

# EVLI

## ALLOCATION VIEW APRIL 8, 2026



EVLI PLC

CONFIDENTIAL

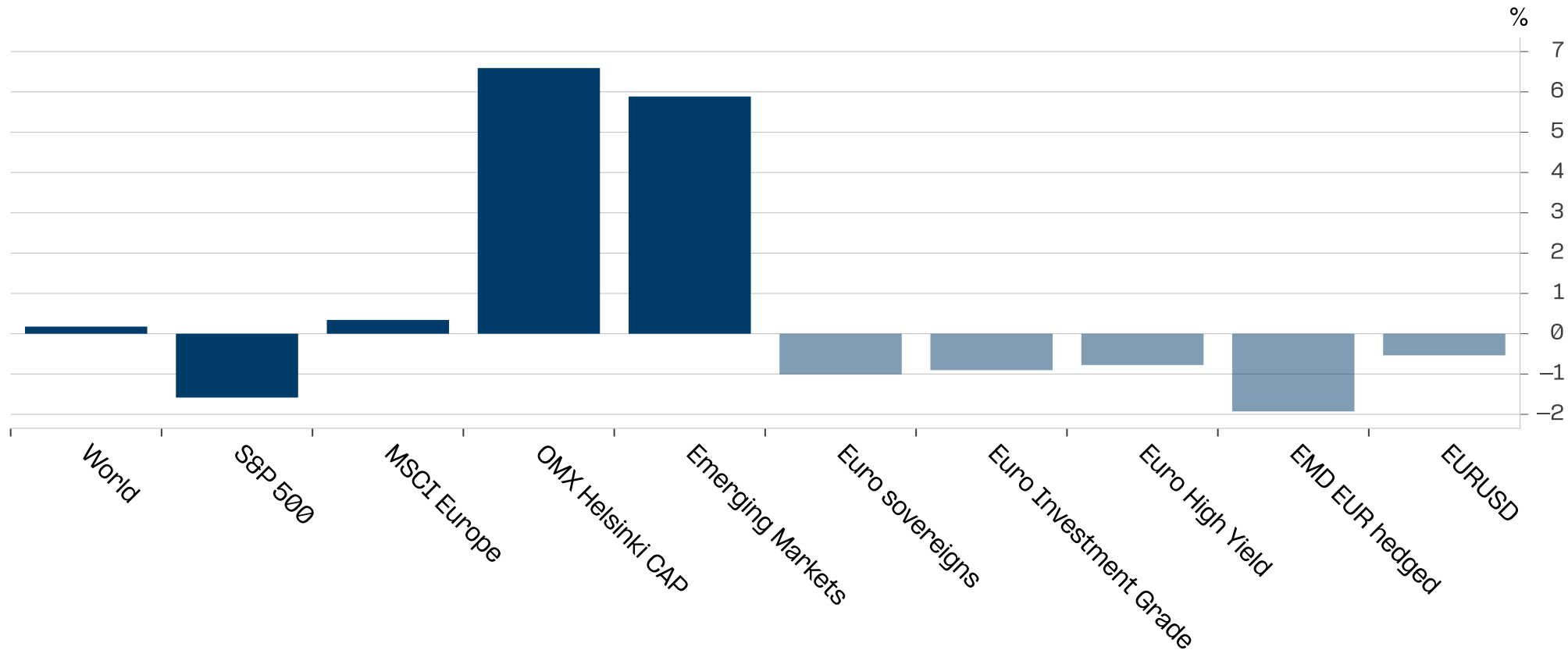
# The main points of the allocation meeting

