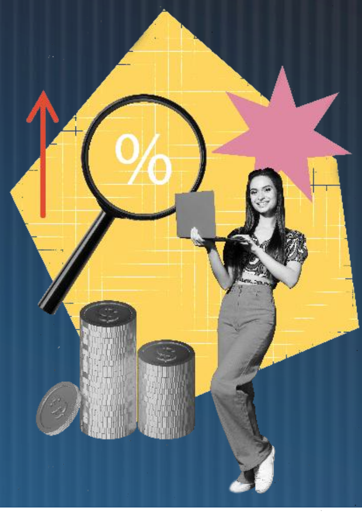
VEDA

Monthly Investment Research Roundup

FEBRUARY DIVERGENCE

Commodity Volatility, policy easing expectations, and geopolitical risks

Investment Research Spotlight



From the SGA Research Desk

February marked the end of the recent data vacuum, revealing a global economy defined by resilient growth, persistent inflationary floors, and escalating geopolitical tensions in the Middle East. While the geopolitical lightning strikes of January began to settle into a new reality, markets transitioned from defensive posturing toward a synchronized, albeit volatile, recovery.

In the US, a compensatory rebound following the government shutdown pushed 1Q GDP tracking to 3.1%. However, a January effect in service pricing nudged inflation to 2.8%, prompting the FOMC to adopt a tone of measured patience and signal a March pause. Treasury yields adjusted higher as the market recalibrated for higher-for-longer rates, with the 10-year yield ending at 4.38%.

Europe faced a deepening dichotomy: a resilient services sector contrasted with a manufacturing core mired in contraction. The European Central Bank (ECB) maintained its 2.0% deposit rate to combat a 2.5% core inflation floor. Conversely, the UK entered a Goldilocks phase; a surprise 0.2% GDP expansion and cooling inflation allowed the BoE to maintain a dovish posture.

In Asia, Japan cemented its exit from ultra-easy money as 10-year JGB yields breached the 2.0% psychological barrier amid aggressive normalization. China showed green shoots of a U-shaped recovery as aggressive easing arrested the property freefall. India remained a global outlier; a landmark trade resolution with the US and a manufacturing PMI of 58.4 positioned the economy for 7.5% projected growth.

Commodities were dominated by Middle East instability. Brent crude rose above $70 as Iran closed the Strait of Hormuz. Gold acted as a vital safe-haven with precious metal decisively closing above the psychological $5,000/oz mark, while Bitcoin remained in the bear grip with prices sliding close to $60,000 before gaining some ground towards the end of the month at $66,724, representing a monthly decline of 14.7% pressured by Fed balance sheet fears and a stronger US dollar.

Our Views on Asset Classes

Asset Class	US	Europe	UK	Japan	EM/Others
Rates	▼ Negative	● Neutral	● Neutral	▼ Negative	● Neutral (Local Currency)
Credit	▲ Positive	▲ Positive	● Neutral	● Neutral	▲ Positive (Hard Currency)
Currencies	▲ Positive	▼ Negative	▼ Negative	● Neutral	▲ Positive
Equities	▲ Positive	● Neutral	● Neutral	● Neutral	▲ Positive
Real Estate	● Neutral	▲ Positive	▲ Positive	▲ Positive	▲ Positive (APAC)
			Commodities		
Commodity	**Oil**	**Gold**	**Silver**	**Bitcoin**	
Views	▲ Positive	● Neutral	▼ Negative	▼ Negative	

Source: SGA Research

Outlook & Strategy

For March, our strategy prioritizes sectors with high pricing power and structural growth. We maintain a neutral duration stance on US Treasuries to buffer against hawkish surprises, while favoring GCC debt for attractive yield pick-up. Equity exposure should focus on Japanese exporters, Indian infrastructure, and US energy names to hedge geopolitical instability. Gold remains a vital safe-haven, whereas we stay cautious on Bitcoin amid persistent outflows and dollar strength.

Global Macros: Geopolitical Risk Alters Policy Expectations

US: Navigating Disinflation Trends, the Warsh Shock, and Unprecedented Middle East Escalation

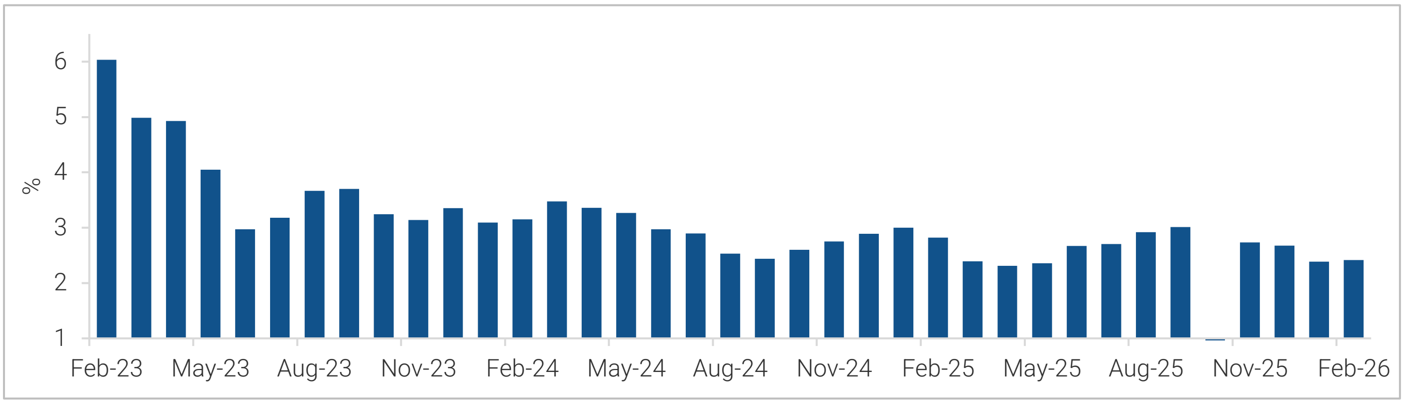
February 2026 delivered a high-stakes macroeconomic crescendo, defined by critical economic data releases, a pivotal shift in the US monetary leadership, and an unprecedented geopolitical shock. The month began with a focus on underlying economic resilience following January's government disruptions. The highly anticipated, rescheduled Non-Farm Payrolls report, finally released in early February, offered a welcome upside surprise with the economy adding 130,000 jobs. This robust figure effectively dispelled the gloom of earlier lackluster private-sector estimates, reaffirming that while discretionary spending is cooling, the broader domestic labor market remains structurally sound and soft landing remains highly viable.

On the inflation front, data released throughout February confirmed that the broader disinflationary narrative is firmly on track. The Consumer Price Index (CPI) decelerated to 2.4% y/y, while Core CPI cooled to 2.5%, marking a notable low not seen since March 2021. Late in the month, the Federal Reserve's preferred gauge, Core PCE, printed at a steady 2.8% y/y. This broader cooling has successfully anchored household inflation expectations. However, monetary policy expectations shifted dramatically late in the month when the White House officially announced Kevin Warsh as Jerome Powell's successor. Recognized as a steadfast inflation hawk, his nomination triggered the Warsh Shock, driving US Treasury yields significantly higher as investors rapidly priced in a potential shift toward aggressive balance-sheet reduction and a narrower central bank mandate.

Just as markets were digesting these domestic developments, global geopolitics took an explosive turn at the end of the month. Following the sudden collapse of nuclear negotiations in Geneva on February 26, the US and Israel launched Operation Epic Fury on February 28, initiating direct and extensive military strikes against Iranian nuclear sites, military infrastructure, and leadership targets. This historic escalation fundamentally alters the global risk landscape.

Looking ahead to March, we expect intense market volatility to center on the fallout from this conflict. Energy markets, particularly petroleum pricing and the Strait of Hormuz supply chain security, face acute upside risks. Consequently, investors should actively reassess geopolitical risk and focus on quality cyclicals, defense, and energy sectors, while bracing for localized shocks to global infrastructure in the coming weeks.

US Inflation data shows softer trends over the years



Source: Investing.com, SGA Research

Europe: Eurozone Industrial Revival, Resilient Inflation, and Emerging Energy Risks

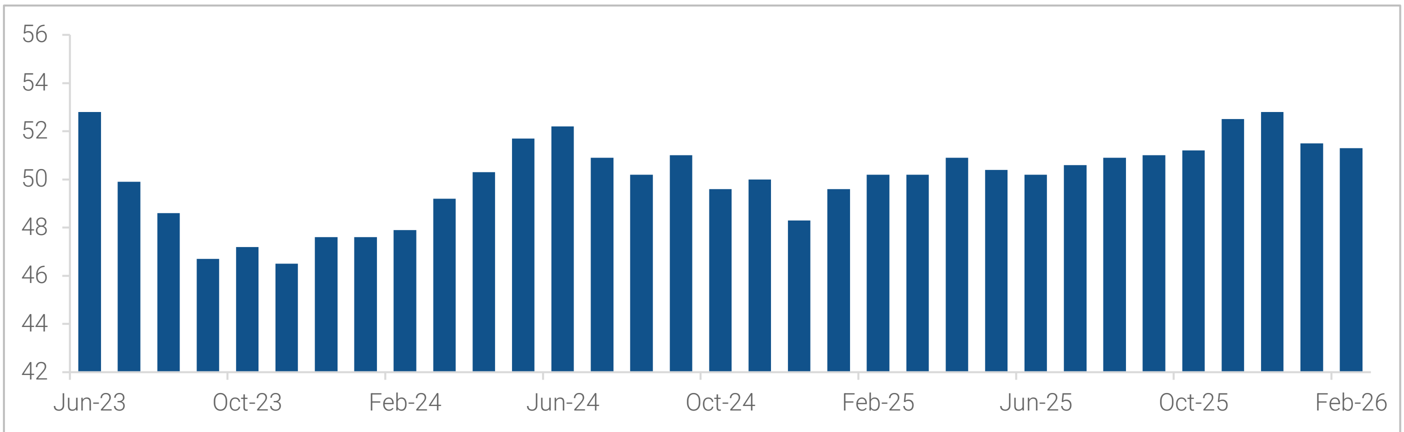
February 2026 marked a pivotal transitional month for the Eurozone economy, characterized by a long-awaited industrial revival and unexpectedly resilient price pressures. Breaking a prolonged slump, the HCOB Eurozone Composite PMI accelerated to 51.9, while the Manufacturing PMI printed at 50.8—its highest level since mid-2022, largely driven by stabilizing domestic demand and a notable rebound in Germany.

