Insights

Investment Outlook: Why judgement matters more today

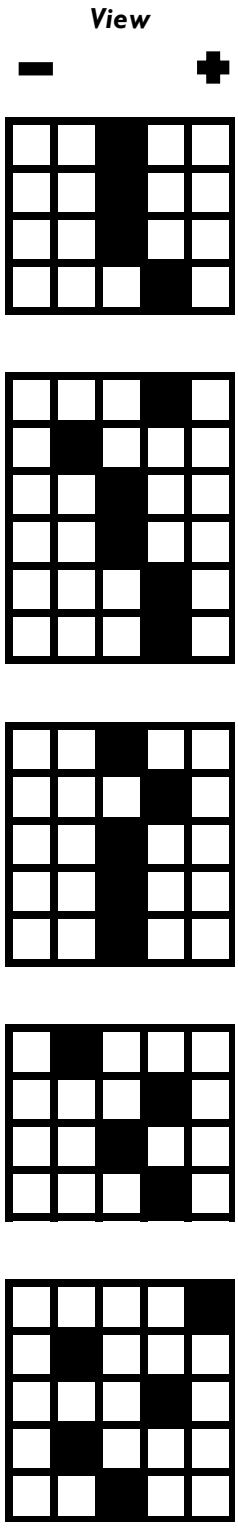
9 June 2026

Executive summary

- **The global economy has remained more resilient** than many anticipated, with moderating inflation and stable labour markets continuing to support growth despite ongoing geopolitical and policy uncertainty.
- Much of the broad market re-rating driven by falling inflation and expectations of lower interest rates now appears behind us. **Future returns are likely to depend increasingly on earnings growth, income generation and investment selection.**
- **We continue to favour US equities**, where superior earnings growth, innovation and corporate profitability remain difficult to replicate elsewhere.
- **Fixed income remains attractive**, with investors once again being paid well to wait. We favour high-quality bonds and selective exposure to actively managed high yield strategies.
- **Infrastructure remains one of our highest-conviction themes**, supported by long-term demand for digital infrastructure, power generation, energy security and grid modernisation.
- As outcomes diverge across regions, sectors and asset classes, we believe **judgement, discipline and selectivity** are becoming increasingly important drivers of investment success.

"The test of a first-rate intelligence is the ability to hold two opposed ideas in mind at the same time and still retain the ability to function." F. Scott Fitzgerald

In line with Scott Fitzgerald's words, **today's investment environment is characterised by a series of apparent contradictions.** Economic growth has slowed yet remains more resilient than many expected. Inflation has fallen significantly, yet interest rates may remain higher than investors once assumed. US equities trade at elevated valuations yet continue to deliver superior earnings growth. Gold remains supported by central bank demand and geopolitical uncertainty, yet much of that support is already reflected in the price. Private credit continues to offer attractive income opportunities yet increasing competition and liquidity considerations demand greater selectivity.



These tensions help explain why judgement matters more today than it has for many years. The broad market re-rating that accompanied falling inflation and expectations of lower interest rates appears largely behind us. As outcomes become increasingly differentiated across regions, sectors, asset classes and investment managers, **future returns are likely to depend less on broad market exposure and more on thoughtful asset allocation, security selection and manager choice.**

Future returns are likely to depend less on broad market exposure and more on thoughtful asset allocation, security selection and manager choice

In this outlook we explore where we believe the most compelling opportunities remain, while recognising that successful investing increasingly requires balancing competing truths rather than relying on simple narratives.

Navigating competing realities

The global economy has continued to demonstrate resilience despite elevated geopolitical uncertainty, shifting trade policies and ongoing fiscal concerns across many developed markets. Inflation has generally moderated from its post-pandemic peaks, while labour markets and consumer spending have remained more robust than many forecasters anticipated.

As a result, investors have increasingly shifted their attention away from recession forecasts and towards corporate fundamentals. The combination of moderating inflation and resilient growth has provided support for financial markets, although much of the improvement in sentiment is now reflected in asset prices.

Looking ahead, we believe investment returns are likely to become increasingly differentiated. The broad market re-rating that accompanied falling inflation and expectations of lower interest rates appears largely behind us. **Future returns are therefore likely to depend more heavily on earnings growth, cash flow generation, valuation discipline and security selection.**

While geopolitical developments, including tensions in the Middle East, remain important risks to monitor, economic conditions remain firmer than many would have expected a year ago. Against this backdrop, we believe judgement and selectivity are becoming increasingly important as **outcomes diverge across regions, sectors and asset classes.**

While geopolitical developments, including tensions in the Middle East, remain important risks to monitor, economic conditions remain firmer than many would have expected a year ago

Equities: earnings still matter

Global equity markets have demonstrated remarkable resilience in recent months despite ongoing uncertainty surrounding trade policy, fiscal deficits, geopolitical tensions and the path of interest rates. While macroeconomic risks remain, **corporate earnings have generally proven more durable than many investors anticipated**, shifting market attention back towards company fundamentals rather than recession forecasts.

