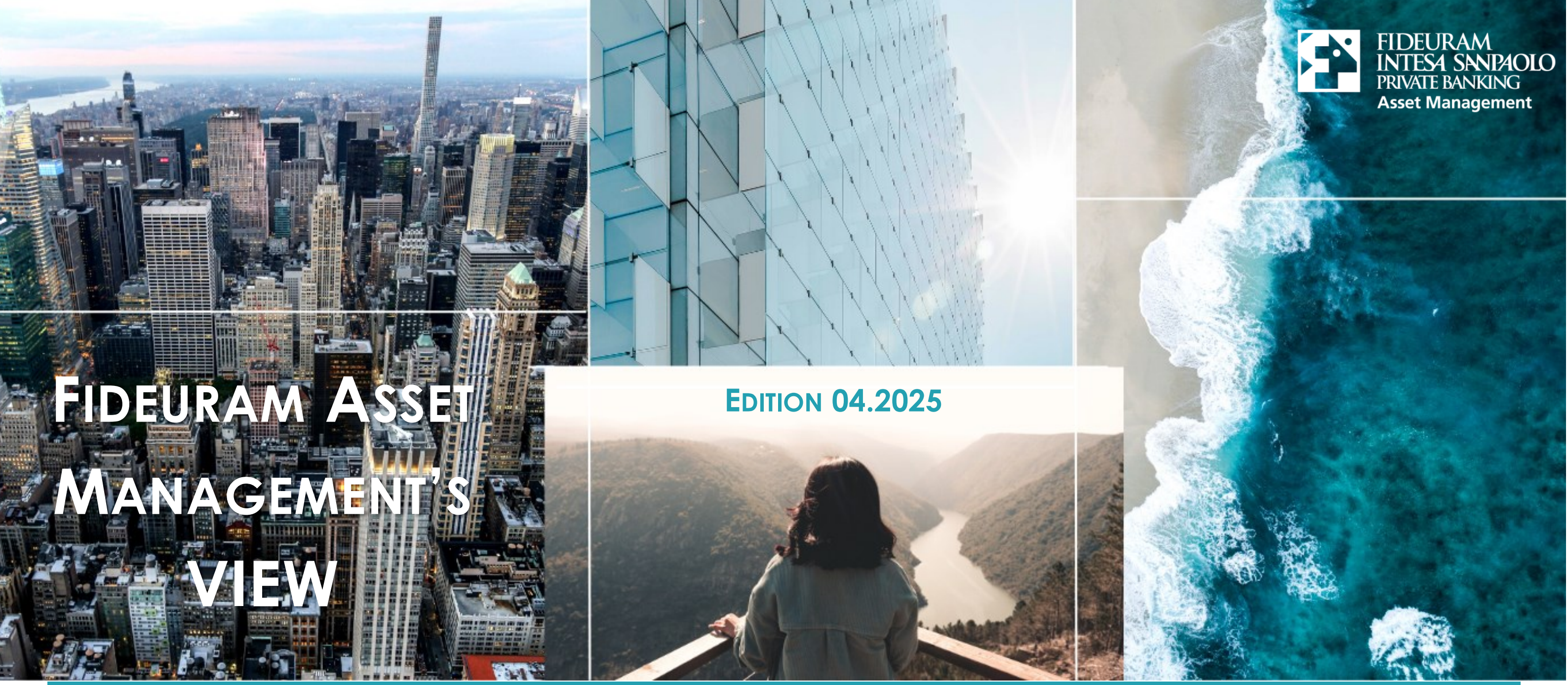
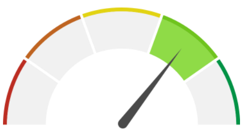


