

# lux | mandate

## Management Report

### Q1 2026

January 2026 starts with a slight increase in the global equity index (1,1%\*) as investors aim at portfolios geographic and sector diversification. Stagnating US index, rising EU stocks (over 3%) and emerging markets' hike (over 7%) speak for themselves. All the same, a real sector rotation takes place: the Energy, Materials and Industry sectors lead while Technology falls behind. This rotation in favour of cyclical sectors is due not only to new opportunities research outside of Tech, but also to a strengthening economic context. In this resilient economic environment with high public deficits, 10-y yields keep their levels or rise: the US-10Y increases from 4,17% to 4,24% and its German counterpart remains at 2,85%.



In March, volatility reigns and no asset class is spared after the US and Israel's attacks against Iran: global equity markets drop by 5%\*, oil soars 63% in dollars, gold falls by 11%\* and sovereign rates rise both in Europe and in the US - the US-10Y reaches 4,32% and the 10-Y Bund over 3%.

February is positive for equity markets as they win 2,05%\* and the geographical and sector rotation continues both geographically and in terms of styles: investors favour small and mid caps at the expense of US big caps, as well as the Value style prevails over the Growth style. Cyclical sectors as Materials and Energy are particularly successful, followed by defensive sectors, usually favoured during periods of economic contraction such as Consumer Staples and Utilities. Such a context ususually drives sovereign rates downwards - the US-10Y drops to 3,94% and the 10-Y Bund to 2,64%, as geopolitical concerns weigh before the US and Israel's attacks against Iran.



**In January, the positioning reflects the optimistic bias towards the macroeconomic context at that time:**

overweighted equities, clearly favouring US stocks and the emerging markets.



**Solid fundamentals plead for the US:**

robust growth, inflation under control, dynamic consumption and a resilient job market.

The emerging markets have their attractive valuations and accelerating future profits on their side. In such a context, the portfolio keeps a risk-on positioning favouring cyclical sectors such as Consumer discretionary, Finance and the Industry.

The outbreak in the Middle-East conflict, though, leads to reduce stock exposure – indeed, limited visibility and the risk of negative effects of soaring oil prices weigh on the world economy. Exposure to sensitive regions is then reduced in general, and in the emerging markets in particular.



EU stocks remain underweighted while US stocks remain overweighted, supported by a resilient economy and minor energy dependence. On the bond segment, the duration risk is limited to better cope with the volatility induced by the conflict. Moreover, preference for European bonds still remains.

\*Performance is calculated in euros.