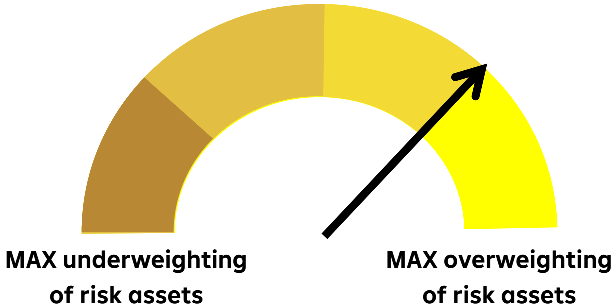
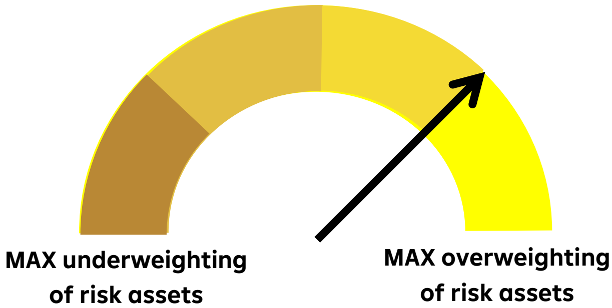
Raiffeisen Bank

Asset Allocation
RB Asset Management 3Q/2026

Current Asset Allocation



Expected Asset Allocation in 3Q/2026



Source: Raiffeisenbank a.s., Asset Management, data valid as of 10 July 2026.

Dear Client,

In the second quarter of 2026, markets operated in an environment marked by overlapping geopolitical shocks, higher energy costs, and a more cautious monetary policy stance. Events in the Middle East once again highlighted the global economy's sensitivity to disruptions of key transportation routes, especially concerning oil and other energy commodities. Although the subsequent easing of tensions reduced the greatest concerns, a return to normal functioning may be gradual, and energy prices are likely to remain influenced by a higher risk premium. As a result, investors began to differentiate more clearly between short-term market noise and factors that could shape asset performance over the longer term.

From a macroeconomic perspective, differences between major regions deepened further. The Eurozone enters the second half of the year with subdued momentum, weaker industrial activity, and the risk that higher energy costs will restrain both consumption and investment. The ECB thus faces a difficult choice between fighting inflation and supporting economic growth. In contrast, the United States shows stronger domestic demand and benefits from ongoing corporate investments in technologies and infrastructure related to artificial intelligence. However, the U.S. economy is not immune to the inflationary effects of higher energy prices, which limits the scope for a faster rate cut and keeps bond yields elevated. The strong stock market growth in Q2 was supported by robust profit growth, with the S&P 500 expected to see earnings rise by 24% this year (source: FactSet). This positive trend, accompanied by an unusual upward revision of estimates by analysts, is primarily driven by the technology and energy sectors.

Despite higher volatility, markets continue to show a willingness to seek long-term growth stories. Digitalization and automation play a significant role here, fueling demand for computing power, specialized technologies, infrastructure, and reliable electricity supply. This is not just the success of a few large tech companies but a broader investment trend gradually impacting industry, energy, and corporate capital expenditures. Therefore, in the equity portion of portfolios, it makes sense to prioritize companies with strong balance sheets, the ability to pass on higher costs to prices, and sustainable profit growth. Regionally, opportunities appear differentiated: markets with a favorable combination of valuations, currency trends, and domestic fundamentals offer interesting potential, while European assets may remain under pressure from weaker industrial demand and higher energy costs. American equity markets, selected emerging markets, and Japan may continue to be attractive.

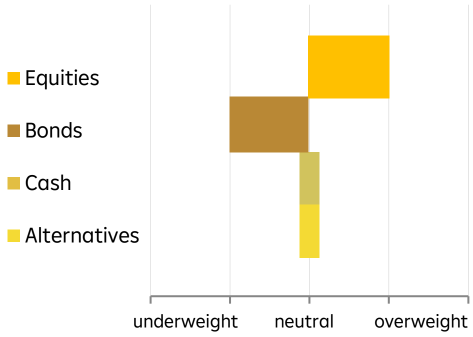
In the Czech economy, domestic demand remains the main pillar, supported by rising real wages and a revival in investments. However, factors that could slow growth this year are increasing: higher energy prices, weaker foreign demand, uncertainty in industry, and less favorable foreign trade developments. Inflation remains close to the CNB's target, but its structure indicates persistent domestic pressures, especially in services and wages. The CNB has therefore raised the base rate to 3.75%, and the market is considering the possibility of further tightening. After an initial weakening, the koruna has again shown resilience, supported by higher local interest rates, but further strengthening may be hindered by uncertain geopolitical developments and the monetary policy stance in the Eurozone.

