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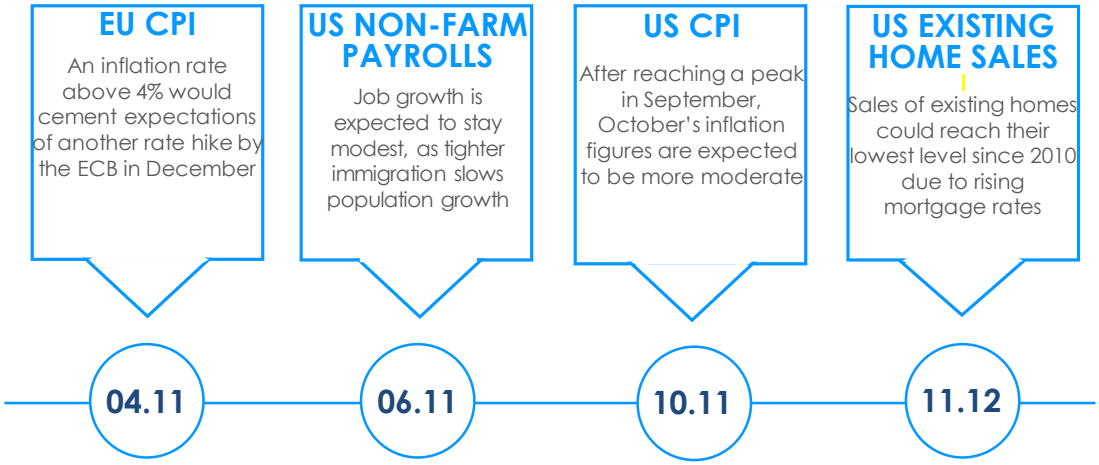
AZIMUT GLOBAL VIEW

02.
11.
26

Azimut Global Network

- Milan
- Abu Dhabi
- Austin
- Cairo
- Chicago
- Dubai
- Dublin
- Hong Kong
- Estoril
- Istanbul
- Lugano
- Luxembourg
- Mexico City
- Miami
- Monaco
- New York
- Santiago
- São Paulo
- Shanghai
- Singapore
- St Louis
- Sydney
- Taipei

Main Events



Developed Markets: Q3.2026 Earnings Season Monitor

- **Earnings growth is coming in better than consensus expectations. EPS rose 19% YoY in the U.S. and 34% YoY in Europe, implying positive EPS surprise factors of +3% and +13%, respectively. Japan bucked the trend, with net profits contracting by 3% YoY**
- **In the U.S. and EU, most of the sectors posted double-digit growth in EPS, confirming that the long-awaited broadening of earnings growth is finally taking hold**
- **Corporate commentary remains broadly constructive on demand, guidance, and margins, though rising input costs and interest rates are emerging as headwinds**

As of this writing, reporting for the 2026.Q3 earnings season is over halfway through, with 55% of companies in the U.S., 49% in Europe, and 18% in Japan having reported their results. Overall, earnings growth is coming in better than consensus expectations, supported by firmer activity momentum. Reported EPS growth stands at +19% YoY in the U.S. and +34% YoY in Europe, implying positive EPS surprise factors of +3% and +13%, respectively.

In the U.S., 81% of reporting companies have beaten EPS estimates, with positive contributions across all sectors and the bulk of earnings growth driven by Information Technology, Industrials, and Energy. In Europe, 56% of companies have exceeded EPS estimates; performance is strong and broad-based, with the Energy sector acting as the primary driver (+126% YoY) and eight of the remaining ten sectors printing double-digit earnings growth. In Japan, 45% of TSE Prime companies have beaten EPS estimates; aggregate EPS growth stands at -3% YoY, delivering a surprise factor of -2%. Regionally, European earnings growth has outpaced the U.S. in both aggregate and median terms (+13% YoY vs. +10% YoY, respectively), aided by a weaker euro which bolstered European relative sales beats. Cyclicals in the U.S. continue to deliver much stronger EPS growth than traditional Defensives (+29% YoY vs. +10% YoY), while European Defensives have seen beats rebound toward their highest levels since 2022.

