



Press Release

For immediate release

Invesco Releases 2026 Investment Outlook “Resilience and Rebalancing”

Markets poised for further gains in 2026 as economic resilience and policy support drive opportunities globally

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ATLANTA, December 3, 2025 – Invesco today released its [2026 Investment Outlook](#) with insights on expectations for global markets and asset implications. The Outlook from Invesco’s Strategy & Insights group anticipates global stocks to rise further, continued interest rate cuts in the U.S., and fiscal support across Europe, Japan, and China.

“We enter 2026 with optimism, confident in the durability of businesses, encouraged by the direction of central banks and fiscal support, and mindful of the need for diversification as the market evolves,” said Brian Levitt, Chief Global Market Strategist, Invesco. “2025 was a year marked by uncertainty, yet economies displayed resilience and markets delivered strong returns¹. We believe global equities may continue to rise in the new year and expect new opportunities to be unlocked as market leadership evolves.”

Investment Themes

Resilient economies and markets set the stage for reaccelerating growth. We believe solid corporate and household balance sheets and lower leverage than in previous cycles form a base on which global growth can potentially improve.

Strong growth abroad. While Eurozone growth has been disappointing in recent years, policy is turning positive for the region. A ramp-up in fiscal spending from Germany should start to take effect in early 2026. Meanwhile, China’s policy support is expected to keep growth on track despite external pressures. Japan is experiencing a structural return of inflation that has helped ignite a virtuous cycle where consumption is climbing alongside nominal wages, which should help drive nominal growth higher.

Private credit offers diversification. A more benign risk environment coupled with better growth, stable inflation, and easier U.S. monetary policy are conditions under which private credit could perform well. Private credit continues to be an attractive option for those seeking diverse sources of income beyond traditional credit.

Signs of continued strength emerging markets (EM). Central bank policies are diverging, weakening the U.S. dollar. A weaker U.S. dollar combined with better global growth and fewer EM

inflation pressures should bode well for emerging market asset performance next year. Anticipated interest rate cuts from the Federal Reserve (Fed) in 2026 should also create room for EM central banks to continue lowering rates, supporting domestic demand and equity markets.

Broader participation as investors look to reduce artificial intelligence (AI) concentration. Key players in the AI theme have become expensive, prompting consideration for rebalancing to manage concentration risk. At the same time, reacceleration from a mid-cycle slowdown lays the groundwork for greater market participation and cyclically oriented sectors.

Investment Implications

“The current macroeconomic environment supports an overweight allocation to non-US assets,” said Levitt. “We believe lower interest rates in the U.S. and greater government spending in Europe, Japan, and China should help lift the global economy out of a mid-cycle slowdown.”

Within **equities**, the artificial intelligence theme has dominated global equity returns over recent years. We prefer to rebalance as concentration reaches multi-decade highs and look to opportunities in markets that stand to potentially benefit from improving global growth. Developed markets outside the U.S. offer more attractive valuations and greater potential for multiple expansion, supported by improving global growth and better earnings prospects. Emerging markets present the most compelling valuations among regions, though performance will vary widely.

In **fixed income**, EM local currency debt benefits from a weaker U.S. dollar and easing inflation pressures, supporting a favorable fiscal outlook. Developed market government bonds are less appealing as real yields have fallen, though they could rise if growth rebounds. Investment-grade credit remains tight but stable, with attractive opportunities in Europe. High yield is supported by improving growth and low default risk, making U.S. high yield slightly preferred.

In **currencies**, the U.S. dollar is likely to weaken with Fed rate cuts, favoring developed market currencies such as the yen and pound, as well as emerging market currencies with positive carry and improving fundamentals. Alternatives remain attractive, with **private credit** offering diversification and cryptocurrencies expected to perform well alongside risk assets amid growing adoption and supportive conditions. **Industrial metals** are expected to potentially benefit from stronger global growth and a weaker U.S. dollar, while precious metals may see limited upside as inflation remains stable.

About Invesco Ltd.

Invesco Ltd. is one of the world's leading asset management firms with over 8,300 employees helping clients in more than 120 countries. With \$2.1 trillion in assets under management as of Sept. 30, 2025, we deliver a comprehensive range of active, passive and alternative investment capabilities. Our collaborative mindset, breadth of solutions and global scale mean we're well positioned to help retail and institutional investors rethink challenges and find new possibilities for success. For more information, visit www.invesco.com.

¹ Sources: International Monetary Fund (IMF) and Bloomberg L.P., Nov. 12, 2025. Global economic growth is projected to rise 3.2% in 2025 based on IMF estimates. The MSCI All-Cap World Index returned 21.98% year-to-date on a total return basis in US dollars. The MSCI World All Cap Index captures large, mid, small and micro cap representation across 23 developed markets countries.

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Important Information

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All investing involves risk, including the risk of loss.

This does not constitute a recommendation of any investment strategy or product for a particular investor. Investors should consult a financial professional before making any investment decisions.

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Diversification does not guarantee a profit or eliminate the risk of loss.

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.

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.

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.

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.

Currencies and futures generally are volatile and are not suitable for all investors.

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.

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.

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.

Cryptocurrencies have historically exhibited high price volatility relative to more traditional asset classes, which may be due to speculation regarding potential future appreciation in value.

The further development and acceptance of the cryptocurrencies network, which is part of a new and rapidly changing industry, is subject to a variety of factors that are difficult to evaluate. The slowing, stopping or reversing of the development or acceptance of the network may adversely affect the price of bitcoin and other crypto currencies.

Currently, there is relatively limited use of cryptocurrencies in the retail and commercial marketplace in comparison to relatively extensive use as a store of value, contributing to price volatility that could adversely affect an investment in the Shares.

Regulatory changes or actions may alter the nature of an investment in cryptocurrencies or restrict the use of cryptocurrencies or the operations of the cryptocurrencies network or venues on which cryptocurrencies trade. For example, it may become difficult or illegal to acquire, hold, sell or use cryptocurrencies in one or more countries, which could adversely impact the price of cryptocurrencies.

Positive carry is an investing strategy that uses leverage to increase your returns.

Past performance does not guarantee future results. An investment cannot be made directly into an index.

Private credit is debt financing provided by nonbank lenders, such as private equity firms and investment banks, to private companies, and is not traded on public markets.

AI technology companies are sensitive to specific risks such as small markets, business cycle changes, economic growth, technological progress, obsolescence, and regulation. These companies may have limited products, markets, resources, or personnel, making their securities more volatile, especially for smaller start-ups. Rapid technological changes can adversely affect their results. AI companies often rely on patents, copyrights, trademarks, and trade secrets to protect their technology,

but there is no guarantee these protections will be sufficient. Significant R&D spending does not ensure product or service success.

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