GROUP
Banque Richelieu

Investment Strategy

January 9, 2026

Executive Summary

MACROECONOMIC OUTLOOK

At the start of 2026, geopolitical risk is back center stage reviving uncertainty but the macroeconomic scenario remains robust. With the Trade War, growth fundamentals have shifted increasingly focusing on domestic dynamics rather than exports.

- **In the USA, 3Q25 growth has surprised to the upside (+4.3% quarterly variation at annual rate) and will continue to do so despite an expected Shutdown blip in 4Q25**. Consumption is still holding strong (wages and strong household balance sheets), non-residential private investment as well (particularly driven by tech). Positive spillovers from the OBBBA are expected to amplify. Overall, the slight increase in unemployment is attributable to structural shifts (rising productivity enabling growth to continue despite a less rosy employment situation).
- **In the Euro Area, growth has also surprised to the upside (+0.3% quarterly variation in 3Q25, equivalent to +1.2% at annual rate)**. Investment is leading the recovery, not least in AI, whereas consumption is lagging (high savings rate). Europe is also benefitting from its comparative advantages (aerospace and defense, tourism, not least in France).
- **In Asia, an overall steady outlook is leaning on governmental plans** : the stimulus package announced back in November in Japan and the precise measures accompanying the 15th five-year plan, to be announced in March in China.

Despite the developing events in Venezuela, we believe forecasts of a strong increase in global oil supply are premature. The investments needed are huge and the political situation still too fragile to enable careful planning. Our target for the Brent price is lowered to 60 USD/BBL as the geopolitical premium has now practically vanished. Any dramatic turn of events in Iran could lift prices back up towards 65 USD/BBL. Overall, our scenario on oil does not materially change the outlook.

In the next few weeks, some specific events will need to be monitored, not least: geopolitical developments; statistical catch-up in the USA; French 2026 budget; Supreme Court rulings on Lisa Cook's position at the FED and the use of the IEEPA to introduce reciprocal tariffs; and J. Powell's succession at the helm of the FED.

ASSET ALLOCATION

In January 2026, we are shifting our asset allocation so as to embody our view of a robust growth and steepening yield curves as a result of higher long-term yields (growth is leaning on domestic dynamics, driven by investment and fiscal stimulus).

- **Our view on equities remains positive and we now see opportunities in all geographies (not least Europe and Japan, lifted to overweight from neutral).**
  - In Europe, a better than fared economic outlook should fuel the catch-up in equities. In Japan, the stimulus plan should continue to help benefitting sectors (industrials including nuclear energy, defense and tech) meanwhile a depreciated Yen will keep on boosting exporters.
  - More broadly, **our sector calls remain unchanged**. **Banks** (excluding US regional banks with their exposure to subprime credit) will keep on benefitting from steep yield curves, volatility (trading revenues), a robust economy (low default rates) and the ongoing deregulation (especially in the USA). Geopolitical turmoil remains an **aerospace and defense** anchor. **The technology investment theme** is still a must but selectivity should prevail, especially in the USA.
- **We have downgraded our view on fixed-income to neutral (from overweight), given the strong yield curve steepening push and while corporate spreads remain tight**. In fact, the main risk at stake is that of capital losses incurred by rising rates or spreads, especially on higher maturities. **This shift is accomplished through the downgrade of sovereigns both in Europe and the US to underweight from neutral and of IG corporates also in Europe and the US to neutral from overweight**. Beyond, our investment hierarchy stays the same as we continue to favor IG over HY given spread levels.
- **We have upgraded our view on cash from underweight to neutral as we believe the path forward for monetary policy is clear and steady in Europe** (deposit facility rate at 2%) enabling to lock in a steady return.
- Last but not least, with the return of geopolitical turmoil given the recent events in Venezuela and risks surrounding Iran, **we are back to overweight on gold from neutral**.

Source: Richelieu Invest analysis

Our investment choices (1/4)

EQUITIES

POSITION	RATIONALE	RISKS
MAINTAIN		
Exposure to equities to overweight	Robust 3Q25 corporate earnings season, especially in the USA. In the Euro Area, yearly earnings growth have also surprised to the upside	• Stronger hit to growth & looming reflationary risks from the trade war • Enhanced geopolitical turmoil triggering a fly-to-quality movement
Exposure to US equities to overweight	• US economy continuing to surprise to the upside • Rate-cutting cycle to continue under political pressure	• Prolonged sell-off from stretched valuations, a more hawkish tone from the FED and the potential cancellation of reciprocal tariffs by the Supreme Court • Renewed trade tensions • Disappointing statistics as the delay in publications unwinds post shutdown
Exposure to Emerging Market equities to overweight	• China decoupling from the USA benefitting peripheral countries • Tech theme in Asia • In China: bets of a domestic demand revival, low tech companies valuations & the five-year plan to be announced in March 2026 • Diversification from core geographies	• Structurally decelerating growth in China • Spill-overs to Chinese financial institutions from turmoil in the real estate sector and/or the Venezuelan situation • Confiscatory US retaliatory tariffs on India
LIFT		
Exposure to EU equities to overweight from neutral	• EU growth surprising to the upside • EU comparative advantages (aerospace & defense, tourism) helping lift the growth dynamic upwards • German recovery plan	• Disappointing use of the German recovery plan funds (current expenditures rather than productivity enhancing investments, military orders abroad rather than domestically sourced, etc.) • Spillovers from the war in Ukraine/escalation in Greenland • French risk
Exposure to Japan equities to overweight from neutral	Focusing on sectors benefitting from the Takaichi government's stimulus plan (industrials including energy, tech, defense), the steepening of the yield curve (financials) and a depreciated Yen (exporters)	• Disappointing fiscal plan • Faster reappreciation of the Yen in the frame of enhanced geopolitical turmoil for example

Source: Richelieu Invest analysis

Our investment choices (2/4)

FIXED INCOME – SOVEREIGNS

POSITION	RATIONALE	RISKS
	LOWER	
Exposure to US sovereign bonds to underweight from neutral	Yield curve steepening to continue mainly driven by higher long-term yields • Key rate cuts to continue but more gradually and above all, driven by political pressure • Money market rates and short-term rates (until the 2Y maturity) have already priced in most of the anticipated future rate cuts • Higher maturity rates (5 year pivot and higher) to increase further driven by a strong growth outlook, and a higher term premium from higher inflation, and a widening budget deficit	• Stronger hit to growth driving rates lower • Fly-to-quality movement driving long-term sovereign rates lower (triggered by renewed geopolitical tensions or turmoil on some market segments)
Exposure to EU sovereign bonds to underweight from neutral (avoid France)	Yield curve steepening to continue exclusively driven by higher long-term yields • Contrarily to the US situation, the rate-cutting cycle is over in the Euro Area and the deposit facility rate will remain steady at 2% • Money market and short term rates (until the 2Y maturity) have priced in this steady monetary policy path • Higher maturity rates (5 year pivot and higher) to increase further driven by stronger growth (investment recovery in Germany and more broadly thanks to the AI push and defense spending) and a higher term premium from widening budget deficits	• Stronger hit to growth driving rates lower • Fly-to-quality movement driving long-term sovereign rates lower (triggered by renewed geopolitical tensions or turmoil on some market segments)

