Monthly Investment Outlook

July 2026

Market Recap

- **Equity markets were choppy in June.** Global equity markets navigated a volatile month amid rising interest rate expectations and a pullback in AI-related stocks. Nevertheless, returns remained positive in 1H26, led by Asian markets including South Korea, Taiwan and Japan.

- **Bonds delivered muted returns**. Fixed Income segments were mixed in June with the 10-year U.S. Treasury (10Y UST) yield largely unchanged despite a more hawkish U.S. Federal Reserve (Fed). Credit spreads remained tight.

- **Oil and gold declined for the month.** Oil slumped on easing Middle East tensions. Gold also retreated more than 10% amid a stronger U.S. dollar.

Macro Outlook and Asset Allocation

- **Geopolitical conflicts to linger but remain contained in 2H26.** While Middle East and trade tensions are likely to persist, they are not expected to derail global growth. The U.S. mid-term elections in early November may also introduce sporadic market volatility but should have limited impact on macro fundamentals.

- **Broaden exposure across the AI value chain.** AI-driven growth remains intact, but with infrastructure providers already well-owned, we see a need to be more selective given elevated valuations. Opportunities are also likely to expand into downstream applications and enterprises benefitting from AI adoption. Meanwhile, we maintain our view on China as a laggard play and continue to build structural exposure in energy transition, defence and digital assets.

- **Central banks unlikely to tighten aggressively; Gold appears oversold.** We expect the U.S. Fed to remain on hold through the rest of 2026. Still, rate volatility may remain elevated, reinforcing the need for active duration management. We reiterate our focus on quality credits, including selected exposure in private credits for enhanced carry. As for gold, prices may remain range-bound for now but a softer U.S. dollar – alongside more dovish Fed expectations — should restore an upward bias over the medium term. Sustained central bank demand also provides support to gold, reinforcing its role as a portfolio diversifier.

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	-0.8%	15.1%	11.5%
MSCI U.S.	-0.9%	15.3%	10.1%
MSCI Europe	1.0%	11.3%	8.3%
MSCI Japan	-0.3%	14.2%	16.0%
MSCI Asia ex-Japan	-1.2%	27.8%	26.3%
China	-7.1%	-6.6%	-14.9%
Hong Kong	-8.6%	-6.2%	-1.0%
Taiwan	1.3%	48.9%	62.6%
South Korea	0.3%	87.6%	118.9%
India	1.5%	10.2%	-9.7%
Singapore	2.7%	10.0%	8.9%
Malaysia	-4.1%	-1.7%	0.7%
Indonesia	-8.5%	-25.7%	-40.9%
Thailand	-1.8%	8.6%	25.6%
Philippines	8.2%	4.7%	1.8%
BBG Multiverse	-0.6%	1.0%	-0.1%
BBG U.S. Treasury	0.3%	0.3%	0.3%
BBG Global IG	-0.5%	1.4%	0.1%
BBG Global HY	0.2%	3.5%	2.1%
BBG EM Asia	0.2%	1.5%	1.1%
Gold	-11.4%	-12.6%	-7.8%
Brent Crude	-19.9%	-29.8%	19.9%
WTI Crude	-20.4%	-31.4%	21.0%
Dollar Index (DXY)	2.4%	1.3%	3.0%
Bitcoin	-20.2%	-14.1%	-33.1%

Sources: Bloomberg (BBG), Factset | 30 June 2026

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Fixed Income Outlook

- **Fed may not hike rates just yet**. Markets are pricing a potential Fed hike as early as September this year following Chairman Kevin Warsh's hawkish debut policy meeting. However, we maintain our non-consensus view for steady Fed rates through the rest of the year. Notably, we expect U.S. inflation to peak soon, supported by lower oil prices as shipping conditions at the Strait of Hormuz are likely to normalise. Likewise, other major central banks are not expected to tighten aggressively, which should underpin global growth.

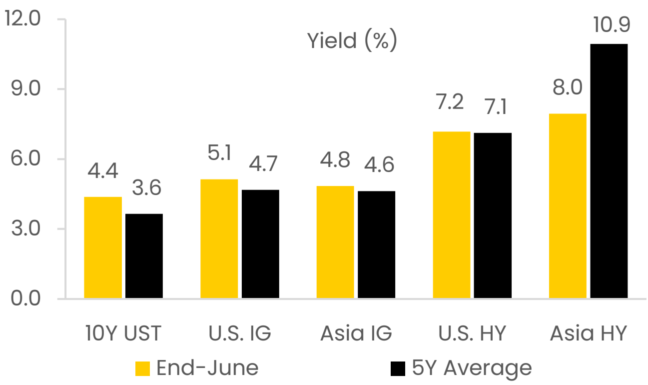
- **Seek quality and stable bond returns.** We continue to see quality carry opportunities with all-in yields remaining appealing relative to historical averages. However, we are cautious about over-extending duration with the rates outlook still fluid for now. Credit selection also remains critical with spreads staying tight across both investment-grade and high-yield bonds. Separately, private credits may offer enhanced yield opportunities on a selective basis, provided investors are adequately compensated for the associated credit risks and liquidity constraints.

