UOB Asset Management

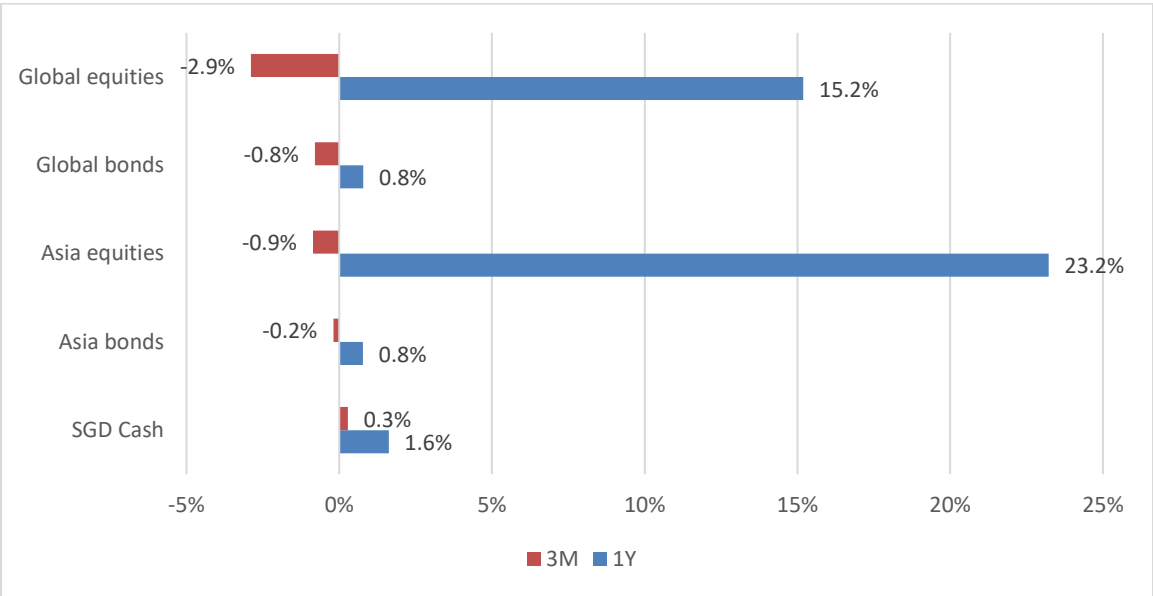
UOBAM Invest Corporate

UOBAM Invest Q1 2026 Market Review

Q1 2026 Market Developments

- Global equities weakened over the quarter as the escalation of the Iran war in late February triggered a sharp rise in oil prices, renewed inflation concerns, and a broad risk-off shift in investor sentiment.
- Asian equities also retreated, particularly in energy-import-dependent markets, as higher oil prices and supply-chain risks weighed on confidence despite structurally strong fundamentals.
- Global bond markets weakened, as rising inflation fears linked to the energy shock pushed yields higher across both the short and long ends of the curve.

RESTRICTED



Source: FactSet/Bloomberg. Performance as at 31 March 2026.

Indices used as follows:

Global Equities	MSCI All Country World Index (ACWI);
Global Bonds	Bloomberg Global Aggregate Index;
Asian Equities	MSCI AC Asia ex Japan Index; and
Asian Bonds	J.P.Morgan Asia Credit (JACI) Investment Grade Index on a Net Asset Value basis;
SGD Cash	3M Singapore Overnight Rate Average (SORA)

Please note that there are limitations to the use of such indices as proxies for the past performance in the respective asset classes. The historical performance presented should not be used as a proxy for the future or likely performance.

U.S. stocks came under pressure in Q1 2026 after a strong start to the year, as sentiment deteriorated sharply following the escalation of the Iran war in late February. The conflict triggered a surge in oil prices, reignited inflation fears and prompted a broad risk-off move, particularly toward quarter end. Earlier resilience driven by AI-related growth and solid earnings momentum gave way to rising volatility as investors reassessed valuation risk and the potential macro impact of higher energy costs. Technology stocks were mixed, with AI leaders experiencing heightened scrutiny over returns on capital expenditure, while defensives and energy-linked sectors were more resilient. By March, concerns over higher inflation alongside slowing growth weighed heavily on equities, reversing some of the optimism carried over from late 2025.

