

nuveen

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VIEWPOINTS FROM THE GLOBAL INVESTMENT COMMITTEE
2026 OUTLOOK

Above and below the radar

Five themes for 2026



OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

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Key takeaways

The outlook for global economic growth, inflation and interest rates remains unsettled, but we see compelling opportunities **above and below the radar**.

U.S. large cap stocks and private credit should have room to continue their runs.

We also think investors should look to less-discovered areas such as broader **alternative credit** markets and **second-derivative trades from the AI boom**, as well as capitalizing on potential turnarounds in **municipals, real estate and private equity**.

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Above and below the radar

Five themes for 2026

Sometimes what you get isn't what you see — even if what you get is all around you. That's certainly true for radar, one of the 20th century's most important innovations. Originally an acronym coined by the U.S. Navy in 1940, RADAR (Radio Detection and Ranging) is a system of high-frequency radio wave transmitters and receivers that can locate and track objects not visible to the naked eye.

Radar has evolved beyond its military role to become a versatile, ubiquitous technology so ingrained that we may take its myriad applications for granted: air traffic control, weather forecasting, automotive safety and remote health care monitoring, to name a few. Even answering sports trivia questions like who threw the fastest pitch in baseball history is possible only because of the radar guns installed in every Major League ballpark.

Investing requires radar-like capabilities, too. As investors, we continually track economic, market and issuer fundamentals to identify compelling opportunities and salient risks. This can be challenging, especially in today's environment. Solid but slowing global economic growth, combined with persistent inflation, is muddling the monetary policy outlook. Geopolitical and trade tensions, as well as lingering impacts from missing or delayed data during the U.S. government shutdown, are also jamming the transmission of investment signals.

That said, two primary pulses are detectable: high equity valuations and tight credit spreads. Still-elevated levels of cash on the sidelines can't be ignored, either. The real value of that cash, however, is being eroded by a gradual drop in short-term interest rates and the presence of stubborn inflation. Where might investors want to put cash to work? We see two main categories of opportunity:

- **Above the radar.** These allocation ideas are a continuation of previously established themes. For example, despite their prominent profile and robust returns, U.S. large cap equities still look compelling, especially compared to their non-U.S. peers. Similarly, private credit has been attractive for some time, and while we're cognizant of some risks, select opportunities in this asset class remain.
- **Below the radar.** A deeper dive reveals areas where investors may not be looking for, or even be aware of, potential portfolio candidates. Among the possibilities are alternative credit instruments like senior loans and collateralized loan obligations (CLOs), and more esoteric options such as private investment grade and asset-backed finance.

Additionally, we continue to scope out asset classes that may not fit neatly into above- or below-radar buckets but whose appeal is based on nascent turnarounds: real estate, private equity and municipal bonds.

Our “five themes for 2026” provides a more detailed readout of our preferences for (1) diversified U.S. asset class exposure; (2) alternative credit and private equity investments as core allocations; (3) municipal bonds, one of our long-favored asset classes; (4) real estate, which is on the rebound; and (5) “second derivative” opportunities extrapolated from booming AI and energy demand.

Radar analogy notwithstanding, the conclusions offered here are more than blips on a screen. They're our highest-conviction investment ideas, intended to help navigate market opportunities and risks, whether readily apparent or hidden from view. We invite you to consider them as you find ways to build and adjust portfolios in 2026.



SAIRA MALIK, CFA
Chief Investment Officer

As Nuveen's Chief Investment Officer and leader of our Global Investment Committee, Saira drives market and investment insights, delivers client asset allocation views and brings together the firm's most senior investment leaders to deliver our best thinking and actionable investment ideas. In addition, she is a portfolio manager for several key investment strategies.



The economy and markets

Key points to know

Global growth should remain stronger than expected

Global economic growth has defied expectations for a tariff-induced slump this year. Throughout 2025, we viewed consensus expectations as overly bearish. After a sharp April drop following “Liberation Day” tariff announcements, consensus U.S. growth expectations have steadily rebounded to near their starting point. While the median recession risk forecast over the next 12 months has moderated slightly, it remains elevated at 30% – double the historical norm of 15%.

Tech investment has dominated headlines and clearly boosted U.S. growth. But consumers have performed equally well despite a softening labor market. Income growth remains healthy, and spending shows no signs of slowing. Lower gas prices have boosted disposable income, while fiscal and monetary policies have become more supportive.

We expect global growth to outperform expectations in the year ahead. In the U.S., euro area and UK, we forecast stronger-than-consensus growth. We also expect sequential improvements in Japan and emerging markets. China presents potential concern – we expect further deceleration, though at a gentle, nondisruptive pace.

