C.I.A. NETWORK

Asset Strategy in Brief

September 2026

BNP PARIBAS
WEALTH MANAGEMENT

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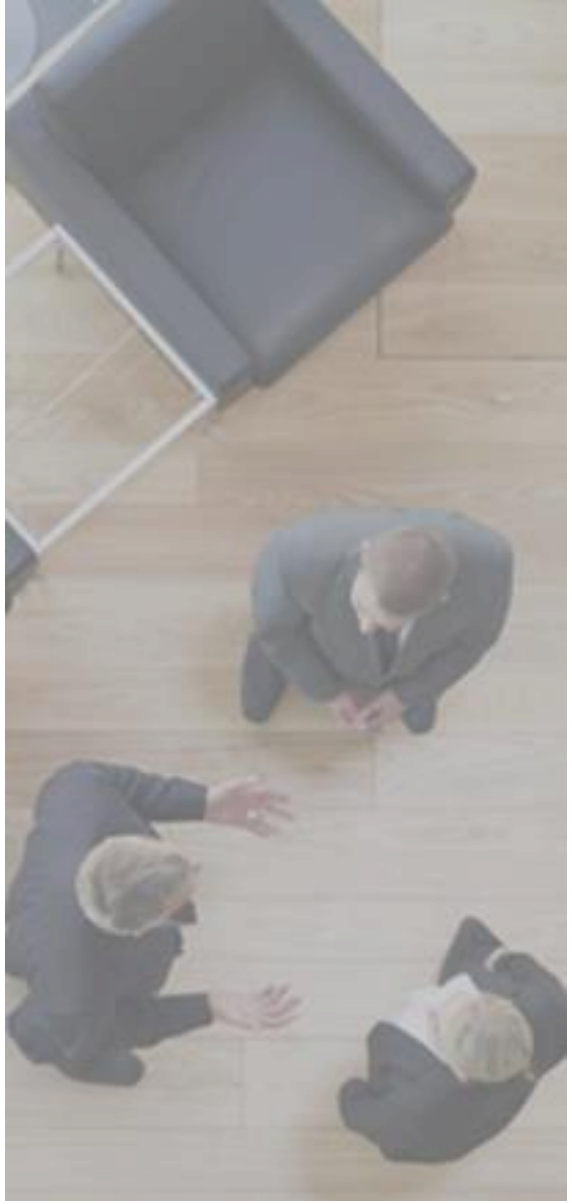
for a changing
world



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Macro and market views

Asset Allocation

Latest allocation changes:

- **Equities:**
  - We upgrade Global Equities to Overweight
  - We revise our view on Emerging Markets from Neutral to Overweight
  - We upgrade South Korea and Taiwan to Overweight.

- **Bonds:**
  - We revise our outlook for the ECB and now expect one rate increase in September.
  - We now expect the BoE to raise rates in December.
  - We upgrade core Eurozone govies from Neutral to Positive (focus on longer maturities).
  - We downgrade UK corporate bonds to Neutral.

- **FX:**
  - We change our 3-month EUR/USD target to 1.16 and keep our 12-month target at 1.20 (value of one euro).
  - We change our 3-month USD/CNY target to 6.7 and our 12-month target to 6.6 (value of one USD).
  - We revise some of our targets: EUR/SEK, EUR/NOK, USD/ZAR, USD/MXN, and USD/BRL

- **Commodities:** No change

- **Alternative Investments:**
  - We downgrade Long-Short Equity to Neutral.

