LONG-TERM PASSIVE FUND

PORTFOLIO MANAGEMENT TEAM

HEDGE FUND DIVISION

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Bocconi Students for Alternative Investments

Macroeconomic outlook:

1. EUROPE:

In the third quarter of 2025, seasonally adjusted GDP increased by 0.2% in the Euro Area and by 0.3% in the EU, compared with the previous quarter. The drivers of 2025 Euro GDP growth include private consumption bolstered by rising real wages, government spending, and the reversal of the inventory cycle. According to EY, the U.S. tariffs on European goods are expected to reduce Euro Area GDP growth by approximately 0.5% in 2026. Overall, IMF forecasts growth rates of 1.2% and 1.1% for 2025 and 2026.

Euro Area annual inflation is estimated to be 2.1% in October 2025, down from 2.2% in September. Its main components are services (3.4%), food, alcohol & tobacco (2.5%), non-energy industrial goods (0.6%), and energy (-1.0%). It is forecast to remain around the target (2.0%) in the medium term. UK inflation, revised up slightly to 3.4% in 2025 and 2.5% in 2026, is expected to decrease to 2.0% in 2027.

Euro Area seasonally adjusted unemployment rate was 6.3% in September 2025, stable compared with August 2025 and September 2024. The EU unemployment rate was 6.0% in September 2025, also stable compared with August 2025 and up 0.1% from 5.9% in September 2024.

The European Central Bank left interest rates unchanged at its October meeting. The interest rates on the deposit facility, the main refinancing operations and the marginal lending facility remain at 2.00%, 2.15% and 2.40%, respectively. The ECB

repeated that the policy was in a "good place" as economic risks recede and the Euro Zone shows continued resilience in the face of uncertainty. Current market consensus suggests little to no chance of a rate cut in December 2025.

According to the IMF, The Eurozone's aggregate budget deficit is projected to widen from 3.2% of GDP in 2025 to 3.4% in 2026, reaching 3.6% in 2027 and 3.7% by 2030, while the region's debt-to-GDP ratio is forecasted to increase from 87.8% in 2025 to 92.2% by 2030. France and Belgium are set to see the sharpest increases in debt levels, climbing to 129.4% and 122.6%, respectively. Germany is projected to increase its debt-to-GDP ratio from 64.4% to 73.6%. Among the bloc's most indebted economies, Italy will see an increase from 136.8% to 137.0% and Greece will see a reduction from 146.7% to 130.2%. Ireland and the Netherlands are expected to remain the eurozone's most fiscally resilient economies.

At the beginning of 2025, the European equities initially outperformed their American peers, but the STOXX 600 index of large European companies has been roughly flat since March, weighed down by weak corporate earnings and higher valuations. Goldman Sachs Research forecasts that the STOXX Europe 600 will rise about 5% to 580 over the next 12 months as of September 1, 2025. The team anticipates a 12-month total return, including dividends, of 8%. European fixed income market continues to offer compelling opportunities for income-focused investors, with yields near 3% according to Blackrock, who believes that European fixed income offers stability and liquidity, making it an attractive option for investors looking to navigate an increasingly complex environment of the United States.

2. <u>UNITED STATES:</u>

The U.S. economy is transitioning towards more stable, trend growth levels. Following the volatile growth pattern experienced post-pandemic, the economy is seeing some forces of re-balance between the fundamentals. Real GDP growth is forecasted to gradually slow down from 1.8 percent in 2025 to 1.4 percent in 2026, then hover just above 2 percent from 2030, in line with its potential growth levels. Despite the impacts of trade tensions, immigration policy, and policy uncertainties, investment in AI, renewable energy, and domestic supply chains provides some mitigation to the growth impediments. Consumer spending is strong, fueled by real wage growth and healthy balance sheets, but with some limitation due to higher financing and import prices. Business investment is focusing on sectors such as AI, which enhances efficiency, making the economy even more resilient.

Inflation has softened from its peak in 2022-2023. The core PCE index is forecast to dwindle from 3.2 percent in 2026 to about 2.3 percent in 2030, due to the deceleration of product and energy prices, as well as the Fed's current tightening policies. The ongoing inflationary forces are largely confined to the services side, due to labor shortages and the price of energy transitions. Although inflation is likely to linger slightly above target levels, inflation expectations are well-grounded. Growth is decelerating, and inflation is receding, allowing the Fed to pursue its easing course with caution, with interest rates likely to trend towards 3.1 percent by the end of 2026.

The labor market conditions are moderating, but with only gradual pressure. The pace of employment growth is meaningfully slower compared to the levels seen in the post-pandemic period, with the unemployment rate forecasted to increase to 4.5 percent in the early part of 2026 due to the fall in immigration, which is impacting both labor supply and participation. Wage growth is moderating, signaling a healthy adjustment rather than deterioration. For investors, this points to a slower but more durable macro environment, favorable for long-term allocation decisions.

The increase in real yields, combined with the

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stabilization of inflation expectations, has brought bonds back in favor. The 10-year Treasury rate around 4 percent provides an attractive income profile. With the Fed cutting rates, the front end of the curve could exhibit capital appreciation, but the possibility of fewer decreases in long yields due to continued budgetary deficits, it also has to be considered. The credit markets are stable, but increasing refinancing costs are impacting the lower-rated corporates. In the current setting, high-quality, intermediate-duration fixed income can once again establish itself in the investment portfolio on the basis of stable outcomes with low volatility.

U.S. equities are supported by Artificial Intelligence, with company earnings, which experienced an unprecedented fall in 2023, likely to grow by 11% in 2025. However, from the current perspective, the valuations are elevated, with the S&P 500 trading on a forward P/E ratio of 23, well over their average levels, meaning that the future growth will be more pegged on the earnings front than on the upside in valuations. In the current environment, a diversified allocation combining broad but quality-aware equity exposure with high-quality, intermediate-term fixed income can improve portfolio resilience, capturing structural earnings growth while securing reliable income and risk control.

