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Creating Sustainable Value

**MONTHLY MARKET
REVIEW & OUTLOOK**

October 2025

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in a nutshell

Highlights – September 2025

- **Geopolitics:** heightened tensions with Russia after drone incursions into European skies.
- **Equities:** US markets perform very well
- **Artificial intelligence:** massive investment by companies in the sector in the United States.

Key figure¹

\$300bn.

The value of the contract signed between OpenAI and Oracle.

Macro outlook

- United States: the economy is developing heavy dependency on technology companies.
- Europe is still waiting to feel the effects of the German recovery plan. Positive effects in 2026?
- Despite record levels, gold still has potential, and central banks are backing it.



The Long view

Electric vehicles: free at last!

- Regulators abandon some of the incentives for electric vehicles
- The reality of mobility needs and the onslaught of Chinese manufacturers meant that greater realism was needed
- Consumers taking the lead: the electric vehicle market will finally develop at its own pace

¹Source : Bloomberg, September 2025.



Performing well after the summer break

Markets often get restless after the summer, but this September proved the statistics wrong. US indices performed very well: +5.6% for the Nasdaq¹, +3.5% for the S&P 500². The STOXX 600³, on the other hand, performed more sluggishly, gaining 1.5%.

There was no currency effect to make up the difference, as the dollar was virtually unchanged. Instead, it was a stream of good news that drove the US indices. In the middle of the month, the Federal Reserve took action, cutting its rate by 25 cents. The markets also appreciated the various statements made by the AI giants.

Nvidia announced that it was taking a \$5 billion stake in its rival Intel, and the share price shot up 23% on the news. At the same time, the press revealed that OpenAI, the creator of ChatGPT, had placed an order worth an historic \$300 billion with Oracle to access its Cloud infrastructure. And the same Oracle is going to buy \$40 billion worth of chips from Nvidia to power the infrastructure for OpenAI.

This US euphoria has spread to Asia, buoyed by the Fed's initial easing of monetary policy: +5.2% for the Nikkei⁴, +7.1% for the Korean market and +3.2% in China. Outside tech, cyclicals and consumer discretionary outperformed defensives and consumer staples. In US yields, the 10-year fell back to 4.15%, 8 basis points less than in the previous month. This downward trend should be noted, as the rate was still 4.6% at the end of May. However, with the US economy still robust, the Fed is unlikely to lower its key rate too much. This was the message to take away from the last FOMC meeting: the institution seems to be less proactive than investors may have thought over the summer. We believe that there could still be a market adjustment on this point.

In Europe, the trend was reversed, with yields rising by 8 basis points on German 2-year bonds. The OAT-Bund spread touched 82 basis points, as France once again stood out for its political instability. Fitch has also downgraded the country's credit rating.

European yields have no doubt also risen in response to comments made by Christine Lagarde, President of the ECB. The Bank did not cut rates in September and is likely to stabilise its policy at least until the end of the year. The ECB believes it is in a comfortable position with inflation close to its 2% target. The risk is that the ECB will be too timid in its cuts, while growth remains below potential and appears uneven across sectors and countries. Moreover, the political and budgetary situation in France - Europe's second largest economy - remains worrying. This is why we believe that a cut is desirable and still possible over the next 6 months, especially with inflation set to fall back below 2% in the near future.

On the credit side, spreads remained broadly stable, but high yield performed well. The market remains very active, with companies looking to refinance at attractive levels.

Gold continued to soar in September, gaining a further 10%, taking its increase since the start of the year to almost 50%. It confirms its status as a safe haven for central banks around the world. Since Russian assets were frozen in 2022, Russia is said to be buying 1,000 tons of gold a year, twice as much as before. Individual investors have also become very active, investing in gold through ETFs⁵ indexed to the price of the yellow metal. In addition, heightened geopolitical tensions in Europe, with unidentified drones flying over strategic airports and the US taking a tougher stance against Russia, have also boosted prices. There seems to be no catalyst to curb the rise in gold, which could well reach \$5,000/ounce one day, even if short-term speculative positions make it vulnerable.

1 **NASDAQ**: Stock index based on the stocks listed on the NASDAQ, primarily composed of technology and growth companies.

2 **S&P 500 (Standard & Poor's 500)**: Stock index based on 500 large companies listed on U.S. stock exchanges.

3 **STOXX 600**: Stock index composed of 600 of the largest European market capitalizations.

4 **Nikkei**: Stock index based on 225 large companies listed on the Tokyo Stock Exchange, reflecting the performance of the Japanese market.

5 **ETF (or tracker)**: Investment fund that seeks to closely replicate the performance of a stock market index.

