COVERING Q3 2026

FUND COMMENTARY

BIAM Globale Aktier KL

Market Background

Global equities posted positive returns over the quarter despite renewed tensions between the US and Iran, which pushed oil prices sharply higher. This translated into increased worries about inflation and tighter monetary policy, which, along with concerns over growing national debt levels, triggered a rise in bond yields. However, equities were largely resilient, supported by robust corporate earnings, a rebound in AI enthusiasm and mostly encouraging economic growth data in major economies, especially in the US, where the labour market remained solid and economic growth was strong.

While US headline consumer price inflation eased from its May peak, it remained well above the Federal Reserve's target throughout Q3. The Fed turned increasingly hawkish as the quarter progressed and raised interest rates by 25 basis points (bps) in September, as widely anticipated.

The Eurozone economies declined during the quarter due to region's reliance on the energy import. The European Central Bank announced its second interest-rate hike of the year in September, after Eurozone inflation had moved back above 3%. The Bank of Japan also raised interest rates in September. By contrast, UK equities showed resilience and the Bank of England kept rates unchanged, despite a rise in inflation, with policymakers citing a softer UK jobs market. Meanwhile, new prime minister Andy Burnham's pledge to maintain fiscal discipline helped ease concerns about increased government borrowing. In contrast, jitters mounted about government finances in France, which were compounded by anticipation that far-right populist Marine Le Pen could win the presidency next year.

Japanese equities were volatile during the third quarter but finished higher overall. Markets weakened in July amid a sell-off in AI-related technology and semiconductor stocks, before rebounding in August on renewed enthusiasm for AI and technology companies. Equities were broadly flat in September as higher energy prices and concerns around advanced AI development weighed on sentiment. Meanwhile, the Bank of Japan continued its policy normalisation, raising interest rates by 25 bps in September.

Emerging market (EM) equities were mixed during the third quarter and underperformed developed markets overall. The quarter was dominated by tensions between the US and Iran and disruption to shipping through the Strait of Hormuz, which drove oil prices sharply higher and raised inflation concerns. The resulting shift towards a more hawkish US Federal Reserve lifted bond yields and the US dollar, weighing on many EM markets. EM equities weakened in July amid rising geopolitical risks and semiconductor weakness, rebounded in August on strong earnings and continued AI-related investment, and softened again in September as renewed energy-supply disruptions reignited inflation concerns. Strength in AI-related technology stocks, particularly in North Asia, nevertheless helped support performance towards quarter-end.

At the sector level, energy fared best, followed by technology. On the other side, utilities, was the worst performer, followed by industrials and real estate.

Performance

Gross of fees, the fund underperformed the benchmark over the quarter. Stock selection detracted due to picks in technology and materials, while choices in financials and industrials added value. Sector allocation contributed positively, driven by the overweight in technology and the underweights in consumer discretionary and utilities. However, the overweight in industrials and the underweights in energy and communication services detracted.

At the stock level, Applied Materials and the absence of Apple from the portfolio by quarter-end were the key detractors.

Applied Materials, a supplier of semiconductor manufacturing equipment, detracted as investors focused on the sustainability of AI-driven semiconductor equipment demand and the company's declining China sales exposure, despite reporting record quarterly results and raising its growth outlook. The shares also faced profit-taking after a strong run-up ahead of earnings.

Apple shares gained over the quarter as the iPhone maker reported strong quarterly results, supported by record iPhone, Mac and services sales, while also unveiling a new range of smartphones, including its first foldable iPhone, and expanding Apple Pay into India. Although concerns over weaker guidance and rising memory costs weighed on sentiment, they were insufficient to offset the positive reception to the company's results and product initiatives.

On the other side, Thermo Fisher Scientific and Nvidia were the top contributors.

Thermo Fisher Scientific, the life sciences tools and services company, rose after delivering better-than-expected second-quarter results and increasing its full-year outlook, reflecting improving demand across pharmaceutical and biotechnology end markets. Management's comments on strengthening customer activity and continued growth momentum further supported investor sentiment.

Nvidia, the AI chip designer, advanced over the quarter after reporting stronger-than-expected earnings and indicating that demand for AI infrastructure remained robust. Shares were further supported by positive revenue guidance and progress in deploying its next-generation Vera Rubin platform.

Activity

We opened new positions in Corning, Samsung Electro-Mechanics (SEMCO) and Royal Caribbean Group, among others.

We initiated new position in Corning following positive research and growing conviction in the company's outlook. The purchase reflects a reallocation of capital into a business viewed as benefiting from favourable industry trends and improving sentiment.

We bought SEMCO due to increased conviction in the company's exposure to AI infrastructure through advanced semiconductor substrates, with additional support from improving conditions in the MLCC market. Management remains positive on the core business, while tightening industry supply and stronger pricing dynamics support the outlook.

We purchased Royal Caribbean Group on the back of strong industry demand, healthy booking trends and supportive pricing conditions. Managers remain positive on the broader cruise market backdrop and the company's ability to capture sustained travel demand.

We sold out of Apple, Xylem and Tencent Holdings, among others.

Apple was exited following a period of strong performance, as we believed the valuation increasingly reflected the company's growth prospects and identified more attractive opportunities elsewhere in the portfolio.

We exited Xylem following a period of weaker operating momentum, slowing growth expectations and limited near-term catalysts to drive share performance.

We sold Tencent as the expected benefits from AI-related investment were viewed as likely to emerge more gradually than at other companies, leading to a preference for opportunities with stronger near-term upside.

Outlook

Despite heightened geopolitical tensions, an energy price shock and ongoing uncertainty, global equity markets have remained resilient over the first half of the year. Many market indices have reached new highs as investors continue to focus on the strength of corporate earnings and the ability of economies to absorb higher energy costs. Looking ahead, developments in the Middle Eastern region will remain a key driver of market direction, particularly any impact on energy supply chains and inflation. The escalation in tensions highlights the potential for renewed volatility should disruptions to global energy markets persist. While the broader economic effects have so far been contained, a prolonged escalation could place renewed upward pressure on prices and complicate the outlook for central bank policy. As such, inflation and interest rate expectations are likely to remain central considerations for investors over the coming months.

Overall, we remain constructive on the outlook. Economic growth is expected to stay positive, while earnings momentum remains strong and is becoming more broad-based across sectors and regions. While we have benefited from the ongoing strength of semiconductors, particularly memory exposed companies, we remain mindful of the narrow market leadership. We are also closely monitoring investor sentiment towards AI-related spending and whether elevated levels of capital investment continue to translate into earnings growth. In this environment, we prefer to maintain a balance, offsetting the beta from our technology exposure with more defensive exposure elsewhere, maintaining diversification and valuation discipline. Our focus in both groups remains high-quality, well-managed companies with strong fundamentals. We believe these businesses are best placed to outperform over the long term and will look to use bouts of market weakness to add to high-conviction holdings across sectors and geographies.

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