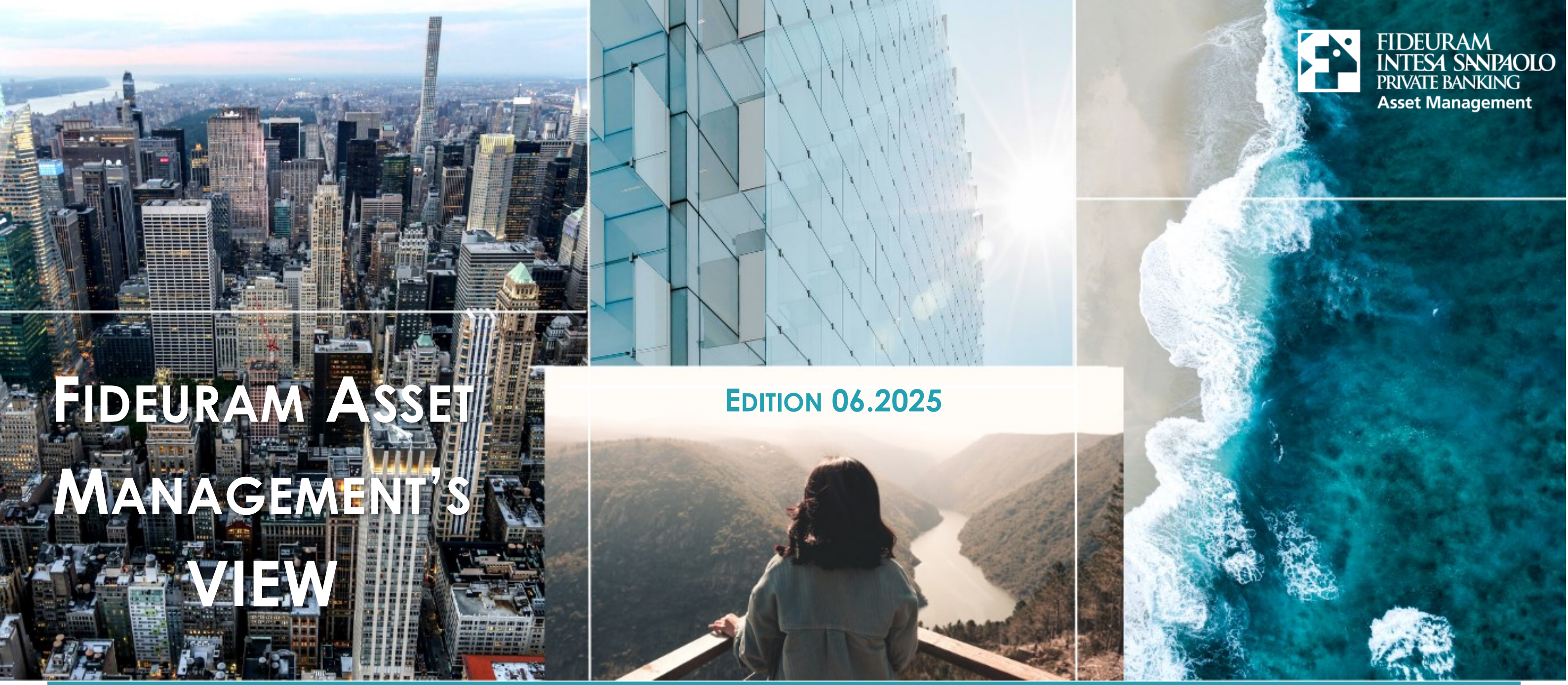


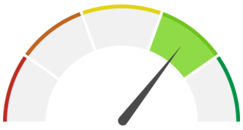
Fideuram Asset Management's View

Edition 06.2025

Macroeconomic Scenario

The uncertainty over the evolution of the conflict in the Middle East (with its possible repercussions on energy prices) has now been added to that over US tariffs policy, which remains high as the expiry of the suspension of reciprocal tariffs approaches. In the US, however, the performance of both domestic demand and labour market conditions remains robust, but we continue to expect a significant slowdown in the second half of the year: we believe the Fed will have to wait until at least September (or even later) for a rate cut. In the Eurozone, growth was stronger than expected at the beginning of the year, but a slowdown is now expected, especially due to the impact of uncertainty related to tariffs: we confirm the expectation of a final cut by the ECB in September.

