

# EVLI

## ALLOCATION VIEW MAY 6, 2026



EVLI PLC

CONFIDENTIAL

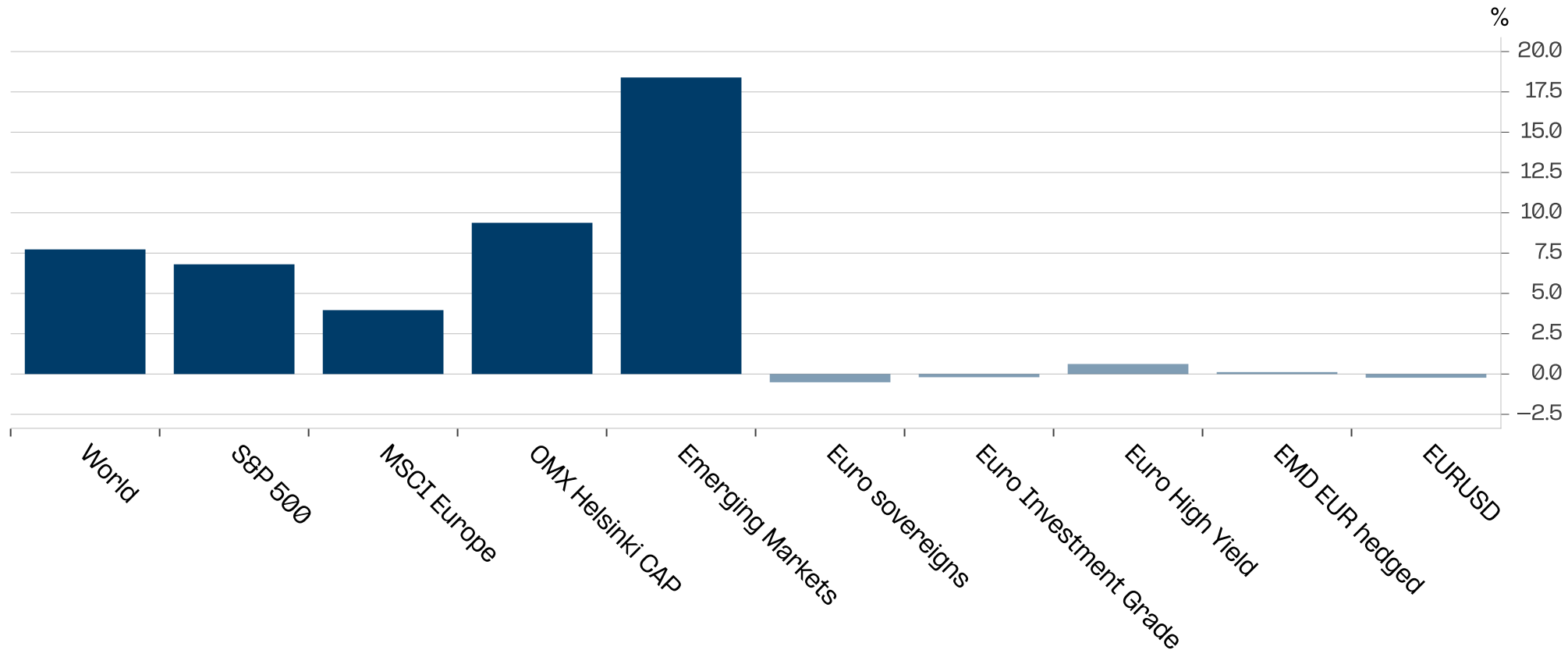
# The main points of the allocation meeting

- **Tensions between Iran and the United States escalated on Monday, but the ceasefire between the countries remains in place.** U.S. armed forces secured the passage of two American vessels through the Strait of Hormuz while Iran attempted to block this by force. Iran also carried out strikes against the United Arab Emirates. Both Iran and the United States continue to maintain the closure of the Strait of Hormuz, as it serves as a pressure tactic for both sides. The U.S. blockade of Iranian ports is preventing Iran's oil exports on which the Iranian economy heavily depends. The war is likely to accelerate inflation and slow economic growth, particularly in Europe.
- **First quarter earnings growth has been very strong in the United States and emerging markets.** Earnings growth for companies in the S&P 500 index stands at 16 percent, while earnings growth in the MSCI EM index is 38 percent and in the STOXX Europe 600 index 5 percent, with around half of the companies in the indices having reported their results so far. Technology companies are driving earnings growth in both the United States and emerging markets. In emerging markets, earnings growth has been particularly strong in Korea and Taiwan, driven by semiconductor companies SK Hynix, Samsung, and TSMC. In Europe, earnings growth has been strongest in the energy sector, where it stands at 24 percent.
- **Major U.S. cloud companies Amazon, Alphabet, Meta, and Microsoft, which reported earnings last Wednesday, delivered average revenue growth of more than 20 percent.** Artificial intelligence continues to be the main driver of growth. The companies also communicated large investment plans, and the largest U.S. cloud companies are collectively expected to spend more than 750 billion dollars on investments this year, more than 80 percent higher than last year. Analysts believe this year could deliver the fastest earnings growth in many years, driven primarily by technology companies.
- **Equity markets have risen despite the Iran war.** Brent crude oil prices are around 100 dollars per barrel, compared with around 75 dollars per barrel before the war began. Global equity markets rose in April despite uncertainty related to the Iran war. In euro terms, equity markets returned around 9 percent in the United States, 6 percent in Europe, and approximately 13 percent in emerging markets during April. Returns have been supported particularly by the technology sector. Long-term interest rates, however, did not decline in April. The yield on the U.S. 10-year Treasury bond stood at 4.33 percent at the beginning of April and has now risen to 4.45 percent. The European Central Bank (ECB) has communicated that it will raise deposit rates, while the Federal Reserve has not signaled rate hikes.
- **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

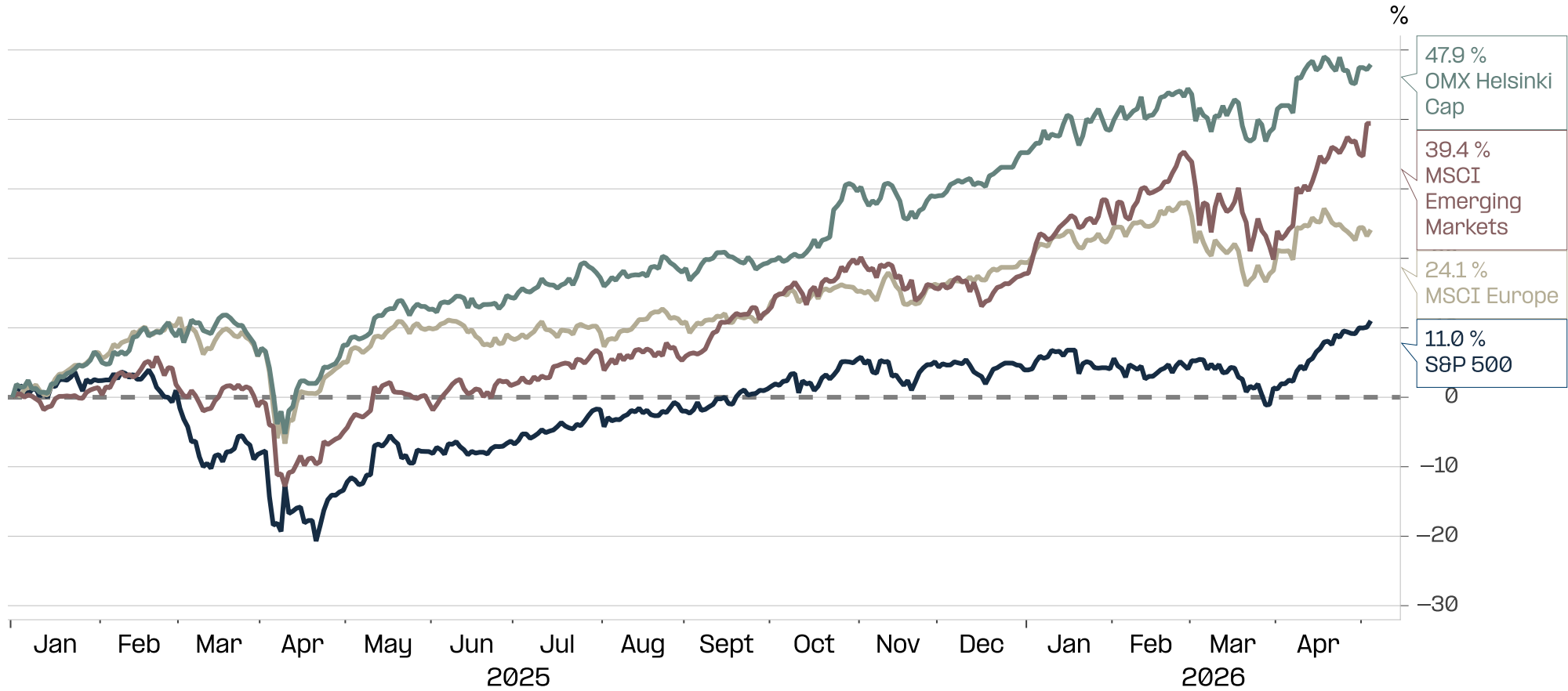


Source: Macrobond, Evli

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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