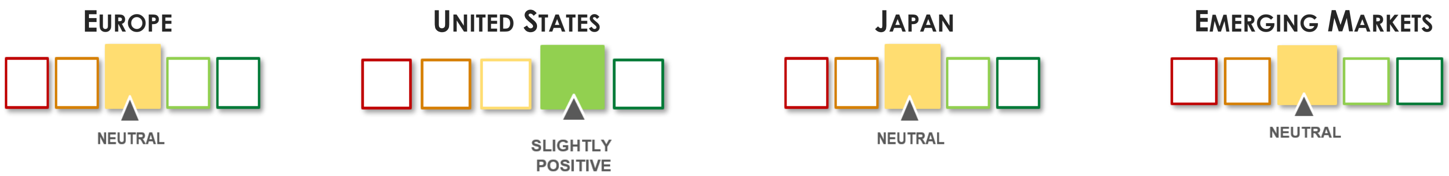

# Macroeconomic Scenario

The tariffs announced by the Trump Administration on 2 April (and effective from 9 April) were much stronger than expected and generated significant turbulence in the markets, linked to the risk of a severe slowdown in the global economy, which led the Administration to decide, a few hours after the entry into force of the "reciprocal" tariffs, to suspend their application for 90 days, although it should be noted that the "universal" tariff of 10% was not suspended and the tariffs against China now even exceed 120%. The level of uncertainty remains very high. In addition to the direct impact of the tariffs, it should still have a negative impact on economic growth in the short term (and an upward impact in the case of US inflation). We confirm our expectations of further cuts by the Fed and ECB in the coming months.

# Equity Markets

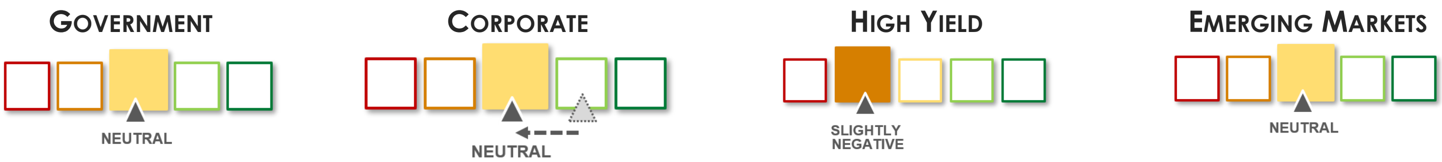


The introduction of the new US tariff system has led to a rapid and deep correction in global equity markets. In this context, our initial equity positioning between neutral and slight overweight left us room to take advantage of this strong downward movement of the indices to initiate a slow but progressive increase in equity exposure. We thought there were opportunities for negotiation for some Asian countries and expected pressures from the US capitalist establishment, and recently, a moratorium with a universal tariff of 10% has been approved, excluding China. We aim to increase our exposure to both the US and Europe, as well as to China in the emerging markets, but generally without any significant differences between the main markets. The US and China are economies from which we also expect fiscal stimulus to mitigate the impact of tariffs, while Europe, which has already announced a significant fiscal expansion in Germany, has lower valuations compared to the US. From a sector perspective, we favour growth in the US (including technology) over more cyclical equities due to better earnings visibility, and financials in Europe, but we have no deep sector bets at this stage.