United States (S&P 500)

For the third quarter, U.S. companies have reported 11% sales growth and a 19% increase in EPS. Notably, 60% of companies have beaten sales estimates, with an overall sales surprise of 2%, and all eleven sectors delivered positive top-line growth.

S&P: Q3 2026 summary

	No. of cos reported / Total	% reported	% cos beating EPS estimates	% cos Missing EPS estimates	EPS surprise	%yoy EPS growth	% cos beating Sales estimates	% cos Missing Sales estimates	Sales surprise	%yoy Sales growth
S&P500	242 / 440	55%	81%	13%	3%	19%	80%	19%	2%	11%
Energy	9 / 20	45%	100%	0%	14%	168%	78%	11%	7%	34%
Materials	13 / 24	54%	77%	23%	4%	34%	46%	23%	1%	12%
Industrials	53 / 76	70%	83%	15%	7%	41%	66%	13%	2%	12%
Discretionary	23 / 35	66%	70%	30%	6%	9%	43%	30%	1%	2%
Staples	10 / 22	45%	100%	0%	4%	5%	100%	0%	2%	6%
Healthcare	23 / 56	41%	87%	4%	15%	0%	87%	0%	3%	5%
Financials	53 / 75	71%	77%	19%	4%	10%	38%	34%	0%	7%
IT	23 / 53	43%	87%	9%	4%	27%	83%	4%	2%	21%
Com. Services	8 / 18	44%	88%	13%	-13%	18%	63%	13%	1%	16%
Utilities	10 / 31	32%	80%	10%	6%	14%	40%	60%	-1%	6%
Real Estate	17 / 30	57%	65%	18%	-3%	3%	63%	13%	-	11%
Ex-Financials & Real Estate	172 / 335	51%	84%	13%	2%	23%	67%	15%	2%	11%
Ex-Energy	233 / 420	55%	80%	16%	2%	16%	60%	19%	1%	9%
Cyclicals	112 / 188	60%	80%	18%	5%	29%	63%	16%	2%	11%
Defensives	51 / 127	40%	88%	6%	-2%	10%	78%	14%	2%	9%

Source: J.P. Morgan

On the earnings side, 81% of companies have exceeded consensus estimates, delivering an aggregate positive surprise of 3%. Seven out of eleven sectors have recorded double-digit EPS growth or higher, led by Information Technology (+27% YoY), Industrials (+41% YoY), and Energy (+168% YoY), while Healthcare remained flat and Real Estate (+3% YoY) lagged. Stock price reactions to earnings have been negatively tilted, with beats rewarded modestly with a median 1-day gain of +0.2% relative to the market, whereas misses were penalized more severely with a median decline of -1.0%. Consensus expectations for U.S. corporate profits have continued their upward trajectory, with the blended S&P 500 2026.Q3 EPS estimate rising steadily from $81.40 at the January lows to $90.60 currently. Looking at the full year, consensus FY26 EPS growth expectations have been upgraded to 34.8% (up from 15.6% in January), with FY27 EPS growth pegged at 17.5%.

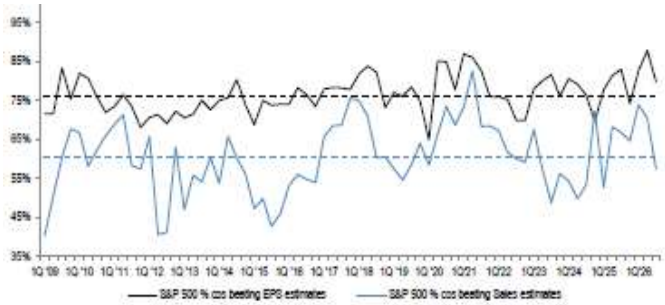
Big Tech

Microsoft delivered a structurally flawless quarter that easily cleared a rising bar of buyside expectations, anchored by a massive 48% CCY growth in Azure alongside a resilient 18% CCY growth in M365 Commercial Cloud. More importantly, management's FQ2 outlook decisively beat any near-term growth concerns by guiding for further acceleration: Azure is expected to hit 49–50% CCY, and M365 Commercial is modeled at 19% CCY, with consumption revenues layering constructively throughout the fiscal year. While they did trim FY26 CapEx slightly from $175B to $170B, management made it explicitly clear this was driven by compute deployment delays rather than any softening in underlying AI demand.