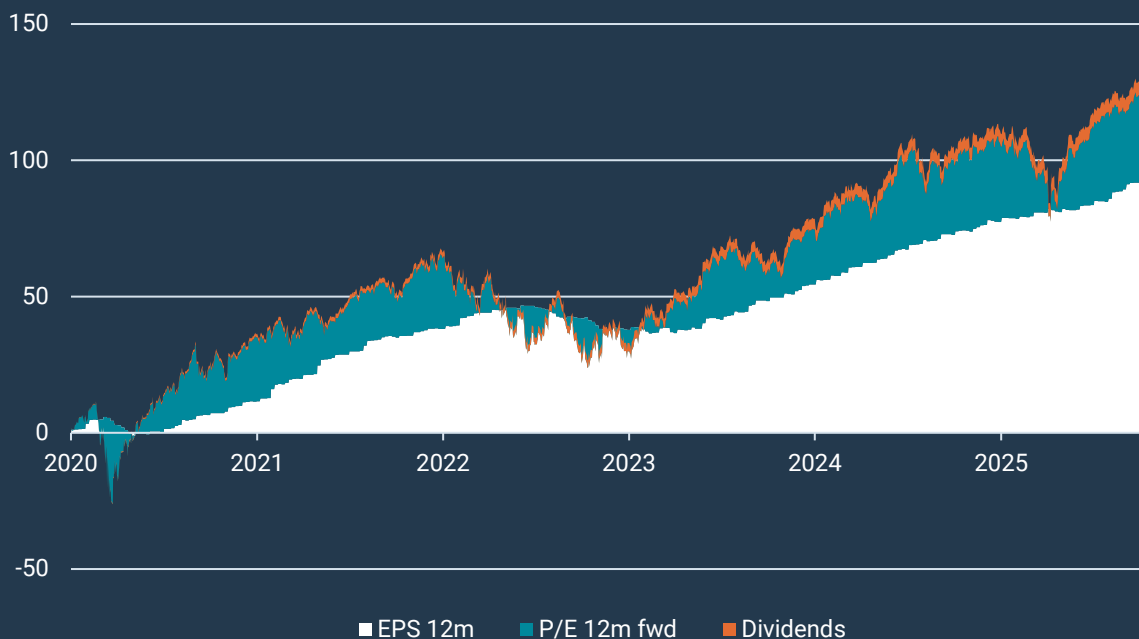
Source: Bloomberg, as of October 2025.



Oil prices, meanwhile, fell sharply. This should not be seen as a sign of a sharp slowdown in global growth, but rather the result of OPEC's overproduction. Moreover, low oil prices are helping to encourage a policy of monetary easing.

Graph of the month

S&P 500 Technology % change since 2020 (in dollars)
(contribution from valuations, expected EPS and dividends)



EPS: Earnings Per Share.
Source: Bloomberg.



Macroeconomic review and outlook

Between tension and resilience

US corporate margins are flirting with record levels, at around 17%, inflation remains contained at an acceptable level of 3% for the time being, and households and businesses alike are set to benefit from a range of plans and gifts, through the One Big Beautiful Bill, a more accommodating monetary policy and a wave of deregulation. In addition, some Americans are benefiting from an exceptional wealth effect thanks to the good health of the stock market and property markets in recent years. The markets are optimistic. It's an optimism we find hard not to share, at least in the short term, despite obviously the possibility of a new open conflict with China, which could result in a disruption of supply chains or a surge in customs tariffs.

United States: no worst-case scenario

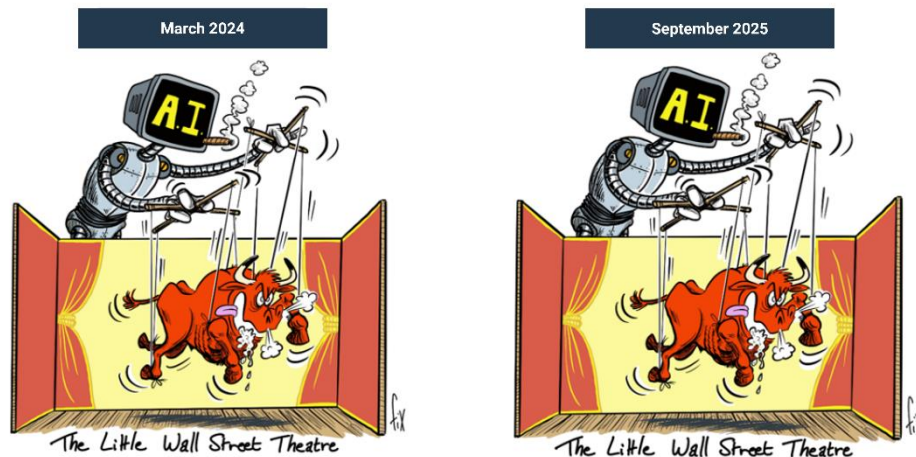
Can we talk about a new-found peace of mind? In any event, the worst fears about the repercussions of tariff increases have not materialised. While the tariff hikes announced on Liberation Day seemed huge, in reality the US is negotiating agreements on a case-by-case basis, with individual countries - like Canada and Mexico - or according to sector of activity. The latest example is the agreement reached with Pfizer, which avoids the highest tariff for the pharmaceutical sector in exchange for concessions granted to the US administration, notably on the price of certain drugs for low-income Americans.

Some companies have also taken on board increases in production or import costs, thereby preserving Americans' purchasing power. Obviously, we have to wonder whether this will not eventually have repercussions on their profitability, and therefore on employment. And that's precisely what the Fed is keeping a close eye on. The Fed seems convinced that inflation peaks will only be temporary, and does not seem to fear a wage-price loop. Given the current situation, a surge in wages seems unlikely. On the other hand, as it had already stated over the summer, it is the employment figures that are currently serving as the Fed's compass, with the aim of reacting quickly in the event of a downturn.

