Investment Report 2Q2026

Sticky inflation, uneven economic growth, and increased geopolitical instability affected global economies and financial markets in the second quarter of 2026. Amidst the spike in energy costs in the latter half of Q1 and Q2 due to tensions in the Middle East, inflation remained a problem in a number of developed economies. The major U.S. averages achieved new all-time highs in the second quarter, and markets staged an astonishing comeback as increased expectations for a U.S./Iran ceasefire coincided with a rise in tech-related corporate profits growth to propel equities considerably higher. The major economies' core macroeconomic indicators showed a combination of fragility and resilience in the face of shifting geopolitical and policy conditions. Although core inflation remained high due to rising oil costs, GDP in the US remained comparatively strong because to a strong labour market and consistent consumer spending, making the Federal Reserve's work challenging.

The following table lists the latest key macroeconomic indicators across major economies (as of 03 July 2026).

World Economic Dashboard

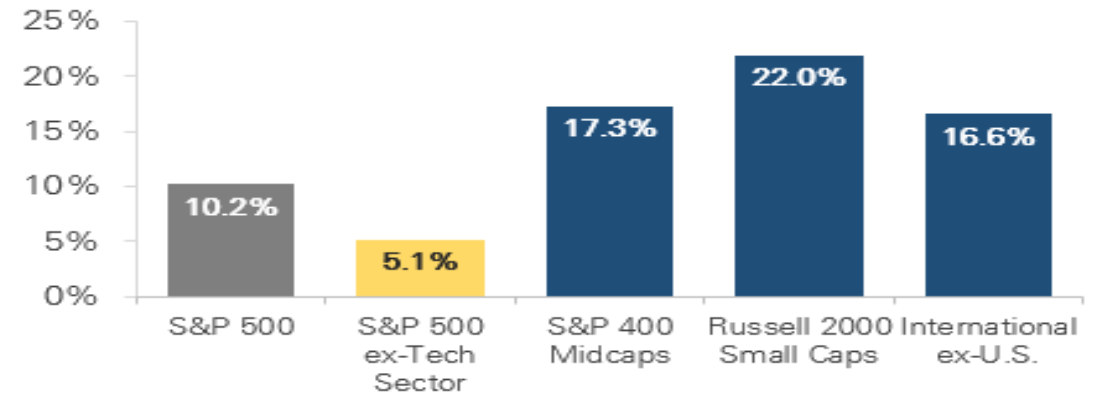
Country	GDP (USD)	GDP QoQ	GDP YoY	CPI YoY	Core CPI YoY	Retail Sales	Productio n	Policy Rate	10Y Yield	Govt Debt/GDP	Current Acct/GDP	Jobless Rate	Population
United States	29,184.89t	2.10%	2.70%	4.20%	2.90%	6.90%	1.70%	3.75%	4.49%	123.30%	-3.60%	4.20%	342.28m
Euro Zone	16,406.13t	-0.20%	0.30%	2.80%	2.40%	1.00%	0.30%	2.31%	-	87.80%	1.70%	6.20%	351.64m
China	18,743.80t	1.30%	5.00%	1.20%	1.10%	-0.60%	4.50%	3.00%	1.74%	99.20%	3.70%	5.10%	1.41t
Japan	4,026.21t	0.50%	0.60%	1.50%	1.40%	5.30%	-1.70%	1.00%	2.78%	248.70%	4.70%	2.50%	123.22m
Germany	4,659.93t	0.30%	0.40%	2.30%	2.50%	1.80%	-0.50%	2.31%	2.93%	63.50%	4.50%	6.30%	83.50m
United Kingdom	3,643.83t	0.60%	0.90%	2.80%	2.60%	3.20%	-0.20%	3.75%	4.80%	94.30%	-2.40%	4.90%	69.49m
France	3,162.08t	-0.10%	0.90%	1.80%	1.50%	-0.20%	3.20%	2.31%	3.62%	115.60%	-0.30%	8.10%	69.08m
India	3,912.69t	1.90%	7.80%	3.93%	-	-	5.10%	5.25%	6.72%	81.92%	-0.60%	5.50%	1.42t
Italy	2,372.77t	0.30%	0.80%	3.00%	1.80%	2.20%	1.30%	2.31%	3.72%	137.10%	1.10%	5.00%	58.94m
Brazil	2,179.41t	1.10%	1.80%	4.72%	4.46%	1.00%	2.70%	14.25%	14.52%	78.64%	-3.02%	5.60%	213.42m
Canada	2,241.25t	-0.20%	-0.10%	3.20%	2.20%	3.70%	0.20%	2.25%	3.43%	113.50%	-1.40%	6.60%	41.65m
South Korea	1,917.30t	1.80%	3.80%	3.20%	2.40%	1.70%	-0.90%	2.50%	4.20%	49.00%	6.60%	2.80%	51.68m
Russia	2,173.84t	-0.80%	-0.20%	5.30%	4.90%	7.80%	-0.70%	14.25%	16.53%	18.30%	2.00%	2.10%	146.10m
Spain	1,722.75t	0.60%	2.70%	3.20%	2.90%	1.30%	3.40%	2.31%	3.42%	100.70%	2.90%	10.83%	49.57m
Australia	1,752.19t	0.30%	2.50%	4.00%	3.60%	4.90%	2.50%	4.35%	4.80%	18.80%	-3.70%	4.40%	27.70m
Mexico	1,852.72t	-0.60%	0.20%	3.94%	4.19%	4.40%	2.30%	6.50%	9.01%	45.40%	-0.40%	2.80%	131.95m
Indonesia	1,396.30t	-0.77%	5.61%	3.34%	2.76%	-3.70%	-3.83%	5.75%	7.15%	41.00%	-0.10%	4.68%	284.40m
Turkey	1,323.25t	0.10%	2.50%	32.11%	29.84%	11.40%	6.00%	37.00%	30.77%	23.80%	-1.00%	8.20%	86.09m
Switzerland	936.56t	0.40%	0.30%	0.50%	0.30%	3.50%	-7.10%	0.25%	0.33%	14.80%	7.10%	3.00%	9.05m

