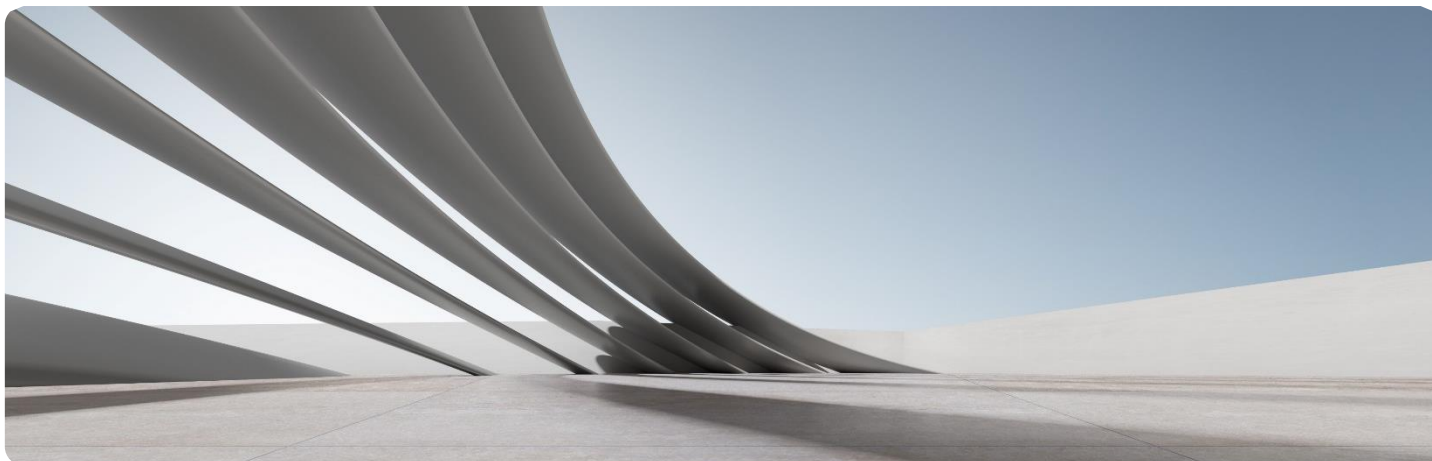


Entering an uncertain September

- Last week favoured defensive assets, with no positive surprise from corporate earnings or inflation
- Markets may require more visibility on growth, inflation, the Fed and even tariffs to take a direction
- Our September monthly committee may consider protecting some of this year's solid returns so far



Last week was mixed on global markets. Gold continued to outperform, and overall global bonds benefitted from slightly lower US treasury yields. Stocks, by contrast, had a modestly negative week across developed and emerging regions. The dollar was steady and oil prices slightly gained.

The week was relatively light in terms of data but there was nothing to surprise investors. Inflation in the US as measured by the PCE indices progressed in line with projections, reinforcing expectations for a Fed rate cut in September. Q2 GDP growth was revised slightly higher, and a robust increase in growth at +4.8% suggests solid consumption ahead. Put together, this both supports a 25bps rate cut this month and no commitment for the path ahead, which will undoubtedly be data dependent. The week ahead will indeed provide lots of top-down data, from global PMIs and US ISMs to the always important monthly US jobs report.

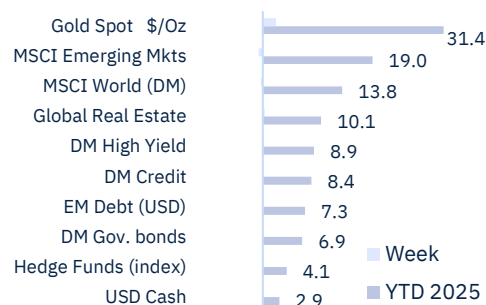
The corporate news flow was richer. Nvidia's guidance was below the most optimistic predictions, China's tech giants had various fortunes, but the week starts with a massive rally for Alibaba which clearly intends to close the AI gap with the US.

Talking about China, one of our equity overweight for months, the just released August PMIs were reassuring. Meanwhile, President Xi met with India's Prime Minister Modi and the two leaders agreed to deepen their diplomatic and economic relations, another unintended consequence of US tariffs, which face another legal challenge from a US appeal court.

We will hold our monthly investment committee this week and decide whether we should keep our current positioning, which delivers great returns so far, or start trying to protect them a bit.

