C.I.A. NETWORK

Asset Strategy in Brief

February 2026

BNP PARIBAS
WEALTH MANAGEMENT

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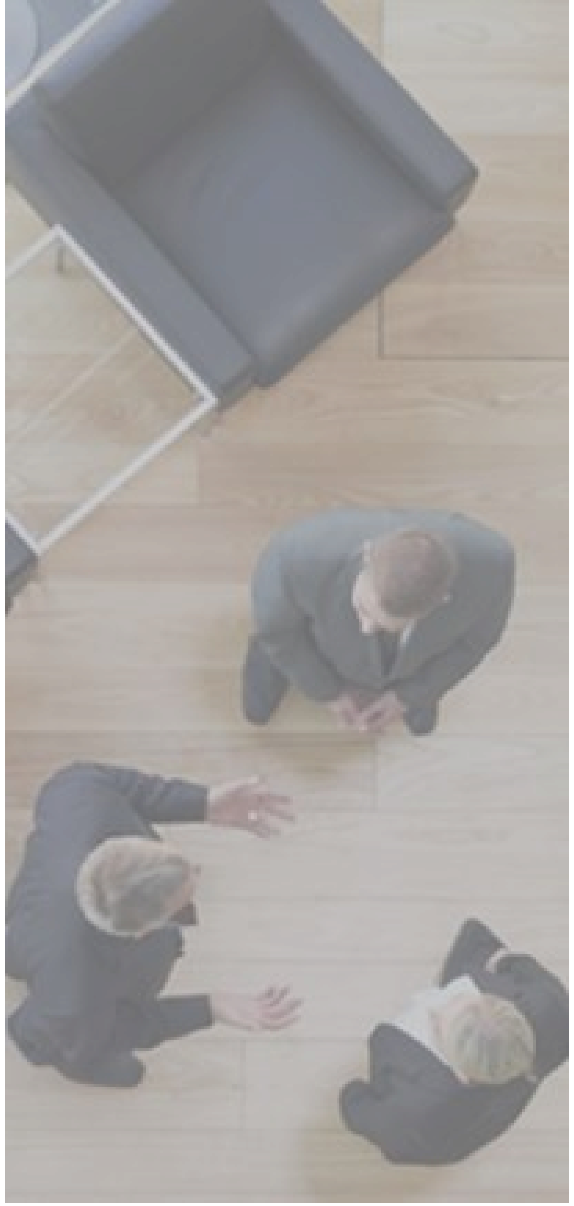

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Macro and market views

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Macro and Market Views

Macro		– Q1 2026 tax refunds promise to be stronger than usual thanks to tax cuts in the 2025 One Big Beautiful Bill Act (OBBBA), boosting consumption. – In the eurozone, consumer confidence is being supported by lower ECB rates and rising house prices. The announced German stimulus plan should boost long-term potential growth. Chinese stimulus could bring positive surprises.
Bonds	=	– Positive on UK gilts (12-month yield target is 4.3%). – Neutral on eurozone sovereigns and US Treasuries post rally; prefer shorter-term (2-5 year) maturities. US Fed Funds rate target 3.25%, ECB to maintain deposit rate at 2% to end-2026. – We see the US 2-year yield at 3.6% in 12 months and the 10-year yield at 4.25%. Our 12-month target on the German 10-year bund yield is 2.75%.
Credit	+	– We stay Positive on Euro Credit given solid corporate balance sheets and cash flows, strong technicals, high carry and low volatility. We prefer intermediate maturities in the eurozone and in the US. – We continue to like EUR IG corporate bonds, and we stay Positive on UK IG corporates (offering a 5.3% average yield).
Equities	+	– Positive on Equities on strong liquidity and lower rates, robust growth and earnings momentum. – Favour UK, Japan, China, Singapore, India and Brazil. – Neutral on the eurozone and the US. – Positive on Health Care, Industrials and Mining. – In the EU, we are Positive on Banks and Utilities. – Neutral on US Consumer Discretionary and Technology.
Real Estate	=	– Demand for European real estate continued to improve in Q3 2025, with investment volumes rebounding and rental yields now more attractive at 4.3%-5.0% for prime European commercial property segments. Residential property prices are also rising in Spain, Italy, Germany and the Netherlands. – Industrial/logistics exposure preferred for healthy yields, higher expected rental growth on robust underlying demand growth.
Commod-ities	+/ +/ =	– Gold: After having substantially exceeded these targets in January, the recent correction still offers sufficient upside for gold (Positive), less so for silver. We downgrade silver from Positive to Neutral. We maintain our target price of USD 5,000 per ounce for gold and USD 80 per ounce for silver. – Positive view on strategic industrial metals, such as copper, aluminium and tin. – Negative stance on Oil, price range for Brent crude oil of USD 60-70; potentially higher non-OPEC oil & gas supply balanced by increasing global demand.
Currencies		– Geopolitical tensions, a lower Fed Funds rate and a pending Supreme Court tariff ruling combined with the return of capital flows from the US to Europe/Middle East/Asia could lead to a weaker US dollar. – EUR/USD 12-month target **USD 1.24** (value of one EUR), USD/JPY target JPY 148 (value of one USD).

