

**Investment  
Institute**

# Power of endurance

JUNE 2026

**Cross Asset Investment Strategy Special Edition | MID-YEAR OUTLOOK**

Marketing material for the exclusive attention of professional clients,  
investment services providers and any other professional of the financial industry

John P Kelly @gettyimages.

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**Monica Defend**  
Head of Amundi  
Investment Institute

### *Built to endure – and thrive*

Building portfolios for a world where money is political, inflation is more volatile, and concentration is more expensive will be key. In this new regime, the best portfolios can withstand different scenarios: they need to be diversified across currencies, invested in real assets and gold, and explore equity sector opportunities and structural themes.

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### *Seek breadth across the AI value chain*

As the AI story shifts from who can build the frontier to who can scale it, investing will be about seeking breadth across the full value chain and diversifying against technological, geopolitical and physical risks.

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**Vincent Mortier**  
Group Chief  
Investment Officer



**Philippe  
D'Orgeval**  
Deputy Group Chief  
Investment Officer

### *Europe is a capex revival story*

Europe's long-term opportunities outweigh the short-term challenges. Defence and security spending, alongside investment in electrification and AI infrastructure, are clear areas of momentum as Europe pivots towards strategic autonomy. Private markets are also seeing substantial capital flows, marking another long-term growth story.

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INTRODUCTION

# Mid-year outlook

The first half of 2026 has reinforced our view that this is not a standard late-cycle environment. Growth is slowing unevenly, inflation risk is rising, and fiscal policy is becoming a more visible constraint. Geopolitical shocks are increasingly affecting energy prices, shipping routes, food and fertiliser costs, and corporate margins, while artificial intelligence (AI) continues to be a strong earnings driver across regions and, increasingly, across sectors. The next six months will test the endurance of our scenario, which assumes a fragile de-escalation of the Middle East crisis and a reopening of the Strait of Hormuz, although the path to a stable deal remains uncertain.

Four key themes will be particularly important for investors: **the resilience of the global economy** to the energy shock, **the credibility of policy response** in a world of higher debt and constrained central banks, **the political implications of the US mid-term elections** as markets start to price the next phase of fiscal and regulatory choices and **the continued broadening of the AI supercycle**.

This environment calls for exploring opportunities, but with a growing focus on expanding the protection toolkit. In our view, the main risk is the lagging market recognition that the policy cushion is thinner than in previous cycles. Therefore, central banks' actions will be important to watch. **The Fed is likely to remain on hold for an extended period, constrained by inflation uncertainty and the need to preserve credibility, while the ECB and the BoE have turned more hawkish than previously expected**, amid higher inflation pressures. Since investors cannot rely on a dovish pivot to support all asset classes, portfolios should be built to withstand the current uncertain macro backdrop, while also incorporating exposure to strategic long-term growth stories. As we move into a resilient but more inflationary regime, asset allocation should be less focused on market directionality and more on selective opportunities:

**Flexibility is key in fixed income.** Government bonds remain important income providers in portfolios, but their diversification role is challenged in an era of higher inflation risk and uncertain monetary policies. Fiscal risk premia, debt supply, inflation sensitivity and central bank reaction functions will increasingly open relative value opportunities across regions. Pressure on the long end of curves should push them to steepen. In a context of higher structural inflation and sound corporate fundamentals, we favour long-term real rates, inflation linked bonds and investment grade credit, mainly in Europe.

**In equities, avoid concentration and dig deeper at the sector and country level.** Market resilience should not be confused with broad market strength. Concentration has been rewarded, but the second half of the year will require more selectivity. Sector selection will be critical: pricing power, the potential from supply chain relocation and policy support will be key drivers favouring industrials, utilities and financials. In AI, investors should look for opportunities across the full value chain, aware of the high concentration, leverage, and elevated volume of IPOs coming to market.

**Build an asset allocation tested for endurance that can benefit from structural shifts while managing risks.** Three structural shifts will continue to drive opportunities: the push for strategic autonomy, the broadening of AI into the industrial space, and geopolitical fragmentation, with its inflationary implications. Many asset classes are increasingly exposed to the same risks, namely inflation and disappointment if AI does not meet expectations. To cope with these risks, it's key to include a focus on real and private assets and seek protection with gold and diversification into FX and hedges.



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MACROECONOMICS

# Testing the limits of economic resilience



The global economy has so far displayed resilience in the face of the Middle East conflict, which boosted oil prices to the detriment of inflation. The repeated shocks of recent years, notably from geopolitical events, have forced companies and policymakers to become more agile. Their adaptability may mitigate the risk of recession in the coming quarters. But much hinges on how long it will take to repair oil supply disruptions and the vulnerabilities they expose.

Our central scenario is that shipping disruptions in the crucial Strait of Hormuz will ease over the course of the second half of this year. This does not mean an end to Middle East tensions, and the Strait may well be used as a geopolitical bargaining chip, making it an ongoing source of risk to energy prices, as well as inflation and confidence. A partial reopening is happening as we speak. We expect oil price (Brent) at around \$80-\$90 by year-end, taking into consideration fundamentals and geopolitical risk premium, which will remain higher than pre-crisis.

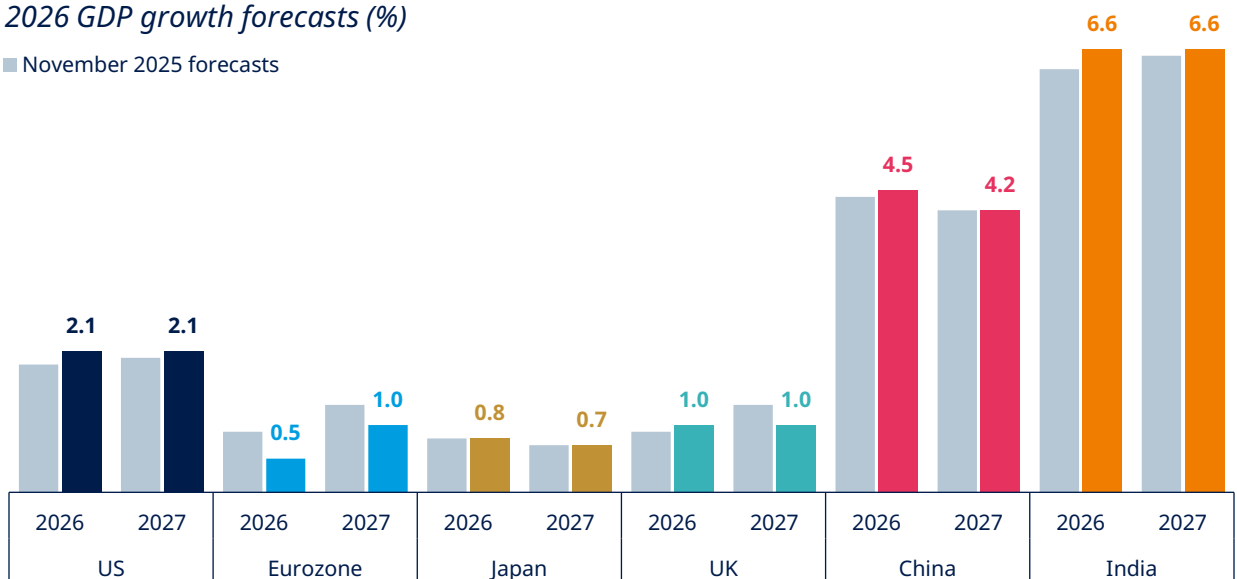
Stronger-than-anticipated economic momentum in the first quarter has been followed by the Iran conflict hurting confidence and weighing on economic activity. As a result, **most of our growth forecasts have been trimmed rather than slashed** (see chart below). In addition, these headline numbers mask what we expect to be an uneven distribution of growth, notably in the United States.

We expect the US economy to expand by around 2% this year and next as **a weakening in US household demand (savings erosion and real income squeeze) will be offset by robust private sector investment**, especially in sectors related to artificial intelligence. However, countries that import significant amounts of oil, including some Asian economies such as India remain more vulnerable to higher energy costs. This is also true for Europe, where some of the eurozone's largest economies may stagnate for a couple of quarters in the coming 12 months.

## H2 2026: it's an endurance test

### 2026 GDP growth forecasts (%)

■ November 2025 forecasts



Sources: Amundi Investment Institute, data as of 25 June 2026.

**This environment will present central banks with a conundrum.** Higher oil prices are already filtering through to consumer prices, and headline inflation rates will continue to stay high over the second half of the year. On the other hand, monetary policymakers know flagging demand will eventually mitigate such pressures. There are clear differences between the current backdrop and 2022, when Russia’s invasion of Ukraine boosted oil prices: today, labour markets are less tight, fiscal policy is less loose, and policy rates are higher than they were back then.

Yet central banks may feel obliged to show they are alert to inflation risks to prevent recurrent price shocks from de-anchoring inflation expectations. The Federal Reserve is now likely to stay on hold until the second quarter of next year. It is not expected to hike if inflation continues to be driven by a supply shock. One year ahead, with inflation returning to a converging path and consumption still relatively moderated, the Fed should resume its easing. This call is crucial on a range of fronts, including for the dollar (see page 14). Meanwhile, the European Central Bank will deliver one more precautionary quarter-point rate hike before the end of the year, without embarking on a full-blown tightening cycle. The Bank of England and the Bank of Japan are likely to hike policy rates once more over the same time horizon, with the latter remaining accommodative.

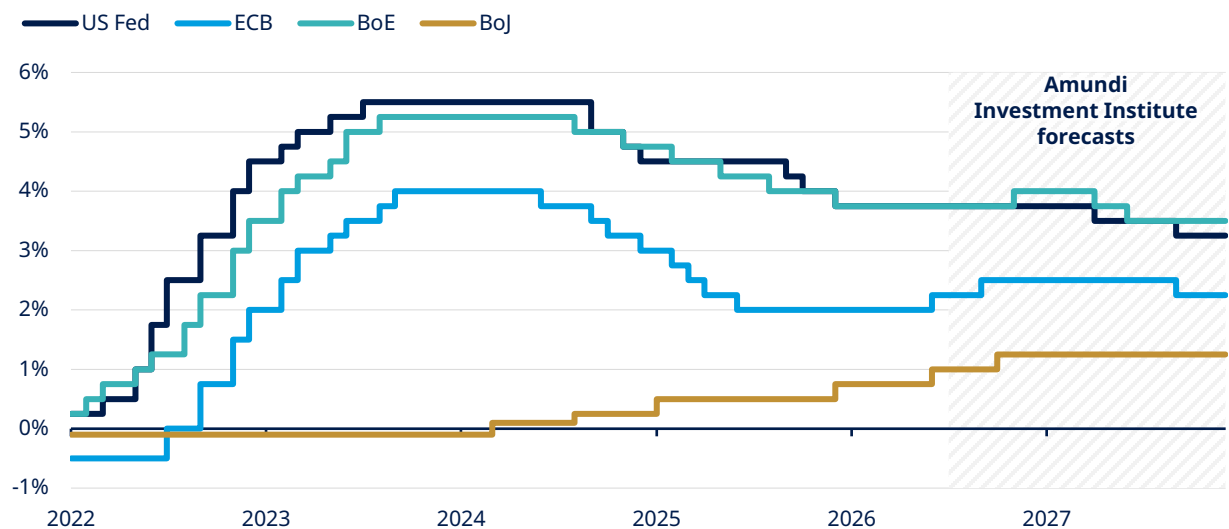
Central bankers in emerging economies will also be more cautious in the current environment. The Reserve Bank of India will remain on hold through to the end of the year with higher inflation and currency swings likely to constrain its scope to ease. And in China, where the annual inflation rate is now expected to stay more firmly in positive territory in H2, the central bank will rather rely on liquidity or credit tools if it needs to support the economy. Even in Brazil, where we still expect easing, central bankers will be more circumspect.