Have a great week.

Asset Classes USD % total. Return, Week and YTD 2025



MAURICE GRAVIER
Group Chief Investment Officer
MauriceG@EmiratesNBD.com

GIORGIO BORELLI
Head of Asset Allocation
GiorgioB@EmiratesNBD.com

SATYAJIT SINGH, CFA
Head of Fixed Income Strategy
SatyajitSI@EmiratesNBD.com

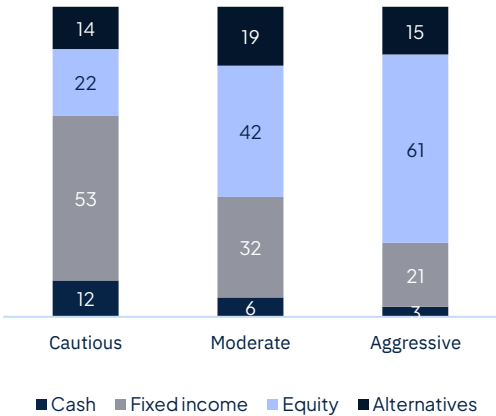
NAWAF ALNAQBI
Head of Equity Strategy
NawafALNA@EmiratesNBD.com

Cross-asset Update

The month of August just came to an end and gave us more of the same: a rally spurred by investors and marked by ever more bloated valuations and economic indicators providing contradictory messages. Overall, there is some emerging signs of weakness in the cycle, though they do not seem to be significant enough to justify an overly defensive stance in portfolios. And Jay Powell reassured all of us at Jackson hole, suggesting that the Fed is open to resume rate cuts, though in a somewhat limited fashion due to tariff-related price pressures. Preventative cuts are much more effective at sustaining bull markets than reactive easing, so in the absence of recessionary conditions monetary easing expected to be started in September should be a net positive. Indeed, on occasion of Powell’s speech at the Symposium on August 22nd the equal-weighted S&P 500 broke out to new all-time highs, and small and mid-caps had a very strong session as well. The month of August as a whole had a pro-cyclical bias, with small and mid-caps topping US market returns, and ex-US stocks outperforming US equities by more than 2%. Materials was the best sector in the United States, and after Jackson Hole energy followed suit. Market breadth, measured by the percent of stocks in the relevant benchmarks above key moving averages, was strong as well, confirming broad participation in the current rally. The release of advance business confidence surveys saw the manufacturing PMI shift from weaker to stronger both in the United States and in Europe, and globally the composite PMI rose to the highest level for the year. In general, PMIs rose across countries and sectors, that should spur some upward revisions of real economic growth rates. The US labor market may not be as strong as it seems, though, being in a “curious balance” to use Powell’s words, meaning that both labor demand and supply are falling at the same time, the former possibly on some tariff’s strain, the latter as Washington carries out deportation policies on immigrants. Overall, we would tend to see the glass still as half full, although equity valuations remain quite a concern.

So, should we be concerned for the month of September, the worst alongside October when one looks into the seasonality of returns? The fly in the ointment that could be a trigger for some profit taking is a new MIT study that revealed that 95% of organizations get zero return from using AI tools. That could in turn raise doubts about broad AI adoption, hence the returns on investment of the current heavy expenditure for the building of data centres. The tech sector is a heavyweight and valuations are extreme, making it vulnerable to profit taking. Apart from an unexpected economic shock, we do not see anything else looming large that could cause a deeper retracement in equities. And in the absence of major imbalances in the economy, dips should be seen as buying opportunities.

Tactical Asset Allocation: Simplified Positioning



TAA – Relative Positioning – Moderate Profile

UW/N/OW: Underweight/Neutral/Overweight

	UW	N	OW
Cash			>
DM Gov.			>>
DM Credit		=	
DM H. Yield		=	
EM Debt		=	
DM Equity	<		
EM Equity		=	
Gold			>
Hedge Funds	<<<		
Real Estate		=	

Fixed Income Update

We are a week into Chairman Powell's green light for the September Fed rate cut. The US Treasury yield curve has steepened with 5s30s up by +15 bps. There were several Treasury bond auctions last week with strong investor demand. The 5-year remained the favourite part of the curve. End user demand for the auction rose to 91.2%, the highest since January 2023. Dovish Fed speak kept pressure on the front-end part of the curve. The Senate Banking Committee is scheduled to conduct a confirmation hearing for Stephen Miran this week on Thursday, which raises the likelihood of his confirmation prior to the September FOMC meeting. The long end of the curve remains marred by questions on Fed independence and the inflation/growth dynamics. Market is pricing 54bps of rate cuts by the end of this year. This week remains data rich. The US August payrolls report is released this Friday. Early estimates show economists expect a gain like July's 73,000 jobs, along with a rise in the unemployment rate.

