

# 2026 Market outlook

## Opportunities to unleash your portfolio

The world is changing, and so are the rules of investing. Global trade, technology, and fiscal spending are driving growth, but challenges like rising debt and market uncertainty remain. Success in 2026 will come from building balanced, adaptable portfolios that can thrive in a rapidly evolving environment.

### What's coming in 2026

#### Structural shifts emerge

The rules of the past—like falling interest rates and steady globalization—are changing. The world is evolving, and so are the ways we invest.

#### New paths for growth

Right now, markets are being supported by strong government spending, new technology, and resilient consumers. But the drivers of growth like artificial intelligence (AI), are starting to change.

#### Building to adapt

With markets and the environment becoming less predictable, having a flexible investment approach—like broadening sources of returns and incorporating other exposures and asset classes—is the best way to turn challenges into opportunities.



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# Asset classes spotlight

## Canadian fixed income

With inflation easing, Canadian bonds are offering opportunities for steady returns. Short-term credit is a great defensive option, and potential trade progress with the U.S. could boost sentiment. Active management will be key to finding the best yields while staying resilient in uncertain times.

## Global fixed income

Global bonds are regaining attention as inflation cools and policies shift. European and U.K. bonds offer strong opportunities, while some emerging markets present currency growth potential. High-quality, shorter-term bonds remain appealing, and active management is essential to navigate the complexities.

## Global impact bonds

Impact bonds are benefiting from investments in infrastructure, AI, and healthcare. Sectors like securitized credit and European high-yield bonds are offering value, but careful selection and diversification are crucial to managing risks and tight valuations.

## Global high-yield fixed income

High-yield bonds are looking strong for 2026, with stable fundamentals and easing monetary policies. Opportunities are emerging in housing, media, and telecom sectors, while event-driven credits tied to mergers or restructuring offer unique growth potential.

## Canadian equities

Canadian stocks are showing selective value. Transportation and railways are rebounding, while software and consulting companies like Constellation Software Inc. and CGI Inc. are attractively priced. Small-cap companies with strong balance sheets and industrials are also worth exploring.

## U.S. equities

The U.S. market remains full of opportunity, driven by the AI investment boom. Quality companies with stable earnings and pricing power are well-positioned to handle market changes. Falling interest rates and broader capital spending could benefit diversified portfolios.

## Global equities

Global stocks are gaining strength, supported by falling interest rates, infrastructure investment, and AI innovation. Europe and Japan are seeing growth from fiscal stimulus, while emerging markets are benefiting from a weaker U.S. dollar and rising commodity prices. Companies focused on innovation and adaptability are set to thrive.

## Talk to your advisor about how NEI can help you navigate opportunities in 2026 and achieve your long-term goals.

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