

# Investment Committee Review

Outlook Q1 2026

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*SS&C ALPS Advisors is an open architecture boutique investment manager offering portfolio building blocks, active insight and an unwavering drive to guide clients to investment outcomes across sustainable income, thematic and alternative growth strategies.*

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## Introduction

### Q4 2025 Review

US financial conditions stayed easy into the fourth quarter, supported by a December Federal Reserve (Fed) rate cut, an end to quantitative tightening and expectations for more accommodative fiscal and monetary policy in early 2026, helping small- and mid-cap stocks reach new highs alongside large caps. A front-loaded fiscal boost from the One Big Beautiful Bill Act—including tax refunds, expanded deductions and credits—supports liquidity, while stable inflation trends and expanding global money supply have aided international equity outperformance. Economic growth shows mixed signals: cyclical areas like housing, manufacturing and labor have softened, but massive artificial intelligence (AI)- and infrastructure-related capital spending has kept overall growth near trend despite a weakening labor market and low personal savings. Corporate profits remain a key pillar, with strong 2026 earnings per share (EPS) growth forecasts driven by record margins, tax relief and bonus depreciation.

### Executive Summary

Diversification remains paramount given strong returns to risk assets in 2025. With equities near record highs, a focus on valuation is paramount. We still believe active management in fixed income and REITs can add value to portfolios and are constructive in certain commodities sectors such as industrial metals.

### Equities

US equities ended 2025 with solid but moderating gains, as elevated valuations and scrutiny of the AI trade drove sector rotation, with Health Care and small caps outperforming late in the year while Q4 returns were relatively muted. International equities decisively outperformed US markets for the first time since 2017, supported by a weakening dollar, wide valuation gaps and favorable global monetary dynamics. Looking into 2026, elevated concentration and valuations in growth stocks argue for a more defensive, diversified stance, with selective opportunities in areas like Consumer Staples, banks and international markets amid ongoing macro and policy uncertainty.

### Fixed Income

Fixed income posted its strongest performance in five years, with the Bloomberg US Aggregate Bond Index returning 7.3% in 2025 as Fed rate cuts, steady growth and strong demand lifted nearly all sectors, led by high yield, mortgage-backed securities (MBS) and intermediate-duration bonds. Looking ahead to 2026, the Fed's influence is expected to fade while fiscal uncertainty, geopolitics and late-cycle dynamics drive higher volatility, a steeper yield curve and modest credit spread widening. These conditions favor active management, with opportunities in yield-curve roll-down, selective duration extension in the belly of the curve and careful security selection. Overall, fixed income's role in diversified portfolios has strengthened, with improved risk-reward characteristics and the potential to reestablish negative correlations to equities.

### Real Estate

Real estate investment trusts (REITs) returned 9.20% in 2025 with Data Centers showing signs of recovery after earlier AI-related concerns. Performance diverged meaningfully as durable sectors such as Specialty, Data Centers, Infrastructure and Health Care outperformed, while more economically sensitive sectors like Industrial, Residential, Retail and Lodging lagged amid slowing growth and consumer spending. Despite rising commercial mortgage-backed securities (CMBS) delinquencies in select sectors, REIT valuations remain attractive relative to equities, fundamentals are stabilizing and much of the negativity appears priced in, supporting a market-weight outlook for 2026.

### Commodities

Commodities delivered strong returns in Q4 and 2025, led by surging precious metals as slower growth, lower real rates, fiscal deficits and a weaker dollar pushed gold and silver to record highs, while energy lagged due to rising supplies and agriculture remained muted amid strong harvests. Industrial metals stabilized and advanced on electrification, infrastructure and AI-related demand, with copper and several base metals posting solid gains despite only modest global growth. Looking into 2026, easing inflation reduces the case for commodities as an inflation hedge, but precious metals may stay supported by rate cuts and geopolitics, and industrial metals retain a constructive outlook.

### Private Markets

Private markets remained supported in Q4, with improving mergers and acquisitions (M&A) activity and stable valuation multiples, though liquidity remains constrained as unrealized gains and exit rates sit at record lows, driving a surge in secondary market transactions. Fundraising is well below its 2021 peak, dry powder is aging and private credit has grown rapidly, raising concerns around underwriting standards, covenant quality, transparency and liquidity risk. Performance dispersion remains high across private assets, with recent public-market outperformance driven by concentrated technology gains, higher leverage costs and delayed private-market exits. Looking into 2026, the outlook is mixed but selective: private equity and infrastructure appear neutral to favorable, venture capital faces elevated concentration and dispersion risks, private credit requires caution by vintage and structure, and private real estate offers longer-term opportunity despite near-term stress in weaker assets.

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## Macro Summary

### Liquidity Cycle

US financial conditions remained easy in Q4 and appear set to improve as both fiscal and monetary policy become more accommodative in the first half of 2026. The Fed cut their benchmark rate by 25 basis points (bps) in December as expected, allowing US small- and mid-cap stocks to join large caps in making all-time highs. The US Treasury had a small negative effect on liquidity as they reloaded the General Account with T-Bill issuance, while the Fed officially stopped quantitative tightening and restarted balance sheet expansion by initiating purchases of shorter-term Treasury securities to keep financial reserves stable.

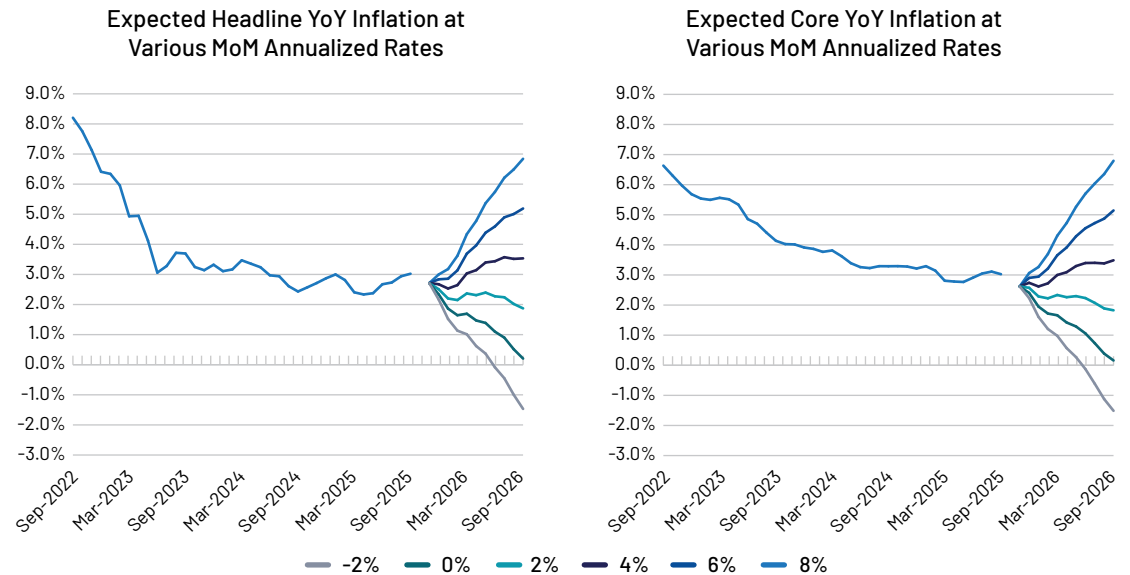
Additionally, a front-loaded positive fiscal impulse is widely expected in the US in 2026 given the provisions of the One Big Beautiful Bill Act (OBBBA). This includes \$100 billion to \$150 billion in additional tax refunds being issued during the 2026 filing season, no tax on tips up to \$25,000, no tax on overtime up to \$12,500, a State and Local Tax (SALT) deduction cap increase from \$10,000 to \$40,000 for those earning under \$500,000, an increase in the Child Tax Credit to \$2,200 and a new \$6,000 senior bonus deduction for those over the age of 65.

The US dollar remained stable while Oil prices fell, maintaining a buffer against the weak liquidity conditions and economic uncertainty that appeared earlier in the year. Global money supply continued to expand from its cyclical low in October 2022, with our measure of Global M2 hitting 7.6% year-over-year in November, led by Europe, the UK and China. The US dollar decline combined with monetary and fiscal responses outside the United States led to international equity multiple expansion and the first outperformance of international equities versus US large caps in an up market since 2017.

### Inflation Cycle

November brought weaker than expected inflation of 0.20% and 0.15% from September to November for US headline and core inflation, respectively. The annualized average inflation for the two of three months (there was no data collected in October due to the government shutdown) is cooling to 3.1% and 2.3% for headline and core inflation, respectively.

We continue to see low upside risk to inflation, with our expected headline and core inflation for 2026 remaining in the 2% to 3% range. One upside risk scenario involves the diffusion of tariffs into consumer prices at the same time the economy sees a positive fiscal impulse in early 2026. However, our model for year-over-year (YoY) comps displayed below shows an expected decrease in YoY inflation readings at consistent rates of future inflation, creating a higher bar for headline risk in consumer prices over the next year.



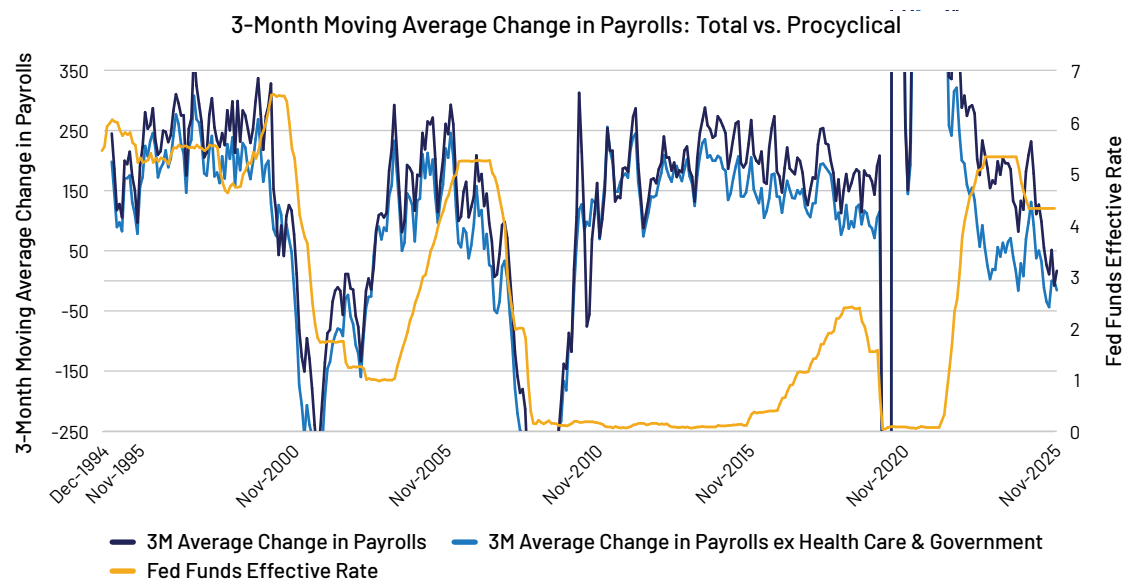
Source: Bloomberg, 9/30/2022 - 9/30/2026 (there was no data collected in October 2025 due to the US government shutdown). Headline Inflation represented by the Consumer Price Index (CPI) and Core Inflation represented by the Personal Consumption Expenditures Price Index (PCE).

