Equities

Global Equities

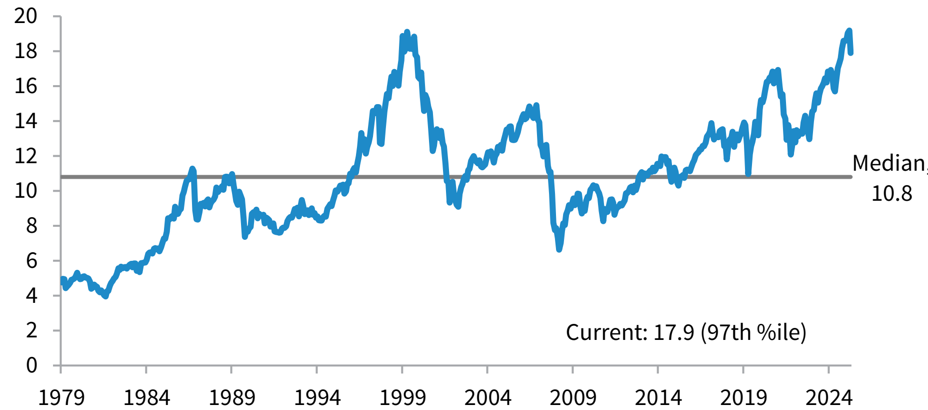
Facts & Figures First Quarter 2026

Global equities returned -3.2% in 1Q and 22.3% in 2025 for USD investors. The quarter's losses came as the Iran War contributed to a sharp rise in oil prices and raised concerns about a reacceleration of inflation in many countries. More growth-sensitive areas of the market, such as consumer discretionary and technology, performed the worst during the quarter.

- Global equities trade at 17.9x cyclically adjusted cash earnings, which ranks higher than nearly all month-end data dating back to 1979. The high valuation level masks dispersion across major blocs, with the US trading at levels higher than others.
- The global economy is expected to grow by 3.0% in 2026, according to analysts surveyed by Bloomberg in March. Developed economies are expected to grow by 1.8%, and emerging markets by 4.4%, with both figures broadly in line with anticipated growth rates for 2025. The impact of the war on economic growth expectations depends on its duration and scope, and so far, market participants expect it is more likely that it will conclude by summer than not.
- Global corporate earnings are expected to grow by 19.7% in 2026, outpacing the projected 10.0% increase in 2025. The stronger outlook is driven by higher expected earnings growth in the euro area, from -4.1% in 2025 to 17.8% in 2026, and in emerging markets, from 11.5% to 37.1%. Continued strong growth expectations for US equities at 18.5% further reinforce the positive outlook.
- Expectations for policy interest rates are a key risk for equities. Major developed markets central banks had been expected to keep policy rates stable or ease them modestly. The Iran War has raised the possibility of higher inflation, leading market participants to believe that central banks may be reluctant to ease and could even need to raise rates modestly.

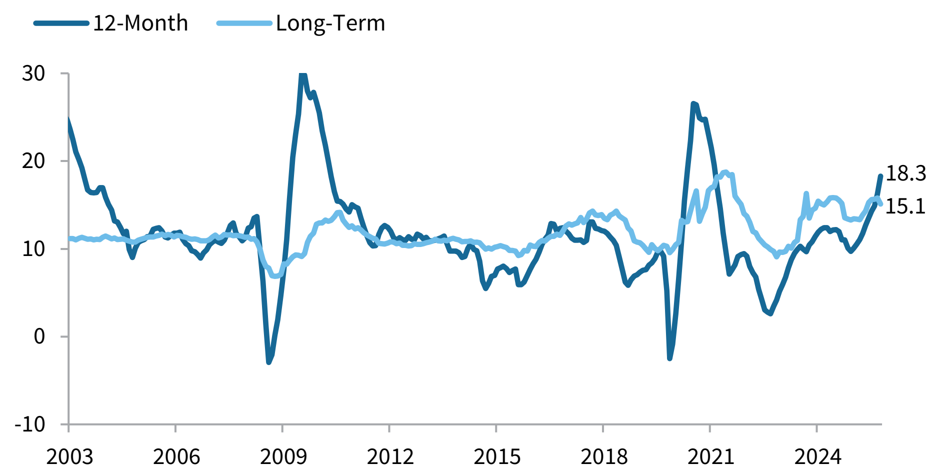
Cyclically adjusted price-to-cash earnings

Dec 31, 1979 – Mar 31, 2026



Corporate earnings growth expectations

Jun 30, 2003 – Mar 31, 2026 • Percent (%)



Sources: I/B/E/S, MSCI Inc., and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.

Note: CAPCE data is based on the MSCI World Index from Dec 31, 1979 - July 31, 2005 and on MSCI All Country World Index thereafter.

US Equities

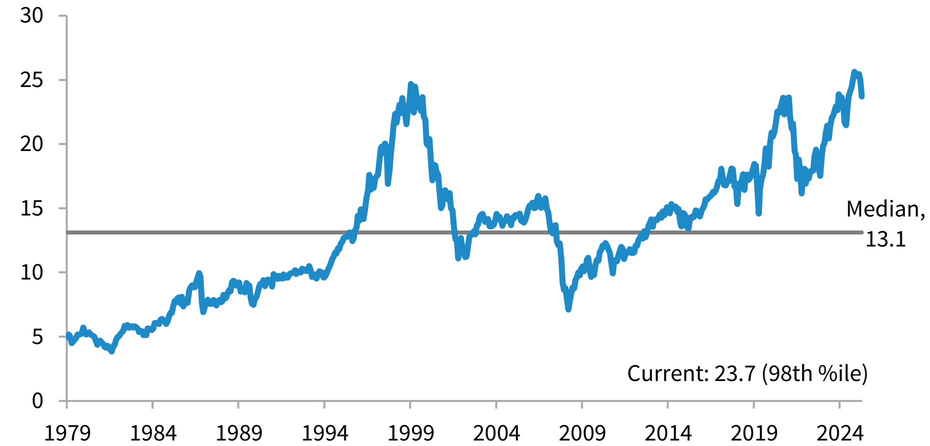
Facts & Figures First Quarter 2026

US equities declined 4.6% 1Q 2026, trailing DM ex US equities, which fell 0.9%. Stretched valuations, tariff uncertainty, and a sharp sell-off in large-cap tech weighed on US markets throughout the quarter, with rising energy prices from the Iran War adding further pressure in March. On a TTM basis, US equities returned 17.3%, underperforming DM ex US equities which returned 23.0%.