On the inflation front, the disinflationary trajectory encountered a notable bump. Flash estimates revealed that Eurozone headline CPI accelerated to 1.9% y/y in February, up from 1.7% in January. This uptick was driven by sticky services inflation, which remains elevated at 3.4%, alongside a softening deflationary drag from energy prices. In response to this persistent underlying pressure, the ECB maintained its strict plateau strategy at its February meeting, holding the Deposit Facility Rate steady at 2.00% and signaling no immediate rush to alter its policy path.

However, the macroeconomic landscape shifted dramatically late in the month amid severe geopolitical escalation in the Middle East. Following unprecedented US and Israeli military strikes against Iran, global energy markets experienced an acute shock. The ECB has already expressed strong concerns that this renewed conflict could catalyze a fresh energy crisis, threatening to disrupt the region's fragile growth and push inflation decisively above the 2% target.

Looking ahead to March, we expect European fixed-income volatility to spike as markets rapidly reprice rate-cut expectations. Consequently, investors should be mindful of energy-intensive European equities and focus on defensive service sectors that are better positioned to weather imported inflation shocks.

HCOB Composite PMI shows resilience in Europe



Source: Investing.com, ECB, SGA Research

UK: Disinflation Progress Meets Unprecedented Geopolitical Shocks

February 2026 brought a complex macroeconomic landscape for the United Kingdom, balancing promising domestic disinflation with severe late-month global disruptions. Data released in February indicated that the Bank of England's (BoE) restrictive stance is effectively cooling the economy. The CPI retreated to 3.0% y/y, easing from January's unexpected spike, as forward-looking price surveys finally signaled the onset of the anticipated April disinflation trend. Concurrently, the labor market continued its rebalancing act. The unemployment rate rose marginally to 5.2%, while the S&P Global Services PMI printed at a resilient 53.9, reflecting a cautious private sector holding its breath ahead of the upcoming Spring Budget.

While domestic indicators bolstered the MPC's dovish faction and strengthened the case for a near-term rate reduction, the global landscape shifted violently at month-end. The launch of Operation Epic Fury in the Middle East on February 28 severely complicates Governor Andrew Bailey's previously projected path to target inflation. The sudden, conflict-driven spike in global energy markets poses an acute risk to the UK's inflation outlook, threatening to offset the anti-inflationary measures introduced in the late-2025 Budget. As we look toward March, investment focus should pivot heavily toward assessing these new energy pass-through risks. We are currently seeing delays to the BoE's projected April rate cut, favoring domestic energy and defense sectors while maintaining a defensive posture on consumer discretionary assets.

Global Macroeconomic Development

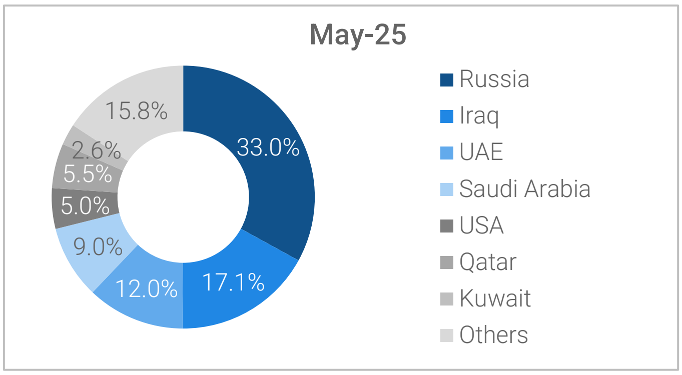
Asia: Energy Vulnerabilities To Spoil Policy Normalization

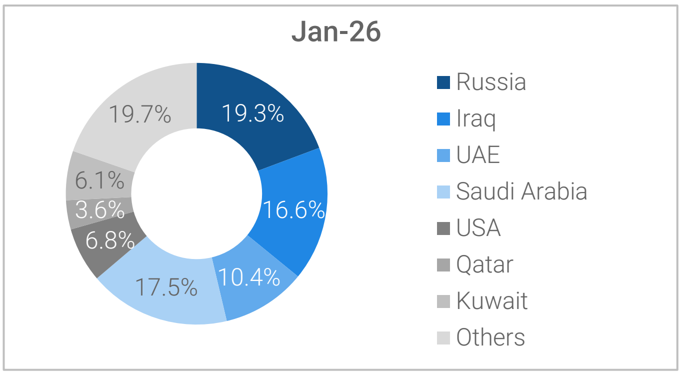
Japan: Wage-Price Resilience and Emerging Energy Vulnerabilities

In February 2026, Japan solidified its transition into a sustained wage-price cycle amid surging global volatility. Critical data released this month confirmed domestic economic resilience, with fourth-quarter GDP expanding by 0.3% q/q, officially confirming that Japan avoided a technical recession. Progress in the Shunto wage negotiations was highly encouraging, as early February reports showed that major unions had secured preliminary increases close to their 5.5% target. Despite his robust wage momentum, the fall in Tokyo Core CPI to 1.8% y/y from 2%y/y has put the Bank of Japan (BoJ) in a tight situation regarding near term rate hikes.

Moreover, late-month external shocks have severely complicated the near-term outlook. While the US Warsh Shock initially pressured the yen, the unprecedented escalation in the Middle East sparked a sharp safe-haven rally, injecting fresh, unpredictable volatility into currency markets. Looking ahead to March, Japan's structural reliance on imported energy presents a critical headwind. We expect BoJ policymakers to carefully balance the imported inflationary impact of surging global oil prices against domestic wage growth before fully committing to further policy normalization.

India faces risks as reliance on Middle East oil grows





Source: Ministry of Commerce and Industry, SGA Research

India: Viksit Bharat Budget and Emerging Energy Headwinds

February 2026 cemented India's position as the premier quality growth engine among emerging markets, catalyzed by the highly anticipated Union Budget presented on February 1. The budget aggressively advanced the Viksit Bharat agenda, deploying expanded production-linked incentives (PLIs) specifically targeting artificial intelligence, semiconductors, and advanced manufacturing. This balanced approach to fiscal prudence and capital expenditure, coupled with the Economic Survey's robust 7.4% GDP growth projection, heavily bolstered domestic market sentiment. Furthermore, markets spent the month favorably repricing Indian export equities following the transformative trade resets secured with the European Union and the United States.

On the monetary policy front, the Reserve Bank of India (RBI) maintained its cautious stance during its February meeting, prioritizing the anchoring of inflation expectations amid such strong domestic growth momentum. However, the macroeconomic calculus shifted abruptly at the end of the month. The unprecedented escalation in the Middle East poses a substantial external risk to the subcontinent. Given India's recent strategic commitments to gradually diversify away from Russian crude, the sudden, conflict-driven spike in global oil prices directly threatens to widen the current account deficit and stoke imported inflation. As we move into March, we remain structurally Overweight on India but are tactically reassessing exposure, favoring advanced manufacturing beneficiaries.

China: Navigating Anti-Involution Ahead of the NPC and New Energy Shocks

February 2026 was a critical wait-and-see period for Chinese markets, as investors eagerly awaited concrete fiscal directives from the upcoming March National People's Congress (NPC). Data released this month reflected Beijing's aggressive policy pivot toward Anti-Involution. While February's Official Manufacturing PMI remained predictably subdued—distorted by the Lunar New Year and deliberate capacity rationalization in the electric vehicle and solar sectors—early metrics suggest this framework is beginning to stabilize corporate margins. Nevertheless, the property sector remains a significant structural drag, with February housing metrics confirming that a durable bottom remains elusive despite the central government's front-loaded CNY 1 trillion bond issuance.

While the Busan Breakthrough trade truce with the US provided a stabilizing floor for Hong Kong equities early in the month, the macroeconomic landscape was violently disrupted at month-end. The unprecedented escalation in the Middle East poses severe external risks to the mainland. As the world's largest energy importer, China is highly vulnerable to the resulting global oil price shock, which threatens to squeeze industrial margins and complicate the People's Bank of China's accommodative monetary stance just as domestic demand is recovering.

Moving into March, we maintain a Neutral rating on China as we await the NPC's official GDP targets and assess the broader fallout from the Middle East conflict.

Latin America: Divergent Paths Amidst Global Energy Shocks and Tariff Frictions

February 2026 amplified the macroeconomic divergence across Latin America. While the region spent most of the month digesting localized policy shifts and the US Warsh Shock, the sudden onset of Operation Epic Fury in the Middle East at month-end radically altered the regional risk calculus, abruptly shifting capital flows toward Latin American energy exporters.

