KEYPRIVATE Quarterly Update

Q2 2026

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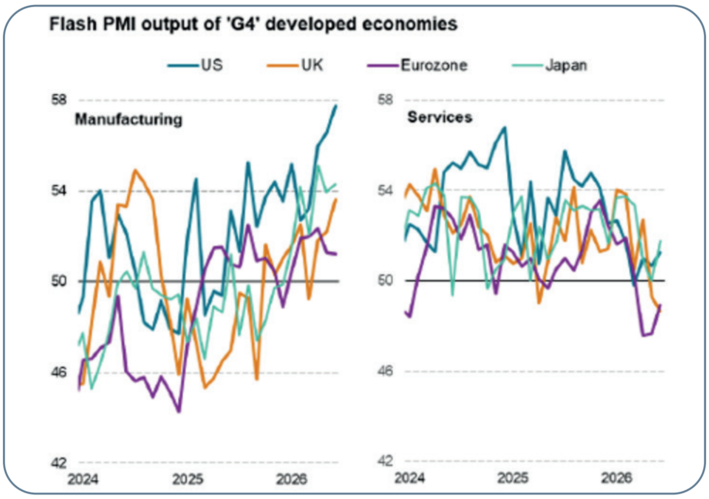
The first half of 2026 is now behind us and it also seems highly likely that the period of geopolitical turmoil is also over. In the second quarter, the stock markets rose nicely and, from an economic point of view, the damage to the global economy seems to be quite accommodating. It therefore comes as no surprise that investors have been able to achieve attractive returns recently. On the stock markets, semiconductor shares were the top performers, and we capitalised on this by maintaining an overweight position in the emerging markets tracker. The only slight downside for our Keyprivate portfolios was the correction in the commodities market in June 2026. Below you can read about the most important developments in the first half of the year.

Geert Van Herck

Chief Strategist KEYPRIVATE

Economic environment

Economically, the war in Iran had a significant impact on the logistics and shipping sector. The closure of the Strait of Hormuz disrupted the logistics chain of many large companies. It was striking, however, that the industrial sector suffered little damage from the geopolitical turmoil. Graph 1 illustrates this division of the global economy very clearly. On the left, we see growth in industrial production in the countries that are part of the G4. We don't have to look far to find an explanation: in the US, there is heavy investment in the development of artificial intelligence infrastructure (such as data centres) and in Europe, the Member States have made substantial investments in defence and infrastructure. In addition to the disrupted logistics chain (because shipping and transport are considered part of the services sector), the services sector also had to contend with lower consumer spending as Western households curbed their spending due to geopolitical uncertainty. All things considered, the global economy did not enter a recession, and this certainly contributed to the optimistic sentiment in the financial markets in the second quarter of 2026



Graph 1: Development of economic activity in G4 countries
Source : S&P Global

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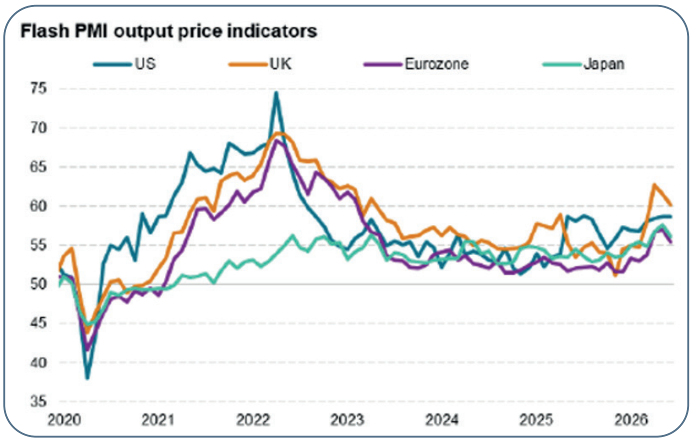
In addition to the fact that the global economy did not end up in a recession, the fall in inflation figures in Western industrialised countries was a second bonus for the global economy. The easing of tensions between the US and Iran led to a fall in the price of oil, but a number of other commodities also fell in the final weeks of the second quarter of 2026. Lower commodity prices lead to lower inflation figures, which is of course a boon for the purchasing power of Western countries. In our previous quarterly report, we considered a possible stagflation scenario: stagflation is the combination of stagnant economic growth and higher inflation. From what we have described above, it appears that this negative scenario has been avoided. We would, however, like to point out that, according to some analysts, the fall in commodity prices will be only temporary. This is because it is pointed out that the massive investments in, amongst other things, data centres and the energy transition are driving a structurally higher demand for raw materials (such as copper, for example), making a structurally downward price trend unlikely.



