

LION GLOBAL SAYS



A Quick Guide To What's Happening In The Markets

February 2026

MACRO MOVERS & SHAKERS



GROWTH

INFLATION

POLICY

US

The US economy is expected to grow steadily in 2026, supported by strong AI-related investment, government spending, and the expected rate cuts. Labour market remains in a 'slow to hire and slow to fire' steady state. Increase business investment should improve economy due to the restoration of Tax Cut and Jobs Act incentive.

Inflation should ease further in 2026 but is likely to stay above the Federal Reserve's target. Wage growth and steady consumer demand may keep price pressures from falling quickly.

The Federal Reserve (Fed) will lean towards easing rates to support employment and growth, while upcoming board changes could affect the size and speed of rate cuts.

Europe

Europe is set for a mild improvement in 2026. Germany's higher infrastructure and defense spending should help lift growth, while easier credit conditions support the recovery. However, export momentum may stay weak due to US tariff pressure, lingering trade uncertainties, and competition from China.

Eurozone inflation is expected to continue cooling as energy prices normalize and demand stays moderate. Price levels should move closer to the European Central Bank's target, though not fully reach it.

The European Central Bank (ECB) is likely to stay on hold in the near term as policymakers see the economy in a state of equilibrium as inflation has stabilized, and the euro-zone economy has weathered the global trade stress and geopolitical upheaval surprisingly well.

Asia

Asia's outlook is mixed. China's growth is likely to slow as exports weaken and the property market remains soft, though tech-driven industries provide some support. Domestic demand should hold up but not accelerate. Other Asian economies, especially Korea and Taiwan should benefit from global tech spending but may feel the drag from China's slower pace.

Inflation in Asia is generally lower and more stable. China's softer growth and weak property market should keep price pressures contained, though food and energy costs remain watch points. Singapore raised 2026 inflation target from 0.5% -1.5% to 1% - 2% due to upside risk to economic growth.

Across the broader Asia region, inflation remains well-contained thanks to steady supply chains and moderate demand, allowing central banks to keep policy balanced, while China still has room to cut borrowing costs or lower bank reserve requirements if needed to support its 4.5 - 5% growth target. MAS has kept its SGD policy unchanged in the latest meeting.

Japan

Japan is expected to post modest growth in 2026, supported by steady wage gains and ongoing corporate investment. With the landslide victory by ruling LDP, the government is in powerful position to amend constitution and push through fiscal spending.

Japan's inflation is likely to stay above the Bank of Japan's goal as wage gains broaden, services prices remain sticky, and may fall more slowly than in other regions.

Bank of Japan (BoJ) remains well behind the curve, and the market anticipates additional hikes by the end of 2026. Ueda has signaled that policy normalization is likely to continue gradually rather than end at 1%.

RISKS

- A market selloff triggered by a re-rating of valuations across AI-tech companies
- Persistent inflation and concerns over Fed independence creating interest rate volatility and leading to a steeper yield curve
- Geopolitical risks from a widening of Russia/Ukraine war, tensions over Greenland, US interventions in Iran, and the China-Japan

SENSIBLE CONSIDERATIONS



At A Glance

Legend:

Outlook	Negative	Neutral	Positive
Valuation	Expensive	Fair	Cheap

EQUITIES

Geography	Outlook	Valuation	
Global	Neutral	Expensive	Equity markets continued to edge higher, supported by expectations of monetary policy easing and fiscal support. AI optimism continues. Central Banks' pace of rate cuts slowing.
US	Neutral	Expensive	Stocks remain near record highs, and valuations are stretched. Risk appetite dampened by rising concerns about valuations of mega-cap tech and unease over the sustainability of massive AI spending and timing of payoff.
Europe	Neutral	Expensive	Political uncertainty and weak growth persist, but fiscal support and structural reforms are expected to gain traction gradually. Defense spending remains a priority, though the timing and scale of stimulus measures are still unclear.
Asia Pac ex Japan	Positive	Fair	Weak USD eases financial conditions, allowing central banks to cut rates. Easier monetary and fiscal policy are positive for Asia. Lower than expected tariffs could lead to a resumption of exports in the region supporting growth.
Japan	Negative	Expensive	Rate hikes due to return of inflation. Earnings and on-going corporate governance reforms support equities but higher valuation. Landslide election win would alter policy directions.

