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# Multi-Asset Strategy Quarterly

April 2026

# Foreword



**David Knee**  
Head of Multi-Asset

Welcome to our latest Multi-Asset Strategy Quarterly. In this report, we examine how supportive liquidity conditions and improving credit trends are continuing to underpin risk assets, even as growth remains uneven across regions and geopolitical tensions add uncertainty.

We also outline our asset class views across equities, fixed income, currencies and commodities, highlighting where this backdrop is creating selective opportunities.

While the case for risk assets remains intact in our view, the environment is becoming more differentiated, with inflation risk, policy sensitivity and diversification likely to matter more from here.



**Alex Holroyd-Jones**  
Portfolio Manager

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**Rebecca Phillips**  
Assistant Portfolio Manager

**General risks.** The value of investments, and any income generated from them, can fall as well as rise. Where charges are taken from capital, this may constrain future growth. Past performance is not a reliable indicator of future results. If any currency differs from the investor's home currency, returns may increase or decrease as a result of currency fluctuations. Investment objectives and performance targets are subject to change and may not necessarily be achieved, losses may be made. Environmental, social or governance related risk events or factors, if they occur, could cause a negative impact on the value of investments.

**Specific risks. Currency exchange:** Changes in the relative values of different currencies may adversely affect the value of investments and any related income. **Emerging market (inc. China):** These markets carry a higher risk of financial loss than more developed markets as they may have less developed legal, political, economic or other systems. **Commodity related investment:** Commodity prices can be extremely volatile and significant losses may be made. **Default:** There is a risk that the issuers of fixed income investments (e.g. bonds) may not be able to meet interest payments nor repay the money they have borrowed. The worse the credit quality of the issuer, the greater the risk of default and therefore investment loss. **Equity investment:** The value of equities (e.g. shares) and equity-related investments may vary according to company profits and future prospects as well as more general market factors. In the event of a company default (e.g. insolvency), the owners of their equity rank last in terms of any financial payment from that company.

# A broadening global cycle amid a more volatile geopolitical backdrop

## Improving liquidity supports the US growth outlook

The US economy continues to demonstrate resilience, with economic data remaining buoyant and showing increasing signs of broadening. There are already initial signs of this broadening within the credit cycle, where momentum is no longer confined to areas that previously dominated, such as private credit.

As we continue through 2026, growth is expected to remain robust and broaden, supported by the lagged impact of monetary easing, improving liquidity conditions as the Federal Reserve returns to balance sheet expansion and front-loaded fiscal spending that supports consumers. Disinflationary forces in shelter and other key components are likely to be offset by inflationary pressures arising from challenging base effects and an improving demand backdrop, with further upside risks from energy and commodity prices as the implications of the Iran war continue to weigh on global supply chains. As a result of these dynamics, we expect US risk assets to remain supported, with the potential for a broadening of performance drivers as liquidity conditions ease and demand recovers. The labour market, however, remains a key risk to monitor.

Figure 1: US core CPI

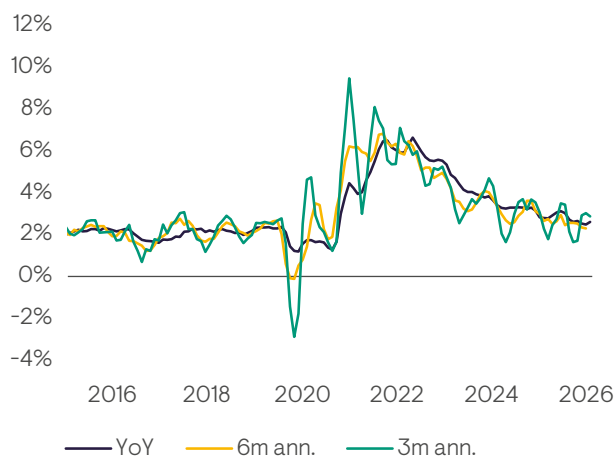
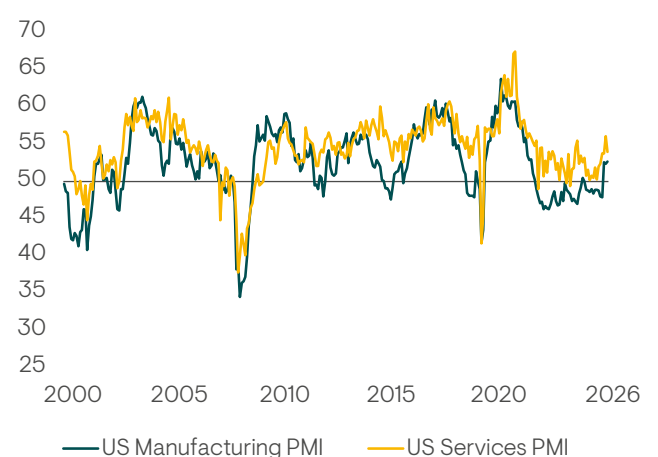


Figure 2: US PMI



Source: Ninety One, March 2026.