# Bond Markets

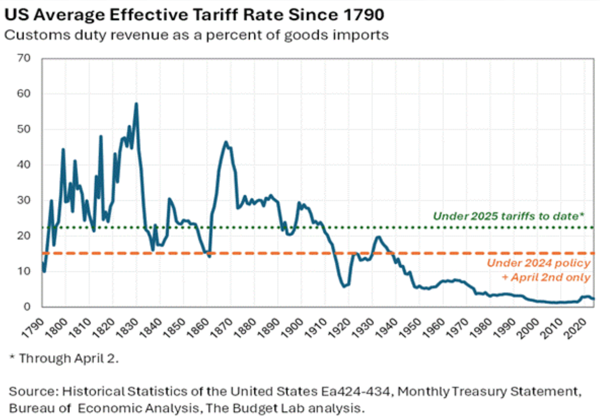
The bond component of the portfolios has a duration largely aligned with the benchmarks. We are neutral on government bonds, given their diversification benefits in this period of heightened volatility and potential central bank support in the event of cyclical weakness. We have some additional doubts about the ability of government bonds to effectively hedge equity risk in the presence of fiscal stimulus to mitigate the impact of tariffs, and we prefer the European component due to the greater visibility of the ECB's behaviour compared to US bonds. While in credit we confirm our preference for higher quality (corporate investment grade and financial subordinated bonds) over high yield and emerging markets, we have reduced the weight of our investment to finance the gradual increase in equities. Spreads are still relatively low, which makes credit slower in periods of market recovery and/or less defensive in the event of a further increase in risk. We confirm our limited exposure to the riskier segments of credit, particularly to high yield.



## US: Tariffs and confusion for all

**The tariffs announced by President Trump on 2 April were much heavier than expected**, with a "universal" tariff of 10% and very high tariffs in the case of Asia. However, the Administration had to suspend the application of the "reciprocal" tariffs just a few hours after they came into effect (except for China). Despite the suspension, **a negative impact on the economy in the short term seems likely** and the situation still appears fluid. Inflation, particularly *core* inflation, is expected to rise, interrupting the decline towards the 2% target, and the negative impact on households' real disposable income, combined with the effect of uncertainty, is expected to cause an economic slowdown in the short term. Despite the increase in inflation, **we confirm the expectation of further Fed cuts in the coming months**.

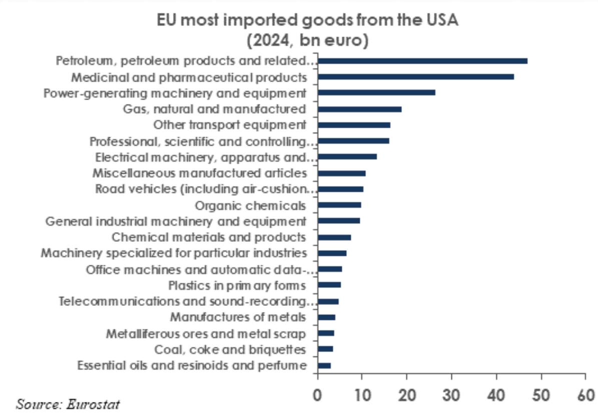
**The average tariff on imports has returned to the levels of the early 1900s.**




## Euro Area: a return to the past with trade tariffs

**The Trump administration opted to impose 20% tariffs on all EU imports, which were later adjusted to 10% on 9 April,** alongside the previously announced 25% for cars. **The negative impact on growth is anticipated to be substantial** and to offset the positive effect of Germany's fiscal turnaround in the short term. GDP growth is anticipated to stay stagnant from the second quarter through to the year's end, with downside risks continuing to dominate due to uncertainty, undecided tariffs for the pharmaceutical sector, and threats to global growth. In the absence of significant European retaliatory measures, inflation is set to fall further due to the impact of a stronger euro and the reduction in domestic demand and exports. We anticipate that **the ECB will keep reducing rates in both April and June**.

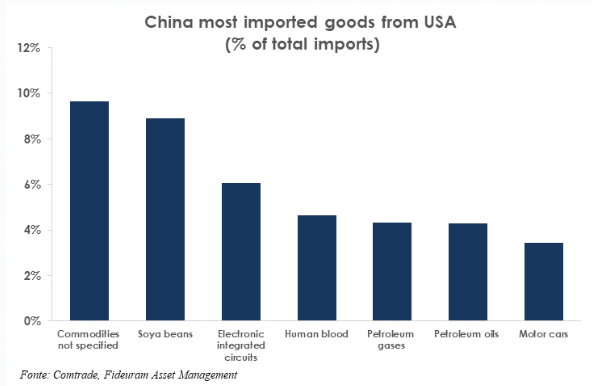
**The Commission could decide on retaliatory tariffs on goods that the EU imports from the United States.**




