

EVLI

ALLOCATION VIEW JUNE 10, 2026



EVLI PLC

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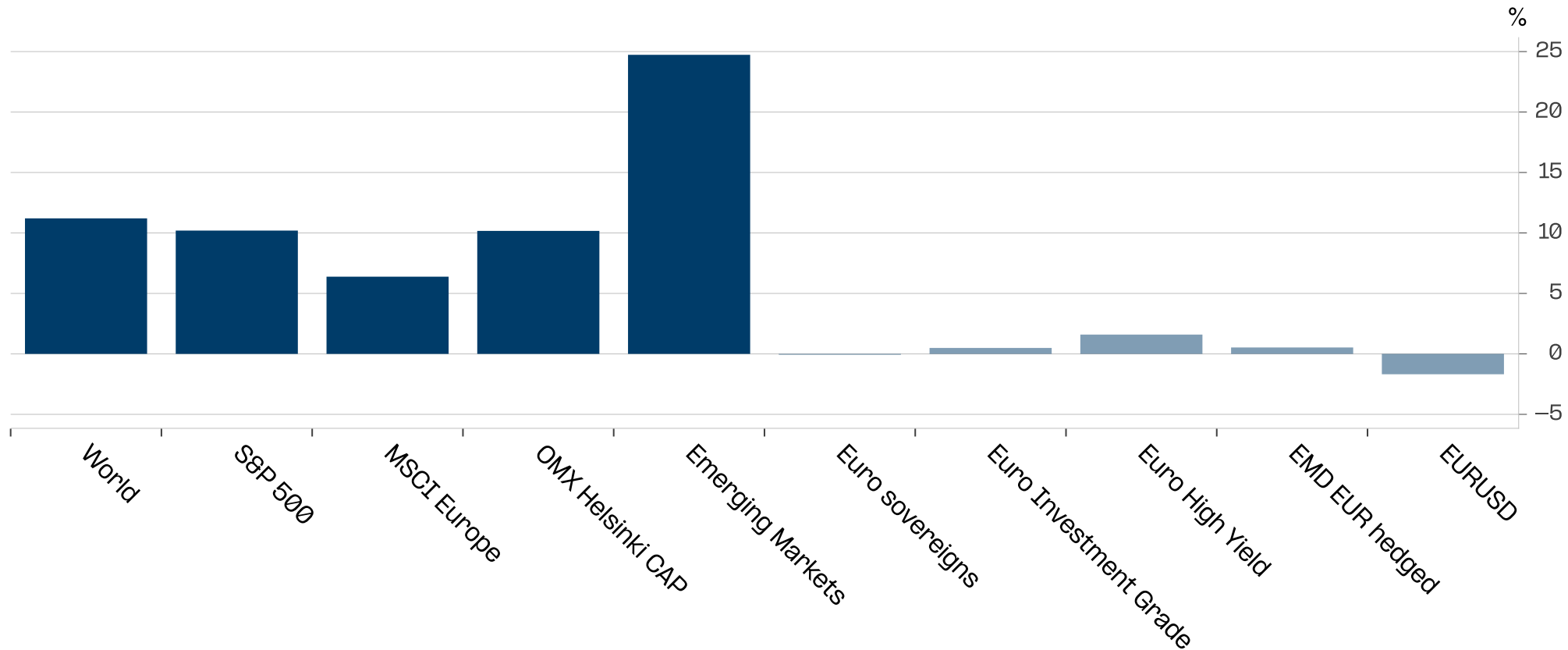
The main points of the allocation meeting

- **The European Central Bank (ECB) will raise its deposit rate by 25 basis points to 2.25% at tomorrow's meeting.** The war with Iran has weakened the euro area's growth outlook while adding to inflationary pressures. In May, inflation accelerated to 3.2% from 3.0% in April, remaining well above the ECB's 2% target. Markets have already fully priced in the rate hike, meaning attention will primarily be on comments from ECB President Christine Lagarde. We do not expect the ECB to provide strong guidance on future rate decisions, but rather to emphasize that decisions will remain data-dependent and be made on a meeting-by-meeting basis. Euribor futures are currently pricing in a total of three rate hikes this year.
- **We are reducing our equity overweight.** Global equity markets have rallied strongly in recent weeks, with much of the advance concentrated in technology stocks. In the United States, technology companies now account for more than 50% of total stock market capitalization. As a result, the risk of a short-term market correction has increased. However, we remain positive on the 6–12 month outlook for equities. According to consensus forecasts, global economic growth is expected to remain solid at 2.6% this year. Growth is being supported by strong corporate investment and a recovery in manufacturing activity. Corporate earnings prospects also remain highly favorable, with analysts continuing to revise forecasts upward. We furthermore expect data center investment to continue growing rapidly and demand for AI-related services to remain strong, supporting equity markets over the medium term.
- **SpaceX will go public on Friday.** Elon Musk's space and artificial intelligence company is raising \$75 billion in its IPO at a valuation of \$1.77 trillion. The listing could make Musk, the company's largest shareholder, the world's first trillionaire. SpaceX will not be eligible for inclusion in the S&P 500 for at least one year, as the index requires, among other criteria, profitability and a minimum of 12 months of trading history. The company could, however, be added to the Nasdaq-100 as soon as 15 trading days after its listing, forcing Nasdaq index funds to begin purchasing the stock almost immediately. Its initial index weight will be small, however, as the company's free float is estimated to represent less than 5% of total shares outstanding.
- **We overweight equities** and underweight money markets. Within equities, we overweight EM equities, underweight European equities, and remain neutral elsewhere. In fixed income investments, we overweight high yield corporate bonds and underweight government bonds, while remaining neutral on emerging market bonds and investment grade corporate bonds.

Asset class returns year to date in EUR

Year to date return in euros

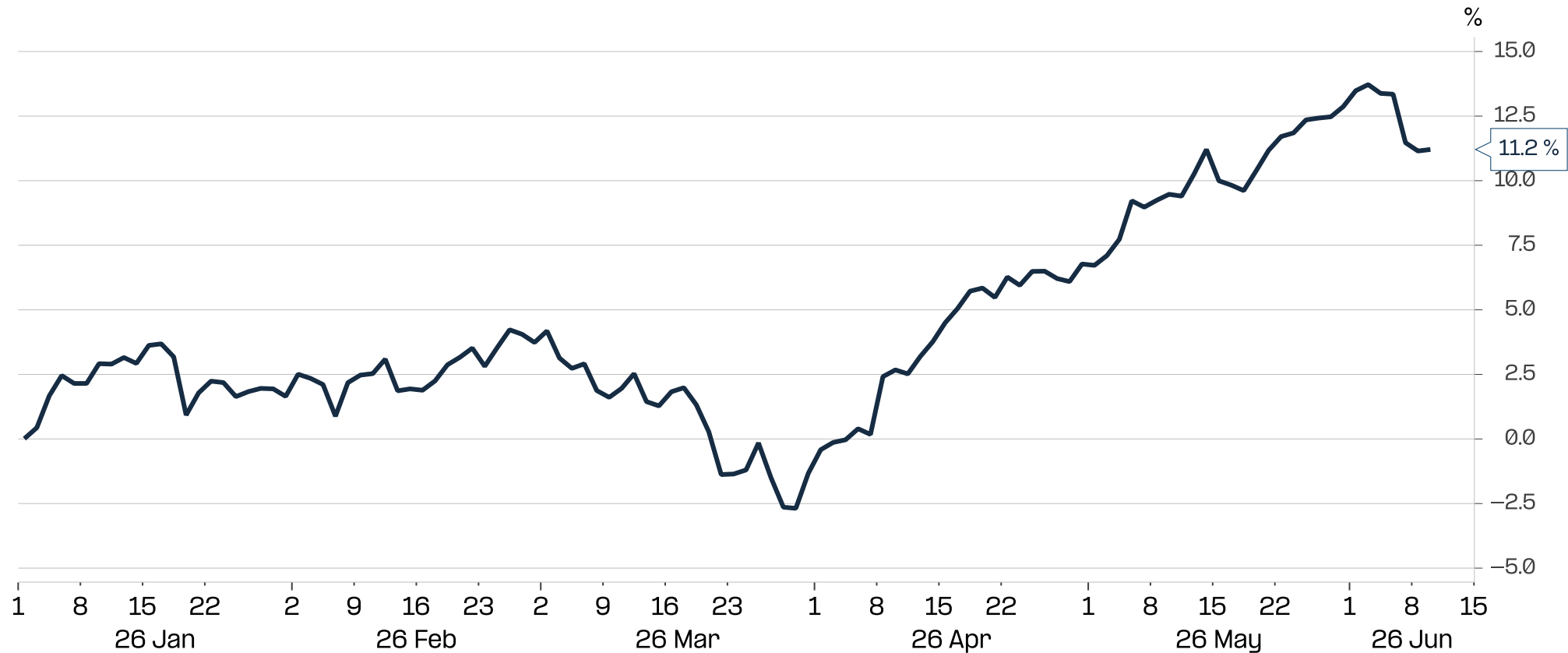
Total return indices in eur or eur hedged in the case of EMD. World is ACWI.



