



# Asset Allocation Outlook

March 2026

- Muted market movements after outbreak of Middle East conflict
- Equity overweight diversified across regions
- Underweight in government bonds, overweight in Eurozone credits

Geopolitical events are coming thick and fast this year. On 20 February, the US Supreme Court overturned some of the import tariffs introduced by US President Trump. This didn't come as much of a surprise, as the lower courts had already ruled negatively on the legitimacy of these tariffs. It does, however, create a new phase of uncertainty. And the US along with Israel attacked Iran at the end of February. This was also on the cards given the build-up of a sizeable contingent of US forces around the Middle East, but there's a great deal of uncertainty here too. Whereas markets received the news of the US Supreme Court ruling with a measure of indifference, the attack on Iran pushed up oil and gas prices as well as the price of gold, while equities fell. Bonds offered no protection as yields climbed due to inflation fears triggered by higher energy prices.

The consequences of the US attack on Iran aren't yet visible in February's market movements. Equity markets largely displayed the same trends as in January. There were strong performances from emerging markets, the Pacific region and to a lesser extent Europe, but another weak performance from the US. The IT sector was squeezed further, while the energy, basic industrial and industrial sectors again outperformed the total index. Yet defensive sectors such as consumer staples and utilities likewise did well in February.

Yields fell on bond markets in the US, Germany, Japan and the UK in February, at both the long and short ends of the yield curve. We don't think this is in keeping with economic growth, which remains robust, or inflation, which remains stubborn, particularly in the US.

Middle East conflict pushes up oil and gold prices



Source: LSEG, Van Lanschot Kempfen

We've made two changes to our investment policy. Our equity overweight, which was concentrated in the US, has now been diversified across all regions. In Europe, we're slightly more confident about the outlook for economic growth, while we're seeing an improvement in earnings dynamics in Japan and emerging markets. We've increased the underweight in Eurozone government bonds and overweight in Eurozone credits. The improved economic outlook for the Eurozone plays a role here too.

## US trade policy largely unchanged

The US Supreme Court's ruling referred specifically to the emergency economic powers act that Trump had used to introduce tariffs. The ruling means that a substantial portion of the tariffs no longer apply. Yet Trump wouldn't be Trump if he left things at that. He immediately announced

fresh tariffs based on other laws. Although these were initially at a general rate of 10%, this was quickly raised to 15%. Incidentally, there are important exemptions for chips, pharmaceutical products and goods from Canada and Mexico that come under the North American Free Trade Agreement. Furthermore, the separate tariffs on cars and steel remain unchanged. These were introduced based on different legislation. On balance, the average US import tariff will be slightly lower, but not much. This is the reason for the lack of reaction from the financial markets. One thing has changed though. The new tariffs have a maximum duration of 150 days. After this, Congress needs to approve the tariffs, something which is far from certain. The Democrats won't vote in favour of the tariffs and there are opponents among the Republicans as well. Given the extremely slim Republican majority in the House of Representatives, it may be that the tariffs announced now won't be extended beyond 150 days. Incidentally, this gives Trump time to conjure up new tariffs, which are generally expected to apply to specific product groups. In short, this doesn't mean an end to tariffs.

There are clear winners in the new situation. China, India and Brazil, which had faced exceedingly high tariffs, will benefit. For the European Union, the question is whether the agreement concluded with the US earlier this year is still valid. The European Parliament has provisionally postponed approval of the trade deal. For the time being, it looks as if import tariffs of 10% will continue to apply to Europe. Yet even if the agreement is scrapped, not much will change for the European Union.

A different kind of uncertainty surrounds any repayment of unlawfully collected import tariffs. Although the Supreme Court didn't issue any rulings on this, multiple court cases are expected to be brought. It involves an estimated 175 billion US dollars, or 0.5% of the GDP. A sizeable sum, even for a large economy such as the US, especially given the country's high budget deficit. Recent projections from the Congressional Budget Office forecast higher budget deficits in the coming years than they did a year ago. For 2026, 5.8% of the GDP, 5.7% for 2027 and 6.0% for 2028. These higher deficits are a direct result of the tax cuts in Trump's One Big Beautiful Bill Act, or OBBBA. This of course includes import tariffs to the tune of about 400 billion US dollars per year. If half of these are cancelled because of the Supreme Court's ruling, the deficits will rise towards 6.5%. This at national debt in 2026 that according to the CBO will climb to 101% of the GDP. Reason enough, therefore, for Trump to seek alternative ways of introducing import tariffs and not to cheer the Supreme Court's ruling too loudly.