Asian equity markets also declined as the Iran war and resulting energy shock disproportionately affected energy-import-dependent economies in Asia. While fundamentals remained structurally supportive, particularly in AI hardware-related markets such as South Korea and Taiwan, higher oil prices, supply chain uncertainty and weaker global risk appetite led to broad based pullbacks. South Korea and Taiwan, which had been strong performers previously, experienced increased volatility as rising input costs and global equity weakness offset AI-driven strength. China and Hong Kong equities remained fragile amid cautious investor positioning and subdued confidence, while Southeast Asian markets, including Singapore, proved relatively resilient but were not immune to the broader risk-off tone.

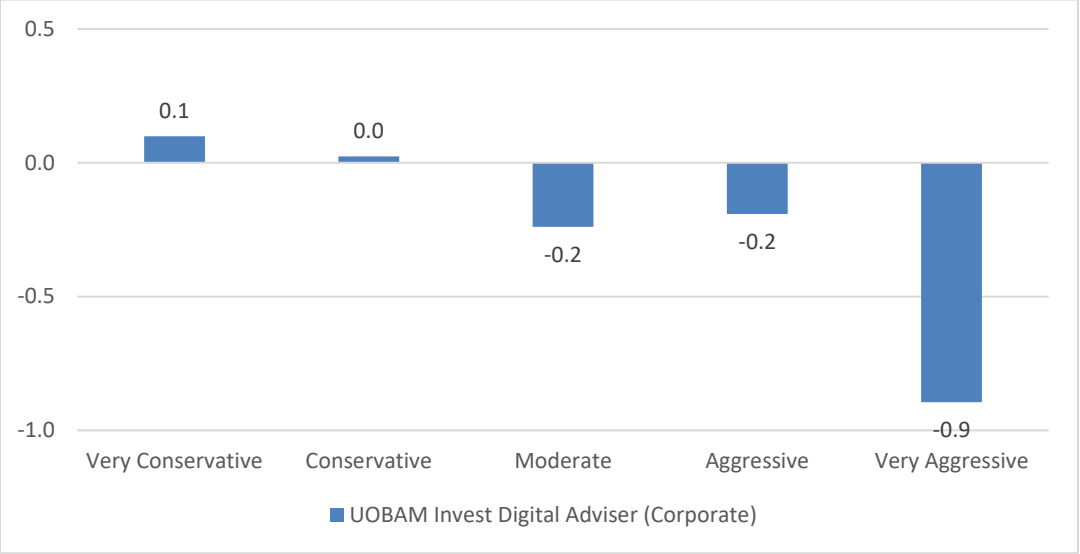
Global bond markets posted negative returns, as inflation concerns linked to the energy shock pushed yields higher across both the short and long ends of yield curves. The sharp rise in oil prices following the Iran war complicated the outlook for monetary policy, leading markets to scale back expectations for near-term rate cuts. Government bond yields rose as investors focused on the risk that energy-driven inflation could prove persistent. The U.S. 2-Year Treasury yield rose from 3.5% to 3.8% while the 10-Year Treasury rose from 4.2% to 4.3%. The sell-off was evident across developed markets, as central banks signalled a continued need for caution given inflation risks.

RESTRICTED

PORTFOLIO PERFORMANCE

- As of 31 March 2026, UOBAM Invest portfolio returns for the first quarter, ranged between -0.9 percent and 0.1 percent.

Portfolio returns (% in SGD terms) 31 December 2025 – 31 March 2026

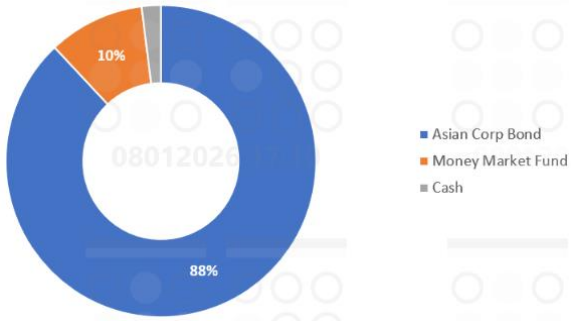


Source: Factset / UOBAM. Portfolio returns as at 31 March 2026.

