Monthly Investment Outlook

September 2026

Market Recap

- **Risk appetite returns in August.** Global equities delivered a robust performance, supported by a solid Q2 earnings season in the U.S. despite lingering uncertainties in the Middle East. Notably, we witnessed positive returns across major markets. Sectors wise, technology and material stocks outperformed.

- **Bond returns capped by long-end yield concerns.** The 10-year U.S. Treasury (10Y UST) yield was largely unchanged but remained elevated at 4.7% amid ongoing inflation and fiscal concerns. Credit spreads nevertheless remained tight, lending support to overall bond performance.

- **Gold surged while oil remained choppy.** Gold rallied amid renewed dollar debasement concerns. Meanwhile, oil prices continue to range-trade with limited progress in U.S.-Iran negotiations.

Macro Outlook and Asset Allocation

- **Position for growth with discipline.** Healthy earnings continue to support our constructive equity outlook, particularly in the U.S. and Asia ex-Japan. Meanwhile, we keep a look out for potential beneficiaries of further policy support in China. Sectors wise, we remain positive on the AI value chain but would remain mindful of valuation. We also added energy to our preferred sectors as a hedge against oil supply risks arising from persistent Middle East tensions.

- **Manage duration risk amid rates uncertainty.** We maintain our view that the Fed will keep rates on hold through year-end. However, rate expectations may remain volatile amid ongoing inflation and fiscal concerns. Hence, we continue to manage duration exposure while seeking stable carry through high-quality credits. We also favour broadening currency exposure and would explore opportunities beyond USD-denominated credits.

- **Diversification with alternatives.** While we remain constructive on growth, diversification is key in today's market environment. Within alternatives, we maintain our positive stance on gold and would ride the uptrend. We also favour selected private credit for enhanced carry, as well as structured strategies to strengthen downside protection and portfolio resilience.

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	2.7%	2.0%	14.6%
MSCI U.S.	2.8%	1.8%	13.0%
MSCI Europe	1.4%	4.1%	11.7%
MSCI Japan	3.4%	4.1%	21.1%
MSCI Asia ex-Japan	3.3%	-1.2%	26.4%
China	-0.3%	1.0%	-7.5%
Hong Kong	-0.4%	1.0%	9.3%
Taiwan	6.4%	2.1%	63.9%
South Korea	5.9%	-11.9%	92.2%
India	-0.3%	3.0%	-8.4%
Singapore	5.6%	19.6%	26.9%
Malaysia	1.7%	1.5%	6.6%
Indonesia	0.1%	1.8%	-34.3%
Thailand	-1.9%	-3.5%	23.4%
Philippines	-7.3%	6.6%	0.3%
BBG Multiverse	0.5%	-0.7%	-0.1%
BBG U.S. Treasury	0.3%	-0.5%	-0.5%
BBG Global IG	0.6%	-1.0%	-0.4%
BBG Global HY	1.0%	0.9%	2.9%
BBG EM Asia	0.5%	-0.2%	0.7%
Gold	13.3%	0.4%	4.5%
Brent Crude	2.9%	-0.7%	48.7%
WTI Crude	1.3%	-1.8%	49.4%
Dollar Index (DXY)	-0.5%	0.5%	1.1%
Bitcoin	25.0%	7.1%	-10.3%

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

Fixed Income Outlook

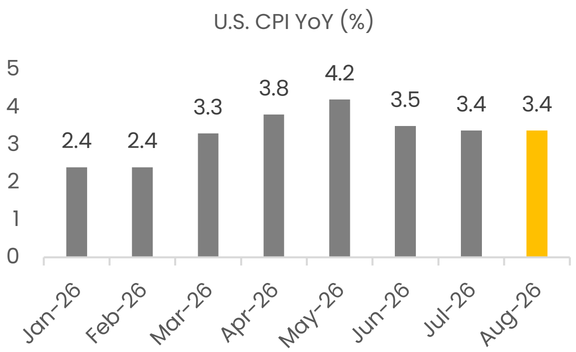
- **Inflation kept in check though uncertainty persists**. U.S. inflation continues to moderate, with headline CPI easing to 3.4% YoY in July from 3.5% previously. While the Cleveland Fed's nowcast suggests inflation will hold steady in August, it remains above the Fed's target of 2%. Fed Chairman Kevin Warsh also recently reiterated that the central bank still has "work to do" on inflation, reinforcing a cautious policy stance. Meanwhile, persistent Middle East tensions could keep upward pressure on oil prices, highlighting the risk of renewed inflation volatility.

