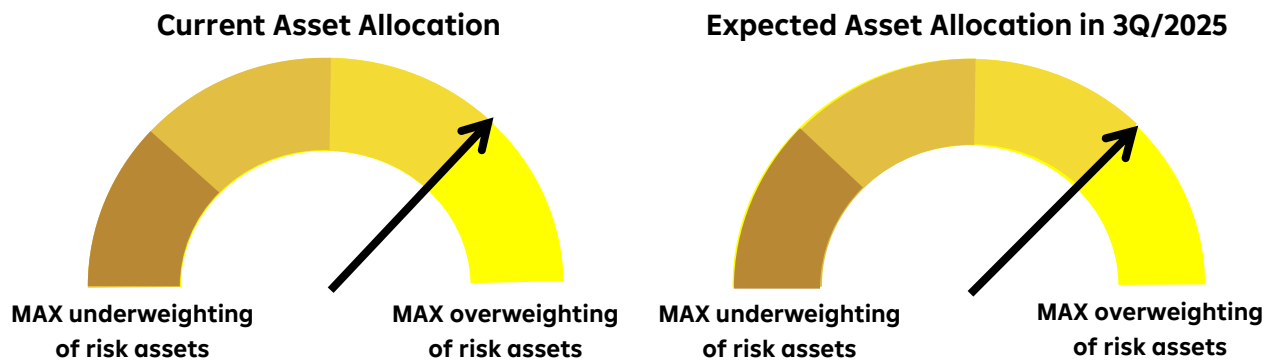


Asset Allocation

RB Asset Management 3Q/2025



Source: Raiffeisenbank a.s., Asset Management, data valid as of 8 July 2025.

Dear Client,

During the second quarter, we witnessed one of the fastest reversals in stock markets in history, as U.S. stocks (S&P 500 index) fell by more than 20% from their previous peak reached on February 19, only to close the second quarter at new highs with a rise of up to 28% from the largest drop on the morning of April 7. In the second quarter, U.S. stocks gained 10.6%, global stock markets (MSCI AC World index) rose by 11%, as did emerging markets. European stocks increased by 1.4% when expressed in EUR, similar to the Japanese Nikkei 225 in local currency. Investments in foreign currency for Czech investors (on the contrary to 2024) showed poorer results due to a weakening of the dollar against the CZK by approximately 9% in the second quarter. Czech government bonds with maturities of 3-5 years yielded 0.9% in the second quarter, while similar indices of government bonds in EUR yielded 1.4% and in USD 1.7%.

At the beginning of the second quarter, markets were affected by the dramatic announcement of so-called reciprocal tariffs by the U.S. on practically all countries in the world, which were much higher and broader than market expectations. Geopolitical risk also increased. Despite trade and real wars, markets managed to move past these risks and began to focus on relatively positive corporate results, easing tariffs between the U.S. and China, and news of possible agreements with other countries. Stock markets were supported by reports of declining inflation and the potential for earlier rate cuts, especially in the United States. This scenario, which we had predicted, unfolded as we assessed the market situation as very emotional. There were very strong counter-movements, especially when President Trump changed or adjusted his positions. Financial markets began to use the new term "TACO trade" (Trump Always Chickens Out) and generally rose after brief corrections. A recession in the U.S. is not on the agenda; the world's largest economy is expected to return to growth, as indicated by solid PMI results from both the manufacturing and services sectors. However, economic growth is limited due to trade disputes. Europe is benefiting from a shift in the thesis of U.S. exceptionalism and from economic stimulus initiated by Germany, with measures in the region focusing on internal renewal and defense.

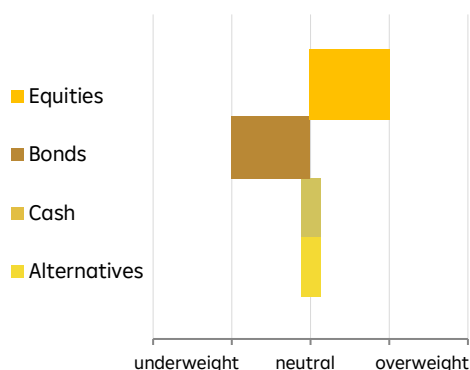
Our tactical investment strategy has thus rightly remained overweight in risk assets despite volatile markets. Following the approval of the so-called "One Big Beautiful Bill Act," which is expected to significantly reduce U.S. taxes, there will likely be support for corporate profits and the U.S. economy at the expense of higher debt, with potential risks for the growth of longer bond yields, possibly persistent inflation, or for the U.S. dollar. Therefore, we continue to tactically prefer stocks over bonds. Short-term corrections in stock markets will create further interesting opportunities. We perceive the yields of selected bonds as attractive, with the representation of bonds in portfolios spreading the risk of potential corrections in stock markets. We maintain a roughly balanced regional setup for the equity component, with regional representation according to market capitalization. Among sector themes, we still see a positive impact from artificial intelligence as a key technology for further economic growth. From the AI sector, we continue to select and hold stocks in managed portfolios, similar to how we recently included companies representing the European defense sector.

