Julius Bär

MANAGED PORTFOLIO SERVICE

Quarterly Report - Q2 2026



FOR FINANCIAL ADVISERS ONLY

Julius Bär

Quarterly overview

Welcome to the Julius Baer Managed Portfolio Service (MPS) quarterly investment review, covering the key developments and portfolio decisions during the second quarter of 2026.

Global equity markets delivered their strongest quarterly performance since 2020, supported by easing geopolitical tensions in the Middle East, robust corporate earnings, and continued AI-driven growth, particularly in the US. Despite oil prices falling by approximately 20% during June alone, expectations for rate hikes from most major central banks were little changed, with markets continuing to price in the possibility of further policy moves from the US Federal Reserve.

Much like equity indices, global credit markets also delivered a strong rebound over the quarter.

Having taken action to insulate the portfolios against escalating tensions in the Middle East during the first quarter of 2026, we took the opportunity to increase equity exposure as the economic effects of the war became fully priced in throughout the spring. We also introduced a new hedge against higher commodity prices, gaining direct exposure to a broad basket of resources.

We believe our portfolios remain well positioned for a volatile macroeconomic environment while retaining exposure to long-term growth opportunities.



The quarter in focus: Key themes and market events

Black gold loses its shine

While US-Iran peace negotiations eased concerns over disruption to tanker traffic through the Strait of Hormuz, they also triggered a steep decline in oil prices. Brent crude declined by 38% over the quarter, ending at $73 per barrel. Adding to the downward pressure on oil, Middle Eastern producers signalled an intention to ramp up production, while a slowing global economy dampened the demand outlook.

Other central banks maintain policy rates

With Kevin Warsh now at the helm of the US Federal Reserve, investors scaled back expectations for near-term rate cuts despite a more favourable inflation backdrop. The new Chair made it clear that the Fed remains committed to its 2% inflation target and warned that anyone expecting near-term rate cuts may be left disappointed. The same theme carried through to Threadneedle Street, where the Bank of England made clear it was in no position to cut borrowing costs just yet.

Some central banks tighten monetary policy

With inflation having ticked up markedly for several economies due to higher oil prices during the first quarter of the year, central banks in both Europe and Japan raised rates by 0.25%. The European Central Bank made its move in June, while the Bank of Japan, raised rates to their highest level in 31 years to combat the rising cost of living.

US technology stocks drive market gains

In terms of standout market events, SpaceX's Initial Public Offering, reported to be the largest on record, saw its valuation climb to close to $3 trillion within its first week of trading. The move was aided by strong earnings from the US tech sector, with Alphabet, Nvidia, Amazon, Broadcom and Apple accounting for more than half of the S&P 500 return.



What does this mean for our portfolios?

Equities: Strong market recovery

A broad global rally, driven by easing Middle East geopolitical tensions and strong AI-related corporate earnings, led markets higher over the quarter, benefiting not only European and Japanese markets but also the US. Interestingly, towards the end of the quarter we saw a rotation away from the previously dominant AI sector into more value-led parts of the market, with the US small-cap Russell 2000 also hitting fresh highs in June.

