

Investment Committee Review

Outlook Q4 2026

ALPS Advisors, Inc.

Laton Spahr, CFA

President, Portfolio Manager

Eric Hewitt

Chief Investment Officer, Portfolio Manager

Alex Hagmeyer, CFA, CFP

Co-Chief Investment Officer,
Senior Director Quantitative Research

Multi-Asset Research Team



Robert McClure

Director of Research
robert.mcclure@sscinc.com



Chris Proctor, CFA

Portfolio Manager, Director
of Research, Fixed Income
chris.proctor@sscinc.com



Richard Baker, CAIA

Director of Research, Real Assets
and Alternatives
richard.baker@sscinc.com



Warren Beth, CFA

Chief Equity Strategist
warren.beth@sscinc.com

Asset Class Reviews

- 1 • Introduction
- 3 • Macro Summary
- 6 • Equities Summary
- 10 • Fixed Income Summary
- 16 • Real Estate Summary
- 20 • Commodities Summary
- 23 • Private Markets Summary

*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.*

Robert McClure
 Director of Research
 robert.mcclure@sscinc.com

Introduction

Q3 2026 Review

US financial conditions remained solid in the third quarter as economic growth continued despite oil shocks and inflation concerns, supported by expanding manufacturing and services activity, and improving credit growth. Treasury yields rose across the curve as markets shifted toward expectations of tighter monetary policy, creating equity market volatility but potentially setting the stage for a favorable multi-asset environment in 2027 if stronger growth offsets higher rates. Inflation showed signs of moderation, with August headline inflation at 3.4%, core inflation at 2.4%, and three-month annualized rates for both below 2%, although elevated oil, shipping, and chemical costs pose near-term upside risks. Economic growth remains resilient, supported by expansionary business surveys, accelerating commercial and industrial lending, recovering employment indicators, and continued investment in artificial intelligence (AI), with third-quarter Gross Domestic Product (GDP) growth estimates strengthening. Corporate earnings expectations continue to improve, with next-year S&P 500 Index earnings estimates rising 38% year over year and equal-weighted estimates increasing 23%, although gains remain concentrated among AI-related companies. Looking ahead, broader adoption of AI tools could improve productivity, margins, and profitability across more industries, potentially expanding market participation and sustaining average-to-above-average equity returns.

Equities

The third quarter of 2026 saw mixed equity performance as renewed Strait of Hormuz tensions and rising real yields pressured markets, with the S&P 500 gaining 2.30%, the Nasdaq 100 rising 0.58%, and the Dow Jones Industrial Average (Dow) falling 2.34%. Market breadth narrowed significantly, with leadership returning to the largest companies while small- and micro-cap stocks underperformed. Rising real yields tightened financial conditions without a corresponding increase in inflation expectations, creating additional risks for smaller companies, expensive growth stocks, and other rate-sensitive investments. For Q4, the recommended strategy maintains an Energy overweight as a geopolitical hedge, international and emerging-market equities to capture potential upside from conflict resolution, and a core focused on quality, stable free cash flow, and low volatility, which appear attractively valued. Key risks include further increases in real yields, renewed energy-price spikes, and a sudden rise in market correlations and volatility.

Fixed Income

Fixed income experienced its worst quarter in three years in Q3, with the Bloomberg Aggregate Bond Index falling 3.51% as higher oil prices, resilient economic growth, the Federal Reserve's (Fed) first rate hike under Chairman Walsh, and mounting fiscal concerns drove Treasury yields sharply higher. The selloff was driven primarily by rising real yields and term premiums, reflecting heavy Treasury and corporate issuance, substantial refinancing needs, and increased demand for capital from AI-related investment. Despite near-term volatility and deteriorating credit conditions—particularly among lower-rated issuers—the outlook for bonds has improved as higher starting yields create more favorable prospective returns, with the 10-year Treasury near 5.25% and inflation expected to moderate in early 2027. The outlook anticipates that markets have overestimated the extent of additional Fed tightening, while persistent deficits and elevated borrowing needs will continue to pressure long-term yields and contribute to a steeper yield curve over time. Recommended positioning emphasizes selectively extending duration into high-quality intermediate maturities, favoring stronger issuers and municipal bonds, maintaining exposure to floating-rate and shorter-duration credit, and avoiding the weakest high-yield and long-dated AI-related debt while using active, diversified management to navigate continued uncertainty.

Real Estate

REITs declined 6.06% in Q3 2026 as rising interest rates, including the Fed's September rate hike and a 10-year Treasury yield above 5.2%, pressured valuations despite improving property fundamentals. All sectors posted negative returns, with Retail and Residential among the weakest performers, while Health Care and Industrial held up relatively well; leasing, occupancy, and earnings guidance improved across most sectors. REIT valuations have become more attractive, with implied cap rates near 7.8%, dividend yields of 3.7%, and an average 13.2% discount to net-asset value, supporting a favorable longer-term outlook. Looking ahead, Health Care, Industrial, and Data Centers offer the strongest fundamentals, while elevated rates, refinancing costs, energy pressures, and uncertainty surrounding AI investment remain key risks; returns are expected to be primarily income-driven until interest rates stabilize.

Commodities

Broad commodities surged 16.19% in Q3 2026, bringing year-to-date gains to 32.87%, as geopolitical disruptions in the Middle East, declining oil inventories, and persistent inflation drove energy prices higher. Energy led the rally with a 34.35% quarterly gain and an 86.30% year-to-date increase, while agriculture rose 12.56%, industrial metals gained 4.32%, precious metals advanced 2.73%, and livestock declined 6.61%. Looking ahead, constrained supplies, AI infrastructure investment, electrification, and central-bank

gold demand provide support, but a potential reopening of the Strait of Hormuz, rising interest rates, and a stronger dollar create significant two-sided risks and could increase volatility. The outlook for commodities remains favorable as an inflation hedge and portfolio diversifier, although returns may moderate over the next year and diversification is increasingly important given the market's heavy dependence on energy.

Private Markets

Private markets faced mounting pressure in Q3 2026 as rising interest rates, slowing deal activity, limited exits, and below-average distributions constrained liquidity, making manager selection and operational execution increasingly important. Private equity exits and buyout returns weakened, while venture capital remained heavily concentrated in AI, which captured 86% of first-half investment dollars; record secondary-market activity provided some relief for investors seeking liquidity. Private credit showed growing stress from software exposure, rising non-accruals, and redemption requests, although institutional fundraising improved and asset-backed finance emerged as a preferred defensive strategy; infrastructure demand remained strong despite weaker fundraising, while private real estate showed early signs of recovery amid refinancing pressures and rising distress. Meanwhile, wealth-channel access to private investments continued to expand through new public-private funds and model portfolios, but persistent liquidity constraints, concentrated performance, and uncertain exit markets remain significant risks across the asset class.

Alex Hagmeyer, CFA, CFP
 Co-Chief Investment Officer,
 Senior Director Quantitative
 Research
alexander.hagmeyer@sscinc.com

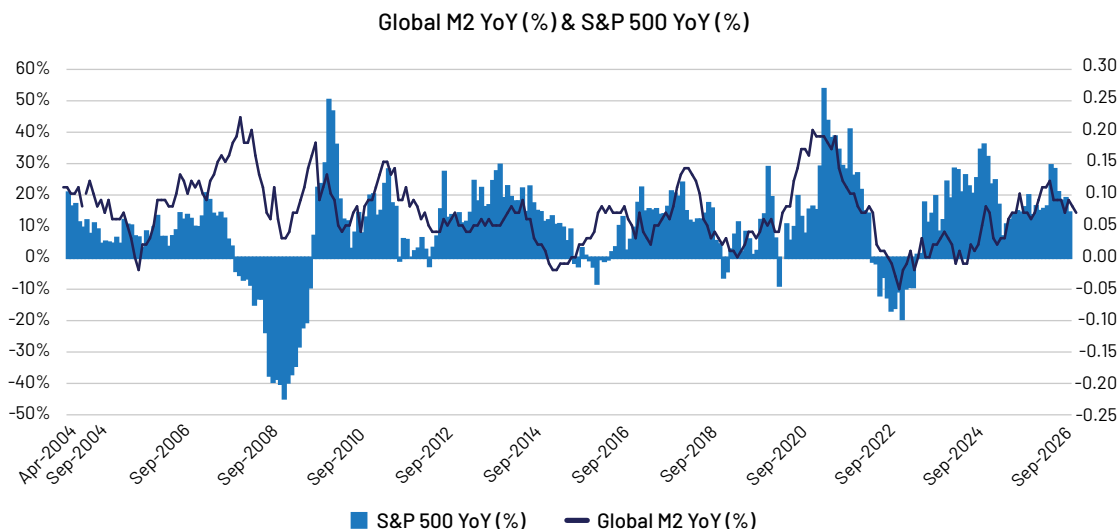
Macro Summary

Liquidity Cycle

US market-based financial conditions remained solid in the third quarter as the economy continued to expand despite periodic oil shocks and inflation concerns. Global money supply growth is still recovering, alongside solid manufacturing and services business sentiment, though at a slower pace than the inflection we quantified over recent quarters.

US Treasury yields rose meaningfully across the curve again this quarter, with the belly repricing to reflect a shift in expected monetary policy from accommodative to restrictive. Policy uncertainty, together with a strong second-half growth profile, has pushed long-end yields higher and produced some choppiness in equities as the market adjusts to a higher ceiling on rates. If equities come to accept higher rates as a consequence of stronger growth, the setup for 2027 could be a goldilocks multi-asset environment.

Policy liquidity impulses are mildly positive. The Fed's balance sheet is again expanding slowly, and the Treasury General Account (TGA) is stable. Global money supply growth remains on trend from its 2022 low but now sits at the low end of that trend range, partly reflecting year-over-year US dollar strength.



Source: Bloomberg, 4/30/2004 - 9/30/2026

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

Inflation Cycle

August headline inflation came in at 3.4% and core at 2.4%, and the three-month annualized rate for both measures is now below 2%. Headline inflation had risen to 4.2% in May on the commodity supply shock tied to the Iranian conflict. Leading indicators for global manufacturing and services, both in expansionary territory, may also keep prices relatively firm.

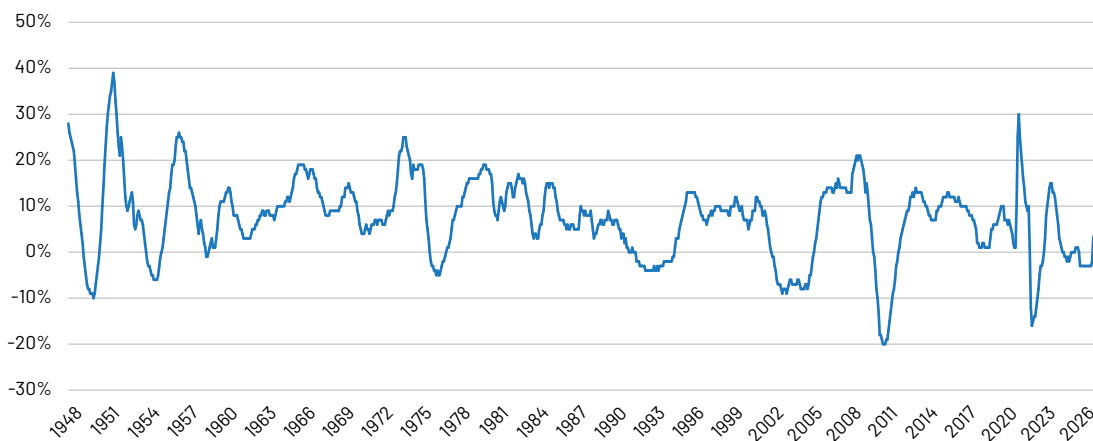
Sticky CPI, which is heavily weighted toward shelter, remains below 3%. Faster wage and income measures have eased slightly into a normalized 3% to 4% range, while labor force participation for both the prime-age and 55-and-older cohorts remains at multi-year lows. On the input side, Shanghai-to-Los Angeles container rates remain high after doubling earlier this year, and oil and many spot chemical feedstocks remain elevated, up 50% year-to-date. These input costs add upside risk to inflation in the near term, but we do not expect them to develop into demand-driven inflation.

Growth Cycle

Both the ISM Manufacturing and Services surveys continue to print in expansionary territory. In each of the past two quarterly notes, we identified this renewed demand signal, together with the ongoing acceleration in global money supply, as the macroeconomic basis for our thesis that market-based financial conditions would recover. That recovery arrived quickly in Q2 and has since translated into a broadening in both fundamentals and realized returns.

Commercial and industrial (C&I) lending, which broke out in 2026, is a further support for equity market breadth. After 18 months of near-flat balances, banks added more than \$83 billion in new loans in January and February alone, and year-over-year growth reached 8% by June and 10% by August. Procyclical and total nonfarm payrolls both continue to recover from the recessionary levels we tracked closely in 2025, and real-time payroll receipts remain solid. US GDP grew 1.5% in Q2 in the midst of an inflation shock, while the Atlanta Fed's GDPNow estimate for Q3 stands at 5%. Our base case remains trend growth, supported by artificial intelligence investment and improving breadth in corporate profits.