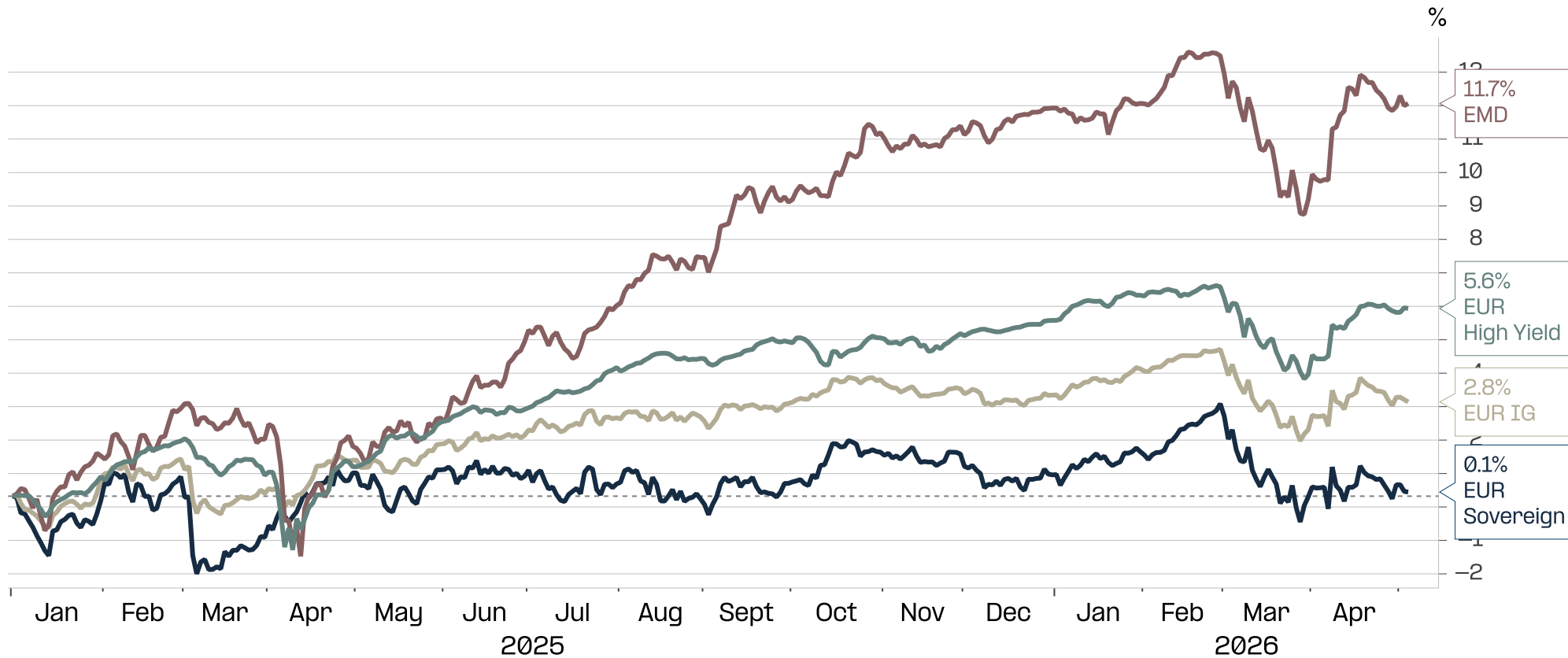


Source: Macrobond, Bloomberg, Evli

# 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



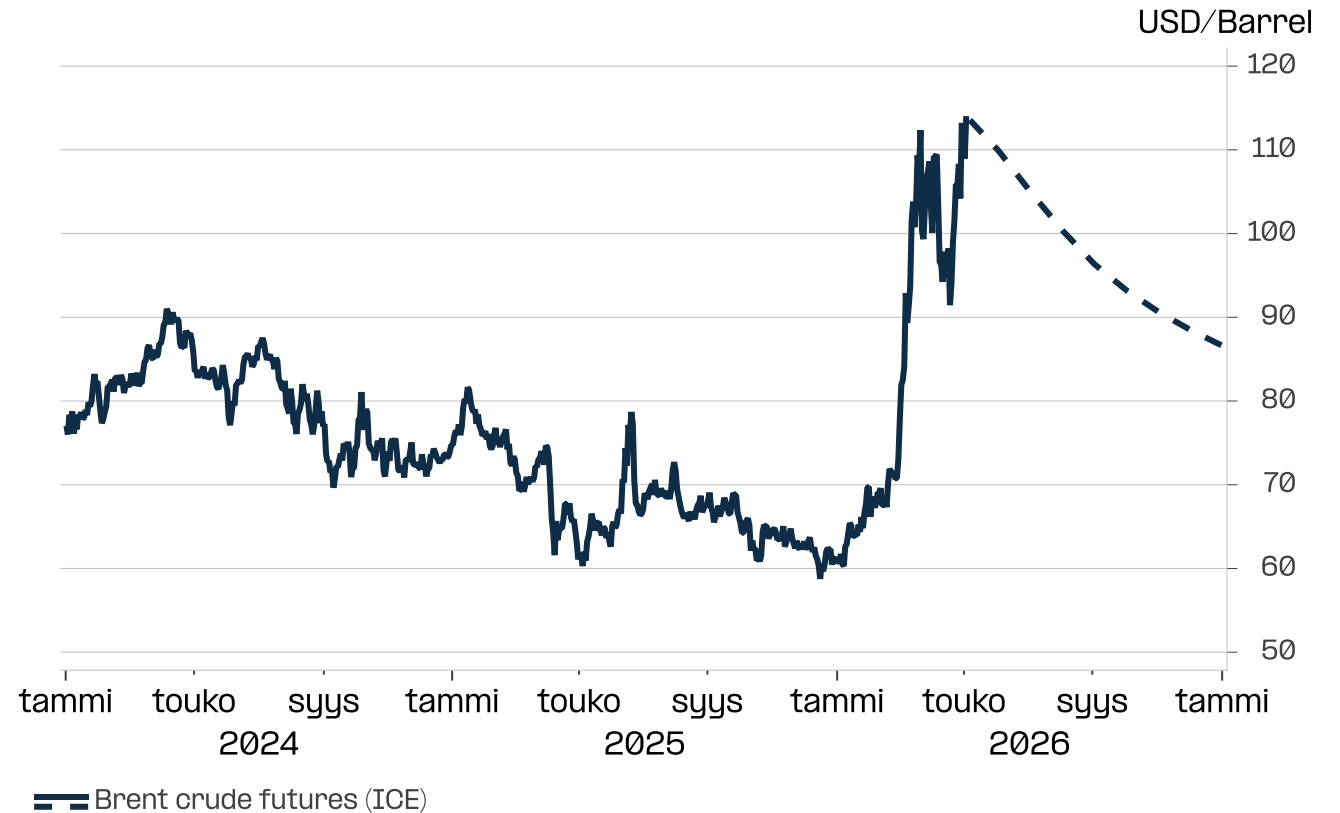
Source: Macrobond, Bloomberg, Evli

# The ceasefire between Iran and the US remains in place

- U.S. armed forces secured the passage of two American vessels through the Strait of Hormuz while Iran attempted to block this by force. Iran also carried out strikes against the United Arab Emirates.
- Both Iran and the United States continue to maintain the closure of the Strait of Hormuz, as it serves as a pressure tactic for both sides.
- The U.S. blockade of Iranian ports is preventing Iran's oil exports on which the Iranian economy heavily depends.
- The war is likely to accelerate inflation and slow economic growth, particularly in Europe.

