GROUP Banque Richelieu

Investment Strategy

March 9th, 2026

www.banquerichelieu.com

Executive Summary

MACROECONOMIC OUTLOOK

- **The US Supreme Court** ruling on February 20, 2026, abolishing "reciprocal" tariffs, and the **Gulf War that began on February 28, 2026, are disrupting the spring investment strategy**. Our global macro scenario for March is characterized by increased uncertainty due to US trade policy. The Trump administration's management of tariffs is disrupting corporate visibility. However, strong employment, the investment cycle, and the midterm election campaign are supporting continued economic growth in 2026. **After rising in January and February, oil prices surged to over 100$ on March 9th 2026.**
- **The rise in hydrocarbon prices, if temporary, is unlikely to drastically slow global economic growth.** It remains buoyed by US consumption, the long-term investment cycle, public deficits, and the fluidity of corporate funding in developed countries. In the US, consumption remains robust. Non-residential investment is also strong. The rise of the OBBBA is positive for the economy. The midterm election year is leading the Trump administration to pursue policies that support household purchasing power (credit card and mortgage rates for households, efforts to control healthcare costs). Overall, for 2026, US GDP is expected to grow by +2.5%, unemployment is expected to settle at 4.5% (structural changes linked to productivity gains: growth with less employment), and inflation in 2026 is expected to remain resilient at around 3% (tariffs, healthcare, electricity, gasoline). In Europe growth is picking up (1.5% in 2025) but is concentrated in a few sectors: aerospace, defense, tourism, infrastructure, and banking. Domestic demand is gradually taking over from international trade. Overall for 2026: GDP growth is expected to be +1.2%/1.3%, unemployment is expected to remain unchanged at around 6.5%, and inflation could exceed the ECB's forecast of 1.9% if the conflict in Iran continues.
- **Short-term interest rates are expected** to remain stable in the Eurozone and Switzerland, compelled decrease in the United States from summer 2026 onwards, decline gradually in the United Kingdom, and rise gradually in Japan.
- **The rise in long-term rates should be limited**, driven by the deterioration in public finances against a backdrop of strong investment (defense, energy, information technology) demographic aging and key interest rates under political pressure to fall. The steepening trend has slowed since December 2025 (10-2 years US = 57 bps on February 27, 2026, compared with 70 bps on December 31, 2025), as Treasury issuances are focused on the short term. Corporate credit spreads remain very tight.
- **Earnings growth should continue to be a driver for equities**. As of February 27, 2026, S&P 500 Q4 2025 earnings are up 14.3% according to LSEG. Earnings growth expectations for the S&P 500 for 2026 are 15%.
- **Sustained high oil prices would significantly reduce growth prospects.**

ASSET ALLOCATION

In this context, our asset allocation and sector views are changing:

- Cash, provided it earns interest or waiting to be invested, offers a return that is just about equal to inflation, or at least equal to it, depending on the region.
- We maintain our favorable view on **bonds** given current yield levels, while **favoring short and medium durations** to partially hedge against the risk of a yield curve steepening and slight widening of credit spreads. Beyond that, our investment hierarchy remains broadly unchanged, we favor IG Corporate over HY and sovereign.
- We are adopting a **neutral stance on equities** pending a resolution of the situation in the Strait of Hormuz. We are **underweighting emerging markets**, which are more sensitive to the situation in the Middle East.
- **Our sector views on equities are changing**. The favorable scenario for banks is being partly called into question due to **the rise in leveraged private credit risk** in technology and the materialization of **risk in the commercial real estate segment** (mainly offices). We maintain our favorable view on **aerospace and defense** (commercial aircraft, rearmament, geopolitical tensions). In Japan, we favor export sensitive stocks that are benefiting from the weak yen. We also favor sectors that are benefiting from the stimulus plan (defense, energy, nuclear, etc.). The interest rate curve steepening in this region continues to boost financial stocks. **The disruption of the technology sector** by AI, with winners (semiconductors) and losers (software), continues. Oil majors are benefiting from a more favorable environment (pro-hydrocarbon US policy, positive refining margins, higher oil prices). **US oil majors** should benefit the most from the situation in the Middle East given their low exposure to this region.
- Finally, although the price of gold is volatile and below its peak, **we maintain our favorable opinion of gold**. It serves as a safe haven and partially replaces the dollar as a global reserve currency.

Source: Richelieu Invest analysis

Our investment choices (1/4)

	POSITION	RATIONAL	RISKS
EQUITIES		REDUCE	
	Neutral exposure to equities	• Strong Q4 2025 corporate earnings reports • Waiting for the Strait of Hormuz to be unblocked	• Prolonged high oil prices likely to slow economic growth and trigger a flight to quality • Conversely, opportunity cost if announcement of a lifting of the blockade in the Strait of Hormuz • Sharp rise in long-term interest rates
	Underweight exposure to emerging markt equities	• Area most vulnerable to blockage of the Strait of Hormuz • Decoupling between China and the US benefiting peripheral countries • Semiconductor technology in Asia • Diversification across key investment regions	• Structural slowdown in growth in China • Deterioration in the balance sheets of Chinese financial institutions due to weakness in the real estate sector • Retaliatory tariff measures by the United States
	Neutral exposure to EU equities	• Economic growth and favorable rates for banks • Advanced and export-driven industry (aerospace & defense, tourism, infrastructure) • German recovery plan	• Poor allocation of public spending • Spillovers related to the war in Ukraine • Excessive appreciation of the euro for export-oriented firms • Higher sensitivity to hydrocarbon prices compare to the United States
	Neutral exposure to Japan equities	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)	• Yen revaluation (global conflict, recession, more aggressive BoJ)
	Neutral exposure to US equities	• Waiting for the Strait of Hormuz to be unblocked	• Market disruption due to AI • Unpredictability of Trump's policies

Source: Analyses Richelieu Invest

Our investment choices (2/4)

