

Capital Markets Strategy
Essential inCights for the C-Suite



The Global Competition for Capital

Hyperscalers, Sovereigns & the Scramble for Finite Savings

OCT 2026

***"No two materials are alike.
No two sites on earth are alike.
No two buildings have the same purpose.
The purpose, the site, the material
determine the shape."***

***"I don't intend to build to have clients.
I intend to have clients in order to build."***

Ayn Rand, Russian-American writer and
philosopher, in her iconic 1943 novel,
The Fountainhead (1905 - 1982)



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1 Inflection Point for Global Capital Markets

Global Competition for Capital Intensifies

Sovereigns, corporations and sponsors draw on the same investable pool. Demand for that capital is now growing faster than the pool itself, and the buyer base is becoming more price sensitive as the volume of supply increases.

- 1 **Global AI's historic infrastructure supercycle**
- 2 **Power grid modernization & capacity expansion**
- 3 **Unprecedented sovereign deficits & refinancing cliffs**
- 4 **Geopolitical fragmentation & defense spending resurgence**
- 5 **Re-shoring, near-shoring & supply chain restructuring**
- 6 **Climate adaptation & renewable energy transition**
- 7 **Elevated corporate M&A and strategic activity**

Implications: More supply chasing a narrower, more price-sensitive buyer base

Evolving Bottlenecks to Scaling Computational AI

2023 – 2024: GPUs (AI microchips)

2025 – 2026: Memory chips (DRAM, NAND)

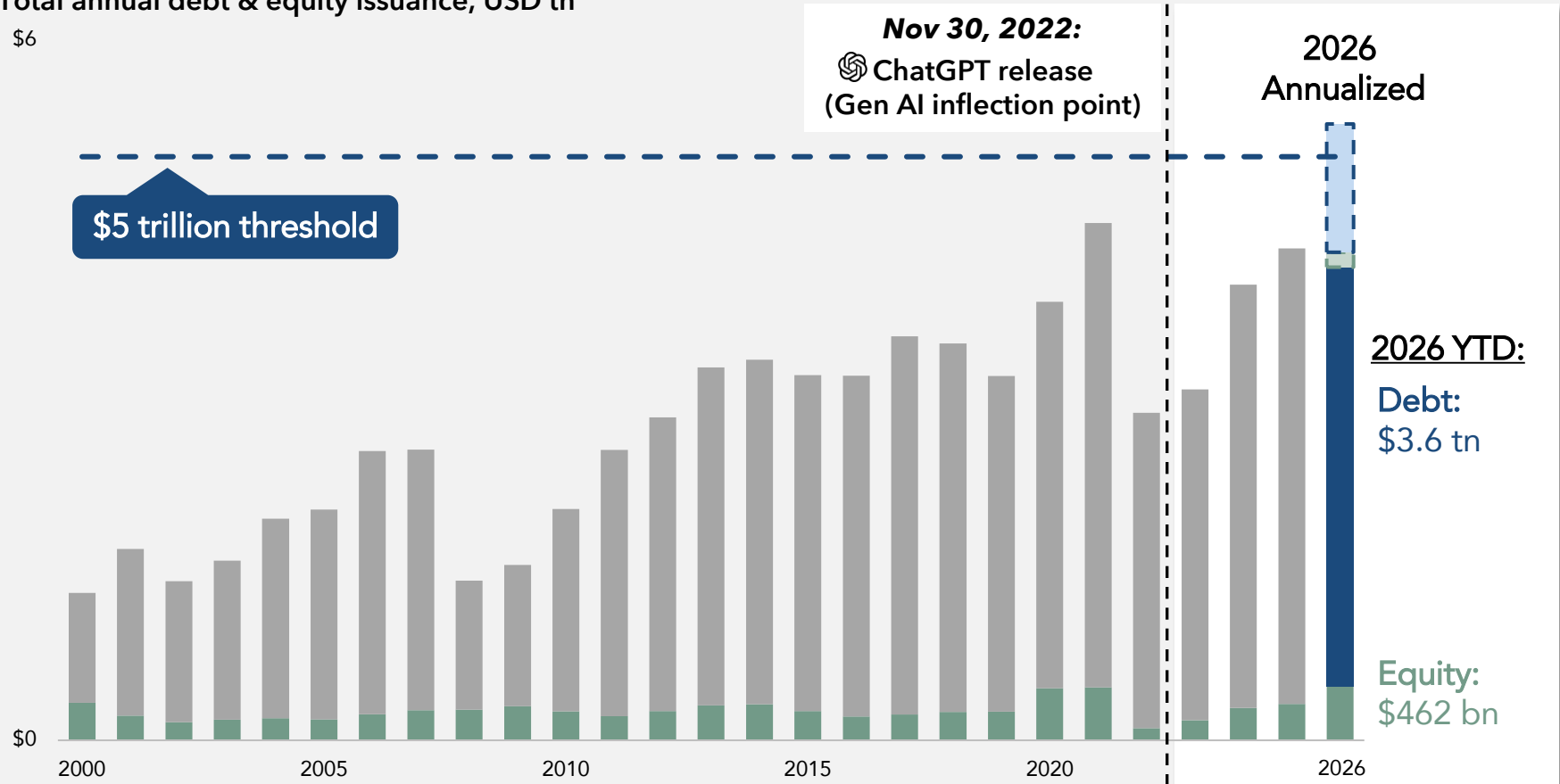
2027 – 2032: **Reliable energy & power**
Access to capital

Singular Secular Theme Becomes Inflection Point for Global Markets

AI's historic expansion is pushing global capital markets into a new regime where **a single secular theme** can drive debt and equity new issue volumes to an unprecedented level.

Total annual debt & equity issuance, USD tn

\$6



Source: (1) Equity issuance is Dealogic. Data as of October 9, 2026. Includes IPOs, follow-ons, and convertibles. Debt issuance is sum of IG & HY bonds, leveraged loans, and IG loans. IG & HY bond data are CFR. IG loan is LSEG. Data as of October 2, 2026. Leveraged loan is LCD. Data as of October 8, 2026.

What the Competition for Capital Means for Issuers

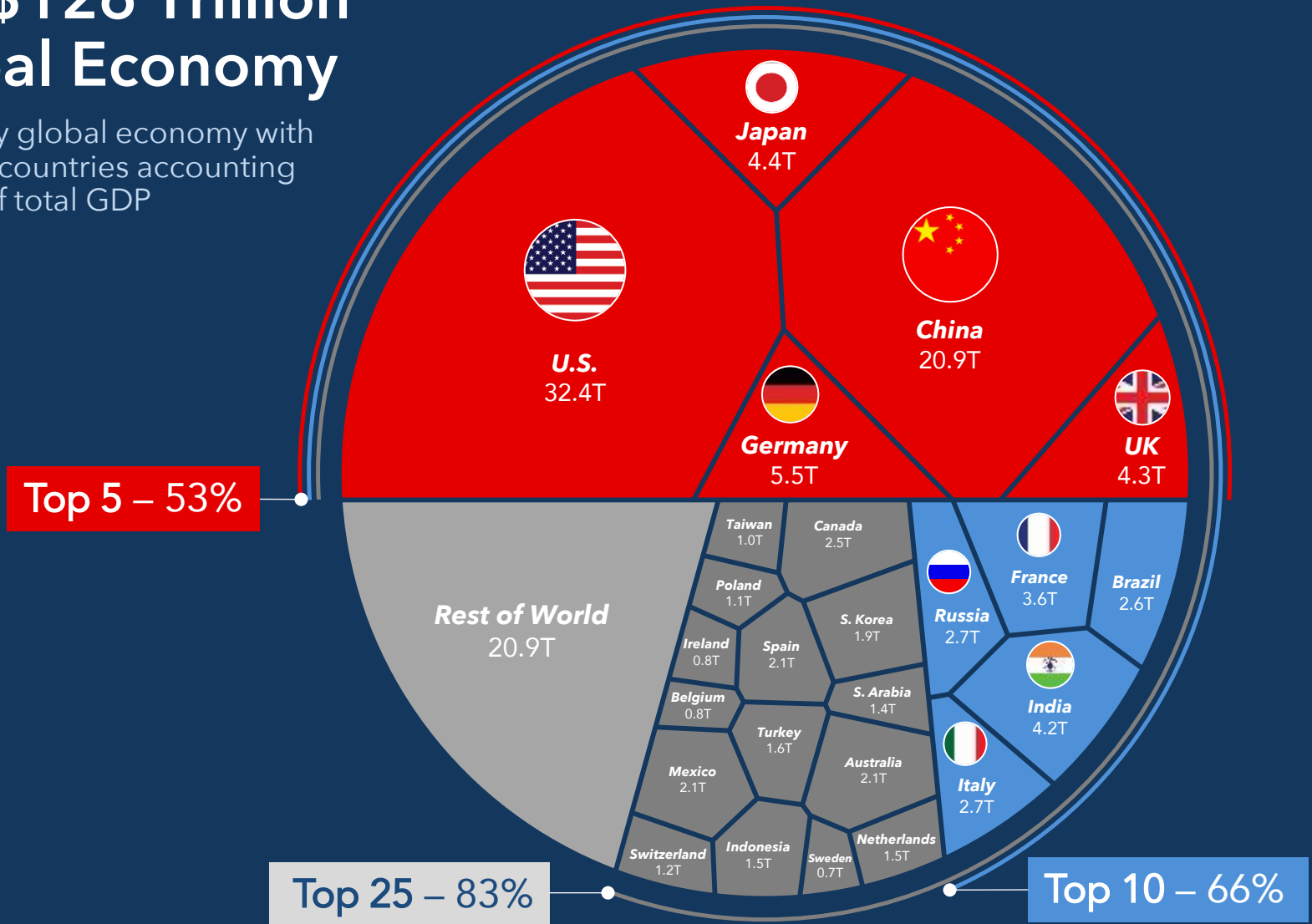
- 1 Higher funding costs:** Elevated & competing supply between sovereigns & corporates, as well as geographies. Less appetite for duration.
- 2 Crowding out runs both ways:** Hyperscalers competing with sovereigns. HY with equity. Public and private markets.
- 3 Preserve capital structure flexibility:** Corporates benefit from being more nimble than sovereigns. Adjustments to yield targets, curve shape and investor preference. Balancing cost with refinancing risk. Private market alternatives to public issuance.
- 4 More price-sensitive buyers:** Increase in competing supply. Central bank pullback. More reliance on institutional buyers. Elevated tail-risk in complex global environment.
- 5 Investor engagement critical:** Composition of demand matters as much as size. More price-sensitive buyers. Different clearing levels for different maturities. Traditional signals harder to read (i.e., bid-to-cover).
- 6 Index inclusion:** Determines which markets receive passive benchmarked flows, and on what timetable.

A photograph of a herd of bison in a vast, open field. In the foreground, a single bison is partially obscured by tall, golden-brown grass. In the background, a large herd of bison is scattered across the flat landscape. The sky is filled with heavy, grey clouds, suggesting an overcast day.

2 Sizing Total Investable Capital

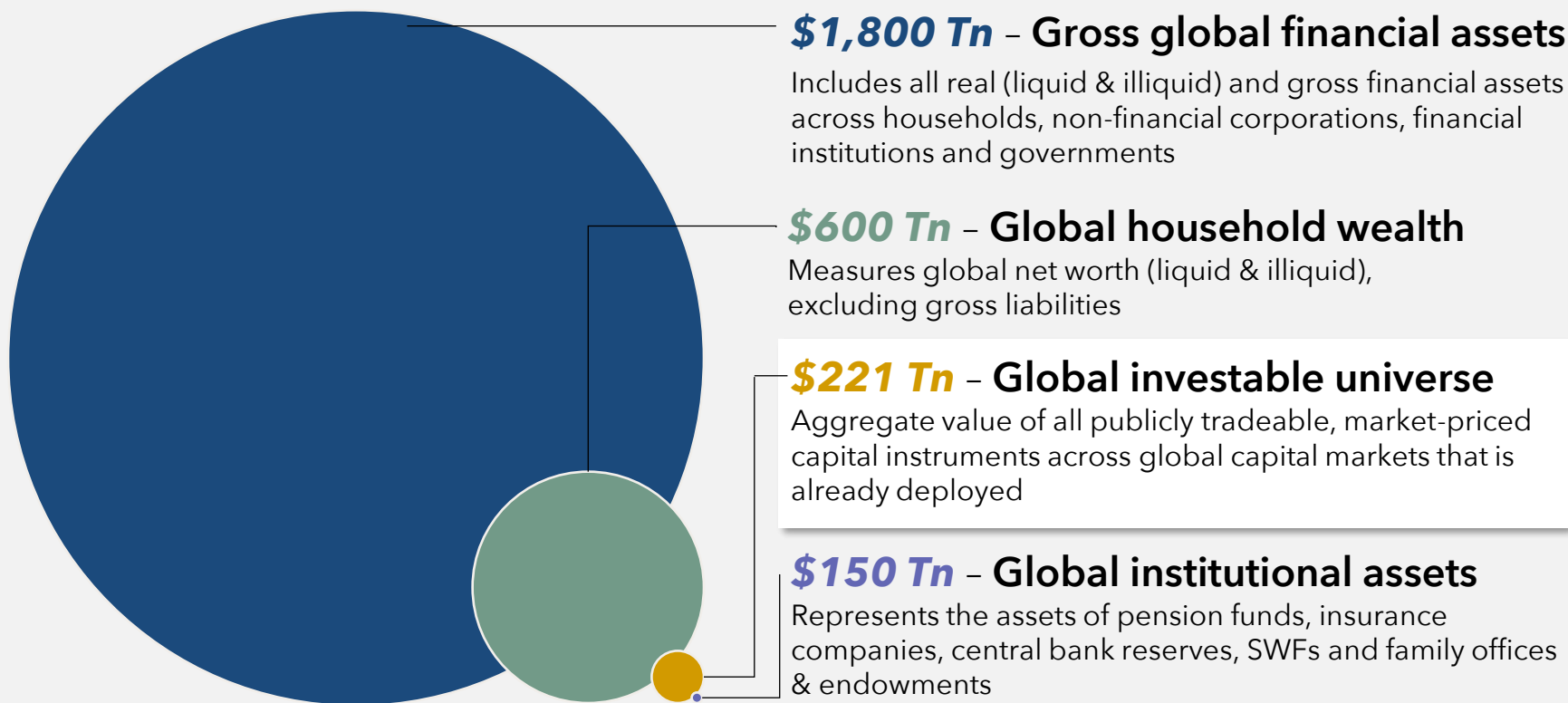
The \$126 Trillion Global Economy

Top heavy global economy with the top 5 countries accounting for 53% of total GDP



Source: International Monetary Fund, "World Economic Outlook – April 2026" Data is for 2026. Visual Capitalist

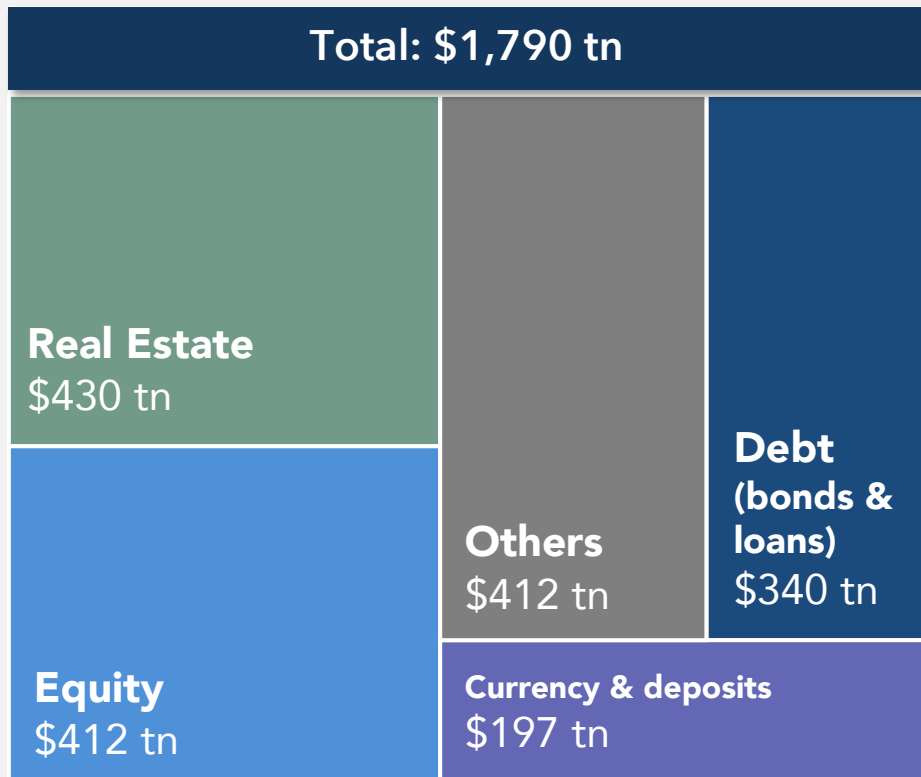
~\$1,800 Trillion of Global Financial Assets



Source: McKinsey, "The Global Balance Sheet 2026: Imbalance & Divergence" (July 2026). State Street Global Advisors, "The Changing Makeup of the Global Market Portfolio" (July 2026). Financial Stability Board, "Global Monitoring Report on Nonbank Financial Intermediation 2025" Global SWF. ICI, "Worldwide Regulated Open-End Fund Assets and Flows, First Quarter 2026". Thinking Ahead Institute and WTW, The World's Largest Asset Managers 2025.

~\$1,800 Trillion of Global Financial Assets

Breakdown of global balance sheet assets across all sectors



- **\$1,790 tn global gross financial assets** in 2025, the highest ever and up from \$1,700 in 2024
- **\$570 tn of household wealth** (half real assets, half financial assets), the highest ever
- **\$620 tn** in real assets (real estate, infrastructure, machinery, IP)
- Over **\$1,100 tn** in financial claims (equities, bonds, loans, currency, deposits)
- Aggregates **both sides of financial contracts** (assets & liabilities)

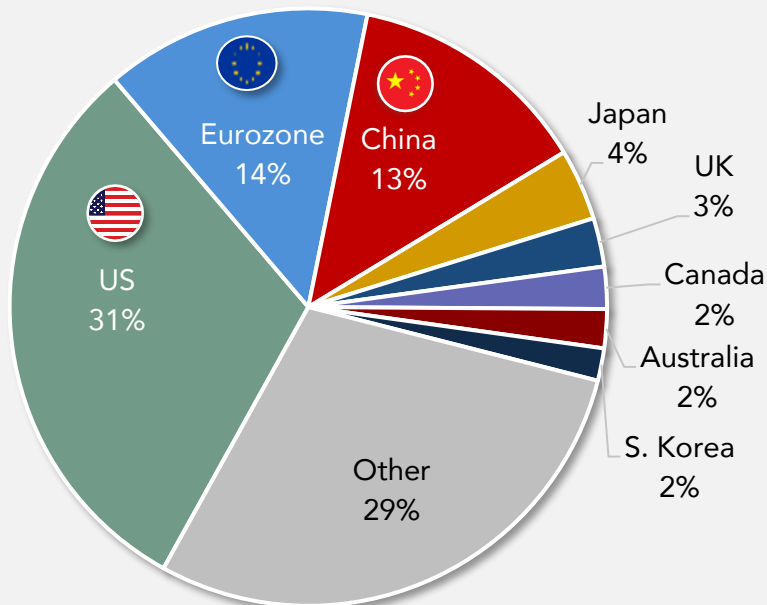
Includes all real (liquid & illiquid) and gross financial assets across households, non-financial corporations, financial institutions and governments

Source: McKinsey, "The Global Balance Sheet 2026: Imbalance & Divergence" (July 2026). 2025 values. CEIC. China National Bureau of Statistics. PBoC. HIS Markit. Federal Reserve. OECD. Eurostat. European National Agencies. McKinsey Global Institute Analysis. Other category includes trade credits, insurance, pension and standardized guarantee schemes, financial derivatives and employee stock options and other accounts receivable / payable.

~\$600 Trillion of Global Household Wealth

Breakdown of global household wealth, by country

Total: \$570 tn



- As of 2025, **global household wealth totaled a record \$570 tn**, up \$40 tn from 2024
- **Over a third of the \$600 tn in total wealth creation was driven by asset price appreciation** rather than capital investment in new capacity or real output
- **More than half consists of non-investable, illiquid or non-tradable assets** (primary homes, unlisted family businesses, personal land, etc.)

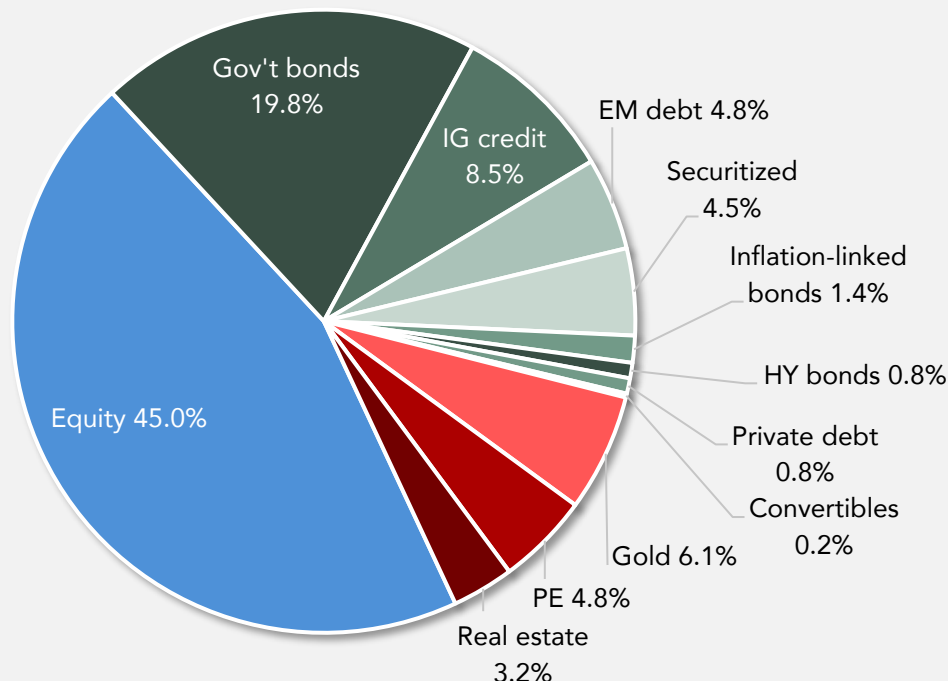
Consolidated net worth of the entire world economy including real estate, corporate equity & capital stock and infrastructure & physical assets

Source: McKinsey, "The Global Balance Sheet 2026: Imbalance & Divergence" (July 2026). 2025 values.

The \$221 Trillion Global Investable Universe

Breakdown of global investable universe

Q1 2026: \$221 tn



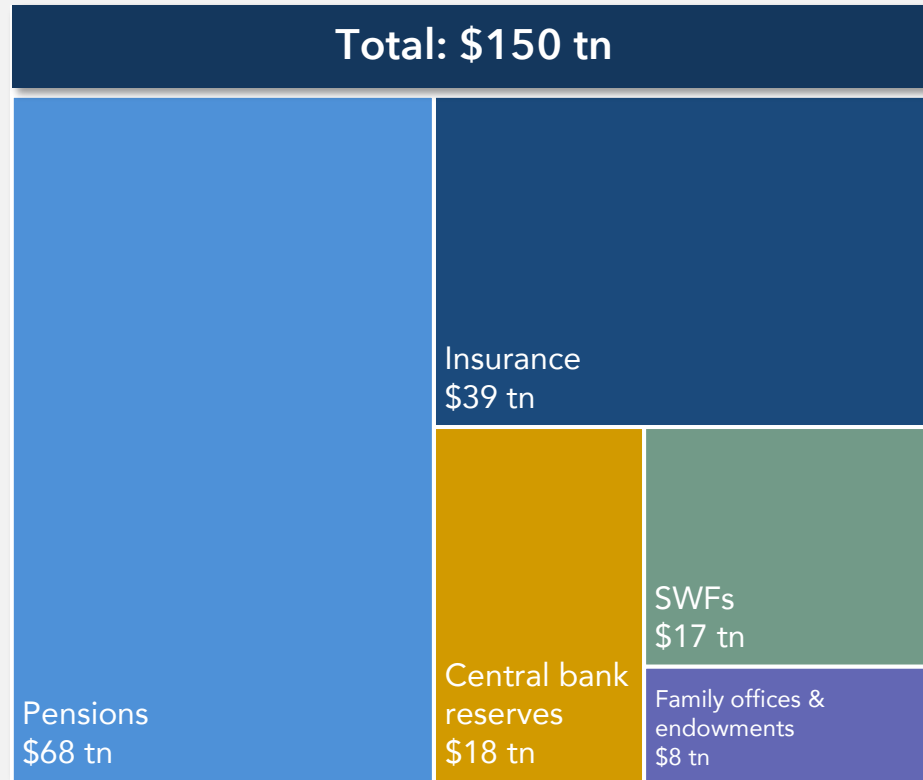
- Institutional and retail
- **Includes:** all liquid public equities, IG and HY corporate bonds, sovereign gov't debt, securitized debt and investable real estate
- **Excludes:** non-investable or highly illiquid assets that make up the rest of household wealth

The mix has moved, not just the total. Alternatives have more than doubled to 15% in 2026 from 6% in 2000. Equity weight sat near 60% at the dot-com peak, fell to 50% by 2007 and has oscillated between 35% and 45% since. Bonds, at 40%, sit close to the low end of their range.

Source: State Street Investment Management, "The Changing Makeup of the Global Market Portfolio" (July 2026). Thomson Reuters, Bloomberg, Preqin, World Gold Council, JPM, MSCI, State Street Investment Management.

\$150 Trillion in Global Institutional Assets

Breakdown of global institutional assets



- Represents the assets of ***pension funds, insurance companies, central bank reserves, SWFs and family offices & endowments***
- The \$150 trillion asset owner base owns or ***controls roughly ~68%*** of the entire \$221 trillion global investable universe
- Each asset owner has ***strict regulatory, legal and operational mandates*** that restrict how their portion of cash can be deployed

Institutional allocators that control the annual cash flows that decides which sovereigns, corporates and sponsors get funded

Source: (1) Financial Stability Board, "Global Monitoring Report on Nonbank Financial Intermediation 2025" Global SWF. ICI, "Worldwide Regulated Open-End Fund Assets and Flows, First Quarter 2026". Thinking Ahead Institute and WTW, The World's Largest Asset Managers 2025.

AI Contributes to Structural Surge in Global MMF Balances

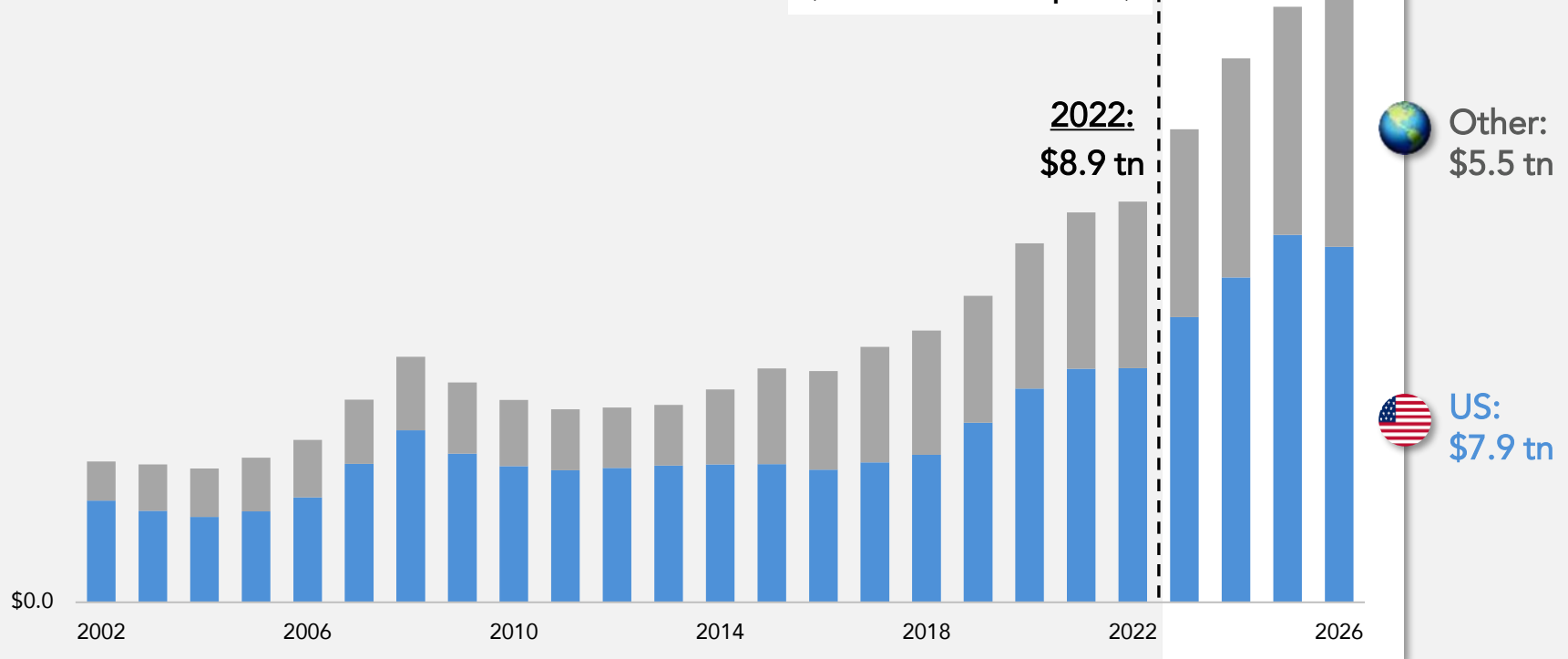
Notable drivers of global MMF balances to over \$13.5 trillion include: (1) MMF yields lagging post-COVID rate cut cycle, maintaining unusual yield differential to bank commercial deposits; (2) massive wave of tech AI debt and equity issuance creating temporary and deployable liquidity gluts; and (3) enhanced, consumer-available digital platforms making MMFs more accessible to consumer-based apps.

Money market fund AUM, US tn

\$14.0

Nov 30, 2022:

ChatGPT release
(Gen AI inflection point)



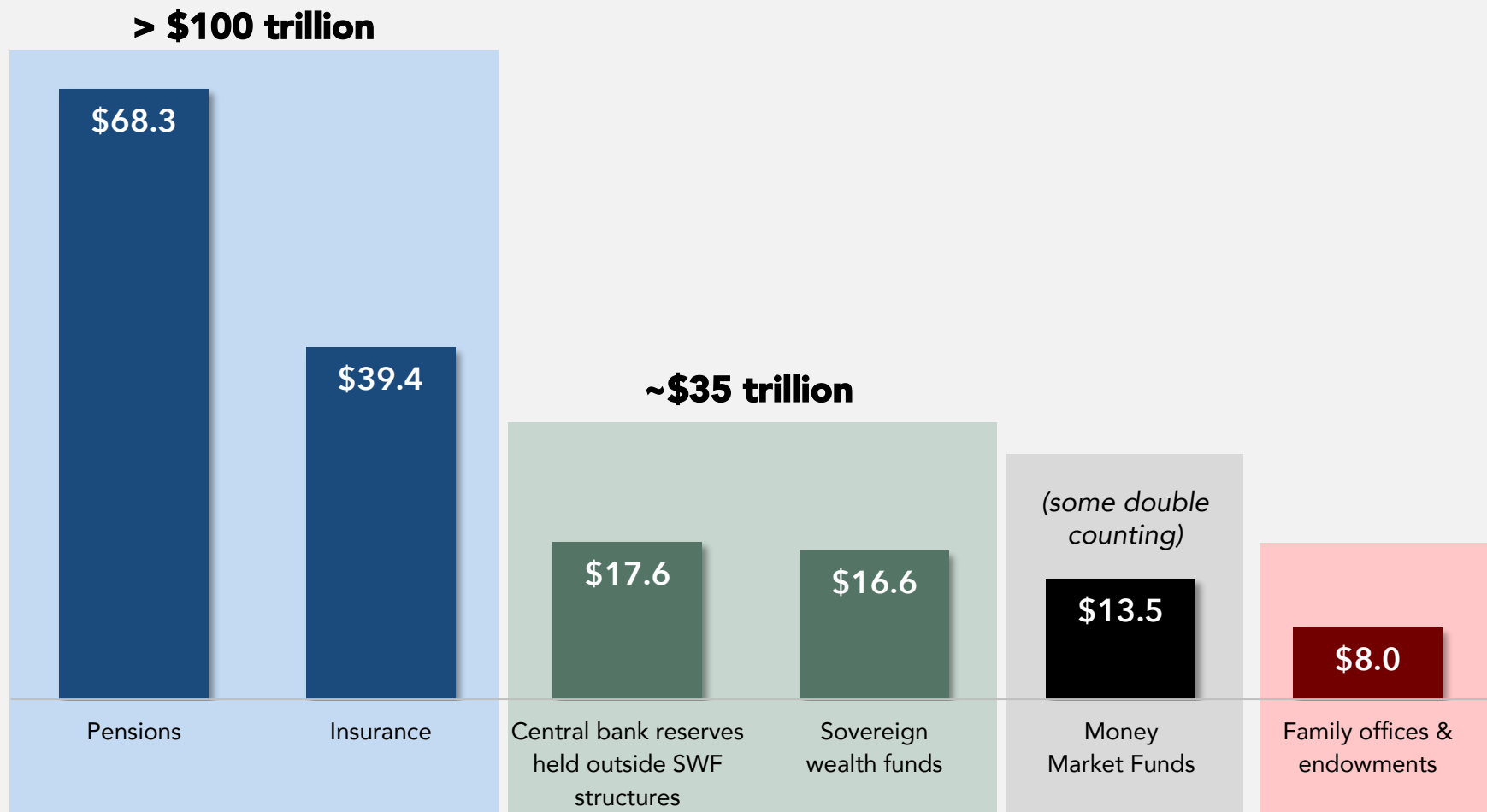
Source: (1) Bloomberg. Financial Stability Board, "Global Monitoring Report on Nonbank Financial Intermediation 2025". ICI, "Worldwide Regulated Open-End Fund Assets and Flows, First Quarter 2026". 2025 & Q1 2026 data is ICI.

A herd of African elephants is walking towards the viewer in a dry, open savanna landscape. The elephants are of various sizes, including several adults and a small calf on the left. They are kicking up dust as they move. The background shows a flat horizon under a blue sky with scattered white clouds. The overall tone is warm and naturalistic.