## Brent crude oil price and market expectations

The dashed line reflects market expectations implied by ICE Brent crude oil futures



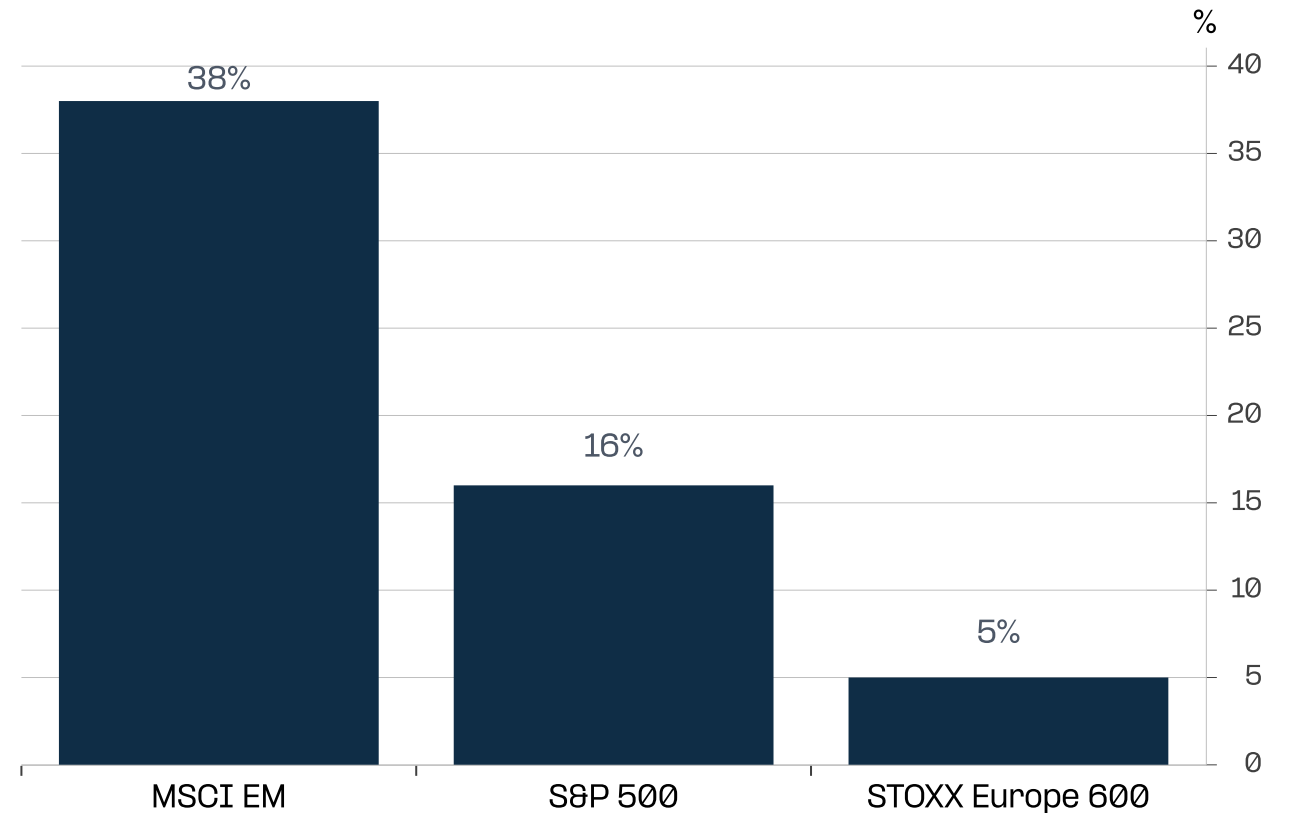
— Brent crude futures (ICE)

Source: Macrobond, Evli, Intercontinental Exchange (ICE)

# First-quarter earnings growth is strong in the United States and emerging markets

- Earnings growth for companies in the S&P 500 index stands at 16 percent, while earnings growth in the MSCI EM index is 38 percent and in the STOXX Europe 600 index 5 percent, with around half of the companies in the indices having reported their results so far.
- Technology companies are driving earnings growth in both the United States and emerging markets.
- In emerging markets, earnings growth has been particularly strong in Korea and Taiwan, driven by semiconductor companies SK Hynix, Samsung, and TSMC.
- In Europe, earnings growth has been strongest in the energy sector, where it stands at 24 percent.

Q1 2026 earnings growth  
YoY % change



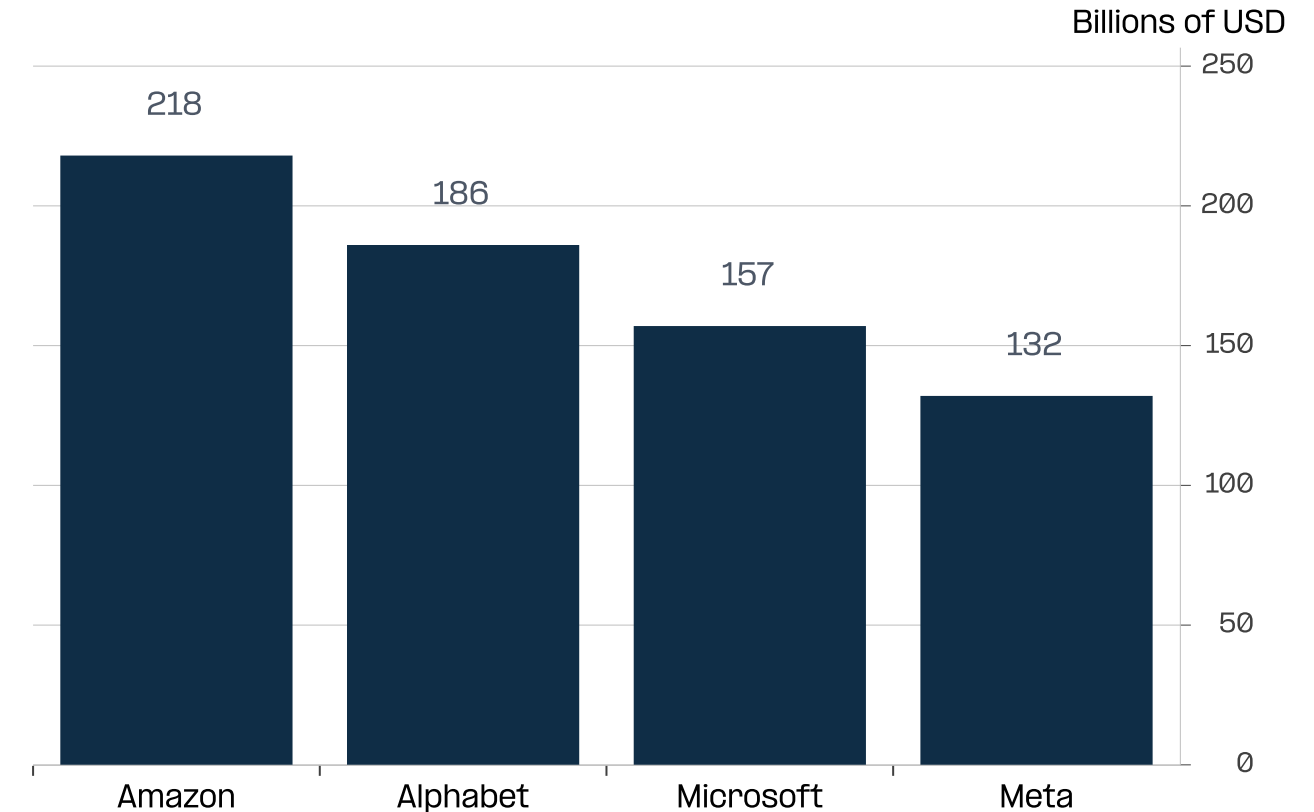
Source: Macrobond, Evli, Goldman Sachs

# Amazon, Alphabet, Meta Platforms, and Microsoft reported strong results

- Average revenue growth exceeded 20 percent.
- Artificial intelligence continues to be the main driver of growth.
- The companies also communicated large investment plans, and the largest U.S. cloud companies are collectively expected to spend more than 750 billion dollars on investments this year, more than 80 percent higher than last year.
- Analysts believe this year could deliver the fastest earnings growth in many years, driven primarily by technology companies.
- In 2027, capital expenditure by the largest U.S. cloud companies is expected to rise to \$890 billion, and to \$914 billion in 2028.

