Marketing communication for professional investors only.

GENERALI ASSET MANAGEMENT

Market Perspectives

Chips and Crude

31 July 2026

GenAM Macro & Market Research

'Market Perspectives' provide our monthly macro & market outlook and investment recommendations

- **Solid growth and resilient earnings should keep risk assets afloat, but 'chips and crude' — recurring worries about the AI boom and the Iran war — will make for a bumpy ride through thin summer markets.**
- **China's fast-improving AI models and push into chipmaking equipment challenge the premium priced into tech leaders; with indices so concentrated, any wobble now moves equity markets. Yet high stock dispersion and broadening earnings gains are making indices more robust.**
- **The US-Iran ceasefire has collapsed and pushed energy prices higher. Our base case sees a contained re-escalation, with no further ECB hikes and only one delayed Fed move, but extended hostilities would put September hikes back on the table.**
- **We stay pro-risk but trim exposure, favouring Credit over Govies despite tight spreads and staying cautious on duration, especially in the US.**

Content

1. Global View 2
2. USA 3
3. Euro area 4
4. Japan 5
5. China 6
6. Central and Eastern Europe 7
7. Government Bonds 8
8. Credit 10
9. EM Sovereign Bonds 11
10. Currencies 12
11. Equities 13
12. Asset Allocation 15
13. Forecast Tables 16
14. Imprint 17

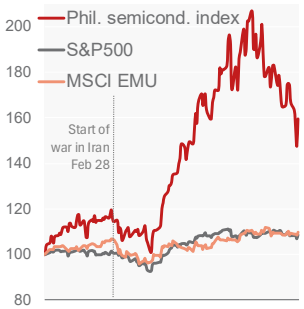
Global View – Chips and Crude

Thomas Hempell

- **Solid growth and resilient earnings should keep risk assets afloat, but 'chips and crude' — recurring worries about the AI boom and the Iran war — will make for a bumpy ride through thin summer markets.**
- **China's fast-improving AI models and push into chipmaking equipment challenge the premium priced into tech leaders; with indices so concentrated, any wobble now moves equity markets. Yet high stock dispersion and broadening earnings gains are making indices more robust.**
- **The US-Iran ceasefire has collapsed and pushed energy prices higher. Our base case sees a contained re-escalation, with no further ECB hikes and only one delayed Fed move, but extended hostilities would put September hikes back on the table.**
- **We stay pro-risk but trim exposure, favouring Credit over Govies despite tight spreads and staying cautious on duration, especially in the US.**

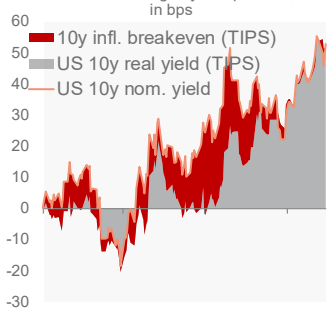
Solid global growth and sustained earnings should keep the backdrop supportive for risk assets. Yet lingering doubts about the AI boom and the Iran war will keep them on edge.

Chips on a rollercoaster
rebased to end-2025 = 100



Source: Datastream, GenAM

10y US Treasury yield
cumulated change by components, in bps



Source: Datastream, GenAM calculations

Strong sales and earnings growth still underpins the outlook for AI and semiconductor stocks. Yet investors keep questioning the lofty expectations priced into them. In July the sector sold off as concerns mounted over heavy capex and margin risks from Chinese competition, after start-up Moonshot AI released its Kimi K3 model. Reports that China has begun making domestic DUV lithography machines added pressure on Dutch supplier ASML. The Philadelphia semiconductor index has dropped c. 25% from its June peak (left chart), and the Nasdaq 100 almost 10%. Because indices are so concentrated in tech, these wobbles quickly spill into broader market volatility. We would not write off tech and AI leaders, given AI's huge productivity potential, but we prefer to hold our moderate equity exposure through broader indices rather than the crowded mega-caps.

Meanwhile, the US-Iran ceasefire struck in June has broken down, pushing energy prices higher and weighing on equities and bonds. The global economy, and the US in particular, has weathered the shock well so far. But the longer energy prices stay elevated, the more hawkish central banks turn. In our base case, the reescalation stays contained, and the Strait of Hormuz soon reopens; the ECB then holds and the Fed delivers only one hike late this year. In the risk case, hostilities drag on and energy markets stay strained, tilting both central banks towards September hikes.

Positioning: favouring Credit, cautious on duration

We therefore keep, but trim, our pro-risk tilt over the less liquid summer weeks (weaker seasonals). Within risk assets, we concentrate on an overweight in Credit versus Govies: the carry cushions against summer volatility, and Credit has proven resilient through risk appetite and cyclical swings. We cut our Equity overweight back to a marginal position.

We stay prudent on duration – neutral in EUR fixed income and slightly short in the US. Heavy supply and rising term premia keep us biased towards slightly higher long-term yields. A more durable US-Iran peace deal could ease inflation worries and upside pressures on yields. But we would not chase a knee-jerk bond rally on falling oil prices, given the structural headwinds from high public debt and upward pressure on term premia. This holds especially for 10y US Treasuries: real yields now look attractive after their 50bp climb to 2.4% since May (right chart), yet the inflation compensation of 2.25% is hardly compelling, amounting to half the 4.5% average seen over the past five years.

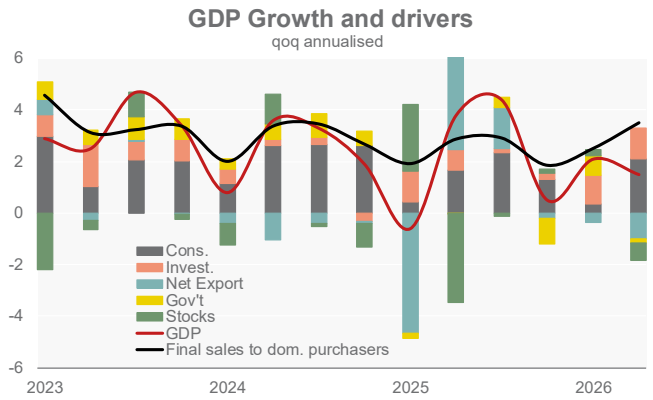
10-Year Gvt Bonds	Current*	3M	6M	12M
US Treasuries	4.64	4.70	4.75	4.75
Germany (Bunds)	3.13	3.20	3.20	3.15
Credit Spreads**				
EA IG Non-Financial	76	70	70	70
EA IG Financial	79	70	70	70
Forex				
EUR/USD	1.14	1.15	1.16	1.18
USD/JPY	164	160	158	156
Equities				
S&P500	7386	7480	7550	7705
MSCI EMU	214	216	220	223

*3-day avg. as of 29/07/26 **ICE BofA (OAS)

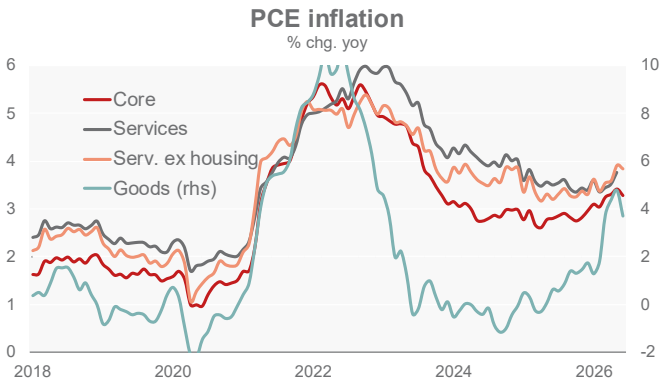
Recent USD strength may persist for now on US economic resilience. Still, we see EUR/USD drifting modestly higher by year-end, as bullish dollar positioning looks stretched and a mild second-half recovery in the euro area lends support.

United States

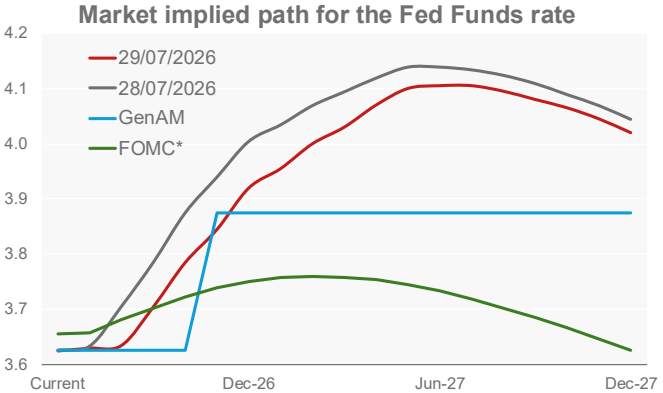
Paolo Zanghieri



Source: BEA, GenAM



Source: BEA, GenAM



*Source: Refinitiv, GenAM. * Cubic interpolation of the yearend projections from the dots*

- **Despite the weak headline Q2 GDP figure, demand continues to grow steadily thanks to AI investment and healthy consumption. We revised up our GDP forecast, to 2.2% this year and 2.1% next.**
- **Inflation remains above target due tariffs, energy and AI-related pressures. We see core PCE just above 3% by year end.**
- **At the July meeting chair Warsh reiterated the Fed's commitment to fight inflation, but lack of action on rates sent a rather dovish and confusing message. We expect a rate hike by year-end, most likely in December.**

The weak Q2 growth reading (1.5% qoq ann.) was due to a large drop in net exports and a big de-stocking. Domestic demand growth picked up markedly. Capex remains strong: consistent with soft information from surveys and hard data on orders, it is no longer driven by just AI-related expenditure. Consumption grew by a strong 3.2% ann. but this was driven by one-off tax refunds, and the saving rate remains at a low 3%.

Job creation picked up from the low levels seen at the end of last year, but it remains concentrated in acyclical sectors like healthcare. Yet unemployment is broadly stable at a low 4.2% and layoffs remain contained,. Slowing wage growth and labour market developments are unlikely to become a major inflationary risk, especially for services.

