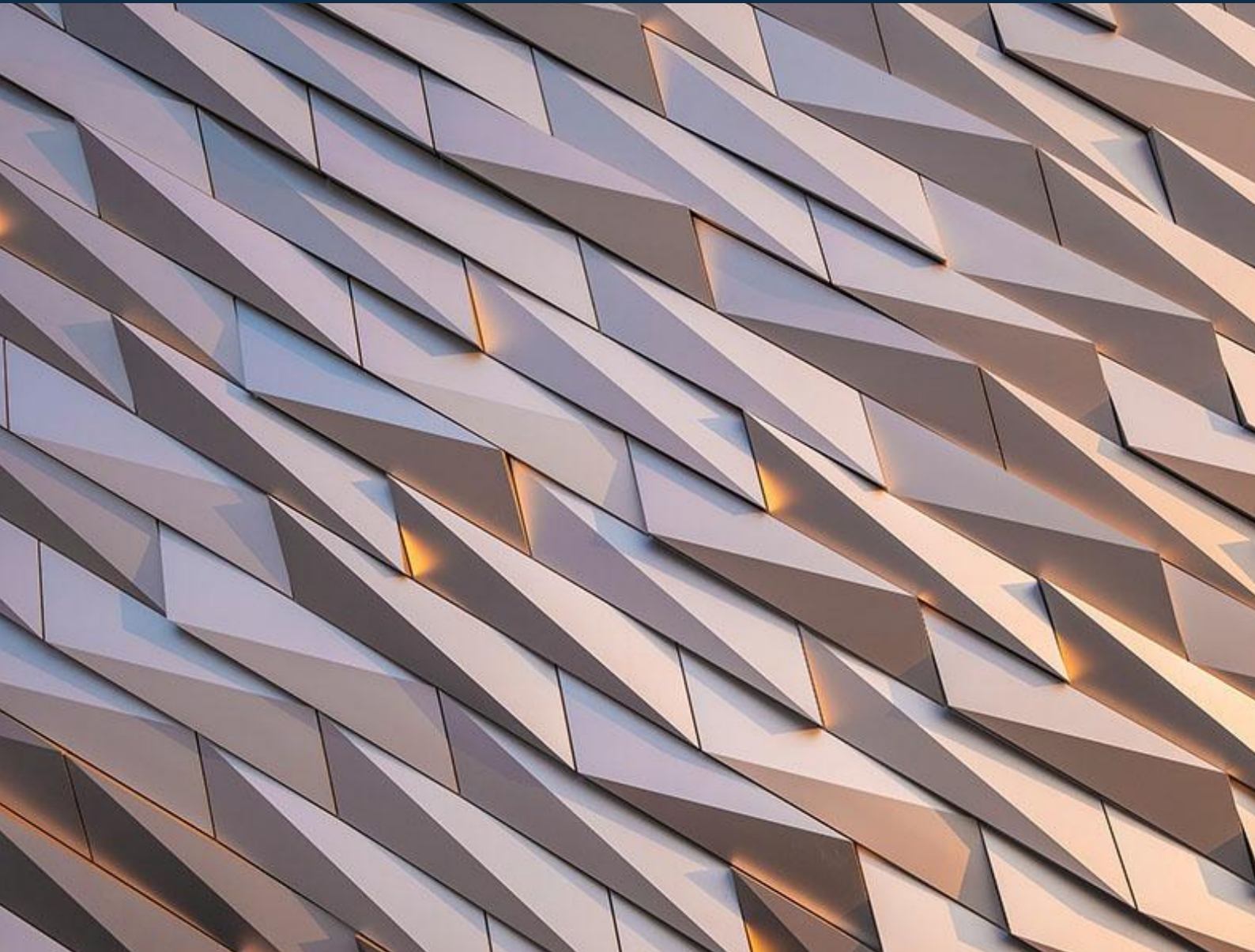


EVLI

Atlas Monthly Equity Navigator

APRIL 2026



Conflict, Correction & Conviction

The war in Iran delivered a sharp but not unusual correction to global equity markets in March. Best-performing themes suffered most, while recent laggards proved more resilient—a familiar pattern when sentiment reverses quickly. The correction was not confined to equities: bonds, gold, metals, and cyclical currencies all retreated simultaneously as oil and natural gas prices surged on fears of disruption to energy flows through the Strait of Hormuz.

