C.I.A. NETWORK

Asset Strategy in Brief

August 2026

BNP PARIBAS
WEALTH MANAGEMENT

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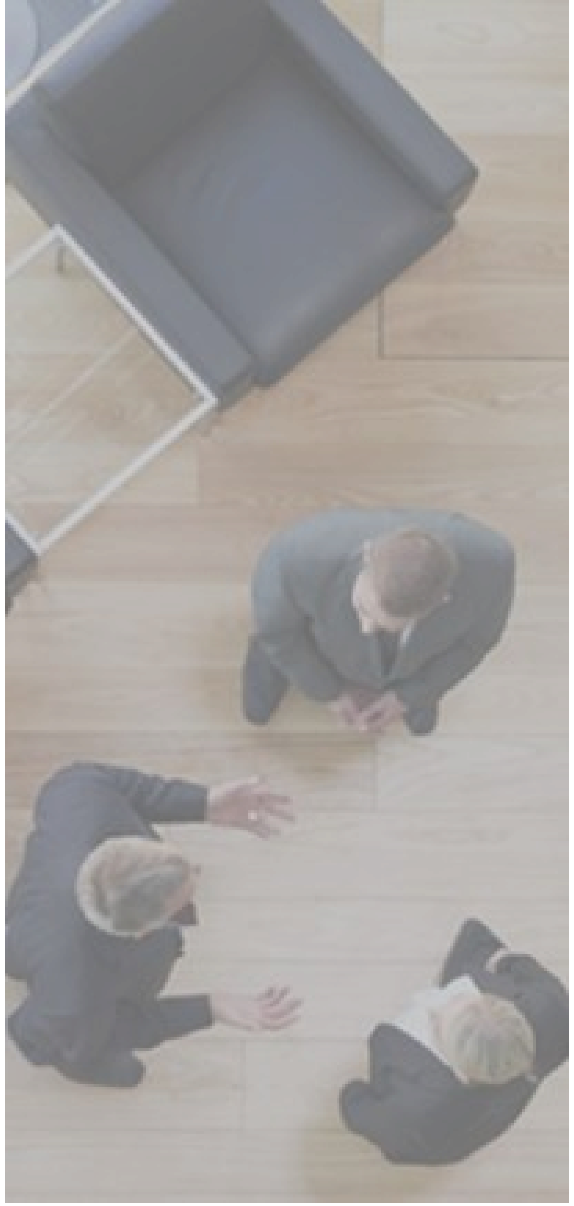
world



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01

Macro and market views

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Asset Allocation

Latest allocation changes:

- **<u>Equities:</u>** No change
- **<u>Bonds</u>:** No change
- **<u>FX</u>**: No change
- **<u>Commodities</u>:**
    - We have revised our 12-month price target to USD 5,000 per ounce for gold and to USD 80 per ounce for silver.
- **<u>Alternative Investments:</u>** No change

Outlook Summary

	Very underweight	Underweight	Neutral	Overweight	Very Overweight
Equities			=		
Government Bonds			=		
Corporate Credit				+	
Real Estate			=		
Alternatives				+	
Cash			=		

