# SECOND QUARTER 2026 REVIEW & OUTLOOK
# EXECUTIVE SUMMARY

13 July 2026

## PORTFOLIO THEMES

- While further volatility is possible, we believe the market's underappreciated positives outweigh potential headwinds, supporting a continuation of the global bull market.
- We expect non-US and Value equities to lead global performance from here, while US equities and Technology should also fare well on an absolute basis but trail headline indices.
- A steep global yield curve continues fueling strong loan growth, especially outside the US. This trend should remain a relative tailwind for non-US economies and cyclical equities, particularly as the US Fed evaluates its own policy path.

## MARKET OUTLOOK

- **Geopolitical Conflict Has Proven Less Impactful than Feared:** Global markets rallied in Q2 as worst-case fears regarding the Iran conflict proved overblown. Despite the Strait of Hormuz remaining largely closed throughout the quarter, the world economy remains adaptive and resilient. Though uncertainty persists, stocks don't require clarity for the bull market to continue.
- **Political Tailwinds Should Support this Bull Market:** With few major elections globally and most trade negotiations now resolved, political uncertainty outside the US remains subdued. First half market volatility sets the stage for the Midterm Miracle in the latter half of the year, with the election expected to bring greater legislative gridlock – boosting returns.
- **Sentiment Has Improved but Has Further Room to Run:** While early signs of euphoria have emerged, particularly within US Tech and AI, sentiment remains muted elsewhere. Lingering uncertainty regarding the Iran conflict fosters skepticism, particularly outside of the US, keeping the wall of worry intact.

In Q2, global stocks notched their best quarter since the COVID rebound, with the MSCI ACWI Index gaining 15.1%, erasing Q1's slide. This brought year-to-date returns to 11.5%[i]. Six months in, 2026 looks like a somewhat better-than-average but not atypical positive US midterm election year, with the sweet spot still to come as stocks begin pricing in midterms' gridlock. While we see signs of euphoria such as sentiment toward AI and Tech, suggesting this bull market is in its later stages. There is a long way to go to late euphoria, and skepticism elsewhere balances this somewhat. As a result, we think this bull market has plenty of room to run.

Stocks navigated the Iran war largely in line with the three-step process we described last quarter. First, pre-conflict saber rattling sparked volatility in stocks and higher oil prices. Second, stocks dropped and oil surged as fighting erupted and markets priced worst-case scenarios. Global markets fell near correction territory, with oil nearing 2022 highs. The second quarter brought step three, as stocks rallied and oil fell. Markets fathomed that global growth seemed set to persist and the world would adapt to the Strait of Hormuz's closure. Higher oil prices induced increased supply in various forms, dampening prices as the quarter progressed.

i Source: FactSet, as of 01/07/2026. MSCI ACWI Index return with net dividends, 31/03/2026 – 30/06/2026 and 31/12/2025 – 30/06/2026.

Stocks didn't wait for clarity or the Strait's reopening. Furthermore, stocks didn't require a lasting peace deal, which still seems absent. Much like how markets reacted to tariffs last year, they simply moved on. This is shown in oil pricing, which has since fallen to where it was when the conflict began.

With ongoing war fears digested, markets resumed focus on earnings and growth over the next 3 – 30 months. The global economy continues to grow, with businesses worldwide investing in future growth. Data centres are part of this, but not the full story, which the full Review will discuss. Corporate earnings are growing swiftly, with strong results across most sectors, geographic regions and industries—not just Tech. Overall expectations are improving but not overstretched, especially outside the US and Tech. Plenty of positive surprise potential remains, giving stocks further room to run.

Our forecast for a strong global bull market year is on track. While US Tech and AI dominate headlines, they aren't solely driving this bull market. Value stocks are doing great. US stocks led during the war-driven mini-correction and initial rebound, but this faded in June and we expect non-US leadership to resurge. On the year, US returns are about even with the MSCI ACWI benchmark, while Japan, the Netherlands and others across Europe are doing much better. Industrials are outperforming alongside Tech.