FIXED INCOME - SOVEREIGNS

POSITION	RATIONAL	RISKS
	LIFT	
Neutral exposure to U.S. sovereign bonds	The situation in the Middle East and private credit concerns are balanced by interest rate curve steepening factors : • 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 • Long-term rates (5 years and beyond) are expected to increase, driven by solid growth outlook, and a higher term premium due to higher inflation, and a widening budget deficit	• Long conflict in Iran leading to a longer inflationary movement and higher rates overall • Short conflict in Iran and fewer concerns about leveraged private credit leading to more interest rate curve steepening • Recession, sharp slowdown, or anticipation of a major financial or economic shock causing rates to fall
Neutral exposure to European sovereign bonds (continue to exclude France)	The situation in the Middle East is balanced by interest rate curve steepening factors: • Unlike in the United States, the cycle of rate cuts is over in the Eurozone and the deposit facility rate will remain stable at 2%. • Money market rates and short-term rates (up to 2 years) have priced in this stable monetary policy trajectory. • Longer-term rates (5 years and above) should continue to rise, driven by stronger growth (a recovery in investment in Germany and, more broadly, thanks to the rise of AI and defense spending) and a higher term premium due to worsening budget deficits	• Long conflict in Iran leading to a longer inflationary cycle and higher rates overall • Short conflict in Iran and fewer concerns about leveraged private credit leading to more interest rate curve steepening • Recession, sharp slowdown, or anticipation of a major financial or economic shock causing rates to fall • Deflation imported from China or linked to the appreciation of the euro causing rates to fall

Source: Richelieu Invest analysis

Nos choix d'investissements (3/4)

FIXED INCOME – CREDIT

MAINTAIN

POSITION	RATIONAL	RISKS
• Overweight exposure to US IG credit • Overweight exposure to EU IG credit	• Current yields that can absorb a gradual interest rate curve steepening • Focus on short and medium-term durations • Balance sheets remain solid for IG securities, investor demand remains strong, and the economic outlook in the United States and the Eurozone remains favorable.	• Significant deterioration in public finances amid strong growth and inflationary pressures, leading to a sharp rise in interest rates
• Underweight exposure to US high-yield credit • Underweight exposure to EU high-yield credit	• Weakness in certain market segments due to ongoing polarization within the economy • Concerns about subprime and private credit (particularly in the US), even though events remain largely idiosyncratic for the moment • Low spreads that do not adequately compensate for underlying risks	• Sharper contraction in growth causing rates to fall • Prolonged technical correction in equity markets • Risk of contagion possible in a global context of risk aversion if geopolitical turmoil worsens • Risk France
Exposure to emerging market credit at neutral	• Diversification • Structural weakening of the USD	• Prolonged period of USD strengthening

Nos choix d'investissements (4/4)

	POSITION	RATIONAL	RISKS
OTHER	**MAINTAIN**		
	Overweight Exposure to oil	Oil equilibrium price at $60/barrel (Brent) • The geopolitical risk premium has increased with the conflict in Iran • Return of greater Indian and Chinese demand on the "legal" market with the conflict in Iran	• Weaker demand or more aggressive moves by OPEC+ to increase production could put further downward pressure on prices • An effective ceasefire between Russia and Ukraine and in Iran would put downward pressure on oil prices
	Overweight Exposure to gold	• Intensification of geopolitical turmoil • Structural strength remains intact (purchases by central banks in emerging countries, inflationary risks, de-dollarization)	• Risk of technical correction given recent strong performance
	LIFT		
	Neutral Exposure to USD	• The dollar regains its status as a safe haven during the war in Iran • The policies of the US administration (weakness of the rule of law, questioning of the independence of the Fed, trade war, risk on the USD's status as a global reserve currency) • The Fed's current cycle of rate cuts, while other central banks have reached their terminal rates (ECB, SNB)	• Any reversal by the US administration of its current policy imperatives could help mitigate the depreciation of the USD. • A reopening of the Strait of Hormuz would be negative for the dollar

Source: Analyses Richelieu Invest

What if?

RISK-ADVERSE SCENARIO

IF THIS HAPPENS	WHAT WE SHALL DO
➢ Prolonged correction on equity markets	➢ Decrease equity exposure, Increase EU/US sovereign bonds exposure
➢ Oil supply glut (faster return of Venezuelan oil to global markets, continued increase in OPEC+ production quotas, evolution of Strait of Hormuz blockade) allowing inflation to return more quickly to its target in the US (or fall below its target in Europe)	➢ Increase EU/US sovereign bonds exposure, Increase EU/US IG credit exposure
➢ Escalation of the trade war	➢ Decrease equity exposure
➢ Geopolitical escalation (Latin America, Greenland, Ukraine, Iran, Taiwan), prolonged Strait of Hormuz blockade	➢ Decrease equity exposure, Increase EU/US sovereign bonds exposure
➢ Materialization of risks of slowing growth or reflation in the United States, more restrictive Fed policy	➢ Decrease US equity exposure
➢ Liquidity crisis in certain segments of the US credit market	➢ Decrease US HY credit exposure
➢ Surprisingly low growth in the EU (sluggish domestic demand, delay in the implementation of the German stimulus plan)	➢ Decrease EU equity exposure
➢ Chinese domestic demand fails to recover	➢ Decrease EM equity exposure
➢ Disappointing implementation of the Japanese stimulus plan	➢ Decrease Japan equity exposure
➢ The Trump administration interferes more with the Fed in the conduct of monetary policy or further weakens the rule of law	➢ Decrease USD exposure, Decrease exposure to US sovereign rates, Increase exposure to gold
➢ French sovereign risk becomes uncontrollable	➢ 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)	Rational and additional details
ECB Deposit Facility Rate	2%	2%		Inflation at the 2% target in the Eurozone, with a risk of falling below 2% given the appreciation of the euro
2Y Bund yield	2.12%	2% / 2.25%		Aligned with the key interest rate
10Y Bund yield	2.86%	3% / 3.25%		Steepening continues, driven by growth, which is itself enabled by investments (stimulus package, etc.) and the rise in the term premium (deterioration in public finances).
BoE Bank Rate	3.75%	3.25% / 3.5%		The monetary committee is divided, but the slowdown in the job market should allow for one or two rate cuts in 2026.
SNB Rate	0%	0%		Stable as inflation is on target
BoJ Rate	0.75%	1% / 1.25%		The BoJ's gradual monetary tightening runs counter to the government's pro-Abenomics policy. Ten-year rates above 2%, at their highest in 30 years, are attracting Japanese savers.
FED Funds Rate	3.5% / 3.75%	3%		FED continues monetary tightening in H2-2026 despite strong economic conditions (political pressure)
2Y UST yield	3.47%	3.5%		Fed Funds rate is largely priced in at the 2-year horizon
10Y UST yield	4.17%	4% / 4.25%	4.25% / 4.5%	Moderate rise expected in long-term rates. The Treasury favors funding on the short end of the curve. (Political pressure on the Fed to lower rates)
EUR/USD	1.17	1.18/1.23	1.2/1.25	Trump's destabilizing policies continue to weigh on the USD, but US supremacy should limit the extent of depreciation in 2026 compared to 2025.
EUR/GBP	0.87	0.86 / 0.90		ECB stability, continued BoE rate cuts, and economic growth differential
EUR/CHF	0.93	0.92 / 0.94	0.93 / 0.94	The ECB and SNB have reached their terminal rates.
EUR/JPY	184.01	181 / 187		Cross-rate parity
USD/JPY	156.71	150 / 155		In the short term, Abenomics is weighing more heavily on the Yen than pressure from the BoJ. Over the course of the year, interventions in the foreign exchange market and the gradual tightening of the BoJ's monetary policy ultimately stabilized the yen.

