



ODDO BHF
ASSET MANAGEMENT

SMART MOMENTUM

*Investing in US equities
with a systematic approach*

2026



SYSTEMATIC APPROACH *A smart way to invest in US equities*



Wall Street is the beating heart of the global stock market. Yet anyone investing in US equities today is often faced with the question: *How can I aim to harness this potential – without committing solely to technology stocks?*

This e-book outlines an approach aiming to capitalise on the opportunities of the US market in a broadly diversified yet systematic manner. The aim is to capitalise on long-term trends, spread risk across many sectors and make decisions based purely on rules – free from emotion, free from hype.

The strategy is exposed to these different risks: Risk of loss of capital, discretionary management risk, equity risk, modelling risk, exchange rate risk, counterparty risk, currency risk, volatility risk, liquidity risk, concentration risk, risk associated with the use of derivatives, sustainability risk, quantitative management risk

Why is there no getting around US stocks, according to our analysis?

US companies account for around two-thirds of the global stock market – as measured by the MSCI All Country World Index. Anyone wishing to invest internationally can therefore hardly avoid US equities.

Despite political uncertainties and, at times, high valuations, the US economy demonstrates impressive strength and resilience by global standards. The United States is regarded as one of the world’s most innovative and dynamic economies in the long term. It is home to many global technology leaders and major companies in key future-oriented sectors.

26 of the world’s 30 largest listed companies are based in the US. For investors, this means that US equities offer access to **a large, stable market with a wide range of opportunities.**

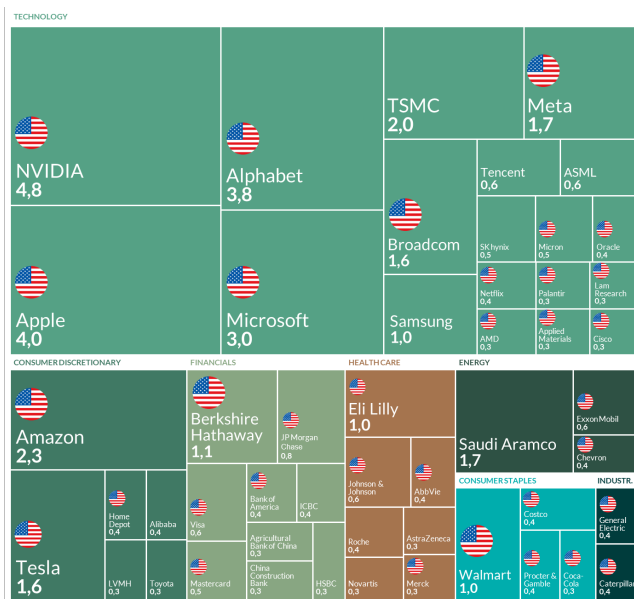
These include:

- leading technology companies and R&D intensity,
- strong industrial and consumer goods groups,
- innovative healthcare companies,
- as well as many emerging growth companies.

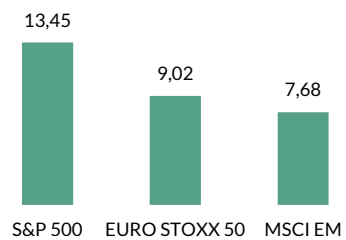
This mix of established global market leaders and young innovators has meant that US equities have generated attractive returns over the long term. They form an important foundation for many global portfolios.

« For investors, the question is therefore not so much whether they should invest in US equities, but rather how they can best do so. »

The world’s 50 most valuable companies (market capitalization in trillions USD)



Comparison of 10-year performance in %: S&P 500 vs. EuroStoxx 50 vs. MSCI EM



Source: ODDO BHF AM: Morningstar data in EUR as of 31/03/2026 | www.visualcapitalist.com

Past performance is not a reliable indication of future return and is not constant over time. The securities mentioned do not constitute an investment recommendation.

Why do stock market trends emerge and how can they be exploited?

One of the simplest yet most effective ways to invest in US equities is the so-called **trend-following strategy**. It utilises the **momentum effect** – a market phenomenon that has been scientifically confirmed for many years.

IN SHORT, MOMENTUM MEANS:

- Stocks that have recently risen tend to continue rising.
- Stocks that have fallen often continue to fall.

Why is this the case?

Because the stock market is ultimately driven by people – and people do not always act rationally. Emotions often play a greater role than we realise.

Typical behavioural patterns such as

- herd behaviour (“everyone else is doing it”),
- overconfidence (excessive trust in one’s own analysis) and,
- anchor effects (holding on to old information for too long),

mean that new information is not immediately and fully reflected in share prices. This gives rise to trends that can persist longer than would appear justified from a purely fundamental perspective based on macroeconomic data and company figures.

Why is momentum so attractive?

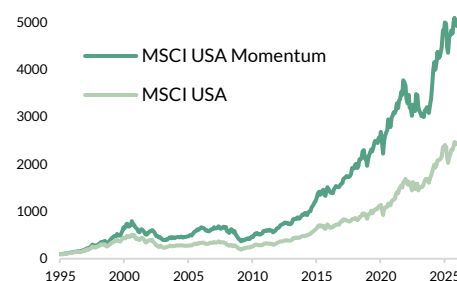
According to our analysis, Momentum strategies are particularly interesting because they:

- work simply,
- have proven effective over long periods and
- have delivered good results globally – not just in the US.

« Their major advantage: momentum adapts »

When value stocks are in demand, the strategy follows this trend. When growth stocks take centre stage, the portfolio automatically shifts in that direction. Unlike rigid investment styles, **momentum remains flexible** – investments are made where the markets are currently showing strength. But there are risks too.

