

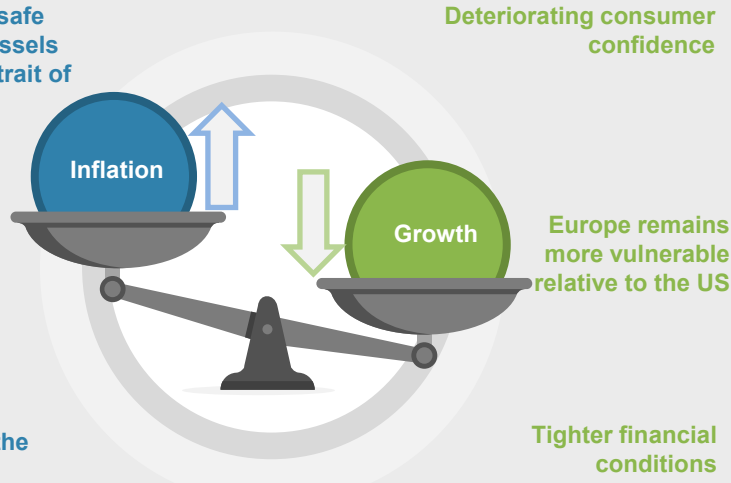


# Elevated energy prices due to the Middle East trigger stagflation concerns

Disruption to safe passage of vessels through the Strait of Hormuz

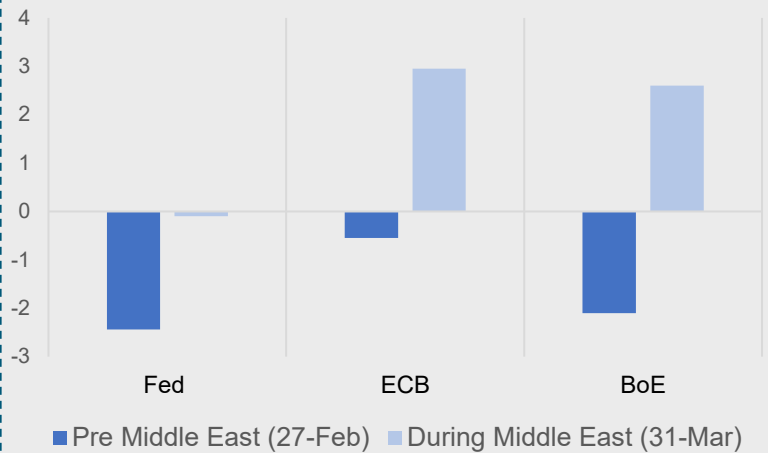
Strikes on energy infrastructure

Moderate disruption in the supply chain



# Sharp repricing in interest rate expectations

Estimated number of 25-basis-point rate hikes/cuts by Central Banks



# Asset Allocation

Medium term investment horizon (6 months)



## Equities

US	<input type="checkbox"/>	Aerospace and Defence Stocks	<input type="checkbox"/>
Europe	<input type="checkbox"/>	Value Stocks	<input type="checkbox"/>
Japan	<input type="checkbox"/>	Utilities	<input type="checkbox"/>
Emerging	<input type="checkbox"/>		

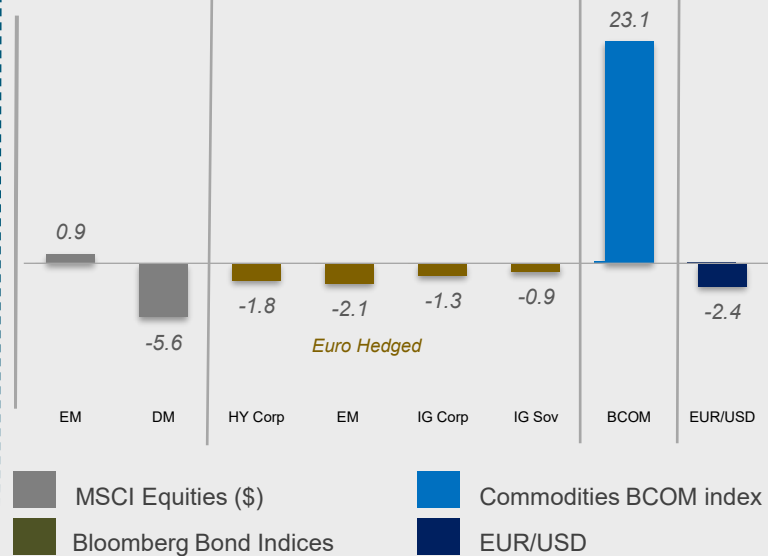
# Geopolitical tensions usually have a short-lived impact