## China: escalation of the trade war

Starting from 2 April, there has been an unprecedented *escalation* in the trade war between the US and China, which has so far led to an overall increase in tariffs on all Chinese exports to the USA to 145%. Unlike other countries, **China has indeed decided to respond to the decisions of the US administration by** imposing tariffs on imports from the US, bringing the average tariff to 84%**.** The actions taken by the two governments have exceeded the most extreme expectations, and **the adverse effect on China's growth, though challenging to quantify accurately, will undoubtedly be substantial** and only partially offset by fiscal policy measures. The risks to our expectations are decidedly to the downside.

**China's ability to replace goods imported from the USA in the short term is rather limited.**




## Fideuram Asset Management Economic Forecast

| | GDP | | | Inflation | | | Monetary Policy Rate | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2024 | 2025* | 2026* | 2024 | 2025* | 2026* | 2024 | 2025* | 2026* |
| US | 2,8 | 1,3 | 1,8 | 3,0 | 3,3 | 3,4 | 4,38 | 3,63 | 3,63 |
| Eurozone | 0,8 | 0,7 | 1,0 | 2,4 | 2,2 | 2,0 | 3,00 | 1,75 | 2,00 |
| Japan | 0,1 | 1,0 | 0,6 | 2,7 | 2,8 | 1,9 | 0,25 | 0,75 | 1,00 |
| China | 5,0 | 4,2 | 3,8 | 0,2 | 0,4 | 1,2 | 2,00 | 1,70 | 1,70 |

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

** Fideuram Asset Management Forecasts*

INVESTMENT VIEW

## Equity Markets

The negative impact of tariffs dilutes the positive impact of German fiscal stimulus. Nevertheless, European market valuations are relatively low and while expected earnings growth is not brilliant, for some sectors/market components it is supported by expansionary fiscal policy. We expect the ECB to continue on its rate-cutting path, especially as the macroeconomic environment becomes more challenging for issues related to international trade. We remain positive on the financial sector, even after the recent decline.

The significant volatility and changes in the tariff environment increase the uncertainty in analysing valuations and earnings. However, we believe that just below 5000 points, the S&P reflects a zeroing of earnings growth expectations for this year. While the market isn't trading at recession-level valuations, the multiples are still more aligned with a weaker macroeconomic scenario due to the tariffs. At the sectoral level, the situation's development marginally benefits growth components (including technology) over the more cyclical sectors, leading to an exposure more closely aligned with the overall index composition.

The imposition of tariffs is also having a negative impact on the Japanese market, despite favourable domestic macroeconomic developments, which are complicating the BoJ's path towards normalising interest rates. We remain neutral because market valuations are relatively low and the downward movement has been significant. At its core, the enhancement in corporate profitability persists due to the impact of balance sheet restructuring, though in the short term, profit growth is less strong.

Overall, we are neutral on emerging market equities due to the impact of US trade policy. Lower interest rates and a weak dollar are supportive elements. However, the impact of tariffs on the macroeconomic picture and local currencies limits our interest in emerging markets. However, within this area, we have an overweight position in China, where we believe there could be a fiscal response to mitigate the negative impact of the trade war and a more supportive government stance towards the private sector, particularly technology.

### Europe
NEUTRAL

### United States
SLIGHTLY POSITIVE

### Japan
NEUTRAL

### Emerging Markets
NEUTRAL

## Bond Markets

### Government
NEUTRAL

We are neutral on government bonds, given their diversification benefits in this period of heightened volatility and potential central bank support in the event of cyclical weakness. We have some additional doubts about the ability of government bonds to effectively hedge equity risk in the presence of fiscal stimulus to mitigate the impact of tariffs, and we prefer the European component due to the greater visibility of the ECB's behaviour compared to US bonds.