- **Bank credits remain as an attractive source of carry.** We retain our quality bias in European bank credits with a preference for the senior part of the capital structure. Notably, the Additional Tier-1 (AT1) bonds are offering lower than historical average spread premium of 108 basis points (bps) and 145 bps against the Tier 2 and Senior bonds, respectively. Still, we see selected AT1 opportunities particularly in the AUD and SGD space on supportive supply-demand dynamics.

- **More stability in Gulf Cooperation Council (GCC) credits.** GCC credit spreads have retraced to pre-conflict levels amid progress in the U.S.-Iran peace deal. The worst is likely over for the region though we would still favour the higher-quality quasi-sovereigns and banks over the real estate credits for more stable carry.

- **Selective SGD subordinated credit opportunities.** In SGD credits, the limited new issuances will likely provide valuation support though credit selection remains critical. We see compelling carry opportunities in non-financial corporate perpetuals with short call dates and attractive reset structures. In contrast, we maintain our cautious stance on Indonesia quasi-sovereigns. While Bank Indonesia's recent rate hikes have helped stabilise the currency and sentiment, investors will likely wish to see more clarity on the fiscal policy front before returning to the market in a more meaningful manner.

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



Source: Bloomberg | 30 June 2026

Figure 2: Credit selection remains vital in 2H26; Seek quality and stable carry

Regions	Preferred Credit Sectors
Developed Markets	• Europe banks • Australia financials
Asia ex-Japan	• Asia technology • Hong Kong utilities • Singapore REITs • Singapore banks

Source: Maybank GWM | 30 June 2026

Monthly Investment Outlook

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Equity Outlook

- **Add U.S. consumer staples to preferred sectors.** While we remain constructive on U.S. equities given solid earnings momentum, near-term volatility may persist amid the Fed's hawkish pivot, narrow market breadth and increased equity issuance. Against this backdrop, we maintain our preference for industrials and financials, where valuations offer a greater margin of safety and have contributed to portfolio resilience in June. We are also adding exposure to consumer staples for their defensive qualities, while maintaining a selective approach to AI-related investments.

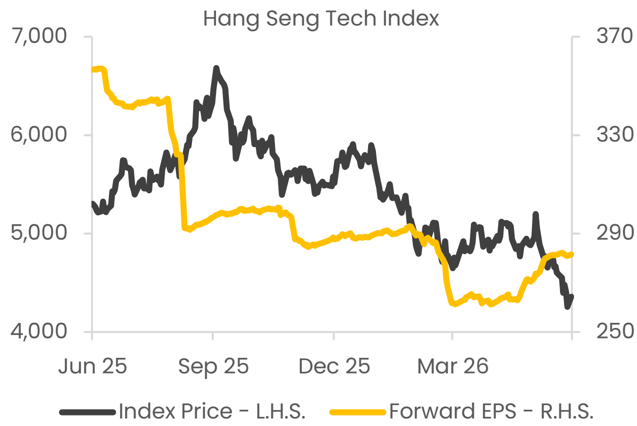
- **Europe materials to benefit from energy transition**. The fall in oil prices provided a timely reprieve for Europe, given the region's vulnerability to energy shocks during the Middle East conflict. However, the structural push for energy transition remains intact, as Europe continues to diversify away from fossil fuels. Materials companies – particularly those exposed to critical minerals, green hydrogen, and electrification metals – stand to benefit from sustained demand for energy transition investments.

- **Focus on financials and industrials in Japan.** Japan's inflation remained above the Bank of Japan's target, reinforcing expectations for further policy tightening later this year. This backdrop should support financials - particularly banks and insurers - through higher net interest margins and investment returns. We also favour industrials as a way to broaden AI exposure, given continued investment in factory automation and power infrastructure. In contrast, we have removed real estate from preferred sectors amid a more hawkish rate outlook.

- **China as a laggard play.** China equities underperformed in 1H26 amid lacklustre earnings and limited representation of tech hardware in offshore benchmarks. Recent curbs on illegal overseas trading further weighed on sentiment. Nevertheless, we see improving risk-reward, particularly in internet names, backed by light positioning and gradually strengthening earnings outlook. Any incremental policy support could also help lift sentiment.

