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Wealth & Asset Management
Private Equity & Venture Capital
Family Office Services
Since 1985

For Accredited Investors Only

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February 2026

Investment Outlook 2026

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Macroeconomics Outlook

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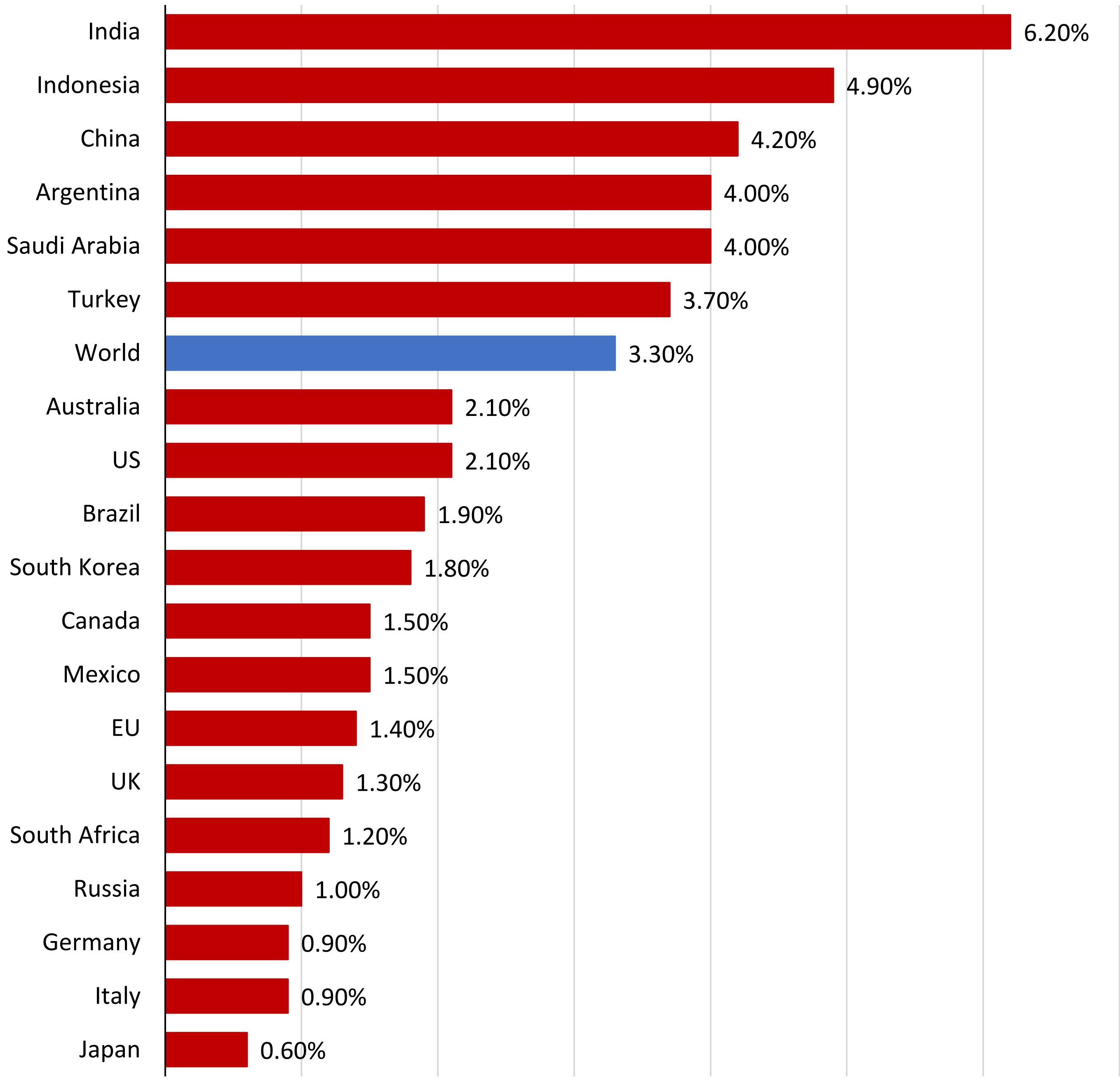
G20 Growth Outlook 2026: Projected Annual Real GDP



Source: Crossinvest (Asia), IMF World Economics Outlook; Data as of January 2026.

Fragmentation in Global Growth Outlook

- Advanced economies are projected to lag the global growth average, showing a late-cycle deterioration with projected real GDP growth below the world projection of 3.30%.
- Emerging economies contribute a larger share of incremental global growth, with India topping the growth outlook for 2026, nearly double the global average.
- Drivers in emerging or developing economies' growth include:
  - Reduction in fiscal deficits and stronger foreign exchange reserves from credibility built in prior tightening cycles;
  - Creation of winners and losers from trade diversion as major economies look to reduce reliance on trade key partners and diversify supply chain;
  - High-tech exports in select emerging economies and rising real wages supporting consumption.

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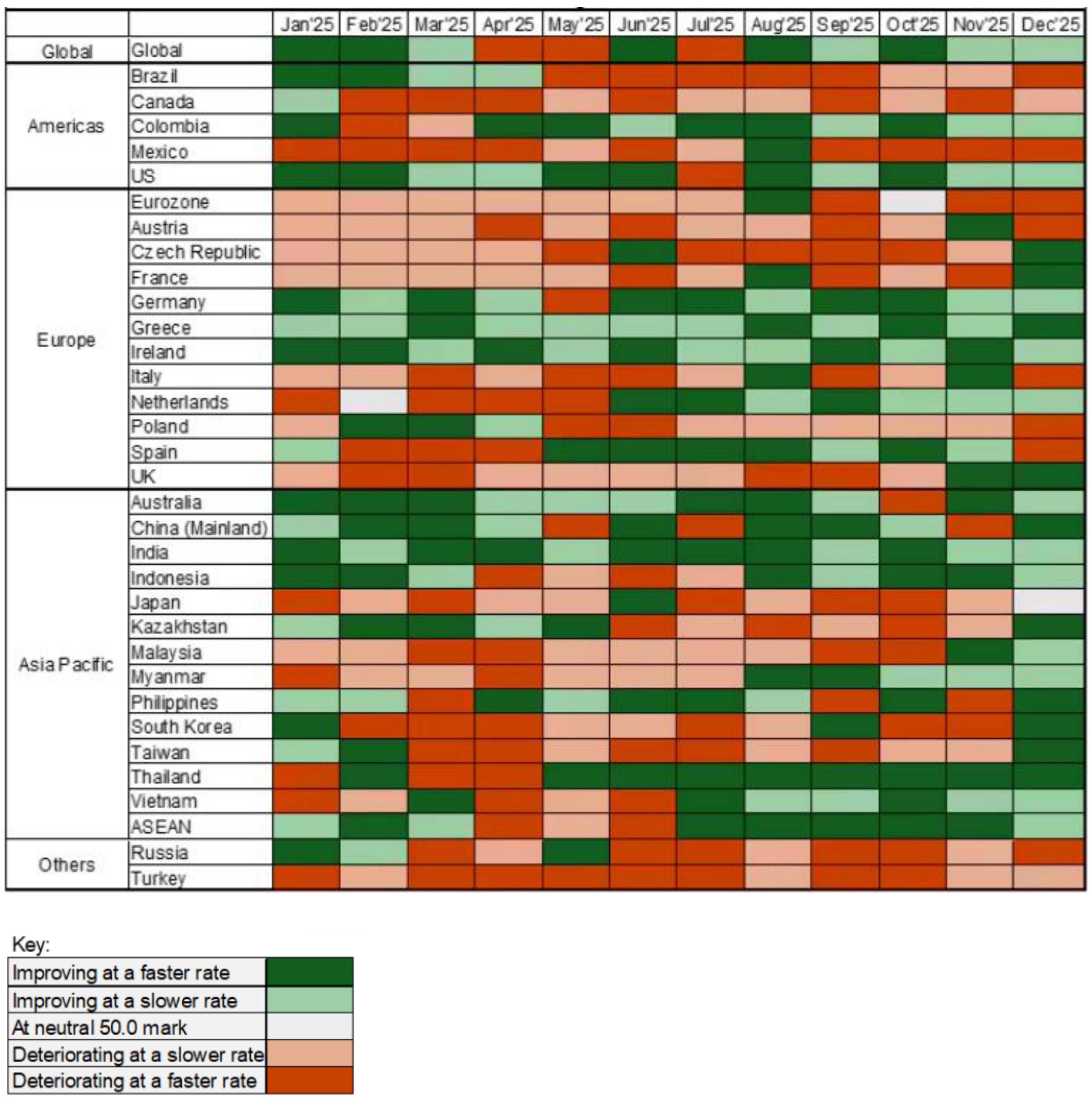
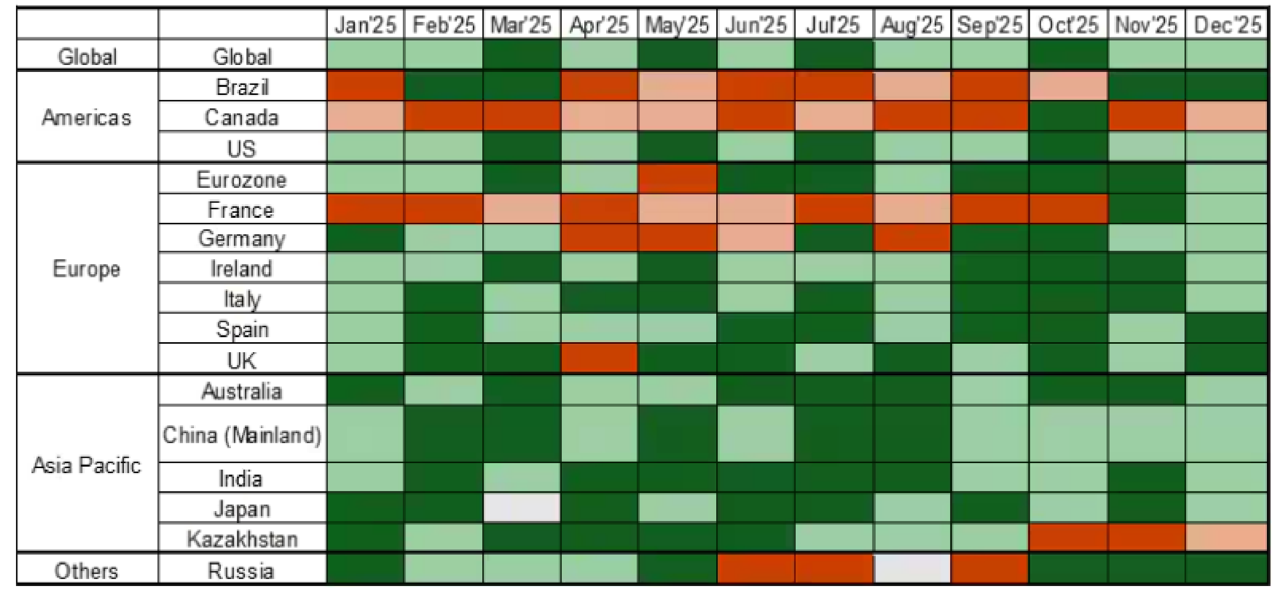
Macroeconomics Outlook

Manufacturing PMI across regions (2025 – 2026)



Source: Crossinvest (Asia), IMF World Economics Outlook, S&P Global; Data as of January 2026

Services PMI across regions (2025 – 2026)



Source: Crossinvest (Asia), IMF World Economics Outlook, S&P Global; Data as of Jan 2026

2026 Inflation dynamics are asymmetric: Services-led inflation dominate GDP growth

- Manufacturing PMI across regions indicate broad based contraction and disinflation, with many economies logging PMI values of < 50.
- Services PMI across regions remain structurally sticky, remaining in expansionary territory, with many economies logging values > 50.
- Dispersion in goods versus services inflation across regions paints a murkier picture for global growth and limits how accommodative policy can become as manufacturing weakness no longer guarantees broad economic slowdown.

