

European Equity Strategy

2026 Outlook – More than just AI

AI may hold the fate of equities in 2026, but it is not the only show in town. Dual fiscal/monetary stimulus should lift US/EU GDP growth above trend, and help improve market breadth. Valuation cushion is limited, but Europe has easy earnings comps to help. 620 SXXP target, OW Cyclical & Banks.



★ SIGNATURE

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Regime change was our key theme for 2025, looking for Trump 2.0 to fuel more volatility but more equity upside too. We weren't disappointed, as global equities have had another strong year, up 18%, despite hiccups along the way, buoyed by the AI frenzy. This raises the bar for positive surprises into 2026, as investors are increasingly worried about downside risks from AI and macro/geopolitical tail-risks abound. For now, we think equities will continue to climb the wall of worry, as the AI supercycle has legs, with capex backed by strong balance sheets and profitability, while adoption is rising fast. But AI is no longer a one-way-trade, nor the only show in town: monetary/fiscal easing should lift US/EU GDP growth above trend, and help improve market breadth. Against this backdrop, we find EU equities well positioned to capture some

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reflationary tailwinds, given their cheaper valuation, lower crowding and easier earnings comps, without being overly dependent on the fate of the AI trade, although politics remain a risk. Mega trends also bring opportunities to diversify portfolios and explore new themes in AI infrastructure, energy transition, resources resilience, space & quantum, and conscious consumption. So if the AI boom doesn't end in tears and other parts of the market manage to catch up, equities should be able to deliver decent and potentially front-loaded returns in 2026. This is what we are positioned for, with an SXXP target of 620 (+9%) and a pro-cyclical sector tilt. But the path ahead is narrow and we consider alternative scenarios.

2026 equity market drivers: 1) AI growth on a solid footing but not without risks.

Economies and markets' over-reliance on the AI narrative raises risks if the music stops, particularly for the US and Asia. But we think the growth impetus from AI-related capex, while peaking, will stay elevated. Rising leverage to fund capex by hyperscalers may warrant higher risk premia, but is starting from a low level and backed by strong cash generation, while AI adoption is rising fast; **2) Financial repression underpins risk assets.** Ever-growing public debts & deficits are forcing central banks to let economies run hot and keep a lid on rates. We look for three more cuts by the Fed, and an end to QT. But depending on how inflation evolves, changing expectations of the terminal rate may fuel volatility, while the broad central banks impulse may wane somewhat in H2; **3) Cyclical recovery ahead,** as the tariff drag moderates and dual monetary & fiscal policy stimulus in the US and Germany lift US/EU GDP growth above potential. Resilient wages and moderate inflation should support consumption, while easing financial conditions may lift non-resi capex; **4) Earnings to do the heavy lifting.** Operating leverage, easy comps and fading FX headwinds should help European EPS to grow 8% in 2026, led by Cyclical, after being flat for three years. We are slightly below consensus (12%), but expect milder-than-usual downgrades; **5) Valuations upside limited,** but dispersion is high and we see room for a further small P/E re-rating in Europe given positive EPS momentum, supportive liquidity and strong balance sheets; **6) High positioning still leaves dry powder.** Aggregate positioning is above-average, but not extreme, and highly concentrated. There is no dearth of dry powder, with \$7.5trn in money market funds. And 70% of announced buybacks for 2026 haven't been executed yet.

Upside risks: OBBB stimulus front-loaded but inflation remains low and the Fed cuts more; China stimulates more; AI adoption leads to rapid productivity gains and margins boom; Russia-Ukraine ceasefire; Trump cuts more tariffs ahead of mid-terms to help consumer; virtuous growth cycle in Germany as stimulus is rolled out.

Downside risks: US economy overheats and long-end yields spike (Fed to re-start QE?); AI bubble bursts; German stimulus disappoints and/or coalition breaks; messy US politics ahead of mid-terms; US unemployment rate rises towards 5%; more noise around IEEPA tariffs; China overcapacity and trade tensions; more credit cracks; more fiscal/political woes in France and the UK.

Regional allocation: MW EU /US – Big Tech/AI dominance benefits the US but comes with lofty valuation, while easing tariff and FX headwinds amid a cyclical recovery in growth boosted by German stimulus deployment should help Europe. EU offers diversification benefits amid AI-driven markets, while positioning and valuations remain supportive, but faces political risks. **UW UK** – FTSE100 is likely to lag next year given its defensive tilt might be less preferred amid a cyclical recovery in Europe. UK political/fiscal situation remains fragile. **OW Japan** – Japan equities should continue to benefit from depressed real rates and the new administration's Abenomics-oriented policies, i.e. fiscal expansion, while a behind-the-curve BoJ should weigh on the Yen, supporting earnings. **MW EM/DM.** Tariff drag should ease and Fed cuts keep demand for cheap EM assets supportive. However, the US dollar is stabilising, whereas AI-tilted indices (China, Korea, Taiwan) are looking tactically stretched.

Sector & factor allocation: OW Cyclical vs. Defensives. Cyclical have recovered from the post liberation day lows, but steady growth recovery coupled with AI supercycle tailwinds should continue to favour the space. Sector positioning remains tricky given Cyclical are not cheap in aggregate and pockets of high beta space still face structural headwinds. We add to Mining (OW) on supportive metal prices momentum. We close shorts on Energy (MW) which remains structurally cheap but sees improving refining margins, and Utilities (MW) as it has re-rating support benefiting from AI-related grid infra themes. We upgrade Div Fins to OW within Financials (OW), supported by improving EPS momentum and lower rates. We fund those upgrades by reducing our exposure to Electricals (MW) and Transportation (UW) and Business Services (UW) within Industrials (OW). We also reduce Media (UW). So we are **OW** Financials, Tech, Industrials, Healthcare; **MW** Discretionary, Materials, Energy, Utilities; **UW** Staples, Communication Services, Real Estate. At the factor level, we are Positive on Value, Quality and Small Caps (Size).

Themes: As AI adoption rises, issues are likely to materialise, creating both risks and opportunities within cyber, and raising broader questions on topics such as AI ethics and data sovereignty. Geopolitics, economic divergence and broader social polarisation should also drive many themes in 2026, particularly around resource resilience, renewed sovereign priorities such as Space and quantum, and conscious consumption.

Baskets: AI enablers (BCERAIEN), AI losers (BCERAILO), German stimulus (BCERGERE), Short cycle (BCEUSHCY), Dollar earners (BCEUEUEX), China exposure (BCEUCHIN), French domestics (BCERFRDO).

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Scenarios for 2026

Base case – Keep going. Supportive fiscal and monetary policy in the US and Europe extends the cycle with growth pushing above trend in both regions, supported by steady contribution from AI while inflation remains close to the 2% target. We forecast a conservative 8% EPS growth for SXXP, slightly lower than consensus at 12%. Growth should see an uptick as tariff drag eases while FX should turn into a mild tailwind. P/E has re-rated to above-average levels this year, which limits upside potential, but if activity keeps improving and our economists' expectation around more Fed/central bank rate cuts plays out as expected, we foresee a further small expansion to 15.1x. Putting these together gives us a year-end 2026 SXXP price target of 620, which implies 9% potential upside from current levels.

Bull case – Goldilocks and virtuous AI cycle. Fed easing cycle continues as inflation moderates, even as the labour market and consumer remain resilient, boosting earnings for corporates. Capex picks up within non-AI parts of the economy, while AI adoption expands and the capex supercycle continues in full swing, boosting gains for larger set of firms/regions. Germany carries out front-loaded stimulus deployment with incremental supply side reforms delivering above-trend growth. Tariff drag eases outside US and Chinese 'old' economy and consumer inflects higher. In this case, we could see above consensus double-digit earnings growth (c.15%) in Europe while multiples extend to prior cycle highs (c.16x), which could give a price target of around 700, or ~20% potential upside from current levels.

Bear case – Overheating and/or AI bubble bursts. Strong cyclical recovery boosted by aggressive Fed easing and rising AI capex spend drives inflation sharply higher in H2. Meanwhile, the Fed stays behind the curve under a new chair potentially weighed down by political pressure. Ultimately, it's forced to change tack aggressively to tame rising prices which breaks the AI capex rollout, potentially leading to a mild recession, and hurts liquidity-driven trades. In this scenario, Europe earnings will decline mid single digits (c.-5%), albeit maybe less than US. If we take the multiples to well below average levels of c.13x, this implies an SXXP price target of around 475, or around -17% from current levels.

Barclays equity analysts' key European Overweights and Underweights for 2026

FIGURE 1. Key Overweights for 2026, as recommended by Barclays' equity analysts

Security	BBG Ticker	Sector	Barclays Analyst	Price	Currency	% potential upside
Capita PLC	CPI LN	Industrials	James Rose	320	GBp	88%
JCDecaux SE	DEC FP	Comm Svcs	Julien Roch	15	EUR	65%
Flutter Entertainment PLC	FLTR LN	Cons Disc	Brandt Montour	15,230	GBp	63%
Harbour Energy PLC	HBR LN	Energy	Lydia Rainforth	235	GBp	62%
TUI AG	TUI1 GY	Cons Disc	Andrew Lobbenberg	8	EUR	58%
JET2 PLC	JET2 LN	Industrials	Andrew Lobbenberg	1,320	GBp	55%
Cirsa Enterprises SA	CIRSA SQ	Cons Disc	Pravin Gondhale	13	EUR	53%
ICG PLC	ICG LN	Financials	Michael Sanderson	1,916	GBp	52%
Auto1 Group SE	AG1 GY	Cons Disc	Andrew Ross	26	EUR	52%
Nemetschek SE	NEM GR	IT	Alice Jennings	91	EUR	49%
InPost SA	INPST NA	Industrials	Marco Limite	10	EUR	48%
Deutsche Telekom AG	DTE GY	Comm Svcs	Mathieu Robilliard	27	EUR	47%
Adecco Group AG	ADEN SW	Industrials	James Clark	25	CHF	45%
CTS Eventim AG & Co KGaA	EVD GY	Comm Svcs	Bernd Klanten	79	EUR	44%
TGS ASA	TGS NO	Energy	Mick Pickup	94	NOK	44%
Saipem SpA	SPM IM	Energy	Mick Pickup	2	EUR	44%
easyJet PLC	EZJ LN	Industrials	Andrew Lobbenberg	469	GBp	44%
Subsea 7 SA	SUBC NO	Energy	Mick Pickup	188	NOK	43%
International Workplace Gro	IWG LN	Real Estate	Paul May	223	GBp	43%
Wolters Kluwer NV	WKL NA	Industrials	Nick Dempsey	94	EUR	43%
London Stock Exchange Gro	LSEG LN	Financials	Michael Sanderson	8,764	GBp	43%
CVC Capital Partners PLC	CVC NA	Financials	Michael Sanderson	14	EUR	43%
SAP SE	SAP GY	IT	Sven Merkt	211	EUR	42%
Adyen NV	ADYEN NA	Financials	Sven Merkt	1,408	EUR	42%
Shell PLC	SHEL LN	Energy	Lydia Rainforth	2,858	GBp	40%
Siemens Healthineers AG	SHL GY	Health Care	Hassan Al-Wakeel	44	EUR	39%
TotalEnergies SE	TTE FP	Energy	Lydia Rainforth	56	EUR	39%
Forvia SE	FRVIA FP	Cons Disc	Erwann Dagorne	11	EUR	36%
Rentokil Initial PLC	RTO LN	Industrials	James Rose	404	GBp	36%
Wise PLC	WISE LN	Financials	Gregoire Hermann	918	GBp	36%
Experian PLC	EXPN LN	Industrials	James Rose	3,342	GBp	35%
Legal & General Group PLC	LGEN LN	Financials	Larissa Van Deventer	238	GBp	35%
Drax Group PLC	DRX LN	Utilities	Dominic Nash	745	GBp	34%
Elementis PLC	ELM LN	Materials	Anil Shenoy	158	GBp	33%
Veolia Environnement SA	VIE FP	Utilities	Peter Crampton	29	EUR	32%
Publicis Groupe SA	PUB FP	Comm Svcs	Julien Roch	87	EUR	32%
Rational AG	RAA GY	Industrials	Timothy Lee	631	EUR	32%
Kerry Group PLC	KYGA ID	Consumer Staples	Alex Sloane	79	EUR	32%
Compass Group PLC	CPG LN	Cons Disc	Pravin Gondhale	2,421	GBp	30%

Table consists of Overweight stocks with at least 30% potential upside. Shares prices as at market close on 14 Nov 2025

Source: Bloomberg, Barclays Research estimates

FIGURE 2. Key Underweights for 2026, as recommended by Barclays' equity analysts

Security	BBG Ticker	Sector	Barclays Analyst	Price	Currency	% potential downside
Generali	G IM	Financials	Claudia Gaspari	34	EUR	-24%
Kering SA	KER FP	Cons Disc	Carole Madjo	321	EUR	-24%
Solvay SA	SOLB BB	Materials	Katie Richards	28	EUR	-16%
LANXESS AG	LXS GY	Materials	Anil Shenoy	18	EUR	-16%
BT Group PLC	BT/A LN	Comm Svcs	Maurice Patrick	177	GBp	-15%
Swiss Re AG	SREN SW	Financials	Ivan Bokhmat	146	CHF	-15%
Nordnet AB publ	SAVE SS	Financials	Michael Sanderson	273	SEK	-14%
Nexi SpA	NEXI IM	Financials	Gregoire Hermann	4	EUR	-14%
AP Moller - Maersk A/S	MAERSKB DC	Industrials	Marco Limite	12,680	DKK	-13%
Cie Generale des Etablisses	ML FP	Cons Disc	Erwann Dagorne	28	EUR	-12%
Ocado Group PLC	OCDO LN	Consumer Staples	Sarah Roberts	225	GBp	-11%
Geberit AG	GEBN SE	Industrials	Pierre Rousseau	628	CHF	-11%
Arkema SA	AKE FP	Materials	Gaurav Jain	52	EUR	-10%
Sonova Holding AG	SOON SE	Health Care	Hassan Al-Wakeel	203	CHF	-6%
AAK AB	AAK SS	Consumer Staples	Setu Sharda	267	SEK	-4%
Sage Group PLC/The	SGE LN	IT	Sven Merkt	1,090	GBp	-4%

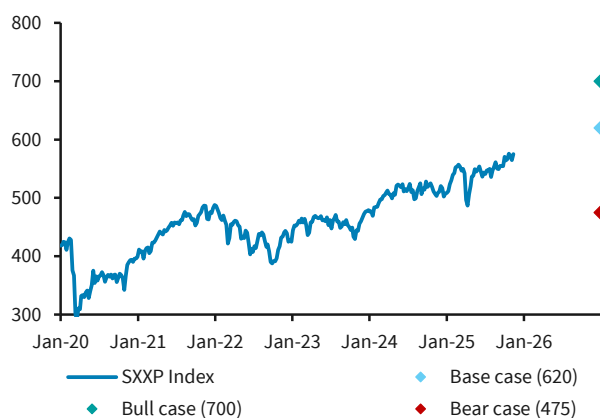
Table consists of Underweight stocks with downside to target price. Shares prices as at market close on 14 Nov 2025

Source: Bloomberg, Barclays Research estimates

2026 Outlook – More than just AI

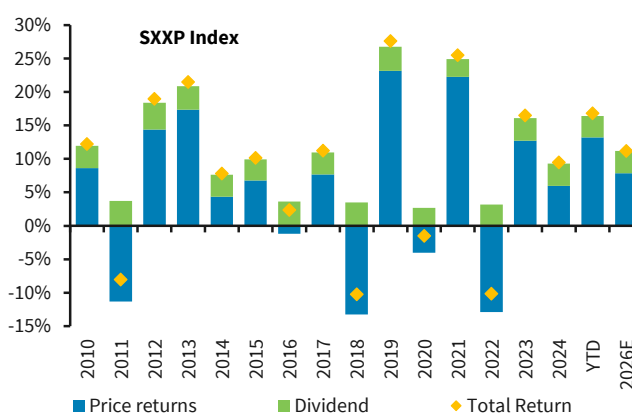
AI was *the* key driver for markets and economies in 2025, and will likely remain so in 2026. But it is not the only show in town, as financial repression continues to underpin risk assets, while fiscal/monetary stimulus along with fading tariff drag should lift US/EU GDP growth to above trend – a positive for earnings after three years of stagnation in Europe. Admittedly, indices at all-time highs, lofty valuations and investor frenzy in some areas raise the bar for positive surprises into 2026 and may cause more near-term *jitters*. Investors are increasingly worried about the downside risks from AI, and macro/geopolitical tail risks abound. But for now, we think equity markets will continue to climb the wall of worry and broaden out, given resilient earnings, healthy balance sheets and supportive liquidity. Within that, EU equities look well positioned to capture some reflationary tailwinds given their cheaper valuation, lower crowding and easier earnings comps, without being overly dependent on the fate of the AI trade, although politics remain a risk. Mega trends also bring opportunities to diversify portfolios and explore new investment themes. Our target for SXXP is 620 (+8%) and our positioning remains pro-cyclical. But the path ahead is narrow, so we consider alternative scenarios.

FIGURE 3. We forecast a price target of 620 for Stoxx 600 for 2026, with up/downside scenarios



Source: Bloomberg, Barclays Research

FIGURE 4. We expect another year of double-digit returns for EU equities

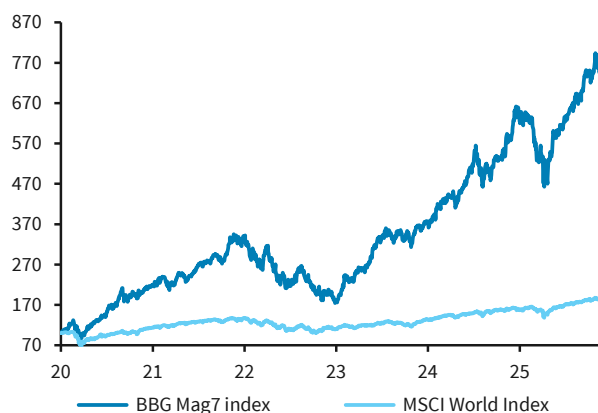


YTD returns as of 14 Nov 2025 and 2026 are forecasted numbers
Source: IBES, LSEG Data & Analytics, Barclays Research

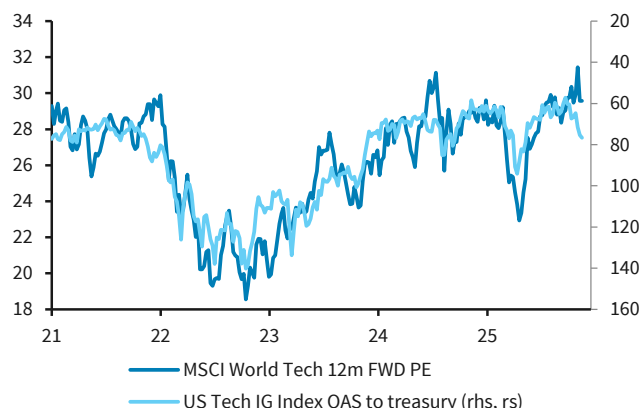
2026 equity market drivers

1) AI growth on a solid footing, but not without risks

AI has become *the* key driver for markets and economies, and will likely remain so in 2026. Tech/AI-heavy markets like China, Korea and Nasdaq are all in the lead ytd, nearly half of SPX gains come from the Mag7, and c1% of US GDP growth in 2025 came from AI-related spending. But AI dominance is growing, together with investor concerns about its downside risk, amid huge capex requirements, rising financial leverage, power capacity constraints, bubble-type valuations and poor index breadth, particularly in the US. As seen earlier this year after the DeepSeek launch, or most recently, if the AI trade catches a cold, the broader equity market struggles. This is why we think diversification to less Tech-reliant parts of the market like Europe has merits.

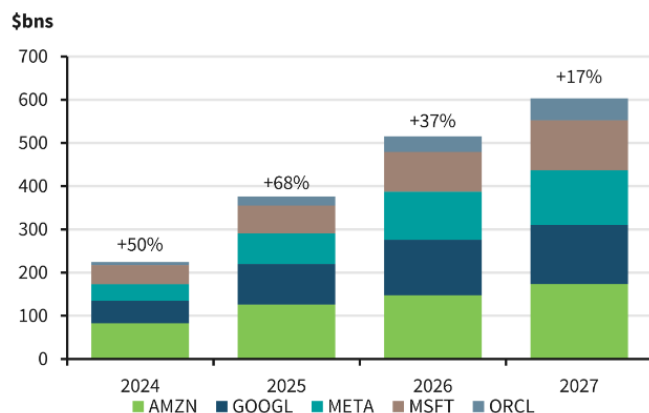
FIGURE 5. Mag 7 continue to drive the show for equity markets...

Source: Bloomberg, Barclays Research

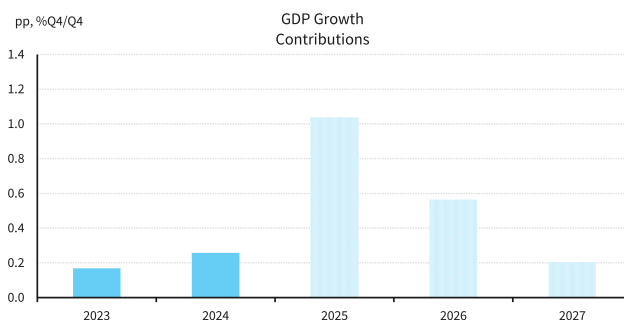
FIGURE 6. ...but rising leverage, even from a low base, may warrant higher risk premia

Source: IBES, LSEG Data & Analytics, Bloomberg, Barclays Research

For now, however, we expect AI capex to continue to grow strongly, albeit at a slower pace in 2026. So its contribution to US GDP growth is likely peaking, as the broader economy should pick up. But our economists are still forecasting AI-related fixed investment to add +0.6pp to 2026 US GDP. Hyperscalers are collectively projected to spend \$515bn in capex next year, up 37% from 2025, and another ~\$600bn in 2027. So the growth rate might be slowing, but the numbers remain huge, as do their ramifications for the broader economy. Across Europe, too, we see mounting evidence of a significant increase in planned investments in AI and data centres.

FIGURE 7. Capex is expected to reach \$600bn by 2027; estimates are still rising

% indicates the year-on-year growth rate. Using AMZN total capex
Source: Company reports, Bloomberg, Barclays Research

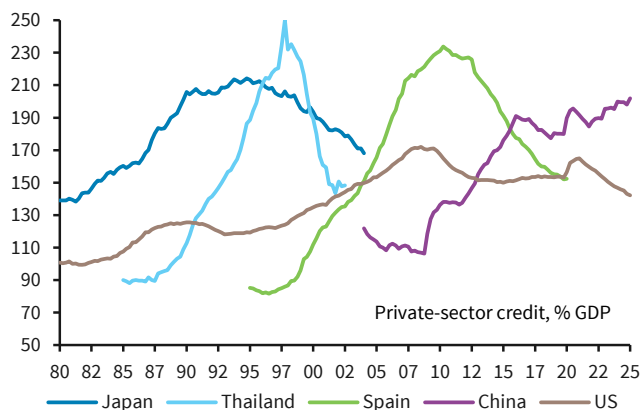
FIGURE 8. Our economists expect contribution of AI- related fixed investment to US growth to halve both in 2026 and 2027, but remain at a high level

Source: Haver Analytics, Barclays Research

As capex absorbs a larger share of cash flow, incremental reliance on debt is required, making the scale of AI-driven profits increasingly critical. So investors are likely to scrutinise capital allocation more closely, and recent spreads widening in the Tech sector signal leveraging is becoming a concern. But free cash flow generation and balance sheets among US hyperscalers remain robust, in our view, while unlike the dot-com era, today's hyperscalers are profitable (see [Lost My Chain-of-Thought: Could the AI narrative stumble?](#) 25 Sep). A bigger constraint for capex and data centre expansion, in our view, is power availability, with labour shortages also playing a secondary role. According to the IEA, global data centre electricity demand is set to

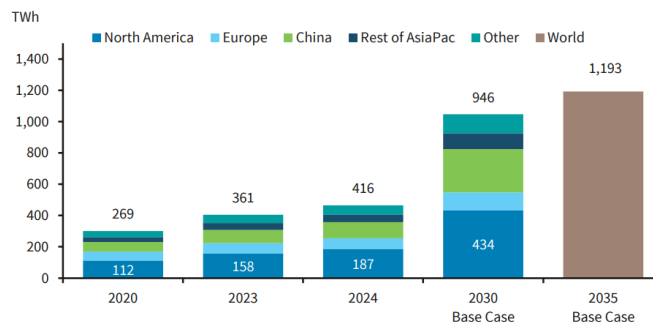
more than double by 2030. Capacity and order books are already fully utilised – not only for grid power but also among off-grid providers stepping in to bridge the gap. While power scarcity poses a risk of higher sourcing costs and margin pressure for hyperscalers, it simultaneously stands to benefit other parts of the AI supply chain, as sustained energy demand underpins further growth, in our view.

FIGURE 9. Private sector credit as % of GDP isn't stretched in the US



Source: BIS, Bloomberg, Barclays Research

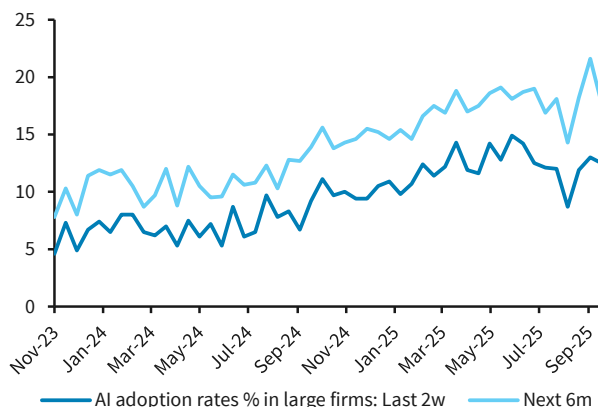
FIGURE 10. IEA forecast for data center electricity by region



Source: International Energy Agency, Barclays Research

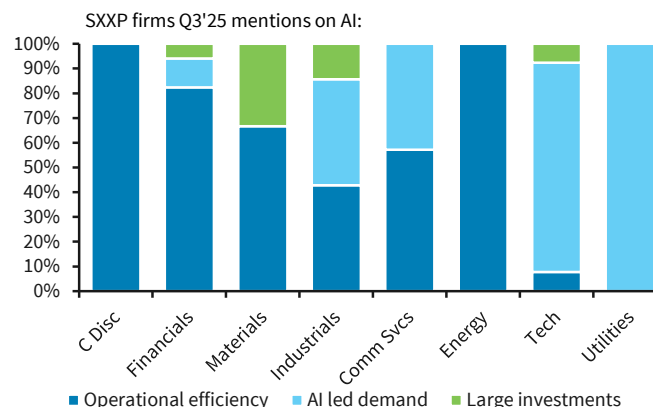
Meanwhile, the debate on whether builders or applicators benefit the most from AI build-out remains open. While the broader AI supply chain has benefited, tangible end-user productivity improvements have yet to materialise, as adoption rates – though rising – are still relatively low, and net profitability gains for the wider economy aren't that obvious. However, at the micro level, a growing number of firms are reporting efficiency gains and cost controls from AI tools, suggesting that as adoption deepens, meaningful improvements in return on investment could follow. As per our recent analysis of [Q3 earnings transcripts](#) from European companies, we found that c.90% of commentary on AI was positive and mainly focused on efficiency gains.

FIGURE 11. AI or related tools are being increasingly embedded within workflows across firms, with a lot of room to improve



Source: US BEA, Bloomberg, Barclays Research

FIGURE 12. Based on Q3 transcripts in Europe, Energy and Discretionary firms talked more about AI-led efficiency gains, while Utilities, Industrials and Tech highlight more the AI-led boost to demand

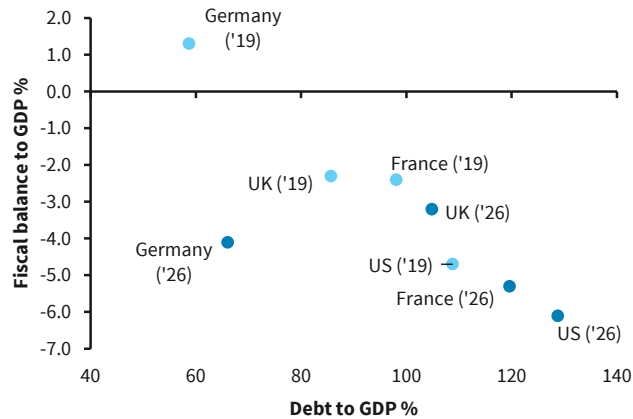


Source: Company transcripts (AlphaSense), Barclays Research

2) Financial repression underpins risk assets

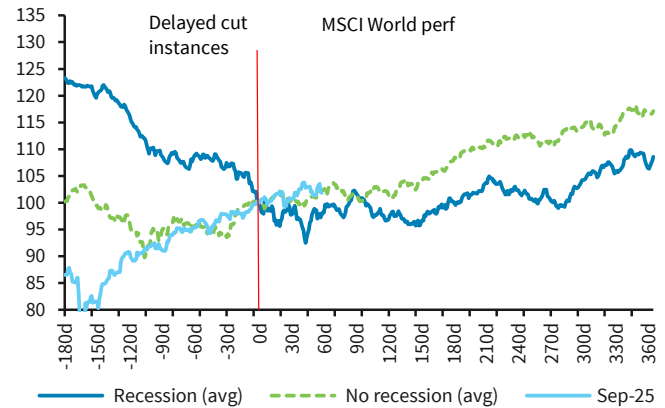
With no end in sight to ballooning public debt and fiscal deficits across DMs, fiscal dominance brings financial repression. This means central banks are likely to err on the side of caution and let economies run hot, to 'inflate away the debt', in our view. Our economists are looking for the Fed to cut three more times to 3.25%, the BOE to cut twice to 3.5%, as well as the PBOC to ease a little more. In contrast, they expect the ECB to stay on hold, with an easing bias, and the BOJ to hike twice to 1%. Furthermore, the Fed has announced it will end QT on 1st December, which should help to ease financial conditions further, in our view.

