August 2026

Monthly Investment Insights

Macro Commentary

- Global equities were broadly resilient in July despite heightened market volatility. Strong corporate earnings and continued AI-related investment remained supportive for risk assets, although market leadership broadened beyond the technology sector. Investors increasingly focused on companies demonstrating tangible earnings delivery, while sectors such as Financials and Industrials benefited from the ongoing market rotation, helping support overall market resilience.

- Monetary policy remained a key market focus as inflation stayed above central bank targets. The U.S. Federal Reserve kept interest rates unchanged in July, while policymakers maintained a cautious tone amid persistent inflation pressures and a still-resilient labour market. Markets continued to anticipate a restrictive policy stance, reinforcing expectations that interest rates could remain elevated for longer.

- Bond markets came under pressure as yields moved higher. Moderating economic growth was not sufficient to outweigh concerns around sticky inflation, prompting investors to reassess the outlook for monetary policy. Longer-dated U.S. Treasury yields rose during the month, reflecting expectations that central banks will remain cautious until clearer evidence of easing inflation emerges.

- Geopolitical developments continued to influence market sentiment and energy prices. Ongoing uncertainty surrounding the U.S.-Iran ceasefire and the broader Middle East situation kept investors attentive to potential supply disruptions and inflation risks. At the same time, global trade remained resilient, supported by strong demand for AI-related technologies, digital infrastructure and clean energy products, helping offset some of the geopolitical headwinds facing markets.

AIA Asset Allocation View

		- -	-	=	+	+ +	House View
Equities	United States				■		• Maintain moderate overweight in Global Equities vs Bonds. Trim winners to lock in gains while remaining invested on resilient macro conditions and earnings growth. • Focus on opportunities from broadening market leadership beyond technology and AI. • Reduce Asia ex-Japan from Overweight to Neutral as market leadership broadens across regions and sectors.
	Europe		■				
	Japan			■			
	Asia ex Japan			■			
Fixed Income	U.S. Investment Grade			■			• Maintain Neutral on U.S. Investment Grade given supportive macro conditions, offset by elevated issuance.
	U.S. High Yield		■				• Remain underweight U.S. High Yield as current yields provide limited compensation for taking additional credit risk.
Cash	Cash			■			• Remain invested, using cash to add to longer term structural opportunities.

-- : Underweight
- : Moderate Underweight
= : Neutral
+ : Moderate Overweight
++ : Overweight

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