The narrative for Alphabet has firmly split, with Q3 results defined by an uncomfortable 6.3% GAAP EBIT miss driven entirely by margin compression in the core Google Services segment. While Google Cloud continues to execute flawlessly, delivering revenue and EBIT well ahead of expectations and teasing meaningful TPU sales starting in 2027, the legacy Search business has officially re-entered a "show me" phase as investors scrutinize the margin profile of AI-integrated search. Compounding the mixed sentiment, management maintained a conservative posture by reiterating its $195B–$205B framework.

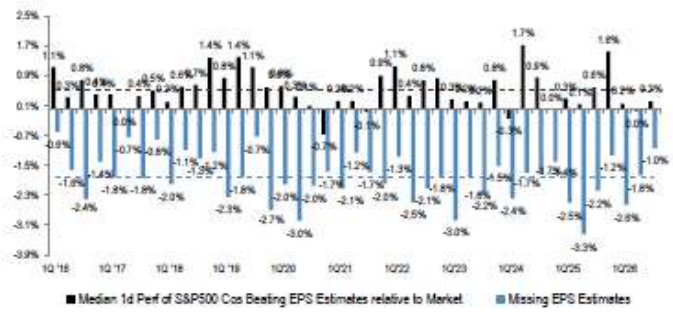
Amazon posted a 7% Operating Income beat, demonstrating exceptional leverage across both AWS and its North American retail footprint. The retail margin story was particularly impressive: management successfully lowered the overall cost-to-serve through better inventory placement, shorter shipping distances and

S&P: % of companies beating quarterly EPS / SALES



Source: J.P. Morgan

S&P: price reaction to beats and misses



Source: J.P. Morgan

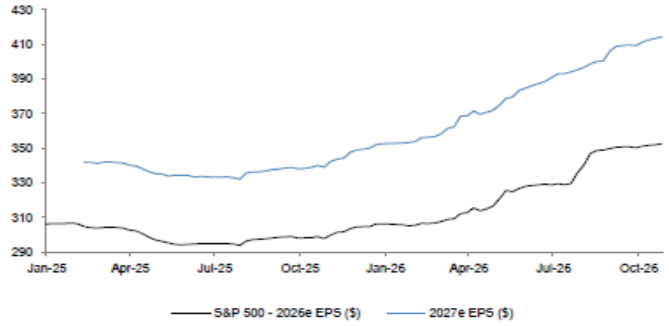
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aggressive package consolidation, which completely absorbed a $880M headwind from fuel inflation and rising linehaul rates. On the enterprise side, AWS revenue growth of 39.3% Y/Y came in below elevated investor expectations. However, management offered high forward visibility, projecting AWS revenue growth to exceed 40% in 2027 and 2028, signaling confidence in their AI pipeline and terminal growth rates.

Meta's core Family of Apps (FoA) delivered a massive beat with revenue up 26% y/y (2% above consensus) and a 35% operating margin excluding legal charges. This cash generation, paired with a Q4 guide above street expectations, provides a vital mid-term cushion for the impending CY27 CapEx spike. Simultaneously, early data for their "Muse" initiative is very positive: the product captured 10M+ users in just six weeks with 25% daily usage (more than double the engagement of Threads at launch) and strong commercial traction, noting that >25% of usage is shopping-related with average purchases exceeding $200. With management eyeing Muse ARPU eventually topping FoA and targeting the 500M+ SMBs currently on the platform for AI agent deployment, the street appears ready to underwrite the inevitable CapEx increases.