## US-Israeli attack on Iran

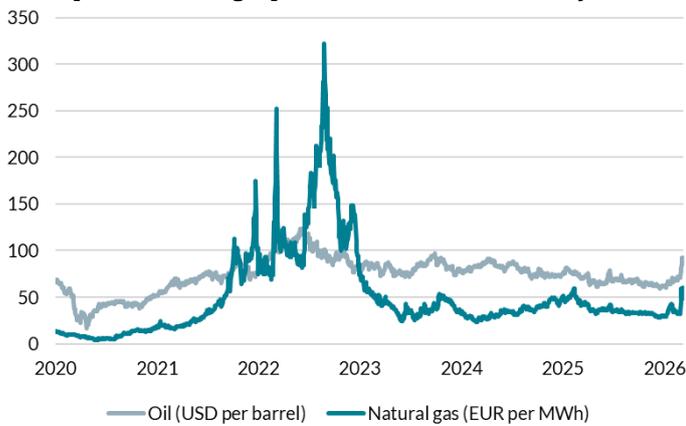
The attack on Iran by the US and Israel has created an enormous amount of uncertainty. Firstly, about what the US objective is. Is the aim to force Iran to stop developing nuclear weapons? Or is it about overthrowing the regime, as Trump has claimed but which was denied by Secretary of State for Defence Hegseth? How long is the US prepared to keep going? And how far will Iran go in its counterattacks?

If we take Venezuela as an example, then overthrowing the regime wouldn't be the main objective of the US. It's likely that Trump would be satisfied and claim victory if Iran were to offer enough concessions at the negotiating table. Not that we've reached that stage yet. For now, we're seeing an escalation. Hegseth has clearly stated that it won't be an endless war. Trump has named a duration of four weeks but also said that the US could end quickly or keep going for longer. We view a direct military intervention involving sending US troops to Iran as extremely improbable. Iran has escalated the war in two steps. Firstly, by threatening to attack ships sailing through the Straits of Hormuz. About 20% of the world's oil and gas production is shipped along this waterway. The threat has prompted insurers to decide that ships sailing through the straits don't have war cover. The upshot is that the shipping route is to all intents and purposes closed. The second escalation by Iran consists of attacks on energy infrastructure, including a large oil refinery in Saudi Arabia and LNG facility in Qatar.

In the run-up to the conflict, the price of a barrel of Brent oil had already risen from 60 US dollars to 73 US dollars, an increase of 20%. After the attack and escalation, oil prices shortly spiked above 116 US dollars, before dropping back to around 90. Until the outbreak of the conflict, gas prices in Europe were unaffected by the mounting tensions but after the initial attacks nearly doubled to 60 euros per MWh. This Qatar's announcement that it would reduce LNG production in view of the blockade of the Straits of Hormuz and limited storage capacity led to turbulence on the global gas markets. The gas price was also short-lived though, as prices for now have settled around 50 euro. We nevertheless need to put these increases into perspective. When Russia invaded Ukraine in February 2022, oil prices climbed to 128 US dollars per barrel and gas prices to 311 euros. Oil prices normalised seven months later, despite the ongoing war. Oil prices have averaged nearly 80 US dollars per barrel in the last few years, so this level isn't extreme. In structural terms, the global supply of oil is plentiful. Gas prices have climbed structurally since the outbreak of the war in Ukraine but had also normalised reasonably well a year after the peak. In the past few years, gas prices have averaged 38 euros, peaking above 50 euro in 2023 and 2025. Oil and gas prices have therefore not yet reached the pain threshold for the global and European economies. At

current levels, lower growth and rising inflation will be restricted to a few tenths of a percent.

#### Small upturn in oil and gas prices when viewed historically



Source: LSEG, Van Lanschot Kempen

Looking ahead, at the start of the conflict, believed there were three potential scenarios for the conflict. In the first scenario, we assumed little escalation. The conflict would last a few days but would be limited in terms of scale and duration. This also applies to the attacks on energy infrastructure, both in Iran and by Iran in neighbouring countries. The US would manage to secure a ceasefire after a couple of days and subsequently resumed negotiations with Iran. Free passage through the Straits of Hormuz and the resumption of gas production in Qatar quickly would enable oil and gas prices to normalise. We thought there was little chance of this rose-tinted scenario playing out, which has been confirmed since the conflict started.