Commercial & Industrial Loans, All Commercial Banks YoY Percent Change

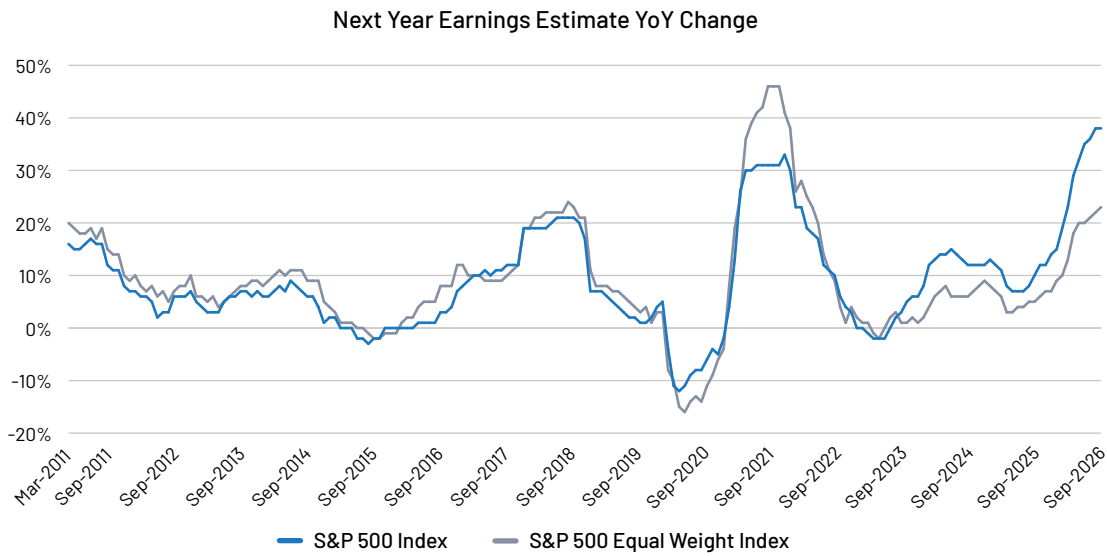


Source: Bloomberg, SS&C ALPS Advisors Proprietary Research, 1/1/1948 - 8/1/2026

Profit Cycle

Forward earnings estimates for the S&P 500 Index continue to rise and broaden. The year-over-year change in the index's next-year EPS estimate is now +38%, up from +35% in June, while the equal-weighted index has moved to +23% from +21%. Profit margin revisions have improved as well. The year-over-year increase in the capitalization-weighted estimate ranks among the highest readings in our historical data, at levels generally seen during economic recoveries. From these levels, the pace of upward revisions would be expected to slow, and we are beginning to see that in the data. That said, the rise in earnings estimates has been concentrated. If estimates broaden to equities outside the AI supply chain, the broader market may continue to offer average to above-average expected returns.

As frontier AI tools move from simple chatbots to agent orchestration and multi-step reasoning, firms adopting them are reporting internal gains in productivity and efficiency. Some are also reducing headcount from the elevated levels built up through post-pandemic labor hoarding. Together, these effects appear to be lifting profits broadly, in many cases alongside aggressive capital investment. As adoption of more sophisticated AI tools expands over the coming quarters, we expect profit growth to continue broadening from the primary suppliers of AI to its earliest adopters.



Source: Bloomberg, SS&C ALPS Advisors Proprietary Research, 3/31/2011 - 9/30/2026
Past performance is no guarantee of future results. One may not invest directly in an index.

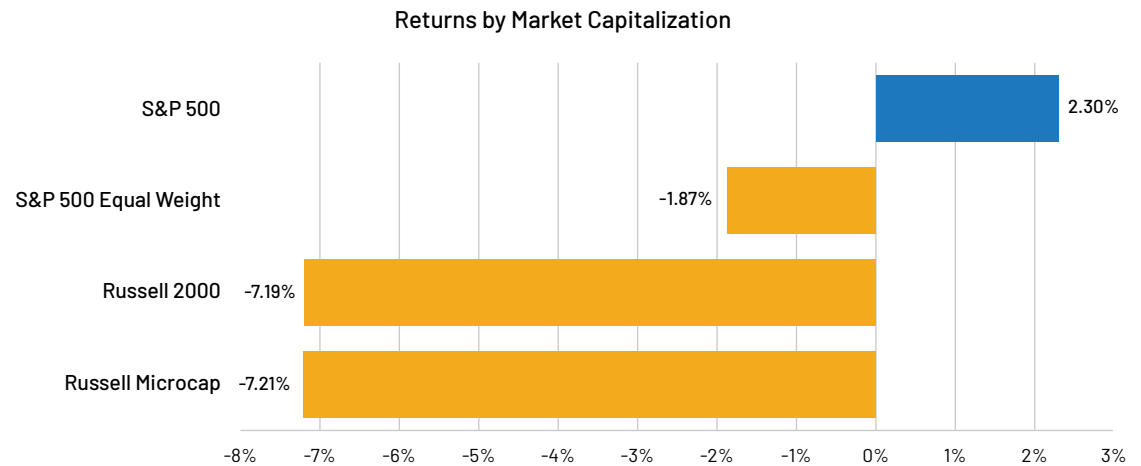
Warren Beth, CFA
Chief Equity Strategist
warren.beth@sscinc.com

Equities Summary

Q3 2026 Review

The third quarter tested the market on two fronts at once: a renewed flare-up in the Strait of Hormuz and a sharp move higher in real yields, and the headline indices held up far better than the market beneath them. The S&P 500 Index gained 2.30%, the Nasdaq 100 Index added a modest 0.58%, and the Dow Jones Industrial Average declined 2.34%.

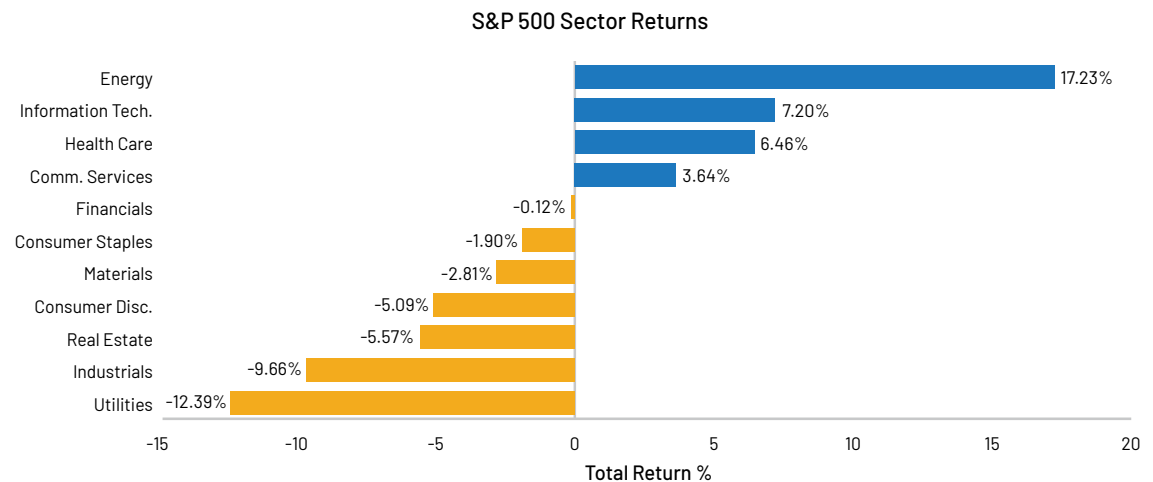
The broadening that defined the second quarter reversed. Leadership narrowed back toward the largest companies. The equal-weighted S&P 500 trailed its cap-weighted counterpart, and small- and micro-cap indices fell meaningfully, as the chart below illustrates. Smaller companies, which are more reliant on floating-rate financing and more exposed to domestic input costs, bore the brunt of higher rates.



Source: Bloomberg, 6/30/2026 - 9/30/2026

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

Sector dispersion was extreme and dispersion really is one of the defining features of the current market regime. Energy was the standout by a wide margin, rallying as Hormuz tensions re-escalated and validating the overweight we recommended entering the quarter. Technology and Health Care also delivered solid gains. At the other end, the rate-sensitive sectors bore the damage: Utilities and Real Estate repriced as higher real yields reset the discount rate on long-duration and bond-proxy cash flows, while Industrials and Consumer Discretionary lagged as well.



Source: Bloomberg, 12/31/2025 - 9/30/2026

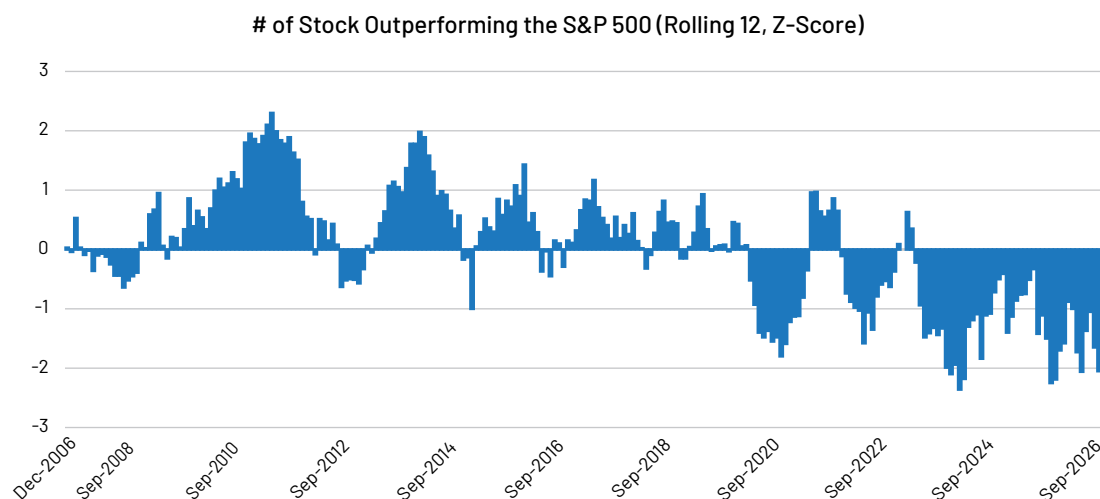
Past performance is no guarantee of future results. One may not invest directly in an index.

The character of the rate move matters. Yields rose on higher real yields, not higher inflation expectations—a tightening of financial conditions rather than a reacceleration of price pressure. That distinction may become more important as it signals a tightening of financial conditions rather than an increase of liquidity.

Q4 2026 Outlook

We enter the fourth quarter constructive and maintain the barbell that served the portfolio in the third: an Energy overweight as a geopolitical hedge, international and emerging market equities as the primary vehicle for the resolution trade, and a quality/free cash flow-oriented core in between. The Hormuz re-escalation demonstrated precisely why we were unwilling to position as though the conflict was behind us. Energy did its job as insurance, and we see no reason to cancel the policy while tensions remain unresolved.

Narrow breadth is the defining structural feature of this cycle. The number of stocks outperforming the S&P 500 over a rolling 12-month period now sits more than two standard deviations below its long-run average—near the lowest reading in nearly two decades of data, as the chart below shows. Fewer stocks have carried the index for several years, and the third quarter extended that trend rather than reversed it. A narrow market is not inherently a bearish one, but it leaves the index more dependent on a small group of leaders and raises the value of genuine diversification.

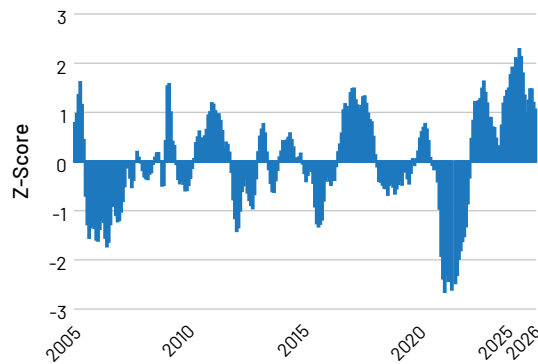


Source: Bloomberg, ALPS Advisors Research, as of 12/31/2006 - 9/30/2026

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

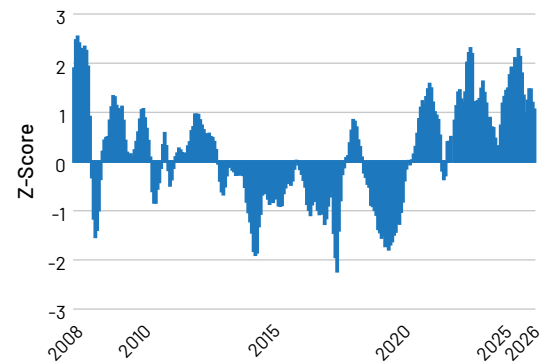
On factors, valuations argue for selectivity. Growth stocks remain expensive with the premium widening further over the quarter. High-quality valuations cheapened, and stable free cash flow and low volatility stocks offer great entry points for positions to diversify against the concentrated market. Low volatility stocks, especially, screen as deeply undervalued, among the cheapest readings since 2008—an inexpensive source of ballast at a time when calm at the index level may be understating the risk beneath the surface.

