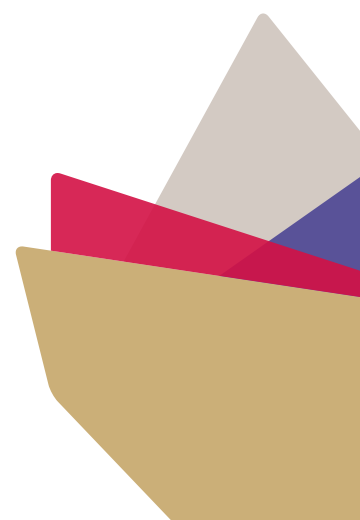


Monthly Investment Insights

- Equity markets in June were shaped by powerful tech-driven rallies and shifting macroeconomic expectations. Despite lingering inflation pressures and geopolitical uncertainty, major indices such as the S&P 500 and Nasdaq closed out the first half of the year on a strong footing, supported by the ongoing boom in AI capital expenditure.
- Technology remained the clear market leader. AI-linked and semiconductor stocks continued to dominate global benchmarks, even as U.S. Tech names experienced bouts of mid-month volatility. Notable milestones included Alphabet's entry into the DJIA Index with the Dow closing above 52,000 for the first time. Higher-than-expected headline inflation and elevated energy prices prompted central banks to adopt a more cautious stance. Market narratives moved away from early-year optimism about rate cuts toward debates over whether the Federal Reserve (Fed) may need to hold rates higher for longer.
- Strong labour data and sticky inflation reinforced the higher-for-longer narrative, with investors reducing the probability of cuts in the second half of the year. This shift in expectations around monetary policy resulted in the 10-year U.S. Treasury yield to hover near 4.5% while the 2-year pushed above 4.2%.
- On 17th June 2026, the U.S. and Iran signed a fragile ceasefire agreement, halting direct hostilities and reopening the Strait of Hormuz to global shipping after almost 4 months of closure. While this agreement set in place a 60-day negotiation window, it was quickly tested by mutual accusations of violations by both countries that show the complexities and political skepticism around any attempts towards permanent peace.

| | | -- | - | = | + | ++ | House View |
|--------------|-----------------------|----|---|---|---|----|---|
| Equities | United States | | | | | | <ul style="list-style-type: none"> Maintain moderate overweight in Global Equities vs Bonds. |
| | Europe | | | | | | <ul style="list-style-type: none"> Remain invested and focus on relative-value thematic opportunities: Some themes include: Energy Self-Sufficiency AI Winners, Multipolar World, Reflation. |
| | Japan | | | | | | <ul style="list-style-type: none"> Earnings fundamentals in U.S. and Asia ex-Japan are expected to remain resilient, with both regions poised to deliver double-digit growth in 2026 and 2027. |
| | Asia ex Japan | | | | | | <ul style="list-style-type: none"> Peaking oil prices provide positive equity tailwinds. |
| Fixed Income | U.S. Investment Grade | | | | | | Maintain neutral view on IG given benign macro conditions, offset by significant amount of upcoming AI-related issuances. |
| | U.S. High Yield | | | | | | Remain UW HY as spreads remain tight. Year-to-May, CCC-rated U.S. HY has lagged BB-rated U.S. HY reflecting investor caution in taking HY 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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