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ALLOCATION VIEW
APRIL 15, 2026

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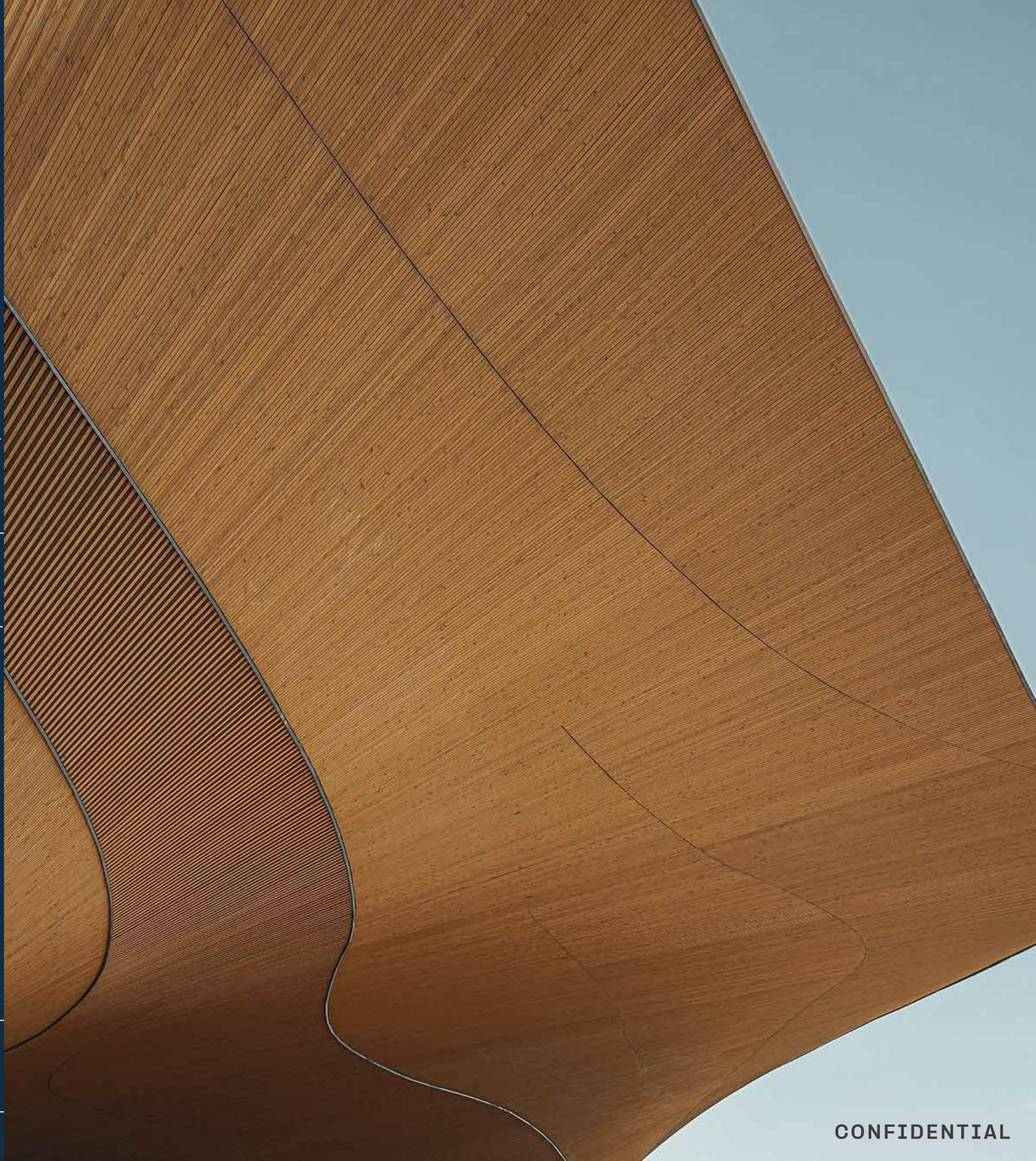

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The main points of the allocation meeting

- **The US and Iranian negotiation positions appear to have converged.** The key issues of contention include Iran's nuclear program, sanctions, and frozen assets. A likely compromise could involve freezing Iran's nuclear program for several years, in exchange for the United States easing sanctions and releasing frozen Iranian assets. From Iran's perspective, the real strategic lever remains the Strait of Hormuz. The implicit deadline for negotiations involves global oil inventories that will become meaningfully stretched possibly by early May.
- **The United States has imposed a blockade on Iranian ports.** The blockade is, in itself, a constructive development, because the alternative means of pressuring Iran would have been a resumption of military operations. Our view remains that the duration and damage of the conflict will prove limited. We acknowledge, however, a meaningful risk that the conflict proves more prolonged and more damaging than stock markets currently price.
- **Equity markets have largely recovered from their war-related declines**. In contrast long-term interest rates have declined only modestly, suggesting that bond markets are pricing the duration and impact of the conflict more cautiously than equities. We are closely monitoring this divergence in our asset allocation decisions. Brent crude has fallen back below 100 dollars per barrel. The euro has strengthened against the dollar, and the probability of European Central Bank (ECB) rate hike has declined from above 80 percent to below 25 percent. We expect a strong earnings season, particularly in the United States and emerging markets led by technology companies driven by AI. Markets will also look for guidance on the potential adverse effects of the Iran conflict.
- **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.

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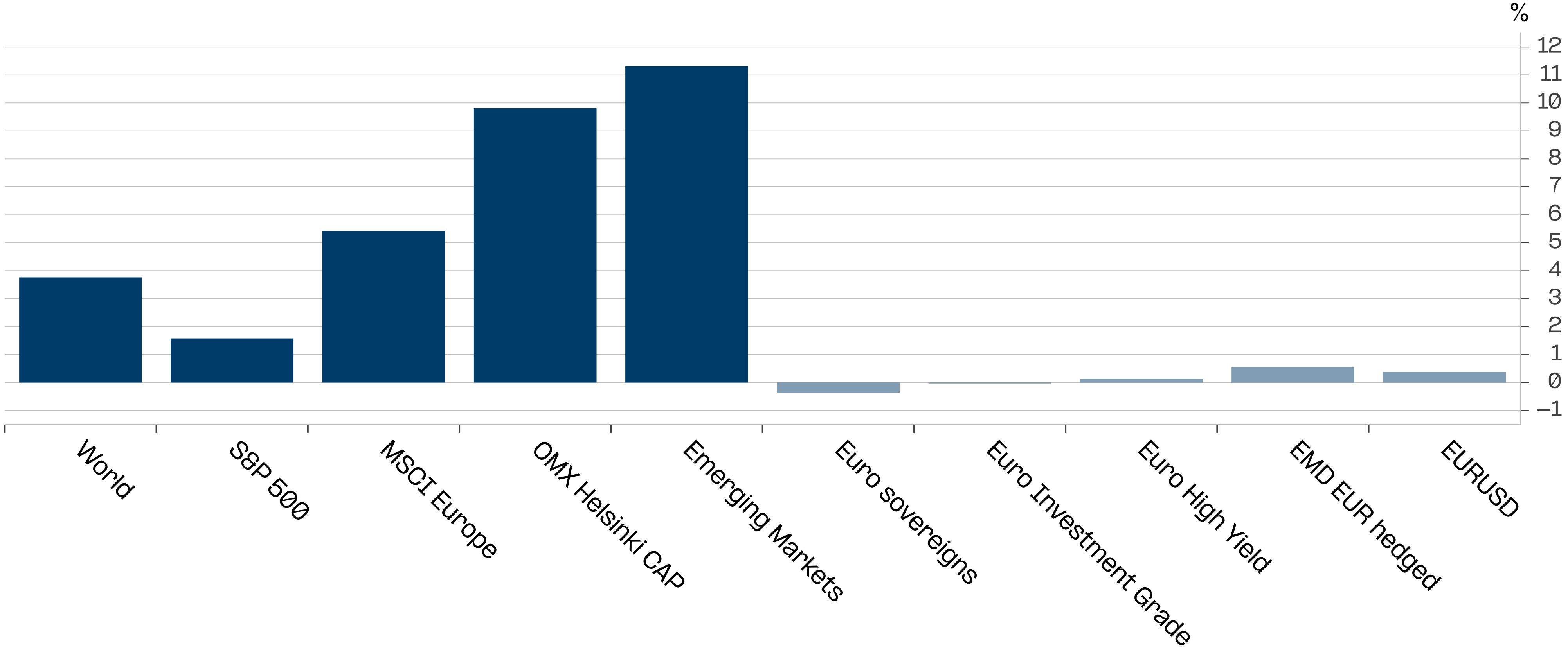
Asset class returns year to date in EUR