## Hyperscalers are making historic investments

Consensus 2026 capex for Amazon, Alphabet, Microsoft and Meta



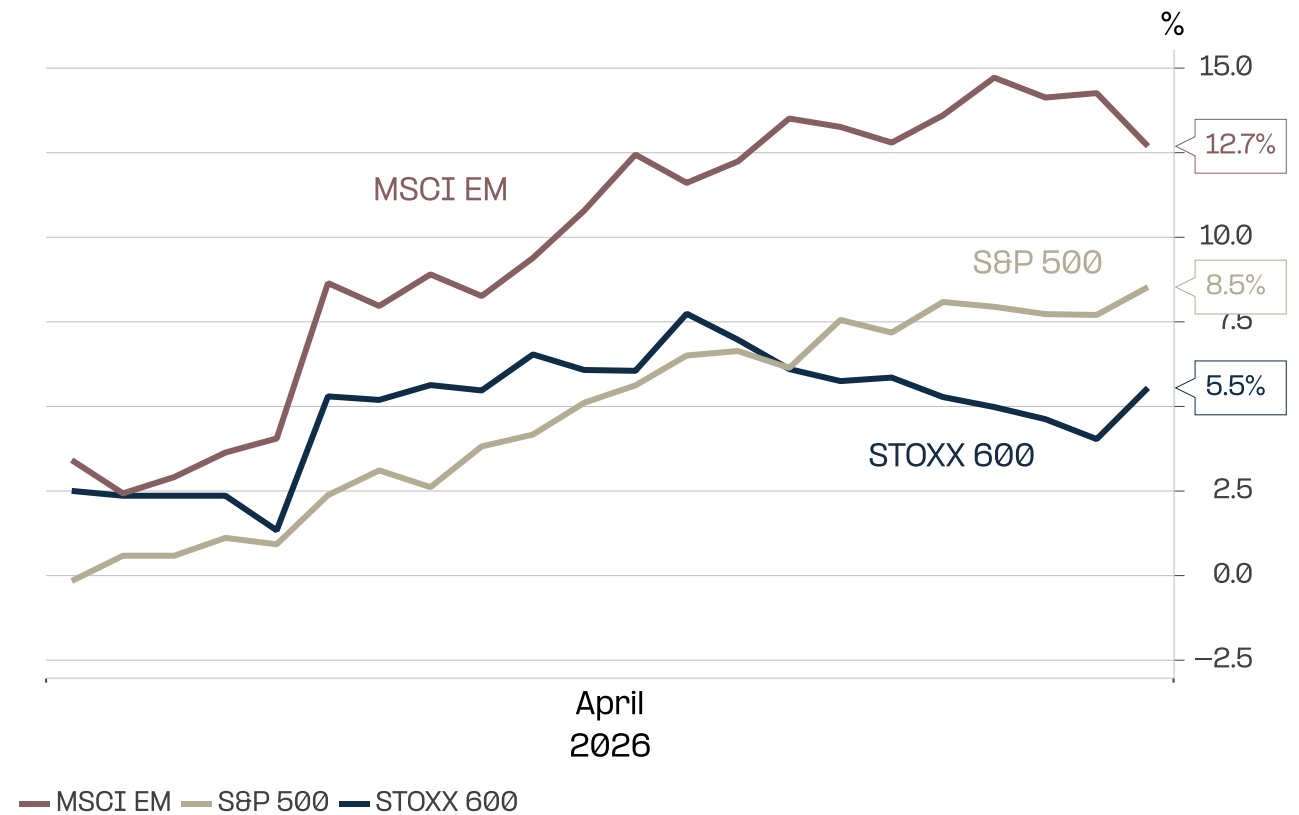
Source: Macrobond, Evli, Goldman Sachs

# Equity markets have risen despite the Iran war

- Brent crude oil prices are around 100 dollars per barrel, compared with around 75 dollars per barrel before the war began
- In euro terms, equity markets returned around 9 percent in the United States, 6 percent in Europe, and approximately 13 percent in emerging markets during April.
- Long-term interest rates, however, did not decline in April. The yield on the U.S. 10-year Treasury bond stood at 4.33 percent at the beginning of
- April and has now risen to 4.45 percent. The European Central Bank (ECB) has communicated that it will raise deposit rates, while the Federal Reserve has not signaled rate hikes

