GROUP
Banque Richelieu

Investment Strategy

April 8th, 2026

Executive Summary

MACROECONOMIC OUTLOOK

- **Oil prices could remain high in 2026.** The April macroeconomic scenario is marked by extreme uncertainty stemming from the conflict in the Middle East and U.S. trade policy. However, a strong labor market, momentum in the investment cycle, and the midterm election campaign are supporting economic growth in the United States.

- **High oil prices and their negative impact on interest rates** are likely to persist, undermining growth prospects in Asia, emerging markets, and Europe. However, this shock could be better absorbed thanks to the rise of electric energy, the bypassing of the Strait of Hormuz, and the relative decline in the Middle East's share of global supply in favor of the Americas (the U.S., Latin America, and Canada).

- **In the United States :** GDP growth and unemployment are projected at +2.3%/+2.5% and ~4.5%, respectively, while inflation is expected to exceed 3.5% in June. Consumption remains robust, investment is strong, and the positive effects of the OBBBA are taking hold. The midterms election year, which typically supports household purchasing power, is favorable.

- **In Europe** : Growth is slowing compared to forecasts made at the start of the year. The ECB has revised its forecasts to 0.9% GDP growth and 2.6% inflation for 2026. The oil shock is compounding Europe's loss of structural competitiveness relative to the rest of the world.

- **Central Banks** : Prospects for lower short-term rates are being called into question by the war in the Middle East. We expect a likely rate hike of up to 50 bps by the ECB by the end of 2026, no cut in the Fed Funds rate, stable rates from the SNB, a 25-bps rate hike by the BoE, and BoJ rates at 1%/1.25% in 2026.

- **Long-term rates :** We expect a modest rise, driven by the deterioration in public finances. There is no consensus among investors regarding the prospect of widespread price increases similar to those seen during previous energy shocks. The flattening of the yield curve continued in March 2026 10 -2-year US spread = 52 bps on 03/31/2026 vs. 70 bps on 12/31/2025; 10-2-year German spread = 39 bps on 03/31/2026 vs. 73 bps on 12/31/2025. Corporate credit spreads are up slightly (BBB Europe +30 bps at the end of March compared to the low in early February).

- **Equities** : Earnings growth is expected to remain a key driver for the stock market. The consensus EPS estimate for the S&P 500 is still +19% for 2026.

ASSET ALLOCATION

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

- **We maintain a neutral stance on equities** pending a resolution of the situation in the Strait of Hormuz. The sharp rise in oil prices is weighing on emerging markets, Asia, and Europe. The U.S. market is less sensitive to oil, and the S&P 500's P/E ratio has fallen from 22x to below 20x. As of April 2, 2026, the consensus EPS growth forecast for the S&P 500 is estimated at 19% for 2026 according to LSEG I/B/E/S, an acceleration from the 15.6% forecast at the end of 2025.

- **Bonds : We continue to favor short- to medium-term durations**. We maintain a neutral stance on sovereign bonds, torn between their role as a safe-haven asset and the risk of an inflation premium. The yield curve is flattening. We are downgrading corporate credit to neutral for the US and Europe and to underweight for emerging markets, given the risk of widening spreads..

- **Sector Views** : We maintain our neutral stance on banks (leveraged private credit risk, commercial real estate). We maintain our positive bias toward aerospace and defense stocks. We continue to observe a market divergence favoring the winners against the losers of generative AI (semiconductors, software). We maintain our positive view on oil majors.

- **We are maintaining our exposure** to gold following the price decline in Q1 2026, in anticipation of central bank rate hikes..

- **USD** : The war in the Gulf is allowing the dollar to temporarily regain its status as a safe-haven currency.

- **Oil** : Prices will remain above $100 per barrel until the Strait of Hormuz is reopened.

Source: Richelieu Invest analysis

Our investment choices (1/4)

EQUITIES

POSITION	RATIONAL	RISKS
MAINTAIN		
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
REDUCE		
Underweight exposure to EU equities	• Economic growth is slowing • 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
Underweight exposure to Japan equities	Focusing on sectors targeted by Japan's economic stimulus plan (including nuclear, technology, and defense), as well as those benefiting from the steepening of yield curves (financials) and the weakening of the yen (exporters)	• Yen revaluation (global conflict, recession, more aggressive BoJ)
LIFT		
Overweight exposure to US equities	U.S. stock markets less sensitiveto rising oil prices	• 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
MAINTAIN		
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 : • No cuts to key interest rates in 2026. • Money market rates and short-term rates (up to 2 years) have already factored in this scenario. • 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 : • The cycle of rate cuts in the Eurozone has come to an end, and the deposit facility rate is expected to rise to 2.5% due to the war in Iran. • Money market rates and short-term rates (up to 2 years) have already factored in this increase. • Longer-term rates (5 years and longer) are expected to continue rising, driven by a higher term premium resulting from 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

Our investment choices (3/4)

FIXED INCOME – CREDIT

POSITION	RATIONAL	RISKS
REDUCE		
• Exposure to U.S IG credit at neutral • Exposure to EU IG credit at neutral	• Current yields that can absorb a gradual interest rate curve steepening but with the risk of widening spreads. • 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
Exposure to emerging market credit at neutral	• Diversification • Structural weakening of the USD	• Prolonged period of USD strengthening
MAINTAIN		
• 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

Source: Analyses Richelieu Invest

Our investment choices (4/4)