Z-Score Valuation Spread Between Top and Bottom Quintiles Based on Quality



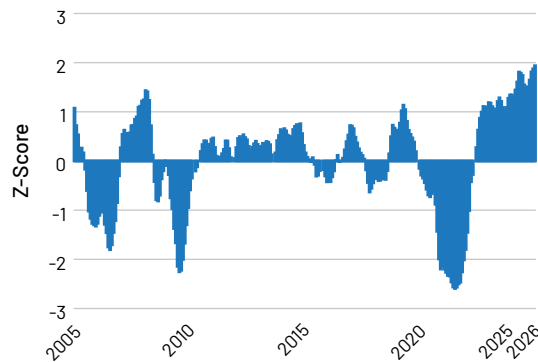
Source: Bloomberg, Bloomberg US 1000 Index, 2/28/2005 - 9/30/2026; quality is the trailing twelve month return on invested capital (ROIC)

Z-Score Valuation Spread Between Top and Bottom Quintiles Based on FCF Volatility



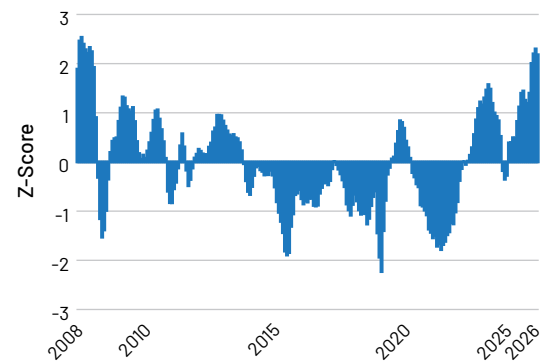
Source: Bloomberg, Bloomberg US 1000 Index, 4/30/2008 - 9/30/2026; free cash flow volatility is the standard deviation of last twelve quarters of free cash flow

Z-Score Valuation Spread Between Top and Bottom Quintiles Based on Revenue Growth



Source: Bloomberg, Bloomberg US 1000 Index, 2/28/2005 - 9/30/2026; revenue growth is the last twelve months revenue growth

Z-Score Valuation Spread Between Top and Bottom Quintiles Based on Volatility

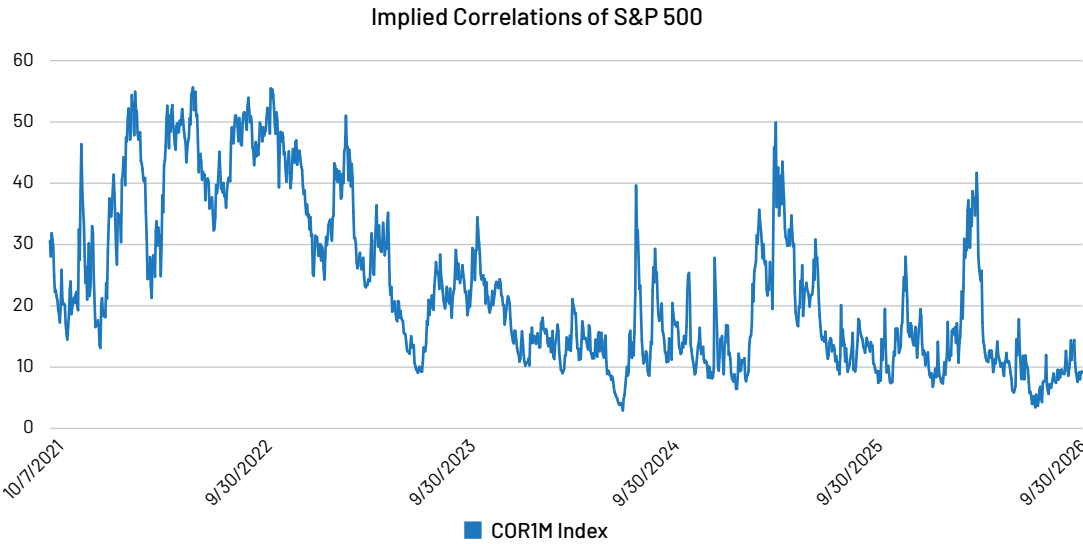


Source: Bloomberg, Bloomberg US 1000 Index, 1/31/2008 - 9/30/2026; volatility is the standard deviation of last 36 months stock price

Key Risks

The distribution of outcomes remains wide with the following themes dominating our thinking:

- **Real yields have further to run.** The third quarter's rate move was driven by real yields, not inflation expectations—tighter financial conditions rather than an inflation scare the Fed can lean against. Continued upward pressure would extend the damage to small caps, rate-sensitive sectors, and the most richly valued growth factors, where valuations already sit at the extremes of their historical range.
- **Energy prices remain hostage to Hormuz.** Further escalation would push crude higher against strategic and commercial reserves already drawn to depleted levels, squeezing margins across energy-intensive sectors and risking a renewed inflationary impulse that would compound the pressure from real yields.
- **Index-level calm is masking volatility beneath the surface.** Implied correlation among S&P 500 constituents, measured by the Cboe 1-Month Implied Correlation Index (CORIM), has fallen to historically low levels, as the chart below illustrates. When stocks move independently, their idiosyncratic swings offset one another—suppressing index volatility even as single-stock volatility runs high. The index looks serene, and its components are anything but with very thin leadership driving the vast majority of index level returns—mostly attached to one theme, the AI buildout. The risk is a regime shift: correlations tend to spike abruptly in a macro shock, and with a crowded trade positioned for continued calm, a jump in correlations could translate into a disproportionate rise in index volatility, forcing deleveraging and exposing seemingly diversified portfolios.



Source: Bloomberg, CORIM Index as of 9/30/2026

The fourth quarter calls for staying the course. An Energy overweight guards against further escalation in Hormuz, international and emerging market equities capture the resolution upside, and well-priced quality, free cash flow-oriented core anchors the portfolio. With breadth this narrow and correlations this low, the surface of the market tells only part of the story. We prefer to own resilience before it is priced rather than chase it after.

Chris Proctor, CFA
 Portfolio Manager,
 Director of Research,
 Fixed Income
chris.proctor@sscinc.com

Fixed Income Summary

Q3 2026 Review: A Supply-and-Demand Rate Shock

The third quarter was fixed income's worst in three years, with the Bloomberg Aggregate Bond Index returning -3.51%. Rates rose sharply across the curve as several forces converged:

- The Iran conflict sustained high energy prices and inflation pressure.
- Economic growth and labor markets remained more resilient than expected.
- The Fed delivered its first rate hike under Chairman Walsh.
- Fiscal concerns intensified as US debt exceeded \$40 trillion.
- Record corporate issuance—driven largely by AI-related capital spending—competed with heavy Treasury supply.
- Rising developed-market yields increased competition for global capital.

Investors responded by pricing in additional Fed hikes and demanding greater compensation for duration risk. Treasury yields rose roughly 75–100 basis points (bps) across maturities beyond one year. By quarter-end, the 10-year and 30-year Treasury yields had broken above their prior ranges, reaching approximately 5.25% and 5.60%, respectively.

This was not principally an inflation-expectations selloff. Most of the move came through higher real yields and term premiums. AI-related capital spending—estimated at roughly \$10 trillion over the next four years—has increased demand for capital, while persistent fiscal deficits and substantial refinancing needs have raised investors' required return for holding longer-dated bonds. Heavy Treasury issuance, record corporate supply, and a large refinancing calendar all arrived at once.

The market's message is increasingly clear: persistent deficits and large-scale borrowing ultimately require higher yields to attract capital.

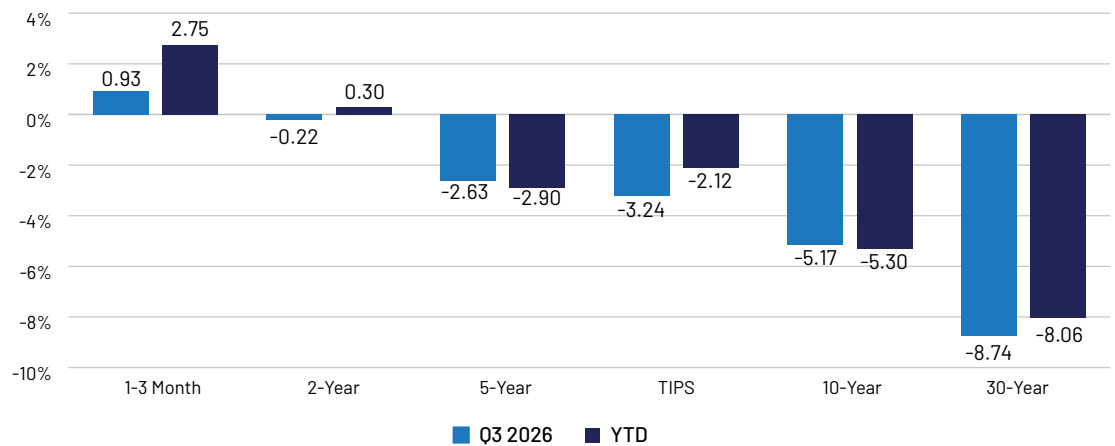
Economic resilience gave the Fed room to act. The September hike pushed the 2-year Treasury yield to roughly 5%. Historically, 75–100 basis point moves in the 2-year yield have often been followed by Fed action, with policy typically not stabilizing until market pricing and the expected terminal rate converge. That said, markets frequently overshoot by 50–100 basis points at turning points.

Credit-oriented sectors again outperformed Treasuries because spread income and shorter duration provided some protection. However, credit conditions are deteriorating beneath the surface. High-yield spreads are no longer tightening as rates rise, reflecting a more credit-sensitive market. CCC spreads moved above 1,000 basis points, and the long-anticipated refinancing wall has arrived at an unfavorable time for weaker issuers.

Quarter Highlights

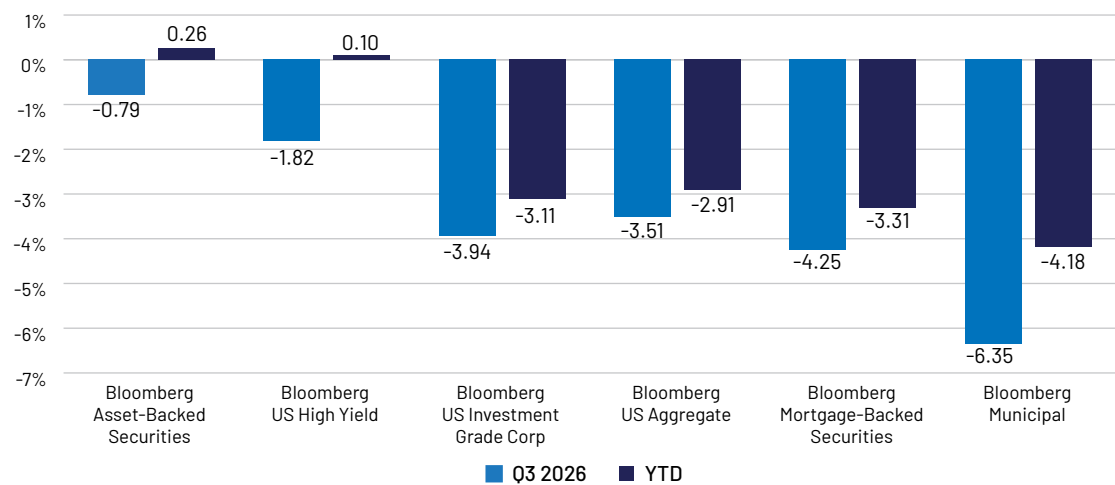
- Treasury returns deteriorated as duration increased.
- Higher-quality credit outperformed lower-quality credit, including within high yield.
- Treasuries did not provide their usual geopolitical hedge as rates rose alongside renewed conflict risk.
- Municipals shifted from one of the strongest first-half sectors to one of the weakest in Q3 because of their longer duration.
- Cash, short-duration assets, floating-rate instruments, and structured products were relative winners.

US Treasury Performance (Total Return, Sorted by Index Duration)



Source: Bloomberg, total returns as of 9/30/2026
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 9/30/2026
Past performance is no guarantee of future results. One may not invest directly in an index.

One-Year Outlook: More Favorable Bond Math

We are upgrading fixed income to **modestly attractive** over the next year. Higher starting yields have materially improved the asymmetry of prospective returns: investors now need to be less correct about the direction of rates to earn a positive return.

