

Source: Raiffeisenbank a.s., Asset Management, data valid as of 12 April 2026.

Dear Client,

The first quarter of 2026, and March in particular, was marked by a sharp shift in sentiment across financial markets. U.S. indices exhibited high volatility – the technology sector faced pressure due to elevated valuations and geopolitical risks, while energy companies strengthened significantly. Investors sought "safe havens," a trend that was especially evident in emerging markets. Asian indices declined more than developed markets following the outbreak of the Middle East conflict; nevertheless, their year-to-date returns remain higher than those of developed markets. Oil experienced one of its busiest months in history, rising over 50%. Prices touched the \$120 per barrel mark, sparking concerns about a new wave of inflation. Gold, traditionally a safe haven, paradoxically declined in March due to a strong U.S. dollar. Bond yields increased amid expectations of stable or higher interest rates. The Czech koruna came under pressure amid concerns about the impact of expensive energy on European industry.

The repeated withdrawal of U.S. military strikes on Iran in the second week of April brought some relief to financial markets, thanks to a two-week ceasefire and the reopening of the Strait of Hormuz. Equity indices quickly recovered war-related losses, oil prices fell by 15% but still include a significant geopolitical premium. Yields on European government bonds dropped sharply. Peace talks continued last weekend in Pakistan, but according to available information, no agreement was reached between the parties. The question remains whether the ceasefire is only a temporary phase, as both sides see many points very differently. The risk of renewed escalation cannot be ruled out, which could again increase market volatility and push oil prices higher. The political situation is particularly complex for the U.S., where there is pressure for a swift and "victorious" end to the conflict, while Iran has shown greater resilience than expected.

Monetary policy remains cautious. The Czech National Bank kept rates at 3.5%, with domestic inflation near 2%, but the threat of imported inflation through fuel prices forces central bankers into hawkish rhetoric. The U.S. Federal Reserve faces a similar situation – markets have practically stopped expecting rate cuts in the near term. In Europe, it is anticipated that the ECB may need to tighten monetary policy if the conflict escalates further, potentially resulting in one to three rate hikes of 25 basis points each by the end of 2026. Markets are pricing in similar moves by the Czech National Bank. This would further increase refinancing costs and could lead to widening credit spreads, especially in the high-yield bond segment.

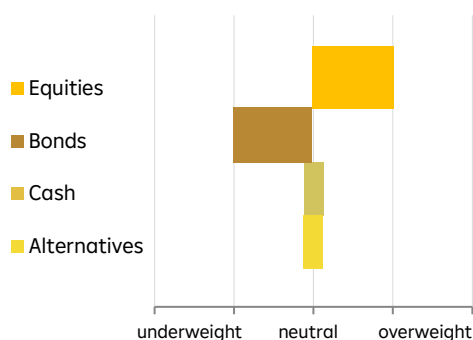
The outlook for the coming period is uncertain, and analysts are working with three main scenarios. The first is de-escalation and a "soft landing," where a diplomatic solution would allow oil prices to fall below \$90 and central banks could cautiously begin lowering rates. Equity markets would experience a relief rally, led mainly by the technology sector. The second scenario is a stagnant freeze, where the conflict remains "frozen" with occasional escalations, energy prices stay high long-term, and the economy stagnates amid elevated inflation. Equity markets would trade sideways broadly, with investors favoring defensive sectors such as utilities, healthcare, and consumer goods. The third, less likely scenario, involves a complete and prolonged closure of key transport routes, triggering a global recession or stagflation and a deep correction in equity markets. In this scenario, cash, gold, and short-term government bonds would dominate.

From a portfolio strategy perspective, emphasis is placed on diversification and liquidity. Asset Management portfolios and RIS funds prefer highly liquid government bonds and quality corporate issues, alongside global diversification across regions and sectors on the equity side. They actively use volatility to purchase new long-term positions as well as for short-term trades. The key is to avoid panic during short-term fluctuations and to stick to a long-term strategy. High volatility is a normal part of the investment environment and represents both risk and opportunity for active portfolio management. Portfolios are structured to be resilient against concentration risks related to issuers, markets, or sectors, and these risks are monitored daily.