3. EMERGING MARKETS:

(a) China: GDP came in at around 5.3% YoY in the first half of 2025; most mainstream forecasts now point to 4.4-4.5% for 2025 as a whole, with the World Bank at 4.5% and Fitch at 4.4%, reflecting ongoing property drag and tariff headwinds. CPI is negative on a YoY basis at -0.3% in September while core CPI is running at 0.98% and PPI is -2.3%, so the inflation trend remains disinflationary. The urban unemployment rate surveyed was 5.2% in September, with youth unemployment still elevated despite improvement earlier in the year. Policy is leaning on targeted fiscal support and calibrated monetary easing rather than broad stimulus, with the PBoC signaling potential resumption of government bond purchases to anchor rates while keeping front end rates within a tighter corridor and implicitly guiding 10-year CGB yields toward a 1.75-1.85% range, which argues for neutral duration and selective risk in longer tenors.

Sovereign ratings are A from Fitch after the April downgrade, A1 from Moody's with a negative outlook from late 2023, and A plus at S&P.

Trade: Local bonds have support from the prospective PBoC bid and subdued inflation while equities carry improving medium term narratives around AI and new consumption, but FX is still sensitive to DXY and rate differentials with JPM fair value around 7.15 on USD CNH and a modestly undervalued CNY basket; overall stance is long high quality CGBs on dips, neutral to modestly constructive CNY once levels improve, and stock selection skewed to policy aligned tech and consumption.

(b) India: Real GDP momentum remains the strongest among the large EMs with S&P and the RBI pointing to 6.8% growth in FY26, while Fitch is at 6.5%; private forecasters cluster near 6.5-6.8%. Inflation fell to an 8-year low of 1.54% in September and the RBI now forecasts 2.6% for FY26, which leaves room for additional easing once food base effects are assessed; near-term prints may be volatile around the lower end of the target band. Labor markets are tight by official series, but high frequency CMIE data show the jobless rate rising to roughly 7.5% in October, a reminder that employment quality remains mixed even as capex holds up. Policy mix is pro-growth fiscal consolidation and a steady RBI at 5.5% policy rate with space to cut as disinflation persists and the external account stays contained.

Ratings are BBB at S&P after the August upgrade from BBB minus, BBB minus at Fitch with Stable, and Baa3 at Moody's with Stable.

Trade: India continues to draw foreign equity and index inclusion flows with positive earnings

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revisions, while INR duration is supported by disinflation and prospective RBI cuts; positioning argues for adding duration in belly tenors and maintaining OW in equities with tilt to domestic cyclicals and capex beneficiaries, while watching tariff risk from the US.

(c) Brazil: After 3.4% GDP growth in 2024, official and central bank projections point to a deceleration toward about 2% in 2025 as tighter fiscal arithmetic and weaker external demand cool activity. Headline inflation has eased into the mid fours to fives, and the policy rate is in a cutting cycle, but the BCB's late September Monetary Policy Report flagged slower growth and a cautious glide path, keeping real rates positive. Unemployment is near multi-year lows around 5.6% into August and September, which supports consumption but also tempers the speed of cuts. Policy is a measured easing bias at BCB and an evolving fiscal framework that rating agencies say needs further credibility to stabilize debt dynamics. Ratings sit at BB Stable at Fitch, Ba1 Stable at Moody's after the May outlook move to Stable, and BB at S&P.

Trade: Local duration still screens attractive on carry with scope for additional SELIC cuts, but curve bull steepening is likely to be limited by fiscal risk premia; equities remain a relative value play when SELIC falls, with mutual fund and pension allocations to equities rising from depressed levels and foreign flow cyclicality creating entry points.

(d) South Africa: Growth is flat to marginal with SARB and Stats SA data showing a 0.1% QoQ expansion in Q1 and a difficult H1 given load shedding relief offset by logistics bottlenecks. The inflation trend is easing toward the midpoint of the 3-6% target, with SARB and private forecasters penciling roughly 4.6% in 2025, which allows a later entry point for rate cuts once rand stability is assured. The labor market remains the key macro weakness with the official jobless rate rising to 33.2% in Q2 2025 and the expanded rate at 42.9%. Policy is orthodox at SARB and cautious on easing given risk premia and politics under a coalition government. Ratings are BB minus at Fitch with Stable, Ba2 at Moody's with Stable, and BB minus at S&P with a Positive outlook.

Trade: Local bonds offer high real yields but demand a risk budget for currency and reform execution; equities have rerated with EM beta this year yet remain sensitive to power and ports delivery.

(e) South Korea: GDP growth guidance from the BOK and OECD is around 0.8-1.0% for 2025 as tariffs and global electronics cycles temper exports and delay domestic demand recovery. Inflation is projected near a target around 1.8-1.9% for 2025. The labor market is tight in levels with unemployment near 2.5% in September, though private hiring softness and cyclicality in manufacturing employment persist. Policy is a cautious BOK with potential easing as growth stalls and inflation remain subdued, while fiscal measures target semiconductor and export competitiveness. Sovereign ratings are high grade at AA minus S&P, Aa2 Moody's, AA minus Fitch.

Trade: KTB duration is a clean defensive within EM beta baskets and equities remain leveraged to AI hardware and memory pricing cycles, with foreign flows still positive but more selective after a strong YTD.

(f) Mexico: Near term growth is soft with the IMF's October Article IV placing 2025 at roughly 1.0% before a modest acceleration, in line with OECD projections that cite tariff headwinds for exports; domestic demand is steady, and nearshoring capex is a multiyear tailwind but not yet a 2025 growth engine. Inflation has moderated and is expected to converge toward Banxico's 3% target by the

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second half of 2026 as policy rates edge lower from restrictive levels. Unemployment remains low around 3% as of September, though informality is high and rising. Policy is gradual Banxico easing contingent on disinflation and a front-loaded fiscal consolidation to stabilize debt. Ratings are investment grade across the board at BBB S&P, BBB minus Fitch Stable, and Baa2 Moody's Negative.

Trade: MBonos still carry well with an improving inflation path and limited supply, while equities screen as a selective play on nearshoring and domestic banks; FX is fundamentally supported by remittances and carry but sensitive to US trade policy and 2026 electoral noise.

(g) Egypt: Growth expectations for FY24-25 sit near 4% on IMF program traction and large scale FDI commitments, with forecasts rising toward 4.7-5.0% by FY26 as FX and energy constraints ease. The disinflation trend is uneven after aggressive rate cuts in April and May as headline CPI bounced to 16.8% in May on base effects but remains far below the 2023 peak: the CBE targets sub 10% by end 2025. Labor market data are sparse at high frequency and unemployment remains in the low double digits historically, but policy attention is focused on FX liberalization, state asset sales and primary balance improvement. Ratings are mixed with Moody's at Caa1 Positive, Fitch at B Stable after an October affirmation, and S&P upgrading Egypt to B from B minus in October on program credibility.