Expansive fiscal policy could keep upward pressure on global inflation

Fiscal policy is loosening globally. U.S. budget deficits are historically wide despite low unemployment and strong growth. Using 1990 to 2015 as a template, U.S. fiscal deficits should be near zero today. Instead, they exceed

6% of GDP and are set to widen further. Similar dynamics prevail in Japan and Germany, while uncertainty dominates the UK and France outlooks.

On the plus side, this global fiscal expansion should support economic growth. A potent mix of fiscal initiatives hits in 2026 across multiple markets: tax cuts, increased defense spending, reshoring subsidies and the ongoing (if uneven) transition to renewable energy. But this combination risks keeping inflation well above central bank targets. Tariffs – one fiscal tool that actually raises revenues and improves deficits – carry their own inflationary impact. There is also risk of “crowding out,” where elevated deficits and interest rates divert capital from other worthwhile investments. For example, while U.S. tech hardware and software spending soared 15% year-over-year, the rest of business fixed investment actually contracted.

Interest rate and yield curve trends argue against extending duration

Given our outlook for strong growth and loose fiscal policy, we see limited scope for longer-duration assets to perform well in 2026. Our estimate of the global, GDP-weighted term premium recently touched 90 basis points – its highest since 2014. That increase has been driven by higher rates in the U.S., Germany, France, Japan and UK. We don’t expect major near-term fiscal policy changes, so this upward pressure should persist.

On monetary policy, we see little scope for excitement. We expect the U.S. Federal Reserve and Bank of England to continue cutting rates, but likely by less than markets currently price (Figure 1). Meanwhile, we expect the



European Central Bank and Bank of Japan to hike rates by the end of 2026. Neither dynamic – market pricing disappointment or outright rate hikes – is likely to support duration.

Wildcard risks remain ever-present

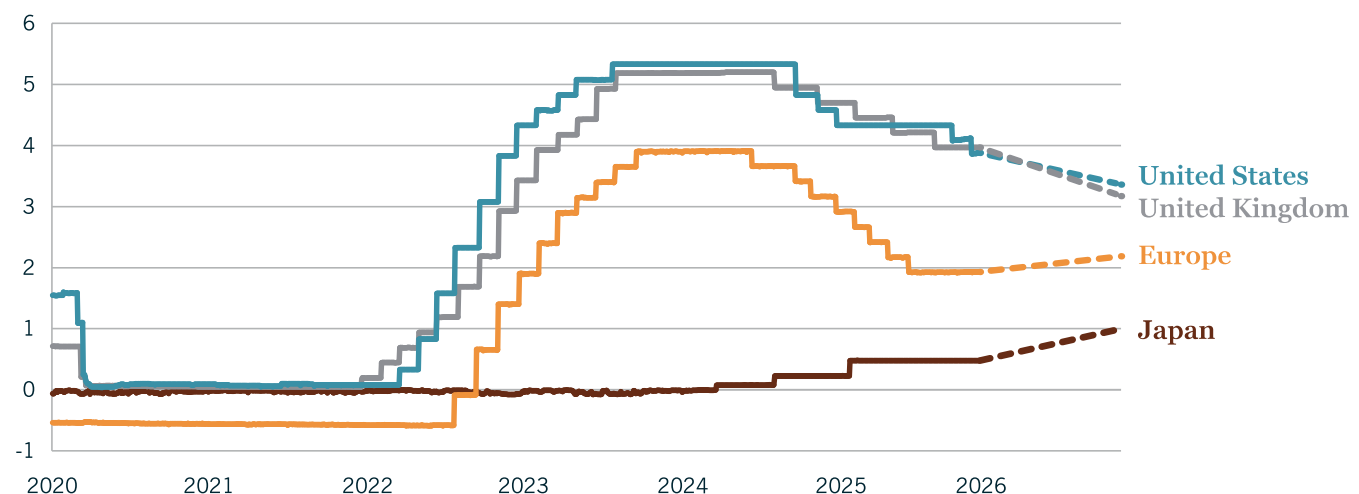
Despite our positive macroeconomic outlook, persistent risks remain. Geopolitical turmoil could escalate, or new threats could emerge. On trade, we anticipate no fresh tariffs next year, but given 2025's surprises, we would not rule out fresh shocks in 2026. The U.S. Supreme Court will likely rule on existing tariffs, potentially

upsetting the existing framework. We believe other authorities could recreate the tariff regime on surer legal footing, but deployment may take time, and uncertainty could resurface.

