Inside
the**market**

2026

Spring Investment Directions

Latin America Client Edition

Inflation | Artificial intelligence | Portfolio diversification

BlackRock®

Key market views

01 **We lean into AI, growth, and large cap exposures**, but see value as an important diversifier. Earnings in the U.S. have been steadily revised higher, even as volatility spiked and prices slid.

02 **Outside the U.S., we prefer emerging over developed market equities**, given the centrality of many EM countries in the ongoing AI buildout. Global themes such as energy security and infrastructure are likely to remain in focus long after conflict ends.

03 **In fixed income, we prioritize income** and see opportunities in securitized assets over corporate credit.

04 **We favor a diversified basket of diversifiers**, such as alternative asset classes and liquid alternative strategies. Traditional diversifiers such as duration and gold sold off alongside equities in March, a reminder that ballast is not one-size-fits-all.

Funds to Consider:

BLCR iShares Large Cap Core Active ETF	BGF Fixed Income Global Opportunities Fund	BSF Systematic Global Equity Absolute Return Fund

The spring edition of our *Investment Directions* takes on a new look. As the weather heats up, our "summer body" of work embraces a slimmed down word count, Q&A format, and visual-first approach – better for consuming on the go, or preferably, outdoors.

That's not to say the world is less complicated because the weather is better. The start of this year has seen the largest oil supply disruption in history. Prior to the conflict in the Middle East, the market was fretting about the death of software (the "DiSaaSter"), and other ways AI could disrupt existing business lines or generally fail to live up to hype.

While there are doubtless risks on the horizon, we also see opportunities: in the resilience of the U.S. economy, the continued strength in corporate earnings, and the relentless growth of AI and near-endless demand for compute. We retain a constructive outlook for risk assets, while building a diversified basket of diversifiers to gird portfolios against a growing array of potential shocks.

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Latest in markets

Inflation rising, Fed likely holds near-term

01 What does the conflict in the Middle East mean for the U.S. economy?

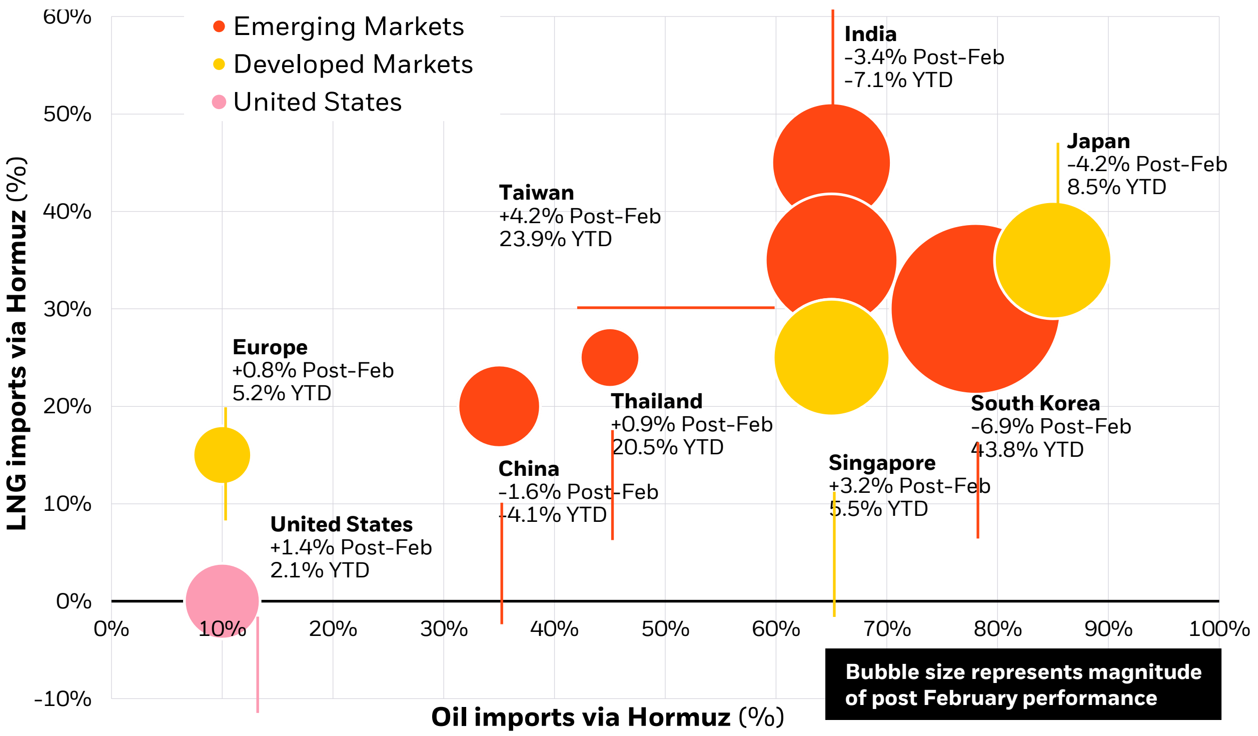
The Middle East conflict is pushing oil prices higher, but the implications for the U.S. economy - and markets - are more nuanced. The U.S. is less exposed than many peers given its role as a net energy exporter, which has helped cushion the growth impact relative to more import-dependent economies. Higher energy prices will still weigh on consumers, particularly via gasoline, but we expect that drag to be partially offset by fiscal support, including tax refunds.

Importantly, U.S. earnings have not been especially sensitive to oil unless disruptions persist. Historically, even large oil moves have tended to slow earnings growth rather than reverse it: since 1970, S&P 500 earnings have generally remained positive following oil increases of up to ~70% year-over-year, with negative outcomes concentrated in more extreme shocks - typically when oil spikes coincide with broader downturns.[1]

Consensus forecasts for GDP continue to average 2%, though we see some evidence of recent slowing.[2] Perhaps more importantly, growth has become more reliant on a narrow set of drivers associated with AI and investment spending, which could make it more fragile. We think that backdrop supports staying invested in equities, despite headlines around inflation and growth shocks, while being more deliberate about diversification as volatility remains elevated.

At the same time, energy infrastructure disruption may cause energy prices to remain higher than levels seen at the start of the year. Higher energy prices may reinforce longer-term themes around energy security and supply resilience, which could drive increased investment in defense and infrastructure even after the conflict fades. Policymakers are likely to prioritize rebuilding and expanding strategic reserves and reducing reliance on vulnerable supply routes - potentially putting a higher floor under oil prices from here.

Figure 1: Market performance & energy imports via the Strait of Hormuz



Source: EIA; Gulf International Forum, Bloomberg as of April 14, 2026. Y axis showing % of a country's Liquefied Natural Gas (LNG) imports that pass through the Strait of Hormuz. X axis showing % of a country's crude oil imports that pass through the Strait of Hormuz. Post-Feb. period is defined as Feb. 28, 2026 to April 14, 2026. YTD defined as returns from Dec. 31 to April 14. Size of bubbles represents magnitude of post war performance on an absolute value basis. Performance based on the following indexes: United States: S&P 500 Total Return, Europe: MSCI EMU Net Return Index, China: MSCI China Net Return Index, Thailand: MSCI Thailand IMI 25-50 Net Return Index USD, Singapore, MSCI Singapore 25-50 Net Return Index USD, Taiwan: MSCI Taiwan 25-50 Net Return Index USD, India: MSCI India Net Return Index USD, South Korea: MSCI Korea 25-50 Net Return Index USD, Japan: MSCI Japan Net Return Index. **Index performance is for illustrative purposes only. Index performance does not reflect any management fees or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.**

Funds to consider:

IDIN
iShares Global Infrastructure UCITS ETF

1. BlackRock, Bloomberg. Analysis of S&P 500 earnings and WTI crude oil prices from 1970 - 2022. Oil shocks defined as YoY increases in WTI prices; earnings measured as next 12-month S&P 500 EPS growth following each observation. As of March 6, 2026. **Past performance does not guarantee future results.**

2. Consensus forecasts based on Bloomberg survey-based estimates as of 4/14/26 for U.S. 2026 GDP growth on a quarter over quarter seasonally adjusted annual rates (QoQ SAAR) and year-over-year (YoY) measures. Forward looking estimates may not come to pass.

02 What is the outlook for inflation and the Fed?

Inflation is moderating, but the path remains uneven. Headline inflation has moved higher given energy price shocks while core inflation remains sticky around the 2.6% level – above the Fed's target.[3] While near-term pressures remain elevated, reflecting supply-side dynamics and geopolitical uncertainty, they are not driving a broad-based reacceleration in market-based measures of inflation. Indeed, there are some signs of inflation moderation: as recent CPI data show, near-term disinflation is being supported by tariff runoff in certain goods categories and continued shelter deceleration.

