Monthly Investment Outlook

August 2026

Market Recap

- **Tentative start to 2H26 amid tech pullback.** Global equities were choppy as tech sector retracement and higher oil prices weighed on sentiment. In particular, Asia ex-Japan lagged mainly due to South Korea and Taiwan stocks. However, other markets in Asia including China bucked the trend and ended the month on a positive note.

- **Bonds subdued on higher rates.** Bond returns were muted as 10-year (10Y) U.S. Treasury (UST) yield ticked higher to 4.7%. Stable credit spreads mitigated the impact of higher rates.

- **Oil surged while gold consolidated.** Oil rebounded strongly on renewed Middle East conflicts. Meanwhile, gold was largely unchanged and hovered around USD 4,000 per ounce.

Macro Outlook and Asset Allocation

- **AI growth is evolving, not ending.** Despite rising concerns over an AI bubble, we believe the structural growth story remains intact. The AI investment theme is evolving beyond infrastructure buildout towards enterprise adoption and monetisation, creating opportunities across a broader set of beneficiaries. We continue to favour industrials and selected oversold technology stocks. Chinese equities could also extend their catch-up rally, supported by an improving earnings outlook and potential policy tailwinds.

- **Higher yield to cushion rate volatility.** We continue to seek stable carry through quality credits. While interest rate volatility is likely to persist, inflation should remain contained, reducing the likelihood of aggressive central bank tightening. In addition, the higher all-in bond yields provide a larger income cushion to help mitigate interest rate risks.

- **Diversify with alternatives for greater resilience.** While the outlook for risk assets remains constructive, diversification is essential amid ongoing macro and geopolitical uncertainties. Gold continues to play an important role as a portfolio diversifier, while selected private credit opportunities offer attractive income potential. Investors can further enhance portfolio resilience through structured strategies that provide downside protection while staying invested.

Tactical Asset Allocation

Asset Class *		Segment*	
Equity	+	U.S.	+
		Europe	=
		Japan	=
		Asia ex-Japan	+
Fixed Income	=	U.S. Treasuries	=
		Developed Market (DM) Investment Grade (IG)	=
		Developed Market High Yield (HY)	=
		Emerging Market (EM) Asia	=
Hedge Funds	=		
Gold	+		
Cash	-		

* Overweight : +, Neutral : =, Underweight : -
Source: Maybank Group Wealth Management (GWM)

Asset Class	Changes to date (in USD currency)		
	1M	3M	YTD
MSCI AC World	0.1%	4.5%	11.6%
MSCI U.S.	-0.1%	4.3%	10.0%
MSCI Europe	1.6%	5.5%	10.1%
MSCI Japan	1.0%	5.7%	17.2%
MSCI Asia ex-Japan	-3.2%	6.4%	22.3%
China	9.0%	-1.7%	-7.2%
Hong Kong	10.9%	0.3%	9.8%
Taiwan	-5.3%	11.8%	54.0%
South Korea	-17.1%	12.5%	81.5%
India	1.8%	2.7%	-8.1%
Singapore	10.3%	17.7%	20.2%
Malaysia	4.0%	-2.0%	4.7%
Indonesia	11.2%	-11.2%	-34.3%
Thailand	0.2%	3.5%	25.8%
Philippines	6.2%	13.8%	8.2%
BBG Multiverse	-0.5%	-0.8%	-0.6%
BBG U.S. Treasury	-1.1%	-0.7%	-0.8%
BBG Global IG	-1.0%	-1.0%	-0.9%
BBG Global HY	-0.3%	0.6%	1.9%
BBG EM Asia	-0.9%	-0.3%	0.2%
Gold	0.0%	-12.7%	-7.8%
Brent Crude	20.5%	-20.4%	44.5%
WTI Crude	21.8%	-19.4%	47.5%
Dollar Index (DXY)	-1.3%	1.9%	1.6%
Bitcoin	7.3%	-17.7%	-28.2%

Sources: Bloomberg (BBG), Factset | 31 July 2026

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Fixed Income Outlook

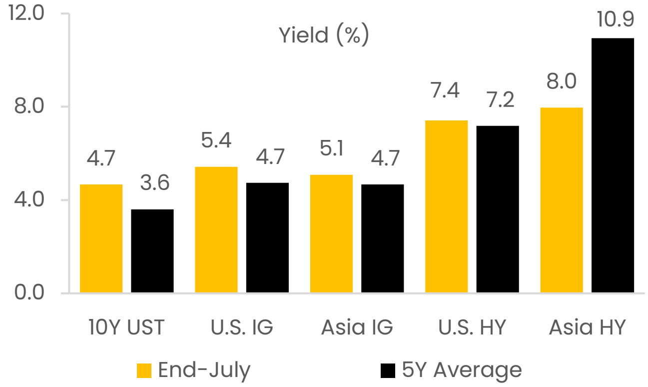
- **Fed to remain on hold for rest of 2026 but expectations may remain fluid**. Recent inflation data suggest that U.S. price pressures may have peaked, with headline consumer price index (CPI) easing to 3.5% year-on-year (YoY) in June from 4.2% previously. The Cleveland Fed's inflation nowcast also points to further moderation in July. While we continue to expect the U.S. Federal Reserve (Fed) to keep policy rates unchanged for the remainder of the year, market expectations for future rate moves are likely to remain volatile. With policymakers providing limited forward guidance - as witnessed at the July policy meeting - shifts in Fed pricing could continue to drive interest rate and bond market volatility in the months ahead.