Despite lingering uncertainty regarding the conflict, Emerging Markets (EM) seemed to move on as well in Q2, ending the quarter up 24.2%.[ii] Many of the worst-hit EM stock markets in March were those most dependent on Middle East oil exports—e.g., India, Indonesia, the Philippines, Taiwan and South Korea. However, as oil prices subsided, many of them bounced big in April—with Taiwan and South Korea leading markets on the way up. Markets seemingly pre-priced a worst-case scenario. Though the conflict continues to weigh on sentiment, EM growth remains resilient, supporting the continued bull market. Reports released in May showed EM industrial production kept rising broadly in April and May even with elevated energy prices and supply chain challenges from the Strait of Hormuz's closure. Further, June manufacturing purchasing managers' indexes (PMIs) indicate further growth, with PMIs for China, Taiwan, South Korea, Malaysia, the Philippines, Thailand and India all topping 50.

Managing temptation is critical as sentiment warms into euphoria. Today, we seem to be in the early stages of this process. SpaceX's rocky ride is one sign. Reports that OpenAI is considering delaying its IPO are another bullish indication. In late-stage euphoria, OpenAI's principals wouldn't worry about possibly debuting below a $1 trillion valuation. They would take success as a foregone conclusion. Their skepticism shows how much room sentiment has to improve.

Today's high-profile IPOs are raising equity supply—a fundamental negative we routinely track. However, many others now track it too, with headlines frequently worrying whether there is sufficient demand to digest the large increases in new stock supply. All the attention suggests markets have pre-priced the rise in equity supply, defanging the risk to a large degree.

ii Source: FactSet, as of 07/07/2026. MSCI EM Index return with net dividends, 31/03/2026 –30/06/2026.

Early euphoria is concentrated in areas like US Tech and AI. Elsewhere, moods are much calmer—even pessimistic in Europe. IPOs are less common, including in Japan, where they hit 15-year lows this year.[iii] Living cost angst hangs over consumers despite tame money supply growth and little inflation outside energy and gasoline. Fear of new US Fed head Kevin Warsh cutting rates aggressively and overheating the economy morphed overnight into fears of rate *hikes*.

Politically, we still think the framework of this year's US midterms favours the Democrats taking additional seats, increasing gridlock. We will discuss this more in the full Review, but there is still significant time before the US election—so most of our pre-election analysis will come in Q3. We think current worries tied to rhetoric and primary election outcomes are typical pre-midterm jitters gridlock should abate—and are too early to affect the midterm miracle significantly.

Abroad, UK Prime Minister Keir Starmer's resignation—and presumptive replacement by Manchester Mayor Andy Burnham—sparks fear of a move to the left stifling economic growth. Europeans spent June sweating the potential economic costs of El Niño and having to refill winter gas reserves amid elevated costs. Australia bemoans capital gains tax changes. Japan stews over BoJ rate hikes and inflation. We see all as areas for reality to top expectations.

iii "Japan IPOs Fall to 15-Year Low With No Rapid Rebound in Sight," David Keohane, Financial Times, 28/06/2026.

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## 2. COMMUNICATIONS

Fisher Investments Europe can be contacted by mail at 24-26 City Quay 3rd Floor, Dublin Docklands, Dublin, D02 NY19 Ireland; by telephone on +353 (0) 1 4876510; or by email to institutional@fisherinvestments.ie. All communications with Fisher Investments Europe will be in English only. Fisher Investments Europe's web address is https://institutional.fisherinvestments.com/en-ie.

## 3. SERVICES

These Terms of Business explain the services offered to professional clients and will apply from when Fisher Investments Europe begins to advise you. Fisher Investments Europe offers restricted advice only (meaning it does not offer independent advice based on an analysis of the whole of the market and does not recommend investment management services of companies other than Fisher Investments Europe or its affiliates). As part of its services, Fisher Investments Europe seeks to:

a) Reasonably determine your client categorisation;

b) Understand your financial circumstances and investment aims to determine whether the full discretionary investment service described in Clause 4 and the proposed investment mandate and accompanying benchmark(s) (or an Undertaking for Collective Investment in Transferable Securities ("UCITS") with a similar mandate and benchmark for which Fisher Investments Europe's parent company serves as investment manager) are suitable for you;

c) Explain features of the investment strategy;

d) Describe investment performance as it relates to the investment strategy;

e) Provide a full explanation of costs;

f) Assist in the completion of documentation;

g) Where specifically agreed, review your position periodically and suggest adjustments where appropriate.