President Trump's announcement of a two-week truce with Iran on April 7th, which put a halt to direct hostilities between the two nations, gave markets good news almost immediately in the second quarter. Although that news, as well as the following decrease in oil prices, helped stocks recover from the geopolitically driven March slump, the market bounce in April was actually powered by an excellent first-quarter earnings season. After the Q1 reports, the S&P 500's annual earnings growth shot up to over 15%, which is about twice the long-term average. A wide range of businesses and industries reported solid financial results, with over 80% of the companies reporting during the Q1 season exceeding Wall Street projections, even though AI-related tech companies reported some of the greater earnings increases due to the increasing demand for data centres. The U.S.-Iran peace and AI-driven earnings growth contributed to the robust stock market recovery.

The same variables that propelled the April surge solid revenues and hopes for a ceasefire between the United States and Iran also fuelled market gains in May. Even if they weren't as abundant as they were during the April reporting season, major tech companies like Nvidia, Intel, Dell, Snowflake, and others

reported solid results in May, which further demonstrated the enormous demand for AI infrastructure. Although the tech industry once again reported some of the best results, overall, May profits were good, with Walmart delivering robust results and dispelling concerns that rising costs were negatively affecting consumer purchasing. As the S&P 500 reached several new all-time highs in May, increases in demand for data centre components like memory and semiconductors caused significant gains in some IT stocks through the end of the month. In terms of geopolitics, the absence of an official truce between the United States and Iran did not affect stocks since markets were confident that there would be no significant escalation.

President Trump and Iranian authorities negotiated a ceasefire agreement in mid-June, which initially sparked the rally's continuation in early June. As the S&P 500 reached yet another new all-time high in the middle of the month, anticipation for the SpaceX IPO, the biggest IPO in history also contributed to supporting the IT industry and investments related to AI. There was some market volatility as a result of this departure from prior Fed policy expectations. But overall, stocks held up well as declining oil prices which returned to pre-war levels gave hope that the present increase in inflation would only last temporarily. The S&P 500 reached unprecedented levels thanks to the announcement of a U.S.-Iran ceasefire, significantly higher-than-expected earnings growth driven mostly by AI-linked tech stocks, and continued strong economic activity. The stock market successfully made an impressive comeback from the sharp declines of late March. When the tech sector is taken away, the S&P 500's gain of +10.2% this year drops to +5.1%, demonstrating how much of the index's return has come from a single industry. In comparison with the S&P 500, the remaining market segments on the chart generated double-digit returns. The small-cap Russell 2000 has gained +22%, while international stocks and the S&P 400, an index of mid-cap firms, have both returned roughly +17%. A few mega-cap tech stocks have dominated the stock market's advances for the majority of the last several years. This year, market leadership has expanded, resulting in a more balanced market.



