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## **Q2 2026 Investment Outlook – Changing Narratives, Continued Opportunity**

The resilient global economy continues to provide growth opportunities that help investors remain invested while strengthening portfolio resilience to manage recent geopolitical developments, according to HSBC Private Bank.

In its Q2 2026 investment outlook, the bank advises its private wealth clients to focus on building portfolio resilience through broad diversification, rather than attempting to time market exits and re-entries, which can increase execution and timing risk. The bank also highlights that, historically, market reactions to geopolitical events are typically temporary and often reversed over time.

The report, Changing narratives, continued opportunity, maintains a preference for growth-style stocks and companies with pricing power and exposure to structural growth themes, particularly in the US and Asia. The bank also recommends its high net worth and ultra high net worth clients to consider selective allocations to hedge funds and private markets to broaden access to the opportunity set. The bank stresses that building resilient portfolios requires more than sectoral and geographical diversification, highlighting the role of bonds, currencies, commodities and multi-asset diversification in reducing concentration risk and improving overall stability.

Designed for a six-month horizon, the bank's investment strategy captures ongoing global expansion led by the US and Asia, with Europe expected to lag but remain supported by fiscal spending. The outlook considers the global rate-cut cycle is nearing its end, and that supportive corporate fundamentals, particularly in the US, should continue to underpin re-onshoring and investment in innovation.

The bank's four priorities for Q2 2026 are:

- **Complement AI exposure with cyclical opportunities:** Maintain exposure to AI structural growth drivers, notably semiconductors and electricity infrastructure, while broadening participation beyond IT by adding cyclical sectors such as industrials, financials, communication services and materials.
- **Unleash the power of income:** With fewer rate cuts expected, income strategies focusing on investment-grade and emerging market bonds can support returns and portfolio resilience.
- **Manage volatility with alternatives and multi-asset strategies:** Complement public markets with hedge funds, private markets and global multi-asset strategies to access innovation in private companies, benefit from dispersion across winners and losers, and diversify foreign exchange exposure as policy paths diverge.
- **Tap into Asia's innovation and income:** Asia can help strengthen and diversify US-heavy portfolios while providing access to long-term growth and resilient income opportunities.

**Willem Sels, Global Chief Investment Officer at HSBC Private Bank and Premier Wealth, said:** “Amid the rapidly shifting market conditions, it’s important not to be swayed by pessimistic or exuberant narratives and instead focus on building resilience to accumulate steadier returns. The year-to-date volatility of gold has demonstrated that no single diversifier is perfect, so we continue to diversify our diversifiers across sectors, geographies and asset classes.”

**Patrick Ho, Chief Investment Officer, North Asia at HSBC Private Bank and Premier Wealth, said:** “The combined opportunities in Asia’s innovation and fixed income sectors continue to stand out, and our barbell approach to these two drivers has performed well in recent months. This positioning balances the region’s compelling growth prospect with meaningful income potential from high-quality dividend-paying equities, further supported by ongoing corporate governance reforms, which add to the diversification effects in a resilient portfolio.”

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### **Notes to Editors**

This publication is provided for information purposes only and reflects HSBC Private Bank’s current views, which may change as market conditions evolve.

The **Q2 2026 Investment Outlook report, “Changing Narratives, Continued Opportunity”** is available in PDF format: [link](#)

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