*The **market volatility** triggered by the U.S. trade policy **has created attractive opportunities**.*

*We adjusted our exposure and **took advantage of the broad-based sell-off** to deliver additional performance once political concerns began to ease.*

David TAIEB, *Chief Investment Officer - Listed Assets*

SUMMARY

Growth

The **trade tensions generated by Donald Trump's policy** are weighing heavily on the outlook for global trade. If all the measures he has announced are applied, global trade could contract by -1.5% - its largest fall since the Covid pandemic. The WTO (World Trade Organisation) has brought its **2025 growth forecasts down from 3% to 2.8%**.

Inflation

In the United States, 12-month inflation retreated for the second consecutive month to 2.4% in March, the lowest reading since last September. In the Eurozone, inflation has also continued to ebb, falling to 2.2% - its lowest level since November 2024. In France, prices only rose 0.8% in April (over 12 months), which is the lowest reading in the Eurozone.

Monetary policy

Despite political and economic uncertainties, **the Fed has kept its rates unchanged** and could maintain the status quo for several months. Other countries, such as China and the UK, have also opted for stability. In the Eurozone, the ECB has remained accommodative, lowering its key rate to 2.25%. A further 25-bp cut is possible in June.

SUSTAINABLE

Green Bonds, a growth driver for sustainable bonds in 2025

JEAN-MARIE PÉAN,
Director - Responsible Finance, Listed Assets

Sustainable bond issuance is expected to reach 1,000 billion dollars in 2025, principally via Green Bonds.

Sustainable bonds have continued to grow, though their share in the global bond market shrank from 15% in 2023 to 11% in 2024.
Moody's expects several factors to hinder their growth, including tighter controls on greenwashing, new regulation and market standards, and political headwinds.
Social and Sustainability bonds should decline modestly, while transition bonds will remain stable at 20 billion dollars. Sustainability-linked bonds are expected to rise slightly to 35 billion dollars.

Green Bonds should remain dominant, nonetheless, weighing over 60% of the sustainable bond market with future issuances of 620 billion dollars.

European issuers continue to feed the market, unlike North American issuers who withdrew in 2024.

SUSTAINABLE (continued)

Green Bonds, a growth driver for sustainable bonds in 2025

The new EuGB standard is attracting investors, as demonstrated by recent issuances: 500 million euros by A2A and 1 billion euros by Ile-de-France Mobilités, both 100% aligned with the European taxonomy. **Investors are prepared to pay more for Green Bonds compliant with European standards** - considered to be stricter than the international "Green Bond Principles".

In 2015, Sienna IM's Listed Assets Expertise launched the "Sienna Obligations Vertes" strategy, which aims to finance projects supporting the energy and environmental transition (renewables, green buildings, energy efficiency, smart grid, waste management). With 300 million euros under management at end March 2025, the fund invests in 108 green bonds. The fund's Greenfin label, awarded at the time of its launch, guarantees that the capital duly contributes to funding such projects. The strategy offers a tangible and active solution, addressing the growing need for investment in green thematics.

Overall, our Green Bond strategy weighs 462 million euros at end March 2025.

TREND

Rising trade tensions are clouding macroeconomic visibility

The trade war instigated by Donald Trump has triggered a global shock wave, rattling governments, companies and capital markets. Amid the recent uncertainties surrounding the macroeconomic environment, **gloom and doom prevails**. According to IMF estimates, global inflation should retreat from +3.3% this year to +2.8% in 2025. These forecasts are 0.5 point lower than the January estimates.

The United States was the first country impacted by the slowdown, with growth forecasts revised downwards from +2.7% to +1.8% in 2025. While Trump insists that tariffs will revive U.S. manufacturing, the IMF has pointed out that automation - rather than trade issues - is the real reason behind job losses. The organisation warns that tariffs will hamper innovation and competitiveness over the long term and cause inflation to rise.

The impact will be weaker in the Eurozone, where growth forecasts have been lowered by -0.3 point. **Germany could experience another year of zero growth**, while in F**rance, GDP is expected to grow 0.6%** this year. **Spain, where growth has been revised upwards to +2.5%**, is an exception in the Eurozone.

TREND (continued)

Rising trade tensions are clouding macroeconomic visibility

These revisions reflect the recent disappointments on real activity and from now on, major changes to the trade policy at international level. The WTO has warned that the **volume of world merchandise trade is now projected to contract by -0.2% in 2025**.

Over the past few weeks, Donald Trump's claims that he **intends to reach a compromise on tariffs sparked a market rebound.**
We believe that Washington should come to an agreement on trade with its main partners, including with the EU, and limit tariffs on Chinese goods, thereby weakening the adverse impact of trade tensions for the U.S. and global economies.

In this environment, we are taking advantage of the recent market correction to r**aise our exposure to risk assets via European equities**. These stocks continue to trade at a discount, with potential for upward earnings revisions. We **prefer domestic plays, less affected by tariffs**. These companies will benefit from the German fiscal spending plans, the European commission's € 800 billion defence plan, the ECB's rate cut, and ebbing energy prices.

CONVICTIONS

Every month, our Allocation Committee brings together our entire investment team to determine our asset allocation strategies, which are then implemented in the daily management of our funds.

EQUITIES

EUROZONE

↗ +

After the EuroStoxx 50 fell more than 15%, we increased our exposure to European equities. We favour low-volatility defensive stocks and domestic plays, which are less affected by the tariffs.

UNITED STATES

→ =

The S&P 500 and composite Nasdaq have tumbled more than 17% and 22% respectively since the end of last February. Growing uncertainty on tariffs and reduced public spending are likely to continue weighing on U.S. stock markets. We have maintained a neutral position on U.S. equities.

EMERGING COUNTRIES

→ +

We have maintained our exposure to Chinese equities, with a preference for domestically biased large caps and technology stocks. Furthermore, the under-performance of Indian equities offers buying opportunities. We remain positive on the Chinese and Indian markets, and neutral on Brazil.

FIXED INCOME

SOVEREIGN BONDS

→ =

Despite near and mid-term uncertainties, we took advantage of the recent rise in bond yields to raise the modified duration of our funds and have maintained an approach focusing on carry across all European bond segments.

CREDIT

→ +

We remain positive on European Investment Grade and High-Yield bonds. We have kept our exposure to emerging corporate credit issued in dollars. Meanwhile, our view is neutral on U.S. Investment Grade and High-Yield bonds.

↗ → ↘ Change in view versus previous month.

\+ = – Investment team's asset class views.

CONVICTIONS (continued)

EURO/USD

The Euro rose on the back of European fiscal stimulus plans. However, the extent of the rise is somewhat excessive. Investors still appear to be positioned very aggressively. We have maintained a slight negative view on the Euro relative to the dollar.

COMMODITIES

The tensions between the United States and China are clouding the economic outlook, thereby weighing on demand for oil. We have adopted a more cautious scenario and expect the price of crude oil to end the year at $67/bbl. Gold hit a new record at the end of April at $3,500 per ounce.

Change in view versus previous month.

Investment team's asset class views.

Sienna
INVESTMENT MANAGERS

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