Investment Committee Outlook

June 2026

Independent perspectives for globally minded investors

Monthly CIO Report

Executive Summary

Late-cycle expansion: selective risk-taking, not broad defensiveness

Our Base Case

- Late-cycle expansion rather than imminent recession.
- Growth is moderating but remains positive.
- Inflation remains above target and policy restrictive.

Investment Implication

- Do not avoid risk entirely; take risk selectively.
- Cash yields well, but opportunity cost is rising.
- Equities remain the preferred engine of long-term real return.

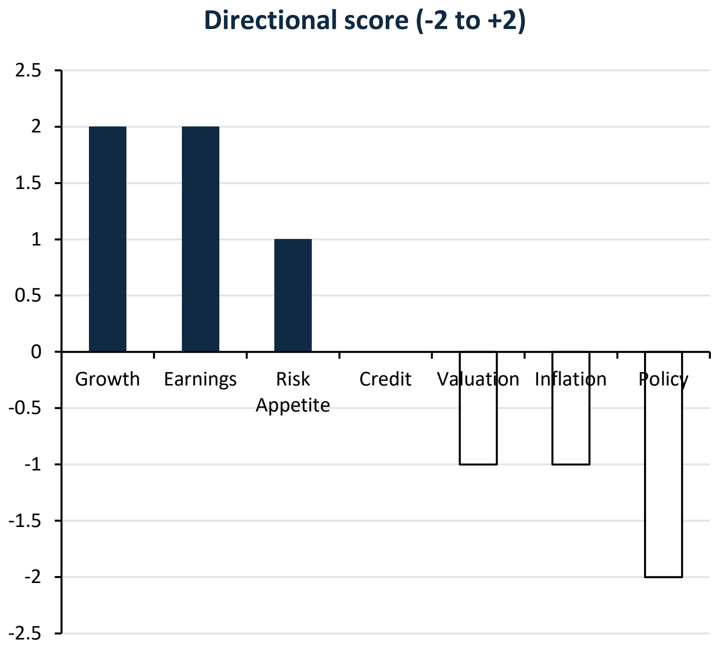
Highest Conviction Views

- U.S. equities
- Japanese equities
- Investment grade credit
- Convertible bonds
- Insurance-linked securities

Investment Committee Scorecard

Moderate risk-on stance, with valuation and policy discipline

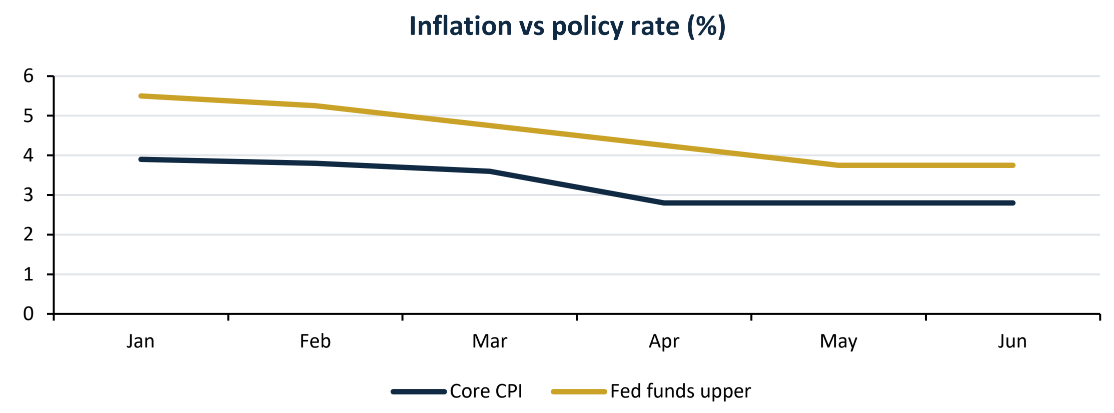
Indicator	Signal	Assessment
Growth	Positive	ISM above 50; recession risk contained
Inflation	Neutral / Negative	Still above central bank targets
Monetary Policy	Restrictive	Policy remains tight
Earnings	Positive	EPS expectations constructive
Valuation	Neutral / Negative	U.S. multiples above average
Credit	Neutral	Spreads orderly but tight
Risk Appetite	Positive	Supported by earnings momentum

