The month at a glance.

November 2026

A MACRO AND MARKET OVERVIEW, AND A FUND FOCUS!

BEYOND AI: NAVIGATING THE MARKET ROTATION

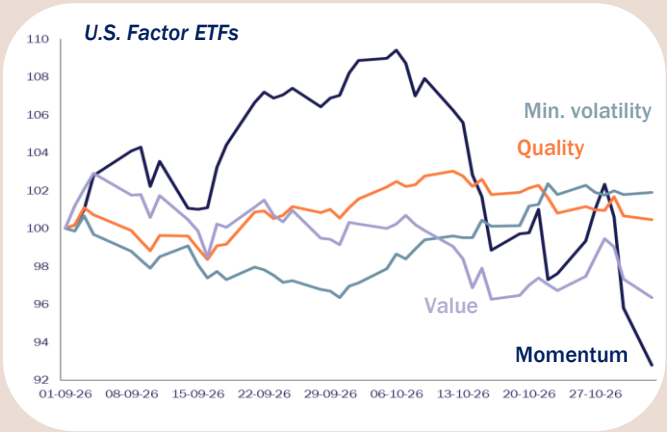


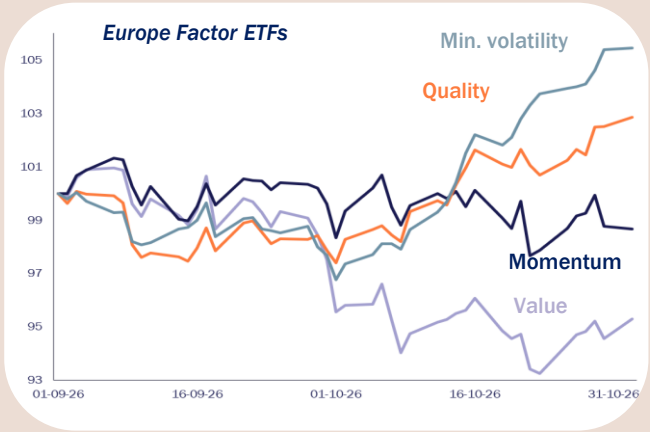
Recent underperformance in AI-related equities reflects heightened scrutiny of funding needs as major AI players increasingly turn to debt financing, uncertainty over monetisation, rising yields, interconnected exposures across the AI ecosystem, and persistent competition from China. While we remain constructive on AI's long-term potential as a structural megatrend, we recognise that the scale and pace of the current investment cycle warrant diversification to mitigate the risk of capital misallocation.

The rotation from AI-linked sectors into defensives

October was characterised by a rotation toward defensive sectors on both sides of the Atlantic, away from Technology and AI-linked growth in the US and cyclical sectors in the U.S. and Europe. Since September, US Technology and Communication Services sectors have declined -5.0% and -9.3%, respectively, consistent with growing scrutiny of the returns on increasingly debt-funded AI investment.(1) The shift toward defensives reflects growing investor scrutiny of the time required for AI capital expenditure to translate into revenues and cash flows, against a backdrop of concentrated market exposure to the AI theme.

Factor performance reinforces this interpretation. Both the U.S. and Europe have experienced a shift toward low-volatility names alongside a reversal in momentum. In the US, the momentum factor declined approximately 16% from its early-October peak as the AI trade unwound. The drawdown was significant in severity as momentum posted its worst weekly underperformance vs. the broader market ever recorded. Simultaneously, low-volatility equities advanced.(2)





Source: Bloomberg, data from 09/01/2026 to 11/02/2026. Performance re-based to 100.

In Europe, value ETFs experienced the most pronounced sell-off, consistent with the de-rating of Banks and Basic Resources. By contrast, low-volatility led STOXX Europe 600 factor performance, returning 12% over the trailing month.

Therefore, the rotation that initially manifested in a sell-off in Technology and AI-related equities has further evolved to a broadening of leadership outside of AI players towards more defensive and quality names since mid-October. Momentum weakness has been common to both regions, but the underperformance of value in European suggests that **the shift is not solely a conventional growth-to-value rotation.**

(1) Bloomberg, data as of 11/02/2026. (2) Bloomberg, data as of 11/02/2026.