Trade: Local T-bills have very high nominal carry and are the primary expression for domestic investors while hard currency sovereigns have tightened on rating momentum and program delivery; equities rerated in 2025 but remain sensitive to FX and liquidity.

Equities Macro Outlook Emerging market equities are in a durable uptrend. The rally is not overextended, and valuations remain below historical averages while earnings revisions are turning sharply higher. The next leg of performance should be driven by Korea, Taiwan, and China, where tech leverage and reform momentum converge with global AI demand. South Africa offers tactical upside through gold-linked miners and deep-value domestic names as rates fall. India remains a hold, with stretched valuations, tariff risks, and a maturing software cycle limiting near-term upside.

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Positioning into year-end favors a barbell strategy with long North Asia tech beta, selective exposure to commodity-linked EMs, and underweight expensive domestic stories.

Fixed Income Macro Outlook EM debt continues to offer the best risk-adjusted carry in global fixed income. Disinflation and policy easing cycles across Latin America, CE3, and Asia create duration upside, while technicals remain tight with net negative supply.

The trade is still to own local bonds over hard-currency credit, especially in Mexico, Brazil, and Poland, where real yields remain excessive versus fundamentals. A softer dollar and falling developed market yields reinforce EMFX carry trades. The opportunity set into 2026 is defined by convergence, high real yields, stabilizing inflation, and credible central banks turning supportive. The bias is to stay long duration and selectively add to frontier high-carry names where IMF programs cap downside.

	Fitch	*S&P*	*Moody's*
Europe	AAA	AA+	Aaa
United States	AA+	AA+	Aa1
China	A	A+	A1
India	BBB-	BBB	Baa3
Brazil	BB	BB	Ba1
South Africa	BB-	BB-	Ba2
South Korea	AA-	AA-	Aa2
Mexico	BBB-	BBB	Baa2
Egypt	B	B	Caa1

Sovereign credit ratings by Fitch, S&P, and Moody's, comparing countries' relative credit risk.

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Asset allocation:

The investment architecture of the fund is built on a strategic balance: acknowledging generational technological shifts while rigidly adhering to valuation discipline. Our core conviction in the US economic engine - specifically its unparalleled leadership in the AI revolution - remains sacrosanct. However, the market has rapidly priced this superiority. We view the current elevated pricing of US technology, with the S&P 500 trading illustratively above its historical Forward P/E average, as having compressed future return prospects with an implied market return premium around 2.5%-3%. Our slight underweight in US equity exposure, implemented via a broad market index tracking ETF, is therefore a necessary, tactical re-allocation of risk capital, not a directional bet against innovation.

This restraint allows us to pivot toward markets offering a genuine margin of safety. Our most significant relative value bets are concentrated in European and Emerging Market Equities. European markets present compelling cyclical lows, with the Stoxx 600 illustratively trading at a discount compared to the US. This provides a robust asymmetry: limited downside and significant upside as global recovery filters through, fostered by monetary easing and more clarity around trade deals. The more dynamic thesis lies in Emerging Markets. We believe these economies are entering a structural sweet spot, benefiting profoundly from a late-stage dollar cycle, which naturally alleviates dollar-denominated debt pressures and attracts portfolio flows. The region is further propelled by focused pro-growth policies. We are seeing a powerful, credit-fueled infrastructure build-out in nations like India, alongside strategic domestic stimulus packages in Southeast Asia aimed at insulating local consumption from global volatility. China is still trying to spur growth through fiscal and monetary stimulus and at the same time is heavily investing in technology for the AI race against the US.

In Fixed Income, the strategy centers on stability and minimizing duration risk in an environment of global fiscal uncertainty. We favor mid-duration European sovereign bonds, primarily through instruments tracking core Eurozone government debt. This duration choice is predicated on our expectation of a slow, predictable monetary easing path from the ECB. However, we are wary of long-duration exposure due to the growing risks of fiscal slippage across the continent. The commitment to increased German fiscal stimulus, combined with a significant French deficit increases debt supply and long-term macro uncertainty in the Eurozone. We believe a full duration bet would disproportionately suffer from this supply-side dynamic. Consequently, we maintain a defensive underweight in US Fixed Income, where persistent supply pressure from fiscal dominance and long-term inflation expectations - currently priced by the market at 2.6% over ten years - presents a poor risk-adjusted entry point.

For yield and thematic diversification, we selectively allocate to high-quality Emerging Market fixed income, often through local currency debt funds, providing attractive carry and further benefiting from the dollar cycle thesis. Finally, the Fund holds a high-conviction exposure to physical commodity infrastructure through a dedicated Uranium fund. This is not a cyclical trade; it is a structural play on energy security. The global mandate for net-zero emissions mandates reliable base-load power, positioning nuclear energy—and its constrained Uranium supply chain—as an essential energy asset for the next decade.