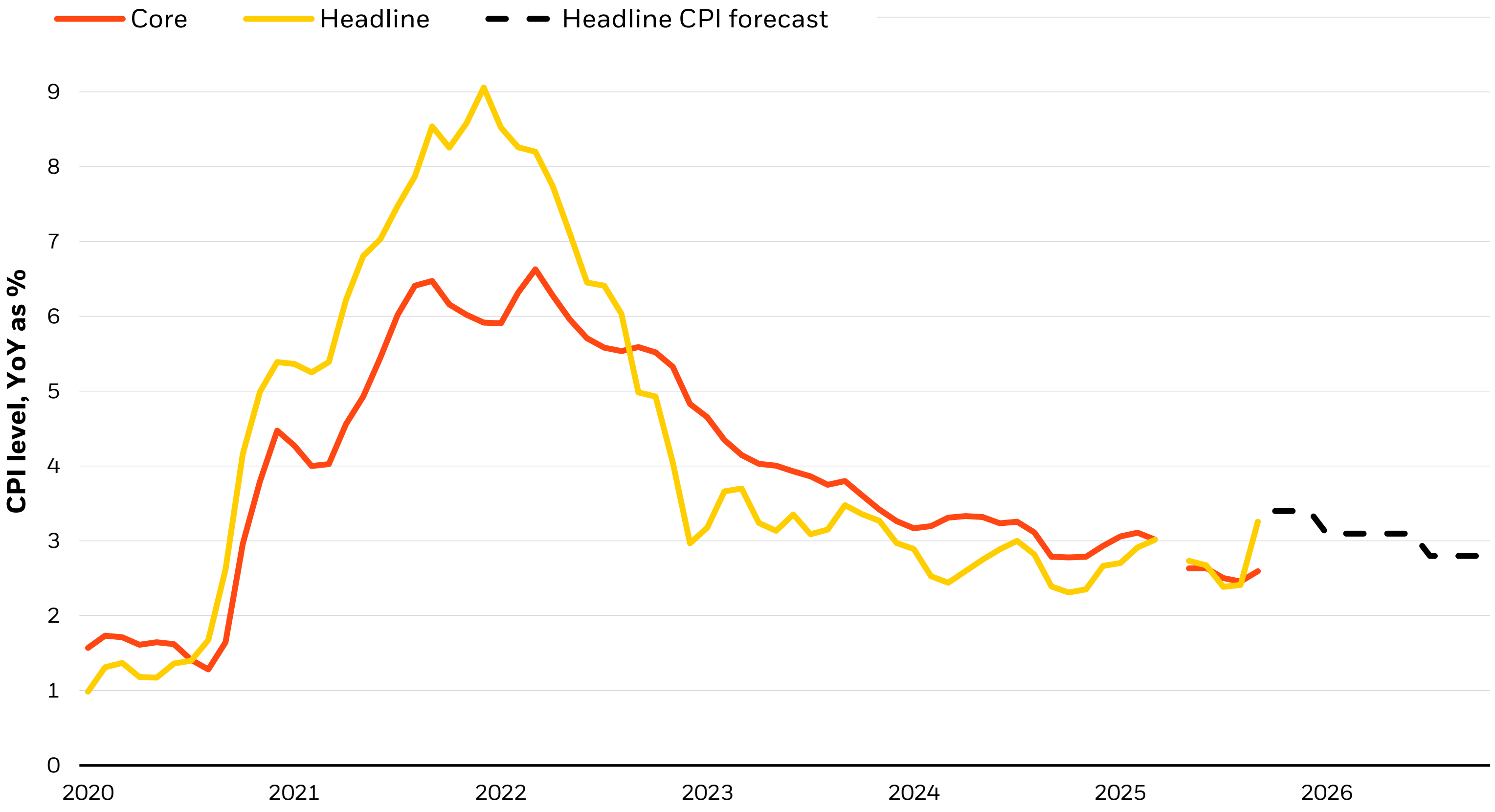
For the Fed, this creates a mild stagflationary trade-off. Historically, similar shocks have led to an initial focus on inflation before growth concerns dominate. However, this shock alone is unlikely to warrant further tightening. As stated at the March FOMC meeting, Federal Reserve Chair Jerome Powell believes interest rate policy is already restrictive, with the funds rate estimated at 50–75 basis points above neutral and financial conditions tighter by ~80 bps.[4]

We believe this leaves the Fed on pause and data-dependent for now, but likely to shift toward gradual rate cuts later if inflation continues to move toward target or growth moderates. With headline inflation expected to stay elevated in the near term, and the next move from the Fed likely a cut, we believe investors should focus on adding real rate protection to their portfolio via inflation-protected securities.

3. U.S. Bureau of Labor Statistics, Consumer Price Index Excluding Food and Energy. Data for March 2026 (released 4/10/26).

4. Federal Reserve Board, Laubach-Williams estimates as of April 1, 2026. A basis point is one hundredth of 1 percentage point.

Figure 2: Inflation forecasts steady, but above target



Source: Federal Reserve Bank of Philadelphia (Short-Term and Long-Term Inflation Forecasts: Survey of Professional Forecasters), April 10, 2026. The dashed line represents the median forecast, until Q1 2027. **Forward looking estimates may not come to pass.** Gap in data reflective of skipped Oct. 2025 CPI report.

Funds to consider:

TI5A
iShares $ TIPS 0-5 UCITS ETF

03 How is the growth of AI affecting the labor market?

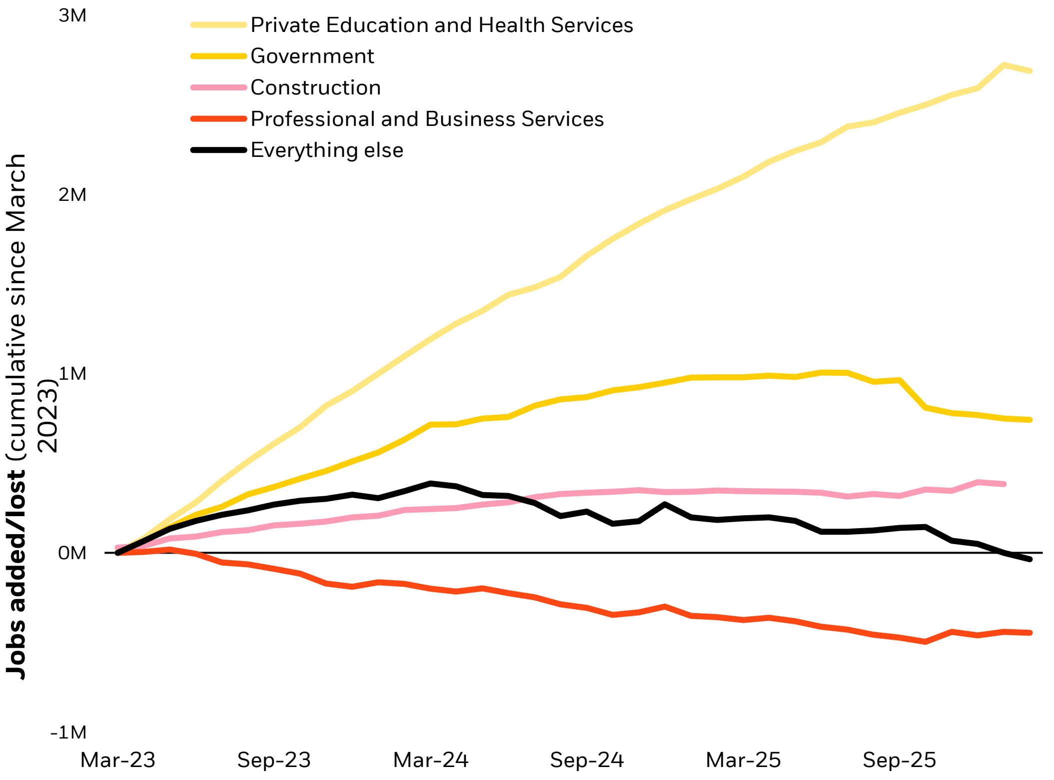
AI is rapidly advancing as agents undertake increasingly complex multi-step tasks, but data show that it's mostly too soon to know AI's impact on employment. Over the past 12 months job growth has averaged 25,000, a sharp deceleration from the previous 12 months.[5] Still, labor markets remain in a delicate equilibrium, with unemployment holding steady around 4.3%.[6] Deeper disruptions are happening below the surface that will determine the health of the overall economy.

- Job gains are highly concentrated in a small number of sectors. Over the past three years, payroll growth has come disproportionately from education and health care: about 2.7 million jobs in the last 3 years, which represents over 80% of jobs added during that period.
- Sectors that employ a large share of white-collar and tech-adjacent workers have seen slower growth. Growth in professional and business services and information jobs, which may be especially vulnerable to AI disruption and have been weak, as shown in Figure 3.
- We believe job numbers mask other changes happening: sector-specific displacement, declining job mobility, and an expanding mismatch between where workers are and where demand is heading. The equilibrium is fragile, and further macro shocks could tip it.
- Immigration policy and demographic shifts are tightening labor supply. Census estimates show net international migration peaked at 2.7 million in 2024, fell to 1.3 million in 2025, and is projected to slow to roughly 321,000 in 2026.[7] The Fed argues that, together with aging-related declines in participation, this combination could push labor-force growth close to zero this year and drive breakeven payroll growth toward zero.[8]

The labor market is still creating jobs in aggregate, but not in the same places or for the same types of workers. Therefore, AI-related pressures can potentially coexist with a stable unemployment rate, even as labor-market conditions become more uneven across industries, skills, and worker cohorts. This points to a labor market that is more fragile than the headline unemployment rate suggests, with enough slack in many segments to restrain inflationary wage pressure. For the Fed, that supports a two-sided focus on its mandate and raises the bar for rate hikes.

