GROUP
Banque Richelieu

Investment Strategy

June 5th, 2026

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Executive Summary

MACROECONOMIC OUTLOOK

- **The global macro scenario for June** is characterized by extreme uncertainty stemming from the conflict in the Middle East, but conversely by **strong momentum in the investment cycle**. A robust labor market, strong momentum in the investment cycle, and the midterm election campaign are supporting growth in the United States.
- **High oil prices and their negative impact on interest rates** are likely to persist, weakening growth prospects in Asia, emerging markets, and Europe. However, this shock could be better absorbed thanks to the rise of electric vehicles, the bypassing of the Strait of Hormuz, the relative decline of the Middle East's share in global supply in favor of the Americas (U.S., Latin America, and Canada), and forced fuel-efficiency measures.
- **In the United States**: GDP growth and unemployment are projected at +2.3% and ~4.5%, with inflation approaching 4% as early as summer 2026 (gasoline, tariffs, healthcare, electricity). Consumption remains robust, investment is strong, and the positive effects of the OBBBA are materializing. The midterm election year, synonymous with support for household purchasing power, is favorable.
- **In Europe**: Growth is decelerating compared to forecasts from 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 compounds Europe's loss of structural competitiveness relative to the rest of the world.
- **Central Banks**: Monetary policy is being called into question by the war in the Middle East. A 50-basis-point hike by the ECB is likely by the end of 2026. The Fed is not expected to cut the federal funds rate in June 2026, but the FOMC is adopting a hawkish stance. In Switzerland, stability is expected. In the UK, the next move is a 25-basis-point hike. In Japan, the increase is expected to be gradual, with the policy rate at 1%–1.25% in 2026.
- **Long-term rates**: We expect a **modest rise**, driven by the deterioration of public finances amid strong investment and widespread price increases. The flattening of the yield curve continued in May: the US 10-2 yield spread stood at 44 bps as of May 29, 2026, compared to 68 bps at the end of 2025; the German 10-2 yield spread was 40 bps as of May 29, 2026, compared to 73 bps at the end of 2025. Corporate credit spreads remain compressed: 4-year European BBB at 85 bps at the end of March 2026, 72 bps on May 29, 2026, and 89 bps at the end of 2025.
- **Stocks: Earnings growth is a powerful driver of the stock market**. In the United States, the outlook for earnings growth remains surprisingly robust. For 2026, S&P 500 earnings growth is projected at 25%, up from 15.6% at the start of the year.

ASSET ALLOCATION

In this context, our asset allocation and sector views changed modestly :

- **Neutral stance on equities maintained**, justified by the earnings momentum that investors had already well priced into stock valuation by May. The sharp rise in hydrocarbon prices is weighing on emerging markets, Asia, and Europe. The U.S. market is less sensitive to oil, and the S&P 500's valuation has eased only slightly overall: 22x at the start of the year to 20.9x as of June 4, 2026, driven by strong Q1 2026 quarterly results. We continue to favor our equity exposure to U.S. markets, which offer high-quality assets that benefit from the digital economy.
- **Bonds: We favor short duration**. We maintain a neutral stance on government bonds. The yield curve is flattening. We maintain a neutral stance on corporate bonds for the U.S. and Europe and an underweight stance for emerging markets, given the risk of widening spreads.
- **Sector Views**: We maintain our neutral stance on banks due to the flattening yield curve, but Wall Street banks are benefiting from the market's financial momentum (IPOs, M&A). We maintain our positive bias toward aerospace and defense stocks, with a stronger bias toward defense stocks, which should continue to benefit from restocking in the coming years. We continue to observe a market divergence between the winners and losers of generative AI (semiconductors, software). However, the software sector has rebounded modestly on the stock market since late March/mid-April but remains 20% to 25% below its record high from late October 2025. IBM and Microsoft are among the most resilient. The semiconductor sector (SOX Index) set a new record in May, rising more than 96% year-to-date in USD, with half of that gain occurring in May 2026. We continue to favor large-cap technology leaders in generative AI. We maintain our positive view on the major oil companies. In the stock market, their performance is volatile depending on news regarding the ceasefire in the Gulf. We also have a positive bias toward electrical equipment manufacturers, as well as U.S. consumer retail stocks, which are benefiting from pressures on household purchasing power and the continued profitable growth of e-commerce.
- **We are reducing our exposure to gold to neutral**. Rising interest rates are weighing on the metal.
- **USD**: It is benefiting from its status as a safe-haven asset and expectations of a hawkish stance from the FOMC.
- **We are reducing our oil exposure to neutral**: Prices will remain around $100 per barrel until the Strait of Hormuz is reopened.

Source: Richelieu Invest analysis

Our Investment choices (1/4)

	POSITION	RATIONAL	RISKS
EQUITIES	MAINTAIN		
	Neutral exposure to equities	• Strong Q1-26 corporate earnings reports • Waiting for the Strait of Hormuz to be unblocked	• Prolonged high oil prices are likely to slow economic growth and trigger a flight to quality • Conversely, there would be an opportunity cost if the Strait were to be reopened • 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 • Though semiconductor technology in Asia is a powerful value creation • 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
	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)
	Overweight exposure to US equities	U.S. stock markets less sensitive to rising oil prices Exposure to IT stocks	• 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 • Prioritize short durations	• 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 • Prioritize short durations	• 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 investments choices (3/4)

FIXED INCOME - CREDIT

POSITION	RATIONAL	RISKS
MAINTAIN		
• 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 underweight	• Diversification • Structural weakening of the USD	• Prolonged period of USD strengthening • Stagflation risk
• 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

Nos choix d'investissements (4/4)