Asset allocation graphs

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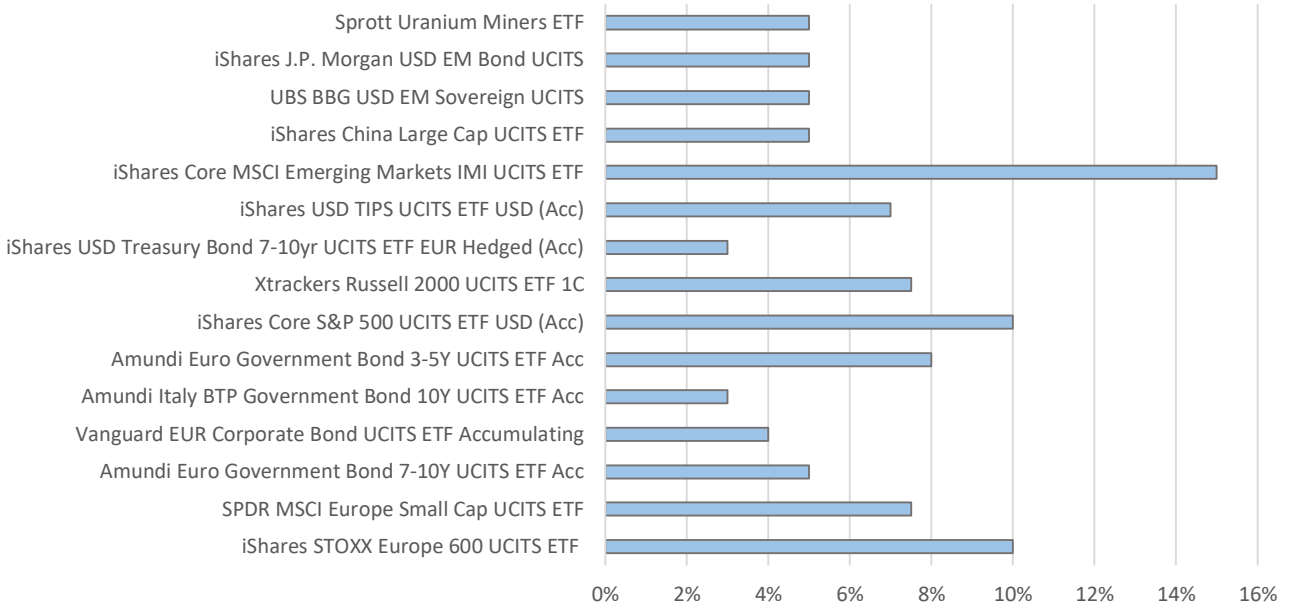
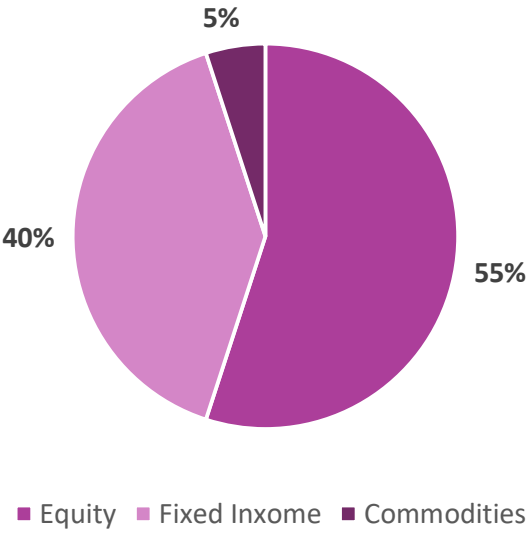
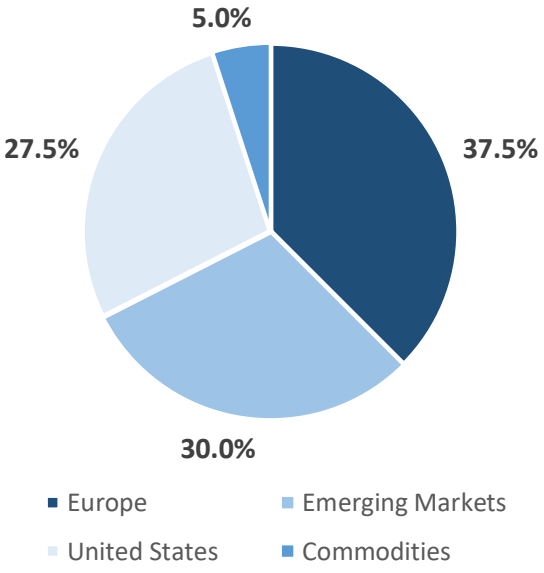
ETFs Breakdown



Asset Allocation



Geographical Allocation



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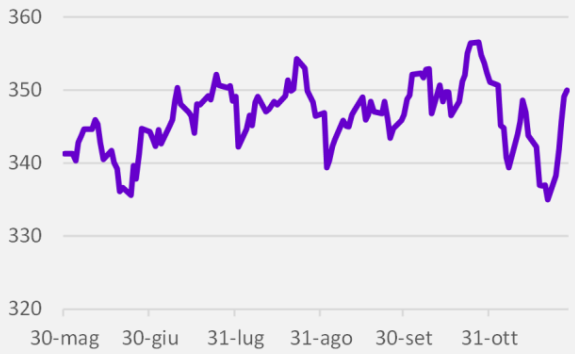
SPDR MSCI Europe Small Cap UCITS

Index: MSCI Europe Small Cap Index

Expense Ratio: 0.30% p.a.

Overview: SPDR MSCI Europe Small Cap UCITS replicates the performance of MSCI Europe Small Cap index, which tracks 832 small cap stocks from 15 European developed countries.

Analysis: Europe's moderate but resilient economic growth, easing inflation and stable ECB rates creates an economic environment where small-caps tend to outperform. Allocation to this ETF brings diversification by providing exposure to a wide range of sectors and companies and enables capturing the positive expected performance of the European small-cap stocks.



Conclusion: The year-to-date return of the SPDR MSCI Europe Small Cap UCITS ETF is 12.43% Overall, investment in it complements our European Equity investments into iShares STOXX Europe 600 UCITS by adding small-cap exposure, broadening diversification, and enhancing the growth potential of our European equity sleeve.

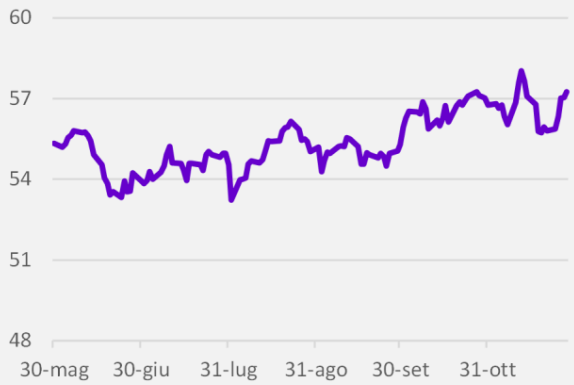
iShares STOXX Europe 600 UCITS

Index: STOXX Europe 600 index

Expense Ratio: 0.20% p.a.

Overview: iShares STOXX Europe 600 UCITS ETF replicates the performance of STOXX 600 index, which tracks the return of the 600 largest stock exchange listed companies out of 17 European countries (Eurozone as well as Great Britain, Switzerland and Scandinavian countries).

