

2026 Global Outlook

Pushing limits

BlackRock

**BlackRock
Investment
Institute**



CAPITAL AT RISK. INVESTMENTS CAN RISE OR FALL IN VALUE. FOR PUBLIC DISTRIBUTION IN THE U.S., CANADA, LATIN AMERICA, SELECT COUNTRIES IN EUROPE (SEE THE FULL DISCLAIMER), ISRAEL, SOUTH AFRICA, HONG KONG, SINGAPORE AND AUSTRALIA. FOR INSTITUTIONAL, PROFESSIONAL, AND QUALIFIED INVESTORS AND CLIENTS IN OTHER PERMITTED COUNTRIES.

BIIM12250U_M-503-110-120



Tuan Huynh
Chief Investment Strategist for Germany,
Austria, Switzerland and Eastern Europe
BlackRock Investment Institute



Bruno Rovelli
Chief Investment Strategist for Italy
BlackRock Investment Institute



Roelof Salomons
Chief Investment Strategist for the
Netherlands and the Nordics
BlackRock Investment Institute

The world is being transformed by a few mega forces. In Europe, geopolitical fragmentation is creating a renewed sense of urgency to address structural challenges that have stunted growth for years. We see the direction of travel as positive enough to close some of the long-run performance gap between U.S. and European equities, but more is needed for a broad renaissance. Yet we see bright spots: in financials, infrastructure and now also healthcare. We keep our country preference for Spain. We think the region's broad economic stability is favorable for fixed income assets, especially in credit, which we generally favor over exposure in other geographies.

While big tech's AI buildout is the distinctive feature of the U.S. economy right now, Europe is mostly focusing on ways to unlock reforms that can boost growth that has been mediocre for over a decade. We have already seen some real policy action, for example the 2024 revision of the Stability and Growth Pact (SGP) that makes EU fiscal policy more flexible. Fiscal adjustment plans can now extend from four years to seven if linked to structural reforms – an innovation that could give governments more room to pursue strategic objectives. We see policymakers focusing their actions on three key priorities:

Defense spending. As well as more flexibility in the SGP, countries can now temporarily deviate from budget rules to fund defense. As of 2025, Member States can run additional deficits of up to 1.5% of GDP a year through 2028, specifically for military spending. Indeed, 16 EU countries (including all major economies) have done so. It is no coincidence that the cap of 1.5% matches the gap between current EU military outlays and NATO's 3.5% of GDP target for 2035.

Energy policy. Industrial electricity prices are roughly double those in the U.S. and China. High energy costs and dependence on imports reduce Europe's competitiveness and leave it vulnerable to external shocks.

The European Commission's comprehensive Affordable Energy Action Plan aims to improve competition in energy supply and drastically shorten permitting timelines for new clean power projects and energy infrastructure. Alongside the relaxed fiscal rules (that also facilitate green investments), these measures seek to lower power prices and make the bloc more energy independent.

Mobilizing savings. Europeans are big savers, but much of that money – about €14 trillion – sits in low-yielding bank deposits. While key milestones (like a full banking union) seem out of reach for now, we think tangible progress can be made in improving Europe's attractiveness as an investment destination and in channeling more savings into productive investments. That could create a positive feedback loop: more wealth spurs more consumer spending, thus boosting growth.

Multiple micro-level reforms will also be needed to boost Europe's competitiveness. Some progress is being made here, too. Former ECB President Mario Draghi's report on EU competitiveness set out 383 reform recommendations. One year on, about 11% of those proposals have been fully implemented and 20% more are at least partially achieved, an EPIC report shows.

This policy action has supported European markets in 2025 and, looking ahead, we think it could close much of the performance gap between European and U.S. stocks over the last 15 years (of 8.6% per annum, MSCI data show). But it is still not enough to drive sustained European outperformance. More needs to be done to improve the return on invested capital for European firms, especially versus the U.S. The small outperformance in 2025 was mostly driven by an expansion of multiples rather than earnings growth. Still, LSEG data shows that every European sector trades at a discount to its U.S. equivalent. That opens the door to select opportunities.

We still like financials. Balance sheets, especially of large banks, are healthy, profitability is high, we are likely past “peak regulation”, and AI could drive cost savings. The sector is also likely to be the conduit of rising public spending on defense and infrastructure and, as the main provider of retail investment products in Europe, the nexus for turning European savers into investors.

We also reaffirm our positive view on utilities and infrastructure. We see the political focus on energy as a major positive near-term driver for European utilities, especially those with sizeable exposure to power grid/network operators.

We switch our tactical preference for industrials to healthcare: the sector trades at a discount versus its 10-year history (unlike the broad market), free cash flow generation is second only to IT, and we see it as a potential early beneficiary of AI.

Our preferred country remains Spain. Domestic fundamentals are strong, valuation and earnings momentum are still favorable versus peers, and our preferred sectors are also well represented in Spain.

In fixed income, we generally prefer Europe to elsewhere. Europe's economic governance makes it hard to run persistently high budget deficits, even with now more flexible fiscal policy. Europe's starting point (in both deficit and debt) is stronger than in many other major markets. We think this should translate into less upward pressure on term premium than in the U.S. and Japan.

We also reaffirm our long-held preference for European credit exposure, which has worked well so far. European AI capex is set to be far outstripped by the U.S., likely limiting the amount of re-leveraging in the private sector. Euro high yield is trading closing to historically low spreads, but will likely be supported by somewhat better economic and earnings growth next year and still muted credit losses.

We hope you find this a helpful read and wish you all the best for 2026!



Introduction

Twice a year, BlackRock's senior portfolio managers and investment executives gather for two days to debate the outlook for the global economy and markets – and its implications for portfolios. The Global Outlook is the culmination of that debate and discussion at our latest Forum and informs our macro framing. What has become clear this year: our mega forces framework, launched a few years ago, is a critical way of understanding these drivers of economic transformation and the investment opportunities they create. This Outlook is centered in reconciling the clashing orders of magnitude on investment and potential revenues in the AI buildout – and how it is intersecting with other mega forces, such as the energy transition and future of finance.

Authors



Jean Boivin
Head – BlackRock
Investment Institute



Ed Fishwick
Head of Risk and
Quantitative Analysis –
BlackRock



Wei Li
Global Chief
Investment Strategist –
BlackRock Investment
Institute



Vivek Paul
Global Head of
Portfolio Research –
BlackRock Investment
Institute



Glenn Purves
Global Head of Macro –
BlackRock Investment
Institute



Rick Rieder
Head of
Fundamental Fixed
Income –
BlackRock



Raffaele Savi
Global Head of
Systematic –
BlackRock

Executive sponsors



Rob Kapito
President –
BlackRock



Rich Kushel
Head – BlackRock
Portfolio
Management Group



Raj Rao
Founding Partner,
President and Chief
Operating Officer,
Global Infrastructure
Partners, a part of
BlackRock



Scot French
Founding
Partner and Co-
President, HPS, a
part of BlackRock

Contents

Introduction	4
Summary	5
Investment environment	6-7
Clashing orders of magnitude	6
Growth breakout: now conceivable	7
Themes	8-10
Micro is macro	8
Leveraging up	9
Diversification mirage	10
Mega forces	11-16
AI buildout faces constraints	11
Fragmentation: AI and defense	12
Future of finance evolving quickly	13
Private credit enters new phase	14
Infrastructure: a timely moment	15
Room to run for EM	16
Big calls	17
Granular views	18

The global economy and financial markets are being transformed by mega forces, especially AI. Technology is becoming capital-intensive, and the AI buildout could be unprecedented in both speed and scale. With a few mega forces driving markets, it is hard to avoid making a big call on their direction – and as such, there is no neutral stance, not even exposure to broad indexes. We remain pro-risk and see the AI theme still the main driver of U.S. equities. Yet this environment is ripe for active investing – picking winners and losers from among the builders now and later as AI gains start to spread, in our view.

We've long argued we're in a world of structural transformation shaped by a few mega forces, including geopolitical fragmentation, the future of finance and the energy transition. But the most obvious now is AI, with a buildout of a potentially unprecedented speed and scale. This shift to capital-intensive growth from capital-light is profoundly changing the investment environment and pushing limits on multiple fronts – physical, financial and socio-political.