Outlook Summary

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

Macro and Market Views

Macro		– Global expansion remains on a solid footing, driven by resilient consumer spending, improving business sentiment and a surge in AI-driven capital spending. – In the absence of a clear catalyst to de-escalate the conflict, elevated energy costs are expected to sustain inflationary pressure in the near term, but they are not expected to undermine the overall resilience of global growth.
Bonds	+/=	– Upgrade to Positive on core eurozone sovereigns (favour maturities of 7-10 years), Neutral on US Treasuries; prefer shorter-term (ca. 5 year) maturities. – Neutral on UK gilts (12-month yield target is 4.4%). – The ECB should raise its deposit rate once more this month to 2.5%. The Fed should raise rates once in December to a 4.0% Fed Funds target rate. – We see the US 2-year yield at 4.10% in 12 months, 10-year yield at 4.5%. – Our 12-month target on the German 10-year bund yield is 2.75%.
Credit	+/=	– We prefer EUR (Positive view) to USD IG bonds (Neutral view) given the supply dynamics and the level of yields/spreads. We focus on quality. We downgrade UK corporate bonds to Neutral. – Neutral on US high yield credit. Spreads fell back close to their historical lows even though uncertainty remains high. They do not remunerate the underlying risk.
Equities	+	– Upgrade to Positive on Equities: we have become more constructive on equities considering the resilience of the global economy so far. – Favour Japan. We upgrade Emerging Markets from Neutral to Overweight, with a preference for Northeast Asia (China A share, South Korea and Taiwan) and LatAm (Brazil and Mexico). – Neutral on the US, UK and Europe – Positive on Health Care, Industrials and Mining, EU Utilities and EU Banks.
Real Estate	=	– INREV European private real estate funds continue to see steady growth in net asset values, delivering an average return of 0.9% q/q to investors in Q2 2026 after 1.3% in Q1. – Industrial/logistics exposure preferred for healthy yields, higher expected rental growth on robust underlying demand growth.
Commodities	+/+ /-	– Precious Metals: We remain Positive on precious metals. Our 12-month price target for gold is USD 5,000 per ounce and USD 80 per ounce for silver. – Positive view on strategic industrial metals, such as copper, aluminium and tin. – Negative stance on Oil, 12-month price range for Brent crude oil of USD 60-70;
Currencies		– The short-term strengthening of the US dollar in the current risk-off environment is unlikely to persist in the longer term, given supplementary US defence spending increasing the US budget deficit and weighing on the USD. – EUR/USD 12-month target USD 1.20 (value of one EUR).

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	2.1	2.2	2.5	2.7	3.3	2.4	US Fed Funds Rate	3.75	4.00	4.00	US 10Y yield %	4.79	4.50
Eurozone	1.5	0.9	1.6	2.1	2.7	2.6	ECB Deposit Rate	2.25	2.50	2.50	Euro 10Y yield %	3.34	2.75
Japan	1.1	0.9	1.2	3.1	2.0	2.5	Bank of Japan Policy Rate	1.00	1.50	1.75	UK 10Y Yield %	5.22	4.40
UK	1.4	1.2	1.2	3.4	3.2	3.2	Bank of England Base Rate	3.75	3.75	3.75	S&P 500	7631	n/a
China	5.0	4.6	4.5	0.0	1.3	1.6	China 7D reverse repo rate	1.40	1.40	1.30	Euro STOXX 50	6368	n/a
											Oil Brent USD/bbl	94	60-70
											Gold USD/oz	4357	5000

Source: BNP Paribas WM. As at 2 September 2026

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Fixed Income

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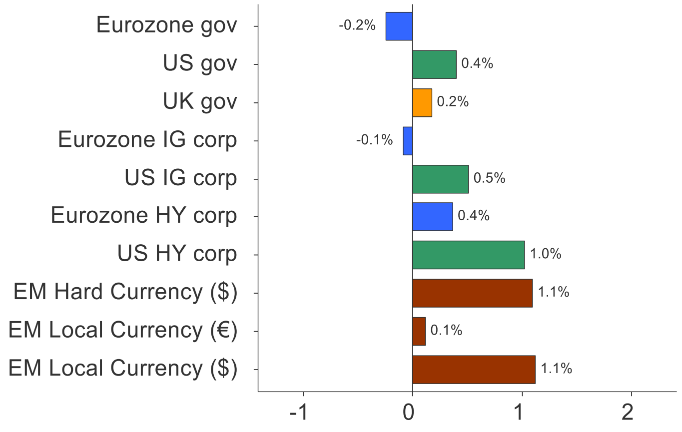
Fixed Income at a glance

There has been a sharp rise in government bond yields especially in the US. The move has been driven by rising real yields, mainly owing to increased demand for capital and a higher term premium due to Fed policy uncertainty. We reiterate our 12-month target of 4.50% for the 10-year US Treasury bond. The 10-year Treasury yields could briefly overshoot toward 5% in the near term.

We upgrade core Eurozone govies from Neutral to Positive (focus on longer maturities). Selective opportunities in corporate bonds: We prefer EUR IG corporate bonds (Positive view) to USD IG bonds (Neutral view). We downgrade UK IG bonds to Neutral.

