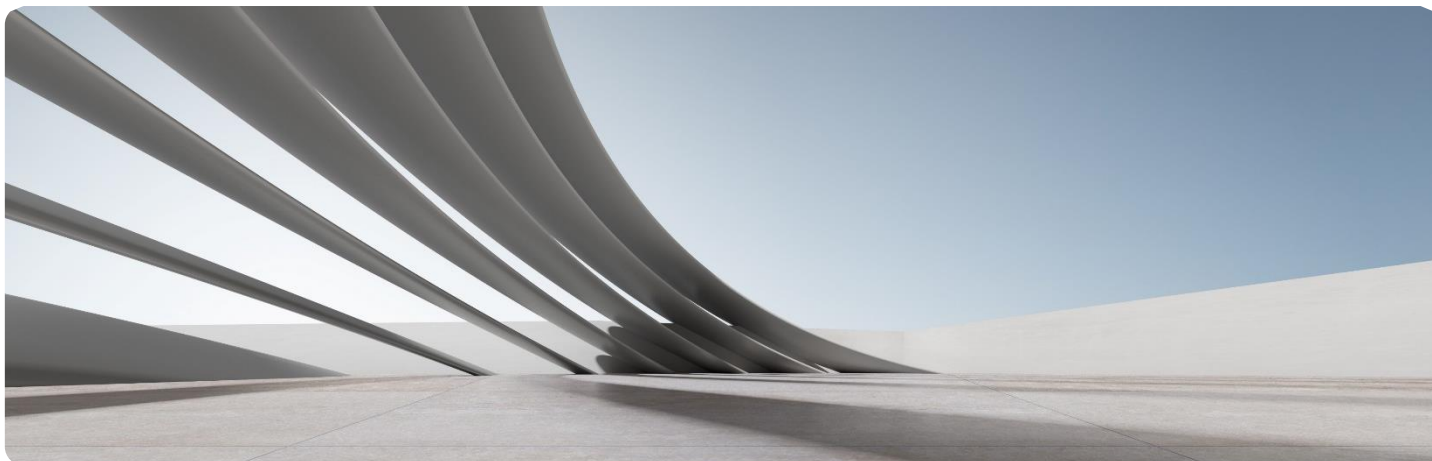


Trade deals provide visibility, though not all answers yet

- After Japan last week, the EU reached an agreement with the US on tariffs, with 15% being the number
- This combined with reassuring activity data and a strong start to the US earnings season for a positive week
- Visibility improves, but the impact remains to be seen. Our weekly publication will pause in August



Negotiating major bilateral trade agreements in a matter of weeks seemed impossible. Yet, heavyweights Japan and the EU just joined the list of now 8 countries that announced a deal with the US administration on tariffs. Both agreements show a lot of similarities: a 15% base rate on pretty much all exports to the US, including autos, and 0% the other way. Both Japan and the EU also committed to open their markets to more US goods, increase their imports, and even invest hundreds of billions in America. Time will tell whether these deals are good or not, and for whom. Still, it could have been worse and it removes uncertainty for markets.

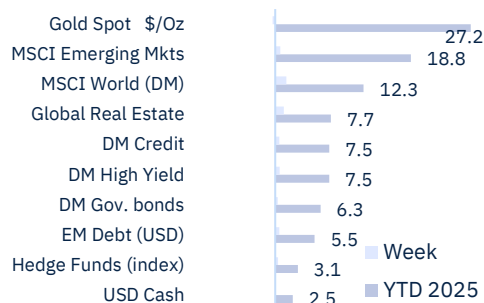
Last week was eventful on all fronts. Starting with the top down, flash PMIs were reassuring overall and suggested a strong consumption in the US, where the weekly jobless claims also came out, again, lower than forecast. This cemented expectations for no imminent rate cut from the Fed, and future markets are now only pricing in 40 basis points of easing for the year. The ECB confirmed our expectation for a pause, while the central bank of Türkiye cut rates by 300 basis points.

Turning to the bottom-up, the earnings season had a strong start in the US with 84% of the companies exceeding analysts' EPS expectations. Numbers are less bright in Europe, while Asia tech continues to shine. Corporate earnings will continue to abound this week, including US megatech names.

The week ahead will also see policy meetings for the Fed and the BoJ, with no change in rates expected. It will end with the always important US job report on August 1st, which is also a deadline for tariffs for all the countries which have not a specific agreement yet. With China under a temporary truce – which may be extended – and both the EU and Japan having now reached a deal, this is however less important.

