

EVLI

ALLOCATION VIEW MARCH 18, 2026



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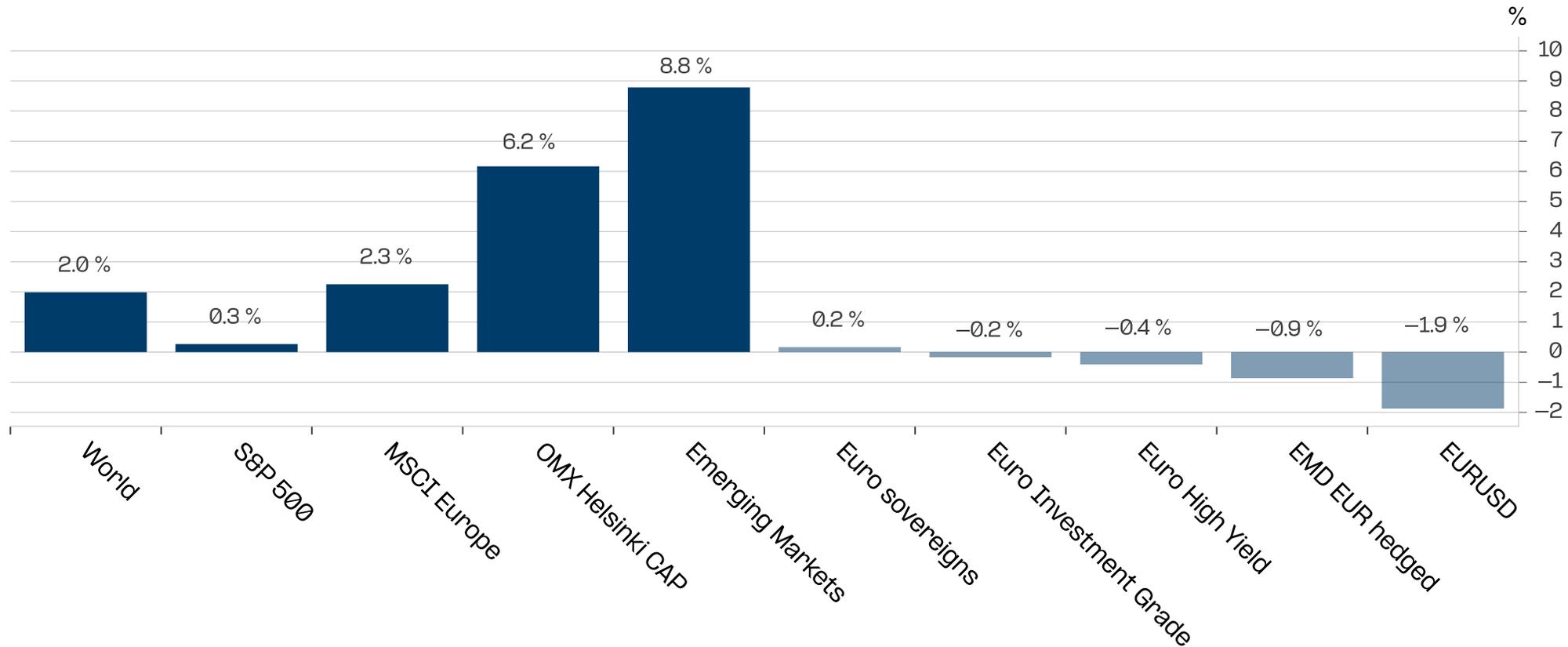
The main points of the allocation meeting