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

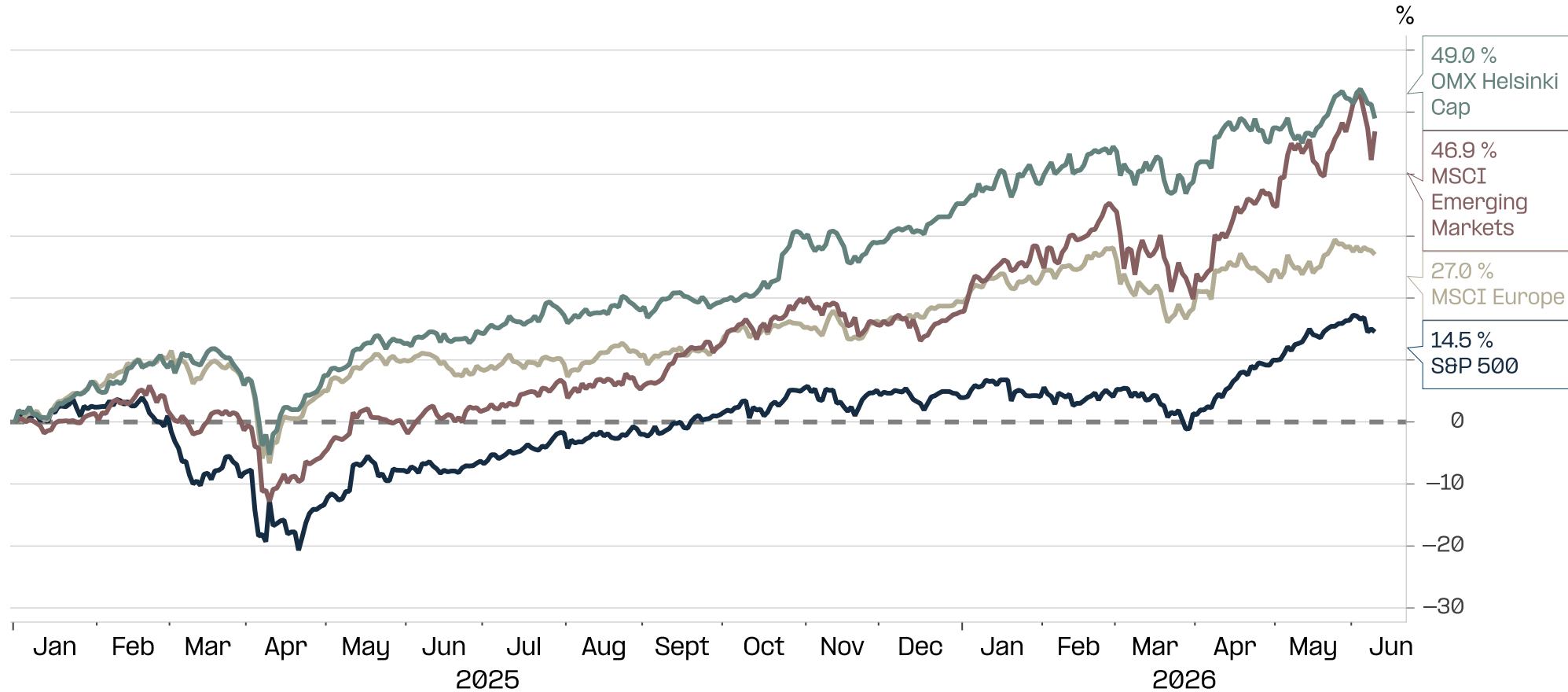


Source: Macrobond, Evli

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Equity returns from the beginning of 2025 (EUR)

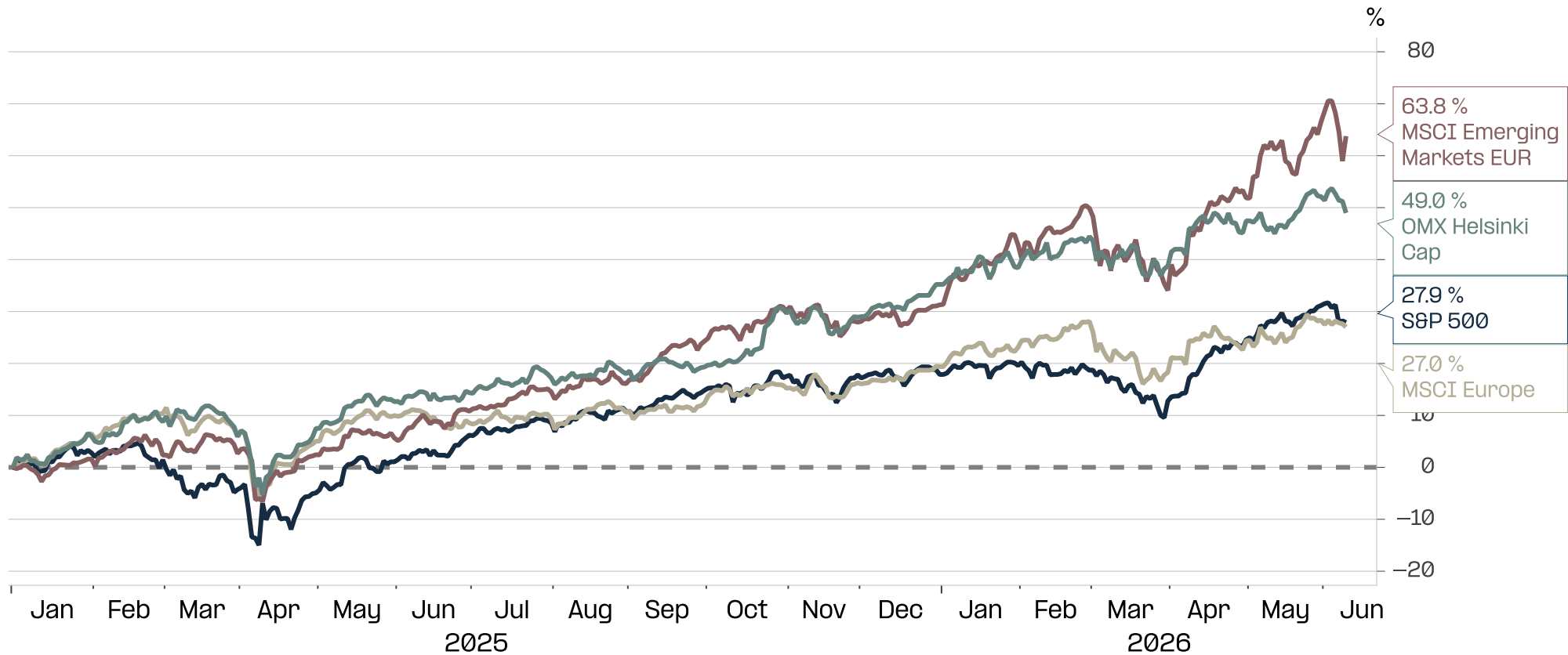
Equity market returns in EUR



Equity returns from the beginning of 2025 (local FX)