> The rotation away from AI-related stocks towards defensive sectors signals a shift in market leadership, not the end of the AI story. We remain positive on its long-term potential, while seeing attractive opportunities elsewhere, particularly in Europe.
>
> **Raphael Thuin, Head of Capital Markets Strategies, Tikehau Capital**

How to diversify away from AI ? The investment case for European equities

In an environment where investors increasingly perceive the need to diversify AI risk, now present across asset classes, European equities present a source of diversification of performance. Over the past month, the STOXX Europe 600 posted its best month since June, outperforming the S&P500.[3] Against this backdrop, and despite the continent facing its own uncertainties, **we support a constructive case for selective European equity exposure, supported by relatively attractive valuations, earnings momentum and structural investment drivers:**

European equities **have remained underrepresented in investor allocations in recent years and trade at attractive valuations relative to both historical levels and US peers**, the STOXX Europe 600 trading at an average price of 14x its earnings, compared to 18x for the S&P500 index.[4] **The segment is simultaneously underpinned by a positive earnings dynamic**; the STOXX Europe 600 recorded 20.4% year-on-year earnings-per-share growth in Q2 2026,[5] its strongest quarterly growth rate in four years, while the Q3 reporting season is expected to result in aggregate earnings growth of 20.7%,[6] although dispersion remains high.

The region also benefits from several structural investment programmes. These include ReArm Europe, which aims to mobilise up to €800bn for defence; REPowerEU, associated with approximately €300bn in additional investment by 2027; and the European Chips Act, targeting more than €43bn in policy-driven investment. **These initiatives support spending across defence, energy infrastructure and digitalisation, while Germany's planned fiscal expansion represents a further potential catalyst for activity and corporate earnings,** according to our analysis.

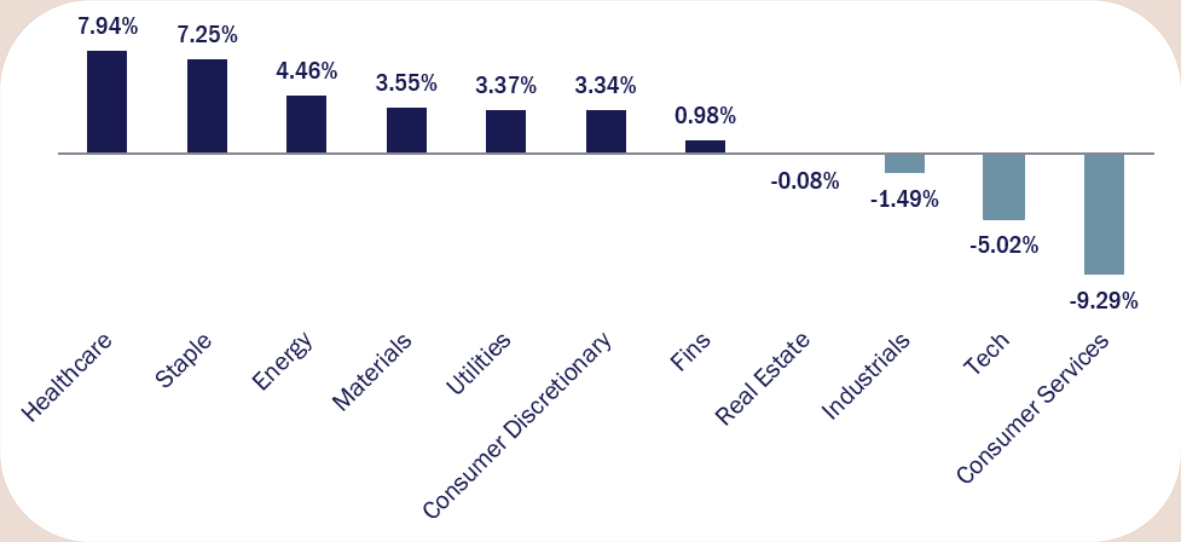
Shareholder distributions provide an additional component of the investment case. As of October 2026, euro-area equities offered an average dividend yield of approximately 3.2%, compared with 1.3% for the S&P 500.[7] This higher dividend yield is increasingly complemented by share repurchases: European buybacks reached a record €85.7bn in the first two months of 2026.[8] By contrast, US equity markets have experienced elevated IPO activity.

