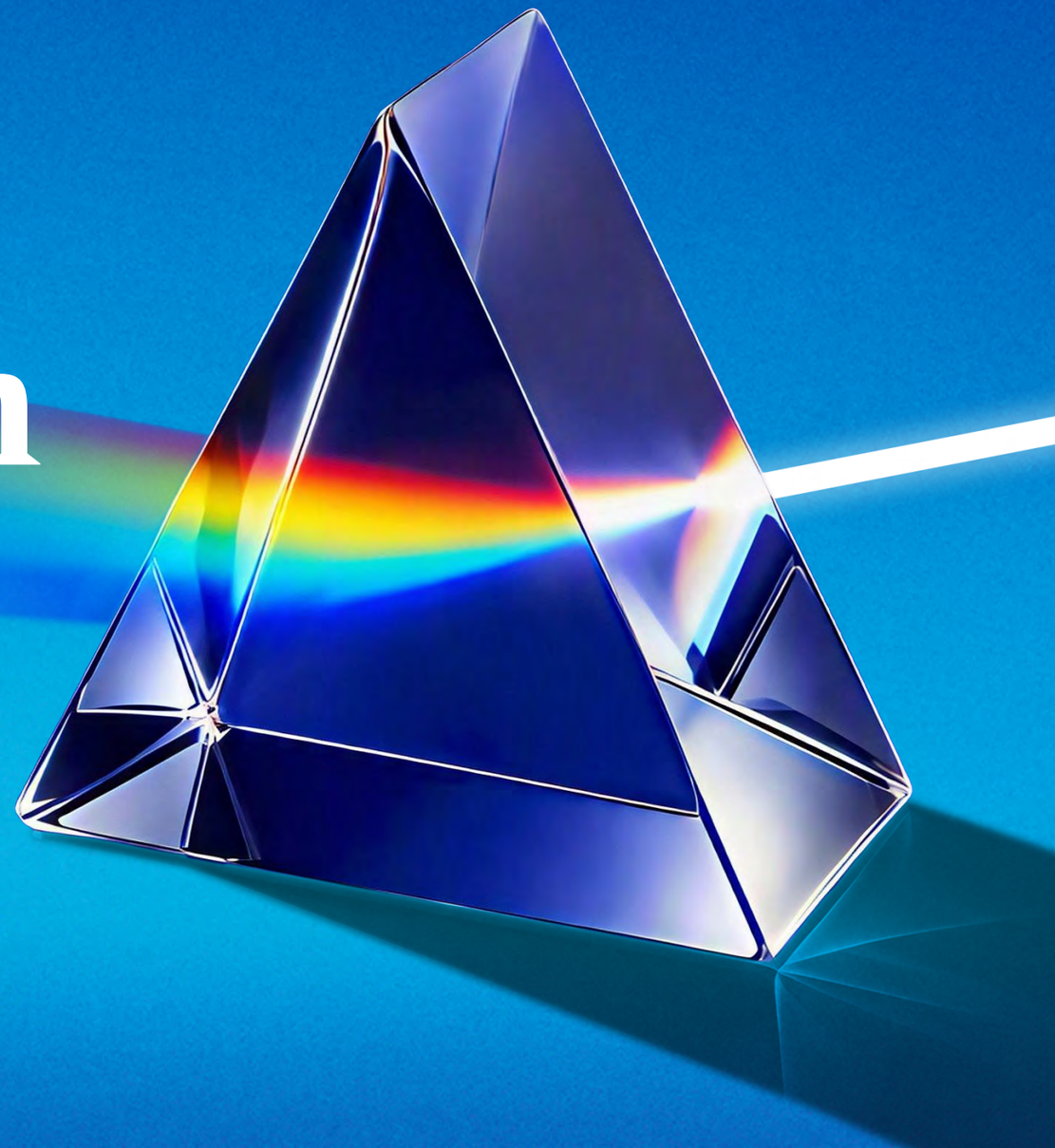
Invesco

Presented by
Invesco Strategy & Insights

2027 ANNUAL INVESTMENT OUTLOOK

# Beyond concentration

Think opportunity is concentrated?
Rethink the breadth of your portfolio.



# Welcome to our 2027 outlook

## Executive summary

The bull market survived a lot in 2026. Oil spiked, rates rose, central banks tightened, and confidence in artificial intelligence (AI) repeatedly wavered. There was plenty of turmoil beneath the surface, but the broader expansion and bull market endured, thanks in large part to market concentration where a narrow set of stocks helped propel returns in a number of markets.

Yet we believe fears of manias, debt crises, and inflation obscure a more durable backdrop of resilient growth, strong earnings, and reasonable valuations. The surprise in 2027 may be that oil and rates stabilize and central banks step back from tightening, enabling economic activity to reaccelerate. As this happens, we expect markets to broaden **beyond concentration** – the central theme and title of our outlook.

The opportunity set is widening: AI demand remains strong even as growth normalizes, market leadership may broaden beyond mega-cap technology, and higher bond yields have restored income — rewarding investors who remain selective across regions, sectors, and credit.