This resilience has been most evident in the **United States**, which remains our preferred equity market. First-quarter earnings season provided another reminder of why US equities continue to command a valuation premium. Approximately three-quarters of S&P 500 companies exceeded analysts' expectations, with earnings growth extending well beyond the largest technology businesses. While artificial intelligence, cloud computing and digital infrastructure remain important drivers of

growth, earnings strength was also evident across financials, healthcare and industrials.

Although valuations remain elevated by historical standards, we believe they continue to be supported by stronger earnings growth, higher profitability, deeper capital markets and a culture of innovation that remains difficult to replicate elsewhere. The US continues to benefit from powerful structural advantages, including productivity gains from technology adoption and significant investment in next-generation digital infrastructure.

The US continues to benefit from powerful structural advantages, including productivity gains from technology adoption and significant investment in next-generation digital infrastructure

Sector	Reported	Sales Growth	Earnings Growth
All Securities	**495 / 498**	**11.7%**	**28.0%**
Materials	27 / 27	9.2%	39.6%
Industrials	75 / 75	9.5%	13.3%
Consumer Staples	32 / 35	8.9%	7.9%
Energy	22 / 22	4.2%	1.4%
Technology	65 / 65	31.7%	50.7%
Consumer Discretionary	48 / 48	9.5%	38.9%
Communications	26 / 26	14.0%	46.7%
Financials	80 / 80	9.8%	23.5%
Health Care	58 / 58	7.1%	-3.0%
Utilities	31 / 31	14.1%	18.4%
Real Estate	31 / 31	11.7%	13.1%

Figure 1: Q1 2026 sales and earnings growth in S&P500
Source: Bloomberg

In the **UK**, valuations remain attractive relative to many developed markets and companies continue to generate healthy cash flows and shareholder distributions. However, **slower earnings growth and limited exposure to many of the structural themes driving global markets** mean that the valuation discount appears largely justified.

In **China**, we continue to identify **selective opportunities within technology and innovation-led businesses**, particularly where artificial intelligence, digital infrastructure and domestic innovation priorities are creating attractive long-term growth prospects. This selective approach reflects our continued caution towards broader areas of the Chinese economy, where structural challenges in the property sector and an uncertain policy backdrop remain headwinds.

In China, we continue to identify selective opportunities within technology and innovation-led businesses, particularly where artificial intelligence, digital infrastructure and domestic innovation

In **India**, economic growth remains robust and corporate earnings continue to expand. However, **market valuations continue to reflect considerable investor optimism, leaving less room for disappointment and increasing the importance of earnings delivery.** We believe a selective approach is more appropriate than broad market exposure at current levels. Opportunities are becoming increasingly company-specific, creating an environment that may favour active and long-short investment strategies capable of exploiting the growing dispersion between individual companies.

While equity valuations are no longer uniformly attractive, corporate earnings have remained more resilient than many expected. **We therefore continue to favour markets and businesses capable of delivering sustained earnings growth, with the US remaining our preferred destination for equity capital within global portfolios.**

Fixed Income: Being paid well to wait

Fixed income continues to offer one of the most attractive income opportunities seen in many years. While expectations for interest rate cuts have become more measured, bond yields remain elevated relative to the past decade, allowing investors to generate attractive levels of income without taking excessive risk.

While expectations for interest rate cuts have become more measured, bond yields remain elevated relative to the past decade, allowing investors to generate attractive levels of income without taking excessive risk

We continue to favour high-quality areas of the bond market, particularly **investment grade** corporate bonds and selected government bond exposure. Current yields remain attractive by historical standards and provide a degree of resilience should economic growth slow more meaningfully than currently expected.

At the same time, we believe investors should remain selective when taking interest rate risk. While inflation has generally moderated, elevated fiscal deficits, increasing government borrowing requirements and ongoing geopolitical uncertainty may contribute to greater volatility in bond markets than investors became accustomed to during the era of ultra-low interest rates. As a result, **we favour a balanced approach rather than making large directional bets on falling yields.**

Within credit markets, we have become more comfortable with selected exposure to **high yield** bonds. The higher starting yields available today mean investors no longer need to reach for the riskiest parts of the market to achieve attractive levels of income. Consequently, our preference is for actively managed, diversified strategies focused on higher-quality segments of the high yield market, with an emphasis on shorter-duration securities where appropriate. We believe careful credit selection offers a more attractive risk-reward profile than broad passive exposure to the asset class.

