The concentration paradox:

Why fewer drivers demand a broader perspective

Viewpoints from the Global Investment Committee
Midyear 2026 outlook

June 2026

nuveen
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The economy and markets: key points

Synchronizing (and improving) global growth

- U.S. grew 2.0% in 2025; tech investment and resilient consumer spending support a similar pace in 2026
- Meaningful fiscal stimulus supports European growth pickup; UK, Japan and China also contributing to a broadening recovery
- Global recession risks have receded and growth has broadened, though softening labor markets remain a factor to watch

Inflation is cooling, for now

- Global core inflation at 2.4% year-over-year, near its lowest level since 2021, with notable progress across Europe and Asia
- One-off tariff impact that pushed goods prices higher last year should drop out of comparisons by mid-year
- U.S. core PCE inflation should decelerate modestly this year, as housing costs ease and eurozone converges toward its target

Geopolitical risks intensify

- The ongoing Middle East conflict is currently the biggest economic risk and could keep global market volatility elevated
- Higher oil prices could add roughly 0.9% to U.S. headline inflation, with spillover pressure on core prices too
- Oil-related GDP drag estimated at a modest 0.3%, partly offset by benefits to the U.S. energy-producing sector

What does this mean for policy and rates?

- Federal Reserve likely to pause before resuming cuts in the first half of 2027
- Bank of Japan likely to hike at least once more; ECB may pivot toward a rate increase by year-end
- Wide fiscal deficits across developed economies keep term premiums elevated; year-end 10-year Treasury yield forecast at 4.25% to 4.50%

All market and economic data from Bloomberg, FactSet and Morningstar. **Performance data shown represents past performance and does not predict or guarantee future results.**

Our highest conviction views

We think the positives mostly outweigh the negatives, supporting a continued risk-on stance.

Downgrade from last quarter

Upgrade from last quarter

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

Capitalizing on the benefits of AI while building broader diversification

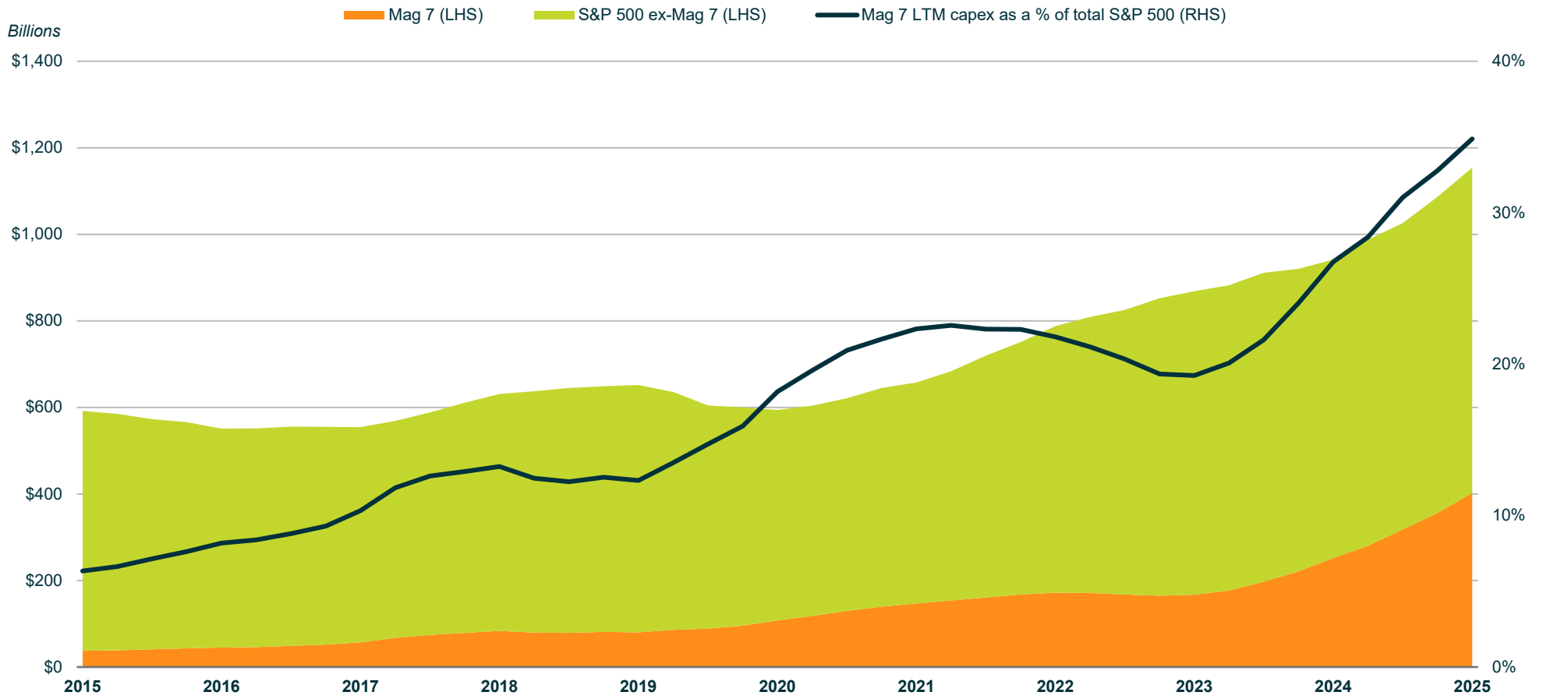
Five portfolio construction themes for 2026