3 Over \$150 Trillion of
Institutional Capital

Over \$150 Trillion of Global Institutional Capital

Assets under management by pool, USD tn (Q1 2026)

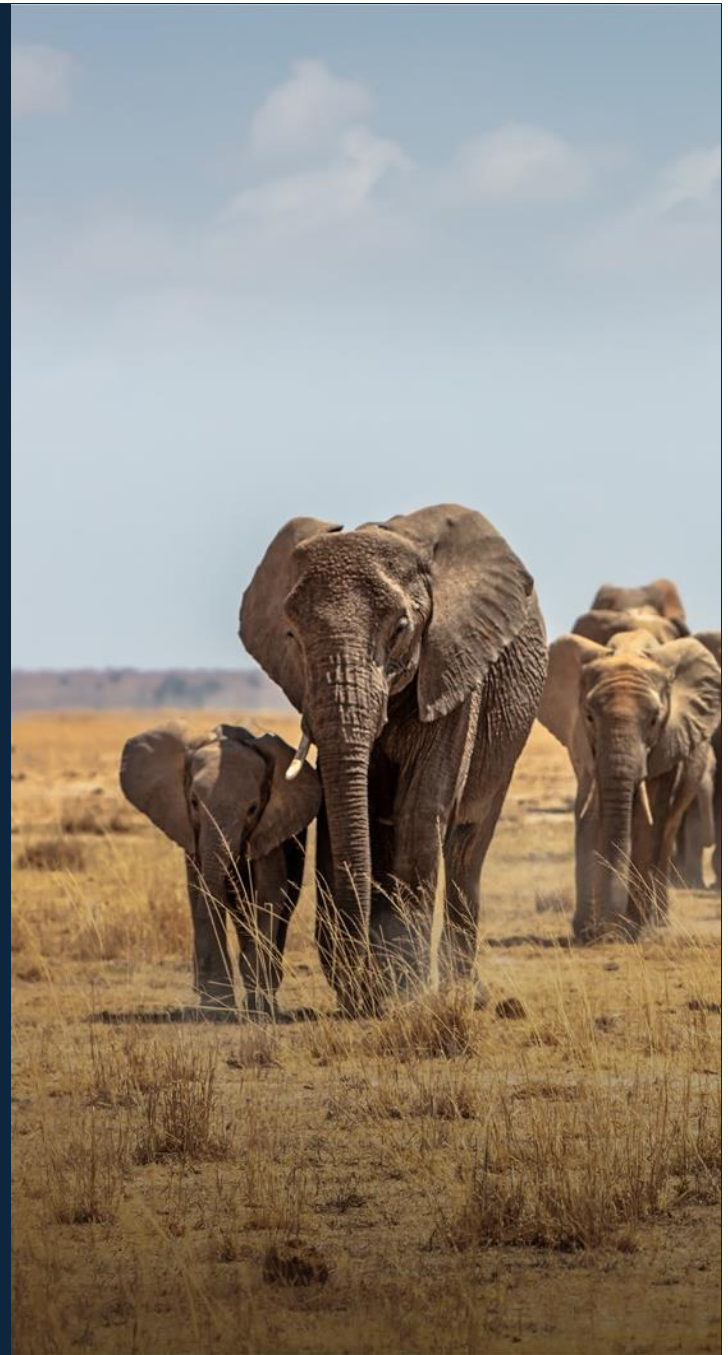


Source: (1) Financial Stability Board, "Global Monitoring Report on Nonbank Financial Intermediation 2025" Global SWF. ICI, "Worldwide Regulated Open-End Fund Assets and Flows, First Quarter 2026". Thinking Ahead Institute and WTW, The World's Largest Asset Managers 2025.

A.

**\$100 Trillion of
Pension Funds
& Insurance**

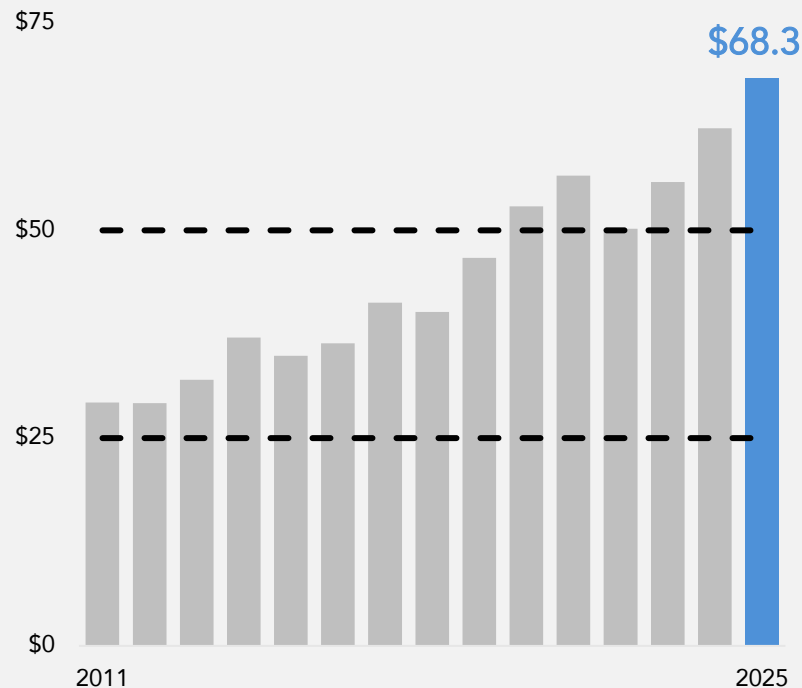
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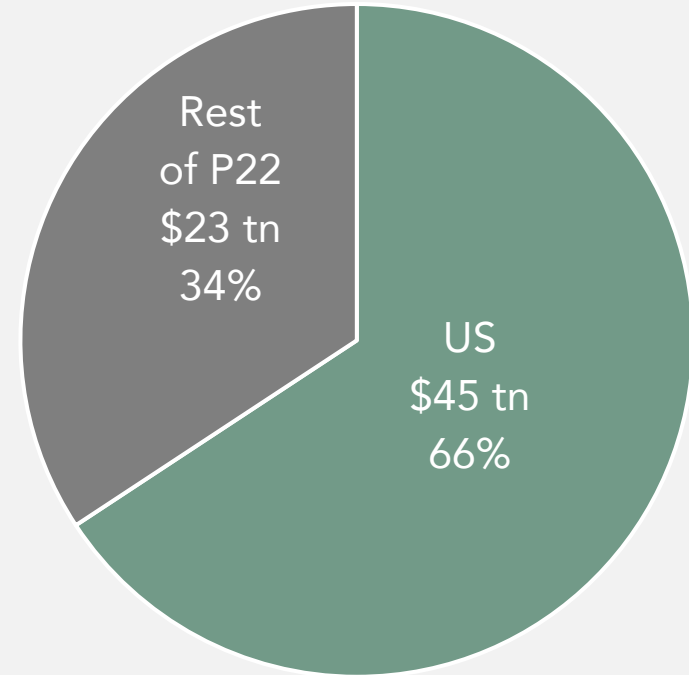
Nearly \$70 Trillion of Pension Funds

Global pension fund assets of nearly \$70 trillion now represent **the single largest block of long-term institutional capital** in global financial markets. Their fiduciary mandate is driven by **capital preservation and liability matching** to fund long-term retirement obligations. High grade, AI tech bond issuance are well aligned with pension funds seeking high quality, long duration assets. More specifically, 20-30 year IG hyperscaler bonds offer incremental yield returns versus Treasuries with only incremental credit risk.

Global pension fund AUM, USD tn



Global pension funds, by region

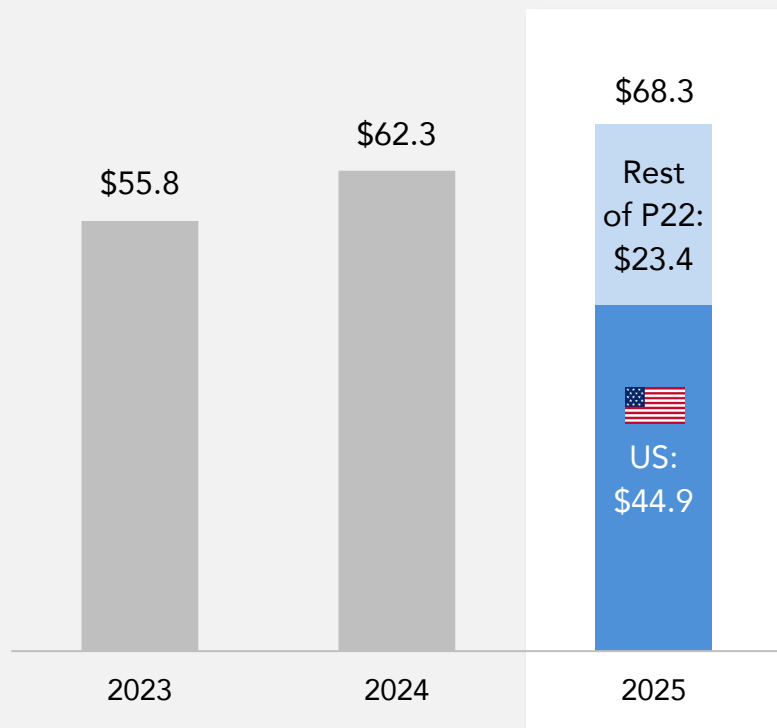


Source: (1-2) OECD, "Pension Markets in Focus 2025". Thinking Ahead Institute, "Global Pension Assets Study - 2026". P22 includes US, Canada, Mexico, UK, Netherlands, Switzerland, Germany, Finland, Italy, France, Ireland, Spain, Japan, Australia, South Korea, China, Malaysia, India, Brazil, Chile, and South Africa. China includes Hong Kong.

Pension Assets Just Posted Their Strongest Year in Over a Decade

Pension wealth remains heavily concentrated in a handful of developed markets. The US accounts for two thirds of P22 (22 core economies) assets on its own, more than every other market in the study combined.

Historical pension assets under management, USD tn



66%

US share of P22 pension assets (2025)

91%

Share of P22 assets held by the seven largest markets (P7)

60%

Defined contribution share of P7 pension assets

\$28 tn

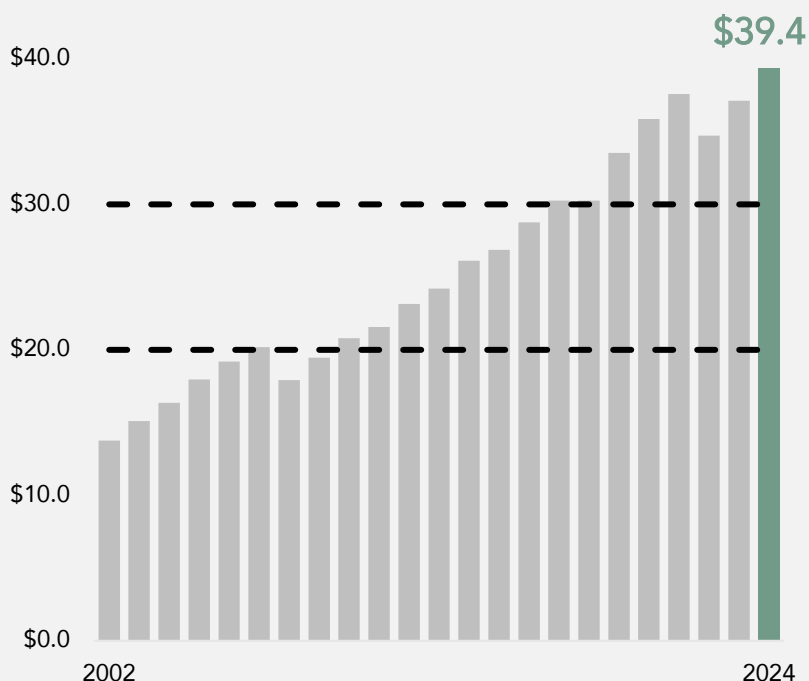
Record assets of the world's largest 300 pension funds

Source: (1-3) Thinking Ahead Institute and WTW, Global Pension Assets Study 2024, 2025 and 2026. (4-5) WTW, February 2026.

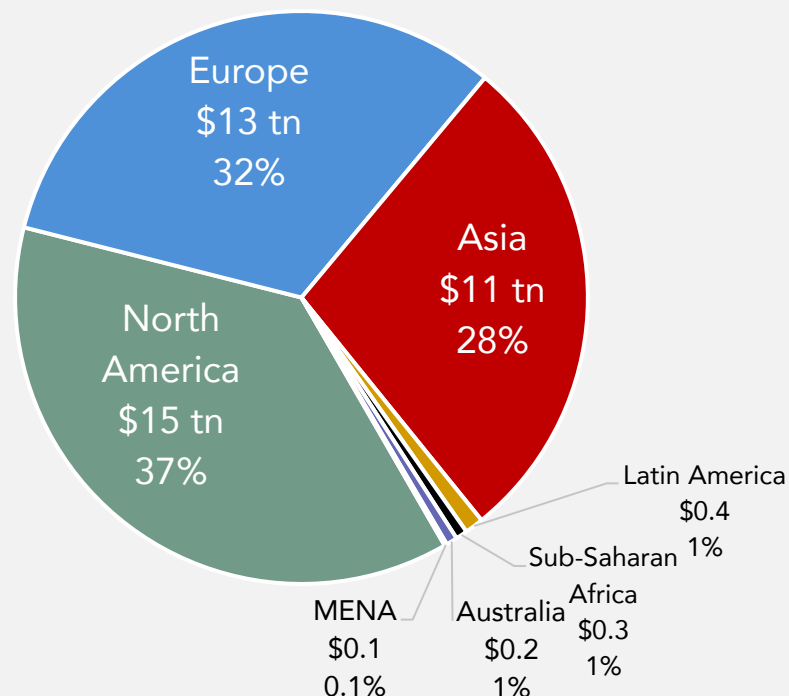
\$40 Trillion of Global Insurance AUM

Led by life & annuity carriers, roughly \$40 trillion of insurance assets represent the **second pillar of long-term global institutional capital** alongside pension funds. **Capital preservation, predictability and duration matching** take precedence over capital appreciation. Regulatory risk-based capital rules also push 80-85% of insurer AUM into high grade fixed income, IG credit and structured debt. As such, insurers have become primary anchor buyers for 10-30 year bond tranches of AI hyperscalers. They have also become leading providers of long-date project finance capital, credit tenant leases (CTLs) and asset-backed debt for hyperscaler data centers and co-located energy assets.

Global insurance corporation AUM, USD tn



Global insurance corporation AUM, by region

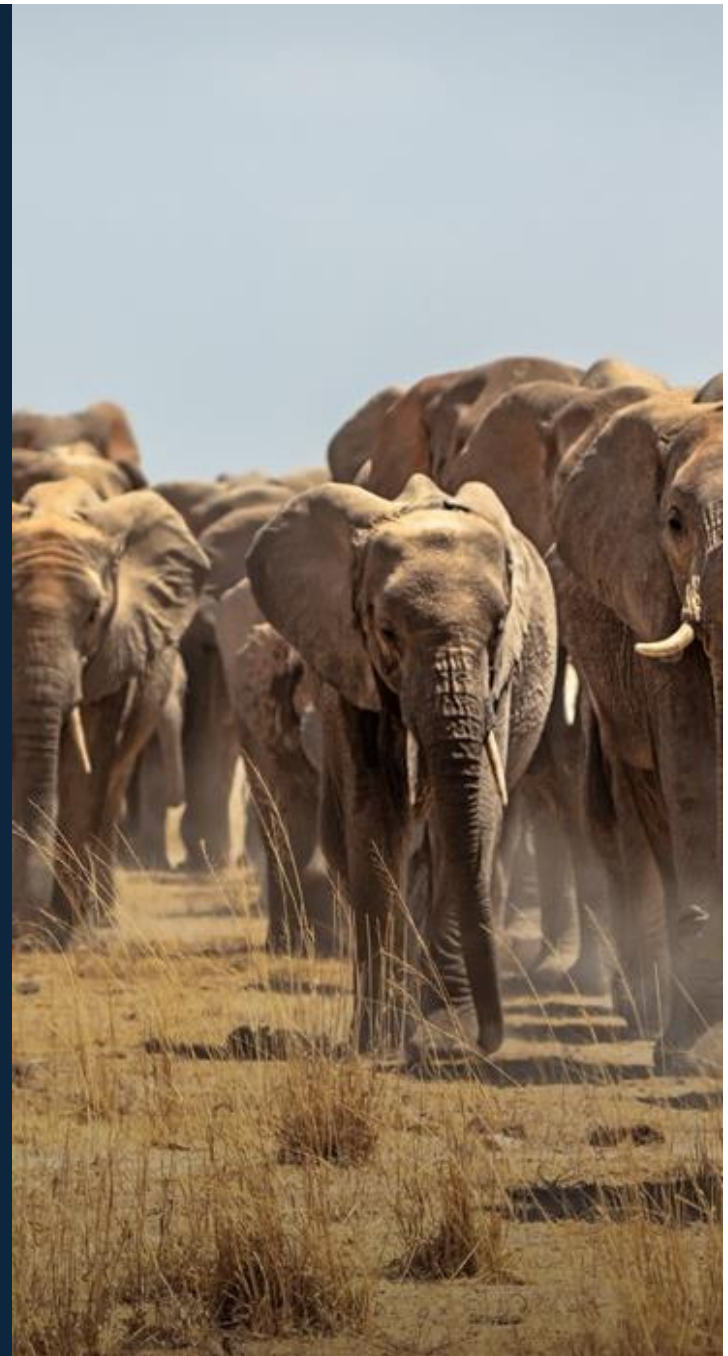


Source: (1-2) Financial Stability Board, "Global Monitoring Report on Nonbank Financial Intermediation 2025". Data as of 2024. Latin America includes Mexico.

B.

**\$35 Trillion of
Central Banks
& SWFs**

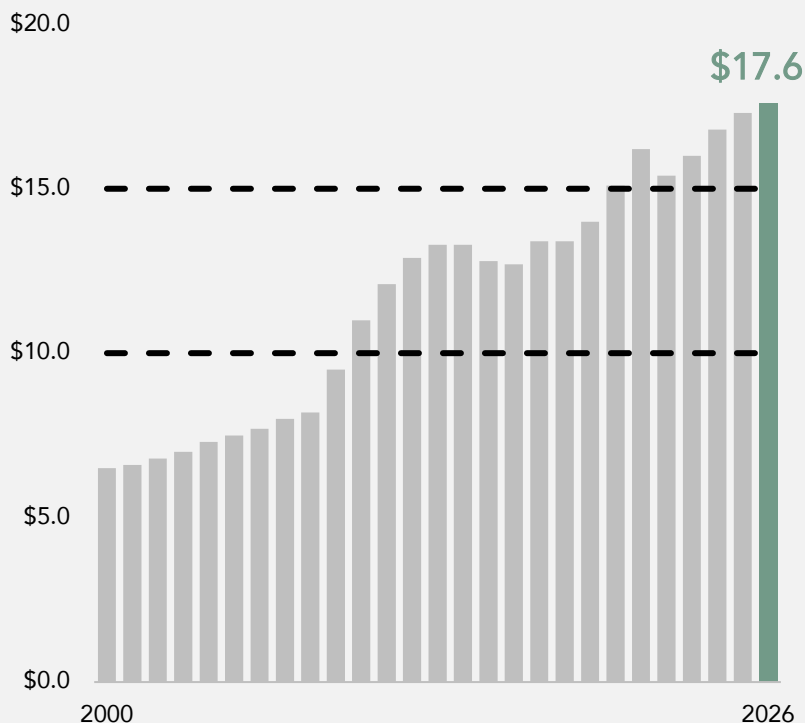
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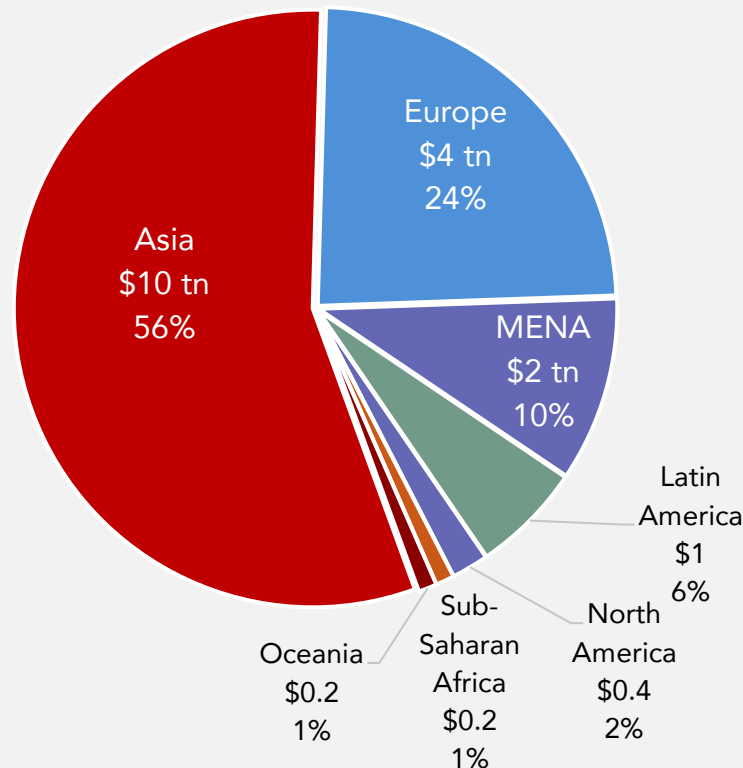
\$18 Trillion of Central Bank Reserves AUM

At nearly \$18 trillion in aggregate, global central bank reserves represent the absolute **baseline liquidity floor** of the world financial system. Their investment mandate straddles **FX & macro stability (mitigating outflows), capital preservation (minimal risk tolerance) and liquidity**. Central Bank reserve policies strictly **prohibit holdings of equity** (including AI stocks) and **impose heavy restrictions on holdings of corporate bonds**. Nonetheless, they have a strong **indirect impact on the AI ecosystem** by virtue of their structural demand engine for sovereign bonds, including US Treasuries.

Central bank reserves AUM, USD tn



Central bank reserves AUM, by region

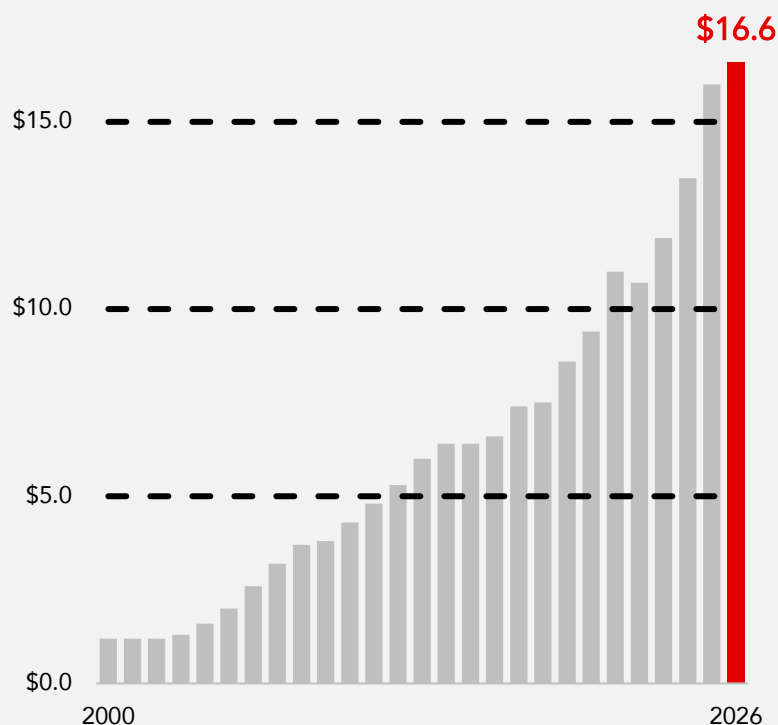


Source: (1-2) Global SWF. AUM is assets under management. Data as of September 2026.

Over \$16 Trillion of Sovereign Wealth Funds (SWFs)

Managing over \$16 trillion of AUM, sovereign wealth funds (SWFs) represent state-owned pools of **patient, highly concentrated capital**. Unlike pension funds, SWFs operate with **maximum structural flexibility and play a unique, full capital structure role in the global AI buildout**, from major equity anchor to core infrastructure debt financiers. Financial roles include primary equity backstops for frontier AI developers, anchor investors in big tech hyperscaler debt, private pre-IPO AI infrastructure, bespoke mezzanine debt, preferred equity and long-dated project finance – including non-rated or asset-heavy debt structures that exceed traditional bank liquidity limits.

Global sovereign wealth fund AUM, USD tn



Source: (1-2) Global SWF. AUM is assets under management. Data as of September 2026.

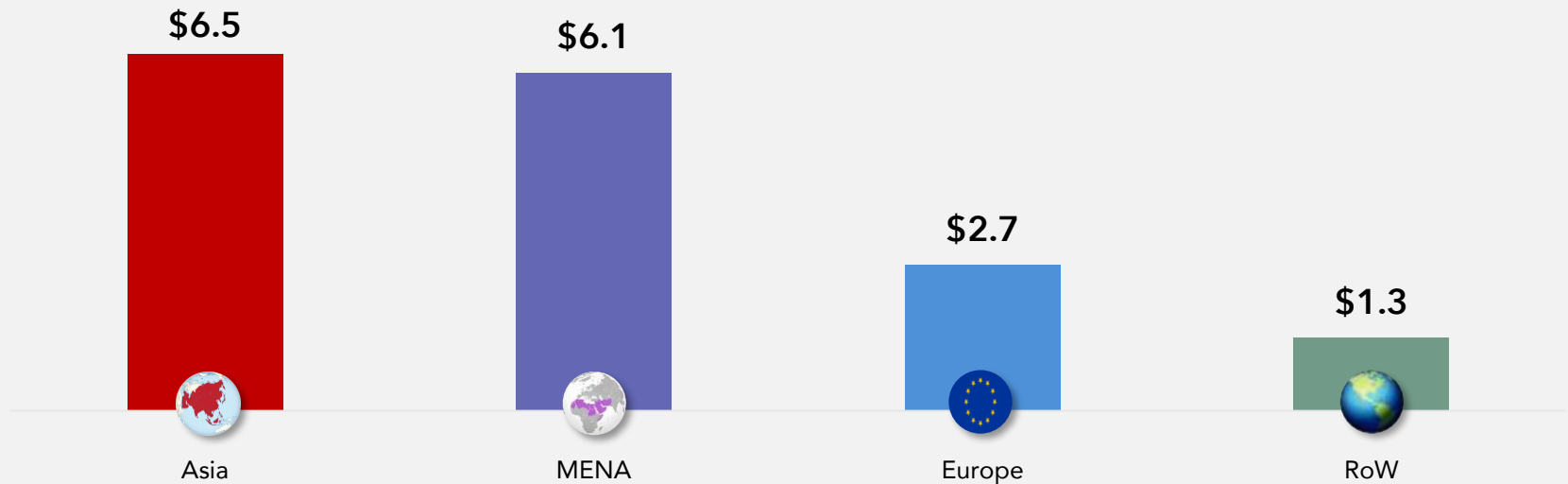
Top 10 global sovereign wealth funds by AUM

	1. Norway Gov't Pension Fund Global	\$2,284 bn
	2. SAFE Investment Company	\$2,047 bn
	3. China Investment Corporation	\$1,567 bn
	4. Abu Dhabi Investment Authority	\$1,187 bn
	5. GIC Private Limited	\$1,161 bn
	6. Kuwait Investment Authority	\$1,002 bn
	7. Public Investment Fund	\$906 bn
	8. Qatar Investment Authority	\$580 bn
	9. Investment Corporation of Dubai	\$458 bn
	10. Turkey Wealth Fund	\$443 bn

Asia & Middle East > 75% of SWFs

SWF assets remain concentrated in commodity-exporting and high-savings economies. The Middle East and North Africa alone account for nearly four in every ten dollars of sovereign wealth globally.

Sovereign wealth fund assets under management by region, USD tn



37%

*MENA share of
global sovereign
wealth fund assets*

39%

*Asia's share, led by China
Investment Corporation and
Singapore's funds*

30-40-30

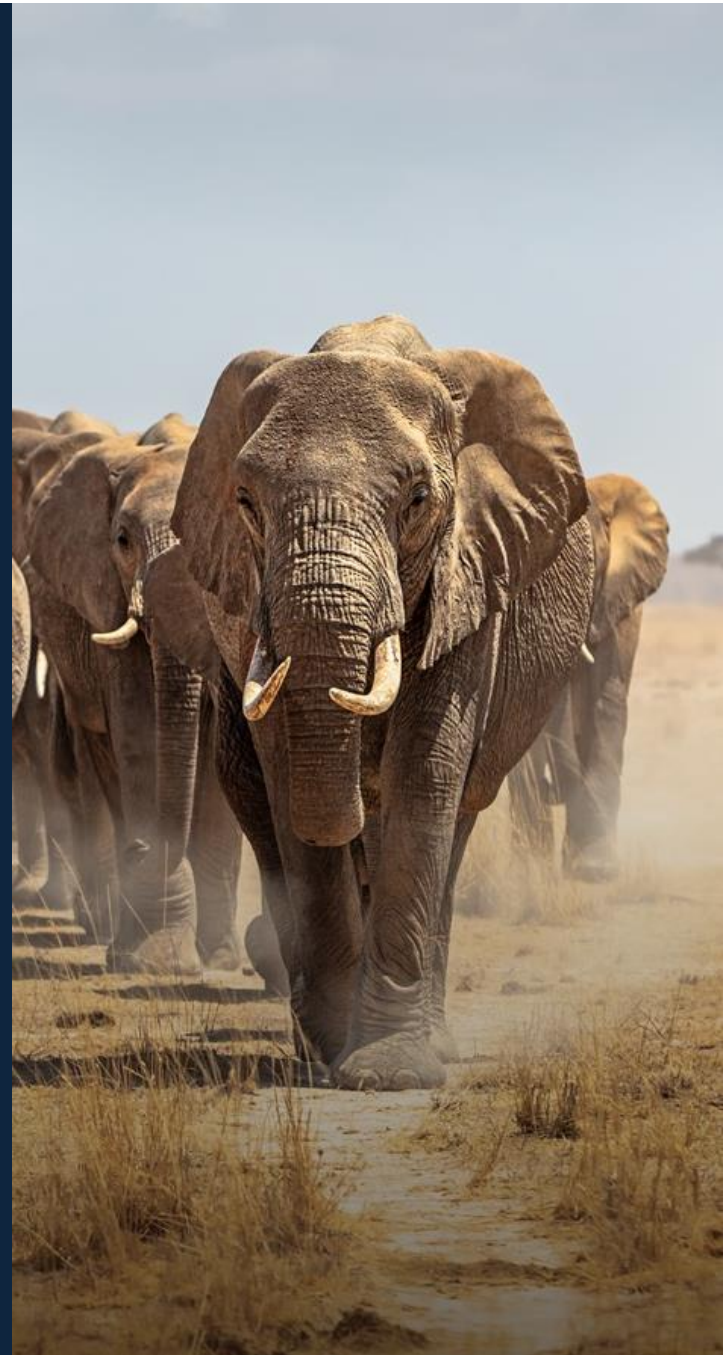
*Converging SWF split between
fixed income, equities and private
markets*

Source: EQT ThinQ, citing Global SWF 2024 Annual Report. Regional shares applied to the \$15.0tn 2025 total. (3) State Street Global Advisors, investment trends among sovereign wealth funds, March 2026.

C.

\$8 Trillion of
Family Offices &
Endowments

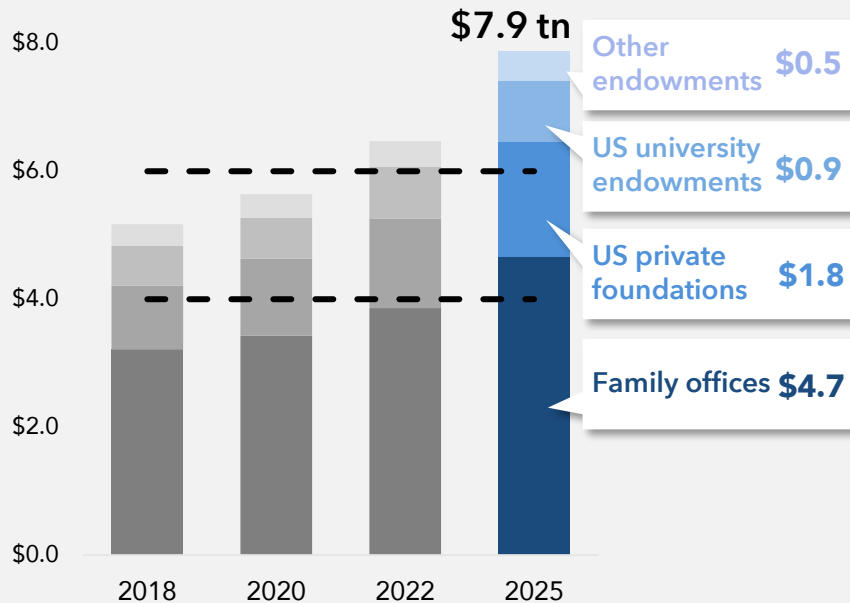
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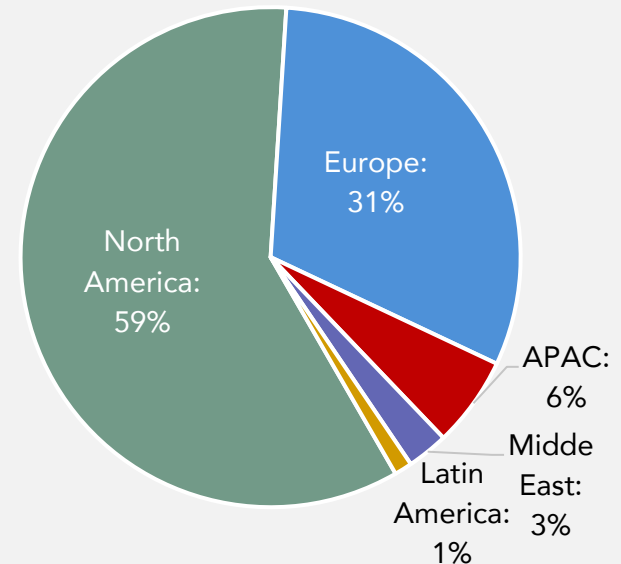
\$8 Trillion of Family Offices & Endowment AUM

The roughly \$8 trillion of family office (~\$6 trillion) and endowment (~\$2 trillion) AUM can be characterized as among **the most unconstrained, high-conviction money in global finance**. Mandates include intergenerational capital growth, wealth preservation and tax efficiency. They also occupy **the highest-beta, highest-risk tiers of the AI capital stack**. They are frequently the foundational LPs funding primary AI venture funds, often making direct pre-IPO investments into frontier AI companies. They have comparatively **high tolerance for valuation volatility, early-stage dilution, high cash burn rates and non-linear valuation swings in exchange for longer term equity upside**. More so than longer dated, highly rated hyperscaler bonds, they more typically allocate funds toward **mezzanine financing, preferred equity and structured debt**.

Global family office & endowments AUM, USD tn



Global family office & endowments AUM, by region



Source: (1-2) NACUBO-Commonfund Study of Endowments. FoundationMark. Deloitte. UBS. Campden Wealth.

