

Global Investment Strategy Committee Outlook Q1 2026

From AI boom to fiscal strains: what could impact markets in 2026

By Naomi Fink, Chief Global Strategist

17 December 2025

The Amova Asset Management Global Investment Strategy Committee (GISC) convened on 10 December. The Committee remains constructive on global growth but cautious over elevated uncertainty and heightened market risks.

Key takeaways from the meeting:

- Global disinflation continues, albeit unevenly. Softening US labour-market indicators and diminishing household savings buffers provide signals of a gradual slowdown.
- Meanwhile, capex indicators in the US exhibit “fat-tail” uncertainty: high-frequency indicators remain strong, but confidence surveys reflect subdued expectations.
- Bond markets are pricing in a greater number of Federal Reserve (Fed) interest rate cuts than the Federal Open Market Committee (FOMC) itself projects, while term premia have risen globally amid heightened supply and fiscal concerns.
- AI-related investment and structural technology cycles continue to offer stock markets support in the US and parts of Asia.
- Japan’s cycle remains supported by wage gains and corporate reforms, yet long-end Japanese government bond (JGB) dynamics are increasingly shaped by market views on fiscal sustainability.
- China’s economy continues to show divergence: exports and manufacturing investment are resilient, while household demand and property remain weak.
- With forecasts widely dispersed, uncertainty remains elevated and medium-term outcomes are highly dependent on the path taken.

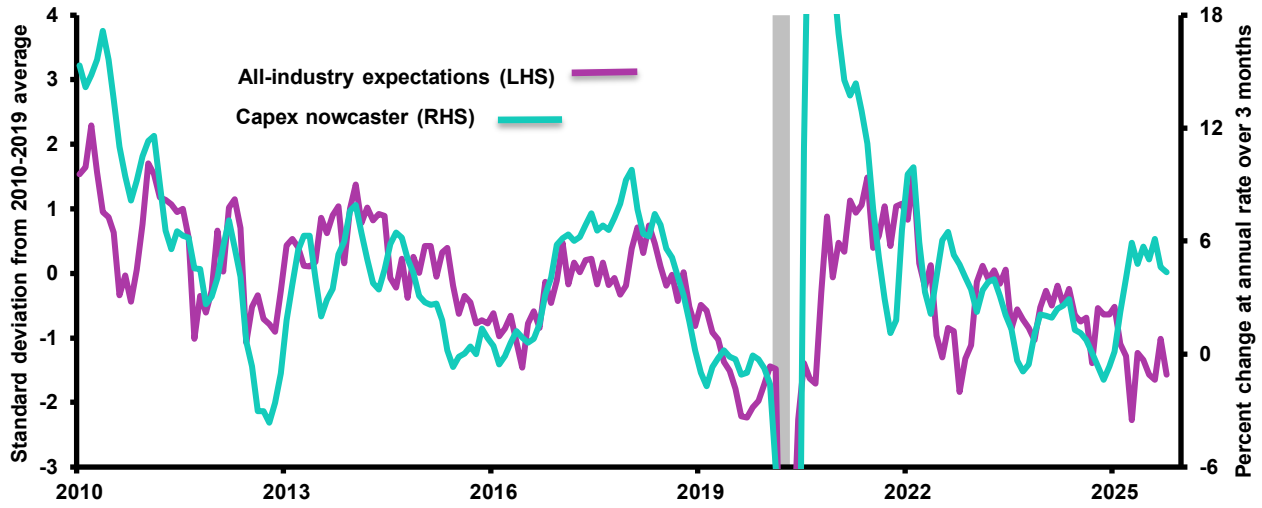
US economy’s contradictions: jobs vs affordability, capex vs consumption, bubble vs gradual cooling

While the baseline expectation is that monetary policy will continue focusing on inflation and employment outcomes, markets have been sensitive to signals that rate cuts could arrive earlier than previously projected.

Committee members agreed that the US economy is decelerating but remains fundamentally resilient. Median **GDP growth** projections fell from above 3% year-on-year (YoY) in late-2025 to near 2% YoY by mid-2026, though the full range spans roughly 0.5% to the mid-3% area. Labour-market softening is increasingly evident amid rising unemployment claims and slowing job creation. Consumer sentiment has weakened, yet high-income consumption remains relatively steady, supporting overall demand. Meanwhile, H1 2026 offers an opportunity for the economy to recover from the US government shutdown, with the recent US fiscal package providing support.

Chart 1: Global business confidence and capex

Although Capex remains strong, corporate sentiment has diverged to the downside.