FIGURE 13. Debt to GDP and fiscal balance have worsened in most DM countries post pandemic, forcing central banks to keep a lid on rates



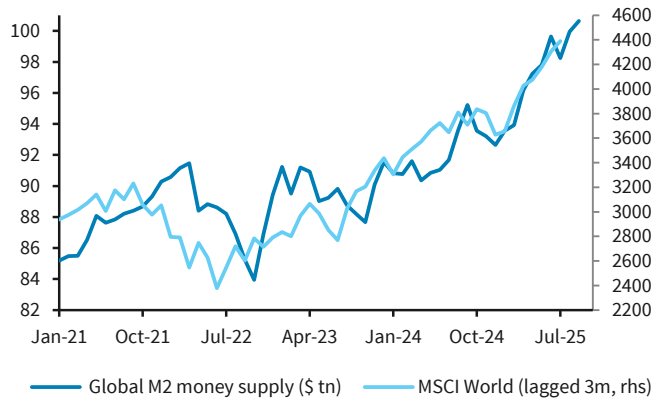
Source: Bloomberg, IMF WEO, Oct 2025, Barclays Economics Research, Barclays Research

FIGURE 14. Fed cuts outside recession typically saw equity markets rallying – this remains the playbook for now

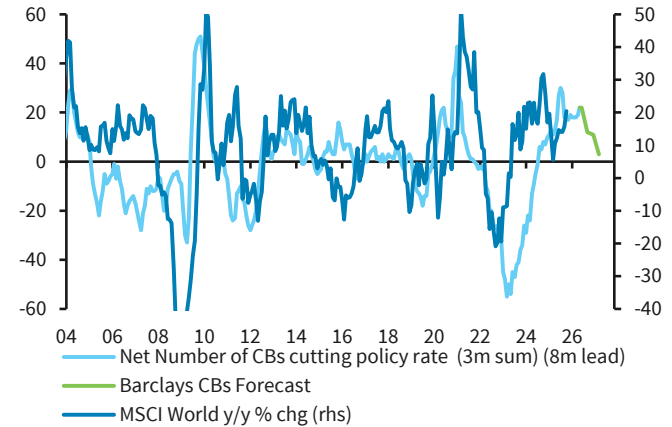


Source: Bloomberg, IBES, LSEG Data & Analytics, Barclays Research

Overall, we expect loose financial conditions, rising money supply and low real rates to underpin risk assets further in 2026. The risk, of course, is that if central banks start worrying about overheating, any hawkish shift in communication or actual policy could be a reality check for markets and challenge the prevailing Goldilocks narrative. A lack of data due to the government shutdown in the US has led markets to price out some of the expected Fed cut in December. But the bigger question is whether the Fed will cut at all in 2026 if inflation and growth hold up better than expected.. So depending on how inflation evolves, changing expectations of the terminal rate may fuel volatility, while the broad central banks impulse may wane somewhat in H2, as the bulk of rates cuts should be behind us.

FIGURE 15. Global M2 money supply and equities keep rising in tandem

Source: Bloomberg, Barclays Research

FIGURE 16. Central banks impulse remains positive for equities, however it could wane somewhat in H2 2026

Source: Bloomberg, Barclays Research

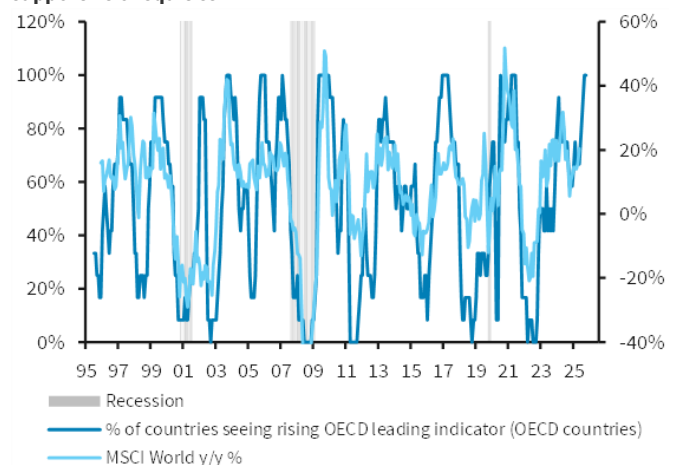
3) Cyclical recovery ahead

Our economists expect US and EU real GDP growth to accelerate next year to a pace above potential, mostly reflecting fiscal and monetary easing, as well as the fading drag from tariffs. Growth should decelerate further in China, in view of structural issues associated with demographics, the property market and manufacturing overcapacity, and the likely absence of DM-style demand-side stimulus. However, given that the 15th Five Year Plan (15FYP) starts next year, our economists expect the government to pull the infrastructure lever again in 2026. On the inflation front, we see further moderation to below 2% in EA, while in the US, easing tariff-related price increases and limited second round effects on wages should open the door for a return to neutral Fed policy. Although risks are two-sided, we think that the most pronounced ones involve more resilient spending (wealth, capex), a tighter labour market, and delayed rate cuts.

FIGURE 17. GDP growth and CPI estimates for the main regions

	GDP y/y %								CPI y/y %		
	1Q26	2Q26	3Q26	4Q26	1Q27	2Q27	3Q27	4Q27	CY25	CY26	CY27
Global	2.5	2.0	1.9	2.2	1.9	1.8	1.6	1.5	3.3	3.0	3.1
US	0.8	0.9	1.1	1.2	1.2	1.3	1.3	1.2	1.9	2.1	1.7
Euro Area	0.2	0.6	1.0	1.3	1.3	1.4	1.4	1.2	1.4	1.0	1.3
Germany	1.2	1.1	1.0	1.0	1.0	1.0	1.0	1.0	0.8	1.1	1.0
France	0.1	0.4	0.7	0.7	0.8	0.9	0.8	0.8	0.5	0.5	0.8
Italy	2.5	2.2	2.1	2.0	1.8	1.8	1.7	1.7	2.9	2.2	1.8
Spain	1.0	1.1	1.5	1.8	1.9	2.0	2.0	1.8	1.4	1.4	1.9
UK	0.5	0.3	1.2	1.2	1.2	1.1	1.1	1.1	1.0	0.8	1.1
Japan	3.7	3.7	4.0	4.5	4.3	4.1	3.9	3.8	4.0	3.7	3.9
EM ex China	6.0	6.2	6.4	6.5	6.8	6.8	6.5	6.4	6.8	6.5	6.5
China									4.8	4.0	4.0
India									2.1	3.8	4.2

Source: Barclays Barclays Economics Research, Barclays Research

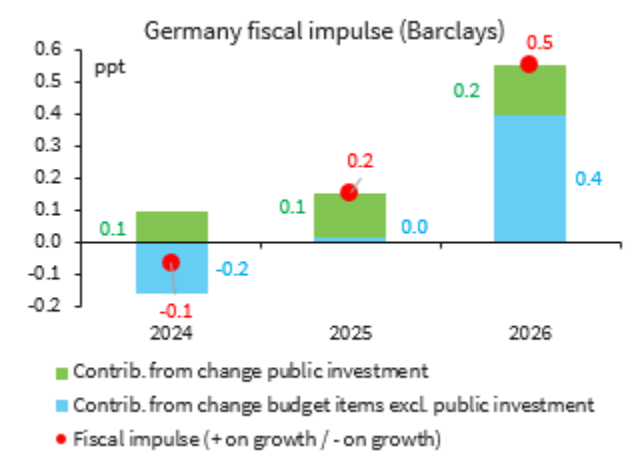
FIGURE 18. OECD leading indicator has strongly rebounded, which is supportive of equities

Source: Bloomberg, Barclays Barclays Economics Research, Barclays Research

Fiscal policy is set to play a key role in supporting DM activity in 2026. We expect a front-loaded stimulus impact from the OBBBA in the US, while in Europe, fiscal impulse should be the most positive in Germany, at 0.5% of GDP. German fiscal expansion in 2026 appears skewed towards spending increases, but more equally spread across spending items than in 2025, when most of

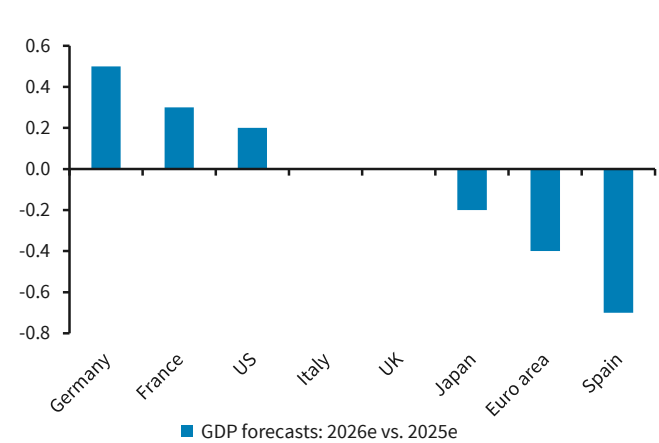
the increase in the deficit was spent on social benefits. Elsewhere in the region, our economists expect growth to decelerate further in Spain from above to trend growth, and to remain sub-1% in Italy. The expiration of the super-bonus has already impacted the residential sector, but spending on NGEU has somewhat moderated this. With the ending of the NGEU's disbursements in summer of 2026, growth faces this additional headwind. France should continue to grow at c. 1% per year due to the domestic political situation. Outside Germany, other EA large countries have no fiscal space to stimulate activity.

FIGURE 19. German fiscal stance is expected to loosen materially in 2026, resulting in 0.5% growth impulse..



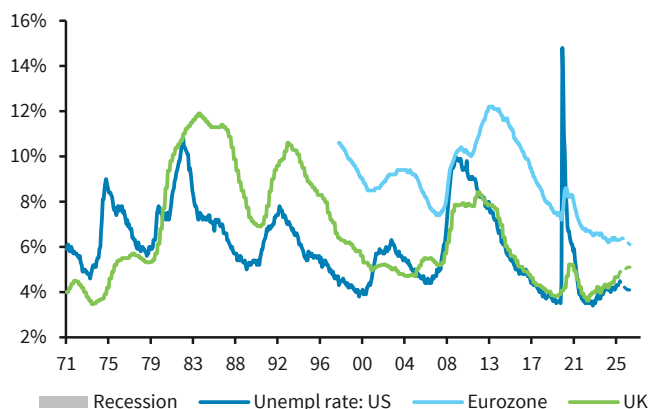
Source: Haver, Barclays Economics Research

FIGURE 20. We forecast Germany to see the biggest positive delta in growth into 2026 among major DM economies

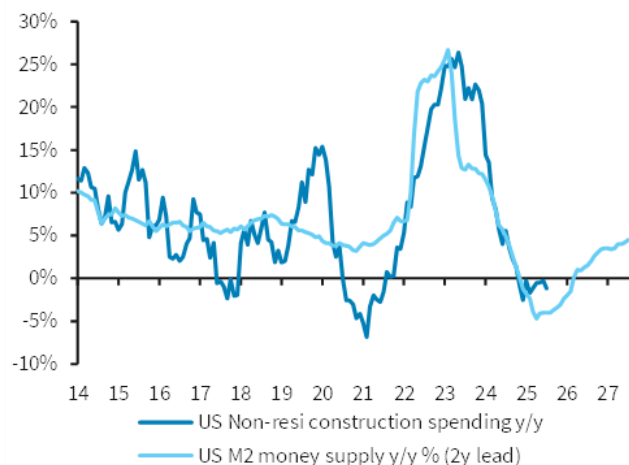


Source: Bloomberg, Barclays Economics Research

US employment is showing signs of moderation, which we think will keep the Fed on an easing path towards neutral. But while slowed immigration should keep the pace of job gains well below historical norms, we think gains will be sufficient for the labour market to tighten and wages to firm up. So we expect consumer spending to show resilience, as wealth continues to provide support, alongside stimulus from tax cuts. On the capex front, the AI boom masks weakness in other categories. Non-residential investment remains depressed in the US, while residential investment has also been struggling. However, easier monetary conditions should help drive some recovery in non-residential spending, in our view. Meanwhile, in Europe, credit lending to the private sector is already seeing modest but steady improvement. We think investment growth should pick up, particularly in Germany, as fiscal spending gets diverted into capex.

FIGURE 21. Unemployment rate to stay low in EA, and to rise modestly in the US and UK

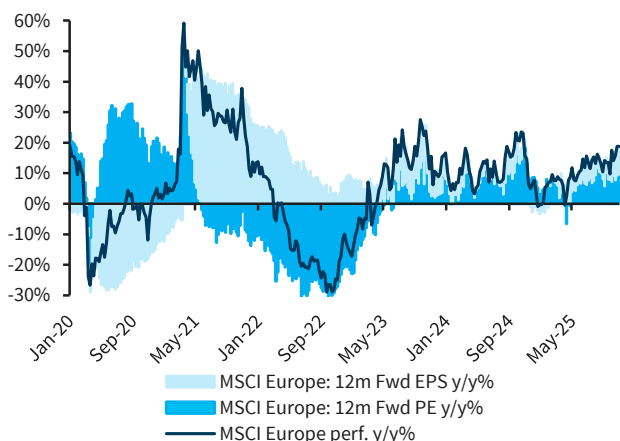
Source: Bloomberg, Barclays Economics Research, Barclays Research

FIGURE 22. US non-residential capex is also depressed, but likely to rebound as monetary conditions improve

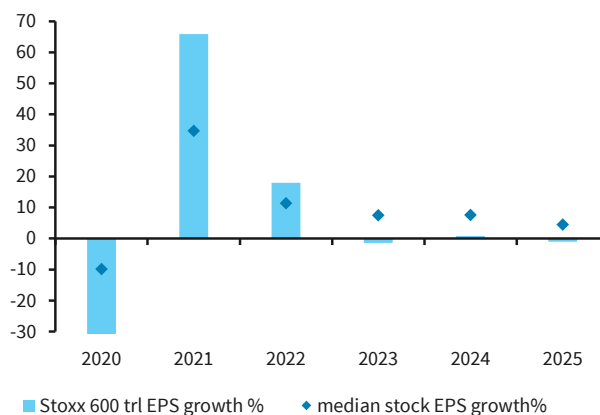
Source: Bloomberg, LSEG Data & Analytics, Barclays Research

4) Earnings to do the heavy lifting

Equity gains in Europe have been driven by valuation expansion rather than earnings growth in recent years. Actual EPS growth for the Stoxx 600 was basically flat at the index level for three years, even though the median stock earnings growth has been more reasonable, at mid single digits. Nevertheless, we think this does create easier comps for European earnings into next year.

FIGURE 23. Valuations have been a bigger contributor to returns than earnings for European equities recently

Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 24. Aggregate EPS growth in Europe has been flat for three years

Source: IBES, LSEG Data & Analytics, Barclays Research

External headwinds such as tariffs and FX were particularly acute for European firms this year. However, if global nominal growth were to clock above 5% in 2026, as per our in-house forecasts, then history suggests that it could potentially lead to decent earnings recovery for European equities next year. Having said that, consensus estimates are trending at 13% for MSCI Europe (and 12% for Stoxx 600), which looks on the high side to us.

FIGURE 25. Global nominal GDP growth of just >5% indicates that above mid single-digit growth is not a high hurdle to clear for Europe

Global Nom GDP y/y%	YoY Chg in World EBIT margin %	YoY Chg in Europe EBIT margin %	MSCI World EPS y/y	MSCI Europe EPS y/y
3.0	-2.9%	-3.7%	-21.3%	-25.6%
4.0	-0.4%	-0.8%	-0.5%	-5.1%
5.0	0.2%	0.3%	6.3%	5.1%
6.0	1.0%	1.1%	15.7%	19.2%
7.0	0.8%	0.9%	16.3%	23.4%
8.0	1.8%	2.3%	21.8%	22.0%

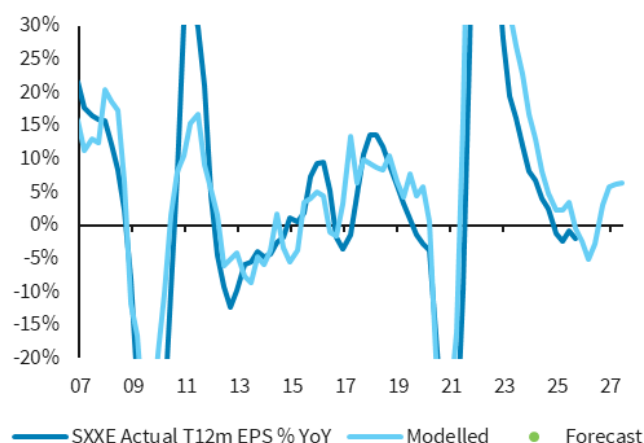
Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 26. Consensus estimates for Europe tilted to the higher side compared to our in-house GDP growth expectations

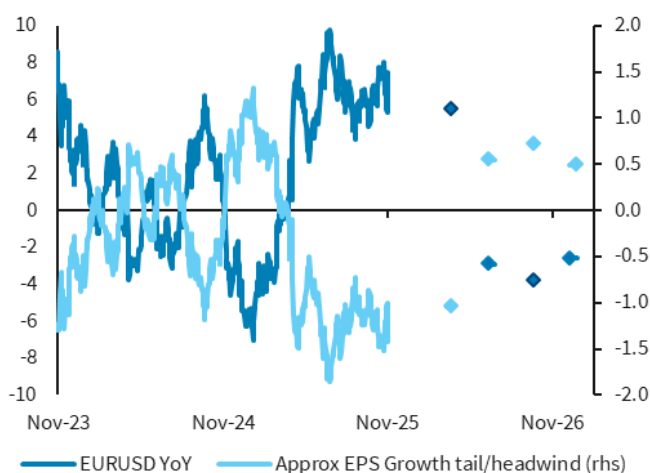
	Sales Growth		EPS Growth		EBITDA margin	
	2025e	2026e	2025e	2026e	2025e	2026e
MSCI World	4%	5%	8%	13%	19.1%	20.1%
USA	6%	7%	13%	14%	20.4%	21.6%
Europe	2%	3%	-1%	13%	18.2%	18.8%
Eurozone	1%	3%	-3%	15%	17.3%	18.0%
UK	2%	3%	2%	12%	18.2%	18.5%
Germany	1%	4%	1%	15%	14.8%	15.7%
France	2%	3%	-7%	19%	16.6%	17.3%
Spain	2%	1%	1%	7%	15.3%	15.7%
Italy	0%	3%	-4%	15%	30.0%	30.7%
Japan	-3%	4%	2%	12%	13.1%	13.7%
China	2%	6%	2%	15%	12.2%	13.0%
India	6%	11%	12%	16%	16.8%	17.2%
EM	5%	8%	11%	17%	15.2%	16.1%

Source: IBES, LSEG Data & Analytics, Barclays Research

Our simple top-down earnings model based on nominal GDP growth, EURUSD, commodities and rates gives ~6% EPS growth for 2026. However, we also seek to evaluate the drivers individually to look at where the delta comes from for earnings growth. Real GDP growth is set to recover from the trough in Europe next year, and that is typically the major driver of earnings. With real GDP growth projected to return to above-trend by Q4'26 for EU, based on our economists' forecasts ([see here](#)), this implies c.6% EPS growth by itself. Strong EURUSD has been a big headwind for European equities ytd. Our FX strategy team is positive on the US dollar, and their estimates imply that FX might be a small tailwind to next year's earnings. Steady oil prices and lower rates are influentially small factors but still incrementally additive to earnings growth next year. So put together, we are comfortable sticking with our current 8% EPS growth forecast for 2026.

FIGURE 27. We forecast 8% earnings growth for Stoxx 600 in 2026

Source: IBES, LSEG Data & Analytics, Barclays Research

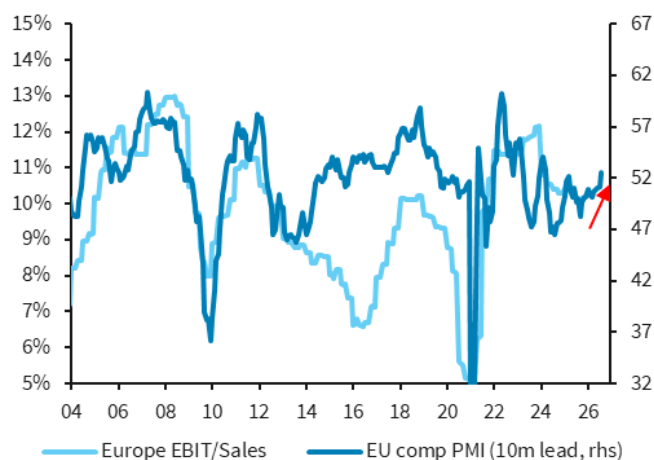
FIGURE 28. FX should turn into a modest tailwind by Q2 next year

Source: IBES, LSEG Data & Analytics, Barclays Research

2026 earnings should also be supported by a turnaround in margins. Margins have steadily declined over the past couple of years in Europe. However, as GDP growth recovers from the trough, volumes should start to improve, diluting fixed costs and thus providing a boost to operating leverage. Although we think consensus estimates at 13% are slightly on the high side, we note it is not unusual for European EPS growth estimates to be high at this time of the year

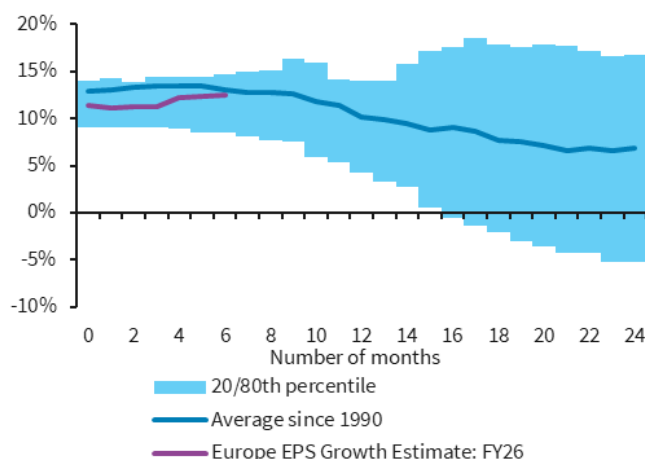
and to be revised down early in the new year. In fact, we don't see current estimates as elevated compared to history.

FIGURE 29. Activity indicators suggest inflection is around the corner for profit margins in Europe



Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 30. Elevated consensus estimates for Europe aren't unusual compared to history at this time of the year



Source: IBES, LSEG Data & Analytics, Barclays Research

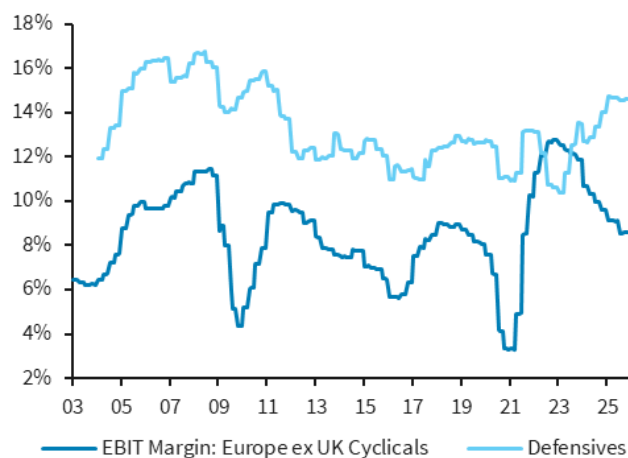
From a bottom-up perspective, though, clearly Cyclical are expecting >20% EPS growth, which looks optimistic at face value to us. We think estimates for sectors like Disc (Autos) and Materials look particularly elevated. However, those elevated numbers are skewed by a few outliers, with the median growth of 13% looking more reasonable for Cyclical, especially when compared against easier comps. Indeed, Cyclical have seen sharp slippage in profit margins in the last couple of years amid stagnant growth. But the space should see improved operating leverage into next year as external headwinds (FX/tariff) fade and PMIs continue to recover.

FIGURE 31. Cyclical like Discretionary and Materials are factoring in high expectations among aggregate consensus numbers, but also have easy comps

Sector Name	Median EPS growth		Aggregate EPS growth	
	2025E	2026E	2025E	2026E
Financials	7.8%	6.6%	6.5%	10.1%
Energy	-3.0%	5.6%	-13.0%	3.7%
Industrials	4.6%	14.0%	6.7%	12.6%
C Disc	-2.2%	13.4%	-33.2%	58.1%
Materials	-4.5%	12.1%	-10.9%	19.4%
Info Tech	3.9%	12.8%	8.3%	11.0%
Utilities	0.6%	4.7%	-1.0%	5.5%
Staples	0.7%	9.2%	-2.5%	7.6%
Health Care	9.2%	12.3%	8.9%	8.9%
Comm Svcs	-2.8%	11.8%	-4.3%	18.6%
Real Estate	3.4%	4.5%	11.5%	3.9%
SXXP Index	3.6%	10.3%	0.7%	12.4%
Cyclicals	2.3%	13.0%	-6.5%	22.4%
Defensives	3.0%	10.0%	2.2%	9.0%

Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 32. Cyclical's margins should recover from the lows in 2026 as growth starts to inflect higher



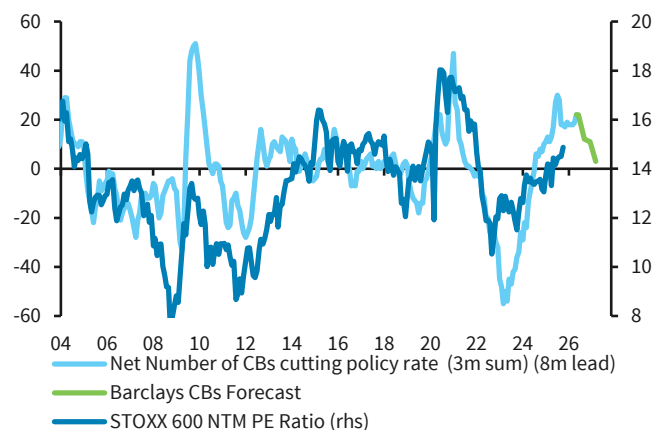
Source: IBES, LSEG Data & Analytics, Barclays Research

5) Valuation upside limited but not exhausted

Most equity markets have seen a P/E re-rating over the past 12 months, helped by rates cuts. Accommodative policy is likely to remain in place for 2026, although fewer central banks may cut, meaning the liquidity impulse should wane in H2. Secular themes in the likes of AI and A&D have also led to a re-rating in some pockets of the market. This support might persist, but we see little headroom left for a further material re-rating. However, the activity backdrop is

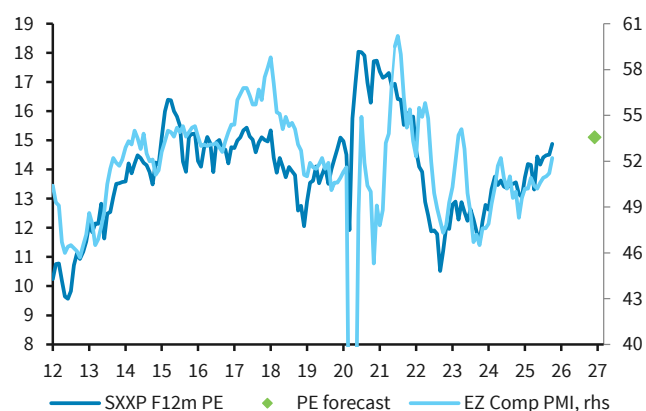
starting to improve, with EU PMIs now at expansionary levels for the first time in two years. If they were to recover further towards mid 50s, the level implied by our economists' GDP growth forecast, we think a modest multiple expansion would be possible, from 14.9x currently to 15.1x, over the course of the next year.

FIGURE 33. Global central banks are likely to stay put for now, which support P/E multiples, but impulse may turn less positive in H2 2026



Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 34. P/E re-rating consistent so far with PMI recovery, and we expect a further improvement in activity to provide a small boost to multiples



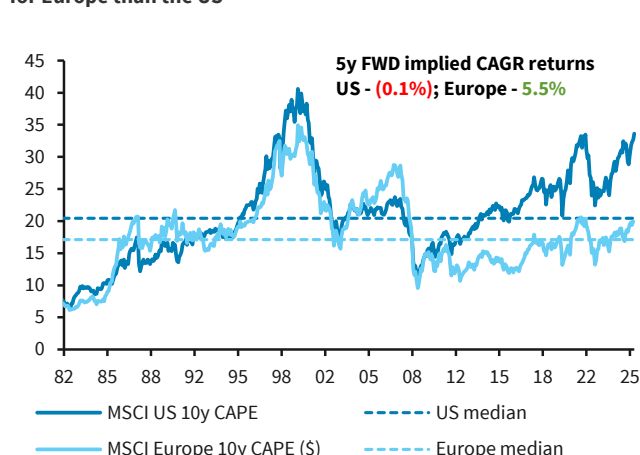
Source: IBES, LSEG Data & Analytics, Barclays Research

One question we hear from investors is whether top-of-the-range P/E multiples hinder returns for EU equities. Our analysis of past instances of high P/E occurrences in Europe reveals that multiples can stay high and deliver double-digit returns (outside of recessions), as long as earnings growth is above trend and close to double digits. Given this is the scenario we have laid out above for earnings for 2026, we feel confident regarding European equity returns. Over the medium term too, looking at cyclically adjusted P/E (CAPE), the long-term returns profile looks decent for European equities, at 5-6% CAGR, but less so for US equities.

