UNTIL THE MUSIC STOPS



BARCLAYS | Private Bank

Backing your future



JEAN-DAMIEN MARIE
GLOBAL HEAD OF INVESTMENTS
PRIVATE BANK AND WEALTH MANAGEMENT

Welcome to our Outlook 2027, as our Chief Investment Office at Barclays Private Bank and Wealth Management dissect the last year and examine what it might mean for investors.

It's been a challenging year for financial markets. An energy shock revived inflation and led the US Federal Reserve to raise interest rates for the first time in three years. Long-term borrowing costs climbed to their highest in more than two decades. Yet equities reached new records, carried by the extraordinary earnings of companies at the heart of artificial intelligence (AI).

Our Outlook 2027 explores how these forces have played out across the largest economies and what they mean for bonds, equities and alternatives strategies. Higher yields have created a more supportive backdrop for income investors, even if fiscal strains suggest caution. In equities, we expect earnings rather than valuations to set the pace, with leadership likely to remain heavily AI-dependent.

No one knows when the music will stop. That is why we spend as much time on how portfolios are built as where the opportunities lie. When one theme runs through so much of the market, diversifying by what drives returns, not by asset class labels, matters more. The year ahead calls for agility and composure, and our teams see ample opportunities for investors prepared to stay disciplined.

As always, we hope you enjoy the articles, and we thank you for entrusting us with your investments.

Authors



JULIEN LAFARGUE, CFA
CHIEF MARKET STRATEGIST



JUDIYAH AMIRTHANATHAR
MARKET STRATEGIST



MICHEL VERNIER, CFA
HEAD OF FIXED INCOME STRATEGY



ALEKSANDAR DEVIC, PHD
FIXED INCOME STRATEGY SPECIALIST



EGE KAYAN
VICE PRESIDENT, PRIVATE MARKETS



PIERRE EMMANUEL CRAMA
DIRECTOR, HEDGE FUNDS



NIKOLA VASILJEVIC, PHD
HEAD OF GLOBAL ASSET ALLOCATION

Contributors

LUKE MAYBERRY
INVESTMENT STRATEGIST

LIAM CRAWFORD, CFA
INVESTMENT STRATEGIST

IAIN MARTIN
INVESTMENT WRITER

IN THIS REPORT

EXECUTIVE SUMMARY 06
UNTIL THE MUSIC STOPS

MACRO 10
SAME TUNE, SLOWER TEMPO

ASSET CLASS PREFERENCES 14
GLOBAL ASSET CLASS PREFERENCES

EQUITIES 18
WHO FEEDS THE JUKEBOX?

BONDS 24
THE DEBT FAIRY TALE BRINGS REPRICING OPPORTUNITIES

CREDIT DISPERSION 32
CORPORATE CREDIT: JAZZIER THAN IT LOOKS

ALTERNATIVES 36
RESHAPED BY DISPERSION AND THE AI BUILD-OUT

PORTFOLIO STRATEGY 42
ALL THAT JAZZ: IN SEARCH OF HARMONY

Please note: These articles are technical in nature and may require some background knowledge and investing experience to understand the themes explored. All data referenced in this report is sourced from Bloomberg unless otherwise stated, and is accurate at the time of publishing.

The Alternatives article is intended for readers with a solid understanding of investments. Investing in private markets and hedge funds carries higher risks than investing in public markets. Past performance is never a guarantee of future performance, and you may get back less than you invested. This communication is also general in nature and provided for informational/educational purposes only. It does not take into account the specific investment objectives, financial situation, or needs of any particular person.



EXECUTIVE SUMMARY

UNTIL THE MUSIC STOPS

JULIEN LAFARGUE, CFA
CHIEF MARKET STRATEGIST

Although our key calls around carry in fixed income and dispersion in equities played out as expected, 2026 was full of surprises and upset the consensus more than once.

Looking ahead to the next 12 months, we believe it's important to remain humble and acknowledge that the outlook is highly uncertain. This is because we're navigating a complex geopolitical landscape and a challenging fiscal backdrop while going through what could be the biggest technological revolution. To get 2027 right on the macro front, investors need to call two things: the price of energy and the price of money.

The price of energy will largely decide what central banks do and whether their current hawkish expectations are justified. This, alongside heavy government borrowing, will then dictate the price of money. The more expensive it is to borrow, the higher the cost for consumers, corporates and governments alike.

"To get 2027 right on the macro front, investors need to call two things: the price of energy and the price of money"

The other key piece of this puzzle is, of course, artificial intelligence (AI). While the infrastructure build-out will continue, the higher cost of funding debt may start to weigh on the economics of some projects. Political and popular pushback is another factor that could delay the roll-out of much-anticipated compute power.

Writing the hymn sheet

Anticipating the move in energy prices, its impact on monetary policy and the subsequent influence on a theme that is dominating everything is only half of the challenge. The other, more important half is getting portfolio positioning right.

This is a significant challenge at a time when financial markets appear to have placed one big bet and cross-asset-class correlations have shifted. Faced with this uncertainty, investors have two options: duck and wait or accept the challenge. We remain invested, until the music stops.

The tune in question is one of strong earnings and a resilient economic backdrop, both of which are linked to AI. As such, investing today isn't about AI versus everything else. Exposure to this technological revolution is a given: the question for investors is how, where and how much exposure they should have in their portfolio.

"The tune in question is one of strong earnings and a resilient economic backdrop, both of which are linked to AI. As such, investing today isn't about AI versus everything else"

AI still leads the band

Going into next year, we believe investors should continue to overweight the AI theme. However, dissonances have started to emerge.

With funding more expensive and the supply of compute capacity increasingly constrained, the market's expectations surrounding the supply chain may need to reset lower. To be clear, we're not saying the technology will disappoint.

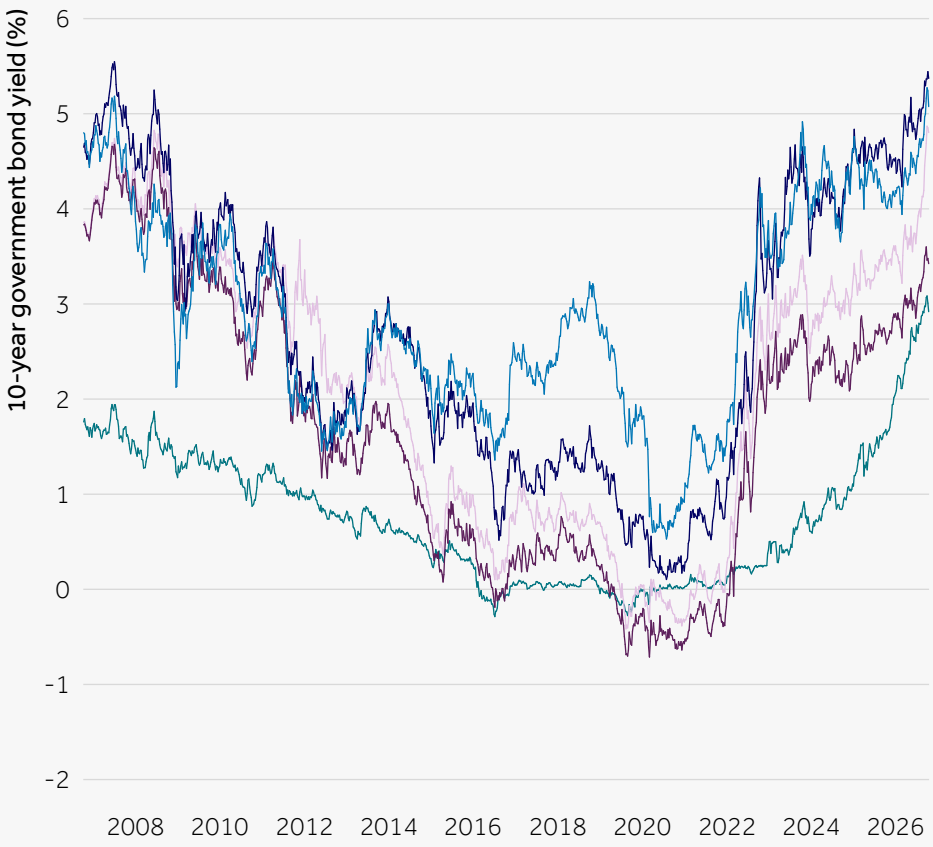
In fact, 2027 should be the year when AI starts to visibly impact adopters' income statements. It will still be marginal in most cases, but this improved visibility should reassure investors that aggregate revenue growth and margin expansion are still possible.

What we fear is that demand for compute outruns the capacity to deliver it, forcing investors to reconsider when this new technology will reach scale.

Similarly, we doubt that AI-driven productivity gains will be huge in 2027, but they will be real. This is important because higher productivity, and therefore higher growth, is one way to prevent global indebtedness from getting out of control.

THE PRICE OF MONEY HITS MULTI-DECADE HIGHS

Ten-year government bond yields for the US, UK and Japan are at their highest in two decades



Source: Bloomberg, Barclays Private Bank, October 2026

Fixed income: pitch imperfect

Excessive government debt won't be solved in the next 12 months and with inflation still running hot, we remain relatively cautious on government bonds, expecting more turbulence in 2027.

For income-oriented investors who are less sensitive to the daily mark-to-market of their bond holdings, the environment is more supportive than it's been in years (see chart above). Yet, we would guard against extending duration at this juncture.

As the trajectory for inflation becomes clearer and as markets reconsider AI-driven growth momentum, we believe that the time may come to increase duration over the course of the year. For the time being, the sweet spot in our view lies in the belly of the yield curve and higher up the quality spectrum.

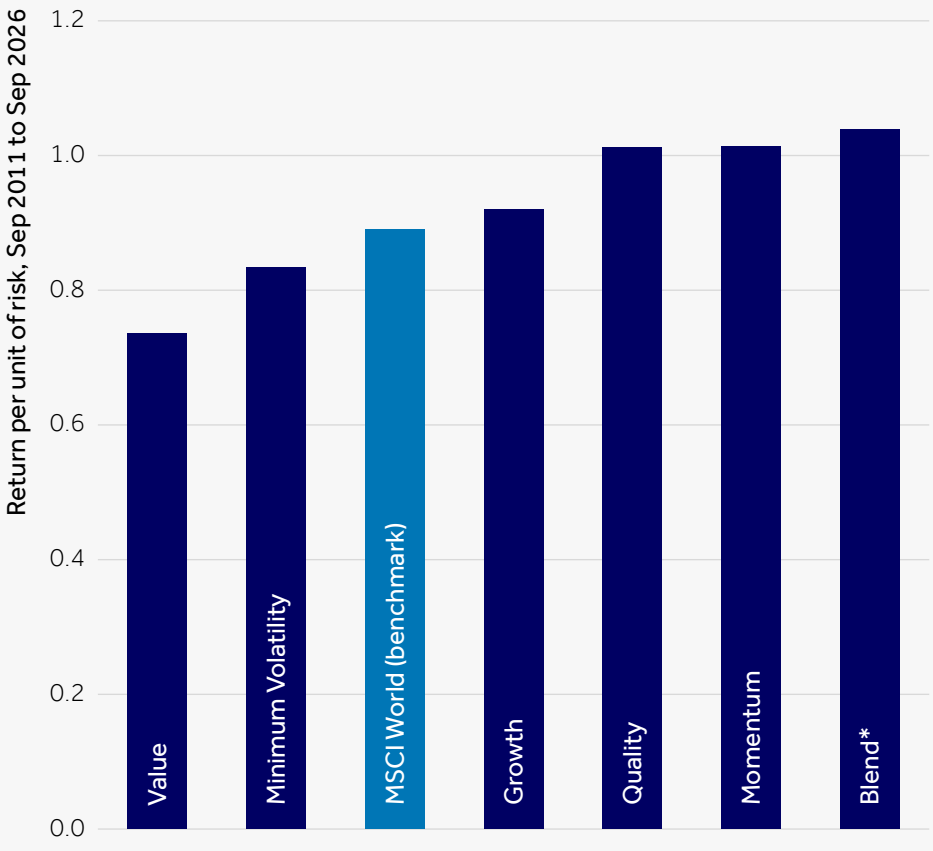
Equities: adjusting the tune

Taking a view on the risk-reward of investing in equity markets is more challenging. Earnings growth expectations are elevated, and while valuations have fallen, they still aren't a bargain – especially if earnings disappoint. In addition, the binary nature of the macro landscape suggests that sector rotations will be frequent and potentially violent.

This points to continued dispersion rather than broad-based upside. As a result, we are less convinced that market leadership will (re)broaden beyond AI. More importantly, we don't think investors can approach 2027 with a static playbook. For the time being, we favour US equities, the technology, energy and healthcare sectors, and a blend of momentum, quality and low-volatility exposure. But we fully expect our positioning to shift through the year (see chart on the next page).

"We favour US equities, the technology, energy and healthcare sectors, and a blend of momentum, quality and low-volatility exposure"

PICK YOUR FACTOR
Factor performance in the 15 years to September, as measured by the return on a unit of risk



Source: MSCI, FactSet, Barclays Private Bank, October 2026. Annualised net return in USD divided by annualised volatility of monthly returns.

*Blend comprises 33% quality, 33% momentum and 33% minimum volatility.

Listening for clues

It's impossible to know precisely when the music will stop, if it ever will, but it's almost inevitable that a few beats will be skipped. Unfortunately, earnings revisions are slow-moving and macroeconomic signals aren't always reliable. This is why we believe that investors should monitor a range of indicators, as highlighted in All that JAZZ: In search of harmony and focus their attention on portfolio construction.

Although bonds have failed to cushion equities' downside in recent years, they still provide useful diversification in a growth-scare scenario. To complement this – and to account for the risk of additional supply-driven shocks – we believe that investors should revisit their exposure to real assets, and to infrastructure in particular. Finally, with return dispersion likely to remain elevated, there is a growing opportunity set for hedge funds.

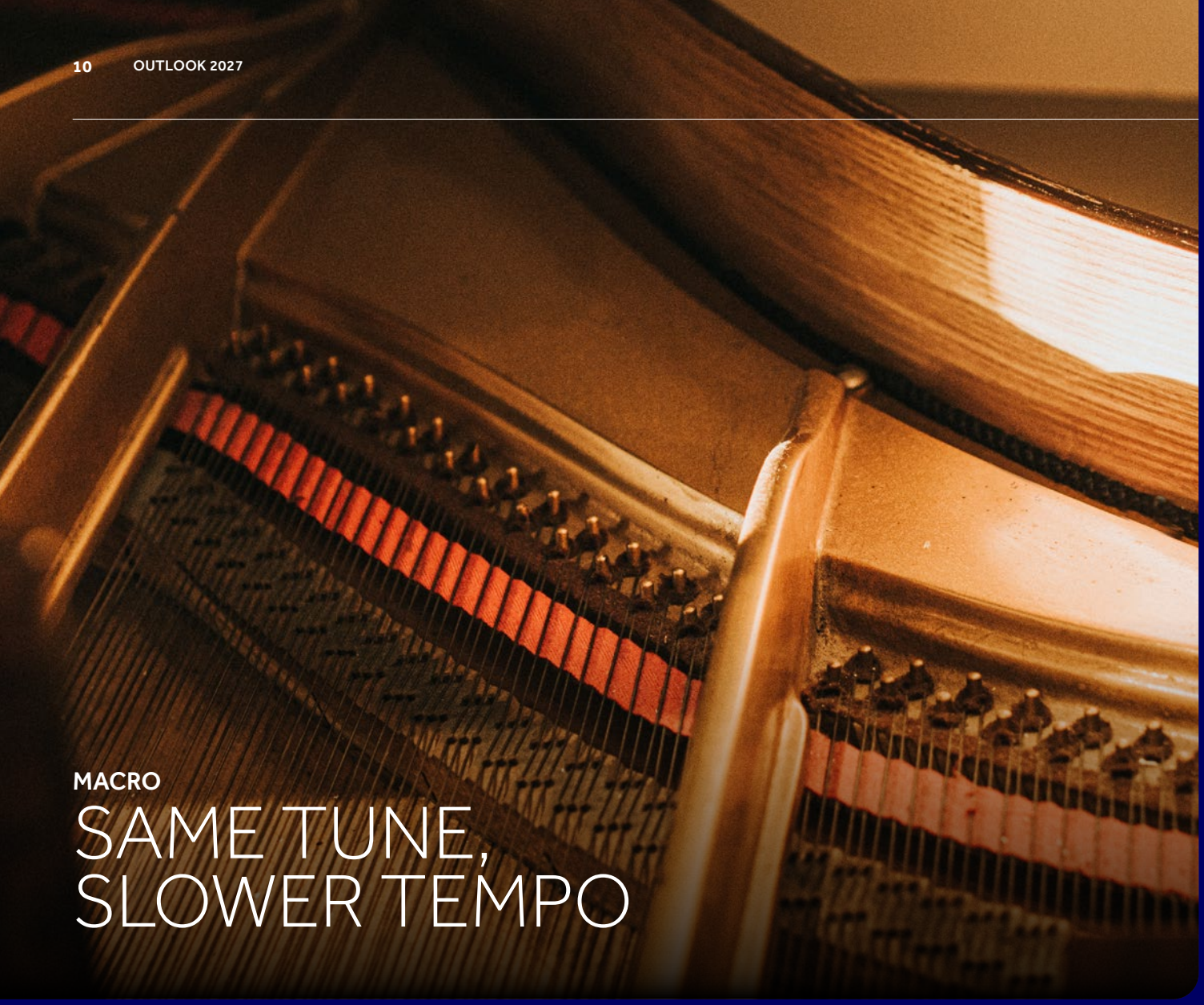
In sum, we expect 2027 to provide ample opportunities to generate attractive returns. But capturing them won't be straightforward and requires both agility and composure.

