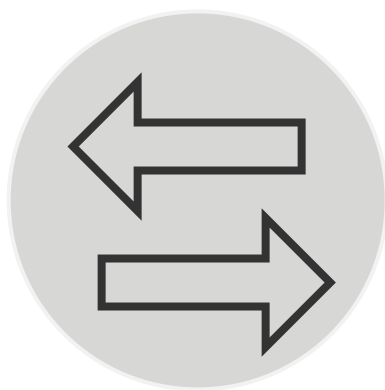


Role Reversal

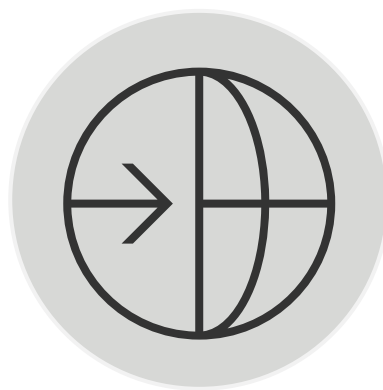
2026 Investment Outlook

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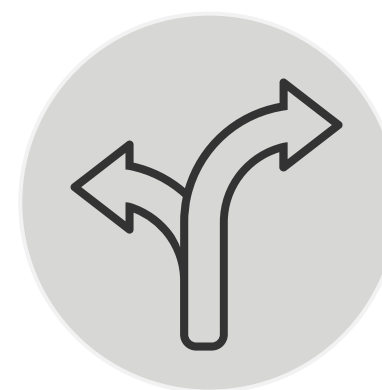
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Role Reversal

