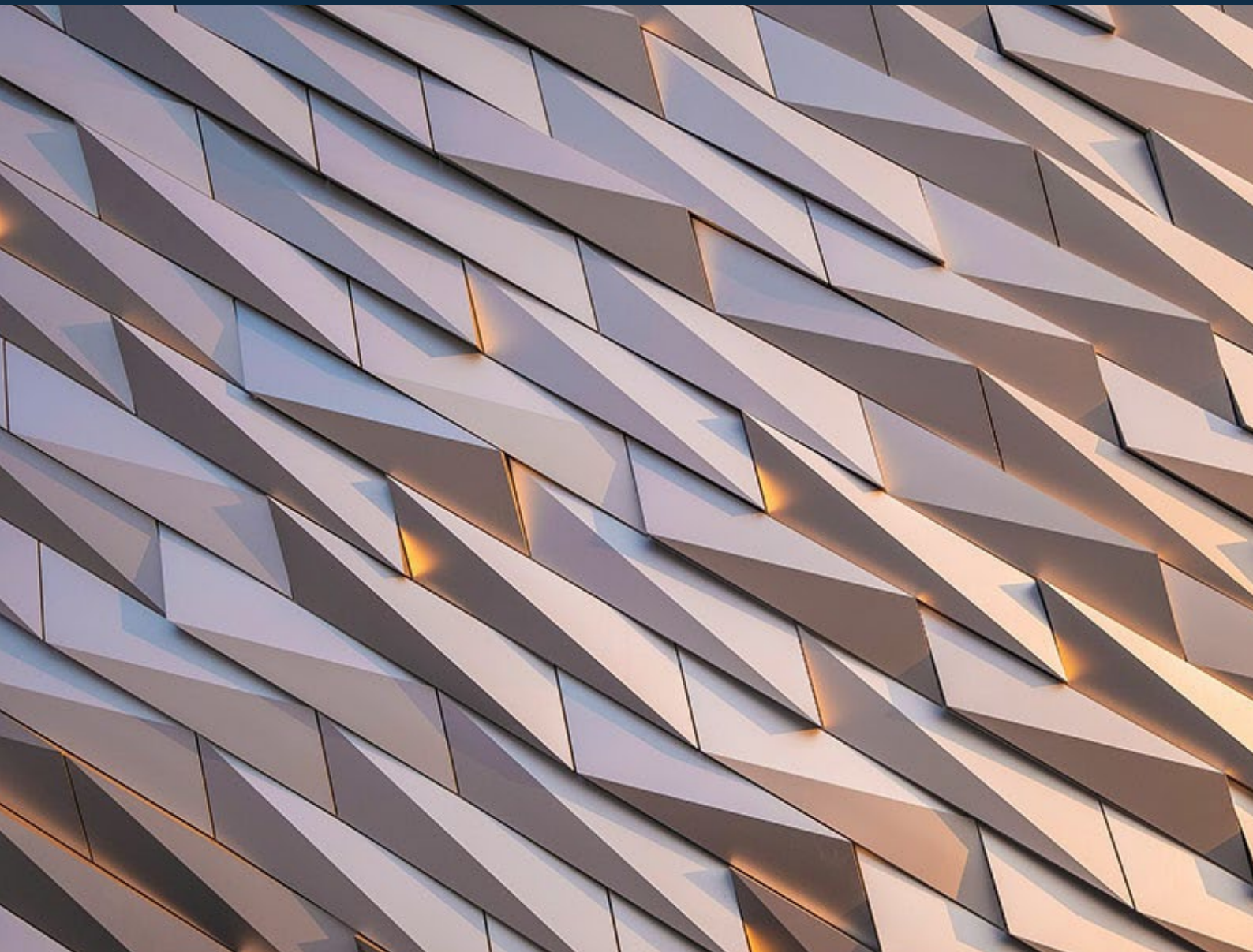


EVLI

Atlas Monthly Equity Navigator

MAY 2026



Bottleneck Bull

April delivered a powerful risk-on tape as market tail risks fell sharply, headlined by the start of US–Iran peace negotiations. Equities led every major asset class, the VIX collapsed by roughly a third, and the S&P 500 posted a 98th-percentile month in total-return terms. The combination of fading geopolitical anxiety, a blockbuster Q1 earnings season in US AI-related names, and continued momentum behind “bottleneck” thematics reset the leadership board in a single month.