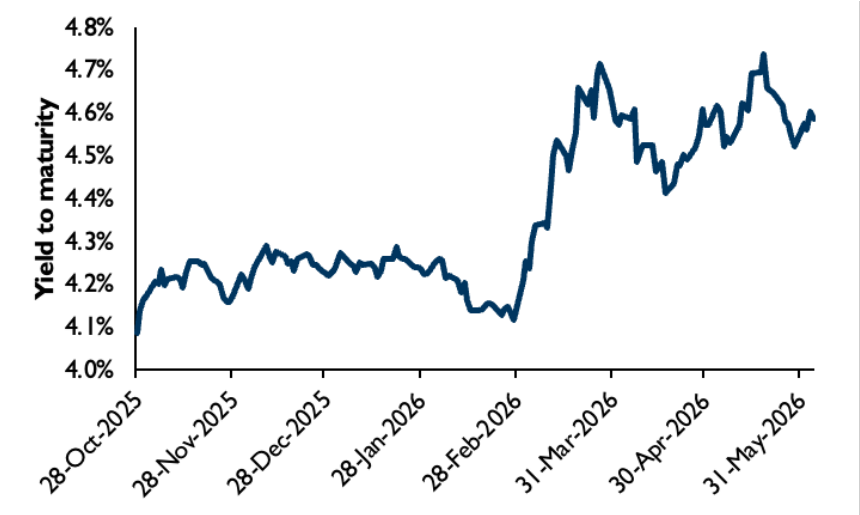


Figure 2: Meaningful increase in yields to maturity in 2026 for Bloomberg Global Aggregate Credit Total Return Unhedged (USD)
Source: Bloomberg

Overall, we continue to view fixed income as an important component of diversified portfolios, offering an attractive combination of income generation, portfolio diversification and potential downside protection should economic conditions weaken.

Where judgement matters most – not all alternatives are equal

Infrastructure

Infrastructure remains one of our highest-conviction investment themes. Unlike many areas of the market that depend heavily on economic forecasts or investor sentiment, infrastructure benefits from a number of powerful structural trends that are likely to persist for many years.

The rapid growth of artificial intelligence, cloud computing and digital services is driving significant investment in data centres, power generation and electricity transmission networks. At the same time, governments and businesses continue to invest heavily in energy security, grid modernisation, transportation networks and digital infrastructure. These trends are creating substantial demand for long-term capital across both public and private infrastructure markets.

The rapid growth of artificial intelligence, cloud computing and digital services is driving significant investment in data centres, power generation and electricity transmission networks

Many infrastructure assets also possess attractive investment characteristics, including essential-service business models, high barriers to entry, predictable cash flows and, in some cases, revenues linked to inflation. **These features can provide a degree of resilience during periods of economic uncertainty while continuing to offer attractive long-term return potential.**

We believe infrastructure is particularly well positioned within today's investment environment. The asset class provides exposure to some of the most important structural growth themes globally while also offering diversification benefits relative to traditional equity and bond markets. As a result, infrastructure continues to represent an important component of long-term portfolio construction.

Private credit

Private credit continues to offer attractive income opportunities and remains an important component of many diversified portfolios. However, the asset class is experiencing a period of transition as rapid growth, increasing competition and greater institutional participation reshape market dynamics. Recent examples of redemption restrictions and gates across parts of the private markets universe have also highlighted the importance of understanding liquidity terms and portfolio construction alongside return expectations. We continue to see value in selected strategies, but believe the opportunity set is becoming increasingly differentiated, placing greater emphasis on manager quality, underwriting discipline and risk management.

Hedge funds

Hedge fund strategies remain attractive where they provide genuine diversification and access to return streams that are less dependent on the direction of traditional equity and bond markets. Following a prolonged period in which broad market exposure drove a significant proportion of returns, we believe the investment environment is becoming increasingly

Hedge fund strategies remain attractive where they provide genuine diversification and access to return streams that are less dependent on the direction of traditional equity and bond markets

supportive for active managers as company, sector and regional outcomes diverge. This is creating opportunities for strategies that can exploit dispersion, identify relative value opportunities and adapt to changing macroeconomic conditions. We continue to favour experienced managers with clearly defined investment processes, strong risk controls and a demonstrated ability to generate returns across different market environments.

Real estate

Real estate continues to present selective opportunities, but the asset class remains in a period of adjustment following the sharp increase in interest rates seen over recent years. While lower financing costs should provide some support over time, recovery prospects remain highly dependent on sector, location and asset quality. We continue to see more attractive opportunities in areas benefiting from long-term structural demand, such as logistics, residential and digital infrastructure-related real estate, while remaining cautious on segments facing weaker occupancy trends and ongoing valuation pressures. As a result, we believe a selective and manager-driven approach remains essential.