A few big macro drivers implies a few big market drivers. Today's market concentration reflects underlying economic concentration. That means investors can't avoid making big calls, in our view.

AI is the dominant mega force right now, helping propel U.S. stocks to all-time highs this year. In recent months, investors have started to fret about equity valuations and whether an AI bubble is forming. The Shiller price-to-earnings ratio shows U.S. stock valuations are the most expensive since the dot-com and 1929 bubbles. Market bubbles have arisen in all major historical transformations – and that could happen again. But those bubbles also grew for some time and only became obvious after they burst. That's why we seek to reconcile the potential orders of magnitude of investment and revenues. That's our basis for tracking the AI transformation and is what we do in this Outlook.

The capital spending ambitions tied to the AI buildout are so large that the *micro is macro* – our first theme. The overall revenues could justify the spend – yet it's unclear how much will accrue to the tech companies building AI. That's why they are not on autopilot and could adjust plans with greater visibility on revenues and as stark energy constraints bite. The latter could slow the buildout but create other opportunities. We stay pro-risk and overweight U.S. stocks on the AI theme. This is a great time for active investing for those with insights on who will capture the revenues.

The AI builders are *leveraging up*, our second theme. We think that is needed: The spending is front-loaded – and unavoidable to realize the benefits – while revenues are back-loaded. Along with highly indebted governments, this creates a more levered financial system vulnerable to shocks – including bond yield spikes tied to policy tensions between inflation and debt sustainability. We see private credit and infrastructure supporting this financing. We go underweight long-term U.S. Treasuries tactically.

This environment also creates a *diversification mirage*, our third theme. Allocations made under the guise of diversification may now in fact be big active bets. We think portfolios instead require a clear plan B and a readiness to pivot quickly. We prefer idiosyncratic exposures in private markets.

Clashing orders of magnitude

The AI buildout could be faster and greater than all past technological revolutions. See the chart. External estimates of AI corporate capital spending ambitions range between U.S.\$5-8 trillion globally through 2030, most of that in the U.S. The challenge for investors: reconciling the huge capital spending plans with the potential AI revenues. Will their orders of magnitude match?

Based on the highest end of the spending range, the answer depends on whether U.S. growth can break out from its long-term 2% trend. This is a tall order, but AI makes it conceivable for the first time. See next page. Even if spending and revenues reconcile at the macro level, there is still a timing mismatch. The AI buildout requires front-loaded investment: compute, data centers and energy infrastructure. The eventual revenue from that investment comes later. The buildout is just starting and concentrated in the tech sector, for now, but we see productivity and revenue gains spreading across the economy.

The gap in time between capex needs and eventual revenues means AI builders have started using debt to get over a financing “hump.” This frontloading of spending is necessary to realize eventual gains. Private sector leverage will add to a heavily indebted public sector, creating financial system vulnerabilities. Bond yield spikes could pose a risk to this financing.

All this creates a very different investment environment with some core features. First, higher leverage will result in greater credit issuance across public and private markets. Second, a broadly higher cost of capital as this big borrowing puts upward pressure on interest rates. Third, before new pools of AI revenues spread across the economy, further concentrated market gains within tech will require big calls. And fourth, more room for alpha and active investing as those revenues spread beyond tech. All this means traditional approaches to portfolio construction need a rethink.

A rapid transformation

Length and capital deepening of notable innovations, 1760-2040

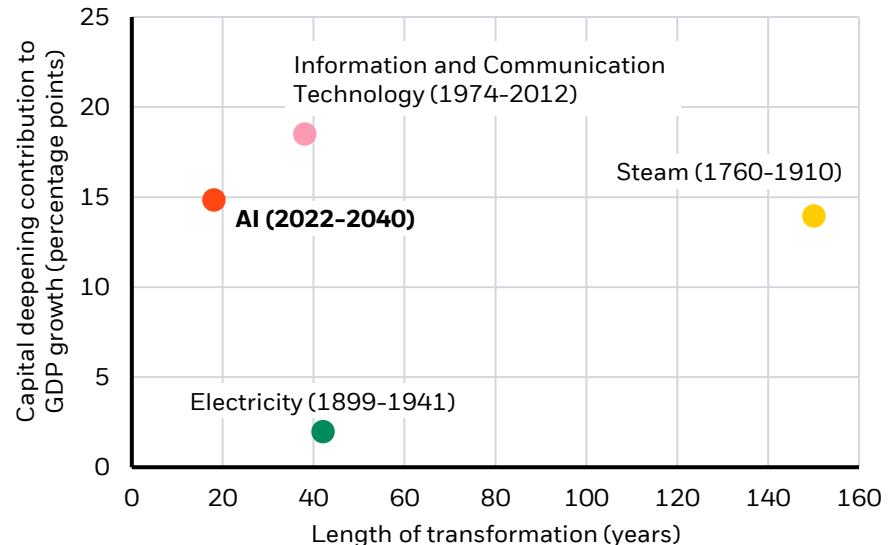


Chart takeaway: The AI transformation is unfolding fast and is driving record investment – we could reach a level close to the largest buildout in half the time.

Forward-looking estimates may not come to pass. Source: BlackRock Investment Institute with data from Crafts (2021), December 2025. Notes: The chart shows the average annual contribution of capital spending to GDP growth for previous U.S. technologies (except “steam,” for the UK) against the length of time the capital was spent. Estimates for steam, electricity and ICT are taken from Crafts (2021). The spend needed for artificial intelligence (AI) is calculated using realized capital spending between 2022-2024, the upper end of the U.S.\$5-8 trillion range of total capital spending intentions spanning the period 2025-2030, and an assumption that capex intensity continues at a similar rate through 2030-2040.

This investment environment has some core features: higher leverage, a higher cost of capital, concentrated gains requiring the need to make big calls, and more opportunities for active views.

Growth breakout: now conceivable

We see AI capital spending still supporting growth in 2026, with the contribution to U.S. growth from investment totaling three times its historical average this year. This capital-intensive boost is likely to persist into next year, allowing growth to hold up even as the labor market keeps cooling. This “no hiring, no firing” stasis gives the Federal Reserve room to keep trimming policy rates in 2026. Yet inflation could prove sticky above the Fed’s 2% target. We see a favorable policy and regulatory backdrop heading into the U.S. midterm elections. Any rebound in business confidence and hiring could reignite inflation, bringing back policy tensions with debt sustainability.

Zooming out, AI will likely keep trumping tariffs and traditional macro drivers as it has in 2025. In a world where U.S. trend growth stays under 2%, absorbing that capex will require big macro adjustments – crowding out other non-AI spending in the economy, and potentially resulting in much higher inflation.

But the big question is whether it’s possible for U.S. growth to eventually break out of its long-term trend. The U.S. sits at the global economic frontier. But all major innovations of the last 150 years – including steam, electricity and the digital revolution – were not enough for it to break out of its 2% growth trend. Doing so is a tall order.

Yet it is conceivable for the first time. Why? AI is not only an innovation itself but has the potential to innovate the process of innovation. AI could begin to generate, test and improve new concepts on its own. If that happens, the rate of discovery could accelerate, driving scientific breakthroughs such as in materials, drugs and technology. This self-reinforcing loop of accelerating innovation is key to achieving the breakout.

While conceivable, we don’t know if it will happen. We track evidence that can serve as a leading indicator of faster innovation – for example, a surge in the number of new patents each year – before any benefits start to show up in broader activity data.

Never broken out

U.S. GDP per capita and long-term trend, 1870-2024

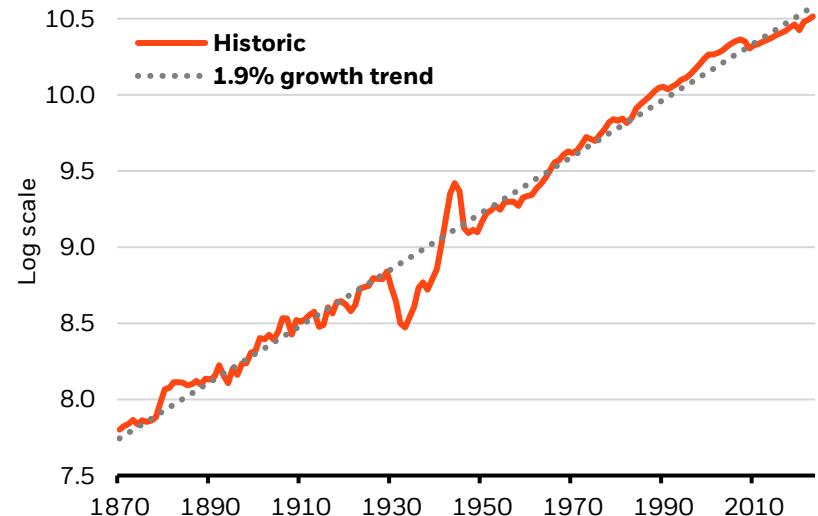


Chart takeaway: Over the past 150 years, U.S. growth has stayed remarkably close to a 2% trend even with past technological revolutions. We think it’s conceivable that accelerating AI-driven innovation could boost growth above that trend.