With the 10-year Treasury near 5.25%:

Change in 10-Year Yield Over 12 Months	Approximate Total Return
+50 basis points	+1.8%
Unchanged	+5.3%
+100 basis points	-1.8%
-100 basis points	+12.7%

Recreating losses comparable to 2022 would require an unusually large further rate move: approximately 7.9% on the 10-year Treasury and 10.5% on the 2-year. That is possible, but it is not our base case.

The current rate move is also mature by historical standards. During this cycle, the 10-year Treasury has experienced four separate moves of roughly 100 basis points in each direction, generally lasting nine to 12 months. The current increase is now about nine months old and approximately 123 basis points in magnitude, beginning with the US-Iran conflict.

Our earlier downside scenario anticipated renewed funding stress, stronger fiscal stimulus, inflation near 4%, a tight labor market, and a more restrictive Fed. Much of that scenario has materialized, and the 10-year has moved beyond our prior 5.1% estimate.

The closest recent comparison is 2021, but the starting point is materially better today. In 2021, inflation was rising toward 9% while the fed funds rate was just 0.25%. Today, yields provide a significantly larger income cushion and inflation is more contained.

Risks remain two-sided. Disruption in the Strait of Hormuz, persistent oil-price pressure, and midterm-election uncertainty could prolong elevated yields and constrain the Fed. Conversely, normalization of oil supplies would reduce inflation pressure. Our base case is for inflation to moderate materially in early 2027 as base effects improve and growth returns closer to trend, creating a more favorable environment for core fixed income and selective duration exposure.

Policy Landscape

Monetary Policy: Aggressive Tightening is Likely Over-Priced

The new Fed regime became tangible in September, when the Fed raised rates for the first time in three years, taking fed funds to 3.75%-4.00%. The new approach emphasizes:

- A renewed focus on inflation.
- Greater reliance on higher-quality, real-time data.
- Less explicit forward guidance.

These changes should ultimately be constructive for fixed income, though they also increase near-term market volatility and favor active management.

Markets currently imply a terminal fed funds rate of 5.00%-5.25% within one year, roughly equivalent to a hike every other meeting and consistent with the peak of the 2023-24 cycle. We view that as too aggressive. Our expectation is for one additional hike this year, with a possible insurance hike in early 2027 only if long-term yields continue rising.

Housing inflation remains central to the outlook. It is the largest Consumer Price Index (CPI) component and is running near 2.6%. Higher short-term policy rates do little to address oil supply constraints or fiscal imbalances. If growth moderates, a reduction in aggressive hiking expectations should support core bonds and longer-duration assets.

AI adds uncertainty to the policy outlook. Near-term AI-related investment is inflationary because it boosts capital spending and aggregate demand. Longer term, the Fed appears increasingly focused on AI's potential to reduce unit labor costs and create disinflationary pressure.

Fiscal Policy: The Weakest Part of the Framework

Fiscal policy remains the weakest leg of the fixed-income outlook. Both parties' midterm-election proposals risk worsening the deficit.

The fiscal arithmetic is increasingly challenging. With an average federal borrowing cost near 3.5%, nominal growth near 5%, and debt-to-GDP near 125%, the US could run a primary deficit of roughly 1.9% of GDP while stabilizing the debt ratio. The actual primary deficit is about 2.6% of GDP, or approximately 5.8% including interest costs.

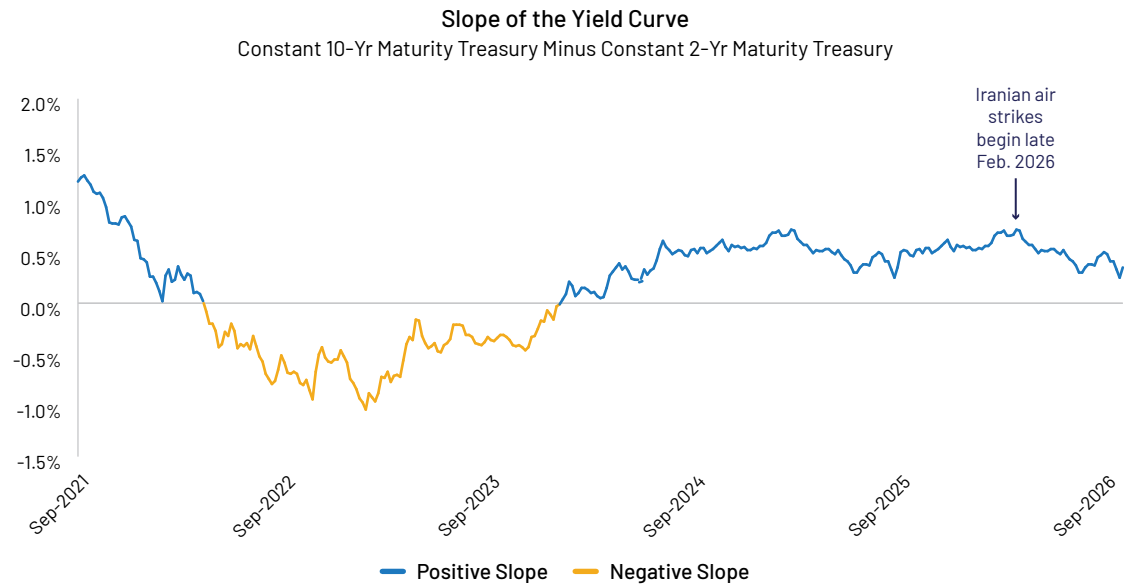
As short-dated debt rolls over at higher yields, the government's average borrowing cost is likely to approach 4%. Interest expense is therefore becoming a larger and more persistent fiscal problem. Growth has helped offset some of the pressure, and debt-to-GDP growth has slowed materially, but refinancing needs should continue to keep upward pressure on term premiums and support a steeper yield curve over time.

The market's ability to absorb long-dated Treasury issuance remains an important offset. Treasury auction demand has generally held up, and the limited participation by primary dealers suggests that higher yields are attracting genuine end-investor demand.

Market Dynamics: Curve, Flows, and Credit

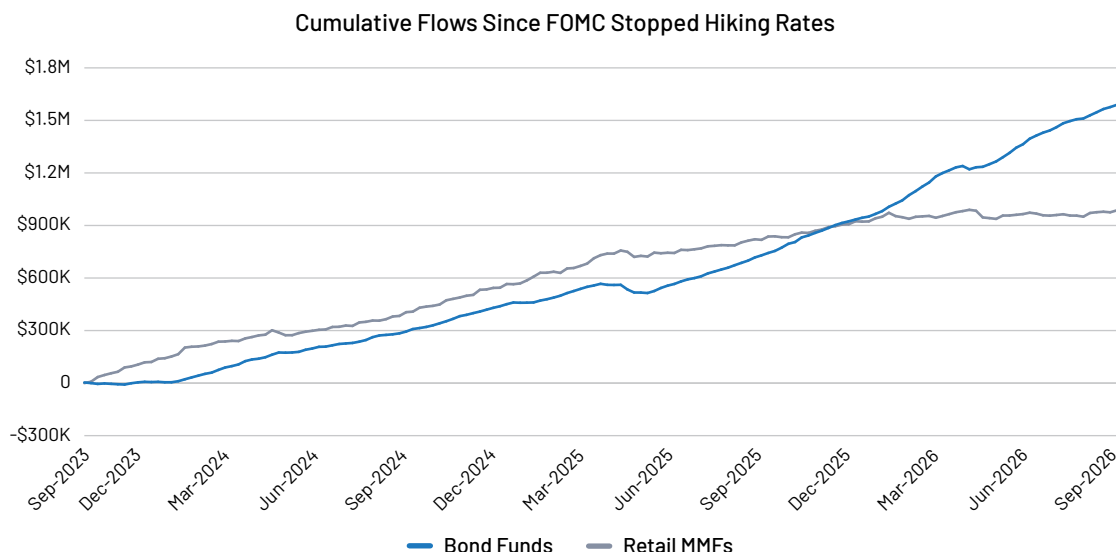
Following the Iran conflict in late February, oil prices rose and the curve entered a bear-flattening phase: short rates increased faster than long rates as markets priced in more Fed tightening. The curve is likely to remain relatively flat while oil supply remains constrained.

Over the longer term, we expect the curve to steepen, primarily through lower front-end yields. We agree that the economy is in a higher-for-longer rate environment relative to the zero-rate era, but we disagree with the market's assumption that current growth strength—particularly AI-related spending—will persist unchecked.



Source: Federal Reserve Economic Data-FRED, 10-Year Treasury constant maturity minus the 2-Year Treasury constant maturity yield, percent, weekly, not seasonally adjusted. 9/30/2021 - 9/30/2026

Demand for fixed income remains constructive despite Q3's selloff. Since the Fed stopped hiking in September 2023, cumulative bond-fund inflows have reached roughly \$1.6 trillion, exceeding the approximately \$1 trillion that flowed into retail money-market funds. Higher bond yields have improved the relative appeal of fixed income, while demographic demand remains supportive: baby boomers, the largest retail bondholders, are reaching age 80, and institutional asset-liability investors—natural buyers of duration—represent roughly half of the market.



Source: Bloomberg, SS&C ALPS Advisors Proprietary Research, 9/20/2023 - 9/2/2026

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

Credit: The Refinancing Wall has Arrived

The corporate refinancing wall is now concentrated in 2026–28, coinciding with record AI-related issuance. Data center and AI-financing deals have underperformed and are crowding an already heavy investment-grade calendar. Paramount's \$32 billion investment-grade transaction illustrated the pressure: the market struggled to absorb the deal, and the 30-year bonds were issued near 9%.

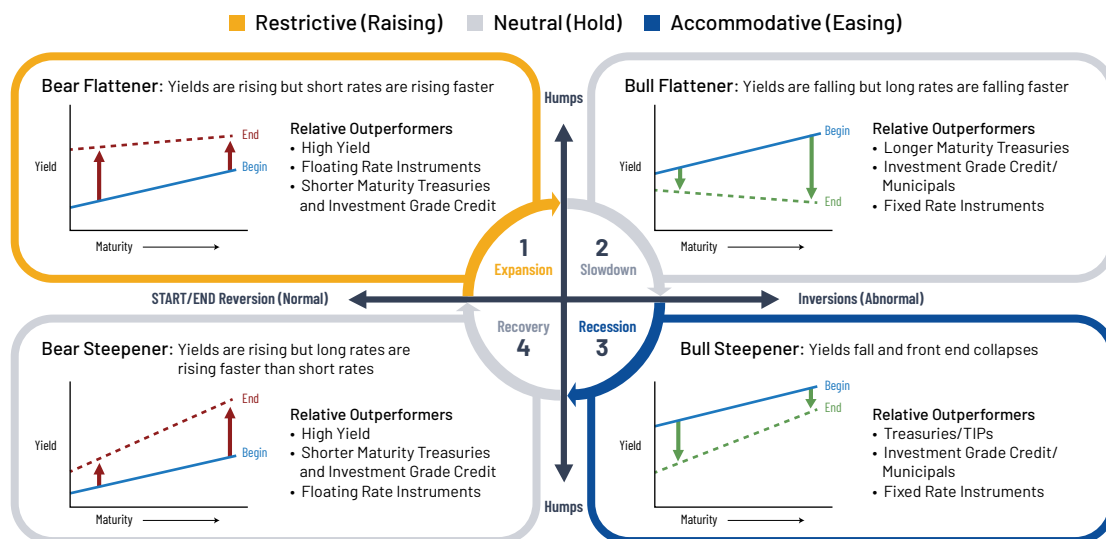
Spreads have widened even as rates have risen, an unusual and concerning combination. CCC spreads have exceeded 1,000 basis points—a threshold that has historically signaled broader stress among weaker issuers. Interest coverage for B-rated companies has declined for three consecutive years, although index-level fundamentals remain supported by stronger BB-rated issuers.

Investment-grade fundamentals remain solid but are near cycle lows. Performance is increasingly driven by rates rather than improving credit conditions. We expect more dispersion, higher defaults, and greater fundamental stress to extend from CCC issuers into the B-rated segment. To date, the deterioration has remained largely concentrated in CCCs.

Positioning and Recommendations

The market has shifted abruptly from a bull steepener to a bear flattener, driven by the oil shock, stronger growth, and the Fed's renewed tightening bias. Historically, severe bear flatteners have often been followed by curve phases that are more favorable for core bonds.

Fed Policy (Box Outline Color)



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

Our approach is to retain exposure to sectors that historically perform well in a bear flattener—shorter Treasuries, high yield, floating-rate instruments, and short- to intermediate-maturity investment-grade credit—while selectively adding exposure to the next phase of the cycle. If oil prices decline meaningfully, the curve could re-steepen faster. If energy prices remain elevated, weaker real growth becomes the larger risk.

Current yields compensate investors for patience and create attractive roll-down potential. They also make high-quality duration a relatively inexpensive hedge if AI-driven growth and capital spending disappoint.

