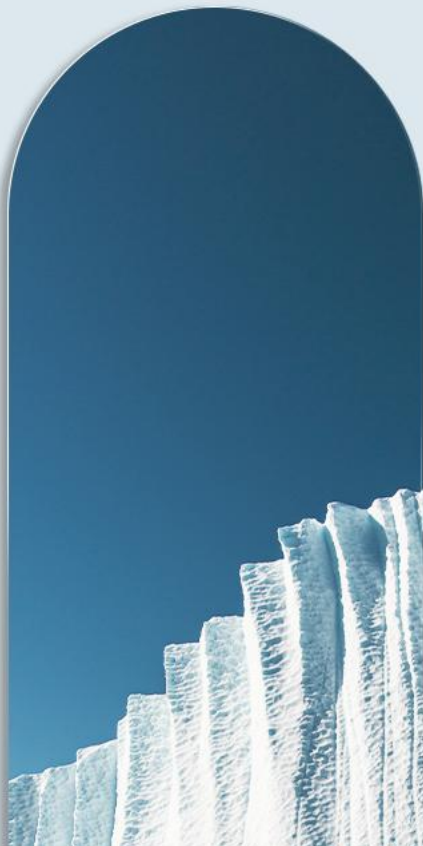


The Macroscope. *Investing between Giants.*



December, 2025

Agenda

1

**Escalation in H1 &
De-escalation in H2 2025.**

2

"G2" – The US China Tech-tonic.

3

**Geopolitical uncertainty
but better economic visibility.**

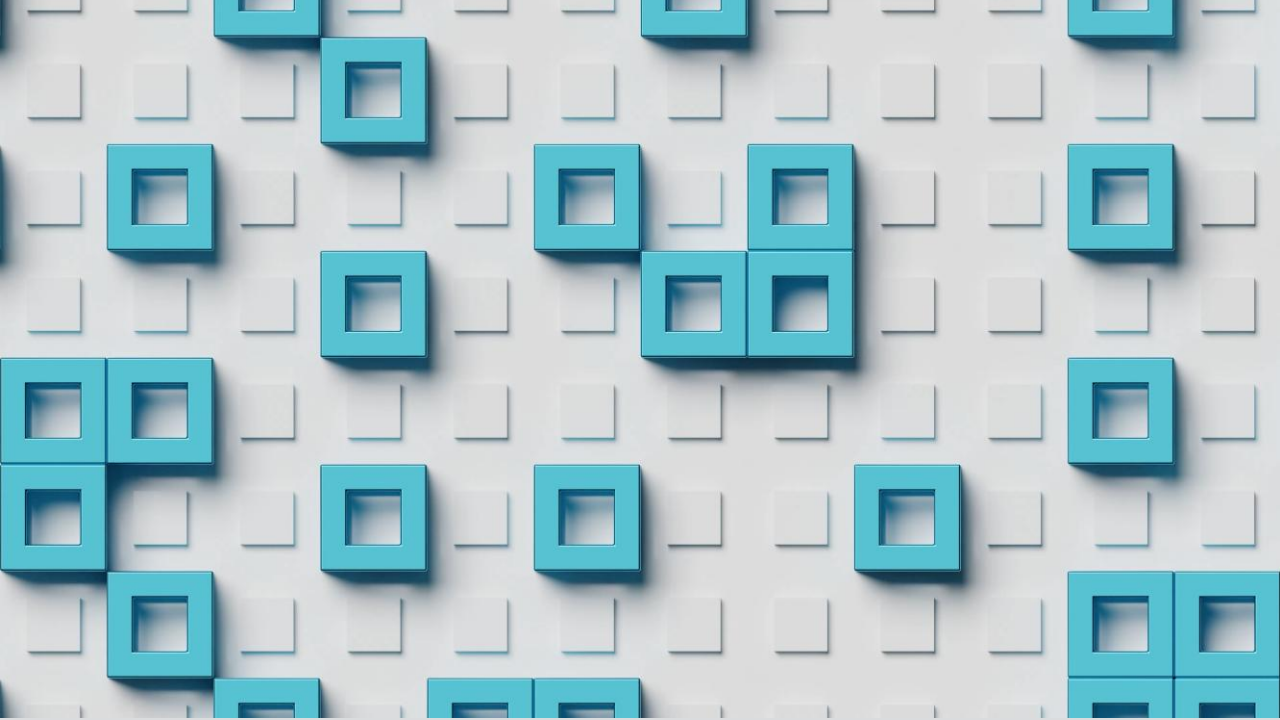
4

**Investment
Opportunities.**

5

Conclusion.





1 Escalation in H1 & De-escalation in H2 2025.



What we got over the past year.

Investment opportunities in our macroeconomic scenario

Macro indicators		
	Nov '25	Nov'24
CPI, YoY %	3.0	2.4
5y Breakeven rate, %	2.32	2.34
Unemployment rate, %	4.3	4.1
Eco. uncertainty index	202	95
Trade uncertainty index	2689	195
Tariff collection YtD, USD bn	226	82
AI-related investment*	3,217	2,730

* Data center, computer & peripheral equipment, softwares

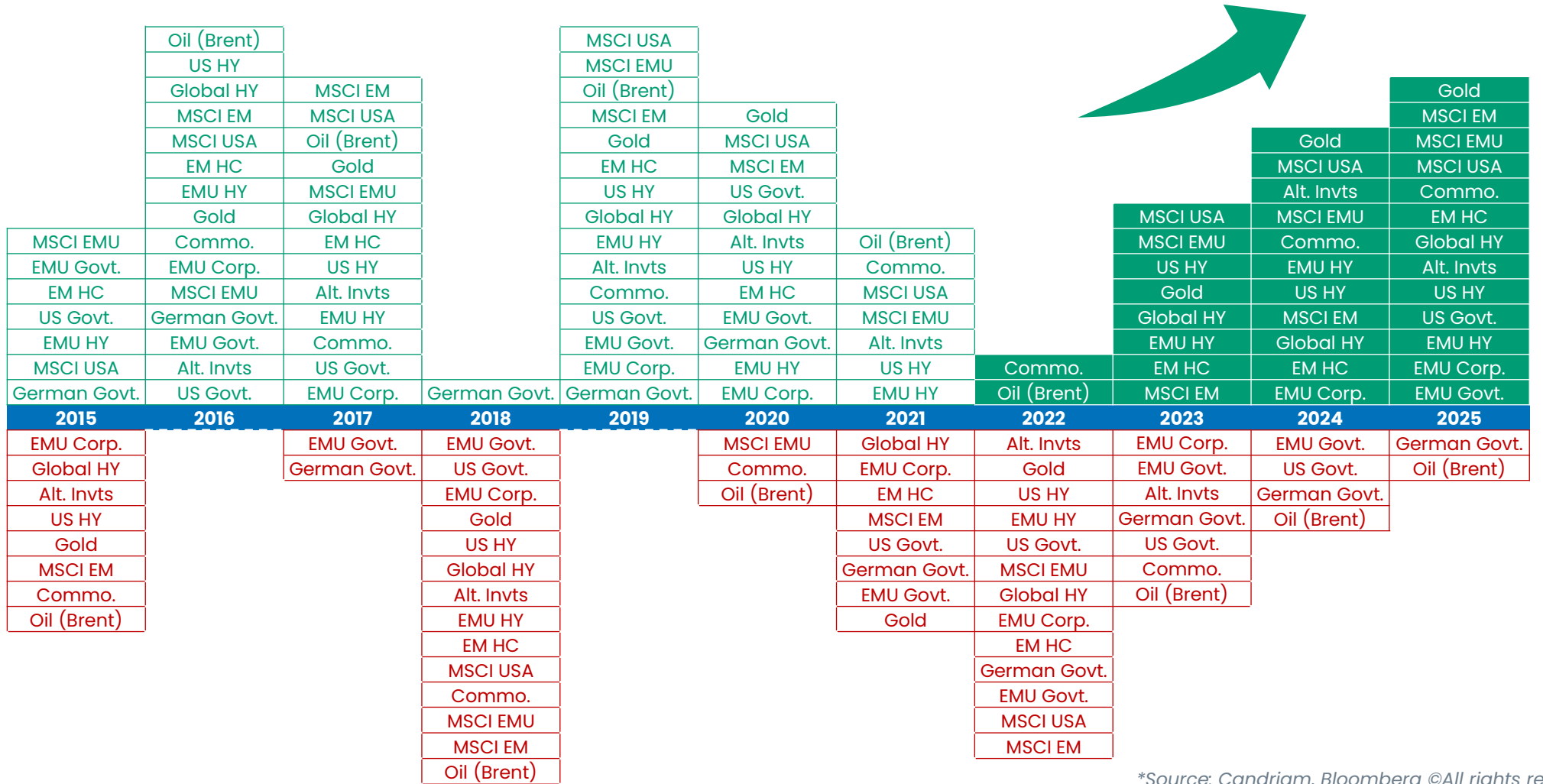
Financial market parameters		
	Nov '25	Nov'24
Fed Funds rate, %	3.88	4.87
10y Treasuries, %	4.03	4.27
Dollar index (DXY)	99.8	103.4
EURUSD	1.158	1.093
S&P500 index level	6,797	5,782
S&P500 12m fwd PE	23.3	21.9
Mag-7 index level	33,580	23,385

*Source: LSEG Datastream, Candriam, Bloomberg ©All rights reserved

Past performance is no guarantee of future results. The scenarios presented are an estimate based on evidence from the past, and/or current market conditions and are not an exact indicator.



Risk on.



*Source: Candriam, Bloomberg ©All rights reserved

Data as of 31 October 2025. Past performance is no guarantee of future results.



A look back on our H2 outlook.

Starting points

What went wrong

No specific regional equity bias

Preference for European vs. US Credit

Preference for JPY vs. USD

Positive on European Duration

What went right



US and China AI

European sectors – Banks, Industrials

Emerging debt

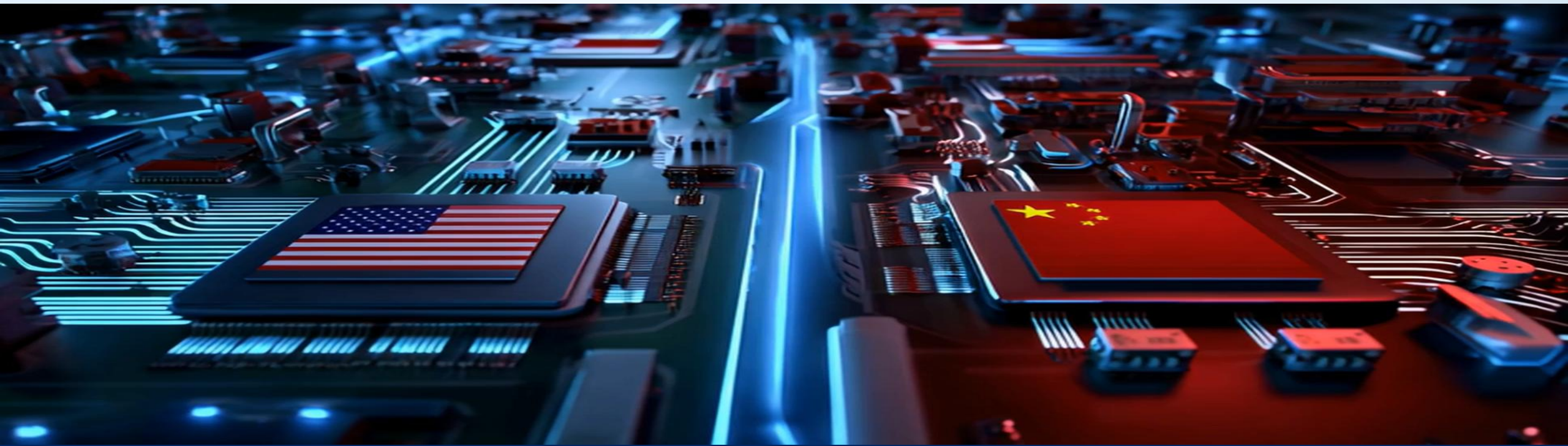
Positive on alternative strategies – higher dispersion

Positive on Gold

Negative on Oil

**Source: Candriam, ©All rights reserved*





2 “G2” – The US China Tech-tonic

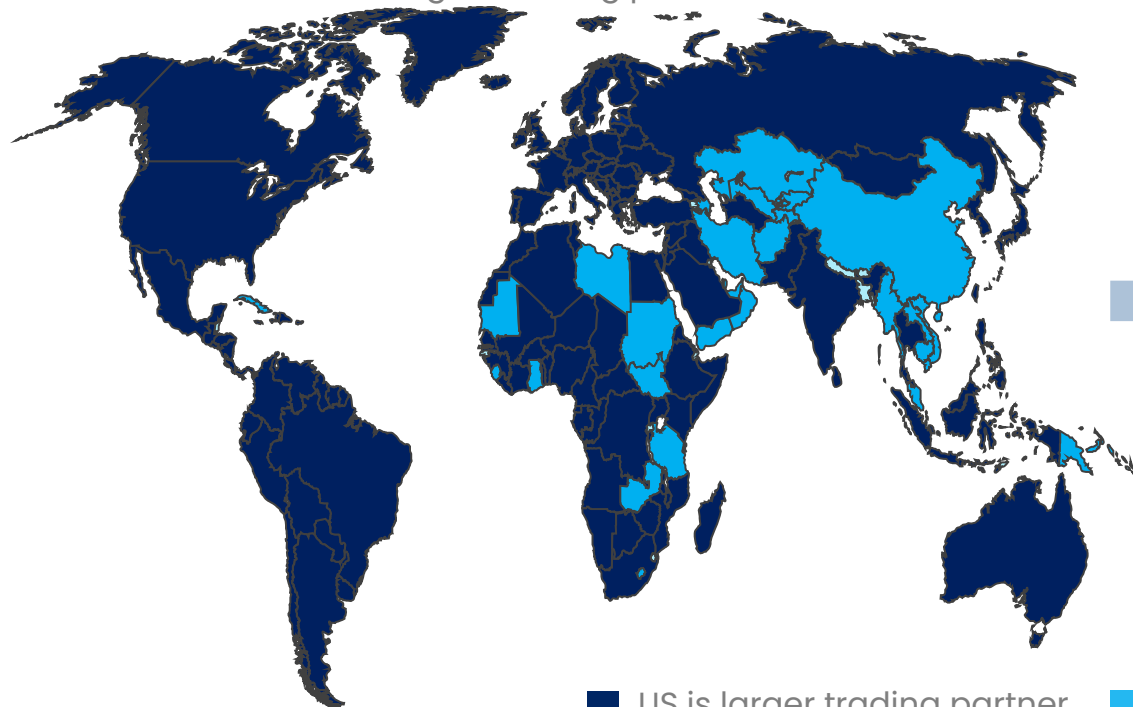


A Balance of power.

Global trade has shifted from a US-centric world to a US–China duopoly

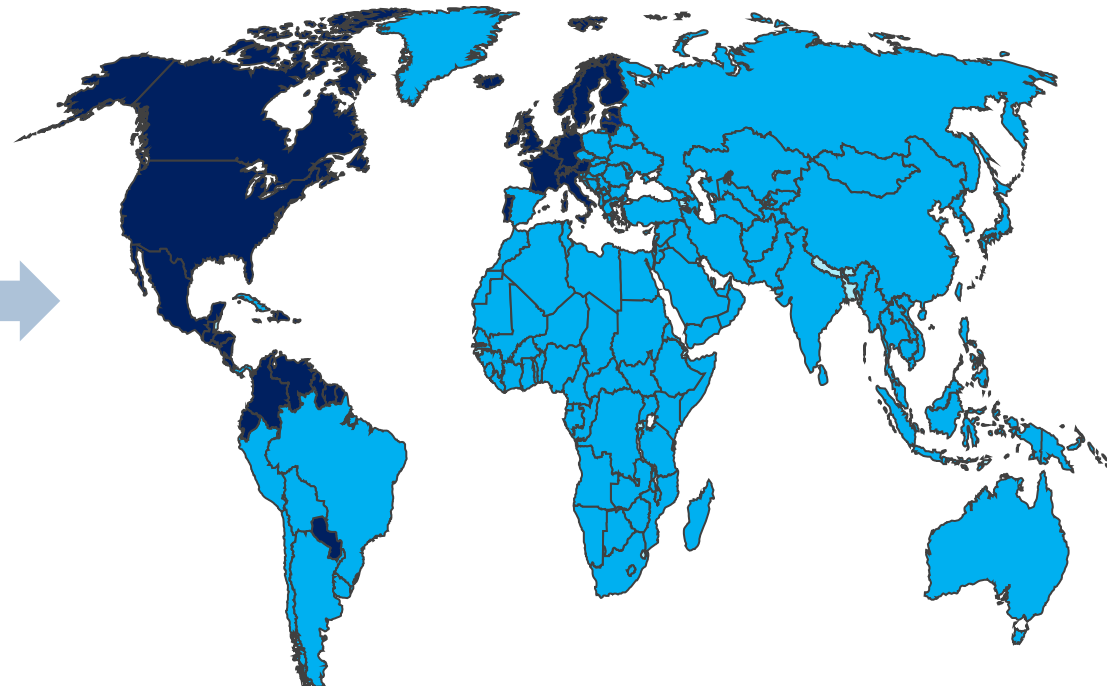
In 2000, most nations traded mainly with the US...

Largest trading partner in 2000



By 2024, China has become the dominant partner

Largest trading partner in 2024



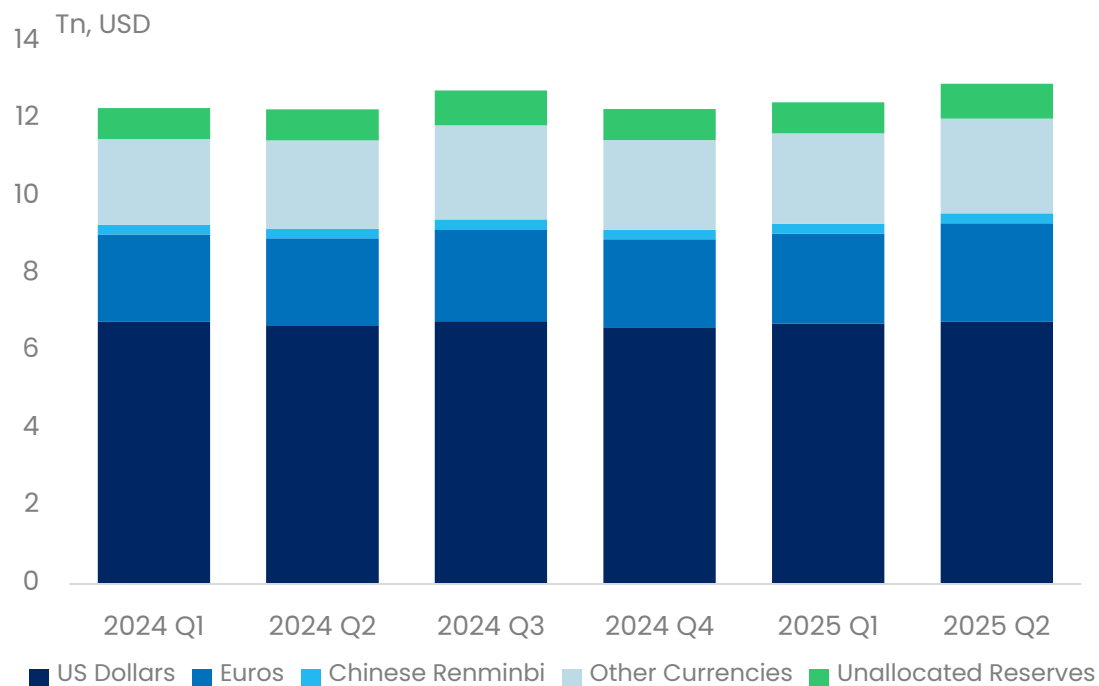
■ US is larger trading partner ■ China is larger trading partner



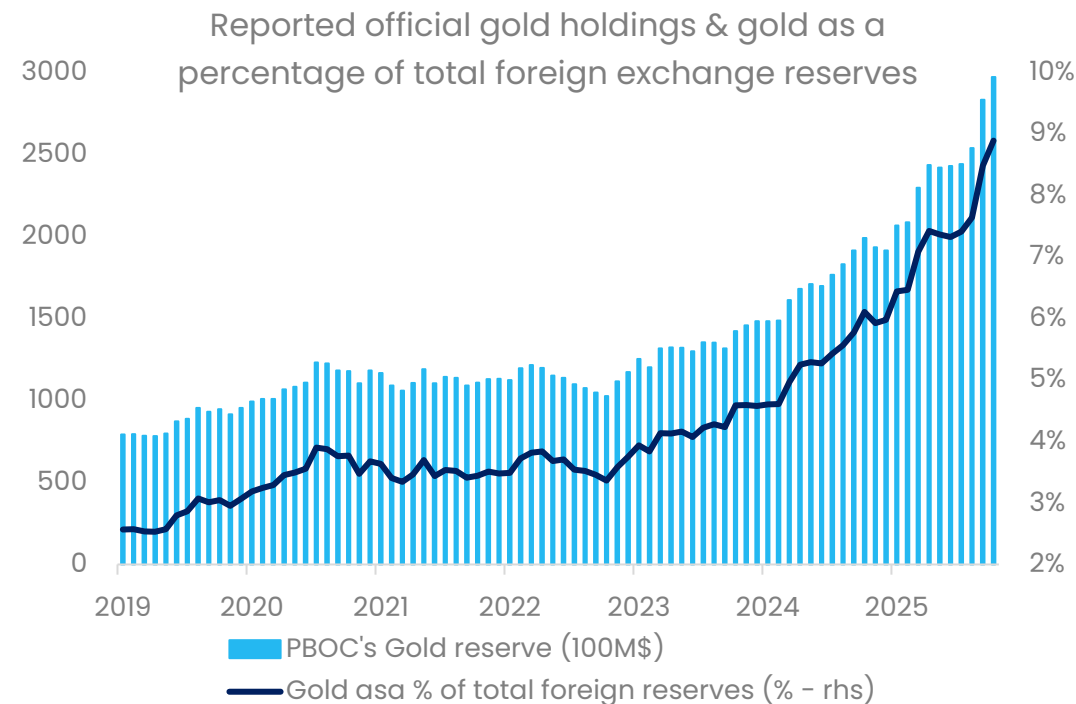
A Balance of power.

The Dollar prints confidence, the Dragon building credibility

King USD – Composition of Official Foreign Exchange Reserves (Trn USD)



China's Growing Gold Reserves



*Source: Candriam, LSEG Datastream, Bloomberg, China State Administration of Foreign Exchange, World Gold Council, IMF ©All rights reserved

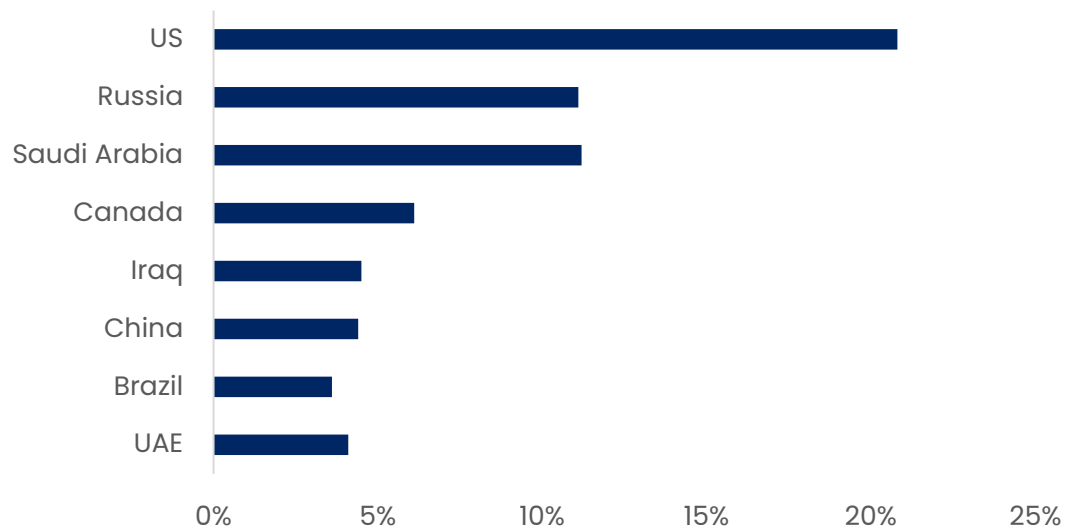


A Balance of power.