Source: BlackRock Investment Institute, Bureau of Economic Analysis and Macrohistory Database, with data from Haver Analytics, December 2025. Note: Historical data compiled by Óscar Jordà, Moritz Schularick, and Alan M. Taylor. 2017. Macrofinancial History and the New Business Cycle Facts. in NBER Macroeconomics Annual 2016, volume 31, edited by Martin Eichenbaum and Jonathan A. Parker. Chicago: University of Chicago Press.

For the U.S. to break out of a 2% growth trend, it will require innovation in how we innovate – and that first requires massive upfront investment.

Micro is macro

The AI buildout is dominated by a handful of companies whose spending is so large that it has a macro impact. Taking a view on these companies requires assessing whether the macro math adds up.

Take the upper end of the range of AI investment ambitions through 2030 of \$8 trillion. See page 6. Broker analysts see total annual hyperscaler revenue increasing by \$1.6 trillion. That would fall short of the revenues needed to deliver a reasonable rate of return of 9-12% on that upper-end of AI investment. See the chart. But that's not the full picture: the true potential of AI goes beyond existing business lines. As AI becomes embedded in the economy, we expect it to create entirely new pools of revenue in the tech sector and beyond. Where exactly is highly uncertain. But we can still try to gauge the macro size.

To do that, suppose we break out of a 2% growth world and AI delivers a 1.5% boost to growth through productivity gains. We estimate that this would expand economy-wide revenues by \$1.1 trillion per year – more than enough to justify the upper-end of spending.

But even if the numbers might add up at the macro level, there is no guarantee those revenues will flow to the AI builders. If the tech sector grows its share of revenue from 25% now, LSEG data show, to 35%, that's a \$400 billion boost. See the right bar. Combining these new revenues with current analyst estimates suggests this could deliver a reasonable return on investment.

We see room for tech revenues to move in that direction as current AI builders eat into parts of the tech ecosystem, like software. AI's ability to automate tasks, such as coding, means it could replace other tech services. Yet revenue gains will increasingly spread across sectors and the economy. Entirely new AI-created revenue streams are likely to develop. How those revenues are shared is likely to evolve – and we don't yet know how. Finding winners will be an active investment story.

We stay overweight U.S. stocks and the AI theme, supported by robust earnings expectations. The capex may pay off overall even if not for individual companies. The next phase may be more about energy and resolving bottlenecks.

Doing the math

Estimates of annual U.S. corporate revenue growth through 2030

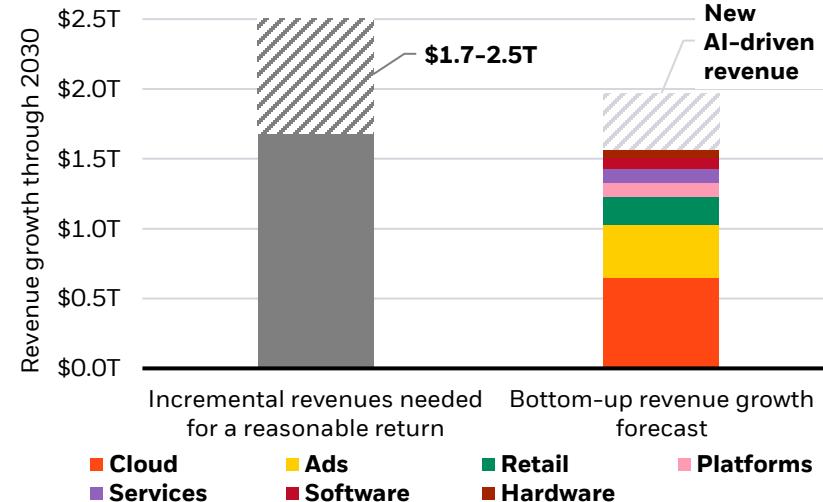


Chart takeaway: We find that large tech firms will need to grow revenue faster for AI-driven investment to pay off.

Forward-looking estimates may not come to pass. Source: BlackRock Investment Institute, Bloomberg and others, December 2025. Notes: The left bar shows the necessary incremental revenues to be achieved 2025-2030 to reach a 9-12% lifetime internal rate of return. This is based on data center deployment estimates (gigawatt terms) and capex per gigawatt assumptions reflecting cost inflation, GPU life, phasing and hyperscaler market share. We cross-referenced with other sources including McKinsey & Company, Boston Consulting Group, Lawrence Berkeley National Laboratory, International Energy Agency, U.S. Department of Energy, BloombergNEF, Schneider Electric, Electric Power Research Institute and others. These calculations include retail revenue growth (Amazon) and other non-data center revenues according to Bloomberg consensus estimates. The right bar shows the Bloomberg consensus for the increase in annual revenues over 2025-2030 for U.S. hyperscalers including Microsoft, Meta and Google.

Investment implications

- We stay risk-on and overweight U.S. stocks on the AI theme.
- We believe the AI theme will become an active investment story of identifying new winners as AI revenues spread across the economy.

Leveraging up

Getting over the AI buildout's financing hump between front-loaded investment and back-loaded revenues needs long-term financing. That means greater leverage is inevitable. This has already started as seen from recent bond sales from large tech firms.

The good news: the starting point for private sector leverage is healthy, particularly listed tech. The largest cloud spenders sport an average debt-to-equity ratio of 0.54 times as of Nov. 26, Bloomberg data show, pointing to room to lever up. New issuance from major tech firms has so far been well received by markets.

The financing needs tied to AI capex far exceed what even the largest firms can meet internally. But this is occurring against a backdrop of already highly leveraged public sector balance sheets. See the chart. Elevated debt and competing fiscal priorities - from Germany's defense push, stretched U.S. and UK budget deficits and Japan's new spending pledges - limit the public sector's role in financing the AI buildout.

That's why we expect companies to keep tapping public and private credit markets, creating opportunities for investors.

Higher borrowing across public and private sectors is likely to keep upward pressure on interest rates. Elevated debt servicing costs are one reason we see term premium – or compensation investors demand to hold long-term bonds – rising and pushing up yields. We turn underweight long-term Treasuries. AI could eventually deliver the productivity gains needed to ease public debt burdens, yet that will take time.

One risk: a structurally higher cost of capital raises the cost of AI-related investment and affects the broader economy. A more leveraged system also creates vulnerabilities to shocks such as bond yield spikes tied to fiscal concerns or policy tensions between managing inflation and debt servicing costs. Indebted governments have less capacity to cushion such shocks. This is where AI financing needs and government debt constraints intersect.

Debt divergence

U.S. government and corporate debt, 1950-2025

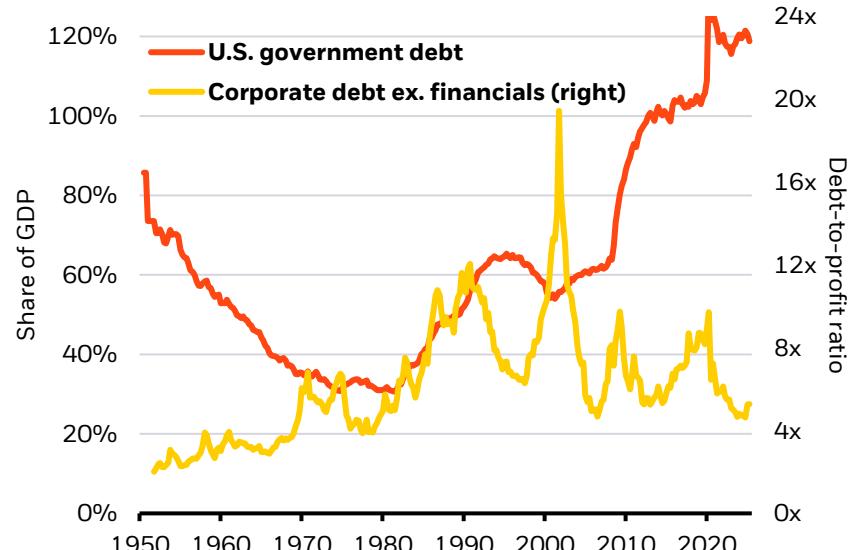


Chart takeaway: Public and private balance sheets have diverged sharply: government debt has surged to postwar highs while corporate leverage has eased. This is why the corporate sector has room to leverage up to fund the AI buildout.

