Investment strategy Q3 2025

Multi-Asset Strategies

30.06.2025

Summary: upside and downside risks are balanced

Macro: In the US, expectations point to a wide base slowdown in economic growth this year and next, to around a below-potential 1.5% rate. The tariff war is taking it's toll through rising uncertainty on investments and consumption. In the Eurozone tariff war could slow down YoY growth to around 0.5%. Full year growth could be just below 1%. The inflation outlook is on target in Europe and above target in the US, where it is also rising. Upside risks are present due to oil prices, geopolitics, tight labour markets and loose fiscal policies. The priced in USD rate trajectory is far from a done deal, for the two cuts this year, recession pressures should get stronger. In Europe, fiscal spending could drive yields further up. In Hungary we revised down our 2025 GDP growth forecast from 2% to 0.6%, inflation can be around 4.5%. In the summer, we expect pro-HUF forces could remain strong. The carry will be kept at high levels, and we do not expect any policy shift. Regarding the long end of the yield curve, we suggest a cautious approach.

Equities: Although tougher-than-expected tariff announcements in April caused a significant decline in global stock markets, it soon became clear that the pain threshold was not so far away, where US policymakers started to refine their approach. Stock markets recovered in a V-shaped way, and now again have above-average valuation, with supportive but weakening profit growth. The positioning is neutral, with upside and downside risks balancing each other. The US growth advantage over the rest of the world is diminishing, but fiscal policy has remained expansionary, so the risk of recession is low. Europe is cheaper, but the repricing may be hampered by US trade negotiations, stronger euro, lagging profit growth, and falling behind in the AI race. EM's recent tailwinds may weaken, but CEE is still cheap enough to hold our overweighted recommendation.

Bonds: The growth-slowing effects of tariffs and the growth-stimulating loose fiscal policies may influence inflation risks and central bank policy options differently across regions. Due to significant politically driven uncertainties, it is worth maintaining neutral bond exposure, favoring short/medium maturities.

Commodities: The number of sectors that have performed well this year has clearly widened. However, economic uncertainties have not yet disappeared, so the commodity rally looks somewhat fragile and some caution may be warranted, selective exposure is recommended (e.g. we still favour gold, copper, uranium).

	Underweight ←		Neutral	→ Overweight	
Asset Class					
Equities					
Bonds					
Commodities					
Cash					
Equities - regions					
US					
Europe					
Emerging markets					
CEE					

6-12-month market perspective, rebalancing quarterly

The most favoured investment topics:

Technology

Utilities

Miners

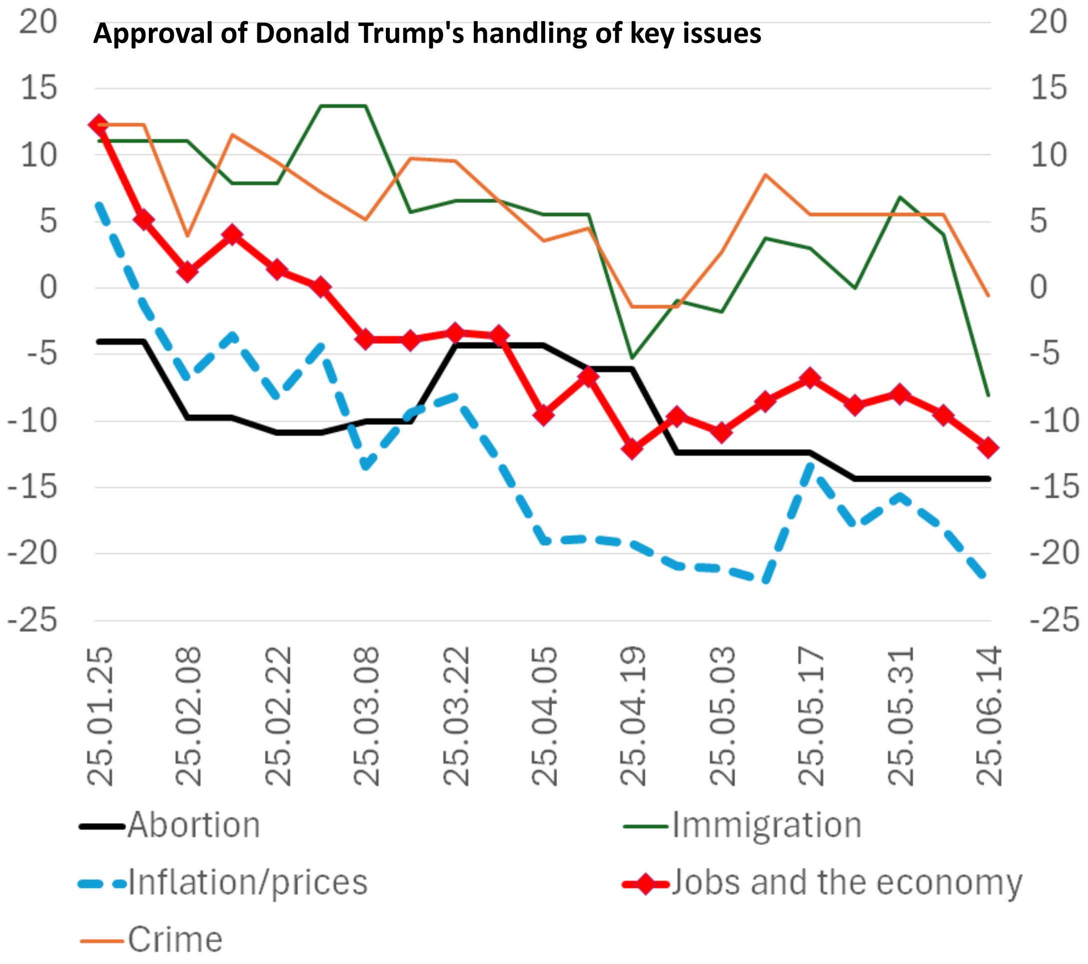
Gold

Japan

LatAm

Poland

The US administration drifted further from their objectives



Targets

- Reindustrialization (defense suppliers) ?
- Weaker USD ✓
- Lower bond yields ✗
- Lower oil prices ✗
- Fiscal:
  - Lower deficit ✗ ✗
  - Slower rise in debt ✗ ✗
  - higher tariff revenues ✓
  - lower primary exp. ✗
  - lower interest exp. ✗

Consequences

- Targets out of reach
- Global reserve currency role of the USD shaken
- Fiscal sustainability in spotlight
- Mid-term elections are approaching with deteriorating approval
- Allies confused
- New Fed governor to be named soon
- A clear direction should be chosen ASAP

Source: Bloomberg, OTP Research

US growth will slow down due to the trade war

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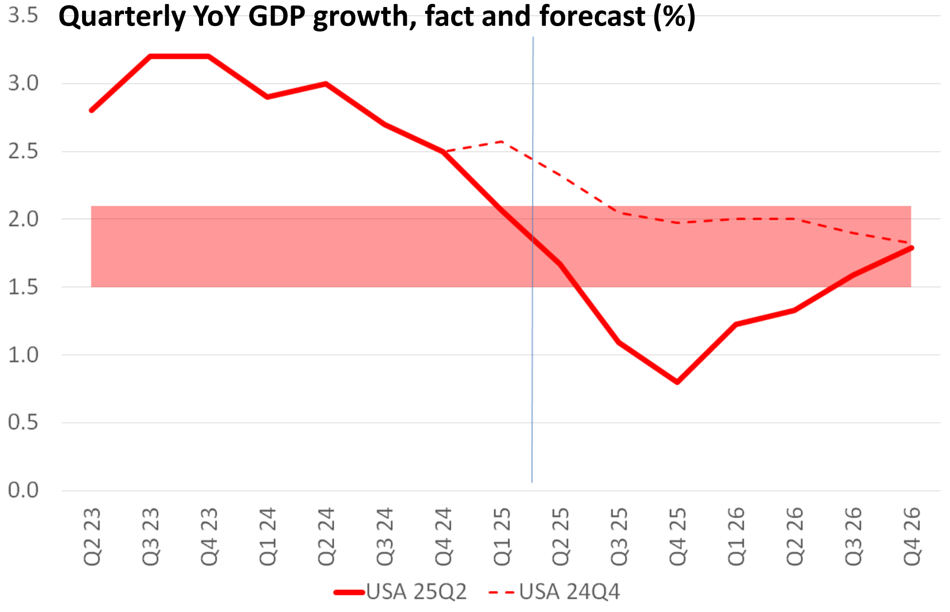

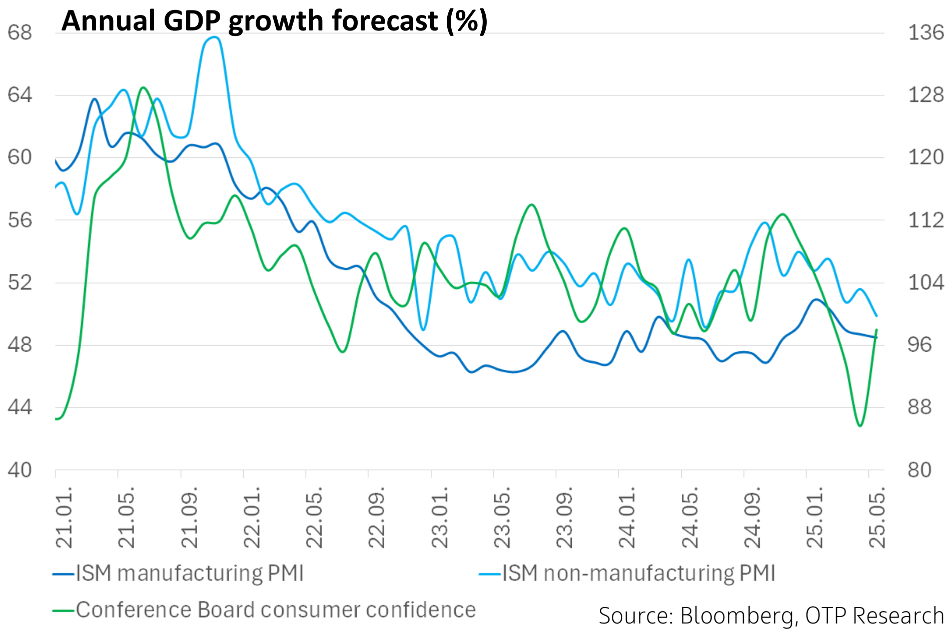

Source: Bloomberg, OTP Research

After a temporary slowdown the economy reaccelerated in Q2, however mid-term growth engines could also loose steam

- Q1: after two years of surprisingly high, close to 3% growth the tariff war made the US economy to stumble in Q1, mainly on net exports, but consumption also slowed down
- Q2: The economy reaccelerated in Q2, the SAAR GDP growth rate looks to be around 2-3%, and it's structure is more-or-less balanced. However, consumption growth looks to remain weaker, than in 2024, while residential investment and inventories remained a drag on growth.
- 2025/2026: Expectations points to a wide base slowdown in economic growth this year and next, to around a below-potential 1.5% rate. The tariff war is taking it's toll through rising uncertainty on investments and consumption. With the retreat from higher tariffs a few business confidence indicators bounced back from their previous lows, but their level remained subdued, suggesting sluggish investment activity ahead. Consumption will most likely slow down as the gradual cooldown on the labor market went on, weekly jobless claims and unemployment rate rose, payroll figures and consumer confidence fell, while inflation expectations stuck at high levels.
- Risks are balanced: the strong underlying growth from AI and IT could cause a positive surprise, while a more rigorous tariff-policy to reach the original targets of the new administration could not be ruled out. Recession probabilities rose this year from an already above normal 25% to a high, but not alarming 40%.

Eurozone: weak recovery messed up by the trade war this year

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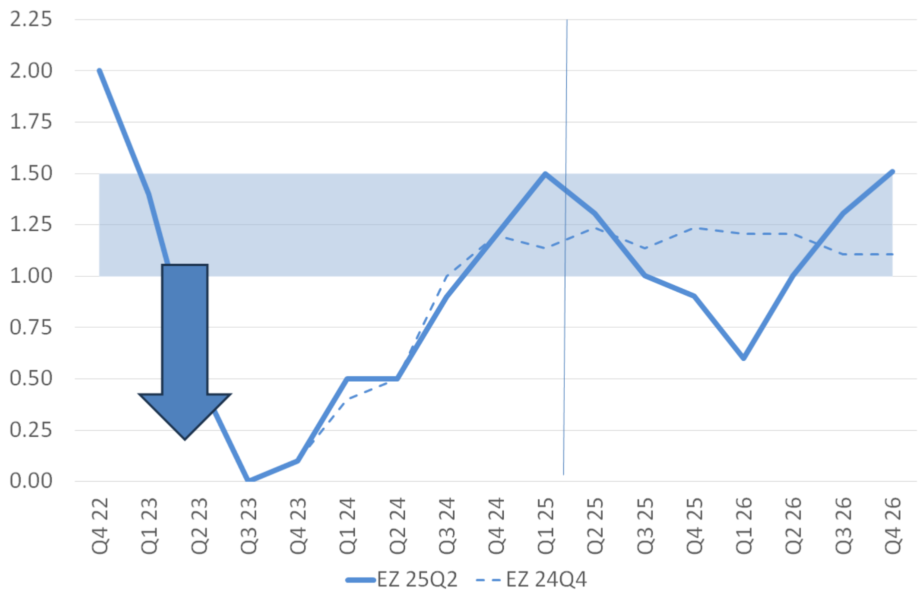
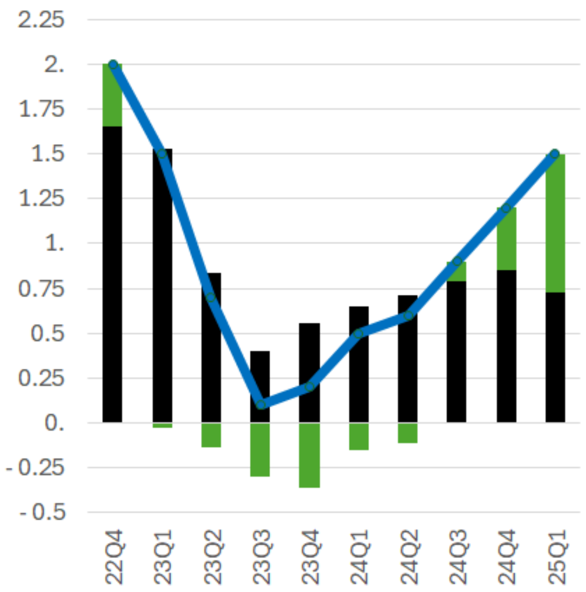
Quarterly YoY GDP growth, Eurozone

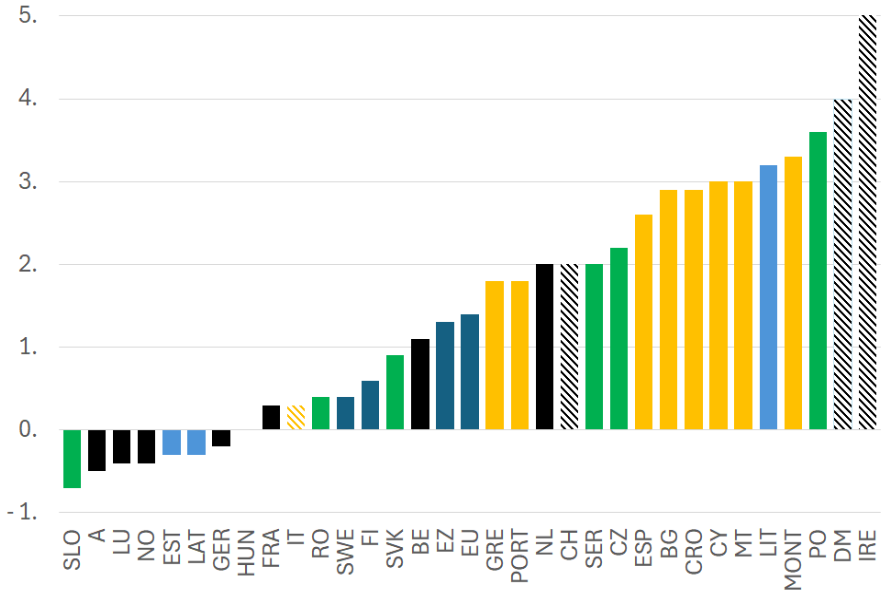


Quarterly YoY GDP growth, Eurozone

Irish contribution, EZ w/o Ireland (%)



GDP growth in Europe by countries (Q2; YoY, %)



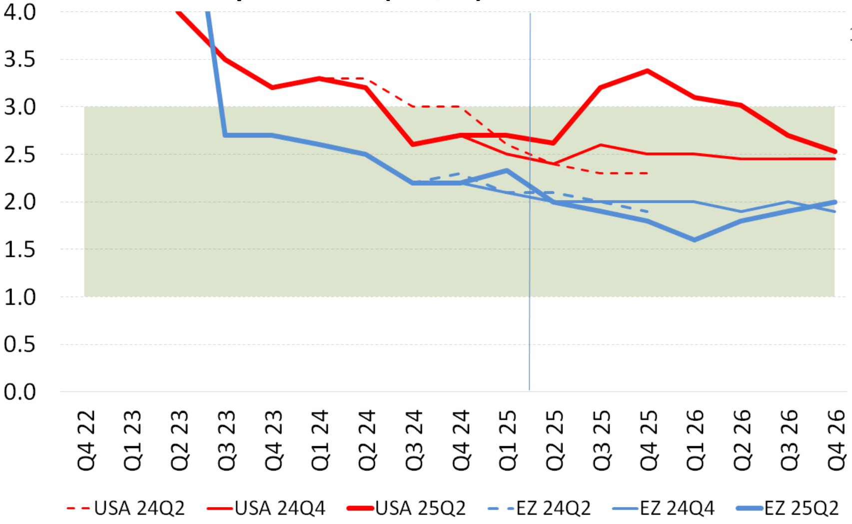
Weak recovery messed up with the tariff-war related rollercoaster

- Q1: temporary surge to 0.6% QoQ and 1.5% YoY after the reacceleration to around 1% in 2024 from a standstill in 2023. In Q1 the tariff war had a positive, but temporary initial effect through stockpiling in the US. Alone Irish growth contribution reached 0.3% QoQ and 0.8% YoY as Ireland's industry and pharmaceutical exports went ballistic. Eurozone's growth without Ireland was 0.3% QoQ and 0.7% YoY. Mediterranean and Pharma-producers are leaders, industry driven countries are laggards.
- Q2: the market consensus is 0.1% QoQ and 1% YoY, but even negative quarterly growth could not be ruled out, as underlying growth might lose momentum due to tariffs, while the Q1 Irish effect could be fully reversed. Irish industrial production, that skyrocketed from 8% YoY in December to 50% in Marc has already fallen to 18% in April (MoM: -15%).
- 2025H2: tariff war could slow down QoQ growth to around zero and YoY to around 0.5%. Full year growth could be just below 1%.
- 2026: Looser fiscal policy, especially in German could propel up GDP growth to around 1.5% by the end of 2026 and full year growth could reach 1.2%.
- Risks are tilted to the downside, both in 2025 and 2026 due to tariff-threat and a potential delay in fiscal spending in Germany.