Another common theme across most developed and emerging economies will be the limited scope for fiscal policy to offset external shocks. High debt levels in developed countries and raising cost of debt will prevent finance ministries from contemplating the sort of untargeted support packages that were often deployed during the pandemic. We do, nevertheless, expect governments to continue to spend on defence and energy resilience, as well as channelling funds to sectors that are critical for strategic autonomy and security.

Such choices are being shaped by the increasingly disruptive role that the US is playing on the world stage. The second half of the year will, if anything, underscore this shift as we expect Trump to adopt even more confrontational foreign policies once the US mid-term elections are out of the way. His administration will continue to push Europe towards greater independence in defence and may seek to extend its influence across Latin America.

Against this backdrop, defence spending will remain a priority for many countries. This imperative is one of several, such as energy security, that will simultaneously shape central bank decisions, fiscal plans, and investment outcomes. We therefore expect monetary and fiscal policies to be driven by many of the same forces in the second half of 2026.

### Central bank policy rates



Sources: Amundi Investment Institute, data as of 25 June 2026.

**Downside scenario**

**The risks to our baseline still mostly rest on the downside. The deal between the US and Iran remains fragile and the possibility of an AI/Tech super cycle risk looms.**

Israel and Hezbollah could fail to hold a ceasefire, while continued disagreement over payouts to Iran keeps downside risks firmly in play. Iran is also likely to maintain pressure on the Strait of Hormuz, raising the prospect of occasional skirmishes that could unsettle the region and disrupt energy flows.

At present, around 40–50% of trade through the Strait has been rerouted, although for LNG the share is only 20%. Despite rerouting efforts, they are not enough to prevent further shocks if disruption in the Strait should reappear.

If tensions escalate, the economic impact would broadly lead to a more pronounced stagflationary outlook. Beyond the more acute impact in the Gulf region, Asia-Pacific economies would be strongly affected due to their heavy reliance on oil and gas imports from the MENA region, with South-East Asia facing recession. European economies could also fall into recession under this adverse scenario, while US growth would turn subpar.

Before experiencing acute demand disruption, oil and gas prices would surge again, supply chains would buckle, and trade routes would become more expensive and less reliable. The result would be higher inflation and tighter financial conditions, putting policymakers in a tough situation. Governments would have to balance support for households and industry against stretched budgets,

while central banks would likely act promptly to contain second-round inflation effects.

In markets, bonds and equities would experience renewed pressure, as the AI theme would be challenged by the ongoing energy disruption and higher costs (inputs and debt), with the risk of significant drawdowns.

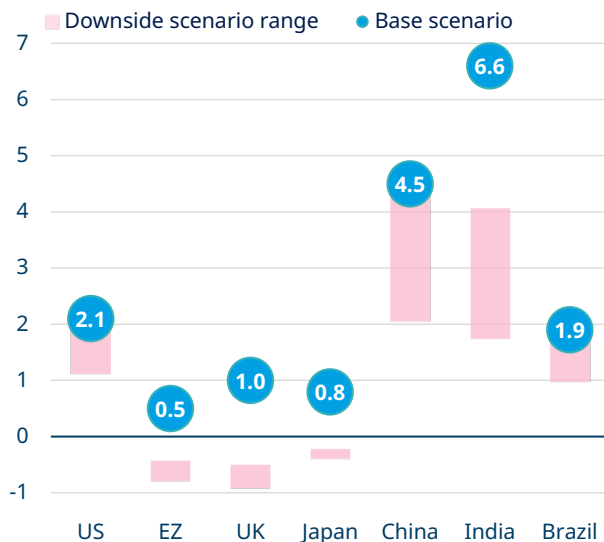
In addition to that, other major sources of risk are looming. The macro and market concentration around a few sectors being the predominant driver of outperforming economies and markets poses a serious systemic risk. The AI cycle is evolving, and while the most vertically integrated companies have a better chance of surviving the changes, competition within the sectors is growing with winners and losers. The tech capex super-cycle and the stellar equity performance may revert. In addition, as cash flows diminish and investments need to stay high, leverage would rise at a time of increasing cost of debt, offering another source of material risk to the baseline.

**Upside scenario**

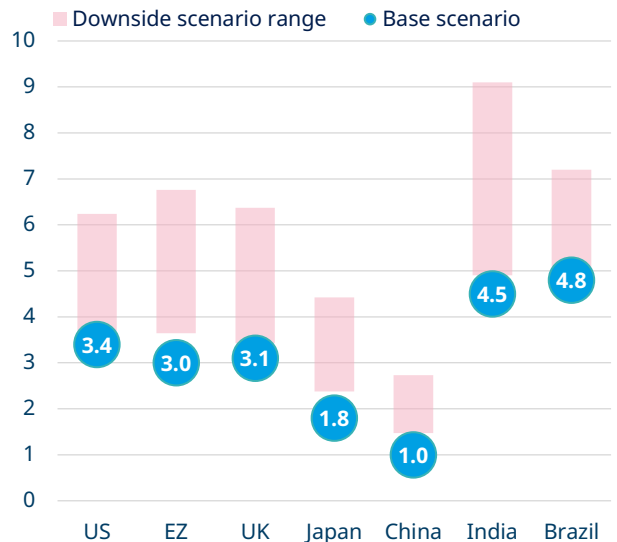
In H2 2026, a more positive alternative scenario is also possible, driven by a clearer and more stable settlement that reopens the Strait, triggering renewed consumer and investor confidence. Inflationary pressure would prove temporary and start to recede as oil and gas prices normalise, paving the way for a more dovish central bank response. In markets, equities would continue their run, while bonds could also benefit from the prospect of lower inflation ahead.

**Growth and inflation forecast range — downside scenario H2 2026**

2026 real GDP growth forecasts (%)



2026 inflation rate forecasts (%)



Sources: Amundi Investment Institute, as of 25 June 2026.

## Macroeconomic outlook | DM

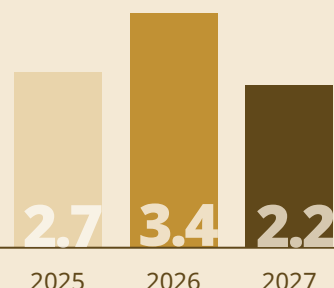


### Inflation set to stay above target

As energy prices gradually ease in the second half of the year, we expect the US economy to continue growing at around 2%, supported by AI capex and still resilient household balance sheets. Higher gasoline prices should weigh on consumer spending by reducing real disposable income growth. The fiscal effects of last year's One Big Beautiful Bill Act may also help cushion households and businesses from higher energy costs, limiting downside risks.

Inflation is expected to remain clearly above 3% for the rest of the year, keeping the Fed on hold despite moderating payroll growth. Key vulnerabilities remain tied to the economy's growing concentration, both in terms of income distribution and dependence on the AI cycle.

US CPI, Year on Year %



Source: Bloomberg, Amundi Investment Institute forecasts.

57%

European Union energy imports' dependency rate in 2024, higher than 1990 (50%), but down from 2022 peak (63%)

Source: Eurostat, Amundi Investment Institute.



### Energy shock clouds Europe's outlook

The Eurozone is bearing the brunt of the energy shock resulting from the blockade of the Strait of Hormuz. Rising oil and gas prices have eroded household purchasing power and undermined confidence, dampening both domestic demand and exports. Assuming shipping traffic through the Strait gradually returns to normal in H2, headline inflation, fuelled by the energy component, is expected to ease in early 2027 as commodity prices fall, while pressure on core inflation is also expected to subside, with some delay. We expect the ECB to hike once more in H2 2026.

Growth recovery remains slow and delayed: it is not expected to truly take hold until 2027, once disinflation has been fully realised, purchasing power has been restored, and uncertainty has been dispelled. There will be no marked rebound in the short term.

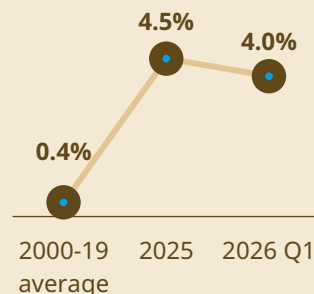


### Japan: Structural upgrade uninterrupted

Takaichi's fiscal measures, including a range of subsidies to alleviate households' cost-of-living burden, have steadied the economic ship during the Middle East conflict. With an absolute majority in parliament, she is expected to step firmly on the accelerator. Her growth strategy centres on industrial revitalisation and reflation.

In this context, growth is set to continue recovering at a resilient pace, uninterrupted by the supply shock. Inflation, although easing sharply thanks to policy measures, is unlikely to persuade investors that the BoJ is no longer behind the curve. We expect the BoJ to hike again in October to contain yen weakness.

Nominal GDP growth:  
From 0.4% to 4%



Source: CEIC, Amundi Investment Institute.

## Macroeconomic outlook | EM



### China's economy remains split

The Middle East conflict has forcefully pulled PPI out of deflation, and Chinese exporters — already looking abroad for higher margins — are likely to add to global inflation pressures.

By contrast, consumption has started to weaken as policy effects fade, while investment remains far from out of the woods. The supply shock compounds an already difficult picture for consumers, who are grappling with a soft labour market and a negative wealth effect from the housing downturn.

Despite the deepening bifurcation, policymakers are unlikely to act, with overall growth still supported by exports. The PBoC is set to stay on hold as CPI rebounds from a one-off supply shock, while fiscal resources remain reserved for structural priorities.

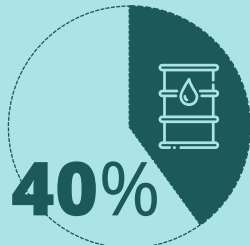
**109**

major projects  
in the 15th Five Year Plan.

China aims to maximise its strategic resilience, focusing on industrial competitiveness, modernizing infrastructure, and the green transition.

Source: Xinhua, Amundi Investment Institute.

India's oil and energy imports  
from the Middle East



Source: Bloomberg, Amundi Investment Institute forecasts.



### India: structural story intact but with energy headwinds

India remains one of the strongest long-term growth stories in Emerging Markets. However, the country remains highly dependent on imported energy, making it vulnerable to higher oil prices, a weaker rupee and rising financing needs.

Growth is expected to slow, averaging at 6.6% in 2026, while inflation pressures should gradually re-emerge as fuel price pass-through increases. However, with inflation still within the target range, the Reserve Bank of India is likely to stay on hold at 5.25%.

Fiscal slippage risks are rising, although lower capital expenditure may initially offset subsidies. The current account deficit should widen to around 2% of GDP. Modi's BJP remains politically strong, and policy has become more focused on limiting the twin deficits and supporting the INR.