The second scenario assumes that an escalation will be followed by a de-escalation. This is our basic scenario given Iran's response to the attacks. In this scenario, the conflict continues over the coming weeks. Damage to Iran's oil infrastructure results in a reduced supply of oil from Iran, which could partially be compensated for by other oil-producing countries in OPEC and the US. Higher oil prices are an incentive for US shale oil producers to increase production. The Straits of Hormuz experiences disruption for a time, which leads to higher oil and gas prices. In this scenario, we anticipated oil prices of about 80 to 90 US dollars per barrel, with the possibility of these briefly spiking to 100 US dollars. Gas prices could also remain high for a longer period. This pushes inflation upwards slightly, especially in those countries that depend on oil and gas imports such as Asian and European countries. Yet this inflation is temporary because of the short duration of the conflict. On the financial markets, oil and gold profit in the short term and their prices rise. Equities fall and spreads on credits widen. The effect on government bonds may be minor. At the moment, inflation fears are prevailing and yields climbing, but we think the latter will only increase by

a small amount if equity investors start to seek safe havens. Above all, we view all these effects as temporary. This is because an escalation will be followed by a de-escalation, enabling oil and gas production and transports to normalise rapidly. This would also restore calm to the financial markets. As this is our basic scenario and we don't anticipate any major damage to the global economy in this scenario, we haven't made any adjustments to our investment policy in response to this conflict.

A more pessimistic scenario involving a long-term escalation is of course also possible. In this scenario, the Iranian regime is backed into a corner to the extent that it takes desperate measures. This might include a long-term blockade of the Straits of Hormuz, structural attacks on the oil installations of other countries and firing the most up-to-date ballistic missiles Iran possesses. The oil market experiences disruption, with shrinking supplies, high volatility and soaring prices. In this scenario, oil prices could reach 120 to 150 US dollars per barrel. European gas prices also climb higher. This has considerable consequences for the rate of inflation, which rises, and for growth, which falls. Equities plummet, with sharper downturns in energy-importing countries in Europe and Asia than in the US. Government bonds won't provide protection in this scenario as yields climb in anticipation of the higher rate of inflation. Cash is king, although gold would be an even better alternative. Given the extremely negative consequences of this scenario for the major geopolitical players, including the US and China, as with the first scenario we think there's little chance of this scenario occurring.

### Can the global economy withstand a (minor) knock?

Geopolitical tensions quickly lead to volatility on markets, but there's often little economic damage. The greatest impact has been visible in the past when oil prices doubled, the global economy was already slowing and the oil price shock triggered a recession and when central banks raised interest rates to curb inflation.

The first condition for major economic damage hasn't yet been met. Oil prices have risen by nearly 30% in the run-up to and since the start of the conflict. Above we've described scenarios in which oil prices climb much higher, but for the time being we're still a long way from them doubling. European gas prices have doubled, but this upturn is low compared to what happened after Russia invaded Ukraine. Then gas prices increased fourteenfold and economic growth ground to a halt. A recession was narrowly averted.

The global economy isn't slowing, so the second criterion hasn't been met either. The global purchasing manager index (PMI) climbed to 51.5 in February. This isn't a hugely robust level but is still the highest since June 2022. The index was virtually unchanged in industrialised nations, while a sizeable upturn was visible in emerging markets. An improvement could also be seen across the board in industry. In 16 of the 34 countries for which we have a PMI for industry, it stood at over 50 and higher than in January. This points to growth picking up. This breadth of improvement was last seen in February 2022. The index for the global service sector was likewise up in February. The US saw a small downturn, the Eurozone a minor upturn and China a strikingly large upswing. Of the 14 countries for which indices are available, only those for France and Sweden point to contraction. In short, the PMIs are pointing to economic growth and most of all an acceleration in industry.

Things are going well on the production side of the US economy, where a significant portion is being driven by investment in AI infrastructure. Orders for capital goods are growing steadily, and growth is also visible in industrial production. The ISM index for industry rocketed in January and the index mostly managed to hold onto this higher level in February.

ISM indices pointing to stronger US growth

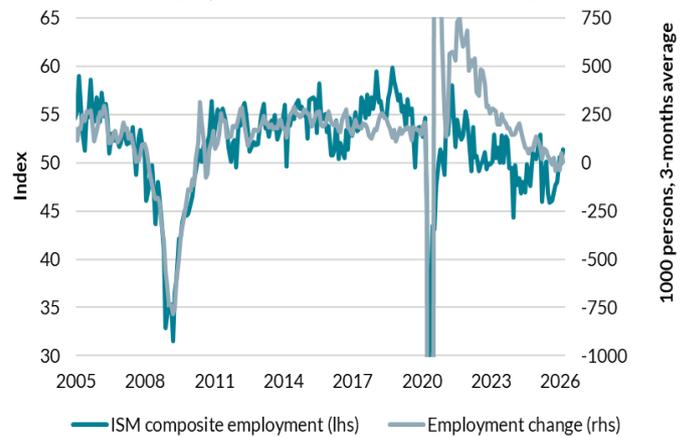


Source: LSEG, Van Lanschot Kempen

The increase in the price component stood out here. A number of companies in the survey complained about the import tariffs. These are aimed at protecting domestic industry but are also generating higher costs. If there are any concerns, these relate to the job market and consumers. Employment rose by a sizeable 130,000 in January, but by far the biggest upturn was in healthcare. In the private sector excluding healthcare there were 49,000 new jobs. This was still an improvement on previous months though. Lower growth in the working population caused by reduced immigration means that fewer jobs are needed to absorb population growth. Unemployment dropped to 4.3% in