Argentina: The Milei Miracle Meets an Energy Windfall
The stabilization trade in Argentina accelerated aggressively throughout February. Data released this month confirmed a landmark achievement: headline inflation broke below the psychological 30% barrier, printing at 28.5% year-over-year, while the Treasury reported its second consecutive monthly fiscal surplus. Crucially, as global oil markets spiked in late February due to Middle East hostilities, Argentina's rapidly expanding Vaca Muerta shale reserves transitioned into highly prized geopolitical asset. This external shock perfectly timed the nation's energy export boom, cementing Argentina's rapid transition from a distressed asset to a premier emerging-market play.

Brazil: Hawkish Holds and Inflationary Crosscurrents
In Brazil, the macroeconomic environment remains constrained by a restrictive monetary plateau. February’s mid-month IPCA-15 inflation reading remained stubbornly sticky at 4.1%, driven by persistent services costs. Consequently, the Central Bank of Brazil (BCB) maintained a hawkish tone in its February policy minutes, pushing back against any imminent rate cut expectations. While the late-month global oil shock provides a substantial fiscal windfall for Brazilian state energy exports, it simultaneously threatens to import fresh inflation, severely complicating the BCB's mandate. Investors remain focused on fiscal discipline as the government navigates its 95% Debt-to-GDP ratio ahead of the October election cycle.

Mexico: Nearshoring Frictions and Stagflationary Pressures
Mexico’s economic engine continued to sputter under the weight of new realities in North American trade. February's S&P Global Mexico Manufacturing PMI remained entrenched in contractionary territory, dipping slightly to 46.1. The reality of the recent tariff pass-through is actively eroding corporate margins, with February data confirming that core inflation remains stubbornly anchored near 4.3%. While the secular nearshoring thesis remains intact over a multi-year horizon, the immediate environment is undeniably stagflationary as firms adjust to the elevated effective tariff rates on cross-border logistics.

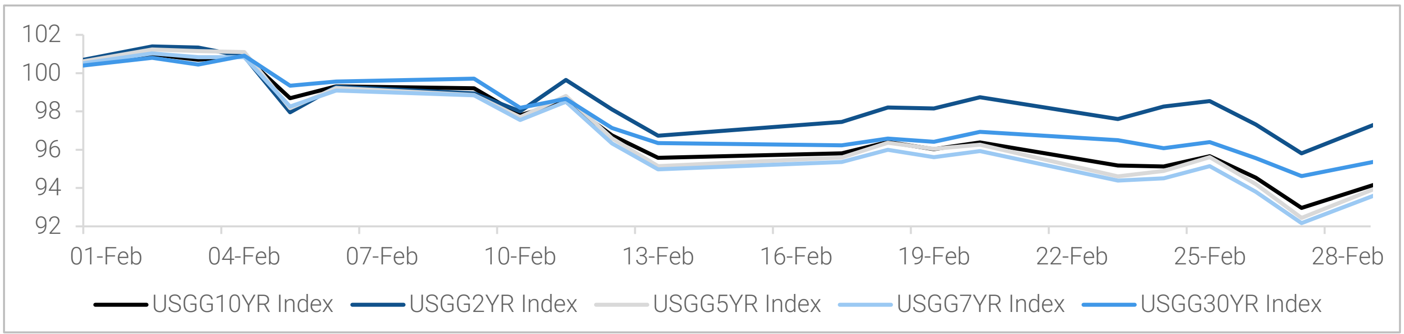
Colombia: An Unexpected Fiscal Lifeline
Colombia navigated a complex February. While early-month economic activity indicators reflected sluggish domestic demand under tight financial conditions, the late-month eruption of Operation Epic Fury delivered an unexpected, massive fiscal lifeline. The resulting surge in benchmark crude prices provides a vital, immediate revenue boost for the petroleum-dependent economy, temporarily easing sovereign debt concerns and providing fiscal breathing room despite the administration's long-term pivot away from hydrocarbon reliance.

Looking ahead, we expect the flight to quality and flight to energy security themes to dominate Latin American capital flows in March. We are Overweight on Argentina, specifically upgrading its energy sector, and remain Neutral on Brazil until the BCB provides a clearer timeline for easing. We maintain a Cautious stance on Mexico as we await potential relief from current USMCA tariff frictions.

Fixed Income

Global Yields declined on increasing safe-haven demand

Treasury yields declined sharply with the belly of the curve leading the move lower



Source: FRED, SGA Research (Rebased as of 31st January 2026)

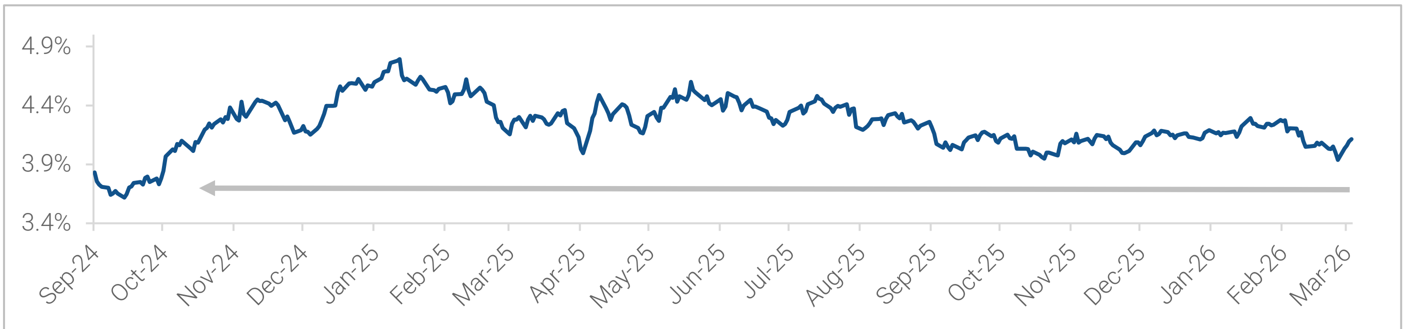
US 10-Year Yield Breaks Below 4% as Safe-Haven Demand Lifts Treasuries

US Treasury markets experienced notable volatility during February but ultimately finished the month with yields lower as growth momentum moderated and geopolitical risks intensified. Early in the month, yields edged higher as investors weighed resilient economic data against the possibility that the Federal Reserve could maintain restrictive policy for longer. During this phase, the 10-year yield briefly approached the 4.3% area as uncertainty persisted around the timing of potential rate cuts.

As February progressed, incoming data suggested that economic momentum was gradually cooling. Retail sales softened and private payroll growth moderated, while broader labor indicators pointed to a deceleration in hiring demand. Although the unemployment rate remained relatively stable and select employment readings surprised to the upside, the underlying trend suggested that labor market conditions were no longer tightening. Consequently, markets rebuilt expectations for multiple Federal Reserve rate cuts later this year.

The rally in Treasuries was led by the belly of the curve. Five- to ten-year maturities outperformed as investors increased duration exposure amid weaker growth signals and rising geopolitical tensions. Safe-haven flows intensified following the escalation of conflict in the Middle East, reinforcing demand for intermediate-dated Treasuries and pushing yields lower across the curve. Technically, the move proved significant. The US 10-year Treasury yield broke below the 4.00% threshold for the first time since October, falling to around 3.93%, a 17-month low. Meanwhile, the 2-year yield declined toward the mid-3.4% range as markets priced in roughly two 25bps rate cuts this year. Despite the rally, we remain structurally negative on US Treasuries for 2026, given persistent fiscal deficits, heavy issuance, and the risk of structurally sticky inflation.

US 10-yr Treasury yield fell below 4% threshold for the first time since October



Source: FRED, SGA Research

European Yields Ease as Inflation Signals and Political Uncertainty Shape Bonds

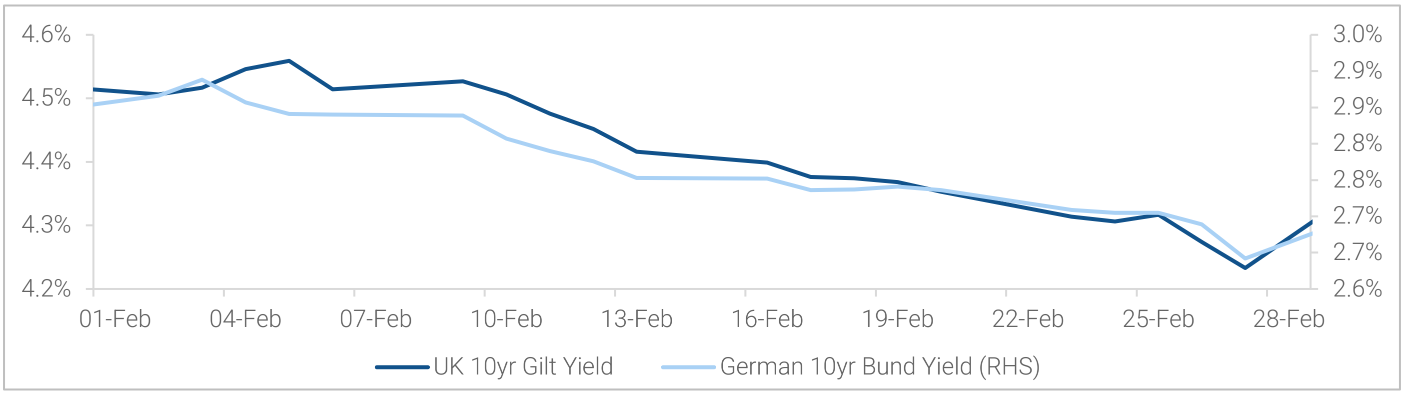
European fixed income markets in February reflected softer inflation signals and rising political uncertainty, leading to a modest decline in sovereign yields. In Germany, the 10-year Bund yield fell to 2.68%, its lowest level since late November, as investors evaluated fresh inflation data across the Eurozone. Germany's EU-harmonized inflation slowed to 2.0% y/y, slightly below expectations and in line with the ECB's target. At the same time, price pressures across the region remained mixed. France's HICP accelerated to 1.1% from 0.4% in January, surpassing forecasts, while Spain's inflation rose to 2.5%, also above expectations. Despite these divergences, the broader moderation in German inflation reinforced expectations that the ECB can remain patient with policy adjustments.

