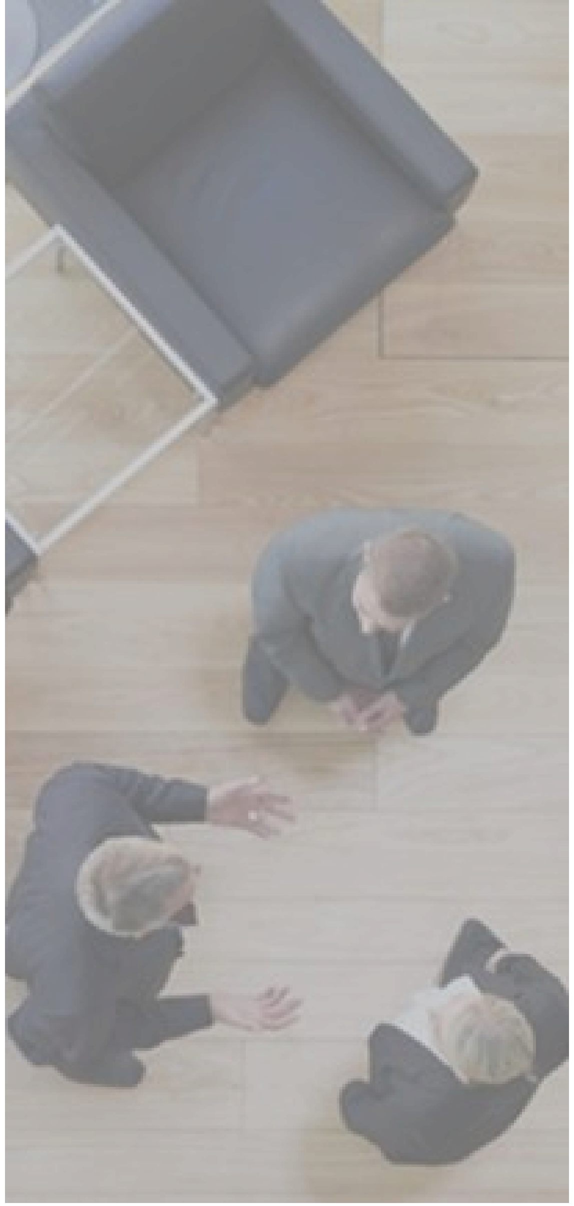
C.I.A. NETWORK

Asset Strategy in Brief

June 2026

BNP PARIBAS
WEALTH MANAGEMENT

The bank
for a changing
world



Contents

01

Macro and market views

BNP PARIBAS
WEALTH MANAGEMENT

Asset Allocation

Latest allocation changes :