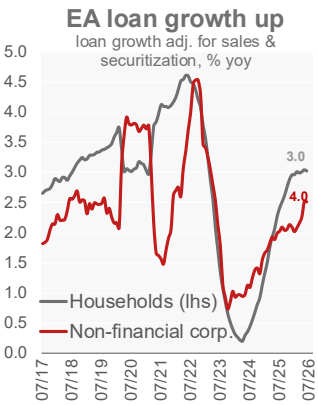
Inflation remains the key challenge, but June delivered good news, with the core PCE rate cooling to 3.3% yoy thanks to the retrenchment in goods inflation. The impact of existing tariffs is fading, but lingering pass-through from earlier increases in energy costs and strong demand for technology-related goods continue to keep price pressures elevated. Although wage growth is slowing and housing inflation is cooling, progress towards the Federal Reserve's 2% target is likely to remain gradual and we expect core PCE inflation to end the year at just above 3%.

Fed to raise rates by year end

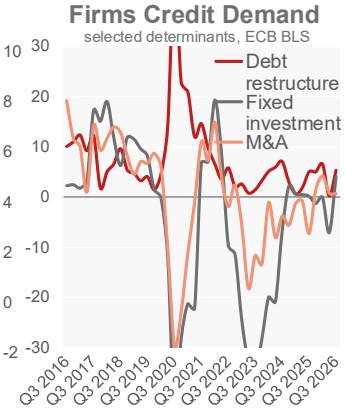
At the July meeting the Fed kept rates on hold. Chair Warsh was not successful in explaining how the strong commitment to stick to the hard 2% inflation target is consistent with no rate hike, given how sticky inflation remains. This was perceived as overall dovish, and the bond market started questioning the Fed's credibility. We expect a rate hike by the end of the year. Our baseline is December, but the need to restore credibility soon may tilt the balance to a move already in September.

Euro Area

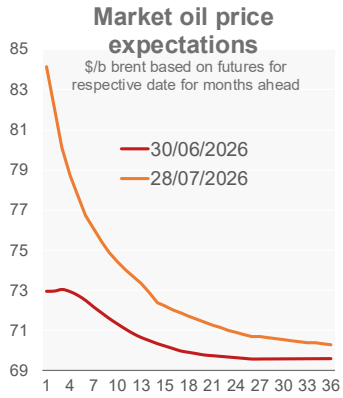
Martin Wolburg



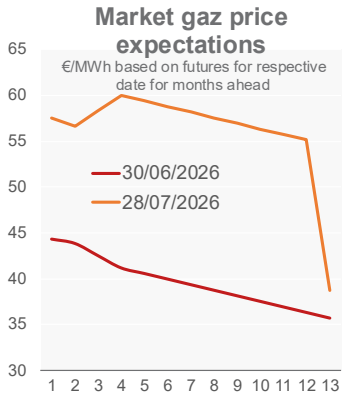
Source: Datastream, GenAM



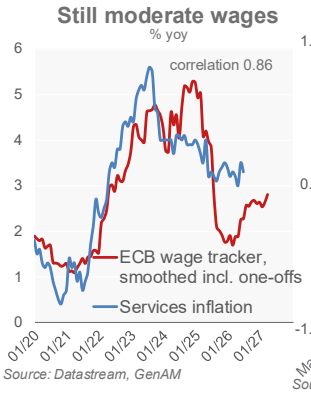
Source: Datastream, ECB, GenAM



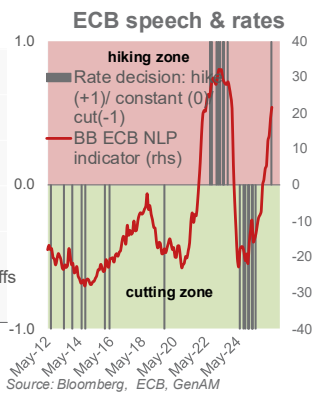
Source:Datastream, GenAM



Source:Datastream, GenAM



Source: Datastream, GenAM



Source: Bloomberg, ECB, GenAM

- **The euro area shrugged off the Iran-war shock: underlying GDP grew 0.4% qoq in Q2, beating downbeat sentiment surveys.**
- **Reviving credit demand, firmer PMIs and recovering consumer confidence point to resilient momentum into H2 — we lift our 2026 growth forecast to 0.8%.**
- **Renewed Middle East escalation is the key risk: persistently high energy prices could rekindle inflation and push an increasingly hawkish ECB toward a September hike.**

The euro area economy proved surprisingly resilient to the fallout from the Iran war. Output expanded by 0.4% qoq in the second quarter, up from 0.0% in Q1. Stripping out volatile Irish data, GDP still advanced by 0.2% qoq (after 0.3% in Q1) — a firmer outcome than sentiment indicators had implied. Early national data point to rebounding exports, resilient services and still-positive domestic demand, with investment the main soft spot.

Momentum is also broadening. Loan growth kept rising, and the latest ECB Bank Lending Survey shows credit demand climbing to a four-year high in Q3. The composite PMI recovered to its pre-war level, with forward-looking and employment components improving, while consumer confidence rose further.

The outlook now hinges on how the Middle East evolves. The latest escalation has sharply lifted energy price expectations, especially for gas (see middle charts). Should elevated prices persist, they would sap confidence, risk supply shortages and push inflation higher. Energy inflation is already at work and helped pushing headline inflation up to 2.9% yoy in July, core advanced to 2.5%. PMI output prices eased further in July, but prospect of disinflation would reverse if tensions fail to de-escalate soon.

Our baseline assumes these geopolitical tensions ease before long. On the back of the strong GDP data, we raise our 2026 growth forecast to 0.8%, from 0.7%.

ECB: a very hawkish wait-and-see stance

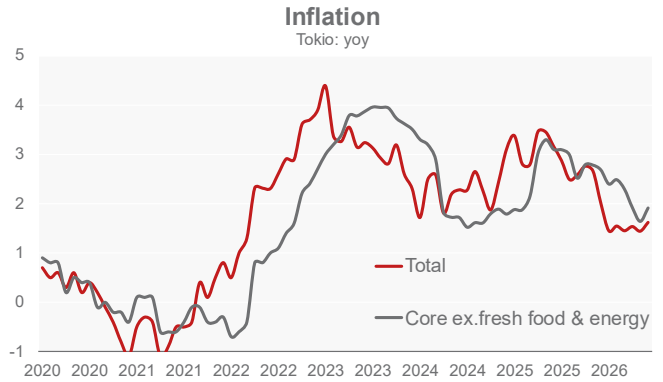
At the July 23 meeting, the ECB left key rates unchanged but again stressed data dependence and warned that the balance of risks had worsened. There are still no signs of second-round effects, yet policymakers made clear that a longer conflict would put further hikes back on the table — and some Governing Council members already floated that option in July. This leaves our call for steady rates increasingly under pressure: should energy prices stay elevated and geopolitical risks keep building, September could turn live for a hike.

Japan

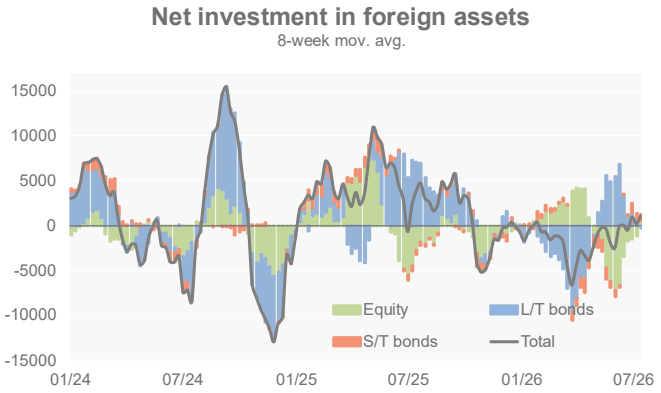
Paolo Zanghieri



Source: Min. of Finance, GenAM



Source: Datastream, GenAM



Source: MoF, GenAM

- **Growth remains resilient, supported by AI-related exports and investment, but higher energy prices and weaker terms of trade are likely to weigh on domestic demand in H2. We expect GDP to increase by 0.5% this year.**
- **Inflation has reaccelerated (1.7% in June), while strong wage growth suggests underlying price pressures remain broadly consistent with a return to the BoJ's 2% inflation target.**
- **The policy mix is becoming divergent, with gradual monetary tightening - we expect another hike by year-end - alongside a more expansionary fiscal stance.**

After a strong Q1 (0.5% q/q) GDP growth should remain healthy, supported by strong external demand, particularly for semiconductors and other AI-related products. However, higher energy prices and a deterioration in the terms of trade will limit the scope for a stronger recovery in domestic demand. We expect GDP to increase by 0.5% this year before accelerating to 0.7% in 2027.

Inflation is beginning to move higher again. Headline CPI rose from 1.4% y/y in April to 1.7% y/y in June as imported-cost pressures re-emerged. While some core measures have softened, wage growth remains strong following another round of robust wage negotiations. Inflation risks are becoming more entrenched than in the past, in line with the BoJ's view that inflation is converging towards its 2% target.

The government's new fiscal framework presented in July includes sizeable long-term investment plans in sectors such as AI, semiconductors and energy. The strategy has also raised concerns about fiscal slippage, contributing to higher government bond yields and renewed pressure on the yen.

Domestic demand for JGBs on the rise

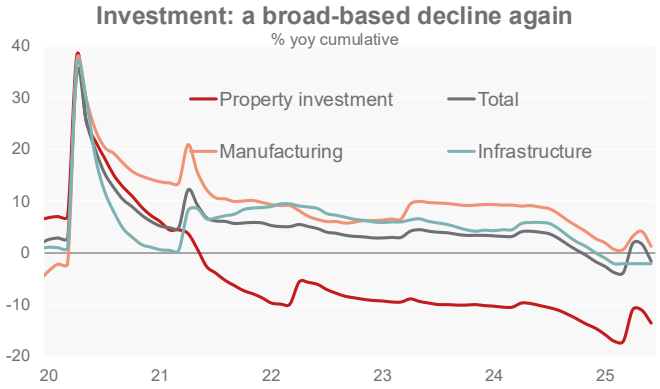
The Government Pension Investment Fund (GPIF), the world's largest pension fund, modestly increased its allocation to domestic bonds during FY2025, largely through rebalancing from domestic and foreign equities into JGBs. Purchases were concentrated in the super-long segment, while foreign bond exposure remained broadly stable. Government comments encouraging greater investment in domestic assets sparked speculation about a broader shift in GPIF's strategy, which could reduce the demand for foreign govies. The BoJ remained on hold in July, but we expect another rise by the end of the year. Despite the weakening of the JPY, uncertainty about growth should lead the Bank to postpone the rise to December.