5. Bureau of Labor Statistics, April 15, 2026.
6. U.S. Bureau of Labor Statistics, Civilian unemployment rate, seasonally adjusted. Data for March 2026 (released 4/3/26).
7. U.S. Census Bureau, "New Population Estimates Show Historic Decline in Net International Migration," Jan. 27, 2026. Forward looking estimates may not come to pass.
8. FED Notes, "Labor force growth, breakeven employment, and potential GDP growth," published on April 02, 2026,

Figure 3: Jobs added/lost in past 3 years



Source: Bureau of Labor Statistics. As of Feb. 28, 2026. Based on jobs added/lost indexed to March 2023, based on seasonally adjusted job growth by category as defined by BLS. October and November 2025 data as recorded by BLS, whose normal processes were interrupted by the government shutdown.

Funds to consider:

TENM iShares Large Cap 10% Target Buffer Mar UCITS ETF	**MAXM** iShares US Large Cap Max Buffer Mar UCITS ETF

04 How could the 2026 midterm elections affect markets?

Historically, midterm election years have been associated with more subdued market returns. But as the election nears, history has shown a tendency to rally.

Since 1990, the average S&P 500 return in non-midterm years was 12.3% vs. only 3% in midterm years. But that masks large dispersions at the sector level: Healthcare (10.7% avg) and Energy (8.9% avg) have historically held up better, while Industrials (0.6% avg) and Financials (-0.6% avg) have tended to drag the market down in midterm years.[9]

In the last 56 years, we have seen the market start to rally on average around a month (22 trading days) before a midterm election, as polling data provides clearer expectations of results. Then, as event risk passes following the election, equities have historically experienced tailwinds with an average return of 14.1% in the six months that follow.[10]

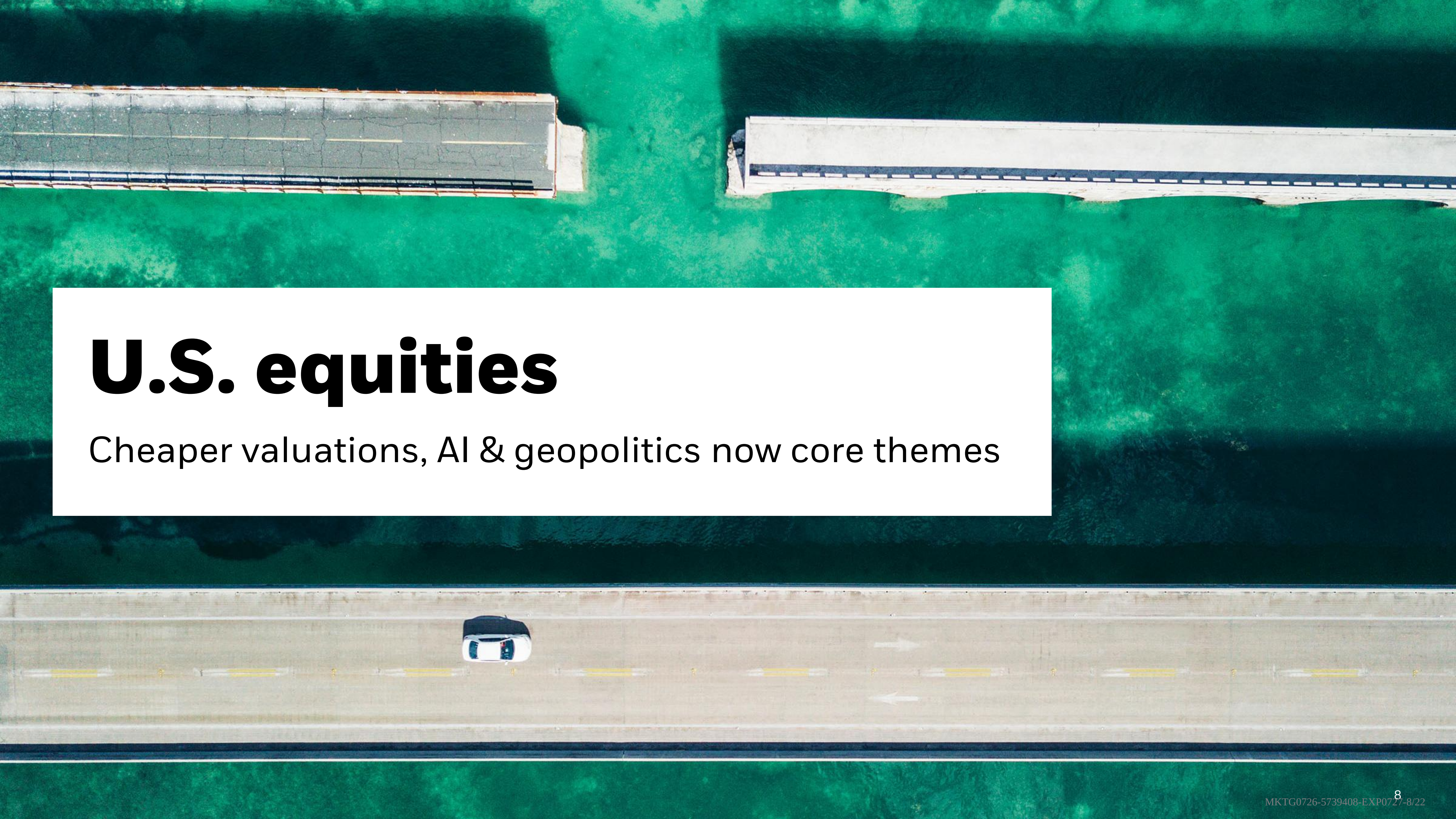
The outcome of the election also has affected performance. We come into the 2026 midterms with a trifecta – where one political party controls the presidency and both houses of Congress. This situation has happened just 6 times since 1970. In only one scenario, in 1978, was the incumbent government able to maintain its control of all three branches. This difficulty in keeping control matters, because the average 6-month forward return after midterms when the incumbent party loses control is materially lower (10.4%) than in other scenarios (16.1%). Still, we believe other durable themes such as AI will matter more for markets than politics – even in an election year.

9. Bloomberg, as of March 31, 2026, measuring S&P 500 total return. Sector grouping based on GICS Level 1 S&P 500 sectors. Non-Midterm years include odd numbered years and presidential election years since 1970. Average calculated by taking returns for the midterm years since 1990: 1990, 1994, 1998, 2002, 2006, 2010, 2014, 2018, 2022. Index performance is for illustrative purposes only. **Index performance does not reflect any management fees or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.**

10. Bloomberg, as of March 31, 2026. Based on average S&P 500 total return indexed to midterm date on midterm years since 1970, 126 trading days after midterm. Index performance is for illustrative purposes only. **Index performance does not reflect any management fees or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.**

Figure 4: S&P 500 total return performance, pre & post midterm years since 1970

Source: Bloomberg, data as of March 30, 2026. Average indexed to midterm dates for midterm years: 1970, 1974, 1978, 1982, 1986, 1990, 1994, 1998, 2002, 2006, 2010, 2014, 2018, 2022. Midterm dates fall on the first Tuesday in November. Month approximations based on average of 21 trading days in a month. "Lost Control" defined as scenarios where government was controlling the presidency and both chambers of congress heading into the midterms, and lost control of at least one of them. **Index performance is for illustrative purposes only. Index performance does not reflect any management fees or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results**



