

"Cave ne Cadas!" was a warning given to Roman victors by a slave standing behind them in their chariot. Its symbolic function was to remind them of their human condition amid the cheers and honors, and to warn them against pride, vanity, or overconfidence.

"Cave ne cadas!", "Beware lest you fall!", could apply to global indices, which ended the year at historic highs. Although the outlook remains positive, Roman battles and stock market precedents remind us that overconfidence and euphoria are the keys to failure.

We are therefore approaching this new year with our usual caution, seeking to make the most of structural catalysts while mitigating powerful countervailing forces.

Bubble or no bubble, that is the question...

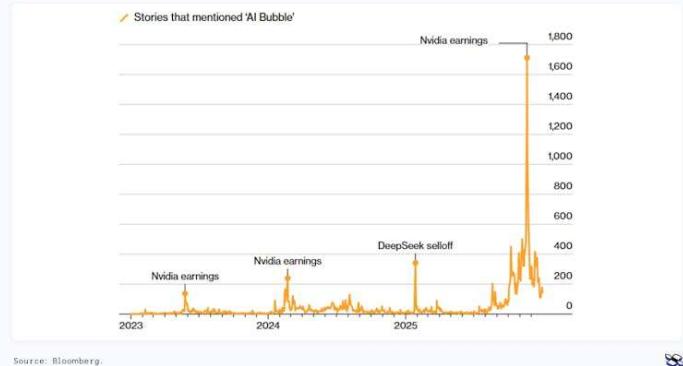
The question stirring up the financial community in the last quarter was: is artificial intelligence a bubble equivalent to that of the internet? The amounts invested (over \$1 trillion in total) are struggling to convince investors of an imminent return on investment, which is cause for concern. As a result, leading experts and analysts (who did not foresee the emergence of AI in 2023) are predicting its imminent collapse.

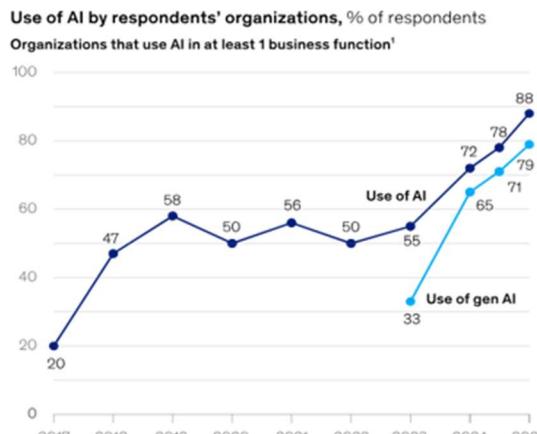
The fact that the risk of a bubble is now widely accepted by investors acts as a disciplinary mechanism, limiting the excessive valuations seen in previous technology cycles. Levels remain high, but are more closely linked to identifiable investment and adoption trajectories.

In addition, it appears that investment spending by AI players is growing by more than 25% (+27% UBS), from \$423 billion to \$571 billion between 2025 and 2026. These two factors (highly synthetic) reassure us about the market's ability to continue. The key will obviously be the monetization of AI tools, as well as the resulting gains in productivity and therefore margins... It should be noted that the use of AI continues to grow.

For once, we are asking the question that the market does not seem to be considering: what would be the consequences for the markets and the economy if AI is not in fact a bubble?

News Stories Mentioning An "AI Bubble" Surged Late Last Year





Source: McKinsey & Company

Phase of AI use among organizations using AI in 2025



Remember that we are only in the third year since this tool was introduced to the general public. Its development and adoption have been extremely rapid, but still remain "anecdotal" in terms of the global workforce. However, its use is growing, and is moving very quickly from "experimental" use to production.

The greatest use of AI is currently in the following areas:

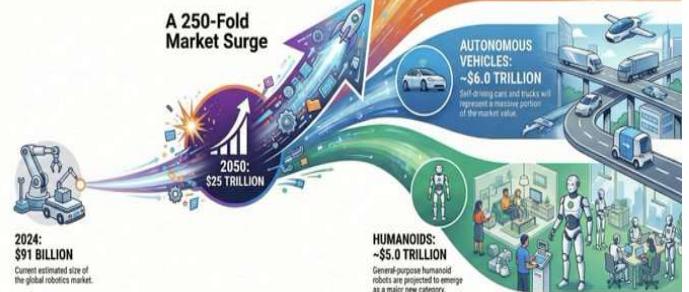
- Automation and productivity: automation of repetitive tasks, text generation.
- Generative AI: creation of text, images, and marketing content.
- Customer service and user experience: chatbots, conversational assistants.