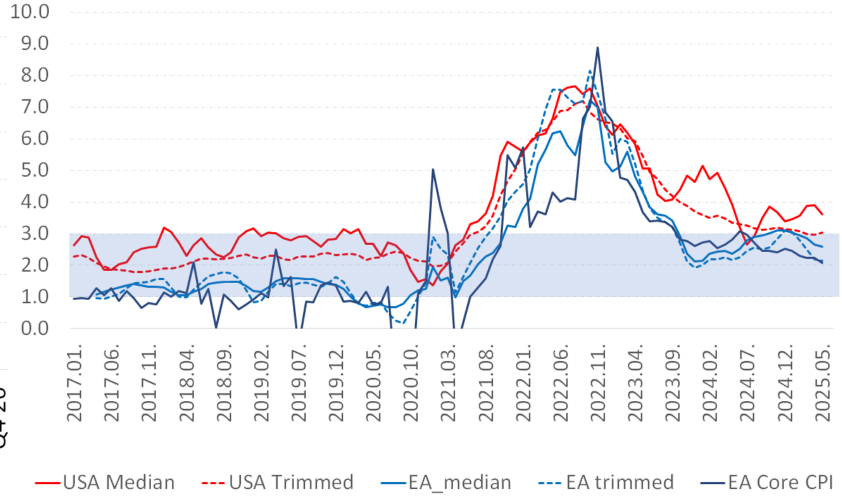
Source: Bloomberg, OTP Research

Inflation: In Europe headline inflation is back on the target

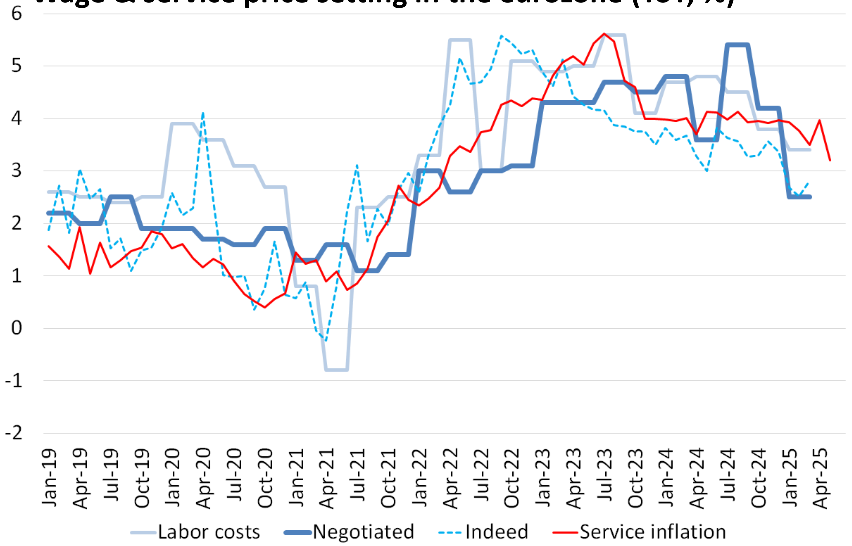
Inflation expectations (YoY, %)



Short-term repricing still above target (MoM, ann.; %)



Wage & service price setting in the eurozone (YoY; %)



Inflation outlook: on target in Europe, above and rising in the US. Risks are tilted to the upside due to oil prices, geopolitics, tight labor markets and loose fiscal policies

Eurozone:

- After a long process of sluggish disinflation inflation fell back to the target, while core-, service- and wage inflation converged to levels consistent with the target.
- Tariffs could ignite further, albeit modest deflationary effects, through European and Chinese goods crowded out from the US, but this could be dwarfed by an oil price shock in the case of a blockade at the Strait of Hormuz.

US:

- Inflation has moderated recently as tariffs have failed to drive up inflation so far. However, both headline and core inflation remained above the target.
- In the coming months, the tariff-effect will increase inflation figures, likely above the consensus, especially as higher energy-prices kick in.

Risks:

- The most important short-term risk is the war in the Middle-East, that could trigger a new oil- and gas-price shock.
- On the middle run geopolitics, tight labor markets and loose fiscal policies and fiscal dominance add to strong upward risks.

Source: Bloomberg, OTP Research

The expected rate cuts in the US are uncertain

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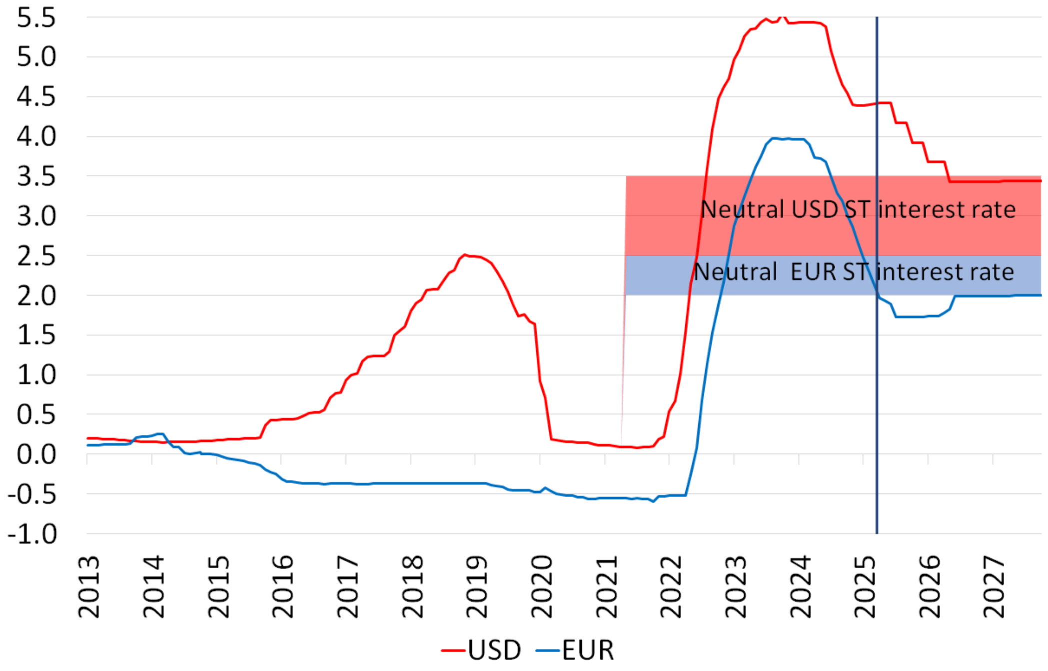
Our view on the mid-term shape of the EUR yield curve(%)

	CPI	AVG real-rate	Neutral short-term rate	Term-premium	Equilibrial long term yield
Pre-Lehman	2	1	3	1.0 / 1.5	4.0 / 4.5
Post-Lehman / Pre-Covid	1	-1	0	0.0 / 1.0	0.0 / 1.0
Post-Covid	2	0 / 0.5	2.0 / 2.5	0.5 / 1.5	2.5 / 4.0

Priced USD and EUR base rate trajectories (%)



Big picture: unchanged, we expect neutral short-term rates to remain above the inflation targets. Long yields should exceed the short rates to provide a positive term premium on the middle run. Risks are on the upside

- Reducing inflation to their targets in a fragmented world, with tariffs, high deficit and tight labor market requires positive real rates, unlike the environment before the pandemic, when negative real rates necessary to push inflation up to 2%.
- Term premiums on long-dated yields will also remain positive due to higher defense spending and deficits increasing supply, while quantitative tightening replacing QE measures has made the bond market a buyer's market.
- We expect short-term rates to fluctuate around 2-2.5% in the eurozone and around 3% in the USA. The 10-year term premium may reach 100-150 bps.
- High deficits and high and rising debt ratios could trigger further increase in the term premium and more administrative intervention over time.

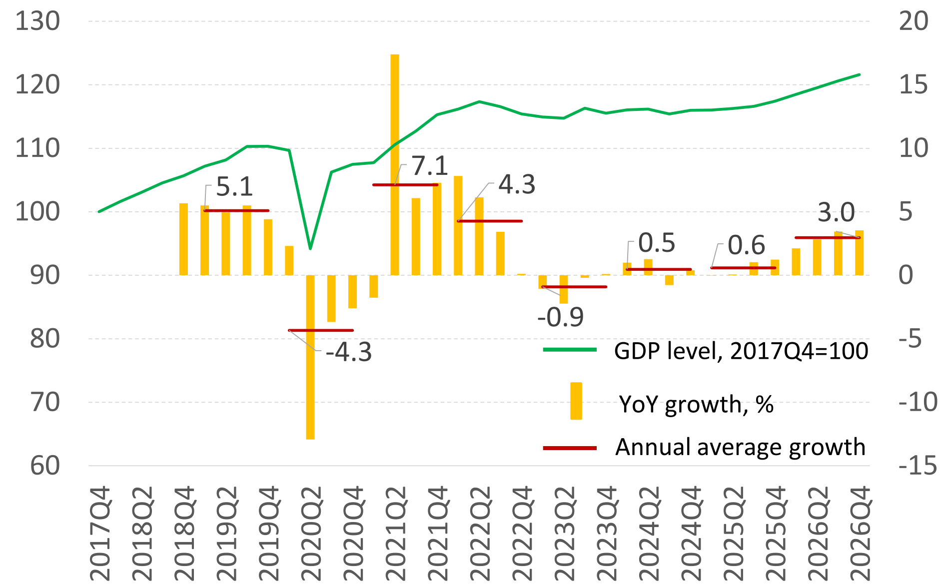
Short term outlook: the priced in USD rate trajectory is far from a done deal. In Europe fiscal spending could drive yields further up

- The Board of Governors are divided over the rate outlook, 7 – out of 19 - expected no cuts at all this year. Inflation worries looks to be stronger on the short run, than growth worries. For the two cuts this year, recession pressures should get stronger. The new FED governor could be announced very soon.
- ECB has arrived to the 2% level, which is seen as the neutral level in the new monetary environment. At this level the ECB expressed a pause in rate cutting cycle for a few months. We expect ECB to deliver one more rate cut in the autumn, before signaling that their cycle is over.
- US and German 10Y yields are around the middle of their trading band of the last 1.5 year. We think that upward risks in inflation, high deficits around the world and continuously rising debt ratios make long bonds unattractive at their current yield levels, so we recommend below-neutral positioning.

Source: Bloomberg, OTP Research

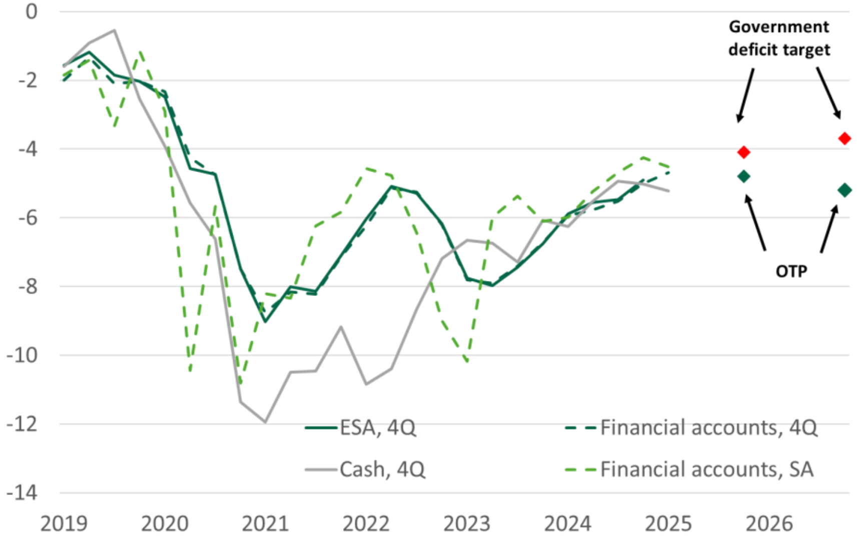
Hungary: Economic growth this year is expected to be around 0.6%

GDP trajectory



- Despite the 5% growth in consumption, nose-diving investment (more than -11%,) dragged down Hungary's economic growth to 0.5% in 2024, well below expectations and the growth in other CEE countries.
- The disappointingly weak Q1 figure (0% y/y) highlighted that the recovery could be much weaker than previously expected. While investment continued to fall by more than 10% y/y in Q1, consumption growth slowed and exports - although Q1 has not yet been affected by the "Liberation Day" tariffs - also declined. Moreover, slowing household consumption growth has been coupled with weak financial asset acquisition, suggesting that income developments are also weaker what the wage growth suggests in its own. Several government measures are come into force in the second half of the year, which could help to reignite growth, but the uncertainty caused by the tariff war will only start to have an impact from Q2 onwards, so the recovery could remain subdued.
- All in all, we revised down our 2025 GDP growth forecast from 2% to 0.6%. Potential further pre-election measures and higher fiscal spending in Europe, especially in Germany and new export capacities will have their effects mainly in 2026.

Indicators of budget balance (% of GDP)



Budgetary effect of the measures announced in February 2025 (% of GDP)

	PIT exemption for mothers with two and three children	Food vouchers for pensioners	6-month extra salary for law enforcement workers and soldiers	Total
2025	+0.04%	+0.06%		+0.10%
2026	+0.25%	+0.06%	+0.26%	+0.57%
2027	+0.41%	+0.06%		+0.47%
2028	+0.57%	+0.06%		+0.63%

- 2020-2023: Covid, elections: 6-8% deficit; 2024-2025: below 5% deficit after the adjustment
- 2026: deficit will rise above 5% under a no-policy change scenario after the early start of election spending
- No progress regarding EU funds; Next year is an election year
- None of the targets (2025: 4.1% 2026: 2.9%-3.7%) could be achieved w/o adjustments
- A persistently high deficit is a significant budgetary risk

