



*US equity indices confirmed their performances during the third quarter of 2025. The **positive market momentum** was fuelled by **hopes of support from the Fed**, which as a corollary, caused **sovereign yields to retreat**.*

*The ability shown by **artificial intelligence players** to surprise investors positively was also a **key driver** for the market rally.*

*In Europe, the **easing of trade tensions** with the United States revived **optimism**, but **lacking additional catalysts** and owing to **new geopolitical and political tensions**, performances **remained modest**.*

David TAIEB, Chief Investment Officer - Listed Assets

SUMMARY



Growth

According to OECD estimates, **global economic growth should decelerate** from 3.3% last year to **3.2% this year**, and **2.9% in 2026**. GDP is also expected to **lose momentum** in the US (+1.5% in 2026 versus +1.8% this year), as well as in the EU (+1% versus +1.2%) and China (+44% versus 4.9%). In France, the Banque de France has **slightly upped** its growth forecasts for 2025 to **0.7%**.



Inflation

Global inflation **has stabilised** over the past 7 months, at **below 3%** year-over-year. In August, consumer prices rose +2% in August, lower than the initial estimate of +2.1%. In France, **prices rose +1.2%** in September year-over-year, driven by the higher cost of services.



Monetary policy

In September, the **ECB kept its three key rates unchanged**. The **Fed**, on the other hand, **lowered its policy rate** by 25 bps, setting the target range **at 4.00% to 4.25%**. Rates could be **lowered another three times** before the end of the year.



SUSTAINABLE

Review of the 'Say on Climates' put to shareholders' votes



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The end of this year's Annual General Meetings is an opportune time to **look back at the 'Say on Climate' resolutions**. As a reminder, 'Say on Climate' is a mechanism based on 'Say on Pay' that allows shareholders to vote on a company's climate strategy, generally in an advisory capacity. The aim is **to encourage companies to adopt ambitious and transparent policies** to fight climate change.

The most pertinent strategies include **targets for lowering CO2 emissions** (short, mid and long-term); investment and innovation **strategies** aimed at redirecting funds towards sustainable projects and withdrawing from polluting activities; **climate risk assessments** and key performance indicators (KPI); **a presentation** of the Board of Directors' role and **linking** executive compensation with the company's climate performance.





SUSTAINABLE (continued)

Review of the 'Say on Climates' put to shareholders' votes

The **French Sustainable Investment Forum** has recently published its annual 'Say on Climate' Report for 2025. As was the case last year, **26 climate resolutions were recorded** throughout the world – of which 20 by European companies, and 8 by French companies. Overall, the **average rate of approval for these resolutions was 89.8%**, which is slightly higher than in 2024. European companies fall within the average, **with a 90% approval rate**.

The country with **the largest number of 'Say on Climate' resolutions was France**, with companies including **Engie, Carmila, Icade and Altarea**. These climate resolutions were **endorsed** by shareholders with respective approval rates of 96.93%, 92.98%, 99.28% and 97.23 %.



TREND

The global economy is under pressure, but markets are staying the course

According to its interim September report, **the OECD expects global economic growth to slow to 3.2%** this year, and to 2.9% in 2026. The top cause of this deceleration is the raise of the tariffs imposed by the US, which are weighing on trade and investment. Nevertheless, forecasts for 2025 are **0.3 point higher than the projections made in June**, suggesting that **the economy is more resilient** than expected.

In the US, growth is weakening on account of higher tariffs, lower net immigration, and uncertainty over public policies. **Chinese expansion, on the other hand, is hindered** by the end of anticipated exports, tariffs, and Beijing's gradual removal of fiscal support policies. **In the Eurozone, growth should remain modest**, impacted by trade tensions, the strength of the euro, and the geopolitical situation. Finally, **for France, the OECD is expecting GDP growth to decelerate** (1.1% in 2025, then 0.9% next year) owing to the on-going consolidation of public finances. The organisation encourages France **to push on with its structural reforms** and **to stimulate investment and innovation** to support productivity and employment.





TREND (continued)

The global economy is under pressure, but markets are staying the course

Nonetheless, **global equity markets have remained at historical heights** thanks to the Fed's rate cut and the performance of tech stocks, lifted by the many announcements of massive investments in generative AI.

Capital markets have factored in the possibility of a Goldilocks Scenario (inflation under control, stable growth and accommodative monetary policy) and have **ruled out the risk of a recession for the time being**. Investors' appetite for risk has remained strong and volatility is low, **despite the many uncertainties**. Indeed, the new raised tariffs, persisting inflationary pressure, geopolitical risks, and tensions on sovereign debt could darken the outlook.

The third quarter earnings season begins in October. The period **could be risky, notably in Europe**: after zero corporate earnings growth (EPS) in 2025, **investors are now looking for robust guidance** for 2026 and 2027. They are also waiting for answers on **the impact from tariffs and from the German and European stimulus plans**.



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

Our view on European stock markets remains neutral, but we are hoping for a re-rating by June 2026. Nevertheless, we have kept our overweight position on German mid-caps as well as our exposure to European mid and small caps.



UNITED STATES

The consensus view expects corporate earnings to grow by around 10% (S&P 500) and 18% (Nasdaq) in 2025. However, we shall remain neutral on US equities, while maintaining our exposure to technology stocks.



EMERGING COUNTRIES

We have kept our positions in Chinese large caps and have taken some profits on our technology investments. We have maintained our exposure to Indian and Brazilian stocks.

FIXED INCOMES



SOVEREIGN BONDS

Our balanced funds remain over-exposed (in terms of modified duration) via Eurozone sovereign bonds. Conversely, our view on US, Japanese, and emerging market bonds is neutral.



CREDIT

We prefer the risk/return ratio offered by European Investment Grade, Euro High Yield and subordinated financial debt. We have also maintained our allocation to emerging debt, which offers an attractive yield.



Change in view versus previous month.



Investment team's asset class views.

CONVICTIONS (continued)



CURRENCIES

On account of the Fed's future rate cuts, we expect the euro to reach 1.17 dollar by the end of the year. We have kept our long position on the yen relative to the euro.



COMMODITIES

We remain neutral on gold, which hit a new record at 4,000 dollars per ounce on October 7th, and on oil, which is currently trading at a fair price of 60 dollars per barrel of Brent.



Change in view versus
previous month.



Investment team's
asset class views.



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