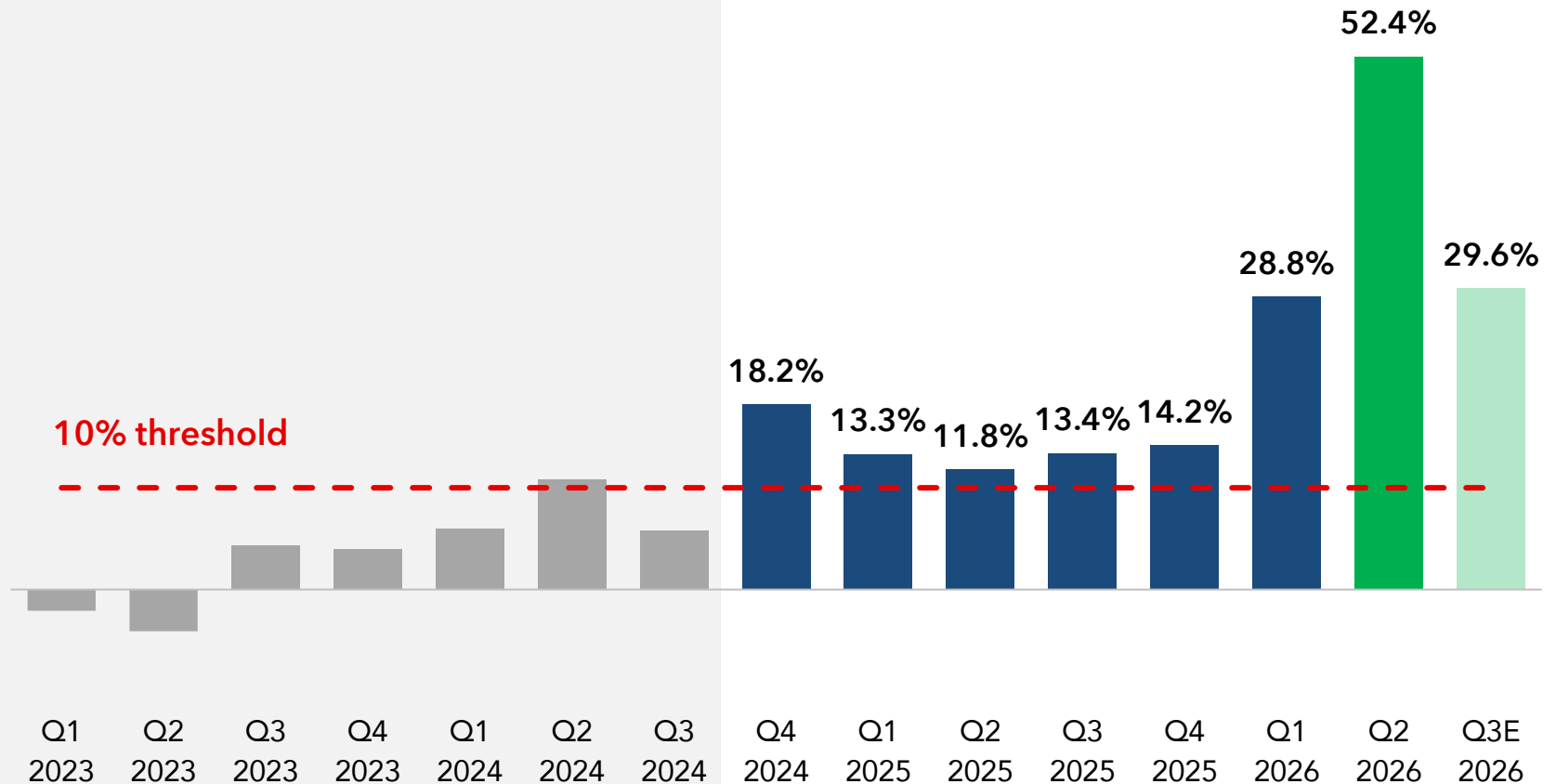
A dramatic photograph of wild horses running across a dusty plain at sunset. The scene is bathed in a warm, golden light, with dust kicked up by the horses' hooves creating a hazy atmosphere. In the background, several coyotes are visible, watching the horses. Distant mountains are silhouetted against the bright sky.

4 Capital Intensive Strategic Activity

Corporate Earnings Growth in Double Digit Territory

S&P 500 quarterly earnings growth, y/y

8 consecutive quarters of
double-digit earnings growth

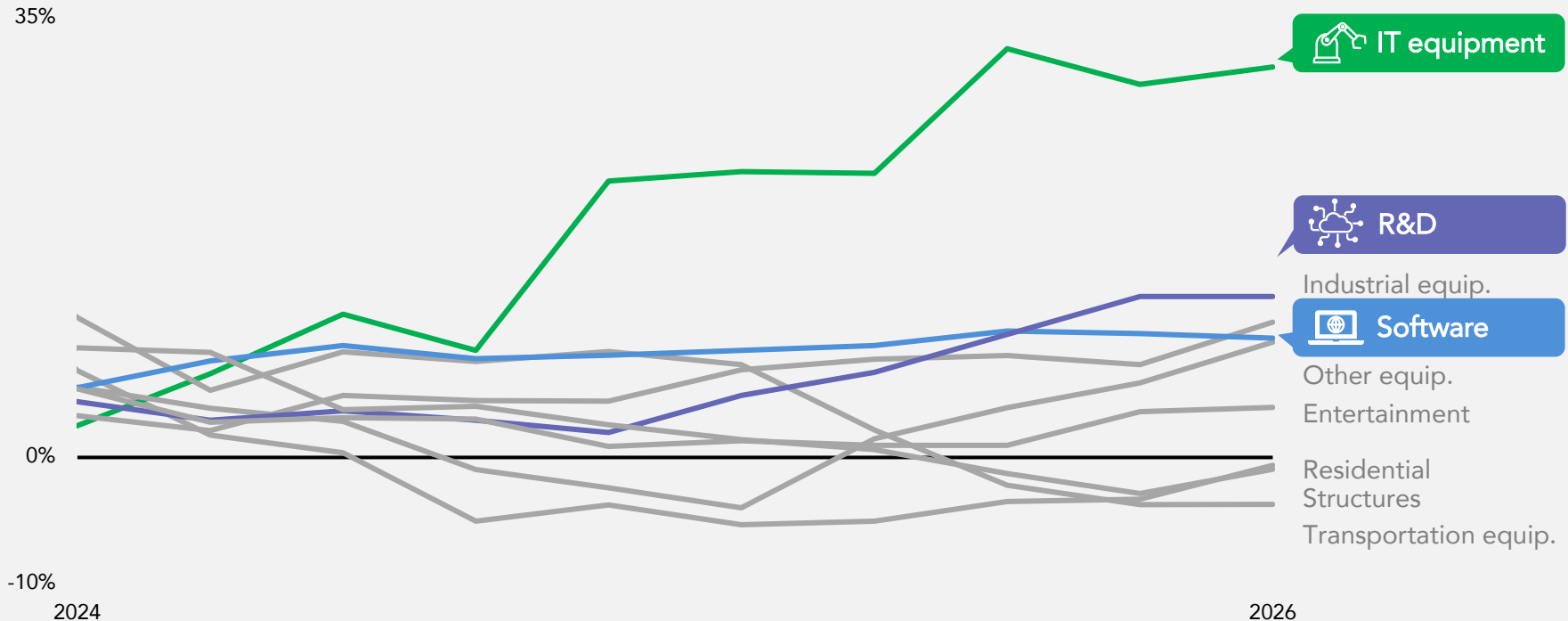


Source: (1) FactSet, Earnings Insight Report (October 9, 2026).

AI Driving Historic Capex Supercycle

The AI capex supercycle has created a two-tier spending divide between historic tech-sector investment and subdued traditional “legacy” capex. **IT equipment** (chips, GPUs and computing equipment) represent over 75% of data center capital outlays. **Enterprise software** budgets are being reallocated from general business software toward enhanced generative AI capabilities. **Hyperscalers and chip makers** have also shifted unprecedented capital toward R&D and proprietary designs. The extraordinary pace of AI capex spend has also spilled-over into tech adjacent sectors, most notably **energy & power**, which has become a primary bottleneck to expansion.

US private fixed investment, y/y

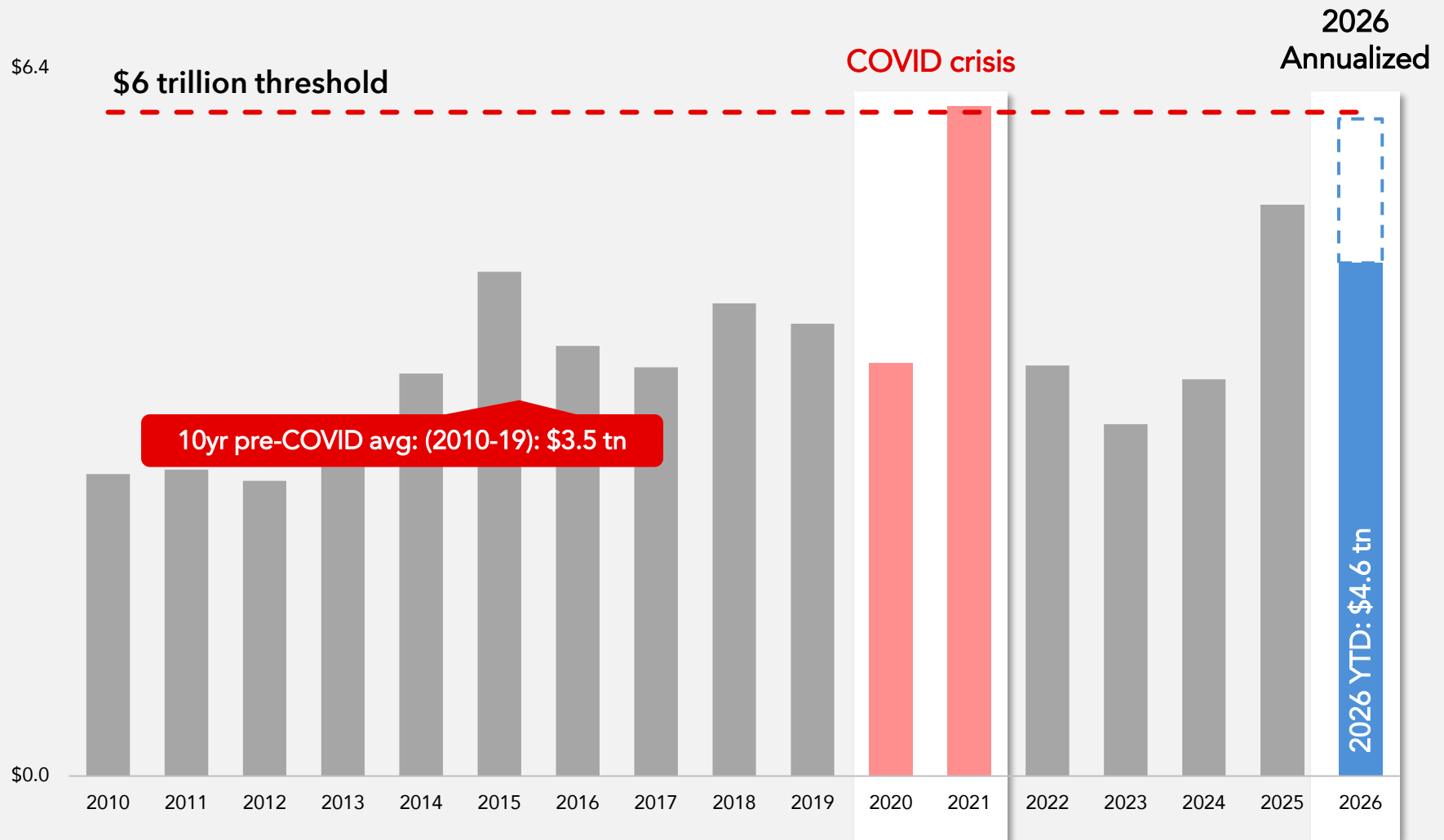


Source: (1) Bloomberg. Data through Q2 2026. US BEA.

Global M&A Volumes Above \$6 Trillion



Annual global M&A volumes, USD tn

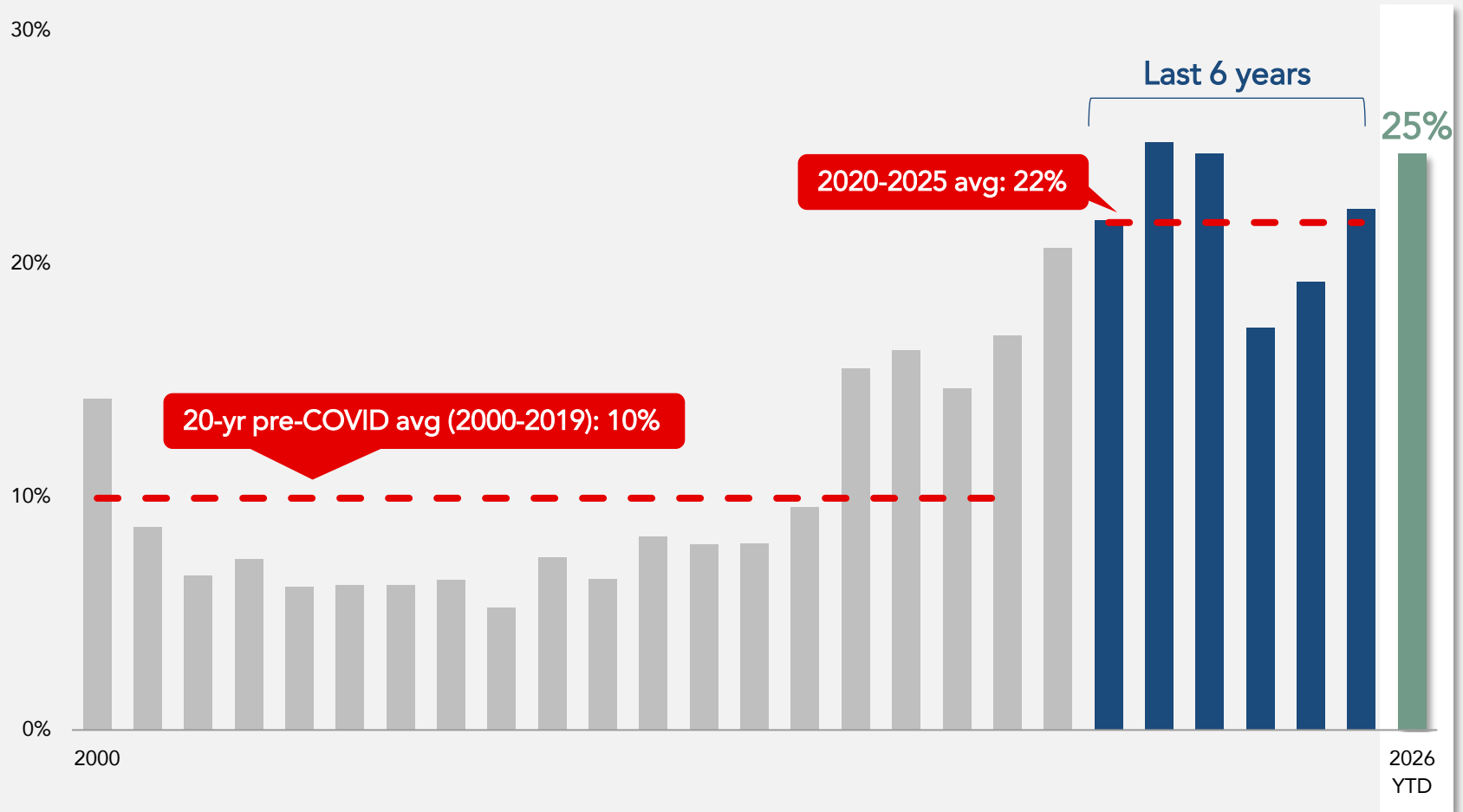


Source: (1) Dealogic. Cortex. Data through October 13, accessed on October 13, 2026.

Tech Has Become a Pervasive M&A Driver



Tech as a % of global M&A



Source: (1) Cortex. Dealogic. Data is through October 13, 2026. Data accessed October 13, 2026. Includes rank eligible, M&A deals. Technology is computers and electronics as target sector.

Top 10 Largest USD IG Financings, All-Time

All time largest USD IG deals, USD bn

☐ M&A deals

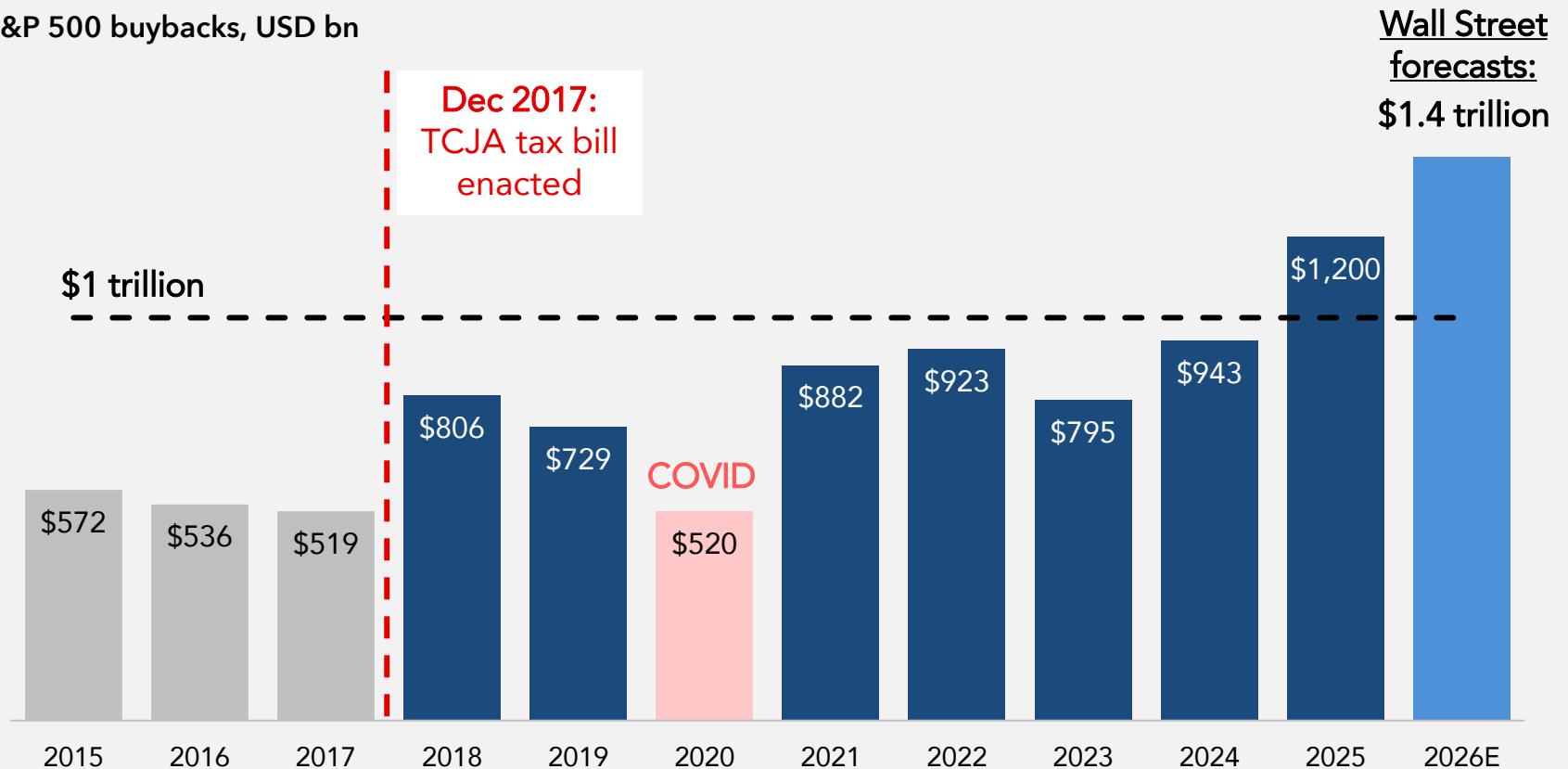
	Date	Company	Size
1.	Sep 2013	 verizon	\$49 bn
2.	Jan 2016	 ABInBev	\$46 bn
3.	Mar 2018	 CVSHealth	\$40 bn
4.	Mar 2026	 amazon	\$37 bn
5.	May 2023	 Pfizer	\$31 bn
6.	Sep 2026	 Paramount	\$30 bn
7.	Oct 2025	 Meta	\$30 bn
8.	Nov 2019	 abbvie	\$30 bn
9.	Mar 2022	 WARNER BROS. DISCOVERY	\$30 bn
10.	Oct 2018	 COMCAST	\$27 bn

Source: (1) CFR. Data as of October 13, 2026. Paramount \$30 bn only includes the IG portion of the deal, excludes USD HY \$11.4 bn, EUR \$885 mn.

S&P 500 Stock Buybacks Above \$1 Trillion

US stock buyback authorizations and executions set a new record in 2025, rising above \$1 trillion for the first time, driven by elevated earnings, profit margins and free cash flows. The strong pace of activity, which continued despite rising capex demands, has been both emblematic of corporate financial strength as well as a key technical driver of US equity market performance. Nonetheless, a rising share of big tech capital allocation has been redirected from buybacks to AI-driven capex spend.

S&P 500 buybacks, USD bn



Source: (1) S&P Dow Jones Indices. \$989 bn is actual authorized buybacks through Q2 2026. Wall Street full year 2026 forecasts are in the \$1.4 tn range.



5 Historic AI Capex Supercycle

A.

Largest Infrastructure Project in History

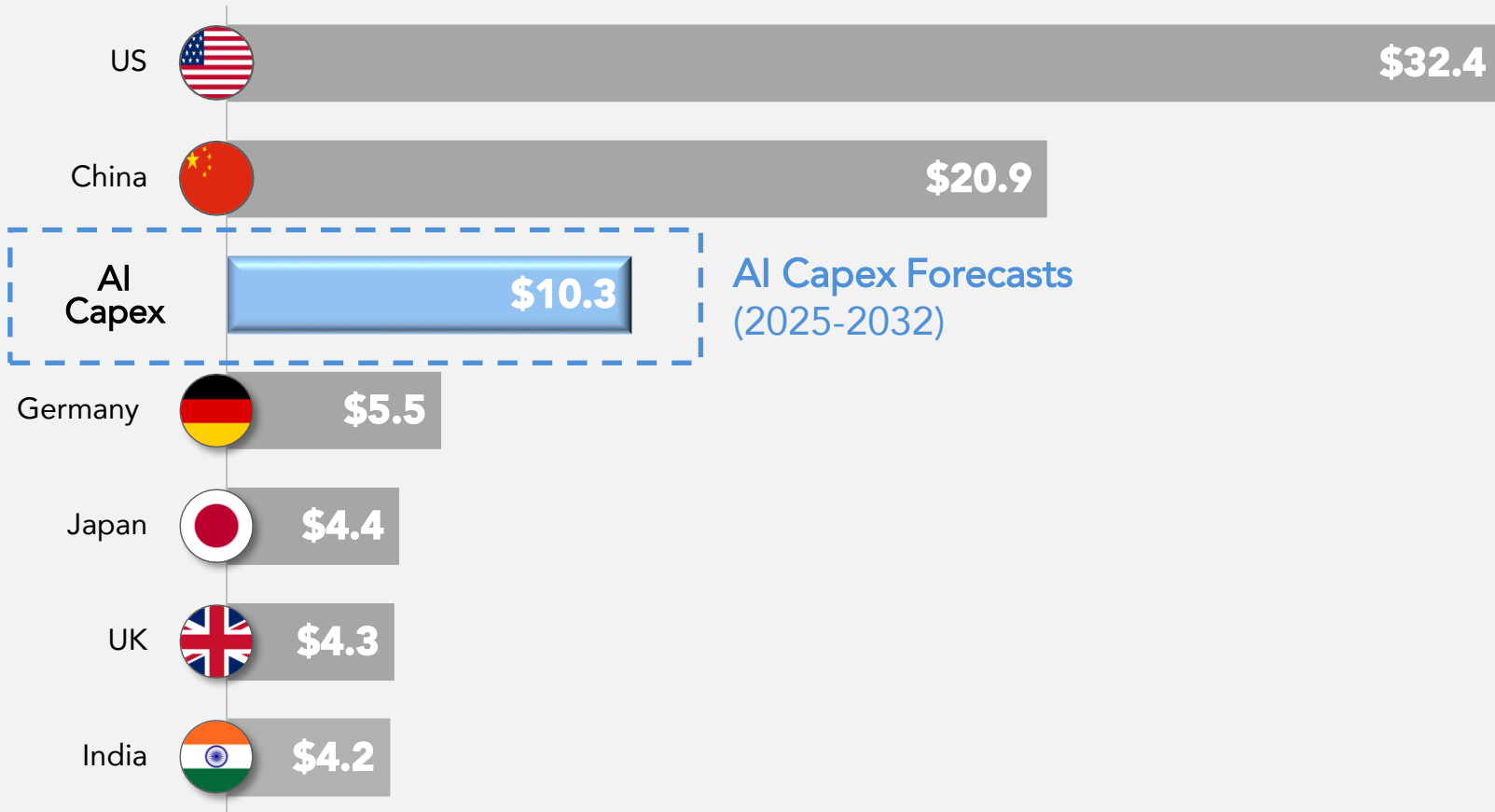
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AI Capex Demands Larger than Most Economies

For context, Brookings Institution's AI capex forecasts over the next eight years (2032) are larger than the GDP of every global economy, except the US and China.

World's largest economies (2026 GDP) vs. global AI capex spend, USD tn

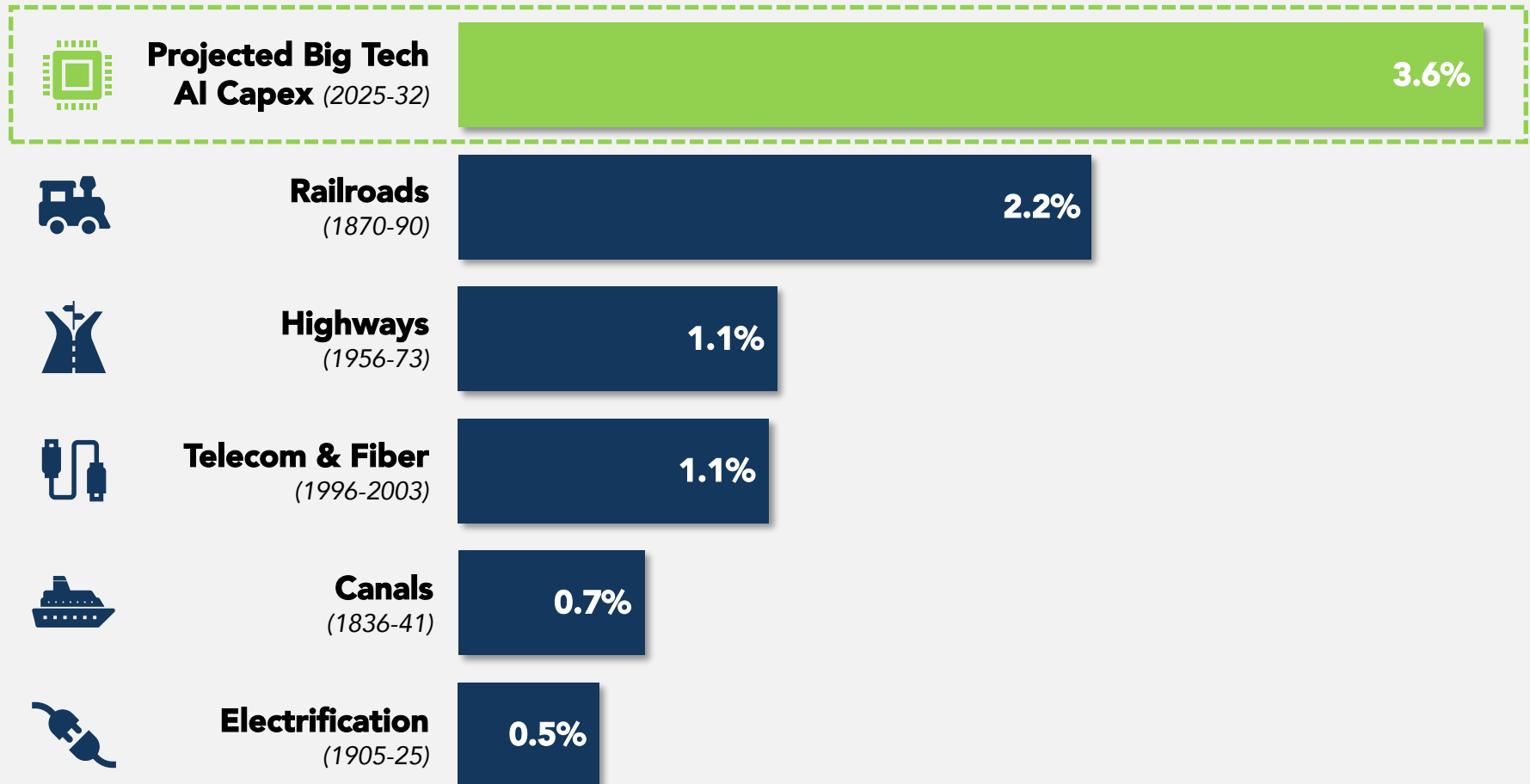


Source: (1) The Brookings Institution, "Brookings Papers on Economic Activity - Financing the AI Buildout" (September 2026). GDP is IMF World Economic Outlook (April 2026).

AI Capex Supercycle in Historical Context



Average annual infrastructure spending as a percentage of GDP

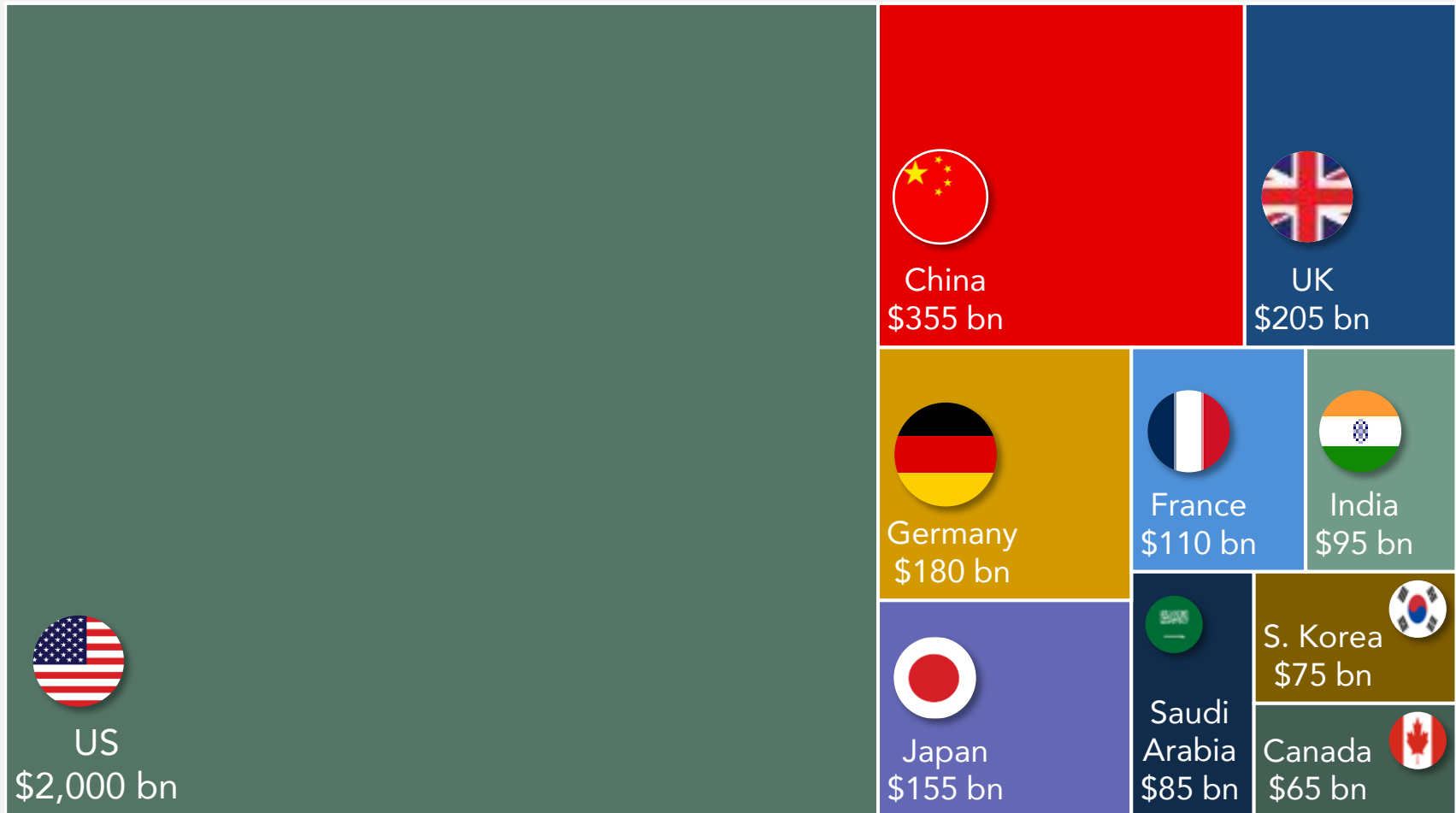


Source: (1) WSJ, "The AI Build-Out is Becoming the Biggest Economic Bet in US History." Brookings Institution, "Financing the AI Buildout" (Stijn van Nieuwerburgh). AI spending is estimate.

Leadership in Global AI Capex Spend



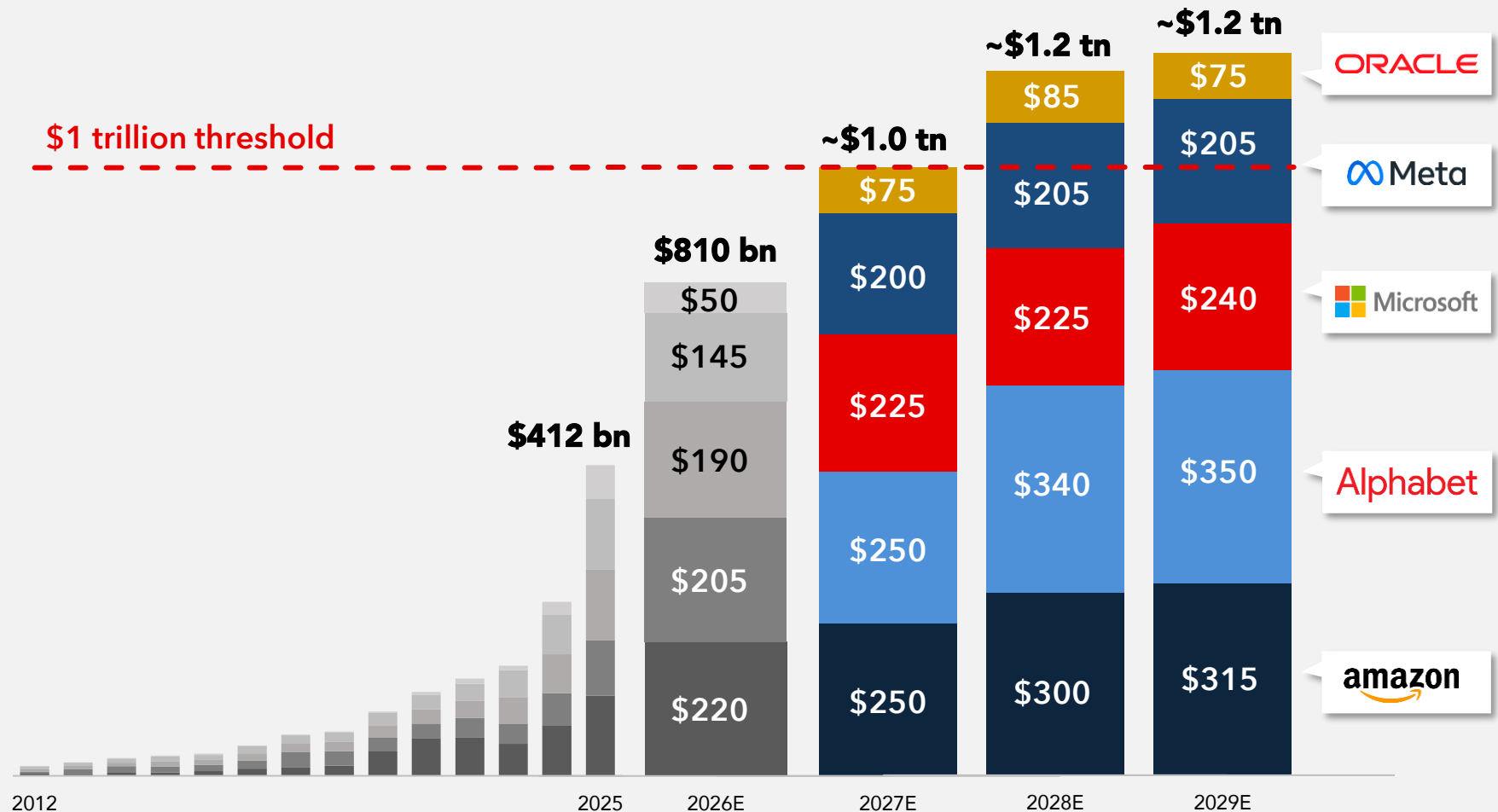
2026 projected AI investment by region (infrastructure, software & services), USD tn



Source: (1) IDC. Gartner. Futurum Group. Wall Street tech sector research. US Dollars.