The rise in inflation risks and growth worries prompted economists to scale back their economic forecasts, and the bounce in bond yields added further pressure to equity valuations. Yet early signals from both the US and Iran suggesting interest in ending the conflict quickly raised hopes that the war could prove a temporary detour rather than the start of a prolonged downturn. History is instructive: wars and geopolitical events have more often been buying opportunities than permanent inflection points for equity markets.

Encouragingly, the underlying fundamentals of the global economy and corporate sector were solid heading into March, and monthly data has held up well—particularly in manufacturing and capital expenditure. This resilience supports the view that any pullback driven by the conflict is a correction within a multi-year bull market trend, not a structural reversal.

1. The Iran War Shock

- **Market correction:** The sell-off was swift but not dramatic by historical standards. Best-performing themes bore the brunt of the correction while recent laggards held up relatively well.
- **Energy price surge:** Oil and natural gas prices rose sharply on fears of disruption to energy flows through the Strait of Hormuz, adding to inflation uncertainty globally.

2. Cross-Asset Stress

- Bonds, gold, metals, and cyclical currencies all sold off alongside equities, while rising bond yields added an additional headwind. The breadth of the sell-off underscores how geopolitical shocks can create correlated drawdowns across asset classes in the short term.

3. Macro Resilience

- Global economic fundamentals were solid entering March, and monthly data held up well—especially in manufacturing and capital expenditure. Earnings growth expectations for 2026 remain robust, supported by the corporate sector's relatively low direct exposure to energy costs.

4. Historical Precedent & Opportunity

- Wars and geopolitical conflicts have historically proven to be buying opportunities for long-term equity investors. Early signals of interest from both the US and Iran in ending the conflict have raised hopes that this episode represents a temporary correction within the ongoing multi-year bull market, rather than a structural turning point.

Global Equity Performance

United States

- US equities held up relatively well in euro terms in March, declining -2.7%—the smallest drawdown of any major region. The defensive tilt of the US market in a risk-off environment was evident, with US Defensives down just -1.8% and US Financials off -1.3%, while US Cyclical lost -2.9%. Atlas US AI Leaders also proved resilient at -1.1%, and Atlas USA Defence fell -2.5%. The dollar's relative stability helped cushion euro-denominated returns compared to other regions.

Europe

- European markets bore the brunt of the sell-off in euro terms. The broad European index fell -7.6%, with Europe Cyclical down -9.3% and Europe Financials off -8.1% as risk appetite evaporated. Europe Defensives proved the standout exception, declining only -0.7% as investors rotated toward safer exposures. Among Atlas themes, Germany Renaissance was the hardest hit at -14.9%, followed by Europe Small & Mid-cap Value at -12.4% and Ukraine Rebuild at -11.1%—confirming that the best performers of recent months suffered the

steepest reversals in the risk-off move. Atlas Europe Defence fell -6.3%, Atlas Electrification -5.4%, and Atlas Europe Green Transition -2.0%. Nordic markets declined -5.6%, outperforming the broader European index.