Year to date return in euros

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



Source: Macrobond, Bloomberg, Evli

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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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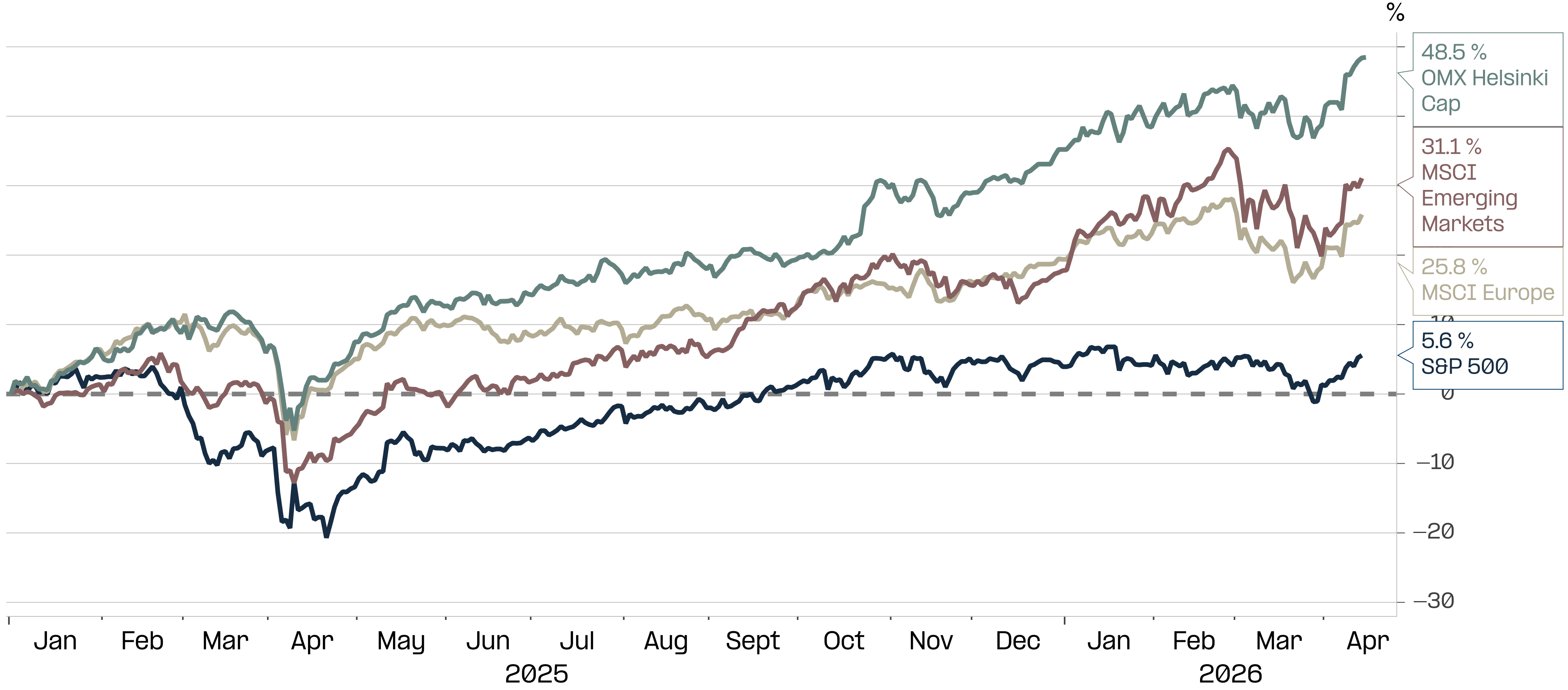
Equity returns from the beginning of 2025 (EUR)

Equity market returns in EUR



Source: Macrobond, Bloomberg, Evli

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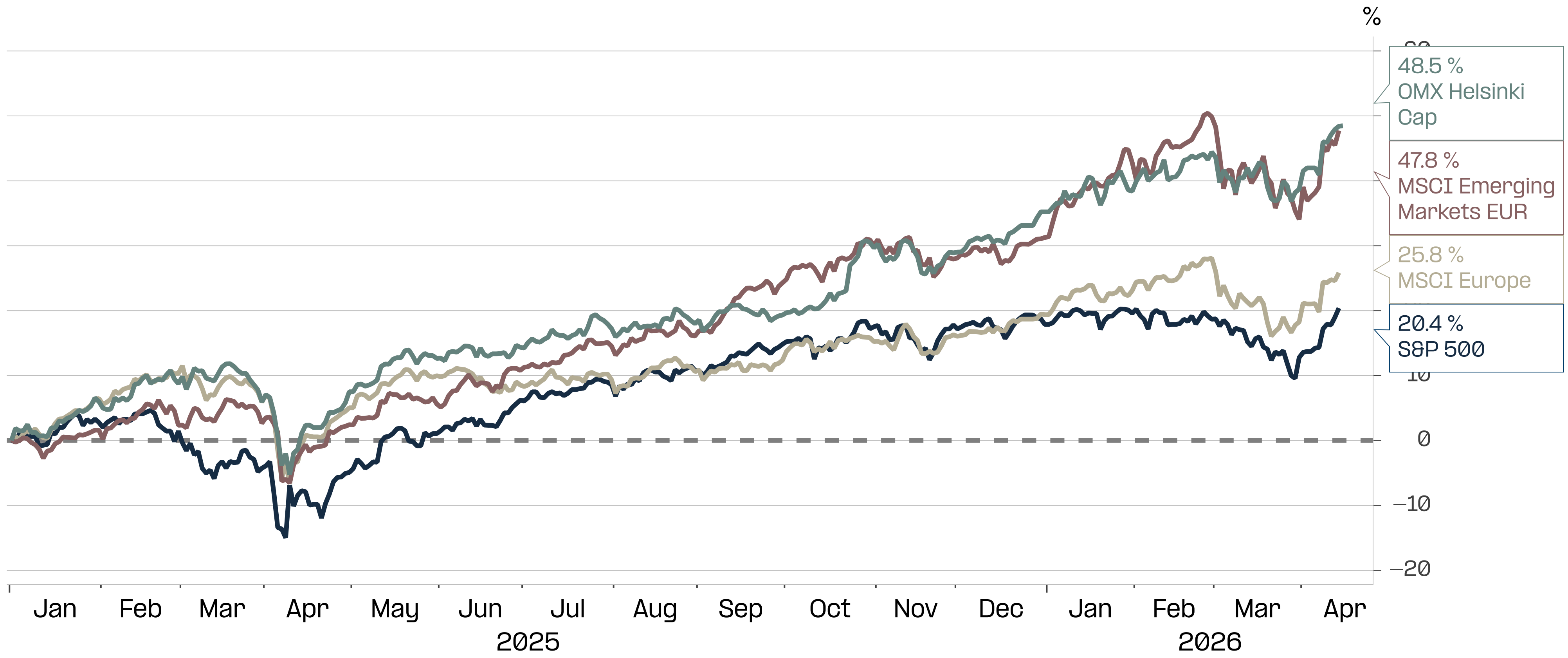
Equity returns from the beginning of 2025 (local FX)