- **Equities:**
  - We have downgraded Energy sector to Underweight
  - We have revised down our view on the UK from Overweight to Neutral
- **Bonds**:
  - We now anticipate that both the ECB and the BoE will raise their policy rates once this year, with the ECB expected to hike in June and the BoE in July.
- **FX**: No change
- **Commodities**:
  - We have increased our 12-month target for copper (LME) to USD 15,000 from USD 14,000 and for aluminium to USD 3,800 from USD 3,500
- **Alternative Investments:** 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		– Economic growth in energy-importing regions (Europe, Asia) has been jeopardised by the Middle East energy price shock, following the closure of the Strait of Hormuz. The scale of the slowdown will be largely dictated by how long maritime traffic through the Strait remains throttled by Iran. – Geopolitical tensions in the Middle East are weighing on sentiment and on domestic consumption.
Bonds	+/=	– Positive on UK gilts (12-month yield target is 4.3%). – Positive on core eurozone sovereigns (favour maturities of 7-10 years) but remain Neutral on US Treasuries; prefer shorter-term (ca. 5 year) maturities. – We now anticipate that both the ECB and the BoE will raise their policy rates once this year, with the ECB expected to act in June and the BoE in July. The Fed should stay on hold throughout 2026. – We see the US 2-year yield at 3.6% in 12 months, 10-year yield at 4.25%. – 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. – Negative on US high yield credit. Spreads fell back close to their historical lows even though uncertainty remains high. They do not remunerate the underlying risk.
Equities	=	– Neutral on Equities: AI Infrastructure remains a key driver of earnings optimism and provides structural growth opportunities. However, the Strait of Hormuz remains closed, creating uncertainty. – Favour Brazil and Mexico. – Neutral on the US, Japan, UK and Emerging markets, Negative on Europe. – Positive on Health Care, Industrials and Mining.
Real Estate	=	– INREV European private real estate funds continue to see steady growth in net asset values, delivering an average return of 4.4% to investors for 2025. – 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. Gold 12-month price target USD 5,500 per ounce and USD 90 per ounce for silver. – Positive view on strategic industrial metals, such as copper, aluminium (tactically Neutral in the short term) and tin. – Negative stance on Oil, 12-month price range for Brent crude oil of USD 70-80; Do not expect oil and gas prices to return to pre-conflict levels even in the event of military de-escalation.
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. – EUR/USD 12-month target 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	2.3	2.7	3.8	3.0	US Fed Funds Rate	3.75	3.75	3.75	US 10Y yield %	4.45	4.25
Eurozone	1.5	1.0	1.3	2.1	3.0	3.3	ECB Deposit Rate	2.00	2.25	2.25	Euro 10Y yield %	2.98	2.75
Japan	1.1	0.5	0.4	3.1	2.4	3.4	Bank of Japan Policy Rate	0.75	1.00	1.50	UK 10Y Yield %	4.86	4.30
UK	1.4	0.7	1.2	3.4	3.4	3.2	Bank of England Base Rate	3.75	4.00	4.00	S&P 500	7609	n/a
China	5.0	4.6	4.5	0.0	1.3	1.4	China 7D reverse repo rate	1.40	1.40	1.30	Euro STOXX 50	6107	n/a
											Oil Brent USD/bbl	96	70-80
											Gold USD/oz	4503	5500

Source: BNP Paribas WM. As at 3 June 2026

02

Fixed Income

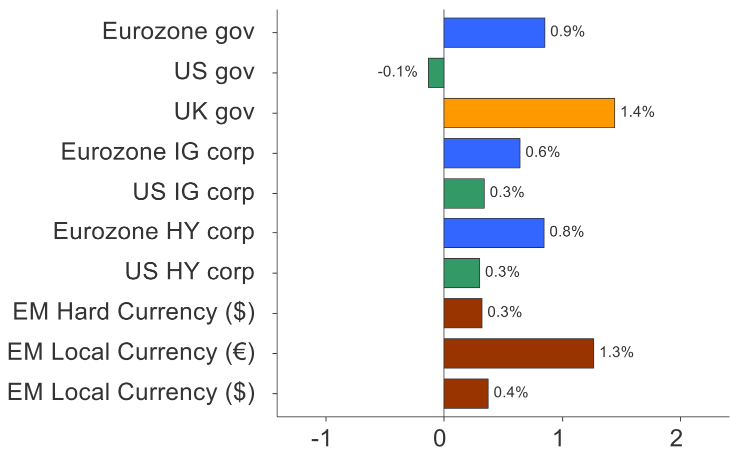
BNP PARIBAS
WEALTH MANAGEMENT

Fixed Income at a glance

Government bond yields have been testing new highs in recent weeks. For Germany, the 10-year yield tested 3.20% while the equivalent US and UK yield reached 4.65% and almost 5.20% respectively. With signs of a possible deal between the US and Iran, oil prices fell back well below USD 100, and yields fell back (see table on the right). A 10-year German bond yield above 3% remains a good entry point for core eurozone govies. We maintain a Positive stance on Eurozone and UK investment-grade corporate bonds. We also like UK govies.