Asset Allocation

Allocation changes this month:

- **<u>Equities:</u>**
  - We upgrade US Industrials from Neutral to Overweight.
  - We downgrade US Utilities from Overweight to Neutral.
  - We globally upgrade the Energy sector from Underweight to Neutral.
- **<u>Bonds</u>:** No change
- **<u>FX</u>**:
  - EUR/USD: We change our 3-month target to 1.18 and maintain our 12-month target at 1.24 (value of one EUR).
  - Target changes in EUR/SEK, USD/INR, USD/ZAR, USD/MXN targets
- **<u>Commodities</u>:** We downgrade silver from Positive to Neutral.
- **<u>Alternative Investments:</u>** No change.

Outlook Summary

	Very underweight	Underweight	Neutral	Overweight	Very Overweight
Equities				+	
Government Bonds			=		
Corporate Credit				+	
Real Estate			=		
Alternatives				+	
Cash		-			

Key macro & market forecasts

	GDP Growth %			Inflation %			Central Bank Rates %				Key market forecasts		
	2025e	2026e	2027e	2025e	2026e	2027e		Now	3M	12M		Now	12M
US	2.3	2.9	1.8	2.7	2.7	2.7	US Fed Funds Rate	3.75	3.75	3.25	US 10Y yield %	4.3	4.25
Eurozone	1.5	1.6	1.6	2.1	1.9	2.3	ECB Deposit Rate	2.00	2.00	2.00	Euro 10Y yield %	2.90	2.75
Japan	1.2	0.7	0.8	3.1	2.0	2.5	Bank of Japan Policy Rate	0.75	1.00	1.25	UK 10Y Yield %	4.50	4.30
UK	1.4	1.1	1.3	3.4	2.4	2.2	Bank of England Base Rate	3.75	3.50	3.50	S&P 500	6976	n/a
China	5.0	4.7	4.5	0.1	0.9	1.0	China 7D reverse repo rate	1.40	1.30	1.20	Euro STOXX 50	6007	n/a
											Oil Brent USD/bbl	66	60-70
											Gold USD/oz	4697	5000

Source: BNP Paribas WM. As at 3 February 2026

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Fixed Income

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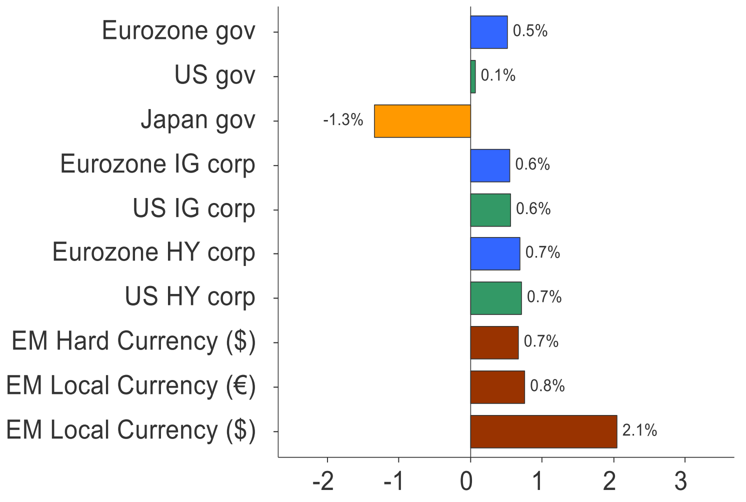
Fixed Income at a glance

The year began with a bang, marked by geopolitical tensions (Venezuela, Greenland), subpoenas served on Fed Chair Powell, and the return of tariff threats from Donald Trump, on top of rising political risk in Japan. The surge in Japanese yields had a global impact. Since 1 January, Japanese government bonds have collapsed, while Eurozone government bonds and corporates have shown greater resilience. EM bonds have outperformed, benefitting from the revived "sell America" trade.