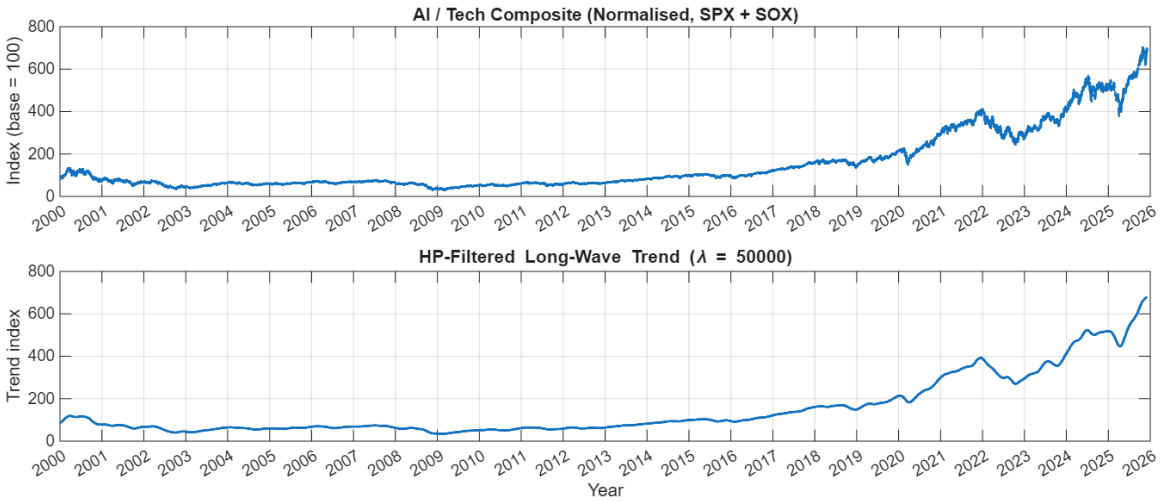
Grey bar represents disruption from the pandemic.

Source: S&P Global, national sources, J.P. Morgan

Inflation is expected to drift gradually lower, while remaining above the FOMC's 2% target over the outlook horizon, though high uncertainty persists. Several members noted upside risks from commodity prices and tariffs, while others emphasised improving supply conditions and easing services inflation. Overall, the Committee views the inflation path as subject to pressures in both directions rather than heading for a smooth decline and expects between one and two additional rate cuts before the end of 2026. Given the uncertainty surrounding inflation, the Committee remains modestly more conservative than the market on the Fed's ability to deliver aggressive rate cuts.

US equity outlook: Committee members noted that **equity** market leadership remains narrow and is driven by AI-linked mega-caps. While expectations remain constructive on earnings growth, several members highlighted signs of valuation stretch and late-cycle dynamics. In Charts 2 and 3, we illustrate that while the long-term tech "supercycle" (proxied by an S&P and SOX composite) remains on a marked uptrend, the shorter-term business cycle amplitude has exploded since 2024, which contrasts with the low implied equity volatilities. EPS growth is expected to remain positive and looks increasingly likely to deliver results that justify elevated valuations.

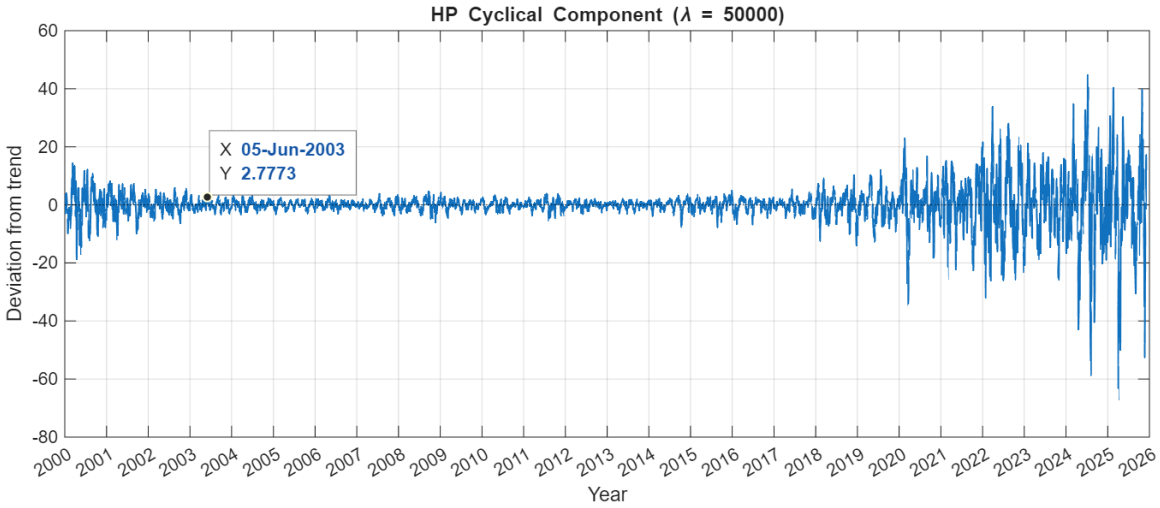
Chart 2: Long-term tech supercycle remains robust



Rebased to 100 in 2000

Source: Amova AM, based on Bloomberg Data

Chart 3: However, short-term dynamics are volatile



Rebased to 100 in 2000.

Source: Amova AM, based on Bloomberg data

US fixed-income outlook: Committee members emphasised that long-term yields increasingly reflect term-premium dynamics and concerns about supply rather than policy expectations alone. The GISC expects 10-year Treasury yields to fluctuate between the high-3% and mid-4% levels over 2026. Whether the Fed maintains its independence remains a hotly debated topic within markets, and it has a bearing on the stability of the long-term US bond market.