Hyperscalers' Capex > \$1 Trillion Per Annum

Top 5 hyperscalers' capex, USD bn

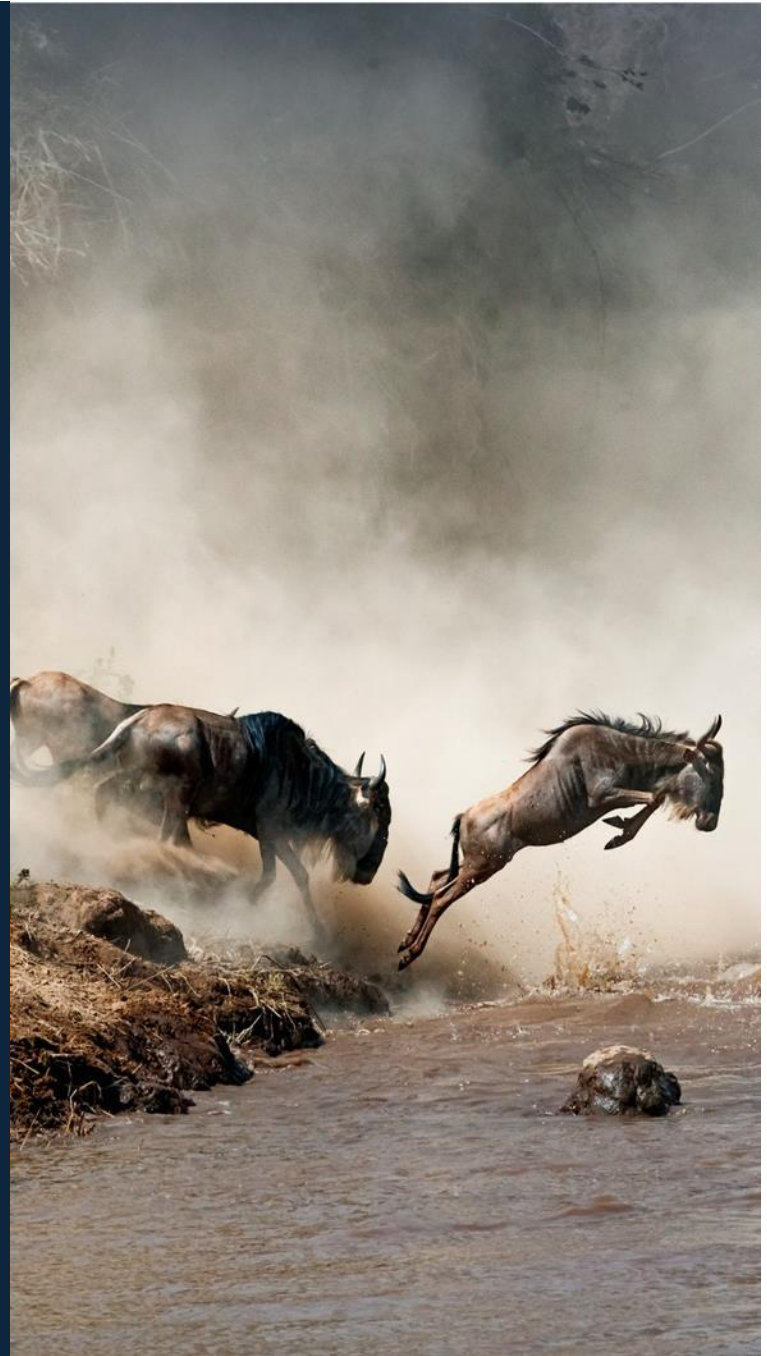


Source: (1) Bloomberg, "The AI Spending Boom Is Huge But Not Unprecedented". Data trailing 12 months. Oracle's quarters end a month earlier than the other companies. 2026E data is based on company announcements, including Q2. Oracle estimate for FY 2026. 2027-29 forecasts based on Wall Street analyst estimates.

B.

Tech as Net Consumer of Capital

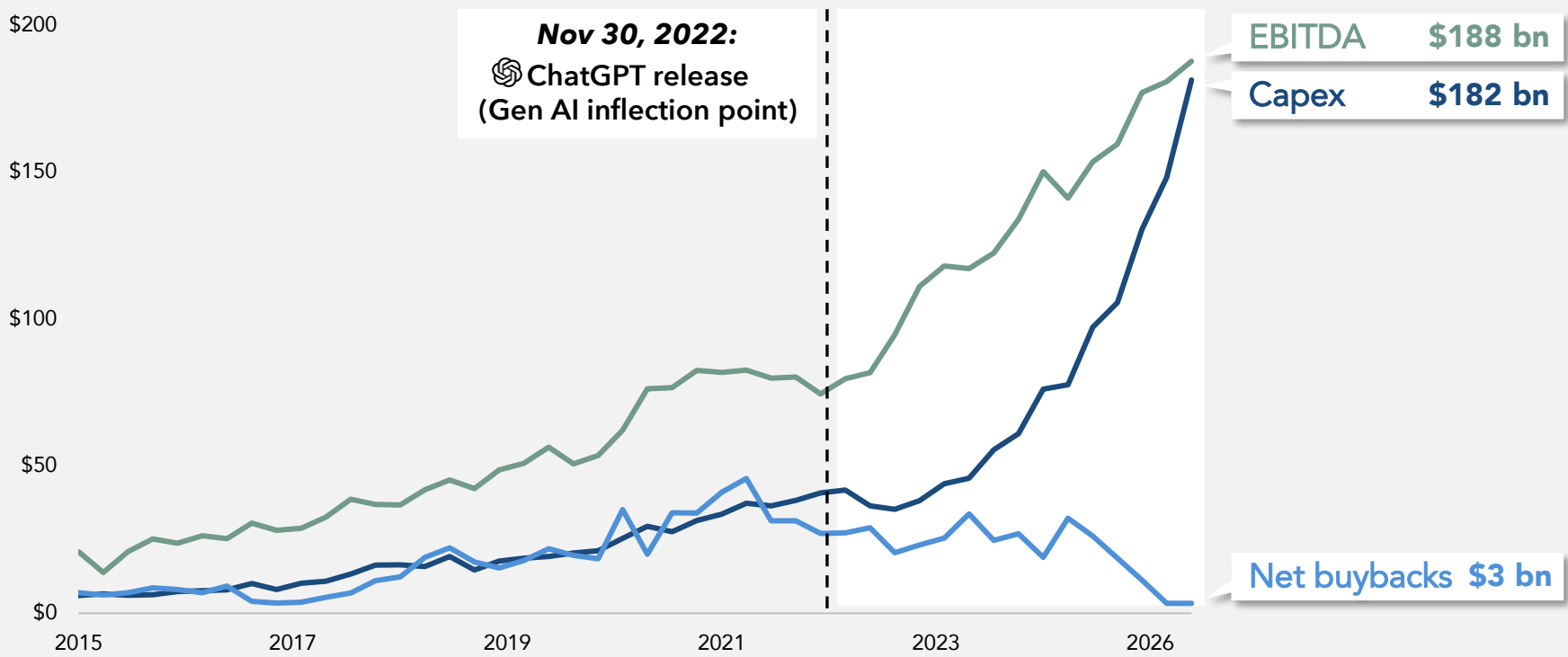
5



Paradigm Shift in Global Markets: Big Tech as Net Consumer of Capital

One of the most fundamental structural transformations in public equity markets since the 2008 GFC has been the transformation of mega-tech from **primary provider of net liquidity** to global equity markets (via buybacks and dividends) to **heavy net consumers of capital**, driven by the unyielding arms race to build out generative AI infrastructure.

Hyperscaler capex vs. earnings vs. net buybacks (quarterly), USD bn



Source: (1) Bloomberg. Data is reported quarterly, through Q2 2026. Hyperscaler data includes Amazon, Google, Microsoft, Meta and Oracle.

Fundamental Structural Transformation for Markets: Big Tech as Net Consumer of Capital

Primary pillars of transformation



1. Capital allocation redirected from buybacks to capex
2. Massive public debt issuance and off-balance sheet leverage via structured transactions
3. Shorter asset depreciation cycles associated with hard asset buildouts (i.e. data centers and computational power)

Market implications



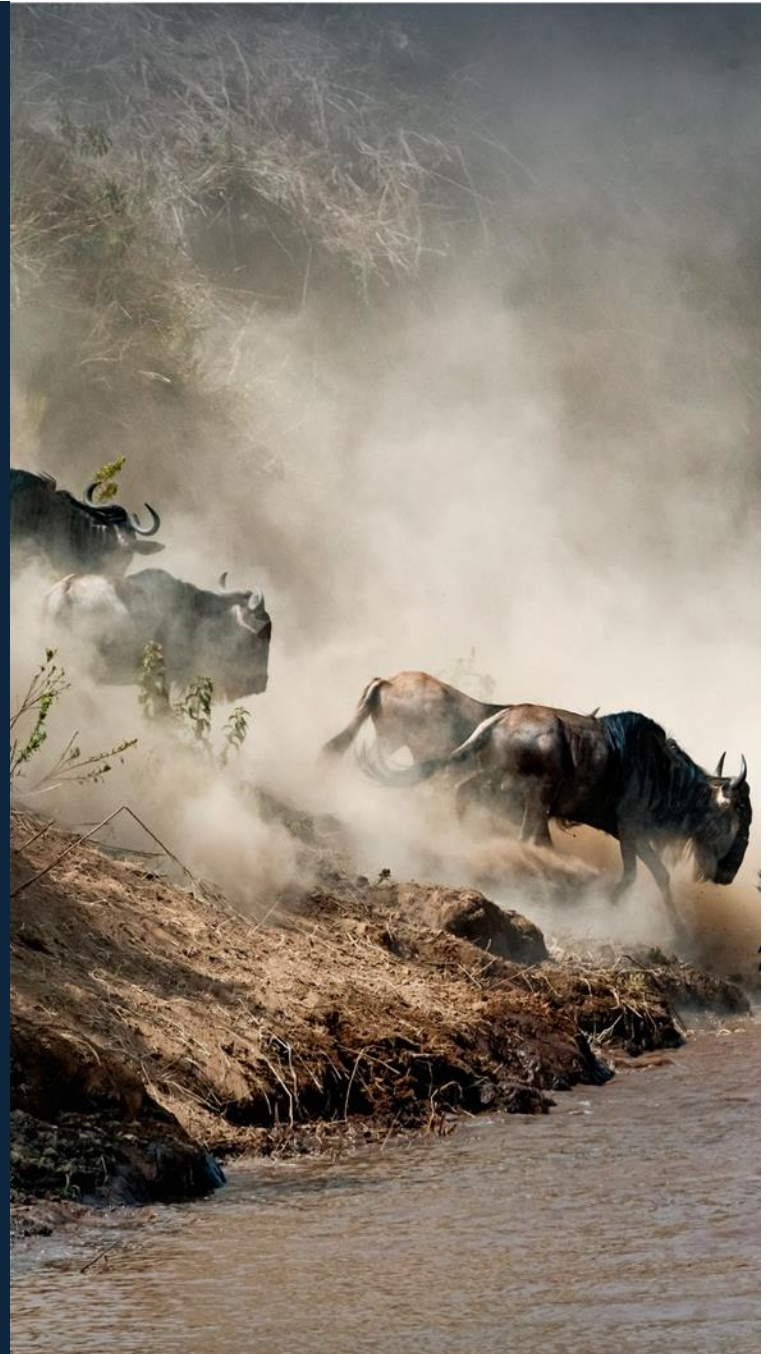
1. The erosion of the “buyback floor”
2. P/E multiple re-rating for hard over soft assets
3. Divergence in tech sector credit spreads from the index

Source: (1) WSJ, “Nvidia Adds Record \$150 Billion to Stock Buyback”.

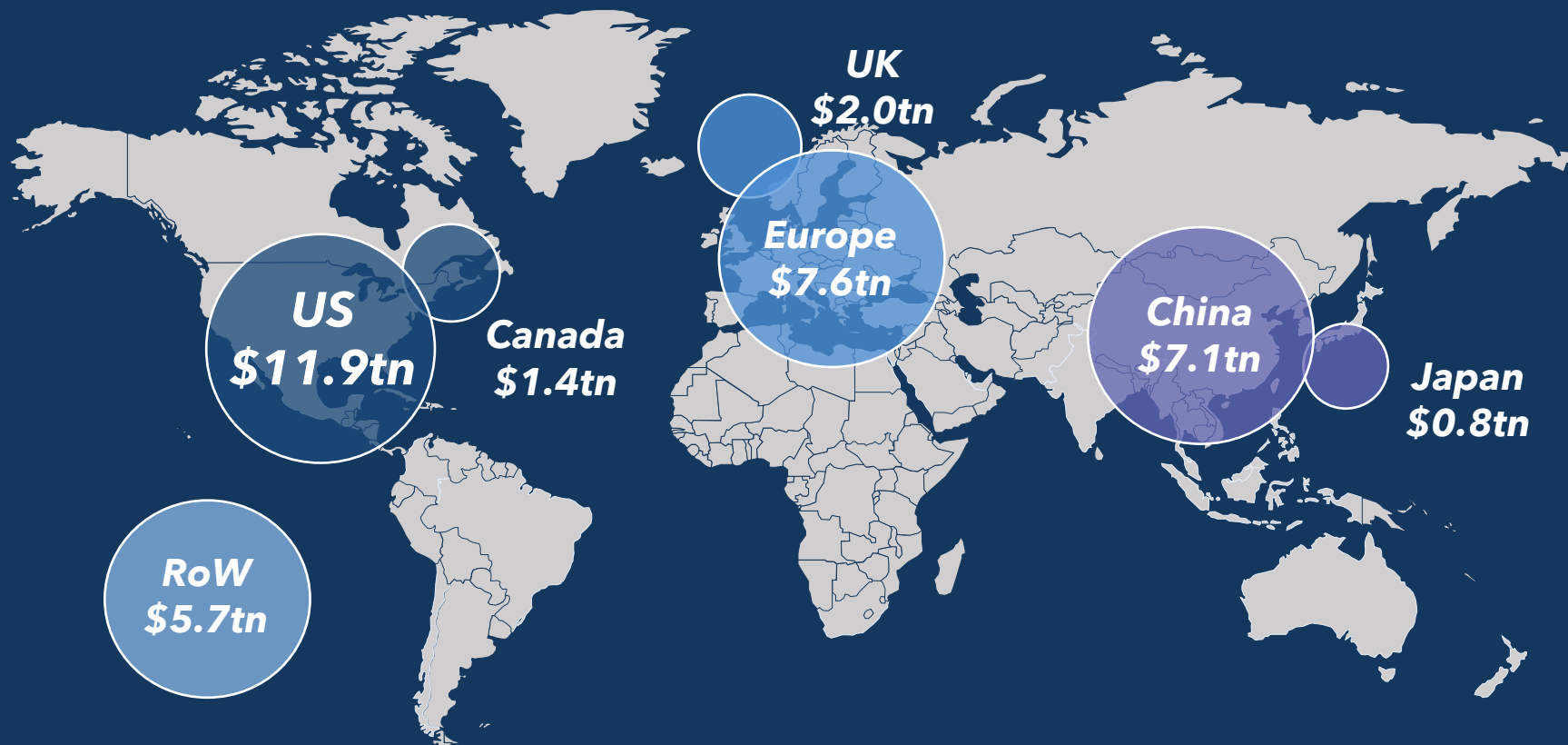
C.

Tech Redefining Debt Scale Capital

5



\$36 Trillion of Corporate Debt Markets Globally

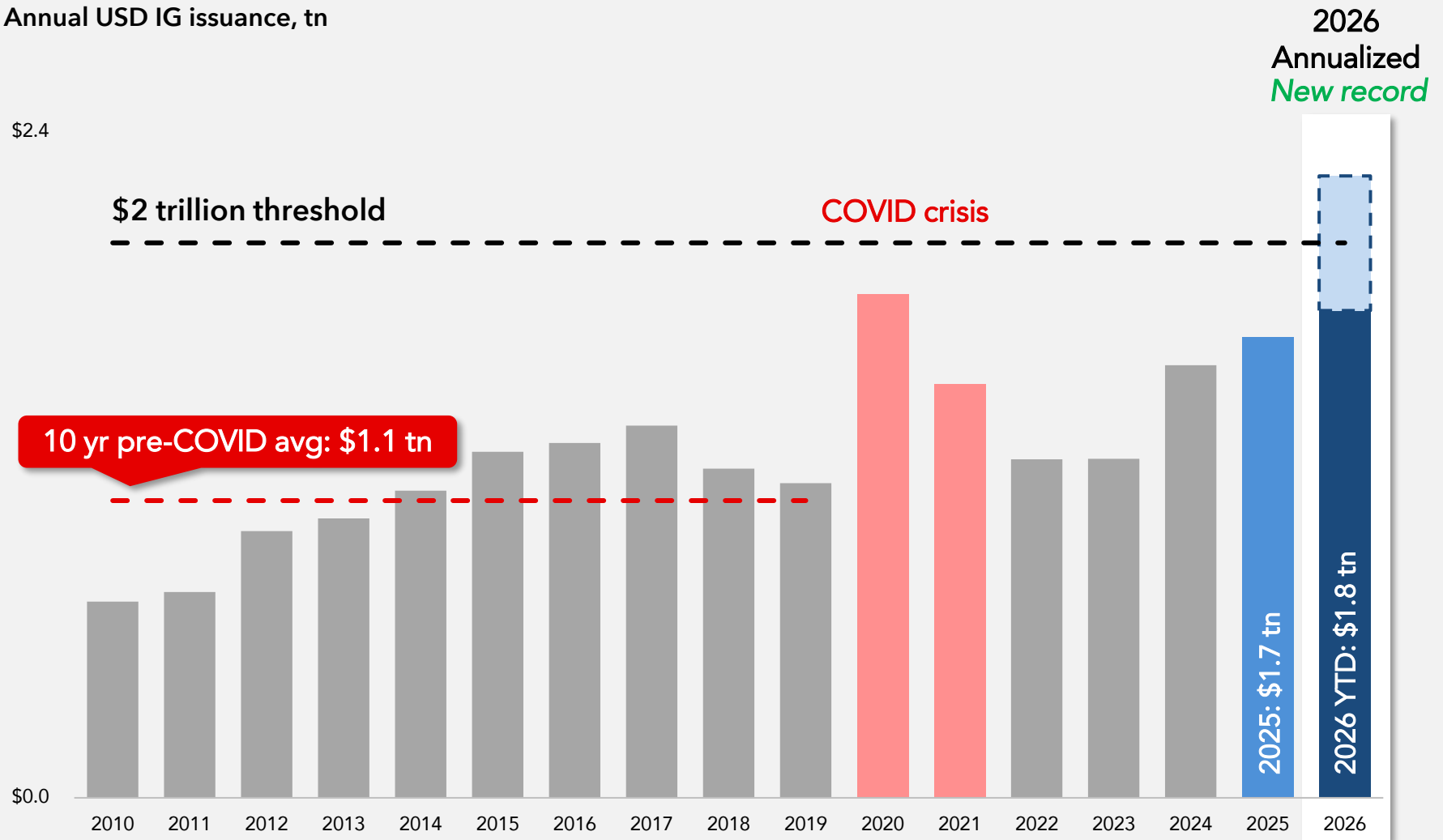


The global corporate bond market totals roughly \$36tn across all regions, of which the non-financial segment is \$16.4tn.

Source: (1) OECD Global Debt Report 2026, investor base dataset. Data as of March 2026.

Tech Scale Capital Now Competing with Treasuries

Annual USD IG issuance, tn



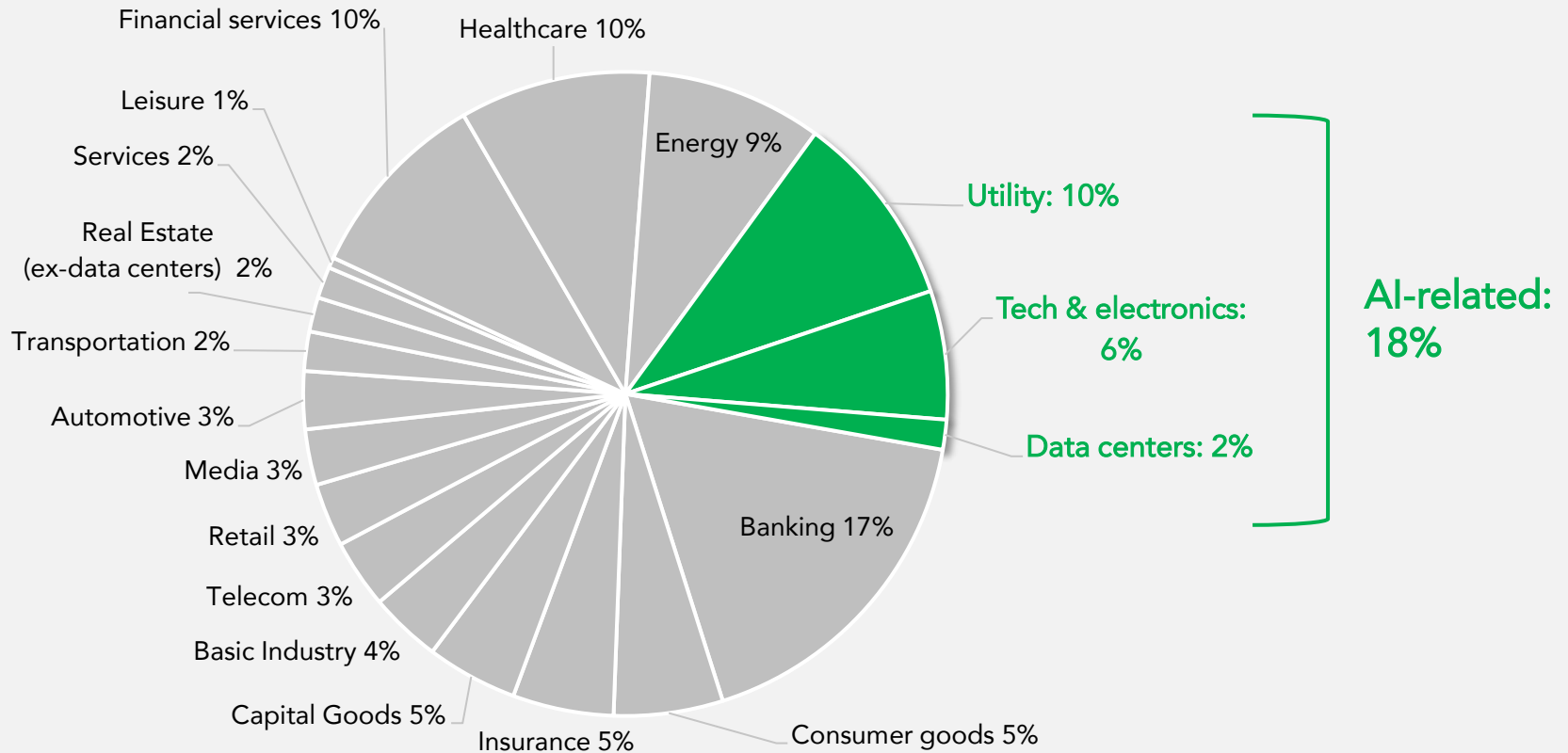
Source: (1) CFR. Data as of October 13, 2026.

Tech Redefining Debt Scale Capital

- 1 **Megadeal sizes redefined** from \$10bn to \$30-40bn
- 2 **Longer tenor curves**, aligning long duration infrastructure economics
- 3 **Robust technical dynamics**, as evidenced by spreads, new issue premia and over-subscription levels
- 4 Tech as **core index pillar** and structural driver of credit cycles
- 5 **Blended execution strategies** across multiple markets & currencies, public & private
- 6 10 year UST yields becoming **the de facto discount rate** on future AI revenue

Tech Is Now a Core Index Pillar

IG corporate bond index, by sector

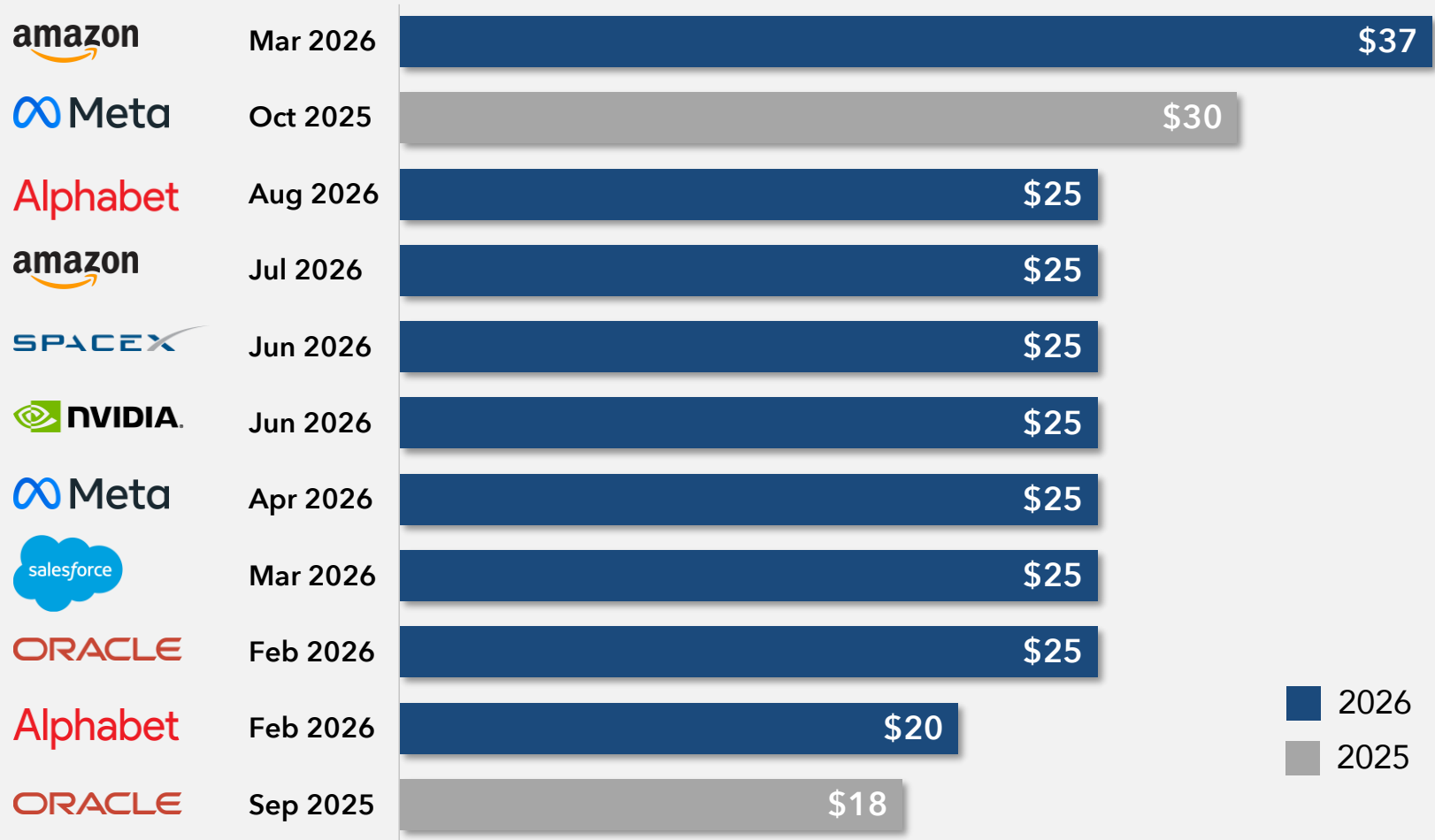


AI-related sectors comprise 18% of the index

Source: (1) Bloomberg. Data as of October 13, 2026.

Big Tech Issuing USD Bonds in Unprecedented Size

Largest USD IG tech deals since Jan 2025, bn

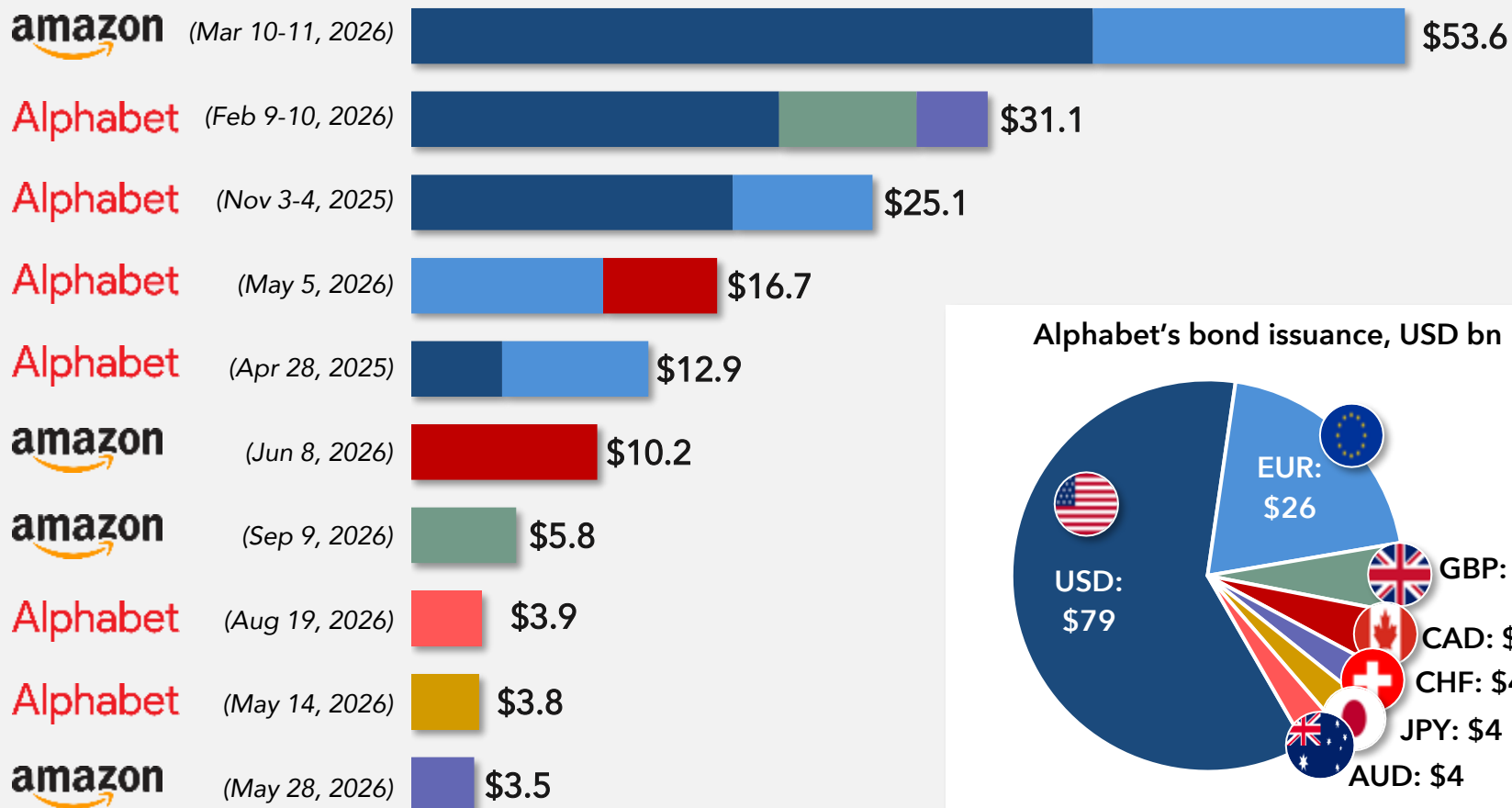


Source: (1) CFR. Data as of October 13, 2026.