## Europe's recovery builds, despite headwinds

In Europe, there is evidence of an emerging economic recovery supported by previous policy easing, a new credit cycle and expanding fiscal budgets in Germany and across Europe. However, the strength of this recovery remains uncertain, with headwinds from the reflexivity of recent euro strength, higher interest rates, rising energy prices and uncertainty over the timing of fiscal support. The latest Iran war is likely to have a more significant impact on the European economy, given its reliance on imported energy, and poses key upside risks to inflation. The European Central Bank has shifted to a more proactive stance, becoming more sensitive to inflation surprises and increasing the probability of rate hikes and a potential policy mistake. The higher level of uncertainty over the European growth outlook suggests more caution is warranted for European currencies, in our view, particularly given recent outperformance.

Figure 3: Euro core CPI

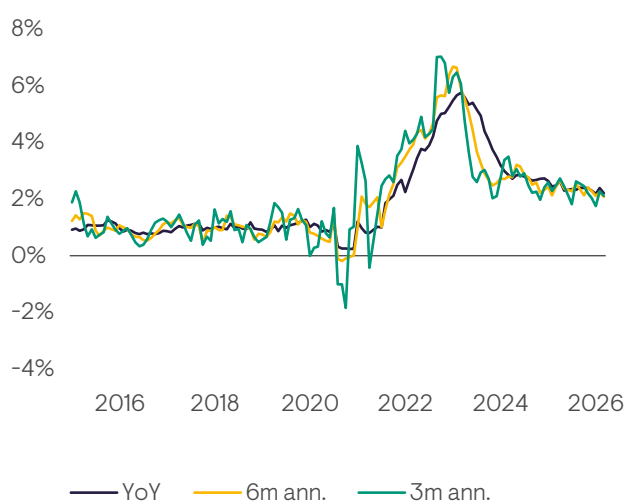
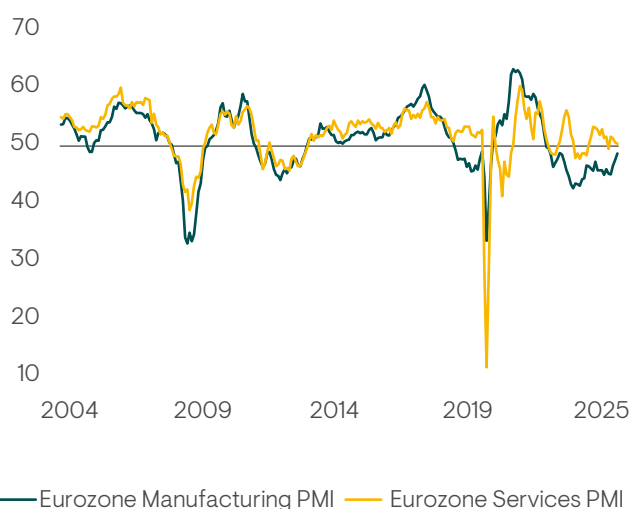


Figure 4: Euro PMI



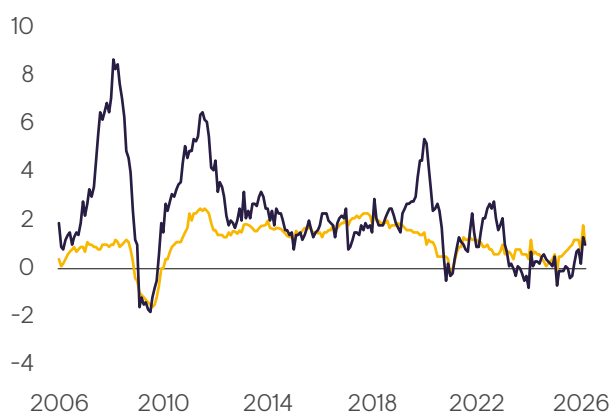
Source: Ninety One, March 2026.

## China's economy moving in to reflation?

In China, easing measures have softened in the near term, with the credit impulse once more rolling over. The Chinese authorities continue to prioritise domestic consumption as a driver of growth. In particular, the "Special Action Plan" outlines a broad set of measures that will be implemented to support a transition away from the recent drivers of growth, namely high-value-added industry and exports, towards domestic consumption. The move was driven by the escalation in trade conflict, but China's ability to materially ease is constrained by weak domestic confidence and elevated debt levels.

