Wilshire

Alternatives 2026 Outlook: Mid-year Update

2026

Presenters

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Vice President

10 years of industry experience

Giulia is a member of Wilshire’s alternatives manager research team, focusing on co-investments and other areas of the alternatives program.

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18+ years of industry experience

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Today's Agenda

Global Macrotrends

- Macroeconomic Uncertainty
- Geopolitics
- Artificial Intelligence
- Energy Transition

Regional Private Markets

- North America
- Europe
- Asia-Pacific

Marketable Alternatives

Wilshire Firm Overview

Since 1972, Wilshire has been dedicated to improving investment outcomes for institutional investors and financial intermediaries worldwide.

- **Investment advisor and manager to some of the largest institutions in the world**
- **Full spectrum provider of alternative investment solutions**
- **Leader in both intermediary and institutional markets**
- **Market leader in investment cost data, transparency, and analytics**

$1.3 Trillion

In assets under advisement[2]

$183B

In assets under management[2]

$33.2B

In **alternative** assets under management[1,2]

~300

Client Relationships[1]

2,100

Manager research meetings a year on average

As of 3/31/2026. [1] Includes institutional investors, financial intermediaries, and Wilshire-sponsored vehicles. Does not include individual retirement plans and retail investors via financial intermediary platforms. [2] Assets under management refers to the amount of assets attributable to securities portfolios for which Wilshire provides discretionary and non-discretionary asset management services and is calculated differently than "regulatory assets under management." Assets under advisement refers to the total amount of assets (inclusive of assets under management) attributable to all of Wilshire's advisory relationships, including various consulting and advisory relationships for which Wilshire provides investment advisory services without engaging, on either a discretionary or non-discretionary basis, in the direct management of a client's portfolio. [3] Includes discretionary private markets and hedge fund assets.

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2026 Global Megatrends

Alternative Investments

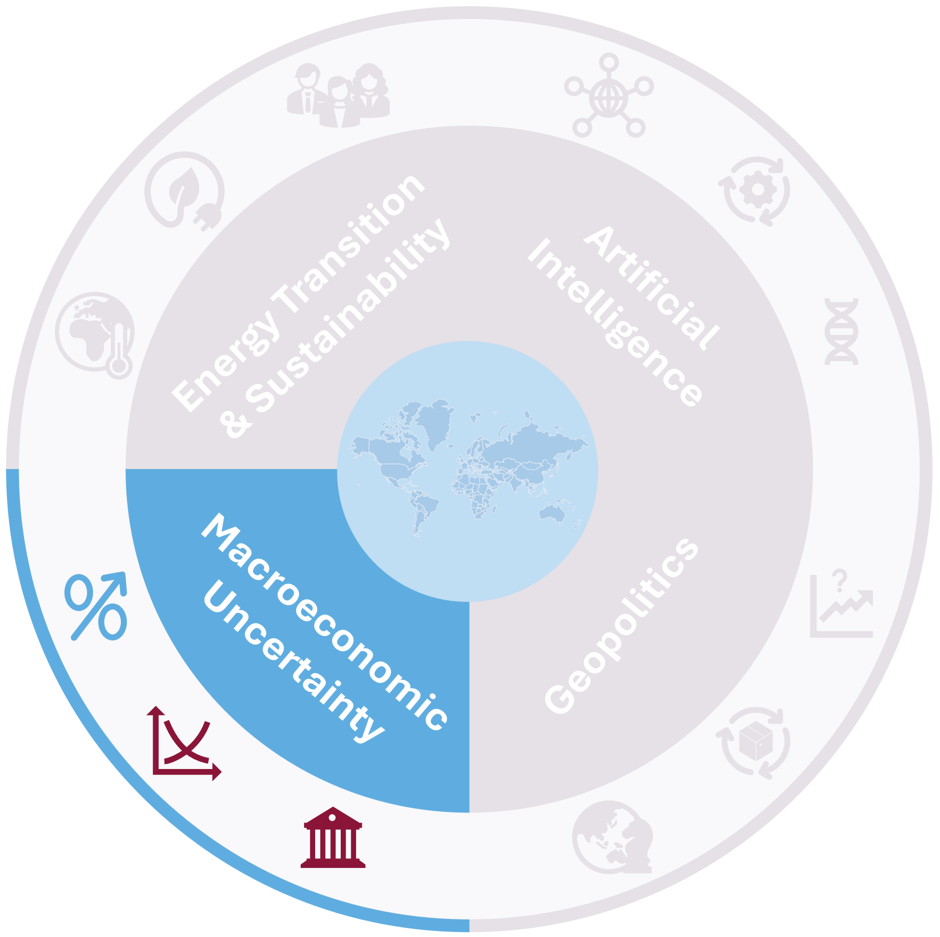
2026 Global Megatrends

For illustrative purposes only.

The economic outlook has become more challenging and less predictable over the course of the year. Consumer spending is increasingly bifurcated between higher- and lower-income households, and inflation continues to present a material risk.

Megatrend driver of opportunity in 2026

Macroeconomic Uncertainty

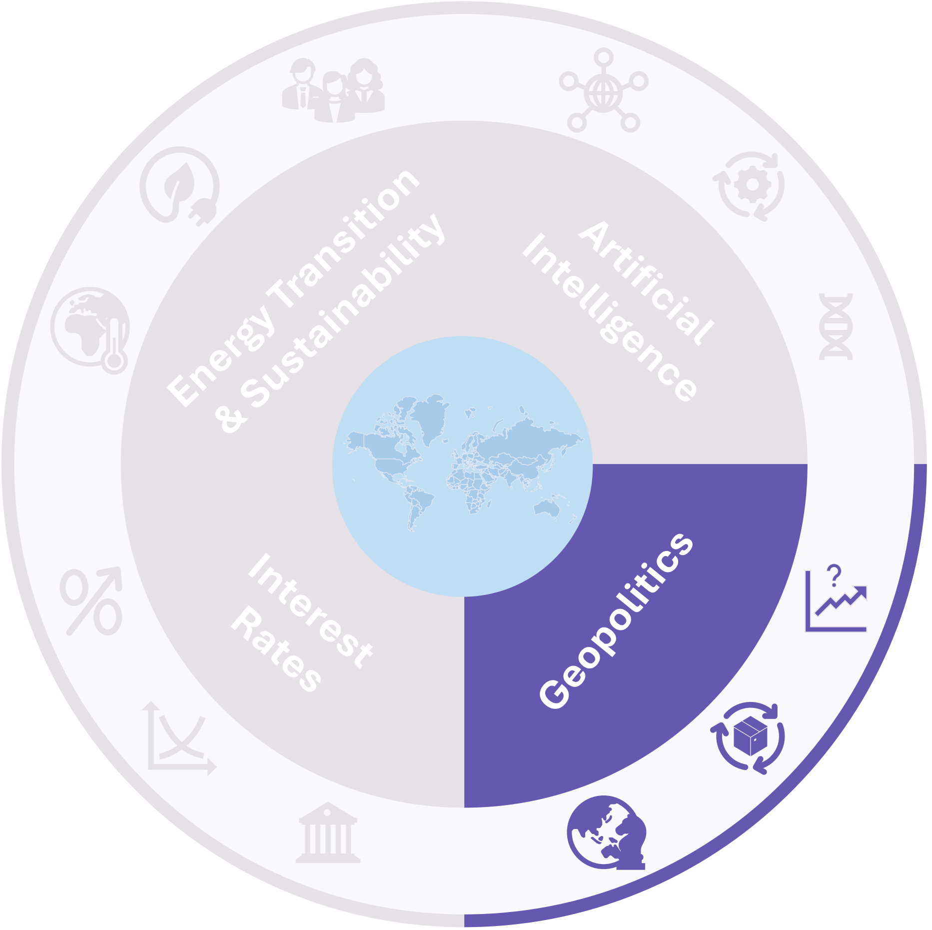


For illustrative purposes only.

While regional sensitivities vary, there is a clear shift toward economic security and localization, with both companies and governments prioritizing domestic assets, more resilient and localized supply chains, and greater national self-sufficiency in response to ongoing global fragmentation.