Source: BlackRock Investment Institute, Congressional Budget Office, Bureau of Economic Analysis, Federal Reserve Board, with data from Haver Analytics and LSEG Datastream, December 2025. Notes: The chart shows U.S. federal debt as a share of nominal GDP, and debt of U.S. nonfinancial corporations as a share of pre-tax profits.

Investment implications

- We see rising AI exposure in public and private credit markets.
- We go tactically underweight long-term Treasuries as we see investors demanding more term premium.

Diversification mirage

Portfolio decisions taken under the guise of “diversifying” away from the handful of forces driving markets is now a bigger active call. Our analysis shows that after accounting for common drivers of equity returns, like value and momentum, an ever larger share of U.S. equity returns reflects a single, common driver. See the chart. Markets are more concentrated, with less breadth.

Attempts to diversify away from the U.S. or AI – toward other regions or equal-weighted indexes, for example – amount to larger active calls than before. They have left portfolios less exposed to this year’s dominant driver of returns – a driver we have conviction in. The equal-weighted S&P 500 is up just 3% this year versus 11% for the market cap-weighted S&P, LSEG data show. We don’t think this can be viewed as indiscriminately spreading out bets for diversification. They should be recognized as big active calls that need to be made with conviction. Moreover, if the AI theme stumbles, the impact will likely dwarf any seeming diversification away from it.

Traditional diversifiers like long-term Treasuries do not offer the portfolio ballast they once did. That’s why investors have been hunting for other portfolio hedges – reviving interest in gold this year. We see it more as a tactical play with distinct return drivers and are skeptical of its role as a long-term portfolio hedge.

We think diversification means shifting away from broad asset classes or regional views to more granular, nimbler positioning and themes that work across scenarios. Portfolios need a clear plan B and a readiness to pivot quickly.

We don’t see easy passive diversification options in this environment. We think investors should focus less on spreading risk indiscriminately and more on owning it more deliberately – in short, a more active approach. We think high-conviction strategies like private markets and hedge funds pair diversification with strong return potential, in our view. And much of their performance is idiosyncratic, allowing manager skill to show through.

A powerful common driver

Variance in S&P 500 returns explained by a dominant underlying factor



Chart takeaway: After controlling for equity style factors, the share of daily S&P 500 returns explained by a single factor has jumped since last year – a sign of a concentrated market.

The figure shown relates to past performance. Past performance is not a reliable indicator of current or future results. Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index. Source: BlackRock Investment Institute, with data from Bloomberg and Kenneth R. French, December 2025. Note: The line shows the variance of daily S&P 500 stock returns explained by a common driver after accounting for factors like stock value, size and momentum. This was calculated using first principal component (PC1) of a principal component analysis (PCA) over a rolling 252-day window. PC1 attempts to determine the common driver in a set of numbers that change often – like stock returns for example.

Investment implications

- Traditional diversifiers like long-dated bonds offer less potential portfolio ballast.
- This environment calls for seeking truly idiosyncratic return sources, such as private markets and hedge funds, and staying tactical.

AI buildout faces constraints

The AI buildout in the U.S. faces many constraints: political, financial as we have noted, but especially physical constraints involving compute and energy – with energy the most binding now.

AI data centers could use 15-20% of current U.S. electricity demand by 2030 – a scale sure to test the limits of power grid, fossil and materials industries. See the chart. Some estimates even suggest data centers could use a quarter of current electricity demand. Rising power demand collides with a backlog of projects waiting to connect with the electric grid and generally slow permitting in the West. Capex plans could be walked back if such limits bite, crimping ambition around the AI buildout.

China stands in contrast, building power generation and transmission at pace. That includes on-time and on-budget nuclear reactors plus coal, hydropower and renewables. China's solar and battery manufacturing is driving domestic solar and battery costs down.

We believe that gives China a number of advantages in deploying AI infrastructure: power-intensive data centers need cheap, stable and clean energy. The focus on DeepSeek this year, a seemingly more energy-efficient Chinese AI model, showed that greatly reducing the energy needed for compute could partly ease energy constraints.

We see opportunities emerging where constraints will likely bite the most: power systems, grids, critical minerals and potential beneficiaries from permitting reform. Private capital will be central to bridging the gap between the current supply of energy and future demand as elevated debt limits government spending, in our view.

“

Companies haven't struggled to get chips – the real constraint is land and energy.”



Alastair Bishop
Portfolio manager,
BlackRock
Fundamental Equities

Facing constraints

U.S. data center power demand as a share of total, 2024-30

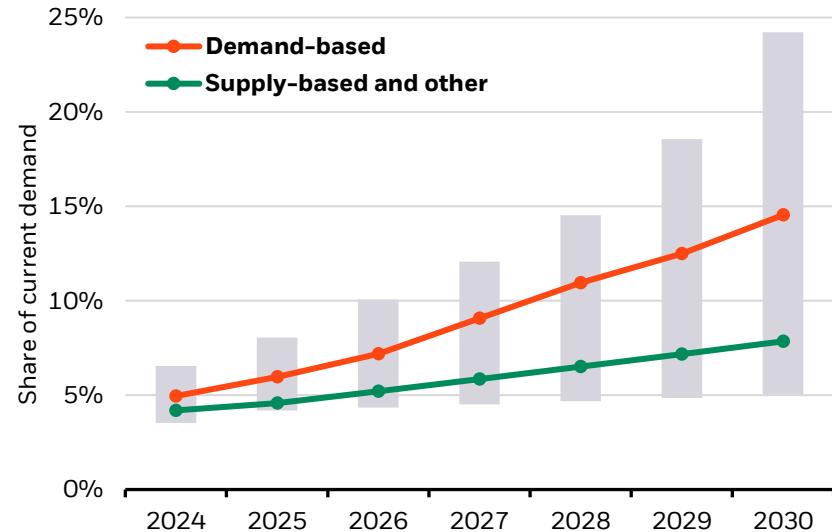


Chart takeaway: The electricity needs of data centers could make up a quarter of current U.S. electricity demand by 2030 – with demand-based estimates exceeding those factoring in supply constraints. That underscores the scale of the challenge and the uncertainty around how the demand will be met.

Forward looking estimates may not come to pass. Source: BlackRock Investment Institute, based on sources reviewed by BloombergNEF, December 2025. Note: Grey bars show the total range, while lines denote the median of data center power demand forecasts by method as a share of 2024 U.S. total power demand, including traditional data centers and artificial intelligence (AI) data centers and excluding cryptocurrency and data transmission networks demand.

Investment implications

- Major chokepoints – like power systems and the permitting of land – could constrain the AI buildout.
- We see private capital playing a critical role in financing future energy projects.

Fragmentation: AI and defense

We have entered the third distinct world order since World War Two as the U.S. fundamentally resets its economic and geopolitical relationships with the world. Transactional trade, industrial policy and a resetting of alliances to advance a series of U.S. interests mark a decisive break from the post-Cold War order.

The U.S.-China rivalry is the defining feature of geopolitics. Competition spans trade, technology, energy and defense. AI is at the center. Both see AI as the key technology determining future economic and military advantage this century. And both are undertaking major efforts to curb strategic dependencies that can be weaponized.

Elsewhere, an ongoing war of attrition in Ukraine, an uncertain peace in Gaza amid structural regional change and the largest U.S. build-up of forces in the Caribbean in decades show how regional conflicts and crises can layer volatility atop a structurally elevated risk environment.

