Ninety One

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 resilient global growth and a broadening economic cycle continue to support risk assets, even as tighter monetary policy, higher energy prices and a more volatile geopolitical backdrop increase uncertainty.

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

While the case for risk assets remains intact, the balance of risks has become less favourable. Elevated valuations, increasing policy sensitivity and a changing growth backdrop reinforce the importance of selectivity, diversification and disciplined risk-taking.

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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.

Growth endures, but headwinds are rising

US growth holds as Fed tightens policy

The US economy continues to demonstrate resilience, with economic data remaining buoyant, despite energy market headwinds and rising interest rates. The credit cycle continues to accelerate, with momentum broadening beyond private credit. In the near term, fiscal spending has supported consumers while artificial intelligence (AI) capex is supporting a broad investment cycle. Inflation momentum has turned negative; however, near-term volatility in energy prices poses renewed headwinds to disinflation. While growth headwinds have risen with higher interest rates and the Fed's return to tightening, the strength of the underlying growth impulse is expected to continue supporting US risk assets in the near term. However, downside risks are rising, with valuations increasingly elevated across all areas of the equity market and the AI capex cycle potentially approaching its peak, with limited policy support expected. The lagged impact of tighter financial conditions over recent months presents additional headwinds as we move into 2027.

Figure 1: US core CPI

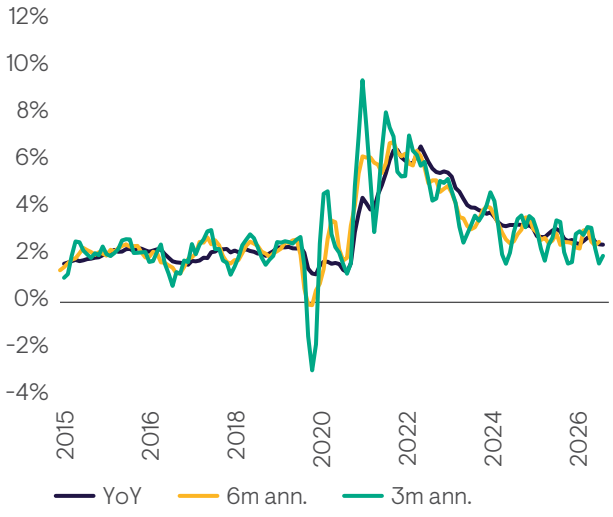
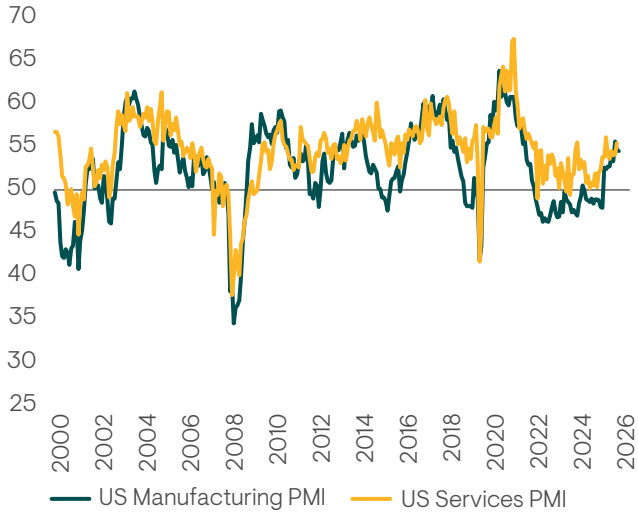


Figure 2: US PMI



Source: Ninety One, September 2026.

ECB walks inflation tightrope

In Europe, economic momentum has rebounded strongly. The sustainability of this recovery will depend on the degree to which tighter policy and financial conditions and further energy price volatility weigh on consumers and businesses. 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 be offsetting these in the near term. The European Central Bank has hiked rates to offset rising inflationary pressures and is likely to remain proactive, with a high sensitivity to inflation surprises. This increases the probability of further hikes, and, in turn, of a policy mistake. Political uncertainty in France has risen, adding further headwinds to growth and increasing stability concerns over European markets.