Source: S&P Global, Russell, MSCI. Data represents the total return during the first half of 2026. Index performance is for illustrative purposes only

Second Quarter Performance Review

Although the S&P 500 saw wide-ranging increases in the second quarter, the effects of the AI boom were seen in all markets. Strong economic growth, which can disproportionately boost smaller company earnings, declining oil prices, and the "trickle down" of AI confidence towards small-cap tech and AI infrastructure companies all contributed to small caps outperforming large caps by market capitalization.

Given the performance of AI-related tech stocks in the second quarter, growth beat value, though not as much as one might anticipate. A rise in AI infrastructure companies, such as those of memory and semiconductor manufacturers, helped growth styles, while industrials helped value strategies. Ten of the eleven S&P 500 sectors had positive returns at the end of the second quarter. The technology sector, which benefited from significant rallies in memory stocks like Micron and SanDisk as well as ongoing advances in semiconductor stocks, was by far the best performing sector in Q2. Strong gains were also recorded by the industrial sector, which stood to gain from increasing defense spending and the creation of AI data centers. Ultimately, a number of tech and AI-related REITs reported very good gains in the second quarter, indicating that real estate also produced strong returns on expected data center demand. Looking at the sector laggards, the only one that reported a negative return for the quarter was energy. Falling oil prices, which were much higher at the beginning of April before the U.S./Iran ceasefire process began, were the main source of pressure on the energy sector. The IPO of SpaceX cautioned that Starlink and other satellite internet providers are real threats to those established business models, and the communication services sector was the other obvious laggard in the third quarter, with only a slight gain due to weakness in the legacy internet and mobile providers.

US Equity Indexes	Q2 Return	YTD
S&P 500	18.57%	10.21%
DJ Industrial Average	16.20%	9.76%
NASDAQ 100	32.12%	20.31%
S&P MidCap 400	17.76%	17.34%
Russell 2000	25.69%	22.57%

Source: YCharts

Global Equity

The MSCI World Index increased 13.8% in US dollars during the second quarter of 2026, indicating a robust performance for global equities. Artificial intelligence (AI) and associated capital investment cycles, which bolstered technology-heavy sectors and economies embedded in semiconductor and advanced electronics supply chains, were the main drivers. Businesses with long-term earnings drivers over cyclical exposure were preferred more frequently, this strengthened worldwide leadership in growth-oriented equities. Simultaneously, risk appetite was bolstered and equities valuations were maintained by decreasing inflation pressures and rather stable interest rate expectations. Due to outstanding earnings, especially in the tech sector, as well as solid performance in other U.S. market sectors, US equities reclaimed the lead over European equities in other developed markets in Q2. Asia and emerging countries performed better, with particularly significant improvements coming from economies that are vital to the supply chain for semiconductors and artificial intelligence. In general, markets with a stronger reliance on commodities or economies with a stronger domestic focus underperformed. Throughout the quarter, there was sporadic volatility due to geopolitical concerns in the Middle East. Concerns about a wider regional confrontation were allayed with the issuance of a memorandum of understanding (MOU) and a ceasefire framework between the United States and Iran. As concerns of a long-term disruption to the world's energy sources subsided, energy prices fell and attitude improved.

Total returns (net) % – to end June 2026

	3 months			12 months		
Equities	**USD**	**EUR**	**GBP**	**USD**	**EUR**	**GBP**
MSCI World	13.8	14.6	13.0	21.3	24.6	25.3
MSCI World Value	9.2	10.1	8.5	20.8	24.1	24.8
MSCI World Growth	18.9	19.8	18.1	21.5	24.7	25.4
MSCI World Smaller Companies	15.1	15.9	14.3	30.1	33.6	34.4
MSCI Emerging Markets	24.1	25.0	23.3	43.5	47.3	48.2
MSCI AC Asia ex-Japan	27.7	28.7	26.9	45.8	49.7	50.5
S&P500	15.2	16.1	14.5	22.3	25.6	26.3
MSCI EMU	14.4	15.3	13.7	20.1	23.3	24.0
FTSE Europe ex UK	13.3	14.1	12.5	19.6	22.8	23.5
FTSE All-Share	5.4	6.2	4.7	18.1	21.2	21.9
TOPIX*	12.0	12.9	11.3	27.3	30.7	31.5

