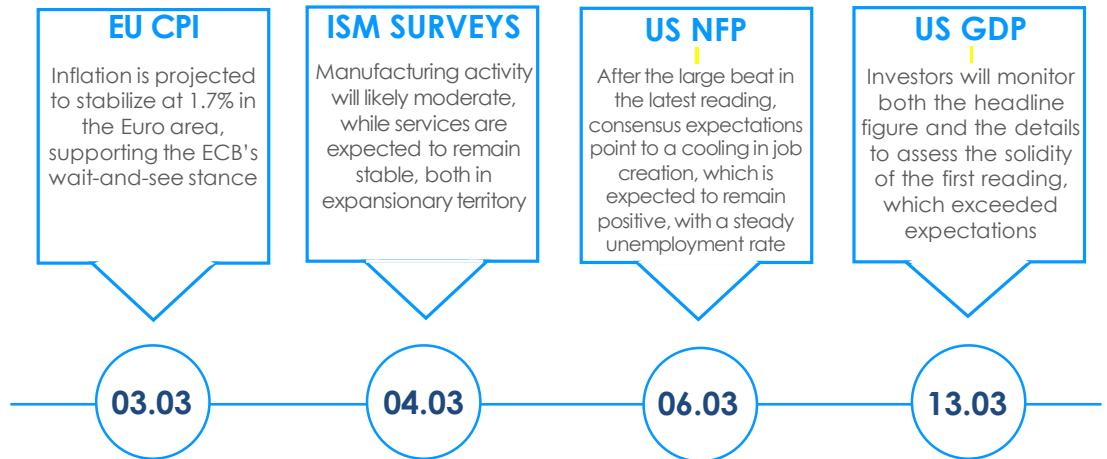


Main Events

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



TARIFFS: BACK IN THE LIMELIGHT

- **On February 20, the U.S. Supreme Court struck down the tariffs imposed by the Trump Administration under the International Emergency Economic Powers Act (IEEPA) on "Liberation Day"**
- **The White House responded rapidly by invoking Section 122 of the Trade Act of 1974, imposing a 15% global surcharge on most U.S. imports effective February 24**
- **This emergency replacement lowers the overall average effective U.S. tariff rate from its pre-ruling highs, though it remains significantly elevated compared to the recent history**
- **The macroeconomic impact includes a moderated drag on long-term GDP, and a potential short-term fiscal impulse as firms are expected to aggressively seek refunds for the billions in IEEPA tariffs paid in 2025**

The U.S. Supreme Court's 6-3 decision on February 20 invalidated the sweeping "reciprocal" tariffs and emergency declarations applied to major trading partners under IEEPA on April 2, 2025. Within hours, the White House invoked Section 122 to impose a flat surcharge on most US imports. Initially announced at 10%, the surcharge was raised to 15% on February 22.

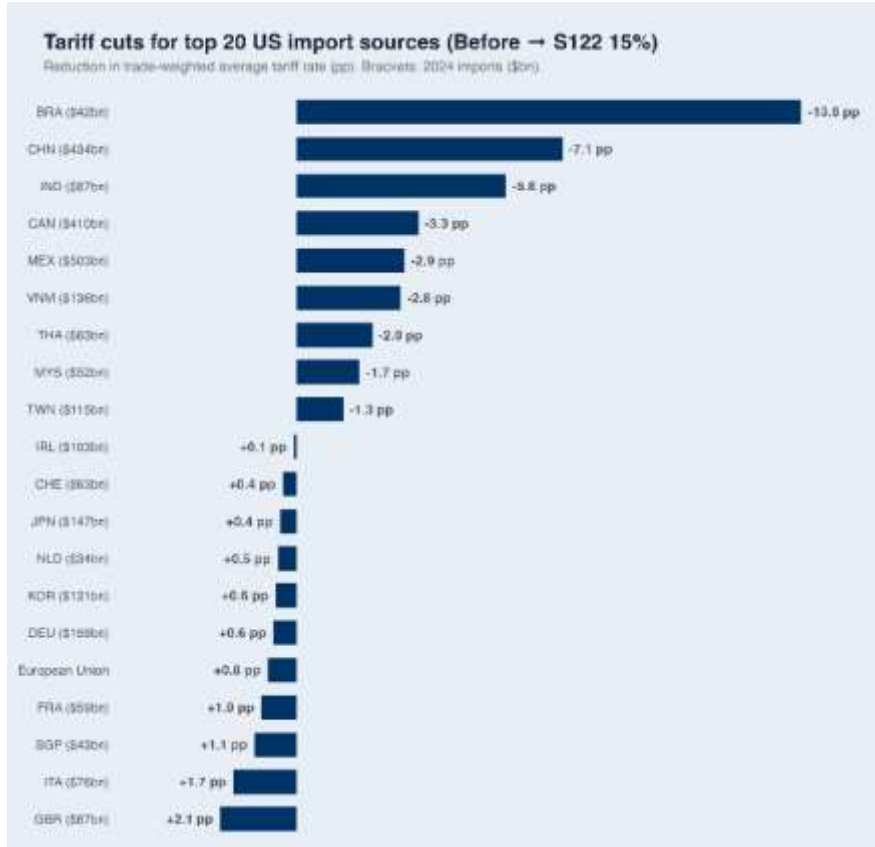
This surcharge is applied broadly, with notable exemptions for goods already covered by Section 232 (such as steel and aluminium), USMCA-compliant imports from Canada and Mexico, and CAFTA-DR textiles.