As in every year, we will suspend our weekly publication in August. Have a great week, and a great summertime.

Asset Classes USD % total. Return, Week and YTD 2025



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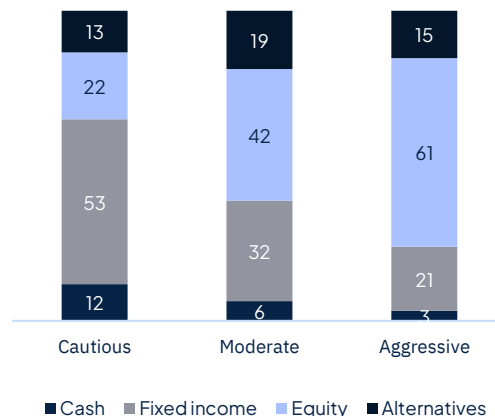
Cross-asset Update

Markets are providing us with contradictory signals, depending on where we look. Global liquidity is rising, lending support to risk assets, and contributing to risk-on sentiment that tends to coincide with dollar weakness. Indeed, global equities are on fire and starting to show certain signs of exuberance. And the dollar has been weakening, though shorter-term it is attempting a rebound despite positive news on the front of trade deals. In turn, business confidence surveys amongst others are pointing to rising inflationary pressures down the road, that would suggest bond investors should remain cautious and require a rising risk premium at the longer end of the Treasury curve. Yet, longer dated Treasury yields are not budging, and are actually showing signs of weakness, with the 10-year yield unable to stay above the 4.4% mark. Different pockets of the market must be looking at different signals, and it is as usual up to the investor to decipher which signals they will have to go by. Will growth be resilient, as highlighted by equity investor's sentiment, or be fading, as per tame bond yields?

Equities have been galvanized by the closing of more trade deals by the US administration, that supported market optimism alongside resilient hard data in the US economy and rising global liquidity. Liquidity has seen favorable trends with a weaker dollar, capped oil prices, and stable yields. Easier financial conditions lead both markets and the economy, so we should be expecting further good news down the road. US yields at the longer-end of the curve on the other hand seem to be more responsive to a weaker US manufacturing sector, that once more dipped in contraction territory as per the July advance survey. It may well be possible that some unexpected weakness in the US economy will be setting in before growth and inflation make a comeback down the road on the back the Big Beautiful Bill as well as from rising Chinese liquidity. The jobs market is all fine on the surface, though its nonfarm payrolls diffusion index, that measures payrolls trends across segments, recently crossed below the 50 threshold-line, so slight in contraction territory. For now, the combination of easing financial conditions and resilient macro data still supports a sort of Goldilocks scenario boosting global equities to new highs. Investor's positioning across the main areas is not yet excessive, so we tend to see room for further upside, in particular in China, where valuations are not as extreme and the authorities have shifted to implementing more market-friendly policies.

Though the summertime tends to be more volatile in markets, concerns about some downside should be reserved for September and October. They tend to be seasonally weaker and at the same time are likely to start to show inflationary pressures from tariffs feeding through data.

Tactical Asset Allocation: Simplified Positioning



TAA – Relative Positioning – Moderate Profile

UW/N/OW: Underweight/Neutral/Overweight

	UW	N	OW
Cash			>
DM Gov.			>>
DM Credit		=	
DM H. Yield		=	
EM Debt		=	
DM Equity	<		
EM Equity			>
Gold			>
Hedge Funds	<<<		
Real Estate		=	

Fixed Income Update

US Treasury yields ended slightly lower last week, with the 10-year yield down 3 basis points to around 4.37%. The 2s10s yield curve flattened by 8 basis points, mainly after President Trump softened his tone on Fed Chair Powell, which calmed markets and stalled the recent steepening. Strong demand in the 20-year bond auction also supported the long end of the curve. Even though US economic data—like services PMI and new orders—remains strong, markets still expect the Fed to start cutting rates in the second half of the year. Globally, the ECB kept rates unchanged and highlighted uncertainty from tariffs, while the BOJ meeting this week could give more clarity on Japan's policy stance. Investors are now focused on the Fed's policy decision on Wednesday and the US jobs report on Friday, both of which could shift rate expectations again.