Beyond tariffs, Jay Powell's Fed Chair term ends in the spring. The White House will likely announce his replacement by early 2026, and markets are already pricing in a "new chair premium" – higher odds of a June rate cut than at preceding meetings. Questions about Fed independence could linger, maintaining downward pressure on the dollar.

Figure 1: We expect only modest changes in global interest rates

Historical policy rates and Nuveen's 2026 forecasts (%)



Data source: Bloomberg, L.P., 01 Jan 2020 to 19 Nov 2025. 2026 forecasts are based on Nuveen's expectations.



Portfolio construction themes

Investors enter 2026 facing crosscurrents, risks, but also opportunities. Global growth remains solid despite emerging cracks. Inflation appears to be moderating, but not fast enough for many central banks. Geopolitical tensions and deglobalization fuel uncertainty, yet global financial market returns have remained quite strong.

So what does this mean for portfolio positioning in the new year and beyond? We suggest pursuing opportunities that are both **above and below the radar**: continuing well-established themes, capitalizing on potential market turnarounds and exploring lesser-known corners of global markets for greater diversification.

By way of specifics, we offer our **five investment themes and best asset class ideas** in the following sections.

Asset class “heat map”

Our cross-asset class views indicate where we see the best relative opportunities within global financial markets. These are not intended to represent a specific portfolio, but rather to answer the question: “What are our highest conviction views when it comes to putting new money to work?” These views assume a U.S. dollar-based investor seeking long-term growth and represent a one-year time horizon.

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Downgrade
from last
quarter

▶▶▶▶▶▶▶▶

Upgrade from
last quarter

	◀ Less positive	Neutral	More positive ▶
EQUITIES			
U.S. large cap equities			
U.S. small cap equities			
Non-U.S. equities			
Emerging markets equities			
Private equity			
FIXED INCOME			
U.S. Treasuries (10 yr)			
Investment grade			
High yield			
Emerging markets debt			
Senior loans			
Preferred securities			
Securitized assets			
Municipals			
Private credit			
REAL ASSETS			
Listed REITs			
Listed infrastructure			
Commodities			
Farmland			
Private real estate			
Private infrastructure			
Real estate debt			

The views above are for informational purposes only, and compare the relative merits of each asset class based on the collective assessment of Nuveen's Global Investment Committee. They do not reflect the experience of any Nuveen product or service. Upgrades and downgrades reflect quarterly shifts in these views.

Five themes for 2026

1

Don't bet against the U.S.

One of the main questions on investors' minds is whether the AI-driven U.S. equity surge has created a bubble. Additionally, tariffs and the corresponding rise of deglobalization have prompted some investors (particularly those outside the U.S.) to reduce U.S. exposure. But we think U.S. large caps still have room to run. U.S. megacap tech companies may have less-than-clear monetization timelines around some aspects of AI profitability, but we think investors will continue to reward AI-related capex spending, which shows no sign of slowing down in the U.S. (Figure 2).

Outside of the U.S., other global equity markets appear cheaper, but we see no catalyst for a leadership shift. And beyond equities, we think stronger relative economic growth, favorable tax and regulatory policies and a diversified economy offer compelling U.S. opportunities across such areas as private credit, private asset-backed finance and private investment grade bonds.

2

Alternative credit and private equity should be core allocations

While global fixed income remains attractive, we're wary of duration risk and credit spread tightening. At the same time, we think many (if not most) investors are underweight private markets and could benefit from taking on liquidity risk to seek enhanced returns, income and diversification. As such, we encourage investors to seek out alternative credit sectors beyond traditional fixed income benchmarks, including senior loans, collateralized loan obligations, public and private securitized assets, real estate and infrastructure debt and Commercial Property Assessed Clean Energy (C-PACE) financing.

Private credit headlines question whether the market is oversaturated or cracking. We see issues with underwriting and deal structure in riskier segments, but strong opportunities remain, particularly in middle-market direct lending. Selectivity and partner choice will prove critical – rising tides will no longer lift all boats. Deal structure and covenant protections will matter more.

Private equity also shows promise. Lower interest rates should spur M&A activity, and tougher fundraising means experienced managers are deploying capital. We favor senior over junior capital and prefer secondary markets with single-manager structures.

3

Municipals may be at the forefront of a new bull market

Throughout 2025, municipal prices lagged despite strong balance sheets, solid credit quality and low defaults. That has started to change over the last couple of months as municipal prices have begun to rally. We believe munis continue to offer value. As supply eases and demand rises, supportive interest rates and strong fundamentals could continue to power municipal bonds forward.

With municipal yield curves steeper than Treasuries, investors may be well compensated for duration risk. We see compelling opportunities across both high grade and high yield municipals.

