



With a combination of **positive signals and grounds for concern**, the global economic environment remained rather conflicted in October. While economic growth continued to show **resilience**, tighter rhetoric from the Federal Reserve and persisting geopolitical tensions continued to **feed volatility and challenged capital markets**. In light of this context, we kept our allocations **close to neutral** while maintaining a modest modified duration overweight.

David TAIEB, Chief Investment Officer – Listed Assets

SUMMARY



Growth

The IMF forecasts **moderate global economic growth** of 3.2 % in 2025 and 3.1 % in 2026, hampered by **trade tensions and rising public debt** which should exceed 100 % of GDP by 2029. In France, the economy grew 0.5 % in Q3, beating expectations. As a result, growth forecasts for the country were **revised upwards** from 0.7 % to 0.8 %.



Inflation

Global inflation continued **to stabilise** and came in slightly below 3% year-over-year, **despite price increases** within the industrial sector. In the Eurozone, prices **rose 2.2 %** over 12 months in September, exceeding the 2 % target set by the ECB. In France, inflation slowed to 1 % in October according to Insee readings.



Monetary policy

The Fed **lowered its key rates** by 25 bp at its most recent meeting. Policy rates are now within a range of 3.75 to 4 %. In light of **Europe's weak growth and inflation**, the ECB could **ease its monetary policy** during the next few months.



SUSTAINABLE

Inclusive finance is gathering speed in France



JEAN-MARIE PÉAN,
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Inclusive finance has **continued to expand in France**, driven notably by **inclusive employee savings plans** which now weigh a total 16.3 billion euros (+6% year-over-year)* at end 2024. This segment has become established as an essential driver to help channel some of the country's employee savings towards **high-impact social or environmental projects**.

The Listed Assets expertise of Sienna Investment Managers has proven its **strategic leadership** in this market. With several funds under management, the firm ranks in **fourth place with a total of 1.3 billion euros**. This performance is testimony to the **growing interest** shown by retail and corporate investors for **impactful strategies** and to Sienna's ability to structure and distribute **inclusive solutions**.

These inclusive funds are now constructed using the 85/15 rule (previously 90/10). In practical terms, 85% of the fund is invested **in listed assets** (stocks or bonds) and 15% is allocated to **unlisted inclusive investments**, targeting high-impact social or environmental projects. This unlisted enveloped can be deployed directly or through a *Fonds Professionnel Spécialisé* (FPS) – a Specialised Professional Fund – that provides **a broader and more structured access** to companies operating within the **social and inclusive economy**.





SUSTAINABLE (continued)

Inclusive finance is gathering speed in France

Sienna Impact Solidaire (*), the Group's social impact FPS, was launched in 2024. Since, assets under management have risen to 73.26 million euros at end September 2025, demonstrating the **strong demand for investment solutions displaying high societal value**. Classified Article 9 under SFDR (**), this FPS applies the highest sustainability standards.

Sienna Impact Solidaire has structured its actions around six key themes:

- Access to housing
- Access to healthcare
- Access to training and education
- Access to jobs
- Access to funding for companies operating within the social and inclusive economy
- Support given to social entrepreneurship

With investors increasingly looking for **purposeful solutions**, inclusive finance **stands out more than ever** as a powerful tool to support impactful projects for society.

(*) Advertising communication that does not constitute an investment recommendation. Access to the product may be subject to restrictions for certain individuals or in certain countries. The risks, fees, and recommended holding period for the UCITS are described in the PRIIPs KIID and the Fund Regulations, available on the Sienna Gestion website: <https://www.sienna-gestion.com>. These documents must be consulted before making any investment decision. The fund presents a risk of capital loss. Past performance is not indicative of future results. The recommended holding period is over 5 years.

(**) The fund falls under category 9 of Regulation 2019/2088 (SFDR). This is a financial product with a sustainable investment objective, meaning it invests in economic activities that contribute to an environmental and/or social objective, provided that these activities do not significantly harm other sustainable investment objectives.