- US equities' cyclically adjusted price-to–cash earnings (CAPCE) multiple fell in 1Q to 23.7x, slightly below its record high based on historical data from 1979. The relative valuation gap with DM ex US equities, which trade at 12.1x, is also near historic extremes, and this disparity remains pronounced even after adjusting for sector composition differences.
- The Iran war caused a historic disruption to the energy supply in the Middle East and rattled equity markets. Global stocks and bonds sold off in March, though US assets held up better than their non-US counterparts as the dollar rallied. The conflict complicates the economic outlook, and 2026 US real GDP growth has been slightly downgraded to 2.3%, while inflation expectations have been increased to 3.0%.
- Sector level market dispersion was also a key theme in 1Q. The IT sector, which accounts for around one-third of the broader index, fell nearly 10%. Software stocks fell 24% as the AI-disruption fears triggered a sharp derating of high multiple SaaS names. The energy sector—driven by the largest oil supply disruption in history and a surge in oil prices—rose almost 40%.
- Rising inflation expectations related to the Iran War energy supply shock have pushed out expectations for rate cuts, with futures now signaling that the Fed will hold its policy rate at the current target range of 350-375 this year. These expectations could change if the economic outlook is further dampened by the impact of the Iran War.

Cyclically adjusted price-to–cash earnings

Dec 31, 1979 – Mar 31, 2026



Corporate earnings growth expectations

Jun 30, 2003 – Mar 31, 2026 • Percent (%)

Sources: I/B/E/S, MSCI Inc., and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.

Note: Data are based on the MSCI US Index.

Developed Markets ex US Equities

Facts & Figures First Quarter 2026

DM ex US equities returned -0.9% in USD in 1Q 2026, beating the -3.6% return of broader DM. Over the trailing one year, the bloc has returned 23.0% versus DM's return of 18.9%. Relative performance has been supported by sectoral composition, with old-economy sectors recently outperforming as some concerns have emerged around the AI complex, in addition to softness in the US dollar. While EPS growth is forecast to continue lagging, a large valuation discount persists.

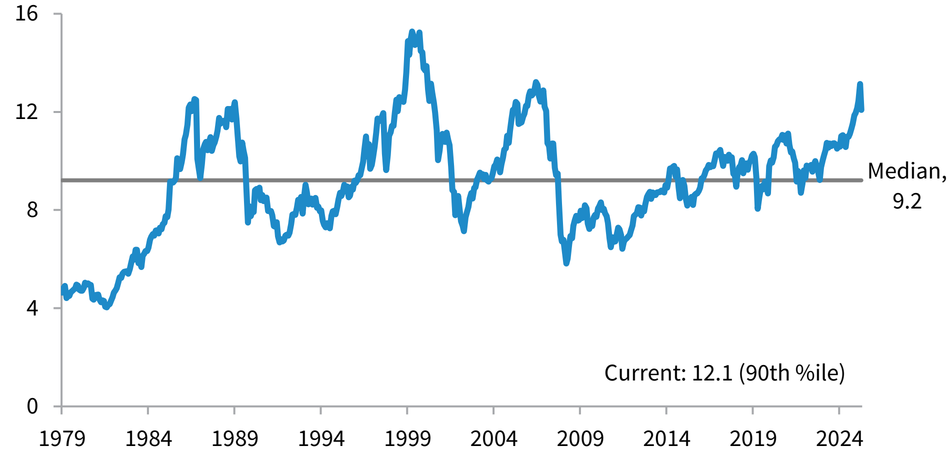
— Valuations for DM ex US equities declined modestly last quarter, with the bloc now trading at 12.1x cyclically adjusted cash earnings (90th percentile since 1979), 31% above the long-term median of 9.2x. Still, relative valuations remain attractive given that broader DM trades at a 18.9x CAPCE (due to a CAPCE of 23.7x for US equities). This relative valuation is in the 7th percentile of the historic data and represents a discount of nearly 24% to the median relative valuation of 0.84.

— The DM economy is forecast to grow by 1.8% in 2026, representing an upward revision of 0.1 ppt over the past quarter. A softening tariff backdrop, easing monetary policy, and a resilient US economy have driven this improved forecast. Other economies prospects had been improving, even as the US was still expected to outperform. However, the supply shock of the attacks on Iran presents some risk of further US outperformance due to its greater degree of energy independence.

— Earnings growth has been weaker in DM ex US, with trailing 12-M EPS growing by 7.5% over that period compared to 10.5% for broad DM. Lower weights in the IT and comms sectors, and lower profitability within those sectors in the region, accounts for much of this lag. Analyst consensus forecasts expect earnings to grow by 12.6% in the coming 12 months, compared to expected growth of 16.1% in broad DM. Growth is expected to be driven more by profit margin expansion (from 10.5% to 11.4%) than by sales growth (4.4%).

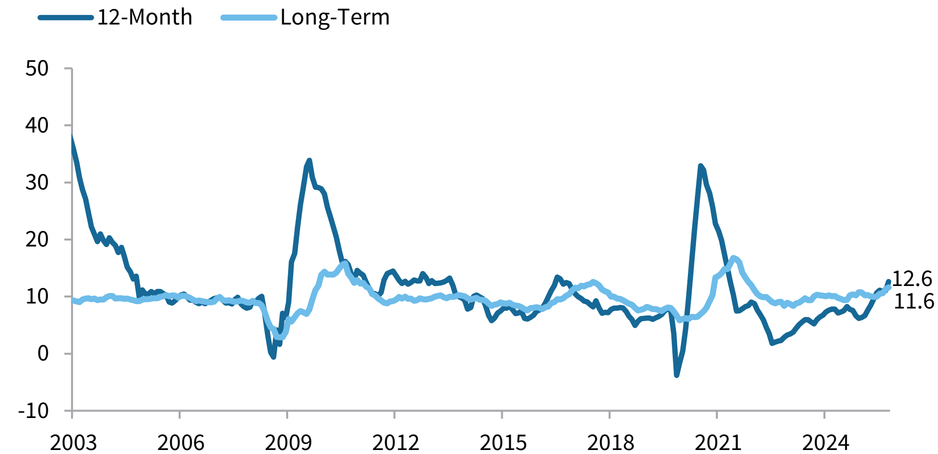
Cyclically adjusted price-to–cash earnings: MSCI World ex US

Dec 31, 1979 – Mar 31, 2026



Corporate earnings growth expectations

Jun 30, 2003 – Mar 31, 2026 • Percent (%)



Sources: I/B/E/S, MSCI Inc., and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.

Note: Data are based on the MSCI World ex US Index.

UK Equities

Facts & Figures First Quarter 2026

UK equities returned 2.0% in USD terms in 1Q 2026, outperforming the -3.6% return of broader DM. Over the trailing one year, the bloc has similarly outperformed, returning 25.7% versus DM's return of 18.9%. Outperformance has been approximately driven by sectoral tilts and a weakening dollar, in addition to idiosyncratic outperformance. UK economic growth has slowed versus peers, albeit was showing some signs of picking up before the onset of the Iran War.

