

2026 Outlook: Targeting resilient opportunities from economic transformation

Irreversible transformations are incrementally reshaping the global economy. The emergence of new technologies, evolving consumer demand and policy changes are combining to fuel a period of intense creative disruption.

Across the firm, investment teams are focused on identifying companies and issuers that demonstrate resilience as these transformations continue in the current market context.

Our macroeconomic perspective is one of cautious optimism. Falling interest rates and rising government spending should support risk assets. However, narrow drivers of economic growth and unsustainable fiscal trajectories raise alarm bells.

Within equities, we continue to take a critical view of certain stock valuations and expect investors to

rediscover a focus on fundamentals – and so on stocks whose potential has been overlooked. Within fixed income, we perceive compelling relative value opportunities, but rigorous credit selection will be critical given spreads remain at historically tight levels.

As the long-term challenges facing global society come into closer focus, we are looking to capitalize on misunderstood – and so mispriced – opportunities and risks arising from the transition to a more sustainable economy.

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Equity themes in focus for 2026

As we look into 2026 and beyond, we are focused on compelling multi-year investment opportunities created by secular drivers of growth arising from the transition to a more sustainable economy.

These drivers are diverse, as environmental and societal challenges influence every part of the global economic value chain. Below, we highlight four areas of thematic opportunity where the Listed Equities team has high conviction.

1 Healthcare innovation

We perceive compelling opportunities in the US\$10tn global healthcare industry for companies whose products and services can reduce the cost of healthcare delivery while improving patient outcomes.¹

Looking into 2026, we see two overarching factors that should support the prospects for innovative healthcare solutions providers: **Fiscal pressures** and **Return of M&A activity**.

2 Implementation of AI

We are focused on stocks that are already harnessing the potential of AI, either to improve their services or to realise financial savings in their operations.

Looking into 2026, we see two overarching reasons why software and industrial companies that are implementing AI effectively look well-placed for resilient growth: **Questions over the AI build-out** and **Robust earnings growth**.

3 Water security

Stress on water systems is being exacerbated by population changes and economic growth, as well as the impacts of climate change: droughts and floods are becoming more frequent and intense as global temperatures rise.²

Looking into 2026, we see three reasons why the opportunity set for solutions to the challenges of water scarcity and quality looks set to continue expanding: **Data centre / AI demand**, **Water availability concerns** and **Tightening regulation**.

4 Shifting consumer habits

As spending gradually shifts online, we believe platforms that leverage technology to efficiently offer tailored, high-value experiences, subscriptions and marketplaces should be well-placed.

Looking into 2026, we see three reasons why the opportunity set for digital service providers looks well positioned for resilient growth, irrespective of macroeconomic conditions: **Rise of younger consumers**, **AI-driven opportunities** and **Resilient business models**.

1 World Economic Forum, 2024: Is this how healthcare will be optimized in the future?

2 European Environment Agency, June 2025: Climate change impacts, risks and adaptation.

Key convictions for credit in 2026

The resilience that global fixed income markets exhibited in 2025 looks set to continue into 2026.

A relatively stable macroeconomic environment should help underpin risk assets. The US economy enters 2026 with above-trend growth expectations, supported by expansionary fiscal policy, continued investment in artificial intelligence (AI) related infrastructure and the prospect of two or three additional interest rate cuts, bringing the policy rate towards 3.25% by mid-year and concluding the final phase of the easing cycle that began in late 2025. Lower mortgage rates should underpin the real estate market while corporate earnings are expected to remain robust. Against this, slowing labor markets and sticky inflation will continue to weigh on the US consumer. Meanwhile companies will look closely at potential efficiency savings through the use of AI, which further clouds the employment outlook.

Key convictions for credit in 2026

Short to intermediate duration:

- Lock in elevated corporate bond yields before further interest rate cuts

Quality over beta:

- Be rigorous in credit selection, especially in high yield, given tight spreads
- Keep duration and risk modest in technology on expected surge in supply
- Position in sectors that will benefit from a lower interest rate environment: financials (larger diversified banks), telecommunications and property
- Favor securitized assets: collateralized loan obligations (CLOs), collateralized mortgage obligations (CMOs) and collateralised mortgage-backed securities (CMBS)

Diversify globally:

- Look to exploit policy divergence and relative value across regions
- Assess relative value versus swaps and government bonds on a currency neutral basis

Sustainability matters:

- Sustain focus on issuer resilience and sustainability factors, which remain central to credit risk assessment and opportunity identification

Beta is a measure of how sensitive an investment's returns are to movements in the overall market. Duration is a measure of a bond's or bond fund's historical sensitivity to changes in interest rates.

Read the full 2026 Outlook

We firmly believe that the opportunities and risks arising from the transition to a more sustainable economy are not well understood and therefore widely mispriced by the market. Capitalizing on these disconnects remains a key component of our pursuit of long-term, risk-adjusted returns. We believe the integration of fundamental and sustainability research creates a more holistic view for investors, driving better decisions and outcomes over the long term.

Read the full outlook from our Listed Equities and Fixed Income teams at impaxam.com/outlook-2026. **X**

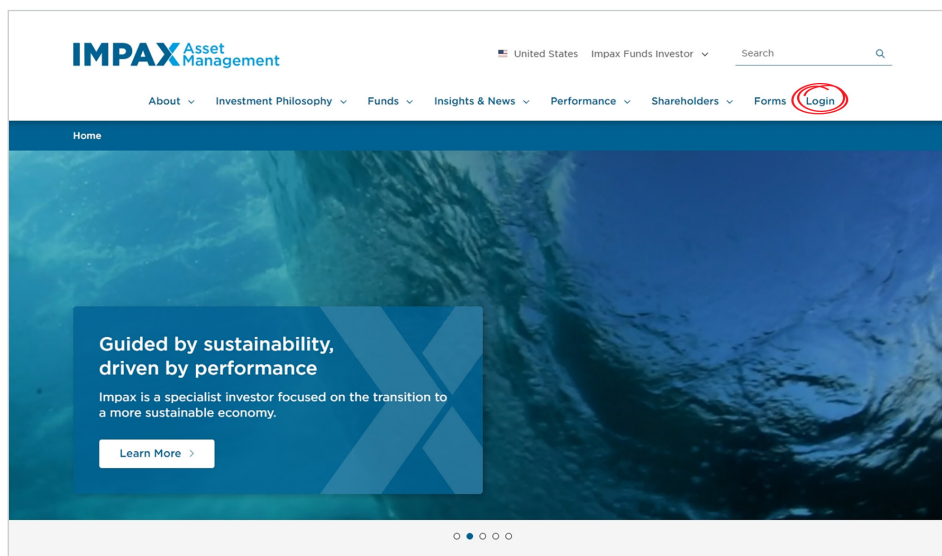
Shareholder Corner: Check your beneficiaries

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It's easy to review and update them through your digital account portal. Just log in at impaxam.com/account. On the 'portfolio summary' page, select 'manage beneficiaries' from the menu beneath your account information.

If you prefer, you can also complete and return the 'change of beneficiary' form available under the Forms link on the website.

To request a paper copy of the form, call [800.767.1729](tel:800.767.1729). **X**



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ESG criteria are a set of standards for a company's operations that sustainable investors use to screen potential investments. Environmental criteria consider how a company performs as a steward of nature. Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates. Governance deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights.

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