Fisher Investments Europe is conducting business in the European Economic Area (EEA) on a cross-border basis.

Fisher Investments Europe will not provide ongoing services unless you enter into an agreement for discretionary investment management services or invest in a UCITS as described in Clause 4.

## 4. DISCRETIONARY INVESTMENT MANAGEMENT SERVICE AND INVESTMENTS

To help you achieve your financial goals, Fisher Investments Europe may offer its discretionary investment management services. In such case, Fisher Investments Europe will delegate the portfolio management function and may delegate servicing and trading functions to its affiliates. In particular, the portfolio management function will be delegated to Fisher Investment Europe's parent company, Fisher Asset Management, LLC, trading as Fisher Investments ("Fisher Investments"), which is based in the USA and is regulated by the US Securities and Exchange Commission (SEC). Client servicing functions may be carried out by Fisher Investment Europe, its affiliate, Fisher Investments Europe Limited, trading as Fisher Investments UK ("Fisher Investments UK"), which is based in the UK and is regulated by the UK Financial Conduct Authority (FCA), or other affiliates. In addition, trading functions may be carried out by Fisher Investments Europe, its affiliate, Fisher Investments Luxembourg, Sàrl ("FIL"), which is based in Luxembourg and is regulated by the Commission de Surveillance du Secteur Financier (CSSF), Fisher Investments, or other affiliates (each, a "Trading Delegate"). Fisher Investments Europe may also delegate certain ancillary services to Fisher Investments, Fisher investments UK, or other affiliates. Subject to applicable regulations, for qualified investors Fisher Investments Europe may recommend an investment in UCITS regulated by the Central Bank of Ireland and for which Fisher Investments serves as investment manager.

## 5. CLIENT CATEGORISATION

Fisher Investments Europe deals with both retail clients and professional clients. All clients and potential clients who deal with Fisher Investment Europe's institutional directors (sales) ("Institutional Directors"), will be treated as professional clients, either through qualification as a professional client or, in the case of local municipal authorities, through opting up to be treated as a professional client. Accordingly, you are categorised as a professional client. You have the right to request re-categorisation as a retail client which offers a higher degree of regulatory protection, but Fisher Investments Europe does not normally agree to requests of this kind.

## 6. INVESTOR COMPENSATION SCHEME ("ICS")

Whilst the activities of Fisher Investments Europe are covered by the ICS, compensation under the ICS in the event Fisher Investments Europe is unable to meet its liabilities because of its financial circumstances is only available to eligible claimants. Because you have been categorised as a professional client, you are unlikely to be eligible. In addition, the protections of the ICS, do not apply in relation to the services of Fisher Investments UK, FIL, Fisher Investments or any affiliates or entities located outside of Ireland. In addition, to the extent your assets are invested in non-Irish funds or ETFs, these protections will not apply. In the event you are eligible and do have a valid claim, the ICS may pay 90% of net loss up to a maximum of €20,000. You can contact Fisher Investments Europe or the ICS (www.investorcompensation.ie/) in order to obtain more information regarding the conditions governing compensation and the formalities which must be completed to obtain compensation.

## 7. RISKS

Investments in securities present numerous risks, including various market and currency fluctuation, political, economic and political instability, differences in financial reporting, liquidity risk, interest rate risk, credit risk, and other risks, and can be very volatile.

Investing in securities can result in a loss, including a loss of principal. Using leverage to purchase and maintain larger security positions will increase exposure to market volatility and risk of loss and is not recommended. Investments in securities are only suitable for clients who are capable of undertaking and bearing a risk of loss. Specific risks associated with particular types of securities that may be held in your account are explained further below.

Past performance is not a guarantee nor a reliable indicator of future investment returns. Fisher Investments Europe cannot guarantee and makes no representation or warranty as to future investment returns or performance. There is no guarantee for avoidance of loss, which is impossible with investments in securities, and you have not received any such guarantee or similar warranty from Fisher Investments Europe or any representatives thereof.