10-year yield	28/05/2026	12-month target
US	4.5	4.25
Germany	3.00	2.75
UK	4.85	4.30

Returns month-to-date



Source: LSEG Datastream, JPM and BofA indices, 27/05/2026

Central Banks

The Strait of Hormuz has been closed for longer than expected, increasing pressure on the ECB and the BoE. This remains the case even though we expect a de-escalation in the coming weeks. Both central banks have more explicit inflation targeting. **As a result, we now expect each to raise its policy rate once this year: the ECB in June and the BoE in July.** The Fed should stay on hold throughout 2026.

Government Bonds

We keep a Positive recommendation on core Eurozone govies as long as the German 10-year yield remains above 3%. We favour maturities of 7-10 years. **We maintain a Positive view on UK gilts.**

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

EU Peripheral bonds

Periphery spreads continued to fall (see slide on government bonds). They are close to historical lows and do not remunerate well considering the risk. **We remain Neutral on periphery debt.**

Corporate Investment Grade (IG) Bonds

We still 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

Spreads fell back close to their historical lows even though uncertainty remains high. They do not remunerate the underlying risk. They are unlikely to fall back further even in a de-escalation scenario. **We maintain a Negative opinion on corporate high yield.**

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 we only see a downside for the USD. **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

03

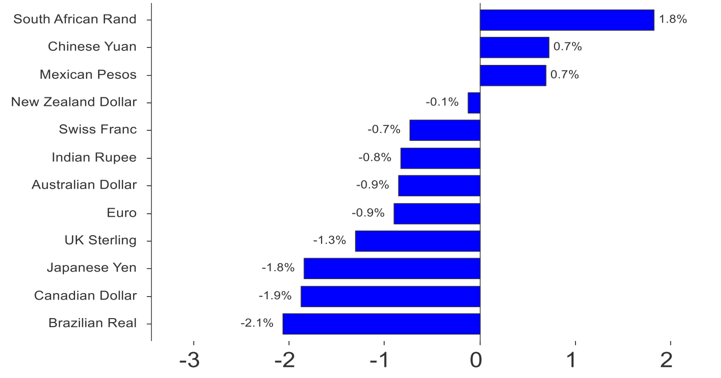
Currencies

Currencies at a glance

1. **Uncertainty remains high:** markets continue to oscillate between escalation and de-escalation while most FX remain stuck in a range. Energy exporters are likely to do better, as we expect energy prices to fall only gradually. This implies that the AUD and NOK should do well within the G10.
2. **Central Bank:** the Fed will stay on hold in 2026. A rate hike could be possible later this year if the unemployment rate falls and the Strait of Hormuz remains closed. We now believe that the ECB will hike in June while the BoE will raise the policy rate in July. The crisis is already lasting a lot longer than expected and one rate hike is justified.
3. **The EUR/USD:** we note that the USD has resisted well due to its safe-haven status. Other drivers have been the market's AI-driven optimism and the fact that markets now price in a rate hike. We still expect a gradual shift of capital away from the USD toward other currencies and the euro should gain as we see more de-escalation. US tail risks linked larger fiscal deficits and debt due to higher defence spending, and a pre-election stimulus appear underpriced by the market. **Accordingly, our 3-month EUR/USD target is 1.14 and our 12-month target is 1.20 (value of one euro).**

Currencies against the dollar

Return Month-To-Date



Source: LSEG Datastream, 27/05/2026

>> TARGET 12M USD/JPY: 155

The BoJ kept its policy rate at 0.75% in April. Renewed inflation pressures in Japan could pressure the BoJ to intervene. We expect the BoJ to hike in June, and then roughly every four to five months. We thus expect the Yen to appreciate. **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 April. Although market pricing implies several upcoming rate hikes, we expect only one hike this year in July. We continue to see political uncertainty weighing on the GBP. A change of Labour Party leadership remains a risk. However, we think a fiscally responsible shift to the left is more likely than an end to fiscal prudence. **Our 3- and 12-month EUR/GBP targets are 0.87 (value of one euro).**