Fossil fuels still rule the world — China's clean power is catching up.

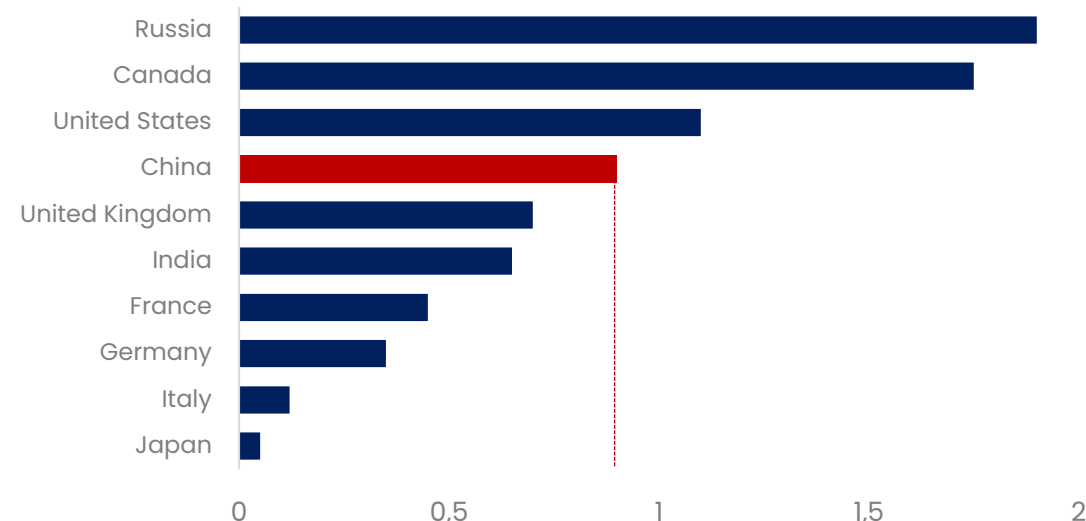
US – A Fossil superpower

Crude Oil Daily Production, % of global output,
end of 2024



China – Becoming a Renewable powerhouse

Energy self-sufficiency ratio (Production /
Consumption, 2022)



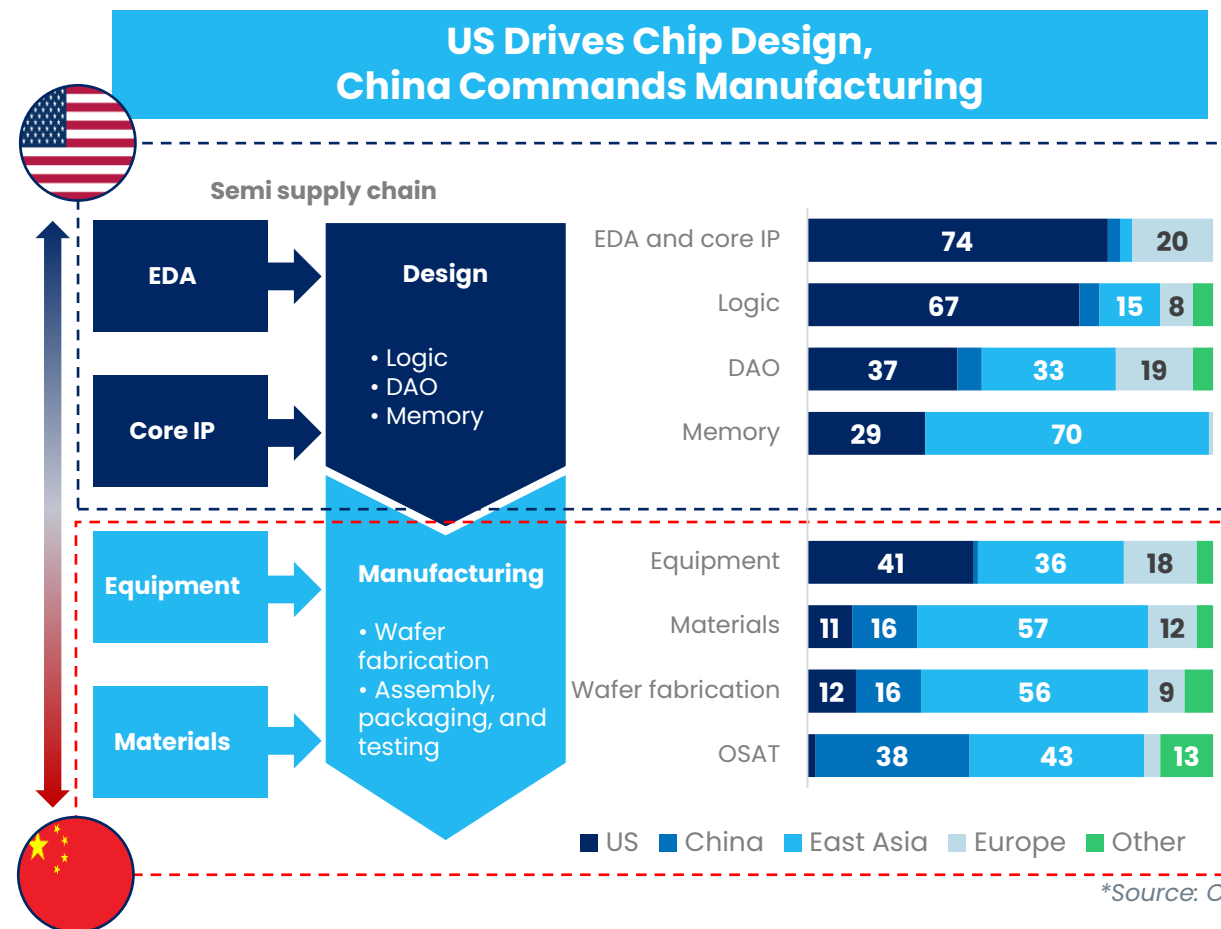
**Source: Candriam, LSEG Datastream, Bloomberg, ©All rights reserved*

Past performance is no guarantee of future results.

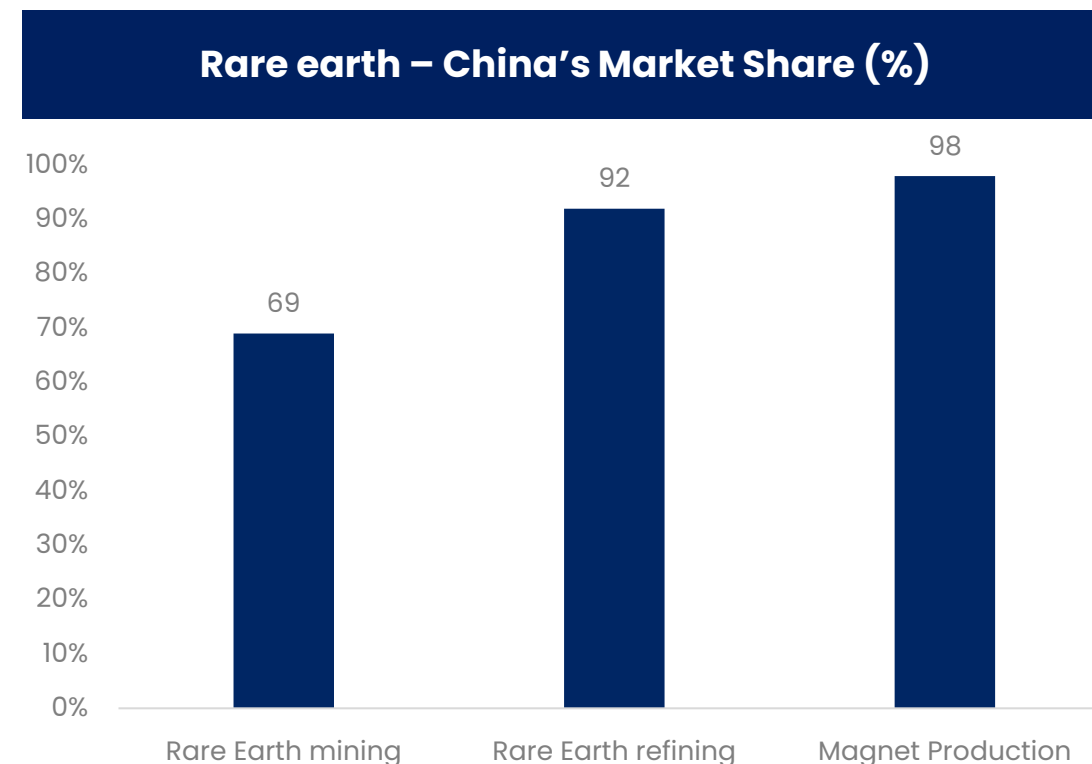


A Balance of power.

AI – The US masters the code, China owns the core



*Source: Candrium, LSEG Datastream, Bloomberg, Boston Consulting Group, Goldman Sachs, ©All rights reserved
Past performance is no guarantee of future results.



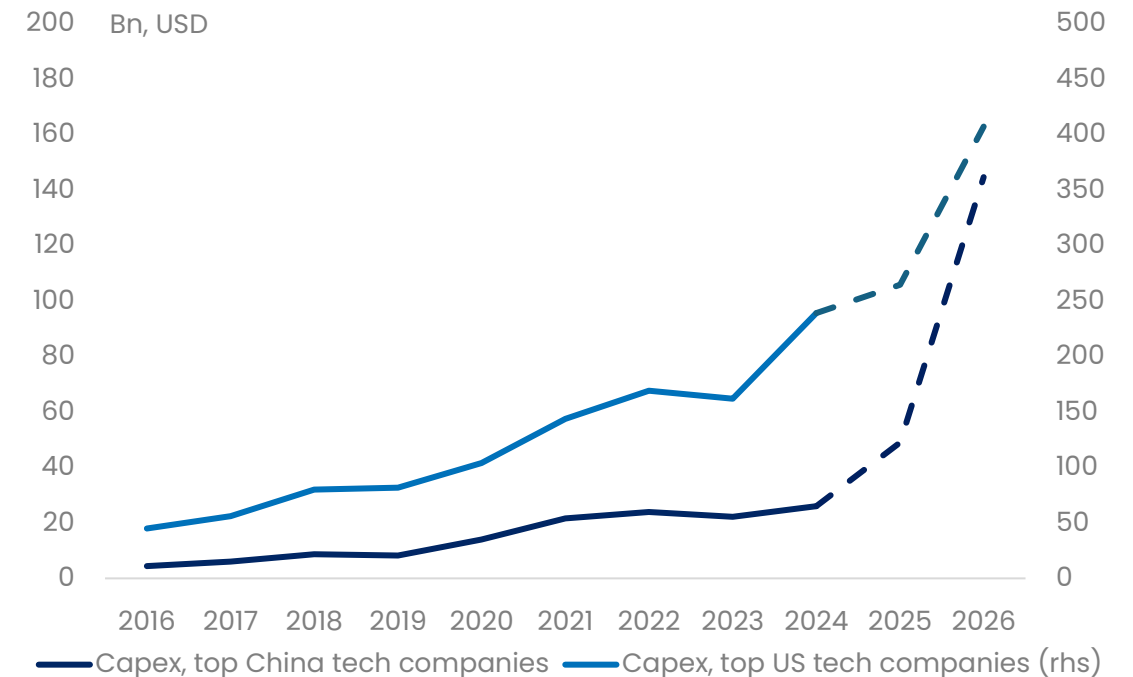
AI and CAPEX drive the competition.

To stay ahead of the pack, every leader must keep investing to push the limits and lead the race

Tech supremacy: two ecosystems, same ambition

	Main Domain	
Apple	Smartphones & Ecosystem Hardware	Huawei / Xiaomi ✓
Microsoft	Software, Cloud, Gaming	Tencent ✓
Amazon	E-commerce, Logistics, Cloud	Alibaba ✓
✓ Alphabet	Search, Data, AI, Digital Ads	Baidu
Meta	Social Media, Digital Ads	Tencent ✓
Nvidia	AI Infrastructure	Huawei / SMIC ✓
Tesla	Electric Vehicles, Batteries	BYD / NIO ✓

Strong CAPEX Momentum Across listed US and China Tech



*Source: Candriam, LSEG Datastream, Bloomberg, ©All rights reserved

Past performance is no guarantee of future results





3 Geopolitical uncertainty but Better economic visibility.



Noise in geopolitical landscape.

Shifting word order leads to geopolitical uncertainty

Various forms of Competition in a Power Transition



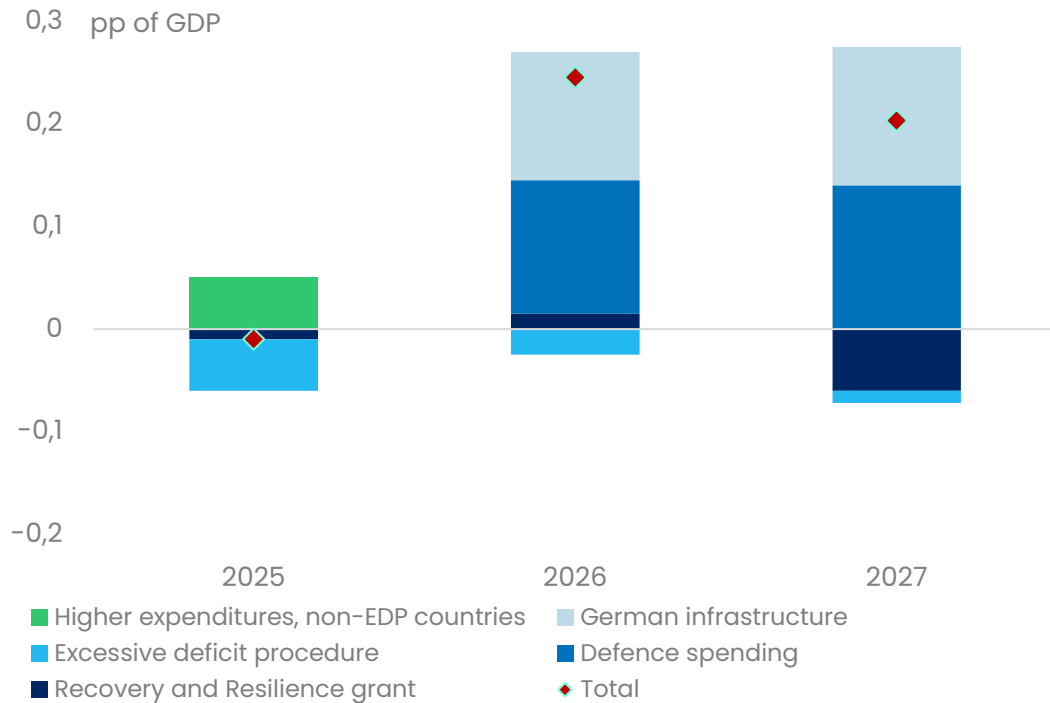
Increased global military conflicts



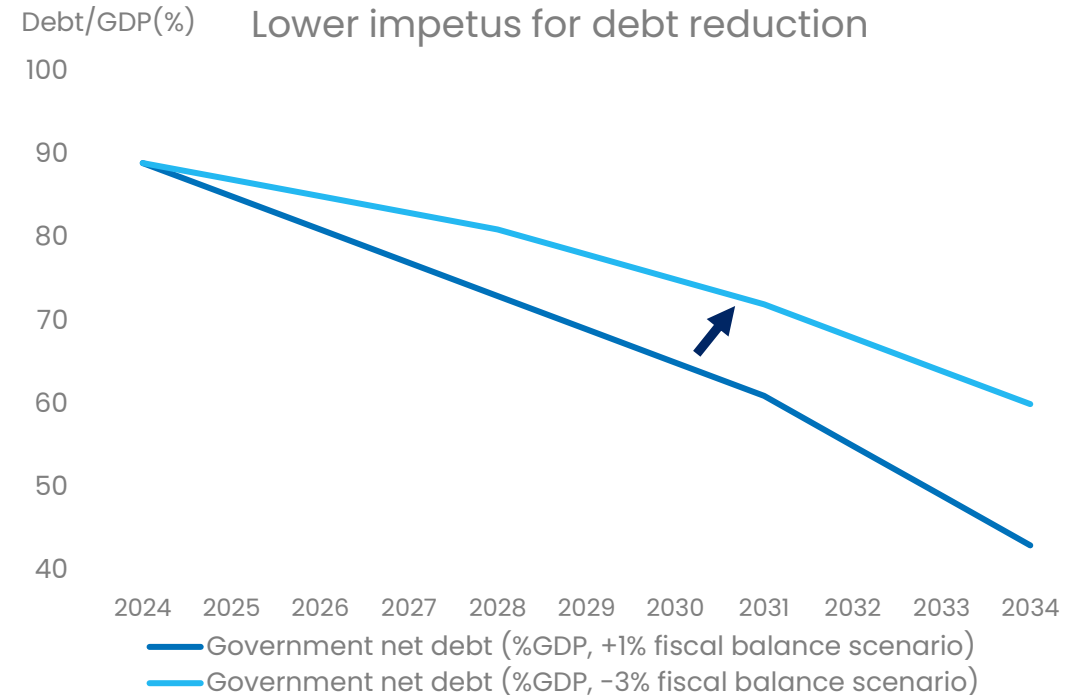
Fiscal support.

Governments should be very supportive

Eurozone – Fiscal contribution to growth, in pp of GDP



Japan – Takaichi will prioritize economic growth at the expense of stronger fiscal discipline



*Source: Candriam, LSEG Datastream, Bloomberg, UBS, CACIB, ©All rights reserved

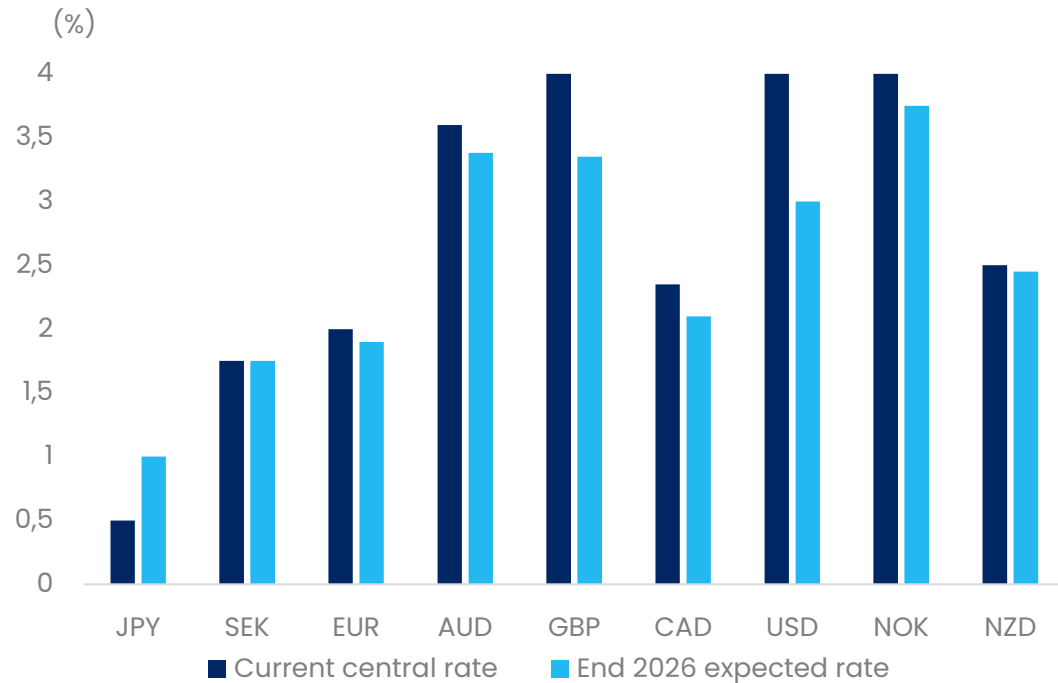
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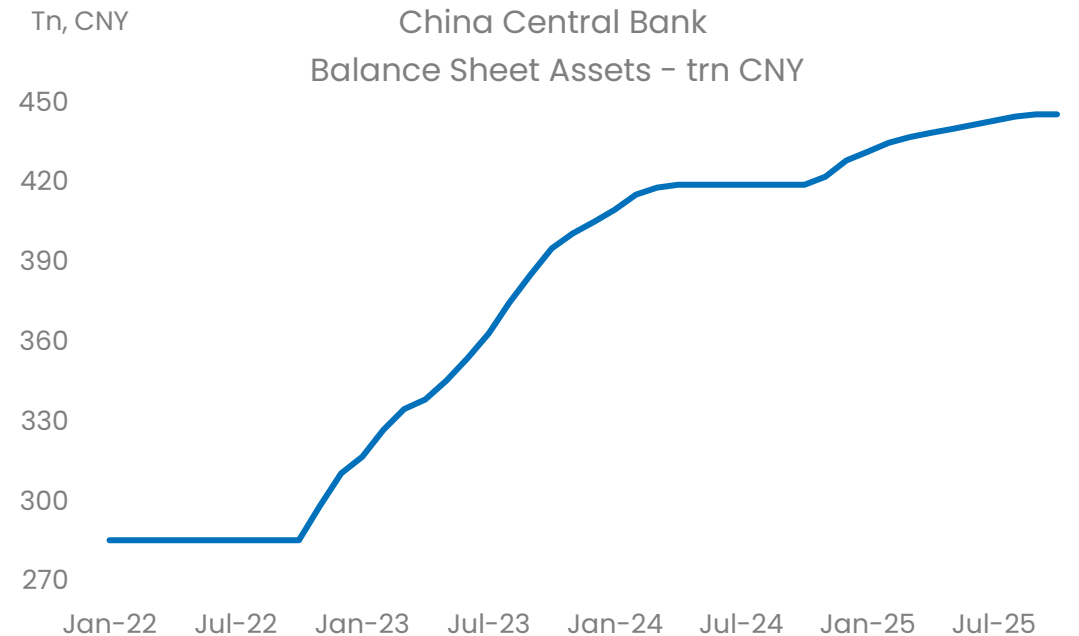
Monetary support.

2026 will mark another year of monetary easing

Central banks are expected to continue cutting rates



China central bank should continue to help its economy



*Source: Candriam, LSEG Datastream, Bloomberg, ©All rights reserved



The Next Central Bank Backstop.