January. And the number of new jobless claims remains low, but the number of unfilled vacancies has declined for three consecutive months. There therefore remain questions about the job market and for this reason the data over February were eagerly awaited. These data weren't great. A total of 92,000 jobs were lost in February, 67,000 of which in the private sector excluding healthcare. This cancelled out the upturn from January. The rate of unemployment climbed to 4.4%. Companies are cautious, although there has been an improvement in appetite for taking on new employees. Moreover, we aren't seeing mass redundancies. The number of announced redundancies in fact declined in February. There nevertheless continue to be concerns about the job market, an important factor for potential cuts to interest rates by the Fed.

Growth in US employment stalls, companies more optimistic



Source: LSEG, Van Lanschot Kempen

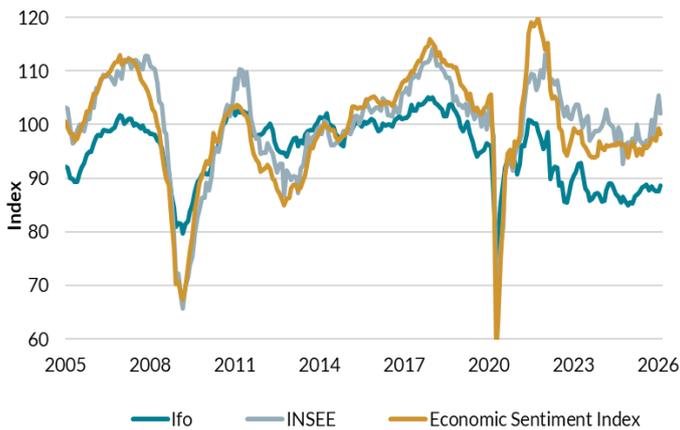
Trends on the job market are even more important now that the income growth of families is being squeezed. Due to lower employment growth, nominal gross income growth fell to 4.3% on an annual basis in December. After taxes and adjustment for inflation, this only leaves growth of 1.4%. There was even no increase at all in real disposable income in the last quarter of 2025. Yet consumer spending grew because families saved less. The savings rate, which is regularly subject to revisions that reduce its reliability, declined to 3.6%. While it's true that Americans aren't fervent savers, this is low even for the US. Consumer spending growth that is higher than income growth is only tenable for a short period. In December, retail sales were unchanged versus November; a small downturn was visible in January. The underlying trend is still quite strong at growth of 4.3% excluding several categories that aren't directly included in the broader consumer indices.

Going forward, the job market will continue to experience low employment growth and few redundancies. Little in the way of dynamics, therefore. Families can rely on tax cuts this spring, which will enable consumers to keep shoring up

economic growth. This could in turn boost dynamics in the job market.

In the Eurozone, economic growth accelerated from 0.8% in 2024 to 1.5% in 2025. We expect the Eurozone to be able to maintain this rate of growth, as long as the situation in the Middle East doesn't escalate fully. The Economic Sentiment Index, a composite leading indicator, declined marginally in February but is still high compared to the levels of the last few years. Consumer confidence has largely recovered from the downturn in 2025. The reason for this is the adjustment to wages in 2024 and 2025 following the earlier inflation shock. National indicators, such as Germany's Ifo index, France's INSEE index and Italy's ISTAT index, also point to better economic conditions than in recent years. German fiscal stimuli, credit growth picking up and consumers who are perhaps saving slightly less out of a sense of precaution could boost the economy.

Leading indicators confirm upward trend



Source: LSEG, Van Lanschot Kempen

In China, domestic growth remains rather sluggish. We're taking the strong upturn in the PMI for the service sector with a pinch of salt for now. A similar index published by the government was lower for industry and stalled at the same low level for the service sector. China could well profit from the cancellation of some of the US import tariffs. This removes the disadvantage China faced versus many other Asian countries. Exports and industry continue to be the growth engines of the Chinese economy. There are fewer problems in other Asian countries. The Taiwanese economy is growing at an explosive rate thanks to the AI boom. The economies of India, Indonesia, Malaysia and Vietnam are likewise growing fast. Growth is less exuberant in South America, but there's no sign of a slowdown.

All in all, the second precondition for a negative outcome from geopolitical tensions, namely a slowing global economy, is not being met.

## How will central banks react?

For the time being, central banks will adopt a wait-and-see attitude. The ECB wasn't planning on changing interest rates anytime soon anyway. As far as the Fed is concerned, the market for Fed funds futures was already slightly less sure of interest rate cuts. In February, the first expected cut to interest rates shifted from June to July. The conflict in the Middle East has reinforced the view that central banks will first wait and see what happens.