Macro and Market Views

Macro		– Expectations for material inflation relief have proven short lived. Renewed Middle East tensions have driven up energy prices and although the U.S. Section 122 tariffs have expired, their effect continues through alternative measures. – In the absence of a clear catalyst to de-escalate the conflict, elevated energy costs are expected to sustain inflationary pressures in the near term, but they are not expected to undermine the overall resilience of global growth.
Bonds	=	– Neutral on UK gilts (12-month yield target is 4.3%). – Neutral on core eurozone sovereigns (favour maturities of 7-10 years) and on US Treasuries; prefer shorter-term (ca. 5 year) maturities. – The ECB is expected to keep the deposit rate at 2.25% to year-end. The Fed should raise rates once in December to take the Fed Funds target rate to 4.0%. – We see the US 2-year yield at 4.0% in 12 months, 10-year yield at 4.5%. – Our 12-month target on the German 10-year bund yield is 2.75%.
Credit	+	– We prefer EUR and GBP IG corporate bonds (Positive view) to USD IG bonds (Neutral view) given the supply dynamics and the level of spreads. We focus on quality. – Neutral on US high yield credit. Spreads have fallen back close to their historical lows even though uncertainty remains high. They do not remunerate the underlying risk.
Equities	=	– Neutral on Equities: While we have become more constructive on equities considering the resilience of the global economy so far, the expected upward trajectory is not smooth. Higher inflation risks and bond yields could cause some friction along the way. – Favour Japan, Brazil and Mexico. – Neutral on the US, UK. EM, Europe. – Positive on Health Care, Industrials and Mining, EU Utilities and EU Banks.
Real Estate	=	– INREV European private real estate funds continue to see steady growth in net asset values, delivering an average return of 1.3% q/q to investors in Q1 2026. – Industrial/logistics exposure preferred for healthy yields, higher expected rental growth on robust underlying demand growth.
Commodities	+/+/-	– Precious metals: We remain Positive on precious metals. We have revised our 12-month price target to USD 5,000 per ounce for gold and to USD 80 per ounce for silver. – Positive view on strategic industrial metals, such as copper, aluminium and tin. – Negative stance on Oil, 12-month price range for Brent crude oil of USD 60-70.
Currencies		– The short-term strengthening of the US dollar in the current risk-off environment is unlikely to persist in the longer term, given supplementary US defence spending increasing the US budget deficit and weighing on the USD. – Our EUR/USD 12-month target is USD 1.20 (value of one EUR).

Key macro & market forecasts

	GDP Growth %			Inflation %			Central Bank Rates %				Key Market Forecasts		
	2025e	2026e	2027e	2025e	2026e	2027e		Now	3M	12M		Now	12M
US	2.1	2.4	2.5	2.7	3.2	2.5	US Fed Funds Rate	3.75	3.75	4.00	US 10Y yield %	4.67	4.50
Eurozone	1.5	0.8	1.6	2.1	2.7	2.6	ECB Deposit Rate	2.25	2.25	2.25	Euro 10Y yield %	3.16	2.75
Japan	1.1	0.8	1.1	3.1	2.0	2.3	Bank of Japan Policy Rate	1.00	1.25	1.50	UK 10Y Yield %	5.04	4.30
UK	1.4	1.0	1.2	3.4	3.2	3.1	Bank of England Base Rate	3.75	4.00	4.00	S&P 500	7316	n/a
China	5.0	4.6	4.5	0.0	1.3	1.6	China 7D reverse repo rate	1.40	1.40	1.30	Euro STOXX 50	6248	n/a
											Oil Brent USD/bbl	90	60-70
											Gold USD/oz	4007	5000

Source: BNP Paribas WM. As at 29 July 2026

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Fixed Income

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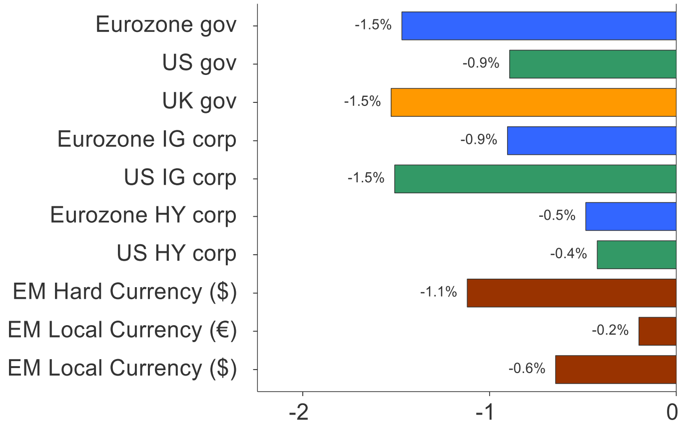
Fixed Income at a glance

The rise in oil prices has continued to drive sovereign-bond yields sharply higher worldwide. In Germany, the 10-year Bund yield is hovering at around 3.15% and, by late July, had reached a post-2011 high of 3.20%. In the United States, the 10-year Treasury yield stood at 4.67% and closed at its highest level since 2025, at 4.70% in late July. Following July's "dovish" FOMC meeting where they left rates unchanged, the US yield curve saw a renewed steepening, with 30yr yields reaching their highest level since 2007 at 5.23%. We stick to our de-escalation scenario and continue to expect lower oil prices later this year.