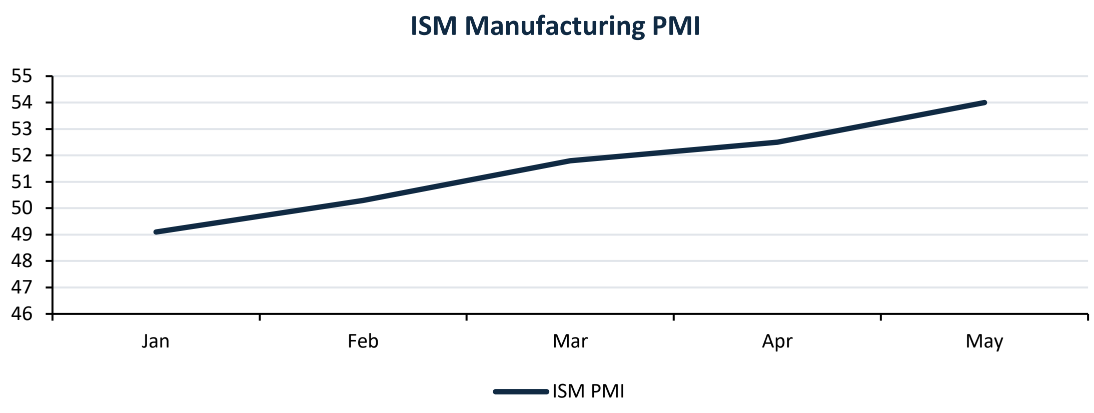


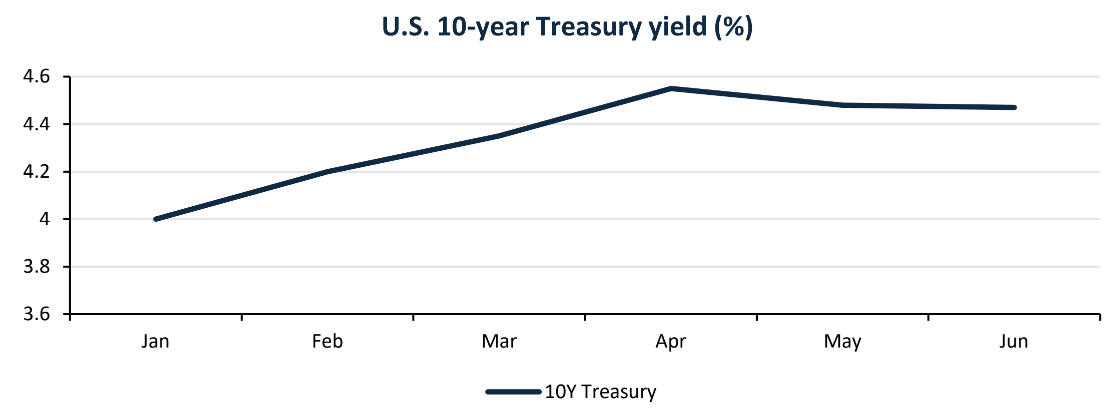
The scorecard supports a moderate risk-on stance, but not an indiscriminate one. Favor quality equity exposure and selected credit; avoid relying on valuation expansion.