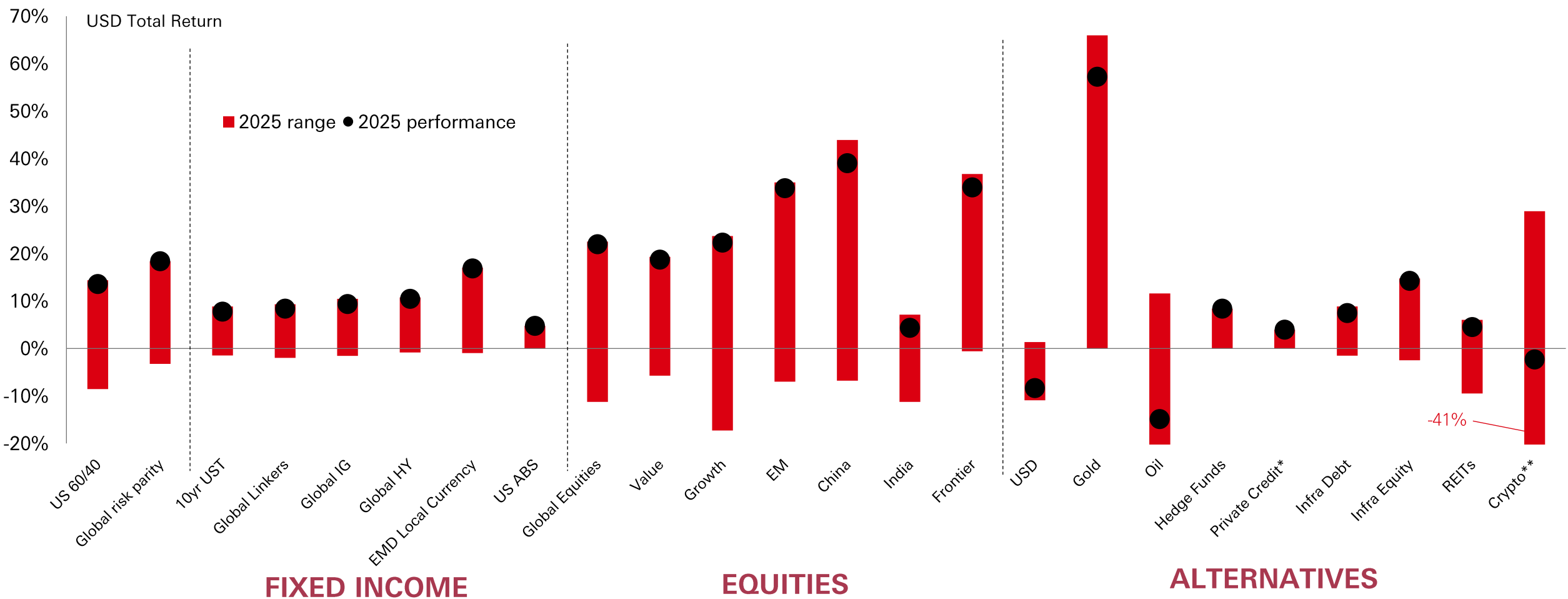


Broadening Out

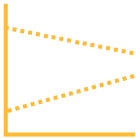
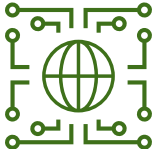


**Diversify the
Diversifiers**

Market performance in 2025



Source: HSBC Asset Management, Bloomberg, 10 November 2025. **Past performance does not predict future returns. This information shouldn't be considered as a recommendation to buy or sell specific investments, country or sector mentioned. Any forecast, projection or target where provided is indicative only and not guaranteed in any way.** Asset class performance is represented by different indices. US 60/40: Bloomberg EQ:FI 60:40 Index, 10yr UST: ICE BofA 10yr US Treasury Index, Global Linkers: ICE BofA Global Inflation-Linked Government Index, Global IG: Bloomberg Barclays Global IG Total Return Index unhedged. Global High Yield Index: ICE BoFa US High Yield Index, EMD local currency :JP Morgan EMBI Global Total Return local currency. Global Equities: MSCI ACWI Net Total Return USD Index. Value: MSCI Value Index, Growth: MSCI Growth Index, Global Emerging Market Equities: MSCI Emerging Market Net Total Return USD Index. China: MSCI China Index, India: MSCI India Index. Frontier: MSCI Frontier Markets Total Return Index , Alternatives: USD: DXY Index, Gold Spot \$/OZ, Oil: WTI crude oil, Hedge funds: Credit Suisse Hedge Fund Index, *Private Credit: Bloomberg Debt Private Equity Index (up to 1Q24), Infra Debt: iBoxx USD Infrastructure Total Return Index, Infra Equity: Dow Jones Brookfields Global Infrastructure Total Return Index, REITs Real Estate: FTSE EPRA/NAREIT Global Index TR USD. **Crypto: Bloomberg Galaxy Crypto Index. Index returns assume reinvestment of all distributions and do not reflect fees or expenses. You cannot invest directly in an index.

	 CRACKS WIDEN	 COME TOGETHER	 AI BOOM
 Driving forces	Restrictive policy and unbalanced growth mean labour market cracks	Tariffs weigh on US but some offset from AI capex. “Policy puts” in Europe/China	Surging AI investment and wealth effects create broader economic boom
 Growth	Sharp slowdown as households retrench and profits disappoint	US growth less exceptional at around 2.0% , despite strong AI investment	US reaccelerates to around 3.0%. Animal spirits and AI boost global growth
 Inflation	Uncomfortably high inflation but recession destroys demand	US peaks above 3% before receding. Approaching target in many DMs/EMs	Strong, broad-based demand keeps US inflation around 3.0%
 Monetary Policy	Initially more cautious Fed, but then big easing amid growth damage	Fed cuts to neutral (3.00-3.50%). Modest easing across many DMs/EMs	Easing cycle cut short but Fed accommodates above-target inflation
 China	Geopolitics and trade tensions weigh on already fragile confidence	Resilient but uneven growth as reflation policies offset tariff headwinds	Growth pickup amid AI, and property sector and confidence recovery