Megatrend driver of opportunity in 2026:

Geopolitics

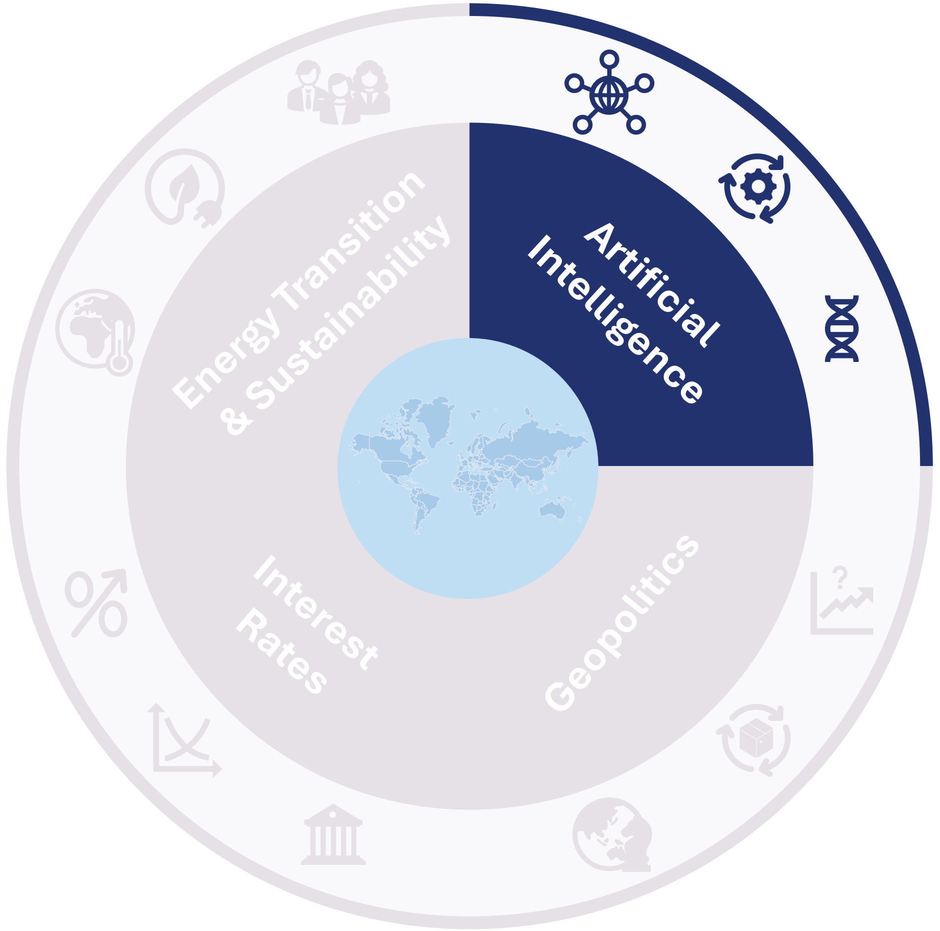


For illustrative purposes only.

Artificial intelligence is increasingly an economy-reordering force. Front-loaded capital investment in data centers, semiconductors, and power capacity is already underway, supporting revenue growth for AI model developers, even as the timing and magnitude of productivity benefits are still emerging.

Megatrend driver of opportunity in 2026

Artificial Intelligence



For illustrative purposes only.

While regional disparities persist in energy transition and sustainability priorities, there is broad conviction in the need for investment to support rising power demand and the energy transition, particularly across generation, grid upgrades, storage, and transmission.

Megatrend driver of opportunity in 2026:

Energy Transition

For illustrative purposes only.

Regional Private Markets Outlook

North America

2026 Global Megatrend Opportunities

	Regional Context	Local Opportunities
Artificial Intelligence	• Capital Expenditure • Shift in Value Capture • Enhanced Productivity	• Digital Infrastructure • Power • Applications
Energy Transition & Sustainability	• Environmental Initiatives • Energy Independence	• Energy Infrastructure • Renewable Energy • Input Scarcity
Geopolitics	• Deglobalization and Conflicts • Deregulation • Immigration Policy	• Industrial Onshoring • Security and Defense • Energy Security
Macroeconomic Uncertainty	• Inflation • Valuation & Bubbles • Interest Rates	• Diversification enhancement • Contractual Return • Economic Bifurcation

Private Equity – U.S.	January 2026	July 2026
Buyout	Neutral	Neutral
Growth Equity	Neutral	Neutral
Venture	Favorable	Favorable

Private Credit – U.S.	January 2026	July 2026
Direct Lending	Neutral	Neutral
Distressed Debt	Neutral	Neutral
Opportunistic Credit	Highly Favorable	Highly Favorable
Alternative Yield	Highly Favorable	Highly Favorable

Private Real Assets	January 2026	July 2026
U.S. Real Estate	Favorable	Favorable
Natural Resources	Favorable	Favorable
U.S. Infrastructure	Highly Favorable	Highly Favorable

Highly Favorable · Neutral · Unfavorable · Favorable · Cautious

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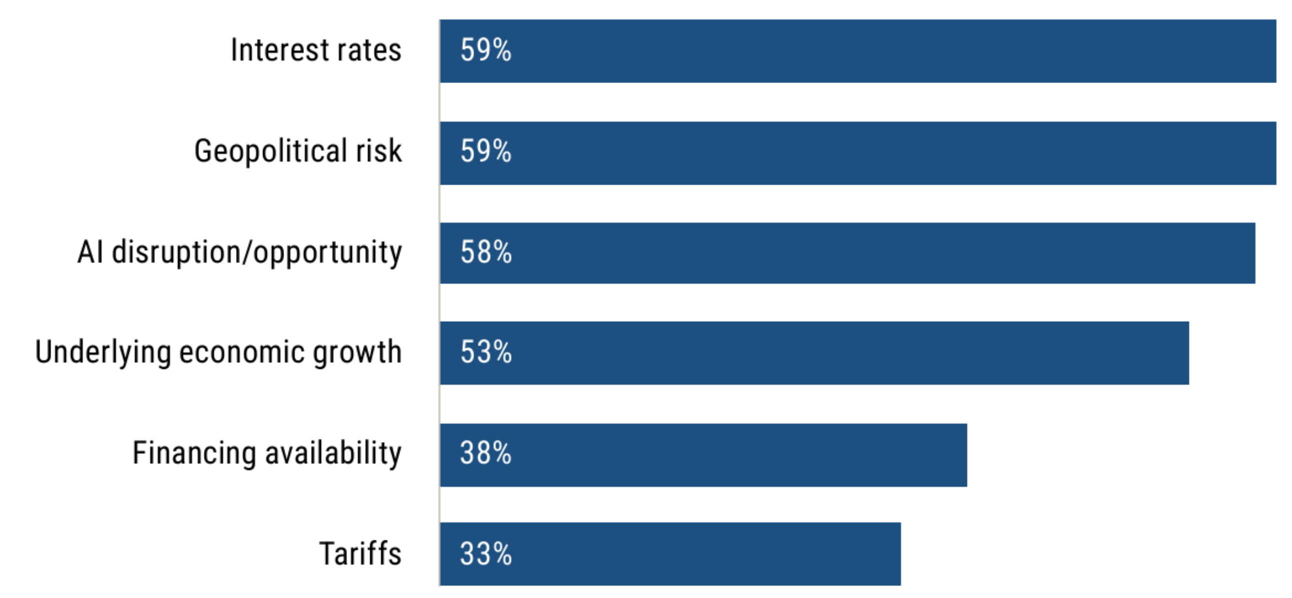
North America

Buyout

- Conditions remain mixed, with investment activity normalizing but deployment more selective given interest rate uncertainty and softer demand.
- Liquidity is supported by ongoing M&A activity, a selective reopening of IPOs, and continued use of continuation vehicles.
- Manager selection is increasingly important, as dry powder remains elevated, and returns are driven primarily by operational value creation than multiple expansion.

"Rank the top three macroeconomic factors currently impacting your investment decisions."