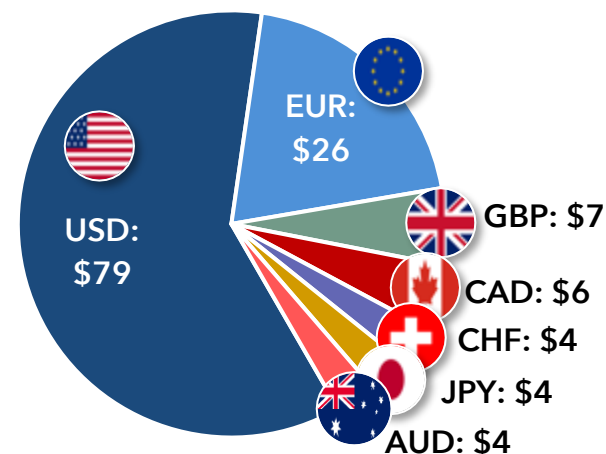
Tapping Multiple Currencies to Achieve Scale



Selected multi-currency IG deals since January 2025, USD bn



Alphabet's bond issuance, USD bn



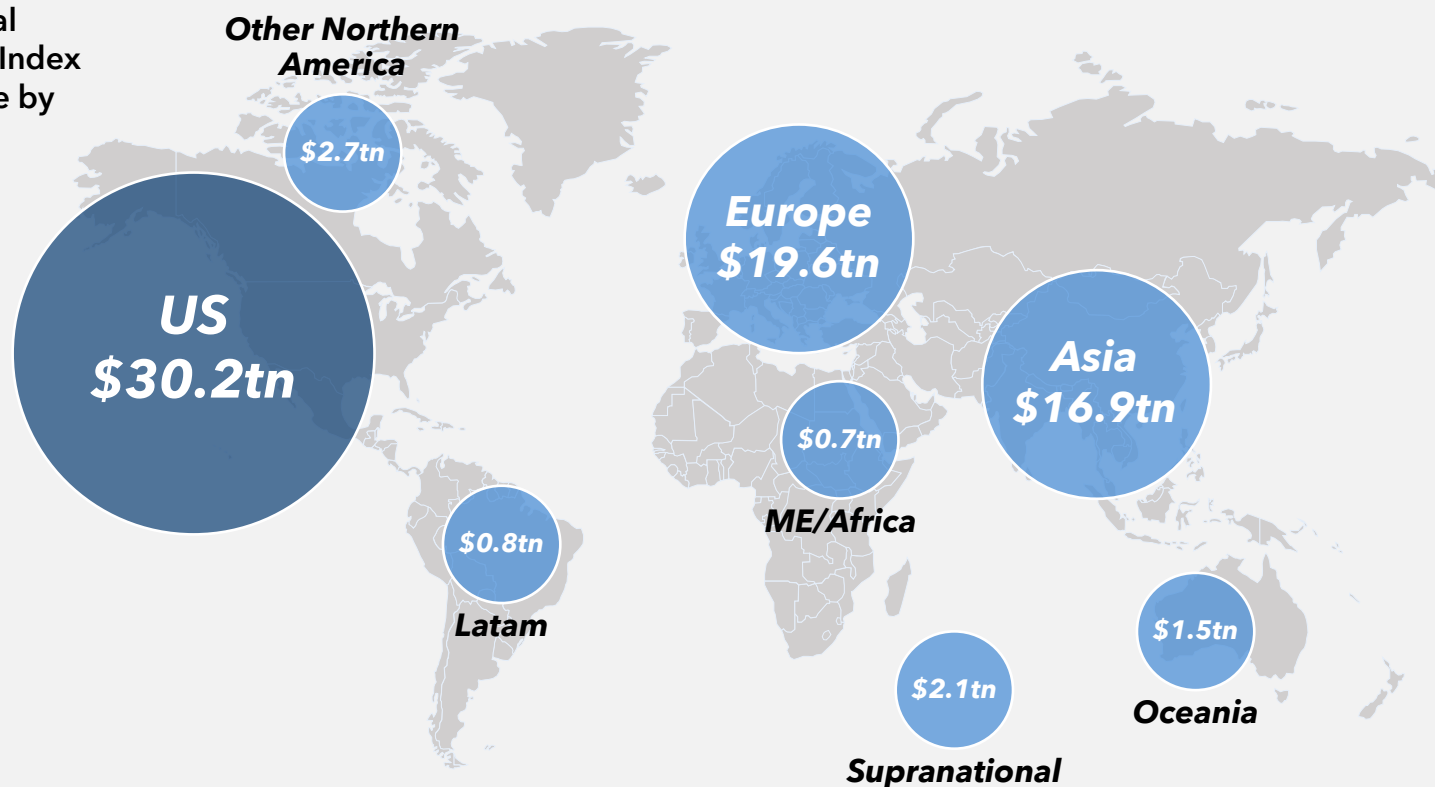
Source: (1) CFR. Data as of October 13, 2026. Total size calculated using current USD exchange rates.

The High Barrier to Entry of Index Inclusion



Established in 1990, the **Bloomberg Global Aggregate Bond Index (30,000 securities from more than 3,100 issuers with market cap > \$70 trillion)** serves as the central circulatory system for global fixed-income allocation, directing trillions of dollars in passive and benchmarked institutional capital across sovereign, corporate and securitized debt markets. **Investment grade ratings** are among several gatekeeper thresholds that create high barriers to entry. Mega-cap, big tech AI issuance has had a **dual-front crowding out effect** for non-tech corporates and sovereigns alike.

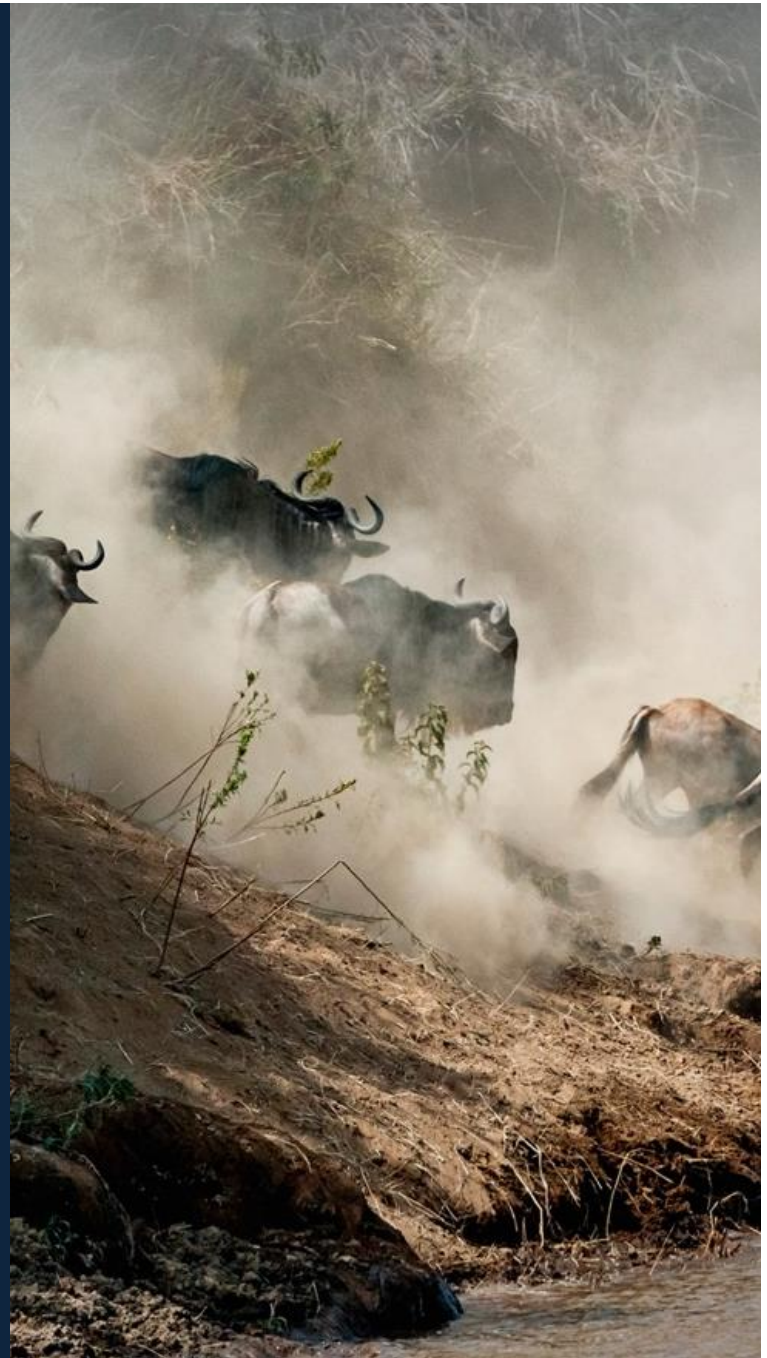
Bloomberg Global
Aggregate Bond Index
total market value by
region, USD tn



Source: (1) Bloomberg. Data as of October 13, 2026. Mexico is grouped with Latam.

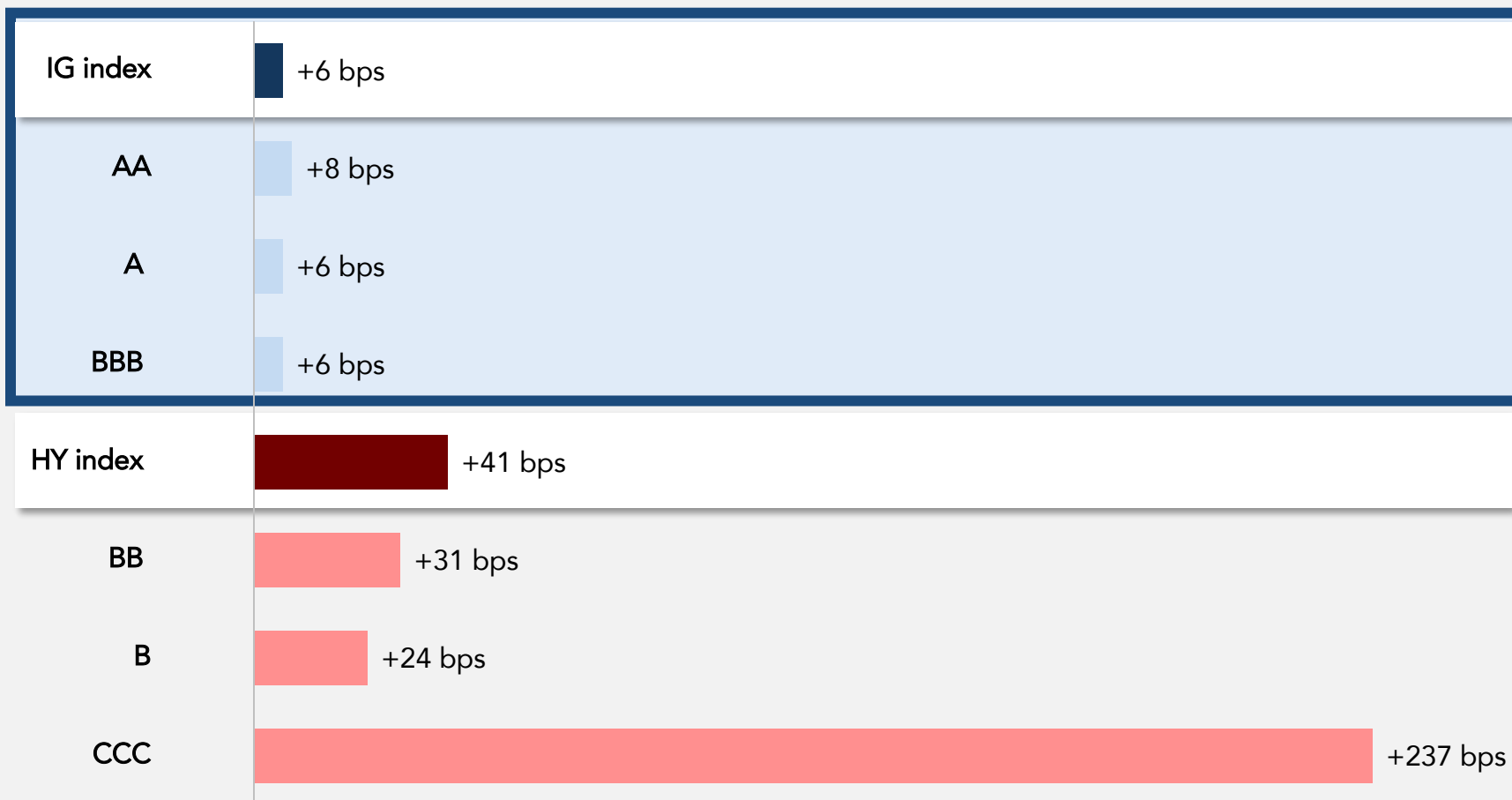
D.
Big Tech
Diverging from
the Index

5



IG More Resilient than HY in Q3

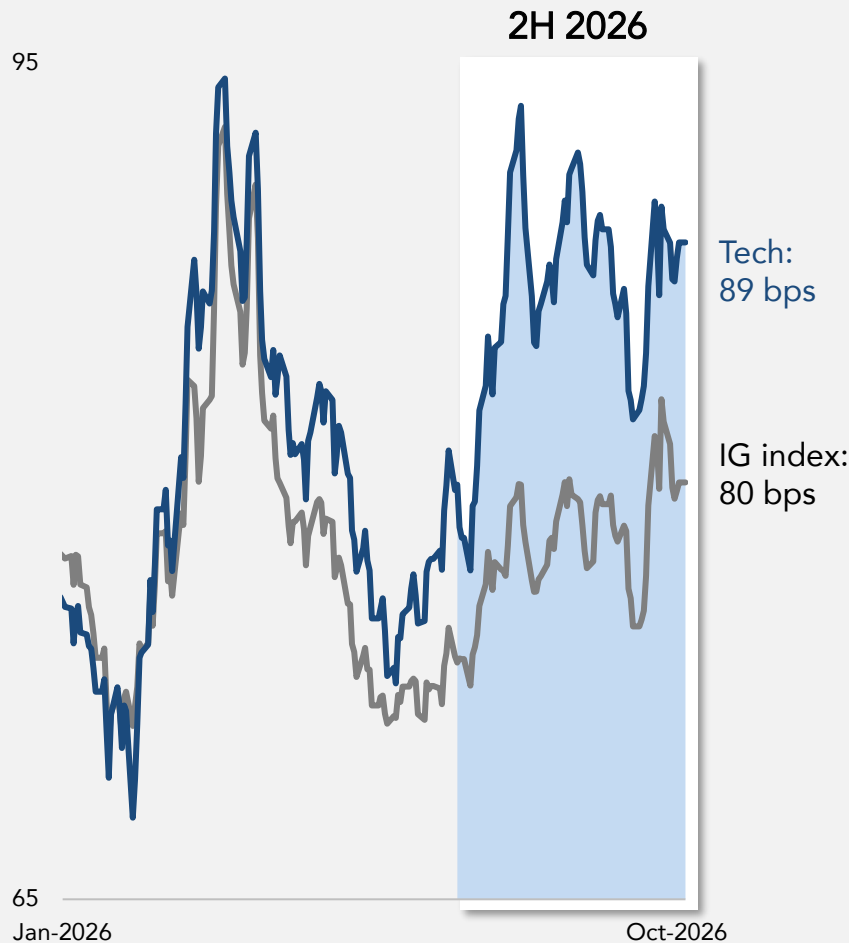
USD credit spreads in Q3 2026



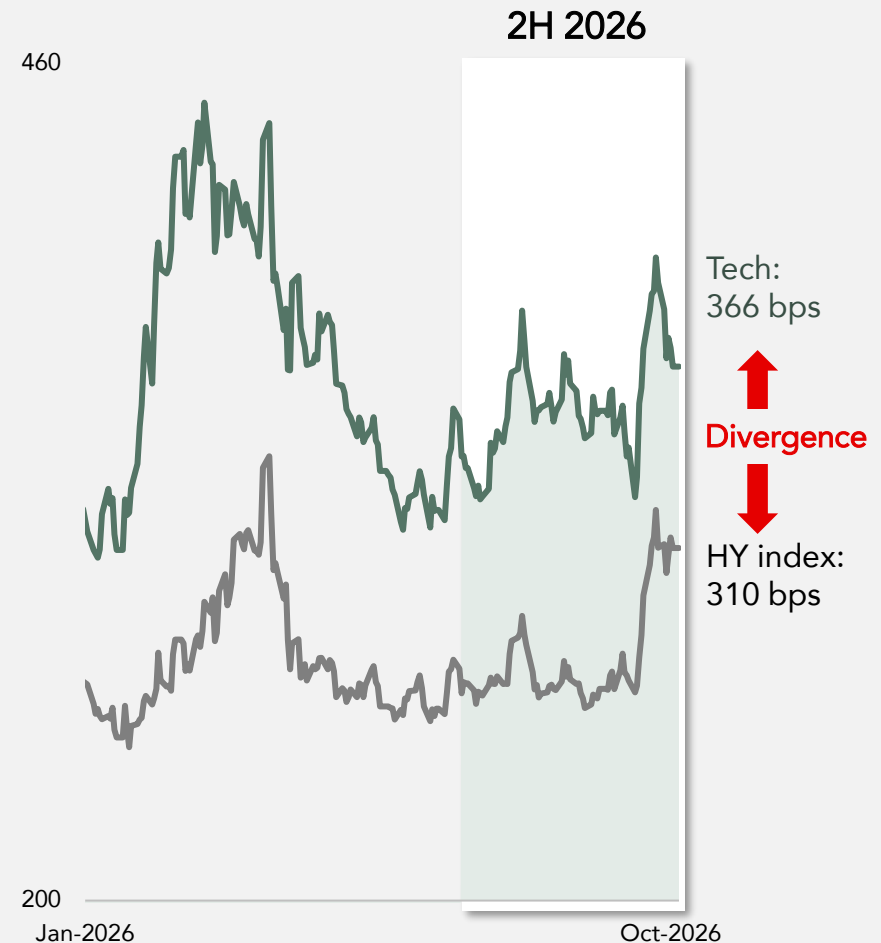
Source: (1) Bloomberg. Data as of September 30, 2026.

USD Tech Diverging from Broader Indices

IG index vs. IG tech spreads



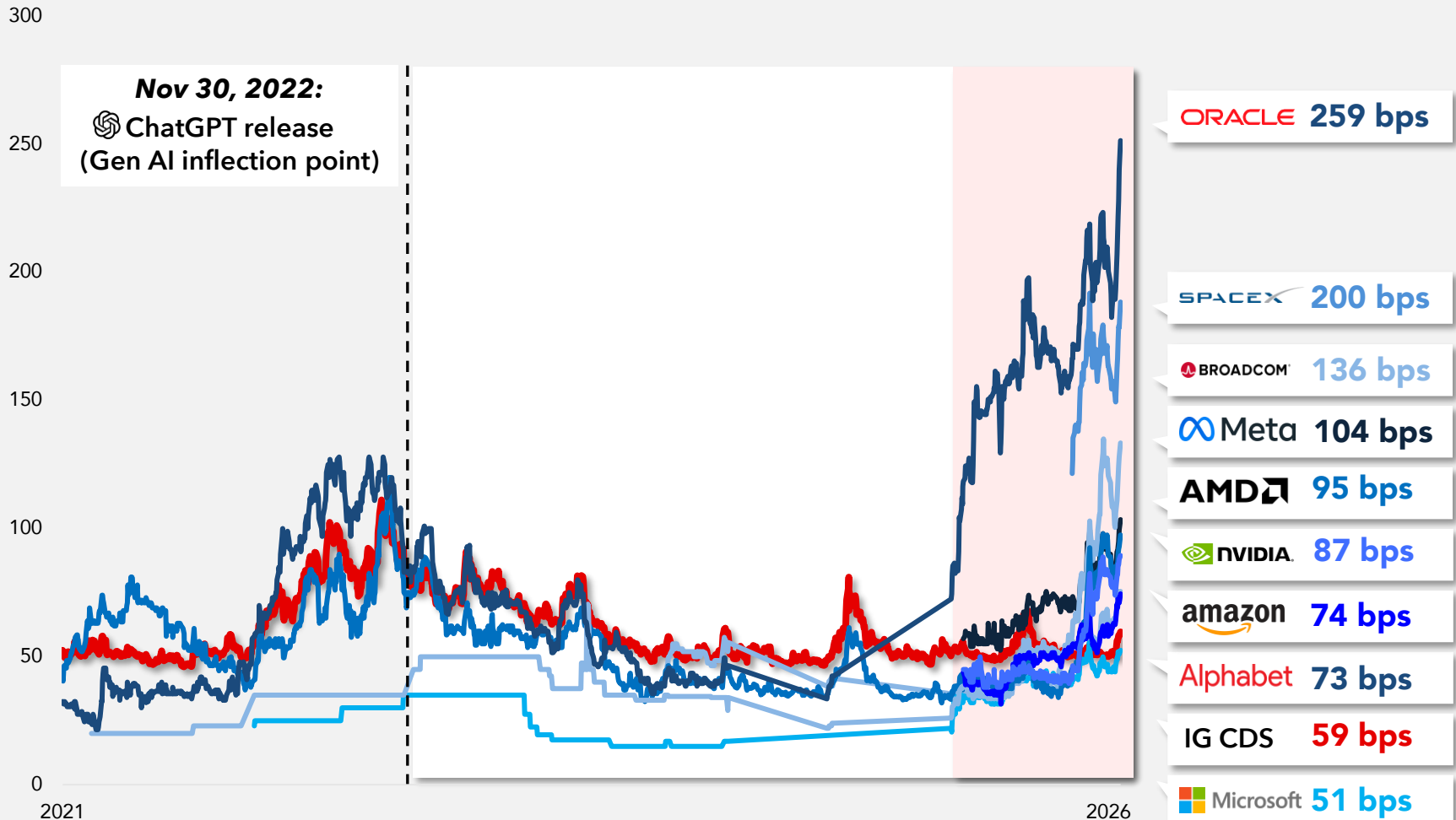
HY index vs. HY tech spreads



Source: (1-2) Bloomberg. Data as of October 13, 2026. Index OAS to Treasury.

Hyperscaler CDS Diverging from the Index

Hyperscaler 5-year CDS vs. IG index 5-year CDS



Source: (1) Bloomberg. Data as of October 13, 2026.

Key Drivers of the Widening in Big Tech USD Credit

- 1 Big tech business model transition to **heavy debt-market reliance**
- 2 Growing investor fatigue and scrutiny regarding the **monetization timeline**
- 3 **Portfolio concentration** constraints
- 4 **Repricing of traditional software credit** on rapid AI-agent adoption disruption fears
- 5 Steepening of tech credit curve driven by **heavy long-duration supply** (10-40-year bonds)
- 6 Competing supply from **rising global sovereign issuance**

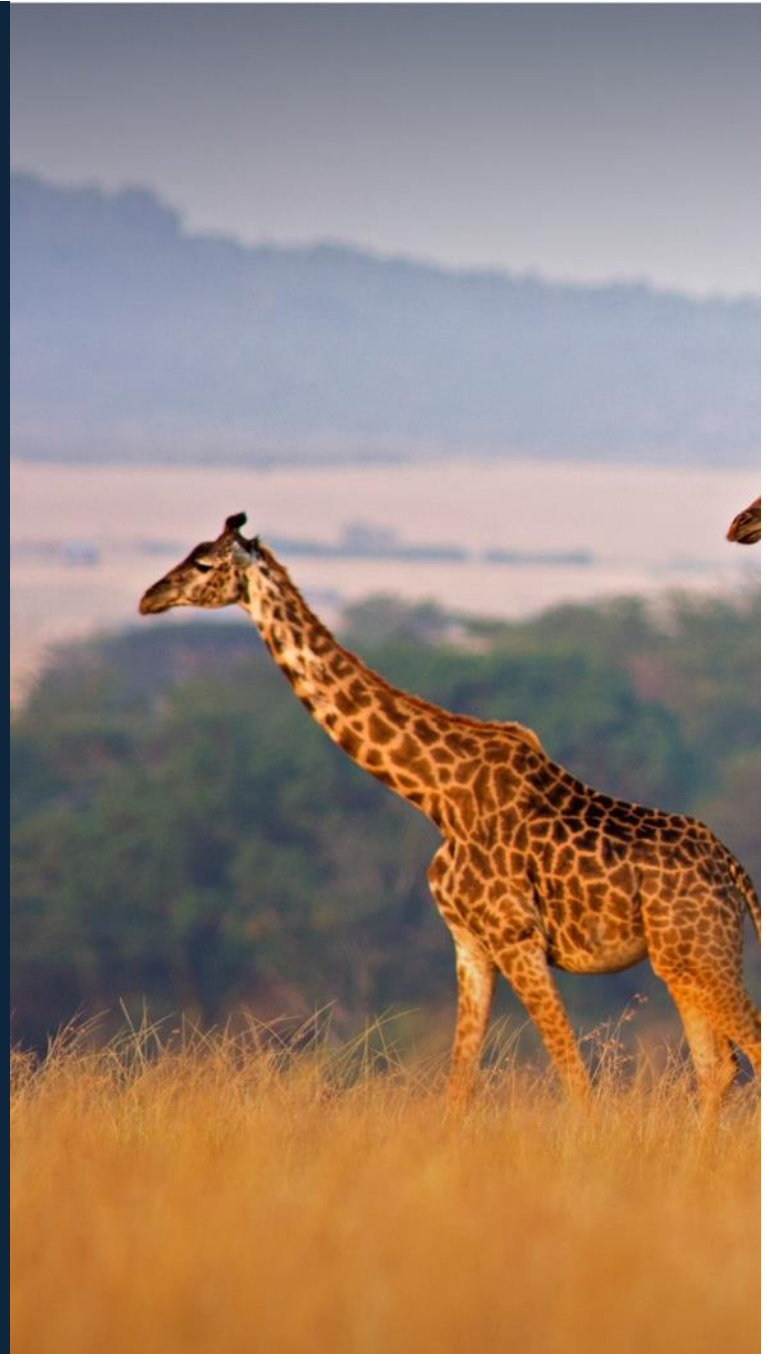
A photograph of a herd of giraffes in a savanna landscape. Four adult giraffes and one calf are visible, standing in a line on a grassy ridge. The background shows a vast, hazy landscape with distant mountains under a soft, golden light, suggesting sunrise or sunset. The giraffes have characteristic brown and white patterned coats.

6

Unprecedented Sovereign Deficits

A.
Fiscal
Sustainability
Concerns

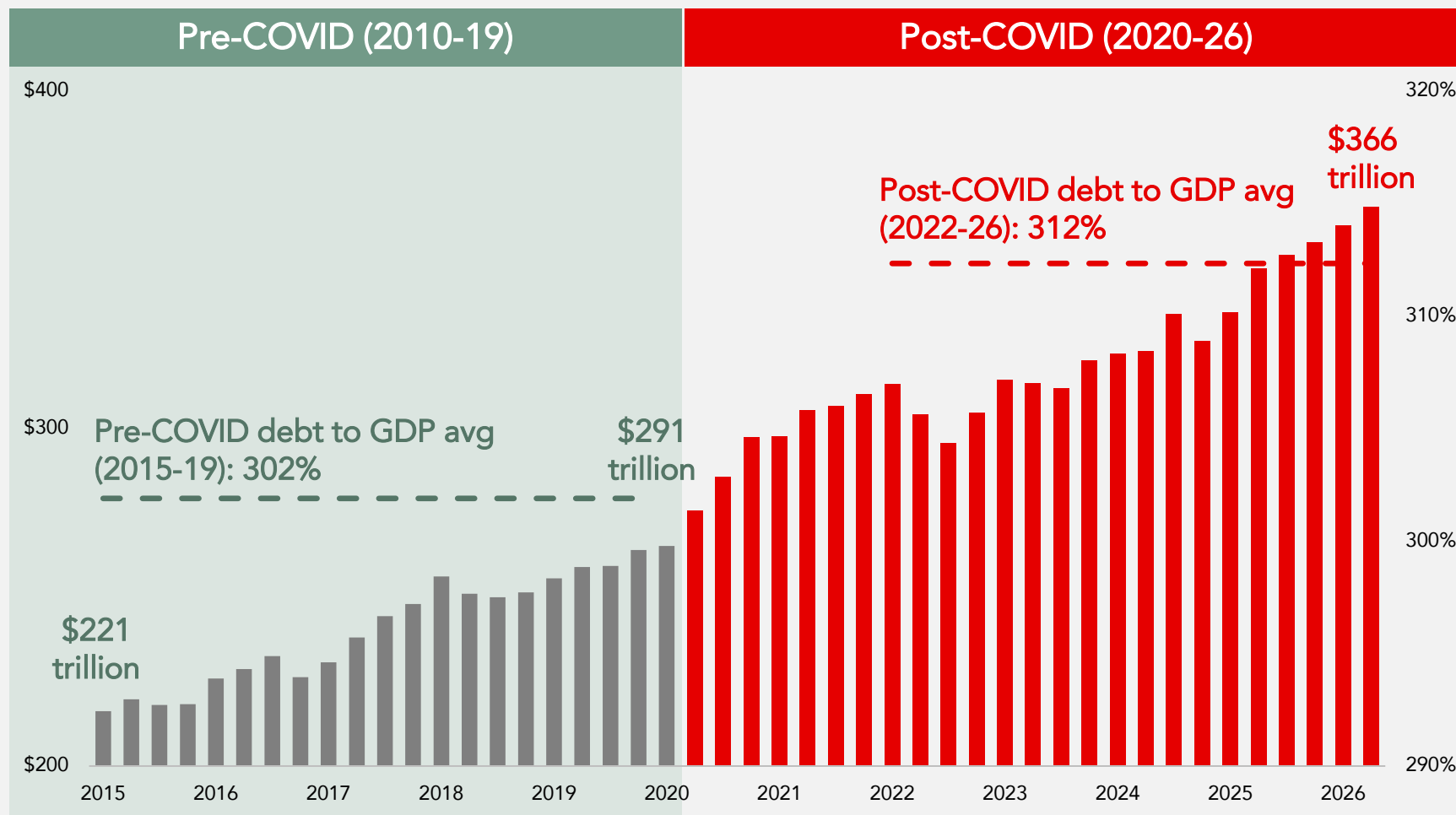
6



Global Debt Hits New Record of \$366 Trillion



Global debt (LHS), USD tn

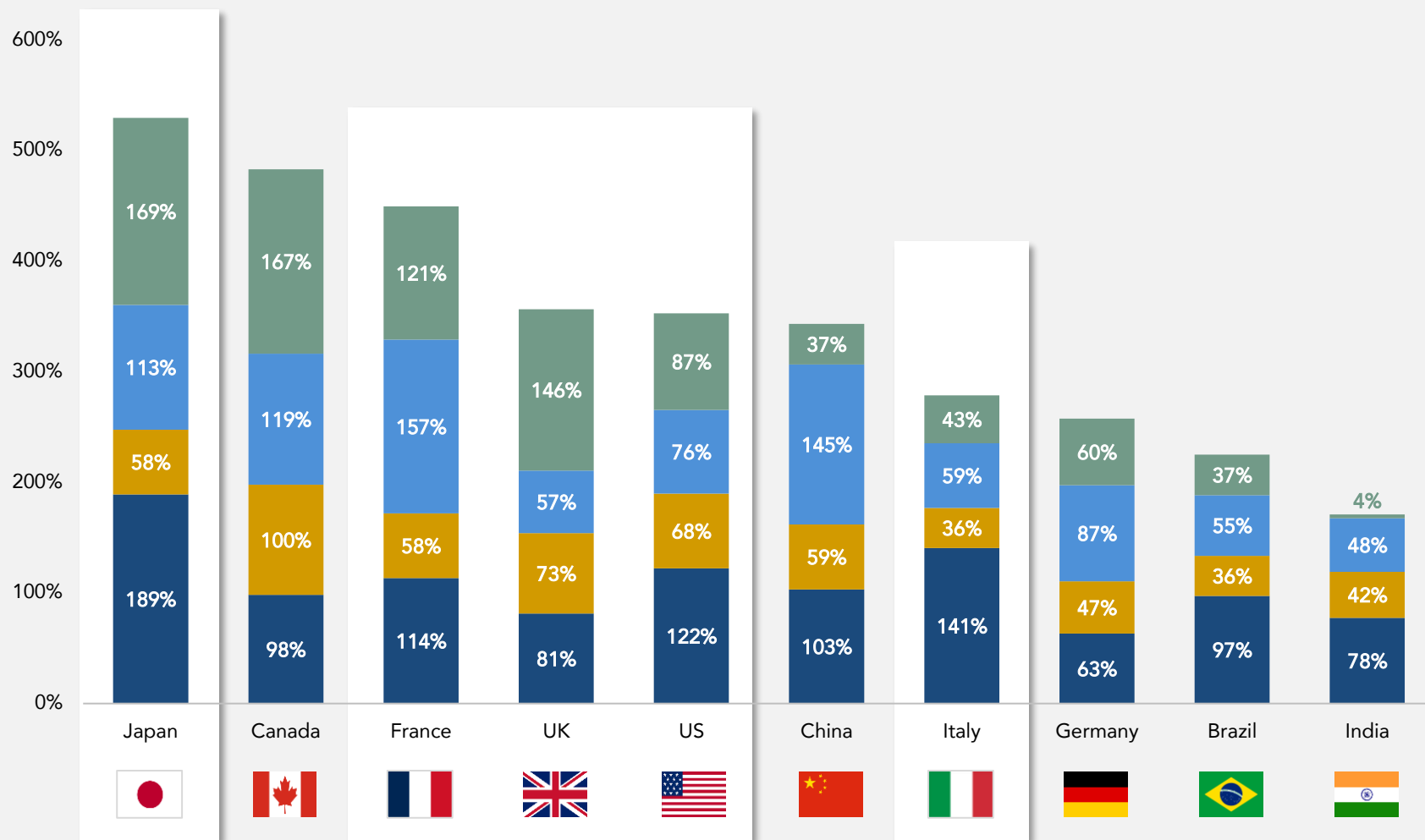


Source: (1) IIF Global Debt Monitor. Data through Q2 2026.

Gov't Balance Sheets Coming into Focus



Gross debt to GDP by sector (2026)



Source: (1) IIF Global Debt Monitor. Data is Q2 2026.

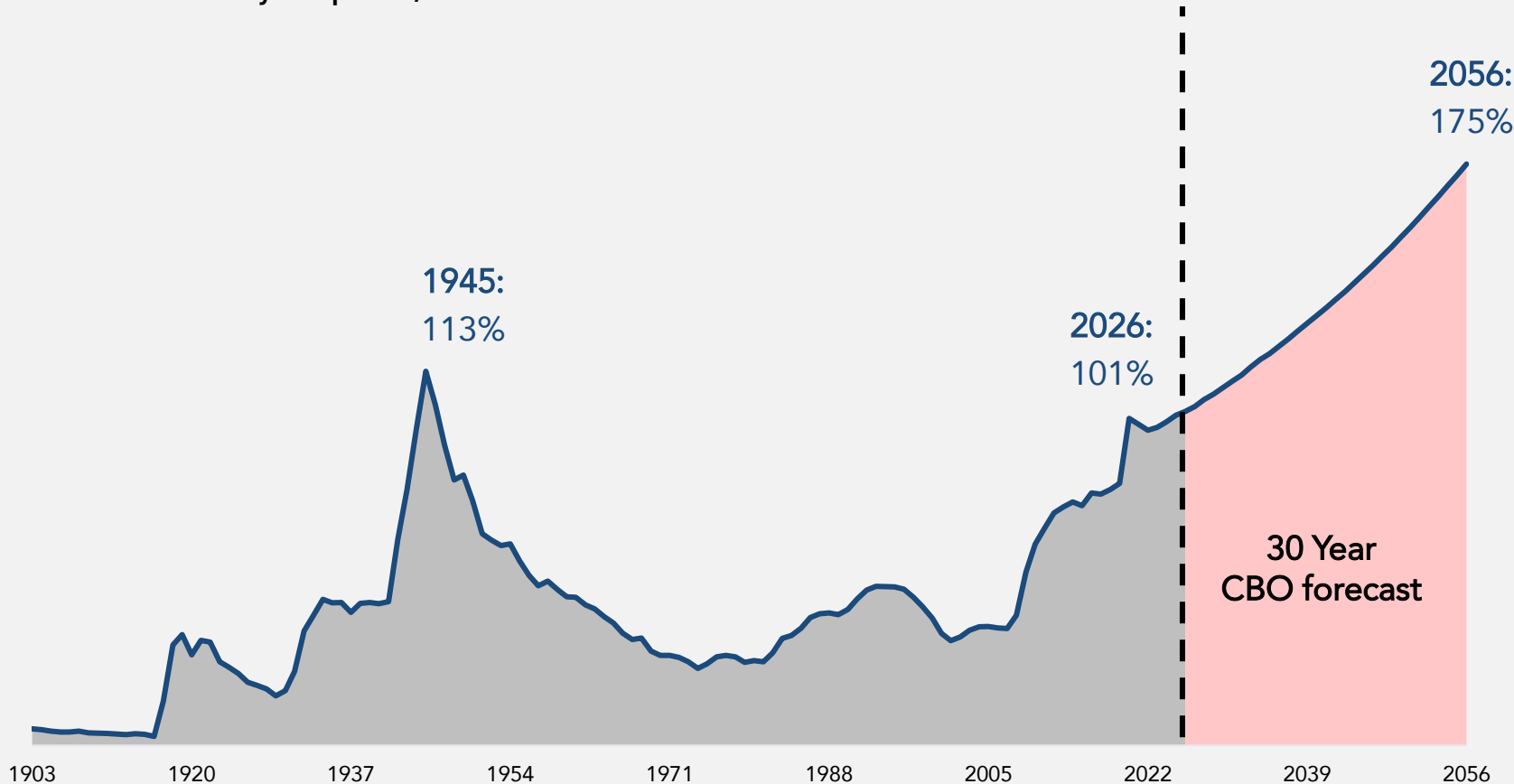
■ Government ■ Household ■ Corporate ■ Financials

US Debt to Reach 175% of GDP in 2056



Over the six years since COVID began, US Government debt/GDP increased from approximately 75% to over 100% today, a milestone previously not expected to be reached for a decade. Current CBO projections have US debt rising to 120% in 2036 and 175% in 2056.