**Growth Cycle**

Over the last year we've highlighted signs of moderation in cyclical pockets of the United States economy: cooling housing investment, decelerating manufacturing construction and weakening labor market growth. At the same time the economy has experienced a multi-year boom in infrastructure investment to scale up the training and inference capabilities of large language model (LLM) applications. Public and private markets and mega-cap hyperscalers have poured capital into AI labs, semiconductors, data centers, electric and gas power infrastructure and related supply chains, deepening the concentration of US GDP and market-cap weighted indices into this theme.

We remain focused on the US labor market to contextualize the trajectory of the growth cycle. Over the last six months it contracted three times and added only 16,000 jobs per month on average, with the procyclical segment contracting four times and losing 15,000 jobs per month. We believe these are signs of the lagged effects of the Fed's interest rate tightening cycle and would historically indicate an economy beginning to stagnate. But given the level of capital expenditure in technology and communications infrastructure, as well as the average affluent household's net-worth exposure to public equity prices tied to companies in these sectors, growth has held up at trend in 2025.

The US personal savings rate dropped to 4%, a historically low level, at the same time the consumer confidence labor differential (jobs plentiful vs. jobs hard to get) hit its lowest level since 2016 and the depths of the COVID-19 pandemic. If the Fed's recent easing of interest rates and renewed balance sheet growth is timely enough to restart the labor market and the government's OBBBA fiscal impulse replenishes household balance sheets and pads corporate profit margins, we could see a continued extension of this business cycle.



Source: Bloomberg, SS&C ALPS Advisors Proprietary Research, 12/31/1994 - 11/30/2025

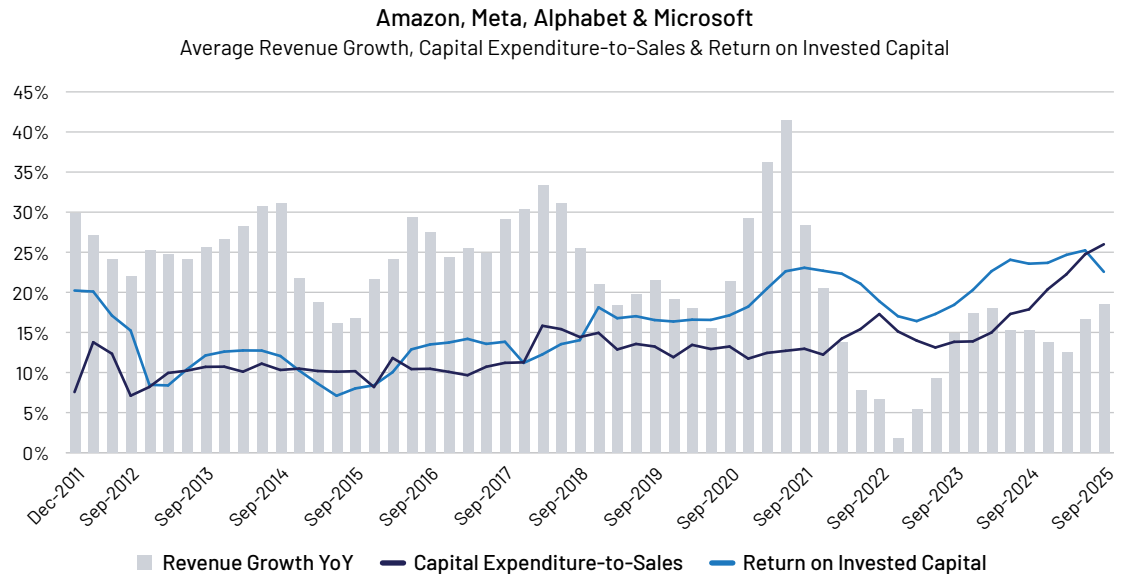
**Profit Cycle**

Consensus S&P 500 Index EPS estimates for 2026 are forecasted at \$305.22 per share, 13.4% higher than today's \$269.26 trailing twelve month EPS. While this is a robust figure (above the 10-year average of 8.6%), the heavy lifting is expected to be done with record-high net profit margins, estimated to reach 13.9% this year.

The OBBBA is currently acting as a massive tailwind and extending this profit cycle. Specifically, the OBBBA is expected to reduce corporate tax bills by approximately \$129 billion through 2026 and 2027. In addition, the restoration of the 100% bonus depreciation is encouraging companies to pull forward capital investments, boosting short-term earnings through tax savings even as they spend heavily on AI infrastructure.

We continue to focus on monetization of recent AI investments and AI-adjacent themes. While demand has been robust for previously bottlenecked AI infrastructure and workplace chatbots, there is a risk that a maturation of the AI capital cycle could lead to disappointment in index-weighted realized profits. Having now entered the "show me" stage of the AI cycle, the market has stopped rewarding companies for simply mentioning "AI" and investors are increasingly scrutinizing return on investment, favoring companies that can prove AI is either driving new revenue or significantly reducing labor costs. While growth in investment

has been exponential, growth in adoption of new technologies tends to be linear, creating an interesting dichotomy for AI-influenced market exposures in the year ahead.



Source: Bloomberg, SS&C ALPS Advisors Proprietary Research, 12/31/2011 - 9/30/2025

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## Equities Summary

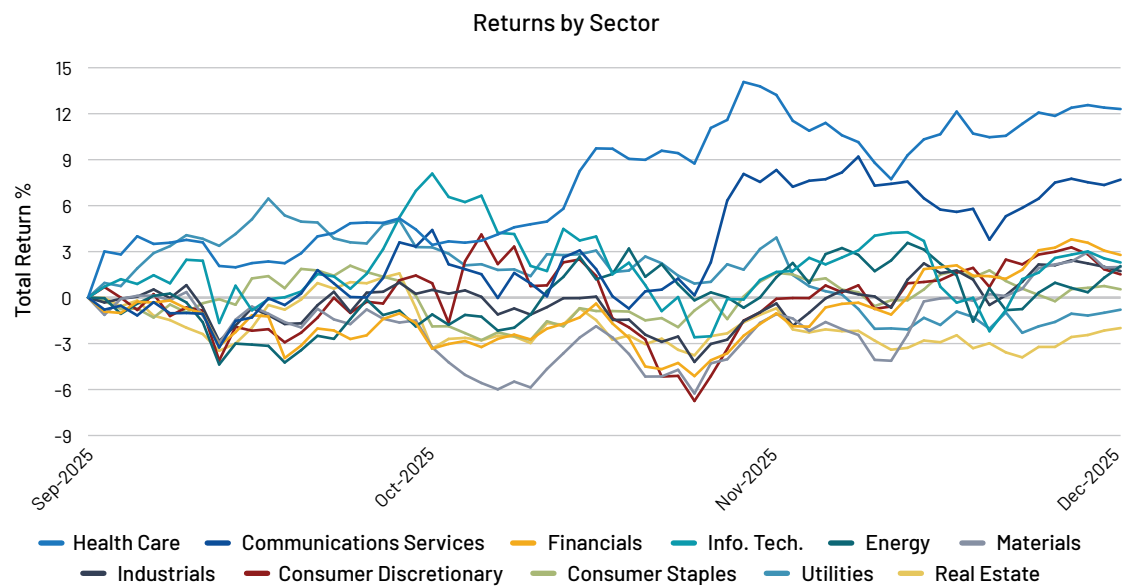
### Q4 2025 Review

The fourth quarter of 2025 capped a resilient year for US equities, though performance moderated from earlier periods as investors navigated elevated valuations and some heightened scrutiny over the AI trade. Market gains were more muted, with sector leadership shifting and growth momentum decelerating.

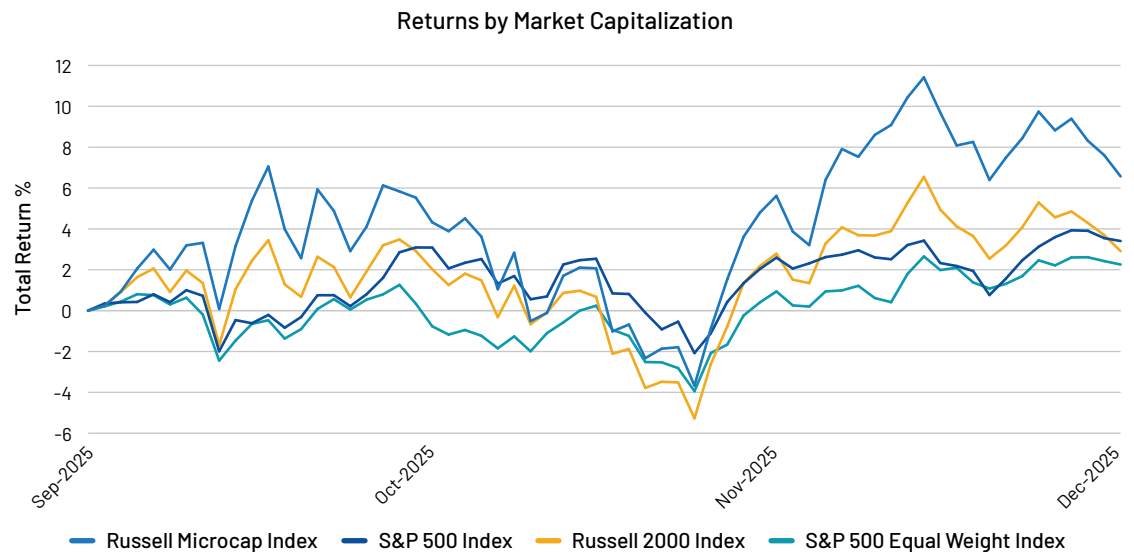
The S&P 500 rose during the quarter, bringing the full-year return to 17.86%. The Nasdaq 100 Index advanced 21.02% for the full year, while the Dow Jones Industrial Average posted a gain of 14.92% for 2025. In Q4 specifically, the S&P 500 gained only 2.65%, the Dow added 4.03% and the Nasdaq Composite rose 2.47%.

As the quarter progressed, a notable rotation occurred away from high-beta technology stocks. Our prognostications proved right as Health Care (S&P 500 Health Care Index) surged 11.7% in Q4 and easily outpaced every other sector, benefiting from valuation reversion and improving drug-pricing visibility. This shift reflected investors' intensifying concerns about stretched valuations.

Similarly, small-cap stocks continued to perform well as cyclicals extended their uptrend following "Liberation Day," supported by the tailwind from lower short-term rates and low valuations.



Source: Bloomberg, 9/30/2025 - 12/30/2025  
**Past performance is no guarantee of future results.**



Source: Bloomberg, 9/30/2025 - 12/30/2025  
**Past performance is no guarantee of future results. One may not invest directly in an index.**

We have consistently highlighted the relative opportunity in international equities, supported by our expectation of a weakening US dollar and the historically wide valuation gap between US and non-US markets. This view played out decisively in 2025, with developed international stocks advancing 32% and emerging markets returning 34%, both significantly outperforming the S&P 500's 17.9% gain—marking the first time international equities outperformed US equities since 2017.

