AIA Investments

Macro Commentary

September 2026

Monthly Investment Insights

- Global equities rebounded in August, supported by resilient economic growth and another strong corporate earnings season. U.S. stocks recovered on the back of upbeat results, while global earnings expectations continued to improve. Despite ongoing geopolitical tensions in the Middle East and higher interest rate expectations following a hawkish Jackson Hole speech, investor sentiment remained constructive.

- Technology and Energy sectors led earnings growth, with signs that earnings strength is broadening across industries. Technology shares regained momentum after July's sell-off, led by Software and Semiconductor companies. Economic activity also remained healthy, with the S&P Global U.S. Manufacturing Purchasing Manager Index (PMI) data staying firmly in expansion territory. With gains seen across major markets, global diversification continues to be an important source of opportunity and resilience.

- In the highly anticipated Jackson Hole Symposium in August, Federal Reserve (Fed) Chair Kevin Warsh struck a hawkish tone, reaffirming the Fed's commitment to its 2% inflation target and signaling concerns that inflation remains persistent. Markets subsequently increased expectations on a potential rate hike at the Fed's September meeting after a stronger than expected non-farm payroll while pending inflation data which is expected to be one of the key determinants of the Fed's next policy move.

- Global bond yields continued to climb to record highs as investors demanded higher compensation for holding long-term government debt amid persistent inflation concerns, widening fiscal deficits, and increased borrowing needs. While the U.S. Treasury's expanded bond buyback programme provided temporary relief, long-term yields resumed their upward trend, reflecting ongoing concerns in global bond markets.

AIA Asset Allocation View

		- -	-	=	+	+ +	House View
Equities	United States				■		• Maintain moderate Overweight in Global Equities vs Bonds. Market leadership is changing with rotation from Tech/AI into other segments of the markets, presenting opportunities to generate additional alpha. Examples include: ○ Earnings diffusion from Tech/AI to broader market ○ Re-industrialization of Europe ○ Policy rates normalization • Monitor for potential outperformance of AxJ in view of weakening USD and resilient fundamentals
Equities	Europe		■				
Equities	Japan			■			
Equities	Asia ex Japan (AxJ)			■			
Fixed Income	U.S. Investment Grade (IG)		■				• Downgrade U.S. IG to Underweight due to large amount of supply and weakening credit metrics.
Fixed Income	U.S. High Yield (HY)			■			• Upgrade U.S. HY to Neutral on the back of improving credit quality, manageable supply and stable spreads.
Cash	Cash			■			• Remain invested, using cash to add to longer term structural opportunities.

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

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