Source: Bloomberg, OTP Research

The C/A surplus started to decrease in 2025

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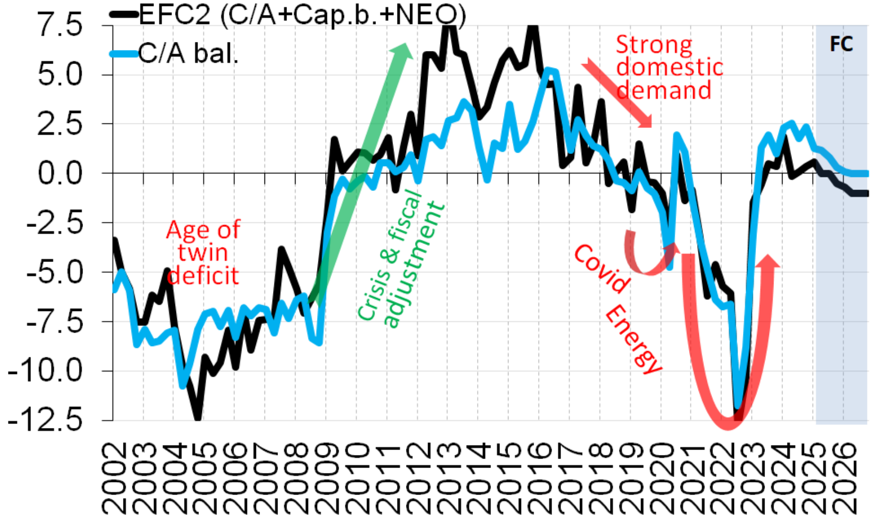
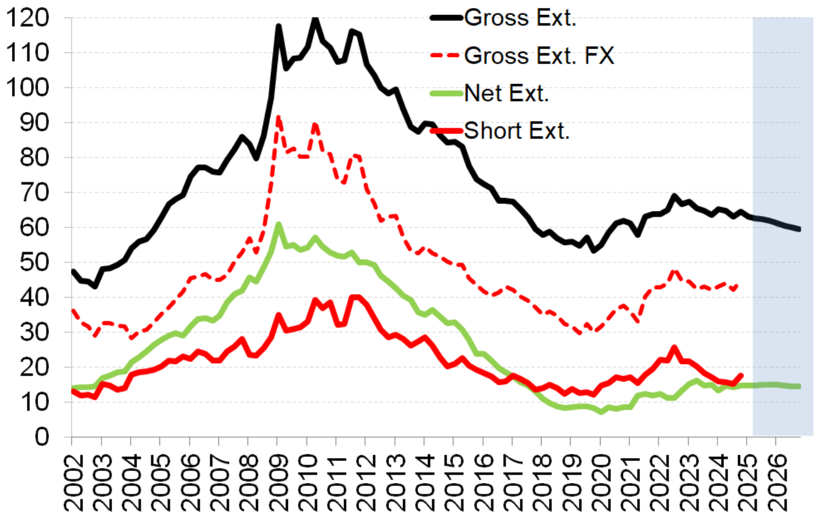
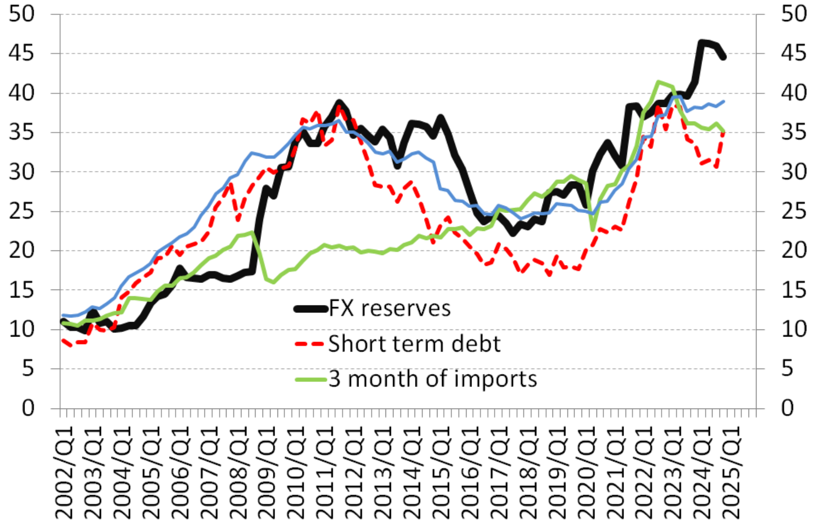
Indicators of external imbalances (% of GDP)



External debt (% of GDP)



FX reserves and reserve adequacy rules (EUR bn)



Gradual erosion of the surplus has already started

- By 2023, Hungary's external balance returned to the 2017-2020 level of modest surplus (+1% of GDP) after the temporary but drastic deterioration (-8/-9% of GDP), caused by the energy crisis and 2022 election spending.
- In 2024 the external position improved further to around 2-3% of GDP, due to the sharp fall investments related imports.
- In Q1 2025 the surplus decrease moderately, to around 1.5% of GDP . In 2025 we expect some further deterioration to around 1% of GDP and to zero in 2026, due to weak exports and stronger imports due to rising consumption.
- The net financing capacity is around zero. As the use of available EU funds is scheduled to have a significant effect around the elections (spring 2026), the surplus can increase this year. Net errors and omissions remained highly negative, (-2/-2.5% of GDP, caused most likely by below-radar capital outflows).
- Net FDI inflow turned negative, mainly because of M&A activities, without M&A it remained slightly positive, around 1.5-2% of GDP.

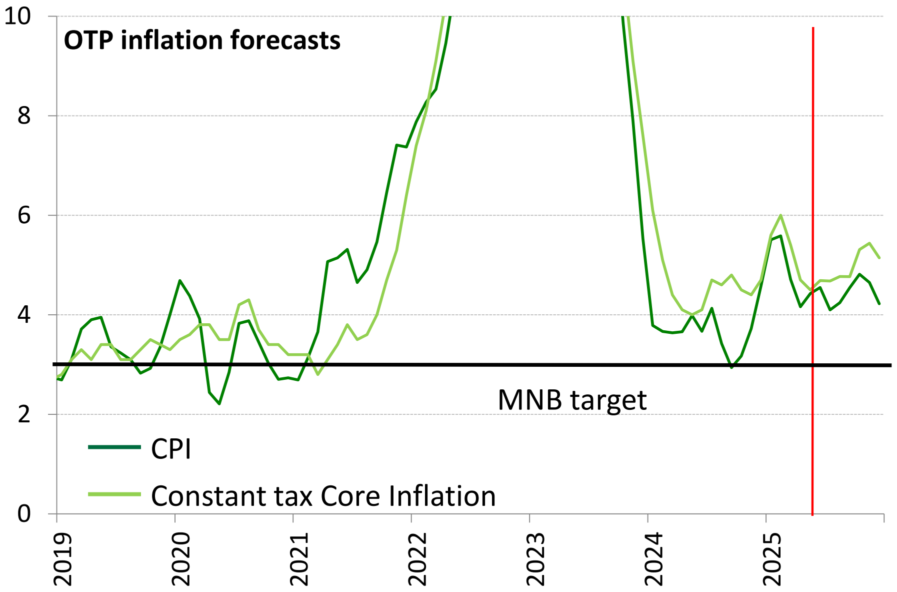
External debt: the period of fast increase came to an end. We expect the gradual declining trend toward 60% of GDP to continue.

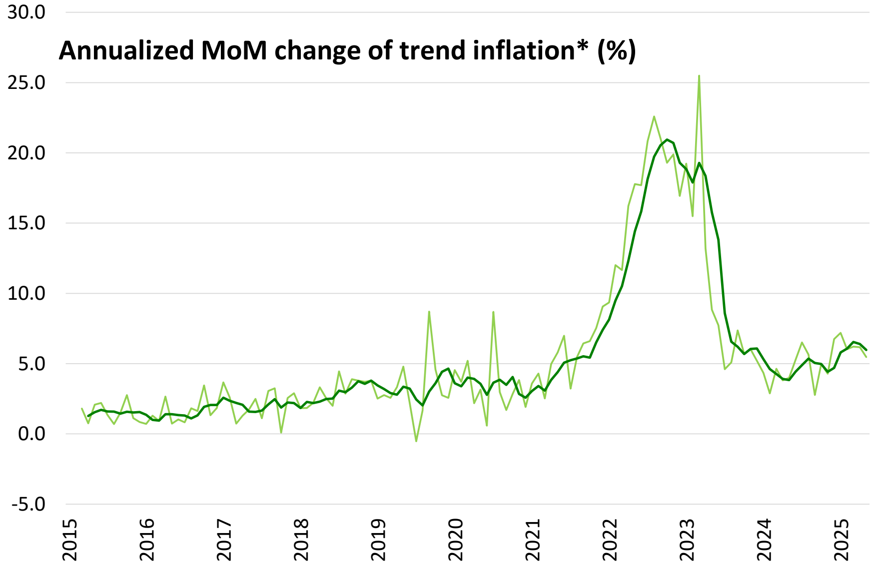
FX reserves rose, reserve adequacy improved, providing a bit more elbowroom for the MNB to intervene if needed.

This level of surplus suggests that the fair value of the HUF could be around 370-375, so it is heavily undervalued.

Source: Bloomberg, OTP Research

We expect around 4.5% inflation in 2025





*goods and market services w/o backward-looking pricing items

Sources: Bloomberg, OTP Research

- 2024 H2: Disinflation clearly halted; the monthly inflation figure was the highest in December; the previous disinflationary forces exhausted
- Start of 2025: Strong re-pricing activity, because of:
  - strong demand (consumption growth was 5% in 2024),
  - weak HUF at the end of 2024,
  - rising agro-commodity and natural gas prices
  - sector levies passed through, excise duty hikes and rising official procedure fees

Outlook: Inflation can be around 4.5% in both 2025 and 2026

- Profit margin caps reduce inflation in the short-run, but will hit back later (probably after the elections)
- Further and further fiscal stimulus measures
- already announced 13% minimum wage hike in 2026

Main risks

- Tariff war ↑
- Inflation expectations ↑
- Weak economic growth ↓

We expect the base rate to be kept at 6.5% this year

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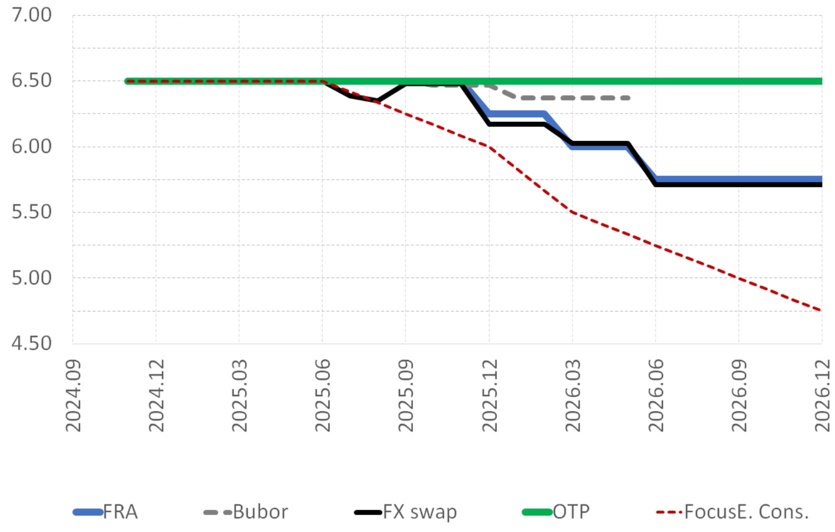
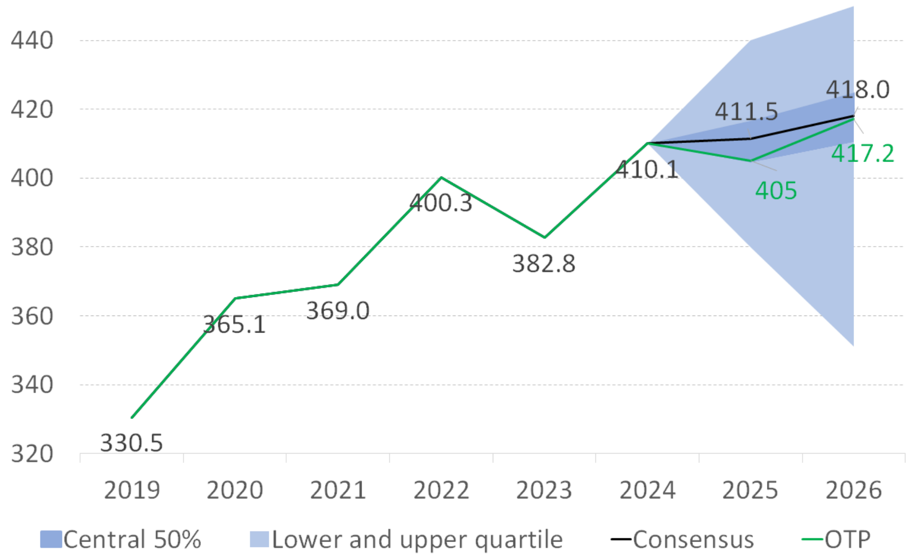
Effective rate evolution (OTP forecast and pricing)



EURHUF expectations (EOP figures)



Source: Bloomberg, OTP Research

We keep our call that the MNB will keep the base rate at 6.5% in 20205 and 2026, in order to keep the HUF stable and to fight inflation pressures.

- After being cut from 18% to 6.5% by September 2024, the base rate has been on hold.
- The external environment is hostile, risk-appetite is volatile.
- Inflation exceeds the target in 2025 and the risk of above-target inflation in 2026 should not be mitigated due to inflationary external environment, unanchored expectations, income-boosting measures and a potential backslash of administered measures.
- Despite ongoing rate cuts in the Eurozone and in CEE the MNB kept it's hawkish message – in line with our previous strategy and we think that this will be the case till next summer, as a cut would not make sense neither from a monetary, nor from a political point of view.
- We believe that rate cuts are likely only under a favorable macroeconomic scenario–characterized by stronger risk appetite, moderating inflation, a decline in term premiums at the long end of the yield curve, and a EUR/HUF exchange rate well below 400.

- After a very volatile period in late 2024 the EURHUF was remarkably stable in Q2, traded mainly between 400 and 404.
- We think that the HUF remained undervalued, by 5-10% in our view.
- In the summer we expect pro-HUF forces could remain strong. The carry will be kept at high levels, and we do not expect any policy shift.
- However, from September, with the start of the budgetary planning period, risks will increase. Medium-term risks also call for some diversification among currencies, but a better timing for this might come a bit later.

Regarding the long end of the yield curve, we suggest a cautious approach:

- In the past three months, rate cut expectations slightly strengthened, but long yields got stuck to the upper edge of the post-2023 trading band. In line with our view on developed yield curves, we think that the short end looks to be safer in this environment.

Asset classes

Equities

Above-average valuation levels, supportive but weakening profit growth. The positioning is neutral, with upside and downside risks balancing each other. Strong rallies may be followed by large sell-offs.

Bonds

Tariffs are slowing growth, budget spending is stimulative, inflation risks vary across regions, as do central banks' room for maneuver. Neutral bond exposure is recommended, favoring shorter maturities.

Commodities

Economic uncertainties have not yet disappeared, so the commodity rally looks somewhat fragile and some caution may be warranted. However, selective exposure is recommended (e.g. gold, copper, uranium).

Overweight

Neutral

Underweight

Equities: big waves are coming, we are in the neutral zone

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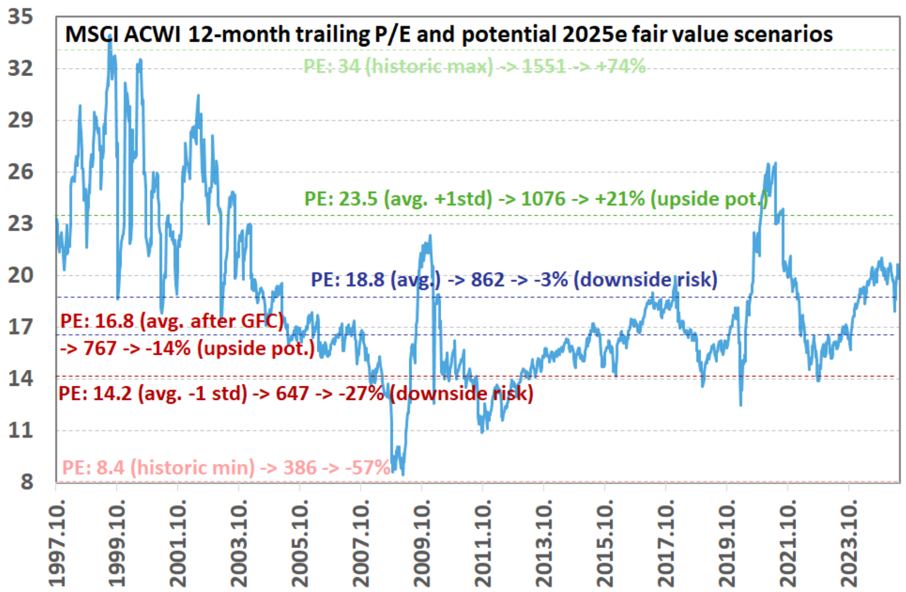

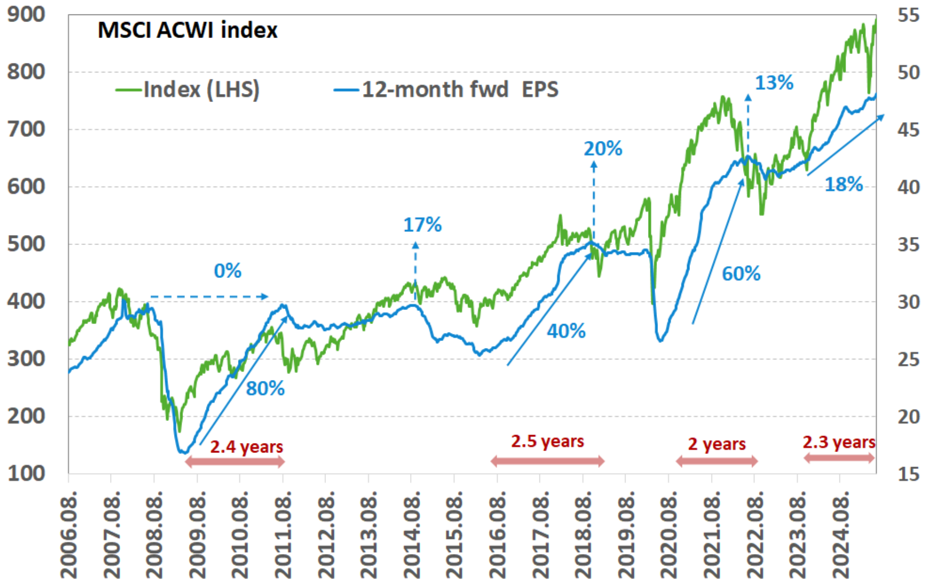

Source: Bloomberg, OTP Multi-Asset Strategies

- Although tougher-than-expected tariff announcements in April caused a significant decline in global stock markets, it soon became clear that the pain threshold was not so far away, where US policymakers started to refine their approach. The suspension of tariffs and a more conciliatory attitude towards partners brought a rapid turnaround, with May seeing its strongest rise in decades, with global stocks reaching new highs.
- The Shiller P/E ratio of 28.1 is close to the local peaks of 30 at the end of 2021 and 2024, significantly (by nearly 40%) above the long-term average of around 20. The 12-month backward-looking P/E ratio is also at last year's local peak, and based on 2025 profit expectations, there appears to be a slight (3-14%) downside risk on a valuation basis to reach long-term averages. In contrast, the downside risk could be a mild recession (which could cause valuation multiples to fall to local lows, representing a 27% downside risk), while the upside potential could come from continued strong earnings momentum or a declining long bond yields (+21%). At present, we would assign equal probability to the upside and downside risks.
- Downside risk: even if trade tariffs are lower than previously announced, we are still talking about levels not seen in a century. This could hit companies like a tax, as they will be less able to pass it on to consumers due to the deterioration in the growth outlook and the decline in household savings, while the unpredictability caused by rapid changes in economic policy will have a negative impact on investment activity. The slow deterioration in profit growth has already begun, and the upward profit cycle has reached its average length of 2-2.5 years. Inflation risks are rising due to tariffs, and the escalation of Izrael-Iran conflict (via oil prices), which are tying the Fed's hands in terms of supporting the stock market with monetary easing.
- Upward potential: corporate profit margins have risen to previous highs, technology companies with significant weight in indices continue to have pricing power, while companies are proving more resilient to the slowing economy for the time being. With the potential efficiency gains from AI adoption and continued high global fiscal spending, profit momentum could remain strong, which could help drive capital flows from bonds to real assets, like equities.

