NATIXIS
INVESTMENT MANAGERS

PRESS RELEASE

Bracing for volatility, strategists find pockets of strength across global markets, says 2025 Natixis Investment Managers Strategists Survey

- *Treasury turmoil ranks high on strategists' risk radar (85%), but U.S. confidence remains intact, with just 24% of U.S. strategists questioning safety versus 62% of European peers.*
- *Eight in 10 strategists see inflation as a top concern, but 76% say tariff-driven spikes will be short-lived.*
- *Strategists are eyeing defense in Europe, tech in the U.S., and fixed income globally, with 68% saying active bond management is key to unlocking returns in H2.*
- *A majority (88%) of strategists believe Artificial Intelligence (AI) will unlock new opportunities and uncover hidden risks, though 71% recognize its full impact will take time to materialize.*

BOSTON, June 25, 2025 – While shifting trade policies have driven concerns of volatility, ongoing inflation, and a "less exceptional" U.S., a survey of strategists across the Natixis Investment Managers group and its affiliates highlights that they are finding opportunities across global markets.

The survey of 34* market strategists, portfolio managers, research analysts and economists across Natixis Investment Managers affiliated group reveals a growing awareness of regional differences in market potential. While seven in 10 of respondents believe Europe could outperform the U.S. in the second half of 2025, strategists remain focused on harnessing volatility in both regions to identify tactical investment opportunities.

Volatility and inflation still a concern

Strategists remain wary of several threats to the market outlook over the next six months. The number of factors strategists classify as headwinds – geopolitics (53%), employment (59%), consumer spending (79%) or a trade war (65%) – sharply outweigh those that are expected to be catalysts: central bank policy (62%) and corporate earnings (47%).

On the macroeconomic side, Natixis IM strategists continue to place more emphasis on politics than on economic policy, but they suggest that both sides will be impacted. Given the ongoing volatility, Treasury market turmoil emerged as the top risk, with 85% of strategists ranking it as a medium and high concern. While concerns are rising abroad about the US Treasury market's safe-haven status, most U.S. strategists continue to view the market as reliable. Only 24% of US investors questioned Treasuries safety, while nearly two-thirds of European strategists expressed doubt.

Inflation is also a primary concern (79%), though most (76%) believe tariff-driven inflation will be short-lived. This could create tactical openings for U.S. investors in sectors poised to absorb short-term volatility. Encouragingly, one of the biggest drivers of volatility – tariff uncertainty – may ease, as 79% of strategists anticipate a trade deal between the U.S. and China by the end of 2025.

Volatility means opportunities are diverging

Ongoing market instability still remains a concern. Over seven in 10 of the strategists surveyed (71%) believe that volatility will remain elevated in equity markets, and 68% feel the same way for bonds. Despite this, 71% of Natixis IM strategists revealed that they are actively finding opportunity in equity market volatility and 74% said the same for bonds markets. However, some will be choosing to ride it out (29% in equity markets and 26% in bond markets).

Looking at the best investment opportunities over the next six months, the positive narrative for European equities is reflected in the fact that nearly half (47%) of Natixis IM strategists selected defence stocks as offering the greatest potential returns. Likewise, the tech sector remains most popular for potential returns in US equities for the rest of the year, with 35% seeing the potential for a reignition of the tech industry in their outlook for the second half of 2025.

Jack Janasiewicz, Portfolio Manager and Lead Portfolio Strategist, Natixis Investment Managers, commented:

"In today's environment of elevated volatility and policy uncertainty, strategists are recalibrating—not retreating. While global markets may present relative value, the key is strategic diversification."

"Over the second half of the year, strategists will be looking to determine whether growth will be sustained or if macroeconomic uncertainties and volatility will continue to weigh on markets. As heightened volatility persists and tariff threats unravel, investors need to be mindful of where the opportunities are arising, particularly in fixed income, defence and in the tech sector."

Active management continues to add value in fixed income

Strategists are looking to bonds for the second half of 2025, with 44% highlighting that they can be used to generate both return and income, but over two thirds (68%) point to active management as being key to adding value to bond portfolios.

In terms of the US market, investment grade was highlighted as being more popular among European strategists (54%) than their US counterparts (24%), which chimes with the feeling among US strategists that credit defaults are likely to rise (48%), for Europeans, just 15% felt this way.

