

Monthly Investment Insights

MARCH 2026

TOPIC 1:

Seek reliable income generation

Despite some recent volatility and the elevated level of long-maturity government bond yields in developed markets, investment grade corporate bonds remain supported by resilient fundamentals and strong demand for high-quality income.



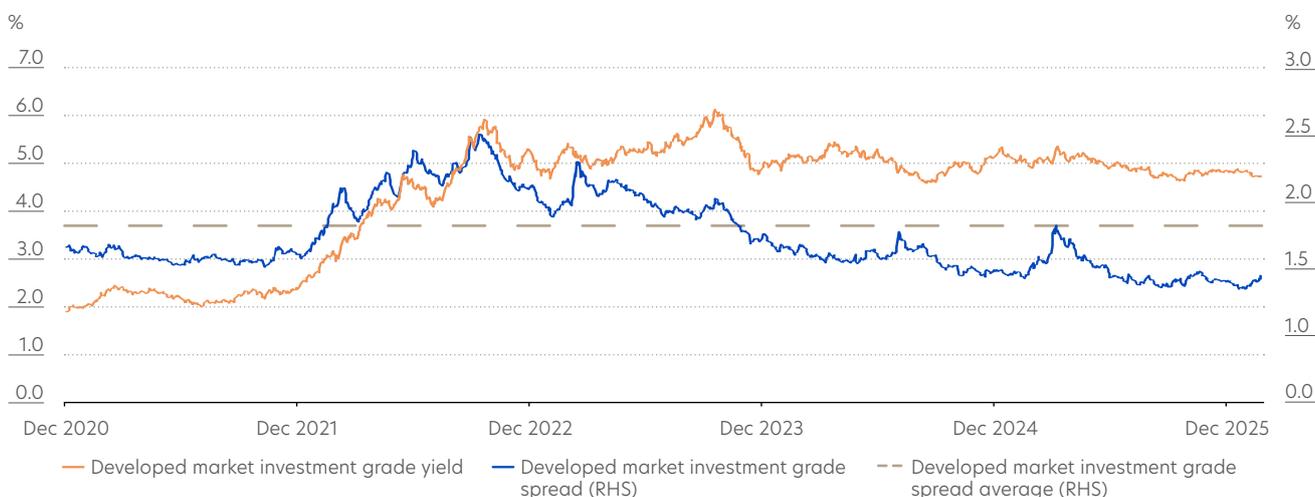
What you can do

Stay invested in high-quality investment grade bonds to capture stable income and enhance portfolio resilience.

- Long-maturity government bond yields in many developed markets rose in the fourth quarter of 2025 and into early 2026, even as the United States (US) Federal Reserve (Fed) resumed its rate-cutting cycle. Persistent concerns over heavy government spending and higher debt issuance, shifting trade policies, and central bank independence led investors to demand higher yields to hold long-term bonds.
- In contrast, investment grade corporate bonds were relatively stable. Credit spreads, the extra yield companies pay as compared to the US government when issuing debt, remained tight, suggesting that recent bond market volatility was driven more by interest rate expectations than weakening credit fundamentals. Broadly speaking, investment grade bond yields largely moved sideways, while spreads continued to tighten, as shown in Figure 1.
- While risks such as elevated bond issuance, geopolitical tensions, Fed policy uncertainty, and potential economic weakness could trigger a temporary widening of credit spreads, we expect the global economy to continue expanding in 2026. This suggests a “stable yield” environment, where returns from investment grade bonds are driven mainly by income rather than price gains.
- Tight credit spreads also reflect resilient corporate fundamentals and strong demand for high-quality income. Investors should stay focused on quality investment grade bonds for steady income, maintain diversification, and avoid chasing short-term price movements.

Figure 1:

Credit spread of investment grade bonds tighten despite stable yields



Source: Factset, J.P. Morgan Asset Management.



Speak to your UOB Advisor today to find out more.

Diverging earnings expectations for 2026

A diverging trend is emerging, where US technology companies face scrutiny over their ability to monetise heavy investments, while earnings momentum in Asia is rising given the region's increasing importance in the artificial intelligence (AI) supply chain.