Source: Richelieu Invest analysis

Our investment choices (3/4)

FIXED INCOME - CREDIT

POSITION	RATIONALE	RISKS
LOWER		
• Exposure to US IG credit to neutral from overweight • Exposure to EU IG credit to neutral from overweight	• Risk of capital losses incurred by sovereign yield curve steepening or widening spreads • Still, balance sheets remain strong on IG, investor demand is still on, and both the US and EU economic outlooks are holding up well	A fly-to-quality movement driving long-term sovereign rates lower (triggered by renewed geopolitical tensions or turmoil on some market segments) could help the most robust corporates (annihilating the risk of capital losses as yields remain attractive)
MAINTAIN		
• Exposure to US HY credit to underweight • Exposure to EU HY credit to underweight	• Weakness in some market segments stemming from the ongoing polarization in the economy • Concerns on subprime and private credit (in the US especially) though events remain largely idiosyncratic for now • Low spreads not sufficiently rewarding the underlying risks	• Stronger hit to growth due to ongoing trade war • Prolonged technical correction on the equity markets • Possible contamination risks in a global risk-off environment in case of enhanced geopolitical turmoil • French risk
Exposure to EM credit to neutral	• Diversification • Structurally weaker USD	Prolonged period of stronger USD

Source: Richelieu Invest analysis

Our investment choices (4/4)

	POSITION	RATIONALE	RISKS
OTHER	**MAINTAIN**		
	Exposure to crude oil to neutral	Oil equilibrium prices at 60 USD/BBL (Brent) • OPEC+ are maintaining production quotas in the first months of 2026 • The geopolitical risk premium has completely vanished • The anticipated production boom coming from Venezuela is premature given the important investments needed and the unstable political situation there	• Lower demand or a more aggressive stance by the OPEC+ to lift production may further weigh on prices • An effective ceasefire between Russia and Ukraine would further weigh on oil prices • Any deterioration on the Iranian front could boost the risk premium with Brent prices snapping back towards 65 USD/BBL
	Exposure to USD to underweight	• The US administration's policies (weak State of Law, questioning of the FED's independence, trade, sharing the burden of the USD as the global reserve currency) • The FED's ongoing rate-cutting cycle whereas other central banks have reached their terminal rates (ECB, SNB)	Any pivot of the US administration from its ongoing policy imperatives may help alleviate the USD depreciation
	LIFT		
	Exposure to gold to overweight from neutral	• Intensification of the geopolitical turmoil (Venezuelan situation, Greenland, Iran, etc.) • Structural strength remains intact (emerging market central banks buying, inflationary risks, "de-dollarization")	Technical correction risk stemming from recent strong performances

Source: Richelieu Invest analysis

What if?

RISK-OFF SCENARIO

IF THIS HAPPENS	WHAT WE SHALL DO
Prolonged correction on the equity markets	Decrease equity exposure, Increase EU/US sovereign bonds exposure
Oil supply glut (faster return of Venezuelan oil on the global markets, OPEC+ continue to lift production quotas) enabling inflation to return faster to target in the USA (or to undershoot target in Europe)	Increase EU/US sovereign bonds exposure, Increase EU/US IG credit exposure
Spiraling of the trade war	Decrease equity exposure
Spiraling of geopolitical turmoil (Latin America, Greenland, Ukraine, Iran, Taiwan)	Decrease equity exposure, Increase EU/US sovereign bonds exposure
Lower growth, materializing reflationary risks or a more restrictive stance from the FED in the USA	Decrease US equity exposure
A liquidity crunch on segments of the US credit market	Decrease US HY credit exposure
EU growth surprises to the downside (sluggish internal demand, delayed or disappointing implementation of the German fiscal plan)	Decrease EU equity exposure
Chinese domestic demand fails to recover	Decrease EM equity exposure
Disappointing implementation of the stimulus package in Japan	Decrease Japan equity exposure
The Trump administration further interferes with the FED on the conduct of monetary policy or further weakens the State of Law	Decrease USD exposure, Decrease exposure to US sovereign rates, Increase gold
The French sovereign risk spirals out of control	Increase exposure to German sovereign rates (the ECB intervenes to calm markets)