## Equity markets rose globally in April

Total returns in April in EUR

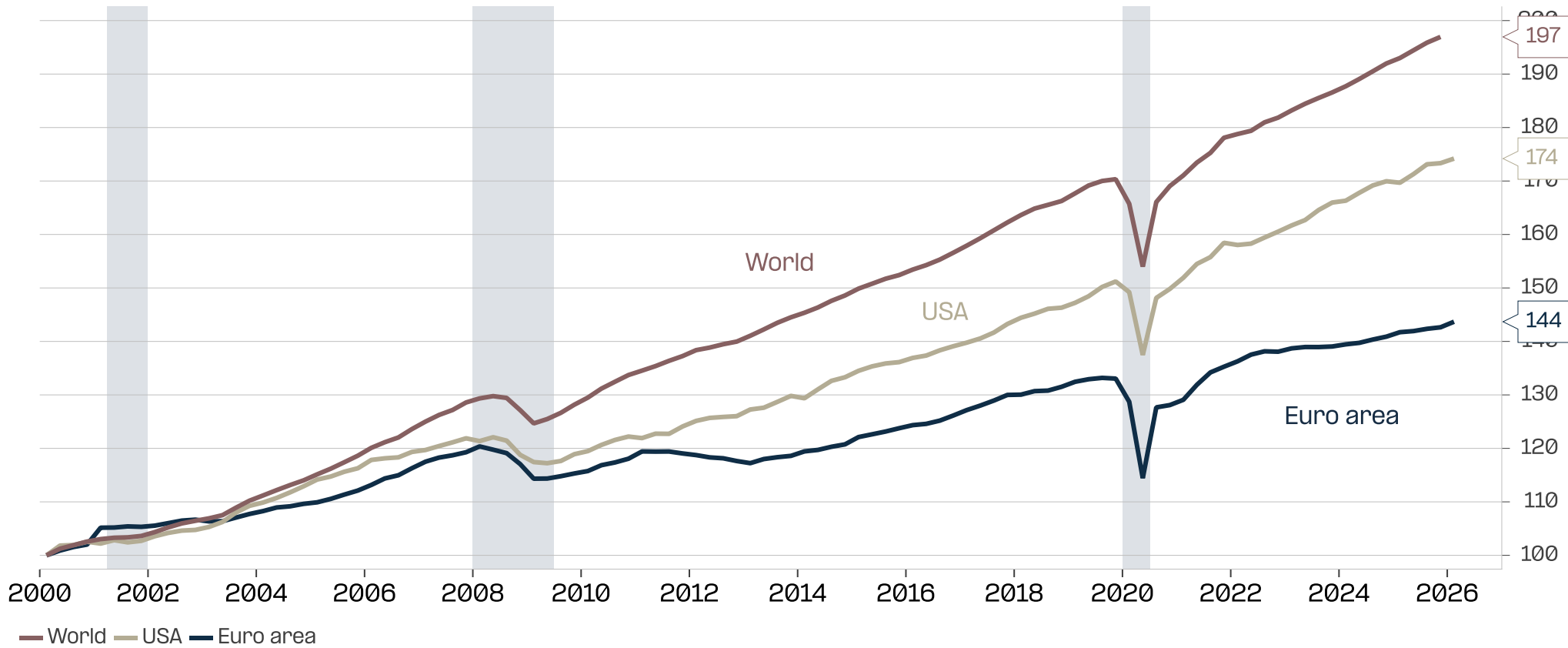


Source: Macrobond, Evli

# Growth

## Real GDP

Normalized to 100 = 1/2000

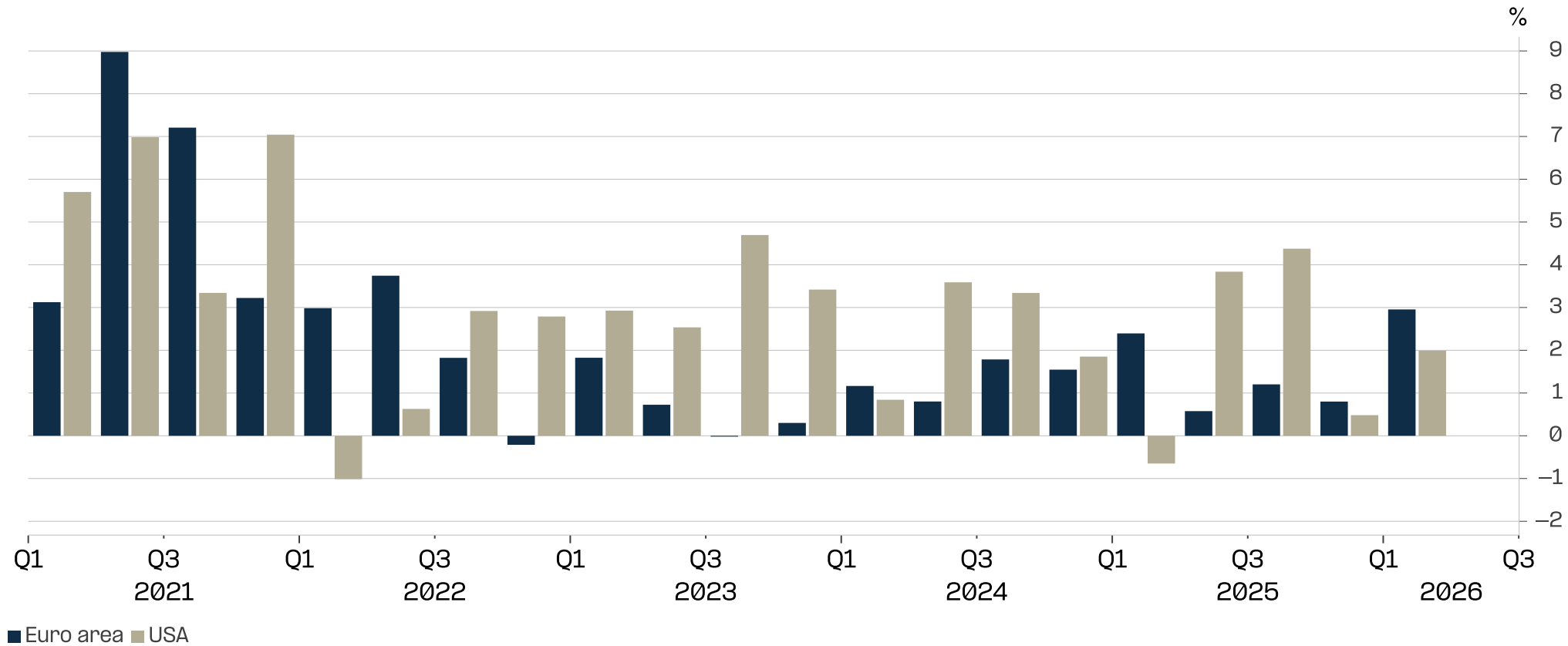


Source: Macrobond, Evli, Eurostat, BEA, World Bank

# Growth

## Real GDP growth

QoQ annualized

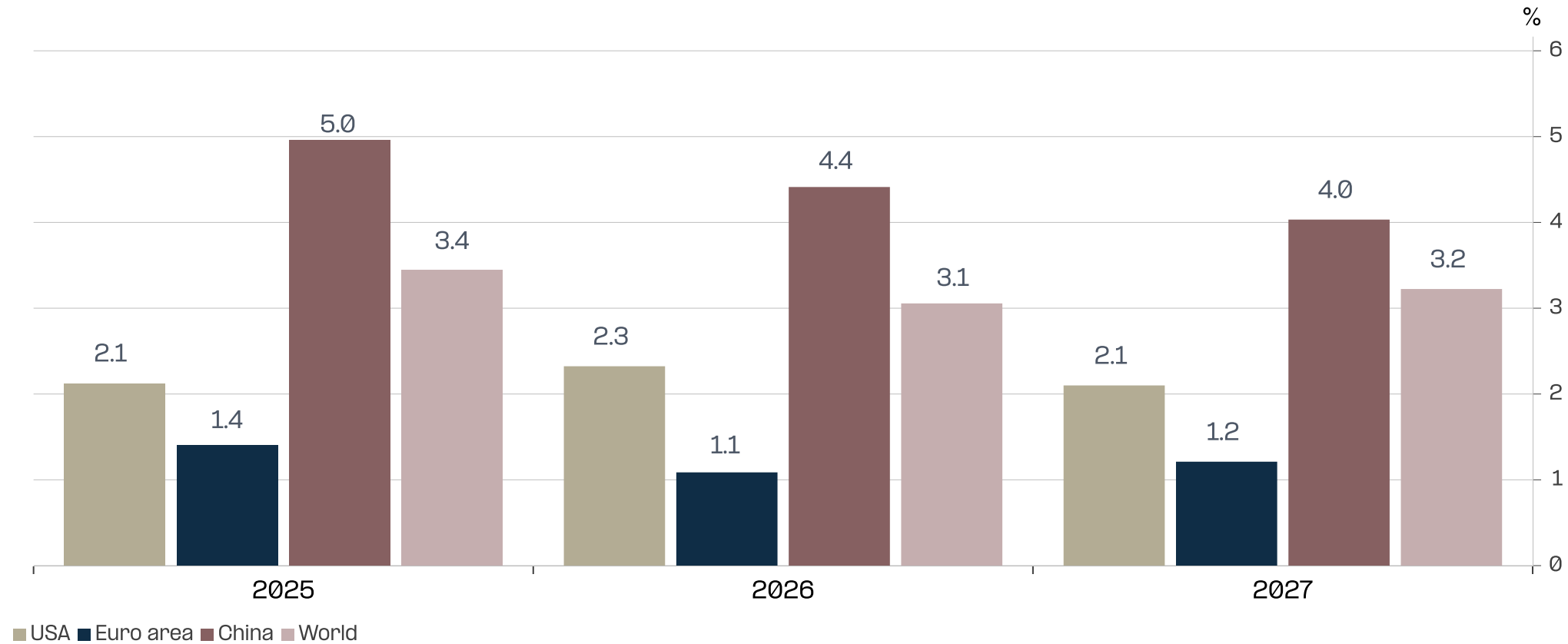


Source: Macrobond, Evli, Eurostat, BEA

# GDP growth expectations

## IMF GDP growth estimates

Year-over-year % change

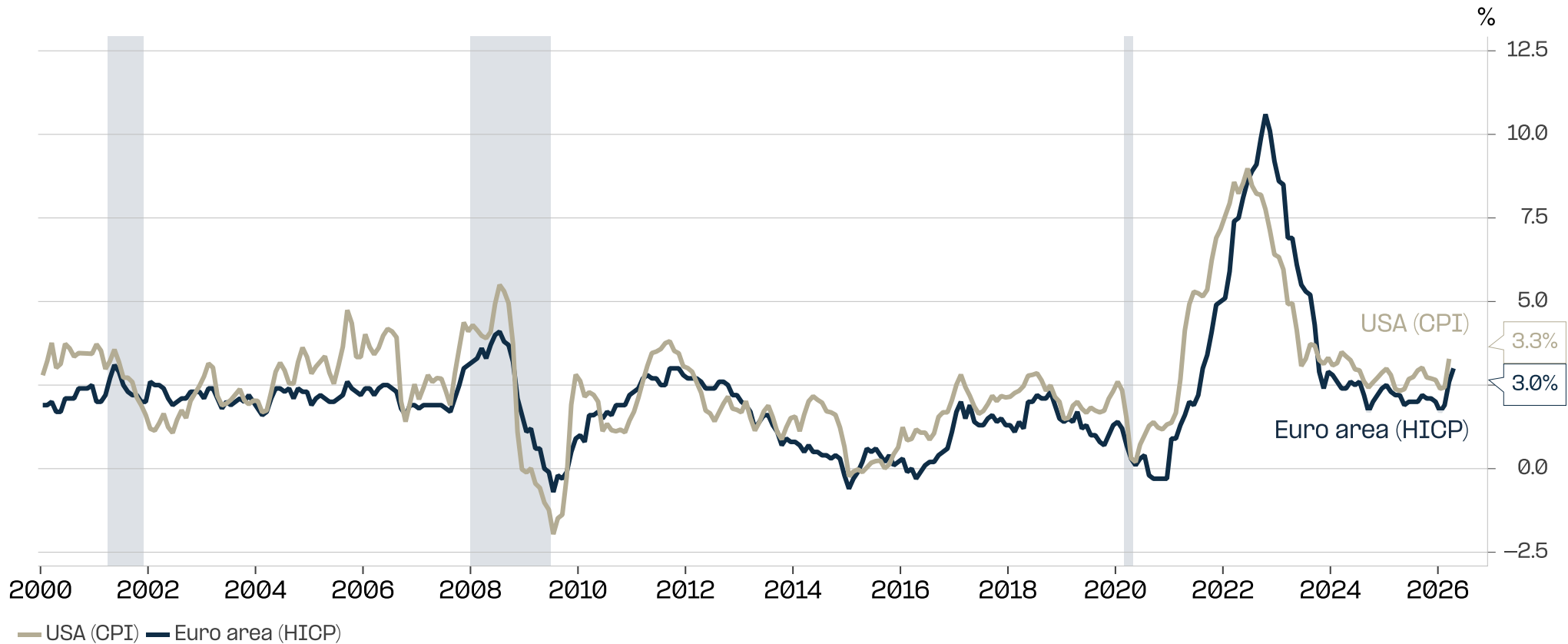


Source: Macrobond, Evli, IMF

# Inflation

## Inflation

Year-over-year change in consumer prices (U.S. CPI and euro area HICP)