10-year yield	29/07/2026	12-month target
US	4.67	4.50
Germany	3.16	2.75
UK	5.04	4.30

Returns month-to-date



Source: LSEG Datastream, JPM and BofA indices, 29/07/2026

Central Banks

For the ECB, we do not anticipate further hikes, as the likelihood of second-round effects remains low. After the July Fed meeting, the markets continue to expect a bit more than one rate hike. **We expect one more Fed hike in December**. **We expect the BoE to adopt a risk-management stance and deliver a single rate hike in September**.

Government Bonds

Neutral stance on core Eurozone govies and UK govies. Yields fell back and the expected return is less attractive. **We favour maturities of 7-10 years.**

We keep a Neutral stance on US govies with maturities up to 5 years.

EU Peripheral bonds

Periphery spreads are still close to historic lows and do not remunerate enough for the risk. **We remain Neutral on periphery debt.**

Corporate Investment Grade (IG) Bonds

We prefer EUR and GBP IG corporate bonds (Positive view) to USD IG bonds (Neutral view) given the supply dynamics and the level of yields/spreads. We focus on quality.

Corporate High Yield (HY) Bonds

We remain Neutral on Corporate HY due to falling geopolitical risks following the recent announcements. Spreads are still close to historic lows and expected returns do not reflect the underlying risk.

Emerging Market (EM) Bonds

We remain cautious on EM risk assets despite the strong performance. EM central banks have less potential to cut rates and the USD could remain strong in the coming weeks. **We are Neutral on EM bonds in local currency and in hard currency bonds.** Valuations are not attractive.

Our position for this month
Evolution of our position since last month

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Currencies

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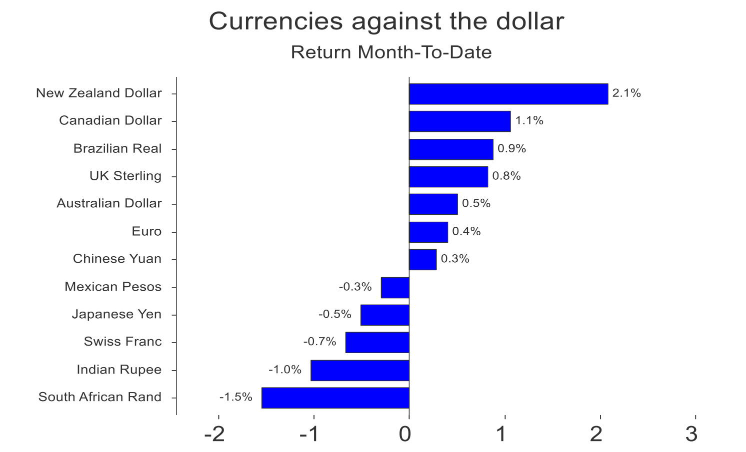
Currencies at a glance

1. **Barrel half full:** The recent surge in energy prices has had only a modest impact on foreign-exchange volatility, a stark contrast to the sharp market reactions observed during the early stages of the U.S.–Iran conflict. Today, FX dynamics are being shaped by two dominant factors: i) higher energy costs and ii) expectations of central-bank policy moves. Elevated energy prices tend to support carry-trade positions, favouring high-yielding and export-oriented currencies.
2. **Central Bank:** The Fed's decision to keep policy unchanged has raised doubts about its commitment to fight inflation. We still anticipate a single rate hike in December, after the mid-term elections. For the ECB, we do not anticipate any further hikes while the BoE is likely to deliver one hike this year, probably in September. For the BoJ, our base case remains an October increase, but the chance of a September hike is now about 50 %. The SNB is projected to hold rates until late 2027.
3. **The EUR/USD:** The dollar remained strong over July supported by renewed uncertainty and risk-off trades. Underpriced risks such as high fiscal deficits and rising debt could weigh on the USD. The dollar remains overvalued. **Accordingly, our 3-month EUR/USD target is 1.14 and our 12-month target is 1.20 (value of one euro).**