10-year yield	28/08/2026	12-month target
US	4.73	4.50
Germany	3.27	2.75
UK	5.15	4.40

Returns month-to-date



Source: LSEG Datastream, JPM and BofA indices, 28/08/2026

Central Banks

We have revised our outlook for the ECB and now expect one rate increase in September. Oil and especially gas prices have risen again with core CPI inflation around 2.5% and a resilient economy. **For the Fed, we also expect one more rate increase in December. We now expect the BoE to raise rates in December. We expect a series of rate hikes in Japan over the coming months.**

Government Bonds

We upgrade core Eurozone govies from Neutral to Positive. Yields have risen sharply and are well above our targets. The expected return is still attractive. **We favour maturities of 7-10 years.**

We keep a Neutral stance on US govies with maturities up to 5 years.

EU Peripheral bonds

Periphery spreads are still close to historic lows and do not remunerate enough for the risk. **We remain Neutral on periphery debt.**

Corporate Investment Grade (IG) Bonds

We prefer EUR (Positive view) to USD IG bonds (Neutral view) given the supply dynamics and the level of yields/spreads. We focus on quality. **We downgrade UK corporate bonds to Neutral.**

Corporate High Yield (HY) Bonds

We keep a Neutral stance on Corporate HY. Spreads are still close to historic lows and expected returns do not reflect the underlying risk.

Emerging Market (EM) Bonds

Neutral on EM bonds despite the strong performance. EM central banks have less potential to cut rates and the USD has limited upside in the coming months. **We are Neutral on EM bonds in local currency and in hard currency bonds.** Valuations are not attractive.

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Currencies

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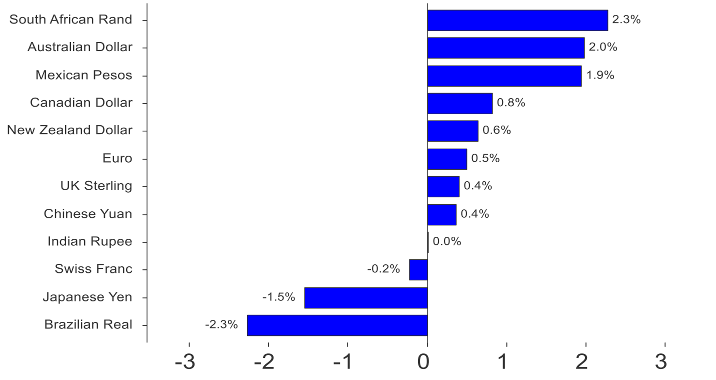
Currencies at a glance

1. **Market Intervention Phase:** The FX market continues to navigate between the developments in Middle East and expectations of central-bank policy moves. In the G10, a pro-risk environment still favours high-yielding currencies, especially those with commodity exposure.
2. **Central Banks: We still anticipate a single rate hike in December for the Fed, after the mid-term elections. For the ECB, we now expect one rate hike in September** while the BoE is now expected to deliver one hike, probably in December. For the BoJ, we expect hikes to be made in September, December and March. The SNB is projected to hold rates until late 2027
3. **The EUR/USD:** The dollar outlook is bearish, reflecting reduced confidence in the Fed's credibility to fight inflation and concerns about larger fiscal deficits after the Treasury's unexpected buyback programme. Growing discomfort with foreign central banks using dollar reserves is weakening the dollar's reserve currency status. In contrast, euro-zone data have been surprisingly strong, and the euro-area economy remains resilient despite higher energy costs. **Accordingly, we change our 3-month EUR/USD target to 1.16 and keep our 12-month target at 1.20 (value of one euro).**

Currencies against the dollar

Return Month-To-Date



Source: LSEG Datastream, 28/08/2026

>> TARGET 12M USD/CNY: 6.60

The PBoc left the policy rate unchanged in August. The PBoC has been lowering the USD/CNY fixing, signalling a desire to keep the yuan stable against the dollar while allowing a modest, gradual appreciation. Growing foreign demand for RMB-denominated assets and wider international use add upward pressure. **We change our 3-month USD/CNY target to 6.7 and our 12-month target to 6.6 (value of one USD).**

>> TARGET 12M EUR/SEK: 10.80

The Riksbank held its policy rate at 1.75% in August. In the near term the SEK might be vulnerable as a low-yielding currency. The outlook for the SEK is cautiously optimistic. Regional growth, supported by spillover effects from Germany's defence plan and IA spending should support the Swedish krona. **We change our 3-month EUR/SEK target to 11.00 and our 12-month target to 10.80 (value of one EUR).**

