

Video Transcript

CIO Virtual Roundtable: Top Questions from our Clients February 2026

Dealing with geopolitical uncertainty and capturing trends that matter

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Hello everyone, and welcome to our first CIO Virtual Roundtable discussion for 2026.

I have invited our regional CIOs because during our Investment Outlook roadshow, we got a lot of questions from our clients that we want to address.

So, welcome Fan, Georgios, Jonathan, and Jose.

Now our Investment Outlook was titled “Resilience in a Transforming World,” which both underscores the need for resilience amongst the volatility that we're seeing, as well as the opportunity set in the transforming world. So we are going to cover the following key questions today.

Firstly, should I still go into US equities or are we seeing US asset outflows?

What does that mean for the dollar?

Where are the opportunities in China?

Of course, is AI a bubble or not?

And then the bond market volatility and diversification, how do I deal with this?

But before we dive into this, we held a LinkedIn poll to understand what you as investors think matters most when determining your investment strategy. And it seems that you're also still focussed very much on diversification like us. But an interesting observation is that finding incomescores very highly too, and even higher than AI. So we should talk about this.

I want to direct the first client question to Jose, which is related to geopolitics and the new rules of the game, including the Donroe doctrine. So what does it mean and how should clients adapt, Jose?

Hello Willem, Well, I think if you look at the Donroe doctrine, it's a modern day interpretation of the Monroe doctrine, which became American foreign policy, way back in 1823. While it was never officially approved internationally or by an international court or treaty, it has remained a part of American foreign policy ever since.

The problem is, the current interpretation of the Donroe doctrine has created uncertainty in economic, financial and certainly military strategy.

Now, this modern interpretation and enforcement, has created more volatility, as I said. And the result is that this combined with the Trump administration's differing views on a host of other topics, continues to exacerbate this uncertainty and volatility in the markets. And the result is changing risk premium, a fluctuation in prices that could or should be paid in markets.

And last but not least, clients should remain invested, but should focus on strategies that meet their risk and return parameters, and that provides solid, risk adjusted returns.

And apart from the Donroe doctrine, there is a long list of other sources of market volatility, and during our recent Investment Outlook roadshow in Asia, clients expressed concerns over AI bubble risks, Fed policy outlook under the new Chair, gold price volatility, US midterm elections and geopolitical events, and so on.

To manage market volatility and geopolitical risks, we attach a strong focus on multi-asset diversification through our tactical overweights on gold, hedge funds, global investment grade bonds and EM credit, together with our core allocation to private equity, private credit and infrastructure.

Adding alternatives also broadens the pool of opportunities and helps mitigate valuation risk in public markets.

Beyond multi-asset diversification, we also use volatility strategies to manage drawdown risks, and we focus on FX diversification to manage US dollar volatility and concentration.

It is crucial to diversify the diversifiers in this uncertain world.

One of the options for diversification is obviously geographical diversification.

And that brings me to the question around Europe.

Europe is cheaper than many other markets, but what are the growth prospects and the earnings prospects?

So, Georgios, can you tackle this question please?

Yes, Europe saw remarkable resilience in terms of their economic growth, despite a stronger euro, but also the trade-related headwinds that still linger.

As you mentioned, European equities are still trading at a 29% discount to US peers, and that has obviously added to the appeal from international investors.

In terms of opportunities, we see these more from a sectoral perspective in areas such as Industrials, Utilities, and Financials, which are well geared to benefit from the sizeable stimulus plans through infrastructure and defence that the Europeans have agreed to deliver.

At the same time, however, we're conscious that there's still a lot of risks on the external side that also include budget related constraints.

So from a country level, we are neutral on most Eurozone economies and have a mild underweight on France, and instead look to benefit from the international geographical diversification of flows predominantly through Asia over Europe instead.

I think actually there is a good argument for having Europe exposure, particularly the UK, as a counterbalance to US tech heavy portfolios.

As a sector, tech is just a fraction of the index, particularly stark when you compare it to the US.

Europe stands to gain more, I think, from the adoption rather than carving out that space on the frontier like the US does. Sector wise, there's more of a focus on Industrials, Healthcare, Staples, Financials, Materials.

All of these tend to have a decent dividend, so can help generate income. And that helps complement those kind of the heavier allocations to tech.

When you are looking at the UK, there's more of a skew towards the defensive sectors.

If investors are feeling a little bit cautious about growth then these sectors can hold up relatively well, thanks to their reasonable valuation, they're globally diversified, tend to have very strong predictable cash flows.

They may not shoot the lights out when there is very strong cyclical cycle, but they will be more resilient to those downturns.

And if you look at the UK more broadly, if it can build on the recent improvement in sentiment, investor and household, then perhaps we can become more bullish. But I think for now it warrants more of a neutral positioning.