Global equity markets are trading at above-average valuations, with earnings growth supportive but weakening. Positioning is neutral, with upside and downside risks balancing each other. Due to significant political uncertainties, major rallies may be followed by large waves of selling. We are currently in what we consider to be a fair zone, which justifies neutral equity exposure.

Bonds: growth is slowing down, but the fiscal side is still loose

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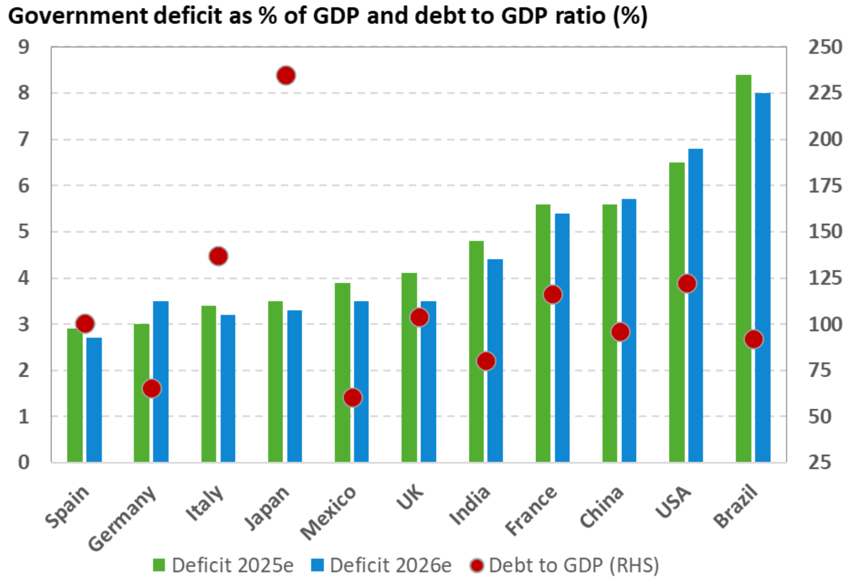
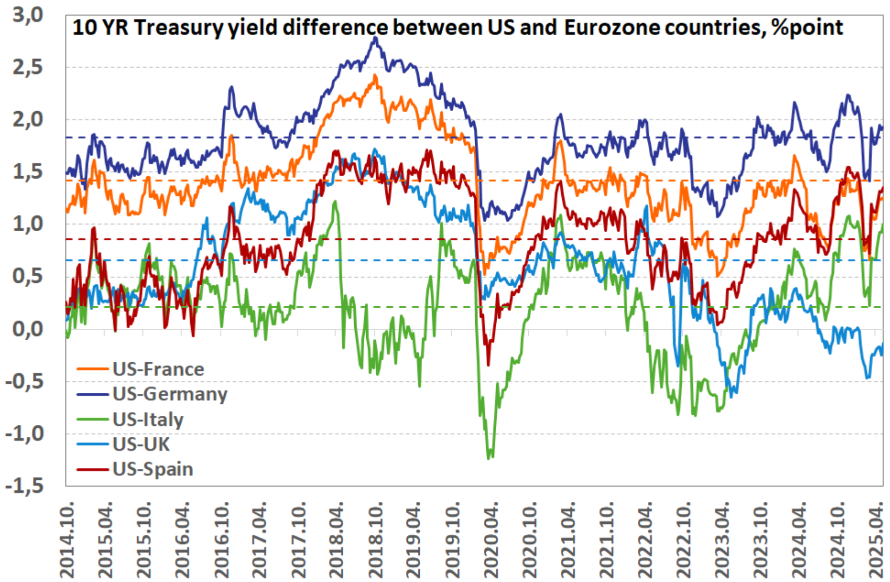


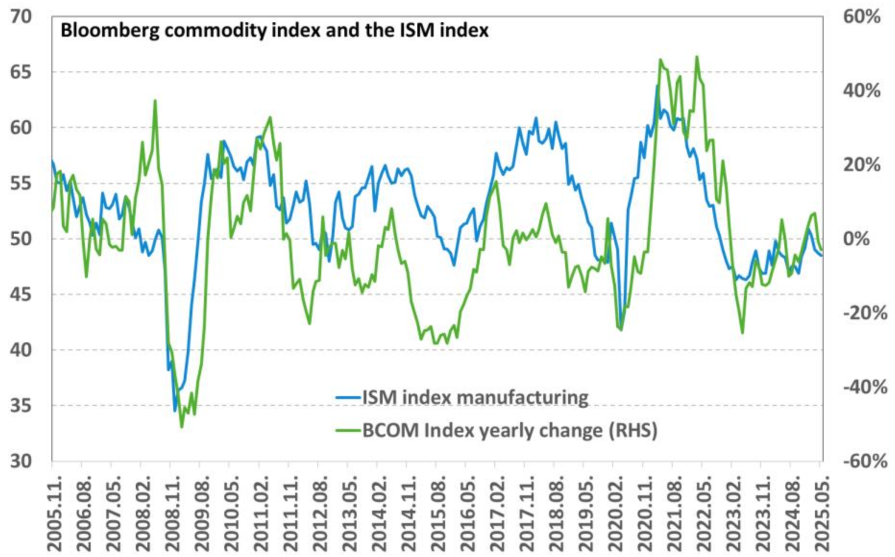


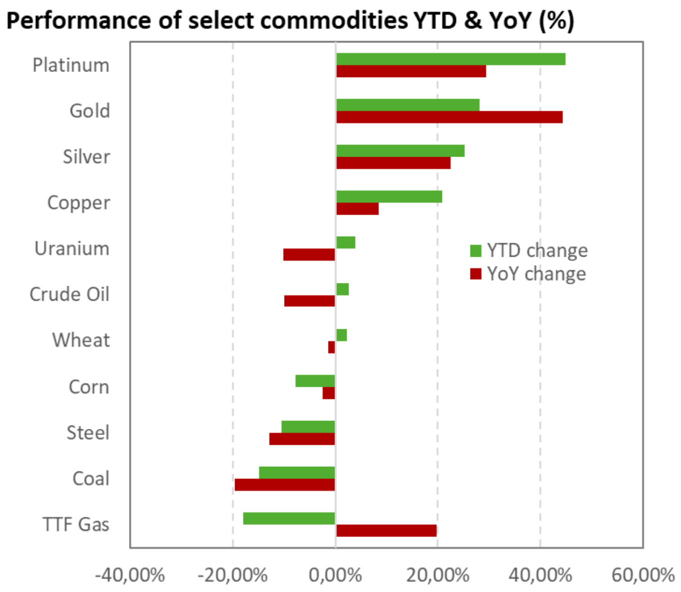
- The outcome of trade negotiations remains uncertain, and although the worst outcome can be avoided, historically unprecedented high tariffs are still to be expected. Global growth is expected to slow, but many countries are still trying to offset this with high budget spending, which could lead to sticky inflation in different ways across regions. In this politically unpredictable environment, current bond yields are around fair levels, and we would maintain a neutral exposure at portfolio level, also due to the continuing significant political uncertainties.
- Due to the failure of DOGE, as well as the further budget loosening measures ("big beautiful bill") adopted in the meantime and the price-raising effects of tariffs, and the escalation of the Izrael-Iran conflict, upward inflation risks can be identified in the US. As a result, although soft macro data is already deteriorating, the Fed is likely to focus more on the currently stable hard data and remain cautious about any interest rate cuts for the time being. Compared to the priced-in interest rate path, there appears to be more upside risks, but it is important that if hard data starts to deteriorate, rapid and decisive interest rate cuts follow. Meanwhile, the unpredictability of the Trump administration and the attacks on the Fed chair may lead to continued diversification away from US assets, which, combined with the parallel weakening of the dollar and the expected increase in bond supply, will increase the risks associated with US bonds.
- In comparison, eurozone bonds are in a relatively better position in the short term, as tariffs are causing a noticeable slowdown, which, combined with the weakening of the dollar, may help dezinflation trends, giving the ECB more room to cut interest rates. The shift away from US assets could also benefit the German bund as a safe haven asset in reserves, but upcoming fiscal spending could drive yields further up.
- Corporate bond spreads remained very tight, close to historic lows, which means that their potential continues to lie in their income-generating capacity rather than in capital gains. As growth slows, it is worth favoring the IG segment over HY, avoiding sectors exposed to tariffs and focusing instead on the European region, where the German stimulus measures and strong balance sheets could provide support.

The growth-slowing effects of tariffs and the growth-stimulating loose fiscal policies may influence inflation risks and central bank policy options differently across regions. Due to significant politically driven uncertainties, it is advisable to maintain neutral bond exposure, favoring short/medium maturities.

Source: Bloomberg, IMF, OTP Multi-Asset Strategies

Commodities: broadening rise, but still fragile state





- The Bloomberg Commodity Index, which tracks various commodity products, has performed relatively well this year and so far outperforms the major US indices, although it lags European ones. A sharp correction was also seen after the Trump administration's tariff announcements in early April, but since then commodities have rebounded nicely. The rise has been backed by the weak 2025 performance of the dollar, which is traditionally favourable for commodities. Despite uncertainty over tariffs, the Chinese economy is holding up well for the time being, which is also important from a commodity perspective.
- It can be also observed that there has been a broadening of the range of commodities that perform well this year. Among the precious metals, platinum has caught up nicely with gold and silver, but palladium has also moved higher. Copper has been strong this year, but the conflict in the Middle East has also pushed up oil prices and uranium has also moved higher in recent weeks. In addition, among the more exotic commodities, tungsten, used in the defence and electronics industries, has also performed well in 2025, but some rare earths have also risen.
- Oil, as the most important commodity, deserves a brief discussion as well. Oil prices were basically on a downward trend before the Israel-Iran conflict, OPEC+ cut back significantly on previous production cuts, so supply increased. The current price rise is thus essentially geopolitical, as Iran is a major oil producer and could theoretically block the Strait of Hormuz, where 20% of world oil traffic passes daily. On the other hand, in practice, this would hurt a number of sovereign interests and would incur the wrath of China and the USA. We note that an escalation in the Middle East cannot be ruled out, but in the event of a peace agreement, the price of oil could easily fall.
- In addition, the tariff war remains a source of uncertainty for the market and negotiations are still ongoing. Tariffs will rise even if relatively more favourable agreements than previously announced are reached, and delayed effects cannot be ruled out. If economic growth slows and/or inflation increases as a result, commodities could also be negatively affected. For this reason, caution may still be warranted for the time being with regard to broader commodity market investments. However, selective exposure is recommended.

Overall, we would maintain our neutral stance on commodities, but the number of sectors that have performed well this year has clearly widened. However, economic uncertainties have not yet disappeared, so the commodity rally looks somewhat fragile and some caution may be warranted. However, selective exposure is recommended (e.g. gold, copper, uranium).

Source: Bloomberg, OTP Multi-Asset Strategies, OPEC

Equities - Regions

US

The growth advantage over the rest of the world is diminishing due to tariffs and political uncertainty, but fiscal policy has remained expansionary, so the risk of recession is low. Valuation premiums are near peak levels, but profit dynamics are supportive.

Europe

It is cheaper, there is more room for fiscal easing, and the ECB has more room for maneuver. Stock market repricing may be hampered by US trade negotiations, the stronger euro, lagging profit growth, and falling behind in the AI race.

Emerging Markets

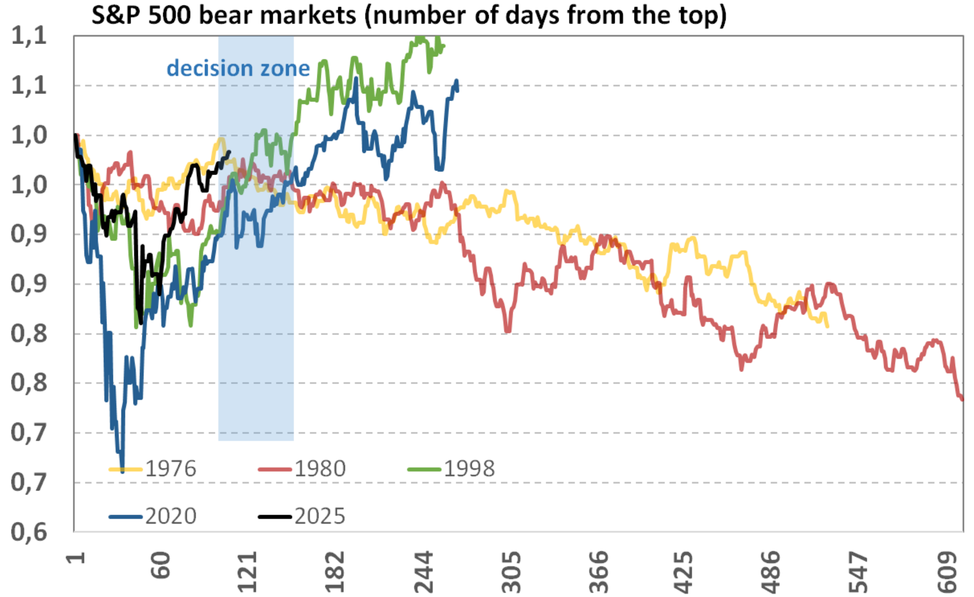
Improving economic activity and profit dynamics, weak dollar and low valuations. However, growth may have been helped by tariff related one-offs, meanwhile profit growth was driven by a narrow range of sectors and countries. USD may also strengthen in the short run.

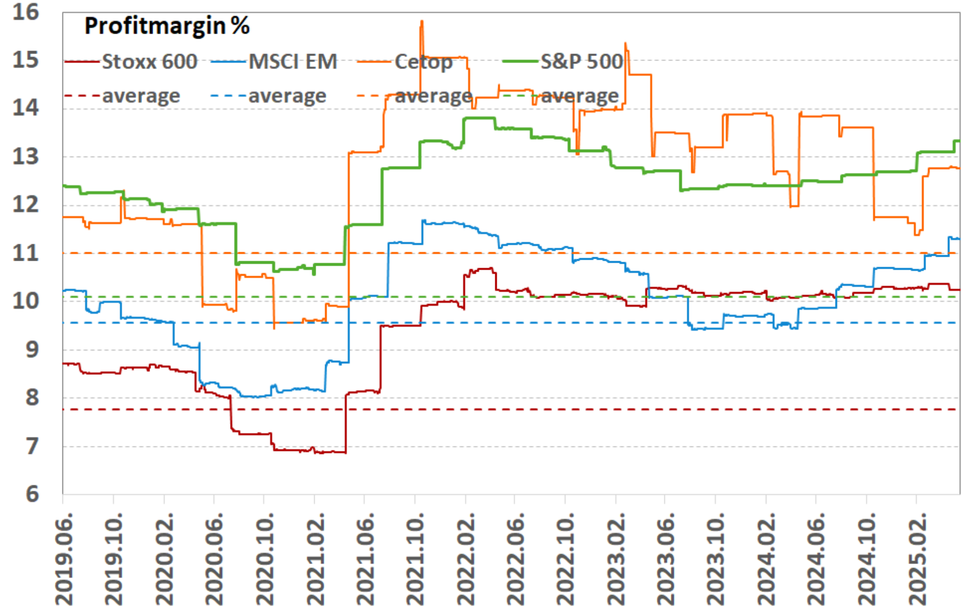
CEE

Although the relative valuation discount began to tighten with the sharp rise, there is still further potential for long term averages. European stimulus measures will help indirectly, as will (in the short run) pre-election fiscal easing in many countries.