1	From AI boom to AI disruption: The opportunity is in knowing the difference.
2	Don’t bet against the U.S. in a bid for diversification.
3	Alternative credit and private markets remain core — but selectivity and structure matter more than ever.
4	Municipals continue to offer compelling, durable opportunity.
5	The private real estate rebound is just getting started.

From AI boom to AI disruption: The opportunity is in knowing the difference

Surging AI capex is a means, not an end

Magnificent 7 capex versus the S&P 500

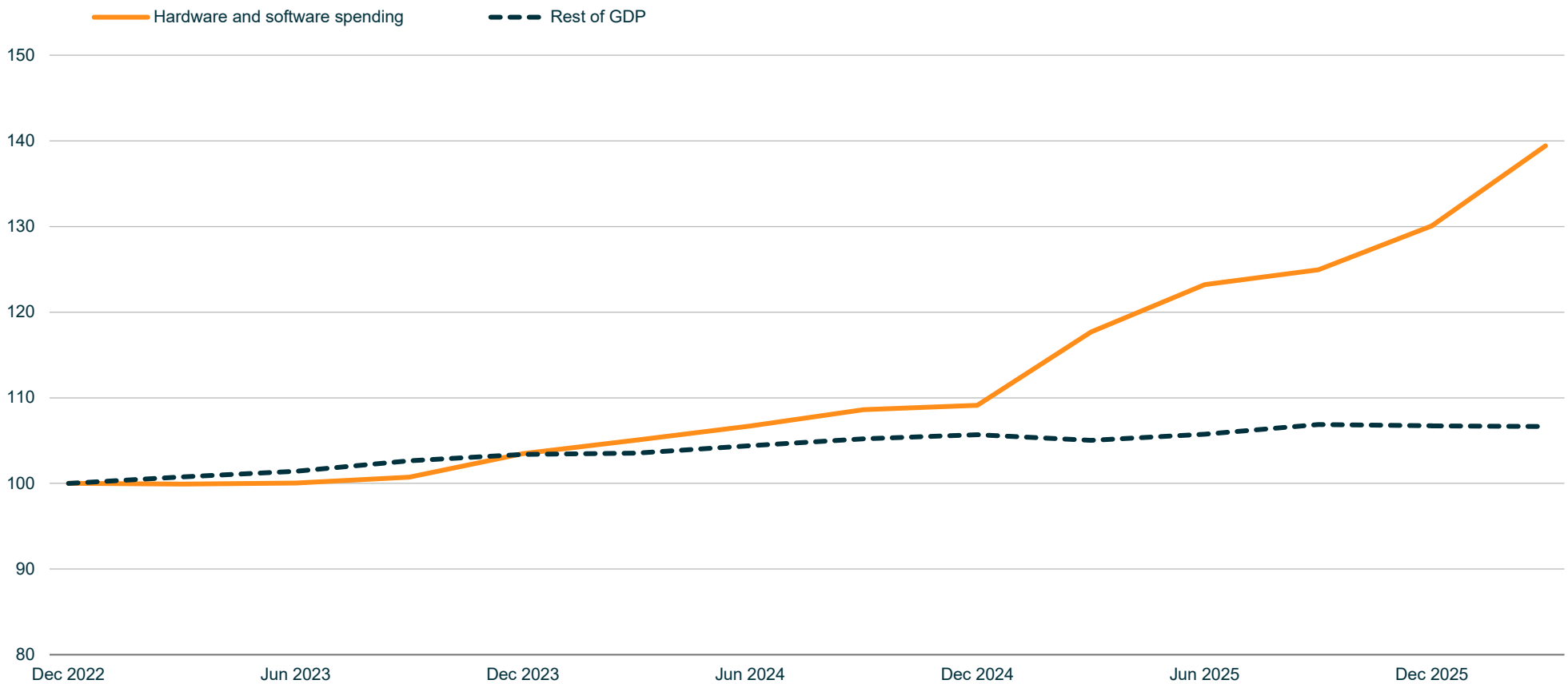


Data source: Strategas, FactSet, 01 Jan 2015 -- 31 Dec 2025. The **Magnificent 7** companies refer to Apple, Microsoft, Alphabet, Amazon, Nvidia, Meta Platforms and Tesla. **LTM capex** refers to aggregate capital expenditures reported over the previous 12 months. For illustrative purposes only. References to specific company stocks should not be construed as recommendations or investment advice.