Although these tasks are low value-added, the adoption curve is rapid, and the range of possible uses is expanding day by day at an almost exponential rate. It is possible to envisage its use in every profession/industry, starting with finance, medicine (already in use in medical diagnostics, for example), accounting, law, etc. In other words, a major replacement of "white-collar" workers.

Blue-collar workers are not being left behind, with the rise of robotics (also driven by AI), which, beyond a science fiction film from the 1990s, is becoming a reality almost overnight. While autonomous cars are already operational, McKinsey estimates that 1 billion humanoid robots could appear by 2050. This workforce would be employed as home helpers, assembly line operators¹, logistics handlers, industrial cleaners, order pickers, and eventually even in certain construction and maintenance jobs... with increasing precision, speed, and skill, limited only by battery life.

The \$25 Trillion Robotics Revolution

Projected exponential growth of the global robotics market, based on Morgan Stanley research, showing key segments driving expansion from \$91 billion in 2024 to over \$25 trillion by 2050, enabled by AI, sensors, and automation.

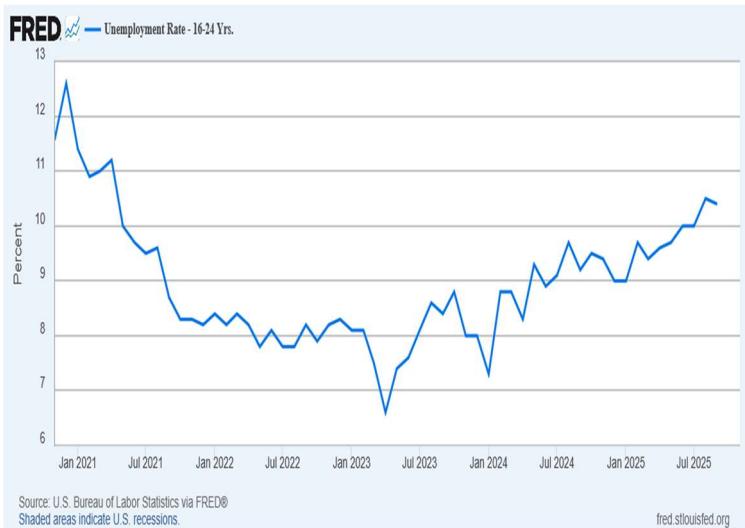


Source: Morgan Stanley

Several studies suggest that the widespread adoption of generative AI tools can lead to significant productivity gains of up to 40%² in certain business contexts, particularly in document processing, task automation, and business processes, constituting a clearly identifiable lever for economic growth in an efficiency-driven capitalist economy.

¹ <https://x.com/disclosetv/status/2007990131840688232>

² <https://bigmedia.bpfifrance.fr/nos-actualites/ia-generative-quels-impacts-en-entreprise>



The underlying question boils down to asking what the value of work is, but also, and above all, what will happen to workers. Those most at risk, for the moment, seem to be young graduates, with unemployment rates (in the US) among 16-to 24-year-olds on the rise since March 2023 (i.e., the advent of AI). as some of the tasks traditionally assigned to junior profiles—analysis, synthesis, production of standard content—can now be performed by automated tools, temporarily reducing the demand for these profiles.

Historically, every technological breakthrough destroys jobs before creating new ones. What is striking about AI is its potential scale and spread, posing a real problem of adjustment rather than outright destruction.

The gap between the living standards of wealthy and more modest households, which has been widening for two years now, clearly points to a two-speed economy, whose social balance, in our view, depends on the value of work. This unequal redistribution could be a source of major problems if the jobs of the lower classes are affected.

As a corollary, in the context of heavily indebted economies, how can we cope with a growing number of unemployed people and finance benefits (or a universal income) to maintain a healthy national social and economic fabric?

