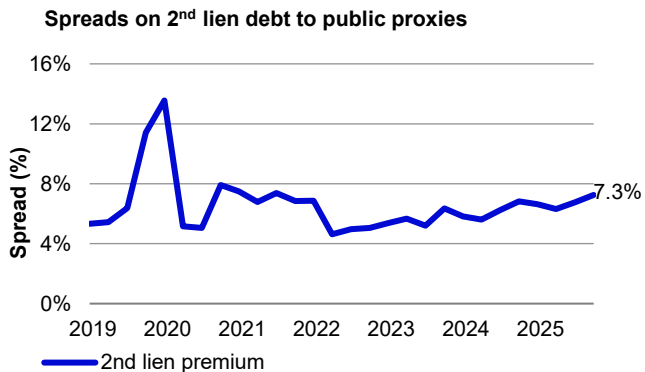
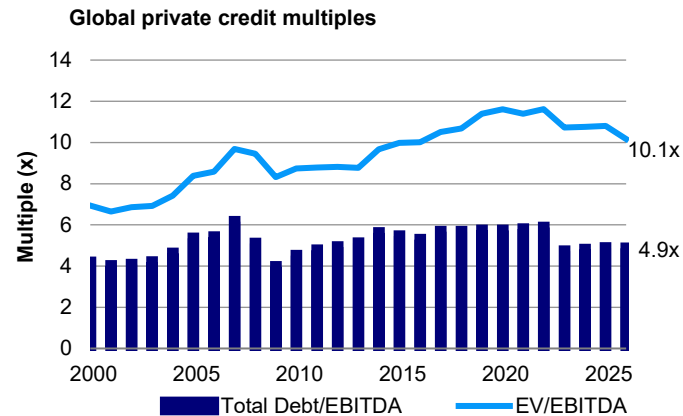
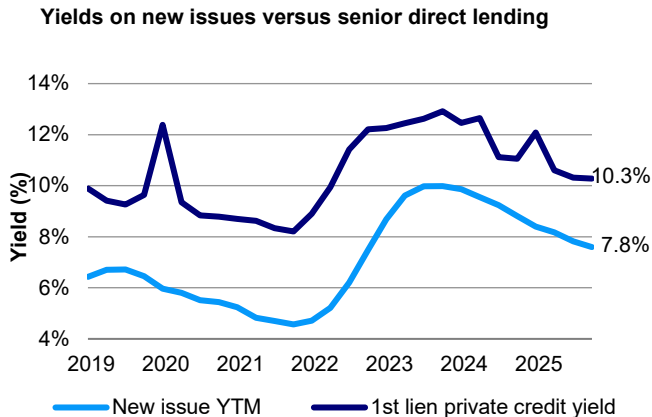
Investment type	Spread (SOFR+, bps*)	Allocation range			Comments
		Underweight	Neutral	Overweight	
Direct lending senior (1st lien)	500-600				<ul style="list-style-type: none"> Anchor for diversified private debt portfolios. Favorable environment for creditors, with strong covenants and call protections.
Direct lending junior (2nd lien/mezz)	750-950				<ul style="list-style-type: none"> Borrowing that occurs behind senior/1st lien private corporate debt. Potential for opportunistic financing with attractive risk/reward.
Real estate debt (Mezz)	550-750				<ul style="list-style-type: none"> Mortgage secured by a lien on a commercial property. High single-digit returns**. Low CMBS issuance and pullback from US regional banks have improved opportunity.
US infrastructure debt (HY)	500-600				<ul style="list-style-type: none"> Current environment allows for 1st lien secured Opco loans. Long-term contractual cash flows, CPI linkages, and lower defaults/higher recoveries. Secular trends driving growth in digital and renewables sectors and limited competition from regional banks drive favorable supply-demand dynamics.
Alternative credit	500-900				<ul style="list-style-type: none"> Non-traditional markets such as loans, leases and other receivables. Asset-backed nature of collateral and amortization schedules.
Venture debt (1st lien)	900+				<ul style="list-style-type: none"> Loans to well-capitalized venture-backed borrowers with LTVs typically below 20%. Limited access to IPO markets and increased cost of capital for venture equity drive favorable pricing and higher creditor protections.
Distressed debt/special situations	900+				<ul style="list-style-type: none"> Focus on capital solutions and special situations opportunities. We see many small companies pressured by higher rates and inflation looking for capital solutions.

Source: Invesco Solutions and Custom Strategies, views as of May 4, 2026. *Spreads include OID. **See slide 6. For illustrative purposes only.

Spotlight: Private credit

1st lien private credit – new issue YTM and leverage ratios

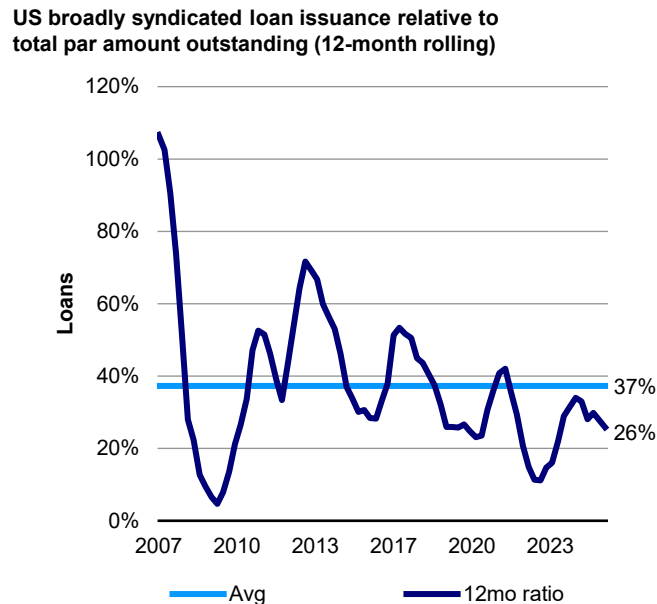
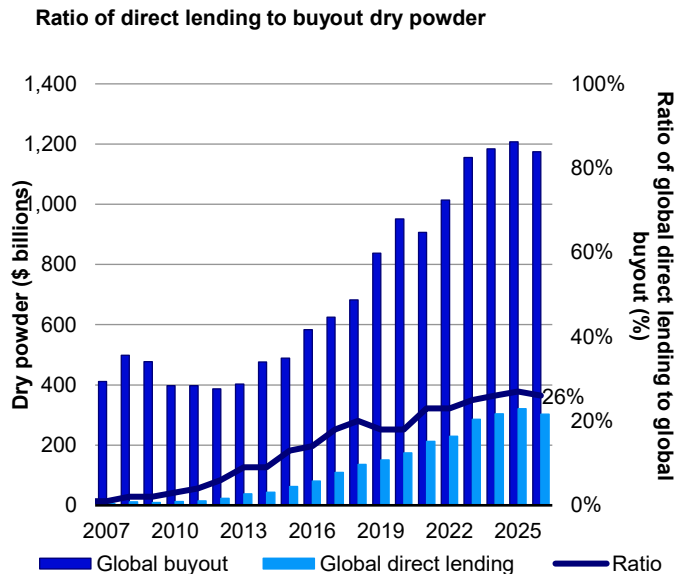
Spreads on offer to 1st lien lenders are attractive on an absolute, relative, and risk-adjusted basis.



Supply-demand dynamics

Direct lending and buyout dry powder and loan issuance

Supply-demand dynamics support a robust environment for lenders with available dry powder. While still not at average levels, we have seen a notable uptick in broadly syndicated loan volume as markets reopened. Recent geopolitical and economic uncertainty has reversed this trend.

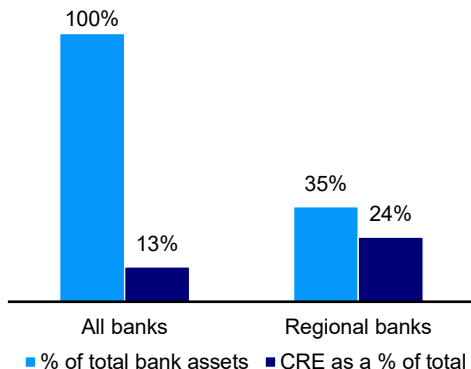


Sources: Invesco Solutions and Custom Strategies, Preqin, Pitchbook LCD, data as of Mar. 31, 2026.