### Brazil accelerates as Mexico slows

Growth accelerated in Brazil, driven by above-inflation minimum wage and pension adjustments, income tax reform, and a strong harvest. Pre-election credit policies should continue to support economic activity in the coming months — the incumbent remains a slight favourite amid a competitive presidential race. **On monetary policy, the energy shock has interrupted the disinflationary process** and is likely to lead to a pause in the calibration cycle if oil prices stay elevated.

Meanwhile, the Bank of Mexico is done easing, with rates at 6.50%, inflation currently above target, and the economy on a soft footing — we expect less than 1% growth this year. The USMCA review might lead to more of the same: continued uncertainty, although Mexico should benefit from preferential trade status.

GDP forecast  
November 2025 vs June 2026

Brazil

1.7%

1.9%

Mexico

1.3%

0.8%

Source: Amundi Investment Institute forecasts.

## H2 2026 | Scenarios

### How much can economies and markets endure?

Macro and financial market endurance relies on the assumption of a fragile de-escalation of the Middle East conflict and AI supercycle. Any negative surprise can exacerbate existing vulnerabilities (high debt, concentration, leverage).



#### Re-escalation, failed deal implementation, or an AI hard landing

DOWNSIDE SCENARIO

#### Macro/financial shock and global recession risk

Oil moves far above assumptions; inflation expectations become less anchored, pushing central banks to hike further in 2026 and/or disappointment in AI/tech leads to a market correction.

#### Market implications

Risk-off pivot; lower quality credit under pressure, high premia on govies with scarce fiscal discipline. Favour cash, short-term rates in the US and safe-haven currencies (CHF, USD).

**25%**  
Probability



#### Fragile de-escalation, broadening of AI adoption

MAIN SCENARIO

#### Energy risk repriced, recession avoided

Oil higher than previously assumed but no significant spike. Growth revised lower (notably Europe) but no recession. Cautious central banks; hikes possible but do not expect a full hiking cycle.

#### Market implications

Stay risk-on, with protection: strong EPS growth, decent liquidity. Selective on Europe, Asia, real assets, commodities insurance.

**60%**  
Probability



#### Credible settlement and clearer Strait reopening, AI virtuous cycle

UPSIDE SCENARIO

#### De-escalation, disinflation and rising confidence

Normal in/outbound Strait of Hormuz traffic, paving the way for clearer easing cycle for central banks.

#### Market implications

Increase risk exposure. Favour cyclicals, Europe, EM assets, Asia and energy importers; bonds supported as inflation fears ease.

**15%**  
Probability

# H2 2026 | Investment themes

With downside and upside risks both elevated, diversification is key. This calls for moving away from a traditional 60/40 equity-bond allocation towards a diversified stance, including gold, commodities and private assets, as well as exposure to structural themes in Europe and emerging markets.



## Back real assets in an era of inflation

Increase focus on the real economy, real assets, commodities, and infrastructure as stores of value at a time of higher risk of value erosion from inflation.



## Invest in Europe's capex revival

Europe's strategic autonomy agenda is becoming a multi-year investment cycle across defence, energy security, AI infrastructure and industrial renewal.



## Rethink the traditional hedge

Higher inflation, geopolitical volatility and USD debasement are key risks. Duration alone is not enough. A broad protection toolkit includes gold, FX, alternative investments, and hedging strategies.



## Seek breadth, avoid concentration

AI remains a structural equity driver, but avoiding concentration risk will be key. Look to a broader opportunity set from infra providers to AI adopters across sectors and regions.



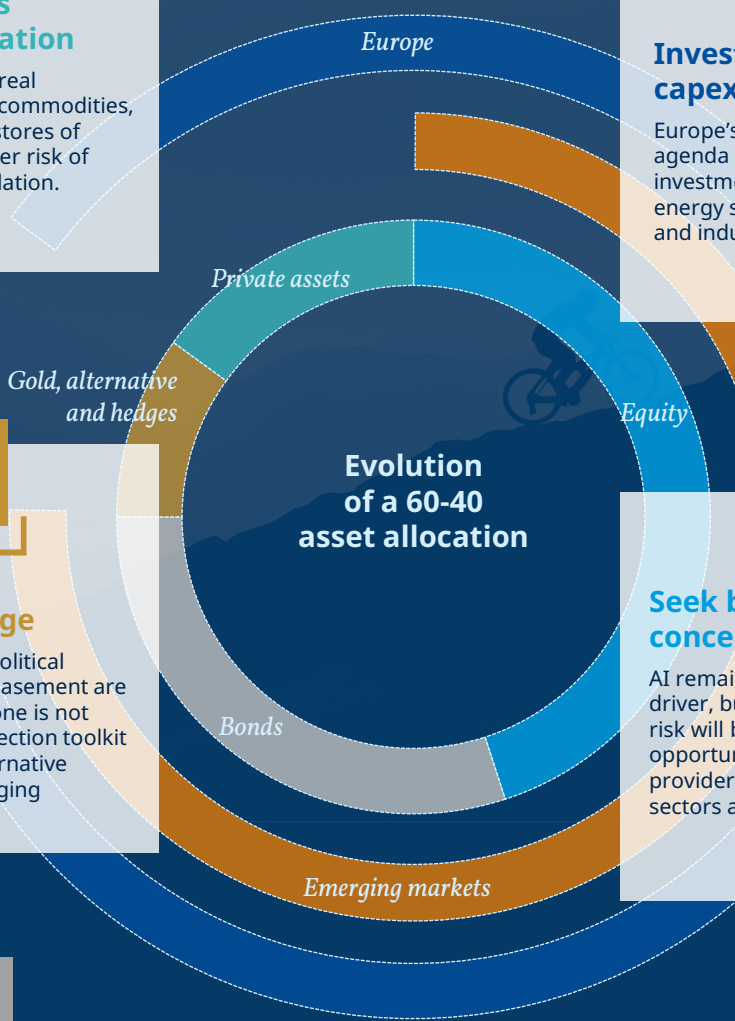
## Adjust to the yield reset

Higher yields have made bonds more appealing, but with debt high and policy paths unclear, flexibility is key to capturing bond income.



## Diverging opportunities across EM

Favour countries that are supply-chain winners, commodity exporters, or those with credible policy frameworks. Be cautious where dollar sensitivity is high and external balances are weak.



## KEY THEMES

US: monetary and fiscal future

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Portfolio construction in an inflation era

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KEY THEMES

# US: monetary and fiscal future

*AI capex has helped the US economy remain resilient, but the macro policy mix is becoming more fragile. A possible monetary-fiscal reset under the new Fed Chair could raise questions around central bank independence, term premia and the US dollar's safe-asset status. This argues for neutral US duration positions, for increasing fixed income allocation outside the US, and for medium-term US dollar weakness.*

The change of chair at the Federal Reserve may usher in a **new phase** for the world's largest central bank. Under Chairman Kevin Warsh, the Fed may consider reforms that could not only change the way monetary policy is conducted, but also how the Central Bank interacts with the Treasury. This comes at a delicate moment, with the Fed having to defend its independence while navigating a complex inflation, growth and fiscal backdrop.

**The most immediate challenge is where to set interest rates** in light of the dual inflation/employment mandate. The cycle is harder to read than in the past. The energy shock, the lagged effects of tariffs and still expansionary fiscal policy are interacting with the long-term structural shifts caused by the ongoing AI revolution and new labour-force dynamics due to changes in immigration policy and demographics. This makes the balance between inflation control and labour market supply more difficult.

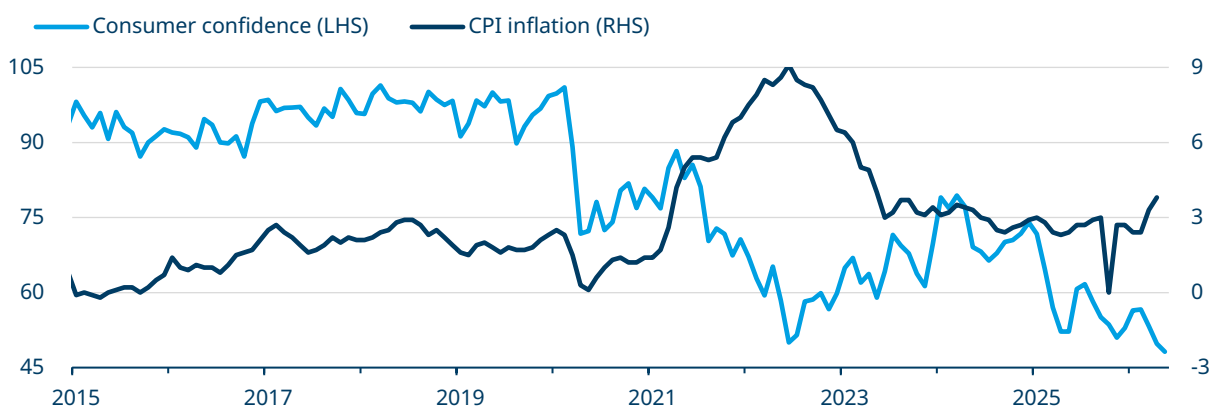
On the inflation front, AI adoption could reduce price pressures over time through productivity gains, but robust demand (energy, infrastructure, critical minerals) colliding with physical constraints is increasing prices in the short term, at least in specific segments of the economy. On the labour market front, ageing populations, lower labour force participation, and tighter immigration policies seem to have pushed the payroll breakeven rate lower, making it harder for the Fed to assess how much it should seek to offset labour market weakness with easier monetary policy.

Overall, with the monetary policy stance now broadly back to neutral, we think it is most likely that the Fed will stay on hold in coming meetings, although the risk of rate hikes would increase if higher energy costs feed into broader prices and economic growth accelerates. **We expect a resumption of the disinflationary trend in 2027 to allow the Fed to cut rates next year.**

**Beyond near term interest rate decisions, the market will have to learn how to interpret the Fed's thinking**, given shorter statements and an increasing reluctance to provide clear forward guidance. Deeper Fed reform is also possible, given Chairman Warsh's interest in redefining the boundaries between monetary and fiscal policy. A revision of the 1951 Fed-Treasury Accord might simply increase the Treasury's responsibility for regulation, but it could also create more coordination between the Fed's balance-sheet management and Treasury debt issuance.

## Inflation is not just a macro variable; it is a confidence shock, limiting the Fed's room to look through renewed price pressure

University of Michigan consumer confidence index and CPI inflation, % YoY



Sources: Amundi Investment Institute, Bloomberg. Data as of May 2026.

The concern, however, is that such coordination could **compromise central bank independence**, turning the Fed effectively into the financier of ballooning deficits at a time when foreign appetite for US debt is weakening.

The idea of coordinating fiscal and monetary policy may also run counter to Warsh's desire to shrink the Fed's \$6.7 trillion balance sheet, a subject already under discussion before his nomination. Reasons for shrinking the balance sheet include reducing the Fed's footprint in the US bond market but also preserving monetary policy buffers. The most viable way to reduce the central bank's liabilities, and hence the balance sheet size, would be via **lowering bank reserves** by changing bank deregulation. Under this scenario, the Fed would likely remain in an "ample-reserves" framework but gradually move toward a shorter-duration portfolio.

