Ninety One

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Investing for a world of change

Multi-Asset Strategy Quarterly

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Foreword

Welcome to our latest Multi-Asset Strategy Quarterly. In this report, we examine how a broadening global cycle, improving liquidity and resilient growth continue to support risk assets, even as a more volatile geopolitical backdrop adds to the range of outcomes.

We also set out our higher-conviction asset class views across equities, fixed income, currencies and commodities, highlighting where these dynamics are creating selective opportunities.

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

Contents

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.

Reflation gathers pace even as geopolitical risk widens the range of outcomes

US growth broadens as liquidity improves

The US economy continues to demonstrate resilience, with economic data remaining buoyant despite energy market headwinds. The credit cycle is accelerating further, with momentum broadening beyond private credit. In the near term, fiscal spending has supported consumers, while AI capex is supporting a broad investment cycle. As we move into the second half of 2026, the degree to which the US economy can sustain its current growth momentum will be key for regional and global asset markets. Upside inflation risks are increasing within the US economy, driven by challenging base effects, an improving demand backdrop, and higher energy and commodity prices as the implications of the Iran war still weigh on global supply chains. As a result of these reflationary dynamics, we expect US risk assets to remain supported. However, we acknowledge that the risks of stagflationary conditions are rising as the Federal Reserve steps back from further easing and higher energy prices reduce real disposable incomes.

Figure 1: US core CPI

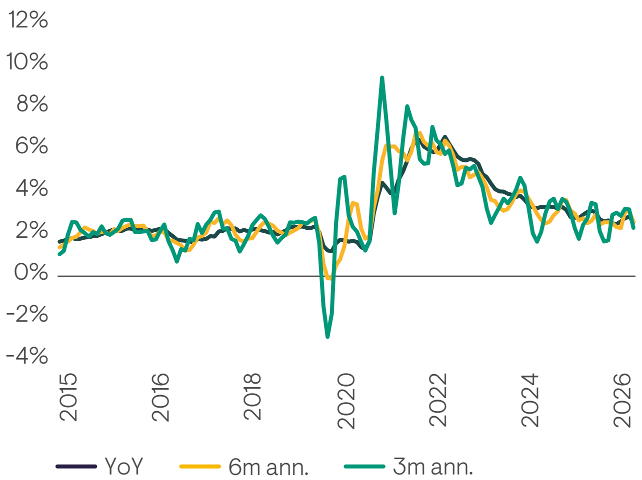
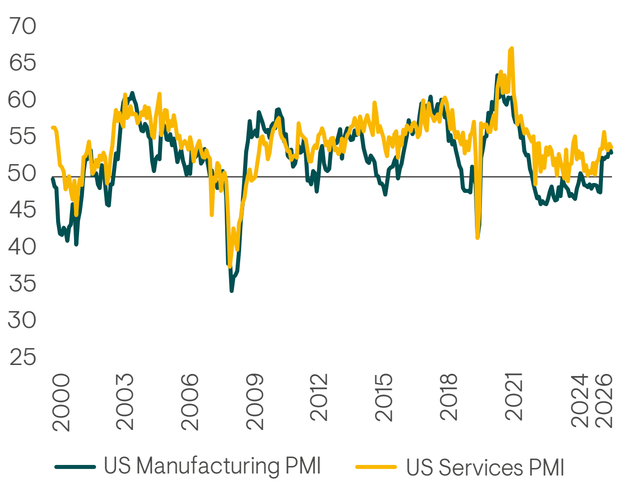


Figure 2: US PMI



Source: Ninety One, June 2026.

Europe faces slower growth and a more hawkish ECB

In Europe, economic momentum has weakened as higher energy prices have weighed on activity and sentiment. While an improving credit cycle and expanding fiscal budgets in Germany and across Europe continue to pose upside risks, headwinds from higher interest rates, rising energy prices, and uncertainty over the timing of fiscal support appear to offset these benefits in the near term. The ECB has enacted an interest rate hike to offset rising inflationary pressures and is likely to remain proactive, with a high sensitivity to inflation surprises, increasing the probability of further rate hikes and a subsequent policy error. The higher level of uncertainty over the European growth outlook suggests that more caution should be exercised regarding European currencies moving forward, particularly given their recent outperformance.