Market conditions remain highly uncertain. We recommend monitoring the progress of negotiations, preparing for possible forecast revisions, and diversifying investments considering increased volatility and market risks. For the Central European region, it is also important to watch the impact of the parliamentary election results in Hungary, where the opposition led by P. Magyar won. A long-term investment horizon, focus on asset quality and liquidity, and the ability to capitalize on market dips for purchases remain key pillars of a successful strategy in this turbulent period. Thank you for being with us, and we look forward to continued cooperation!

Mr. Miroslav Padera, CFA, Head of Asset Management

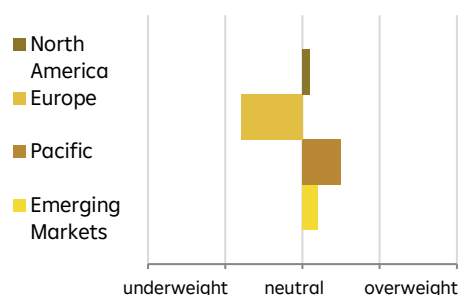
Tactical Asset Allocation – Asset Classes



We continue to maintain an overweight equity allocation in our portfolios. Although markets have long been grappling with questions about the real profitability of massive investments in artificial intelligence, it was the March conflict in the Middle East that brought a sharp correction to this already nervous environment. However, in line with our strategy, we used the short-term March selloffs as an opportunity to purchase shares of technology leaders at more attractive prices.

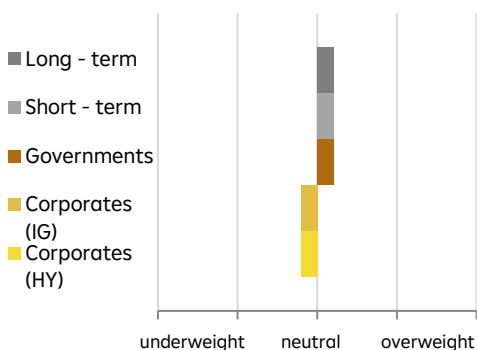
In recent days, the temporary ceasefire has brought relief to the markets, and equity indices have quickly recovered a large portion of the war-related losses. Unlike previous periods, this time the U.S. dollar helped us, as its stability during the crisis mitigated the decline in stock prices for investors holding Czech koruna.

Tactical Asset Allocation – Equity Regions



In regional asset allocation, we made several model adjustments during February. In the model, we reduced the allocation to North America and Europe, while increasing the share of the Pacific region and emerging markets. Following movements in equity markets and changes in the model, we are slightly overweight in the U.S., Pacific, and emerging markets, and underweight in Europe. Our exposure to U.S. equity markets represents approximately 63.5 % of the risk portion of the portfolios. In European equity markets, we hold about 13.5 %. In the Pacific region, including Japan, we have 8 %, and in emerging markets approximately 15 %. We remain overweight in the technology, industrial, and financial sectors. Additionally, we have exposure to dividend-paying stocks and newly to precious metals (gold), as well as quantum computing, robotics, and AI.

Tactical Asset Allocation – Bonds



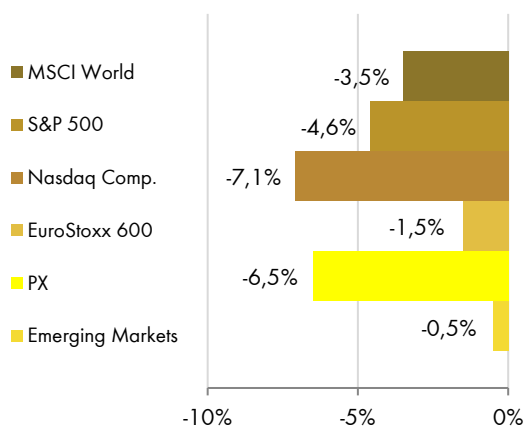
The situation in the bond markets changed dramatically after February 28, when the outbreak of open conflict in the Middle East triggered a sharp shift in global sentiment. The rise in oil prices sparked fears of a new wave of inflation and forced central banks to return to hawkish rhetoric. This shift in expectations—from imminent rate cuts to prolonged stability at high levels—led to rising yields and a significant drop in prices of longer-dated bonds.