Our approach is to:

1. Take the long view on AI
2. Stay disciplined in fixed income
3. Let portfolio construction do the work.

Investing is inherently risky, but so is staying put in a world where inflation might remain elevated. This is the trade-off and, in our view, the risk is still worth the reward, for now.

"In sum, we expect 2027 to provide ample opportunities to generate attractive returns. But capturing them won't be straightforward and requires both agility and composure"



MACRO

SAME TUNE, SLOWER TEMPO

After a year shaped by the Middle East conflict and the impact of AI, energy prices and AI-related investment will have a large bearing on growth in 2027.

JULIEN LAFARGUE, CFA
CHIEF MARKET STRATEGIST

The 2027 macroeconomic outlook, like the year past, is expected to hinge on two variables: energy prices and artificial intelligence (AI). These will then dictate the price of money.

Barring further escalation in the Middle East and assuming oil prices don't rise further, energy inflation should ease through 2027 as the spike that quickly followed the initial US and Israeli strikes on Iran in late February falls out of the data. But the relief won't come until the second quarter and lower oil prices are just part of the equation. Crack spreads need to follow to really dent the current inflationary trends.

There is also a question over how much of the higher energy costs will seep into core inflation, and here the picture differs by region. In Europe and the UK, pass-through effects remain limited so far, with firms absorbing part of the shock through thinner margins. In the US, evidence is building that higher energy costs are finding their way into core prices.

The weather will also play its part on prices – and therefore monetary policy – in 2027. Indeed, a strong El Niño coupled with a spike in fertiliser prices in 2026 could keep food costs elevated too. All this suggests that core inflation could stay well above target in most large, developed economies.

ECONOMIC FORECASTS (F=FORECAST)

	GDP (% year-on-year)			CPI (% year-on-year)		
	2025	**2026F**	**2027F**	**2025**	**2026F**	**2027F**
Global	3.5	3.4	3.2	2.3	2.8	2.7
Advanced	1.8	1.7	1.6	2.6	3.2	2.9
Emerging	4.5	4.4	4.2	1.8	2.4	2.4
US	2.3	2.4	2.1	2.7	3.5	2.8
Eurozone	1.3	1.1	1.3	2.1	3.1	3.2
UK	1.2	1.5	1.3	3.4	3.2	3.3
China	5.0	4.6	4.0	0.0	0.7	0.8
Japan	1.2	0.9	0.7	3.1	1.9	2.2
Brazil	2.3	1.6	1.0	5.0	4.5	5.0
India	7.3	7.5	7.0	2.2	4.5	5.3
Russia	1.0	0.8	1.1	8.7	6.2	5.6

Source: Barclays Investment Bank, November 2026

Importantly, the risks are two-sided: while persisting geopolitical tensions could keep oil prices higher for longer, a durable peace deal should send oil sharply lower, turning energy inflation into deflation and pulling the headline data down quickly. Our base case sits in between: energy prices stay elevated but fall year on year, allowing headline inflation to ease gradually, while stickier core inflation prevents central banks from easing monetary policy meaningfully.

AI is the other wild card. So much of the global economy's resilience rests on the massive AI infrastructure build-out (and the expected AI-driven productivity gains) that any slowdown would have significant repercussions for growth prospects. As the recent jitters around data-centre financing show, this is no longer a theoretical risk. We expect capex growth to slow after an exceptionally strong 2026. Combined with higher interest rates weighing on consumption, global growth is expected to slow, albeit only modestly, in 2027.

Regionally, prospects will vary:

- The US should continue to outperform other developed economies as its growth is less exposed to the energy shock and it continues to lead the AI race.
- In the euro area, growth could edge higher after a lacklustre 2026, but political uncertainty will drag on its growth.
- In the UK, activity has proved resilient, but squeezed real incomes and tighter monetary policy should slow growth.
- Finally, China's momentum is likely to keep fading as the property downturn weighs on domestic demand and consumption. Strong AI-related exports will offset part of this weakness, but growth looks set to slip below the target for 2027.

"Combined with higher interest rates weighing on consumption, global growth is expected to slow, albeit only modestly, in 2027"

US: calling an encore?

The American economy is running hot into 2027. Growth has held up far better than persistently higher rates and a surge in energy costs implied. We expect another decent showing in the next twelve months with only a gradual slowdown in gross domestic product (GDP) growth from 2.4% in 2026 to 2.1% in 2027 (see table on the previous page).

The drivers will remain the same. The US consumer will keep consuming but with real wage growth turning negative, consumption will slow. As a result, business investment, much of it tied to AI, will do much of the heavy lifting. Meanwhile, the employment market should remain resilient despite much lower job creation.

The inflation picture is murky. While a strong case can be made for gradual disinflation, a lot hinges on companies' willingness and ability to pass on higher input costs. So far, inflation pass-through has been limited, but chief executives and finance directors increasingly talk about price increases. That should keep inflation well above the US Federal Reserve's (Fed) target for most of 2027. As a result, we expect a couple more rate hikes around the turn of the year, before what could be a long pause.

Politics will continue to add noise. The result of November's midterm elections probably rules out another large tax or spending package, which at face value is a positive for the bond market. But gridlock is not the same as fiscal restraint and the debt ceiling will need to be raised again in 2027. The price of a deal could be more spending rather than less. In addition, with legislation largely stalled, the White House is likely to lean even harder on executive action, particularly on trade, making policy less predictable (the opposite of what gridlocks usually imply).

There are, in our view, three key risks to monitor:

- First, of course, are energy prices. If oil prices stay durably above $100 a barrel, then the risk of second-round effects increases, and so does the pressure on the Fed to hike.
- The other key variable is AI. While a slowdown in hyperscalers' spending would alleviate some pressure on long-end yields, it would also remove one of the US economy's key growth engines.
- Finally, and linked to that, is the bond market. With the federal deficit above 6% of GDP and a Congress controlled by Democrats, we expect continued debt-related political tensions, while elevated yields continue to pressure significant chunks of the US economy.

> "Inflation is likely to remain well above the Fed's target for most of 2027. As a result, we expect a couple more rate hikes around the turn of the year, before what could be a long pause"

Eurozone: offsetting beats

The eurozone largely shrugged off the energy shock and a couple of European Central Bank (ECB) rate hikes in 2026. But this positive outcome may have more to do with timing than with genuine improvement.

Indeed, higher energy prices will bite as we enter the winter, increased political instability is unhelpful and higher yields will inevitably put the brakes on growth. These will act as strong offsets to the positive contributions coming from Germany's fiscal stimulus, increased defence spending and the global AI investment cycle. So, while we anticipate GDP growth to quicken, this improvement will be back-end loaded and depends a lot on energy prices remaining contained.

If that is the case, then eurozone headline inflation could be back around the ECB's 2% target by the end of 2027, allowing the central bank to make its final interest rate increase for this cycle in December. On the other hand, if energy prices rise and the winter is harsher than usual, then inflation may continue to surge, having reached 4% in October, and force the central bank to maintain a hawkish stance for longer.

Finally, there is, of course, the political question. The French electorate goes to the polls in April, for a highly contested presidential election taking place against a highly challenging backdrop. As such, 2027 may be another year of muddling through for the eurozone.

"Higher energy prices will bite as we enter the winter, increased political instability is unhelpful and higher yields will inevitably put the brakes on growth"

UK: diminuendo

The UK economy was another positive surprise in 2026. Once again, a lot can be attributed to AI spending. That said, consumption remained constrained by higher energy bills, slower wage growth and depleted savings. On that front, we expect no real improvement next year. In fact, the picture could deteriorate as the economy battles against higher energy prices.

Given the country's dependence on global energy imports, inflation will likely experience significant swings. It will most likely rise initially, as a hike in January's energy price cap takes its toll. Encouragingly – and assuming that energy prices play ball – this spike could be short-lived. Like the Bank of England (BoE), we don't see the conditions yet for a wage-price spiral.

Still, the BoE is likely to prefer to be safe than sorry, and we anticipate one further rate hike by the end of March. Tighter monetary policy will be compounded by a tighter fiscal outlook, required to keep the gilt market in check. The result will be an unemployment rate that remains on an uptrend and a slowdown in growth. That said, we remain open to the possibility that the outlook brightens significantly in the second half of 2027, as lower energy prices could open the door to a much more supportive backdrop on all fronts.

"The Bank of England is likely to prefer to be safe than sorry, and we anticipate one further rate hike by the end of March"

China: playing solo

Just like in the US and the eurozone, China's economy operates at different speeds. On the one hand, manufacturing activity has been robust as exports are being fuelled by AI spending. On the other hand, the domestic picture remains challenging, held back by continued weakness in the real estate market and lacklustre consumption.

This puts China in a difficult position as the two factors that traditionally support its economy – and global trade – are hurting its consumers. In this context, tensions between the country and its two key trade partners – the EU and the US – should remain a key feature in 2027. But Beijing is also in a unique position as it currently doesn't have to worry about inflation, elevated borrowing costs or political gridlocks.

With that in mind, and with any large-scale stimulus package remaining elusive, fiscal policy will continue to be Beijing's main tool to ensure that GDP growth hits its 4.5-5.0% target. However, the effectiveness of the piecemeal measures announced so far has been mixed and, as such, we see the bottom of the range as a more achievable objective.

We would be more optimistic about the medium-term outlook, as China continues to develop its AI ecosystem and could play a significant role in the next stage of this technological revolution and the move to physical applications (such as robots and other AI-powered electronic goods and equipment).

"So much of the global economy's resilience rests on the massive AI infrastructure build-out that any slowdown would have significant repercussions for growth prospects"



ASSET CLASS PREFERENCES

GLOBAL ASSET CLASS PREFERENCES

After a volatile autumn, we put our cash buffer to work and sharpen our regional equity preferences. Where next for asset classes in 2027?

JULIEN LAFARGUE, CFA
CHIEF MARKET STRATEGIST

	Extremely cautious view	Cautious view	Neutral view	Positive view	Extremely positive view
Cash and short duration bonds		●			
Fixed income			●		
Developed market government bonds		●			
Investment grade corporate bonds				●	
High yield bonds		●			
Emerging market bonds				●	
Equities			●		
US				●	
Eurozone		●			
UK			●		
Japan		●			
Emerging markets			●		
Alternatives				●	
Alternative trading strategies		●			
Commodities		●			
Private markets*				●	
Hedge funds*				●	

* These asset classes are presented in the context of a holistic asset class allocation.

High-level allocation

- Our stance has been to use market pullbacks to add rather than cut risk exposure. October provided such an opportunity, so we deployed some of our cash buffer into alternatives.
- We keep a neutral stance in equities and fixed income for now, but we've made adjustments within the equity sleeve.
- We expect a dynamic reallocation of risk throughout 2027.

Fixed income

- The recent jump in yields has made bonds a more attractive source of income, but fiscal worries and sticky inflation keep us broadly neutral. Within fixed income, we still prefer investment grade to high yield bonds.
- The risk-reward in credit spreads looks asymmetric to us. In high yield they have widened, but remain well below their long-term average and could widen sharply if the global economy weakens faster than expected.
- We continue to find emerging market debt attractive. Yields are elevated and in many cases fundamentals match or beat those of developed market peers, but selectivity matters.
- While yields jumped in the second half of 2026, we keep duration neutral in the eurozone and UK (4-6 years). In the US, we maintain a slightly cautious duration stance (3-5 years) as we expect more volatility. Our bias would still be to add to duration once a central bank backstop or a clear growth scare emerges.



Equities

- We stay neutral at the index level and focus on opportunities at the regional and stock level
- We turn positive on US equities, consolidating our AI exposure where earnings delivery and quality are strongest. Valuations have moderated as earnings outpaced prices, with the forward price-earnings ratio down from over 22 in October 2025 to around 19. Positioning remains a possible headwind, so the move is modest
- We formalise our cautious view on the eurozone, where France's fiscal and political strains persist and energy costs are likely to weigh on growth
- We stay neutral on the UK: valuations and dividends offer support, but earnings lean heavily on energy names
- We maintain a cautious view on Japan. Governance reforms and record shareholder returns support earnings. That said, much of the market's strength rests on AI exposure, which we already capture via US equities. In addition, the monetary policy outlook remains highly uncertain
- Emerging markets are back to neutral. Valuations remain attractive, but three Asian chipmakers make up around 30% of the index, which overlaps with our US position.

Alternatives

- Hedge funds have broadly done their job as diversifiers this year, with macro strategies leading. Meanwhile, strains in parts of private credit are a reminder that liquidity can disappear quickly
- While staying highly selective, we increase our positive bias towards hedge funds and private assets. This is to capitalise on the elevated dispersion we see in public markets and the emerging dislocations in private markets
- We remain prudent on alternative trading strategies as we see a better opportunity set, both in terms of return potential and diversification benefits, in the less liquid space
- We are cautious on commodities as an asset class and see them as a source of trading opportunities rather than a major driver of long-term returns
- Within that, gold has slid more than a quarter from its 2026 highs as long-term yields rose. Its diversification value lies in protecting against a loss of confidence in government finances, so we see benefits in maintaining some exposure to the precious metal.

Portfolio strategy

- Recent sharp swings in AI-related stocks are a reminder of why we believe particular attention should be paid to portfolio construction. With the theme now omnipresent, it is key to avoid doubling down on AI-related exposure via our asset class, region or sector preferences
- Each asset class should play a precise and complementary role. Bonds are an increasingly attractive source of income and can serve as a cushion in a growth scare. Real assets remain the most appropriate hedge in a supply-driven shock, while equities are still the main engine of growth
- Beyond a strong, more passive core, we see merits in relying on active management to take advantage of the elevated market dispersion. Expanding our investment universe to alternative asset classes – such as hedge funds and private markets – allows us to add uncorrelated returns and improve overall diversification
- Option overlays, used directly or through structured solutions, can further improve the risk-reward profile in a fast-moving, narrative-driven market. The overlays particularly matter at a time when government bonds may not protect portfolios in a sovereign-led sell-off.



EQUITIES

WHO FEEDS THE JUKEBOX?

With AI firmly dictating sentiment and earnings growth – irrespective of the spike in oil prices and surge in borrowing rates – what lies ahead for investors in 2027?

JULIEN LAFARGUE, CFA
CHIEF MARKET STRATEGIST

JUDIYAH AMIRTHANATHAR
MARKET STRATEGIST

Equities shrugged off higher bond yields in 2026 because profits grew faster while valuations fell. In 2027, the cushion will be thinner, and the question is more about finding which companies can still deliver attractive earnings growth rather than simply whether to own equities.

Profits led the way

What a year it has been. A calm start gave way to an energy shock and rising inflation. The US Federal Reserve (Fed) raised rates for the first time in three years, and US ten-year yields climbed to their highest level since 2002. However, equities took it all in their stride. By the end of October, global equities were up 13% and several major equity indices set records along the way.

For once, profits did all the work: over the past year, the S&P 500's forward price-to-earnings ratio dropped from 22.4 to 19.0, while expected earnings rose by around 38%. That said, only a few sectors drove the bulk of the earnings momentum.

Energy – thanks to elevated oil prices – and chipmakers – aided by the AI infrastructure build-out – drove most of the gains. Add to that the paper gains made on stakes in private AI companies and it's easy to understand why the median US stock only delivered 7% earnings growth in 2026.

As we look at 2027, the key question is who will keep feeding the jukebox: earnings or valuations? If neither does, the music stops.

A STELLAR YEAR FOR EARNINGS
Consensus expectations for earnings growth across leading regional indices highlight how much the technology-heavy Nasdaq index is powering growth

Expected earnings growth (Y/Y)	2025	2026e	2027e
S&P 500	16.8%	32.7%	16.1%
S&P 500 Equal Weighted	11.4%	17.0%	10.1%
NASDAQ Composite	26.5%	53.0%	27.9%
S&P Small Cap 600	13.4%	12.1%	15.7%
Euro Stoxx 50	11.9%	18.4%	11.6%
UK FTSE 100	6.7%	25.7%	4.4%
Germany DAX	14.4%	11.6%	14.5%
France CAC 40	8.9%	33.4%	10.0%
Spain IBEX 35	9.4%	12.5%	13.1%
Switzerland SMI	9.5%	8.7%	11.0%
Hang Seng Index	10.0%	11.1%	8.6%
Japan Nikkei 225	14.8%	17.6%	12.5%
Emerging Markets	16.4%	32.7%	18.7%

Source: FactSet, Barclays Private Bank, October 2026

"As we look at 2027, the key question is who will keep feeding the jukebox: earnings or valuations?"

