

KEYPRIVATE

Quartely Update

Q1 2026



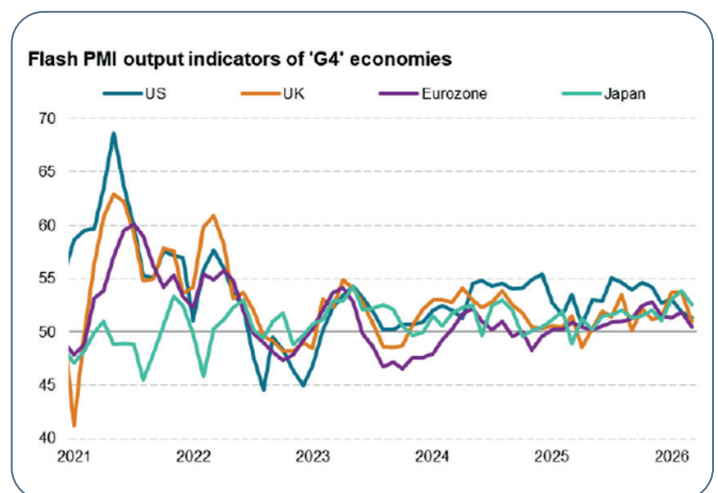


Stock markets had a good start this year, with most stock market indices showing some nice gains in January and February. The global economy was also doing well and growth was not an issue. Then geopolitical events in the Middle East brought an abrupt end to the good times. The attack on Iran drove up the price of oil, leading to a sharp stock market correction. The global economy is now facing a stagflation scenario. Despite all the volatility and unease, our Keyprivate portfolios' performance remained 'good' compared to the overall Belgian market. Losses were kept to a minimum and our more dynamic profiles stayed in the black. An analysis of major developments in the first quarter of 2026 can be found below.

Geert Van Herck
Chief Strategist KEYPRIVATE

Economic environment

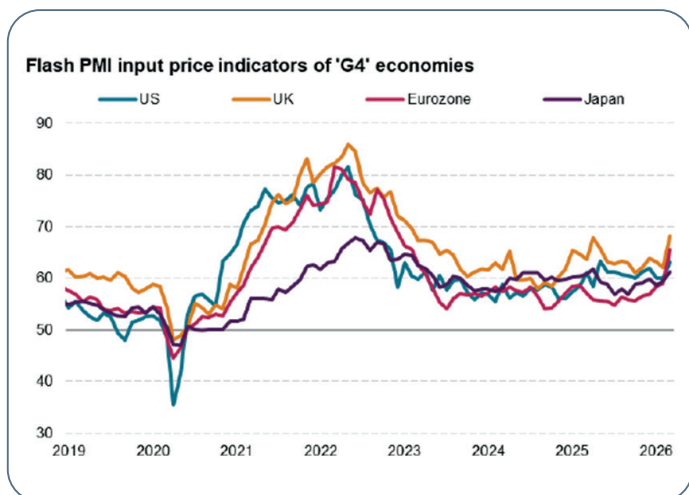
Naturally, the issue of greatest concern to economists and portfolio managers in the first quarter was the Iran war's impact on Western industrialised countries' economic growth prospects. Unsurprisingly, the sharp increase in oil prices has been bad for growth. At the end of the first quarter, the Iran war was having direct effects on manufacturing confidence in G4 countries. These are the United States, the United Kingdom, the eurozone and Japan. If you look at the right side of Graph 1, there is a clear 'dip' to be seen. That means manufacturing confidence is down, which is not good news of course. When manufacturing confidence drops, business managers are reluctant to make new investments. This creates a domino effect, with lower investment leading to less growth, fewer new jobs and ultimately, reduced consumption by households. This is the economic impact of the Iran war at the end of the first quarter.



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

In addition to lowering manufacturing confidence, sharply risen oil prices also affect inflation, of course. Oil is an

important raw material used to create chemicals present in countless everyday products, such as packaging materials. Graph 2 clearly shows a rising input price curve for G4 countries in 2026. In other words, inflation is back and creating a challenge for Western central banks. We already mentioned lower growth expectations, which in combination with higher inflation means stagflation has become relevant again as a scenario. Stagflation refers to a combination of stagnating growth and increased inflation. This is a nightmare for the central banks, as they cannot cut short-term interest rates to give the economy more breathing room if inflation is already high. How quickly the conflict is resolved will make all the difference. A prolonged conflict with continued upward pressure on oil prices is a worst-case scenario for the global economy and for inflation.