In Europe, rising U.S. protectionism, weak competitiveness and Russia's invasion of Ukraine have restored urgency in addressing Europe's challenges, with the EU embracing parts of the Draghi report to guide policy. NATO allies agreed to target defense spending of 5% of GDP by 2035. See the chart. And Germany suspended its "debt brake" to raise defense and infrastructure spend. Urgency is driving progress in energy, where elevated power prices and reliance on imports make the bloc vulnerable to geopolitical shocks. Looser fiscal rules are boosting energy investment, and new regulation aims to promote competition and reduce permitting times for clean energy projects.

“

The U.S. and China AI race will define both economic and military advantage this century.”



Tom Donilon
Vice Chairman,
BlackRock

Europe steps up spending

Defense spending, 1960-2027

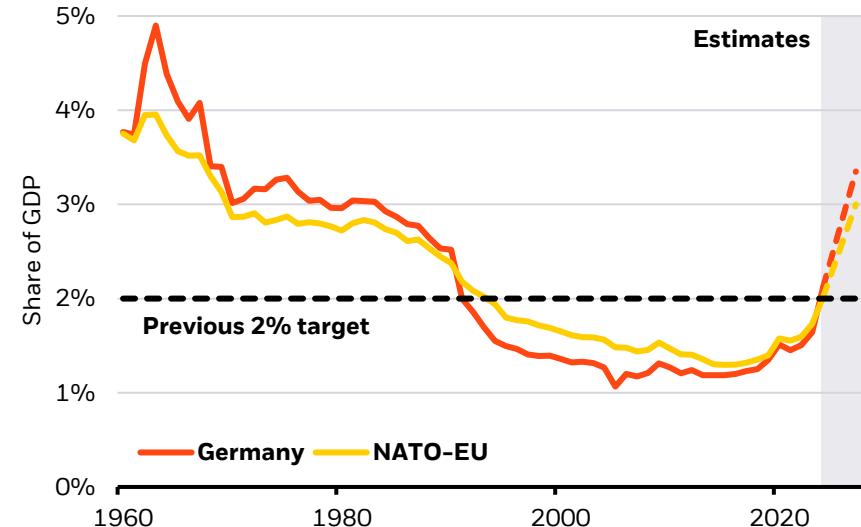


Chart takeaway: This year's commitment by NATO allies to boost defense spending to 5% as a share of GDP by 2035 follows decades of lagging the previous 2% target. We think it highlights how deepening geopolitical fragmentation is raising urgency.

Forward looking estimates may not come to pass. Source: BlackRock Investment Institute, NATO, World Bank and European Commission, July 2025. Note: The solid lines show defense spending as a share of GDP for Germany and European NATO countries. The dotted line estimates assume current plans to boost defense spending are realized.

Investment implications

- Hefty defense spending could create medium-term opportunities in European defense tech.
- We see the political focus on energy as a positive driver for European utilities.

Future of finance evolving quickly

New asset classes, from crypto to private markets, and their broader access has implications for core aspects of the financial system.

Take stablecoins – digital tokens pegged to a fiat currency, typically the U.S. dollar, and backed by reserve assets. They are evolving from a tool native to crypto to a bridge between digital and traditional finance. A rising market value – now over \$250 billion as of Nov. 27, per Coingecko – reflects wider use across payments, from crypto trading and settlement to cross-border transfers. See the chart. The 2025 Genius Act established the first U.S. framework for payment stablecoins, placing them under regulatory oversight. The law bars issuers from paying interest but a “marketing-rewards” provision enables yield-like incentives. That allows competition with bank deposits or money market funds, which, if it occurred at scale, could meaningfully affect how banks provide credit to the broader economy. The likely extent of such shifts is highly uncertain.

What is clearer is that stablecoin adoption is widening, including integration into mainstream payment systems. Beyond banking, we see potential for adoption in cross-border payments. Additionally, in EMs, stablecoins could be used domestically as an alternative to local currency, broadening dollar access but challenging monetary control if domestic currency use declines, supporting the dollar.

These developments mark a modest but meaningful step toward a tokenized financial system that is evolving rapidly, where digital dollars coexist with – and reshape – traditional channels of intermediation and policy transmission.

“
Stablecoins are no longer niche – they’re becoming the bridge between traditional finance and digital liquidity.”



Samara Cohen
 Global Head of Market Development,
 BlackRock

The rise of stablecoins

Stablecoin market cap and share of total crypto market, 2020-25

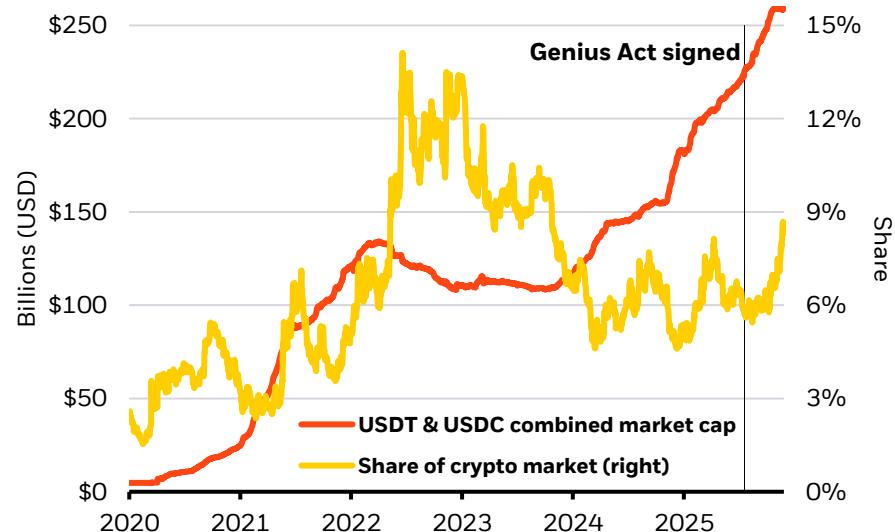


Chart takeaway: Stablecoins have become a structural part of digital finance – their market cap has surged to record highs even as crypto prices fluctuated, underscoring their growing role as the system’s primary source of dollar liquidity and on-chain stability.

This information is not intended as a recommendation to invest in any particular asset class or strategy or as a promise- or even estimate- of future performance. The figures shown relate to past performance. Past performance is no guarantee of current or future results. Source: BlackRock Investment Institute, with data from Coingecko as of November 27, 2025. Note: The orange line shows the combined market cap of Tether (USDT) and USD Coin (USDC), and the yellow line shows their combined market cap relative to the entire cryptocurrency market.

Investment implications

- Stablecoin adoption is widening and is increasingly integrated into mainstream payment systems.
- These developments mark a modest but meaningful step toward a tokenized financial system.

Private credit enters new phase

Private credit has entered a more uneven phase after years of rapid growth. Larger, established lenders remain resilient, while some smaller and newer entrants are under pressure. Competition and abundant capital amid lower buyout and deal activity has compressed spreads and led some lenders to compromise on credit standards.

While pockets of stress are evident, we think they are concentrated, not contagious. See the chart. Covenant defaults among smaller borrowers have risen more than among larger ones – an indication of growing dispersion in private credit. We also expect dispersion by industry, with businesses heavily exposed to the consumer or threatened by AI most at risk.

We see defaults as more pronounced in a challenging economic environment. Losses will rise in tandem as poorly structured deals unwind, in our view – a normal and necessary correction after a long benign cycle.

Reported data may mask stress through restructurings or payments-in-kind, but we think a shakeout will distinguish disciplined lenders from others. That now makes manager selection, due diligence, workout capabilities and track records even more crucial. We think that gives established lenders with strong documentation and proven expertise an edge.

Retail flows into semi-liquid private credit products are likely to be procyclical and may amplify volatility during periods of stress. Wider dispersion creates more alpha opportunities and highlights why investment skill is key.

“Expect greater dispersion in private credit, heightening the importance of manager selection.”