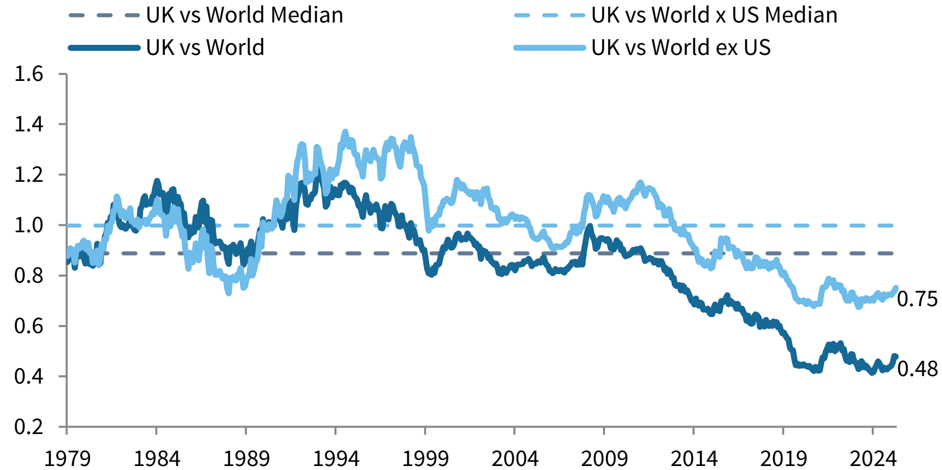
— UK valuations remain deeply discounted versus peers. The UK's CAPCE ratio stands at 9.1, up from 8.8 in 4Q, placing it in the 63rd percentile of historical observations. However, the ratio of the UK's CAPCE to broad DM is just 0.48 (9th percentile). Adjusting for substantial sectoral differences between the indexes, the relative CAPCE rises to 0.63. However, when weaker earnings growth is also considered—by looking at forward P/Es—the ratio of sector-neutral forward P/Es is 0.78. These figures collectively underscore the persistent valuation gap between UK equities and broader DM.

— UK growth has slowed after leading the G7 in early 2025, with GDP expanding just 0.1% in both 3Q and 4Q and 2026 consensus growth revised down to 1.0%, below broader DM expectations of 1.8%. Still, activity indicators were rising before the Iran War, supported by reduced post-budget uncertainty. While the BOE held rates at 3.75%, we expect inflation to moderate further, enabling additional rate cuts to support weak economic activity.

— Corporate fundamentals in the UK lag their peers. Trailing 12-month EPS grew by 5.6% over the past 12 months compared to growth of 10.5% for broad DM, due largely to the UK's sectoral tilts. UK EPS growth is forecast to underperform DM by 5.3 ppts over the next 12 months (10.7% vs 16.1%), with growth primarily driven by margin expansion (11.4% to 12.1%) and a more modest contribution from sales growth (3.9%). If fundamentals improved, depressed sentiment could prove supportive for UK risk assets.

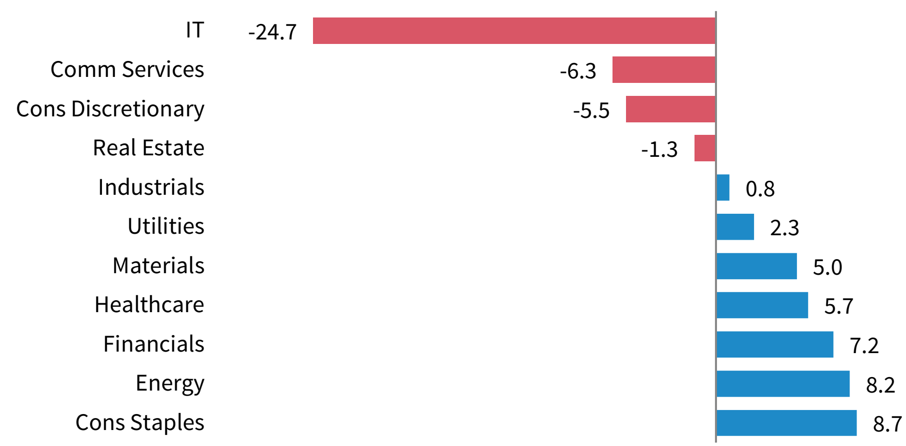
Relative CAPCE: MSCI UK vs World

Dec 31, 1979 – Mar 31, 2026



Relative sector weights: UK minus World

As of Mar 31, 2026 • Percentage Points



Sources: MSCI Inc. and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.

Europe ex UK Equities

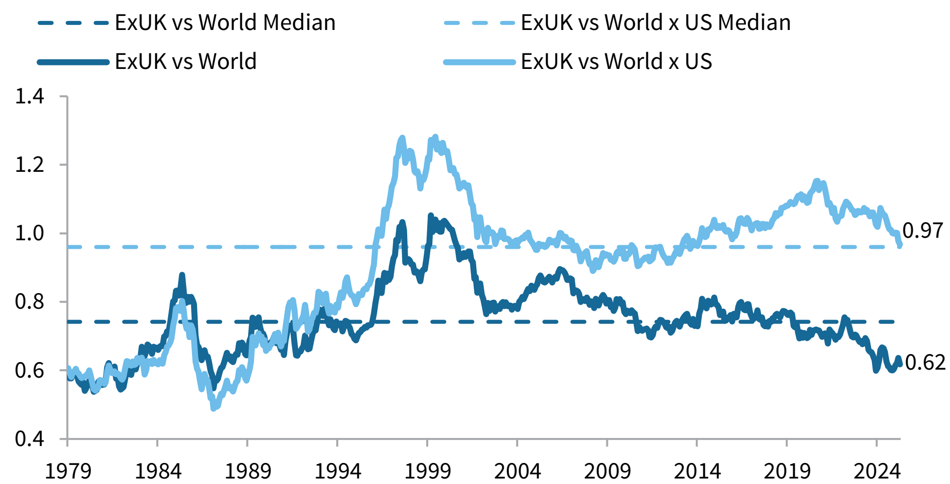
Facts & Figures First Quarter 2026

Europe ex UK equities returned -4.2% in USD terms in 1Q 2026, modestly underperforming broader DM which returned -3.6%. Over the trailing one-year, the bloc has returned 17.3% versus DM's return of 18.9%. Relative performance has been weaker in LC terms over the past year, reflecting the EPS growth impact of having a lower exposure to the dominant tech and AI-related stocks.

- In absolute terms, the valuation declined last quarter with the CAPCE falling from 12.2 at year end to 11.7 at the end of 1Q, which represents the 84th percentile of data going back to 1979. Relative valuation increased a little, with the CAPCE of the region relative to broad DM rising to 0.62, still well below the long-term median of 0.74, with much of this apparent cheapness due to the comparative richness of the US market. CAPCE relative to DM ex US declined to 0.97, now at the 53rd percentile of historical observations and less than 1 ppt above its long-term median of 0.96.
- Economic uncertainty has increased with the onset of attacks on Iran. This has contributed to a one-tenth decline in the consensus Eurozone GDP growth forecast for 2026 to 1.1%. This lags the 1.8% growth expected in DM more broadly. German growth weakness, because of competition from China and still-elevated energy costs, has been partially offset by stronger peripheral performance. Still, a significant fiscal easing will be forthcoming in Germany in the coming quarters. Combined with a cumulative 2 ppts of rate cuts delivered by the ECB, this should help underpin growth in Europe in the coming quarters.
- Longer-term underperformance versus DM is driven by lower underlying profitability, with the relative ROE at 0.83x, reflecting both lower tech exposure and sectoral ROEs that lag in eight of 11 GICS sectors. Still, ROE exceeds that of DM ex US. Earnings growth is expected to be 14.2% over the next 12 months, behind DM's 16.1%. Sales growth is forecast at 4.4%, with margins rising 93 bps to 10.9%.