- **The United States and Iran have agreed to a two-week ceasefire.** The US will halt strikes on Iran and Iran will reopen the Strait of Hormuz. Peace negotiations will begin on Friday in Pakistan, although the parties remain far apart. The US is demanding that Iran abandon its nuclear and missile programs, while their importance for Iran has increased further following recent US strikes. We believe that, over the medium term, the conflict could increase regional stability in the Middle East, as the threshold for engaging in conflict with Iran has risen due to Iran's demonstrated ability to close the Strait of Hormuz. In our view, the closure of the Strait is likely to push inflation higher, particularly in Europe, but is unlikely to lead to a recession if the conflict remains short-lived. The key risk is that the ceasefire does not hold and the conflict drags on, which would cause significant damage to the global economy.
- **Equities have risen and oil prices have declined following the ceasefire announcement.** Since the start of the war, the conflict in Iran has weighed on equities and pushed yields higher globally. Overall, however, the impact on equity markets has been relatively modest. The maximum drawdown in the MSCI All Country World Index has been around 9% since the outbreak of the war. Over the same period, Germany's 10-year government bond yield has risen by as much as 45 basis points to 3.10%. News overnight of the ceasefire and the reopening of the Strait of Hormuz has significantly lowered oil prices, as one-fifth of global oil supply passes through the strait. Brent crude has fallen below \$95 per barrel today, and equity markets have opened strongly globally, while yields have declined.
- **The first-quarter earnings season begins next week.** Earnings growth is expected to be particularly strong in the United States and in emerging markets, driven by technology companies. S&P 500 earnings are expected to grow by 12%, while earnings for information technology companies within the index are forecast to increase by as much as 44% year-on-year in the first quarter of 2026. Goldman Sachs expects earnings for companies in the STOXX Europe 600 index to grow by 11%, and emerging market earnings by 23% this year. Large banks such as JPMorgan Chase and Morgan Stanley will kick off the earnings season next week. The Dutch technology company ASML, which manufactures equipment used in AI chip production, and Taiwan Semiconductor Manufacturing Company (TSMC) are also set to report their results next 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

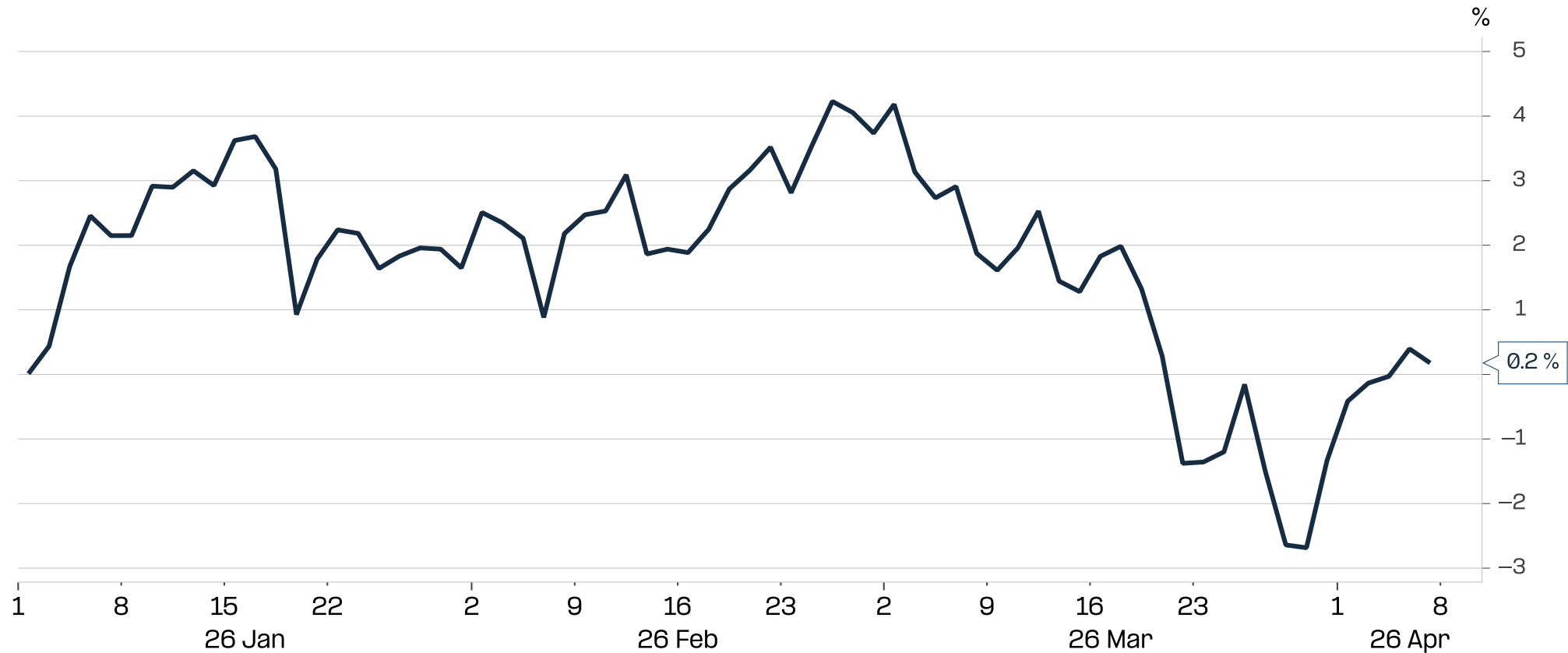
Total return indices in eur or eur hedged in the case of EMD. World is ACWI.