Managed portfolios are broadly diversified, and during stock declines, the rise in bond prices offsets portfolio performance. Our portfolios include securities from the best global companies, whose business models have undergone many stress tests even in previous economic cycles.

In managing portfolios, we adhere to the principles of optimal portfolio and diversification. We believe that careful selection of investment instruments and a long-proven investment strategy help us face market downturns and ensure stability and long-term growth for our clients' portfolios. Thank you for being with us, and we look forward to further cooperation!

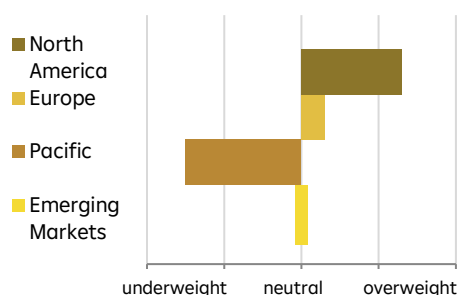
Mr Miroslav Padera, CFA, Head of Asset Management

Tactical Asset Allocation – Asset Classes



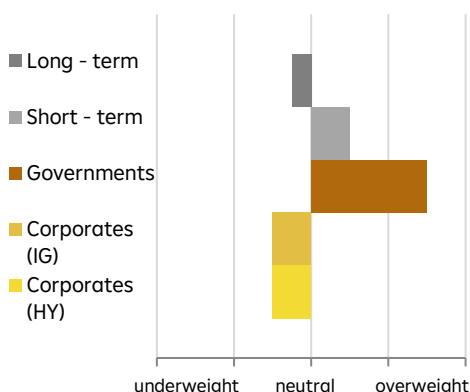
The changes we made in the regional allocation of managed portfolios did not affect the ratio of risk and non-risk instruments, where we maintained the original slight overweight in risk. We believed in a quick recovery of the stock markets, which indeed occurred in a short time frame, leading to new market highs. The large companies in the technology sector performed the best again, with the NASDAQ Composite index rising an impressive 17.8% in the second quarter. However, much of this was a recovery of losses from the first quarter, so the overall growth since the beginning of the year is only 5.5%. Currency movements acted against the rise in stocks, as U.S. equities, which have the largest representation in our portfolios, were most affected by the decline in the dollar's exchange rate. This year has been relatively volatile in the bond markets, but successful nonetheless.

Tactical Asset Allocation – Equity Regions



In our asset allocation, we have not made significant changes following the increase in the European region during the first quarter. Due to market movements, we are slightly overweight in the U.S. and Europe while being underweight in Japan and the Pacific. In emerging markets, we maintain a precisely neutral position. Currently, our exposure to the U.S. stock markets represents approximately 66% of the risk portion of our portfolios. In European stock markets, we hold a representation of about 15%. In the Pacific region, including Japan, we have 6%, and in emerging markets, we hold approximately 13%. Sector-wise, we are overweight in technology, industrials, the financial sector, and dividend stocks.

Tactical Asset Allocation – Bonds

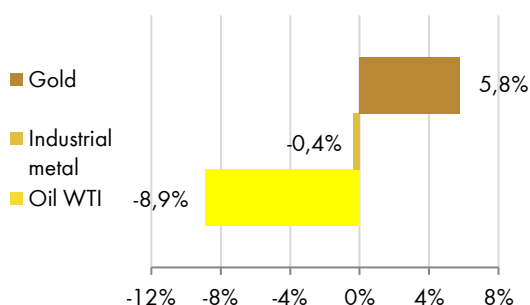
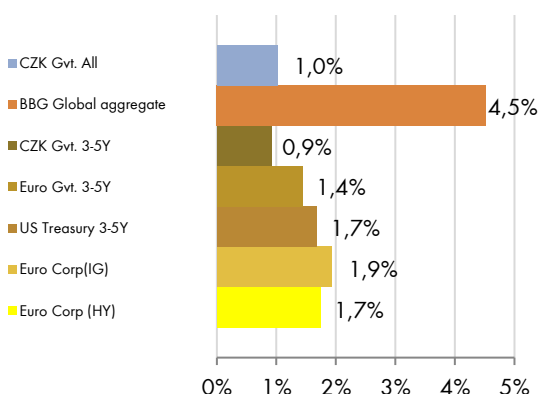
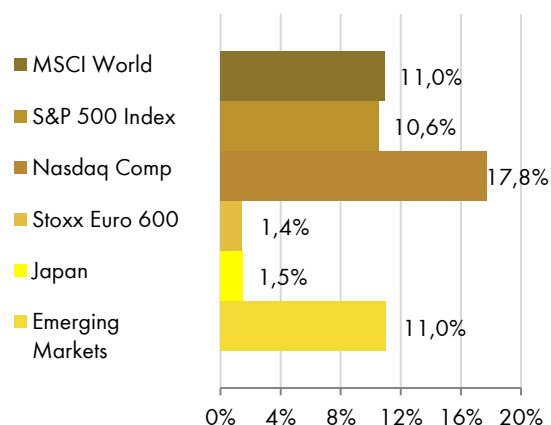