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

Conclusion: Geopolitical developments demanded attention in the first quarter of 2026. The Iran war caused a sharp rise in oil prices, meaning stagflation is once again relevant as a scenario. This is a tricky economic environment for central banks to navigate. The Keyprivate Investment Committee is keeping a close eye on developments, but does not believe too much pessimism is required quite yet. The United States would hardly benefit from an extended conflict, as this would also affect US stock prices. After all, history has shown that circumstances can change quickly when a US president is paying careful attention to stock market prices.

Financial markets 2026

Stock markets

Table 1 provides an accurate summary of international stock market developments in the first quarter of 2026. Price performances were negative for the main regions. It's unsurprising that March's geopolitical events led to these figures. Stock markets in emerging countries such as China, Taiwan, Brazil and India formed the only positive exceptions to this rule. This confirms these countries' relative strength, which has lasted for several quarters now. Larger European stocks (united in the MSCI Europe index) also didn't lose too much. The greatest losses were experienced by the Small Caps, or smaller European stocks, as the Iran crisis negatively affected the economic outlook and the MSCI Europe Small Caps index contains many cyclical stocks. US stocks, which account for more than 70% of the MSCI World index, also did poorly, especially US technology stocks dealing with increasing concerns about overvaluation.

Stock trackers returns Q1 2026 (in EUR)	
MSCI World	-3,20%
MSCI Emerging Markets	2,46%
MSCI Europe	-0,93%
MSCI Europe small caps	-3,27%

Table 1: Returns on Keyprivate share trackers Q1 2026
Source Bloomberg

Bond markets

Although investments in eurozone government bonds showed only very limited losses, this does show the challenging circumstances in which bond investors are currently operating. Historically, government bonds benefit from geopolitical turmoil, but the Iran war didn't do much for them this time. The best explanation for these meagre results is rising oil prices fuelling expectations of inflation worldwide. Bond investors therefore wanted higher future interest rates to offset the risk of lost purchasing power. High-yield bonds also declined due to their strong correlation with international stock markets. Economic prospects play a role here; as every correction increases the risk of credit problems or defaults, bond investors aim to reduce their exposure to high-yield bonds.

Bond trackers returns (in EUR)	
Eurozone government bonds	-0,61%
High-yield bonds	-2,19%

Table 2: Returns on Keyprivate bond trackers Q1 2026
Source Bloomberg

Commodity markets

The gold price continued its strong performance seen in 2025 in the first quarter. It is worth noting that the price of gold failed to rise significantly during the Iran crisis and therefore did not serve as much of a safe haven. Our gold tracker supplier also provided us with an interesting analysis of the gold price's disappointing development. Notably, at the start of the year, US individual investors in particular bought gold trackers based on its good performance in 2025. When gold did not benefit from geopolitical tensions as much as they'd hoped, these short-term investors sold their gold trackers. This explains the price fall in March. The analysis also showed that Asian investors did not sell, illustrating the long-term nature of their investments. Strategic metals were very slightly negative, as this tracker includes cyclical commodities such as copper and aluminium, which suffered due to the lower global economic growth expectations.

Commodity tracker returns Q1 2026 (in EUR)	
Gold	9,23%
Industrial metals	-0,17%

Table 3: Returns on Keyprivate commodity trackers Q1 2026
Source: Bloomberg

Net returns of Keyprivate portfolios in Q1 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:

- Clearly, the net returns achieved by our Keyprivate portfolios followed the market trend. We accepted the correction following the Iran war without acting on it, as our momentum indicators remained positive and there was no signal to exit stocks. January and February were excellent months for us thanks to our strategy of overweighting non-US stocks. In January, the investment committee decided to sell part of the MSCI World tracker (an indirect investment in US stocks) and to invest the proceeds in the MSCI EM (emerging countries). This strategy has not changed and we will continue to overweight non-American stocks.

- High-yield bonds negatively affected our net returns. We are taking into account the fact that this bond category continued to perform well in recent quarters and was a better choice than traditional government bonds. We are crossing our fingers for a positive outcome to the Iran war, as such a resolution could inspire a relief rally and thereby lead to a recovery in the prices of high-yield bonds due to their positive correlation with international stock markets.

