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Stability of framework amid rising uncertainty: what Q2 changed, what it didn't, and why the portfolios still hold.

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Q2 brought a step-change in headline risk. A war in the Middle East, a partial closure of the Strait of Hormuz, an oil price shock with Brent around $100, a software-led tech sell-off, fresh stress in private credit, and a new pro-growth government in Japan. Volatility across equities, bonds, currencies and commodities rose materially. None of this changed our framework. The structural decisions taken in Q1 — broader US exposure, value and quality as structural tilts, short-duration fixed income, structural gold — were designed for exactly this type of quarter.

This note draws on the Q2 2026 outlooks from **JPMorgan** (Asset Allocation Views and Factor Views), **Goldman Sachs** (Market Know-How, "Power Plays: Investing in a New Resource Reality"), **BlackRock** (Equity Market Outlook) and **HSBC** (Perspectives). We reference them where they corroborate the framework and where they sharpen Q2-specific calls.

US resilience held, even through a left-tail quarter

Our central diagnosis hasn't changed: the underlying US economy remains comparatively resilient. Q2 stress-tested the proposition rather than overturning it. Corporate earnings expectations continued to trend positively, labour markets stayed stable, and AI-related capex continued to add meaningfully to growth even as software equities sold off on disruption fears.

All four houses arrive at a similar place after Q2. **JPMorgan** maintains a "moderate risk-on stance" and an equity overweight, describing a base case in which *"the global economy would likely be able to move past the energy shock and deliver solid growth."* **HSBC** frames the same view directly: *"the US economy remains resilient, supported by fiscal spending, investments in AI, electricity-related infrastructure and re-onshoring,"* with Q2's tech sell-off *"somewhat overstated and not entirely negative."* **Goldman Sachs** stays *"moderately pro-risk into year-end"* while turning tactically defensive on Hormuz risk. **BlackRock** sees abundant equity opportunities and continued earnings growth across most sectors as the market broadens.

We share the diagnosis. Geopolitical conflicts have historically produced short-term volatility but not sustained corrections, absent a recession or forced Fed tightening — neither of which the four houses see as the base case. The portfolios were not de-risked through Q2.

Value and Quality earned their place

The clearest market development of Q2 was the rotation away from concentrated US mega-cap technology. Software sold off on AI-disruption fears, energy and materials led on Middle East premiums, and the equal-weighted S&P 500 outperformed the cap-weighted index for the first sustained stretch in several years. The Q1 thesis — that excessively concentrated leadership creates fragile market structures — was tested by exactly this rotation, and the structural Value and Quality tilts we put in place came into their own.

This is now the cleanest area of consensus across the four houses. **BlackRock** writes that *"the balance of opportunity increasingly favors value over growth,"* with US value at a *"43% discount as of February, compared to a historical median of 19%."* **JPMorgan's** factor team is more direct still: both Value and Quality are more than one standard deviation cheap on a sector-neutral basis in the US, and JPM is *"close to upgrading equity quality from neutral to positive."* **HSBC** reaches the same point from the concentration side, noting that *“simply spreading money across 500 or 1,000 global stocks no longer delivers meaningful diversification.”*

Quality earned its place in a second way too. Geopolitical and energy stress historically favours businesses with strong balance sheets, stable margins and lower financing sensitivity — exactly the Q2 environment. **JPMorgan** calls for re-risking after the crisis abates to focus on *“companies with quality balance sheets, durable demand, and exposure to structural investment cycles,”* avoiding *“businesses with excess leverage or fragile cash flow profiles.”*

Our position is unchanged because Q2 validated it. 4% Value and 3% Quality in Balanced, scaling up in Growth and High Growth — including Small Cap Value — remains the right structure.

Long-duration bonds remained the wrong place to be

Resilient economic activity, ongoing fiscal expansion, an energy shock and persistent inflation pressures all argue against being the marginal buyer of long-end duration. Stock-bond correlations turned positive during the Hormuz disruption — exactly the failure mode we flagged in Q1. Fixed income within the portfolios continued to do the job we want it to do — stability, income, dry powder — not reach for capital gains from a duration rally we do not expect.

Q2 consensus has now moved firmly into our framing. **JPMorgan** is *“leaning into shorter duration as yield curves steepen”* and is short US 10-year duration, citing *“a fundamental outlook for better growth and higher yields.”* **HSBC** notes that *“central banks are almost done with their cycles of rate cuts”* and prefers investment grade and emerging market bonds over high yield where *“credit spreads remain tight.”* **Goldman Sachs** recommends *“flexible bond strategies with dynamic duration”* and favours short-duration fixed income in its stagflation scenario.

On credit specifically, we are not adjusting exposure but are watching the 2028 software refinancing wall both JPM and Goldman flag.

Gold did the job we asked of it

Q2 was the quarter in which the structural — not tactical — case for gold became most visible. As traditional duration hedging broke down under the energy shock, gold provided ballast that long-end Treasuries did not. This is exactly the framing we adopted in Q1, against the more cautious view some houses took on gold at the time.