Now Jonathan just mentioned the need to diversify portfolios that are heavy on US Technology. So I'm coming to the AI question. Quite often, the number one question for clients: is AI in a bubble? Am I best positioned in AI enablers, infrastructure, or adopters? And which geographies will benefit the most?

So Jose, can you kick it off on this one and also, in light of the recent selloff that we've had in software?

Sure, Willem, look, there are a couple of things going on in AI that people need to remember. Number one, we don't think it's a bubble. The first level of AI was the LLM, the large language models, which was just sending queries to AI.

The second level of AI is a more consultative approach where companies are actually going into the corporate balance sheet and looking at how they can lower costs and raise revenues.

So that is far more complicated, takes more energy, more computing power, and more time and money.

Secondly, the AI revolution is now global. It's not a US story. We are seeing a boom in data centres around the world, in particular in Asia.

And the result of that is that we are seeing more demand than ever for new energy sources, new data centres, this increase in demand is going to result in a slower earnings momentum in the short term, but a longer cycle.

So remember though, as AI continues to lift productivity around the sectors in every economy, it's very important to remember that will be a positive effect in the long term.

Indeed, the global AI lift off is a comprehensive, multi-layered technological transformation. We identify a rapidly evolving opportunity set in the AI ecosystem.

Both the US and Asia are major beneficiaries of the global AI capex boom.

As Nvidia CEO Jensen Huang highlighted in Davos, the AI ecosystem is like a “five-layer cake” built by energy, chips and computing, cloud infrastructure and data centres, AI models and AI applications. And in Asia, we see compelling diversification opportunities from the fast growing AI supply chains.

Given Asia is the world's technology hardware powerhouse, data centre capacity in the region is projected to grow at 13% per annum over the next five years, outpacing the growth rate in the US and Europe.

China's 15th Five-Year plan prioritises technology self-reliance, and innovation-led growth model, supercharging a new wave of AI investment boom across many industries.

We favour Asian chipmakers, semiconductor equipment manufacturers, AI cloud and software providers, power equipment, energy storage, and smart grid suppliers.

Now, of course, we've seen some volatility recently in software and tech more in general. But what it also does is remove some of the froth in the positioning and the leverage in that very popular overweight.

So that is healthy in fact, and it allows markets to find more of a solid base again, from which they can then rally further as those earnings that you, Fan and Jose, were talking about, both in tech and in the AI adopters.

Now, Fan, I want to stick with you, because clients are asking about the Asian opportunities.

And the point that I've been making is that Asia can provide geographical diversification for US heavy portfolios. But of course, Asia rallied a lot already last year and also had a good start this year.

So where are the opportunities from here?

Although Asian stock already rallied 30% last year, we continue to see further upside in the market given the strong earnings growth momentum, accelerating AI adoption and monetisation, and the attractive valuations.

Consensus estimates project EM Asia equity market to deliver 20% earnings growth in 2026, but its forward P/E is still priced at over 20% discount to MSCI World.

We adopt a barbell strategy to balance our preference for tech leaders to gain exposure to AI and tech, with our strong focus on high dividend stocks and quality bonds in the region.

We capture AI driven growth opportunities in our overweight tech-heavy markets in South Korea, Japan, and mainland China, while we search for resilient income through our overweight in high dividend markets of Hong Kong and Singapore.

Our theme on Asia's Data Centre Boom and China's Innovation Champions focus on industry leaders in the fast-growing AI ecosystem.

And our theme on Power Up Asian Shareholders Returns position in quality companies that enhance returns on equity by paying high dividends and increasing share buybacks.

And for quality income, we favour Asian Investment Grade bonds, which are well supported by local disinflation, Asian central bank rate cuts, solid credit fundamentals, and tight supply.

We currently overweight Chinese hard currency bonds, Indian local currency debt, and Australian Investment Grade corporate bonds.

Fan just mentioned the opportunities in Asia, but let me broaden the topic around the question of income and how to generate that. Of course, we have had the news of the nomination of Mr. Warsh, as the Chair of the Federal Reserve.

And clients want to know what this means for investors, the impact on the US dollar, on gold, on volatility that we've seen already in the market.

So, Georgios, can you help us out here?

Yes Willem, well, the new Fed Chair is likely to push for further rate cuts but also to shrink the balance sheet of the Fed. We're a little bit sceptical of the market's confidence that both of these actions will be achieved. And that's because the Federal Reserve operates with collective decisions.

There's actually quite a bit of dispersion in terms of the views that Fed members have at this moment, and that's reflective of the fact that economic data has been resilient when it comes to economic growth. But also we've seen some stickiness in terms of inflation. So if we don't see that extent of intervention by the Fed going forward, we believe, it's worth having a more moderate stance when it comes on duration.

Within the fixed income bucket, we do see value in yields within the high quality space of both developed and emerging markets. But we underweight high yield where we don't believe that credit spreads are wide enough to compensate for the risks.