Stock market returns from beginning of 2025

Local currency total market returns



Source: Macrobond, Bloomberg, Evli

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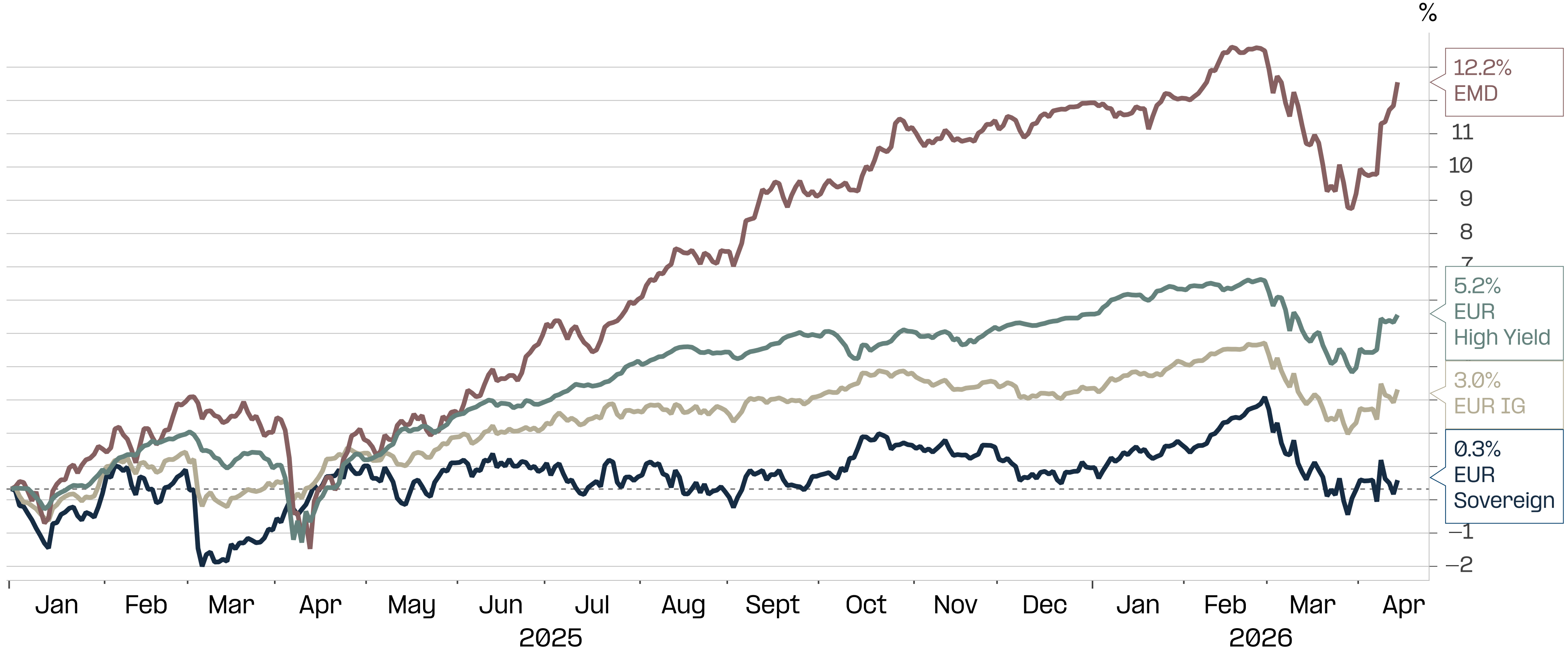
Fixed income returns from the beginning of 2025

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

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The US and Iranian negotiation positions appear to have converged

- The key issues of contention include Iran's nuclear program, sanctions, and frozen assets.
- A likely compromise could involve freezing Iran's nuclear program for several years, in exchange for the United States easing sanctions and releasing frozen Iranian assets.
- From Iran's perspective, the real strategic lever remains the Strait of Hormuz.
- The implicit deadline for negotiations involves global oil inventories that will become meaningfully stretched possibly by early May.

Brent crude oil price and market expectations

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

Source: Macrobond, Evli, Intercontinental Exchange (ICE)

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The United States has imposed a blockade on Iranian ports

- The blockade is, in itself, a constructive development, because the alternative means of pressuring Iran would have been a resumption of military operations.
- Our view remains that the duration and damage of the conflict will prove limited.
- We acknowledge, however, a meaningful risk that the conflict proves more prolonged and more damaging than stock markets currently price.
- On the prediction market Polymarket, the probability that tanker traffic through the Strait of Hormuz returns to normal by the end of April is below 25%.