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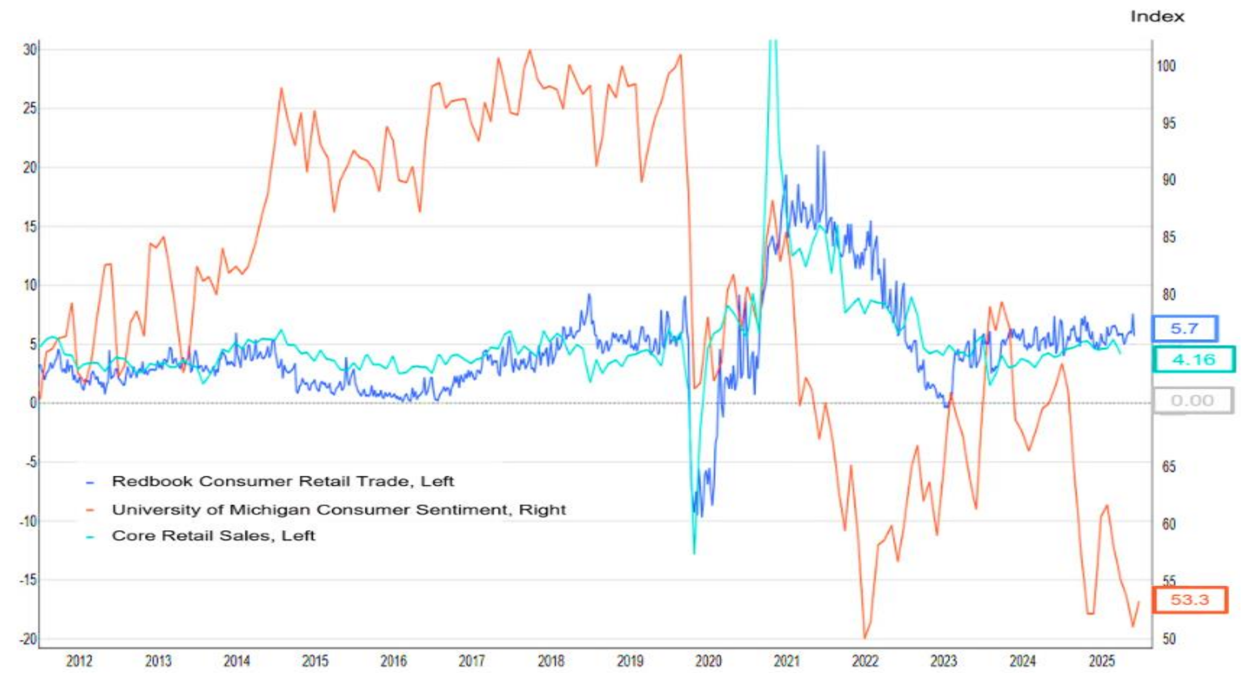
Macroeconomics Outlook

Performance despite weak sentiment

- **Sentiment remains depressed** at post COVID-19 levels amid geopolitics, trade-policy uncertainty, uneven growth signals (Manufacturing/Services divergence) and weak labor markets.
- **Larger uncertainty premium reflected** through market-wide elevated volatility, not necessarily lower equity levels.
- **Equities can still rally despite weak sentiment** because 2026 dominant activity and cashflows are driven by:
  - Resilient services demand
  - AI-related Capex (AI/Tech/Energy/Industrials)
  - Increasingly K-shaped economy, led by upper income groups

Consumer continue to spend despite poor sentiment



Source: Crossinvest (Asia), Franklin Templeton 2026

Diverging Monetary policies

- Some economies expecting cuts while others expecting to hold steady or even hike. Greater uncertainty in easing path due to sticky inflation from services sector while manufacturing remains soft.
- Eurozone is expected to hold rates steady while US, UK and Norway are expected to make further cuts.
- Japan and Australia is expected to experience a series of rate hikes amidst inflation persisting above targets.
- **Base case:** Policy rates drift lower but relies heavily on **wage/services inflation persistence** and **tariff-driven price pressures.**

Double-edged Fiscal policies

- Fiscal stance expected to remain **structurally expansionary** despite managing ongoing deficits.
- Government borrowing and debt interest costs are to remain elevated or even increase, contributing to **higher long-end yields. Expect:**
  - Increased sovereign issuance
  - Crowding-out risk during risk-off

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Macroeconomics Outlook

Growth risk asymmetry

US Markets – Upside capped

Upside constrained by valuation and rates:

- Overall markets becoming increasingly valuation heavy, increasingly difficult for upside surprises.

Persistent Service sector inflation risk:

- Disinflation progress uneven due to inflation divergence versus manufacturing. High sensitivity to data leads to sustained restrictive policy.

Narrowing earnings growth:

- Market drivers concentrated to AI-related themes. Broader market becomes harder to sustain without renewed growth impulse.

China Markets – Downside capped

Valuation support:

- Chinese markets recovering from pessimism and multiples low overall with room for growth.

Asymmetry:

- Upside driven by confidence repair (Property stabilization, consumption, private sector rebuild) while downside moderated by compressed expectations and policy stimulants.

Source: Crossinvest (Asia), World PE Ratio

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Regional Macro Outlook

United States: *Anchor of global demand but no longer the engine of global acceleration*

[MSCI US Index 12-Month Forward P/E: 22.35x]

- **Resilient but moderating growth:** supported by easier monetary stance at the margin; One Big Beautiful Bill Act (OBBBA) fiscal stimulus to support tax extensions, refunds and cuts (~US$420bn fiscal support over 4 years); Strong AI-related Capex to drive productivity gains that could partially offset late-cycle slowdown though beginning to normalize due to front-loading and margin compression; Effective tariff rates are still below applied levels (11% vs 16%), indicating upcoming pass through to consumers.
- **K-shaped economy:** top 10% of households account for nearly 50% of total consumption in the economy, exposing it to equity market volatility.
- **Localized labor tightening:** slowing job gains through 2025 and immigration limits constraining labor supply and hence wage acceleration in these sectors.

Euro zone: *Stable growth but lacking in cyclical momentum*

[MSCI EU Index 12-Month Forward P/E: 15.03x]

- **Stabalisation with limited acceleration:** driven by fiscal support (Germany's pivot towards higher infrastructure and defense spending is expected to lift growth to ~0.8% in 2026 from ~0.3% in 2025, partially offsetting weak private investment and subdued export demand; Limited exposure to AI-led Capex, weak productivity growth and reliance on external trade cap cyclical upside.
- **Limited aggressive monetary easing**: Goods disinflation largely played out while services remains sticky due to wage growth and labor hoarding.
- **Eased Geopolitical risks but frictions linger:** earlier headwinds from tariffs and French political uncertainty largely receded and potential Russia-Ukraine ceasefire to support sentiment. Recent tensions around Greenland reinforce longer-term themes of geopolitical tensions and defense-spending reprioritization.

China & Emerging Markets: *Selective growth and structural transformation*

[MSCI China Index 12-Month Forward P/E: 12.44x | MSCI EM Index 12-Month Forward P/E: 13.48x]

- **China; Stabalisation via policy floors, not cyclical reacceleration:** policy authorities (15th five-year plan) is focused on preventing downside tail risks rather than reignition of credit-led expansion; Prolonged deflationary pressures (property downturn with new home sales down >50% over 5 years and 10-year government bond yields now below Japan's) show weak domestic market, though pace of contraction is moderating.
- **China; Export competitiveness provides some structural upgrade:** progress in climbing the global value chain from sustained investment in industrials, R&D and advanced manufacturing has strengthened exports in autos, shipbuilding, robotics, critical minerals, mining and select AI-hardware. However, this is growth externally orientated and limits transmission to domestic growth.
- **Emerging markets; Highly heterogenous growth leadership with tight macro conditions and FX discipline:** hinge on inflation credibility, capital flows and rebuilt FX reserves, providing resilience relative to past cycles. Countries benefiting from supply-chain diversification, demographic tailwinds, or orthodox policy frameworks offer upside optionality, while those with twin deficits or weak fiscal institutions remain vulnerable to external shocks.

Japan: *Durable but Cautious transition from deflationary exception to cyclical participant*

[MSCI Japan Index 12-Month Forward P/E: 16.27x]

- **Gradual policy normalization away from zero/negative rates:** Core inflation remain above BoJ's target for a sustained period while large firms are delivering multi-decade high wage settlements, allowing the move away from zero or negative rate policies. However, the pace and terminal level of rate hikes is limited.
- **Domestic demand recovery:** supported by fiscal and corporate reform from Takaichi's pro-stimulus stance. Additionally, improved capital allocation, shareholder-friendly reforms, rising capex and greater AI adoption lifting productivity and margins, particularly in manufacturing, industrials and select services.
- **Less of a low volatility outlier:** Higher domestic yields and weaker yen from uncertainty in fiscal spending to support export-dependent economy. However, risks to equities are increasingly shaped by global financial conditions.

Investment Outlook: Recommendations

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Recommendations

Asset Class	January 2025	June 2025	January 2026
Equities	Overweight	Underweight	Neutral
Fixed Income	Underweight	Neutral	Overweight
Commodity	Neutral	Overweight	Overweight
Cash	Underweight	Overweight	Neutral

Geography	January 2025	June 2025	January 2026
US	Overweight	Underweight	Overweight
Europe	Underweight	Overweight	Neutral
Japan	Overweight	Neutral	Neutral
Asia ex-Japan	Neutral	Overweight	Overweight

Sector	January 2025	June 2025	January 2026
Financials	Overweight	Overweight	Neutral
Healthcare	Neutral	Neutral	Overweight
Industrials	Neutral	Overweight	Overweight
Consumer Staples	Underweight	Overweight	Underweight
Consumer Discretionary	Overweight	Neutral	Neutral
Information Technology	Overweight	Overweight	Overweight
Materials	Underweight	Underweight	Underweight
Energy	Underweight	Underweight	Underweight
Utilities	Underweight	Underweight	Overweight
Real Estate	Neutral	Underweight	Neutral
Communication Services	Overweight	Neutral	Neutral

Source: Crossinvest (Asia)

Rationale

Thesis: Higher policy volatility, stickier inflation risk

- Policy headlines remain a key market driver, with trade/tariff rhetoric creating short-term risk-off moves, even when later moderated through negotiation.
- Inflation is improving versus peak levels but remains sticky, supporting a "higher for longer" risk to rate cuts and keeping market sensitivity to inflation prints elevated.
- Global growth remains resilient but uneven, with policy uncertainty and shifting trade frameworks adding downside risks to sentiment and capex.

Geography

- *United States:* AI-driven growth remains supportive, but policy uncertainty (tariffs, fiscal direction) and inflation stickiness argue for a more balanced stance rather than aggressive risk-taking.
- *Europe:* Growth remains modest but stabilising, helped by public investment themes (defense, infrastructure, digitalisation), though structural challenges persist.
- *Japan:* Long-term reform and earnings potential remain intact, but global risk sentiment and FX swings justify a measured allocation.
- *Asia ex-Japan:* Growth has moderated but remains supported by policy measures; Asia's structural drivers (AI, energy transition) remain attractive selectively. India continues to stand out with strong domestic demand momentum and resilient growth outlook, though external risks (tariffs) remain a watch item.