U.S. equities

Cheaper valuations, AI & geopolitics now core themes

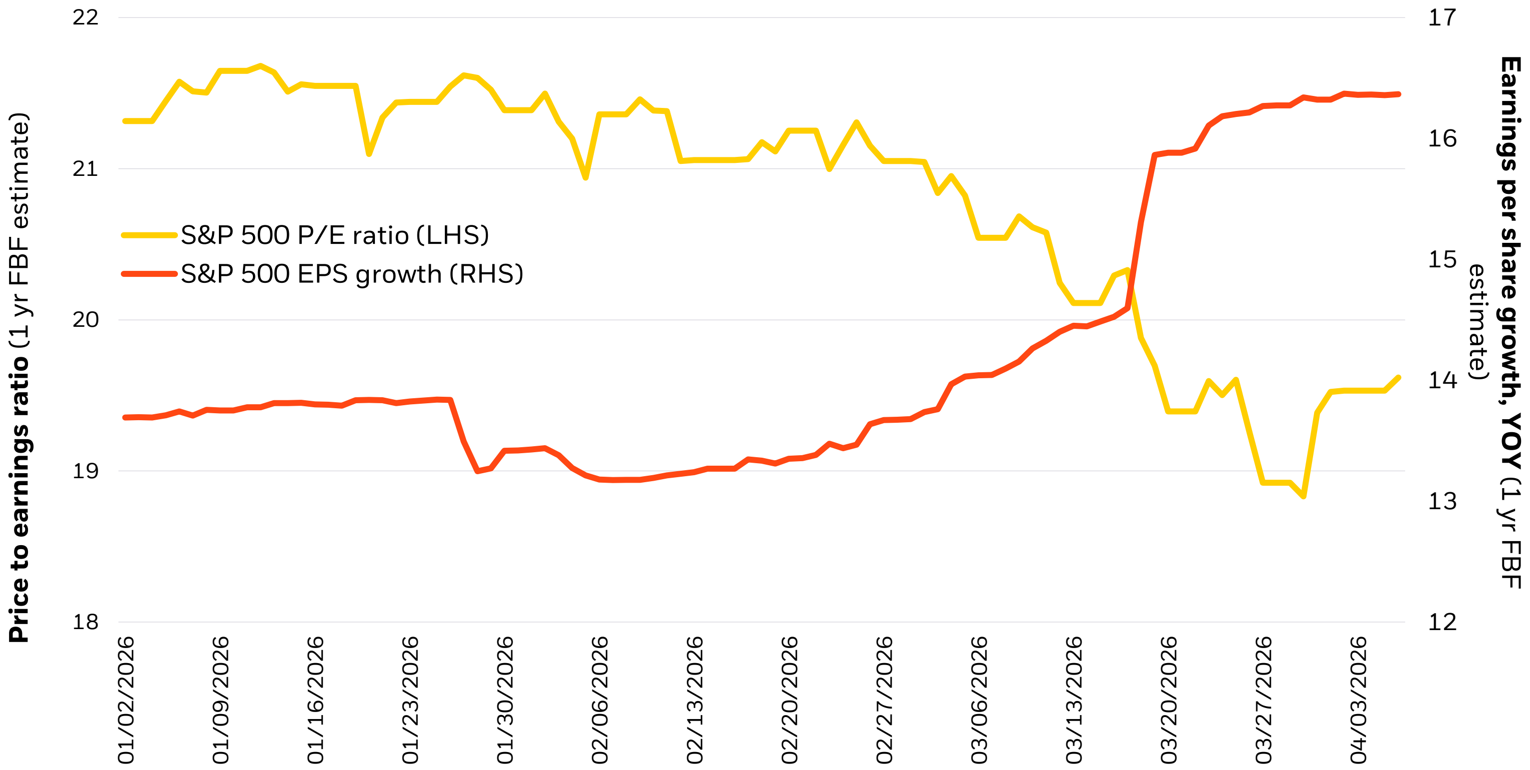
05 What's happening with equity valuations and earnings growth – and where are opportunities this year?

Falling stock prices and improving earnings fundamentals have led to a reset in valuations for U.S. equities. While broad market valuations have declined to multi-year lows in March, cheapening was especially pronounced in technology names exposed to the AI theme. And while prices have grown more attractive, the earnings outlook has improved. Information Technology (IT) companies in the S&P 500 are now expected to boost earnings by 38% year-over-year in 2026 vs expectations of 24% at the start of the year. The IT sector alone is expected to account for 63% of the S&P 500's 2026 earnings growth.[11]

Technology continues to dominate fundamentals, but it isn't the only sector lifting U.S. profits. Energy, materials, and utilities have all seen positive analyst revisions this year and are all now forecasted to deliver double-digit earnings growth.[12]

The resilient fundamental backdrop, strength in earnings, continued AI momentum, and attractive valuations lead to our preference for U.S. equities over other developed markets.

Figure 5: S&P 500 index valuations fall while earnings improve in 2026



Source: Bloomberg data, as of April 7, 2026. S&P 500 Price to Earnings ratio on a 1-year blended forward estimate basis is showcased on LHS, while S&P 500 earnings per share growth year over year, 1-year blended forward estimate is shown on RHS. **Index performance is for illustrative purposes only. Index performance does not reflect any management fees or expenses. Indexes are unmanaged, and one cannot invest directly in an index. Past performance does not guarantee future results.** Forward looking estimates may not come to pass.

Funds to consider:

CSPX
iShares Core S&P 500 UCITS ETF

CNDX
iShares NASDAQ 100 UCITS ETF

11. Bloomberg, as of April 7, 2026. IT Sector is represented by S&P GICS Information Technology Level 1 sector. Forward looking estimates may not come to pass.

12. Bloomberg as of April 7. 2026. Analyst revisions compiled by Bloomberg. Energy, Materials, and Utilities represented by their respective S&P GICS Sector Level 1 indices. Forward looking estimates may not come to pass.

06 Should investors favor growth or value, large or small caps?

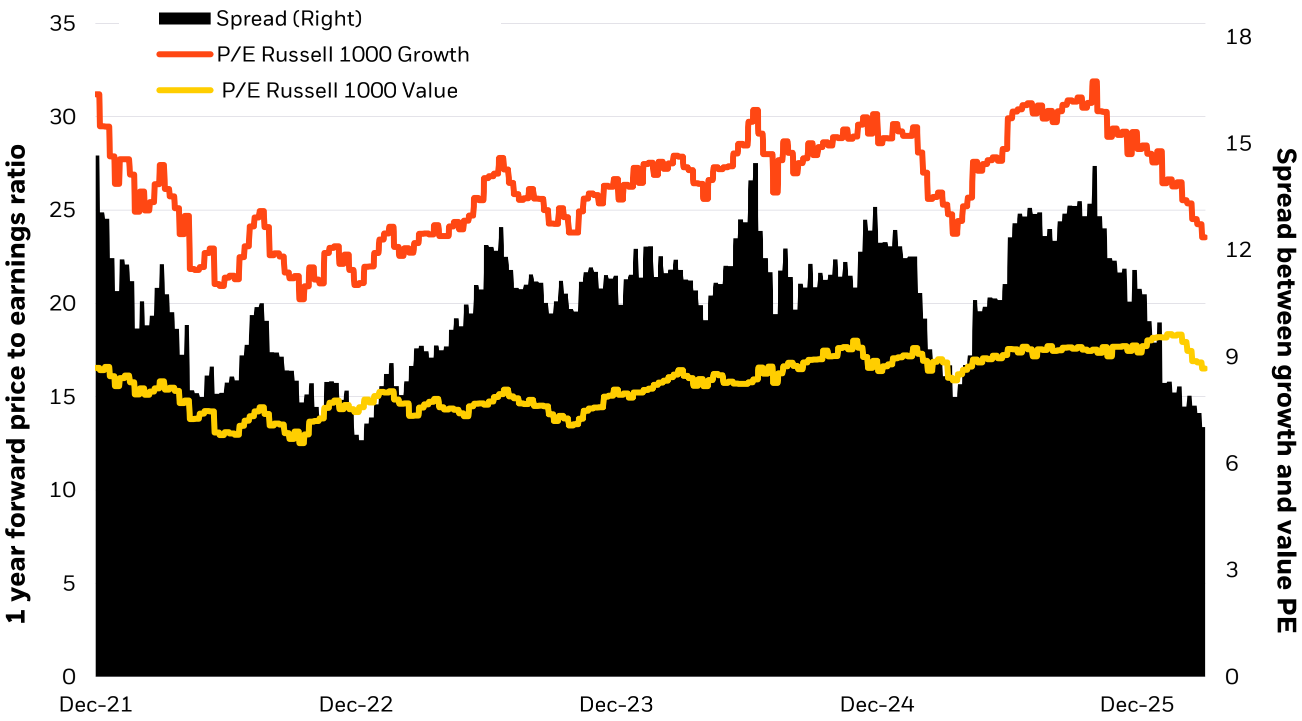
Coming into 2026 we had a preference for value, citing a cyclical upswing in growth, fiscal stimulus embedded in the One Big Beautiful Bill Act, and looming Fed cuts leading to a steeper yield curve. Now, conflict in the Middle East has modestly shifted our preference: economic growth remains resilient, but higher energy costs and delayed Fed easing may weigh on the consumer.[13] With technology earnings growth driven by ongoing AI adoption, we see that sector as relatively less sensitive to consumer spending, and see large cap companies as better suited to weather higher interest rates. Value and momentum remain valuable diversifiers.

- We adopt a balanced stance between growth and value. Earnings growth has remained strongest in growth and technology, reducing concerns about valuations. The spread in relative valuations between growth and value has compressed significantly (Figure 6). Earnings growth is more concentrated than forecasted at the start of the year, while value, particularly energy-linked exposures, has become more expensive with the rise in crude oil prices. Still, we believe value exposures can provide valuable diversification benefits to growth heavy portfolios – a key reason for our balanced approach.
- Small cap equities face ongoing headwinds. Smaller companies have tended to outperform in early-cycle recoveries, when interest rates are below trend and growth is above trend.[14] But current sentiment, financing conditions, and macro uncertainty remain less supportive, keeping our confidence in small caps subdued. While we have a conviction in large caps more broadly, small caps have the potential to participate in periodic low-quality, high-risk asset rallies.
- We remain nimble: We keep our preference for solutions that can actively rotate between style and factor exposures.

13. A $1 per gallon increase in gasoline prices equals $25–$30 billion in direct consumer costs per quarter, offsetting about 80% of tax cuts for the bottom income quintile, 30% for the second quintile, and 20% for all other households. Source: "Gas Prices and Tax Refunds," Piper Sandler, March 26, 2026.