Tech and AI also had an impact on global market performance, as developing markets easily beat the S&P 500 in the second quarter due to a sharp increase in South Korean shares, which profited from the growth in memory businesses. However, foreign developed markets fell behind the S&P 500 because they did not benefit as much from AI performance.

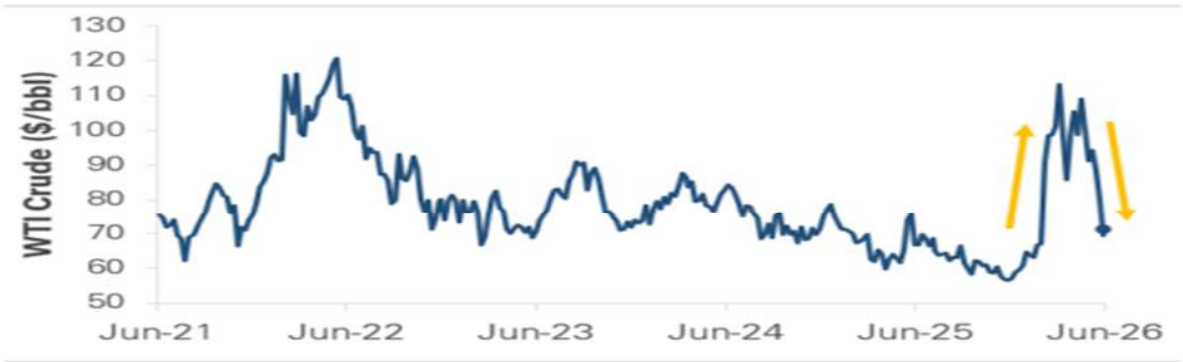
International Equity Indexes	Q2 Return	YTD
MSCI EAFE TR USD (Foreign Developed)	11.55%	9.84%
MSCI EM TR USD (Emerging Markets)	22.84%	24.02%
MSCI ACWI Ex USA TR USD (Foreign Dev & EM)	14.83%	14.01%

Source: YCharts

Commodities

The S&P GSCI index dropped 11.4% during the quarter as commodities declined, attributable mainly to the decrease in oil prices due to lessened geopolitical tensions. The precious metals and energy both saw significant declines. Although the amount of oil and other commodities shipped through the Strait of Hormuz is still far less than it was before the conflict, oil prices decreased as the US and Iran reached a ceasefire during that time. As the Middle East crisis closed the Strait of Hormuz, limiting the world's oil supply, oil reached a peak of around $115 in early April. Although energy prices fluctuated over the quarter, oil concluded Q2 close to $70, going back to its starting point. But after the U.S.-Iran Memorandum of Understanding in June, which allayed worries about disruptions to global supply and restored trust in energy flows via the Strait of Hormuz, prices fell precipitously. Rising inflation expectations put pressure on gold falling by almost 14.1% following the previous quarter's record highs, as well as other precious metals, making return-generating investments like government bonds more alluring and also and a stronger U.S. currency, which hit a one-year high in June on mounting rising rates expectations. Despite cocoa's superior performance, the agriculture component was likewise weak. Notwithstanding increases in copper and zinc, industrial metals saw little change during the quarter. As geopolitical threats in the Middle East decreased, the DJ Commodity index fell by 8.5% due to an almost 27% decline in crude oil and a 16.3% decline in gold prices. As per World Bank group, the energy price index decreased 17.7% in June, mostly driven by a 20.6% drop in Brent crude oil prices, partly offset by a 7.3% increase in U.S. natural gas prices. Fertilizer prices dropped 21.8% and food prices eased 2.6%, resulting in a 3.2% decline in the non-

energy index. Raw material prices fell 1.2% while beverage prices increased 1.1%. Prices for metals and precious metals decreased by 2.4% and 9.2%, respectively. In Q2 2026, agricultural commodities saw mixed results. Due to limited supply and consistent global demand, cotton prices stayed stable while wheat prices reached multi-month highs. While soybean prices marginally decreased due to record global production, corn prices stayed mostly unchanged. Strong harvests, plenty of supplies, and cheaper energy prices overshadowed geopolitical worries, and by June, prices of more general agricultural commodities had decreased.