Analysis: Investment in this ETF serves as a core European equity allocation, adding diversification to the total portfolio by providing exposure to a wide list of sectors (including financials, industrials, healthcare, consumer, technology among many others) and companies based in Europe. Additionally, the dividend-paying nature of the ETF provides further liquidity. In line with our current European macro overview, European economy has shown moderate but resilient growth. Even though STOXX 600 index has been flat since March, it is forecasted to rise over the next 12 months.



Conclusion: The year-to-date return of the iShares STOXX Europe 600 UCITS lies at 17.15%, which has been consistently positive since its inception, with the exception of periods of major market stress such as the Global Financial Crisis, the Eurozone crisis, and the COVID-19 downturn. Overall, considering the European macro environment, this ETF benefits our portfolio by capturing large-cap European returns and adding diversity.

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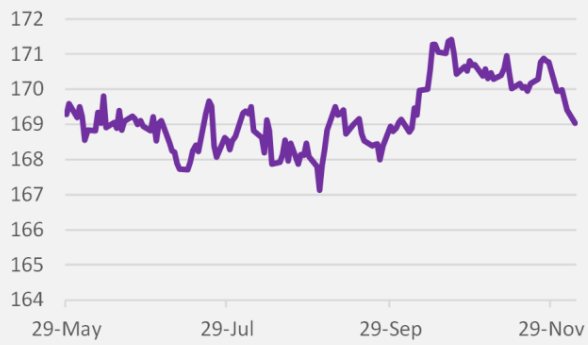
Amundi Euro Government Bond 7-10Y UCITS ETF Acc

Index: Bloomberg Euro Treasury 50bn 7-10 Year Bond index

Expense Ratio: 0.15% p.a.

Overview: The Amundi Euro Government Bond 7-10Y UCITS ETF Acc tracks the Bloomberg Euro Treasury 50bn 7-10 Year Bond index. The index comprises of Euro denominated government bonds issued by eurozone's member states with remaining maturities between 7 to 10 years.

Analysis: On the 30th of October the ECB remarked that interest rates will remain unchanged until the end of the year, reflecting the normalisation of inflation around target level. Despite the positive signals provided by the ECB, we stay vigilant on a potential downturn as a result of France's widening deficit and the Dutch pension reform, both of which are exerting upward pressure on long-term yields. Therefore, we favour intermediate maturity which offers an attractive carry close to 3%, with a lower exposure to term-premium volatility than longer term bonds.



Conclusion: With this ETF we want to exploit the high-end of the curve while trying to limit the exposure to duration risk. For instance, we focus on income generation rather than capital gains. Nevertheless, a bigger portion of the portfolio is allocated to a lower average maturity, in order to provide even more protection against yield volatility.

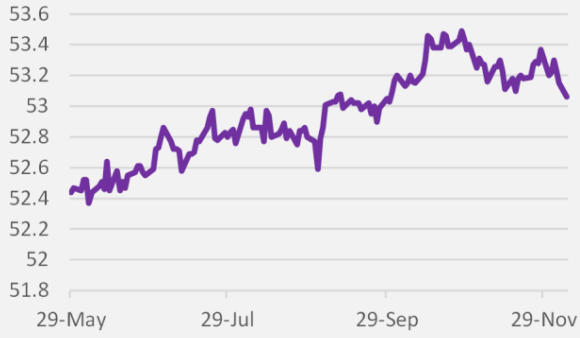
Vanguard EUR Corporate Bond UCITS ETF Acc.

Index: Bloomberg Euro Corporate Bond index

Expense Ratio: 0.07% p.a.

Overview: The Vanguard EUR Corporate Bond UCITS ETF Accumulating keeps track of the Bloomberg Euro Corporate Bond index, which includes investment grade corporate bonds from industrial, utility and financial issuers in the Eurobond and Eurozone markets.

Analysis: Credit spreads on European investment-grade corporates currently trade close to their 10-year average, suggesting limited room for further tightening. Nevertheless, the segment continues to provide an attractive carry around 4%, supported by resilient balance sheets and contained default expectations. We allocate to investment-grade credit, to benefit from higher yields than government bonds while keeping a conservative credit exposure.



Conclusion: The ETF, serves as a core income component of our fixed-income portfolio, with a main focus on carry rather than spread compression. Moreover, the investment grade exposure allow us to keep volatility and default risk under control.

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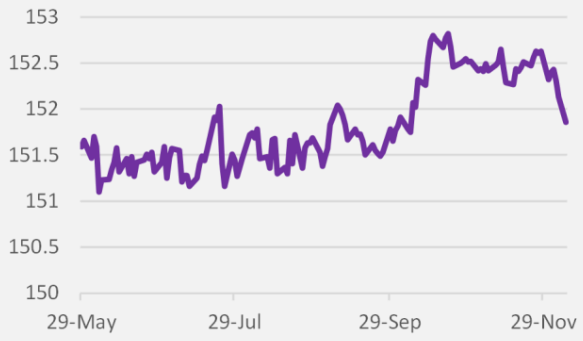
Amundi Euro Government Bond 3-5Y UCITS ETF Acc

Index: Bloomberg Euro Treasury 50bn 3-5 Year Bond index

Expense Ratio: 0.15% p.a.

Overview: The Amundi Euro Government Bond 3-5Y UCITS ETF Acc replicates the Bloomberg Euro Treasury 50bn 3-5 Year Bond index, which tracks euro denominated government bonds, with a remaining maturity of between 3 to 5 years, issued by the members in the eurozone.

Analysis: As we have already mentioned, the ECB has entered a phase of policy stabilization, Inflation is converging toward target, but uncertain fiscal dynamics across some member states continues to weigh on longer maturities. In this context, intermediate sovereign bonds represent an efficient way to lock in still attractive yields, currently around 2.3%, and limiting interest-rate volatility. The 3-5Y maturity segment provides protection against future uncertainty, while retaining a price sensitivity if easing resumes in 2026.



Conclusion: The ETF provides liquidity and stability to our portfolio, serving as a low-risk anchor within our fixed-income allocation. The combination of stable income with minimal duration exposure, allows us to preserve capital and reduce the overall portfolio volatility..