From this perspective of social division in already heavily indebted countries, the theory behind a non-AI bubble seems to us to be far worse than a potential bubble... which would have less impactful structural factors in the long term.

This scenario is obviously not our central scenario. While AI will destroy jobs, it will necessarily create new ones; this structural risk should be anticipated in the longer term. Although we are reassured by the rationality of the market, the unpleasant surprise could come from a time lag between AI-related investment spending and the actual monetization of the tools (i.e., a lag in returns on investment).

Graph 3: Wealthy classes account for most of the expenses in the US

Average weekly spending by annual revenue
4 weeks moving average, basis 100 in January 23



Impact on asset allocation

The US economy is holding up remarkably well. GDP growth in Q3 2025 was +4.3%, exceeding expectations, while inflation remains extremely well controlled at +2.6% (core inflation), offsetting fears of a rise following the introduction of tariffs. The Fed, for its part, has suggested that it may be able to cut key interest rates twice next year. Against a backdrop of high long-term rates (10-year at 4.18% in early January), this safety valve is

a real catalyst for the markets, allowing financial conditions to be eased if necessary and redirecting capital invested in the money markets towards the equity markets.

However, the end of Jerome Powell's term in May 2026 will mark the end of an era. We commend the work he has done throughout his terms, which has been remarkable in terms of his communication with the market, helping to avoid a crash during the rate hike phase. While his replacement will likely be Kevin Hassett, communication will change significantly and the rate-cutting phase could be more aggressive than anticipated. It should also be noted that Stephen Miran, one of Trump's top advisors, is in favor of more than 100 basis points of rate cuts in 2026.

The *One Big Beautiful Bill* (OBBA) is expected to generate \$150bn in consumer aid ⁽³⁾, providing additional support to the economy, which will certainly be taken into account/highlighted in the run-up to the midterm elections on November 3, 2026, which will be crucial for Republicans to maintain their majority in the House of Representatives.

We therefore believe it is important to maintain exposure to growth in the US, while seeking to reduce the impact of artificial intelligence through thematic and sector diversification.

Our convictions for the coming year in the US:

Space sector: The continued decline in launch vehicle costs, along with the acceleration of private space programs, against the backdrop of SpaceX's IPO in 2026, should enable continued growth in this segment despite a remarkable 70% performance in 2026. The disruptive potential, particularly with data centers in space, will fuel the narrative.

Quantum computing: 2026 could mark the boundary between technical development and commercial utility. The promises associated with this technology are significant: from personalized medical research to IT security and defense.

Biotechnology: The sector should benefit from advances in artificial intelligence that accelerate clinical trials and drug discovery, reducing R&D costs and speeding up product commercialization.

Robotics: Driven by artificial intelligence, humanoid robotics is accelerating considerably and has moved beyond the experimental stage and into production. Beyond the robot's skeleton, each component/computer system is highly specific, and companies specializing in this sector are flourishing.

