Marketing document

Syconvictions

NOVEMBER 2025

At a glance

We have raised our exposure to **Asian technology stocks**

We are capitalising on the **yield delivered by the credit market and financial bonds**

We have **diversified** our investments with **emerging debt**

Message from the CIO

It has now been a year since Donald Trump's election and the implementation of his disruptive programme, and the time has come to look at the implications and draw the first lessons for capital markets.

Some aspects have not changed: stock market leadership has remained narrowly concentrated. The AI theme is capturing the lion's share of investments and market momentum. No investment in AI spells no economic growth in the US. And no growth for AI-related companies means zero earnings growth for the S&P500.

However, over the past year, both the dollar and Treasury bonds have seen their respective statuses as a reserve currency and safe-haven called into question. As a result, investors have sought out diversification and alternative safe-haven investments. Trump's disruptive programme also created a new market leadership, notably for European exporting companies. We shall have to become accustomed to an environment of lower visibility, greater dispersion, and to a different stock market leadership.

Other factors that began before Trump's election have been amplified since his election. These include the growth of passive strategies - which now account for the majority of investments in the US - and the rise of retail investors (around 10% of flows pre-2020 and now 25%). Traditional institutional investors are now in a minority.

The 'old' approach to investing in capital markets based on regional, style and sector exposures has shifted to focus on investment themes. This explains why bitcoin markets, stocks exposed to gold, nuclear energy or European defence have delivered returns over 100% year to date, yet do not rank among the highest performing sectors. This calls for higher responsiveness, flexibility and optionality in our own investment choices. Although overall risk is greater, this will be largely offset by broader diversification.

Pierre-Alexis Dumont, Chief Investment Officer

Market weather forecast

EQUITIES
- European
- American
- Asian

SOVEREIGN BONDS
- European
- American

CORPORATE BONDS
- Investment Grade
- High Yield

CASH

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Market environment

Major disagreements at Congress over federal funding and the extension of health insurance subsidies caused the federal government to shutdown on October 1st. This shutdown is worrying due to its **potential length** and its **timing**, with the holiday season just around the corner- a crucial period for consumer spending.

It has also had immediate effects: **800,000 unpaid civil servants** and a **data blackout** (labour, GDP, retail sales) that has left economic players flying blind. If the paralysis continues, growth could fall by 0.3 point; household confidence may tumble, with a deep impact on spending, particularly if SNAP food benefits are delayed.

Companies are worried: **United Airlines** has warned of an impact on bookings; **Delta** has mentioned operational risks, and the **National Retail Federation** has called for an immediate end to the ongoing US government shutdown to prevent a severe blow for holiday shopping. As far as capital markets are concerned, the lack of data is making the Fed's work even harder: a lengthy shutdown could weigh on monetary forecasts and rekindle volatility.

Source	Indicator	Comment
Bureau of Labor Statistics (BLS)	**Employment situation**	**Collection & publication suspended**
	CPI – Consumer Price Index	Release postponed
	PPI – Production Price Index	Statistics suspended
	JOLTS	BLS operations suspended
	Productivity and unit labour costs	Publication suspended
Department of Labor – Employment & Training Administration (ETA)	**GDP – 1st/2nd/3rd estimates**	**National accounts frozen**
	Personal revenue and spending (incl. PCE/Core PCE)	Key dataset for the Fed suspended
	International trade in goods and services	Trade data suspended
	Corporate earnings	Related to the GDP cycle
U.S. Census Bureau (Commerce)	**Retail sales**	**Consumer references unavailable**
	Orders for durable consumer goods	Investment indicator frozen
	Construction starts/permits	No data on residential housing
	Industrial orders/Manufacturing shipments	Interrupted manufacturing chain
Bureau of Economic Analysis (BEA)	**Initial/continued jobless claims**	Monthly flow interrupted

Source: Reuters, ABC News, Politico. Data as of 03/11/2025.

The impacts are sizeable. Yet stock markets have remained indifferent, focusing on corporate earnings and on the trade talks being held between China and the US. The wake-up could be brutal, particularly for US consumer spending, a segment on which we are increasingly cautious.

Asset allocation strategy

The market has continued to rise, despite a few political and geopolitical risks. The **earnings season** is also in full swing. In this environment, asset allocation is just as important as effective stock picking. Nevertheless, the market is showing some **clemency** with weaker earnings publications - investors are reacting negatively, but not as severely as feared. Robust publications, on the other hand, and notably **companies that have upped their guidance, are being rightly rewarded.**

On the allocation side, we have taken some profits on top-performers in 2025, particularly **gold mining** companies.

We have lowered our exposure to US technology, while maintaining our overall exposure to the sector. We have **raised our positions in Asian technology stocks** to offset the sale of some of our US tech players.

In fixed income, little change. We are still capitalising on the **yield delivered by the credit market and financial bonds.** We are also looking to diversify our portfolios via gradual investments in **emerging debt - a segment offering high yields in local currency** combined with a positive outlook on the forex markets, notably against the dollar.

Key dates

2025

November 10 to 21
COP 30 – Belém, Brazil

ECB meeting
November 19 and 20

December 9 and 10
Fed meeting

ECB meeting
December 17 and 18