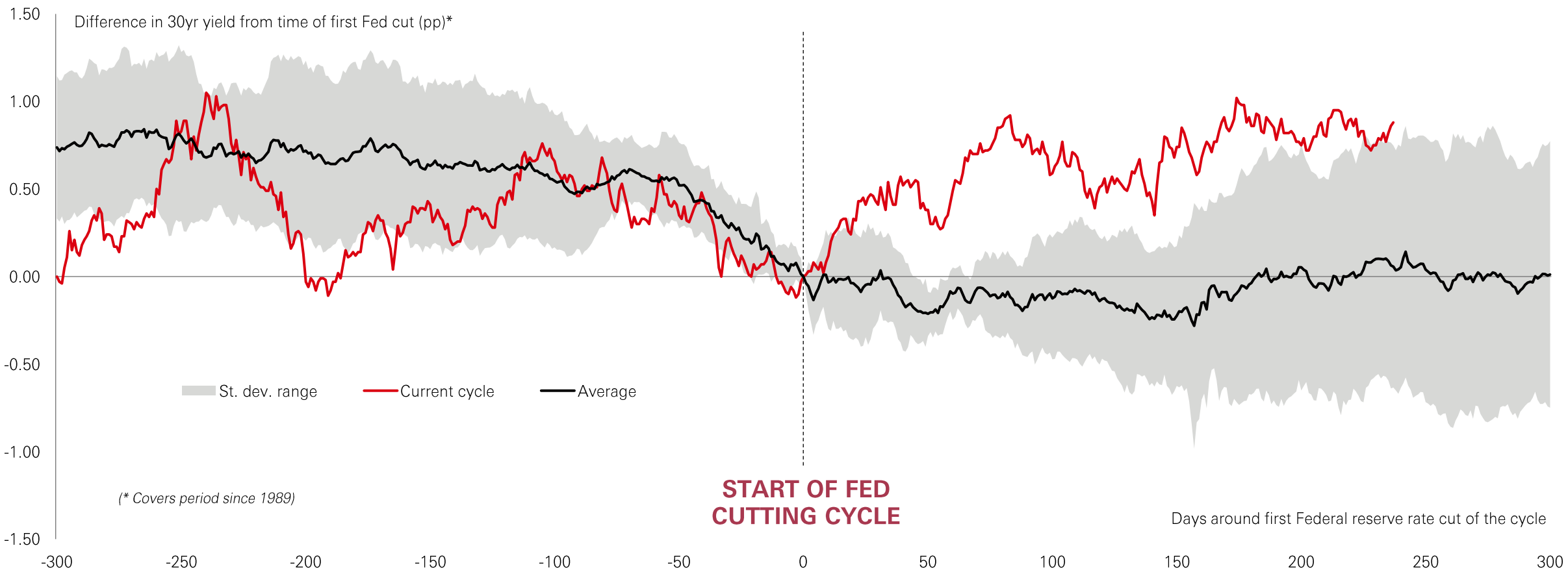
Source: HSBC Asset Management, November 2025.

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Long bond yields *usually* fall after rate cuts

Difference in 30-year Treasury yield from time of first Fed cut



Source: HSBC Asset Management, October 2025.