The Section 122 tariffs are legally limited to a 150-day window, setting an expiration for July 24, unless extended by Congress. However, market expectations lean toward the administration utilizing other trade authorities, such as Section 301, to maintain or modify tariff rates once the 150-day period lapses.

Assuming the 15% will be enacted (the ongoing rate at the time of writing is still 10%) and implemented as "flat" tariff (i.e. not as an add-on to other existing tariffs), it effectively compresses the relative tariff burden across different nations.

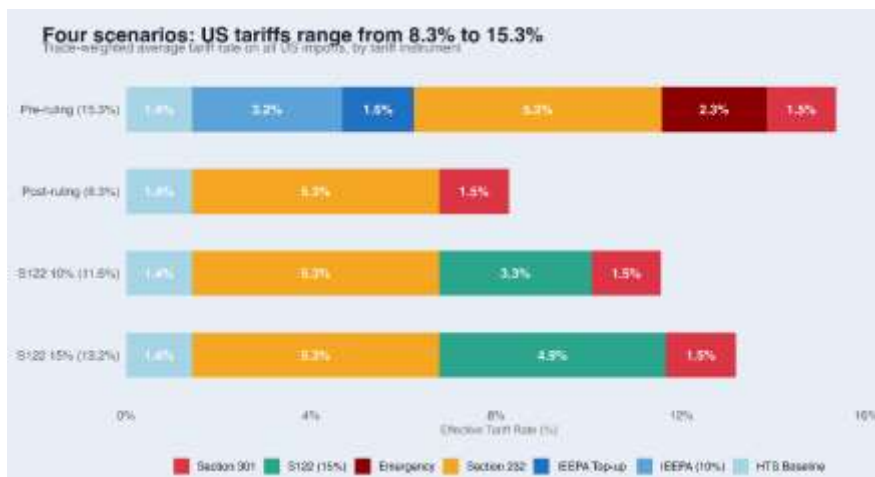
(continued)

- **The Winners:** Countries that previously faced steep, punitive IEEPA rates are seeing substantial relief. Brazil benefits from a 13.6% tariff reduction, China sees a 7.1% drop, and India enjoys a 5.6% decrease.
- **The Losers:** Conversely, trading partners that were lightly taxed under the previous regime now face higher costs. The United Kingdom (+2.1%), Italy (+1.7%), and Singapore (+1.1%) face the largest relative increases as the new 15% floor exceeds their prior IEEPA burdens



Source: Global Trade Alert

The transition from country-specific IEEPA rates to a flat 15% global surcharge fundamentally reshapes the effective tariff rate. The trade-weighted average U.S. tariff rate under the new 15% regime is estimated at 13.2%, a decline from the 15.3% rate seen before the ruling.

