CAIS Advisors

CAIS Advisors

Alts Snapshot

Q1 2026

CIO Note

A few weeks ago, we published our Alts Snapshot outlining our asset class views. In light of recent macroeconomic developments, we are providing additional context while maintaining the overall directionality of our positioning.

Continuously Offered Closed-end Fund Liquidity: Feature, Not a Bug

Recent headlines around redemptions from continuously offered closed-end structures or commonly called “semi-liquid funds”, such as non-traded BDCs, warrant a return to first principles. Investors allocate to illiquid asset classes to capture a potential **illiquidity premium**, an incremental return over public liquid markets. Continuously offered closed-end fund structures are designed to provide access to this premium while offering periodic, capped repurchases. Importantly, that liquidity framework is intended to accommodate idiosyncratic redemptions, not broad, systemic withdrawals.

Two scenarios clarify the distinction:

- **Idiosyncratic need:** An individual investor requires liquidity while the broader investor base remains stable. The structure is designed to accommodate this.
- **Systemic demand:** A large portion of investors seek liquidity simultaneously.

Headlines tend to focus on the latter. However, when systemic redemption pressure emerges, limiting liquidity is consistent with the duration of the underlying assets. This discipline protects portfolio integrity and aims to preserve the illiquidity premium investors sought in the first place.

In that context, limited liquidity is an inherent structural characteristic of the vehicle.

The Shrinking Public Market and Broader Equity Exposure

Public equity markets continue to narrow. Performance has become increasingly concentrated, with the top 10 stocks now representing more than 35% of the S&P 500. At the same time, the number of publicly listed companies has declined materially over the past several decades.

Capital formation has not slowed—it has shifted. Private markets now fund companies across their lifecycle, including later-stage growth. With deep pools of private capital available, many businesses are delaying or foregoing IPOs. Stripe’s ability to raise more than 20 private funding rounds illustrates how significantly this dynamic has evolved.[1]

As public markets concentrate and private markets expand, diversification increasingly requires exposure beyond traditional large-cap equities.

Sources: (1) Pitchbook “Stripe Historical Deal Activity” as February 24th 2026

CIO Note

A few weeks ago, we published our Alts Snapshot outlining our asset class views. In light of recent macroeconomic developments, we are providing additional context while maintaining the overall directionality of our positioning.

Private Credit for the Long Run

Despite episodic volatility, private credit remains both a durable asset class and a core capital markets function.

That durability is reflected in market activity: direct lenders issued an estimated $81.4 billion to finance buyouts in 2025—the highest level in five years—and survey data show demand for private credit loans continues to outpace supply, underscoring its entrenched role in corporate financing.[1]

Credit differs fundamentally from equity. It is contractual and maturity-based, providing defined duration and structural protections through its position in the capital stack. Over time, coupon payments and amortization allow investors to de-risk through realized cash flows.

Private credit will continue to finance companies navigating disruption and innovation alike. As with traditional credit markets, allocations should emphasize diversification and disciplined manager selection. Underwriting rigor and prudent capital allocation are paramount, and dispersion at the position level should be expected.

AI, Software & Labor Market Dynamics

AI's impact on employment and software valuations remains central to investor debate. While concerns around job displacement are widespread, labor market effects are likely to be uneven rather than uniformly negative. Automation-intensive sectors may face hiring pressure, while productivity gains and operating efficiencies may support broader output and margins.

Recent data highlights this complexity. Software engineering job postings have increased year-over-year, suggesting AI adoption may be augmenting demand for specialized talent rather than broadly replacing it.

Software itself is heterogeneous. Commoditized segments may face pricing pressure as AI lowers barriers to entry. Conversely, mission-critical, workflow-integrated, and vertically specialized platforms may increase in value as AI enhances functionality and embeds more deeply into enterprise operations.

Dispersion—not blanket disruption—is the defining theme.

Sources: (1) PitchBook | LCD, US Credit Markets Quarterly Wrap – Fourth Quarter 2025, published May 1, 2026.

Sizing Up the Investment Landscape for Alternatives

In an uneven market environment, the role of alternatives in portfolios will likely be less about chasing upside and more about resilience, income quality, and differentiated return drivers.