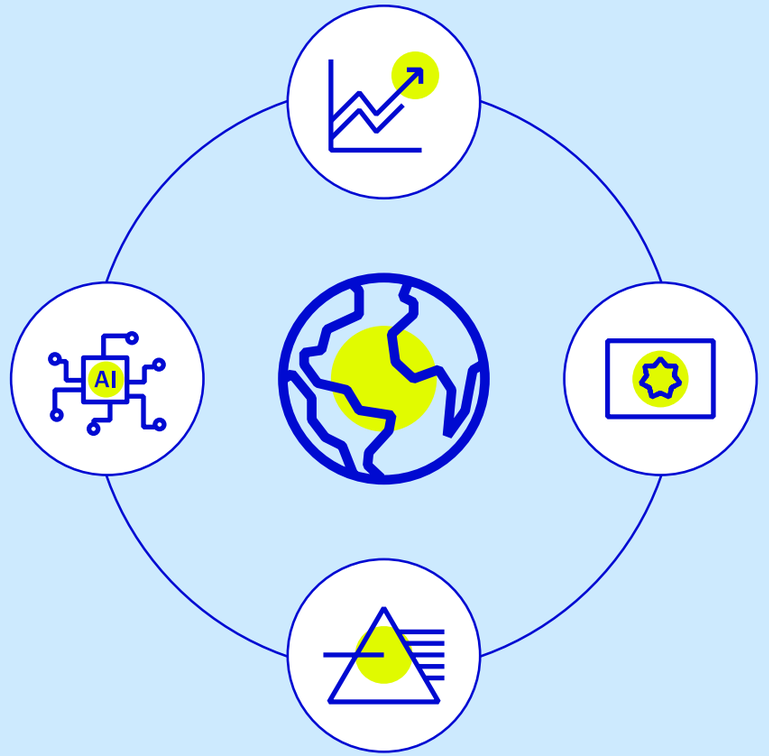
# Key takeaways

### Macro backdrop remains constructive for markets

The private sector remains in good shape with low leverage and can continue to weather disruption. Any good news on the energy front could allow growth to remain resilient or even improve in 2027.

### AI investment boom evolves

AI adoption is proceeding rapidly as the technology continues to improve. Investment should continue, but the rate of change is slowing.




### Paid to hold bonds again

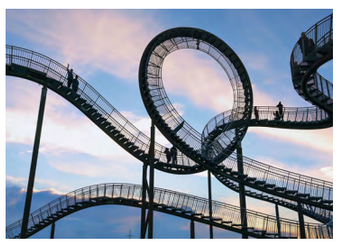
There is potentially greater income on offer today. We see selective carry opportunities and diversified sources of income as useful additions to portfolios.

### Reengaging the broadening trade

Concentration risk is acute in some parts of the global market. Meanwhile, energy prices and resilient growth could mean broader market participation in 2027.

# Our outlook in brief

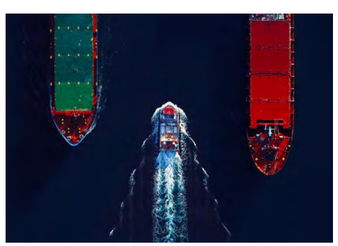
## 01 | Macro views



### Where are we in the cycle?

**Mid-cycle, with greater differentiation**

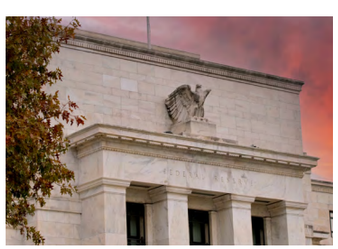
Borrowing has increased and markets are becoming more discerning, distinguishing between businesses with sound balance sheets and those that have greater leverage. While that may produce pockets of stress, aggregate private sector balance sheets remain healthy, providing a solid foundation for the cycle to continue.



### What is the direction of the economy?

**Slower now, but potential to improve if energy headwinds fade**

A softer labor market and tighter financial conditions may moderate growth in the near term. But assuming the energy shock fades, easing headline inflation should support household purchasing power. Continued AI-related investment provides another important tailwind, creating the potential for economic activity to improve as 2027 progresses.



### What could we expect from policy?

**Peak tightening is near**

Cooling inflation and a balanced labor market should reduce the need for substantially tighter monetary policy. Narrowing interest rate differentials could also renew downward pressure on the dollar.

## 02 | Investment themes




### The AI investment boom evolves

AI adoption continues to grow, helping to drive earnings growth of AI-related stocks. Revenue growth rates of AI labs also indicate monetization is improving. However, the growth rate of capital spending is slowing and the opportunity set within the AI theme continues to evolve and is becoming more diverse.



### Reengaging the broadening trade

The broadening trade was interrupted but we think it's due to resume. We look for non-AI names to outperform as macro pressures fade, with focus on late cyclicals, value stocks, and non-US and emerging market assets.



### Income: Paid to hold bonds again, but diversify income

Income opportunities have broadened: Bonds offer a meaningful source of income, and alternatives like real estate can add income and diversification too. We continue to emphasize selectivity in credit risk.

Opinions expressed are those of Invesco Strategy & Insights. This commentary does not constitute buy/sell recommendations.
Diversification does not guarantee a profit or eliminate the risk of loss.

# Macro views

01



## Resilient growth despite headwinds

Looking back to the start of 2026, the backdrop was supportive of an acceleration in global growth. Fiscal policy was stimulative, inflation was contained, and major central banks were expected to ease policy. It was exactly the type of environment that could see broader market leadership beyond the largest technology companies.

For parts of 2026, that thesis worked. But the environment changed. The war in Iran lasted longer than expected, the conflict spread through the Arabian Peninsula, oil prices surged, and central banks moved to a tightening bias across much of the developed world.

In 2025, tariffs disrupted an otherwise constructive backdrop. In 2026, geopolitics, oil, and higher rates did the same. The backdrop heading into 2027 appears more challenging now, but there is scope for these disruptions to ease. 2027 therefore may be the year when we move closer to a mid-cycle slowdown, but conditions should then improve as headwinds fade. As part of this, we assume that oil prices begin to ease as we move past the worst of the conflict in the Middle East.

There are clear risks to this view, primarily that the energy shock worsens. But private sector balance sheets do not show warning signs of excessive debt, and PMIs suggest activity remains resilient, providing a cushion.



## Oil shock fades

Since the start of the war in the Middle East, oil has dominated the macro environment. Higher energy prices have driven headline inflation up, and central banks have sought to curtail any second-order effects.

While oil prices remain elevated, their impact on headline inflation is likely to drop out due to base effects. A fading oil shock should support household purchasing power, while moderating inflation may allow monetary policy to become less restrictive.

Still, energy impacts economies differently. Europe and parts of Asia remain relatively more exposed, so higher oil and gas prices may still weigh on activity to a greater degree in those regions. That said, both regions are less vulnerable than they were in 2022.