Source: Richelieu Invest analysis

Underlying rates and currencies forecasts

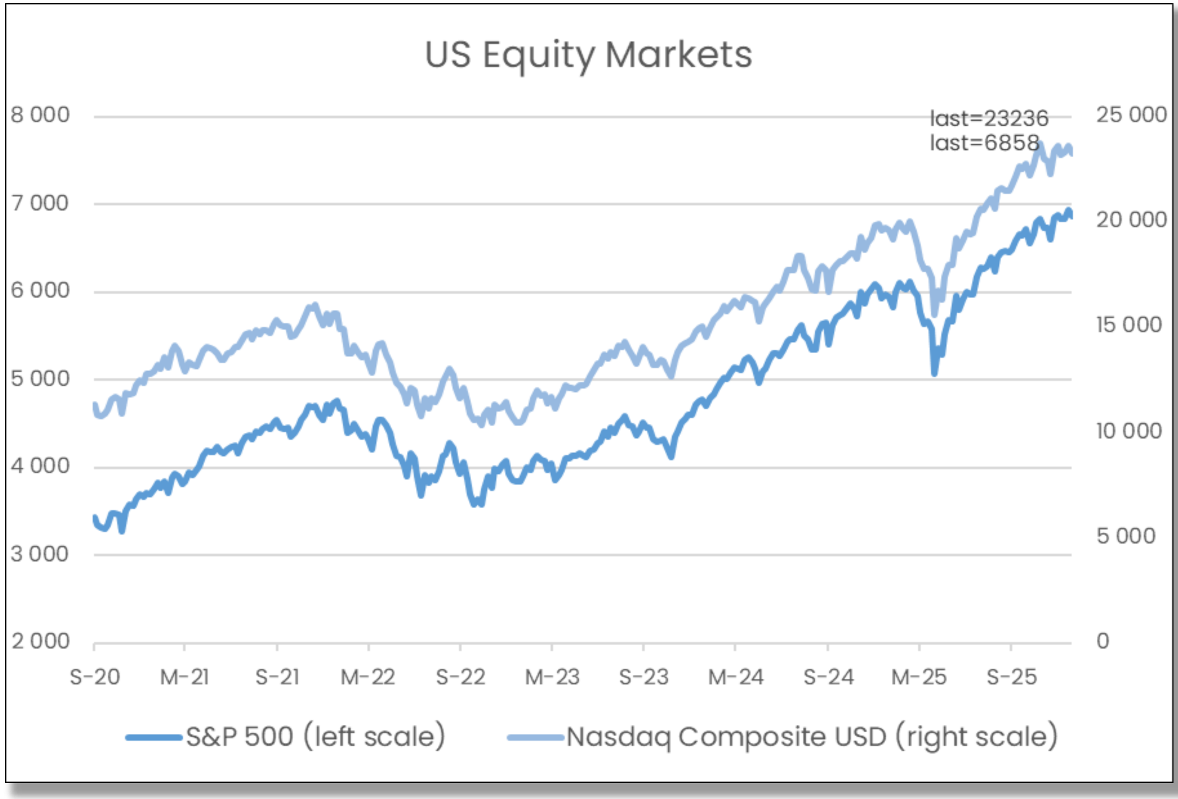
Rates & Currencies	2025 (Effective on 31 dec. 2025)	2026 (Forecast) Now	Last (if changed)	Rationale and additional details
ECB Deposit Facility Rate	2%	2%		Stabilized inflation around the ECB's 2% target and balanced risks, growth surprising to the upside
2Y Bund yield	2.12%	2% / 2.25%		Shorter portion of the sovereign yield curve settling at the level of the anticipated key rate and then, gradually following the steepening driven by higher long-term rates in 2026
10Y Bund yield	2.86%	3% / 3.25%	2.75% / 3%	Long-term rates expected higher (positive surprise on growth, higher term premium from the long-term debt supply glut to fund the German stimulus plan)
BoE Bank Rate	3.75%	3.25% / 3.5%	3.5%	Higher fiscal headroom from new budget weighing on future growth and a more benign inflation outlook. However, the committee is divided and the next moves will be gradual
SNB Rate	0%	0%		SNB price stability goal (annual CPI inflation lower than 2%) achieved
BoJ Rate	0.75%	1% / 1.25%	0.75 % / 1%	BoJ to continue to tighten policy, at odds with the new pro-Abenomics governmental stance
FED Funds Rate	3.5% / 3.75%	3%		FED continuing its rate cuts despite a strong economic outlook, pressurized by the Trump administration
2Y UST yield	3.47%	3.5%		Lower key rates almost entirely priced in today's short-term sovereign rates
10Y UST yield	4.17%	4.25% / 4.5%	3.75% / 4%	Long-term rates expected higher (strong macroeconomic outlook, stubborn inflation and a higher term premium from the long-term debt supply glut and political interference in monetary policy)
EUR/USD	1.17	1.2		Trump's disruptive policies continuing to weigh on the USD but the US's military supremacy, economic exceptionalism and other marginal elements (issuance of USD backed Stablecoins for example) would floor the depreciation
EUR/GBP	0.87	0.86 / 0.90	0.86 / 0.89	Lower BoE key rates (vs. stabilization in the Euro Area). Weaker economic outlook in the UK
EUR/CHF	0.93	0.93 / 0.94		ECB and SNB both reaching terminal rates levels. American pressure to appreciate, depreciation for inflation management cancelling out
EUR/JPY	184.01	181 / 187		Cross parity
USD/JPY	156.71	150 / 155		Pro-Abenomics policy weighs more on the Yen than pressure from the BoJ in the short run, than, BoJ tightening gradually kicks-in, eventually lifting the Yen higher

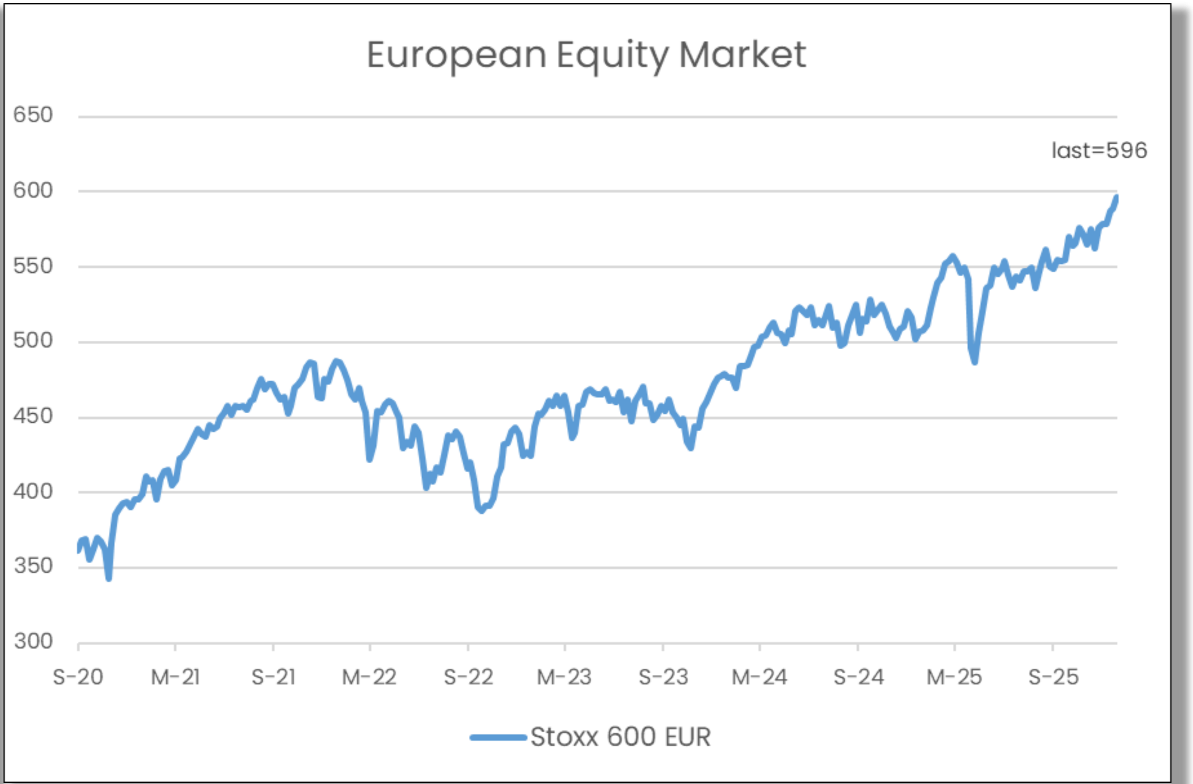
Source: Richelieu Invest analysis

Equities

Equity markets have rebounded sharply since mid April 2025 lows

- After a prolonged period of caution around and after “Liberation Day”, we have gradually taken on more risks on the equity markets with a skew towards the US and emerging markets and have as such benefitted from the strong recovery to date
- We have now lifted our view on European equities given the positive surprise on growth driven by investment and the German recovery plan. European corporates are also strongly benefitting from the area’s comparative advantages (in aerospace, defense, tourism)
- We have also lifted our view on Japanese equities thanks to the new government’s fiscal stimulus package
- Given the vulnerabilities on the US market stemming from strong concentration on highly valued tech stocks, selectivity and a dynamic approach to portfolio management remain key