### Corporate
NEUTRAL

We are lowering the allocation of corporate bonds to neutral to support the gradual rise in equity exposure. The mix of spread and duration makes the asset class slower in a recovery phase of risky assets. Investment grade credit remains our favoured segment within the corporate credit sector, particularly the European portion, supported by Germany's declared fiscal stimulus. However, we maintain our expectation of an excess return over government bonds in the medium term.

### High Yield
SLIGHTLY NEGATIVE

The phase of market volatility and correction also weighs on the spreads of lower-quality corporate bonds. Default rates remain relatively low, despite rising, but increased volatility is not beneficial to the asset class, particularly with spreads that have not yet fully priced in the higher cyclical risks. We continue to be underweight, favouring a mix of investment grade corporate credit, financial subordinated bonds, and equities.

### Emerging Markets
NEUTRAL

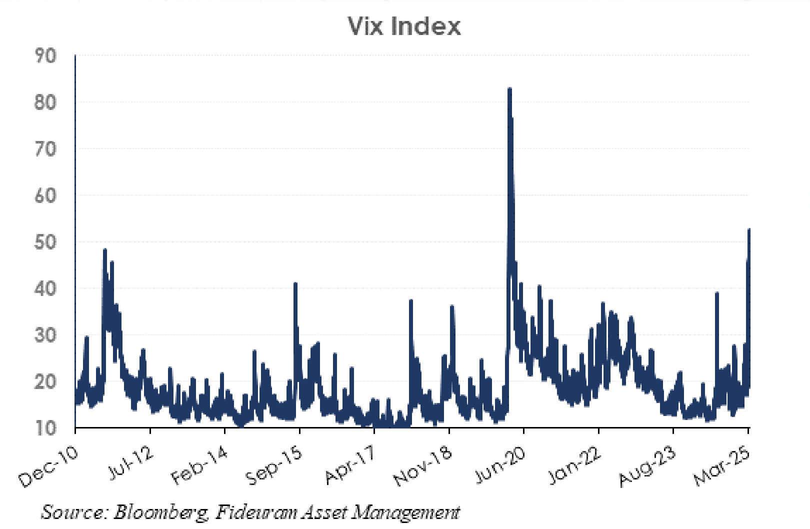
In general, we maintain a degree of caution about the more volatile and lower quality components of the bond segment. Emerging market bonds, particularly those denominated in local currency, offer a relatively attractive carry, and this is the reason for the neutral position. However, uncertainty on the political and currency fronts due to the impact of trade tariffs tempers our enthusiasm. On a side note, we are also reducing emerging market debt to finance the gradual purchase of equities.

EQUITY MARKETS

# EQUITY MARKETS INFLUENCED BY TARIFFS

The method and extent of the tariff system implemented by the Trump administration caused a significant reaction from the equity markets, which fell dramatically. While short-term volatility is expected to stay high and the macroeconomic impact could be severe, we think there might be some mitigating effects in the long run. Among these, we had identified negotiating opportunities for some Asian countries and predictable pressures from the US capitalist establishment, elements that we believe may have had an impact on the softening that occurred in the last few hours regarding a moratorium with a universal tariff of 10%, except for China.