China

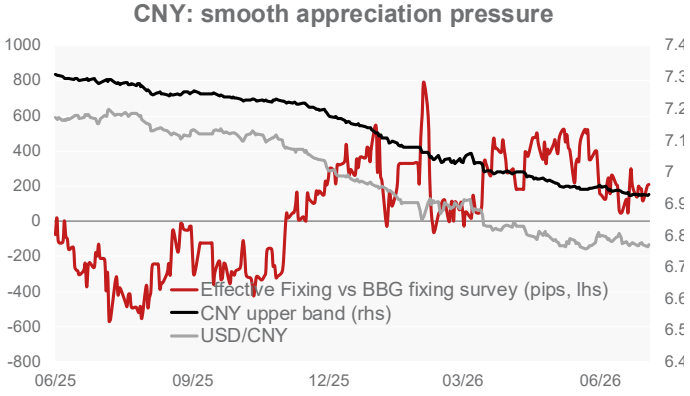
Guillaume Tresca



Source: Bloomberg, China Custom Administration, GenAm



Source: Bloomberg, PBoC, GenAM



Source: Bloomberg, GenAM

- **Latest GDP data confirm a two-speed economy: strong tech-driven exports continue to support activity, while domestic demand remains weak.**
- **Policy support will remain targeted. Authorities are more likely to accelerate existing fiscal measures than announce a large new stimulus package.**
- **The CNY appreciation trend still looks supported by large trade surplus, corporate USD selling, and policymakers' apparent comfort with a stronger currency.**

The recent data continued to point to a two-speed economy: booming tech-driven exports contrasted with weak domestic demand, as poor consumption and subdued investment held activity back. Q2 GDP growth slowed to 0.9% qoq from 1.3% previously, while the annual rate stood at 4.3%, below the 4.5-5.0% target range. Investment drove most of the deceleration, with quarterly investment growth plunging to -9.7% yoy. Although the real estate sector remains the main drag, the investment slowdown is broad-based.

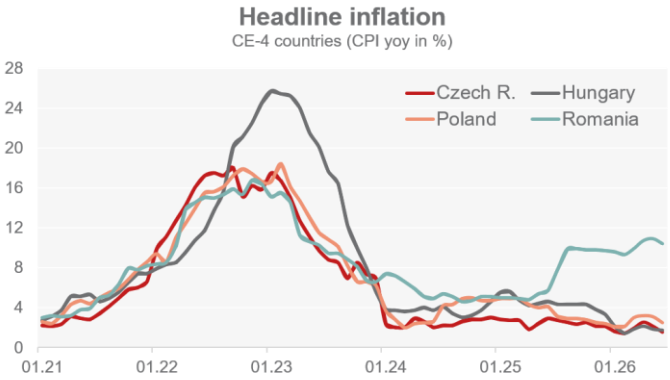
The latest June hard data were slightly better, but not enough to alter the view that the economy remains weak internally; indeed, the July official PMI signaled contracting activity for the first time since COVID The external sector remains strong, exports, which rose by 27.0% yoy. The 12-month cumulative trade surplus remains above USD 1tn.

Attention has shifted to a change in policymakers' narrative. They are likely to reiterate their commitment to supporting growth, but a large new fiscal package, such as the one announced in September 2024, appears unlikely. First, although growth has slowed, 2H growth is still running at 4.7%. Second, the authorities still have fiscal room to manoeuvre, as bond issuance quotas have not yet been fully used. Part of the Q2 slowdown reflects fiscal under-execution, and we would expect policymakers to accelerate bond issuance and ensure the full deployment of existing measures rather than announce new ones. We expect issuance to continue supporting AI infrastructure and high-tech manufacturing. We do not rule out further support later this year, but it would depend on Q3 growth data and whether the growth target is genuinely at risk.

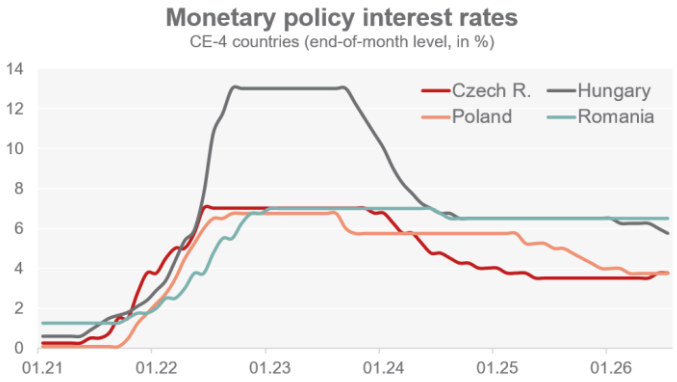
From a market perspective, we would expect the CNY appreciation trend to continue. The persistently large trade surplus has supported the renminbi appreciation despite wider US-China rate differentials. Chinese exporters have accumulated large FX surplus and they continued selling USD in June. Likewise, the gradual lowering of the daily fixing signals policymakers' comfort with a stronger CNY.

Central and Eastern Europe

Jakub Krátký



Source: www.czso.cz, www.ksh.hu, www.stat.gov.pl, www.insse.ro, GenAM



Source: www.cnb.cz, www.mnb.hu, www.nbp.pl, www.bnr.ro, GenAM

Main Forecasts

Czech Republic	2024	2025	2026f	2027f
GDP	1.2	2.5	1.7	1.9
Consumer prices	2.4	2.5	2.0	2.8
Central bank's key rate	4.00	3.50	4.00	3.50
Hungary	**2024**	**2025**	**2026f**	**2027f**
GDP	0.6	0.5	1.8	2.9
Consumer prices	3.7	4.4	2.2	2.8
Central bank's key rate	6.50	6.50	5.25	4.75
Poland	**2024**	**2025**	**2026f**	**2027f**
GDP	3.2	3.6	3.4	2.8
Consumer prices	3.7	3.6	3.3	3.0
Central bank's key rate	5.75	4.00	3.75	3.75
Romania	**2024**	**2025**	**2026f**	**2027f**
GDP	0.9	0.7	0.0	2.0
Consumer prices	5.6	7.3	8.5	5.0
Central bank's key rate	6.50	6.50	6.50	6.00

Source: www.cnb.cz, www.mnb.hu, www.nbp.pl, www.bnr.ro, GenAM

- **Growth across the region proved resilient, yet remained shaped largely by domestic policy — with fiscal slippage still a lingering concern.**
- **Monetary policy stances diverged unusually across the region. Inflation appears contained, yet policymakers stay vigilant as governments unwind the support schemes that had contained fuel prices.**
- **CEE bonds followed the global sell-off, while regional equities outperformed the rest of Europe.**

The Czech CNB tracked the ECB, lifting rates by 25bp to 3.75% in late June. With inflation below target at 1.5% yoy in June, a further hike looks probable amid robust real wage growth. The economy holds its expansionary course, as GDP growth eased marginally to 2.0% yoy in Q2 yet firmed to 0.4% qoq.

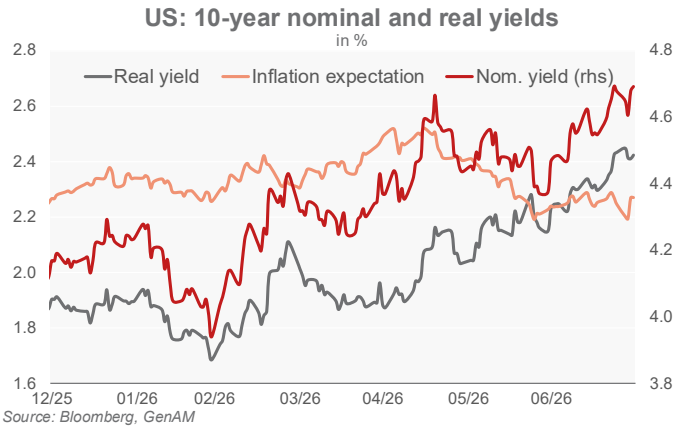
Hungary's revised 2026 budget points to a deficit near 7.5% of GDP, though the government stays committed to consolidation and should unveil a broader economic plan in autumn. In parallel, a sweeping institutional overhaul was launched to meet EU milestones by end-August, while also ousting President Sulyok, an ally of former PM Orban. The MNB delivered a further 25bp cut to 5.75%, and with CPI undershooting expectations at 1.7% yoy, further easing looks likely. The economic recovery continues, with GDP holding at 1.7% yoy in Q2 even as momentum slowed to 0.4% qoq. A fresh growth impulse should soon emerge from the generous EU funding envelope and likely also from improving demand and capacity utilization in the key EV-battery production segment.

The Polish NBP stayed on hold at 3.75%. With inflation back at the 2.5% target, dovish voices resurfaced — including the Governor's — though an extended stretch of rate stability looks like the most probable outcome. GDP growth should keep outperforming the rest of the region, powered mostly by domestic demand and the pro-cyclical fiscal stance.

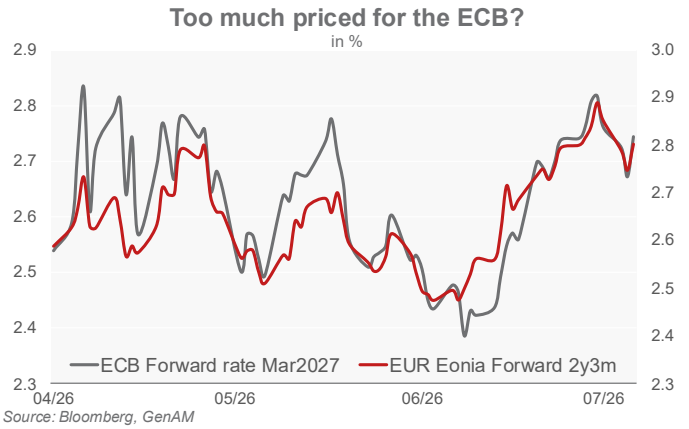
The Romanian NBR reaffirmed its on-hold stance at 6.50%. While CPI will soon fall from 10.4% yoy on base effects, it will stay elevated, with policy easing unlikely before mid-2027. The country still faces a protracted political crisis, with no government deal in sight. Even so, some reform progress secured access to the EU's RRF, while fiscal consolidation proceeds on autopilot. The economy struggles in a recession amid weak household demand, but negative base effects will soon fade, and the EU funds should help too.

