

MACRO FOCUS : A GLOBAL ECONOMY THAT REMAINS AVERAGE

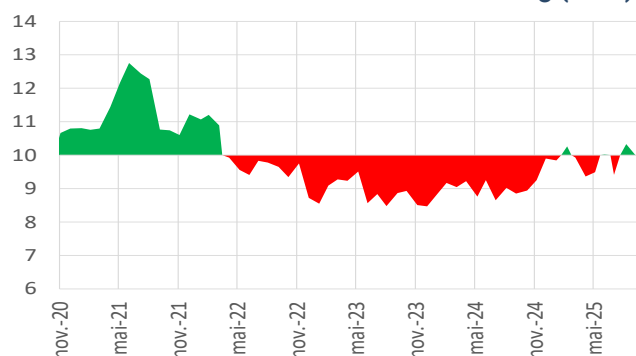
Cyriaque DAILLAND

The overall score of the Sanso Macro Screening (SMS¹) model edged down slightly from 10.0 to 9.9. Among its components, the trend has deteriorated only marginally, while the level has increased modestly. Across the different factors, heterogeneous dynamics persist. Leading indicators posted a notable decline, falling from 11.8 to 10.1, as did the global composite PMI, which eased from 52.9 to 52.4. At the same time, factors tied to the real economy — such as consumption and trade — have rebounded. In short, the global economy continues to demonstrate resilience month after month... though without showing any real acceleration.

At the level of the main economies (United States, China, Eurozone and Japan), the atypical situation observed in August continued into September, with very similar scores across these four key regions. The ratings for all four economies remain close to 10. China shows a slight improvement, with its score rising from 9.9 to 10.1, supported by a rebound in consumption and activity — though this move remains very limited. The Eurozone is in a relatively similar situation, with its score increasing from 9.4 to 9.9 thanks to a recovery in the activity factor. Meanwhile, Japan and the United States posted extremely stable scores in September.

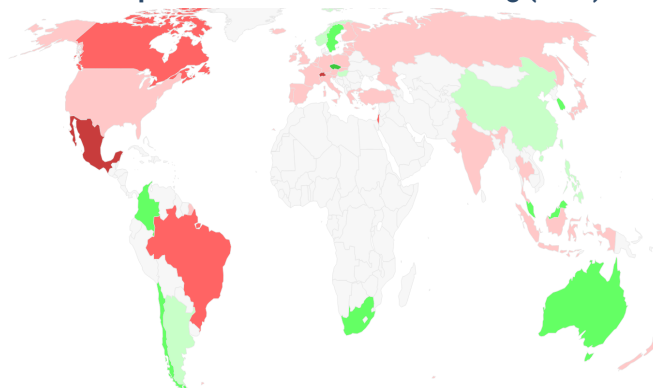
The Fed has a dual mandate: to maintain price stability and to maximize employment. Currently, the unemployment rate appears stable even though job creation is slowing. This rather unusual configuration can be explained, as highlighted in a recent study by the Dallas Fed, mainly by a less supportive demographic trend linked to U.S. immigration policy. According to the Dallas Fed, the **U.S. economy now requires only about 30,000 new jobs per month to keep the unemployment rate steady** — a far cry from the 200,000 monthly figure observed in 2023.

Overall Score of the Sanso Macro Screening (SMS)



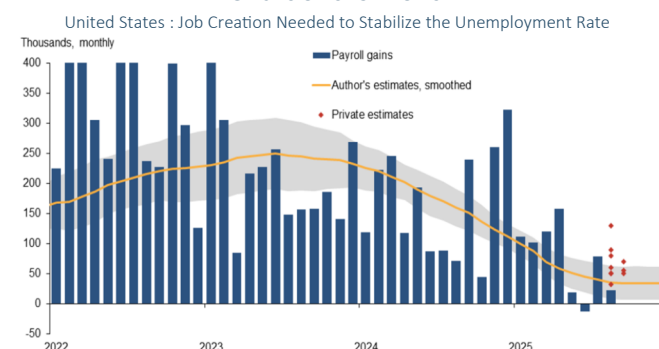
Source : Sanso Longchamp AM

World Map of the Sanso Macro Screening (SMS)



Source : Sanso Longchamp AM

Chart of the Month



Source : FED Dallas

The probability of the median scenario (moderate global growth) remains stable at 65%.