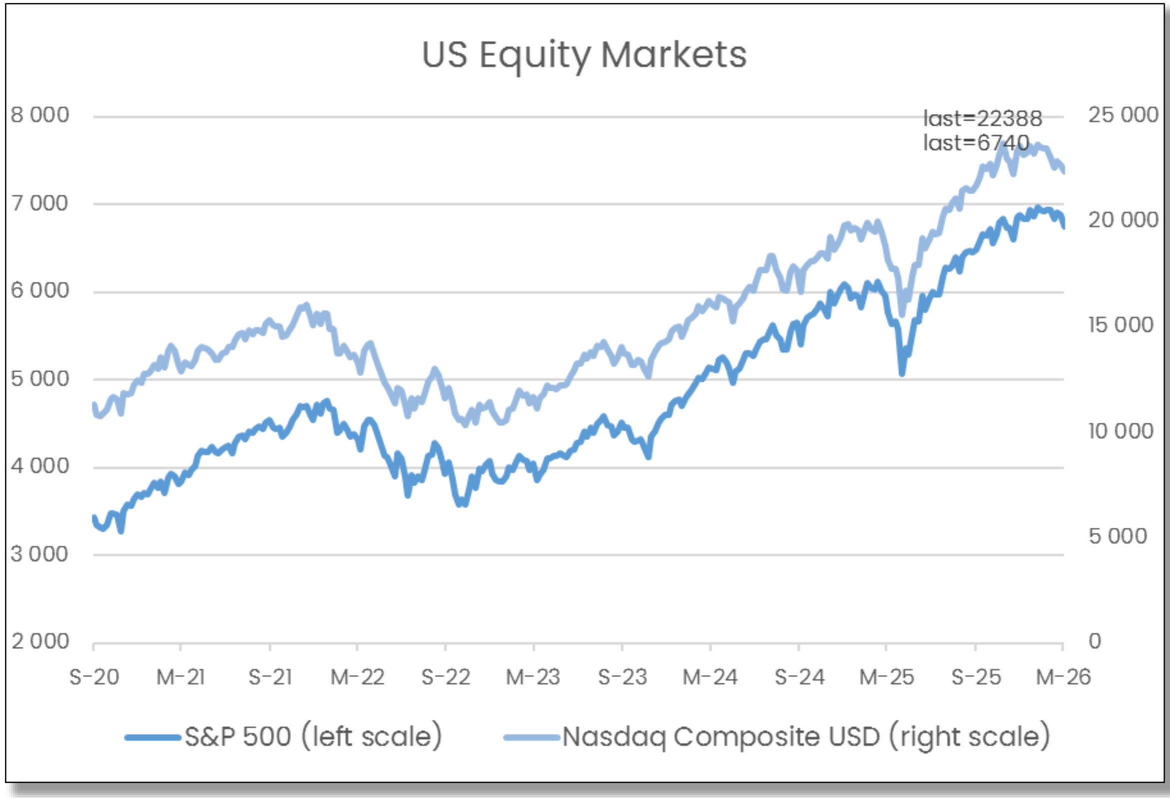
*subject to a temporary blockade of the Strait of Hormuz

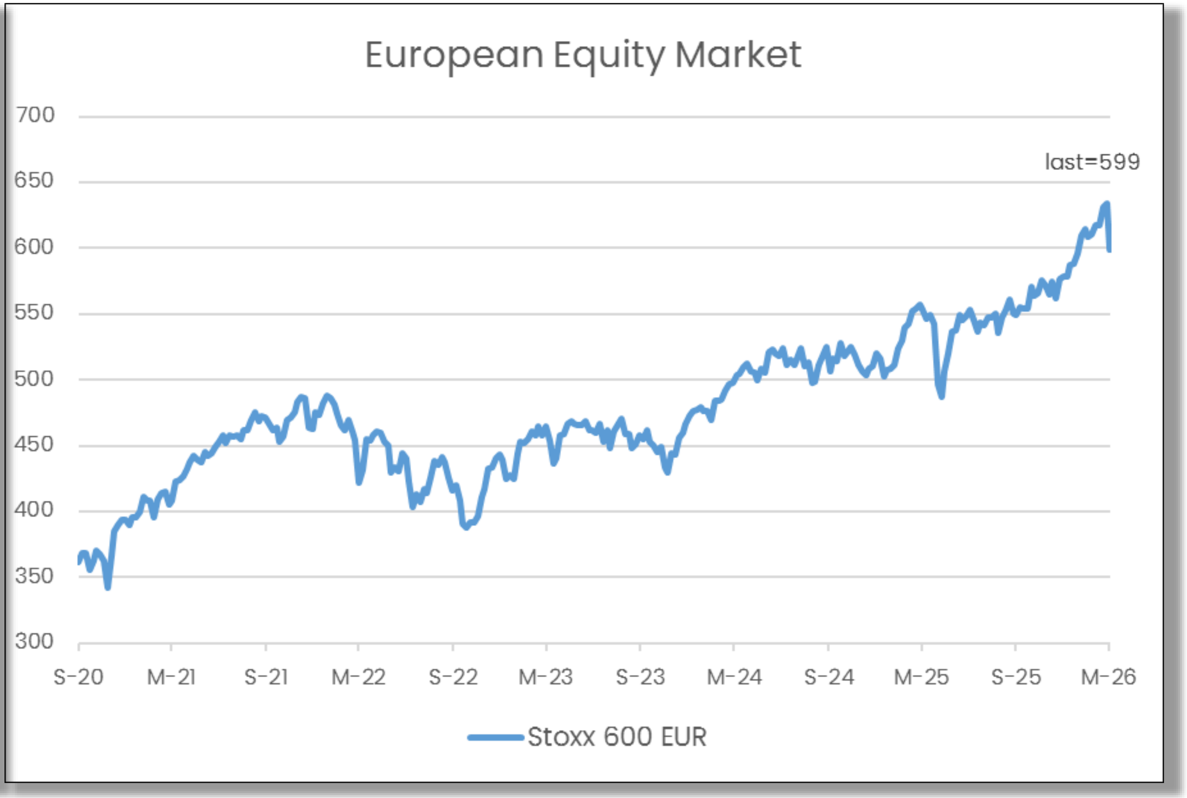
Source: Richelieu Invest analysis

Equities

Equity markets supported by earnings growth, but under temporary pressure

- The sharp rise in oil prices, if temporary, will not be enough to drastically slow earnings growth
- High-margin companies have absorbed the tariffs, and the most sensitive ones are adapting
- Investors are focusing on earnings growth, which were strong in Q4-25. According to LSEG I/B/E/S as of February 27, 2026, S&P 500 earnings growth is expected to reach 15% in 2026
- The drivers of stock market performance are likely to be more varied in 2026 than in 2025, when banks and information technology stocks accounted for most of the gains