**Market volatility has reached extremely high levels, surpassed only by the financial crisis and COVID.**



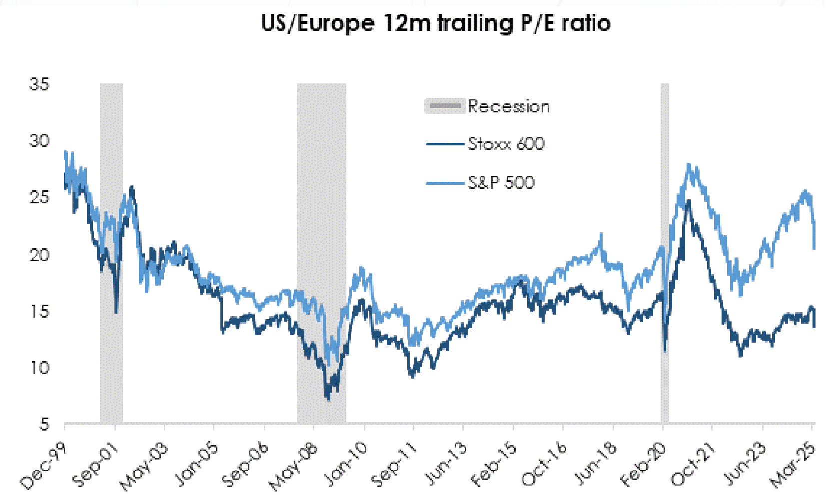

*Source: Bloomberg, Fideuram Asset Management*

The current underlying macroeconomic environment implies a significant negative impact on growth, but not necessarily a recessionary context, and therefore we believe it is appropriate to use the correction to initiate a phase of gradual increase in equity investment. If the volatility of the last few days and the speed with which the market has fallen suggest a gradual approach to buying, the size of the correction suggests that we should continue to buy equities. This would be even more the case if the market were to fall further.

Regarding geographical exposure, we are increasing equity exposure towards the United States and Europe, as well as China among the emerging markets.

From a sectoral point of view, we do not have very deep bets at this stage, but the evolution of things is slightly more favourable for the growth component in the US (including technology) than for the more cyclical one, given the greater visibility of earnings.

**In Europe, valuations are already quite low.**




*Source: LSEG, MSCI, Fideuram Asset Management*

In Europe, valuations were already relatively low before the correction, and the recent declines have brought them closer to levels consistent with a phase of cyclical weakness. The earnings growth forecast for 2025 is more modest compared to the US, but the monetary support from the ECB and the limited room for further contractions in multiples strengthen the idea of a path of gradual accumulation.

We remain neutral on Japan, as the halt in earnings improvement, internal political tensions, and the yen's appreciation restrict short-term visibility. Even in this case, any negotiation spaces could reopen more constructive scenarios, but for now the wait-and-see attitude prevails.

In emerging markets, we keep a generally neutral position, but we increase our preference for China. The country shows reduced direct exposure to the US market (limited international revenue), increased capacity for fiscal incentives, and renewed political backing for the private sector and technological innovation. On the contrary, other Asian countries, more vulnerable to global supply chains and export flows, show more uncertain prospects.



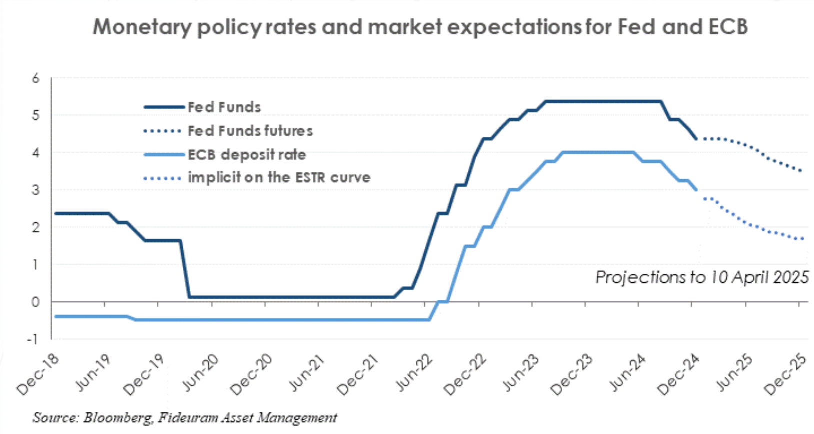
FIDEURAM INTESA SANPAOLO PRIVATE BANKING Asset Management

BOND MARKETS

## WE ADJUST THE EXPOSURE TO HIGH-QUALITY CREDIT BACK TO NEUTRAL.

The bond component of the portfolios has a duration that is substantially in line with that of the benchmarks, but lower than in the recent past due to the reduction of the weight of higher quality corporate credit (corporate investment grade and financial subordinated bonds) to neutral.