Earnings: rallentando

According to FactSet, the consensus expects S&P 500 earnings to grow by 16.1% in 2027 (see table), after almost 33% this year. While growth will likely slow but stay healthy, in our view the mix matters more than the headline number because the drivers of 2026 will not all repeat.

Despite the recent jitters surrounding AI-related infrastructure funding, we still expect significant growth in hyperscalers' capex in 2027. That spending is revenue (and earnings) growth for AI-adjacent companies. From this perspective, earnings growth should be supported, albeit without the massive tailwinds from revalued equity stakes. Energy profits are different, as they depend on an oil price we expect to ease.

In this context, earnings breadth is highly relevant. Earnings growth in 2026 was broad in direction, with ten of the eleven S&P 500 sectors growing profits in the first half. But it was also concentrated in size. We expect the rest of the market to close some of that gap in 2027. That said, a genuine broadening – where AI lifts profits well beyond technology – remains an upside scenario rather than our central case.

One reason we doubt earnings delivery will be broad-based is that not everyone can expand margins. Consumer-facing businesses and other energy-intensive manufacturers, for example, may try to pass on still-elevated input costs but will not necessarily succeed. Similarly, higher interest rates will create some pressure points.

Valuations: it's all relative

US equities may no longer be expensive based on their long-term averages, but with earnings growth softening and bond yields rising, they have become increasingly expensive on a relative basis. Indeed, the S&P 500's earnings yield is roughly what a ten-year Treasury bond pays, creating competition for stocks.

This makes earnings delivery ever more critical. US equity returns can still beat bonds in 2027, but only if earnings revisions don't disappoint. Thankfully, the starting point is lower outside the US. Emerging markets trade at a record discount to the US and most other developed markets offer a decent valuation cushion.

The bottom line is that the scope for multiple expansion appears limited and investors should see valuations as a downside mitigator rather than a source of upside.

"The scope for multiple expansion appears limited and investors should see valuations as a downside mitigator rather than a source of upside"

Setting up the band

With this in mind, we have three main objectives for 2027:

1. Build an equity exposure that has the best chance of delivering earnings growth
2. Take advantage of valuation support when possible
3. Stay nimble in our approach, recognising the high degree of uncertainty.

To do that, we will maintain exposure to what will be the number one driver of earnings growth: AI. This is most easily done by overweighting the US. This is a change from our 2026 message, which advocated for ex-US exposure.

Striking the right regional note

US equity valuations may have moderated, but they continue to trade at a premium to the rest of the world. However, we believe that this is justified by better earnings delivery and the perceived higher quality and safety they offer. Our main concern is that positioning isn't necessarily as supportive as we would like. As such, our overweight is only modest.

While emerging markets offer attractive valuations and long-term growth prospects, we are mindful of the index's concentration around a handful of AI-exposed semiconductor and memory chip manufacturers. As such, and to avoid overexposure to the theme, we prefer a more neutral stance.

We believe the eurozone is in the penalty box for the time being as France's political and fiscal situation deteriorates. Everything has a price, and sustained weakness could make us turn more constructive in a few months. But for now, we see no reason to get involved and remain underweight the region.

As ever, the story is different in the UK. October's Autumn Budget may have provided some clarity. In addition, UK equities remain attractively valued. This is not a new phenomenon, and we don't expect a massive rerating. But, back to our three objectives, UK equities should at least provide some downside support and contribute to our energy-related hedge. And while we wait for earnings to come through, we get compensated with an attractive 3.4% dividend yield by current equity market standards.

Finally, to our surprise, Japan outperformed strongly in 2026. We see strong arguments for why this could run further, including AI exposure, governance reforms and rising shareholder returns. Unfortunately, there are equally good reasons to expect a much more muted return profile for local equity markets, notably a challenging monetary policy backdrop. With no real valuation support to count on, and ample AI exposure in the US and emerging markets (EM), we continue to keep our underweight in the region.

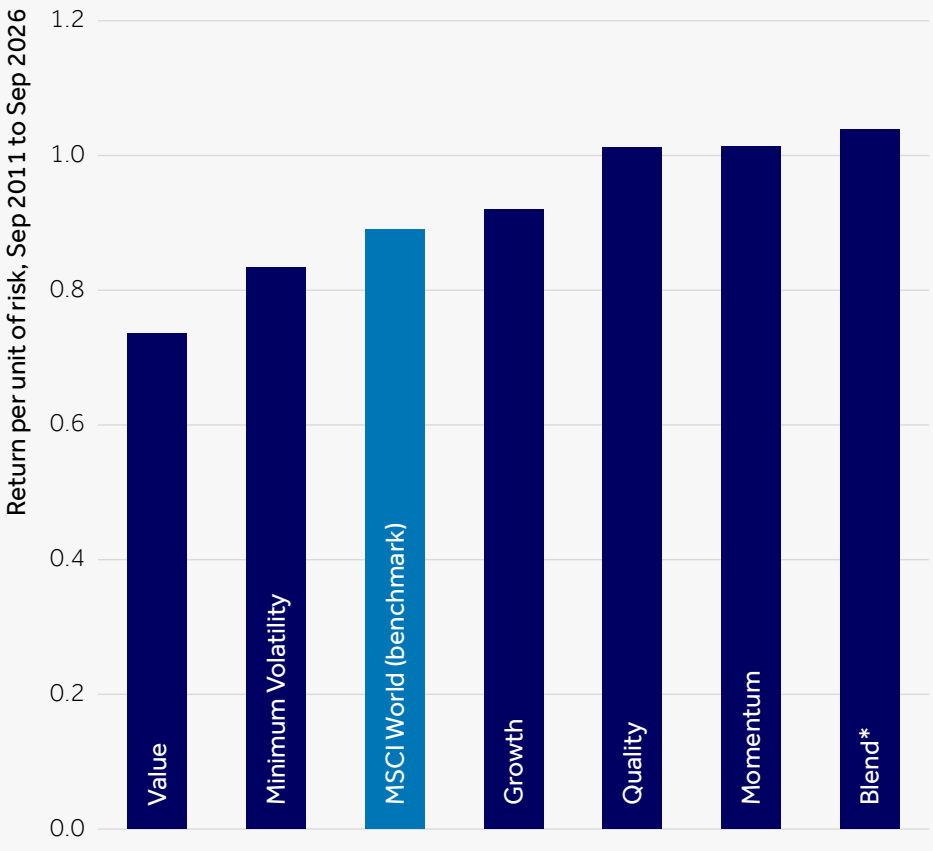
"US equity valuations may have moderated but continue to trade at a premium to the rest of the world"

OUR EQUITY ASSET ALLOCATION POSITIONING

	Extremely cautious view	Cautious view	Neutral view	Positive view	Extremely positive view
Global equities – regions					
US				●	
Eurozone		●			
UK			●		
Japan		●			
EM			●		
Global equities – sectors					
Energy				●	
Materials			●		
Industrials			●		
Consumer discretionary			●		
Consumer staples			●		
Healthcare				●	
Financials		●			
Information technology				●	
Communication services			●		
Utilities			●		
Real estate		●			

Source: Barclays Private Bank, November 2026

PICK YOUR FACTOR
Factor performance in the 15 years to September, as measured by the return on a unit of risk



Source: MSCI, FactSet, Barclays Private Bank, October 2026. Annualised net return in USD divided by annualised volatility of monthly returns.

*Blend comprises 33% quality, 33% momentum and 33% minimum volatility.

A balanced sector mix

These regional views translate into a sector mix that is again focused on finding the right balance.

We like the broadly defined technology sector, in particular companies that turn AI into revenue and margins, backed by strong balance sheets. We reopen our overweight in healthcare after having taken profits earlier this year, as the political uncertainty has now dissipated. Despite its demanding valuation at face value, we believe that the sector offers strong recovery potential after it failed to deliver any meaningful earnings growth in 2026. Finally, we account for the geopolitical uncertainty by keeping energy overweight, a call that has proved very beneficial in 2026.

We see select opportunities in utilities and industrials, but not sufficiently so to take a strong view on the broad sectors.

On the other side of the ledger, we maintain a cautious stance on financials, given stretched valuations at a time when sentiment around credit quality has deteriorated and both regulatory and tax risks have increased. We are also cautious on listed real estate in a context of elevated yields.

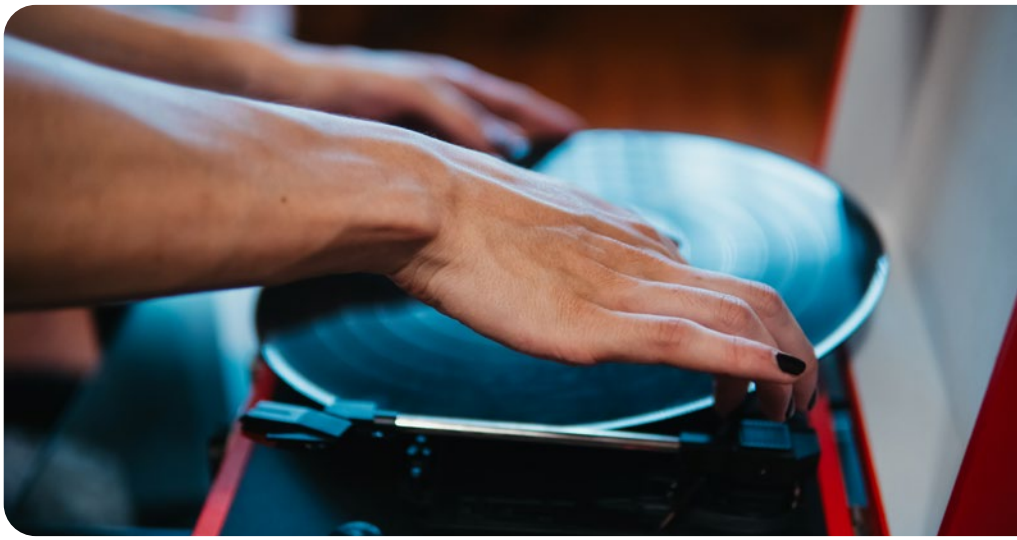
In size and in style

When it comes to market capitalisation, we prefer larger companies to their smaller peers. Smaller businesses tend to struggle when interest rates are elevated, economic growth is uneven and input-cost inflation requires pricing power.

From a factor perspective (see chart), we maintain our quality bias but wouldn't over-index it. In fact, we believe that a blend of quality, momentum and low volatility is probably more appropriate at this juncture.

The B(ear) side

Without being overly optimistic, our outlook is still positive but, as we discuss in All that JAZZ: In search of harmony, there are non-negligible risks on the horizon. Beyond a reversal in the AI infrastructure build-out, a sharp increase in the cost of money would have negative repercussions for equity markets. Not only would it weigh on valuations, but it would also pressure earnings. This is when the music stops.



In this scenario, shifting to a much more defensive positioning could help mitigate the downside risk, but we doubt it would eliminate it entirely: defensive sectors tend to be rate-sensitive too, and bonds would fall alongside equities. This is why we believe equity investors need to look beyond traditional strategies, such as passive and active management, and embrace the asymmetry that option strategies and relative-value trades can bring to the table.

Outro

To stay with the music theme, 2027 is unlikely to be described as a gentle, contemplative track. Instead, it is shaping up to be an eclectic compilation of conflicting narratives quite different from what investors have experienced in recent years.

We enter the year with a balanced exposure, acknowledging both the potential risks and opportunities that lie ahead. Our initial playlist features AI exposure, healthcare and a solid dose of humility. But we're prepared to fine-tune our positioning as clarity emerges or uncertainty increases.

"Beyond a reversal in the AI infrastructure build-out, a sharp increase in the cost of money would have negative repercussions for equity markets"



BONDS

THE DEBT FAIRY TALE BRINGS REPRICING OPPORTUNITIES

With bond yields at multi-decade highs and further rate hikes likely, find out where the best opportunities might lie in 2027.

MICHEL VERNIER, CFA
HEAD OF FIXED INCOME STRATEGY

The rates market experienced a significant repricing in 2026. We now see a more balanced backdrop, even after yields have already started to consolidate after the US midterms, and remain prepared to extend duration when opportunities arise. Credit spreads have been remarkably resilient but have recently started to widen. We believe the tightest spread levels of this cycle were reached in 2026. Investors should be prepared for greater credit spread volatility ahead, which could create buying opportunities.

"The tightest spread levels of this cycle were reached in 2026. Investors should be prepared for greater credit spread volatility ahead, which could create buying opportunities"

The structural repricing

Entering 2026, rates markets and most economists anticipated a gradual easing cycle from major central banks, including the US Federal Reserve (Fed), Bank of England (BoE) and European Central Bank (ECB). Yet, as highlighted in The Interpretation Game last November, the path was never pre-determined.

At the time, we argued that while carry opportunities remained attractive, "the current cycle is at a critical juncture, with economic data still distorted by post-pandemic dynamics and geopolitical developments. Slow progress on disinflation, tariffs and a lack of fiscal consolidation add complexity".

The events of 2026 demonstrated that the 2022 tightening cycle was not merely a temporary response to post-pandemic inflation. Instead, bond markets have entered a structural repricing, driven by a shifting geopolitical landscape, elevated public and corporate debt issuance, and inflation remaining persistently above central bank targets.

"The outbreak of the US-Iran conflict in late February was a pivotal factor driving central bank strategy this year"

The great U-turn

The outbreak of the US-Iran conflict in late February was a pivotal moment. The Fed initially expected to hold rates steady or lower them. However, at the Jackson Hole symposium in August, Fed chair Kevin Warsh signalled a decisive shift, stating that "We must be confident that underlying inflation is moving to our objective, clearly and at sufficient speed. Otherwise, we have work to do." The Fed raised rates the following month, for the first time since 2023.

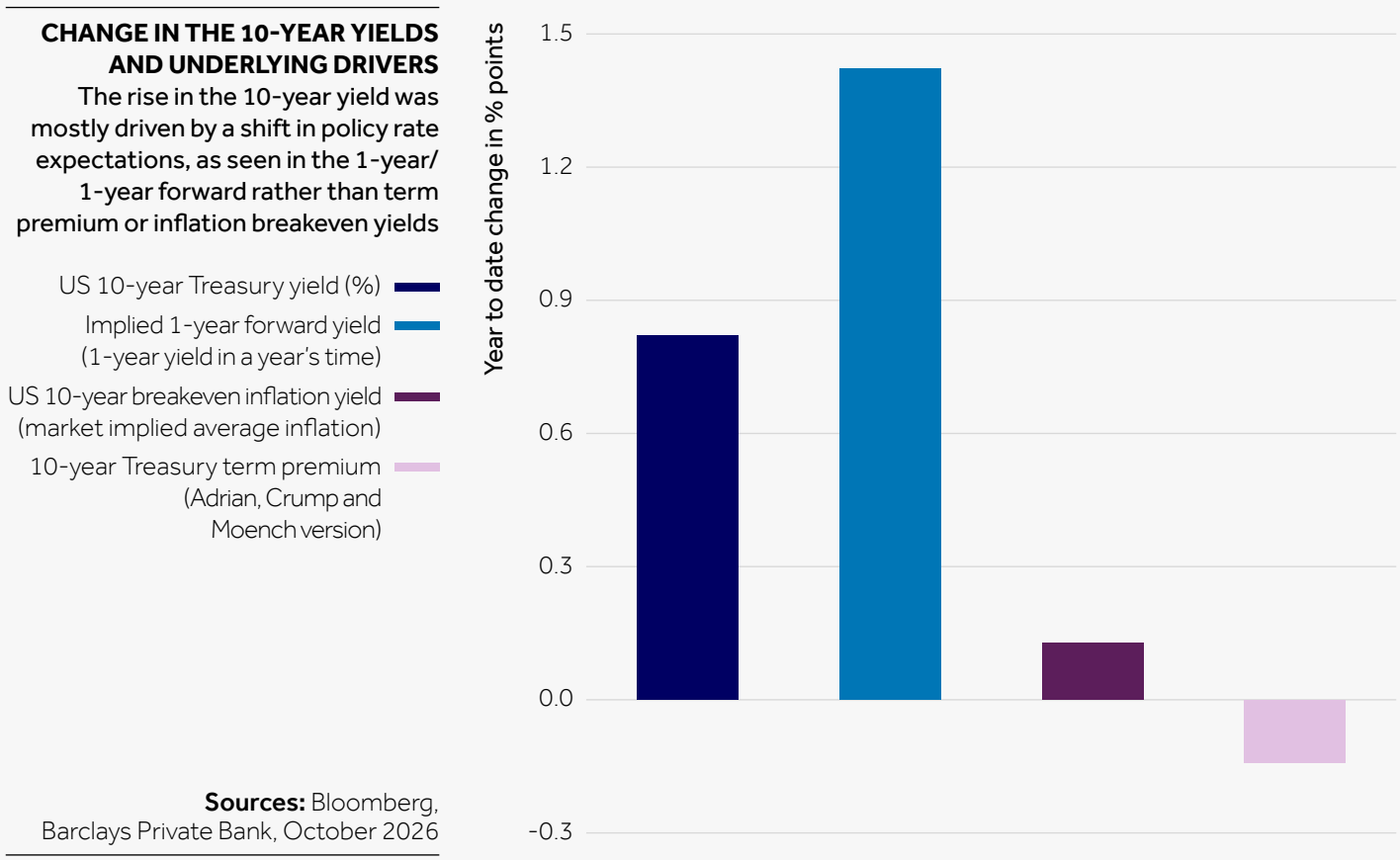
The ECB was forced to react quickly, raising rates in June and September, as its policy rate was no longer restrictive enough and imported energy inflation threatened the euro area's economy.