Within equities, the standout story was the Growth/TMT resurgence. Communication Services and Technology led the S&P 500, semiconductors surged on supply-tight conditions, and emerging markets posted their best month of the year. Energy, in contrast, was the worst-performing sector as ceasefire optimism took the war premium out of oil. The European recovery theme, so vibrant in Q1, paused as elevated energy prices, a back-up in bond yields, and softer business sentiment combined to dampen near-term momentum.

The thematic narrative continued to coalesce around “bottlenecks”—those parts of the value chain where supply struggles to keep up with rapidly rising demand. AI physical infrastructure and enablers, and electrification all delivered standout returns. Ukraine rebuild themes also gained momentum as hints of a potential end to the war raised hopes for peace negotiations. With Q1 AI-related earnings beating expectations and capex guidance from hyperscalers reaffirmed, the bottleneck thesis has rarely looked stronger.

1. Falling Tail Risks & the AI Earnings Bonanza

- **Geopolitical de-escalation:** The start of US–Iran peace negotiations marked a meaningful drop in geopolitical tail risk and pulled the VIX down by roughly a third. Crude prices retreated from elevated levels, the war premium in energy compressed, and risk appetite returned across asset classes—most visibly in equities, where the S&P 500 logged a 98th-percentile total-return month.
- **AI earnings beat the bar:** Q1 results from US AI-related names delivered an earnings bonanza, with hyperscalers reiterating ambitious 2026 capex plans and chip/memory companies posting strong beats on tight supply. The narrative shifted from “over-investment worries” to “monetization is real,” reinforcing the AI infrastructure trade and lifting technology stocks to the top of the sector league table.

2. Bottlenecks Take the Lead

- The most powerful narrative of the month was the continued ascent of bottleneck themes. Memory and semiconductor capacity, electrical equipment and grid investment, and physical AI infrastructure remain structurally short of demand—and price action reflected it. The Atlas USA Infrastructure & Compute and Physical Infrastructure & Enablers themes led the field, while Electrification continued its march higher. These are not pure momentum trades; they reflect real, durable supply constraints tied to the AI build-out and the energy transition.

3. European Recovery on Pause

- The European recovery story took a breather in April. Elevated oil prices weighed on margins and consumer sentiment, a back-up in bond yields pressured rate-sensitive sectors, and softer business surveys cooled expectations. European defensives turned negative, while cyclicals and financials still posted solid gains. The setback looks tactical rather than structural—a fall in the oil price would quickly bring the European and Japanese recovery themes back into focus.

4. Ukraine Rebuild Hopes Rise

- Signals of progress toward ending the war in Ukraine added a new dimension to the rotation story. Even tentative peace talk could unlock the Ukraine reconstruction theme—a multi-year, capital-intensive undertaking with clear beneficiaries across European industrials, materials, and infrastructure providers. The Atlas Ukraine Rebuild theme moved higher in April as the option value of a peace deal began to be priced in.

Global Equity Performance

United States

- US equities led developed markets in April, with the S&P 500 returning roughly 10.5% on a total-return basis—a 98th-percentile month in history. Communication Services (+18%) and Technology (+17%) drove the rebound, semiconductors surged on tight supply and strong AI capex commentary, and small caps outperformed (Russell 2000 +12%). Energy reversed sharply (-3.5%) on ceasefire optimism after leading in Q1, while Health Care remained the laggard. Growth re-took leadership from Value within the month, even as Value retains the YTD lead. In euro terms, US equities gained 8.7%.

Europe

- European equities rose ~5.8% in euros, lagging the US for the month. The recovery narrative that powered Q1 performance came under temporary pressure from elevated oil prices, a back-up in long-end yields, and softer business sentiment surveys. European defensives slipped into negative territory, while cyclicals (+8.9%) and financials (+8.5%) continued to deliver. Atlas Germany Renaissance (+14%) and Ukraine Rebuild (+12%) outperformed thanks to ongoing fiscal impulse and rising peace-deal hopes.