FIGURE 35. High P/E multiples have not hindered equity returns in Europe, historically

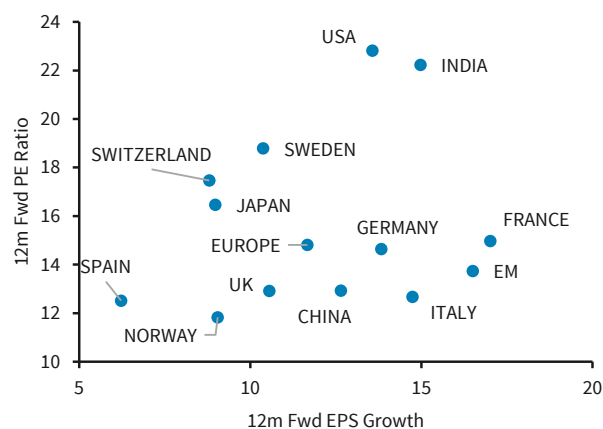
Year end	12m fwd PE at year end	12m Fwd EPS _e y/y at year end	Next year Act EPS growth	Next yr perf.
1993	16.5	28%	35%	0%
1996	14.6	15%	5%	22%
1997	17.4	12%	7%	27%
1998	19.3	13%	-6%	14%
1999	22.9	16%	8%	-10%
2000	20.7	11%	-21%	-21%
2001	20.2	15%	-8%	-20%
2002	15.4	34%	38%	35%
2003	16.2	18%	42%	18%
2004	14.6	11%	26%	7%
2015	15.2	6%	-10%	-3%
2016	14.8	14%	26%	22%
2017	15.0	9%	5%	-17%
2019	14.8	9%	-29%	3%
2025	14.8	12%		
Average	17.0	15%	8%	5%
Median	15.8	13%	6%	5%
Hit ratio				64%
Average (ex Dot com, Covid)	16.5	16%	16%	10%
Median (ex Dot com, Covid)	15.4	14%	8%	14%
Hit ratio (ex Dot com, Covid)				73%

Source: IBES, LSEG Data & Analytics, Barclays Research

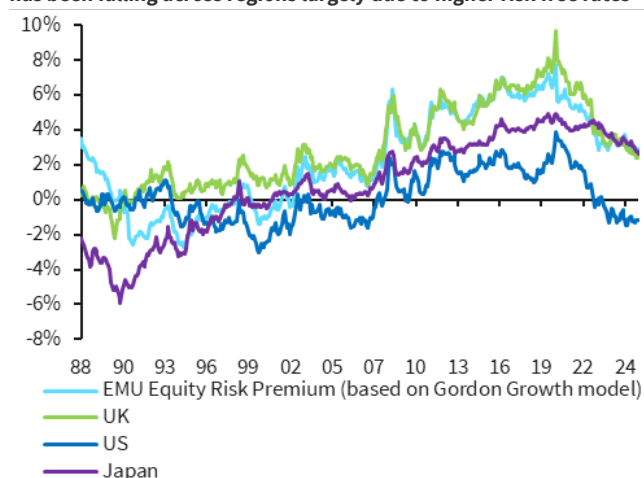
FIGURE 36. CAPE at current level implies higher 5-year CAGR returns for Europe than the US

Source: IBES, LSEG Data & Analytics, Barclays Research

European P/E's also don't look particularly elevated compared to EPS growth expectations for 2026, while the US and India look more demanding. Likewise, the European equity risk premium (ERP) remains higher than in the US and in line with other major regions.

FIGURE 37. P/E vs. EPS growth expectations for the main regions/countries

Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 38. Equity risk premium remains high in Europe, although it has been falling across regions largely due to higher risk free rates

Source: IBES, LSEG Data & Analytics, Barclays Research

Putting it all together

We think earnings should make a comeback as the primary driver of returns for European markets in 2026. As Global nominal GDP growth stays resilient, we believe EU growth is likely to recover from the trough and, with FX headwinds fading, we expect European EPS growth to track c.8%. Meanwhile, a steady pick-up in activity and a supportive rates backdrop should allow P/E's to remain near the top of the range (~15.1x). Putting the above-trend EPS growth and near-cycle-high P/E's together gives us a price target of ~620, or around 8% potential upside from current levels.

FIGURE 39. Earnings growth of 8% set to drive the bulk of upside next year, giving a price target of 620 for the SXXP

Approximate index price sensitivity to P/E & EPS assumptions: Stoxx 600 (SXXP)								
Current P/E	P/E	0.8	1.5	2.2	2.9	3.6	4.3	5.0
		8% 2026 EPS forecast						Implied Global GDP Growth backed out from dif EPS growth rates
		-9%	-4%	1%	6%	11%	16%	21%
		32.1	33.9	35.7	37.4	39.2	40.9	42.7
								F12m EPS Growth
								F12m EPS Level
	11	354	373	392	412	431	450	470
	12	386	407	428	449	475	491	512
	13	418	441	464	487	515	532	555
	14	450	475	499	524	554	573	598
	14.8	482	509	535	561	594	614	640
15.1x P/E forecast	16	514	543	571	599	634	655	683
	17	547	576	606	636	673	696	726
	18	579	610	642	674	713	737	769
	19	611	644	678	711	752	778	811
	20	643	678	713	748	792	819	854

Source: LSEG Data & Analytics, IBES, Barclays Research estimates

Our earnings model for Europe indicates that the majority of the improvement in EPS growth comes from the pick-up in real GDP growth from the trough for the region. Moderating EURUSD is a tailwind, while commodities and rates act as small but incrementally additive factors, leading to our ~8% forecast for next year. Our earnings model for FTSE100 also delivers a similar EPS growth forecast modelled with our resilient in-house nominal GDP forecasts and supportive GBPUSD. In our base case, we expect limited room for valuation expansion but expect P/Es to stay near the top of the range as activity sees a steady recovery amid a supportive rates backdrop.

FIGURE 40. Price targets for end-2026

IBES Consensus				
		FTSE 100	Euro Stoxx (SXXE)	Stoxx 600 (SXXP)
Current Px		9,698.4	599.5	574.8
2026	26 EPS Growth	12%	15%	12%
	End '26 EPS Level	760.8	40.8	38.9
	End '26 P/E	12.7	14.7	14.8
2027	27 EPS Growth	11%	12%	12%
	End '27 EPS Level	846.8	45.8	43.4
	End '27 P/E	11.5	13.1	13.2
Barclays Forecasts				
2026	Forecast EPS Growth '26	8%	8%	8%
	Implied EPS level end '26	736.3	38.4	37.4
2027	Forecast EPS Growth '27	6%	9%	10%
	Implied EPS level end '27	780.5	41.9	41.1
	Implied F12m P/E end '27	12.4	14.3	14.0
	Forecast P/E end '26	13.3	15.2	15.1
	Index Px Forecast end '26	10,350	635	620
Upside/downside		7%	6%	8%

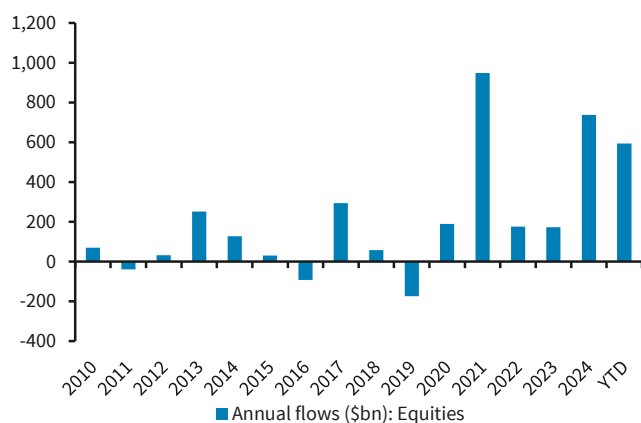
Pricing data as of 14 Nov 2025

Source: LSEG Data & Analytics, IBES, Barclays Research estimates

6) High positioning still leaves dry powder

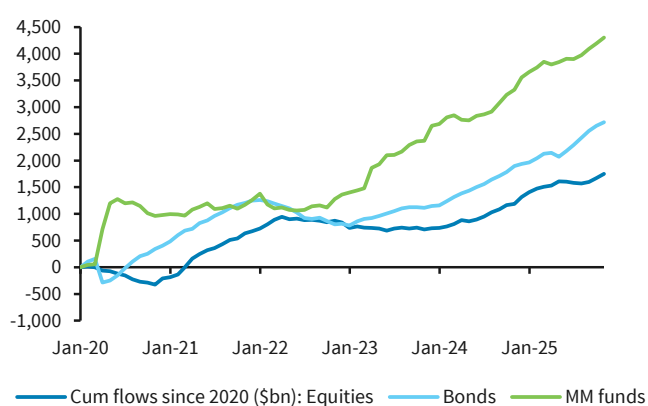
Global equities have seen a second consecutive year of strong inflows in 2025 at ~\$620bn ytd (after ~\$740bn in 2024). Nevertheless, the inflows that have gone to money-market assets and bonds are higher at \$1.0trn and \$650bn, respectively. So while the tailwinds from positioning are not as strong as they were a year ago, there is no dearth of dry powder, with \$7.5trn still in money market funds.

FIGURE 41. Equity inflows strong for the second consecutive year...



Source: EPFR, Barclays Research

FIGURE 42. ...but flows into MM funds and bonds are even stronger

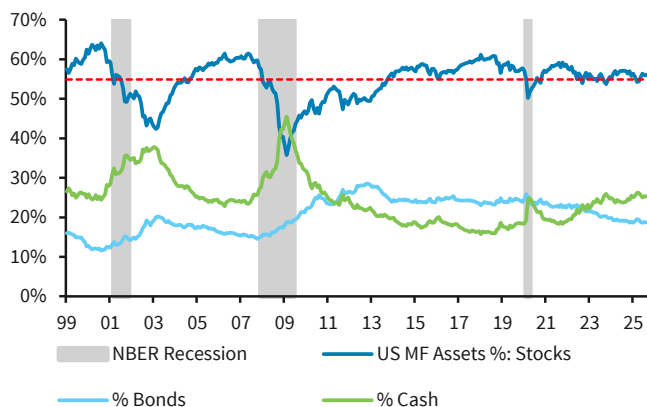


Source: EPFR, Barclays Research

In fact, mutual funds' allocation to equities is just above average levels, even if retail investors have much higher exposure. Fast money and systematic investors are also heavily invested in equities, but the Oct-Nov pull-back saw some de-risking by risk control funds. So, in aggregate,

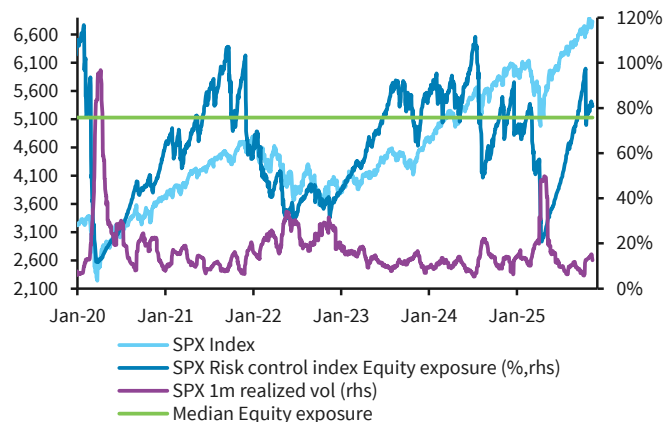
positioning is marginally above average, but not particularly extended, according to our models.

FIGURE 43. Mutual funds asset allocation to equities is slightly above-average, but not extreme



Source: ICI, Haver, Barclays Research

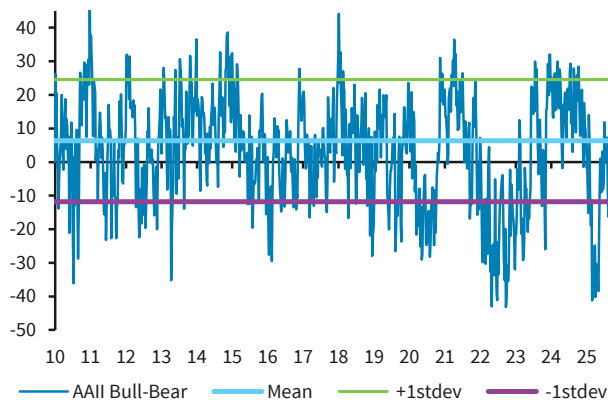
FIGURE 44. Risk control funds equity exposure is just above average, having come down with the Oct-Nov pullback



Source: Bloomberg, Barclays Research

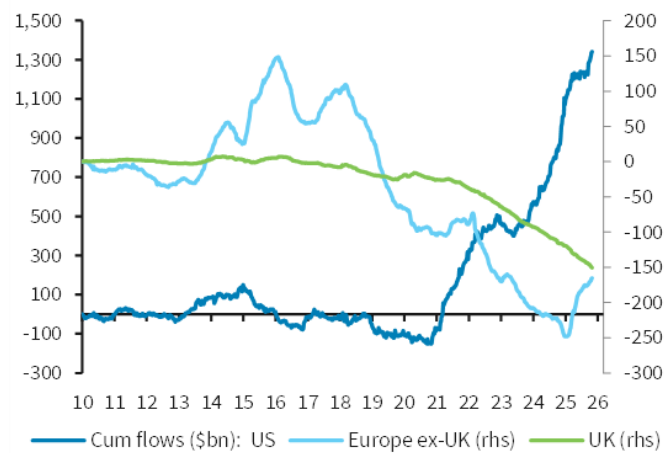
Despite the surge in equities so far in 2025, investor sentiment is far from euphoric levels, as per the latest AAIL survey, which saw the bull-bear spread turn negative. Within equities, there has been more rotation away from US into RoW this year, as US exceptionalism was challenged with rising policy uncertainty in the US, prompting investors to sell dollar assets and diversify away from the region earlier in the year. However, the continued rally in AI space, along with the stabilisation in US rates and the dollar, has reignited 'Buy America' once again. Meanwhile, the bid for Europe seen after the German elections and stimulus announcement in Q1 did not last long. So the structural positioning gap between the two regions remains very high.

FIGURE 45. Cautious investor sentiment suggests pain trade may still be to the upside



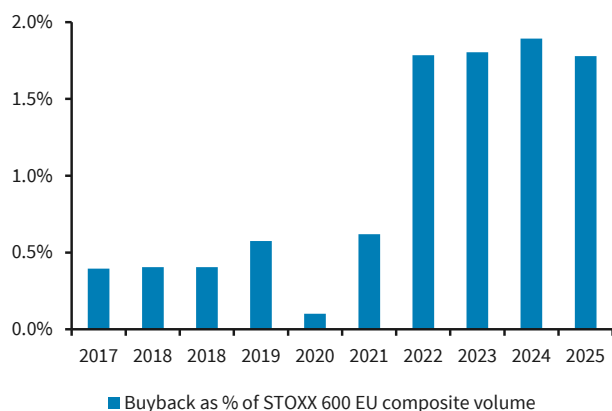
Source: ICI, Bloomberg, Barclays Research

FIGURE 46. 'Buy America' has resumed, but EU is still seeing inflows, as investors continue to diversify their allocation

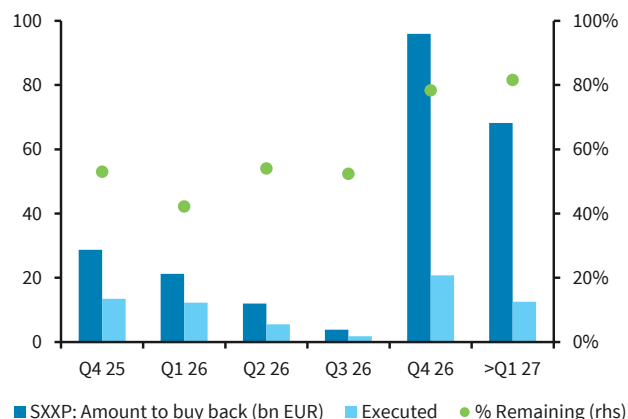


Source: EPFR, Barclays Research

Buybacks have been a key driver of equity demand in Europe this year, providing steady support to the market. Execution remains backloaded, with 70% of 2026 programmes still pending, only slightly below the 80% of 2025 buybacks that were outstanding at this time last year.

FIGURE 47. Buybacks have become a more important source of equity demand for Europe in recent years

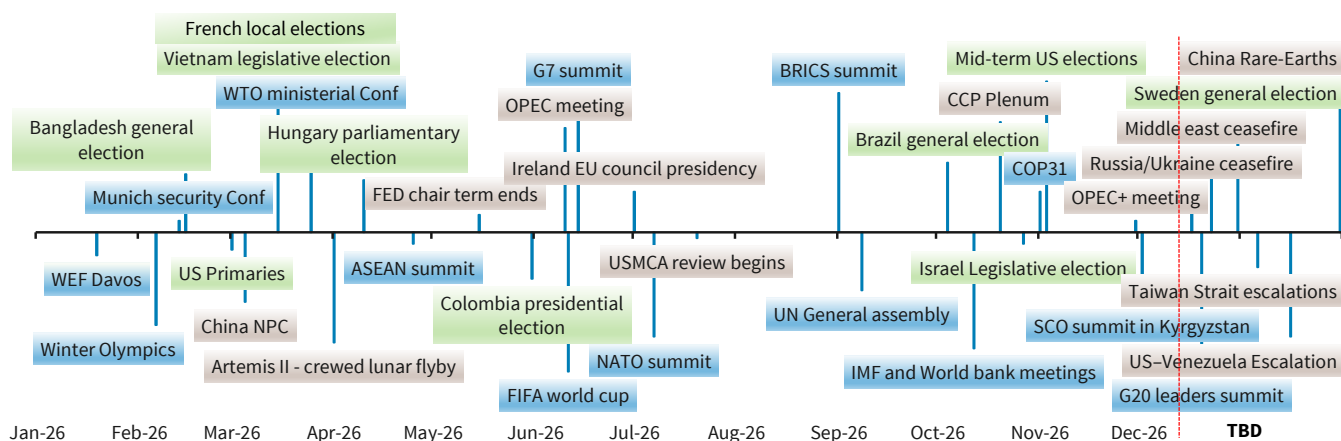
Source: Bloomberg, Barclays Research

FIGURE 48. Executions remain backloaded, with 70% of 2026 programmes still pending

Source: Bloomberg, Barclays Research

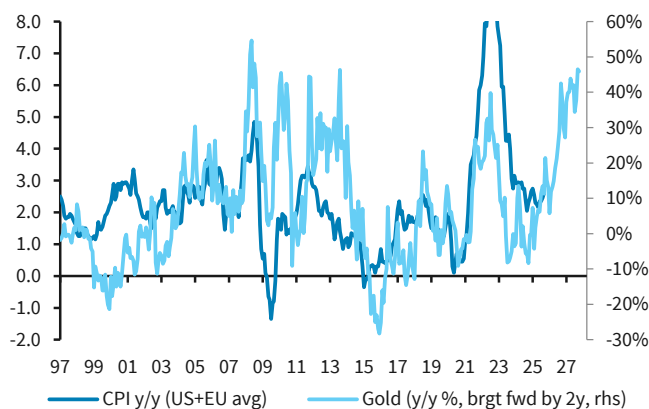
Potential risks and surprises

In hindsight pull-backs turned out to be good buying opportunities in 2025, as strong fundamentals prevailed over noisy geopolitics, while the boost from AI was stronger than many had expected. The geopolitical calendar will be busy again in 2026, and we address below what we think could be some of the main risks for markets to watch for.

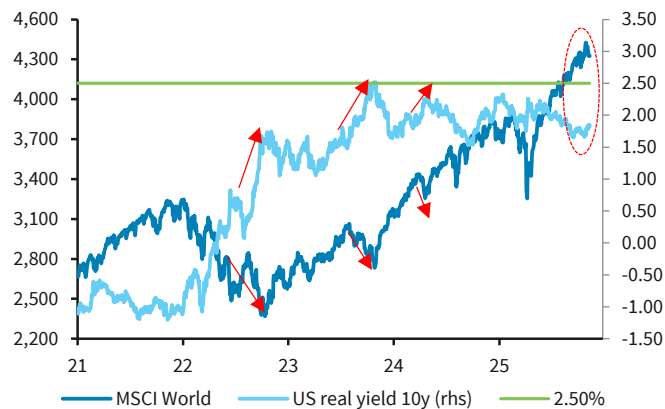
FIGURE 49. 2026 geopolitical timeline and key events

Green highlighted are elections, Grey - Geopolitical events and Blue - Global leadership/summit/sporting events
Source: Secondary sources (multiple news publications and multi-lateral organisations), Barclays Research

Overheating and Fed credibility. A tariff-led inflation spike has not been very evident thus far, judging by headline CPI indices. However, under the hood, inflationary pressures are rising as firms pass through prices and in fact forward-looking indicators like ISM prices paid, especially for services, have been trending higher for sometime. Meanwhile, unlike in 2022, the Fed appears to be easing in the belief that current price pressures are temporary, while the job market is weakening. If the labour market turns out to be more resilient, then the easing cycle could potentially lead to overheating of the economy and a spike in long-end yields. In addition, markets may become anxious about whether the next Fed chair would be independent enough to hike rates should it be necessary. The recent surge in the gold price may point to higher inflation ahead.

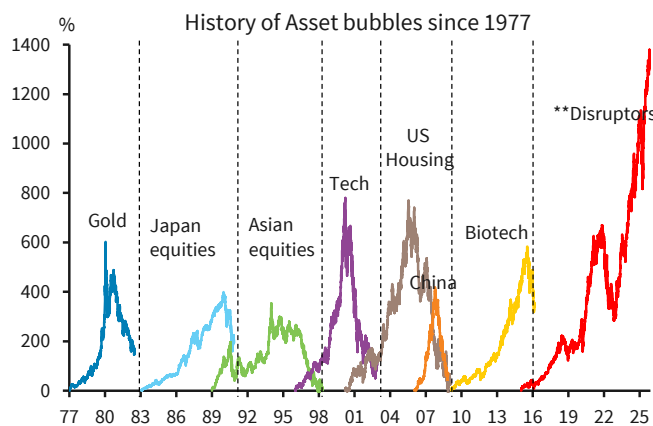
FIGURE 50. Surging gold price prelude to an inflation spike?

Source: Bloomberg, Barclays Research

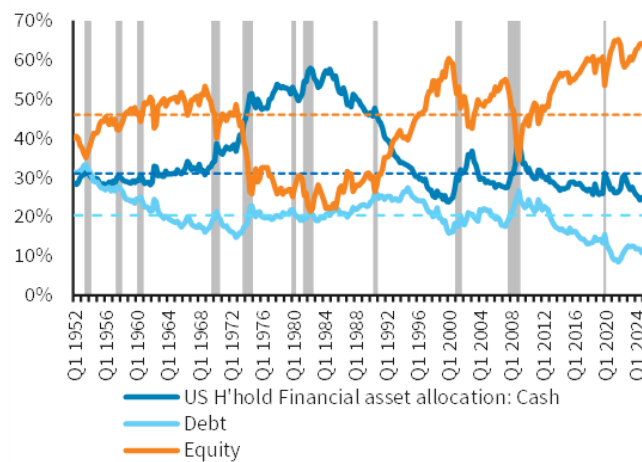
FIGURE 51. US real rates are key to the direction of the equity market

Source: Bloomberg, Barclays Research

AI bubble bursts. The AI supercycle boom has led to a strong rally over the past three years for the Big Tech names. Much of the performance uplift has also been due to retail investors' higher exposure to the space. Indeed, their allocation to broader equities has now reached all-time highs. At the same time, the equity market itself has become more concentrated, especially in the US, with just a few Big Tech names delivering the bulk of returns. So under a worst-case scenario where the AI trade falters, it could lead to a sharp decline in wider equities, impacting overall household wealth. This could eventually hurt consumption and then economic growth giving the broad ramifications of hyperscalers' huge capex. EU/UK equities feel relatively less at risk than the more Tech-heavy US and Asia.

FIGURE 52. AI trade is looking stretched now compared to past bubbles

**Disruptors = $0.5 \times \text{NYFANG index} + 0.5 \times \text{DJECOM index}$. Gold = Cash price: London Gold bullion, PM fix (\$/troy oz.); Asian equities = SET index; Japanese equities = Nikkei 225 index; Tech = NASDAQ 100 index; US Housing = S5HOME Index; China = SSE composite index; Biotech = NASDAQ Biotechnology index
Source: Bloomberg, Haver Analytics, Barclays EU Economics Research

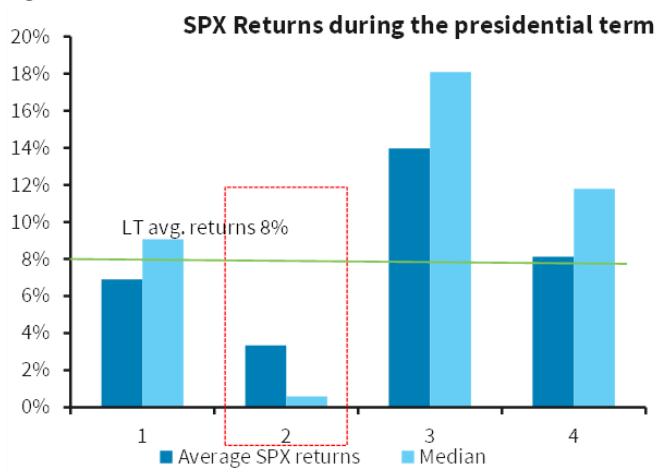
FIGURE 53. US household equity allocation is record high

Source: LSEG Data & Analytics, Barclays Research

Wall street vs. Main street. The second year of US presidential cycles has historically been the weakest in terms of equity market returns. The growth-policy backdrop and AI capex strength have boosted US equity markets, benefiting asset owners, with rising inequality and the cost-of-living crisis weighing on the low-end consumer. Markets could turn choppy ahead of the mid-term elections, and if Republicans lose control of Congress, this could slow the de-regulation

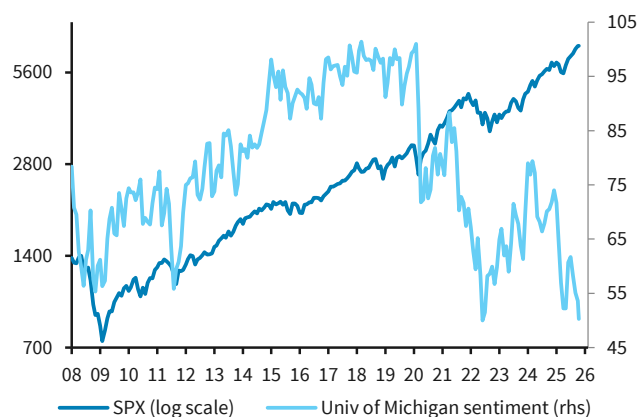
process. On the flip side, Trump could surprise the markets by cutting tariffs to address high food prices, as seen recently with trade deals with several LATAM countries.

FIGURE 54. The second year of US election cycles has typically seen higher volatility and sub-par equity returns



Source: Bloomberg, Barclays Research

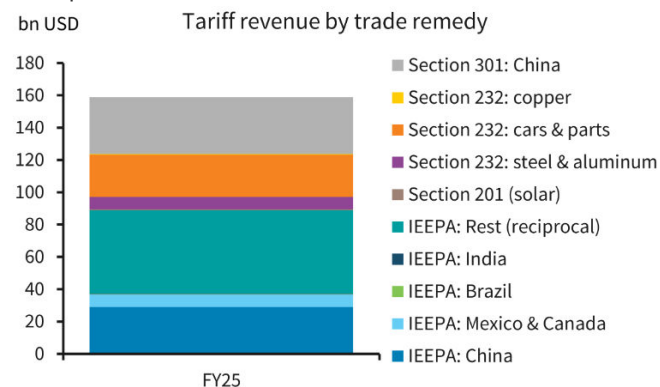
FIGURE 55. K-shape recovery raises pressure on Trump to address cost-of-living crisis ahead of mid-term elections



Source: Bloomberg, Barclays Research

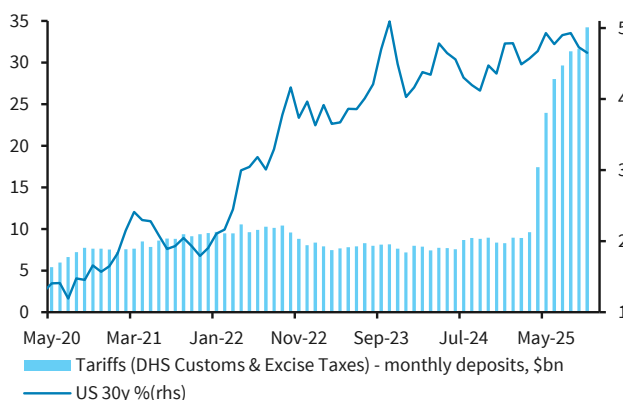
More tariffs noise. The Supreme Court ruling on Trump's use of the International Emergency Economic Powers Act (IEEPA) for tariffs is expected in early 2026. This decision will be critical, as tariff revenues for the US have been substantial and have played a key role in containing the term premium on long-end yields. Even if the Supreme Court rules against the use of IEEPA for tariffs, Trump has alternative legal authorities to potentially pursue similar trade policies. Other options, such as Section 338 of the Tariff Act of 1930 and Section 122 of the Trade Act of 1974, could be used to arrive at a similar outcome on the tariff front, suggesting that any adverse ruling may be only a minor hurdle for Trump. So this may not be the end of the tariffs saga, and it could potentially be disruptive or stimulative if some of the tariffs have to be repaid, but we expect the market impact to be muted for now.