Therefore, in portfolios, it will be important not to rely on a single type of protection but to build resilience from multiple sources. Higher and less predictable inflation, geopolitical tensions, and changing correlations between equities and bonds increase the importance of active management of duration, credit risk, and currency exposure. Preference should be given to positions with good liquidity, transparent risk profiles, and the ability to withstand prolonged periods of higher rates. In corporate bonds, careful differentiation between issuers remains key, as current valuations do not provide sufficient cushion against deteriorating macroeconomic conditions in all segments. Market fluctuations are thus not only a source of risk but also an opportunity to gradually build positions where short-term pressure creates more attractive entry levels.

Thank you for being with us, and we look forward to continuing our cooperation!

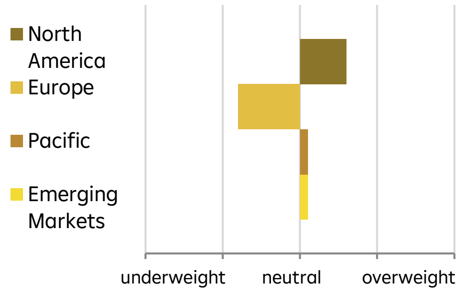
Mr. Miroslav Padera, CFA, Head of Asset Management

Tactical Asset Allocation – Asset Classes



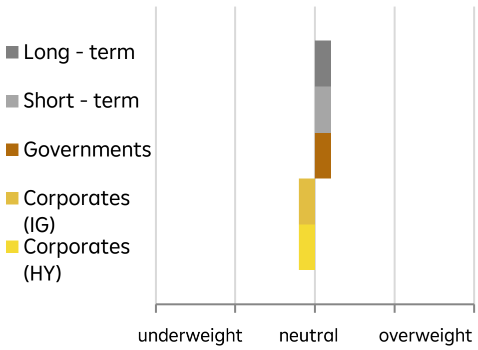
In portfolios, we continue to maintain a tactical overweight in equities. The Q2 earnings season confirmed that artificial intelligence is no longer just a speculative topic but a real driver of corporate profitability growth. Although some voices in the investment world argue that massive spending on technological infrastructure will only translate into real productivity gains for companies after several years, the market is handling this transitional period with great optimism. Once again, U.S. technology stocks dominated, pushing the NASDAQ-100 index up by more than 27%. Japan also experienced an exceptional quarter. Some nervousness ahead of the upcoming U.S. political power shift in the fall is noticeable; however, for investors exposed to the Czech koruna, it was important that the U.S. dollar remained stable and acted as a safe haven during this period of heightened uncertainty.

Tactical Asset Allocation – Equity Regions



Following movements in equity markets and adjustments of a rather technical nature, we are model-wise slightly overweight in the U.S., emerging markets, and the Pacific region. We are underweight in Europe. Our exposure to U.S. equity markets represents approximately 64.5% of the risk portion of portfolios. In European equity markets, we hold about 12.5%. In the Pacific region, including Japan, we have 7.5%, and in emerging markets, approximately 15.5%. We remain overweight in the technology, industrial, and financial sectors. Additionally, we have exposure to dividend-paying stocks, precious metals (gold), as well as to quantum computing, robotics, and artificial intelligence.

Tactical Asset Allocation – Bonds



Bond markets experienced a successful quarter, with most tracked indices erasing previous losses and moving into positive territory. Domestic government bonds recorded solid growth in the second quarter. This turnaround was also supported by easing following the CNB's June meeting. Although the central bank raised the base rate to 3.75%, the accompanying commentary that this was merely a preventive stabilization measure—not the start of a prolonged tightening cycle—brought relief to the market. European corporate and government bonds performed similarly well.