Source: Energy Information Administration (EIA). Time Period: June 2021 to June 2026. Latest available data as of 6/30/2026.

Global Bonds

Despite continued high volatility, the second quarter of 2026 was generally good for the world's bond markets. Bond rates followed the energy markets very closely, and the Middle East conflict continued to be the main focus. Government bond yields reached multi-year highs as escalation concerns grew in the middle of the quarter, but they later reversed due to positive indications of a possible US-Iran deal. The performance of the world's government bond markets varied. Greece was the best-performing country in the eurozone, while Germany lagged non-core and peripheral markets. Japan and the US performed poorly overall. Although cautious, central banks were becoming more aware of the resurgence of inflation pressure. During the quarter, the Federal Reserve (Fed) maintained that policy was adequately restrictive by keeping its target rate range at 3.50%–3.75%. After being chosen to succeed Powell, Kevin Warsh presided over his first meeting in June. As yields increased in shorter maturities but marginally decreased at the longer-dated end of the curve, the US Treasury curve flattened. Expectations that monetary policy would need to stay restrictive were supported by better-than-expected data. The idea that the US economy could handle rising oil prices better than anticipated was reinforced by the rise in non-farm payrolls exceeding projections and the general robustness of the labor market. The European Central Bank (ECB) increased interest rates by 25 basis points in June, bringing the main policy rate to 2.25%. President Lagarde emphasized that policy remained data-dependent and not on a predetermined path, despite revised predictions showing weaker GDP and higher inflation assumptions. Both domestic politics and worries about global inflation had an impact on UK gilts. Due to worries about budgetary and political vulnerabilities ahead of local elections, as well as the inflationary effects of rising energy costs, the 10-year gilt yield hit its highest level since 2008 in April. Despite the dangers posed by rising energy prices, the Bank of England maintained the base rate at 3.75%, arguing that weaker economic growth and softer labor market conditions should help manage underlying inflation pressures. Also, the Bank of Japan increased its policy rate for the first time since December in June, raising it by 25 basis points to 1.00%. The possibility of more tightening was indicated by policymakers, especially if inflation kept deviating from the 2% target.

This reaffirmed the more general worldwide trend that, despite rising growth concerns, central banks are increasingly less inclined to consider inflation shocks.

	3 months			12 months		
Government bonds	**USD**	**EUR**	**GBP**	**USD**	**EUR**	**GBP**
JPM GBI US All Mats	0.4	1.1	-0.3	2.8	5.6	6.2
JPM GBI UK All Mats	2.7	3.5	2.0	-0.7	2.0	2.5
JPM GBI Japan All Mats**	-3.3	-2.5	-3.9	-16.8	-14.5	-14.1
JPM GBI Germany All Traded	0.6	1.4	-0.1	-2.3	0.3	0.9
Corporate bonds						
BofA ML Global Broad Market Corporate	1.5	2.3	0.8	2.9	5.6	6.2
BofA ML US Corporate Master	1.4	2.2	0.8	4.5	7.3	7.9
BofA ML EMU Corporate ex T1 (5–10Y)	2.1	2.9	1.5	0.3	3.0	3.6
BofA ML £ Non-Gilts	3.2	4.0	2.6	0.9	3.6	4.2
Non-investment grade bonds						
BofA ML Global High Yield	2.8	3.6	2.2	5.4	8.2	8.9
BofA ML Euro High Yield	3.0	3.8	2.4	1.8	4.5	5.1

Source: LSEG DataStream. Local currency returns in Q2 2026: *14.4%, **0.0%. Past performance is not a guide to future performance and may not be repeated.

As concerns about inflation subsided due to declining commodity prices, the major benchmark for bonds, the Bloomberg U.S. Aggregate Bond Index, saw a little improvement for the second quarter. Further examination of the fixed income markets revealed that shorter-duration bonds once more beat longer-duration fixed income as some inflation data reached multi-year highs and concluded Q2 well above the Fed's 2.0% objective. Regarding the corporate bond market, both lower-quality but higher-yielding bonds and investment-grade bonds reported strong quarterly returns. High-yield bonds performed better than investment-grade debt because higher yields were sought despite increasing credit risks due to generally robust economic growth and declining geopolitical uncertainties.