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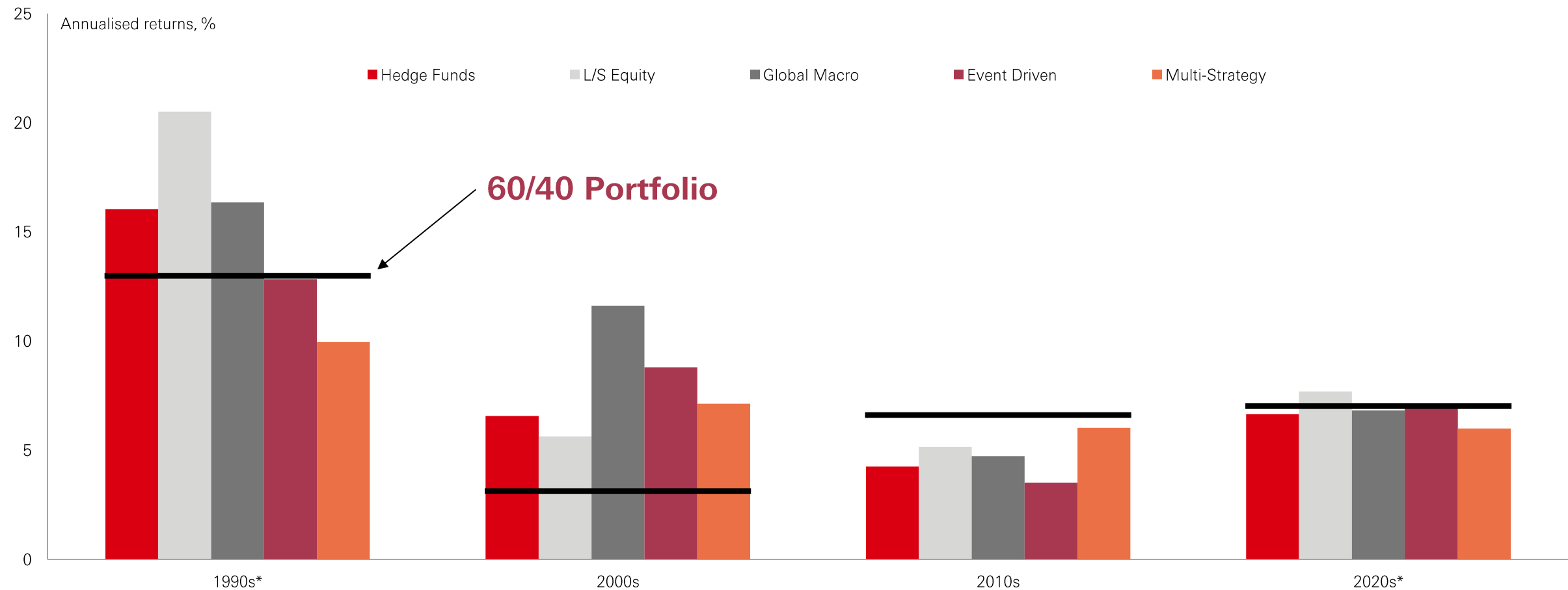
Credit spreads have been low

US Credit spreads may look too low because term premia too high



Past performance is not a reliable indicator of future performance.
Source: Bloomberg, Macrobond, HSBC Asset Management, November 2025