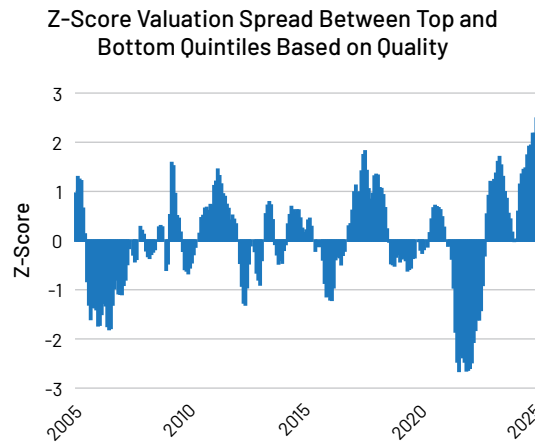
While tariff-related headlines and regional political developments continue to create near-term volatility, the fundamental case for international exposure remains strong. Combined with the structural shift in dollar dynamics and the potential for continued monetary policy divergence, international markets remain well-positioned as a critical source of portfolio diversification and return potential going forward.

**Q1 2026 Outlook**

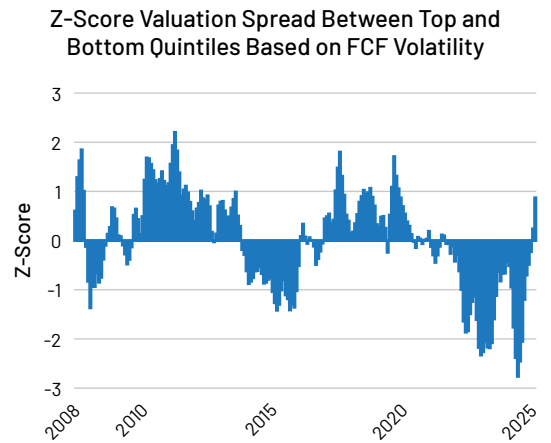
As we enter 2026, the investment landscape has shifted meaningfully from the opportunities we identified in the second half of 2025. Health Care's Q4 surge of 11.7% has substantially narrowed the valuation discount that made the sector compelling, though the sector still trades at some of the lowest relative price-to-earnings (P/E) ratios in its history and could benefit from its defensive characteristics should the labor slowdown accelerate. Meanwhile, cyclical opportunities have also diminished following their strong late-year performance as demonstrated by the Small-Cap indices.

The dominant concern for 2026 is the extreme concentration and elevated valuations in Growth and Quality factors. The top 10 stocks in the S&P 500 now account for over 40% of the Index's market capitalization, representing concentration levels rarely seen in the US market. The S&P 500's forward P/E has surged 40% to 22.4x over the past decade, while the S&P 500 Equal Weight Index rose just 6% to 17.0x, highlighting a valuation imbalance that could be unsustainable.

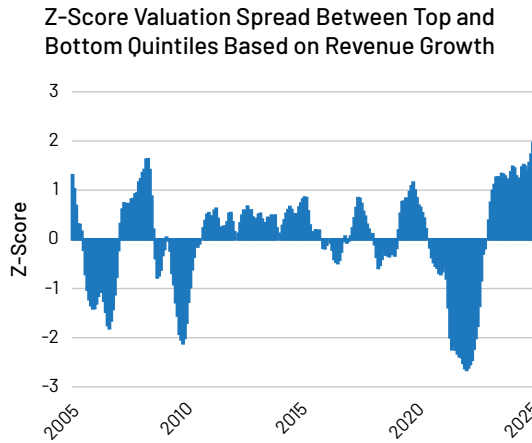
High valuations and persistent policy uncertainty, particularly tariff risk, warrant caution, as market concentration amplifies idiosyncratic risk. Beyond underweighting the most expensive factors, we prefer to maintain a defensive tilt and selective approach, focusing on quality businesses with reasonable valuations while exercising patience until market breadth improves and more compelling risk/reward opportunities emerge. Diversification—across regions, market capitalizations and asset classes—may matter more in an environment where elevated valuations, macro fragility and concentrated market leadership increase risks.



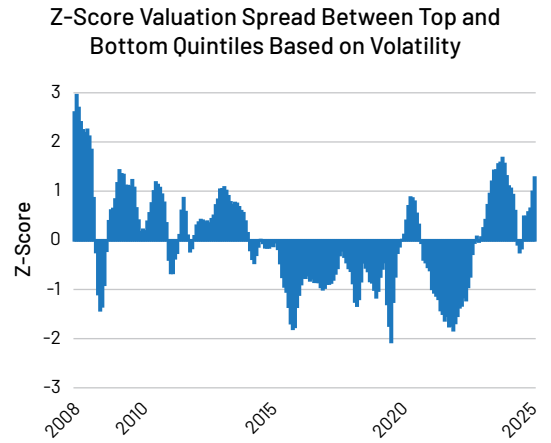
Source: Bloomberg, Bloomberg US 1000 Index, 2/28/2005 - 12/31/2025; quality is the trailing twelve month return on invested capital (ROIC)



Source: Bloomberg, Bloomberg US 1000 Index, 4/30/2008 - 12/31/2025; free cash flow volatility is the standard deviation of last twelve quarters of free cash flow



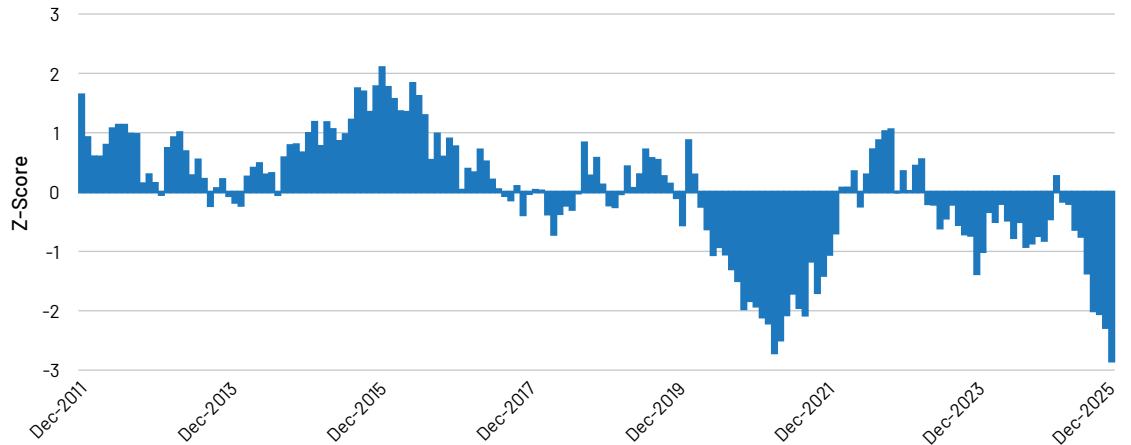
Source: Bloomberg, Bloomberg US 1000 Index, 2/28/2005 - 12/31/2025; revenue growth is the last twelve months revenue growth



Source: Bloomberg, Bloomberg US 1000 Index, 1/31/2008 - 12/31/2025; volatility is the standard deviation of last 36 months stock price

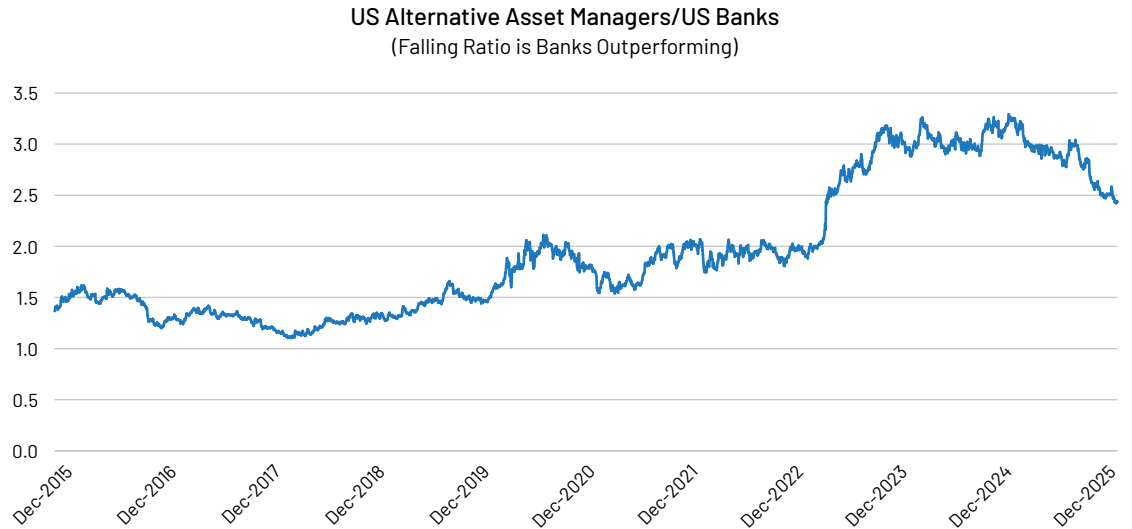
Consumer Staples stands out as a notable exception, presenting an asymmetric valuation opportunity. The sector's underperformance appears tied to lingering Glucagon-Like-Peptide-1 (GLP-1) distortions and uncertainty surrounding the policy agenda of the new administration. Despite these headwinds, Consumer Staples remains fundamentally strong and traditionally defensive. More importantly, the sector has historically tended to shine in times of economic weakness. If economic growth fails to meet the market's high expectations, Consumer Staples could significantly outperform. In our view, this presents an overlooked opportunity in a segment with durable long-term fundamentals and compelling asymmetric upside potential.

### Consumer Staples Valuation vs. Market



Source: Bloomberg, Bloomberg US 1000 Index, 12/31/2011 - 12/31/2025

We also view the steepening yield curve and unwinding banking regulations as tailwinds for the banking industry, particularly relative to the alternative asset segment. The past decade was characterized by a flattening yield curve, declining interest rates and banks regulated out of riskier loans—dynamics that benefited private lenders. In contrast, the landscape ahead appears markedly different, a shift that is already emerging in the relative performance of US alternative asset managers versus US banks, as shown in the nearby chart.



Source: Bloomberg, 12/31/2015 - 12/31/2025

BlueStar Top 10 US Listed Alternative Asset Managers Index last price divided by KBW Bank Index last price.

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On the macro side, we continue to anticipate downward pressure on the US dollar, driven by structural shifts in global trade, questions around Fed independence and a deteriorating US fiscal trajectory. Following “Liberation Day,” the dollar quickly dropped nearly 10% due to increased foreign hedging pressures. While hedging costs declined in the second half of the year, the dollar has failed to regain strength, and gold—the second largest reserve currency—has continued its powerful bullish trend. The long-standing headwind of dollar strength appears to be reversing, providing a more favorable backdrop for international markets. Meanwhile, the combination of soft oil prices and a weaker dollar create fertile conditions for emerging market economies to outperform.