FIGURE 56. Revenues from IEEPA by the end of September totalled about \$90bn



Source: CBP, Barclays Economics Research

FIGURE 57. Rising tariff revenues have helped to contain long-end term premium in the US treasury market

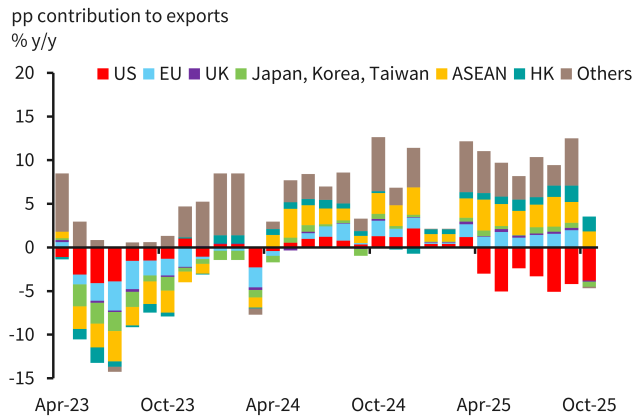


Source: US treasury, Bloomberg, Barclays Research

China over-capacity and geopolitics. The tariff saga is unlikely to be fully behind us, despite the recent one-year trade truce between the US and China. China exports to the US have declined, but their overall exports growth itself has held up well, with shipments to other regions like the EU and Asia increasing. This has led to concerns about Chinese excess capacity

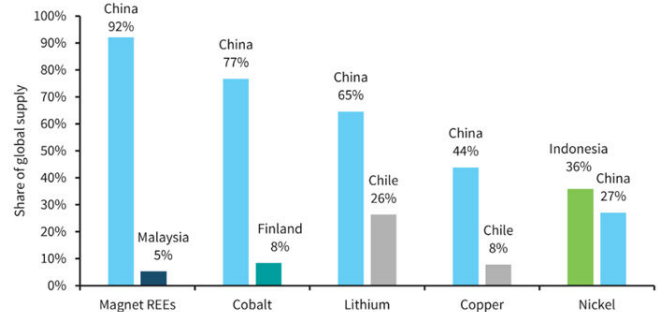
being diverted elsewhere and/or the re-routing of Chinese exports to the US through transshipments. If the US really does manage to squeeze Chinese exports, it could lead to a 'triple whammy' for Chinese growth, with property and consumption looking weak already. Meanwhile, that could mean China would escalate its rare earth minerals export controls to the US, which would likely be damaging for the US military industrial complex.

FIGURE 58. China's export growth has held up well as a decline in US shipments has been compensated by an increase to other regions



Source: Wind, Barclays Research

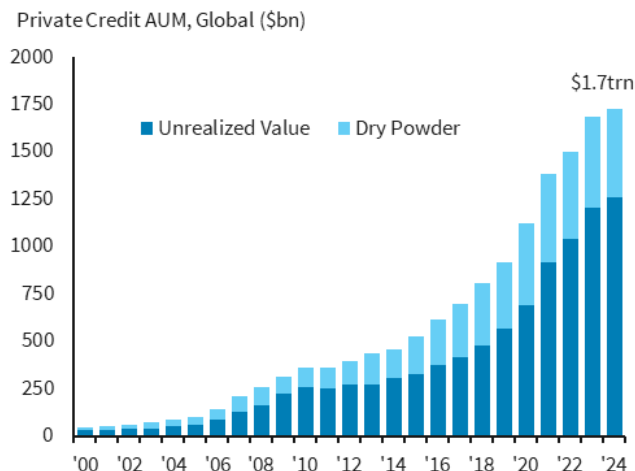
FIGURE 59. China controls a significant share of processed critical minerals supply chains



Source: International Energy Agency (Licence CC BY 4.0), Barclays Research; We show the top two suppliers for each refined mineral

More credit cracks. A spate of headlines¹ out of the US in September/October increased the focus on default risk, amplified by tight spread valuations and the shift towards opaque private lending. The diversion of credit/lending increasingly to private markets is a cause for anxiety given its relative lack of transparency compared to public markets, and the recent bankruptcy filings in the US with its ties to this segment adds to the jitters. A maturing credit cycle in general brings more scrutiny too as there have been a rising number of consumer sector (autos/cards/mortgages) delinquencies in the US, although there is evidence that these are starting to stabilise as rates move lower. Similarly, bankruptcy filings have been elevated for the past couple of years. So asset-quality concerns and default risk are something to watch out for next year.

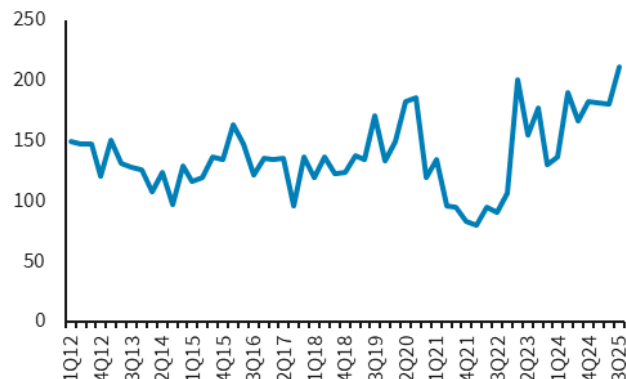
¹ <https://www.bloomberg.com/news/articles/2025-10-31/is-a-private-credit-crisis-brewing-tricolor-first-brands-shake-wall-street>

FIGURE 60. Private credit as an asset class has grown strongly in recent years

Source: Preqin, Barclays Research

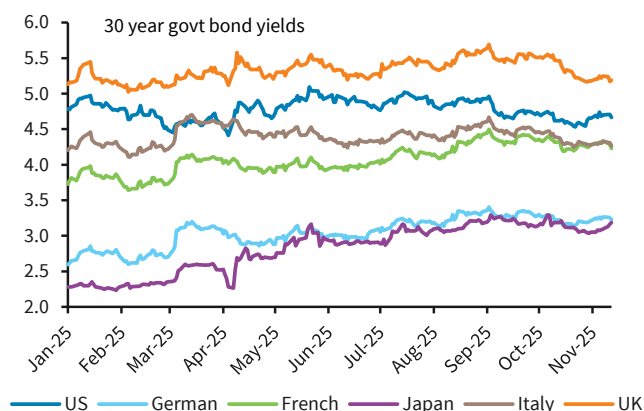
FIGURE 61. Bankruptcy filings in the US are starting to inch higher

Quarterly US Bankruptcy Count

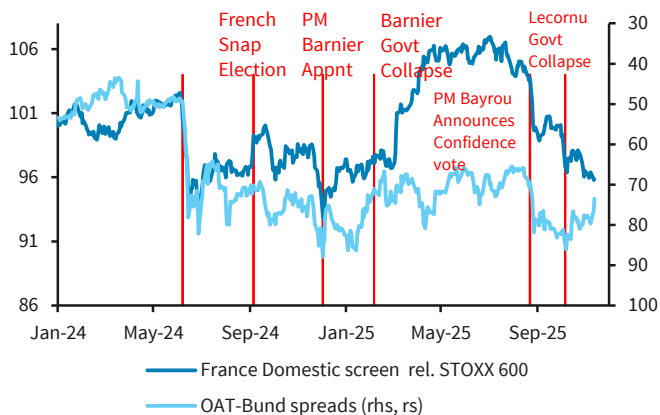


Source: Capital IQ, Barclays Research

More fiscal/political woes in France, UK and Germany. Stretched sovereign balance sheets in many DM countries have kept the long end of the curve under pressure in US, Europe and Japan. The UK and France, in particular, have been struggling, as their governments endeavour to cut spending even as growth remains weak. In the UK, the **Autumn budget** will be a key catalyst for the gilt market and domestic/bond proxy equities. Even if the budget persuades the bond market that the deficit will stay under control, the gilt market is likely to remain closely watched for the foreseeable future, while any further speculation² regarding a potential change in government leadership would add to uncertainty. Meanwhile, in France too, the administration is struggling to cut the deficit and pass the budget. The likelihood of a new election for the Assembly or the President remains non-negligible too, in our view, into next year, which should continue to keep the risk premium elevated for the domestic assets. Finally, execution risk on the stimulus plan appears elevated in Germany, as the ruling coalition is fragile and scepticism on its ability to deliver more reforms is rising.

FIGURE 62. UK 30y yields remain highest among major DM economies

Source: Bloomberg, Barclays Research

FIGURE 63. OAT-Bund spread remains elevated while French domestics have underperformed

Source: Bloomberg, LSEG Data & Analytics, Barclays Research

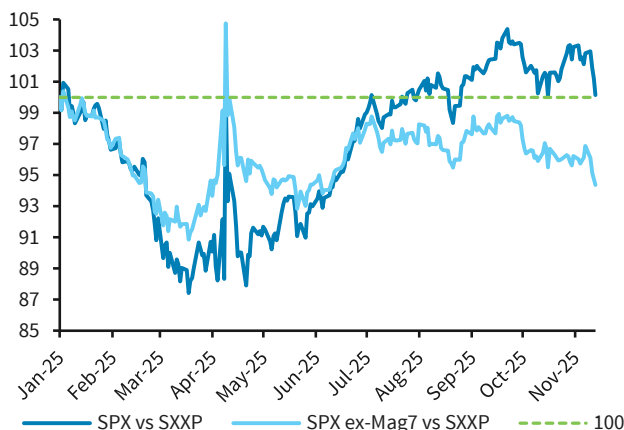
² <https://www.bbc.co.uk/news/articles/c5y0z2q2g2ro>

Regional Allocation

MW EMU vs. US

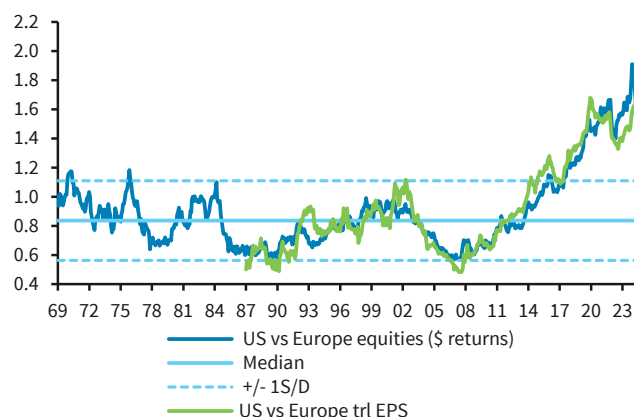
Strong European outperformance in Q1 quickly faded away as Big Tech dominance and Fed cuts revived 'Buy America' trade ahead of summer. Nevertheless, the narrowness of US outperformance is clear when you strip out the Big Tech names from the index. So the fate of the US vs. EU trade largely depends on AI, which so far continues to fuel stronger EPS growth for the US.

FIGURE 64. Europe's Q1 outperformance vs. the US quickly faded but still remains after excluding Big Tech



Source: Bloomberg, Barclays Research

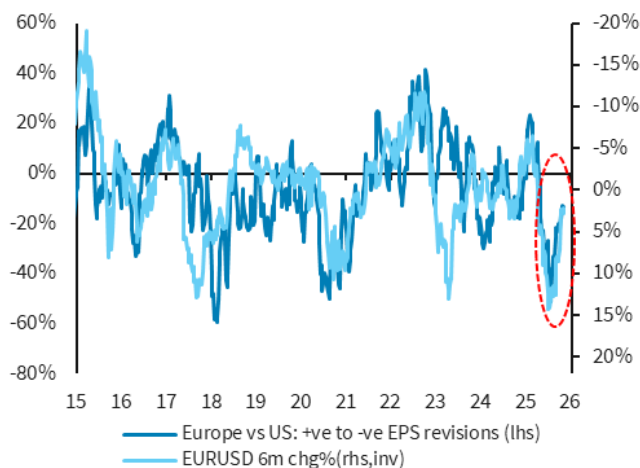
FIGURE 65. Sustained US outperformance over the years has been justified by superior earnings delivery



Source: IBES, LSEG Data & Analytics, Barclays Research

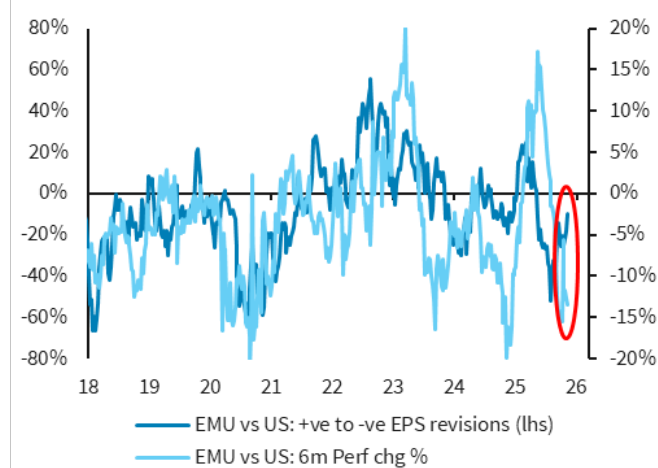
Europe suffered heavily from strong appreciation of the euro, on top of tariff headwinds constraining growth in the region. However, looking into next year, external headwinds should ease as tariff drag fade, as our FX colleagues see a tactically bullish case for the dollar while expecting a mild depreciation for the euro from spot levels. See [AI and the silent dollar run](#), 9 Nov. We are already seeing improvement in relative EPS revisions for EU vs US, even as performance still lags.

FIGURE 66. EU vs US EPS revisions closely follow EURUSD



Source: IBES, LSEG Data & Analytics, Barclays Research

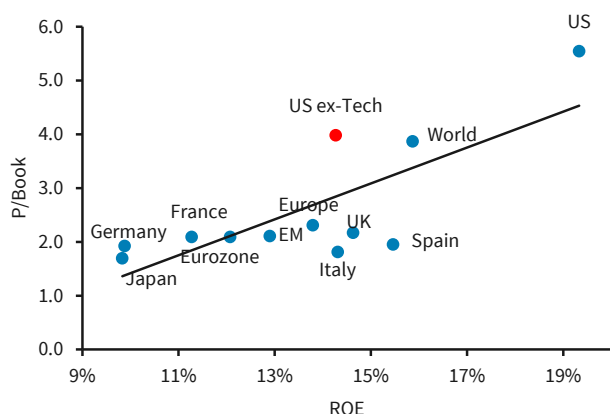
FIGURE 67. EU vs US earnings revisions are starting to improve from the lows, but performance is lagging



Source: IBES, LSEG Data & Analytics, Barclays Research

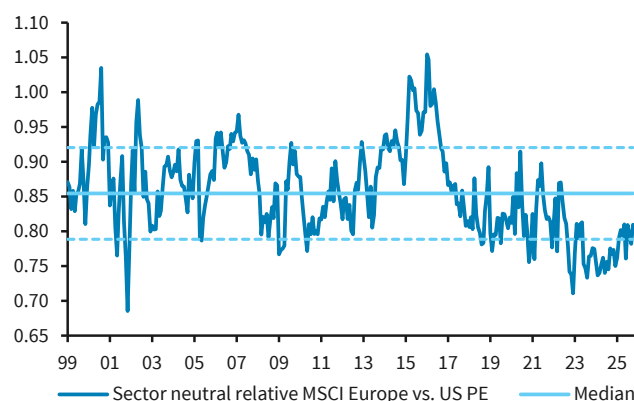
For now, we believe the structurally higher profitability of Big Tech commands a justifiable premium on valuations for US equities. However, EU equities are not far from the profitability levels of the US stocks after adjusting for Tech, but still trade at much cheaper valuation. EU vs. US P/E remains near historic lows, even on a sector-adjusted basis. So given the AI trade remains the key driver for equities, we think some diversification into Europe has merits and can act as a hedge.

FIGURE 68. Valuations and profitability remains attractive for Europe outside of AI



Source: IBES, LSEG Data & Analytics, Barclays Research

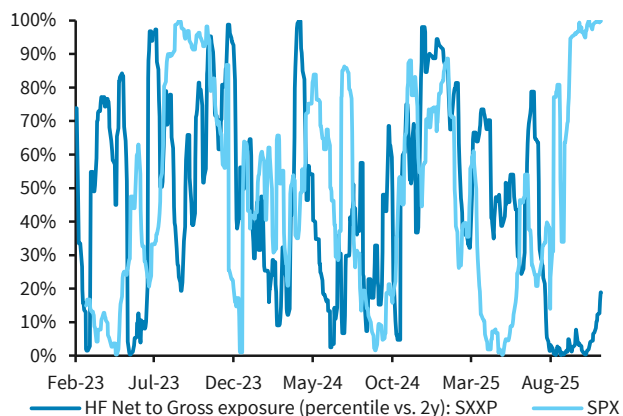
FIGURE 69. Relative valuations for Europe remain cheap on a sector adjusted basis



Source: IBES, LSEG Data & Analytics, Barclays Research

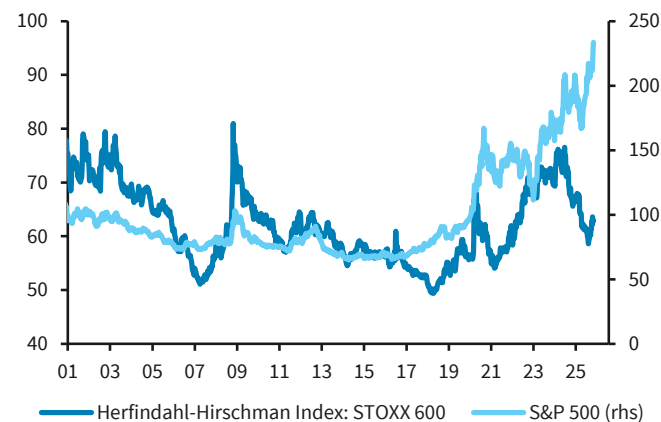
Tactically, we believe the risk/reward is skewed towards Europe. The region is underexposed within hedge fund portfolios, while US positions are back to the highs. Also, US market breadth is poor as leadership is heavily skewed towards AI winners, which is less the case in Europe. However, fiscal/political risk premium remains high in Europe. With the upcoming budget a key event for UK domestic/bond proxy equities. In France, political drama continues to drag on and appears to be fully priced into stocks with domestics underperforming, but the possibility of new elections and corporate-unfriendly policies remains a non-negligible risk.

FIGURE 70. Hedge funds hold a higher exposure to US while Europe is depressed



Source: Hazeltree, Barclays Research

FIGURE 71. US market breadth is poor, which is not the case of Europe

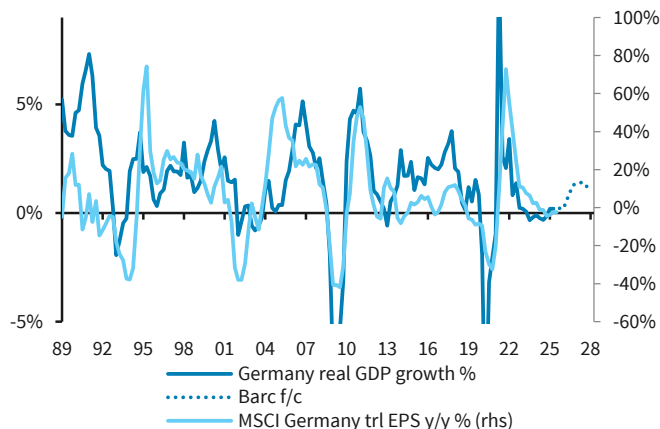


Source: LSEG Data & Analytics, Barclays Research

OW Germany and periphery

Within Europe, we continue to prefer Germany into next year amid the expected pick-up in growth owing to stimulus deployment. Questions remain as to whether meaningful supply side reforms will be carried out and if social spending will be contained by the ruling dispensation. However, we do not believe that would hamper the recovery in earnings for next year, which should be in double digits if our [economists' growth expectations](#) play out as expected. Valuations have risen ytd but they remain relatively cheap, especially for the domestically tilted names / MDax.

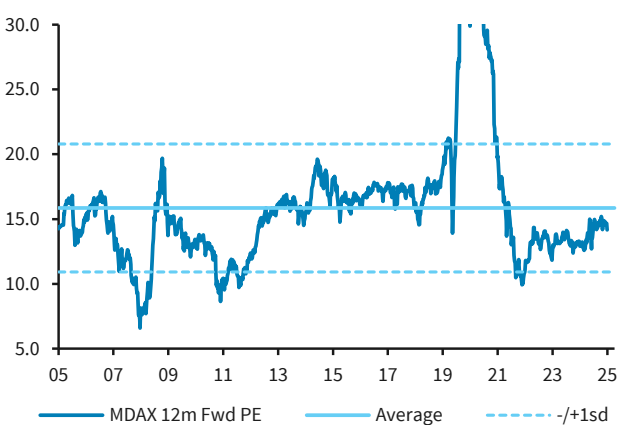
FIGURE 72. German GDP growth uptick should lead to strong double-digit earnings growth



Dotted line represents Barclays forecasts

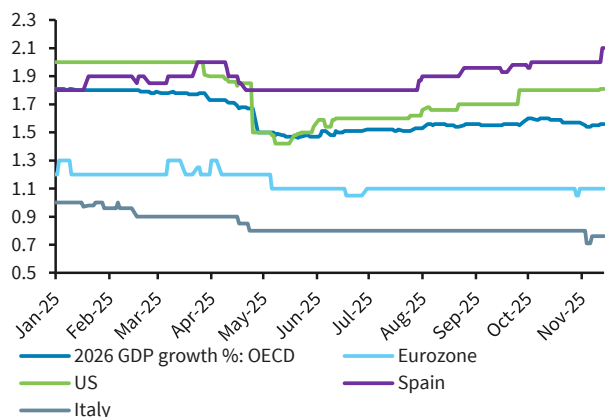
Source: IBES, LSEG Data & Analytics, Barclays Economics Research, Barclays Research

FIGURE 73. Domestically tilted MDAX valuations are still relatively cheap

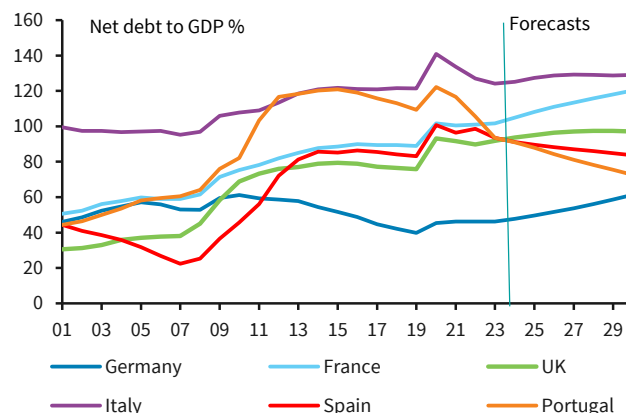


Source: IBES, LSEG Data & Analytics, Barclays Research

Periphery continues to remain attractive to us as well, with Spain especially providing a compelling investment case. We expect the region to grow above trend, although it will likely moderate next year. The fiscal profile is also getting better with sovereign net debt to GDP expected to decline alongside the steady private sector deleveraging we have seen over the last decade. Fundamentals like EPS momentum remains strong while valuations are still cheap in the region (see [Spain - Powering ahead](#), 24 Sep). Opportunities to invest and index performance remains largely skewed towards Banks which acts as a limiting factor though, in our view.

FIGURE 74. Consensus 2026 forecasts for Spain ahead of DM economies in aggregate

Source: Bloomberg, Barclays Research

FIGURE 75. Net debt to GDP in periphery is coming under control while core countries see worsening profile

Source: IMF WEO Oct, 2025, Barclays Research

The macro backdrop still looks largely weak, albeit recovering in the euro area, especially in Germany and the periphery, which should continue to see some improvements. Fiscal space remains an issue, particularly in France and the UK. In terms of allocation, our sector choices broadly dictate our country preferences. Our OWs in Financials, Tech, Healthcare and Industrials and UWs in Staples, Comm Svs and Real estate skews us towards Germany and Periphery.

FIGURE 76. Macro snapshot for key European countries

	Real GDP y/y %			Unemployment Rate			Fiscal Balance %GDP			Public Debt %GDP			Current account %GDP		
	25e	26e	27e	25e	26e	27e	25e	26e	27e	25e	26e	27e	25e	26e	27e
Eurozone	1.4	1.0	1.3	6.3	6.4	6.2	-3.3	-3.5	-3.4	88.0	89.6	90.2	2.2	2.2	2.4
France	0.8	1.1	1.0	7.5	7.7	7.6	-5.5	-5.3	-5.3	116.3	118.8	121.1	-0.5	-0.3	-0.2
Germany	0.3	0.8	1.3	3.8	3.9	3.7	-2.9	-4.1	-3.9	63.4	65.5	67.2	5.2	4.9	5.0
Italy	0.5	0.5	0.8	6.2	6.2	6.1	-3.2	-3.0	-2.9	136.8	139.3	138.9	1.4	1.4	1.5
Spain	2.9	2.2	1.8	10.6	10.2	10.1	-2.7	-2.4	-2.3	100.1	99.8	98.7	2.9	2.8	2.9
UK	1.4	1.4	1.9	4.8	5.1	5.0	-4.3	-3.2	-2.8	93.3	93.2	92.9	-3.3	-2.8	-2.5
Switzerland*	1.2	1.3	1.6	2.9	3.2	3.0	0.3	0.1	0.2	36.9	36.1	35.3	5.3	5.2	4.8
Sweden*	1.2	2.2	2.2	8.7	8.4	7.8	-1.4	-1.7	-1.0	34.2	35.6	35.8	6.0	5.5	5.4

* Forecasts from Bloomberg and IMF WEO, Oct 2025

Source: IBES, LSEG Data & Analytics, Barclays Research

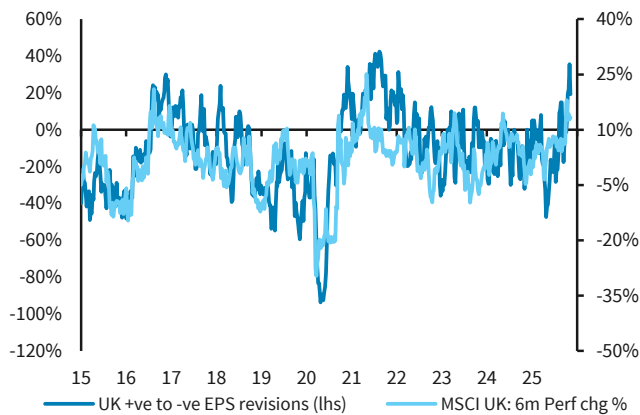
FIGURE 77. Our sector allocation tilts us more towards Germany and periphery

	Ger	Fra	Core	Italy	Spain	Periph	Periph - Core	Rating
Energy	0%	6%	3%	7%	3%	5%	2%	MW
Materials	5%	6%	6%	0%	0%	0%	-6%	MW
Industrials	26%	33%	29%	7%	12%	10%	-20%	OW
Con. Discretionary	9%	16%	13%	13%	13%	13%	0%	MW
Technology	18%	3%	10%	0%	0%	0%	-10%	OW
Comm. Services	6%	2%	4%	1%	5%	3%	-1%	UW
Cons. Staples	2%	8%	5%	1%	0%	0%	-5%	UW
Healthcare	6%	12%	9%	1%	1%	1%	-8%	OW
Utilities	4%	3%	3%	16%	20%	18%	15%	MW
Financials	21%	11%	16%	53%	46%	50%	34%	OW
Real Estate	3%	1%	2%	0%	0%	0%	-2%	UW

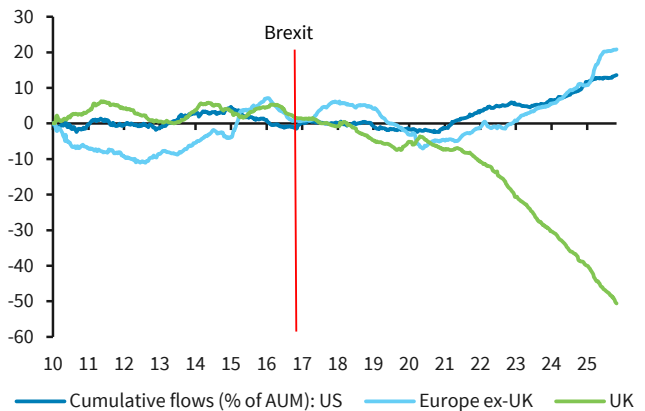
Source: LSEG Data & Analytics, Barclays Research

UW UK

UK/FTSE100 equities have delivered the best year since the GFC in 2025, as a combination of strong earnings momentum from the Banks and commodity space, lower tariffs and defensive tilt has boosted the region. We think going into next year GBP headwinds should ease for the index as a strengthening dollar and BoE cuts weigh on the pound. Nevertheless, the defensive tilt of the FTSE100 is likely to act as a drag for the index if our macro outlook of a cyclical recovery plays out next year, especially for Europe. At the same time, despite the recent outperformance, the structural issues facing the UK economy in a post-Brexit world haven't gone away, and we believe that the investment case for UK equities needs to be rebuilt with no signs of domestic investors participation returning for the space. So we take profits on our long UK positions (see [Momentum cracks, UK troubles](#), 04 Jul 2025).