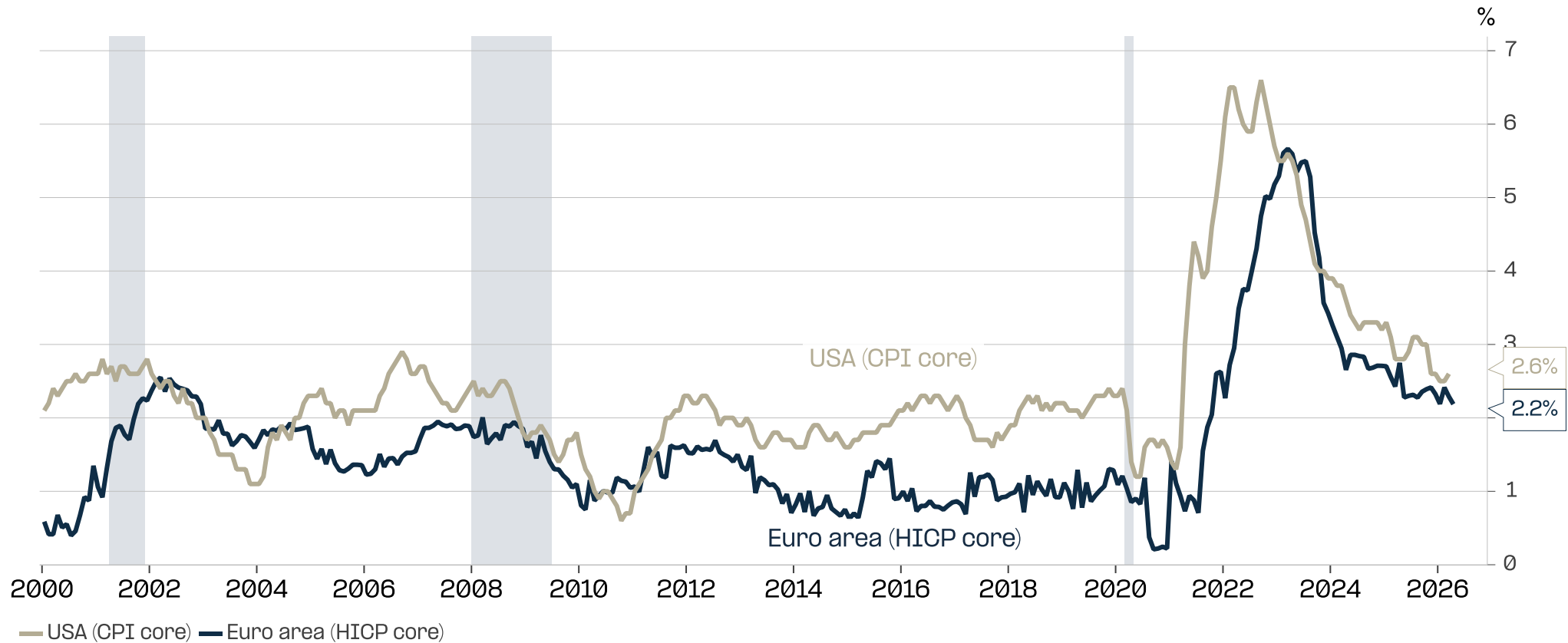


Source: Macrobond, Evli, ECB, BLS

# Core inflation

## Core inflation

Inflation excluding energy and food (U.S. core CPI and euro area core HICP)

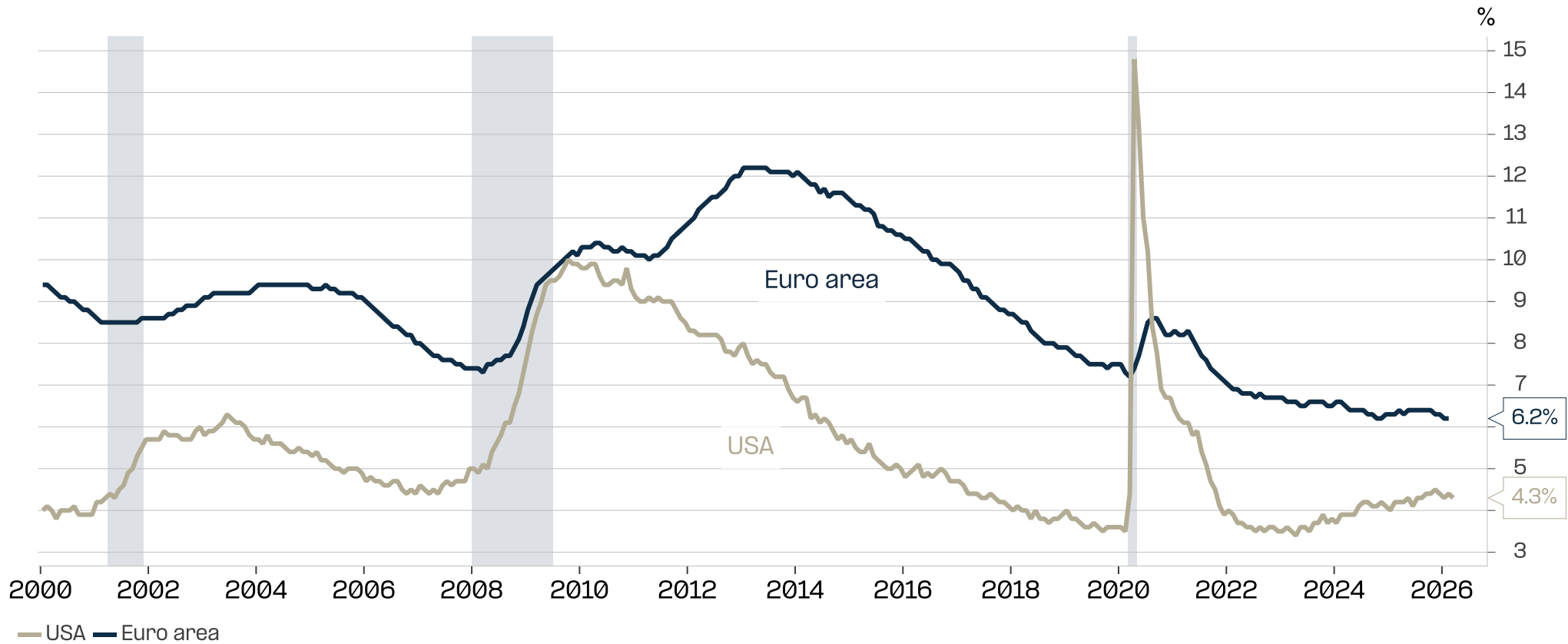


Source: Macrobond, Evli, BLS, Eurostat

# Unemployment

## Unemployment rate

Unemployment rates in the United States (age 16 and over, seasonally adjusted) and the euro area (harmonised)