14. CME Group Global Market insights: "Why Small-Caps Could Outperform in the Next Economic Cycle," June 25, 2025.
Index performance is for illustrative purposes only. Index performance does not reflect any management fees or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results

Figure 6: The valuation differential between large cap growth and large cap value has narrowed



Source: Bloomberg, as of Dec. 31, 2025 Showing 12-month blended forward P/E ratios for the Russell 1000 Growth Index and Russell 1000 Value Index from Dec. 1, 2021 to Dec. 31, 2025. Spread is the difference between the 12 m forward P/E Russell 1000 Growth index and the 12 m forward P/E Russell 1000 value index. Forward looking estimates may not come to pass. Index performance is for illustrative purposes only. Index performance does not reflect any management fees or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.

Funds to consider:

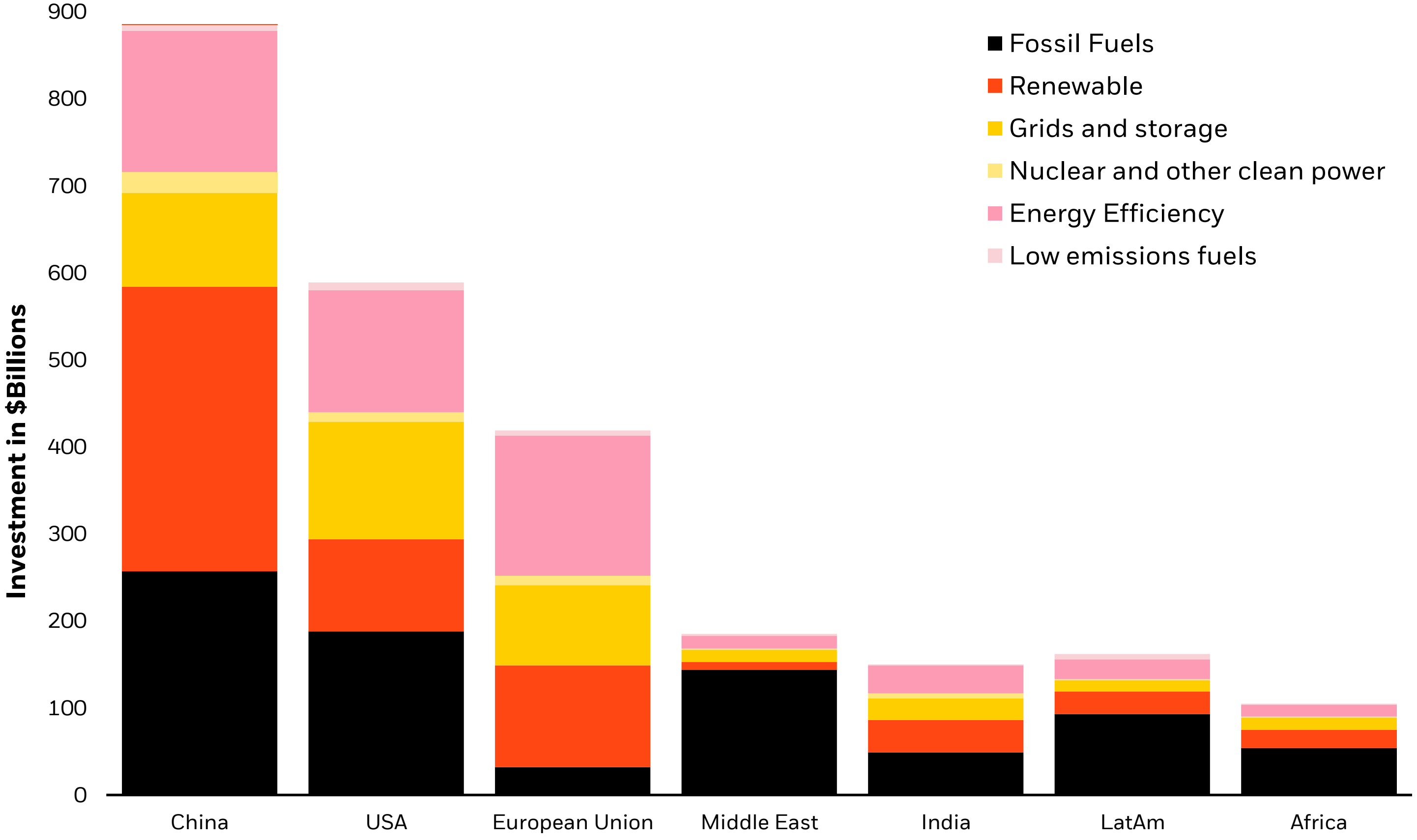
DYNF iShares U.S. Equity Factor Rotation Active ETF	BGF US Flexible Equity Fund	**BLCR** iShares Large Cap Core Active ETF

07 What equity themes are in focus right now?

Themes such as AI and geopolitical fragmentation have become core macro forces shaping growth, inflation, and market leadership. AI has evolved beyond narrow mega-cap technology leadership into a broad, cross-sector opportunity set, spanning power generation, data center buildout, and hardware supply chains. Meanwhile, recent spikes in geopolitical tensions are bringing energy security and independence into focus. Both are creating opportunities across the energy value chain—from traditional oil production to grid modernization—supported by increased investment from governments and the private sectors globally to meet rising energy demand. Investments in power grids alone exceeded $470 billion in 2025 and are projected to rise by 16% annually to meet surging renewable energy demands.[15]

We remain constructive on structural thematic growth, but rapid shifts in winners and losers require more deliberate allocation decisions. A perennial preference for value exposures leaves the average moderate advisor portfolio with just 28% allocation to companies with material AI exposure in their equity sleeve vs 45% in the S&P 500 index.[16] We believe in a more intentional approach to target the full value chain of a theme or complement broad exposures with a focused thematic sub-layer. For example, investors could seek exposures to all parts of the AI stack in an active strategy, or focus on just power infrastructure, investing in the "picks and shovels" of AI while addressing energy supply bottlenecks.

Figure 7: Annual energy investment by countries and regions in $bn



Source: IEA, Dec. 31, 2025, Energy investment across regions and sectors in 2025, IEA, Paris. Subject to change.

15. Bloomberg, as of April 6, 2026. Forward looking estimates may not come to pass.

16. BlackRock Investment Strategy, as of April 6, 2026. AI exposures defined by companies in Bloomberg AI theme universe and "Advisor models" data is as of Dec. 31, 2025, based on the 1,004 "moderate" risk cohort models collected by BlackRock in the 3 months ending Dec. 31, 2025. Advisor models collected by BlackRock are grouped into 5 risk cohorts for analysis, based on total equity allocation. Models in the "moderate" risk cohort are defined as any portfolio with an overall equity allocation of between 50-65%. BlackRock's risk model data is supplemented by asset allocation and fund characteristic data from Morningstar. The portfolios analyzed represent a subset of the industry, and not its entirety. As such, there may be certain biases present in the data that reflect the advisors who choose to work with BlackRock to analyze their portfolios.

Funds to consider:

BAI
iShares A.I. Innovation and Tech Active ETF

AINF
iShares AI Infrastructure UCITS ETF

BGF World Technology Fund

Fixed income

Short-term in the near-term

08 Is private credit a systemic risk to the market?

We believe private credit is not currently exhibiting characteristics of systemic risk. Systemic risk would require widespread defaults, excessive leverage, and destabilizing liquidity spirals. The current environment is one of normalization and dispersion.

Private credit defaults are rising modestly, but from unusually low levels. Current default rates of about 2–3% remain below long-term averages (about 3.5%), and we believe even a move towards 7–8% would represent normalization rather than distress.[17] Defaults remain idiosyncratic, with stress concentrated in pockets. A systemic event would likely require rising correlations and synchronized weakness – conditions not observed today.

Leverage and loss severity remain contained. Private credit is typically underwritten with conservative structures (about 40–45% loan-to-value), supported by strong documentation, concentrated lender groups, and covenant protections.[18] This structural control is intended to help reduce the risk of disorderly loss transmission.