The most popular choice in European fixed income was core government bonds (29%) and investment grade credit (29%). This divergence shows a clear appetite in the US for European long maturity, while in Europe the focus is on shorter duration with 69% selecting this compared with 57% in the US. Likewise, the greatest negative impacts from a trade war in H2 were seen to be in long maturity, core government bonds in the US (41%) and developed market high yield/floating rate debt in Europe (35%).

Cash isn't always king

Over the past few years, higher interest rates have driven investors to turn to cash as a perceived safer alternative than equity and bond markets. However, Natixis IM strategists are quick to remind investors that cash isn't quite all it is cracked up to be – especially as tariff threats put the US dollar under increasing pressure.

When asked for the top risks of holding cash as an investment, two fifths (41%) of the strategists surveyed pointed to the depreciation of currency as the top concern, with 38% of them seeing more attractive returns elsewhere. With inflation risk potentially impacting real returns, a third (35%) of Natixis IM strategists felt that cash rates are not good enough to meet long term goals.

Impacts of AI won't all be positive

As Artificial Intelligence (AI) continues to pervade everyday lives, Natixis IM strategists are considering its impact on the finance industry over the next 2-5 years. Many can see the benefits of AI, with 88% saying it will unlock new opportunities, 79% saying it will discover risks that were otherwise undetectable and 79% believing that it will accelerate day trading. Yet the majority are still wary, with 94% worried that AI will increase the potential for fraud and 71% believing that AI investment needs more time to pay off. In addition to this, nearly a quarter (21%) are worried that AI will take their job.

The full survey report can be found here: https://www.im.natixis.com/en-us/insights/investor-sentiment/2025/strategist-outlook

About the Natixis Strategist Outlook
*The 2025 Natixis Strategist Outlook is based on responses from 34 experts including 24 representatives from 11 affiliated asset managers, 7 representatives from Natixis Investment Managers Solutions, and 3 representatives from Natixis Corporate & Investment Banking. The survey was conducted in June 2025.

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Adam Rich	Vice President - Deputy CIO	Vaughan Nelson Investment Management
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About the Natixis Center for Investor Insight
The Natixis Center for Investor Insight is a global research initiative focused on the critical issues shaping today's investment landscape. The Center examines sentiment and behaviour, market outlooks and trends, and risk perceptions of institutional investors, financial professionals and individuals around the world. Our goal is to fuel a more substantive discussion of issues with a 360° view of markets and insightful analysis of investment trends.

About Natixis Investment Managers
Natixis Investment Managers' multi-affiliate approach connects clients to the independent thinking and focused expertise of more than 15 active managers. Ranked among the world's largest asset managers[1] with more than $1.3 trillion assets under management[2] (€1.2 trillion), Natixis Investment Managers specializes in high-conviction active investment strategies, insurance and pension solutions, and private assets, and delivers a diverse offering across asset classes, styles, and vehicles. The firm partners with clients in order to understand their unique needs and provide insights and investment solutions tailored to their long-term goals.

Headquartered in Paris and Boston, Natixis Investment Managers is part of Groupe BPCE, the second-largest banking group in France through the Banque Populaire and Caisse d'Epargne retail networks. Natixis Investment Managers' affiliated investment management firms include AEW; DNCA Investments;[3] Dorval Asset Management; Flexstone Partners; Gateway Investment Advisers; Harris | Oakmark; Investors Mutual Limited; Loomis, Sayles & Company; Mirova; Naxicap Partners; Ossiam; Ostrum Asset Management; Seventure Partners; Thematics Asset Management; Vauban Infrastructure Partners; Vaughan Nelson Investment Management; Vega Investment Solutions and WCM Investment Management. Additionally, investment solutions are offered through Natixis Investment Managers Solutions and Natixis Advisors, LLC. **Not all offerings are available in all jurisdictions.** For additional information, please visit Natixis Investment Managers' website at im.natixis.com | LinkedIn: linkedin.com/company/natixis-investment-managers.

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[1] *Survey respondents ranked by Investment & Pensions Europe/Top 500 Asset Managers 2024 ranked Natixis Investment Managers as the 19th largest asset manager in the world based on assets under management as of December 31, 2023.*
[2] *Assets under management (AUM) of affiliated entities measured as of March 31, 2025, are $1,361.4 billion (€1,260.2 billion). AUM, as reported, may include notional assets, assets serviced, gross assets, assets of minority-owned affiliated entities and other types of nonregulatory AUM managed or serviced by firms affiliated with Natixis Investment Managers.*
[3] *A brand of DNCA Finance.*

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