	POSITION	RATIONAL	RISKS
OTHER	MAINTENIR		
	Overweight Exposure to oil	Oil prices will remain above $100 a barrel until the Strait of Hormuz is reopened.	• 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
	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)	• Any reversal by the US administration of its current policy imperatives could help mitigate the depreciation of the USD or a prolonged blockade of the Strait of Hormuz would be positive for the dollar • 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
A swift end to the conflict and an oversupply of oil, allowing inflation to return to its target more quickly	Increase exposure to long-term rates and equities
Escalation of the trade war and intensification of the conflict in the Middle East	Decrease equity exposure, Increase EU/US sovereign bonds exposure
Prolonged blockade of the Strait of Hormuz (20 million barrels per day disrupted, Brent >$110)	Decrease US equity exposure
U.S. Stagflation: Inflation Revised to 3.5% in June, Unemployment at 4.4%, Job Growth Nearly Zero	Decrease US HY credit exposure
Liquidity crisis in the U.S. leveraged private credit market and tightening of credit conditions	
Eurozone growth slowing (ECB: GDP revised to 0.9% in 2026), delay in Germany's stimulus plan	Decrease EU equity exposure
Disappointing domestic demand in China and Japan	Decrease EM equity exposure Decrease Japan equity exposure
The Trump administration is either interfering more with the Fed (Powell subpoenas, Warsh's confirmation not yet finalized) or undermining 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

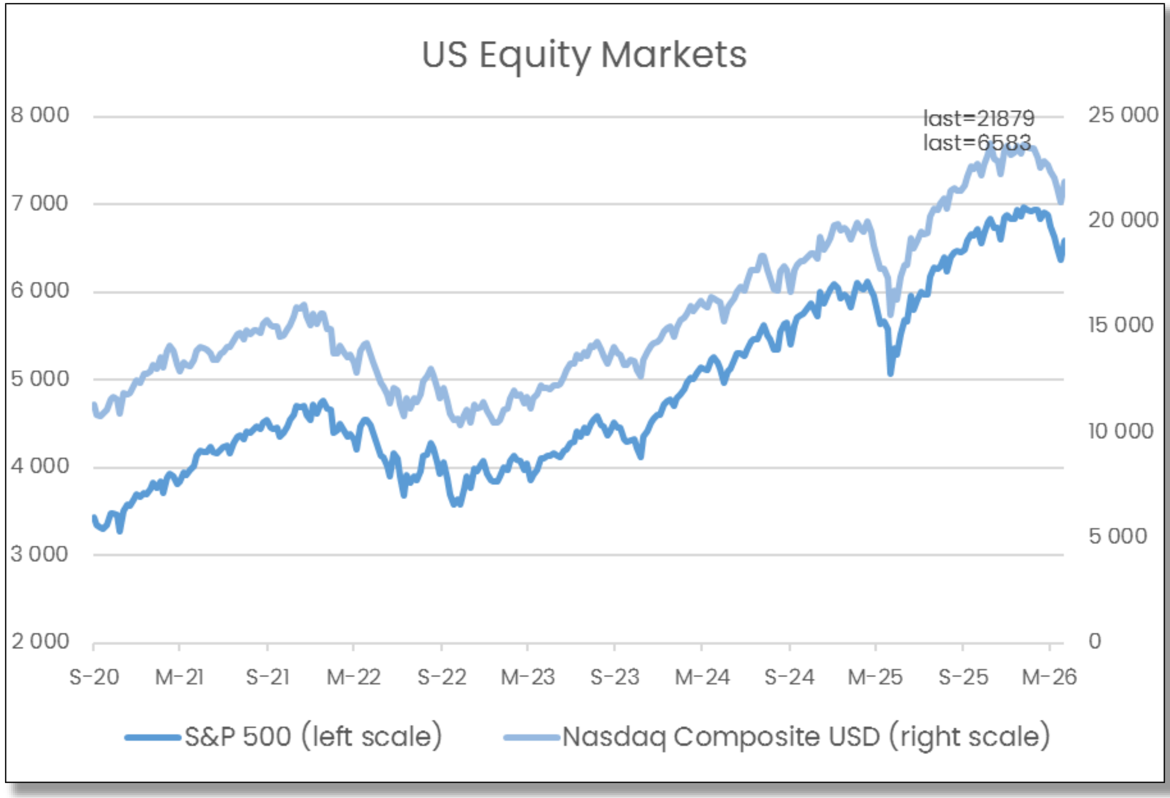
Rates & Currencies	2025 (Effective on 31 dec. 2025)	2026 (Forecast) Now	Last (if changed)	Rational and additional details
ECB Deposit Facility Rate	2%	2,50%	2%	Challenging the 2% status quo in the wake of the energy crisis
2Y Bund yield	2.12%	2.50%	2% / 2.25%	Aligned with the key interest rate
10Y Bund yield	2.86%	3% / 3.25%	3% / 3.5%	Although the yield curve has flattened by about 35 bps points since the start of the year, the steepening trend is being driven by the investment cycle (stimulus package, etc.) and the rise in the term premium (deterioration in public finances).
BoE Bank Rate	3.75%	4,00%	3.50% / 3,75%	A 25 bps increase (driven by the oil price shock), with the 10-year yield hovering around 5%
SNB Rate	0%	0%		Stable unless the appreciation of the Swiss franc forces the SNB to cut rates
BoJ Rate	0.75%	1% / 1.25%		The BoJ's gradual monetary tightening and the widening budget deficit have pushed 10-year yields above 2%, to a 30-year high (2.35% on March 31, 2026)
FED Funds Rate	3.5% / 3.75%	3.50% / 3.75%	3.25% / 3.5%	The Fed keeps interest rates unchanged despite political pressure as inflation rises above 3%
2Y UST yield	3.47%	3.75% / 3.80%	3.5%	No rate cut in 2026 due to inflationary risks
10Y UST yield	4.17%	4.25% / 4.5%		A moderate rise in long-term rates is expected. The Treasury is focusing its borrowing on the short end of the yield curve. Powell says the risk of an inflationary spiral is low
EUR/USD	1.17	1.15/1.17	1.15/1.20	In times of war, the dollar temporarily regains its role as a safe-haven asset
EUR/GBP	0.87	0.86 / 0.90		Parallel interest rate movements by the BOE and the ECB
EUR/CHF	0.93	0.90 / 0.92	0.91 / 0.94	The SNB is expected to keep its rate at 0% unless the Swiss franc appreciates uncontrollably
EUR/JPY	184.01	184	181 / 187	Weak JPY weighed down by Sanae Takaichi's fiscal stimulus
USD/JPY	156.71	160	150 / 155	In 2026, the dollar is strengthening against the yen, which has been weakened by rising oil prices in a Japan that is heavily dependent on imports from the Persian Gulf