# 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

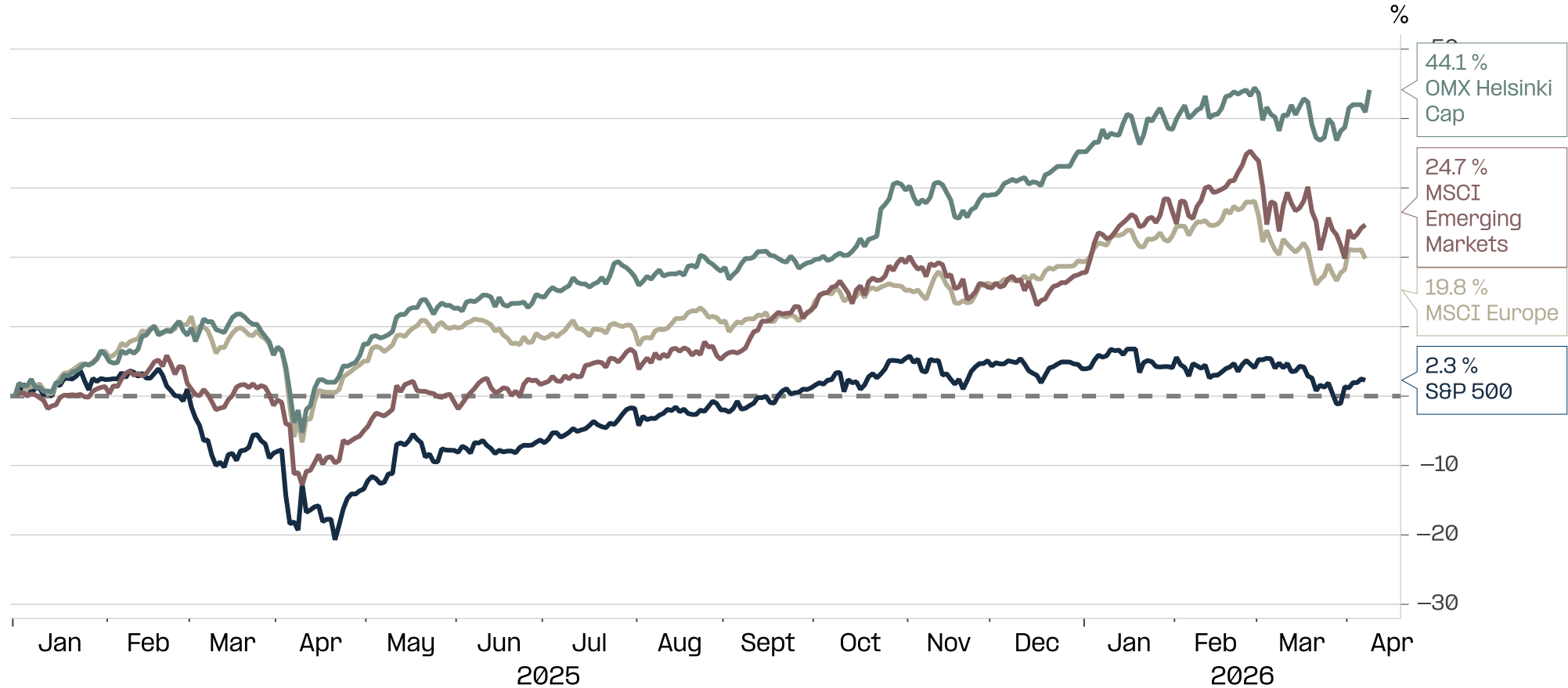


Source: Macrobond, Evli

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# Equity returns from the beginning of 2025 (EUR)