Rates: not as inflation-agnostic as they seem

Nominal yields surged in 2026, largely driven by higher real yields, while market-implied inflation expectations – as measured by breakeven rates – suggested that the sell-off in bonds was driven by policy rate expectations.

CHANGE IN THE 10-YEAR YIELDS AND UNDERLYING DRIVERS

The rise in the 10-year yield was mostly driven by a shift in policy rate expectations, as seen in the 1-year/1-year forward rather than term premium or inflation breakeven yields



Sources: Bloomberg, Barclays Private Bank, October 2026

A short(-end) story: 2026 rate move

However, the move was rooted in the short end of the curve and reflected a change in central banks' reaction functions. Policymakers appear to have learned from recent experience: if inflation re-emerges or disinflation stalls, waiting too long to respond carries significant costs.

The repricing of front-end rates reflects confidence that central banks will react more quickly to inflationary pressures. In the case of the BoE, policy has become increasingly pre-emptive, with policymakers determined to act before second-round effects materialise.

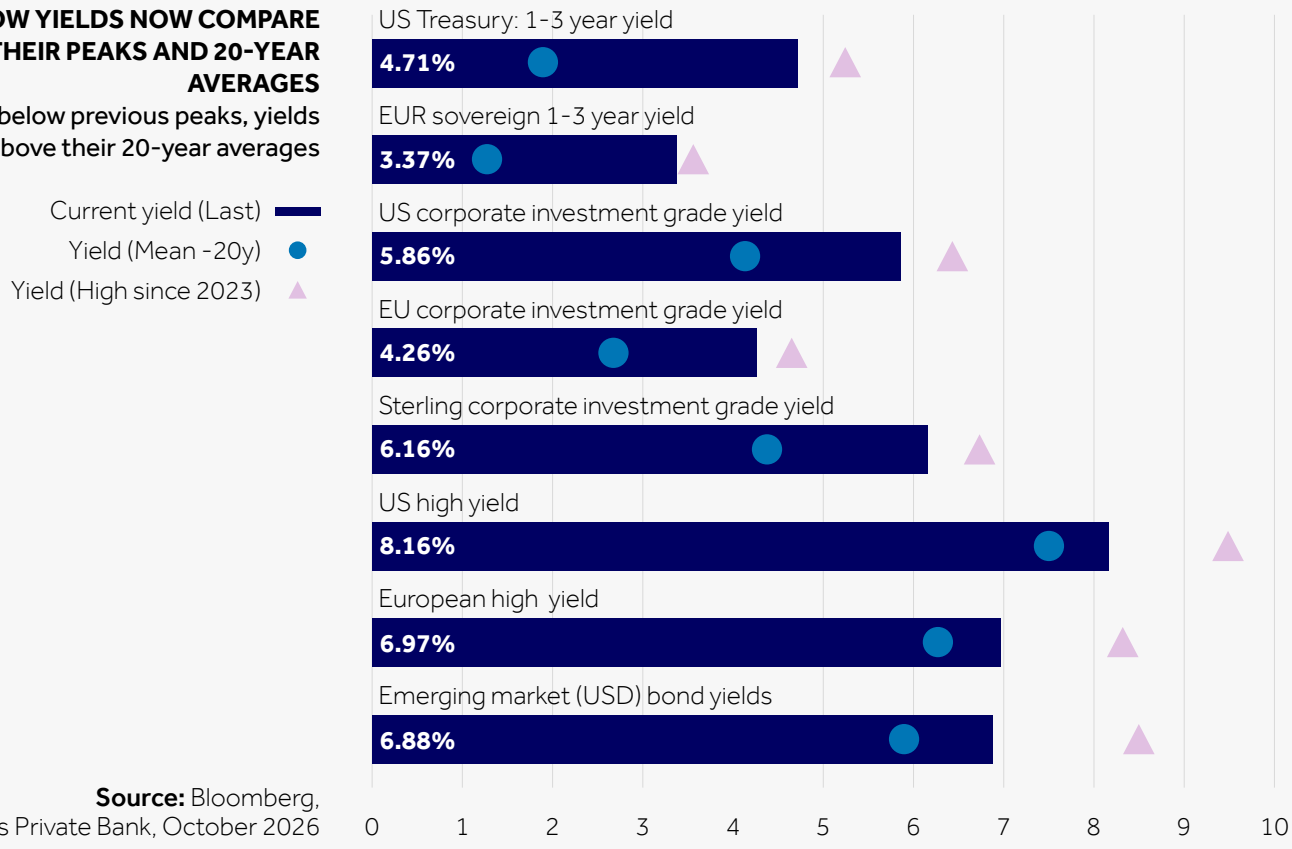
This shift in expectations pushed real yields higher while containing breakeven inflation rates. Ultimately, despite appearances, the move at the front end was still about inflation. The long end is a different story, where supply and fiscal credibility increasingly set the price.

A more balanced score

Heading into 2027, this assessment is important as investors evaluate whether current yields represent fair value. Market pricing implies several additional rate hikes in the next 12 months. In our view, the probability that major central banks will need to tighten materially beyond current expectations is low.

HOW YIELDS NOW COMPARE TO THEIR PEAKS AND 20-YEAR AVERAGES

Although below previous peaks, yields are now above their 20-year averages



Source: Bloomberg, Barclays Private Bank, October 2026

European and UK economic growth remain fragile, although prospects seem to have improved of late. Ultimately, households and businesses face elevated energy costs, increased borrowing costs and higher taxes in some jurisdictions: all of which should act as a constraint on growth and front-end yields.

Moreover, absent a further significant rise in oil and gas prices, the contribution from energy inflation should fade due to favourable base effects. A fall in oil prices, as seen of late, could even accelerate the disinflationary (lower trending inflation) trend.

Central banks will nevertheless monitor two factors closely: the pass-through of energy costs into broader inflation, particularly food prices, and evidence of second-round effects through wage growth.

Taken together, this leaves the rates outlook much more balanced than it was earlier in the year.

Which bond market reacts next to the fiscal fairy tale?

Rising government debt issuance is not a new phenomenon. Over the past six years, borrowing needs have repeatedly generated bond market volatility. French OATs, UK gilts, US Treasuries, Japanese government bonds and even German Bunds have all seen periods of significant selling pressure.

Potential sources of renewed bond market volatility in 2027 are not hard to find. France heads into a presidential election in April, with its spread over Germany near its widest since the euro crisis, and the US faces another debt-ceiling deadline. In Japan, the long end remains sensitive to the government's spending plans and to domestic investors bringing money home.



No golden goose for governments

This trend is unlikely to change. Governments are unlikely to grow their way out of bloated debt burdens, despite optimism among some policymakers such as US Treasury Secretary Scott Bessent. In Europe and the UK, the response has increasingly involved higher taxes and fiscal restraint, measures that have historically come at a cost through weaker demand, lower productivity growth and rising political discontent.

Bond markets will continue to act as a safety valve. However, that does not necessarily imply a persistent surge in yields. There are limits to the level of rates that economies can absorb.

As discussed in The debt and yield eclipse and Bond markets break multi-decade records, investors are increasingly demanding a higher premium for holding long-dated bonds. In the US, despite the rise in term premiums since 2025, they remain below their long-term averages, suggesting potential further steepening driven by long-end yields. Political developments across the US, Italy, France and the UK could provide additional catalysts.

Fed unplugged: a smaller balance sheet ahead?

Rising sovereign debt supply is unlikely to be absorbed by central banks. Take the Fed for example. Early in 2027, chair Kevin Warsh is expected to publish the findings of his task forces' conclusions for the central bank's future operating framework. While change appears likely, the eventual implications remain uncertain.

Warsh has assembled a high-profile group of economists and practitioners to review key areas including communication, the balance sheet, data sources, productivity and the inflation framework.

"Productivity improvements are likely to materialise gradually... Moreover, stronger productivity growth is traditionally consistent with a higher neutral interest rate"

The broad objective is to create a leaner central bank with a smaller footprint in financial markets. One possibility is the end of formal forward guidance and even the discontinuation of the Fed's dot plot.

Less storytelling

While forward guidance proved valuable after the global financial crisis, it has arguably contributed to policy misjudgements since the COVID-19 pandemic. A framework similar to the BoE's scenario-based approach is one possible outcome.

The inflation framework review is likely to focus on the drivers of inflation and the role of money creation. Warsh has previously argued that monetary expansion plays a more significant role in inflation than currently acknowledged and should receive greater attention.

The 2% inflation target: tilting at windmills

There is speculation that the Fed might discard a strict 2% inflation target for a more flexible framework, particularly given that this target has not been achieved for over five years[1]. A key area of debate concerns the impact of artificial intelligence (AI)-related investment on productivity growth and whether stronger productivity could alleviate inflation pressures.

We think that the outcome is unclear. Productivity improvements are likely to materialise gradually and not in the near term. Moreover, stronger productivity growth is traditionally consistent with a higher neutral interest rate. Finally, the current AI investment cycle seems inflationary rather than disinflationary.

Honey, I shrunk the balance sheet

Warsh has already signalled his preference for a much leaner Fed balance sheet and a reduced role in bond markets. However, this process is unlikely to be rapid.

As he noted in July[2], "It took us about 18 years to find our way into this big balance sheet; it will take more than a few months to find our way out."

History highlights the limits of balance sheet reduction. In 2019, declining bank reserves created significant stress in funding markets, forcing the Fed to reverse course. Any future reduction must carefully balance movements on both the asset and liability sides of the balance sheet.

The Fed could likely reduce holdings by a further $1 trillion or more, but the ultimate scope will depend on market conditions and timing. Greater coordination with the Treasury and increased engagement in T-bills could support the process by easing pressure on longer-dated bonds. However, it would also make government financing costs more sensitive to short-term rates: a balancing act.

Overall, bond investors will increasingly need to stand on their own feet, relying less on central bank guidance and bond purchases. As with any transition, periods of uncertainty are likely.

1 Federal Reserve Bank of St Louis, Is the US in an above-target inflation regime?
2 Reuters, Fed's Warsh says any balance sheet policy change won't be a surprise, 1 July 2026

"AI-related investment has improved growth prospects while adding to inflationary pressures as supply struggles to keep pace with expected demand"

Is AI debt supply crowding out the government?

The answer is both yes and no.

Traditionally, crowding out refers to governments absorbing available savings, making it tougher for the private sector to finance investment. Today, the reverse is increasingly being discussed. A rise in yields caused by record supply from hyperscaler issuers thus crowds out governments.

We have previously highlighted hyperscalers' surge in debt issuance, driven by record capital expenditure plans that are likely to expand significantly. As of September 2026, the major hyperscalers and SpaceX had issued around $280 billion equivalent in debt. And as highlighted in The debt and yield eclipse, computing infrastructure and semiconductor capacity is expected to exceed $1.5 trillion in 2027, roughly three times last year's level. This means debt supply will continue to rise.

The additional supply seemed to have contributed only modestly to upward pressure on yields. According to a recent analysis from the Bank of International Settlements[3] term premium has only risen marginally on the back of AI related debt supply.

The more important channel operates through growth and inflation.

Particularly in the US, and increasingly in the UK, this investment has improved growth prospects while adding to inflationary pressures as supply struggles to keep pace with expected demand.

The credit market is already drawing distinctions: technology bonds now trade at wider spreads than the broader investment grade market, reinforcing the case for selectivity among issuers.

Who will be last when the music stops?

Higher rates, whether driven by growth, inflation or debt supply, create challenges for corporate borrowers as well as sovereign issuers.

Many high-yield and leveraged loan issuers refinanced at exceptionally low rates during the post-pandemic period. Much of this debt was issued with five-year maturities and faces refinancing at materially higher yields.

Even sectors benefiting from strong secular tailwinds, such as data centres, may face challenges as higher financing costs pressure lease economics. We do not expect refinancing pressures to trigger a broad credit crisis. However, historically, stronger growth often fuels optimistic assumptions and rising input costs, both of which can eventually challenge highly leveraged business models.

The sharp widening in CCC-rated spreads provides a useful example. While broader high-yield markets were initially insulated, recent spread widening suggests that the tightest levels were likely reached in 2026 and that spreads may widen in 2027.

Repricing opportunities

The rates market now appears to be more balanced, although some scope remains for higher yields driven by fiscal concerns and potentially stickier inflation.

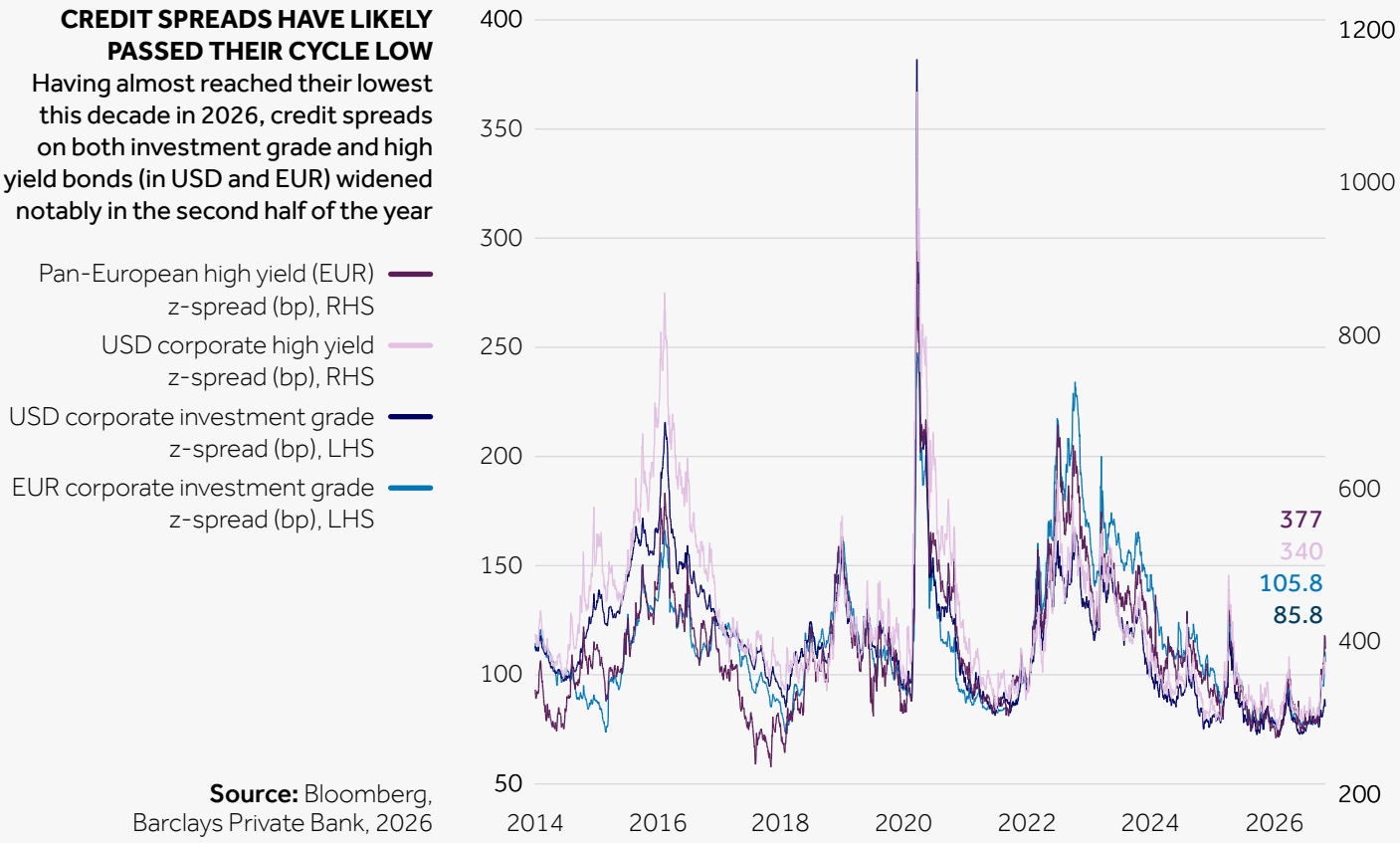
We keep duration neutral in the eurozone and the UK (4-6 years) and remain neutral to slightly underweight duration in the US (3-5 years), but would be prepared to extend duration under two scenarios. First, after a material rise in term premiums driven by a fiscal shock that pushes long-end yields significantly higher. Second, following a faster-than-expected moderation in inflation or economic growth.