	POSITION	RATIONAL	RISKS
OTHER	**REDUCE**		
	Overweight Exposure to oil to neutral	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 to neutral	• Intensification of geopolitical turmoil • Structural strength remains intact (purchases by central banks in emerging countries, inflationary risks, de-dollarization) • Central bank interest rates rise	• Volatility, no yield
	MAINTAIN		
	Neutral Exposure to USD	• The dollar regains its status as a safe haven during the war in Iran • Anticipation of a hiking bias of the FED funds in the FOMC • 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

- Prolonged correction on equity markets
- A swift end to the conflict and an oversupply of oil, allowing inflation to return to its target more quickly
- Escalation of the trade war and intensification of the conflict in the Middle East
- Prolonged blockade of the Strait of Hormuz (20 million barrels per day disrupted, Brent >$110)
- 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
- Disappointing domestic demand in China and Japan
- The Trump administration is either interfering more with the Fed (Powell subpoenas, Warsh's confirmation not yet finalized) or undermining the rule of law
- French sovereign risk becomes uncontrollable

WHAT WE SHALL DO

- Decrease equity exposure, Increase EU/US sovereign bonds exposure
- Increase exposure to long-term rates and equities
- Decrease exposure to equities
- Decrease equity exposure
- Decrease US HY credit exposure
- Decrease EU equity exposure
- Decrease EM equity exposure
- Decrease Japan equity exposure
- Decrease USD exposure, Decrease exposure to US sovereign rates, Increase exposure to gold
- Increase exposure to German sovereign rates (the ECB intervenes to calm markets)

Source: Richelieu Invest analysis

Underlying rates and currencies forecasts

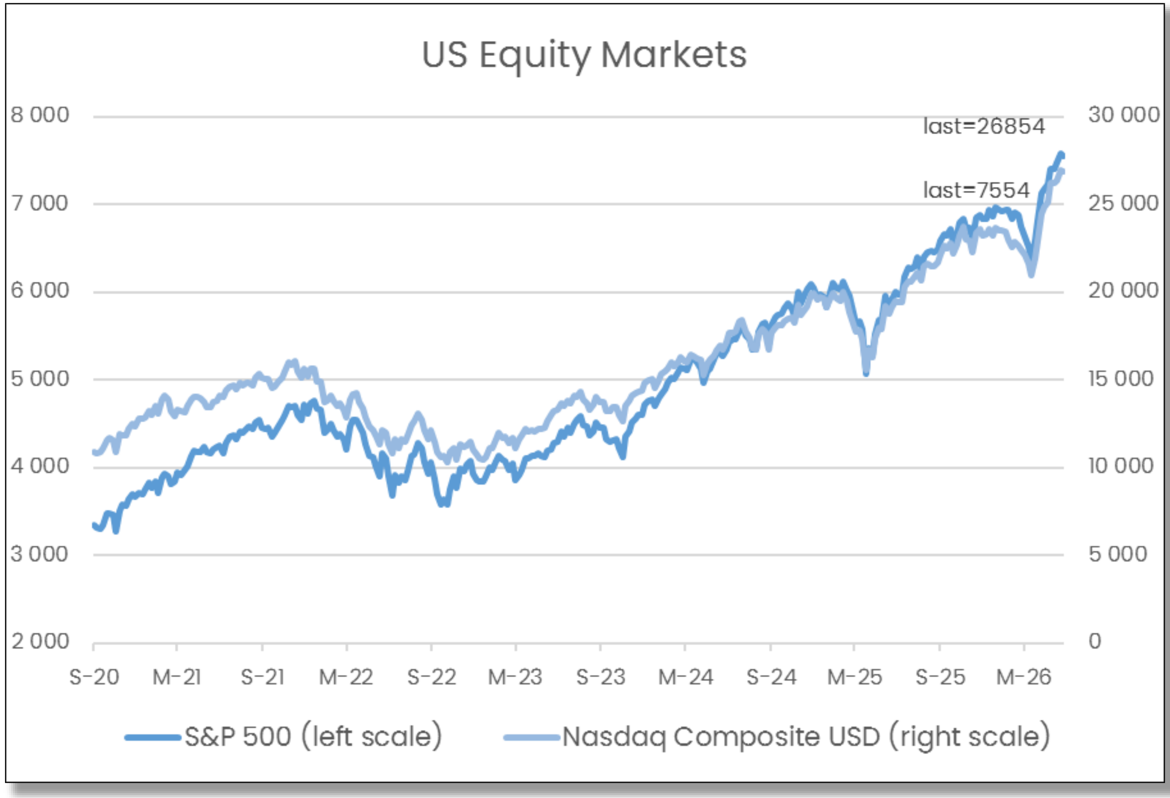
Rates & Currencies	2025 (Effective on 31 dec. 2025)	2026 (Forecast) Now	2026 (Forecast) Last (if changed)	Rational and additional details
ECB Deposit Facility Rate	2%	2,50%		Challenging the 2% status quo in the wake of the energy crisis
2Y Bund yield	2.12%	2.65%	2.50%	Aligned with the key interest rate expectation
10Y Bund yield	2.86%	3% / 3.25%		Long-term rates are rising in line with rising prices. However, the yield curve is flattening, with the 10-year/2-year Bund spread at 41 basis points at the end of May 2026, compared with 73 basis points at the end of 2025
BoE Bank Rate	3.75%	4,00%		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 monetary tightening expected in June from the BoJ and the rise in the budget deficit are pushing 10-year yields to 2.66% at the end of May 2026, a 30-year high, and up 66 basis points since the end of 2025
FED Funds Rate	3.5% / 3.75%	3.50% / 3.75%		The Fed keeps interest rates unchanged in June 2026, but FOMC members signal a hawkish bias as inflation is hovering around 4%
2Y UST yield	3.47%	4.00%	3.75% / 3.80%	No rate cut in 2026 due to inflationary risks
10Y UST yield	4.17%	4.25% / 4.5%	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.
EUR/USD	1.17	1.15/1.17		In times of war, the dollar temporarily regains its role as a safe-haven asset + attractive interest rate
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		The SNB is expected to keep its rate at 0% unless the Swiss franc appreciates uncontrollably
EUR/JPY	184.01	184		Weak JPY weighed down by Sanae Takaichi's fiscal stimulus
USD/JPY	156.71	160		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