## Central banks near peak policy

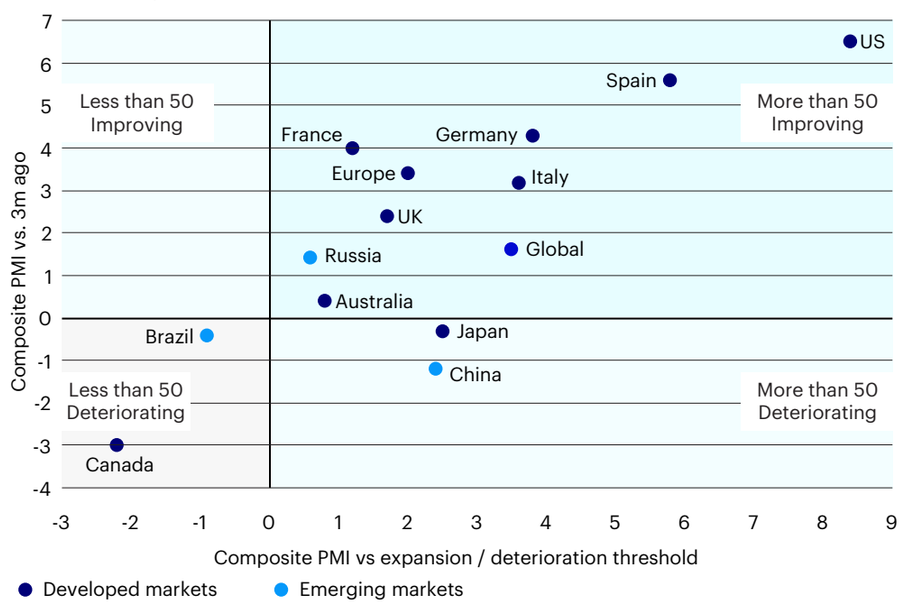
Assuming oil prices stabilize or fall and inflation cools, most central banks should be able to step back from tightening. At the time of writing, we think market expectations for future policy tightening are overdone, which should help drive some yield curve steepening and provide a tailwind for activity.

We see this as a constructive backdrop for markets while recognizing that geopolitics remains the most significant source of potential disruption.

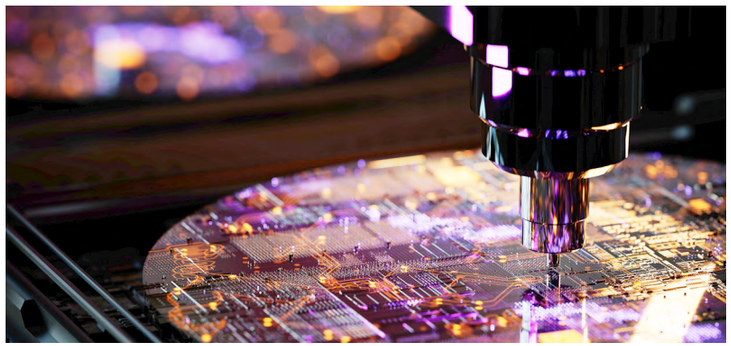
# “A fading oil shock should support household purchasing power”

**Global activity readouts suggest economic momentum remains intact**

S&P Global Composite PMIs




Note: PMIs are centered around 50, where values above 50 indicate expansion and values below 50 indicate deterioration. Sources: Invesco Strategy & Insights, Bloomberg L.P., as of 30 September 2026.



## AI investment continues to lift activity

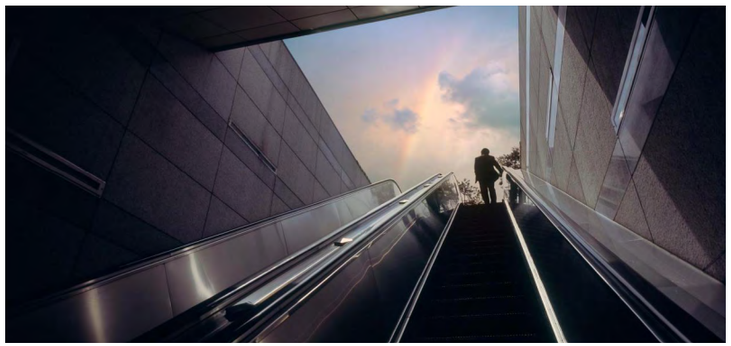
Artificial intelligence (AI) continues to be a core driver of recent economic momentum, especially in the US, South Korea, and Taiwan. For instance, investment in AI appears to have added roughly a percentage point to US GDP growth in recent quarters.[1] And investment commitments from AI infrastructure providers like hyperscalers and neoclouds are still entering the economy.

There are signs that other regions are also increasing their participation in this theme. Mainland China, Japan, France, and Finland have made headlines since the summer for announcements of new major data center investments. This should also help provide tailwinds to overall activity in these economies as well as to the supply chain beneficiaries of this spending.

We believe it is still relatively early in the AI buildout — capital is still being put to work, data centers are being constructed, and the technology continues to improve. AI use continues to grow rapidly, as highlighted by national surveys and user statistics from AI labs. But adoption still has a long way to go, in our view, as businesses become more comfortable using the technology.

It is noteworthy that AI investment continues despite recent macro shocks. AI investment was largely unaffected by shifts in oil prices as well as the changing cost of capital. We note that the market effects of the AI boom also help consumption via the wealth effect. In other words, AI investment continues to lift activity.

1. Based on the rolling 4-quarter average of the annualized contribution to US GDP growth from software and information processing equipment.



## Are higher yields a problem?

Bond yields have risen in 2026 and have caused investors to wonder whether higher financing costs may jeopardize the cycle. However, we view recent bond yield movements as a return to a more normal environment: higher bond yields reflect a healthier growth environment and a resumption of the relationship between bond yields and nominal GDP growth. Further, as the private sector has grown and termed out debt, debt service ratios remain low heading into 2027. We do not expect these to rise materially.

We think the economy can deal with 10-year yields around 5–5.5%. Both household and corporate debt service ratios are healthy in many major economies. Still, it does mean selectivity is increasingly important as some issuers may be more vulnerable to refinancings at these interest rates. We remain optimistic but cautious in this environment.