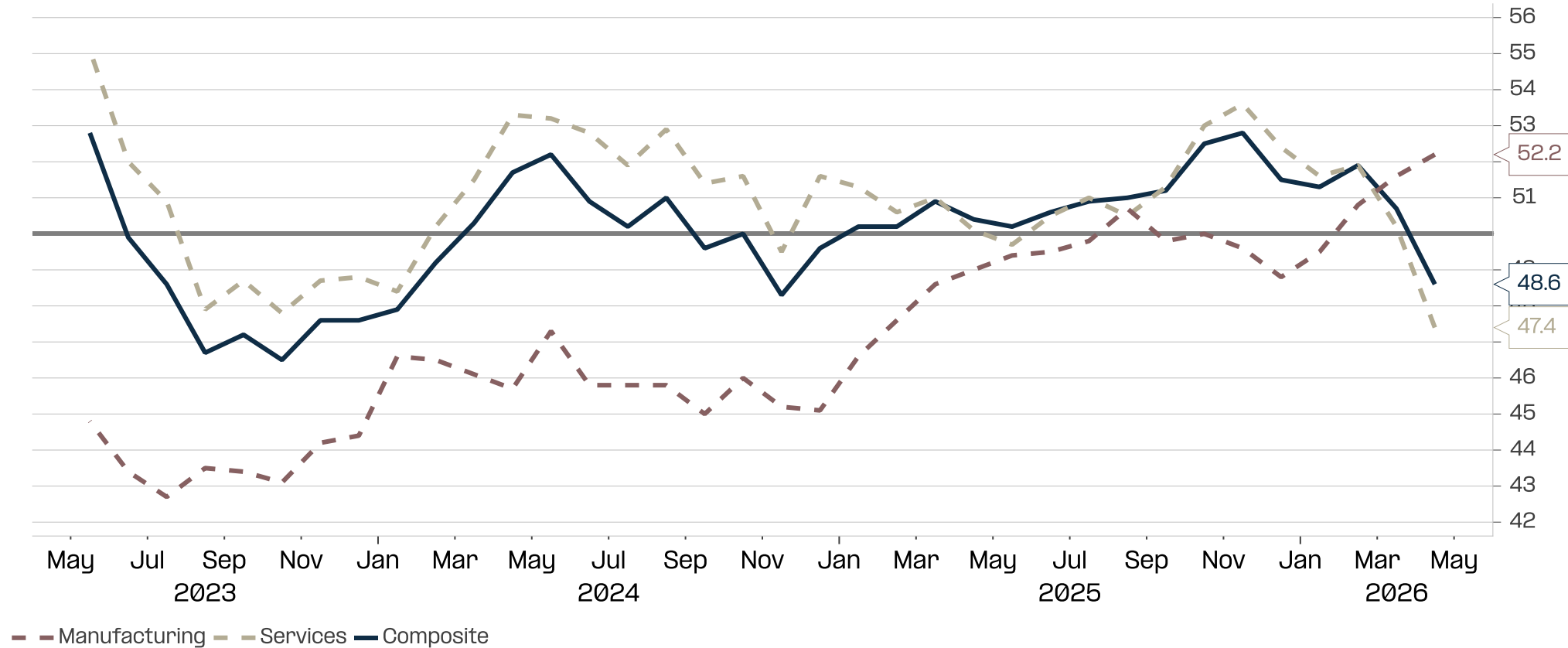


Source: Macrobond, Evli, Eurostat, BLS

# Euro area PMIs

## Euro area PMIs

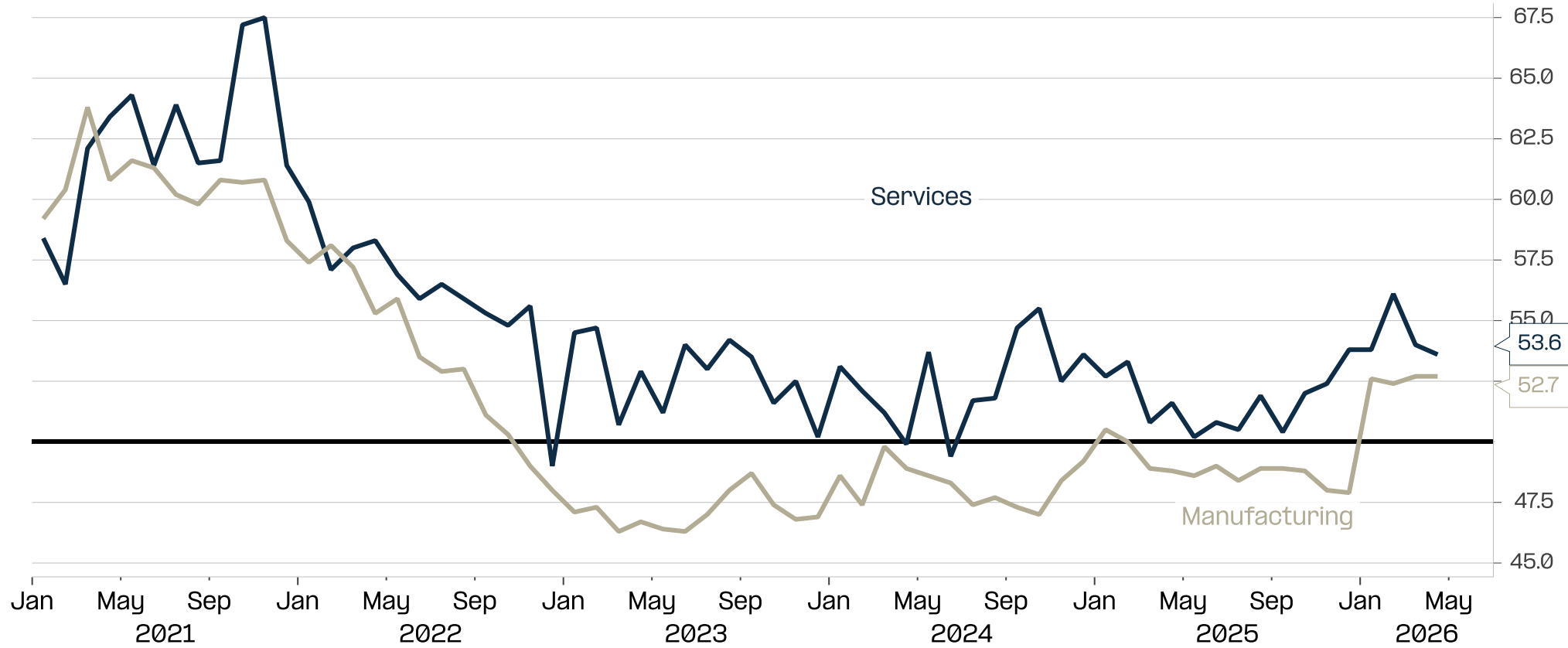
S&P Global PMI



Source: Macrobond, Evli, S&P Global

# US PMIs

US PMIs  
ISM Report On Business

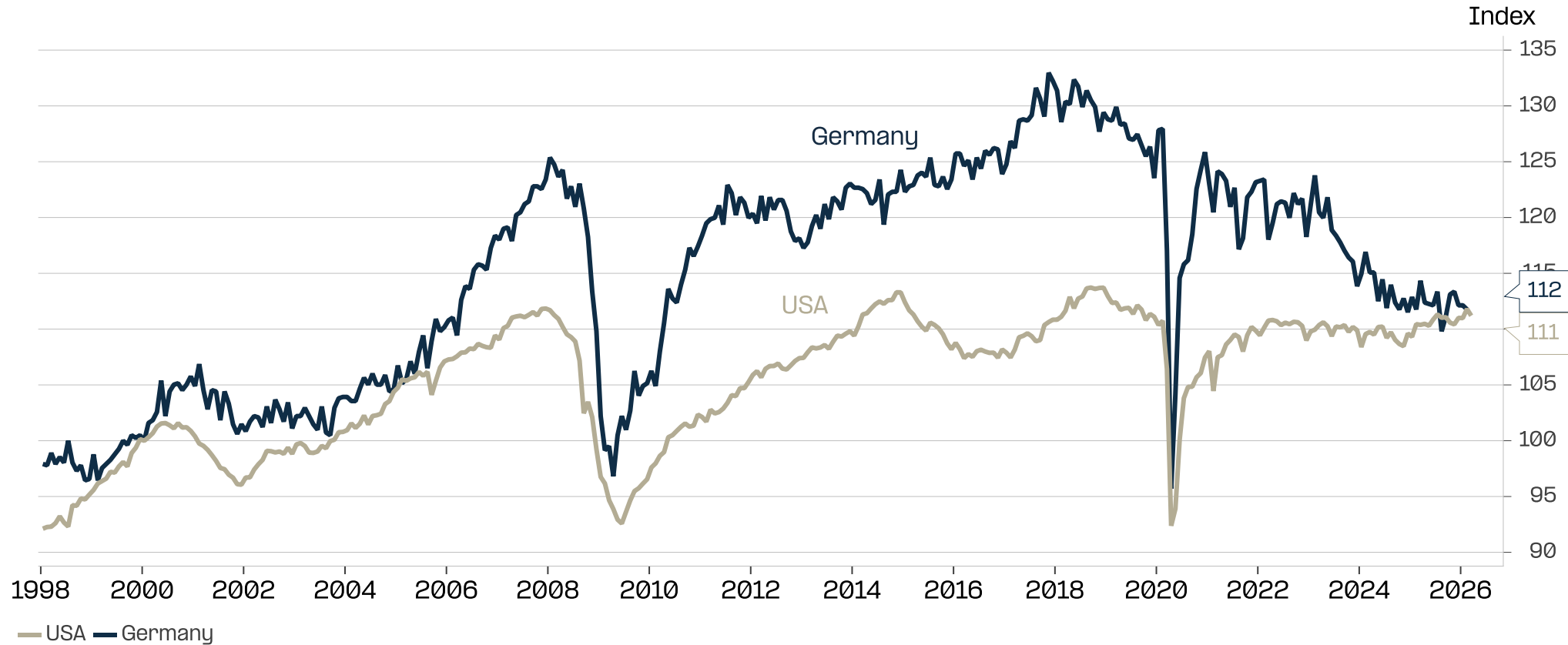


Source: Macrobond, Evli, ISM

# Industrial production

## Industrial production

Inflation and seasonally adjusted, rebased to year 2000

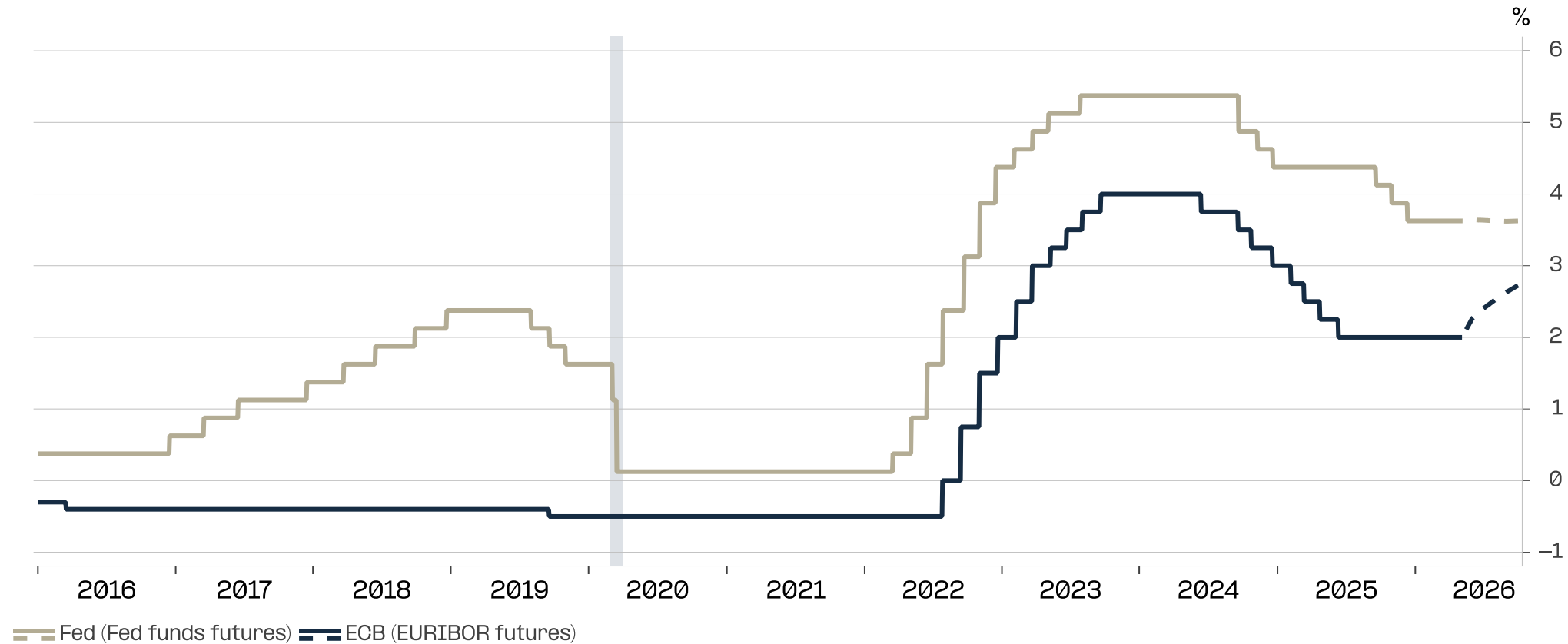