We favour EM local bonds, gilts, EUR/GBP IG corporate bonds, agency MBS and TIPS.

10-year yield	26/01/2026	12-month target
US	4.21	4.25
Germany	2.87	2.75
UK	4.50	4.30

Returns month-to-date



Source: LSEG Datastream, JPM and BofA indices, 26/01/2026

Central Banks

We expect two 25bp rate cuts in the US, in June and September, as the Fed focuses on recent weak payrolls. We think the ECB will keep its policy on hold this year and hike rates in late 2027.

Government Bonds

We stay Neutral on US and German government bonds, favouring maturities less than five years. We prefer US TIPS and UK gilts.

Peripheral bonds

Periphery spreads have tightened further. We don't see much upside, and we remain Neutral on periphery debt thanks to the carry.

Corporate Investment Grade (IG) Bonds

We prefer EUR and GBP IG corporate bonds (Positive view) to USD IG bonds (Neutral view) given the supply dynamics and spread levels.

Corporate High Yield (HY) Bonds

Valuations are stretched, with spreads nearing historical lows. They are likely to widen modestly in 2026. As all-in-yields remain high, we keep a Neutral view on HY bonds at the index level.

Emerging Market (EM) Bonds

We remain Positive on EM local currency debt, given elevated yields, EM central banks' capacity to cut rates and expected USD weakness.

We are Neutral on EM hard currency bonds, as valuations are highly compressed.

Our position for this month

Evolution of our position since last month

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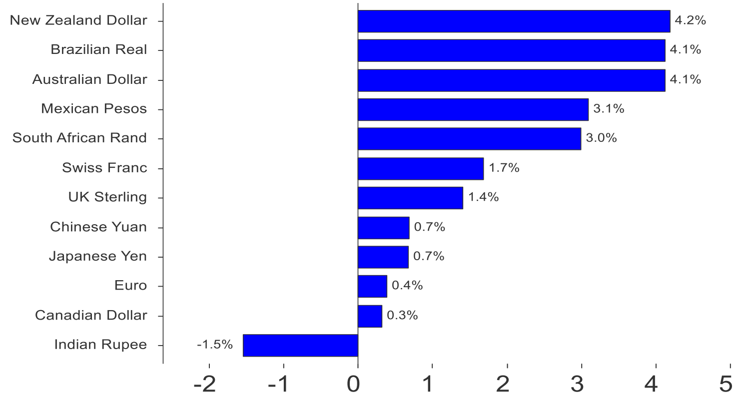
Currencies

Currencies at a glance

1. **EUR/USD:** We still hold a bearish EUR/USD view, largely driven by stronger eurozone growth fundamentals and the outlook for the interest rate differential. Policy uncertainty stemming from the Fed's leadership transition, geopolitical tensions, and a possible Supreme Court ruling on tariffs add downside pressure on the USD, while a softening labour market and slower consumer spending later in the year should prompt the Fed to cut rates. **Therefore, our new 3-month target is 1.18, and we maintain our 12-month target of 1.24 (value of one EUR).**
2. **USD/JPY:** A snap election could deliver a decisive victory that encourages looser fiscal and monetary policy, further reducing the yen's appreciation potential. A renewed alliance between the Constitutional Democratic Party and Komeito fuels uncertainty to the electoral outcome. However, reports of a possible intervention in the FX market are strengthening the JPY. **Therefore, given the current political uncertainty, we maintain our 3-month target at 152 and our 12-month target at 148 (value of one USD).**