Challenges

- Elevated public market valuations increase sensitivity to earnings, rates, and policy shocks, reducing the margin for error across risk assets.[1]
- Uneven economic growth and persistent rate uncertainty complicate underwriting and raise dispersion across sectors, issuers, and asset classes.[1]
- Tight public credit spreads alongside rising supply reduce the margin for error, heightening refinancing and idiosyncratic credit risks.[2]
- Liquidity constraints and longer exit timelines in private markets may extend holding periods and increase reliance on manager execution.[3,4]

Opportunities

- Assets supported by durable, contracted cash flows and pricing power may offer greater resilience in an environment of uneven growth and inflation uncertainty.[5]
- Private credit strategies with strong underwriting and structural protections may benefit as markets shift from scarcity to selectivity.[2]
- Operational value creation and sector selectivity in private equity can drive returns when multiple expansion is less reliable.[4]
- Active and relative-value strategies may capitalize on valuation gaps and episodic volatility as market outcomes become more asymmetric.[1]

(1) Goldman Sachs Global Investment Research, Global Markets Analyst: Markets Outlook 2026 – Some Like It Hot, December 2025 (2) Apollo, 2026 Credit Outlook: From Scarcity to Selection—The Return of a Buyer's Market, January 2026 (3) Preqin, Private Markets in 2030, 2025 (4) PitchBook, 2026 US Private Equity Outlook, Dec 3, 2025 (5) Brookfield, 2026 Investment Outlook

CAIS Advisors Alts Snapshot

Implications of Ongoing Market Shifts on Alts

	Public Equity Valuations	Public Market Volatility	Credit	Real Economic Growth	Interest Rates	Inflation
What We're Watching	Public equity valuations remain elevated and narrowly supported, while repricing risk has become more asymmetric.[1]	Periods of calm are punctuated by abrupt repricing as elevated valuations and market concentration reduce tolerance for disappointment.[1,2]	Credit spreads remain tight despite rising issuance, masking growing issuer-level dispersion as selectivity around quality, leverage, and refinancing risk increasingly drives outcomes.[3]	US growth has remained resilient but uneven, with headline GDP supported by concentrated drivers even as underlying momentum remains choppy and sensitive to shocks, rates, and cost pressures.[2]	Policy rates may remain higher for longer and long-term yields volatile, as central banks balance cooling inflation against fiscal pressures, wage uncertainty, and shifting views on "normal" cost of capital.[2]	Inflation has moderated from recent highs but remains uneven, as services, wages, and policy-related risks suggest volatility may persist even as the broader trend improves.[2]
Implications in Alts	Strategies emphasizing downside protection and lower equity sensitivity may be better positioned. Valuation dispersion continues to create selective alpha opportunities.[1]	Episodic volatility may elevate correlations during stress while creating short-lived dislocations, reinforcing the role of more flexible strategies that can dampen drawdowns and opportunistically capitalize on dispersion.[1]	Income-oriented strategies with strong underwriting, structural protections, negotiated terms, and lower mark-to-market volatility may offer relative advantages over public markets amid asymmetric repricing risk.[3]	Strategies anchored in durable cash flows, asset-level fundamentals, and idiosyncratic return drivers may play a larger role than those reliant on sustained GDP expansion.[4]	Floating-rate and shorter-duration strategies with durable cash flows, conservative leverage, and contractual income may be better off than longer-duration, multiple-dependent strategies.[2,3]	Private market strategies supported by pricing power, contractual escalators, and asset-level cash-flow adjustments may offer more consistency than nominal-growth-dependent exposures.[4]

Note: Alternatives and structured investments involve a range of risks that advisors should consider. These may include, but are not limited to, loss of capital, illiquidity, manager and business risk, market risk, complexity, volatility, and reduced transparency relative to traditional investments. (1) Goldman Sachs Global Investment Research, *Markets Outlook 2026*, December 2025 (2) Apollo Global Management, *2026 Credit Outlook*, January 2026 (3) Goldman Sachs Global Investment Research, *Macro Outlook 2026*, December 2025 (4) Preqin, *Private Markets in 2030*, Oct. 16, 2025

Public Equity Valuations

What We're Watching

- **Public equity valuations remain elevated and narrowly supported.** The S&P 500 has traded at high P/E multiples, driven largely by multiple expansion and earnings concentration in a small group of large-cap technology and AI-linked companies.
- **Repricing risk has become more asymmetric.** Elevated starting valuations increase sensitivity to earnings, rates, and policy pressures, reducing the market's margin for error and raising the risk of valuation-driven drawdowns.[1]

Potential Implications in Alts

- **Elevated public-market multiples may compress forward equity returns and increase volatility**, which can influence return expectations and risk positioning across portfolios. In that context, private strategies emphasizing downside protection and lower equity sensitivity may play a complementary role.
- **Valuation dispersion—particularly between AI beneficiaries and the broader market—continues to create selective alpha opportunities.** Sector-selective and relative-value strategies may be better positioned than broad market approaches reliant on multiple expansion.