Although the currency backdrop proved challenging, investment grade (IG) credit demand continued to show notable resilience throughout the first half of the year. Notably, June's TIC data on foreign purchases capped off a robust six months, dispelling earlier concerns as net foreign purchases reached \$34 billion. This surge has brought the year-to-date net purchases of USD corporates to an impressive \$186 billion—the highest first-half tally since 2015, according to GS. Furthermore, every major region maintained a net buying position in USD corporates over the first half, reaffirming the widespread appetite for corporate debt at still-compelling all-in yields.

Broad credit level spreads remain tight across segments. However, investors seem to prefer better quality over higher yields. A GS report showed that the spread ratio between the average and median bond in both indices is now above the 85th percentile over the past 10 years, demonstrating that, while half of the index, which is BB-rated, has again reverted to this year's tights, the more distressed segment of the HY market has not seen similar relief. This year BB bonds have outperformed CCC rated issuers. Given limited funding cost relief and the weaker growth environment we continue to like the quality names in the HY bucket.

Total YTD GCC USD issuance is just shy of \$80bn indicating strong momentum for the segment. The spreads remain very tight below 100bps despite oil prices staying below \$70 per barrel. Last week saw three bond sales from the KSA banks as the financial institutions in the Kingdom bolster their capital base. BSF and SAB priced Tier 2 bonds at an attractive spread of 200 and 220bps printing \$1bn+. Alinma issued a perpetual sukuk priced at 6.25%, which was roughly 30bps above the prevalent secondary market prices. We expect spreads to compress in these names from current levels.

Fixed Income Key Convictions

DEVELOPED MARKETS
Overall overweight DM FI
OW Government Bonds
Neutral corporate (IG & HY)
EMERGING MARKETS
Neutral EM Debt
Favor quality and selectivity
Including in GCC

Fixed Income Sub Asset Class Returns (US\$ TR, YTD, Last Week)

Global HY	0.2	8.9
USD Corp IG	0.0	8.4
EM Sov	0.0	7.9
EM Debt	0.1	7.3
EM Local	0.4	7.3
Asian HY	0.4	6.7
GCC Debt	0.0	6.6
EM Corp	0.2	6.5
US HY	0.4	6.4
US Treasuries	0.2	4.5
Pan-European HY	0.0	3.7
DM Sovereign	0.1	2.4
EUR Corp	0.0	1.7

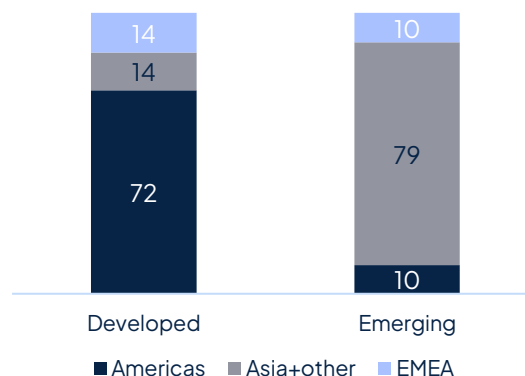
Equity Update

Last week global equities drifted lower as markets shifted from themes to tangible delivery and treated guidance as the main driver of price action. MSCI ACWI fell 0.4%, with developed markets down 0.3% and emerging markets off 0.6%. In the United States, the S&P 500 slipped 0.1% as a pullback followed a heavy run of AI updates. Earnings season is essentially finished, with 98% of the S&P 500 reported and aggregate EPS growth tracking 11.9% versus 4.8% expected at the start. The beat was clear, but markets became more selective. Nvidia reported strong results yet guided current quarter revenue to about 54 billion dollars and announced 60 billion dollars of buybacks; guidance came in shy of the highest hopes and the stock fell about 3% on Friday, though it remains up roughly 30% year to date. Dell reinforced the same message from another angle, pairing robust AI server demand with margin pressure from mix and logistics; the shares fell 9% on Friday and weighed on hardware. The net effect was wider dispersion across semiconductors, equipment and cloud infrastructure, with markets rewarding clear earnings traction and trimming exposure where unit economics or outlooks looked less convincing. Breadth narrowed as the week progressed, but it was more consolidation than a change in trend, with leadership rotating within mega cap technology and quality growth.