Overweight Neutral Underweight

US: not exceptional, but not to be avoided either





- At the beginning of April, it quickly became clear that the pain threshold for US policymakers was closer than many had previously thought. Admittedly, it was not the stock market but rather movements in the bond market that triggered the economic policy shift. After the president suspended tariffs and negotiations with partners began, stock markets also started to correct, with the S&P 500 index reaching near-record highs. In the meantime, it also helped that the significant spending cuts announced by DOGE did not materialize, and further budget loosening was even approved, so the deficit could still reach 7-8% of GDP. With such loose fiscal policy, the chance of a recession is low, but the uncertainty created by rapidly changing regulations and the fact that tariffs are expected to rise to a hundred-year high still point to a slowdown in economic growth and increased inflation risks overall.
- A V-shaped rebound similar to the current stock market movement is rare after such a significant 20% drop from the peak. Similar events occurred earlier in 2020 (COVID) and 1998 (Russian crisis and LTCM), and in both cases the stock market was able to rise to new highs within a short period of time. The bad news is that this (V-shaped recovery) also happened in 1976 and 1980, but then the rebounds similar to the current one were only bear market rallies, followed by large and prolonged declines. There are other parallels: in 1998, the stock market was similarly expensive as it is now, but central bank intervention and falling yields, combined with faith in new technological innovations, caused valuation multiples to expand further to the bubble levels of the early 2000s. In contrast, in the second half of the 1970s, high inflation and the resulting rise in bond yields catalysed a prolonged downturn in the stock markets. Currently, the trade war and its inflationary risks, as well as AI and robotics as new innovations promising high growth, appear to be the competing influences. Based on recent events, the 1998 analogy seems to be a more likely outcome, but this cannot be said for sure yet; we are at a crossroads.
- The growth gap between the US and the rest of the world is closing, political risks are significant, and amid risk aversion, the weakening dollar points to a loss of confidence in US assets, with relative valuation levels are close to earlier peaks (18% premium), all of which could spell the end of the stock market's outperformance. For the time being, however, we would not bet against the US stock market either, as it is the only market besides the emerging, where corporate profit margins have grown in recent months, profit growth dynamics remain more attractive than in Europe, and it is also in a leading position in terms of AI, one of the dominant growth drivers of technological innovation in the coming years, which is dominated by large technology companies that have a significant weight in US indices.

Source: Bloomberg, OTP Multi-Asset Strategies

Europe: still a lot of headwind to achieve sustained outperformance

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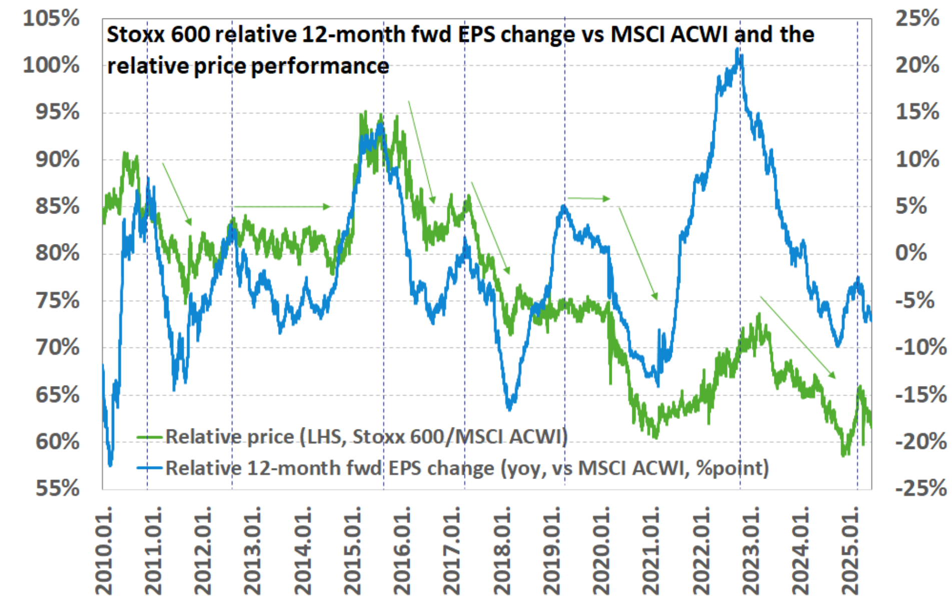
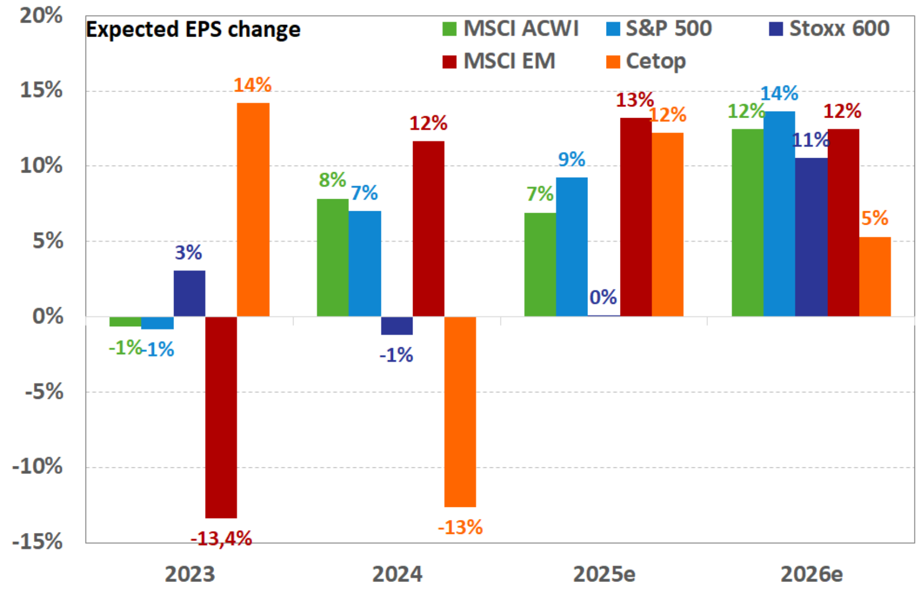
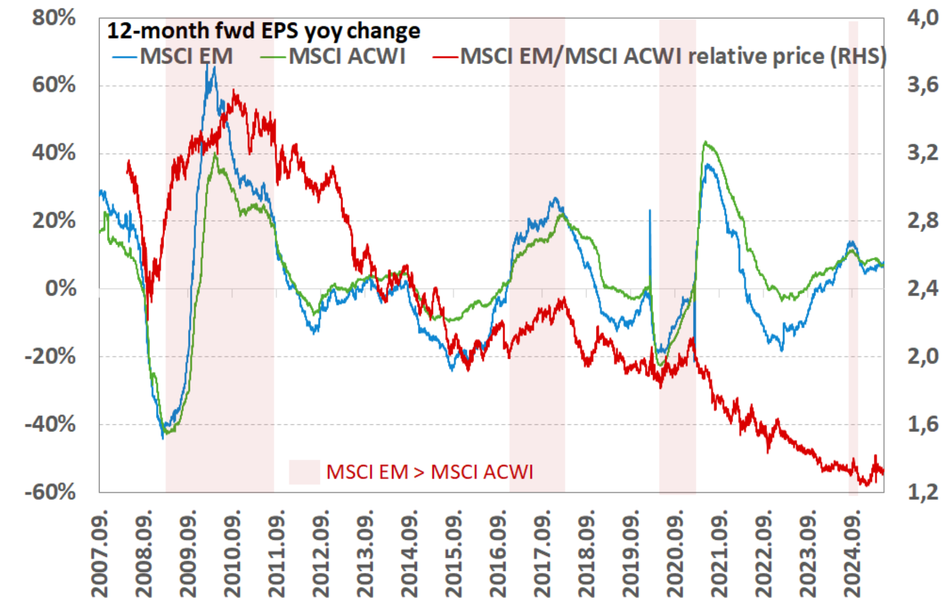


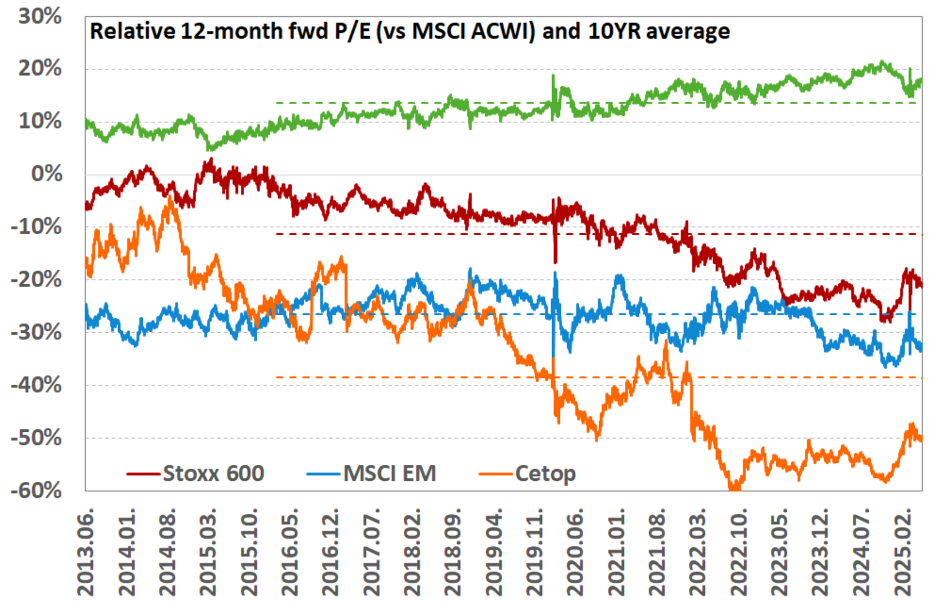


Source: Bloomberg, OTP Multi-Asset Strategies

- The stock market is supported by the fact that there is more room for additional fiscal stimulus than in the US (the German election results and the historic reform of the debt brake rule could lead to increased defense and infrastructure spending and economic recovery), which could narrow the growth gap between the two regions. Inflation risks are more moderate, allowing the ECB to further ease monetary policy. European stock markets continue to trade at a significant 21% discount to global markets, exceeding the 5-year (17%) and 10-year (10%) averages. Meanwhile, household and corporate balance sheets have strengthened, and finally, the capital and liquidity situation in the long-troubled banking sector has improved, and with the return of positive interest rates, return and profit indicators have also risen, leading to an increase in shareholder returns (share buybacks and dividends).
- However, the repricing process may be hampered by a number of factors in the coming months, which is why we do not expect European equities to outperform overall for the time being (although the period of underperformance may also be coming to an end). The reasons are:
- Forward-looking profit expectations rose to new local highs in all major regions except Europe, where a slight decline began. The YoY profit growth is 7 percentage points lower than the global average, which is by far the weakest among the major regions (the consensus expects profit growth to stagnate this year and remain slightly below average in 2026). Over the past 15 years, with similarly lagging profit dynamics, the European stock market has been unable to outperform on a sustained basis.
- Downside risk is that no agreement has yet been reached with the US on tariffs, and the negotiation process could be painful. An agreement is expected, but higher tariffs are expected, than before the announcements, which is a downside risk to growth and profit outlook. The same applies to Chinese products, which are also subject to tariffs and may create increasing competition for European manufacturers.
- Corporate profit margins in Europe are the lowest among major regions, which clearly highlights problems with competitiveness and efficiency, partly due to a stricter and more rigid regulatory environment, market fragmentation (smaller companies), but also from lagging research and development. More expensive energy sources may also contribute. In this regard, the escalation of the war between Israel and Iran could have a particularly negative impact on the energy-importing region in the short term through rising hydrocarbon prices, as could the strengthening of the euro due to the large weight of export-oriented companies. Not to mention, that Europe has clearly fallen behind in the AI race, which means that if adaptation takes place more quickly, this could once again put it at a competitive disadvantage.

Emerging markets: there is a tailwind now, but it may soon pass

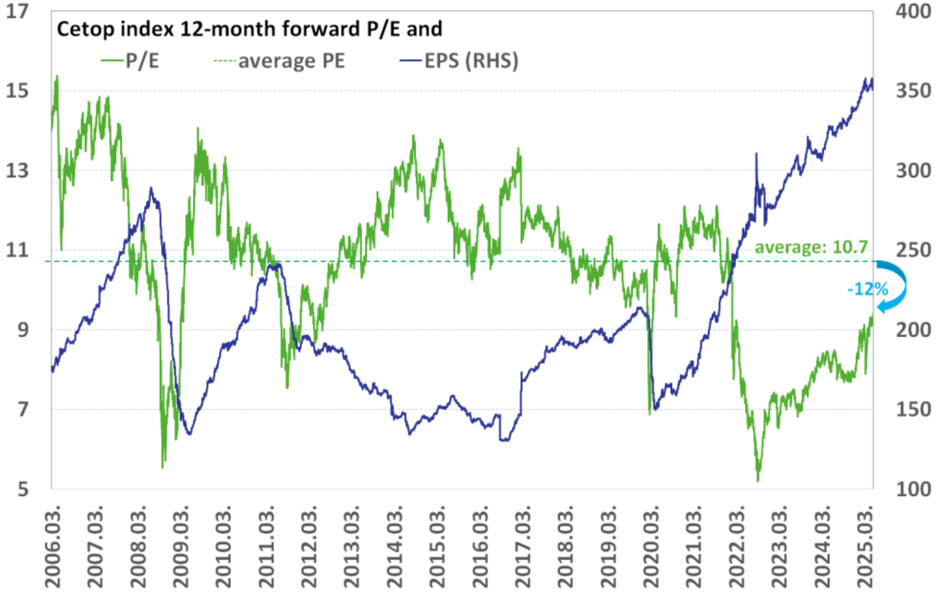


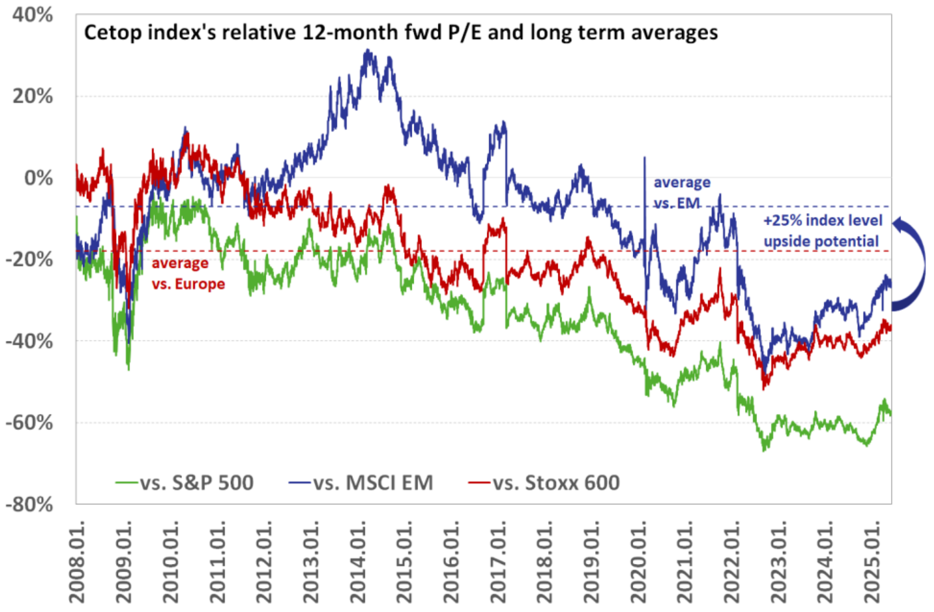


Source: Bloomberg, OTP Multi-Asset Strategies

- Emerging markets remain relatively cheap (33% P/E discount compared to a ten-year average of 26%), US tariffs have been suspended and negotiations have begun, economic activity and profit momentum are improving, and the dollar is weakening. These factors may help the region in the short term, but there are several risks that suggest a neutral exposure remains valid in the longer term.
- On the one hand, positioning has become very one-sided regarding the dollar, and in such a stretched situation, a movement in the opposite direction (USD strength) could easily occur in the short term.
- Although the trade war with China has not escalated further and the outcome has been more favorable than initially feared, the 55% tariffs still represent a significant increase, which will dampen China's growth prospects. However, this is expected to be offset by stimulus measures to achieve growth of around 5%. So far this year, the data has been positive, with car sales improving, a bottoming process started in mortgage lending and consumer spending also improving. China is also ahead in the field of AI development, with tech companies unveiling a number of competing models to US counterparts. The stock market's valuation is still below its long-term average, but in our view this is fair, because of the risks posed by the confrontation with the US, deteriorating demographics, the credit and real estate bubbles, and reunification plans with Taiwan.
- Outperformance of emerging markets cannot be sustained without profit dynamics exceeding global levels. The region is now close to this point, but there were examples of a similar situation last year, and it is conceivable that this will also be short-lived. The improvement in economic activity at the beginning of the year was partly due to pre-orders in anticipation of tariff threats, which boosted manufacturing activity and, through this, profit dynamics. Looking ahead, this effect appears to be fading, while the growth picture is deteriorating. The outlook is not helped by the fact that the improvement in profit dynamics was previously limited to a very narrow group of countries (China, Taiwan, South Korea) and sectors (TMT).
- Profit dynamics are deteriorating even in India, which is considered a key emerging market, and the stock market remains expensive. The structural picture is favorable, but less so in the short term. An agreement on US trade negotiations is expected by early July, while India has also launched free trade negotiations with the EU, its largest trading partner (with the aim of reaching an agreement by the end of the year).
- We are keeping a close eye on the South Korea: the opposition candidate won the presidential election in June and can now begin implementing his comprehensive reforms. His program is based on economic growth and fiscal expansion, but the capital market will also play a key role. Partly following the Japanese model, they would strengthen corporate governance and increase shareholder value, while also improving stock market liquidity, with the aim of getting South Korea into the MSCI developed market index.