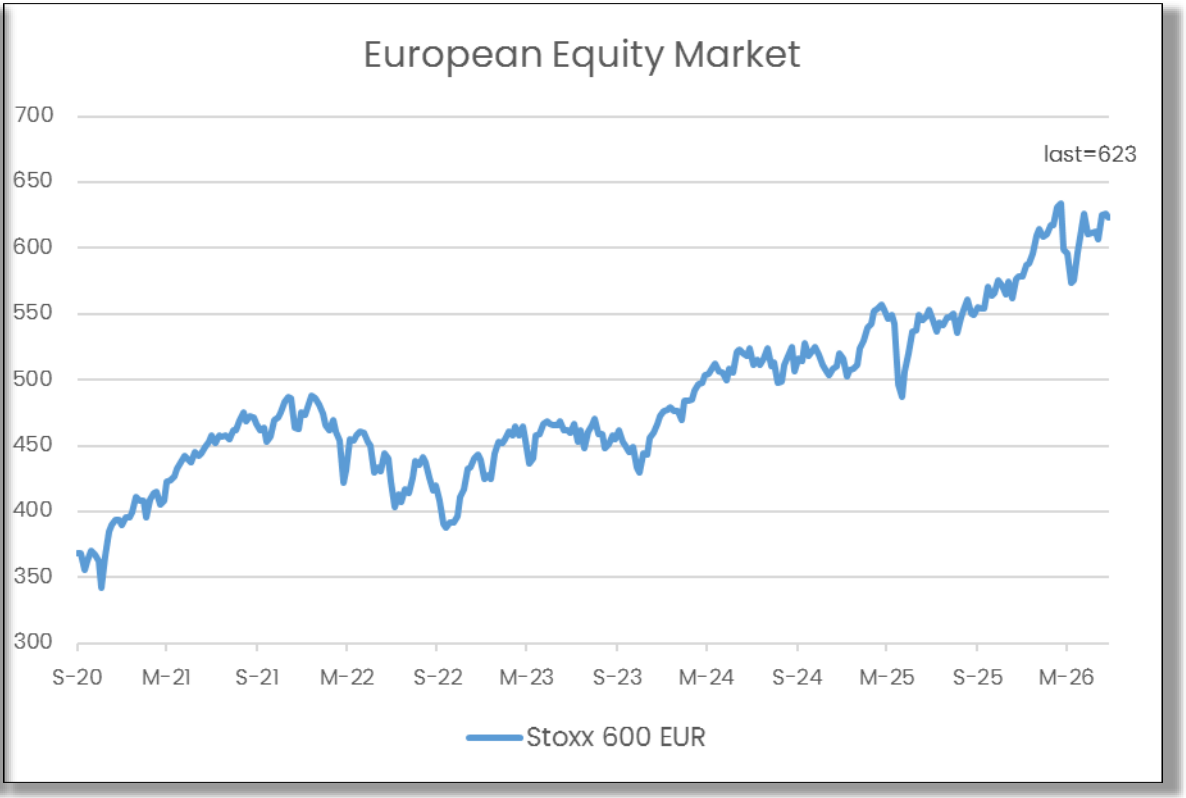
Source: Richelieu Invest analysis

Equities

Equity markets supported by earnings growth

- After a March marked by a sharp reversal linked to the energy crisis, the S&P 500 has reached a record high on June 2nd. The index is up 10% year-to-date as of June 3rd.
- As of May 29, 2026, the S&P 500's earnings growth for Q1 2026 was 29%; excluding energy, it was 30.7%.
- The European market saw a sharper correction in March: the Stoxx 600 fell as much as 10% at its low. Nevertheless, it is up 7.25% year-to-date, including reinvested dividends. Earnings growth is more at risk than in the United States. Earnings growth for the Stoxx 600 was 11.7% for Q1 2026. The financial and energy sectors, which together account for 55% of Stoxx 600 earnings in Q1 2026, grew by 17.7% and 52.1%, respectively, according to I/B/E/S LSEG.