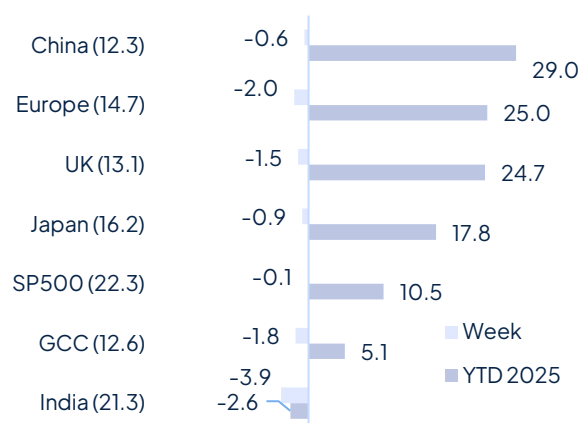
Europe lagged as policy and sector headlines cut into confidence. MSCI Europe fell 1.9% with banks and technology underperforming into the close. A firmer German inflation read added caution around domestically exposed names that saw lower risk appetite in rate sensitive pockets. Across the continent, earnings revisions held up better than many feared earlier in the quarter, yet leadership narrowed and sponsorship thinned heading into September. By week's end, European indices had trimmed monthly gains, with financials, software and select consumer cyclicals pacing declines and a handful of defensives and energy names offering only partial ballast.

Asia was mixed to softer, with price action driven more by positioning and company news than by fresh macro releases. MSCI China fell 0.8% for the week as Hong Kong's technology cohort was choppy. Company headlines set the spread of outcomes. Alibaba rallied on progress in AI related products and a 26% jump in cloud revenue, which steadied sentiment around the platform cohort even as top line growth remained uneven. BYD fell after a profit drop that underscored intense price competition in electric vehicles and reminded markets how selective the recovery is across China's consumer and industrial pockets. Supply chain policy stayed in the spotlight as the United States moved to revoke waivers that had allowed Samsung and SK Hynix to ship certain chipmaking gear for use in China without repeated licensing, a complication for memory capacity planning that added another variable for parts of the AI stack in the region. Japan also eased, with TOPIX down 0.8% as a firmer yen and profit taking after a strong August weighed on exporters, banks and insurers, while trading houses were a relative bright spot. Region wide, leadership rotated and breadth narrowed, but markets continued to reward tangible delivery on earnings and strategy over promise, leaving the near-term bias toward stock specific catalysts and continued dispersion across themes tied to AI, policy and domestic demand.

Equity Recommended Regional Positioning

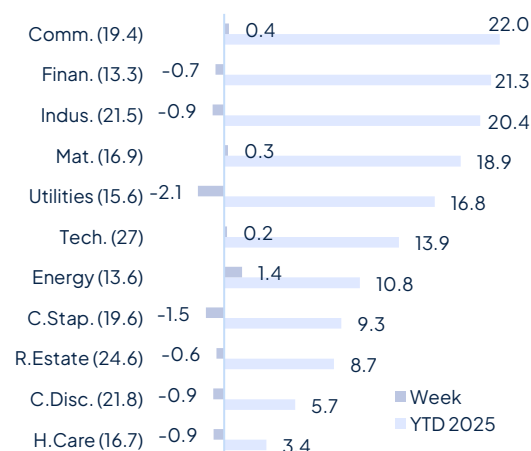


Major Indices Performance (TR, US\$), P/E in brackets



Source: Bloomberg consensus. MSCI Indices unless specified.

Global Sector Performance (TR, US\$), P/E in brackets



Source: Bloomberg consensus. MSCI All Country World sectors US\$.

Important Information

This document is prepared by Emirates NBD Bank (P.J.S.C) ("the Bank" or "Emirates NBD"), a public joint stock company incorporated in Dubai, UAE and licensed, regulated supervised and controlled by the Central Bank of the UAE ("Central Bank") and the Securities and Commodities Authority of the UAE ("SCA"), having its head office at Baniyas Road, Deira, PO Box 777, Dubai, United Arab Emirates. This document may be distributed and/or made available by the Bank and its affiliates and subsidiaries, including Emirates NBD Capital KSA CJSC ("ENBD Capital") (through its website, its branches or through any other modes, whether electronically or otherwise).