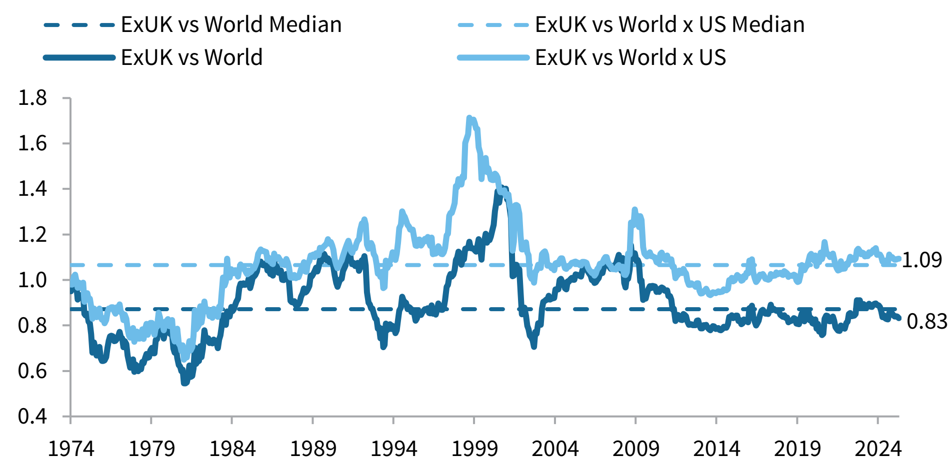
Relative CAPCE: MSCI Europe ex UK vs World and World ex US

Dec 31, 1979 – Mar 31, 2026



ROE: MSCI Europe ex UK vs World and World ex US

Dec 31, 1974 – Mar 31, 2026 • Percent (%)



Sources: MSCI Inc. and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.

Japanese Equities

Facts & Figures First Quarter 2026

Japanese equities returned 1.4% in 1Q 2026 in USD terms, significantly outperforming DM equities, which returned -3.6%. Yen-based investors, insulated from currency depreciation, earned even higher returns. Over the last 12 months, Japanese equities delivered a 25.9% return in USD, surpassing developed peers.

— Japanese equity valuations have steadily risen over the past 12 months. At the end of 1Q, the cyclically adjusted cash earnings ratio stood at 14.0x, ranking in the 87th percentile of historical observations since 1979. However, compared to other developed markets, Japanese equities trade at a lower valuation, in the 36th percentile historically.

— The macro backdrop is supportive. Real GDP growth has been modest, but the recent decisive Lower House elections—which resulted in a supermajority for Prime Minister Takaichi's LDP party—should provide several years of political stability and a mandate for more fiscal stimulus.

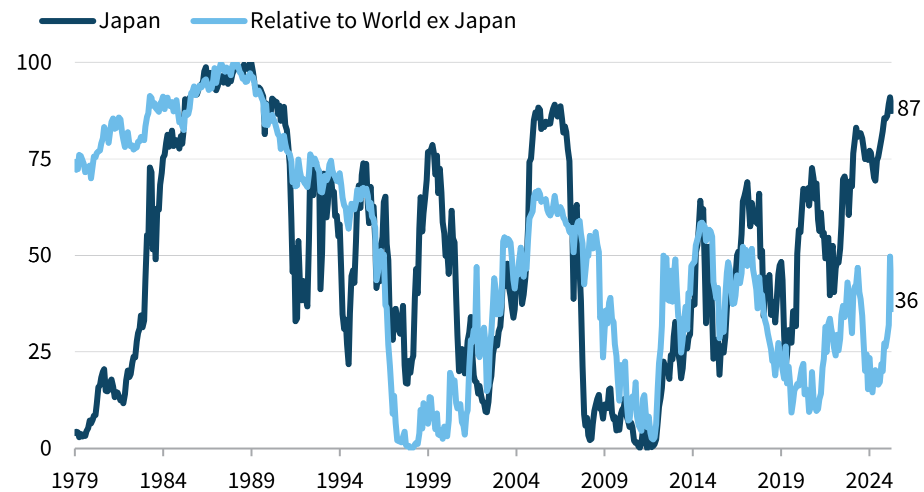
— More importantly, deflation is firmly in the rearview mirror and CPI is expected to average around 2% in 2026. Inflationary pressures have been welcomed by companies seeking to raise prices and earnings. The Bank of Japan's December rate hike to 0.75% raises few concerns around corporate debt affordability.

— Earnings estimates have risen in recent months and stand at 11% for 2026. Uncertainty around the impact of US tariffs has faded, though the evolving Iran War merits close watching. Currency volatility remains a consideration, with yen weakness more than halving USD returns over the past five years.

— The ROE on Japanese equities currently stands at 9.5%, above the historical median. Japan's ROE has been improving relative to its own history amid an increased focus on corporate governance and shareholder returns, though it remains below that of DM peers.

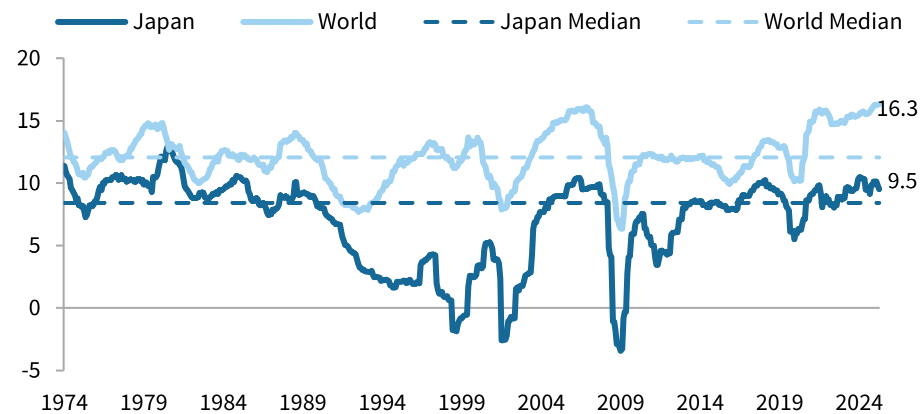
Cyclically adjusted price-to-cash earnings

Dec 31, 1979 – Mar 31, 2026 • Percentile (%)



ROE: MSCI Japan vs World

Dec 31, 1974 – Mar 31, 2026 • Percent (%)



Sources: MSCI Inc. and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.