From our point of view, we reiterate that the slowdown in the labour market will remain temporary, although there could be some disappointments for new entrants to this market, with the start of some rather intriguing signals. In the meantime, the United States is benefiting from a number of positive catalysts to support its economy, albeit at the cost of massive debt. Moreover, recent economic statistics have come out above expectations and positive. The economy has regained momentum since the start of the year. Even the housing sector managed to surprise on the upside. The latest services PMI⁶ is good, and the slight weakness in the manufacturing PMI, at 49.1 points, is not a cause for concern. Growth in the second quarter was revised upwards to 3.8%, driven by solid consumption in services.

What about the current administrative blockage? At the time of writing, the United States is experiencing its first shutdown since 2018-2019, with possible economic and political consequences if the shutdown lasts too long. The last shutdown lasted 35 days and the CBO estimated net economic losses at just \$3 billion after taking into account the catch-up effects the following quarter. This suggests that we should keep the event in perspective at this stage.

⁶ PMI (Purchasing Managers' Index): An indicator that provides insight into the economic health of a specific sector.
Source: Bloomberg, as of October 2025.



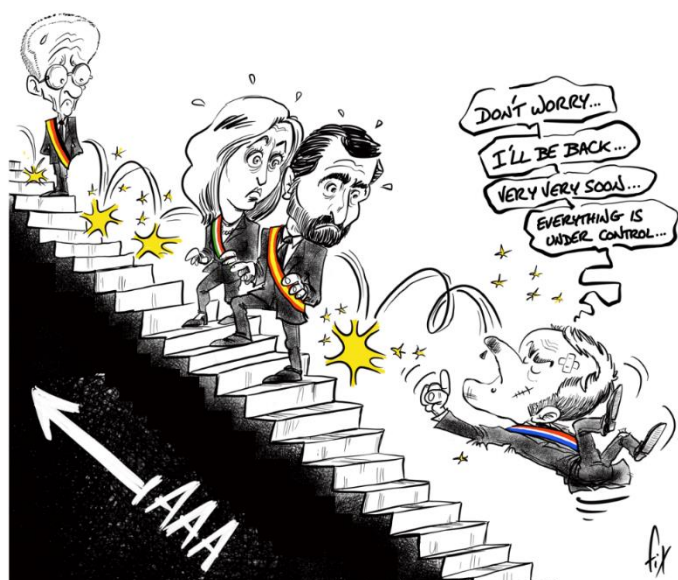
Does Artificial Intelligence have America in its grasp?

The net wealth of American households now represents 8 years of disposable income, the highest level since 1960, with the exception of 2020. A third of their financial assets are invested in equities, with a median increase of more than \$100,000 over 1 year. Within portfolios, the weight of companies linked to artificial intelligence and its infrastructures has become colossal. The technology sector now accounts for almost half of the US market, which in turn accounts for two-thirds of the world market. In an ultra-financialised society, the economic situation of the US population therefore depends very heavily on the stock market performance of a handful of companies. In addition, growth in the United States is based on capex⁷ from these same companies. So we can see the extent to which the country's economic health relies on artificial intelligence. Should this be seen as a weakness, a cause for concern? In any case, the enthusiasm generated by AI needs to be tempered. At present, the deployment of this technology is still very costly for businesses, with no real return on investment. We believe that this will take place over a long period of time, whereas the life cycle of materials and infrastructure remains relatively short. Nvidia's famous chips can only be used for 3 to 5 years. They then need to be replaced. It will surely be some time before the productivity gains from artificial intelligence offset the sums invested. All the more so as other problems could be on the increase: AI replacing certain jobs and performing certain tasks, particularly those usually entrusted to juniors. Youth employment could be the next victim of technological acceleration. We'll come back to this in a forthcoming Mirova alpha: this is a trend with economic and social, if not historical, implications, which paradoxically does not offer much scope for detailed analysis at this stage.

Another cause for concern is the strong co-dependency that the tech giants are developing. As we saw with the contracts signed over the summer, orders placed by some are fuelling the volume of business of others, in a circle that could be anything but virtuous. There has been a significant change in the rules of the game. Until now, tech companies have financed themselves without turning too much to the markets. But this has just changed: the tech giants have raised \$157 billion since the start of the year, 70% more than in 2024, at the same time of year. Oracle alone borrowed \$26 billion from international investors, including \$18 billion in a single transaction, the second largest issue of the year for a single company. If one link in the circular chain that binds technology players together were to break, the consequences could be major, both for the markets and for the real economy. In the short to medium term, however, our view of this trend remains positive. Artificial intelligence for the general public is only two or three years old. We are at the very beginning of its history, and it still promises major developments. Especially as the US administration, which is sympathetic to the sector and in favour of deregulation, strongly supports it.

⁷ Capex (Capital Expenditure): Investment expenditures by a company that are capitalized on the balance sheet.
Source: Bloomberg, as of October 2025.

Another important point to note is that the United States is working hard to diversify the sources of growth for its economy. Trump is introducing measures to support businesses in other sectors and to boost the property market. The easing of trade policy uncertainty should support non-AI investment. This should provide additional growth drivers for the country next year.