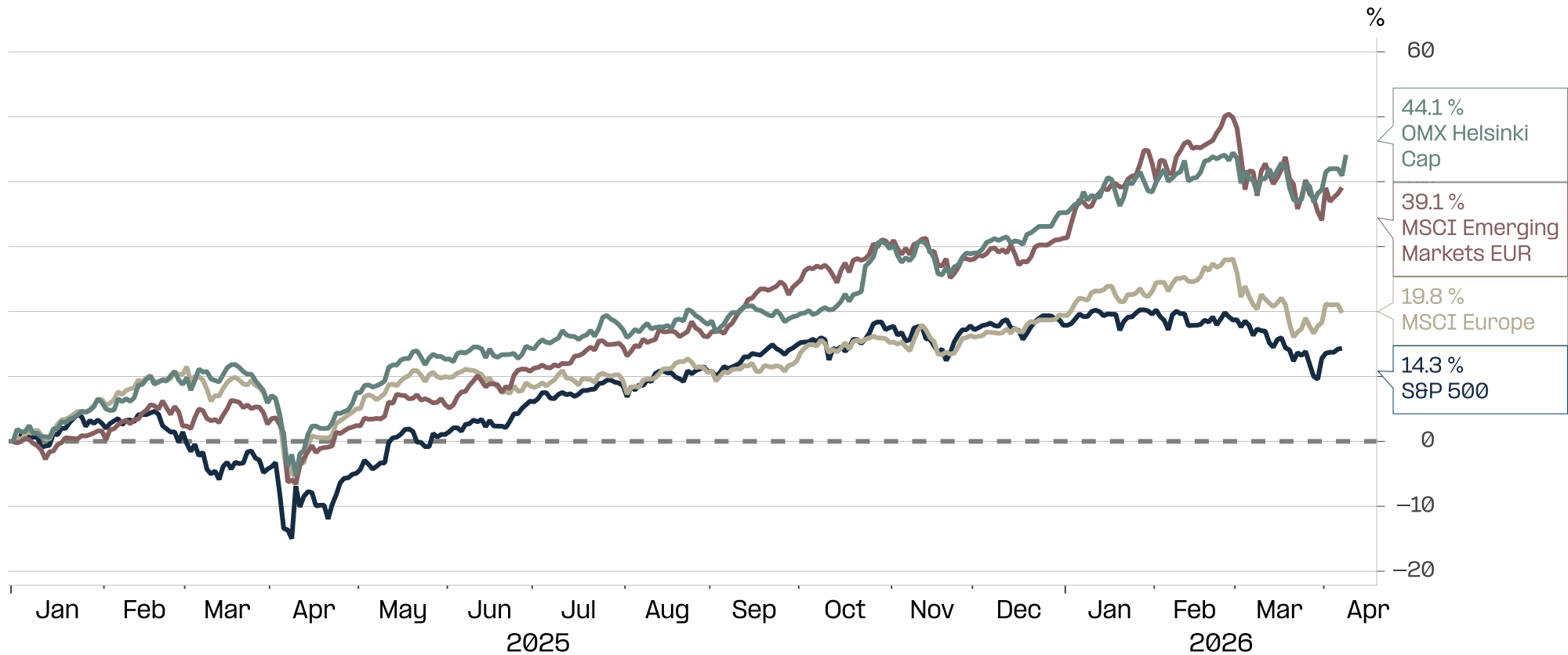
## Equity market returns in EUR



# Equity returns from the beginning of 2025 (local FX)

## Stock market returns from beginning of 2025

Local currency total market returns

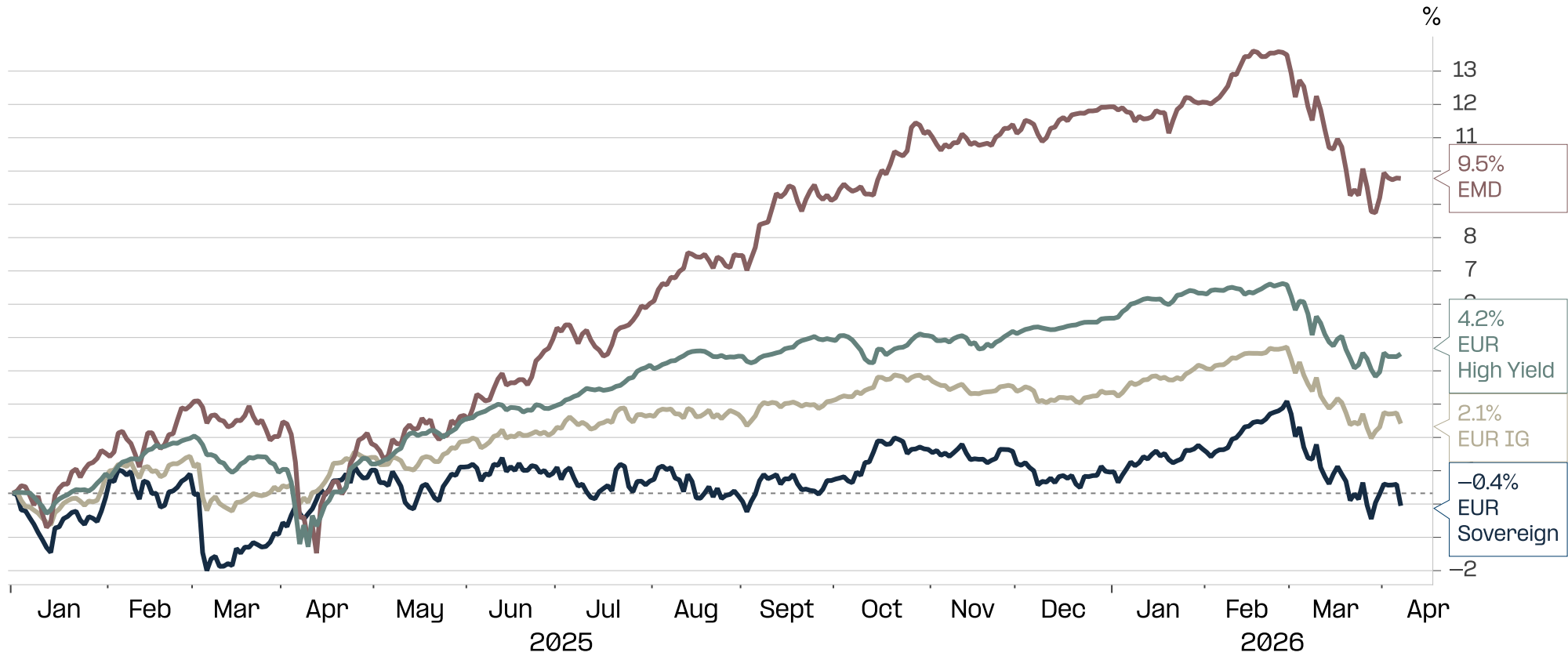


Source: Macrobond, Bloomberg, Evli

# 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



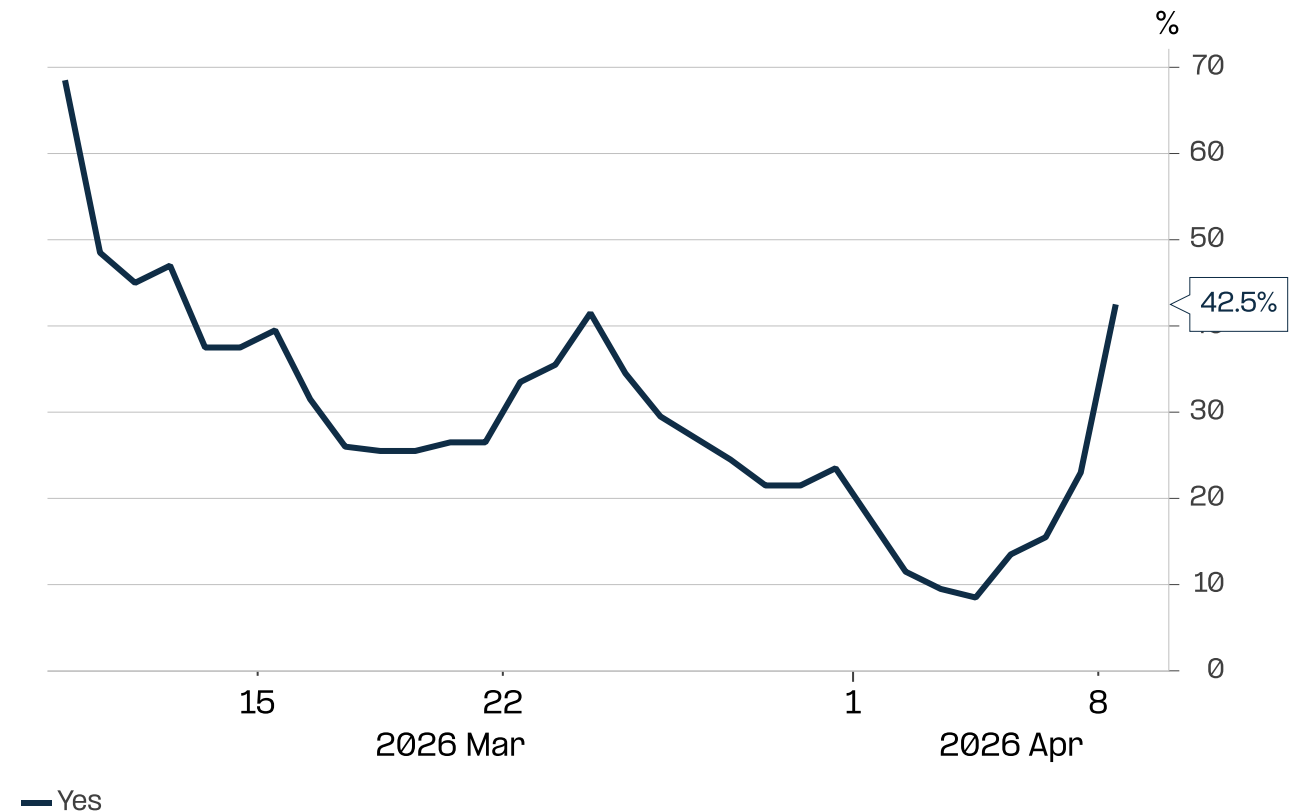
Source: Macrobond, Bloomberg, Evli

# The United States and Iran have agreed to a two-week ceasefire

- The US will halt strikes on Iran and Iran will reopen the Strait of Hormuz.
- Peace negotiations will begin on Friday in Pakistan, although the parties remain far apart. The US is demanding that Iran abandon its nuclear and missile programs, while their importance for Iran has increased further following recent US strikes.
- In our view, the closure of the Strait is likely to push inflation higher, particularly in Europe, but is unlikely to lead to a recession if the conflict remains short-lived.
- The key risk is that the ceasefire does not hold and the conflict drags on, which would cause significant damage to the global economy.