FIGURE 78. UK EPS momentum has been strong, driving outperformance ytd, but is likely peaking

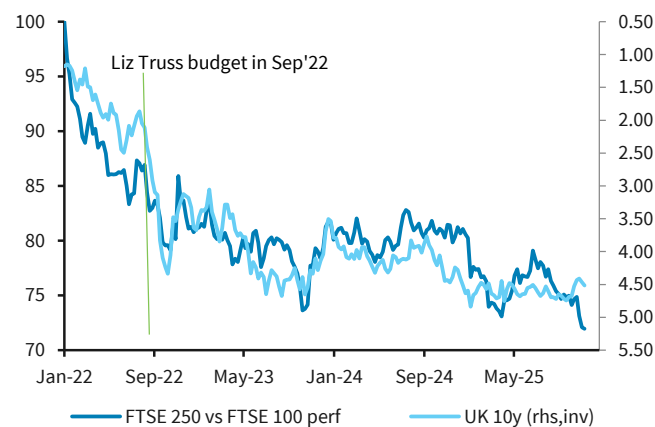
Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 79. Long term, lack of interest in the UK shows no signs of reversing, in our view

Source: EPFR, Barclays Research

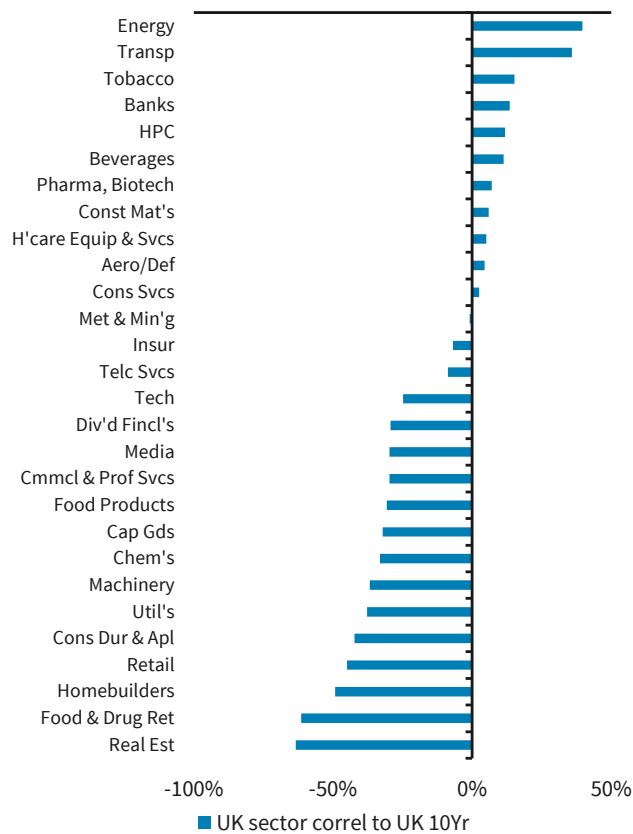
For FTSE250/domestics, the upcoming budget on 26 Nov is crucial; however, restoring fiscal credibility in order to please the bond market may come at the price of a high tax burden, although this is not certain yet. But if the chancellor manages to make the required consolidation with relatively limited damage to real GDP growth and mild disinflation, as per our economists' view, it may end up as a silver lining for UK equities as cost of capital may go down. Long-end gilt yields have indeed stayed high since the Truss budget in 2022 and thus are pricing in a high risk premium already. We think selective UK bond proxies, particularly the housebuilders, food retail, utilities and real estate, offer an attractive tactical risk/reward to position for a positive budget surprise that would result in lower bond yields (see [UK Budget: Policy trade-offs, market signals and sector themes](#), 12 Nov).

FIGURE 80. FTSE250 has been embedding a high risk premium since the Truss budget in 2022



Source: Bloomberg, Barclays Research

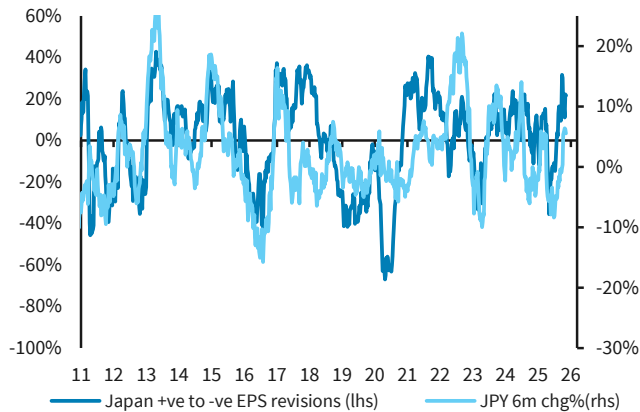
FIGURE 81. Domestic, consumer and rate-sensitive stocks may benefit the most if UK yields fall more after the budget



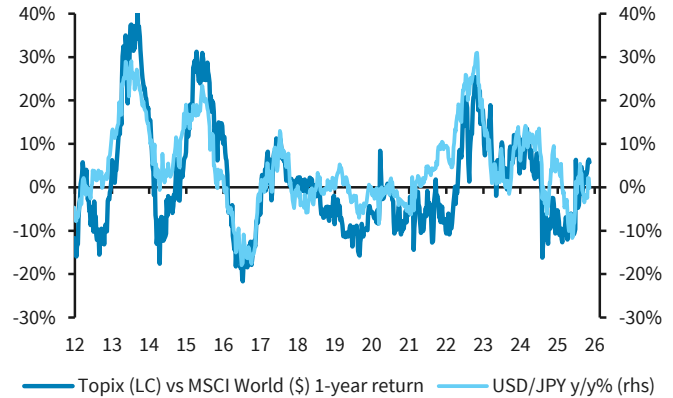
Source: LSEG Data & Analytics, Barclays Research

OW Japan

Japanese equities have had a strong year, benefiting from the AI trade and a pro-fiscal government under new PM Takaichi. Our macro colleagues argue that risks remain skewed to the upside for USDJPY given the administration's Abenomics-oriented policies, including fiscal expansion while the BoJ is likely to remain behind the curve, which should continue to weigh on the currency (see [JPY: Extending target on long USDJPY](#) 14 Nov). Meanwhile, we believe that the wider AI theme should benefit the names which are part of the ecosystem in the region.

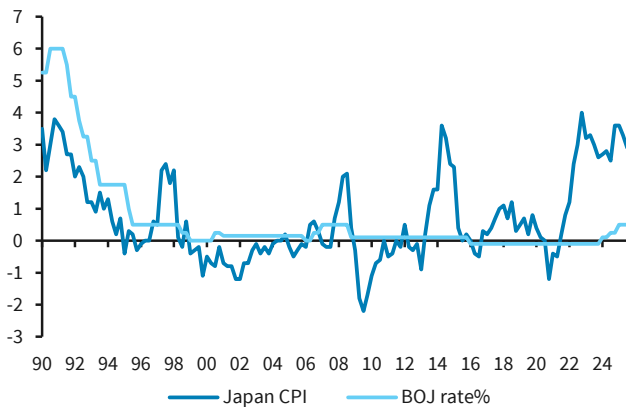
FIGURE 82. Earnings momentum remains strong in Japan boosted by FX tailwinds

Source: Bloomberg, LSEG Data & Analytics, Barclays Research

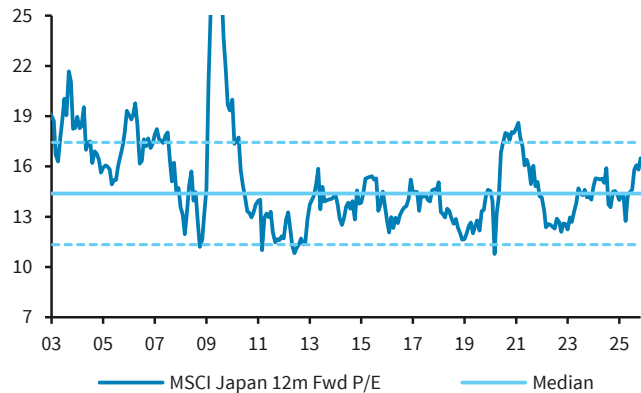
FIGURE 83. More weakness in yen augurs well for equities performance in the region

Source: Bloomberg, LSEG Data & Analytics, Barclays Research

Apart from the supportive currency and AI, real rates in Japan are at very depressed levels compared to history and could potentially stay that way for the next year given the likely go-slow approach from BoJ. Indeed, data surprises are positive for the region and are likely to benefit activity into next year. Of course, valuations have gone back to the +1SD levels; however, strong earnings momentum should remain supportive of multiples, in our view.

FIGURE 84. Depressed real rates in Japan likely provide tailwinds for equities...

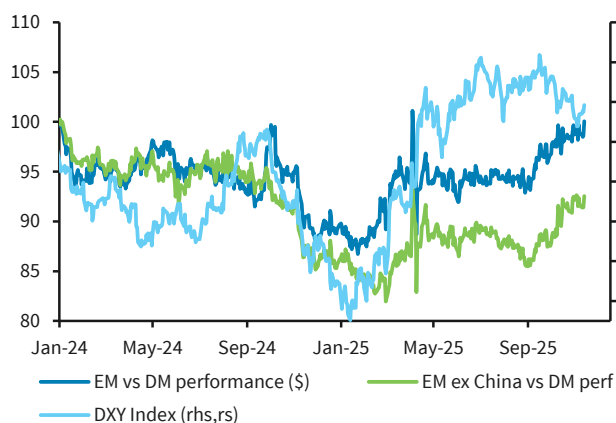
Source: Bloomberg, Barclays Research

FIGURE 85. ...and keep valuations elevated for longer

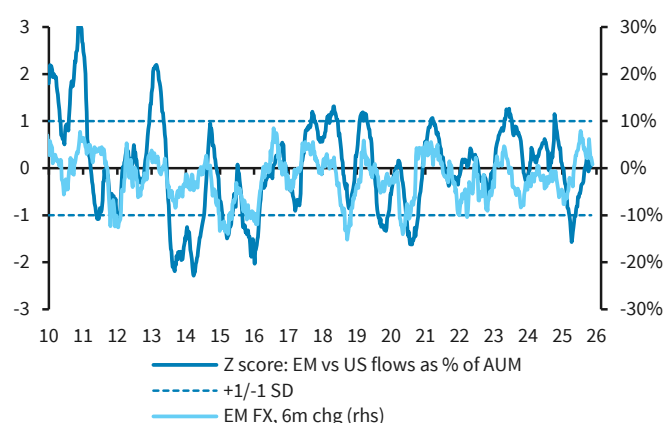
Source: IBES, LSEG Data & Analytics, Barclays Research

MW EM vs DM

EM equities have benefited strongly this year, as the dollar saw a sharp decline. Most of the major EM economies outperformed with technicals for major Asian economies looking elevated, except for India which has struggled from cyclical headwinds and US tariffs. Inflows were strong to the EM space ytd, but with the dollar showing signs of stabilisation recently, flows have closed the gap with hard currency. Nevertheless, with the Fed likely to continue on its easing path, demand for EM assets could continue, in our view.

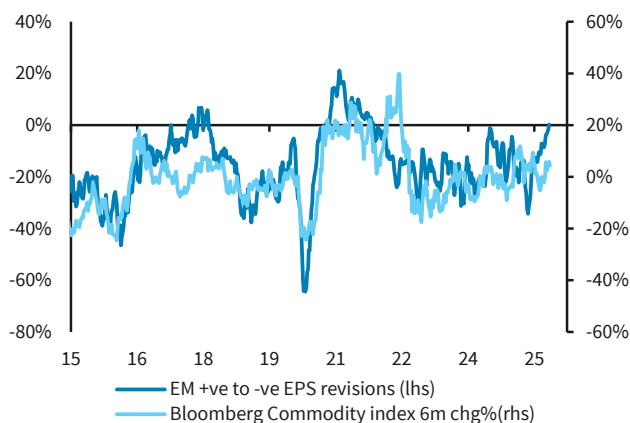
FIGURE 86. EM performance was strong ytd as USD declined

Source: Bloomberg, LSEG Data & Analytics, Barclays Research

FIGURE 87. EM flows have been supported by weak dollar but the gap has converged

Source: EPFR, LSEG Data & Analytics, Barclays Research

Fundamentally, we believe earnings momentum remains positive for the EM space as a lower dollar coupled with the recovery in commodity prices is pushing EPS revisions higher. Exports resiliency has helped while a US-China trade truce and recent US deals with ASEAN nations to ease tariffs a bit should provide further boost to the space. Although the improved fundamental backdrop should reduce the case for strong monetary support, the base case from our economists is for further incremental central bank easing into next year (see [Tariffs: ASEAN gets more deals, 27 Oct](#)).

FIGURE 88. EM EPS momentum is improving on weak dollar, recovering commodity prices and less extreme than expected tariffs

Source: IBES, LSEG Data & Analytics, Bloomberg, Barclays Research

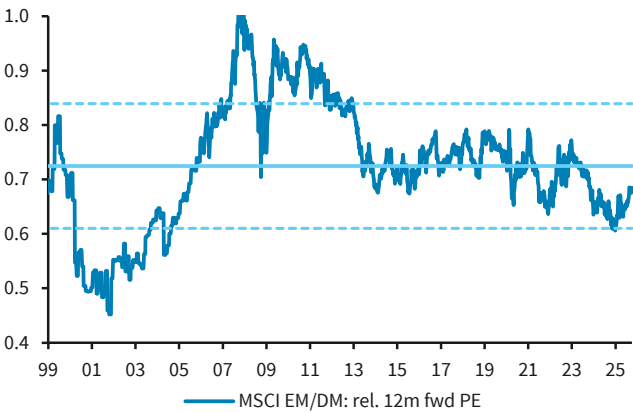
FIGURE 89. Major EM economies are expected to see some monetary easing next year

%	Current	Q4'25	Q1'26	Q2'26	Q3'26
China: 7d OMO rate	1.40	1.30	1.30	1.30	1.30
India: Repo rate	5.50	5.25	5.25	5.25	5.25
Indonesia: BI-rate	4.75	4.25	4.25	4.25	4.25
Korea: Base rate	2.50	2.25	2.00	2.00	2.00
Malaysia: O/N policy rate	2.75	2.75	2.50	2.50	2.50
Taiwan: Rediscount rate	2.00	2.00	1.88	1.88	1.75
Thailand: O/N repo rate	1.50	1.50	1.50	1.50	1.50
South Africa: Repo rate	7.00	7.00	6.75	6.50	6.25
Turkiye: One-week repo	39.50	38.00	35.50	33.00	30.75
Brazil: SELIC rate	15.00	15.00	14.75	13.75	12.75
Mexico: Overnight rate	7.25	7.00	6.75	6.50	6.50

Source: Barclays Economics Research, Barclays Research

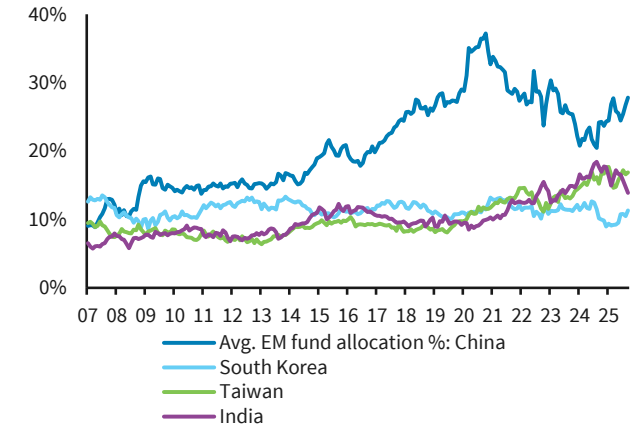
Overall, we believe this should support the case for valuation uplift in the region, which continues to remain cheap. Additionally, EM Asia countries such as China, Korea and Taiwan benefit from being part of the broader AI ecosystem helping to drive up demand and lift multiples for the region. Corporate reforms in cheaper economies like Korea continue to be a tailwind, although tactically we find these indices as looking stretched. On the other hand, India has been sold and struggles from tariff pressures and cyclical headwinds, but increased support from fiscal and monetary policy should help as a lot of negatives are already in the price.

FIGURE 90. EM valuations are relatively cheap



Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 91. Investor allocation has been shifting towards AI-exposed economies like China, Korea and Taiwan while India has been sold



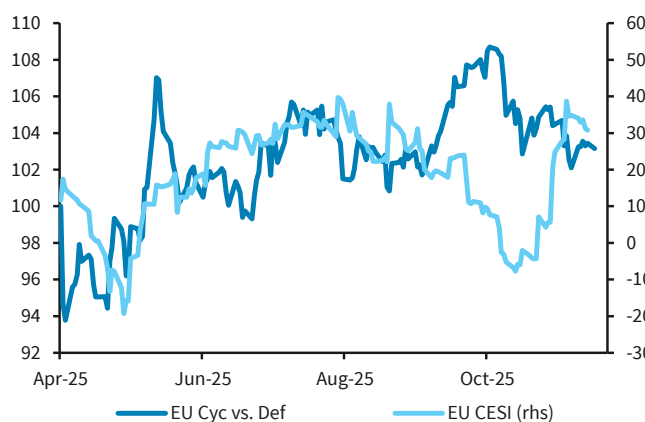
Source: EPFR, LSEG Data & Analytics, Barclays Research

Sector and factor allocation

OW Cyclical, though beta is not the sole driver

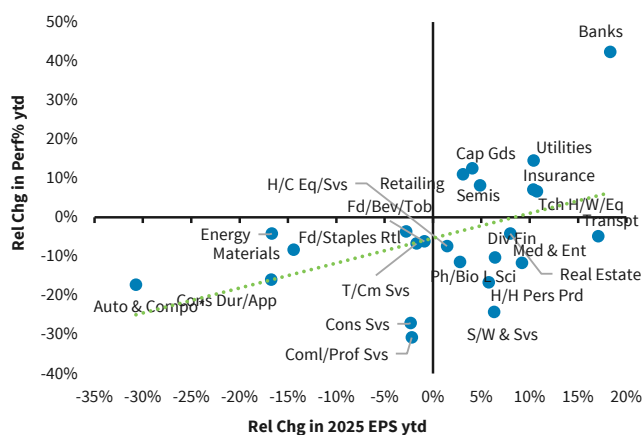
If our base case of a cyclical recovery and steady AI supercycle scenario materialises, it should predominantly favour cyclical sectors. The European equity market has been supported by a resilient macro backdrop, and leadership has been skewed towards Cyclical since the post liberation day lows. Dispersion is high, though, as AI exposure also played a key role in sector performances, on top of beta exposure and FX sensitivity. Broadly speaking, sector performance ytd looks consistent with earnings revisions, helping Banks, Utilities, and Capital Goods to outperform, while Business Services, Consumer Services, Software, Autos, and Luxury all lagged.

FIGURE 92. European Cyclical vs. Defensives performance looks consistent with positive economic surprises



Source: Bloomberg, Barclays Research

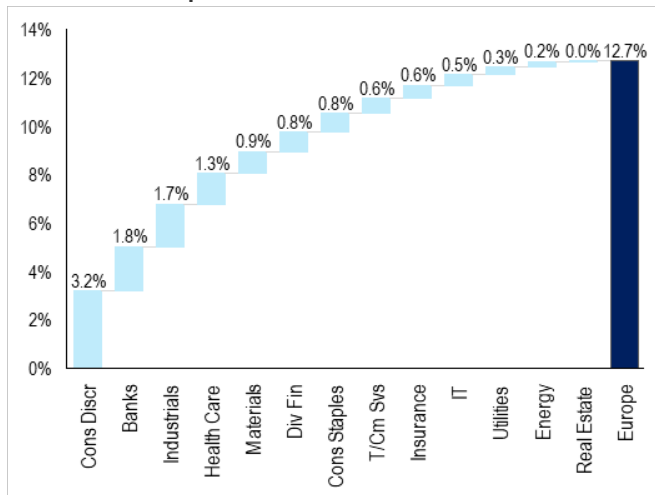
FIGURE 93. YTD sector returns broadly aligned with FY25 EPS revisions



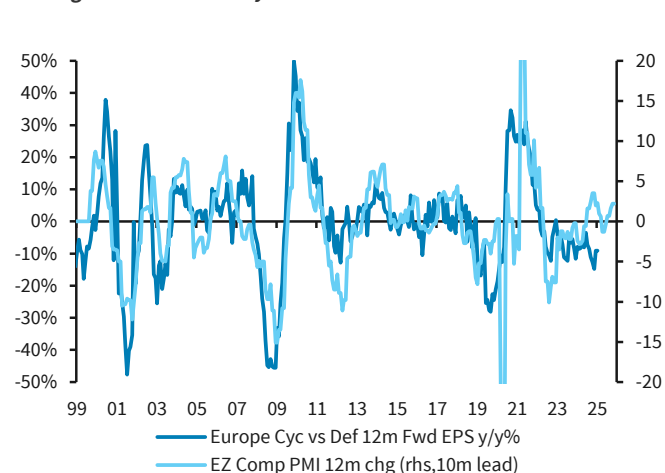
* Autos & Comp EPS chg in 2025 at -77%

Source: IBES, LSEG Data & Analytics, Barclays Research

Into next year, rebound in growth and easy comps should help cyclical earnings to recover, as many cyclical sectors have had soft earnings in 2025. The biggest contributors to Europe EPS growth in 2026 are expected to be Discretionary, Banks, Industrials and Healthcare.

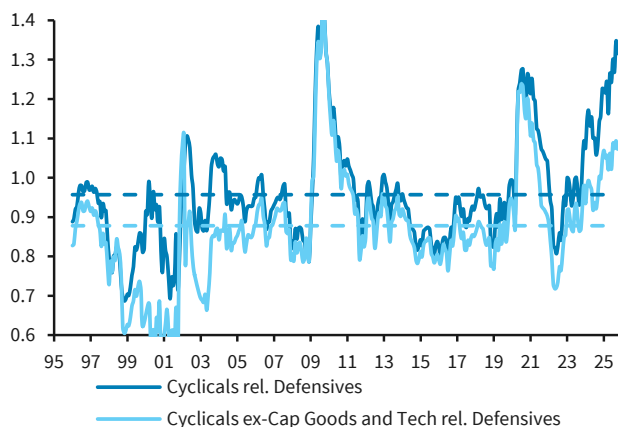
FIGURE 94. Consensus expects Cyclical to drive the bulk of the FY26 EPS Growth in Europe

Source: IBES, LSEG Data & Analytics, Barclays Research

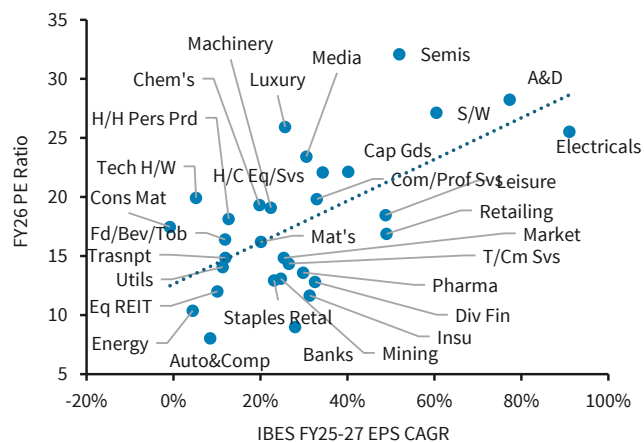
FIGURE 95. Rising Euro Area Composite PMI points to improving earnings momentum for Cyclical vs Defensives

Source: IBES, LSEG Data & Analytics, Bloomberg, Barclays Research

Arguably, much of this Cyclical recovery optimism is reflected in elevated multiples vs. Defensives. Cyclical continue to trade at a multi-year premium to Defensives, though this is heavily skewed by secular growth plays, Tech and Cap Goods (particularly Defence). Adjusted for 2025-27 EPS growth CAGR, some of these premiums appear less daunting – particularly in A&D and Electricals. Semis and Luxury, however, look high still. We see scope for a re-rating in undervalued Cyclical – like Mining – with credible growth trajectories, while Banks also screen cheap.

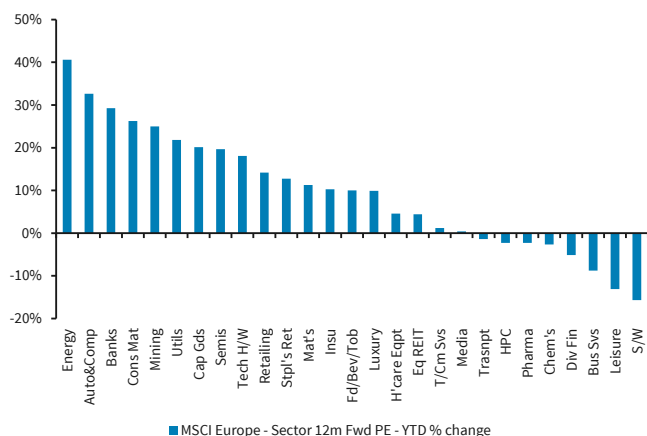
FIGURE 96. Cyclical valuations are inflated by Cap Goods and Tech

Source: IBES, LSEG Data & Analytics, Barclays Research

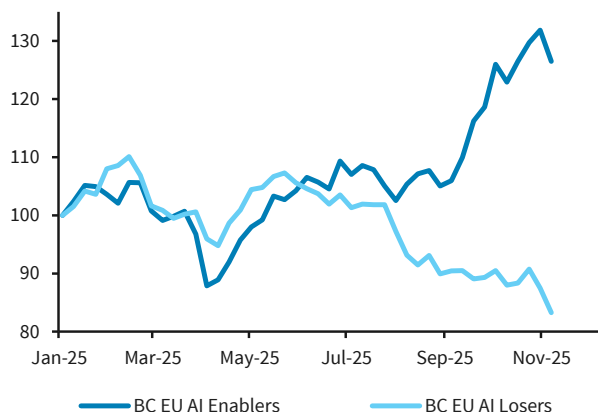
FIGURE 97. Adjusted for 2025-27 EPS growth, some sectors premium looks justified

Source: IBES, LSEG Data & Analytics, Barclays Research

Beyond beta, the AI narrative has become a key driver of valuation dispersion across sectors. A key question for 2026 is whether the AI loser trend continues or if investors will be more nuanced and less indiscriminate.

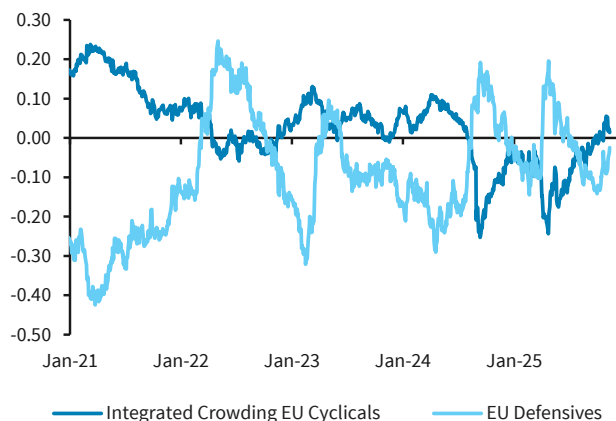
FIGURE 98. MSCI Europe sector 12m Fwd PE re/de-rating year-to-date

Source: IBES, LSEG Data & Analytics, Barclays Research

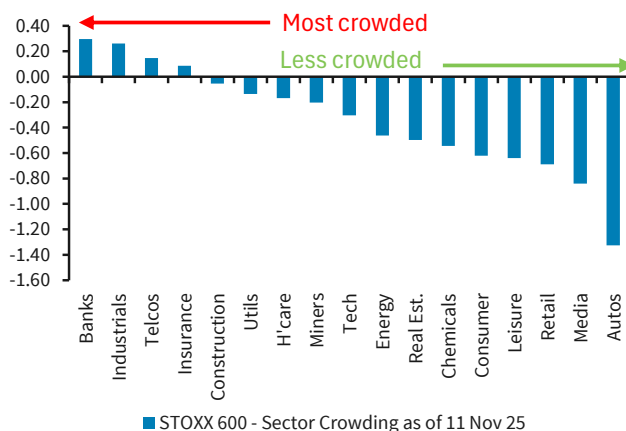
FIGURE 99. Performance gap between our EU AI enablers and losers basket is wide

Source: LSEG Data & Analytics, Barclays Research

Investor positioning remains heavily skewed towards secular growth and domestic/AI winners – Industrials (largely A&D and Electricals), Banks and Telcos – while consumer plays and sectors perceived as ex-growth or losing from AI, like Autos, Chemicals and Media, are deeply unloved. Although we have started to see some rotation into laggards and exporters recently, it's been selective and it still leaves room for Cyclical crowding to improve, given it is still below historical peaks. Defensives sit above median levels, and structural headwinds in some sectors mean that selectivity, not broad rotation, will be key.