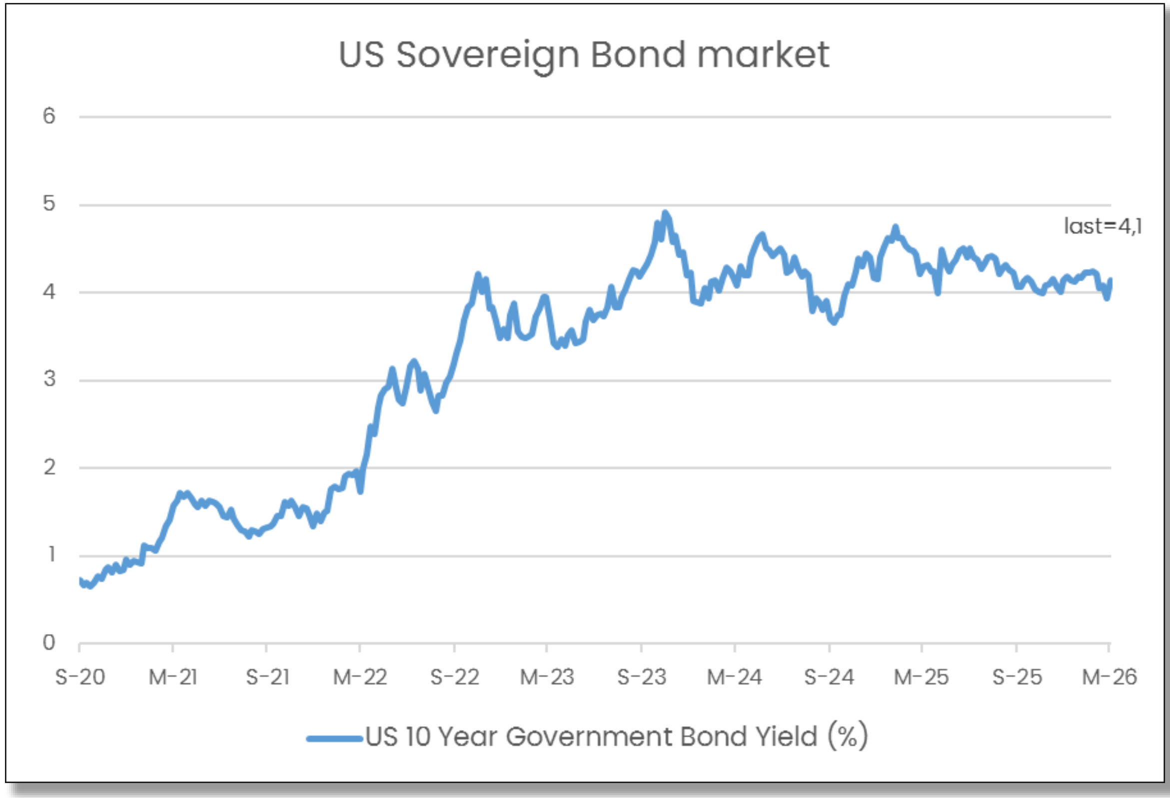


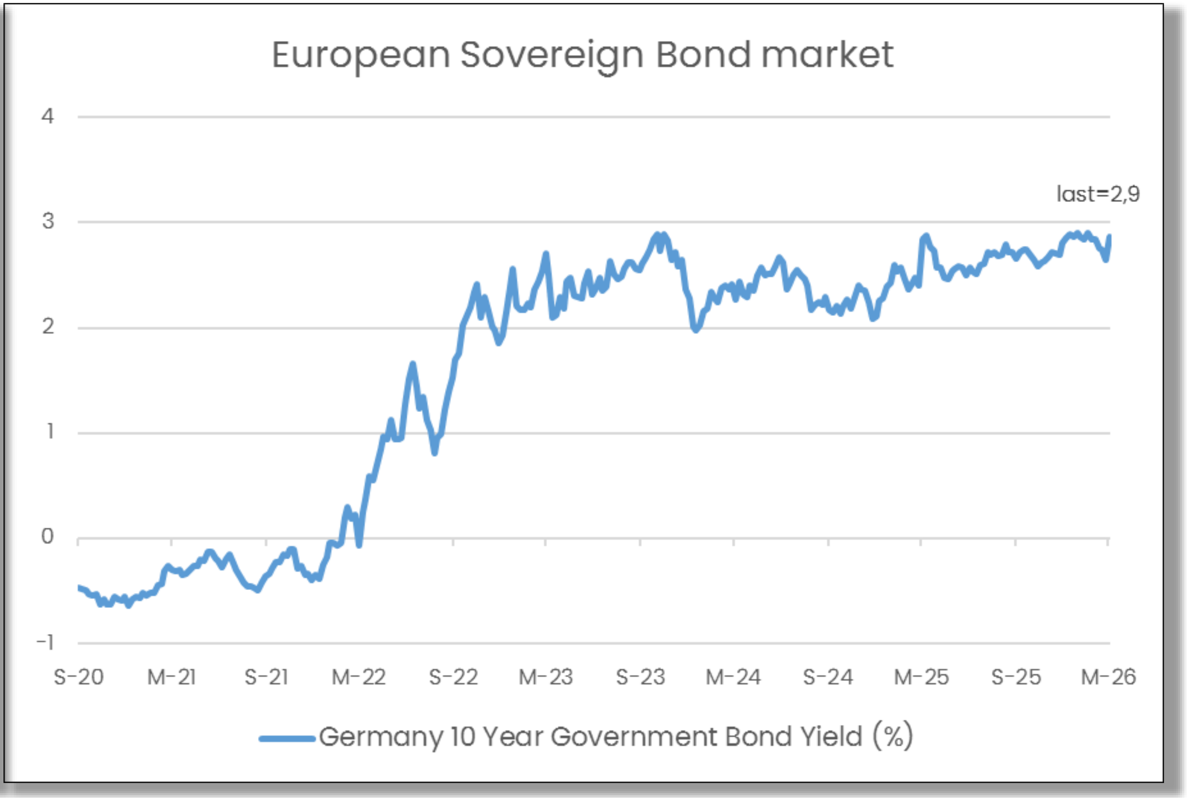
Source: Bloomberg, as of 03/06/2026. Richelieu Invest analysis.