What you can do

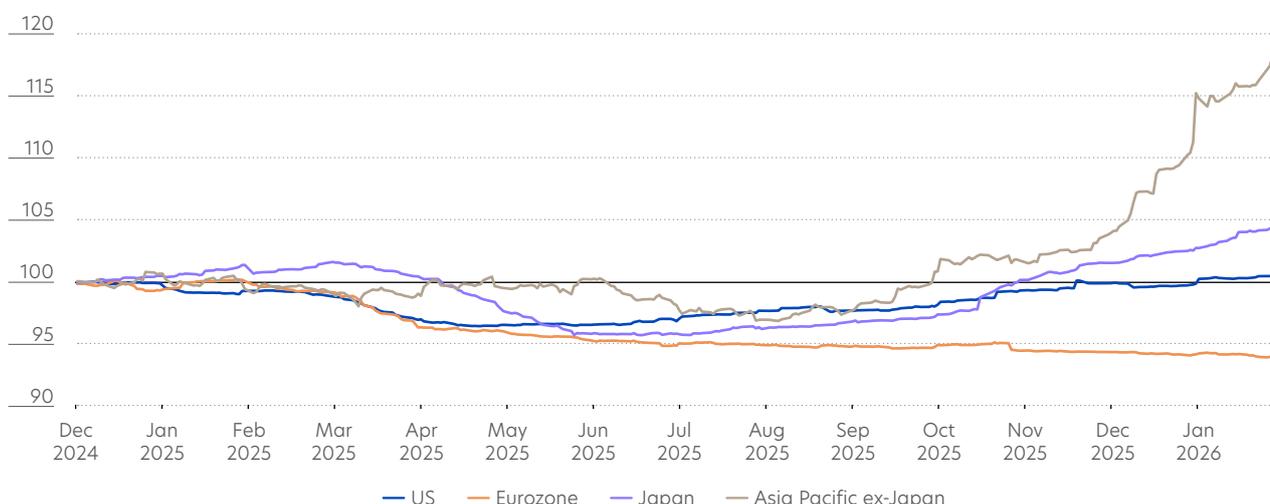
Maintain a diversified exposure to the technology sector to benefit from structural AI growth, and seek opportunities in China's policy-driven AI strategy and Asian semiconductor and hardware companies.

- The corporate earnings season across major markets is nearing completion, giving investors a clearer view of full-year 2025 results, with the focus now shifting to 2026 expectations. Analysts are revising profit forecasts, and this has highlighted differences in earnings momentum across regions and sectors.
- A key market shift is greater differentiation. Companies that can translate AI investment into tangible revenue and cash flow are seeing upward revisions, while those without a clear monetisation path face more cautious estimates.
- In the US, investors are scrutinising technology companies whose heavy capital spending is not matched by meaningful revenue gains. If free cash flows and share buybacks start to decline, earnings estimates are likely to be trimmed, leading to sharper stock price reactions.
- Regional trends are diverging. Asia stands out with strengthening earnings momentum, driven by a broadening AI theme and the region's increasing importance in the supply chain. Growth has expanded beyond core technology to "AI enablers" such as industrials, utilities, and materials, with the strongest gains in semiconductors, data centers, networking equipment, and power infrastructure. This trend is particularly evident in South Korea, contributing to strong positive earnings revisions in the region (Figure 2).
- Investors should maintain a diversified exposure to the global technology sector to both capture structural AI growth and navigate the landscape of potential winners and laggards. In particular, seek opportunities in businesses that benefit from China's government-led AI strategy and Asian semiconductor and hardware companies embedded in the global AI supply chain.

Figure 2:

Broadening AI theme has contributed to strong positive earnings revisions in Asia

Index to 100 as of 31 December 2024



Source: Factset, MSCI, J.P. Morgan Asset Management.



Speak to your UOB Advisor today to find out more.

Unlocking value in Singapore's equity market

Amid ongoing efforts to deepen liquidity and broaden market diversity, Singapore equities offer attractive income and growth opportunities at reasonable valuations.



What you can do

Diversify investment portfolio with an allocation in Singapore equities to capture opportunities amid continued policy support.

- One key objective of the Equity Market Development Programme (EQDP), launched in Singapore last year, is to revitalise the domestic equity market by increasing retail investor participation. Measures such as reducing lot sizes for higher-priced stocks aim to lower the barrier of entry for retail investors and boost trading activity. As shown in Figure 3a, retail participation in Singapore remains relatively low compared with regional peers, suggesting further growth potential.
- However, stronger participation must be supported by higher-quality listings and a steady initial public offerings (IPO) pipeline. Encouragingly, equity fundraising activity picked up last year, with deal counts rising sharply (Figure 3b).
- Momentum could continue this year as more regional companies consider listing on the Singapore stock market, supported by the Nasdaq-Singapore Exchange (SGX) dual-listing initiative, which allows companies to list in both the US and Singapore. A stronger IPO pipeline would enhance market diversity, deepen liquidity, and strengthen the overall appeal of Singapore's stock market.
- In the recent Budget 2026, Singapore's government further reinforced its commitment by expanding the EQDP from SGD 5 billion to SGD 6.5 billion, signalling long-term support for a resilient and dynamic stock market.
- With continued policy support, Singapore equities offer opportunities for income and growth at reasonable valuations, while making them attractive for portfolio rebalancing and diversification.