However, a certain "light at the end of the tunnel" comes from hope for a diplomatic solution; if a ceasefire can be maintained and energy prices stabilized, central bankers would likely not need to react as aggressively to inflation threats as the markets currently price in.

Therefore, we continue to focus our investments on high-quality government bonds, which already carry a significant portion of the geopolitical risk premium. We maintain duration close to benchmarks and actively monitor peace negotiations, which will be key to further market stability.

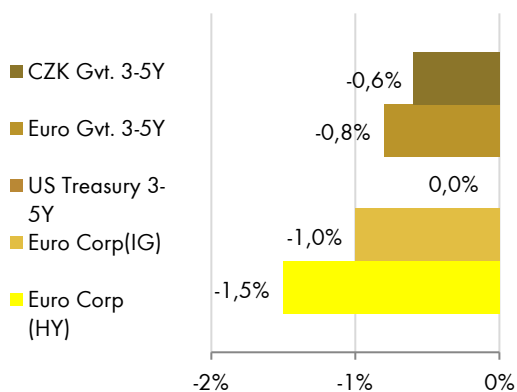
Source of data in charts: Raiffeisenbank a.s., Asset Management, data valid as of 12 April 2026.

Economic Situation and Market Trends in 1Q/2026



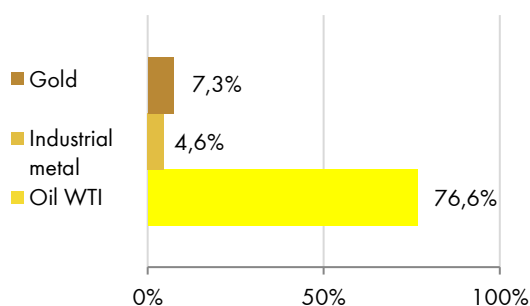
Equities

Equity markets saw considerable volatility in the first quarter of 2026. By February, the global equity index had climbed nearly 5%. However, after conflict erupted in the Middle East, it finished March down by 3.5%. U.S. equities faced similar challenges—the S&P 500 dropped 4.6%, while the technology index fell by 7.1%. The STOXX Europe 600 lost 1.5%, and the Prague Stock Exchange's PX index was hit hard, sliding 6.5%. Emerging markets held up better, falling only 0.5%. These numbers don't yet capture the relief rally that occurred in April; most indices have shown positive year-to-date performance since then—for instance, as of April 10, the MSCI ACWI index had risen 2%.



Bonds

Bonds also reacted negatively to geopolitical events. Inflation concerns across markets led to a significant shift in yield curves. The Czech government bond index with maturities of 3–5 years declined by 0.6%. European government bonds fell by 0.8%. U.S. government bonds remained flat, around 0%. European corporate bonds lost 1%. Among the major bond indices we monitor, high-yield bonds performed the worst, declining by 1.5%.



Commodities

Commodity markets experienced their largest movements in several years, with oil prices rising by 76.6% due to the blockade of the Strait of Hormuz. This significant increase in oil, as an energy commodity, also influenced industrial metals, which strengthened by 4.6%. Gold also went through a fairly volatile period and gained 7.3% by the end of the quarter.

	31/12/25	31/03/26
EUR/CZK	24.18	24.55
USD/CZK	20.58	21.24
EUR/USD	1.1746	1.1553

Currencies

Volatility was also reflected in the development of currency pairs. The clear winner was the U.S. dollar, which strengthened by 3.2% against the Czech koruna. The euro appreciated by 1.5% against the koruna. The euro weakened by 1.6% against the dollar.

Source of data in charts: Bloomberg. Performances of individual assets are measured in the primary currency of the given instrument in the period from 31 December 2025 until 31 March 2026. The currencies table shows the rates as of the date as indicated. Values contained in the graphs have been rounded to one decimal place.