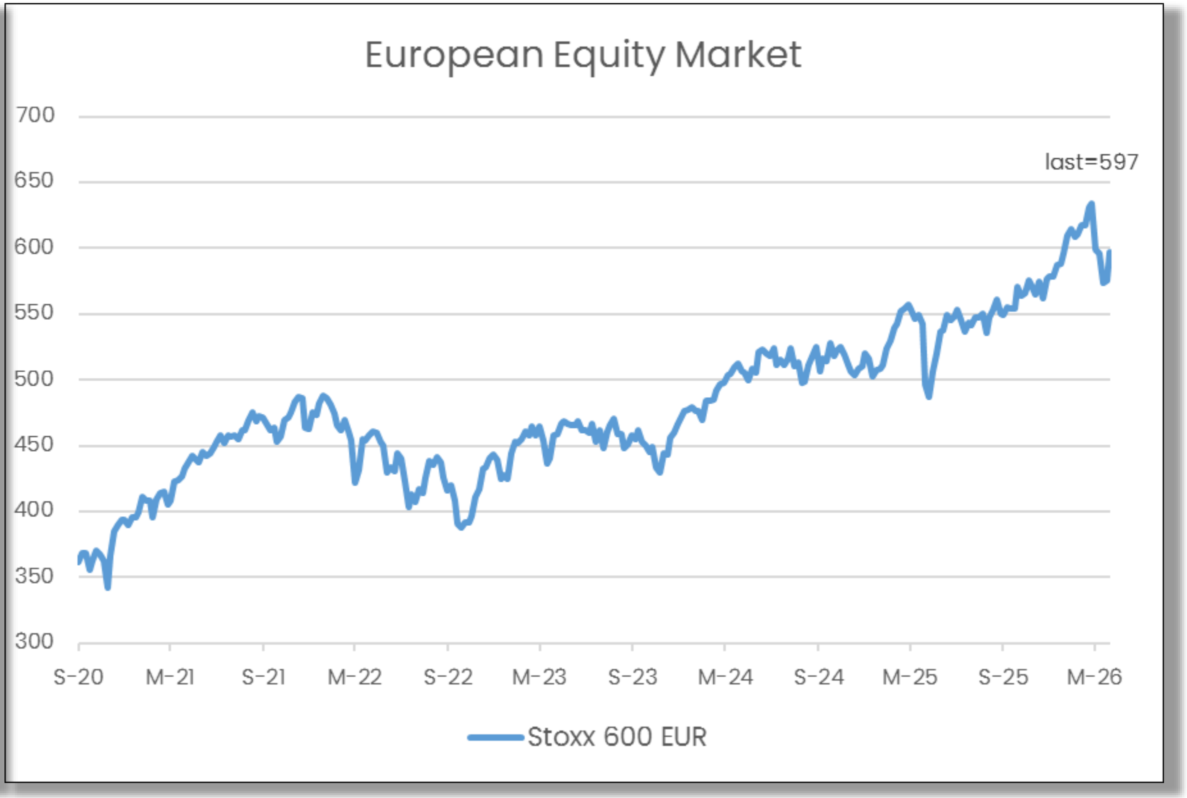
Source: Richelieu Invest analysis

Equities

Equity markets supported by earnings growth, but under temporary pressure

- March marked a sharp turnaround due to the energy crisis. The S&P 500 fell 5% in March, with the sell-off affecting virtually the entire market.
- As of April 2, 2026, the consensus EPS growth forecast for the S&P 500 remains surprisingly high at 19% for 2026, according to LSEG I/B/E/S, up from the 15.6% forecast at the end of 2025. The decline in U.S. market valuations is significant (the S&P 500's price-to-earnings multiple has fallen from 22x forward 12-month earnings at the start of the year to less than 20x
- The European market corrected more sharply in March: -10% for the Stoxx 600. Earnings growth is at greater risk than in the United States.