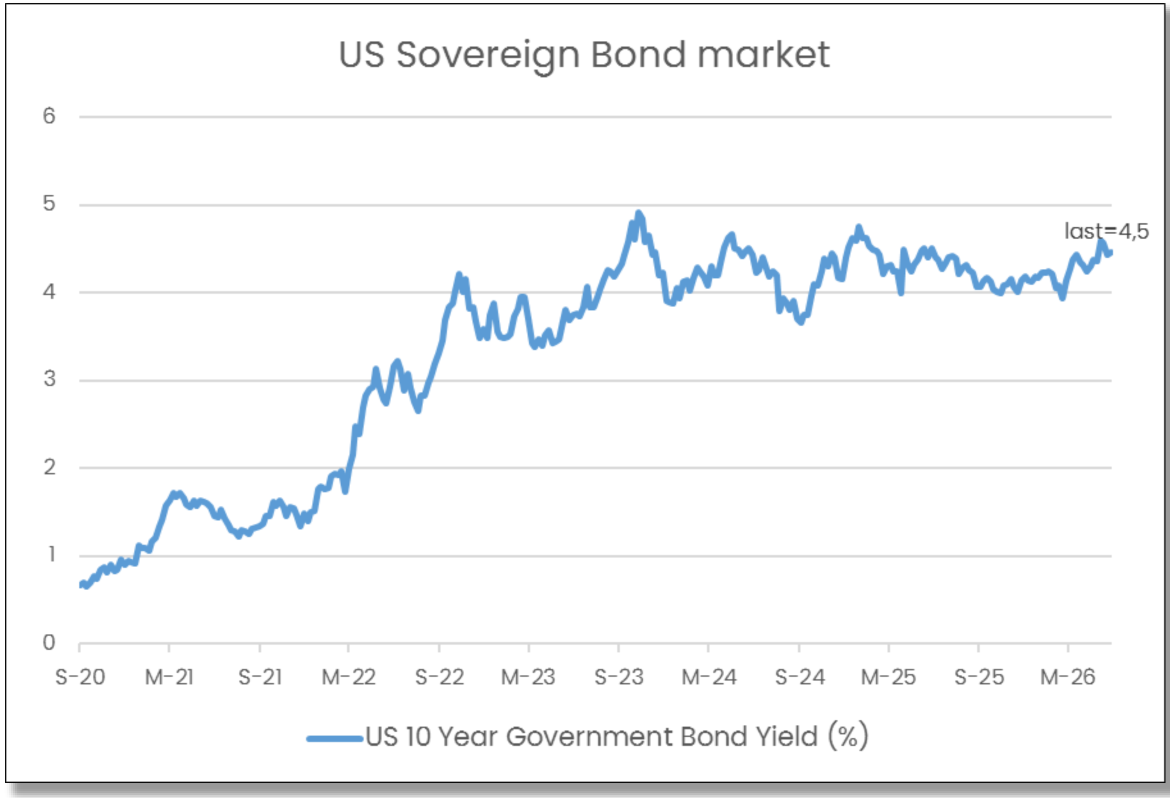


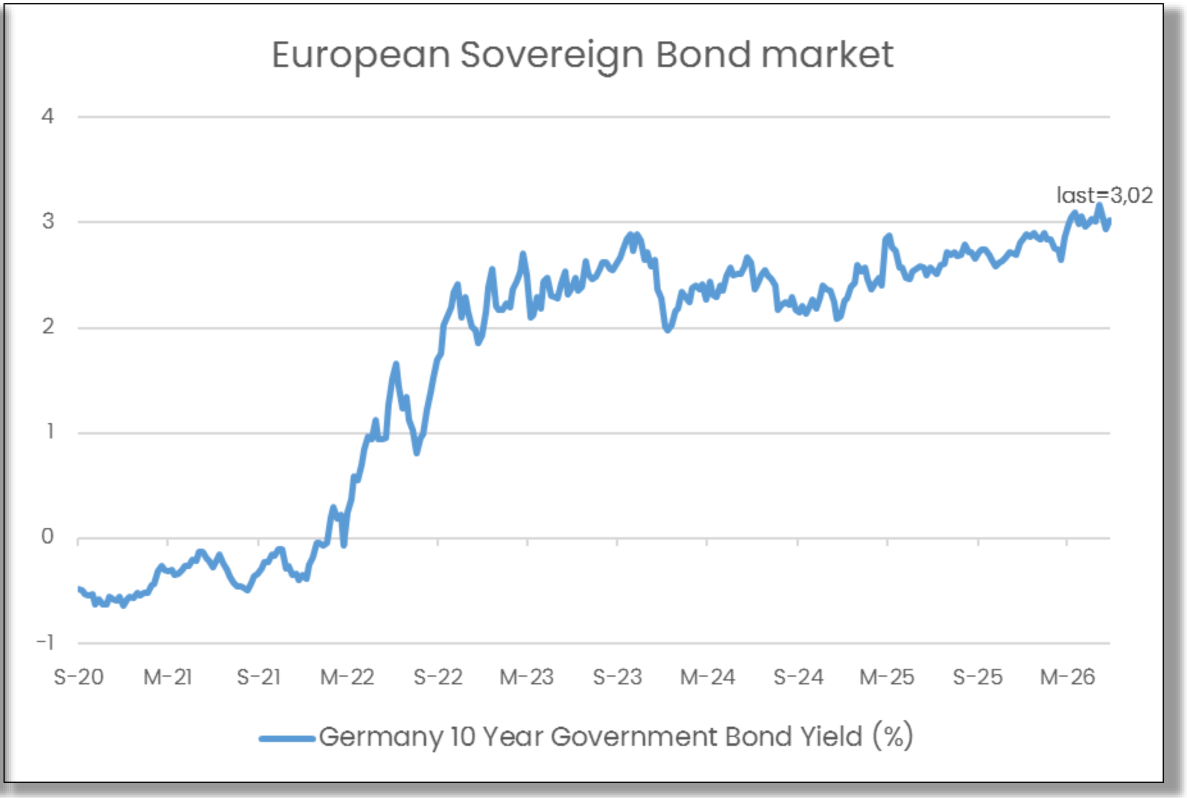
Source: Bloomberg, as of 06/03/2026. Richelieu Invest analysis.

Sovereign Bonds: US and Germany

No clear short-term trend given conflicting events

- The Fed kept interest rates at 3.50–3.75% on April 29. Investors no longer expect rate cuts in 2026. Kevin Warsh is expected to succeed Powell in early summer. FOMC has adopted a hawkish stance.
- 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. However, the rise is being kept in check by the actions of central banks, which are taking steps to curb inflation.
- The ECB also kept its rates unchanged (deposit rate at 2.00%) on April 30. Markets now anticipate up to two rate hikes in 2026 if energy prices persist.