In the latter scenario, yields would likely settle lower than they are today. However, the upside risk to yields would also be reduced, creating a more attractive risk-return proposition for bond investors.

3 Bank of International Settlements, Building AI on credit: structures and spillovers, 27 October 2026

CREDIT SPREADS HAVE LIKELY PASSED THEIR CYCLE LOW

Having almost reached their lowest this decade in 2026, credit spreads on both investment grade and high yield bonds (in USD and EUR) widened notably in the second half of the year



Source: Bloomberg, Barclays Private Bank, 2026

One emerging concern is how much AI-driven automation will reshape the tax base in developed economies. If such a shift reduces the share of income accruing to labour, governments might consider adapting tax systems that rely heavily on progressive income taxation. While alternative approaches are possible and might be attractive for deficit-constrained administrations, such reforms would be politically challenging and could lead to unintended long-term fiscal consequences.

Wider credit market spreads?

Emerging market debt remains one of our preferred areas. Yields are elevated and, in many cases, fundamentals match or beat those of developed market peers, but selectivity matters.

Within the corporate credit market, we remain underweight high yield bonds but would be prepared to increase exposure should spreads widen further to long-term average levels. 2027 could provide the backdrop for higher spreads.

Until then, with the rates market balanced but tail risks still present, we are happy to settle into the groove, combining neutral duration and investment grade bonds for carry before turning up the volume on higher yielding bonds.

"The rates market now appears to be more balanced, although some scope remains for higher yields driven by fiscal concerns and potentially stickier inflation"



CREDIT DISPERSION

CORPORATE CREDIT: JAZZIER THAN IT LOOKS

Despite apparent calm in aggregate, credit sectors saw wildly different spread moves. So, what can 2026 teach investors about the credit market?

ALEKSANDAR DEVIC, PHD
FIXED INCOME STRATEGY SPECIALIST

Despite government bond yields hitting multi-decade highs, surging AI-related capital expenditure, ballooning oil prices and the prospect of yet higher interest rates in 2026, the credit market was remarkably calm.

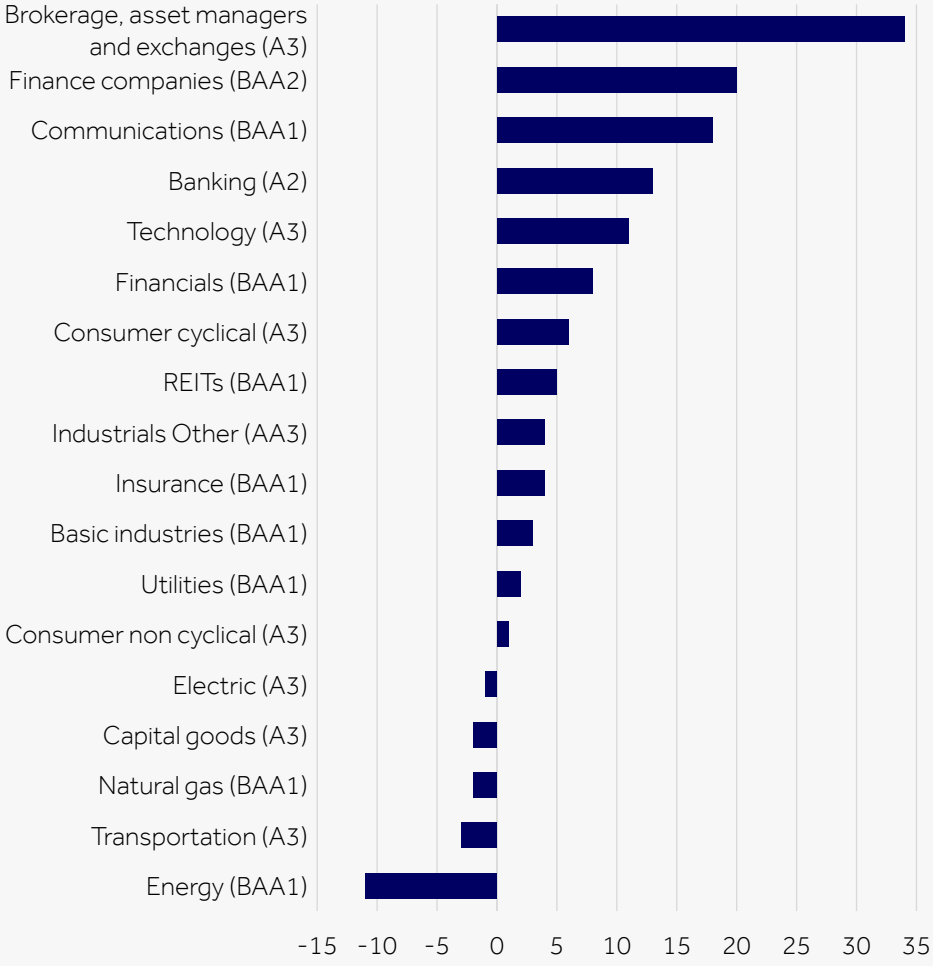
Each of the above factors might ordinarily be expected to widen bond spreads: AI investment increases supply, while elevated oil prices and interest rates weigh on the growth outlook. Yet aggregate spread moves were modest.

However, dig a little deeper and there was substantial sector dispersion (see chart). US investment-grade spreads had widened by just 4 basis points (bp) between the start of the year and October 2026. At a sector level, moves ranged from tightening to widening of 20-35bp. In Europe, investment-grade spreads widened by 17bp, with pronounced differences across sectors that were more directionally consistent than those observed in the US.

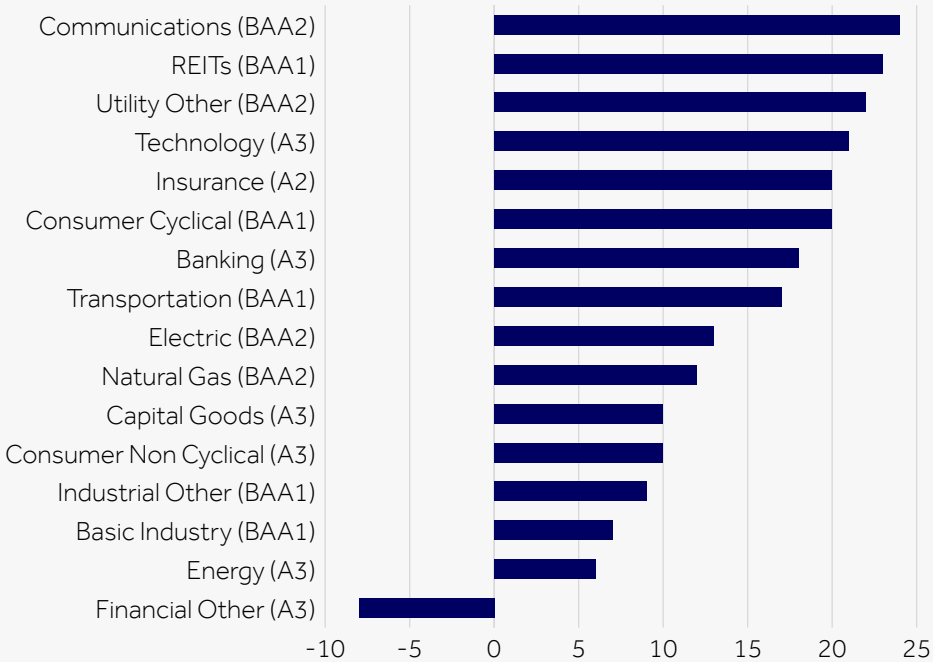
WIDE SECTORAL CREDIT DISPERSION

While seemingly calm on the surface in 2026, US and European sector selection was key as investment grade spreads[1] diverged by significant margins

US investment grade year-to-date median option-adjusted spread change by sector (average credit rating in parentheses)



European investment grade year-to-date median option-adjusted spread change by sector (average credit rating in parentheses)



Source: Bloomberg, Barclays Private Bank, October 2026

1 We consider only observations where at least 10 bonds are contained in a sector and the spreads at the time of writing were above zero.

Potential drivers of dispersion

In the US, various macro and sector-specific developments in 2026 coincided with significant spread moves:

- **Finance companies** include speciality lenders, consumer finance and captive finance arms exposed to higher-for-longer interest rates, potentially compressing their net interest margins while increasing losses on the loan books. The monetary policy outlook has also hit brokerages and asset managers. Banks have fared somewhat better than these industries due to strong regulatory capital buffers and more diversified revenue streams compared to finance companies and brokerages.
- Widening in the **communications** sector has been driven by a combination of an increase in bond supply and a significant representation of issuers with weakening fundamentals.
- Firm spreads have widened on the back of higher infrastructure spending, leading to an increase in supply and issuer-specific credit concerns.
- **Energy** and **natural gas** have benefited from an increase in the price of oil due to the ongoing conflict in the Middle East. However, bonds in these sectors offer a limited cushion at current valuations.
- The tightening in **transport** spreads is consistent with strong freight demand and relatively low leverage amongst investment-grade issuers.
- **Capital goods** trade tighter than leverage would imply, having benefited from strong order books related to AI infrastructure build-out.
- **Electric and utilities** are defensive sectors, which tend to benefit amid heightened volatility. They have also benefited from AI-related capex, which cuts both ways: whilst providing long-term revenue growth catalyst, it also raises upfront capex requirements to capture that potential.

European investment grade credit widened more decisively and consistently than its US counterpart. This was likely due to differentials in the outlook for rates, with the European Central Bank being more hawkish than the US Federal Reserve for most of the year. However, this differential seems to have narrowed since September, if only slightly.

US high yield bonds emphasise this point more strongly. While they have widened by just 3bp in 2026 at the time of writing, the sectoral dispersion ranged from being between about 60bp tighter to over 80bp wider. Directionally, dispersion broadly resembles that of investment grade debt, especially with regards to energy, transportation, technology, communications and finance companies.

This is not purely a story of the different credit qualities within high yield, as some BB-rated segments tightened while some widened. It's the same story for B-rated bonds (see chart).

Again, European sectoral high yield credit dispersion has dissimilar characteristics from those seen in the US, largely driven by fundamental differences in the underlying constituents of the same sector in the regions.

Risks and opportunities

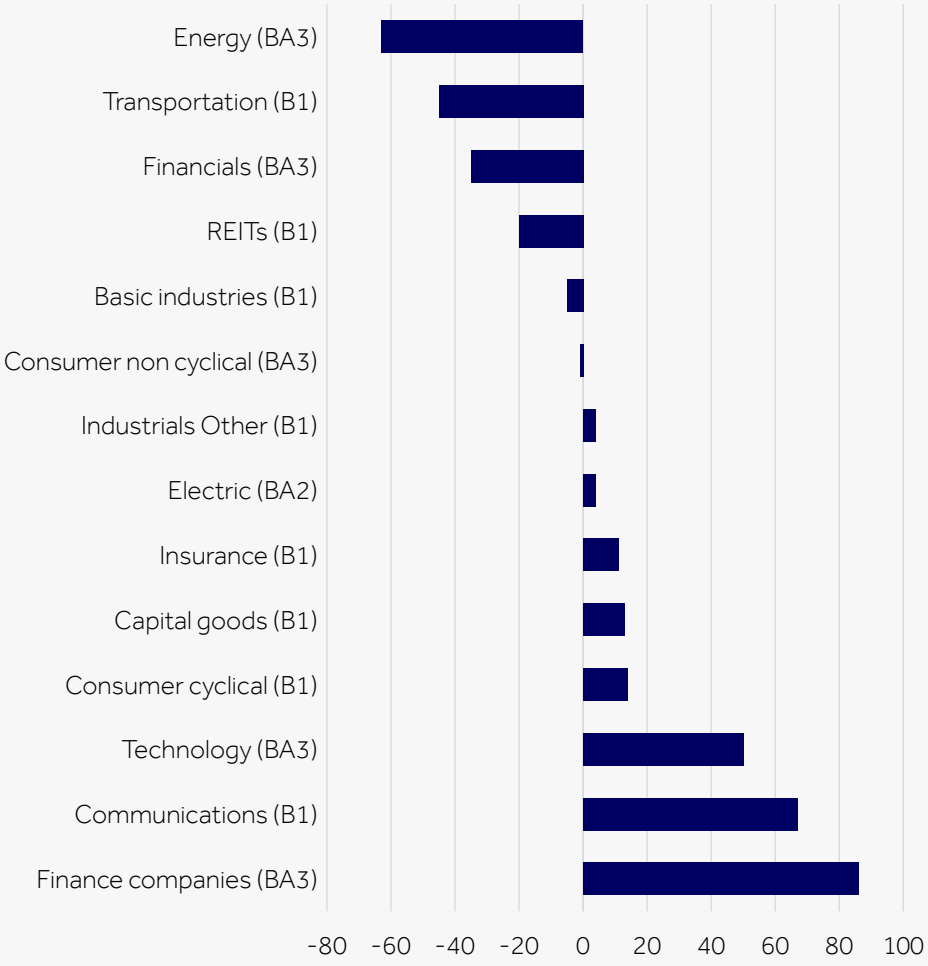
Credit spreads may have hit their tightest point in the latest cycle in 2026. However, sectors have fared differently, pointing to good opportunities for bond investors in the sectors that have moved the most. It also raises questions over the relative value of outperformers.

Going into 2027 the best entry points will likely be found among issuers with strong fundamentals that have been caught up in sector-specific widening. Conversely, companies to avoid will be found among those that have benefited from sectoral tailwinds while their own fundamentals leave much to be desired.

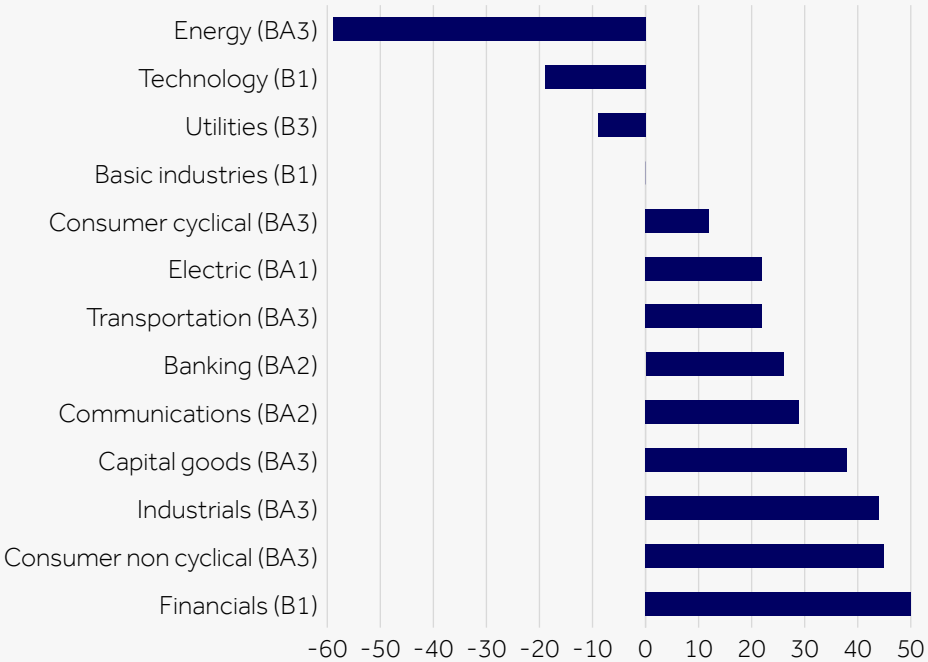
HIGH YIELD SECTOR SPREADS DIVERGE

US and European sectoral high yield credit dispersion[2] has been more pronounced than seen for investment grade bonds in 2026

US high yield year-to-date option-adjusted spread change (average credit rating in parentheses)



Pan-European high yield year-to-date option-adjusted change (average credit rating in parentheses)



Source: Bloomberg, Barclays Private Bank, October 2026

2 We consider only observations where at least 10 bonds are contained in a sector and the spreads at the time of writing were above 50bp and under 1000bp, to avoid the impact of extreme outliers on overall spread levels.

ALTERNATIVES

RESHAPED BY DISPERSION AND THE AI BUILD-OUT

Infrastructure is attracting private market investors seeking income and AI exposure, while market dispersion is creating opportunities for hedge funds.