Portfolio Implications

- **Extend duration selectively:** Focus on the 3-10 year area of the curve in high-quality sectors, where return asymmetry is attractive without assuming excessive duration risk.
- **Move up in coupon and lock in quality:** Higher coupons from stronger issuers can improve income and reduce volatility. For tax-advantaged accounts taking required minimum distributions, Treasury Inflation-Protected Securities (TIPS) with real yields of roughly 2.5%–3.0% offer unusually attractive inflation protection and income.
- **Prioritize credit quality:** The risk-reward profile for B- and lower-rated issuers is unattractive as stress broadens beyond CCCs. Quality financials, consumer staples, and health care remain more defensive areas.
- **Favor intermediate Treasuries, agency MBS, and municipals:** Our tactical scorecard—value, carry, supply, and macro—shows the strongest opportunity in belly Treasuries, agency MBS, and municipals.
- **Avoid the weakest supply-and-macro exposures:** Long-dated Treasuries, long-dated and AI-related investment-grade debt, and CCC high yield appear least attractive.
- **Continue adding municipals in taxable accounts:** Election cycles often revive concerns over the municipal tax exemption, but eliminating it remains politically difficult and economically counterproductive. Municipal bonds remain attractive for taxable investors.
- **Use active, diversified management.** Rate volatility should remain elevated as monetary policy, Treasury supply, fiscal policy, and the economic cycle interact. Active managers can seek higher-quality income across foreign issuers, agencies, commercial mortgage-backed securities (CMBS), real estate investment trusts (REITs), preferreds, convertibles, high-quality collateralized loan obligations (CLOs), and private asset- or cash-flow-based structures.

The central conclusion is that fixed income is becoming more attractive because yields have risen enough to improve forward return asymmetry. However, the environment is likely to reward active management, disciplined duration selection, higher-quality credit exposure, and diversification beyond broad benchmark sectors.

Richard Baker, CAIA
 Director of Research, Real
 Assets and Alternatives
richard.baker@sscinc.com

Real Estate Summary

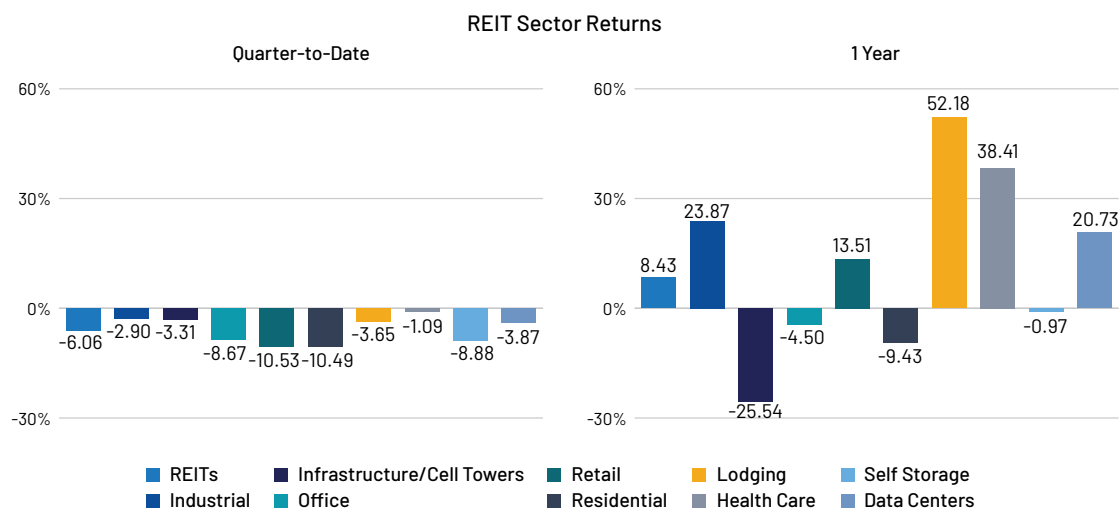
Q3 2026 Review

REITs fell 6.06% in Q3 after gaining 10.73% in Q2. Rising interest rates were the primary driver of decline and not weakening fundamentals. The Fed raised rates 25 bps in September, its first hike since 2023, and the 10-year Treasury yield climbed to 5.29%. Every sector finished the quarter negative. Health Care (-1.09%) and Industrial (-2.90%) held up best, while Retail (-10.53%) and Residential (-10.49%) were sector laggards. Cell Towers (-3.31% for the quarter, -25.54% over the trailing year) remained the weakest one-year performer, weighed down by longer term growth concerns and balance sheet concerns. Lodging remains the one-year leader at 52.18%.

Overall, REITs continue to trade at favorable valuations:

- Implied cap rates are around 7.8% vs. 10-year Treasuries at 5.29%.
- Higher dividend yields (3.7%) vs. the S&P 500 (~1%).
- Lower valuations vs. equities: equities are trading at 1.2x the valuations of REITs (forward price-to-earnings (P/E) ratio of 19.1 vs. price-to-funds from operations (P/FFO) of 15.8). Historically, the long-term ratio of P/E divided by P/FFO has been 1.0x.
- Widening discounts to NAV: the average REIT traded at a 13.2% discount to NAV.

We note that the quarter's decline reflected rising rates rather than weaker operations. Leasing, occupancy, and earnings guidance improved across most sectors, leaving REITs more attractively valued.



Source: Bloomberg, quarter-to-date total returns 7/1/2026 - 9/30/2026; 1 year total returns 10/1/2025 - 9/30/2026

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

REITs are represented by the FTSE NAREIT All Equity REITs Index; Industrial by the FTSE NAREIT Equity Industrial Index; Infrastructure/Cell Towers by the FTSE NAREIT Infrastructure REITs Index; Office by the FTSE NAREIT Equity Office Index; Retail by the FTSE NAREIT Equity Retail Index; Residential by the FTSE NAREIT Equity Residential Index; Lodging by the FTSE NAREIT Equity Lodging/Resorts Index; Health Care by the FTSE NAREIT Equity Health Care Index; Self Storage by the FTSE NAREIT Equity Self Storage Index; and Data Centers by the FTSE NAREIT Equity Data Centers Index.

Sector	Q3 Conditions and Catalysts
Industrial	• Mid-year data released in July showed vacancy past its peak near 6.8%. • National asking rents rose 2.9% year over year, up from 2.1%. • Tariffs remain a risk, but leasing has held up better than in 2025.
Infrastructure/Cell Towers	• American Tower raised guidance again, with data center revenue up 13.4%. • Tower stocks traded near one-year lows through the quarter.
Office	• Data released in July showed the fastest vacancy decline since 2015. • Leasing is on pace for a record year, led by prime buildings with Manhattan leasing nearly 13% ahead of 2025. • Rising yields outweighed improving fundamentals in share prices.
Retail	• Shopping centers fell 11.34% in August, the worst sector that month. • Retail bankruptcies fell to 10 at midyear from 32 a year earlier. • Spending is concentrated among top earners, a risk if consumers weaken.

Sector	Q3 Conditions and Catalysts
Residential	- National occupancy held at 95.5% in August, up 90 bps this year. - Rents posted an eighth straight month of gains in August. - Sun Belt rent cuts narrowed, but the South still posts annual declines. - Rising yields weighed on shares despite better fundamentals.
Lodging	- Growth cooled in August as the summer event boost faded. - Labor Day weekend set a record for hotel demand. - Hotel REITs fell 7.74% in August despite raised guidance. - Q4 faces calendar shifts and midterm election disruption.
Health Care	- Health Care led all sectors with 9.3% same-store net operating income (NOI) growth. - Boomers are turning 80, while new construction sits at record lows. - Premium valuations after a strong run are the key risk.
Self Storage	- All four major storage REITs raised full-year outlooks in late July. - Operators remain cautious given weak consumer confidence.
Data Centers	- Shares slumped in mid-September after major AI labs pledged to slow development. - Inference, not model training, drives most data center-demand growth. - The sector traded at 27.5x FFO in August, the highest among REITs.

Q3 Sector Focus – Office

Office fundamentals strengthened further in Q3, even as office REIT shares fell 8.67%. Leasing is on pace for a record year, supported by AI firms, tighter return-to-office mandates, and a shrinking supply pipeline. National vacancy posted its largest quarterly drop in over a decade, and the recovery is spreading from trophy assets into commodity Class A space. Bifurcation persists, however, and higher rates and AI's long-term effect on demand remain key risks.

Driver	Key Points
AI Firms and Structural Demand	- AI firms leased 4.6M sq. ft. in San Francisco and Manhattan in H1 2026. - Manhattan's 1.7M sq. ft. of AI leasing topped 2024 and 2025 combined. - AI firms took nearly half of San Francisco office leasing so far in 2026. - Park Avenue South availability fell to 15.2%, down from 26.4% in late 2023. - AI tenants are shifting to direct leases with longer commitments.
Leasing Volume at Multi-Year Highs	- Q2 leasing rose 16% year over year to 62.4M sq. ft. - Trailing 12-month leasing of 243M sq. ft. is on pace for a record year. - National vacancy fell 30 bps to 18.3%, the largest drop in over a decade. - Net absorption has been positive for nine straight quarters.
Strong REIT-Level Results	- SL Green raised 2026 FFO guidance by \$1.20 at the midpoint. - SL Green signed 1.76M sq. ft. year to date, with rents 15.8% above prior levels. - BXP signed 1.8M sq. ft. in Q2, 29% above its 10-year average. - BXP occupancy rose 100 bps to 88.4%. - Vornado targets over 93% occupancy by year-end on a 2.2M sq. ft. pipeline.
Return-to-Office Mandates Tightening	55% of Fortune 100 companies now require five office days, up from 5% in 2021. 30% of all companies require five days, up from 28% in 2025. 38% of firms adding office days plan to expand their space in 2026. - Actual attendance lags mandates, rising only 1% to 3% in 2025.
Bifurcation Caveat	- Prime vacancy sits at 12.3%, well below the 18.3% national rate. - Recovery is spreading from trophy assets into commodity Class A space. - Austin and Houston vacancy remained above 20% in August. - Life science leasing demand remains below historical levels.
Supply Cliff	2025 was the first year removals outpaced new completions since 1988. - The construction pipeline remains extremely low by historical standards. - New towers need rents above \$300/sq. ft., lifting rents at older Class A. - CBRE expects prime vacancy to reach pre-pandemic levels by end of 2027.

Driver	Key Points
Rates and Capital Markets	- The September Fed hike and a 10-year yield above 5% raise refinancing costs. - Office CMBS delinquency hit a record 12.34% in January before easing. - Lenders are backing trophy projects, including BXP's \$1.2B 343 Madison loan. - CBRE expects office investment volume to rise 16% in 2026.
AI as a Demand Risk	- Tech layoffs topped 116,000 by June, already outpacing 2025. - BXP flagged uncertainty over AI's long-term effect on office demand. - September pledges by AI labs to slow development could cool AI leasing.

Q4 2026 Outlook

We believe REITs remain on track for recovery, though rising rates have paused the rally. Property fundamentals strengthened in Q3 even as REIT prices fell. Leasing, occupancy, and earnings guidance improved across most sectors, and new supply continues to decline, restoring landlord pricing power.

The outlook for Q4 2026 is constructive but more selective. Health care, industrial, and data centers offer the strongest fundamentals. Office and residential are improving but remain most exposed to higher yields. Several risks flagged last quarter have now emerged. The Fed raised rates in September and may hike again, AI firms are slowing development, and an energy shock is straining lower-income consumers. Tariff risks have eased, with industrial among the best performers this quarter.

With stronger fundamentals and cheaper valuations, we maintain our **Favorable** outlook for REITs and real estate. We expect returns to be income-led until interest rates stabilize.

Category	Headline	Outlook
REITs Overall	Strong fundamentals meet a rate headwind.	- Fundamentals are healthy, with Q1 FFO up 14.8% year over year. - Rates remain the swing factor, with another Fed hike possible this year. - The 13.2% average discount to NAV offers upside if yields stabilize. - Mergers and acquisitions (M&A), such as Prologis-SEGR0 and PSA-NSA, is unlocking value. - Returns likely stay income-led while the 10-year stays above 5%.
Industrial	Recovery confirmed. Rent growth is reaccelerating as vacancy passes its peak.	- Vacancy has peaked near 6.8% to 6.9% and is trending lower. - Asking rents are up 2.9% year over year and accelerating. - Trade policy remains the main near-term swing factor. - Rebounding construction could cap gains by 2028.
Infrastructure/Cell Towers	A split sector. American Tower is growing while Crown Castle restructures.	- AI and 5G densification support a multi-year demand cycle. - American Tower's data center growth diversifies carrier exposure. - DISH Wireless recovery through bankruptcy and the Federal Communications Commission (FCC) trust is a key catalyst. - Crown Castle leverage near its covenant limit constrains flexibility. - High yields keep tower stocks sensitive to Treasury moves.
Office	Recovery is broadening beyond trophy assets. Rates remain the stock headwind.	- A record leasing pace and supply cliff support rent growth. - Prime vacancy is expected to reach pre-pandemic levels by end of 2027. - Higher yields and refinancing costs weigh on share prices. - Class B/C assets and markets like Austin and Houston still lag. - Concentrated AI leasing adds both upside and risk.
Retail	Fundamentals near record strength. The consumer is the key watch item.	- Occupancy stays near record highs with little new supply. - Strong leasing spreads and anchor openings support NOI growth into 2027 - Low bankruptcy levels reduce tenant risk. - The holiday season tests a K-shaped consumer strained by energy costs. - Lower-tier malls remain structurally challenged.