SPX Index Price Earnings Ratio (P/E)

Source: Bloomberg, as of March 3rd, 2026

(1) Partners Group, *Private Markets Outlook 2026*, Dec. 16, 2025

Public Market Volatility

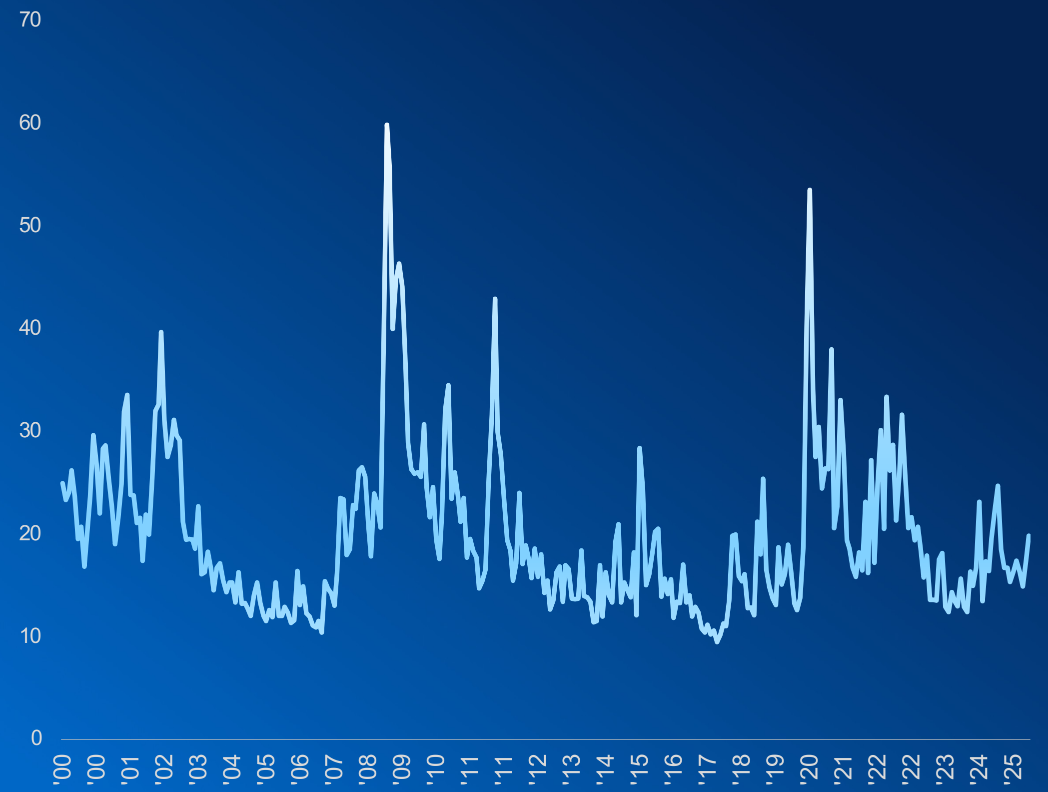
What We're Watching

- **Public market volatility remains episodic rather than reflecting long-term concerns.** While headline volatility measures have moderated from last year's peaks, markets continue to experience sharp, event-driven spikes tied to macro data, policy expectations, and earnings concentration.[1]
- **Negative surprises spur quick swings.** Periods of calm have been punctuated by abrupt repricing, as elevated valuations and market concentration reduce tolerance for disappointment.[1,2]

Potential Implications in Alts

- **Strategies designed to dampen volatility may play a more important role in portfolios.** Event-driven volatility can lead to higher correlations during market stress, reinforcing the role of strategies designed to manage drawdowns and improve risk-adjusted outcomes.[3]
- **Dislocation-driven opportunities may emerge during volatility spikes.** Relative-value and opportunistic strategies may be better positioned to capitalize on short-term dispersion created by abrupt market moves.[3,4]
- **Portfolio liquidity and implementation flexibility may become more valuable during volatility spikes.** Strategies that can actively adjust exposures during market stress may be better positioned to manage drawdowns and respond to short-lived dislocations.