Figure 3a:

Retail participation in Singapore remains low within Asia

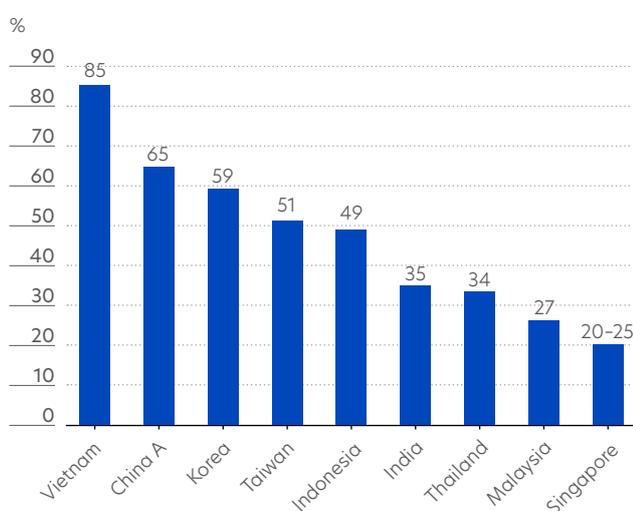
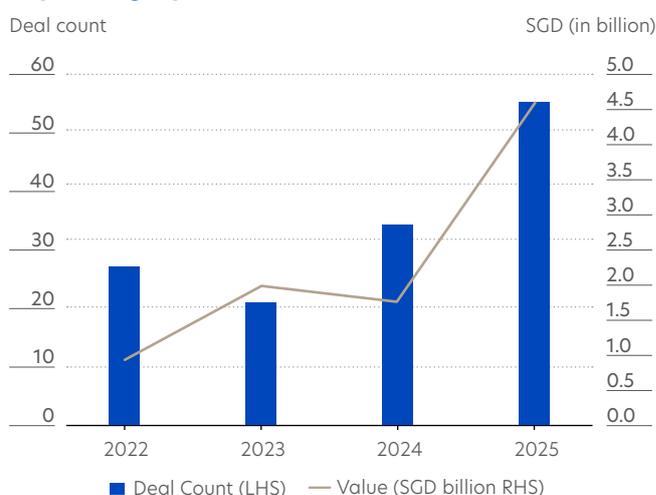


Figure 3b:

Singapore's equity fundraising activity is picking up



Source: (LHS) Exchange Data and JPMAM Estimates, as of 31 December 2025. (RHS) Bloomberg, as of 13 January 2026. Note: includes both IPO and additional placements.



Speak to your UOB Advisor today to find out more.



Right By You

IMPORTANT NOTICE AND DISCLAIMERS:

The information contained in this publication is given on a general basis without obligation and is strictly for information purposes only. This publication is not intended to be, and should not be regarded as, an offer, recommendation, solicitation or advice to buy or sell any investment or insurance product and shall not be transmitted, disclosed, copied or relied upon by any person for whatever purpose. Any description of investment or insurance products, if any, is qualified in its entirety by the terms and conditions of the investment or insurance product and if applicable, the prospectus or constituting document of the investment or insurance product. Nothing in this publication constitutes accounting, legal, regulatory, tax, financial or other advice. If in doubt, you should consult your own professional advisers about issues discussed herein.

The information contained in this publication, including any data, projections and underlying assumptions, are based on certain assumptions, management forecasts and analysis of known information and reflects prevailing conditions as of the date of the publication, all of which are subject to change at any time without notice. Although every reasonable care has been taken to ensure the accuracy and objectivity of the information contained in this publication, United Overseas Bank Limited ("UOB") and its employees make no representation or warranty of any kind, express, implied or statutory, and shall not be responsible or liable for its completeness or accuracy. As such, UOB and its employees accept no liability for any error, inaccuracy, omission or any consequence or any loss/damage howsoever suffered by any person, arising from any reliance by any person on the views expressed or information contained in this publication.

Any opinions, projections and other forward looking statements contained in this publication regarding future events or performance of, including but not limited to, countries, markets or companies are not necessarily indicative of, and may differ from actual events or results. The information herein has no regard to the specific objectives, financial situation and particular needs of any specific person. Investors may wish to seek advice from an independent financial advisor before investing in any investment or insurance product. Should you choose not to seek such advice, you should consider whether the investment or insurance product in question is suitable for you.

This material issued by United Overseas Bank Limited may be based in full or part on information sourced from J.P. Morgan Asset Management and may not represent views of the source in its entirety. Such information is educational in nature, should not be construed as research or advice and is not tailored for any specific recipient's objectives.