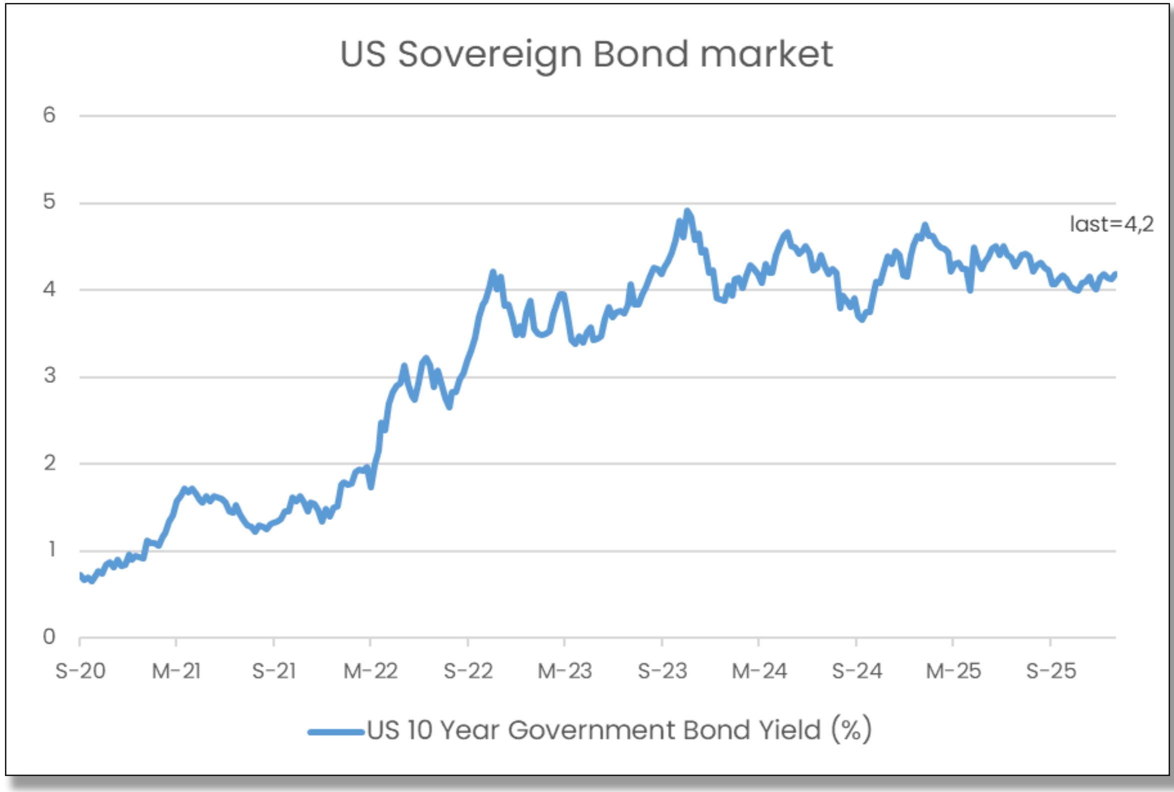


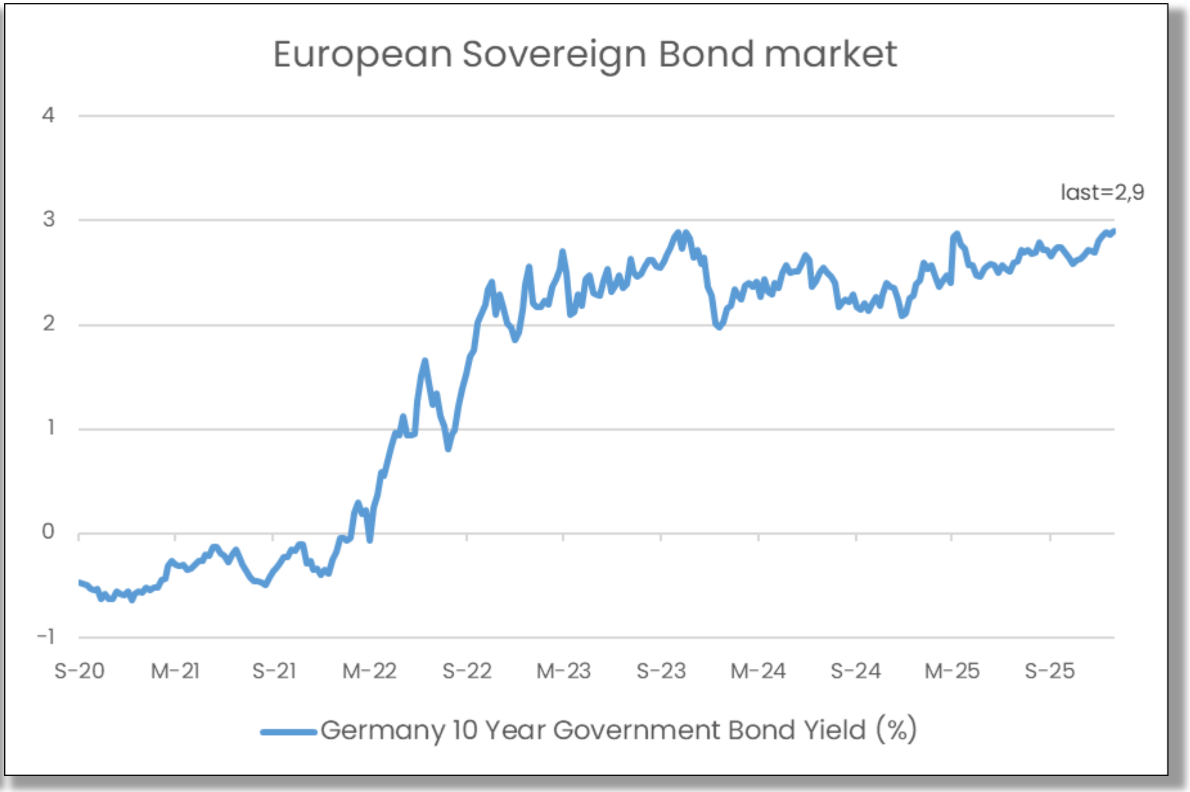


Sovereign Bonds: US and Germany

US and EU sovereign yield curves should keep on steepening, driven in the US by the continuation of the FED's rate cuts and in both areas, by higher long-term yields

