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Q4 2026 Investment Outlook: Improving AI monetisation broadens the investment opportunity set amid inflation and interest rate concerns

AI adoption, energy independence and resilient earnings growth are set to sustain investor optimism into the final quarter of 2026, with the opportunity set widening beyond US mega-cap companies to more sectors and regions, according to HSBC Private Bank.

In its **Q4 2026 Investment Outlook: AI-celeration**, HSBC Private Bank highlights that the global economy and corporate earnings have remained more resilient than many expected, despite market stress from geopolitical conflicts, oil price volatility and concerns about inflation and interest rates. The bank believes that stronger earnings, active commercial and workforce adaptations and ongoing investment in innovation and infrastructure are helping economies offset these risks.

HSBC Private Bank sets out four investment priorities for Q4 2026:

- **Focus on AI monetisation:** AI adoption and investment continue to accelerate, but the bank prefers areas where returns are visible and sustainable, particularly across cloud, semiconductors and AI-enabled applications.
- **Benefit from governments' focus on security and energy independence:** Geopolitical tensions, supply chain interruptions and surging electricity demand are driving investment in cybersecurity, defence, energy supply, critical materials and climate mitigation sectors.
- **Build portfolio resilience with income and multi-asset strategies:** Income from quality bonds, infrastructure and dividends can help stabilise returns, while hedge funds, private markets and gold can further diversify and help temper volatility.
- **Tap into Asia's innovation and income:** Semiconductor, robotics and advanced manufacturing firms in Asia are clear beneficiaries of the global AI supply chain and local innovation, while companies with strong shareholder returns and high-quality credit add income to help balance exposure.

Willem Sels, **Global Chief Investment Officer, HSBC Private Bank and Premier Wealth**, said: "Investors are navigating multiple sources of uncertainty, but broadening earnings momentum and resilient economic activity continue to support a risk-on environment. As AI progresses from novelty towards monetisation, we're deploying multi-asset portfolio strategies to capture opportunities from structural growth trends, while adding bonds and alternative assets to help cushion ongoing volatility."

The bank holds a constructive yet selective multi-asset stance, with a preference for global equities, quality bonds and alternative investments. It maintains its overweight position in global equities, favouring the US, Japan, mainland China, Hong Kong, Singapore and South Korea, complemented by exposure beyond technology.

As AI monetisation improves, the bank sees the gains spreading to financials, industrials, materials and energy. While Asian markets stand to benefit from global chip demand, a broader range of markets may also see productivity gains from wider AI adoption.

The private bank also sees significant opportunities in fixed income, where elevated real yields and quality income can help stabilise portfolios. In currencies and commodities, the US dollar is expected to stay broadly supported, and the private bank retains a bullish long-term view on gold.

Desmond Kuang, Chief Investment Officer, Asia, HSBC Private Bank and Premier Wealth, said: "Asia remains central to the accelerating AI development and the global supply chain. We tap into beneficiaries across the region's AI ecosystem and advanced manufacturing leaders, complemented by companies with strong shareholder returns and high-quality credit. This combination creates a compelling mix of innovation, diversification and income opportunities."

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Notes to Editors

1) This publication is provided for information purposes only and reflects HSBC Private Bank's current views, which may change as market conditions evolve. The value of investments and any income from them can go down as well as up, and investors may not get back the amount originally invested. Past performance is not a reliable indicator of future performance.
2) The full Q4 2026 Investment Outlook report can be downloaded here: link

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