Past performance of the portfolio or UOBAM and any past performance, prediction, projection or forecast on the economy or markets are not necessarily indicative of the future or likely performance of the portfolio or UOBAM. Portfolio returns on the scheme is calculated on a single pricing basis.

1. Very Conservative portfolio

Period	Portfolio Return (%)
3 months	0.1
6 months	0.4
1 year	2.5



Source: UOBAM as of 31 March 2026

The information about asset allocation provided herein are subject to change at the discretion of UOBAM without prior notice. Past performance of the portfolio or UOBAM and any past performance, prediction, projection or forecast on the economy or markets are not necessarily indicative of the future or likely performance of the portfolio or UOBAM. Returns are calculated on a single pricing basis.

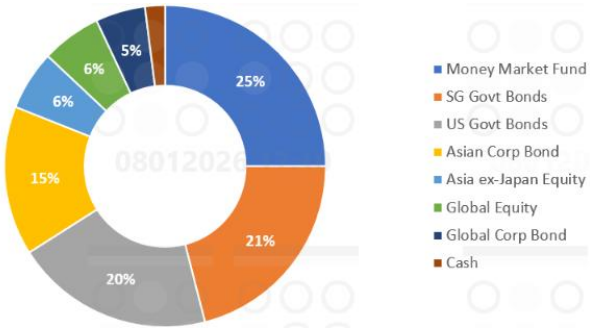
For the three-month period ending 31 March 2026, this portfolio was up 0.1%. Asia investment grade bonds contributed to the bulk of the returns.

Over the one-year period, the portfolio gained 2.5%. Asia investment grade bonds contributed to the bulk of the returns.

RESTRICTED

2. Conservative portfolio

Period	Portfolio Return (%)
3 months	0.0
6 months	0.5
1 year	4.2



Source: UOBAM as of 31 March 2026

The information about asset allocation provided herein are subject to change at the discretion of UOBAM without prior notice. Past performance of the portfolio or UOBAM and any past performance, prediction, projection or forecast on the economy or markets are not necessarily indicative of the future or likely performance of the portfolio or UOBAM. Returns are calculated on a single pricing basis.

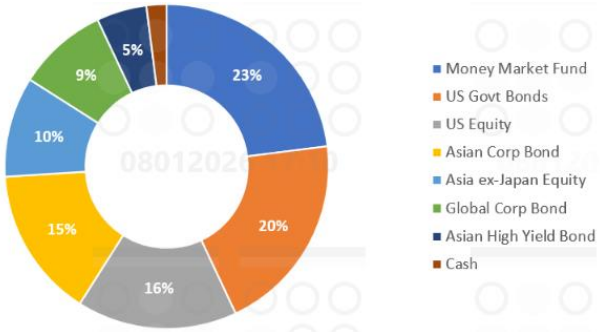
For the three-month period ending 31 March 2026, this portfolio was roughly flat. The largest contributor was Asian equities while Singapore government bonds detracted.

Over the one-year period, the portfolio gained 4.2%. The largest contributor was Asian equities while US government bonds detracted.

RESTRICTED

3. Moderate portfolio

Period	Portfolio Return (%)
3 months	-0.2
6 months	0.9
1 year	4.8



Source: UOBAM as of 31 March 2026

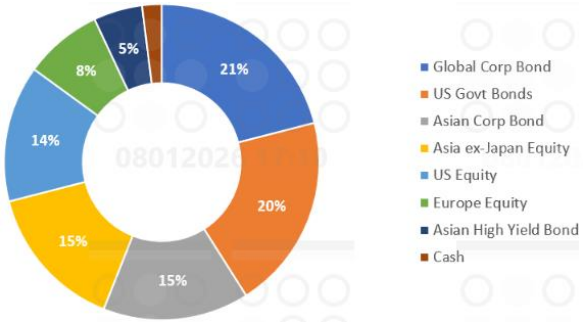
The information about asset allocation provided herein are subject to change at the discretion of UOBAM without prior notice. Past performance of the portfolio or UOBAM and any past performance, prediction, projection or forecast on the economy or markets are not necessarily indicative of the future or likely performance of the portfolio or UOBAM. Returns are calculated on a single pricing basis.

