

Investments - Flash

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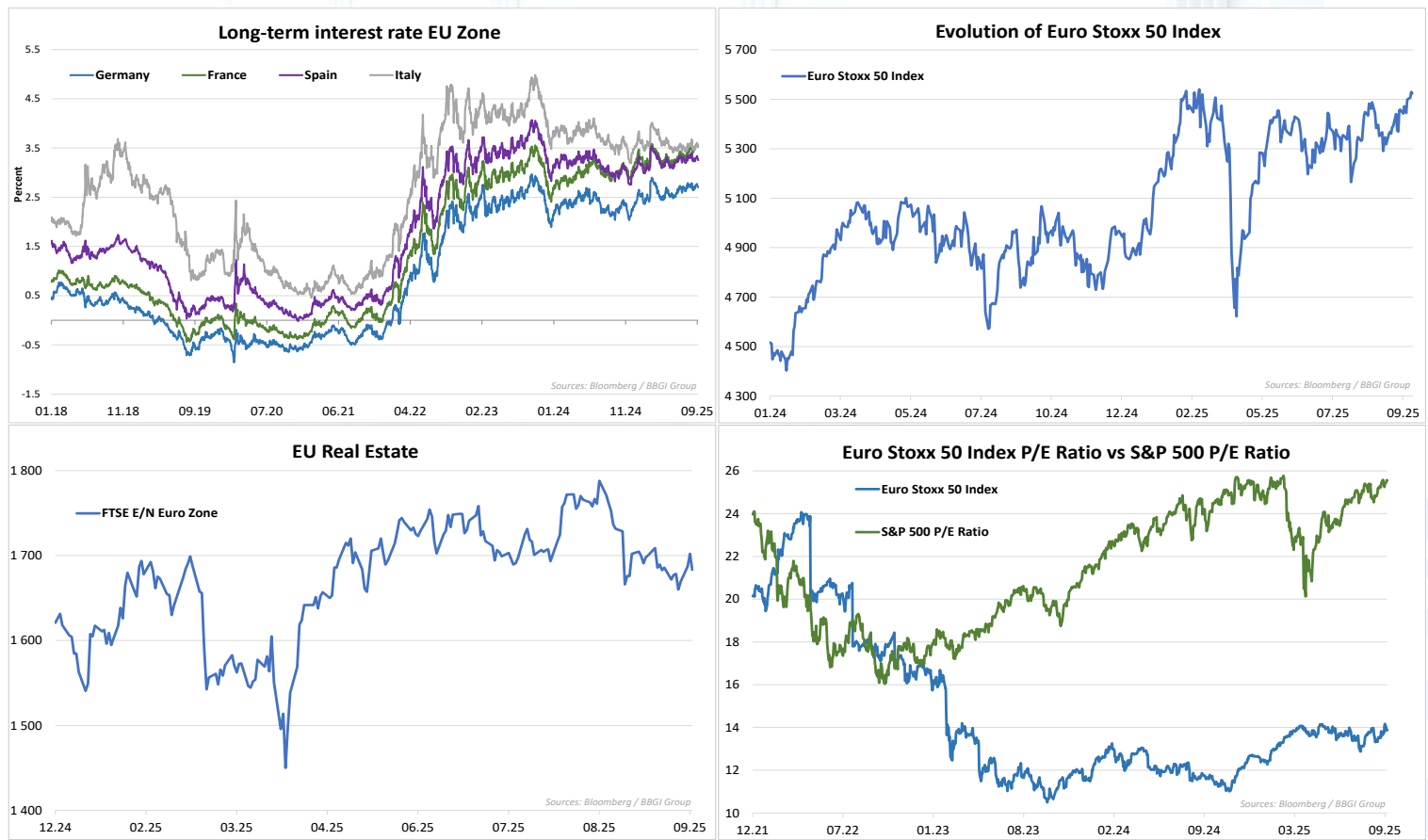


NEW POSITIVE ENVIRONMENT FOR EUROPEAN ASSETS

The synchronization of the recovery and low interest rates is supporting the markets

The very positive trend for real estate came to a halt during the summer, marked by negative performance between the end of June and the end of September, wiping out some of the previous gains. This reversal can be explained by the rise in long-term interest rates, even though the ECB has put its policy on hold. Slight tensions on financing costs led to profit-taking after an excellent start to the year. The outlook for the coming months remains favorable, with the discount on net assets and the sector's high yield providing support. The upside potential in the short term appears limited and will depend entirely on bond yields stabilizing or falling. On the equity side, the caution recommended for the summer period proved justified. After reaching our target of 5,500 points, the Euro Stoxx 50 consolidated, navigating between persistent fears about international trade and uncertainties about the trajectory of interest rates. The European context has now changed and calls

for renewed optimism due to the spectacular and synchronized improvement in the eurozone economy. Growth, which is stronger than anticipated, offers new visibility and directly supports corporate earnings prospects. Our belief that profit growth was underestimated is now reinforced by stronger fundamentals. The main argument in favor of European equities remains their attractive valuation. With a price/earnings (P/E) ratio of around 14.5x, Europe remains significantly undervalued compared to the United States (S&P 500 at over 20x). This gap is all the more relevant given that economic and earnings growth momentum is in its favor. At this stage, the risks for European equities are more related to a global shift in international investor sentiment if a significant correction were to materialize in the United States than to domestic factors.



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