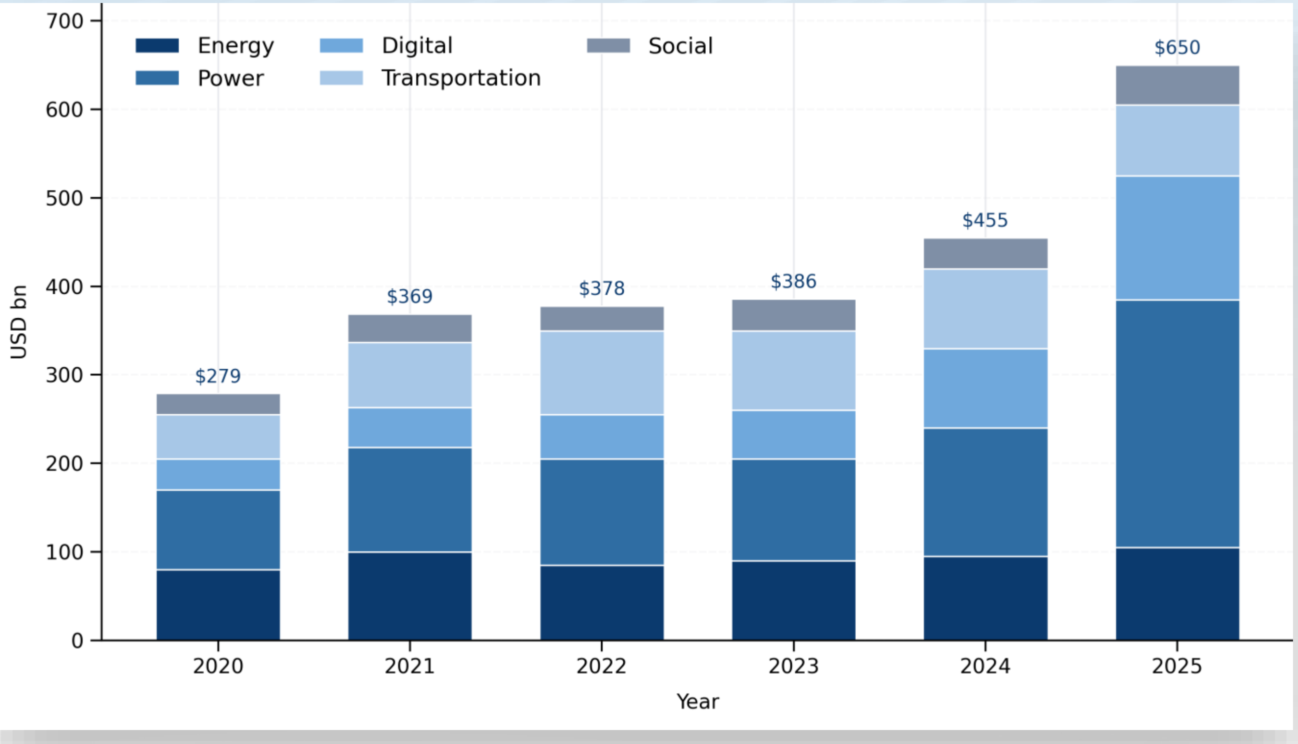


Source: PitchBook, "US PE Survey", as of June 8, 2026. Survey respondents included general partners, allocators, corporate, and other market participants. Charts are for illustrative purposes only.

North America
Infrastructure

- Structural demand for infrastructure investment remains strong, supported by long-term capital needs, digitalization, electrification, and the energy transition.
- Government dynamics are evolving, with broadly supportive policy but increased volatility in priorities, particularly for regulated assets, while long-term contracted assets remain more resilient.
- Fundraising remains strong across both core and value-add strategies, as private capital increasingly steps in to fill gaps left by constrained public funding.

North America Deal Volume (2020–present)



Source: Principal Asset Management, Infralogic (2026). Charts are for illustrative purposes only.

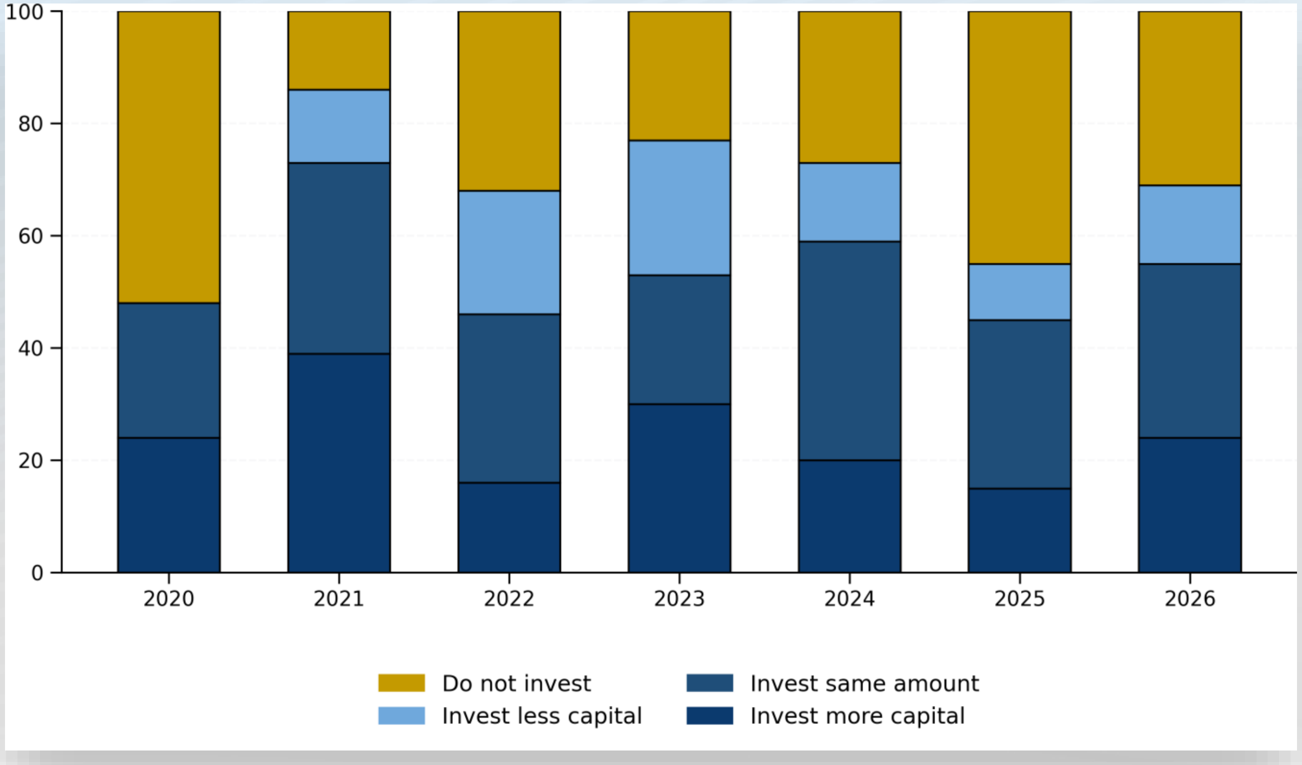
North America

Opportunistic & Distressed Credit

- Structural dislocation is creating opportunities, as capital formation is concentrated among larger funds and banks continue to retrench from asset-heavy and non-sponsored lending.
- Emerging credit stress is expanding the opportunity set across opportunistic and early-stage distressed situations.
- The opportunity set is supported by structural advantages, including high barriers to entry, favorable complexity premiums, and multiple return levers (interest, fees, and upside participation).

LP Expectations for Distressed and Special Situations Allocation

(over the next 12 months vs. prior 12)



