

NAVIGATING UNCERTAIN AND FAST-MOVING TIMES *with systematic trend-following investments*

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MARKETING INFORMATION



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Why according to our analysis, a well-constructed systematic momentum approach remains powerful in the long-term despite rapidly changing markets?

INTRODUCTION

Since a few years, financial markets are shaped by a mix of **uncertainty and unprecedented speed**. Geopolitical tensions, shifting trade frameworks, unpredictable policy cycles, and persistent macro volatility continue to unsettle investors worldwide. At the same time, markets are moving faster than ever before. Entire sectors—most notably AI and advanced technology—are experiencing innovation cycles so rapid that forecasting future winners using traditional fundamental analysis has become increasingly difficult.

In that environment investors find themselves once again asking the same question: **Is there any strategy that still works when the world seems fundamentally unpredictable?** According to our analysis, one answer—perhaps surprisingly—is **momentum**. Not the simplistic version found in textbooks, but a **carefully engineered, risk-controlled, fully systematic interpretation** built with the aim to withstand even the kind of turbulence the world is experiencing today.

“Momentum has added meaningful value across many different market environments.”

MOMENTUM AND INTENSIFYING BEHAVIOURAL BIASES

Momentum is the simple yet powerful observation that **stock markets move in trends**. Stocks that have outperformed recently tend to keep rising and those that have fallen tend to keep sliding. By systematically identifying and **capturing these trends, a momentum investment strategy seeks to generate excess returns** relative to the broader market.

Momentum’s appeal lies in its elegant simplicity and robust consistency. **Over long periods, momentum strategies have shown an ability to outperform the broad market with remarkable persistence** in various regions, as recent research (e.g. CFA Institute¹ or MSCI²) demonstrates. In short, the studies re-confirm what has already been found in many academic work before³: **momentum is not a temporary anomaly but a persistent return driver since more than 150 years that has added meaningful value across many different market environments and cycles**. Looking at the last 50 years, momentum has consistently generated alpha relative to the MSCI World Index in every decade – remarkably under a wide variety of market conditions.

The reason why the momentum effect exists in the first place is the **persistent presence of human behavioural biases** in financial markets. At its core, Momentum exploits a simple truth about investors’ behaviour. Psychological tendencies such as herding, anchoring, fear of missing out, and overconfidence create predictable patterns in how prices evolve.

Past performance is not a reliable indicator for future returns.

Source: ODDO BHF AM SAS | Data as of 31/03/2026

¹CFA Institute 2025: *Momentum Investing: A Stronger, More Resilient Framework for Long-Term Allocators*

²MSCI 2025: *Factor Indexing Through the Decades*

³Jegadehand & Titman 1993: *Returns to Buying Winners and Selling Losers* ; Asness et al 2013: *Value and Momentum everywhere*

Investors tend to underreact to new information at first and then overreact once trends become visible, reinforcing the very price movements they are chasing.

These dynamics have been **particularly evident in recent years in the technology and AI sectors**, where the fear of missing out on the “next big winner” has fuelled investor herding into a narrow set of popular stocks. As enthusiasm builds, many investors anchor on recent success stories, extrapolate short-term breakthroughs far into the future, and become overly confident in their ability to identify long-term winners—even when underlying fundamentals are difficult to assess or are evolving too quickly to forecast reliably. **Such bubble-like conditions amplify price dispersion and create fertile ground for momentum strategies**, which systematically capture these behavioural patterns without being influenced by the emotional forces driving them.

Historically, Momentum worked best when markets showed stable price trends, predictable sector leadership and low frequency of regime shifts. However, **the world of the recent months is anything but stable**: geopolitical tensions, rapid shifts in policy or trade dynamics, and increasingly compressed innovation cycles—particularly in areas like technology and AI—have made markets far more volatile and harder to predict. **This challenging environment is hard to navigate for investors** in general and particularly for trend-following investors, as sudden shocks cause abrupt reversals, noisy signals, and fast-moving rotations.