Such changes could have important implications for financial markets. Independent monetary policy and fiscal discipline have supported the US dollar's role as the world's reserve currency and US Treasuries as the pre-eminent safe asset. Yet this might be changing. **If markets start to question that framework, the term premium could rise.** Long-dated bonds could face renewed pressure, and the US dollar's structural support could weaken, marking a return to the trend seen before the Iran conflict, due to the rising fiscal deficit which began with pandemic-era stimulus. So far, the Fed's credibility has helped keep inflation expectations anchored. However, if the boundary between monetary and fiscal policy becomes less clear, investors could demand a higher premium for holding US sovereign assets, reinforcing the de-

dollarisation trend already underway. Europe and emerging markets stand to benefit from capital rotating away from dollar assets.

### KEY INVESTMENT IMPLICATIONS

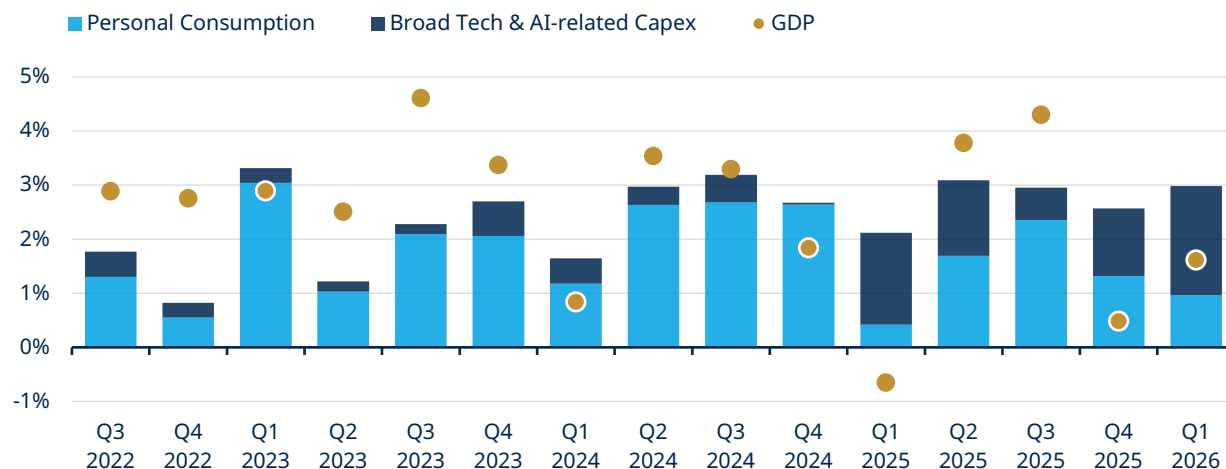
**Stay neutral on US duration and explore opportunities in investment grade credit:** US bonds are close to fair value levels and central bank uncertainty is high. A flatter US 2-10Y curve since the start of the Iran conflict could reverse into a steeper curve. Higher structural inflation could favour inflation-linked bonds.

**Explore income opportunities beyond the US, in the UK, peripheral Europe and EM:** UK yields look attractive relative to the US despite weaker growth and more cautious fiscal policy. Return of capital flows, depressed sentiment and positioning could bring the GBPUSD towards its 1.40 target by year-end. In Europe, short rates have risen sharply and gone too far, but converging inflation could eventually push the ECB back to cut in Q3 2027, making 2-3Y bonds attractive. Peripheral (Spanish and Italian) and EM bonds look attractive for income.

**Prepare for long-term USD weakness:** Strong relative growth in favour of the US supports the USD in the short term, but a steeper curve, lower US real rates and concerns over fiscal dominance point to medium-term USD weakness. We expect commodity FX to outperform and low yielders to lag (CHF and JPY). If the Fed opens the door for interest rate hikes, the USD may bottom-out and move sharply higher.

### Capex cushioning the slowdown

Contributions to Q/Q annualised GDP growth

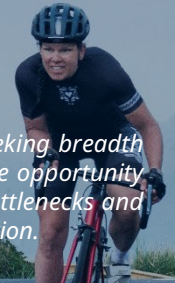


Sources: Amundi Investment Institute, Bloomberg. Data as of June 2026.

KEY THEMES

# The CIO view: AI from West to East

As the AI story shifts from who can build the frontier to who can scale it, investing will be about seeking breadth across the full value chain and diversifying against technological, geopolitical and physical risks. The opportunity set is broad: the US and Asia are more exposed to the earlier phase of the cycle, driven by capex, bottlenecks and hardware build-out, while India and Europe will benefit more from later-stage deployment and adoption.

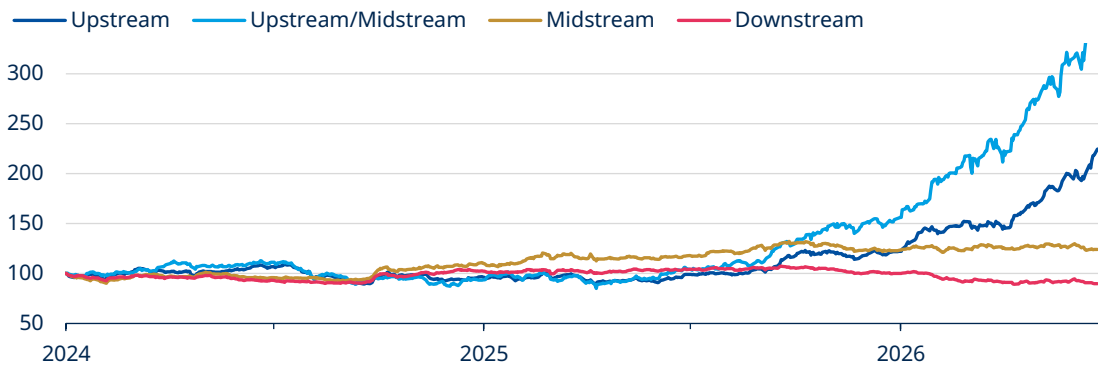


From an investment perspective, the AI value chain is no longer just a technology theme. It is broadening, becoming more capital intensive and increasingly shaped by geopolitics.

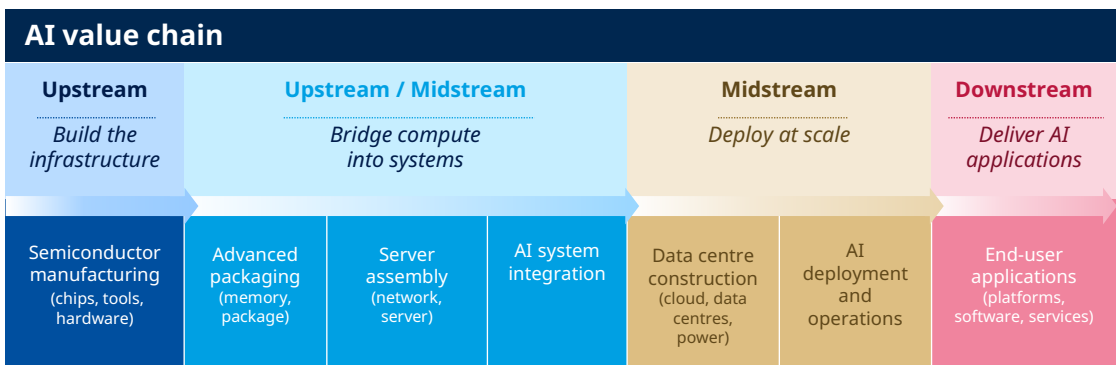
The **upstream segment** — composed of chips, semiconductor tools and hardware to make AI physically possible — **continues to capture the strongest pricing** power. Moving along the value chain, memory, packaging, server and network infrastructure form **the bridge between raw compute and deployed systems** (upstream/midstream segment). This segment has also performed strongly, but **the opportunity is now widening into the deployment layer** (midstream), through the cloud, models, data centres and power, and then into end-user applications (downstream). Because the chain is broad and unevenly distributed, profits are likely to be spread across regions. At the same time, future technological, policy and geopolitical shifts, as well as physical bottlenecks, make diversification key.

## AI ecosystem by segment

Excess return vs MSCI World



Sources: Amundi Investment Institute, analysis based on proprietary baskets comprised of a diversified set of stocks with characteristics belonging to the specific AI segments and geography. Data rebased to 100 at 1 January 2024. Data as of 22 June 2026.



Sources: Amundi Investment Institute, World Economic Forum, Building resilient and scalable AI value chains, May 2026.

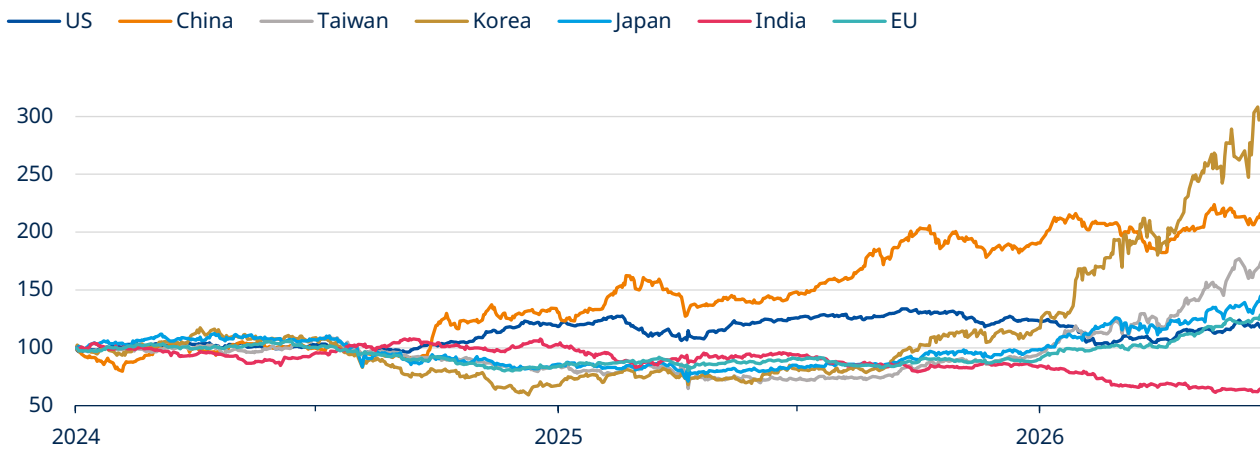
### Who controls the AI value chain?

**The US remains best positioned in frontier AI**, with leadership particularly in chips, semiconductor capital equipment and the cloud. **But turning that lead into scale is becoming harder**, as power, grid, permitting and supply bottlenecks start to bite. **China is strong in deployment and industrial scaling**, supported by industrial capacity, state backing, energy access, and bargaining power in critical materials — although it lags in advanced logic chips. Its drive for technological self-reliance has positioned it as a potential leader in segments such as analog power semiconductors and photonics. **Taiwanese suppliers** are central to foundry and advanced packaging, **two of AI’s most important hardware bottlenecks**. **South Korea is very strong in AI memory intensity**, although it is cyclical, while **Japan offers high-quality AI enabling exposure**. **India is not a hardware power, but it matters in services and downstream adoption**. **Europe is unlikely to lead frontier models but it can still capture value as an AI infrastructure, industrial and regulated adoption enabler**. Its strengths lie in semiconductor equipment, power and data-centre hosting, and industrial automation. Expertise varies across countries, but Europe’s main constraints remain execution-related, where policy is key (see Europe focus on page 20).