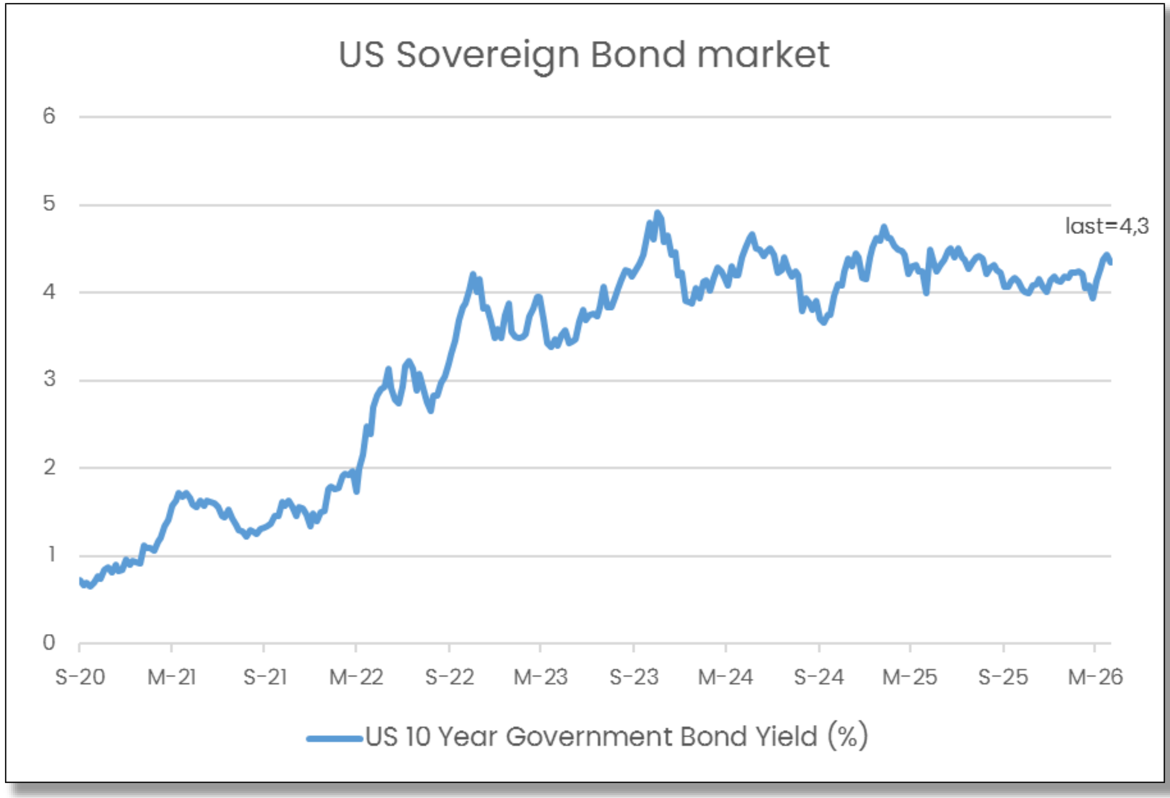


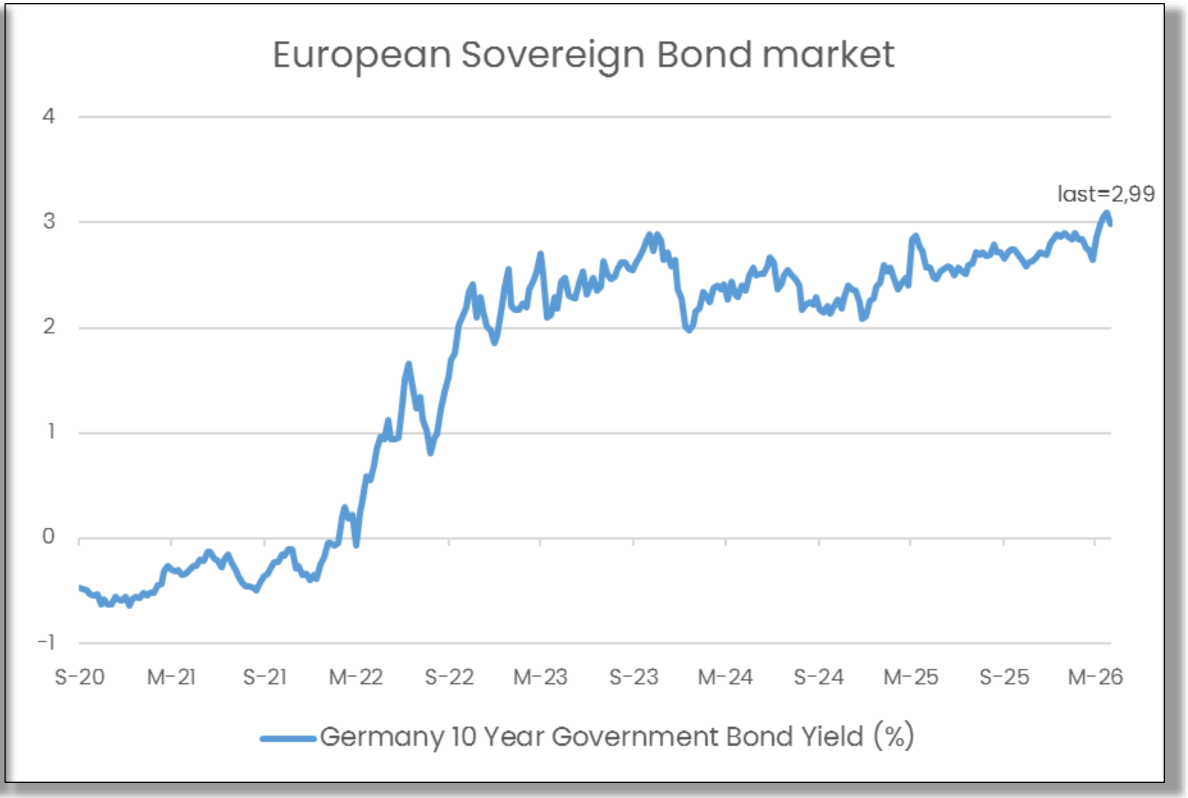
Source: Bloomberg, as of 04/03/2026. Richelieu Invest analysis.

Sovereign Bonds: US and Germany

No clear short-term trend given conflicting events

- The Fed kept interest rates at 3.50–3.75% on March 18. Investors no longer expect rate cuts in 2026. Kevin Warsh is expected to succeed Powell in early summer.
- The rise in long-term U.S. rates will be fueled by the oil shock, the excess supply of government debt, and political interference in monetary policy. The flight to quality linked to the Iran conflict is temporarily tempering this trend
- The ECB also kept its rates unchanged (deposit rate at 2.00%) on March 19. Markets now anticipate up to two rate hikes in 2026 if energy prices persist. The steepening of the yield curve in the Eurozone will be driven by rising long-term rates (German stimulus plan, rising term premium)