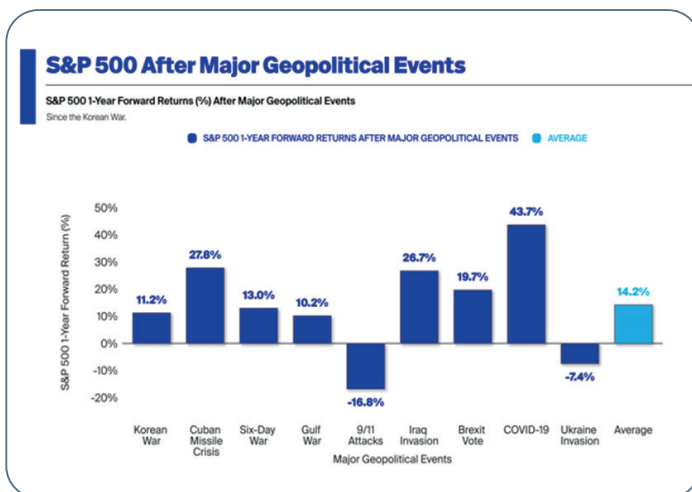
- Despite gold's inability to serve as a safe haven during the Iran war, it continued to perform well in the first quarter of 2026 and contributed positively to our net returns. Nevertheless, the investment committee took an initial position in the tracker for strategic metals such as silver, copper and aluminium in the first quarter. The aim was to capitalise on the global economic recovery through exposure to cyclical metals. Yield development for this tracker did lag behind gold somewhat, as the Iran war is also affecting aluminium production, for example. Many aluminium smelters are located around the Persian Gulf and the supply chain is likely to be disrupted in upcoming months.

profile		Net returns 01/01/2016 – 30/03/2026										
		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%	-0,18%
5 - Balanced	100	4,63 %	4,64 %	- 4,84 %	5,02 %	-1,92 %	12,37 %	-10,20 %	9,36 %	8,38 %	9,43%	-0,17%
7 - Dynamic	100	7,52 %	7,13 %	- 7,78 %	7,11 %	-1,44 %	15,12 %	-9,35 %	11,70 %	10,88 %	14,46%	0,24%
10 - Very aggressive	100	5,47 %	8,99 %	- 8,84 %	6,17 %	1,16 %	16,62 %	-10,85 %	14,06 %	12,92 %	16,78%	16,78%

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

Undoubtedly, both large and small investors responded emotionally to the outbreak of the Iran war. The prospect of war in this region, which is hugely important to Western industrialised countries' energy supply, directly affected stock markets. While this is understandable, we have also taken a good look at past geopolitical incidents' ability to cause structural stock market downturns. Graph 3 shows the returns of the S&P 500, probably the world's leading stock market index, 12 months after the occurrence of a major geopolitical event. It clearly shows that on average, this important US index tends to be about 14% higher a year after any major geopolitical event. This is why we encourage investors to stay calm and not be too hasty in selling off stock in their portfolios. Furthermore, few stock market indices had fallen below their 12-month average at the end of the first quarter. In other words, there was no signal to sell or to start investing more defensively.



Graph 3: S&P 500 returns after major geopolitical events
Source: Ben Carlson

The Iran war once again confirms the relevance of commodities such as oil and rare metals in international politics. The current conflict certainly appears to be inspiring a recovery in the international commodities market. We have seen an upside breakout in the CRB Index and the Bloomberg Commodity Index, two leading commodity indices, in recent months. Moreover, the bottom part of Graph 4 shows this to be a continuation of the upward trend in commodity markets that first began in 2020. This again illustrates why diversified portfolios would do well to invest part of their assets in commodities. The top part of Graph 4 also shows commodities starting to outperform stocks, with an upside breakout above a descending resistance line. In short, everything points to commodities' triumphant return.

KEYPRIVATE

Next generation portfolio management



Graph 4: Commodities versus equities
Source: All Star Charts

Conclusion: Both global economic growth and the stock markets started off well in 2026. The outbreak of the Iran war in March put a damper on that growth. War in this region, which is hugely important to Western industrialised countries' energy supply, directly affected the stock markets. A return of stagflation became likely. Obviously, our Keyprivate portfolios did not manage to keep up their excellent performance from January and February. Nevertheless, we were able to avoid taking too much damage and net losses were very small for a portion of our portfolios. At the end of March, there was no sell signal from our trend indicators and we could take optimum advantage of the stock market recovery that began in April.

Publishing date: 23/04/2026

This publication does not include investment advice or recommendations, nor a financial analysis. Nothing in this document may be construed as information with a contractual value of any sort whatsoever. This document is intended for information only. Keytrade Bank cannot be held liable for any decision made based on the information contained in this document, nor for its use by third parties.