>> TARGET 12M EUR/NOK: 10.75

Norges Bank raised its policy rate by 25bps to 4.25% in May. Norway is a net energy exporter and that may particularly benefit the NOK. Norway's monetary policy trajectory has diverged from Sweden's, providing extra support. The rate increase reinforces the high-yielding status of the NOK, giving further support. **Our 3-month EUR/NOK target is 10.80 and our 12-month target is 10.75 (value of one EUR).**

>> TARGET 12M NZD/USD: 0.60

The RBNZ left its policy rate unchanged at 2.25% in May. The NZD isn't yet a compelling alternative to the AUD. The NZD is also suffering from low carry and limited energy exposure. We expect its outlook to improve in the second half of the year once the central bank begins tightening. **Our NZD/USD 3- and 12-month targets are 0.60 (value of one NZD).**

>> TARGET 12M EUR/CHF: 0.92

The SNB held rates at 0% in March. We think the currency is well positioned to benefit from its safe-haven inflows as global growth slows in response to the current energy price shock. While scope for FX intervention by the SNB remains, the data do not indicate sizeable or sustained intervention recently. **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 14.50% in April. We expect the BRL to remain an outperformer in EM. Positive terms-of-trade effects from high oil/commodity prices and its attractive carry offer key support. Looking ahead to the election cycle later this year, politics could become a drag for 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 27/05/2026	Trend	Target 3 months (vs. EUR)	Trend	Target 12 months (vs. EUR)
	United States	EUR / USD	1.16	Neutral	1.14	Negative	1.20
	United Kingdom	EUR / GBP	0.87	Neutral	0.87	Neutral	0.87
	Japan	EUR / JPY	185.45	Positive	180	Neutral	186
	Switzerland	EUR / CHF	0.91	Neutral	0.92	Neutral	0.92
	Australia	EUR / AUD	1.63	Positive	1.56	Negative	1.69
	New-Zealand	EUR / NZD	1.97	Positive	1.90	Neutral	2.00
	Canada	EUR / CAD	1.61	Positive	1.57	Neutral	1.62
	Sweden	EUR / SEK	10.80	Neutral	10.80	Neutral	10.60
	Norway	EUR / NOK	10.79	Neutral	10.80	Neutral	10.75
Asia	China	EUR / CNY	7.88	Neutral	7.75	Negative	8.16
	India	EUR / INR	111.26	Positive	108.30	Negative	114.00
Latam	Brazil	EUR / BRL	5.89	Negative	6.04	Neutral	6.00
	Mexico	EUR / MXN	20.22	Neutral	19.95	Neutral	20.40

Source: BNP Paribas, LSEG

FX FORECASTS USD

	Country		Spot 27/05/2026	Trend	Target 3 months (vs. USD)	Trend	Target 12 months (vs. USD)
	Eurozone	EUR / USD	1.16	Neutral	1.14	Positive	1.20
	United Kingdom	GBP / USD	1.34	Negative	1.31	Positive	1.38
	Japan	USD / JPY	159.51	Neutral	158.00	Positive	155.00
	Switzerland	USD / CHF	0.79	Negative	0.81	Positive	0.77
	Australia	AUD / USD	0.71	Positive	0.73	Neutral	0.71
	New-Zealand	NZD / USD	0.59	Neutral	0.60	Neutral	0.60
	Canada	USD / CAD	1.39	Neutral	1.38	Positive	1.35
Asia	China	USD / CNY	6.78	Neutral	6.80	Neutral	6.80
	India	USD / INR	95.69	Neutral	95.00	Neutral	95.00
Latam	Brazil	USD / BRL	5.06	Negative	5.30	Neutral	5.00
	Mexico	USD / MXN	17.39	Neutral	17.50	Positive	17.00
EMEA	South Africa	USD / ZAR	16.37	Neutral	16.50	Positive	16.00
	USD Index	DXY	99.21	Neutral	100.66	Negative	96.23

Source: BNP Paribas, LSEG

04

Equities

Earnings or Bust?