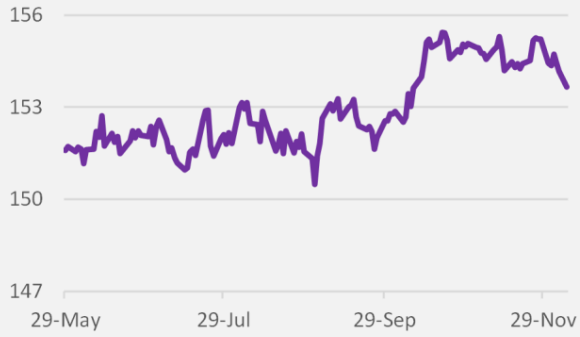
Amundi Italy BTP Government Bond 10Y UCITS

Index: Mid Price Italy 10y Target Maturity (EUR) index

Expense Ratio: 0.17% p.a.

Overview: The Amundi Italy BTP Government Bond 10Y UCITS ETF Acc seeks to track the MTS Mid Price Italy 10y Target Maturity (EUR) index. The index is made of Italian government bonds with a maturity of 10 years.

Analysis: Italy has undergone a remarkable transformation on the last years characterized by high growth rates and stronger fiscal discipline. The 10-year BTP–Bund spread has narrowed to a 15-year low and fiscal consolidation efforts and resilient domestic demand continue to support BTPs, which offer one of the most attractive risk-reward profiles among Eurozone Government bonds. The BTPs provide both a high and stable carry near 4%, coupled with moderate duration exposure. Given that the spread compression potential is now limited, we are primarily focused on income generation and relative value versus core European Government bonds.



Conclusion: This ETF allows us to capitalise on Italy's improving credit profile and macro environment. The position provides a valuable yield in the European fixed-income market, while maintaining a controlled though relatively high average duration of 7.61.

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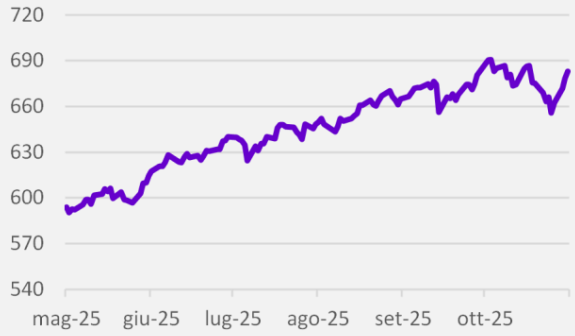
iShares Core S&P 500 UCITS ETF (Acc)

Index: S&P 500 Index

Expense Ratio: 0.07% p.a.

Overview: The iShares Core S&P 500 UCITS ETF tracks the performance of the S&P 500 Index. It provides exposure to the 500 largest U.S. companies across all major sectors, making it a cornerstone vehicle for capturing broad U.S. equity market growth. Due to its low cost and diversified exposure, this ETF is often seen as a foundational allocation within long-term portfolios.

Analysis: The S&P 500 has consistently shown resilience in the face of macroeconomic uncertainty in the US because of robust earnings from mega-cap companies in the consumer discretionary, healthcare, and technology sectors. Large-cap U.S. companies have benefited from strong balance sheets and pricing power, and corporate profitability is still high despite the ongoing high interest rates. U.S. economic data, which continues to show stable labour markets and modest GDP growth also allays fears of a recession. Global revenue diversification benefits the index's constituents by lessening the ETF's susceptibility to domestic shocks.



Conclusion: The ETF has provided stable long-term returns, making it a reliable core holding. Its inclusion will enhance stability whilst reducing idiosyncratic risk. It provides exposure to companies with durable competitive advantages. This allocation reflects our view that U.S. large-cap equities will continue to serve as an anchor amid global uncertainty.

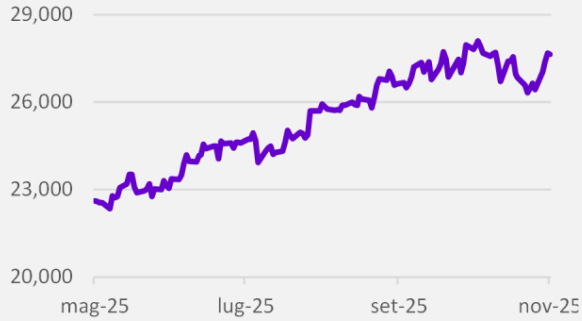
Xtrackers Russell 2000 UCITS ETF 1C

Index: Russell 2000 Index

Expense Ratio: 0.19% p.a.

Overview: This ETF tracks the performance of the Russell 2000 Index, which represents 2,000 U.S. small-cap companies. The index provides broad exposure to the U.S. domestic economy and captures the performance of smaller firms that tend to be more sensitive to economic cycles.

Analysis: Over the past year, small-cap stocks have seen considerable volatility because of rising interest rates, tighter credit requirements, and inflation pressures. In contrast to large-cap indices, the Russell 2000's relative valuations are currently at multi-year lows, offering long-term investors a potentially appealing entry point. Due to their greater operational leverage and higher financing sensitivity, small-cap firms may profit disproportionately as inflation steadily declines and the Fed raises the prospect of rate cuts in the coming year. Furthermore, Russell 2000 offers better sector diversification than other indices with a greater weighting towards financial services, healthcare, and industrials. Due to their cyclical nature and potential for quick earnings recovery, small-cap stocks are well-positioned to outperform larger peers if the U.S. economy avoids a recession and moves into a soft-landing scenario.



Conclusion: We have decided to allocate 7.5% into this ETF. This reflects our conviction that small-cap stocks have strong upside potential in a macroeconomic environment that is stabilising and has the potential to loosen monetary policy. The allocation increases diversification within the U.S. equity sleeve and provides exposure to companies that could do better during an economic recovery.

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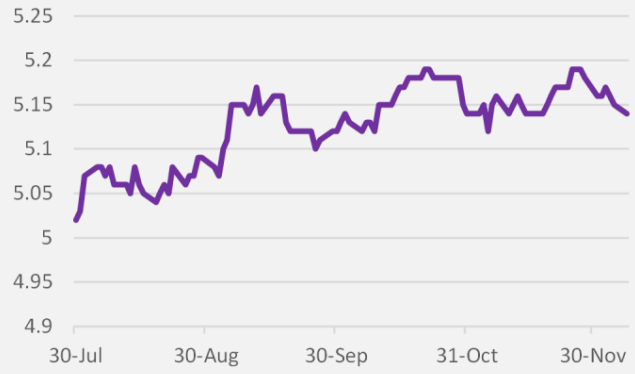
iShares USD Treasury Bond 7-10yr UCITS ETF EUR Hedged

Index: ICE US Treasury 7-10 year (EUR Hedged)

Expense Ratio: 0.10% p.a.