Government Bonds

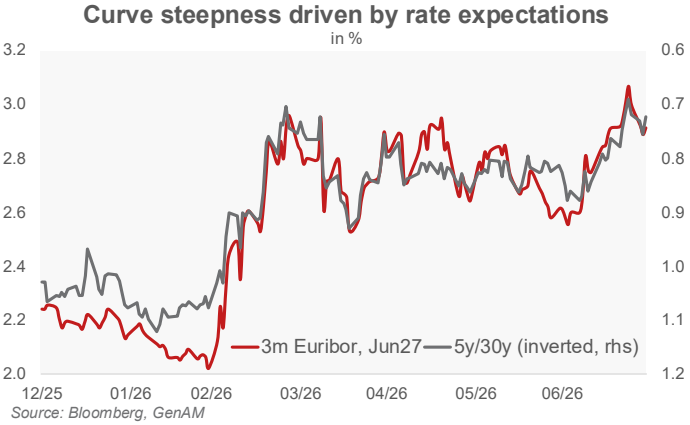
Florian Späte



Source: Bloomberg, GenAM



Source: Bloomberg, GenAM



Source: Bloomberg, GenAM

- **Long-dated yields stay vulnerable to fiscal pressure, heavy issuance, persistent inflation risk and ongoing term-premium normalisation, with US yields facing the strongest upward pressure.**
- **Stay positioned for steeper curves: front ends look over-hawkish and broadly anchored, while ILBs offer attractive protection against a renewed inflation scare.**
- **Euro area non-core spreads stay range-bound with a modest tightening bias – scarce summer supply and yield-hungry demand cap the upside, keeping the market broadly resilient despite geopolitical uncertainty.**

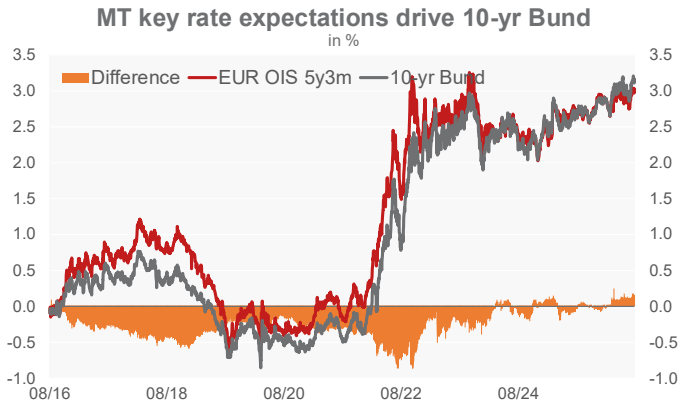
Two opposing forces are pulling government bond markets apart. At the front end, investors have priced a more hawkish central bank path with sticky inflation and resilient labour markets prompting markets to abandon rate-cut bets altogether and instead pull expected rate hikes forward. At the long end, a common set of global drivers keeps pushing yields higher: persistent fiscal deficits, rising public debt, heavy sovereign issuance, higher defence spending and the gradual withdrawal of Quantitative Easing are all normalising term premia. Renewed geopolitical tensions and higher energy prices add to the risk that inflation proves stickier than markets assume. On balance, we expect these long-end forces to dominate, keeping the yield curve biased steeper and leaving long-dated bonds exposed to further upside as issuance stays heavy into the autumn.

Against this backdrop, we stay constructive on inflation-linked bonds (ILBs). Inflation compensation still looks too low for the risk environment: despite Middle East tensions and rising oil forward prices, medium-term inflation expectations sit well below the levels seen in previous energy shocks. Markets look overly confident that inflation will glide smoothly back to target, yet we see a far greater risk of renewed upward pressure than current pricing implies. Even a modest upside surprise on inflation would leave breakevens with meaningful room to widen, reinforcing the case for holding real over nominal exposure. ILBs therefore remain one of the most attractive ways to position for this environment.

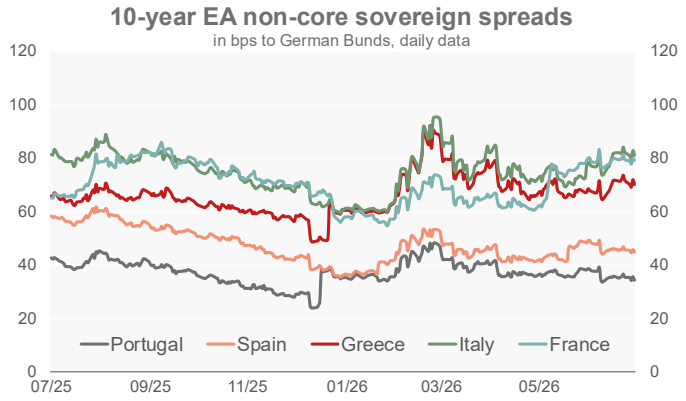
These forces should lift long-term yields on both sides of the Atlantic, but the adjustment should be most pronounced in the US. The recent climb in 10-year US real yields above 2.4% is striking yet broadly justified by stronger productivity, resilient activity, persistent deficits and rising public debt. More telling are inflation expectations, which stay below 2.3% despite years of elevated inflation and continued price

Government Bonds

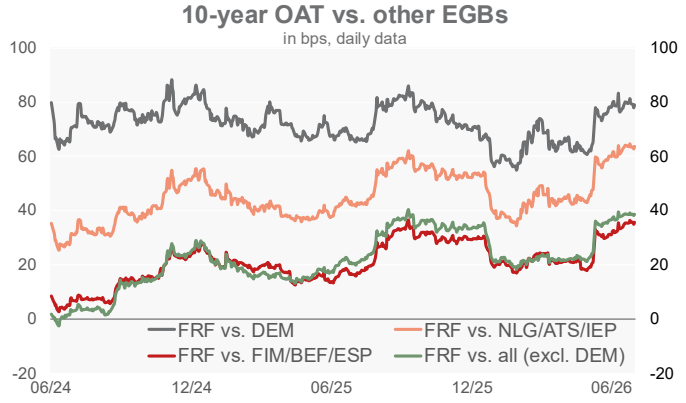
Florian Späte



Source: Bloomberg, GenAM



Source: Bloomberg, GenAM



Source: Bloomberg, GenAM

stickiness. We therefore expect most of the further rise in US long-term yields to come from higher inflation compensation and rising term premia rather than additional Fed tightening. We forecast the 10-year Treasury yield to rise towards 4.75% over the next 12 months.

At the front end, we expect fewer rate hikes than markets price in both the US and the euro area, with the gap widest for the ECB. Even a further 25 bps ECB hike would mainly pull tightening forward rather than signal a materially more restrictive path. Short-dated yields on both sides of the Atlantic therefore look broadly anchored, and should today's hawkish expectations prove overdone, they have room to reprice lower.

The euro area long end faces many of the same forces as Treasuries – heavy issuance, fiscal pressure and term-premium normalisation. With global bond markets closely integrated, Bunds are unlikely to escape a broader Treasury-led sell-off, even where domestic fundamentals look more benign. We expect the 10-year Bund yield to settle around 3.15% over the next 12 months.

We stay cautious on long-duration government bonds overall, but favour Bunds over Treasuries on a relative-value basis, since we expect long-term yields to rise more sharply in the US than in the euro area.

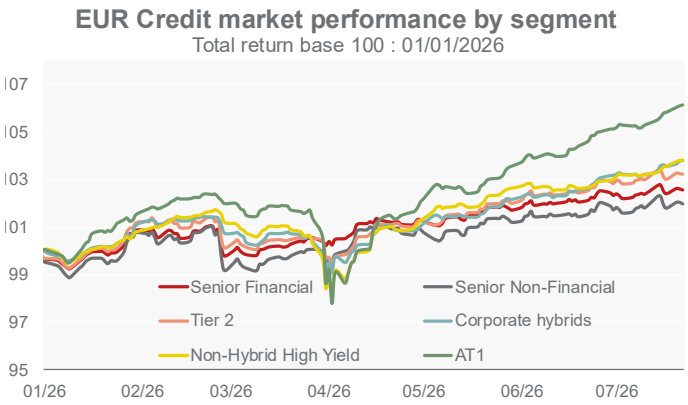
An over-hawkish front end and a still-vulnerable long end reinforce our steepening bias. We expect short-dated yields to stay broadly anchored or edge lower, while longer maturities keep facing upward pressure from inflation risk, fiscal dynamics and rising term premia. Curve steepeners therefore remain an attractive way to express this view while limiting outright duration exposure.

Non-core spreads: range-bound with a tightening bias

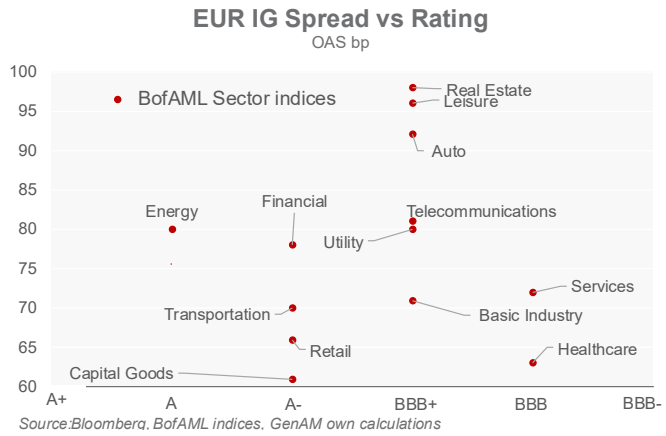
Euro area non-core sovereign spreads should stay broadly range-bound over the coming weeks, with a modest tightening bias. Technicals offer support as scarce summer supply meets still-robust demand: despite heavy gross issuance, markets have absorbed around €1tn of government bond supply this year without meaningful widening, underlining the strength of the underlying bid. The search for yield also remains intact, particularly in higher-yielding non-core markets with few liquid alternatives, and we still see euro area recession risks as contained. A correction of currently aggressive ECB rate-hike pricing would support tighter spreads, and recent resilience to geopolitical tensions, higher oil prices and elevated macro uncertainty reinforces our stability call. The main risk to this baseline is a sustained flare-up of fighting in the Gulf, which could trigger temporary, broad-based spread widening.