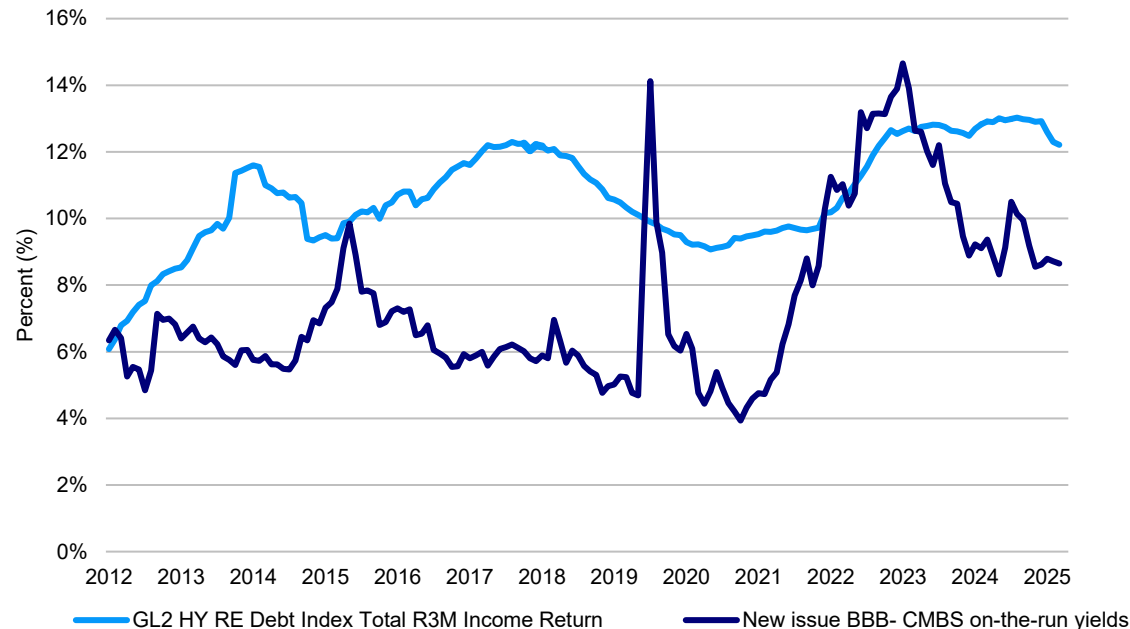
Real estate credit

High absolute yields and “illiquidity premium” supported by reduced supply of loans from regional banks.

Regional banks as a percentage of CRE loans



Real estate credit yields compared to proxy new issue BBB- CMBS new issue on-the-run yields



Sources: Invesco Solutions and Custom Strategies, Gilberto-Levy, FDIC, JP Morgan for BBB-CMBS new issue yields, Bloomberg L.P., as of Dec. 31, 2025. Regional bank data as of Dec. 31, 2025. Regional banks defined as “Assets \$1B - \$250B.” **Past performance is no guarantee of future results.**

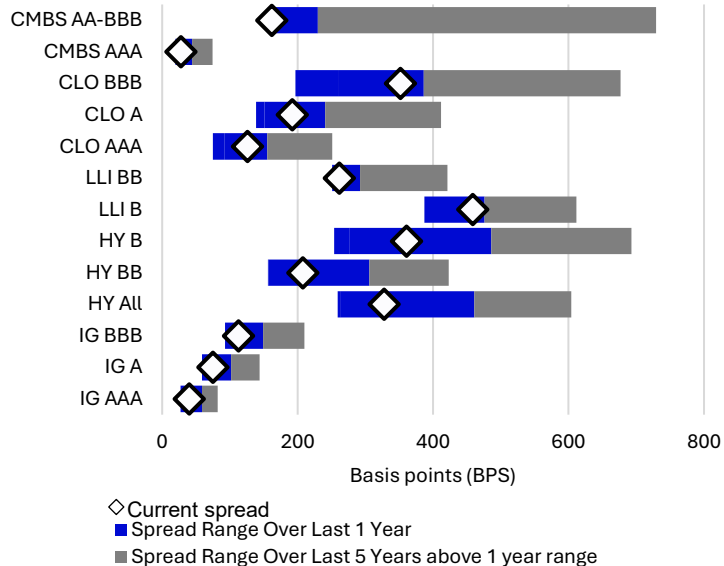
Spotlight: Alternative credit

Liquid alternative spreads and venture lending

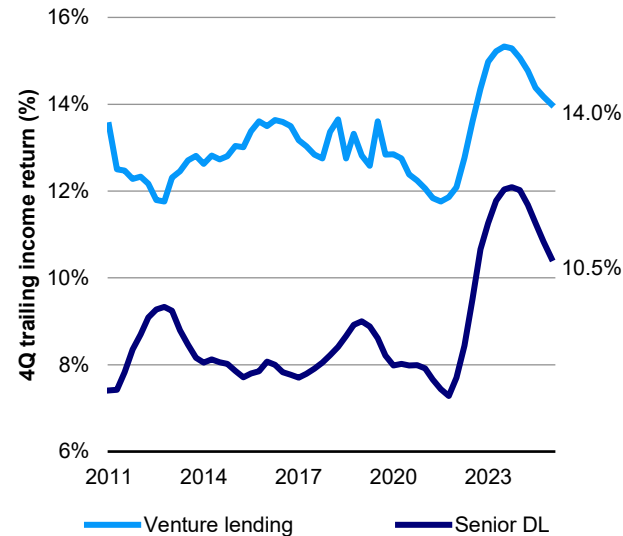
Spreads within alternative credit have widened recently in lower rated credits.

The more illiquid parts of the alternative credit market, such as venture lending, offer a spread premium over direct lending.

Liquid alternative spreads (current, 1-year and 5-year ranges)



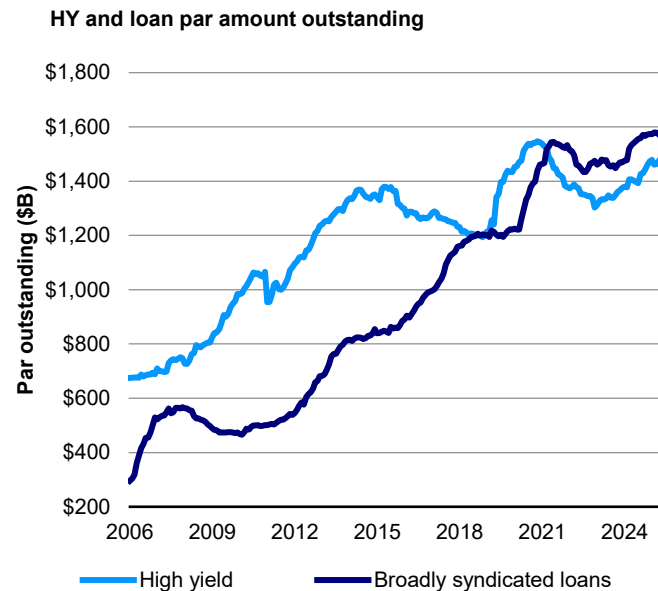
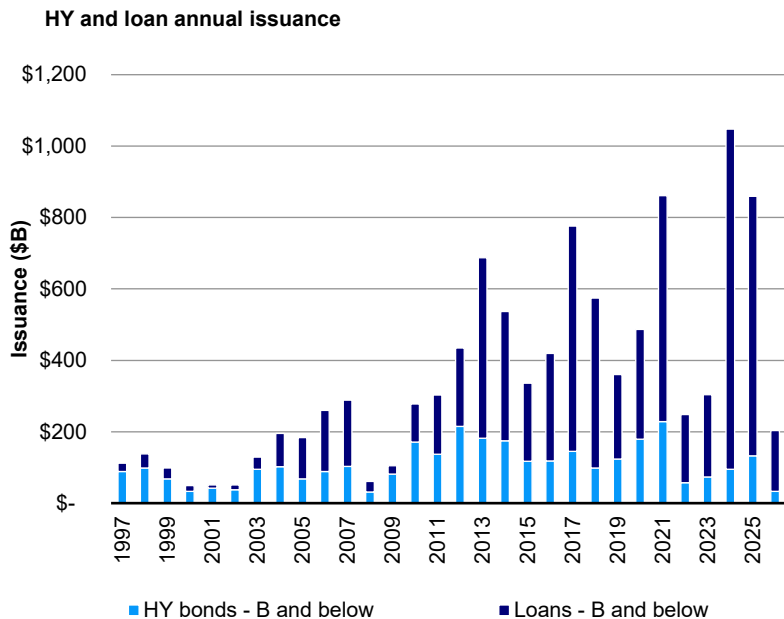
Venture lending versus senior direct lending income return



Sources: Invesco Solutions and Custom Strategies, Bloomberg L.P., ICE Bank of America, Morningstar, JPMorgan, as of Dec. 12, 2025. Cliffwater, as of Dec. 31, 2024. IG, HY, CMBS AAA spreads are OAS to spot treasury, CMBS AA-BBB is spread-to-worst over Government, LL is spread-to-maturity over base rate, and CLO is discount margin-to-worst. Please see appendix for index proxies. Past performance is no guarantee of future results. Please see appendix for index proxies. **Past performance is no guarantee of future results.**

Distressed

Significant issuance in the loan market rated single B and below, showcasing the opportunity set relative to history.



Sources: Invesco Solutions and Custom Strategies, ICE BofA, Bloomberg L.P., JP Morgan, as of Mar. 31, 2026. Annual loan issue is YTD for 2026.