Figure 3: Euro core CPI

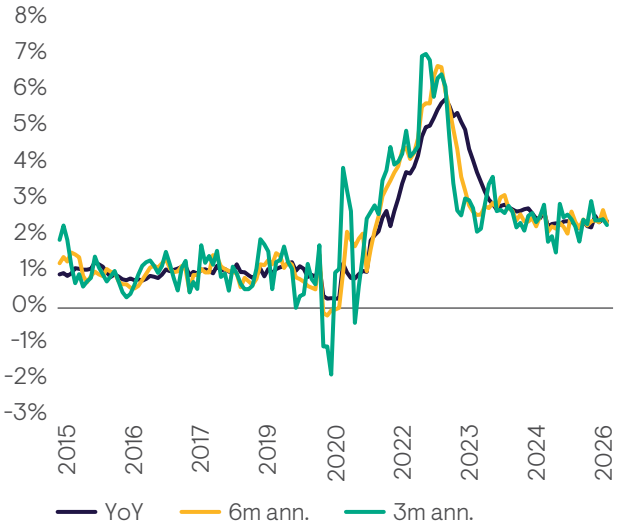
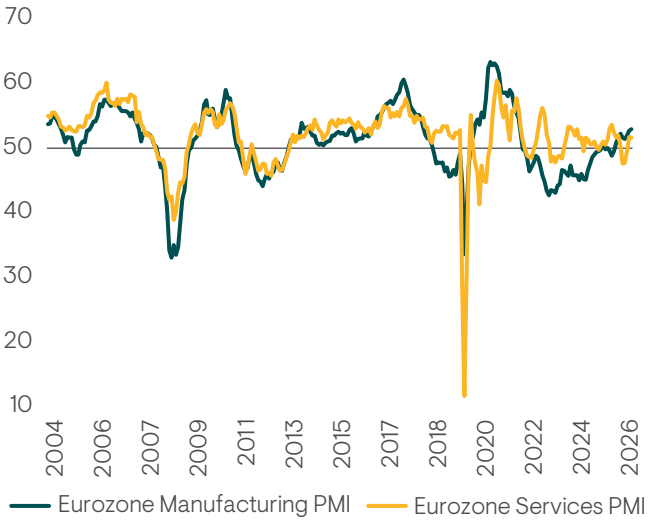


Figure 4: Euro PMI



Source: Ninety One, September 2026.

China balances stimulus and structural reform

In China, weak domestic activity over the summer has driven authorities to renew easing efforts and support economic stabilisation to ensure they meet their growth target. Overall, Chinese authorities continue to prioritise domestic consumption as a driver of growth. The "special action plan" outlines a broad set of measures to shift the economy away from its recent growth drivers, high value-add industry and exports, towards domestic consumption. Constraints remain on how far they can ease and support growth. Recent data shows some signs of a recovery from a weak base, with consumer confidence improving and a potential near-term bottoming in the property market. However, the overall credit impulse suggests households are deleveraging, an ongoing headwind to any growth recovery.

Figure 5: China inflation

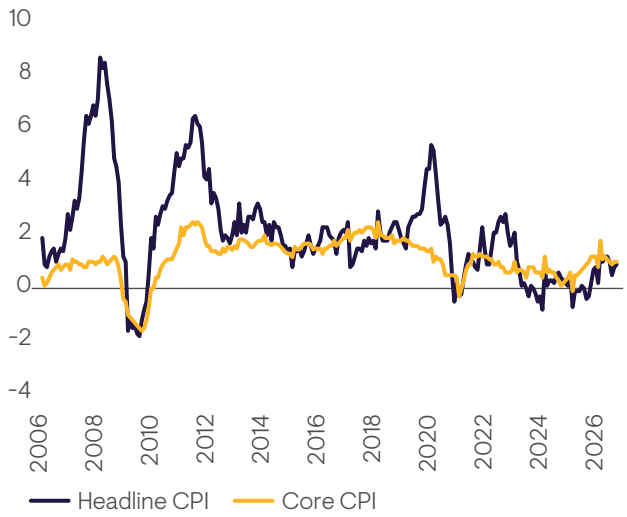
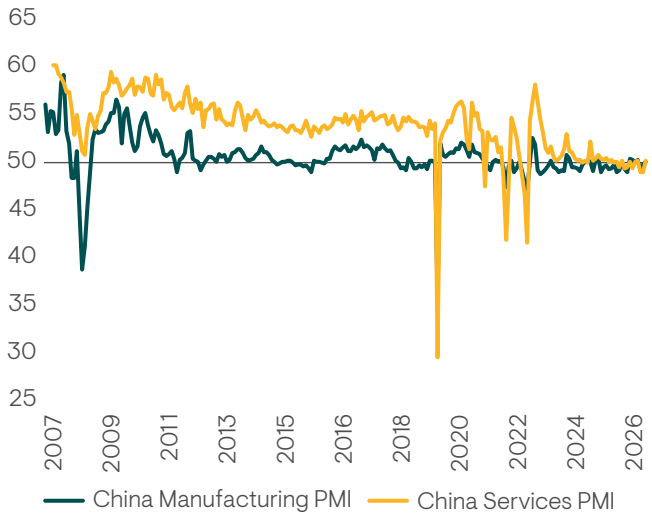


Figure 6: China PMI



Source: Ninety One, September 2026.