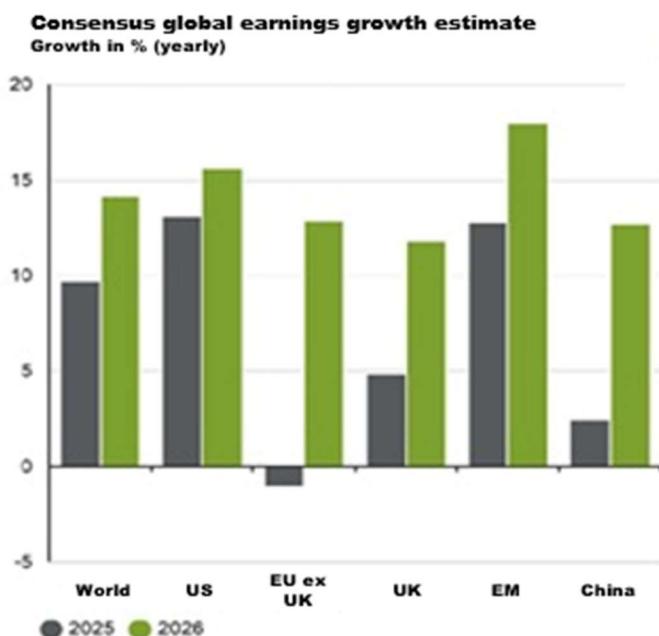
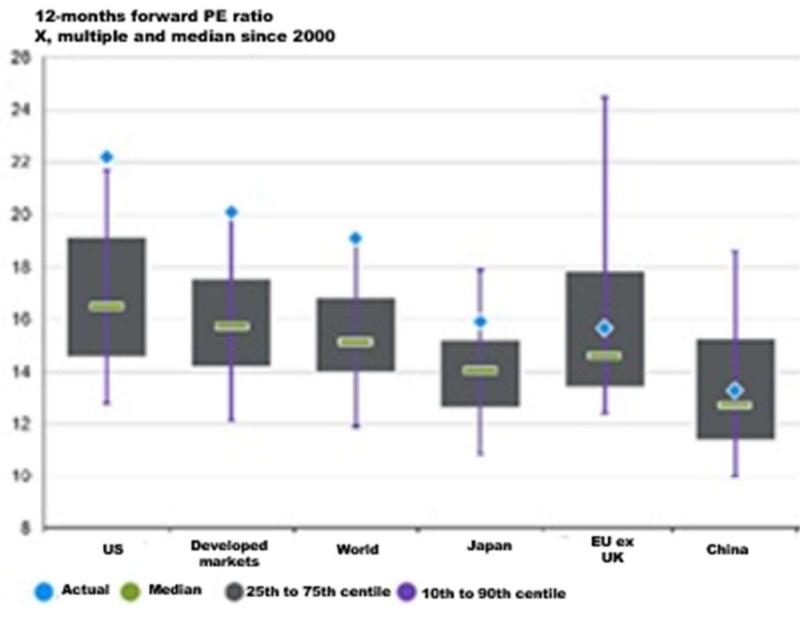
Europe is resisting US tariff pressure and Chinese competitiveness, posting GDP growth of 0.3% in Q3 2025, inflation of 2.1% and an unemployment rate of 6%. The ECB has indicated that it will remain cautious in its management of key interest rates, seemingly not ruling out a cut in 2026.

In Japan, persistent inflation has prompted the BOJ to raise key interest rates, with Governor Ueda signaling a cautious tightening.

China is continuing the expansionary shift it began after the bankruptcy of developers Evergrande and Country Garden, taking measures to support local consumption. Pressure from the US has prompted China to take radical measures that are likely to have an impact on the rest of Asia.

³ <https://www.bairdwealth.com/insights/market-insights/washington-policy-research-index/2025/11/significant-consumer-stimulus-arrives-in-2026/>

The respective valuations of the regions are very disparate, reflecting their exposure to technology. Although China is extremely competitive in this area, the internal issues mentioned above mean that, for the time being, it cannot achieve a valuation level comparable to that of the US. The latter is therefore at a historically high level since 2000, justified by double-digit growth estimates for corporate earnings, accelerating compared to 2025, and still supported by technology (+34% expected in 2026).



Source: JP Morgan

After Iran and Venezuela... who's next?

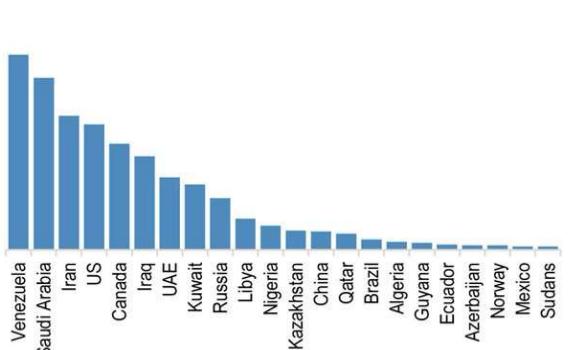
Donald Trump started the year with another coup. His intervention in Venezuela to capture Nicolas Maduro is reminiscent of the intervention in Iran in June 2025. Beyond the interference and the narcotics argument put forward, Venezuela has the world's largest oil reserves (more than Saudi Arabia). Looking ahead (and not endorsed by the White House), Donald Trump is in favor of an oil price of