Don’t bet against the U.S. in a bid for diversification

Tech spending has dominated U.S. GDP growth

U.S. GDP since year-end 2022

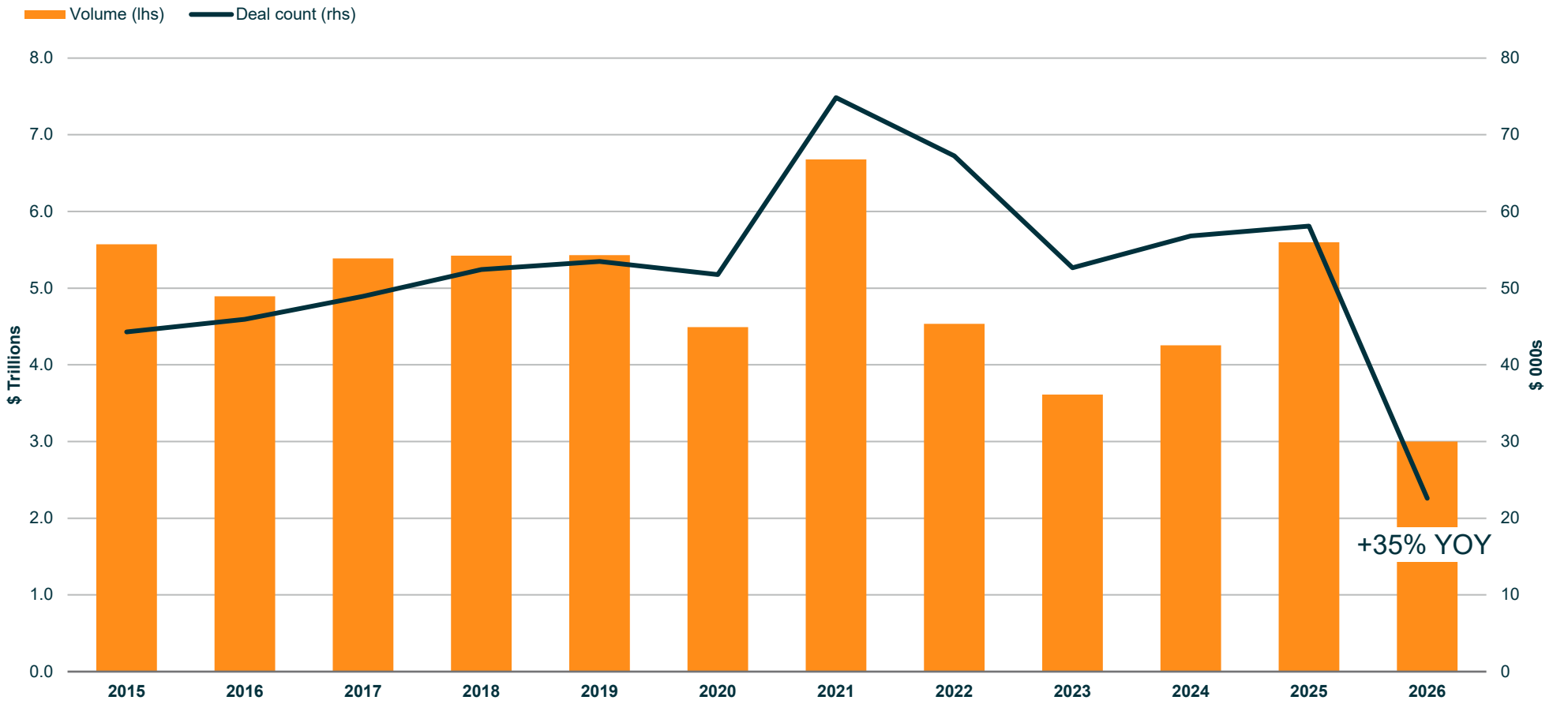


Data source: Bloomberg, L.P., 31 Dec 2022 – 31 Mar 2026. GDP is indexed to 100 as of 31 Dec 2022.