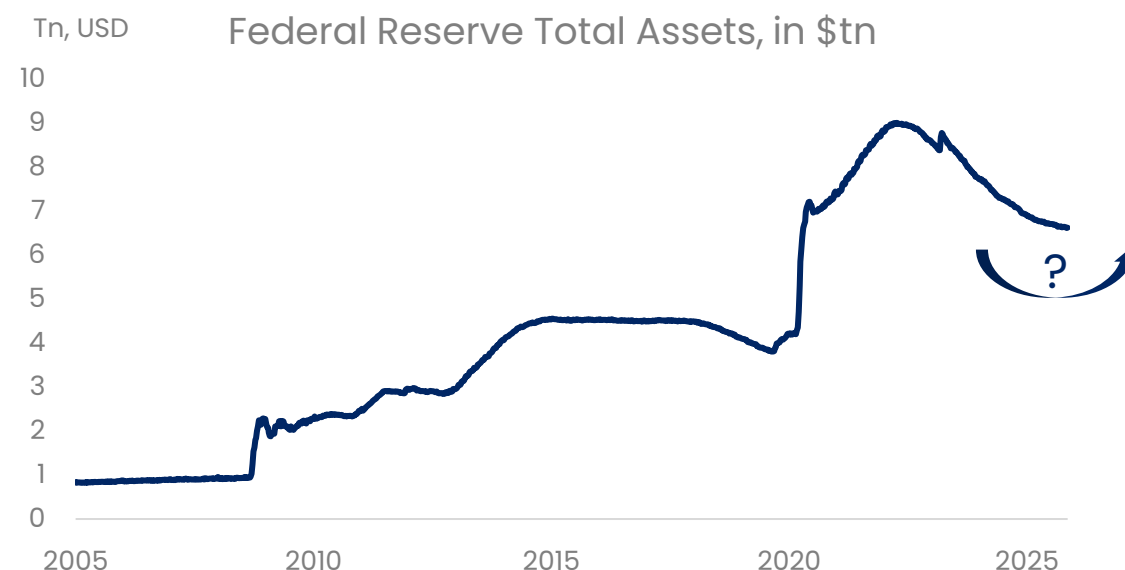
"I respect his independence. However, I hope that independently he will conclude that my views are the ones that should be followed."

Richard Nixon – Remarks at the Swearing In of Dr. Arthur F. Burns as Chairman of the Board of Governors of the Federal Reserve System, 31 January 1970

A possible post-Powell Fed reaction function

- a **new approach** to models and forecasting e.g. a **look-through** approach to tariff inflation,
- less inertia in policy allowing **more rapid cuts** down towards neutral,
- the assumption of a **lower neutral rate** and a **lower unemployment rate** (NAIRU),
- an **asymmetrically activist approach** to guarding against downside risk to the labor market relative to upside risk to inflation

The Fed's balance sheet stands ready for renewed expansion



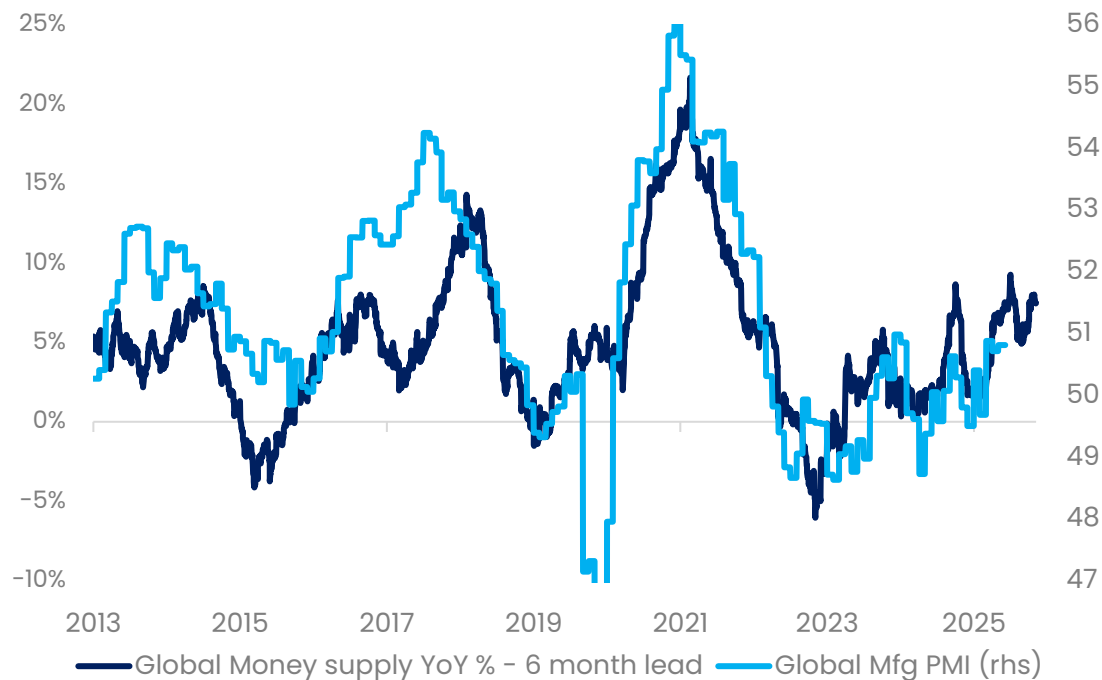
**Source: Candriam, LSEG Datastream, Bloomberg, ©All rights reserved*



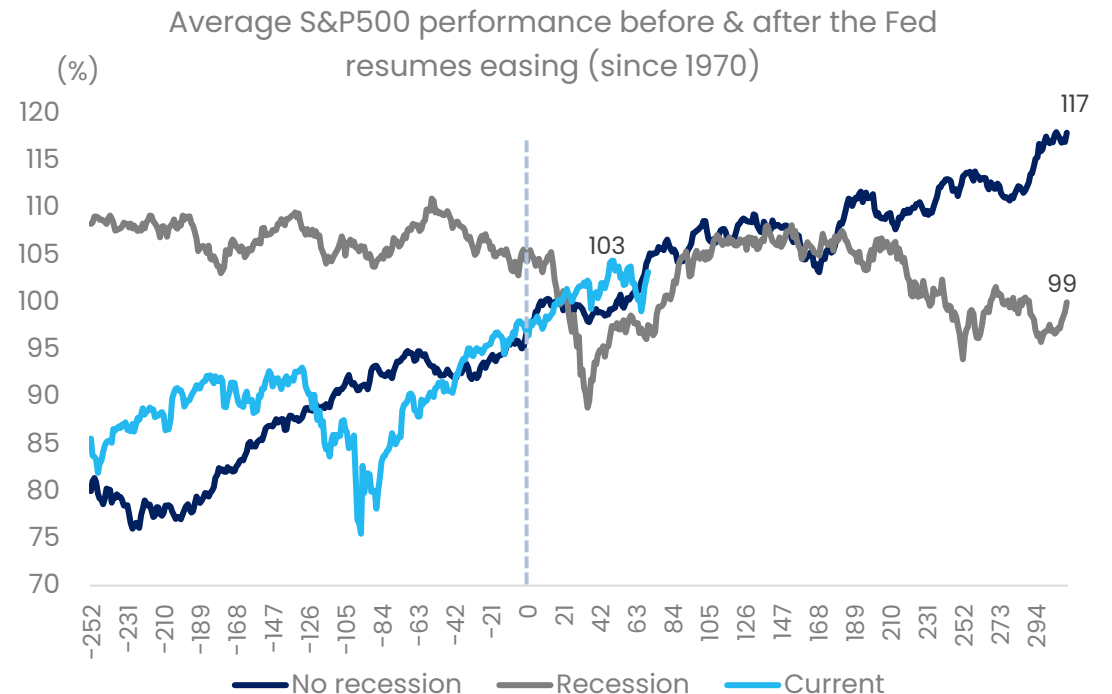
Providing tailwinds for equity markets.

Even after a strong run, markets retain upside potential

Supportive Fiscal and Monetary stance bodes well for activity & therefore EPS growth



FED cut after a pause is supportive for equity performances



*Source: Candriam, LSEG Datastream, Bloomberg, ©All rights reserved

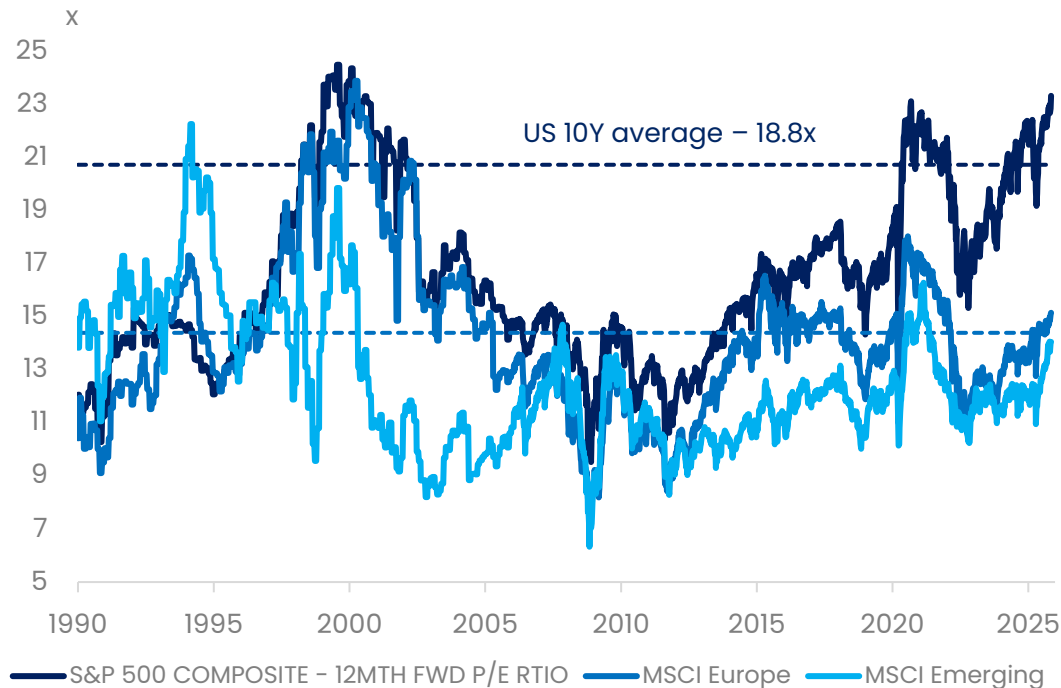
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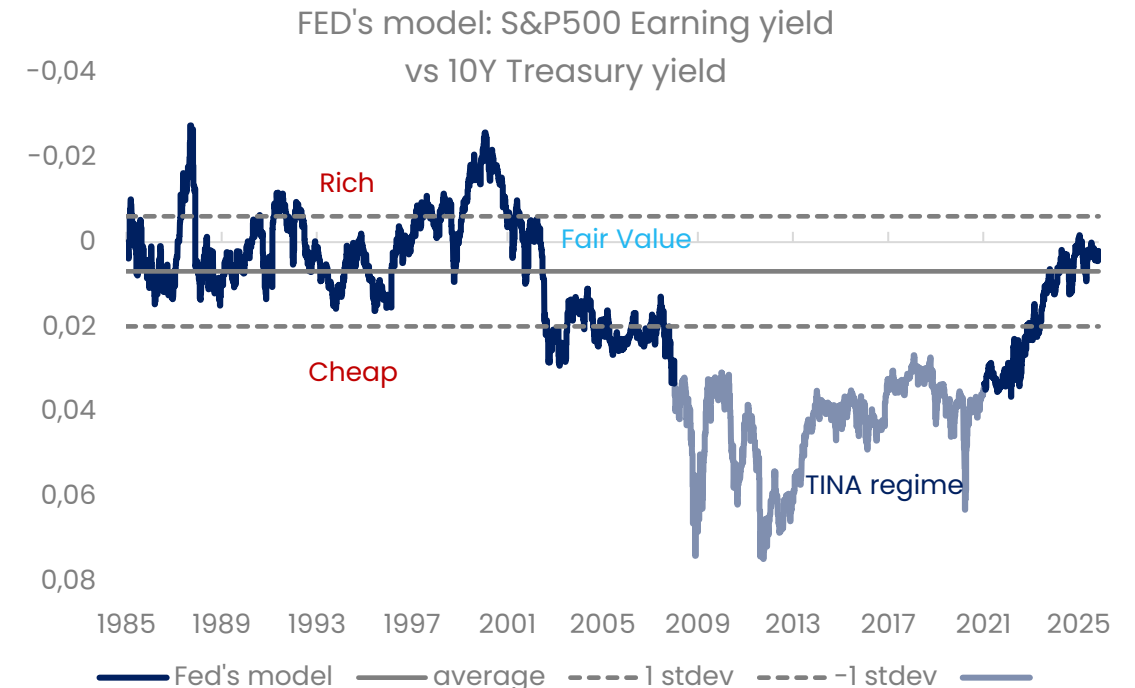
Starting point – Valuation.

The valuation debate is a US story — not a global one

US & European Valuations above pre-Liberation Day, S&P500 and MSCI Europe 12m forward PE



FED's model shows fair valuation



*Source: Candriam, LSEG Datastream, Bloomberg, ©All rights reserved

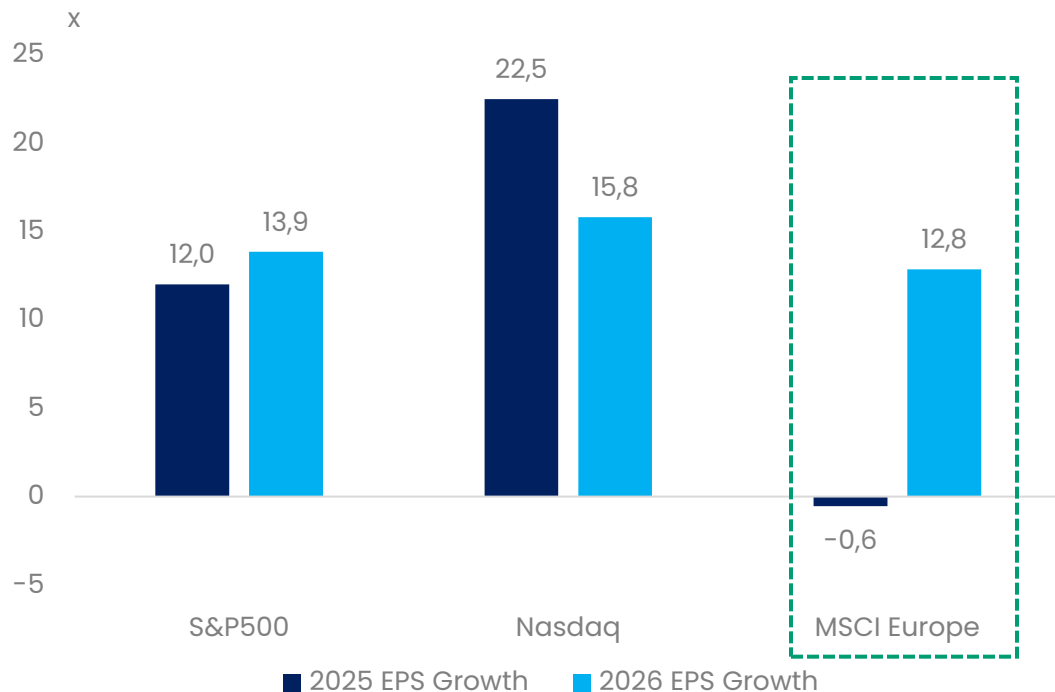
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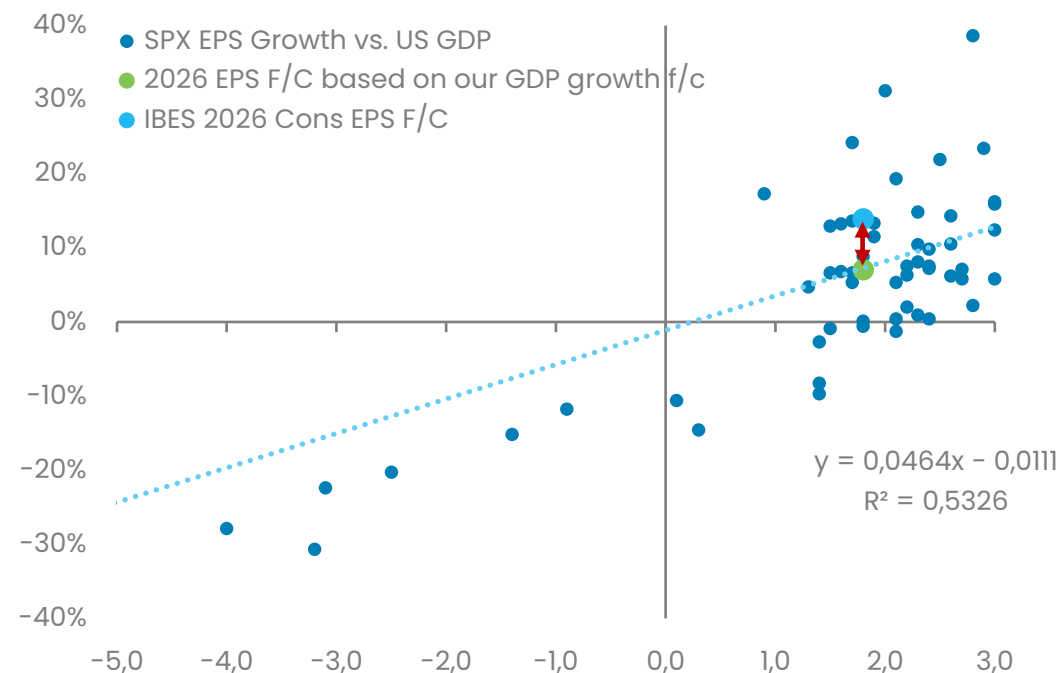
Starting point – Earnings.

Comparable EPS growth provides leeway in Europe, while in the US, strong activity remains necessary

Consensus US and European Equities earnings growth projections for 2025 & 2026, in %



Current GDP projections advocate for high single digit EPS growth in the US



*Source: Candriam, LSEG Datastream, Bloomberg, ©All rights reserved

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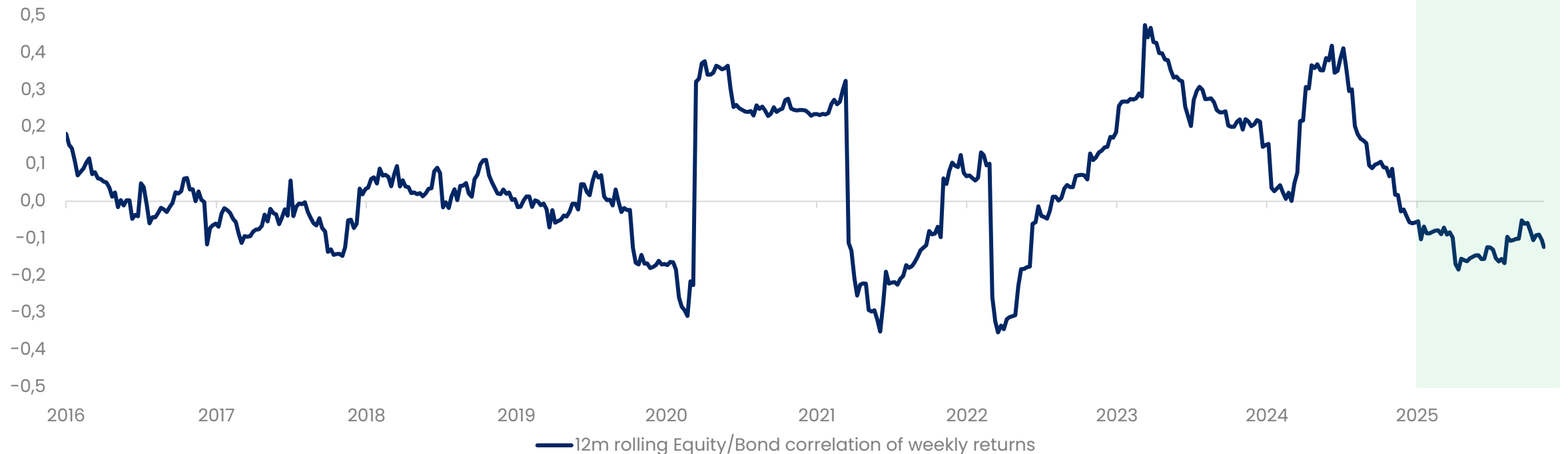
4 Investment Opportunities.



European Duration.

European Bonds offer negative correlation to equities

12m rolling Equity/Bond correlation of weekly returns



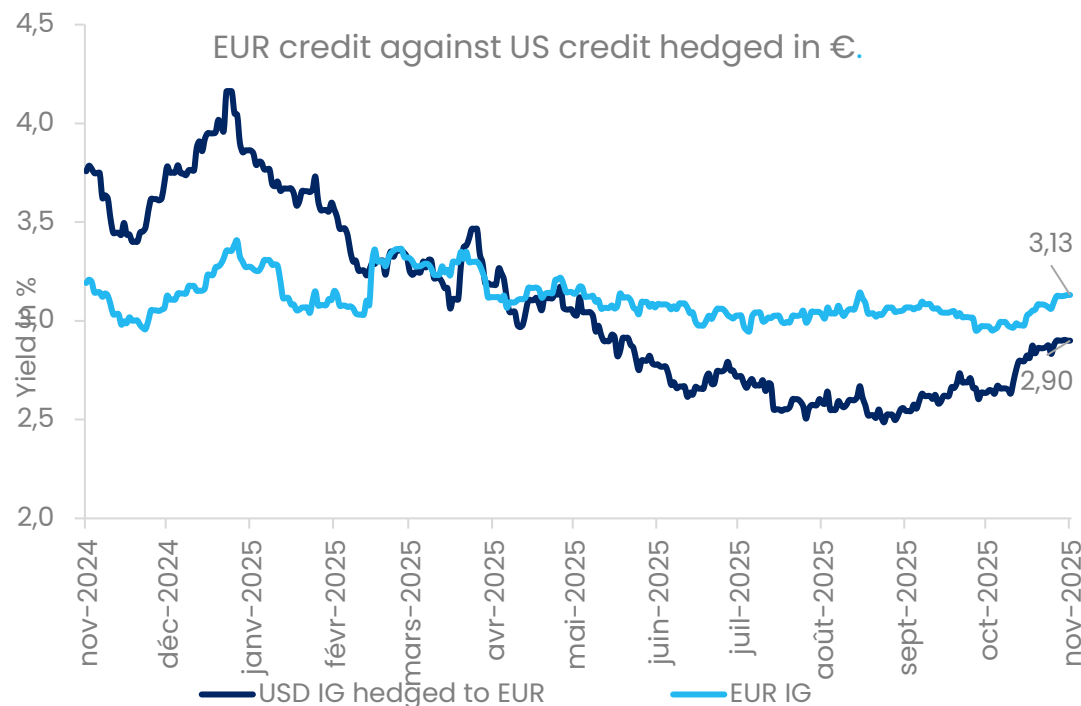
*Source: Candriam, Bloomberg, ©All rights reserved



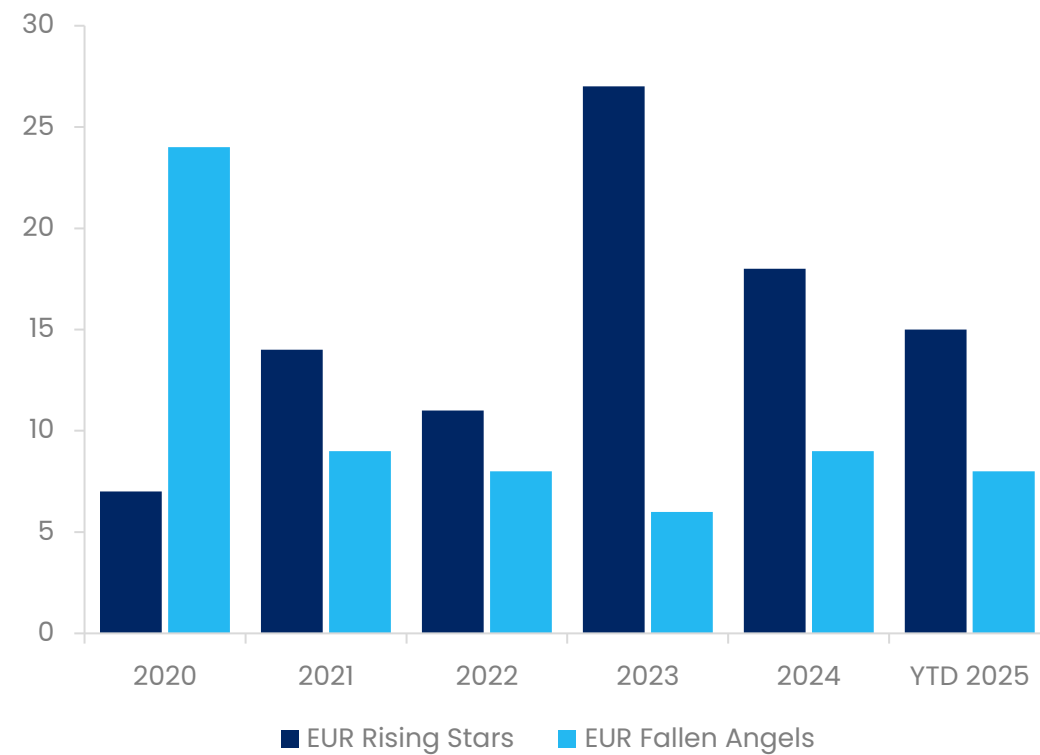
Carry – Credit EUR.