Source: LSEG Datastream, 29/07/2026

>> TARGET 12M USD/JPY: 155

The BoJ kept its policy rate at 1% in July. While markets still anticipate a possible intervention to curb the Yen decline, the BoJ offered no clear timeline for further moves, and any support for faster tightening appears limited. We expect another hike in October, followed by gradual increases roughly every four to five months, which should support yen appreciation. **Our 3-month USD/JPY target is 158 and our 12-month target is 155 (value of one USD).**

>> TARGET 12M EUR/GBP: 0.87

The BoE held its policy rate at 3.75% in July. The GBP has held up surprisingly well despite the UK's political uncertainty, but a lingering risk premium remains until policy clarity improves. With Sir Keir Starmer's resignation and Andy Burnham becoming the new prime minister, the markets should stay cautious especially if fiscal uncertainty persists until the next budget. **Our 3- and 12-month EUR/GBP targets are 0.87 (value of one euro).**

>> TARGET 12M EUR/NOK: 10.75

Norges Bank held its policy rate at 4.25% in June. While oil prices remain volatile, the NOK continues to benefit from the strong terms-of-trade support. We expect the currency to strengthen this year, supported by resilient global growth and its sustained appeal as a high-yielding asset. **Our 3-month EUR/NOK target is 10.80 and our 12-month target is 10.75 (value of one EUR).**

>> TARGET 12M AUD/USD: 0.71

The RBA kept rates on hold at 4.35% in June. The recent economic data have further tempered market expectations regarding any future rate hikes. This shift limits the upside despite Australia's underlying economic resilience. **Our 3-month AUD/USD target is 0.73 and our 12-month target is 0.71.**

>> TARGET 12M EUR/CHF: 0.92

The SNB held rates at 0% in June. We think the currency is well positioned to benefit from its safe-haven inflows as global growth remains high uncertain. While we see scope for FX intervention by the SNB, the data do not indicate sizeable or sustained interventions for the moment. **Our 3-and 12-month targets for EUR/CHF remain ~~at~~ 0.92 (value of one EUR).**

>> TARGET 12M USD/BRL: 5.00

The BCB delivered a 25bp rate cut to 14.25% in June. We expect the BRL to remain an outperformer in EM due to its attractive carry. However, as the election cycle approaches later this year, political uncertainty could act as a drag on the currency. **Our 3-month USD/BRL target is 5.30 and our 12-month target is 5 (value of one USD).**

Currencies at a glance

FX FORECASTS EUR

	Country		Spot 29/07/2026	Trend	Target 3 months (vs. EUR)	Trend	Target 12 months (vs. EUR)
	United States	EUR / USD	1.14	Neutral	1.14	Negative	1.20
	United Kingdom	EUR / GBP	0.86	Neutral	0.87	Neutral	0.87
	Japan	EUR / JPY	186.53	Positive	180	Neutral	186
	Switzerland	EUR / CHF	0.93	Neutral	0.92	Neutral	0.92
	Australia	EUR / AUD	1.64	Positive	1.56	Negative	1.69
	New-Zealand	EUR / NZD	1.97	Positive	1.90	Neutral	2
	Canada	EUR / CAD	1.60	Neutral	1.57	Neutral	1.62
	Sweden	EUR / SEK	11.07	Positive	10.80	Positive	10.60
	Norway	EUR / NOK	10.99	Neutral	10.80	Positive	10.75
Asia	China	EUR / CNY	7.70	Neutral	7.75	Negative	8.16
	India	EUR / INR	108.86	Neutral	108.30	Negative	114
Latam	Brazil	EUR / BRL	5.85	Negative	6.04	Negative	6
	Mexico	EUR / MXN	19.95	Neutral	19.95	Negative	20.40