For the three-month period ending 31 March 2026, the portfolio was down by 0.2%. The largest contributor was Asia equities while US equities was the largest detractor.

Over the one-year period, the portfolio gained 4.8%. The largest contributor was Asia equities while US government bonds detracted.

4. Aggressive portfolio

Period	Portfolio Return (%)
3 months	-0.2
6 months	1.5
1 year	7.3



Source: UOBAM as of 31 March 2026

The information about asset allocation provided herein are subject to change at the discretion of UOBAM without prior notice. Past performance of the portfolio or UOBAM and any past performance, prediction, projection or forecast on the economy or markets are not necessarily indicative of the future or likely performance of the portfolio or UOBAM. Returns are calculated on a single pricing basis.

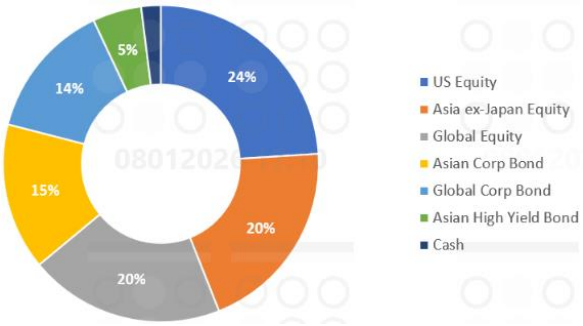
For the three-month period ending 31 March 2026, this portfolio was down by 0.2%. The largest contributor was Asian equities while US equities was the largest detractor.

Over the one-year period, the portfolio gained 7.3%. The largest contributor was Asia equities while US government bonds detracted.

RESTRICTED

5. Very Aggressive portfolio

Period	Portfolio Return (%)
3 months	-0.9
6 months	1.2
1 year	11.7



Source: UOBAM as of 31 March 2026

The information about asset allocation provided herein are subject to change at the discretion of UOBAM without prior notice. Past performance of the portfolio or UOBAM and any past performance, prediction, projection or forecast on the economy or markets are not necessarily indicative of the future or likely performance of the portfolio or UOBAM. Returns are calculated on a single pricing basis.

For the three-month period ending 31 March 2026, the portfolio was down by 0.9%. The largest contributor was Asian equities while US equities was the largest detractor.

Over the one-year period, the portfolio gained 11.7%. The largest contributor was Asia equities while global high yield bonds was the smallest contributor.

RESTRICTED

LOOKING AHEAD

- Global markets enter Q2 2026 with resilient growth and structural tailwinds offset by heightened geopolitical risks, reinforcing a more balanced and selective investment approach
- Equity and bond markets remain volatile amid geopolitical uncertainty, favouring a cautious and balanced investment stance
- With visibility constrained and outcomes more binary, portfolio positioning prioritises balance rather than directional risk-taking

As we enter the second quarter of 2026, the global investment backdrop remains supported by resilient growth and broadly constructive earnings expectations, but the balance of risks has become more binary. Structural tailwinds such as continued investment in artificial intelligence, energy and infrastructure remain intact and continue to underpin medium-term growth and productivity gains. However, these positives are now being offset by elevated geopolitical uncertainty and less predictable macro dynamics, warranting a more cautious and balanced approach.

Geopolitical developments, particularly in the Middle East, have become a key source of uncertainty for markets. Rising energy price volatility has complicated the inflation outlook and disrupted expectations for monetary policy easing, tightening financial conditions and weakening risk sentiment. We are taking the risks surrounding the Middle East conflict seriously, as recent developments suggest that this episode may not follow the familiar geopolitical playbook. The potential for prolonged disruption to global energy flows and meaningful second-order effects on inflation and growth has reduced visibility and made market outcomes increasingly path dependent. While a severe escalation scenario is not our central expectation, uncertainty remains sufficiently elevated to justify caution. We see a broadly balanced probability between scenarios in which tensions ease and risk assets recover, and those in which disruptions persist for longer, keeping inflation pressures elevated and volatility higher.