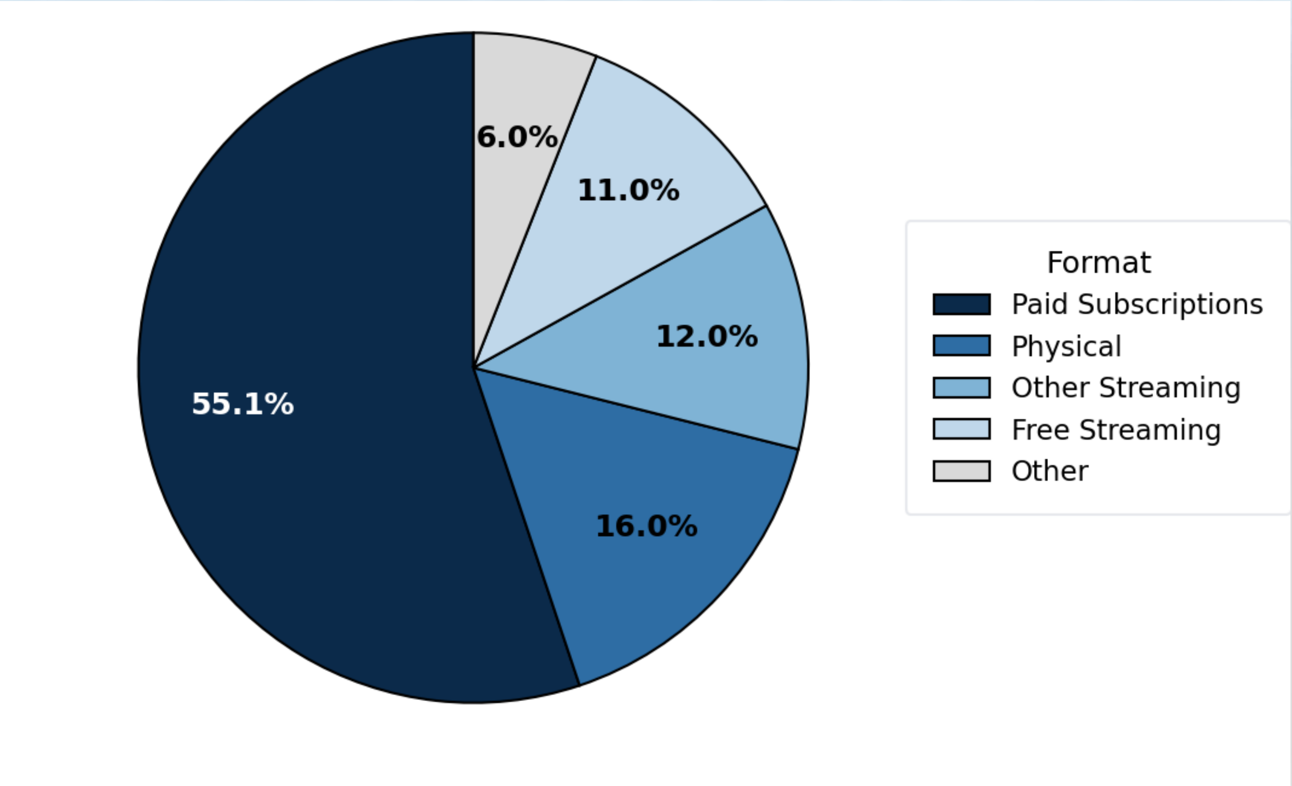
Source: Private Debt Investor's LP Perspectives 2026 Study. Charts are for illustrative purposes only.

North America

Alternative Yield

- Demand for alternative yield strategies is increasing, driven by the need for uncorrelated return profiles and limited access to traditional capital sources.
- Opportunity is expanding across asset-heavy and intangible asset sectors, including intellectual property, royalties, and nontraditional real assets, particularly in capital-constrained environments.
- The asset class benefits from favorable supply-demand dynamics, with limited middle-market competition, historically strong loss and recovery profiles, and technology-enabled origination supporting specialization.

Music Industry Revenue Composition (USA, 2025)



Source: RIAA (2026). Charts are for illustrative purposes only.

Europe

2026 Global Megatrend Opportunities

	Regional Context	Local Opportunities
Artificial Intelligence	• Digital Disruption • Local Growth Hubs • Enhanced Productivity	• Venture Technology • Digital Infrastructure • Applications
Energy Transition & Sustainability	• Climate Change • Energy Transition • Circular Economy	• Decarbonization and CleanTech • AgriTech and PropTech • ESG Value Creation
Geopolitics	• International Conflicts/Trade Tensions • Populism/Policy Volatility • Migration and Demographics	• Defense and Security • Production Onshoring • Health Care and Life Sciences • Critical Infrastructure
Macroeconomic Uncertainty	• Monetary Policy Fluctuations • Fiscal Challenges and Austerity Measures • Variable Growth Rates Across Regions	• Resilient and Recurring Revenue Models • Diversification

Private Equity – Europe	January 2026	July 2026
Buyout	Favorable	Favorable
Growth Equity	Neutral	Neutral
Venture Capital	Favorable	Favorable

Private Credit – Europe	January 2026	July 2026
Direct Lending	Neutral	Neutral
Distressed Debt	Neutral	Neutral
Opportunistic Credit	Favorable	Favorable
Alternative Yield	Neutral	Neutral

Private Real Assets	January 2026	July 2026
Real Estate	Neutral	Neutral
Natural Resources	Neutral	Neutral
Infrastructure	Favorable	Favorable

Highly Favorable | Neutral | Unfavorable | Favorable | Cautious

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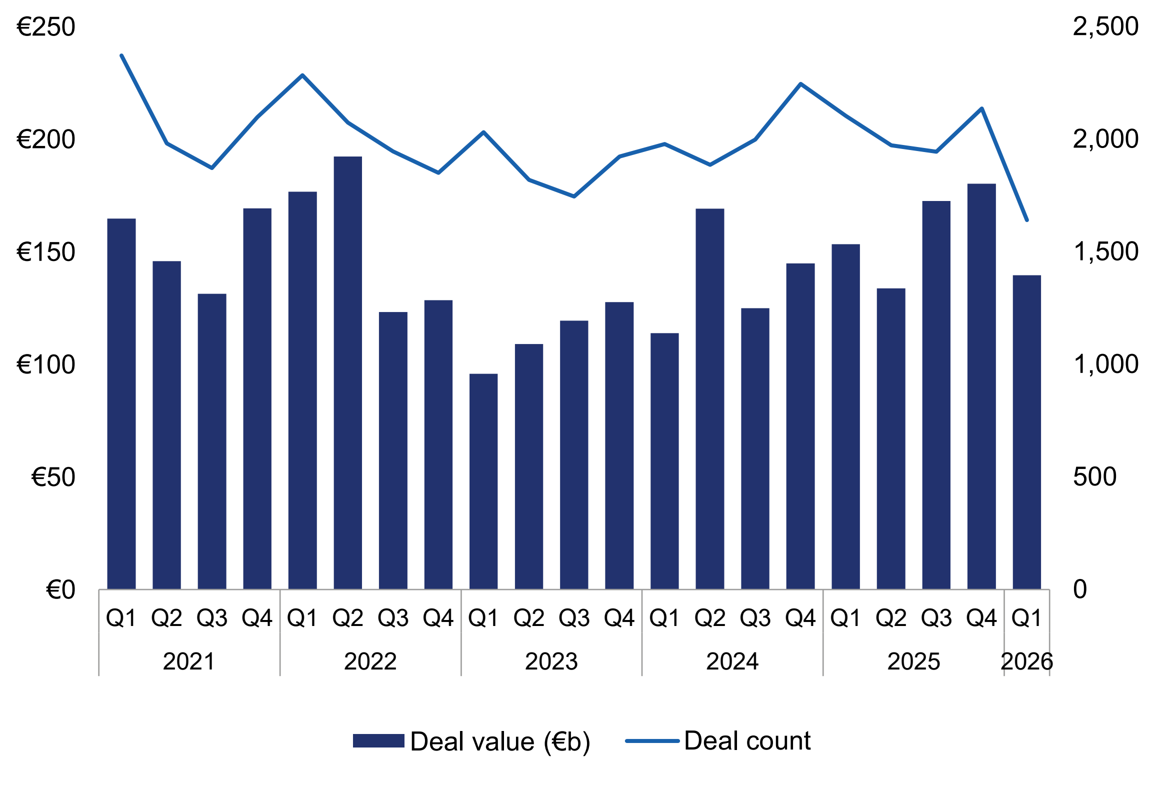
Europe
Buyout Outlook: Favorable

- Activity slowed and liquidity remains constrained due to macro uncertainty, energy shocks, and weaker exit markets, limiting transaction for average-quality assets.
- Bifurcation persists, with high-quality assets attracting strong demand and premium pricing despite broader market softness.
- Structural tailwinds from fiscal stimulus (defense, infrastructure) expected to support sectoral growth and future deal flow and sector expansion.
- Opportunity set shifting toward complexity: benefitting special situations, carve-outs and lower mid-market inefficiencies where competition is lower and value creation is clearer.

European Buyout Deal Value and Deal Count

Lower investment activity following market developments



Source: Q1 2026 Pitchbook European Buyout Report. Charts are for illustrative purposes only.