EGE KAYAN
VICE PRESIDENT, PRIVATE MARKETS

PIERRE EMMANUEL CRAMA
DIRECTOR, HEDGE FUNDS

PRIVATE MARKETS: A SLOWER TEMPO

Higher interest rates have slowed mergers and acquisitions (M&A) and initial public offerings (IPOs) activity since the record highs reached in 2021, the two main routes through which private equity-funded companies return capital, lengthening holding periods[1]. For buyout funds, distributions as a share of net asset value (NAV) have held below 15% since 2022, a level last seen during the global financial crisis[2].

Meanwhile, 62% of general partners (GPs) surveyed by Barclays cite limited available capital from limited partners (LPs) as a challenge. At the same time, strong US equity returns have erased the ten-year return gap between US public and private equity, at least for now. Together, these trends gave rise to the view that investors were favouring liquid, public instruments

1 Barclays Private Bank, Unwavering Commitment – Private Markets Annual Report 2026, September 2026
2 Bain & Company, Global Private Equity Report 2026, February 2026. Data sourced from Dealogic, MSCI, PitchBook and Preqin.



Exits back in tune

The data increasingly point the other way. Global private equity exit volume rebounded to $1.1 trillion in 2025, a 46% year-on-year increase, supported by renewed M&A momentum and alternative exit routes. In addition, annualised exit volume is projected to reach approximately $2.4 trillion in 2026[3].

Distributions have yet to recover materially, but secondaries volume reached a first-half record of around $121 billion in 2026[4], and more than half of private market NAV sits in funds older than five years, a pool of unrealised value that could support near-term distributions.

Underlying demand also remains intact. Of the high-net-worth investors surveyed by Barclays, 72% invest in private markets, up from 50% in 2025, and three-in-five intend to increase their allocations[5].

"Global private equity exit volume rebounded to $1.1 trillion in 2025, a 46% year-on-year increase supported by renewed M&A momentum and alternative exit routes"

3 Barclays Private Bank, Unwavering Commitment – Private Markets Annual Report 2026, September 2026. Exit data: HarbourVest, PitchBook, as of 31 March 2026; 2026 figure is an annualised projection as of Q1 2026. Distributions: PitchBook, as of 31 December 2025. NAV: PitchBook, as of 31 March 2026

4 Evercore Private Capital Advisory, H1 2026 Secondary Market Review, July 2026

5 Barclays Private Bank, Unwavering Commitment – Private Markets Annual Report 2026, September 2026. Based on a survey of 613 high-net-worth individuals conducted by Savanta and Barclays Private Bank, May-June 2026. The sample includes individuals who are currently investing in private markets, those who have previously invested, or those who have not yet invested, but are considering doing so.

The software scare

A further concern relates to software. Private credit lending to software-as-a-service companies has grown to more than $500 billion, or 19% of all direct loans. Meanwhile, software equities fell by almost 30% in four months on fears that AI could erode their business models[6]. Together with some high-profile private credit bankruptcies, these issues added to uncertainty, though they appear to be contained[7]. Income has also become less generous, with average unitranche yields 308 basis points below their July 2023 peak[8].

Infrastructure takes centre stage

These pressures have coincided with a shift in preferences within private markets, most clearly towards infrastructure. The share of private investors allocating to the asset class rose to 44% in 2026 (from 36% in 2025), while the share of non-investors considering private markets jumped from 14% to 37%, the largest increase of any private asset class, according to our survey[9].

Institutional flows tell a similar story. Infrastructure fundraising reached a record of nearly $200 billion in 2025, up 58%, while other private market asset classes have contracted since 2020[10]. Additionally, 51% of institutional LPs plan to raise infrastructure allocations over the next three years, ahead of allocations for buyout (35%) and real estate (30%).

> "Infrastructure fundraising reached a record of nearly $200 billion in 2025, up 58%, while other private market asset classes have contracted since 2020"

Part of the appeal is diversification. Infrastructure has historically shown low-to-moderate correlations with traditional asset classes and relative resilience in equity down markets[11]. Barclays analysis indicates that, over the period 2000–2025, adding a 30% private markets allocation to a hypothetical 60/40 portfolio would have lifted annualised returns from 5.5% to 6.7% and increased yield from 2.4% to 3.1%, at broadly unchanged volatility[12].

---

6 Bank for International Settlements, 'Private credit's software lending meets AI disruption', BIS Quarterly Review, March 2026

7 Barclays Private Bank, Unwavering Commitment – Private Markets Annual Report 2026, September 2026. Fund raising data: PitchBook, Q2 2026 Global private market fundraising report, 3 September 2026, data as of 30 June 2026

8 Houlihan Lokey, U.S. Private credit market newsletter, January 2026. Data sourced from KBRA DLD as of 31 December 2025

9 Barclays Private Bank, Unwavering Commitment – Private Markets Annual Report 2026, September 2026

10 McKinsey & Company, Global Private Markets Report 2026 – Infrastructure: Investing to support global growth, March 2026. Data sourced from Preqin, MSCI Private Capital Solutions and McKinsey LP Survey, January 2026).

11 KKR, Why Private Infrastructure in 2026: Investing through volatility and a rapidly evolving world, May 2026. Correlations based on unsmoothed returns, 1998–2024; electricity demand estimate cites the International Energy Agency

12 Bloomberg, Preqin, Real Capital Analytics, Barclays Private Bank, March 2026; monthly data January 2000–December 2025; 60/40 = MSCI ACWI / Bloomberg Global Aggregate; private assets backfilled and de-smoothed; gross of fees. For illustrative purposes only.

Income is also part of the appeal. Infrastructure assets provide essential services, typically with inelastic demand. Revenues are often underpinned by regulation or long-term, inflation-linked contracts, offering resilience in times of macroeconomic stress. Private infrastructure has also outperformed a common institutional target of the US consumer price index plus 400 basis points 88% of the time since 2010[13].

Infrastructure: On the right side of 'AI eating software'

If AI is disrupting parts of the software layer, the physical layer on which it runs is a clear beneficiary. Infrastructure spending in the sector is projected to reach $1.37 trillion in 2026[14], global data centre demand is projected to rise from around 82 gigawatts in 2025 to 219 gigawatts by 2030[15], and nearly $7 trillion of data centre investment may be needed through 2030.

The opportunity extends well beyond data centres. AI is driving a sharp increase in electricity demand, requiring investment in power generation, transmission, grid upgrades and storage, while fibre is emerging as a mission-critical backbone for distributed compute.

Crucially, these assets offer exposure to AI on different terms: through tangible, cash-generative assets rather than by picking individual technology winners, with returns anchored in contracted cash flows rather than valuation expansion. By contrast, late-stage AI companies in US venture capital are valued at 6.6 times their non-AI peers[16].

Many private investors remain under-exposed to the asset class. Although 65% of family offices prioritise AI as an investment theme, 79% hold no infrastructure at all[17].

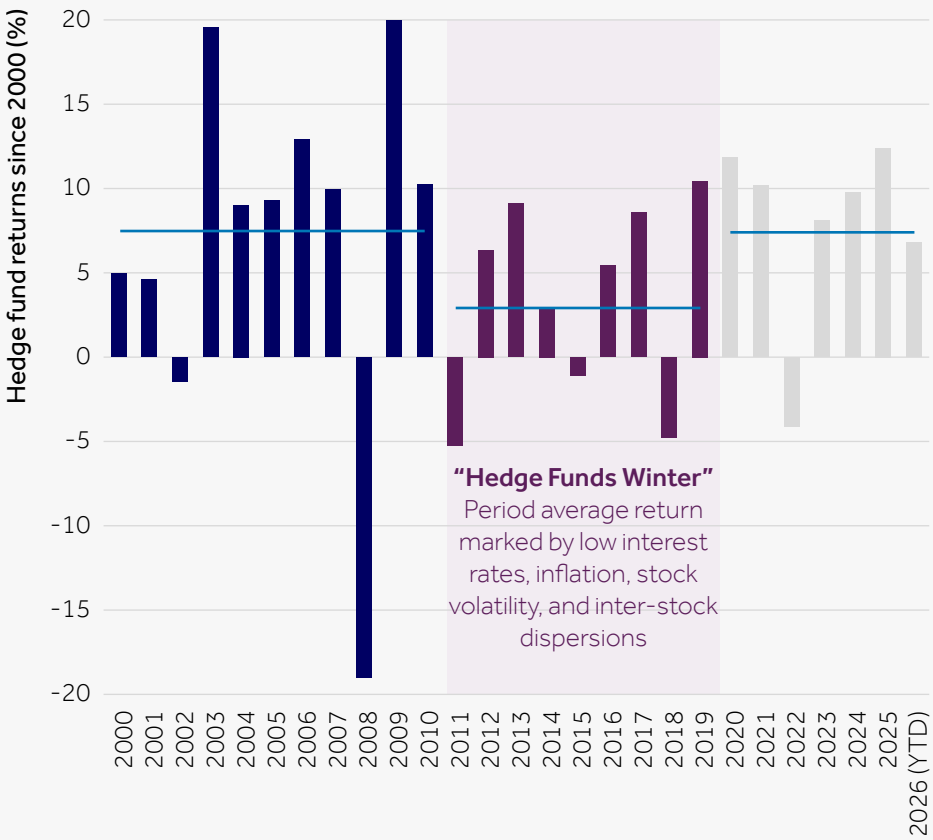
The opportunity is not without risk. If AI adoption or monetisation disappoint, hyperscaler capital expenditure could slow, reducing demand for parts of the digital infrastructure value chain. Constraints around power and permitting make execution a key differentiator, and dispersion between managers remains significant.

Private markets: looking ahead

The music is still playing for private markets. Exit activity has rebounded, liquidity shows signs of recovery as the distribution cycle rebuilds and investor participation broadens. Where preferences have shifted, they have largely done so within private markets, towards strategies offering diversification, income and exposure to durable structural themes. In that context, infrastructure stands out as a way to invest in the AI build-out theme through tangible, cash-generative assets, provided that investors remain selective about managers, sectors and entry points.

13 CBRE Investment Management, Infrastructure Quarterly: Q2 2026, 25 June 2026. CBRE IM analysis; private infrastructure performance measured against a US CPI + 400 basis points target, Q1 2010–Q4 2025
14 Barclays Private Bank, Unwavering Commitment – Private Markets Annual Report 2026, September 2026, AI spending figures cite Gartner, 'Gartner says worldwide AI spending will total $2.5 trillion in 2026', 15 January 2026
15 Morgan Stanley Investment Management, Infrastructure 2026 Midyear Outlook, July 2026. Data centre demand figures cite the McKinsey Data Center Demand Model
16 PitchBook, Q2 2026 US VC Valuations Report, 10 August 2026. Data as of 30 June 2026
17 J.P. Morgan Private Bank, 2026 Global Family Office Report. Survey of 333 single family offices, May–July 2025

HEDGE FUND WINTER
The post-global financial crisis period between 2011 and 2019 was marked by a hedge fund 'winter' of pedestrian returns that have improved since 2020



Source: Barclays Private Bank, October 2026

HEDGE FUNDS: FINDING HARMONY IN DISCORD

The investment backdrop has become more defined by higher-for-longer interest rates, elevated inflation and greater divergence in fiscal and monetary policy around the world. The past six years are a case study in how quickly markets can morph from stability to dislocation.

In today's less predictable environment, inflation, macroeconomic policy and geopolitical shocks can prompt greater stock dispersion and different asset class correlations. Traditional portfolio relationships may therefore prove less reliable than before. Many investors have turned to hedge fund investments as a more dynamic response to dislocations between asset classes, regions and individual securities.

Diversification becomes more valuable

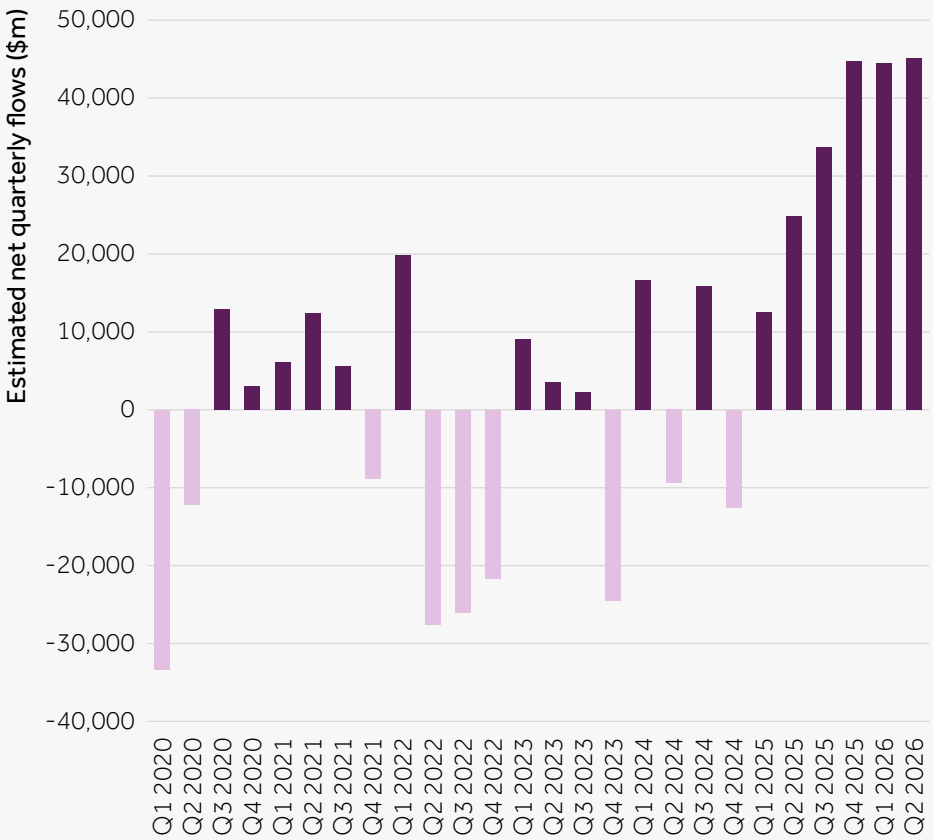
The end of the so-called "hedge fund winter" seen between 2011 and 2019 – a period marked by low interest rates, inflation, equity market volatility and inter-stock dispersions – has coincided with a boon for hedge fund performance (see chart above).

Investors have increasingly focused on diversifying strategies as stocks and bonds started moving in unison, breaking the harmony that underpinned the 60/40 portfolio. Higher rates and wider dispersions have expanded the opportunity set for hedge fund managers, while geopolitical uncertainty has reinforced investor interest in strategies that are less dependent on a sustained rise in broad markets.

Against this backdrop, portfolios may benefit from combining traditional assets with more differentiated sources of return. The objective is not simply to reduce market exposure, but to improve the balance between return generation and downside protection across different regimes. Strategies with repeatable investment processes, disciplined risk management and the flexibility to exploit relative-value opportunities can all play an important role when returns are driven increasingly by security selection rather than broad beta.

HEDGE FUND INDUSTRY NET FLOWS HAVE SURGED SINCE 2025

Hedge funds as an asset class received their largest estimated net quarterly inflows for almost 20 years between April and June. Estimated hedge fund quarterly inflows shown below since Q1 2020



Source: HFRI, Bloomberg, Barclays Private Bank, October 2026

This shift is also visible in investors' allocations (see chart above). Interest has remained strong in hedge fund strategies providing low or uncorrelated returns, including multi-strategy, market-neutral, discretionary global macro and specialist equity strategies. Some investors increasingly view such allocations as highly complementary to fixed income as bonds have provided less dependable diversification relative to global equities than in prior market environments.

A selective opportunity

The current market regime appears supportive for several hedge fund strategies, not least because greater dispersion across asset classes and individual securities can create opportunities alongside wider policy divergence.

Opportunities can be created on both the long and short sides of a portfolio. Equity long/short and market-neutral managers can benefit when markets differentiate more sharply between corporate winners and losers. In turn, higher single-stock volatility can reward fundamental security selection, while variable net strategies can adjust directional exposure as conditions change.

Global macro strategies are another area that might prosper from the present environment. Diverging growth, inflation, fiscal and monetary policy paths across the world can produce opportunities in rates, currencies, commodities and equity indices. Meanwhile, multi-strategy platforms can allocate capital dynamically among differing opportunity sets and seek to combine multiple sources of alpha within robust risk frameworks.

The opportunity is unlikely to be uniform. Performance dispersion between hedge fund strategies will also remain significant. Manager selection and access remain critical in such environments. Strong demand for uncorrelated returns from the hedge fund industry continues to lead high-quality funds to restrict new capital. In our view, the case for hedge fund investment rests on their potential to diversify portfolios, mitigate downside risk, and capture alpha from the current investment landscape.



PORTFOLIO STRATEGY

ALL THAT JAZZ: IN SEARCH OF HARMONY

With so many economic shocks and discordant market noises, how can investors tune them out and focus on what matters most for portfolios in 2027?