VIX Index



Source: Bloomberg, as of March 3rd, 2026

(1) Bloomberg, VIX Index, as of March 3, 2026 (2) Goldman Sachs Global Markets Analyst, *Markets Outlook 2026: Some Like It Hot*, Dec. 22, 2025 (3) J.P. Morgan Asset Management, *Guide to Alternatives*, Jan. 31, 2026 (4) Partners Group, *Private Markets Outlook 2026*, Dec. 16, 2025

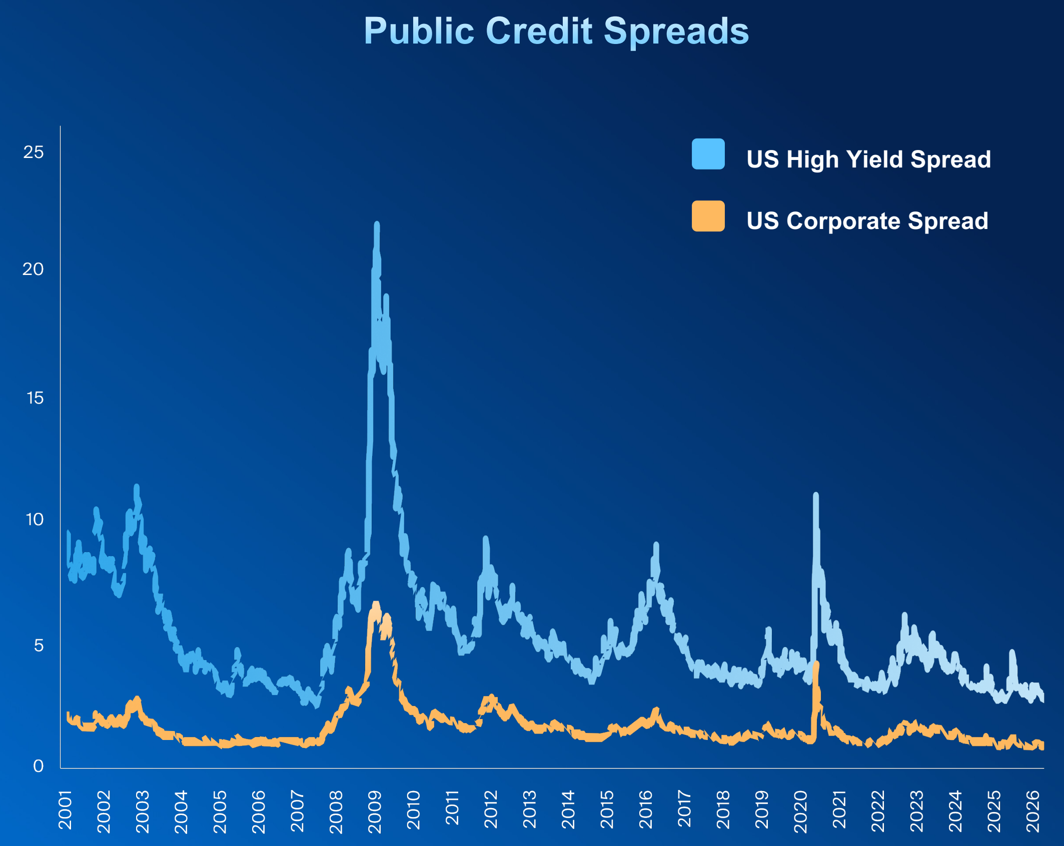
Public Credit Spreads

What We're Watching

- **Credit spreads remain tight as markets transition from scarcity to selectivity.[1,2]** Both investment-grade and high-yield spreads are compressed relative to long-term history, reflecting stable headline conditions even as rising issuance and shifting technicals reduce the margin for error.
- **Dispersion, rather than broad spread widening, is becoming the primary risk.[1]** Historically, periods of stress have led to sharp and uneven repricing beneath tight aggregate spreads, with outcomes increasingly driven by issuer quality, leverage, refinancing needs, and capital structure.

Potential Implications in Alts

- **Income-oriented strategies with strong underwriting discipline may remain differentiated.[2,3]** With spreads tight, return outcomes are likely to depend more on credit selection, structure, and downside protection than on further spread compression.
- **Private credit may continue to differentiate itself from public credit markets.[3,4]** Structural protections, negotiated terms, and lower mark-to-market volatility may offer relative advantages when public spreads are tight and repricing risk is asymmetric.