Source: BNP Paribas, LSEG

FX FORECASTS USD

	Country		Spot 29/07/2026	Trend	Target 3 months (vs. USD)	Trend	Target 12 months (vs. USD)
	Eurozone	EUR / USD	1.14	Neutral	1.14	Positive	1.20
	United Kingdom	GBP / USD	1.33	Neutral	1.31	Positive	1.38
	Japan	USD / JPY	163.89	Positive	158	Positive	155
	Switzerland	USD / CHF	0.82	Neutral	0.81	Positive	0.77
	Australia	AUD / USD	0.69	Positive	0.73	Positive	0.71
	New-Zealand	NZD / USD	0.58	Positive	0.60	Positive	0.60
	Canada	USD / CAD	1.41	Positive	1.38	Positive	1.35
Asia	China	USD / CNY	6.77	Neutral	6.80	Neutral	6.80
	India	USD / INR	95.65	Neutral	95	Neutral	95
Latam	Brazil	USD / BRL	5.14	Negative	5.30	Positive	5
	Mexico	USD / MXN	17.53	Neutral	17.50	Positive	17
EMEA	South Africa	USD / ZAR	16.80	Neutral	16.50	Positive	16
	USD Index	DXY	100.89	Neutral	100.66	Negative	96.23

Source: BNP Paribas, LSEG

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Equities

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Back to basics: rebalance and diversify your portfolio

Tech nervousness

- **Resilient US economy defies anticipations:** despite pressure from higher energy prices, the US economy continues to outperform forecasts. Low unemployment and strong capital expenditure are sustaining GDP expansion.
- **In this context, Q2 corporate results are expected to be solid (and they have been so far):** for Q2-2026, analysts' consensus forecasts +25% earnings growth in the US, with the IT sector as the main contributor. Hyperscalers' results and their cash flows remain key, given their pivotal role in both the AI-driven capex boom and overall US earnings growth. In Europe, earnings are expected to grow by +11,3% with Energy, Banks, Basic Resources, and Technology as the main contributors.
- **US tech volatility:** high US equity valuations, lingering uncertainty over AI monetisation—particularly for hyperscalers—and potential shifts in monetary policy are fuelling market volatility, particularly in the tech sector. A symbol of this nervousness: OpenAI and Anthropic have decided to postpone their planned IPOs to next year. SpaceX stock is now trading below its IPO price.
- **Summer is often an opportune moment to rebalance portfolios:** while US technological innovation and entrepreneurship are expected to remain dominant for years, we tactically recommend rebalancing geographic and sector exposure.

Main recommendations

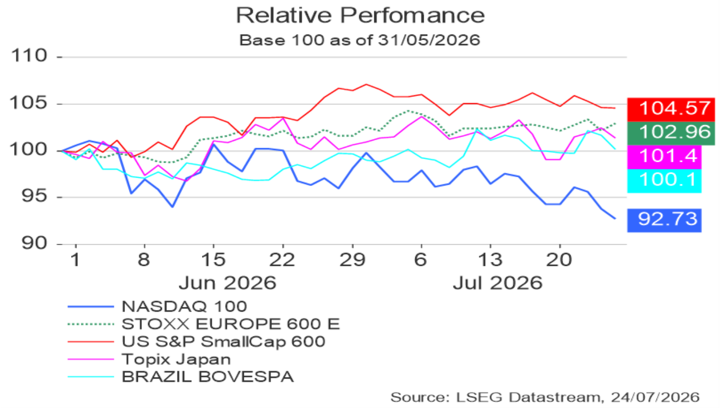
Stay Neutral on equities: while we have become more constructive on equities considering the resilience of the global economy so far, the expected upward trajectory is not smooth. Higher inflation risks and bond yields could cause some friction along the way.

Revisit relatively cheaper areas of the market, such as global SMID caps, Japan, Europe and certain Emerging markets (e.g. LatAm). Chinese technology/AI is also showing groundbreaking developments.