Europe: best and worst performers

The rating agencies have given their ratings, with some countries getting top marks, while others stand out for the wrong reasons. Spain's rating has been upgraded by 3 agencies, while Fitch has downgraded France to a mere A+.

This is a tribute to the Spanish growth model, which is expected to deliver around 2.8% this year. Labour productivity growth rose to more than 1% a year between 2022 and 2024, compared with 0.3% between 2014 and 2021, and Spain has succeeded in making its renewable energy sector a real leader, supplying the country with low-cost energy. It also stands out for the successful integration of its immigration and the reduced dependence of its economy on the US tariff war. The rating agencies highlight measures to encourage "longer working lives", and cite the positive impact of recent pension reforms. Private consumption is solid and the deficit contained. However, the country is also facing political coalition difficulties and has been operating for 3 years on the basis of a budget that is automatically renewed. This has not prevented it from skilfully steering its economy.

Italy, whose rating has also been upgraded, enjoys political stability and has demonstrated its ability to reduce its deficit. It is in the process of falling back below the 3% threshold, and the country should soon emerge from the European Union's excessive deficit procedure. However, the economic situation is not idyllic. Italy's demography is now in serious decline, it is not gaining in productivity and its growth has plateaued at around 0.5%. The interest burden on debt should soon exceed growth generated in nominal terms, which means that the debt/GDP⁸ ratio will increase. So it was the ability to reduce debt in such a context that the rating agencies appreciated. A path that France has shown itself incapable of taking. We maintain that French politicians and senior civil servants will not be able to reduce deficits within the current institutional framework. However, this institutional framework is moving slowly towards Parliamentarisation, which will eventually open up favourable prospects after a period of

⁸ GDP (Gross Domestic Product): The total value of goods and services produced in a country over a given period, typically one year.
Source: Bloomberg, as of October 2025.

upheaval that seemed inevitable [in our last issue](#). Mr Lecornu's resignation, less than a day after the formation of his government, is just one episode in this respect.

At the time of writing, President Macron has announced that he will appoint a new prime minister, who will have to form a new coalition in order to ensure that the budget is passed by the end of the year. However, the time does not yet seem to have come to resolve the current political crisis. France will continue to face heated political debates on pension reform and taxation, among other issues. The turmoil is likely to continue and public finances will remain under pressure for the foreseeable future.

In Germany, the recovery plan is expected to generate at least 0.5% additional annual growth from 2026 onwards. It has already saved the country from recession this year, as Germany has been hit hard by US tariffs and the loss of competitiveness of its industrial sectors. The IFO confidence index has not rebounded, and new orders are also down, suffering the effects of the frontloading at the start of the year. Nevertheless, we remain relatively optimistic, as in September the Bundestag approved a €175 billion investment plan for 2026. Of the spending announced for 2025, only 30% has actually been committed, which also suggests that infrastructure and defence spending will accelerate between now and the end of the year. And this at a time when a number of measures in favour of the labour market and businesses have also just been voted through. The German measures should have a multiplier effect on the rest of Europe, although they will not really generate additional inflation in Germany, which is currently under-utilising its production capacity. However, it is difficult to anticipate Europe's future trajectory. Private consumption remains weak, with households preferring to save. Private savings are still not being invested where they should be. A recovery in consumption in 2026 would be very favourable, but the heightened geopolitical tensions do not support this scenario. We still have a positive vision for Europe, but it will require patience.

China: all bets on 2026?

China experienced a severe slowdown in the third quarter, with a sharp fall in consumer spending, a drop in the momentum of infrastructure investment, and a sluggish labour market, particularly among young people. China is still under the threat of tariffs from the United States, and the domestic market does not have the capacity to absorb surplus production. And this is becoming a problem for Europe, which is being inundated with Chinese products that are penalising its industries. Remember that crises of overproduction are among the most painful for an economy to alleviate.

Not all the news is bad, however. China still has considerable fiscal stimulus capacity, and the equity market has risen by more than 30% since the start of the year, thanks in particular to technology. This helps to improve the wealth of the population and partially offsets the negative effects of property investment. The major challenge will be to revive domestic consumption and manage excess production capacity and the labour market.

The situation could change in 2026. A new five-year plan comes into force next year, and perhaps the Chinese government is waiting for this opportunity to launch a massive stimulus plan. So 2026 should be a crucial year for China.

Recently, China announced the establishment of export controls on rare earth technology and seems to be taking a tougher stance in anticipation of the upcoming meeting between Donald Trump and Xi Jinping in South Korea at the end of the month. In response, the American president quickly threatened to impose additional tariffs of 100% starting November 1, along with new export controls on strategic software. He also warned of potential export controls on Boeing aircraft parts.

In essence, Xi is mirroring Trump's tactics—it's all part of the trade game. However, considering the mutually destructive nature of the measures being proposed by China and the retaliatory threats from the United States, we believe these moves are primarily attempts to negotiate better terms for future trade relations between the two powers. At this stage, it seems neither side has the means to carry out the threats they've made.

Source: Bloomberg, as of October 2025.