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

Odds on Polymarket

Source: Macrobond, Evli, Polymarket

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- In contrast long-term interest rates have declined only modestly, suggesting that bond markets are pricing the duration and impact of the conflict more cautiously than equities.
- We are closely monitoring this divergence in our asset allocation decisions. Brent crude has fallen back below 100 dollars per barrel.
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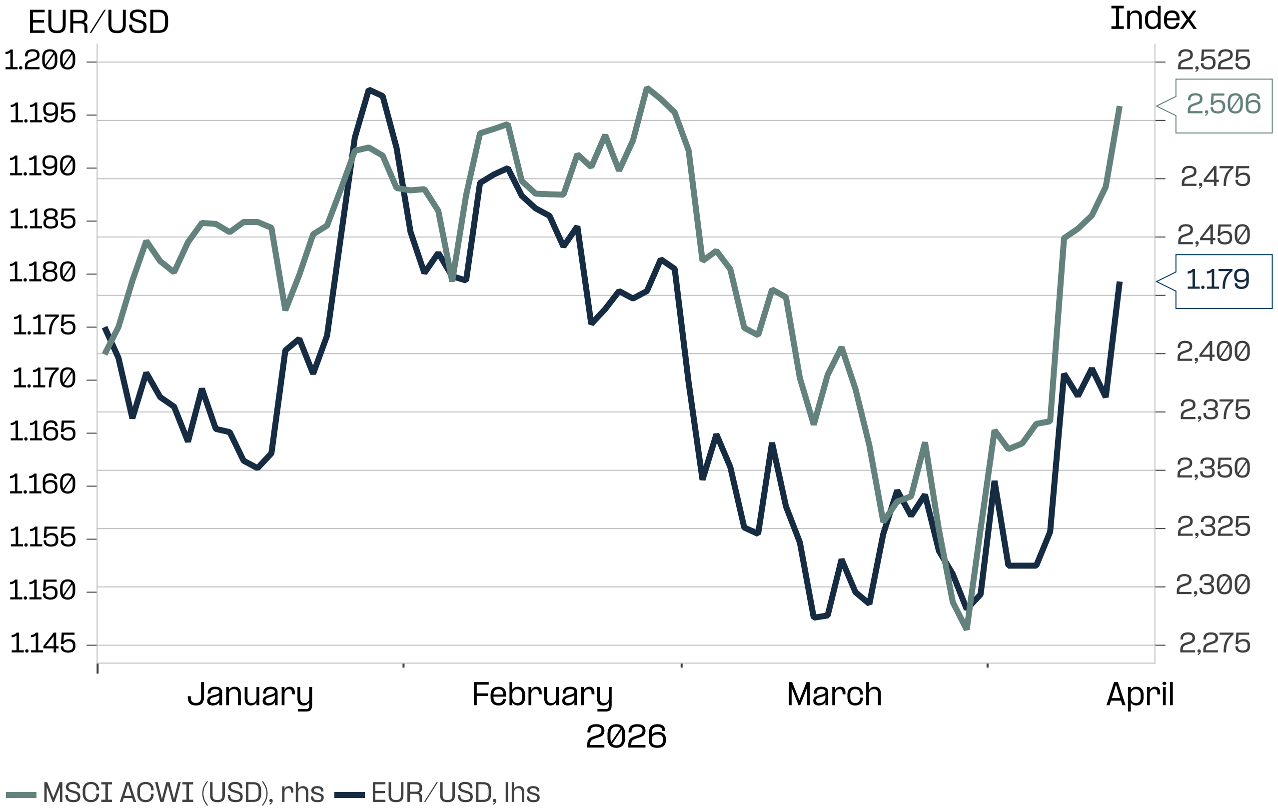
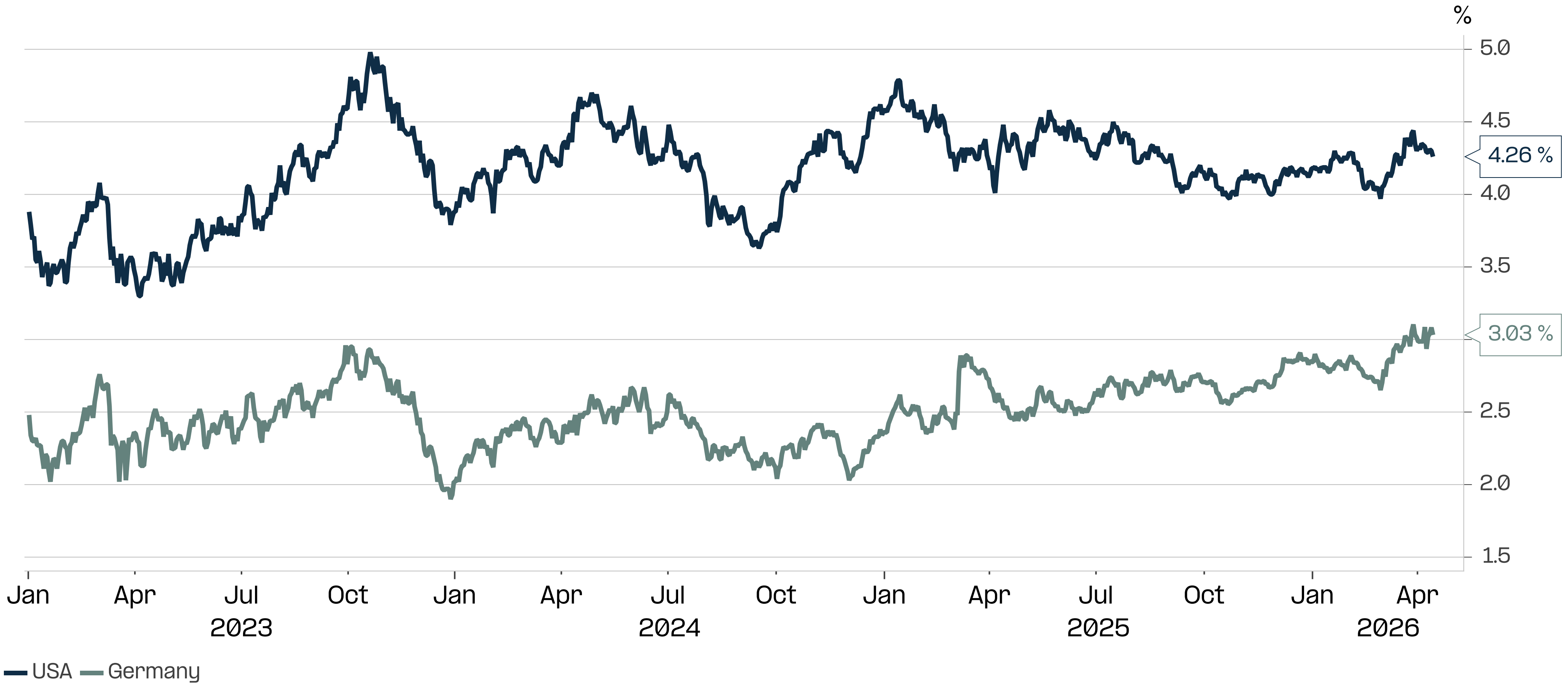
The EUR/USD exchange rate and the MSCI AC World Index have moved in the same direction during the Iran war