Private equity
Large buyout

2

2026 alternative opportunities: Private equity



Jeff Bennett, CFA

Head of Manager Selection
Invesco Solutions and Custom
Strategies

Underweight private equity (PE) as valuations are moderating, with pockets of opportunity in private-to-private transactions

Asset class	Overall	Valuations	Fundamentals	Secular trend
Private equity	Underweight	Unattractive	Neutral	Neutral

Private equity outlook and positioning

We remain modestly underweight private equity (PE), but beneath the surface, we're beginning to normalize our views on leveraged buyouts versus growth strategies. PE free cash flow yields have risen in Q1, bucking a trend we've seen since 2012 and improving relative to public equities. Buyout activity significantly decelerated during Q1 of this year, with deal volumes down relative to Q1-2025. Part of the slowdown likely reflects cyclical dynamics driven by a combination of modestly higher financing costs and general market uncertainty, which has the potential to moderate should geopolitical tensions die down. Also, private equity's focus on recurring revenue models has resulted in an overweight to software relative to public markets, which is clearly limiting exits for companies in that

segment. This situation is likely to play out over time as the winners and losers in the space become more clearly defined. Markets are clearly concerned about the terminal value of those software companies, which lack either proprietary data or where customer switching costs are low. We continue to favor growth and venture strategies where returns are less likely to impact financing costs and with lower leverage multiples. In this environment, we believe secondaries will continue to attract meaningful interest from investors as a release valve for those seeking to transact their current stakes.

Moderating view on growth

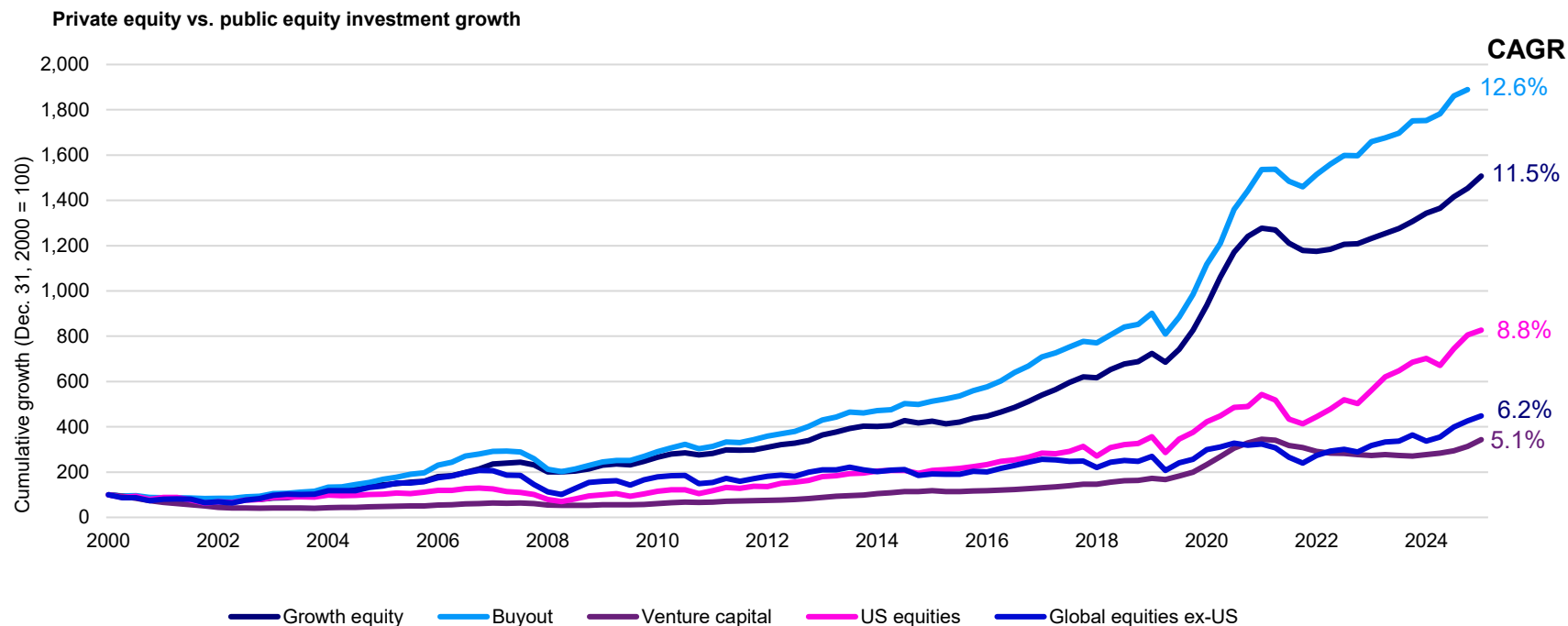
Returns for large buyouts have performed well despite the challenges facing the asset class*. We anticipate growth equity and expansion

capital to outperform, given significant investor demand for equity-financed deals versus those that are backed by expensive debt. Venture capital (VC) has begun to recover as valuations outside of AI have begun to expand.

Late-stage VC backed companies with post-money valuations of at least \$1 billion have continued to perform well in today's environment, outperforming broad VC funds and publicly traded technology companies. These "unicorns" have returned a combined 19% over the past 10 years, nearly doubling the returns of broader VC at 10%**.

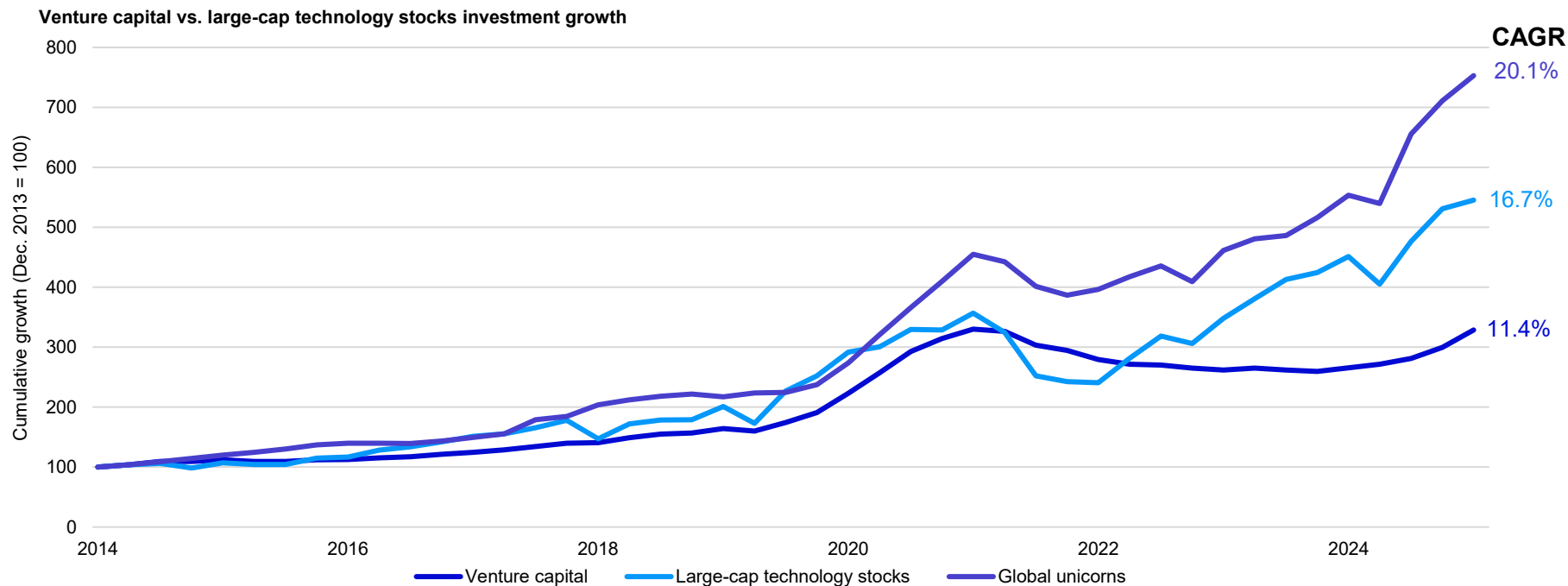
Sources: Invesco Solutions and Custom Strategies, Pitchbook, views as of May 4, 2026. *See slide 15. **See slide 16.

Cumulative growth of private equity vs. public equity



Sources: Investment growth of 100; Private asset index return data: VC / growth equity from Preqin; large buyout index return data from Burgiss and are net of fees. US equity returns represented by Russell 3000 TR index; Global ex-US equity returns represented by MSCI ACWI ex USA net TR index are gross of fees. All data is quarterly from Dec. 31, 2000 to Dec. 31, 2025, or most recently available. **Past performance does not guarantee future results.** Please see appendix for index proxies.