- **Tanker traffic through the Strait of Hormuz remains halted.** Brent crude is trading at around \$100 per barrel, while EUR/USD is near 1.15. Iran's main leverage is to keep the strait closed, and until shipping normalizes, it will be difficult for U.S. President Donald Trump to declare victory in the conflict. Trump has pressured NATO allies to help restore tanker traffic, but their response has been cautious. He later stated that no assistance is needed. Countries such as India are among the most affected by a prolonged closure, given their high reliance on energy imports and the significant share of imports in GDP. The United States, by contrast, is a net energy exporter thanks to shale oil and gas production, which helps cushion the impact of higher energy prices on its economy.
- **The European Central Bank is likely to keep policy rates unchanged.** The deposit rate is expected to remain at 2.0% at tomorrow's meeting. Euro area annual inflation rose to 1.9% in February from 1.7% in January, close to the ECB's 2% target. The rise in oil prices following the closure of the Strait of Hormuz has influenced market expectations for future rate decisions. Markets are currently pricing in two rate hikes from the ECB and one rate cut from the Federal Reserve this year. No rate changes are expected from the Federal Reserve, the Bank of Japan, or the Bank of England at their meetings today and tomorrow.
- **Nvidia's annual technology conference began on Monday.** The event is an important platform for signaling developments in artificial intelligence, investment trends, and new technologies. Nvidia expects to sell up to \$1 trillion worth of chips by the end of next year, driven by strong demand for its current and next-generation AI chips. Major cloud providers, including Amazon, Meta, Google, Microsoft, and Oracle, are expected to spend more than \$660 billion on AI investments this year.
- **The impact of the Iran conflict on equity markets has been relatively modest.** Although Brent crude has risen by more than 45% since the outbreak of the war, the total return of the MSCI World Mid and Large Cap Index has declined by only around 4% over the same period. U.S. equities have performed relatively well, particularly from a euro-based investor's perspective, supported by a stronger dollar. Rising oil prices have increased stagflation risks, contributing to higher government bond yields. However, equity markets have moved higher and yields lower so far this week.
- **We overweight equities** and underweight money markets. Within equities, we overweight EM equities and remain neutral elsewhere. Within equity themes, we emphasize European industrials. In fixed income investments, we overweight high yield corporate bonds and underweight government bonds and remain neutral on emerging market bonds and investment grade corporate bonds.

Asset class returns year to date in EUR

Year to date return in euros

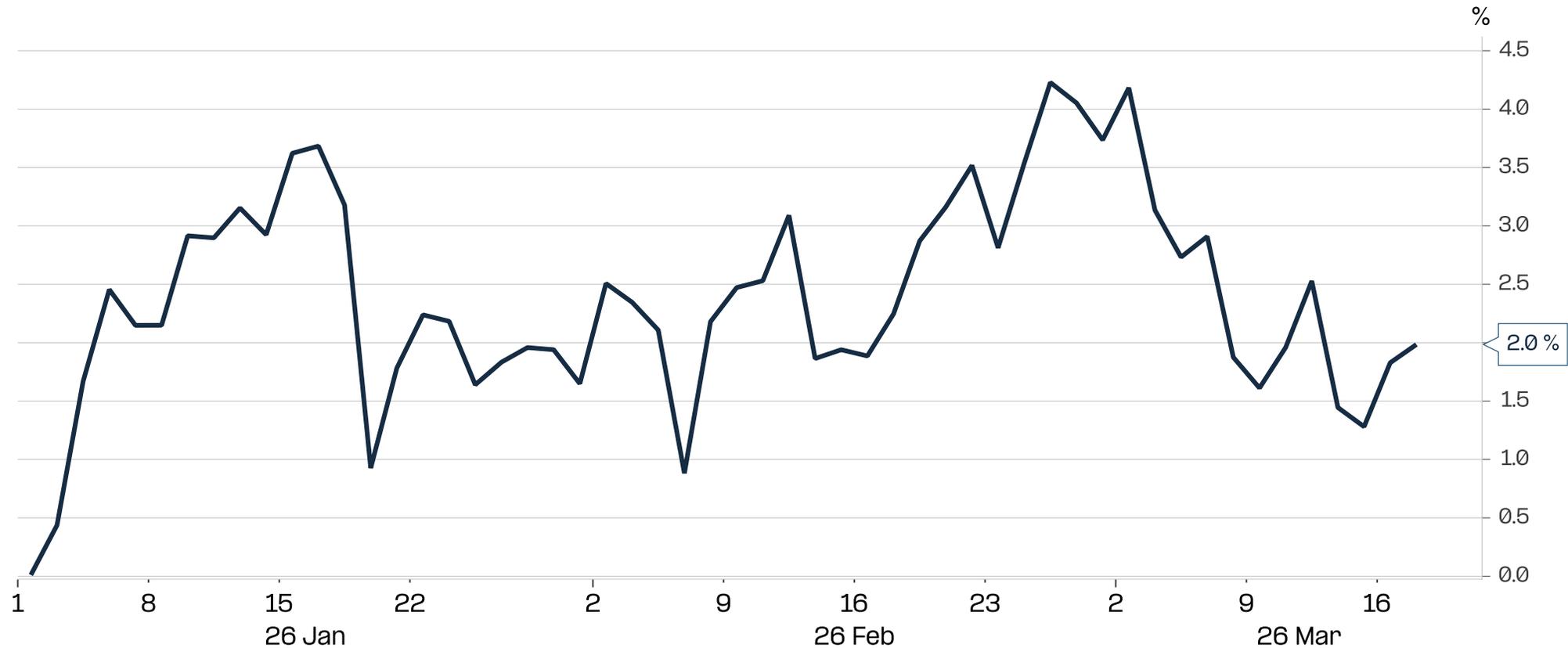
Total return indices in eur or eur hedged in the case of EMD. World is ACWI.