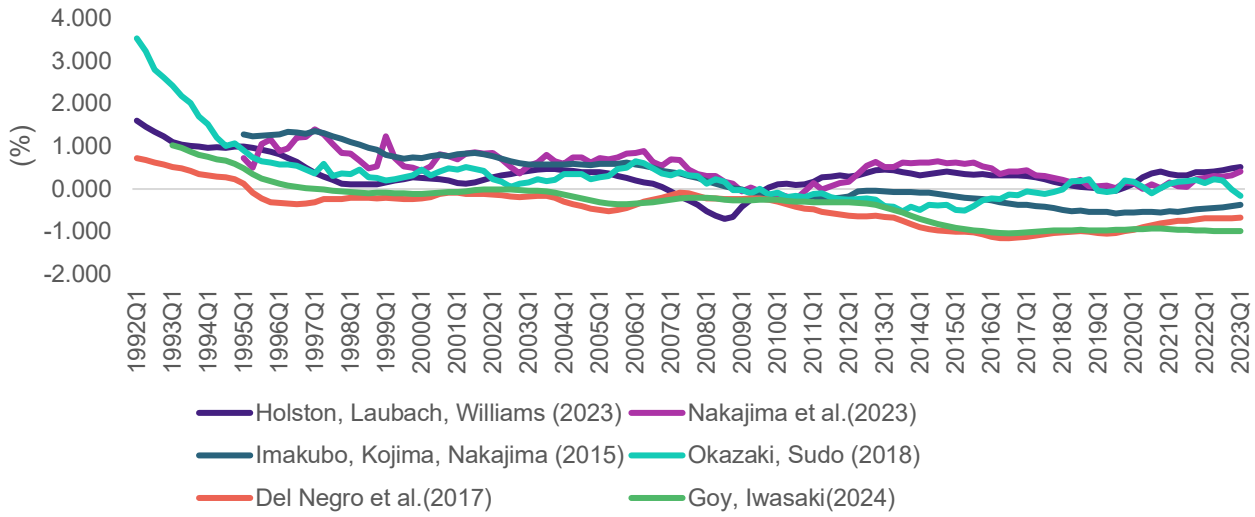
Japan: above-potential growth, but fiscal risks could weigh on JGBs

Committee perspectives on Japan highlighted increasing two-way risks in policy and market dynamics. **Japan's GDP growth** is expected to fluctuate around 0–1% YoY through 2026—keeping above potential (0.5%) on trend. However, the quarterly range is wide for any given quarter, from slightly negative to above 2% YoY, reflecting vulnerability to external demand and variations in domestic confidence.

The Committee expects **headline CPI** to fall below 2% in 2026, with core ex-fresh food inflation being slightly softer due to fiscal measures designed to support households. However, several members underlined that **real wage growth** remains shallow, posing challenges for a robust consumption recovery.

The committee expects the **Bank of Japan** (**BOJ)** to hike rates to 1% over the course of 2026 and then pause as real rates reach the lower end of the plausible "neutral" range. There are, however, upside risks to this outlook as increased fiscal stimulus may prompt the BOJ to act more aggressively.

Chart 4: Japan's estimated neutral real interest rates (r*)



*"Neutral" real interest rates are estimated to sit between -1% to 0.5%.

Source: BOJ

JGB markets: A recurring theme was the growing importance of long-end market pricing. Members noted that JGB yields are increasingly shaped by foreign investor demand and market perceptions of fiscal sustainability rather than the BOJ's purchase operations. Some expressed concern that continued fiscal expansion, if not paired with productivity gains, could lead to a market-driven steepening that could complicate the BOJ's policy path. The Committee foresees 10-year JGB yields ranging between the mid-1% to mid-2% levels over the course of 2026.

Japanese equities remain supported by governance reforms, improvements in shareholder returns and structural investment trends such as those in the AI, semiconductor and automation sectors. However, several members observed that after significant gains, markets may undergo consolidation before making an earnings-led rebound. The TOPIX earnings trajectory is expected to remain in single-digit expansion territory over the first half of 2026. It is then seen accelerating toward the latter half of 2026, as tariff uncertainty fades and robust global investment—in addition to consumption boosted by domestic wage growth and fiscal stimulus—supports corporate earnings.

Europe: in recovery, ECB on hold

The market has already priced in an ongoing **economic recovery** in Europe, which Committee members expect to slowly gain traction. Real GDP growth is expected to rise above 1% YoY by mid-2026, supported by subsiding core **inflation**, which is seen retreating back to the ECB's 2% target. However, the **ECB's easing trajectory** has most likely come to an end, and accommodation may stimulate growth with a lag. The Committee expects 10-year **Bund yield** to rise modestly as fiscal spending necessitates greater issuance, with a probability of 75% or greater that it will remain contained below 3% until the latter half of 2026. Regarding equities, the Committee's view is in line with consensus; it foresees **European equities** showing steady improvements in earnings growth over the course of 2026. However, as with US equities, valuations may have outpaced earnings and could have already peaked in late 2025.