Category	Headline	Outlook
Residential	The supply wave is fading. Pricing power should return in 2027.	- Quarterly completions are running at half the 2024 peak. - New supply bottoms in 2027, supporting rent growth. - Sun Belt rent cuts have narrowed to about 1%. - Coastal markets keep leading on renewal strength. - Rising yields remain the main share price headwind.
Lodging	A record summer gives way to normalized growth. 2027 faces tough event comparisons.	- Growth is slowing toward short-term rental's 4.4% full-year forecast. - Supply growth of just 0.6% in 2027 supports pricing power. - Luxury, group and business travel continue to lead. - June and July 2027 face tough World Cup comparisons. - Lower-tier leisure and Middle East disruption remain risks.
Health Care	Still the highest-conviction sector. The supply shortage deepens as demand accelerates.	- Units under construction are below 24,000, the lowest since 2012. - The 80+ population should grow about one-third by 2030. - Occupancy should top 90% this year and approach 93% by 2028. - Leaders are rotating from medical office into senior housing. - Premium valuations and labor costs are the key risks.
Self-Storage	Early recovery is underway, but a frozen housing market caps upside.	- Deliveries fall from 2.4% of inventory in 2026 to about 1.5% by 2028. - Rate growth is projected at 1% to 3% in 2027. - Mortgage rates near 6.8% and slow home sales limit move-driven demand. - Rising construction starts could lift supply after 2027.
Data Centers	Demand still outruns supply. Power and AI sentiment are the swing factors.	- Vacancy sits at a record-low 1.4%, with 80% of construction pre-leased. - Rents for 250 to 500 kW deals rose 4.3% in H1, nearly double last year. - Power delivery and local approvals remain the main growth limits. - AI slowdown pledges keep sentiment volatile. - A premium valuation leaves little room for disappointment.

Richard Baker, CAIA
 Director of Research, Real
 Assets and Alternatives
richard.baker@sscinc.com

Commodities Summary

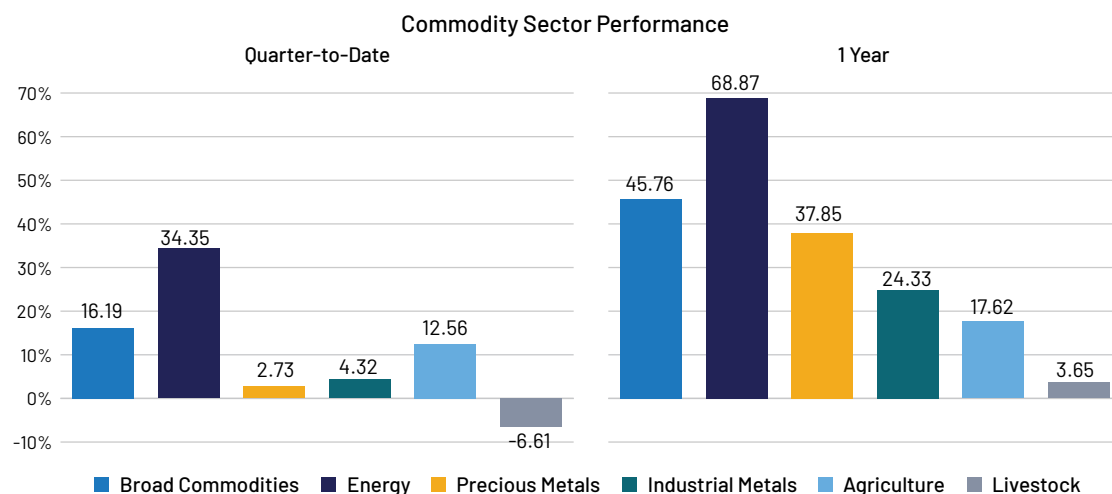
Q3 2026 Review

Commodity markets rebounded sharply in the third quarter following the Q2 correction. Broad commodities, represented by the Bloomberg Commodity Index, gained 16.19% during Q3 2026. The rally was led by energy, as Middle East supply disruptions persisted and global oil inventories continued to fall. Renewed attacks on shipping pushed oil over \$100 per barrel, however prices eased late in the quarter on reports of a possible US-Iran agreement to reopen the Strait of Hormuz.

The index is up 32.87% year to date and 45.76% over the past year. Energy has been the dominant driver, gaining 86.30% year to date. Constrained supply, depleted inventories and persistent inflation have provided a supportive backdrop across much of the commodity complex.

Performance across commodity markets was less uniform. Agriculture gained 12.56%, as Black Sea disruptions and high fertilizer costs lifted grain prices to multi-year highs. Industrial metals rose 4.32%, with copper reaching record highs from tariff speculation and mine disruptions. Precious metals gained a modest 2.73%. The Federal Reserve's first rate hike since 2023 and a firmer dollar weighed on gold late in the quarter. Livestock was the only sector to decline, falling 6.61% on beef import tariff waivers and reopened Mexican cattle imports.

Leadership has narrowed considerably. Energy accounted for more than half of the index's quarterly gain, leaving broad commodity returns increasingly sensitive to developments in the Gulf.



Source: Bloomberg, quarter-to-date total returns 7/1/2026 - 9/30/2026; 1 year total returns 10/1/2025 - 9/30/2026

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

Broad Commodities are represented by the Bloomberg Commodity Index; Energy by the Bloomberg Energy Subindex; Precious Metals by the Bloomberg Precious Metals Subindex; Industrial Metals by the Bloomberg Industrial Metals Subindex; and Agriculture by the Bloomberg Agriculture Subindex.

Category	Q3 Conditions and Catalysts
Energy +34.35%	- Global oil inventories fell an estimated 400 million barrels year to date. - Early September attacks pushed oil to \$109, and a key Saudi pipeline shut down. - Prices eased late in the quarter on talk of a phased US-Iran deal.
Precious Metals +2.73%	- Precious metals jumped 8.8% in August before giving back gains in September. - The Fed raised rates to 3.75% - 4%, its first increase since 2023. - A firmer dollar added pressure on gold late in the quarter. - Central banks bought a record amount of gold in Q2, providing structural support.
Industrial Metals +4.32%	- LME copper hit an all-time high of \$14,850 per tonne in August. - Expected US tariffs on refined copper drew record imports into US warehouses. - Chile output fell 9.4% in July, and flooding hit a major Congo mine.

Category	Q3 Conditions and Catalysts
Agriculture +12.56%	- Grains hit multi-year highs in late August. - Russian wheat exports ran at about 40% of normal, and Ukraine's were near zero. - Fertilizer costs stayed high, with anhydrous ammonia near \$945 per ton. - Record US and Brazil soybean crops limited gains in oilseeds.
Livestock -6.61%	- The US waived beef import tariffs and reopened the Mexican feeder cattle border. - Cattle prices continued to slide from spring highs. - Ample hog supplies kept pork prices near 2.5-year lows.

Key Commodity Themes to Monitor

Commodity markets are expected to remain highly sensitive to supply conditions, geopolitical developments and policy shifts over the next 12 months. The following themes highlight the primary forces shaping commodity markets, including infrastructure investment, geopolitical risk, resource security, monetary policy, and evolving global demand patterns.

Theme	Relevance
AI Infrastructure & Electrification	Expansion of AI data centers, power transmission, grid modernization, and electrification continues to drive long-term demand for industrial metals. Copper, aluminum and silver remain key beneficiaries as digital infrastructure and energy transition investment accelerate. Mine supply has not kept pace with demand, pushing copper to record highs in Q3.
Geopolitical Risk & Energy Security	Commodity markets remain highly sensitive to geopolitical developments, trade disputes, sanctions and supply disruptions. Risk premiums returned in Q3 as Gulf supply disruptions persisted and global oil inventories fell sharply. Energy markets are expected to remain volatile until Gulf flows normalize and inventories rebuild.
Middle East Resolution Risk	A negotiated reopening of Gulf shipping routes could quickly remove energy risk premiums. Energy drove most of the index's 2026 gain, making this the largest two-sided risk.
Critical Minerals & Resource Nationalism	Governments are increasingly treating critical minerals as strategic assets, leading to export restrictions, tariffs and incentives for domestic production. A pending US decision on refined copper tariffs is a key near-term catalyst. These policies may constrain supply, increase price volatility and reinforce the long-term value of strategically important commodities.
Monetary Policy & the Dollar	The Fed resumed rate hikes in September to contain inflation, with further increases expected. Higher rates and a firmer dollar weigh on gold but lift collateral returns in total return indices.
Central Bank Gold Demand	Central banks continue to diversify reserves by increasing gold holdings, providing a stable source of structural demand. Central banks bought a record amount in Q2, even as gold posted its steepest quarterly drop since 2013. This trend supports gold prices even during periods of higher interest rates or weaker investment flows.
Weather & Food Security	Black Sea disruptions and high fertilizer costs tightened grain markets in Q3. Weather events, water scarcity and geopolitical disruptions continue to create localized supply risks. Record soybean crops in the US and Brazil provide some offset, but periodic price volatility is expected.

Q4 2026 Outlook

Commodity markets enter the fourth quarter with strong momentum but narrower leadership. Constrained supply and depleted inventories should keep prices elevated into early 2027. A clear divide remains between sectors supported by long-term structural demand and those tied to geopolitical risk premiums. Industrial metals continue to benefit from AI infrastructure, electrification and power grid expansion. A resolution in the Gulf is the key two-sided risk. It could quickly unwind energy risk premiums, while continued disruption would extend tight supply into 2027. Rising rates and a firmer dollar are near-term headwinds, although higher Treasury bill yields lift collateral returns in commodity indices.

During periods of persistent inflation, commodities, particularly broad indices and gold, have historically provided a differentiated source of return relative to equities and fixed income. That diversification role remains relevant, with inflation still above the Fed's target.

We maintain our **Favorable** outlook for Commodities, with an emphasis on diversification given elevated volatility.

Category	Headline	Outlook — Next Quarter / Next 12 Months
Broad Commodities	Supply Support, Rising Two-Way Risk	• Constrained supply and depleted inventories should keep commodity prices elevated into early 2027. • Index leadership has narrowed to energy, leaving returns sensitive to any Middle East resolution. • A firmer dollar and tighter Fed policy are headwinds, though higher Treasury bill yields lift collateral returns. • After strong 2026 gains, expect more modest returns and elevated volatility over the next 12 months.
Energy	Elevated Near Term, Easing Into 2027	• Oil prices to remain elevated until Gulf flows normalize and inventories rebuild. • Forecasters expect prices to decline through 2027 as shut-in production restarts. • A negotiated reopening of Hormuz is the key downside risk. Renewed escalation is the key upside risk. • Liquefied natural gas (LNG) supply disruptions and damaged Gulf facilities continue to support natural gas prices.
Precious Metals	Structural Bull Market, Rate-Driven Consolidation	• Record central bank buying continues to anchor structural demand for gold. • Further Fed rate hikes and a stronger dollar may limit near-term upside. • Major bank forecasts sit at or above current levels, supporting a constructive 12-month view. • Precious metals remain effective diversifiers amid geopolitical and fiscal uncertainty.
Industrial Metals	Structural Demand, Tariff-Driven Volatility	• AI infrastructure, grid expansion, and electrification continue to support copper and other industrial metals. • Mine disruptions and slow new supply growth should keep copper markets tight into 2027. • A pending US decision on refined copper tariffs could drive sharp near-term price swings.
Agriculture	Tighter Grains, Driven by Weather and War	• Black Sea disruptions and high fertilizer costs should keep grain markets tighter than last year. • Record US and Brazil soybean harvests may cap upside in oilseeds. • High grain prices are already slowing US export demand.
Livestock	Near-Term Pressure, Tight Supply Support	• Beef import tariff waivers and reopened Mexican feeder imports should keep cattle prices under pressure. • Expanded tariff-free beef import quotas add supply through November. • Historically low production and tight herd supplies should limit downside into 2027.

Richard Baker, CAIA
 Director of Research, Real
 Assets and Alternatives
richard.baker@sscinc.com

Private Markets Summary

Summary

Private markets entered Q3 2026 under growing pressure. Deal activity cooled in Q2, and exits stalled outside a few marquee names. The Fed raised rates on Sept. 16, its first hike since 2023, increasing the cost of capital just as sponsors need exits most. Capital remains abundant, but liquidity does not with distributions well below long-term averages across private equity, venture capital, and real estate. Lower distributions defer new commitments and ages capital. Gains continue to be concentrated in AI leaders, top-tier managers and the largest deals. Manager selection continues to be paramount for allocators.