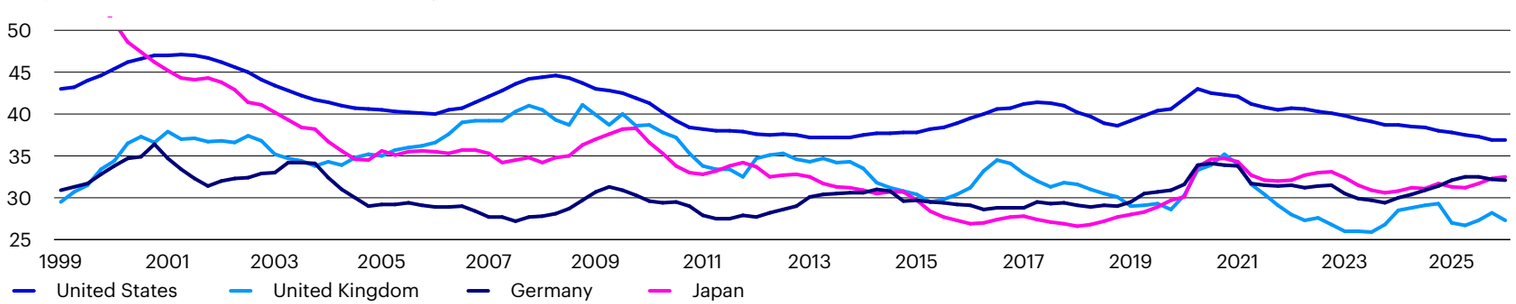


## A weaker dollar

The dollar has moved a little higher this year against some developed market currencies, but we think the USD remains in a secular weakening trend. As the macro environment stabilizes next year, we anticipate the dollar to resume its move lower, particularly against emerging market currencies.

The fundamentals we have highlighted in past outlooks remain: The dollar remains elevated relative to its post-2008 range (in real trade-weighted terms) and has only partially unwound the gains built over more than a decade. We anticipate a gradual rebalancing of positions. Moreover, trade tensions and policy uncertainty are encouraging capital to look elsewhere, in our view.

**Corporate debt service ratios in select major economies**




Source: Invesco Strategy & Insights, Macrobond, BIS, as of 26 October 2026, non-financial corporate interest as share of income (%)



## United States

The US entered 2026 in an enviable position. Growth was strong, supported by AI investment, household wealth, fiscal stimulus, and low energy prices. Inflation was easing, interest rates were relatively stable, and the Federal Reserve was expected to ease policy.

War in Iran disrupted that backdrop, pushing energy prices and interest rates higher and prompting the Fed to tighten and bond yields to rise. As we head into 2027, conditions are less favorable. Higher gasoline prices are weighing on consumers, while lower rated businesses no longer enjoy easy access to cheap capital.

Still, we think the economy has enough momentum to keep growing, supported by continued AI investment and spending among higher income households. More importantly, some of today's headwinds could become tomorrow's tailwinds. Lower oil prices and interest rates would ease pressure on consumers and businesses, creating the conditions for economic activity to reaccelerate as 2027 progresses.



## Europe

European and UK economic data continue to defy higher energy prices and higher bond yields. If we are correct that energy prices begin to ease in 2027, then we expect activity to improve further. We are skeptical that the Bank of England will hike in 2027, though the European Central Bank may hike once more.

While real income growth is unlikely to be positive, there is plenty of room for declines in savings rates to support European consumer spending. But it is the European fiscal spending from Germany and its trickle down via cyclical sectors that is our main reason for remaining positive on Europe. European politics, such as in France, may challenge markets in 2027, but on balance we don't see those as a broader disrupting factor.



## Japan

We think Japanese inflation will move higher in the first quarter of 2027 due to higher oil prices, yen weakness, and rising food prices. That would likely result in temporary below-potential growth. From Q2, however, growth should become more resilient, supported by the lower consumption tax on food.

We expect the Bank of Japan to hike twice by mid-2027. Japanese companies are expected to maintain strong earnings growth, supported by Tokyo Stock Exchange reforms, productivity gains, and stronger pricing power, which could support Japanese equities. While expansionary fiscal policy poses risks to the bond market, strategically targeted investment could boost growth and improve the fiscal position over the medium term.



## China

China enters 2027 with a supportive policy backdrop and steady, if uneven, growth. Exports have been remarkably strong, and a resilient global economy, along with our expected reacceleration of growth beyond the AI theme, should keep external demand firm. With policymakers likely to keep their growth ambitions intact, we expect fiscal policy to do more work at the margin, alongside accommodative monetary conditions and a gradual push to lift household demand. Growth drivers continue to diversify, with less reliance on the property sector. Advanced manufacturing, technology, and clean energy remain key sources of resilience, while anti-involution efforts could help margins recover. US-China trade and tech policy remain the key risk.



## India

India remains one of the strongest structural growth stories among major economies. Rising incomes, favorable demographics, continued infrastructure investment, and an expanding manufacturing base should support domestic demand and investment, while structural reforms and digitalization are helping improve productivity and deepen the formal economy.

External vulnerabilities remain, particularly given India's dependence on imported energy, although our expectation for lower oil prices should help ease inflationary pressures and support the external balance and currency. The long-term market opportunity remains compelling, although elevated valuations mean selectivity will be increasingly important. Periodic corrections could open opportunities to build long-term exposure.

# Investment themes

02

# The AI investment boom evolves

Demand for AI has grown rapidly, propelling strong revenue growth among AI labs, hyperscalers, and others in the infrastructure supply chain. We anticipate the pace of earnings growth in the space to be more muted, but firmly positive, in 2027. Opportunities remain as the theme evolves, but being more selective is important.

Artificial intelligence has set off a once-in-a-generation infrastructure boom with extraordinary scale: A handful of American AI infrastructure providers are expected to invest more than $900 billion in 2026, rising to $1.4 trillion in 2027. And these figures do not count the growing project pipeline from other regions.