S&P 500 returns following geopolitical incidents

Incident	1 Week	2 Weeks	3 Weeks	4 Weeks	5 Weeks
Suez War 1956	2.59%	-0.28%	-3.25%	-4.25%	-0.02%
Six Day War 1967	4.08%	4.61%	3.63%	2.80%	4.58%
Yom Kippur War 1973	1.45%	0.34%	1.39%	-2.53%	-4.14%
Iranian Revolution 1979	-2.11%	-1.89%	-3.32%	-2.18%	-1.68%
Iran-Iraq War 1980	-5.26%	1.02%	1.25%	1.69%	-1.93%
Gulf War 1990	-3.28%	-5.43%	-12.64%	-9.32%	-7.99%
Iraq War 2003	-0.82%	0.09%	-0.47%	2.05%	2.64%
Ukraine War 2022	1.74%	-0.68%	2.87%	5.40%	5.64%
US & Israel - Iran War	-2.02%	-3.59%	-5.41%		

# Markets Performance, YTD

Total Return (%) 31/12/2025 – 30/03/2026



## Alternative Investments

Energy	<input type="checkbox"/>
Gold	<input type="checkbox"/>
Basic Metals	<input type="checkbox"/>
Alternative Strategies	<input type="checkbox"/>



## Bonds

Government (€)	<input type="checkbox"/>
Government (\$)	<input type="checkbox"/>
IG Corporate	<input type="checkbox"/>
HY Corporate	<input type="checkbox"/>
Emerging	<input type="checkbox"/>



# Navigator 2026: Shifting dynamics in an increasingly volatile environment

## ➤ Summary

The second quarter of 2026 is unfolding in a rapidly shifting economic environment as geopolitical tensions in the Middle East heighten inflation risks and weigh on global growth. The conflict has disrupted oil flows, pushing energy prices higher and reigniting inflationary pressures. This increases uncertainty for Central Bank policymaking as they must balance between elevated inflation and a slowdown in economic activity. In the baseline scenario, the conflict isn't expected to be prolonged, with inflationary effects remaining temporary and the economic slowdown relatively mild. Conversely, in an adverse scenario characterized by a long-lasting crisis and oil prices above \$100/barrel, the economic outlook would deteriorate significantly. In this context, the Eurozone is more exposed to stagflation risk compared to the US, given its high energy dependence. We maintain an underweight stance on government bonds due to persistent inflation and fiscal concerns, while favoring IG corporate bonds over HY. In equities, earnings expectations remain resilient, with emphasis on sectors with structural growth drivers such as utilities, industrials and technology. The recent pullback in equity valuations creates medium-term opportunities in megatrends including artificial intelligence, defense, energy autonomy and infrastructure. Emerging markets stand to benefit from a weaker dollar in the event of de-escalation. Gold and hedge funds retain a role as diversification tools.

## ➤ Key Takeaways

- The conflict in the Middle East is increasing upside risks to inflation and downside risks to the global economy.
- Market expectations for central bank policy have undergone a hawkish repricing due to rising inflation concerns.
- Rate hikes are unlikely to deliver the desired results unless disruptions in oil supply normalize.
- Rising inflation expectations and fiscal concerns are weighing on long-term government bonds.
- Equity markets are balancing trying to balance between resilient corporate earnings and concerns over an economic slowdown.
- Focus on sectors with strong fundamentals and structural growth drivers, such as technology, utilities and industrials.
- Allocations that provide inflation hedging such as commodities, energy equities and natural-resource exposures are considered appropriate.



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