Credit

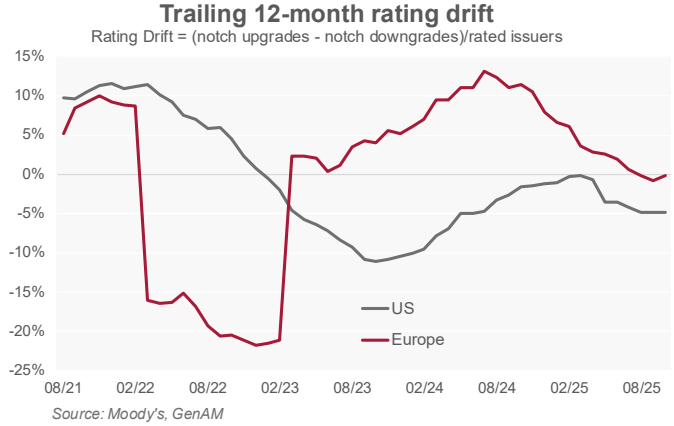
Elisa Belgacem



Source: Bbg, BofAML indices, GenAM



Source:Bloomberg, BofAML indices, GenAM own calculations



Source: Moody's, GenAM

- **European credit continues to demonstrate remarkable resilience, with spreads holding near recent tights despite recurring geopolitical headlines and energy-market volatility.**
- **The combination of attractive all-in yields and supportive fundamentals remains favourable for both IG and HY, maintaining our positive stance on credit risk.**
- **Our preference remains centred on carry-rich segments of the market, with Financials continuing to benefit from robust bank earnings and balance-sheet strength, while increasing dispersion across Technology creates a more selective opportunity set.**

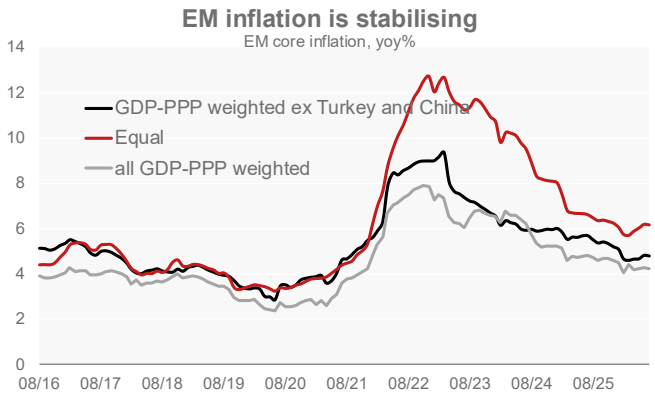
While Financials remain supported by strong earnings and favourable technicals, we are also monitoring pockets of increasing dispersion elsewhere in the market. In particular, the Technology sector is seeing greater differentiation as investors reassess the implications of rising AI-related capital expenditure. The recent widening in hyperscaler credit spreads appears more technical than fundamental in nature. While unprecedented AI-related capex continues to fuel investor debate around future monetisation, credit profiles remain supported by dominant market positions, strong cash generation and solid balance sheets. We view the recent underperformance as largely driven by increased bond supply and investor capacity constraints, with rising issuer dispersion, particularly around Oracle, highlighting the growing importance of credit selection within the sector.

Carry remains the key driver

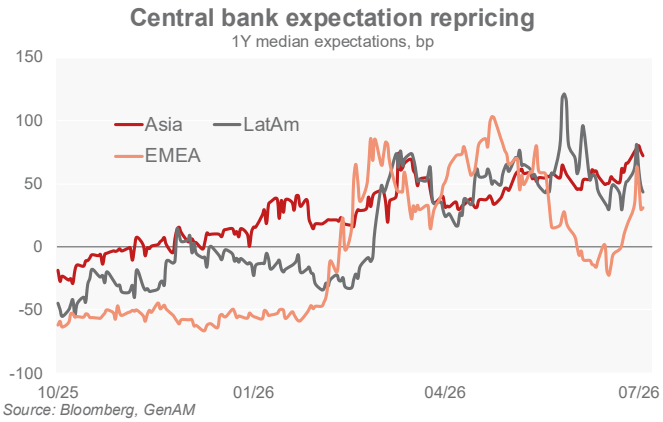
With credit spreads close to cyclical tights, we expect returns to remain predominantly carry-driven rather than spread-driven. Our allocation therefore prioritises areas where income remains attractive relative to risk. We maintain an overweight stance on Financials, supported by a strong reporting season, healthy balance sheets and favourable technicals. Meanwhile, the emergence of greater dispersion among Technology issuers, partly reflecting differing AI investment profiles, reinforces our preference for active credit selection. Although spreads across subordinated debt markets, including AT1s, Tier 2 and corporate hybrids, have compressed towards historical tights, we continue to view the asset class favourably given its attractive all-in yields, resilient fundamentals and superior carry profile relative to senior IG. With senior credit increasingly behaving as a rates product, subordinated debt remains one of the most efficient ways to enhance portfolio income. From a risk-management perspective, we continue to view iTraxx Subordinated Financials as one of the most effective and liquid hedging instruments.

EM sovereign bonds

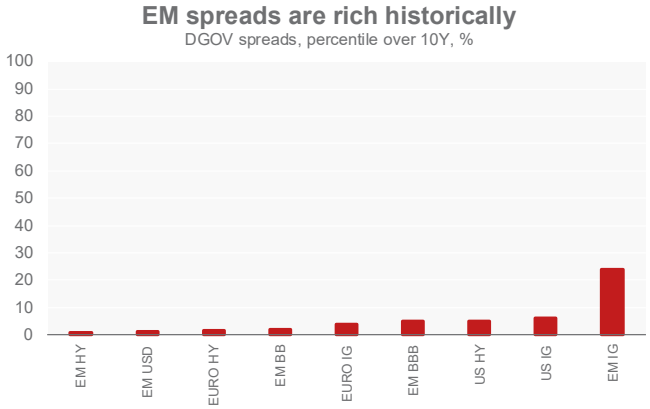
Guillaume Tresca



Source: Bloomberg, GenAM



Source: Bloomberg, GenAM



Source: Bloomberg, GenAM calcuations

- **EM fixed income remains resilient despite geopolitical risks and softer risk appetite. Supportive macro conditions and steady inflows keep the positive investment case intact.**
- **We still prefer EM local over external debt, supported by better valuations, carry and FX prospects. High yielders such as BRL, EGP and TRY remain attractive**
- **In external debt, HY and BBs offer the best risk-reward in a tight spread environment.**

EM fixed income has continued to withstand the recent resurgence in geopolitical risks and the slight deterioration in risk appetite, with minimal spread widening. The positive EM narrative remains fully intact. The macroeconomic outlook has hardly changed, with only a limited rebound in core inflation and a decline in policy rate-hike expectations. Likewise, downward growth forecast revisions have been small, and EMs still offer a decent growth pickup over DM.

Technicals remain supportive, as inflows into both local and external debt have kept pace. Valuations remain historically stretched, especially for external debt, but the asset class should continue to attract inflows into the best-quality names. The share of weak HY issuance has fallen, and it will ease the market indigestion concerns.

Thus, we maintain our preference for EM local debt over external debt, given better valuations and more favourable local rates and FX prospects. For both external and local debt, we expect positive returns that are increasingly driven by carry and idiosyncratic developments.

Local debt: rates turn more appealing

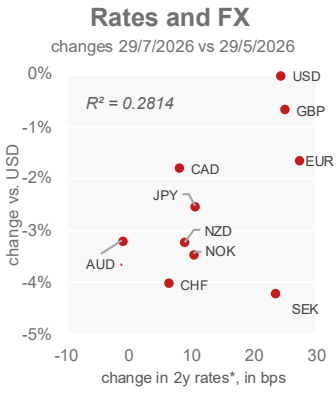
EM local debt valuations look compelling in a stretched valuation environment. EM FX has weakened recently following the USD strengthening and now offers better value. We maintain our negative medium-term USD view. We still like high yielders such as the BRL, EGP and TRY, and expect Asian FX to catch up. Rates are becoming more attractive and still provide appealing carry and real-yield buffers. Markets should further deprice the additional EM central bank rate-hike expectations priced in during the early stages of the Iran conflict and it will support local duration.

External debt: focus on BBs

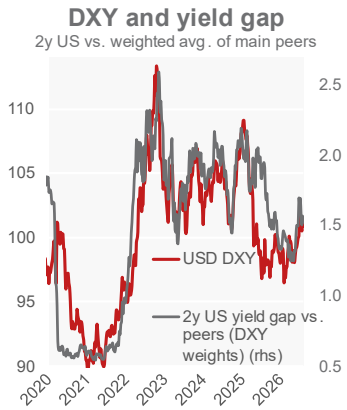
We maintain our preference for HY over IG, as it offers more carry in a tight spread environment. Likewise, we still prefer BBs, where fundamentals have improved alongside positive credit-rating prospects (Morocco, Ivory Coast) but we avoid Bs where the rally has been too significant. In IG, we still like Mexico, where spreads look wide relative to the rating, and see long-term potential in Hungary.

Currencies

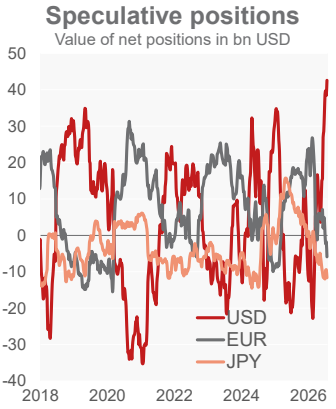
Thomas Hempell



Source: Datastream, Bloomberg,GenAM; NOK: 1y rate change



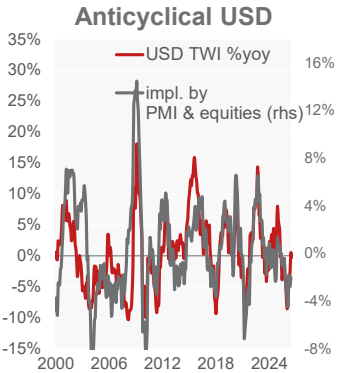
Source: Datastream. GenAM



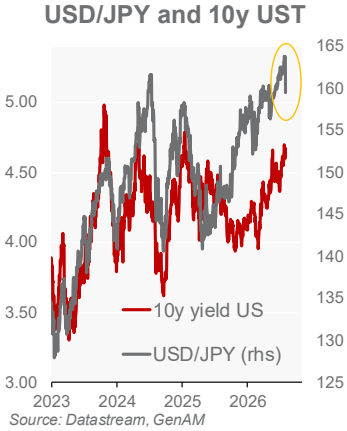
Source: CFTC, Datastream, GenAM



Source: Refinitiv, GenAM



Source: Datastream, GenAM calculations; model 2000-2022 based on MSCI World %yoy and global man. PMI yoy



Source: Datastream, GenAM

- **Resilient US growth and wide yield gaps keep the dollar firm for now, but stretched positioning caps the upside. Near-term, we see EUR/USD range-bound, with a mild upside bias into H2.**
- **Further out, we still expect the dollar to soften: it stays fundamentally expensive, and fading trust in US policy keeps investors diversifying away from it.**
- **On a 12-month view, deep undervaluation and repatriation flows argue for a lower USD/JPY, though near-term fiscal worries keep weighing on the yen.**
- **We also hold small CHF shorts, given its low carry and the SNB's resistance to a strong franc.**

The Iran war has loosened its grip on global FX markets. Rising tensions and higher oil prices still favour the dollar, but far less than in spring. Once again, growth differentials and yield gaps drive the market. The dollar's two-month rally rests on US economic resilience and a sharper repricing of US rates, evident in two-year yields (top charts). New Fed Chair Warsh has reinforced the move: his focus on inflation during his first weeks in office has calmed fears about Fed independence, even if the July FOMC's dovish tilt has since blurred that message.