Source: Macrobond, Evli, MSCI, ECB

Bond yields

US and Germany 10 year bond yields

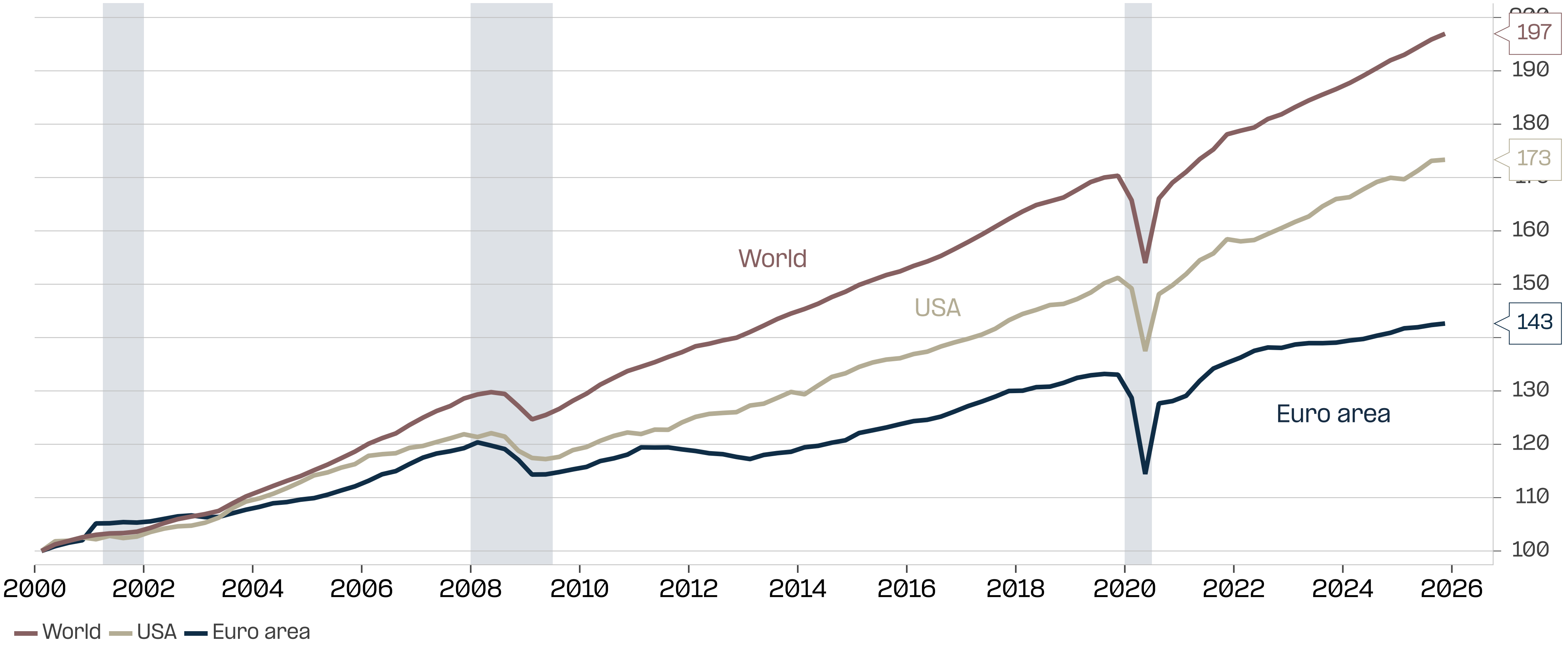


Source: Macrobond, Evli, Deutsche Bundesbank, U.S. Department of Treasury

Growth

Real GDP

Normalized to 100 = 1/2000



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

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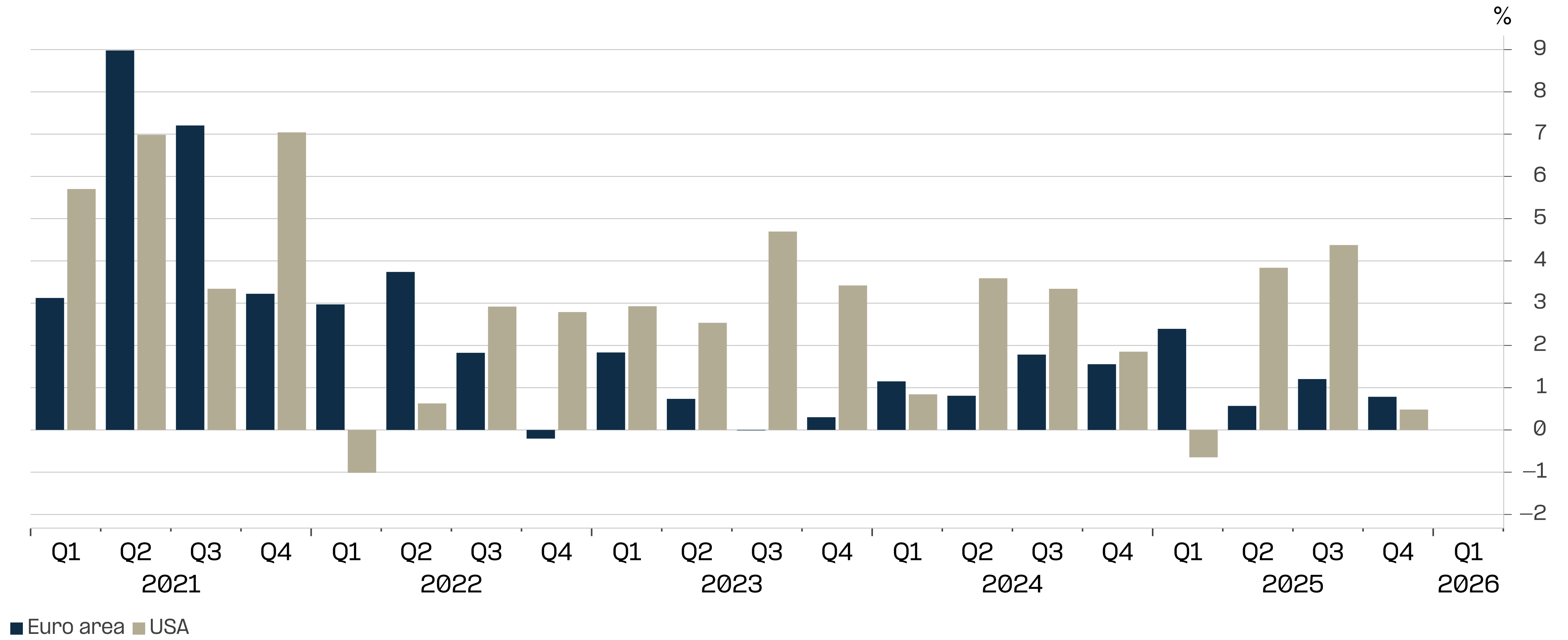
Growth

Real GDP growth

QoQ annualized



Source: Macrobond, Evli, Eurostat, BEA

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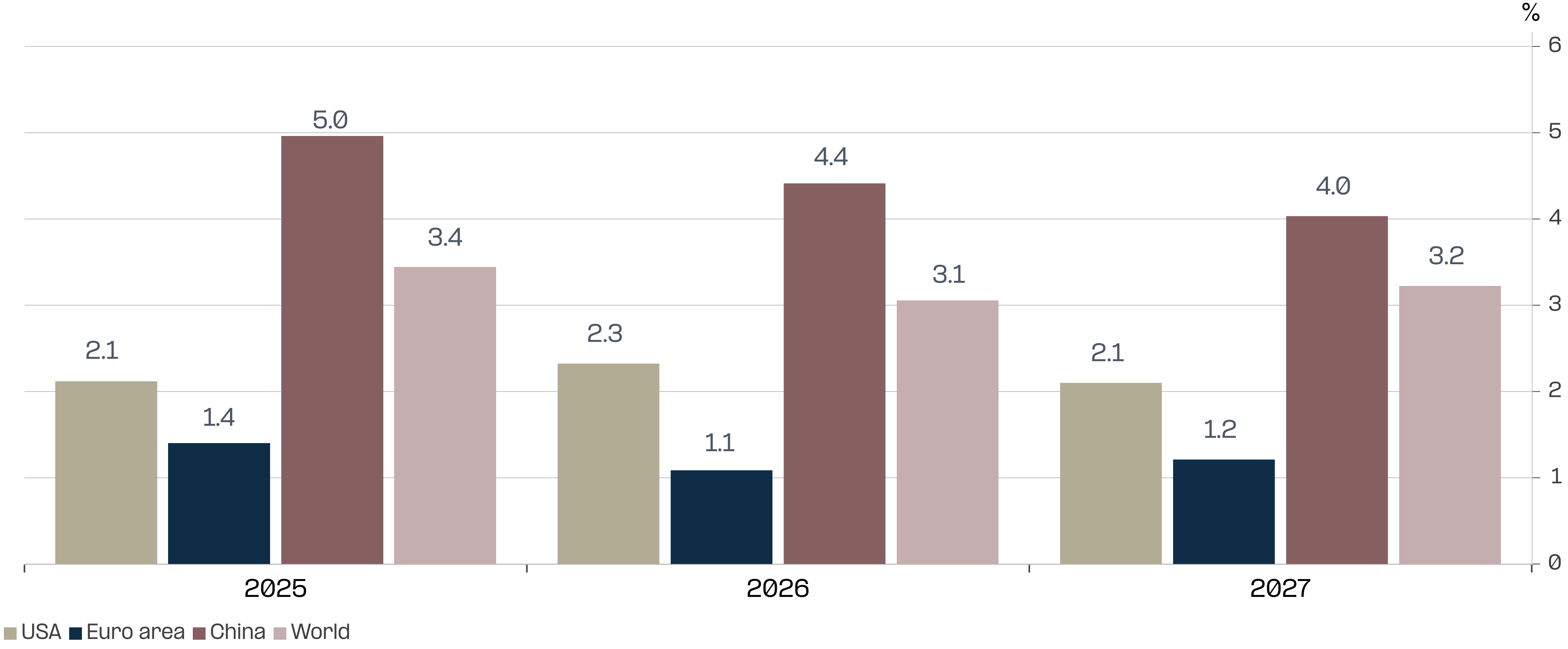
GDP growth expectations

IMF GDP growth estimates

Year–over–year % change



Source: Macrobond, Evli, IMF

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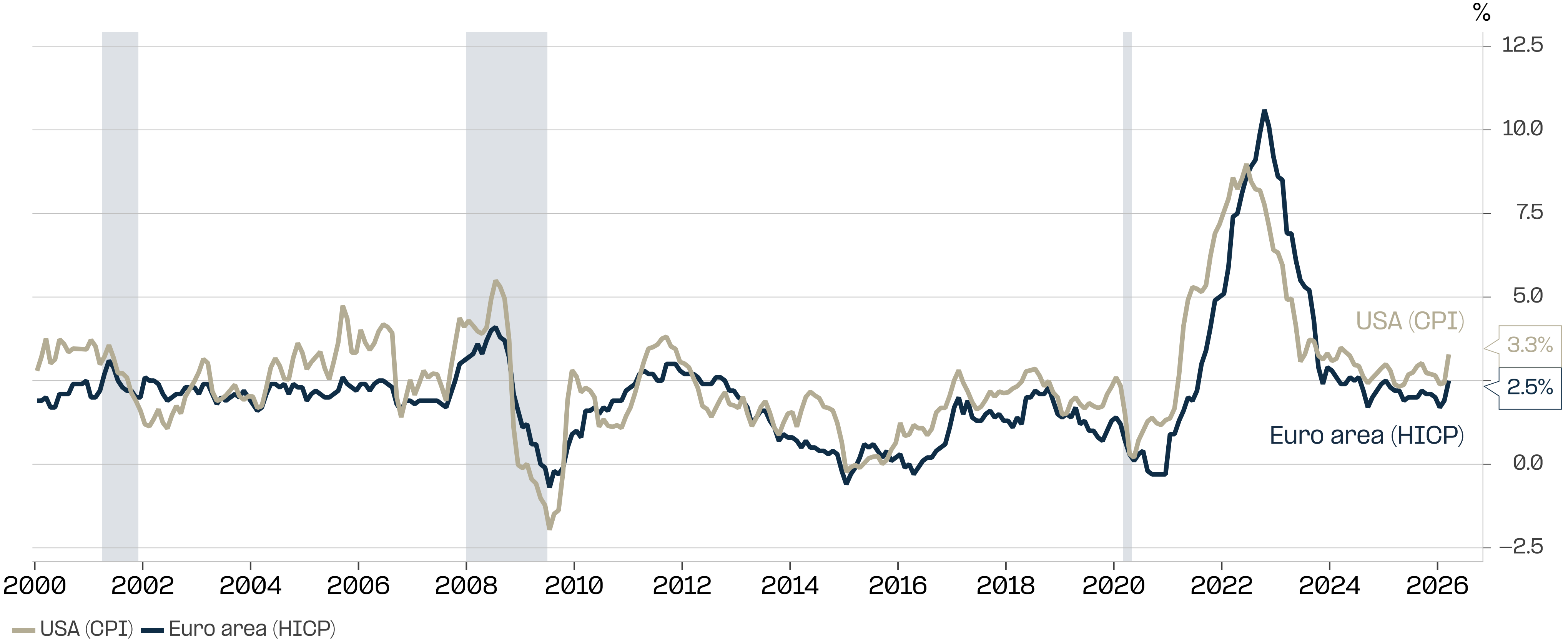
Inflation