Cumulative growth of VC, tech stocks, and unicorns



Sources: Investment growth of 100; Private asset index return data (VC) from Preqin and are net of fees, quarterly from Dec. 31, 2014 to Dec. 31, 2025; Technology stocks represented by Nasdaq Composite TR Index are gross of fees, quarterly from Dec. 31, 2014 to Dec. 31, 2025. Global unicorns are represented by the Morningstar PitchBook Global Unicorn Index which tracks privately held, late-stage venture capital-backed global companies with post-money valuations of at least \$1 billion, from Dec. 31, 2014 to Dec. 31, 2025. **Past performance does not guarantee future results.**

Views on private assets: Private equity

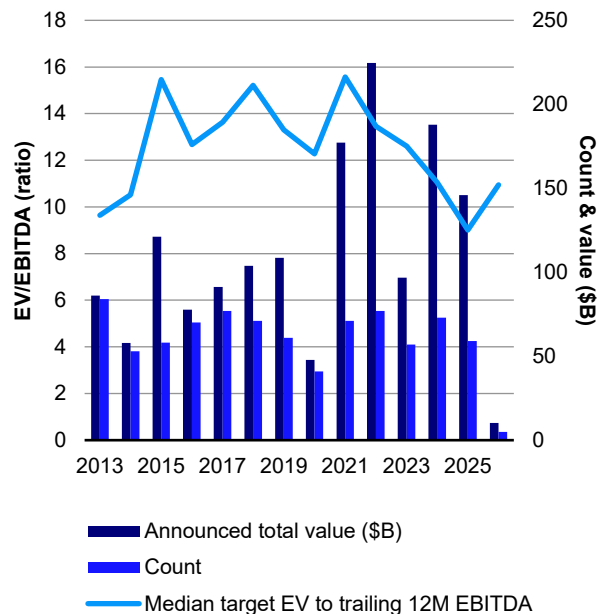
Investment type	Allocation range			Comments
	Underweight	Neutral	Overweight	
Large buyout				<ul style="list-style-type: none"> • Exposure to high quality companies backed by strong management teams. • Renewed opportunity for take-private transactions and private-to-private exits at favorable valuations balanced by headwinds from high cost of debt.
Growth/expansion equity				<ul style="list-style-type: none"> • Profitable franchises exposed to secular growth themes. • Less competition for deals from the IPO or SPAC markets. • Heightened focus on platforms.
Venture capital				<ul style="list-style-type: none"> • Exposure to a wide variety of disruptive technologies and secular growth themes at an early stage. • Challenging exit environment with the potential for a sustained period of “down rounds.” • Valuations have corrected meaningfully in recent quarters.
Secondaries				<ul style="list-style-type: none"> • Robust volumes. • Attractive discounts, particularly in venture and real estate. • Secular tailwinds in GP-led space.

Source: Invesco Solutions and Custom Strategies, views as of May 4, 2026. For illustrative purposes only.

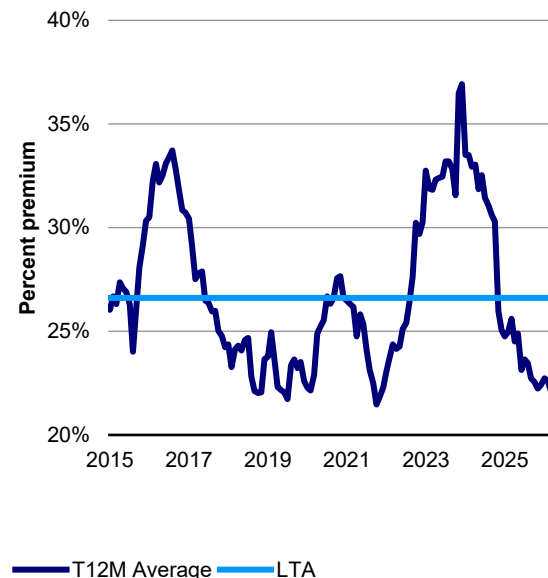
US large buyout take-private volume and EV/EBITDA valuations

Transaction volume near pre-COVID-19 levels. M&A premiums have returned to 2021 levels, showcasing muted demand for deals.

Take-private deal volume compared to EV/EBITDA



M&A deal premium vs. long-term average

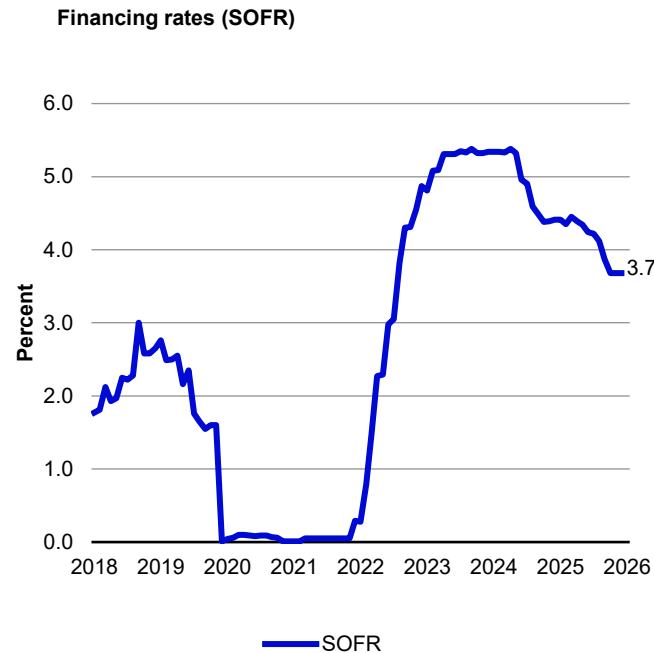
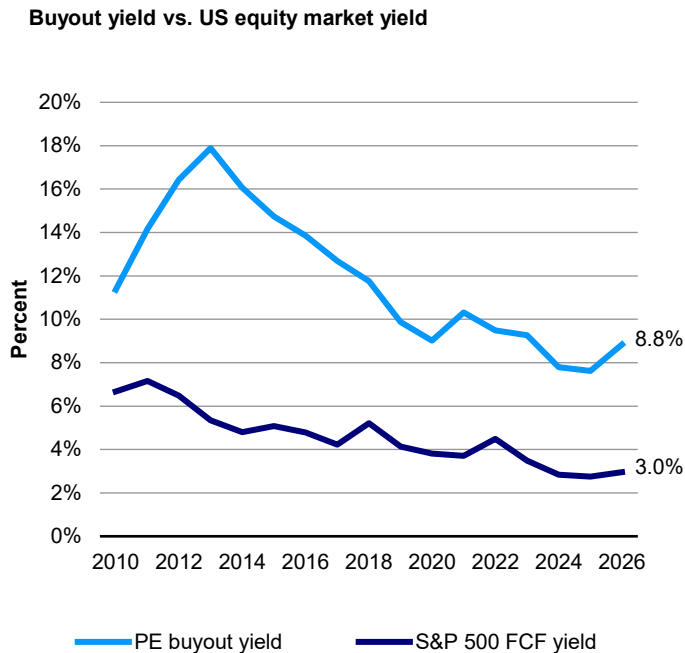


Sources: Invesco Solutions and Custom Strategies, Bloomberg L.P., as of Mar. 31, 2026. 2026 date in left-hand side is YTD.

US large buyout vs equity market yield

PE free cash flow yields have risen in Q1, bucking a trend we've seen since 2012 and improving relative to public equities.

The environment for M&A has been made more challenging by elevated financing costs. We anticipate this pressure will ease as base rates are lowered.

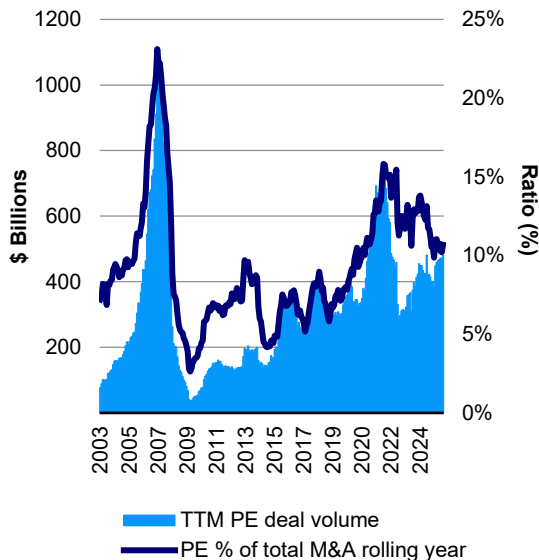


Sources: Invesco Solutions and Custom Strategies, Pitchbook LCD, Bloomberg L.P., as of Mar. 31, 2026. SOFR as of Mar. 31, 2026. PE buyout yield is calculated from Pitchbook LCD using their global PE LBO universe multiples weighted by LBO loan volume and subtracting maintenance capex (assumption of 1.25%) and financing costs (a 3-year average of leveraged loan spreads from Bloomberg multiplied by current Debt/Equity levels from Pitchbook LCD). **Past performance is no guarantee of future results.** An investment cannot be made into an index.