FIGURE 100. Cyclical crowding has come up but remains below past year levels, while Defensives is above median

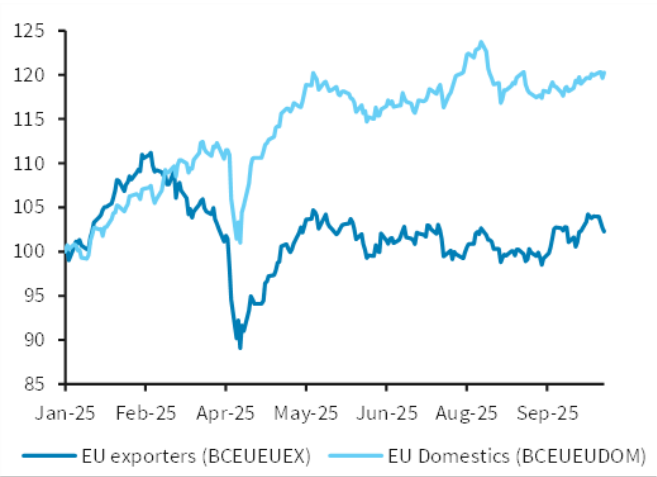
Source: MSCI, Barclays Research

FIGURE 101. Domestic-exposed sectors in Europe remain much more crowded than Exporters

Source: MSCI, Barclays Research

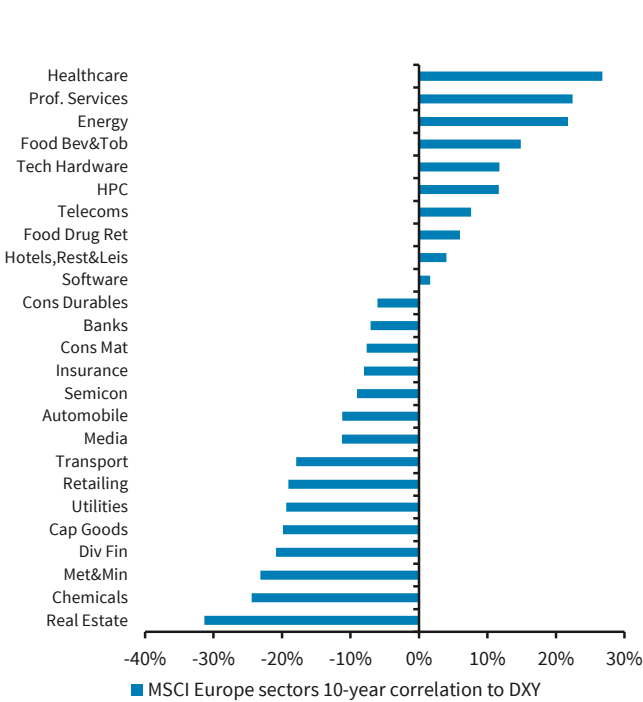
FX dynamics should also be important for European sector performance into 2026. Indeed, the strong rebound in EUR/USD this year, on top of tariffs headwinds, led to high polarisation between domestics and exporters. But if our FX strategists' positive view on the dollar plays out, and EURUSD turns into less of a headwind, it could help some narrowing of the performance gap between domestics and exporters, in our view.

FIGURE 102. Crowding gap between EU domestics and exporters remains wide



Source: MSCI, Barclays Research

FIGURE 103. EU sectors correlation with US Dollar



Source: LSEG Data & Analytics, Bloomberg, Barclays Research

FIGURE 104. Sector valuations vs. long term, and EPS growth expectations

	YTD perf %	12m FWD PE			EPS growth est.			EBIT margins			Dividend yield 25e
		Current F12m P/E	15y median	Current Disc/ Prem to 15y med	2025E	2026E	2027E	2025E	2026E	2027E	
Europe	14%	14.9	13.8	8%	0%	13%	12%	13.8%	14.5%	15.0%	3%
Energy	13%	10.5	9.8	6%	-13%	4%	15%	15.3%	13.9%	13.5%	5%
Chemicals	-7%	19.3	17.3	12%	-2%	10%	12%	10.4%	11.3%	12.3%	3%
Cons Mat	37%	17.1	13.5	27%	3%	11%	13%	15.7%	17.6%	17.8%	3%
Met&Min	18%	13.1	10.5	24%	-15%	31%	13%	9.2%	9.9%	10.6%	3%
Cap Goods	28%	21.9	16.2	36%	8%	14%	14%	10.2%	11.5%	12.1%	2%
Prof. Services	-12%	19.1	17.8	7%	10%	10%	10%	11.7%	12.6%	13.1%	2%
Transport	8%	15.2	14.7	3%	-4%	3%	14%	9.5%	7.3%	6.4%	3%
Automobile	-5%	9.2	7.6	21%	-70%	208%	20%	7.2%	7.4%	7.8%	5%
Cons Durables	-5%	25.9	18.7	38%	-6%	16%	15%	17.9%	19.5%	20.6%	2%
Hotels,Rest&Leis	-10%	18.3	18.3	0%	13%	16%	15%	10.0%	11.0%	11.7%	2%
Food Drug Ret	17%	13.5	13.2	2%	-1%	14%	9%	3.5%	3.8%	3.9%	3%
Food Bev&Tob	8%	16.7	18.1	-7%	-4%	8%	7%	19.4%	19.6%	20.0%	3%
HPC	1%	18.0	19.9	-10%	0%	6%	7%	13.0%	13.3%	13.6%	3%
Healthcare	1%	14.6	16.0	-9%	9%	9%	9%	23.8%	26.1%	27.1%	3%
Banks	55%	9.3	9.1	2%	5%	10%	11%				5%
Div Fin	6%	12.8	12.6	2%	-4%	19%	16%				3%
Insurance	19%	11.7	10.1	16%	14%	7%	7%				4%
Software	-11%	26.4	20.0	32%	21%	15%	16%	17.7%	21.7%	22.8%	1%
Tech Hardware	20%	19.3	17.3	12%	-9%	6%	8%	13.7%	13.2%	14.0%	2%
Semicon	22%	30.9	22.4	38%	8%	12%	27%	22.0%	24.5%	27.8%	1%
Telecoms	7%	16.7	14.3	16%	-4%	19%	12%	16.8%	17.1%	18.1%	4%
Utilities	29%	14.3	13.6	5%	0%	5%	6%	14.7%	14.6%	15.0%	4%

Source: IBES, LSEG Data & Analytics, Barclays Research

Upgrade Mining, Div Fin to OW, Energy and Utilities to MW, move Chemicals and Electricals to MW, cut Media and Transport to UW

We broadly stick to sector allocation tilted towards Financials, Tech, Healthcare and Industrial. We have made a few adjustments to our sector allocation, to align with our bottom-up sector analysts' view. Within Materials, we rotate by upgrading Mining to OW on strong metal price momentum and positive, while trimming Chemicals to MW, as we expect structural issues to balance potential cyclical green shots. Within Industrials, we stick to OWs in A&D and Machinery but cut Electricals (MW), Transportation (UW), and Business Services (UW) on weaker earnings visibility and margin pressure. We close shorts on Energy (MW), which remains structurally cheap and improving refining margins, and Utilities (MW) as it has re-rating support benefiting from AI and renewables themes. Within Financials (OW), we upgrade Div Fins to OW, supported by improving EPS momentum, regulatory tailwinds, and scalable margin upside. These moves reflect a more selective stance, favouring quality cyclical and AI-linked thematics with valuation headroom and earnings support.

FIGURE 105. Sub-sector recommendations

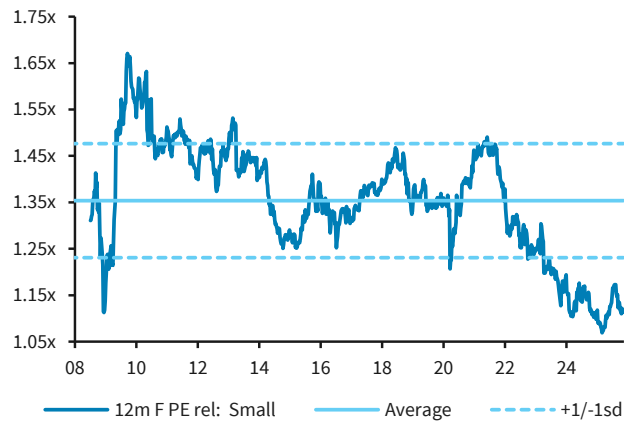
Rec	Sector	Wgt L1 sector	Rec Sub-Sector	Key points
OW	Financials	21%	OW Banks	Consensus expects double digit EPS growth for Banks next year. Sector still remains cheap vs. sustainably higher ROE in non-zero rates environment. Lending is healthy while costs are contained supporting profitability. Valuation cushion remains despite high crowding.
			OW Div Fins	EPS backdrop very supportive. Regulatory tailwinds and rate cuts help. Sector is still trading around LT average relative to market. Alt Asset Managers and platform favoured.
			MW Insurance	EPS momentum is fading. Life is improving, but P&C margins are peaking. Sector is expensive implying limited upside.
OW	Healthcare	16%	MW H'care Eq & Svs	MedTech benefits from US manufacturing tailwind. Innovation provides upside, but EPS momentum still soft.
			OW Pharmaceuticals	Pharma is cheap, EPS mom broadens with EUR stabilisation. Tariff risks are fading supporting more US imports. M&A picking up. AI to drive R&D and manufacturing productivity.
OW	Info Technology	7%	OW Software & Svs OW Semiconductors	Domestic/quality part of Tech. De-rated recently on AI concerns but earnings are resilient. AI supercycle still supportive. Memory and logic demand strong. Valuations full but macro helps.
OW	Industrials	17%	OW Capital Goods	OW A&D has secular tailwinds while Machinery is a key beneficiary of short cycle rebound. A&D. MW Electricals looks a bit toppish now, as EPS mom is peaking while valuations remain rich.
			UW Business Svs	Margin pressure building in staffing and asset-light models. AI efficiency gains possible, but narrative risk and cyclical exposure dominate. Broad sector lacks catalysts.
			UW Transportation	Poor EPS backdrop. Logistics remains oversupplied and faces tariffs headwinds. Container rates under pressure, aviation outlook is mixed. Margin compression leaves little room for upside.
MW	Materials	6%	OW Mining	Industrial metals momentum remains strong implying further EPS upgrades. Valuations are undemanding, crowding is light. Sector offers optionality to China supply-side stimulus and short cycle pick up. Reflation trade and Fed easing expectations add macro support.
			MW Chemicals	Stabilising natural gas prices are a positive. Short-cycle exposure along with weak performance and depressed positioning provides tactical tailwinds but margin pressure and weak demand remains.
			MW Construction Mat	EPS mom has turned negative while price remains high but remains exposed to EU/German infra stimulus. Crowding remains neutral.
MW	Cons. Discretionary	9%	OW Luxury Goods	EPS mom inflexion is a tailwind, supported by stronger USD. Resilient consumer with US/China cohorts stabilising. Valuations are a bit demanding.
			MW Trav & Leis / Svcs	EPS mom is flattening but valuations are not demanding. Demand is softening but remains resilient in some pockets, low-cost carriers and asset-light models offer selective upside.
			MW Retail	Top-line growth hindered by disinflation. Cost inflation easing. Tariffs and agentic commerce key themes.
			UW Autos	EPS mom inflection well priced and is not cheap at this stage. Faces structural headwinds (China, regulation, competition)
MW	Energy	5%	OW Oil services	Robust capex, record backlogs, high utilisation. Offshore and Middle East activity strong. AI-driven power demand emerging.
			MW Integrated	Demand weak, inventories rising. EPS subdued, price ahead but margins holding up. Russia supply risk remains. Still very cheap.
MW	Utilities	4%	MW Utilities	Renewables driving re-rating. Onshore wind and solar outlook improving. Sector trades near LT average.
UW	Communication Svs	3%	UW Media	Perceived as AI losers. Macro uncertainty and ad weakness persist.
			MW Telecoms	Fundamentals recovering, pricing power easing. M&A and capex intensity easing. Overall muted outlook.
UW	Cons. Staples	10%	UW Cons. Staples	Performance lagging muted EPS. EUR stabilisation helps. Watching for volume inflection.
UW	Real Estate	1%	UW Real Estate	Sector is already pricing lower rates and positioning is above average. Need to see recovery in housing markets and inflection in EPS momentum

Source: Barclays Research

Positive on Value, Quality and Small Caps

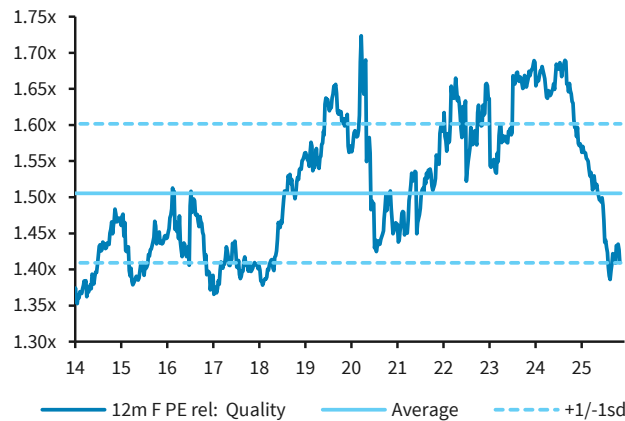
We remain constructive on Value and Small Caps, which offer cyclical exposure and have historically outperformed during periods of EA Manufacturing PMI expansion. Small Caps should also benefit from more accommodative financial conditions – a tailwind that appears underpriced as the factor trades at record lows versus the market. At the same time, we see an attractive entry point in Quality, currently near its 10-year relative trough. Low positioning combined with earnings resilience, fading headwinds from tariffs, FX and rates, suggests scope for re-rating, in our view.

FIGURE 106. EU Small caps look very cheap trading below -1sd relative to the market



Source: IBES, LSEG Data & Analytics,, Barclays Research

FIGURE 107. European Quality valuations are at decade lows



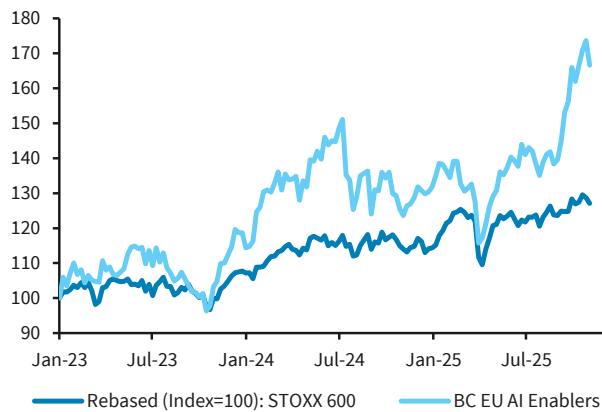
Source: IBES, LSEG Data & Analytics,, Barclays Research

Themes and baskets for 2026

European AI enablers

As the AI super-cycle matures, distinct categories of winners have emerged across the AI value chain. To capture this, we have constructed a basket of European AI enablers (BCERIAEN), combining historical outperformance during phases of AI rally and a fundamental analyst cross-check. This results in 20 stocks grouped into five core themes: Compute Core, Data Centres/Industrial Build-out, Electrification, Grid Infrastructure and Networks & Edge Connectivity. Since early September, this basket has delivered strong relative performance, accounting for a significant share of European market upside.

FIGURE 108. Our EU AI Enablers basket has strongly outperformed recently



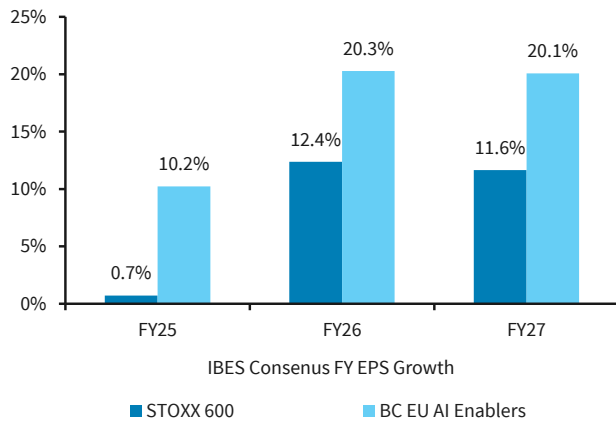
Note: Past performance is not necessarily indicative of future results
Source: LSEG Data & Analytics, Barclays Research

FIGURE 109. Barclays EU AI Enablers basket (BCERIAEN) – Long

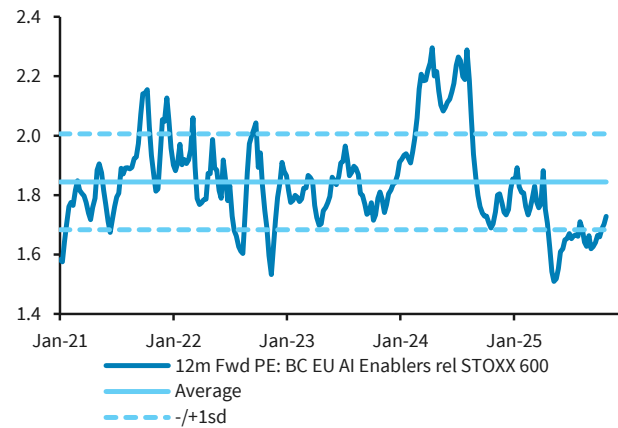
Ticker	Name	Sector	AI Theme	Mkt Cap (bn EUR)
ASM NA	Asm International	Semis	Compute Core	27.7
ASML NA	Asml Holding	Semis	Compute Core	356.4
BESI NA	Besi	Semis	Compute Core	12.0
IFX GR	Infineon Tech	Semis	Compute Core	44.8
ACS SM	Acs Activ.Constr.	Infra Cons	DC/Industrial Build-out	19.3
HOT GR	Hochtief	Bld Cons	DC/Industrial Build-out	19.3
MRL SM	Merlin Properties	REIT	DC/Industrial Build-out	7.6
SGRO LN	Segro	REIT	DC/Industrial Build-out	10.7
BBOX LN	Tritax Big Box Reit	REIT	DC/Industrial Build-out	4.6
LR FP	Legrand	Electricals	Electrification	39.2
PRY IM	Prysmian	Electricals	Electrification	26.6
SU FP	Schneider Electric	Electricals	Electrification	142.0
EDPR PL	Edp Renovaveis	Util's	Grid Infrastructure	13.3
FORTUM FH	Fortum	Util's	Grid Infrastructure	17.4
IBE SM	Iberdrola	Util's	Grid Infrastructure	111.5
RWE GR	Rwe	Util's	Grid Infrastructure	31.7
ENR GR	Siemens Energy	Electricals	Grid Infrastructure	92.4
IDR SM	Indra Sistemas	S'ware	Networks & Edge Connectivity	8.5
NOKIA FH	Nokia	Tech H'ware	Networks & Edge Connectivity	32.7
TIT IM	Telecom Italia	Telcos	Networks & Edge Connectivity	7.8

Source: Bloomberg, Barclays Research

IBES consensus forecasts roughly 10% EPS growth for the AI Enablers basket in 2025, vs. just 0.5% for the STOXX 600. The basket is expected to deliver around 20% EPS growth in 2026 and in 2027, sustaining a pace well above the broader market. This strong EPS momentum has supported a relative P/E re-rating for the basket, which remains attractive despite recent gains, in our view.

FIGURE 110. EU AI Enablers basket EPS is expected to outpace the market into 2027

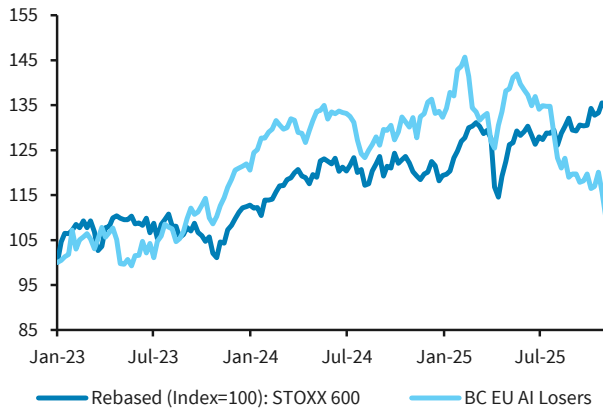
Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 111. Valuations remain attractive for European AI Enablers

Source: IBES, LSEG Data & Analytics, Barclays Research

European AI Losers

On the flip side, we have identified stocks that could be viewed as potential AI losers (BCERAILO). This selection focuses on names that underperformed during recent AI rallies, exhibit a negative correlation with our AI Enablers basket, which we cross-checked with our sector analysts. We have limited the scope to Business Services, Media and Software – sectors widely perceived as vulnerable to the AI transition. This basket has significantly underperformed since early July.

FIGURE 112. Our EU AI Losers basket has sharply underperformed recently

Note: Past performance is not necessarily indicative of future results
 Source: LSEG Data & Analytics, Barclays Research

FIGURE 113. Barclays EU AI Losers basket (BCERAILO) – Short

Ticker	Name	Sector	Mkt Cap (bn EUR)
ADEN SW	Adecco Group	Comm/Prof Svs	4.6
LOOMIS SS	Loomis B	Comm/Prof Svs	2.3
RAND NA	Randstad	Comm/Prof Svs	6.2
REL LN	Relx	Comm/Prof Svs	66.5
WKL NA	Wolters Kluwer	Comm/Prof Svs	22.1
AUTO LN	Auto Trader Group	Media & Entertainment	7.0
BCG LN	Baltic Classifieds Group	Media & Entertainment	1.3
FUTR LN	Future	Media & Entertainment	0.7
HAVAS NA	Havas	Media & Entertainment	1.5
PUB FP	Publicis Groupe	Media & Entertainment	21.9
RMV LN	Rightmove	Media & Entertainment	4.9
G24 GR	Scout24	Media & Entertainment	6.8
SMG SW	Smg	Media & Entertainment	3.4
UMG NA	Universal Music Group	Media & Entertainment	41.2
VEND NO	Vend Marketplaces	Media & Entertainment	5.8
WPP LN	Wpp	Media & Entertainment	3.6
SCT LN	Softcat	Software & Services	3.4
SGE LN	The Sage Group	Software & Services	12.3

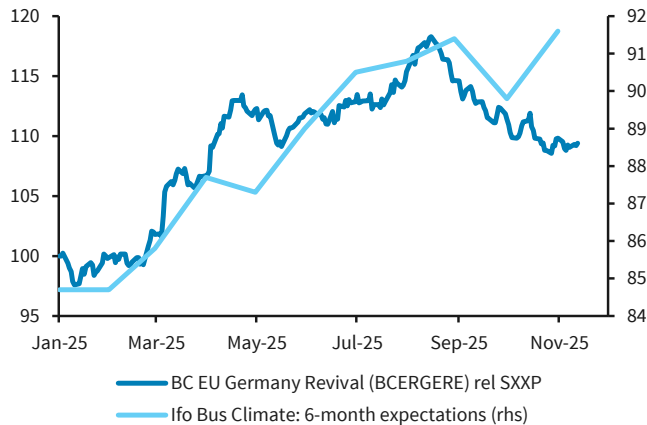
Source: Bloomberg, Barclays Research

German stimulus

Our Germany Revival basket (BCERGERE) outperformed earlier in the year as expectations of fiscal stimulus fuelled optimism. But momentum peaked at the end of August amid doubts over

the execution of reforms, and performance has since lagged despite improving Ifo expectations. Our economists continue to expect stimulus to kick off only by 2026-27. Against a backdrop of easing external headwinds, light positioning and attractive valuations, we remain constructive on the theme. The basket comprises SXXP stocks with at least 25% sales exposure to Germany, a market cap above €3bn and a 90-day average daily volume of more than €3mn.

FIGURE 114. Our EU Germany Revival basket has decoupled from IFO recently



Source: LSEG Data & Analytics, Barclays Research

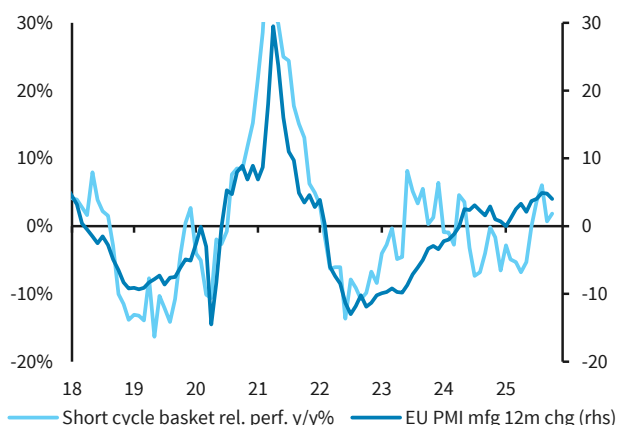
FIGURE 115. Barclays Germany revival basket (BCERGERE) – Long

Ticker	Name	Sector	Mkt Cap (bn EUR)	German Sales exposure (%)
FTK GR	Flatexdegiro N	Fin Svs	3.5	100%
FNTN GR	Freenet	Telcos	3.3	100%
LEG GR	Leg Immobilien	REIT	4.9	100%
G24 GR	Scout24	Media	6.7	96%
VNA GR	Vonovia	REIT	22.0	79%
CBK GR	Commerzbank	Banks	39.0	71%
ELI BB	Elia Group	Util's	11.5	67%
BC8 GR	Bechtle	S'ware	4.4	59%
FRA GR	Fraport	Transport	7.0	58%
HAG GR	Hensoldt	A&D	9.7	57%
EOAN GR	E On N	Util's	40.5	52%
VER AV	Verbund	Util's	23.5	48%
EVD GR	Cts Eventim	Media	7.7	46%
RWE GR	Rwe	Util's	33.5	46%
STB NO	Storebrand	Insurance	6.0	43%
DBK GR	Deutsche Bank	Fin Svs	64.3	41%
FRE GR	Fresenius	H'care Eqpt	27.8	40%
VOD LN	Vodafone Group	Telcos	25.8	32%
SPIE FP	Spie	Comm Prof Svs	7.2	32%
COV FP	Covivio	REIT	6.2	31%
TKA GR	Thyssenkrupp	Met&Mining	5.6	31%
RHM GR	Rheinmetall	A&D	80.0	30%
GEBN SW	Geberit 'R'	Cap Goods	23.6	29%
ZAL GR	Zalando	Retailing	6.2	28%
NKT DC	Nkt	Electricals	5.1	28%
TUI1 GR	Tui N	Cons Svs	3.7	28%
R3NK GR	Renk Group	Machinery	6.2	27%
NDA GR	Aurubis	Met&Mining	5.0	27%
LHA GR	Deutsche Lufthansa	Transport	9.3	26%
MUV2 GR	Munch. Rvrs.Gesell. Munch.N	Insurance	71.6	26%
DHL GR	Deutsche Post	Transport	54.4	26%

Note: Revenue exposure data based on company filings and FactSet estimates
 Source: FactSet, Bloomberg, Barclays Research

Short Cycle

More broadly, short-cycle stocks should find support if EU PMIs continue to rebound, with recent economic surprises in Europe turning positive. We have rebalanced the basket, screening for cyclical names that show a strong relationship to Euro Area Manufacturing PMI, positive EPS momentum, and ample liquidity - limited to companies with a market cap above €5bn and a 90-day average daily volume of at least €3mn.

FIGURE 116. EU short-cycle basket (BCEUSHCY) should remain supported if PMIs keep recovering

Source: LSEG Data & Analytics, Barclays Research

FIGURE 117. Barclays EU short-cycle basket (BCEUSHCY) – Long

Ticker	Name	Sector	Mkt Cap (bn EUR)
MBG GR	Mercedes-Benz Group	Autos&Comp	54.1
AHT LN	Ashtead Group	Cap Goods	24.3
EN FP	Bouygues	Cap Goods	15.0
RAND NA	Randstad	Comm Prof Svs	6.1
BC IM	Brunello Cucinelli	Cons Dur/App	6.0
GAW LN	Games Workshop	Cons Dur/App	6.0
CFR SW	Richemont N	Cons Dur/App	92.1
DHER GR	Delivery Hero	Cons Svs	6.6
ABBN SW	Abb Ltd N	Electricals	118.7
NEX FP	Nexans	Electricals	5.3
NDX1 GR	Nordex	Electricals	6.0
VWS DC	Vestas Windsystems	Electricals	17.8
OMV AV	Omv	Energy	15.5
KCR FH	Konecranes	Machinery	6.8
TRELB SS	Trelleborg B	Machinery	7.4
AAL LN	Anglo American	Met&Mining	38.6
BOL SS	Boliden Ord Shs	Met&Mining	11.1
GLEN LN	Glencore	Met&Mining	49.0
KGH PW	Kghm	Met&Mining	9.1
TKA GR	Thyssenkrupp	Met&Mining	5.7
VOE AV	Voestalpine	Met&Mining	5.5
BESI NA	BESI	Semis	12.0
IFX GR	Infineon Technologies	Semis	44.8
TEMN SW	Temenos N	S'ware	5.9
HEXAB SS	Hexagon B	Tech H'ware	27.6
LOGN SW	Logitech 'R'	Tech H'ware	16.8

Source: Bloomberg, Barclays Research

Dollar earners

The weakening dollar came as a surprise to most investors this year, which led to significant dispersion within the European equity market. Our basket of EU exporters (BCEUEUEX) has underperformed the overall market by -11% ytd (14 Nov close), while the domestic stocks have strongly outperformed. Our FX strategists expect the dollar to strengthen into H2 2026. If this materialises, it could help EU exporters to regain some of their recent underperformance, in our view. We rebalance our basket with MSCI EMU as the universe, with filters of €3bn market cap and €5mn 90d ADV, along with sector weights capped at 30% and non-EU revenues of >50% with negative correlation to EURUSD.