Vikas Kewswani
Managing Director at HPS, a part of BlackRock

Dispersion in defaults

Covenant default rates by revenues, 2024-25

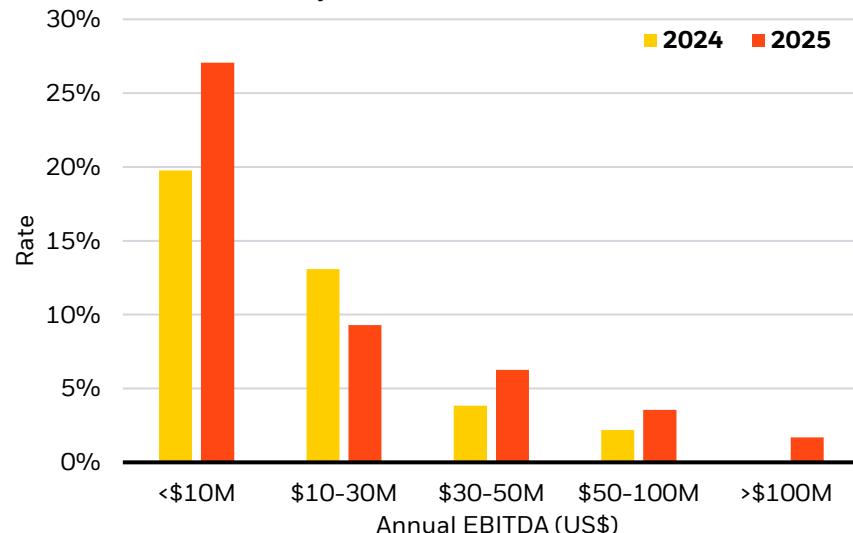


Chart takeaway: Covenant default rates among smaller borrowers are much higher compared with larger counterparts. We think that illustrates the widening dispersion within private credit – creating potential alpha for skilled investors.

The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results. Source: BlackRock Investment Institute, Lincoln International, November 2025. Note: The bars show the size-weighted covenant default rates by revenue. The dataset excludes companies with negative debt. The 2024 and 2025 data are for Q2 in both years.

Investment implications

- The gap between established lenders and newer entrants is growing.
- We think manager selection, due diligence and track records are critical for capturing potential alpha.

Infrastructure: a timely moment

Infrastructure sits at the intersection of structural demand and a timely market opportunity, in our view. We define infrastructure as exposure to essential, long-lived real assets — transport, energy, digital and utility systems — whose cash flows are often regulated or contracted, giving them “defensive” characteristics.

The AI buildout adds another dimension: as we've discussed earlier, we believe there will be clear winners, yet we don't know who will capture the ultimate revenues. In any case, we see infrastructure as indispensable, providing the power, data networks and connectivity that the eventual winners rely on. We think valuations don't reflect the long-term potential. Listed infrastructure trades at a deep discount to public equities — below global financial crisis levels and comparable to the Covid-19 shock. See the chart. This discount partly reflects uncertainty about the outlook for interest rates rather than deteriorating fundamentals, in our view.

For long-term investors able to accept higher illiquidity, we also see attractive opportunities in private infrastructure that gives investors the ability to directly control assets. Private infrastructure also offers exposure to certain types of infrastructure typically harder to find in public markets such as carbon capture and storage or biofuels.

For investors with income or liability-matching goals, we believe both investment grade and sub-investment grade infrastructure debt offer appeal. High yield infrastructure debt offers relatively attractive spreads and investment grade debt can offer insurers capital efficiency. Both can offer partial inflation linkage.

“

The infrastructure for AI is a permanent trend, and the race now is to secure the land, water, and power to build it.”



Scott Pearl
Managing Director at
GIP, a part of
BlackRock

A valuation discount

Listed infrastructure vs. MSCI World valuations, 2010-25

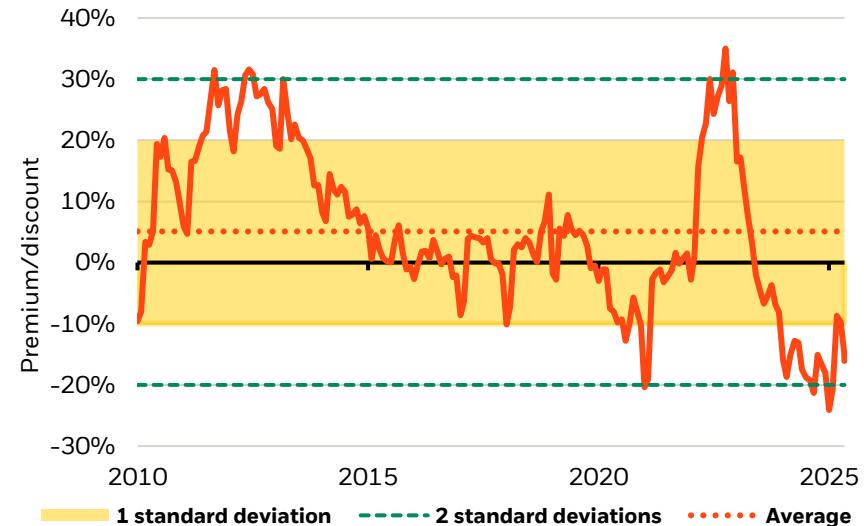


Chart takeaway: Market pricing does not reflect the opportunity in infrastructure from mega forces driving multi-decade investment needs, creating an attractive entry point.

The figures shown relate to past performance. Past performance is not a guarantee of current or future results. Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index. Source: BlackRock Investment Institute, with data from FTSE, MSCI, December 2025. Notes: The chart shows the relative difference between the EV/EBITDA ratio of the FTSE World Core Infrastructure 50/50 index and MSCI World indices. The orange dotted line shows the average, the shaded yellow area show the range of 1 standard deviation from the average and the green dashed lines show the range of 2 standard deviations from the average.

Investment implications

- Valuations don't fully reflect the infrastructure opportunity — underpinned by mega forces driving multi-decade investment needs.
- We think institutional investors can up infrastructure allocations across public and private markets.

Room to run for EMs

Emerging markets have had a strong 2025. Local-currency EM bonds led gains as inflation fell, central banks cut rates and EM currencies strengthened against a softer U.S. dollar. In our view, that phase is ending as much of the early policy easing and currency strength is now reflected in returns.

We now see opportunities in hard-currency EM debt and turn overweight. A weaker dollar, lower U.S. rates and prudent fiscal and monetary policy have improved EM credit fundamentals, reflected by a slew of sovereign rating upgrades. Spreads are near decade lows across regions, supported by limited issuance and stronger balance sheets. We favor high-yield EM issuers leading sovereign ratings upgrades this year – see chart. We see these upgrades as a sign of improving credit quality that alongside attractive carry underpins our overweight. We prefer bonds to equities across EM on a tactical horizon on steadier income potential and valuations that better reflect near-term risks.

We stay neutral broad EM equities on a tactical horizon as mega forces drive opportunities and we don't see a clear direction for the U.S. dollar. We favor selective exposure to tech and themes linked to AI and the energy transition across EM and China. The rewiring of supply chains is benefiting countries like Mexico, Brazil and Vietnam, in our view.

In our strategic investment views of five years and beyond, a preference for above-benchmark allocations to Indian equities drives a broader overweight to EM equities. India's young and expanding workforce, rapid digitization and resilience in a fragmented geopolitical landscape bolster its long-term growth prospects, we think.

“

The average EM is more resilient, better managed and looking more like part of the core.”



Pablo Goldberg
Head of Research and
Portfolio Manager,
Emerging Market
Debt Team, BlackRock

Jump in quality

Rating upgrades to emerging market (EM) sovereign debt, 2010-2025

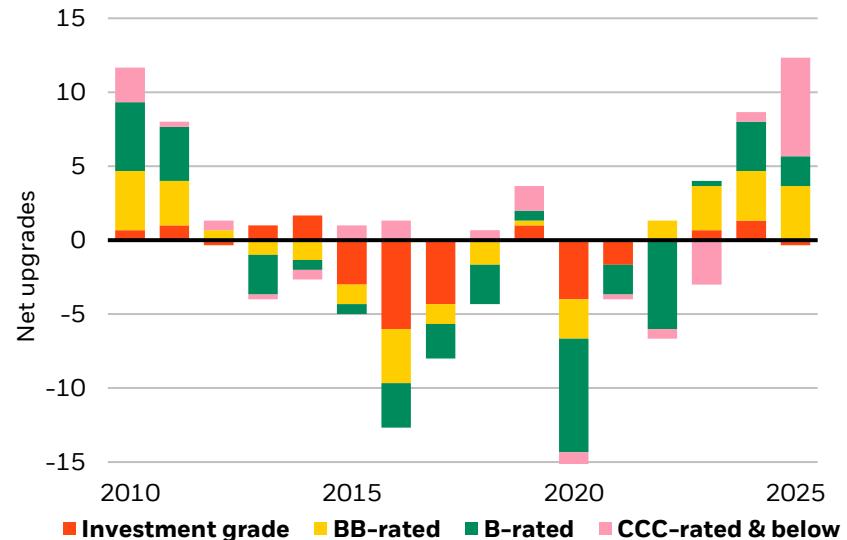


Chart takeaway: Higher-yielding emerging market bonds are driving most of this year's ratings upgrades. We think it highlights a rising quality in EM bonds – that are already attractive as high-income opportunities, in our view.