Sovereign Bonds: US and Germany

No clear short-term trend given conflicting events

- In the short term, rising oil prices are fueling fears of accelerating inflation, especially in Europe. On the other hand, the flight to quality movement, given the conflict in Iran and fears about leveraged private credit in the United States, is putting downward pressure on rates
- In the medium term, in the United States, the rise in long-term rates will be fueled by solid growth prospects, inflation of around 3% and a rising term premium (excess supply of debt due to the worsening budget deficit and political interference in the conduct of monetary policy)
- In the medium term, in the Eurozone, with the ECB having reached its terminal deposit rate, the steepening of the yield curve will be driven exclusively by rising long-term rates (improved growth prospects and a rise in the term premium resulting from the excess supply of debt to fund the German stimulus plan)



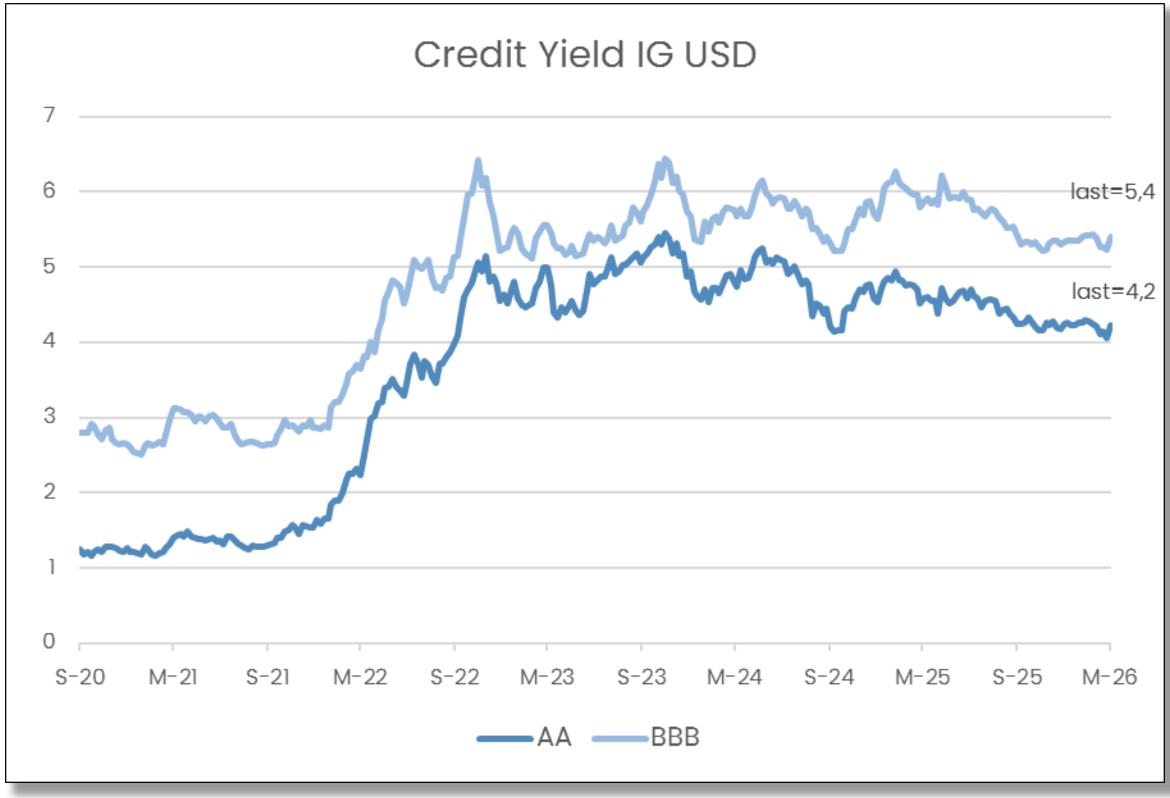


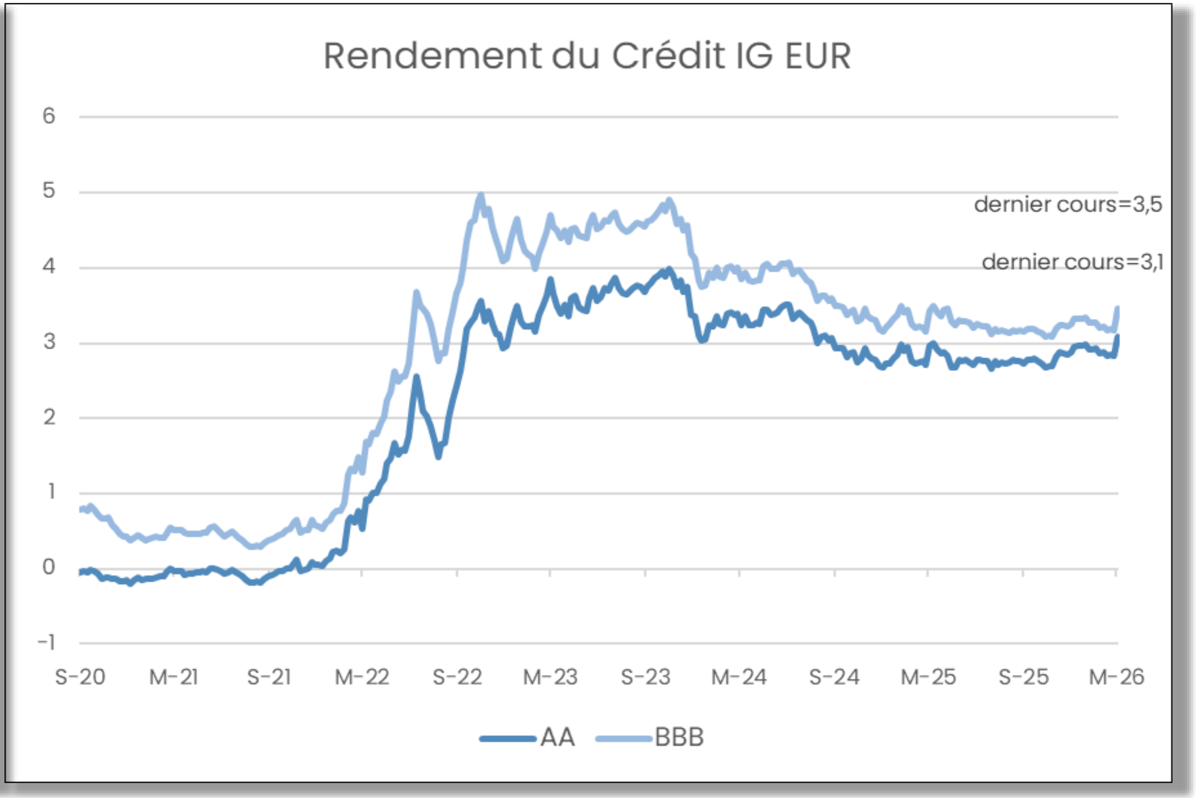
Source: Bloomberg, as of 03/06/2026. Richelieu Invest analysis.