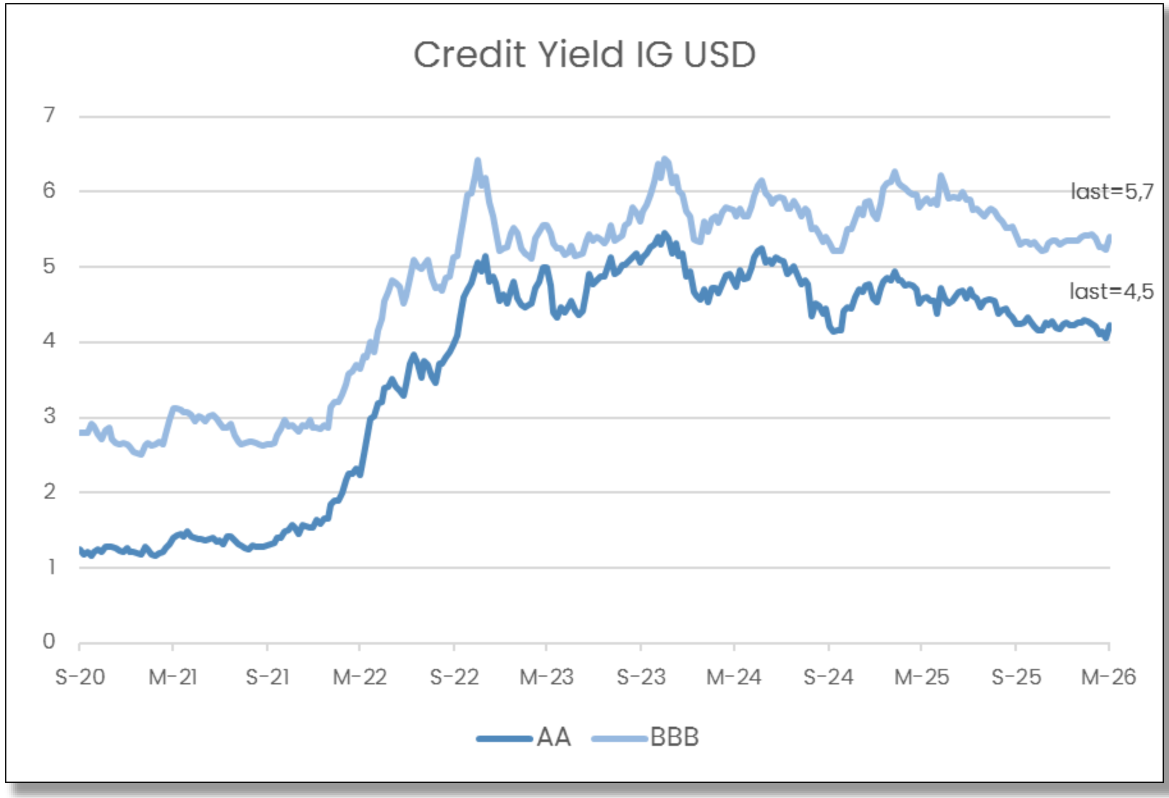


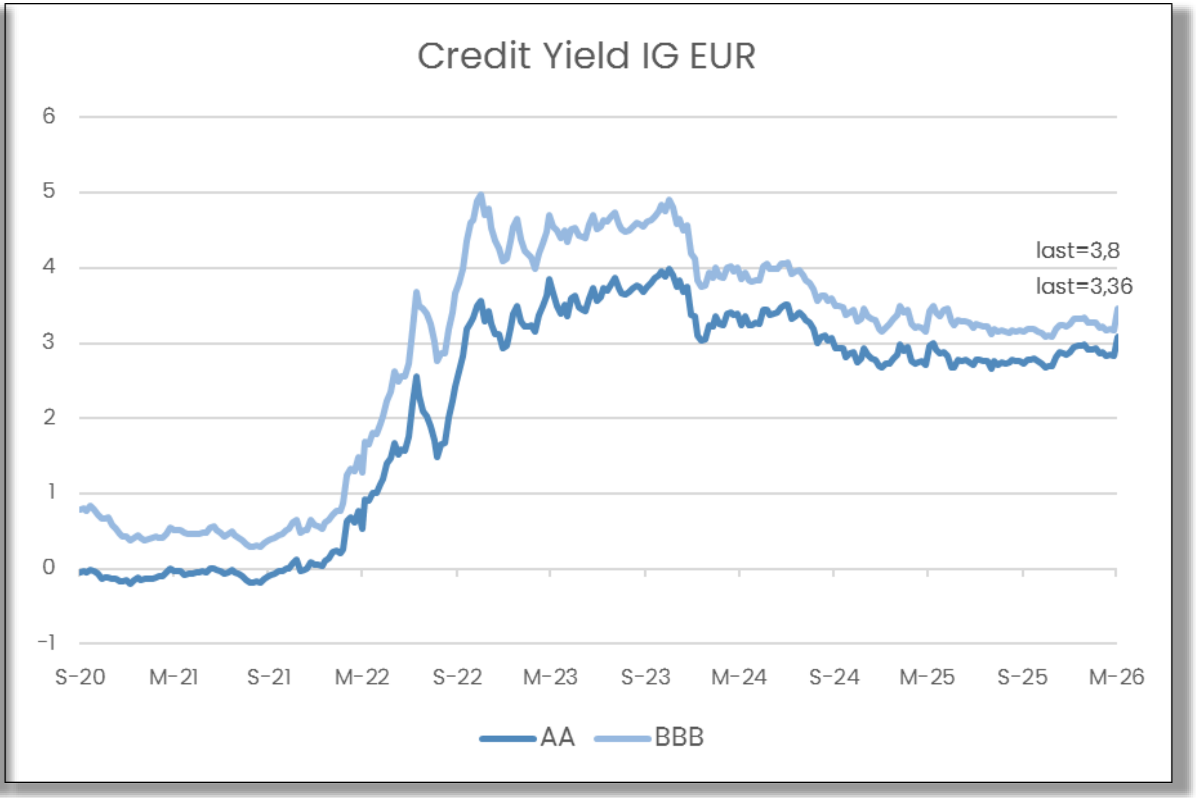
Source: Bloomberg, as of 04/03/2026. Richelieu Invest analysis.

Credit Investment Grade

Credit spreads widened in March 2026 as a result of the oil price shock

- We have a neutral view on US and Eurozone investment-grade (IG) credit across short and medium maturities. However, current yields are expected to absorb the steepening of the yield curve and a slight widening of spreads.
- The primary market slowed sharply in March amid heightened volatility and risk repricing.
- We maintain our preference for investment-grade corporate bonds over sovereign bonds and high-yield bonds. Earnings reports from the financial sector will be a key test of credit resilience.
- The S&P 12-month aggregate default rate remains around 3%. Default risk is more concentrated in leveraged private credit in the United States





Source: Bloomberg, as of 04/03/2026. Richelieu Invest analysis.