*“The value in AI is increasingly spread across infrastructure, hardware and adoption.”*

### AI ecosystem by region

Excess return vs MSCI World



Sources: Amundi Investment Institute, analysis based on proprietary baskets comprised of a diversified set of stocks with characteristics belonging to the specific AI segments and geography. Data rebased to 100 at 1 January 2024. Data as of 22 June 2026.

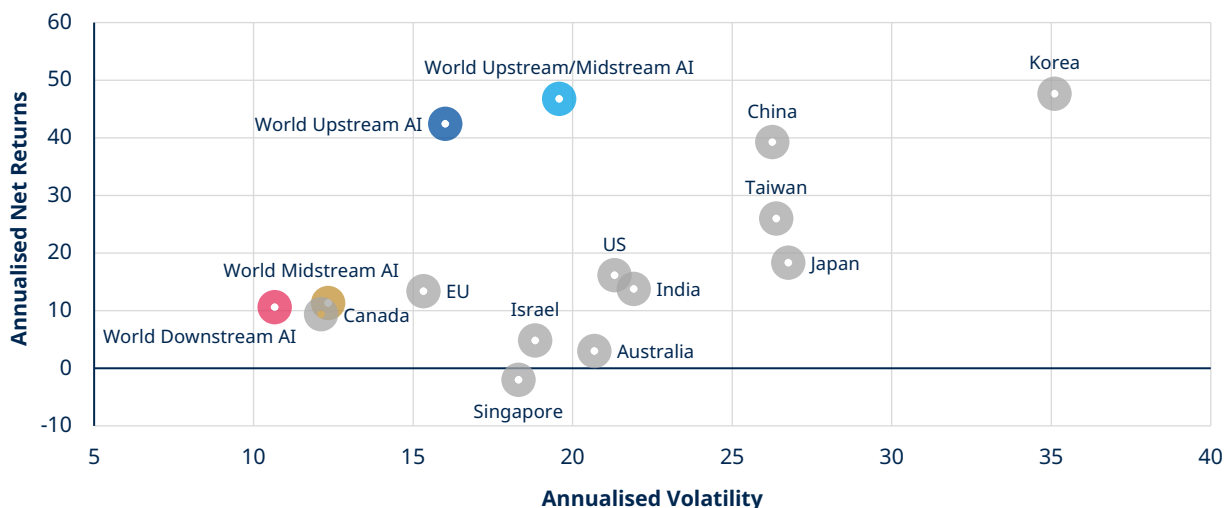
### Regional and vertical diversification can make tech allocations more robust

AI should be viewed as a set of linked regional opportunities, each with **distinct risk/reward profiles and fundamental drivers**.

**A concentrated US AI allocation may miss upside elsewhere** while taking on a narrow set of crowded and richly valued exposures. It is vulnerable to elevated expectations and M&A-driven premiums, amid uncertain capex monetisation and the risk that AI cannibalises parts of the existing tech profit pool. It is also exposed to signs of ecosystem overheating: rising reliance on debt-funded capex backed by fast-obsolescing collateral, and possible circularity in ecosystem revenues. US AI valuations remain sensitive to the Fed and the rate backdrop, while accounting optimisation can create rerating risk. Regulatory and antitrust pressures are also meaningful, especially around national security, competition, and digital governance. Finally, a US-only allocation further concentrates currency and geopolitical risk, particularly around access to critical materials and export controls.

**This is not to say the US has a monopoly on AI risks;** other regions face their own. China is more exposed to policy and regulatory risk, South Korea is highly cyclical, Japan tends to offer lower-risk exposure and Europe faces more policy and execution risk. Leveraged exposure into US and Asian tech can also add to market volatility. Precisely because these risks differ, they are worth diversifying across.

### Risk/reward across complementary vertical and regional AI segments



Sources: Amundi Investment Institute, analysis based on proprietary baskets comprised of a diversified set of stocks with characteristics belonging to the specific AI segments and location of the business. Data rebased to 100 at 1 January 2024. Data as of 31 May 2026.

### The benefit of diversification is likely to deepen

**For now, diversification by vertical segment matters more than geography:** upstream AI segments clearly lead performance as the AI trade remains dominated by a handful of frontier winners and the capex they trigger. Yet, geography is starting to become more relevant, with widening divergences across regional segments. **As the “winner-takes-all” phase fades,** value is likely to move downstream, bottlenecks should matter more than models, and regional enablers should start to rerate. Emerging Markets such as Brazil, Chile and Peru should benefit from demand for the raw materials required to power AI. AI adoption will also become more local, shaped by regulation, and customer behaviour, which should **deepen regional specialisations.**

**The AI supercycle will drive different opportunities across regions and sectors.** Biocomputing, quantum computing and AI-enabled robotics will drive the next wave, with the US and China leading in computing, and Europe and Japan particularly well placed in robotics thanks to their deep industrial and manufacturing base. As winners and losers emerge, **dispersion across sectors and regions will widen, making diversification essential for portfolio resilience.** Finally, AI is not only an equity story. It should also support real assets through stronger demand for energy and infrastructure, while financing AI investments is an increasingly relevant theme in credit and private debt.

### Risks from future potential AI shifts



#### Technological shifts

- Major chip breakthrough
- Step-change in model efficiency
- Open-source commoditisation
- New computing paradigm e.g. quantum



#### Geopolitical shifts

- Regulatory shock
- Geopolitical or cybersecurity rupture



#### Physical bottlenecks

- Critical commodity supply squeeze
- Energy rupture (nuclear fusion, hydrogen)

## AI fragmentation, different opportunities

AI edge	Where value sits	What drives profits	Macro drivers
<b>US</b> Full chain <i>Frontier AI &amp; Cloud leader</i>	<p>Captures a large share of software and platform value, supported by high margins, strong pricing power, recurring revenue, global distribution and scale.</p>	<p>Pace of enterprise adoption, AI feature monetisation, cloud demand, model usage, software replacement and upgrade cycles.</p>	<p>Sensitive to capex, rates, valuation, and software monetisation.</p>
<b>Mainland China</b> Mid- downstream <i>Deployment &amp; industrial scaling leader</i>	<p>Lower-margin profit pool, but upside from catch-up growth, rerating, local substitution, and domestic deployment scale.</p> <p>More domestically-driven demand, and policy-sensitive.</p>	<p>Chip substitution, data-centre capex, enterprise and consumer AI adoption, policy support, and cloud monetisation</p>	<p>Sensitive to policy, regulation, domestic stimulus, export controls.</p>
<b>Taiwan</b> Up-midstream <i>Foundry &amp; packaging leader</i>	<p>Captures scarcity value in advanced manufacturing and packaging. High pricing power in bottleneck segments, with strong operating leverage to AI capex.</p>	<p>Advanced-node demand, advanced chip packaging, AI server buildout, and supply tightness.</p>	<p>Sensitive to hardware capex and supply-chain tightness.</p>
<b>Japan</b> Up & downstream <i>Industrial enabler</i>	<p>Captures value from semiconductor equipment, materials, testing, process control — essential industrial inputs to AI scaling. Benefits from steadier/more durable profits from these segments.</p>	<p>Foundry and memory capex, materials intensity, testing demand, and advanced manufacturing complexity.</p>	<p>Sensitive to industrial capex, semiconductor equipment demand, domestic AI end-use.</p>
<b>South Korea</b> Up-midstream <i>AI memory leader</i>	<p>Captures the AI hardware cycle through memory margin expansion. Benefits from AI scarcity and memory demand.</p>	<p>HBM demand (<i>high-bandwidth memory used in AI chips</i>), DRAM pricing (<i>short-term memory used in computing</i>), AI server buildout, memory intensity per compute node, tight supply.</p>	<p>Sensitive to hardware capex and supply-chain tightness.</p>
<b>India</b> Downstream <i>Services &amp; adoption</i>	<p>AI is likely to lift productivity and IT margins. Benefits from recurring service revenues, export-oriented service model, and productivity leverage.</p>	<p>Pace of outsourced AI-enabling work, automation, digital services growth, productivity gains in IT services, consumer digital adoption.</p>	<p>Sensitive to outsourcing demand and digital adoption.</p>
<b>EU</b> Downstream <i>Enablers &amp; regulated adoption</i>	<p>Captures value through industrial enablers, power &amp; hosting infrastructure, automation, trusted adoption in regulated sectors. Benefits from high-quality engineering ecosystems, trusted institutions, and policy support.</p>	<p>Semiconductor tools, grid and data-center buildout, industrial automation, defence and sovereign AI spending, healthcare AI, and enterprise compliance software demand.</p>	<p>Sensitive to capex, energy prices, public spending, sovereignty policies, regulated demand.</p>

KEY THEMES

# Europe: from a consumption-led economy to a capex story

*Europe is moving from a consumption-led model toward a more investment-led one. The transition will be gradual and execution risks remain, but the policy framework is becoming more supportive, the investment agenda is broadening, and the case for a multi-year European capex cycle is strengthening.*


Europe is entering a new growth regime. The region’s economic model has historically depended on factors that are no longer as reliable as they once were: cheap Russian energy, strong Chinese competition, US security guarantees, and consumer-led growth supported by fiscal transfers. Today, the **European agenda is increasingly anchored around resilience, sovereignty and competitiveness**. In practice, this means a gradual but clear **reallocation of capital toward energy security, defence, technological sovereignty and infrastructure renewal**.

This transition is becoming visible in Europe’s investment cycle, which now looks more like a **replacement cycle** than a traditional expansion one. Europe’s opportunity lies in rebuilding and modernising ageing assets: electricity grids, transport networks, defence systems and digital infrastructure. Transmission networks need to be expanded, grids modernised and storage capacity increased, particularly given that around 40% of European distribution grids are more than 40 years old. As replacement cycles tend to be longer and more predictable, they can provide a more supportive backdrop for investment over time.

**Policy is increasingly aligned with the investment shift, even if execution remains uneven.**

The reckoning is clear, but progress on capital markets integration, innovation funding and industrial coordination remains slow. Several initiatives are moving in the right direction: the Savings and Investments Union package (SIU), the securitisation reform, the 28th regime, the Industrial Accelerator Act (IAA) and broader tech sovereignty efforts. The direction of travel is now clear, and there is growing political consensus that productivity, energy costs and capital market fragmentation represent an existential threat to Europe’s long-term competitiveness.


**A key feature of the emerging roadmap is a 2027–2028 deadline across the capital, energy and digital pillars**, creating a more binding policy horizon. In parallel, Europe is increasingly seeking to build a more coherent industrial base. The goal of lifting manufacturing to 20% of EU GDP by 2035 (from 14.3% in 2024) is accompanied by measures such as “Made in EU” preferences in public procurement, low-carbon sourcing requirements, and tighter screening of foreign investments above €100 million in strategic sectors such as batteries, electric vehicles, solar and critical minerals. Industrial acceleration zones and faster permitting are intended to shorten project timelines and improve execution.