Credit Investment Grade

Credit spreads widened slightly in February 2026

- We maintain our favorable view on IG credit in both the US and the Eurozone for short and medium durations, with current yields likely to absorb a gradual steepening and a slight widening of credit spreads
- The primary market has slowed in recent days, after several months of strong coverage ratios above 2x/3x across all sectors, maturities, and ratings.
- We maintain our preference for high-grade corporate bonds over sovereign bonds and high-yield bonds
- The overall default rate according to S&P over the last 12 months is just over 3%. The risk of default appears to be greater in leveraged private credit





Source: Bloomberg, as of 03/06/2026. Richelieu Invest analysis.

Credit High Yield

Credit spreads widened slightly in February 2026

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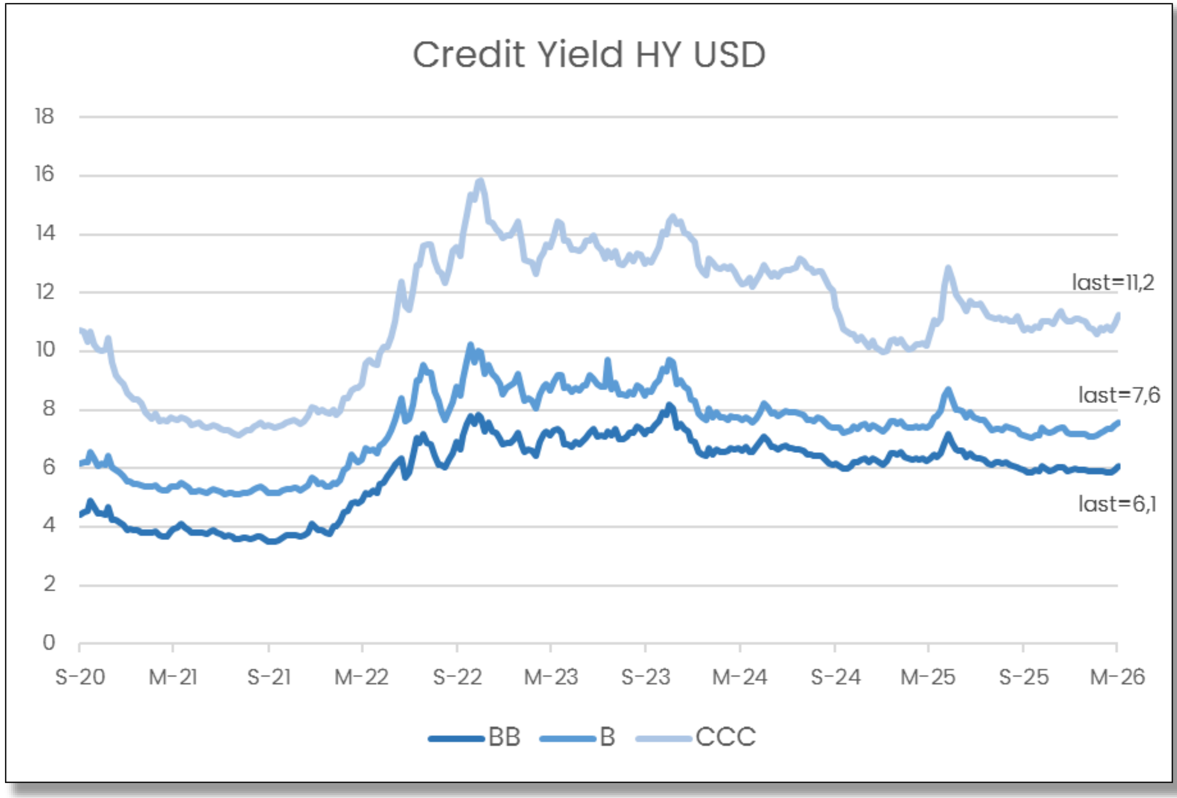
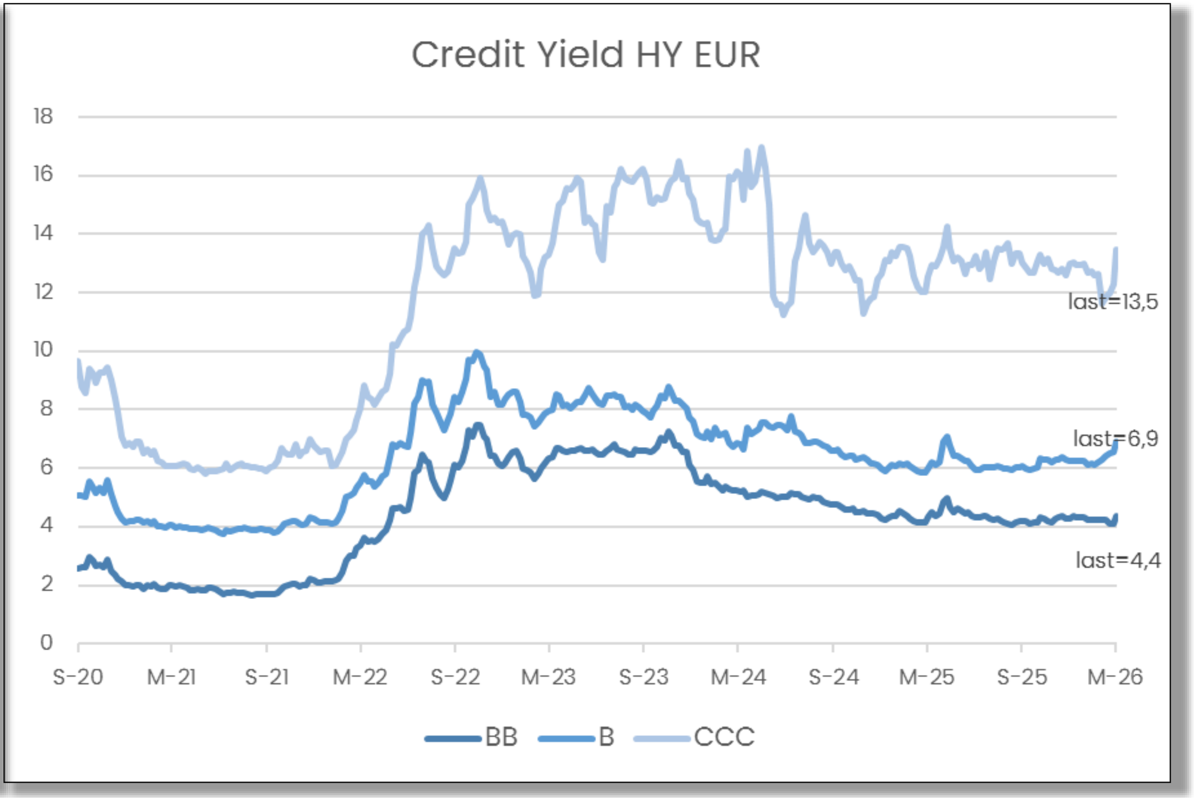