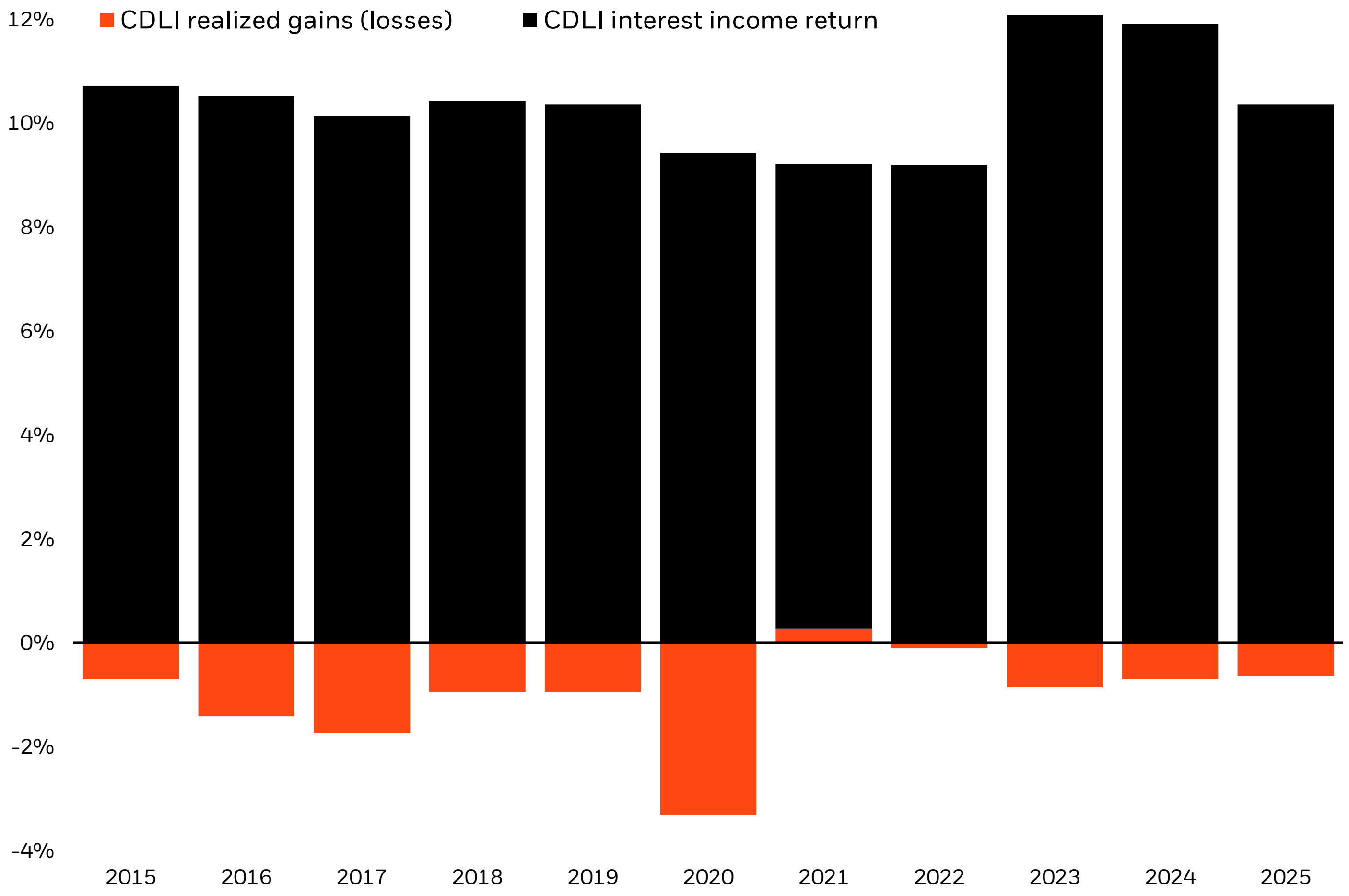
Liquidity concerns have been misrepresented in the media as "gating." Redemption limits in private credit vehicles are a common design feature set forth in fund documents intended to ensure orderly liquidity. They exist to prevent forced-selling dynamics typical of systemic crises.

Software exposure represents dispersion within private credit portfolios, not a systemic risk to the asset class. Software platforms with embedded customer relationships have remained resilient, while seat-based models face pressure. While private credit has meaningful software exposure, equity selloffs do not automatically translate into fundamental credit risk for senior secured lenders. Equity returns are driven by long-term growth and terminal value assumptions, while private credit returns depend on near- to medium-term cash flow generation.

17. HPS, "The Current State of Private Credit - HPS Partners," Feb. 25, 2026

18. HPS, "Distinguishing Between Changes in Equity Valuations and Credit Deterioration for Software Businesses - HPS Partners," March 26, 2026

Figure 8: Trailing 12-month income return and realized gains (losses) for the Cliffwater Direct Lending Index



Source: Cliffwater Direct Lending Index, BlackRock. As of December 31, 2025. Returns are based on earnings before interest, taxes, depreciation, and amortization (EBITDA) basis. Realized gains can be driven by equity stubs, warrants, and gains on exited investments. The figures shown relate to past performance. **Past performance is not a reliable indicator of current or future results. Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index.** We exclude unrealized gains and losses in this chart. Long-term unrealized gains (losses) are approximately zero, as they either convert to net realized losses upon a credit default, or are reversed when principal is fully repaid.

09 Where are attractive opportunities in fixed income?

We favor the front end and belly of the yield curve, where we feel yields remain attractive after moving higher at the start of the conflict in the Middle East. Front-end yields are compelling, with 1-year tenors currently yielding ~3.7%, up nearly 22bps since early-March.[19] Inflows in exchange-traded products reflect this preference, with short- and ultra-short-term bond ETFs gathering $53 billion year-to-date, representing 36% of all fixed income ETF inflows, compared to $18.6 billion into medium- and long-term bonds.[20]

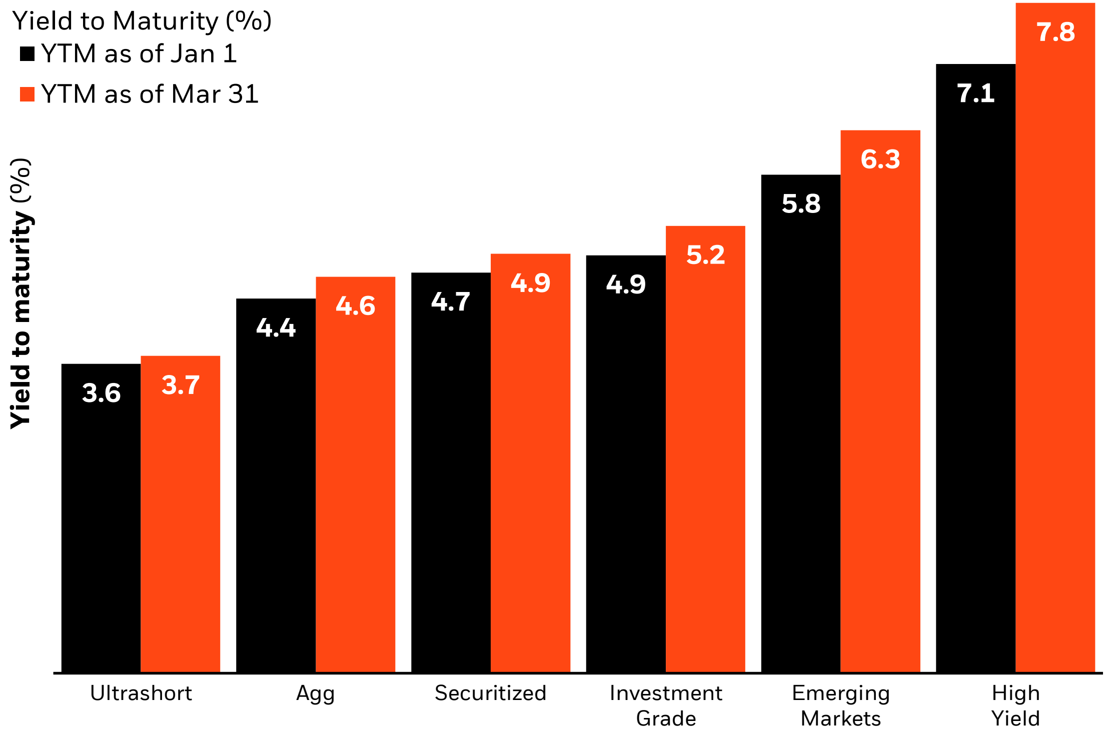
The recent rise in short rates has been driven primarily by tighter interest rate policy expectations from elevated energy prices. This has also pushed real yields higher, making TIPS increasingly attractive to target elevated real yields.

We remain cautious on longer-duration rates given persistent inflation, deficit concerns, and structural supply pressures, which may keep upward pressure on global long-end yields. Ongoing U.S. fiscal imbalances continue to support rising term premium for long-term bonds, while potential normalization in Japanese monetary policy may further contribute to higher global long-term rates.

Wider spreads have created more compelling entry points in high-quality fixed income, particularly in sectors tied to the real economy and less exposed to technological disruption. We see increasing value in "HALO" assets (Heavy Assets, Low Obsolescence)such as securitized fixed income ,which favor tangible assets that may be less subject to AI disruption. [21]

For investors considering international bonds, we prefer EM hard currency debt given the current regime of elevated energy prices and tighter global financial conditions but see select local currency debt opportunities. Wider spreads and improved all-in yields may offer more attractive carry across EM. Within local markets, Brazil's elevated real yields and its strong commodity linkage provides both a meaningful income cushion and macro resilience relative to other emerging market exposures.