>> TARGET 12M EUR/NOK: 10.60

Norges Bank held its policy rate at 4.25% in August. Oil prices remain volatile, but the NOK benefits from the strong terms of trade. We expect the currency to strengthen this year, supported by resilient global growth and its sustained appeal as a high-yielding asset. **Our 3-month EUR/NOK target is 10.80 and we change our 12-month target to 10.60 (value of one EUR).**

>> TARGET 12M USD/ZAR: 15.75

The SARB kept interest rates at 7% in August. Emerging market investors remain attracted to the currency because of high real yields and a sharp rise in the terms of trade driven by a precious metals rally. **We adjust our 3-month target to 16 and our 12-month target to 15.75 (value of one USD).**

>> TARGET 12M USD/MXN: 16.80

The Banxico held rates at 6.5% in August. External tailwinds stay strong as Mexico gains a larger share of US imports and continues to attract foreign direct investment. The peso remains supported by market demand for high yields, solid fundamentals, and expectations of rate hikes. **We revise our 3-month USD/MXN target to 17 and our 12-month target to 16.80 (value of one USD).**

>> TARGET 12M USD/BRL: 5.00

The BCB delivered a 25bp rate cut to 14% in August. We expect the BRL to remain an outperformer in EM due to its attractive carry. The elections are approaching and political uncertainty could generate more volatility in the coming months. **We adjust our 3-month USD/BRL target to 5.20 and keep our 12-month target at 5 (value of one USD).**

Currencies at a glance

FX FORECASTS EUR

	Country		Spot 30/08/2026	Trend	Target 3 months (vs.EUR)	Trend	Target 12 months (vs.EUR)
	United States	EUR/USD	1.16	Neutral	1.16	Negative	1.20
	United Kingdom	EUR/GBP	0.86	Neutral	0.87	Neutral	0.87
	Japan	EUR/JPY	185.78	Neutral	183	Neutral	186
	Switzerland	EUR/CHF	0.94	Neutral	0.92	Neutral	0.92
	Australia	EUR/AUD	1.62	Neutral	1.59	Negative	1.69
	New-Zealand	EUR/NZD	1.96	Neutral	1.93	Negative	2.0
	Canada	EUR/CAD	1.61	Neutral	1.60	Neutral	1.62
	Sweden	EUR/SEK	11.11	Neutral	11.00	Positive	10.80
	Norway	EUR/NOK	10.88	Neutral	10.80	Positive	10.60
Asia	China	EUR/CNY	7.81	Neutral	7.77	Neutral	7.92
	India	EUR/INR	110.85	Neutral	110.20	Negative	114.0
Latam	Brazil	EUR/BRL	6.05	Neutral	6.03	Neutral	6.0
	Mexico	EUR/MXN	19.78	Neutral	19.72	Neutral	20.16

Source: BNP Paribas, LSEG

FX FORECASTS USD

	Country		Spot 30/08/2026	Trend	Target 3 months (vs.USD)	Trend	Target 12 months (vs.USD)
	Eurozone	EUR/USD	1.16	Neutral	1.16	Positive	1.20
	United Kingdom	GBP/USD	1.36	Neutral	1.33	Neutral	1.38
	Japan	USD/JPY	159.87	Neutral	158	Positive	155
	Switzerland	USD/CHF	0.81	Neutral	0.79	Positive	0.77
	Australia	AUD/USD	0.72	Neutral	0.73	Neutral	0.71
	New-Zealand	NZD/USD	0.59	Neutral	0.60	Neutral	0.60
	Canada	USD/CAD	1.39	Neutral	1.38	Positive	1.35
Asia	China	USD/CNY	6.72	Neutral	6.70	Neutral	6.60
	India	USD/INR	95.39	Neutral	95.0	Neutral	95.0
Latam	Brazil	USD/BRL	5.20	Neutral	5.20	Positive	5.00
	Mexico	USD/MXN	17.02	Neutral	17.00	Neutral	16.80
EMEA	South Africa	USD/ZAR	16.08	Neutral	16.00	Positive	15.75
	USD Index	DXY	99.70	Neutral	99.40	Negative	96.31