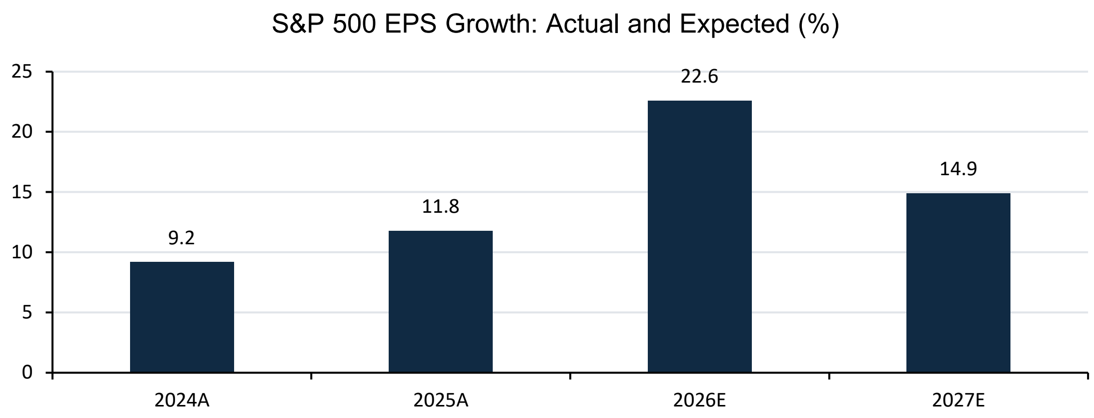
Macro Dashboard

Growth remains positive, but inflation and policy remain constraints



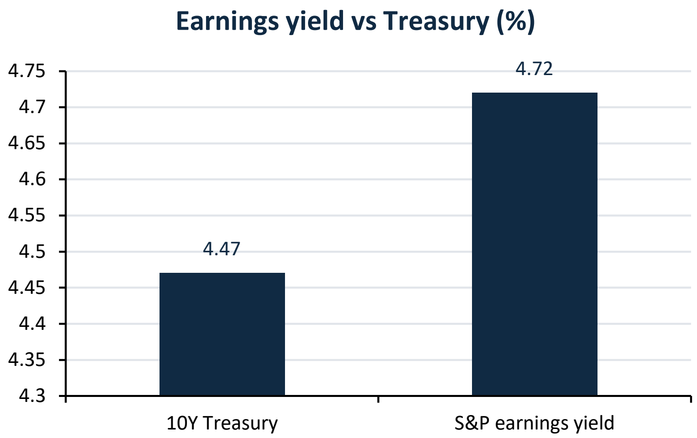


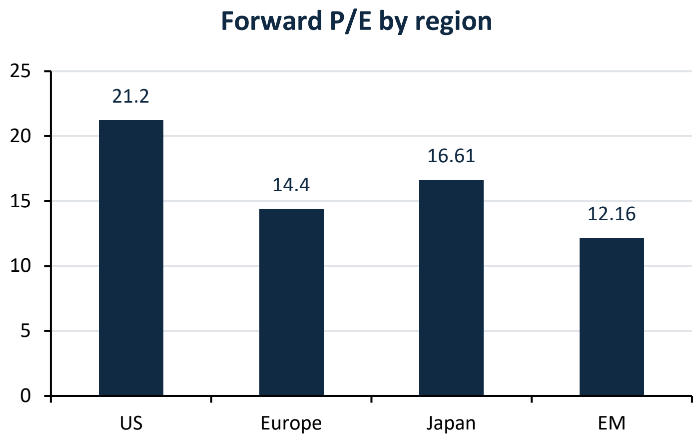


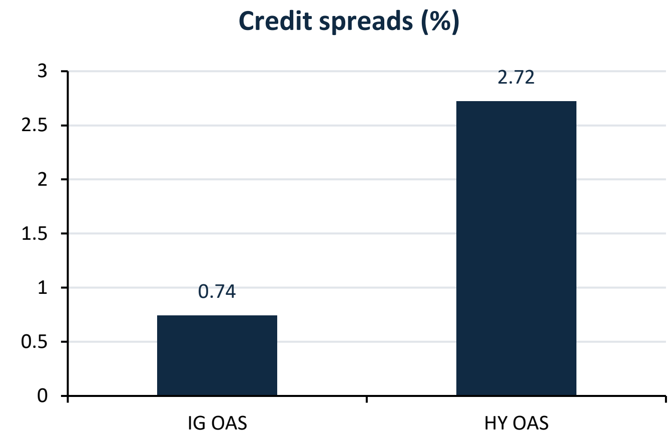


Relative Value Dashboard

Valuation discipline matters more when risk-free yields are competitive