Currencies against the dollar

Percentage change, YTD, 02/02/2026



Source: LSEG Datastream, 02/02/2026

>> TARGET 12M USD/INR: 90

The RBI cut the key interest rate by 25 bps to 5.25 % in December. We expect the Indian rupee to remain weak in the near term, reflecting a subdued domestic economy and ongoing portfolio outflows. The rupee could recover if India secures lower tariffs that narrow the trade deficit and lift the currency. **We revise our 3- and 12-month USD/INR targets to 90 (value of one USD).**

>> TARGET 12M USD/CNY: 7.00

The PBoc left the policy rate unchanged in January. The PBoC has been gradually setting the USD/CNY fixing lower. This approach suggests a preference to maintain relative currency stability against the USD, while allowing for a gradual and moderate RMB appreciation over time. **Our 3- and 12-month targets are 7.00 (value of one USD).**

>> TARGET 12M EUR/SEK: 10.60

The Riksbank kept its policy rate at 1.75% in December. Recent domestic and regional growth, together with fiscal policy are still supportive. Combined with a lower interest rate environment, these policies should support a more favourable medium-term growth trajectory. **We change our 3-month EUR/SEK target to 10.80 and our 12-month target to 10.60 (value of one EUR).**

>> TARGET 12M USD/ZAR: 16

The SARB cut interest rates by 25 bps to 6.75 % in November. Emerging market investors remain attracted to the rand because of its high real yields and a sharp rise in terms of trade driven by a strong precious metals rally. **We revise up our 3-month target to 16.50 and our 12-month target to 16 (value of one USD).**

>> TARGET 12M EUR/GBP: 0.87

The BoE lowered its policy rate by 25 bps to 3.75 % in December. Overall, we do not expect UK fiscal policy to provide a meaningful boost to growth in the near term. We continue to see scope for further BoE easing, narrowing the policy-rate differential between the BoE and the ECB. Most of this, however, seems priced in at this stage. **Therefore, our 3- and 12-month EUR/GBP target are 0.87 (the value of one euro).**

>> TARGET 12M USD/MXN: 18.25

Banxico lowered its policy rate by 25 bps to 7% in December. We expect Banxico's easing to drive the terminal policy rate lower than the market expects. A faster fall in carry relative to regional peers will further diminish the MXN's appeal. **We revise our 3-month USD/MXN target to 18.00 and our 12-month target to 18.25 (value of one USD).**

Currencies at a glance

FX FORECASTS EUR

	Country		Spot 02/02/2026	Trend	Target 3 months (vs. EUR)	Trend	Target 12 months (vs. EUR)
	United States	EUR / USD	1.18	Neutral	1.18	Negative	1.24
	United Kingdom	EUR / GBP	0.86	Neutral	0.87	Neutral	0.87
	Japan	EUR / JPY	183.57	Positive	179	Neutral	184
	Switzerland	EUR / CHF	0.92	Neutral	0.94	Neutral	0.94
	Australia	EUR / AUD	1.70	Negative	1.79	Negative	1.82
	New-Zealand	EUR / NZD	1.97	Neutral	1.97	Negative	2.07
	Canada	EUR / CAD	1.61	Neutral	1.63	Negative	1.67
	Sweden	EUR / SEK	10.57	Negative	10.80	Neutral	10.60
	Norway	EUR / NOK	11.46	Neutral	11.60	Neutral	11.30
Asia	China	EUR / CNY	8.20	Neutral	8.26	Negative	8.68
	India	EUR / INR	107.92	Neutral	106.20	Negative	111.60
Latam	Brazil	EUR / BRL	6.21	Negative	6.37	Negative	7.07
	Mexico	EUR / MXN	20.56	Negative	21.24	Negative	22.63

Source: BNP Paribas, LSEG

FX FORECASTS USD

	Country		Spot 02/02/2026	Trend	Target 3 months (vs. USD)	Trend	Target 12 months (vs. USD)
	Eurozone	EUR / USD	1.18	Neutral	1.18	Positive	1.24
	United Kingdom	GBP / USD	1.36	Neutral	1.36	Positive	1.43
	Japan	USD / JPY	155.68	Positive	152.00	Positive	148.00
	Switzerland	USD / CHF	0.78	Neutral	0.80	Positive	0.76
	Australia	AUD / USD	0.69	Negative	0.66	Negative	0.68
	New-Zealand	NZD / USD	0.60	Neutral	0.60	Neutral	0.60
	Canada	USD / CAD	1.37	Neutral	1.38	Neutral	1.35
Asia	China	USD / CNY	6.95	Neutral	7.00	Neutral	7.00
	India	USD / INR	91.52	Neutral	90.00	Neutral	90.00
Latam	Brazil	USD / BRL	5.26	Negative	5.40	Negative	5.70
	Mexico	USD / MXN	17.44	Negative	18.00	Negative	18.25
EMEA	South Africa	USD / ZAR	16.13	Negative	16.50	Neutral	16.00
	USD Index	DXY	97.63	Neutral	97.58	Negative	93.31