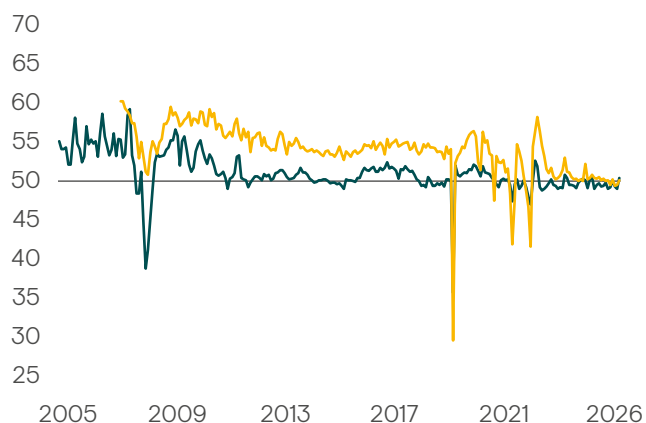
Recent growth data show some signs of a recovery in economic momentum from a weak base, with consumer confidence improving and the property market potentially nearing a bottom. The introduction of “anti-involution” policies and supportive base effects have supported a recovery in inflation, which has key implications for the rest of the world given the degree to which China has been an exporter of deflation over the last few years.

**Figure 5: China inflation**



— Headline CPI — Core CPI

**Figure 6: China PMI**



— China Manufacturing PMI — China Services PMI

Source: Ninety One, March 2026.

## Reflation and resilience continue to support risk assets

As a result of our central investment roadmap, as discussed above, we continue to believe that risk assets will remain supported by easing fiscal and monetary conditions. Improving credit cycles and accelerating economic momentum suggest the potential for a broadening in market drivers, although geopolitical tensions are likely to continue to add to volatility.

We prefer areas of the market that will benefit from reflationary conditions, such as small caps and basic resources. In fixed income, valuations have notably reset in defensive government bonds in the near term, reflecting elevated inflation risks. As a result, the longer end of curves continues to offer attractive diversifying qualities, in our view.

In currency, while we continue to believe the medium-term path for the US dollar is weaker, the recovering economic backdrop and inflation risks create near-term upside risks to the currency, at a time when European peers are facing headwinds from the latest geopolitical events.

# Summary of asset class views

## Defensive bonds

View as at	31 Mar 26	31 Dec 25	30 Sep 25
US	neutral	neutral	neutral
Eurozone	neutral	neutral	neutral
Japan	neutral	neutral	neutral
UK	positive	positive	positive
China	neutral	neutral	neutral

■ max positive  
 ■ positive  
 ■ neutral  
 ■ negative  
 ■ max negative

**Positive:** UK, Sweden, Australia long end

### Summary

Bond markets have repriced notably amid potential inflation risks stemming from the Middle East conflict. Most central banks are now expected to hike interest rates multiple times. Overall, the degree to which central banks follow through on current pricing will ultimately depend on how core inflation, inflation expectations and wages react to the energy shock. While inflation risks have picked up amid underlying price pressures and the potential for a new demand cycle, the degree of pricing appears extreme at current levels, suggesting bond markets hold some value. We prefer to express exposure in areas where policy is already restrictive and likely to provide an offset to any upward shocks, such as the UK and Australia, and in areas where economic activity is already weak, such as Sweden.

## Growth bonds & credit spreads

View as at	31 Mar 26	31 Dec 25	30 Sep 25
EM HC	neutral	neutral	neutral
EM LC	positive	positive	neutral
US Credit	negative	negative	negative
EU Credit	negative	negative	negative

■ max positive  
 ■ positive  
 ■ neutral  
 ■ negative  
 ■ max negative

**Positive:** South Africa and Brazil local currency

### Summary

Developed market credit spreads have been volatile amid risk sentiment driven by the conflict in the Middle East, private credit concerns and AI disruption. After widening over the initial conflict, movement towards a resolution in recent weeks and a continued strong macroeconomic backdrop have supported a return of credit spreads to multi-year tightness. Issuance dynamics also look set to become a headwind as corporates, particularly in the technology sector, build up debt to fund investment. Given the limited upside, we do not believe current valuations compensate investors for taking credit risk and prefer to express growth risk through equity.