USD backed by yields and growth resilience – for now

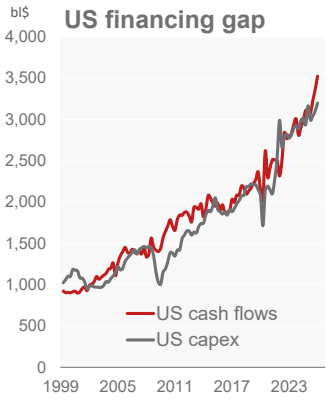
Looking ahead, favourable yield gaps, the AI boom and solid US growth should keep the dollar supported — but it is unlikely to build further. Bullish positioning already looks stretched across CFTC and options markets (middle charts), and the USD has run ahead of global growth and risk sentiment (bottom left). It also stays expensive, and eroding trust in US policy should keep investors diversifying over time. We therefore still expect a moderate dollar decline.

In our base case, EUR/USD holds near current levels over the coming weeks. We see a slight upside bias into H2, as euro area growth firms and the terms-of-trade shock from the Iran war fades. The main risk still rests with a new severe escalation in the Middle East: soaring energy prices would burden the euro area economy much more than the US, weighing on the EUR.

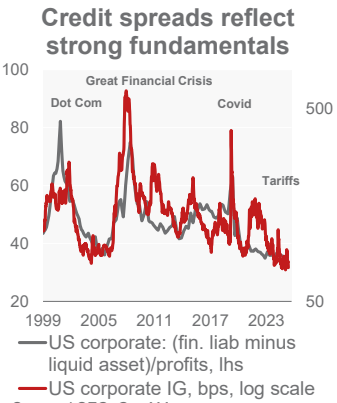
The BoJ delivered on its intervention threat most lately, with USD/JPY temporarily slumping 5ct within an hour on July 30. Higher volatility is likely to follow near term, with fiscal worries and sluggish BoJ policy normalization still weighing on the yen. Still, deep undervaluation, repatriation flows and a further BoJ rate hikes should pull USD/JPY lower on a 12-month view. We keep small CHF shorts, mainly for the low carry but also because the SNB resists a strong currency that hurts exporters and deepens still-subdued price pressures.

Equities

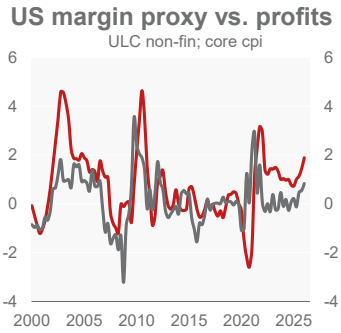
Michele Morganti and Vladimir Oleinikov



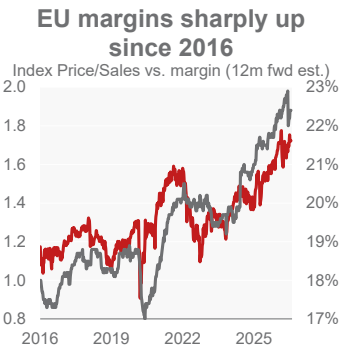
Source: FRED eco data, GenAM calculations



Source: LSEG, GenAM



Source: Datastream, GenAM



Source: Datastream, GenAM

Analysis of the median stock: Q2 2026 reporting season

Median stock	Earnings Growth		Sales Growth		margin trend *		availability
	Q1 2026	Q2 2026	Q1 2026	Q2 2026	Q1 2026	Q2 2026	Q2 2026
S&P	13.9 %	12.5 %	9.0 %	8.6 %	5.0 %	3.9 %	48.4%
Stoxx	5.8 %	11.5 %	1.3 %	5.7 %	4.5 %	5.8 %	45.3%
Euro Stoxx	7.0 %	11.2 %	1.7 %	5.5 %	5.4 %	5.8 %	48.4%
Topix	17.1 %	15.3 %	6.2 %	8.1 %	10.9 %	7.2 %	21.5%

Median stock	Earnings Surpr		Sales Surpr		margin trend *		availability
	Q1 2026	Q2 2026	Q1 2026	Q2 2026	Q1 2026	Q2 2026	Q2 2026
S&P	5.0 %	5.4 %	1.6 %	1.5 %	3.4 %	3.9 %	48.4%
Stoxx	3.5 %	2.3 %	0.2 %	1.0 %	3.3 %	1.4 %	45.3%
Euro Stoxx	0.7 %	2.4 %	0.4 %	0.3 %	0.3 %	2.1 %	90.9%
Topix	13.0 %	12.2 %	0.8 %	1.6 %	12.3 %	10.6 %	21.5%

Note: numbers for Q1 2026 are calculated only for the companies which have so far reported in Q4 2025
proxy for margin trend = earnings growth - sales growth

Source: Bloomberg, GenAM calculations

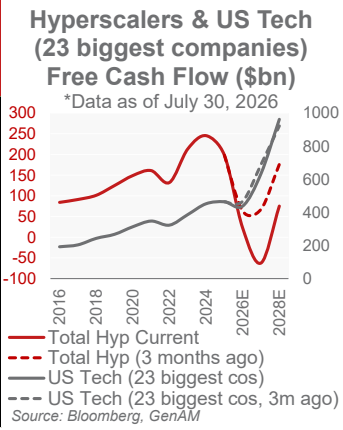
- **Equity markets remain supported by resilient global growth, still-favourable financial conditions and solid earnings (EPS), but the post-rally risk-reward has become less compelling amid geopolitical uncertainty, interest-rate risks and AI monetisation concerns.**
- **US EPS are the key anchor, with strong results, positive revisions and margin resilience. Corporate fundamentals are supported by cash flows, moderate leverage, tight spreads, buybacks and M&A. Europe still lags, but EPS growth is improving, backed by an H2 recovery and Germany's pro-growth agenda.**
- **A capex super-cycle in AI infrastructure — chips, data centres, electrification and energy transition — remains intact, though benefits are uneven and hyperscaler monetisation is under strong scrutiny, triggering lower PEs and higher credit spreads.**
- **Our 12-month total-return forecasts are around +7% for the S&P 500 and +8% for the Euro Area, with upside to around +20% and +16% if ambitious IBES consensus estimates prove correct.**
- **We keep an OW equity stance, albeit less aggressively, with a cyclical sector bias and stronger diversification. We are neutral Euro Area vs. the S&P 500 and US Tech; OW DAX, MDAX and Russell MidCap; and OW EMs, favouring Korea, Poland, slightly China/China Tech and tactically Indonesia.**

Despite the Iran conflict, financial conditions and the global macroeconomic backdrop remain stable. The latter is likely to improve in H2 2026 if, as we assume, the re-escalation in Iran is contained. EM economies have shown greater resilience than during previous conflict episodes. The Euro Area (EA) is the weak spot, but stabilising sentiment, resilient domestic demand, solid labour markets, accumulated savings and ongoing fiscal support provide a cushion. Germany's recently agreed reform package adds a medium-term tailwind, while regulatory easing — including the EU Commission's call to relax bank leverage-ratio constraints — and a more flexible competition policy should support M&A activity and investment over time. This macro backdrop keeps the baseline constructive for equities, while the main risks remain an escalation of the Iran conflict, higher yields and further pressure on global Tech stocks.

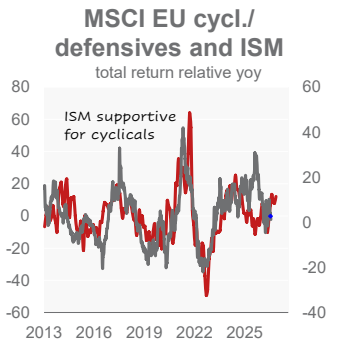
Profit growth is the key pillar of our positive equity view. Q2 US EPS growth is currently 49% (249 firms reported) vs. 34% in Q1. EPS beats remain high at 28% (23% in Q1). EU firms are showing a clear broader earnings improvement: 241 firms have reported EPS growth of 29%, up from 12.3% in Q1, with EPS beats remaining modest (4%).