Emerging Markets Equities

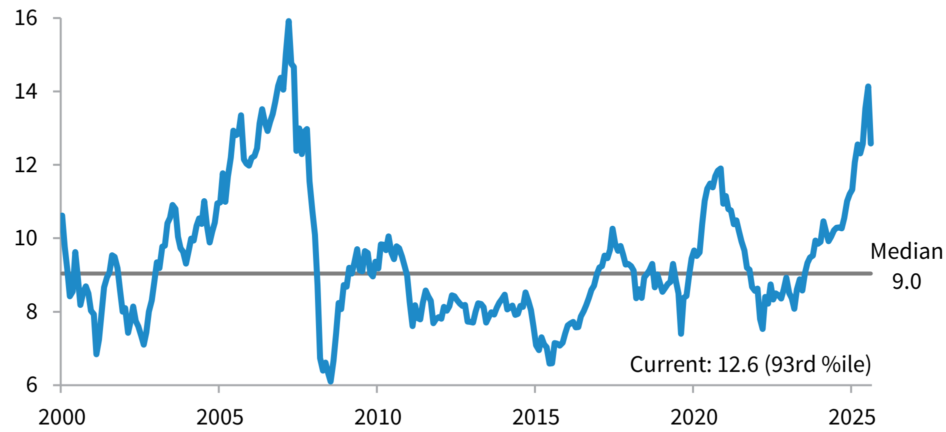
Facts & Figures First Quarter 2026

EM equities returned 0.1% in USD terms in 1Q, as a -13% tumble in March wiped out earlier gains. Returns over the past TTM remain robust at 30.3%, with EM outperforming DM equities by 11 ppts.

- EM valuations have run up sharply over the past year, driven by strong performance by all regions, but most notably by the AI-related markets of Taiwan and Korea in particular, as well as a rebound in China and Brazil. Absolute valuations had reached the 98th percentile by the end of February before the March sell-off triggered by the Iran War. Despite the recent pullback, valuations remain above the 90th percentile. Nevertheless, EM trades at a 34% discount to DM, although this has narrowed in recent quarters.
- There remains regional and country level valuation dispersion. Valuations are elevated in Aisa, driven by countries such as Taiwan and Korea. Valuations for Latin America appear relatively cheap, particularly Brazil and Mexico.
- Consensus expectations call for stable EM GDP growth of 4.4% in 2026. Yet, the impact of higher energy prices may disproportionately fall on emerging markets economies, increasing the risk of growth disappointment.
- Indeed, analysts expect outsized EPS growth of 37% in 2026, likely driven by the IT sector on the back of global AI-buildout demand. Yet, such numbers are likely to be revised down given the high dependency of Asia on middle eastern energy imports.
- Despite recent outperformance, EM still lags DM over the decade. Longer-term underperformance since 2010 was driven by USD appreciation, subpar earnings growth, and a narrowing economic growth differential. Several of these factors have shifted in favor of EM in 2025 and 2026, namely a sharp weakening of the US dollar and mounting headwinds to DM growth.

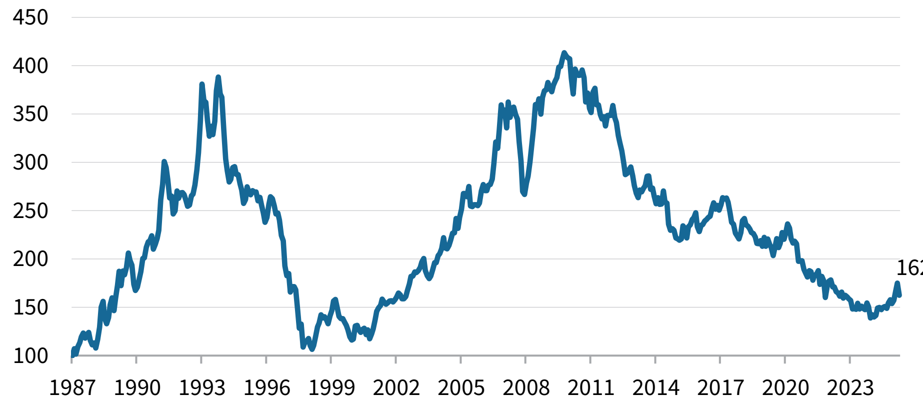
Cyclically adjusted price-to–cash earnings: MSCI EM

Aug 31, 2000 – Mar 31, 2026



EM/DM equity relative cumulative wealth

Dec 31, 1987 – Mar 31, 2026 • US Dollars



Sources: MSCI Inc. and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.

Notes: EM CAPCE based on five-year average real cash earnings. Total returns are gross of dividend taxes prior to January 2001 and net thereafter. EM and DM equities based on the MSCI Emerging Markets Index and MSCI World Index, respectively.

Asia ex Japan Equities

Facts & Figures First Quarter 2026

Asia ex Japan equities returned -1.1% in 1Q 2026 in USD terms, outperforming global equities by 198 bps. Performance in 1Q was impacted by the Iran War, which saw Asian equities hit particularly hard, down 13.7% for the month of March. However, on a TTM basis, Asia ex Japan equities returned 29.1%, outperforming global equities which returned 20.5%.

— Given the strong rally over the past year, Asia ex Japan valuations have become elevated relative to history. Even after the sell-off in March, the index's P/B ratio is in the 87th percentile of historical observations. The cyclically adjusted price-to–cash earnings (CAPCE) ratio, which excludes banks and insurance companies, is higher at the 97th percentile. Relative to DM equities, however, the MSCI AC Asia ex Japan Index trades lower at the 42nd percentile of historical observations.

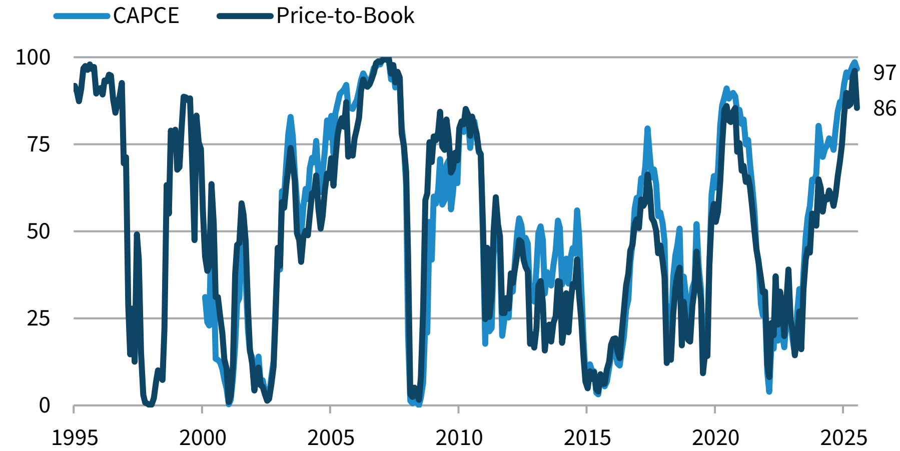
— Absolute valuations are mixed across countries and are elevated in Taiwan, Korea, and Singapore but low to fairly valued elsewhere. Semiconductor and AI-related stocks in Taiwan and Korea are having a large impact on valuations at the overall index level.