Hedge funds versus 60/40 portfolio¹

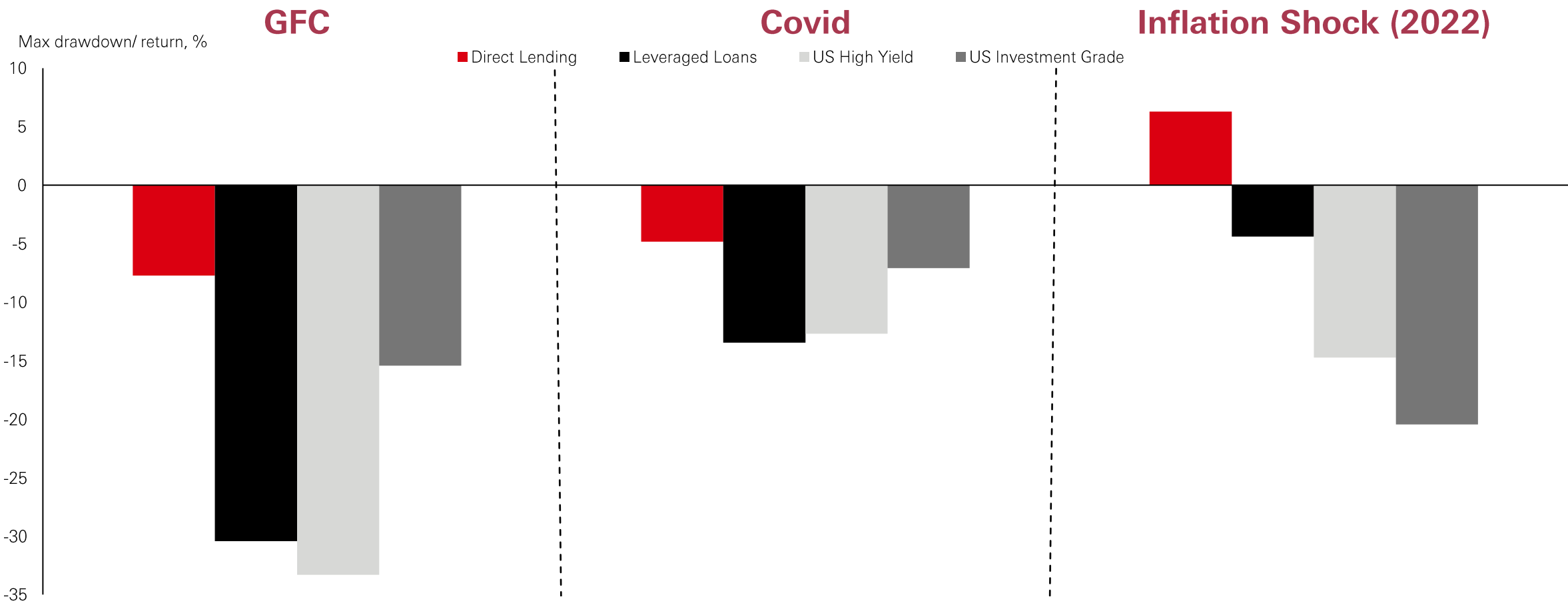


Past performance does not predict future returns. The performance provided here is of the respective indices . Index returns assume reinvestment of all distributions and do not reflect fees or expenses. You cannot invest directly in an index.

Source: Bloomberg, HedgeIndex. HSBC Asset Management, *Data ranges between April 1994 and October 2025. November 2025. The views expressed above were held at the time of preparation and are subject to change without notice. Any forecast, projection or target where provided is indicative only and is not guaranteed in any way. HSBC Asset Management accepts no liability for any failure to meet such forecast, projection or target.