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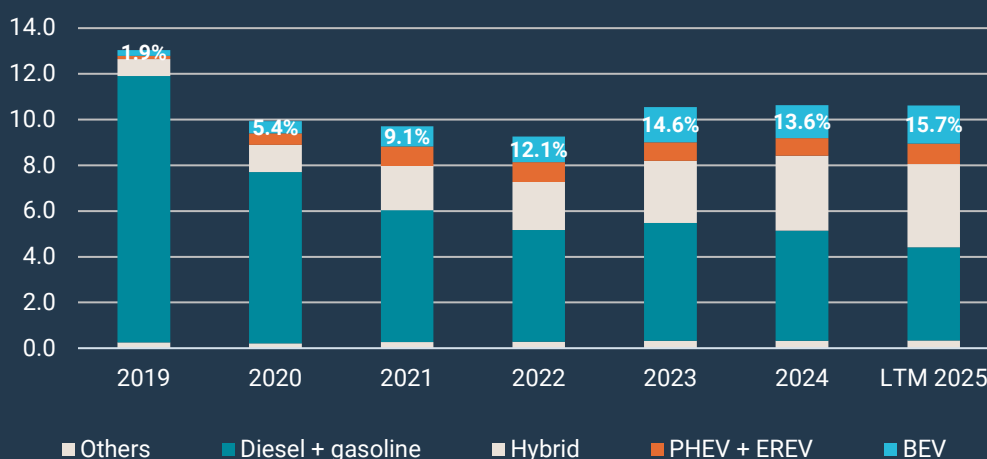


The Long View

The European car market: electric cars pick up speed, with no help from anyone

After several years of crisis, the European car market is regaining momentum. Behind the still depressed volumes lies an (almost) silent revolution: that of an accelerated transition to electric vehicles, between European ambitions, industrial revolutions, competitive shocks and economic realities.

Growth in vehicle sales in Europe by number and type of engine



LTM: Last Twelve Months.
Source: ACEA

A bumpy transition

In a European car market that has shrunk by almost 19% since 2019, the electric vehicle (EV) has grown by leaps and bounds. Its market share, which was almost zero in 2019, reached 15% in 2023, against a backdrop of low interest rates and massive subsidy policies. As a pioneer, Tesla has succeeded in winning over an audience that is far removed from the traditional car buyer: younger, more technophile and more concerned about the environment.

Faced with rising interest rates and the - sometimes abrupt - end of certain purchase subsidies, enthusiasm quickly ran out of steam. By 2024, sales of electric vehicles had fallen by -6%. Prices considered too high, limited range, uncertain resale, perceived insufficient range, underdeveloped recharging infrastructure and very rapid technological developments are all obstacles to the adoption of electric cars.



Perceived as more practical, non-rechargeable hybrids (HEVs) have captured a growing share of demand. Although interesting, these models only offer a limited reduction in Co2 emissions, of around -10 to -15%, over their entire life cycle, which is still a long way from the -60% achieved by electric vehicles.

Faced with the much lower margins on electric cars, several manufacturers, such as Volvo Car, have had to scale down their ambitions... just as some signs of brighter light ahead are appearing.

A rebound in electric cars in 2025... benefitting Chinese manufacturers

2025 could mark a turning point in the transition to electric vehicles, with sales of electric vehicles in Europe having rebounded by 25% since the start of the year. However, this upturn is primarily benefitting Chinese manufacturers, whose market share, although still marginal, has risen from 2% in 2023 to 5.5% today. BYD is now one of the top 10 best-selling electric brands on the continent. To put things into perspective, it is important to realise that such a breakthrough appears to have been much quicker than those achieved by Japanese and then Korean manufacturers on the same European market, which took well over a decade. How were Chinese manufacturers able to achieve such a feat?

This is due to the price-technology ratio of their products. Price remains the main barrier to the purchase of an electric vehicle, because although its running cost is still around 30% lower than that of a combustion engine vehicle, its purchase price is still on average 20% higher than that of combustion engine vehicles sold in Europe. In 2024, less than 5% of electric models would cost less than €30,000. To be successful, however, the ecological transition will have to be affordable for everyone.

Chinese manufacturers have jumped on the bandwagon, offering models that are 20 to 30% cheaper than their European equivalents. This competitive gap is the result of an extremely favourable local ecosystem and extensive vertical integration, enabling development times to be halved and production costs to be considerably reduced.

They also appeal for their fairly innovative technological approach. Their vehicles come with a highly advanced equipment package as standard. Starting from a blank sheet of paper, their platforms have been designed around the concept of the Software Defined Vehicle (SDV), a vehicle built around software, which is scalable and highly connected. This revolution is forcing traditional carmakers to completely rethink their development, production and distribution methods, forcing them to incur significant costs to reform their existing production facilities, something that new players such as Tesla, BYD and Xpeng have not had to do.

The arrival of these new players is boosting the market, but the electric range remains focused on the higher segments, such as SUVs and saloons. Favouring the lower segments of multi-purpose city cars and compact hatchbacks, the European consumer is therefore not entirely satisfied. In response, Chinese groups are gradually adapting their strategy and designing more and more models specifically for the local market, investing in a niche that their competitors are de facto abandoning, with a few exceptions.