Overview: The iShares USD Treasury Bond 7-10yr UCITS ETF EUR Hedged (Acc) tracks the ICE US Treasury 7-10 year (EUR Hedged). The index comprises U.S. Treasury bonds with a remaining maturity of between 7 to 10 years, denominated in USD but fully hedged to the EUR.

Analysis: The ETF strikes a good balance between an historically attractive carry of around 4% and a moderate duration exposure. As pointed out previously in the macro analysis, we estimate the US economy to enter a phase of soft landing, characterised by moderate inflation and a gradual easing of monetary policy by the FED. In this scenario, with the yield curve recently turned positive after a prolonged inversion, the treasuries offer a combination of appealing yields from term premiums with potential capital gains from duration, as the fed continues to ease policy. Lastly, the euro hedge provides protection against the continuation of dollar devaluation amid lower international reliance in both trade and reserves.



Conclusion: This ETF combines attractive carry with moderate duration exposure and protection against dollar devaluation, ideally positioned for the expected soft-landing environment. However, the allocation is limited to 3%, reflecting our conservative stance in case an adverse scenario of rising inflationary pressures, driven by tariffs and high fiscal deficits, materialises and penalises intermediate maturities, whose duration of 6,96 still entails high interest rate sensitivity.

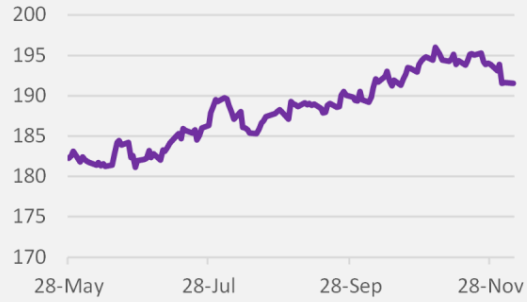
iShares USD TIPS UCITS ETF USD (Acc)

Index: Bloomberg US Government Inflation-Linked Bond index

Expense Ratio: 0.10% p.a.

Overview: The iShares USD TIPS UCITS ETF USD (Acc) replicates the Bloomberg US Government Inflation-Linked Bond index, which tracks the performance of U.S. TIPS (Treasury Inflation-Protected Securities) with at least one year to maturity.

Analysis: The current macro situation in the U.S. depicts a steadily declining inflation; nevertheless, two factors, pose a real threat to the persistent normalisation of price dynamics: fiscal deficit and tariffs. The average effective tariff rate has jumped to nearly 18% in 2025, the highest since 1934, while the U.S. budget deficit is forecast to reach USD 1.865 trillion by the end of 2025. In this environment, where inflation expectations could rise again, TIPS prices would appreciate from lower real yields, while real purchasing power would be preserved as both coupon and principals adjust to inflation, ensuring an overall protection in the new inflationary context.



Conclusion: the position on TIPS represents our hedge against the risk that rising tariffs and persistent fiscal deficit rise inflation expectations, damaging our nominal fixed-income exposures. At the same time, we see upside potential, as real yields would decline and TIPS prices would appreciate, ensuring both capital gains and preservation of real purchasing power.

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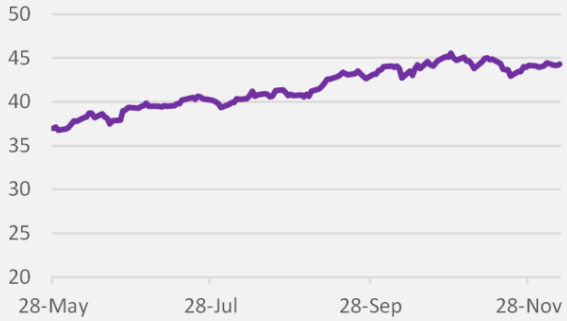
iShares Core MSCI Emerging Markets IMI UCITS ETF

Index: MSCI Emerging Markets Investable Market Index

Expense Ratio: 0.18% p.a.

Overview: The ETF tracks the performance of the MSCI Emerging Markets Investable Market Index. The index provides broad exposure to large-, mid- and small-cap companies across more than 20 emerging countries. With over 3,000 constituents, the ETF offers geographically diversified access to global emerging-market growth.

Analysis: The inclusion of small caps reduces concentration in larger markets and enhances diversification across regions and sectors. The ETF benefits from macroeconomic trends: India's strong domestic economy, Latin America's easing monetary cycles, and a recovering semiconductor sector in South Korea and Taiwan. Its low cost and broad composition make it a stable core allocation for EM exposure. However, emerging-market equities are highly sensitive to currency volatility, commodity cycles, and geopolitical developments. Diverging monetary policies across EM regions may also generate uneven performance. Despite these challenges, the breadth of the index mitigates idiosyncratic risks and supports long-term stability.



Conclusion: The very competitive 0.18% TER keeps implementation costs low, making it well suited as the primary EM allocation. Given its breadth, it helps smooth idiosyncratic country and sector risk and provides a stable base to which higher-conviction tilts (such as Vietnam or China large caps) can be added without materially increasing overall portfolio volatility.

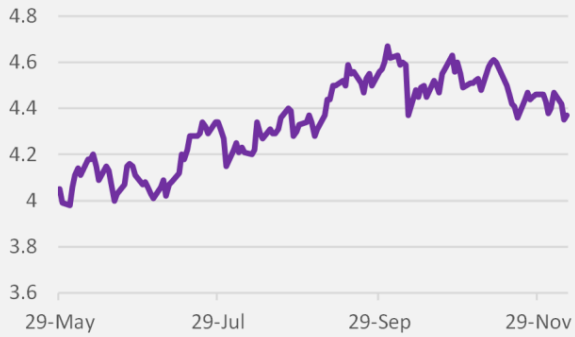
iShares China Large Cap UCITS ETF

Index: FTSE China 50 Index

Expense Ratio: 0.74% p.a.

Overview: The iShares China Large Cap UCITS ETF tracks the FTSE China 50 Index, which consists of 50 of the largest and most liquid Chinese companies listed on the Hong Kong Stock Exchange. The fund uses physical full replication and distributes dividends quarterly.