Source: JP Morgan

This year, it will again be necessary to be highly selective about the themes and sectors to keep in the portfolio. We favor broad diversification, both geographically and sector-wise, while maintaining a cyclical/growth bias. Expectations for China are rebounding, and Europe is pushing for increased exposure to these regions. Finance and industry should continue to benefit from the European reindustrialization plan, while Asian consumption and technology should benefit from government stimulus

Figure 2: Leading countries by oil reserves

Billion barrels. Data includes US unconventional oil reserves and Canadian oil sands



around \$40-50⁴ per barrel, which would keep prices at the pump low and thus contain inflation. Oil-related jobs account for between 5% and 6% of total employment in the US⁽⁵⁾, and this sector should therefore benefit from the future exploitation of a massive available deposit, creating jobs and wage increases while keeping prices at the pump low, giving an additional boost to US growth.

Trump has often mentioned Denmark/Greenland, Cuba, and Colombia in more or less aggressive statements, and the recent history of US interventionism shows that a large-scale operation can take place anywhere and at any time.

Performance by asset class

2025 was another year of stock market growth, albeit volatile, due in particular to *Liberation Day* in April.

US technology stocks once again led the way with the strongest gains, with the Nasdaq up 20%. The S&P (in \$) rose 16%.

Europe is not far behind, with the Stoxx 600 up 16.6%, driven largely by stocks linked to the reindustrialization plan: defence, industry, and banking contributed significantly to the rise of the indices.

Asia also posted solid performances, starting with Korea, where the Kospi ended the year up 75%, driven by AI-related stocks and a reduction in the historical discount vs. other markets. China (CSI 300) rose 17.7%, boosted by measures taken by the government over the past 18 months in a context of low valuations.

The euro rose by around 13% against the dollar over the year as a whole, reflecting "Trump risk".

Our equity portfolio rose 14.70% over the period, reflecting our desire to diversify US tech. Our US allocation rose 10%, impacted by the decline in the dollar and defensive/value sectors, with the aim of reducing cyclical/growth exposure.

The European pocket rose 17.80%, driven by the utilities (+ 33%), and industrial stocks, (+ 23%).

Finally, the space, semiconductor, and quantum computing themes rose by 72%, 35%, and 27.4%, respectively.

In the bond market, rates up to 10 years benefited from lower key interest rates, while longer-term rates tightened, reflecting fiscal uncertainty, refinancing fears, and continuing debt growth.

In Europe, long-term rates suffered from fears about the financing of the rearment plan and uncertainty about Russia's continued military pressure on Ukraine. In this context, short-term rates reacted favourably to the rate cuts announced by the ECB.

Our bond portfolio's performance stands at 2.37% over 2025, reflecting a relatively low duration of 5.5 years. Sovereign bond portfolios (both US and European) and *high-yield corporate* bonds contributed positively to performance, while *investment-grade corporate* bonds, paradoxically, detracted from it.

⁴ <https://oilprice.com/Energy/Oil-Prices/Goldman-Trump-Wants-Oil-Prices-in-the-40-50-Range.html>

⁵ <https://www.api.org/-/media/files/policy/american-energy/pwc/2023/api-pwc-national-2023>

The crypto pocket suffered from the absence of an *alt-season*. Institutionalization favoured Bitcoin at the expense of related projects. The paradigm is therefore shifting: from an emerging technology, blockchain is beginning to enter the world of institutionalized finance.

Performances	Equity	Bonds	Crypto	Cash
2023	20,20%	10,30%	122,00%	3,50%
2024	20,60%	7,10%	90,00%	3,90%
2025	14,70%	2,37%	-39,00%	2,41%
Total	66,27%	20,93%	157,30%	10,09%
Annualized	18,47%	6,54%	37,03%	3,27%

Conclusion

According to Buddha, "Nothing is constant except change." Thus, 2026 begins with a dynamic that, while similar to 2025, will offer, as every new year does, opportunities, unexpected shocks, and transformative technological advances and discoveries.

While challenges remain numerous, agility and responsiveness will continue to be the best weapons for taking advantage of stock market cycles while mitigating emerging risks.

We wish you a happy new year in 2026!

Completed on January 7, 2026

Bertil Aubrun