The current economic momentum continues to demonstrate resilience despite negative factors such as trade tariffs and geopolitical tensions. Artificial intelligence likely explains part of this sustained activity. The probability of a negative scenario (sharp slowdown) stands at 40%. U.S. inflation and a potential resurgence of trade tensions remain key risks to watch. As for the positive scenario (strong rebound), it still carries a zero probability.

¹ The Sanso Macro Screening model covers 1,200 economic data series across approximately 30 countries. The model enables monthly monitoring of the global economic environment through analysis of key economies. The scoring system, ranging from 0 to 20, aggregates statistically grouped data. Six factors are analysed based on both their levels and trends.

ALLOCATION FOCUS : SHOULD WE INVEST IN “HIGH BETA” CREDIT?

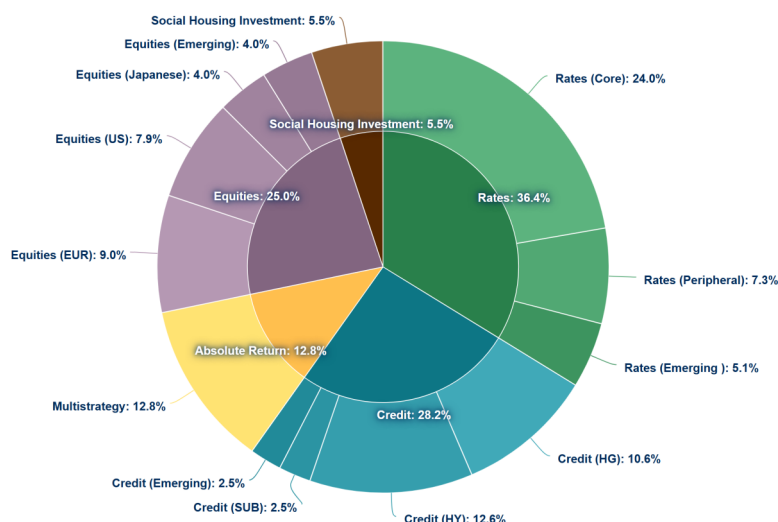
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The “high beta” credit segment — comprising high-yield corporate bonds, emerging market corporate debt, and subordinated bonds — has delivered impressive performances since the 2022 crisis. This strong rally can be attributed both to elevated carry and a significant tightening of spreads. From our perspective, the fundamentals of “high beta” credit remain well supported. Admittedly, the default rate on euro area high-yield bonds is expected to rise in 2026, though in a relatively contained manner. In emerging markets, structural momentum remains positive, but short-term appeal appears more limited. Subordinated bonds remain solid, backed by a well-supervised European banking system — although this reality is largely priced in.

Accordingly, our strategic allocation to subordinated debt has shifted from positive to neutral this month, reflecting a less attractive risk/return profile.

Position as of 10.20.2025	Negative		Neutral	Positive		Evolutions	Strategies
	--	-	=	+	++		
ASSET CLASS (Absolute)							
		Money Market				↔	
			Bonds			↔	
				Credit		↔	
		Equities				↔	No geographical preference
BONDS (Relative)							
			Core			↔	United-States (10 years)
			Peripherals			↔	Greece & Italy
			Emg Local			↔	
			Emg Hard			↔	
CREDIT (Relative)							
			Invest. Grade			↔	
				High Yield		↔	Cross Over, Eurozone
			Subordinated			↔	
			Emerging			↔	Latin America
EQUITIES (Relative)							
			Europe			↔	
			United-States			↔	
			Japan			↔	
			Emerging			↔	
CURRENCIES vs EUR							
			USD			↔	
				JPY		↔	
			G10			↔	
			Emerging			↔	

This allocation is implemented in the **Sanso Convictions** fund. The portfolio is designed to follow a **flexible and diversified approach**, with the **systematic integration of extra-financial (ESG) criteria**.