Up-in-quality, expecting (Euro) IG to deliver better risk-adjusted returns than High Yield

Euro IG looks more attractive than US IG once hedged



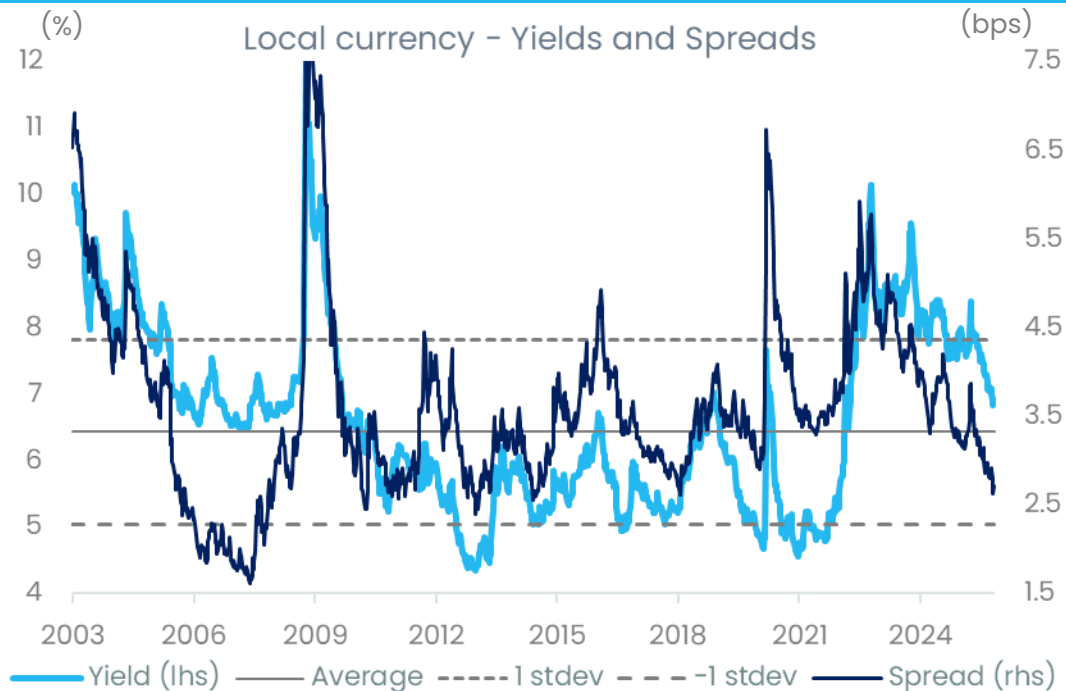
Euro IG offers better fundamentals



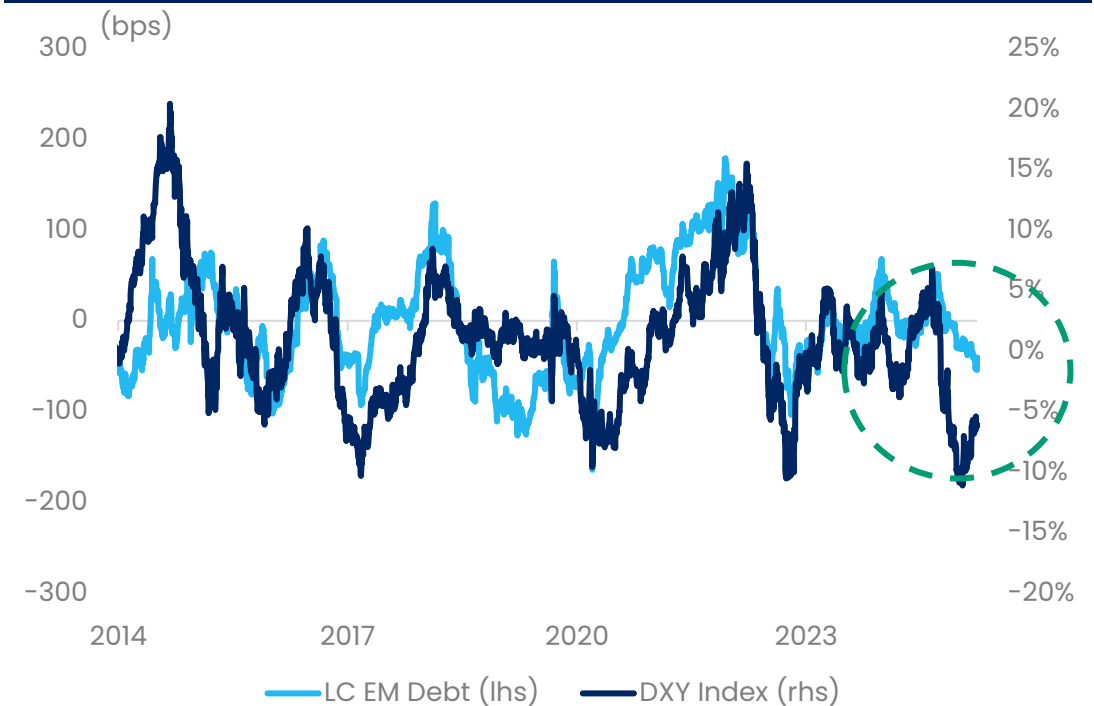
Emerging debt.

EM debt benefit from lower geopolitical uncertainty, high carry, weaker USD

Spread tightening ongoing



USD weakening remains a key (but unrealized) tailwind



*Source: Bloomberg®, LSEG, Datastream, Candriam, JP Morgan, ©All rights reserved

Past performance is no guarantee of future results

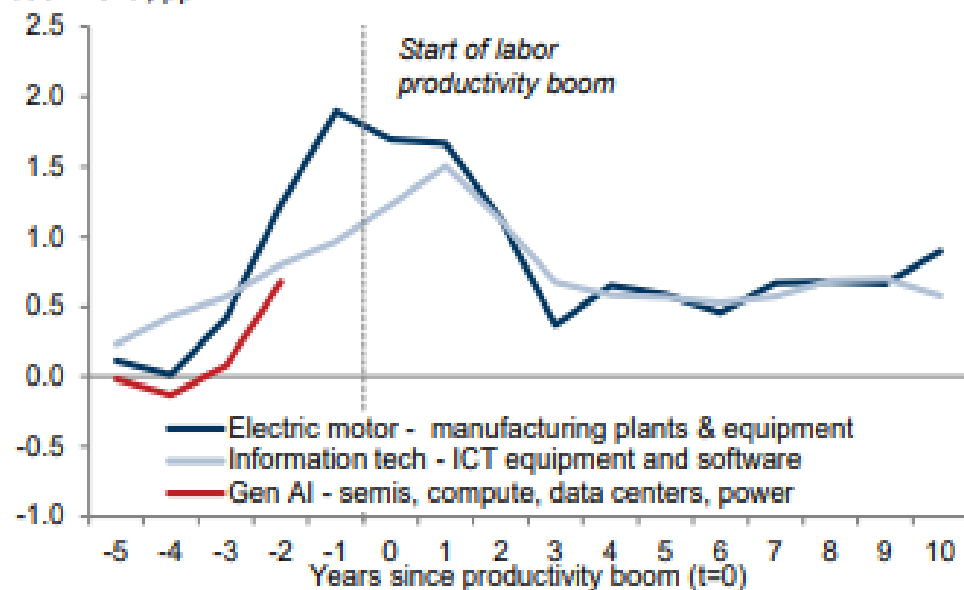


Technology – AI breakthrough.

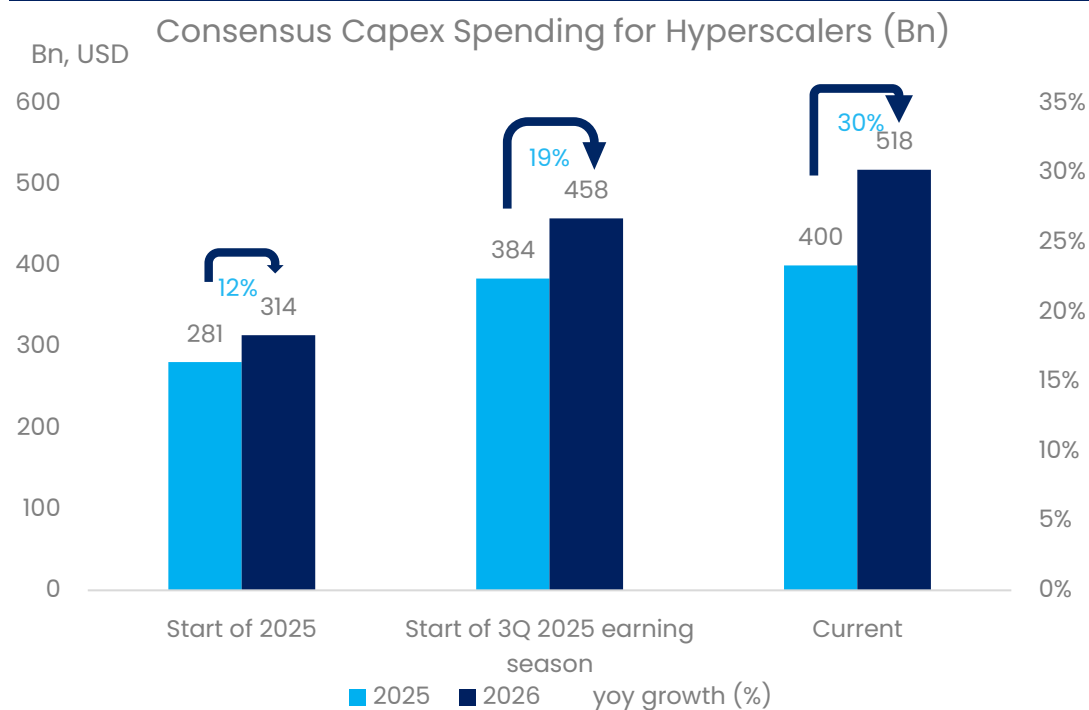
To fuel AI-driven productivity gains, the CAPEX upcycle may still have room to run

Each productivity boom began with a major CAPEX wave

Investment in general purpose technologies, share of GDP vs. pre-productivity boom level, pp



Positive CAPEX revisions set to continue



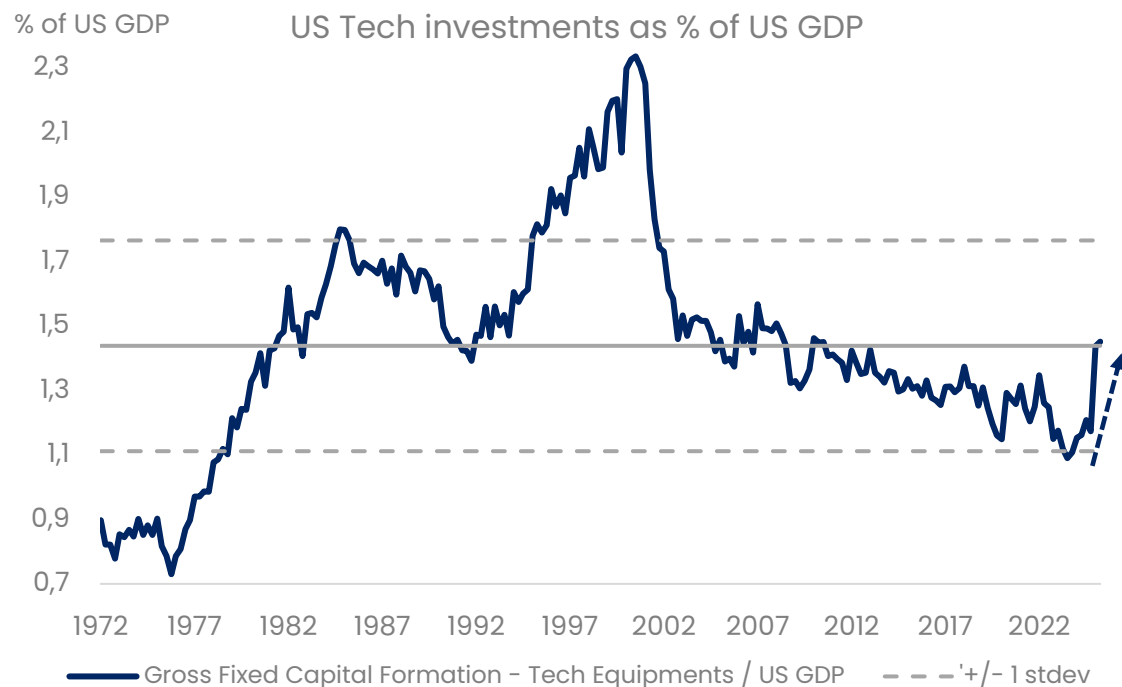
*Source: Candriam, Goldman Sachs, Bureau of Economic Analysis, LSEG Datastream, Bloomberg, ©All rights reserved



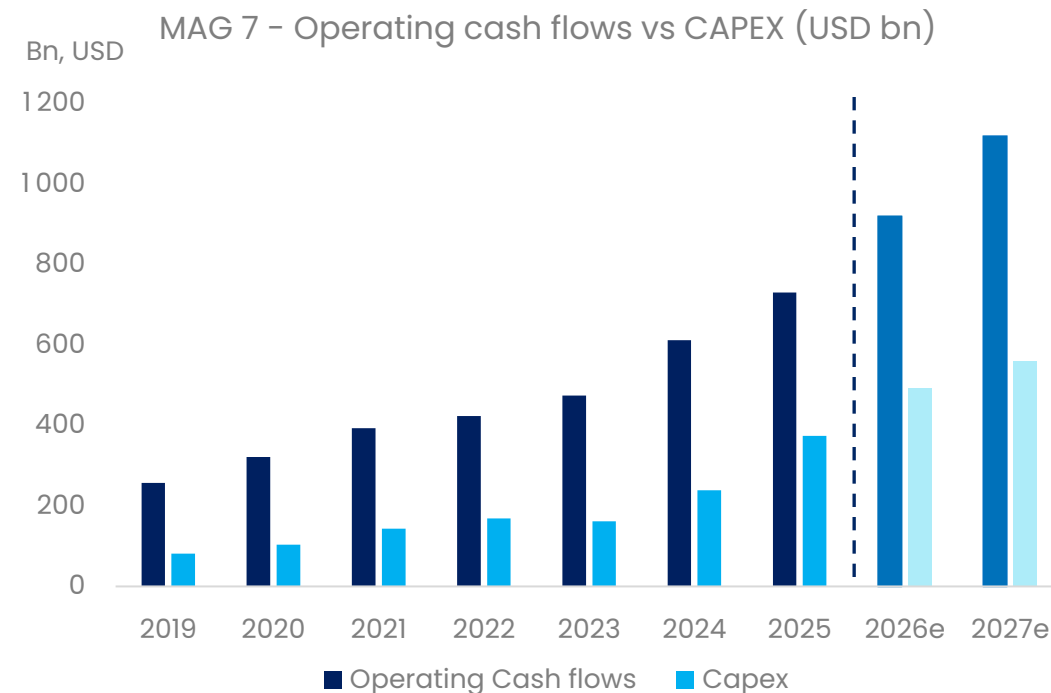
US Tech.

CAPEX wave looks sustainable, underpinned by solid cash flows and balanced capital discipline

Despite record CAPEX headlines, tech investment remains near its long-term average



Grounded in fundamentals, not leverage



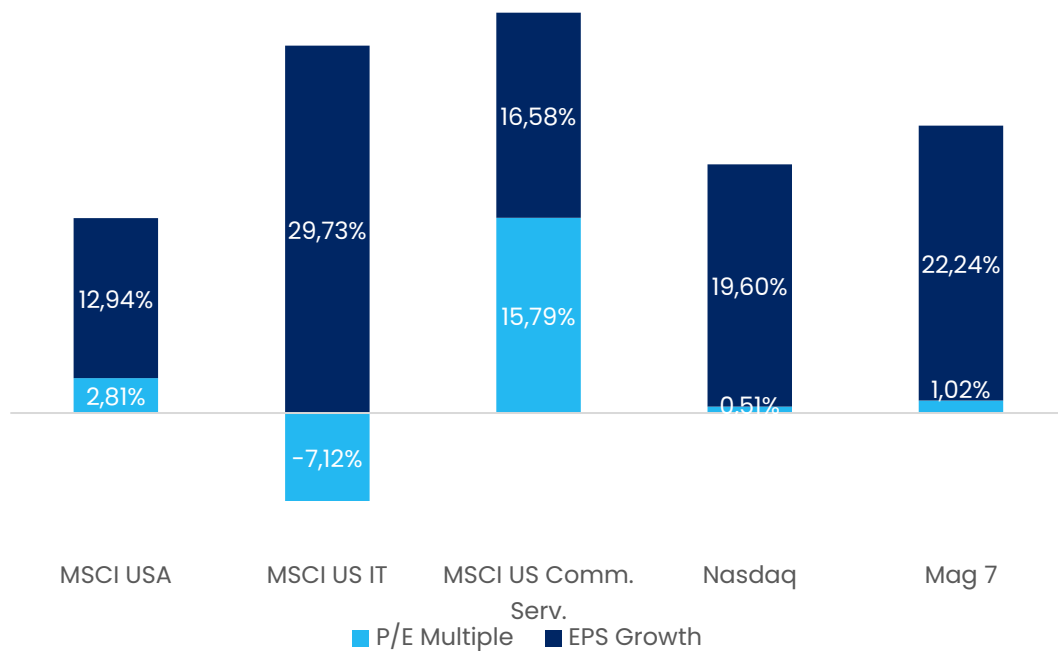
**Source: Candriam, Goldman Sachs, Bureau of Economic Analysis, LSEG Datastream, Bloomberg, ©All rights reserved*



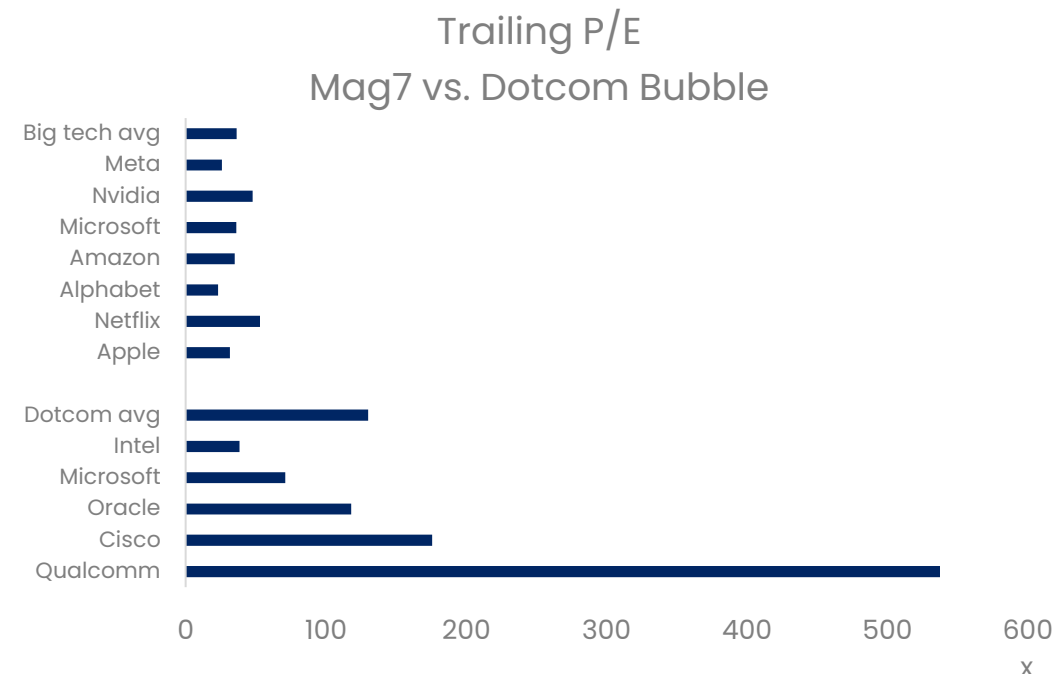
US Tech.