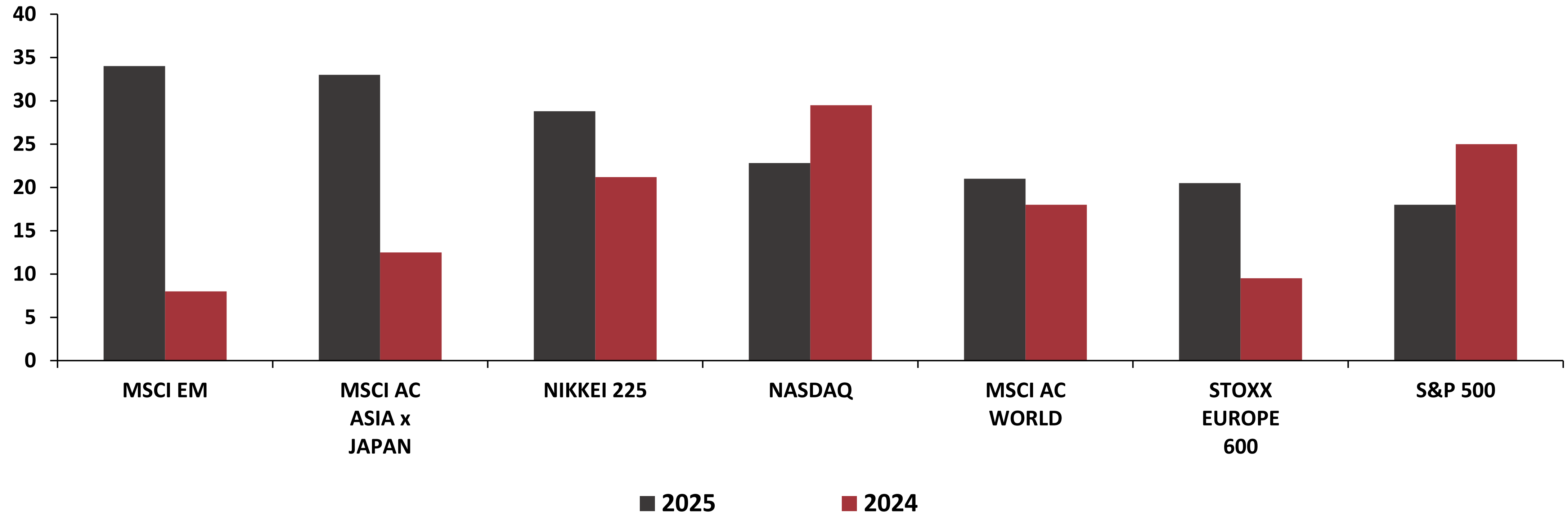
Sector Allocation

- Overweight in Healthcare, Information Technology and Industrials, given their resilience and selective growth opportunities.

Investment Outlook: Equities

Another year of strong returns, especially in equities

Index performance, in %, local currency



Source: Crossinvest (Asia), Bloomberg

- Global equity markets delivered strong performance in 2025, with Emerging Markets (EM) and Asia ex-Japan leading returns, significantly outperforming their 2024 levels.
- Japan also remained a key outperformer, supported by earnings growth and ongoing corporate reforms.
- While US equities continued to post solid gains, leadership broadened in 2025 toward Asia and Emerging Markets, highlighting a shift in investor focus toward regions benefiting from structural growth and valuation support.

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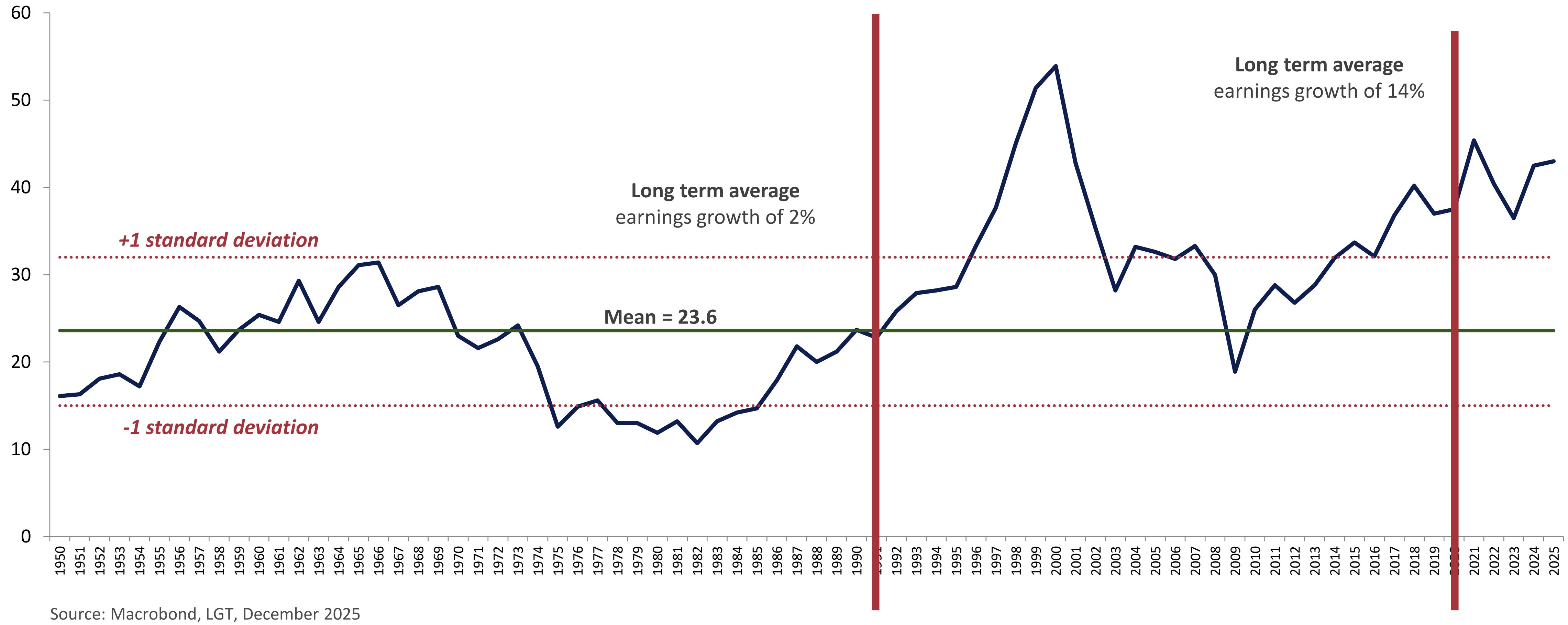
Investment Outlook: Equities

Does anyone think US equities are cheap? Probably not

Digging deeper, we may be in a regime shift to higher earnings growth
S&P 500 Shiller Cyclically-adjusted Total Return P/E Ratio



Source: Macrobond, LGT, December 2025

- US equities remain expensive on traditional valuation metrics, with the Shiller CAPE still above its long-term average. However, the chart suggests a potential regime shift, as earnings growth in recent decades has been structurally higher than in earlier periods.
- Earnings growth from 2020–2025 has averaged around 16%, exceeding the long-term historical average, which may partially justify today's elevated valuations despite limited room for further multiple expansion.

Investment Outlook: Equities

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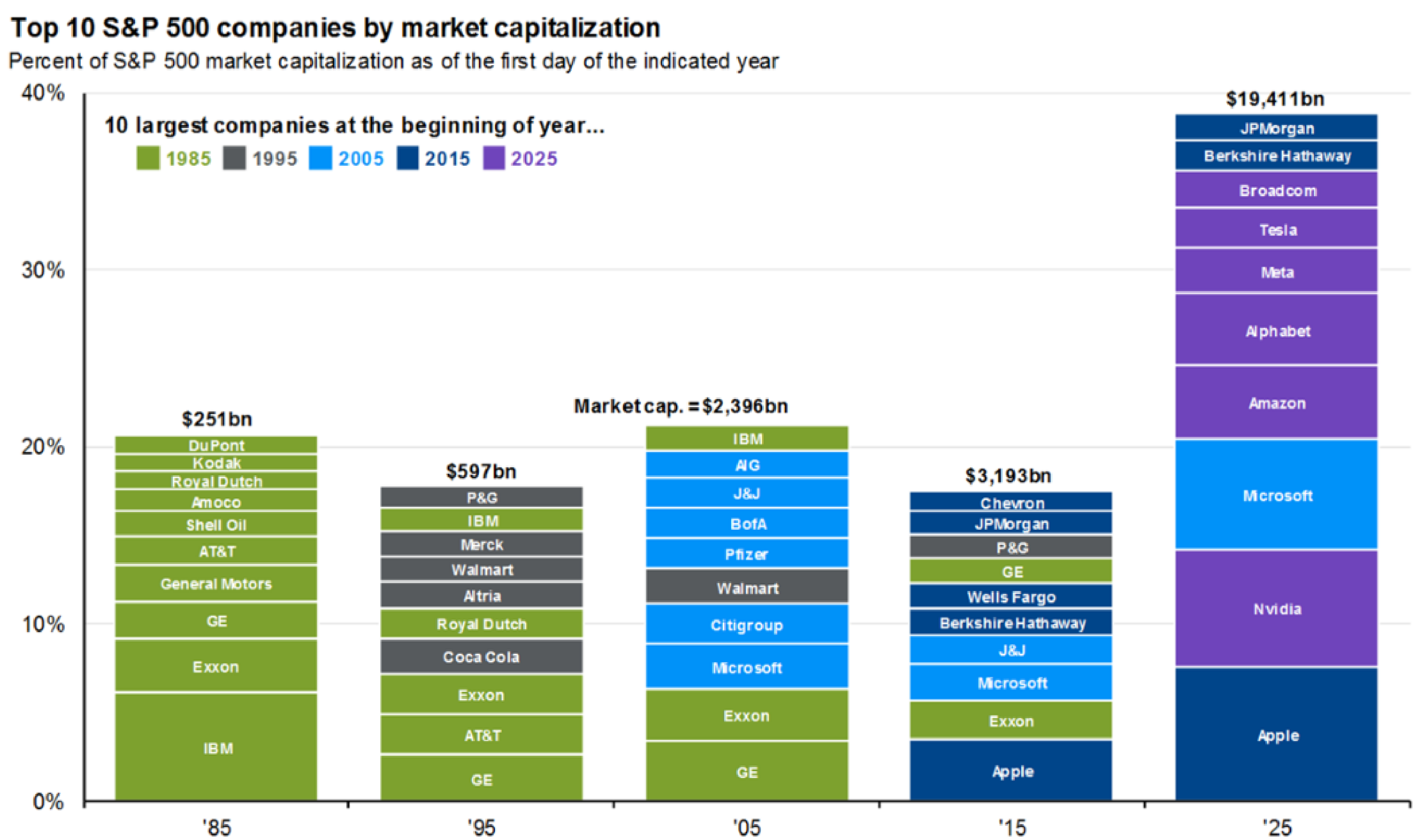
Top 10 S&P 500 Companies by Decade

Market-cap concentration (as % of S&P 500) and leadership rotation from 1985 → 2025



Source: JP Morgan, December 2025

- **Concentration increased:** Top-10 weight is meaningfully higher in 2025 than prior decades, amplifying index-level factor risk.
- **Leadership shifted to AI + platform tech:** 2025 stack is dominated by Apple, Nvidia, Microsoft, Amazon, and Alphabet—reflecting the AI capex cycle.
- **Portfolio implication:** Maintain diversification across sectors/regions and consider active risk controls versus mega-cap crowding.

