Raiffeisen
Investiční společnost

Commentary on the Financial Markets

06/26

In May 2026, stock markets continued to rise

and reached new all-time highs. The S&P 500 added nearly 5% more this month, building on a strong performance in April. The MSCI World Global Index rose 4.7%, reflecting broad optimism from investors across regions.

Volatility, as measured by the VIX index, remains at low levels around 16 points, indicating relative calm in the markets despite persistent geopolitical uncertainties. The positive mood was supported mainly by better-than-expected results of companies for the first quarter, which have already been published by over 90% of companies from the S&P 500 index.

The results were again dominated by technology and software. A key driver has been the continued interest in artificial intelligence (AI), cloud solutions, and cybersecurity. For example, companies such as Microsoft, Alphabet and Nvidia have beaten analysts' estimates, which has supported investor optimism.

At its last meeting (29/04/2026), the FED left the key interest rate unchanged at 3.75% p.a., with signals suggesting that further rate changes will depend on inflation developments and economic data. The new Fed chairman, Kevin Warsh, emphasized the need for caution in monetary policy in view of the uncertainties in the global environment. The European Central Bank (ECB) and the Czech National Bank (CNB) also kept rates stable at their last meetings, with the ECB considering tightening monetary policy at its next meeting on 11 June 2026.

Yields on ten-year bonds in Germany, the USA and the Czech Republic have fallen by about 20 basis points from their peaks, the Czech ten-year bond is now trading around 4.8% p.a. and has fallen by 0.10 basis points overall over the past month. This had a positive effect on the performance of bond strategies.

We also expect increased volatility in the period ahead, particularly in the context of ongoing geopolitical risks in the Middle East and potential inflationary pressures. Nevertheless, solid corporate results and stable macroeconomic indicators will continue to support stock markets and keep them near all-time highs.

Transactions in RIS funds

In May 2026, several changes were made to the structure of the portfolios of RIS funds. In the first place, let us mention the reduction in the rate of carrying the equity component compared to its so-called neutral representation from the previous 8-10 percentage points (p.p.) to about 6 p.p. at the end of the month, when the global stock index reached its new all-time high. The motive for this step was to take profits and reduce risks. Within the bond component, there was a selective extension of the duration (simplified: average time to maturity), but part of the funds was also allocated to securities with lower creditworthiness and thus higher yields to maturity (e.g. Romanian government bonds or bonds of the largest Polish bank, PKO BP). As in previous months, there was intensive short-term trading on the fund's portfolios in May with the aim of achieving trading profits. On the equity side, we can mention, for example, profit-taking, followed by cheaper purchases of instruments from Vanguard S&P 500, SPDR MSCI Europe Industrials, Xtrackers MSCI EM Asia, VanEck Gold Miners and Global X Lithium & Battery Tech.

Investment Strategy

We also prefer stocks to bonds. In our opinion, the strong momentum supported by AI will continue. Regionally, we overweight North America, the Pacific and Emerging Markets, while Europe is underweighted. In sectors, we mainly overweight growth sectors such as technology, communications, industry and finance. In bond strategies, we maintain a longer duration for koruna and dollar bonds, while we slightly underweight the duration for euro bonds.

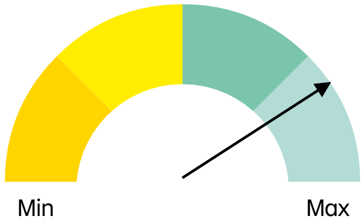
We wish you a lot of success in the next period!

Michal Ondruška
CIO, Member of the Board

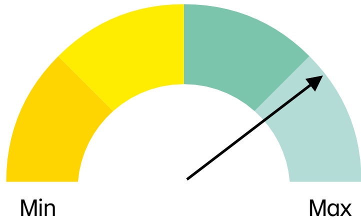
Investment Strategy Summary

Tactical Allocation
Overweighting of stocks in portfolios

Current

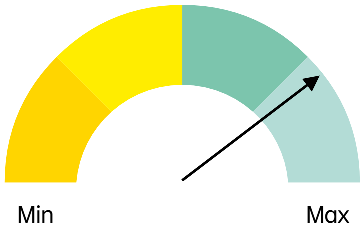


3-month outlook

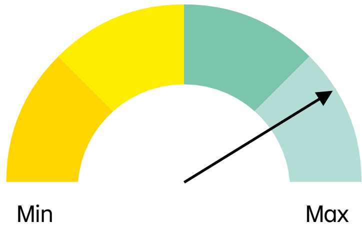


Interest Rate Risk
Average duration of bonds

Current

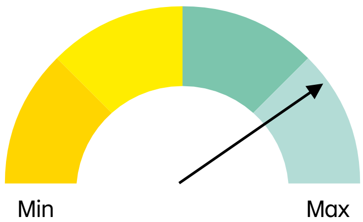


3-month outlook

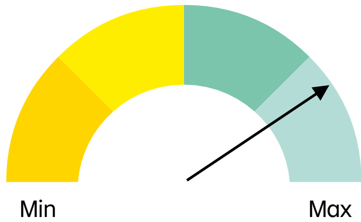


Credit Risk
Share of corporate bonds

Current

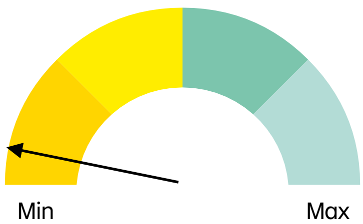


3-month outlook

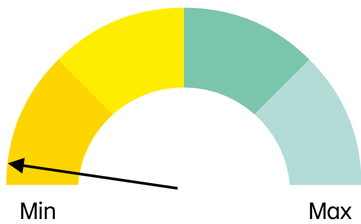


Currency Risk
Unhedged positions in foreign currency

Current



3-month outlook



source: Raiffeisen investiční společnost, a. s., as of June 1st, 2026

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