- In the US, higher long-term yields will be fueled by a strong growth outlook, stubborn inflation and a higher term premium stemming both from the debt supply glut (widening budget deficit) and the political interference in the conduct of monetary policy
- In the EU, as the ECB has reached its terminal deposit facility rate, the steepening will be exclusively driven by higher long-term yields. This is due to the improved growth outlook on the one hand and the higher term premium from the debt supply glut to fund the German recovery plan on the other
- We have downgraded our view on sovereign bonds in both areas as a result of the steepening dynamic so as to prevent capital losses from rates increases



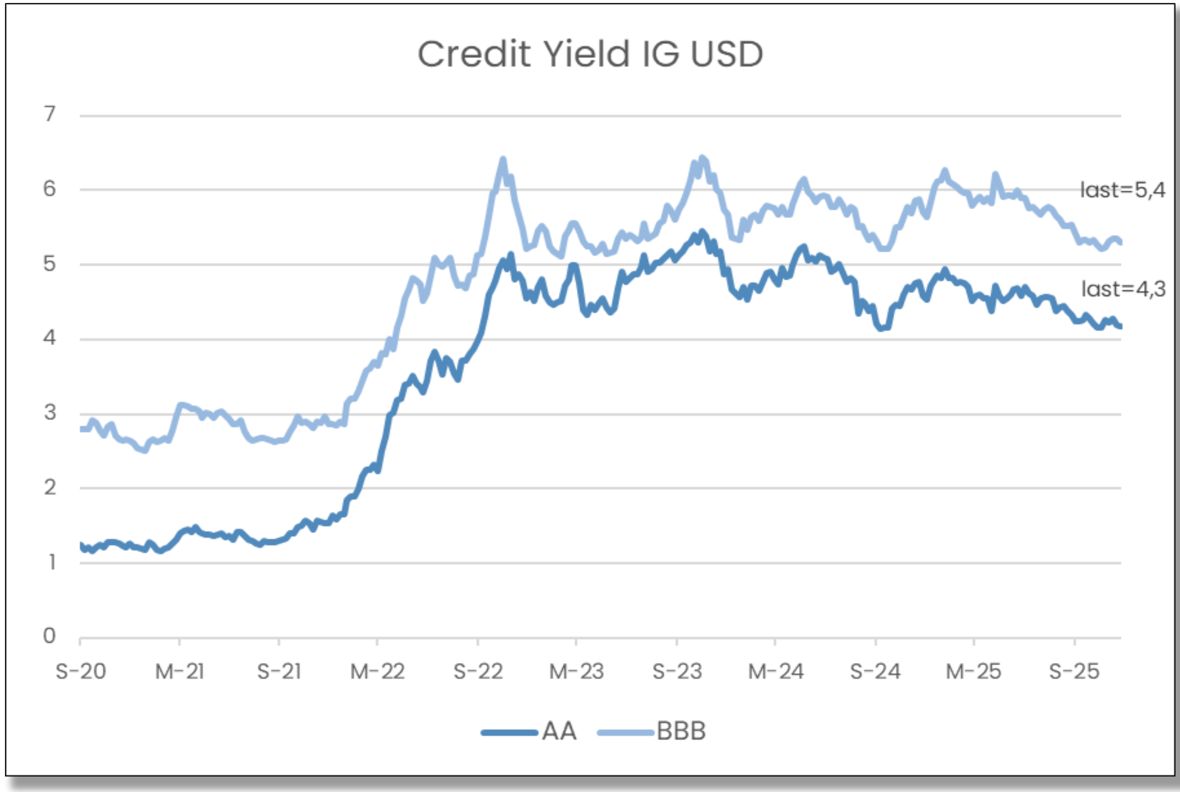


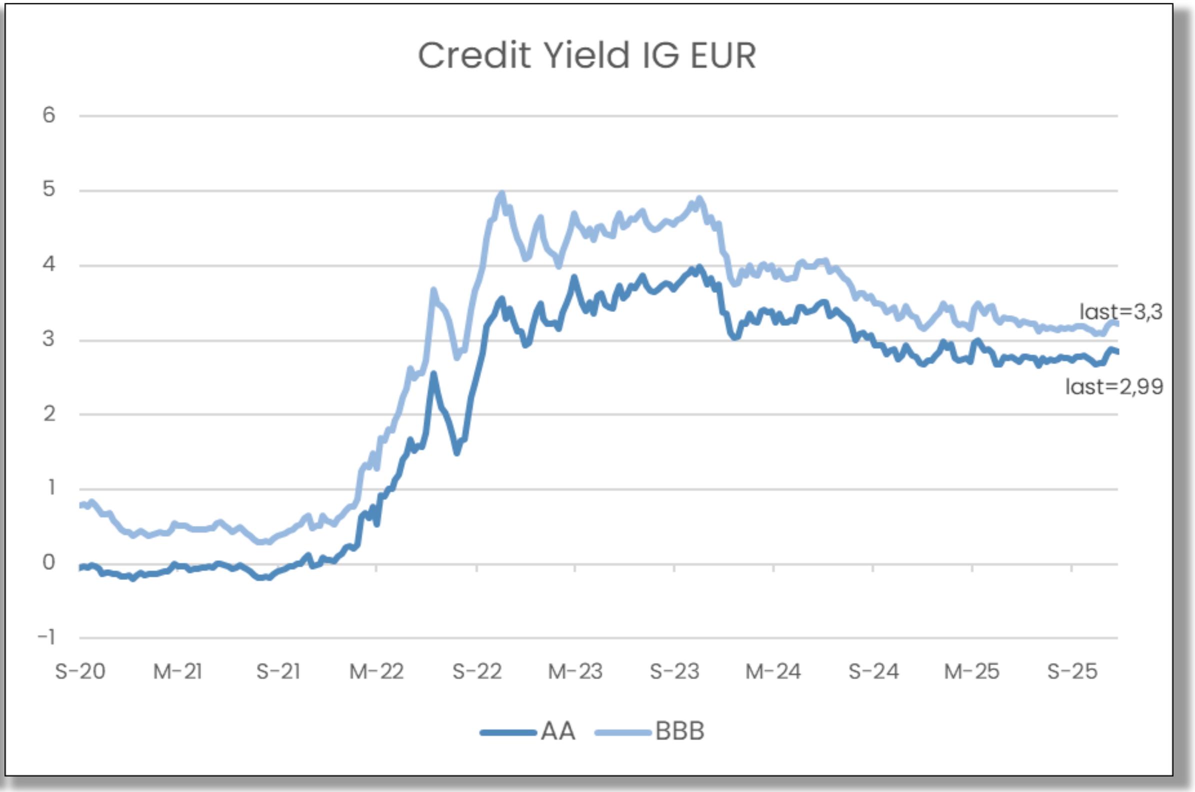
Source: Bloomberg, as of 01/07/2026. Richelieu Invest analysis.