Alternative credit and private equity remain core

Lower interest rates should spur M&A activity

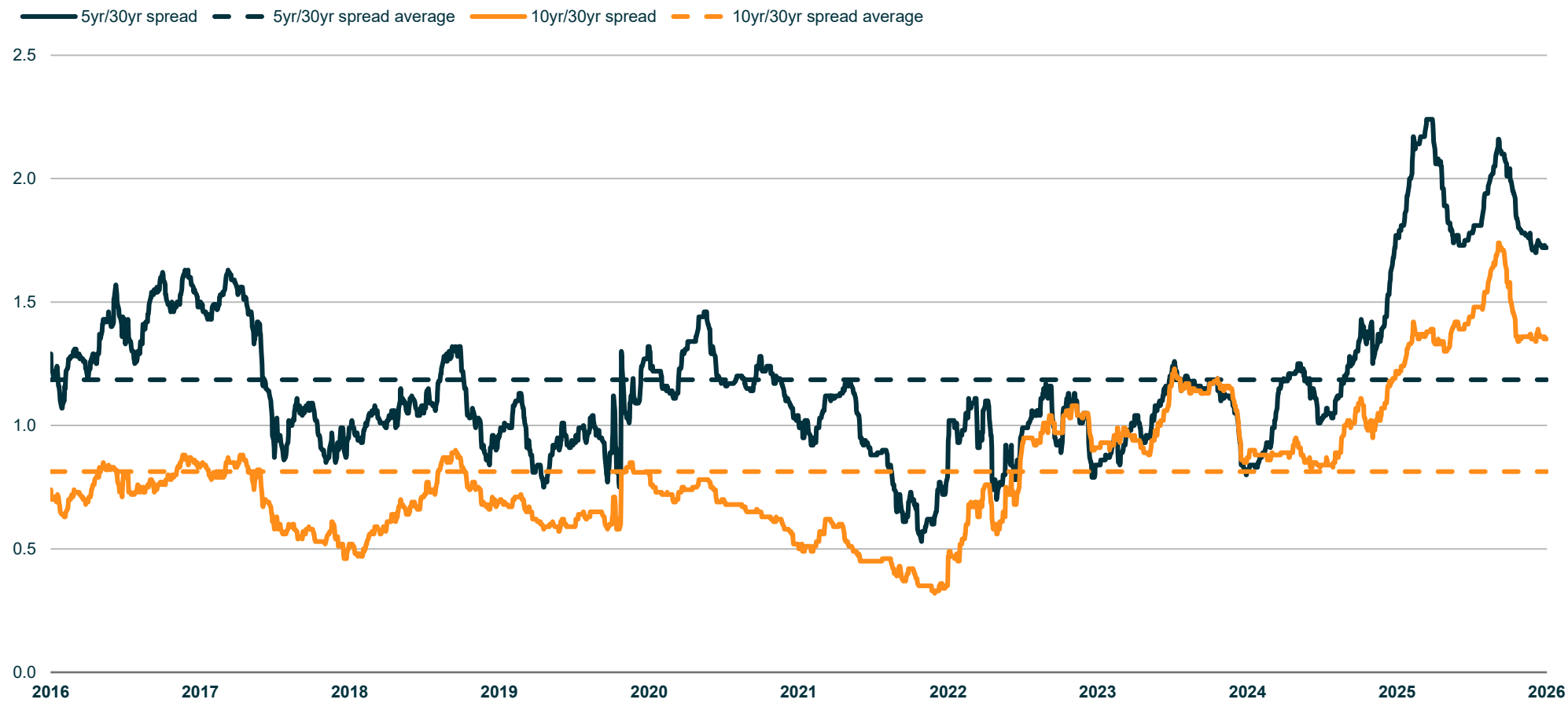
Global M&A activity



Data source: Bloomberg, L.P., 10 Jun 2026.