Source: BNP Paribas, LSEG

04

Equities

Preparing for the year-end rally

Upgrading global equities to positive

- **A strong economy –** Despite recent geopolitical tailwinds, the global economy remains surprisingly robust. The global economic surprise index is only a whisker away from its 20-year highs (exclude the post-COVID period). Purchasing manager indices are also pointing towards healthy economic activity in the major countries.
- **Strong earnings –** The Q2 earnings season provided very strong results. All major regions showed above-average earnings growth. We expect this trend to continue given the tailwinds from the economy and AI.
- **AI the story continues -** We remain optimistic that the adoption rates of AI will continue to climb higher. This is especially encouraging as there is ample room for higher spending by companies. This should motivate hyperscalers to continue spending on AI infrastructure. With more efficient models available, token prices are declining. This, however, leads to increased demand rather than companies pocketing the savings. This is a real-life example of Jevons paradox.
- **Successful sector calls –** Health Care performed strongly in the US (+10% QTD), driven by robust demand for obesity treatments and promising advancements in biotech and vaccines. Likewise, Financials have likewise outperformed this summer, supported by higher yields, strong results and sustained economic resilience.

Main recommendations

Upgrading Equites to Overweight – We believe that the overall very supportive growth backdrop warrants a higher allocation in equities. Valuations are backed by strong earnings growth.

Upgrading Emerging Markets to Overweight- Asia remains at the centre of the AI buildout trade. We see the recent correction as a promising opportunity to increase exposure. We thus also upgrade South Korea and Taiwan to Overweight.

We remain Neutral on the US and Europe – Although the signs of a more sustainable economic recovery in Europe are rising, we remain wary of certain risks, such as higher gas prices and potential political crises linked to upcoming elections. We are therefore prepared to take on more risk by upgrading global equities, but we do not want to overweight the region against benchmark allocations.

In the US, we stick to our preference of equal-weighted over capital-weighted indices as we want to avoid the concentration risk from US hyperscalers and to position ourselves for a broadening of the bull market to other sectors. Within small caps, we prefer the S&P Small Cap 600 index over the Russell 2000 index due to the former's better profitability characteristics.

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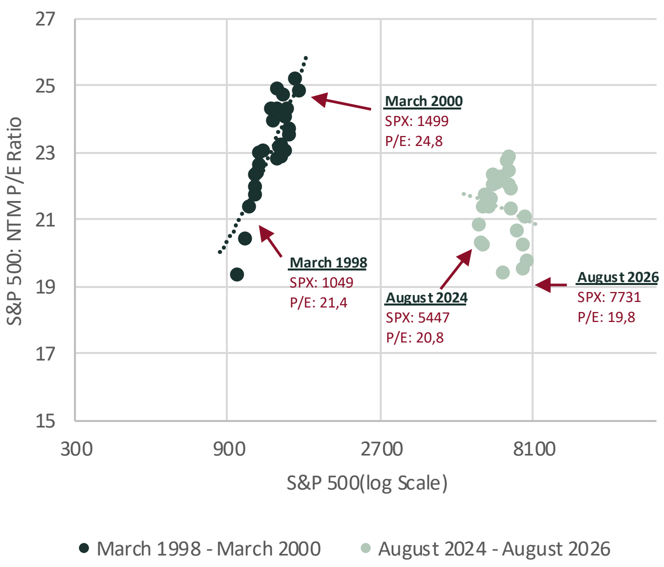


Source: BNP Paribas, Bloomberg

Key risks: Higher inflation and more hawkish central banks could derail the current bull market. Moreover, companies cutting their AI Capex spending plans would cause a sharp re-rating of growth expectations for AI-Infra-Structure names.