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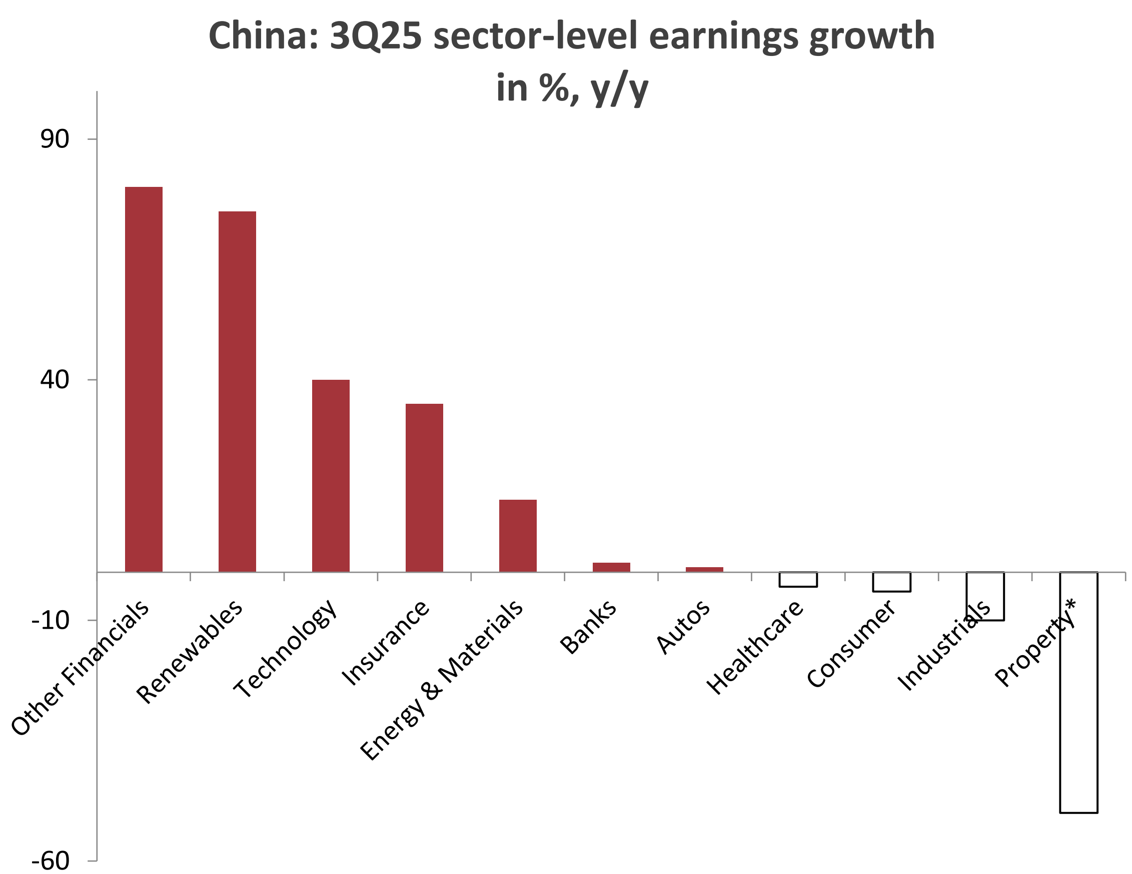
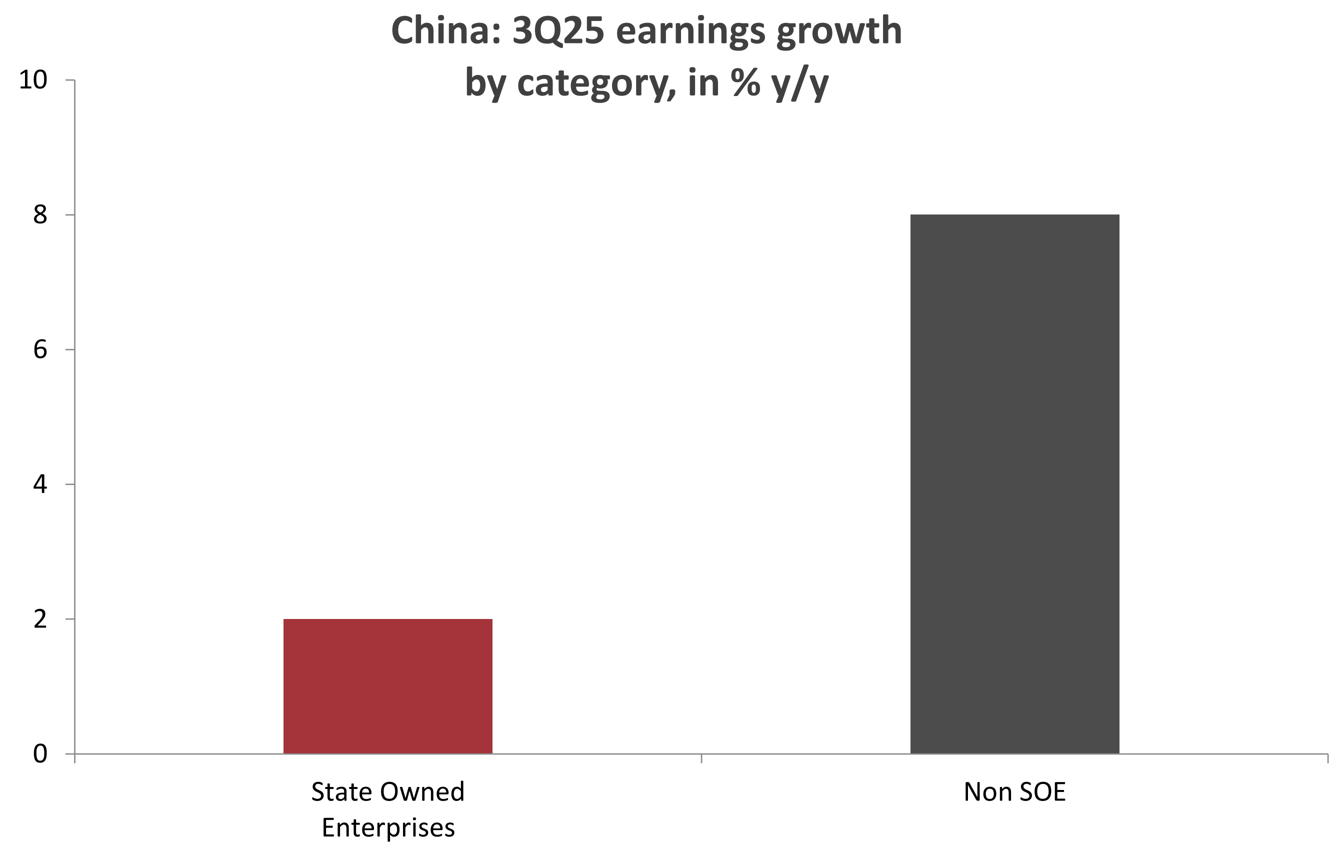
Investment Outlook: Equities

Fully-private Chinese companies show solid earnings growth

Innovation-led sectors showing the strongest EPS gains





Source: UBS Investment Bank, LGT, December 2025 *Property sector earnings down -345%.

- China's earnings recovery in 3Q-25 is being led by innovation-driven sectors, with financials, renewables, technology and insurance showing the strongest year-on-year growth, while the property sector remains a significant drag.
- Importantly, earnings growth among fully private enterprises continues to materially outpace that of state-owned enterprises, highlighting the resilience and profitability of China's private sector despite broader macro challenges. This reinforces our preference for selective exposure to high-quality private-sector and innovation-focused Chinese companies.

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Investment Outlook: Global Fixed Income

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Rate path divergences

Region	Policy Rate Path Expectation
US	Shallow easing; 2 cuts expected in 2026
EU	End of cuts and holding expected
Japan	Normalization and exit of negative rates
EM	Most are easing/moderately easing

US

- FOMC projects gradual rate cuts, with the federal funds rate expected to decline from 4.13% in 2025 to around **3.0% in the long run**, aligning with moderating GDP growth (1.8%), inflation (2.1%), and a stable unemployment rate (4.2%).

EU

- ECB faces uneven growth and fiscal and political strain. They hold a steady stance despite stubborn inflation and wage growth.

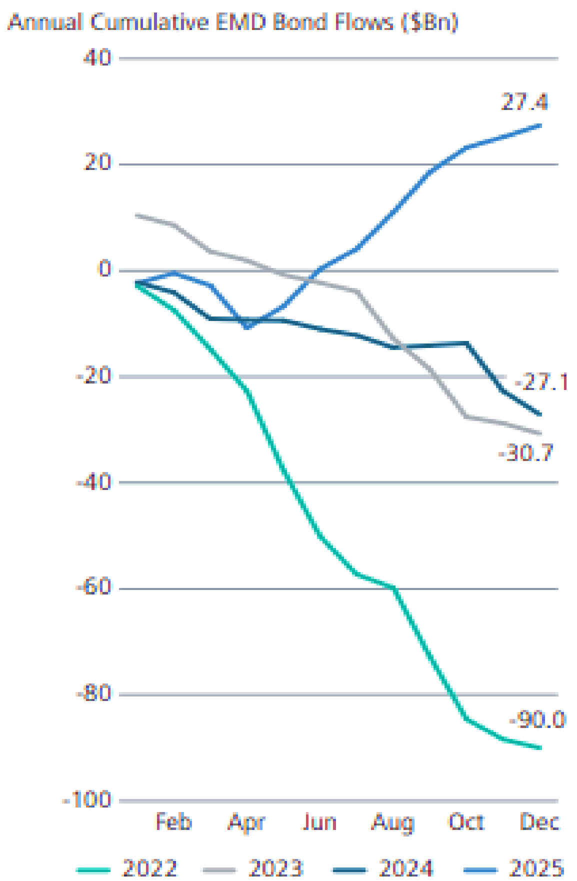
Japan

- Japan remains on a distinct policy path, with gradual adjustments aimed at restoring policy flexibility without disrupting financial conditions.

EM

- Most countries in Latin America and Asia are in the process of cutting rates, with select economies entering a period of fiscal consolidation. (Brazil, LATAM, South Africa, ASEAN)

Emerging Market opportunities



Source: Crossinvest (Asia), Neuberger Berman

- Emerging Market fundamentals are holding up well into 2026, with a growth pick up close to 2% over DM, supported by strong debt management, policy credibility, resilient exports, domestic demand resilience and favorable conditions for various metal producers in Africa and Latin America.
- Decade-high real yields paired with various Central Banks to maintain a bias toward easing, providing an attractive backdrop for local EM bonds.
- FX appreciation is an additional source of upside.
- Attractive roll-down and carry in the 5 – 10 year segment.