Global stock market return year to date in EUR

Global stock market return in euros year to date and maximum drawdown

MSCI ACWI Net Total Return EUR Index



Source: Macrobond, Evli

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Equity returns from the beginning of 2025 (EUR)

Equity market returns in EUR



Source: Macrobond, Bloomberg, Evli

Equity returns from the beginning of 2025 (local FX)

Stock market returns from beginning of 2025

Local currency total market returns



Source: Macrobond, Bloomberg, Evli

Fixed income returns from the beginning of 2025

European and EM fixed income returns from beginning of 2025

European high yield, IG, sovereign bonds and emerging market debt eur hedged



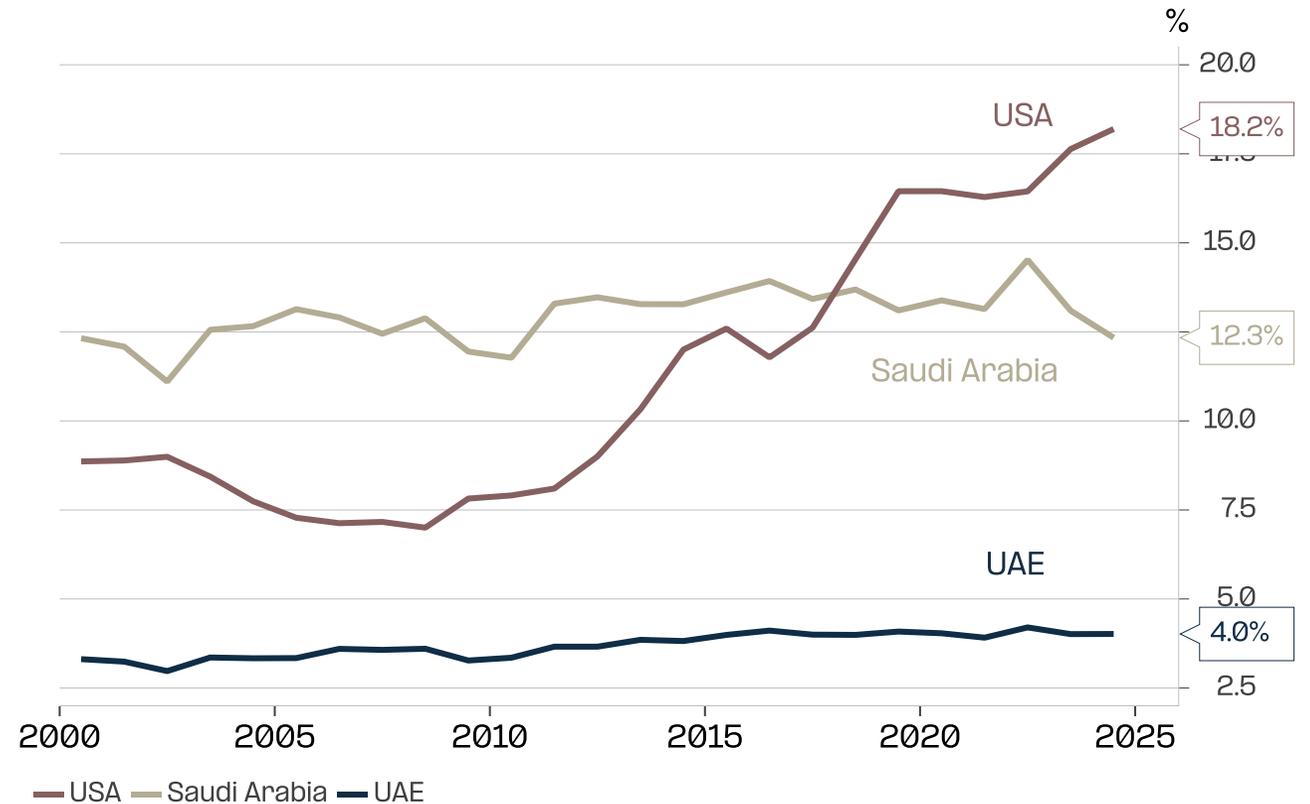
Source: Macrobond, Bloomberg, Evli

Tanker traffic through the Strait of Hormuz remains halted

- Brent crude is trading at around \$100 per barrel, while EUR/USD is near 1.15.
- Iran's main leverage is to keep the strait closed, and until shipping normalizes, it will be difficult for U.S. President Donald Trump to declare victory in the conflict.