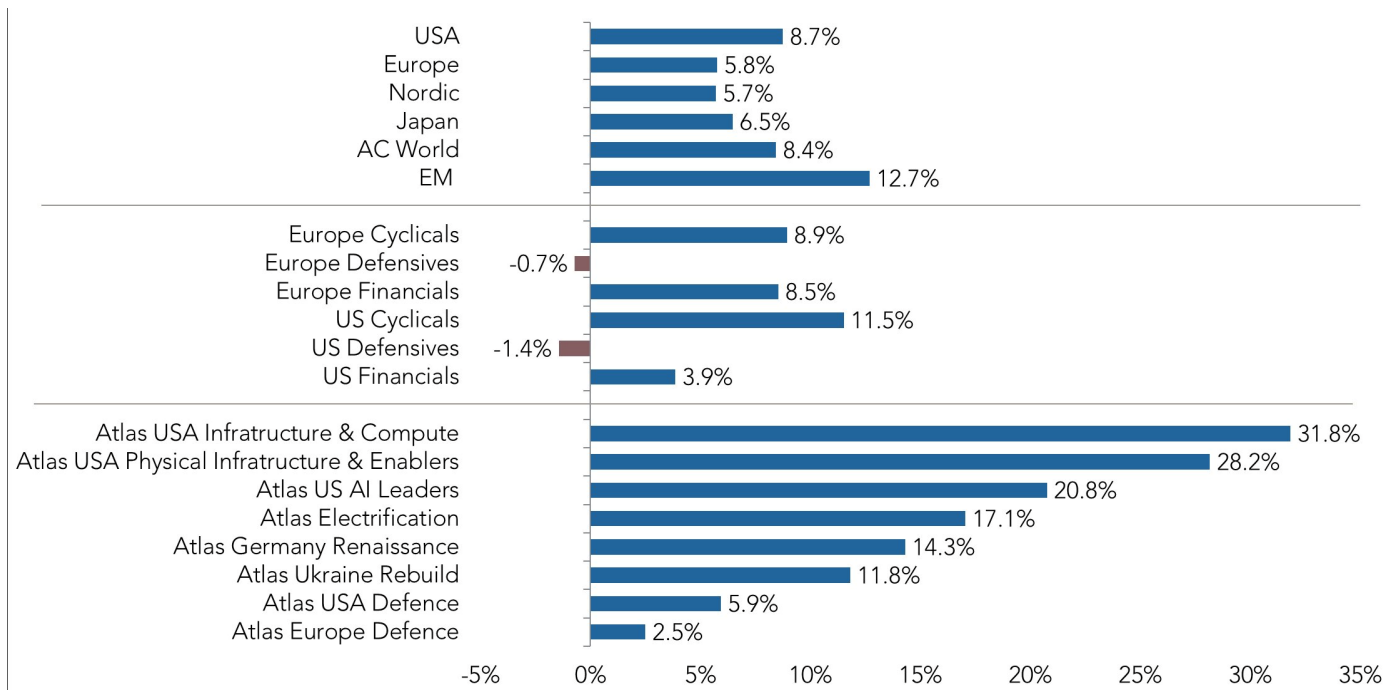
Emerging Markets

- Emerging Markets were the standout regional performer in April, returning 12.7% in euros. Asia Pacific led the charge, with Korea and Taiwan posting outsized gains on the back of semiconductor strength and the AI supply chain. A weaker dollar versus EM currencies amplified returns for euro-based investors, and attractive relative valuations continued to draw flows. Latin America trailed regional peers but still added to YTD gains.

Themes & Styles

The thematic landscape in April was defined by “bottlenecks”—parts of the global economy where demand is structurally outpacing supply. AI infrastructure, memory and semiconductors, and electrification all benefited from this dynamic, with hyperscaler capex commentary in Q1 earnings providing strong validation. Falling geopolitical risk and rising hopes for a Ukraine peace deal added a second leg to the rotation, while the European recovery theme paused on oil and yield headwinds.

- **Thematic opportunities:**
 - **AI Infrastructure & Compute:** The flagship bottleneck theme of the AI cycle. Hyperscaler capex remains the dominant driver, and Q1 earnings season reinforced the structural demand outlook. Atlas USA Infrastructure & Compute led all themes in April with returns north of 30%.
 - **Memory & Semiconductors:** The purest expression of the bottleneck thesis within AI. Memory and advanced semiconductor capacity remain in short supply versus accelerating data-center demand. April saw broad-based strength in semis and chip equipment names; this is now the main “bottleneck” theme to play within AI.
 - **Electrification:** Another classic bottleneck theme gaining momentum. The combined demand from data-center power, EV adoption, and grid modernization is straining the supply of electrical equipment, transformers, and grid components. Atlas Electrification posted ~17% in April and continues to compound steadily.
 - **Ukraine Rebuild:** Hints toward an end of the war have re-energised the rebuild narrative. Any move toward peace negotiations would unlock a multi-year reconstruction cycle with significant beneficiaries across European industrials, materials, building products, and infrastructure providers.
 - **Physical Infrastructure & Enablers:** Data centers, power generation, and the broader physical build-out enabling the AI economy. Atlas Physical Infrastructure & Enablers returned ~28% in April, second only to AI Infrastructure & Compute.

