Amundi
Investment Solutions

Trust must be earned

<u>Diverging</u> market signals

Over the past month, stock and bond markets have increasingly diverged. Equities have rebounded on strong earnings and AI optimism, while bonds have weakened, with 30-year US Treasury yields hitting highs not seen since 2007. Despite these diverging signals, the message is clear: portfolios need greater diversification* to stay resilient.

Amundi Investment Institute

Marketing Communication

The summer <u>will test growth</u>

The next few months will be critical for the growth outlook. Our base case is still a disruption to growth rather than a recession. A lot depends on whether higher energy costs seep into other parts of the economy, affecting price pressures and consumption.

Central banks more <u>cautious</u>

Central banks are becoming more cautious. In Europe, the ECB may raise rates this year, given high inflation pressures in the near term. But it is unlikely to implement a full hiking cycle. In the US, the Fed may wait until next year before cutting rates again.

Near term <u>inflation pressures</u> emerging

Bond yields have moved higher across all major government bond markets as investors focus not only on war-related inflation, but also on large public debt burdens and heavy bond issuance. This calls for a selective approach in fixed income.

Global, <u>balanced approach</u> in equities

In equities, we prefer to stay broadly balanced, focusing on companies with resilient business models and strong balance sheets. We continue to favour attractive names in defensive sectors such as consumer staples and healthcare, as well as high-quality cyclical stocks in industrials and materials.

Resilience in an uncertain scenario

As geopolitical risks become persistent, diversification* gets even more important. We stay slightly risk-on and believe there is a greater need to build resilience through bonds and commodities such as gold. Additionally, equities have a role to play through companies and sectors that are able to maintain earnings growth in times of economic uncertainty.

Glossary

1. **Bond:** is a fixed-income investment that represents a loan made by an investor to a borrower, usually corporate or governmental
2. **Corporate credit:** is the part of the fixed income market where investors lend money to companies by buying their debt, rather than lending to governments
3. **EM:** Emerging Market
4. **Equities:** ownership shares in a company's capital
5. **Inflation:** a sustainable increase in the general price level of goods and services

IMPORTANT INFORMATION

*Diversification does not guarantee a profit nor protect against a loss.

Unless otherwise stated, all information contained in this document is from Amundi Asset Management and is as of 3 June 2026.

The views expressed regarding market and economic trends are those of the author and not necessarily Amundi Asset Management, and are subject to change at any time based on market and other conditions and there can be no assurances that countries, markets or sectors will perform as expected. These views should not be relied upon as investment advice, as securities recommendations, or as an indication of trading on behalf of any Amundi Asset Management product. There is no guarantee that market forecasts discussed will be realised or that these trends will continue.

Investments involve certain risks, including political and currency risks. Investment return and principal value may go down as well as up and could result in the loss of all capital invested. This material does not constitute an offer to buy or a solicitation to sell any units of any investment fund or any services.

Amundi Asset Management - Amundi AM, French joint stock company (Société par actions simplifée) with a capital stock of 1 143 615 555. Portfolio management company approved by the French Financial Markets Authority (Autorité des marchés Financiers - AMF) under no.GP 04000036 Head office: 91-93, boulevard Pasteur, 75015 Paris – France

Date of First Use: 3 June 2026

Doc id: 5554489

Discover more insights from the Amundi Investment Institute.

Amundi
Investment Solutions