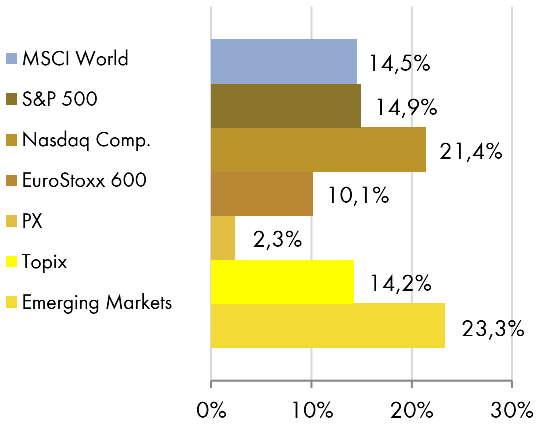
The only exception was U.S. government bonds, which largely stagnated as the Fed faces persistent inflation, and the market prices in the possibility of one more rate hike before year-end. From a longer-term perspective, the key factor for bond market developments remains the smooth operation of commercial tankers in the Persian Gulf, a decline in oil prices, and consequently, a reduction in inflationary pressures.

We continue to keep the core of portfolios in high-quality government issues and maintain duration close to benchmarks.

Source of data in charts: Raiffeisenbank a.s., Asset Management, data valid as of 10 July 2026.

Economic Situation and Market Trends in 2Q/2026

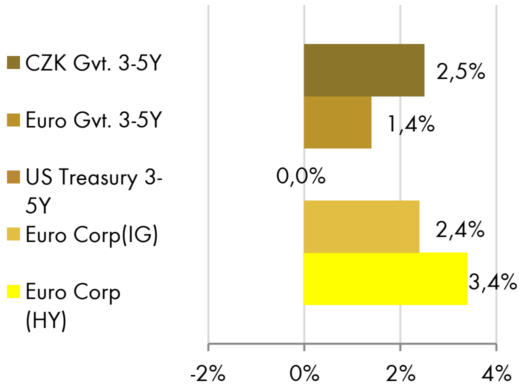
Equities



Equity markets strengthened significantly in the second quarter of 2026. The global MSCI ACWI index rose by 14.5%, while the U.S. S&P 500 gained 14.9%. Technology-focused indices performed even better: the NASDAQ Composite increased by 21.4% and the Nasdaq-100 by 27.5%, driven by a higher share of chip and memory manufacturers. Positive developments were also evident outside the U.S. The European STOXX Europe 600 index advanced by 10.1%, and emerging markets grew by 23.3%.

Japan had an exceptional quarter, with the Nikkei 225 index, which has a significant semiconductor sector weighting, rising by 35%, and the broader Japanese equity market measured by the Topix index gaining 14.2%. Compared to global markets, the Prague Stock Exchange performed more moderately, with the PX index increasing by 2.3%.

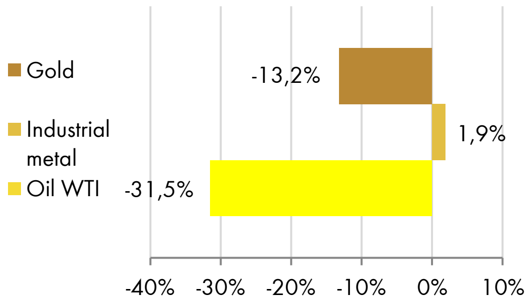
Bonds



Bond markets delivered mostly positive returns in Q2. The Czech government bond index across all maturities rose by 3.1%, while Czech government bonds with maturities of 3–5 years gained 2.5%. European government bonds with 3–5 year maturities increased by 1.4%, whereas U.S. government bonds of the same maturity lagged and remained almost unchanged.

European investment-grade corporate bonds rose by 2.4%, and the riskier high-yield bond segment added 3.4%. The global aggregate bond index returned 0.9% in the unhedged USD version and 1.3% in USD with currency hedging.

Commodities



Commodity markets showed a markedly differentiated performance in the second quarter. Gold, after previous gains, weakened by 13.2%, while industrial metals rose by 1.9%. The most significant decline was seen in WTI crude oil, whose price dropped by 31.5%.

This commodity development reflected the varying impacts of lower energy prices, fluctuating demand for industrial raw materials, and a correction in precious metals.