4

The real estate rebound is just getting started

After years of falling values, oversupply and weak demand, 2025 saw values rebound and supply contract. We expect demand should follow.

For now, real estate markets are being driven by rising income returns. Capital appreciation hasn't materialized yet, but we expect that will rise as well, providing another tailwind. The office sector remains under pressure, but medical office, grocery-anchored retail and affordable housing offer notable opportunities.

5

Look for the “second derivative” trades from the AI boom and energy revolution

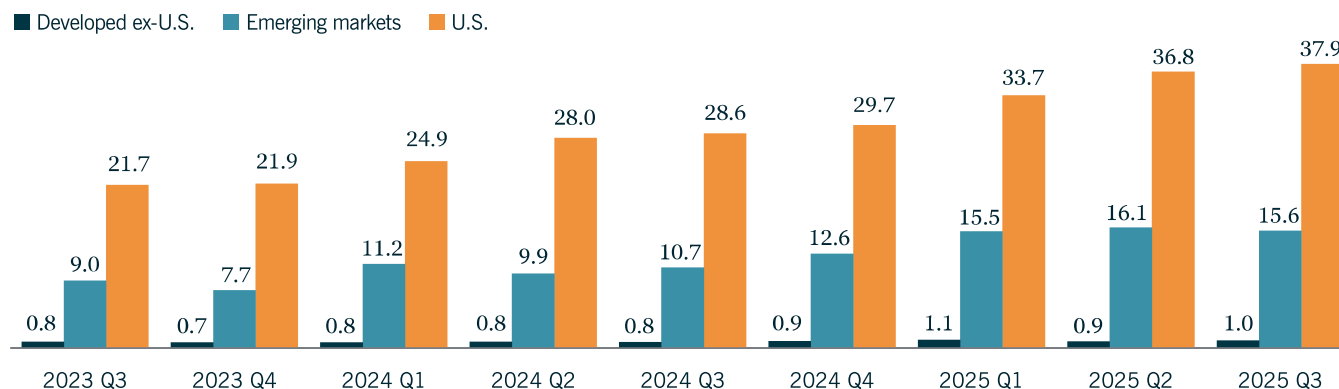
Megacap tech and data centers led early AI gains. And while we still see opportunities there, we think investors should also look for the secondary and future implications of these trends.

Other infrastructure investments such as utilities, battery storage and energy transmission look compelling, as detailed in our “best ideas” section. AI also creates direct or indirect opportunities in select asset-backed securities, real estate and municipal bonds tied to infrastructure buildouts. Despite U.S. political headwinds, the global shift toward renewables and energy efficiency continues as diverse power sources become essential.

We also think investors should pay attention to broader, longer-term AI and energy trends and risks. Key issues include upgrading the power grid, the intersection of data center growth with water scarcity, and AI's impact on employment and corporate governance.

Figure 2: U.S. AI capex spending powers ahead

AI company capex spending as a percent of total capex spending (%)



Data source: Bloomberg. L.P. Data depicts the blended capital expenditures for all companies in the MSCI U.S. Index, MSCI Developed Markets ex-U.S. Index and MSCI Emerging Markets Index. AI companies correspond to the constituents of Bloomberg's Global BI Thematic AI Basket compared to the total capex for all companies in each index.

Our best investment ideas



EQUITIES
Saira Malik

Best ideas: We suggest a barbell approach balancing growth-oriented U.S. tech/AI with more defensive positioning in dividend growers and listed infrastructure, both of which offer income and potentially lower volatility.

Investment positioning

- Decent economic growth, slowly declining interest rates and positive earnings momentum remain tailwinds for global equity markets. However, valuations in some areas – particularly those tied to AI – give us pause, leading to a broadly neutral view toward equities overall.
- We believe investors should focus on high-quality stocks and selection rather than basing decisions on the macroeconomic backdrop. Despite recent tech-related market jitters, AI/tech dominance will likely persist. But we also think it makes sense to balance that with allocations offering potential resilience to downturns, inflation protection and/or stable growth such as infrastructure and dividend-growing companies.
- Ongoing U.S. dominance in tech, combined with favorable tax and regulatory policies (which should help financials in particular), supports our preference for U.S. large caps over small caps and other developed markets. Emerging markets have performed well recently, but we remain cautious given potential vulnerability to evolving trade policy risks.
- As we discussed in our portfolio construction themes, we are also growing more positive toward private equity markets.