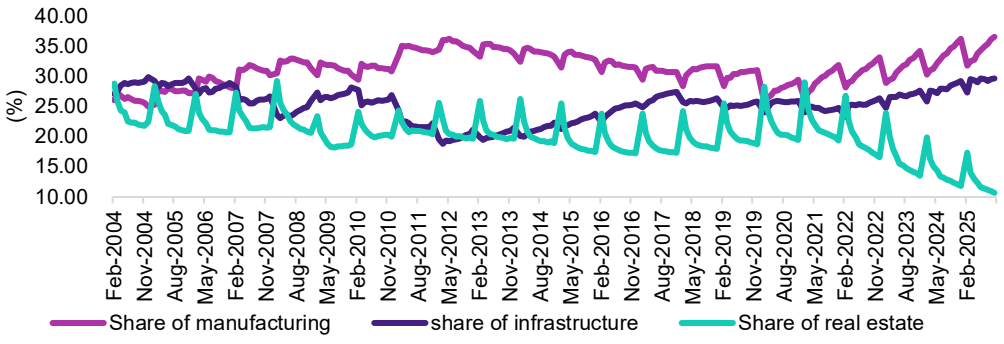
China: addressing uneven economic growth

China's full-year GDP growth is expected at around 5% for 2025, the last year in China's current five-year plan. The Committee generally expects the growth rate to remain range-bound into 2026. However, China's new five-year plan signals a shift from quantitative to qualitative growth targets, suggesting the 5% level may no longer be strictly maintained.

Committee members highlighted the widening divergence between external and domestic drivers in China. Manufacturing investment and exports have stayed resilient—even gaining market share—while household consumption and property activity remain soft. Some members noted that the recent improvement in **core CPI** (which rebounded into positive territory) reflects normalisation rather than broad demand recovery. Still, the Committee does not expect China to lapse back into deflation, with the new five-year plan making consumption a top priority. Government spending, however, may focus especially on supporting services, including healthcare, aged care, childcare and leisure services, in addition to R&D in technology-adjacent areas.

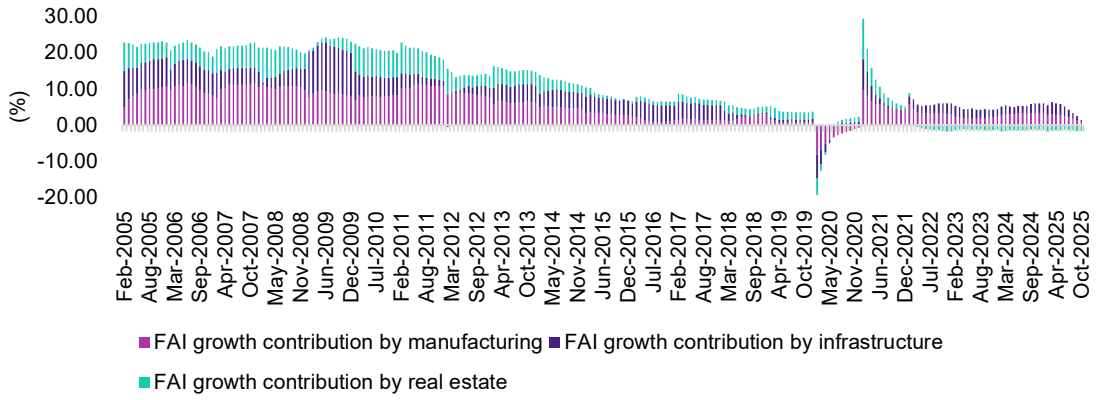
The Committee expects **GDP growth** to decelerate modestly from the high-4% range in 2026, though the headline rate masks a purposeful shift in strategy by authorities over China's growth dynamics. Charts 5 and 6 illustrate a clear two-speed pattern between policy-supported sectors and property weakness. Members expect only incremental monetary easing until further Politburo guidance clarifies Beijing's near-term priorities. The end of Q1 2026 brings the NPC, followed by an April Politburo meeting, which may further clarify policy priorities. Meanwhile, China's triennial Belt and Road forum at the end of H1 and ongoing negotiations with the US before the expiry of the current trade truce could become key focal points.

Chart 5: Share of fixed asset investment (FAI) in China by sector (%)



Source: PRC Macro

Chart 6: FAI growth rate contribution in China by sector (%)



Source: PRC Macro

Chinese equity markets have picked up recently despite deflationary pressures. The Committee expects earnings growth to continue improving as the year progresses, supported by innovative industries, export-oriented sectors and buybacks. However, some Committee members warned of near-term consolidation following pockets of market exuberance. Structural concerns persist around property, credit transmission and external demand durability.

Principal risks to the outlook: deconstructing the fat-tail risks

With uncertainty elevated despite a positive growth trajectory, the Committee dedicated significant attention to risks to the global economy and markets. The Committee scores these risks by subjective probability and anticipated impact, and this quarter both content and scoring showed a **wide dispersion**. Even so, several themes consistently ranked high in both likelihood and potential impact.

Inflation resurgence and policy-credibility shocks are the dominant risk clusters

The Committee's aggregated risk profile highlighted two dominant clusters.

- **First was the inflation cluster**. Members flagged the risk of inflation resurging across geographies, with possible ramifications on US stock and bond markets in addition to the commodity markets. A renewed US-China trade war could amplify these price pressures.
- **Second was the policy-credibility cluster**. Concerns centre on the BOJ falling behind the curve (which could also be seen as part of an inflation cluster risk) and the heightened probability of a standoff between Japan's Takaichi administration and JGB investors. Ongoing uncertainty about the outlook for FOMC independence also falls into this cluster.
- Beyond these two clusters, stress in private credit linked to AI financing may also emerge as a risk point, given the tech sector's lofty valuations and increase in debt-fuelled financing.