Memories from 1849

- **Go West-** In the California Gold Rush of 1849, prospectors summed up their ambition with the phrase, "California or bust!" Nearly 177 years later, the expression feels strikingly relevant to today's momentum-driven markets. The prize has changed—from gold in Northern California to AI, powered by data centres around the world in 2026, even if the epicentre may still be Northern California. In that sense, today's market motto might well be: "AI or bust!"
- **Earnings expectations are defying risk-** Earnings expectations keep climbing higher, almost as unimpressed by the surrounding risks as the gold diggers of the last century were when they rushed westward. What buffaloes and bandits were back then are today lower growth and higher inflation.
- **Europe´s tailwinds my turn-** While we give some credit to the AI-infrastructure theme, we see growing risks for lofty European earnings growth expectations. Revisions for EPS and margins within the energy sector have contributed to index-level gains. Should oil prices normalise, this could become a headwind.
- **Keep calm and book profits-** In Europe, the UK market has been a long-term favourite. The FTSE 100 produced 2.8% relative outperformance versus the Euro STOXX over the last 12 months. Due to ongoing political turmoil, rising yields and weak results of certain major index constituents, we've revised down our view on the UK from Overweight to Neutral.

Main recommendations

Stay Neutral equities- AI Infrastructure remains a key driver of earnings optimism and provides structural growth opportunities. However, the Strait of Hormuz remains closed, creating uncertainty. Reserve depletions, driven by low China imports and high US exports, provide a cushion for oil prices. This introduces material tail risks if the Strait remains closed.

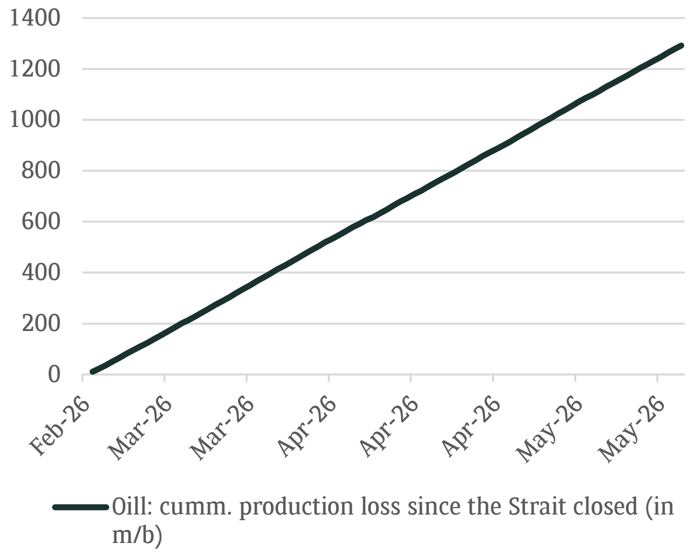
Underweight Europe- Economic data continue to worsen, whereas earnings expectations climb higher. Given our expectation of upcoming earnings downgrades, we maintain an underweight stance on Europe.

We have revised down our view on the UK from Overweight to Neutral

Energy is downgraded to underweight- The energy sector may have reached peak earnings and margins . As our base-case scenario assumes a near-term resolution to the Middle East conflict, we have downgraded the sector to Underweight.

Key risks- A prolonged closure of the Strait and/or a further escalation of the tensions in the Middle East with more energy infrastructure being destroyed.

