Promotional document

Newsletter
Cash

Q2 2026

The second quarter was marked by heightened market volatility, particularly at the short end of the yield curve, driven by tensions in the Middle East and renewed inflationary pressures. Amid concerns over persistently high inflation, the ECB raised interest rates while reiterating its cautious approach. In this uncertain environment, markets continued to adjust their expectations in response to incoming economic data.

Highlights of the quarter

Fixed Income Markets React to Rising Geopolitical Tensions

Recent inflationary pressures, partly driven by the conflict in the Middle East, have reinforced concerns that inflation could remain embedded within the broader economy for longer than expected. Against a backdrop of rising energy prices, inflation expectations were revised upward, reaching 3.0% for 2026.
In response, the ECB raised its key policy rates by 25 basis points, bringing the deposit facility rate to 2.25%. This move marked the first adjustment since June 2025.
Amid ongoing geopolitical uncertainty, money market rates experienced significant volatility throughout the quarter. The 1-year €STR swap fluctuated between 2.23% and 2.57%, ultimately ending the quarter at 2.39%. These movements highlight the market's continued reassessment of the monetary policy outlook in an increasingly complex environment.

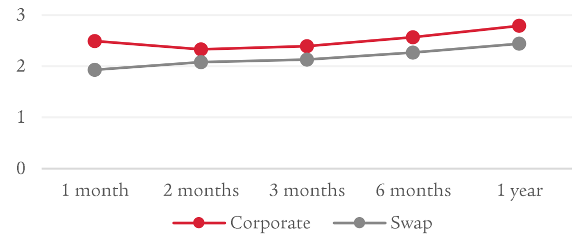
The ECB Maintains a Cautious and Data-Dependent Stance

Despite ongoing uncertainty surrounding a potential peace agreement, Christine Lagarde emphasized the resilience of the European economy in absorbing the impact of the conflict. Against this backdrop, ECB policymakers have reaffirmed their prudent and data-dependent stance. However, persistent inflationary pressures continue to cloud the outlook, leading markets to price in the possibility of further rate hikes from the European Central Bank over the next twelve months.

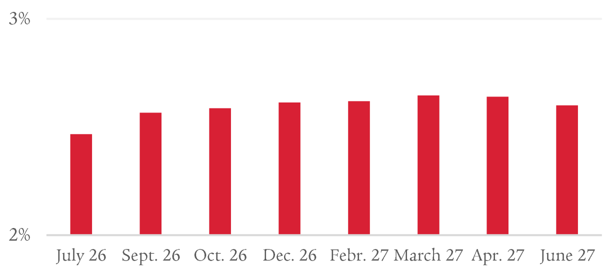
Rates

	April 2026	May 2026	June 2026
ECB deposit rate	2.00	2.00	2.25
€str	1.93	1.93	2.18
3-month €STR swap	2.08	2.15	2.23
12-month €STR swap	2.47	2.39	2.39
3-month Euribor	2.20	2.27	2.32
12-month Euribor	2.85	2.80	2.73
3-month non-financial issuers	2.31	2.36	2.45
12-month bank spread vs. €STR	0.33	0.36	0.38

Risk Premiums



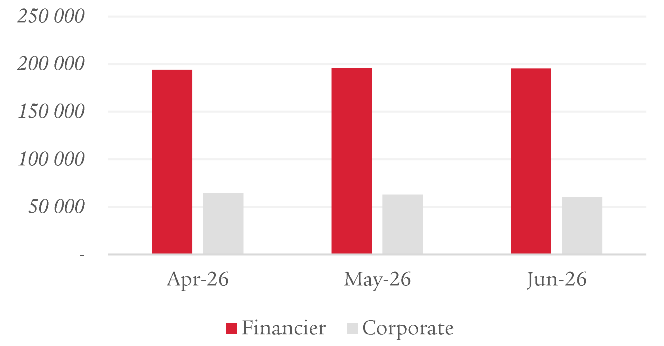
Market Expectations for ECB Rate Changes



Key Highlights

1-Year €STR Swap	ECB Stance
Level at end-June: **2.42%** Change: **+50 bps** since the beginning of the conflict, reflecting a sharp market repricing driven by geopolitical uncertainty and inflation concerns.	**+25 bps** rate hike in June Continued data-dependent monetary policy approach Cautious outlook amid inflation and geopolitical uncertainty