Federal debt held by the public, % of GDP



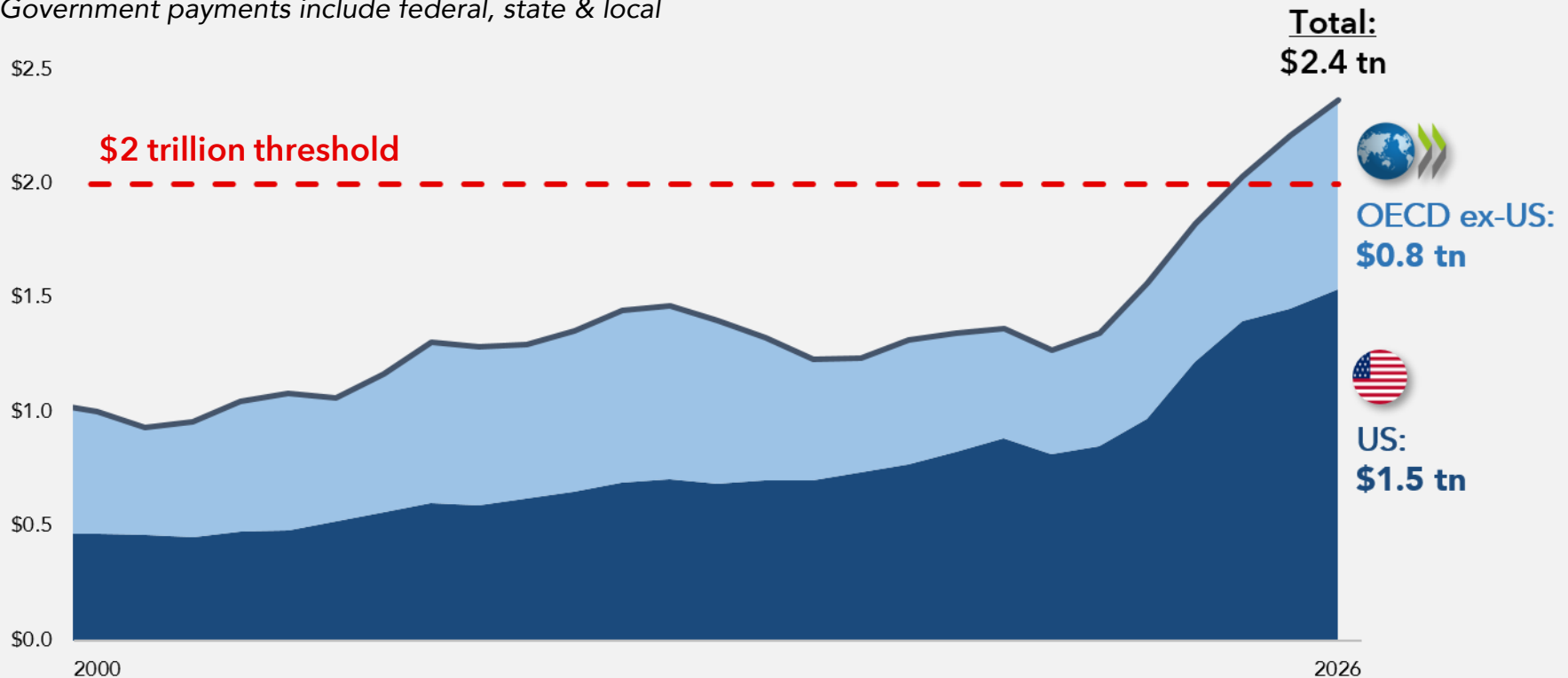
Source: (1) Congressional Budget Office. Long-Term Budget Projections (Feb 2026). Historical Data on federal Debt Held by the Public.

OECD Interest Payments Above \$2 Trillion

The 38 advanced OECD economies represent 58% of global nominal GDP, \$60 trillion of debt and nearly \$2.5 trillion of annual interest payments. **Implications for global markets include:** (1) synchronized long-end repricing; (2) a crowding-out effect that is now measurable; (3) the emergence of term premium as a key marginal driver of sovereign debt costs; and (4) modest structural impairment to the traditional DM safe duration/haven trade.

OECD annual government interest payments, USD tn

Government payments include federal, state & local

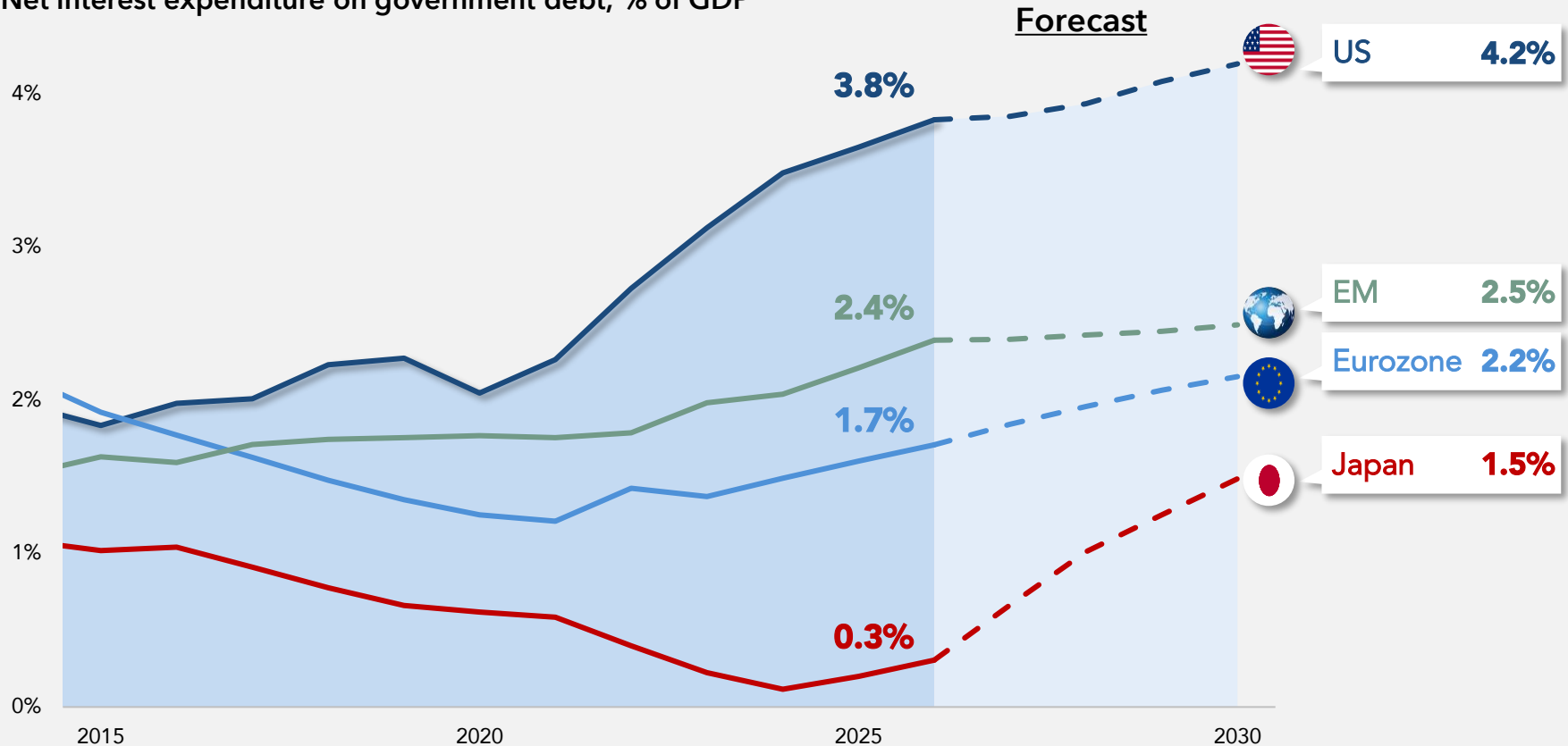


Source: (1) Bloomberg. Data through 2026. OECD, "OECD Economic Outlook, Volume 2026 Issue 1". Flags represent all OECD member countries. Chart data excludes Chile, Costa Rica, Mexico, and Türkiye due to no available data.

Soaring Public Debt Costs Ripple Through Global Markets

Interest costs have soared for governments in mature economies, nearly doubling as a percentage of GDP in the United States over the last decade. **The implications for global markets include: (1)** structural yield curve steepening and higher term premia; **(2)** elevated corporate capital costs given sovereign role as “risk free” benchmark; **(3)** structural equity value (P/E) compression; and **(4)** narrowing of sovereign fiscal policy toolkit as debt burdens rise.

Net interest expenditure on government debt, % of GDP



Source: (1) Financial Times, “Is the world really drowning in debt?” (Martin Wolf). IIF. IMF. 2026-2030 data is IMF forecast.

B.

Regime Shift
to Higher
Risk-Free Rate

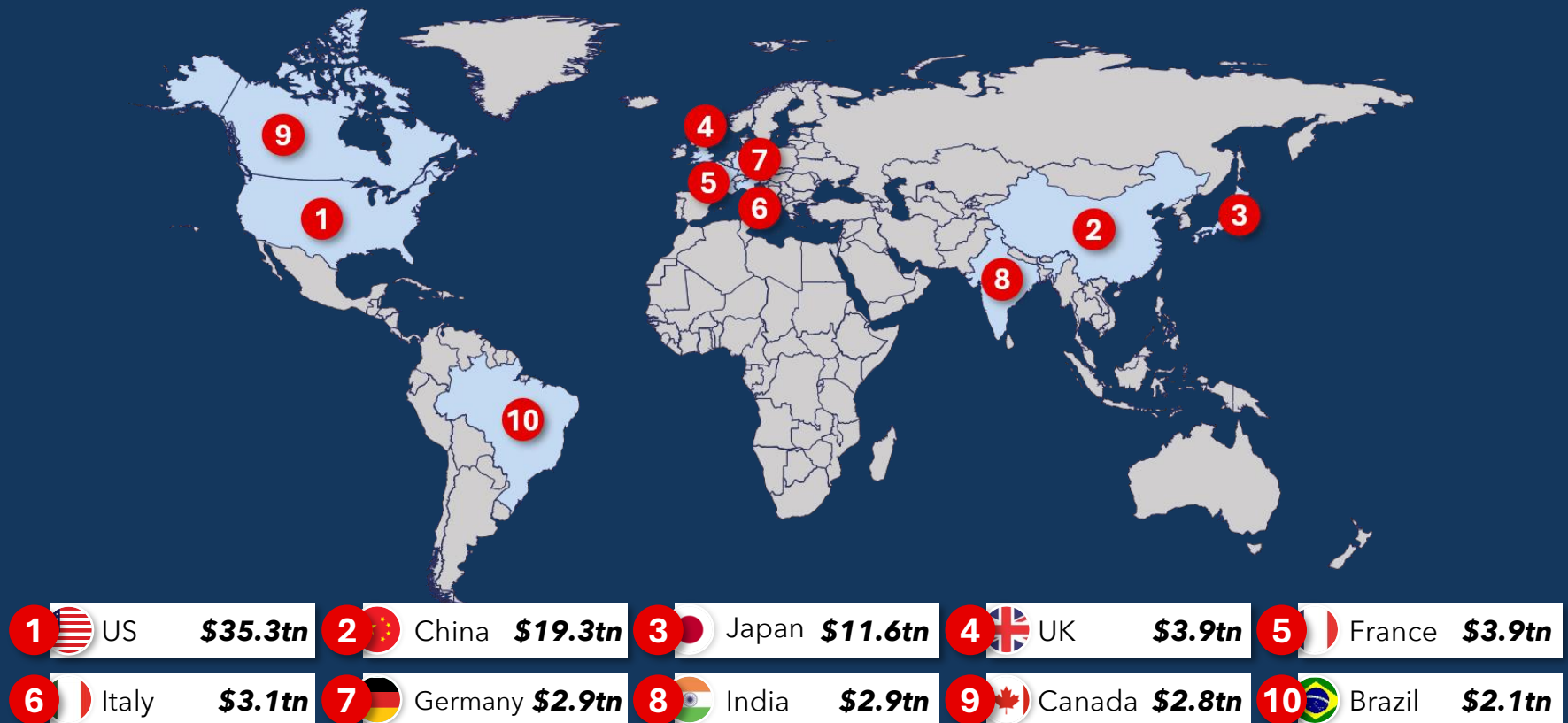
6



World's Largest Gov't Bond Markets

Government issuance dominates the global bond market. Government bonds have accounted for 67% of combined government and corporate outstanding in each year since 2007. The US, China and Japan account for the overwhelming share of outstanding government debt. The top ten markets together approach \$100tn.

Global government bond markets by amount outstanding, USD tn

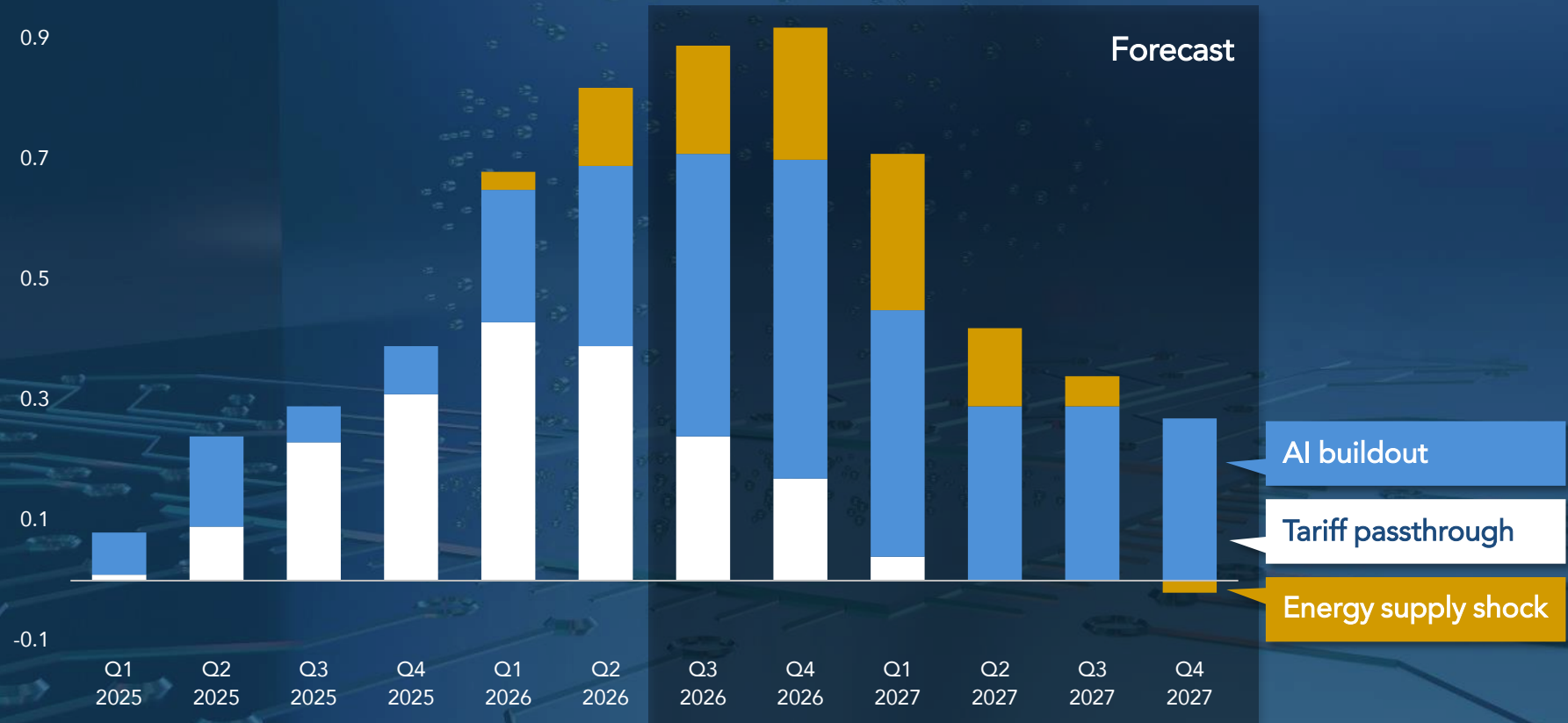


Source: (1) Bloomberg. Data as of October 2026.

AI at Center of Inflation Trifecta

Based on current facts and circumstances, the AI buildout is expected to be a more durable driver of US inflation over the near term, as compared to policy miscues on trade and geopolitics.

Contributions to US inflation, ppts



Source: (1) St. Louis Fed. Dallas Fed. Goldman Sachs, "AI will save the economy someday. First it has to stop inflating it". Data shows percentage point contributions to annual core PCE. Assumes events are independent drivers.

Confluence of Variables Driving Rates Higher



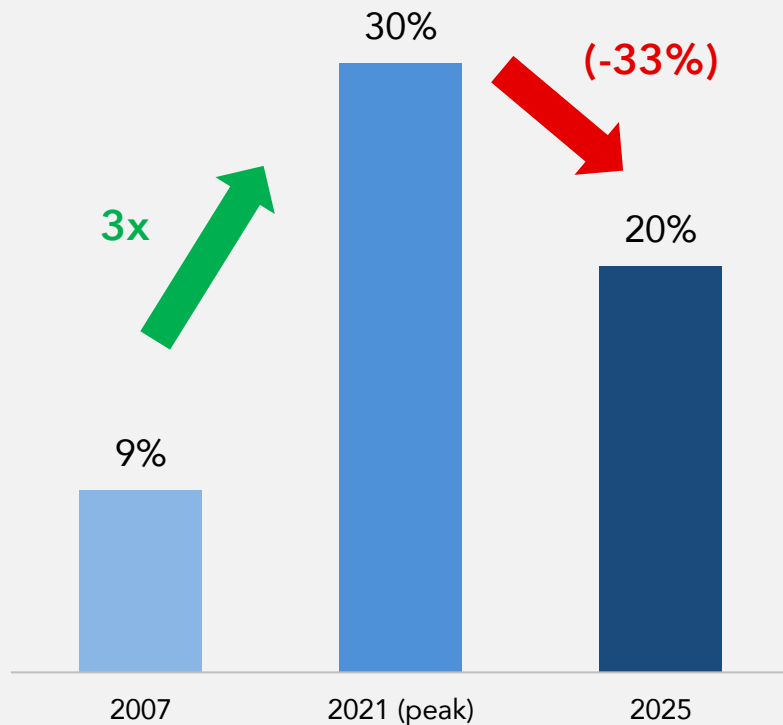
Key drivers of higher yields at long-end of UST curve

- 1 Geopolitical risk premia; war-induced **supply shocks**
- 2 **Inflation trifecta** (energy prices, tariffs, AI buildout)
- 3 Hawkish repricing of **monetary policy** expectations
- 4 Fiscal sustainability concerns (**debt & deficits**)
- 5 Global **competition for capital**
- 6 Competing long-duration **AI debt supply**
- 7 Evolving **UST buyer base**
- 8 **BOJ policy normalization** weakens long duration anchor
- 9 **Strong US economic data** (labor, wages, manufacturing & services)

Central Banks Macroeconomically “Full” on Gov’t Bonds

Domestic central banks nearly quadrupled their share of outstanding government debt between the global financial crisis and their 2021 peak, before relinquishing a third of those holdings over three years of quantitative tightening. As a result, private allocators must now step in to bridge the sovereign funding gap.

Domestic central bank holdings of government bonds,
% of total outstanding



Key Drivers

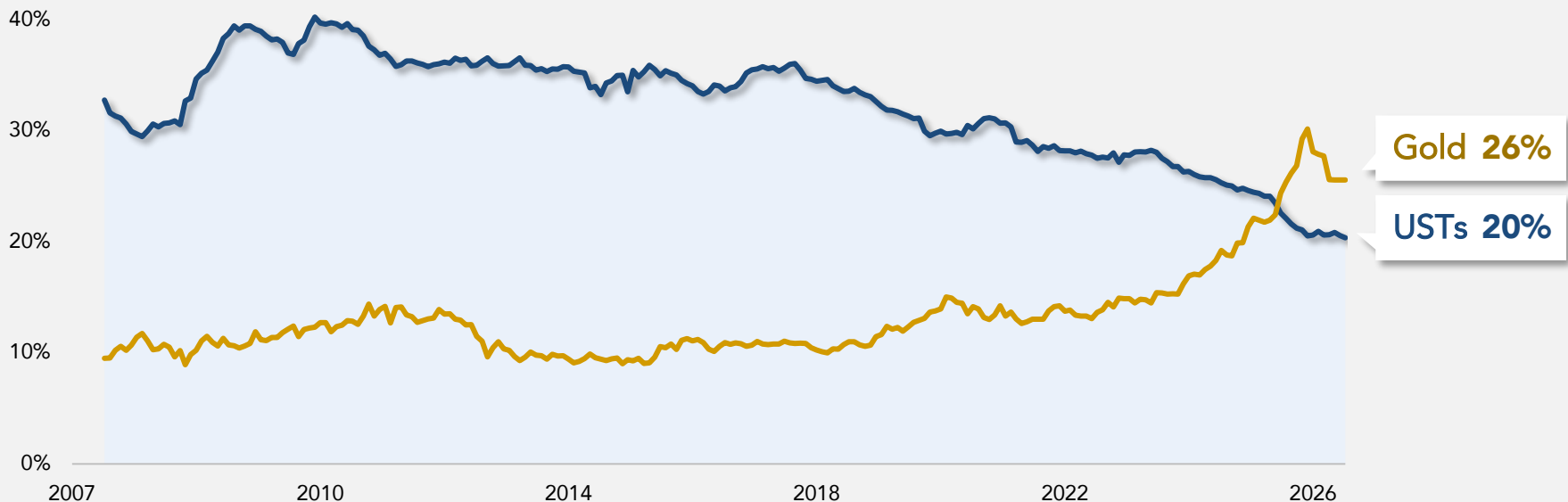
1. Shift from QE to QT
2. Fiscal dominance risk / political backlash
3. Operational CF losses (negative carry)
4. Market structure, disruption & liquidity concerns

Source: (1-2) OECD Global Debt Report 2026, investor base dataset. Data as of March 2026.

Gold Above USTs as #1 Reserve Asset

While the US Dollar remains the dominant transaction currency in trade and settlement, gold recently supplanted USTs as the #1 global central bank reserve asset. **This structural regime change was driven primarily by: (1) sharp rally in spot gold; (2) de-dollarization at the margin; (3) geopolitical risk management; (4) weaponization of sanctions; (5) deficit & inflation concerns; and (6) reserve diversification toward neutral, unencumbered monetary anchors.**

Share of total global central bank reserves, % of total



Importance: Erodes dollar dominance. Reinforces heightened concerns around sanctions policy. Debases long-end sovereign yield safe haven flows. Establishes new floor for gold more driven by sovereign than cyclical dynamics. Encourages multi-polar reserve system. Upward pressure on UST yields. Geopolitical realignment of monetary power.

Source: (1) Bloomberg. USTs is official Treasury holdings by central banks at the Fed and non-Fed official holdings (Euroclear, Clearstream and other offshore nodes. UST data through September 2026. Gold data through July 2026.

Crowding Out Now Runs in Both Directions

The traditional concern was that government borrowing would absorb so much capital that businesses could not raise what they needed. In 2026, the reverse is also visible, with hyperscaler supply competing against Treasury issuance for the same buyers.

\$40 tn

US gov debt outstanding

~\$2 tn

*Federal budget deficit on track
for this fiscal year*

\$1 tn

*Annual debt servicing
cost alone*

Traditional crowding out

(When the Government absorbs capital)

- Massive government deficits & debt issuance
- Competes for the same capital pool
- Risk-free rate rises, raising borrowing costs for companies
- Higher rates reduce private sector business investment

Reverse crowding out

(When hyperscalers compete with Sovereigns)

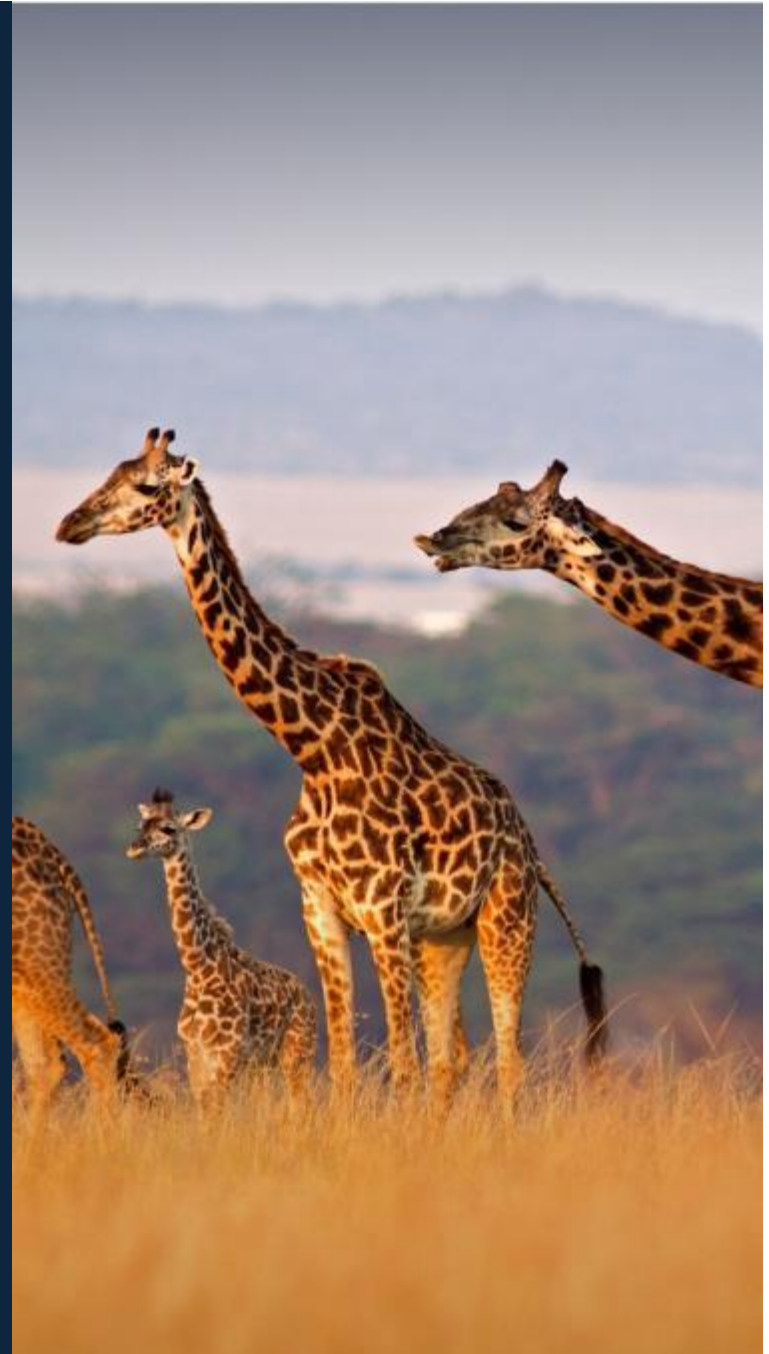
- Unprecedented volumes of corporate debt to fund AI infrastructure buildout
- Competes for the same capital pool
- High-rated corporate bonds offer attractive spreads, pulling liquidity away from gov bonds
- Sovereign yields must adjust higher to remain competitive in global bond markets

Source: Fortune, August 2026. OECD Global Debt Report 2026.

C.

More Price
Sensitive UST
Buyer Base

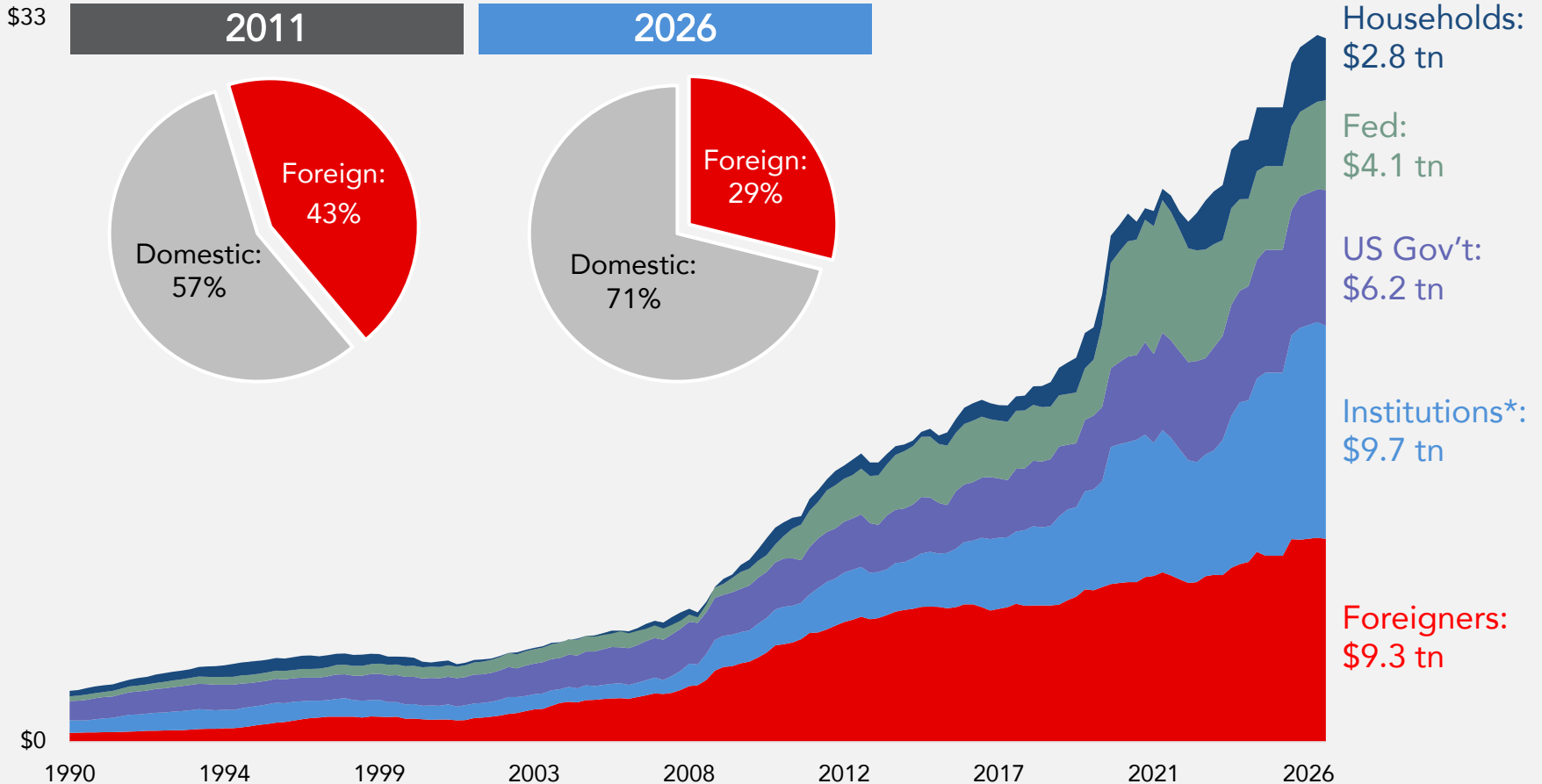
6



Structural Shifts in \$32 Trillion UST Market

Holders of US Treasury securities, USD tn

Total: \$32 tn



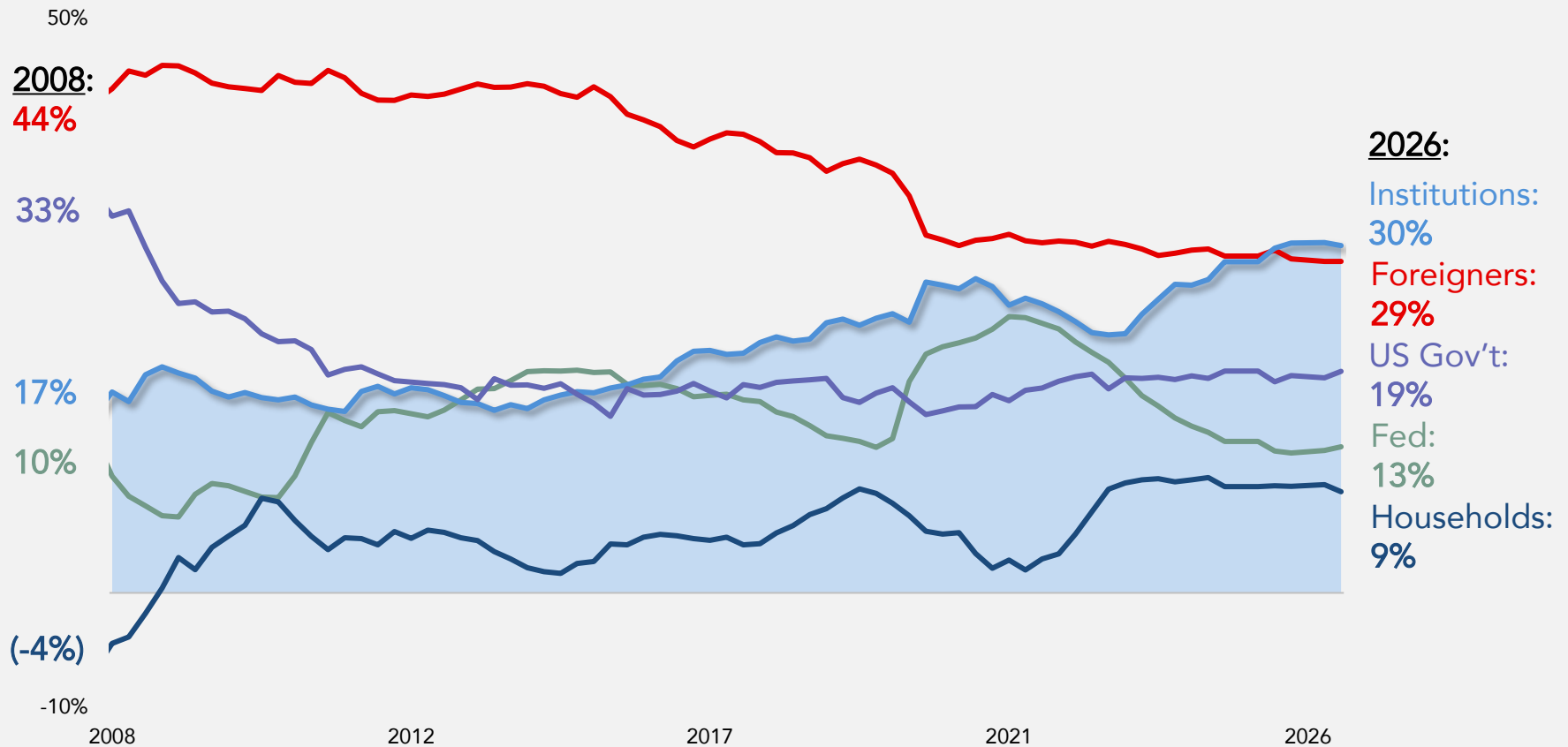
*Institutional ownership includes banks, mutual, closed-end & ETF funds, pensions, insurance, ABS issuers & broker-dealers

Source: (1) Federal Reserve. Data through Q2 2026. Financial Accounts of the United States, L.210 Treasury Securities. Gov't includes Federal, State & local governments, retirement funds and gov't sponsored enterprises. Total represents total marketable US Treasury debt.