This spending is backed by growing adoption and revenue. Businesses are expanding their AI use, platforms are monetizing that activity, and some of the largest platforms are generating exceptional revenue growth. The technology itself continues to improve rapidly and is becoming more efficient. Reasoning models and agentic AI are expanding what AI can do. Efficiency gains offset some demand, but we expect compute needs to keep growing fast.

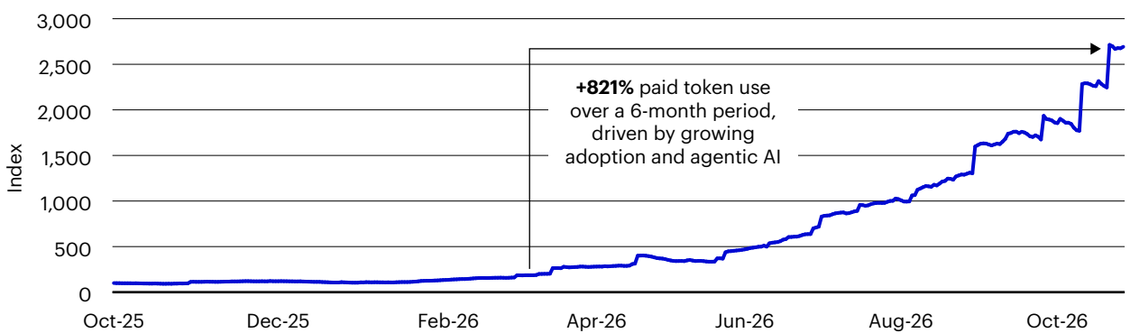
We expect the AI infrastructure buildout to continue through 2027, but its pace is changing. After a step-change in the rate of capital being deployed for AI infrastructure in 2025 and 2026, the growth rate of capital spending looks set to slow in 2027. This will likely show up in moderating earnings growth in AI-related companies.

That shifts the investment focus from the scale of spending to the returns it can generate. Reflecting this, the 'AI trade' is becoming much less uniform and more volatile. This differentiation shows up in the average pairwise correlation of daily returns among the five US hyperscalers, which has trended downward since peaking in mid-2025 (with a temporary interruption due to war in the Middle East). Leadership is moving from the infrastructure layer to the companies that monetize AI: software, data platforms, and mid-caps. We see this greater selectivity as a healthy progression for the theme.

Opportunities remain in AI-related beneficiaries, but we think the rise of market concentration in AI-related stocks has left investors exposed to a potential slowdown in the theme. Hyperscalers are already facing higher costs of capital and could cut capex guidance, while concerns over financing costs could trigger a widening of credit spreads.

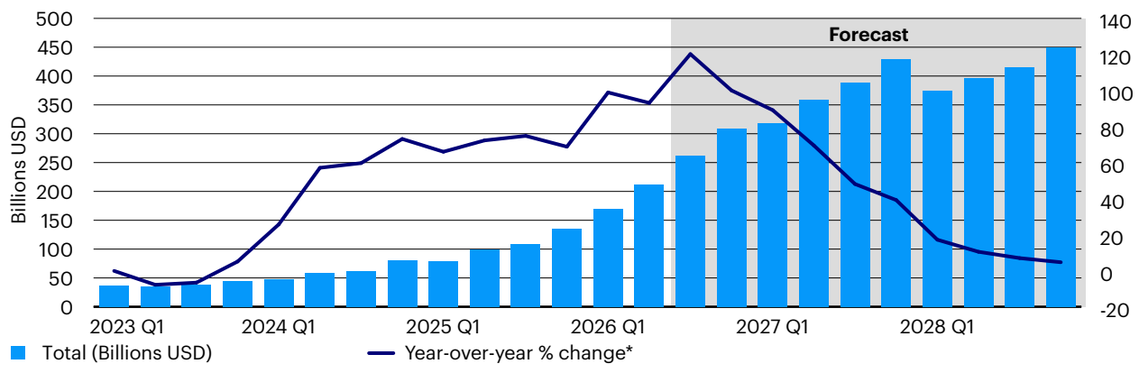
We remain cautiously optimistic on the overall AI theme but think the bar for earnings growth has been raised. Thus, we favor market leadership beyond the companies that led the initial boom and in the non-AI laggards in global markets.

**AI use continues to increase, as measured by paid AI token use**




**Capital investment continues to be substantial, but the rate of growth is slowing**

Total US hyperscaler and neocloud investment and growth rate




Sources: Bloomberg L.P. and Invesco Strategy & Insights. The upper chart is based on daily data measuring paid token use (excluding free access AI models). The lower chart is based on quarterly company-reported capital expenditure figures from 2023 Q1 to 2026 Q2, and Bloomberg consensus estimates from 2026 Q3 to 2028 Q4. There is no guarantee that these views or forecasts will come to pass. Companies include AMZN, CRWV, GOOGL, META, MSFT, NBIS, ORCL, and SPCX. It does not constitute buy/sell recommendations of the securities.

# Reengaging the broadening trade

We think there is more to run in this bull market, but the leadership will change. We see opportunities emerging across regions and beyond mega-cap stocks.

For much of the first half of this decade, calling for market broadening became almost cliché. The argument was compelling. Markets had become increasingly concentrated, valuations among the largest technology companies were elevated, and opportunities appeared more attractive elsewhere.