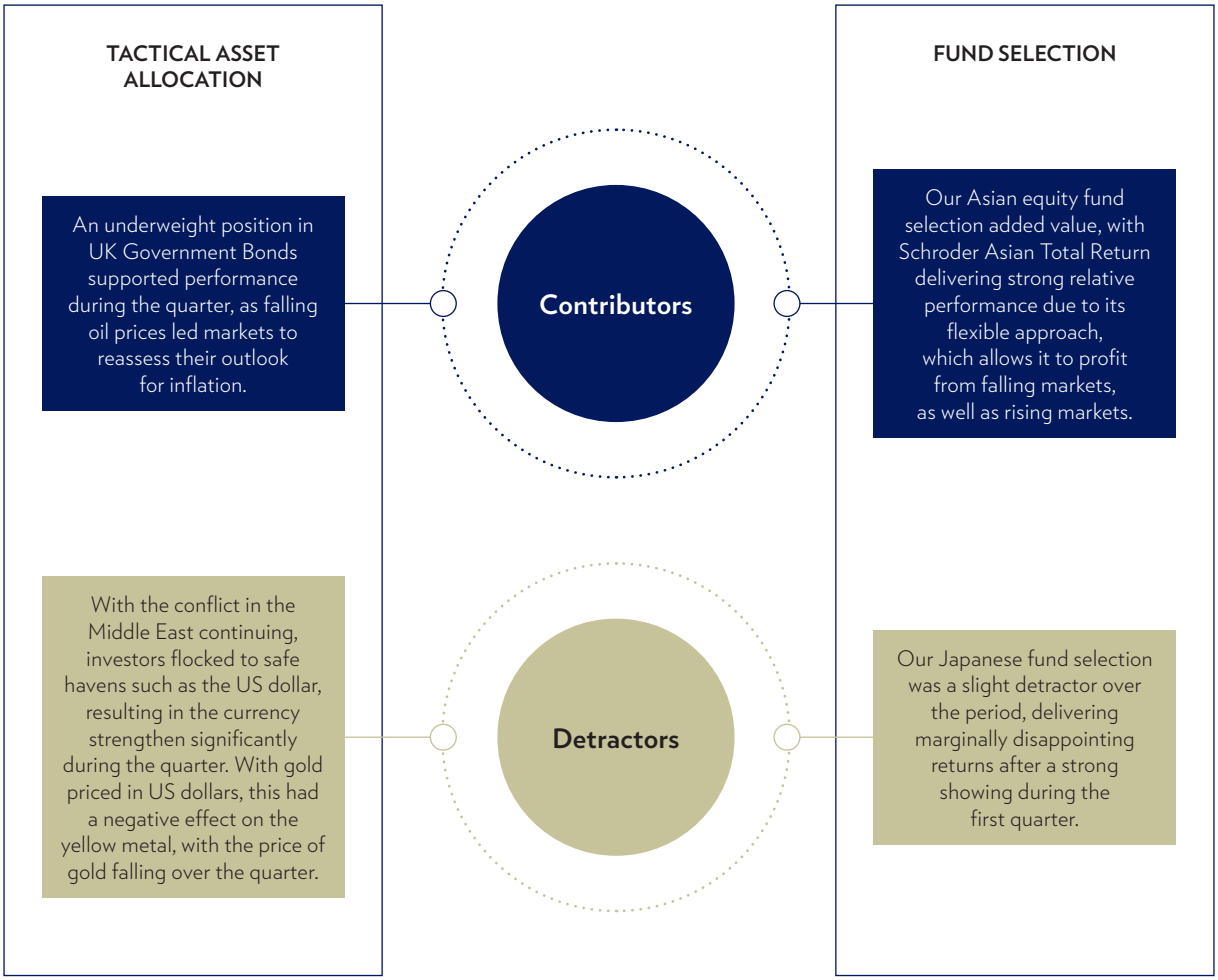
Gilts remain volatile

The gilt market faced a turbulent period throughout the quarter, though yields ultimately fell across the curve as inflation fears and political risks abated during June. Earlier in the quarter, renewed inflation pressure from the Middle East conflict drove the 10-year gilt yield above 5%, reaching levels last seen in 2008.

Oil not the only commodity to struggle

With investors flocking to the safe-haven US dollar, gold ended the quarter 12% lower in June alone and 14% lower over Q2. This represented its steepest quarterly decline in more than a decade.

What contributed to, and detracted from, performance?



How our portfolios performed

MPS Model Portfolio Performance - up to 30 June 2026

Active range											
	Q2 2026	6 Month	1 Year	3 Year	5 year	10 Year	YTD	2025	2024	2023	2022
Defensive	3.18%	2.36%	7.85%	16.65%	11.03%	30.16%	2.36%	6.19%	3.73%	4.20%	-6.39%
Cautious	5.89%	4.74%	12.16%	29.67%	18.75%	59.64%	4.74%	8.69%	7.02%	7.89%	-11.29%
Balanced	8.73%	7.36%	16.79%	37.58%	31.73%	97.19%	7.36%	9.25%	10.44%	9.59%	-10.11%
Growth	10.71%	9.26%	20.16%	42.84%	40.46%	126.59%	9.26%	9.52%	12.68%	10.64%	-9.59%
High Growth	12.21%	10.84%	22.62%	48.21%	45.46%	145.72%	10.84%	10.10%	14.00%	11.74%	-10.52%
Adventurous	14.21%	11.67%	22.58%	50.95%	47.78%	162.69%	11.67%	9.15%	15.53%	12.98%	-11.57%