Investment Outlook: Sovereign Fixed Income

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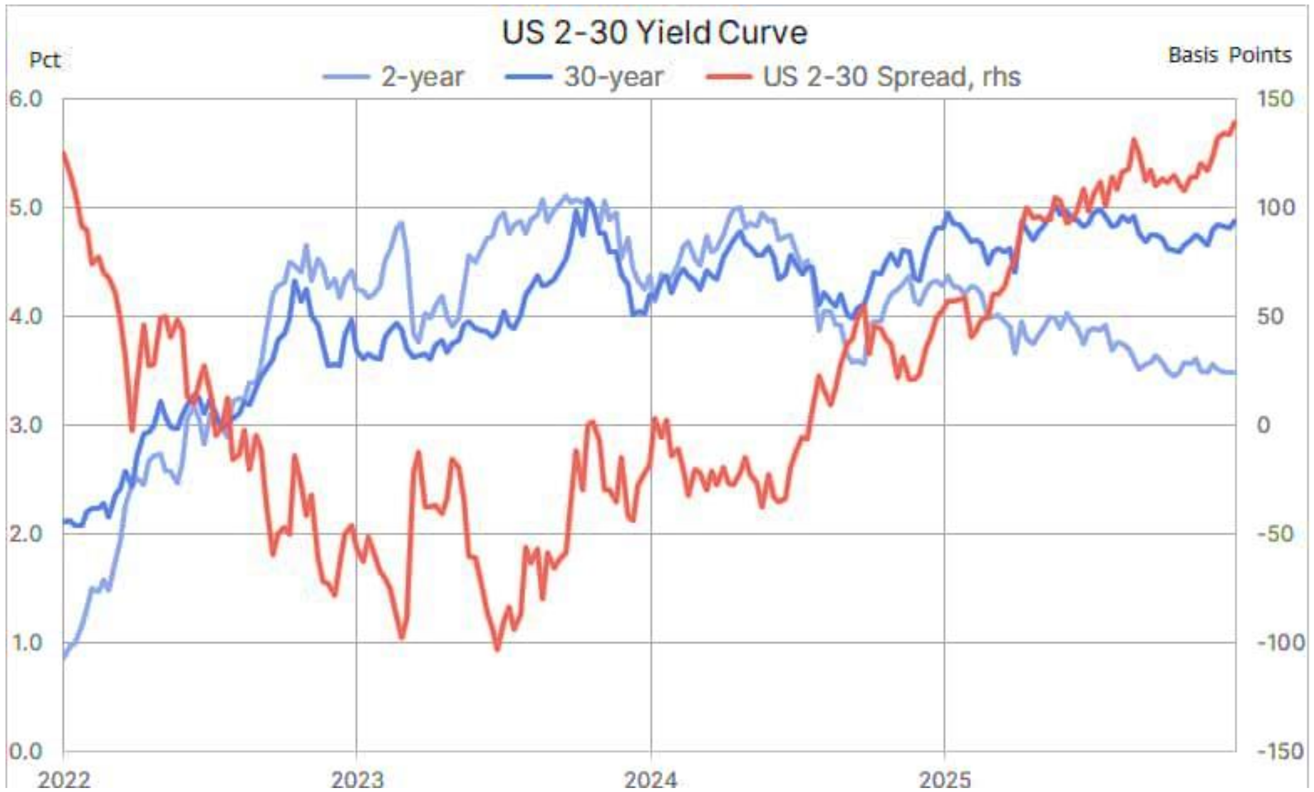
Structurally steeper yield curves (Bull steepening movement expected)



Source: Crossinvest (Asia), Bloomberg, Saxo

Gradual policy normalization rather than growth-supportive

- After one of the most aggressive tightening cycles, global growth expectations are still modest, with an expected 3.3% growth in 2026, revised upward from 3.1% initially projected, led by technological investment and fiscal and monetary support.
- This shows sticky growth and inflation expectations, paired with solid wage growth and consumer resilience, limiting the prospects for aggressive easing.
- Short-end yields are still expected to ease slightly in 2026, but not aggressively.

Long-end rates under more pressure

- Long-end yields are expected to rise or remain elevated, pressured by fiscal deficits, increased issuance, debt sustainability, declining marginal foreign demand and inflation expectations from services or tariff pass-through.
- Structurally higher neutral rate with core inflation stabilizing above the 2% targets, with US Core PCE ~2.4-2.6%, Eurozone Core HICP: ~2.2-2.5%.

- **Favour neutral duration:** Shallow easing paths (particularly in US) imply policy rates may fall modestly, but not sufficiently to drive sustained duration-led rallies. At the same time, elevated fiscal deficits and rising debt-to-GDP ratios increase term premia, offsetting front-end easing.
- **Favour belly (5 – 10 year) of the curve:** offer superior carry and roll-down while avoiding fiscal and supply-driven volatility.
- **Opportunity in inflation linked bonds** as a hedge against upside inflation risk from tariffs, fiscal risks and geopolitical fragmentation.

Investment Outlook: Corporate Fixed Income

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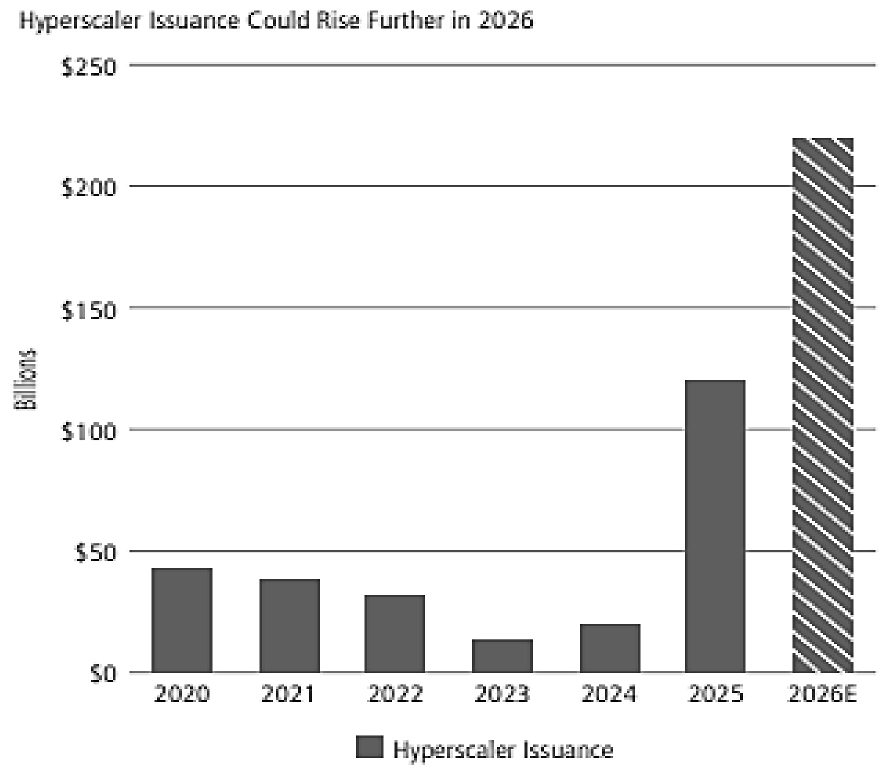
Investment Grade: High quality, supply-constrained upside



Source: Crossinvest (Asia), Neuberger Berman

- **Strong fundamentals and contained default risk:** Narrow credit spreads and relatively stable economic conditions with balance sheets remaining healthy.
- **Spread widening risks and price upside capped on long-end:** Increasing long-duration bond supply for Hyperscaler *(Cloud service providers requiring data center buildout)* funding may pressure spreads.
- **Favour short to intermediate maturities of issuers:** with strong free cash flow after capex.

High Yield: Selective opportunity

- Some upside from easing cycle could boost High Yield corporates
- Issuer-level dispersion is increasing sharply despite aggregate default rates remaining contained
- Imperative to identify High Yield (BB rated), strong balance sheets, shorter maturities and capital structures that have a net leverage of < 3.5x

Securitized Credit

- High real rates paired with no deep recession expected means borrowers are less likely to default, benefiting securitized credit
- Receive illiquidity premium without the underlying high credit risks
- Structural protection (income before risks materializes) may compensate for liquidity risk
- Senior tranches of Agency MBS, ABS, and CLOs
- Agency MBS benefit from explicit or implicit government guarantees. ABS and CLOs are supported by subordination, excess spread, and diversified collateral pools, reducing exposure to single-issuer failure. Cash flows are asset-backed rather than earnings-dependent, insulating returns from corporate margin pressure.

Investment Outlook: Commodities

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Major Commodity Prices in 2025

Silver: +145.8%

Gold: +63.65%

Copper: +43%

Soybean: +3.48%

Brent: -19.86%

Source: Crossinvest (Asia), Bloomberg

Market Summary

The commodity complex (Bloomberg Commodities Index) ended 2025 up 15.8% (total return), with performance heavily concentrated in Precious Metals and selective Industrial Metals.

Top Performers

Precious metals outpaced almost everything in 2025: Silver **almost doubled**, and gold rose **>70% at its peak** before ending up 63.65% in its strongest year since 1979.

Key cross-commodity drivers (complex-wide)

- **USD and real-rate regime**: A weaker USD and a “hedge bid” for hard assets supported broad commodity allocations, with the effect most visible in precious metals.
- **Geopolitics and trade policy volatility**: Tariff and geopolitical shocks repeatedly strengthened safe-haven demand and supply scares, reinforcing commodities’ role as portfolio shock absorbers.
- **Cycle & seasonality**: The commodity complex remains highly cyclical, with volatility most pronounced in soft commodities and agriculture where pricing is repeatedly reset by planting/harvest calendars, weather anomalies.

Commodities Outlook: Gold

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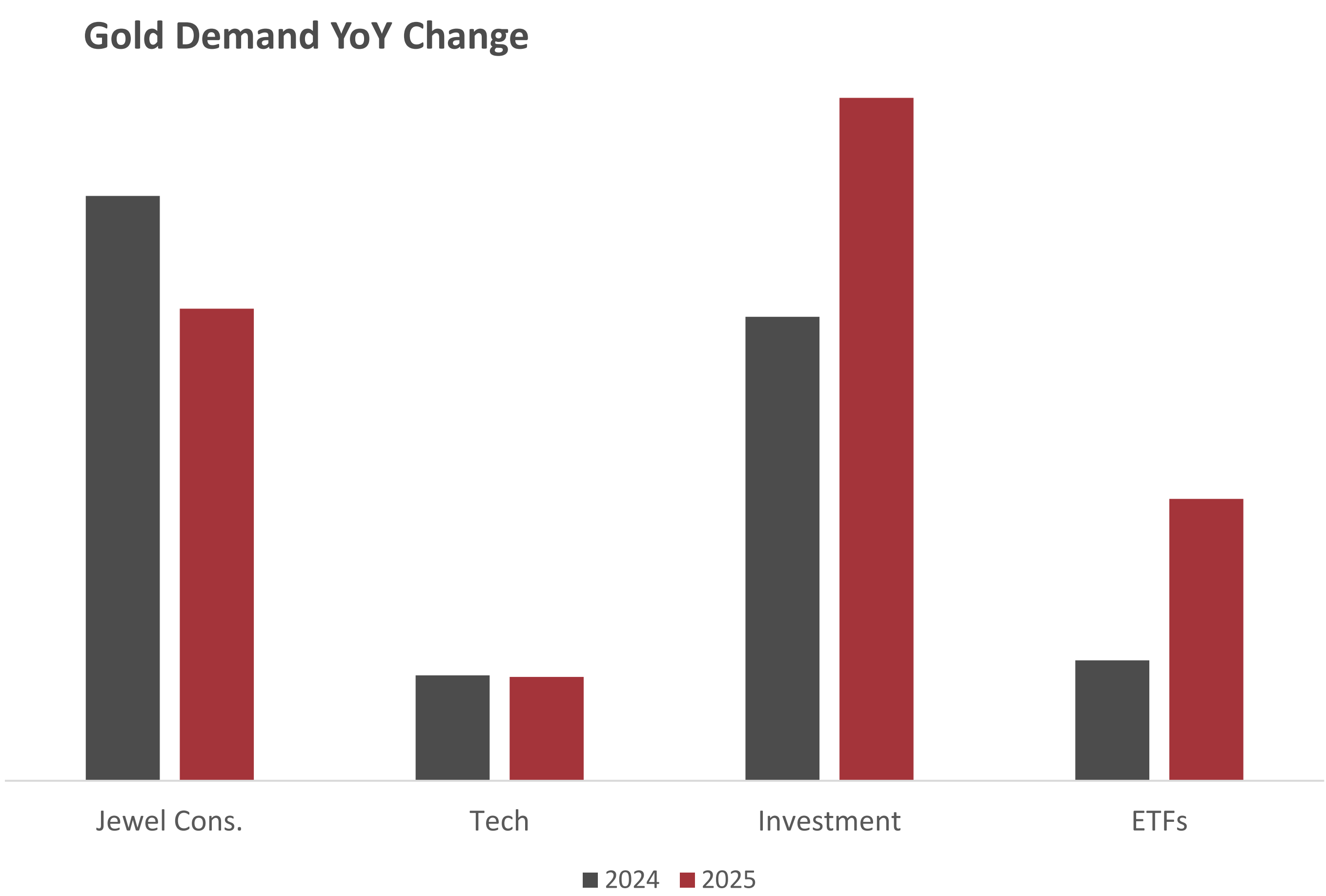
Gold Outlook



Source: Crossinvest (Asia), Gold.org

Gold Driver

- Predominantly investors and banks demand (~60%) for risk protection on global and macro turmoil.