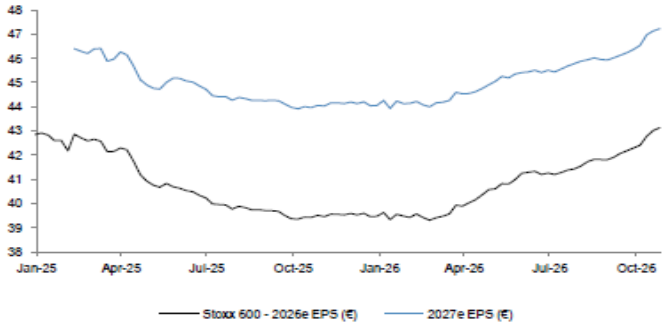
Lastly, Apple delivered a broad-based beat with revenue rising 12% YoY to $114.5 billion and diluted EPS of $2.10, driven by a 17% rebound in iPhone and Mac strength, while gross margin landed at 47.9% aided by tariff refunds. For the December quarter, management guided revenue growth of 8.5% YoY despite component constraints and launching fewer new models, though gross margin guidance softened as approximately $1 billion in anticipated tariff refunds failed to materialize. Services growth slowed to 10%, with further deceleration expected into next quarter due to App Store and FX headwinds stoking investor concerns over potential AI disruption to its ecosystem, while visibility into the Duo's supply-demand balance remains limited.

S&P: 2026 and 2027 EPS estimates evolution



Source: J.P. Morgan

STOXX 600: 2026 and 2027 EPS estimates evolution



Source: J.P. Morgan

Europe (STOXX 600)

With 49% of companies reported, European Q3 earnings showed exceptional strength, clearing a high pre-season hurdle. STOXX 600 companies reported +14% revenue growth, coming in 1% ahead of consensus estimates. On the top line, 52% of companies beat sales projections, and ten out of eleven sectors printed positive sales growth. On the earnings side, EPS growth reached +34% YoY, representing a strong positive surprise of 12% to 13%. Fifty-six percent of companies exceeded EPS estimates. Energy was the standout contributor with +126% YoY EPS growth, though growth outside Energy remained solid at +17% YoY, with eight of the remaining ten sectors printing double-digit expansion. Information Technology (+42% YoY), Discretionary (+28% YoY), and Staples (+17% YoY) all delivered notable growth, while Utilities (+3% YoY) and Communication Services (+3% YoY) were comparatively muted.

Stock price reactions in Europe were skewed negatively, with companies beating estimates generating a median 1-day relative gain of just +0.5% while misses were penalized by -2%. Full-year consensus expectations for European equities have risen considerably, with STOXX 600 FY26 EPS growth estimates upgraded to 18.7% (and Eurozone EPS growth revised up to 24.0%), driven by upgrades in Energy, Semis, and Materials.

STOXX 600: Q3 2026 summary

	No. of cos reported / Total		% reported	% cos beating EPS estimates	% cos Missing EPS estimates	EPS surprise	%yoy EPS growth	% cos beating Sales estimates	% cos Missing Sales estimates	Sales surprise	%yoy Sales growth
Stoxx600	205	417	49%	56%	44%	12%	34%	52%	31%	1%	14%
Energy	13	23	57%	80%	20%	5%	126%	46%	46%	2%	41%
Materials	13	33	39%	27%	73%	-5%	11%	69%	31%	1%	11%
Industrials	52	92	57%	37%	63%	-2%	14%	47%	31%	2%	9%
Discretionary	18	38	47%	67%	33%	37%	28%	28%	33%	1%	1%
Staples	17	28	61%	86%	14%	7%	17%	64%	14%	1%	6%
Healthcare	13	35	37%	63%	38%	7%	10%	38%	15%	1%	11%
Financials	40	85	47%	58%	42%	25%	16%	42%	50%	-2%	5%
IT	17	27	63%	88%	12%	15%	42%	76%	12%	2%	21%
Com. Services	9	23	39%	50%	50%	0%	3%	78%	11%	2%	12%
Utilities	6	20	30%	50%	50%	-3%	3%	83%	17%	6%	13%
Real Estate	7	13	54%	0%	100%	-11%	11%	50%	33%	-	-1%
Ex-Financials & Real Estate	158	319	50%	57%	43%	6%	47%	54%	26%	2%	15%
Ex-Energy	192	394	49%	55%	45%	15%	17%	52%	30%	1%	7%
Cyclicals	100	190	53%	51%	49%	7%	25%	52%	28%	2%	8%
Defensives	45	106	42%	63%	37%	5%	10%	62%	14%	2%	8%