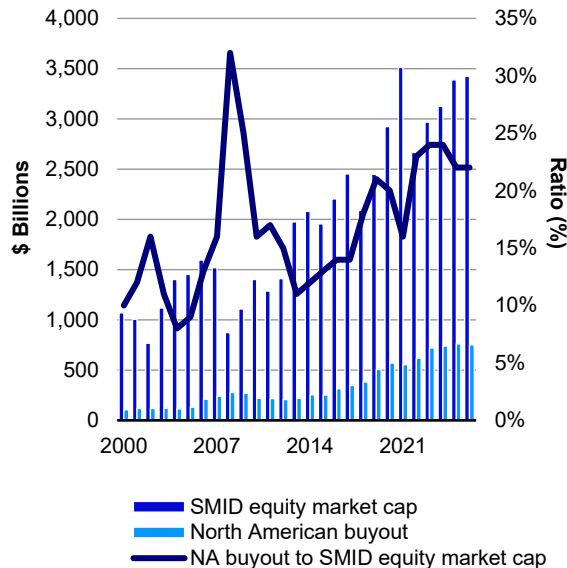
Buyout and IPO deal volume

Limited exit opportunities favor those with dry powder and should drive an increase in private-to-private deal activity

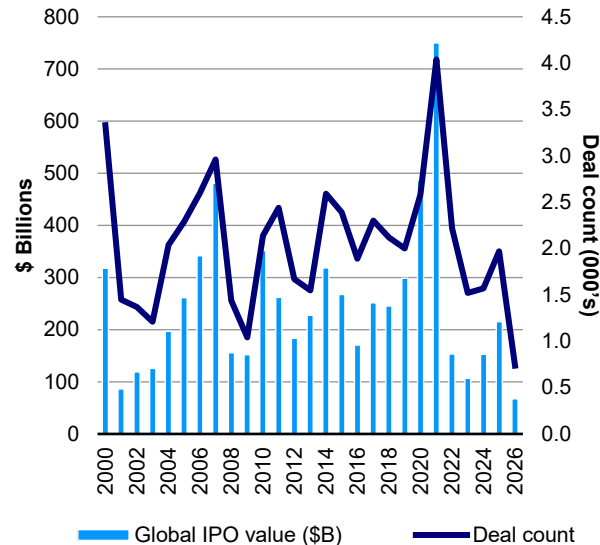
PE deal volume



PE dry powder to target's market cap



Trailing year IPO activity



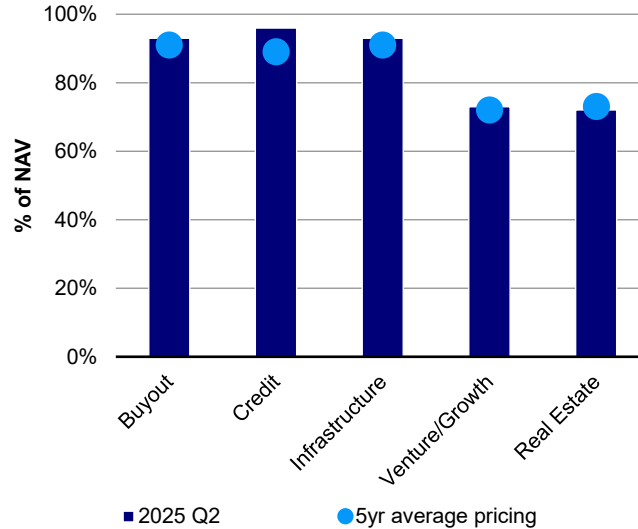
Sources: Invesco Solutions and Custom Strategies, Preqin, Bloomberg L.P., latest data available, as of Apr. 24, 2025. 2025 data in the middle chart, PE dry powder to target's market cap, is YTD.

Secondaries pricing and market dynamics

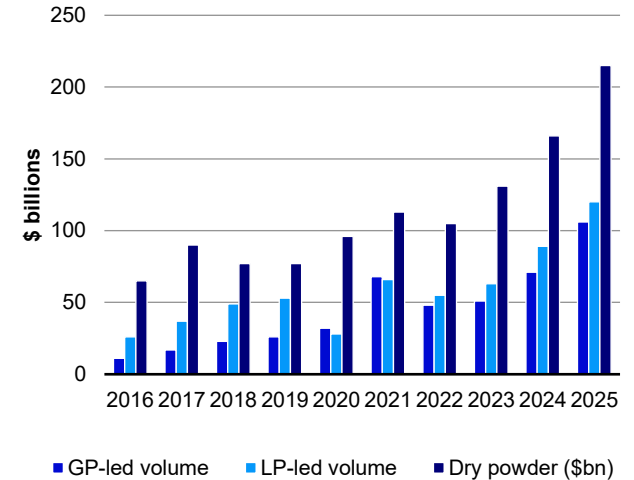
Outside of private credit, most secondaries are pricing near their post-COVID averages. Venture and Real Estate remain at significant discounts to NAV.

While secondary transaction volume has increased every year since 2022, dry powder is also growing rapidly.

Secondary market pricing



GP/LP transaction volume and dry powder



Sources: Invesco Solutions and Custom Strategies, PJT for secondaries pricing, latest available data. Evercore for dry powder, as of Apr. 27, 2026. 2025 dry powder figure is an approximation.

Real assets

Real estate and
infrastructure

3

2026 alternative opportunities: Real assets



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Mike Bessell, CFA
MD, Investment Strategist
Invesco Global Real Estate

Slight overweight to real assets as valuations approach trough, starting to appear attractive in real estate equity

Asset class	Overall	Valuations	Fundamentals	Secular trend
Real estate	Overweight	Attractive	Neutral	Neutral
Infrastructure	Overweight	Unattractive	Attractive	Attractive

Real estate

US real estate had a constructive start to 2026 from fiscal stimulus, rebounding transaction volume, and improving debt availability. But tariffs, immigration policy, and the Iran conflict have complicated the outlook. We favor income-driven, lower-capital-expense sectors for core investing. We see higher-return opportunities in real estate credit and volatility-driven equity mispricing rather than broad market beta. Forward real estate performance is likely to be driven more by income return and differentiated net operating income (NOI) growth than by cap rate compression. That's because cap rate spreads to the 10-year Treasury remain below long-term historical norms. This backdrop reinforces our belief that — at least for now — defense wins in core investing. Our preference is for higher-yielding, lower-capital-expense property sectors in certain locations and asset characteristics that offer higher probabilities of achieving at least moderate growth while

demonstrating meaningful downside protection. That means necessity retail, medical office, self-storage, and manufactured housing. While we believe select markets and sub-sectors within apartments, industrial, and office can deliver above-index performance, we expect mixed performance in these sectors over the near term.

Infrastructure

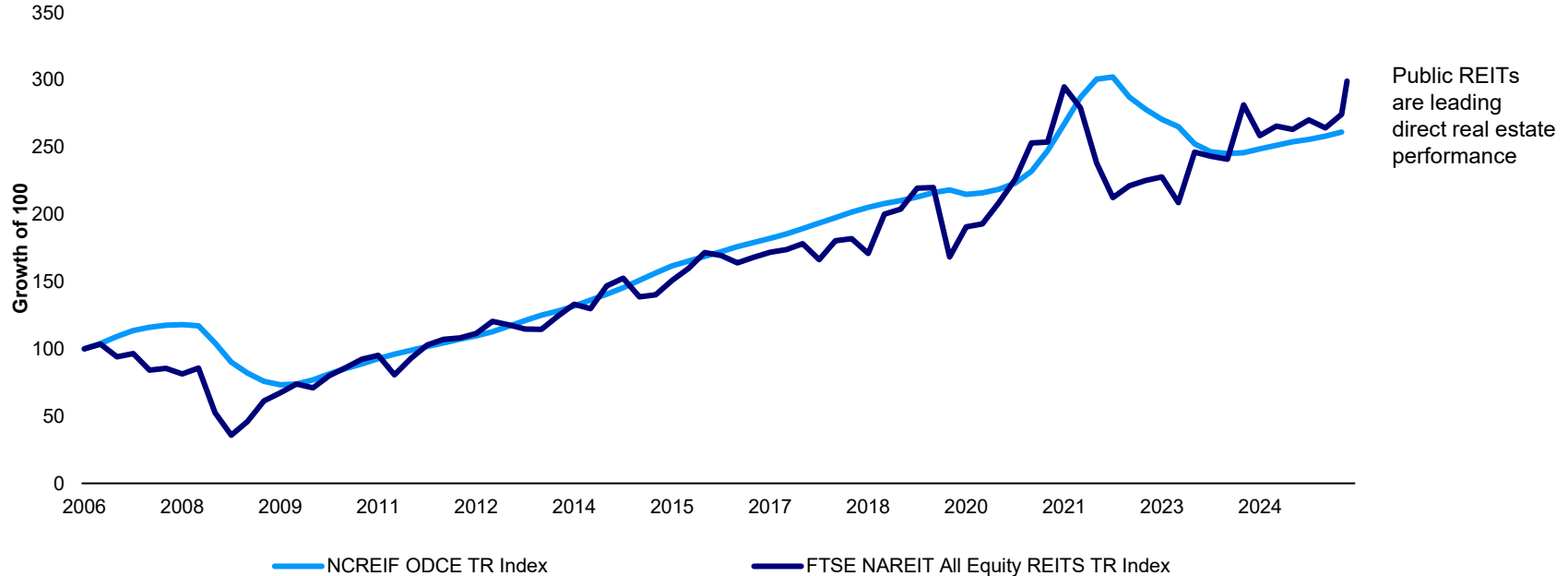
Our outlook is positive, supported by the correction in valuations, strong fundamentals, and powerful secular tailwinds, driven primarily by trends in the digital space and their follow-in impacts upon power generation and transmission infrastructure. Fundraising for digital infrastructure in 2025 was record-breaking, with \$157 billion¹ in capital committed amid a challenging time for private asset fundraising. We consider infrastructure a defensive real asset due to its combination of monopoly-like characteristics, low obsolescence risk, and long-duration contractual cash

flows. The heightened level of geopolitical uncertainty has increased demand for high-quality infrastructure in developed markets, namely secure transportation and logistics, digital infrastructure, and renewable assets. Also, we expect the conflict will only increase the need for continued investment in European Union (EU) and reinforce energy infrastructure, both in North America and globally. Data center and digital infrastructure power demands will likely continue from the artificial intelligence (AI) theme, so there's potential for extra capacity to come from domestic oil and gas sectors beyond renewable infrastructure. For context, the current estimated demand for data centers may double the capital expenditure we've seen in prior infrastructure booms like telecom in the late 90s to early 2000s or shale oil in 2008–2012.