Figure 9: Yields have risen YTD, and are attractive compared to core bonds



Source: Bloomberg, BlackRock as of March 31,2026. Ultrashort refers to the Bloomberg US Treasury Bills 0-3 Months Index, Agg refers to the Bloomberg US Aggregate Bond index, Securitized by the Bloomberg U.S. Securitized index, Investment Grade refers to the Bloomberg US Corporate TR Index, Emerging Markets refers to the Bloomberg Emerging Markets Hard Currency Aggregate Index, and High Yield refers to the Bloomberg US Corporate High Yield Index. . Index performance is for illustrative purposes only. **Index performance does not reflect any management fees or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.**

19. Bloomberg, 1-year rates represented by the U.S. Generic 1 Year Government Bond Index, as of April 14, 2026. **Index performance is for illustrative purposes only. Index performance does not reflect any management fees or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results**

20. Bloomberg, as of April 14, 2026. ETF groupings determined by Markit.

21. CMBS yields representative of Yield-to-Worst yields in the Bloomberg U.S. Commercial Mortgage Backed Securities Index, ABS represented by the Bloomberg Asset-Backed Securities Index, as of April 7, 2026. **Index performance is for illustrative purposes only. Index performance does not reflect any management fees or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.**

Funds to consider:

- BGF Fixed Income Global Opportunities Fund
- BSF Emerging Markets Short Duration Bond Fund
- **BLTN** iShares Brazil LTN BRL Govt Bond UCITS ETF (DE)

International equities

Conflict stalls performance, drivers in place

10 What's the investment case to allocate to international stocks this year?

The beginning of 2026 saw a continuation of 2025's international equity outperformance, with foreign stocks returning 11.4% through February, beating the U.S. stock market's 0.7%. That outperformance was primarily driven by a weaker U.S. dollar and greater appetite for diversification, as well as strong earnings growth and accelerating AI-buildout demand, particularly in emerging markets.

But performance has weakened since the onset of the conflict in Iran in late February, with international equities down 10.7% in March.[22] We believe the structural return drivers for international equities remain in place, however. While the dollar has strengthened recently, we see the Fed as better positioned to hold or cut rates given its dual mandate of full employment and price stability, while other central banks may need to hike rates to fight inflation – potentially leading to dollar weakness.

Additionally, emerging market earnings growth has been robust (Figure 10), driven by demand for semiconductors and compute, essential inputs for the AI buildout, and a trend we see as only beginning. Critically, 75% of the world's chip manufacturing is centered in East Asia.[23] Resource-rich Latin American countries such as Brazil may also be set to benefit amid rising demand for rare earth minerals, which are used in chip manufacturing. Earnings growth expectations for EM is 28%, up from 12% in mid-2025, while selling driven by the recent energy shock has compressed multiples to the lowest levels in a year.[24]

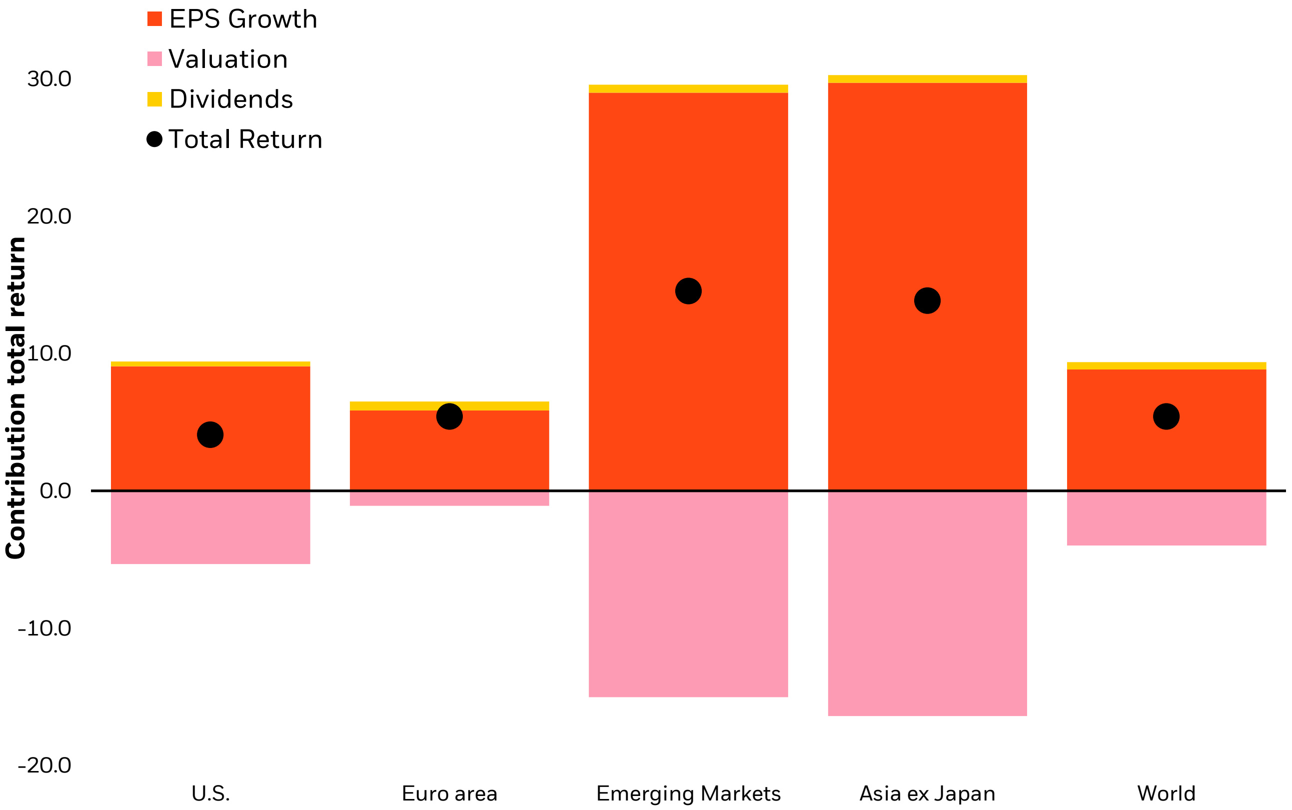
Euro area growth has not been as robust as EM, but we see opportunities for diversification away from tech-heavy portfolios into sectors such as financials and industrials, potentially benefiting from higher rates and increased defense spending.

22. Bloomberg, as of March 31, 2026. International equity represented by the MSCI ACWI ex-U.S. index. U.S. stock market represented by the S&P 500 index. **Index performance is for illustrative purposes only. Index performance does not reflect any management fees or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.**

23. Semiconductor Industry Association Report, "Turning the Tide for Semiconductor Manufacturing in the U.S. - Semiconductor Industry Association," September 2020.

24. Growth estimates from LSEG Datastream, BlackRock, as of March 01, 2026. **Forward looking estimates may not come to pass.** Multiples data from Bloomberg as of 3/31/2026.

Figure 10: YTD total return decomposition



LSEG Datastream as of April 21, 2026. U.S. as represented by MSCI USA Index Total Return, Euro area represented by MSCI European Economic and Monetary Union Index USD, total return, Emerging markets represented by MSCI Emerging Markets Index USD total return, Asia ex Japan represented by MSCI All Country Asia Pacific ex Japan Index total return USD, and World represented by MSCI All Countries World Index total return, USD. **Index performance is for illustrative purposes only. Index performance does not reflect any management fees or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.**

Funds to consider:

CORO iShares International Country Rotation Active ETF	**EIMI** iShares Core MSCI EM IMI UCITS ETF	**EWT** iShares MSCI Taiwan ETF	**EWZ** iShares MSCI Brazil ETF

Portfolio insights

Look to liquid alts for diversification

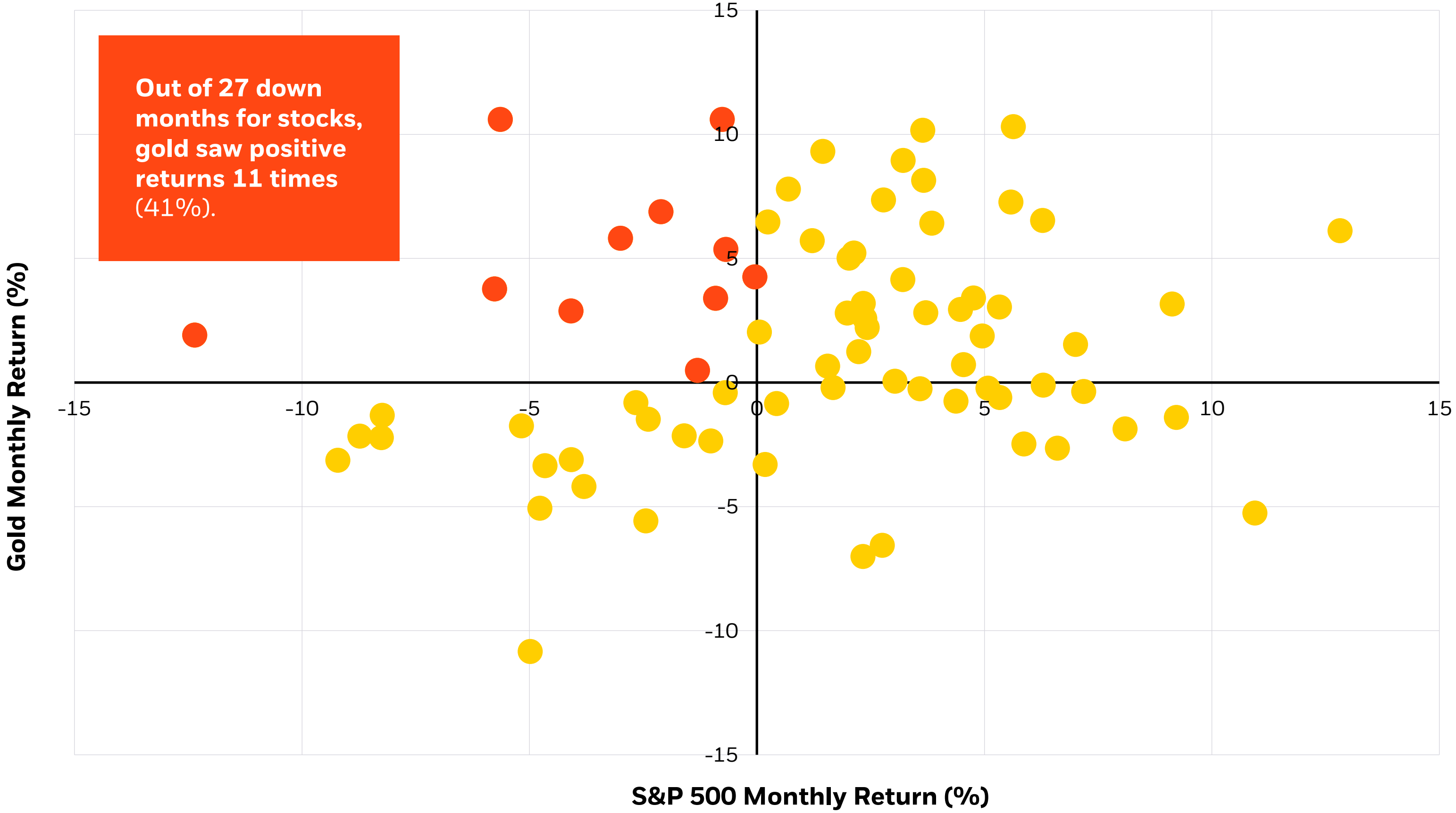
11 Why was gold down in March 2026?