CEE: still cheap, but risk factors are emerging





Source: Bloomberg, OTP Multi-Asset Strategies

- Although CEE has been the strongest performing region so far this year, it remains one of the cheapest globally. This is partly because although the index has already doubled from its October 2022 low, corporate profit growth has also been strong. While the index is still 7% below its historic high in 2007, corporate profits are already 25% higher than those figures.
- Thus, the forward P/E of 9.2 is still below the long-term average, falling short of it by 12%. Compared to global stock markets, the undervaluation remains significant, although it has narrowed in recent quarters, still stands at 50%, while compared to European or emerging markets, the valuation discount is 36% and 14%, respectively. This remains below the long-term norm, so the index could easily rise by around 25% to reach average relative valuations.
- The risks and opportunities for growth in Europe are also reflected in the region, which enjoys a sustained growth advantage. A similar parallel can be seen in profit dynamics, as forward-looking EPS growth has stalled in recent months, but still delivers global YoY dynamics, outperforming European markets. In addition, corporate profit margins are also higher than in Europe. The region's high fiscal deficits and the relatively tighter monetary policy that results from them are not currently a problem due to the banking sector's significant presence in the index (which benefits from the high-margin environment). However, the need for fiscal adjustment increases the risk further down the line. Although the likelihood of this happening before the elections is low (Hungary in April 2026, Poland in October 2027, and Romania, where the political situation remains unstable following a long election process).
- In terms of valuation, the Hungarian market remains the cheapest in the region, but it is burdened by regulatory and political risks, followed by Poland, where the victory of the opposition candidate in the presidential election is likely to make it more difficult for the government to implement reforms and release EU funds. The Romanian stock market is the most expensive, where, although the worst-case scenario was avoided in the elections, the fiscal and political situation still appears to be sufficiently unstable.
- The outbreak of the Russian-Ukrainian war played a major role in widening the CEE equity market valuation discount. A shift towards peace would also be necessary for foreign capital to return in full and the pricing gap to close. Following Donald Trump's inauguration, the chances of such an outcome increased, but since then, US expectations for a quick end to the war have begun to soften. This, in turn, could stall the regional repricing process.

Long-term mega trends

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Demography

Population ageing and increasing life expectancy, as well as continued global population growth, are decades-long trends. The impact is very broad based, as most emerging markets are still experiencing population growth, which is generally accompanied by economic growth and rising living standards, and thus significant capital market effects. Rising life expectancy and an ageing society are creating many new markets for companies to serve. Perhaps the most direct beneficiary is the healthcare sector.

Artifical intelligence

The rapid advancements in AI, have catalyzed a significant escalation in technological development in recent years, and this trend is expected to continue in the foreseeable future. AI will undoubtedly bring significant changes and efficiency gains in all areas of the economy and the labour market. China's AI model DeepSeek has had a significant impact on the market by challenging the substantial capex plans of major US companies. To date, there has been no indication of a reversal of these capex levels, with all the leading US companies showing a strong commitment to their earlier investments. If we believe in the Jevons paradox, we can be even more optimistic. According to this, efficiency gains from technological progress, while allowing for resource use at lower costs, drive up aggregate demand, resulting in higher aggregate resource use. Alongside and related to AI, robotics and automation could also gain new momentum. Maintaining a positive outlook on innovation, the technology sector could remain attractive in the long term, while a major technological breakthrough could create new opportunities in the field.

Energy transition

The transition from fossil fuels to renewable, clean energy is also a long-term process. Although there are bumps in the road (e.g., the temporary reopening of some coal mines in Europe due to the Russian-Ukrainian conflict and less supportive US renewable policies under the Trump administration), the decarbonisation drive will be with us for decades to come. The energy transition has many positive effects, as polluting activities become 'clean', but it also has less positive effects, such as higher inflation, as energy may be more expensive to produce or require significant investment and development in certain areas.

Deglobalisation

The deglobalisation trends have been reinforced in recent years by events such as the emergence of Covid and supply chain problems, and then wars. With the election of Donald Trump and the return of the America First policy, deglobalisation trends got a new boost. The tariff war, the orientation of investments and manufacturing capacity towards the US, and the confrontation with China all point in this direction – not to mention the recent conflict between Israel and Iran. While tariffs may remain a real threat with China, we see the potential for softer tariffs than current threats with allied countries in the future.

Source: OTP Multi-Asset Strategies

The most favoured investment topics

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Technology
Strong fundamentals and supportive megatrends still make it attractive long term. The sector is expensive, but the biggest beneficiary of AI.

Utilities
Rising energy consumption (driven by AI data centers) could mean a structural tailwind, meanwhile we also like its defensiveness.

Healthcare (out)
Growing uncertainty surrounding US drug prices and unfavorable regulatory environment, makes it hard to outperform the market.

REITs (out)
DOGE failed, loose fiscal policy dominates all around the world, which is an upside risk to bond yields, and downside risk to REITs.

Miners
Electrification, Chinese stimulus measures, and weak supply help copper; uranium market is still in structural deficit.

Gold
Buoyant central bank demand, high geopolitical risks and no signs of improvement in fiscal discipline support gold.

US Midcap (out)
Still the cheapest segment, but the growth outlook deteriorates, meanwhile the profit dynamics are already lagging behind.

Japan
Deflation is over, corporate reforms may attract further capital to the under-owned market. Cheaper than other developed markets.

LatAm
Mexico may be a relative winner of Trump's tariffs, nearshoring trends may continue. Brazil is globally one of the cheapest.

Poland
Still attractive valuation, growth advantage vs. Europe. European fiscal spending indirectly positive, Ukraine ceasefire would help.

Removed topics from the list

Technology: Strong fundamentals and growth prospects

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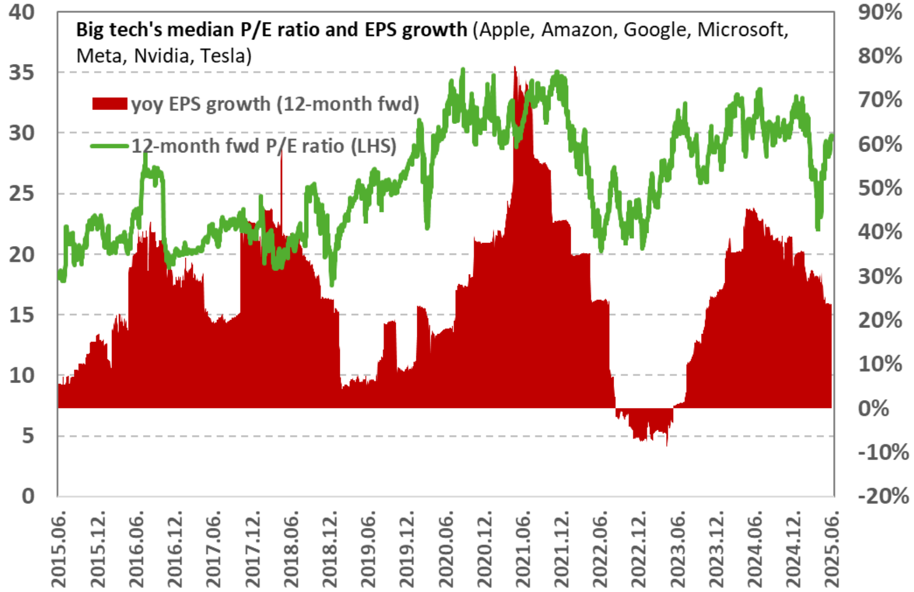
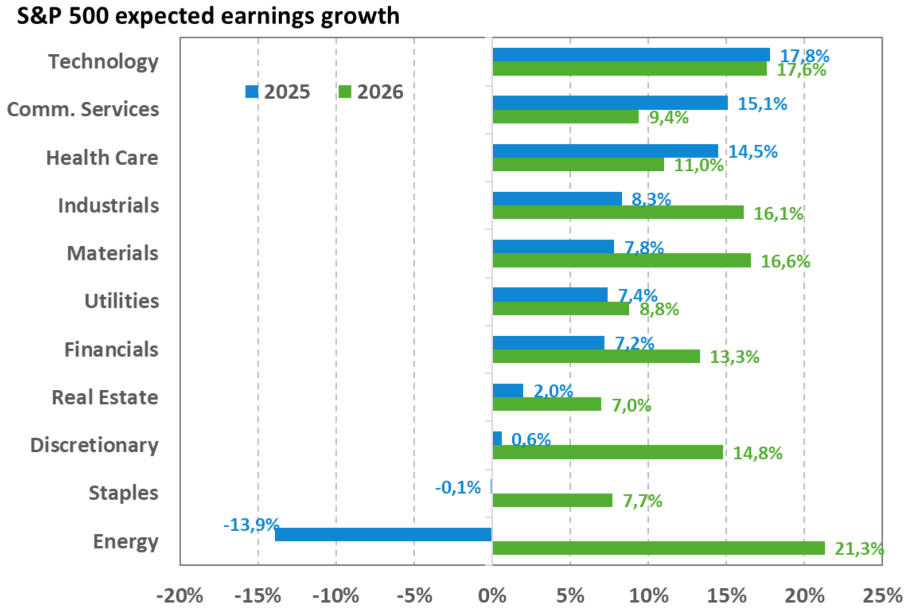


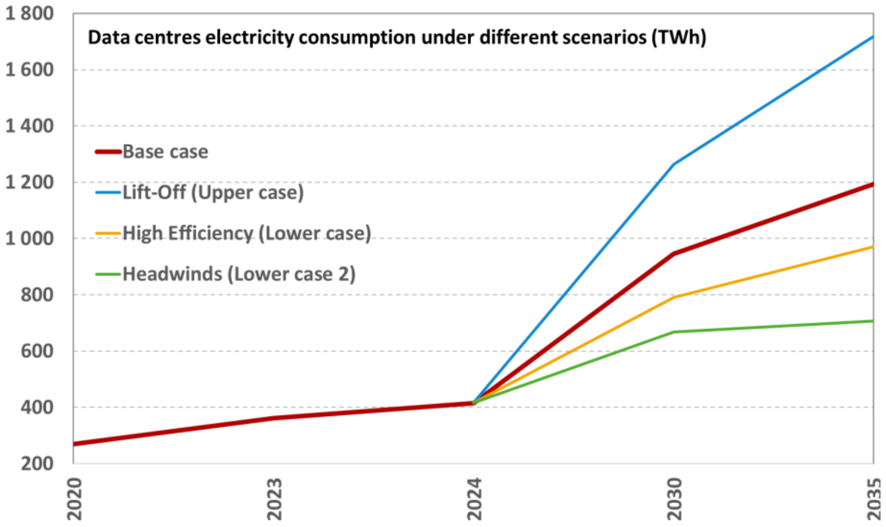


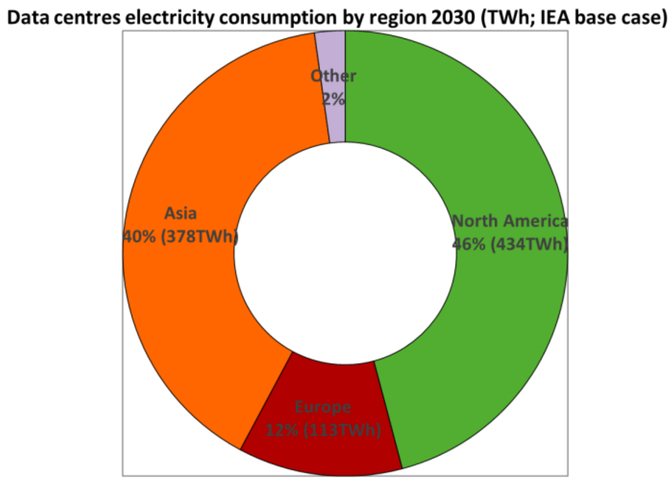
- The technology sector performed poorly from the second half of Q1 until early April, but as trade tensions began to ease and first-quarter reports came in strong, technology stocks rebounded. The "Magnificent 7" companies delivered combined nearly 28% profit growth in 2025Q1, far exceeding the 9.4% growth of other companies in the S&P 500. In addition, large tech companies also managed to beat expectations by an aggregate growth of more than 11%. Although the pace of growth is likely to slow in the coming quarters, this sector is still the best performer in terms of earnings within the S&P500.
- Investments in artificial intelligence do not appear to be slowing down for the time being, with essentially all major companies reaffirming their investment plans from the start of the year. Demand for semiconductors is so high that shortages are likely to intensify this year, keeping prices high and benefiting the sector. According to Gartner, global IT spending could rise by 9% this year, with double-digit growth expected in the data center and software segments. IDC forecasts that AI-related spending could grow at a CAGR of approx. 30% between 2024 and 2028.
- As AI solutions become cheaper, aggregate demand for them is likely to increase. According to the Jevons paradox, efficiency gains from technological progress allow resources to be used at a lower cost, thereby increasing aggregate demand and leading to higher aggregate resource use.
- Hyperscalers and other software companies are likely to continue to perform well, as barriers to entry into the sector are high, particularly in terms of technology and financing, which should keep margins high in the longer term. Demand for these services is likely to remain high as they have become basic infrastructure independent of economic cycles, without which corporate operations and modern lifestyles would be unimaginable.

We believe that AI as an investment story is here to stay in the long term, so it is worth maintaining exposure to the technology sector, even if high valuations are not necessarily supportive and there is little room for error on the profit side due to heightened expectations.

Source: Bloomberg, OTP Multi-Asset Strategies

Utilities: AI remains a structural tailwind despite earlier fears



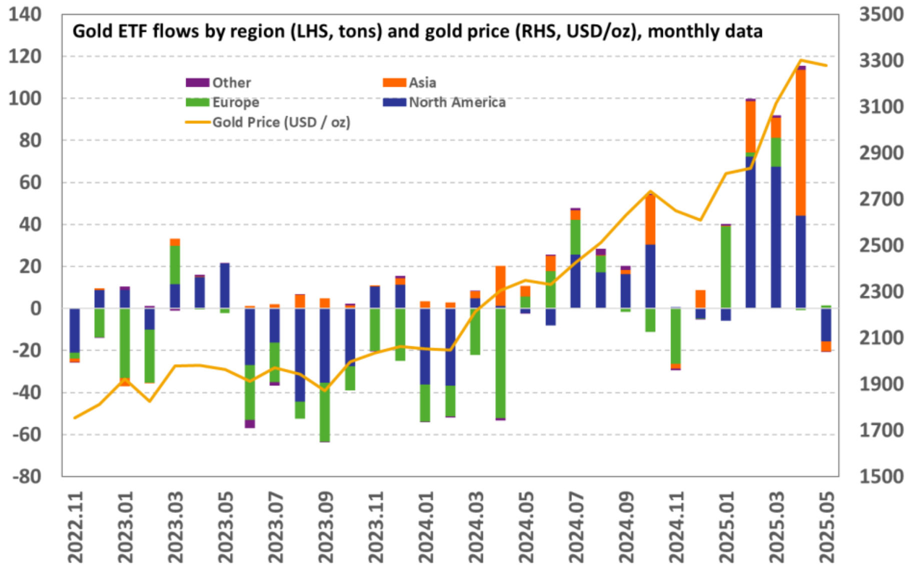


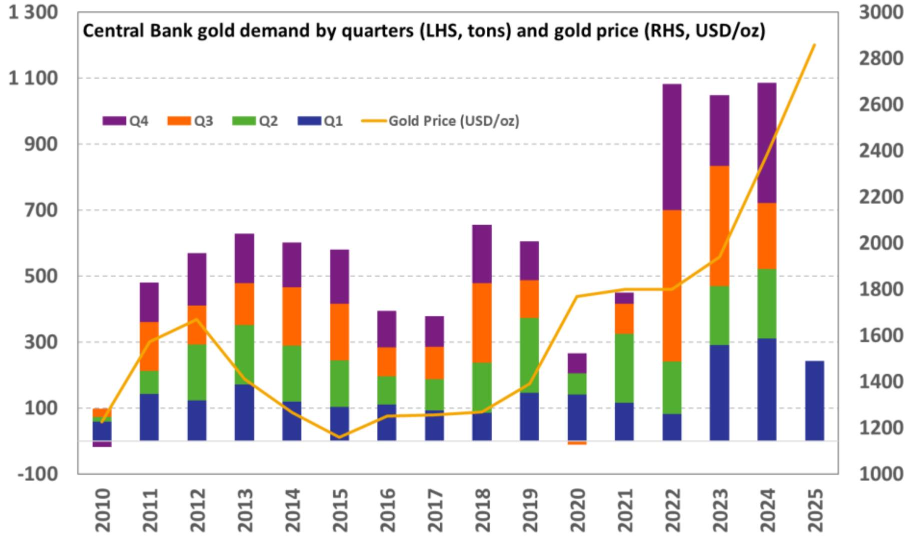
- For utilities, the expected rapid growth in electricity demand represents an important structural tailwind, in which AI / data centers could play a significant role. With the emergence of the cheaper and more efficient DeepSeek in China earlier this year, investors turned away from AI-related investments for a while, including some utilities (more efficient AI may lead to lower power consumption). However, investor concerns may have been exaggerated, as large tech companies will continue to spend heavily on data centers this year, and cheaper AI may also allow for wider deployment, which is good for power consumption. In addition, robotics, which is becoming more prominent, may also have significant power requirements, although this may come later in time. Technological advances will therefore continue to provide a structural tailwind for utilities in the coming years, despite concerns earlier this year.
- According to a recent analysis by the International Energy Agency (IEA), a typical data center focused on artificial intelligence consumes as much electricity as 100,000 households, but the largest ones currently under construction will consume several times that. Global investment in data centers has nearly doubled since 2022, reaching $500 billion in 2024. Last year, data centers accounted for 1.5% of global electricity consumption (not far behind France's annual electricity consumption). Regionally, 45% of this consumption is attributable to the US, 25% to China and 15% to Europe.
- The IEA forecasts that by 2030, data center consumption could reach 945TWh, more than double the current consumption and more than Japan's annual electricity requirement. However, the US will continue to account for a significant share of this growth, with data center electricity demand set to exceed the combined energy needs of the aluminum, steel, cement and other chemical sectors by the end of the decade. Natural gas and renewables will be the main sources to meet the significant demand, but nuclear energy may also have a place in this (e.g. small modular reactors / SMR, life extensions, restarts etc.).
- However, in addition to data centers, cooling/heating needs, electric cars and other industrial demand may also contribute to the increase in global electricity consumption. AI could boost electricity demand in developed countries. However, this will also require significant improvements in the electricity grid and rapid production of generation equipment (e.g. gas turbines).