French government bonds also saw yields decline during the month as broader Eurozone bond markets rallied and investors reacted to softer macro signals. However, the mixed inflation picture across member states limited the scale of the move and kept markets cautious about the pace of potential monetary easing.

In the United Kingdom, gilt markets saw a stronger rally. The 10-year gilt yield declined to 4.25%, its lowest level since December 2024, as markets responded to weakening consumer sentiment and political developments following a closely watched district election. The unexpected loss of a traditionally safe Labor Party seat raised questions about the durability of the current fiscal strategy. Meanwhile, softer employment conditions and subdued inflation strengthened expectations that the BoE could adopt a more accommodative stance in the coming quarters.

Looking ahead to 2026, we maintain a neutral allocation to European fixed income. While cooling inflation supports the case for gradual monetary easing, persistent political uncertainty and uneven inflation dynamics across the Eurozone could keep yields volatile and limit sustained bond market rallies.

European yields tumbled through the month



Source: Investing.com, SGA Research

JGBs Breach 2% as Policy Normalization Accelerates

Japan's fixed income landscape reached a historic inflection point in February 2026. The 10-year Japanese Government Bond (JGB) yield breached the 2.0% psychological barrier for the first time in nearly two decades, closing the month at 2.12%. This seismic shift was catalyzed by the Bank of Japan's (BoJ) decisive move to hike the short-term policy rate to 0.50%, signaling an aggressive acceleration of its normalization timeline. Governor Kazuo Ueda's commentary was unmistakably hawkish, pointing to a virtuous cycle between wages and prices that is finally becoming entrenched in the Japanese economy. This was further evidenced by the Shunto spring wage negotiations, where early indications suggested average pay raises exceeding 5.5%, the highest in thirty years. The fiscal backdrop added further fuel to the fire. The government's announcement of a supplementary budget focused on domestic semiconductor subsidies raised concerns about increased JGB issuance. As the chart above indicates, the yield curve has reached its steepest level in 18 years, with the 30-year JGB yield testing 2.85%. Interestingly, the search for yield that once drove Japanese lifers into US Treasuries and European sovereigns has reversed; the 20-year JGB auction in mid-February saw a bid-to-cover ratio of 3.85, indicating that domestic institutional investors are finally finding value at home. This repatriation of capital is a global macro structural shift that we believe will provide a persistent floor for global yields. We remain underweight JGBs in the near term as the market finds its new equilibrium, but we recognize that the era of Japanese yield suppression is officially over.

Currencies

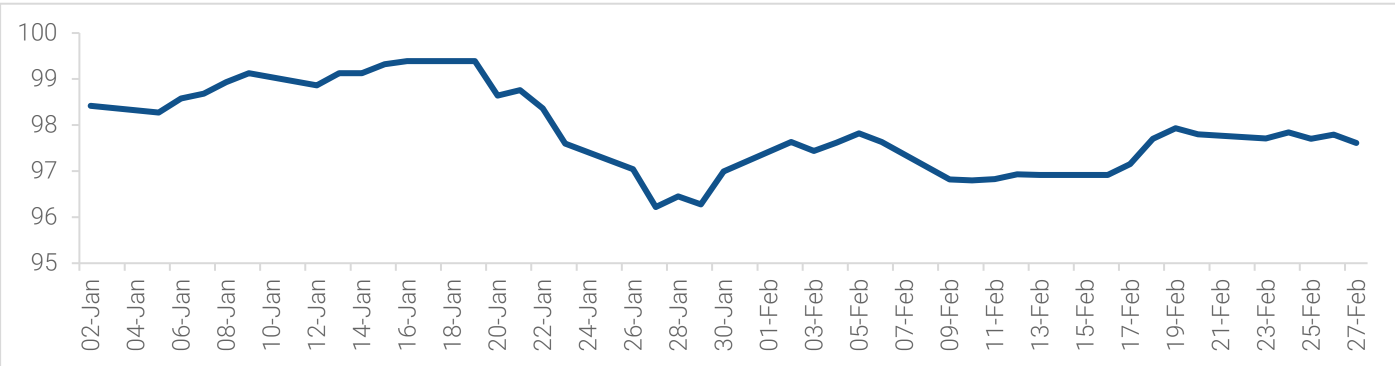
FX Markets Diverge as Dollar Strengthens and EM Momentum Builds

Dollar Stabilizes as Safe-Haven Demand and Hawkish Fed Support Recovery

The US dollar entered February on an uncertain footing, with the DXY sliding toward a four-year low before stabilizing as markets continued to reassess the broader macroeconomic landscape. Given the fragile sentiment surrounding the US growth outlook and shifting policy expectations, the US dollar index remained subdued in the early part of the month. However, as February progressed, the currency began to gain momentum supported by stronger-than-expected economic data. Manufacturing activity showed renewed strength, and labor-market conditions remained resilient, helping the US dollar recover some ground. This recovery was eventually met with resistance as easing inflationary trends and softer-than-expected jobless claims dampened expectations of further Federal Reserve (Fed) tightening. Nevertheless, with the Fed maintaining a hawkish tone and reiterating its commitment to bringing inflation under control, the US dollar stabilized near the 97.7 level. The US Dollar Index ultimately closed the month at 97.61. The announcement of additional US trade tariffs introduced a fresh layer of uncertainty, subtly weighing on the currency's upward trajectory

Looking ahead, the US dollar is expected to remain on firm footing, supported by renewed safe-haven demand. Elevated geopolitical tensions in the Middle East and rising global macroeconomic volatility are likely to keep the dollar resilient in the near term.

February Brings Renewed Stability to DXY



Source: Investing.com, SGA Research

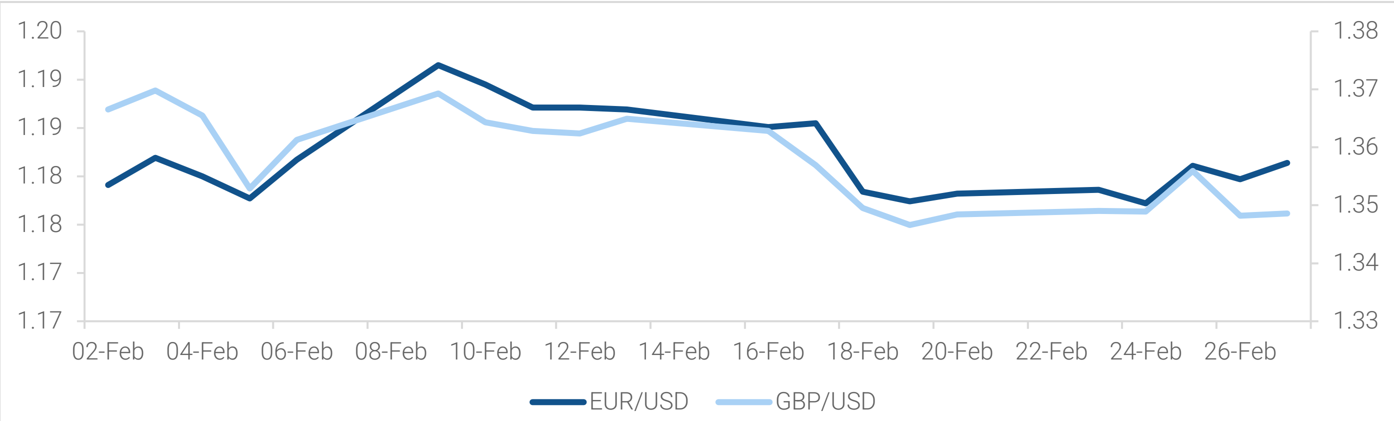
G10 Currencies Face Diverging Paths as Dollar Strength Returns

In February, the euro closed at $1.18 after a strong January that had brought it close to a four-year high. However, momentum faded as the European Central Bank (ECB) adopted a cautious stance amid an uneven regional economic outlook. Moreover, mixed inflation trends in Germany and France added to the uncertainty and left the euro without a clear direction. At the same time, the external environment turned less supportive for the euro as escalating geopolitical tensions in the Middle East heightened energy-market risks, while a stronger US dollar drew renewed safe-haven flows, adding further downward pressure. Looking ahead, these combined factors are expected to keep the euro under pressure in the near term. Sterling mirrored euro's weakness, ending February near the $1.35 mark after following a steady decline through the month. The drop was driven by softer UK labor-market data, which prompted the Bank of England (BoE) to maintain a dovish tone. Even though the sterling showed brief moments of resilience, concerns over slowing economic growth, rising unemployment and political uncertainty provided limited support for the sterling. Looking ahead, heightened energy-market risks amid global geopolitical instability are likely to keep the currency on a weaker path.

The Japanese yen weakened sharply in February, ending near 156.05 against the US dollar after a strong January. Softer 4Q25 growth, cooling inflation, and widening yield differentials with the US limited the Bank of Japan's (BoJ) tightening scope, eventually weighing on the outlook of the currency. Looking ahead, JPY is expected to remain range-bound, supported partly by safe-haven demand amid Middle East tensions.