Sources: Invesco Solutions and Custom Strategies, Invesco Real Estate, views as of May 4, 2026.

Cumulative growth of listed vs. unlisted real estate

Listed and unlisted real estate performance Dec 2006- Mar 2026, Dec. 2006=100



Source: Invesco Solutions and Custom Strategies, based on data from NCREIF ODCE TR Index representing unlisted real estate performance, as of Mar. 31, 2026, and FTSE NAREIT All Equity REITS TR Index representing listed real estate performance as of Apr. 30, 2026. Listed real estate is gross of fees while unlisted is net of fees. **Past performance does not guarantee future results.**

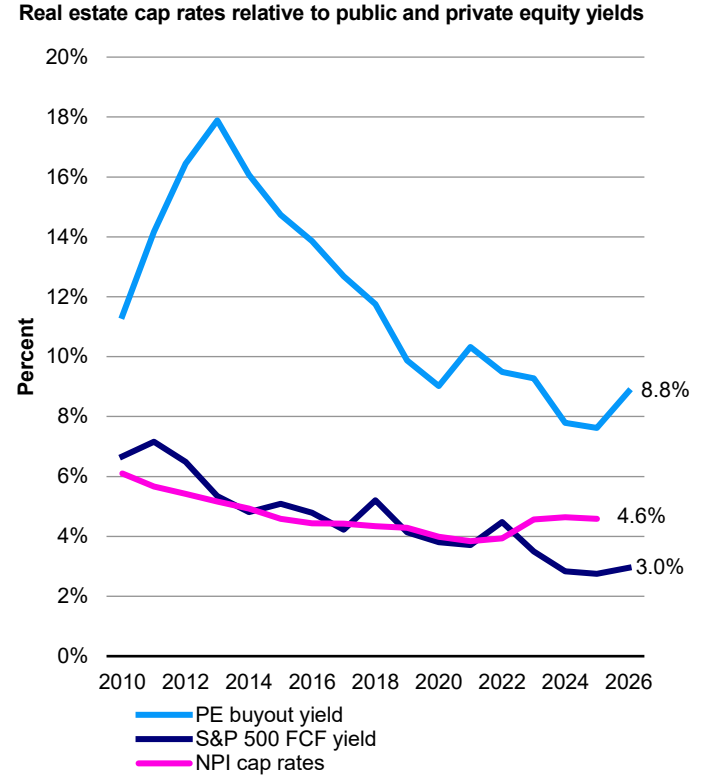
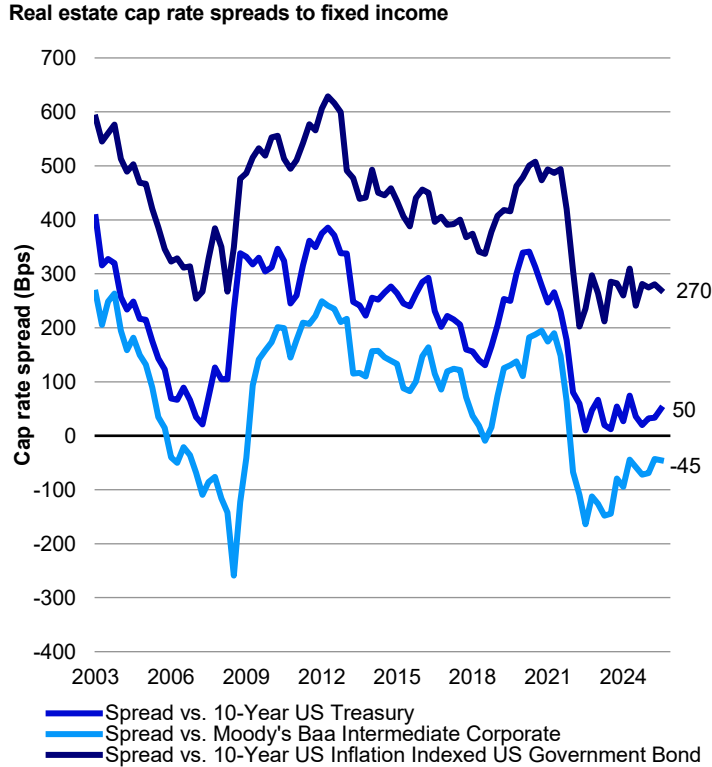
Views on private assets: Real assets

Investment type	Allocation range			Comments
	Underweight	Neutral	Overweight	
Real estate core				<ul style="list-style-type: none"> Public and private valuations have converged, and we expect the trough in valuations is imminent. Exposure to high quality real estate assets with stable current income*. Potential headwinds to existing cap rates resulting from rapid rise in interest rates. Mixed outlook varies by sub-sector.
Real estate value add/opportunistic				<ul style="list-style-type: none"> Focus on dislocations in credit markets. High levels of economic and market volatility may create attractive opportunities.
Infrastructure core				<ul style="list-style-type: none"> Exposure to current inflation-linked income backed by long-term contracts and/or concessions. Broad-based fundamental tailwinds across sub-sectors balanced by high valuations.
Infrastructure value add/opportunistic				<ul style="list-style-type: none"> Includes exposure to brownfield and greenfield projects. Tailwind from secular growth themes (renewables, digital) and increased government support (IIJA).

Source: Invesco Solutions and Custom Strategies, views as of May 4, 2026. For illustrative purposes only. *Per NCREIF “The term Diversified Core Equity style typically reflects lower risk investment strategies utilizing low leverage and generally represented by equity ownership positions in stable U.S. operating properties.”

Real estate cap rate spreads

Direct real estate valuations remain elevated relative to other income-generating alternatives; however, they appear to have bounced from recent lows and stabilized. Cap rates relative to public equity yields are the most attractive they've been post-GFC.



Sources: Invesco Solutions and Custom Strategies, NCREIF, Moody's Analytics, S&P, Pitchbook LCD, as of Apr. 30, 2026 or most recently available. Right-hand side is year to date.

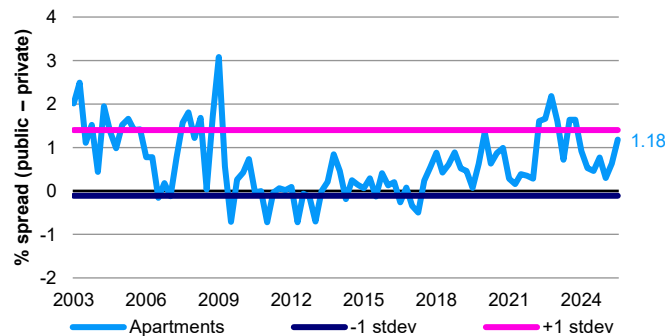
VALUATIONS

Public - private real estate cap rate spreads

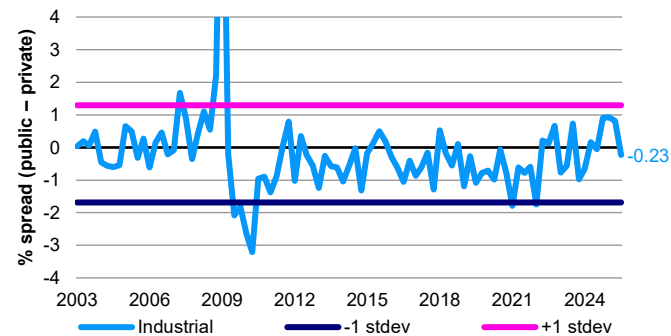
The spread between public and private cap rates remain in line with historical normal standard deviation bands for most major sectors.

This spread indicates a relative value differential in the public or private real estate markets.