Source: Macrobond, Evli, Federal Reserve, German Federal Statistical Office

# Fed and ECB rates

## Fed and ECB implied rate hike paths

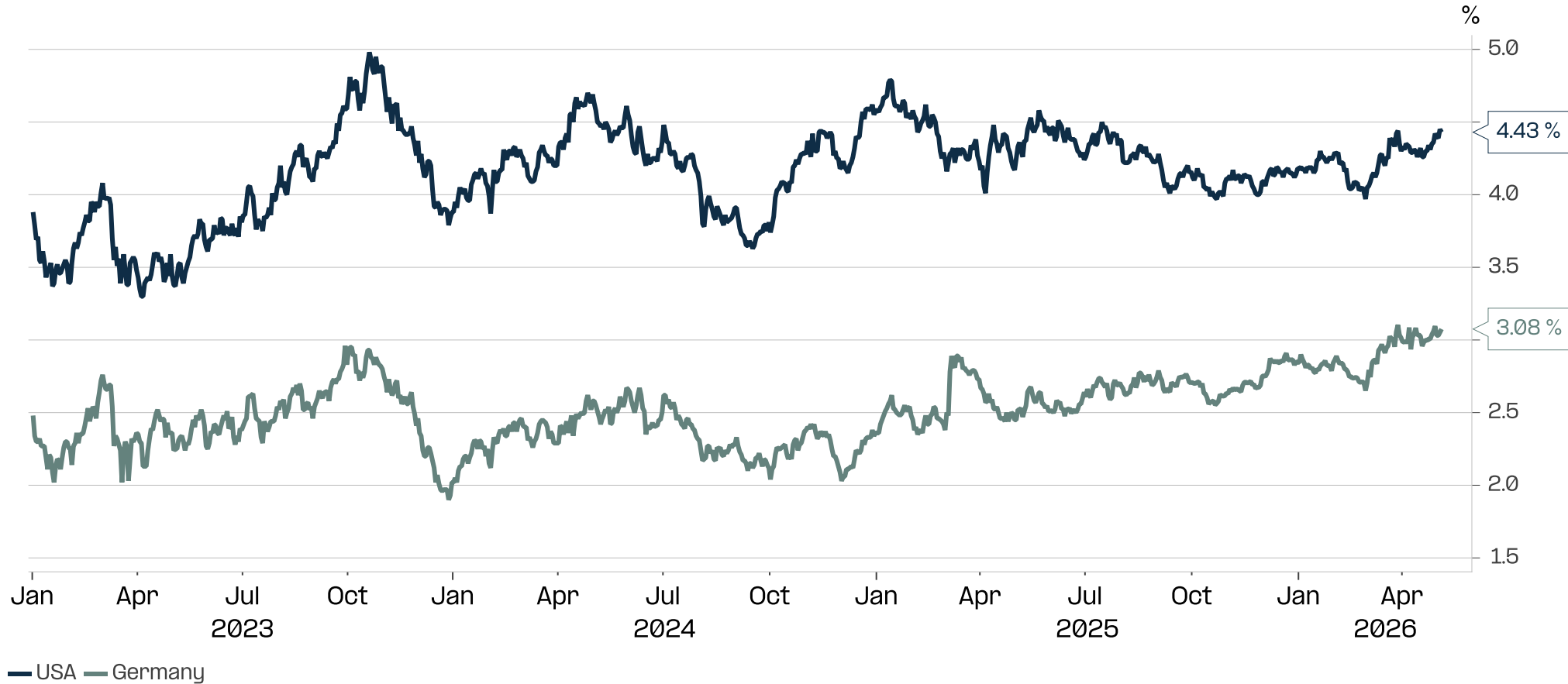
The dashed line represents market expectations for policy rates based on Fed funds and EURIBOR futures



Source: Macrobond, Evli, Eurex Exchange, CME Group

# Bond yields

## US and Germany 10 year bond yields



Source: Macrobond, Evli, Deutsche Bundesbank, U.S. Department of Treasury

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