- Trump has pressured NATO allies to help restore tanker traffic, but their response has been cautious. He later stated that no assistance is needed.
- Countries such as India are among the most affected by a prolonged closure, given their high reliance on energy imports and the significant share of imports in GDP. The United States, by contrast, is a net energy exporter thanks to shale oil and gas production, which helps cushion the impact of higher energy prices on its economy.

The United States is the world's largest producer of crude oil

Share of global crude oil production



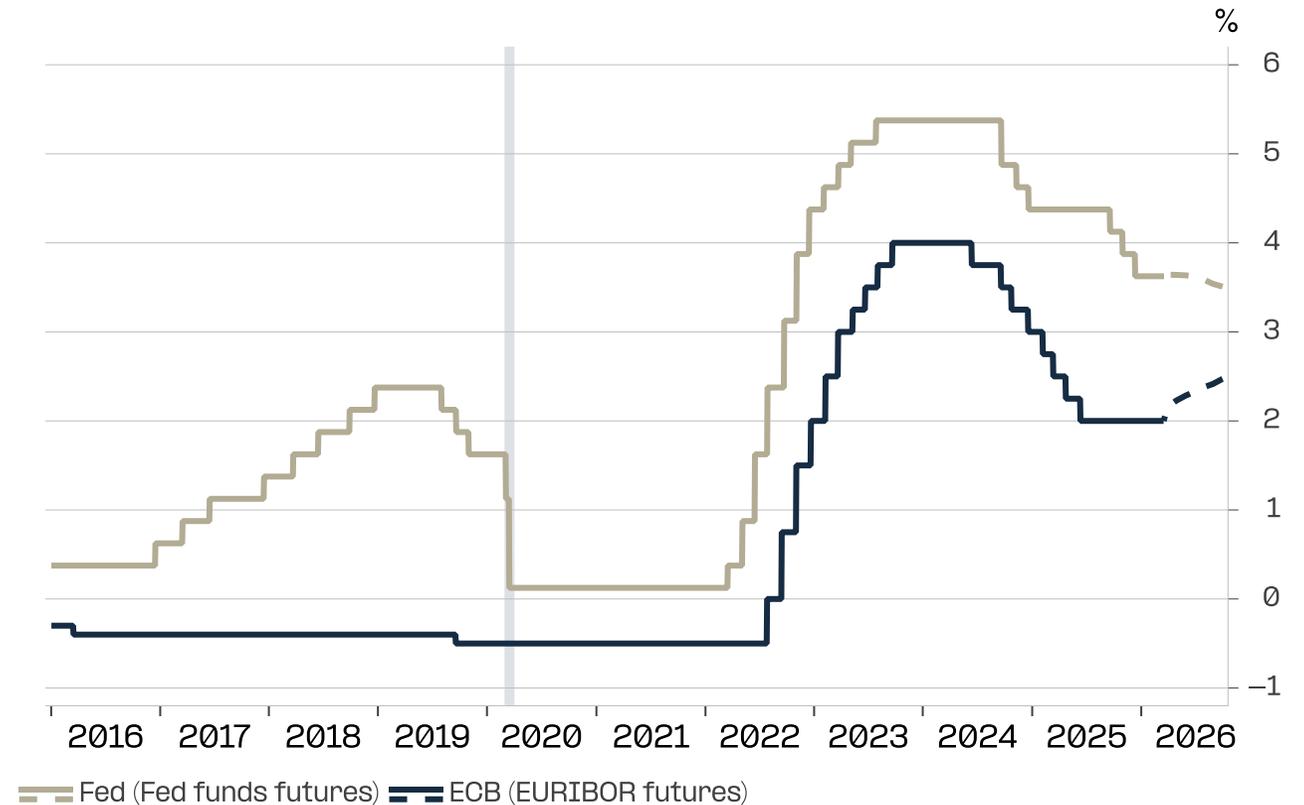
Source: Macrobond, Evli, OPEC

The ECB is likely to keep policy rates unchanged

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- Euro area annual inflation rose to 1.9% in February from 1.7% in January, close to the ECB's 2% target.
- The rise in oil prices following the closure of the Strait of Hormuz has influenced market expectations for future rate decisions.
- Markets are currently pricing in two rate hikes from the ECB and one rate cut from the Federal Reserve this year.
- No rate changes are expected from the Federal Reserve, the Bank of Japan, or the Bank of England at their meetings today and tomorrow.