Gold

Gold continues to benefit from supportive long-term drivers, including central bank demand, elevated geopolitical uncertainty and ongoing concerns around government debt levels. However, following a period of exceptionally strong performance, we believe many of these supportive factors are now reflected in the gold price. We therefore continue to view gold primarily as a portfolio diversifier and source of resilience rather than a significant driver of future returns.

Conclusion: Holding competing truths

The investment environment remains supportive but increasingly differentiated. Economic growth has slowed yet remains resilient. Inflation has moderated, yet interest rates may stay higher than many expected. US equities appear expensive yet continue to deliver superior earnings growth. Private credit remains attractive yet demands greater scrutiny. Infrastructure benefits from powerful structural tailwinds, while other real assets require a more selective approach.

In our view, these apparent contradictions are not a reason for caution, but a reflection of a market environment that is becoming more nuanced. The broad market re-rating that accompanied falling inflation and expectations of lower interest rates appears largely behind us. Future returns are therefore likely to depend more heavily on earnings growth, income generation, manager selection and disciplined asset allocation than on broad market exposure alone.

F. Scott Fitzgerald described intelligence as the ability to hold two opposing ideas in mind at the same time and still retain the ability to function. Today's investment environment demands something similar. Investors must recognise that growth can slow without collapsing, that expensive markets can remain attractive, and that risk and opportunity often coexist**. In our view, the most attractive opportunities will increasingly be found by those able to navigate these competing realities with discipline, patience and sound judgement.**

Investors must recognise that growth can slow without collapsing, that expensive markets can remain attractive, and that risk and opportunity often coexist. In our view, the most attractive opportunities will increasingly be found by those able to navigate these competing realities with discipline, patience and sound judgement

About the author

Nick Perryman is Vice Chairman at InCred Global Wealth Limited and Chairman of its Investment Committee. He has over 25 years of investment and wealth management experience, holds advanced qualifications in investment management, financial planning and psychology, and was previously a managing director at UBS where he was head of its international business in London and before that head of investment products and services. He is a doctoral researcher at Durham University and an honorary fellow of Royal Holloway, University of London. He is co-author of the book, "Leadership in Wealth: Mastering the opportunities of wealth in your family, firm and society"

Nick Perryman
Vice Chairman
nick.perryman@incredwealth.uk

Important information

InCred Global Wealth Limited is a Private Limited Company registered in England and Wales (Company number 14019047), authorised and regulated by the Financial Conduct Authority (FCA number 998961). Registered office: 5 -10 Bolton Street, London, W1J 8BA, United Kingdom.

All information contained in this document is confidential. Redistribution or reproduction is prohibited without written permission. This document is not intended to provide personal investment advice, and it does not consider the specific investment objectives, financial situation and the particular needs of any specific person who may receive this document. Investors should seek independent financial advice regarding the suitability and/or appropriateness of making an investment or implementing the investment strategies discussed in this document and should understand that statements regarding prospects may not be realized. Past performance is not necessarily indicative of future results. This document may contain forward-looking statements or forecasts; such forecasts are not a reliable indicator of future performance.

This document is not intended to, and does not, constitute an offer or solicitation to buy and sell securities or engage in any investment activity. This document is for informational purposes only. This document is not to be construed as a recommendation with respect to any particular investor or type of investor. Investments involve risk. Securities, financial instruments or strategies mentioned herein may not be suitable for all investors and this material is not intended for any specific investor and does not consider an investor's particular investment objectives, financial situations or needs. Before acting on any recommendation in this material, you should consider whether it is suitable for your particular circumstances and, if necessary, seek professional advice. Investors should note that income from such investments, if any, may fluctuate and that the value of such investments may rise or fall. Accordingly, investors may receive back less than they originally invested. Investors should seek advice concerning any impact an investment may have on their personal tax position from their own tax advisor.

Please note the publication date of this document. It may contain specific information that is no longer current and should not be used to make an investment decision. Unless otherwise indicated, there is no intention to update this document. Without limiting the generality of the foregoing, the recipient also agrees that photocopying or other duplication of the document and the data provided without prior written consent of InCred Global Wealth Limited is strictly prohibited.

Neither InCred Global Wealth Limited, nor its shareholders, nor any of their respective officers, directors, employees, affiliates, agents, or representatives, makes any representation or warranty, expressed or implied, as to the accuracy or completeness of this document or any of its contents, and no legal liability is assumed or is to be implied against any of the aforementioned with respect thereto save as required under applicable law and regulation in the UK. Accordingly, there can be no assurance, and no representation or warranty can be or is made as to the accuracy or attainability of such estimates and projections or other forward-looking statements. InCred Global Wealth Limited does not expect to and assumes no obligation to update or otherwise revise this document or any information contained herein.

Copyright © 2026 InCred Global Wealth Limited