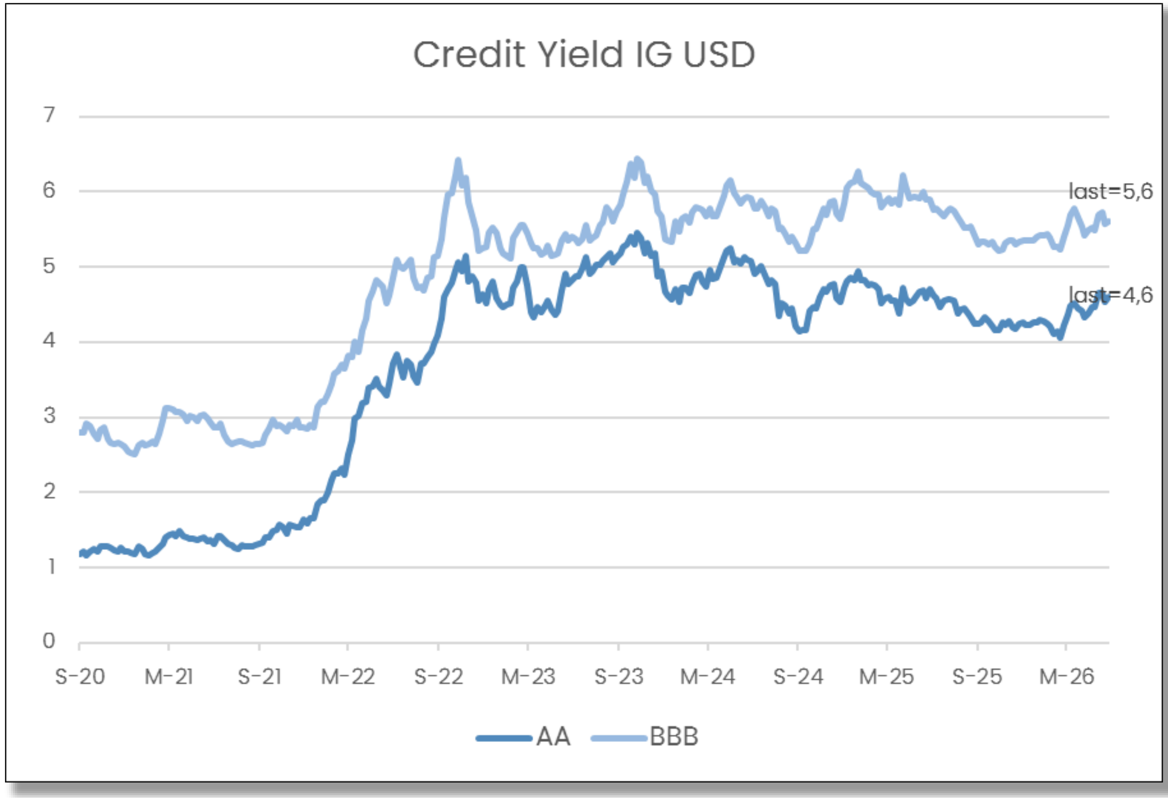


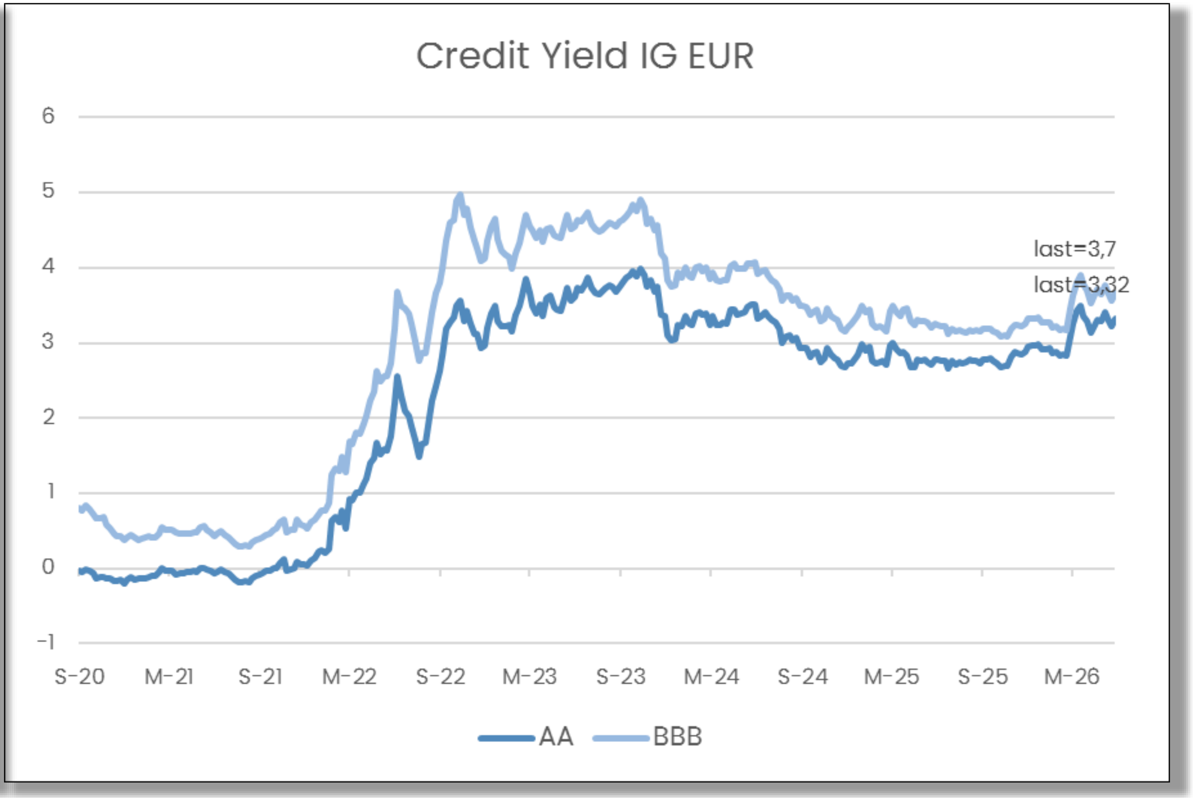
Source: Bloomberg, as of 06/03/2026. Richelieu Invest analysis.