OIL SUPPLY LOSSES ACCELERATE



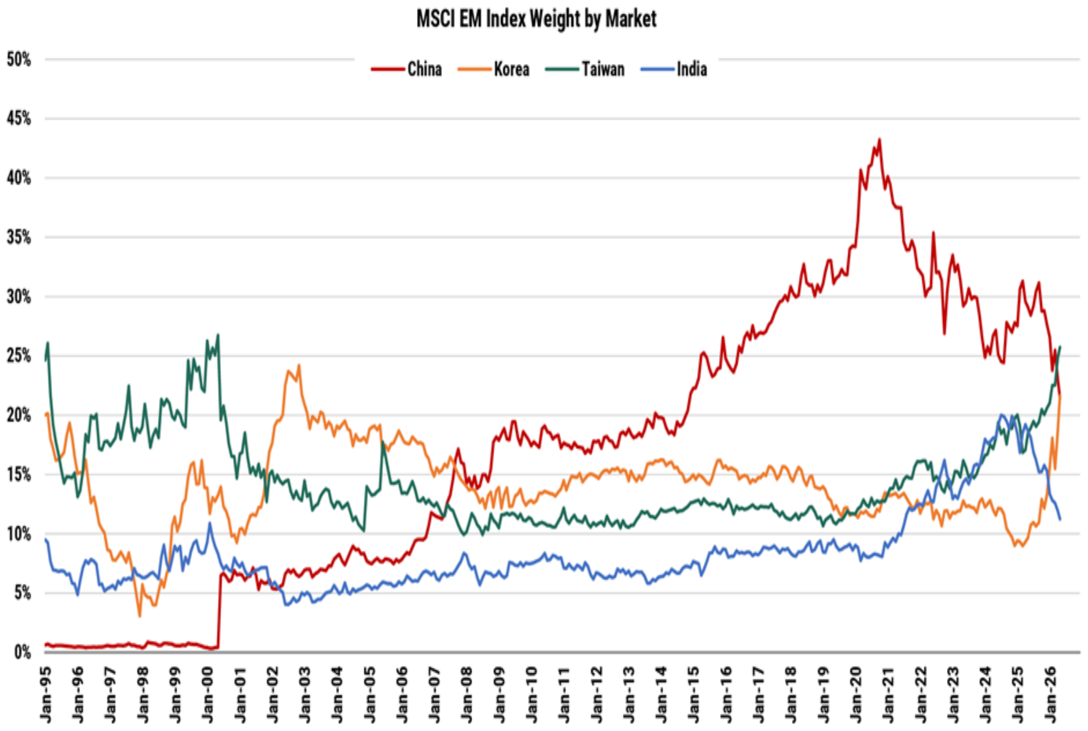
Source: BNP Paribas, Bloomberg

Asian Equities view

ASIA COUNTRY PREFERENCE		
+	=	−
COUNTRY		
	China Korea Taiwan	Rest of Asia

- **Neutral on China:** We expect A-shares to continue outperforming H-shares in the short term. However, the rally so far has not been broad-based, with positioning and performance remaining highly concentrated. China's tech-heavy ChiNext Index (A-shares) continues to hit record highs, while large internet platforms (H-shares) are lagging behind. Rotation has occurred only within AI tech, rather than shifting to "old economy" sectors.
- **Neutral on South Korea and Taiwan:** Emerging Markets (EM) have become more Taiwan- and South Korean-heavy, with Taiwan (~25%) and South Korea (~23%) currently holding the highest weightings in the MSCI EM Index. The sharp rally in South Korean memory chips raises concerns about crowded positioning, rather than valuations, as robust earnings have kept P/E ratios reasonable .
- **Underweight India:** We expect continued negative sentiment from foreign investors in the near term. Key reasons include: the country's heavy import reliance on Middle East energy, agentic AI's disruption on IT services and valuations are not attractive enough.

Taiwan and South Korea overtake China as the first and second highest weights in MSCI EM



Source: FactSet, Morgan Stanley, as of 25 May 2026

05

Commodities

BNP PARIBAS
WEALTH MANAGEMENT

Commodities at a glance

Precious metals have consolidated at around earlier correction levels in May. They currently do not benefit from their safe-haven status and traditional protection against inflation, as they are held back by rising bond yields and a strong USD.

Industrial metals performed strongly both in May and YTD. Copper is up 8% YTD, nickel and zinc 14%, aluminium 26% and tin 34%. This performance is mainly due to the expected acceleration in the energy transition (due to high fossil fuel prices) and booming demand from data centres for electricity and related infrastructure, as well as some supply disruptions (partly related to the Hormuz closure).