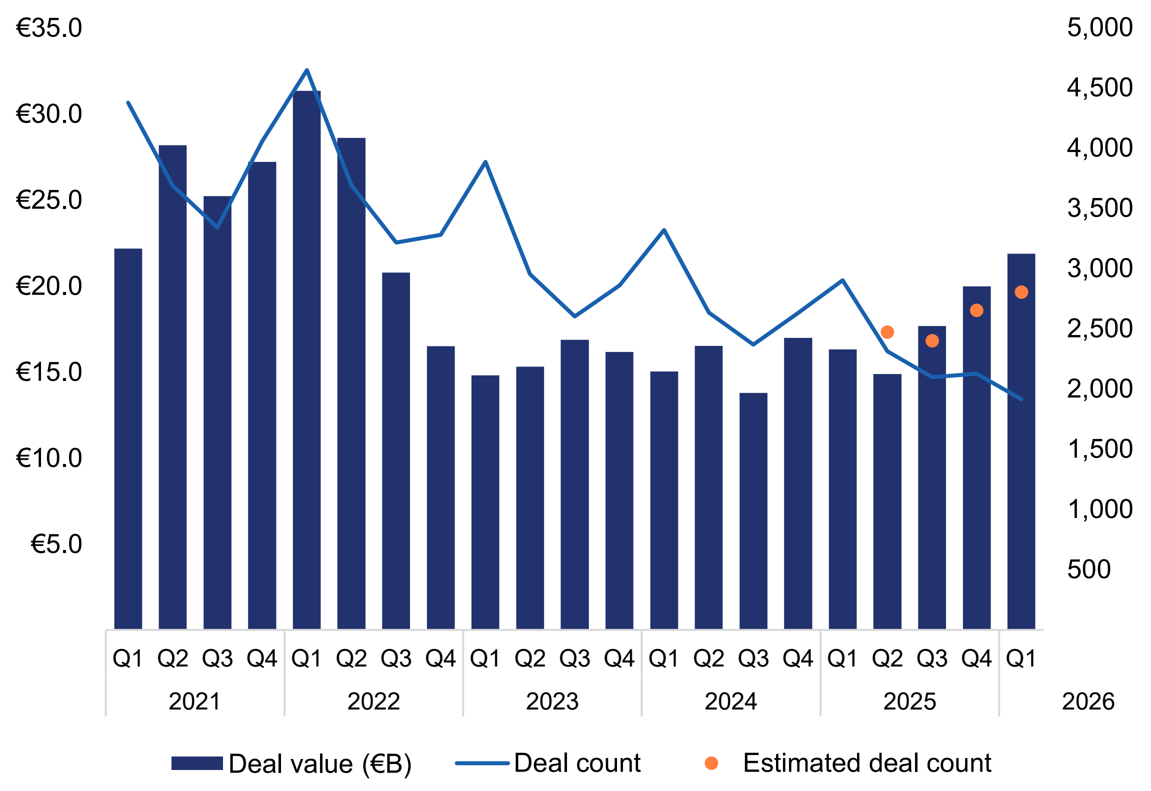
Europe

Venture Capital Outlook: Favorable

- Fundraising and deal activity show early recovery, supported by improving sentiment and a low base, but exit visibility remains limited.
- Capital increasingly concentrated in larger, later stage deals, reflecting a strong value-over-volume dynamic and capital flowing to scaled opportunities in the growth equity market.
- AI dominates the ecosystem, driving the majority of deal value and increasingly influencing adjacent sectors (energy, manufacturing).
- Key risks are concentration, valuations and exit dependency, particularly if AI sentiment weakens and exit markets remain subdued.

European VC Deal Value and Deal Count

Continued increase in activity signals a recovered market



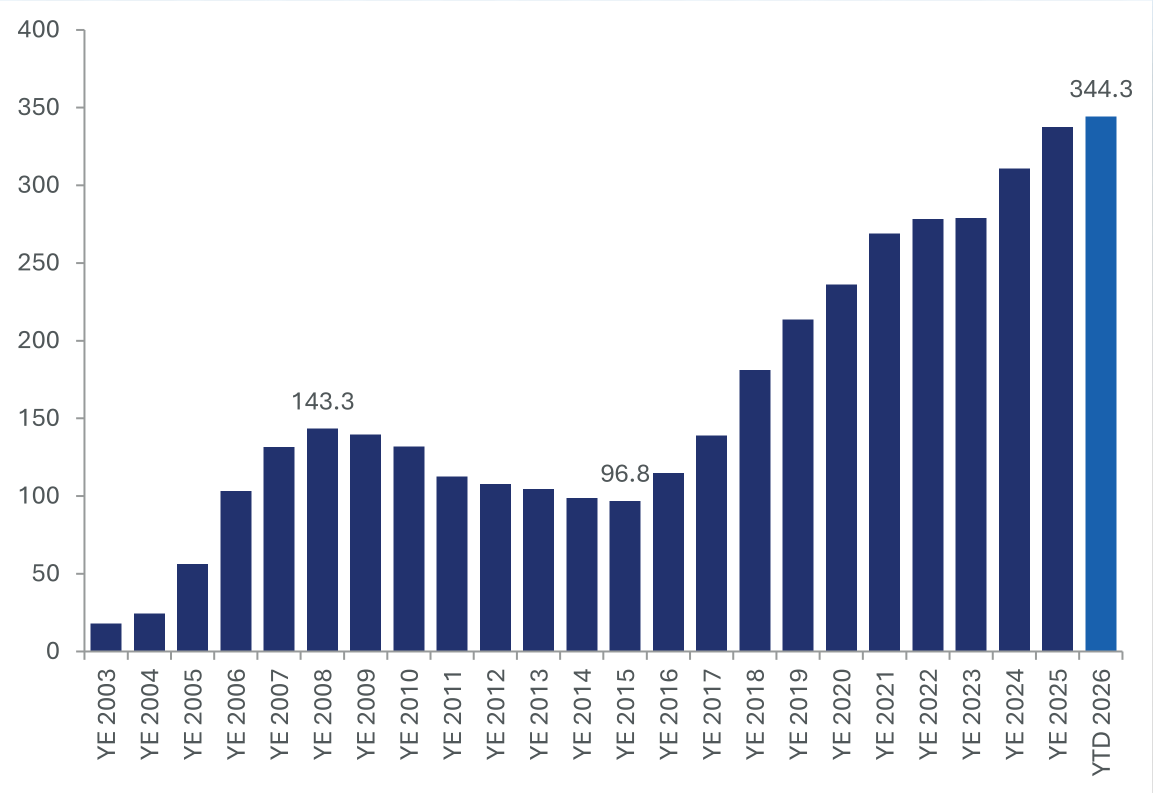
Source: Q1 2026 Pitchbook European Venture Capital Report. Charts are for illustrative purposes only.

Europe

Opportunistic Credit Outlook: Favorable

- Attractive opportunity set driven by market dislocation, where demand for capital exceeds supply in complex situations.
- Structural financing gap persists, supported by bank retrenchment and limited funding options for mid-market borrowers.
- Non-sponsored lending gaining share, offering higher spreads, tighter structures, and longer lender protection.
- Returns driven by specialization and complexity, with successful managers capturing complexity premia and underserved borrower segments through bespoke underwriting.

European Par-Amount Leveraged Loans Outstanding in Secondary Market



Source: S&P LCD Q1 2026. Charts are for illustrative purposes only.