## Strait of Hormuz traffic returns to normal by end of April?

Odds on Polymarket



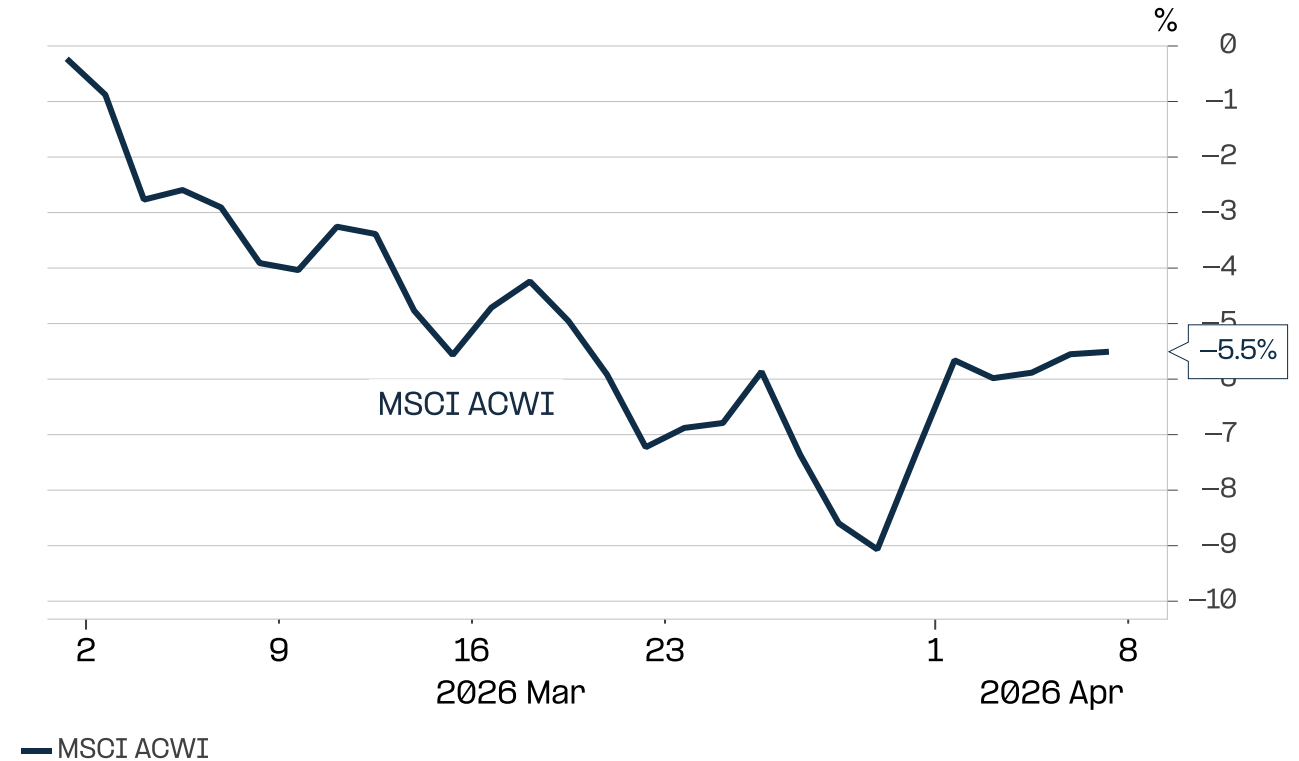
Source: Macrobond, Evli, Polymarket

# Equities have risen and oil prices have declined following the ceasefire announcement

- Since the start of the conflict, the war in Iran has weighed on equities and pushed yields higher globally.
- Overall, however, the impact on equity markets has been relatively modest.
- The maximum drawdown in the MSCI AC World Index has been around 9% since the start of the conflict.
- News overnight of the ceasefire and the reopening of the Strait of Hormuz has led to a sharp decline in oil prices, as roughly one-fifth of global oil supply passes through the strait.
- Brent crude has fallen below \$95 per barrel today, and equity markets have opened strongly globally.