**The trajectory of interest rate reductions seems clearer in the Euro Area.**




*Source: Bloomberg, Fideuram Asset Management*

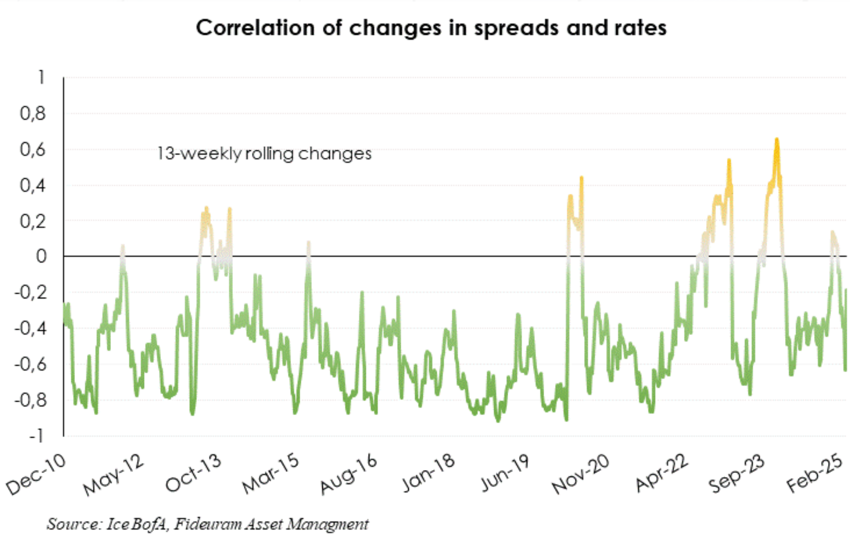
Although less exposed to volatility than the more speculative component, the investment grade spreads, especially on the more cyclical components, still do not seem to reflect the greater economic risks. Moreover, the decorrelation between the two components (base rate and spread), which helps to stabilise returns in periods of normal volatility, seems to us to be a less efficient solution than pure risk and duration exposure in the current scenario.

We are neutral on government bonds, but we prefer European ones, given that the ECB's move to reduce interest rates seems clearer.

The German fiscal stimulus prompts us to be cautious about the longer-term segments of the curve. We expect peripheral spreads to be more volatile in this more complex phase of the markets and we are not overweight in this area, but in the short-to-medium term they remain a good source of carry.

In the United States, US Treasuries have shown significant volatility due to a context complicated by political factors and risk premiums. Consequently, the protective function of US Treasuries is less linear. In general, although the current level of rates does not price in a recession, we still tend to avoid very long maturities, also considering the possibility of fiscal stimulus to mitigate the impact of tariffs.

**The mix of spread and duration makes the asset class slower in recovery phases and less defensive in the event of increased risks.**




*Source: Ice BofA, Fideuram Asset Managment*

In keeping with the previous approach, we maintain a certain degree of caution on the more volatile and lower quality components of the bond segment.

We remain underweight on high yield, believing that, even following the recent widenings, spreads have not yet fully priced in the changed scenario of increased volatility and cyclical risks. The liquidity of the asset class is another element of caution, which makes it less effective in mixed and polarised scenarios like the current ones, resulting in slower recovery phases and being less defensive in phases of cyclical resilience risk. Finally, regarding emerging market debt, the announcements of 2 April leave considerable uncertainty about the macroeconomic outlook, both domestically and for the key trading partner, the US. We remain neutral on the asset class, considering that the overall aggregate is still exposed to short-term volatility and varied dynamics across different countries, in both the local and hard currency components. We prefer to use credit to finance gradual purchases in the equity component, which shows greater directionality during recovery periods.

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