Asia Pacific

2026 Global Megatrend Opportunities

	Regional Context	Local Opportunities
Artificial Intelligence	• Continuous Tech Advancement • Accelerated AI & Robotics Adaptation	• Industrial AI Application • Supply Chain Efficiency • Consumer AI Applications
Energy Transition & Sustainability	• EV Adoption • Carbon Neutrality	• EV and Clean Energy-related Ecosystem • Energy Storage
Macroeconomic Uncertainty	• Exit Market Recovery • Low Cost and Conservative Use of Leverage • Rising Middle Class • Aging Population	• Consumption • Growth-Oriented Buyout • Real Assets
Geopolitics	• Global Supply Chain Reorganization • Intra-Regional Trade	• Domestic Consumption • Advanced Manufacturing • AI & Robotics

● Highly Favorable ◑ Neutral ○ Unfavorable

◕ Favorable ◔ Cautious

Private Equity – Asia Pacific	January 2026	July 2026
Buyout	◕	◕
Growth Equity	◕	◕
Venture	●	●

Private Credit – Asia Pacific	January 2026	July 2026
Direct Lending	◕	◑
Distressed Debt	◔	◔
Opportunistic Credit	◔	◔
Alternative Yield	N/A	N/A

Private Real Assets	January 2026	July 2026
Asia Pacific Real Estate	◕	◕
Asia-Pacific Natural Resources	◔	◔
Asia Pacific Infrastructure	◑	◑

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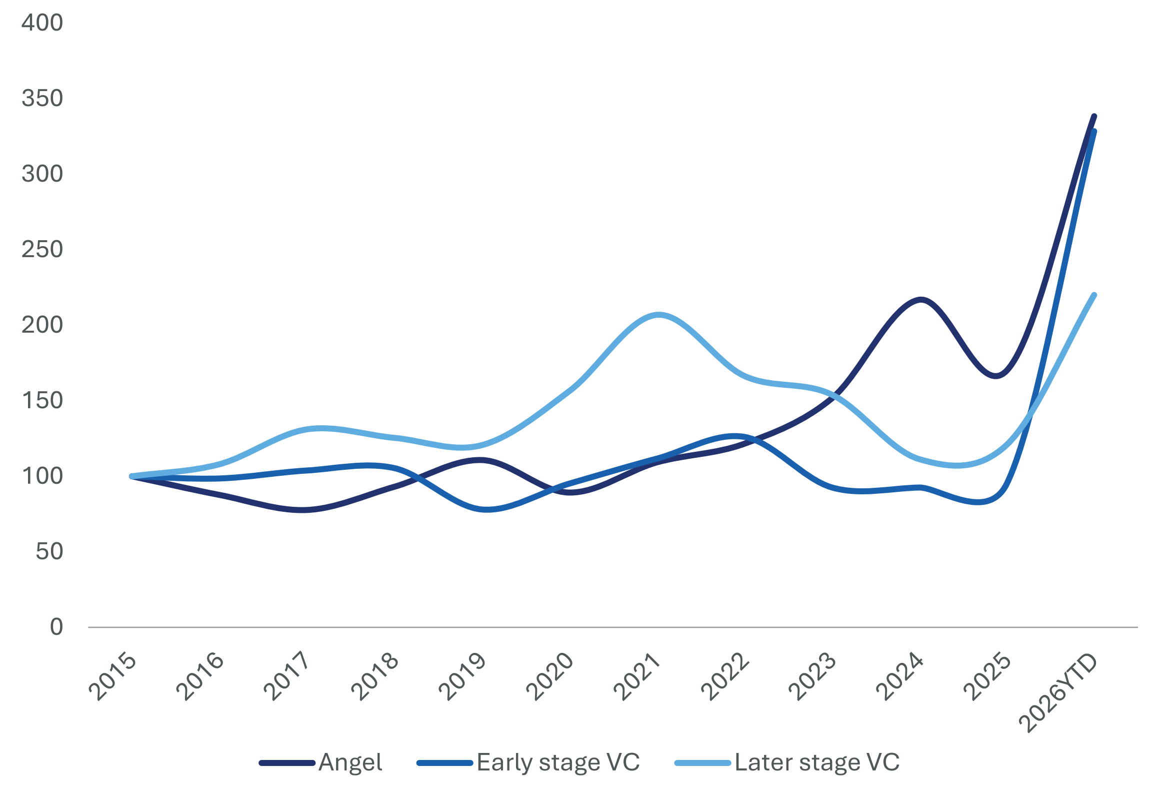
Asia Pacific

Venture

- Continuous recovery in general.
- AI is the key theme — with China being a big AI market with opportunities arising from the entire supply chain of AI — from foundation models to infrastructures, applications and the surrounding ecosystem.
- Robotics is also an important theme in selected markets.
- China VC's recovery is particularly strong.
  - Exit – Strong HK and Mainland China IPO Market
  - Investment activities picked up significantly
  - Fundraising activities gradually improve
- Other major markets (e.g. India, Japan, Korea and Australia) have unique VC opportunities, providing good diversification benefits.

Asia-Pacific Venture Capital Pre-Money Valuation Index (2015 = 100)

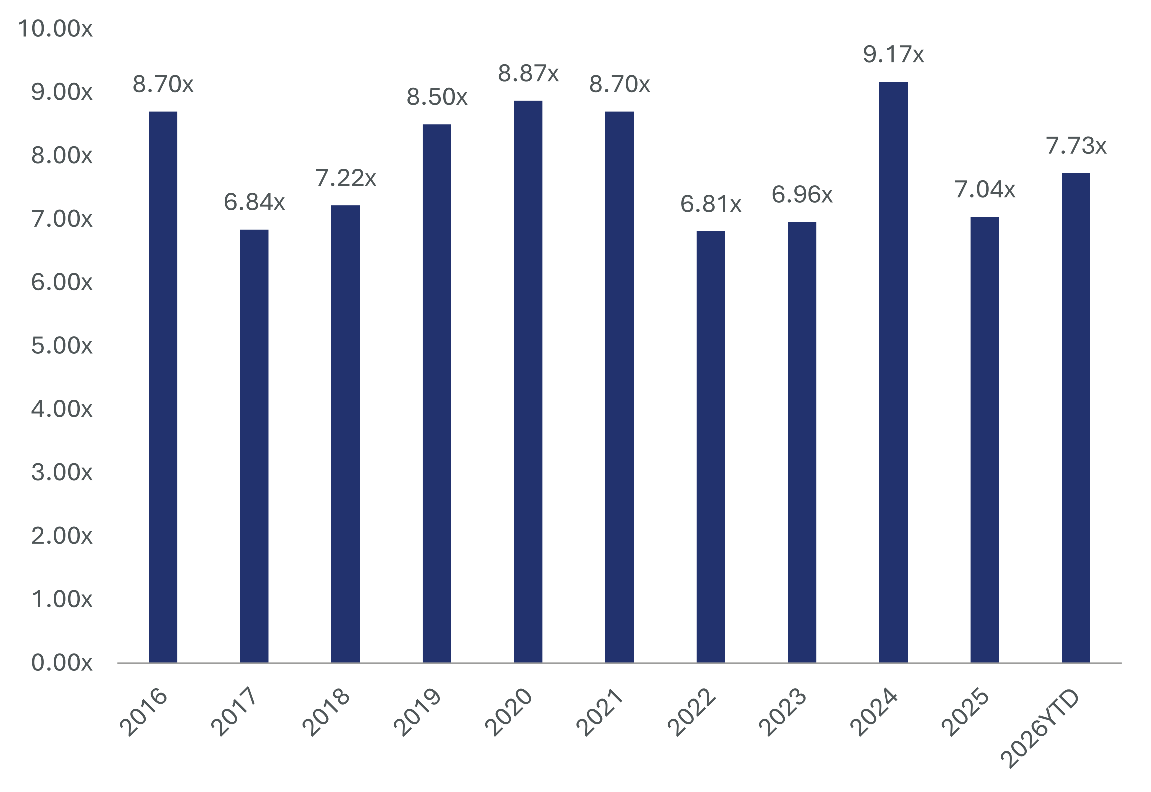


Source: Pitchbook data, as of June 2, 2026. Indexed with 2015 as base year and using the median of pre-money valuation. Charts are for illustrative purposes only.

Asia Pacific
Buyout

- Mid-market buyouts continue to be attractive with attractive valuations, less competition, and significant value creation potential.
- Corporate carve-out and succession issue are the major themes. Selectively in take-private.
- Strong pipeline in Australia and Japan in the coming 6-12 months.
- Some opportunities in Pan-Asia large-cap buyout funds.