Stock market returns from beginning of 2025

Local currency total market returns

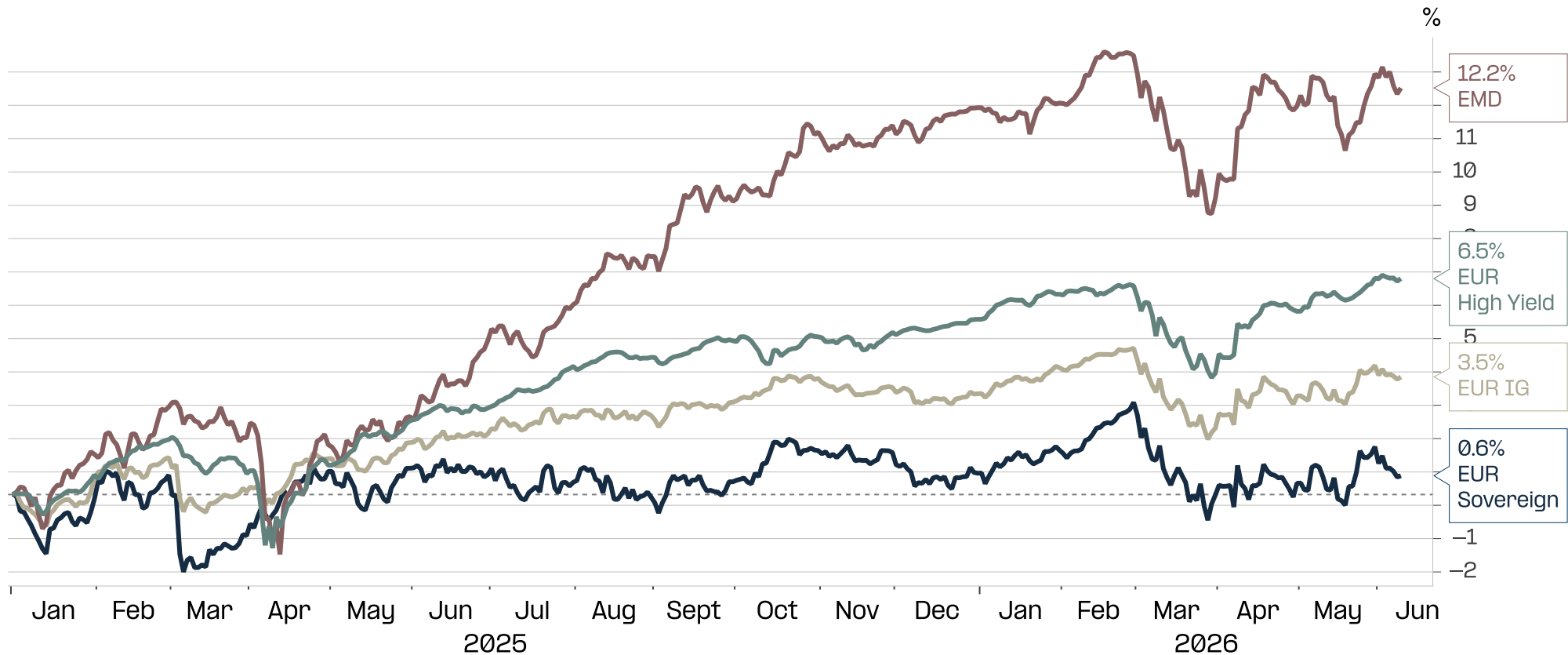


Source: Macrobond, Bloomberg, Evli

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



The ECB will raise its deposit rate by 25 basis points to 2.25%

- The war with Iran has weakened the euro area's growth outlook while adding to inflationary pressures.
- In May, inflation accelerated to 3.2% from 3.0% in April, remaining well above the ECB's 2% target.
- Markets have already fully priced in the rate hike, meaning attention will primarily be on comments from ECB President Christine Lagarde.
- We do not expect the ECB to provide strong guidance on future rate decisions, but rather to emphasize that decisions will remain data-dependent and be made on a meeting-by-meeting basis. Euribor futures are currently pricing in a total of three rate hikes this year.

ECB deposit rate and euro area inflation

Inflation: Year-on-year change in consumer prices (HICP)



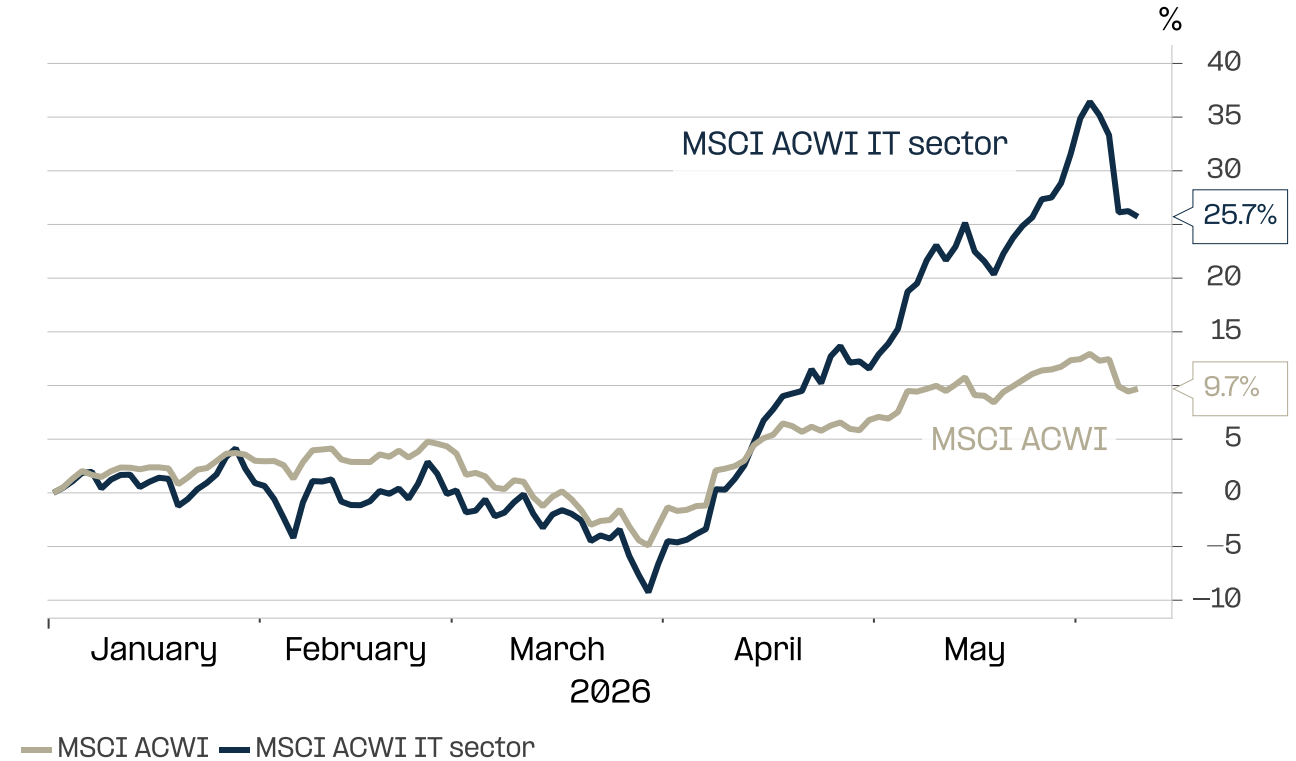
Source: Macrobond, Evli, ECB, Eurostat

We are reducing our equity overweight

- Global equity markets have rallied strongly in recent weeks, with much of the advance concentrated in technology stocks.
- As a result, the risk of a short-term market correction has increased.
- However, we remain positive on the 6–12 month outlook for equities. Economic growth is being supported by strong corporate investment and a recovery in manufacturing activity. Corporate earnings prospects also remain highly favorable, with analysts continuing to revise forecasts upward.
- We furthermore expect data center investment to continue growing rapidly and demand for AI-related services to remain strong, supporting equity markets over the medium term.

Equity markets have risen in recent weeks, driven by technology stocks.