Source: FRED, US High Yield Spread represented by ICE BofA US High Yield Index Option-Adjusted Spread; US Corporate Spread represented by ICE BofA US Corporate Index Option-Adjusted Spread, as of March 3rd, 2026

(1) Apollo Global Management, *2026 Credit Outlook: From Scarcity to Selection—The Return of a Buyer's Market*, January 2026 (2) Goldman Sachs Global Markets Analyst, *Markets Outlook 2026: Some Like It Hot*, Dec. 22, 2025 (3) Partners Group, *Private Markets Outlook 2026*, Dec. 16, 2025 (4) Preqin, *Private Markets in 2030*, Oct. 16, 2025

Real Economic Growth

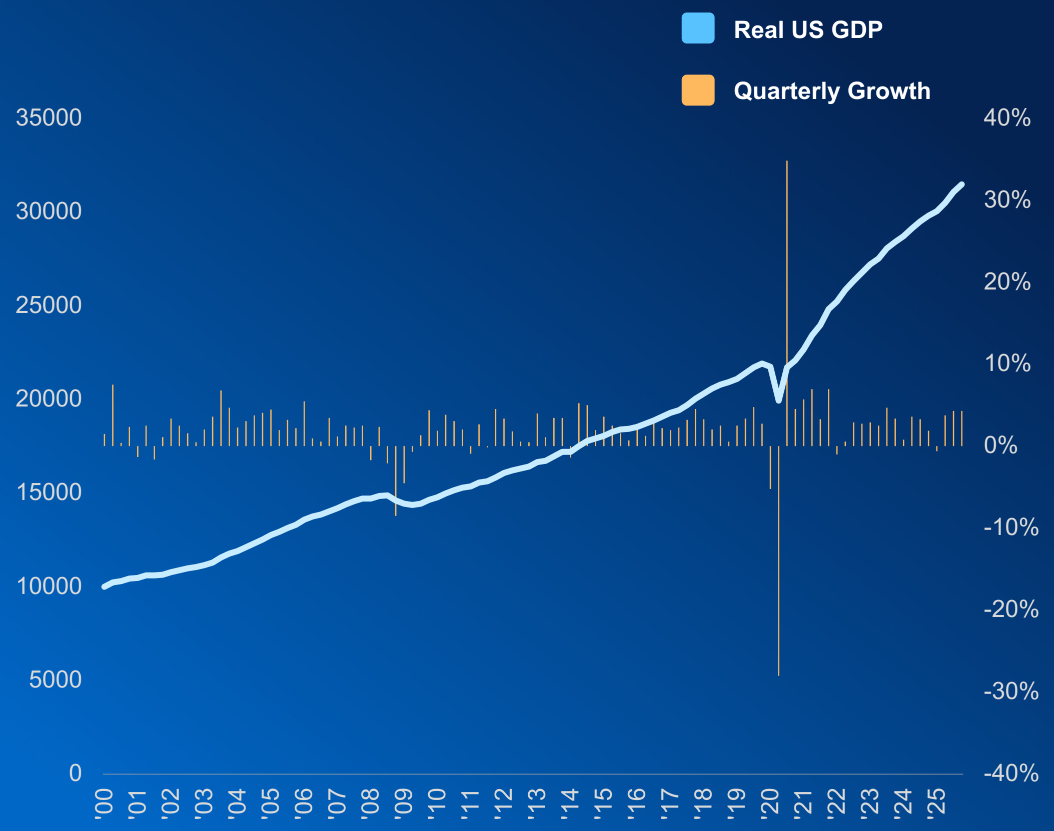
What We're Watching

- **US growth has remained resilient but choppy.**[1,2] Real GDP growth has generally remained positive outside of major shocks, though the data show sharp contractions during crisis periods followed by recoveries—highlighting an economy that absorbs disruptions but does not follow a smooth growth path.
- **Growth momentum remains uneven beneath the headline.**[1,3] Recent expansions have been supported by concentrated drivers such as higher-income consumption, government spending, and investment tied to AI and infrastructure, while other parts of the economy remain more sensitive to rates, costs, and income pressures.

Potential Implications in Alts

- **Strategies less dependent on sustained GDP growth may play a larger role.**[2,4] Private markets strategies supported by asset-level fundamentals, contracted revenues, or idiosyncratic return drivers may help diversify portfolios in an environment where growth remains positive but inconsistent.
- **Cash-flow durability may matter more than broad economic growth exposure.**[1,3] The historical pattern of episodic downturns and recoveries highlights the value of strategies designed to generate returns across varying growth conditions rather than rely on continuous expansion.