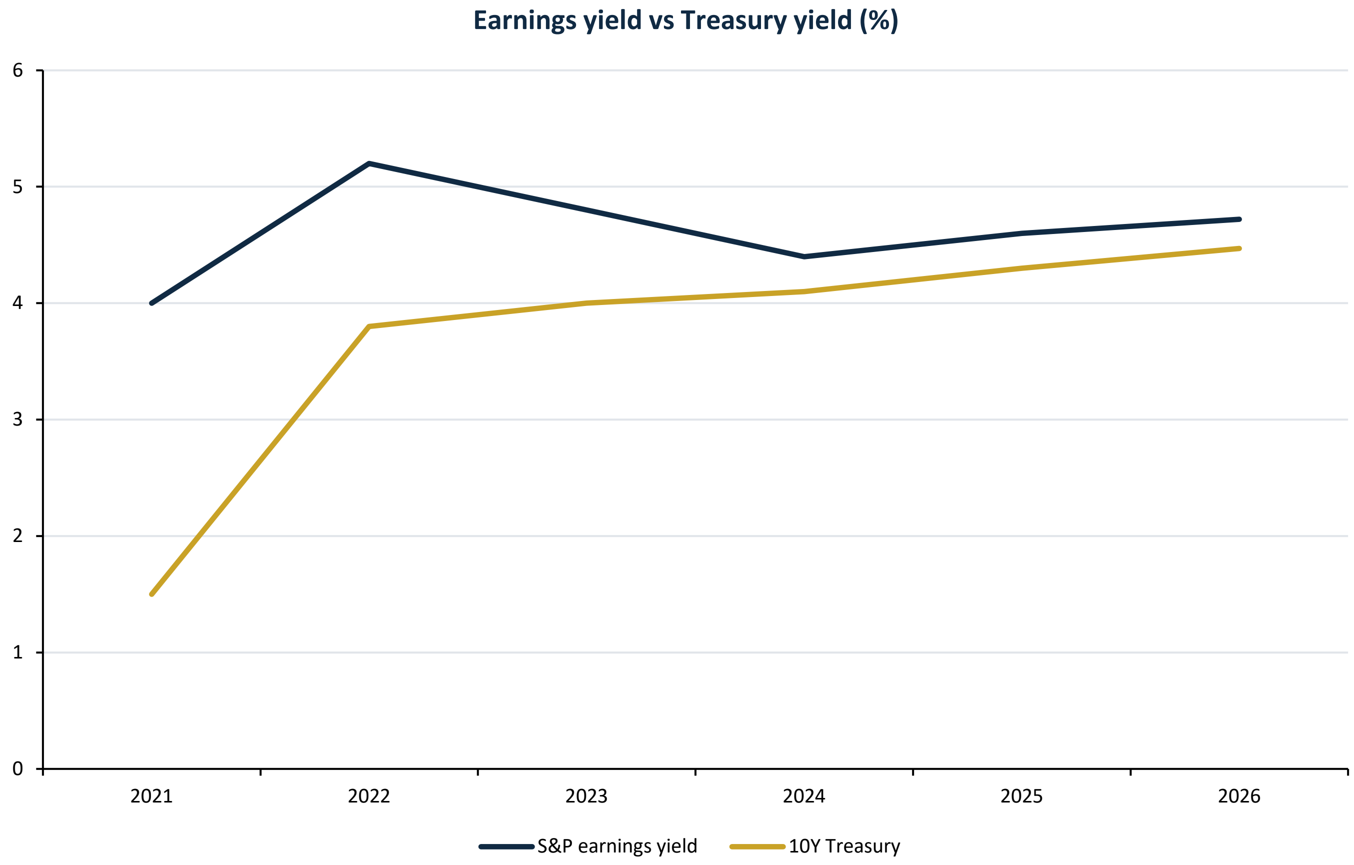


Key implication

The equity risk premium is thin by a simple earnings-yield methodology. Future equity returns are likely to depend more on earnings delivery than multiple expansion. Within equities, valuation alone is not enough; we favor the U.S. for earnings leadership and Japan for structural governance improvement.