Total returns since the beginning of the year in USD



— MSCI ACWI — MSCI ACWI IT sector

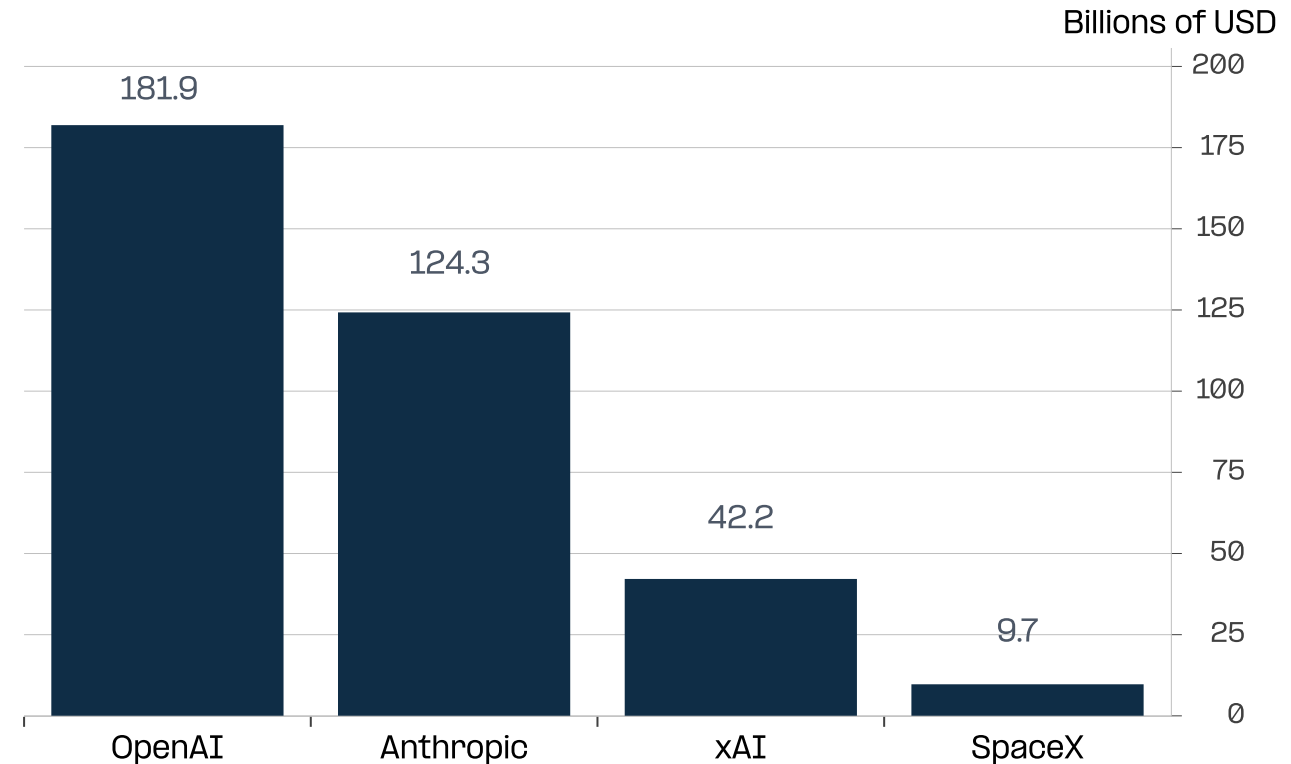
Source: Macrobond, EVli, MSCI

SpaceX will go public on Friday

- Elon Musk's space and artificial intelligence company is raising \$75 billion in its IPO at a valuation of \$1.77 trillion.
- SpaceX will not be eligible for inclusion in the S&P 500 for at least one year, as the index requires, among other criteria, profitability and a minimum of 12 months of trading history.
- The company could, however, be added to the Nasdaq-100 as soon as 15 trading days after its listing, forcing Nasdaq index funds to begin purchasing the stock almost immediately.
- Its initial index weight will be small, however, as the company's free float is estimated to represent less than 5% of total shares outstanding

AI companies have raised record amounts of venture capital funding

Cumulative venture capital funding raised by the company to date (USD billions)