The impact of the war in Iran on equity markets has been modest

Total return since the start of the war



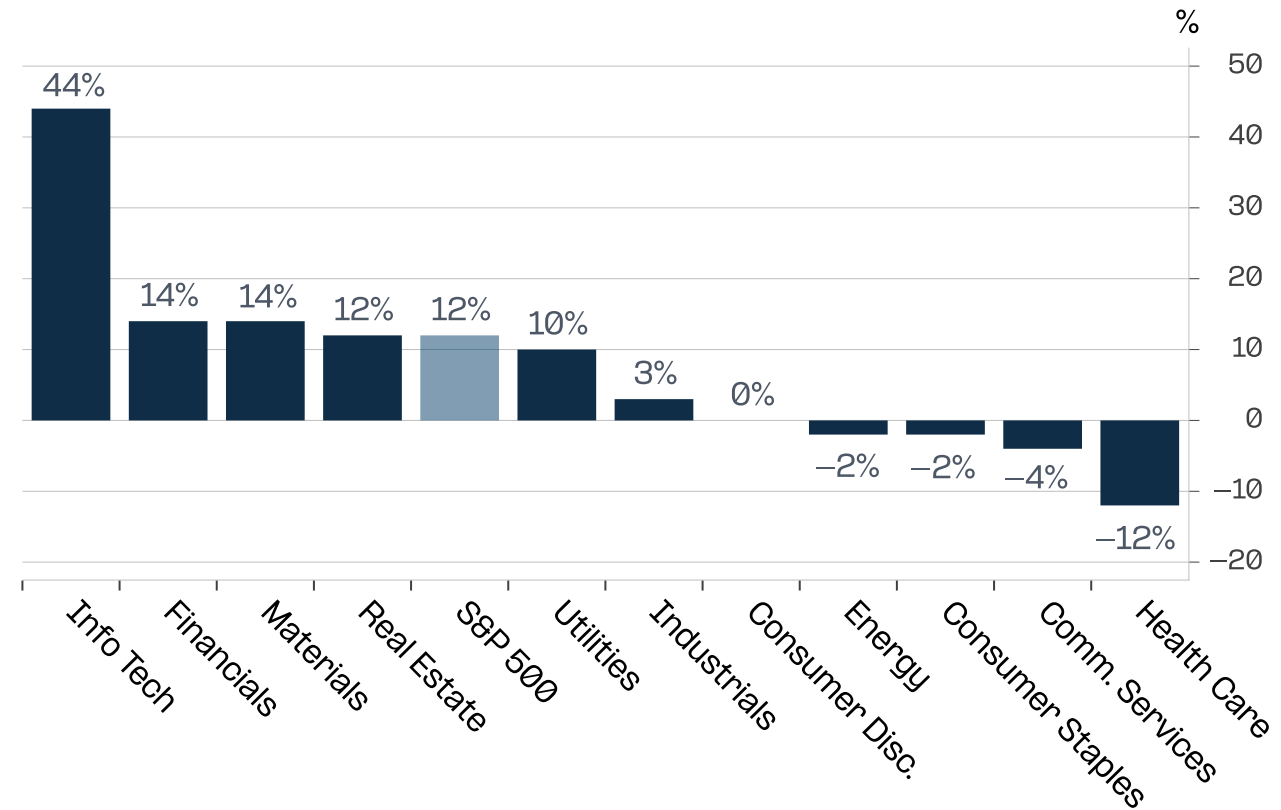
Source: Macrobond, EVLI

# The first-quarter earnings season begins next week

- Earnings growth is expected to be particularly strong in the United States and in emerging markets, driven by technology companies.
- S&P 500 earnings are expected to grow by 12%, while earnings for information technology companies within the index are forecast to increase by as much as 44% year-on-year in the first quarter of 2026.
- Goldman Sachs expects earnings for companies in the STOXX Europe 600 index to grow by 11%, and emerging market earnings by 23% this year.
- The Dutch technology company ASML, which manufactures equipment used in AI chip production, and Taiwan Semiconductor Manufacturing Company (TSMC) are set to report their results next week.

## S&P 500 Q1 2026 consensus EPS growth

YoY % change



Source: Macrobond, Evli, Factset, Goldman Sachs Global Investment Research

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