European carmakers fight back

However, in the face of this offensive, the traditional groups are not admitting defeat. Thanks to the massive investment undertaken in recent years, they are finally able to market competitive models, in line with the expectations of European consumers.

Renault (R5 E-Tech), Volkswagen (ID. Polo) and Stellantis (e-C3) are aiming to tackle the sub-€25,000 segment, where the democratisation of electric cars could come into play. These compact cars also



have a better carbon footprint: a small electric vehicle with a range of 150 km emits 65% of CO₂ over 15 years than a combustion vehicle, compared with 56% for a medium-sized model.

BMW, meanwhile, has just unveiled its iX3, based on its new 'Neue Klasse' platform dedicated to electric vehicles, whose SDV system aims to rival that of the innovative Tesla. The number of partnerships between incumbent manufacturers and tech giants such as Qualcomm, Google and Foxconn is increasing, with the aim of speeding up technological development.

Above all, manufacturers are returning to their historic codes to reassure the most reluctant customers: design, perceived quality, positioning and a return to iconic names, like Mercedes' new electric GLC.

Incumbent carmakers have other advantages over new carmakers: strong distribution networks, varied financing solutions and high-quality after-sales service. Brand image also plays a crucial role in the purchasing process, especially in Europe where consumers are older.

Autonomy and recharging: two challenges on the way to being resolved

The average range of electric vehicles has almost doubled in ten years, from 200 km to over 350 km. Top-of-the-range models are now nudging 800 km. Increasing the energy density of batteries, recharging them more quickly and extending their lifespan are also helping to make the use of electric vehicles much smoother.

The fall in the cost of batteries, by around -15% in Europe in 2023 and 2024 and -40% in China, offers a major lever for reducing the cost of manufacturing an electric vehicle. Once based mainly on NMC (nickel-manganese-cobalt) technology, LFP (lithium, iron and phosphate) batteries are now becoming more widely available. Although they offer less autonomy, they are less expensive, safer and more durable, containing neither nickel nor cobalt, two minerals associated with major human rights concerns. While the development of solid-state batteries capable of providing a range in excess of 1,000 km is running up against a complex transition to the industrialisation phase, manufacturers are now questioning the value of a range in excess of 800 km for reasons of use and cost.

The infrastructure situation is also improving significantly. The number of recharging points in Europe will increase by 40% between 2023 and 2024. Nevertheless, major disparities remain, with France, Germany and the Netherlands accounting for over 40% of the network. At the same time, the fragmentation of operators is resulting in a multiplicity of charging and payment methods, further complicating the user experience, despite efforts to standardise.

Brussels between ambition and pragmatism

The European Union has high ambitions for the transition to electric vehicles. Among the flagship measures, the CAFE (corporate average fuel economy) standard imposes a gradual reduction in CO₂ emissions from new vehicles by 2035. To meet the 20% reduction target between 2024 and 2025, a quarter of new vehicles sold must be electric. Faced with the heavy penalties threatening carmakers in a market where electric vehicles account for less than 16% of sales, Brussels has agreed to spread the calculation over three years (2025-2027). This initial relaxation offers a welcome breathing space to latecomers, while rewarding those already in compliance, such as Volvo Car.

Nevertheless, the ban on sales of internal combustion vehicles from 2035 is the most emblematic and structuring step in the European strategy. Faced with pressure from industry and certain Member States, the Commission has agreed to re-examine the arrangements from 2025, a year earlier than planned. Manufacturers are hoping to obtain certain flexibilities, particularly for hybrids and range-extending electric vehicles.

Trade tensions and industrial relocation

Faced with what they see as unfair competition from China, European manufacturers are also calling for measures to support the European automotive industry. At the end of 2024, the European Union introduced additional customs duties of up to 35.3% on electric vehicles imported from China, on top of the existing 10%. Some countries, such as France, now make the granting of purchase subsidies conditional on an 'environmental score' that penalises vehicles produced outside Europe. More broadly, manufacturers are demanding that incentives be reserved for electric vehicles with a minimum of European content.

Against this backdrop, relocation is becoming a strategic priority for manufacturers. Renault will produce its electric Twingo in Slovenia and Volkswagen its future ID.1 in Portugal. BYD, for its part, is already planning to build three sites in Europe with the aim of producing as close as possible to consumers.