FIGURE 118. EU exporters sharply underperformed this year as EURUSD rebounded

Note: Past performance is not necessarily indicative of future results
Source: Bloomberg, Barclays Research

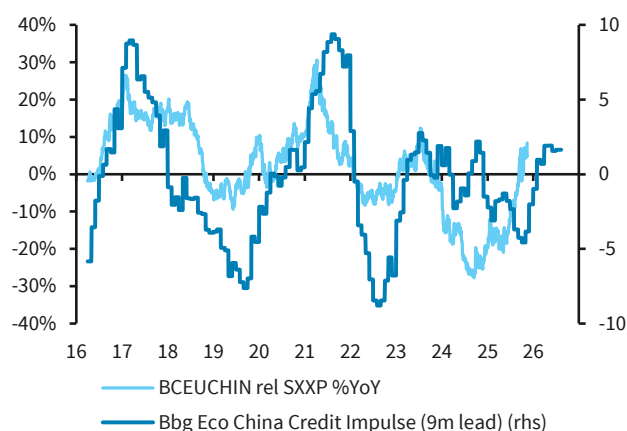
FIGURE 119. Barclays EU exporters basket (BCEUEUEX) – Long

Ticker	Name	Sector	Mkt Cap (bn EUR)	Non-EU Sales exposure (%)
ML FP	Michelin	Autos&Comp	20.5	65%
P911 GR	Dr Ing Hc F Porsche Pref.	Autos&Comp	43.9	61%
BNR GR	Brenntag	Cap Goods	7.2	67%
SYENS BB	Syensqo	Chem's	7.5	75%
SY1 GR	Symrise	Chem's	10.2	68%
AI FP	L Air Lqe.Sc.Anyme. Pour L Etude	Chem's	99.9	63%
EVK GR	Evonik Industries	Chem's	6.5	56%
WKL NA	Wolters Kluwer	Comm Prof S	22.0	73%
BVI FP	Bureau Veritas	Comm Prof S	12.9	63%
RMS FP	Hermes Intl.	Cons Dur/App	232.1	69%
SW FP	Sodexo	Cons Svs	6.8	64%
PRY IM	Prysmian	Electricals	25.6	56%
TEN IM	Tenaris	Energy	18.7	85%
ABI BB	Anheuser-Busch Inbev	Food/Bev/Tol	112.8	86%
KYGA ID	Kerry Group 'A'	Food/Bev/Tol	13.0	77%
RI FP	Pernod-Ricard	Food/Bev/Tol	21.3	65%
FME GR	Fresenius Med.Care	H'care Eqpt	12.2	87%
BIM FP	Biomerieux	H'care Eqpt	12.9	73%
SHL GR	Siemens Healthineers	H'care Eqpt	50.7	73%
OR FP	L'Oreal	HPC	190.9	69%
HNR1 GR	Hannover Rueck	Insurance	31.3	59%
KNEBV FH	Kone B	Machinery	31.0	59%
KBX GR	Knorr Bremse	Machinery	13.8	53%
ARGX BB	Argenx	Pharma	47.3	96%
BAYN GR	Bayer	Pharma	28.6	79%
SAN FP	Sanofi	Pharma	110.6	76%
UCB BB	Ucb	Pharma	44.6	72%
MRK GR	Merck Kgaa	Pharma	50.2	68%
DSY FP	Dassault Systemes	S'ware	32.5	62%
SAP GR	Sap	S'ware	269.3	52%
NOKIA FH	Nokia	Tech H'ware	32.7	67%
DTE GR	Deutsche Telekom	Telcos	133.2	66%

Note: Revenue exposure data based on company filings and FactSet estimate
Source: FactSet, Bloomberg, Company Financials, Barclays Research

China exposure

Our China exposure basket has outperformed SXXP by +11% since Liberation Day (as of 14 Nov close), amid tariff de-escalation and incremental policy support. China's growth has proved to be more resilient than expected, with GDP on track for around 5% this year, supported by robust consumption and early stimulus. Policymakers remain focused on US trade policy, opting for incremental fiscal measures to cushion any adverse impact. However, recent data show economic momentum is slowing again, along with a faltering credit impulse, which could be a risk for China EU proxies if it continues.

FIGURE 120. China EU proxies have strongly rebounded, but credit impulse is faltering again

Note: Past performance is not necessarily indicative of future results
Source: Bloomberg, LSEG Data & Analytics, Barclays Research

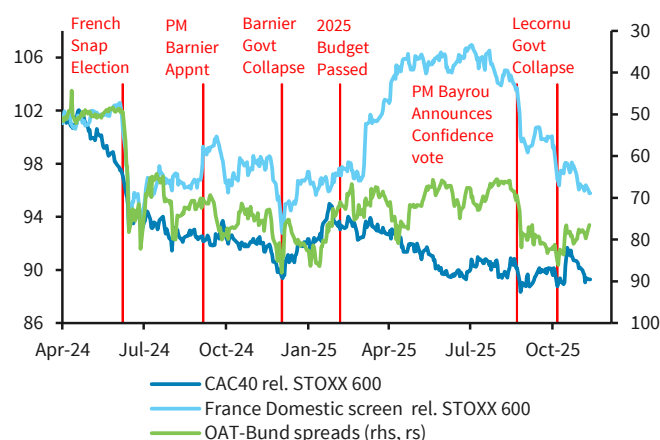
FIGURE 121. Barclays EU China exposure basket (BCEUCHIN) – Long

Ticker	Name	Sector	Mkt Cap (bn EUR)	China exposure (%)
BMW GR	BMW	Autos&Comp	56.8	~40% of profit
MBG GR	Mercedes-Benz Group	Autos&Comp	57.4	~30% of profit
P911 GR	Porsche	Autos&Comp	43.9	15%
VOW3 GY	Volkswagen Pref.	Autos&Comp	50.6	~35% of profit
HSBA LN	HSBC Holdings	Banks	216.4	China inc HK: 37% of rev
STAN LN	Standard Chartered	Banks	42.4	China inc HK: 31% of rev
EMSN SW	Ems-Chemie 'N'	Chem's	14.1	17%
ITRK LN	Intertek Group	Comm Prof Svs	8.8	18%
BRBY LN	Burberry Group	Cons Dur/App	5.1	24%
KER FP	Kering	Cons Dur/App	39.3	29%
MC FP	LVMH	Cons Dur/App	322.3	18%
MONC IM	Moncler	Cons Dur/App	16.1	30%
CFR SW	Richemont N	Cons Dur/App	105.5	20%
SK FP	SEB SA	Cons Dur/App	2.7	23%
UHR SW	The Swatch Group	Cons Dur/App	10.1	27%
GTT FP	GTT SA	Energy	6.7	15%
CARLB DC	Carlsberg B	Food/Bev/Tob	14.8	17%
RI FP	Pernod-Ricard	Food/Bev/Tob	21.3	15%
STMN SW	Straumann Hldg.	H'care Eqpt	18.0	16%
OR FP	L'Oreal	HPC	190.9	15%
PRU LN	Prudential	Insurance	31.5	32%
ATCOA SS	Atlas Copco A	Machinery	69.5	19%
GF SW	Georg Fischer	Machinery	4.8	18%
KNEBV FH	Kone B	Machinery	31.1	23%
SKFB SS	SKF B	Machinery	10.0	18%
VACN SW	VAT Group	Machinery	11.1	30%
UPM FH	Upm-Kymmene	Mat's	12.8	17%
AAL LN	Anglo American	Met&Mining	38.5	35%
ANTO LN	Antofagasta	Met&Mining	31.1	20%
RIO LN	Rio Tinto	Met&Mining	104.5	57%
PRX NA	Prosus N	Retailing	146.6	Material invt. in China
ASML NA	ASML Holding	Semis	346.6	36%
BESI NA	BE Semiconductor	Semis	11.2	34%
IFX GR	Infineon Technologies	Semis	48.4	34%
STMPA FP	Stmicroelectronics	Semis	18.8	30%
REY IM	Reply	S'ware	4.5	39%

Note: Revenue exposure data based on company filings and FactSet estimates
Source: FactSet, Bloomberg, Barclays Research

French Domestic

Our France domestic basket has been underperforming since former Prime Minister Bayrou's confidence vote at the end of summer. Political fragmentation has left the fiscal outlook fragile, and our economists expect the deficit to be around -5.4% in 2026. Despite some potential near-term relief if the budget passes, we think political instability and weak fiscal fundamentals are likely to keep high risk premia on OAT and domestically exposed stocks (BCERFRDO) into the 2027 presidential election. The basket comprises SXXP stocks with at least 20% sales exposure to France, a market cap above €5bn and a 90-day average daily volume of more than €3mn.

FIGURE 122. French domestic stocks have sharply underperformed since end of summer

Note: Past performance is not necessarily indicative of future results
Source: Bloomberg, Barclays Research

FIGURE 123. Barclays France domestic basket (BCERFRDO) – Short

Ticker	Name	Sector	Mkt Cap (bn EUR)	French Sales exposure (%)
AM FP	Dassault Aviation	A&D	21.9	81%
HO FP	Thales	A&D	50.8	29%
RNO FP	Renault	Autos&Comp	10.0	30%
BNP FP	Bnp Paribas	Banks	74.9	26%
ACA FP	Credit Agricole	Banks	47.7	45%
GLE FP	Societe Generale	Banks	43.1	42%
EN FP	Bouygues	Cap Goods	15.0	49%
FGR FP	Eiffage	Cap Goods	10.5	71%
SGO FP	Saint Gobain	Cap Goods	42.0	24%
DG FP	Vinci	Cap Goods	68.0	42%
ELIS FP	Elis	Comm Prof Svs	5.7	30%
SPIE FP	Spie	Comm Prof Svs	7.4	35%
AC FP	Accor	Cons Svs	10.8	25%
FDJU FP	Fdj United	Cons Svs	4.7	85%
TTE FP	Totalenergies	Energy	119.0	23%
AMUN FP	Amundi (Wi)	Fin Svs	13.3	51%
RF FP	Eurazeo	Fin Svs	4.3	100%
MF FP	Wendel	Fin Svs	3.6	100%
CS FP	Axa	Insurance	79.9	29%
BOL FP	Bollere	Media	13.6	78%
COV FP	Covivio	REIT	6.2	26%
GFC FP	Gecina	REIT	6.2	100%
LI FP	Klepierre Reit	REIT	9.5	22%
URW FP	Unibail Rodamco	REIT	12.8	32%
CA FP	Carrefour	Staples Ret	9.6	46%
CAP FP	Capgemini	S'ware	22.9	20%
ORA FP	Orange	Telcos	36.8	58%
ADP FP	Adp	Transport	11.8	68%
GET FP	Getlink	Transport	8.7	47%
ENGI FP	Engie	Util's	49.4	44%
VIE FP	Veolia Environ	Util's	21.3	20%

Note: Revenue exposure data based on company filings and FactSet estimates
Source: FactSet, Bloomberg, Barclays Research

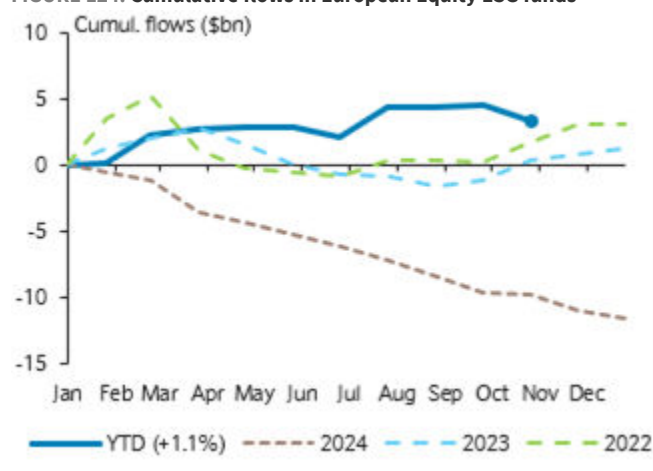
Sustainable Investing

Maggie O'Neal⁽ⁱⁱⁱ⁾ Barclays, UK | Scott Gordon, CFA⁽ⁱⁱⁱ⁾ Barclays, UK

Transition mission

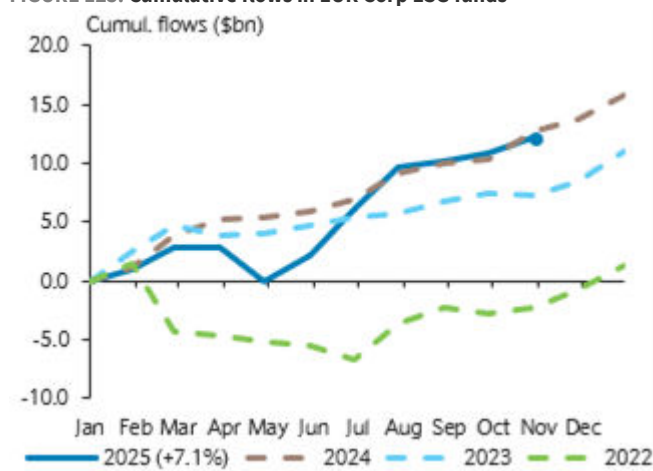
Pragmatism and political climate change were overarching themes from 2025, and we expect them to remain in focus in 2026. From energy security to defence to AI to the critical minerals needed to move the transition forward, policy makers will need to continue to assess the trade-offs of transition while looking for the best solutions, and sustainable investors will need to power through government policy. While there have been headwinds to sustainable investing in 2025, flows into European ESG funds across both equity and fixed income funds have been resilient. On the equity side, we saw cumulative flows of 1.1% of AUM (through October 2025), equivalent to the strongest equity performance since 2021 ([Figure 1](#)), while flows into EUR Corp ESG funds stand at 7.1% of AUM, broadly tracking 2024's strong inflow trajectory, which was the second highest on record ([Figure 2](#)).

FIGURE 124. Cumulative flows in European Equity ESG funds



% of AUM flows based on Barclays methodology.
Source: EPFR, Barclays Research

FIGURE 125. Cumulative flows in EUR Corp ESG funds

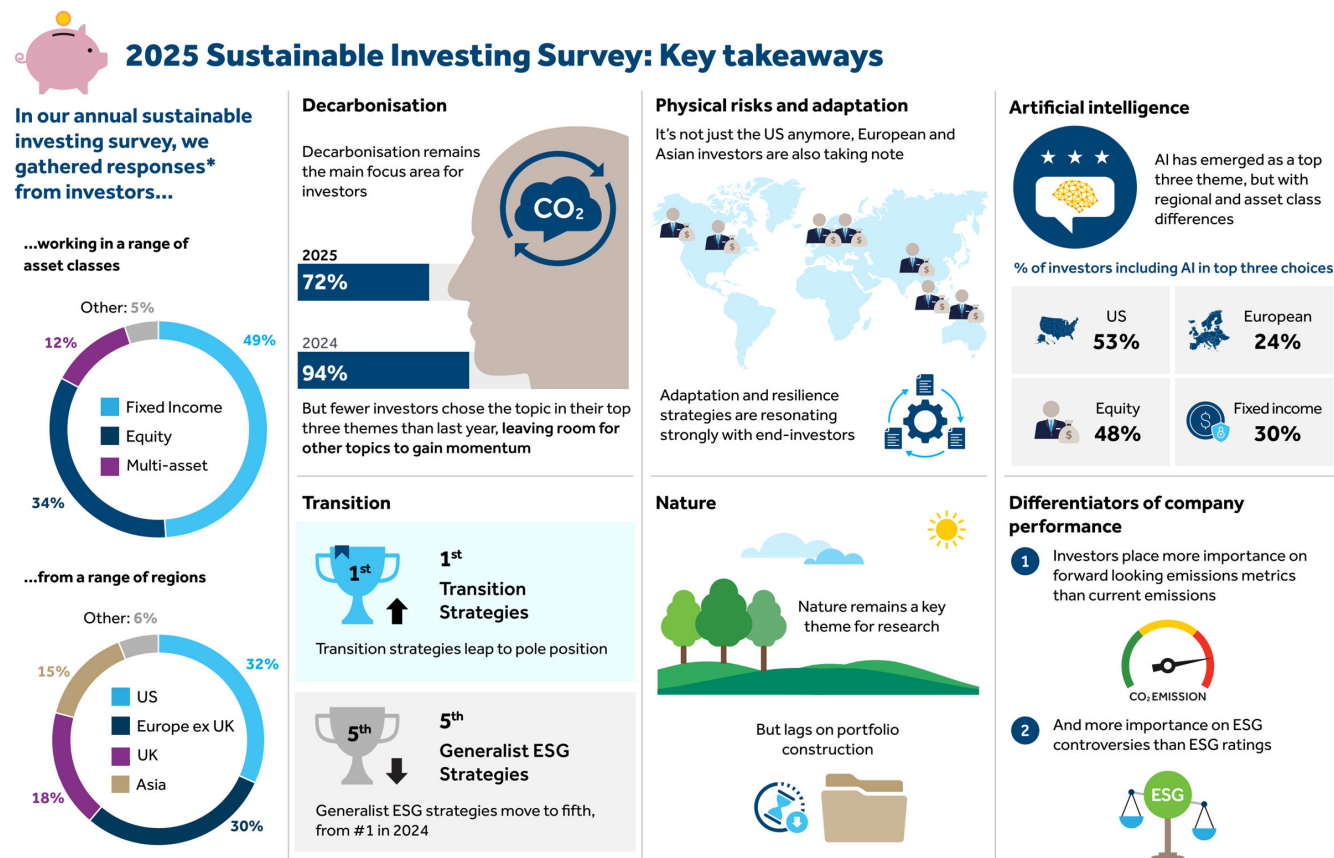


% of AUM flows based on Barclays methodology.
Source: EPFR, Barclays Research

Constants in a sea of change: themes in focus

As highlighted in our annual investor survey ([2025 investor survey: Looking for constants in a sea of change](#); summarised in [Figure 3](#)), decarbonisation remains a key focus for investors, albeit dipping slightly year-on-year and allowing other themes to gain momentum. Physical risks and the related theme of adaptation moved markedly higher in terms of areas for sustainable investors in research and decision-making and has been gaining popularity with European investors ([Extreme Weather: Summer Outlook and Global Trend Maps](#)). AI (powering AI/responsible AI) rounded out the top three themes and was particularly noted as being in focus for equity and multi-asset investors. Overall, transition strategies were identified by survey respondents as resonating the most with end investors.

FIGURE 126. Key takeaways from Barclays 2025 Sustainable Investing investor survey



Source: Barclays Research 2025 Sustainable Investor Survey

Industrial policy and the quest for strategic autonomy

With shifting geopolitical relationships and the EU looking to increase its strategic autonomy and competitiveness within the bloc, there are a number of pieces of legislation making their way through the different EU institutions at the moment (Sustainability Omnibus, Digital Omnibus, Defence Omnibus) that will have important implications for the bloc in 2026 and beyond. There are signs that these legislative proposals are already having an effect on how investors are viewing opportunities in Europe across a range of sectors (see [Sustainable Investing: Defence comes in from the cold](#); [EU Clean Industrial Deal update](#)), and we expect this to continue in 2026. With the global AI race requiring resourcing from power sources to grid upgrades to critical minerals and talent ([Global trade: Minerals and minds](#)), powering AI and the societal implications of this technology both in terms of opportunities and risks will likely be front of mind for policy makers and investors in the year ahead.

Thematic Investing

Hiral Patel Barclays, UK | Katherine Ogundiya Barclays, UK | Laia Marin i Sola, CFA Barclays, UK

Thematic funds had a very strong year. Global thematic AUM reached a three-year high in 2025, supported by strong performance in high-conviction mega-themes, such as AI and defence, and smaller themes, such as Space and materials. Our analysis of thematic funds indicates that as the market matures, fund launches become more intentional, larger and less speculative. We therefore expect to see continued focus on AI, with a refined focus on infrastructure (including grid and cooling) and applications (with AI in Healthcare being at the forefront). That being said, as AI adoption increases, issues are likely to materialise creating both risks and opportunities within cyber and raising broader questions on topics such as AI ethics and data sovereignty. Beyond AI, we expect geopolitics, economic divergence and broader social polarisation to drive many themes in 2026, with resource resilience, renewed sovereign priorities such as Space and quantum, and conscious consumption set to be key themes for 2026, in our view.

Whoever wins the energy race, wins the AI race

Hyperscalers continue to raise capex expectations amid ongoing cloud and AI supply/demand tightness ([Powering AI: Hyperscaler Capex-apalooza](#)), as we track a growing pipeline of data center projects ([Powering AI: We Track 45+ GW in the US Data Center Pipeline](#)). However, data center energy demand continues to outpace the ability to add grid power and infrastructure and this is forcing a shift to distributed power ([Powering AI: Bring Your Own Power \('BYOP'\) as AI Party Continues - Data Center Insights v3.0](#)), particularly amid a push for on-site power policies ([Green Data Centers: Ireland's shift to distributed power – breakthrough or bottleneck?](#)). AI workload power fluctuations, politicization of higher utility bills, broader NIMBY and permit resistance, labour shortages, and equipment supply chains also present risks, in our view, reflecting a growing scarcity mentality ([Powering AI: Data Center Event Sound Bites...Scarcity Mentality](#)) that could hamper hyperscaler capex and AI ambitions.

Healthcare can serve as a proving ground for AI ROI

Amid the ongoing debate on the ROI of AI, we see healthcare as a potential proving ground given the tangible impact. While healthcare has typically lagged in technology adoption, it's now outpacing the broader U.S. economy with AI, with related spend nearly tripling last year's investment ([AI in Healthcare: What we heard at HLTH 2025](#)). Initial adoption has focused on optimizing administrative tasks – e.g., ambient documentation, revenue cycle management – as these remain relatively low-friction, low-stakes use cases from an implementation and patient safety perspective. We anticipate continued momentum here in 2026 given we remain in the early stages of adoption today. We also expect further indications of theme momentum next year, including VC funding ([AI in Healthcare: Temperature check on private market trends](#)), medical device product launches, data readouts for AI drug development platforms, and announcements of new partnerships and strategic investments ([AI in Healthcare: Check-up on investment opportunities](#)).

Maintaining the spotlight on rare earths and critical raw materials

Tariffs and export controls highlighted weaknesses in global supply chains for critical raw materials and rare earth elements throughout 2025. The West responded swiftly with a range of mechanisms ranging from pricing floors, off-take agreements and capital injections, to boost material production ex-China ([Critical Raw Materials: Three strategies to strengthen supply chains](#)). 2026 remains a key year to build on momentum. To date, the focus so far has been on extraction and processing materials and the recycling of rare earths ([Rare Earth Elements: The pull of recycling](#)). Looking ahead, we expect more attention to be paid to other bottlenecks in

the rare and critical raw materials supply chain, such as magnet production. Key catalysts in Europe include the EU Circular Economy Act which aims to create a secondary market for critical raw materials and boost recycling, which is expected to be adopted in 2026 and will shape policy and future investments.

Avoiding AI's blind spots in 2026, as AI cybersecurity & AI ethics risks rise

Beyond the clear and emerging AI-related opportunities, we note the growing AI risks in 2026. For example, AI is making companies more vulnerable to cybersecurity risks, given its ability to make attacks more convincing and sophisticated in nature. We remain cautious on potential over-reliance of cyber insurance but acknowledge the potential for AI to be harnessed to enable greater cyber resilience by strengthening control access measures, better identifying false positives and providing continuous monitoring ([Digital Security: Exploring opportunities in cyber-protection](#), 05 Nov 2022). Secondly, as we see growing political fragmentation and diverging views, AI ethics risks are likely to become more material. From data sovereignty, to biases, explainability, robustness and privacy. These are likely to be key issues as AI seeks to move to the next frontier ([2030 Thematic Roadmap: 150 Trends \(Edition 5\): Managing AI's blind spots](#), 11 Mar 2024).

European Integrated Energy

Lydia Rainforth, CFA Barclays, UK | Naisheng Cui, CFA Barclays, UK |
Ramachandra Kamath Barclays, UK | Thea Lacroix Barclays, UK

Sector outlook and key drivers for 2026

Uncertainty in the energy world is as high as we have ever seen, with the debate over structural versus cyclical changes across oil, natural gas, and refining dominating the narrative. As we think about what's next for the oil market, the 2026 supply-demand balance comes into greater focus as OPEC+ continues to unwind some of its previous production cuts. While the oil forward curve remains in backwardation, we believe demand could end up stronger than expected and the OPEC+ supply increase may not be as high as headline quota increases suggest, which may indicate a tighter supply-demand dynamic in 2H26.

Earnings and valuation outlook

Our macro assumptions imply very modest earnings growth (depending on asset mix) for 2026. While we are bullish on the 2026 oil price, we estimate gas prices decreasing y/y, in line with refining margins. We recognise the market's bearish sentiment on oil prices, reinforced by the 2026 forward curve remaining in backwardation. The lack of financial momentum could present a challenge in terms of attracting new money to the sector, even though we continue to see deep value on offer across many names. As such, we see investors focusing on companies with strategic and operational momentum.

Positioning within the sector

While global oil inventories stand just below five-year average levels, many investors with whom we have spoken have concerns around OPEC production cuts unwinding into 2026. Despite a deterioration in the combined net long position in WTI and Brent in recent weeks, oil prices still hover around \$65/bl.

Themes to watch out for

We see European energy firms heading into 2026 with strong refining margin momentum, especially helped by +\$30/bl spot diesel cracks. Upstream production will generally grow across the board based on our forecasts which could support cashflow improvement. We also see capex discipline continuing as energy companies aim to defend shareholder returns. On the opex side, we anticipate greater efficiencies through better technology adoptions – including AI for predictive maintenance, analytics, and digital twins – driving cost savings and operational agility amid macro uncertainties and emissions pressures.

Key stock recommendations

The names we see offering momentum into 2026 are bp, Eni, Repsol, Var Energi and Harbour Energy. We like Shell and TotalEnergies as longer term, high quality investments.

European Energy Services

Mick Pickup Barclays, UK | Pratik Kadam Barclays, UK

Sector outlook and key drivers for 2026

2025 is ending with fears of an oil glut that may last into the first half of next year. However, it was also a pivotal year with exploration becoming a focus again, major industry bodies backtracking on their most ambitious transition scenarios, and the oil industry moving into a more pragmatic phase. This has been exacerbated by AI-fever, with uninterrupted power now the key prerequisite for the processing of data. This has lifted expectations for gas demand, which has added a further boost to the services sector. The net effect is that already full backlogs for the services sector look set to be maintained. Capex levels in the oil and gas industry will likely remain robust, and the European Service Sector sits in a unique position – for a decade the US shale patch was the provider of the incremental barrel. Now it is offshore and the Middle East that will carry the burden as the core arenas for the sector. That said, backlog stands at record levels, and utilisation of assets is high. New projects will likely extend the plateau of activity with improved pricing terms leading to margin expansion.

Earnings and valuation outlook

2026 should see continued earnings momentum, with EBITDA up by about 15% on average for the sector on our numbers, aside from the odd exception, with margin expansion augmenting a 7% rise in sales. This leaves the sector trading on 8x PE versus a 10-year average of 16x and 13x 2025. With capex under control and new expansion not on the cards, the FCF yield for the sector should be in the low double digits. With visibility increasing, we would expect PE multiples to expand as we go through the year, topping out at 2025 levels, with the highest-rated stocks already trading on 15x PE.

Positioning within the sector

As market cap concerns still dominate investor feedback, we believe investors still favour the few larger-cap names. Industry wise, onshore construction has had a stand-out 2025 with the stocks (Maire, Tecnicas and Technip Energies) up by over 90% on average, yet we believe they still possess earnings upgrade potential if awards continue to materialise. The offshore sector remains another key area, with deepwater activity looking set to pick up from mid-2026. However, the key names (Saipem and Subsea 7) are in a potential merger situation that we believe is hindering new investors. Elsewhere, exposure to the US is unwanted at the moment, with the US going ex growth while the OCTG names, Tenaris and Vallourec, are generating significant cash, they lack momentum, which is often the key to attracting new investors. The emerging story remains exploration, with Veridien and TGS still lowly rated, but reacting well to good news.

Themes to watch out for

The key themes for 2026 will likely be deepwater activity and the continued roll-out of Middle Eastern infrastructure, particularly on the LNG side. We will also likely see activity in the US and proposed LNG export facilities finally reaching FID. This leads into an emerging theme of power, with Tecnicas already targeting EUR1bn annually from gas-derived power contracts and seeing enhanced demand in the US as AI infrastructure is rolled out. This, we feel, will become a core theme as “Power is Knowledge” gains traction as the new buzz phrase in the energy sector.