Source: BNP Paribas, LSEG

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Equities

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From Beta to Alpha

The US is (still) not enough

- **Drama –** We are more than a month into 2026, but it feels a lot longer. Since 1 January, traders have been forced to navigate all sorts of events, including the US invasion of Venezuela and capturing its president, threatening 100% tariffs on Canada, ongoing drama surrounding Greenland, another potential government shutdown, Iran protests, and extreme volatility in JGBs.
- **Rotation –** And yet, the S&P 500 is +145 bps YTD, so quite notable strength given all the potential headwinds. Beneath the surface, however, there are almost as many whirlwinds as in geopolitics. We notice a strong rotation across sectors and the size spectrum. The Russell 2000 has outperformed the S&P 500 on 14 consecutive trading sessions, which is the longest streak of this kind since 1996. Large-cap tech no longer leads the pack as AI evolves from a beta to an alpha play.
- **Akropolis Now –** Greek equities begin their transition from EM to DM. We think strong growth rates can be sustained for longer. GDP is expected to grow 2.1% y/y, substantially above our forecasted EA growth of 1.6%. Moreover, sovereign yields below those of Italy and France, earnings growth momentum, M&A optionality, and a discount to DM equivalents should attract investors.

Main recommendations

Stay Neutral on US equities – with valuations already at elevated levels, we see no room for further multiple expansion. Non-USD-denominated investors might consider FX-hedged exposure. The start of the earnings season was encouraging. While CAPEX spending keeps growing, doubts about the ability to monetise these investments in time are rising again.

We upgrade US Industrials to Overweight- we expect US industrials to outperform, **driven by procyclical US policies**, tax credits, robust Capex, reshoring and strategic autonomy initiatives. A weaker USD now provides an additional tailwind.

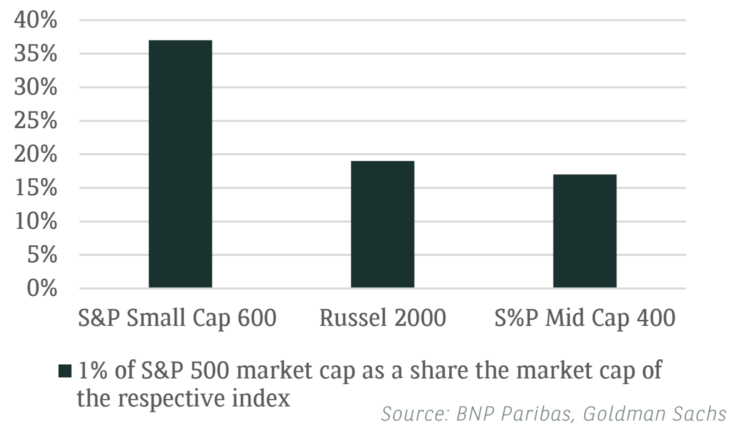
We downgrade US Utilities from Overweight to Neutral.

Stay Neutral on EU equities - Earnings growth expectations might be too optimistic, and European equities are likely to remain a tale of two fates, as FX headwinds should reemerge. The start of the earnings season was pretty solid, especially in the semiconductor space and among banks.