Real US Gross Domestic Product



Source: Bloomberg, as of March 3rd, 2026

(1) Bloomberg, as of March 3rd, 2026 (2) Goldman Sachs, *Macro Outlook 2026,* Dec. 22, 2025 (3) Apollo Global Management, *2026 Credit Outlook: From Scarcity to Selection—The Return of a Buyer's Market* (4) Partners Group, *Private Markets Outlook 2026*, Dec. 16, 2025

Interest Rates

What We're Watching

- **Policy rates are staying higher for longer.[1,2]** While inflation has cooled from its peaks, the Fed and other central banks remain cautious amid uncertainty around trade policies, fiscal expansion, and wage pressures. As a result, the cost of capital may remain elevated relative to the post-GFC low-rate environment.[1]
- **Long-term bond rates remain volatile due to fiscal dynamics and inflation expectations.[1,3]** Treasury yields may stay volatile as markets balance disinflationary trends against persistent fiscal deficits and uncertainty what "normal" interest rates look like going forward.[1,3]

Potential Implications in Alts

- **Floating-rate and shorter-duration alternatives may offer more effective rate sensitivity management.[4]** Strategies with contractual rate resets or limited duration exposure may be better positioned than fixed-rate, long-duration assets during periods of policy and yield volatility.[4]
- **Alternatives with durable cash flows and disciplined capital structures may differentiate themselves.[2,3]** In a higher cost-of-capital environment, strategies supported by stable income, conservative leverage, and pricing power may gain favor, while returns driven primarily by multiple expansion may face headwinds.[2,3]

SOFR Index 30 Day Average

Source: Bloomberg, as of March 3rd, 2026

(1) Bloomberg, SOFR Index (2) Goldman Sachs, *Macro Outlook 2026,* Dec. 22, 2025 (3) Apollo Global Management, *2026 Credit Outlook*, January 2026 (4) Brookfield, *2026 Investment Outlook*

Inflation

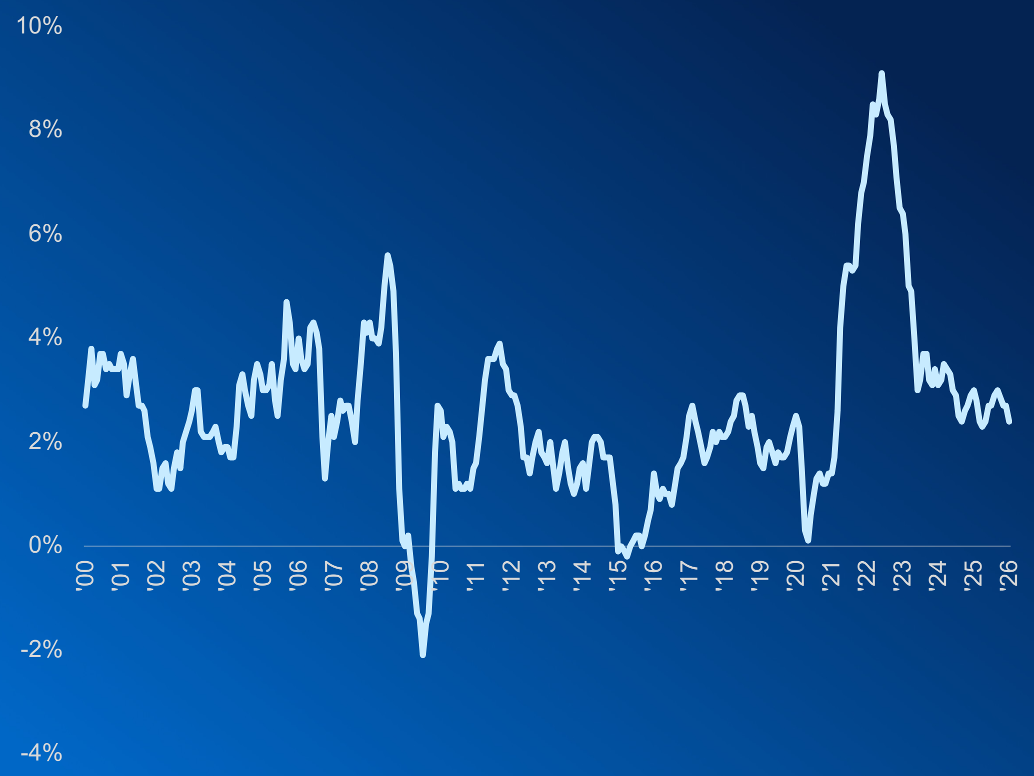
What We're Watching

- **Inflation has moderated from recent highs, but progress remains uneven.[1,2]** Headline inflation has cooled meaningfully from peak levels, yet services inflation, wage dynamics, and policy-related pressures continue to keep underlying inflation above pre-pandemic norms.
- **Inflation risks remain asymmetric rather than resolved.[1,3]** While disinflationary forces are present, renewed price pressures could emerge from tariffs, fiscal expansion, energy markets, or supply-side disruptions—suggesting inflation volatility may persist even as the overall trend improves.