Credit Investment Grade

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

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



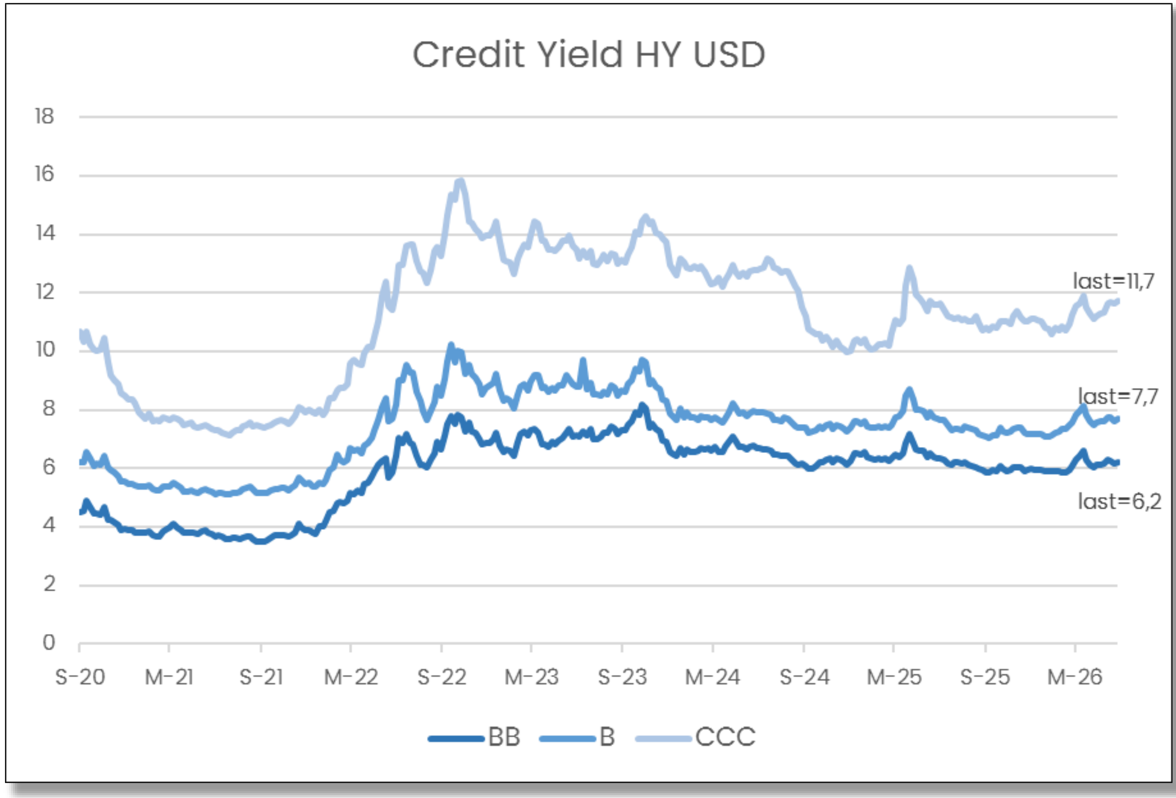


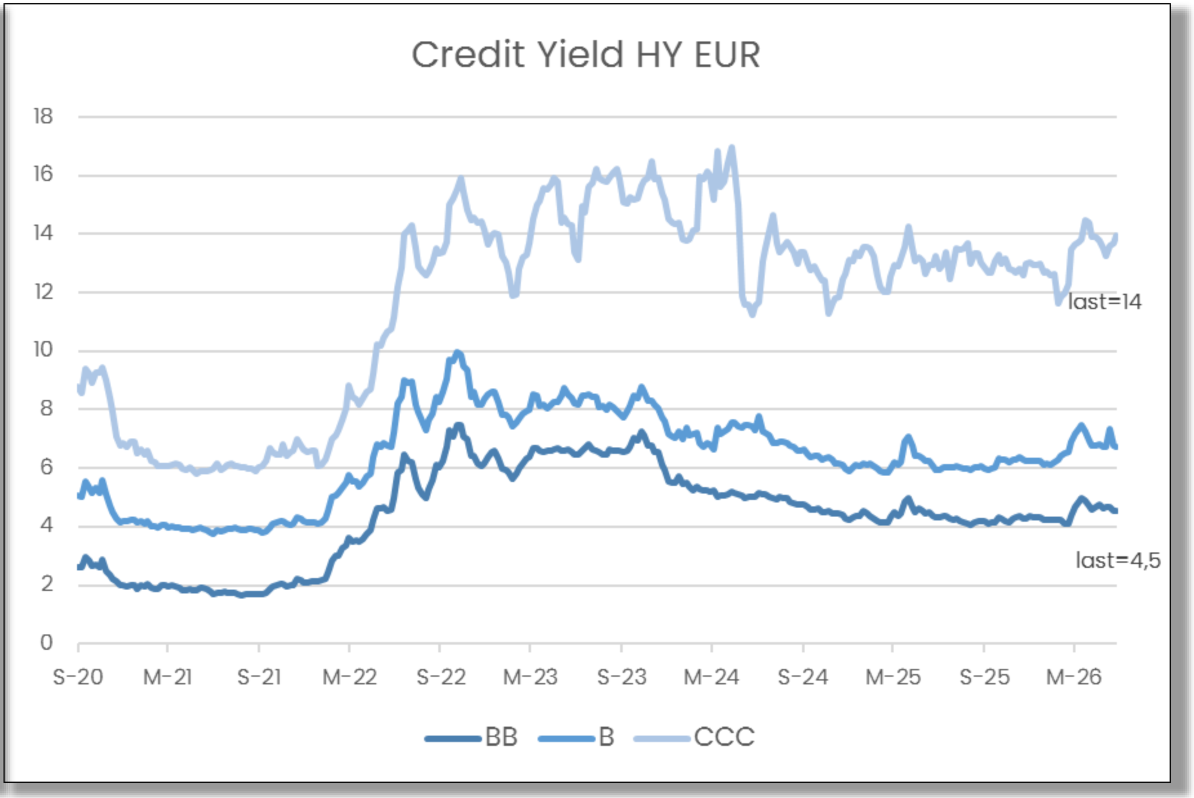
Source: Bloomberg, as of 06/03/2026. Richelieu Invest analysis.