Equities remain supported by generally healthy corporate balance sheets and ongoing earnings growth, but higher yields and geopolitical risks have increased valuation sensitivity. As a result, we are neutral on equities relative to benchmarks. For Asia, structural growth drivers, improving competitiveness in technology and manufacturing, and generally strong balance sheets remain supportive over the medium term. However, the near-term outlook is more challenging as higher energy prices, global trade uncertainty and greater earnings sensitivity argue for a more measured allocation.

In fixed income, global bond markets face ongoing challenges as inflation concerns keep yields elevated and delay expectations for policy easing. We do not expect any rate hikes, but anticipate zero to one rate cut later in 2026, as central banks remain data dependent. We continue to favour investment grade developed market credit over government bonds, due to the volatility in global yields and a steepening bias in the US yield curve. The US dollar remains structurally weak over the medium term but is likely to stay range bound in Q2, with scope for near-term strength should

RESTRICTED

geopolitical tensions intensify. We continue to monitor inflation risks, labour market trends, and geopolitical developments closely, ready to adjust positioning as conditions evolve.

Important Notice and Disclaimers

MSCI Data are exclusive property of MSCI. MSCI Data are provided “as is”, MSCI bears no liability for or in connection with MSCI Data. Please see complete MSCI disclaimer here.

This document is for your general information only. It does not constitute investment advice, recommendation or an offer or solicitation to deal in Exchange Traded Funds ("ETFs") or in units in any Unit Trusts ("Unit Trusts", ETFs and Unit Trusts shall together be referred to as "Fund(s)") nor does it constitute any offer to take part in any particular trading or investment strategy.

This document was prepared without regard to the specific objectives, financial situation or needs of any particular person who may receive it. The information is based on certain assumptions, information and conditions available as at the date of this document and may be subject to change at any time without notice. If any information herein becomes inaccurate or out of date, we are not obliged to update it. No representation or promise as to the performance of the Fund or the return on your investment is made. **Past performance of any Fund or UOB Asset Management Ltd ("UOBAM") and any past performance, prediction, projection or forecast of the economic trends or securities market are not necessarily indicative of the future or likely performance of the Fund or UOBAM.** The value of any Fund and the income from them, if any, may fall as well as rise, and may have high volatility due to the investment policies and/or portfolio management techniques employed by the Fund. Investments in any Fund involve risks, including the possible loss of the principal amount invested, and are not obligations of, deposits in, or guaranteed or insured by United Overseas Bank Limited ("UOB"), UOBAM, or any of their subsidiary, associate or affiliate ("UOB Group") or distributors of the Fund. Market conditions may limit the ability of the platform to trade and investments in non-Singapore markets may be subject to exchange rate fluctuations. The Fund may use or invest in financial derivative instruments and you should be aware of the risks associated with investments in financial derivative instruments which are described in the respective Fund’s prospectus. The UOB Group may have interests in the Funds and may also perform or seek to perform brokering and other investment or securities-related services for the Fund. Investors should read the Fund’s prospectus, which is available and may be obtained from UOBAM or any of its appointed agents or distributors, before investing. **You may wish to seek advice from a financial adviser before making a commitment to invest in any Funds, and in the event that you choose not to do so, you should consider carefully whether the Fund is suitable for you.** Any reference to any specific country, financial product or asset class is used for illustration or information purposes only and you should not rely on it for any purpose. We will not be responsible for any loss or damage arising directly or indirectly in connection with, or as a result of, any person acting on any information provided in this document. Services offered by UOBAM Invest are subject to the UOBAM Invest Terms and Conditions.

This advertisement has not been reviewed by the Monetary Authority of Singapore.

UOB Asset Management Ltd Co. Reg. No. 198600120Z