As we progress through 2026, our focus remains on disciplined risk management, identifying asymmetric opportunities and maintaining broad diversification in an increasingly dynamic market environment.

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## Fixed Income Summary

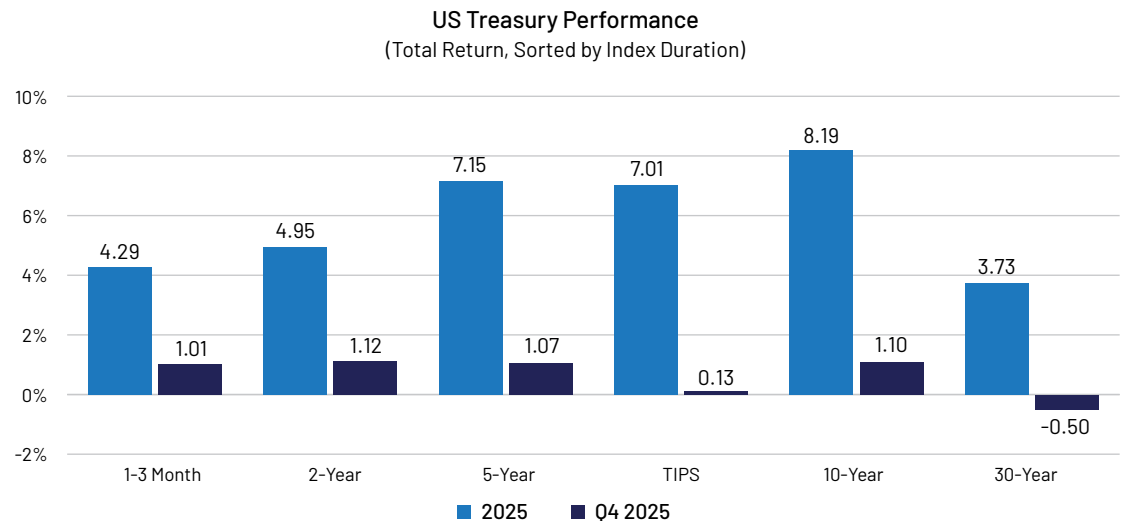
### Q4 2025 Review

Fixed Income delivered its strongest results in five years. The Bloomberg US Aggregate Bond Index—a broad benchmark for investment grade bonds—returned 7.3%, reflecting renewed demand for traditional core bond allocations. Nearly every sector achieved mid- to high-single-digit gains, led by high yield corporates, MBS and intermediate duration strategies.

The key catalyst was the Fed’s decision to implement three interest rate cuts over the year, responding to a second consecutive annual increase in the unemployment rate. Inflation, however, remains stubbornly above the Fed’s 2% target, but tariff-induced price pressures were seemingly limited in initial impact. Meanwhile, resilient consumer spending and robust business investment—particularly in AI—helped sustain economic expansion. Although much of Q4 macroeconomic data was delayed by the longest government shutdown in history, the most recent indicators confirm that these trends remain intact entering 2026.

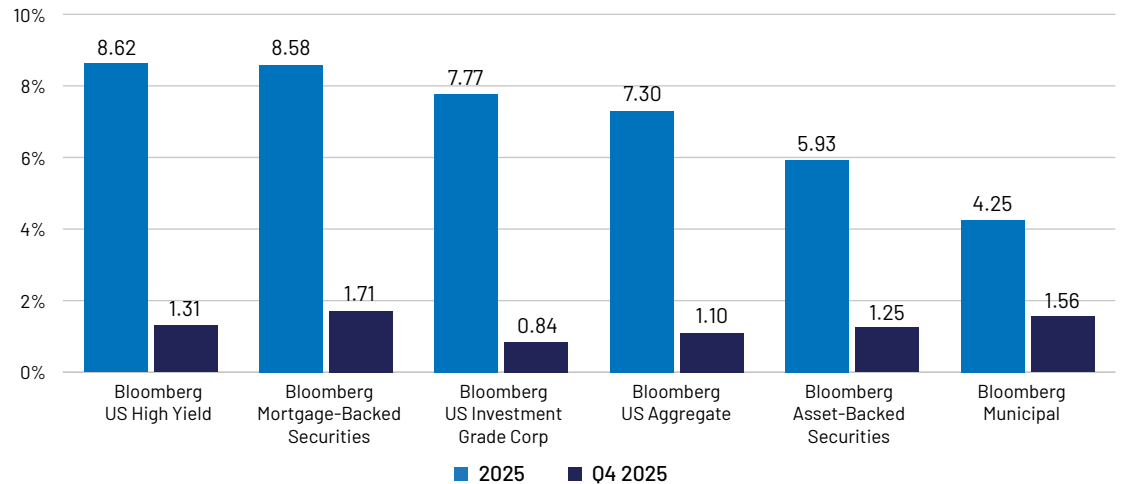
### Performance Highlights (See Nearby Charts)

- All duration segments generated positive returns. Intermediate maturities benefited most from Fed cuts, while longer-dated Treasuries lagged amid elevated borrowing needs and refunding concerns. Cash underperformed due to lower overnight rates.
- Credit sectors generated strong excess returns, supported by steady demand, healthy coverage ratios and historically low default rates.
- Treasury Inflation-Protected Securities (TIPS) and MBS delivered the highest excess returns as investors positioned for a mild stagflation environment.
- Municipal bonds lagged, pressured by record new issuance tied to post-COVID-19 pandemic fiscal needs.



Source: Bloomberg, total returns as of 12/31/2025  
**Past performance is no guarantee of future results.**

### US Core Bond and Credit Sector Performance (Sorted by Total Return)



Source: Bloomberg, total returns as of 12/31/2025

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#### 2026 Outlook – An Opportunistic Year

Supportive monetary policy defined 2025, driving rates, volatility and credit spreads lower. In 2026 we expect markets to be less influenced by the Fed (as detailed below). The balance of risks has shifted towards fiscal uncertainty, the resumption of key labor and consumer data releases and ongoing geopolitical tensions.

While it remains too early to gauge how these dynamics will play out, we anticipate a year characterized by higher volatility, an even steeper yield curve and modest credit-spread widening—typical hallmarks of a late economic cycle. Such conditions create opportunities for active managers positioned to generate returns through security selection and yield curve roll-down strategies.

Although our single-factor base model does not forecast stronger total returns than in 2025, given that starting yields are roughly 50 bps lower, investor demand for fixed income should remain robust. On a relative risk-reward basis, fixed income's role within multi-asset portfolios has strengthened and is set up to return to negative correlations to equities given the yield curve's shape.

#### Policy Landscape

##### **Monetary Policy: Modestly Positive**

The Fed's recent rate cuts reaffirm a return to preemptive easing should unemployment become the primary economic concern. Yet both policymakers and markets recognize limited room for additional accommodation beyond the 50 bps already priced in for 2026, absent a meaningful moderation in inflation towards the 2% target.

A transition in Fed leadership this year introduces some uncertainty. The incoming Chair is expected to lean dovish, though data—not politics—will dictate policy direction. The market has not lost faith in its independence, which is a key assumption in our analysis.

Beyond rate adjustments, the Fed is likely to play a supportive role in market liquidity. Its December announcement to purchase short-term Treasury Bills and relax primary dealer balance sheet constraints should stabilize funding markets, keeping short-term rates anchored with target ranges and mitigating liquidity or auction-related risks, but not eliminate them.

##### **Fiscal Policy: Skew Negative**

We view fiscal policy as the dominant source of potential volatility this year. Debt sustainability concerns remain heightened amid the absence of a longer-term budget framework. Another government shutdown—potentially as soon as late January—could prove constructive if it triggers credible fiscal reform, but in the near-term it adds uncertainty around longer-term Treasury demand.

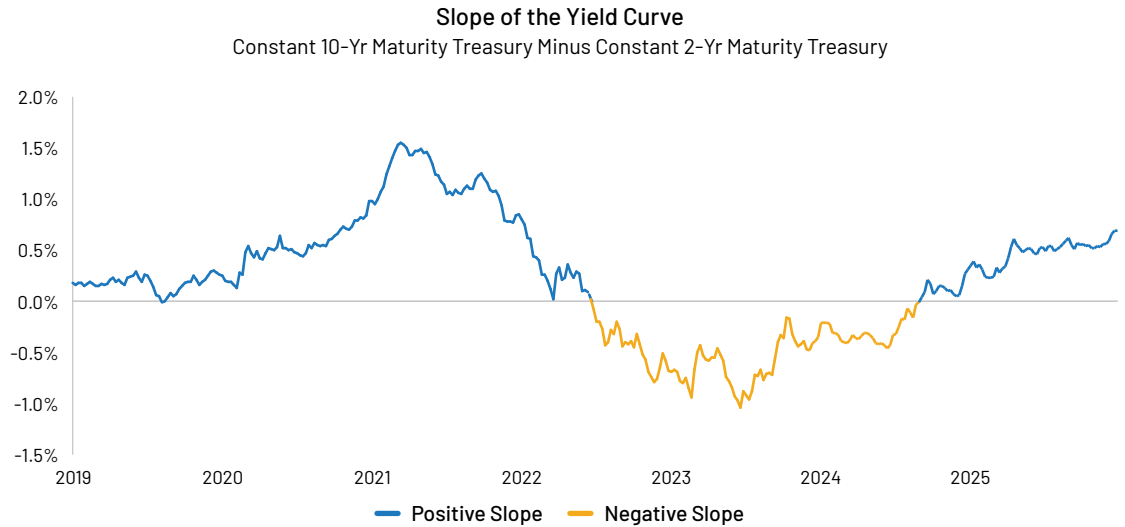
New tax laws also introduce mixed implications for fixed income investors. While expanded tax benefits for businesses and homeowners may sustain economic activity, the package's deficit impact raises inflation

and supply concerns. Markets will be watching how Treasury borrowing needs evolve and whether fiscal momentum shifts from stimulative to inflationary.

### Market Dynamics: Flows / Yield Curve - Positive

The US yield curve continues to steepen, with the 10-year minus 2-year spread now near 70 bps. If the Fed continues modest rate cuts this year, the “bull steepening” phase is likely to persist, supported by solid demand for yield across intermediate maturities.

Given the elevated fiscal uncertainty, we favor overweight positioning in the belly of the curve (generally regarded as three to seven years), where carry advantage and roll-down opportunities exist with manageable interest rate risk compared to shorter or longer options. Structural demand should also support flows: money market fund balances remain near record highs, a tailwind as investors re-enter longer-duration assets during easing cycles to increase income.