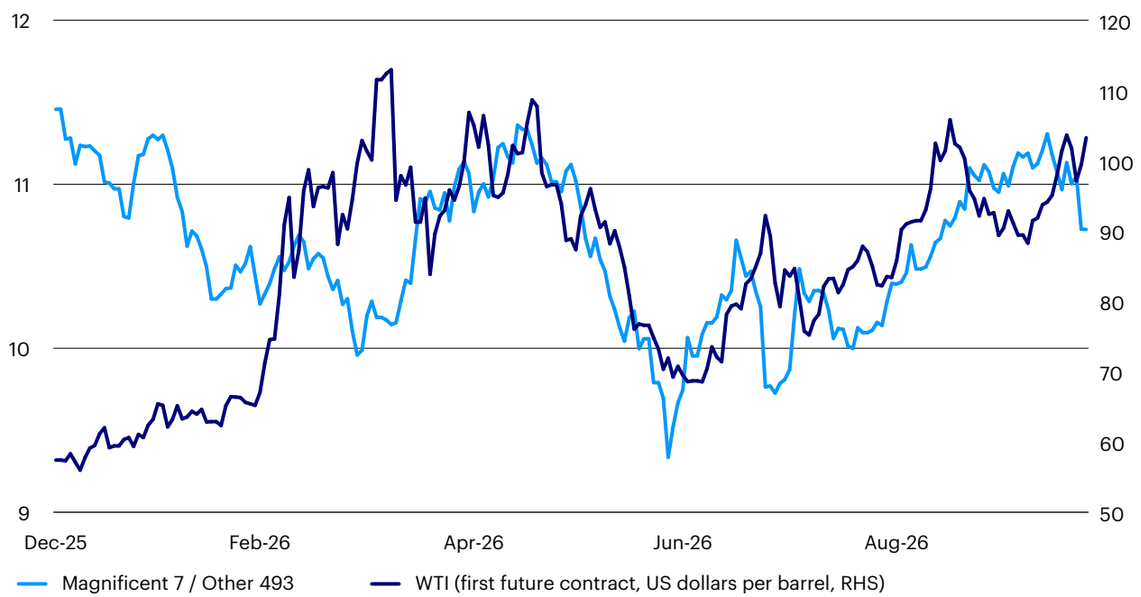
What was missing was a catalyst. That began to change in 2025 and early 2026 as corporate investment accelerated, fiscal policy became more supportive, and central banks eased. The broadening trade was on.

Admittedly, today's combination of elevated oil prices, slower growth, and tighter monetary policy is less conducive to broadening. But the next surprise could be positive. A geopolitical breakthrough, or even an extended stalemate, could stabilize oil and interest rates, take the Fed off its tightening path, and weaken the US dollar. That would create a more favorable backdrop for leadership to broaden again.

That does not mean an indiscriminate rally in everything that has lagged, but rather a wider opportunity set as earnings and returns extend beyond the largest US technology companies. In the US, we see opportunities further down the capitalization spectrum, particularly among mid-cap companies, where earnings prospects and valuations appear more attractive.

Outside the US, Japan continues to benefit from improving corporate governance, shareholder returns, and households deploying their large cash piles into equities. Emerging markets offer attractive valuations* and exposure to global growth and AI, although selectivity remains important given the concentration in semiconductor-related markets in Asia. Europe should also participate as market breadth improves and fiscal support benefits more cyclical parts of the market.

**Oil and the relative performance of the Magnificent 7**




Notes: **Past performance is no guarantee of future results.** Based on daily data from 31 December 2025 to 23 October 2026. As of 23 October 2026. "Magnificent 7 / Other 493" is the Bloomberg Magnificent 7 Total Return Index divided by the total return of the other 493 members of the S&P 500. It does not constitute buy/sell recommendations of the securities. Sources: Bloomberg L.P. and Invesco Strategy & Insights

* Based on the current price-to-earnings ratios for the MSCI Emerging Markets Index compared to its 20-year historical average. Data as at 31 October 2026.

# Income: Paid to hold bonds again, but diversify income

Bonds are offering something investors have been missing for many years: income. Higher yields have restored the appeal of fixed income, creating opportunities across sovereigns, credit, and alternatives, like real estate credit.

The post-global financial crisis (GFC) environment created an unusual challenge for fixed income investors. Global sovereign yields largely remained persistently below the nominal growth rate of the economy, and in some cases in negative nominal territory. That left investors with limited sources of income. When inflation returned and interest rates rose sharply, bond prices fell, penalizing bond holders severely in 2022.

That adjustment has created a very different opportunity set today. Higher sovereign yields increasingly reflect a stronger nominal growth environment and have restored meaningful income to fixed income portfolios. Investors can once again earn attractive yields without taking significant credit risk. As we look ahead to 2027, we also anticipate bond yields to begin to stabilize as the energy shock fades and central banks deliver fewer rate hikes than markets expect.

However, accessing fixed income today presents considerations for the path ahead. In a higher inflationary environment and one where supply shocks are more likely, we think sovereign bonds have fewer diversification properties than in previous decades. Commodities and alternatives, such as real assets, are better diversifiers to those shocks, in our analysis. But we acknowledge that at these higher yields, bonds do have scope to act as a diversifier should the global economy face a traditional growth shock.

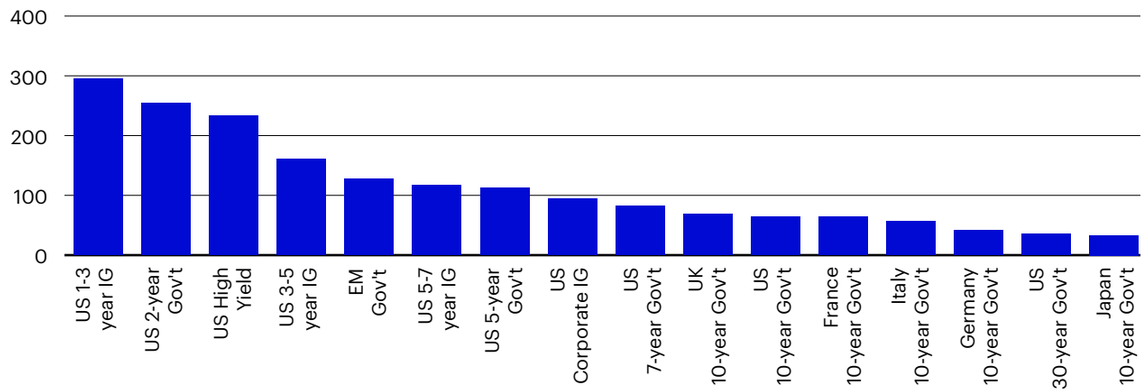
In this higher-for-longer interest rate environment, floating-rate private credit may enhance income and diversify traditional portfolios exposed to duration risk. Asset-backed private real estate credit, for example, is experiencing a secular tailwind in demand from the reduced lending by banks post-GFC, generating absolute yields that are attractive relative to both short and long-term treasuries. The combination of high levels of low-duration yield from an illiquidity premium, exposure to a differentiated source of income from real estate, and the value backstop of being backed by physical assets, may make real estate credit a useful diversifier alongside traditional fixed income.