Depending on your investment strategy, Fisher Investments Europe may invest in the following types of securities, which carry the following risks:

Investments in smaller companies may involve greater risks than investments in larger, more mature companies. Investing in derivatives could lose more than the principal amount invested in those instruments. Various investment techniques used by Fisher Investments Europe may increase these risks if market conditions are not accurately predicted.

Equity securities prices may fluctuate in response to many factors, including general market conditions, specific sector and country issues, and company specific information or investor sentiment. Individual equity securities may lose essentially all their value in the event of bankruptcy or other insolvencies of the underlying issuer.

Fixed income securities are subject to various risks, including price fluctuation due to changes in the interest rate environment, market liquidity, changes in credit quality of the issuer, prepayment or call features of the securities, and other factors, including issuer default. While some fixed income securities are backed by the full faith and credit of a sovereign government, this does not prevent price fluctuations nor fully eliminate the risk of default. If fixed income securities are not held to maturity, they may realise losses.

Using borrowed funds to purchase and maintain larger security positions will increase exposure to market volatility. In a declining market, investment losses may be substantially increased, occur more rapidly, or become realised. Fisher Investments Europe does not typically employ margin leverage (gearing) on the overall strategy, but may employ some leverage directly or indirectly as a defensive technique (e.g. margin borrowing of securities to sell short for hedging purposes), or indirectly on a limited basis through individual derivative securities, as described more fully below.

If Fisher Investments forecasts a prolonged and substantial market downturn, Fisher Investments Europe may adopt defensive posturing for your account by investing substantially in fixed income securities, money market instruments, structured or exchange traded notes, put options or other derivatives on securities or indexes or ETFs, selling short securities or ETFs, and other hedging techniques. There can be no guarantee that Fisher Investments will accurately forecast any prolonged and substantial downturn in the market, that Fisher Investments Europe will adopt a defensive strategy, or that the use of defensive techniques would avoid losses.

Derivatives typically derive their value from the performance of an underlying asset, interest rates or index. The price movements of derivatives may be more volatile than those of other securities and result in increased investment risk. Many of these investments may not enjoy as much liquidity as other securities.

Short sales may be used to fully or partially hedge other investments or to seek returns unrelated to other investments. "Short sales" means the borrowing of a security for a period of time and selling the borrowed security on the market; the seller is then required to buy the security on the market at a later time before it is due to be returned. Short sales result in gains or losses depending on whether the price of the security increases versus the price at the time of the short sale (which results in a loss) or decreases versus the price at the time of the short sale (which results in a gain). The loss from a short sale is theoretically unlimited depending on how much the security sold short increases in value.

Structured notes and ETNs are debt instruments whose return is derived from the performance of a reference index or other underlying securities or investments. The performance of a note is determined primarily by the performance of the underlying investments; therefore, despite technically being a corporate debt instrument, notes can be designed to provide returns similar to other asset classes. These notes may include leverage, which increases risk and volatility. These notes are issued by third-party financial institutions, at the request of Fisher Investments, and thus bear the credit risk of those entities. Whilst a feature of such notes is a maturity date, they may be sold in the market or redeemed with the issuer before maturity. Given the limited number of market makers involved in quoting a given note, price dislocation versus fair value may occur should limit orders not be utilised when sold in the open market. Alternatively, such notes may be redeemed daily back to the issuer, minus a redemption fee specific to each issuer (generally close to 0.10%), implicitly charged in the execution price.

## 8. DATA PROTECTION

To offer and provide the services described in Clause 3, Fisher Investments Europe may collect and process personal data that is subject to data protection laws, in accordance with its Privacy & Cookie Policy. You acknowledge the Privacy & Cookie Policy, which can be found here: https://institutional.fisherinvestments.com/en-ie/privacy

## 9. CUSTODY AND EXECUTION

None of the Fisher Investments group companies (the "Fisher Group"), including Fisher Investments Europe, are authorised to hold client money. No Fisher Group company will accept cheques made payable to any of the Fisher Group companies in respect of investments, nor will they handle cash. All client assets are held at external custodian banks where each client has a direct account in their own name.