The good news is: **a well-constructed systematic momentum strategy is designed precisely to handle such turbulence**, using rules rather than emotions and relying

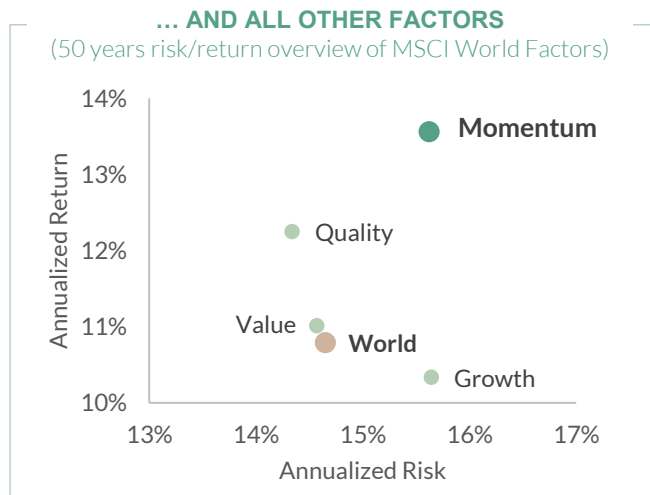
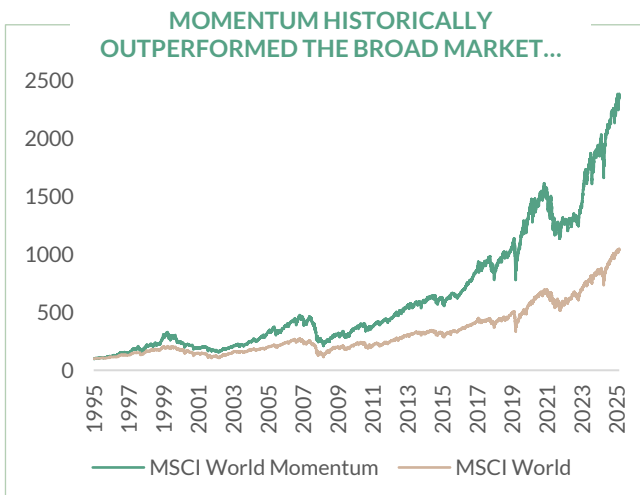
on sustainable strengths instead of short-term exuberance to find the right balance between adaptability and stability.

Clearly, the **behavioural biases creating exploitable trends in the market do not disappear** in these times; if anything, **they intensify when uncertainty rises**.

SMART MOMENTUM INVESTING

This brings us to the key point for investors: **how can they recognize a momentum strategy that is truly well-constructed?**

In our view, a first simple principle should always be at the heart of any momentum approach: **rules outperform emotions!** Especially when markets are unstable or market leadership is shifting rapidly, human decision-making becomes more fragile and **the very behavioural responses that produce momentum amplify**. Investors dump stocks associated with negative news and rush disproportionately into those showing relative resilience. They tend to overreact to short-term losses or news events, analysts adjust forecasts with delay, and even experienced portfolio managers may become overconfident, anchor on outdated assumptions and hesitate to shift positioning quickly enough. Herding pushes investors into the same crowded names, while fear of missing out fuels bubble-like dynamics even further. Consequently, **a well-constructed momentum strategy should avoid these behavioural pitfalls by design**. It should be **fully systematic** and rely solely on data, not narratives. It should apply its rules consistently without any room for human interventions that lead to panic trades or misplaced conviction—just disciplined execution.



The fund is exposed to a risk of capital loss.

Source: ODDO BHF AM SAS, Bloomberg, Morningstar | Net Return in USD as of 31/03/2026

Apart from that, a well-constructed momentum strategy should be able to **identify stable outperformers while filtering out transient noise** like political headlines, one-day reversals or panic-driven sell-offs. It should aim to **form a framework that is both agile and grounded**—an essential combination in markets that shift quickly, even though many price movements prove short-lived.