Credit High Yield

Credit spreads widened in March 2026 as a result of the oil price shock

- We have a neutral view on US and Eurozone investment-grade (IG) credit across short and medium maturities. However, current yields are expected to absorb the steepening of the yield curve and a slight widening of spreads.
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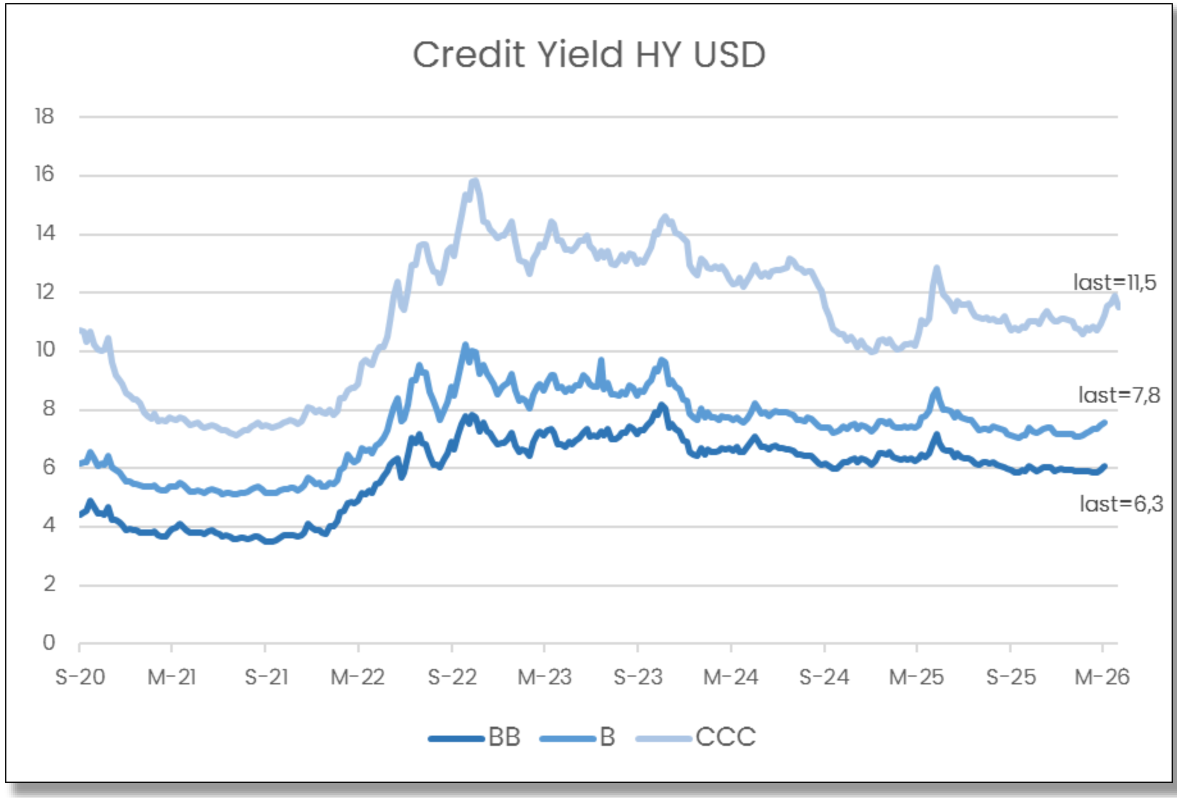
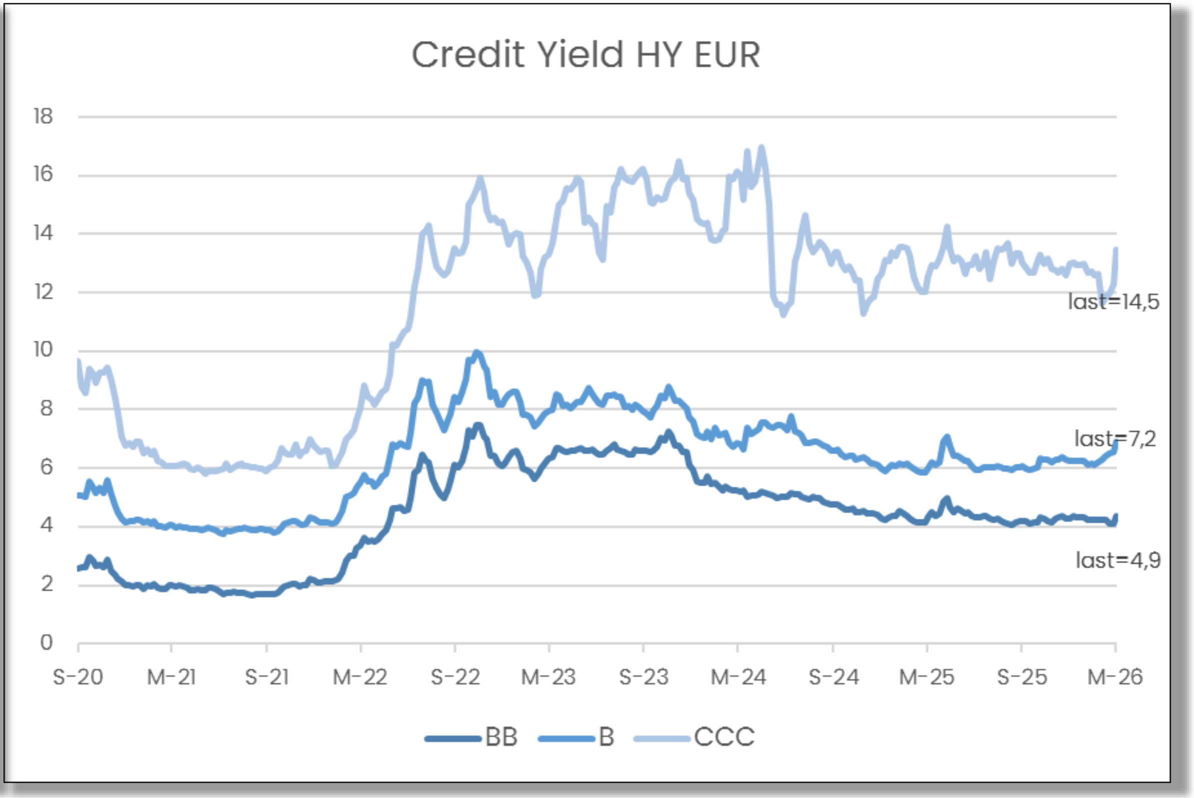
- The S&P 12-month aggregate default rate remains around 3%. Default risk is more concentrated in leveraged private credit in the United States