Potential Implications in Alts

- **Inflation-aware strategies may continue to play a portfolio role.[2,4]** Alternatives supported by pricing power, contractual escalators, or replacement-cost dynamics may help mitigate the impact of uneven inflation outcomes.
- **Real return visibility may matter more than nominal growth.[1,3]** In an environment where inflation uncertainty persists, strategies that can preserve purchasing power through cash-flow adjustment mechanisms or asset-level fundamentals may be better positioned than those reliant on stable price assumptions.

Consumer Price Index YoY

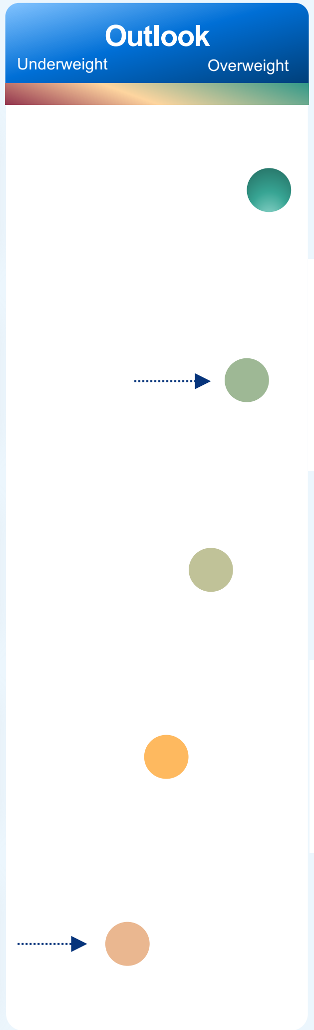


Source: Bloomberg, as of February26, 2026

(1) Bloomberg, CPI (2)) Goldman Sachs, *Macro Outlook 2026,* Dec. 22, 2025 (3) Apollo Global Management, *2026 Credit Outlook*, January 2026 (4) Brookfield, *2026 Investment Outlook*

Arrows illustrate shifts from our last published analysis in July 2025.

Alternative Asset Class Views



Commentary

Infrastructure

Structural Demand Support
- Demand for power and grid modernization tied to AI and data center growth; potentially restrained by grid bottlenecks[1]
- Regulated, contracted cash flows may stand out versus other real assets[1]

Capital Flows & Portfolio Role
- Positioned as a lower-volatility equity complement rather than a pure yield trade[6]
- Bolstered by capital rotation away from rate-sensitive real estate

Hedge Funds

Dispersion and Volatility
- Opportunity from widening valuation gaps and episodic volatility across relative-value and long/short strategies with greater dispersion across sectors and factors
- Markets priced ahead of macro fundamentals, reinforcing tactical and defensive positioning[7]

Diversification Potential
- Diversification potential is strategy-dependent, supported by flexible mandates and dynamic risk management
- Possible portfolio stabilizers during asymmetric public market repricing[6]

Private Debt

Focus on Structure and Underwriting
- Return differentiation driven by seniority, covenants, and borrower quality amid stable public credit pricing
- Heightened importance of underwriting discipline as spreads remain tight, issuances rises, and idiosyncratic risk increases

Income Visibility
- Attractive contractual income with potential for uneven repricing and mark-to-market volatility[5]
- Floating-rate exposure supportive for income but less protective if spreads widen unevenly[5]

Private Equity

Value Creation > Multiple Expansion
- Greater reliance on operational improvement and margin expansion amid higher discount rates[4]
- Rising return dispersion as multiple expansion becomes less reliable[4]

Uncertain Exits
- Improving but uneven exit markets extending holding periods and vintage dispersion[3]
- Liquidity support from secondaries and continuation vehicles with variable quality and pricing[3]

Real Estate

Stabilization Emerging
- Investor sentiment and transaction activity are improving from depressed levels, suggesting parts of the market may be coming off the bottom
- Cap rates appear to be stabilizing and edging lower for higher-quality assets as price discovery improves

Headwinds and Selectivity Remain
- Higher financing costs and refinancing needs continue to pressure returns, but risks are increasingly reflected in pricing
- Capital remains concentrated in sectors with stronger fundamentals like data centers, residential, and niche operational segments

(1) Brookfield, *2026 Investment Outlook* (2) Preqin, Infrastructure in 2026 (3) Preqin, Private Markets in 2030 (4) PitchBook, *2026 US Private Equity Outlook,* Dec. 3, 2025 (5) Apollo Global Management, 2026 Credit Outlook, January 2026 (6) J.P. Morgan Asset Management, Guide to Alternatives, Jan. 31, 2026 (7) Goldman Sachs Global Markets Analyst, *Markets Outlook 2026: Some Like It Hot*, Dec. 22, 2025

Risks and Other Considerations

Investing in alternatives may introduce additional risks, including but not limited to:

Illiquidity

Most hedge funds and private markets funds have long lock-up periods and limited options for early redemption.