Equities

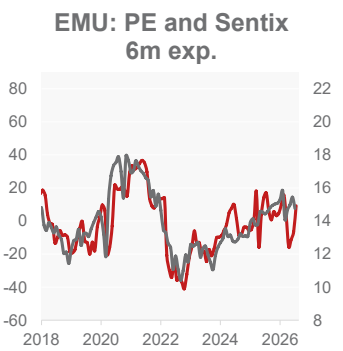
European sectors	12m fwd EPS ch. from 25/2/26 (%)	TR from 25/2/26 (%)	Q1 EPS surprise (%)	Q2 EPS surprise (%) (half in)
Energy	57.0	18.8	13.9	6.4
Semiconductors	45.0	7.8	5.2	10.6
Metals & Mining	16.8	-7.2	34.0	-5.4
Mat: Constr.Mat.	13.1	-6.7	-51.0	na
Software	8.8	5.6	5.4	-5.0
MSCI Europe	**10.2**	**4.1**	**5.7**	**3.3**
Banks	10.2	14.1	3.7	2.4
KG: A&D	9.1	-1.2	2.4	11.5
Capital Goods	7.5	-2.6	-5.7	-2.2
Utilities	6.4	-0.6	3.4	19.8
Food	6.5	2.5	8.0	8.6
Telecom	4.6	-7.6	30.0	-12.0
Pharma	3.0	1.8	8.2	8.6
Auto	-7.4	-9.4	-7.6	-20.0
Cons. Durables	1.8	-4.3	6.7	-11.6
RE Mgmt & Dev.	-5.3	-15.1	6.4	-11.0
Cons. Services	-3.9	17.8	-3.0	-5.5



Source: Bloomberg, GenAM



Source: Datastream, GenAM



Source: Datastream, GenAM

as of 29/07/2026 Index	2025 EPS growth	2026 EPS growth	2027 EPS growth	EPS Long-Term growth	12m fwd PE	Avg 12m fwd PE since 1995	% diff	Avg PEG FY3
S&P500 (cap. weight)	12%	28%	18%	25%	19.4	17.1	13%	0.7
SPX 493 (median)	10%	12%	11%	11%	18.4	17.6	4%	1.5
Mag. 7 (median)	22%	23%	14%	17%	19.9	27.4	-27%	0.9
Global AI 175 Basket	14%	20%	17%	15%	20.4	17.4	17%	1.0
US AI Baskets:	19%	16%	17%	16%	20.4	19.3	6%	1.0
· Phase 2 - Infrastructure	20%	31%	24%	26%	24.6	16.9	46%	0.7
· Phase 3 - New Revenues	18%	16%	15%	16%	20.8	36.1	-42%	1.3
· Phase 4 - Productivity	14%	12%	13%	13%	17.4	18.0	-4%	1.2
EU AI Beneficiaries (79 co's)	6%	14%	15%	15%	19.1	17.4	9%	1.0
MSCI US IT (cap. weight)	24%	50%	39%	39%	20.8	21.7	-4%	0.4
MSCI China IT (cap. weight)	22%	40%	45%	35%	24.8	20.5	21%	0.4
Gold Basket (20 co's)	92%	62%	13%	26%	8.8	18.7	-53%	0.3
MSCI EMU	-5%	21%	13%	17%	14.8	14.4	3%	0.8
Russell 2000	11%	101%	49%	20%	25.6	22.8	13%	0.6
MDAX	-6%	22%	27%	15%	13.5	15.5	-13%	0.6
Japan (TOPIX)	9%	15%	12%	17%	16.0	15.1	6%	1.0
MSCI EM	7%	65%	24%	36%	9.9	12.0	-18%	0.2
MSCI China	-4%	13%	15%	10%	10.9	12.0	-9%	0.8
MSCI Korea	35%	313%	37%	82%	4.5	10.1	-56%	0.0
MSCI India	13%	10%	18%	17%	20.6	15.9	30%	1.1

Global AI 175 *(proprietary) has 175 AI-related firms, 60% US & 40% RoW.* ***US AI*** *(proprietary) has 233 firms split in 4 phases:* ***AI infrastructure*** *(utilities, tech, industrials),* ***new revenues*** *(mostly software),* ***productivity*** *(diversified firms). Phase 1 is Mag. 7.* ***EU AI Beneficiaries*** *(proprietary) includes 79 diversified firms.* ***Gold Basket*** *(proprietary) includes 20 gold mining companies. Baskets use median values. EPS long-term growth refers to next 3-5y eps growth. Avg PEG FY3 = avg PE using FY3 EPS over 3-5y EPS growth and over FY3-FY0 EPS CAGR. Topix avg 12m fwd PE is from 2003.*
Source: Datastream, IBES Estimates, GenAM

For 2026, we expect EPS growth of 18.5% in the US and 11% in EMU, still 4% and 7% below consensus.

Overall, corporate fundamentals remain sound, particularly in the US, supported by healthy balance sheets, moderate leverage, and ample liquidity. Cash flow continues to exceed investment needs, sustaining M&A and buybacks, although a US IPO rebound has made net offering less supportive. The EU and Japan face less pressure, aiding diversification. Structural supports include pricing power, resilient supply chains, manageable labour costs, productivity gains, lower taxes, and favourable financial conditions.

That said, the scale of AI capex creates execution risk, triggering lower PEs and higher credit spreads. The benefits also remain unevenly distributed across the AI value chain. "Picks-and-shovels" companies have been winners in H1 2026, though semiconductors have corrected sharply this month after a stellar Q2 rally. IT services and software names have suffered from AI-disruption fears.

The five hyperscalers' capex surge is weighing on near-term free cash flow, and funding needs (debt and equity) are creating a "fight for capital" at a time when governments are also significant borrowers, pushing long-term real rates up.

AI's long-term EPS potential remains compelling, but the timing and scale of returns are uncertain, raising the risk of overinvestment, lower incremental returns and a more selective view on AI winners. Lower-cost Chinese AI models add another risk, as firms seek to limit token spending and challenge the economics of frontier LLMs. That said, US Tech stocks entered this phase from relatively low PE levels versus history, while their near-term EPS momentum remain relatively strong. Notably, although analysts have recently cut 2026 and 2027 FCF estimates for the five hyperscalers, estimates for the 23 largest US tech stocks (including those five) have stayed broadly unchanged.

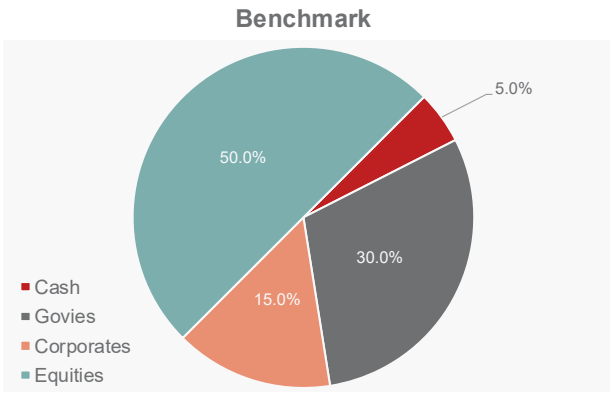
US long-term valuations (CAPE, cyclically adjusted PE) stay above historical norms, while EU and EMs look less stretched, offering attractive diversification opportunities. Our 12-month forecasts are ~7% for the S&P 500 (target ~7,700) and ~8% for the Euro Area, with upside to ~20% (~8,650) and ~16% if IBES estimates hold.

Slight OW equity, favouring a diversified allocation

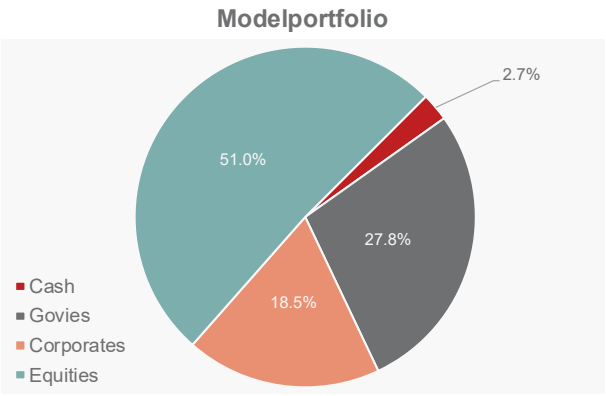
We stay OW equities, less aggressively, adding stronger diversification and maintaining a cyclical sector bias in Europe: OW banks, diversified financials, consumer services, capital goods, materials and select tech (software, semis); among defensives, we favour Pharma, and keep an UW position, albeit a reduced one, in Energy, Staples, Real Estate, and Hardware. We keep the Euro Area neutral vs. the US and US Tech, OW DAX and MDAX on German reforms and OW US Russell Mid Cap. OW EMs: Korea, Poland, tactically Indonesia and a slight OW in China/China Tech. We also add thematic exposure — AI Phase 4: Enhanced Productivity, and commodity-related strategies such as gold miners (PE at 50% discount to norm) and Uranium & Nuclear Power.

Asset Allocation

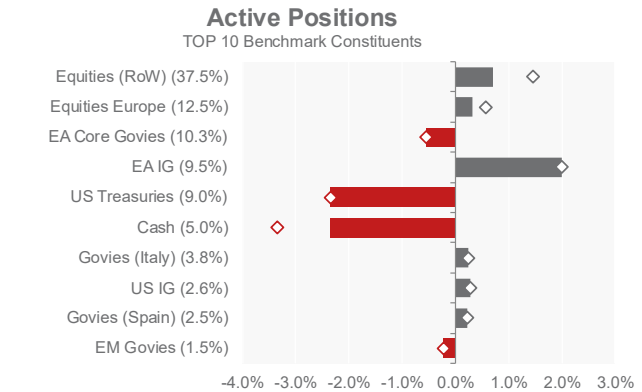
Thorsten Runde



Source: GenAM



Source: GenAM



Source: GenAM; Benchmark weights in parentheses, diamonds indicating prev. recommendation

- **In July (29.07.26), equities were mixed: China (+8.5%) and Europe ex EMU (+2.9%) advanced, while EMU (-2.0%), the US (-2.3%) and Japan (-2.3%) declined; EM ex China was the clear laggard (-15.1%).**
- **Across asset classes, fixed income remained mostly in negative territory, with long-duration govies and long credit among the weakest segments; US IG non-Fin 10Y+ (-4.0%), US Gvt. 10Y+ (-3.4%), France Gvt. 10Y+ (-3.2%) and Italy 10Y+ (-3.2%) lagged.**
- **Within Credit, HY outperformed IG by around +84 bps on a total-return basis. Euro area IG slightly outperformed US IG by about +15 bps, while financials outperformed non-financials by about +23 bps.**
- **Hormuz disruptions keep energy and shipping risks elevated, while ongoing diplomacy still leaves room for de-escalation. With resilient growth but volatile oil prices and thin summer liquidity, we trim our risk exposure.**
- **We retain a pro-risk bias but reduce its intensity: OW Credit (IG and HY) and EM local debt, a small and selectively lower OW in Equities, and UWs in Cash and Government bonds; duration remains neutral in EA and moderately short in the US.**

In July 2026 (29.07.26), our model portfolio lagged its benchmark by around 3.4 bps. At the aggregate level, the UW in Cash (-4.3 bps) was the main drag, while the OW in Corporates (+2.9 bps) more than offset negative contributions from Equities (-1.2 bps) and Govies (-0.8 bps). At the position level, the UW in long-dated US Govies (+1.1 bps) stood out positively, while the positioning in short-dated US Govies (-1.7 bps) and EM Equities (-1.2 bps) detracted most.