Transition to be continued, but at a realistic pace

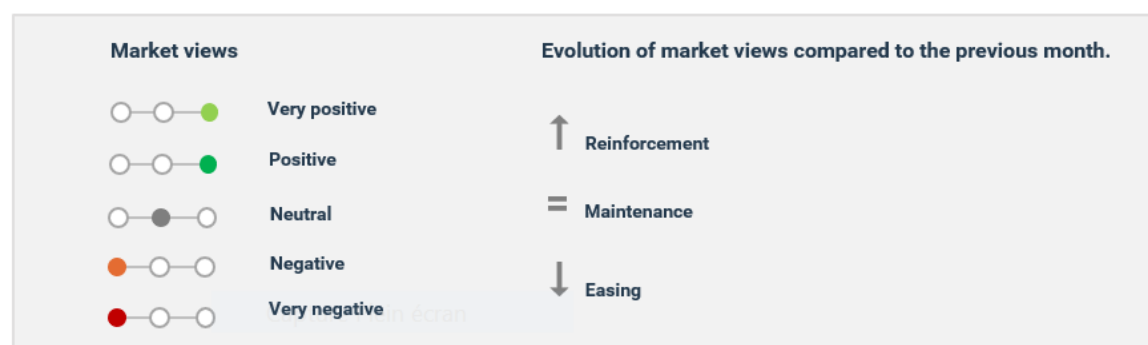
Europe is walking a tightrope: maintaining its climate ambitions while preserving its industrial competitiveness. Could relaxing the targets compromise the decarbonisation of the automotive sector? We believe that this is not inevitable, provided that the players in the sector maintain their momentum by developing affordable electric vehicles that meet consumer needs, while building a more responsible ecosystem. Now that consumers, initially wary, seem to see the advantages of electric mobility - namely the energy efficiency unattainable with vehicles powered by internal combustion engines - the market finally seems to be on the right track, that corresponding to expectations of the general public and not to the policies of those in power.

It therefore seems essential to us to recognise that, despite our efforts, the goal of a 100% market share for electric vehicles by 2035 seems illusory. Adoption, while massive, will take longer than expected, with projections for 50% by 2030. The coexistence of electric power with other types of engines, better suited to certain uses, seems inevitable to us, and in itself anecdotal: electric power is now in full swing. We wish you a safe journey.

Source: ACEA, October 2025.

Summary of Market views

Summary				
ASSET CLASSES	MEDIUM TERM	PREVIOUS MONTH VIEW	MONTHLY CHANGE	Comments
EQUITY			=	- The trend dynamics of EPS⁹ remain bullish. - Resumption of the Fed's rate-cutting cycle and fiscal stimulus favorable to the asset class. - A little volatility in the short term due to the resurgence of US-China tensions.
CREDIT			=	- Fairly solid macro-financial fundamentals (low default rate, high corporate profitability). - Accommodative monetary policy. - Robust across different scenarios. - Potential risk linked to private debt market.
DURATION			=	- Neutral duration overall. - Resumption of the Fed's rate-cutting cycle due to weak employment, but market pricing is too aggressive. Low risk of recession. Upcoming rebound in inflation in the US. - Further potential for yield curves to steepen on both sides of the Atlantic in the future.
CASH			=	Preference for cash in euros.



⁹ EPS: Earnings Per Share.

EQUITY				
ASSET CLASSES	MEDIUM TERM	PREVIOUS MONTH VIEW	MONTHLY CHANGE	COMMENTS
US			=	- Rate cuts, fiscal stimulus, and still positive EPS dynamics. - However, high valuation and positioning levels. Risk of concentration around the AI theme. Overall, slight overweight.
EURO			=	- Return of political/geopolitical uncertainties (France, Russia/Ukraine conflict...). - EPS dynamics hampered by a strong euro. - On the positive side, upcoming German stimulus plan. - Valuation and positioning still attractive on a relative basis.
UNITED KINGDOM			=	- Defensive bias and high dividend yield. - Opportunities within domestic stocks.
JAPAN			=	- Attractive valuation, especially within the financial sector, in a context of monetary normalization. - Upcoming expansionary fiscal policy and more gradual interest rate hikes.
EMERGING MARKETS			=	- Improvement of the financial conditions (Fed interest rate cut, dollar depreciation...), search for geographical diversification - Proper valuation and dynamics of BPA
GROWTH VS. VALUE			=	- Barbell¹⁰ positioning consisting of both high-growth companies (tech, healthcare, etc.) and undervalued companies (banks, telecoms, utilities). - Overall, a maintained preference for value companies with a positive earnings revision dynamic.
QUALITY VS. HIGH VOLATILITY			=	Balanced positioning.
SMALL VS. LARGE CAPITALIZATIONS			=	- Valuation of small caps is attractive relative to large caps, historical levels, and macroeconomic conditions. Flow dynamics remain sluggish. - Still a preference for German small caps.
CYCLICAL VS. DEFENSIVE			=	- Balanced positioning. Favorable factors for cyclical (fiscal stimulus plan, rate cuts, etc.) - Valuation of certain defensive sectors remains relatively attractive (healthcare).

¹⁰ Invest in both extremes, high-risk and low-risk investments, while excluding medium-risk investments.