Source: Federal Reserve Economic Data-FRED, 10-Year Treasury constant maturity minus the 2-Year Treasury constant maturity yield, 1/23/2019 - 12/31/2025

### Yield Curve Positioning: Skew Positive

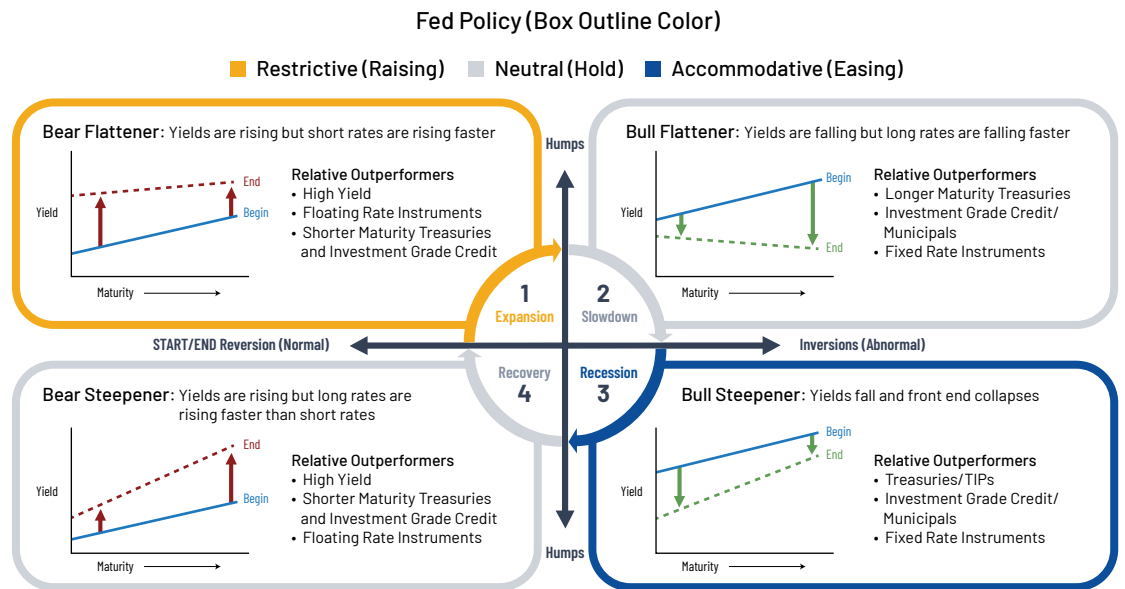
Historically, extending duration and emphasizing higher-quality bonds has rewarded investors late in the business cycle. That pattern should continue as the curve keeps normalizing, i.e. investors being compensated more for taking modestly longer duration and spread risks. The long-run average spread between 2-year and 10-year Treasuries (approximately 85 bps since 1976) provides a reasonable reference point as the curve approaches equilibrium.

We do expect 2026 to offer opportunities to realign duration and yield-curve exposures relative to benchmarks as the cycle matures and changes. We believe markets are now approaching the latter stages of Box 3 in our nearby cycle-progression framework.

### Credit Positioning: Neutral, with Meaningful Bifurcation

Credit spreads remain tight by historical standards, reflecting solid corporate balance sheets and healthy expected earnings growth. Beneath the surface, however, fundamental dispersion is widening. Companies that issued heavily during the post-COVID-19 pandemic period now face refinancing headwinds, even as overall borrowing costs could be lower. Lenders are tightening covenants and widening new issuance spreads for lower-quality or more leveraged corporate borrowers.

A similar situation exists with consumer credit, with delinquencies in auto and student loans trending near multi-year highs. The result is a bifurcated credit market that will expose poor underwriting standards and those needing to refinance their liabilities or monetize receivables. In general, there is little room for error for leveraged corporate borrowers if cash flow growth does not materialize in 2026.



Source: SS&C ALPS Advisors Proprietary Research  
 For Illustrative Purposes Only

**Recommendation: Refocus on Active Management**

**Rising volatility, a steeper yield curve and a more polarized credit environment create a fertile backdrop for active management.** With much of the Fed’s easing already reflected in prices, returns will increasingly hinge on tactical allocation, security selection and yield curve management. Fiscal and geopolitical developments should also present frequent opportunities to add or reduce risk dynamically versus a static benchmark.

**Key Recommendations**

- **Extend duration selectively** – Position along the 3–10-year portion of the curve in high quality sectors (or funds that operate in these areas).
- **Prioritize quality** – The risk/reward tradeoff skews unfavorably for lower-rated credits (B- and below). Some favorable sectors include quality financials (due to a steeper yield curve) and health care (stable cash flows).
- **Stay active and diversified** – Avoid benchmark-constrained allocations. Consider agency MBS and CMBS, REITs and municipal bonds (in taxable accounts) for diversified, high-quality income.

**Overall, 2026 favors nimble, actively managed fixed income solutions where disciplined credit selection and yield curve positioning can turn volatility into alpha.**

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## Real Estate Summary

### Q4 2025 Review

REIT returns lagged in Q4 (-2.15%) with Office (-13.10%), Self Storage (-8.36%) and Infrastructure/Cell Towers (-6.32%) all sharply negative for the quarter as higher-for-longer rate fears offset otherwise steady property-level fundamentals. Bright spots included Industrial (9.52%) and Lodging (4.26%) which benefitted from secular tailwinds.

Transaction activity and capital markets access improved somewhat late in the quarter, but public REITs continued to trade at sizeable discounts to private market estimates of NAV. In general, income drove most of the total return profile rather than price appreciation in Q4.

For YTD 2025, REITs returned 2.27%, lagging broader equity markets. Performance was highly selective—industrial and health care were clear winners. Elevated interest rates and wide public-private valuation gaps were the dominant macro forces, keeping multiples contained even as fundamentals and balance sheets generally strengthened.

REIT Indices	QTD 10/1/2025 - 12/31/2025	YTD 1/1/2025 - 12/31/2025	1 Year 1/1/2025 - 12/31/2025
FTSE NAREIT All Equity REITs	-2.15%	2.27%	2.27%
<b>Residential</b>			
FTSE NAREIT Equity Residential	-1.62%	-7.43%	-7.43%
<b>Retail</b>			
FTSE NAREIT Equity Retail	-1.76%	5.05%	5.05%
<b>Lodging</b>			
FTSE NAREIT Equity Lodging/Resorts	4.26%	-5.14%	-5.14%
<b>Office</b>			
FTSE NAREIT Equity Office	-13.10%	-13.99%	-13.99%
<b>Industrial Warehouses</b>			
FTSE NAREIT Equity Industrial	9.52%	17.05%	17.05%
<b>Technology - Cell Towers and Data Centers</b>			
FTSE NAREIT Infrastructure REITs	-6.32%	-0.48%	-0.48%
<b>Technology - Cell Towers and Data Centers</b>			
FTSE NAREIT Equity Data Centers	-5.13%	-14.20%	-14.20%
<b>Health Care</b>			
FTSE NAREIT Equity Health Care	1.38%	28.45%	28.45%
<b>Self Storage</b>			
FTSE NAREIT Equity Self Storage	-8.36%	-9.98%	-9.98%

Source: Morningstar, as of 12/31/2025, returns presented are total return

**Past performance is no guarantee of future results. One may not invest directly in an index.**

Sector	Q4 Conditions and Catalysts
<b>Industrial</b>	Solid positive Q4 returns, helped by resilient rent growth and slowing new supply. E-commerce/logistics tailwinds are keeping cap rates relatively tight.
<b>Infrastructure/Cell Towers</b>	Rate-sensitive valuations and ongoing churn from carrier consolidation have dominated improving economics.
<b>Office</b>	Continued to struggle in Q4 with wide dispersion: high-quality Sunbelt and high-demand assets have stabilized, but coastal commodity spaces face falling rents and valuations. Persistent hybrid work and elevated CapEx are significant headwinds.
<b>Retail</b>	Consumer fatigue and higher financing costs have capped upside, but operating metrics have remained surprisingly resilient. Retail REITs have held up reasonably well in Q4, with open air centers and necessity-based formats benefiting from steady traffic and limited new supply.
<b>Residential</b>	Elevated new supply pressured occupancy and concessions.
<b>Lodging</b>	Softening leisure demand and uneven group/corporate travel coupled with rising operating costs.
<b>Health Care</b>	Continuing to benefit from demographic tailwinds and net operating income (NOI) growth; improving senior housing fundamentals and stable medical office demand.
<b>Self Storage</b>	Stabilizing in Q4 after post-COVID-19 normalization; slower move-in rates but occupancies generally healthy.
<b>Data Centers</b>	Lagged in Q4 as valuations ran ahead of fundamentals even though operating metrics remain robust. Concerns about large-cap ex programs and power constraints persist, but pricing power and pre-leasing activity remain strong.

#### Q1 2026 Outlook

We maintain our market weight rating for REITs and anticipate modest positive returns as gradual Fed easing and stable to slightly improving fundamentals support valuations. Wide discounts to NAV, healthier balance sheets and sector bifurcations should provide attractive opportunities for active sector positioning.

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## Commodities Summary

### Q4 2025 Review

Strong demand for precious metals outpaced weaker energy and agriculture sectors as the Bloomberg Commodity Index returned 5.85% for Q4 and 15.77% for 2025 as investors assessed slower growth, inflation prospects, lower real rates and a softer dollar.

Energy lagged, as OPEC+ supply returns and inventories increased. Precious metals soared as both gold and silver achieved new highs, driven by fiscal deficits and accelerating investor demand. Industrial metals stabilized, driven by ongoing electrification buildout, while the combination of favorable weather and strong harvests limited price gains in agriculture.

Sector	QTD	YTD	1 Year
	10/1/2025 – 12/31/2025	1/1/2025 – 12/31/2025	1/1/2025 – 12/31/2025
<b>Broad Commodities</b>	5.85%	15.77%	15.77%
<b>Energy</b>	-6.24%	-10.41%	-10.41%
<b>Precious Metals</b>	21.83%	80.15%	80.15%
<b>Industrial Metals</b>	12.02%	21.37%	21.37%
<b>Agriculture</b>	0.60%	-2.29%	-2.29%

Source: Morningstar, as of 12/31/2025, returns presented are total return

**Past performance is no guarantee of future results. One may not invest directly in an index.**

Sector	Q4 Conditions and Catalysts
<b>Energy</b>	<ul style="list-style-type: none"> <li>Plentiful oil supplies provide downward pressure, with retail gasoline prices headed to five-year lows for many parts of US.</li> <li>Volatility driven primarily by geopolitical events and headlines.</li> </ul>
<b>Precious Metals</b>	<ul style="list-style-type: none"> <li>Gold (12.22%) and Silver (50.96%) posted robust quarterly returns and continued a strong year.</li> <li>Silver outperformed gold, hit new record highs and delivered 138%+ gains for the year on the back of persistent market deficits and strong industrial and investor demand.</li> <li>Investor flows into bullion and related ETFs accelerated late in the quarter amid policy uncertainty and expectations of rate cuts.</li> </ul>
<b>Industrial Metals</b>	<ul style="list-style-type: none"> <li>Continued improvement, helped by signs of stabilization in global manufacturing and ongoing electrification buildout.</li> <li>Copper (16.49%) continued recovery from earlier 2025 pullback with constrained supplies, low inventories, and ongoing electrification and AI-related demand.</li> <li>Zinc (8.02%), aluminum (11.85%), and tin (15.43%) posted strong quarterly returns, with tighter supplies and lower inventories.</li> </ul>
<b>Agriculture</b>	<ul style="list-style-type: none"> <li>Farm commodities have been mixed: many grain and soft-commodity prices are down from earlier spikes, but crops linked to biofuels and energy demand have held up better.</li> <li>The Trump administration announced a \$12 billion one-time "bridge" payment package in December 2025 aimed at supporting U.S. farmers hurt by trade disruptions and higher input costs, with most funds directed to row-crop producers and expected to be paid out by late February 2026.</li> </ul>

**Q1 2026 Outlook**

Global growth is projected to show slightly firmer activity than 2025 keeping demand growth for energy and industrial metals moderate rather than booming.