Key Headwinds

- **Higher real yields / delayed Fed easing:** Rising real yields increase the opportunity cost of holding a non-yielding asset and typically pressure gold.
- **"Rangebound" macro consensus:** The World Gold Council explicitly frames a scenario where gold remains rangebound if prevailing conditions persist, implying upside needs a shock or a clear macro shift.

2026 Outlook

With the Trump administration in office and US-China strategic competition remaining elevated, we expect recurring trade-policy shocks and broader geopolitical volatility to **keep gold investment demand increasing**. In this regime, gold should remain a preferred liquid hedge benefiting from:

- Continued safe-haven flows during headline shocks
- Continued consensus path to decreasing yield
- Continued portfolio diversification demand

Commodities Outlook: Brent Crude

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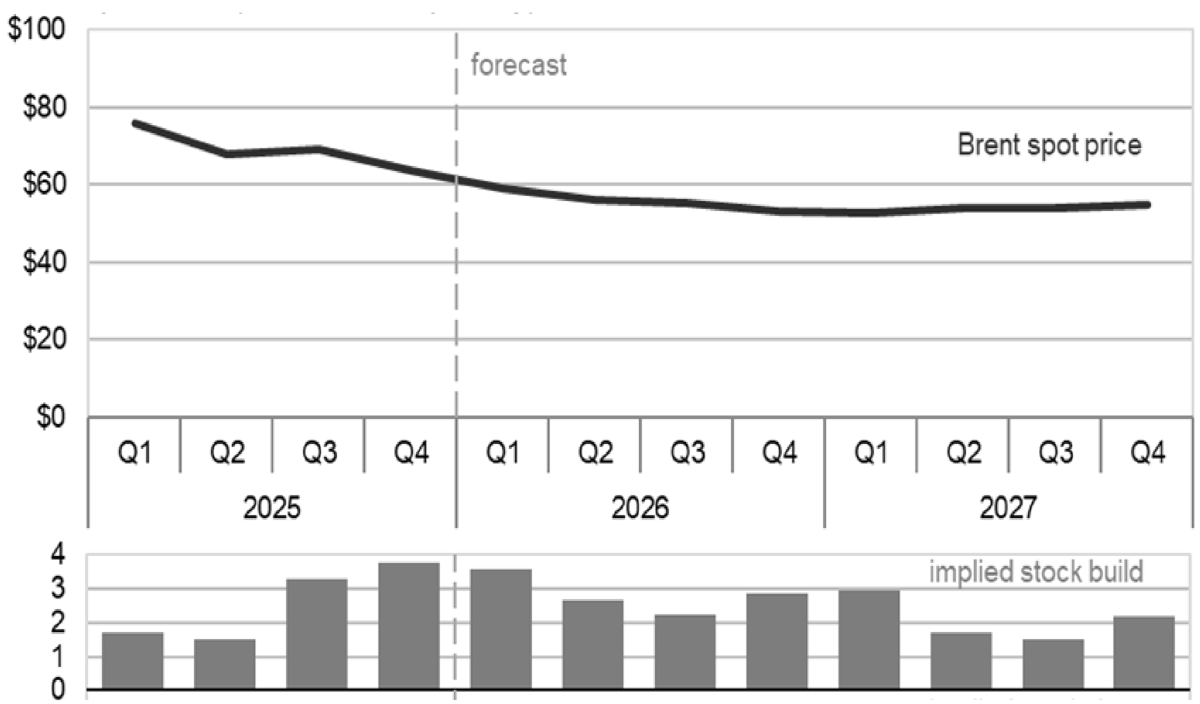
Brent Spot Outlook

Brent Spot and Stock Projection



Source: US Energy Information Administration, Projections if no major conflict occurs

Brent Crude Drivers

- OPEC policies (Quotas/cuts)
- Middle-East (primary producers) Geopolitics sensitive
- Refinery margins sensitive (Demand by refineries)
- Supply chokepoint geopolitics sensitive (Red Sea, North Sea line – Strait of Hormuz stability)
- Refinery and Seasonality cyclical sensitive

Brent Crude Headwinds

- **Surplus balances and inventory builds:** If **production > demand**, pushing inventories higher and Brent lower.
- **Demand disappointment (macro slowdown):** Oil is pro-cyclical; weaker growth reduces demand growth and compresses the risk premium.

2026 Outlook

Globally at an oversupply of crude and inventory stock building at a surplus to consumption, **projects a continued softening of crude till 2027.**

Commodities Outlook: Silver

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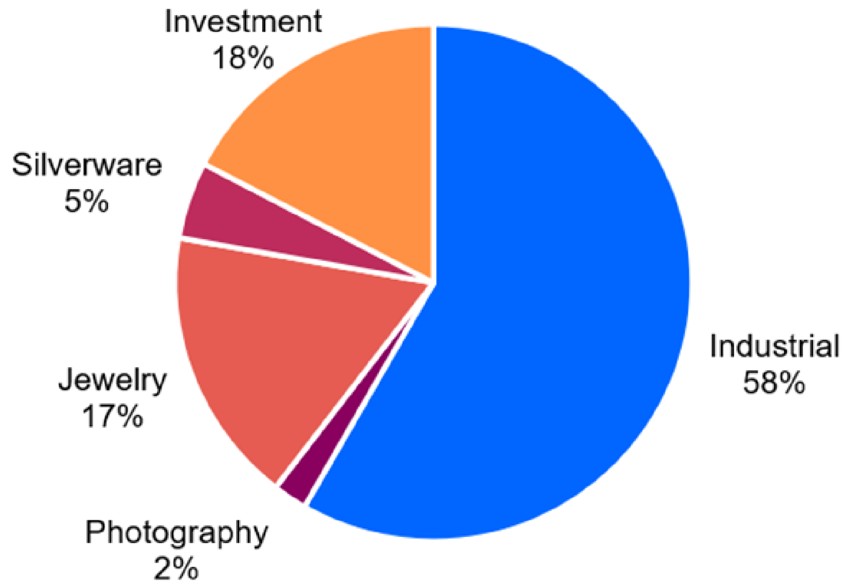
Silver Outlook

Silver Demand Distribution



Source: Silver Institute

Silver Drivers

- Macro Hedges (like gold)
- **AI outlook optimism premia**: Strong industrial demand feeding AI boom through electrification and electronics material needs.

Silver Headwinds

- **Substitution in solar/electronics:** Silver Institute commentary highlights increasing demand to **thrifting in PV** (less silver per module).
- **Real yields / USD headwind (shared with gold):** A higher real-rate regime is typically a drag on precious metals broadly.

2026 Outlook

Silver expected to continue growth as AI related CAPEX continues but volatility is to be expected due to much of mid-term AI optimism expectations already priced in. Silver valuations relative to gold also shows its current expensive pricing hence caution is to be maintained.

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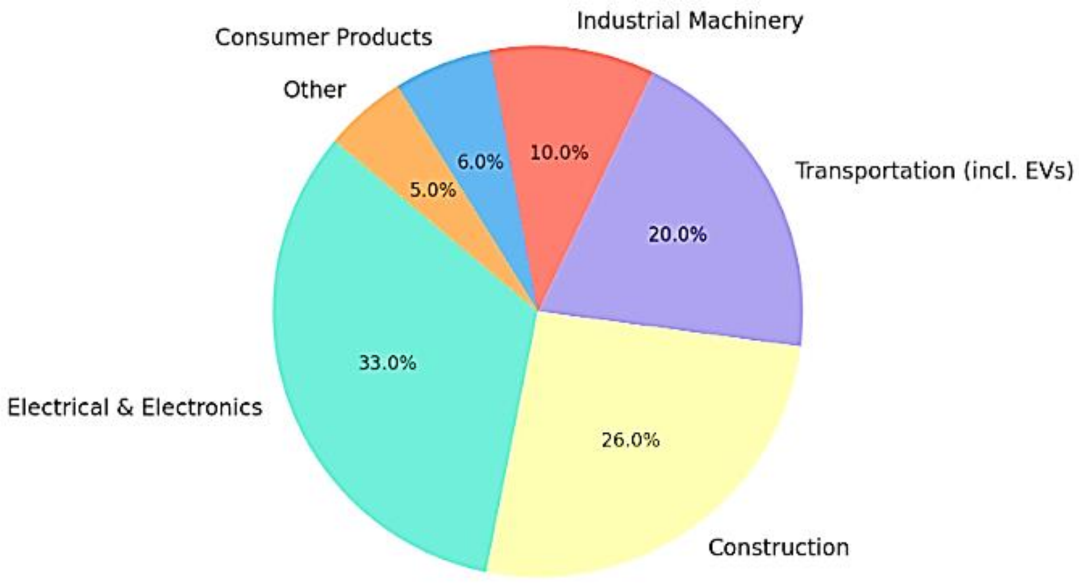
Commodities Outlook: Copper

Copper Outlook

Copper Demand Distribution



Source: Columbia Metals

Copper Drivers

- **AI/Electrification CAPEX:** Key material in electronics and electrification with consensus growth projections remaining strong for 2026.
- **Supply strain:** Geopolitics-induced fear stockpiling triggers supply scares further driving up prices. (Latin America produce 50% of world Copper).

Copper Headwinds

- **Surplus risk from scrap + substitution:** 2026 downside case driven by **increased scrap** and **substitution (e.g., aluminum wiring)** at high copper prices.
- **China macro:** Slower China growth/industrial weakness proves a primary copper headwind.

2026 Outlook

Copper remain demand strong with growth potential as AI expansion continues. Trump Administration threatens natural resources of Latin America, Copper being a major producer.