— Real GDP growth in Asia ex Japan is forecast at 4.9% in 2026, but the outlook is subject to downside risks from higher energy prices resulting from the Iran war, given the region's reliance on oil and gas imports from the Gulf.

— Analysts' expectations of forward 12-month EPS growth for Asia ex Japan were revised higher over 4Q to 36.5% as of December 31, compared to estimates for global peers at 19.3% driven by increases in Taiwan and Korea on the back of continued demand for AI-related hardware. However, given the export-oriented and cyclically sensitive nature of most Asia ex Japan markets, a key risk is slowing global growth and demand for AI hardware.

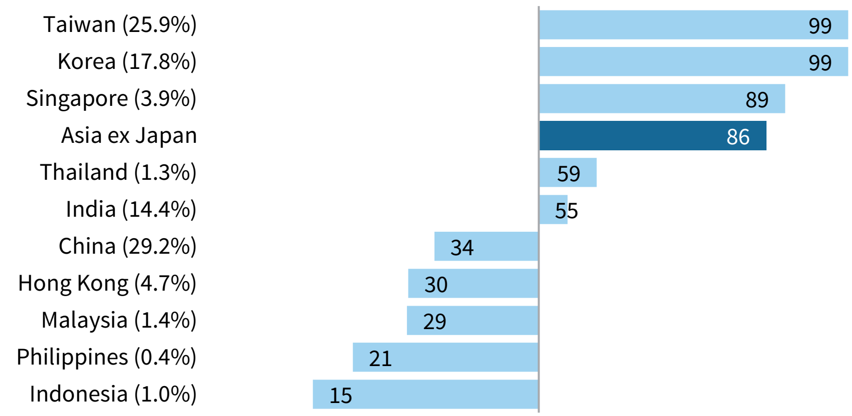
MSCI All Country Asia ex Japan Valuations

Sep 30, 1995 – Mar 31, 2026 • Percentile (%)



Country P/B Percentile: MSCI AC Asia ex Japan

As of Mar 31, 2026 • Index Weight in Parentheses



Sources: MSCI Inc. and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.

Notes: CAPCE based on five-year average real cash earnings. Totals may not sum to 100% due to rounding.

Chinese Equities

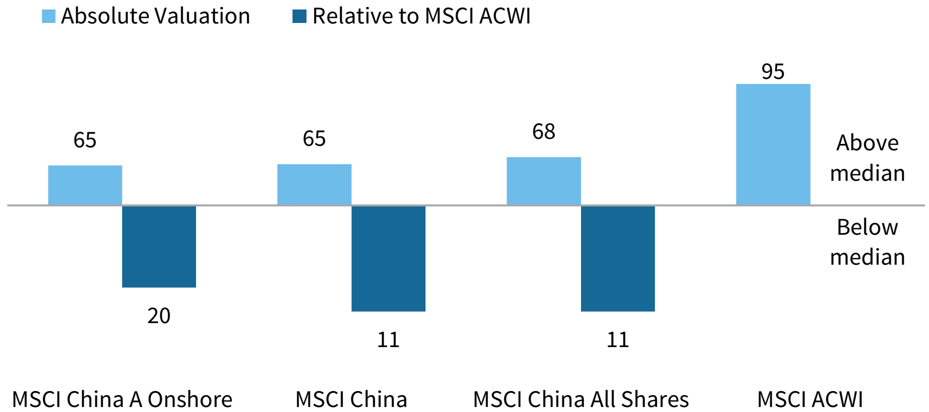
Facts & Figures First Quarter 2026

Chinese equities returned -6.5% in 1Q, as markets sold off following the outbreak of the Iran War. On a TTM basis, Chinese equities returned 10.6%. Offshore Chinese equities (4.0%) have lagged onshore A-shares (27.3%) by a wide margin over this period as the rally in Chinese technology stocks stalled. As a result, Chinese equities have underperformed both broader EM and Global equities.

- As of March 31, the composite P/E ratio for the MSCI China All Shares Index was at the 68th percentile, up from the 12th percentile in August 2024. Absolute valuations have risen but still seem reasonable for both offshore Chinese equities and onshore A-shares. However, valuations for both segments remain low relative to global equities.
- Consensus forecasts expect China real GDP growth of 4.6% in 2026, which is at the lower end of the government's official target of 4.5%–5.0%. Recent growth has been boosted by strong exports despite US tariffs, which helped offset sluggish consumption and a still weak real estate market. So far policymakers have refrained from additional stimulus, highlighting that officials are comfortable with the current state of the economy, even in the face of higher energy costs due to the Iran War, given China's build out of renewable energy sources.
- Chinese equities consist of mainland China-listed A-shares, Hong Kong-listed Chinese companies, and US-listed Chinese companies. The MSCI China All Shares Index combines both onshore and offshore markets and is composed of 49% Hong Kong-listed equities, 3% US-listed equities, and 48% A-Shares.
- Active China-dedicated managers have historically demonstrated an ability to add value over the A-share index, given the retail-driven nature of the market. However, the A-share market is overweight cyclicals and underweight tech, with most Chinese tech companies listed offshore in Hong Kong or the US. Managers with flexible "All China" mandates can offer exposure across the China equity universe.

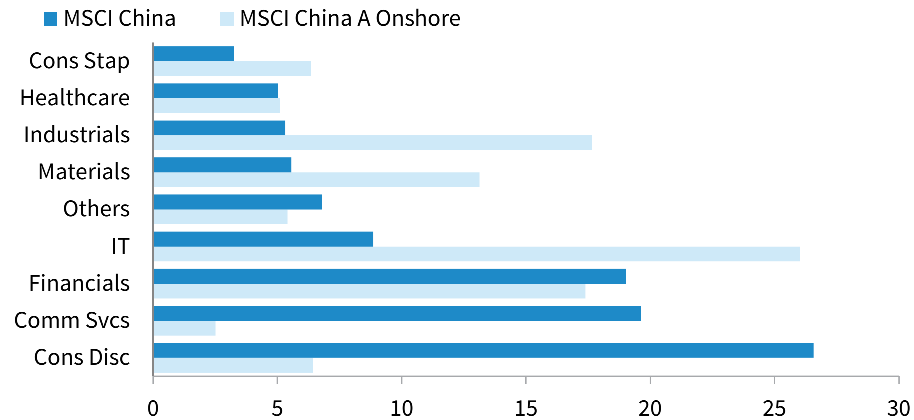
Composite P/E: Percentile

Feb 28, 2010 – Mar 31, 2026



Sector weights

As of Mar 31, 2026 • Percent (%)



Sources: FactSet Research Systems, MSCI Inc., and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.

Notes: Composite P/E reflects the harmonic average of the 5-year cyclically adjusted P/CE, forward P/E, and ROE-adjusted P/E ratios. Sector weight for "Others" consists of Real Estate, Utilities, and Energy. Totals may not sum to 100% due to rounding.