Chart of the Month

The equity risk premium has nearly disappeared



CIO Interpretation

A thin risk premium does not mean equities should be avoided.

It means earnings delivery matters more than valuation expansion.

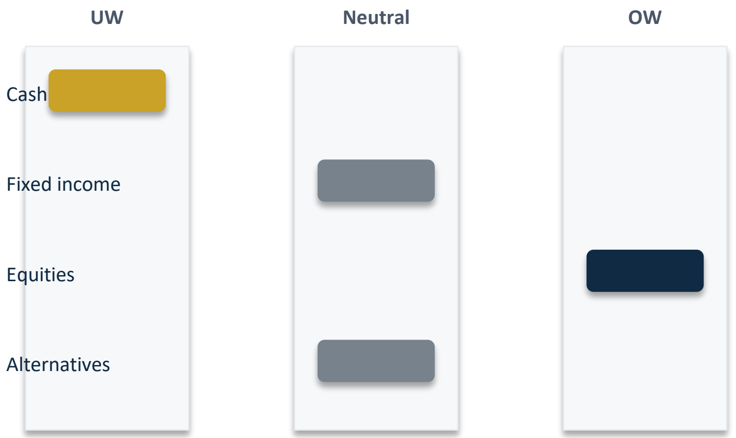
Quality, balance-sheet strength and earnings visibility should drive allocation decisions.

Tactical Asset Allocation

Top-level stance: OW equities, neutral fixed income and alternatives, UW cash

Asset Class	View	Rationale
Cash & money markets	Underweight	Attractive yield, but rising opportunity cost
Fixed income	Neutral	Income attractive; duration upside balanced
Equities	Overweight	Earnings growth remains supportive
Alternatives	Neutral	Favor low-correlation diversifiers selectively

Tactical view: UW / Neutral / OW



Cash is underweight; equities are overweight.

Asset allocation implication

New capital should be deployed gradually rather than left indefinitely in cash. The emphasis is quality, liquidity, and return streams that can withstand a higher-rate environment.

Fixed Income Outlook

Neutral U.S. Treasuries; overweight quality credit and convertibles

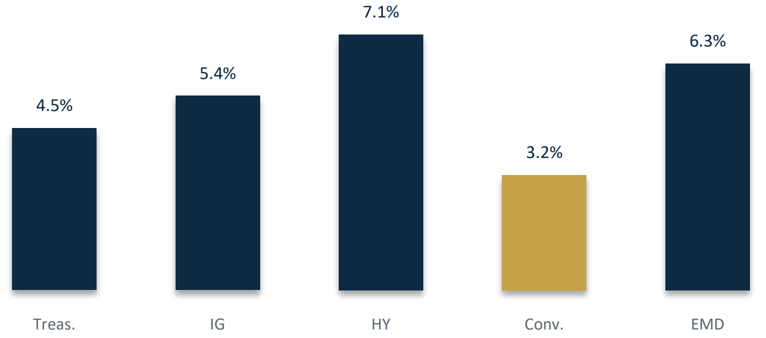
Sector	View	Rationale
U.S. Treasuries	Neutral	Attractive yields and diversification, but duration upside balanced
Investment grade credit	Overweight	Attractive all-in yields; prefer quality over spread beta
High yield credit	Neutral	Spreads tight; carry attractive but downturn compensation limited
Convertible bonds	Overweight	Equity upside participation with bond-like downside features
Emerging market debt	Neutral	Income attractive; dollar and geopolitical risks require selectivity

Duration view: Short duration N | Intermediate duration OW | Long duration UW

Maintain duration discipline. Intermediate maturities offer the best balance of income, convexity and rate risk.