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

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

Key Risks & Considerations

Oil & Geopolitics: Despite April's ceasefire optimism, the geopolitical setup remains fragile. A failure of US–Iran negotiations, renewed conflict in the Middle East, or any disruption to the Strait of Hormuz would push oil sharply higher and pressure equities—particularly European and Japanese cyclicals. Our base case is that the Strait of Hormuz should open fully through the summer, but the path is non-linear, and the absence of a credible peace deal remains the single largest risk over the summer months.

Bond Yields & Growth Stocks: A renewed rise in bond yields would create headwinds for long-duration growth stocks. The US 10-year breaching 5% is the level to watch—above that threshold, valuation pressure on growth names typically intensifies and the value-versus-growth trade tends to swing back toward value. The setup favors a balanced stance: lean into bottleneck themes where earnings growth is doing the heavy lifting, while keeping value exposures as a hedge against a yield-driven rotation.

Inflation Stickiness: Inflation remaining sticky into the summer would limit the Fed's flexibility, push real yields higher, and complicate the soft-landing narrative. The cyclical strength of the US economy, combined with tariff-related pressures and tight labor markets, keeps the upside risk to prices very much alive. Sticky inflation feeding into higher bond yields is the channel through which this risk would most likely transmit to equity markets.

Secular vs. Cyclical Growth: Within AI, the distinction between cyclical and secular growth is increasingly important. Semiconductors and memory are more cyclical—tied to capex cycles and inventory swings—while hyperscalers and software exhibit more secular characteristics. A cooling capex cycle or any wobble in AI demand visibility would hit cyclical-growth names first, even as the secular winners continue to compound.

Final Thoughts

April reaffirmed the central investment lesson of this cycle: bottlenecks pay. When real-economy demand outpaces real-economy supply, prices and earnings follow—and that dynamic was on full display across AI infrastructure, semiconductors, and electrification this month. The combination of falling tail risks, a blockbuster AI earnings season, and tentative steps toward peace gave markets a near-ideal backdrop for the bottleneck trade to extend.

The European recovery theme stepped back in April but the structural drivers—German fiscal impulse, defence spending, and the prospect of Ukraine reconstruction—remain intact. A meaningful drop in oil would quickly bring that recovery

back into focus, and the same goes for Japanese cyclicals. We continue to view the European pause as tactical rather than terminal.

Looking into the summer, we expect bottleneck themes to keep doing the heavy lifting—memory, semiconductors, electrification, and AI infrastructure remain our core conviction baskets. We pair this with selected European recovery exposure, where a fall in oil would act as a powerful tailwind, and with Ukraine rebuild as an optionality play on peace progress. The risk to growth stocks from any further rise in bond yields argues for keeping value as a balancing exposure in the book.

The largest risks over the summer remain inflation stickiness, the US 10-year moving above 5%, and the absence of a credible peace deal. None of these is currently the base case, but each is plausible enough to deserve respect. Build portfolios that can lean into the bottleneck thesis while remaining resilient to a yield- or oil-driven shake-out—that, we believe, is the right posture as we move toward the second half of 2026.

What is Atlas?

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.

EVLI

 LinkedIn — Evli

 Facebook — Evli

 Message Service X — Evli Funds

 evli.com

This report is intended only for the client's personal and private use. This report is based on sources that Evli Plc considers correct and reliable. However, neither Evli Plc nor its employees give any guarantee concerning the correctness, accuracy or completeness of any information, views, opinions, estimates, or forecasts presented in this review, nor are they liable for any damage caused by the use of this publication. Evli is not responsible for any material or information produced or published by a third party that may be contained in this review. The information provided in the review is not intended as investment advice, or as a solicitation to buy or sell financial instruments. Past performance is not a guarantee of future returns. This publication may not be copied, distributed, or published in the USA, and it is not intended for citizens of the USA. This material is not intended for persons resident in countries where the activities carried out by Evli Plc have not been authorized by law. This publication, or any part thereof, may not be copied, distributed, or published in any form without Evli Plc's written, advance consent. All rights reserved.