Market mood improved as more trade deals were finalized, lowering one of the key risks for markets. The US and EU agreed on a 15% tariff deal over the weekend, following similar agreements with Japan, Indonesia, and the Philippines. These deals mean that markets no longer fear the extreme tariff scenarios that were discussed earlier this year. In the US, business confidence and services activity remain strong, while manufacturing is still weak but stable. Durable goods orders fell, but less than expected, and forward indicators still point to healthy Q3 growth. Inflation pressures are mild but present, especially in services where companies are passing on higher costs to consumers. This mix of strong growth and sticky prices makes the Fed's job tricky, as there is no clear reason to cut rates quickly, but markets still expect some easing later this year.

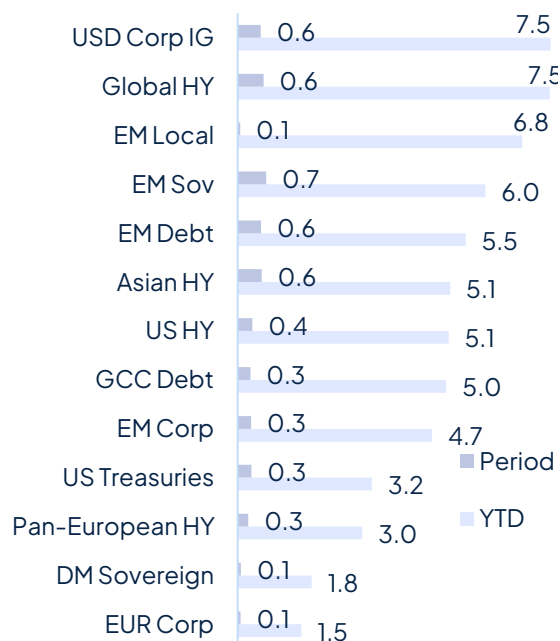
Emerging market high-yield spreads tightened last week, reflecting improved sentiment and a stronger appetite for risk. The announcement of multiple US trade deals, including agreements with Japan, the EU, and others, helped reduce one of the key macro uncertainties that had been weighing on markets. This, combined with solid US economic data and a broadly positive start to the earnings season, lifted overall confidence. The low-volatility environment added to the supportive backdrop, helping spreads tighten even as all-in yields moved slightly lower. While the tone remains constructive, spreads are now near historically tight levels, meaning that any unexpected policy shift, earnings miss, or inflation surprise could lead to quick repricing. Credit markets are stable, but increasingly sensitive to changes in sentiment.

In the GCC, Arada Developments today is launching a new \$450 million 5-year senior unsecured sukuk with IPTs at 7.625–7.75% range. Arada, established in 2017, is a Sharjah-based master developer, 60% indirectly owned by HRH Khalid Bin Alwaleed Bin Talal through CORP KBW Investments and 40% indirectly by HH Sultan bin Ahmed Al Qasimi through Basma Group. The company has built a strong market position in Sharjah's off-plan property segment, supported by solid backing from the Government of Sharjah.

Fixed Income Key Convictions

DEVELOPED MARKETS
Overall overweight DM FI
OW Government Bonds
Neutral corporate (IG & HY)
EMERGING MARKETS
Neutral EM Debt
Favor quality and selectivity
Including in GCC

Fixed Income Sub Asset Class Returns (US\$ TR, YTD, Last Week)