We remain Overweight global equities. The overall backdrop still supports equities as global growth is solid while financial conditions remain supportive. **We globally upgrade the Energy sector from Underweight to Neutral.**

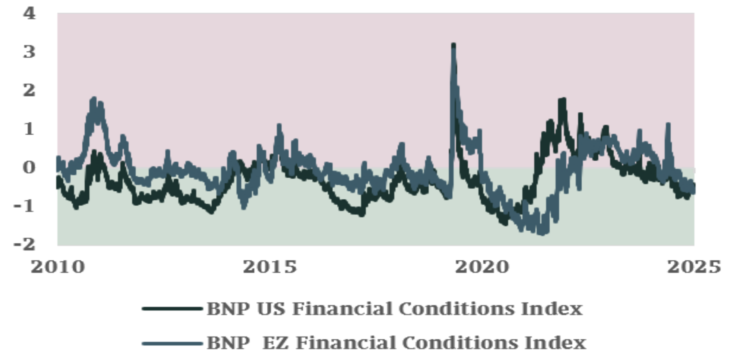
Key risks: An escalation of political tensions, as well as the "run-it-hot" approach of many governments, which could cause inflation to accelerate again.

Small moves with a large impact



Source: BNP Paribas, Goldman Sachs

Financial conditions are still supportive



Source: BNP Paribas, Bloomberg

Asian Equities view

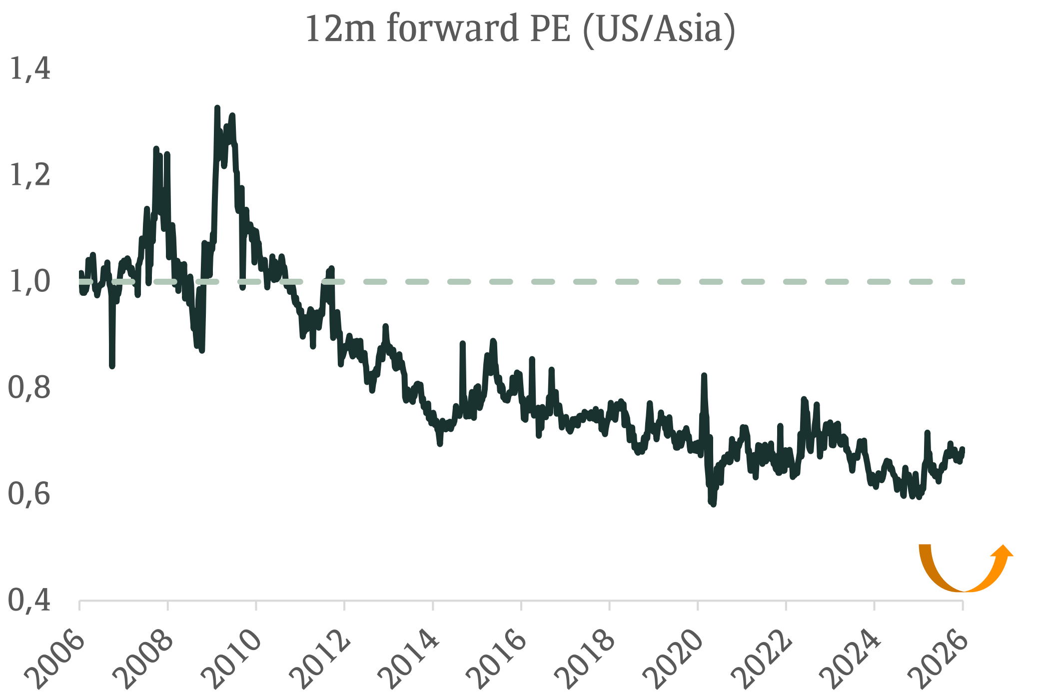
ASIA COUNTRY PREFERENCE

+	=	–
COUNTRY		
China India Singapore	South Korea Taiwan Indonesia	Thailand

- **We remain Overweight on China A-shares and Hong Kong/China H-shares:** China's economy is stabilising as the 15th Five-Year Plan prioritises "new-quality productive forces" like AI and green tech, targeting GDP growth of 4.5%–4.8%. Despite property sector headwinds, a bull case for equities is still on the cards. Corporate earnings are rebounding as "anti-involution" policies curb overcapacity and boost margins. Domestic valuations remain at historic discounts, while global funds are still significantly underweight. Furthermore, the PBoC continues to pursue RRR cuts, and a CNY 1 trillion bond issuance provides the necessary liquidity to floor the market. Combined, these factors make Chinese equities a compelling, high-beta recovery play for the year ahead. We continue to favour the China tech sector and high-dividend stocks in the HK/China financial and China telecom sectors.
- **We stay Overweight on India:** The early-2026 correction stems from a mix of pressures, including US trade frictions, persistent FII outflows, a weak rupee and disappointing Q3 earnings. High valuations, currency risks and budget uncertainty have reinforced a cautious stance. However, the medium-term outlook is improving. India is exhibiting a "Goldilocks" environment of strong growth and low inflation. Structural reforms continue to enhance the business climate, and the Capex cycle is broadening beyond infrastructure. Earnings are expected to grow around 11% over the next 12 months, valuation premiums versus emerging markets have compressed, and a potential US–India trade resolution could trigger a near-term re-rating.