- **Seek quality carry while managing duration exposure.** Despite heightened interest rate volatility, the higher all-in bond yields provide a larger income cushion against potential rate fluctuations. We continue to favour high-quality credits for their stable carry potential, particularly in an environment where credit spreads remain tight. At the same time, we remain disciplined on duration, avoiding excessive exposure to longer-dated bonds given ongoing uncertainty around the interest rate path. Beyond traditional fixed income, selective private credit opportunities continue to offer enhanced yield potential, with attractive opportunities emerging not only in the U.S. but also European markets.

- **Prioritise senior and Tier 2 European bank credit.** We continue to favour senior and Tier 2 European bank credits, where risk-adjusted returns appear more attractive than Additional Tier 1 (AT1) bonds. Nonetheless, select Globally Systemically Important Bank (G-SIB) AT1s with strong call economics and attractive reset yields remain compelling. Apart from USD issuances, European bank AUD AT1s may also benefit from improving supply-demand dynamics as Australia's regulatory changes reduce future issuance.

- **Positive on Asia insurers for robust growth fundamentals.** In Asia, we continue to favour insurance issuers given their strong fundamentals and long-term growth tailwinds, alongside leading Chinese technology names with solid balance sheets. As for Singapore, we maintain a preference for non-financial corporate perpetuals in addition to the banks, focusing on issues with shorter first call dates to capture attractive carry while limiting duration risk. In contrast, we remain cautious on Indonesian credit markets, as the surprise resignation of Bank Indonesia Governor Perry Warjiyo is likely to weigh on investor confidence and sentiment in the near term.

Figure 1: All-in bond yields still attractive versus historical averages



Source: Bloomberg | 31 July 2026

Figure 2: Seek quality credits amid a carry-driven market

Regions	Preferred Credit Sectors
Europe & Australia	• Europe banks • Australia financials
Asia	• Asia technology • Asia insurers • Singapore REITs • Singapore banks

Source: Maybank GWM | 31 July 2026

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Equity Outlook

- **Favour U.S. industrials and oversold technology stocks.** The 2Q reporting season has reaffirmed the earnings acceleration seen in 1Q, although concerns over rising AI capex and higher rates have capped market enthusiasm. We remain positive on industrial plays, as the sector has broadly exceeded earnings expectations and could continue to play catch-up. We also see opportunities in oversold technology names but take profits in financials after their recent rally.

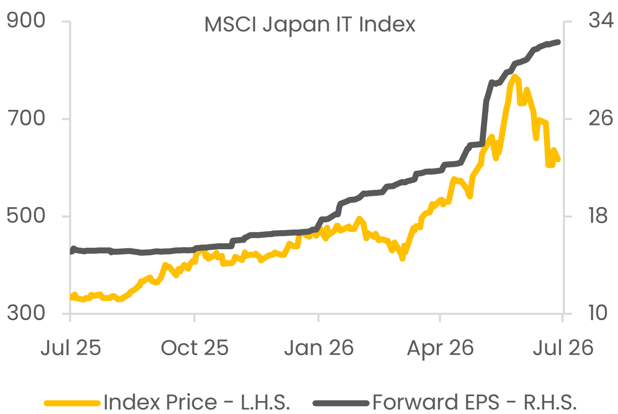
- **Europe banks and industrials to lead on earnings beat**. We expect European equities to remain range-bound in August, with resilient earnings providing downside support while macro and policy uncertainties cap upside. We continue to favour banks, industrials and chemicals, where improving fundamentals, resilient demand and company-specific catalysts could drive earnings and thus share price outperformance.

- **Add Japan technology on weakness.** We turn more constructive on Japan technology stocks as the recent pull back has created attractive opportunities. In particular, the demand for Japan's semiconductor equipment should remain robust, backed by sustained global AI capex. Meanwhile, we take profits on financials after strong year-to-date gains, as higher interest rates and improved earnings are likely priced in.

- **Stay constructive on China.** We maintain our positive stance on China equities given attractive valuations and potential earnings upside. Notably, we have added China technology to our preferred sectors alongside financials, industrials and communication services. Technology self-sufficiency policy initiatives and robust IPO demand should continue to bolster sentiment in tech-related stocks. Meanwhile, we expect South Korea and Taiwan equities to stabilise in the coming months and would selectively bargain hunt for oversold opportunities.