U.S. Treasury yield curve (%)

Representative yield proxies (%)

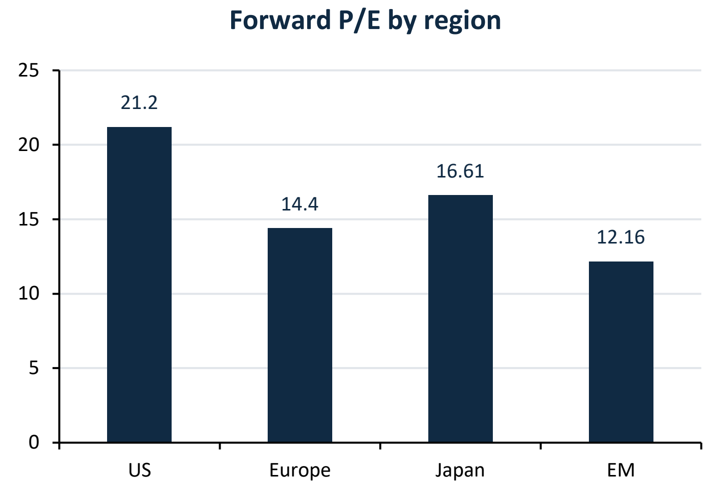


Note: Convertible yield proxy excludes value of embedded equity optionality.

Equity Outlook

U.S. earnings leadership and Japan governance reform remain preferred exposures

Region	View	Rationale
United States	Overweight	Earnings leadership, AI infrastructure, high margins
Europe	Neutral	Valuation discount but lower structural growth
Japan	Overweight	Governance reform, shareholder returns, improving profitability
Emerging markets	Neutral	Attractive valuation, but dollar and geopolitical sensitivity



US equities remain expensive, but earnings growth is strongest among major developed markets. Japan remains a differentiated overweight due to structural governance reform.

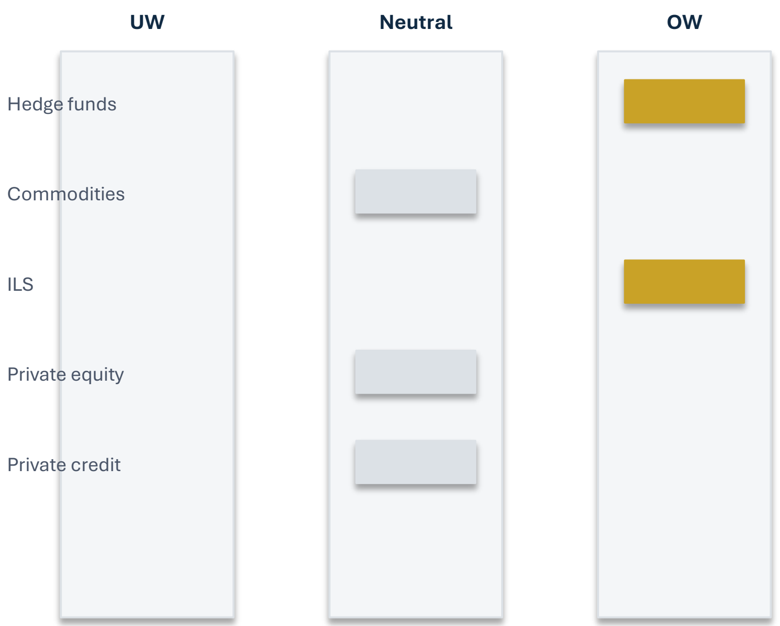
Alternative Investments Outlook

Diversification, not complexity

Segment	View	Rationale
Hedge funds	**OW**	Macro dispersion and higher rates improve the opportunity set
Commodities	**N**	Useful inflation hedge; near-term signals balanced
Insurance-linked securities	**OW**	Attractive income, low correlation, distinct catastrophe risk premium
Private equity	**N**	Higher financing costs and slower exits
Private credit	**N**	Income attractive, but underwriting discipline critical

Alternatives should not be used as a complexity premium. Favor identifiable, diversifying risk premia with disciplined liquidity and fee terms.