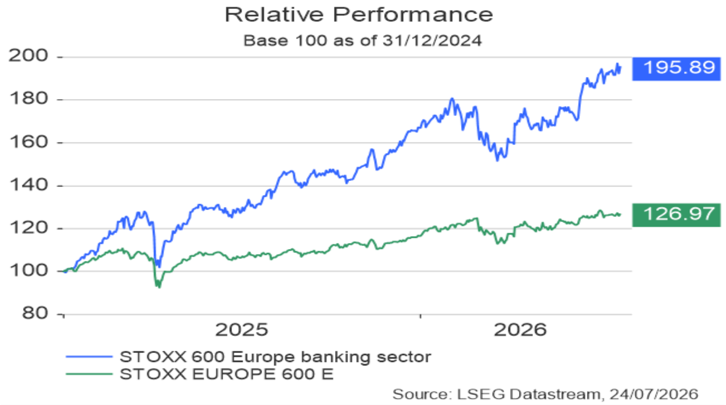
Sector preferences: We favour value and cyclical sectors, with a particular focus on European banks (OW), which align well with our current outlook, especially as the sector index has recently broken out. **Global Healthcare (OW) and Industrials (OW) also show signs of improvement after lagging.**

Key risks: higher inflation and more hawkish central banks could disrupt the current bull market. Moreover, reductions in capex spending by companies could lead to a sharp downward revision of growth expectations for AI infrastructure-related stocks.