FIXED INCOME
Anders Persson

Best ideas: Securitized assets (especially commercial mortgage-backed securities) offer strong fundamentals and attractive valuations. Likewise, senior loans provide a compelling combination of attractive yields and value. For municipal bonds, we favor select opportunities in health care and higher education and believe the 7-to-11 year duration range offers value.

Investment positioning

- We maintain a broadly positive outlook toward global bond markets. While credit spreads have tightened in some areas, current yields remain attractive, credit fundamentals are strong and investor demand for fixed income assets remains elevated. We encourage investors to capitalize on volatility from policy shifts and economic deceleration through broad diversification and active management.
- U.S. Treasuries offer poor value at this point. We expect long-term rates to remain range-bound even as short-term rates decline. If the Fed cuts less aggressively than markets expect, Treasuries could face trouble. We advocate maintaining neutral duration while identifying attractive credit opportunities. However, we expect duration to reassume its role as a growth hedge in coming quarters.
- Investment grade credit faces potential headwinds from extremely tight credit spreads and extended duration profiles. In contrast, several alternative credit segments, including senior loans, CLOs and securitized assets remain attractive given relatively high yields. Emerging markets debt has performed strongly, with continued tailwinds, especially for corporate markets. High yield and preferred securities feature solid fundamentals with favorable long-term prospects.
- Municipal bonds remain among our most preferred segments, and prices have been improving, reflecting strong fundamentals. We think municipal markets continue to offer strong relative value. The upward sloping nature of the municipal yield curve remains attractive and offers compelling yields for those looking to extend duration.
- We are closely monitoring private credit markets for signs of stress but continue to see opportunities. Recent negative headlines and isolated credit events reinforce the importance of selectivity, strong deal structures and robust covenants.



REAL ESTATE
Donald Hall

Best ideas: Across both private and public real estate, we focus on sectors with compelling supply/demand characteristics, such as senior housing, medical office and data centers.

Investment positioning

- Private real estate markets appear to be in the early stages of recovery with an increasingly favorable risk/reward profile. Prices have strengthened across property types and geographies over recent quarters, supported by solid fundamentals and accelerating demand. Rising income has driven better performance, and we anticipate improvements in capital appreciation over the coming quarters.
- Among sectors, we favor medical office and senior housing, both benefiting from low vacancy rates, robust demand and favorable demographic tailwinds. Neighborhood retail presents compelling opportunities given limited new supply pipelines and strengthening consumer demand.
- Real estate debt continues offering attractive valuations and relatively wide spread premiums, although we are growing more favorable toward equity investments as the broader recovery continues.
- Public real estate also looks compelling thanks to improving fundamentals, rising demand and constrained supply. Senior housing particularly benefits from an aging population while new construction declines. We are also constructive on data centers, grocery-anchored retail and industrial real estate.



INFRASTRUCTURE AND REAL ASSETS
Jessica Bailey

Best ideas: In public markets, we favor electric utilities trading at a discount while delivering accelerating earnings growth. In private markets, we focus on investments aligned with climate and digital transformations – such as clean energy generation, energy storage and data centers.

Investment positioning

- Infrastructure investments – both public and private, as well as equity and debt – remain a focus for Nuveen's Global Investment Committee. Surging energy demand, strong fundamentals, resiliency and inflation-hedging potential combine to create a compelling case for infrastructure.
- We are particularly bullish on public infrastructure due to relative valuation and essential service/defensive characteristics. The best opportunities are in new data center buildouts, gas-powered generation and utilities positioned to capitalize on strong secular growth trends. We focus on regions with the highest power demand growth while avoiding those facing regulatory scrutiny.
- In private markets, we continue identifying diverse infrastructure opportunities across equity and debt, chiefly those benefitting from surging power demand and expanding cloud computing needs. We focus on modern, efficient energy infrastructure over legacy generation assets, with special attention to data centers, energy storage and sustainability-focused infrastructure promoting environmental transitions.
- Farmland remains a compelling long-term allocation for its differentiated return potential and inflation-hedging characteristics. However, we continue to see price moderation in row crop margins, particularly in the U.S.

About Nuveen's Global Investment Committee

Nuveen's Global Investment Committee (GIC) brings together the most senior investors from across our platform of core and specialist capabilities, including all public and private markets. Quarterly meetings of the GIC lead to published outlooks that offer:

- macro and asset class views that gain consensus among our investors
- insights from thematic “deep dive” discussions by the GIC and guest experts (markets, risk, geopolitics, demographics, etc.)
- guidance on how to turn our insights into action via regular commentary and communications.

For more information, please visit nuveen.com.

Endnotes

Sources

All market and economic data from Bloomberg, FactSet and Morningstar.

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