

Market performance in second half of 2026 will be driven by AI, despite geopolitical uncertainty and persistent inflation, says Natixis Strategists Survey 2026

- *91% of Natixis strategists believe AI will be the key factor driving market performance in second half (H2) 2026*
- *88% believe productivity gains from AI will translate into higher corporate profits*
- *67% expect U.S. equities to outperform in H2, with 42% identifying U.S. markets as likely to deliver the best returns globally*
- *Over half (55%) say concerns about private credit have been overstated*

BOSTON, July 15, 2026 – Investors are heading into the second half of 2026 faced with a wide range of potential risks, from the ongoing U.S.-Iran conflict to volatile energy markets to persistent inflation. Yet, despite this, nine out of ten (91%) Natixis strategists are optimistic that Artificial Intelligence (AI) will be the key factor driving market performance in second half of 2026.

Of the 33 market strategists, portfolio managers, research analysts and economists across the Natixis Investment Managers affiliated group, (88%) expect the AI sector will accelerate, and only (12%) believe the bubble will burst in the second half of the year.

However, despite optimism, Natixis strategists are still cautious on AI given the disruptive nature of the technology, as (79%) believe volatility driven by AI fears is here to stay and could potentially spread across multiple industries. Concentration risk is also a worry, as (85%) rank it as a medium or high risk in the second half of the year, due to only six or seven AI companies driving a disproportionate level of market returns.

Inflation and geopolitical risk

Inflation remains persistent heading into H2, driven by the U.S.-Iran related spike in energy costs. Overall, (97%) of strategist's rank inflation among the top risks (70% medium and 27% high) in the second half of this year, a notable jump from 79% on the same question in the survey last year.

The U.S.-Iran conflict was a key catalyst behind the inflation spike in the first half of the year, with the closure of the Strait of Hormuz doubling oil prices. While a joint memo of understanding between the U.S. and Iran helped ease energy costs, this relief may be temporary. Natixis strategists do not see the Iran war as an isolated incident. In the second half of the year, (70%) say that an escalation or re-escalation of the war could represent a key risk, (64%) believe a new geopolitical conflict could arise and two thirds (67%) say it is the confirmation of a realignment of the world order.

Nearly eight in ten strategists (79%) warn of a renewed energy crisis in the second half of the year, given the potential threat of the shipping lane closing again. Looking further ahead, the consequences may not all be negative. Over two-thirds (67%) believe the war will ultimately serve as a catalyst for increased investment in renewable energy and they do not expect energy prices to revisit the extremes seen earlier in the year. More than eight in ten (82%) believe oil prices have already peaked, and none expect prices to return to the lows seen at the start of the year.

Recession worries eased

Natixis strategists are less worried about a recession risk this year with only (3%) rating it high, (27%) saying it will be a medium risk, compared with a total of (62%) who rated recession as a medium or high risk in last year's survey. This year, strategists are more concerned about forces reshaping the economic landscape. On monetary policy, nearly six in ten (58%) think the Fed will hold rates in H2, while more than half (52%) believe rate hikes are more likely for the Bank of England, and roughly three-quarters say the same for both the ECB (76%) and the Bank of Japan (76%). Fewer than half (45%) of Natixis strategists believe a central bank mistake poses a meaningful risk in the second half.

On trade, 70% of strategists say tariffs are now a long-term feature of trade assumptions, and nearly nine out of ten (88%) see opportunity emerging from deglobalization as supply chains become increasingly regional. Nearly eight in ten (79%) believe the war in Iran will intensify competition between the U.S. and China, yet 85% believe the Chinese economy will remain resilient.

Jack Janasiewicz, Portfolio Manager, Natixis Investment Managers Solutions, comments, "The first half of 2026 has presented a challenging environment for investors as they navigate the simultaneous pressures of geopolitical disruption, persistent inflation, and an energy shock. While recession fears have eased, inflation remains a persistent risk alongside ongoing geopolitical tensions. Yet, despite these headwinds, our strategists see clear opportunities and remain optimistic heading into the second half of the year—specifically pointing to AI, U.S. equities, and an expected outperformance of large-caps over small-caps. Ultimately, investors must look past the near-term noise and position themselves to capture these opportunities."

The rise of the defense sector

The defense sector has benefited from recent geopolitical uncertainties, as a result, seven in ten strategists (70%) believe the sector is poised for sustained tailwinds stemming from the US-Iran conflict. Overall, (52%) think defense stocks will benefit from increased spending globally, only slightly down from the same question last year which saw 59% having the same view on the sector.

In Europe, defense (24%) ranks as the second most favored sector, while this is a drop in sentiment from the 2025 Natixis strategist survey at (47%), it is clear that there is still opportunity given the ongoing security concerns. There is also a shift in how investors define sustainability, as nearly six in ten (58%) believe defense should be considered a sustainable investment, and 88% of strategists believe the sustainable investing debate will continue to divide opinion, with over three quarters (79%) saying energy security will determine the pace of the energy transition.