Emirates NBD and its affiliates, subsidiaries and group entities, including its shareholders, directors, officers, employees and agents are collectively referred to Emirates NBD Group. This publication is prepared without regard to the individual financial circumstances and objectives of persons who receive it. Data/information provided in this publication are intended solely for illustrative purposes for the general information or its recipients, irrespective of their customer classification as an Ordinary Investor or Professional Investor under the SCA Regulations. Any person (hereinafter referred to as "you", "your") who has received this document or have access to this document shall acknowledge and agree to the following terms.

Reliance

This publication may include data/information taken from stock exchanges or other third-party sources from around the world, which Emirates NBD reasonably believes to be reliable, fair and not misleading, but which have not been independently verified. The provision of certain data/information in this publication may be subject to the terms and conditions of other agreements to which Emirates NBD is a party. Opinions, estimates and expressions of judgment are those of the writer and are subject to change without notice. Emirates NBD or any member of Emirates NBD Group makes no representation or warranty and accepts no responsibility or liability for the sequence, accuracy, completeness or timeliness of the information or opinions contained in this publication. Nothing contained in this publication shall be construed as an assurance by Emirates NBD that you may rely upon or act on any information or data provided herein, without further independent verification of the same by you.

The contents of this document are prepared as of a particular date and time and will not reflect subsequent changes in the market or changes in any other factors, including those relevant to the determination of whether a particular investment activity is advisable. Emirates NBD does not undertake any obligation to issue any further publications or update the contents of this document. Emirates NBD may also, at its sole discretion, update or change the contents herein without notice. Emirates NBD or any member of Emirates NBD Group does not accept no responsibility whatsoever for any loss or damage caused by any act or omission by you as a result of the information contained in this publication (including by negligence).

References to any financial instrument or investment product in this document are not intended to imply that an actual trading market exists for such instrument or product. Certain investment products mentioned in this document may not be eligible for sale in some jurisdictions, and they may not be suitable for all types of investors. The information and opinions contained in this publication is provided for informational purposes only and have not been prepared with any regard to the objectives, financial situation and particular needs of any specific person, wherever situated. If you wish to rely on or use the information contained in this publication, you should carefully consider whether any investment views and investment products mentioned herein are appropriate in view of your investment experience, objectives, financial resources and relevant circumstances. You should also independently verify and check the accuracy, completeness, reliability and suitability of the information and should obtain independent and specific advice from appropriate professional advisers or experts.

Confidentiality

This publication may be provided to you upon request (and not for distribution to the general public), on a confidential basis for informational purposes only, and is not intended for trading purposes or to be passed on or disclosed to any other person and/or to any jurisdiction that would render the distribution illegal.

Solicitation

None of the content in this publication constitutes a solicitation, offer, recommendation or opinion by Emirates NBD to buy, sell or trade in any security or to avail of any service in any jurisdiction. This document is not intended to serve as authoritative legal, tax, accounting, or investment advice regarding any security or investment, including the profitability or suitability thereof and further does not provide any fiduciary or financial advice. This document should also not be used in substitution for the exercise of the prospective investor's judgment.

Third Party

This publication is not intended for use by, or distribution to, any person or entity in any jurisdiction or country where such use or distribution would be contrary to law or regulation. It is the responsibility of any person in possession of this publication to investigate and observe all applicable laws and regulations of the relevant jurisdiction. This publication may not be conveyed to or used by a third party without the express consent of Emirates NBD or its affiliates, subsidiaries or group entities distributing this document. You should not use the data in this publication in any way to improve the quality of any data sold or contributed by you to any third party.

Liability

Notwithstanding anything to the contrary set forth herein, Emirates NBD, its suppliers, agents, directors, officers, employees, representatives, successors, assigns, affiliates or subsidiaries shall not, directly or indirectly, be liable, in any way, to you or any other person for any: (a) inaccuracies or errors in or omissions from this publication including, but not limited to, quotes and financial data; or (b) loss or damage arising from the use of this publication, including, but not limited to any investment decision occasioned thereby. Under no circumstances, including but not limited to negligence, shall Emirates NBD, its suppliers, agents, directors, officers, employees, representatives, successors, assigns, affiliates or subsidiaries be liable to you for direct, indirect, incidental, consequential, special, punitive, or exemplary damages even if Emirates NBD has been advised specifically of the possibility of such damages, arising from the use of this publication, including but not limited to, loss of revenue, opportunity, or anticipated profits or lost business.