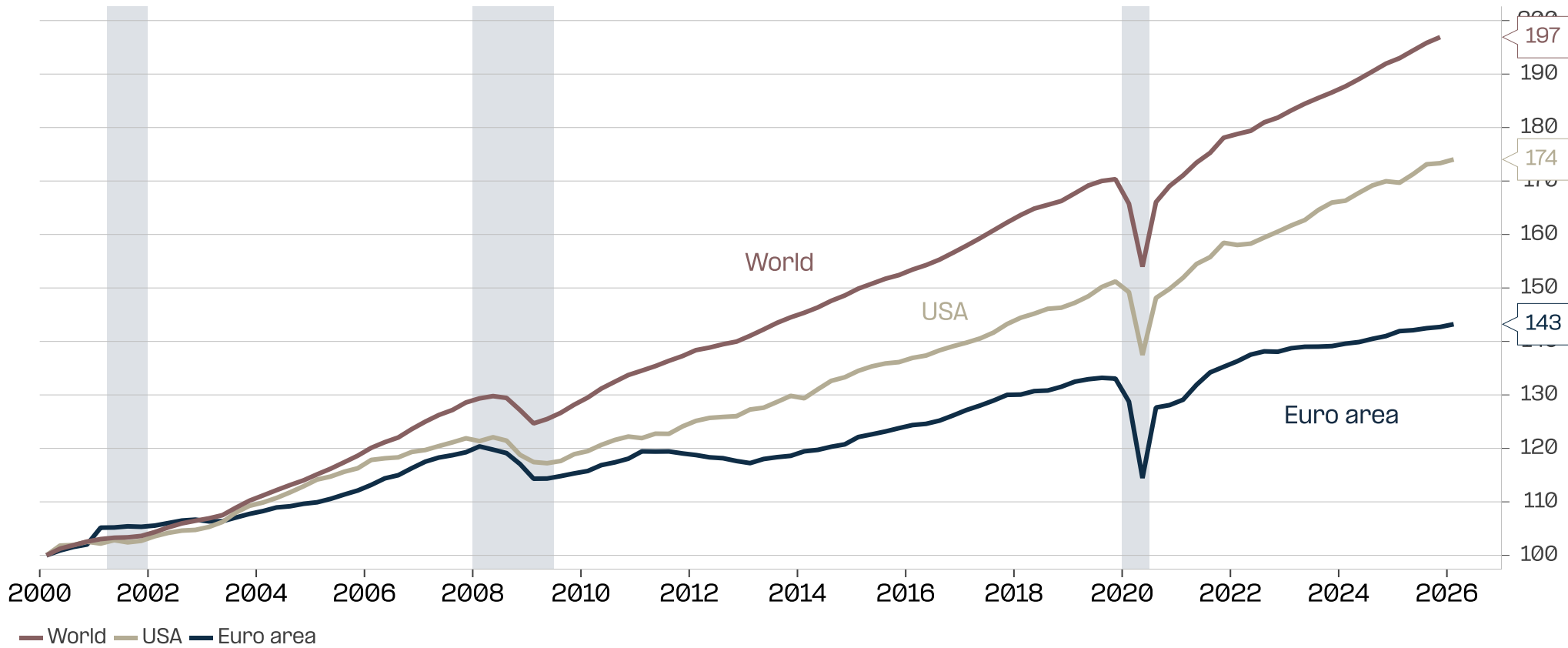


Source: Macrobond, Evli, Bloomberg, PitchBook

Growth

Real GDP

Normalized to 100 = 1/2000

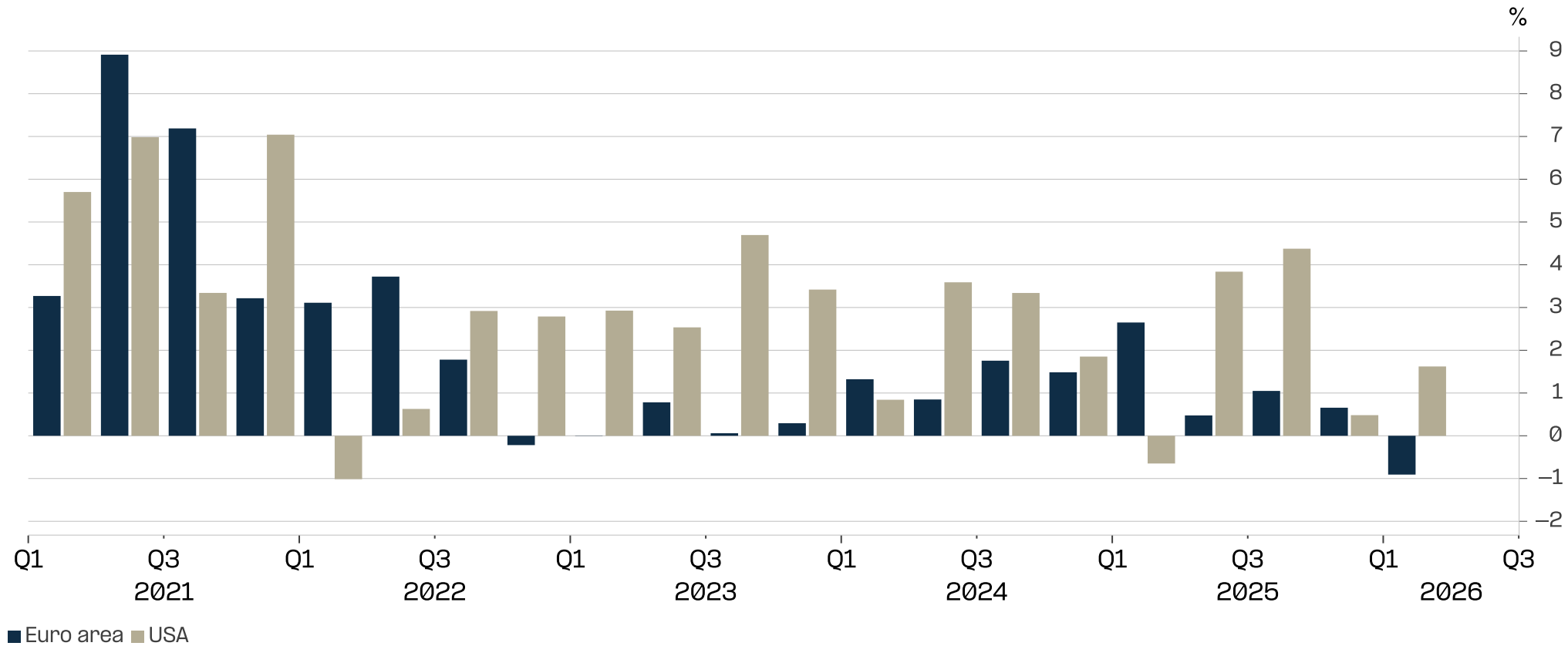


Source: Macrobond, Evli, Eurostat, BEA, World Bank

Growth

Real GDP growth

QoQ annualized



■ Euro area ■ USA

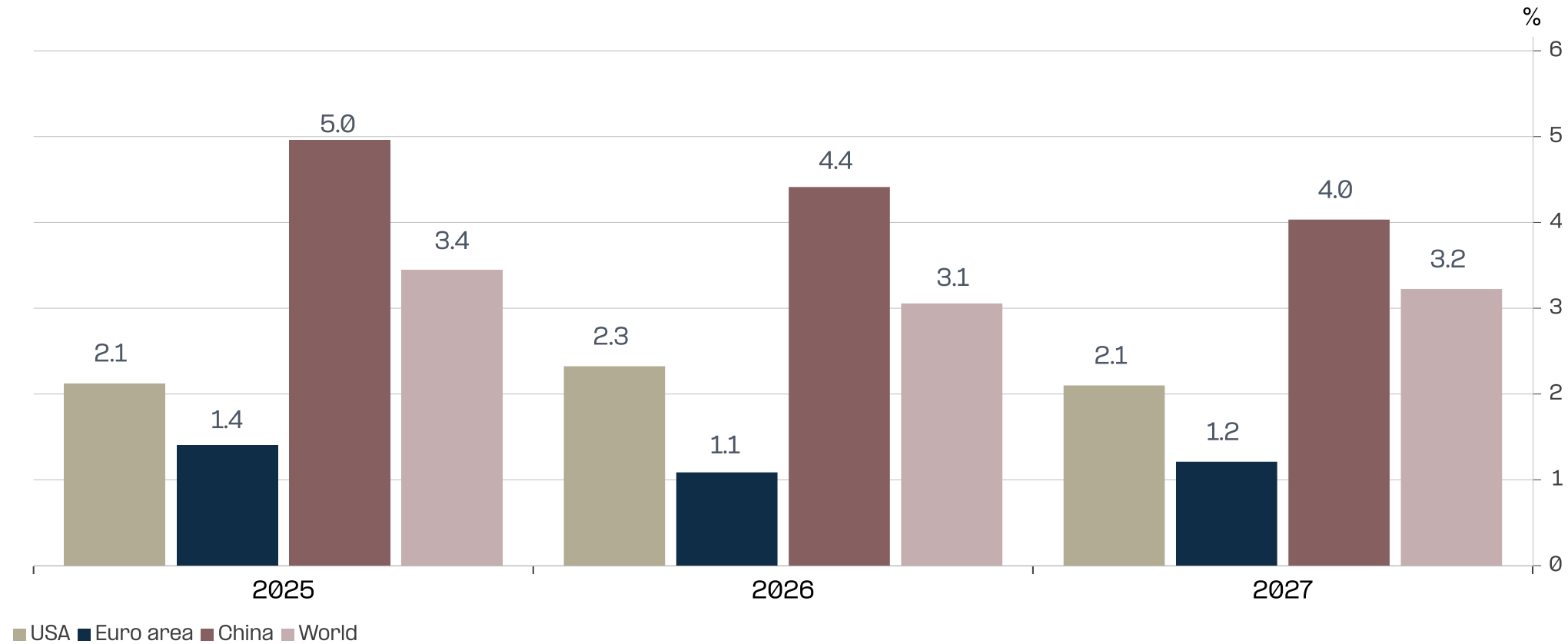
Source: Macrobond, Evli, Eurostat, BEA

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GDP growth expectations

IMF GDP growth estimates