**0.8%**  
Expected **German growth boost** in 2026 from German fiscal spending, largely on defence and infrastructure.



**182%**  
Growth in average **MSCI Europe industrial sector capex** in 2024–25 versus 2010–19.



**€1.2tn**  
European Commission’s estimate of **power grid investment** needed by 2040

Europe is also **paying for resilience through subsidised capex, preferential public procurement and sector consolidation**, with local-content and sustainability criteria increasingly embedded in industrial policy. **In defence, the procurement cycle has barely begun**, leaving significant runway for investment as European countries rebuild capabilities and stockpiles. In energy, the policy mix combines emergency state aid flexibility with a structural push toward electrification, grid upgrades and storage.

**In digital autonomy**, Europe has launched a series of **measures to reduce its dependence on non-EU suppliers** for more than 80% of key digital products, infrastructure and intellectual property. **The Chips Act is designed to expand EU semiconductor production** through new fabs, R&D and capacity expansion. The Cloud and AI Development Act should support companies building, equipping and powering cloud and AI infrastructure. **The EU Open-Source Strategy is likely to benefit services, cloud, cybersecurity** and enterprise software firms that develop and operate open-source systems.

**Private markets have an increasingly important role in financing capital expenditure across Europe.**

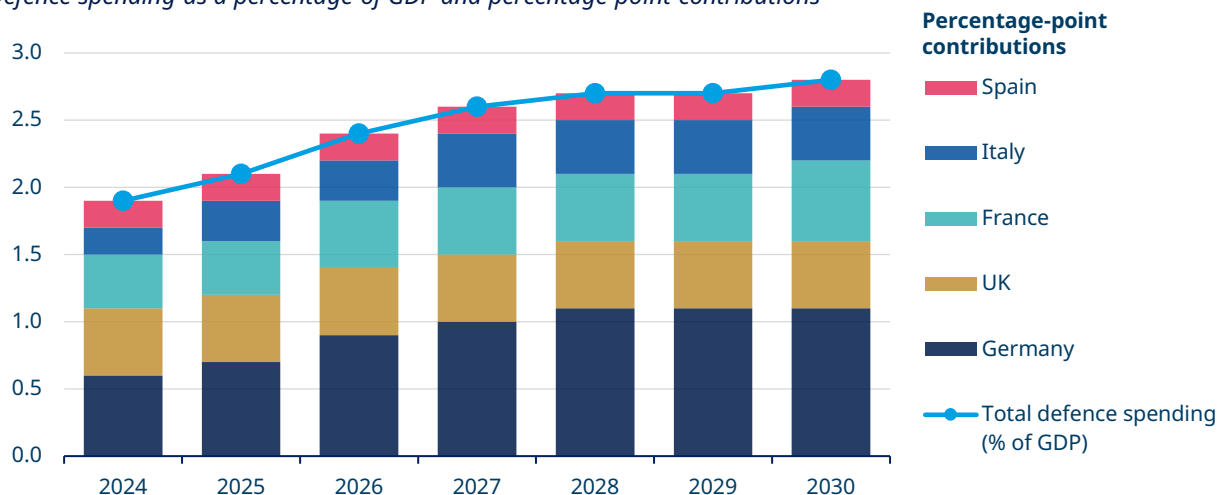
**Capital is flowing into infrastructure**, including grids, transmission, renewables, transport, ports and airports, as well as private debt for logistics, data centres and industrial sites. Overall, this asset class is supported by years of underinvestment and demand for protection against inflation and geopolitical risks. Opportunities will become more complex, as policy alignment, execution and asset selection matter more, making selection key.

**Public debt markets are also likely to play a greater role in financing capital expenditure and broadening the investor base.** Far from changing its fiscal framework, Europe is allowing more flexibility for investing in strategic sectors. Certain countries will need to limit other expenditures in order to do so. On the corporate side, there is plenty of room for expansion, because supply has been limited in recent years. European investment-grade, for example, has fallen from 16.8% of nominal European GDP in 2022 to 14.8% in 2025. **Moreover, blended finance could also support further growth in corporate bonds and agencies.** With spreads near cyclical lows, financing costs remain attractive relative to expected project returns.

*“A more investment-led economy should create opportunities for strategic capital expenditure beneficiaries such as infrastructure, capital goods, financing platforms and private markets, while consumption-led sectors may lag.”*

## A shifting geopolitical landscape has pushed Europe to spend more on defence

Defence spending as a percentage of GDP and percentage-point contributions



Source: Amundi Investment Institute, NATO, Bloomberg Economics Forecasts. Note: Defence spending as a percentage of GDP is a weighted average. Data as of February 2026.

## Investment implications

Europe is becoming less of a cyclical recovery story and more of a long-term investment story. The winners are likely to be the companies and financial platforms that help build strategic capacity: defence, grids, storage, capital goods, infrastructure and private markets. By contrast, more consumption-led sectors may lag unless they benefit indirectly from public investment and supply-chain reshoring. Energy-intensive sectors like transport may struggle, while in energy, oil and gas prices may stay elevated, but weaker earnings should already be priced in.

### Long-term themes



**Defence and security remain multi-year growth themes**

Europe's renewed focus on strategic autonomy is translating into sustained demand for defence primes, aerospace, cybersecurity and dual-use technologies. The outlook is supported by public procurement and defence funding, but selectivity is important.

### Investment implications

Opportunities in the **technology space, with exposure to defence, aerospace and cybersecurity**. Defence manufacturers face execution risks, including lumpy order books and supply-chain constraints, while valuations remain elevated. Companies will need to deliver on backlogs and earnings to justify current multiples.



**Grids, storage and utilities are set to benefit from electrification**

The transition toward electrification requires major investment in power grids, transmission, storage and renewable integration. Europe's rising electricity demand and ageing infrastructure create a supportive long-duration capex cycle.

### Grid operators, grid equipment manufacturers and utilities

with exposure to wind, solar and network expansion should benefit from policy-backed investment. It is vital to focus on those companies that grow in a value-accretive way.



**Industrial and tech capex and capital goods are major beneficiaries**

Europe is trying to reduce dependence on foreign suppliers and rebuild industrial capacity. That supports construction, engineering, capital goods, industrial automation and infrastructure services. AI-related power demand is also increasing the need for electrical equipment and specialised industrial solutions.

### Capital goods companies and infrastructure contractors

with exposure to strategic projects are likely to see stronger demand. **European semiconductors** are supported by rising orders and this momentum should continue as AI adoption broadens next year. In software, valuations have reset, but growth uncertainty means selectivity remains key.



**Financials and private markets are part of the funding solution**

Mobilising capital at scale will require deeper capital markets and more private participation. That creates opportunities in banks, which remain central to credit transmission, and in private debt, infrastructure funds and blended-finance structures.

**Banks** are well positioned with attractive capital returns and valuations below long-term averages. Inflation should support earnings, AI could improve efficiency and household debt-service ratios suggest room for lending growth.



**Bond markets should expand alongside investment needs**

Greater investment points to faster growth and potentially higher real yields. European investment-grade issuance remains below prior peaks, suggesting room for more funding through corporate bonds, agency issuance and project-related debt.

We favour **peripheral bonds and investment grade corporates**, which look attractive relative to core European sovereigns.

KEY THEMES

# Portfolio construction in an inflationary era

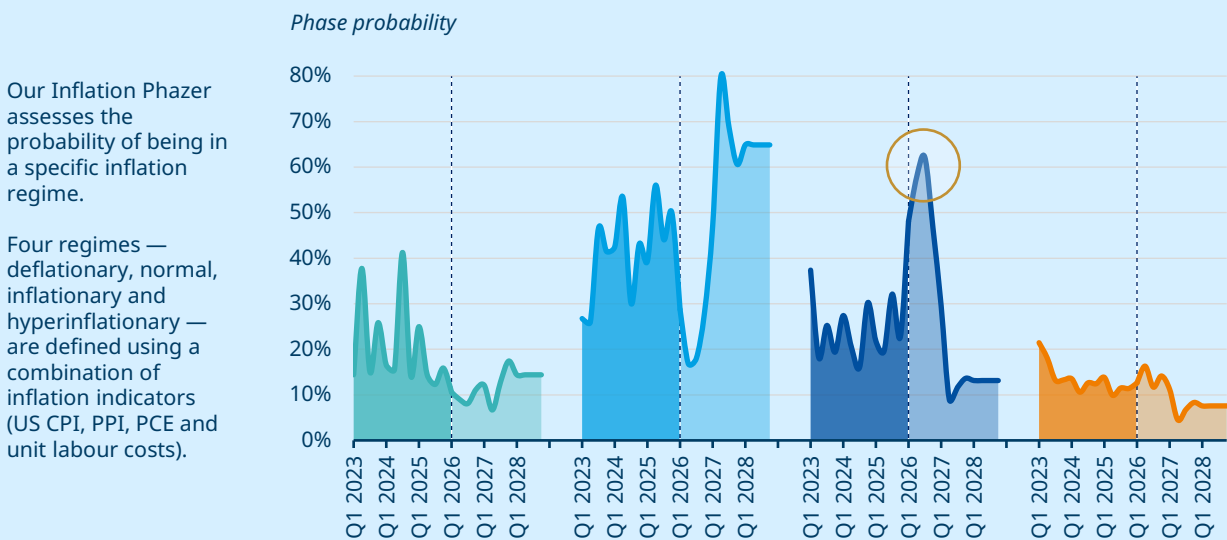
We don't expect a 2022-style inflation shock, but we recognise that 2026 is no longer a normal inflation environment. In this regime, bonds may be less reliable as an equity hedge and portfolio construction needs broader inflation protection: selective risk assets, carry over duration, real and private assets, commodities and gold.

With the last major inflation shock in 2022, H1 2026 has provided another example of renewed inflationary pressure, **this time driven by an energy supply shock** stemming from the conflict in Iran. These episodes confirm our long-term view that inflation is becoming more structural and less linear, driven by geopolitical fragmentation, stronger commodity demand linked to the green transition, AI and infrastructure and repeated supply-side disruptions. While 2022 was an extreme event, with inflation fuelled by a powerful mix of pandemic-era stimulus, supply chain bottlenecks and rising energy prices, **2026 is not an extreme inflation shock, although it still marks a meaningful shift compared to our original assumption of a normal inflationary backdrop.**

Our proprietary model, Inflation Phazer, now points to an inflationary regime, with US CPI above 3% as the most likely backdrop for the remainder of the year. A return to a normal regime phase is more likely from Q2 2027 as the spike in energy prices fades. This does not mean a repeat of the 2022 shock, but it signals that inflation is likely to remain high and persistent enough to shape central bank reaction functions, market behaviour and portfolio diversification.

**The investment implications are significant:** monetary policy is likely to remain less dovish/turn more hawkish, while rate volatility should stay elevated and term premium may evolve in a less linear way across bond markets.