This publication does not provide individually tailored investment advice and is prepared without regard to the individual financial circumstances and objectives of person who receive it. The appropriateness of an investment activity or strategy will depend on the person's individual circumstances and objectives and these activities may not be suitable for all persons. In addition, before entering into any transaction, prospective investors should: (i) ensure that they fully understand the potential risks and rewards of that transaction; (ii) determine independently whether that transaction is appropriate given an investor's investment objectives, experience, financial and operational resources, and other relevant circumstances; (iii) understand that any rates of tax and zakat or any relief in relation thereto, as may be referred to in this publication may be subject to change over time; (iv) consult their advisers on the legal, regulatory, tax, business, investment, financial and accounting implications of the investment; (v) understand the nature of the investment and the related contract (and contractual relationship) including, without limitation, the nature and extent of their exposure to risk; and (vi) understand any regulatory requirements and restrictions applicable to the prospective investor. Where this publication provides any information about Shariah compliant products, the Bank will not have engaged a Shariah board (or similar body) to determine independently whether or not such products are compliant with Shariah principles. The Bank accepts no liability with respect to the fairness, correctness, accuracy, reasonableness or completeness of any such determination or guidance by any Shariah board that has certified or otherwise approved such products as Shariah compliant. Nothing contained in this publication shall be construed as a recommendation by the Bank to invest in such product. In deciding whether to invest in Shariah compliant products, you should satisfy yourself that investing in such products will not contravene Shariah principles. You should consult your own Shariah advisors as to whether investing in such products is compliant or not with Shariah principles.

Disclaimer

Looking

Past performance is not necessarily a guide to future performance and should not be seen as an indication of future performance of any investment activity. The information contained in this publication does not purport to contain all matters relevant to any particular investment or financial instrument and all statements as to future matters are not guaranteed to be accurate. Certain matters in this publication about the future performance of Emirates NBD or members of its group (the Group), including without limitation, future revenues, earnings, strategies, prospects and all other statements that are not purely historical, constitute "forward-looking statements". Such forward-looking statements are based on current expectations or beliefs, as well as assumptions about future events, made from information currently available. Forward-looking statements often use words such as "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "seek", "believe", "will", "may", "should", "would", "could" or other words of similar meaning. Reliance should not be placed on any such statements in making an investment decision, as forward-looking statements, by their nature, are subject to known and unknown risks and uncertainties that could cause actual results, as well as the Group's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements. Estimates of future performance are based on assumptions that may not be realized.

Risk

Data included in this publication may rely on models that do not reflect or take into account all potentially significant factors such as market risk, liquidity risk, and credit risk. Emirates NBD may use different models, make valuation adjustments, or use different methodologies when determining prices at which Emirates NBD is willing to trade financial instruments and/or when valuing its own inventory positions for its books and records. The use of this publication is at the sole risk of the investor and this publication, and anything contained herein, is provided "as is" and "as available." Emirates NBD makes no warranty of any kind, express or implied, as to this publication, including, but not limited to, merchantability, non-infringement, title, or fitness for a particular purpose or use. Investment in financial instruments involves risks and returns may vary. The value of investment products mentioned in this document may neither be capital protected nor guaranteed and the value of the investment product and the income derived therefrom can fall as well as rise and an investor may lose the principal amount invested. Investment products are subject to several risks factors, including without limitation, market risk, high volatility, credit and default risk, illiquidity, currency risk and interest rate risk. It should be noted that the value, price or income of securities denominated in a foreign currency may be adversely affected by changes in the currency rates. It may be difficult for the investor to sell or realise the security and to obtain reliable information about its value or the extent of the risks to which it is exposed. Furthermore, the investor will not have the right to cancel a subscription for securities once such subscription has been made. Prospective investors are hereby informed that the applicable regulations in certain jurisdictions may place certain restrictions on secondary market activities with respect to securities.