Year-over-year % change

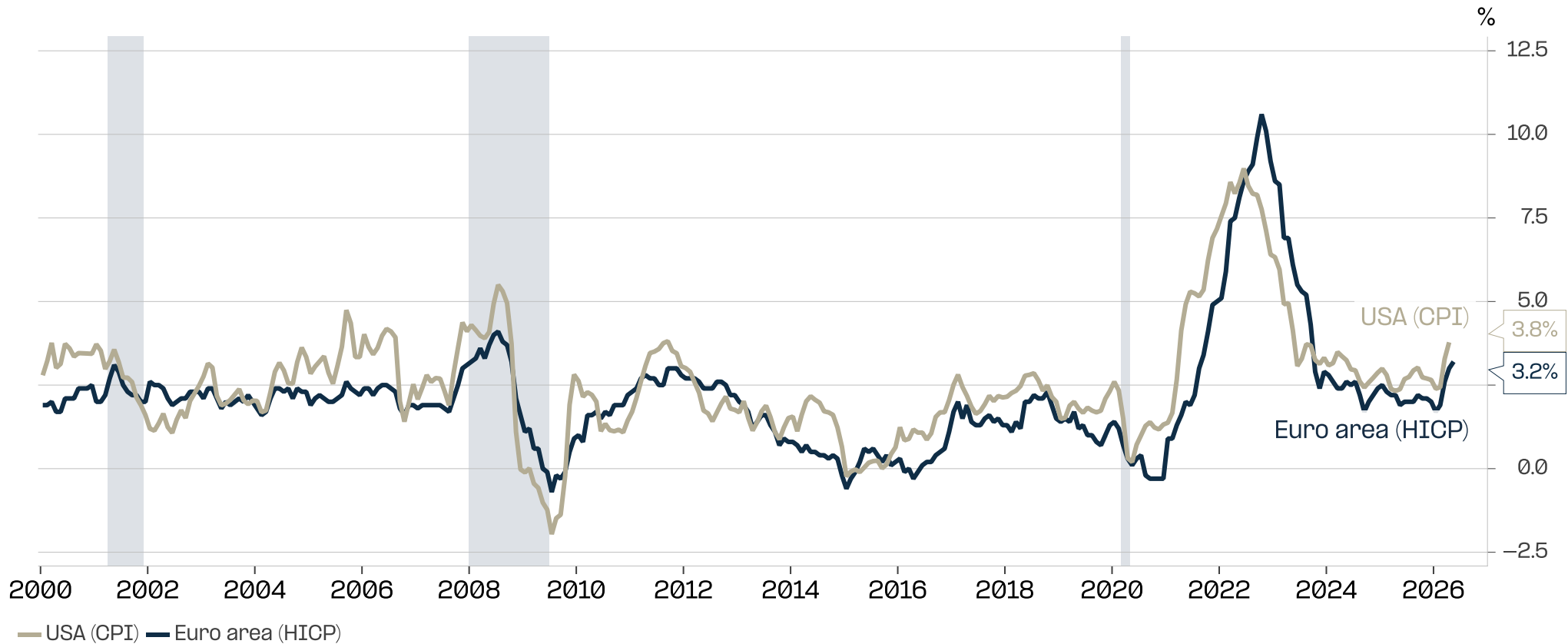


Source: Macrobond, Evli, IMF

Inflation

Inflation

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

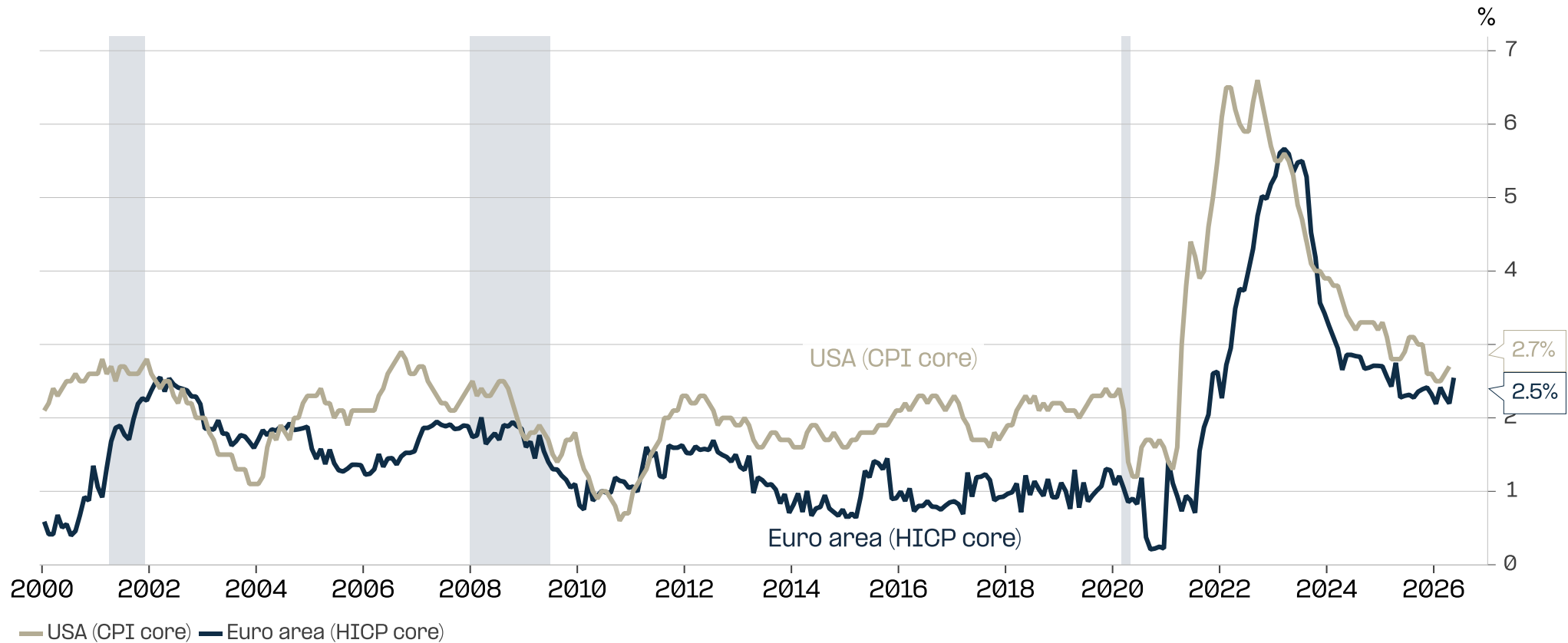


Source: Macrobond, Evli, ECB, BLS

Core inflation

Core inflation

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



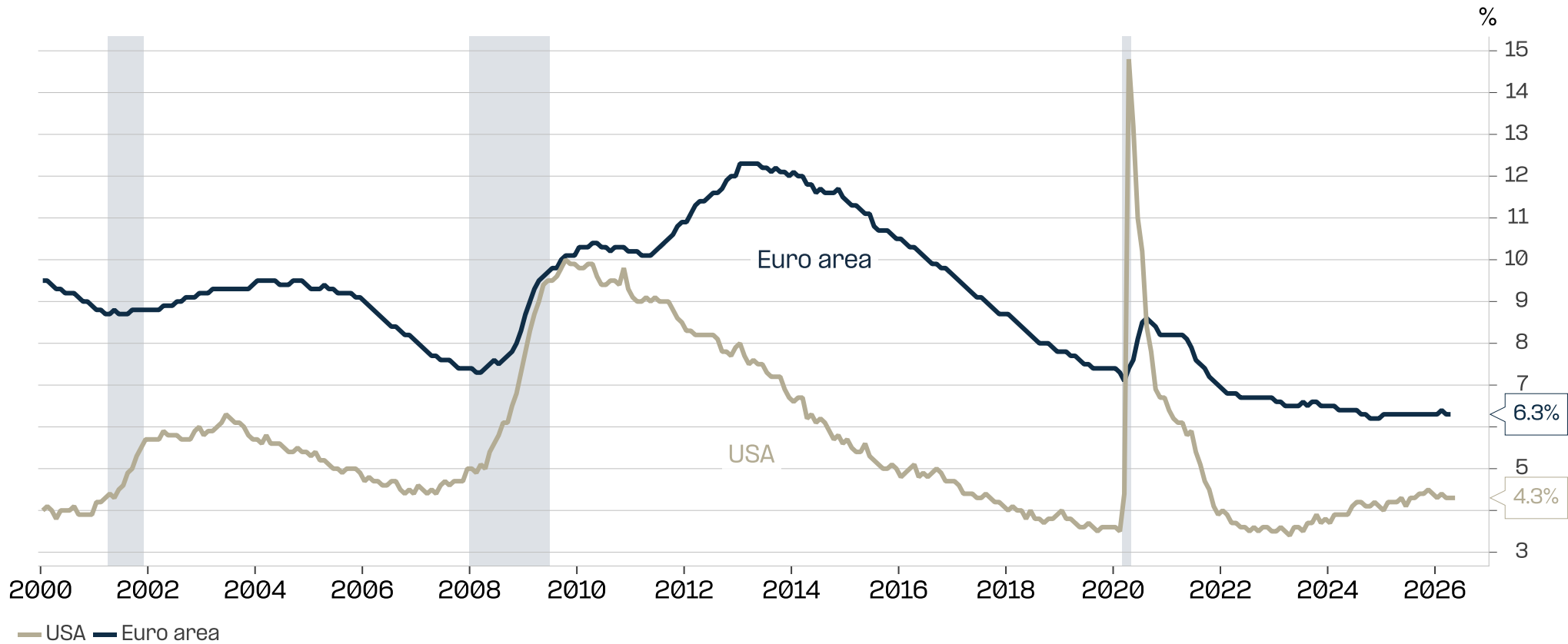
— USA (CPI core) — Euro area (HICP core)

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)