The negative scenario we described above includes a potential doubling of oil prices. Yet we don't expect central banks to raise interest rates in the event of an energy shock. The shock itself will be enough to push down economic demand, which will in turn ease inflationary pressure.

## Inflation restricts potential for interest rate cuts in US



Source: LSEG, Van Lanschot Kempen

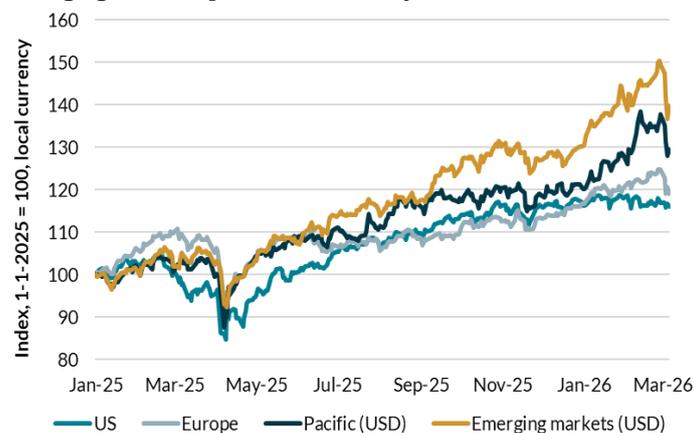
Central banks are of course wary of second-round effects, in which higher energy prices are passed on in the prices of other goods and potentially even wages. This could happen, but we believe a wage-price spiral such as the one that occurred in the 1970s is unlikely. We therefore don't anticipate a hawkish reaction from central banks, meaning that the third precondition for major economic damage caused by geopolitical events isn't met either. Yet with headline inflation in the Eurozone rising to 1.9% and core inflation to 2.4% in February, the ECB has little room for boosting the economy with interest rate cuts. This also applies to the Fed, which was confronted with core inflation rising to 3.2% in January. The market still expects the Fed to cut interest rates twice this year, which we think is on the aggressive side.

## Volatile markets

Equity markets were reasonably quiet overall in February. In the US, the VIX, which acts as the panic gauge of the S&P 500, climbed marginally but is nowhere near levels that

indicate significant turbulence. The VDAX, which fulfils the same function for Germany's DAX index, stood at the same level as it had for most of last year. While the S&P 500 moved sideways, the STOXX 600 continued its steady upward trend. There was greater underlying volatility though. The MSCI index for industrialised nations displays significant differences between sectors. Cyclical sectors such as energy, basic industry and industry noted strong performances. This is in line with global industry picking up. Yet defensive sectors such as consumer staples and utilities likewise performed well, which doesn't fit in so well with a positive outlook for growth. Doubts about the profitability of high AI investments and concerns about AI disruption in the software sector adversely affected the tech sector and communications services sector. This shows that the underlying picture is more turbulent, especially in the US, than the total index implies.

**Emerging market equities hardest hit by conflict in Middle East**



Source: LSEG, Van Lanschot Kempen

The US-Israeli attack on Iran naturally led to increased market volatility. Emerging market equities dropped by 9% in just a couple of days. Sizeable movements were visible in Korean equities, as this country's petrochemical industry relies heavily on oil and gas from the Persian Gulf and Korean equities had undergone an extremely strong rally this year. Losses were restricted to about 5% in Europe and the Pacific region. The US suffered minor losses in the first few days. The US profits from its traditional status as a safe haven but as a major oil producer is also less sensitive to higher oil prices than Europe and Asia. We find these downturns reasonable given the nature and scale of the conflict.

The upturn in oil prices isn't extreme either. Traders are apparently assuming that the Straits of Hormuz won't remain closed for long. The US has already announced that Iran's navy has largely been eliminated. There are reports that the US will escort tankers through the straits, but this would expose US warships to Iranian missiles and drones. Moreover, the question is whether the US has enough

resources to do this. This nevertheless all fits in with our basic scenario, in which we expect the Straits of Hormuz to remain closed for a short period. During that time, there are sufficient oil reserves in the world to compensate for the absence of oil from the Persian Gulf.

The price of gold has also profited from the tensions. Momentum in the gold price had flagged briefly in February, which we thought justified as the sharp upturn up to the end of January had become increasingly speculative in nature. However, the gold price was unable to pass the peak reached at the end of January.