¹60/40 calculated as 60% MSCI ACWI 40% Bloomberg Global Aggregate

Drawdowns on public vs private credit during major sell-offs

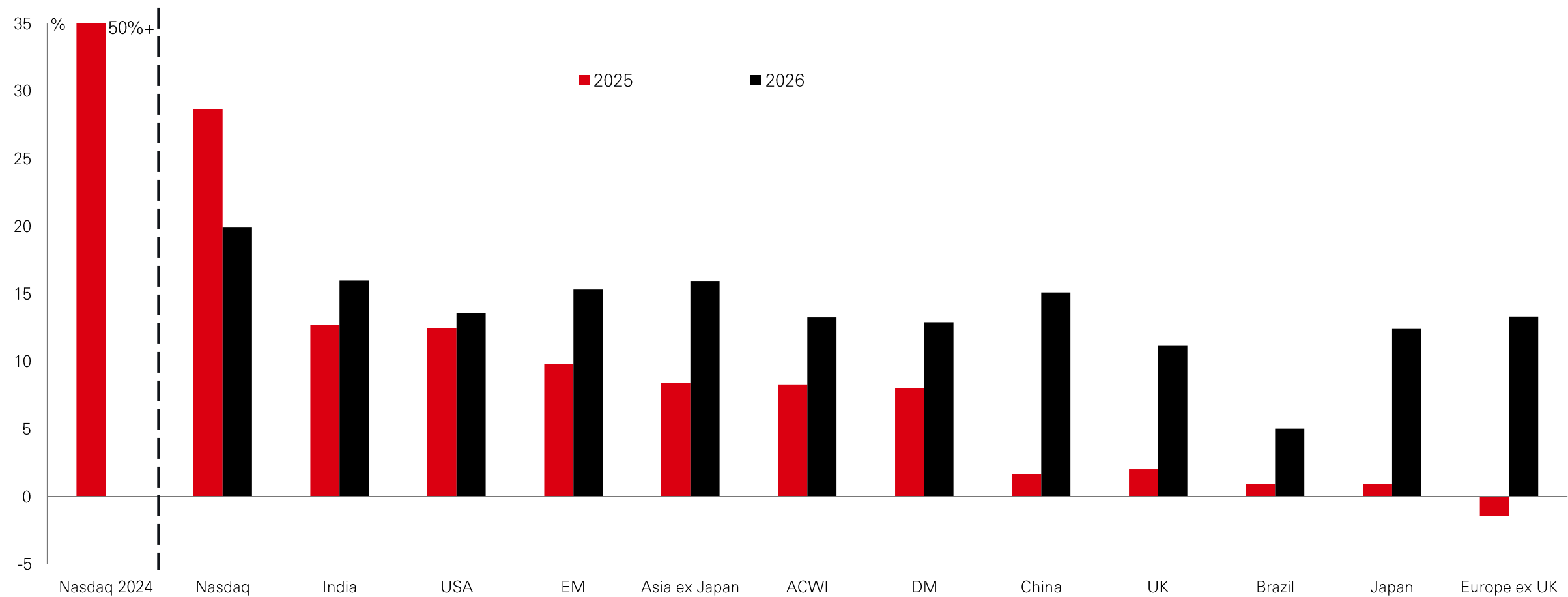


Source: HSBC Asset Management, Bloomberg, Cliffwater, November 2025.

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Global profits growth is coming together

Global EPS growth in 2025 and 2026 (IBES consensus forecast)

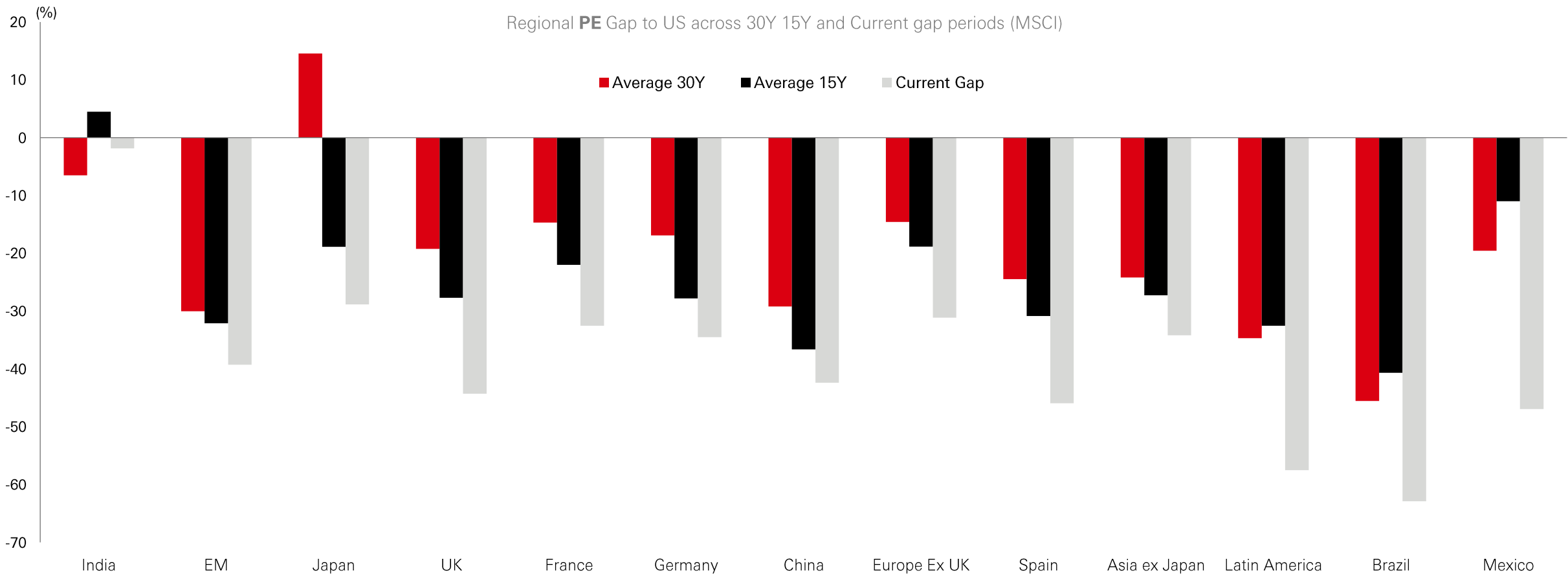


Past performance does not predict future returns.