Commodities Outlook: Soybean

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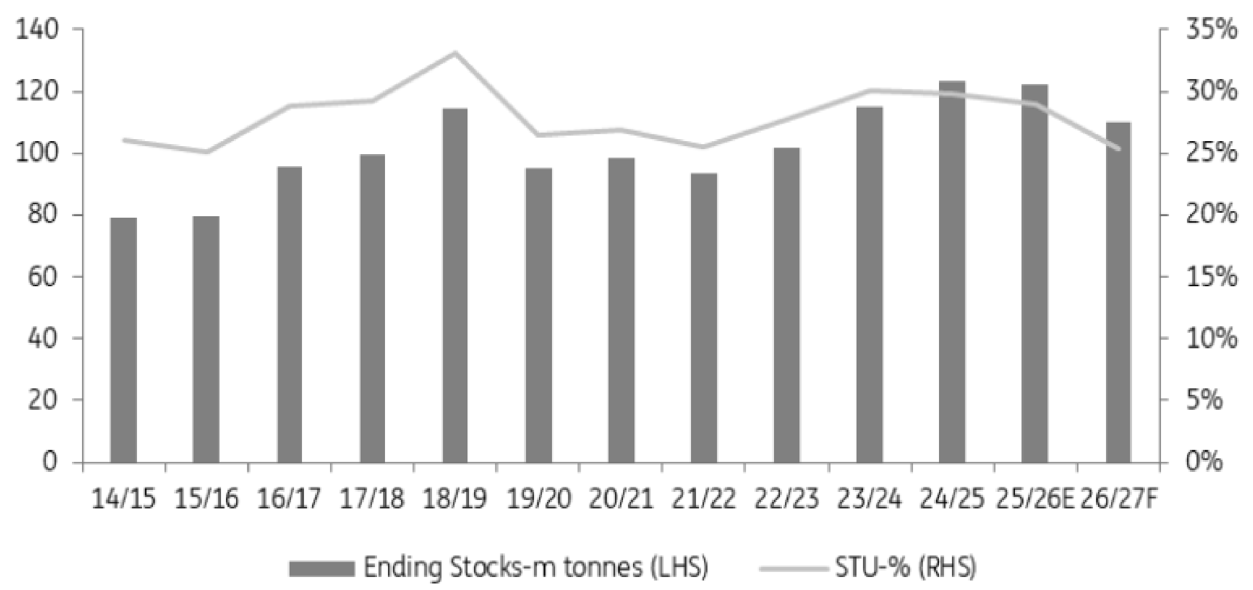
Soybean Outlook

Soybean Stock and Stock-to-Use Ratio



Source: CONAB, ING Research

Soybean Drivers

- China Import policies/choice (China accounts for >60% of global soy consumption)
- Latin American harvesting **season/weather cyclical sensitive** (Accounts for 60% of global export)
- Fertilizer cost sensitive

Soybean Headwinds

- **Large South American supply / exports:** Continued high Brazil exports keep global supply ample and pressure U.S. competitiveness.
- **Weather disruptions:** If growing seasons are benign, the market loses a key upside catalyst (supply-shock premium)

2026 Outlook

Due to its Chinese trade politics sensitivity, **we expect soybean to be highly volatile while neutral in bias** supported by the projected falling stock globally while pressured by the reduced presence in global imports due to the on-going trade wars, expected to persist well beyond 2026.

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Investment Outlook: Currencies

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Dollar weakens in 2025 and 2026 YTD

US Dollar Index Performance - YR2025 & 2026 YTD

Source: Crossinvest (Asia), Bloomberg

US Dollar Dominates Currency Markets

Currency Forecast as of 27/01/2026

	Spot	+3 Months	+12 Months
EUR/USD	1.19	1.18	1.20
EUR/CHF	0.92	0.94	0.95
USD/CHF	0.78	0.80	0.80
EUR/GBP	0.87	0.88	0.88
GBP/USD	1.37	1.35	1.36
USD/JPY	154.48	153.50	148.00
AUD/USD	0.69	0.67	0.69
USD/CNH	6.95	6.95	6.86
USD/SGD	1.27	1.28	1.28
USD/IDR	16807.00	16700.00	16750.00
USD/MYR	3.96	4.05	4.00
USD/TRY	43.39	45.00	51.00

Source: Crossinvest (Asia), Bloomberg Finance L.P

- **US Dollar**: The US Dollar remains under pressure in early 2026, with the US Dollar Index (DXY) hovering near multi-month lows around **97** amid softer economic data and expectations of further Fed rate cuts. Recent market developments show the dollar experiencing renewed weakness, partly driven by geopolitical uncertainty and political risks, which have contributed to a broad sell-off and safe-haven flows into other assets.

- **Singapore Dollar:** The Singapore Dollar has been trading in a relatively tight band around **USD/SGD ~1.27–1.28**. Latest FX data indicates SGD recently strengthened to levels not seen in over a decade against the USD, supported by inflows linked to risk appetite and defensive positioning.

- **Safe-Haven Currencies:** JPY has shown notable strength, rallying sharply as markets price in potential currency intervention and safe-haven demand, lifting it to multi-month highs against the dollar; CHF remains firm, benefiting from its safe-haven status amid persistent geopolitical tensions and broader market uncertainty.

- **European Currencies:** The Euro has stabilized after recent swings, supported by ECB policy patience as it navigates sticky inflation and slower growth dynamics. GBP remains range-bound against the USD and other major currencies, reflecting cautious Bank of England positioning as wage and services inflation continue to temper the pace of monetary easing.

- **Commodity Currencies**: Commodity currencies such as the AUD, NOK, and CAD have shown relative resilience, supported by firm energy and commodity price backdrops, as well as improved sentiment around global growth and China stimulus expectations. The AUD has recently gained against the USD, reflecting these dynamics and broader cyclical strength.

For Accredited Investors Only

Investment Outlook: Alternatives

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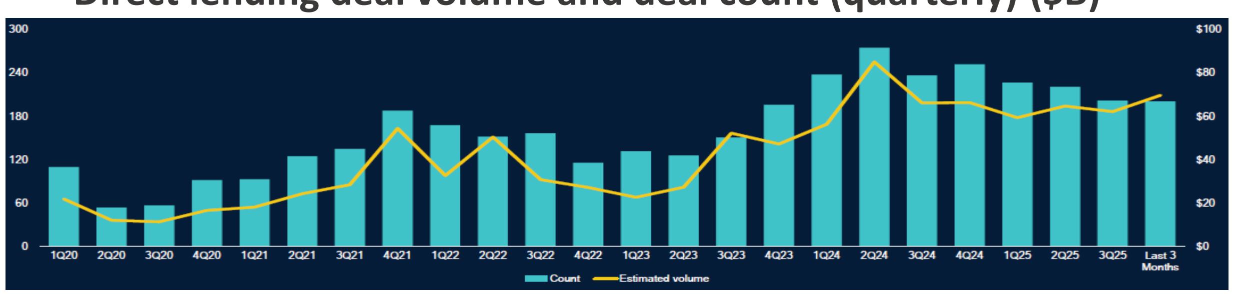
2026 Private Credit Outlook

Normalisation with Leveraged Buyout (LBO) Led Opportunity

- The share of direct-lending volume supporting LBOs rose to 44% in 2025 from 32% in 2024, remaining below the 2021 peak (61%), signalling healthier activity rather than excess.
- Capital deployment is shifting from refinancing toward growth and buyout financing, with **LBO issuance reaching USD 23.7bn** in the three months to November. As M&A pipelines rebuild, LBOs are expected to be the primary driver of new deployment in 2026.

Deal Activity Recovering, Led by Larger Transactions

Direct lending deal volume and deal count (quarterly) ($B)



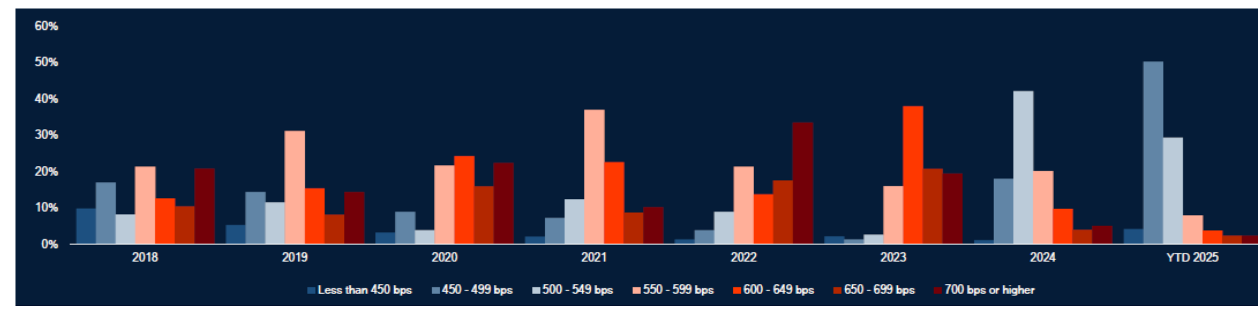
Source: Source: PitchBook | LCD • Geography: US • Data through Nov. 30, 2025 • Deal count based on transactions covered by LCD News.

- Direct-lending volumes reached **USD 69.8bn across 201 deals** in the three months to November 2025, the strongest quarter since 2Q24.
- November saw **seven jumbo deals (≥ USD 1bn)**, signalling renewed confidence in high-quality credits.
- YoY volume contraction narrowed to **9%**, from 15% in October. Bank of America estimates **US private-credit issuance to decline ~15% YoY to c. USD 120bn in 2026**, reflecting lower leverage levels despite continued fundraising into direct lending and CLO structures.

Stable Spreads Support Prospective Returns

- Despite rising activity, pricing has remained disciplined. Fourth-quarter spreads have held broadly steady, with a **median of S+475** bps, unchanged from Q3.

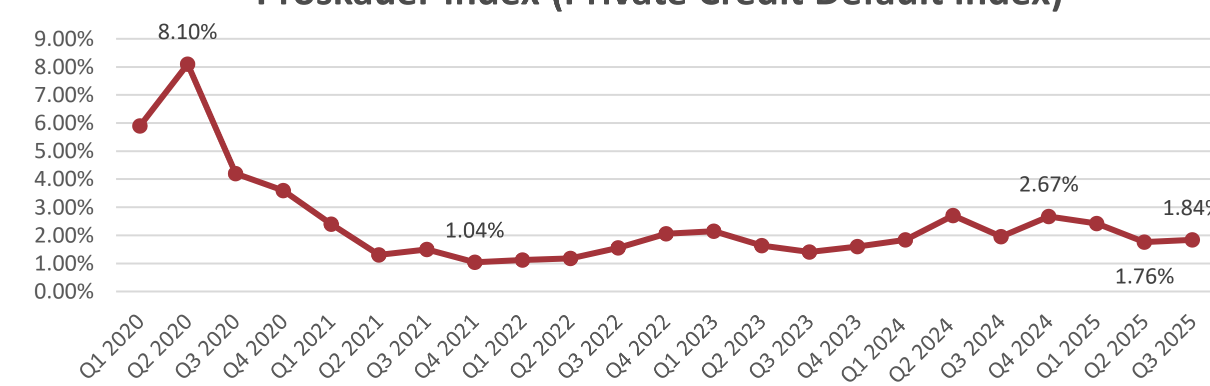
New-issue spread distribution of LBOs financed in direct lending market



Source: PitchBook | LCD • Geography: US • Data through Nov. 30, 2025 • LCD News.

- 50% of LBO deals in 2025 priced between 450–499 bps, up from 18% in 2024, suggesting a pricing floor. Spreads expected to remain stable to slightly wider in 2026, supporting forward returns.
- Credit fundamentals remain resilient, with defaults at 1.84% in Q3 2025, in line with long-term averages.