Inflation is generally expected to ease further toward central bank targets.

With lower inflation expectations, the case for holding commodities as inflation hedge is expected to be weaker in 2026.

Sector	Q1 2026 Outlook
<b>Energy</b>	Oil and gas face downside risks given above median inventories and strong non-OPEC supply.
<b>Precious Metals</b>	After a strong year, gold and silver are at record levels. Rate cut expectations, a weaker dollar and geopolitical events could continue to support prices.
<b>Industrial Metals</b>	Outlook is generally positive, especially for copper and other transition metals, as tight mine supply and electrification/infrastructure demand stay supportive even if global growth softens.
<b>Agriculture</b>	Outlook is mixed: grains slightly better supported after prior softness, but ample global supplies in key crops and fading weather premiums limit upside. Government direct aid payments could distort supply incentives and potentially weaken prices.

*All performance data sourced from Morningstar.*

*The commodity asset class proxy used for this analysis is the Bloomberg Commodity Index. The Energy sector proxy is the Bloomberg Energy Subindex Total Return. The Precious Metals proxy is the Bloomberg Precious Metals Subindex Total Return. The Industrial Metals sector proxy is the Bloomberg Industrial Metals Subindex Total Return. The Agriculture sector proxy is the Bloomberg Agriculture Subindex Total Return.*

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## Private Markets Summary

### Summary

Favorable conditions for private markets continued in Q4 with measured improvement in M&A activity. Valuation multiples were stable and consistent with longer-term public market comparisons.

Although exit activity continued to improve, we highlight that the percentage of unrealized gains, and slower rate of monetization, is at record setting lows for both private equity and venture capital in 2025.<sup>(1)</sup> In response to this liquidity slowdown, secondary transactions have accelerated with record volumes expected in 2025.<sup>(2)</sup>

We also highlight the rapid growth of private credit and the increased potential for several interconnected risks, including weaker underwriting, borrower-friendly loan covenants, increased opacity and liquidity mismatches from retail-oriented fund structures. We continue to monitor this segment for indicators of structural weakness, such as significant changes in underwriting standards and covenant restrictions.

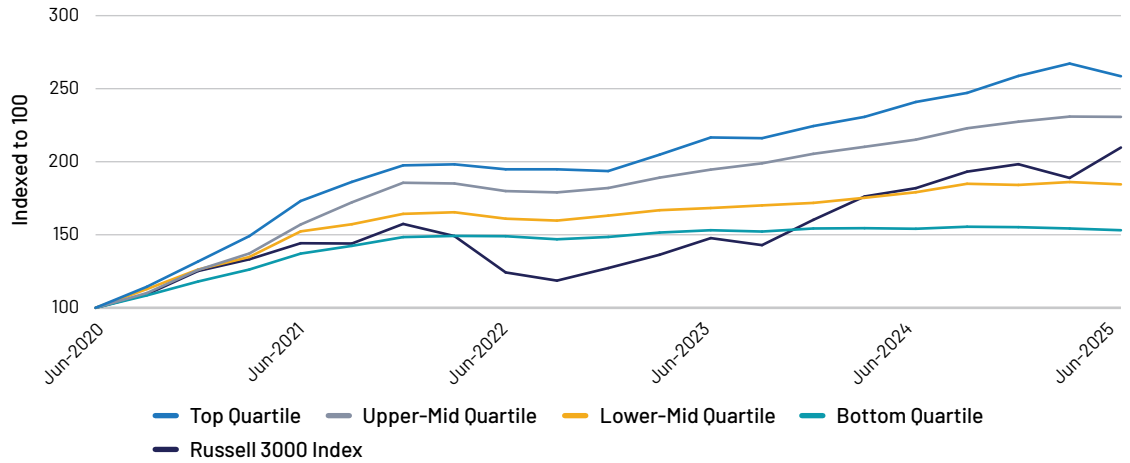
Sector	Current Conditions
<b>IPO and Mergers &amp; Acquisitions<sup>(3)(4)</sup></b>	<ul style="list-style-type: none"> <li>2025 M&amp;A activity and deal values approached record levels, with 22 mega-deals valued over \$10 billion announced globally and approximately 70 for the full year.</li> <li>Approximately 350 companies completed IPOs in Q4 2025, a 5% decline in listings quarter-over-quarter (QoQ), yet proceeds rose 15% to \$52 billion.</li> <li>Q3 2025 was most active since Q4 2021, which was a record-breaking year for global M&amp;A fueled by strong investor appetite and abundant capital.</li> </ul>
<b>Valuations<sup>(5)</sup></b>	<ul style="list-style-type: none"> <li>Although valuation multiples are up from recent troughs, they are generally consistent with recent 2017-2019 average of 9.9x EBITDA and 1.5x revenue.</li> <li>Both public (14.7 EV/EBITDA) and private (9.7 EV/EBITDA) continue to stabilize.</li> </ul>
<b>Fundraising<sup>(6)</sup></b>	<ul style="list-style-type: none"> <li>Fundraising in 2025 is down sharply from 2021 peak and down ~23% over trailing four quarters.</li> <li>Relative to last decade, dry powder aging more rapidly, with almost 50% at 2-5 years in 2025, up from average of ~30% over the last 10 years.</li> </ul>
<b>Regulatory</b>	<ul style="list-style-type: none"> <li>Additional guidance expected in February 2025 regarding the August 7, 2025, Presidential Executive Order on "democratizing" access to alternative assets.</li> <li>Potential changes underway to expand how investors could become "accredited"—i.e., exam-based pathway.</li> </ul>

### Performance Review

We continue to emphasize the dispersion of returns for private markets and the importance of manager selection and investor exposure to top-quartile managers. Although private markets have provided favorable longer-term performance, we highlight several conditions why private markets may have lagged their public counterparts over shorter horizons:

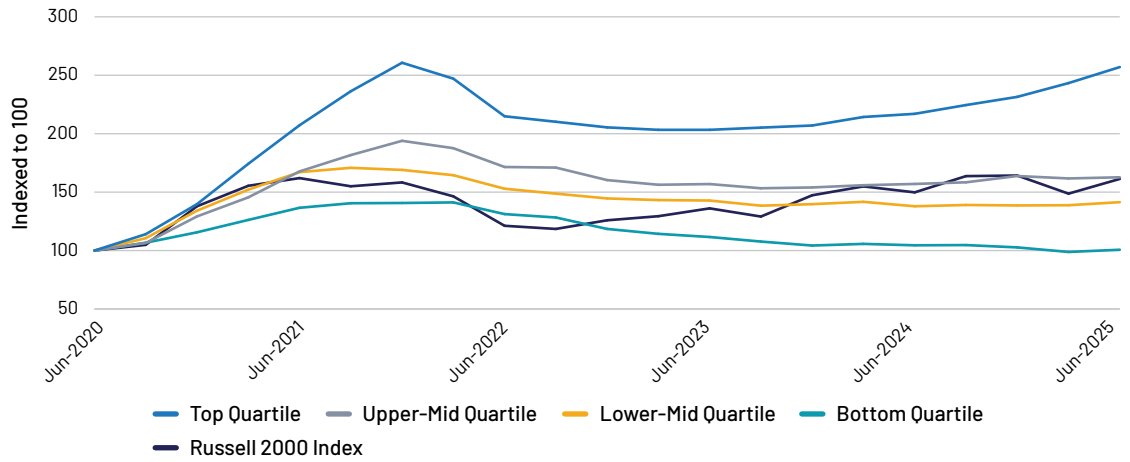
- **Public Index Concentration and Tech-Driven Rally:** Public markets have benefited from outsized gains in a handful of large-cap technology stocks (the "Magnificent Seven" and related AI and energy transition thematic exposures). Private portfolios are generally more diversified and mid-market focused and generally underweight the exposures that drove the recent rally.
- **Interest Rate Hikes and Leverage Costs:** Rapid rate increases (500+ bps over 2022-2023) disproportionately impacted private dealmaking by raising borrowing costs and compressing valuations, ending an era of cheap debt that had fueled some of the private markets outperformance.
- **Delayed Exits and Valuation Lags:** The subdued M&A and initial public offering (IPO) environment over the past 2-3 years has limited the number of exits and realized returns while extending holding periods and the timing lags inherent in private valuations.

Private Equity Quartile Performance vs Public Markets



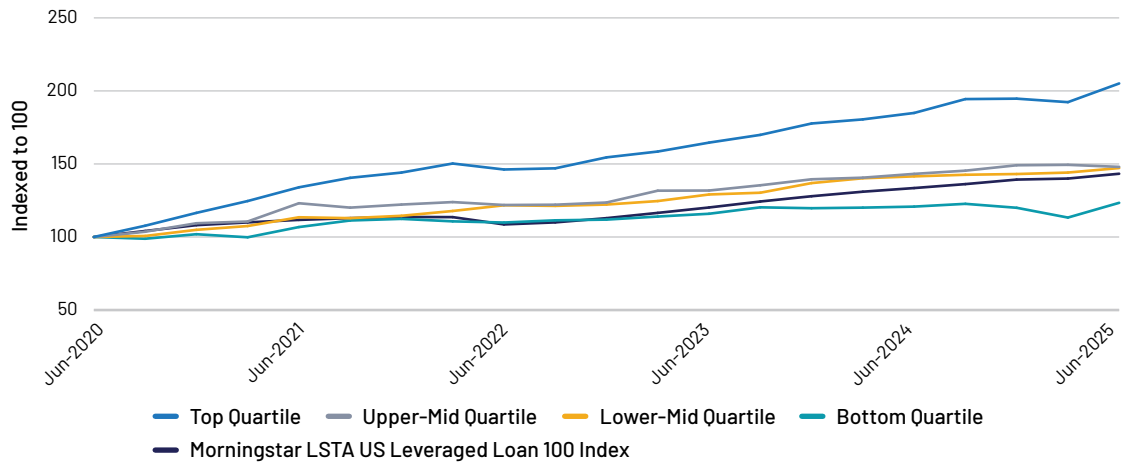
Sources: Pitchbook Private Equity Index, Morningstar, as of 6/30/2025. Latest information available. See endnotes for reference indices. **Past performance is no guarantee of future results. One may not invest directly in an index.**