BIG TECH IN CORRECTION MODE (SEE NASDAQ 100 INDEX). DIVERSIFY AWAY FROM CONCENTRATED POSITIONS



EUROPEAN BANKS REMAIN ATTRACTIVE, OFFERING COMPELLING VALUATIONS (P/E ~10X) EVEN AS THEY REACH NEW HIGHS



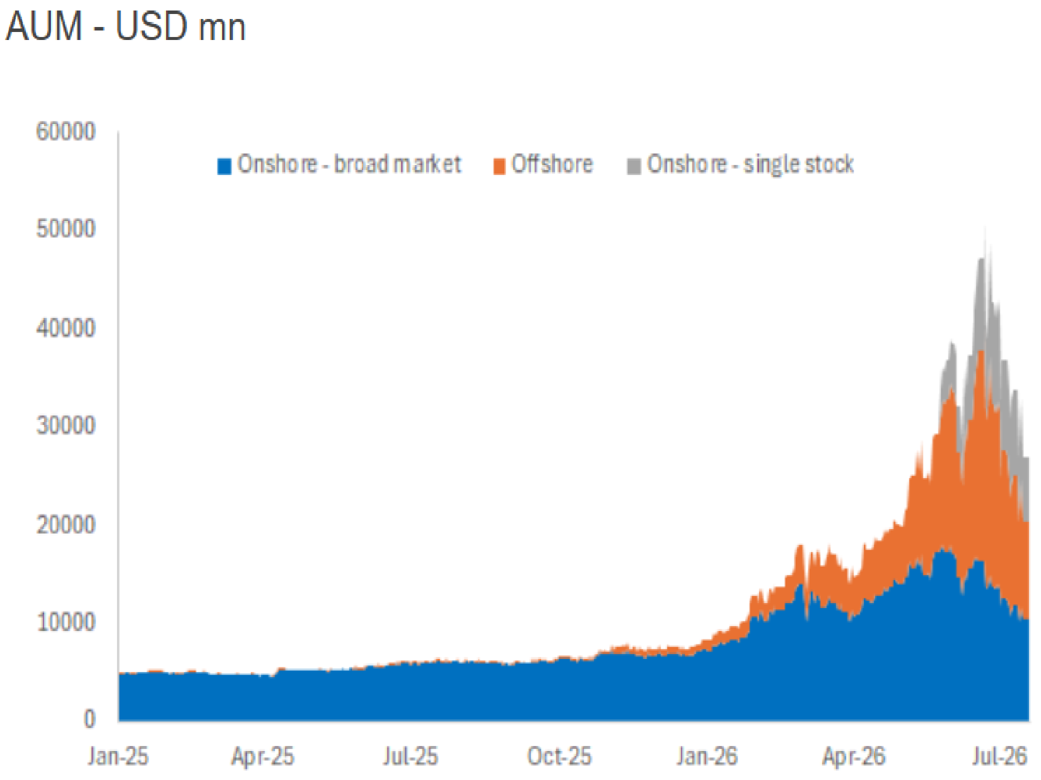
Asian Equities view

ASIA COUNTRY PREFERENCE

+	=	–
COUNTRY		
China A shares	Hong Kong/China H shares South Korea, Taiwan, India Southeast Asia	

- **China:** In the A-share market, AI stocks saw a sharp correction last month, in line with global AI stocks in recent weeks. The "national team" accelerated purchases of Tech ETFs to stabilise the stock markets. On the contrary, the laggard Hong Kong-listed internet companies saw a significant rebound with the launch of Moonshot AI's Kimi K3 being a major catalyst. With the 2Q GDP growth at 4.3%, falling short of the official full-year target of above 4.5%, the markets will focus on the upcoming Politburo Meeting to see if policymakers will step up policy support. We could see the broadening of sector performance if there are additional measures to stimulate domestic demand.
- **Neutral on South Korea and Taiwan:** EM has become more Taiwan- and South Korea-heavy. Taiwan (~25%) and **South** Korea (~23%) currently have the highest weighting in MSCI EM. The South Korean equity market remains highly volatile due to the unwinding of single-stock leveraged ETFs. It is estimated that approximately 75% of leveraged positions have been unwound YTD.
- **AI stocks:** Recent mega IPOs of SpaceX in the US and CXMT (a memory chip company) in China and listing of SK Hynix in the US have sparked liquidity shocks that are prompting the unwinding of crowded AI positions. That said, we think it is a healthy technical correction, rather than any major changes in fundamentals.

South Korea's leveraged ETFs' AUM has declined from a high of USD 50bn to USD 26bn



Source: Bloomberg, Wind, JPMorgan, as of 17 July 2026

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Commodities

Commodities at a glance

Gold and **Silver** prices continued to consolidate in the first half of 2026 after the peak at the beginning of this year. A strong dollar and higher real rates have since provided a significant headwind for precious metals. Central bank appetite, however, remains solid, and should improve in the second half of 2026. Retail interest may return on the back of a normalisation in the Middle East.

Both **copper** and **aluminium** trended sideways in July, remaining remarkably resilient in a high interest rate, and strong US dollar environment. The re-escalation in the Middle East might resurface supply risks, particularly for aluminium, which is balancing the USD/interest rate headwind.

Both crude oil and **gas prices** have rallied significantly due to a re-escalation in the Middle East. Houthi attacks in the Bab El-Mandeb Strait have added an extra complex layer to the logistics of exporting oil from the Gulf. The short-term risks are therefore to the upside, unless we see another de-escalation. Our longer-term bias, however, remains bearish, with a 12-month price target of USD 60-USD 70 per barrel.

PRECIOUS METALS

We maintain our **Positive stance on precious metals. We lower our 12-month price target from USD 5,500 to USD 5,000 per ounce for gold and from USD 90 to USD 80 per ounce for silver** on the back of a strong US dollar and higher rates. We expect central banks' buying of gold to remain very solid, with retail interest picking up in the second half of 2026.

Gold ($/ounce, black, lhs) and Silver ($/ounce, yellow, rhs)

Source: BNP Paribas, Bloomberg

INDUSTRIAL METALS

We maintain our Positive view on industrial metals and maintain our 12-month price target of USD 15,000/MT for LME copper and USD 3,800/MT for LME aluminium. Despite short-term headwinds of higher rates and a stronger US dollar, we see structurally tight markets for the coming 12 months, particularly for aluminium.