Strong fundamentals

Earnings, not multiples, drive performance



Valuations are high but we are not in the Dotcom era



*Source: Candriam, TS Lombard, LSEG Datastream, Bloomberg, ©All rights reserved

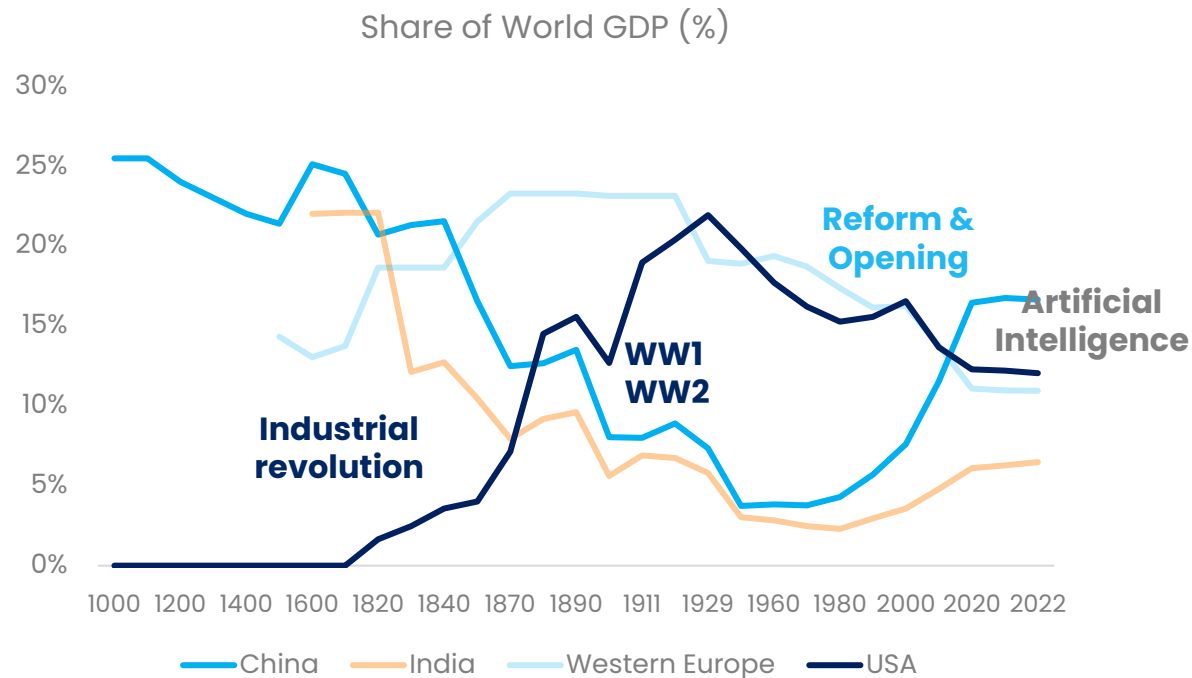
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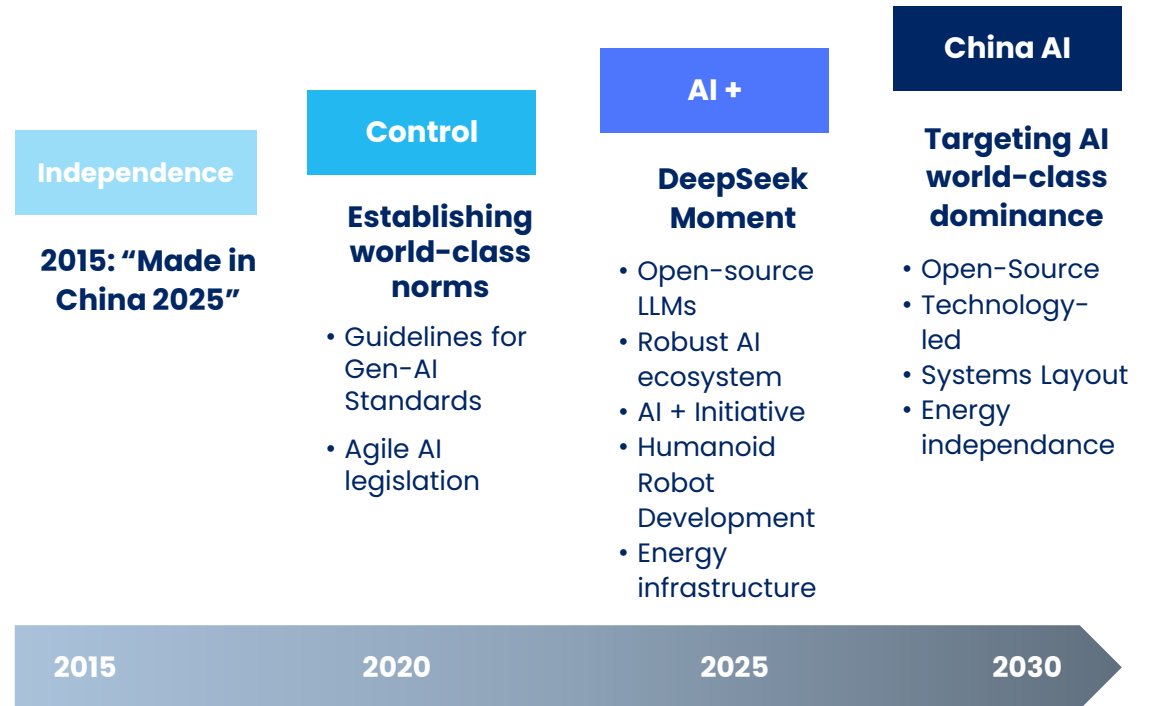
China Tech.

AI is China's second chance at industrial leadership

China sat out the industrial revolution, Xi will not miss the next one



The 15th Five-Year Plan prioritizes technology autonomy and innovation leadership



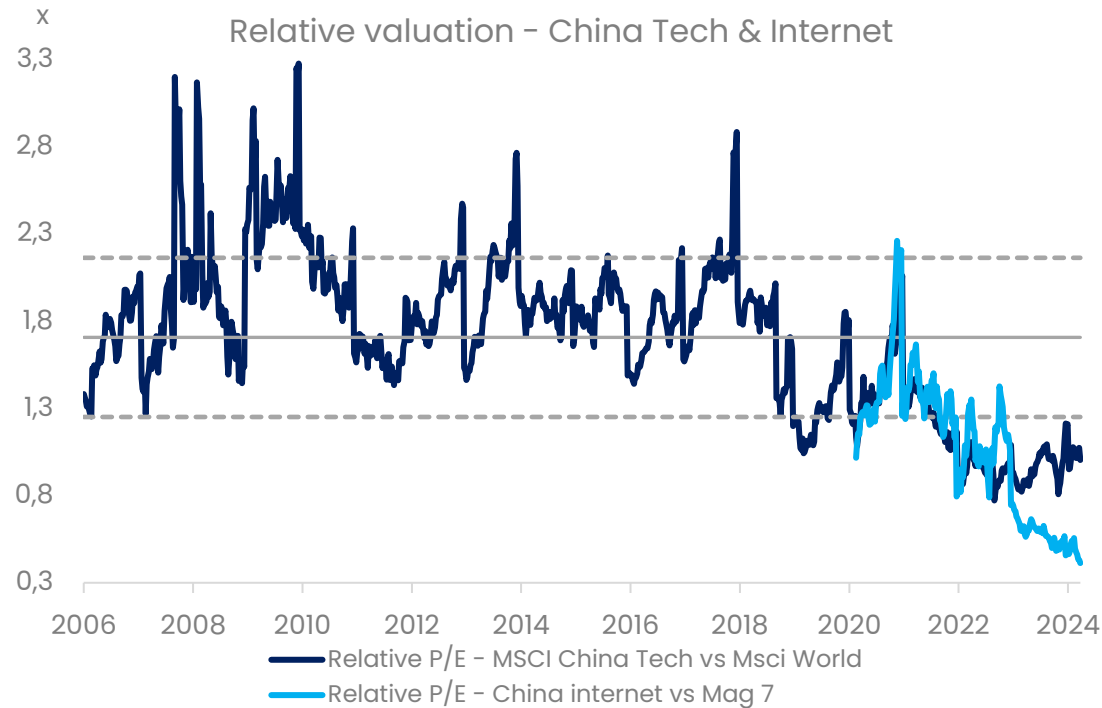
*Source: Candriam, TS Lombard, Ourworldindata, Maddison Project, LSEG Datastream, Bloomberg, ©All rights reserved



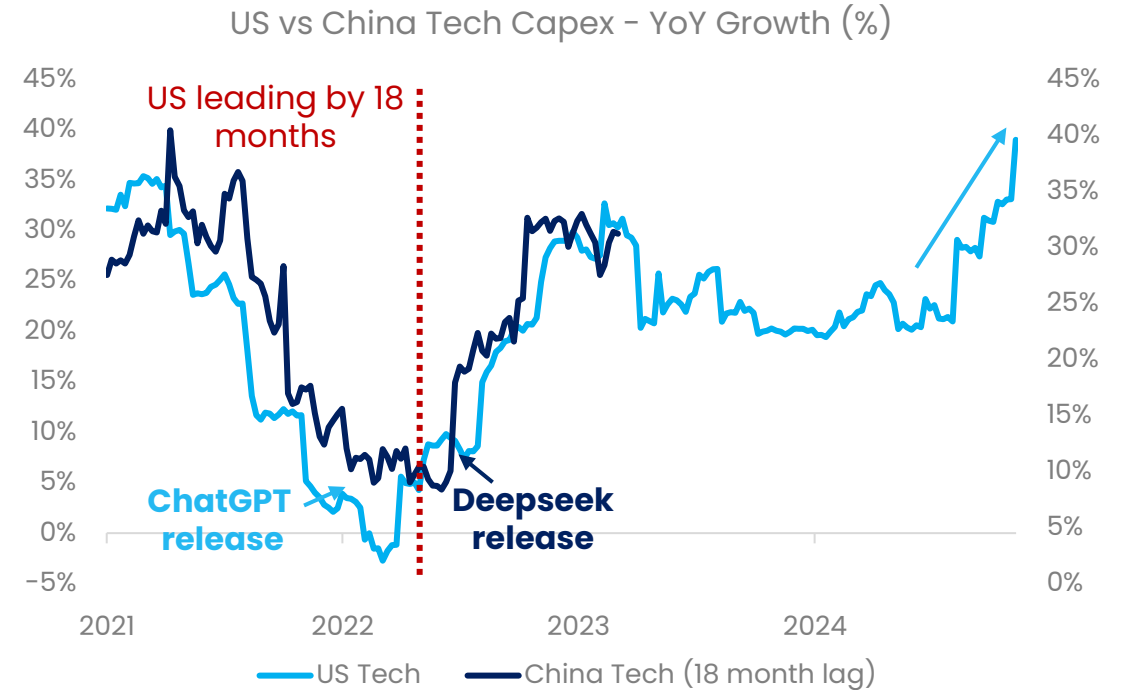
China Tech.

Diversifying away from the crowded US Tech positions

China Tech & Internet valuations are less a concern



China's investment cycle is still behind and must stay on track



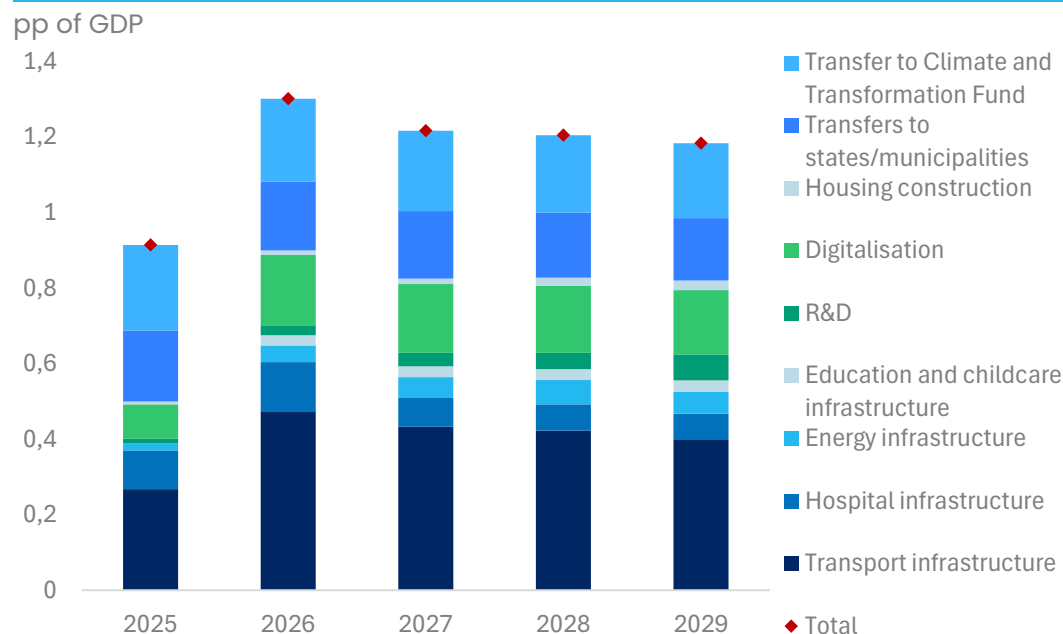
*Source: Candriam, Goldman Sachs, Morgan Stanley, LSEG Datastream, Bloomberg, ©All rights reserved



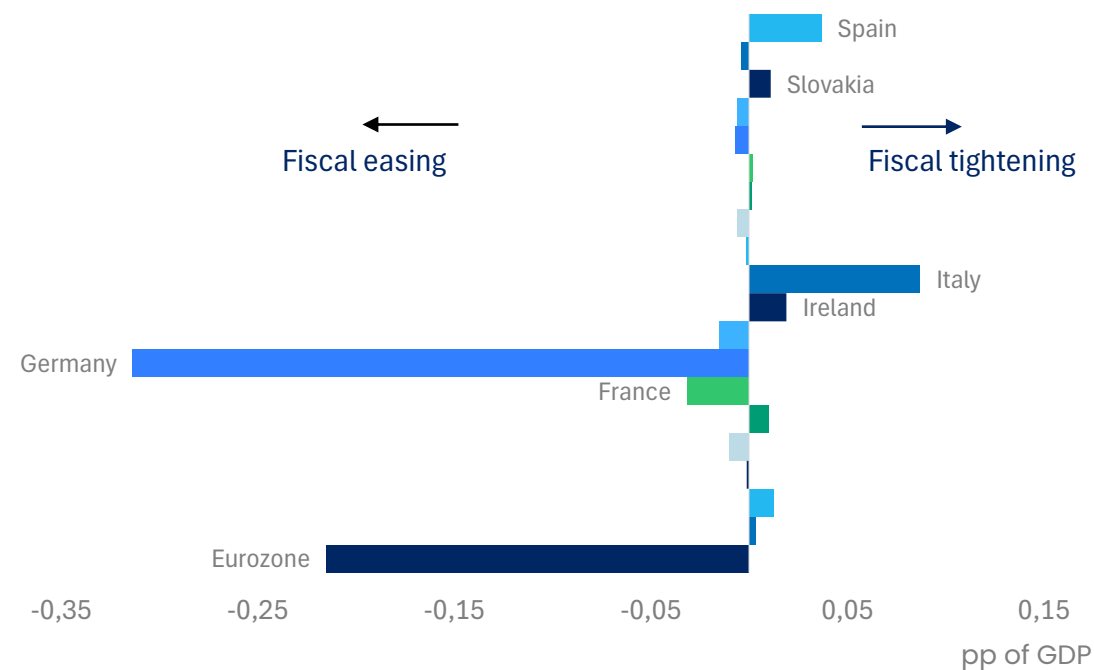
German Infrastructure plan.

Debt brake eased and a EUR500bn fund for "infrastructure and climate neutrality" has been set up

Infrastructure fund spending breakdown,
pp of GDP



Contributions to 2026 Eurozone fiscal impulse,
pp of GDP



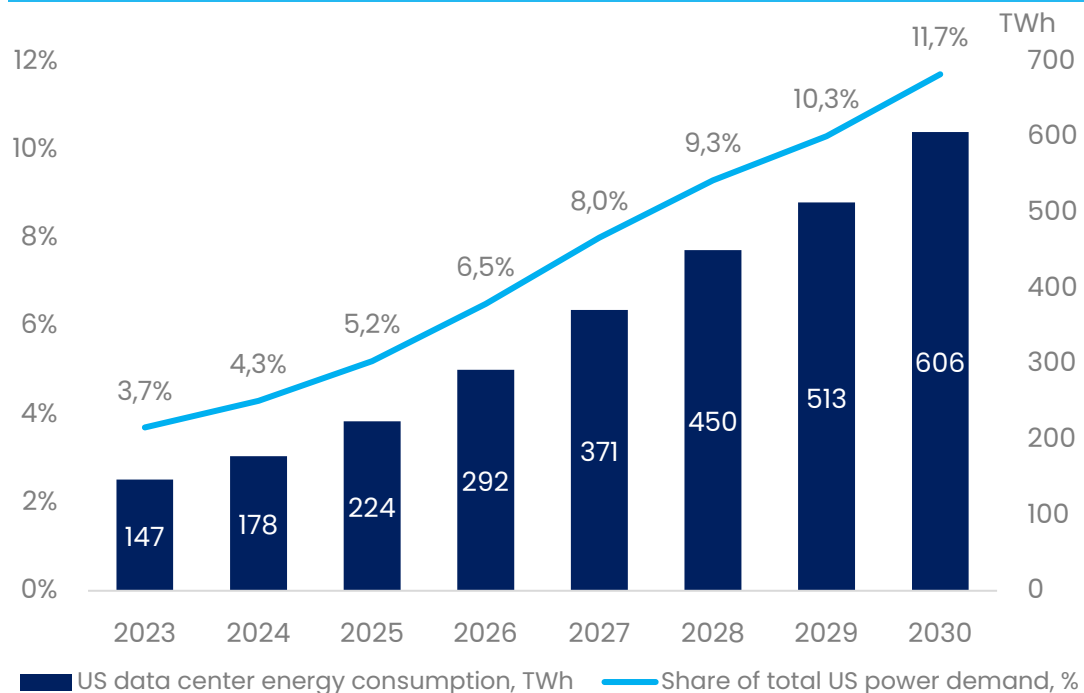
*Source: Candriam, LSEG Datastream, Bloomberg, UBS ©All rights reserved



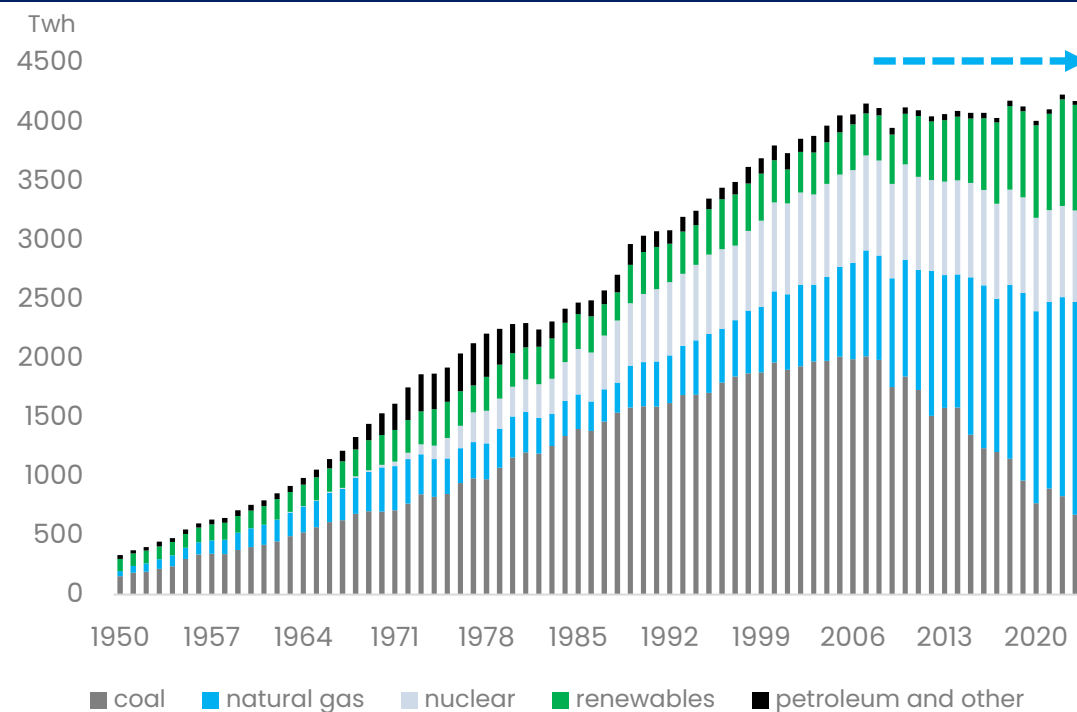
Powering AI: A Grid Under Pressure.

US grid faces multi-year surge in demand from data centers, electrification, and EVs

Explosive data center power growth through 2030



US electricity capacity growth has stalled since 2010



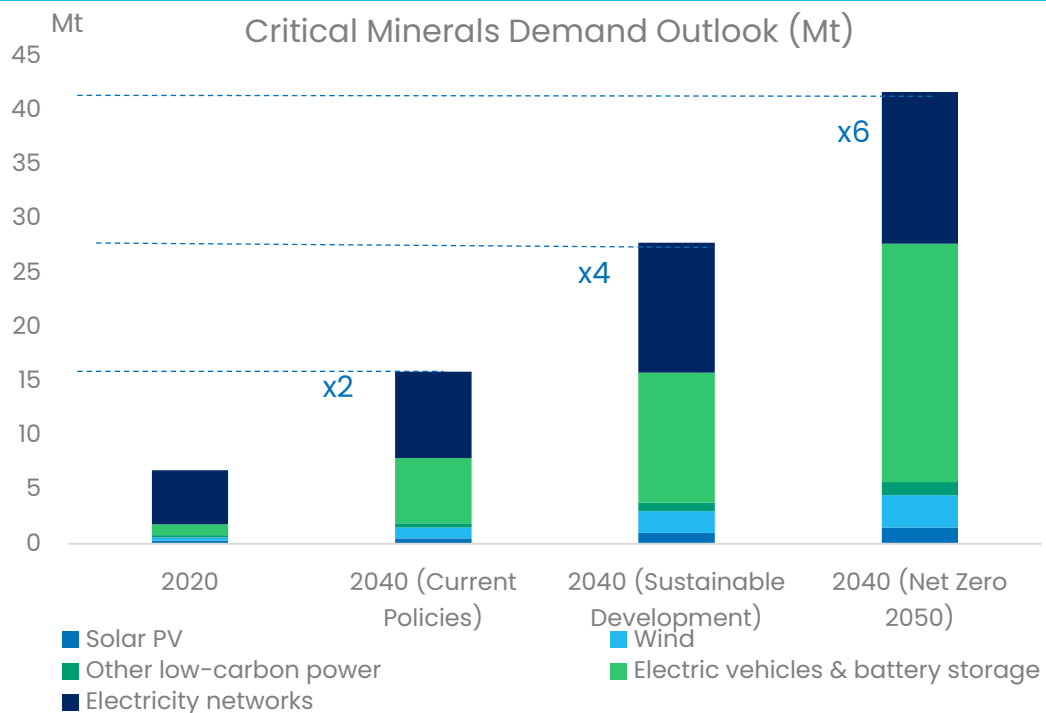
*Source: Candriam, Mc Kinsey, EIA, LSEG Datastream, Bloomberg, ©All rights reserved



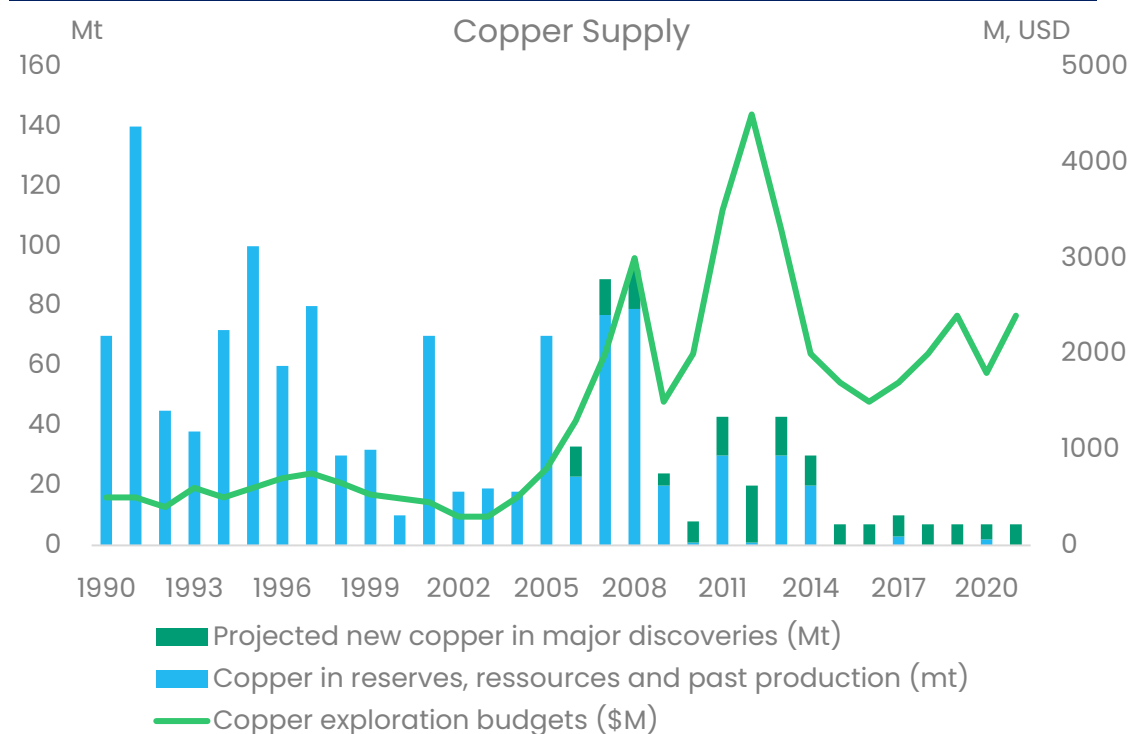
Powering AI: A Grid Under Pressure.