We expect EUR and GBP to follow a downward trend, while JPY is expected to remain range-bound supported by safe-haven demand amid recent geopolitical developments in the Middle East.

February marked renewed weakness for the Euro and Sterling



Source: Investing.com, SGA Research

Emerging Market Currencies Firm as Domestic Fundamentals Strengthen

Emerging market currencies delivered a strong performance in February supported mostly by stronger economic performance.

The Chinese yuan strengthened against the US dollar, ending February near 6.86 as improving trade sentiment between China and the United States boosted market confidence. Additionally, stronger export-driven dollar-selling inflows supported demand for the yuan, helping the currency appreciate despite persistent volatility across global foreign-exchange markets.

The Indian rupee strengthened against the US dollar, ending February near the 91.05 mark. The appreciation was supported by active intervention from the Reserve Bank of India (RBI) and improved economic sentiment following upgraded GDP projections. Confidence was further bolstered by the IMF's outlook, which projects India's growth to reach 6.4% in 2026. These factors helped the INR remain firm despite persistent volatility across global currency markets.

The Turkish lira weakened to 43.92 per US dollar as the central bank continued its controlled depreciation strategy, whereas expectations for foreign inflows softened. Markets also reassessed future currency pressures amid ongoing economic strain, keeping the lira on a depreciating path.

With rising global uncertainty and a generally resilient macro backdrop, EM FX should remain supported. However, persistent country-specific risks suggest maintaining a neutral allocation stance in the near term.

Equities

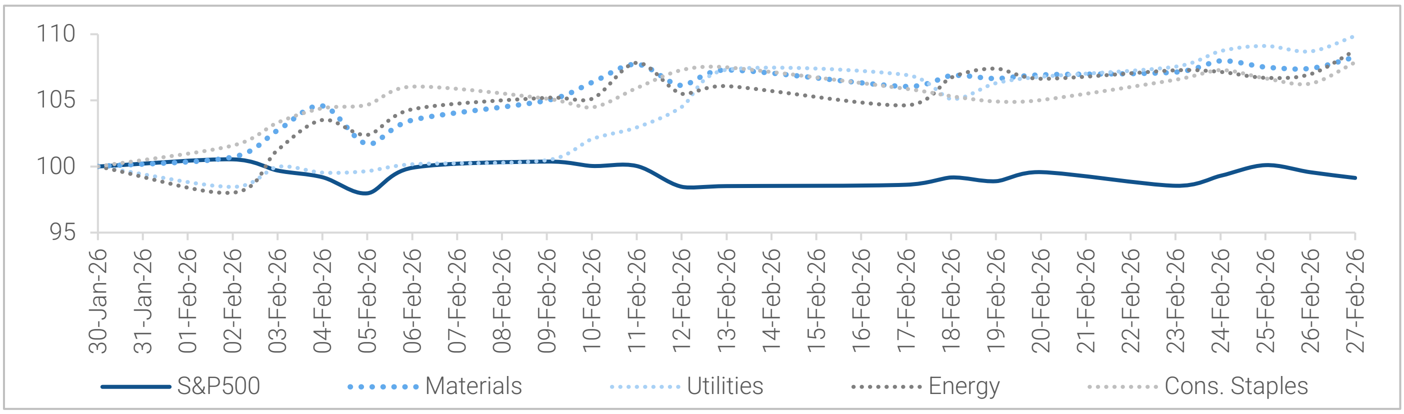
Commodity Strength and Macro Uncertainty Shape Global Equity Trends in February

US: Defensive Rotation Amid Rising Macro and Geopolitical Uncertainty

In February 2026, the S&P 500 declined 0.9%, reflecting mixed sectoral performance amid continued macro uncertainty and sector-specific headwinds. Defensive and commodity-linked sectors led gains, with Utilities (+9.9%), Energy (+8.8%), Materials (+8.3%), and Consumer Staples (+7.9%) outperforming, supported by resilient commodity prices, stable demand expectations, and investors rotating toward defensive assets. Industrials (+7.0%) and Real Estate (+6.2%) also advanced, benefiting from infrastructure spending outlook and easing rate expectations. In contrast, growth-oriented sectors lagged, with Consumer Discretionary (-5.4%), Communication Services (-5.1%), IT (-4.0%), and Financials (-3.8%) pressured by valuation concerns, profit-taking after earlier rallies, and sensitivity to interest-rate and consumer-spending outlooks. Health Care (+3.4%) delivered modest gains as investors sought stability.

Looking ahead to March 2026, the S&P 500 is likely to remain volatile as markets react to macroeconomic and geopolitical developments. Commodity-linked sectors such as Energy and Materials could outperform, supported by rising oil prices and supply disruptions stemming from escalating Middle East tensions. Defensive sectors like Utilities and Consumer Staples may also remain resilient amid risk-off sentiment. Conversely, Consumer Discretionary, Financials, and Technology could face pressure due to higher energy costs, valuation concerns, and uncertainty around interest-rate policy. Key catalysts include geopolitical developments affecting oil supply, the Federal Reserve's March policy meeting, US labor and inflation data, and evolving expectations around rate cuts and global growth.

Energy and Defensive Sectors Maintain Leadership into February



Source: S&P500, SGA Research

European Markets Advance on Commodity Strength and Export Momentum

European equity markets delivered solid gains in February 2026, outperforming the broader global market despite weakness in the S&P 500. The pan-European STOXX Europe 600 rose 3.7%, supported by strength in industrials, energy, and financials. Among major markets, Germany's DAX advanced 3.0%, while the mid-cap focused MDAX gained 1.3%, reflecting steady domestic demand and improving manufacturing sentiment. France's CAC 40 climbed 5.6%, aided by strong performance in luxury and industrial exporters, while the UK's FTSE 100 led the region with a 6.7% rise, benefiting from its heavy weighting toward energy, mining, and global commodity companies. Gains were also supported by a weaker euro, resilient earnings expectations, and optimism around European growth and monetary policy easing.

European equities may see mixed performance in March 2026, as investors weigh geopolitical risks, energy price movements, and key macro data. Elevated oil and gas prices could support energy and commodity-linked sectors, while defensive sectors such as utilities and healthcare may remain resilient amid market uncertainty.

However, consumer-sensitive sectors and banks could face pressure if higher energy costs weigh on growth expectations and delay monetary easing by the European Central Bank. Overall, the outlook for the STOXX Europe 600 remains cautiously constructive but volatile.

For the UK, the FTSE 100 may remain relatively resilient given its large exposure to global energy, mining, and defensive companies.

Japan Drives Asian Gains While Emerging Markets Remain Resilient

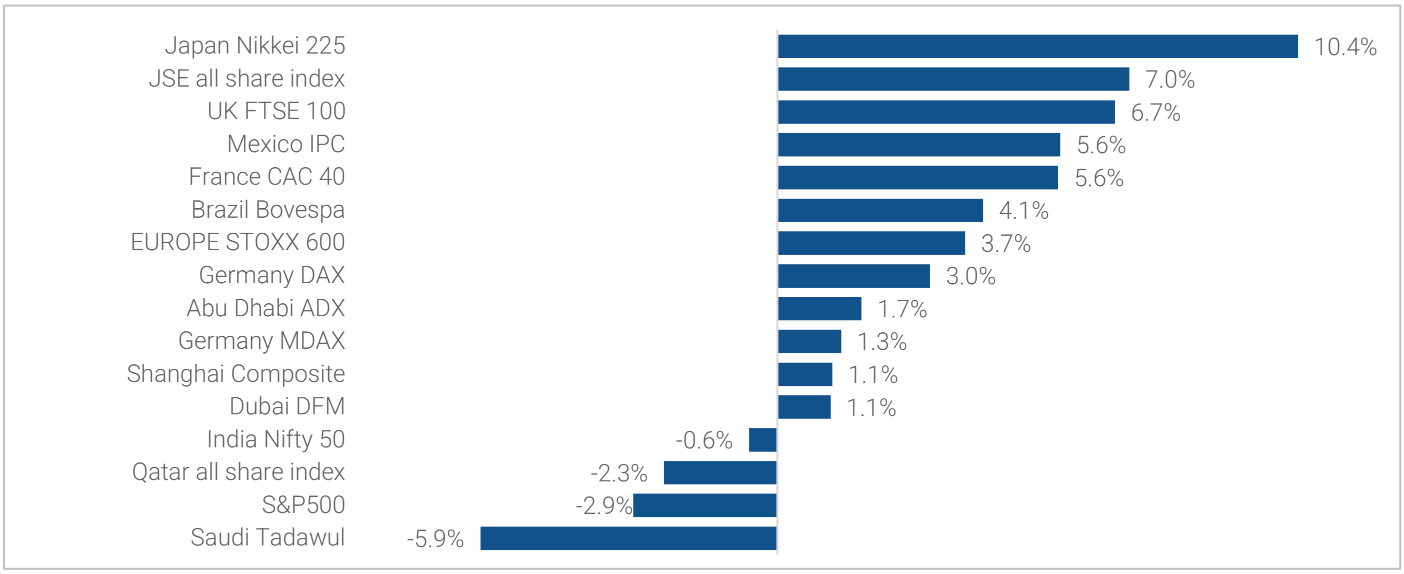
Asian equity markets delivered mixed but generally resilient performance in February 2026, led by a strong rally in Japan. The Nikkei 225 surged 10.4%, supported by a weaker Yen, improving corporate earnings expectations, and continued strength in export-oriented sectors such as Autos and Technology. In contrast, China's Shanghai Composite rose a modest 1.1%, reflecting cautious investor sentiment despite incremental policy support aimed at stabilizing growth and the property sector. Meanwhile, India's Nifty 50 declined 0.6%, as profit-taking in Financials and IT stocks, alongside global risk-off sentiment and elevated valuations, weighed on market performance during the month.