- **Broaden beyond Singapore financials.** We continue to favour Singapore and Malaysia in ASEAN, supported by political stability and resilient earnings. Within Singapore, we prefer laggard industrials over banks after their strong year-to-date gains, with infrastructure spending and manufacturing activity providing support. Separately, while Indonesia has rebounded strongly following S&P Global Ratings' affirmation of its sovereign rating, the lingering policy uncertainties may cap further upside for now.

Figure 3: Japan technology enjoys robust earnings outlook



Source: Bloomberg I 31 July 2026

Figure 4: Add selected tech on weakness; Take profit on U.S. and Japan financials

Regions	Preferred Equity Sectors
U.S.	• Comm. Svs • Industrials • Consumer Staples
Europe	• Financials • Materials • Industrials
Japan	• Industrials • IT
Asia ex-Japan	• **China:** Comm. Svs, Financials, Industrials, and selected Technology names • **Singapore:** Industrials, Internet, Telco • **Malaysia**: Banks, Construction, Healthcare, Technology

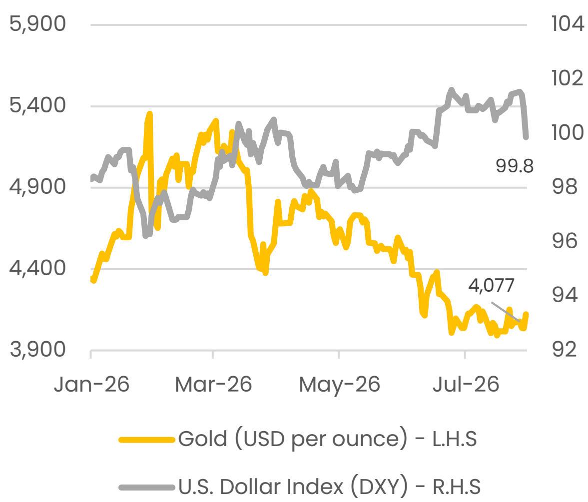
Source: Maybank GWM | 31 July 2026

Commodities Outlook

- **The investment case for gold remains amid diversification demand.** Gold prices consolidated through July as a firm U.S. dollar tempered earlier gains. Nevertheless, we remain constructive on the precious metal, supported by continued central bank buying and investor demand for portfolio diversification. In particular, China has increased its gold holdings for a 20th consecutive month in June 2026, adding 480,000 ounces, the largest monthly purchase since late 2023. With gold finding support around USD 4,000 per ounce, the prices could see a more meaningful rebound with a more dovish rate expectations and a moderation in the greenback in the medium-term.

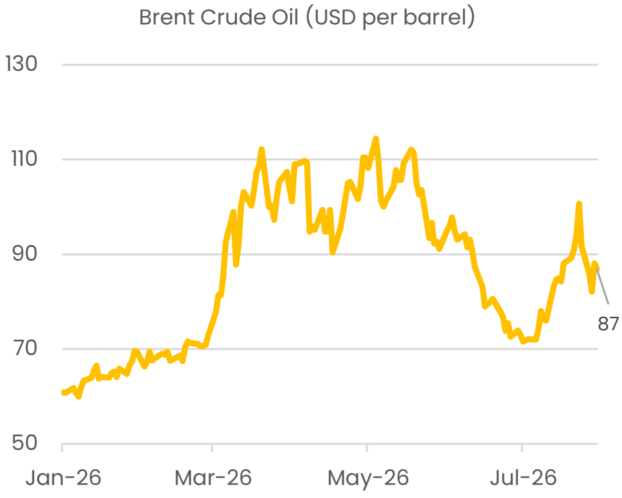
- **Oil prices unlikely to remain elevated despite near-term uncertainty.** Brent crude prices were volatile in July, rebounding from around USD 70 to USD 100 per barrel before ending the month closer to USD 90 per barrel. Renewed U.S.-Iran tensions and fresh frictions involving Saudi Arabia and Yemen's Houthis drove much of the price volatility. However, the declining U.S. oil inventories and concerns over depleting military stockpiles have raised questions about the sustainability of a prolonged conflict. In addition, the Trump administration is likely to remain mindful of the inflationary impact of higher oil prices ahead of the U.S. mid-term elections. Meanwhile, Iran stands to benefit from improved economic support and potential sanctions relief under the previously agreed memorandum of understanding (MoU). As such, while near-term volatility may persist, we expect oil prices to gradually retrace towards pre-conflict levels as tensions ease.

Figure 5: Gold finding support at USD 4,000 per ounce; A softer U.S. dollar may help further



Source: Bloomberg I 30 July 2026

Figure 6: Oil rebounded on re-scalating tensions in the Middle East



Source: Bloomberg I 30 July 2026

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