Given elevated uncertainty and dispersion across forecasts, the following six risks warrant heightened attention in investor positioning and allocation:

1. Inflation re-acceleration risk (high probability cluster, high impact)

Many members assigned moderate-to-high probabilities (20–30%) to inflation re-accelerating due to commodity shocks, tariff effects, supply-chain constraints, or premature easing. The impact was consistently rated as high, given the potential to trigger disorderly repricing across bond markets and risk assets.

2. Policy credibility and market sensitivity (moderate probability, high impact)

While political dynamics were not the main focus, several members noted that any perceived reduction in central bank independence could affect market confidence. The aggregated view assigns a moderate probability (15–25%). However, the potential impact is high, due to the risk of yields overshooting and heightened volatility in risk assets.

3. Japan's fiscal policy heightening market tension (moderate probability, high impact)

Members highlighted that JGB yields are increasingly influenced by market perceptions of fiscal sustainability. Several assigned high-impact scores to scenarios where yields rise faster than anticipated, increasing volatility in the yen and Japanese equities.

4. Chinese domestic demand undershooting (high probability, moderate impact)

Given persistent weakness in consumption and property, several members rated the probability of demand undershooting as high (25–35%). The impact was judged as moderate due to the cushioning effect of exports and selective policy tools.

5. Private credit and AI-infrastructure vulnerabilities (low probability, high impact)

Some members highlighted latent risks in private credit—particularly exposures tied to AI-related infrastructure. While probabilities were lower (5–15%), the potential spillovers into public markets were considered high-impact.

6. Geopolitical and trade shock risks (moderate probability, moderate-to-high impact)

Risks include US–China trade frictions, Japan–China tensions, Europe–China industrial-policy disputes and global supply-chain realignment. Subjective probabilities ranged from 20–30%, with moderate-to-high impact ratings.

Appendix 1: GISC Outlook guidance

Global macro indicators

	US									Japan								
	GDP (YoY, %)			Headline CPI (YoY, %)			Core PCE (YoY, %)			GDP (YoY, %)			Headline CPI (YoY, %)			CPI ex fresh food (YoY, %)		
	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile
Dec-2025	2.170	3.415	4.665	2.820	3.000	3.190	2.870	3.000	3.160	-1.350	0.140	1.100	2.780	3.000	3.220	2.570	2.810	3.020
Mar-2026	0.900	2.395	3.660	2.720	2.960	3.165	2.850	3.000	3.150	-0.810	0.600	2.010	1.680	1.900	2.120	1.845	2.000	2.155
Jun-2026	0.510	1.980	3.380	2.775	3.010	3.200	2.800	2.950	3.080	-1.110	0.300	1.840	1.480	1.700	1.920	1.545	1.700	1.855
Sep-2026	0.315	1.825	3.170	2.665	2.890	3.105	2.650	2.800	2.970	-0.510	0.900	2.310	1.680	1.900	2.120	1.545	1.700	1.855
Dec-2026	0.410	1.950	3.390	2.445	2.640	2.875	2.410	2.540	2.700	-0.510	0.900	2.310	1.580	1.800	2.100	1.645	1.800	1.955

	Eurozone									China								
	GDP (YoY, %)			Headline HICP (YoY, %)			Core HICP (YoY, %)			GDP (YoY, %)			Headline CPI (YoY, %)			Core CPI ex food & energy (YoY, %)		
	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile
Dec-2025	0.450	0.930	1.440	2.000	2.100	2.200	2.270	2.420	2.550	4.555	4.755	4.990	0.070	0.200	0.400	0.970	1.200	1.430
Mar-2026	0.355	0.955	1.440	1.600	1.700	1.900	2.050	2.200	2.320	4.160	4.405	4.825	0.300	0.500	0.730	0.290	0.940	1.640
Jun-2026	0.480	1.050	1.580	1.720	1.900	2.050	1.940	2.100	2.220	4.190	4.540	4.885	0.370	0.600	0.800	0.370	1.030	1.790
Sep-2026	0.660	1.200	1.740	1.660	1.800	2.000	1.860	2.000	2.160	4.165	4.550	5.000	0.400	0.620	0.850	0.250	1.070	1.800
Dec-2026	0.860	1.375	1.920	1.670	1.800	1.990	1.850	2.000	2.100	4.185	4.600	5.000	0.510	0.800	0.930	0.330	1.250	2.000

Central bank rates, forex, fixed income and commodities

	Central bank overnight (%)									10-year govt bond yields (%)								
	BOJ central bank rate			FOMC			ECB main Refi rate			JGB			US Treasury			Bund		
	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile
Dec-2025	0.50	0.75	0.75	3.75	3.75	4.00	1.85	2.15	2.45	1.75	1.96	2.09	3.88	4.17	4.37	2.58	2.72	2.84
Mar-2026	0.63	0.75	0.85	3.47	3.75	4.00	1.85	2.15	2.43	1.69	2.00	2.19	3.91	4.22	4.41	2.66	2.81	2.92
Jun-2026	0.74	0.82	0.91	3.25	3.50	3.75	1.85	2.15	2.43	1.66	2.14	2.28	3.85	4.22	4.43	2.71	2.86	2.99
Sep-2026	0.82	1.00	1.11	3.04	3.30	3.62	1.85	2.15	2.45	1.69	2.20	2.34	3.85	4.24	4.46	2.80	2.93	3.08
Dec-2026	0.86	1.00	1.20	3.01	3.26	3.56	1.88	2.15	2.45	1.75	2.25	2.39	3.86	4.22	4.48	2.83	2.98	3.13