US Bond Indexes	Q2 Return	YTD
Bloomberg US Aggregate Bond Index	0.87%	0.62%
Bloomberg 1-3 Month U.S. Treasury Bill Index	0.93%	1.81%
ICE US Treasury 7-10 Year Index	0.29%	0.03%
Bloomberg US Mortgage Backed Securities Index	0.89%	0.99%
Bloomberg Municipal Index	2.72%	2.32%
Bloomberg US Corporate Index	1.75%	7.77%
Bloomberg US Corporate High Yield Index	3.09%	8.62%

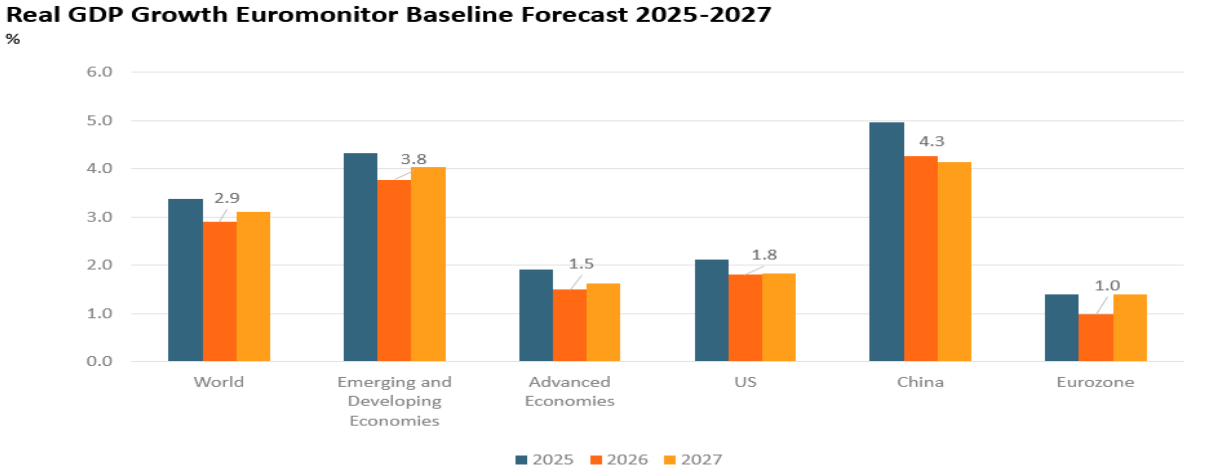
Source: YCharts

Global Inflation

As energy price shocks affect the transportation, manufacturing, and food sectors, global inflation is expected to rise from 3.5% in January 2026 to 4.6% in 2026 as per Euromonitor. Dependency on imported hydrocarbons causes energy shocks to be quickly translated into inflation in advanced economies, leading central banks to boost interest rates at a time when higher borrowing costs further impede growth. In May 2026, the UK's annual inflation rate was 2.8%, which was lower than market predictions of 3.0% and unchanged from the previous month. The reading stayed at its lowest point since March of last year. The Bank of England voted 7-2 to maintain the Bank Rate at 3.75% in June 2026, and it stayed there in Q2 as decision-makers balanced the need to reduce inflation with the ongoing uncertainty caused by unstable