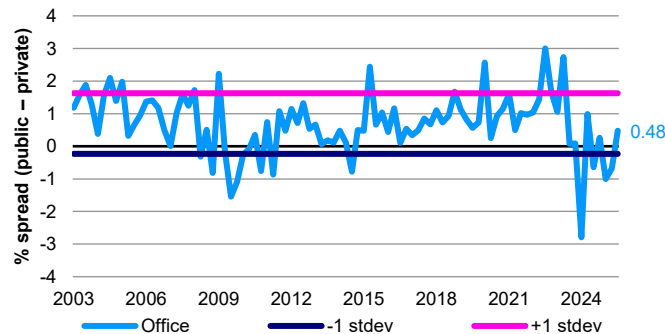
Apartments



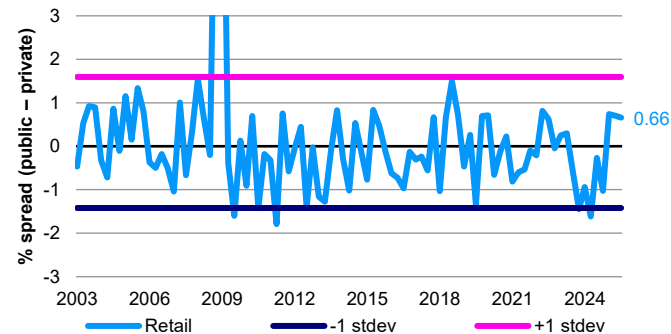
Industrial



Office

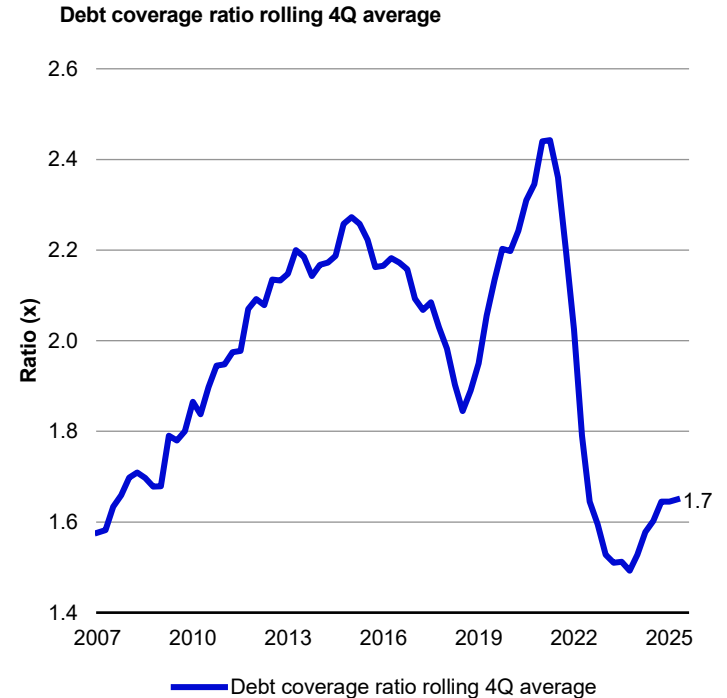
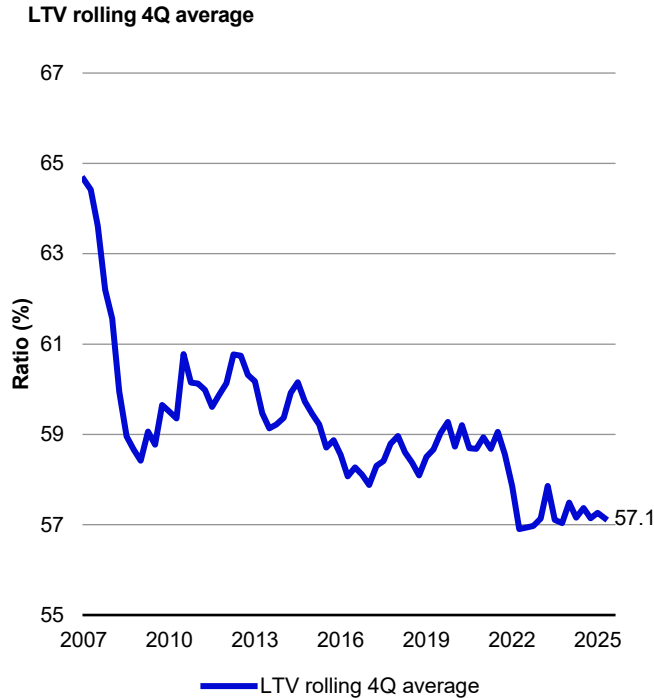


Retail



Real estate leverage (loan-to-value, LTV) and debt coverage ratio

Modest levels of leverage in the system post-GFC should moderate systemic risk. We are currently monitoring interest coverage ratios.

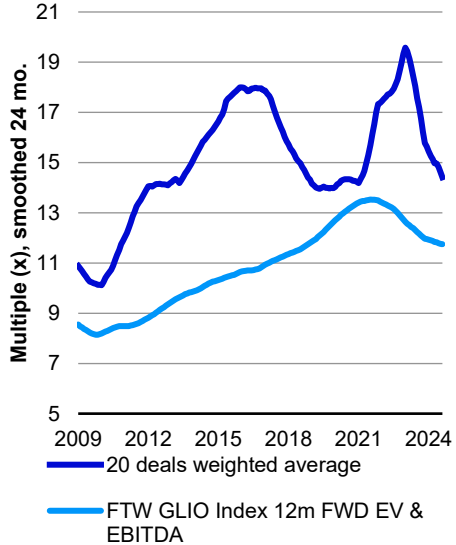


Sources: Invesco Solutions and Custom Strategies, NCREIF, Moody's Analytics, as of Dec. 31, 2025, or most recently available.

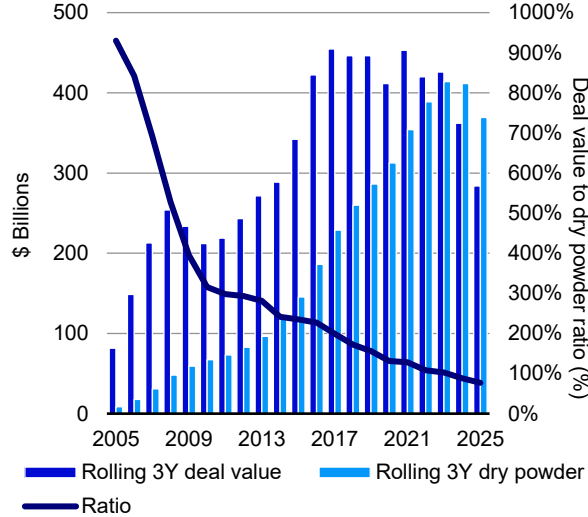
Infrastructure

Elevated valuations combined with robust dry powder are offset by an expanding opportunity set with long-term secular tailwinds

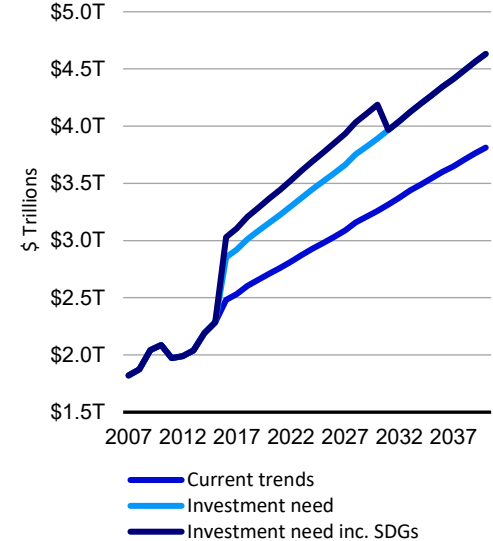
Infrastructure EV/EBITDA



Deal value to dry powder ratio



Investment need in infrastructure



Sources: Invesco Solutions and Custom Strategies, Preqin, Global Infrastructure Hub, as of Dec. 31, 2025.

Hedge funds

Event-driven and
systematic trend

4

2026 alternative opportunities: Hedge funds



Jeff Bennett, CFA
Head of Manager Selection
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Strategies and Custom
Strategies

Overweight hedge funds, given current levels of arbitrage spreads

Asset class	Overall	Valuations	Fundamentals	Secular trend
Event-driven and arbitrage	Overweight	Neutral	Neutral	Attractive
Systematic trend	Overweight	Neutral	Neutral	Attractive

Hedge funds

Hedge funds had one of their best years ever last year, driven by high base rates and alpha generated from volatile equity and credit markets. We continue to find hedge funds attractive, however it is moderating as the capital markets' activity picks up and the outlook for equity markets improves.

With low correlations to traditional assets* and the possibility for higher-for-longer interest rates, we believe hedge funds are particularly attractive. Since hedge funds operate off a spread, elevated base rates provide a generous tailwind. While not our base case, a deeper market correction due to a recession or

inflation resurgence may prove hedge funds to be a valuable alternative within a portfolio.

Event-driven and arbitrage

Average spreads in merger arbitrage have risen meaningfully over the past quarter, while the median deal is stable, a signal that the data is skewed by volatility within a few large-cap names.

As we have seen signs of a recent improved corporate action environment due to aging private equity capital, lower interest rates, and a potentially easier, albeit volatile, regulatory environment, these strategies may have tailwinds into 2026.