Bonds often act as a safe haven in turbulent times unless there are inflation fears, as is currently the case. The pricing of interest rate increases by the Fed pushed up 2-year and 10-year US bond yields. Even these increases were small though. US yields had in fact come down slightly in recent months, which we don't think matches an economy with sound growth and a rather stubborn rate of inflation. Yields continue to be lower than they were at the end of January, which we believe means there's still some upward potential. German 2-year bond yields have completely cancelled out the downturn from December up to the end of February, but their 10-year counterparts haven't. We mostly think there's upward potential for 10-year bond yields in Germany too.

## Towards a broad equity overweight

The conflict in the Middle East gives us no reason to adjust our investment policy. There's little damage to energy infrastructure, so once the conflict ends energy prices will rapidly be able to recover and markets settle down again. In the scenario that we assume will play out and which initially involves an escalation, markets will remain volatile. The recovery in Europe and the US on the third trading day of the conflict provides no guarantee for the future. At an investment horizon of about six months, however, we assume that energy transports will have normalised and the global economy will be largely unaffected.

We've therefore retained our overweight in equities, but this has been diversified away from the US to all four equity regions. In Europe, we are seeing confirmation of our reasonably optimistic economic outlook. Earnings dynamics continue to be rather moderate, but these should improve somewhat over the course of the year. In the Pacific region and emerging markets, earnings dynamics have in fact improved enormously. The unrest in the Middle East has led to the US dollar acting as a safe haven but it could fall in value again once calm is restored. This would be negative for European investors in US equities. We've retained an

overweight in the US though as the outlook for growth and earnings is positive there.

Our more positive outlook for European growth is also expressed in the fixed income portion of our investment policy. We hold an underweight in Eurozone government bonds. A more robust economic cycle and expansive budget policy in Germany could push up bond yields.

### US and Eurozone bond yields could climb further



Source: LSEG, Van Lanschot Kempen

Spreads on French and Italian government bonds have tightened recently, which has contributed to the performance of these bonds. Looking ahead, we see little potential for these to tighten further. We've offset the sale of Eurozone government bonds by purchasing Eurozone credits, marginally expanding the overweight we already held in the latter. Spreads on these credits are also tight, but as long as they don't alter radically, they will generate additional return.

# Tactical outlook

Asset class	
<b>Equities</b>	<b>Overweight</b>
<p>On the surface, things were quiet on the equity markets in February. The attack on Iran by the US and Israel led to volatility but the losses so far are small. We assume that the conflict will continue for a few more weeks but that there will be only minor damage to the global economy in the shape of rising inflation and lower growth. The first week of the conflict had little impact on the equity markets. We've therefore retained our overweight in equities, although we've diversified this across all regions. In the US, we continue to see sound growth and strong earnings dynamics. Earnings dynamics are less strong in Europe, but there are signs that confirm our reasonably optimistic outlook for growth. Earnings momentum is extremely strong in the Pacific region and emerging markets. Earnings are being adjusted upwards at an especially high pace in Korea and Taiwan. This can largely be attributed to investments in AI infrastructure. The diversification of the equity overweight also enables us to diversify our exposure to AI-related trends.</p>	
<b>Equity sectors</b>	<b>Overweight in IT Overweight in financial services</b>
<p>Performances in the IT sector were characterised by a clear split between hardware/semiconductors and software in the first couple of months of 2026. Early in 2026, investors shifted their focus from pure AI models to the physical infrastructure needed to run these models. While the wider sector continued to face volatility and concerns about valuations in January, robust results from semiconductor manufacturers and ongoing investment in AI infrastructure were responsible for a partial recovery towards the end of February. At the same time, fears that AI can increasingly develop its own software severely squeezed the prices of software companies. On balance, this made IT one of the worst performing sectors in the first two months of 2026. We view the ongoing and potentially underestimated investments in AI as a powerful structural growth engine for the sector. Our expectation is that further earnings growth rather than a further upturn in valuations will drive returns. Expected earnings growth is significantly higher than the historical average and analysts are adjusting their forecasts upwards across the board. Despite this strong outlook, valuations are attractive compared to the general equity market. The financial services sector noted a small positive performance in January but was forced to give ground in February. Here, too, differences were visible in sub-sectors, as it was mostly companies operating in private credit and private equity that experienced large losses. We continue to see positive earnings momentum in the sector overall. Although upward revisions to expected earnings are smaller than for IT, they're still higher than the average for the whole market. Upward revisions are also supported most broadly in the financial services sector. The balance of upward revisions by analysts versus downward revisions in the financial services sector is the highest of all sectors. Sector valuations are roughly the same as those of the market. Lending picking up and reasonable growth, whereby we anticipate small-scale credit losses, are positive for banks.</p>	
<b>Government bonds</b>	<b>Underweight</b>
<p>Short and long-term bond yields fell in the US, UK, Japan and Germany in February. At the short end of the yield curve, the biggest downturns were in the UK, where economic data marginally increased the probability of cuts to interest rates by the Bank of England, and in the US. At the long end of the yield curve, 10-year bond yields in the US, UK and Germany were down by about 20 basis points, in Japan by slightly less. In general, we don't think these lower yields match the economic picture of resilient economies and inflation that on balance was slightly higher than expected in the US and Eurozone. Even before the outbreak of the conflict in the Middle East, we saw more upward than downward potential for yields in the US and Germany. When the conflict started, investors didn't seek the safety of government bonds and instead fears of higher inflation prevailed. Short and long-term yields climbed, but only in the UK was the downturn of recent weeks cancelled out for long-term bonds. At 4.1% for 10-year yields in the US and 2.8% in Germany, we continue to see upward potential for long-term bond yields. Spreads on government bonds issued by France and Italy widened somewhat but remain tight. If these were to contract again, this would be positive for government bonds from the Eurozone, but there's little potential for this happening. We've therefore reduced our position in government bonds to an underweight. We don't hold a position in US government bonds and our position in the Eurozone is smaller than in our strategic allocation.</p>	
<b>Investment grade credits</b>	<b>Underweight</b>
<p>Spreads on investment grade credits in the US and Eurozone widened in February, but only by a tiny amount. While the conflict in the Middle East caused spreads to widen slightly more, both in the US and Eurozone they have remained in the low bandwidth that we've seen since last summer. This is a sign of how resilient this asset class is. From our economic outlook we anticipate little change to spreads on credits, but rising government bond yields do pose a risk to the total return, especially in the US. We think spreads on credits in US dollars in particular are too tight and have therefore retained our underweight in these. In the US, we prefer equities to investment grade credits. In the Eurozone, spreads are less tight in relative terms and on top of this they account for a larger portion of the total interest compensation. Moreover, balance sheets at companies are slightly more robust in the Eurozone and these have also improved in the European banking sector. We've slightly expanded our allocation to investment grade credits. Our underweight in the US is bigger than the overweight in the Eurozone and we therefore hold an underweight overall in this asset class.</p>	