In the U.S., the Federal Reserve is currently resisting pressure from President Trump, who desires a radical reduction in interest rates, maintaining them in the range of 4.25% to 4.50%. The President believes that a rate cut would lead to economic recovery and a reduction in the cost of servicing national debt. However, the Fed is primarily focused on inflation and economic stability. Nevertheless, it is expected that rates in the U.S. will decrease in the future. In contrast, the European Central Bank (ECB) lowered the deposit rate to 2% in June, but it seems that the cycle of rate cuts is nearing its end.

The Czech National Bank (CNB) reduced the repo rate by a quarter percentage point to 3.50% in May, as anticipated, and according to comments, it will be very cautious with any further reductions. Although several interesting issues have emerged in the market (CSG, DIRECT, EN-PRO GF), most new investments have been directed towards government bonds, both fixed and floating coupon bonds, due to liquidity and risk limitation. We have maintained duration close to that of the benchmark.

Source of data in charts: Raiffeisenbank a.s., Asset Management, data valid as of 8 July 2025.

Economic Situation and Market Trends in 2Q/2025



Equities

Stock markets experienced a robust recovery during the second quarter of the year. The overall market movement was significantly influenced by a shift in investor sentiment regarding U.S. trade policy. The strongest recovery occurred in the U.S. technology stock index, the Nasdaq, which gained 17.8%. The S&P 500 index strengthened by 10.6%. In contrast, European stocks performed relatively poorly, with the Stoxx Europe 600 index rising by only 1.4%. Japanese stocks also increased by 1.5%. On the other hand, the emerging markets index gained 11.0%. The global stock index MSCI World rose by 11.0% in the second quarter.

Bonds

Bond markets experienced a slight strengthening during the second quarter. However, throughout this period, we witnessed increased volatility driven by various factors, such as concerns about rising U.S. debt levels, which permeated the global bond market. The index of Czech government bonds with maturities of 3-5 years gained 0.9%, while a similar index of European government bonds rose by 1.4%, and U.S. government bonds increased by 1.7%. European corporate bonds strengthened by 1.9%, with high-yield (HY) bonds gaining 1.7%. Global bonds, as measured by the Bloomberg Global Aggregate Bond Index (unhedged in USD), yielded 4.5%, with a significant portion of the return attributed to the strengthening of foreign currency bonds against the U.S. dollar.

Commodities

In the commodity markets, gold once again took center stage. The precious metal gained a solid 5.8% during the second quarter. In contrast, the broad index of industrial metals experienced a slight decline of 0.4%. We observed sharp movements in the oil market, where prices were significantly influenced by concerns surrounding the conflict in the Middle East. However, as the situation calmed, oil prices decreased significantly by 8.9%.

Currencies

Throughout the entire quarter, the dollar was under selling pressure. The euro strengthened against the dollar by 9.0%. Similarly, the dollar weakened against the Czech koruna by 9.0%. The euro/krona pair showed relatively minor changes, with the koruna appreciating by 0.9%.

	31/3/25	30/06/25
EUR/CZK	24.95	24.73
USD/CZK	23.07	20.98
EUR/USD	1.08	1.18

Source of data in charts: Bloomberg. Performances of individual assets are measured in the primary currency of the given instrument in the period from 31 March 2025 until 30 June 2025. The currencies table shows the rates as of the date as indicated. Values contained in the text have been rounded to one decimal place.

Future Outlook

In the second quarter of this year, stock markets in dollar terms erased losses stemming from the potential trade war between the U.S. and the rest of the world, which fully ignited on April 2 following the announcement of unexpectedly high tariffs on imports to the U.S. However, the final agreement between Europe and the U.S. remains unknown, with the deadline set for July 9, 2025, and high tariffs still looming, effective from August 1, 2025. Bond markets strengthened in the first quarter of this year, and their volatility decreased. The dollar continued to weaken against both the euro and the Czech koruna in the second quarter of this year.

Looking ahead, the development of capital markets in the coming months will be influenced not only by the potential agreement on tariffs between the U.S. and Europe, which should become clearer by July 9, 2025, but also by the economic results of individual companies, particularly from the S&P 500 index for the second quarter of 2025. Additionally, it will be crucial to see whether the anticipated cycle of interest rate cuts in the U.S. begins in September.