More Price-Sensitive Institutional Buyers

As the Fed and foreign investors reduce their ownership of US Treasuries (relative to prior decades), more price-sensitive institutional funds and levered buyers have become more important in driving UST prices.

Holdings of Treasuries as a % of total Treasury debt outstanding

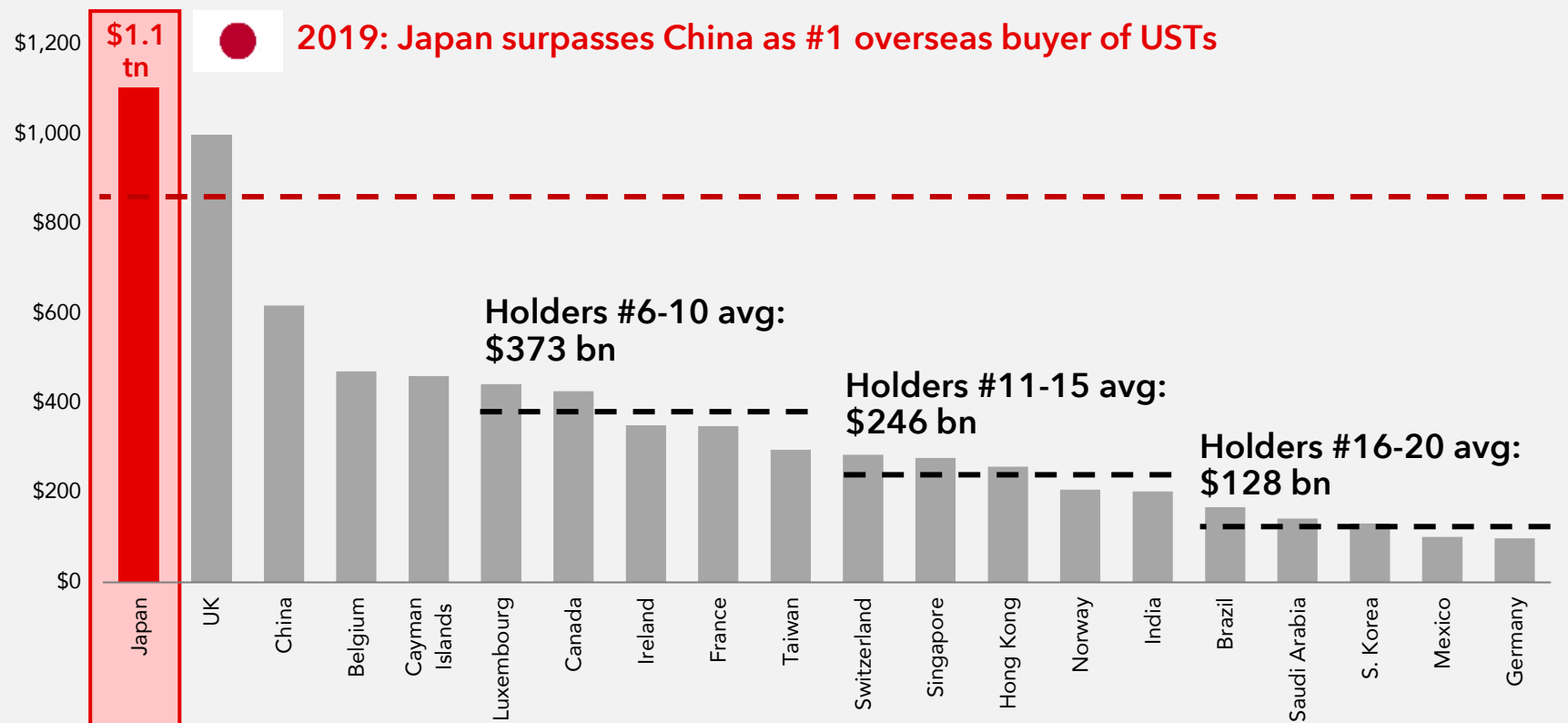


Source: (1) Federal Reserve. Data as of Q2 2026. Financial Accounts of the United States, L.210 Treasury Securities. US Government includes Federal, State & local.

Carry Trade Unwind Exerts Upward Pressure on Yields

Japan is the largest non-US holder of US Treasury securities, with a position of \$1.1 trillion that plays a structurally core role in funding the UST curve. The combination of Yen weakness, yield differentials and regulatory treatment make Japan's holdings a key macro lever: large enough that shifts in Japanese demand or policy can matter at the margin for US long-end rates.

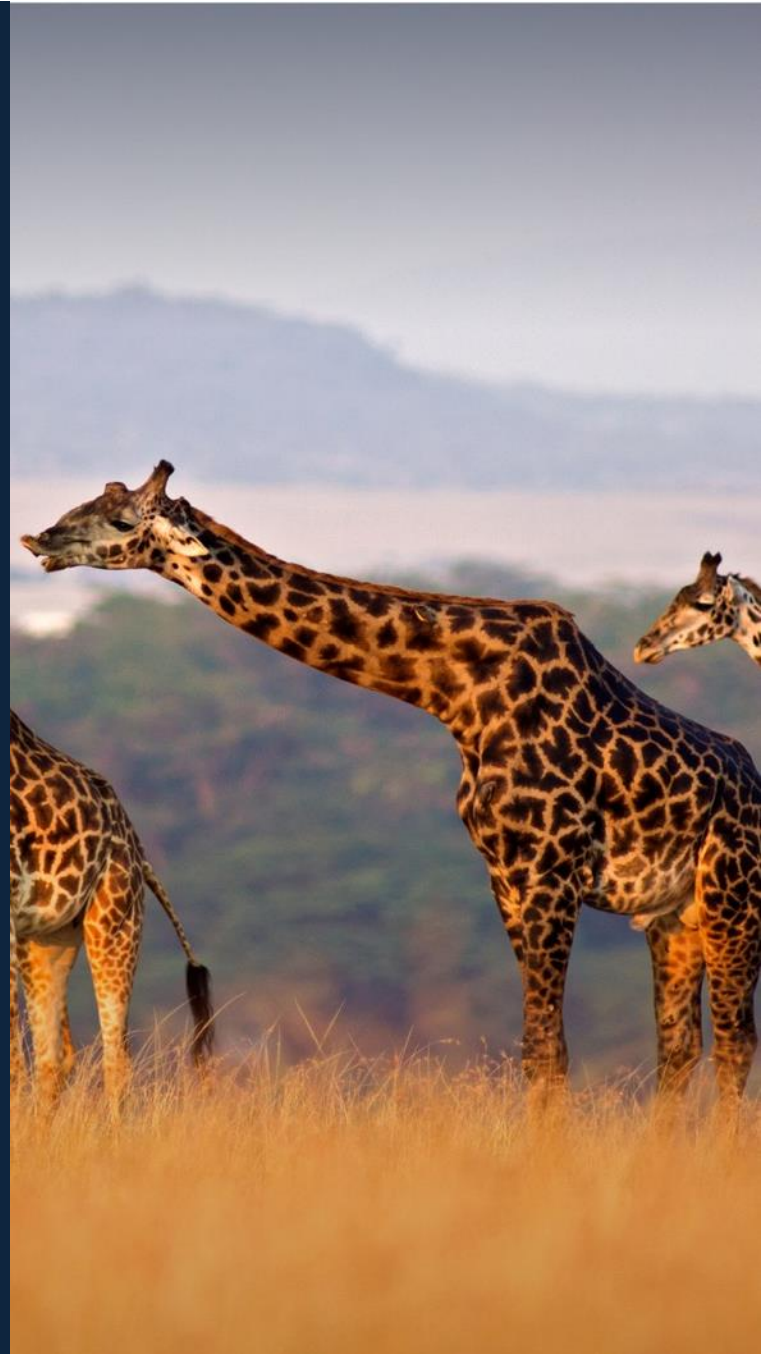
Foreign holders of US Treasury securities , USD bn



Source: (1) US Department of the Treasury. Data is latest available - July 2026. Reuters "China slips away from Treasuries but sticks with dollar bonds".

D.
Higher Risk
Premia for
Duration

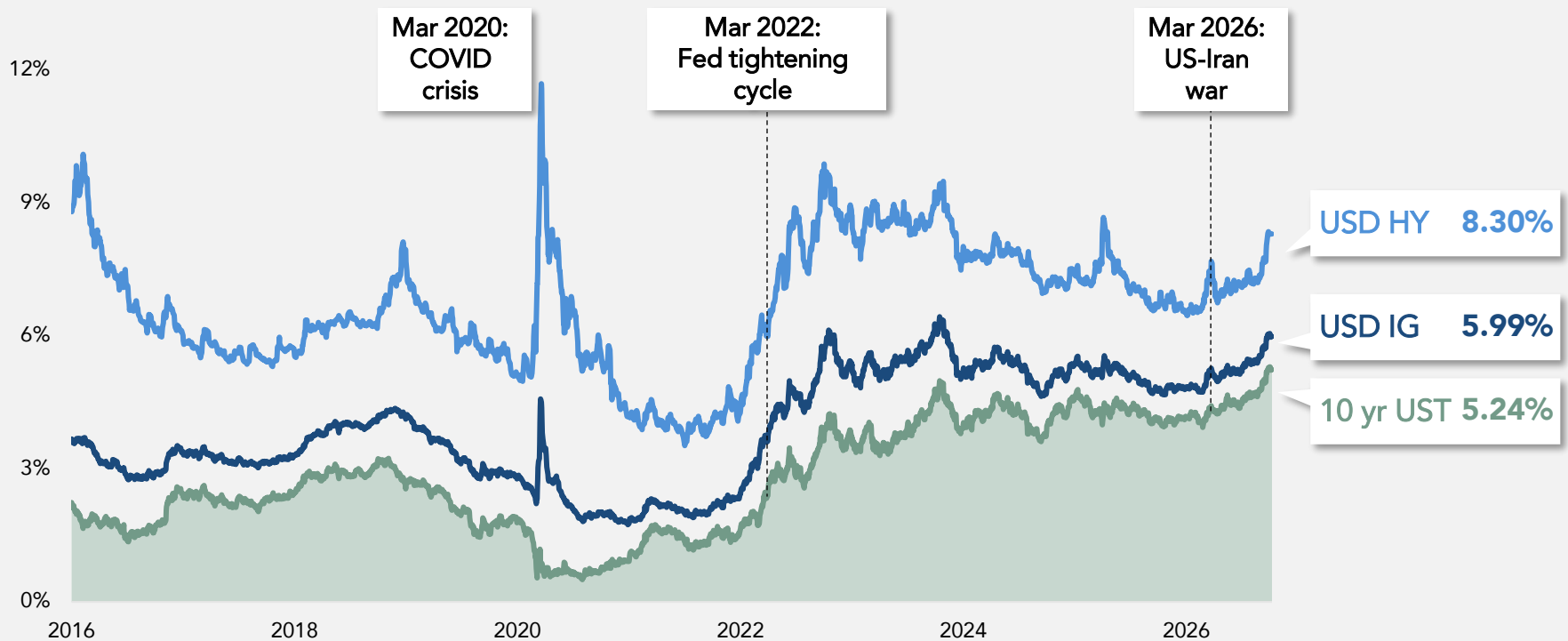
6



Yield-Focused Investors Exacerbate the Competition for Capital

Though UST yields remain elevated, credit spreads do not need to be wide to pull capital away from Treasuries. The absolute yield cushion of corporate paper allows institutional managers to better absorb short-term rate volatility, encouraging them to move down the credit spectrum rather than hold lower-yielding Treasury benchmarks. With all-in yields above 7%, high yield debt is competing with two asset classes at once: Treasuries and equities.

USD IG & HY bond yields vs. 10 yr UST

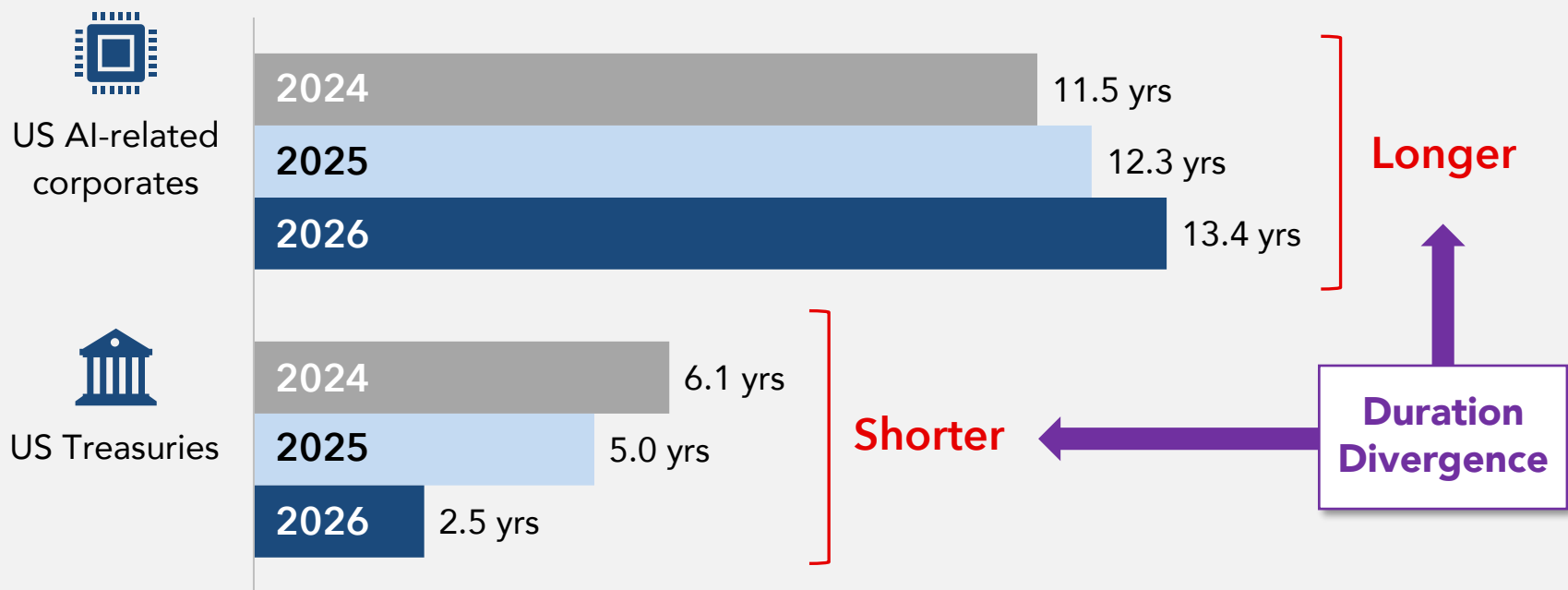


Source: (1) Bloomberg. Data as of October 13, 2026. IG & HY bond yields are yield to worst.

Paradigm Shift in Global Markets: Corporates Borrowing Longer, US Gov Shorter

The duration divergence between AI hyperscalers and US Treasuries is a dramatic shift for global markets. **Big tech have lengthened duration** to align with infrastructure lifecycles. By contrast, **the US Treasury has shortened duration** to reduce the cost of expanded issuance as well as to reduce supply-demand friction as the Fed reduces its balance sheet.

Average maturity on US bonds issued each year (net new borrowing only)

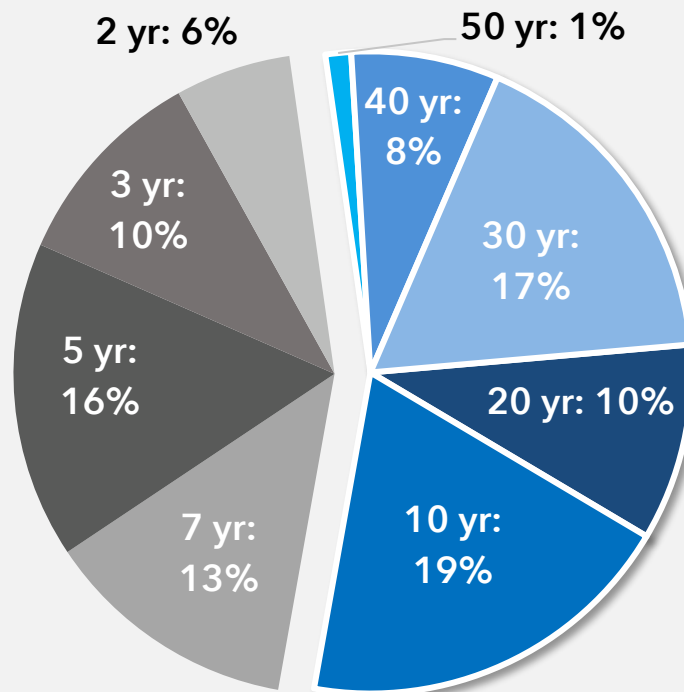


Source: (1) Financial Times, "Is the world really drowning in debt?" (Martin Wolf). Bloomberg. Data as of September 30, 2026.

AI Reshaping Duration Demand Dynamics

The rapid pivot by large cap hyperscalers from cash-funded operations to issuing long-duration debt (i.e., 10 to 100 years) **has fundamentally altered the supply-demand balance at the long end of the yield curve, creating direct structural competition** between the strong balance sheets of big tech and long-dated US Treasuries.

2026 average tenor for IG hyperscaler financings, % of total



Over 50% of 2026 tech mega-deal bond financings have a maturity of 10 – 50 yrs

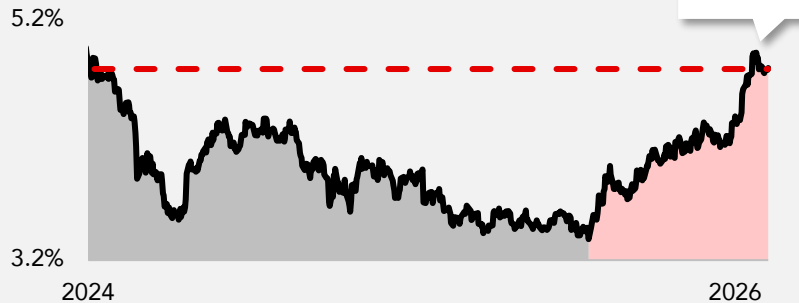
Source: (1) Bloomberg. Data as of August 26, 2026. Based on 2026 IG issuance from Amazon, SpaceX, Nvidia, Meta, Salesforce, Oracle, & Alphabet. Numbers may not add up to 100% due to rounding.

Bond Rout Deepens as US Rates Hit Multi-Decade Highs

A confluence of domestic and external variables have converged to set US rates to multi-decade highs as price sensitive institutional investors are now demanding a higher real return and larger premium for holding duration.

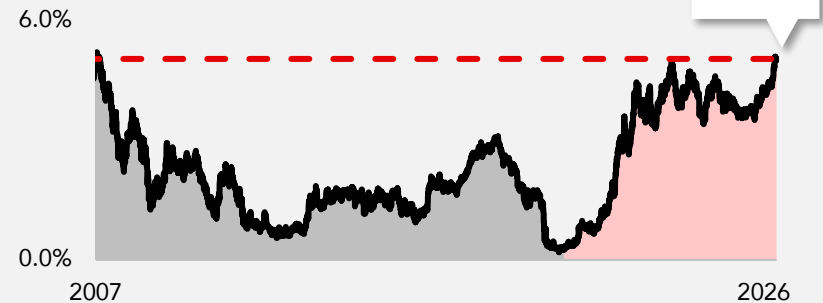
Highest since 2024

2 yr UST



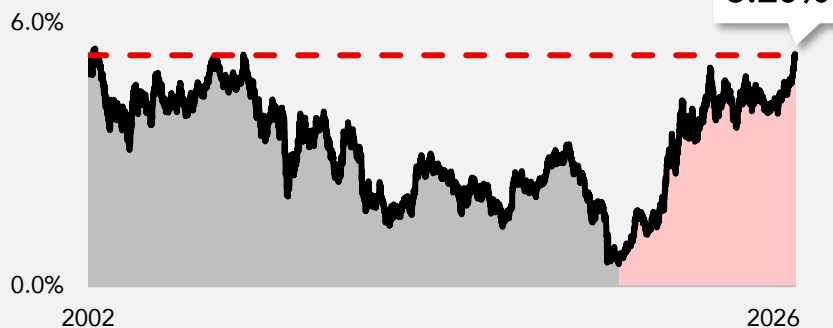
Highest since 2007

5 yr UST



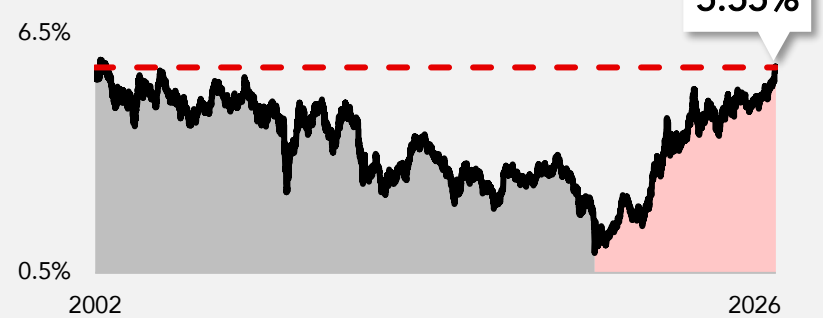
Highest since 2002

10 yr UST



Highest since 2002

30 yr UST

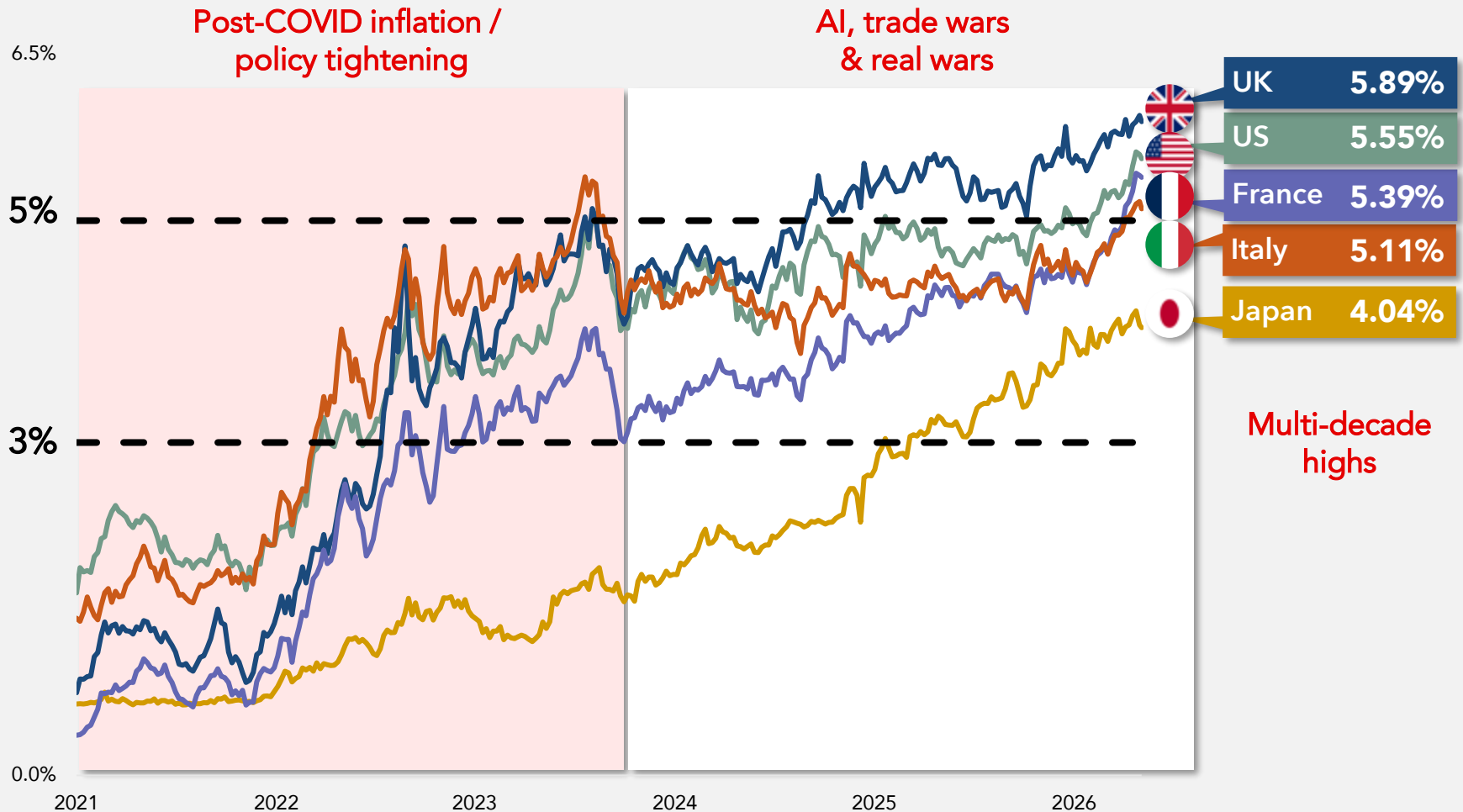


Source: (1-4) Bloomberg. Data as of October 13, 2026.

Global Markets Repricing Duration Risk



30 yr global government bond yields



Source: (1) Bloomberg. Data as of October 13, 2026.

AI Financing Is Reshaping Capital Competition

The AI buildout is changing which markets compete with each other, and the effects are now visible in duration, credit spreads and in Treasury yields themselves. When AI issuers and the Treasury both add long-dated supply at the same time, the term premium rises across both markets together.

1

AI paper is competing in the same duration buckets as Treasuries.

Long-dated hyperscaler bonds land in the same duration bucket as long government debt, and the market is already pricing in the overlap.

2

High yield AI paper is starting to compete with equities.

Double-digit coupons and convertible structures now offer equity-like returns, pulling capital that would otherwise chase growth stocks

3

AI financing is pushing Treasury yields higher.

More duration supply chasing a narrower buyer base raises the term premium across both corporate and sovereign curves at once

4

Spread widening is a leading indicator.

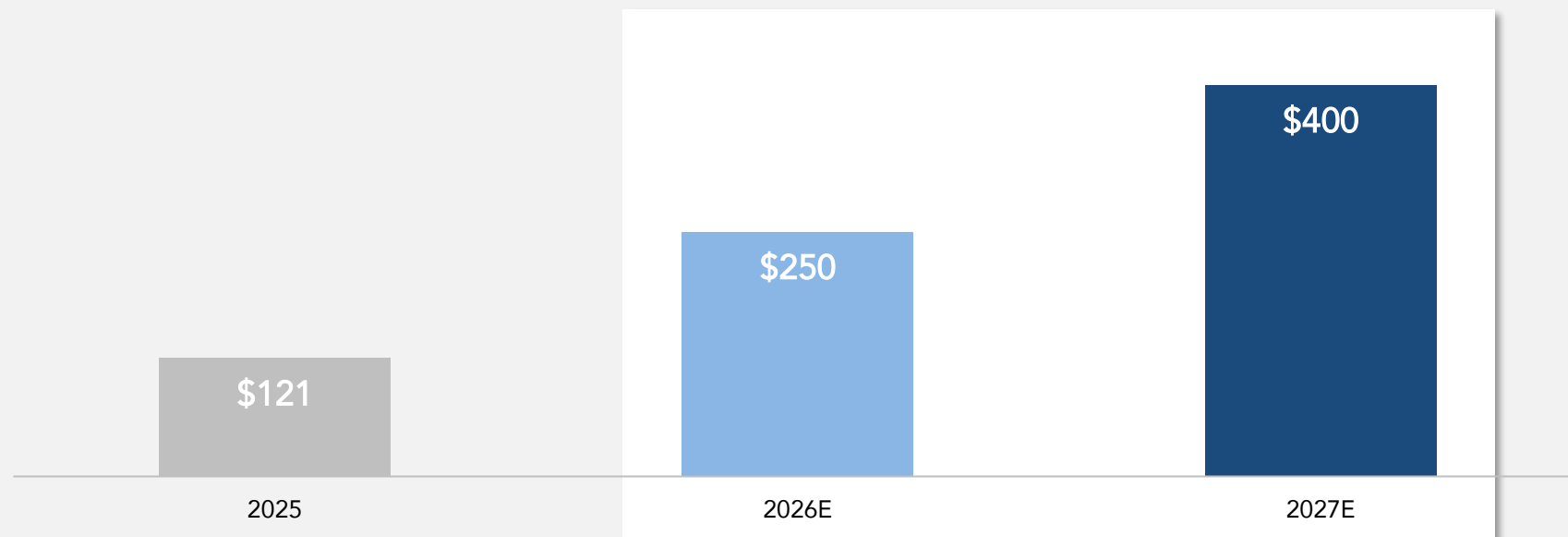
Hyperscaler bonds are the most interest-rate-sensitive corner of the market, so they reprice first, and Treasury yields typically follow with a lag as the same investors reassess duration across their whole portfolio

Source: (1-3) Vanguard, JPMorgan Asset Management, Goldman Sachs, Reuters. Data as of July and August 2026.

The Pressure on Yields Is Set to Build, Not Fade

Every forecast for hyperscaler issuance points the same direction: sharply higher. If yields are already responding to the pace of 2026 supply, the acceleration projected for 2027 is the number to watch.

Big 5 hyperscaler bond issuance, USD bn



\$300 - \$570 bn

Range of estimated total AI-related debt issuance across the wider ecosystem in 2026

\$1 tn

Annual US Treasury debt servicing cost, itself refinanced through new issuance

Source: (1-2) Goldman Sachs, cited in Reuters/Remio, August 2026. (3) Vanguard, "The AI buildout comes to the bond market", July 2026.



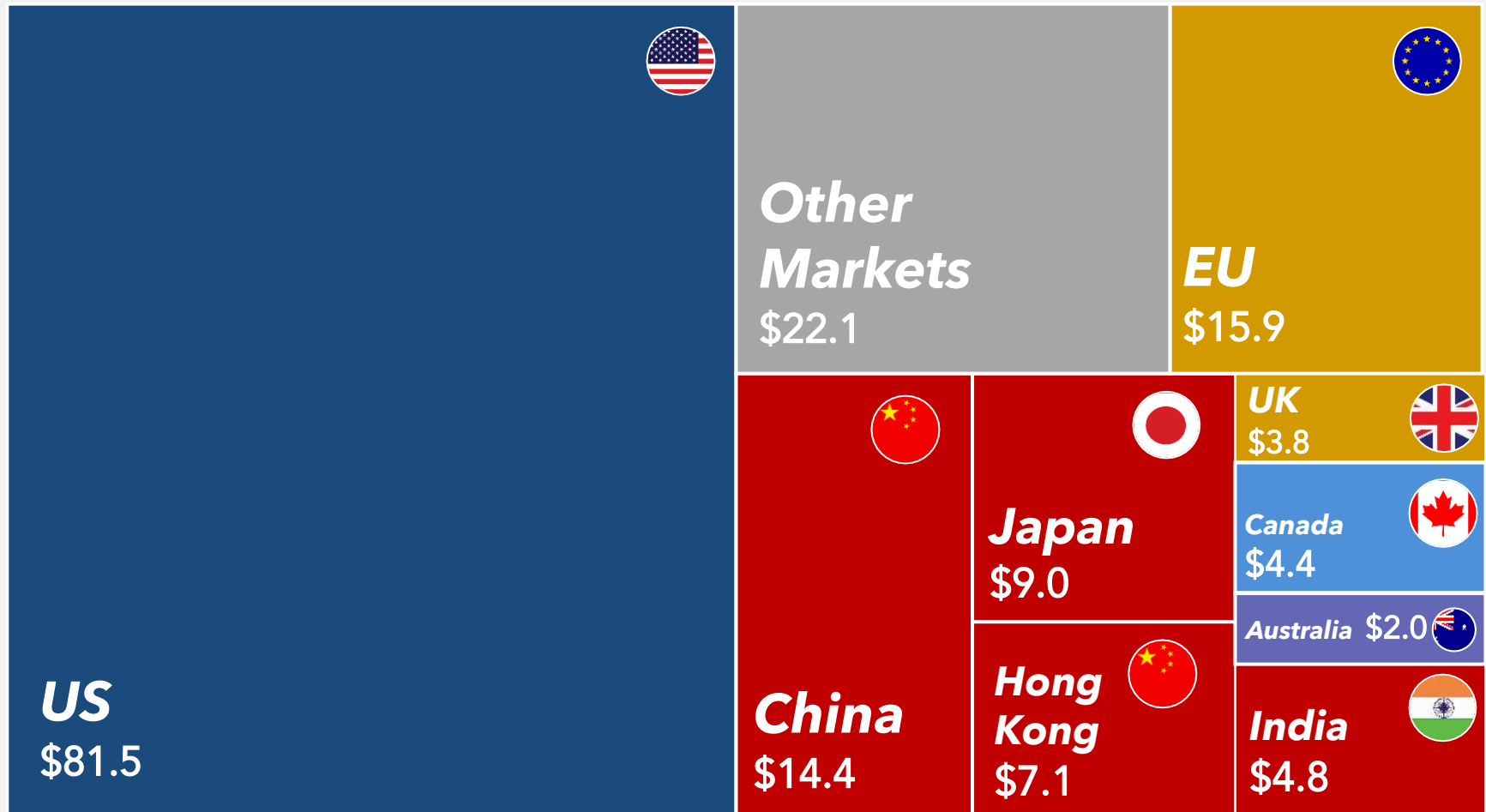
7 Reversing Two Decades of De-equitization

Deep, Liquid Global Equity Markets



Global equity market cap share, USD tn

49% of total



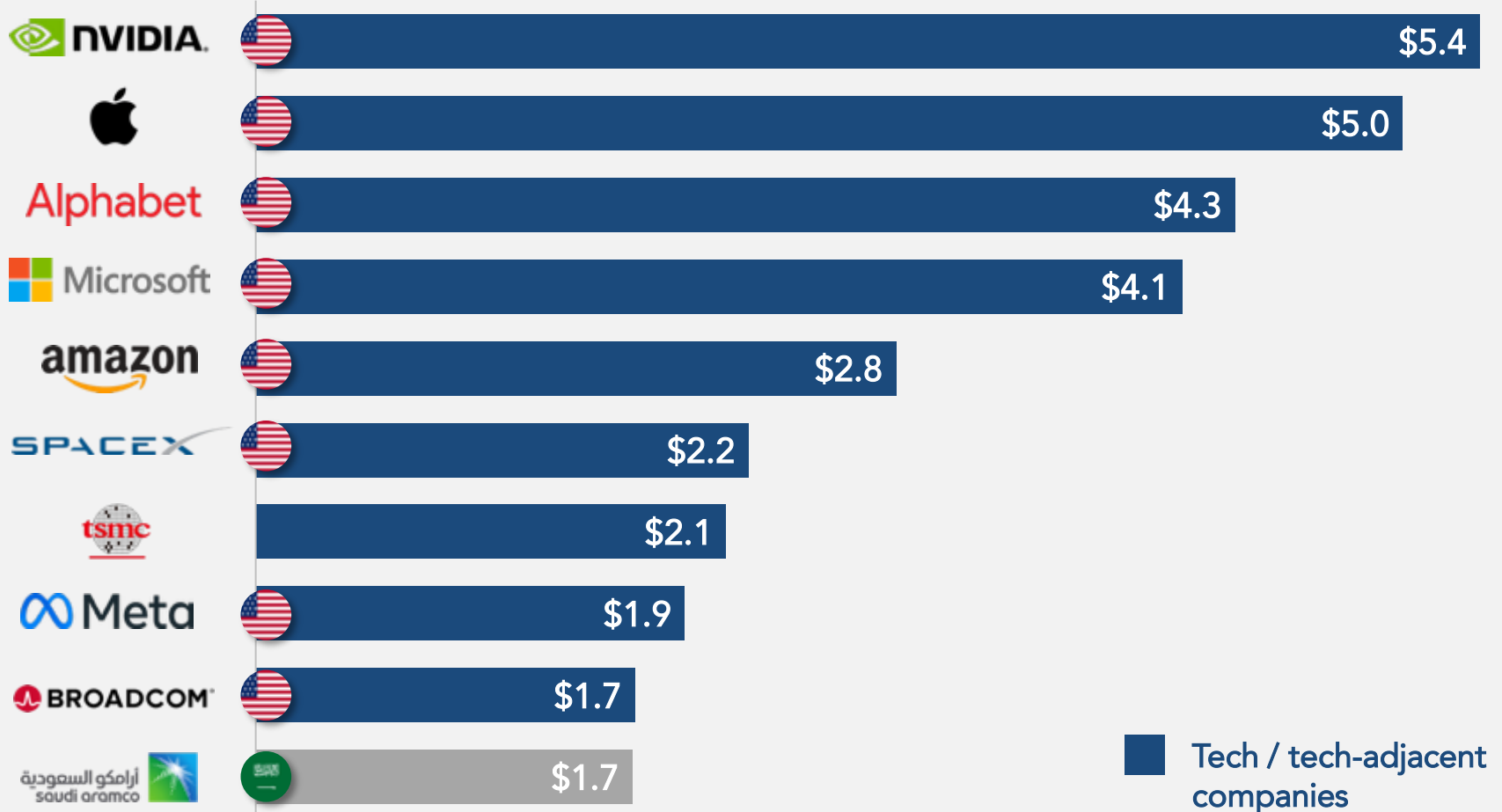
Source: (1) Bloomberg. Data as of October 2026.