Passive+ range											
	Q2 2026	6 Month	1 Year	3 Year	5 year	10 Year	YTD	2025	2024	2023	2022
Defensive	3.54%	2.90%	9.10%	18.00%	12.32%	31.67%	2.90%	6.85%	3.73%	4.20%	-6.39%
Cautious	6.37%	5.21%	13.93%	31.72%	20.63%	62.17%	5.21%	9.91%	7.02%	7.89%	-11.29%
Balanced	9.32%	7.59%	18.98%	40.16%	34.20%	100.88%	7.59%	11.06%	10.44%	9.59%	-10.11%
Growth	11.35%	9.42%	22.74%	45.90%	43.47%	131.45%	9.42%	11.71%	12.68%	10.64%	-9.59%
High Growth	13.11%	10.84%	25.67%	51.89%	49.07%	151.83%	10.84%	12.83%	14.00%	11.74%	-10.52%
Adventurous	15.18%	12.16%	26.58%	55.87%	52.61%	171.26%	12.16%	12.20%	15.53%	12.98%	-11.57%

These portfolios were launched on 1 July 2025 and do not have actual past performance prior to this date.

For Cautious, Balanced and Growth, the performance data prior to 1 July 2025 is the actual past performance of corresponding Julius Baer's Global Multi Asset Class Multi Manager Income, Balanced and Growth Strategies, respectively. As these portfolios have a similar asset allocation and risk and return profile to the Multi Manager Strategy, we believe the latter's performance data provides a meaningful proxy for actual past performance data.

For Defensive, High Growth and Adventurous, the performance data prior to 1 July 2025 was simulated by extrapolating the actual past performance of Julius Baer's Global Multi Asset Class Multi Manager Income and Growth Strategies, respectively, to reflect the asset allocation of these portfolios, providing a meaningful proxy for actual past performance data.

The performance data from 1 July 2025 onwards is the actual past performance of each portfolio.

An investor's actual performance on a platform will be different. Past performance is not a reliable indicator of future results. All data is before deduction of Julius Baer's investment management charges.

How have we reacted?

Equities

We maintained a balanced geographic and sectoral spread throughout the quarter. Having reduced our equity exposure through the sale of our specialist Indian holding in the wake of the Iran conflict last quarter, we took the opportunity to broaden our equity exposure by purchasing a global index tracker.

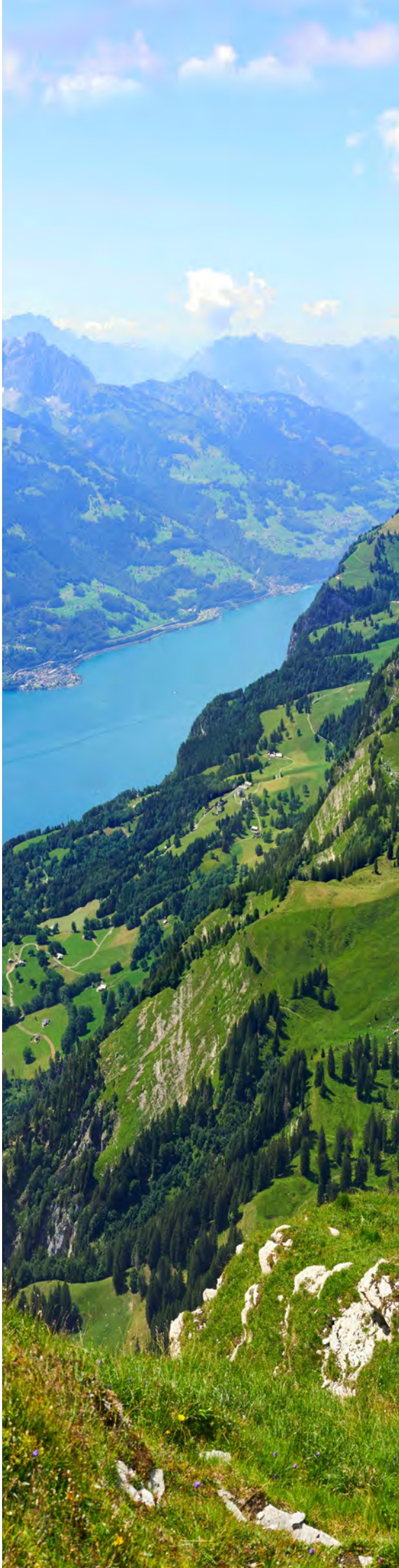
Given our assessment that much of the downside risk associated with the Middle East conflict had already been reflected in market prices, we also looked to add momentum to the portfolios, increasing our weighting to the US from a combination of cash and European equity, as recent earnings from AI firms continued to show resilience to geopolitical events.

