

Trust must be earned

A breather after buoyant markets

The year is drawing to a close with most risk assets in positive territory, and global stocks and metal prices seeing multiple highs. However, recent concerns over artificial intelligence-led euphoria in the US affirm our stance. While monetary and fiscal support may stabilise the economy, risks in the form of consumption, tariffs uncertainty and geopolitics persist.



Amundi Investment Institute

Marketing Communication



Valuations call for a global, diversified* stance in equities

The positive sentiment stemming from AI in the US and robust corporate earnings has led to high prices of stocks. Thus, European fiscal and monetary policy and corporate reforms in Japan, together with a focus on attractive businesses in the UK and small cap, remain important themes for us.



Disinflation is boosting the appeal of European bonds

Economic growth in Europe is being affected by a cautious consumer and we expect disinflation (decrease in rate of inflation) to continue. This will lead the ECB to reduce policy rates and may support bonds for instance in Italy, and also in the UK. In the US, we like inflation-linked bonds.



EM universe is full of idiosyncratic stories

EM bonds may offer good value, and our focus is on identifying countries where outlook is stable or improving. For instance, we like hard currency sovereign bonds in Mexico and Argentina. We also like equities in countries such as India and in emerging Europe.



Corporate credit offers scope for higher income

Corporate fundamentals are robust in European high-grade sector, especially in the financials sector, and third quarter earnings confirm this. We are neutral on US and UK credit, but overall remain tilted towards quality and avoid businesses with excessive debt.



Agile and balanced stance

In risks assets, we prefer regions where earnings, and macro environment could provide a good risk-reward. Thus, we stay risk-on, and positive on European and EM equities. At the other end, we believe that commodities like gold may provide a good safeguard.



Glossary

1. **Bond:** is a fixed-income investment that represents a loan made by an investor to a borrower, usually corporate or governmental
2. **Disinflation:** Decrease in the rate of inflation
3. **ECB:** European Central Bank
4. **EM:** Emerging Market

IMPORTANT INFORMATION

*Diversification does not guarantee a profit nor protect against a loss.

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Date of First Use: 3 December 2025

Doc id: 5035240

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