Specifically, within European equities, we find the following segments attractive:

- **European industrials**: We favour companies positioned to benefit from investment in energy security and AI infrastructure, while remaining "pure" industrial players whose success does not depend exclusively on the AI investment cycle. The sector's valuation de-rating this year, against broadly resilient underlying fundamentals, has created selective opportunities.
- **European defence**: Multi-year procurement programmes and structural spending commitments support medium-term revenue visibility. Further, the de-rating of the sector at the beginning of the year reinforces its attractivity from a valuation standpoint, according to our analysis.
- **European banks**: We are constructive on European banks who have demonstrated significant improved profitability since the 2022–2023 rate-hiking. Recent underperformance reinforces the discounted valuation of the sector compared to the wider market, trading at a price of 9.2x earnings for the European banking index, compared to 14,1x for the Stoxx600 and therefore offering an attractive entry point.[9]
- **European healthcare**: We see positive momentum in the sector, confirmed by its third-quarter re-rating. Its relatively defensive demand profile and lower sensitivity to economic cycles are complemented by long-term growth drivers such as ageing populations and rising treatment needs in Europe. Our investment in Swiss biotech company Bachem illustrates this investment case: it produces peptides used in all GLP-1 drugs, providing visible and consistent demand while supporting an innovative therapeutic treatment.
- **Listed real estate**: Higher interest rates have compressed sector valuations, potentially creating opportunities where market prices understate asset quality and sustainable rental cash flows. The sector has historically delivered an annualised return of approximately 8%. Looking ahead, an average dividend yield of 4.74% and expected annual earnings growth of 4.09% could support near-term total returns, according to our analysis[10]

(3) Bloomberg, data as of 11/02/2026 (4) Bloomberg, data as of 11/02/2024 (5) Bloomberg, Tikehau Investment Management, data as of 08/27/2026 (6) Euronext, as of 10/16/2026 (7) Santander European Equity Research, as of 10/19/2026 (8) UBS Report, 09/16/2026 (9) Bloomberg, data as of 11/02/2026(10) Bloomberg, Analysts' consensus for companies comprising the EPRA Europe Index (NR0RAE Index), data as of 8 September 2026.

In the U.S., a sharp tech and AI-related stock selloff



Source: Tikehau IM, Bloomberg, total returns from 09/30/2026 to 11/02/2026

The recent technology sell-off reflected growing doubts that AI earnings would justify increasingly debt-funded investment, prompting renewed demand for previously out-of-favour defensive stocks.

The comments and analyses reflect TIM's opinion on the markets and their evolution, based on information known to date. This information has no contractual value and does not engage TIM's responsibility. It is based on sources that we consider reliable, but we do not guarantee that it is accurate, complete, valid or relevant, and it should not be considered as such, particularly for the purpose of making an investment decision.

Market evolutions

Past performance does not predict future returns

	Level as of 10/30/2026	1-month evolution	Year-to-date
EQUITIES			
S&P500 (United States, USD)	7 580	-0.87 %	+11.75 %
MSCI World (Global, USD)	4 862	-0.75 %	+11.28 %
Euro Stoxx 50 (Euro zone, EUR)	6 131	-2.06 %	+8.71 %
CAC40 (France, EUR)	7 969	+0.15 %	+0.73 %
SSE Composite Index (China, CNI)	3 599	-6.05 %	-7.38 %
CREDIT & RATES			
European Investment Grade (ER00®)	315	+0.76 %	-0.49 %
US Investment Grade (C0A0®)	3558	+2.03 %	-0.81 %
European High Yield (HEC0®)	377	-1.00 %	-0.94 %
US High Yield (H0A0®)	1873	+0.29 %	+0.33%
German 10-year rate	3.32 %	-26 bps	+47 bps
French 10-year rate	4.97 %	+11 bps	+141 bps
US 10-year rate	4.93 %	-36 bps	+76 bps
COMMODITIES			
Oil (Brent)	118	+13.63 %	+93.33 %
Gold (€/ounce of gold)[1]	3 493	-4.92 %	-5.40 %

Source: Bloomberg, data as of 10/30/2026. Performance calculated with dividends reinvested (Total Return). EUR: Euro; USD: US Dollar; CNY: Renminbi; Bps: basis points. (1) Based on the closing exchange rate of the London market (L160).

- **Global equities edged lower in October, with the MSCI World down -0.75% and the S&P 500 down -0.87%, retaining double-digit year-to-date gains. Late-month trading saw pressure on technology stocks and a rotation towards defensive sectors.**
- **Regional performance diverged: the Euro Stoxx 50 fell -2.06%, while the CAC 40 edged up +0.15%. Chinese equities declined more sharply, with the SSE Composite down -6.05%. French fiscal concerns weighed on European markets towards month-end.**
- **Government bond yields fell in Germany and the US but rose in France amid fiscal concerns. Investment Grade returned +0.76% in Europe and +2.03% in the US. High Yield was mixed: Europe lost -1.00% as spreads widened sharply late in the month, while the US gained +0.29%.**
- **Energy prices continued to rise, with Brent gaining 13.63% in October to reach $118/barrel, alongside renewed upward pressure on European natural gas prices late in the month. Gold fell -4.92%, extending its year-to-date loss to -5.40%.**