Credit Investment Grade

Credit spreads are low, hovering at the lower end of their historical range and the steepening dynamic on sovereigns incurs a risk of capital loss

- We have downgraded our view on IG credit both in the US and the EU as a result
- However, the primary market is still very active and has been so for several months, with cover ratios exceeding 4x across sectors, maturities, and ratings
- Recently, investors seem to have become more strict on the returns they expect to obtain especially on the high yield segment
- We have therefore maintained our preference for investment-grade corporate bonds over sovereigns and high yield
- S&P projects the global default rate to reach 3.7% by September 2026, up from 3.5% a year earlier





Source: Bloomberg, as of 01/07/2026. Richelieu Invest analysis.

Credit High Yield

Credit spreads are low, hovering at the lower end of their historical range and the steepening dynamic on sovereigns incurs a risk of capital loss

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- However, the primary market is still very active and has been so for several months, with cover ratios exceeding 4x across sectors, maturities, and ratings
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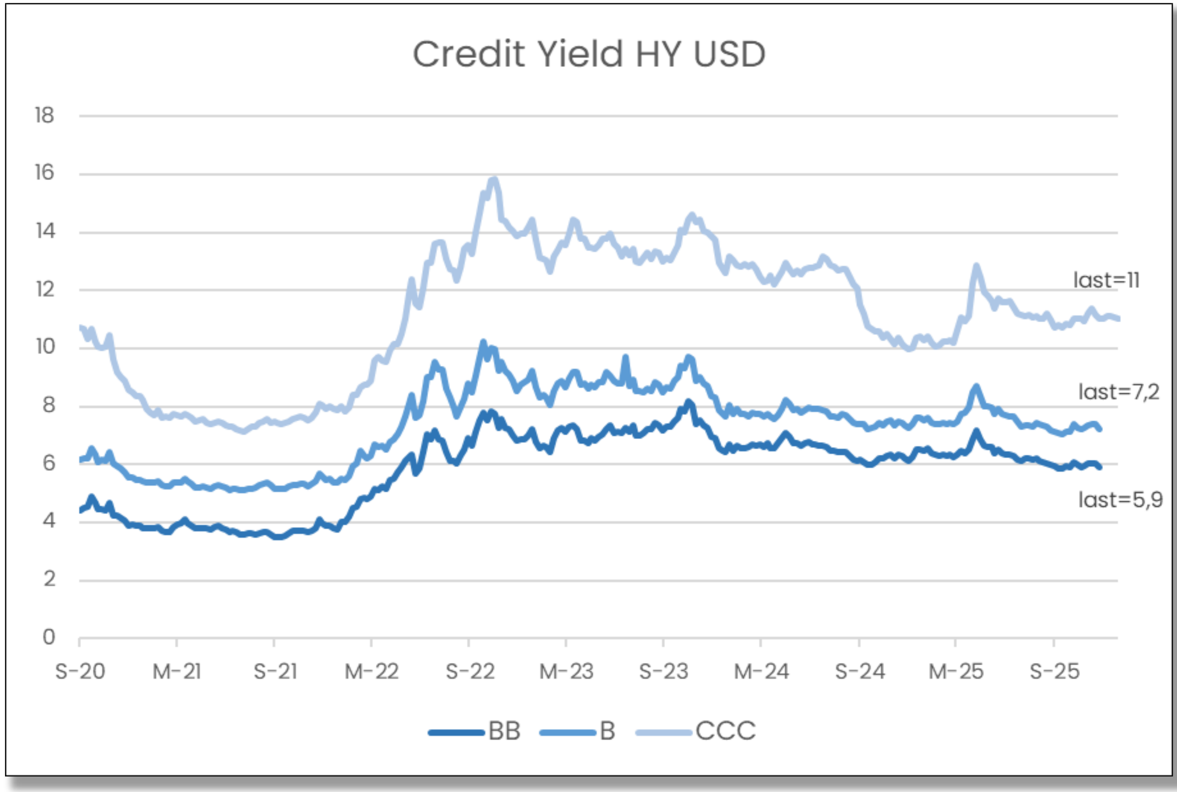
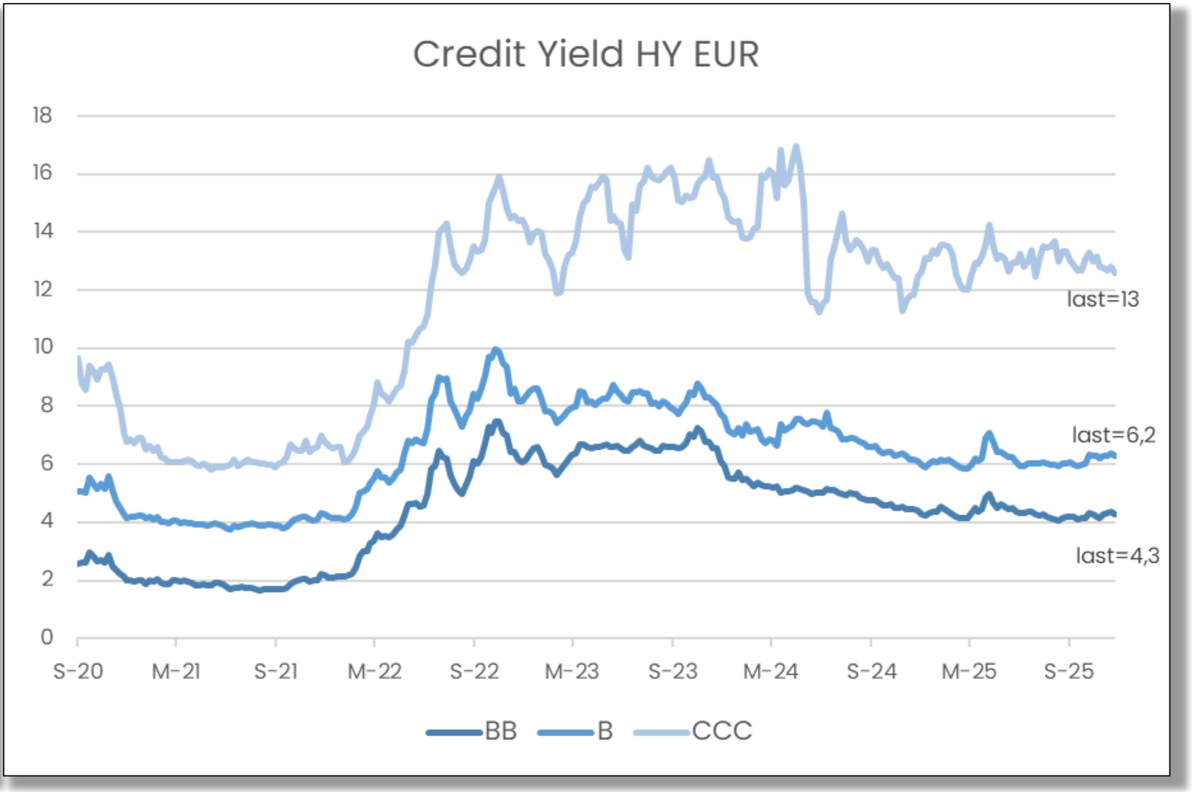