NIKOLA VASILJEVIC, PHD
HEAD OF GLOBAL ASSET ALLOCATION

JULIEN LAFARGUE, CFA
CHIEF MARKET STRATEGIST

In jazz, the rhythm section holds the chord changes steady while soloists improvise over them. Portfolios work in a similar way, with a resilient core carrying the long-term plan and smaller positions responding to what the market plays next.

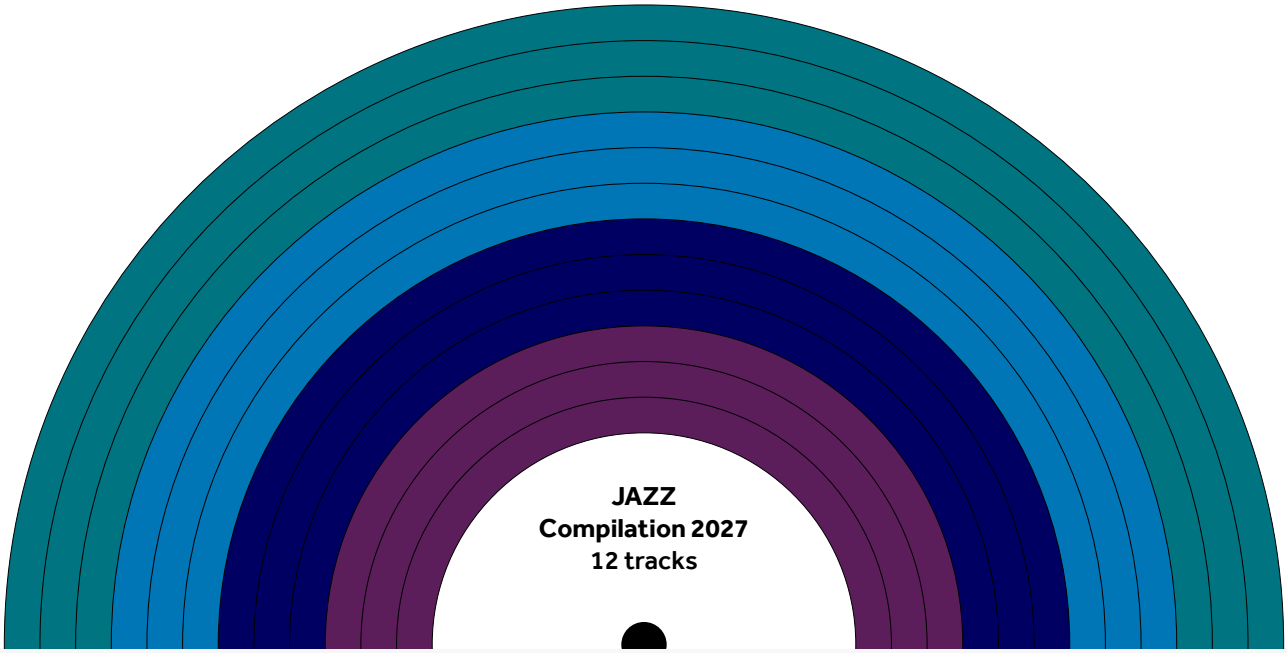
We think two prices will set the tempo in 2027: the price of energy and the price of money. We remain invested, which raises two practical questions. The first is how to hear a wrong note, which calls for a disciplined set of indicators. The second is how to build a portfolio that can make the most of it and keep the music playing.

Our JAZZ framework addresses both questions through four complementary aspects of our investment approach:

- **J**udge the cycle
- **A**dapt to disruption
- **Z**oom out
- **Z**ig when markets zag.

WHAT WE LISTEN OUT FOR: JAZZ COMPILATION 2027

Twelve risk indicators to watch across four themes: the price of energy, the price of money, the AI cycle and market behaviour, each linked to a pre-agreed portfolio response



ENERGY

1. Oil prices and refining margins
- Path of the energy shock
- Sustained rises favour real assets, shorter duration

2. Fertiliser, food prices and El Niño
- Energy feeding into food
- Rising prices support inflation-linked bonds

3. Share of prices rising above 3%
- Breadth of inflation
- A clear fall is our cue to extend duration

MONEY

4. Term premium and auctions
- Demand for long-dated debt, at home and abroad
- A sharp repricing is our entry point for duration

5. Breakevens against real yields
- Signs of fiscal dominance
- Rising breakevens, falling real yields favour gold

6. French-German 10-year spread
- European fiscal stress
- A wider spread strengthens our quality bias

AI CYCLE

7. AI credit spreads against peers
- AI financing conditions
- Look for possible entry points on excessive widening

8. Cloud revenue against capital spending
- AI monetisation
- A widening gap shifts our AI tilt to adopters

9. Power prices and grid queues
- Physical limits on compute
- Tighter power supply favours grid and power enablers

MARKETS

10. Correlation and leverage in AI leaders
- Crowding
- Rising correlation is a signal to add protection

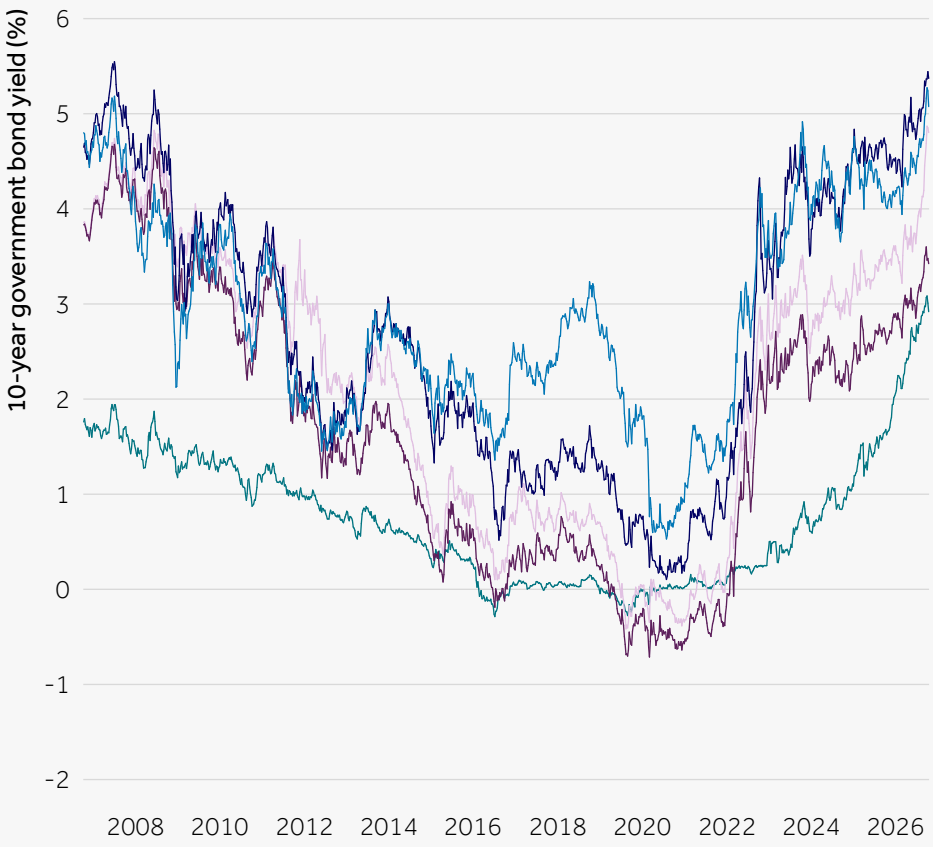
11. Stock-bond correlation
- Whether bonds hedge equities
- Positive readings favour real assets and options

12. Equity implied volatility
- Cost of protection
- Low volatility is the time to add option overlays

Source: Barclays Private Bank, October 2026. For illustrative purposes only.

THE PRICE OF MONEY SETS THE TEMPO

Ten-year government bond yields for the US, UK, Germany, France and Japan. Weekly observations over the last two decades, from mid-October 2006 to mid-October 2026



Source: Bloomberg, Barclays Private Bank, October 2026

Judge the cycle

Despite the economic impact on economies of the conflict in the Middle East, we forecast that global growth will slow by only a tenth of a point in 2026 and a fifth of a point in 2027, assuming no major escalation in military activity in the conflict or surge in oil prices. Meanwhile, with the consumer price index forecast to climb to 2.8% for 2026, inflation has kept central banks on guard, and both the US Federal Reserve (Fed) and the European Central Bank raised rates in September[1].

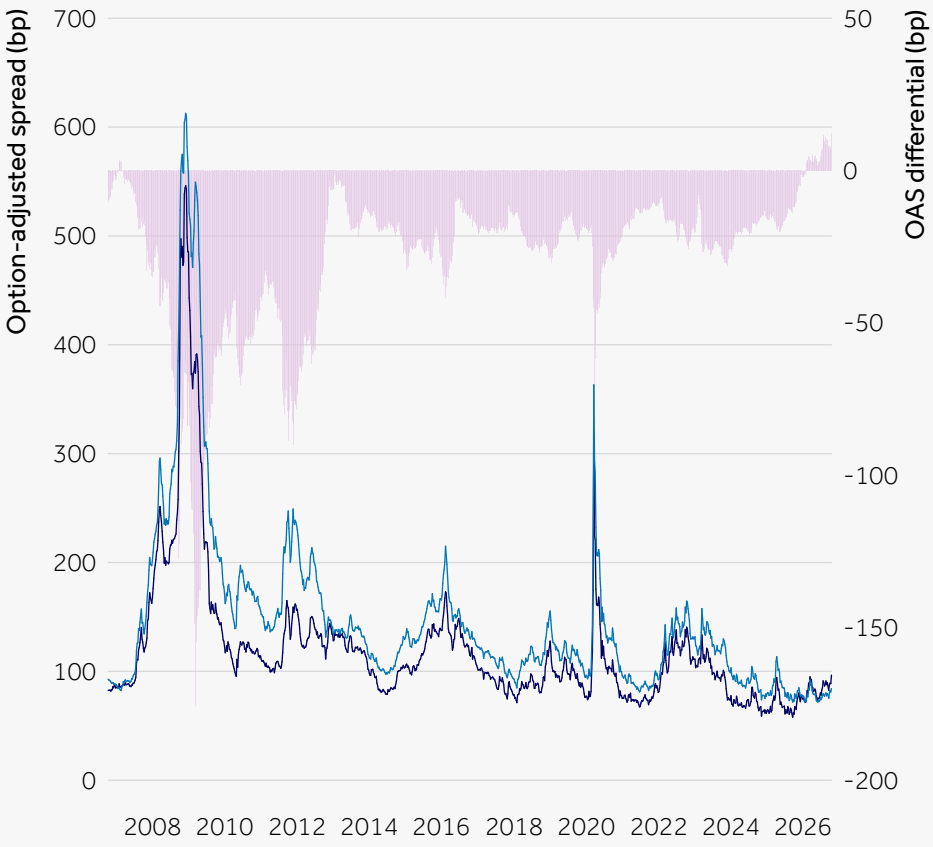
Energy is the first beat to listen for. Oil prices remain elevated as attacks on shipping around the Strait of Hormuz continue. Refining margins[2] reflect how the shock is evolving, while the share of US spending categories with inflation above 3% – a breadth measure the US Fed has highlighted – shows whether it is spreading.

A second, slower channel runs from energy into food. Natural gas is a key input for nitrogen fertiliser, whose costs remain elevated, and US forecasters put the chance of a very strong El Niño this winter above 90%, which makes harvest disruption more likely[3].

The price of money is the second beat. According to our estimates, the recent rise in US yields was largely down to investors pricing a more hawkish Fed, which reduces the risk of further pressure from short-dated rates[4]. The long end is less settled. Term premiums – the extra yield investors demand for lending long – remain below their historical average in the US. With almost a third of US federal debt

1 European Central Bank. Monetary policy decisions. 10 September 2026
2 Refining margins, also known as crack spreads, measure the gap between the price of crude oil and the prices of products refined from it, mainly diesel and petrol. They tend to widen when supplies of refined products are tight and to narrow when demand slows or crude prices rise faster than fuel prices.
3 Barclays Private Bank. Market Perspectives: How rising food prices threaten returns. 9 October 2026
4 Barclays Private Bank. Higher yields: a benign mix for equities, for now. 2 October 2026

A WARNING LIGHT IN AI CREDIT
Option-adjusted spread (OAS) of the broad US investment grade (IG) index and the US technology IG sub-index and their spread differential in basis points (bp).
Weekly observations over the last two decades, from mid-October 2006 to mid-October 2026. The OAS differential between the technology sub-index and the broad index turned positive in February 2026. The latest observation, as of 16 October 2026, is the highest reading in our sample (+12 bp versus the average of -28 bp)



Source: Bloomberg, Barclays Private Bank, October 2026.

held abroad[5], increasingly by price-sensitive private investors, higher yields in Japan and fiscal debates in Europe could push them higher.

Adapt to disruption

In our view, AI exposure is a given for investors, and we remain constructive on the theme within a neutral equity allocation[6]. The technology supports growth on two clocks. Data-centre spending lifts activity today, while generative AI could add 0.10 to 0.25 percentage points a year to potential growth over five years, towards the cautious end of published estimates[7], [8], [9], [10]. Since 2023, when generative AI tools began to be deployed at scale, sales per employee in US application software have risen while headcount has also grown[11].

The risks sit in how the build-out is financed and delivered, which we track through four signals. Financing comes first, and it has started to move, with technology bonds trading at wider spreads than the broader US investment grade market for the first time (see chart). Company filings follow, in particular whether cloud revenue keeps pace with capital spending. Physical constraints come next, as demand for compute outruns the power and planning consent needed to deliver it. Positioning completes the set, where falling dispersion and rising correlations would point to crowding[12], [13].

5 US Department of the Treasury. Treasury International Capital (TIC) data. August 2026
6 Barclays Private Bank. Market Perspectives: Holistic asset class preferences. 9 October 2026
7 Barclays Private Bank. AI Mid-Year Outlook 2026: Accounting for productivity. 17 July 2026
8 OECD, Miracle or myth? Assessing the macroeconomic productivity gains from artificial intelligence. 22 November 2024
9 Daron Acemoglu. The Simple Macroeconomics of AI. NBER Working Paper 32487, 5 April 2024
10 Barclays Private Bank. Market Perspectives: Five charts that matter for investors. 9 October 2026
11 Barclays Private Bank. Market Perspectives: Five charts that matter for investors. 9 October 2026
12 Barclays Private Bank. AI investment matrix: Four signals, four scenarios. 21 September 2026
13 Barclays Private Bank. Market Perspectives: Bond markets break multi-decade records. 9 October 2026

We see the most likely path for the AI cycle as selective, with gains remaining relatively narrowly distributed and returns differing across companies. A broadening of AI gains beyond industries closely related to the sector would represent an upside scenario. On the other hand, the main risk is a correction triggered by tighter financing, which we see as more plausible than a disorderly unwind across markets.

We therefore favour selected AI adopters and enabling infrastructure, such as grid and power suppliers, held through active selection and relative-value strategies. We would avoid indiscriminate AI baskets and lower-quality AI-linked credit.

Zoom out

With many forces shaping markets, zooming out means distinguishing between the general market noise and the investment developments that matter most. We focus on four connected themes: the price of energy, the price of money, the AI cycle and market behaviour (see our earlier JAZZ chart). Together, these signals help us assess which scenario is unfolding and when our portfolio response may need to change.

However, indicators only help if the portfolio is built to act on them, and our approach to portfolio construction rests on four principles.

The first is to diversify by the drivers of risk and return, because in a more multipolar world, familiar labels convey less than they used to. The main emerging market equity benchmark is arguably more exposed to AI than its US counterpart and the same AI borrowers can sit in both equity and credit portfolios[14].