Analysis: After several years of weaker growth and policy uncertainty, Chinese large caps now trade at a clear discount to both their own history and broader emerging markets. A gradual shift towards more supportive fiscal and monetary policy, combined with efforts to stabilise the property sector, could underpin an improvement in earnings and sentiment. Should these initiatives succeed in normalising growth expectations and improving corporate earnings visibility, the large-cap segment represented in the FTSE China 50 stands to benefit disproportionately, given its high operating leverage to both domestic consumption and global trade.



Conclusion: This ETF provides focused exposure to Chinese blue-chip equities at depressed valuations, offering upside should growth stabilise and policy support gain traction. At the same time, we remain cautious given lingering regulatory uncertainty, property-sector fragilities and geopolitical tensions.

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UBS BBG USD EM Sovereign UCITS

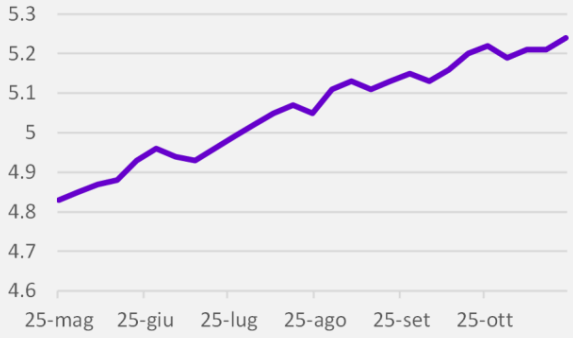
Index: Bloomberg Emerging Markets USD Sovereign

Expense Ratio: 0.28% p.a.

Overview: Broad USD (EUR Hedged) EM sovereign bond exposure with strict 3% issuer caps.

Analysis: This ETF is one of the most diversified when it comes to emerging markets, as it does not allow any allocation greater than 3% to a specific economy. Exposure skews toward intermediate-tenor sovereigns, improving carry-to-volatility ratios relative to longer-duration EM benchmarks. Because of these characteristics, and UBS' ability to resize bond-positioning every month (rather than every quarter like most popular ETF managers), the ETF has returned +11.89% this year, one of the best performing in emerging markets fixed income.

Among its largest bond issuers are Egypt (2.26%) and South Africa (2.24%). According to the emerging markets research that BSAI has conducted, research indicates Egypt and South Africa amongst the top trending economies to seek return from for 2026. Due to this ETF's high allocation to the said 2 economies, we favor weightage to this ETF greater than others.



Conclusion: This ETF offers superior EM risk-adjusted returns through strict caps, agile rebalancing, and overweight exposure to 2026 high-conviction sovereign outperformers.

iShares J.P. Morgan USD EM Bond UCITS

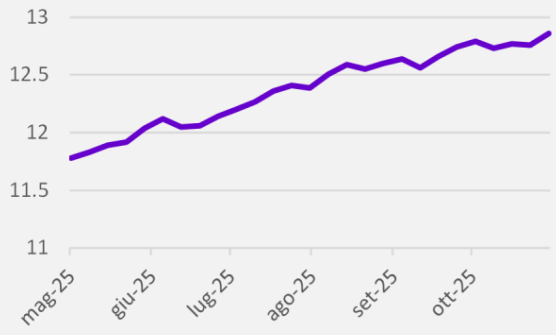
Index: J.P. Morgan EMBI Global Core Index

Expense Ratio: 0.50% p.a.

Overview: Tracks a broad USD EM sovereign index, offering diversified exposure across 650+ holdings with stable, large-economy issuer representation.

Analysis: This ETF provides diversified hard-currency sovereign exposure with a yield of roughly 6% and a duration profile of 6.9 years, positioning it to capture spread compression as global rates continue to normalize. The portfolio's construction across more than 650 holdings reduce idiosyncratic risk and provides stable beta to the EMBI Global Core index. High underlying liquidity in EMBI-eligible bonds ensures tight bid-ask spreads and efficient primary/secondary market execution.

Within the issuer mix, Brazil's steady macro framework and predictable sovereign curve provide a stabilizing anchor alongside Mexico, Saudi Arabia, Turkey, and Colombia. Brazil's fiscal consolidation path and well-telegraphed monetary cycle contribute to lower volatility compared with higher-beta frontier peers. This supports a balanced EM credit exposure that captures structural carry while maintaining resilience through economic cycles. The ETF therefore offers a clean and liquid vehicle for compounding EM sovereign risk with a defensive tilt driven by established economies such as Brazil.



Conclusion: A resilient core EM allocation delivering stable carry, broad sovereign diversification, and strong duration convexity to capture upside from global rate normalization.

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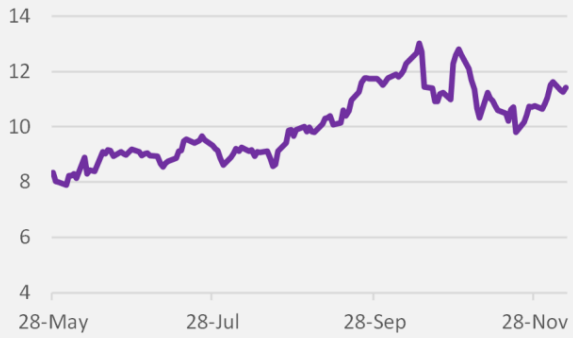
Sprott Uranium Miners ETF

Index: Nasdaq Sprott Uranium Miners Index

Expense Ratio: 0.83% p.a.

Overview: The ETF tracks the performance of global uranium miners and companies involved in the nuclear-fuel supply chain. Its constituents include uranium producers, developers, and exploration firms positioned to benefit from rising demand for nuclear energy.

Analysis: The investment case rests on the combination of increasing nuclear-power deployment and constrained primary uranium supply, which can create pronounced price upcycles and strong operating leverage for miners. As a result, the ETF can deliver substantial upside in favourable phases of the cycle but also exhibits very high volatility and drawdown risk during downturns or adverse policy developments. Given its thematic focus, higher TER and concentration in a niche segment, this position is best treated as a small satellite within the commodities/real-assets sleeve, complementing broad commodity exposure rather than replacing it.



Conclusion: This ETF offers concentrated exposure to uranium miners, providing strong leverage to a potential nuclear power build-out and uranium price upcycle, while its narrow sector focus and high volatility argue for a modest, high-conviction allocation.

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