Asia-Pacific Median EV/EBITDA of M&A Transactions

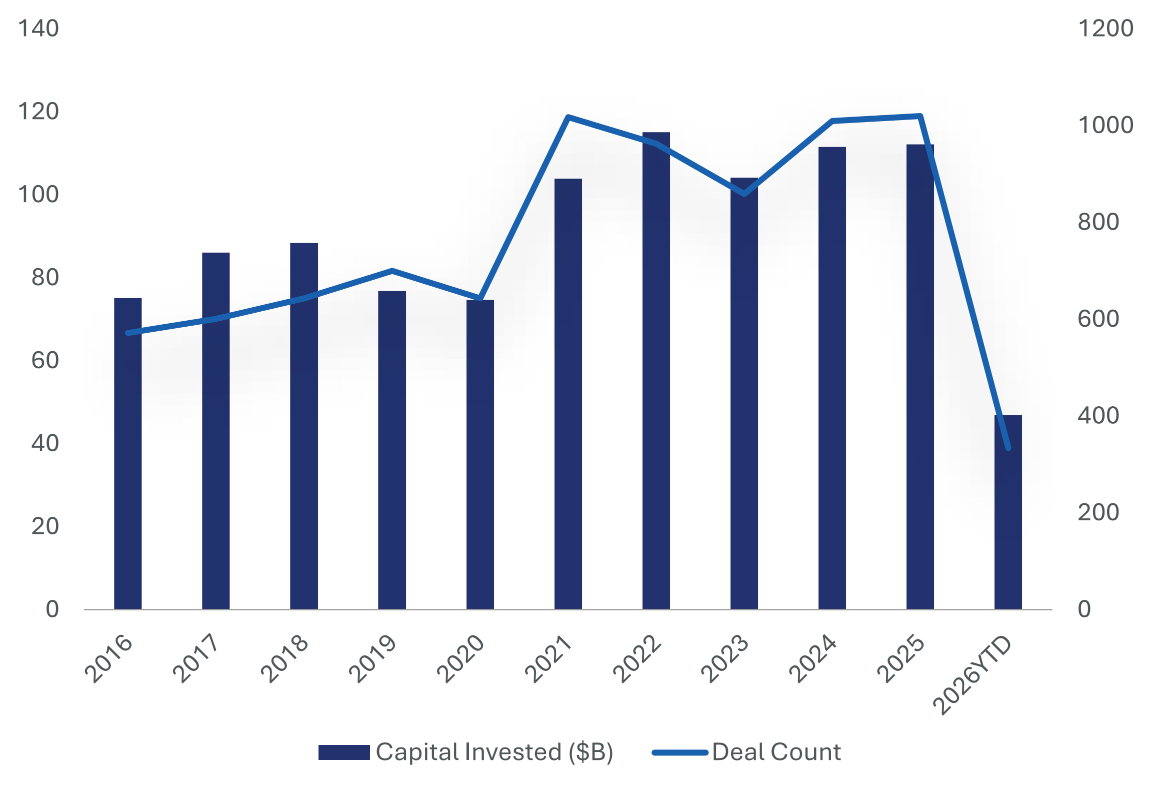


Source: Pitchbook, as of June 2, 2026. Charts are for illustrative purposes only.

Asia Pacific
Growth Equity

- Asia-Pacific is a growth-oriented PE market.
- GPs that are cycle-tested and have tangible operational value-add will be differentiated.
- Significant opportunities are expected to emerge in India and Southeast Asia due to the reshuffling of global supply chains and their continuous macro tailwinds.
- China will focus on the execution of the stimulus that were announced in early-2026, which will favor growth opportunities related to tech, advanced manufacturing and supply chain efficiency.
- China consumer-related growth opportunities keep evolving (i.e., focus more on value consumption, service / experience related consumption, and lower-tier cities' consumption).

Asia-Pacific Buyout and Growth Capital Investment Deal Value



Source: Pitchbook, as of June 2, 2026. Charts are for illustrative purposes only.

Asia Pacific

Real Estate

- Asia-Pacific has a different opportunity set and provides good diversification benefits to the global real estate portfolio.
- Key opportunities include:
  - Grade A-B offices in major metropolitan areas
  - Residential real estate in key Asian metropolitan cities (except China)
  - Warehouse, logistics and data centers
  - Hospitality
- Pan-Asia opportunistic strategies are attractive on a risk-adjusted basis.

S&P Asia Pacific REIT (Net Total USD Return)

Source: SS&P Capital, as of June 8, 2026. Charts are for illustrative purposes only.

Marketable Alternatives Outlook

Marketable Alternatives

2026 Global Megatrend Opportunities

	January 2026	June 2025
Sys. Macro/CTA	Neutral	Neutral
Discretionary Macro	Favorable	Favorable
Equity Hedge	Favorable	Favorable
Marketable Credit	Favorable	Favorable
Event Driven	Favorable	Favorable
Relative Value	Favorable	Favorable

Highly Favorable · Neutral · Unfavorable · Favorable · Cautious

	Macro Context	Micro Considerations
Artificial Intelligence	• Generative AI • Digital Economy	• AI Infrastructure • Digital Assets • Software
Energy Transition & Sustainability	• AI Energy Demand • State vs. National Policy Divergence	• Infrastructure and Power • Natural Gas • Nuclear Renaissance • Commodity Trading
Geopolitics	• Deglobalization • Policy Dispersion • Security and Defense	• Industrial Onshoring • Discretionary Macro
Macroeconomic Uncertainty	• Valuations • Developed Market Deficits • Monetary Policy Dispersion	• Developed Markets • Emerging Markets • Relative Value

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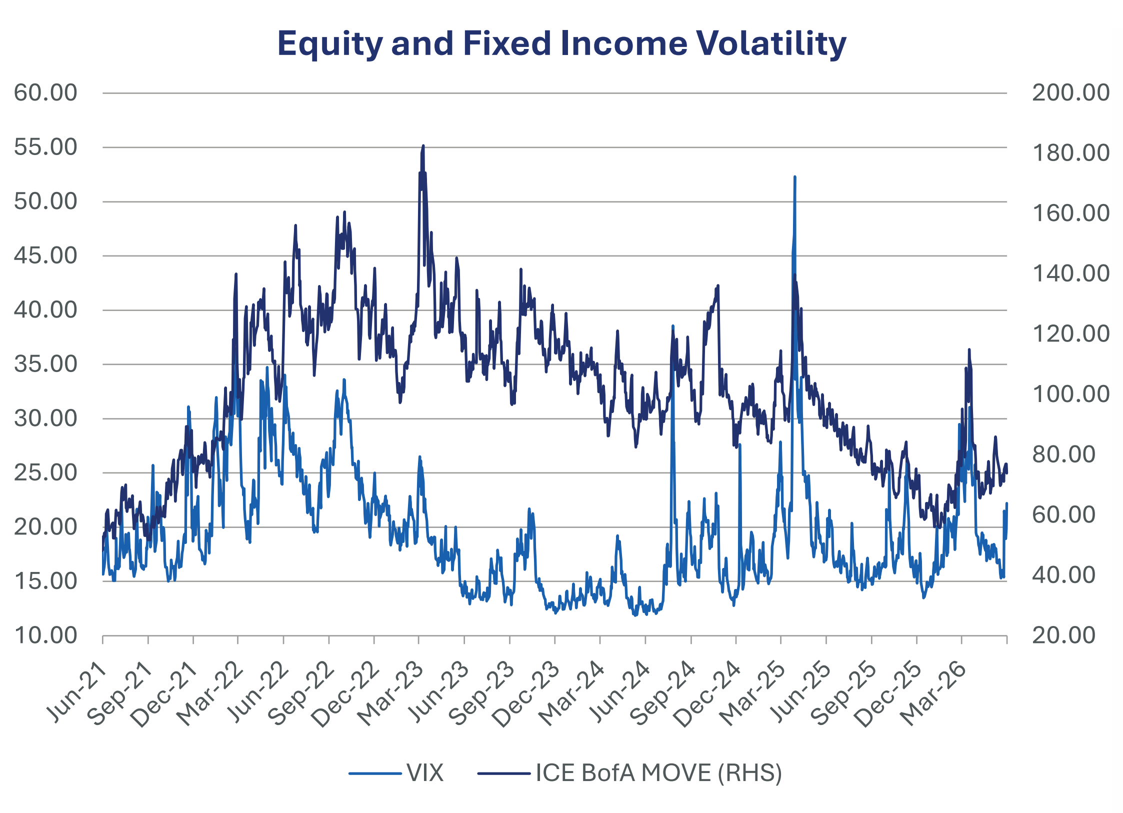
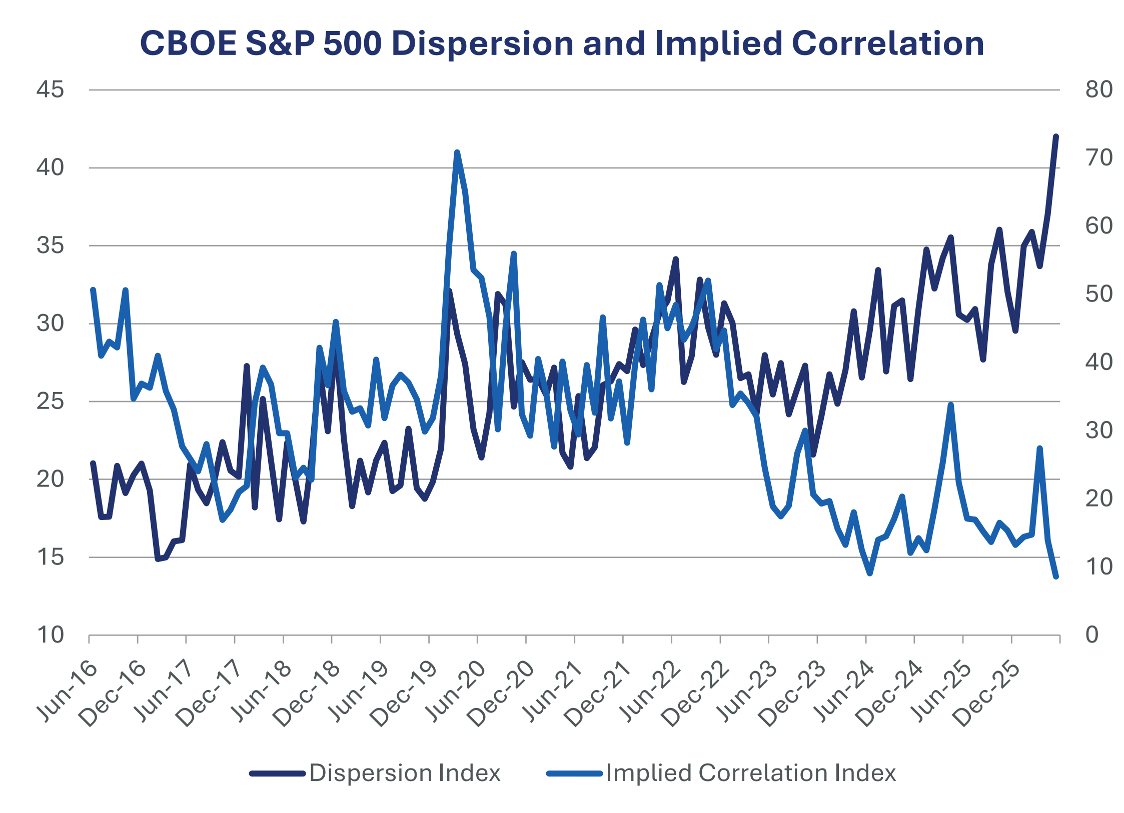
Marketable Alternatives