Global Small-Cap Equities
Facts & Figures First Quarter 2026

Global small-cap equities returned 1.1% in 1Q, besting their mid- to large-cap peers by 4.3 ppts, and have outperformed by 6.0 ppts over 12 months, as AI-related concerns and tariff-uncertainty drove a rotation out of mega-cap tech stocks. However, small caps saw greater losses in March as the Iran War sparked higher volatility and uncertainty across equity markets.

— US small caps gained 2.5%, trouncing their larger counterparts by 7.1 ppts in 1Q. The decline in large-cap tech drove this differential. Indeed, an equal-weighted basket of the Magnificent 7 stocks, which make up one-third of the mid- to large-cap MSCI US Index, declined 12.1% in 1Q.

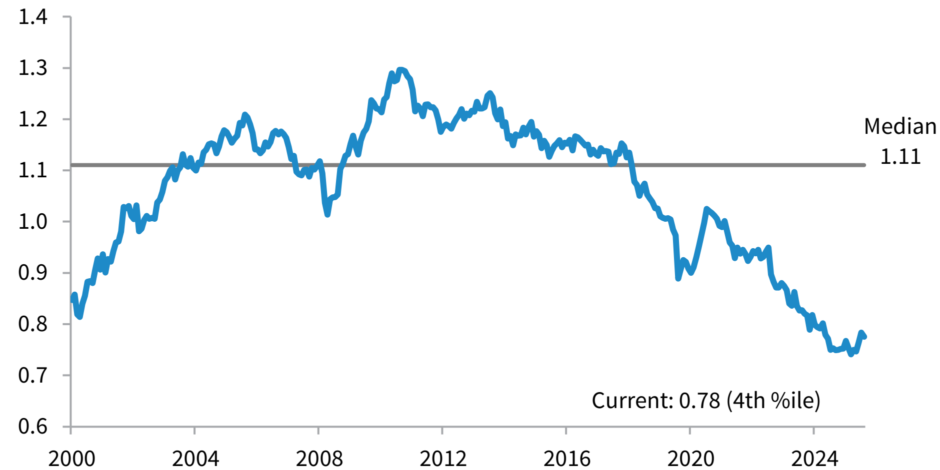
— Developed ex US small-cap equities fell 0.4% for 1Q and outperformed mid-/large caps by 56 bps. However, on a TTM basis, they outperformed by 6.2 ppts. Performance over that period has been driven largely by the strength of the industrials and materials sectors. Heightened trade tensions led countries to prioritize domestic supply chains, benefiting some locally focused small-cap companies even as others faced increased input costs.

— Emerging markets small caps fell 0.7% in 1Q, lagging larger caps by 57 bps and extending their relative underperformance for the TTM period to 5 ppts. The EM SC Index underperformance over the TTM period has been driven largely by South Korean mid- to large caps, which have gained 122% during that time, besting their smaller counterparts by nearly 50 ppts.

— Small-caps are regarded as less efficient than the larger-cap space due to lower analyst coverage, limited institutional ownership, and greater return dispersion, particularly outside the US. These inefficiencies create opportunities for skilled active managers to generate alpha, but success requires expertise to navigate higher volatility, liquidity constraints, and elevated transaction costs.

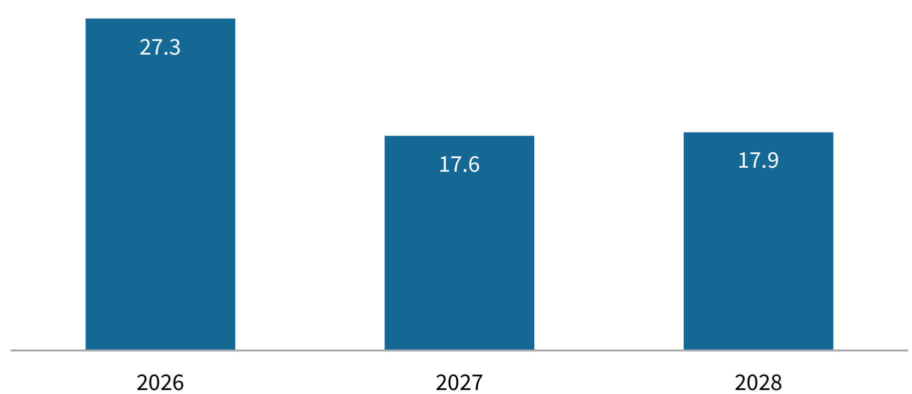
5-yr CAPCE: MSCI ACWI SC vs MSCI ACWI LC/MC

Aug 31, 2000 – Mar 31, 2026



Consensus earnings growth estimates

As of Mar 31, 2026 • Percentage points



Sources: MSCI Inc., Bloomberg L.P., and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.

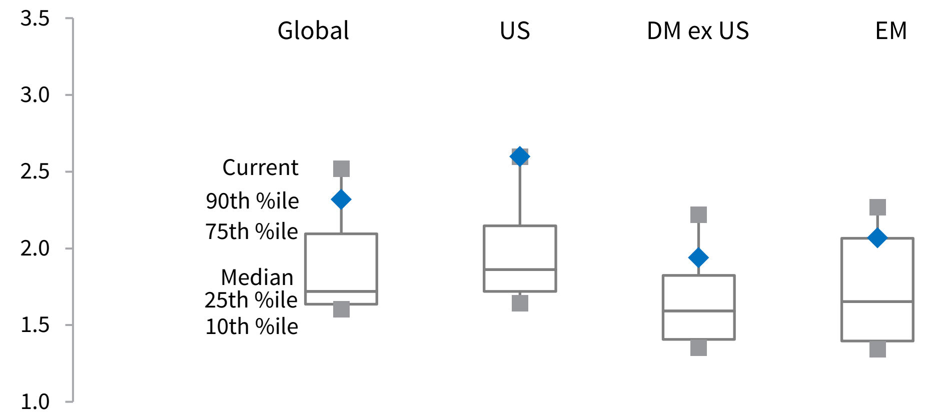
Note: CAPCE ratios based on five-year average inflation-adjusted earnings.

Global growth stocks lost 7.7% in 1Q (USD terms), lagging the 1.2% increase for value stocks. Over the trailing year, however, growth outperformed value, returning 21.3% versus 17.8%, largely due to a sharp rally in growth stocks last summer. The 1Q shift toward value was driven by renewed investor preference for more attractively valued stocks and commodity-producing sectors, while elevated valuations, higher rate expectations, and weakness in AI-exposed software stocks weighed on growth.

- Since the COVID pandemic, growth equities have traded at a notably higher valuation than value equities. Currently, global growth equities command a 2.3x premium to value, a level that exceeds 80% of historical observations. This elevated valuation gap is primarily concentrated in the US, while relative valuations outside the US appear less pronounced.
- Global growth lagged value in 1Q as investors rotated toward cheaper value stocks. Elevated valuations, higher rate expectations, and a sharp sell-off in software and other AI-exposed companies weighed on growth, while strength in energy and materials provided a meaningful tailwind to value.
- Corporate fundamentals remain strong for growth, which has traditionally generated higher ROE than value. The current wide ROE difference is driven by sector exposures, especially tech and financials, and helps explain the valuation gap between growth and value indexes.
- Global growth equities exhibit greater sector concentration than value equities, with roughly two-thirds of the growth index allocated to tech (IT and communication services) and consumer discretionary. In contrast, the value index is more evenly distributed. This concentration has benefited growth equities in recent years, as large-cap tech stocks have driven equity markets higher. However, such concentration could become a headwind if momentum in the tech sector wanes.