Finally, a smart momentum strategy should rely on a **robust portfolio construction process that ensures diversification** and does not pull investors into overly concentrated positions, or overcrowded areas of the market, which can arise especially during fast moving narratives such as AI or Tech.

OUR PROPRIETARY MOMENTUM STRATEGY “EQUITY TREND”

At ODDO BHF AM, our **proprietary momentum strategy is successfully applied since more than 25 years**. Over this period, the strategy has navigated every type of market environment. It experienced—and adapted to—bull and bear markets, financial crises, sharp recoveries, and episodes of profound market dislocation. Remarkably, Dr. Stefan Braun and Karsten Seier, the original **founders of the quantitative model** continue to manage the **portfolios today**, ensuring continuity and deep expertise since year 2000.

Our **fully systematic approach** ensures consistent and transparent decision making and consists of two steps that are carried out in each monthly portfolio rebalancing. First, we **identify high-quality trends** and assign a **momentum score to each stock in the investment universe based on both medium- and long-term trend characteristics**. Then we move on to the **portfolio construction, which directly integrates a strong focus on risk management** at the heart of the process. The result is a **broadly diversified, risk-controlled momentum portfolio** that seeks to capture the essence of the momentum effect efficiently **without taking unintended and extreme sector, country or thematic bets**. We focus on stock selection and keep allocation decisions close to the

benchmark with the aim to avoid concentration risks - the classic pitfalls of naive momentum implementations. On top, we maintain a beta close to 1. This indicates that the sensitivity to market swings is typically comparable to the broad equity market, which is meaningful for investors seeking a dependable anchor.

Today we employ our “Equity Trend” approach across **several investment universes**, including among others Global, U.S., and European equities, and manage approximately **€5.1 billion**. Our approach, which is intended to be held as a **core exposure aiming for balanced risk, and long-term outperformance potential, is available** via 4 different vehicles including traditional mutual funds and also an active ETF:

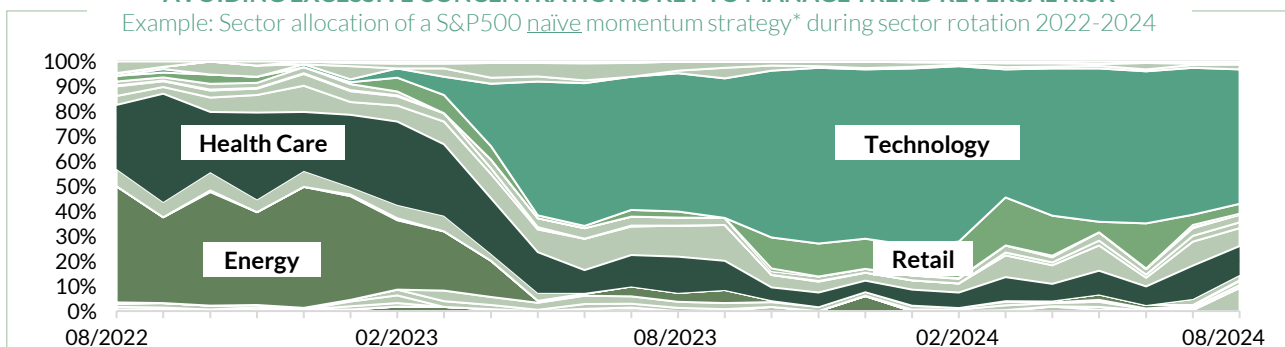
- ODDO BHF Global Equity Trend: Smart Momentum investments within the MSCI World
- ODDO BHF Europe Equity Trend: Sustainable Momentum investments in Europe
- ODDO BHF US Equity Trend: Smart Momentum investments within the S&P500
- ODDO BHF US Active UCITS ETF: Efficient Momentum investments within the S&P500

As these funds are exposed to the equity markets, they present a risk of capital loss, as do all investments of this type. Past performance is not indicative of future results and may rise or fall.