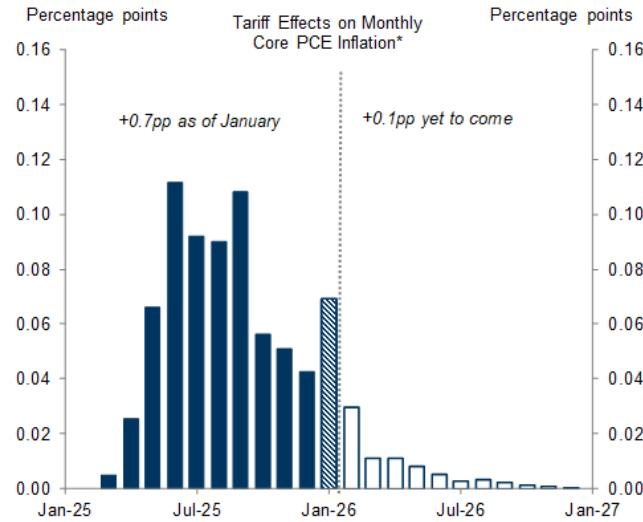


Source: Global Trade Alert

(continued)

The reduction in the overall effective tariff rate provides a marginal easing of economic headwinds.

- **Inflation:** Various analyses, including Fed's proprietary analysis, suggest that the bulk of tariff passthrough to consumer prices had already occurred prior to the Supreme Court ruling. Tariff passthrough raised core PCE prices by roughly 0.7% through January 2026, with only an estimated 0.1% increase left to materialize over the rest of the year.



Source: Goldman Sachs Global Investment Research, Department of Commerce

- **GDP & Labor market:** In the long run, the U.S. economy is projected to be persistently 0.1% smaller due to the remaining tariffs, which is an improvement over the 0.3% contraction expected under the full IEEPA regime. Sectoral trade-offs persist: U.S. manufacturing output is forecast to expand by 1.2%, but this is crowded out by contractions in construction (-2.4%) and agriculture (>1%).

A major short-term economic wildcard stems from the legal fallout of the SCOTUS decision: the massive refunding of invalidated IEEPA tariffs. It is estimated that between \$142 billion and \$180 billion was collected via IEEPA over the course of 2025.

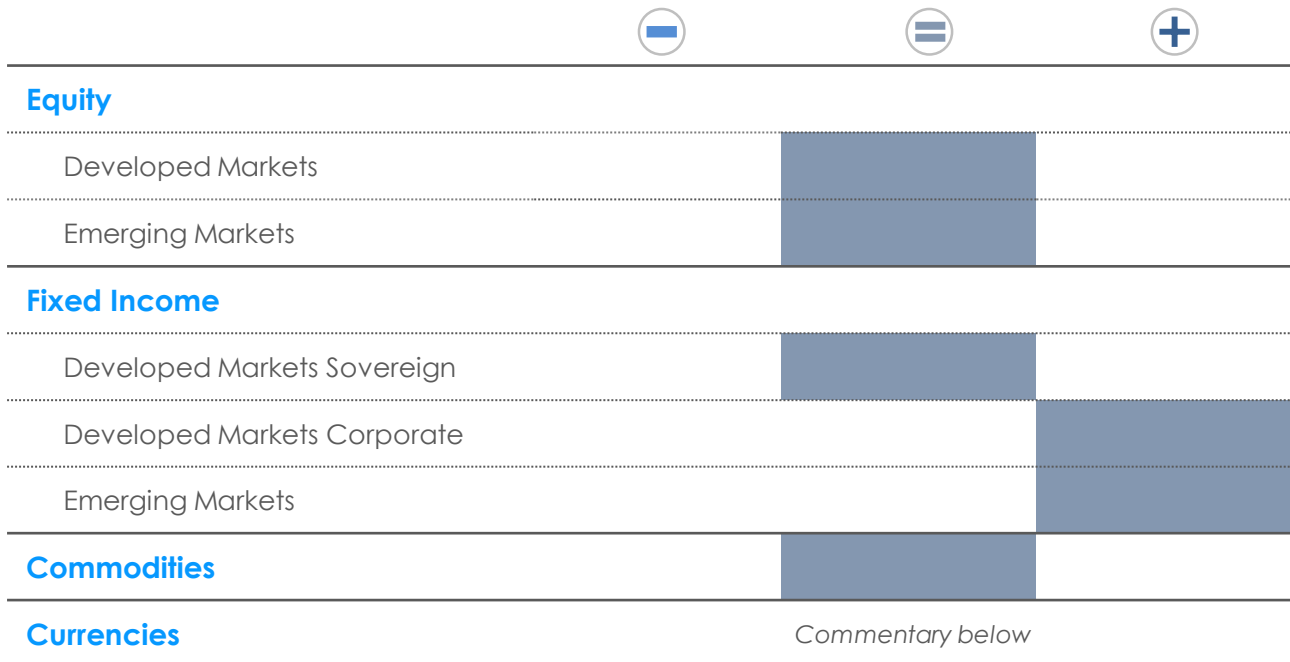
Firms are aggressively positioning themselves to reclaim these funds. While the exact mechanism for repayment remains uncertain, the injection of these refunds into the corporate sector is expected to provide a temporary positive fiscal impulse, expected to approximately offset the negative growth impacts of the remaining tariffs throughout 2026.