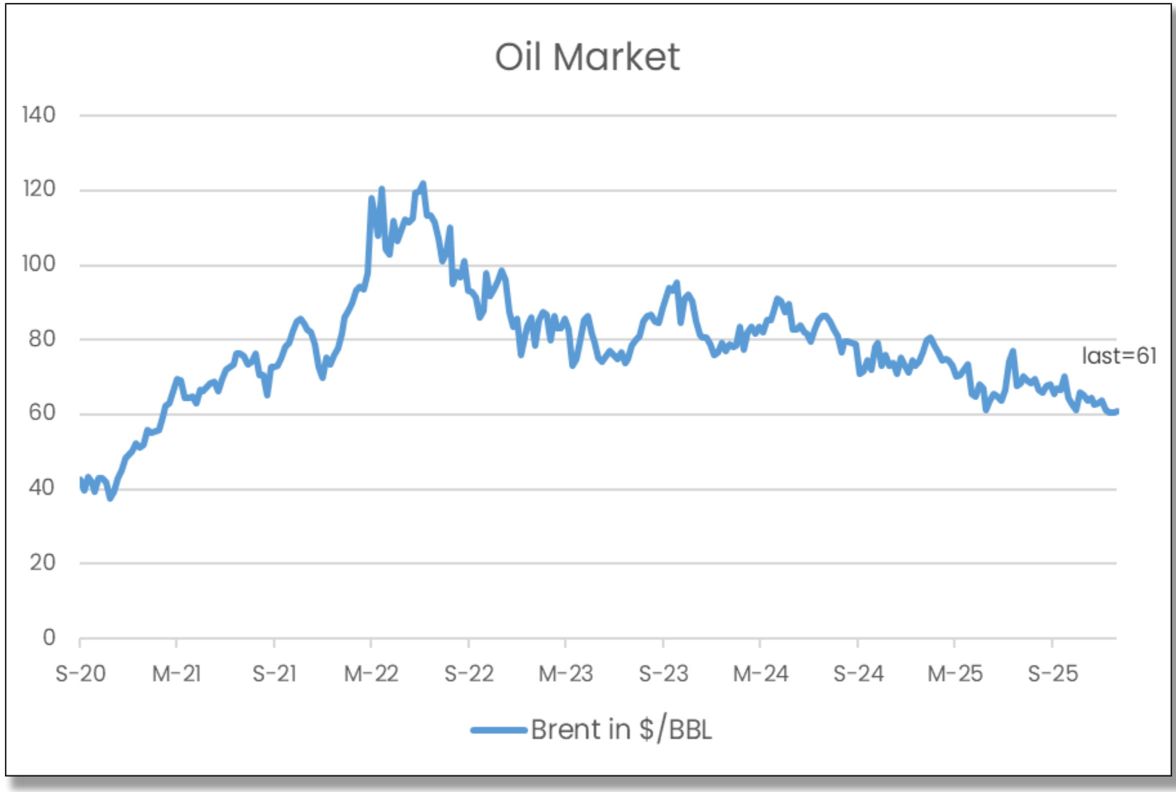


Source: Bloomberg, as of 01/07/2026. Richelieu Invest analysis.

Commodities

Oil prices have strongly decreased in 2025 as its supply has gradually recovered and the geopolitical risk premium has faded. Meanwhile gold has kept on reaching new highs

- The geopolitical developments, not least in Venezuela and Iran, will continue to play a key role in determining oil equilibrium prices
- At the start of 2026, we believe 60 USD/BBL is a fair target for Brent with no geopolitical risk premium embedded and as we believe any new push to supply from Venezuelan oil is premature given the unstable political situation there
- The structural upward momentum in gold prices is set to continue, helped by the renewed USD weakness given the disruptive nature of the Trump Administration’s policies, the emerging market central banks buying trend and heightened geopolitical tensions