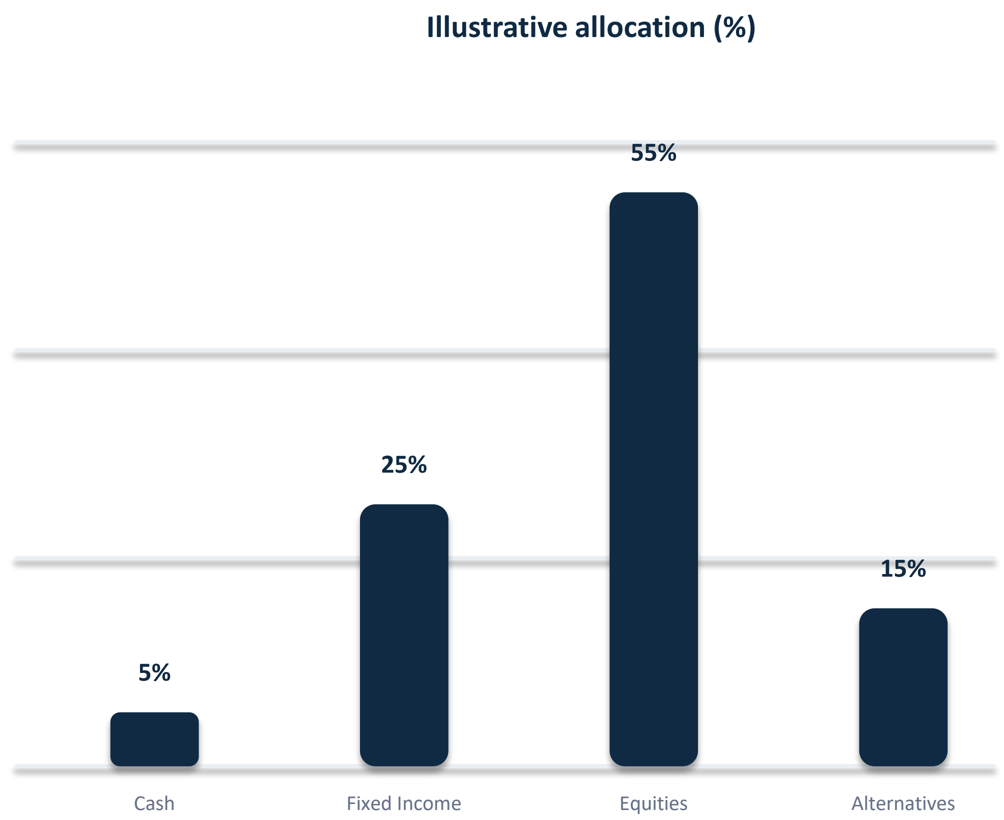
Alternative views: UW / Neutral / OW



Hedge funds and ILS are overweight; commodities and private markets remain neutral.

What We Would Do With New Capital Today

Illustrative balanced long-term mandate



Implementation priorities

Deploy gradually; avoid indefinite cash drag.

Prioritize U.S. equities and Japanese equities.

Add investment-grade credit and convertibles.

Use ILS and selected hedge funds as diversifiers.

Avoid overcommitting to illiquid private markets unless terms are compelling.

Methodology, Sources & Disclosures

Directional views intended to guide discussion

Methodology

Asset allocation views combine macro regime assessment, interest-rate conditions, earnings expectations, valuations, credit spreads, liquidity conditions, and qualitative risk assessment. Views are directional and intended to guide discussion, not model-portfolio instructions.

Primary sources

Source	Data used
BLS	Consumer Price Index
BEA / Reuters	Core PCE inflation
Federal Reserve / FRED	Fed funds and Treasury yields
ISM	Manufacturing PMI
FactSet	S&P 500 earnings and valuation
MSCI / JPM AM	Regional valuation data
ICE BofA / FRED	Corporate credit spreads

Treasury curve and fixed-income sleeve added to reflect U.S. Treasuries as core duration and liquidity exposure.

Disclosures

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