Looking ahead, AI – related developments and geopolitics are poised to be the primary catalysts for financial markets.

With respect to AI, global equity markets are stabilizing after a brutal tech sell-off triggered by fears of AI-driven business disruption. The launch of Anthropic's "Claude Code" and enterprise workflow tools initially sent shockwaves through the software and IT consulting sectors, as investors feared the displacement of legacy SaaS models. A questionable research report from Citrini - "The 2028 Global Intelligence Crisis" - describing an AI-driven deflationary doom loop added fuel to the fire. However, panic partially subsided following Anthropic's announcement of strategic partnerships with major software incumbents (such as Salesforce and Adobe).

On the geopolitical front, on February 28 the US and Israel launched a joint military strike on Iran, codenamed "Operation Epic Fury". Supreme Leader Ayatollah Khamenei was killed, along with top Islamic Revolutionary Guard personnel. Iran retaliated, launching missiles at Israel and Gulf States hosting US bases. The key points to watch – besides the devastating humanitarian implications – are the level of military retaliation from Iran and whether Iran closes the Strait of Hormuz, where about 20% of global oil demand transits daily. At the time of writing, the situation remains very fluid: more extensive commentary will be provided in the near future.

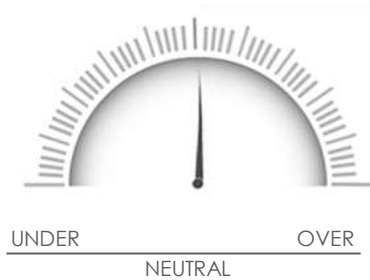
Asset Allocation View



UNDER
 NEUTRAL
 OVER

Equity

Developed Markets



We maintain a **Neutral** recommendation but with a negative bias due to escalating geopolitical risks. While the US economy continues to show strength and resilience, the potential for heightened volatility stemming from the conflict in Iran warrants a cautious approach. Should the conflict resolve quickly, the resulting market retracement would represent a compelling buying opportunity. We continue to recommend broad diversification across styles and regions. We expect the current rotation into low-beta and cyclical sectors to persist as investors prioritize 'real economy' resilience. Furthermore, we believe diversification outside the USA offers a strategic advantage to navigate this period of uncertainty.

US



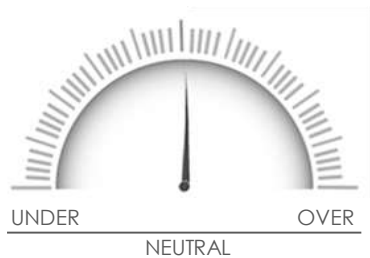
Europe



Japan



Emerging Markets



We maintain our **Neutral** stance on Emerging Market equities. While EM valuations are still attractive compared to developed markets, the sharp rally in specific regions has reduced their relative appeal and heightened the risk of a near-term correction. We must account for elevated geopolitical risks; should the conflict in Iran persist, it will likely serve as a significant source of volatility for the asset class. Given that EM equities historically exhibit higher volatility during periods of global instability, a cautious approach is warranted. However, expectations of medium-term US dollar weakness, combined with strong existing momentum, suggest the underlying uptrend may still have room to run.