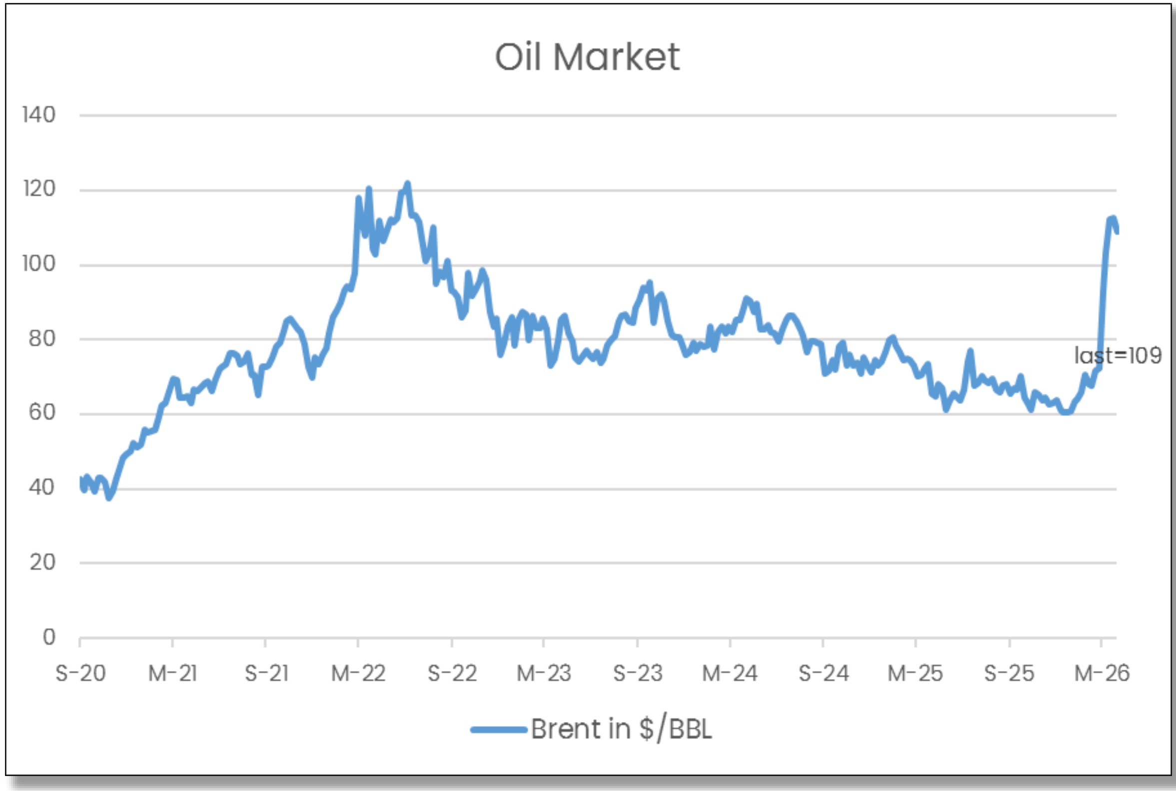


Source: Bloomberg, as of 04/03/2026. Richelieu Invest analysis.

Commodities

Oil prices topped $110 at the end of March. Gold prices fell by 12% in dollar terms in March.

- Brent crude reached $118 at the end of March, marking the largest supply disruption in history according to the IEA: up to 20 million barrels per day of crude oil and petroleum products transiting through the Strait of Hormuz were disrupted during the conflict, forcing Gulf producers to cut production
- Gold decreased by 12% in March, in anticipation of rate hikes and driven by a flight to liquidity
- We remain bullish on gold over the medium term: central bank purchases, geopolitical tensions, structural weakness in the dollar, and inflationary risks linked to the oil shock