Figure 3: Euro core CPI

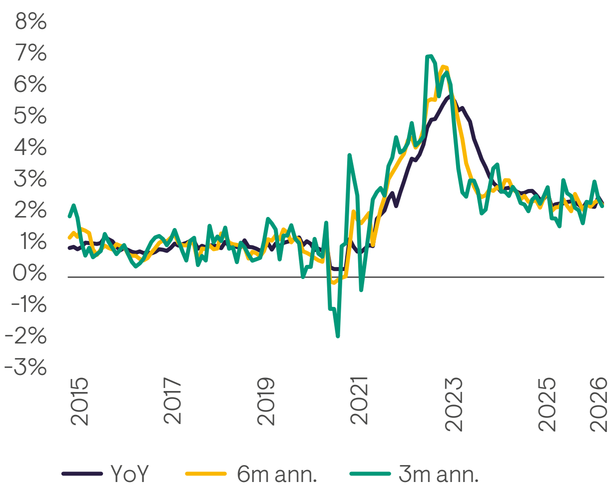
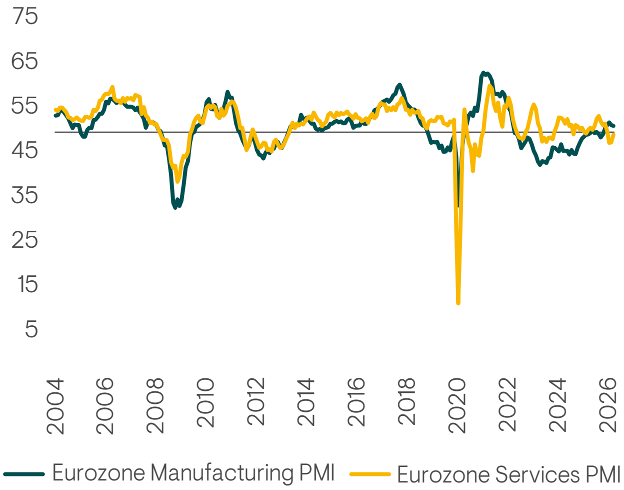


Figure 4: Euro PMI



Source: Ninety One, June 2026.

Beijing leans on consumption as easing loses force

In China, easing measures have become less forceful 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 driver of growth, namely high-value-added industry and exports, towards domestic consumption. The step was driven by the escalation in trade conflict, but their 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 implications for the rest of the world given the degree to which China has been an exporter of deflation over the last few years. The introduction of "anti-involution" policies has renewed hopes for an end to deflation and a recovery in nominal earnings.

Figure 5: China inflation

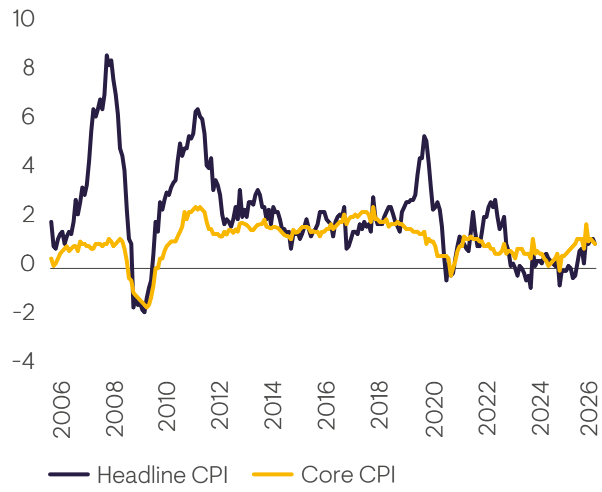
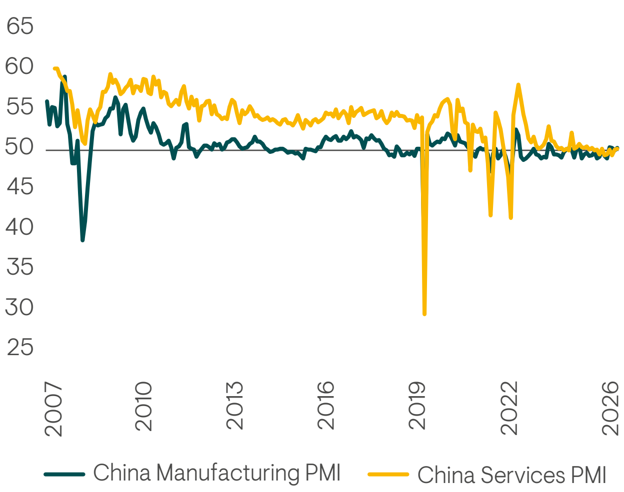


Figure 6: China PMI



Source: Ninety One, June 2026.