Graph 2: Trend in purchase prices in G4 countries
Source : S&P Global

Conclusion: At the end of the first half of the year, there had been no recession in the global economy. Despite the geopolitical impact on the international logistics chain, the massive investments in data centres and other AI infrastructure in the US are driving strong growth in industrial production, which more than offsets the decline in activity in the service sectors. Combined with falling inflation figures, the global economy therefore remains in good health. And this was a factor that bolstered the international financial markets. The Keyprivate Investment Committee remains optimistic for the rest of the year and is not switching to a defensive investment strategy as a global recession is not on the horizon.

Financial markets in the first half of 2026

Stock markets

Table 1 provides an accurate summary of international stock market developments in the first half of 2026. All stock trackers in the Keyprivate universe are trading in positive territory. And this is a completely different picture from that at the end of the first quarter of 2026, when all stock indices were trading in negative territory (due to the crisis in the Persian Gulf). The regional outlier is the tracker that tracks the stock markets of emerging countries such as China, Brazil and India. However, this tracker has undergone a significant change in recent months. Due to the very strong performance of the semiconductor sector, the weighting of countries such as South Korea and Taiwan increased significantly in this tracker. Accordingly, China's weighting fell. As previously mentioned, the reason for this is the very sharp rise in the share prices of companies such as Samsung, SK Hynix and Taiwan Semiconductor. A second important observation is the fact that European small caps are lagging behind. As a result, this share class is not following the global trend. For example, in the US we are seeing strong performance from smaller-cap shares, which are outperforming larger-cap shares by a considerable margin

Stock trackers returns Q2 2026 (in EUR)	
MSCI World	15,83%
MSCI Emerging Markets	24,09%
MSCI Europe	12,09%
MSCI Europe small caps	8,80%

Stock trackers returns H1 2026 (in EUR)	
MSCI World	12,13%
MSCI Emerging Markets	27,14%
MSCI Europe	11,05%
MSCI Europe small caps	5,24%

Table 1: Returns on Keyprivate share trackers Q2 2026/H1 2026
Source Bloomberg

Bond markets

Yields on bond investments remain on the low side. Since the start of the year, the return on an investment in government bonds has been almost the same as the return on an investment in high yield bonds. In the second quarter, however, the advantage of high yield was somewhat greater: this is due to the high correlation between high yield bonds and stocks. The strong recovery on the stock markets in the second quarter also led to a recovery in the prices of high-yield bonds. In addition, the easing of geopolitical tensions led to a fall in the price of oil and other cyclical commodities. This development had a positive impact on the inflation figures, which fell as a result. This supported government bond prices.

Bond trackers returns Q2 2026 (in EUR)	
Eurozone government bonds	1,85%
High-yield bonds	3,53%

Bond trackers returns H1 2026 (in EUR)	
Eurozone government bonds	1,23%
High-yield bonds	1,26%

Table 2: Returns on Keyprivate bond trackers Q2 2026/H1 2026
Source : Bloomberg

Commodity markets

The key takeaway from the first half of the year is undoubtedly the correction in the international commodities markets. The price of oil and the price of gold are the biggest victims. The fact that the price of oil is correcting downwards makes sense following the easing of geopolitical tensions between the US and Iran. The correction in the price of gold is less easily explained, as tensions between the major powers continue to exist worldwide and gold can continue to play its role as a safe haven or hedging instrument. Of course, we must not lose sight of the fact that the gold market had an excellent 2025 and that a period of correction often follows a strong run. The tracker on strategic metals was also hit hard, but here too it is worth noting that this commodity category has performed strongly in recent years.

Commodity tracker returns Q2 2026 (in EUR)	
Gold	-12,01%
Industrial metals	-2,96%

Commodity tracker returns H1 2026 (in EUR)	
Gold	-3,89%
Industrial metals	-3,13%

Table 3: Returns on Keyprivate commodity trackers Q2 2026/H1 2026
Source: Bloomberg

Net returns on Keyprivate portfolios H1 2026

Table 4 shows the net returns achieved by our 10 Keyprivate profiles.

A few observations on changes in net returns in the first quarter of 2026

• Our Keyprivate portfolios performed well in the second quarter and benefited from the recovery in international stock markets. Our high exposure to the tracker that tracks the emerging markets made a major contribution to the portfolios' returns. As the dollar remained weak against the euro, the Keyprivate Investment Committee opted to underweight the index that tracks the stock markets of Western industrialised nations (the MSCI World, which has approximately 70% exposure to US stocks). For example, the strategy of underweighting US stocks and overweighting non-US stocks continued in the second quarter.