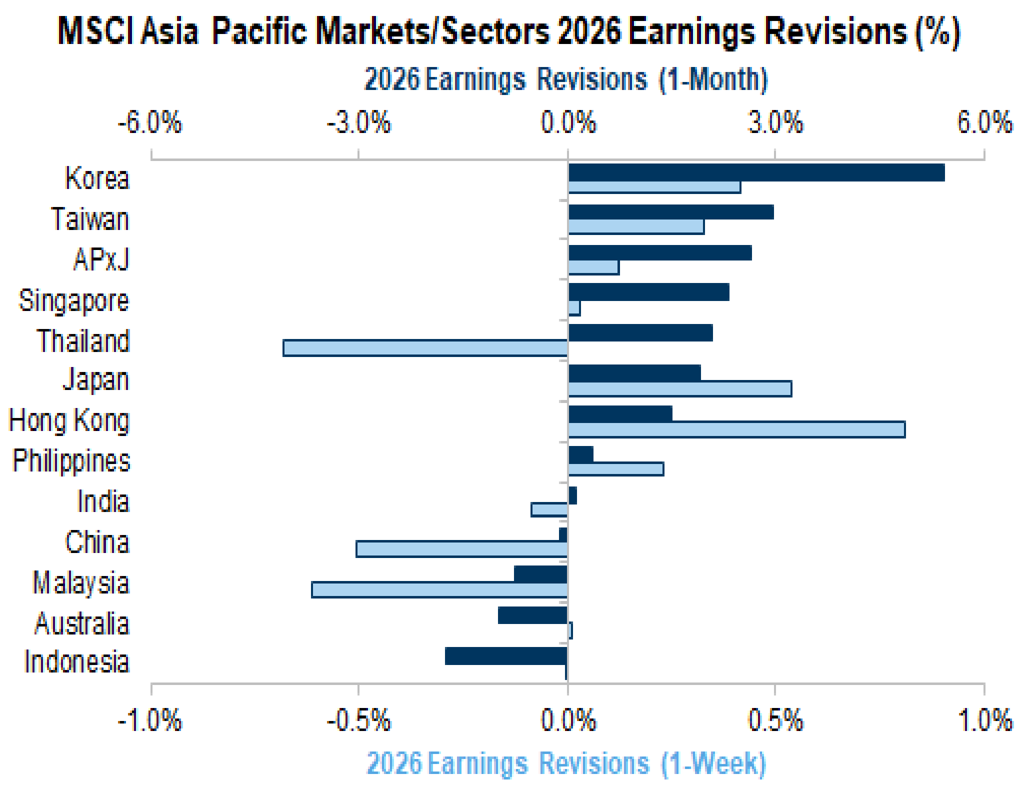
Asian Equities view

ASIA COUNTRY PREFERENCE

+	=	–
COUNTRY		
China A shares ▲ Taiwan ▲ South Korea	Hong Kong/China H shares India Southeast Asia	

- **Upgrade Taiwan and South Korea to Overweight:** After the washout in July, the risk/reward looks more attractive for Taiwan and South Korea equity markets. AI supply chain companies are still rushing to fulfill customer orders, while being supported by strong, tangible demand over the next several years. Given the strong earnings, valuations are reasonable with TAIEX's forward PE at 20.3x and KOSPI's even much lower at only 6.6x. There are also signs of broadening strength beyond tech into non-tech sectors as more sectors are seeing upward earnings revisions. Any pullbacks would be good buying opportunities.
- **China:** We continue to favour China A-shares over H-shares/Hong Kong shares: i) the China A-shares market is more exposed to the AI upstream sectors which still have very strong fundamentals; ii) A-shares are set to be direct policy beneficiaries as the government is likely to step up fiscal spending amid a further growth deceleration; and iii) the valuation of A-share hardware tech companies has become more reasonable after the recent corrections.

South Korea and Taiwan show the best upward earnings revisions in Asia



Source: FactSet, IBES, MSCI, Goldman Sachs, as of 26 August 2026

05

Commodities

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Commodities at a glance

Gold and **Silver** performed strongly in August. Gold is on course for posting its best monthly performance since 1999. The yellow metal was supported by a weakening US dollar, markets scaling back on Fed rate hike expectations for September and Scott Bessent's long-term bond buyback programme, which revived the debasement trade. ETF inflows turned positive, while central bank buying remained solid.

Copper markets on the LME exchange experienced a short squeeze in August. Physical LME inventories dried up after a lot of inventories were moved to the CME in anticipation of potential US import tariffs. The short squeeze was therefore mainly of a technical nature. **Aluminium** has recovered slightly from its correction in June. We maintain our Positive view on copper and aluminium based on strong fundamentals.

Crude Oil rebounded from the end of June lows after the Memorandum of Understanding between the US and Iran broke down in July. Despite the short-term risks, we remain bearish in the longer term as the market should be oversupplied once the Hormuz crisis is resolved. **European gas** markets seem more vulnerable to shortages, with gas inventories approximately 20% below their historical average for this time of the year.

PRECIOUS METALS

We maintain our 12-month price target of USD 5,000/ounce for gold and USD 80/ounce for silver and confirm our Positive view on precious metals. The weakening of the USD and the revival of the debasement trade are clear tailwinds. The risk to our base scenario is that inflationary pressures force central banks to turn
more hawkish.