The recent spike in volatility has led to a rarity in asset performance, with simultaneous declines across equities, fixed income, and gold.[25] This reflects a repricing of macro risks rather than a single shock. The escalation in the Middle East pushed oil prices above $100 per barrel, reinforcing inflation concerns and leading markets to push back expectations for policy easing.[26] This lifted bond yields, weighing on fixed income returns, while higher real yields and uncertainty around growth pressured equities.

Higher real rates and a stronger U.S. dollar have also suppressed gold's performance.[27] Regional disruptions, including impacts from the closure of the Strait of Hormuz, alongside profit-taking after strong inflows, have added to gold's pullback. Even so, we continue to believe in the structural case for gold. With cleaner positioning and more attractive entry levels, we favor gold as a diversified allocation in portfolios, particularly around potential debasement risks.

More broadly, we believe that more frequent bouts of volatility call for owning a broader basket of hedges in commodities and other alternative assets to capture a wider set of diversifiers.

Figure 11: Gold has provided ballast in down months for stocks



Source: Morningstar as of 3/31/2026. Data depicted is from 1/1/2020 – 3/31/2026. Stocks represented by the S&P 500 index and Gold by the S&P GSCI Gold Spot index. **Index performance is for illustrative purposes only. Index performance does not reflect any management fees or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.**

25. Bloomberg, MSCI World Index, Bloomberg U.S. Aggregate Bond Index, spot gold prices. As of March 31, 2026. Index performance is for illustrative purposes only. Index performance does not reflect any management fees or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.

26. Bloomberg, Brent crude oil prices. Fed funds futures and OIS market pricing. As of March 31, 2026.

27. Bloomberg, U.S. real yields (10Y TIPS) and DXY Index. Gold represented by LBMA Gold PM Price. As of March 31, 2026.

Funds to consider:

IAU iShares Gold Trust

SLV iShares Silver Trust

12 What assets have provided diversification so far in 2026?

Traditional stock-bond diversification has been unreliable in recent years, and weakened meaningfully following the onset of the Middle East conflict in late February. The 20-day rolling stock-bond correlation rose to 0.72 in late March, its highest level since May 2024.[28]

Amid unreliable correlations and in a year where the traditional 60/40 portfolio has struggled, liquid alternative strategies are attracting attention. These strategies use techniques such as long/short, derivatives, and market neutral investing to seek returns with low correlations to traditional assets. Crucially, these strategies are often lowly correlated with each other, making them key building blocks in portfolio of diversified diversifiers.

While stocks and bonds have both been moving in the same direction for much of this year, liquid alternatives have done their job, delivering positive returns with lower annualized volatility than stocks.[29] Amid elevated dispersion, rising stock–bond correlations, and geopolitical uncertainty, these strategies have benefited from a cross-sectional approach, going long expected outperformers and short underperformers to seek returns from relative value rather than market direction. This structure enables them to remain market neutral, with low beta to traditional assets, resulting in low correlations to both stocks and bonds and more stable return profiles.

As a result, strategies such as market neutral have provided meaningful diversification and downside resilience during recent market turbulence, as shown in Figure 12. This pattern has held up in recent history, as the market neutral strategy has posted positive returns 60% of the time during down months for stocks from 2020–2025, outperforming gold (40%) and bonds (24%) as a buffer on the downside.[30]

Investors have taken notice. Wealth and institutional clients consider liquid alts as a credible portfolio diversifier, selected by over 20% of polling respondents in March, and interest in liquid alts as a diversifier has jumped by half since the start of the Middle East conflict in late February.[31]

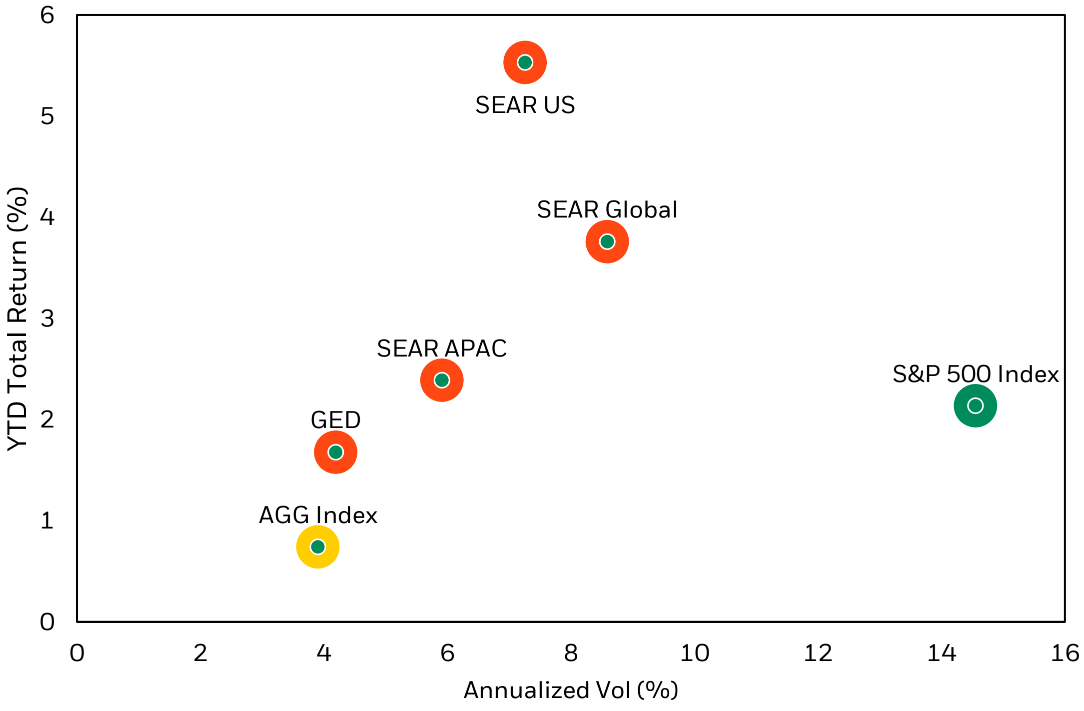
28. MPI, Morningstar, March 31, 2026. Stock-bond correlation represented by correlation between S&P 500 Index and BBG US Aggregate Bond Index on a 20-day rolling basis.

29. Morningstar, Bloomberg, BlackRock as of March 31, 2026.

30. Morningstar as of Dec. 31, 2025. Market neutral represented by the BlackRock Global Equity Market Neutral Fund, gold by the S&P GSCI Gold Spot Index, bonds by the Bloomberg U.S. Bond Aggregate Index, and Stocks by the S&P 500 Index. **Past performance does not guarantee future results.**

31. BlackRock webinar on March 24, 2026. Data from a share of 1,205 unique respondents shown in response to the question "What asset classes are you considering as portfolio diversifiers in the current environment?"

Figure 12: Liquid alternatives have delivered strong returns compared to stocks and bonds with lower volatility



Morningstar, Bloomberg, BlackRock as of April 14, 2026. S&P 500 represented by the S&P 500 index, AGG by the Bloomberg US Aggregate bond index. For Mutual Funds, D2 share class is used. SEAR Global is representing BSF Systematic Glb Eq Abs Rt D2 USD ISIN: LU1153525040, GED is representing BSF Global Event Driven D2 USD ISIN: LU1251621188, SEAR US is representing BSF Systematic US Eq Abs Ret D2 USD ISIN: LU1238068321, SEAR APAC is representing BSF Systematic APAC Eq Abs Rt D2 USD ISIN: LU1508158190. **For more information visit www.blackrock.com. Past performance does not guarantee future results. Index performance is for illustrative purposes only. Index performance does not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index**

Funds to consider: BSF Systematic Global Equity Absolute Return Fund

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