Fixed income

Within fixed income, we are underweight government bonds and high-yield debt, and overweight investment-grade credit. We also retain positions in emerging market debt, denominated in both US dollar and local currencies. Our fixed income duration is broadly neutral. Our underweight position to fixed income mirrors our overweight position to stocks.

Alternatives and cash

While gold has historically acted as a safe-haven hedge, recent inflation-driven market drawdowns have been characterised by a strengthening US dollar, often to the detriment of gold. We have therefore trimmed our gold position, pairing it with a diversified basket of commodities that we believe will act as broader ballast for the portfolio. We now have exposure to oil as well as hard and soft commodities, which we believe will help portfolios remain resilient during periods of elevated inflation and commodity price volatility.





Key actions this quarter

Unless otherwise stated, all portfolio changes described below apply across both the Active and Passive+ ranges.

April – No changes

May – Broadened commodity exposure to enhance diversification during inflationary shocks

- Reduced direct gold exposure.
- Reallocated capital to a broader basket of commodities.
- Reduced cash holdings to support the increased allocation.

June – Added to equity exposure as geopolitical risks became increasingly reflected in market prices

- Reduced European equity exposure and increased exposure to US equities.
- Increased overall equity exposure through a broader basket of global equities.
- Reduced cash holdings to support the increase in equity exposure.

Note from our portfolio managers

Our base case remains that the situation will continue to be fluid and subject to rapid change. We continue to monitor developments closely and are focused on assessing their potential implications for inflation, growth, and financial markets. The outlook for interest rates is increasingly complex. Higher inflation risks and growth headwinds suggest that delays to rate cuts are more likely than outright hikes in Europe and the UK.

We continue to believe the Fed is likely to remain on hold, as easing US inflation allows for a softening of its hawkish stance, while further policy tightening by the European Central Bank remains a possibility.

Equity markets are showing signs of rotation towards more value-oriented sectors of the market, presenting a wider regional opportunity set, reinforcing our conviction in diversified global exposure.

Within fixed income, investment-grade bonds and emerging market debt continue to offer attractive yield opportunities with manageable default risk.

Finally, the investment case for gold remains intact. Strong demand from both investors and central banks supports its role as a strategic diversifier during periods of geopolitical and macroeconomic uncertainty.



Ask us anything: Why do we hold such a small weighting in the UK?

We see ourselves as truly global investors, unconstrained by a "home bias" towards the FTSE. We look into the UK from a global vantage point, rather than looking out at the world through the lens of a domestic UK investor.

There are many reasons for our modest weighting towards the UK, not least the market's relatively small footprint on the global stage: the FTSE All-Share makes up just 3.45% of the MSCI World Index, compared with 72.45% for the US.

Political uncertainty has historically been one of several factors influencing investor sentiment towards UK assets. Alongside structural market characteristics and sector composition, this has contributed to periods when UK equities have traded at lower valuations relative to some overseas markets. On the positive side, we do favour larger blue-chip companies listed in the UK, giving us exposure to high-quality names that other indices lack. Our home market also continues to trade at a significant discount, offering good value.



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