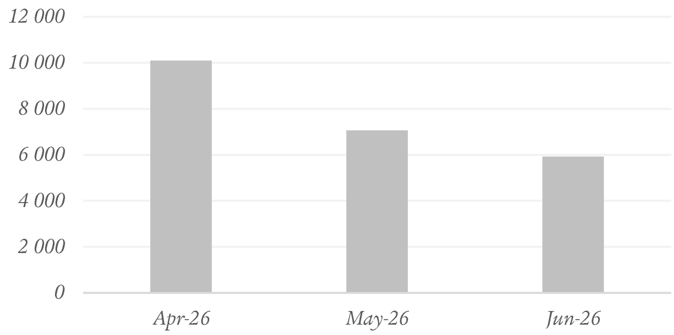
Short-Term Negotiable Debt Securities Outstanding (EUR million)



Primary market

The primary market remained relatively subdued following the outbreak of the conflict. Towards the end of the quarter, issuers were able to take advantage of a favourable issuance window as peace agreement negotiations progressed. As a result, June was particularly active, with issuance volumes up 40% month-on-month and also higher than in June 2025. Total issuance volume for the quarter reached €23 billion, compared with €26 billion in Q1 2026 (-11%). In terms of primary market allocation, the banking sector was the most represented, accounting for more than 60% of total issuance volume, followed by automobile manufacturers, which represented 11% of total issuance. From a credit rating perspective, issuance was largely concentrated in the A+ category, which accounted for 42% of total issuance volume.

Primary Bond Market Volume <2-Year Maturity (EUR million)



Our strategy

Albane Desjardins, CFA
Portfolio Manager,
Investment Grade

Yann Verrier
Portfolio Manager,
Investment Grade

- The reopening of the primary market, particularly during June, enabled us to take positions in securities offering attractive yields.
- We continue to capitalize on current market volatility by investing at elevated yield levels, while maintaining a prudent duration strategy through a significant allocation to floating-rate instruments and by implementing hedging strategies at opportune entry points.
- As the summer period approaches, we are increasing our liquidity levels to anticipate the seasonal slowdown in issuance activity within the Negotiable Debt Securities (NDS) market, while continuing to ensure ample liquidity for our investors.

"Volatility in short-term rates created attractive investment opportunities"

Disclaimer: Source: Swiss Life Asset Managers France, Bloomberg. This presentation contains historical market data. Historical market trends are not a reliable indicator of future market behavior. These data are provided for illustrative purposes only. Depending on the date of publication, the information presented may differ from the updated data

About Swiss Life Asset Managers

Swiss Life Asset Managers has over 165 years' experience in managing the Swiss Life Group's assets. This close link to the insurance sector shapes its investment philosophy, the main objectives of which are to invest in line with a responsible approach to risk and to act in the best interests of its clients every day. Swiss Life Asset Managers also offers this proven approach to third-party clients in Switzerland, France, Germany, Luxembourg, the United Kingdom, Italy and the Nordic countries.
As at 31 December 2025, Swiss Life Asset Managers managed €309.6 billion in assets for the Swiss Life Group, including more than €156.5 billion in assets under management on behalf of third-party clients. Swiss Life Asset Managers is a leading institutional real estate investor in Europe. Of the €309.6 billion in assets under management, €96.1 billion is invested in real estate. In addition, Swiss Life Asset Managers manages €26.3 billion in real estate assets jointly with Livit. As of 31 December 2025, Swiss Life Asset Managers thus managed €122.4 billion in real estate assets.

Swiss Life Asset Managers employs more than 2,300 people in Europe.

A financially self-determined life

Swiss Life enables everyone to build financial independence so they can live life on their own terms and look to the future with confidence. This is also the goal pursued by Swiss Life Asset Managers: we take a long-term view and act responsibly. Drawing on our knowledge and experience, we develop forward-looking investment solutions. In this way, we help our clients achieve their long-term investment goals. This, in turn, enables their clients to plan for the long term and build financial independence so they can live life on their own terms.

1 N°2 IPE Top 150 Real Estate Investment Managers 2025 Ranking Europe, N°2 INREV Fund Manager Survey 2025

Swiss Life Asset Managers data as of 30.06.2026

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