Gold ($/ounce, black, lhs) and Silver ($/ounce, yellow, rhs)

INDUSTRIAL METALS

We maintain our Positive view on industrial metals and hold our 12-month price target at USD 15,000/MT for LME copper and at USD 3,800/MT for LME aluminium. Despite weak Chinese economic data, we remain structurally positive on industrial metals due to strong structural demand (renewables, datacentres, EVs).

LME Copper 3M ($/MT, black, lhs) and LME Aluminium 3M ($/MT, yellow, rhs)

CRUDE OIL AND NATURAL GAS

We maintain our 12-month target range of USD 60-70 per bbl for Brent. The situation in the Strait of Hormuz remains volatile. However, looking beyond the conflict, we see a structurally oversupplied market. **For European natural gas (TTF) we maintain our 12-month price target of EUR 35 per MWh.** With inventories already low, a stronger winter would heighten upside risk.

Brent ($/barrel, black, lhs) and Dutch TTF gas (EUR/MWh, yellow, rhs)

Our 12-month position for this month

Change in our position since last month

06

Alternative Investments

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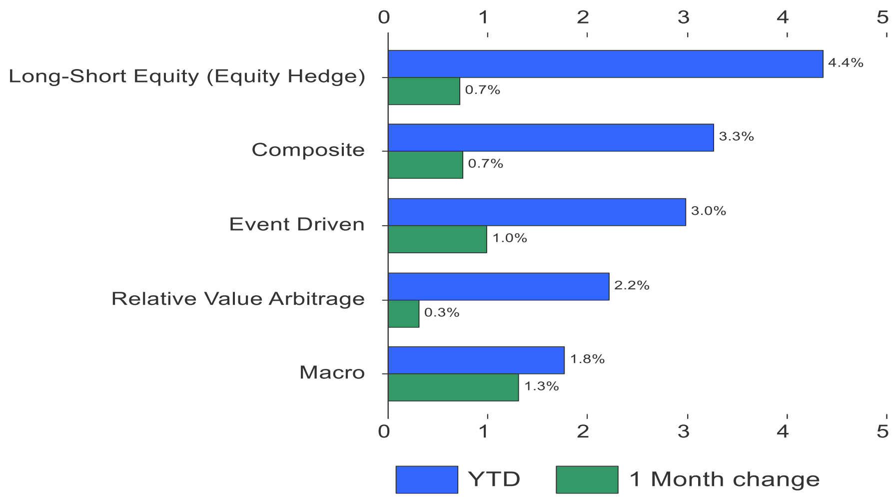
Alternative Investments

The main strategies had a positive performance over the month. The best performer was macro.

Year-to-date, all main strategies remain in positive territory, with Long-Short equity being the best performer and Relative Value the weakest.

We downgrade Long-Short Equity to Neutral. We keep a Positive opinion on Macro and Event Driven.

Alternative UCITS (HFRU index)



Source: LSEG Datastream, 27/08/2026

Global Macro

Positive: We continue to recommend allocations to directional strategies (Macro, CTA) at a time when inflation pressures and diverging monetary policies should significantly affect currencies, bonds and commodities. Although difficult to time, systematic trend followers (CTAs) have a place in a directional portfolio as a tail hedge.

Event Driven

Positive: Corporations will want to take advantage of solid earnings and a looser regulatory environment to engage into acquisitions. Private equity firms are under pressure to deploy capital, which can be put to work through leveraged buyouts. There is a positive US regulatory environment under Trump's regulatory appointees. Strong incentives to execute large strategic deals. More deals are also expected in Europe, with reforms facilitating the constitution of continental champions.

Long-Short Equity

Downgrade to Neutral: In view of these current conditions, we are temporarily lowering our conviction from Positive to Neutral on Long-Short Equity strategies, even if we continue to acknowledge the diversity of the Long-Short Equity universe, and strong idiosyncratic opportunities with some funds. Opportunities could come back, if we see more dispersion in a broader set of sectors, possibly with the impact of higher interest rates, or economic impulse (growth/recession).

Relative Value

Neutral: Until recently, corporate credit dispersion had remained muted under well-bid-for credit markets in the search for yield. However, some cracks seem to be appearing in sectors going out of favour, such as software and private credit. Convertible bond arbitrage benefits from increased issuance, and single stock volatility.

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