CREDIT				
ASSET CLASSES	MEDIUM TERM	PREVIOUS MONTH VIEW	MONTHLY CHANGE	COMMENTS
US INVESTMENT GRADE			=	- Preference for IG EUR in terms of valuation. - Lack of dispersion of the US IG index.
HIGH YIELD US			=	Preference for the HY EUR in terms of valuation.
INVESTMENT GRADE EURO			=	- Quality assets at reasonable prices. - Low banking risk.
HIGH YIELD EURO			=	Tight spreads, consistent with low recession pricing. However, notable disparities exist within the asset class and potential risk linked to private debt market.
DURATION				
2 YEARS US			=	- The market still anticipates 5 rate cuts over the next 18 months. - Ambitious given our growth and inflation scenario.
10 YEARS US			=	- Little downside potential. Real rates in line with potential growth and inflation resilience. - Increase in public debt issuance. - Volatility related to the resurgence of tariff tensions.
2 YEARS GERMAN			=	- Resumption of disinflation expected in 2026. - ECB pause at least until the end of the year.
10 YEARS GERMAN			=	- Upward pressure in the long term linked to the German fiscal spending plan. - Overhaul of the Dutch pension system. Continued steepening of the curve. - Short-term volatility linked to the political situation in France and the resurgence of tariff tensions.
PERIPHERAL DEBT EUROPE			=	- Slight overweight maintained. - Carry remains strong and relative momentum is positive.
UNITED KINGDOM			=	Attractive carry, but inflation is resistant to decline. Macro dynamics crumbles.
JAPAN			=	The appointment of a new PM perceived as permissive regarding budgetary matters. Continued increase in key interest rates in the long term. End of yield curve control.
EMERGING MARKETS			=	- Resumption of the Fed's rate-cut cycle. - Long emerging market debt in dollars.
CASH				
EUR/USD EXCHANGE RATES			=	Political crisis in France and macroeconomic weakness in the Eurozone weighted on the euro. No changes in expectations for Fed and ECB monetary policy at this stage.

Contributors



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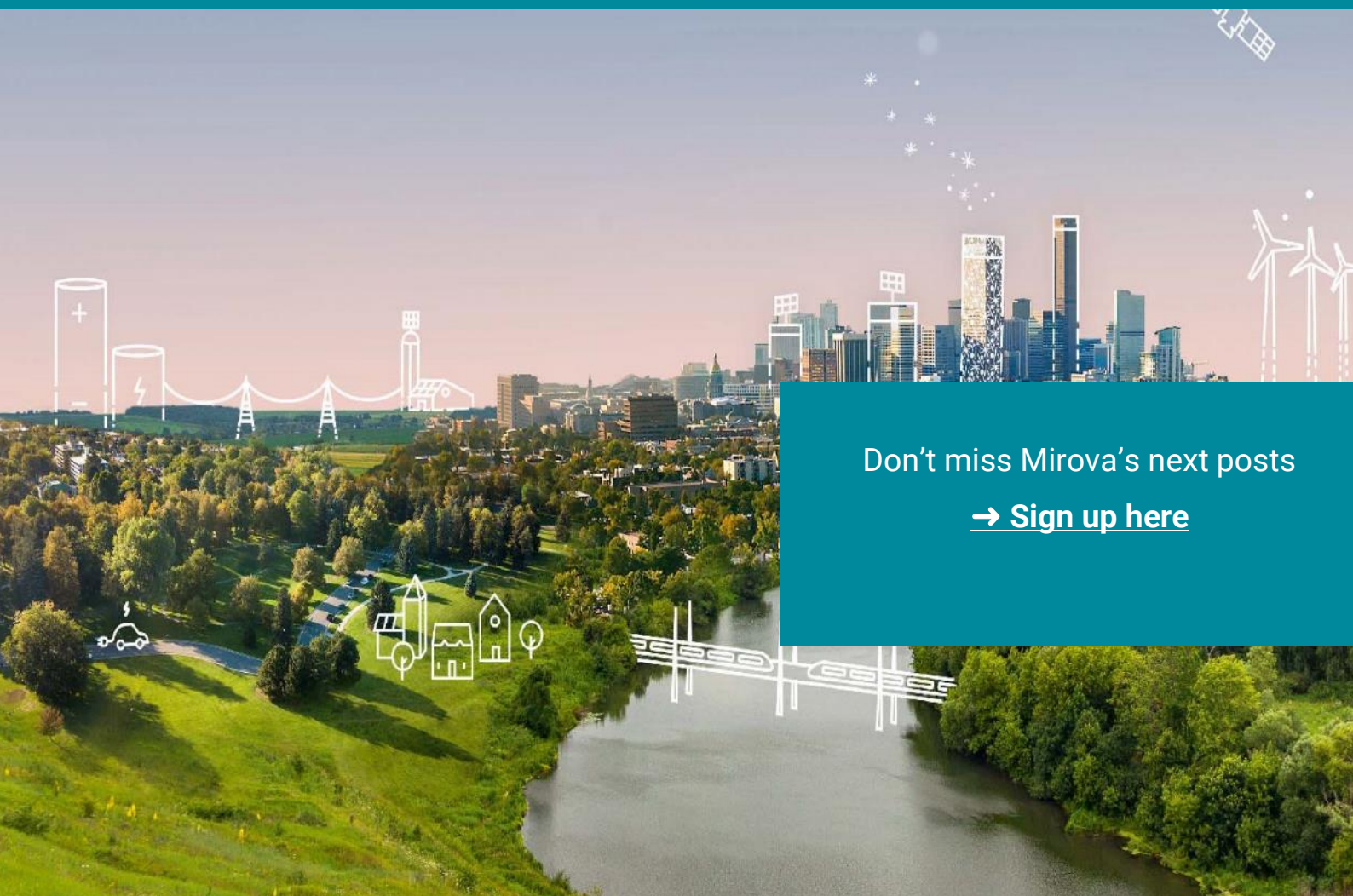
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