Source: J.P. Morgan

Japan (Topix)

With 18% of TSE Prime companies having reported Q2 FY27 results (covering the July–September / Q3 calendar quarter), delivery showed a clear bifurcation between revenues and net profits. Forty-five percent of reporting companies beat net profit estimates, with aggregate net profit contracting -3% YoY, resulting in an earnings surprise of -2%. Twelve out of sixteen reporting sectors achieved positive earnings growth, led by Pharmaceuticals (+293% YoY), Foods (+136% YoY) and Commercial & Wholesale (+46% YoY), whereas Electric Power & Gas (-153% YoY), Defensive segments (-42% YoY) and Autos & Transportation (-19% YoY) weighed heavily on headline profits. On revenues, 59% of companies exceeded estimates, generating healthy top-line growth of +14% YoY, with all fifteen reporting sectors contributing positively. In terms of revisions, full-year consensus FY26 EPS growth for the Topix has been revised upward to 22.0% (from 11.1% in January), while FY27 growth is estimated at 10.7%.

Topix: Q2 2027 summary (July- September quarter)

	No. of cos reported / Total		% reported	% cos beating NP estimates	% cos Missing NP estimates	NP surprise	%yoy NP growth	% cos beating Sales estimates	% cos Missing Sales estimates	Sales surprise	%yoy Sales growth
TSE Prime comp.	221	1212	18%	45%	55%	-2%	-3%	59%	41%	2%	14%
Elec Appl. & Prec.	20	126	16%	35%	65%	-4%	17%	84%	16%	5%	16%
Autos & Trans.	9	44	20%	33%	67%	-29%	-19%	57%	43%	3%	6%
Machinery	14	85	16%	44%	56%	-2%	13%	50%	50%	1%	11%
Steel & Nonfer	4	39	10%	33%	67%	-5%	26%	33%	67%	3%	18%
Raw. & Chem.	15	107	14%	80%	20%	22%	15%	67%	33%	4%	13%
Pharmceutical	5	23	22%	25%	75%	-24%	293%	50%	50%	2%	10%
Const. & Mater.	9	99	9%	50%	50%	0%	41%	60%	40%	-3%	12%
IT & Service	45	204	22%	59%	41%	8%	12%	67%	33%	1%	12%
Retail Trade	52	99	53%	31%	69%	-15%	-16%	34%	66%	1%	11%
Foods	9	56	16%	67%	33%	44%	136%	75%	25%	-1%	5%
Transprt. & Logi.	5	52	10%	100%	0%	35%	-6%	100%	0%	2%	9%
Elec. Pwr. & Gas	9	21	43%	40%	60%	-23%	-153%	67%	33%	-2%	11%
Real Estate	6	32	19%	25%	75%	-16%	57%	0%	100%	-9%	12%
Comm. & Whole.	7	101	7%	100%	0%	9%	46%	75%	25%	3%	34%
Energy Reso.	0	9	0%	-	-	-	-	-	-	-	-
Banks	1	69	1%	-	-	-	112%	-	-	19%	-
Fin ex Bank	11	46	24%	0%	100%	-7%	14%	100%	0%	8%	17%
Overseas demand	47	294	16%	37%	63%	-10%	12%	67%	33%	3%	12%
Domestic demand	155	893	22%	48%	52%	4%	-22%	54%	46%	-1%	11%
Defensive	80	251	32%	38%	63%	4%	-42%	47%	53%	0%	11%
Cyclical	72	551	13%	38%	62%	-8%	16%	64%	36%	4%	16%

Source: J.P. Morgan

Transcript Analysis, Capital return and Guidance

Earnings call transcripts for Q3 2026 reveal that corporate commentary remains generally constructive regarding demand, guidance, and margins, though rising input costs and interest rates are emerging as headwinds. Demand discussions remained overwhelmingly positive, with 88% positive mentions, while margin sentiment stayed resilient at 74% positive as companies emphasized their pricing power. Sentiment toward the macro economy is negative at 43%, while foreign exchange transitioned into a tailwind for European exporters for the first time in several quarters, registering 40% positive mentions. Conversely, input cost commentary was 82% negative due to elevated energy prices, and interest rate impacts weighed at 60% negative.