Currencies

	31/03/26	30/06/26
EUR/CZK	24.55	24.27
USD/CZK	21.24	21.24
EUR/USD	1.1553	1.1422

In currency markets, the Czech koruna strengthened against the euro in Q2. The EUR/CZK exchange rate declined by 1.1%, reflecting an appreciation of the Czech currency versus the euro. Meanwhile, the euro weakened by 1.1% against the USD. As a result, the Czech koruna remained stable against the U.S. dollar during the second quarter.

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 2026 until 30 June 2026. The currencies table shows the rates as of the date as indicated. Values contained in the graphs have been rounded to one decimal place.

Future Outlook

In the upcoming period, the key factor for equity markets will be the further development of the corporate earnings season for the second quarter of this year. For the full year 2026, aggregated earnings growth for S&P 500 companies is predicted at 24.1%, with revenues expected to rise by 10.8% (source: FactSet, July 2, 2026). For Q2 alone, aggregated earnings growth is forecasted at 23.3%.

Major U.S. banks (e.g., Citi, JPMorgan, Morgan Stanley, Goldman Sachs) will be among the first corporations to release their Q2 2026 earnings reports during the week of July 13–17, 2026. The airline company Delta will publish its results earlier, on July 10. Among the most interesting earnings reports will again be profits and capital expenditures of companies in the AI segment (e.g., Nvidia, Alphabet, Microsoft, Meta, etc.). SpaceX will release its Q2 results only in mid-August. Shares of SpaceX, one of the world's largest companies, were recently included in the Nasdaq Composite and Nasdaq 100 indices after its IPO, but it is expected to be added to the S&P 500 index no earlier than in a year, after meeting certain conditions (e.g., profitability, free cash flow).

Strategists and sector analysts from various Wall Street banks remain positive about the U.S. equity market outlook and predict further growth this year (source: Bloomberg). The anticipated corporate earnings growth combined with a possible reduction in U.S. interest rates should be the main drivers of equity markets. However, the trajectory of global inflation and its decline remain difficult to predict (despite the recent drop in oil prices), which makes future interest rate movements, especially in the U.S., uncertain.

The Federal Reserve will meet at the end of July. Forecasts (source: Bloomberg) suggest that the Fed will keep the rate unchanged at 3.75% p.a. Analysts currently expect the Fed to maintain the base interest rate unchanged throughout this year (source: Bloomberg). The next ECB meeting is scheduled for July 23, 2026. It is expected that the ECB will keep the deposit rate unchanged in July (source: Bloomberg). The Czech National Bank (CNB) has raised the repo rate to 3.75% p.a., and it is anticipated that the CNB will leave the repo rate unchanged at its next meeting on August 6, 2026. RB analysts also estimate that the CNB will keep the repo rate unchanged this year, with a possible rate hike coming next year.

The yield on the U.S. 10-year Treasury bond was above 4.5% p.a. at the beginning of July, after oil prices rose due to renewed clashes between the U.S. and Iran. Analysts (source: Bloomberg) currently expect the yield to stagnate or slightly decline. The German 10-year government bond is trading with a yield slightly above 3.0% p.a., with analysts also expecting its yield to remain around 3% p.a. until year-end. The Czech yield curve is significantly influenced by foreign developments in government bond yields and oil prices. The 10-year Czech government bond yield rose above 4.6% p.a. at the beginning of July.

In the coming days and weeks, we expect continued elevated volatility in both equity and bond markets, as the conflict in the Middle East remains unresolved. This increased volatility may also be supported by the Q2 corporate earnings season, as expectations for earnings growth are already quite high. Nevertheless, we remain optimistic and therefore maintain a slight overweight in the equity portion of portfolios.

Outlook by: Raiffeisenbank a.s., Asset Management, asset classes in 3Q/2026:

EQUITIES	BONDS	CASH	ALTERNATIVES
USA, Emerging markets, Pacific	Bonds < 3Y	Cash, Term Deposits, Savings accounts	Energy, Oil
Technologies, Finance, Industrials, Defence, Dividend-paying shares segment	Bonds > 3Y		Real Property
	Credit		

KEY:	POSITIVE EXPECT.	NEUTRAL EXPECT.	NEGATIVE EXPECT.

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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 10 July 2026. 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, CFA, Head of Asset Management.