Fed and ECB implied rate hikes paths

The dashed line shows the market expectations of rates in the future



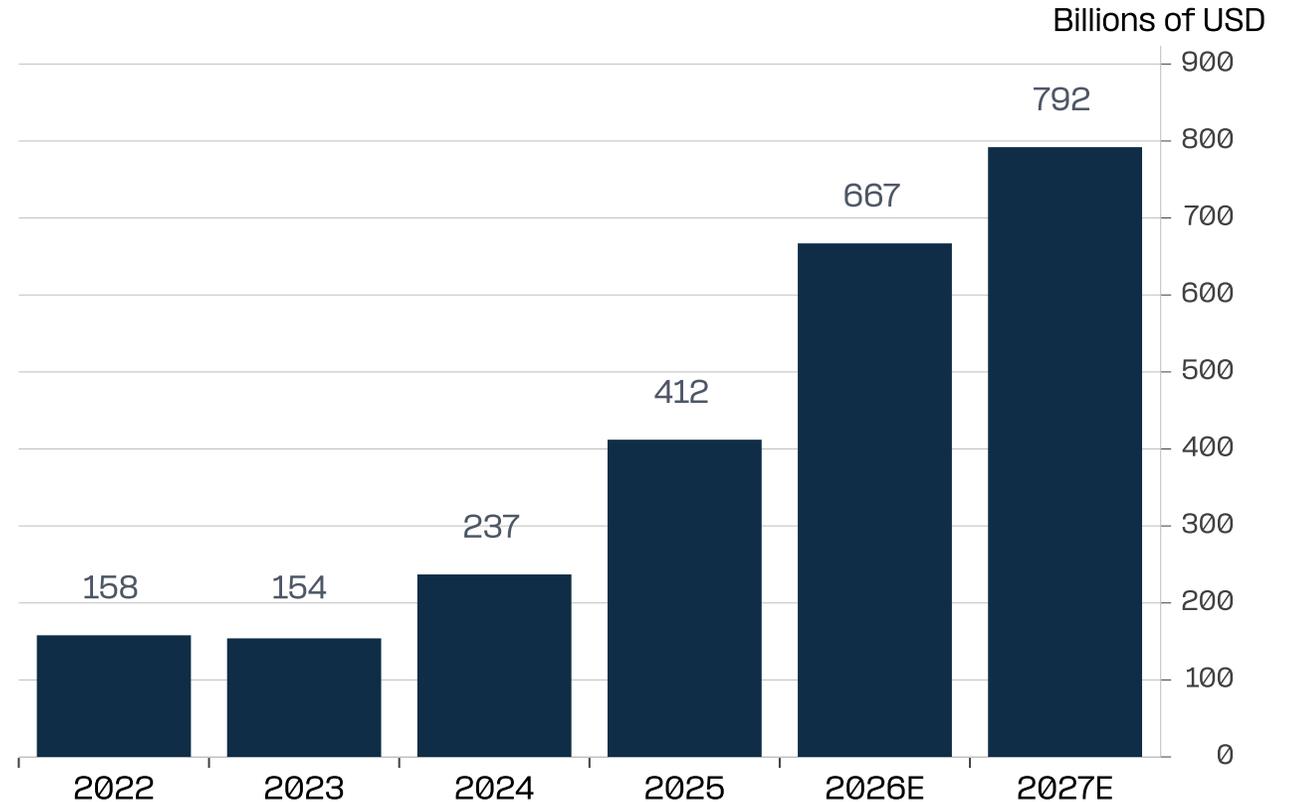
Source: Macrobond, Evli

Nvidia's annual technology conference began on Monday

- The event is an important platform for signaling developments in artificial intelligence, investment trends, and new technologies.
- Nvidia expects to sell up to \$1 trillion worth of chips by the end of next year, driven by strong demand for its current and next-generation AI chips.
- Major cloud providers, including Amazon, Meta, Google, Microsoft, and Oracle, are expected to spend more than \$660 billion on AI investments this year.