Note: Nasdaq IBES profit data for 2024e (only) is very volatile, so 50%+ used. Source Refinitiv, HSBC Asset Management, Refinitiv, IBES, November 2025. The commentary and analysis presented in this document reflect the opinion of HSBC Asset Management on the markets, according to the information available to date. They do not constitute any kind of commitment from HSBC Asset Management. Consequently, HSBC Asset Management will not be held responsible for any investment or disinvestment decision taken on the basis of the commentary and/or analysis in this document. Any forecast, projection or target where provided is indicative only and is not guaranteed in any way. HSBC Asset Management accepts no liability for any failure to meet such forecast, projection or target. Index returns assume reinvestment of all distributions and do not reflect fees or expenses. You cannot invest directly in an index.

Valuation gaps remain wide

Regional PE valuation gaps



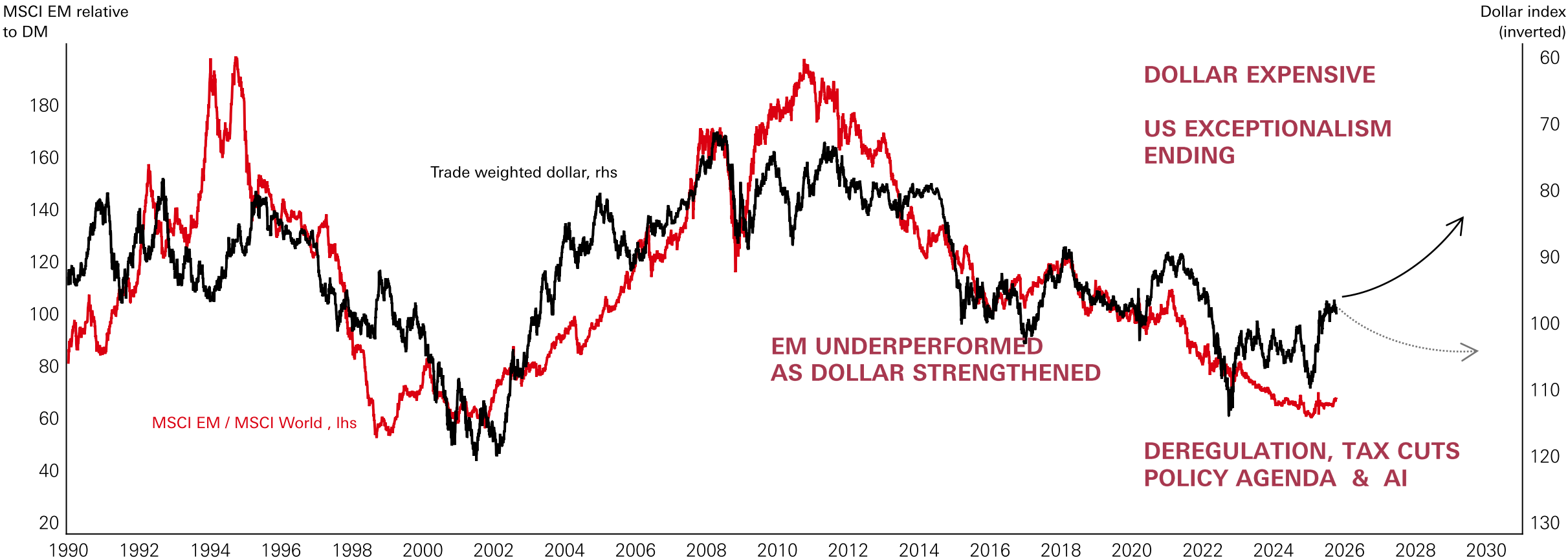
Past performance does not predict future returns.