Middle Eastern markets showed divergent trends in February 2026. The Abu Dhabi ADX gained 1.7% and the Dubai DFM rose 1.1%, supported by Banking and Real Estate stocks. In contrast, the Qatar All Share Index fell 2.3%, while Saudi Arabia's Tadawul All Share Index dropped 5.9%, pressured by weakness in energy-linked sectors and profit-taking after prior gains.

Emerging Market equities generally advanced in February 2026. Mexico's Mexico IPC rose 5.6%, aided by resilient economic activity and industrial demand linked to US trade. Brazil's Bovespa gained 4.1%, supported by commodity strength, while South Africa's JSE All Share Index led the group with a 7.0% increase, driven by mining and resource stocks.

Equity markets across Asia-Pacific, the Middle East and broader Emerging Markets may remain volatile in March 2026 amid geopolitical tensions and evolving global monetary expectations. In Asia, Japan's Nikkei 225 could see continued support from a weaker Yen and strong corporate earnings, although gains may moderate following February's sharp rally. China's Shanghai Composite may remain sensitive to policy stimulus measures and economic growth signals, while India's Nifty 50 could face valuation-driven consolidation. In the Middle East, markets such as the Tadawul All Share Index and Abu Dhabi ADX may react to geopolitical developments and oil price movements. Meanwhile, Emerging Market indices including Mexico's IPC Index and Brazil's Bovespa could remain influenced by commodity trends and global risk sentiment.

Global Equity Leadership Shifts Toward Asia and Commodity Markets



Source: Investing.com, SGA Research

Commodities

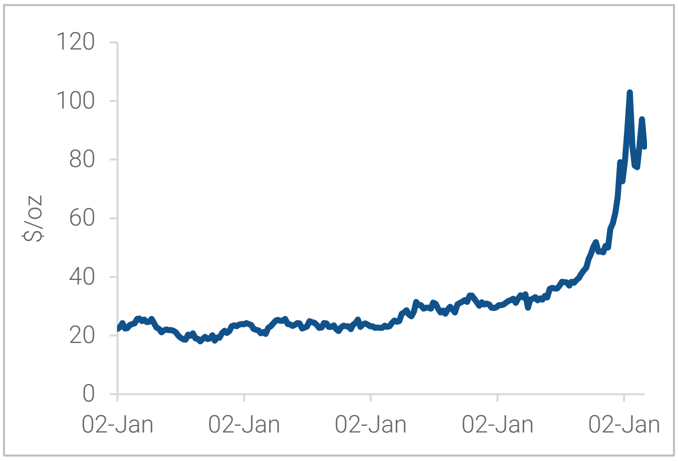
Extreme volatility hits precious metals

Silver Rebounds Strongly Amid Renewed Market Confidence

Silver experienced significant volatility in February, recording a loss of around 17.0%. After opening the month near $94.5, the metal faced an aggressive downturn, plunging to a multi-month low of approximately $71.82 by mid month. The sharp decline was triggered by a fragile market sentiment and a hawkish shift in Fed's expectations following the nomination of Kevin Warsh as the next Fed Chair. However, as the month progressed, conditions improved, and silver staged a dramatic V-shaped recovery to reclaim the $93.8 mark by month-end. This rebound reflected renewed investor confidence as January's forced liquidations subsided and industrial demand, particularly from the solar and electronics sectors, remained robust. Despite the net monthly decline, silver's resilience against a strengthening US dollar was bolstered by softer inflation readings and safe-haven interest stemming from geopolitical developments in the Middle East.

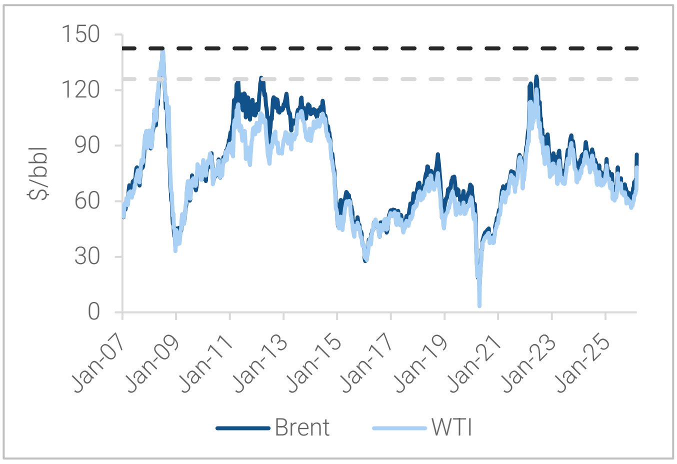
Looking ahead, silver is expected to remain resilient despite geopolitical uncertainty, supported by underlying demand and the continued influence of a strong US dollar.

Global silver prices decline in February as market weakens



Source: Investing.com, SGA Research

Oil prices remain high due given the geopolitical shocks



Source: U.S. Energy Information Administration, SGA Research

Crude Oil Maintains Strength on Geopolitical Issues

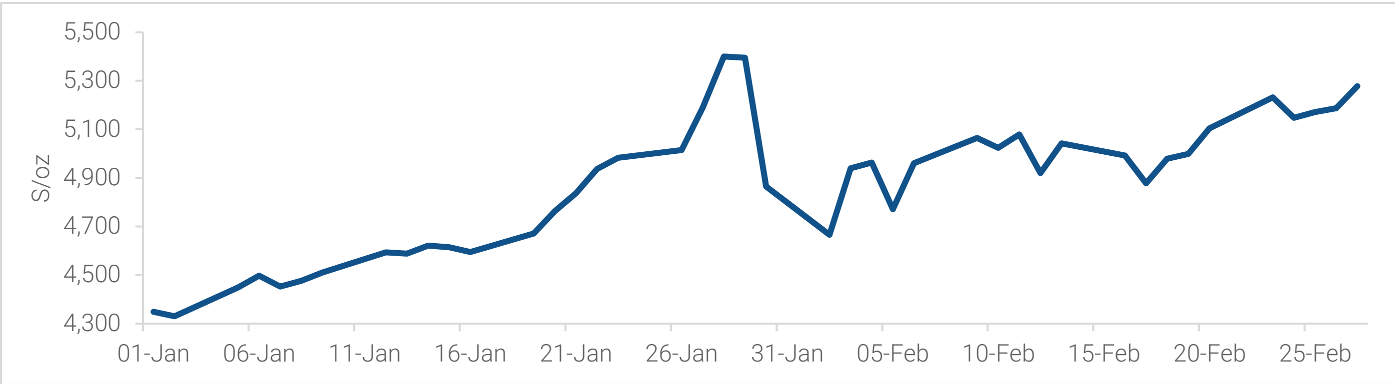
In February 2026, crude prices advanced as geopolitical tensions and supply constraints tightened the market. Early in the month, prices remained range-bound amid US–Iran de-escalation talks, but sentiment shifted as diplomacy faltered and Washington advised ships to avoid Iranian waters. subsequent US military buildup in the Middle East heightened instability, lifting Brent toward $72 and WTI above $67. OPEC+ reinforced this momentum by extending its production pause through 1Q26, while North American output gradually recovered from January's severe weather disruptions. Global supply dynamics also shifted as Russian revenues plunged under secondary sanctions, while Venezuelan production rose following US tanker authorizations. These factors kept crude elevated throughout the month.. Brent settled at $72.5 up 7.3% monthly, and WTI at $67.0, up 7.4%. Looking ahead, markets are expected to remain inflated amid persistent Middle East tensions and ongoing supply risks, supporting a constructive view on energy-linked credits.

Gold Holds Firm Amid Geopolitical Tensions and Inflation

Gold prices stabilized in February, closing at around \$5,277.3/oz, a modest 1.7% m/m gain after January's historic surge. Persistent geopolitical risks and elevated inflation continued to underpin demand, while slower central bank buying still provided a solid floor for prices. Speculative interest moderated sharply, reflected in a steep decline in ETF inflows, yet the market remained resilient. The rise in US Treasury yields and a firmer US dollar capped further upside, but steady structural buying and growing expectations of a potential Fed pause supported stability. Developments in the Middle East further strengthened safe-haven demand, adding to gold's support.

Looking ahead, gold is expected to maintain an upward trajectory in March as geopolitical tensions intensify. Alongside the strong US dollar, gold continues to act as a key safe-haven asset, driving renewed demand and helping keep prices elevated.

Gold movement maintain strong upward movement in February



Source: World Gold Council, SGA Research

Heavy ETF Withdrawals Drive Bitcoin Slide

Bitcoin came under heavy pressure in February, ending the month at around \$66,724 a sharp 14.7% m/m decline from January. The slump was triggered early in the month by the nomination of Kevin Warsh as the next Fed Chair, which reignited fears of a shrinking Federal Reserve balance sheet—a historically negative backdrop for speculative assets. This announcement sparked rapid selling, driving Bitcoin below key support levels. Although a brief rebound followed as markets stabilized, sentiment remained fragile. Persistent ETF outflows, a stronger US dollar, and rising geopolitical tensions—particularly between the US and Iran—continued to weigh on the cryptocurrency throughout the month.