• Within the bond component of our Keyprivate portfolios, high-yield bonds made a good contribution to the portfolios' returns. We have mentioned this many times before, but this type of bond moves in close tandem with the international stock markets. That is why these bonds performed well in the second quarter, following the lead of the stock markets. The fact that the global economy did not slip into recession was also a stroke of luck for the high-yield market. After all, during a recession, the risk of default rises sharply, causing the prices of these bonds to plummet.

• The correction on the international commodity markets had a negative impact on Keyprivate's net returns. June in particular was very difficult month for commodity investors. The correction on the gold market led to a 10% drop in the price of gold in June. In early May, the Keyprivate Investment Committee decided to sell its remaining gold position and invest solely in the tracker fund that tracks the prices of strategic metals such as copper and zinc. June was also a particularly poor month for this tracker: it fell by around 11%. This had a negative impact of around 1% for the defensive and neutral profiles and 1.6% for the more dynamic profiles.

						Net returns 01/01/2016 – 30/06/2026						
profile		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
3 - Very cautious	100	2,37%	2,24%	- 6, 65%	4,90%	-1,90%	10,29%	-10,10%	7,38%	6,92%	7,72%	6,37%
5 - Balanced	100	4,63%	4,64%	- 4,84%	5,02%	-1,92%	12,37%	-10,20%	9,36%	8,38%	9,43%	8,35%
7 - Dynamic	100	7,52%	7,13%	- 7,78%	7,11%	-1,44%	15,12%	-9,35%	11,70%	10,88%	14,46%	10,35%
10 - Very aggressive	100	5,47%	8,99%	- 8,84%	6,17%	1,16%	16,62%	-10,85%	14,06%	12,92%	16,78%	12,13%

These net returns were calculated based on real portfolios established on 4 January 2016 (the first trading day of 2016). These portfolios have therefore been through every re-balancing process. The calculation of net returns includes annual management fees and all taxes.

Looking to the future

Graph 3: Dynamic versus defensive asset classes
Source : The Daily Number – Grant Hawkridge

By the end of the second quarter of 2026, it is abundantly clear that investors are not opting for a defensive investment strategy. The top part of Graph 3 shows the performance of an index comprising highly dynamic investments such as copper, semiconductors and high-yield bonds. At the bottom of the graph, we can see the price evolution of an index containing more defensive investments such as gold, US government bonds and stocks from the food and beverage sector. It is clear that the graph for the more dynamic investments is rising, whilst more defensive investments are being sidelined. We do not ignore this signal when constructing our Keyprivate portfolios. We are not currently reducing our exposure to stocks; instead, we are opting for 'high-yield' bonds and strategic metals (the strategic metals tracker offers exposure to the copper price of around 20%). As long as we do not see any change in investor behaviour, we will continue to maintain this aggressive investment policy.

Graph 4: Relative performance of US stocks vs. the dollar
Source : All Star Charts

On the eve of the second half of 2026, the members of the Keyprivate Investment Committee are keeping a close eye on the US dollar's performance. Graph 4 shows the development of the dollar index at the bottom: the euro accounts for more than 50% of this index, and the Japanese yen, British pound sterling, Canadian dollar, Swiss franc and Norwegian krone are also included in this index. We can see that, since the start of 2026, the dollar has begun to rise and is currently trading around the key resistance level of 100 points. At the top of Graph 4, we can see the relative performance of US stocks compared to non-US stocks. The correlation is clear: a fall (rise) in the dollar causes non-US (US) shares to outperform. It should be clear that an upturn in the dollar above the level of 100 points will necessitate an adjustment of the stock strategy. Investing a little more in US shares and reducing exposure to European shares and shares from emerging markets would then be an attractive strategy. We are monitoring the dollar's performance and will adjust our Keyprivate portfolios if necessary.

Conclusion: at the end of the first half of 2026, the global economy remains in good health and the stagflation scenario has been avoided. Despite geopolitical tensions, structural trends such as investments in data centres (US) and defence & infrastructure (Europe) are supporting industrial production. The absence of an international recession led to a healthy rise in the stock and bond markets in the second quarter. The only sour note was the commodity markets, where, amongst other things, the price of gold and oil fell. This had a negative impact of around 1%-1.50% on our Keyprivate portfolios, particularly in June 2026. Despite this disappointing performance, we were nevertheless able to achieve good net returns thanks to our overweighting in non-US stocks and high-yield bonds. For the second half of the year, we will be keeping a close eye on the performance of the US dollar. A rise in the dollar will lead to a rebalancing of the stock portion, with slightly greater exposure to US stocks (via the MSCI World Tracker, in which US stocks account for around 70% of the portfolio).

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