Credit High Yield

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

- We have a underweight view on US and Eurozone High Yield (HY) 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
- We maintain our preference for investment-grade corporate bonds over sovereign bonds and high-yield bonds. Earnings reports from the financial sector reassured on credit resilience for now
- The S&P 12-month aggregate default rate remains around 3%. Default risk is more concentrated in leveraged private credit in the United States



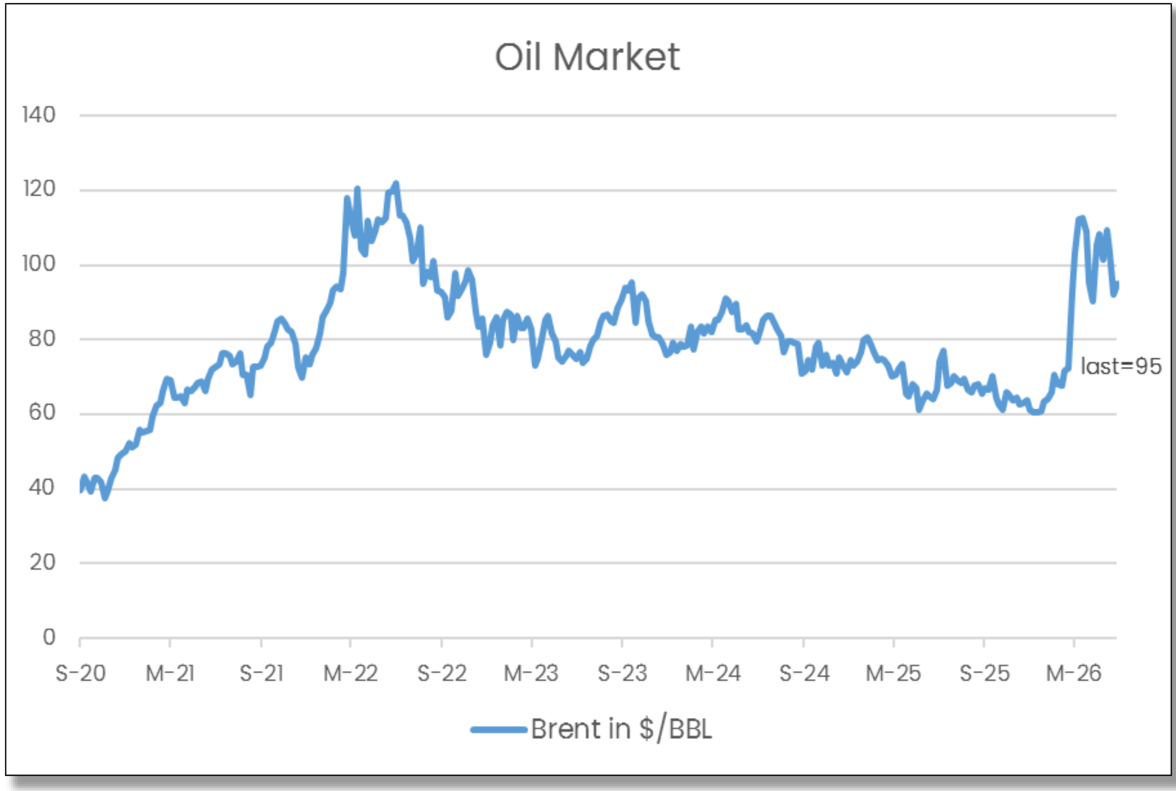


Source: Bloomberg, as of 06/03/2026. Richelieu Invest analysis.

Commodities

Oil prices decreased since its spikes to over $120 a barrel in April. Gold price is under pressure.

- Brent crude reached a high of $126 at the end of April, 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 is under pressure. Gold remains volatile in the short term, particularly depending on interest rate levels
- We reduce our exposure to gold to neutral, though central bank purchases, geopolitical tensions, structural weakness in the dollar, and inflationary risks linked to the oil shock are supportive, increase in interest rates is unfavorable.