Emerging Markets

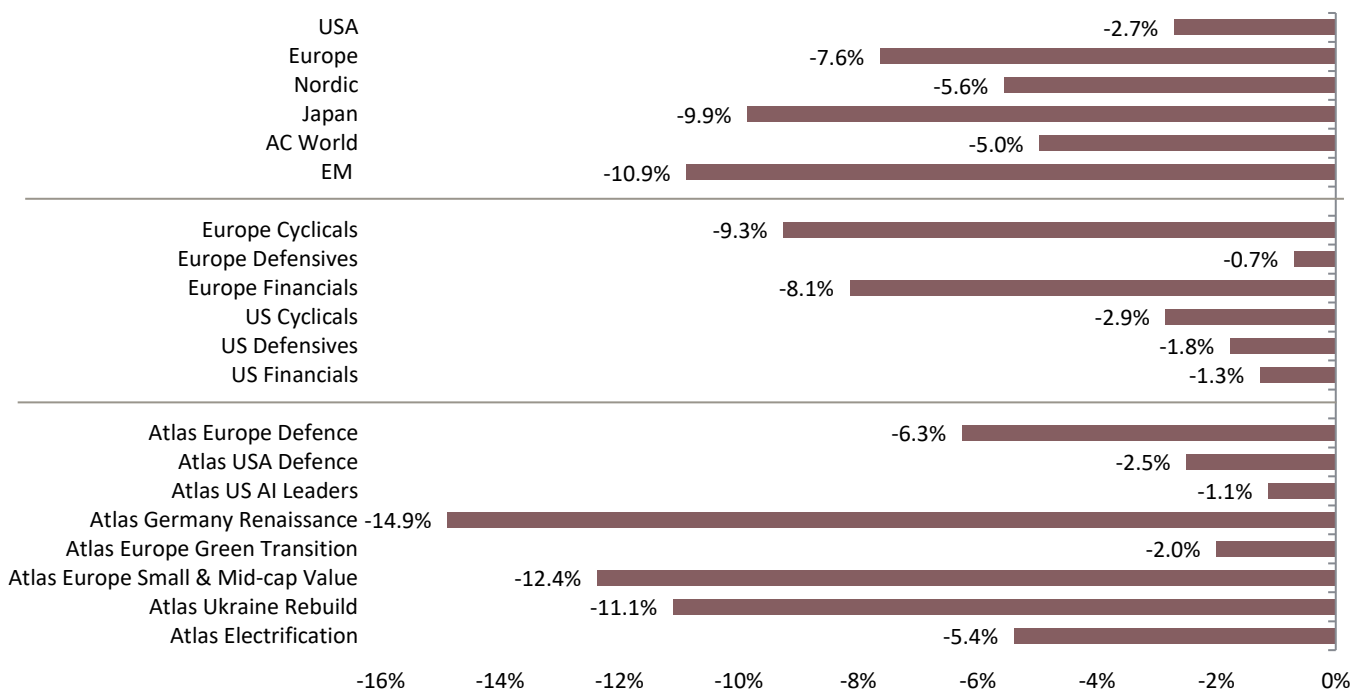
- Emerging Markets were the worst-performing major region in euro terms, declining -10.9% in March. Japan also fell sharply at -9.9%, hurt by yen weakness and its cyclical export exposure.

Themes & Styles

Most themes from last month continue to look valid and, if anything, the correction has created more attractive entry points in themes with strong secular tailwinds. The key geopolitical and structural dynamics underpinning our thematic views remain intact, and the temporary pullback should be seen as an opportunity rather than a reason to abandon conviction.

- **Thematic opportunities:**
 - **Electrification:** The long-term build-out of electrical infrastructure remains a core multi-year theme, supported by AI-driven power demand, the global energy transition, and grid modernization investment across developed markets.
 - **Europe Comeback** (German Renaissance, Small- & Midcap Value, Europe Defence): European equities remain attractive on multiple fronts. German fiscal expansion, undervalued small- and mid-cap companies, and continued NATO defence spending commitments all support this multi-faceted theme.
 - **Ukraine Rebuild:** Reconstruction planning continues to gain clarity as peace negotiations advance, creating a sustained multi-year opportunity for European industrials, materials, and infrastructure companies well-positioned for the rebuild effort.
 - **Japan Value:** Japanese equities offer compelling valuations alongside ongoing corporate governance improvements. Yen stabilization and a broadening global economic recovery provide additional tailwinds for this underappreciated market.
 - **AI Physical Infrastructure:** Data centers, power supply, cooling systems, and semiconductor supply chains remain essential regardless of which software layer ultimately wins the AI race. This physical build-out theme offers durable growth with more reasonable valuations than pure AI plays.