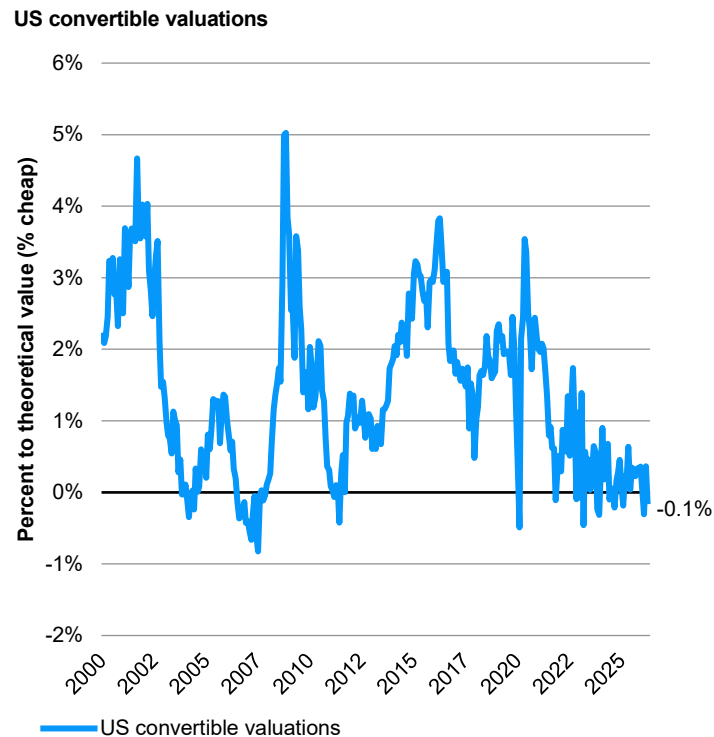
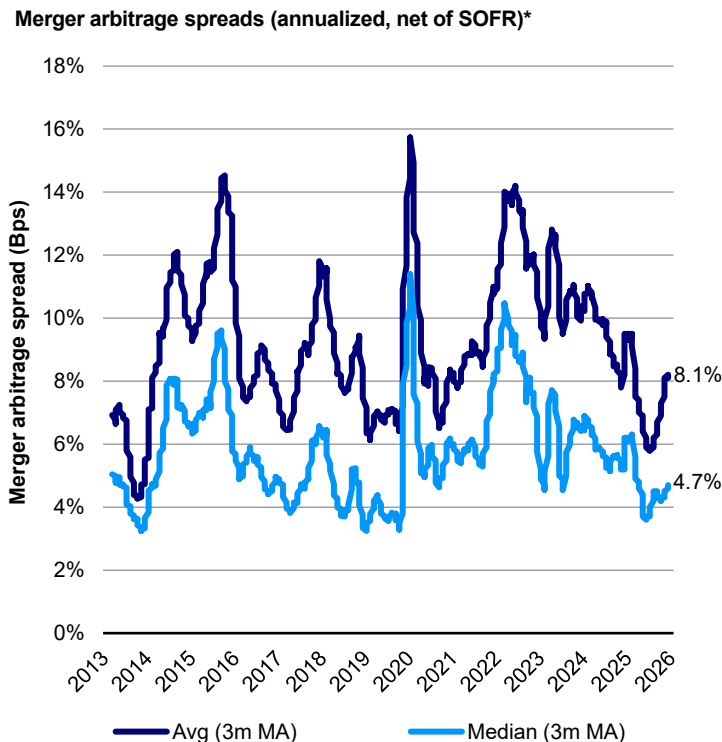
Systematic trend

With the Federal Reserve (Fed) pausing their interest rate cuts from elevated levels, we analyzed how systematic trend strategies perform in various monetary policy environments. Our first finding is that trend strategies outperform when base rates are above average and falling. Additionally, the correlation of systematic trend funds to US equities is significantly negative as the fed funds rate is lowered, allowing for diversification benefits within asset allocations*.

Source: Invesco Solutions and Custom Strategies, views as of May 4, 2026. *See slide 33.

Merger arbitrage and convertible arbitrage

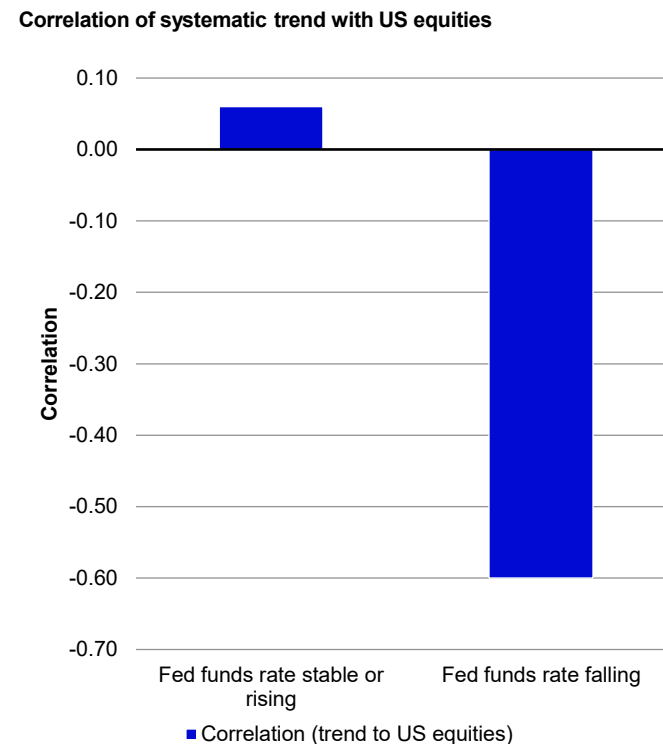
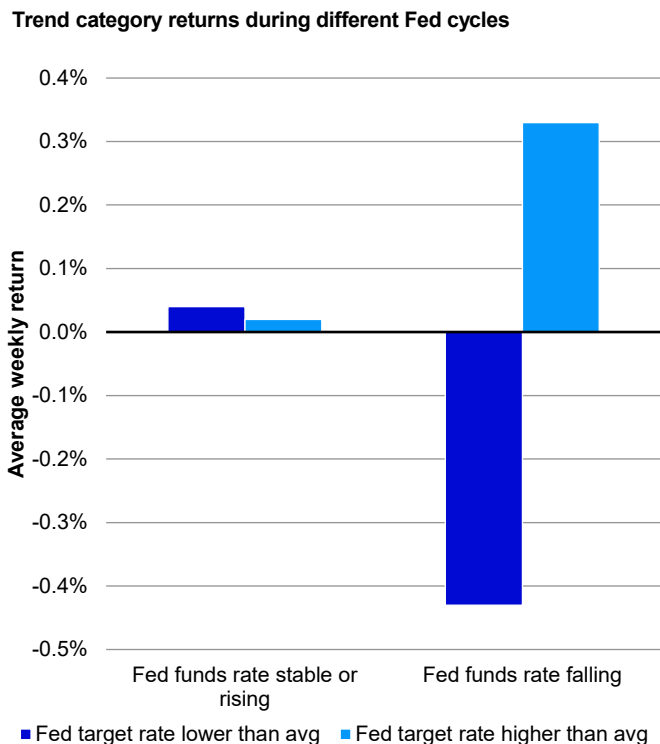
Spreads are wide on a variety of measures within merger arbitrage. Convertible valuations relative to theoretical value are slightly below average.



Sources: Invesco Solutions and Custom Strategies, UBS, Moody's Analytics, S&P, ICE Bank of America, latest data available as of Apr. 30, 2026. *Merger arbitrage averages and medians are only for definitive deals with more than 5 days to expected closing and impose a 0% floor and 50% cap.

Systematic trend

Trend strategies tend to outperform when base rates are above average and falling. Further, their correlations to US equities are significantly negative as the Fed funds rate is lowered.



Sources: Invesco Solutions and Custom Strategies, Morningstar, Bloomberg L.P., as of Dec. 8, 2025, latest available data. **Past performance is no guarantee of future results.**

Invesco Solutions and Custom Strategies

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Invesco Solutions and Custom Strategies is an experienced multi-asset team that seeks to deliver desired client outcomes using Invesco's global capabilities, scale, and infrastructure. We partner with investors to fully understand investors' goals and harness strategies across Invesco's global spectrum of active, passive, factor, and alternative investments that address investors' unique needs. From robust research and analysis to bespoke investment solutions, our team brings insight and innovation to investors' portfolio construction process. Our approach starts with a complete understanding of investors' needs:

We help support better investment outcomes by delivering insightful and thorough analytics. By putting analytics into practice, we develop investment approaches specific to investors' needs. We work as an extension of investors' teams to engage across functions and implement solutions.

The foundation of the team's process is the development of capital market assumptions — long-term forecasts for the behavior of different asset classes. Their expectations for returns, volatility, and correlation serve as guidelines for long-term, strategic asset allocation decisions. Assisting clients in North America, Europe, and Asia, Invesco's Solutions and Custom Solutions team benefits from Invesco's on-the-ground presence in 19 offices worldwide, with over 160 professionals to support investment selection and ongoing monitoring.

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Disclosures

Investment risks

The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations), and investors may not get back the full amount invested.

Alternative strategies may include investments in private equity, private credit, private real estate and infrastructure, which may involve additional risks such as lack of liquidity and concentrated ownership. These types of investments may result in greater fluctuation in the value of a portfolio. Private Market investments are exposed to risk, which is the risk that a counterpart is unable to deal with counterparty obligations. Changes in interest rates, rental yields and general economic conditions may result in fluctuations in the value of any underlying strategies. These types of strategies may carry a significant risk of capital loss and other market risks.

Important information

Unless otherwise stated, all information is sourced from Invesco Solutions and Custom Strategies, in USD, and as of May 29, 2026.

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