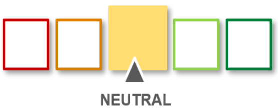
Equity Markets



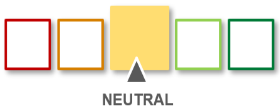
The overall equities positioning remains slightly overweight, albeit to a lesser extent than that implemented during the market downturn in April. The rekindling of the conflict between Iran and Israel has generated an increase in oil volatility, but so far it has not structurally changed the stance of the markets, which remain focused on fundamentals. We have a neutral position towards the US taken after the recovery to pre-Liberation Day levels. We confirm the slight overweight in the European component to which we have added the emerging Asian area. Europe has lower valuations compared to the USA, and German fiscal expansion is dampening tariff uncertainty. Asian emerging markets have benefited from progress in trade relations and the resulting favourable macroeconomic effects. In terms of sectors, we continue to favour the growth component in the USA and the financial one in Europe.

Europe

United States



Japan

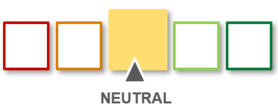


Emerging Markets

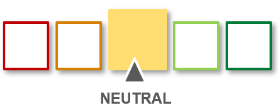
Bond Markets

The bond component maintains exposure to government bonds and a duration substantially in line with the benchmarks. The reduction in tariff tensions with China has allowed the Fed to be more wait-and-see and has shifted its focus towards US fiscal stimulus. In Europe, the macroeconomic backdrop remains less exposed to inflationary pressures and less subject to political risk premiums, with the ECB now appearing closer to the conclusion of its monetary expansion cycle. US rates, once hedged against exchange rate risk, offer a lower yield than European ones; however, in the event of cyclical risks, the Fed has greater room for manoeuvre in the current context. In credit, we continue to prefer higher quality components and financial subordination over high yield. Among emerging market bonds, we favour local currency bonds over hard currency bonds.

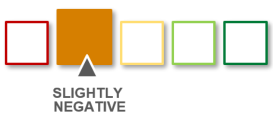
Government



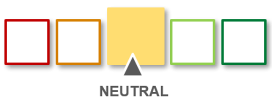
Corporate



High Yield



Emerging Markets

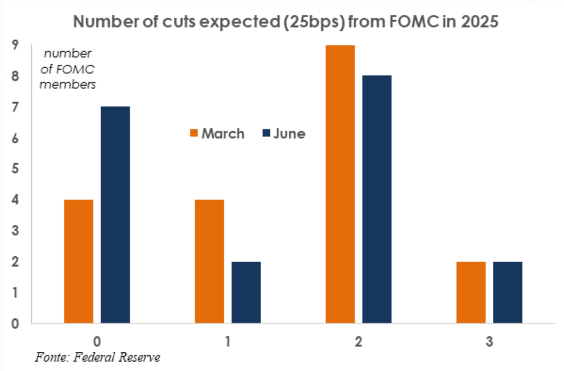


MACROECONOMIC SCENARIO

US: Limited impact of tariffs on goods prices (at least for now)

Inflation data for April and, in particular, May, showed **a rather modest impact for now of the tariff increases decided over the last few months on the final prices of goods**. We have therefore further revised upwards our growth forecasts for 2025, which, however, remain lower than those at the beginning of the year. Labour market conditions also remained quite solid in May. Our scenario continues to contemplate a significant slowdown in growth in the second half of the year, which **the Fed is expected to respond with a rate cut (of 25bps) in September and with another cut in December**. However, there remains a very high risk that the Fed will postpone cuts compared to our baseline scenario.

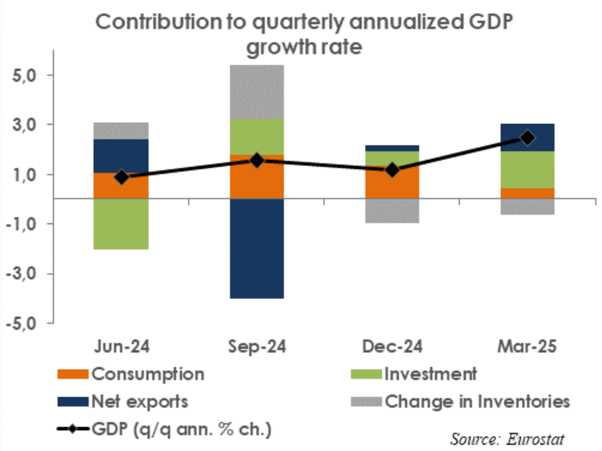
A large number of FOMC members are now in favour of keeping rates unchanged for the rest



Euro Area: On hold

GDP growth in the first quarter has been revised upwards to 2.5% q/q annualised (from 1.3%), due to the advance of exports on fears about the imposition of tariffs on goods to the US. Business confidence remained stable at modest levels in June and **GDP is expected to contract in the second quarter**, due to the correction of net exports. Inflation is slowing in line with expectations and fell to 1.9% in May: the recent increase in energy prices caused by the crisis in the Middle East will further anchor inflation at 2% at the end of the year, preventing it from falling to 1.5%, as previously expected. The ECB raised the deposit rate to 2% in June and it now seems **to want to take a pause**, to better evaluate the evolution of the scenario. **We expect a final rate cut at the meeting in September.**

Investment and the external channel supported growth in the first quarter



China: tariffs yes or no?