MARKET FOCUS : GOLD, A STRATEGIC ASSET IN A FRAGMENTED WORLD

Michel MENIGOZ & Enzo PEREIRA

Gold is making a notable comeback in portfolios, riding the wave of an uncertain world and a shifting monetary cycle. The yellow metal is once again establishing itself as a safe haven: it has surged by more than +60% since the beginning of 2025, reaching a record high of over \$4,200 per ounce, compared with \$2,600 at the end of 2024.

This rally reflects both the easing of monetary policies after two years of aggressive tightening, the resumption of large-scale central bank purchases, and a renewed structural interest from institutional investors in tangible assets amid growing distrust toward the dollar and sovereign debt. The movement has been amplified by an unexpected factor – the fall of the greenback.

Indeed, the DXY index lost nearly 10% over the first half of 2025, a significant drop that has had a considerable impact on gold prices.

The loss of US fiscal discipline, coupled with rising structural risks, has gradually called into question the dollar's role as a pillar of stability in global asset allocations. In parallel, gold – denominated in dollars – has become mechanically more attractive, both as a real asset and as a monetary alternative.

Gold has once again become a strategic asset for many central banks, though not necessarily the ones usually followed.

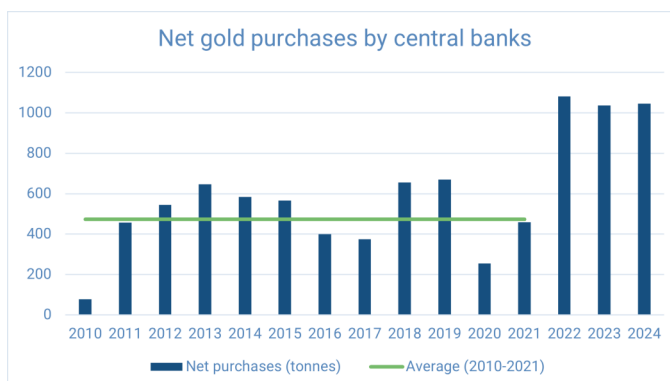
Since 2022, the majority of net official gold purchases have not come from G7 countries, but from non-aligned economies or those in rivalry with the Western monetary order: China, Russia, Turkey, India, and several Gulf nations. These flows reflect a growing willingness to diversify reserves and to gradually de-dollarize.

This movement accelerated in the wake of the war in Ukraine. The freezing of nearly \$300 billion in Russian reserves by Western countries was perceived, beyond the conflict itself, as a systemic monetary precedent.

In a world where reserve currencies can be frozen by political decision, gold has regained a forgotten virtue: it is off-system, beyond jurisdiction, and untouchable.

Since then, the People's Bank of China (PBoC) has been quietly buying gold almost every month, increasing its declared reserves to more than 2,250 tonnes.

It is not alone, as since 2022, net central bank purchases have approached 1,100 tonnes, more than twice the average observed over the past decade.



This renewed interest is not limited to central banks. On the private side, flows into gold-backed ETFs are rising again, while net positions on the futures markets have reached record levels. In a context of geopolitical uncertainty and monetary fragmentation risks, gold is regaining a strategic place in diversified portfolios, including among Western institutional investors.

But this upward trajectory now raises a key question: how sustainable is the gold rally over the medium term?

By comparing the current surge with the explosive cycle of the late 1970s, some observers are questioning whether this is a new bubble driven by monetary and geopolitical distrust, or the start of a new, lasting regime for the ultimate safe-haven asset.

In this perspective, the debate around neutral rates – those equilibrium levels consistent with stable growth and controlled inflation – takes on crucial importance.

If long-term real interest rates were to remain durably higher than over the past fifteen years, gold's appeal could gradually fade.

Conversely, an environment marked by persistent public debt, sluggish growth, and an implicit cap on interest rates would strengthen the likelihood of a regime of structurally low real yields, which would constitute a fertile ground for gold.

In a fragmented world, gold is emerging as systemic insurance. Supported by its monetary neutrality, liquidity, and political immunity, it stands out as a strategic pillar.