Corporate guidance sentiment was robust, with 62% positive mentions and 34% neutral, led by optimism in Healthcare, Tech, Real Estate, and Financials. Capex commentary remained supportive at 58% positive and

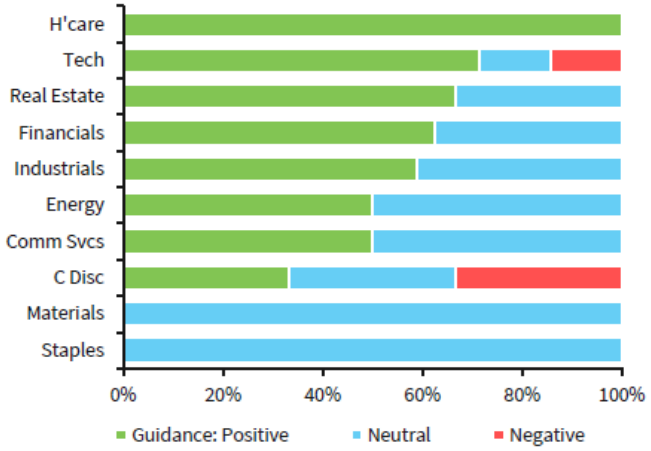
35% neutral, while capital return messaging was strong, evidenced by 91% positive buyback sentiment and 82% positive dividend sentiment.

Transcript takeaways

Q3 2026	Positive	Neutral	Negative	mentions as % of total
Demand	88%	3%	8%	49%
Guidance/Outlook	62%	34%	4%	41%
Margins	74%	17%	9%	38%
Input Cost	3%	15%	82%	28%
Capex	58%	35%	6%	25%
Economy	20%	37%	43%	25%
Artificial Intelligence	100%	0%	0%	20%
FX	40%	25%	35%	16%
Inventory	28%	67%	6%	15%
Labour	35%	18%	47%	14%
China	38%	23%	38%	11%
Buybacks	91%	0%	9%	9%
Dividends	82%	18%	0%	9%
Rate hike impact	20%	20%	60%	8%
Tariffs	45%	36%	18%	8%

Source: AlphaSense, Barclays research

Guidance



Source: AlphaSense, Barclays research

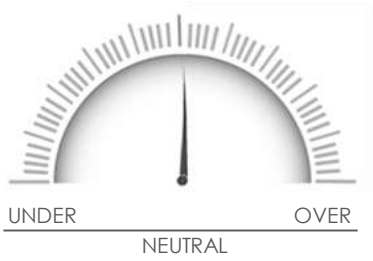
Asset Allocation View

	−	=	+
Equity			
Developed Markets		Upgrade	
Emerging Markets		Upgrade	
Fixed Income			
Developed Markets Sovereign		Downgrade	
Developed Markets Corporate			
Emerging Markets			
Commodities			
Currencies		*Commentary below*	

− UNDER = NEUTRAL + OVER

Equity

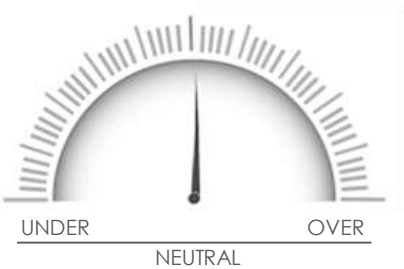
Developed Markets



We have upgraded our recommendation on Developed Market equities back to **Neutral**. The upgrade reflects relative value between asset classes rather than an outright positive view on stocks. After a summer of increasingly attractive interest rates and steadily rising stock prices, bonds were due to outperform, which is exactly what has happened over the past two weeks. With the two asset classes now more balanced, we thought it tactically appropriate to revert to a neutral recommendation. Weaknesses in the equity market persists, so caution remains warranted and further declines are possible. On the other hand, once the U.S. midterm elections are over, one of the market's main sources of uncertainty will fall away, which should provide support. The ongoing sector rotation is also helping to underpin the major indices, despite sharp corrections in some of the most popular sectors.