Economic activity remained robust in May, despite the uncertainty caused by U.S. trade policy. In the second quarter, GDP growth should therefore exceed 5% yoy, in line with our expectations. Growth at the beginning of the year was driven by both consumption, which benefited from the incentives decided by the Government, and exports, which increased before the potential increase in tariffs. **However, these factors could weaken in the second part of the year.** In addition, elements of uncertainty remain, in particular the ongoing crisis in the real estate market and the risk of new tariff increases by the US.

Significant drop in exports to the US due to tariff increases

Fideuram Asset Management Economic Forecast

	GDP			Inflation			Monetary Policy Rate		
	2024	2025*	2026*	2024	2025*	2026*	2024	2025*	2026*
US	2,8	1,7	1,8	3,0	2,9	3,2	4,88	3,88	3,63
Eurozone	0,8	1,0	1,0	2,4	2,0	1,8	3,00	1,75	1,75
Japan	0,2	0,8	0,6	2,7	3,0	2,0	0,25	0,75	1,00
China	5,0	4,5	4,0	0,2	0,3	1,2	1,50	1,20	1,20

Annual average growth, monetary policy rates are end of period. Depo rate for ECB.

** Fideuram Asset Management Forecasts*

FIDEURAM INTESA SANPAOLO PRIVATE BANKING Asset Management

INVESTMENT VIEW

Equity Markets

While we are aware of the risks associated with tariff negotiations, we maintain an overweight position in European markets, which we see supported by an improving earnings path and attractive valuations. The fiscal stimulus supports the industrial sector and, at least in part, reduces the negative impact of tariffs and the appreciation of the euro. Despite the good recent performance, we continue to favour investing in the financial sector, which is characterised by solid fundamentals and high shareholder returns.

Europe

SLIGHTLY POSITIVE

The strength of earnings is confirmed, especially thanks to the contribution of technology, and the prospective support of fiscal policy and deregulation. On the other hand, higher valuations and the perception of a risk premium higher than in the past on US assets make a neutral positioning appropriate, following the rapid recovery of recent weeks. We have repositioned the portfolios more in line with the index structure, thereby increasing exposure to the technology and semiconductor sectors.

United States

NEUTRAL

Compared to Europe and emerging markets, the Japanese market seems less interesting to us due to the expectation of earnings growth and a less brilliant macroeconomic framework. If rising interest rates benefit the financial sector, the high volatility of long-term bonds makes the market vulnerable to the reintroduction of risk premiums. Valuations are overall relatively low, and corporate profitability is improving thanks also to the balance sheet restructuring process.

Japan

NEUTRAL

We maintain our overweight in emerging countries and in particular in the Asian area. The China-US tariffs deal, although temporary, eases pressure on emerging market assets and improves their growth prospects. These developments are also favourable for currencies that do not have to absorb the impact of tariffs and benefit from an improvement in the relative perception of risk. We confirm the overweight on China, due to the government's more supportive stance towards the private sector and the expectation of a more expansionary fiscal policy.

Emerging Markets

SLIGHTLY POSITIVE

Bond Markets

Government

NEUTRAL

We maintain an overall neutral stance towards government bonds. Portfolios still have a marginal preference for intermediate maturities over long ones to limit the effect of the increase in the risk premium along the curve linked to fiscal policy. US rates, once hedged against exchange rate risk, offer a lower yield than European ones; however, in the event of cyclical risks, the Fed has greater room for manoeuvre in the current context.

Corporate

NEUTRAL

The investment grade segment is a relatively attractive tool for obtaining an excess return compared to government bonds, despite spreads being historically compressed and the context still characterised by a certain macroeconomic and political uncertainty. In particular, the European component benefits from the support of German fiscal policy and an overall improving income context. The financial sector continues to be a segment in which we have a favourable view.

High Yield

SLIGHTLY NEGATIVE

The ongoing macroeconomic slowdown, uncertainty stemming from tariff negotiations and market volatility are introducing vulnerabilities into lower-quality corporate bond spreads. Still, default rates are still relatively low, albeit the rise, and we believe they will not increase significantly. We remain underweight, preferring a mix of corporate investment grade credit, financial subordinated debt and equities.

Emerging Markets

NEUTRAL

The currently favourable evolution of relations with China on tariffs leads us to increase exposure to emerging market debt in local currency. The containment of tariff and cyclical risks suggests a stabilisation of currencies and an attractiveness of the carry offered by local debt. We prefer the local component to the hard currency one, due to tight spreads and the ongoing upward pressure on the long-dated part of the US curve.