That framing is now mainstream. **JPMorgan** writes that *“gold’s role as a portfolio diversifier remains intact”* even as cross-asset correlations have shifted. **HSBC** expects *“gold prices to remain elevated in H1 due to geopolitical uncertainty and strong central-bank demand.”* **Goldman Sachs** describes gold as *“the ultimate hedge against geopolitical tail risk and currency debasement.”* Even **BlackRock**, the most cautious on gold in January, now acknowledges its role as a decorrelator when traditional hedges break down.

Position unchanged. 5% in Balanced, Growth and High Growth, and 10% in Defensive.

International diversification: Japan vindicated, Europe held at benchmark

Our constructive long-term view on Japan and South Korea is anchored in structural rather than cyclical factors, expressed through diversified regional allocations rather than narrow country trades. Q2 reinforced that view rather than altering it.

Japan is the strongest point of agreement across the four houses. **BlackRock** dedicates a chapter to *“an election boost for Japan’s equity outlook,”* citing Takaichi’s pro-growth agenda and the upcoming Corporate Governance Code revision. **JPMorgan** calls Japan *“an attractive, diversified equity allocation,”* with stocks supported by economic reflation and ongoing corporate governance reform. **HSBC** is most positive on the broader Asia complex, including Japan, Korea and Hong Kong.

On Europe, the four houses diverge. **JPMorgan** is most negative — Europe is its *“least-favored region,”* given energy import dependence and the ECB facing the most acute Hormuz pass-through. **Goldman** notes that European cyclical pickup faces crosswinds, prompting a *“more neutral stance.”* **BlackRock** still finds pockets of value in European banks and defence. We hold European exposure at benchmark — neither overweight on the cyclical-pickup case nor underweight on the energy-import vulnerability. The quality factor exposure we already hold captures the part of the European case we are most confident in (balance-sheet strength under stress) without taking a directional regional bet.

Three positions we considered, and chose not to do

Adding direct energy or oil exposure on the Hormuz panic. A tactical overweight to energy equities or a small commodities sleeve would have captured the geopolitical premium. Rejected: by the time we considered it, the premium was already largely priced — Brent moved fast and oil ETF volatility was at peak. The portfolios already carry gold for exactly this hedging role, which delivers similar ballast without the asymmetric downside if Hormuz reopens.

Reducing equity exposure on the war and software sell-off. Both events produced enough drawdown to justify the question. Rejected: every one of the four houses we follow — JPMorgan, Goldman Sachs, BlackRock, HSBC — explicitly stayed pro-risk through the quarter, and history supports it. As HSBC notes, *“conflicts in the Middle East tend to lead to short-term volatility but not to a long-term correction, unless a recession follows or the Fed is forced to hike interest rates.”* Neither precondition was met. Reactively de-risking the portfolios would have locked in drawdown without addressing the long-term risk picture.

Adding a clean-energy transition theme on the oil shock. The case is intuitive: an energy shock should accelerate the transition trade, and Goldman’s “Power Plays” thesis touches the same investment cycle. Rejected: the policy-sensitivity of clean energy is materially higher than the AI grid theme we already hold; available UCITS vehicles remain concentrated in a narrow set of names; and the entry point during an oil-spike news cycle is structurally bad. The AI grid exposure already captures the part of the energy-transition story we are most confident in — the buildout of the power infrastructure that has to be there regardless of the generation mix.

Portfolio implications

Full sleeve weights and ETF detail for the four Vestaris portfolios are published on the portfolios page. The architectural decisions worth flagging in this note — unchanged from Q1 by deliberate choice:

- **US equity is held below market-cap-weight in every portfolio.** Balanced sits at 35% on a look-through basis versus roughly 62% in a market-cap-weighted global benchmark. The Q2 rotation away from concentrated mega-caps validated, rather than challenged, this stance.
- **Value and Quality are held as structural tilts from Balanced upward.** 4% Value and 3% Quality in Balanced, scaling up in Growth and High Growth with Small Cap Value added. Both factors are now more than one standard deviation cheap on a sector-neutral basis in the US, per JPMorgan.
- **Defensive avoids factor tilts entirely.** 30% core equity, 60% bonds, 10% gold — the lowest-risk portfolio remains the most architecturally simple.
- **Infrastructure / AI grid is the only thematic position.** GRID + V9N, roughly 60/40, at 5% in Growth and 7% in High Growth. The Q2 reframing of AI from “revenue capture” to “resource and power buildout” reinforces this exposure rather than dilutes it — Goldman’s “Power Plays” thesis explicitly calls out grid modernisation as the durable layer.

The Q2 outlooks from the four houses converge on a single message: keep the structure, watch the inputs. JPMorgan's "moderate risk-on stance," Goldman's "tactical defensiveness, structural conviction," BlackRock's "reversal, rotation and recalibration," and HSBC's "consistency in uncertainty" are different sentences making the same point. Periods of rising uncertainty reinforce the importance of portfolio structure rather than invalidate it. Our response is to remain strategically invested, deliberately broadened, and prepared for further volatility while ensuring the portfolios are built to absorb it.