	Foreign exchange														
	USDJPY			EURJPY			EURUSD			GBPUSD			AUDUSD		
	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile
Dec-2025	152.54	156.33	160.12	169.69	181.17	192.20	1.12	1.17	1.20	1.29	1.32	1.35	0.64	0.66	0.68
Mar-2026	144.35	151.15	156.72	165.63	180.97	194.06	1.15	1.19	1.23	1.32	1.35	1.38	0.65	0.67	0.69
Jun-2026	142.21	147.49	152.66	164.55	180.43	191.81	1.16	1.20	1.24	1.33	1.36	1.39	0.66	0.68	0.7
Sep-2026	140.21	144.28	150.58	162.20	178.13	189.51	1.17	1.20	1.24	1.33	1.36	1.39	0.67	0.69	0.71
Dec-2026	139.21	143.00	149.67	161.62	178.54	190.31	1.18	1.21	1.25	1.34	1.37	1.40	0.67	0.69	0.71

	Commodities								
	Brent Crude (USD/bbl)			Gold XAU (USD/oz)			Bberg Commodities Index		
	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile
Dec-2025	59.68	63.12	66.56	3749.73	4159.04	4568.35	106.01	108.59	111.17
Mar-2026	56.29	60.67	65.06	3590.69	4000.00	4662.98	105.00	109.00	112.00
Jun-2026	55.62	60.89	65.53	3590.69	4000.00	4728.44	105.00	109.00	112.00
Sep-2026	55.97	62.00	66.58	3790.69	4200.00	4764.78	105.00	109.00	112.00
Dec-2026	56.60	62.25	67.52	3740.69	4150.00	4812.98	105.00	109.00	112.00

Equities

	Nikkei_225								
	EPS Growth Scenarios			PE Ratio			Index Price		
	25th Pctile	Median	75th Pctile	25th_Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile
Dec-2025	13%	13%	13%	20.81	22.07	22.89	47,863	50,746	52,648
Mar-2026	14%	18%	20%	21.57	22.30	23.18	48,422	51,650	54,839
Jun-2026	13%	20%	25%	22.10	22.58	23.18	49,193	52,706	56,204
Sep-2026	11%	18%	24%	21.87	22.13	22.64	50,276	53,799	57,744
Dec-2026	5%	14%	21%	20.83	20.98	21.32	50,466	54,544	58,753

	TOPIX								
	EPS Growth Scenarios			PE Ratio			Index Price		
	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile
Dec-2025	3%	5%	6%	17.18	18.025	18.735	3,217	3,422	3,605
Mar-2026	3%	5%	7%	17.04	18.105	18.815	3,271	3,539	3,744
Jun-2026	7%	9%	11%	17.25	18.615	19.5	3,350	3,688	3,935
Sep-2026	7%	10%	12%	17.185	18.755	19.625	3,408	3,815	4,076
Dec-2026	6.8%	10.0%	12.6%	17.215	18.49	19.605	3,491	3,860	4,184

	Dow Jones Industrial Avg								
	EPS Growth Scenarios			PE Ratio			Index Price		
	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile
Dec-2025	4%	6%	9%	22.18	23.04	23.90	43,680	46,574	49,557
Mar-2026	3%	5%	8%	21.96	22.82	23.67	44,854	47,798	50,833
Jun-2026	5%	8%	10%	21.17	22.03	22.89	44,808	47,775	50,831
Sep-2026	8%	11%	13%	19.99	20.84	21.70	43,765	46,732	49,790
Dec-2026	12%	15%	17%	19.33	20.19	21.04	43,743	46,740	49,826

	S&P 500								
	EPS Growth Scenarios			PE Ratio			Index Price		
	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile
Dec-2025	18%	18%	18%	24.31	25.21	26.35	6,775	6,906	7,015
Mar-2026	17%	17%	17%	23.43	24.73	26.35	6,574	6,947	7,387
Jun-2026	16%	17%	17%	22.22	24.51	26.43	6,411	7,097	7,634
Sep-2026	16%	16%	16%	20.88	24.30	26.49	6,228	7,236	7,868
Dec-2026	18%	18%	18%	20.22	23.51	26.12	6,262	7,280	8,085

	STOXX_Europe_600								
	EPS Growth Scenarios			PE Ratio			Index Price		
	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile
Dec-2025	-1%	0%	0%	15.69	16.12	16.56	554	574	594
Mar-2026	0%	1%	1%	15.37	15.80	16.24	556	576	596
Jun-2026	4%	5%	5%	14.99	15.43	15.87	555	576	596
Sep-2026	7%	8%	9%	14.59	15.03	15.47	553	573	594
Dec-2026	9%	9%	10%	14.16	14.60	15.03	548	569	590