So that's the fixed income stance which we also complement with other income strategies such as volatility strategies, but also within the alternative space where we look to private infrastructure to generate some decent income.

Thank you, Georgios, and you mentioned infrastructure, which brings me to our final question about alternative strategy.

Clearly, we tend to build up our private markets allocation as a strategic asset allocation, wherever that is appropriate in portfolios. But we have that tactical overweight on hedge funds. So Jonathan can you talk us through the alternative strategy please?

Yes. Across alternatives, there's a lot to unpack. But the key reason we really like them is because they're excellent at resilience and also opportunity.

Take private markets where a key advantage of them is portfolio diversification.

You can get a return from more concentrated investment and where you can really increase the value of the company through more active management.

Because of this concentration, private investments are best built up over time, as you said, Willem, because each time you're getting a different economic backdrop. So you want to stagger them over a period of years.

And then, also the opportunity set is growing, because as the market grows in private markets, there are more companies that choose private markets over public.

And this actually gives you a nice complement to the broader equity exposure and particularly some of that small cap as well.

And then also you have the exposure to long term trends like digitalisation or onshoring or reshoring and also infrastructure as well. This is going to require particularly infrastructure build-out, a lot of private capital.

And then if we move on to that tactical overweight we have in hedge funds, the reason we're doing that is because they have this greater flexibility so they can pick the winners and losers, whether that be in AI, disruption, or whether that be in volatility around the geopolitics.

We really think that active management that they have can really be good in this kind of time, and in this period where we think you want to focus on alpha as well.

I think it's also important to underscore that public markets, private markets, and hedge funds, are very complementary and therefore a well-diversified portfolio can benefit from including all these asset classes, where appropriate.

For example, Jonathan already mentioned AI, where there are clearly great opportunities in public, private, and hedge fund strategies.

The same is true for credit, with opportunities in bonds, private credit, and hedge funds.

This way of thinking is interesting, especially for clients who are worried about high valuation in public markets and literally find alternative opportunities in hedge funds or private markets.

Yeah, thank you very much, Fan, and that brings us back to the multi-asset portfolio and the benefits of diversification. But the final point I'd make is that it also makes sense to have a good risk management system where you can shock portfolios under different scenarios that you may be worried about. And I think that can help understand the risks and make investors very much more comfortable as well with their exposure.

And, that's important because ultimately, as we have discussed, there are so many opportunities in markets that we want to tap into. And so the best approach is to build a resilient portfolio, to tap into that broad set of opportunities offered by our transforming world. So we've come to our traditional final section of the roundtable, which is around thematic investing and in our Investment Outlook publication, we list a lot of them.

Every client, of course, makes their own choice. But may I ask all of you to tell us your favourites? And Fan, I'll start with you.

I want to highlight the themes on Asia's Data Centre Boom and Power Up Asian Shareholder Returns again as they reflect our barbell strategy to balance our preference for the tech innovation champion and our focus on quality income, particularly high dividend stocks.

In response to growing concern about delayed AI earnings in the US, we think Asia, including ASEAN, commands distinctive competitive advantage in the data centre buildout given the competitive energy and land costs, high renewables potential, the manufacturing proximity and corporate governance reforms in Japan, South Korea, China, and Singapore are supportive of the steady uptrend of return on equities.

So these actually bring a balanced source of return for portfolio performance.

Willem, my favourite theme is the Evolving AI Ecosystem. From large language models to in-depth consulting, to the physical manifestation of artificial intelligence through robotics and drones in the marketplace. This theme promises to improve productivity and profitability around the world in the future. And I think to me it's the most exciting thing. On my side, I would say Global Financials.

We've talked about the desire of investors to undertake a sectoral rotation. Financials are well geared to resilient economic growth as well as earnings outlook, which is also supported by

revival on the M&A front. We've got fiscal stimulus in areas like Europe and Japan, which is also seeing some curve steepening, which can also naturally benefit financials from that region.

I'm going to go for M&A and Shareholder Value Creation. I think there was a lot of M&A deals that were put on ice last year because of the trade uncertainty. So this is all beginning to get unlocked now. And then also I think companies are really beginning to realise the value of shareholder value creation.

And you're seeing this globally in many parts of Asia as well, really helping boost those equity returns.

I like your choices because it really underscores that broad opportunity set, the multiple engines for earnings, and for the upside in the equity markets, which is why we ultimately remain optimistic on global equities.

All that remains for me is to summarise our four priorities for investors, which distill the most important thoughts that we have.

So firstly, we look across and beyond AI for equity returns. Secondly, we will have volatility which we need to manage through alternatives and multi-asset strategies. Thirdly, don't forget income which is a portfolio stabiliser and a generator of return. And lastly, within Asia we look really for that barbell of both innovation and income.

And with that, we have come to the end of our CIO roundtable.

Thank you very much Fan, Jose, Jonathan, and Georgios, and thank you all for watching.