



Between fears about the disruptive effect of artificial intelligence and the expenses required to deploy it, the cancellation of part of the US tariffs by the Supreme Court, as well as the outbreak of a regionalised conflict in the Middle East, **February was not an easy month for the financial markets.**

**Equity indices** have logically lost ground in this context, while Sovereign yields have shown increased volatility and commodities have rebounded significantly, such as oil.

**In this context, we took the opportunity to neutralise our sensitivity exposures. The equity part has not changed and remains very much present in our allocations.**

David TAIEB, Chief Investment Officer - Listed Assets

## SUMMARY



### Growth

**Global activity remains solid** at the beginning of 2026 with growth expected at + 3 %, in line with the trend of the last 20 years. Among the supporting factors : **investments in AI, the reduction of central bank rates, or the fiscal plans of countries such as Germany and Japan.** In detail, GDP in advanced economies is expected to average around + 1.8 %, compared with + 4.2 % in the emerging region.



### Inflation

**Disinflation remains a global trend**, particularly in the United States where price increases were + 2.4 % year-on-year in January, compared to + 2.7 % a month earlier, a moderation mainly due to the fall in energy prices. **In the eurozone, the same phenomenon is observed, with + 1.7 % for January inflation over one year, compared to + 2 % in December.**



### Monetary policy

After 3 cuts at the end of 2025, **the Fed is pausing by leaving its key rates unchanged at 3.50/3.75%.** However, **the market is still expecting 2 more cuts by the end of the year.** On the ECB side, it is also the status quo in terms of rates, however an appreciation of the euro too quickly could lead it to adjust its monetary policy. In Japan, the central bank could tighten policy to contain inflation and support the yen.



## SUSTAINABLE

# European taxonomy : where do French companies really stand ?



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2025 will be a landmark year for large French companies, which have **published their first CSRD statements**, but also **their Taxonomy reports** covering all **six environmental objectives**.

**According to KPMG\***, Taxonomy reporting is becoming an essential requirement since 91 % of the companies studied (54 large French non-financial groups) have published at least one aligned activity (87 % in 2023).

**Based on the 2024 reporting, the average eligibility levels are as follows :**

- ▲ 45 % of revenue
- ▲ 54 % of CapEx
- ▲ 53 % of OpEx

**These figures provide a clearer understanding of the share of European economic activities covered by the Taxonomy.** However, sectors show heterogeneous levels of maturity. The most advanced sectors are real estate, energy, industry and transport, which have historically been exposed to carbon-related issues and stricter regulatory requirements. Other sectors face greater challenges due to more recent Taxonomy criteria or greater operational complexity, particularly in the automotive and healthcare sectors.

\* <https://kpmg.com/fr/fr/media/press-releases/2025/09/taxonomie-2025-maturite-esg.htm>



## SUSTAINABLE (continued)

# European taxonomy : where do French companies really stand ?

The study also reveals a strong increase in maturity regarding the transition, as follows :

- ▶ **83 % of companies have published a climate transition plan**, which is now essential to meet regulatory and investor expectations
- ▶ **67 % of them rely directly on Taxonomy indicators to guide their investments**, showing that the framework has become a strategic tool

Although the figures reveal **a growing appropriation of the Taxonomy by French companies**, they are calling for a simplification of the technical criteria (those that determine their taxonomic alignment).

**The European Commission has therefore announced plans to simplify Taxonomy reporting in order to improve readability and reduce the administrative burden.** These changes came into force in early 2026.



## TREND

# U.S. tariffs : a new phase of uncertainty for markets

The beginnings of the war in Iran, Trump's decision on tariffs : **last month was marked by particularly erratic news.**

**On 20 February, the U.S. Supreme Court declared the tariffs introduced by Donald Trump illegal** when imposed without congressional approval under the Economic Emergency Powers Act. About two-thirds of tariffs fall under this procedure.

President Trump's reaction was immediate with the announcement **of additional 10 % tariffs against all countries.** This time, it relies on a section of the Trade Act of 1974 that can be used in the event of balance of payments imbalances. This measure applies immediately and **is only valid for a maximum of 150 days. A vote by Congress will be necessary to extend it.**

It is too early to consider the full consequences of the Supreme Court's decision. In the immediate term, it limits the President's prerogatives over trade policy. In addition, **investors may be concerned about the tax revenue side of the tariffs.**



## TREND (continued)

# U.S. tariffs : a new phase of uncertainty for markets

**Of the \$264 billion collected in 2025, about \$175 billion are now «illegal», and the companies that paid them could ask for reimbursement. It is therefore a phase of uncertainty that is opening up** again with several unknowns, starting with the average effective rate of US customs duties and the treatment of agreements already signed. Overall, **all U.S. allies (Japan, Europe and South Korea) that had reached a compromise would be disadvantaged**, while countries that already faced significantly higher tariff rates, such as China, Brazil and Canada, would benefit.

In our view, this uncertainty will continue to weigh on the U.S. economy, although in the very near term, U.S. goods inflation could slow as we approach the midterm elections. **We do not expect a sharp rise in U.S. bond yields in connection with this wave of uncertainty.**

In this context, **we remain positive on equity markets, particularly those in the Eurozone, and we remain neutral on US equities.** At the same time, we are overweight emerging markets. In fixed income, **we are maintaining a slight overweight in sensitivity on European sovereign debt, and we are reducing our overexposure to credit.** Finally, **we are initiating a position on gold mining companies.**



## 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 remain overweight on European equities due to tangible signs of improving economic conditions, with a preference for small and mid caps, particularly German mid-caps.



#### UNITED STATES

As valuations become stretched, we are moving to an underweight position in U.S. equities, although we remain exposed to themes such as cybersecurity or space.



#### EMERGING COUNTRIES

The encouraging figures for activity in China encourage us to remain exposed to Chinese technology stocks. Generally speaking, Asian equities offer cheaper exposure to AI as well as good diversification. At the same time, we are still positive on Indian equities.

### FIXED INCOMES



#### SOVEREIGN BONDS

We maintain a neutral duration stance on European sovereign bonds and remain cautious on U.S. Treasuries given a public deficit that is expected to remain significant.



#### CREDIT

We favour credit and remain overweight in the asset class. The risk-return profile of Investment Grade, Euro High Yield and subordinated financials appears attractive.



Change in view versus previous month.



Investment team's asset class views.



## CONVICTIONS (continued)



### CURRENCIES

We remain positive on the yen against the euro due to the possibility of further monetary policy tightening in Japan, while remaining neutral on other currencies.



### COMMODITIES

Given the scale of the military offensive against Iran, we cannot rule out a pessimistic scenario in which the conflict drags on, with oil prices soaring and then remaining above \$100 per barrel.

As for gold, several factors should continue to support prices, including strong demand from central banks and constrained supply.



Change in view versus previous month.



Investment team's asset class views.



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