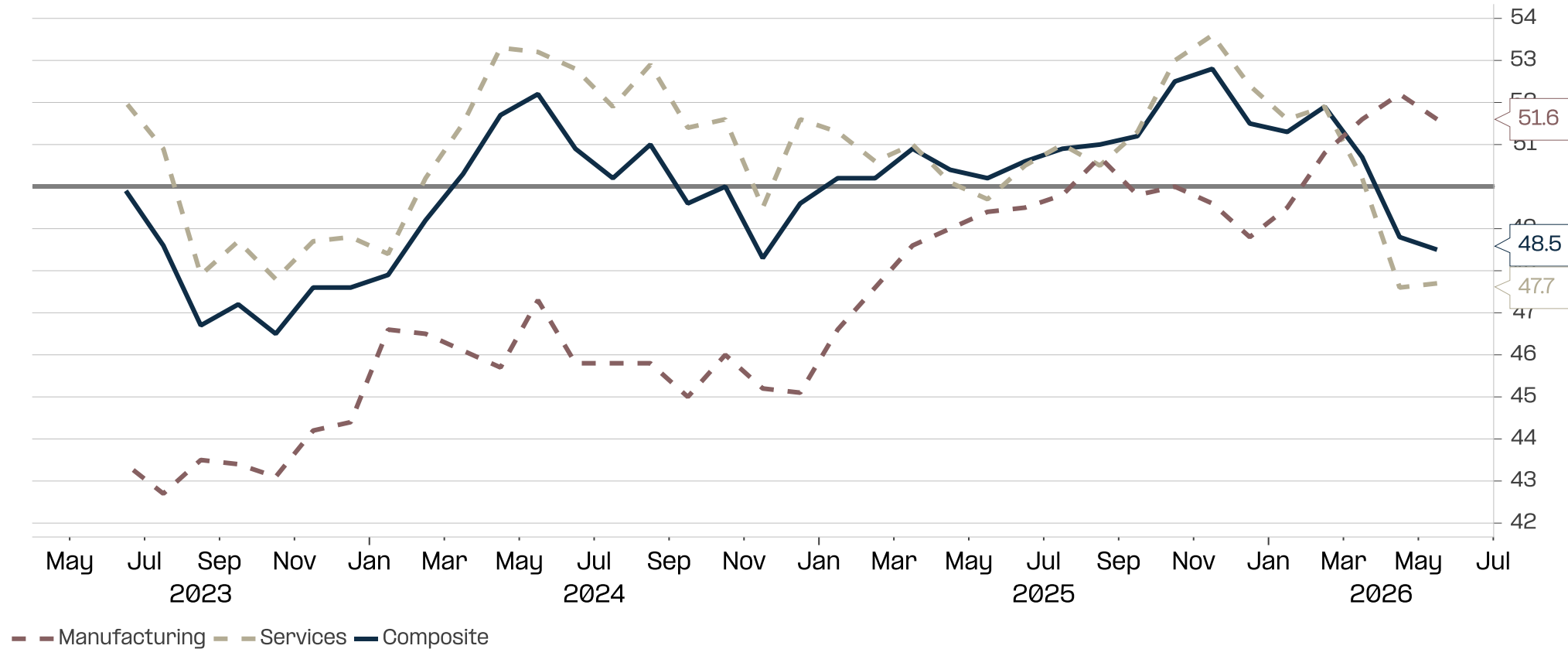


Source: Macrobond, Evli, Eurostat, BLS

Euro area PMIs

Euro area PMIs

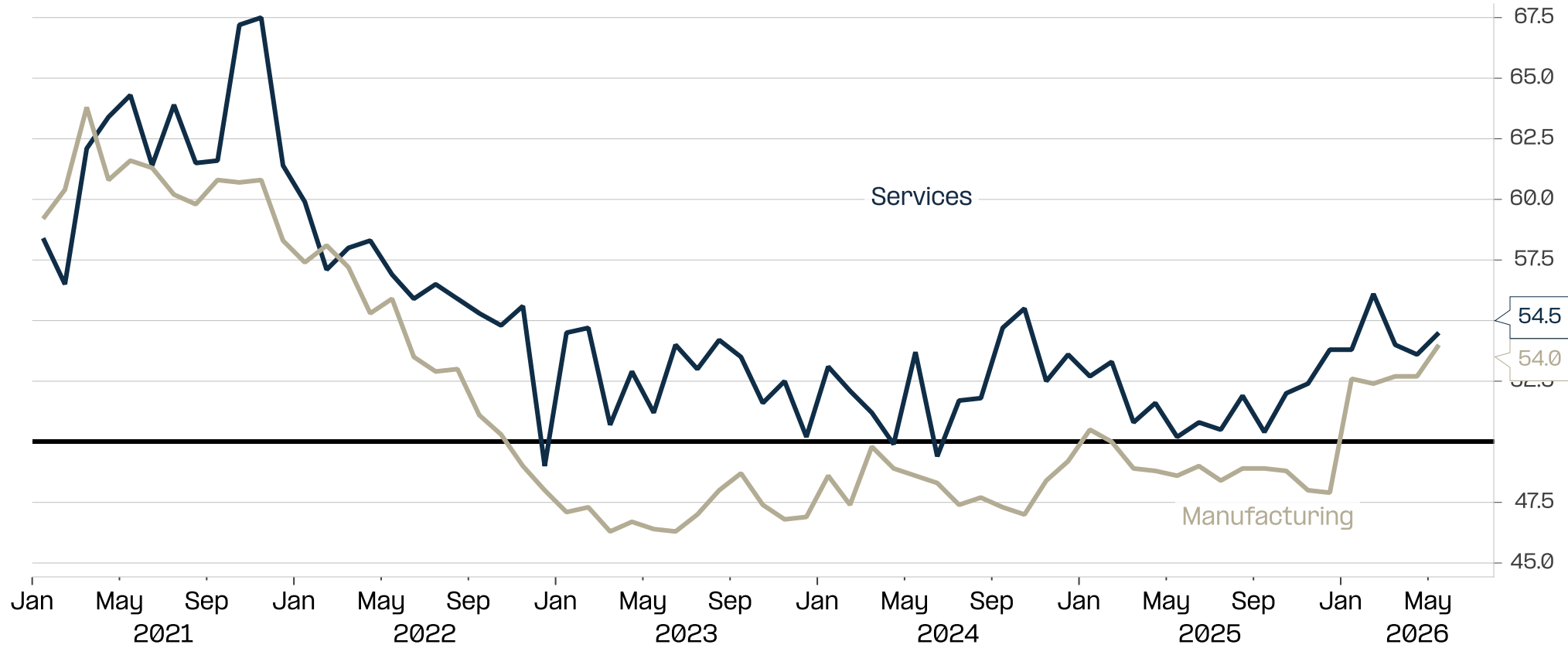
S&P Global PMI



Source: Macrobond, Evli, S&P Global

US PMIs

US PMIs
ISM Report On Business

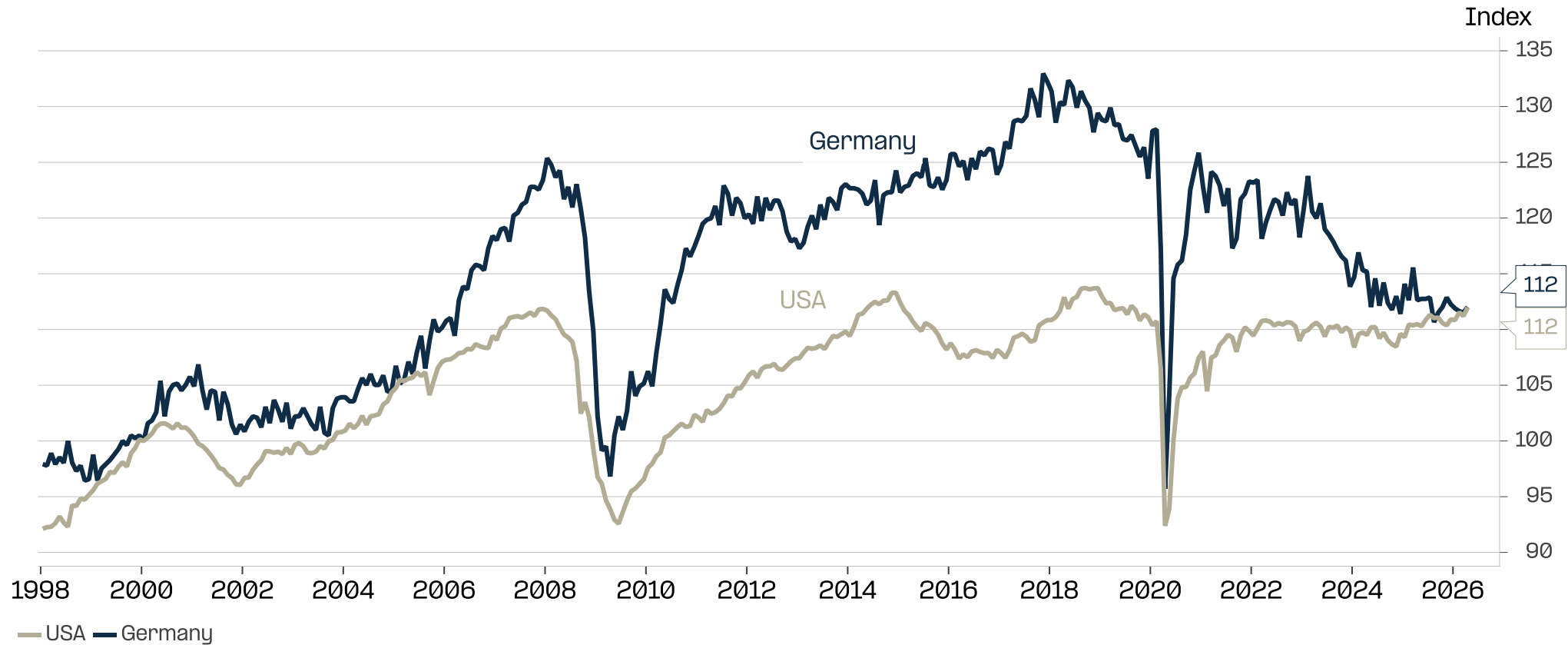


Source: Macrobond, Evli, ISM

Industrial production

Industrial production

Inflation and seasonally adjusted, rebased to year 2000

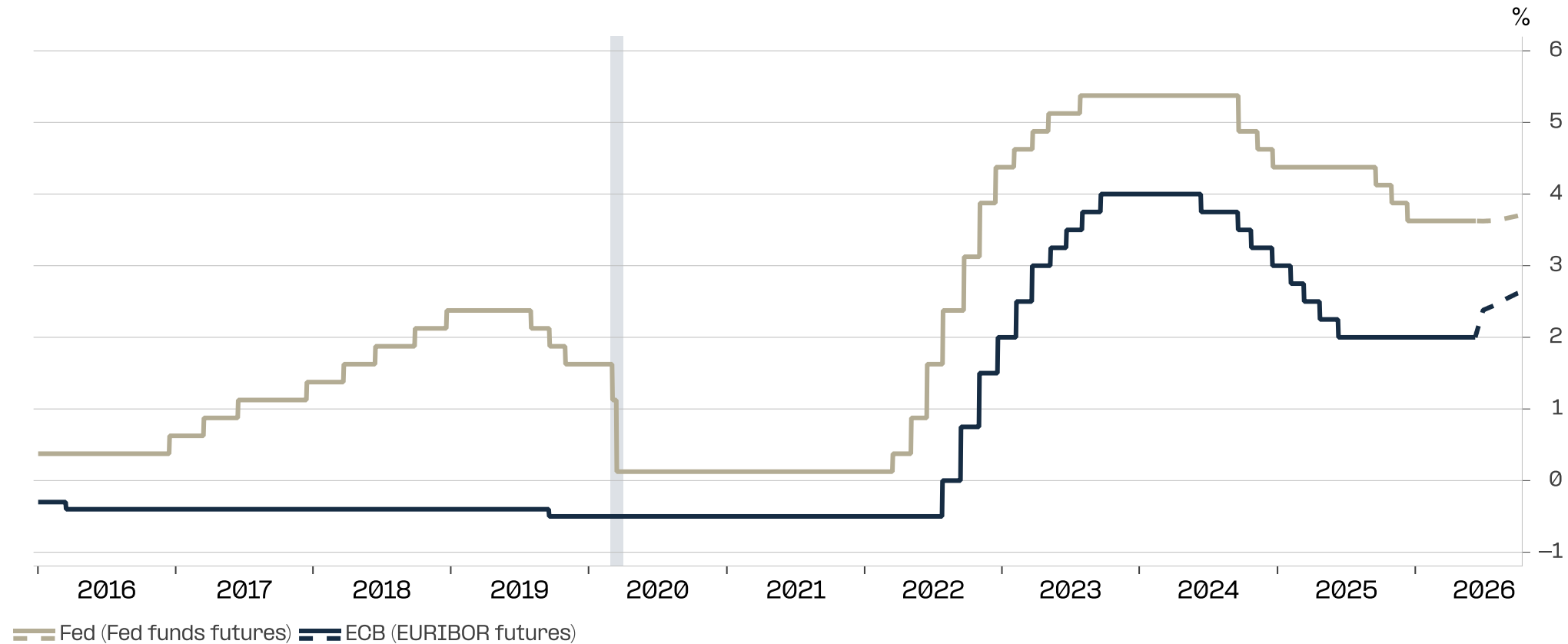