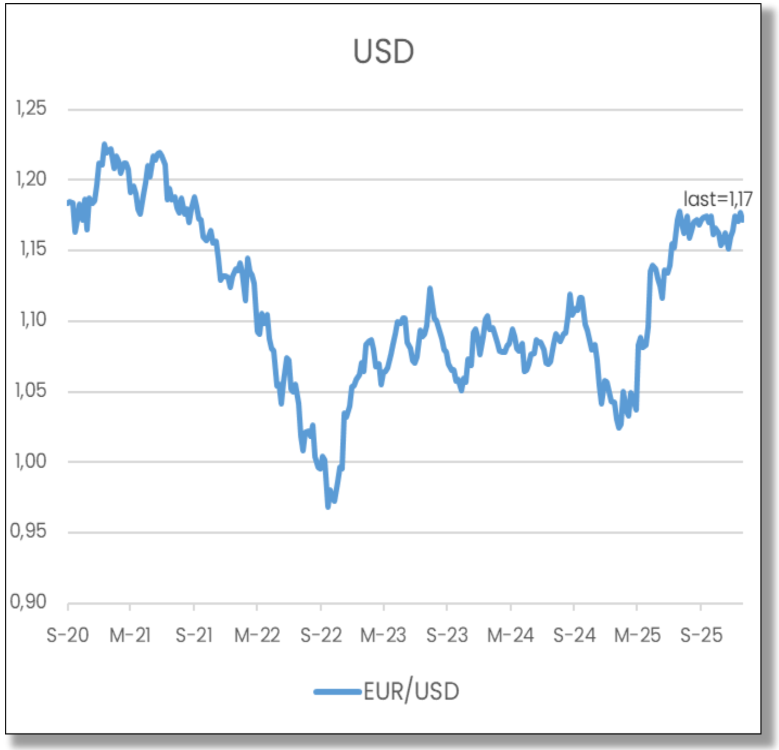


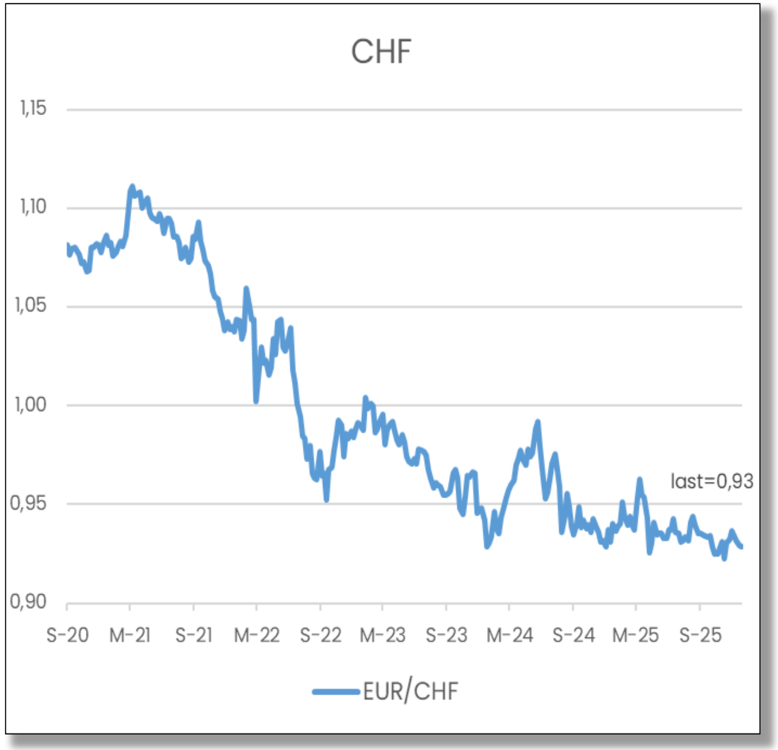
Source: Bloomberg, as of 01/07/2026. Richelieu Invest analysis.

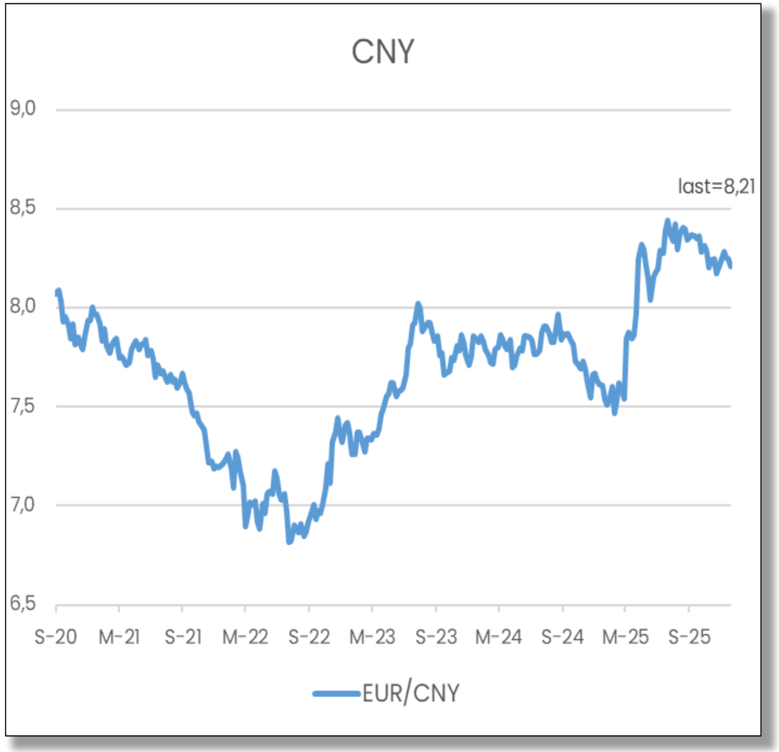
Currencies

USD depreciation is expected to amplify in 2026 after near stabilization at the end of 2025

- The Trump Administration's interference in the conduct of monetary policy will continue to weigh on the USD
- In Japan, the Yen is torn between the new government's policies weighing on its value, and the BoJ's determination in fighting inflation. Overall, had the global steepening trend been absent, the newest rate hikes by the BoJ would have already had started to lift the Yen back up again
- Foreign exchange rate risk management remains key for Euro investors looking to diversify on the US or Japanese markets
- EUR/CHF should remain stable around its current level as the ECB and SNB rate-cutting cycles are over and as Switzerland faces contradicting forces (pressures to appreciate the FX rate from the Trump administration, and at the same time, the will to use FX as a mean to stabilize prices)







Source: Bloomberg, as of 01/07/2025. Richelieu Invest analysis.

Investment recommendations

Two funds to favor in this context: Hugau Obli 1-3 & Richelieu Family

Hugau Obli 1-3(I share FR0010613521)

1 **Selection of issuers (good credit quality)**

- Focus on credit quality rather than seniority: for example, prefer a Total or BP hybrid bond to a high-yield bond with the same maturity.

2 **Selection of issues offering optimized risk/return profiles**

- Foreign currency bonds (main countries) hedged against currency risk with a premium.
- Positions in bonds with a high probability of call, primary market and market opportunities.
- Non-index management allowing for a wider choice of issuers.

3 **Active duration management**

- Hedging of interest rate risk (forecast or in the event of a shock) in order to control volatility.
- Arbitrage between fixed and variable rates based on the ECB's monetary rate forecasts.

	Cumulative performance					Annualized performance	
Date as of 12/31/2025	1 month	3 months	6 months	2025	3 years	1 year	3 years
Hugau Obli 1-3 I	0.16%	0.62%	1.71%	4,27%	17,57%	4,27%	5,54%

In a context of deteriorating exposure to long-term rates, and in order to maintain exposure to the bond market while limiting the impact of the steepening of the curve linked to the rise in long-term rates, we favor the Hugau Obli 1-3 fund.
- **Embedded yield** (as of 12/31/2025): 3.77%
- **Interest rate sensitivity**: 2.195

Richelieu Family(I share FR0013179348)

Types of family businesses

Repurchased by an entrepreneur
- Visionary entrepreneur
- Expert in his sector
- Entrepreneurial mindset

Owned by founders
- Strong intuitu personae
- Innovative sectors
- Desire to pass on

Family-owned for several generations
- Strong corporate culture
- Third-generation family business

Advantages of family businesses

Governance
- Training
- Talent retention
- Long-term vision of management and CEO mandates

Financial
- Better debt management
- Better management of dividend distribution
- Anticipation of higher P/E ratios

Reputation
- Highly sought-after employers
- Solid and proven business model
- Best market communication strategy

	Cumulative performance					Annualized performance	
Date as of 12/31/2025	1 month	3 months	6 months	2025	3 years	1 year	3 years
Richelieu Family	2.42%	3.36%	5.89%	20.52%	25.89%	20.52%	7.89%

In line with our recommendation to **increase exposure to European equities** following **strong growth figures** in Europe and the rest of the world, we favor the Richelieu Family fund. This fund benefits from the comparative advantages of family-owned companies, while offering exposure to small and mid caps, which are trading at lower valuations than large caps and offer more attractive forward P/E ratios.

Fund	Anticipation Flat performance for 2026	Reminder Perf. 2025 acquired as of 12/31/2025
Hugau Obli 1-3 I - FR0010613521 ★★★★★ Notation Quantalys	2.75% / 3%	4.27% (bench + 198 bp)

Source: Richelieu Invest Analysis & Quantalys as of 12/31/2025

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