CONCLUSION

Momentum is not a prediction of what markets will do next. It is a prediction of what investors are likely to do next. **Fear, greed, herding and overconfidence continue to shape financial markets today just as they did in the past**. In periods of uncertainty and rapid change, these behavioural patterns often become **even stronger**. As long as this remains the case, a **disciplined, systematic and risk-controlled momentum strategy** can continue to provide investors with a **powerful way to navigate an increasingly unpredictable world**.

AVOIDING EXCESSIVE CONCENTRATION IS KEY TO MANAGE TREND REVERSAL RISK
Example: Sector allocation of a S&P500 naïve momentum strategy* during sector rotation 2022-2024



FUND CHARACTERISTICS

Fund	Inception year	Assets under Management	SFDR Classification ⁽¹⁾	Summary risk indicator ⁽²⁾
ODDO BHF Global Equity Trend DE0009772988	1998	€347M	6 8 9	 4/7
ODDO BHF US Equity Trend LU1833929729	2018	€309M	6 8 9	 4/7
ODDO BHF Europe Equity Trend DE0007045437	2002	€426M	6 8 9	 4/7
ODDO BHF US Equity Active UCITS ETF IE000YR7N5U8	2025	\$87M	6 8 9	 4/7

Data as of 30/04/2026 ¹ The EU Sustainable Finance Disclosure Regulation (SFDR) is a set of EU rules which aim to make the sustainability profile of funds transparent, more comparable and better understood by end investors. Article 6: The management team does not consider sustainability risks or adverse effects of investment decisions on sustainability factors in the investment decision making process. Article 8: The management team addresses sustainability risks by integrating ESG criteria (Environment and/or Social and/or Governance) into its investment decision making process. Article 9: The management team follows a strict sustainable investment objective that significantly contributes to the challenges of the ecological transition, and addresses Sustainability Risks through ratings provided by the Management Company's external ESG data provider.

² The summary risk indicator (SRI) is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you. It scales in a range from 1 (lowest risk) to 7 (highest risk). The lowest category does not mean a risk-free investment. This indicator is not constant and is updated if the risk profile of the fund changes over time. Historical data, such as is used to calculate the risk indicator, may not be a reliable indication of the future risk profile of the Fund. There is no guarantee that the management objectives in terms of risk will actually be met. The risk indicator assumes you keep the product until the end of the recommended holding period. The actual risk can vary significantly if you cash in at an early stage and you may get back less.

MAIN RISKS

ODDO BHF Global Equity Trend: The funds are mainly exposed to the following risks: concentration risk, risk of loss of capital, discretionary management risk, equity risk, quantitative modelling risk, exchange rate risk, credit risk, interest rate risk, counterparty risk, currency risk, volatility risk, liquidity risk of underlying assets.

ODDO BHF US Equity Trend: The funds are mainly exposed to the following risks: concentration risk, risk of loss of capital, discretionary management risk, equity risk, modelling risk, exchange rate risk, counterparty risk, currency risk, volatility risk, liquidity risk, risk associated with the use of derivatives, sustainability risk

ODDO BHF Europe Equity Trend: The funds are mainly exposed to the following risks: concentration risk, risk of loss of capital, discretionary management risk, equity risk, quantitative modelling risk, exchange rate risk, credit risk, interest rate risk, counterparty risk, currency risk, volatility risk, liquidity risk of underlying assets.

ODDO BHF US Equity Active UCITS ETF: The funds are mainly exposed to the following risks: concentration risk, equity risk, secondary market risk, emerging market risk, currency risk, risk related to ETF and non-ETF classes, environmental, social and governance standards, risk related to SFDR classification of sub-funds, selection risk, liquidity of investments, risk related to small and mid caps, political and/or legal/regulatory risk, regulatory restrictions and issuer-specific risk, risk related to the investment strategy, risk related to active management, risks related to the quantitative model

DISCLAIMER

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