Source: Refinitiv, Datastream, HSBC Asset Management, November 2025. The commentary and analysis presented in this document reflect the opinion of HSBC Asset Management on the markets, according to the information available to date. They do not constitute any kind of commitment from HSBC Asset Management. Consequently, HSBC Asset Management will not be held responsible for any investment or disinvestment decision taken on the basis of the commentary and/or analysis in this document. Any forecast, projection or target where provided is indicative only and is not guaranteed in any way. HSBC Asset Management accepts no liability for any failure to meet such forecast, projection or target.

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Weaker dollar is a catalyst for emerging markets

Weaker dollar (black) correlates with strong EM stocks (red)

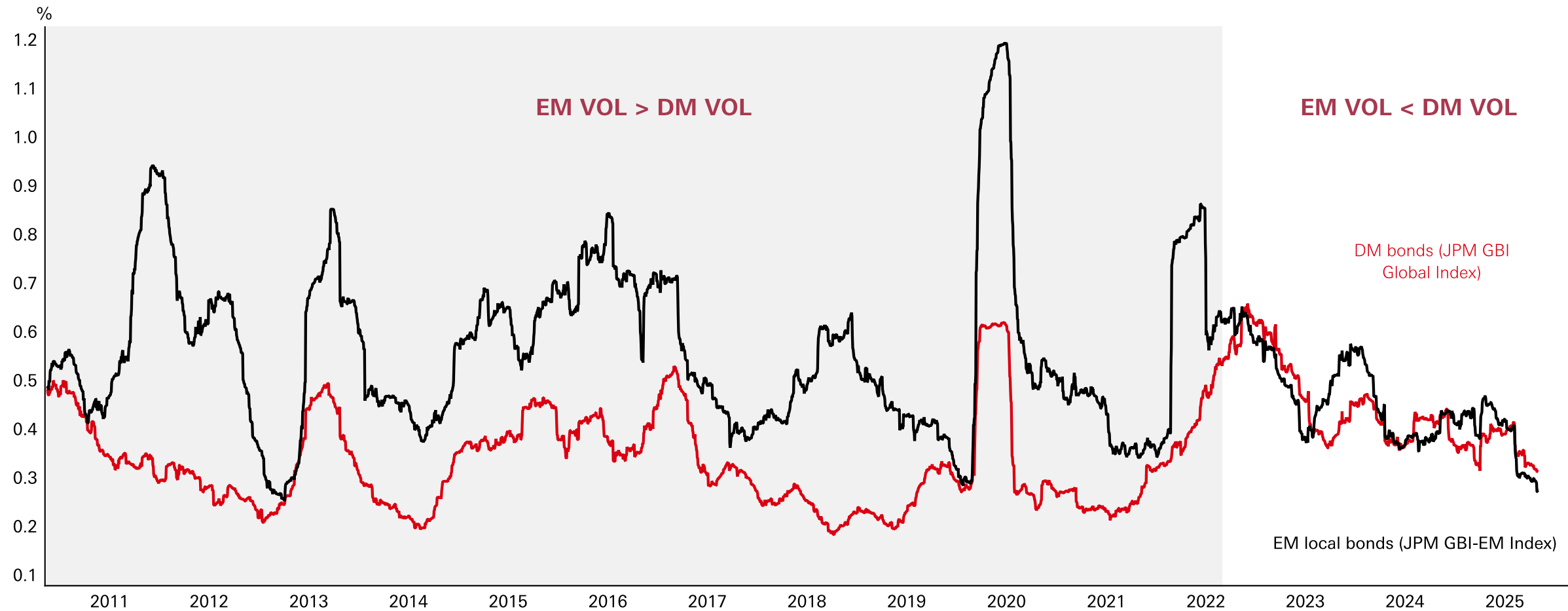


Past performance does not predict future returns.

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EMs are now *LESS* volatile than DMs

Bond market total return volatility (90 day rolling measure)



Source: Macrobond, HSBC Asset Management, November 2025.
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