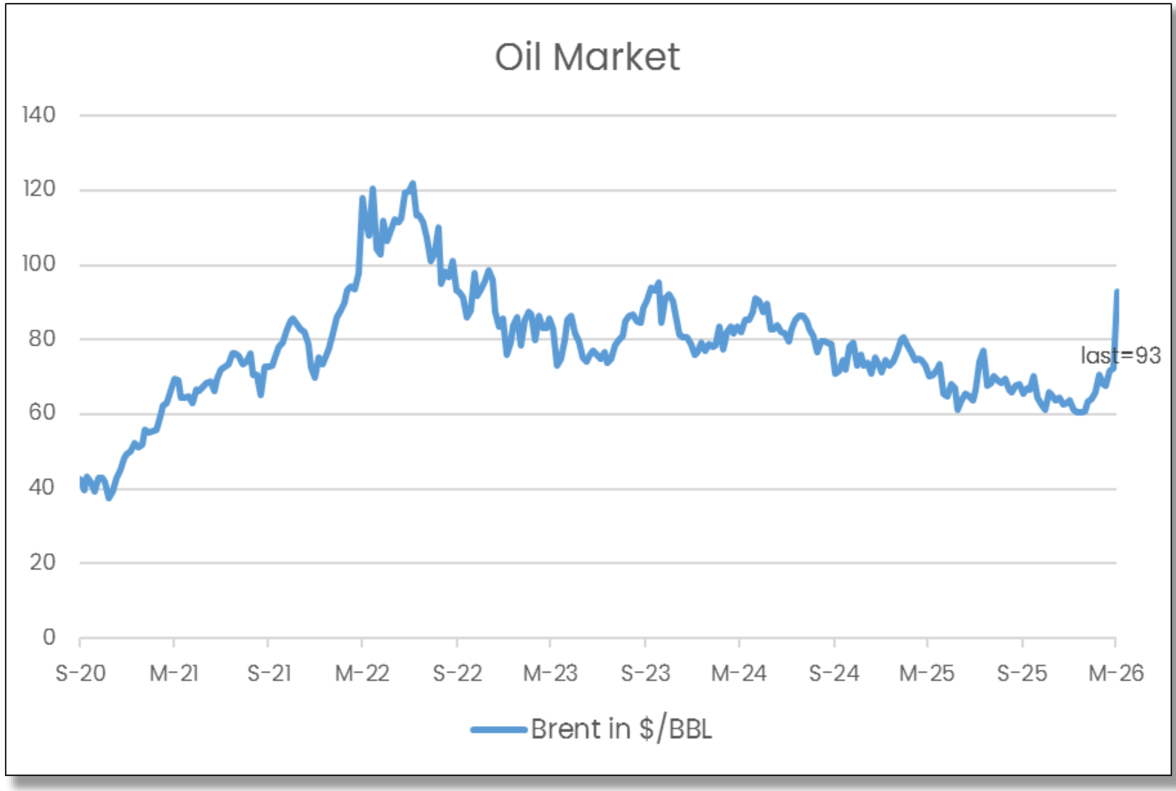


Source: Bloomberg, as of 03/06/2026. Richelieu Invest analysis.

Commodities

Oil prices have skyrocketed with the war in Iran. Gold has been highly volatile since January 29, 2026, and is settling above $5,000

- $ 60/barrel seems to be a price without geopolitical risk premium.
- However, the blockade of the Strait of Hormuz since the 28th february and explains why Brent is trading at over $90.
- Although gold has undergone a sharp correction since its peak on January 28, 2026, at $5,417, we remain positive in the medium term due to its status as a safe haven.
- The structural upward trend in gold prices is likely to continue, supported by the renewed weakness of the US dollar due to the disruptive nature of the Trump administration's policies, purchases by emerging market central banks, and intensifying geopolitical tensions.