Proskauer Index (Private Credit Default Index)



Source: Crossinvest (Asia), Proskauer Private Credit Default Index | Data through Nov 2025

Thematics: Broadening profits from Tech

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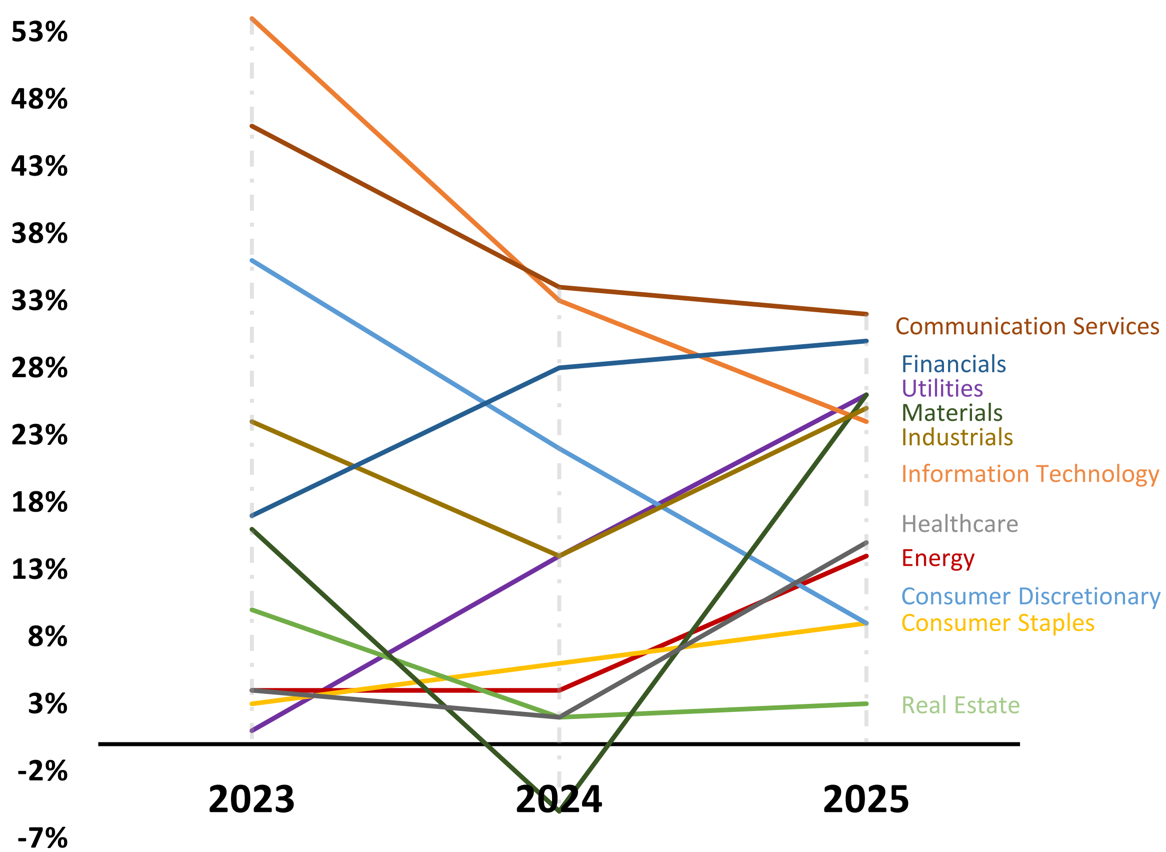
AI Outlook

Shifting Sector Performances



Source: Crossinvest (Asia)

Demand for evidence of AI monetization

- Information Technology and Communication Services sector's record performance in 2023 slowed gradually into 2025 and further broadening of profits are expected into other sectors that can provide evidence of AI monetization.
- **Healthcare** and **Financials** expected to be a key beneficiary of AI integration and monetization trend.
- Some **Consumer Cyclical and Staples** could benefit from AI integration, especially within Emerging Markets.

Attention on AI supply chain

- **Energy, Utilities, Materials** and **Industrials** expected to be supported through 2026 from high AI demand and constraints in the supply chain.

Geopolitical fragmentation and economic security needs

- Increasing geopolitical and political tensions has resulted in heightened concerns on national security and subsequent high spending on Aerospace and defense and infrastructure, benefiting the **industrial** sector.

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Thematics: AI Monetization

Healthcare

Tailwind: Prevalence of aging population and high healthcare spending:

- Population aged 65+ is growing at around 2 – 3 times faster than the total population across US, EU, Japan.
- Healthcare spending continues to exceed GDP growth by 1.5 – 2.0 pp.

Monetization evidence:

- AI integration into drug R&D, discovery and approval processes increases efficiency and output, shortening drug discovery timelines, improving trial success rates and regulatory approval, and raising asset utilization in diagnostics and hospital operations.
- AI-assisted drug discovery has reduced early-stage target identification time by 30-50% with AI-designed molecules entering mid-stage clinical trials.

Financials

Tailwind:

- Traditional settlement cycles have high intermediation costs, slow settlement and capital trapped in collateral, constraining ROE. AI integration.

Monetization evidence:

- Tokenization of real-world assets through blockchain and AI-driven risk, compliance, fraud tools and credit-scoring improve capital efficiency and fee income and reduce operational risk.
- Tokenized real-world assets (bonds, funds, private credit) now exceed hundreds of billions in notional, with near-instant settlement improving capital turnover.

Consumer Cyclical and Staples

Tailwind:

- Improvement in consumer interaction with platforms via personalization and e-commerce, suiting their changing needs.
- EM platforms also seen as attractively valued with strong growth potential given improved fiscal discipline, standing to benefit from faster adoption and USD weakness amplifying earnings growth.

Monetization evidence:

- AI-enabled personalization, demand forecasting, and dynamic pricing lift conversion rates and protect margins at scale by improving conversion rates and basket sizes in e-commerce and tourism.

Automation and Robotics

Tailwind:

- Labour shortages, aging workforces, and supply-chain localization increase productivity urgency, paired with tight wage growth and ageing workforces across DM.
- AI expands robotics beyond repetitive tasks into flexible, scalable operations, creating measurable ROI and wage offsets.

Monetization evidence:

- Increasing AI integration with falling hardware costs paired with shortened AI software deployment and payback periods.
- Robot density rises has been fastest in manufacturing and logistics.

Thematics: AI Supply chain

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Data Centres and Power Infrastructure

Tailwind:

- Substantial energy demands of AI and data centers are straining existing power grids as they require much more power and cooling capacities than traditional cloud infrastructure. Grid capacity, energy availability, and cooling efficiency increasingly determine where AI can scale.
- Power infrastructure investment accelerates as AI deployment hits physical constraints; therefore, energy availability becomes a competitive differentiator, shifting value toward infrastructure and industrial suppliers rather than only software layers.
- AI data center power usage per rack is several multiples of legacy workloads, driving demand for grid upgrades, transformers, cooling systems, and backup generation.
- Utilities, electrical equipment suppliers, and thermal management providers see rising order backlogs tied specifically to AI-related projects.

Additional tailwind:

- Other sources of energy is increasingly being explores, such as renewable energy sources (Solar and Wind) and the modernization of an aging grid infrastructure.
- This creates massive industrial demand for base metals such as Silver, Copper, Palladium and Platinum for energy transition and power grid modernization.

Compute, Semiconductors, Hardware & Materials

Tailwind:

- AI workloads (training + inference) are growing exponentially, with compute demand increasing far faster than historical semiconductor cycles.
- Model complexity, multi-modal AI, and enterprise deployment drive sustained need for advanced logic, memory, and networking chips, where leading-edge logic nodes (≤5nm) operate near full utilization, with multi-year backlog visibility and High-bandwidth memory (HBM) demand has surged due to significantly more memory per unit demand.
- On the hardware side, AI hardware production is highly capital-intensive. Supply chains are complex, and materials substitutions and suppliers are limited, resulting in high switching costs.
- Advanced lithography, precision manufacturing, and specialty materials required (advanced substrates, rare gases, precision components).

Additional tailwind:

- New fab capacity only gradually comes online, keeping supply tight. AI inference demand broadens beyond hyperscalers into enterprises, extending the cycle from a narrow capex boom to a broader deployment phase.

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Thematics: Geopolitical fragmentation

Supply Chain resilience & Critical raw materials/Precious metals

Tailwind:

- Geopolitical tensions, trade weaponization, and sanctions have exposed the fragility of globally optimized supply chains. Therefore, Nations and corporates are explicitly prioritizing self-sufficiency, redundancy, and strategic control, particularly in energy, food, semiconductors, and critical raw materials.

- "Friend-shoring" and regionalization replace just-in-time models with multi-node supply chains, structurally raising capex and inventory intensity.

- Critical raw materials (lithium, copper, rare earths, uranium) become strategic assets rather than cyclical commodities.

- Precious metals, particularly gold, benefit from elevated geopolitical risk premiums, rising concerns around currency debasement, sustained central bank buying, especially from EM reserve managers diversifying away from USD exposure

Aerospace and Defence

Tailwind:

- Heightened geopolitical tensions and a global fragmentation have increased defense spending baselines and become a permanent budget priority. Conflicts in Ukraine, the Red Sea, Gaza spillovers, rising Taiwan Strait tensions, and repeated military incidents around the Strait of Hormuz involving Iranian naval assets, drones, and aircraft interceptions reinforce a shift from episodic to systemic risk.

- Defense spending is increasingly directed toward advanced aerospace platforms, precision munitions, surveillance, intelligence, and space-based systems, and AI-enabled warfare create opportunities for growth in defense companies.

- Long-duration procurement contracts provide multi-year revenue visibility, backlog growth, and earnings durability, while defense primes and key suppliers benefit from limited competition, high barriers to entry, and strong government alignment.

Cybersecurity

Tailwind:

- As economies digitize and AI adoption accelerates, the attack surface for cyber threats expands rapidly. Cyber conflict increasingly accompanies physical and economic conflict, targeting infrastructure, financial systems, and corporate IP.

- Cybersecurity spend grows faster than overall IT budgets as protection becomes critical.

- Demand shifts from discretionary software upgrades to mandatory, continuously updated security architectures.

- Governments and corporates will increasingly prioritize cloud security, identity and access management and infrastructure and critical systems protection, not as non-discretionary capex/opex, but to be embedded into baseline operating costs.

Crossinvest Awards

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Crossinvest (Asia) has been internationally recognised each year for our discretionary portfolio performance, quality of client service, innovation in technology, amongst other categories within wealth & asset management. The recent wins are a testament of our continued efforts and capabilities to lead in the industry and we are proud of our list of 25 awards.

2024

- WealthBriefingAsia EAM AWARDS 2024 – BEST PORTFOLIO MANAGEMENT IN ASIA
- PRIVATE BANKER INTERNATIONAL 2024 – MOST EFFECTIVE INVESTMENT SERVICE

2023

- WealthBriefingAsia EAM AWARDS 2023 – BEST SERVICING CLIENTS FROM SINGAPORE
- WealthBriefingAsia EAM AWARDS 2023 – BEST SERVICING CLIENTS FROM AUSTRALIA
- MOST INNOVATIVE DIGITAL OFFERING – Private Banker International

2022

- WealthBriefingAsia EAM AWARDS 2022 – BEST CLIENT SERVICE
- WealthBriefingAsia EAM AWARDS 2022 – BEST INNOVATIVE USE OF TECHNOLOGY
- WealthBriefingAsia EAM AWARDS 2022 – BEST OVERALL DIGITAL ENGAGEMENT
- Most Effective Investment Service Offering – Highly Commended 2022

2021

- Rising Star for Asia-Pacific
- Best Multi-Family Office Singapore 2021
- Best Independent Wealth Manager Singapore

2020

- WealthBriefingAsia AWARDS 2020 – Best Asset Manager Serving Family Offices & Private Banks
- Best Next – Generation Offering – Highly Commended 2020
- Private Banking Innovation Awards 2020 – HIGHLY ACCLAIMED – OUTSTANDING INDEPENDENT WEALTH MANAGER - OVERALL
- Private Banking Innovation Awards 2020 – WINNER – BEST ASSET MANAGER OVERALL

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