Surging AI demand is straining industrial commodities, as supply fails to keep up

Sharp rise in mineral demand ahead



Supply response remains muted



*Source: EIA, S&P global Market Intelligence



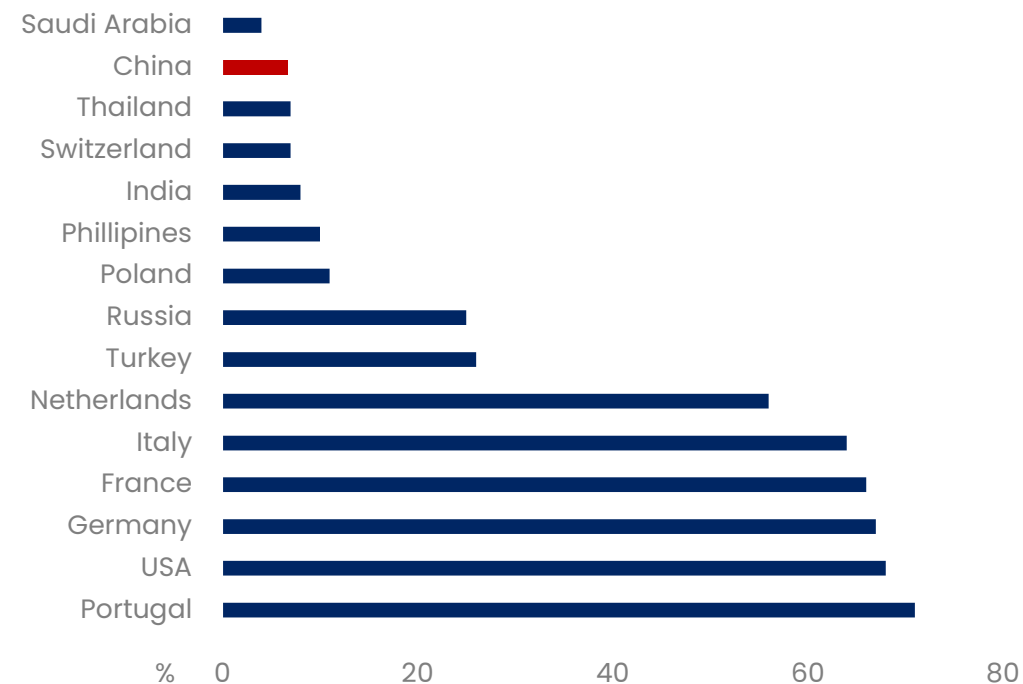
Precious metals.

Further leeway to raise reserve credibility and avoid potential future sanctions...

Gold price vs China official gold reserves



Gold as % of total central bank reserve holding



*Source: Candriam, Goldman Sachs, Morgan Stanley, LSEG Datastream, Bloomberg, ©All rights reserved

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USD Depreciation?

After Europe's adjustment, Asian FX may be next in line

Narrowing US–EU rate gap supports EUR/USD normalization



USD/JPY has disconnected from nominal yield relationship as political uncertainty rises this summer

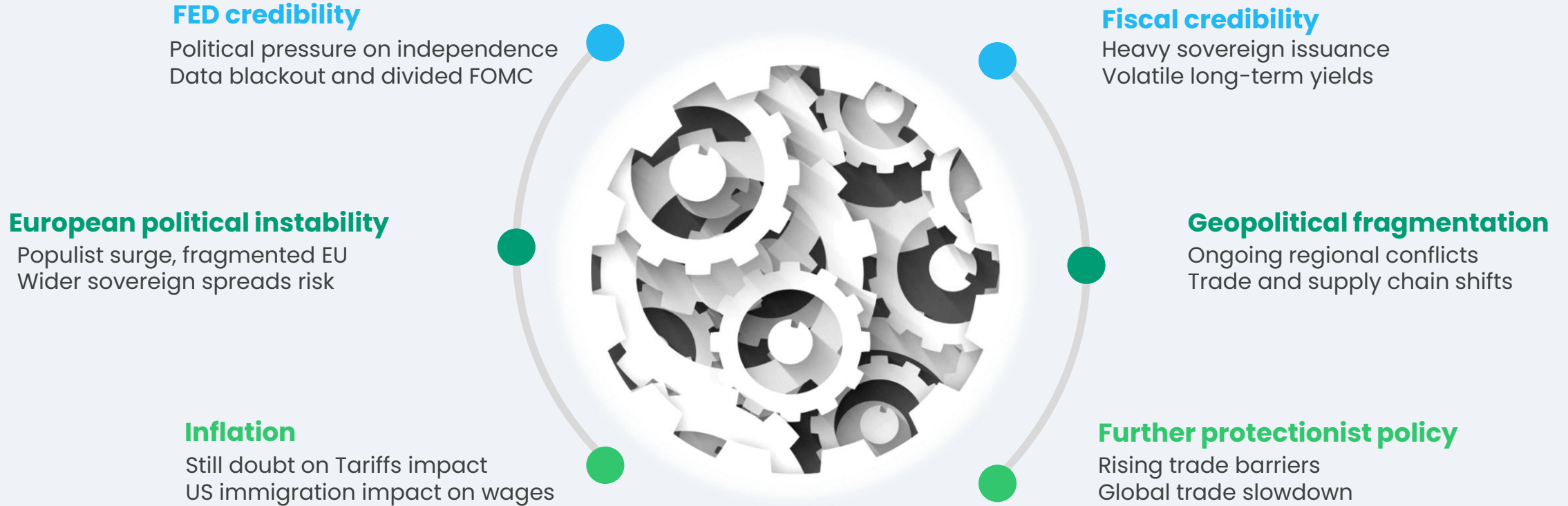


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Key risks.





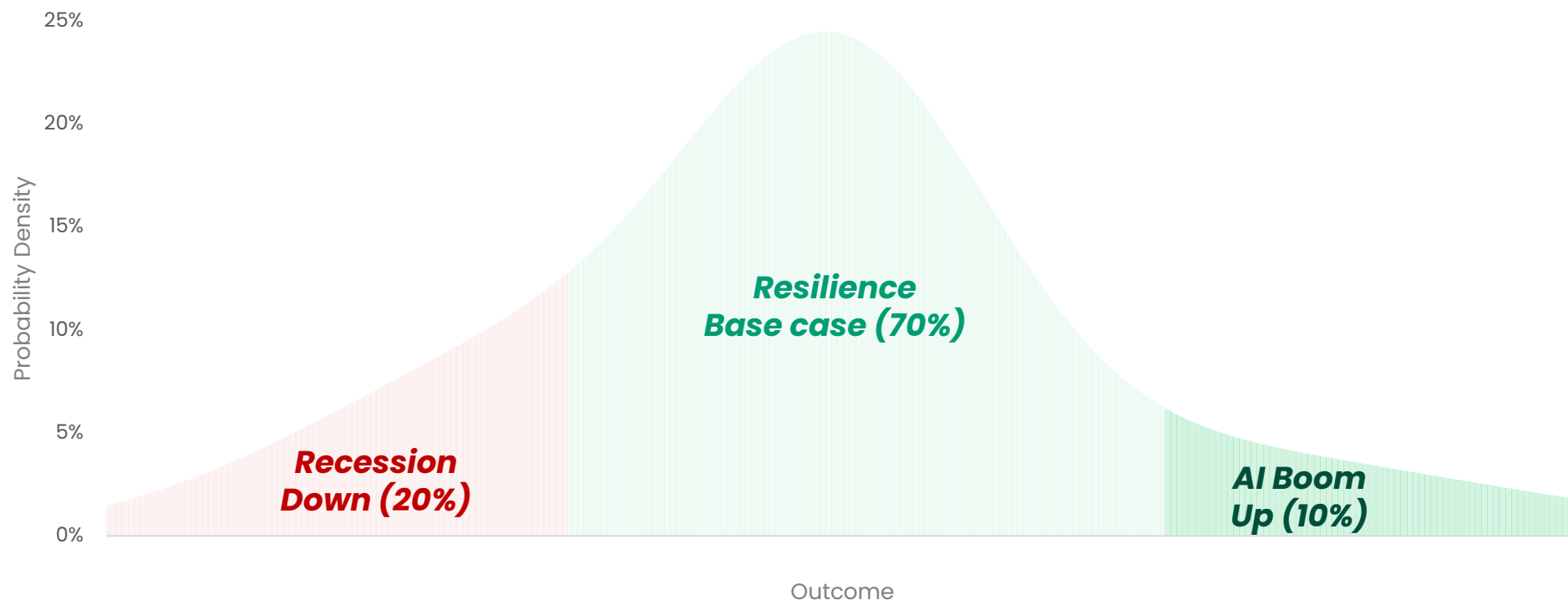
5 Conclusion.



What we expect for the next year.

Investment opportunities in our macroeconomic scenario

Our Three-Scenario Asymmetric Fat-Tailed Distribution (70 / 20 / 10)



**Source: Candriam, Bloomberg, ©All rights reserved*

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The Path into H1 2026 Opportunities.

GOV. BONDS AND FX

- **Positive on European duration**
- Neutral on US duration
- **Negative USD**
Preference for Asia FX

CREDIT

- **Preference for credit IG**
over High Yield
- **Preference for Europe**
vs. US
- **Positive Emerging Debt**

EQUITIES

- **Overweight equities**
with **no specific regional bias**
- **A balance of long-term and short-term**
thematics:
 - US & China AI
 - Powering AI
(Industrials & Utilities)
 - German midcaps
 - Healthcare

ALTERNATIVES

- **Commodities:**
 - Positive on Industrial
(copper)
 - Positive on Precious
metals (Gold & Silver)
- **Positive on alternative strategies that benefit from higher volatility /**
dispersion and increase
in M&A activity

**Source: Candriam, ©All rights reserved*

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Thank you for your attention.



Investing for tomorrow.





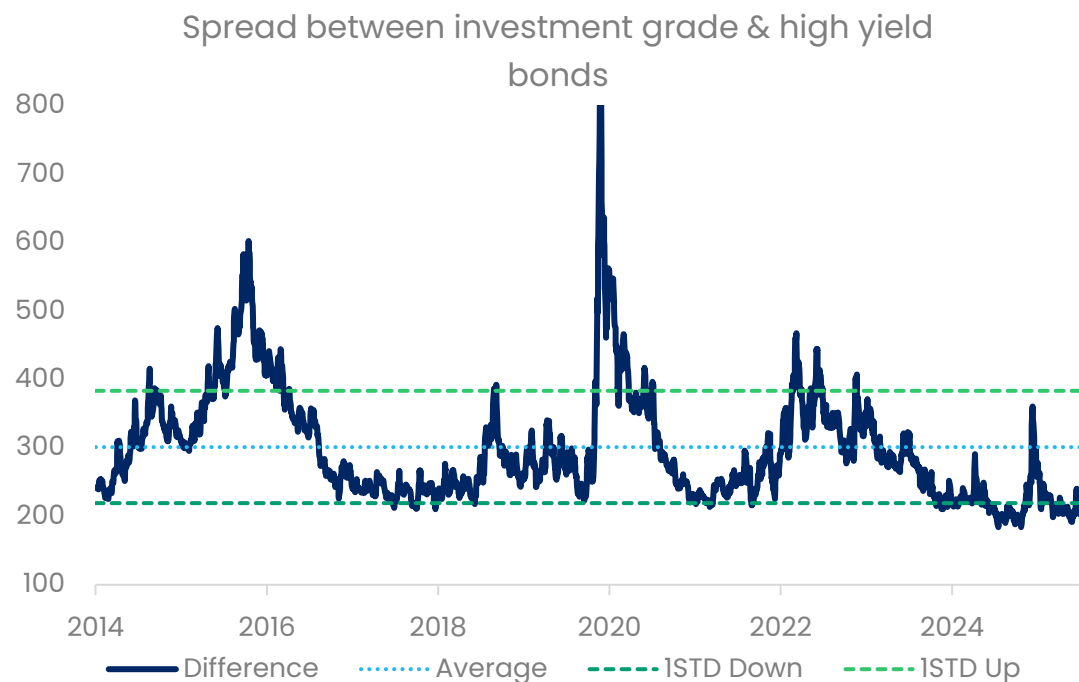
6 Appendix.



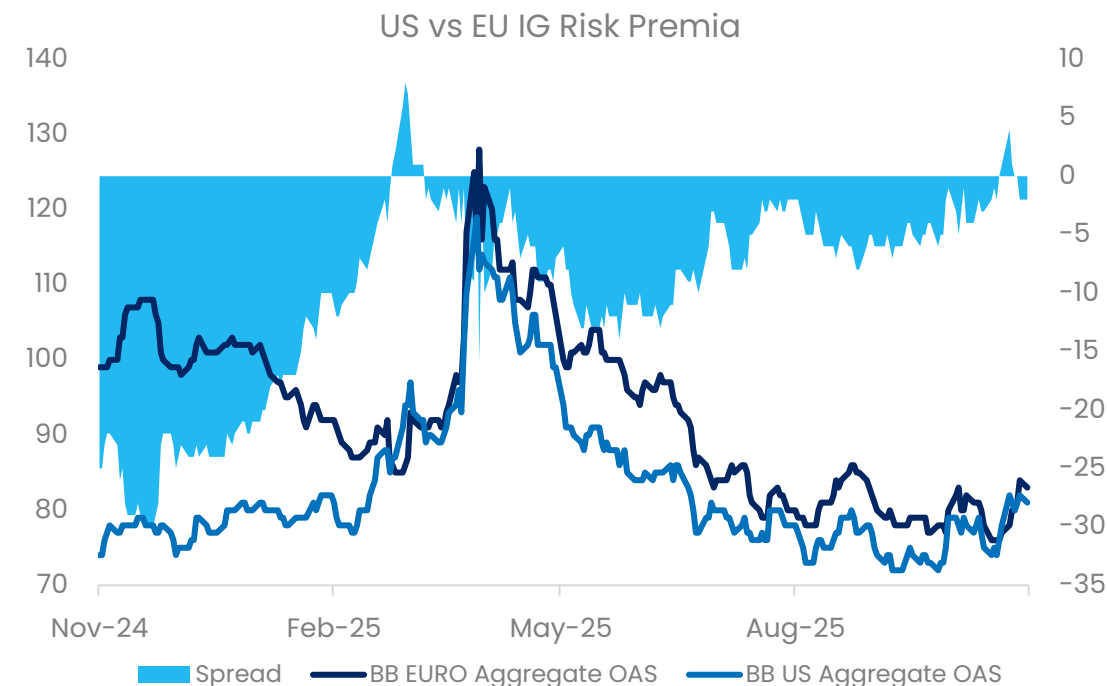
Carry – Credit EUR.

Up-in-quality, expecting (Euro) IG to deliver better risk-adjusted returns than High Yield

Spread between global high yield and Global Investment Grade bonds, in bp



Historical US vs Euro Investment Grade spreads, in bp



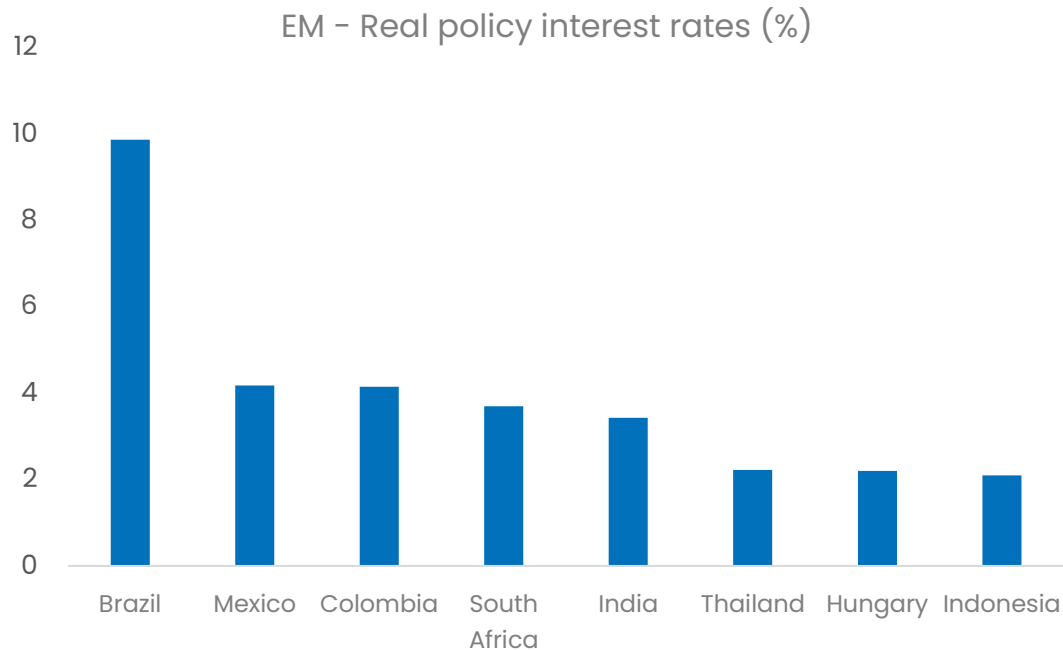
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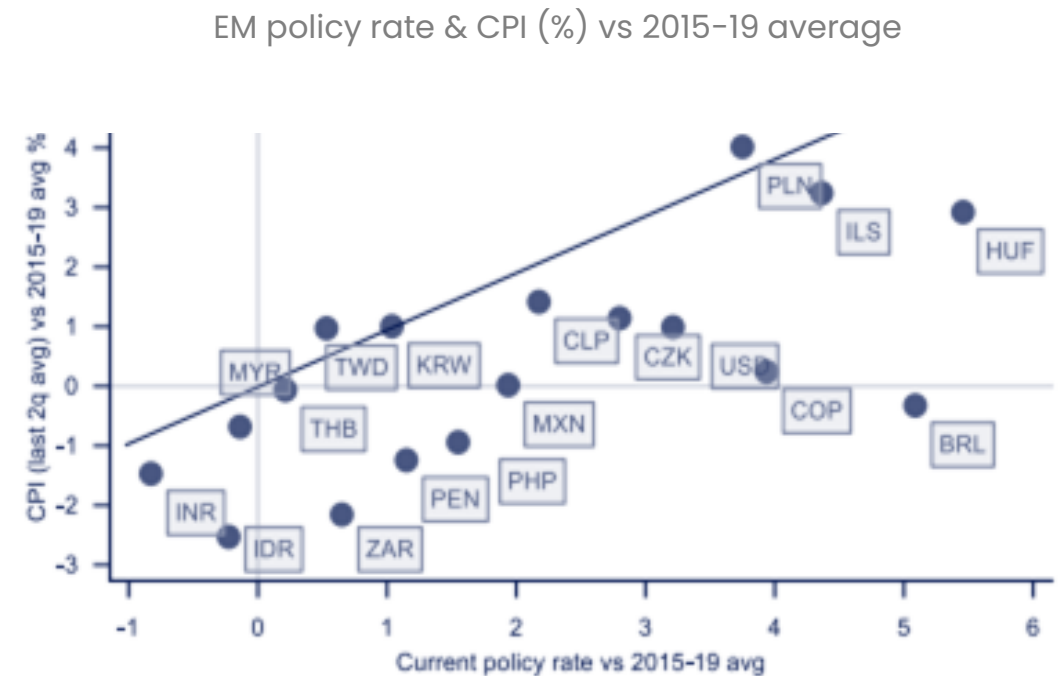
Emerging debt.

...further easing from EM central banks

Fed easing cycle should compress positive real rates in the EM...



...Where policy is still in restrictive territory in EM



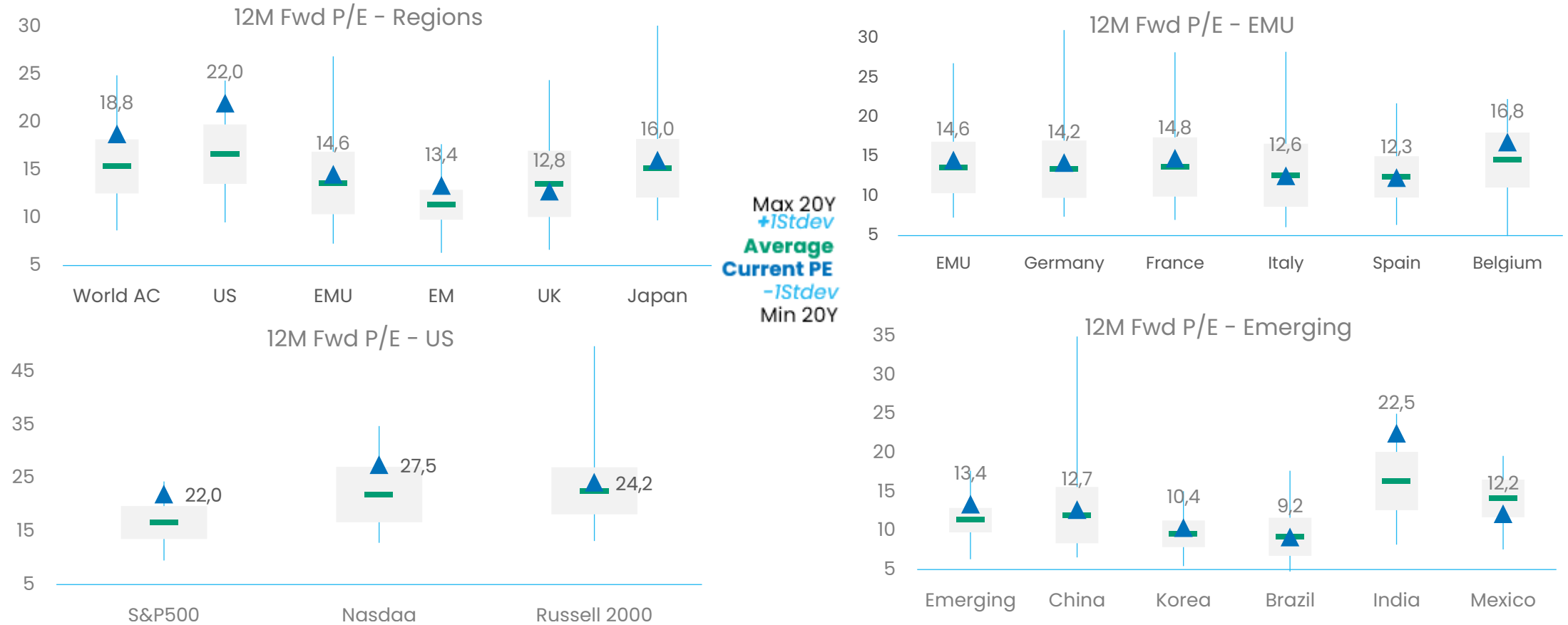
*Source: Bloomberg®, LSEG, Datastream, Candriam, JP Morgan, DB, ©All rights reserved

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Equities.