Private Equity (PE): Q2 deal activity fell 37.5% from Q1, and exit value dropped 46.3% to \$102.6B. Middle-market exit value hit its lowest level since 2020. The exit backlog growth continues with over 13,000 companies now in PE inventory.

We highlight that the math of buyouts has fundamentally changed. In 2015, a deal required roughly 5% annual EBITDA growth to reach a 20% internal rate of return (IRR). Today's deal requires 10% to 12%, given both lower leverage and higher borrowing costs. Operational skill now drives returns more than financial engineering. Secondaries hit a record \$121B in H1, giving Limited Partnerships (LPs) a key liquidity outlet.

Venture Capital (VC): Deal value stayed at record levels, reaching \$443.8B by early August which topped all of 2025. AI took 86% of H1 dollars, led by Anthropic's \$65B round at a \$965B valuation. The exit path continues to be narrow as just four companies made up 90% of 2026 exit value and net cash flow to LPs remains deeply negative. A broad recovery now likely hinges on 2027 listings.

Private Credit: The software concerns we flagged last quarter have intensified. Software now makes up 26% of stressed Business Development Company (BDC) borrowers, up from 19%. Retail outflows persist, with Q3 redemption requests reaching 16% at Cliffwater's interval fund. Non-accruals are rising, and payment-in-kind (PIK) loans are marked down hardest. A software maturity wall arrives in 2027 and 2028. AI circularity also remains a concern, as the same managers finance the same AI borrowers. Still, institutional fundraising rose 33.7% in H1, and lender terms are improving. Asset-backed finance has become the preferred defensive allocation.

Private Infrastructure: Infrastructure demand remains durable, but fundraising cooled sharply. Real assets raised just \$39.5B in H1, with only one \$5B+ fund closing. Power is now the lead infrastructure theme, anchored by NextEra's \$118.5B Dominion deal. We note that nearly \$100B of data center projects were blocked or delayed in 2026 thus far.

Private Real Estate: The bottom appears to be in, but the recovery will be slower than hoped. Pricing has stabilized, and Q2 deal volume rose 14% to \$136.6B. Funds are also closing faster. However, closed-end fundraising is on pace for its weakest year since 2012. Opportunistic strategies raised just \$14.4B in H1. The Fed hike adds pressure, with \$875B of CRE mortgages maturing this year. Commercial mortgage-backed security (CMBS) distress is also rising again. Value-add, multifamily and industrial remain the strongest themes.

Retail/Wealth Channel: Wealth channel innovation accelerated in Q3. Wellington, Vanguard and Blackstone launched their first public/private funds in July. Model portfolios are becoming a key distribution channel, with third-party model assets reaching \$934B. Retirement adoption is building through target date funds but liquidity limits remain a real test.

Sector	Current Conditions
IPO and Mergers & Acquisitions⁽¹⁾	- Q2 global M&A fell 18.4% to \$1.3T. Just 34 megadeals drove 42% of value. - Paramount's \$110B Warner Bros. Discovery deal cleared its last hurdle in a Sept. 21 state settlement. - Despite \$1.1T+ in dry powder, add-ons hit 74.7% of buyouts. Sponsor software deals fell 60.5% QoQ.
Valuations⁽¹⁾	- AI took 86% of H1 VC dollars. Anthropic (\$965B) now tops OpenAI (\$852B). - Secondaries hit a record \$121B in H1, up 20% YoY, led by continuation funds. - Buyout one-year IRRs slid to 5.5%. Middle-market multiples fell to 9.6x, first single digits in seven years.

Sector	Current Conditions
Fundraising⁽²⁾	- Capital stays concentrated. Funds under \$1B drew just 16.7% of H1 US PE commitments. - Weak distributions squeeze new managers. Only 36 first-time PE funds closed globally in H1. - Retail growth is slowing. Evergreen NAV passed \$650B, but private credit funds face outflows.
Regulatory	- Federal antitrust has been generally friendly, with state Attorneys General (AGs) now the main hurdle. - US Department of Labor's (DOL) 401(k) private assets safe harbor is still a proposal. Broad adoption remains years off.

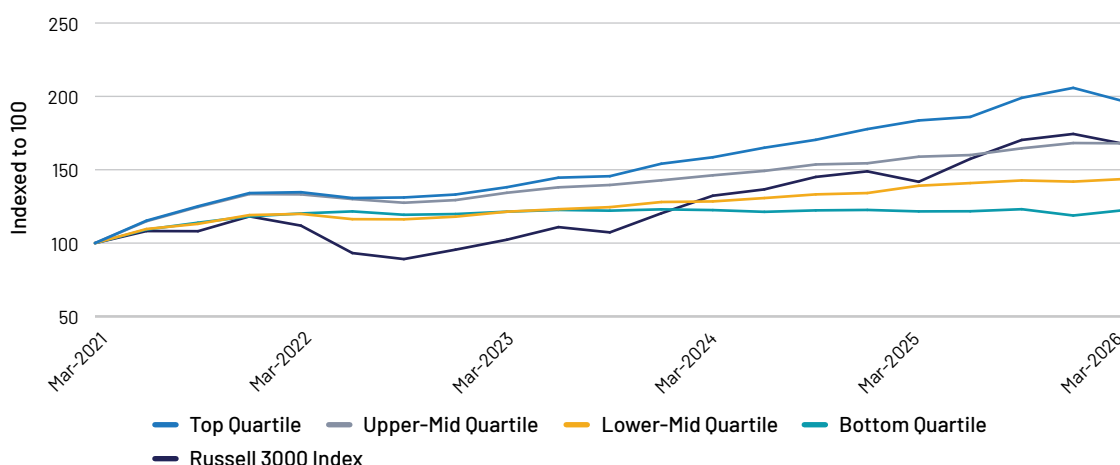
Performance Review

Private markets continue to show wide dispersion of returns across every major asset class. Over the five years ended 3/31/2026, top-quartile PE funds gained about 97%. Bottom-quartile funds gained about 23%, well behind the Russell 3000 Index's 68%.

Real estate shows the widest gap. Top-quartile funds gained 72%, while the bottom quartile lost about 35%.

Manager selection, deal sourcing, underwriting, and risk management are crucial considerations for allocators.

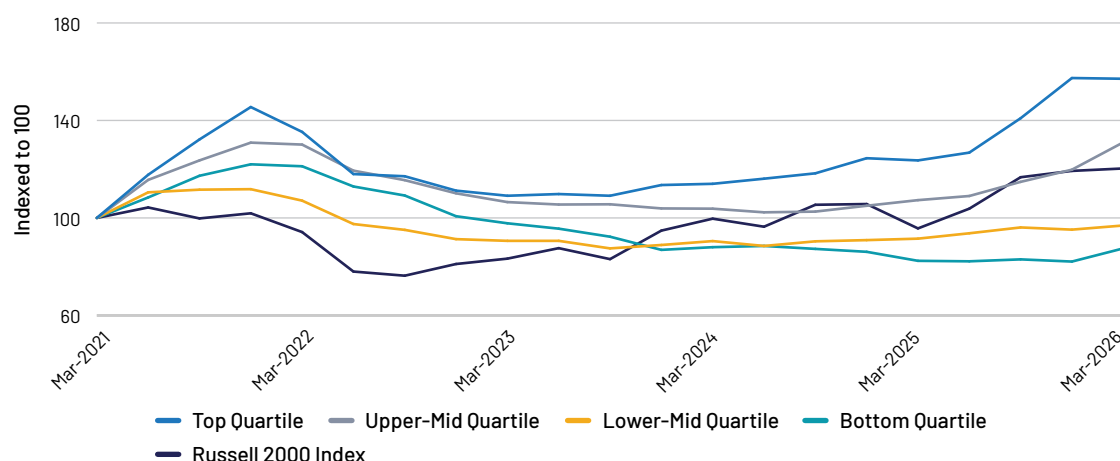
Private Equity Quartile Performance vs Public Markets



Sources: Pitchbook Private Equity Index, Morningstar, as of 3/31/2026. Latest information available.

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

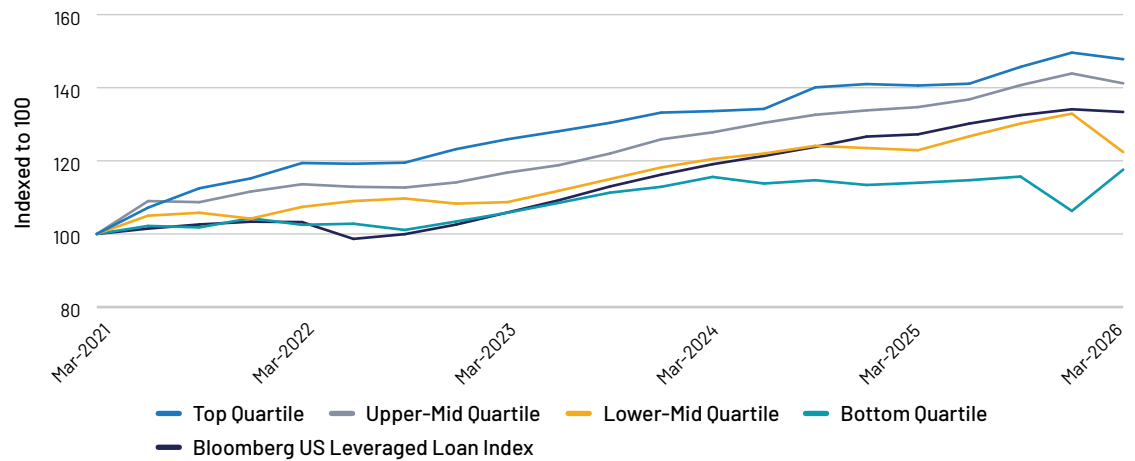
Venture Capital Quartile Performance vs Public Markets



Sources: Pitchbook Venture Capital Index, Morningstar, as of 3/31/2026. Latest information available.

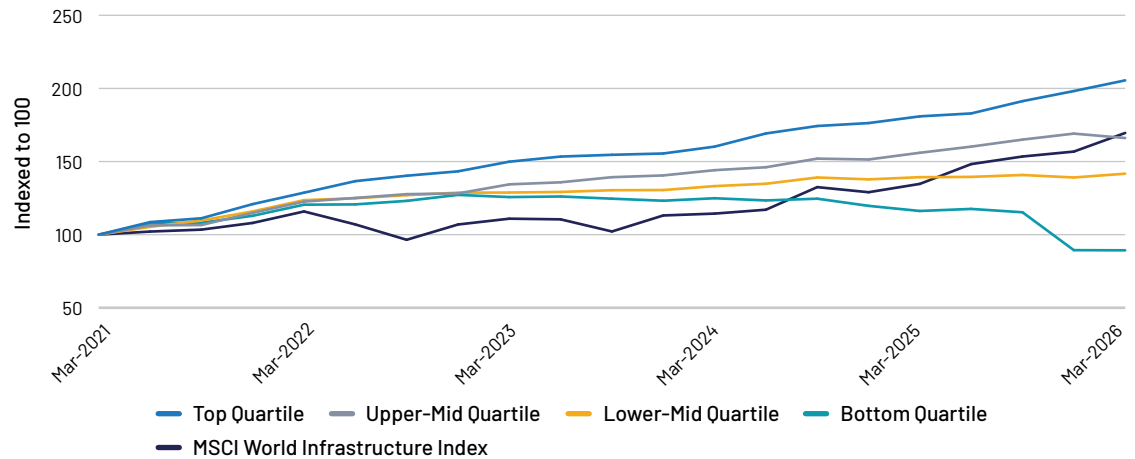
Past performance is no guarantee of future results. One may not invest directly in an index.

Private Credit Quartile Performance vs Public Markets



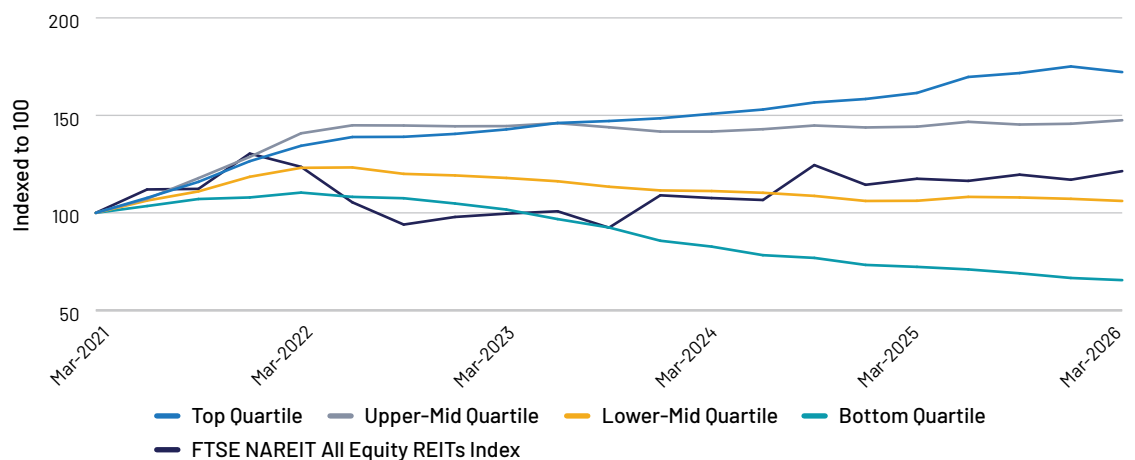
Sources: Pitchbook Private Debt Index, Morningstar, as of 3/31/2026. Latest information available.
Past performance is no guarantee of future results. One may not invest directly in an index.