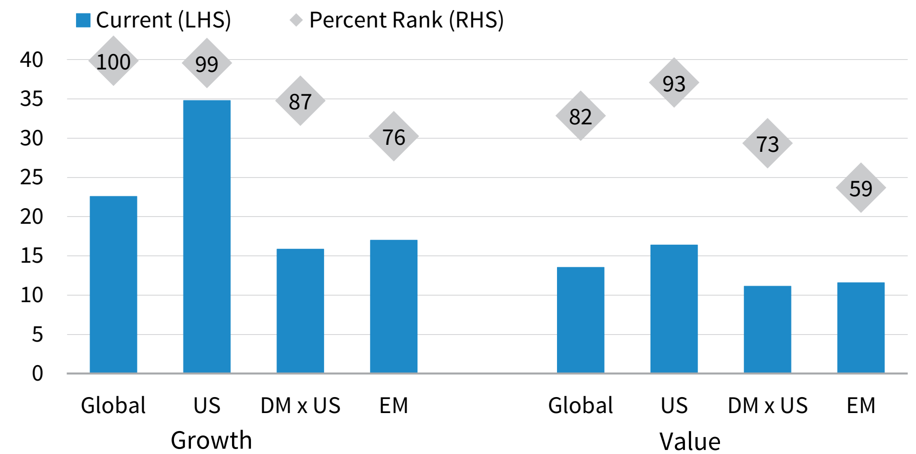
Relative CAPCE for select regions: Growth vs Value

As of Mar 31, 2026



ROE and percentiles for select regions: Growth & Value

As of Mar 31, 2026



Sources: MSCI Inc. and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.

Note: CAPCE ratios based on five-year average inflation-adjusted earnings.

Hedge Funds

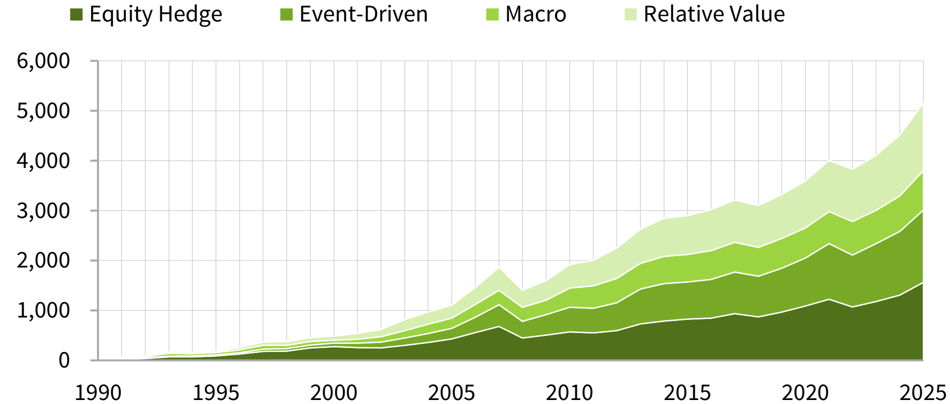
Facts & Figures First Quarter 2026

Hedge funds delivered mixed returns in 1Q as managers navigated a challenging environment marked by heightened risk asset volatility amid the Iran War and its historic disruption to the global energy supply.

- Relative value hedge funds, as measured by the HFRI Relative Value (Total) Index, gained 1.4% in 1Q. Solid early quarter performance was partially offset by a downturn in March, when the Iran War drove an oil-led rates reprice that impacted sovereign and convertible arbitrage strategies. Global macro funds had a strong quarter, with the HFRI Macro (Total) returning 4.9%, reflecting opportunities across FX, commodities, and volatility linked to geopolitical turbulence. Quantitative strategies were the strongest performers in 1Q, as the HFRI Systematic Diversified Index returned 7.0%.
- Long/short equity strategies fell 0.2% in 1Q, based on the HFRI Equity Hedge (Total) Index, given the more difficult environment for broader risk exposure, but higher dispersion and sector stress presented alpha opportunities for selective managers. The HFRI Equity Market Neutral Index held up well given the increased volatility and finished the quarter with a 1.3% gain.
- The HFRI Event-Driven (Total) Index declined 0.2% in 1Q. Managers have remained optimistic given the pickup in corporate activity, as rising M&A volumes have expanded the opportunity set for merger arbitrage and related strategies. Elevated dispersion is providing a richer environment for differentiated returns, but managers remain mindful that overall deal volumes are still below long-term averages and that elevated equity valuations and tight credit spreads continue to pose challenges.

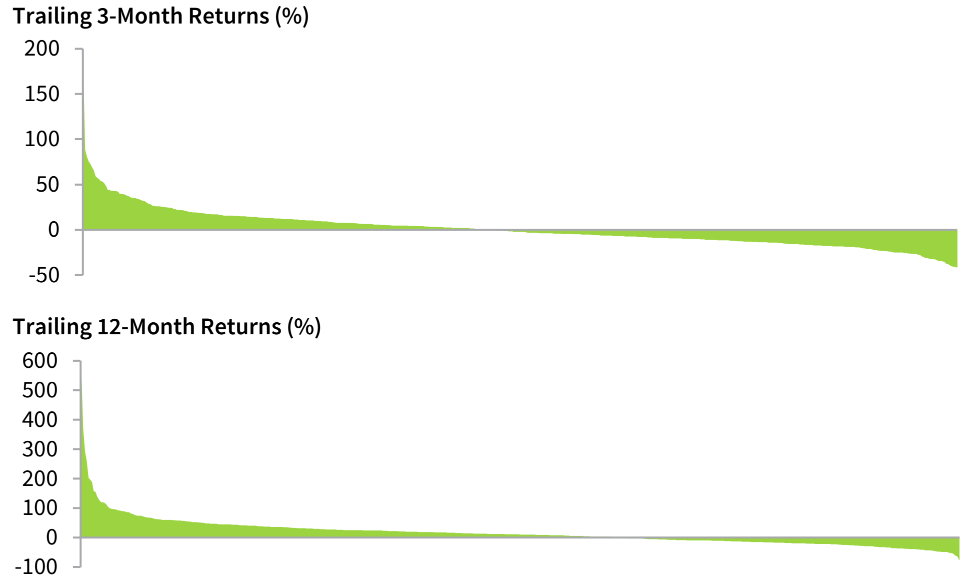
HFRI historical asset growth breakout

1990–2025 (Dec) • US$B



Equity dispersion: Total returns for the S&P 500 constituents

As of Mar 31, 2026



Sources: Hedge Fund Research, Inc., FactSet Research Systems, and Standard & Poor's.