Venture Capital Quartile Performance vs Public Markets



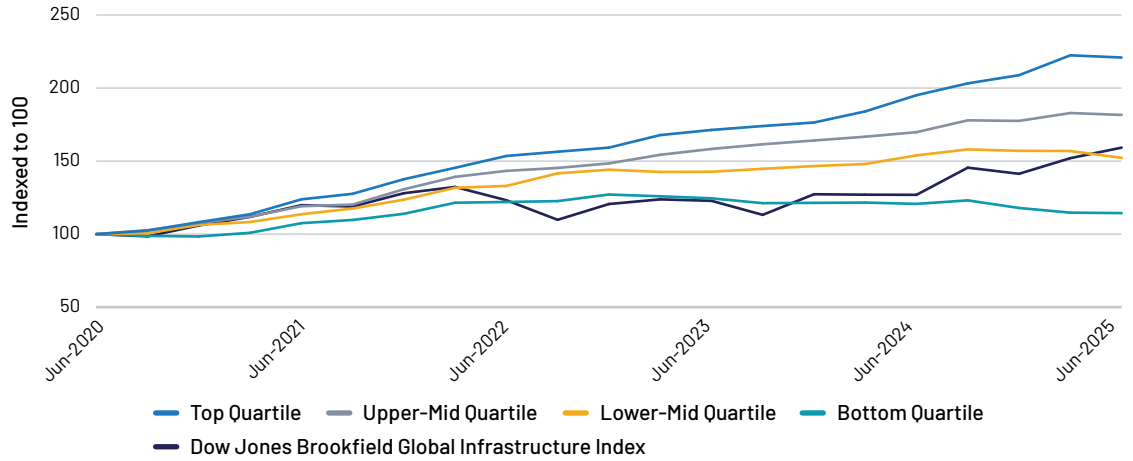
Sources: Pitchbook Venture Capital Index, Morningstar, as of 6/30/2025. Latest information available. See endnotes for reference indices. **Past performance is no guarantee of future results. One may not invest directly in an index.**

Private Credit Quartile Performance vs Public Markets



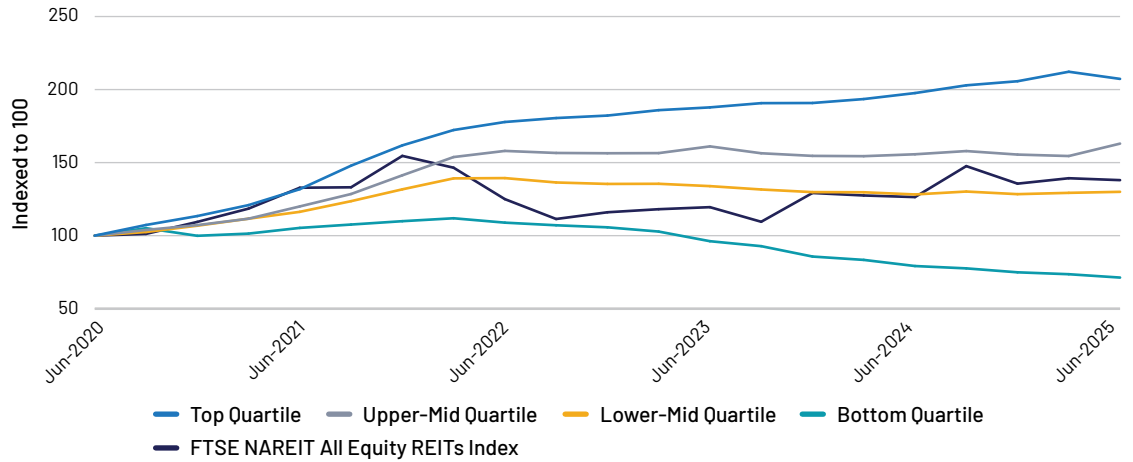
Sources: Pitchbook Private Debt Index, Morningstar, as of 6/30/2025. Latest information available. See endnotes for reference indices. **Past performance is no guarantee of future results. One may not invest directly in an index.**

Private Infrastructure/Real Assets Quartile Performance vs Public Markets



Sources: Pitchbook Private Real Assets Index, Morningstar, as of 6/30/2025. Latest information available. See endnotes for reference indices. **Past performance is no guarantee of future results.** One may not invest directly in an index.

Private Real Estate Quartile Performance vs Public Markets



Sources: Pitchbook Private Real Estate Index, Morningstar, as of 6/30/2025. Latest information available. See endnotes for reference indices. **Past performance is no guarantee of future results.** One may not invest directly in an index.

## Outlook Q1 2026

Category	Positive Factors	Negative Factors and Risks	Outlook
<b>Private Equity</b>	<ul style="list-style-type: none"> <li>Moderating interest rates and tighter credit spreads lower the cost of leveraged buyouts.</li> <li>Deal activity has rebounded, with 2025 year-to-date PE investment and exit values already exceeding 2024 totals.</li> <li>A more stable public equity backdrop and narrower valuation gap between public and private markets should help sustain exit activity momentum.</li> <li>Managers with dry powder should benefit from more favorable entry valuations and motivated sellers after several years of deferrals.</li> </ul>	<ul style="list-style-type: none"> <li>Rate cuts do not materialize.</li> <li>Tariff uncertainty.</li> <li>Slowing economy and M&amp;A environment.</li> <li>Lack of access to leverage capital.</li> <li>Lack of exits persist.</li> </ul>	Neutral to Favorable
<b>Venture Capital</b>	<ul style="list-style-type: none"> <li>Late state deal activity highest in a decade, second only to 2021.</li> <li>VC-backed exits more than doubled in value from 2024 to 2025. Projected 2026 deals could continue trend.</li> <li>Strong IPO calendar with several mega deals lining up for potential 2026 IPO—SpaceX, Anthropic.</li> <li>Robust secondary market provides additional liquidity.</li> <li>Fundraising appears to have bottomed, improved outlook for liquidity and positive investor sentiment.</li> </ul>	<ul style="list-style-type: none"> <li>Active unicorn count (firms valued \$1B or more) is 830 with aggregate value of \$3.9T; up 10X over last decade.</li> <li>AI dominates the investment landscape and has attracted over 65% of capital in 2025.</li> <li>Tariff policies.</li> <li>Massive performance dispersion, manager selection is critical for outperformance and difficult to access.</li> </ul>	Unfavorable to Neutral
<b>Private Credit</b>	<ul style="list-style-type: none"> <li>Direct lending opportunities should be bountiful as high yield bond/loan refinancing needs increase in 2026.</li> <li>Flows continue to be positive and greater diversification into Asset Based Finance (ABF) is a positive credit factor overall.</li> <li>The interval fund structure is gaining traction, which provides more transparency, lower leverage and forces more liquidity management.</li> </ul>	<ul style="list-style-type: none"> <li>Older vintage 2020-2021 PE related deals look vulnerable. Many of these companies can't afford to pay at existing rates and have been extended or taken over.</li> <li>Negative sentiment around private credit is growing due to transparency and valuation issues. However, actual losses have yet to materialize in a meaningful way versus public.</li> <li>Lower tiered public credit and certain ABS are seeing increased default/delinquency rates which do not bode well for smaller, mid-market companies. However, underwriting spreads appear to be increasing to compensate for some of these risks.</li> </ul>	<p><b>Direct Lending</b> Neutral <i>(Negative for certain lending vintages and categories)</i></p> <p><b>Asset-Backed Finance</b> Neutral to Positive</p> <p><b>Alternative/Real Estate</b> Positive</p>
<b>Private Infrastructure</b>	<ul style="list-style-type: none"> <li>The AI-driven surge in electricity demand and data usage is accelerating opportunities in power, grid upgrades and data center-linked infrastructure, supporting growth in both core and value-add strategies.</li> <li>Favorable capital availability and record fundraising levels for infrastructure funds.</li> <li>Favorable government partnerships, investment terms and rate structures.</li> <li>Robust investor appetite for inflation-linked cash yields and diversification.</li> </ul>	<ul style="list-style-type: none"> <li>Execution risk is elevated as projects are increasingly complex.</li> <li>Political and regulatory uncertainty and impact on pricing, contract terms, long-term demand.</li> <li>Rising construction and financing costs.</li> <li>Supply chain and energy availability for projects.</li> <li>Uncertainty regarding longer term demand for large data center buildouts and infrastructure.</li> </ul>	Favorable

Category	Positive Factors	Negative Factors and Risks	Outlook
<b>Private Real Estate</b>	<ul style="list-style-type: none"> <li>• Pricing has reset in many sectors and commercial real estate (CRE) valuations vs other asset classes highly favorable.</li> <li>• CRE is emerging from only the third double-digit correction on record. After two previous corrections, real estate expansions lasted more than a decade, with invested capital growing four- to five-fold.</li> <li>• As debt yields drift lower than cap rates, high quality CRE assets driven by NOI growth rather than debt likely to outperform.</li> <li>• Rising costs and zoning restrictions will likely limit supply.</li> </ul>	<ul style="list-style-type: none"> <li>• Stress remains elevated in weaker office and certain older or obsolete assets, with a pronounced “flight to quality” driving wide dispersion in occupancy, rents and liquidity between prime and non-prime properties.</li> <li>• Maturing debt refinancing activity likely to reset borrowing costs of exiting investors.</li> <li>• Policy uncertainties—around growth, inflation path, zoning, climate/energy rules and taxation—could slow leasing decisions, alter operating costs and affect required yields, especially for long-duration development and value-add projects.</li> </ul>	Unfavorable to Neutral

## Endnotes

- <sup>(1)</sup> JP Morgan. (December 2, 2025). *The Deep End: Eye on the Market Biennial Alternative Investments Review 2025*.
- <sup>(2)</sup> Jeffries. (July 2025). *H1 2025 Global Secondary Market Review*.
- <sup>(3)</sup> Reuters. (December 18, 2025). *More mega deals coming as chase for scale fuels near record-breaking year for M&A*.
- <sup>(4)</sup> Anani, Karim. (October 8, 2025). *EY Global IPO Trends 2025: 2025 Global IPO market key highlights and 2026 outlook*.
- <sup>(5)</sup> Pitchbook. (September 30, 2025). *Q3 2025 Global M&A Report*.
- <sup>(6)</sup> Pitchbook. (September 30, 2025). *Q3 2025 Global Private Market Fundraising Report*.

## Definitions

**Basis Point (bps):** a unit that is equal to 1/100th of 1% and is used to denote the change in a financial instrument.

**Beta:** a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market or a benchmark. The beta of the market or benchmark is 1.00 by definition. An investment with a beta above 1 is more volatile than the overall market, while an investment with a beta below 1 is less volatile.

**BlueStar Top 10 US Listed Alternative Asset Managers Index:** tracks the 10 largest, most liquid US public companies focused on alternatives like private equity, real estate and infrastructure.

**Bloomberg Agriculture Subindex (BCOMAGTR Index):** formerly known as the Dow Jones-UBS Agriculture Subindex (DJUBAGTR), the index is a commodity group subindex of the Bloomberg CITR. The index is composed of futures contracts on coffee, corn, cotton, soybeans, soybean oil, soybean meal, sugar and wheat. It reflects the return on fully collateralized futures positions and is quoted in USD.

**Bloomberg Commodity Index:** an unmanaged index used as a measurement of change in commodity market conditions based on the performance of a basket of different commodities.

**Bloomberg Energy Subindex (BCOMENR Index):** a commodity index composed of futures contracts on crude oil, heating oil, unleaded gasoline and natural gas. It reflects the return of underlying commodity futures price movements only and is quoted in USD.