The figures shown relate to past performance. Past performance is not a guarantee of current or future results.

Source: BlackRock Investment Institute, Morgan Stanley Research, Standard & Poor's, Moody's Investors Service and Fitch Ratings, with data from Bloomberg, December 2025. Note: The bars show the net upgrades (number of upgrades minus the number of downgrades) made by S&P, Moody's and Fitch of emerging market sovereign debt across different credit ratings.

Investment implications

- We like EM hard currency debt tactically given attractive income, limited issuance and stronger sovereign balance sheets.
- On a long-term horizon, we favor EM equities at the cross current of mega forces, like India.

Going global

We stay overweight U.S. stocks on the broadening AI theme, with risk appetite supported by Fed rate cuts.

The AI theme has broadened out this year, benefiting a wider array of markets including China, Taiwan and South Korea. Europe's lagging earnings growth relative to the U.S. keeps us neutral its stocks, but we prefer sectors such as financials and industrials.

Japanese stocks are one of our preferred tactical and strategic exposures. Solid economic growth and shareholder-friendly reforms underpin our overweight. We're underweight Japanese government bonds – and DM long-dated bonds broadly. We prefer EM hard-currency debt on attractive carry, limited issuance and healthy sovereign balance sheets.

We think India offers one of the most compelling opportunities across emerging markets for long-term investors looking to tap into mega forces. We favor above-benchmark allocations to Indian equities within strategic portfolios with investment horizons of five years and beyond. Demographics are India's greatest long-term strength, in our view: a large and expanding working-age population, unlike many major economies, bode well for sustained gains in productivity and consumption, we think. We also see it as a potential beneficiary of heightened geopolitical fragmentation that benefits multi-aligned and connector countries.

Big calls

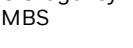
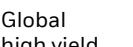
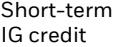
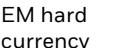
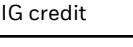
Our highest conviction views on six- to 12-month (tactical) and over five-year (strategic) horizons, Dec. 2025

Tactical	Reasons
Still favor AI	<ul style="list-style-type: none"> We see the AI theme supported by strong earnings, resilient profit margins and healthy balance sheets at large listed tech companies. Continued Fed easing into 2026 and reduced policy uncertainty underpin our overweight to U.S. equities.
Select international exposures	<ul style="list-style-type: none"> We like Japanese equities on strong nominal growth and corporate governance reforms. We stay selective in European equities, favoring financials, utilities and healthcare. In fixed income, we prefer EM due to improved economic resilience and disciplined fiscal and monetary policy.
Evolving diversifiers	<ul style="list-style-type: none"> We suggest looking for a “plan B” portfolio hedge as long-dated U.S. Treasuries no longer provide portfolio ballast – and to mind potential sentiment shifts. We like gold as a tactical play with idiosyncratic drivers but don't see it as a long-term portfolio hedge.
Strategic	Reasons
Portfolio construction	<ul style="list-style-type: none"> We favor a scenario-based approach as we learn more about AI winners and losers. We lean on private markets and hedge funds for idiosyncratic return and to anchor portfolios in mega forces.
Infrastructure equity and private credit	<ul style="list-style-type: none"> We find infrastructure equity valuations attractive and mega forces underpinning structural demand. We still like private credit but see dispersion ahead – highlighting the importance of manager selection.
Beyond market cap benchmarks	<ul style="list-style-type: none"> We get granular in public markets. We favor DM government bonds outside the U.S. Within equities, we favor EM over DM yet get selective in both. In EM, we like India which sits at the intersection of mega forces. In DM, we like Japan as mild inflation and corporate reforms brighten the outlook.

Note: Views are from a U.S. dollar perspective, December 2025. This material represents an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This information should not be relied upon by the reader as research or investment advice regarding any particular funds, strategy or security.

Tactical granular views

Six- to 12-month tactical views on selected assets vs. broad global asset classes by level of conviction, December 2025

Underweight	Neutral	Overweight	● Previous view	Fixed income	View	Commentary
Equities	View	Commentary				
United States		We are overweight. Strong corporate earnings, driven in part by the AI theme, are supported by a favorable macro backdrop: continued Federal Reserve easing, broad economic optimism and less policy uncertainty, particularly on the trade front.	+1	Short U.S. Treasuries		We are neutral. We see other assets offering more compelling returns as short-end yields have fallen alongside the U.S. policy rate.
Europe		We are neutral. We would need to see more business-friendly policy and deeper capital markets for recent outperformance to continue and to justify a broad overweight. We stay selective, favoring financials, utilities and healthcare.		Long U.S. Treasuries		We are overweight. We see high debt servicing costs and price-sensitive domestic buyers pushing up on term premium. Yet we see risks to this view: lower inflation and better tax revenues could push down yields near term.
UK		We are neutral. Valuations remain attractive relative to the U.S., but we see few near-term catalysts to trigger a shift.	Neutral	Global inflation - linked bonds		We are neutral. We think inflation will settle above pre-pandemic levels, but markets may not price this in the near-term as growth cools.
Japan		We are overweight. Strong nominal GDP, healthy corporate capex and governance reforms – such as the decline of cross-shareholdings – all support equities.	+1	Euro area govt bonds		We are neutral. We agree with market forecasts of ECB policy and think current prices largely reflect increased German bond issuance to finance its fiscal stimulus package. We prefer government bonds outside Germany.
Emerging markets		We are neutral. Economic resilience has improved, yet selectivity is key. We see opportunities across EM linked to AI and the energy transition and see the rewiring of supply chains benefiting countries like Mexico, Brazil and Vietnam.	Neutral	UK gilts		We are neutral. The recent budget aims to shore up market confidence through fiscal consolidation. But deferred borrowing cuts could bring back gilt market volatility.
China		We are neutral. Trade relations with the U.S. have steadied, but property stress and an aging population still constrain the macro outlook. Relatively resilient activity limits near-term policy urgency. We like sectors like AI, automation and power generation. We still favor China tech within our neutral view.	Neutral	Japanese govt bonds		We are overweight. Rate hikes, higher global term premium and heavy bond issuance will likely drive yields up further.
<p>Past performance is not a reliable indicator of current or future results. It is not possible to invest directly in an index. Note: Views are from a U.S. dollar perspective. This material represents an assessment of the market environment at a specific time and is not intended to be a forecast or guarantee of future results. This information should not be relied upon as investment advice regarding any particular fund, strategy or security.</p>						
Asia credit		We are neutral. Overall yields are attractive and fundamentals are solid, but spreads are tight.	Neutral	U.S. agency MBS		We are overweight. Agency MBS offer higher income than Treasuries with similar risk and may offer more diversification amid fiscal and inflationary pressures.
Global high yield		We are neutral. High yield offers more attractive carry in an environment where growth is holding up – but we think dispersion between higher and weaker issuers will increase.	Neutral	Short-term IG credit		We are neutral. Corporate strength means spreads are low, but they could widen if issuance increases and investors rotate into U.S. Treasuries as the Fed cuts.
EM hard currency		We are overweight. A weaker U.S. dollar, lower U.S. rates and effective EM fiscal and monetary policy have improved economic resilience. We prefer high yield bonds.	+1	Long-term IG credit		We are underweight. We prefer short-term bonds less exposed to interest rate risk over long-term bonds.
EM local currency		We are neutral. A weaker U.S. dollar has boosted local currency EM debt, but it's unclear if this weakening will persist.	Neutral			

General disclosure: This material is intended for information purposes only, and does not constitute investment advice, a recommendation or an offer or solicitation to purchase or sell any securities to any person in any jurisdiction in which an offer, solicitation, purchase or sale would be unlawful under the securities laws of such jurisdiction. This material may contain estimates and forward-looking statements, which may include forecasts and do not represent a guarantee of future performance. This information is not intended to be complete or exhaustive and no representations or warranties, either express or implied, are made regarding the accuracy or completeness of the information contained herein. The opinions expressed are as of December 2025 and are subject to change without notice. Reliance upon information in this material is at the sole discretion of the reader. Investing involves risks.