Asia ex-Japan



EEMEA

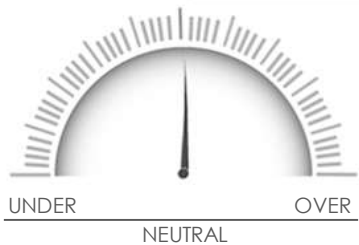


LATAM



Fixed Income

Developed Markets Sovereign



We keep our recommendation on Developed Market sovereign bonds at **Neutral**. Following the meaningful retracement in yields since their late-January peak, current rates appear consistent with economic resilience and central banks that are unlikely to pivot toward near-term cuts. However, we believe it is prudent to maintain government bond exposure at a neutral level as a natural hedge for the broader portfolio. Should geopolitical tensions involving Iran escalate into a sustained 'risk-off' scenario, sovereign bonds would provide essential downside protection.

EU Core



EU Periphery



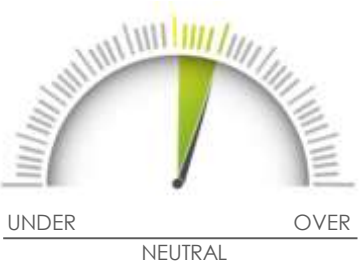
US Treasury



Japanese JGB



Developed Markets Corporate



We maintain our **Slightly Overweight** recommendation on Developed Market corporate bonds. While geopolitical risks could cause more volatility it seems too early to determine if they will have a material cooling effect on global growth. We still prefer the Investment Grade spectrum as long as the economy continues to demonstrate strength and resilience. Demand for credit remains robust. We continue to recommend focusing on high-quality issuers to capture carry while avoiding excessive exposure to lower-rated high-yield instruments that may be more sensitive to a sudden shift in sentiment.

IG Europe



IG US



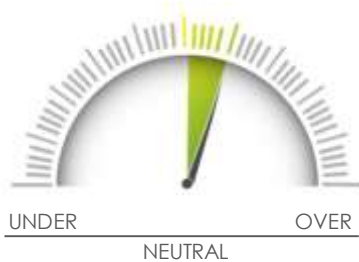
HY Europe



HY US



Emerging Markets



We maintain our **Slightly Overweight** recommendation on Emerging Markets debt. While recent outperformance has led to a significant tightening of spreads suggesting that a more cautious approach is warranted. Furthermore, geopolitical risks could trigger bouts of volatility in the near term. However, the medium-term outlook remains supported by expectations of continued US dollar weakness and persistent portfolio diversification by international investors. We believe these supportive macro factors will continue to provide a tailwind for EM bonds, even as we navigate a more complex geopolitical landscape.

Local Currency



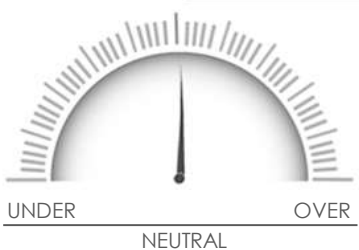
Hard Currency IG



Hard Currency HY



Commodities



Our recommendation for commodities remains **Neutral**. While precious metals are experiencing elevated volatility, they continue to serve as a vital portfolio hedge against rising geopolitical uncertainty. Simultaneously, the recent surge in oil and natural gas prices is driving significant momentum within the Energy sector.

Precious



Energy



Industrial



Agricultural



Currencies

We maintained our **Neutral** recommendation on the US Dollar. Volatility in the FX market is declining, suggesting that major currency pairs are close to their fair value. This is the case also for the greenback, whose exchange rates against other major currencies are in line with the short-term interest rate differentials. Moreover, we view the US dollar as a natural portfolio hedge against escalating geopolitical risks. Historically, the greenback serves as a reliable 'safe haven' during periods of global instability, providing a defensive buffer as investors seek liquidity and security.

For the very same reason, the view on the Euro remains **Neutral** as well.

We have upgraded our recommendation on the **Chinese Renminbi** to **Neutral with a bullish bias**, aligning it with the recommendation for the other emerging market currencies.

The outlook for other **emerging markets currencies** has been confirmed as **Neutral with a bullish bias**. The recent outperformance of emerging debt strategies continues to show a strong momentum.

| | | | | | | | |
|------|---|-----|---|-----|---|----------|---|
| Euro | ⊖ | USD | ⊖ | CNY | ⊖ | Other EM | ⊕ |
|------|---|-----|---|-----|---|----------|---|

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