For the corporate results of the second quarter of this year, which companies will report in the coming weeks, an aggregated profit growth of 5.0% year-on-year and a revenue growth of 4.2% year-on-year for the S&P 500 index is expected. For the entire year, an aggregated profit growth of 9.1% and a revenue growth of 4.9% are currently anticipated (source: FactSet, June 27, 2025). Banks (e.g., JPM, GS, WFC, Citi) will be among the first corporations to begin releasing their financial results. Given the nervousness of investors and CEOs regarding the implementation of new tariffs, it will be interesting to observe whether this anxiety negatively impacts the profit margins of individual companies.

The Federal Reserve will meet on July 30, and the market currently expects (source: Bloomberg) that the Fed will likely keep the rate at 4.50% in July. It is anticipated that the Fed will gradually reduce the base rate to 4% per annum over the year. The next ECB meeting is scheduled for July 24, 2025, and the market expects that the ECB will keep its deposit rate, currently set at 2.0% per annum, unchanged at this meeting (source: Bloomberg). The Czech National Bank (CNB) is maintaining the repo rate at 3.50% per annum, and it is expected that the CNB will likely not change the repo rate this year.

At the beginning of July, the yield on the ten-year U.S. Treasury bond fell below 4.2% per annum, coincidentally similar to the yield on the Czech Republic's ten-year government bond. The German ten-year Bund is currently trading with a yield of 2.7% per annum.

We expect that particularly in September, stock markets may experience increased volatility as investors return from vacations and adjust their portfolios. During the summer months, there may also be a reduction in market liquidity. We anticipate that investors will tend to adopt a "buy on a dip" strategy. The economic results and outlooks of individual companies for the upcoming period may provide investors with insights into the direction of the stock markets. The anticipated cycle of interest rate cuts in the U.S. could support stock markets. We maintain an overweight position in equities within our portfolios. The war in Ukraine and other geopolitical factors (e.g., the Middle East), along with fears of a return to higher inflation and a trade war, remain among the main risks for capital markets.

Outlook by: Raiffeisenbank a.s., Asset Management, individual asset classes in 3Q/2025:

EQUITIES	BONDS	CASH	ALTERNATIVES
U.S.A.	Bonds < 3Y	Cash, Term Deposits, Savings accounts	Energy, Oil
Technologies, Finance, Industrials, Materials, Dividend-paying shares segment	Bonds > 3Y		Real Property
	Credit		

KEY:	POSITIVE EXPECT.	NEUTRAL EXPECT.	NEGATIVE EXPECT.
------	------------------	-----------------	------------------

Notice

All opinions, information, and any other facts and figures contained in the present document are solely for reference purposes, not binding, and they represent the opinions of Raiffeisenbank a.s. ("RB"). Information and figures related to movements recorded in capital markets and presented in connection with the provision of client asset management services and contained in the present document, have been based on publicly available sources and on information or data published by such rating agencies as Reuters, Bloomberg, FactSet, etc. The present document is not a solicitation of purchase or sale of any financial assets or any other financial instruments. Prior to adopting any investment decisions, it is the responsibility of each investor to perform a search of detailed information about the envisaged investment or trade. RB shall not be liable for any loss or damage or lost profit caused to any third parties by making use of any information and data contained in the present document. RB wishes to point out that the provision of client asset management services contains a number of risk factors, which may affect either return on or loss of such investments. Investments do not represent bank deposits and they are not insured under the Deposit Insurance Fund. The higher the expected yields, the higher the potential risks. The duration of investments affects the level of risk. Yields also fluctuate due to exchange rate fluctuations. The value of invested amounts and related yields may rise or fall, while full return on the originally invested sum is not guaranteed. Past performance does not guarantee future performances. Due to unforeseen fluctuations and developments in the financial markets and risks inherent in investment instruments, the investment goals pre-determined by clients need not be achieved. Any yields from such investments shall be reduced by rewards and expenses of RB agreed in the contractual documentation, and/or rewards and fees listed in the RB price-list. Taxation of the client's assets always depends on the client's personal circumstances and it may change. RB does not offer tax advices and therefore any liabilities associated with the tax consequences of investing in bonds remain in full up to the client. Investment services shall not be offered to clients defined as U.S. persons.

Information about Raiffeisenbank a.s.

The document has been drafted by Raiffeisenbank a.s., with registered office at Hvězdova 1716/2b, Praha 4, Registration number (IČO): 49240901, incorporated in the Companies Register administered by the Municipal Court in Prague, Section B, File no. 2051. Raiffeisenbank a.s. has been supervised by the Czech National Bank.

The information has been valid as of 8 July 2025. This information may be modified in future and RB shall not be required to inform any recipients of the present document about such modifications.

Officer in charge: Mr Miroslav Paděra, Head of Asset Management.