Source: Macrobond, Evli, Federal Reserve, German Federal Statistical Office

Fed and ECB rates

Fed and ECB implied rate hike paths

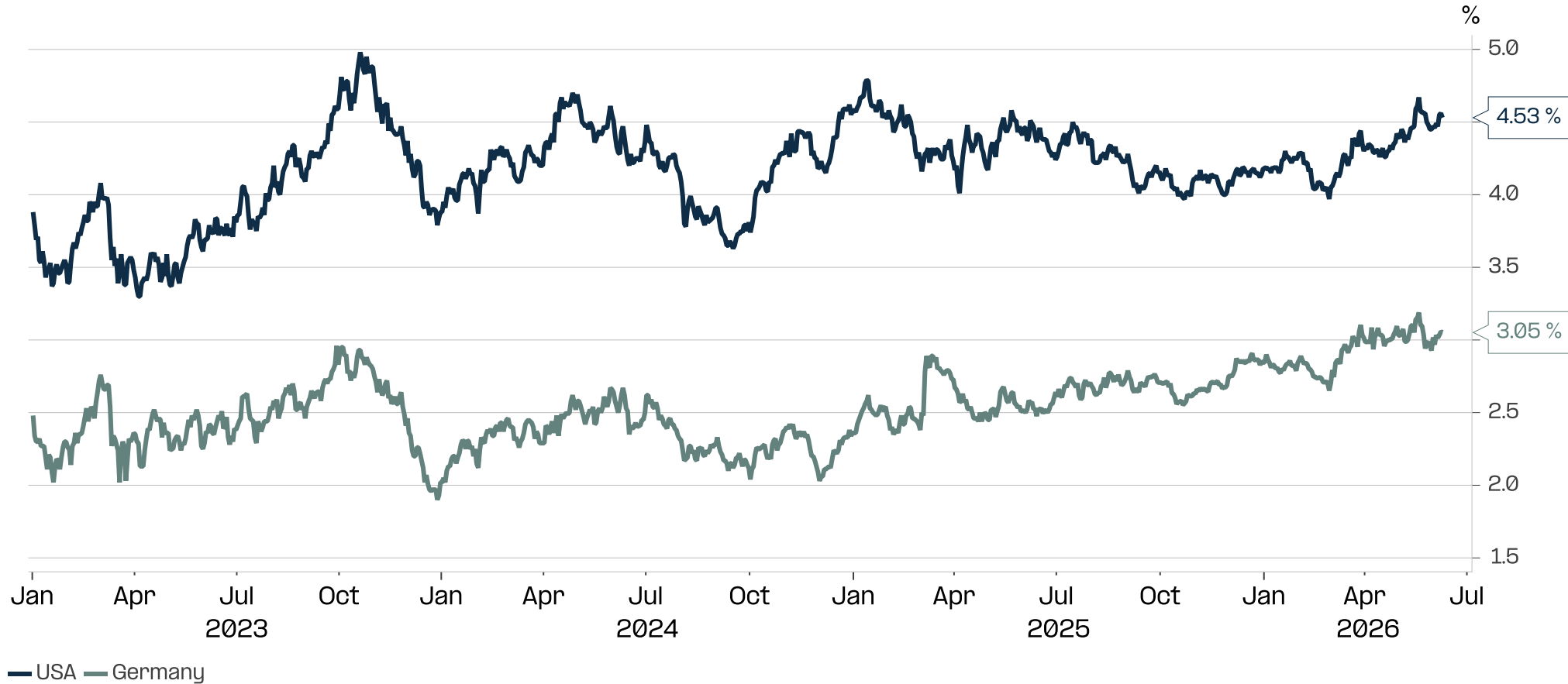
The dashed line represents market expectations for policy rates based on Fed funds and EURIBOR futures



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

Information set above is not intended as investment recommendation.

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