If our view is correct and the economic expansion continues, investors should benefit by earning and compounding today's higher yields over time. That is consistent with our view that fixed income returns will largely come from the income component rather than via capital gains. Over the long arc of history, that is normal.

Within the fixed income space, particularly within credit, we would emphasize selectivity. While private sector debt service ratios generally remain low, that is not true for all economic actors, and some issuers have seen spreads widen considerably. We see considerable value in trying to avoid those more vulnerable areas now.

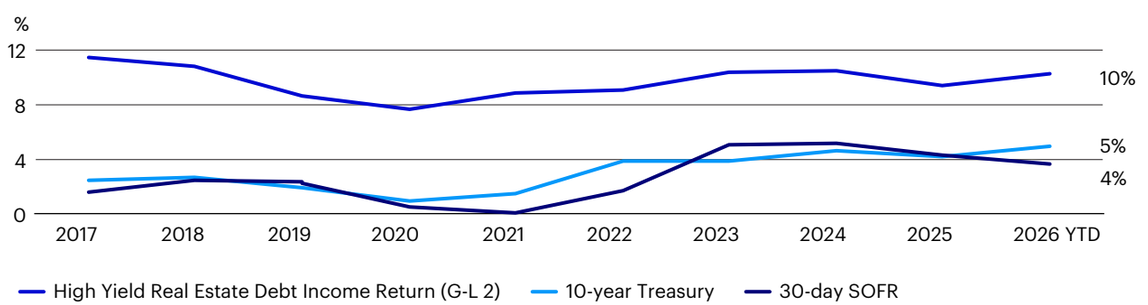
**Bonds may offer a cushion even if rates rise**

Change in yield that would result in breaking even over the next 12 months




**Private real estate credit: resilient income through rate cycles**

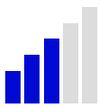
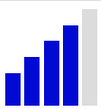
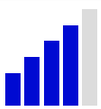
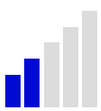
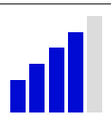
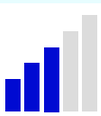
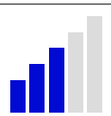
Income return has held up across rate cycles and sits well above Treasury yields

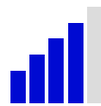
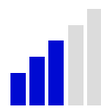
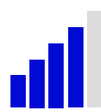
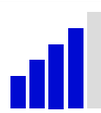
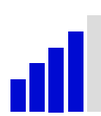
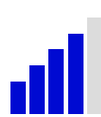



Note: Top: Chart shows the 12-month basis point change in yield resulting in zero return for each index or bond, calculated as breakeven yield increase = starting yield / modified duration. Invesco Strategy & Insights, LSEG Datastream, as of 27 October 2026

Bottom: G-L 2 income return is represented by the Giliberto-Levy High-Yield Real Estate Debt Index, as of June 30, 2026. Projections are not assured. Past performance does not indicate future results.

# Summary of views

| | | |
|---|---|---|
| **Global equities** | | |
| US |  | • US equities are on course to deliver positive returns but underperform non-US<br>• Concentration may weigh on returns as AI leaders see lower but still positive returns. We favor non-AI large and mid-cap equities |
| DM ex-US |  | • Fading inflation should drive re-rating for energy-sensitive non-US developed markets |
| EM |  | • Relative valuations remain attractive<br>• Central banks on hold and a weaker USD could be supportive |
| **Government bonds** | | |
| DM |  | • Higher starting yields mean better income cushion against further yield increases especially at the belly of the curve<br>• Potential for yields to fall as inflation cools |
| EM local currency |  | • Weaker USD tends to favor local currency EM debt<br>• Fiscal position of many EMs better than DMs |
| **Corporate credit** | | |
| Investment grade |  | • All-in yields in IG appear attractive (versus sovereigns), but we do not see much room for further spread compression |
| High yield |  | • The balance of risks suggests some issuers may be under pressure; selective opportunities remain |

| | | |
|---|---|---|
| **Commodities** | | |
| Industrial metals |  | • Broadening of growth could benefit industrial metals as will core themes of energy transition, supply chain reconfiguration, and AI data center build out |
| Precious metals |  | • Geopolitical outlook is likely to improve, but we see a structural bid for precious metals<br>• Easing bond yields could provide some support |
| **Currencies** | | |
| Developed markets currencies versus USD |  | • Interest rate differentials could begin to narrow among developed market central banks<br>• A catch-up of non-AI segments of the market could aid non-USD currencies |
| Emerging markets currencies versus USD |  | • Stabilizing energy prices could improve EM outlook<br>• EM currencies offer attractive carry<br>• Stable fiscal backdrop for most and rising exports |
| **Alternatives** | | |
| Private credit |  | • The higher-for-longer environment remains supportive for private credit, however greater credit differentiation requires disciplined underwriting<br>• AAA collateralized loan obligations (CLOs) could offer diversification and short duration |
| Real estate |  | • Pricing remains about 20% below the 2022 peak, improving entry points, although real estate yields remain thin relative to borrowing costs<br>• Tilt toward real estate credit for income and first loss protection, with selective equity for upside |

Views are presented with a 1-5 point rating, as indicated by the bars. The left-most value indicates the least favorable view, while the right-most value indicates the most favorable view. Opinions expressed are those of Invesco Strategy & Insights. This commentary does not constitute buy/sell recommendations. Diversification does not guarantee a profit or eliminate the risk of loss.

# Risks to our outlook

Recent years have seen sudden and unexpected shifts that have defined the investment environment. Careful consideration of potential risks may help in managing surprises.