Highlights

Macroeconomic and geopolitical uncertainty will continue to drive volatility and dispersion across asset classes and geographies; preference for tactical macro and relative value-oriented opportunities in equity and credit.





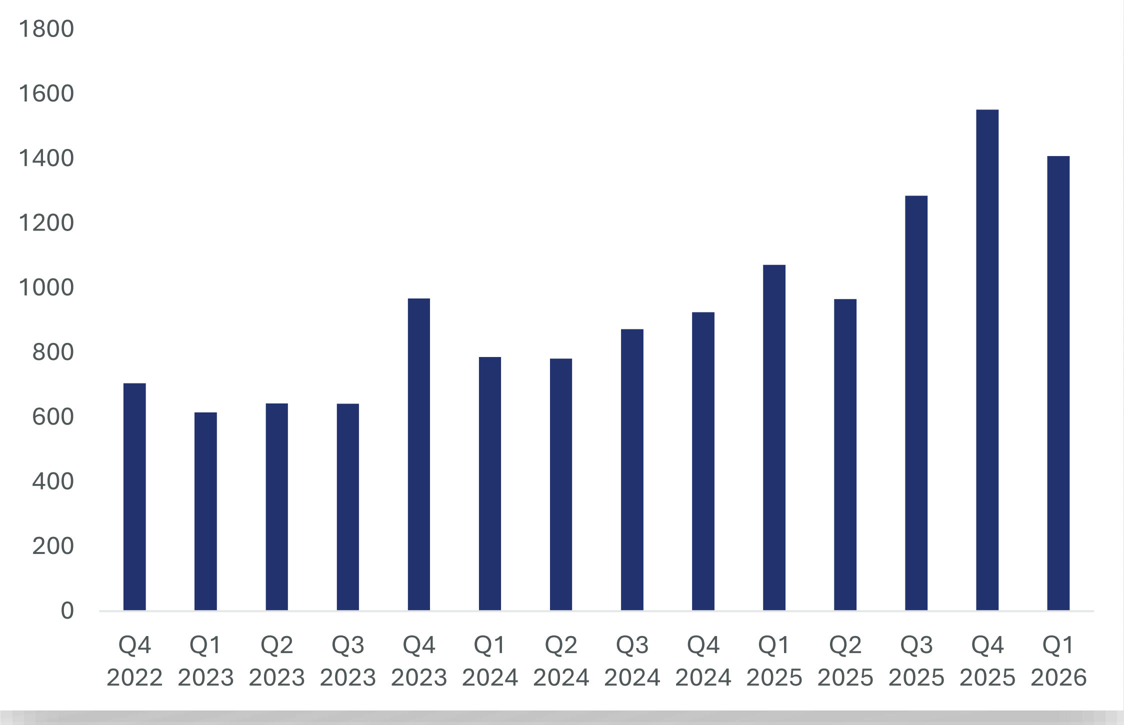
Source: Bloomberg. Charts are for illustrative purposes only.

Marketable Alternatives

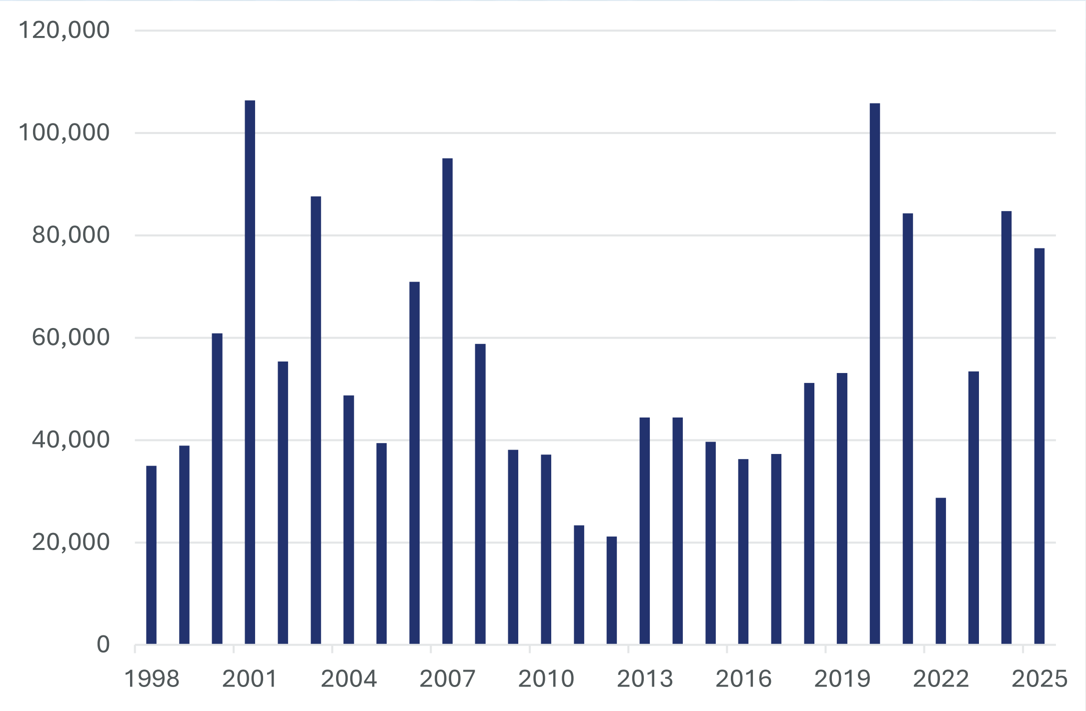
Highlights

Outlook for 2026 remains favorable across many classic hedge fund opportunities: merger arbitrage, convertible arbitrage, fixed income arbitrage, among others.

Global M&A Volume ($B)



U.S. Convertible Bond Issuance ($M)



Source: Dealogic, Morgan Stanley Research, Bank of America Global Research ICE Data Indices. Charts are for illustrative purposes only.

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