Private Infrastructure/Real Assets Quartile Performance vs Public Markets



Sources: Pitchbook Private Real Assets Index, Morningstar, as of 3/31/2026. Latest information available.
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 3/31/2026. Latest information available.
Past performance is no guarantee of future results. One may not invest directly in an index.

Outlook Q4 2026 and Beyond

Category	Positive Factors	Negative Factors and Risks	Outlook
Private Equity	- Initial Public Offering (IPO) window reopened for premium assets. IPOs reached 30.5% of Q2 exit value, with the median at \$2.8B. - Middle market shows resilience. Founder-owned deal value rose 48% QoQ, and H1 exit count beat H1 2025. - Secondaries remain a key liquidity outlet. H1 volume hit a record \$121B, and single-asset CVs rose 88% to \$34B.	- The Fed hiked to 3.75%–4.00% on Sept. 16, its first hike since 2023. More are expected, raising costs on floating-rate leveraged-buyout (LBO) debt. - Exits stalled. US PE exit value fell 46.3% QoQ to \$102.6B in Q2. Middle-market exit value hit its lowest since 2020. - The backlog keeps growing. Inventory reached 13,000 companies, and just 18% of the 2021 vintage has exited after four years. - Stress is rising. Lender takeovers hit a record \$22B YTD, nearly matching all of 2025.	Private Equity (Overall): Negative Rate hikes, AI disruption and oil-driven inflation stall the exit recovery. The backlog deepens, and a platform LBO rebound likely slips to 2027. Continuation/Secondaries: Positive Record volume and a deep sell-side pipeline. Aged LP stakes trade at 35% to 45% discounts to NAV, creating attractive entry points.
Venture Capital	- AI leaders keep raising. Anthropic's \$65B round at a \$965B valuation led a record \$407B H1 for AI. - Fund marks are strong. VC one-year IRR hit 17.1%, among the highest of any private strategy. - Fundraising dollars recovered. US VC raised \$74.8B in H1, nearly matching all of 2025. - Strategic M&A offers liquidity. SpaceX bought Cursor for \$60B, and Nvidia bought Hugging Face for \$12.9B.	- The mega-IPO path narrowed. OpenAI will not list in 2026, and Anthropic has no set date. SpaceX briefly fell below its IPO price. - Liquidity remains weak. Net cash flow to LPs is negative \$202B since 2022, and 2021 vintage DPI is just 0.05x. - Exits are extremely narrow. Four companies make up 93.5% of 2026 exit value. - Capital stays top heavy. Megadeals took 87.5% of H1 dollars, and deals under \$100M just 12.5%	Neutral, Leaning Negative: Record deal value and strong marks are offset by delayed mega-IPOs and thin realized liquidity. A broad recovery now likely hinges on 2027 listings.

Category	Positive Factors	Negative Factors and Risks	Outlook
Private Credit	- H1 private debt fundraising rose 33.7% YoY, with US up 57.4%. - Lender terms are improving. Bain BDC new deals price near 570 bps at 4.5x leverage, versus 5.4x market. - Asset-based finance (ABF) is the defensive play. SLR sourced 98% of Q2 originations from specialty finance. - Headline defaults remain contained. Most stressed BDC borrowers still pay cash interest.	- Retail outflows persist. Cliffwater saw 16% redemption requests in Q3 and BCRED 10%. Lenders are cutting new loans. - Stress is building. 10.6% of BDC-held companies show pressure, and stressed first-lien volume rose 44% to \$35.4B. - Software is the epicenter. It makes up 26% of stressed borrowers, up from 19%, with marks falling fastest. - PLK loans are marked down hardest. Non-accruals are rising, with Bain BDC jumping to 3.2% from 1.4% at cost. - A 2027 to 2028 software maturity wall looms. Oaktree expects 12 to 18 months of dislocation and lower recoveries. - AI circularity is rising. The same few managers finance the same AI borrowers, led by Apollo's \$10B+ Valor exposure. - Returns are compressing. Fund returns are now mid-single digit, and 60% of LBO loans price below S+500.	Direct Lending: Negative (Sector/Fund Specific) Software maturities and retail outflows keep pressure on. Favor managers with low software exposure. Opportunistic: Neutral, Turning Positive Record lender takeovers and the maturity wall should create dislocation opportunities in 2027. Asset-Backed Finance: Positive Upgraded. Collateral-backed lending is now the preferred defensive allocation. Infra/Real Estate: Positive AI data center and power financing drives deployment. Watch borrower concentration.
Private Infrastructure	- Structural demand is intact. Data center- construction spend is set to reach \$173.8B in 2026 and \$318.6B by 2030. - Returns remain solid. Leading infrastructure evergreen funds returned 10% to 19% over one year. - Energy strategies lead. Renewables and conventional energy were the top themes among Q2 fund closes. - The asset class keeps scaling. Real assets AUM reached a record \$1.6T at year-end 2025.	- Fundraising cooled sharply. Real assets raised just \$39.5B in H1, with only one \$5B+ fund closing versus 10 in 2025. - Local opposition is hardening. Nearly \$100B of data center projects were blocked or delayed in Q2. - Political risk is rising. At least 12 states introduced data center moratoriums ahead of the midterms. - Physical limits now bind. Power, land, permits, and transformers constrain deployment more than capital. - Costs keep climbing. Tariffs, domestic steel rules, and the Fed hike raise build and financing costs. - Overbuild worries are emerging. Only two Q2 fund closes targeted digital infrastructure.	Positive (Near-Term Fundraising Lull): AI, power, and electrification demand remains durable. Execution risk and a megafund cycle pause temper the near term.

Category	Positive Factors	Negative Factors and Risks	Outlook
Private Real Estate	- Funds are closing faster. Median time to close fell to 14.6 months in H1, from 19.6 months in 2025. - Deal volume is rising. US commercial real estate (CRE) transactions rose 14% YoY to \$136.6B in Q2, boosted by REIT M&A. - Pricing has stabilized. Apartment and industrial cap rates hold near 5%, and prices rose 4.1% YoY. - Multifamily is the top conviction theme. 14 of the 20 largest Q2 closes target it, citing undersupply. - Price discovery is finally occurring. Lenders extended just 21% of 2025 maturities, down from 41%.	- Returns trail all private strategies. The real estate index fell 1.1% in Q1, with a flat one-year return. - Rates moved the wrong way. The Fed hiked in September, and \$875B of CRE mortgages mature this year. - Distress is rising again. CMBS special servicing hit 11.2%, and CRE collateralized loan obligation delinquencies jumped to 4.09%. - The asset class is shrinking. Dry powder fell to \$364B, the lowest since 2018, and AUM declined for the first time since 2009.	Neutral to Positive (Selective): The bottom appears in, but the rate hike delays a broad recovery. Favor value-add, multifamily and industrial. Broad market exposure remains inadequate.

Sources: PitchBook, PitchBook LCD, Bain & Company, Evercore, NEPC, Trepp, Bloomberg, Reuters, The Wall Street Journal.

Endnotes

⁽¹⁾ Pitchbook. Global M&A Report, Q2 2026.

⁽²⁾ Pitchbook. Global Private Market Fundraising Report, Q2 2026.

Definitions

Alpha: a measure of performance on a risk-adjusted basis; often considered the active return on an investment, the ratio gauges the performance of an investment against a market index used as a benchmark.

Barbell Strategy: balances investment risks by focusing on the extremes of high-risk and risk-free stocks and bonds.

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

Bear Flattener: when short-term rates increase faster than long-term rates, leading to a flatter yield curve and indicating potential economic contraction.

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.

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 (BCOMENTR 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 (BCOMINTR 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 Livestock Subindex (BCOMLITR Index): a commodity index designed to track the performance of an unleveraged investment in exchange-traded futures contracts within the livestock sector.

Bloomberg Precious Metals Subindex (BCOMPRTTR 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 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 Leveraged Loan Index: measures the performance of USD denominated, high-yield, floating-rate, institutional leveraged loan 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 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.

Duration: A measure of the weighted average term to maturity of a bond's expected cash flows.

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).

Enterprise Value-to-Revenue Multiple (EV/R): a stock valuation technique that compares a company's enterprise value to its revenue.

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.

Free Cash Flow (FCF): A measure of cash earnings that excludes the non-cash expenses of the income statement but includes capital assets as well as changes in working capital from the balance sheet.

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.

GDPNow: a forecasting model published by the Federal Reserve Bank of Atlanta that provides a “nowcast” of the official GDP estimate prior to its release by estimating GDP growth using a methodology similar to the one used by the US Bureau of Economic Analysis.

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.

Hyperscalers: large-scale cloud service providers that manage massive, scalable data center infrastructures to provide computing, storage, and AI services.

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.

ISM Manufacturing PMI: measures the change in production levels across the US Economy from month to month.

ISM Services PMI: a composite index based on the diffusion indexes for four service economy indicators with equal weights: Business Activity (seasonally adjusted), New Orders (seasonally adjusted), Employment (seasonally adjusted) and Supplier Deliveries.

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

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.

MSCI World Infrastructure Index: captures the global opportunity set of companies that are owners or operators of infrastructure assets.

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.

NAV (Net Asset Value): The per-share dollar amount of the fund is derived by dividing the total value of all the securities in its portfolio, less any liabilities, by the number of fund shares outstanding.

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/Earnings (P/E) Ratio: a valuation ratio of a company’s current share price compared to its per-share earnings.

Price/Funds from Operations (P/FFO) Ratio: a valuation ratio of a company’s current share price compared to its per-share funds from operations.

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.

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.

Russell Microcap Index: measures the performance of the microcap segment of the US equity market.

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

S&P 500 Equal Weight Index: the equal-weight version of the widely-used S&P 500. The index includes the same constituents as the capitalization weighted S&P 500, but each company in the index is allocated a fixed weight.

S&P 500 Ex-Energy Sector Index: designed to measure the broad US market, excluding members of the GICS Energy sector.

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.

Sticky Price Consumer Price Index (CPI): calculated from a subset of goods and services included in the CPI that change price relatively infrequently. Because these goods and services change price relatively infrequently, they are thought to incorporate expectations about future inflation to a greater degree than prices that change on a more frequent basis.

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

West Texas Intermediate (WTI): a light, sweet crude oil primarily sourced from Texas, known for its high quality and ease of refining. WTI serves as a key benchmark for oil pricing in North America.

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.

Important Disclosures

ALPS Advisors, Inc. ("SS&C ALPS Advisors" or "ALPS Advisors") is a SEC registered investment adviser located in Denver, Colorado. Registration does not imply a certain level of skill or training. ALPS Advisors may only transact business in those states in which it is registered or qualifies for an exemption or exclusion from registration requirements.

Information presented herein is provided for educational or informational purposes only. ALPS Advisors does not transact business via this material. Nothing herein should be construed as financial advice.

Information developed by ALPS Advisors is subject to change at any time without notice. ALPS Advisors provides such information for illustrative and informational purposes only. This information may represent personal opinions and viewpoints of the commentators and should not be regarded as a description of advisory services provided by ALPS Advisors.

Information presented herein does not constitute investment, legal or tax advice; performance data; an endorsement of any third party or such third party's views; or any recommendation that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person. Information is impersonal and not tailored to the circumstances or investment needs of any specific person. Any mention of a particular security and related performance data is not a recommendation to buy or sell that security. Whenever there are hyperlinks to third-party content, this information is intended to provide additional perspective and should not be construed as an endorsement of any services, products, guidance, individuals or points of view outside ALPS Advisors. All examples are hypothetical and for illustrative purposes only.

ALPS Advisors does not warrant information presented herein to be correct, complete, accurate or timely, and is not responsible for any errors or omissions in the information or for any investment decisions, damages or other losses resulting from, or related to, use of the information. No assurance can be made regarding the profitability of any security mentioned or regarding the accuracy of any forecast made. Not all past forecasts were, nor future forecasts may be, as accurate as those presented. Past performance is no guarantee of future returns.

Investing involves risk, including the possible loss of principal and fluctuation of value. There is no assurance that the stated objective will be met. Please consider the charges, risks, expenses and investment objective carefully before investing. Information presented herein is for discussion and illustrative purposes only and is not a recommendation or an offer or solicitation to buy, sell or hold any securities. Past performance is no guarantee of future results.

AAI001233