US	+	Europe	=	Japan	=

Emerging Markets



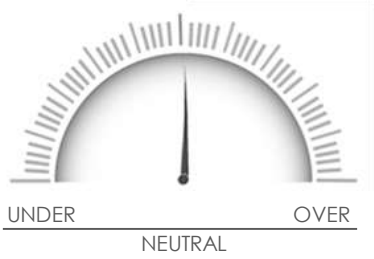
Likewise, we have upgraded Emerging Market equities to Neutral. The same positives and negatives also apply here. Further reasons for caution are the hawkish stance of many central banks and the souring of investor sentiment on technology stocks, which also carry the largest weight in the main emerging market indices. On the positive side, emerging markets still trade at a wide discount to developed markets, remain among the main beneficiaries of hyperscaler capital spending, and several countries could benefit from the ongoing sector rotation.

Asia ex-Japan	=	EEMEA	=	LATAM	=

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Fixed Income

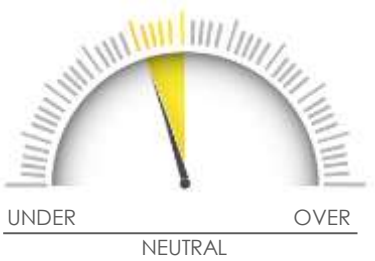
Developed Markets Sovereign



We have tactically lowered our recommendation on Developed Market sovereign bonds back to **Neutral**. The reason is the same—but in reverse—as the one mentioned in the commentary on developed market equities. Our long-term view has not changed: we continue to view bonds as an attractive asset class at these levels. However, following the significant pullback in yields—particularly at the long end of the curves—we deemed it appropriate to temporarily adopt a more cautious stance, aiming to rebuild our positions should rates begin to rise again. We continue to favor the belly of the curves, even more so after the outperformance seen at the long ends.

EU Core	EU Periphery	US Treasury	Japanese JGB

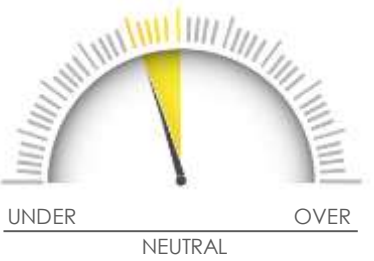
Developed Markets Corporate



We have maintained our **Slightly Underweight** recommendation on Developed Market corporate bonds. Although spreads have widened since mid-September, they are not yet considered attractive in either the investment-grade or high-yield segments. Within credit, we continue to prefer investment-grade bonds over high-yield.

IG Europe	IG US	HY Europe	HY US

Emerging Markets



We have maintained our **Slightly Underweight** recommendation on Emerging Markets Debt. The ongoing turbulence in developed-market bonds is starting to weigh on investor appetite for emerging-market debt as well. Although emerging-market bonds still offer higher yields than developed-market bonds with the same credit rating, we prefer to remain cautious here too.

Local Currency	Hard Currency IG	Hard Currency HY

Commodities



We have maintained our **Slightly Overweight** recommendation for commodities. We remain tactically cautious on precious metals given the risk that global rates may still move higher, but we are turning more constructive following the decline experienced in the past few weeks. Furthermore, the long-term bullish outlook remains intact, in our view. We continue to be positive on industrial metals and rare earths, as supply shortages are set to worsen in the coming years due to their increasing adoption across various strategic sectors, including artificial intelligence, the space race, military applications, and energy production.

Precious	Energy	Industrial	Agricultural

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Currencies

We have maintained our **Neutral recommendation** on the **US Dollar**. The greenback is currently seen as fair valued considering the interest rate differential.

We have maintained our **Neutral** recommendation on the **Euro** as well. Recent concerns about Europe seem to be slightly subsiding, suggesting that a consolidation might take place in the near future.

The recommendation on the **Chinese Renminbi** remains **Neutral**.

Likewise, the outlook for other **emerging market currencies** has been maintained at **Neutral**.

Euro	USD	CNY	Other EM
			

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