Renewed U.S.-Iran strikes and tanker disruptions have reinforced that the Hormuz de-escalation path remains fragile. Ongoing mediation keeps a full energy-shock scenario from becoming the baseline, but the near-term risk balance is less benign. Through late summer, resilient earnings and liquidity support a selective pro-risk stance, while oil volatility, Fed dissent and thin summer liquidity argue for a lower risk budget and stronger focus on carry.

Selective pro-risk stance amid summer liquidity risks

We recommend keeping the TAA broadly unchanged until mid-September: OW Credit (IG and HY) and EM local debt, a small and selective OW in Equities, and UWs in Cash and Government bonds. Duration should remain neutral in the euro area and moderately short in the US, as carry remains the key return engine while term premia, energy-price volatility and Fed dissent limit the appeal of adding duration.

Forecasts

Macro Data

Growth[1)]	2025	2026 forecast	2026 Δ vs. cons.	2027 forecast	2027 Δ vs. cons.	2028 forecast
US	2.1	2.2	0.1	2.1	0.1	2.0
Euro area	1.3	0.8	0.2	1.2	0.0	1.2
Germany	0.3	0.7	0.1	1.3	0.1	1.1
France	0.9	0.6	- 0.1	0.8	- 0.1	1.5
Italy	0.7	0.6	0.0	0.4	- 0.3	0.5
Non-EMU	1.5	1.0	- 0.0	1.3	- 0.0	1.7
UK	1.3	0.6	- 0.0	1.1	- 0.0	1.6
Switzerland	1.4	1.0	0.0	1.4	0.0	1.8
Japan	1.2	0.5	- 0.2	0.7	- 0.2	0.7
Asia ex Japan	5.5	4.7	- 0.2	4.7	- 0.1	4.7
China	5.0	4.4	- 0.3	4.3	- 0.2	4.3
CEE	2.1	1.8	- 0.2	2.2	- 0.2	2.2
Latin America	2.4	1.7	- 0.2	2.2	0.0	2.6
World	**3.4**	**2.8**	**- 0.1**	**3.0**	**- 0.0**	**3.0**

1) Regional and world aggregates revised to 2024 IMF PPP weights

Inflation[1)]	2025	2026 forecast	2026 Δ vs. cons.	2027 forecast	2027 Δ vs. cons.	2028 forecast
US	2.6	3.4	0.2	2.6	0.2	2.2
Euro area	2.1	2.9	- 0.0	2.3	0.0	2.1
Germany	2.3	2.9	0.1	2.4	0.1	2.0
France	0.9	2.0	- 0.1	1.8	0.1	1.9
Italy	1.7	3.0	0.1	1.8	- 0.2	1.9
Non-EMU	2.7	2.5	0.1	2.2	0.0	1.9
UK	3.4	3.2	0.1	2.5	0.0	2.0
Switzerland	0.2	0.7	0.1	0.7	0.0	0.6
Japan	3.2	2.9	0.8	2.3	- 0.1	2.0
Asia ex Japan	0.9	2.4	0.1	2.2	0.1	2.2
China	0.0	1.2	0.2	1.2	0.1	1.5
CEE	13.9	11.2	1.0	8.6	0.9	7.1
Latin America[2]	4.6	4.9	0.0	3.9	0.0	3.0
World	**2.9**	**3.6**	**0.2**	**3.0**	**0.1**	**2.7**

1) Regional and world aggregates revised to 2024 IMF PPP weights ; 2) Ex Argentina and Venezuela

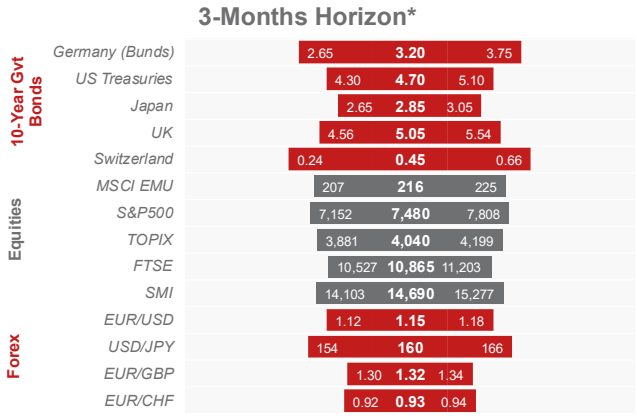
Financial Markets

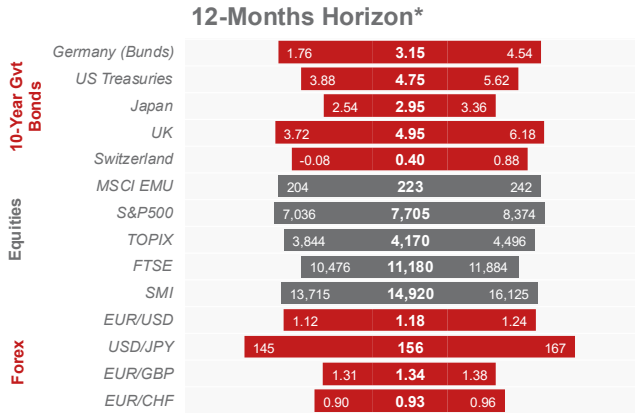
Key Rates	Current*	3M Forecast	3M Fwd	6M Forecast	6M Fwd	12M Forecast	12M Fwd
US (upper bound)	3.75	3.75	3.93	4.00	4.08	4.00	4.11
Euro area	2.25	2.25	2.47	2.25	2.64	2.25	2.73
Japan	1.00	1.00	1.17	1.25	1.32	1.50	1.62
UK	3.75	4.00	3.99	4.00	4.19	4.00	4.34
Switzerland	0.00	0.00	-0.04	0.00	0.03	0.00	0.30
10-Year Gvt Bonds							
US Treasuries	4.64	4.70	4.72	4.75	4.76	4.75	4.85
Germany (Bunds)	3.13	3.20	3.17	3.20	3.21	3.15	3.27
Italy	3.95	4.00	4.03	4.00	4.09	3.90	4.20
Spread vs Bunds	*82*	*80*	*85*	*80*	*88*	*75*	*93*
France	3.92	4.00	3.95	4.05	4.02	4.00	4.13
Spread vs Bunds	*79*	*80*	*78*	*85*	*81*	*85*	*85*
Japan	2.77	2.85	2.86	2.90	2.94	2.95	3.09
UK	4.99	5.05	5.12	5.00	5.17	4.95	5.26
Switzerland	0.41	0.45	0.46	0.45	0.48	0.40	0.52

**3-day avg. as of 29/07/26*
***ICE BofA (OAS)*

Credit Spreads**	Current*	3M Forecast	3M Fwd	6M Forecast	6M Fwd	12M Forecast	12M Fwd
EA IG Non-Financial	76	70		70		70	
EA IG Financial	79	70		70		70	
EA HY	261	250		250		250	
EM Sov. (in USD)	165	160		155		150	
Forex							
EUR/USD	1.14	1.15	1.14	1.16	1.15	1.18	1.16
USD/JPY	164	160	163	158	161	156	159
EUR/JPY	186	184	186	183	185	184	184
GBP/USD	1.33	1.32	1.33	1.33	1.33	1.34	1.33
EUR/GBP	0.86	0.87	0.86	0.87	0.86	0.88	0.87
EUR/CHF	0.93	0.93	0.93	0.93	0.92	0.93	0.91
Equities							
S&P500	7,386	7,480		7,550		7,705	
MSCI EMU	214.3	216.0		220.0		223.0	
TOPIX	4,001	4,040		4,085		4,170	
FTSE	10,854	10,865		10,990		11,180	
SMI	14,493	14,690		14,930		14,920	

Forecast Intervals





**Forecast ranges of ±1 stdv. centred around point forecasts; based on historical volatilities; length of bars indicative only*

GENERALI ASSET MANAGEMENT

Imprint

Issued by: **Generali Asset Management S.p.A. Società di gestione del risparmio | Research Department**

Head of Research: **Vincent Chaigneau**

Head of Macro & Market Research: **Dr. Thomas Hempell, CFA**

Team: **Elisabeth Assmuth |** Research Operations

Elisa Belgacem | Head of Cross-Asset Quant & Dev, Senior Credit Strategist

Jakub Krátký | GI CEE Financial Analyst

Michele Morganti | Head of Insurance & AM Research, Senior Equity Strategist

Vladimir Oleinikov, CFA | Senior Quantitative Analyst

Dr. Thorsten Runde | Senior Quantitative Analyst

Dr. Florian Späte, CIIA | Senior Bond Strategist

Guillaume Tresca | Senior Emerging Market Strategist

Dr. Martin Wolburg, CIIA | Senior Economist

Paolo Zanghieri, PhD | Senior Economist

"Edited by the Macro & Market Research Team. The team of 12 analysts based in Paris, Cologne, Trieste, Milan and Prague runs qualitative and quantitative analysis on macroeconomic and financial issues. The team translates macro and quant views into investment ideas that feed into the investment process."

This document is based on information and opinions which Generali Asset Management S.p.A. Società di gestione del risparmio has obtained from sources within and outside of the Generali Group. While such information is believed to be reliable for the purposes used herein, no representation or warranty, expressed or implied, is made that such information or opinions are accurate or complete. The information, opinions estimates and forecasts expressed in this document are as of the date of this publication and represent only the judgment of Generali Asset Management S.p.A. Società di gestione del risparmio and may be subject to any change without notification. It shall not be considered as an explicit or implicit recommendation of investment strategy or as investment advice. Before subscribing an offer of investment services, each potential client shall be given every document provided by the regulations in force from time to time, documents to be carefully read by the client before making any investment choice. Generali Asset Management S.p.A. Società di gestione del risparmio may have taken or, and may in the future take, investment decisions for the portfolios it manages which are contrary to the views expressed herein. Generali Asset Management S.p. A. Società di gestione del risparmio relieves itself from any responsibility concerning mistakes or omissions and shall not be considered responsible in case of possible damages or losses related to the improper use of the information herein provided. It is recommended to look over the regulation, available on our website www.generali-am.com. Generali Asset Management S.p. A. Società di gestione del risparmio is part of the Generali Group which was established in 1831 in Trieste as Assicurazioni Generali Austro Italiche.