In the **U.S. and Canada**, this material is intended for public distribution. **In EMEA**, in the UK and Non-European Economic Area (EEA) countries: this is Issued by BlackRock Investment Management (UK) Limited, authorised and regulated by the Financial Conduct Authority. Registered office: 12 Throgmorton Avenue, London, EC2N 2DL. Tel: +44 (0)20 7743 3000. Registered in England and Wales No. 02020394. For your protection telephone calls are usually recorded. Please refer to the Financial Conduct Authority website for a list of authorised activities conducted by BlackRock. **In the European Economic Area (EEA)**: this is Issued by BlackRock (Netherlands) B.V. is authorised and regulated by the Netherlands Authority for the Financial Markets. Registered office Amstelplein 1, 1096 HA, Amsterdam, Tel: 020 – 549 5200, Tel: 31-20-549-5200. Trade Register No. 17068311 For your protection telephone calls are usually recorded. **In Italy**, for information on investor rights and how to raise complaints please go to <https://www.blackrock.com/corporate/compliance/investor-right> available in Italian. **In Switzerland**, for qualified investors in Switzerland: This document is marketing material. Until 31 December 2021, this document shall be exclusively made available to, and directed at, qualified investors as defined in the Swiss Collective Investment Schemes Act of 23 June 2006 ("CISA"), as amended. From 1 January 2022, this document shall be exclusively made available to, and directed at, qualified investors as defined in Article 10 (3) of the CISA of 23 June 2006, as amended, at the exclusion of qualified investors with an opting-out pursuant to Art. 5 (1) of the Swiss Federal Act on Financial Services ("FinSA"). For information on art. 8 / 9 Financial Services Act (FinSA) and on your client segmentation under art. 4 FinSA, please see the following website: www.blackrock.com/finsa. **For investors in Israel**: BlackRock Investment Management (UK) Limited is not licensed under Israel's Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 5755-1995 (the "Advice Law"), nor does it carry insurance thereunder. **In South Africa**, please be advised that BlackRock Investment Management (UK) Limited is an authorized financial services provider with the South African Financial Services Board, FSP No. 43288. **In the DIFC** this material can be distributed in and from the Dubai International Financial Centre (DIFC) by BlackRock Advisors (UK) Limited – Dubai Branch which is regulated by the Dubai Financial Services Authority (DFSA). This material is only directed at 'Professional Clients' and no other person should rely upon the information contained within it. BlackRock Advisors (UK) Limited - Dubai Branch is a DIFC Foreign Recognised Company registered with the DIFC Registrar of Companies (DIFC Registered Number 546), with its office at Unit 06/07, Level 1, Al Fattan Currency House, DIFC, PO Box 506661, Dubai, UAE, and is regulated by the DFSA to engage in the regulated activities of 'Advising on Financial Products' and 'Arranging Deals in Investments' in or from the DIFC, both of which are limited to units in a collective investment fund (DFSA Reference Number F000738). **In the Kingdom of Saudi Arabia**, issued in the Kingdom of Saudi Arabia (KSA) by BlackRock Saudi Arabia (BSA), authorised and regulated by the Capital Market Authority (CMA), License No. 18-192-30. Registered under the laws of KSA. Registered office: 7976 Salim Ibn Abi Bakr Shaikan St, 2223 West Umm Al Hamam District Riyadh, 12329 Riyadh, Kingdom of Saudi Arabia, Tel: +966 11 838 3600. CR No, 1010479419. The information contained within is intended strictly for Sophisticated Investors as defined in the CMA Implementing Regulations. Neither the CMA or any other authority or regulator located in KSA has approved this information. **In the United Arab Emirates** this material is only intended for -natural Qualified Investor as defined by the Securities and Commodities Authority (SCA) Chairman Decision No. 3/R.M. of 2017 concerning Promoting and Introducing Regulations. Neither the DFSA or any other authority or regulator located in the GCC or MENA region has approved this information. **In the State of Kuwait**, those who meet the description of a Professional Client as defined under the Kuwait Capital Markets Law and its Executive Bylaws. **In the Sultanate of Oman**, to sophisticated institutions who have experience in investing in local and international securities, are financially solvent and have knowledge of the risks associated with investing in securities. **In Qatar**, for distribution with pre-selected institutional investors or high net worth investors. **In the Kingdom of Bahrain**, to Central Bank of Bahrain (CBB) Category 1 or Category 2 licensed investment firms, CBB licensed banks or those who would meet the description of an Expert Investor or Accredited Investors as defined in the CBB Rulebook. The information contained in this document, does not constitute and should not be construed as an offer of, invitation, inducement or proposal to make an offer for, recommendation to apply for or an opinion or guidance on a financial product, service and/or strategy. **In Singapore**, this is issued by BlackRock (Singapore) Limited (Co. registration no. 200010143N). This advertisement or publication has not been reviewed by the Monetary Authority of Singapore. **In Hong Kong**, this material is issued by BlackRock Asset Management North Asia Limited and has not been reviewed by the Securities and Futures Commission of Hong Kong. **In South Korea**, this material is for distribution to the Qualified Professional Investors (as defined in the Financial Investment Services and Capital Market Act and its sub-regulations). **In Taiwan**, independently operated by BlackRock Investment Management (Taiwan) Limited. Address: 28F, No. 100, Songren Rd., Xinyi Dist., Taipei City 110, Taiwan. Tel: (02)23261600. **In Japan**, this is issued by BlackRock Japan, Co., Ltd. (Financial Instruments Business Operator: The Kanto Regional Financial Bureau. License No 375, Association Memberships: Japan Investment Advisers Association, The Investment Trusts Association, Japan, Japan Securities Dealers Association, Type II Financial Instruments Firms Association) for Institutional Investors only. All strategies or products BLK Japan offer through the discretionary investment contracts or through investment trust funds do not guarantee the principal amount invested. The risks and costs of each strategy or product we offer cannot be indicated here because the financial instruments in which they are invested vary each strategy or product. **In Australia**, issued by BlackRock Investment Management (Australia) Limited ABN 13 006 165 975 AFSL 230 523 (BIMAL). The material provides general information only and does not take into account your individual objectives, financial situation, needs or circumstances. **In New Zealand**, issued by BlackRock Investment Management (Australia) Limited ABN 13 006 165 975, AFSL 230 523 (BIMAL) for the exclusive use of the recipient, who warrants by receipt of this material that they are a wholesale client as defined under the New Zealand Financial Advisers Act 2008. Refer to BIMAL's Financial Services Guide on its website for more information. BIMAL is not licensed by a New Zealand regulator to provide 'Financial Advice Service' 'Investment manager under an FMC offer' or 'Keeping, investing, administering, or managing money, securities, or investment portfolios on behalf of other persons'. BIMAL's registration on the New Zealand register of financial service providers does not mean that BIMAL is subject to active regulation or oversight by a New Zealand regulator. **In China**, this material may not be distributed to individuals resident in the People's Republic of China ("PRC", for such purposes, not applicable to Hong Kong, Macau and Taiwan) or entities registered in the PRC unless such parties have received all the required PRC government approvals to participate in any investment or receive any investment advisory or investment management services. **For Other APAC Countries**, this material is issued for Institutional Investors only (or professional/sophisticated /qualified investors, as such term may apply in local jurisdictions). **In Latin America**, no securities regulator within Latin America has confirmed the accuracy of any information contained herein. The provision of investment management and investment advisory services is a regulated activity in Mexico thus is subject to strict rules. For more information on the Investment Advisory Services offered by BlackRock Mexico please refer to the Investment Services Guide available at www.blackrock.com/mx.

BlackRock Investment Institute

The BlackRock Investment Institute (BII) leverages the firm's expertise and generates proprietary research to provide insights on macroeconomics, sustainable investing, geopolitics and portfolio construction to help BlackRock's portfolio managers and clients navigate financial markets. BII offers strategic and tactical market views, publications and digital tools that are underpinned by proprietary research.