Before making an investment, investors should consult their advisers on the legal, regulatory, tax, business, investment, financial and accounting implications of the investment. In receiving this publication, the investor acknowledges it is fully aware that there are risks associated with investment activities. Moreover, the responsibility to obtain and carefully read and understand the content of documents relating to any investment activity described in this publication and to seek separate, independent financial advice if required to assess whether a particular investment activity described herein is suitable, lies exclusively with the investor.

Intellectual property

This publication has been developed, compiled, prepared, revised, selected, and arranged by Emirates NBD and others (including certain other information sources) through the application of methods and standards of judgment developed and applied through the expenditure of substantial time, effort, and money and constitutes valuable intellectual property of Emirates NBD and such others. All present and future rights in and to trade secrets, patents, copyrights, trademarks, service marks, know-how, and other proprietary rights of any type under the laws of any governmental authority, domestic or foreign, shall, as between the investor and Emirates NBD, at all times be and remain the sole and exclusive property of Emirates NBD and/or other lawful parties.

Except as specifically permitted in writing, you should not copy or make any use of the content of this publication or any portion thereof or publish, circulate, reproduce, distribute or offer this publication for sale in whole or in part to any other person over any medium including but not limited to over-the-air television or radio broadcast, a computer network or hyperlink framing on the internet or construct a database of any kind. Except as specifically permitted in writing, you shall not use the intellectual property rights connected with this publication, or the names of any individual participant in, or contributor to, the content of this publication, or any variations or derivatives thereof, for any purpose. This publication is intended solely for non-commercial use and benefit, and not for resale or other transfer or disposition to, or use by or for the benefit of, any other person or entity. By accepting this publication, you agree not to use, transfer, distribute, copy, reproduce, publish, display, modify, create, or dispose of any information contained in this publication in any manner that could compete with the business interests of Emirates NBD. Furthermore, you should not use any of the trademarks, trade names, service marks, copyrights, or logos of Emirates NBD or its subsidiaries in any manner which creates the impression that such items belong to or are associated with you, except as otherwise provided with Emirates NBD's prior written consent. You shall have no ownership rights in and to any of such items.

Disclaimer

Important information about United Kingdom

This publication was prepared by Emirates NBD Bank (P.J.S.C) in the United Arab Emirates. It has been issued and approved for distribution to clients by the London branch of Emirates NBD Bank (P.J.S.C) which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority in the UK. Some investments and services are not available to clients of the London Branch. Any services provided by Emirates NBD Bank (P.J.S.C) outside the UK will not be regulated by the FCA and you will not receive all the protections afforded to retail customers under the FCA regime, such as the Financial Ombudsman Service and the Financial Services Compensation Scheme. Changes in foreign exchange rates may affect any of the returns or income set out within this publication.

Important information about Singapore

This publication was prepared by Emirates NBD Bank (P.J.S.C) in the United Arab Emirates. It has been issued and approved for distribution to clients by the Singapore branch of Emirates NBD Bank (P.J.S.C) which is licensed by the Monetary Authority of Singapore (MAS) and subject to applicable laws (including the Financial Advisers Act (FAA) and the Securities and Futures Act (SFA). Any services provided by Emirates NBD Bank (P.J.S.C) outside Singapore will not be regulated by the MAS or subject to the provisions of the FAA and/or SFA, and you will not receive all the protections afforded to retail customers under the FAA and/or SFA. Changes in foreign exchange rates may affect any of the returns or income set out within this publication. Please contact your Relationship Manager for further details or for clarification of the contents, where appropriate. For contact information, please visit www.emiratesnbd.com.

Important information about Emirates NBD Capital KSA CJSC

Emirates NBD Capital KSA CJSC ("ENBD Capital"), whose registered office is at P.O. Box 341777, Riyadh 11333, Kingdom of Saudi Arabia, is a Saudi closed joint stock company licensed by the Saudi Arabian Capital Market Authority ("CMA") under License number 37-07086 dated 29/08/2007G (corresponding to 16/08/1428H) to deliver a full range of quality investment products and related support services to individuals and institutions in the Kingdom of Saudi Arabia. ENBD Capital is subject to Capital Market Law, and Implementing Regulations in the Kingdom of Saudi Arabia. ENBD Capital's contact details are T +966 (11) 299 3900 and F +966 (11) 299 3955.

This document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Investment Funds Regulations issued by the Capital Market Authority.

The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective subscribers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities offered. If you do not understand the contents of this document, you should consult an authorised financial adviser.