New safe havens amid uncertainty

In fixed income, investors are rethinking safety, with nearly half (48%) of strategists believing Treasuries are no longer the safe haven they once were and 55% saying investment-grade credit may be better positioned to play that role.

In alternatives, two-thirds (67%) of strategists believe a 60:20:20 alternatives diversified portfolio will outperform the traditional 60:40 allocation in the second half of the year. Infrastructure stands out as the clear favourite in Europe, with three in ten (30%) of strategists expecting it to deliver the strongest returns. In a region marked by slower growth and ongoing economic uncertainty, investors appear drawn to the stable cash flows and lower correlation that infrastructure can provide.

Energy/commodities follows well behind at 15%, while private credit (12%) and absolute return strategies (12%) attract interest from investors seeking additional sources of income and diversification.

In the face of geopolitical uncertainty, inflation concerns, and market volatility, investors may be driven to turn to cash as a perceived safer alternative than equity and bond markets. However, Natixis strategists warn that cash leaves investors exposed to inflation risk (67%), and may not offer returns sufficient to meet long term goals (52%), meaning more attractive returns elsewhere in the market which could be missed (45%).

Private credit concerns overstated

Despite the recent pressures in credit markets, over half (55%) of Natixis strategists say concerns about the asset class have been overstated, while seven in ten (70%) believe the issues are isolated rather than systemic. In addition, (45%) think markets have become overly negative on private credit.

Natixis strategists are particularly optimistic on private credit in Europe. More than half (52%) say the private credit opportunity looks better there than it does in the U.S. and that recent liquidity concerns will have little impact on long-term demand for the asset class.

Opportunities in H2

Despite the political and macro shocks, markets proved resilient in H1 2026, with the S&P 500 Index, Euro Stoxx 50 Index, and FTSE 100 Index all generating modest single-digit returns. While the first half is a story of geopolitical disruption and economic change, Natixis strategists are sticking with the themes that have driven markets for the past two years, with two-thirds (67%) expecting U.S. equities to outperform, more than three-quarters (76%) believe large-caps will outperform small-caps, and 82% preferring growth over value.

Looking ahead, 42% of strategists expect U.S. markets to deliver the best returns in H2 2026, driven by AI and large-cap growth stocks, up from 29% who held the same view last year. Conversely, sentiment in Europe has dampened slightly this year, as only 15% believe Europe will perform best in H2 2026, compared to 38% last year.

Strategists favour technology as the primary source of market returns. In both the U.S. & Asia, nearly two thirds (61%) expect IT to be the top performing sector, all other sectors trailing with 10% or less. Europe is more balanced, financials was the top sector (27%), followed by defense (24%) and technology (18%), suggesting investors look to diversification as a means to help navigate a higher rate environment.

In contrast to other regions, Natixis strategists identify the top performance drivers in Latin America as being materials (33%) and energy (27%), reflecting the region's global commodities and natural resources demand, alongside (12%) looking to industrials for leadership.

AI as a long-term investment theme

Natixis strategists long-term view of AI is changing, as the technology has become more widely adopted and more deeply embedded within businesses. Overall, (97%) believe that AI will provide second and third order gains as the AI narrative expands beyond the companies that write the code, build the chips and construct the infrastructure to support it. Nearly nine in ten (88%) believe productivity gains from AI will translate into higher corporate profits.

Strategists are increasingly viewing AI as a longer-term investment, with only (45%) expecting to see return on investment on AI capital expenditure within the next year. However, there are some more

immediate benefits, as over half (52%) of Natixis strategists say that IPOs in the AI sector are likely to increase liquidity in private equity.

The full survey report can be found here:

<https://www.im.natixis.com/en-us/insights/investor-sentiment/2026/strategist-outlook>

About the Natixis Strategist Outlook

The 2026 Natixis Strategist Outlook is based on responses from 33 experts including representatives from 12 affiliated asset managers, 6 representatives from Natixis Investment Managers Solutions, 4 representatives from Natixis Corporate & Investment Banking, and 1 representative from Natixis Wealth Management. The survey was conducted in partnership with CoreData Research in June 2026.