- **Stay invested in Singapore and Malaysia.** We remain constructive on Singapore and Malaysia, supported by resilient earnings, attractive dividend yields and favourable policy backdrop. In contrast, investors may stay on the sidelines on Indonesia pending greater clarity on MSCI's final market classification review later this year.

Figure 3: Hang Seng Tech Index is exhibiting signs of improving earning outlook



Source: Bloomberg I 30 June 2026

Figure 4: Add U.S. Consumer Staples to Preferred Sectors; Favour Europe Materials

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

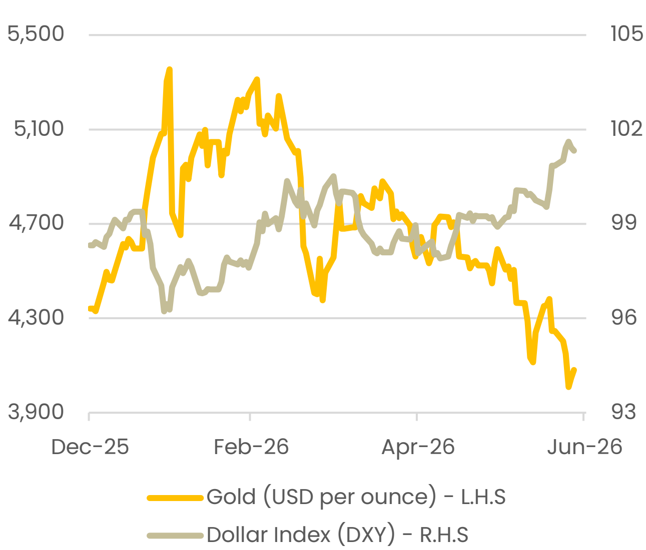
Source: Maybank GWM \| 30 June 2026

Commodities Outlook

- **Expect firmer gold prices in 2H26 on softer dollar.** Gold sold off in June amid a stronger U.S. dollar and rising rate expectations. New Fed Chairman Kevin Warsh's strong commitment to price stability has also helped reinforce the central bank's credibility, easing concerns over potential dollar debasement. Nevertheless, the precious metal appears oversold following its brief dip below USD 4,000 per ounce. We believe gold prices could regain upward momentum if the U.S. dollar were to soften should markets price in a more dovish Fed policy path. The yellow metal should also continue to benefit from central bank reserve diversification amid ongoing fiscal concerns and geopolitical fragmentation.

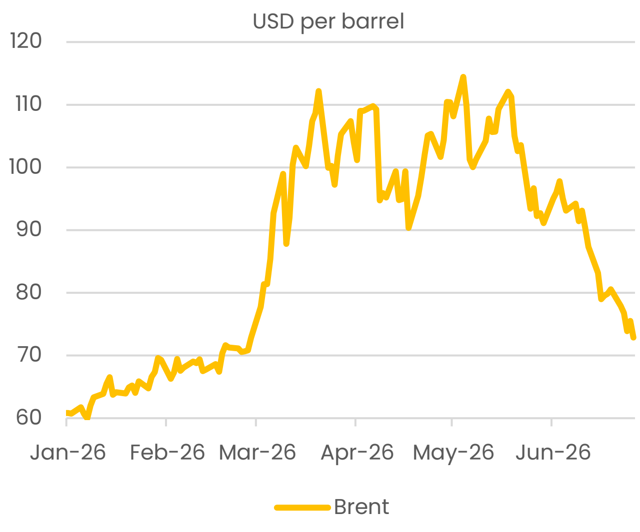
- **Normalising oil supply should bring prices back to pre-conflict range.** Oil prices fell sharply in June, with Brent crude retreating towards USD 70 per barrel. The decline followed the signing of a memorandum of understanding between the U.S. and Iran, raising prospects for a lasting peace agreement in the Middle East. While oil markets may remain volatile amid the 60-day negotiation period which could spark renewed tensions, we continue to expect an eventual de-escalation that paves the way for the reopening of shipping routes through the Strait of Hormuz. Although the restoring of damaged energy infrastructure will take time, the gradual normalisation of oil supply should bring Brent crude prices back towards the pre-conflict range of USD 60–70 per barrel.

Figure 5: Gold appears oversold having retreated to USD 4,000 per ounce



Source: Bloomberg I 30 June 2026

Figure 6: Brent crude to trend towards pre-conflict price range on normalising supply



Source: Bloomberg I 30 June 2026

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