TREND

Bullish equity markets amid a fragile global economy

Growth came in **higher than expected** in H1 2025, buoyed by **tech investments** in the United States and Asia. **Trade and production** were also vigorous, notably as companies had anticipated the higher tariffs. However, this upturn may soon run out of steam as **trade barriers come into force**, domestic demand begins to dampen, and the job market weakens in some of the world's most advanced economies. Meanwhile, **inflation is rising again** in several countries.

In the United States, the government shutdown has disrupted **data releases**. Nevertheless, after a sharp slowdown in H1, economic activity was clearly resilient in Q3 thanks to the **rebound of household spending**. The 4th quarter, on the other hand, should be affected by the US government shutdown, the effects of inflation from raised tariffs, and new trade tensions with China. **Job creation is at a standstill**; wage growth is slowing down; and at 3 %, inflation should weigh on consumer spending.

In the Eurozone, growth is **expected to be rather weak** in coming quarters: activity is slowing down gradually in Spain and remains lacklustre in Italy, France and Germany in particular.





TREND (continued)

Bullish equity markets amid a fragile global economy

Nonetheless, global equity markets have continued to trade **at historical highs** thanks to the Fed's rate cut and the performance of tech stocks, lifted by the many announcements of **massive investments in generative AI**. In October, the S&P 500 rose 2.3 %. Within the Eurozone, the Euro Stoxx 50 and CAC 40 indices were up 2.5 % and 3% respectively. The Japanese Nikkei gained around 6.2%, while the Indian Nifty 50 rose by 4.6%.

Several catalysts could, however, trigger some profit taking: **fear of an AI bubble after multiple mega-deals**, a **lengthy shutdown** in the United States, persisting **US-China tensions**, or **doubts over the funding of US regional banks** after the failures of Tricolor Holdings and First Brands.

With the end of the year in sight, we shall keep a **watchful eye on global economic growth**, the impact of tariffs, expansionist fiscal policies and public debt. Other areas call for vigilance, including **inflation readings**, energy prices, central bank policy rates and the **super-cycle of AI investments**. Household confidence, unemployment and the geopolitical situation may also **influence equity markets** over the next few weeks.



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

We have maintained our overweight on German mid-caps as well as our exposure to European small and mid-caps, as these domestic stocks are less exposed to tariffs. However, we have lowered our exposure to real estate.



UNITED STATES

The US tech sector has become vulnerable owing to the very high valuations recorded by tech players in the country. All the same, EPS (earnings per share) continued to outperform, notably driven by AI and data centers. This justifies our continued exposure to these companies.



EMERGING COUNTRIES

We have maintained our exposure to Chinese Large Caps and taken profits on tech stocks. Furthermore, the recent under-performance of the Indian market could offer opportunities, and we have doubled our exposure to these stocks.

FIXED INCOMES



SOVEREIGN BONDS

We took profits by selling long-maturity sovereign bonds. Long-term rates in the US and Europe seem unlikely to fall and the risk/return ratio of the asset class remains moderate. This view could change if recession signals become stronger.



CREDIT

The credit market has shown great resilience in recent months, despite undergoing several shocks. Our view on the asset class remains positive; we prefer the risk/return ratios offered by European Investment Grade, Euro High Yield, and subordinated financial debt.



Change in view versus previous month.



Investment team's asset class views.

CONVICTIONS (continued)



CURRENCIES

The Bank of Japan is expected to resume its rate hikes, which would cause the yen to rise. We have therefore kept our long exposure to the Japanese currency relative to the Euro.



COMMODITIES

Gold remains an attractive and robust safe haven; however, prices are still too high at around \$ 4,000 per ounce. Oil, on the other hand, appears to be trading at a fair price of around \$60/bbl. Our view remains neutral on all commodity markets.



Change in view versus
previous month.



Investment team's
asset class views.



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