Overall, we remain selective in our approach to emerging market fixed income. The energy shock in the Middle East adds upside risks to inflation while being a headwind to growth, particularly in regions that are highly reliant on imported fuel and are already enacting fuel rationing. The extent to which the positive progress on inflation across most emerging markets is affected by this energy shock will be key to the extent to which bond yields can return to previous levels. We continue to focus exposure on areas where risk premia remain attractive and are supported by fundamentals, such as Brazil and South Africa.

## FX

View as at	31 Mar 26	31 Dec 25	30 Sep 25
USD	positive	neutral	neutral
EUR	negative	neutral	positive
JPY	neutral	neutral	neutral
CNY	neutral	neutral	neutral
EM	positive	positive	neutral

■ max positive  
 ■ positive  
 ■ neutral  
 ■ negative  
 ■ max negative

**Positive:** US dollar, Brazilian real, South African rand

**Negative:** Euro, Swiss franc

### Summary

While we continue to believe that the medium-term outlook for the US dollar is for weakness to persist, driven by easing policy conditions, a waning public impulse and dedollarisation flows, the near-term backdrop appears more supportive of US outperformance. Economic momentum in the US is accelerating, supported by the lagged effects of earlier policy easing and ongoing fiscal spending, while regions like Europe are facing additional headwinds from the reflexive effects of a stronger euro and the energy price shock in the Middle East. In a multi-asset portfolio context, the US dollar provides an attractive hedge against potential stagflationary risks. As a result, we have once again moved long US dollars within portfolios against European currencies.

## Equity

View as at	31 Mar 26	31 Dec 25	30 Sep 25
US	positive	positive	positive
Europe ex-UK	positive	positive	positive
UK	neutral	neutral	neutral
Japan	neutral	neutral	neutral
Asia ex-Japan	neutral	neutral	neutral
EM vs. DM	neutral	neutral	neutral

■ max positive  
 ■ positive  
 ■ neutral  
 ■ negative  
 ■ max negative

**Positive:** Stoxx Basic Resources, Russell 2000, European banks

### Summary

Within the equity allocation, we have become more positive on the US outlook, with the policy backdrop supportive and liquidity conditions expected to improve as the Federal Reserve resumes balance sheet expansion. This should support an ongoing broadening in growth momentum and benefit risk assets across regions.

The lagged feed-through of policy easing to date, improving credit dynamics and the potential front-loading of fiscal spending in 2026 are expected to support a broadening in US growth and market drivers. This should benefit areas of the equity market that have lagged, particularly US small caps, where earnings momentum is improving, as well as cyclical sectors such as European basic resources and European banks.

Within emerging markets, Chinese authorities are actively easing policy conditions to encourage growth and stabilise the economic outlook. We expect this dynamic to support linked equity markets, though we remain neutral on the region given the limited valuation asymmetry.

# Commodities

View as at	31 Mar 26	31 Dec 25	30 Sep 25
Energy	neutral	negative	max negative
Precious metals	positive	positive	positive
Base metals & bulks	neutral	positive	positive
Agriculture	neutral	neutral	neutral

■ max positive  
 ■ positive  
 ■ neutral  
 ■ negative  
 ■ max negative

## Summary

Broad commodity exposure remains attractive in a multi-asset portfolio context in our view, as previous policy easing continues to feed supporting demand, raising the risk of a reflationary scenario. The conflict in the Middle East has exacerbated the inflationary trends that were already emerging on the back of this demand cycle, and while it poses growth risks, we expect them to be limited outside of a further material escalation, given the offsetting trends already at play.

From a specific commodity perspective, precious metals remain well supported. Gold continues to benefit from geopolitical uncertainty. Producers are generating record margins and strong cash flows. Silver and the platinum group metals also remain constructive – wider margins look durable even after a strong run.

In energy, the Middle East conflict is materially disrupting Strait of Hormuz flows, which normally handle around 20% of global oil and LNG supply. Rerouting capacity and strategic petroleum reserve (SPR) releases only partially offset the deficit, making the timing of the ceasefire critical. The three structural overhangs on oil – stalling US shale growth, normalising OPEC spare capacity, and disappointing EV adoption – were already laying the foundations for a more constructive outlook beyond the November midterms; the conflict may accelerate that timeline. In base metals, aluminium is particularly exposed given the inflexibility of smelter restarts, and we expect post-conflict strategic stockpiling to provide ongoing support for prices across critical metals. In agriculture, the region's outsized role in nitrogen fertiliser exports poses a meaningful risk to crop yields, especially corn and maize, with India, Southeast Asia, East Africa and South America most vulnerable if disruption extends into second-half planting cycles.

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