Looking ahead, Bitcoin is likely to remain subdued in March as escalating Middle East tensions boost demand for safe-haven assets. With the stronger dollar drawing investors toward secure holdings, appetite for speculative assets like Bitcoin is expected to stay limited, keeping recovery prospects constrained.

Bitcoin face a downward momentum in February

Source: Investing.com, SGA Research

Real Estate

Fragmented Resilience Amid Middle East Conflict

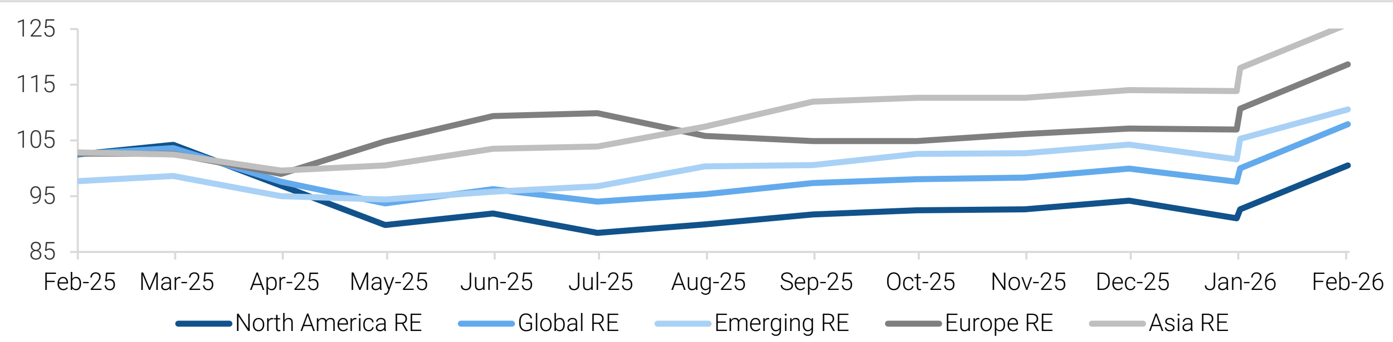
Global CRE Continuing Its Shift From Valuation Reset to Measured Recovery

The global real estate market is experiencing cautious stabilization as steady interest rates and anchored inflation improve pricing visibility. In the US, the residential sector enters a pivotal spring season with 30-year mortgage rates near 6%, though a widening bid-ask gap and a $2.1 trillion refinancing wall through 2026 weigh on sentiment. Industrial assets remain resilient, while office recovery is limited to premium properties..

In the APAC region, momentum is fueled by Japan's resilient demand and Australia's high-grade office preference. Although Chinese markets remains laggard due to oversupply. Meanwhile, India's shifted focus toward manufacturing hubs. Despite this broad resilience, geopolitical conflict in the Middle East introduces significant headwinds, casting a shadow of security concern over high-growth GCC markets like the UAE and KSA. Furthermore, rising construction costs and potential labor shortages threaten to dampen capital raising. Ultimately, while the flight to quality persists, the global recovery remains bifurcated and sensitive to ongoing conflict led implications.

The global RE indices grew 7.9% in February 2026. Among the regional indices, North America RE led the chart as the best-performing region with a return of 8.5%. Europe RE followed as the second-best performing region for the month at 7.2% , with Asia RE closely replicating a similar performance at 6.7%. Emerging RE recorded a positive growth of 5.0%.

Global CRE performance – Feb 2025 to Feb 2026



Source: Global RE Represented by FTSE EPRA Nareit Global Index, Regional RE Indices Are Subsectors of Broader Index, SGA Research; Numbers are sourced from the database (not directly from the EPRA website) & may vary from the EPRA's published report

Spring Homebuying and High Quality CRE to Set the Outlook for 2026

The US residential market extended its early-year stabilization into February, with the 30-year FRM holding near 6% and existing home sales rising 1.7%, signaling improving buyer sentiment ahead of spring. However, active listings grew 7.9% y/y, though expansion has slowed for nine consecutive months. Moreover, days on market increased by four days and median prices fell 2.1% y/y, with conditions varying regionally as the South and West saw the most easing.

Overall, conditions are gradually becoming more favorable for buyers, yet many remain cautious, reflected in rising inventory and longer selling times. Modest rate relief is supporting demand, and if current trends persist, buyer activity is likely to strengthen into the spring season.

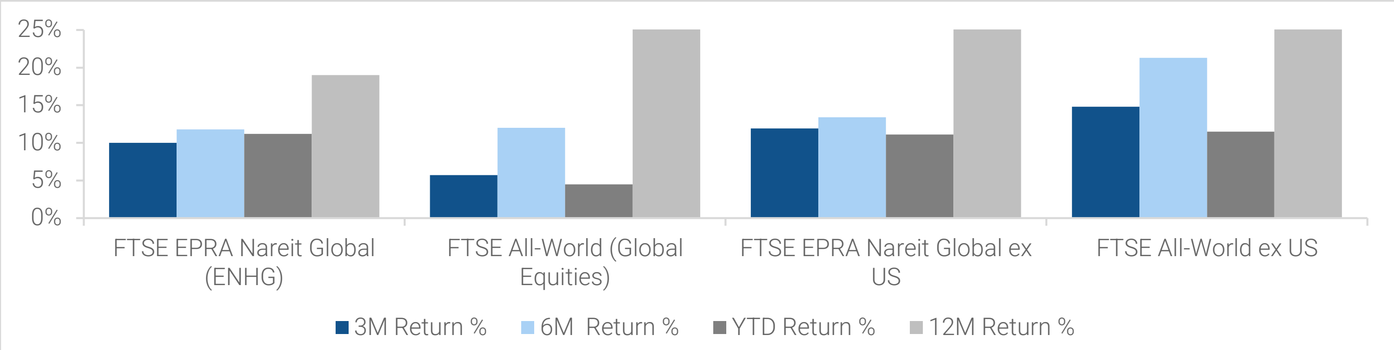
CRE stabilization continued in February, with high-quality assets outperforming while weaker segments stayed under pressure. Industrial remained strongest with about 0.67% delinquency, and Retail improved to around 6.3%. Finally, office lagged at about 11.2% delinquency, with recovery largely confined to premium assets.

While the 'bid-ask' gap narrowed in February, March is expected to be a pivotal month for price discovery as the 'Spring Season' officially tests current valuations.

JLL has recently highlighted a significant $2.1 trillion 'refinancing wall' of global real estate assets with maturing debt through 2026 this challenge is expected to drive active debt markets and bolster lender appetite across key US property sectors throughout March..

Overall, the US real estate market faced a stable outlook despite regionally split. For housing, affordability is expected to further ease as spring homebuying starts while industrial and premium office spaces continue to show resilience. Stabilization hinges on navigating macro headwinds, rising conflict-driven costs, and labour-policy tightening..

Global Index Performance Divergence



Source: FTSE Russell, FTSE EPRA Nareit Global Real Estate Index Series (ENHG) Factsheet

Fragmented Recovery Across European Commercial Markets

Europe’s CRE market is emerging from a period of defensive repricing, as stabilized interest rates and anchored inflation improve pricing visibility. The ECB maintained its policy rates in early February, reaffirming commitment towards stabilizing inflation ~2%, supporting underwriting discipline across CRE. Narrowed bid-ask spread and continued demand for income assets signals recovery. However, the Middle East conflict may infuse some inflationary cost pressure, which may weigh on the expected recovery. Savills forecasts Q1 investment volumes up ~6% y/y, signaling a gradual recovery, with early inward pressure on prime yields (~25bps) in supply-constrained markets.

French and German CRE markets entered a new cycle characterized by stabilizing financing costs and a focus on prime assets. While France saw a rebound in transaction volumes as focus shifted to price discovery and repurposing older office space. Germany experienced a divide with rising business activity, yet continued stagnation in the construction sector.

The UK housing market remained strong in February 2026, with Halifax reporting a record average price of £301,151 after a 0.3% monthly rise. Mortgage approvals hit their highest level since mid-2022 as wage growth improved affordability .Northern regions led gains while rents surged 7.5% y/y due to limited housing supply.

APAC & GCC: Stability Meets a Geopolitical Tightrope

In APAC real estate, the momentum continued owing to strength in investments as global investors conviction growing as interest rate stabilizes and rentals remain attractive. Particularly, office assets witnessing significant return of interest as a preferred sub-asset class. However, this fight to quality momentum could see indirect impact from the on-going conflict as heightened political risk & potential inflationary pressure on construction costs may turn investors cautious and impact capital raising.

Japan continues to remain a cornerstone for the region’s stability with strong rental growth for office space & resilient multifamily demand with increased acceptance for rent reversions. Australia showed continued preference for high grade office properties with vacancy remained flat for Sydney CBD with Brisbane and Canberra have identified as high potential market for this year. While China continues to face a significant challenge in terms of weak demand and oversupply as transaction activity contracting with falling prices. India continues to focus on manufacturing hubs while Singapore & Japan focus on rental stability and premium logistics upgrades.