Atlas Equity Chart of the Month: Equity market returns, euro returns, March 2026



Source: Evli Atlas Portfolio Technologies; Total returns in euros.

Key Risks & Considerations

Strait of Hormuz & Energy Supply: The principal near-term uncertainty is whether the conflict disrupts oil flows through the Strait of Hormuz. Even a partial disruption could carry significant macroeconomic consequences. Signs of interest on both sides in ending the conflict are encouraging, but uncertainty remains elevated until a durable ceasefire is confirmed.

Energy Prices & Earnings Resilience: Higher energy prices dampen consumer spending and raise input costs broadly, though the corporate sector's relatively low direct energy exposure means that 2026 earnings growth forecasts remain broadly intact. If de-escalation continues, the drag on the global economy appears manageable.

Inflation & Bond Yield Risk: The bounce in bond yields triggered by renewed inflation concerns is a meaningful headwind for equity markets, especially for higher-multiple growth names. The US 10-year yield warrants close monitoring: a sustained grind higher would create renewed pressure on valuation-sensitive parts of the market.

US Dollar & American Exceptionalism: The US dollar is likely to resume its weakening trend. The US exceptionalism narrative has taken yet another reputational blow from the Administration's military involvement, reinforcing the case for non-US equity allocations. Wide valuation divergences between regions, sectors, and individual firms continue to support the rotation trade.

Final Thoughts

March's market action was an abrupt reminder that geopolitical shocks can materialize quickly and hit all asset classes simultaneously. Yet the correction has so far been consistent with historical precedent: swift, sentiment-driven, and not reflective of a fundamental deterioration in the global economy. The underlying bull market drivers—solid corporate earnings, a broadening cyclical recovery, and wide valuation divergences across regions and sectors—remain firmly in place.

If the recent truce holds beyond two weeks, a relief rally through Q2 looks plausible. The market rotation that defined early 2026 is likely to resume as valuation gaps between regions, sectors, and individual companies remain unusually wide. Investors should focus on the worst-hit themes during the correction: cyclical value plays such as European banks, small-caps, and Japan value firms, alongside cyclical growth themes including European industrials and defence, Electrification, AI-related infrastructure, and semiconductor supply-chain companies all look increasingly compelling at current levels.

The US dollar is expected to resume its weakening trend as the "US exceptionalism" narrative continues to erode under the weight of policy missteps and military adventures. This structural tailwind for non-US equities remains one of the most important macro forces for diversified portfolios to capture. Stay focused on the long-term themes, use the correction as an opportunity to build positions, and remain vigilant on the Strait of Hormuz situation as the key near-term swing factor for markets.

Geopolitical shocks create volatility, but rarely derail the underlying cycle. Keep conviction in the themes, watch the Strait of Hormuz closely, and be ready to add on further weakness if the de-escalation narrative holds.

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Atlas is an intelligent platform empowering investors to build and manage highly personalized equity portfolios. Leveraging data and AI, we craft strategies aligned with your precise investment style, objectives, and sustainability goals—from classic value to emerging themes like AI.

- **True Personalization:** Go beyond generic models. Our AI helps craft strategies that perfectly reflect your vision.
- **Unprecedented Flexibility:** Don't get locked in. Shift from value to growth, or adjust thematic tilts, as your outlook evolves.
- **Powered Customization:** If our expert-designed, ready-made portfolios don't fit, our Atlas team of seasoned portfolio managers with the help of our proprietary AI engine will build a unique strategy for you.

Invest intelligently. Adapt instantly. That's Atlas.

Find out more about Atlas on <https://www.evli.com/en/atlas> or contact us at Atlas@evli.com.

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