Volatility persists, but risk assets stay supported

Consistent with our central investment roadmap, as discussed above, we continue to believe that risk assets will remain supported by a broad reflationary backdrop. However, we acknowledge that stagflationary risks are rising as central banks tighten policy and demand headwinds persist. Given elevated risks and stretched investor positioning across key areas of the equity market, we have sought to diversify our exposure towards more defensive areas such as healthcare and those with broader performance drivers, such as the S&P Equal Weighted Index. In fixed income, valuations have notably reset in defensive government bonds over the near term, reflecting elevated inflation risks. As a result, the longer end of the yield curve 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, improving economic outcomes and risks to inflation present potential upside risks to the currency in the near term, at a time when European peers are facing headwinds from the latest geopolitical events.

Summary of asset class views

Defensive bonds

View as at	30 June 26	31 March 26	31 Dec 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, Australia long end

Summary

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

Growth bonds & credit spreads

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

max positive · positive · neutral · negative · max negative

Positive: South Africa, Colombia 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. Growing hopes of a US-Iran deal saw Brent crude fall almost 20% in May - its steepest monthly drop since the pandemic - easing stagflation fears and fueling a broader risk rally that has taken equities to new highs and pulled credit spreads back to multi-year tightness, with floating-rate credit (loans and CLOs) the standout performer. 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. While crude oil prices have eased back to pre-conflict levels as Middle East supply has recovered, refined fuel costs remain elevated and rising fertiliser prices, compounded by El Niño, continue to add upside risks to food inflation, 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 these pressures 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, Colombia and South Africa.

FX

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

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

Positive: US dollar, Brazilian real, South African rand, Colombian peso

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, in the near term, economic conditions look to be more supportive of US outperformance. Economic momentum is accelerating, supported by the lagged effects of earlier policy easing and ongoing fiscal spending. Regions like Europe are facing additional headwinds from reflexivity of the strong euro and 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 remain long US dollars within portfolios against European currencies. Selective emerging market currency exposure is attractive where risk premia remain elevated and structural improvements align with positive cyclical drivers, but with preference to fund from EUR rather than USD.

Equity

View as at	30 June 26	31 March 26	31 Dec 25
US	positive	positive	positive
Europe ex-UK	neutral	neutral	neutral
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: S&P equal weighted, US healthcare, Russell 2000, MSCI EM

Summary

US equities continue to benefit from easy liquidity conditions and a robust earnings backdrop. While select areas of the market, particularly those linked to the AI investment theme, have seen high levels of speculation and investor positioning build up, the ongoing global reflationary environment is expected to support a broadening out in market performance drivers and risk asset markets as a whole. The healthcare sector is attractive from a valuation perspective and given greater resilience to more stagflationary outcomes.

Commodities

View as at	30 June 26	31 March 26	31 Dec 25
Energy	neutral	neutral	negative
Precious metals	positive	positive	positive
Base metals & bulks	neutral	neutral	positive
Agriculture	neutral	neutral	neutral

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

Summary

We continue to see compelling opportunities in natural resources, underpinned by structural demand tailwinds (electrification), supply constraints and attractive valuations (high free-cashflow yields and shareholder distributions) and widening fiscal deficits providing a further macro tailwind given the sector's role as an inflation hedge. Within energy, the conflict in Iran and the wider Middle East has disrupted supply and driven extreme oil price volatility that we believe energy equities are not fully pricing in, creating upside for active stock-pickers; more structurally, we see the oil market turning more constructive beyond the US mid-terms as shale growth fades, OPEC spare capacity normalises and EV adoption disappoints.

Gold has retreated from its highs but is forming a new base around US$4,000/oz, supported by central-bank and Asian buying as countries diversify away from the dollar; Fed Chair Kevin Warsh's hawkish stance is a near-term headwind, but fiscal constraints on the Fed and slowing growth skew risks to the upside, and with gold miners' EBITDA margins still exceptional (>100% on average), we expect robust equity returns, stronger still if gold moves higher. Elsewhere, the same regional disruption has tightened aluminium (a deficit likely into at least mid-2027) and nitrogen fertiliser markets (compounded by El Niño dryness, though cushioned by elevated grain inventories), while copper looks better supported by government stockpiling despite a more balanced supply/demand outlook, though we see copper equities as fully valued.

Important information

Indices

Indices are shown for illustrative purposes only, are unmanaged and do not take into account market conditions or the costs associated with investing. Further, the manager's strategy may deploy investment techniques and instruments not used to generate Index performance. For this reason, the performance of the manager and the Indices are not directly comparable.

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