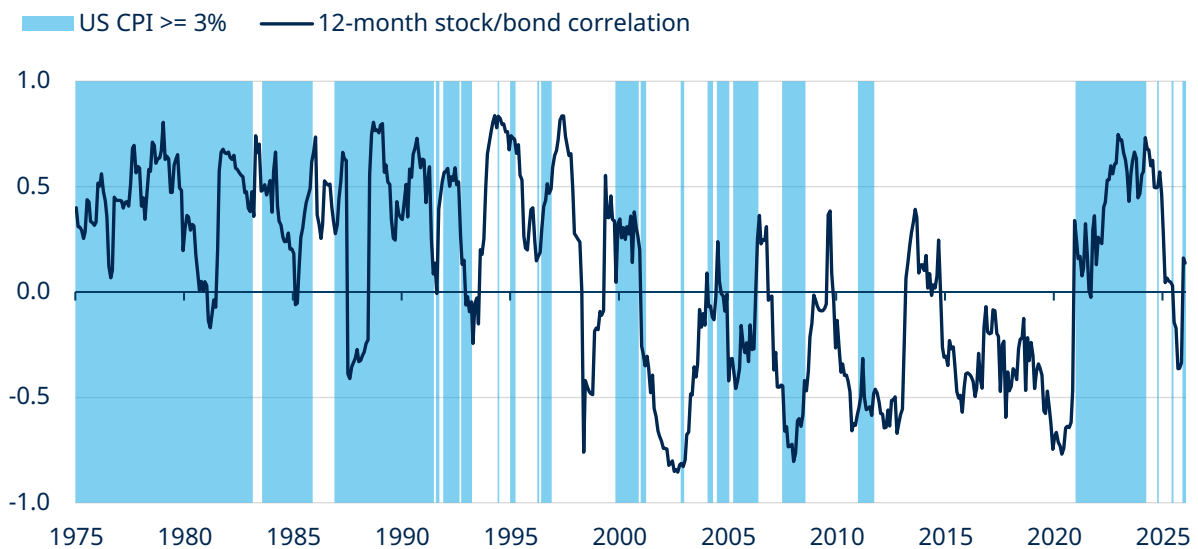
## Amundi's proprietary Inflation Phazer points to a regime change in inflation



Inflation regimes	Deflationary regime	Normal	Inflationary	Hyper inflationary
CPI YoY (%)	<2	2-3	3-6	>6
PPI YoY (%)	<1	2-3	3-6	>6
PCE YoY (%)	<2	2-3	3-6	>6
ULC YoY (%)	<1	2-3	3-6	>6

Sources: Amundi Investment Institute, Bloomberg. Data as of 15 June 2026. For illustrative purposes.

## When US inflation stays above 3%, bonds have been a less reliable hedge



Sources: Amundi Investment Institute, Bloomberg. The equity index refers to the S&P 500, and the bond index refers to the Bloomberg US Treasury Index. Correlation is based on a 12-month rolling window. Monthly data as of April 2026.

As a result, **the duration component of a traditional balanced portfolio may prove less effective as a diversifier, particularly because bonds may not necessarily remain negatively correlated with risk assets** during inflation-driven market stress (see figure above). Inflationary shocks push yields higher at a time when risk assets come under pressure, turning the bond-equity correlation positive and supporting the case for broader diversification beyond duration.

At the same time, continued shortages of certain commodities and minerals, together with structural demand for AI and infrastructure development should **support selected real assets and inflation-sensitive exposure**. A more difficult monetary policy backdrop, alongside high public debt trajectories and central banks’ diversification away from dollar-based assets should continue to support demand for gold and precious metals at a solid pace.

In H2 2026, if the global economy remains resilient in an inflationary environment, then it calls for maintaining exposure to risk assets with stronger hedges. In equities, the most inflation-resilient areas are in industrials, infrastructure, and companies with strong pricing power. In fixed income, carry appears preferable to duration. We also believe that gold and commodities more broadly will play a more reliable role in portfolio diversification to enhance resilience.

**Inflationary regime matters:** asset class performance changes materially when the regime moves from normal to inflationary and cash becomes a structural decision. Gold and commodities have historically offered stronger relative performance, while the role of bonds depends on the source and persistence of inflation.

## Historical performance of main asset classes under different inflation regimes

YoY %	Deflationary regime	Normal	Inflationary	Hyper inflationary
SPX Index	8.9	12.5	7.6	0.5
Gold	3.6	6.7	8.7	29.5
Commodities	-9.7	2.7	10.4	22.6
US Treasury	7.4	5.0	5.8	-5.6
IG US	6.6	7.4	7.5	0.3
HY US	3.1	10.2	3.4	-4.3

Sources: Amundi Investment Institute, Bloomberg. Data as of 15 June 2026. For illustrative purposes.

# ASSET CLASS VIEWS

Investment convictions

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Equity

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Equity sectors & commodities

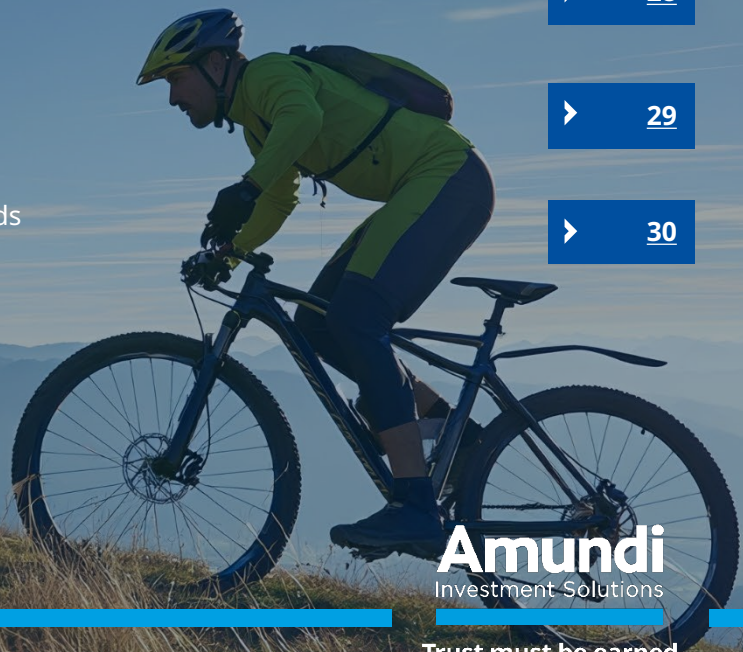
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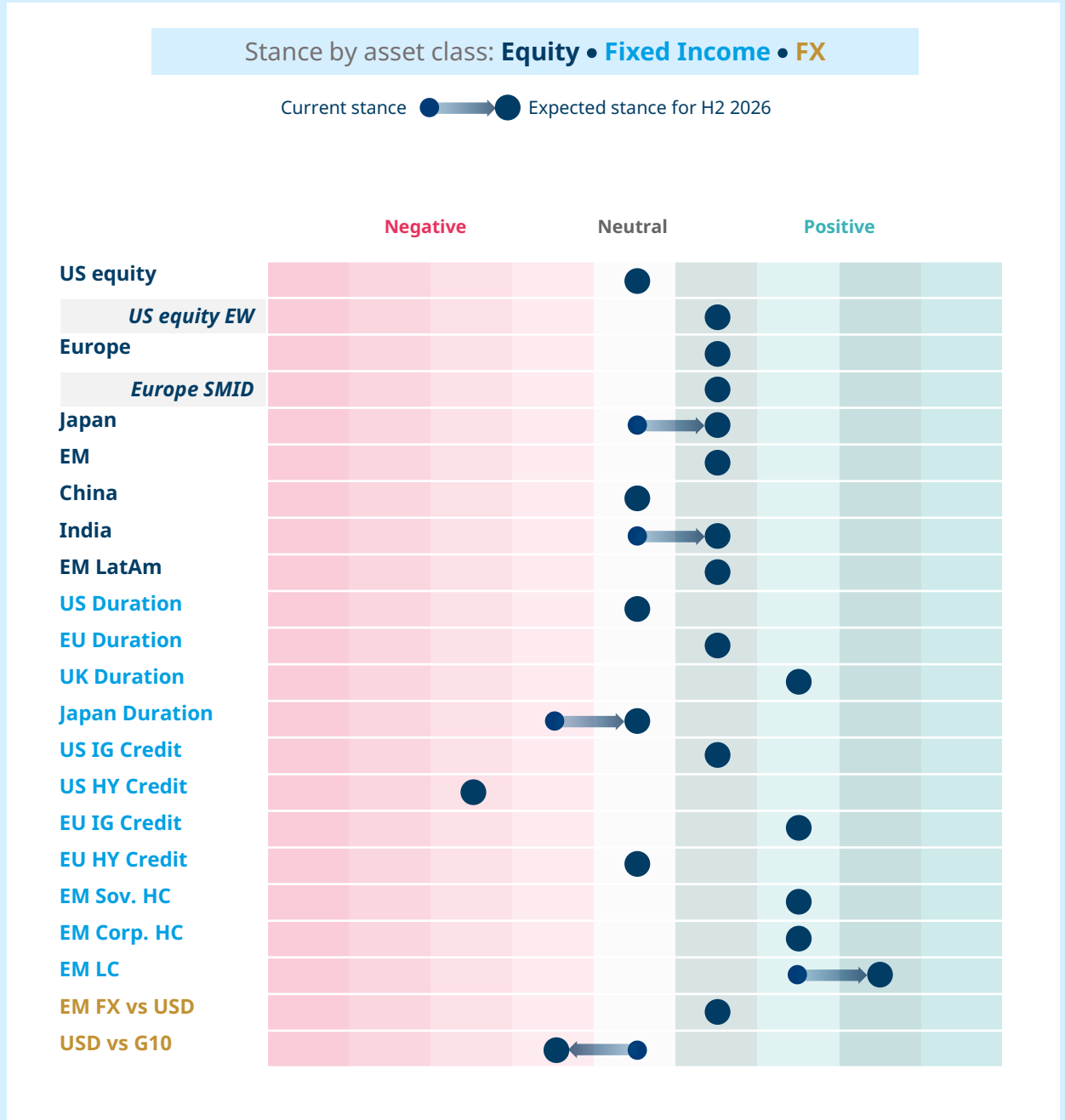


**Amundi**  
Investment Solutions

Trust must be earned

# Investment convictions

This table shows the current stance from our latest Global Investment Committee as of June 2026 and the expected direction for H2 2026.



Source: Summary of views expressed at the most recent global investment committee (GIC) and updated as of 17 June 2026. The table shows absolute views on each asset class and are expressed on a 9 scale range. This material represents an assessment of the market at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This information should not be relied upon by the reader as research, investment advice or a recommendation regarding any fund or any security in particular. This information is strictly for illustrative and educational purposes and is subject to change. This information does not represent the actual current, past or future asset allocation or portfolio of any Amundi product. FX table shows absolute FX views of the GIC. \*EW – Equal Weighted. \*\*SMID – Small and Mid-Cap.