Municipals continue to offer compelling, durable opportunity

A steep muni yield curve creates duration opportunity

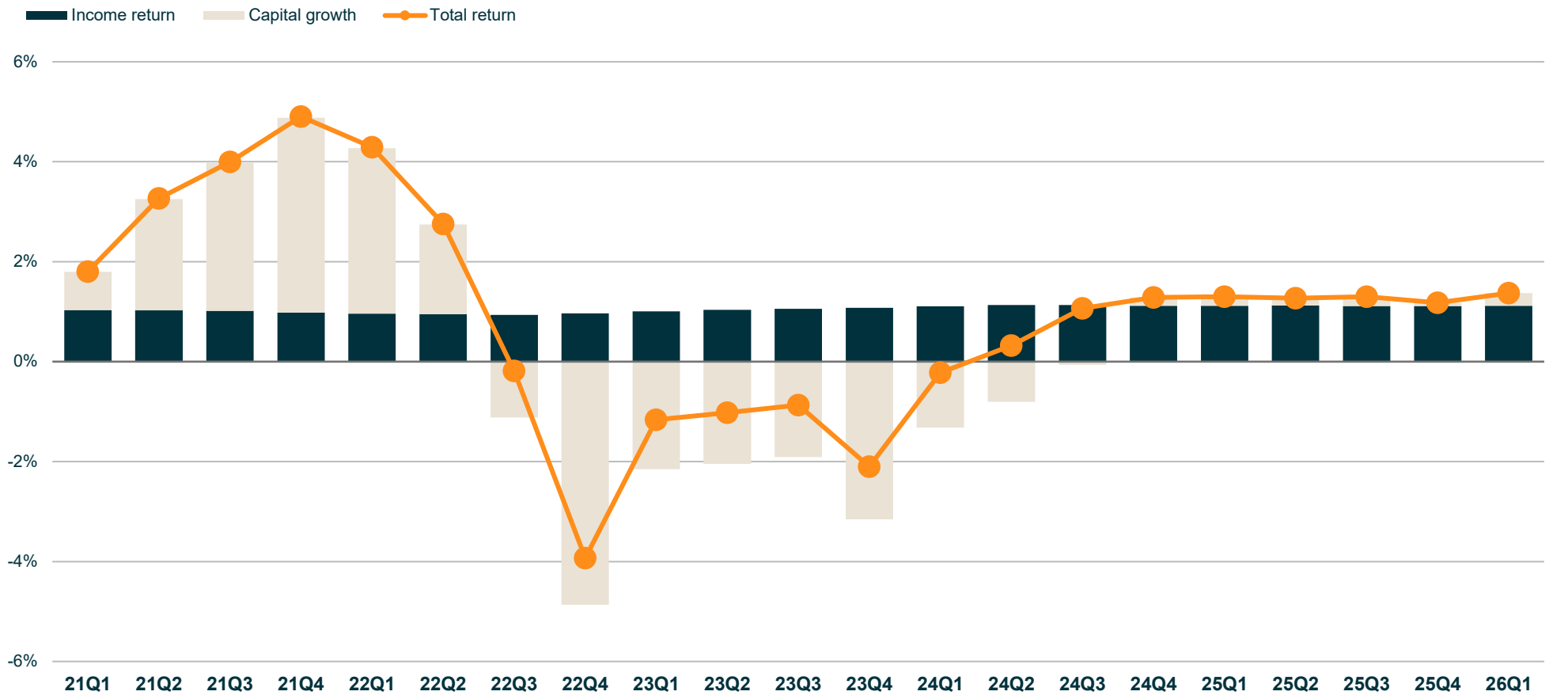


Data source: Nuveen, MMD Refinitiv, 08 Jun 2016 – 08 Jun 2026. **Performance data shown represents past performance and does not predict or guarantee future results.** Curve slopes represent the yield spread between the relevant AAA municipal tenors.

The private real estate rebound is just getting started

Global private real estate total returns have been positive for eight consecutive quarters

Global returns by quarter



Source: MSCI Global Quarterly Property Index (Q1 2026 data as of 08 Jun 2026 data release); Nuveen Real Estate Research. **Performance data shown represents past performance and does not predict or guarantee future results.**

Best ideas across asset classes

Equity

- Market leadership has narrowed again, with global equities almost entirely driven by the AI boom.
- Resilient earnings and ongoing AI capital spending provide meaningful tailwinds, but narrow leadership and stretched valuations warrant focusing on quality.
- We favor a global, flexible approach with an emphasis on high-quality U.S. large caps, while balancing AI exposure with dividend-growing stocks and second-order beneficiaries such as electrification, industrials and robotics.

Fixed income

- U.S. Treasuries offer poor relative value, favoring a barbell approach to credit risk at neutral duration.
- Preferreds and senior loans offer attractive yields backed by solid fundamentals and technicals, while private credit may reward careful selectivity focused on deal structure and strong covenants.
- Municipal bonds remain a top conviction across global fixed income, with health care and higher education offering select opportunities and value concentrated in the 16-to-21 year duration range.

Real estate

- The private real estate recovery is gaining momentum, with capital appreciation expected to broaden across sectors in coming quarters.
- We modestly favor real estate debt given still-elevated rates and relative return prospects, though equity opportunities are growing.
- Top sector picks include outpatient medical, senior housing and grocery-anchored retail, with select out-of-consensus opportunities in neighborhood retail, storage, affordable housing and student housing.

Infrastructure and real assets

- The AI boom and surging energy demand are powerful tailwinds across public and private infrastructure equity and debt.
- We have a moderate preference for infrastructure debt on relative valuation grounds, while seeing strong equity opportunities in power transmission, regulated utilities and hyperscale data centers.
- In private markets, focus areas include clean energy generation, energy storage, data centers and C-PACE financing.