Inflation

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



Source: Macrobond, Evli, ECB, BLS

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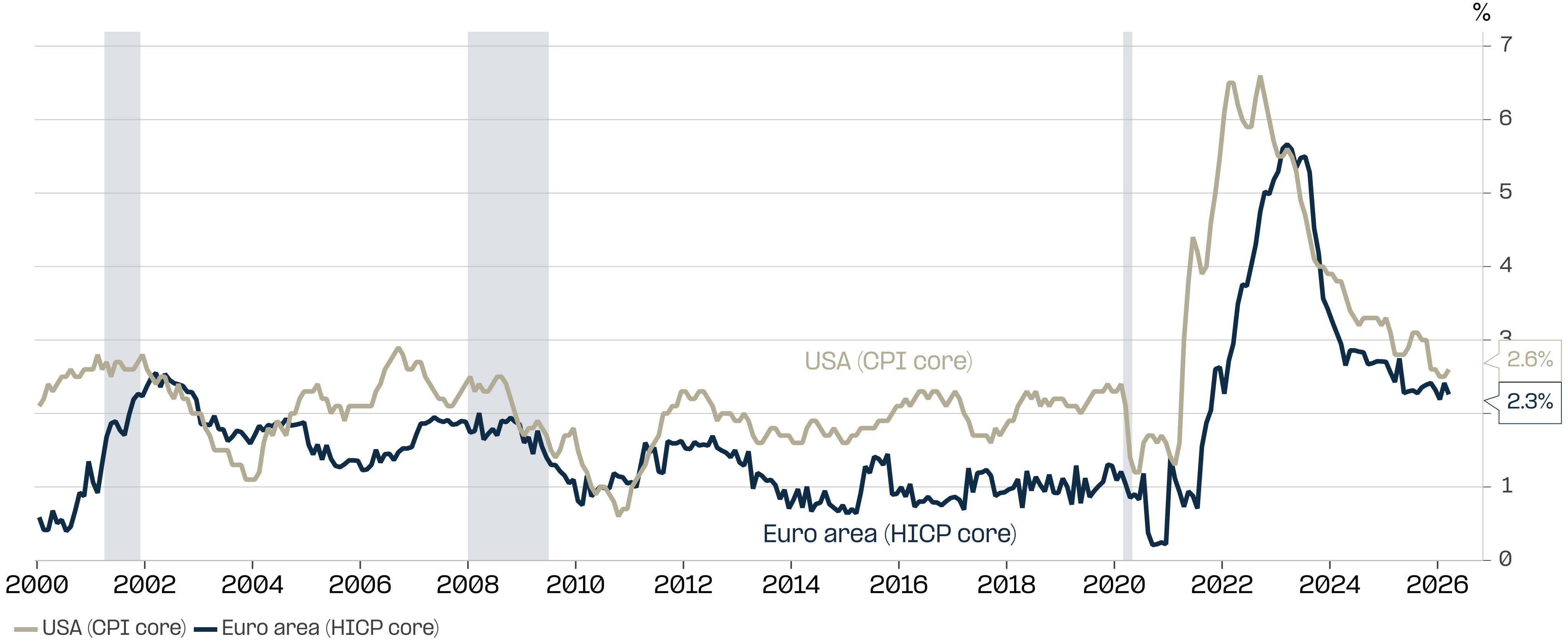
Core inflation

Core inflation

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



Source: Macrobond, Evli, BLS, Eurostat

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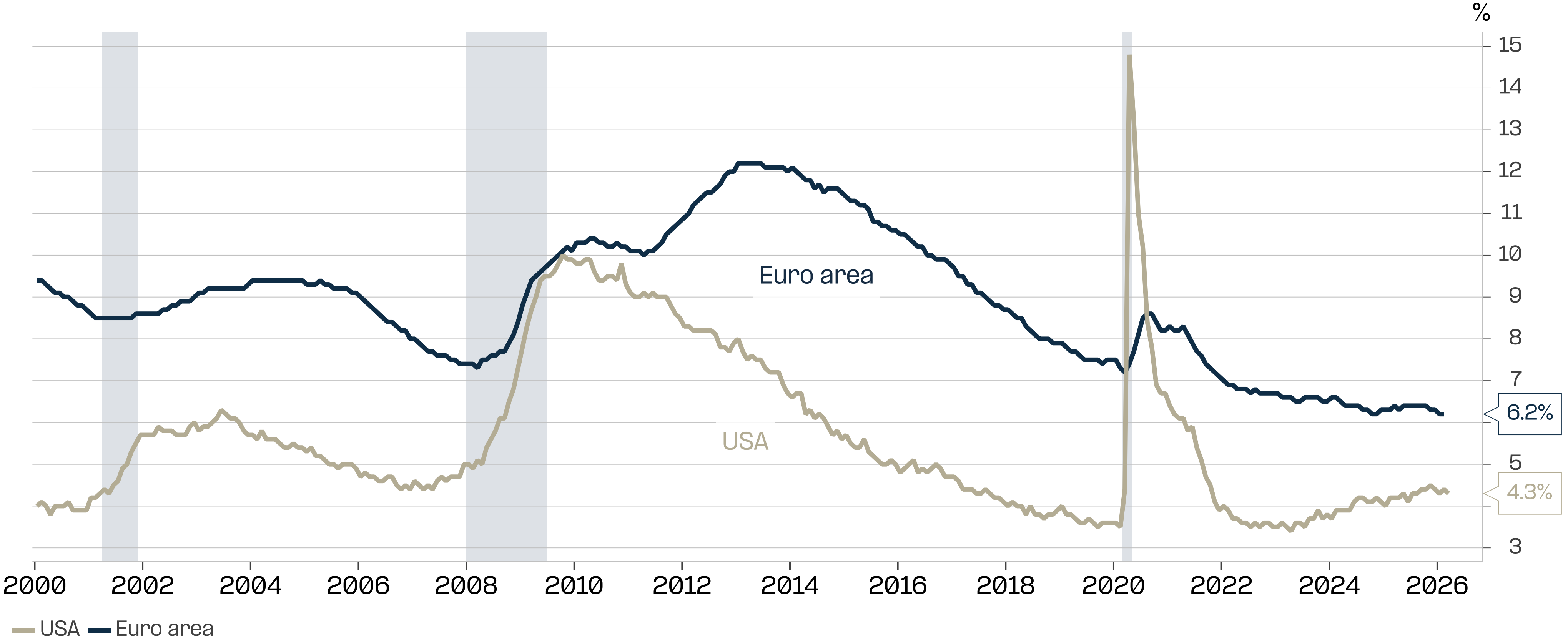
Unemployment