ASSET CLASS VIEWS

# Equity



	Negative	=	Positive	
<b>DM Equity</b>				
				<b>Neutral overall, positive equal weight</b> The US investment and earnings cycle is expected to continue supporting equities in H2, with gains spreading beyond Big Tech. However, elevated valuations and concentration risk leave the S&P 500 vulnerable to corrections if the Fed shifts course to fight energy-driven inflation. IPOs and liquidity will also be key themes to watch.
US			●	
				<b>Slightly positive with focus on sectors benefitting from investments</b> European equities face conflicting forces. Strong fiscal stimulus in Germany, the EU's greater focus on strategic domestic sectors, and attractive valuations after the spring selloff all provide support. However, markets remain vulnerable in the near term if the energy crisis lasts longer.
Europe			●	
				<b>Stay constructive as corporate reforms continue</b> Japan is supported by medium- to long-term factors. The new political direction and economic backdrop should help profitability improve this year, assuming oil supply normalises relatively quickly. Corporate leverage looks appropriate, earnings growth is expected in double digits, the yen should be less of a headwind, and valuations remain attractive relative to peers.
Japan			●	
				<b>Cautious for now, with profitability improvement in focus</b> Earnings growth continues to lag, and P/E ratios remain well above their historical average in absolute and relative terms, making the region (especially Australia) unattractive for now.
Pacific ex Japan	●			
<b>EM Equity</b>				
				<b>Selective, driven primarily by tech</b> Tech remains the main earnings driver for emerging markets in Asia. Selective opportunities also remain in LatAm, which looks relatively well-positioned in the current global backdrop, supported by net energy exposure, strong metals production, solid macro fundamentals and prudent monetary policy. In EMEA, South Africa continues to benefit from robust earnings, fiscal discipline and credible reforms. Risks remain linked to a volatile geopolitical backdrop.
EM			●	
				<b>Headwinds keep China neutral</b> China's economy remains split between depressed domestic demand and resilient export growth. While China's credit impulse is set to improve, helped by export-led liquidity inflows and front-loaded spending for the 15th Five-Year Plan, earnings revisions have been weak and profitability low. We favour the tech and internet sector amid China's push toward society-wide uptake.
China			●	
				<b>Easing oil pressure could support Indian equities</b> Although earnings are strong and short-term valuations less excessive, India is not currently benefitting from the tech cycle's positive momentum anymore due to AI being of lower importance in its tech composition. Its status as a commodity importer keeps us neutral for now, with a slightly positive outlook.
India			●	
				<b>Positive on commodity exporters</b> The region is characterised by a split between commodity exporters — such as Brazil and Colombia — that can benefit from the energy supply disruption, and importers like Chile and Peru that are more exposed to higher costs. The region also offers exposure to natural resources linked to the energy transition, while its limited AI exposure makes it a useful source of diversification. We are particularly positive on Brazil, where earnings and profitability remain high and the easing cycle, while slow, is still ongoing, although elections in October will be key to watch.
LatAm			●	

Source: Amundi Investment Institute, as of 17 June 2026. DM: developed markets. EM: emerging markets. The table shows absolute views on each asset class and are expressed on a 9 scale range, where = refers to a neutral stance. This material represents an assessment of the market at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This information should not be relied upon by the reader as research, investment advice or a recommendation regarding any fund or any security in particular. This information is strictly for illustrative and educational purposes and is subject to change. This information does not represent the actual current, past or future asset allocation or portfolio of any Amundi product. FX table shows absolute FX views of the GIC. \* Represents a consolidated view of multiple EM currencies.

ASSET CLASS VIEWS

# Equity sectors & commodities



Equity sectors			
Sector	US	Europe	Japan
Communication services	+	=	=
Consumer discretionary	=	-	-
Consumer staples	=	=	=
Energy	=	=	=
Financials	+	+	+
Health Care	=	+	=
Industrials	+	+	+
Information technology	=	=	=
Materials	=	=	=
Real Estate	-	=	=
Utilities	+	+	=

Commodities			
	Negative	Positive	
Gold		●	<p><b>Medium-term arguments to remain supportive</b> Over the next year, we remain bullish on gold, targeting \$5,500. Strong central bank buying, especially from emerging markets, limited mine supply, and rising global debt should support prices as investors seek diversification and a reliable store of value.</p>
Oil	●		<p><b>Neutral, with fair value reset higher by geopolitics</b> The high war premium has largely reduced after the recent de-escalation, but we would not expect oil to return to pre-conflict pricing. A fair value around 75 USD/bbl (Brent) now looks more appropriate, with scope for renewed \$10 geopolitical premium if de-escalation proves more fragile.</p>
Selective base metals		●	<p><b>Supportive considering expected undersupply going forward</b> Some base metals held up well during the spring risk-asset selloff, reinforcing our medium-term view that the asset class is evolving. Strong demand from AI, defence, and infrastructure megatrends may create structural undersupply and support prices over time.</p>

Source: Amundi Investment Institute, as of 17 June 2026. DM: developed markets. EM: emerging markets. The table shows absolute views on each asset class and are expressed on a 9 scale range, where = refers to a neutral stance. This material represents an assessment of the market at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This information should not be relied upon by the reader as research, investment advice or a recommendation regarding any fund or any security in particular. This information is strictly for illustrative and educational purposes and is subject to change. This information does not represent the actual current, past or future asset allocation or portfolio of any Amundi product. FX table shows absolute FX views of the GIC. \* Represents a consolidated view of multiple EM currencies.

ASSET CLASS VIEWS

# Fixed income & FX



	Negative	=	Positive	
<b>Duration</b>				
US Duration	●			<b>Still neutral for now</b> Robust US labour data and high inflation are putting upward pressure on US rates and confirm a neutral stance in US duration. We see value on the middle part of the curve and continue to believe in curve steepening.
EU Duration	●			<b>Good value in short-dated bonds</b> While the ECB may hike again in September, it should return policy rates around 2.25% by Q3 2027 on converging inflation and subdued growth. This leaves short-dated bonds at a good value in core & peripheral Europe.
UK Duration	●			<b>Still very attractive valuations</b> Gilts have followed US yields higher even though the growth outlook is weaker and fiscal discipline stronger. We continue to see good value.
Japan Duration	●			<b>Looking for an entry point</b> Valuations are getting very appealing, especially relative to funding costs, but expansionary fiscal policy keeps discouraging investors. A more hawkish BoJ could improve inflation expectations and provoke a rally.
<b>Credit</b>				
US IG Credit	●			<b>Slightly positive on inflation shock resilience</b> Company cash flows should be insulated from much of the energy/inflation shock, although the high level of primary supply limits scope for further spread tightening.
US HY Credit	●			<b>Still expensive and vulnerable</b> HY spreads have tightened as US equities rallied but the fundamentals are very different, and we still prefer overweighting IG.
EU IG Credit	●			<b>Now cheap versus US</b> Despite strong fundamentals, Euro IG trades cheap versus US investment grade, and should tighten more in the medium term.
EU HY Credit	●			<b>Sector choice is paramount</b> Although spreads should remain relatively tight, higher costs and weak pricing power could hurt the operating cash flow of certain sectors over H2.
<b>EM Debt</b>				
EM bonds HC	●			<b>EM HC cautiously attractive</b> Hard currency bonds remain cautiously attractive, supported by high carry. Investment grade continues to offer stability, while high yield remains appealing for income but is more exposed to external shocks.
EM bonds LC	●			<b>Positive, with selectivity</b> EM local currency bond yields moved up, supporting our constructive six-month outlook, together with high carry. Favour countries in LatAm and some in EMEA like Poland and the Czech Republic.
<b>FX</b>				
EM FX vs USD	●			<b>Cautiously positive but USD is a risk</b> EM currencies have a broadly constructive six-month outlook, supported by still attractive real yields overall and a potentially softer US dollar. Main risks are geopolitical shocks and a hawkish Fed.
USD vs G10	●			<b>USD weakness delayed, not derailed yet</b> As we assume no Fed hikes in 2026 and two cuts in 2027, we think the USD will likely fall on peak fears, high concentration of US assets and limited relative returns on capital. Preference for commodity FX. Key risk: Fed opening the door for hikes in response to overheating economy.

Source: Amundi Investment Institute, as of 17 June 2026. DM: developed markets. EM: emerging markets. The table shows absolute views on each asset class and are expressed on a 9 scale range, where = refers to a neutral stance. This material represents an assessment of the market at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This information should not be relied upon by the reader as research, investment advice or a recommendation regarding any fund or any security in particular. This information is strictly for illustrative and educational purposes and is subject to change. This information does not represent the actual current, past or future asset allocation or portfolio of any Amundi product. FX table shows absolute FX views of the GIC. \* Represents a consolidated view of multiple EM currencies.

ASSET CLASS VIEWS

# Private Assets & Hedge Funds



Private markets		Negative	=	Positive	
Infrastructure					<b>Demand remains strong but limited supply requires selectivity</b> Power/grid, AI, energy transition, and inflation protection remain central themes. Aside from crowded Tier1 assets, execution/selection are crucial.
Private equity					<b>Confidence regains traction after H1 disruptions</b> M&A and realisations pick up supported by AI capex and the dissipating fog of war. Continued focus on durable value creation amid limited multiple expansion.
Private debt					<b>Progressing towards a credit mid-cycle</b> Concerns about liquid-sensitive vehicles are likely to linger. Differentiation within the broader private debt universe increases as spreads edge up and defaults pick up selectively. Deal flow remains supportive, although competition rises in plain vanilla lending.
Real estate					<b>Further bifurcated progress</b> Recovery remains bifurcated: quality logistics, data centres and residential improve, while office stays weak. Stabilising rates improve pricing clarity.
Hedge funds		Negative	=	Positive	
L/S Equity	Directional				<b>Constructive but more selective and beta matters more.</b> Alpha to remain available but concentrating in areas less sensitive to macro drivers – focusing on relative, fundamentals, thematic picking, boosted by M&A/IPOs.
	Market neutral				<b>Selective alpha, led by momentum and sector.</b> Alpha should persist, led by momentum and sector opportunities, where conditions stay supportive. Other traditional factors look less reliable and vulnerable to rotations.
Event-driven	Merger arbitrage				<b>Steady opportunity, but modest spreads.</b> Constructive backdrop (deal flow, risk appetite). However, deal spreads are modest with a limited number of juicy deals. Regulatory headwinds to ease, especially in Europe.
	Special situations				<b>Constructive, catalyst-driven backdrop.</b> Corporate actions, spin-offs, asset sales, restructurings, and balance sheet optimisation continue to create opportunities – some driven by AI disruptions.
FI Arbitrage	L/S credit				<b>Gradual move into a more differentiated phase,</b> characterised by wider spreads, more differentiation, but no major stress. Dispersion remains mediocre, driven by sector and duration. A shock is needed to create value.
	FI EM arbitrage				<b>Fundamental dispersion picking up.</b> H2 to offer more relative-value opportunities as cross-country divergences widen around energy, China, AI and commodity-security. The trade setup is improving, even if beta is still likely to dominate as valuation anomalies in credit & FX remain moderate.
Global Macro					<b>After H1 disruptions, fundamentals reassert.</b> After multiple post-war market swings, support from easing uncertainty, more fundamentals-driven with clearer winners/losers, focusing on inflation, central banks and growth.
CTAs					<b>When visibility is poor, agnostic styles are useful.</b> Amid uncertainty, CTAs pick trends other investors wouldn't. A fresh set of opportunity needed after the strong trend-following rally though.

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