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Important information on risk

All investments carry a certain degree of risk and there is no assurance that an investment will provide positive performance over any period of time.

Equity investing involves risk. Investments are also subject to political, currency and regulatory risks. Dividend-paying stocks are subject to market risk, concentration or sector risk, preferred security risk, and common stock risk. Diversification is a technique to help reduce risk. There is no guarantee that diversification will protect against a loss of income.

Debt or fixed income securities are subject to market risk, credit risk, interest rate risk, call risk, tax risk, political and economic risk, and income risk. As interest rates rise, bond prices fall. Credit risk refers to an issuer's ability to make interest payments when due. Below investment grade or high yield debt securities are subject to liquidity risk and heightened credit risk. Non-U.S. investments involve risks such as currency fluctuation, political and economic instability, lack of liquidity and differing legal and accounting standards. These risks are magnified in emerging markets. It is important to review your investment objectives, risk tolerance and liquidity needs before choosing an investment style or manager.

Investing in municipal bonds involves risks such as interest rate risk, credit risk and market risk, including the possible loss of principal. The value of the portfolio will fluctuate based on the value of the underlying securities. There are special risks associated with investments in high yield bonds, hedging activities and the potential use of leverage. Portfolios that include lower rated municipal bonds, commonly referred to as "high yield" or "junk" bonds, which are considered to be speculative, the credit and investment risk is heightened for the portfolio. Credit ratings are subject to change. AAA, AA, A, and BBB are investment grade ratings; BB, B, CCC/CC/C and D are below-investment grade ratings.

As an asset class, real assets are less developed, more illiquid, and less transparent compared to traditional asset classes. Investments will be subject to risks generally associated with the ownership of real estate-related assets and foreign investing, including changes in economic conditions, currency values, environmental risks, the cost of and ability to obtain insurance, and risks related to leasing of properties.

Asset-backed and mortgage-backed securities are subject to additional risks such as prepayment risk, liquidity risk, default risk and adverse economic developments. The value of convertible securities may decline in response to such factors as rising interest rates and fluctuations in the market price of the underlying securities. Senior loans are subject to loan settlement risk due to the lack of established settlement standards or remedies for failure to settle. These investments are subject to credit risk and potentially limited liquidity, as well as interest rate risk, currency risk, prepayment and extension risk, and inflation risk.

Because infrastructure portfolios concentrate their investments in infrastructure-related securities, portfolios have greater exposure to adverse economic, regulatory, political, legal, and other changes affecting the issuers of such securities. Infrastructure-related businesses are subject to a variety of factors that may adversely affect their business or operations, including high interest costs in connection with capital construction programs, costs associated with environmental and other regulations, the effects of economic slowdown and surplus capacity, increased competition from other providers of services, uncertainties concerning the availability of fuel at reasonable prices, the effects of energy conservation policies and other factors.

Investors should be aware that alternative investments including private equity and private debt are speculative, subject to substantial risks including the risks associated with limited liquidity, the use of leverage, short sales and concentrated investments and may involve complex tax structures and investment strategies. Alternative investments may be illiquid, there may be no liquid secondary market or ready purchasers for such securities, they may not be required to provide periodic pricing or valuation information to investors, there may be delays in distributing tax information to investors, they are not subject to the same regulatory requirements as other types of pooled investment vehicles, and they may be subject to high fees and expenses, which will reduce profits. Alternative investments are not appropriate for all investors and should not constitute an entire investment program. Investors may lose all or substantially all of the capital invested. The historical returns achieved by alternative asset vehicles is not a prediction of future performance or a guarantee of future results, and there can be no assurance that comparable returns will be achieved by any strategy.

As an asset class, agricultural investments are less developed, more illiquid, and less transparent compared to traditional asset classes. Agricultural investments will be subject to risks generally associated with the ownership of real estate-related assets, including changes in economic conditions, environmental risks, the cost of and ability to obtain insurance, and risks related to leasing of properties.

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