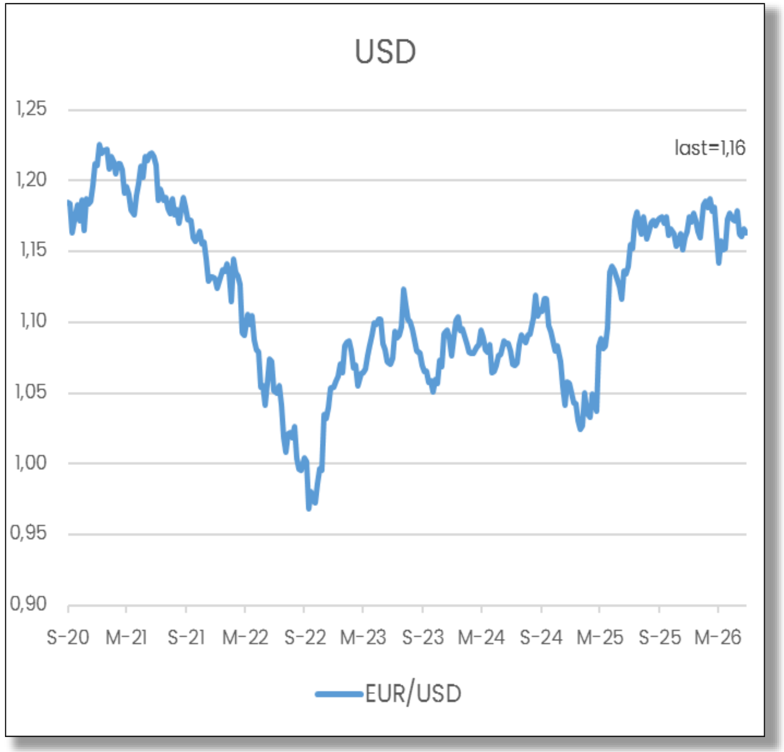


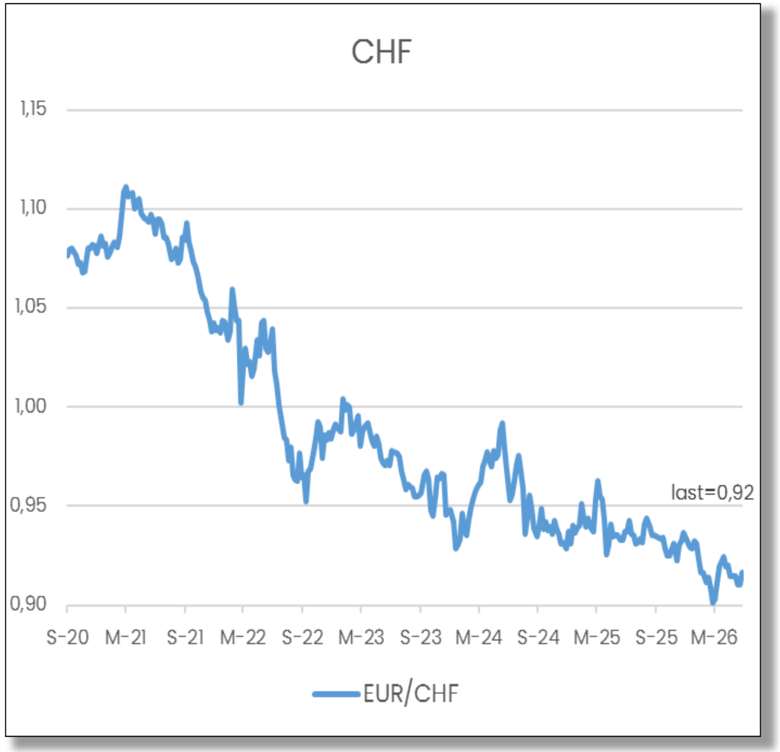
Source: Bloomberg, as of 06/03/2026. Richelieu Invest analysis.

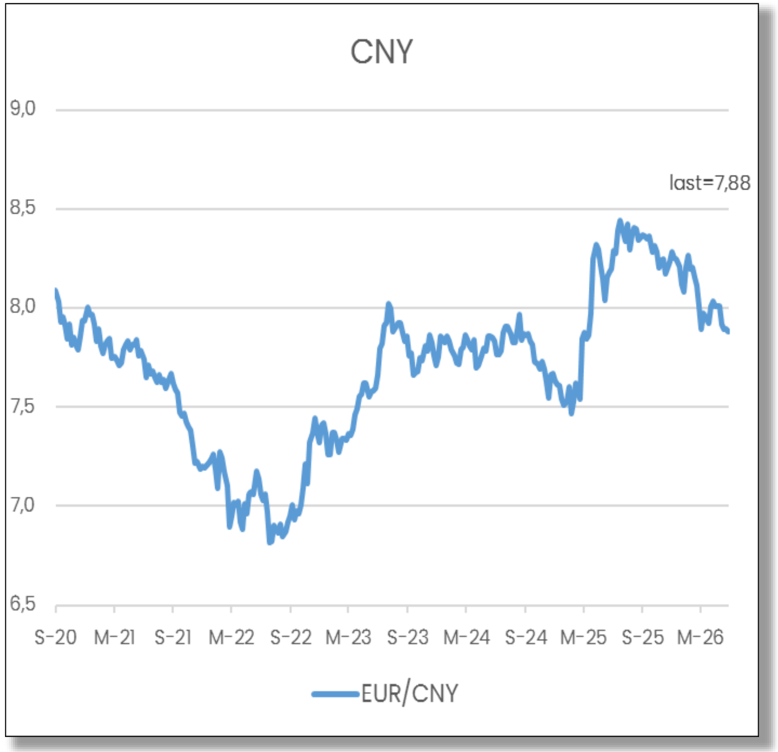
Currencies

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 the hawkish stance is supportive to the dollar.
- 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 06/03/2026. 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 01/30/2026	1 month	3 months	6 months	YTD	3 years	1 year	3 years
Hugau Obli 1-3 I	0.90%	0,03%	1,08%	0,91%	15,95%	3,11%	5,06%

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 06/02/2026): **4.01%**
- **Interest rate sensitivity**: 2.11

Richelieu Family(R share FR0011689330)

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 01/30/2026	1 month	3 months	6 months	2025	3 years	1 year	3 years
Richelieu Family	4,04%	2.79%	12.07%	19.44%	28.60%	15.99%	8.75%

- **To capture the discount on European family-owned SMIDs**, as part of **a diversified equity portfolio**.
- **To differentiate itself from an ETF, a unique management strategy that prioritizes family-owned businesses** as a driver of performance. Advantages: better employee training, longer tenures for executives, better debt management, higher return on capital employed, and stable income generation.
- **A key objective to keep in mind** : growing capital and **passing it on to future generations.**

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 05/30/2026

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