global energy markets connected to tensions in the Middle East. A 0.25 percentage point increase to 4% was favored by two members of the Monetary Policy Committee. The US annual inflation rate increased from 3.8% in April to 4.2% in May 2026, which was in line with market estimates and the highest level since April 2023. Due to the energy shock brought on by the confrontation with Iran, energy prices have increased by 23.5%, marking the third consecutive month that headline inflation has accelerated. In Q2, the interest rate stayed at 3.75%. Federal Reserve Chair Kevin Warsh stated at the ECB's annual Forum on Central Banking in Sintra, Portugal, that although inflation proved sticky, the US central bank is still dedicated to bringing inflation back to its 2% target. According to preliminary statistics, Eurozone consumer price inflation fell to 2.8% in June 2026 from 3.2% in May and below market expectations of 3.0%. Although it is still above the 2.0% level set by the European Central Bank, this is the lowest rate since February, prior to the Iran war disrupting energy supply and driving up oil prices. At its June 2026 meeting, the European Central Bank increased interest rates by 25 basis points to 2.4% from 2.15%. This was the first hike since 2023, and policymakers stressed their determination to keep inflation at the 2% medium-term target. In May 2026, China's annual inflation rate remained stable at 1.2%, which was marginally lower than the 1.3% market estimate. As was widely anticipated, the People's Bank of China maintained its key lending rates at record lows of 3%–3.5% for 13 consecutive months in June 2026. Even if growth momentum has recently faltered amid conflicting economic statistics, the action showed prudence over the consequences of the Middle East war.

Real GDP Growth Euromonitor Baseline Forecast 2025-2027



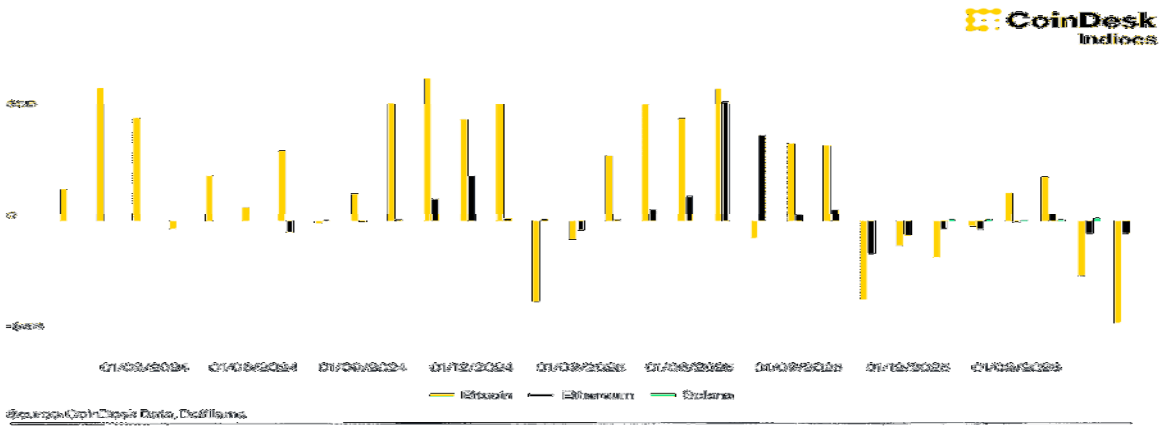
Source: Euromonitor International Passport. Notes: (1) Data from 2026 onwards are forecasts, updated 4 May 2026; (2) Regional aggregates calculated using GDP measured at PPP weights; (3) Data is seasonally adjusted.

Euromonitor International

Digital Assets

Under increasing pressure, digital assets ended Q2 2026 with a third straight quarter of losses, the worst run of quarterly drops since the 2022 bear market. The quarter was characterized by unprecedented withdrawals from spot cryptocurrency ETF products, ongoing geopolitical unpredictability, and a clear rotation of institutional capital into AI-driven stocks. The dynamics of the quarter were sharply depicted by Bitcoin spot ETFs. With outflows of $2.41 billion in May and $4.29 billion in June, Q2 net redemptions reached $4.67 billion, the highest quarterly outflow since the launch of spot products in January 2024. June alone was a record month for redemptions. April's $2.02 billion in net inflows reversed sharply. Ethereum ETFs experienced net withdrawals of $690 million. Instead of a structural exit from the asset

class, the pattern suggests institutional profit-taking and capital rotation into traditional markets; a consistent return to positive net flows in Q3 is still the most important indication to keep an eye on.



Performance by regions

Eurozone

The MSCI EMU index, which tracks Eurozone equity, saw a significant increase during the quarter. Finance and information technology (IT) were the best-performing industries. Strong company earnings and excitement about the future of AI and related technologies helped IT companies do well. For the quarter, energy and communication services reported negative returns. As oil prices fell to levels observed before to the start of hostilities between Iran, the US, and Israel, the energy industry suffered. The annual inflation rate in the euro area increased from 3.0% in April to 3.2% in May. Due to above-target inflation brought on by the energy shock brought on by the Middle East crisis, the European Central Bank (ECB) increased interest rates by 25 basis points (bps) in June. Additionally, the ECB lowered its growth forecasts and increased its prediction for inflation for this year and the following.