Yian Wang	Managing Director and Chief Investment Officer, Asia Pacific	AEW
Michael J. Acton, CFA®	Managing Director and Head of Research & Strategy, North America	AEW Capital Management
Fabio di Giansante	European Equity Portfolio Manager	DNCA Investments
Nitin Gupta	Managing Partner, Co-CIO	Flexstone Partners
Michael Buckius, CFA®	CEO, CIO, and Portfolio Manager	Gateway Investment Advisers
Adam Abbas	Head of Fixed Income and Portfolio Manager	Harris Oakmark
Robert Bierig	Deputy Chairman and Portfolio Manager	Harris Oakmark
Brian Horrigan, PhD, CFA®	Chief Economist	Loomis Sayles
Brian P. Kennedy	Portfolio Manager, Full Discretion Team	Loomis Sayles
Lynda L. Schweitzer, CFA®	Portfolio Manager, Co-Head of the Global Fixed Income Team	Loomis Sayles
Craig Burelle	Global Macro Strategist	Loomis Sayles
Elisabeth Colleran, CFA®	Portfolio Manager, Co-Head of the Emerging Markets Debt Team	Loomis Sayles
Bo Zhuang	Global Macro Strategist, Asia	Loomis Sayles
Bertrand Rocher	Co-Head of Fixed Income	Mirova
Jens Peers, CFA®	CIO of Sustainable Equities	Mirova (US)
Cyril Regnat	Head of Research Solutions	Natixis Corporate & Investment Banking
Christopher Hodge	Head US Economist	Natixis Corporate & Investment Banking
Benito Berber	Chief Economist for the Americas	Natixis Corporate & Investment Banking
John Briggs	Head of US Rates Strategy	Natixis Corporate & Investment Banking
Julien Dauchez	Head of Client Solutions	Natixis Investment Managers
Romain Aumond, PhD	Quantitative Macro Strategist	Natixis Investment Managers
Jack Janasiewicz, CFA®	Portfolio Manager and Lead Portfolio Strategist	Natixis Investment Managers Solutions
Garrett Melson, CFA®	Portfolio Strategist	Natixis Investment Managers Solutions
Chris Sharpe, CFA®	Chief Investment Officer, Multi-Asset Portfolios	Natixis Investment Managers Solutions
Kevin McCullough, CFA®	Portfolio Consultant	Natixis Investment Managers Solutions
Benoit Peloille	Chief Investment Officer	Natixis Wealth Management
Patrick Artus	Senior Economic Advisor	Ossiam
Rushil Khanna	Head of Asian Equity Investments	Ostrum Asset Management
Axel Botte	Head of Markets Strategy	Ostrum Asset Management
Chris D. Wallis, CFA®, CPA®	CEO, CIO	Vaughan Nelson Investment Management

Adam Rich	Vice President, Deputy CIO	Vaughan Nelson Investment Management
Philippe Faget, CAIA®	Head of Private Assets	VEGA Investment Solutions
Daniel Wiechert	Client Portfolio Manager	WCM Investment Management

CFA® and Chartered Financial Analyst® are registered trademarks owned by the CFA Institute.

CAIA® is a registered trademark owned by the Chartered Alternative Investment Analyst Association, Inc.

*The **S&P 500® Index** is widely regarded as the best single gauge of large-cap U.S. equities. The index includes 500 leading companies and covers approximately 80% of available market capitalization.*

*The **EURO STOXX 50 Index**, Europe's leading Blue-chip index for the Eurozone, provides a Blue-chip representation of supersector leaders in the Eurozone. The index covers 50 stocks from 12 Eurozone countries: Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain.*

*The **FTSE 100 Index** is one of the world's most recognized indices and accounts for 7.8% of the world's equity market capitalization. It represents the performance of the 100 largest blue chip companies listed on the London Stock Exchange, which meet the FTSE's size and liquidity screening. The index represents approximately 85.2% of the UK's market and is currently used as the basis for a wealth of financial products available on the London Stock Exchange, National Stock Exchange of India and other institutions globally.*

All investing involves risk, including the risk of loss. Investment risk exists with equity, fixed-income, and alternative investments. There is no assurance that any investment will meet its performance objectives or that losses will be avoided.

This communication is for informational purposes only and is not investment advice. Any views expressed here may change with market conditions. Do not place undue reliance on any forward-looking statements in this material: they involve risks and uncertainties, and actual outcomes may be somewhat or very different.

Diversification does not guarantee a profit or protect against a loss.

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 behavior, 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 managers¹ with more than \$1.4 trillion assets under management² (€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'Épargne retail networks. Natixis Investment Managers' affiliated investment management firms include AEW; DNCA Investments;³ Flexstone Partners; Gateway Investment Advisers; Harris | Oakmark; Investors Mutual Limited; Loomis, Sayles & Company; Mirova; Naxicap Partners; Ossiam; Ostrum Asset Management; Seventure Partners; 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.

Natixis Investment Managers' distribution and service groups include Natixis Distribution, LLC, a limited purpose broker-dealer and the distributor of various US registered investment companies for which advisory services are provided by affiliated firms of Natixis Investment Managers, Natixis Investment Managers International (France), and their affiliated distribution and service entities in Europe and Asia.

¹ Survey respondents and publicly available data ranked by Investment & Pensions Europe/Top 500 Asset Managers 2025 ranked Natixis Investment Managers as the 20th largest asset manager in the world based on assets under management as of December 31, 2024.

² Assets under management (AUM) of affiliated entities measured as of March 31, 2026, are \$1,452.8 billion (€1,261.0 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.

Press contact

Kelly Cameron

+1 (617) 449-2543

Kelly.cameron@natixis.com

NIM-07102026-haafjrlp