Oil prices corrected 20% in May (after surging in March and April), supported by optimism that the US and Iran are moving closer to a deal to fully reopen the Strait of Hormuz.

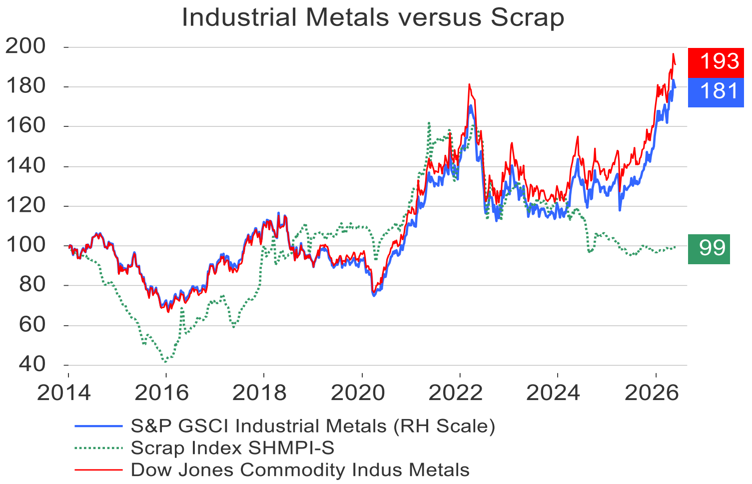
PRECIOUS METALS

We maintain our **target prices of USD 5,500 for gold** and **USD 90 for silver** and **confirm our Positive view on precious metals.**

Source: LSEG Datastream, 28/05/2026

INDUSTRIAL METALS

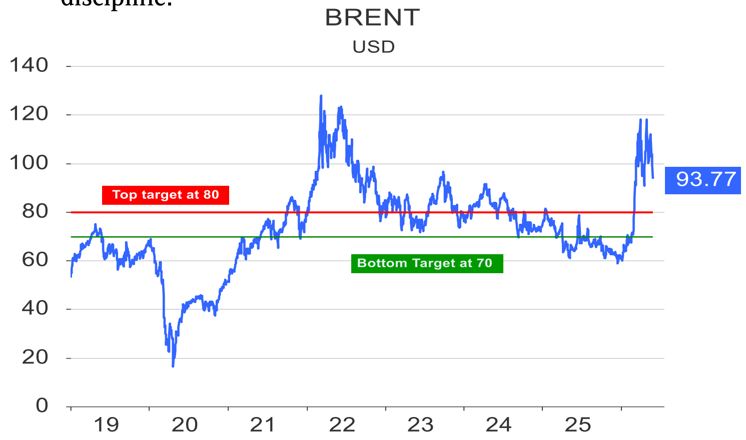
We maintain our Positive view, as we expect that growing demand for infrastructure and the energy transition will outpace expected supply growth. **We increase our 12-month target for copper (LME) to USD 15,000 from USD 14,000 and for aluminium to USD 3,800 from USD 3,500.**



Source: LSEG Datastream, 28/05/2026

OIL

After last month's downgrade and the recent correction in oil prices, we maintain our Negative view, as we expect the Strait of Hormuz to re-open soon. Although scarcity will persist for the remainder of 2026, with only a gradual production recovery, transport ramp-up and a need to rebuild inventories, **our 12-month outlook is more bearish**. **The Brent target range remains unchanged at USD 70-80**, in view of a likely return to global overproduction combined with less OPEC discipline.