Japan

With the technology-heavy Nikkei 225 index rising more than 37% and the Topix Total Return index rising 14.4%, Japanese equities produced strong returns in the second quarter. Following the US-Iran ceasefire pact, which witnessed a drop in oil prices, moods improved as Middle East tensions subsided. Additionally, the Fed's and the Bank of Japan's generally consistent monetary policy results boosted stocks. In June, the Bank of Japan increased its policy rate by 25 basis points to 1.0%. Over that time, the yen's value declined, hitting a nearly 40-year low in relation to the US dollar. Exporters benefited from the currency's weakening. Although valuation issues and profit-taking in AI names caused intra-month volatility in June, AI/semiconductor-related stocks and financials did better. There was significant variation across industries and businesses throughout the quarterly results season. While weaker guidance was typically penalized, stocks with excellent outlooks and results performed strongly.

UK

The FTSE All-Share index of UK firms increased during the quarter, but overall growth was limited by drops in the heavyweight energy sector. Financials, real estate, and consumer discretionary were the best-performing industries. As oil prices dropped again, energy was the biggest laggard. In the 12 months ending in May, UK inflation, as determined by the consumer prices index (CPI), was 2.8%. This remained above target and did not change from April's level. Despite two policymakers voting for a rise in interest rates at its June meeting, the Bank of England maintained interest rates at 3.75% for the duration of the quarter. Prime Minister Keir Starmer was under pressure after May's poor municipal election results. After Andy Burnham, a significant opponent who is anticipated to become prime minister in July, won a by-election, he announced his resignation as leader of the Labour Party. Markets, however, did not respond much to the political shifts.

Asia ex Japan

In terms of US dollars, the MSCI Asia ex Japan Index increased by 27.7% during the second quarter of 2026. Although performance was heavily concentrated in a small number of markets, the rally was propelled by a mix of AI-linked export growth, semiconductor cycle acceleration, and a global risk-on mentality. Particularly in semiconductors, advanced electronics, and precision manufacturing, the region profited from its pivotal position in the global AI supply chain. At the same time, rising hopes for global growth, a reduction in geopolitical tensions, and generally stable financial conditions encouraged capital inflows into emerging Asian stocks. While certain ASEAN markets lagged, the index gains were significantly tilted towards North Asia. The region benefited from its key role in the global AI supply chain, especially in semiconductors, advanced electronics, and precision manufacturing. At the same time, capital inflows into emerging Asian stocks were stimulated by growing expectations for global growth, a decrease in geopolitical tensions, and relatively stable financial conditions. The index increases were heavily skewed towards North Asia, even though certain ASEAN markets lagged.

US

The AI investment cycle's ongoing strength was a defining characteristic of the quarter. More and more were being done into businesses that would profit from the rising demand for semiconductors, cloud-related services, data infrastructure, and processing power. Even in the face of an uncertain macroeconomic environment, record results from a number of semiconductor and semiconductor equipment businesses helped convincing that the AI infrastructure buildout remained intact. Additionally, the market began to distinguish between businesses that were merely exposed to AI themes and those who showed observable financial gains from AI adoption. Although inflation and Federal Reserve (Fed) policy expectations continued to be causes of volatility, equities were bolstered by strong corporate earnings and assurance that economic expansion was sustainable. Increased risk premia across markets and a temporary boost in oil prices were caused by heightened tensions in the Middle East early in the quarter. Concerns about possible supply interruptions were allayed with the revelation of the US-Iran ceasefire agreement, which also hastened the drop in oil prices from their intra quarter highs. By the conclusion of the quarter, this was a factor in the energy sector's poor performance.

Lastly, the eagerness for AI continued to be a major factor in the stock rally as many big tech companies reiterated their commitment to investing hundreds of billions of dollars in the development of data centres

and other AI infrastructure. This gave more faith in AI's future and boosted the economy as a whole. Even though the economy and market were once again remarkably resilient in the first half of 2026, there are still risks associated with this bull market, so precaution must be taken so as not to let this resilient market mislead into a false feeling of security as the second half of the year is beginning.