Market	Outlook	Valuation	
China	Negative	Fair	Opportunities in Five-Year Plan and ant-involution beneficiaries as well as exposure to commodities, though weak consumption tempers enthusiasm.
South Korea	Positive	Fair	Korea remains the most compelling opportunity, combining exceptional earnings momentum with attractive valuations
Taiwan	Negative	Expensive	The market strong growth justifies premium valuations, with opportunities in the AI supply chain from advanced packaging to testing equipment.
India	Negative	Fair	attractive entry point as the US-India trade deal and EU FTA enhance structural growth prospects.
Singapore	Positive	Expensive	Enhancing shareholder value and liquidity tailwinds from MAS' initiatives
Malaysia	Neutral	Cheap	Currency strength, supported by improving macro fundamentals and commodity export revenues, enhances returns for international investors
Indonesia	Neutral	Cheap	Near-term uncertainty following MSCI's ownership transparency concerns and frontier market reclassification risk. While valuations are attractive, investors should await regulatory clarity before adding exposure
Thailand	Negative	Cheap	Political uncertainty continues to weigh on sentiment
Vietnam	Positive	Cheap	Long term economic growth tailwind, stable and pro-growth government, well-educated and motivated population, undemanding market valuation

BONDS

Market & Duration	Outlook	
Singapore	Positive	SGD rates to benefit from Fed cuts and appreciation of SGD NEER
Asia	Positive	Asia credits to benefit from Fed cuts at the short end of the curve.
Short Duration	Positive	Short dated corporate bonds to benefit from Fed cuts while offering relative value compared to low cash rates

Valuation based on Price-to book ratio. All data are sourced from Lion Global Investors as of 31 January 2026, unless otherwise stated.

Liquidity	Fixed Income	Diversified Growth	Diversified Income	Developed	Regional	North Asia	South/Southeast Asia	Singapore	Thematic	Gold
LionGlobal SGD Liquidity Fund	LionGlobal Short Duration Bond Fund**	LionGlobal All Seasons Fund (Standard)	LionGlobal All Seasons Fund Standard (Distribution)	Infinity Global Stock Index Fund**	LionGlobal Asia Pacific Fund**	LionGlobal Japan Growth Fund**	LionGlobal India Fund	LionGlobal Singapore Trust Fund**	Lion-Phillip S-REIT ETF	LionGlobal Singapore Physical Gold Fund
LionGlobal SGD Money Market Fund	LionGlobal Singapore Investment Grade Bond Fund	LionGlobal All Seasons Fund (Growth)	LionGlobal All Seasons Fund Growth (Distribution)	Infinity U.S. 500 Stock Index Fund**	LionGlobal China Growth Fund**	LionGlobal Taiwan Fund	LionGlobal Malaysia Fund	LionGlobal Singapore Dividend Equity Fund	Lion-OCBC Securities Hang Seng TECH ETF	
LionGlobal SGD Enhanced Liquidity Fund	LionGlobal Singapore Fixed Income Fund**		LionGlobal All Seasons Fund Standard (Decumulation)	Infinity Europe Stock Index Fund	LionGlobal Southeast Asia Fund	LionGlobal Korea Fund	LionGlobal Thailand Fund	Lion-OCBC Securities Singapore Low Carbon ETF	Lion-OCBC Securities APAC Financials Dividend Plus ETF	
LionGlobal USD Enhanced Liquidity Fund	LionGlobal Short Duration Bond Fund* (Active ETF SGD Class)		LionGlobal All Seasons Fund Growth (Decumulation)		Lion-China Merchants Emerging Asia Select Index ETF	Lion-Nomura Japan Active ETF* (Powered by AI)	LionGlobal Vietnam Fund		Lion-China Merchants CSI Dividend Index ETF	
Lion-BIBDS Islamic Enhanced Liquidity Fund	LionGlobal Asia Bond Fund					Lion-OCBC Securities China Leaders ETF				

*This is an actively managed ETF **CPFIS Funds: LionGlobal Short Duration Bond Fund Class A SGD (Dist), LionGlobal Singapore Fixed Income Investment Class A SGD, Infinity Global Stock Index Fund SGD, Infinity Global Stock Index Fund Class C SGD, Infinity U.S. 500 Stock Index Fund SGD, LionGlobal Asia Pacific Fund SGD, LionGlobal China Growth Fund SGD, LionGlobal Japan Growth Fund SGD, LionGlobal Japan Growth Fund SGD-Hedged and LionGlobal Singapore Trust Fund SGD.

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