MSCI USA vs MSCI USA Momentum Performance in %



Source: ODDO BHF AM: Morningstar data in EUR as of 31/03/2026

Past performance is not a reliable indication of future return and is not constant over time. The performance of the indices is presented for illustrative purposes only and does not constitute a management objective or a promise of performance. This example does not take into account the fees, commissions, and charges applicable to a real investment.

Why doesn't momentum always work?

Put simply, **momentum** means that stocks that have performed well recently are likely to continue to do so. **A momentum strategy seeks to capitalise on precisely this – it focuses on companies that are already showing strength.**

But not every upward trend lasts forever. When market trends suddenly reverse, simple momentum strategies quickly come under pressure. They often focus heavily on individual 'trendy themes'.

There have been many examples of this in the past – such as:

- technology stocks in the late 1990s,
- energy companies in the early 2000s, or
- more recently, companies linked to artificial intelligence.

When the market turns, such narrowly focused portfolios are hit particularly hard.

Momentum generally works best during stable trend phases. If there are rapid reversals, a simple strategy can fall behind. **The key difference between a simple and a well-constructed momentum strategy therefore lies in broad diversification and risk management.**

A naive approach often takes only recent performance into account and 'blindly' bets on the strongest performers. This may work for a while, but it makes the portfolio vulnerable to shifts in sentiment, unexpected news or short-term market excesses.

A more sophisticated momentum approach goes much deeper: it aims to identify stable outperformers whilst filtering out temporary disruptions. This allows for the identification of companies that not only benefit from short-term price movements but also create long-term value.

In short, momentum can be an effective principle – but **only if it is broadly diversified and carefully managed.**

SIMPLE MOMENTUM	SMART MOMENTUM
Aims to chase recent winners	Aims to filter stable outperformers
Concentrated	Diversified
High turnover	Controlled turnover
Vulnerable to rotations	Designed to adapt
No specific risk management	Strong risk management

« Smart Momentum aims to capture persistent trends while minimizing the risks of sharp style reversals. »

Why Smart Momentum overcomes these weaknesses?

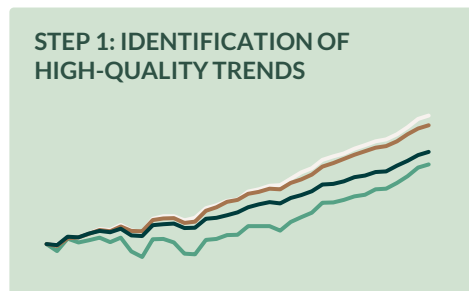
With Smart Momentum, you utilise a systematic investment approach designed to help identifying strong trends in the equity markets whilst seeking to manage risk. The strategy combines the advantages of the momentum factor – that is, the tendency of successful stocks to continue their trend – with a cautious, structured approach. The strategy nevertheless involves a risk of capital loss.

Investing in fast-growing US companies

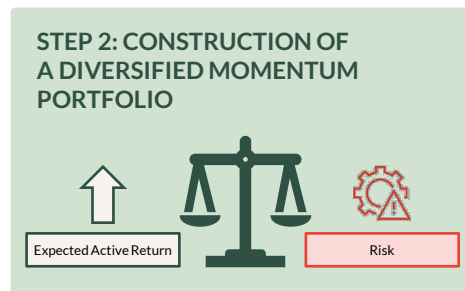
Our Smart Momentum strategy gives you access to the growth potential of large and medium-sized US companies. The focus is on stocks from the **S&P 500 Index**.

Stock selection is entirely rule-based – without hasty decisions or gut feelings. This ensures transparency and stability across different market phases.

How the strategy works



Identifying strong trends: We use a 'momentum score' to find companies that outperform the broader market over extended periods – regardless of whether the market is rising or falling.



Building a balanced, risk-controlled portfolio: Constructing a portfolio from the stocks with high scores. We focus on:

- **diversification** across different sectors and styles
- **limiting individual risks** so that individual shares do not dominate the overall portfolio
- **controlled portfolio turnover** to avoid unnecessary transaction costs

THE RESULT: FINAL PORTFOLIO
 A **broadly diversified, risk-controlled equity portfolio** that specifically targets strong market trends. designed for stable long-term performance.

Source: ODDO BHF AM, May 2026

Past performance is not a reliable indication of future return and is not constant over time.

Why Smart Momentum? Who is it suitable for?

Suitable for investors who...

- wish to invest in US equities for the long term
- prefer a rule-based, objective strategy
- do not want significant deviations from the index, but seek higher potential returns
- accept volatility as part of investing
- seek a systematic complement to discretionary/fundamental approaches

Not suitable for investors who...

- expect short-term guarantees or wish to avoid losses
- invest exclusively with a strong focus on value
- expect very low volatility

Smart Momentum is particularly well suited to investors who are committed to the US equity market for the long term and wish to capitalise on opportunities for outperformance through a systematic investment approach.

Smart Momentum can fulfil various roles:

A CORE COMPONENT OF THE US EQUITY PORTFOLIO

Thanks to risk control and broad diversification, the approach is suitable as a stable core strategy – with the potential for outperformance.

SATELLITE STRATEGY FOR TREND OPPORTUNITIES

Smart Momentum can also serve as a complementary component to capitalise on structural trends in the US (e.g. AI).

KEY INSIGHTS AT A GLANCE

- The US remains the global hub for growth and innovation.
- Momentum is one of the most successful investment styles worldwide.
- Naive momentum strategies carry significant risks.
- Smart Momentum combines trend strength with professional risk management.

« The approach is particularly suitable for long-term investors who wish to capitalise on structural US trends. »

Source: ODDO BHF AM, May 2026

The strategy is exposed to a risk of capital loss.



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