LME Copper 3M ($/MT, black, lhs) and LME Aluminium 3M ($/MT, yellow, rhs)

Source: BNP Paribas, Bloomberg

CRUDE OIL AND NATURAL GAS

We maintain a Negative stance on oil. Our 12-month price target is USD 60-70 per bbl for Brent. Despite the short-term risk of an escalation in the Middle East, we expect the markets to return to their oversupplied status and therefore return to our pre-war price target. **For European natural gas (TTF), we stick to our 12-month price target of EUR 35 per MWh.**

Brent in $/barrel

Source: BNP Paribas, Bloomberg

Our 12-month position for this month

Evolution of our position from last month

06

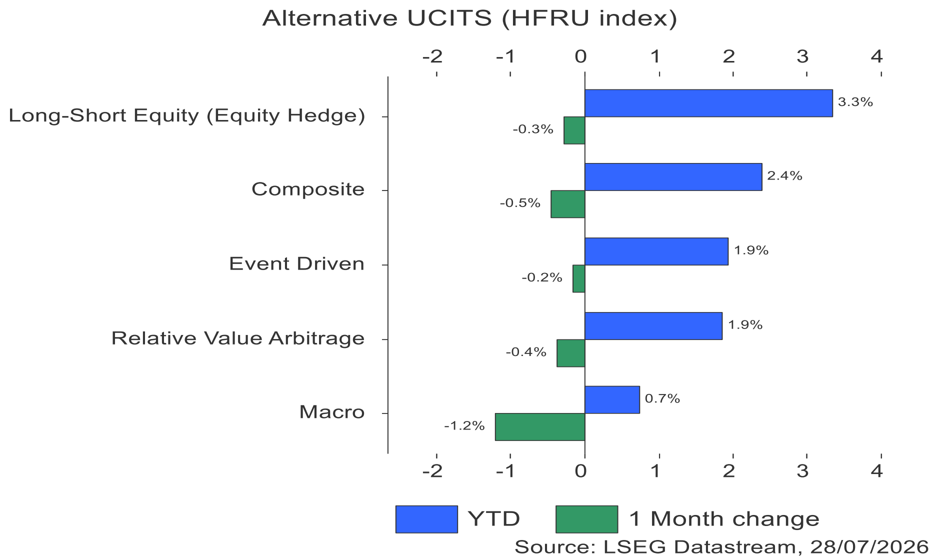
Alternative Investments

Alternative Investments

The main strategies had a negative performance over the month, especially macro. The only exception was Event Driven.

Year-to-date, all main strategies remain in positive territory, with Long-Short Equity being the best performer and Macro the weakest.

Positive opinion on Macro, Event Driven and Long-Short Equity.



Global Macro

Positive: As in 2025, macro managers might increasingly be able to read through the Trump agenda and position accordingly. Although not immune to sudden exogenous shocks (armed conflicts, etc.), macro managers are best equipped to adapt to new paradigms and trade risk assets, whether long or short. Strategies mostly using futures & derivatives provide "cash + alpha" returns, reducing the opportunity cost of holding cash.

Event Driven

Positive: The US regulatory environment should remain supportive under Trump's regulatory appointees, with strong incentives to execute large strategic deals. More deals are also expected in Europe, with reforms facilitating the constitution of continental champions. Uncertainty from the current conflict in the Middle East, and some challenges and delays around some the largest live M&A deals have dampened returns in H1. Nonetheless, those deals are expected to close in H2, with a likely superior return to be expected towards year-end.

Long-Short Equity

Positive: The rotation away from mega-cap dominance and towards a wider opportunity set improved market breadth for arbitrage deals, even if the AI theme has recently concentrated most of the large market moves up or down, and with violent reversals lately. More challenging times for Equity Market Neutral, both qualitative and quantitative, as managers have struggled with crowded trades (around AI) and a volatile factor landscape with frequent and significant factor rotations.

Relative Value

Neutral: Until recently, corporate credit dispersion had remained muted under well bid-for credit markets in the search for yield. However, some cracks seem to be appearing in sectors going out of favour, such as software and private credit. Government bond Relative Value arbitrage benefits from diverging monetary policies & debt burden stresses but is currently challenged by geopolitical uncertainty.

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