- **Broaden currency exposure but limit duration risks**. Beyond inflation, rising fiscal concerns in major economies such as the U.S. and Japan could place upward pressure on long-end government bond yields. As such, we would avoid overextending duration exposure and instead focus on capturing stable carry through high-quality credits. Notably, while credit spreads remain tight by historical standards, all-in yields continue to offer attractive income opportunities. We also favour diversifying into non-USD credit markets, including AUD, GBP and SGD-denominated bonds, to enhance yield potential and strengthen portfolio resilience through broader currency diversification.

- **Opportunities in European banks and oil & gas credits.** European bank credit remains one of our preferred sources of carry, spanning senior and selected Additional Tier 1 (AT1) bonds. Beyond financials, we see opportunities in European integrated oil & gas issuers, supported by improving leverage profiles, strong cash generation and ongoing balance-sheet discipline. We also remain constructive on Australian bank credit, underpinned by resilient fundamentals, robust capital positions and sound asset quality. Despite a softer economic backdrop, Australia's AAA sovereign rating and prudent regulatory oversight should continue to provide a strong foundation for the banking sector.

- **Add Hong Kong utilities for defensive qualities.** We add Hong Kong utilities to our preferred segment for the issuers' stable and predictable cash flows. Meanwhile, we remain constructive on leading Asia insurers, which are well positioned to benefit from the region's structural growth trends. Meanwhile, we see better all-in-yield opportunities with selected S-REIT perpetuals relative to the Singapore banks. Within the S-REIT space, we prefer issues with shorter call dates and favourable reset features.

Figure 1: U.S. headline CPI likely to hold steady in August*



*Aug-26 CPI based on Cleveland Fed Nowcast

Source: Bloomberg | 31 August 2026

Figure 2: Add Europe oil & gas and Hong Kong utilities to our preferred credit sectors

Regions	Preferred Credit Sectors
Europe & Australia	• Europe banks • Europe oil & gas • Australia financials
Asia	• Asia insurers • Hong Kong utilities • Singapore REITs

Source: Maybank GWM | 31 August 2026

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Equity Outlook

- **Resilient U.S. equities on robust earnings momentum.** U.S. equities continue to demonstrate resilience, supported by robust earnings growth, solid economic momentum and healthy consumer spending. We remain constructive on industrials and have added energy to our preferred sectors, as persistent supply disruptions have increased tail risks and improved the sector's risk-reward profile. We also continue to selectively accumulate oversold technology stocks while maintaining a strong emphasis on quality, diversification and valuation discipline.

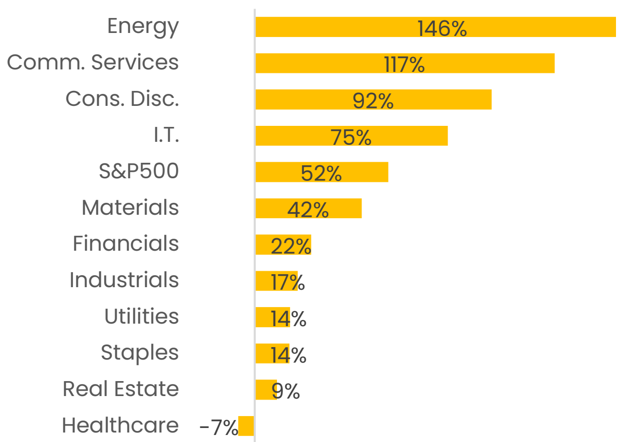
- **Favour European energy plays alongside U.S. sector peers.** European equities remain supported by improving economic momentum, particularly in Germany. We retain our constructive view on financials and industrials, underpinned by resilient earnings and a stabilising growth outlook. We have also turned more positive on European energy stocks, supported by elevated oil prices, robust free cash flow generation and attractive shareholder returns.

- **Rotating back to Japan financials.** Japan technology has staged a strong rebound, validating our earlier buy-on-weakness call. Given the sector's recent outperformance, we have rotated back into financials, which should benefit from a gradually tightening monetary policy backdrop. We also continue to favour industrials, supported by sustained AI-related investment demand.

- **Eyeing potential policy beneficiaries in China.** China's growth momentum softened in July, strengthening expectations for additional policy support. We expect policymakers to roll out targeted measures to revive demand, including the ongoing RMB 7 trillion "Six Network" infrastructure programme and further consumption incentives. Consumer discretionary stocks could be among the key beneficiaries, supported by additional stimulus and stronger spending ahead of the Golden Week holiday. We also remain constructive on technology and financials, which should benefit from policy support and improving sentiment.

- **Singapore still a bright spot in ASEAN.** Singapore remains one of our preferred ASEAN markets, supported by strong economic momentum, resilient earnings and attractive dividend yields. In Malaysia, the expansion of Bursa Malaysia's KLCI index to include more stocks could help offset weaker sentiment from recent political developments. Lastly, while Indonesia's new central bank governor enhances policy certainty, we remain selective amid a mixed external backdrop.

