Marketing document

Syconvictions

MARCH 2026

At a glance

Our key words are **diversification** and **selectivity**

Our positioning plays on the **AI infrastructure boom**

We are identifying companies that have **suffered** unduly

Message from the CIO

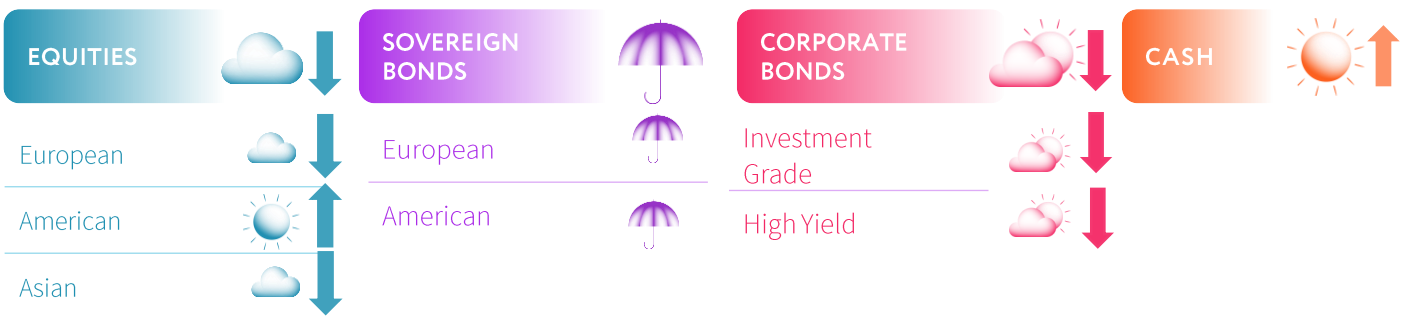
Today, investors are torn between excitement and apprehension. AI is appearing everywhere, but as total capex spending continues to grow, questions are being raised over its monetization. These hesitancies are creating extreme stock dispersion between AI infrastructure build-out players on the one hand, and companies viewed as 'AI losers' - the list of which is forever changing as new agentic AI capabilities are rolled out – on the other. Short term, these comings and goings call for discipline: indeed, it is unwise to chase themes that are under the spotlight. Investors should remain loyal to their analysis framework and focus on execution quality and corporate earnings.

This hesitation is aligned with the views we expressed at the end of last year: AI will remain a core driver for equity markets, but exposure must be diversified and selective. Beyond hyperscalers, we favour critical infrastructure (energy, grids, cables, data center cooling systems) as well as AI adopters - banks, insurance companies, logistics, healthcare, retail players – able to use the power of AI to enhance productivity, customer experience, and margins.

More than ever before, regional diversification – in Europe and more broadly, outside of the United States - offers a compelling asymmetry. The upshot is huge market divergence: excessively harsh reactions to distant and uncertain threats are coexisting with sharp rises. This environment has created entry points on plays unduly labelled as 'AI losers', despite their ability to adopt the technology fast. Our team is finalising an ad hoc analysis framework that will allow for objective stock selection, based on financial criteria (ROI, cost/operations ratio, execution speed), a positioning matrix (proprietary data, regulation, network effects) and best adoption practices (governance, industrialised pilots, safety). Our focus in 2026 will be on AI adopters, not on fantasy.

Pierre-Alexis Dumont, Chief Investment Officer

Market outlook



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Market environment

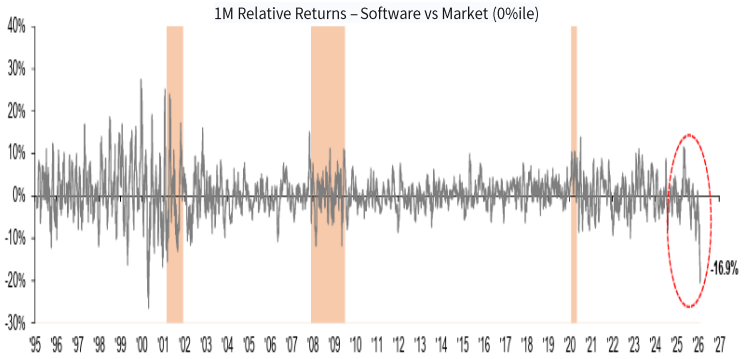
The correction that sent software stocks tumbling stems from an exceptionally violent shock. As shown in the graph below, the sector dropped -17% on a relative basis at the start of the year - one of the worst periods since the dotcom era.

This severe reaction reflects a brutal adjustment to the sweeping dissemination of GenAI applications. These new agents are drastically lowering development costs and time frames, fuelling fears of multiplying low-cost offerings. Meanwhile, native AI suites are shifting monetization towards usage and are unlocking value at platform level, weakening generic application publishers.

After this initial shock, the market is now factoring in a more structural slowdown and heightened competitive pressure. User models are called into question. The most exposed segments remain low-differentiation applications or IT services, while software anchored in proprietary data and critical processes is proving more resilient. Nonetheless, the severity of the drawdown did create some entry points: growth remains robust for 2026 and multiples have compressed sharply.

The normalisation of AI news flow, evidence of monetization, and improved technical positioning could be enough to stabilise the sector. Our approach will focus on identifying companies that have suffered abnormally, as well as the catalysts for a gradual rerating. We have a preference for European platforms, where sovereignty will take precedence, and on critical activities with deeply established work patterns that are difficult to automate.

WORST 1M RELATIVE RETURNS TO MARKET FOR S&P 1500 SINCE DOTCOM-ERA



Source: J.P Morgan Equity Strategy and Global Thematic Research, Bloomberg France LP

Spotlight on... energy

We have a simple conviction: the expansion of AI into the mainstream is ushering in a new era for energy.

After two decades of zero growth, demand for power is boosted by AI and electrification, sparking a race for electrons and the acceleration of investment spending in the infrastructure needed to secure the AI roll-out. This industrial boom is focusing on grids, power equipment, cooling systems and energy efficiency.

Bottlenecks are increasing owing to soaring demand. New electrons and flexibility are badly needed in areas where growth is the strongest.

Renewables, together with power storage, have become the fastest and most competitive solution as gas capacities are now limited. Ageing grids are reaching their limit: a 50% rise in annual spending is needed to adjust to these new usages. Energy efficiency is becoming a key lever to unlock computing power, thanks to new electric and cooling architecture. However, the most under-estimated limit is human: qualified labour is in increasingly short supply, with the United States alone short by around 80,000 electricians every year.

In this environment, we believe it is necessary to position our portfolios on the booming AI infrastructure build-out by targeting the structural winners of this transformation.

Key dates

2026

- March 17th and 18th — **Fed meeting**
- March 18th and 18th — **BoJ meeting**
- March 18th and 18th — **ECB meeting**
- March 19th — **BoE meeting**