If you appoint Fisher Investments Europe as your discretionary asset manager, Fisher Investments Europe will arrange (including through its Trading Delegates) for the execution of transactions through selected custodian banks and brokers and at such prices and commissions that it determines in good faith will be in your best interests. Further information regarding selection of brokers is governed by your investment management agreement ("IMA") with Fisher Investments Europe. Fisher Investments Europe does not structure or charge its fees in such a way as to discriminate unfairly between execution venues.

The brokers and dealers to which your transactions may be allocated will use various execution venues, including without limitation:

a) Regulated Markets in the USA or elsewhere (usually those exchanges where companies have their primary listing and other exchanges on which their securities are admitted to trading);

b) Multi-Lateral Trading Facilities ("MTF") and Organised Trading Facilities ("OTF") in the USA or elsewhere (i.e. a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments—in the system and in accordance with non-discretionary rules—in a way that results in a contract);

c) Systematic Internalisers (which are investment firms dealing as principal and providing liquidity on a systematic basis);

d) Other liquidity providers that have similar functions to any of the above;

e) Counterparties that may access the above venues on behalf of Fisher Investments Europe and/or its Trading Delegates (or their clients) or trade on their own account.

You must be notified and approve of any off-venue trades prior to execution unless previously agreed to by you directly with the custodian. As a result of brokers/dealers using the execution venues mentioned above, your transactions may be executed on an execution venue that is neither a regulated market in the European Union nor an MTF/OTF in the European Union and therefore you will be required to expressly consent to the execution policy of Fisher Investments Europe by signing the IMA.

Fisher Investments Europe's top five trading venues are listed on its website.

Generally, financial instruments will not be affected if a custodian bank suspends payments or goes bankrupt. This is due to the fact that you will normally be able to take possession of your financial instruments based on the bank's registration of your rights. Generally, it is only if the bank fails to handle your financial instruments or register your rights correctly where you may not be able to take possession of the financial instruments.

If you appoint Fisher Investments Europe as your discretionary asset manager, you will receive a periodic statement every calendar quarter. This statement compares the performance of your account with that of a relevant benchmark in order to facilitate the assessment of performance achieved by the account. For performance, management fee calculation and reporting purposes, exchange traded equity securities are valued based upon the price on the exchange or market on which they trade as of the close of business of such exchange or market. All equity securities that are not traded on a listed exchange are valued using a modelled estimate of the bid price, also known as a bid evaluation, provided by Fisher Investments Europe's primary pricing service. Fixed income securities are valued based on market quotations or a bid evaluation provided by Fisher Investments Europe's primary pricing service. All securities are valued daily given a price from Fisher Investments Europe's primary pricing service is provided; otherwise, all securities are valued on at least a monthly basis.

**Should you have any questions about any of the information provided above, you can find Fisher Investments Ireland Limited contact info at the below website.**

**https://institutional.fisherinvestments.com/en-ie/contact-us**

# INDEX DESCRIPTIONS

## MSCI ALL COUNTRY WORLD

MSCI All Country World Index is a free float-adjusted market cap-weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI Index consists of 23 developed country and 24 emerging market country indexes. Unless otherwise specified, returns shown include dividends after deducting estimated withholding taxes. MSCI calculates estimated withholding taxes using the maximum rate of the constituent company's country of incorporation applicable to non-resident institutional investors that do not benefit from double-taxation treaties.

## MSCI EMERGING MARKETS

MSCI Emerging Markets Index is a free float-adjusted market cap-weighted index that is designed to measure equity market performance of emerging markets. The MSCI Emerging Markets Index consists of 24 emerging market country indices. Unless otherwise specified, returns shown include dividends after deducting estimated withholding taxes. MSCI calculates estimated withholding taxes using the maximum rate of the constituent company's country of incorporation applicable to non-resident institutional investors that do not benefit from double-taxation treaties.

## S&P 500

The S&P 500 Index is a capitalization-weighted, unmanaged index measuring 500 widely held US common equities of leading companies in leading industries, representative of the broad US equity market.

## MSCI EAFE

The MSCI EAFE Index is designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada. The Index is available for a number of regions, market segments/sizes and covers approximately 85% of the free float-adjusted market capitalization in each of the 21 countries.