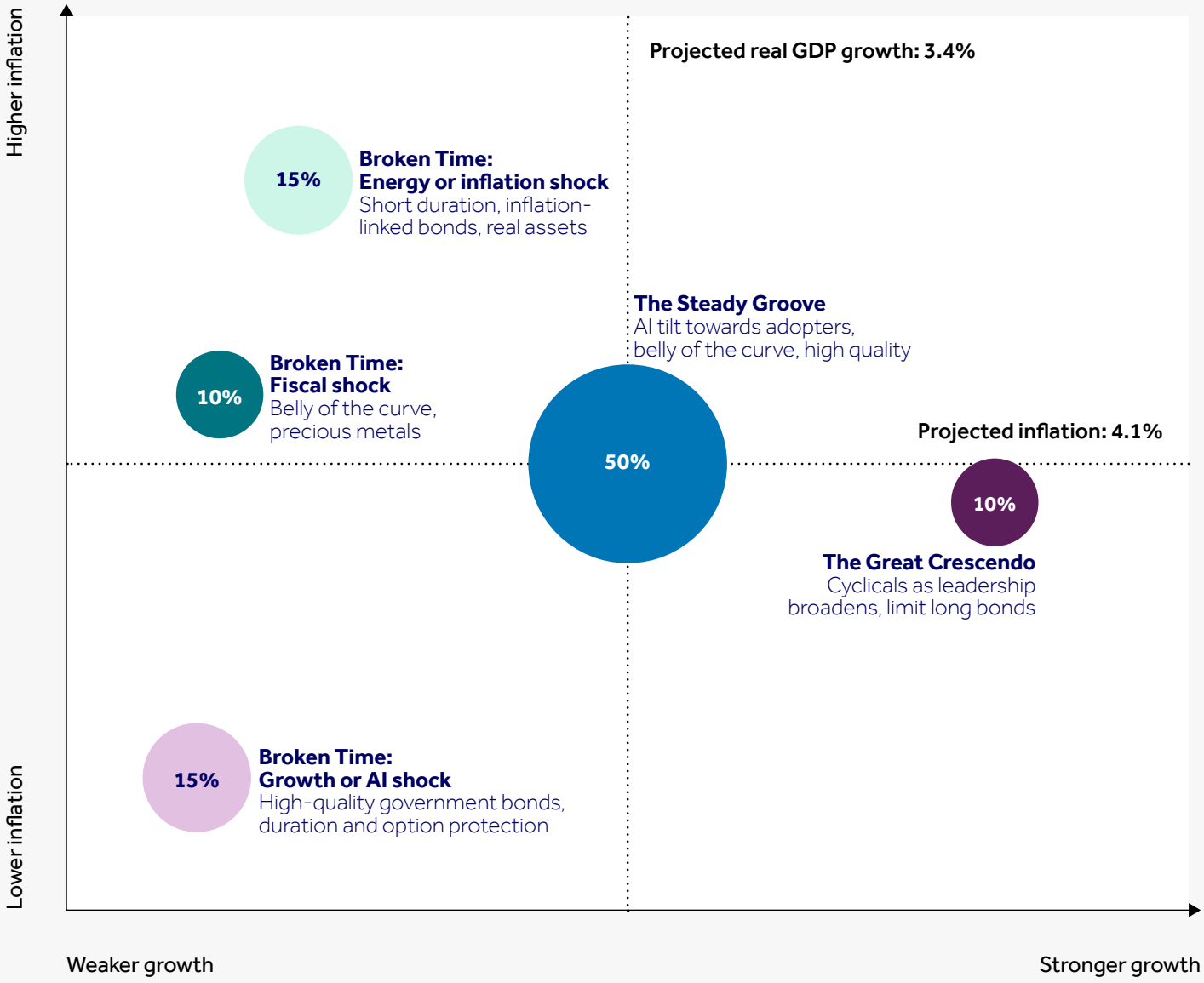
The second is to let the rhythm section hold the form while soloists look for opportunities. With earnings expectations elevated and valuations leaving little room for disappointment, the equity risk-reward measure has become more demanding. Indeed, we expect returns to hinge on which companies deliver, in turn keeping dispersion high. A diversified core, held largely through passive exposure, contains index concentration while active managers and hedge funds can exploit the dispersion around it. Private markets play a different role, adding return drivers and access to companies outside public indices, provided managers are chosen carefully.

The third is to give each asset a clear job, and for bonds that job is mainly to generate income. We favour the belly of the curve and higher quality, preferring investment grade to high yield as spreads have little room to tighten. We would extend duration if inflation or growth moderates faster than expected, or if a fiscally driven bond sell-off pushes long-end yields high enough to compensate for the additional risk.

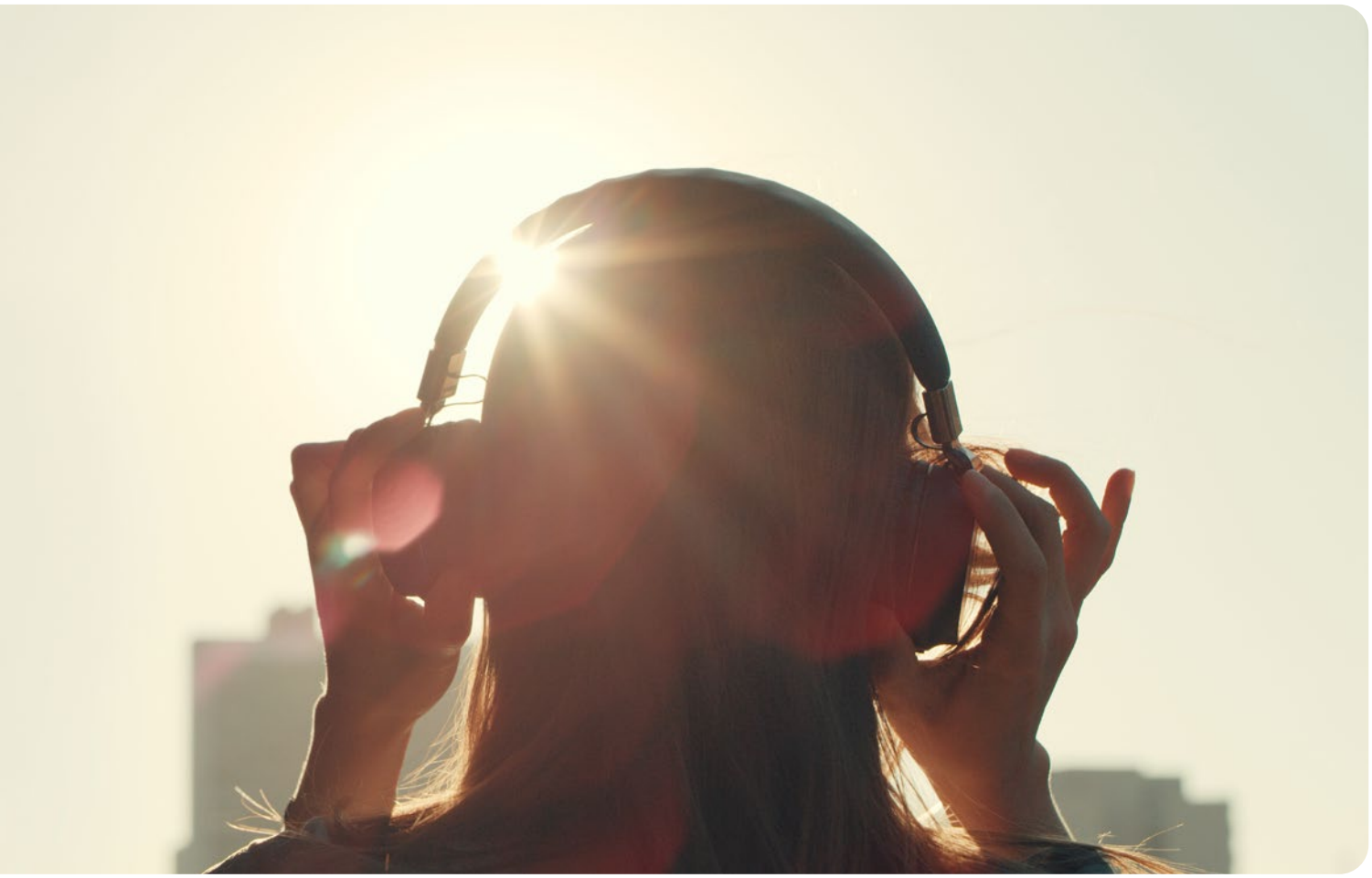
14 Barclays Private Bank. Time for a portfolio reboot? 4 September 2026

THE WAYS THE MUSIC COULD GO

Macro scenarios for 2027 relative to the IMF baseline (3.4% global growth, 4.1% global inflation, sourced from the World Economic Outlook published in October 2026). The bubble size shown is proportional to probability. The scenario weights are based on our own working estimates. The scenario positions in the chart are illustrative



Source: IMF, Barclays Private Bank, October 2026. For illustrative purposes only



High-quality government bonds still provide diversification during a growth scare, but offer little protection against supply-driven inflation, which is where real assets and inflation-linked bonds could prove useful, with precious metals as further diversifiers.

"Active managers and hedge funds can exploit the dispersion around a diversified core. Private markets play a different role, adding return drivers and access to companies outside public indices, provided managers are chosen carefully"

The final principle is to agree on the chord progression in advance and improvise within it. Option overlays are best put in place while volatility is low and each indicator in our dashboard is linked to a pre-agreed action. Rebalancing against set ranges lets a portfolio's satellite investments adapt to new evidence without disturbing the core.

Scheduled political events, such as France's presidential election in April 2027 and budget rounds on both sides of the Atlantic, rarely justify repositioning portfolios because profiting from them requires predicting both the result and the market's reaction: the second is often harder than the first[15].

15 Barclays Private Bank. Market Perspectives: Braced for impact. 9 October 2026

Zig when markets zag

No playbook can stay static and we believe that three main macro scenarios – the Steady Groove, Great Crescendo and Broken Time – stand out as most likely in 2027 as a guide to how we would improvise (see chart on page 47).

The first scenario, and our central case, is Steady Groove. Growth tracks the IMF path, while inflation eases slowly as energy prices normalise, allowing central banks to pause after a final round of hikes. Narrowing inflation breadth and steady demand at bond auctions would confirm it.

The second is called the Great Crescendo, in which AI boosts company results sooner than expected and lifts profits beyond technology, with productivity gains helping to contain inflation. Revenue catching up with capital spending at the largest AI investors, together with improving orders in cyclical industries, would be among the first signs of this happening.

The third is Broken Time, in which the rhythm becomes unpredictable, and the cause decides the hedge. Here, we see three main drivers. First, a stagflationary shock. A further energy or food price spike could also put the economy on this road. A return to fiscal dominance is another avenue.

Then there is the possibility of a weaker growth outlook, driven by a reset of AI-related expectations or, worse, a disorderly repricing of AI bond-issuer credit. Such a development would likely hurt both growth and inflation and drag credit down together.

Therefore, when it comes to portfolio construction, there is no such thing as a "bear case". Instead, investors need to account for various downside scenarios, with each one deserving its own set of hedges. Stagflation requires inflation-proof assets while a growth or AI shock argues for a safe-haven cover, primarily via duration and options. In a sovereign-led sell-off, protection would have to come from the belly of the curve and precious metals.

As a working assumption, we attach a 50% probability to Steady Groove and 10% to Great Crescendo. The Broken Time scenario carries the remaining 40%. A stagflationary shock and a growth or AI shock each carry 15%, and a fiscal shock 10%. Downside risks outweigh upside ones with inflation the larger threat, in line with the International Monetary Fund's forecasts. The weights also reflect our view that a contained AI correction need not derail the wider economy.

Coda

Our central case for 2027 is a resilient economy, with energy prices and interest rates shaping the outlook and AI supporting growth. Inflation surprises, as well as strains in government bond markets and AI financing, remain the main risks.

Our response is to consider different scenarios and let portfolio construction do the work: maintain a diversified core, watch for changes in the indicators and agree responses in advance. The aim is to stay invested for the long term while adapting when the rhythm changes.

"Our response is to...maintain a diversified core, watch for changes in the indicators and agree responses in advance".

IMPORTANT INFORMATION

This communication is general in nature and provided for information/educational purposes only. It does not take into account any specific investment objectives, the financial situation or particular needs of any particular person. It is not intended for distribution, publication, or use in any jurisdiction where such distribution, publication, or use would be unlawful, nor is it aimed at any person or entity to whom it would be unlawful for them to access.

This communication has been prepared by Barclays Private Bank (**Barclays**) and references to Barclays include any entity within the Barclays group of companies.

This communication:

i. is not research nor a product of the Barclays Research department. Any views expressed in these materials may differ from those of the Barclays Research department. All opinions and estimates are given as of the date of the materials and are subject to change. Barclays is not obliged to inform recipients of these materials of any change to such opinions or estimates;

ii. is not an offer, an invitation or a recommendation to enter into any product or service and does not constitute a solicitation to buy or sell securities, investment advice or a personal recommendation;

iii. is confidential and no part may be reproduced, distributed or transmitted without the prior written permission of Barclays; and

iv. has not been reviewed or approved by any regulatory authority.

Any past or simulated past performance including back-testing, modelling or scenario analysis, or future projections contained in this communication is no indication as to future performance. No representation is made as to the accuracy of the assumptions made in this communication, or completeness of, any modelling, scenario analysis or back-testing. The value of any investment may also fluctuate as a result of market changes.

Where information in this communication has been obtained from third party sources, we believe those sources to be reliable but we do not guarantee the information's accuracy and you should note that it may be incomplete or condensed.

Neither Barclays nor any of its directors, officers, employees, representatives or agents, accepts any liability whatsoever for any direct, indirect or consequential losses (in contract, tort or otherwise) arising from the use of this communication or its contents or reliance on the information contained herein, except to the extent this would be prohibited by law or regulation.

Barclays offers private and overseas banking, credit and investment solutions to its clients through Barclays Bank PLC and its subsidiary companies. Barclays Bank PLC is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (Financial Services Register No. 122702) and is a member of the London Stock Exchange and Aquis. Registered in England. Registered No. 1026167. Registered Office: 1 Churchill Place, London E14 5HP.

Barclays Bank PLC, Jersey Branch has its principal business address in Jersey at 13 Library Place, St Helier, Jersey and is regulated by the Jersey Financial Services Commission. Barclays Bank PLC, Isle of Man Branch has its principal place of business at Eagle Court, 25 Circular Road, Douglas, Isle of Man and is licensed by the Isle of Man Financial Services Authority. Barclays Bank PLC, Guernsey Branch has its principal place of business at St Julian's Court, St Julian's Avenue, St Peter Port, Guernsey and is licensed by the Guernsey Financial Services Commission for Banking, Lending, Credit & Finance and Investment Business.

Barclays Bank Ireland PLC, trading as Barclays and as Barclays Private Bank, is regulated by the Central Bank of Ireland. Registered in Ireland. Registered Office: One Molesworth Street, Dublin 2, Ireland, D02 RF29. Registered Number: 396330. VAT Number: IE4524196D. Calls are recorded in line with our legal and regulatory obligations, and for quality and monitoring purposes.

Barclays Bank (Suisse) SA is a bank registered in Switzerland and regulated and supervised by the Swiss Financial Market Supervisory Authority FINMA. Registered No. CHE-106.002.386. Registered Office: Chemin de Grange-Canal 18-20, 1224 Chêne-Bougeries, Switzerland. Registered branch: Beethovenstrasse 19, 8002 Zurich, Switzerland. Registered VAT No. CHE-106.002.386. Barclays Bank (Suisse) SA is a subsidiary of Barclays Bank PLC.

In the Principality of Monaco, Barclays Bank PLC operates through a branch which is duly authorised and falls under the dual supervision of the Monegasque regulator 'Commission de Contrôle des Activités Financières' (with regards to investment services) and the French regulator 'Autorité de Contrôle Prudentiel et de Résolution' (in respect of banking & credit services and prudential supervision). The registered office of Barclays Bank PLC Monaco branch is located at 31 avenue de La Costa, MC 98000 Monaco – Tel. + 377 93 15 35 35. Barclays Bank PLC Monaco branch is also registered with the Monaco Trade and Industry Registry under No. 68 S 01191. VAT No. FR 40 00002674 9.

Barclays Bank PLC (DIFC Branch) (Registered No. 0060) is regulated by the Dubai Financial Services Authority. Barclays Bank PLC (DIFC Branch) may only undertake the financial services activities that fall within the scope of its existing DFSA licence. Principal place of business: Private Bank, Dubai International Financial Centre, The Gate Village Building No. 10, Level 6, PO Box 506674, Dubai, UAE. This information has been distributed by Barclays Bank PLC (DIFC Branch). Certain products and services are only available to Professional Clients as defined by the DFSA.

Barclays Bank PLC (Incorporated in England and Wales) (Reg. No: 2018/599243/10) is an authorised financial services provider under the Financial Advisory and Intermediary Services Act (FSP 50570) in South Africa and a licensed representative office of a foreign bank under the Banks Act, 1990. Barclays Bank PLC, has its principal place of business in South Africa, at Workshop 17 – Hyde Park Corner, 1st Floor, North Tower Square, 6th Road, Hyde Park, Johannesburg, 2196.

Barclays Bank PLC Singapore Branch is a licensed bank in Singapore and is regulated by the Monetary Authority of Singapore. Registered in Singapore. Registered No. S73FC2302A. Registered Office: 10 Marina Boulevard, #25-01, Marina Bay Financial Centre Tower 2, Singapore 018983.

Barclays Bank PLC, India branch (FCRN F01106) is regulated for its banking business and as authorized dealer by Reserve Bank of India and is registered with the Securities and Exchange Board of India as merchant banker and banker to an issue. Its principal place of business in India is at Level 32 and 33 (3301 A), Altimus, Worli Estate, Pandurang Budhkar Marg, Worli, Mumbai 400018, India. Transactions, products and services as offered from time to time are subject to the applicable laws and regulations of India. Website: www.barclays.in.



BARCLAYS | Private Bank

Backing your future

privatebank.barclays.com