We explore some of today's stand-out risks and their implications for our investment views here.

| | Our base case | The risk | The potential outcome |
|---|---|---|---|
| **Energy prices remain under stress** | Energy improves but the shock is not fully resolved; Brent back to $70–$90 by end-2027. | The energy shock can take many forms, such as damage to Gulf infrastructure; diesel and jet fuel shortages; or European gas shortages in early 2027. A renewed energy shock would keep inflation elevated, sustain pressure on yields, weaken cyclically exposed economies and companies, and potentially prolong the dominance of AI as a core trade. | • Stagflation risk, worst for Europe and Asian importers.<br>• Bond yields rise further.<br>• AI and US leadership narrow while equity markets generally move lower.<br>• Energy, agricultural commodities, and energy stocks hold up. |
| **AI economics disappoint** | AI capex growth slows but levels stay high; leadership fragments rather than breaks. | Revenues fall short of compute commitments; investors push back on debt-funded capex. Capex falls. | • AI-linked credit spreads widen and issuance stalls; semiconductor-heavy markets (US, Korea, Taiwan, EM index) fall the most; broader markets may hold up if energy improves at the same time. |
| **Bond yields become a problem** | US 10-year 5%–5.5% is normal; around 6% is the level to watch. | US 10-year towards or above 6% as term premia rise; the stock-bond correlation turns positive. Yields could reach levels that materially challenge equity valuations. | • Equity multiples compress, especially long-duration growth; bonds stop diversifying; real assets and short-duration income hold up better. |
| **Growth deteriorates** | Growth in 2027 similar or better than 2026. | A mix of continued energy squeeze, falling real pay, and higher mortgage rates bites; benign disinflation turns into no-growth or recessionary conditions. | • Duration works; cyclicals, small caps and EM lag; credit spreads widen; the dollar likely holds up better than our base case implies. |
| **Fiscal stress becomes a problem in Europe** | France is a fiscal problem, not a euro crisis; watch list. | A French budget or political crisis around the spring 2027 presidential election spreads to the periphery. | • Wider French and Italian sovereign bond spreads; euro weaker; European banks and equities lag; core bonds and the dollar benefit. |

Opinions expressed are those of Invesco Strategy & Insights, as of 31 October 2026.

**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.

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. These comments should not be construed as recommendations, but as an illustration of broader themes. Forward-looking statements are not guarantees of future results. They involve risks, uncertainties and assumptions; there can be no assurance that actual results will not differ materially from expectations..

- **Alternatives:** Alternative products typically hold more non-traditional investments and employ more complex trading strategies, including hedging and leveraging through derivatives, short selling and opportunistic strategies that change with market conditions. Investors considering alternatives should be aware of their unique characteristics and additional risks from the strategies they use. Like all investments, performance will fluctuate.
- **Risks of collateralized loan obligations (CLO)** include the possibility that distributions from collateral securities will not be adequate to make interest or other payments, the quality of the collateral may decline in value or default, the collateralized loan obligations may be subordinate to other classes, values may be volatile, and disputes with the issuer may produce unexpected investment results.
- **China Investing:** Investing in securities of Chinese companies involves additional risks, including, but not limited to: the economy of China differs, often unfavorably, from the U.S. economy in such respects as structure, general development, government involvement, wealth distribution, rate of inflation, growth rate, allocation of resources and capital reinvestment, among others; the central government has historically exercised substantial control over virtually every sector of the Chinese economy through administrative regulation and/or state ownership; and actions of the Chinese central and local government authorities continue to have a substantial effect on economic conditions in China.
- **Equities/Common Stocks:** Stock and other equity securities values fluctuate in response to activities specific to the company as well as general market, economic and political conditions.
- **Fixed-income** investments are subject to credit risk of the issuer and the effects of changing interest rates. Interest rate risk refers to the risk that bond prices generally fall as interest rates rise and vice versa. An issuer may be unable to meet interest and/or principal payments, thereby causing its instruments to decrease in value and lowering the issuer's credit rating.
- **Foreign and Emerging Markets risk:** The risks of investing in securities of foreign issuers, including emerging market issuers, can include fluctuations in foreign currencies, political and economic instability, and foreign taxation issues.
- **Growth** stocks tend to be more sensitive to changes in their earnings and can be more volatile.
- High yield securities involve greater risk and are less liquid than higher grade issues. Changes in general economic conditions, financial conditions of the issuers and in interest rates may adversely impact the ability of issuers to make timely payments of interest and principal.
- **Information Technology Sector:** Concentration - Investments focused in a particular sector, such as information technology, are subject to greater risk, and are more greatly impacted by market volatility, than more diversified investments.
- **Securities lending** involves a risk of loss because the borrower may fail to return the securities in a timely manner or at all. If a portfolio is unable to recover the securities loaned, it may sell the collateral and purchase a replacement security in the market. Lending securities entails a risk of loss to the portfolio if and to the extent that the market value of the loaned securities increases and the collateral is not increased accordingly.
- **Large cap:** Larger, more established companies may be unable to respond quickly to new competitive challenges such as changes in consumer taste or innovative smaller competitors. Returns on investments in large capitalisation companies could trail the returns on investments in smaller companies.
- **Precious metals:** Fluctuations in the price of gold and precious metals may affect the profitability of companies in the gold and precious metals sector. Changes in the political or economic conditions of countries where companies in the gold and precious metals sector are located may have a direct effect on the price of gold and precious metals. Investments focused in a particular industry, such as gold and precious metals, are subject to greater risk, and are more greatly impacted by market volatility, than more diversified investments.
- **Real Estate:** Investments in real estate related instruments may be affected by economic, legal, or environmental factors that affect property values, rents or occupancies of real estate. Real estate companies, including REITs or similar structures, tend to be small and mid-cap companies and their shares may be more volatile and less liquid.
- **Small and Mid Cap Investing:** Stocks of small and medium-sized companies tend to be more vulnerable to adverse developments, may be more volatile, and may be illiquid or restricted as to resale.
- **Value investing:** A value style of investing is subject to the risk that the valuations never improve or that the returns will trail other styles of investing or the overall stock markets.

**Important information**

All information as of May 31, 2026, in USD, unless stated otherwise.

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