The fund **of the month.**

November 2026

TIKEHAU INTERNATIONAL CROSS ASSETS

PORTFOLIO MANAGERS:



Jean-Marc Delfieux



Clovis Couasnon

Main characteristics

ISIN CODE	SRI	MAIN RISKS*	INVESTMENT APPROACH
LU2147879543 R-Acc-EUR	3/7	• Capital loss risk • Credit risk • Liquidity risk • Counterparty risk • Sustainability risk • Dividend risk • Volatility risk	Tikehau International Cross Assets is a flexible fund whose investment strategy lies in actively and discretely managing a diversified portfolio of equities (between -20% and 100% of the Sub-fund's net assets) and debt securities (between 0% and 100% of the Sub-fund's net assets) from all economic sectors and geographical areas.

*For a full description of the Sub-Fund's features, including its investment strategy, all risks and fees charged to investors, please refer to the KID and prospectus of the Sub-Fund, available on the management company's website.

Fund news

As of 30 October 2026, InCA's net equity exposure stood at 44.5%. Within the equity allocation, the United States and Europe accounted for approximately 53% and 43%, respectively. Industrials and technology were the largest sector exposures, representing 24.1% and 22.5%, respectively.

Our positioning on industrials reflects our conviction in select European companies exposed to structural investment themes, including electrification, energy security and AI infrastructure. During October, we increased our positions in Siemens Energy, Schneider Electric and Legrand, taking advantage of what we viewed as attractive entry points. In this way, we initiated positions in Atlas Copco and Belimo.

During October, we secured gains on select defensive holdings following their strong performance, redeploying capital towards higher-conviction cyclical and industrial opportunities. These profit-taking decisions included healthcare holdings Agilent and Waters, alongside consumer staples positions Coca-Cola and Unilever, reflecting our discipline in reassessing the remaining upside after a strong run.

Finally, we retain our conviction in the long-term AI and semiconductor investment theme, adding selectively to certain names we judge to have improved risk/reward profiles.

Overall, October's adjustments reflect disciplined profit-taking and selective reinvestment into our highest-conviction positions, with a particular emphasis on European industrials.

Past performance does not predict future returns

ROLLING PERFORMANCE	1 month	3 months	YTD	1 year	3 years	5 years	Inception
InCA R-Acc-EUR	-1.5%	-1.8%	+1.2%	+1.4%	+18.1%	+14.0%	+52.1%

CALENDAR PERFORMANCE	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
InCA R-Acc-EUR	-0.2%	+4.1%	-0.7%	+9.4%	-1.9%	+5.7%	-9.1%	+7.6%	+6.4%	+5.0%
Prospectus benchmark	+4.7%	+4.5%	-4.2%	+11.0%	-1.7%	+0.9%	+1.5%	+4.8%	+5.4%	+3.8%

Source: Bloomberg, Tikehau IM, data as of 10/30/2026. The investment objective of the Sub-Fund is to achieve, for this Share Class, an annualized performance greater than €STR + 150 basis points, net of management fees, over a minimum investment period of 5 years. The achievement of the investment objective is not guaranteed. The Sub-Fund is actively managed and refers to a benchmark indicator exclusively as an ex-post performance indicator and, where relevant, for the purpose of calculating the performance fee. Historical performance displayed up to December 31st, 2020 relates to past performance of a UCITS merged into the Sub-Fund, with very similar investment strategy and risk profile. Performance net of fees and displayed in EUR. Depending on the investor's country of residence currency, returns may increase or decrease due to currency fluctuations.

TIKEHAU CAPITAL

MARKETING COMMUNICATION
FOR PROFESSIONAL INVESTORS ONLY
Please refer to the Fund's prospectus and KID, and if necessary contact your usual financial advisor before making any final investment decision.

MAIN RISKS

The funds managed by Tikehau Investment Management invest in financial instruments that are subject to changes and uncertainties in the financial markets. Any financial investment in a fund involves risks, in particular those summarised below. For a full description of the risks to which the funds are exposed, please refer to the fund prospectuses. Please read the legal documentation for the funds presented in this document (prospectus and DIC) carefully before making any final investment decision.

Risk of capital loss: Capital is not guaranteed. Investors may not recover the value of their initial investment.

Risk of investing in speculative high-yield securities: The Fund should be considered as partly speculative and aimed more particularly at investors who are aware of the risks inherent in investing in securities with low or no ratings, and which may lead to a fall in net asset value.