Valuation



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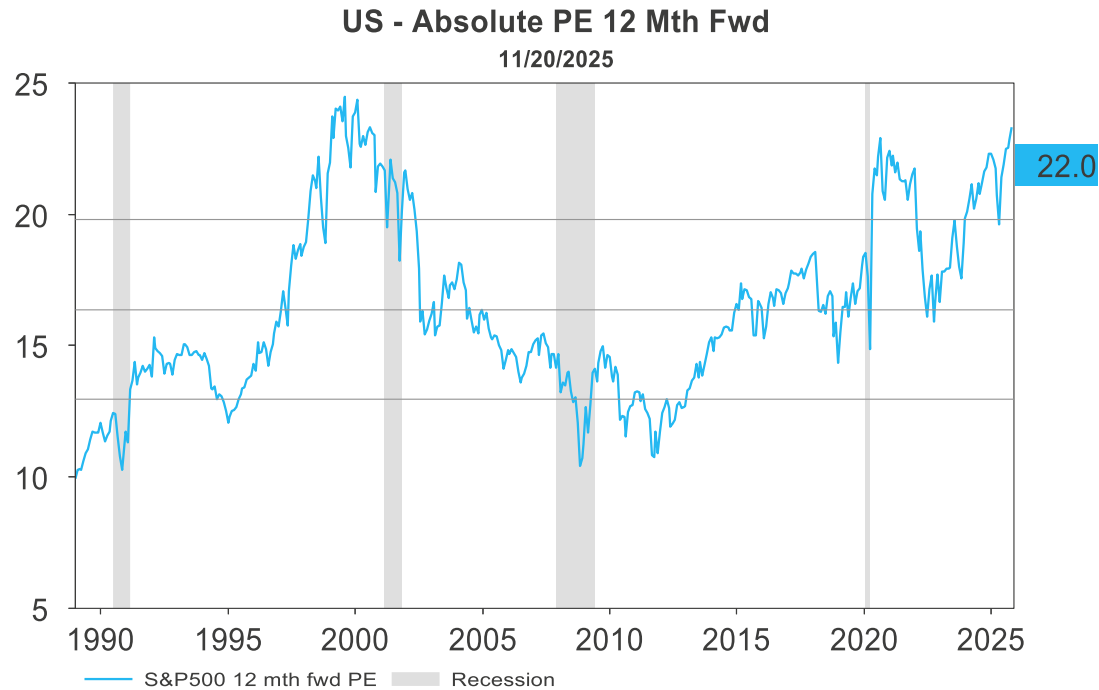
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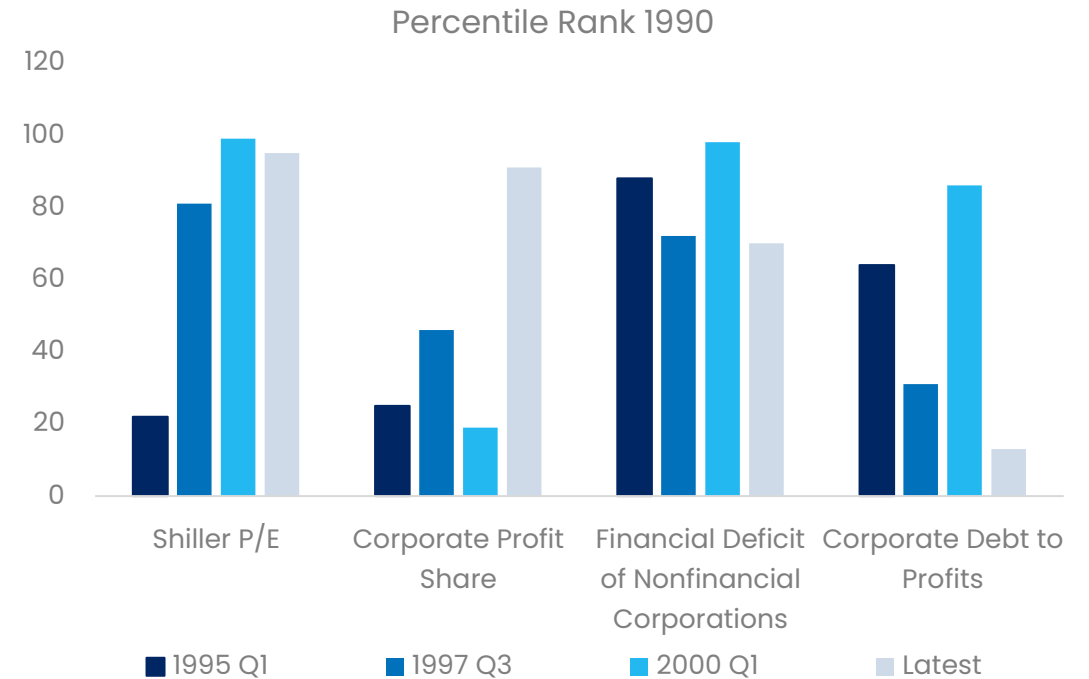
Equities.

Valuation – Close to historical highs in the US

US equities are expensive and at year-to-date highs



Despite high valuations, macro measures generally look better than the late 1990s/2000



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Past performance is no guarantee of future results

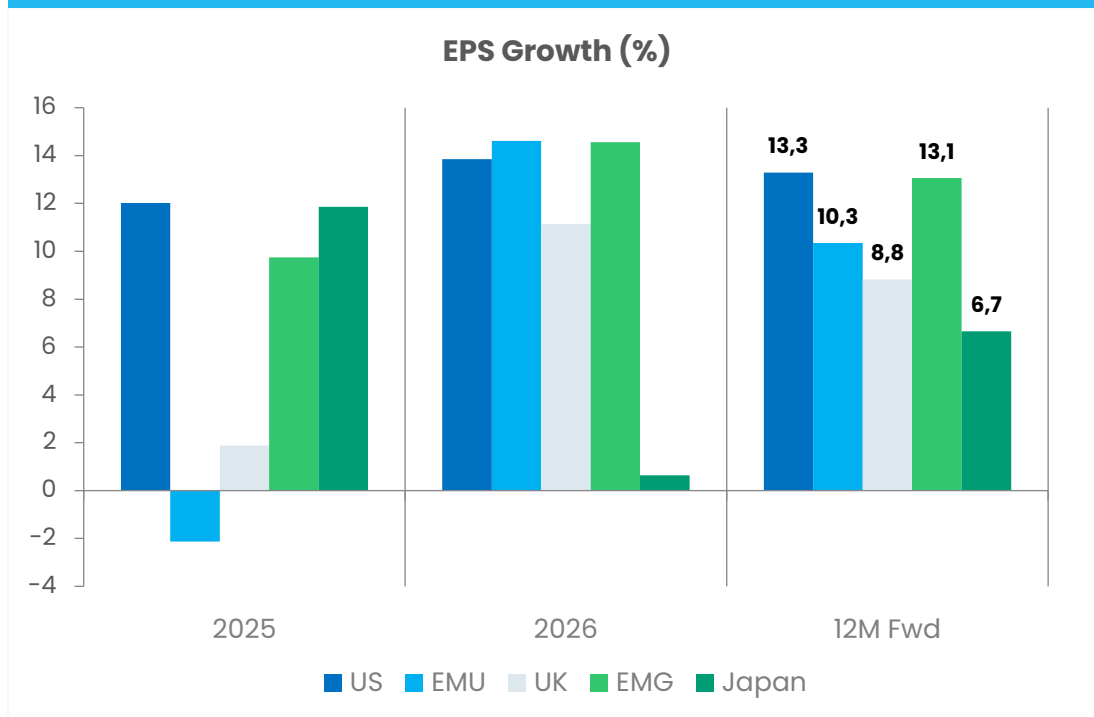
DEC 2025



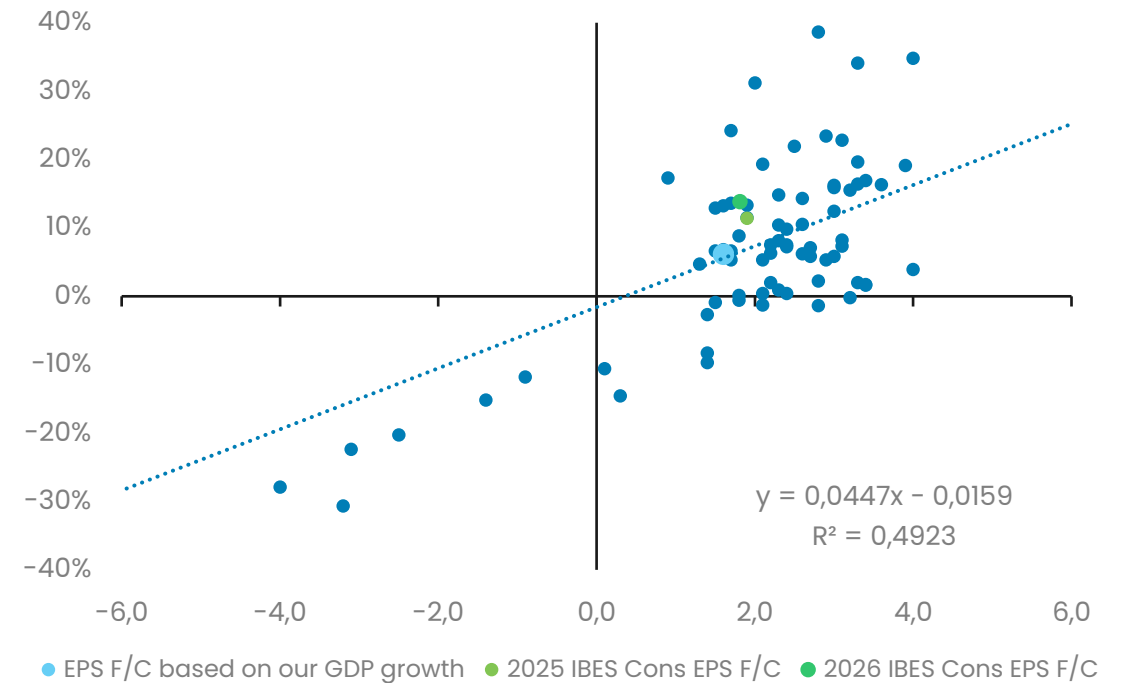
Equities.

EPS expectations for 2026 look reasonable

EPS growth expectations per zone
2025/2026/12M fwd (%)



US GDP Growth projections lead us to high single digit
Earnings Per Share in Y26



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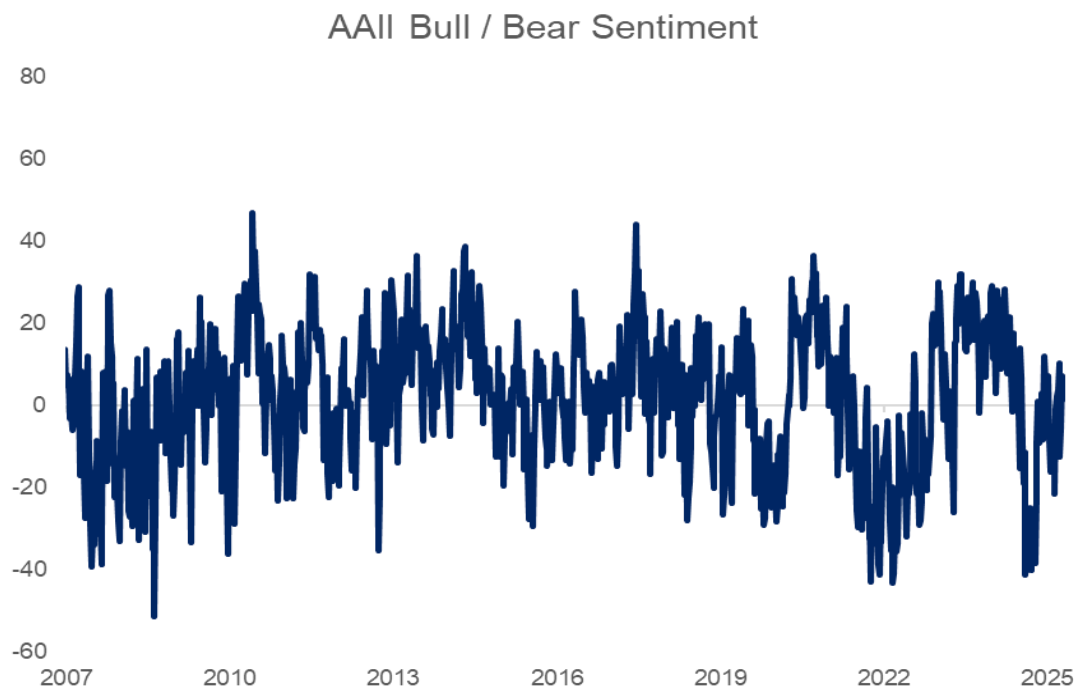
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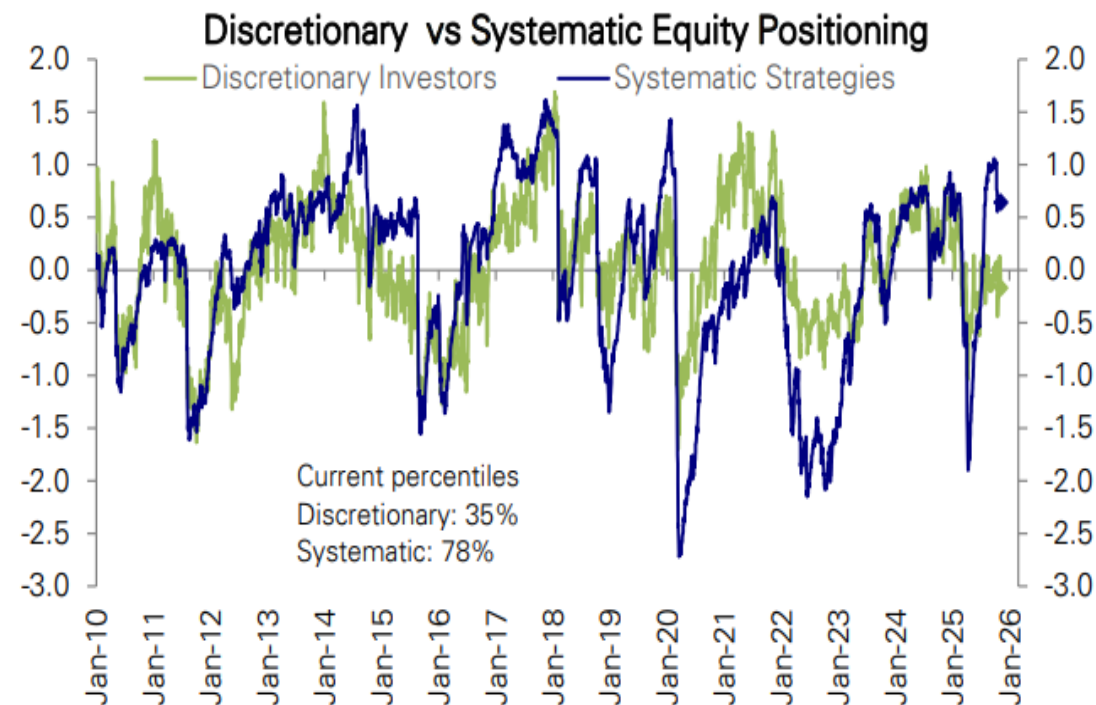
Equities.

Investor sentiment is far from being optimistic

AAll Bull/Bear sentiment only at neutral level



Aggregate equity positioning only at 53rd



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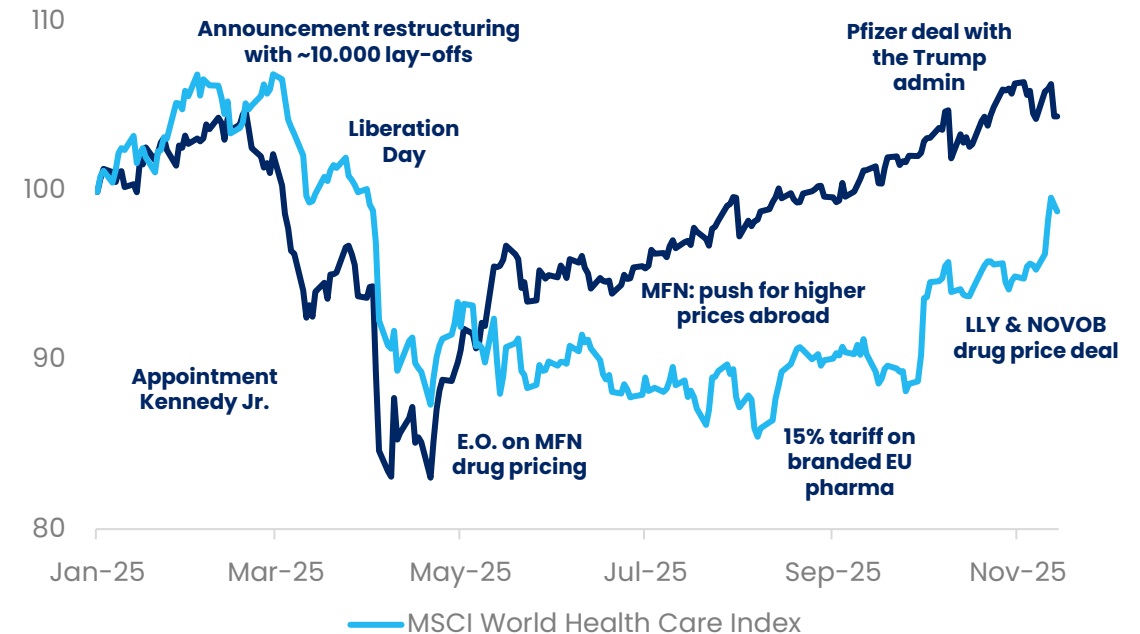
Equities.

Healthcare: Political uncertainty was the main performance driver

Tailwinds going forward

- > Increasing M&A ✓
- > Downtrends in interest rates ✓
- > Functional FDA ✓
- > Tariff overhang ✓
- > Drug pricing ✓

Cumulative performance in 2025, index 100= Jan 2025



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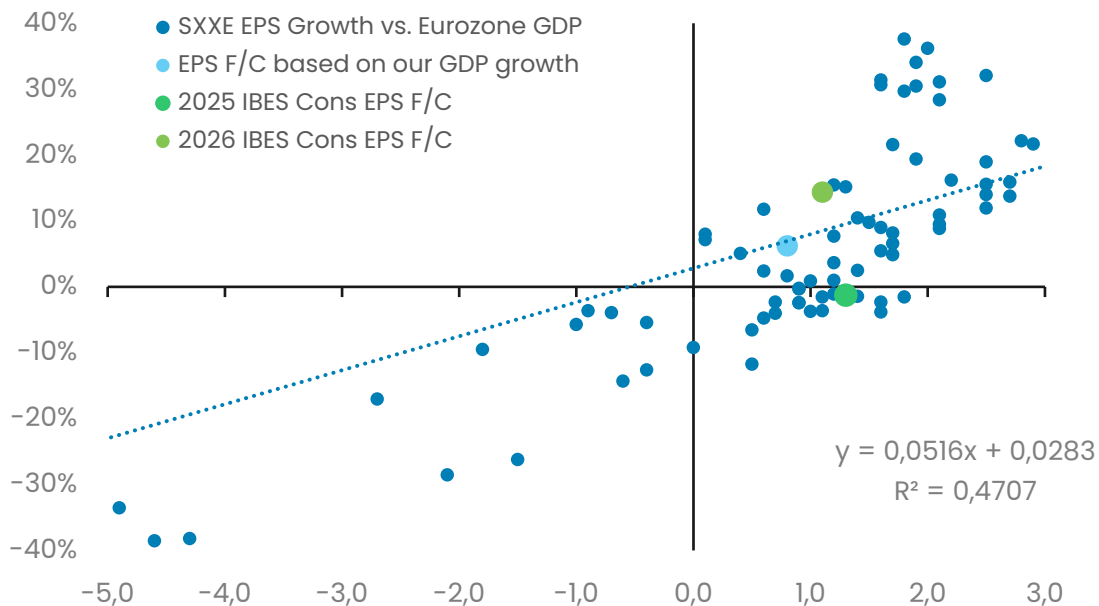
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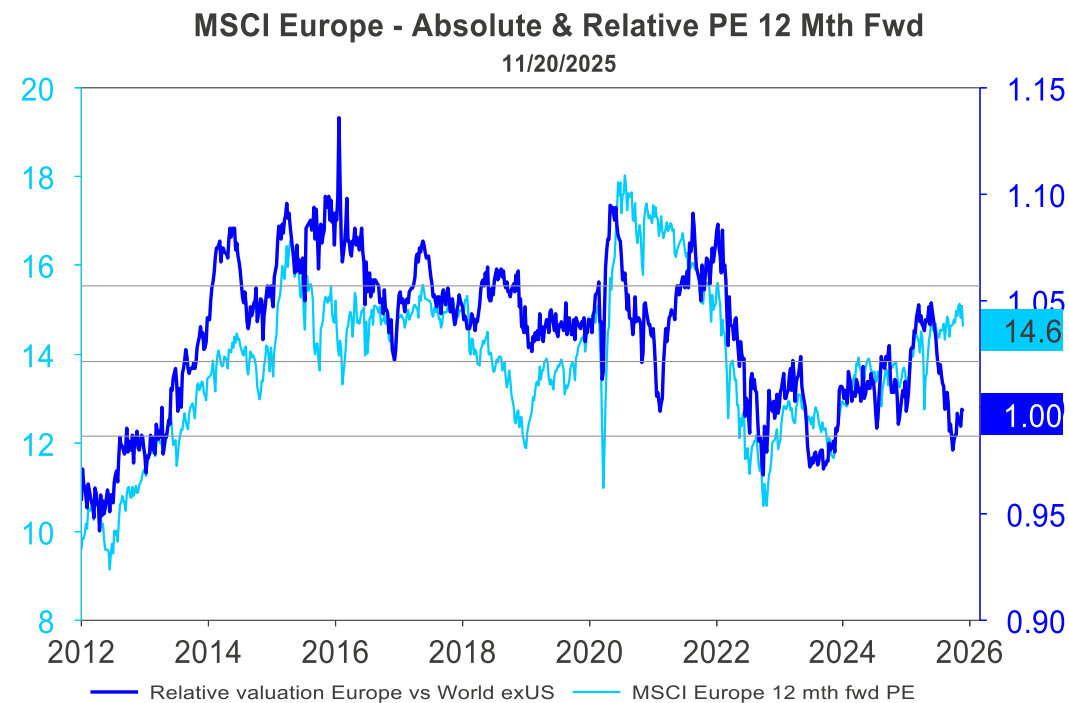
European Equities.