Source: LSEG Datastream, 28/05/2026

Our position for this month

Evolution of our position from last month

06

Alternative Investments

BNP PARIBAS
WEALTH MANAGEMENT

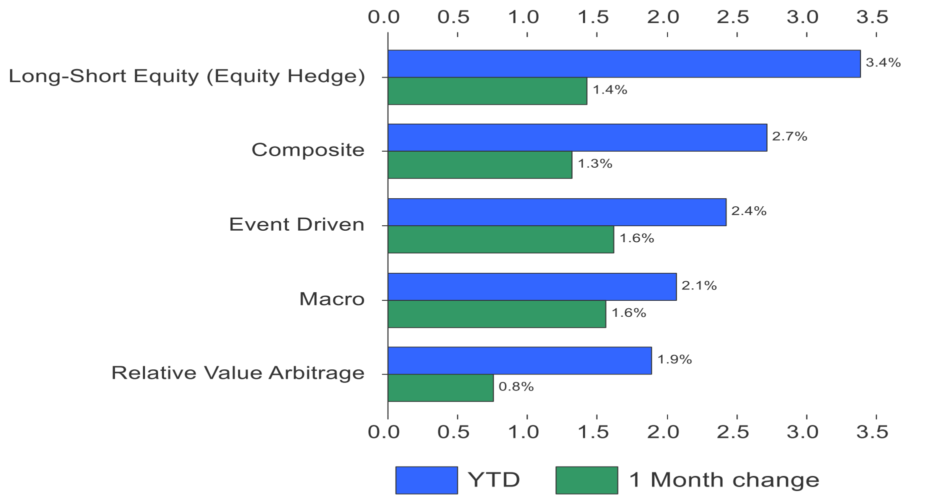
Alternative Investments

The main strategies have continued to perform very well over the past month. The best performers were event-driven and macro strategies.

Year-to-date, all main strategies remain in positive territory, with long-short equity as the best performer and relative value as the weakest.

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

Alternative UCITS (HFRU index)



Source: LSEG Datastream, 26/05/2026

Global Macro

Positive: Macro managers continue to take advantage of clear outcomes from the Trump agenda (e.g. weaker dollar, curve steepening). Although not immune to exogenous shocks (e.g. armed conflicts), macro managers are well equipped to adapt to new paradigms and trade risk assets, long or short. Strategies mostly using futures & derivatives provide "cash + alpha" returns, reducing the opportunity cost of holding cash.

Event Driven

Positive: Despite the current conflict related inflation scare, monetary policy may ease later in 2026 in the US in particular. It's likely to create more financing room for companies and private equity buyers who are financing deals with debt. Private equity firms are under pressure to deploy capital, which can be put to work through leveraged buyouts.

Long/Short Equity

Positive: The rotation away from mega-cap dominance and towards a wider opportunity set has improved market breadth and reduced reliance on a few growth stocks to drive returns. The AI theme is providing fertile ground for picking future winners and losers. This is positive for long and short stock-picking opportunities.

Relative Value

Neutral: Corporate credit dispersion remains muted, with a continued trend toward yield-seeking behaviour. However, early signs of stress are emerging in out-of-favour sectors, such as software and private credit. Convertible bond arbitrage benefits from increased issuance and rising single-stock volatility, particularly in the technology/AI sector. So far, this has not led to a significant deterioration in the creditworthiness of issuers.

BNP PARIBAS WEALTH MANAGEMENT
CHIEF INVESTMENT ADVISOR (CIA) NETWORK

Edmund SHING
Global Chief Investment Officer

FRANCE

Hiba MOUALLEM
Investment Strategist

Isabelle ENOS
Senior Investment Advisor

Charles GIROT
Senior Investment Advisor

BELGIUM

Philippe GIJSELS
Chief Investment Advisor

Alain GERARD
Senior Investment Advisor, Equities

Patrick CASSELMAN
Senior Investment Advisor, Commodities

LUXEMBOURG

Guy ERTZ
Deputy Global Chief Investment Officer

Gurminder SINGH
Investment Advisor, Forex

ITALY

Luca IANDIMARINO
Chief Investment Advisor

GERMANY

Stephan KEMPER
Chief Investment Strategist

ASIA

Prashant BHAYANI
Chief Investment Officer, Asia

Grace TAM
Chief Investment Strategist

Dannel LOW
Investment Services Analyst

DISCLAIMER

BNP PARIBAS
WEALTH MANAGEMENT

The bank
for a changing
world