We continue to favor the utility sector, where companies with diversified power generation assets (e.g. natural gas, nuclear, renewables, etc.) could be the best performers. However, in some cases, valuations are high, so it is recommended to be somewhat selective.

Source: Bloomberg, OTP Multi-Asset Strategies, IEA

Gold: The precious metal rally has broadened



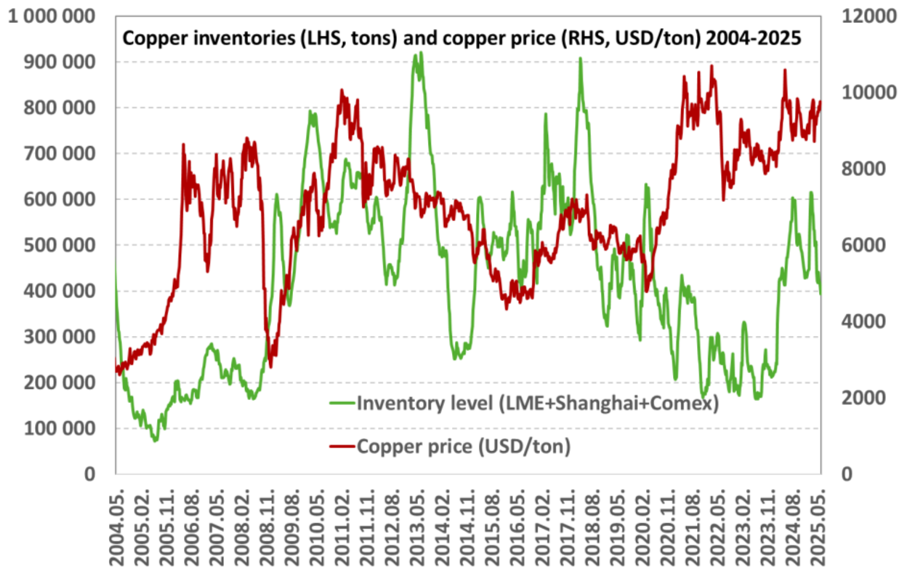


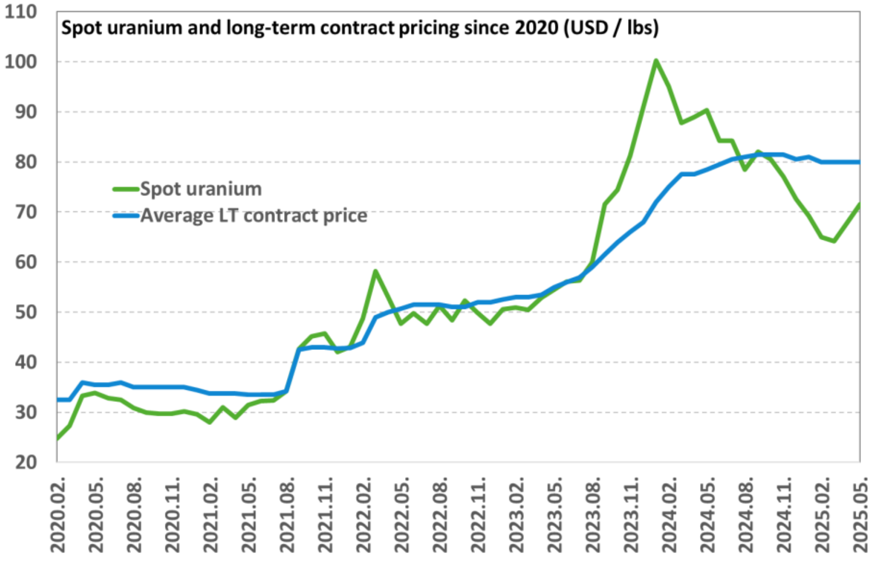
- Gold continued to perform strongly in the second quarter of 2025 and mostly remained in the $3,200-3,400 range, up more than 25% since the start of the year and more than 40% on a YoY basis.
- Although central bank activity has fallen by 21% YoY in Q1, it remains historically strong. The biggest buyer so far this year has been the Polish central bank.
- Following strong demand in February-April, May saw a moderate outflow from gold funds, led by North America. Although the dollar value of assets under management in the funds is at record levels, it is roughly 10% lower in terms of tons than the historical peak.
- The strong Q2 gold performance is also good for mining companies, and we expect strong Q2 earnings reports and significant cash generation. We continue to like the sector and some exposure is still recommended.
- The gold price has risen a lot recently, while central bank demand has also fallen somewhat, so it is hard to argue against some profit realization. That said, the Iran-Israel and Russia-Ukraine wars, uncertainty over tariffs, and the unfavorable trajectory of the US deficit and debt could keep gold prices elevated for the time being. A recent central bank survey conducted by the World Gold Council, for example, found that 43% of respondents plan to increase their gold reserves this year, while no central bank plans to reduce them.
- It is worth noting that platinum, another precious metal, has started to catch up with gold and silver. In the case of silver and platinum, the industrial use is dominant, so they are not just safe haven assets. Both commodities have been in deficit for years (silver since 2019, platinum since 2023), so the rise in prices likely have been driven not only by their precious metal character, but also by real demand.

Overall, it may still be worth holding gold or gold miner exposure, which could work well given geopolitical tensions, uncertainty over the tariff war and rising sovereign debts. Of course, we note that the price has risen a lot, so some profit realization might be adequate, but a full exit is not yet recommended due to the factors mentioned above.

Source: Bloomberg, OTP Multi-Asset Strategies, WGC

Miners: Uranium on the rise again, tight copper market





- The Chinese economic data, which have not been bad, are of particular importance for copper. Retail sales rose by 6.4% YoY in May, with household and communication appliances in particular performing strongly. Growth in the industrial sector was 5.8% YoY, a slight slowdown from April but still not weak, and sectors more reliant on copper remained particularly strong (e.g. automotive, electrical equipment, etc.). However, the property sector remains weak.
- The largest global producer, Chile, increased its production by 3.5% YoY in January-April, but the country's Copper Commission forecasts a moderate global deficit this year, with only a minimal surplus expected next year. Although demand growth may slow due to the tariff war, supply could be even weaker. On the one hand, several major producers have seen a production decline in Q1 on a YoY basis (e.g. Glencore, Freeport-McMoRan, Anglo American). On the other hand, seismic activity at the world's 4th largest copper mine (Kamoa-Kakula, DRC) has caused problems, leading to a significant cutback in production targets for this year (-28%). This case highlights the vulnerability of the supply chain.

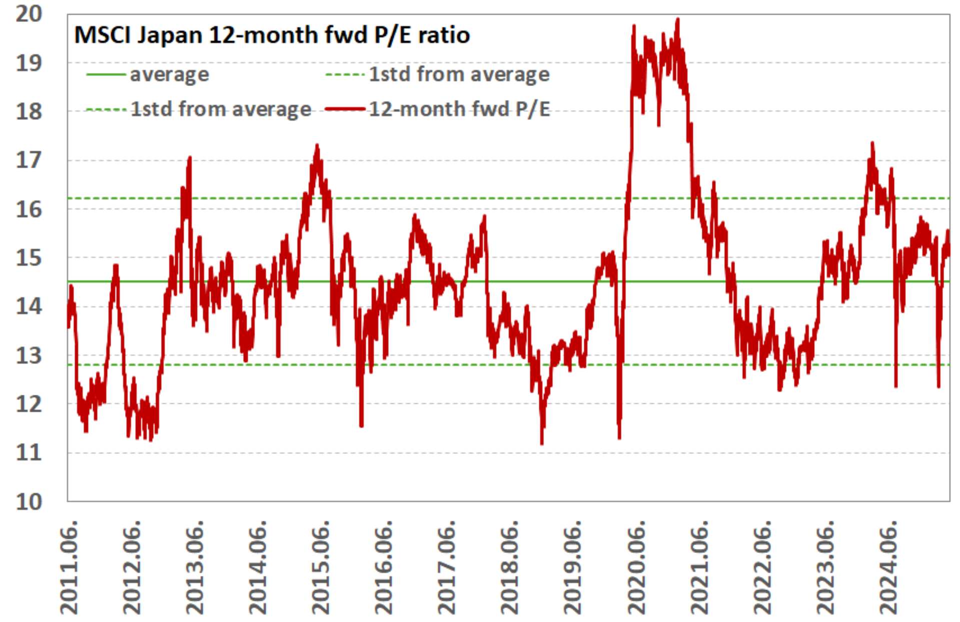
The tariff war continues to cause economic uncertainty, which in the short term could even affect copper, an industrial metal sensitive to changes in the economic environment. That said, supply is weak, China is holding up well for the time being, while demand is also supported by structural factors in the longer term. We continue to like the sector and recommend some copper miner exposure.

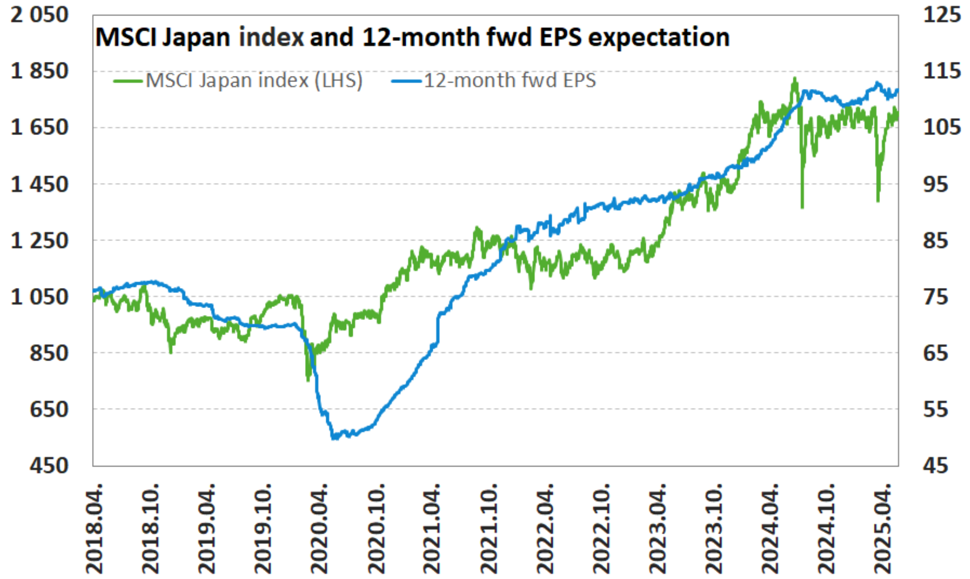
- The uranium spot price has performed relatively poorly since the beginning of last year, and this has continued into 2025. Since mid-March, however, there has been some rebound, also helped by an announcement in June of a significant capital raise by the largest physical uranium fund. Investors welcomed the move as the fund will use the proceeds to make further physical uranium purchases, which should boost prices in this relatively illiquid market. Shares in uranium mining companies reacted similarly positively to the news.
- Short-term sentiment has thus improved, but a sustained price increase may require more active participation by utilities (as opposed to financial, more speculative demand). Indeed, both spot and long-term contract uranium market flows have declined in the past year (the latter accounting for ~70% of total demand; utilities typically participate in purchases here). That said, the supply side is weak, with ongoing project delays and weaker-than-expected production.

The uranium market remains in deficit, mainly due to weakness on the supply side, while demand is stable and is expected to grow in the longer term. For the longer term, we continue to recommend uranium miner exposure.

Source: Bloomberg, OTP Multi-Asset Strategies, Cochilco, China NBS, Ivanhoe, Cameco

Japan: Corporate reforms will bear fruit in time



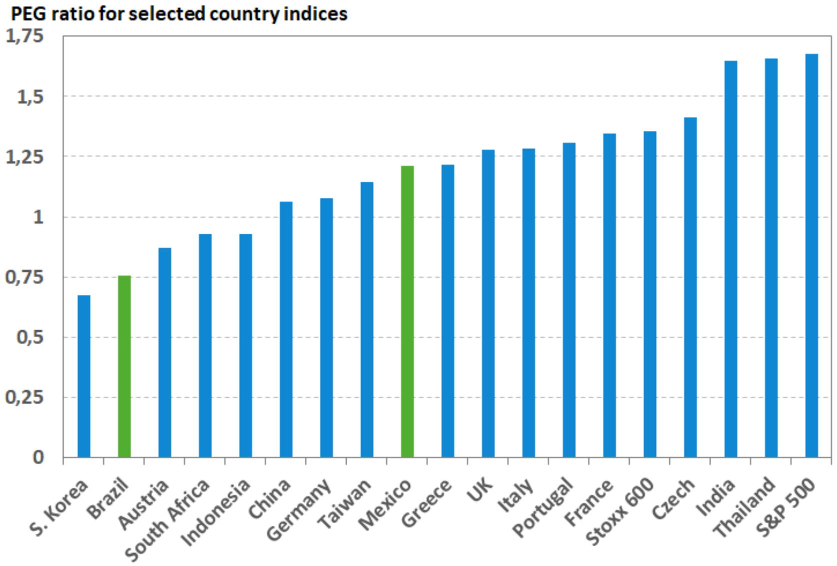


Source: Bloomberg, IMF, OTP Multi-Asset Strategies

- The Japanese investment story in a nutshell: the country has broken 30 years of deflation, wages are rising, the economy is growing, while corporate reforms are being implemented, boosting shareholder value. The local equity market is trading at attractive valuations compared with other developed regions, with foreign investors (e.g. Berkshire Hathaway has further increased its Japanese exposure this year) and local retail investors also increasing their exposure (thanks to the positive interest rates and growth and the newly launched, and quite popular investment accounts with tax benefits).
- Corporate reforms are progressing, leading to a significant increase and new records of share repurchases in the last year. In addition to value enhancing steps, large companies have also launched other types of restructuring measures, like reorganising boards, cutting costs, simplifying complex structures, divesting businesses, eliminating cross-ownerships. Those could have significant longer-term value creation potential, as Japanese companies' return ratios still lag their US or European peers.
- The forward P/E ratio (15.2) has returned to somewhat above the long-term averages, still implying a historically significant 30% discount to the US market (vs. The 10-year average of 19%). Although the Japanese 10-year yield has been quite volatile in the last quarter, finally it has declined ~10bp, so overall the equity risk premium is still 5.1%, well above the US (0.1%) and European (4.2%) levels.
- The positive profit momentum at the beginning of the quarter was interrupted, which may be due to the US tariff announcements. In this regard, it will be important to see what outcome the ongoing negotiations will bring. Both sides are showing willingness to agree on lower tariffs. The Japanese stock market is very sensitive to global growth cycles due to its significant export exposure, which is why the outcome of the US tariff negotiations will be important for earnings dynamics. However, due to the uncertainty caused by tariffs, the BOJ is more cautious about further interest rate hikes. For the time being, tensions in the government bond market have been eased and the yen has remained stable.
- On July 20, elections will be held for the upper house, where it is important that the party of current Prime Minister emerge victorious after losing its majority earlier in the more dominant lower house.

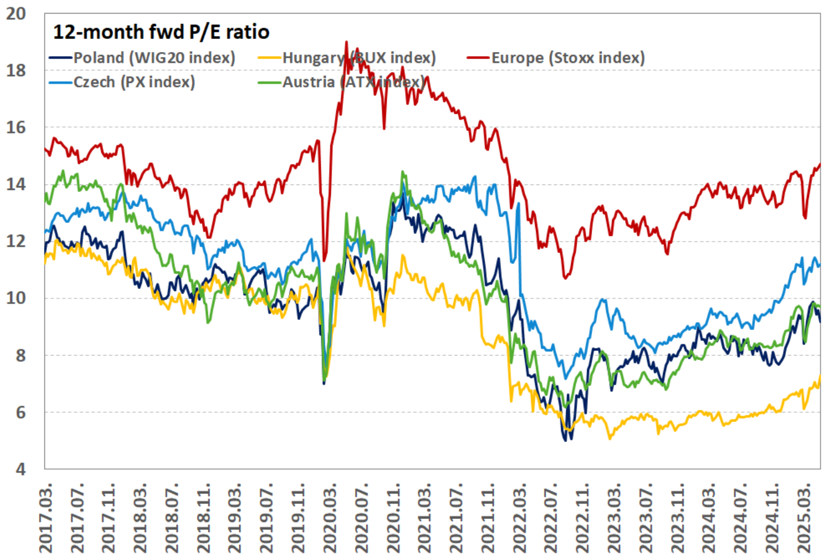
The world's second-largest stock market, which is significantly cheaper than many of its developed counterparts. It is exposed to global economic cycles and the outcome of the trade war, which may be a headwind in the short term, but corporate reforms offer growth potential in the longer term.