We continue to prefer Asia equities to US equities

Asia continues to trade at a >30% discount to US equities, despite strong performances in 2025



Source: Macrobond, BNP Paribas WM , as at 29 January 2026

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Commodities

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Commodities at a glance

After their already impressive performance in 2025, **the precious metals** rally further accelerated in January, but started to correct by the end of the month. At January's peak, the gold price was up 28% YTD, platinum 35% and silver 65%. Since the start of 2025, the gold price had more than doubled, platinum had multiplied by 3 and silver by 4.

Industrial metals continue their upward trend. Copper, aluminium, zinc and nickel are up 10% YTD, and some tech- and energy-related niche metals even more: uranium +20%, tin and lithium more than +40%. Only iron ore is slightly down (-1%). Prices are supported by growing demand for the energy transition, infrastructure and technology, combined with supply disruptions, inventory build-up and increased investor interest.

Oil prices: In January, the Brent price rebounded from a low of USD 60 to USD 70, the high end of our target trading range. This was mainly due to the rising tensions around Iran (possible US military strike, fear of Iranian retaliation in the Strait of Hormuz) and the cold wave in the US, which not only boosted demand but also disrupted supply.

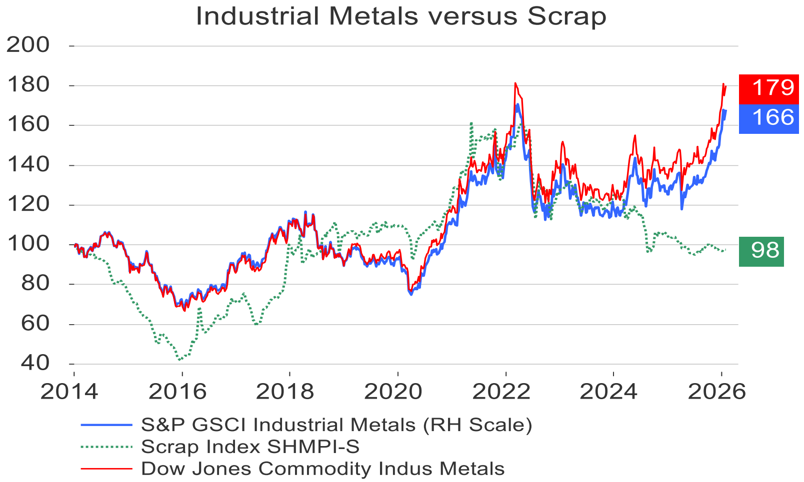
PRECIOUS METALS

We maintain our target prices of USD 5,000 per ounce for gold and USD 80 per ounce for silver. **Although we can still see volatility in the short-term, we expect the long-term upward trend to remain intact for gold (Positive) less so for silver. Therefore, we downgrade silver from Positive to Neutral.**

Source: LSEG Datastream, 30/01/2026

INDUSTRIAL METALS

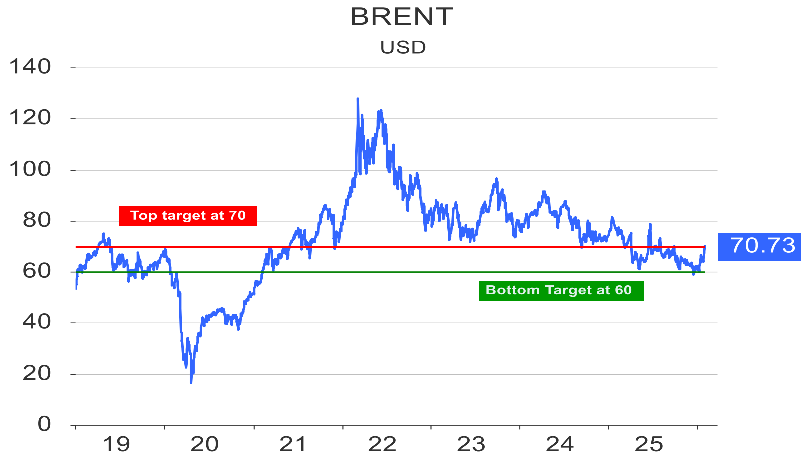
We maintain our Positive view, as we expect that growing demand for infrastructure and the energy transition will outpace expected supply growth. Our 12-month target for copper (LME): USD 14,000.