**Bloomberg Industrial Metals Subindex (BCOMINR Index):** reflects the returns that are potentially available through an unleveraged investment in the futures contracts on industrial metal commodities.

**Bloomberg Intermediate US High Yield Index:** measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. The intermediate duration segment of the index includes bonds with maturities of 1 to 10 years.

**Bloomberg Municipal Index:** serves as a benchmark for the US municipal bond market.

**Bloomberg Precious Metals Subindex (BCOMPRT Index):** reflects the returns that are potentially available through an unleveraged investment in the futures contracts on precious metals commodities. The Index currently consists of two precious metals commodities futures contracts (gold and silver).

**Bloomberg US 1000 Index:** a float market-cap-weighted benchmark of the 1000 most highly capitalized US companies.

**Bloomberg US Aggregate Bond Index:** a broad-based benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, fixed-rate agency MBS, ABS and CMBS (agency and non-agency).

**Bloomberg US Asset-Backed Securities Index:** a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index only includes ABS securities.

**Bloomberg US Corporate Bond Index:** measures the investment grade, fixed-rate, taxable corporate bond market.

**Bloomberg US Corporate High Yield Bond Index:** measures the USD-denominated, high yield, fixed-rate corporate bond market.

**Bloomberg US Treasury US TIPS Index:** measures the performance of the US treasury inflation-linked bond market.

**Cash Flow:** the net balance (inflows minus outflows) of cash moving into and out of a business at a specific point in time.

**Consumer Price Index (CPI):** a measure of the average change over time in the prices paid by urban consumers for a representative basket of consumer goods and services.

**Core Inflation:** a measure of the change in the costs of goods and services, excluding the costs of energy and food sectors.

**Credit Quality:** the risk of default, often in reference to a debt instrument.

**Dow Jones Brookfield Global Infrastructure Index:** designed to measure the performance of pure-play infrastructure companies domiciled globally.

**Dow Jones Industrial Average:** a stock market index of 30 prominent companies listed on stock exchanges in the United States. The DJIA is one of the oldest and most commonly followed equity indexes.

**Dry Powder:** the amount of committed, but unallocated capital a firm has on hand. In other words, it's an unspent cash reserve that's waiting to be invested.

**Easing Cycle:** a period when a central bank, like the Federal Reserve, lowers its benchmark interest rates to stimulate economic activity by making borrowing, investment and spending cheaper. This policy aims to boost growth during a sluggish economy by increasing the money supply and encouraging consumers and businesses to spend and invest more.

**Enterprise Multiple (EV/EBITDA):** a ratio used to determine the value of a company by considering the company's debt. The enterprise multiple is the enterprise value (EV) (market capitalization + total debt - cash and cash equivalents) divided by EBITDA (earnings before interest, taxes, depreciation and amortization).

**Federal Funds Rate:** the target interest rate set by the Federal Open Market Committee (FOMC). This target is the rate at which the Fed suggests commercial banks borrow and lend their excess reserves to each other overnight.

**FTSE NAREIT All Equity REITs Index:** a free-float adjusted, market capitalization-weighted index of US equity REITs. Constituents of the index include all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property.

**FTSE NAREIT Equity Data Centers Index:** a subsector index of the FTSE NAREIT US Real Estate Index containing all Data Center REITs in the parent index.

**FTSE NAREIT Equity Health Care Index:** a subsector index of the FTSE NAREIT US Real Estate Index containing all Health Care REITs in the parent index.

**FTSE NAREIT Equity Industrial Index:** a subsector index of the FTSE NAREIT US Real Estate Index containing all Industrial REITs in the parent index.

**FTSE NAREIT Equity Lodging/Resorts Index:** a subsector index of the FTSE NAREIT US Real Estate Index containing all Lodging/Resorts REITs in the parent index.

**FTSE NAREIT Equity Office Index:** a subsector index of the FTSE NAREIT US Real Estate Index containing all Office REITs in the parent index.

**FTSE NAREIT Equity Residential REIT Index:** a subsector index of the FTSE NAREIT US Real Estate Index containing all Equity Residential REITs in the parent index.

**FTSE NAREIT Equity Retail Index:** a subsector index of the FTSE NAREIT US Real Estate Index containing all Retail REITs in the parent index.

**FTSE NAREIT Equity Self Storage Index:** a subsector index of the FTSE NAREIT US Real Estate Index containing all Self Storage REITs in the parent index.

**FTSE NAREIT Infrastructure REITs Index:** a subsector index of the FTSE NAREIT US Real Estate Index containing all Infrastructure REITs in the parent index.

**Headline Inflation:** the raw inflation figure reported through the Consumer Price Index (CPI) that is released monthly by the Bureau of Labor Statistics which is derived from the cost to purchase a fixed basket of goods.

**Headwind:** an external factor that negatively impacts a company, industry or the economy, resisting growth and hindering performance.

**High Yield:** commonly referred to as “junk” or “junk bonds,” fixed income securities rated below investment grade (below BBB). High yield bonds pay higher interest rates because they have lower credit ratings than investment grade bonds.

**Investment Grade (IG):** a rating that signifies that a municipal or corporate bond presents a relatively low risk of default. To be considered an investment grade issue, the company must be rated at ‘BBB’ or higher by Standard and Poor’s or Moody’s. Anything below this ‘BBB’ rating is considered non-investment grade.

**KBW Bank Index:** designed to track the performance of the leading banks and thrifts that are publicly-traded in the US.

**Liquidity:** the degree to which an asset or security can be bought or sold in the market without affecting the asset’s price.

**Magnificent Seven:** a group of seven high-performing and influential stocks in the technology sector including Apple, Microsoft, Alphabet, Amazon, Nvidia, Tesla and Meta.

**Morningstar LSTA US Leveraged Loan 100 Index:** measures the performance of the 100 largest facilities in the US leveraged loan market.

**Mortgage-Backed Securities (MBS):** bonds secured by home and other real estate loans. They are created when a number of these loans, usually with similar characteristics, are pooled together.

**Municipal Bond:** a debt security issued by a state, municipality, or county to finance its capital expenditures, including the construction of highways, bridges, or schools. They can be thought of as loans that investors make to local governments. Municipal bonds are often exempt from federal taxes and most state and local taxes (for residents), making them especially attractive to people in higher income tax brackets.

**NASDAQ 100 Index:** one of the world’s preeminent large-cap growth indexes. It includes 100 of the largest domestic and international non-financial companies listed on the Nasdaq Stock Market based on market capitalization.

**Nonfarm Payroll (NFP) Industry Diffusion Index:** the percent of industries with employment increasing plus one-half of the industries with unchanged employment, where 50 percent indicates an equal balance between industries with increasing and decreasing employment.

**Personal Consumption Expenditures Price Index (PCE):** a measure of the prices that people living in the United States, or those buying on their behalf, pay for goods and services. The PCE is known for capturing inflation (or deflation) across a wide range of consumer expenses and reflecting changes in consumer behavior.

**Pitchbook Private Debt Index:** a quarterly return benchmark for private credit built from Pitchbook’s cash flow and NAV data. The indexes provided are meant to be estimates of asset class performance, hypothetically creating a return if one had access to all active funds in the category on a capital-weighted basis. Constituent funds are bucketed into quartile rankings based on their fund categorization and vintage year. Quartiles are determined by Total Value Paid In (TVPI) as of the most recent available data.

**Pitchbook Private Equity Index:** a quarterly return benchmark for private equity built from Pitchbook’s cash flow and NAV data. The indexes provided are meant to be estimates of asset class performance, hypothetically creating a return if one had access to all active funds in the category on a capital-weighted basis. Constituent funds are bucketed into quartile rankings based on their fund categorization and vintage year. Quartiles are determined by Total Value Paid In (TVPI) as of the most recent available data.

**Pitchbook Private Real Assets Index:** a quarterly return benchmark for private real assets/infrastructure built from Pitchbook’s cash flow and NAV data. The indexes provided are meant to be estimates of asset class performance, hypothetically creating a return if one had access to all active funds in the category on a capital-weighted basis. Constituent funds are bucketed into quartile rankings based on their fund categorization and vintage year. Quartiles are determined by Total Value Paid In (TVPI) as of the most recent available data.

**Pitchbook Private Real Estate Index:** a quarterly return benchmark for private real estate built from Pitchbook’s cash flow and NAV data. The indexes provided are meant to be estimates of asset class performance, hypothetically creating a return if one had access to all active funds in the category on a capital-weighted basis. Constituent funds are bucketed into quartile rankings based on their fund categorization and vintage year. Quartiles are determined by Total Value Paid In (TVPI) as of the most recent available data.

**Pitchbook Venture Capital Index:** a quarterly return benchmark for venture capital built from Pitchbook’s cash flow and NAV data. The indexes provided are meant to be estimates of asset class performance, hypothetically creating a return if one had access to all active funds in the category on a capital-weighted basis. Constituent funds are bucketed into quartile rankings based on their fund categorization and vintage year. Quartiles are determined by Total Value Paid In (TVPI) as of the most recent available data.

**Price-to-Earnings (P/E) Ratio:** a stock valuation metric that compares a company’s share price to its earnings per share (EPS).

**Purchasing Managers Index (PMI):** an index of the prevailing direction of economic trends in the manufacturing and service sectors. It consists of a diffusion index that summarizes whether market conditions, as viewed by purchasing managers, are expanding, staying the same, or contracting.

**Quantitative Tightening:** a monetary policy strategy used by central banks where they reduce the pace of reinvestment of proceeds from maturing government bonds in an attempt to raise interest rates, decrease the supply of money, and reduce lending to consumers and businesses.

**Real Estate Investment Trust (REIT):** companies that own or finance income-producing real estate across a range of property sectors. Listed REITs have characteristics of both the income potential of bonds and growth potential of stocks.

**Return on Invested Capital (ROIC):** a calculation used to assess a company’s efficiency in allocating capital to profitable investments.

**Russell 2000 Index:** measures the performance of the small-cap segment of the US equity universe.

**Russell 3000 Index:** measures the performance of the largest 3,000 US companies representing approximately 97% of the investable US equity market.

**S&P 500 Health Care Sector Index:** a capitalization-weighted index designed to replicate performance of the Health Care Sector of the S&P 500.

**S&P 500 Index:** widely regarded as the best single gauge of large-cap US equities. The index includes 500 leading companies and covers approximately 80% of available market capitalization.

**Standard Deviation:** a statistical measure that indicates the extent of deviation for a group as a whole.

**Tailwind:** a certain situation or condition that may lead to higher profits, revenue or growth.

**Trailing Twelve Month Yield:** refers to the percentage of income a portfolio has returned to investors over the last 12 months.

**US Dollar Index:** measures the value of the US dollar relative to a basket of foreign currencies.

**Yield Curve:** a graphical representation of the yields (y-axis) on debt instruments with different maturities (x-axis).

**Z-Score:** a numerical measurement that describes a value’s relationship to the mean of a group of values, measured as standard deviations from the mean. If a Z-score is 0, it indicates that the data point’s score is identical to the mean score. A Z-score of 1.0 would indicate a value that is one standard deviation from the mean.

One may not invest directly in an index.

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