EPS vs P/E

Negative EPS growth at -2% for 2025 leaves room for favorable comparable in 2026



**Absolute valuation not expensive
Cheap Relative valuation vs World ex US**



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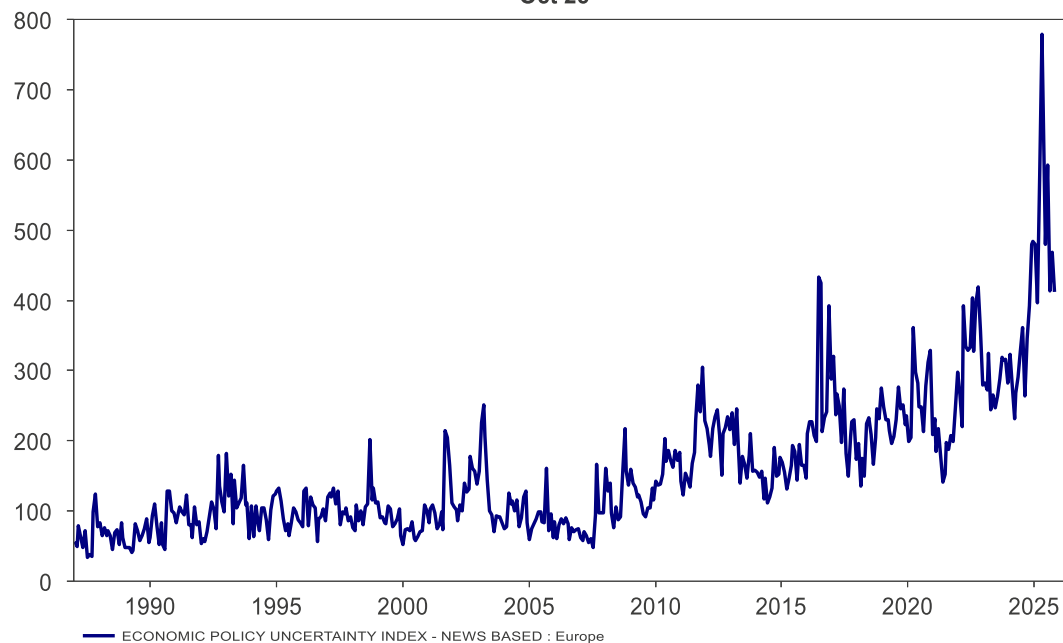


European Equities.

Easing uncertainty— supporting valuation

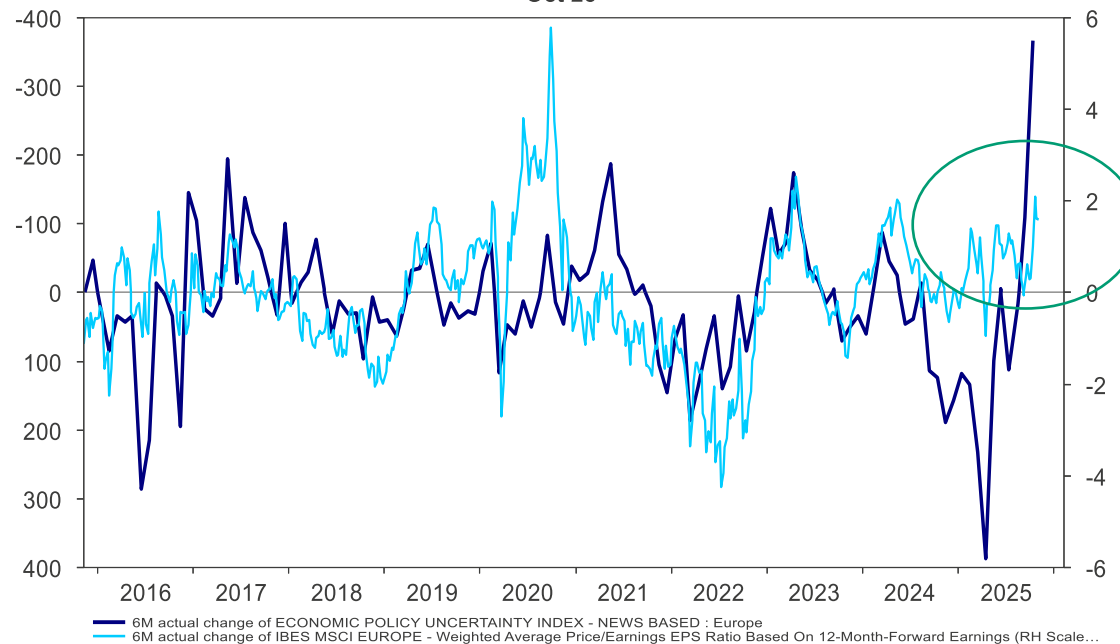
Uncertainty is steadily decreasing from very high levels, with further room for downside.

EU Economic uncertainty
Oct 25



And will continue to provide valuation support

EU Economic uncertainty vs MSCI Europe valuation
Oct 25



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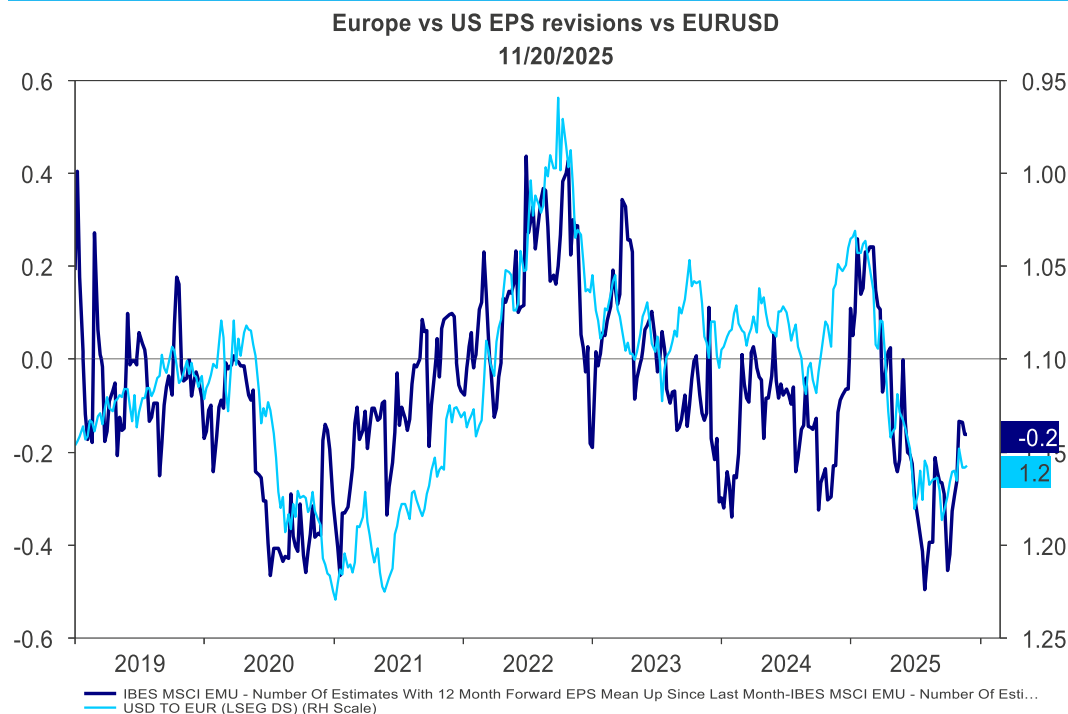
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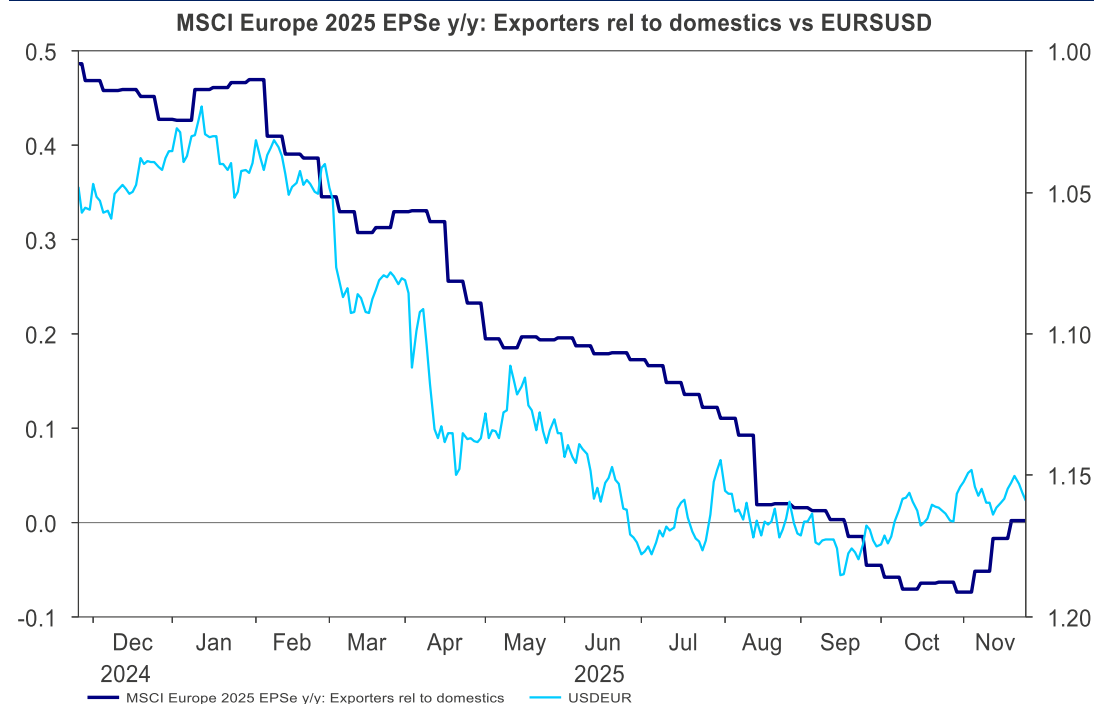
European Equities.

Stronger euro has been a drag in 2025 – Headwind now fading

EPS revisions have been reverting as the USD stabilizes



The USD impact is already reflected in EPS growth



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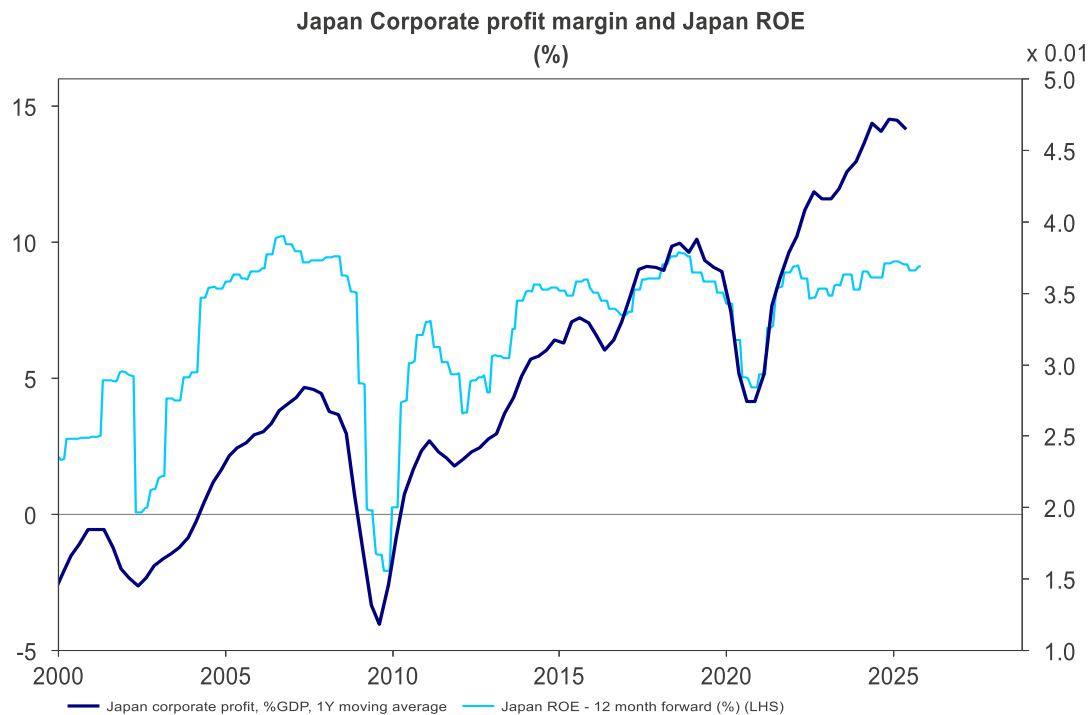
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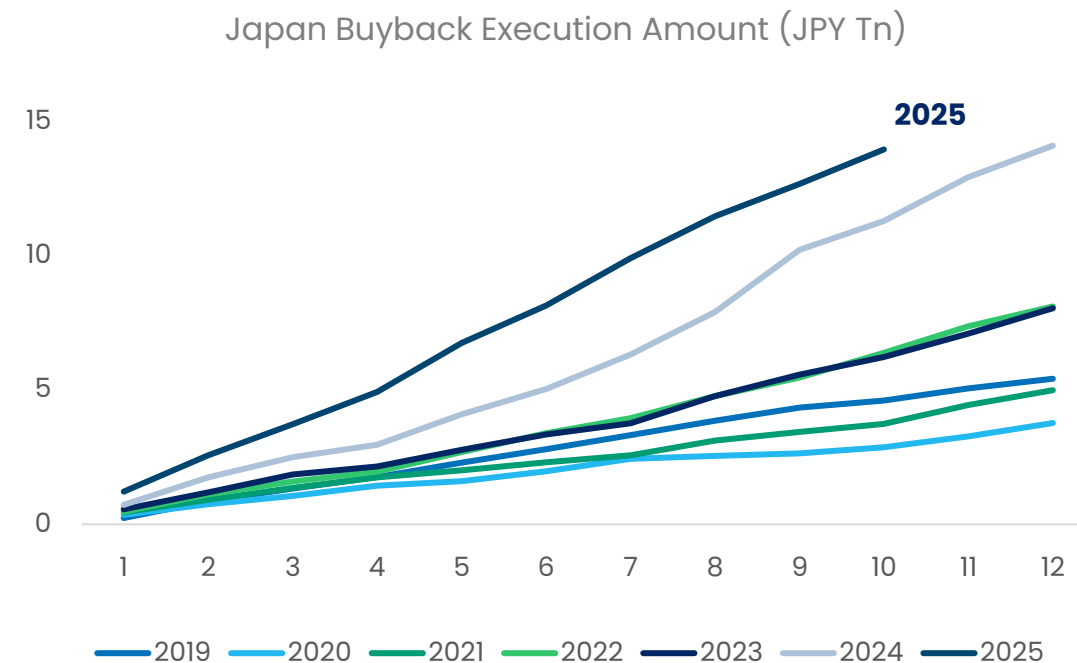
Japan Equities.

A cyclical play enjoying structural changes

Inflation and corporate reforms are positive catalysts for the country...



...leading to higher ROE, more board independence and stronger buybacks increasing at a rapid pace.



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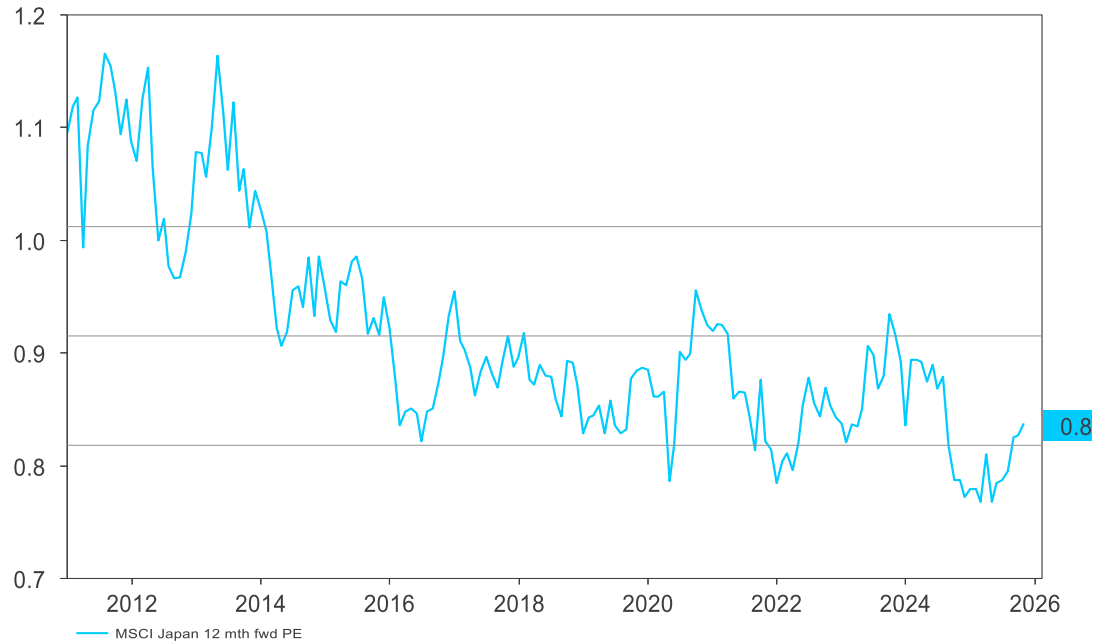


Japan Equities.

Cheap valuations, strong EPS momentum, and the yen is less of a hurdle

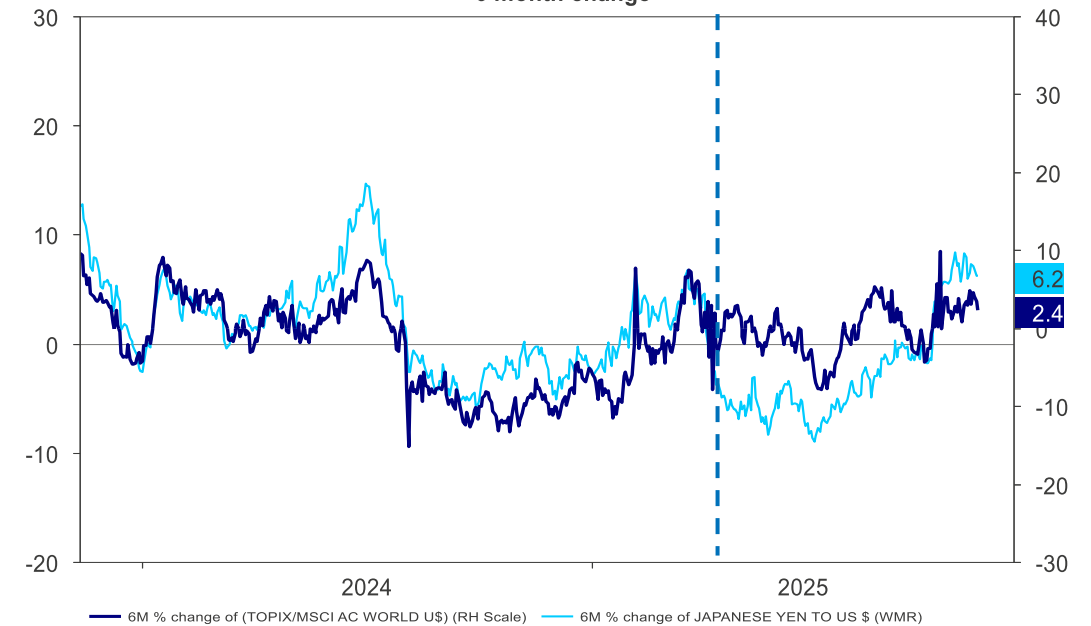
The region still trades relatively cheap

Japan- Relative forward valuation vs World AC
P/E 12 Mth Fwd - Source: Ibes



Weaker JPY correlation — reflecting a shift toward domestic economic drivers

Relative performance Topix/World vs Yen
6 month change



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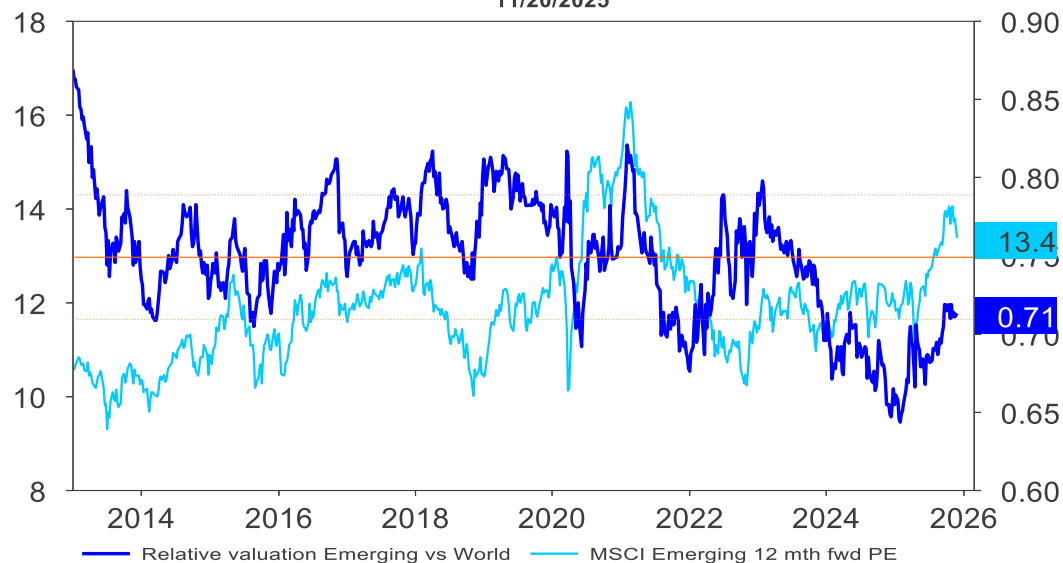
Emerging Markets Equities.

Emerging markets are benefiting from relatively lower U.S. trade uncertainty, coupled with a supportive fiscal and monetary impulse

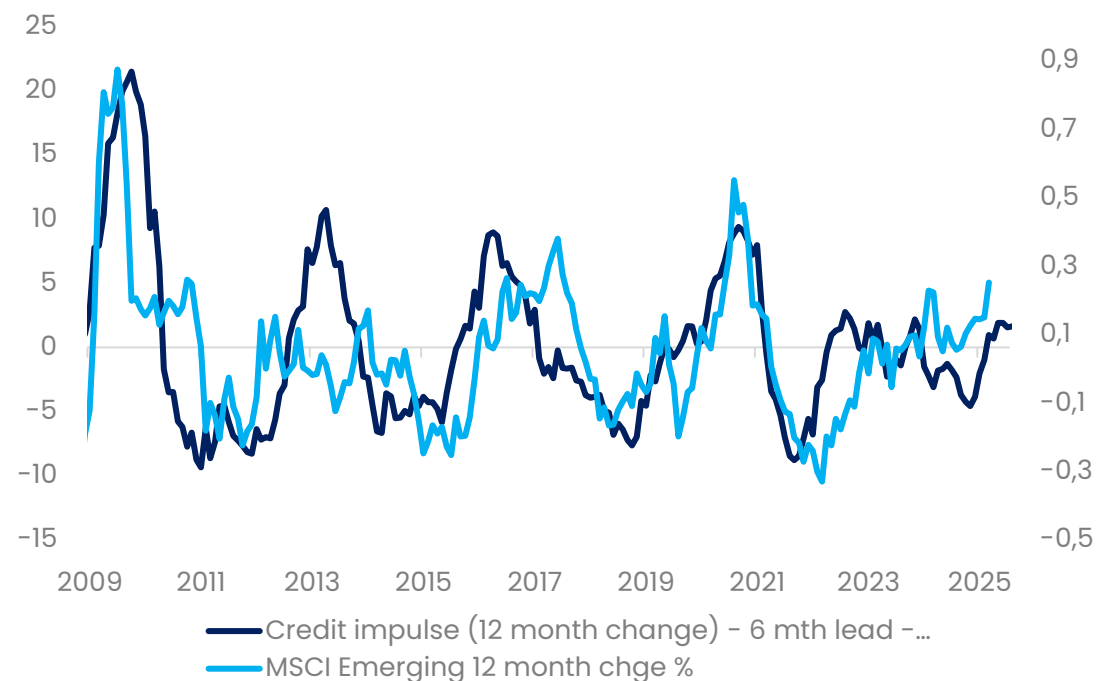
A healthy relative valuation

Emerging - Absolute & Relative PE 12 Mth Fwd

11/20/2025



with China's credit impulse set to improve as the PBOC expands its balance sheet



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DEC 2025



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