	DAX								
	EPS Growth Scenarios			PE Ratio			Index Price		
	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile
Dec-2025	-1%	0%	2%	16.52	17.46	18.40	21,928	23,526	25,161
Mar-2026	10%	-3%	13%	15.66	16.60	17.54	21,600	23,229	24,896
Jun-2026	7%	2%	10%	15.18	16.12	17.06	21,730	23,399	25,105
Sep-2026	10%	9%	13%	14.84	15.78	16.72	22,020	23,731	25,480
Dec-2026	14%	15%	17%	14.11	15.05	15.99	21,676	23,421	25,204

	FTSE_100								
	EPS Growth Scenarios			PE Ratio			Index Price		
	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile
Dec-2025	-3%	-1%	0%	13.88	14.34	14.81	9,231	9,684	10,146
Mar-2026	0%	2%	3%	13.64	14.10	14.57	9,290	9,747	10,214
Jun-2026	5%	7%	9%	13.40	13.86	14.32	9,338	9,801	10,272
Sep-2026	7%	9%	11%	12.96	13.43	13.89	9,244	9,709	10,184
Dec-2026	8%	9%	11%	12.54	13.00	13.46	9,140	9,609	10,087

	Hang Seng Index								
	EPS Growth Scenarios			PE Ratio			Index Price		
	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile
Dec-2025	-2%	0%	3%	11.84	12.52	13.19	24,195	26,094	28,220
Mar-2026	2%	4%	7%	12.40	13.11	13.80	26,836	29,066	31,337
Jun-2026	5%	7%	9%	11.68	12.35	13.03	25,614	27,647	29,824
Sep-2026	8%	10%	12%	11.76	12.59	13.42	25,931	28,248	30,647
Dec-2026	10%	11%	13%	10.95	11.80	12.62	24,773	27,031	29,266

	S&PASX 200								
	EPS Growth Scenarios			PE Ratio			Index Price		
	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile	25th Pctile	Median	75th Pctile
Dec-2025	-3%	0%	4%	19.68	20.37	21.06	7,999	8,550	9,118
Mar-2026	2%	5%	8%	18.66	19.35	20.03	7,826	8,372	8,936
Jun-2026	4%	7%	10%	18.16	18.84	19.53	7,850	8,397	8,964
Sep-2026	9%	12%	15%	17.67	18.36	19.05	7,871	8,422	8,990
Dec-2026	9%	12%	16%	17.37	18.06	18.74	7,960	8,515	9,089

Important information: This document is prepared by Amova Asset Management Co., Ltd. and/or its affiliates（hereinafter referred to as" the Group"）and is for distribution only under such circumstances as may be permitted by applicable laws. This document does not constitute personal investment advice or a personal recommendation and it does not consider in any way the objectives, financial situation or needs of any recipients. All recipients are recommended to consult with their independent tax, financial and legal advisers prior to any investment.

This document is for information purposes only and is not intended to be an offer, or a solicitation of an offer, to buy or sell any investments or participate in any trading strategy. Moreover, the information in this document will not affect the Group's investment strategy in any way. The information and opinions in this document have been derived from or reached from sources believed in good faith to be reliable but have not been independently verified. The Group makes no guarantee, representation or warranty, express or implied, and accepts no responsibility or liability for the accuracy or completeness of this document. No reliance should be placed on any assumptions, forecasts, projections, estimates or prospects contained within this document. This document should not be regarded by recipients as a substitute for the exercise of their own judgment. Opinions stated in this document may change without notice.

In any investment, past performance is neither an indication nor guarantee of future performance and a loss of capital may occur. Estimates of future performance are based on assumptions that may not be realised. Investors should be able to withstand the loss of any principal investment. The mention of individual securities, sectors, regions or countries within this document does not imply a recommendation to buy or sell.

The Group accepts no liability whatsoever for any loss or damage of any kind arising out of the use of all or any part of this document, provided that nothing herein excludes or restricts any liability of the Group under applicable regulatory rules or requirements.

All information contained in this document is solely for the attention and use of the intended recipients. Any use beyond that intended by the Group is strictly prohibited.

Japan: The information contained in this document pertaining specifically to the investment products is not directed at persons in Japan nor is it intended for distribution to persons in Japan. Registration Number: Director of the Kanto Local Finance Bureau (Financial Instruments firms) No. 368 Member Associations: The Investment Trusts Association, Japan/Japan Investment Advisers Association, Type II Financial Instruments Firms Association

United Kingdom: This document is communicated by Amova Asset Management UK Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority (the FCA) (FRN 122084). This document constitutes a financial promotion for the purposes of the Financial Services and Markets Act 2000 (as amended) (FSMA) and the rules of the FCA in the United Kingdom, and is directed at professional clients as defined in the FCA Handbook of Rules and Guidance.

United States: This document may not be duplicated, quoted, discussed or otherwise shared without prior consent. An offering of any investments, securities or investment advisory services with respect to securities may only be made by receipt of relevant and complete offering documentation and agreements, as applicable. Any offering or distribution of a Fund in the United States may only be conducted via a licensed and registered broker-dealer or a duly qualified entity. Amova Asset Management Americas, Inc. is a United States Registered Investment Adviser.

Singapore: This document is for information to institutional investors, accredited investors as defined in the Securities and Futures Act 2001, and intermediaries only. Amova Asset Management Asia Limited (Co. Reg. No. 198202562H) is regulated by the Monetary Authority of Singapore.