EQUITY MARKETS

Between Europe and emerging markets, the equity stance is still constructive

The overall equities positioning remains unchanged, maintaining the slightly overweight stance concentrated in Europe and emerging markets, with a focus on the Asian part, and a neutral exposure to the United States.

The context remains characterised by a reduction in the risk of recession, based on overall resilient macroeconomic data and a more constructive negotiating stance on the geopolitical and commercial front. Elements which, taken together, continue to support the choice to maintain an overall moderately positive exposure to the asset class. Historical evidence shows that in the absence of earnings contractions, sharp and lasting corrections are unlikely to occur. In this context, however, the escalation of the conflict between Iran and Israel has introduced a new geopolitical risk factor, fuelling volatility in the most sensitive assets, particularly oil. At present, these events have not structurally altered the market outlook, which remains focused on fundamental variables.

In the United States, earnings growth remains generally favourable, driven largely by the technology sector, which continues to widen its gap with the rest of the index. The strength of this segment is not only linked to the cyclical recovery, but also reflects a structural positioning on long-term performance – particularly related to artificial intelligence – that continues to attract capital. Although earnings continue to show a solid trajectory, much of this optimism already appears to be reflected in prices. The recovery of the S&P 500 has brought the market back to levels that discount very positive conditions. This is associated with signs of rebalancing compared to other geographical areas in terms of flows, after a long period of American exceptionalism.

In Europe, positioning remains overweight. Valuations continue to offer an attractive entry point, particularly compared to the US, even when accounting for sector differences. The downward revisions of earnings appear partly priced in and reflect expected and partly already priced-in cyclical weakness, leaving room for surprises. In this sense, a further element of support is represented by the German fiscal reform, prospectively capable of expanding the relative growth potential of the area.

In emerging markets, attention remains centred on Asia, where the combination of low valuations, improving growth expectations and a more supportive currency environment has revived interest among global investors.

FIDEURAM INTESA SANPAOLO PRIVATE BANKING Asset Management

BOND MARKETS

Focus on intermediate maturities, quality credit and emerging local currency bonds

The bond exposure remains unchanged. We maintain an overall neutral stance on government duration, with a marginal preference for intermediate maturities over the long ends of the curve. The American curve in particular has shown signs of discontinuity in recent months, with the longer end (particularly the 30-year maturity) reflecting the increase in the risk premium related to political uncertainty and fiscal variables. In terms of curve positioning, this evidence makes us prefer intermediate maturities, as they appear more protected from the longer end, which still appears unstable in terms of risk premiums. In Europe, the macroeconomic backdrop remains less exposed to inflationary pressures and less subject to political risk premiums. However, the ECB now seems closer to the conclusion of its monetary expansion cycle.

US rates, once hedged against exchange rate risk, offer a lower yield than European ones; however, in the event of cyclical risks, the Fed has greater room for manoeuvre in the current context.

In the corporate credit sector, we still favour investment grade issuers and bank subordination, which continues to offer an attractive excess return over the government component. The current spread compression, however, leaves limited room for further narrowing, even in the presence of favourable macroeconomic scenarios. It should also be considered that, in this phase, the volatility of government bonds – historically lower than corporate bonds – has largely moderated (and sometimes reversed), making quality corporate bonds a useful tool also with a view to portfolio stabilisation.

On the high yield segment, we remain more cautious: credit quality remains supported by good fundamentals and a contained duration, but the greater sensitivity of these instruments to political and macroeconomic dynamics suggests a prudent approach. In the emerging area, we confirm the strengthening of the exposure in local currency, considered more interesting than the hard currency component. The recent weakness of the dollar – also fuelled by the reopening of a risk premium on US assets – has improved the conditions for a resumption of flows into emerging markets, particularly in Asia. The controlled inflation dynamics and the easing of tariff tensions allow local central banks to maintain a more accommodative stance, favouring the resilience of the bond component in domestic currency.

Finally, we maintain an underweight position on the dollar. The correlation between the interest rate differential and the performance of the US currency has weakened, leaving room for other risk factors, such as that linked to the fiscal issue and more generally to a sort of reintroduction of risk premiums for American assets.

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FIDEURAM INTESA SANPAOLO PRIVATE BANKING Asset Management

Fideuram Intesa Sanpaolo Private Banking Asset Management SGR S.p.A.

Via Melchiorre Gioia 22, 20124 Milano
Phone +39 02 725071 – Fax 02 72507626
www.fideuramispbsgr.it

Group company of INTESA SANPAOLO