Source: LSEG Datastream, 30/01/2026

OIL

We maintain our Negative view with an unchanged USD 60-70 target range. As we consider both the cold wave and Iran-related supply threat to be temporary, we expect the Brent price to pull back, in view of the current high oversupply (3 mbd).



Source: LSEG Datastream, 30/01/2026

Our position for this month

Evolution of our position from last month

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Alternative Investments

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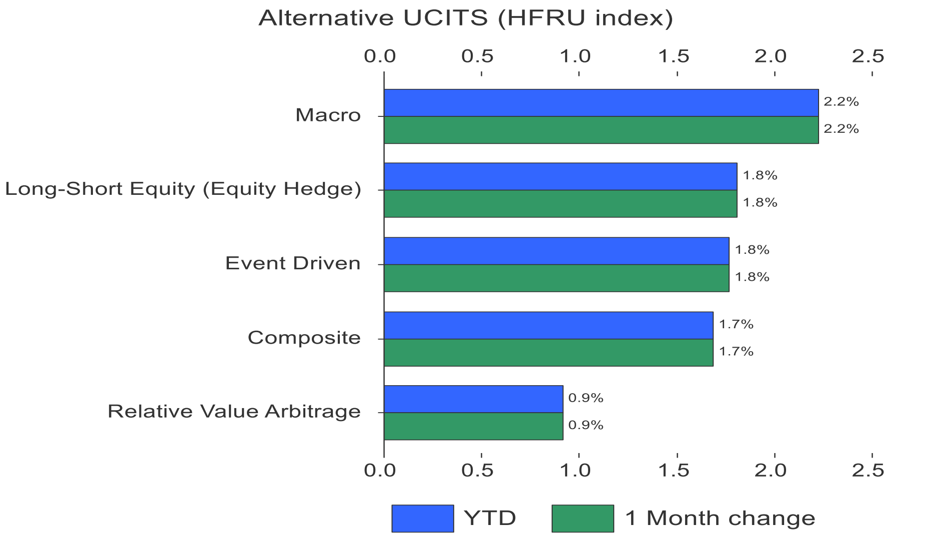
Alternative Investments

All strategies have recorded positive performances this year.

Performance has been strong, especially for Macro and Event Driven. Relative Value arbitrage has been lagging a bit.

Positive opinion on Macro, Event Driven and Long-Short Equity.



Source: LSEG Datastream, 29/01/2026

Global Macro

Positive: Macro managers have taken advantage of some clear outcomes (weaker dollar, curve steepening). Only macro managers are uniquely equipped to trade risk assets either long or short. Strategies mostly use futures and derivatives.

Event Driven

Positive: The current US administration, which has embraced a lighter touch on regulation, has three more years to run. That's enough leeway for large strategic deals to be negotiated and announced. More deals are also expected in Europe and the UK, with the impetus of forming competitive sector champions. Monetary policy may become a bit looser. This is most important in the US, where the majority of deal activity occurs.

Long/Short Equity

Positive: The rotation away from mega-cap dominance and towards a wider opportunity set has improved market breadth and reduced reliance on a small group of growth stocks to drive returns. Equity dispersion is historically high, between expensive and cheap stocks, providing long and short stock-picking opportunities. A higher level of single-stock volatility, despite still relatively low index volatility, is positive for idiosyncratic long/short active trading.

Relative Value

Neutral: Corporate credit dispersion remains muted, with credit markets well bid in the search for yield. Lower interest rates benefit most issuers, including weaker ones, provided the economy does not decelerate too much. Convertible bond arbitrage benefits from increased issuance, single stock volatility, and refinancing/liability management.

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