Unemployment rate

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



Source: Macrobond, Evli, Eurostat, BLS

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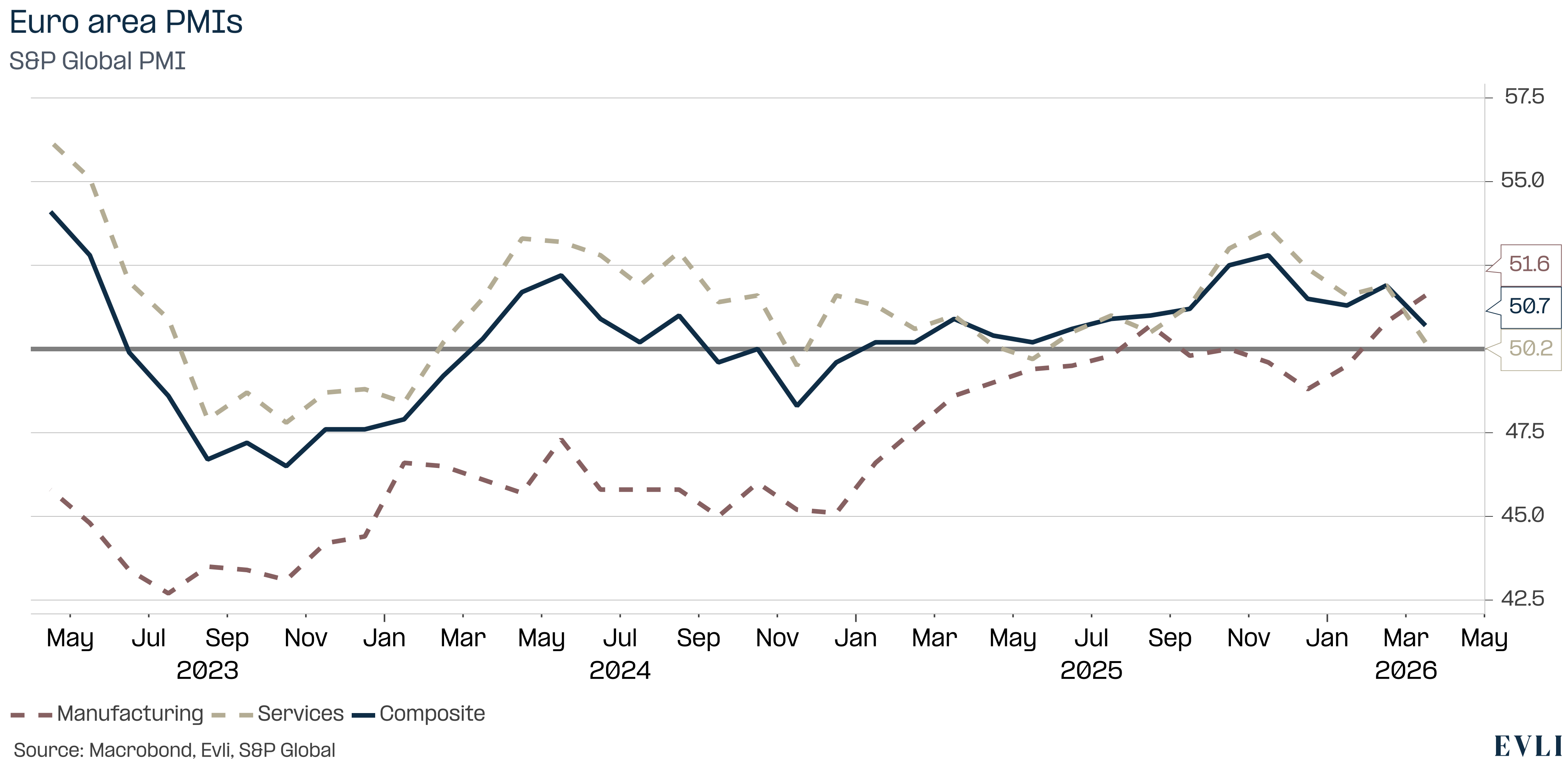
Euro area PMIs



Source: Macrobond, Evli, S&P Global

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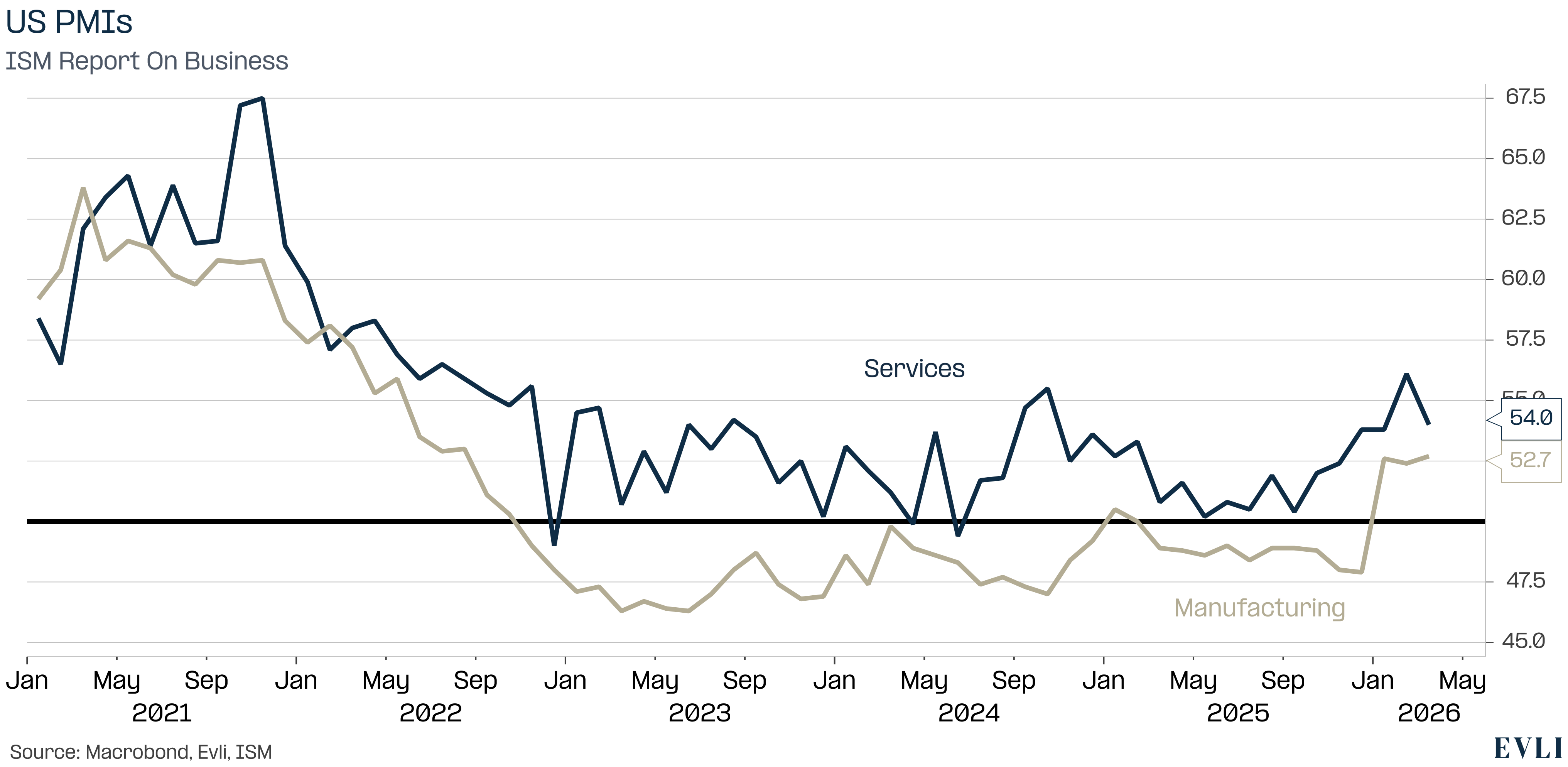
US PMIs