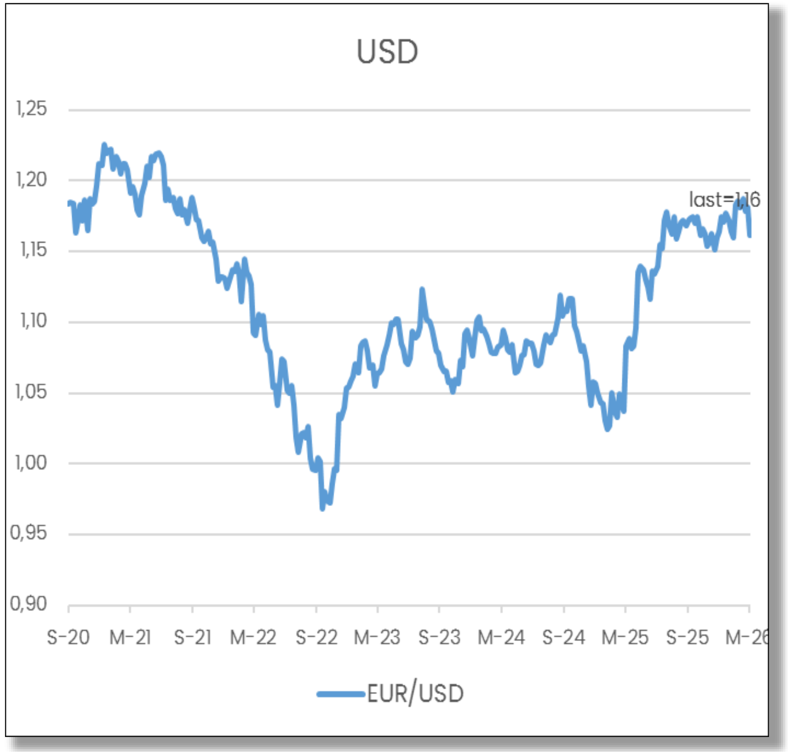


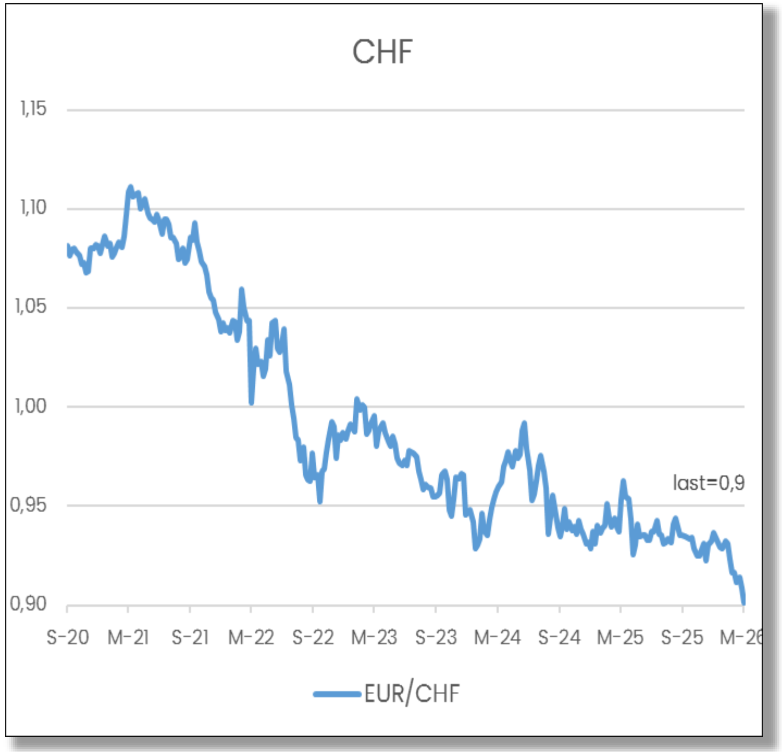
Source: Bloomberg, as of 03/06/2026. Richelieu Invest analysis.

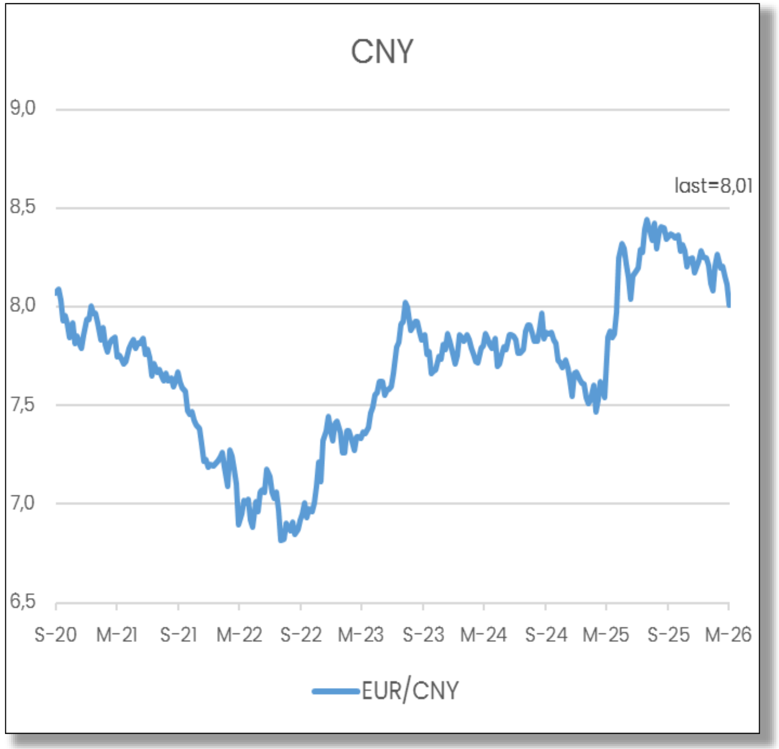
Currencies

USD depreciation trend has slowed since the war in Iran

- The Trump administration's interference in the Fed's monetary policy will continue to weigh on the US dollar, even if Kevin Warsh's appointment as Fed chair is a brake on the risk of de-dollarization in the medium term. The dollar temporarily appreciated in response to the war in Iran.
- 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 European investors looking to diversify on the US or Japanese markets
- The EUR/CHF continued to depreciate given the safe-haven status of the Swiss franc.
- The safe-haven value of the USD outweighs the depreciation factors linked to Trump's policies







Source: Bloomberg, as of 03/06/2026. Richelieu Invest analysis.

Investment recommendations

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

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 01/30/2026	1 month	3 months	6 months	YTD	3 years	1 year	3 years
Hugau Obli 1-3 I	0.36%	1.05%	1.93%	0.88%	16.56%	3.93%	5.24%

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 03/06/2026): 3.80%
- **Interest rate sensitivity**: 2.24

Hugau Moneterme (Part I)

Holding strategy: Focus on short-term corporate issues	**Diversification** 45 issuers / 80 lines
Attractive yield (preferred sectors: telecoms, energy, healthcare, etc.)	**Controlled exposure** No structured products
Credit analysis Internal analysis of each issuer	**High credit quality** A+ minimum

	Cumulative performance					Annualized performance	
Dates	1 month	3 months	6 months	YTD	3 years	1 year	3 years
Hugau Moneterme I	0.2%	0.56%	1.11%	0.35%	10.42%	2.35%	3.36%

For clients with: a very short investment horizon, an obligation to invest in a money market fund, or a wait-and-see position before investing in equity markets or structured products. The Moneterme fund is the solution for limiting volatility (0.05%) and benefiting from an optimized risk/return ratio.
- **Yield** (as of March 6, 2026): 2.73%
- **Interest rate sensitivity** : 0.358

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

Source: Richelieu Invest Analysis & Quantalys as of 02/27/2026

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