Credit Risk: Credit risk is the risk that an issuer (or similar money market instruments) held by the Company may default on its interest and principal repayment obligations and the Company may not recover its investments.

Interest-rate risk : The Fund may, at any time, be fully exposed to interest-rate risk, as its sensitivity to interest rates may vary depending on the fixed-rate securities held, leading to a fall in its net asset value.

Discretionary risk : The discretionary management style is based on anticipating the performance of various markets (equities, bonds). There is a risk that the Fund may not be invested in the best-performing markets at all times.

Financial futures risk : As the Fund may invest in derivatives, its net asset value may fall by more than the markets to which it is exposed.

Counterparty risk: The risk of deterioration in the credit quality of the issuer or the default of a market counterparty, leading to a payment default. The default of a counterparty may result in a decrease in the NAV of the Fund. For a description of all risks, please refer to the Fund's prospectus.

Liquidity risk: The liquidity of some of the fund's assets may be low at times, particularly on over-the-counter markets. More particularly in turbulent market conditions, their prices may fluctuate significantly. It may sometimes be difficult to unwind certain positions on favourable terms for several consecutive days.

Sustainability Risks: It is expected that the Portfolio will be exposed to a wide range of sustainability risks. However, due to the broad diversification of the Portfolio, none of these risks individually is expected to have a material adverse financial impact on its value.

Risk associated with a change in tax policy : Any change in the tax laws of the countries where the fund is domiciled, registered for marketing or listed, could affect the tax treatment of investors. In this case, the Management Company assumes no liability to investors for payments to be made to any tax authority.

Equity risk : As the Fund may be exposed to equity markets, the net asset value of the Fund will therefore fall in the event of a decline in this market.

Volatility risk : Volatility is the measure of an asset's price variation over a given period. In other words, it describes the magnitude and speed of change in an asset's value. In a more volatile market, risk increases, i.e. the probability of a portfolio experiencing significant fluctuations increases.

Dividend risk : Dividend risk is the uncertainty as to the regularity or amount of dividend payments compared with market expectations. It arises from factors such as economic conditions, company performance and market volatility, all of which have an impact on the reliability of dividends for investors.

Currency risk : The Fund may be exposed to currency risk in respect of the portion of its net assets invested outside the euro zone that is not hedged against this risk, which may result in a fall in its net asset value.

Conflict of interest risk : The Fund may be invested in mutual funds managed by Tikehau IM or a related company, or in securities issued by such mutual funds. This situation may give rise to conflicts of interest.

Specific risks linked to the investment in contingent convertible bonds (« CoCos »):

Trigger level risk: Trigger levels differ and determine exposure to conversion risk as a function of distance from the trigger level.

Coupon cancellation risk: Coupon payments on AT1 instruments are entirely discretionary and may be cancelled by the issuer at any point, for any reason and for any duration.

Yield/estimation risk : Cocos' often attractive yields can be seen as a complexity premium.

Risk of non-repayment: Cocos AT1-type instruments are perpetual, redeemable at predetermined levels only with the approval of the competent authority.

Liquidity risk : Like the high-yield bond market, the liquidity of CoCos can be significantly affected in turbulent market conditions.

The Synthetic Risk Indicator (SRI) of each share class is available in the dedicated KID of each share class onto the Company Management's website. Please refer to this document to obtain the associated detail.

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The KID, the prospectus, as well as the latest annual and semi-annual reports, are available on the management company's website (https://www.tikehaucapital.com/en) and also free of charge:

In Belgium, from the representative agent of CACEIS Belgium, avenue du port, 86c B320, B-1000 Brussels.

In France, from the French centralizing correspondent, CACEIS France 89 Rue Gabriel Péri, 92120 Montrouge, France.

In Italy, from the Italian correspondent, ONLINE SIM SPA, Via Piero CAPPONI, 13.

In Luxembourg, from the Luxembourg centralizing correspondent, CACEIS Bank, Luxembourg Branch, 5, Allée Scheffer, L-2520 Luxembourg, Grand Duchy de Luxembourg.

In Spain, from the Spanish local representative, Allfunds C/ de los Padres Dominicos, 7, 28050, Madrid.

In Switzerland, from the Swiss Representative and Paying Agent, which is for the SICAV Tikehau Fund: CACEIS SA, Route de Signy 35, CH-1260, Nyon, Suisse ; and for French funds: CACEIS Investor Services Bank S.A., Esch-sur-Alzette, succursale de Zurich, Bleicherweg 7, CH 8027 Zürich.Suisse.

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