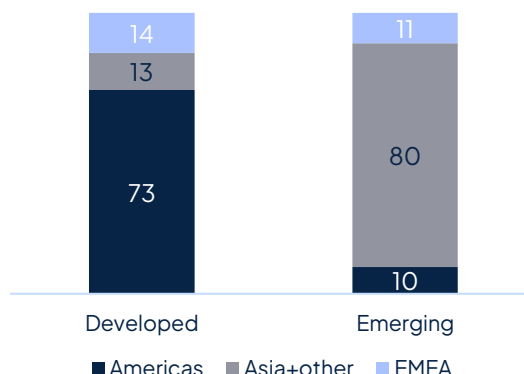
Equity Update

Equity markets carried their momentum into last week, powered by strong results from major tech players, an upswing in Asian equities, and early signs of stabilization in China. The MSCI ACWI rose 1.4%, lifted by a 1.5% gain in developed markets and a 0.7% advance across emerging markets. A steady flow of earnings and renewed sector rotation helped shift sentiment, with capital re-engaging across regions. In the U.S., the S&P 500 climbed 1.5%, closing at new highs. Alphabet took center stage early in the week. Its earnings beat, driven by strength in cloud and YouTube, was accompanied by a sharp increase in capital expenditure guidance to \$85 billion for 2025. That announcement set a fresh tone across AI-linked stocks. Alphabet's outlook became a benchmark for gauging the scale and urgency of AI infrastructure investment. Tesla slipped after delivering results that revealed margin compression and little detail on xAI initiatives. Industrials and materials delivered steady earnings, and selected consumer names showed resilience. With around one-third of S&P 500 companies having reported Q2 results, the tone so far has been mixed. Approximately 80% have exceeded both earnings and revenue expectations, a strong showing relative to history, though the scale of beats has been more modest. That sets the stage for a critical week ahead.

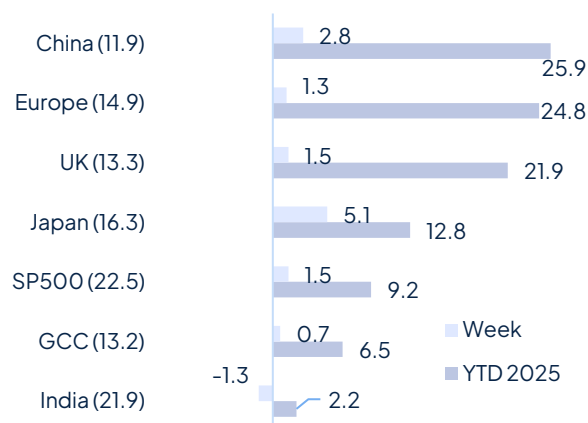
Within Europe, the MSCI Europe Index added 0.6%, with gains led by autos and luxury. Volkswagen and BMW advanced after markets interpreted progress in U.S.-Japan trade discussions as a sign that global tariff tensions could ease. LVMH and Kering rebounded following earnings that, while soft in headline terms, hinted at stabilizing demand from China. Still, broader market strength was capped by earnings misses from SAP and ASMI, which delivered weaker results and issued conservative guidance. Asia posted the week's strongest gains. Japan's TOPIX jumped 4.1%, closing at record highs as money flowed into banks, exporters, and industrials. Corporate guidance remained supportive and recent trade agreements added clarity for export-facing sectors. A steady yen and calm inflation backdrop added tailwinds, allowing markets to focus squarely on earnings momentum and capital deployment. In China, the mood turned more optimistic. The MSCI China Index climbed 2.9% as tech and property stocks rallied. Trading activity picked up sharply, with margin financing rising and retail participation growing. Hong Kong tech listings outperformed, helping drive the Hang Seng Tech Index to its best weekly performance this year.

This week, 164 S&P 500 companies are scheduled to report. Big Tech will remain in the spotlight as Meta, Microsoft, Apple, and Amazon release their results. Markets will be watching closely for updates on cloud growth, capex signals, and AI monetization strategy. Beyond tech, results from Visa, Mastercard, Boeing, UPS, and Procter & Gamble will offer insight into consumer strength, logistics demand, and cross-sector momentum. With equity indices hovering near record levels, the quality of delivery and tone of forward guidance will help determine whether this rally continues or begins to narrow. For now, momentum holds, but the next stretch of results will carry more weight. Markets have priced in strength. This week, companies will need to deliver it.

Equity Recommended Regional Positioning

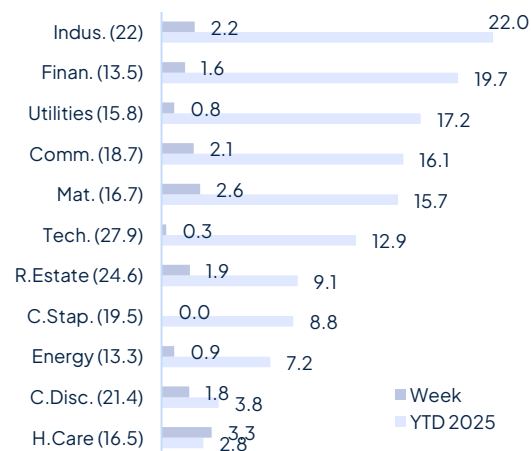


Major Indices Performance (TR, US\$), P/E in brackets



Source: Bloomberg consensus. MSCI Indices unless specified.

Global Sector Performance (TR, US\$), P/E in brackets



Source: Bloomberg consensus. MSCI All Country World sectors US\$.

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