<b>High yield credits</b>	<b>Neutral</b>
<p>Spreads on US high yield credits widened by 30 basis points in February. This is the biggest increase since April last year. Turmoil in private credit, caused in part by concerns about disruption to software companies by AI, trickled down to the high yield market. In the Eurozone, spreads only widened by 6 basis points. The US-Israeli attack on Iran added a further 10 basis points to spreads in the US and 20 basis points in the Eurozone. This matches the picture that we saw in equities as well, in which Europe is hit slightly harder than the US. Europe is more sensitive to higher energy prices. We've retained our neutral outlook for high yield credits. At reasonable economic growth in the US and Europe, we don't expect spreads to widen. The spreads generate a reasonable additional return versus government bonds. The tight spreads lead us to believe that there's less upward potential for high yield credits than for equities.</p>	
<b>Emerging market debt</b>	<b>Neutral</b>
<p>Spreads on emerging market debt listed in US dollars widened in February, but the more marked downturn in underlying US bond yields led to yields on emerging market decreasing. The conflict in the Middle East caused spreads to widen by 20 basis points, a similar movement to high yield. In local currency, yields rose by 15 basis points because of the conflict. Emerging market debt offers an attractive rate of return, although spreads on bonds listed in US dollars are tight. We view rising yields in the US as a risk to this asset class. The desire for a weaker US dollar isn't negative. Bonds listed in local currency have profited from interest rate cuts by central banks, but we think these are coming to an end. On balance, we retain our neutral outlook for this asset class.</p>	
<b>Listed real estate</b>	<b>Neutral</b>
<p>Listed real estate climbed globally and in all regions in February, assisted by lower bond yields. The biggest upturns were in Europe and Japan. We hold a neutral outlook for this asset class. Vacancy levels are slightly higher in the US than in Europe. In the long term, however, rental growth in real estate will be boosted by a smaller supply of new properties. In both the US and Europe, we see little potential for yields coming down from present levels. In the US this is because we believe the Fed will only cut interest rates by a small amount and inflation remains rather stubborn, while in Europe this is due to the sound growth, partly aided by the more expansionary German budgetary policy with high levels of investment in 2026. We think global developed listed real estate valuations are expensive compared to interest rates, while Europe has a neutral valuation.</p>	
<b>Commodities</b>	<b>Neutral</b>
<p>The Bloomberg general commodity index was up slightly by 1% in February, mostly driven by higher oil and gold prices. Metal prices remained stable. The higher oil prices were caused by the mounting tensions between the US and Iran that culminated in a military conflict between the US, Israel and Iran. When the conflict started, oil prices climbed to 82 US dollars per barrel. How oil prices evolve will primarily depend on the length and scope of the conflict. We expect oil prices to remain slightly higher and more volatile for the next few weeks as the conflict is deepening and creating ongoing geopolitical uncertainty. The de facto closure of the Straits of Hormuz could have especially major implications for oil and gas prices. In the longer term, we expect oil prices to fall marginally again to current levels or below them due to structural factors, such as decreased demand for oil from China and electrification. The price of gold increased to over 5,200 US dollars per troy ounce in February. The growing speed at which the gold price has risen in recent months leads us to conclude that these upturns are increasingly speculative in nature. The heightened geopolitical uncertainty, including the outbreak of a new conflict in the Middle East, is shoring up the gold price. Although in the shorter term a slowdown in (Chinese) economic growth will have a downward effect on demand for metals and on prices, copper looks especially well positioned in the longer term for structural trends such as the energy transition and AI.</p>	
<b>US dollar – euro</b>	<b>Neutral</b>
<p>Even before the outbreak of the conflict in the Middle East, the US dollar had already managed to make gains against the euro. The weakness that had arisen because of uncertainty surrounding the appointment of a new chair of the Fed, which could potentially lead to cuts being made to interest rates without justification, was removed with the proposed appointment of Kevin Warsh. The US dollar appreciated from 1.20 US dollars per euro to 1.18. On the outbreak of the war in the Middle East, the US dollar acted as a safe haven. The US currency appreciated to 1.16 US dollars per euro. This restores the US dollar to the level we saw in the second half of 2025. This appreciation and the decrease in the difference between 2-year bond yields in the US and Germany mean that the US dollar rate is once again in line with this difference in yields. The US dollar isn't particularly cheap in fundamental terms. We continue to see enough capital flowing towards the US in the shape of short-term and long-term investments to keep the US dollar at the same level. On balance, we anticipate a sideways movement in the rate.</p>	