Observations on AI Equity Financed Scale Capital

- 1 Redefines historical parameters for **valuation and capital raising size**
- 2 Strengthens and preserves headline **leverage and ratings**
- 3 Use of blended structures to **optimize execution** (equity, dual class stock, converts, ATM, privates)
- 4 AI economics resetting valuations, prioritizing **cash flow optionality** over near-term profitability
- 5 **Convertible bonds** diversify market access, lower coupons and defer equity dilution at higher price
- 6 IPO & equity issuance resurgence **reversing two decades of de-equitization** via buybacks

AI Redefining Market Valuations

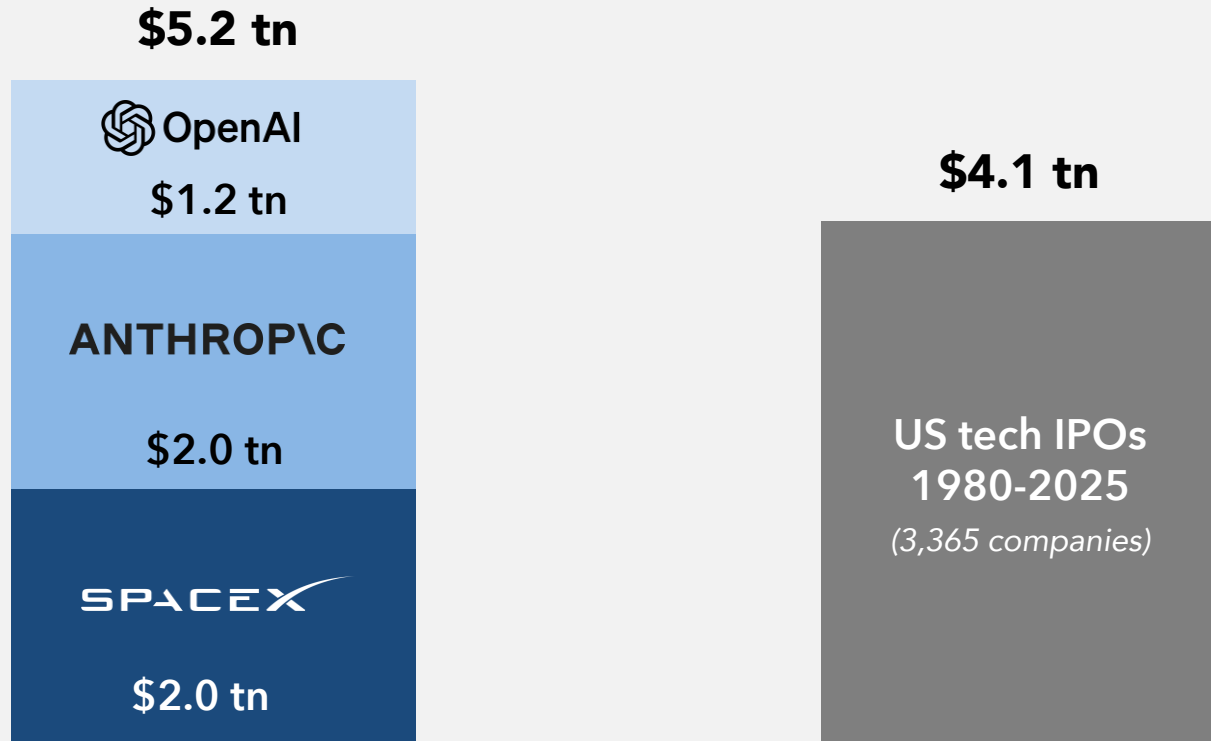
World's largest companies by market cap, USD tn



Source: (1) Bloomberg. Data as of October 13, 2026.

Historic Transition from Private to Public

US tech IPO valuations, USD tn



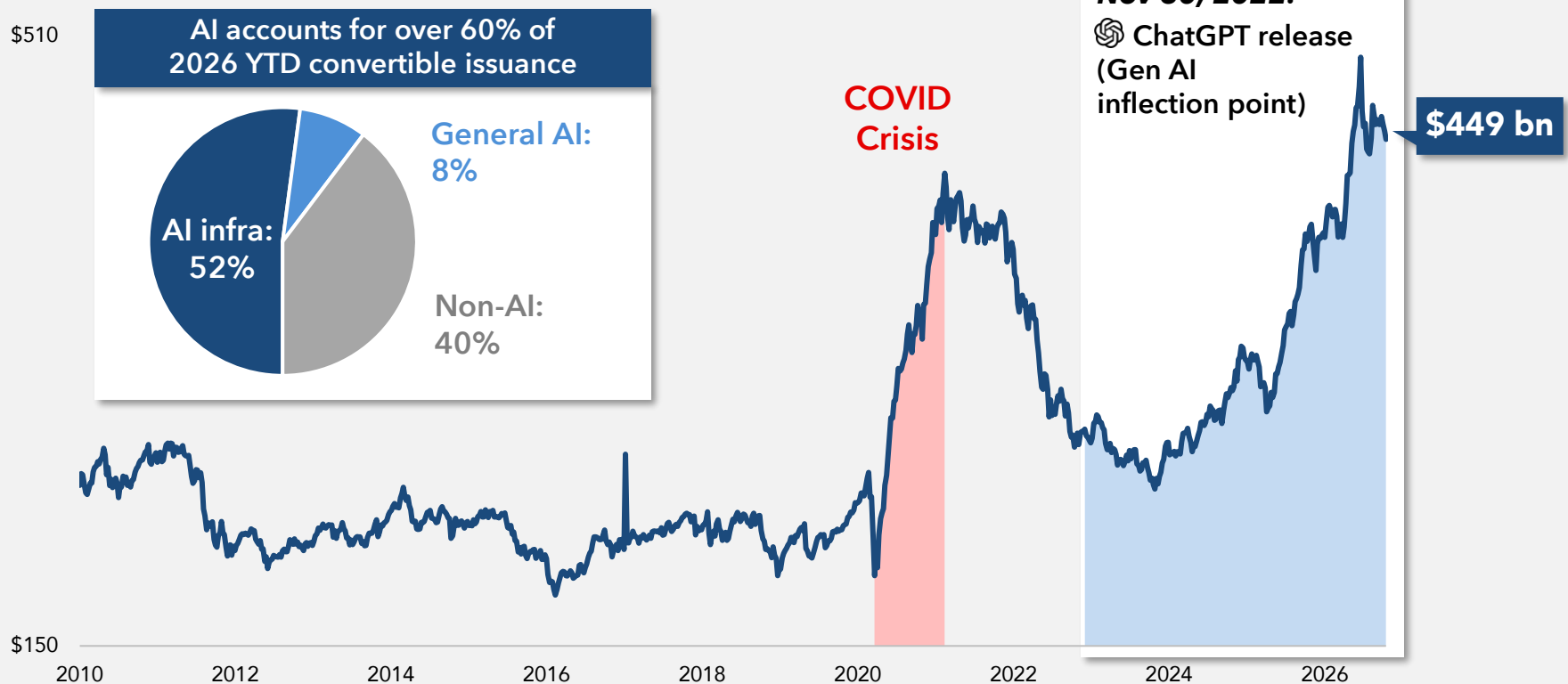
3 new tech companies > 45 years of IPO volumes

Source: (1) Financial Times, "Has AI broken the old VC model?" (Richard Waters). University of Florida Warrington College of Business (Jay Ritter). Anthropic and OpenAI IPO valuations based on news announcements.

AI Drives Structural Surge in Convert Issuance

AI's expansion is fueling a structural surge in convertible bond issuance, both in terms of larger deal sizes and overall market volumes. In a relatively high-rate environment, straight debt is expensive and equity issuance dilutes. Convertibles offer an alternative funding source amidst saturated financing markets, with the additional benefit of lower coupons and deferred / diluted equity at higher conversion prices.

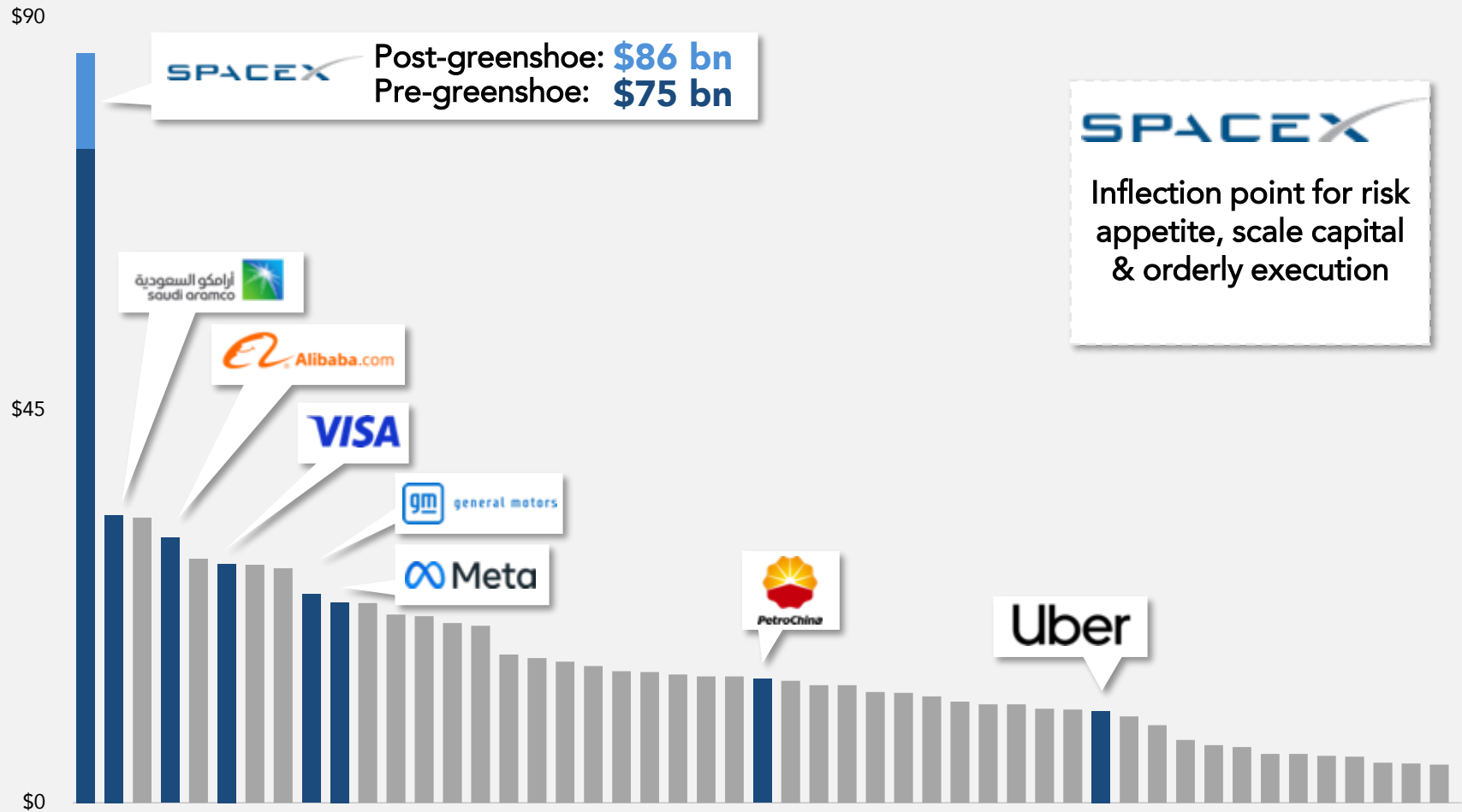
US convertible full market value, USD bn



Source: (1-2) Bloomberg. Index is Bloomberg US convertibles composite. WSJ Research. Barclays Research. Data as of October 13, 2026.

SpaceX Reset the Upper Bound for IPOs

50 largest IPOs in history by offer size, USD bn



Source: (1) Company filings. Offer size is 2026 US dollars. Data as of October 2026.

Big Tech Redefined Scale of Equity Financing

All-time largest equity financings, USD bn

	2026	IPO	\$86
	2026	Equity & equity-linked issuance	\$85
	2010	Stock sale	\$70
	1987	Stock sale	\$37
	2019	IPO	\$29
	2026	ADR	\$27
	2014	IPO	\$25
	2016	IPO	\$24

Source: (1) Company filings. All IPO offerings include greenshoe option.

A large group of dolphins, likely bottlenose dolphins, are captured in mid-leap from the surface of a deep blue ocean. The dolphins are scattered across the frame, from the foreground to the horizon, creating a sense of dynamic movement. Each dolphin's body is arched, and white water splashes are visible around their tails and heads. In the background, a range of low, hazy mountains stretches across the horizon under a clear, pale sky. The overall scene conveys a sense of natural beauty and the power of marine life.

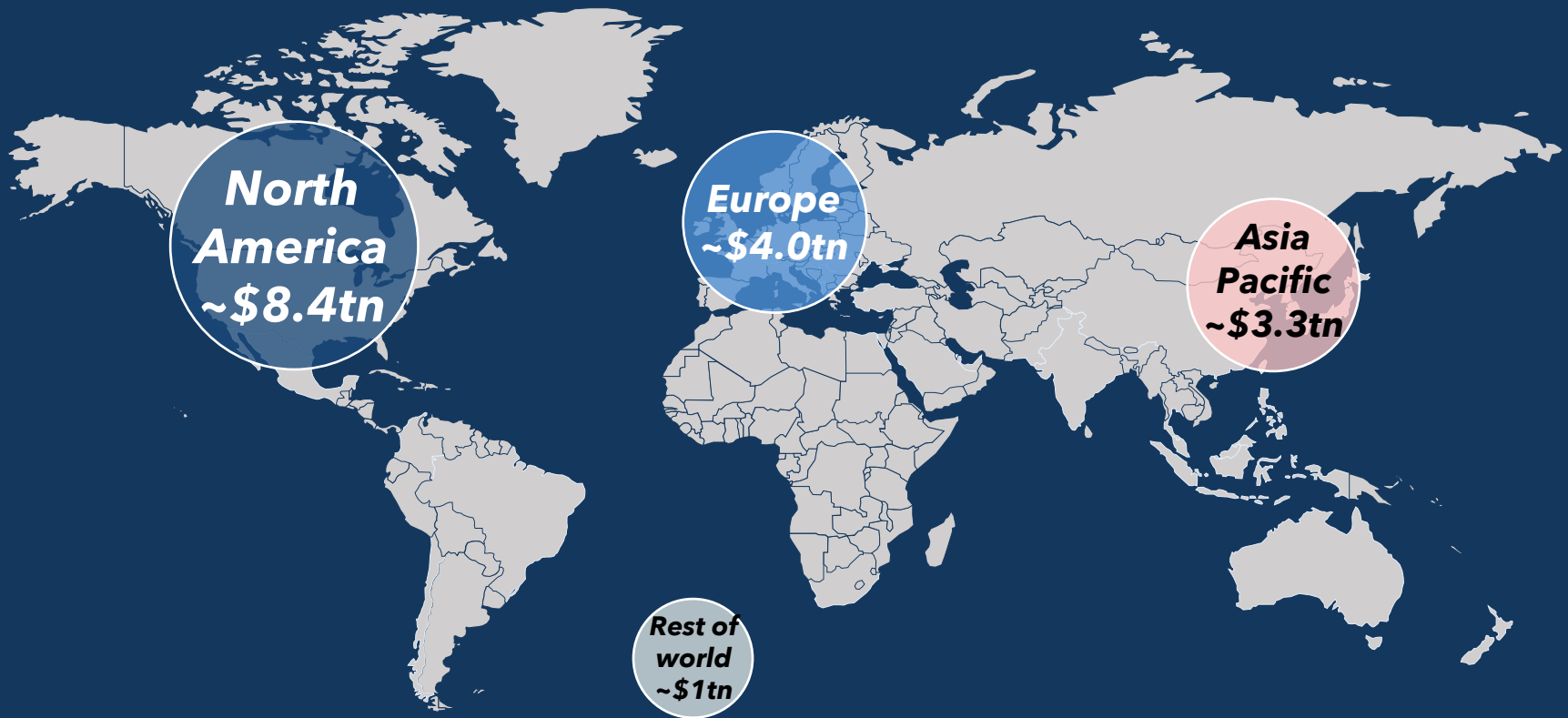
8

Private Capital Moves from Margin to Core

World's Largest Private Capital Markets

The formidable \$16 trillion pool of global private capital has a distinct structural concentration, with the **US driving the vast majority of depth in mega-cap PE, venture capital (VC) and direct lending platforms**. Europe offers the world's 2nd most mature private capital markets with Asia-Pacific and the rest of world navigating expansion amidst evolving geopolitical and macro shifts.

Asset deployment breakdown by region



Source: Franklin Templeton, "Creative Disruption: Private Markets in 2026." Preqin. Future of Alternatives 2029 Report. Estimates as of October 2025. 2025 and 2026 are forecasts.

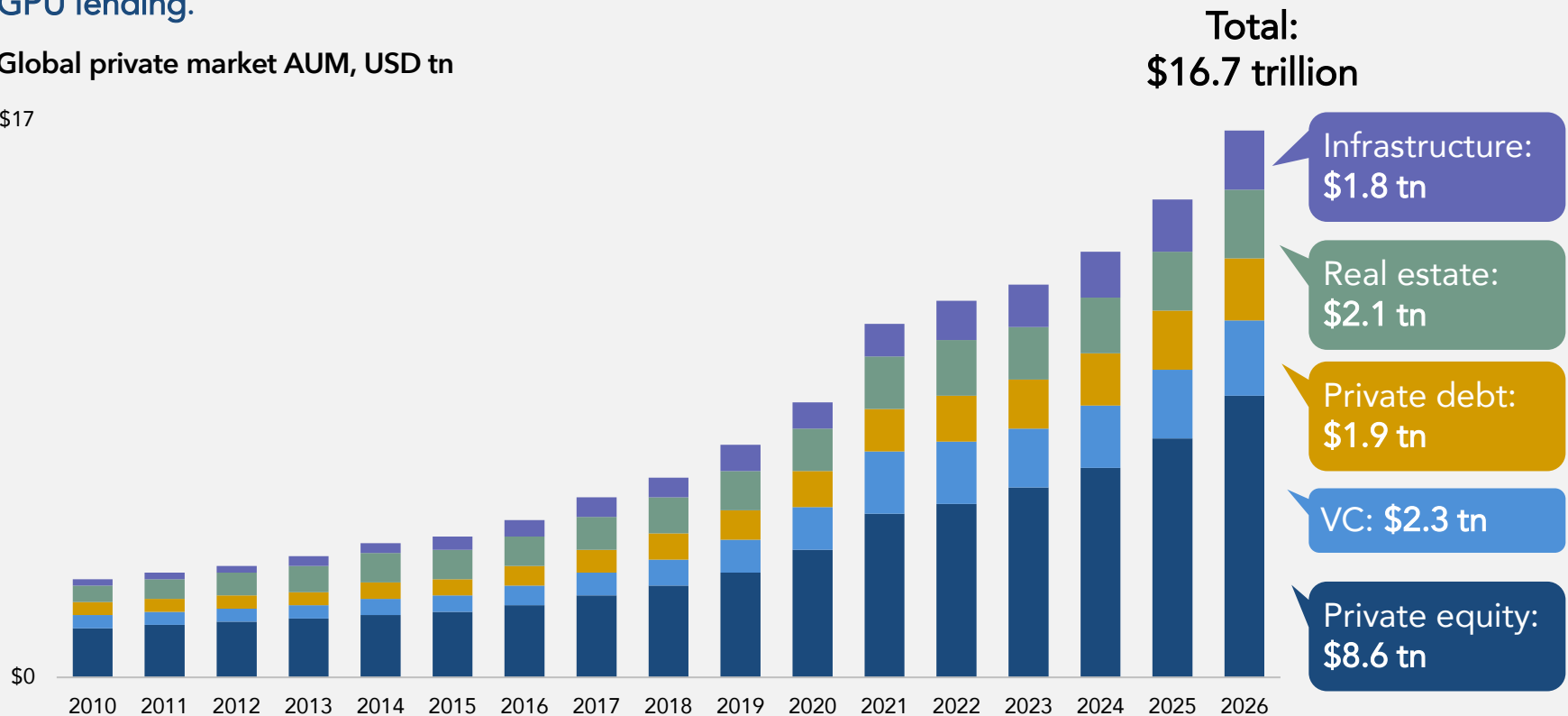
Over \$16 Trillion of Private Capital Globally



With over \$16 trillion of AUM, private capital platforms – spanning private equity, private credit, VC, real estate & infrastructure – act as **unconstrained financial engines** for high-alpha, bespoke corporate and real-asset financing. **Unburdened by daily mark-to-market constraints and strict regulatory bank capital rules**, private capital managers operate with patient, long-term capital. Notably, private capital has become the single primary financier powering the physical buildout of the global AI ecosystem including **gigawatt data center project finance, energy & grid infrastructure partnering and asset-backed GPU lending**.

Global private market AUM, USD tn

\$17

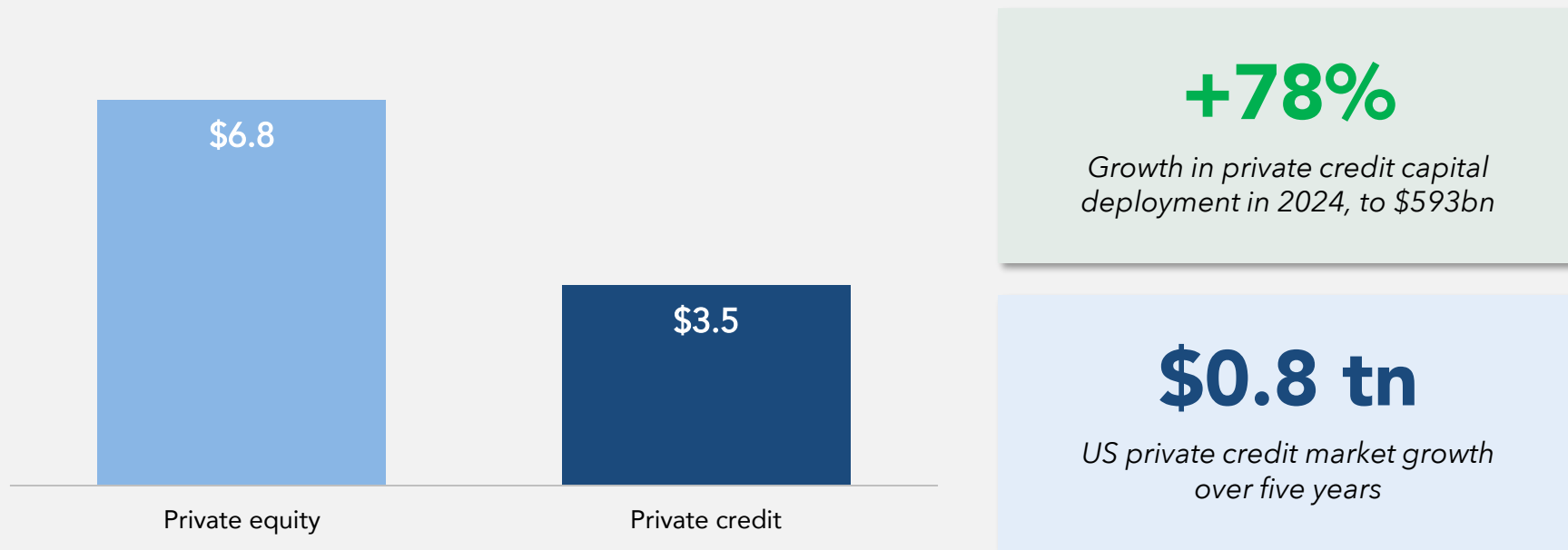


Source: Franklin Templeton, "Creative Disruption: Private Markets in 2026." Preqin. Future of Alternatives 2029 Report. Estimates as of October 2025. 2025 and 2026 are forecasts.

Private Credit Has Moved from the Margin to the Core

Over the past decade private credit has evolved from a niche corner of shadow banking into a direct alternative to public issuance. Direct lending alone now matches the broadly syndicated loan market in size.

Private capital assets under management in 2025, USD tn



Why this competes directly with public markets. Direct lending now matches the broadly syndicated loan market at \$1.5tn to \$2tn. Private credit has also expanded beyond direct lending into asset-backed finance, infrastructure debt, real estate debt and specialty finance, reshaping how large public companies access financing.

Source: (1-2) Fortune Business Insights. (3, 5) Alternative Credit Council and AIMA, "Financing the Economy 2025". (4) Moody's, Private Credit Outlook 2026. (6) Cleary Gottlieb, Outlook for Private Credit in 2026.



2026 Global GDP Forecast Changes



GDP growth forecasts, y/y (January 2026 vs. October 2026)

Region	Jan 2026	Oct 2026	
North America			
US	2.5%	2.4%	↓
Mexico	1.4%	1.5%	↑
Canada	0.9%	1.1%	↑
Eurozone			
Spain	2.4%	2.7%	↑
Germany	0.7%	1.0%	↑
Italy	0.6%	0.9%	↑
France	0.8%	0.4%	↓
Other Europe			
Poland	3.8%	3.3%	↓
Sweden	2.4%	2.4%	—
Switzerland	0.9%	2.1%	↑
Norway	2.2%	1.4%	↓
UK	1.0%	1.3%	↑
Russia	(-0.1%)	0.6%	↑
LatAm			
Colombia	3.0%	2.9%	↓
Brazil	1.6%	1.9%	↑
Argentina	2.3%	1.0%	↓
Chile	2.2%	(-0.1%)	↓

Region	Jan 2026	Oct 2026	
MENA			
Iran	2.1%	?	↓
Israel	4.2%	4.4%	↑
Saudi Arabia	4.3%	(-4.5%)	↓
UAE	4.5%	(-1.9%)	↓
Qatar	6.4%	(-14.1%)	↓
Kuwait	3.4%	(-21.2%)	↓
Oman	2.3%	3.2%	↑
Bahrain	3.0%	(-16.6%)	↓
Egypt	4.9%	4.6%	↓
Türkiye	3.0%	2.4%	↓
APAC			
India	6.5%	7.5%	↑
Singapore	3.1%	5.3%	↑
Indonesia	5.1%	5.1%	—
China	4.5%	4.6%	↑
South Korea	2.1%	3.4%	↑
Philippines	5.4%	3.0%	↓
Thailand	1.5%	2.1%	↑
Australia	2.5%	2.0%	↓
Japan	0.7%	0.6%	↓

Source: (1) Oxford Economics. Data as of October 13, 2026. Bahrain, Iran, Israel Jan 2026 forecast is Bloomberg consensus.

Global Currency Forecasts

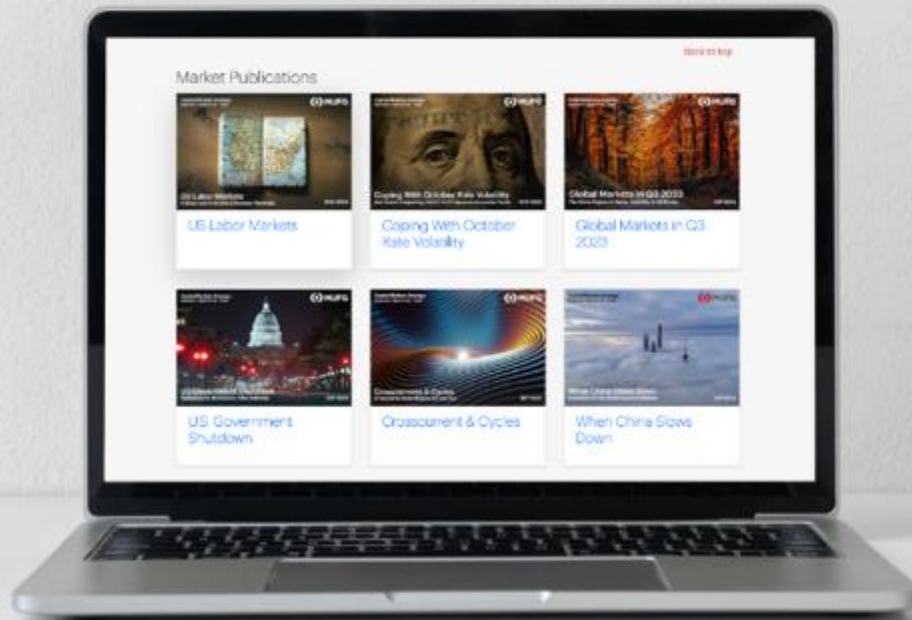
Currency pair	Spot (Oct 13)	Q4 2026	Q1 2027	Q2 2027	Q3 2027
EUR / USD	1.12	1.12	1.14	1.16	1.18
GBP / USD	1.32	1.31	1.32	1.33	1.35
USD / JPY	158	155	153	151	149
USD / CNY	6.69	6.65	6.60	6.55	6.50
AUD / USD	0.70	0.70	0.71	0.72	0.73
NZD / USD	0.56	0.57	0.58	0.59	0.60
USD / CAD	1.42	1.42	1.40	1.38	1.36
USD / NOK	9.53	9.73	9.65	9.57	9.41
USD / SEK	9.98	10.18	9.91	9.57	9.32
USD / CHF	0.83	0.85	0.83	0.81	0.78
USD / MXN	18.33	18.00	17.75	17.40	17.00
USD / BRL	5.01	5.25	5.15	5.00	4.90
USD / CLP	981	980	960	940	900

Source: (1) Bloomberg. MUFG Foreign Exchange Outlook - October 2026 (Derek Halpenny). Data as of October 13, 2026.



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Role

Tom Joyce is a Managing Director and Capital Markets Strategist within MUFG's global capital markets and investment banking business. Based in New York, Tom heads a team that creates customized analytical content for multi-national S&P 500 companies. His team provides in depth analysis on the impact of economic, political, public policy and regulatory dynamics on the US credit, foreign exchange, rates and commodities markets.

Experience

Tom has over 30 years of Investment Banking experience in New York, London, Hong Kong, and San Francisco. Tom created and built the Capital Markets Strategy role, advising corporate C-Suite executives (Boards, CEOs, CFOs, and Treasurers) on the pervasive macro forces driving markets. Tom also presents at dozens of corporate events each year including Board meetings, CEO ExCo sessions, CFO and Treasury off-sites, corporate leadership events and conferences.

Education

Tom's educational background includes a year of study at Oxford University from 1991 - 1992, a Bachelor of Arts in Political Science from Holy Cross College in 1993, and a MBA from Kellogg Business School, Northwestern University in 2000.

Personal

Tom resides in New Canaan, CT with his wife and four sons, where he previously served on the Board of Trustees of the New Canaan Library. Tom also serves on the President's Council of Holy Cross College.

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Experience

Stephanie has spent nearly 10 years as a Capital Markets Strategist. She is an active member of the University of Michigan recruiting team and is focused on the diversity recruiting effort at MUFG. Stephanie is also a part of MUFG's DEI, Culture & Philanthropy (DCP) Council.

Education

Stephanie graduated with honors from the University of Michigan's Ross School of Business with a BBA .

Personal

Stephanie is involved in NYC's iMentor program, mentoring high school students with their journey to college graduation. She also volunteers at Experience Camps, a free summer camp program for grieving children, as the associate program director.



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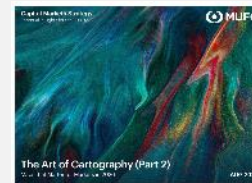
Angela Sun is an Associate in MUFG's Capital Markets Strategy group within the global capital markets and investment banking business. The team provides market based content for corporate clients to assist in strategic decision making. Focus areas include the impact of economic, political, public policy and regulatory dynamics on the US credit, foreign exchange, rates and commodities markets.

Experience

Angela previously interned at MUFG working in Capital Markets within the Equity Capital Markets and Leveraged Finance divisions. She is also an active member of the Carnegie Mellon University recruiting team.

Education

Angela graduated with honors from Carnegie Mellon University's Tepper School of Business with a BS in Business Administration with an additional major in Statistics and a minor in Media Design. She was a member of Alpha Kappa Psi business fraternity and the Undergraduate Entrepreneurship Association.



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