Future Outlook

In the upcoming period, the situation on the stock markets will be primarily influenced by the further development of the conflict in the Middle East and the corporate earnings season for the first quarter of this year. For the entire year, aggregate earnings growth for companies in the S&P 500 index is expected to be 17.4%, with revenue growth of 8.8% (source: FactSet). A significant uncertainty regarding earnings and revenue estimates is the situation in the Middle East, which, in a negative scenario, could mean higher oil prices and higher inflation, potentially leading later to higher interest rates and a decline in margins and corporate earnings forecasts.

Large American banks (e.g., Citi, JPM, MS, GS) will be among the first corporations to release their financial results for Q1 2026 during the week of April 13-17. The airline company Delta already published better-than-expected results on April 8. Comments regarding the "private credit" segment, where some firms face liquidity problems and have therefore limited investor withdrawals, could be interesting. Comments from CEOs of companies in the AI segment (e.g., Nvidia, Alphabet, Microsoft, Meta, etc.) about their high investments will also be closely watched by analysts and investors.

Currently, strategists and sector analysts from various Wall Street banks remain positive about the US stock market outlook and expect further growth this year (source: Bloomberg). The anticipated growth in corporate earnings combined with a possible reduction in US interest rates should be the driving force behind the stock markets. However, it is important to note that a prerequisite for interest rate cuts is a decline in inflation (including lower oil prices) toward central banks' targets, which is currently very uncertain.

The FED will meet at the end of April, and the market now expects (source: Bloomberg) that the FED will keep the rate at 3.75% p.a. However, analysts at the end of March expected the FED to lower the base interest rate during this year (source: Bloomberg). The next ECB meeting is scheduled for April 30, 2026. It is expected that the ECB will keep the deposit rate unchanged in April (source: Bloomberg). It is assumed that the ECB deposit rate could be raised multiple times during this year (source: Bloomberg). The Czech National Bank (CNB) holds the repo rate at 3.50% p.a. and is expected to keep it unchanged at its next meeting scheduled for May 7. RB analysts expect the CNB to keep the repo rate unchanged this year, but future oil price developments could change these forecasts. Earlier this year, a rate cut was a possible scenario as inflation in the Czech Republic was low and below the CNB target until March. However, uncertain geopolitical developments and a possible prolonged rise in oil prices increase the risk that the CNB will have to raise the base interest rate in the future.

The yield on the 10-year US Treasury bond was slightly below 4.3% p.a. at the beginning of April. Analysts (source: Bloomberg) currently expect it to remain stable, like the 10-year German government bond, which is trading at around 3.0%. The Czech yield curve is significantly influenced by foreign developments (the resolution or continuation of the Middle East conflict and oil prices).

In the coming days, we expect continued increased volatility in both stock and bond markets, as the conflict in the Middle East is not definitively resolved. If a final ceasefire (and a drop in oil prices) is not achieved, there remains a less likely stagflation scenario, which would mean higher oil prices, inflation, and stagnation or even a decline in global economic growth. This could lead to a decline in stock markets, a drop in fixed-coupon bonds with medium or longer maturities, and widening spreads between government and corporate bonds. Currently, investors and analysts have adopted a wait-and-see stance, as it remains uncertain how the Middle East conflict will evolve, how long oil prices will stay high, and how far they will rise or fall. A drop in oil prices below \$80 per barrel would be positive news for capital markets.

The wars in Iran and Ukraine, as well as problems in the private credit sector, including concerns about the return of higher inflation (due to higher oil and tariff prices), remain among the main risks for capital markets.

Outlook by: Raiffeisenbank a.s., Asset Management, asset classes in 2Q/2026:

EQUITIES	BONDS	CASH	ALTERNATIVES
USA, Emerging markets, Pacific	Bonds < 3Y	Cash, Term Deposits, Savings accounts	Energy, Oil
Technologies, Finance, Industrials, Defence, Dividend-paying shares segment	Bonds > 3Y		Real Property
	Credit		

KEY:

POSITIVE EXPECT.	NEUTRAL EXPECT.	NEGATIVE EXPECT.
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Officer in charge: Mr. Miroslav Paděra, Head of Asset Management.