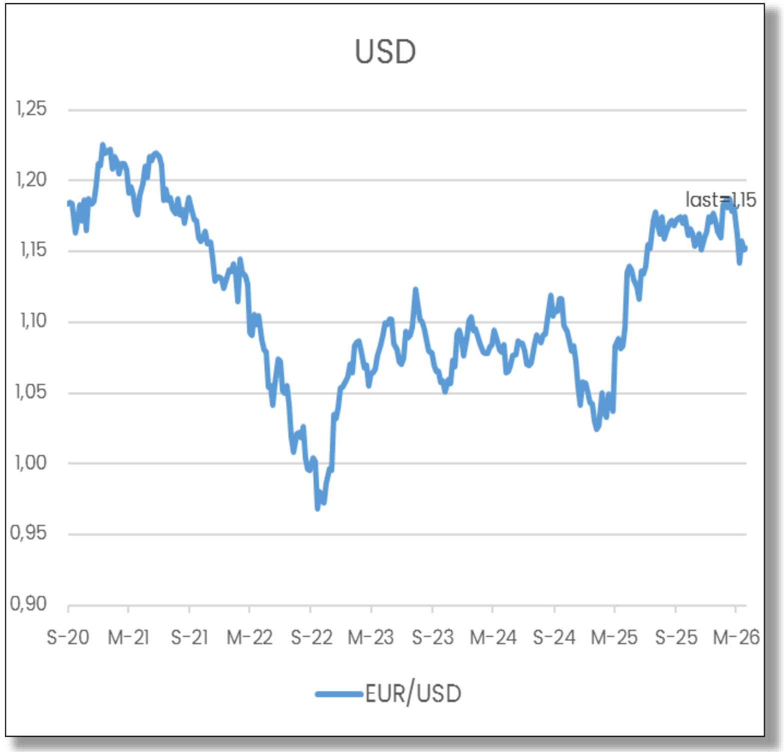


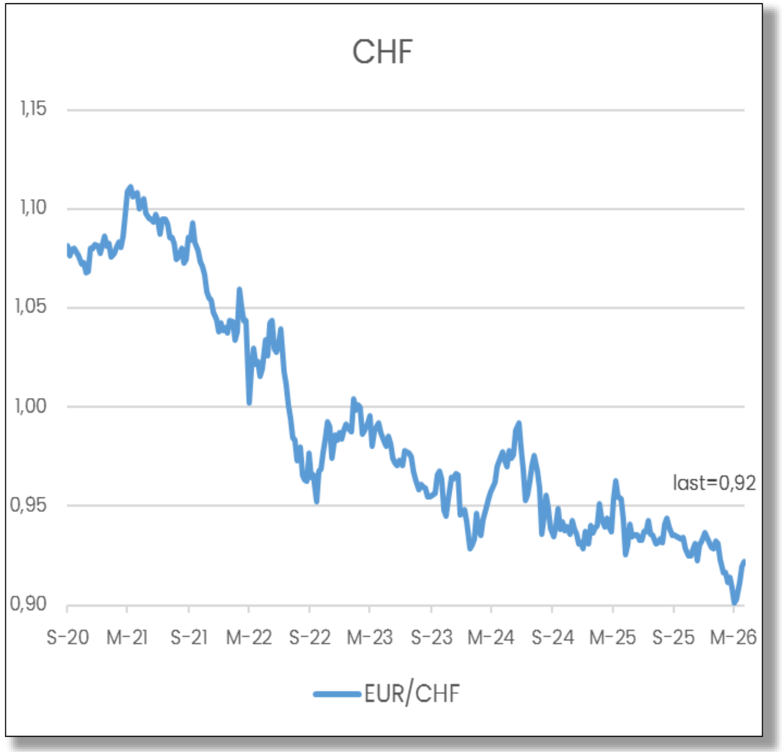
Source: Bloomberg, as of 04/03/2026. Richelieu Invest analysis.

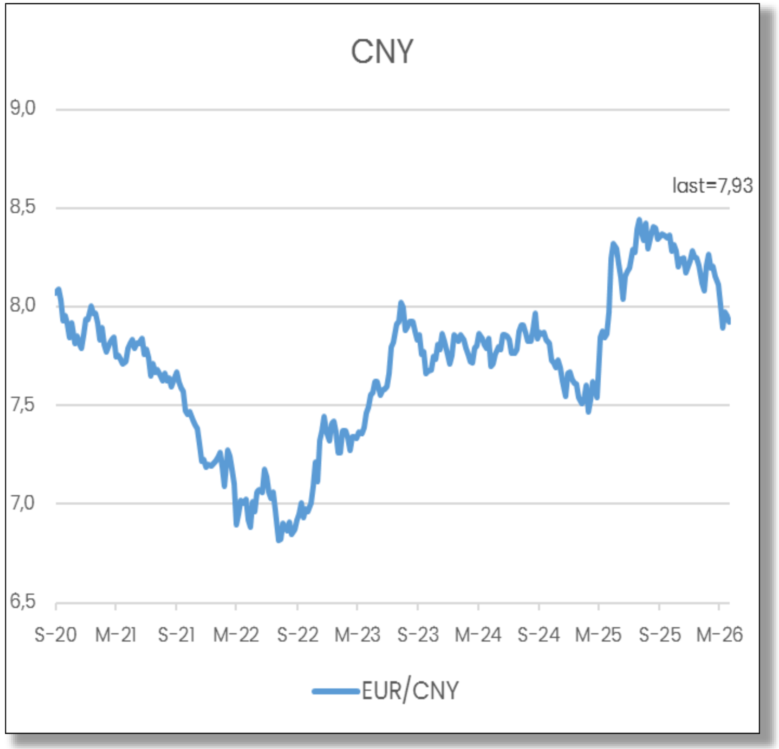
Currencies

The dollar benefits from its status as a safe-haven asset.

- The dollar is benefiting from its status as a safe-haven asset amid the Iran conflict. The 2026 average for the EUR/USD exchange rate is around 1.17 so far
- Warsh's appointment next summer mitigates the risk of de-dollarization in the medium term, but political interference in the Fed by the U.S. administration remains a source of structural pressure on the greenback
- The yen remains caught between government policies and the BoJ's determination to combat inflation. The global rise in long-term rates limits the positive impact of BoJ rate hikes on the currency
- The Swiss franc serves as a safe-haven currency
- Currency risk management remains essential for European investors exposed to U.S. or Japanese markets







Source: Bloomberg, as of 04/03/2026. 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	-1.62%	-0.76%	-0.14%	0.76%	15.24%	2.25%	4.84%

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 03/31/2026): **4.45%**
- **Interest rate sensitivity**: 2.167

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	0.1%	0.45%	1.00%	0.45%	10.42%	2.21%	3.31%

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 31, 2026): **3.02%**
- **Interest rate sensitivity** : 0.365

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 03/31/2026

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GROUP BANQUE RICHELIEU
1-3-5 rue Paul Cézanne
75008 Paris – France

Phone
+33 1 42 89 00 00

www.banquerichelieu.com

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Compagnie Financière Richelieu • 1-3-5, rue Paul Cézanne • 75008 Paris • Tel. +33 (0)1 42 89 00 00 • Fax +33 (0)1 42 89 62 29 • banquerichelieu.com
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