Marketing document

Syconvictions

FEBRUARY 2026

At a glance

We have **strengthened our exposure** to **promising structural themes.**

We are **over-exposed** to **equity markets.**

We see **potential** in **corporate bonds.**

Message from the CIO

While concentration shaped markets in 2025, our message for the year ahead is clear: we have a constructive outlook for 2026. Our core scenario combines resilient growth and gradual disinflation, as the world's central banks remain cautious. In this environment, three reflexes will matter:

Faced with some "obvious" narratives, investors should be wary of the consensus. Today, no one would deny that AI is a powerful theme; the danger does not lie in the technology itself, but rather in paying sky-high prices for a promise. Our approach is to maintain exposure, avoid over-concentration, and diversify across the different links that make up the AI value chain.

Investors are also advised to seek out asymmetrical situations, meaning investing in areas where doubts persist. Europe is a good example. After years of "Europe bashing", valuations are attractive and much of the market's scepticism has been priced in. And yet, the return on public investment (German plan, infrastructure) can create real positive surprises, notably within overlooked asset classes such as small & mid caps.

Finally, risk management is not just a motto. Diversification can no longer achieved by mixing regions and sectors; it is now more about themes. The latter come with their own catalysts and risks, and these will drive performances. We combine regions, sectors and styles and make arbitrage decisions between different investment themes (AI, energy, healthcare, defence) according to their cycles.

Our four convictions for 2026 remain unchanged: we are constructive overall; we remain positive on AI - but dissemination is crucial; we shall take advantage of Europe as a positive asymmetrical opportunity and leverage the carry yield delivered by credit markets. To sum up, the first few weeks of 2026 have confirmed our views: markets are proving us right so far, and the operating momentum is strengthening to better capture opportunities in 2026.

Pierre-Alexis Dumont, Chief Investment Officer

Market weather

EQUITIES	SOVEREIGN BONDS	CORPORATE BONDS	CASH
European	European	Investment Grade	
American	American	High Yield	
Asian			

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Market environment

Over the past month, markets have been rising steadily and **investors generally come across as very optimistic.** Earnings growth expectations seem high and difficult to achieve. However, **momentum should not be overlooked - which is why we began the year rather overweight on equity markets.**

These are eventful times and 2026 got off to a strong start when the US armed forces captured the Venezuelan president. Although unexpected, this event had little impact on markets: oil prices fell but have since recovered, and defence stocks continued to rally. **However, the market's weak response remains rather logical.** In an unstable geopolitical environment, **markets will only react to events that concern economically-important regions.** And Venezuela is not one of them.

Let's switch to Greenland, where the worst seems behind us now. Donald Trump stirred up capital markets with his negotiations, threats of additional tariffs and armed conflict. While the market stopped its rise **the momentum on defence stocks gathered speed.** There was no time to adjust owing to a "TACO" (Trump Always Chickens Out) moment at the Davos forum.

Trump announced he would neither use force, nor impose additional tariffs on Europe. **Investors breathed a sigh of relief.** But we are on guard, as the US president has been known to change his mind... or his target.

Finally, the most important event - which has not received as much attention – has been happening on the other side of the world. **Yields on Japan's long-maturity government bonds have shot up.** Yields on 30-year bonds have increased to almost 4% for the first time in over 30 years. More worryingly, this latest rise stemmed from weak demand for the most recent issuances, among other factors. While it remains gradual, the situation is manageable. **This explains the rather subdued reaction from global investors.** However, a faster rise could accentuate fears over the end of the yen carry trade (borrowing in yen to invest in US rates). In turn, this would cause concerns over US debt, which would spread to all markets. **Exporting Japanese stocks would also be under pressure if the yen were to strengthen (our scenario).**

Asset allocation strategy

After a strong December, markets extended their gains in January, despite the unstable geopolitical environment. **Growth forecasts remain very upbeat,** and the return of inflation is no longer viewed as a major risk for 2026.

While we took advantage of the rise in January (we began the year rather over-exposed), we believe **some caution is now called for.** As we mentioned in our previous Syconvictions, there is no need to panic. However, a little prudence on some of January's top-performers seems a sensible move.

Themes that have become structural, such as defence or metals, **are likely to remain in the portfolio, or be increased if we identify buying opportunities.**

In bond markets, we believe that the recent rise is giving **corporate bonds a little more upside potential.**

We shall keep a close eye on the situation in Japan, as this could impact other fixed income markets.

Key dates

2026

February 4th and 5th
ECB meeting

March 17th and 18th
Fed meeting