Positioning through a more challenging backdrop

Given our central investment roadmap, as discussed above, we continue to believe that risk assets will remain supported by a broad and robust growth backdrop in the near term. However, we acknowledge that downside 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 been moderating our risk asset exposure at the margin and diversifying towards more defensive areas such as healthcare, and towards areas with broader performance drivers that have lagged more recently, such as the S&P 500 Equal Weight Index. In fixed income, valuations in defensive government bonds have reset notably, reflecting a reassessment of long-term real growth expectations. As a result, the longer end of yield curves and inflation-linked bonds are at levels that offer attractive diversifying qualities, in our view.

Summary of asset class views

Defensive bonds

View as at	30 Sep 26	30 Jun 26	31 Mar 26
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, US TIPs, Norwegian steepeners

Summary

Bond markets have repriced on inflation risks from the Middle East conflict and the rate-insensitive AI capex cycle. Developed market central banks have resumed hiking and are expected to deliver several more hikes to offset broader inflationary pressure. Whether they follow through on current pricing will depend on how core inflation, inflation expectations and wages react to the energy shock. Inflation risks have risen, with underlying price pressures building and a new demand cycle possibly emerging. However, pricing looks extreme at current levels, which suggests bond markets offer some value. We prefer exposure where policy is already restrictive and likely to offset upward shocks, such as the UK and Australia. In the US, real yields have reset, particularly at the longer end of the curve, and offer attractive medium-term value.

Growth bonds & credit spreads

View as at	30 Sep 26	30 Jun 26	31 Mar 26
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 widened in the final weeks of September, giving back part of the month's gains as the interest rate sell-off in developed market bonds gathered pace. High-yield bonds saw the largest spread widening, compounded by expanding supply. This recent volatility has improved valuations in areas of the credit market; however, on a longer-term basis they remain demanding. Underlying corporate fundamentals remain robust, but issuance dynamics are expected to remain a headwind over the coming months. 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. As in developed markets, emerging markets continue to face a volatile inflation backdrop with energy prices driven by the conflict in the Middle East, while El Niño adds further risks to food prices into 2027. How far these pressures affect the positive progress on inflation across most emerging markets will determine 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 Sep 26	30 Jun 26	31 Mar 26
USD			
EUR			
JPY			
CNY			
EM			

max positive positive neutral negative max negative

Positive: Japanese yen, US dollar, Brazilian real

Negative: Euro, Swiss franc

Summary

The medium-term outlook for the US dollar is for weakness to persist, driven by dedollarisation flows. In the near term, US economic strength and the Federal Reserve's hawkish shift should provide an offset, while European economies face growing stagflation headwinds from the energy shock and higher interest rates. In a multi-asset portfolio, the dollar remains an attractive hedge against stagflation risks. The Japanese yen is increasingly benefitting from policy support, as authorities try to reverse the depreciation of recent years and support portfolio flows. Japan's economy is strengthening and inflationary pressures are broadening, so appreciation pressure on the yen looks set to grow. We have been building positions in the yen against the Swiss franc.

Equity

View as at	30 Sep 26	30 Jun 26	31 Mar 26
US			
Europe ex-UK			
UK			
Japan			
Asia ex-Japan			
EM vs. DM			

max positive positive neutral negative max negative

Positive: S&P 500 Equal Weight, US healthcare, MSCI EM, Industrials

Summary

US equities continue to benefit from robust earnings and the structural growth of the AI capex cycle. Headwinds are growing as bond yields and discount rates rise, but strong earnings growth, particularly in AI-linked areas, has so far kept index-level valuations reasonable.

Sectors within regions have diverged widely. Cyclical areas, the most affected by higher bond yields, have seen valuations return to more attractive levels and as a result we have been leaning into areas such as industrials. Healthcare is attractive on valuation and more resilient to stagflationary outcomes.

Commodities

View as at	30 Sep 26	30 Jun 26	31 Mar 26
Energy			
Precious metals			
Base metals & bulks			
Agriculture			

max positive positive neutral negative max negative

Summary

We see compelling opportunities in natural resources. They are underpinned by structural demand (electrification), supply constraints and attractive valuations (high free cash flow yields and shareholder distributions). Widening fiscal deficits provide a further 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. Structurally, we see the oil market turning more constructive beyond the US midterm elections 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,[1] 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. With gold miners' EBITDA margins still exceptional (averaging roughly 50% to 70%),[2] we expect robust equity returns, stronger still if gold moves higher. In base metals, aluminium faces a deficit until at least mid-2027, following Middle East supply disruptions, leaving prices skewed to the upside. Copper risks oversupply but should be supported by strategic stockpiling, though copper equities look fully valued. Agricultural markets are tightening as Middle Eastern nitrogen fertiliser exports are disrupted and El Niño-driven dryness threatens 2027 crops, although elevated grain and oilseed inventories (up 21% since 2015 as at 30 September) should partly cushion price pressures.

1. The State Street Investment Management Monthly Gold Monitor.
2. https://www.pwc.com/gx/en/industries/energy-utilities-resources/publications/mine.html

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