US PMIs
ISM Report On Business
67.5
65.0
62.5
60.0
57.5
55.0
54.0
52.7
47.5
45.0
Services
Manufacturing
Jan
May
Sep
Jan
May
Sep
Jan
May
Sep
Jan
May
Sep
Jan
May
Sep
Jan
May
2021
2022
2023
2024
2025
2026
Source: Macrobond, Evli, ISM
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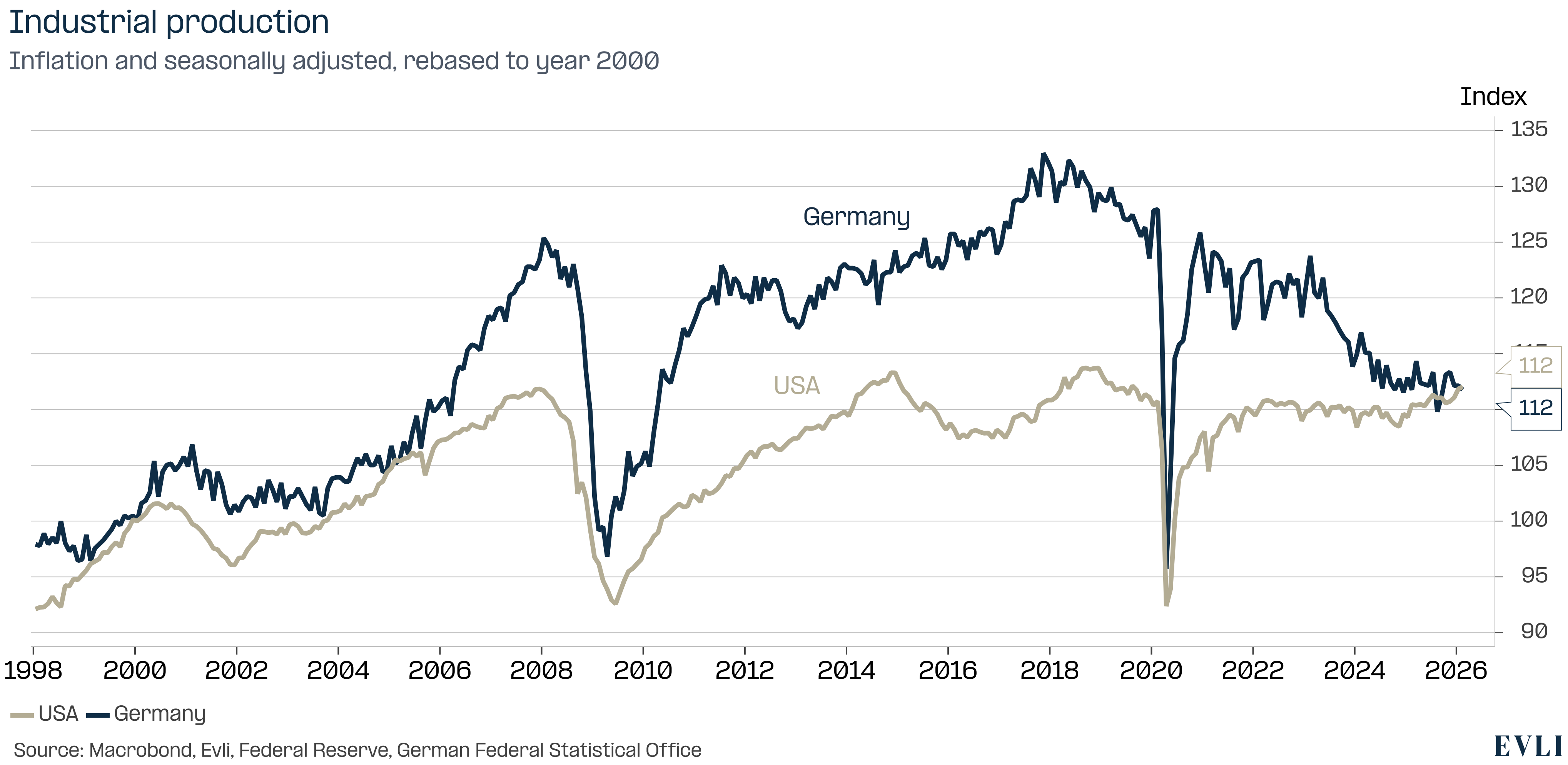
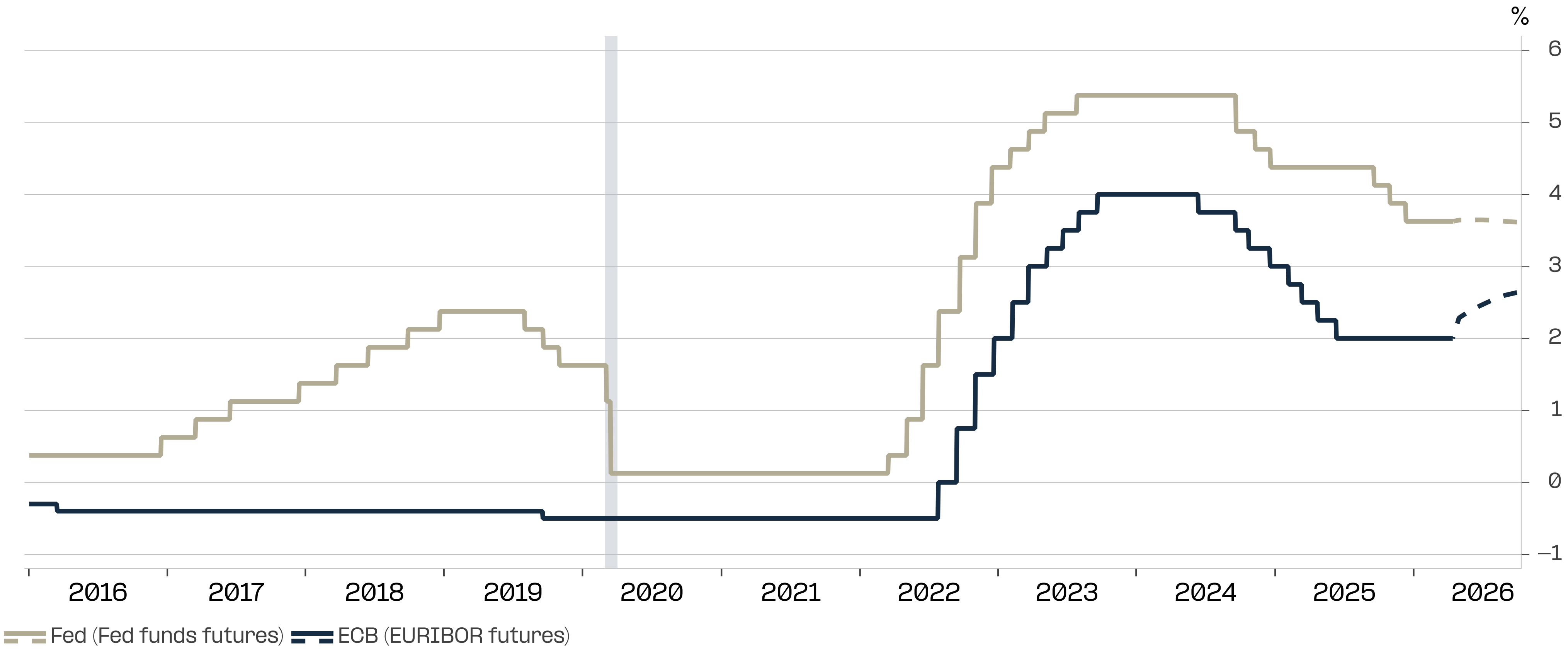
Industrial production



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