The key GCC markets including UAE & KSA which entered the year with strong growth momentum are facing short-term disruption owing to ongoing conflict as investors turn cautious citing security concerns. Nonetheless, long-term outlook remains supported by oil prices

Currencies

Currencies	Feb-end	▲ 1-Month	▲ 6-Month	▲ YoY
DXY Index	97.6080	1.4%	-0.2%	-9.0%
EUR/USD	1.1813	-1.9%	1.1%	13.6%
GBP/USD	1.3484	-2.6%	-0.1%	7.0%
USD/CHF	0.7687	1.0%	-3.9%	-14.5%
USD/CAD	1.3642	0.5%	-0.7%	-5.5%
USD/AUD	1.4059	1.5%	8.8%	14.1%
USD/AED	3.6729	0.0%	0.0%	0.0%
USD/INR	91.0460	-0.4%	3.3%	4.3%
USD/CNY	6.8579	1.4%	3.8%	-5.9%
USD/JPY	156.0500	-2.5%	-6.1%	4.2%
Bitcoin	66724	-14.7%	-38.9%	-20.8%

Commodities

Commodities	Feb-end	1-Month	6-Month	YoY
WTI Crude ($/barrel)	67.0	7.4%	4.7%	-4.7%
Brent Oil ($/barrel)	72.5	7.3%	6.4%	-2.1%
Natural Gas ($/mmBtu)	2.9	-58.9%	-4.6%	-27.3%
Gold ($/oz)	5,277.3	1.7%	53.1%	83.5%
Silver ($/oz)	93.8	-17.0%	136.5%	200.2%
Platinum ($/oz)	2,364.8	-10.5%	73.3%	149.3%
Palladium ($/oz)	970.5	0.8%	1.7%	1.7%
Copper ($/metric ton)	9,518.8	3.8%	4.2%	12.6%

Fixed Income

Rates	27-Feb-26	31-Jan- 25	31-Nov-25	31-Aug-25
Fed Funds Target	3.75%	3.75%	4.0%	4.5%
ECB Depo Rate	2.0%	2.0%	2.0%	2.0%
US Treasuries 2-year	4.2%	3.5%	4.2%	4.2%
US Treasuries 10-year	3.4%	4.2%	3.5%	3.6%
US Treasury 2–10 Spread (bps)	4.0%	71	4.0%	4.2%
German Bunds 2-year	58	2.1%	53	60
German Bunds 10-year	2.0%	2.8%	2.0%	1.9%
UK Gilts 10-year	2.7%	4.5%	2.7%	2.7%
Japanese Govt Bonds 10-year	4.2%	2.2%	4.4%	4.7%
Swiss Govt Bonds 10-year	2.1%	0.2%	1.8%	1.6%
China 10-year	0.2%	1.8%	0.2%	0.3%
India 10-year	1.8%	6.7%	1.8%	1.8%
Australia 10-year	6.7%	4.8%	6.5%	6.6%

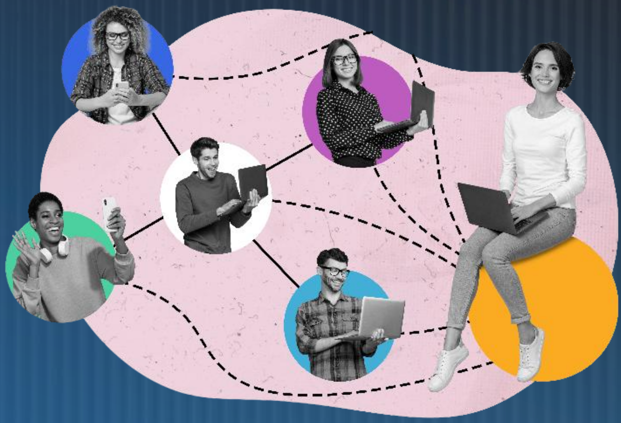
Source: investing.com, data as of 27 February 2026, SGA Research

Global Equity Markets

Country	Index	Feb-end	▲1-Month	▲6-Month	▲YoY
US	**S&P 500 ($)**	6,878.88	-1.4%	6.5%	17.4%
	DJ Industrial Average ($)	48,977.92	-0.1%	7.5%	13.3%
	Nasdaq 100 ($)	24,960.04	-3.8%	6.6%	21.5%
Europe	**STOXX Europe 600 (€)**	633.85	3.4%	15.2%	13.8%
	STOXX Europe 50 (€)	6,138.41	2.4%	14.7%	12.2%
	UK FTSE 100 (£)	10,910.55	6.9%	18.8%	24.6%
	Germany DAX (€)	25,284.26	1.6%	5.8%	12.1%
	France CAC 40 (€)	8,580.75	5.2%	11.4%	5.9%
	SWISS MKT (CHF)	14,014.30	6.0%	15.0%	8.1%
APAC	**Japan Nikkei 225 (JPY)**	58,850.27	10.3%	37.8%	53.8%
	SHANGHAI COMPOSITE (CNY)	4,162.88	0.6%	7.9%	22.9%
	Hang Seng (HKD)	4,710.65	0.1%	4.8%	18.7%
	Australia S&P/ ASX 200 (AUD)	26,630.54	-1.8%	6.2%	12.3%
	India Nifty 50 (INR)	9,198.60	2.9%	2.5%	11.3%
MENAT	**UAE ADX (AED)**	10,453.88	1.0%	3.6%	8.8%
	Dubai DFMGI (AED)	6,503.50	0.6%	7.3%	21.3%
	Qatar DSM (QAR)	11055.18	-2.0%	-1.5%	5.8%
	Saudi Arabia Tadawul (SAR)	10709.04	-5.9%	0.1%	-11.6%
	Kuwait BK Main 50 (KWD)	8350.92	-3.9%	4.7%	13.1%
	Muscat MSM30 (OMR)	7393.37	17.9%	47.0%	66.7%
	Bahrain All Share (BHD)	2060.72	0.5%	6.8%	5.1%
	Egypt EGX 30 (EGP)	49212.83	2.9%	40.0%	60.8%
	Turkey N100 (TRY)	13717.81	4.7%	21.5%	40.8%

Source: investing.com, data as of 31 January 2026, SGA Research

SGA Newsletter Team



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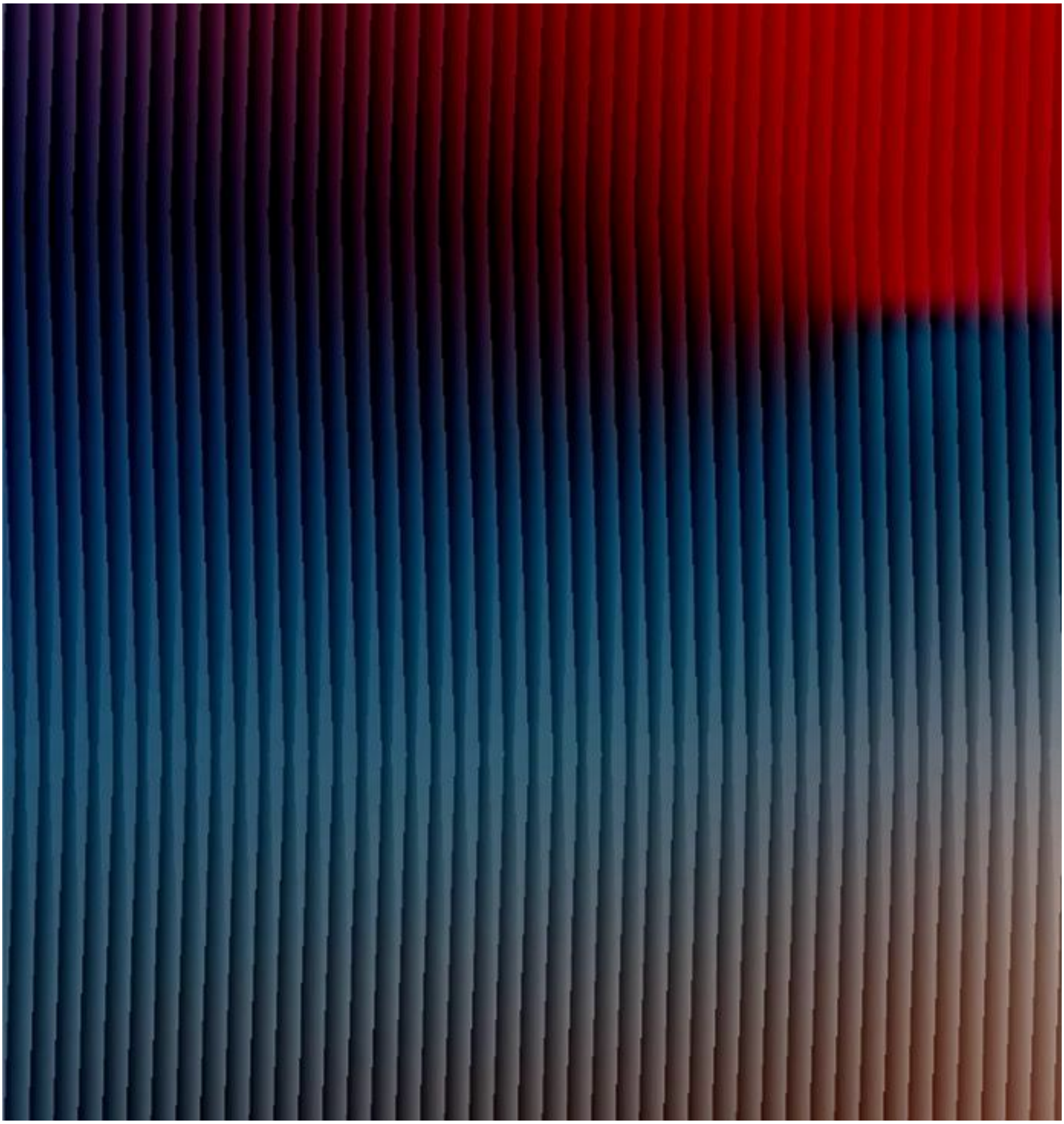

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