Hong Kong: This document is for information to professional investors as defined in the Securities and Futures Ordinance, and intermediaries only. The contents of this document have not been reviewed by the Securities and Futures Commission or any regulatory authority in Hong Kong. Amova Asset Management Hong Kong Limited is a licensed corporation in Hong Kong.

New Zealand: This document is issued in New Zealand by Amova Asset Management New Zealand Limited (Company No. 606057, FSP22562). It is for the use of wholesale clients, researchers, licensed financial advisers and their authorised representatives only.

List of Additional Disclaimers for use in the following countries:

Kingdom of Bahrain: The document has not been approved by the Central Bank of Bahrain which takes no responsibility for its contents. No offer to the public to purchase the Strategy will be made in the Kingdom of Bahrain and this document is intended to be read by the addressee only and must not be passed to, issued to, or shown to the public generally.

Kuwait: This document is not for general circulation to the public in Kuwait. The Strategy has not been licensed for offering in Kuwait by the Kuwaiti Capital Markets Authority or any other relevant Kuwaiti government agency. The offering of the Strategy in Kuwait on the basis a private placement or public offering is, therefore, restricted in accordance with Decree Law No. 7 of 2010 and the bylaws thereto (as amended). No private or public offering of the Strategy is being made in Kuwait, and no agreement relating to the sale of the Strategy will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Strategy in Kuwait.

Kingdom of Saudi Arabia: This document is communicated by Amova Asset Management UK Limited, which is authorised and regulated by the Financial Services and Markets Act 2000 (as amended) (FSMA) and the rules of the Financial Conduct Authority (the FCA) in the United Kingdom (the FCA Rules). This document should not be reproduced, redistributed, or sent directly or indirectly to any other party or published in full or in part for any purpose whatsoever without a prior written permission from Amova Asset Management UK Limited.

This document does not constitute investment advice or a personal recommendation and does not consider in any way the suitability or appropriateness of the subject matter for the individual circumstances of any recipient. In providing a person with this document, Amova Asset Management UK Limited is not treating that person as a client for the purposes of the FCA Rules other than those relating to financial promotion and that person will not therefore benefit from any protections that would be available to such clients.

Amova Asset Management UK Limited and its associates and/or its or their officers, directors or employees may have or have had positions or material interests, may at any time make purchases and/or sales as principal or agent, may provide or have provided corporate finance services to issuers or may provide or have provided significant advice or investment services in any investments referred to in this document or in related

investments. Relevant confidential information, if any, known within any company in the group or Sumitomo Mitsui Trust group and not available to Amova Asset Management UK Limited because of regulations or internal procedure is not reflected in this document. The investments mentioned in this document may not be eligible for sale in some states or countries, and they may not be suitable for all types of investors.

Oman: The information contained in this document nether constitutes a public offer of securities in the Sultanate of Oman as contemplated by the Commercial companies law of Oman (Royal decree 4/74) or the Capital Markets Law of Oman (Royal Decree80/98, nor does it constitute an offer to sell, or the solicitation of any offer to buy non-Omani securities in the Sultanate of Oman as contemplated by Article 139 of the Executive Regulations to the Capital Market law (issued by Decision No. 1/2009). This document is not intended to lead to the conclusion of any contract of whatsoever nature within the territory of the Sultanate of Oman.

Qatar (excluding QFC): The Strategies are only being offered to a limited number of investors who are willing and able to conduct an independent investigation of the risks involved in an investment in such Strategies. The document does not constitute an offer to the public and should not be reproduced, redistributed, or sent directly or indirectly to any other party or published in full or in part for any purpose whatsoever without a prior written permission from Amova Asset Management UK Limited. No transaction will be concluded in your jurisdiction and any inquiries regarding the Strategies should be made to Amova Asset Management UK Limited.

United Arab Emirates (excluding DIFC): This document and the information contained herein, do not constitute, and is not intended to constitute, a public offer of securities in the United Arab Emirates and accordingly should not be construed as such. The Strategy is only being offered to a limited number of investors in the UAE who are (a) willing and able to conduct an independent investigation of the risks involved in an investment in such Strategy, and (b) upon their specific request.

The Strategy has not been approved by or licensed or registered with the UAE Central Bank, the Securities and Commodities Authority or any other relevant licensing authorities or governmental agencies in the UAE. This document is for the use of the named addressee only and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof).

No transaction will be concluded in the UAE and any inquiries regarding the Strategy should be made to Amova Asset Management UK Limited.

Republic of Korea: This document is being provided for general information purposes only, and shall not, and under no circumstances is, to be construed as, an offering of financial investment products or services. The Company is not making any representation with respect to the eligibility of any person to acquire any financial investment product or service. The offering and sale of any financial investment product is subject to the applicable regulations of the Republic of Korea. Any interests in a fund or collective investment scheme shall be sold after such fund is registered under the private placement registration regime in accordance with the applicable regulations of the Republic of Korea, and the offering of such registered fund shall be conducted only through a locally licensed distributor.

Canada: The information provided herein does not constitute any form of financial opinion or investment advice on the part of the Company and it should not be relied on as such. It does not constitute a prospectus, offering memorandum or private placement memorandum in Canada, and may not be used in making any investment decision. It should not be considered a solicitation to buy or an offer to sell a security in Canada. This information is provided for informational and educational use only.