It remains to be seen whether this rush will prove sustainable over time, or merely reflects the political and monetary uncertainties surrounding the U.S. administration.

ESG FOCUS : VALUING ECOSYSTEMS, A CRUCIAL CHALLENGE

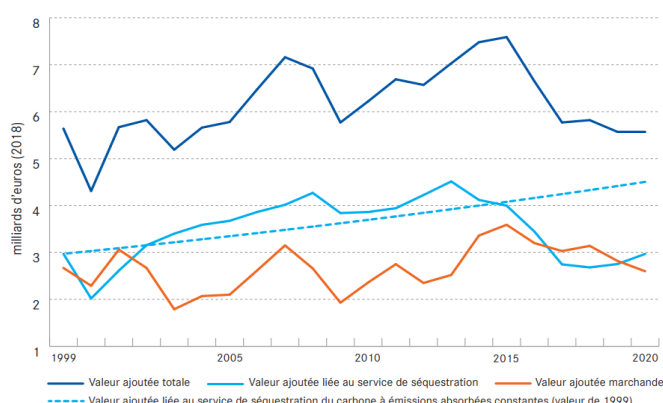
Edmond SCHAFF, Yaël LE SOLLIEC & Léa CITERNE DEBAENE

In a note published in September 2025 entitled *"Completing National Accounts so that the Forest No Longer Hides the Trees"*, the Conseil d'Analyse Économique (CAE) demonstrates how the valuation of ecosystem services — such as pollination, CO₂ capture, flood regulation, and water purification — could transform public policy decisions.

The study focuses on the example of French forests, which cover nearly one-third of the country's territory, absorb around 10% of national emissions, and also provide other services such as flood regulation, water purification, and recreational benefits. While valuing these services remains complex, based on broadly conservative assumptions — such as a social cost of carbon of €185 per tonne — the experts estimate that the annual value of the ecosystem services provided by French forests amounts to €8 billion, nearly three times the value added by the commercial forestry and wood production sector.

In addition, the study estimates that the value of the carbon stored in the trees and soils of French forests is around €380 billion, or more than 2.5 times the land value of the country's forest assets. To this figure can be added the discounted value of other ecosystem services, assessed at €270 billion in the study.

Evolution of the value added in the forestry and wood sector



These figures argue in favor of preserving carbon absorption capacity, which has been halved over the past decade due to climate change, and of redirecting public support toward long-term carbon storage uses of wood (such as construction and furniture manufacturing) rather than bioenergy, whose climate benefit remains uncertain.

More broadly, forests, oceans, and soils provide vital functions without which no economy can thrive. Yet these services remain invisible in France's national accounts, even though they underpin the resilience of our societies.

However, the valuation of nature is no longer a theoretical concept: it has become a cornerstone of global economic and climate policy.

Driven by the United Nations, the System of Environmental-Economic Accounting (SEEA) — now adopted by more than 90 countries — aims to fill this gap. This framework links national accounting with environmental data to estimate the monetary value of global natural capital, assessed at USD 150 trillion, nearly twice the world's GDP.

This figure is based on a methodology combining physical data and economic valuation of ecosystem services, using market prices where available, or economic estimates (such as avoided damage costs or willingness to pay) for non-market services. These amounts represent discounted ecological wealth — the sum of the benefits provided by nature over several decades, expressed in present value terms.

In light of this reality, the global financial sector is gradually embracing the issue. By translating ecological value into investment and capital allocation criteria, financial institutions play a key role in channeling flows toward the most sustainable projects.

According to the 2024 report by the Finance for Biodiversity Foundation, 60% of European institutional investors plan to include biodiversity-related indicators in their reporting by 2026. At the same time, the UNEP Finance Initiative estimates that the global market for green and blue bonds dedicated to nature has exceeded USD 300 billion in cumulative issuances, with annual growth of more than 25%.

These dynamics reflect a profound transformation: ecosystems are becoming a financial asset class in their own right, alongside energy, technology, and infrastructure. As a responsible investor, both the impact of companies on nature and their dependence on ecosystem services are now integral components of our investment decision-making criteria.

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Letter written on 21st October 2025

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