LatAm: Top performer YTD, some further upside potential remained



- Despite fears, the Mexican economy may weather the US tariffs relatively well (with a single-digit percentage burden), which means that it could be among the winners globally. The nearshoring trend may therefore continue to help, bringing efficiency gains and potential GDP growth in the long term. In early May, the election of judicial officials did not cause any market turmoil, as investors had overfeared the impact of the reforms. The slowdown in the US economy is a risk, and the expected budget adjustments also pose a downside risk to growth, which could even lead to a mild recession in the short term. However, this would allow the central bank to further reduce interest rates with inflation returning to close to its target, while keeping the currency stable.
- The economic impact of US tariffs is limited, internal problems pose a much greater risk in Brazil. This stems primarily from high budget deficits, significant interest burdens and unfavorable debt trajectory. With little chance of adjustment before the 2026 presidential election, this continues to make the real unstable, with inflation above target and a slowing economy. The central bank may start cutting interest rates this year, and an improvement in Chinese activity could also help. With elections approaching, the possibility of political change is also likely to be welcomed by what remains one of the cheapest markets globally (PE of 8.2, 35% discount to EM).

Poland: May slow down, but does not need to stop yet



Source: Bloomberg, OTP Multi-Asset Strategies

- The opposition victory in the presidential election does not fundamentally change Poland's favorable investment story, but it may cause some headwinds. Although the opposition's veto power over the government's reform efforts is an obstacle, this has already been the case in the past, so it will not bring about any substantive change, but rather remove further upside potential from a market perspective. However, with this outcome, the budget deficit is likely to remain high, accompanied by tighter monetary policy. Nevertheless, the Polish economy is likely to show particularly strong growth at the European level this year, which, combined with the central bank's stricter stance, will create a favorable profit environment for the finance-heavy market as a whole.
- The upside potential could come from the knock-on effects of European spending picking up, a possible Russian-Ukrainian peace deal. However, considering recent events, the latter possibility has become more remote, and we have not moved any closer to it. After the Polish stock market was one of the top performers this year, its previous undervaluation has also diminished, but its P/E ratio of 9.2 is still 15% below the long-term average. The Polish stock market's valuation represents a significant 37% discount compared to Europe, which lies in the middle of the 30-45% range seen in recent years. Forward-looking profit growth has also stalled recently, meaning that new impetus is needed to continue the outperformance and rerating process seen so far.

Sector ranking and relative position

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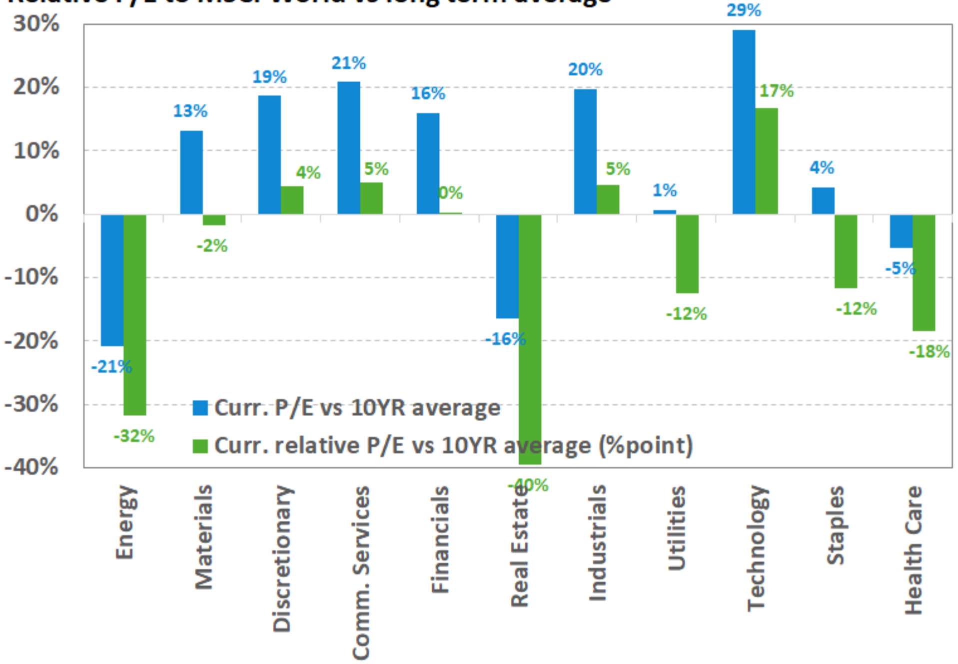
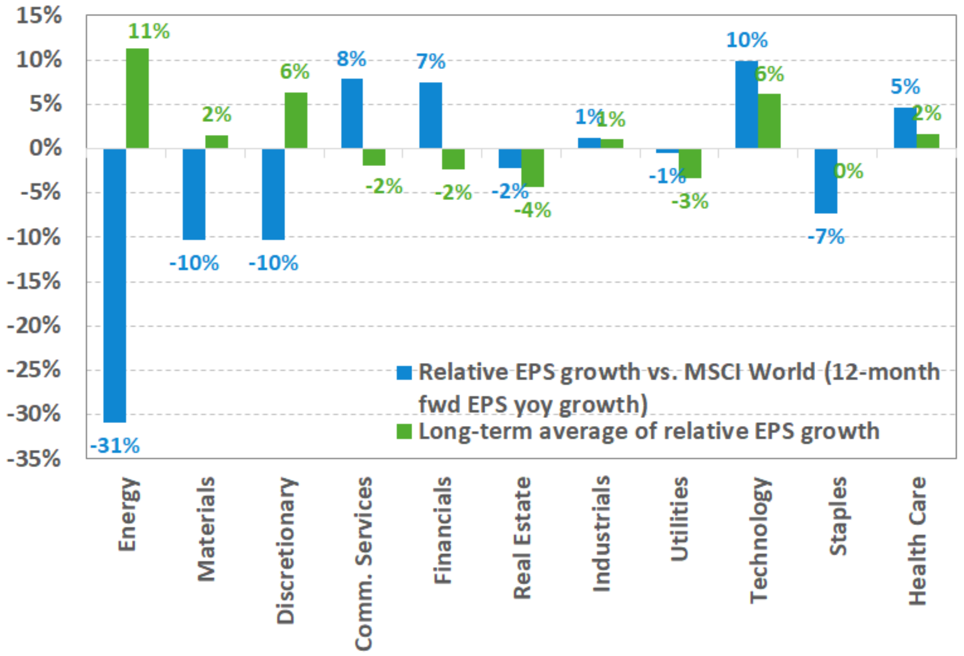
Relative P/E to MSCI World vs long term average



Relative EPS growth vs long term average



Bottom-up factor ranking by sectors, 1 is the best, 11 is the worst

S&P 500	Value	Size	Beta	Momentum	Profitability	Quality	Overall
Energy	1	5	4	11	9	7	6
Materials	6	3	6	9	7	3	7
Industrials	9	4	8	3	6	4	8
Financials	4	8	7	1	8	10	5
Consumer Discretionary	10	9	10	4	4	1	10
Consumer Staples	7	6	1	6	3	2	1
Health Care	5	7	3	10	5	6	4
Information Technology	11	10	11	7	1	5	11
Communication Services	3	11	9	8	2	8	3
Real Estate	8	1	5	5	11	11	9
Utilities	2	2	2	2	10	9	2

Stoxx 600	Value	Size	Beta	Momentum	Profitability	Quality	Overall
Energy	1	9	5	11	7	2	3
Materials	7	3	7	9	8	5	7
Industrials	9	6	9	4	5	6	6
Financials	3	7	8	1	10	11	8
Consumer Discretionary	8	8	11	8	4	4	10
Consumer Staples	6	5	2	6	2	1	4
Health Care	10	11	6	10	1	7	9
Information Technology	11	10	10	7	3	3	11
Communication Services	5	2	1	2	6	8	1
Real Estate	4	1	4	5	11	10	5
Utilities	2	4	3	3	9	9	2

Source: Bloomberg, OTP Multi-Asset Strategies

+ : outperforming, 0 : neutral, - : underperforming

H1 2025 performance review

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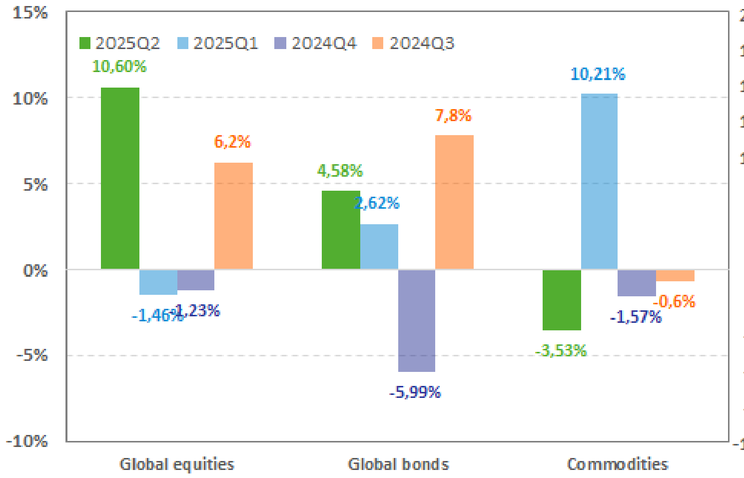
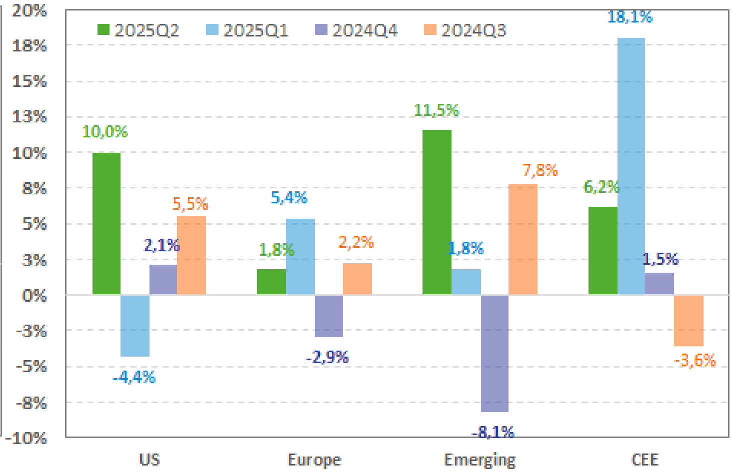
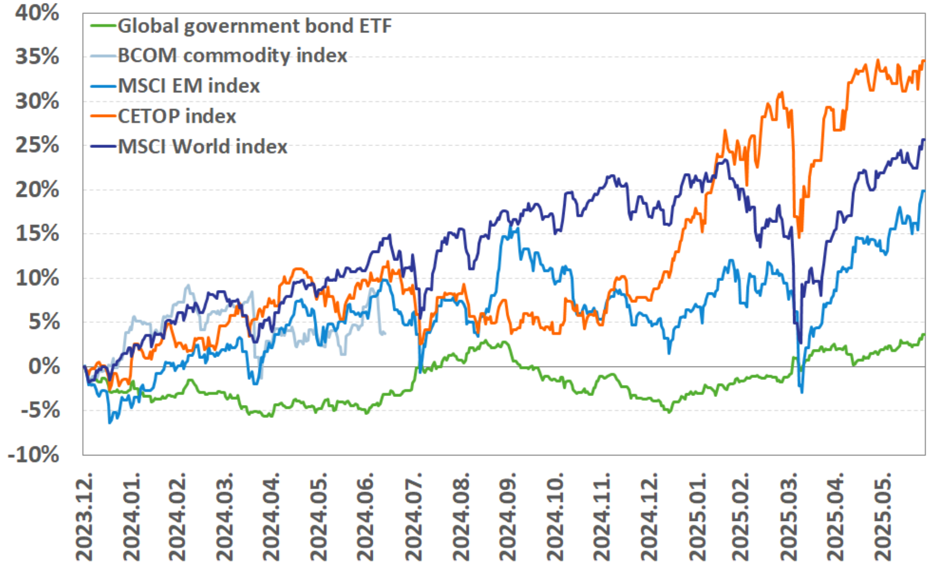
Asset Class performance



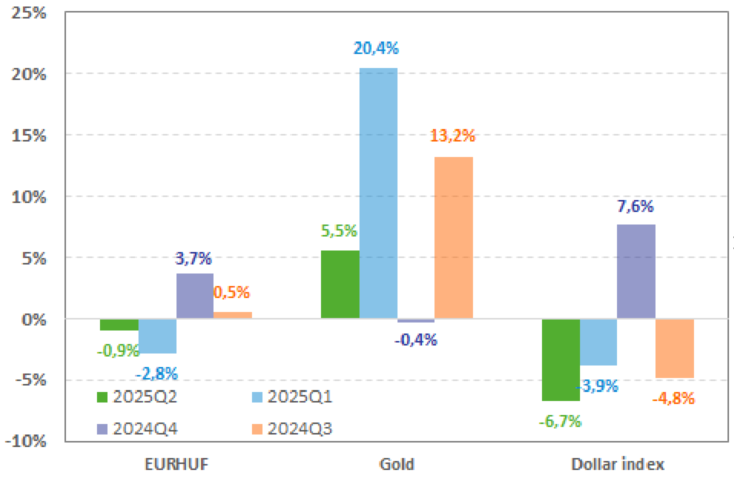
Equity regions' performance



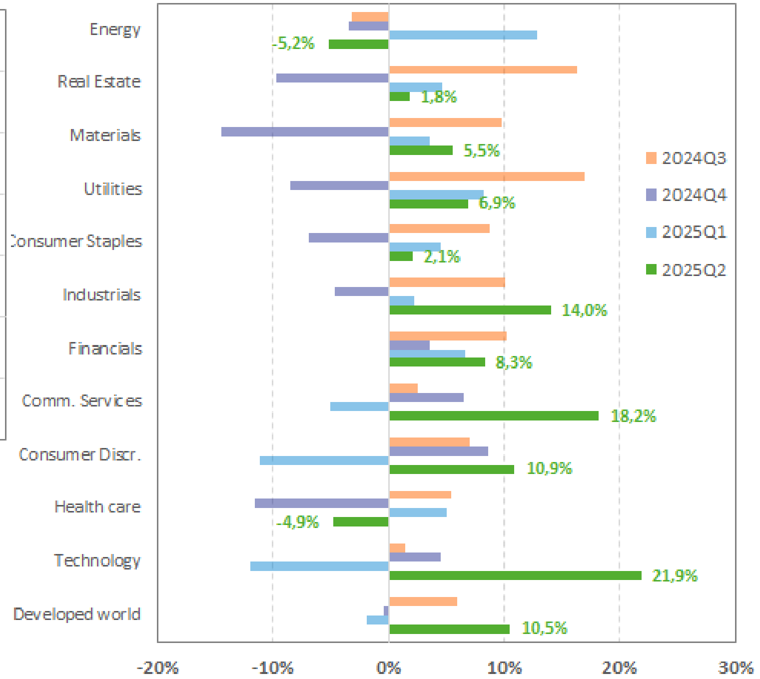
Relative performance of main asset classes



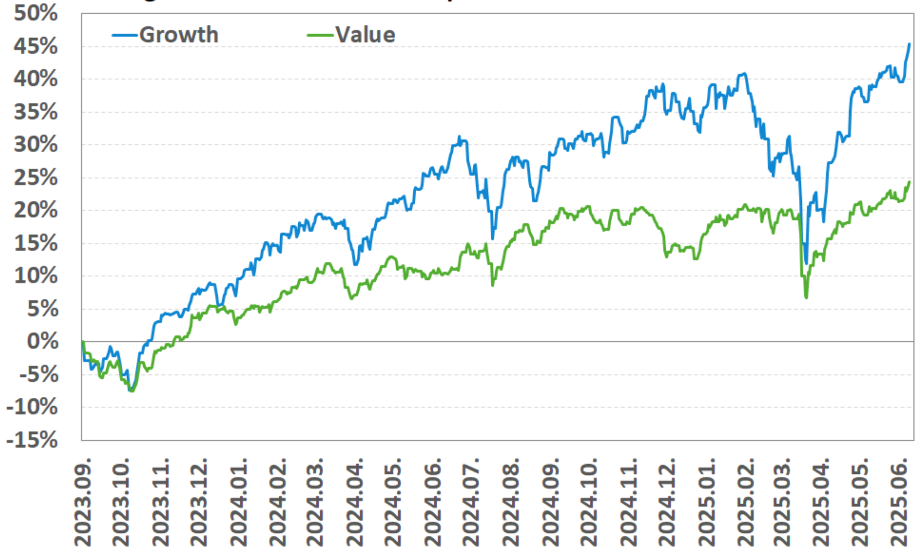
FX and gold performance



Equity sectors' performance



MSCI ACWI growth and value relative performance



Source: Bloomberg, OTP Multi-Asset Strategies

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