# Market review

## Equities

	Index	Past month	Past 3 months	From 31-12-2025
Global (MSCI AC)	1057	1.2%	5.1%	4.2%
Developed markets (MSCI World)	4557	0.6%	3.6%	2.9%
Emerging markets (MSCI EM)	1611	5.4%	17.8%	14.7%
United States (S&P 500)	6879	-0.9%	0.4%	0.5%
Eurozone (EURO STOXX 50)	634	3.7%	10.0%	7.0%
United Kingdom (FTSE 100)	10911	6.7%	12.2%	9.9%
Japan (Topix)	3939	10.4%	16.6%	15.5%
Netherlands (AEX)	1027	2.5%	8.9%	8.0%

## Government bonds (10-year)

	Yield (%)	Past month (bp)	Past 3 months (bp)	From 31-12-2025 (bp)
United States	3.96	-30	-6	-20
Japan	2.11	-14	31	4
Germany	2.65	-19	-4	-20
France	3.22	-20	-19	-34
Italy	3.28	-19	-13	-23
Netherlands	2.72	-20	-11	-24
United Kingdom	4.30	-22	-14	-17

## Investment grade credit

	Risk premium (bp)	Past month (bp)	Past 3 months (bp)	From 31-12-2025 (bp)
United States	85	11	3	6
Eurozone	81	10	1	3

## High yield bonds

	Risk premium (bp)	Past month (bp)	Past 3 months (bp)	From 31-12-2025 (bp)
United States	310	30	15	29
Eurozone	269	6	-14	-1
Emerging markets (USD)	259	14	-11	6
Emerging markets (Local currency)	231	25	1	16

## Real estate

	Past month	Past 3 months	From 31-12-2025
Global	6.6%	9.0%	10.8%
North-America	7.5%	7.5%	10.7%
Europe	7.2%	10.5%	10.8%

## Commodities

	Past month	Past 3 months	From 31-12-2025	
Bloomberg index	0.8%	10.2%	10.9%	
Base metals	-0.3%	11.4%	5.0%	
Brent oil (USD per barrel)	72.55	2.6%	14.7%	19.2%
Gold (USD per troy ounce)	5254	4.4%	25.1%	21.5%

Returns in local currency  
 bp = basis point (0.01%)  
 Data as of 28 February 2026  
 Source: LSEG, Van Lanschot Kempen

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### Disclaimer

Van Lanschot Kempen Investment Management NV heeft een vergunning als beheerder van diverse ICBE's en ABI's en is bevoegd om beleggingsdiensten te verlenen en staat als zodanig onder toezicht van de Autoriteit Financiële Markten. Dit document dient slechts ter informatie. De inhoud is niet bedoeld als beleggingsadvies, biedt onvoldoende informatie om een beleggingsbeslissing te kunnen nemen en dient ook niet te worden beschouwd als een aanbod of als een uitnodiging om enige van de hierin genoemde financiële instrumenten te kopen of te verkopen.

### Overige informatie

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