Figure 3: Robust EPS growth across S&P 500 sectors in 2Q (YoY%)



Source: Factset I 28 August 2026

Figure 4: Add U.S. and Europe energy to our preferred equity sectors

Regions	Preferred Equity Sectors
U.S.	• Consumer Staples • Industrials • Energy
Europe	• Energy • Industrials • Financials
Japan	• Financials • Industrials
Asia ex-Japan	• **China**: Con. Discretionary, Financials, Industrials, and Technology. • **Singapore:** Industrials, Internet, Telco • **Malaysia**: Construction, Healthcare, Technology

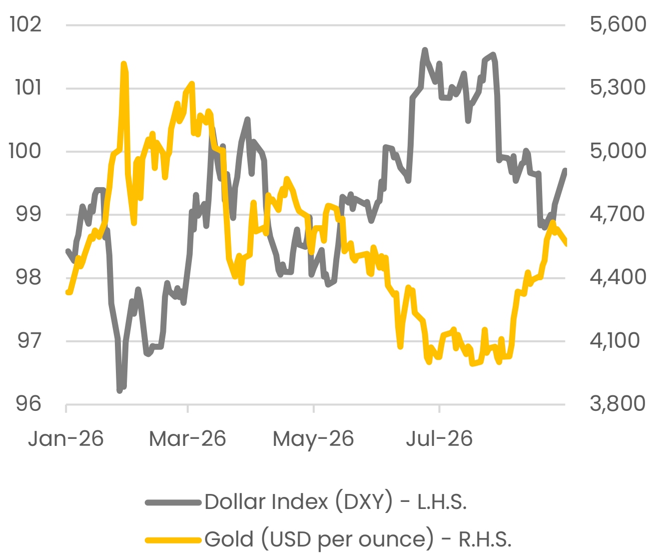
Source: Maybank GWM | 31 August 2026

Commodities Outlook

- **Ride the gold price uptrend but be mindful of positioning.** Gold posted a strong gain in August, supported by rising concerns over U.S. fiscal sustainability and a subdued U.S. dollar. Notably, the U.S. federal debt burden surpassed USD 40 trillion, while the monthly budget deficit reached a five-year high in July, reigniting concerns over potential dollar debasement. These developments have reinforced gold's appeal as both an alternative store of value and a strategic portfolio diversifier. No doubt, the recent rally could leave prices vulnerable to near-term consolidation, especially if positioning becomes overly stretched again as seen earlier this year. Nevertheless, we remain constructive on the medium-term outlook. Expectations of a gradually weaker U.S. dollar, together with sustained central bank buying, should continue to provide support for gold prices.

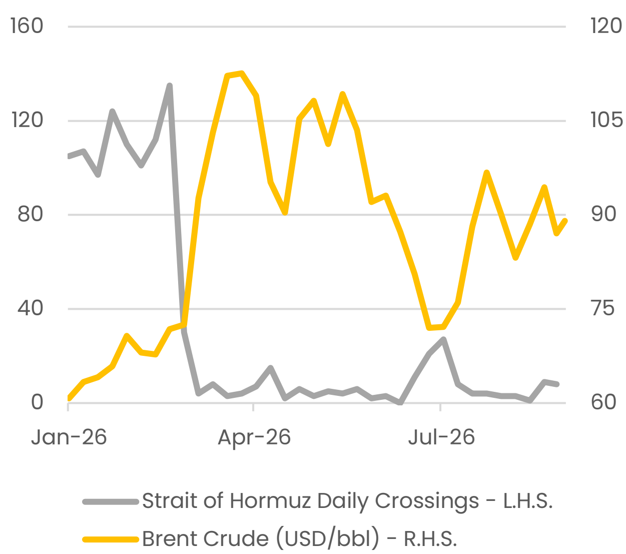
- **Oil volatility to persist but unlikely to de-rail economy.** Oil prices remained choppy amid lingering uncertainty in the Middle East with the U.S. and Iran at an impasse following the expiry of their earlier ceasefire agreement in June. With traffic through the Strait of Hormuz still operating at a trickle, supply disruptions remain a risk and could trigger intermittent spikes in oil prices. Nevertheless, resilient non-OPEC supply growth, including higher output from Venezuela, should help limit the scope for a sustained oil rally. Meanwhile, declining U.S. Strategic Petroleum Reserve (SPR) levels may increase the urgency for the Trump administration to secure a more durable agreement with Iran ahead of the November mid-term elections. As such, while oil prices are likely to remain volatile, our base case remains that the conflict will stay contained and is unlikely to derail global growth.

Figure 5: Gold rebounded as dollar debasement concerns resurfaced



Source: Bloomberg I 31 August 2026

Figure 6: Middle East and oil prices remain a source of uncertainty



Source: Bloomberg I 31 August 2026

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