Hyperscaler capex

Hyperscalers include Amazon, Meta, Google, Microsoft and Oracle

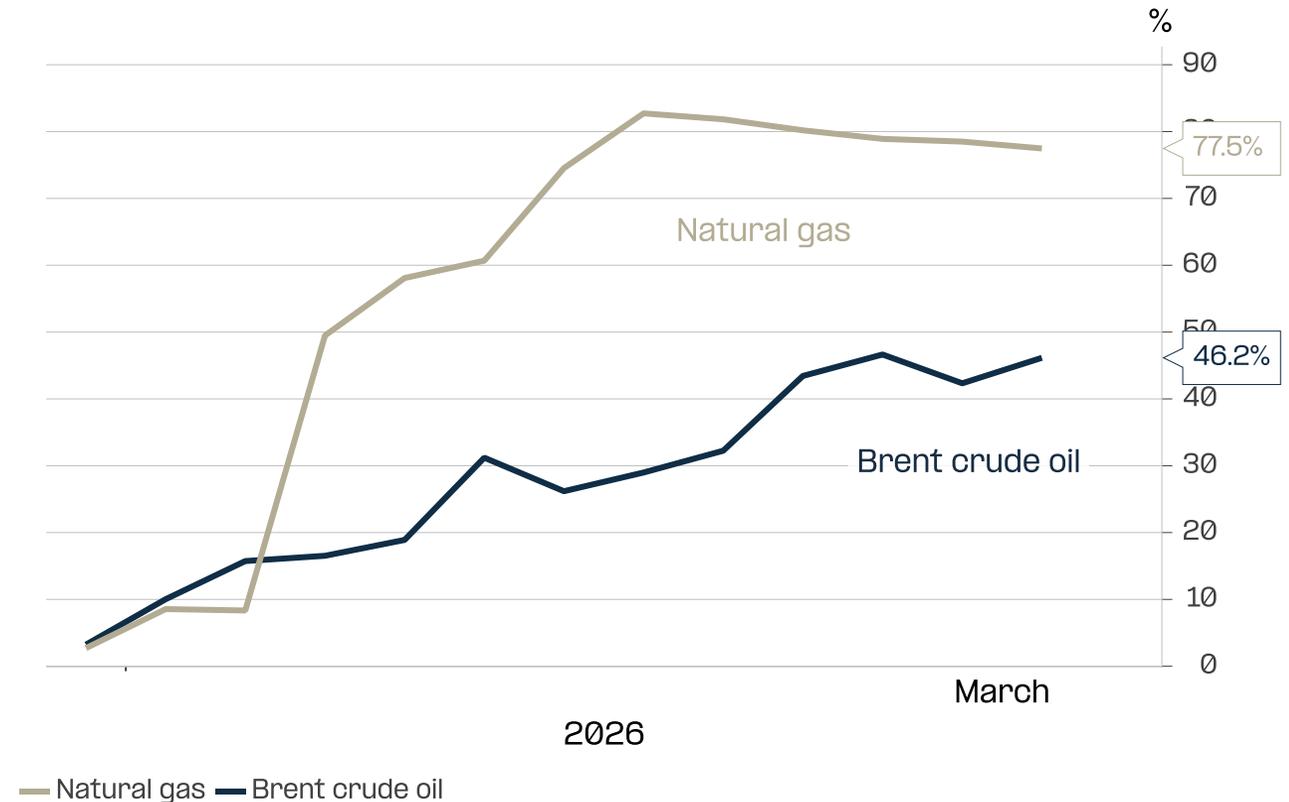


Source: Macrobond, Evli, FactSet, GS Investment Research

The impact of the Iran conflict on equity markets has been relatively modest

- Although Brent crude has risen by more than 40% since the outbreak of the war, the total return of the MSCI World Mid and Large Cap Index has declined by only around 4% over the same period.
- U.S. equities have performed relatively well, particularly from a euro-based investor's perspective, supported by a stronger dollar.
- Rising oil prices have increased stagflation risks, contributing to higher government bond yields. However, equity markets have moved higher and yields lower so far this week.

Oil and natural gas prices have risen following the outbreak of the war in Iran



Source: Macrobond, Evli

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