Higher Complexity and Opacity

Capital calls, distributions, and infrequent valuation updates can make modeling and allocation decisions more multifaceted.

Valuation Risk

Private market valuations are typically updated quarterly and rely on appraisal-based or manager-reported estimates, which may mask interim volatility.

Limited Benchmarking

The absence of clear benchmarks makes it difficult to evaluate performance or compare across strategies.

Manager Dispersion

Performance dispersion across managers can be significant in private markets, making due diligence and underwriting discipline critical.

Use of Leverage

Many alternative strategies employ financial leverage, which can amplify losses in adverse market conditions and increase volatility during stressed environments.

Fee Drag

High management fees and profit-sharing structures (e.g., carry) can significantly reduce net returns.

Cyclicality and Vintage Risk

Returns may vary significantly based on entry timing, economic cycle exposure, and fund vintage year dynamics.

Important Information

Published March 6, 2026

This CAIS Advisors LLC ("CAIS Advisors", the "adviser") communication is for informational and educational purposes only and should not be construed as investment advice, a recommendation, or a solicitation to engage in any investment strategy or advisory relationship. Nothing contained herein constitutes an offer to sell or a solicitation of an offer to buy any security or investment product. Investment advisory services are provided only pursuant to a written advisory agreement with the adviser, and only in jurisdictions where the adviser is registered or otherwise permitted to provide such services. Receipt of this communication does not create an advisory, fiduciary, or client relationship with CAIS Advisors. Certain information contained herein has been obtained from third-party sources that CAIS Advisors believes to be reliable; however, CAIS Advisors has not independently verified the accuracy or completeness of such information. Accordingly, CAIS Advisors makes no representations or warranties with respect to, and accepts no responsibility for, the accuracy, completeness, or timeliness of any third-party information. The information provided herein is to be used by the person to whom it has been delivered and may not be reproduced, transmitted, distributed, or used in whole or in part for any purpose, nor may it, or any of the contents herein be disclosed without the prior written consent of CAIS Advisors. This communication is not, in any way, intended for a retail audience. The material contained herein may not be reproduced, shown or otherwise communicated or quoted to members of the public, nor used in written form as sales material. The material presented herein is subject to change and should not be construed as impartial investment research or analysis. CAIS Advisors is an investment advisor registered with the U.S. Securities and Exchange Commission. Registration does not imply a certain level of skill or training. More information about CAIS Advisors, including its investment strategies, fees, and objectives are fully described in the firm's Form ADV Part 2A, which is available by calling 212-300-9355, or by visiting the Investment Adviser Public Disclosure website. Statements contained in this commentary are based on current (unless otherwise noted) expectations, estimates, projections, opinions and beliefs of CAIS Advisors on the date this presentation was created. Such statements involve known and unknown risks and uncertainties, and undue reliance should not be placed thereon. In addition, some of the items discussed in this presentation include forward looking statements. CAIS Advisors has tried to identify forward looking statements by use of terminology such as "may", "will", "should", "could", "would, "potential", "continue", "expects", "anticipates", "future", "intends", "plans", "believes", "estimates" and similarly situated expressions. Please be advised that forward looking statements are subject to a number of risks and uncertainties, some of which are beyond the control of CAIS Advisors and its affiliated entities, including among other things, the risks listed in private placement memorandums and subscription documents of investment products. Actual results, performance and opportunities could differ materially from those expressed in or implied by the forwarding looking statements. Undue reliance should not be placed on forward looking statements. Alternative investments are complex products and may not be suitable for all investors. Financial advisors should be aware that an investment in an alternative investment is speculative and involves a high degree of risk. Alternatives investments are highly illiquid and often engage in leverage and other speculative practices that may increase the risk of loss of principal investment. Alternative investments often charge high fees, may involve complex tax structures, and are generally not subject to the same regulatory requirements as other investment products like mutual funds. Past performance is no guarantee of future results.