

## March 2026 (covering February 2026)

Index	Feb (%)	YTD (%)
MSCI World	USD 0.8	3.0
S&P 500	USD -0.8	0.7
MSCI Europe	EUR 4.1	7.3
MSCI Asia Pac ex Japan	USD 6.1	14.6
Hong Kong Hang Seng	HKD -2.8	3.9
Hang Seng China Enterprises (H-shares)	HKD -4.9	-0.6
Topix	JPY 10.5	15.6

Source: Thomson Reuters Datastream, total returns in local currency unless otherwise stated. Data as of February 28, 2026. YTD refers to year-to-date.

### Global Outlook

The S&P 500 slipped by 0.8% in February. US equities lagged global peers amid geopolitical tensions US equities underperformed as markets digested concerns around AI sustainability, geopolitical tensions, and tariff uncertainty.

European equities outperformed the US, supported by stronger than expected macro data and continued economic resilience. Sector performance was mixed, with communication services, consumer staples and energy outperforming, while financials and healthcare lagged.

Asia Pacific equities delivered broad gains, led by Korea and Taiwan on the back of robust semiconductor and AI related demand. China and Hong Kong lagged due to weakness in technology and continued structural pressures, though China's property market showed tentative signs of stabilization.

### United States

- US equities experienced a challenging month, underperforming global counterparts. The S&P 500 is down by 0.8% over the month.
- Rising geopolitical tensions between the US and Iran towards the end of the month added further unease, contributing to a broader risk off tone. The US economy grew by 1.4% in the final quarter of 2025, hindered by the prolonged government shutdown.

### Europe (including UK)

- European equity markets had another generally strong month, as the backdrop of positive economic data offered support against the headline volatility.
- The European Central Bank held its benchmark interest rate at 2% for the fifth meeting in a row after recent growth in the Eurozone economy proved stronger than expected.

### Asia Pacific (ex Hong Kong ex China ex Japan)

- Heading into February, Asian market continues to exhibit strong growth momentum, driven by Korea, Taiwan and Thailand. Technology sector, particularly hardware names continue to be the main driver for the region.
- In Korea, the stock market has reached historical high, supported by robust memory chip demand. Exports provided further support, with Korea's February shipment data showing semiconductor exports surpassing US\$20 billion for the third consecutive month, reflecting a powerful AI related upcycle. Similarly, Taiwan also recorded strong performance, gaining over 10% this month. This is after a 25% gain in 2025, still riding on strong AI related demand.

### Hong Kong and Mainland China (H-shares)

- The Hang Seng Index and Hang Seng China Enterprises index dropped by 2.8% and 4.9% respectively in February, with communication services and consumer discretionary names leading the pullback. For the onshore market, Shanghai SE Composite index is up 1.1%.
- The Hong Kong 2026/27 Budget underscored fiscal consolidation and alignment with the Mainland's 15th Five-Year Plan. The government guided to annual bond issuance of HK\$160–220 billion from FY26/27 to FY30/31 to fund long-term development, while doubling down on AI industrialization via the new AI+ Industry Development Committee and expanded data-infrastructure capacity—tailwinds for digital-infrastructure and services beneficiaries.

### Japan

- Japanese equities set successive record highs following Prime Minister Sanae Takaichi's election victory, which strengthened expectations for pro-growth fiscal measures and tax reform.
- The market remained among February's strongest performers, helped by a global rotation into Asian companies positioned to benefit from expanding AI infrastructure.

### Fixed Income

- Against a backdrop of rising geopolitical tension in the Middle East, government bond markets delivered strong returns, even though markets were closed on 28 February when hostilities between the US/Israel and Iran broke out.
- US treasuries returned 1.88%. In Europe, UK gilts and German bunds returned 2.48% and 1.36% respectively.

### Emerging Markets

- Emerging market equities advanced for a second consecutive month. Easing inflation steady policy signals and ongoing strength across technology linked supply chains supported sentiment.
- South Korea, Brazil and Thailand were among the strongest performers, reflecting firm earnings trends, improving macro conditions and sustained investor inflows across Asia and Latin America.

### Investment risks

The value of investments and any income will fluctuate (this may partly be the result of exchange-rate fluctuations), and investors may not get back the full amount invested.

From the perspective of Hong Kong pension investing. All data are sourced from Invesco dated March 19, 2026, unless otherwise stated.

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All data as of March 19, 2026, unless otherwise stated. This document is issued in:

## **Hong Kong**

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