Key stock recommendations

Our key stock recommendations follow the themes for the year. In onshore construction we still favour Tecnicas despite it being up over 150% ytd (vs. direct peers, Technip Energies/ Maire, which are both up about 50%), given that it is still early in Tecnicas' margin doubling

story, and it has the advantage of being able to tap into enthusiasm for US power-related names. We also note that Subsea 7/Saipem have underperformed in 2025 as their proposed merger progresses, but they both remain major players exposed to the key deepwater theme. If the merger finalises in mid-2026, as expected, we would see the combination as a significant global offshore play in line with a trend that we expect to continue to the end of the decade. We also see 2026 as a likely inflection point for geophysical and favour TGS; even in a lacklustre market, TGS should be able to deliver enhanced shareholder returns during the year. This, we expect, should prove to be a significant catalyst for the stock.

European Banks

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 Krishnendra Dubey Barclays, UK | Rachel Brady Barclays, UK |
 Dibin Meledath Koruthu, CFA Barclays, UK

Sector outlook and key drivers for 2026

We have a Positive view on European banks for 2026. The sector has seen among the best consensus EPS revisions in 2025 and we expect earnings momentum to remain strong in 2026-27. For the median European bank we cover we forecast EPS will grow by 10% in '26 and 13% in '27. This is driven by revenue growth of 3-4%, with NII bottoming out and non-NII revenues continuing to grow at a mid single-digit %. On NII, we note lending growth continues to accelerate (we forecast 4% p.a.), and we expect the ECB to be finished with its rate-cutting cycle (our economists now forecast an ECB rate staying at 2% until Y/E '26). We expect costs to remain contained and provisions to gradually normalise, while share count should keep going down as European banks continue their share buybacks.

The sector also remains attractive from a shareholder distribution standpoint. For the median bank we cover we forecast a dividend yield of 5-6% per year in '25-27E and a total yield (including buybacks) of 7-8% per year. Combined with c5-7% growth p.a. in tangible book value per share, this implies the median bank we cover could offer, at a constant valuation multiple, an 11% total shareholder return per year in '25-27E.

European Banks' valuation multiple re-rated strongly in 2025, from c7.5x P/E in January 2025 to c10.0x in November 2025. But we see further re-rating potential for Banks, considering: (1) the average P/E since 2006 is c11x, so banks are still trading below their long-term average multiple; (2) banks are currently trading at a c35% P/E discount to the Stoxx Europe 600 (SXXP), which is more than the average discount of c25% since 2006, meaning Banks continue to trade cheap on a relative basis in Europe; (3) European banks are more profitable today than they were pre GFC on a ROA (return on asset) basis, and this is achieved on balance sheets that are less levered, more liquid and under a higher regulatory/supervision framework, meaning this higher profitability is achieved with lower risks (see [here](#)).

Earnings and valuation outlook

As per above, we expect double digit EPS growth for the median European bank we cover in '26 and '27, and we see further valuation re-rating potential for banks (absolute and relative). As of 14 November Banks are trading at 9.3x P/E'26 and 1.36x P/TBV '26 for a ROTE of 15.2%.

Positioning within the sector

The Banks sector is by far the best performing sector year to date, with as of 12 November European Banks (SX7P) up 57% vs. Stoxx Europe 600 (SXXP) up 15% (65% and 19%, respectively, on total return basis). According to Hazeltree data, Banks is the sector with the higher Long/Short ratio from hedge funds. We think the sector remains well-owned also by long-only investors and generalist investors, with our Strategists pointing to Banks being crowded (see [here](#)).

Themes to watch out for

Key themes that we expect to drive banks performance in 2026 include:

- Growth: now that Banks have reached a double digit P/E we think that investors will want to see more growth for the P/E to re-rate further. We expect GDP growth, lending growth, revenue growth, but also external growth (via M&A), to be key themes for Banks in 2026. On

M&A, we saw in 2025 that the implementation might be more complex than initially expected, with political interference and defence strategies from the targets. With banks trading largely above 1x TBV, good capital generation and some more consolidation needed in European Banks, we nevertheless expect M&A to remain a key theme in 2026.

- Self-help stories: While we expect EPS growth to be widespread in the sector, we think investors value particularly banks with self-help stories, as they give more visibility and confidence into the earnings trajectory, independent from the general macro outlook.
- Distribution: With improved profitability and ample capital buffers in place, we expect the banks' payout to stabilise or even improve YoY in some cases.
- AI usage: We expect more scrutiny from investors on tech investments from banks and the AI opportunity for them to improve efficiency or increase revenues.
- Political risks: Banks remain exposed to political risks, both in terms of their domestic exposure and budget / debt sustainability concerns. In France and the UK the cost of equity of banks is currently particularly elevated vs. other banks on budgetary concerns. Across regions, there are ongoing debates on potentially higher taxes.
- Regulation: this should not be an incremental burden YoY in 2026 for the European banks, as we expect the simplification effort of the ECB supervision to start to be more visible. Still, the comparison with possible US de-regulation might highlight different trends in minimum capital targets / appetite to grow balance sheets.
- Asset quality focus: We do expect asset quality to remain benign overall, but cost of risk to increase YoY in 2026 (gradual normalisation). Given recent market concerns on private credit and bank loans to NDFIs, we expect asset quality indicators to remain a particular focus of investors.

Key stock recommendations

Within banks, we prefer earnings growth stories where visibility and confidence on the trajectory are high because largely self-driven, and where valuation multiples still offer re-rating potential. On that basis, we like in particular the following names in the sector, all of which we rate Overweight: SocGen, BPER, Deutsche Bank, Lloyds and ABN.

European Insurance

[Claudia Gaspari](#) Barclays, UK | [Alessia Magni](#), CFA Barclays, UK | [Ivan Bokhmat](#) Barclays, UK | [Larissa van Deventer](#) Barclays, UK | [Domenico Turco](#) Barclays, UK

Please refer to our report [European Insurance: 2026 Outlook - the fight for EPS growth](#), published today, for a more detailed discussion of our sector, sub-sector and single-stock views.

Sector outlook and key drivers for 2026

We remain Neutral on European insurers as the sector retains its defensive characteristics in terms of yield appeal, earnings visibility and balance sheet strength, but we see limited value and earnings momentum is fading as P&C pricing decelerates across the spectrum. With balance sheet strength at all-time highs, we expect capital returns to stay attractive. However, we expect 2026 to be more business as usual in nature. With payouts of the sector heavy-weights already at maximum capacity and the upcoming Solvency 2 reform we do not expect meaningful positive surprises. We believe capital return surprises could come back as a theme into 2027 post Solvency 2 review which some companies expect to have a material positive impact on their solvency ratios. The macro picture remains supportive with interest rates and FX stabilising, but insurers stand to benefit less than other sectors, notably Banks, from the improving real GDP growth outlook for Europe.

Earnings and valuation outlook

While the sector remains inexpensive in absolute terms, it's now trading right at the bottom of its historical discount range versus the market after sustained outperformance, at a time when the scope for earnings and/or dividend surprises is limited. We find it difficult to argue a re-rating case at this junction, hence we believe above-average earnings momentum/positive EPS revisions will be key (more than ever) in 2026.

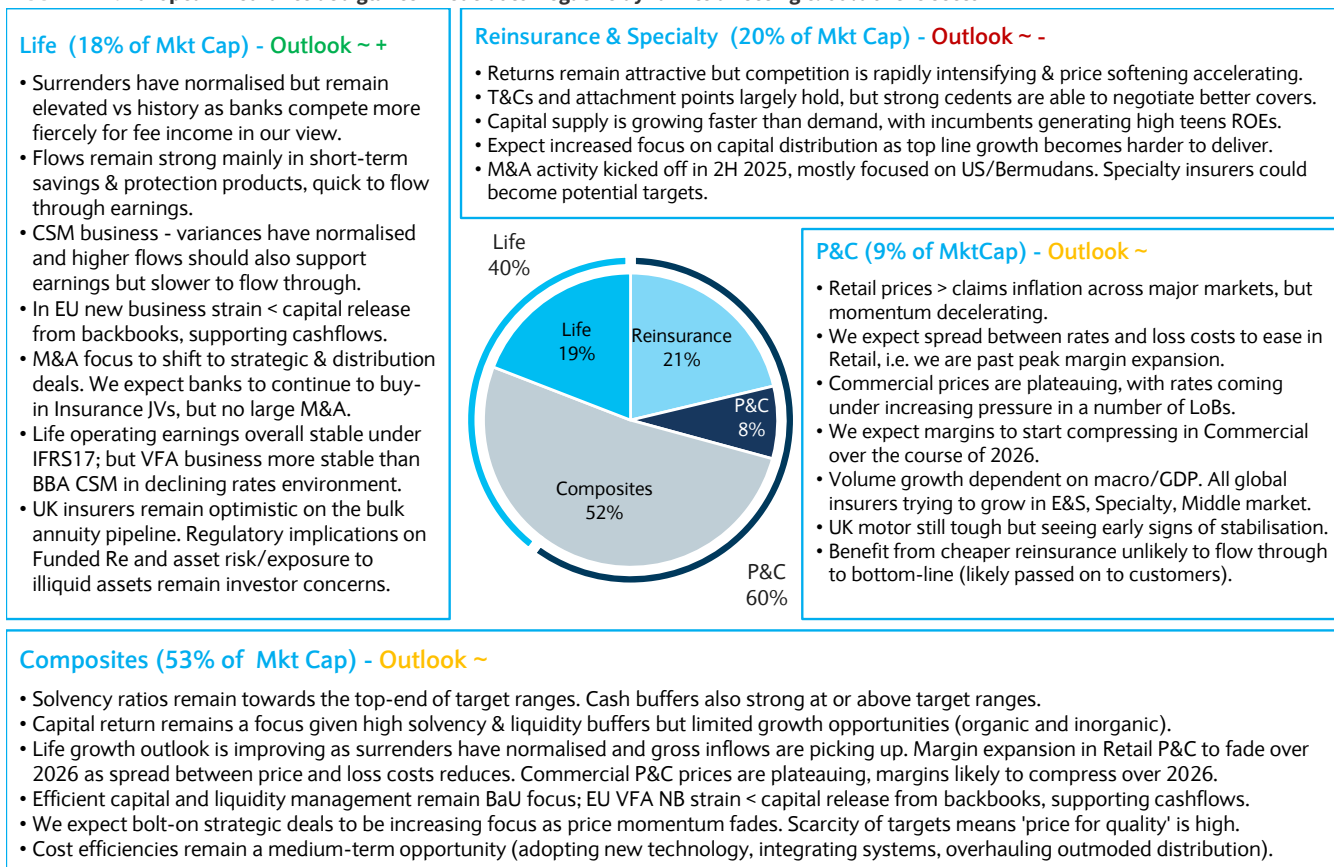
The operating backdrop for European insurers is deteriorating at the margin. We see neutral to negative dynamics impacting c. 60% of the sector.

Life - The life insurance sub-sector offers improving fundamentals and appealing relative valuation levels in our view. In particular, we expect healthy volume growth dynamics with stronger flows in Continental Europe and positive outlook for Pension Risk Transfers (PRT) in the UK and the Netherlands.

Retail P&C - The retail end of the P&C spectrum is the one seeing the more favourable dynamics. Price increases remain adequate, albeit clearly moderating. With the spread between price increases and loss cost trends still positive but compressing, we expect margin expansion to fade from the peak 100-200bps seen at 1H.

Commercial P&C - Prices are plateauing in global commercial, with increasing pressure in some products, notably property as a result of the benign loss experience. Price momentum remains positive if moderating in Specialty, E&S and Middle Market. As a result we expect margins to start compressing over the course of 2026.

Reinsurance - Reinsurance prices have peaked in 2025 and margins started to contract (c. 100-150bps at 1H). Limited nat cat activity in 2025 will likely accelerate price softening and top-line misses are already evident, as capital supply in the system grows faster than demand. We expect returns to remain attractive but to gradually moderate towards a more sustainable mid-teens level.

FIGURE 127. European Insurance at a glance - Neutral to Negative dynamics affecting c. 60% of the sector

Source: Bloomberg, Barclays Research

Positioning within the sector

Insurance remains well owned, although crowding has come off peak levels in recent weeks as positive euro area PMI datapoints revived confidence in the outlook for banks. After two years of consensus positioning around the large-cap sector bellwethers - **Allianz** and **AXA** among the primaries and **Munich Re** among the reinsurers - a rotation towards the **mid-cap life** laggards started in late summer/after 1H reporting. We expect this trend to continue heading into 2026 as these stocks, offer more supportive fundamentals and appealing valuations. UK life remains under owned pending the late November budget.

Themes to watch out for

We expect late-cycle **M&A** and in-market consolidation to remain key themes for the sector in 2026. Abundant excess capital levels coupled with elusive growth have started to drive consolidation activity in the global (re)insurance space. While this has focused on US/Bermuda players in 2025, we expect this to increasingly involve European companies - smaller/medium players may be bid, large caps may consolidate. Furthermore, Alternative asset managers have started to dip their toes in the UK PRT space - another trend that we intend to watch closely as this is likely to continue and affect market dynamics in our view.

AI remains a focus theme for the market as a whole and a widely debated topic by insurance management teams. Incumbents have been investing for a few years already on data quality and embedding AI tools in their underwriting and claims settlement processes, widening the competitiveness gap versus smaller, less sophisticated insurers. AI remains largely an **efficiency promise** for insurers at this stage, with little to no actual numbers available to inform potential scenario analysis. We see opportunities in terms of operating efficiency gains - similarly to most other sectors - but also **revenue growth** (emergence of new products & expansion of risk pool)

and **technical margin expansion** (better risk selection, price differentiation and fraud detection capabilities). In 2026 we expect a wider move from pilot projects to implementation at scale, favouring larger players.

Private credit has a plethora of implications for insurers as the lines between the three financial sectors increasingly blur. **Private credit as an investment:** European insurers have increased their exposure to private credit as a yield enhancement tool only marginally in the last few years (from c.10% of total investments to c. 12%) versus the global market doubling in size to \$1.7trn over the same time frame. While we are not meaningfully concerned by the growth in this exposure, the opacity of these portfolios remains a risk and a cause for concern for investors whenever negative events emerge (e.g. First Brands & Tricolor). **Private credit affecting operating dynamics:** In addition, as alternative asset managers increasingly eat into the value chain of banks, insurers are seeing fierce competition in the fee income/capital-light savings space from banks, dampening gross inflows.

Key stock recommendations

AXA (OW), Prudential (OW), Swiss Re (UW), Generali (UW). We are OW mid-cap life, notably asr (OW) and L&G.

European Diversified Financials

Michael Sanderson Barclays, UK | Grace Dargan Barclays, UK | Claudia Gaspari Barclays, UK | Krystal Han Barclays, UK | Rishikesh Panathuparambil Suresh Barclays, UK

Sector outlook and key drivers for 2026

We see a good set-up for the Diversified Financials sector entering 2026. The basis for this positivity is that we see the sector as containing a number of high-quality businesses in industries where wider market conditions are supportive. The key elements are:

- Macro economic data points to a stable backdrop
- Global interest rates (notably US rates) are on a downward trajectory
- Equity markets are at high and near all-time high levels
- The regulatory backdrops in the US and Europe appear constructive

These conditions provide healthy revenue support for each of the four Diversified Financials sub-sectors and could offer scope for revenue estimate increases if the outlook remains benign into 2026. Our ranking of the four sub-sectors into 2026 is:

1. **Alternative Asset Managers:** The positive messaging around 2026 M&A outlook should be supportive for this space to exit portfolio investments and crystallise carry, providing a better backdrop for future fundraising. This environment could provide a tailwind as private wealth orientated products continue to build momentum amongst US and European investors.
2. **Investment Platforms:** High market levels usually bring stronger risk appetite amongst individual investors, increasing AUA and revenues. Accompanying this, the regulatory backdrop for increased personal investing in the UK and Europe is supportive. Although the sector suffers somewhat from losing revenues due to lower interest rates, the headwinds from these falling are easing.
3. **Traditional Asset Managers:** As noted above, there is scope for investor risk appetite to increase given higher market levels, which could see improved sales of higher-value equity-orientated products in the traditional asset managers. The sub-sector has the lowest multiples across European Diversified Financials, with scope for re-rating on an improving earnings profile.
4. **Exchanges:** While the structural revenue growth opportunities for the non-volume dependent businesses remains robust, the high level of volumes from 12 months ago to mid summer 2025 means the sub-sector is lapping hard comparatives in these cyclical businesses.

Another external factor for the sector is the outlook for the Banks sector. The rotation of capital out of Banks into Diversified Financials can have a material impact on our sector performance. However, with a positive outlook for the Banks sector, this tailwind to the sector (and most relevantly to the Exchanges as this is where the transient capital usually impact first) looks to be limited.

Earnings and valuation outlook

Our outlook is currently for a period of high-single-digit earnings growth or better on average across the sector. Given the macro backdrop noted above, we anticipate much of the sector to have stronger earnings results vs history. Valuations are not stretched looking into FY26E across most of the sector, particularly given the strong performance and higher ratings of the global peers. We see the **Alternative Asset managers** as trading below their longer-term multiples,

offering scope for both performance-related earnings improvements and valuation re-ratings if the improved transaction environment comes about. **Investment platforms** have re-rated already but we think an improvement in risk appetite offers potential for fresh upside to earnings and multiples from here if customers numbers continue to increase sharply. **Asset and Wealth Managers** trade on largely low earnings multiples and, as such, a supportive equity market could see a meaningful earnings improvement through FY26E and associated multiple re-rating. The structural growth in the **Exchanges** remains attractive but the cyclical headwinds and concerns around subscription revenues from AI threats mean we could see the sector trading at a discount.

Positioning within the sector

Positioning within the sector as we head towards 2026 appears slightly positive with hedge fund exposure also long, although nowhere near as long as Banks sector exposure (according to Hazeltree data). We see this positioning as a combination of investor appetite for the structural growth dynamics of the sector as well as the supportive macro and market backdrop into 2026.

Themes to watch out for

AI offers both risks and opportunities for the sector. With the sector largely human-capital focused, the scope for efficiencies from intelligent AI application to the cost base is clear. The outlook relating to revenues is a little more nuanced, with questions around the data and analytic revenues at the stock exchanges likely to continue into 2026 as the risks here have been in focus for much of H2 25. LSEG is in the eye of the storm here with the market uncertain on the outlook but finding all incremental disclosure helpful in focusing the debate in the areas of revenue risk which are markedly smaller than the original market perception.

Elsewhere, technological development and the increased application of **tokenisation** for financial assets offers scope for operational efficiency (including cost savings) across the sector and changes (and potential additional revenue opportunities) to parts of the existing market and post trade infrastructure.

Finally, the **risks in the private capital industry** that were so in focus in Q3 25 are likely to remain a cause of concern until the realisation pipeline opens more fully, thereby providing investors with greater confidence about both the quality and valuation of assets within private credit portfolios. Developments here are likely to be central to the wider-spread engagement with the private capital asset class.

Key stock recommendations

- CVC (OW)
- ICG (OW)
- London Stock Exchange Group (OW)
- Allfunds (OW)
- Nordnet (UW)

European Real Estate

Paul May, CFA Barclays, UK | Celine Soo-Huynh Barclays, UK | Eleanor Frew, CFA Barclays, UK | Kanad Mitra Barclays, UK

Sector outlook and key drivers for 2026

We noted at the end of 2024 that in 2025, we expected to see increased transaction volumes driven by sellers increasingly accepting bid prices, which would create opportunities for listed companies to benefit (see [Listed CRE seen to thrive in 2025 as private CRE struggles to survive](#), Dec 2024). Market-wide transaction volumes 9M25 vs. 9M24 are +9% (CBRE) and while Q424 was a large quarter for transaction activity, we expect that 2025 will be up on 2024. We have also seen many transactions involving listed companies, whether public-to-public or private-to-public. While the sector overall has underperformed the STOXX600 YTD (+6% vs. +15%), this hides a wide dispersion of returns amongst the listed companies. For example, our Retail, Diversified, Healthcare sub-sector coverage is up by +28%, +19%, +30%, respectively, outperforming our Residential and Office sub-sector coverage by -10% and +3%, respectively. We think this relative performance is largely due to differences in starting cash-flow yields (i.e. higher yields outperforming) and cash-flow growth, but also from M&A activity.

Moving into 2026, we expect similar factors to drive relative performance, but while we believe the same story and themes will recur, we expect a greater magnitude. We have long advocated the view that listed companies enjoy a cost of capital (lower return hurdle) advantage relative to many private real estate investors (particularly private equity) and that private capital maturity (either PE fund maturity or open-ended RE fund redemptions) would lead to motivated sellers of real estate assets. Although it has taken time for this narrative to play out (as everything does in real estate) we believe it began in 2025 and will accelerate over the coming years given increasing PE fund maturities, limited new capital raising in PE real estate and continued open-ended RE fund redemptions.

Many, but not all, listed companies are increasingly focused on the cash flow generation from real estate acquisitions and see the benefits of equity funding. The management of these companies therefore appear less stymied by the optical discounts on which they trade to purported reported asset values. We see this as a strong positive for those companies, as we believe that more equity issuance is needed to: 1) fund attractive, EPS accretive acquisitions; 2) lower leverage ratios (ND/EBITDA) to be more competitive with US-REITs and to reduce risk and share price volatility; and 3) increase share liquidity (larger equity base). These factors are likely to make companies pursuing an active equity-funded strategy increasingly attractive to large income-focused investors and international investors. This, we expect, will lead to outperformance of these companies.

Ultimately, our view is that European-listed Real Estate companies need to become more US-like in their approach, focus on cash flows, use implied NOI yields (NOI/EV) to determine the attractiveness of equity-funded acquisitions and target lower leverage (ND/EBITDA). We think this is the only way for the European-listed real estate to regain its rightful position as a meaningful player in the global-listed real estate market.

Earnings and valuation outlook

We see dispersion in the outlook for earnings and dividends amongst our coverage. As inflation tailwinds reduce in Continental Europe, we think EPS growth will be more difficult for office-exposed companies - except for our preferred exposure IWG. Furthermore, while we forecast top-line growth within residential companies this doesn't always lead to cash-flow growth, and the generally low starting cash-flow yields remain relatively unattractive. On the positive side,

we see retail-exposed companies continuing to drive EPS growth, from an attractive starting point (relatively high cash-flow yield), and remain positive on the healthcare sub-sector given attractive yields, albeit with limited growth. We are more balanced within the Warehouse market, preferring companies with either high starting EPS yields, or strong EPS growth. Rising finance expenses remain an issue for the sector as historic, low-cost fixed-rate debt is refinanced at higher rates (despite low spreads, the all-in cost is still materially higher than in-place debt). We forecast 1.7% average EPS growth in 2026 vs. 2025 off an average 6.7% FY25E EPS yield, but it's worth noting our EPS growth ranges from -6% to +11% (excl. IWG, GPE and GRI).

Themes to watch out for

The key themes as noted above are continued increases in equity-funded transactions and cash-flow focused companies outperforming. However, we also see AI shaping industry dynamics over time, and it is encouraging to see that real-estate companies (both landlords, brokers and operators) have been keen adopters of AI (Eurostat put Real Estate Activities as the third highest economic activity in terms of the share of enterprises using AI ([link](#))). Initially, we expect AI's application as likely to be focused on improving operating margins (cost cutting and efficiency improvements), which could act to increase the relatively limited EPS outlook we forecast. However, we see potential for real estate companies to utilise AI in the long run to generate revenue growth, through identifying new investment opportunities and improving investment decisions.

Key stock recommendations

URW, CTP, BBOX, MRL, LAND and IWG.

European Software & Payments

Sven Merkt, CFA Barclays, UK | Grégoire Hermann, CAIA Barclays, UK |
Alice Jennings Barclays, UK | Yaamir Badhe Barclays, UK

Sector outlook and key drivers for 2026

Software has been under significant pressure in the last few months due to the "AI disrupts software" narrative, and has also faced headwinds from a rotation into AI capex-exposed names. We expect AI to continue to dominate discussions in 2026 but we expect the focus to shift towards the monetisation of AI after the wider tech industry has spent hundreds of billions on AI-related capex. Here software vendors clearly should be able to play a role. We therefore have a preference in software for names that can show progress in monetising AI by embedding it in their solutions and driving customer adoption. In addition, as the macro environment remains uncertain, we prefer names with recurring revenue models. SAP in particular stands out as its cloud transition, combined with our expectations for strong customer adoption of AI and the business data cloud (BDC) offering, underpins a double-digit growth outlook for the coming years. We are also positive on Nemetschek, with management confident in achieving mid-teens growth in FY26, and we think AI monetisation could drive the next leg of the investment case. We think that once companies can start to demonstrate monetisation of AI, this could be a catalyst for a rotation back into software. Meanwhile, an improvement in macro could support names like Dassault and Capgemini, but there is more uncertainty in the near term. In Payments, we continue to be cautious on legacy acquirers due to intensifying competition and pricing pressure from tech-led providers. Our preference is for Adyen which in our view has not only set a realistic outlook at its CMD but also has positioned itself at the forefront of enabling merchants to capitalise on agentic commerce.

Earnings and valuation outlook

We expect double-digit earnings growth on average across the sector, driven by high single-digit revenue growth in Software and low double-digit growth in Payments. Valuations look attractive across the board compared to historical standards, with the sector having de-rated significantly over the last few months, and while we think there is still some risk of further de-rating, we also see reasons to be positive.

Positioning within the sector

We are bullish on higher-quality growth names with longer-term structural growth stories that are less exposed to macro and have the most immediate potential to monetise AI, such as SAP and Nemetschek. From a sub-sector perspective, we have a preference for Software over IT Services and Payments, based on relative resilience to macro weakness and an attractive entry point, with the majority of Software names having de-rated this year.

Themes to watch out for

We expect AI will continue to dominate debates in 2026, but we also expect the discussions to evolve to increasingly include AI monetisation, AI-native start-ups and AI-led business transformation. In payments, we expect topics such as stablecoins and agentic commerce to dominate debates.

Key stock recommendations

We are most positive on **SAP (OW)**, as we see the company as a solid investment case for the coming years with strong and predictable growth combined with meaningful margin upside potential continuing to stand out. We also like **Nemetschek (OW)**, with the best-in-class quality compounder positioned for mid-teens growth on average in the coming years. We are more cautious on **Dassault (EW)**, where significant uncertainty remains around medium-term

growth, and **Sage (UW)**, where we expect a slowdown in the pace of growth and margin leverage. In Payments, we view **Adyen (OW)** as a high-quality asset and structural winner in the payment space, but are cautious on **Nexi (UW)**, where we see potential for macro weakness to impact growth in FY26, while we think the company also faces mounting competitive challenges. We also like **Wise (OW)**, as we expect the company to gain share in a structurally growing market.

European Technology Hardware

Simon Coles, CFA Barclays, UK

Sector outlook and key drivers for 2026

We are cautiously optimistic on 2026 as AI strength looks set to continue and we believe weak end markets like auto and industrial could finally show some recovery, even if that is likely 2H weighted. We also think the first signs of AI proliferating and stimulating demand in areas like smartphones and PCs could begin albeit on a small scale although higher memory pricing could contain this. Thus we expect most of our coverage to grow revenues in 2026. Nearer term outperformance might be tough given recent excitement around AI driven by unprecedented increases in memory pricing has lead some names (eg ASML) to rally sharply and now trade on full valuations. This will only heighten debates around AI such as ROI, how to finance some projects, how to supply the required semiconductors and perhaps the biggest bottleneck, how to power all the announced projects. So whilst the longer term story is positive, we struggle for catalysts or reasons for our sector to re-rate materially in the near term, and see concerns potentially weighing nearer term.

Earnings and valuation outlook

Semicap has rallied strongly so far in 4Q and are trading at premium valuations on the expectation of growth in 2026 and further acceleration in 2027 which is justified but leaves little room for re-rating positively. Analog valuations (IFX and STM) look full in our view when looking at 2026 multiples, whilst looking out to 2027 implies mid teens P/E which we'd argue isn't particularly attractive and reflects the uncertainties that remain around where 2026 could shake out.

Positioning within the sector

Our sense is investors are already bullish the semicap space including ASML, ASM and Besi. We believe investors are cautious analog and so interest for IFX and STM is limited, but this is truer for the latter. Telecom equipment has benefited from Nvidia's stake in Nokia but Ericsson remains an unloved story. In the midcap space we see most interest in Nordic Semiconductor and Aixtron.

Themes to watch out for

AI was the main theme driving semiconductors in 2025 and this will only continue in 2026. We expect the debate around the ability to finance and power new capacity will only increase given how much spending is being announced and so the space could become more volatile in 2026. Linked to this will be the ability of the industry to ramp capacity across the supply chain to support desired capacity expansions. Elsewhere, the theme will centre on a recovery in end markets outside of AI given muted progress in 2025.

Key stock recommendations

Our preferred European name is ASM (OW) as we see strong growth ahead in 2027 as logic capacity additions reaccelerate and ASM has the strongest content growth in logic in our view. We also see its customer base diversifying as Samsung and Intel return to spending. There could be upside from DRAM wins if they are realised sooner as well. Memory, DRAM particularly, likely offers the most scope for upside in 2026, though. In the midcap space, we like Aixtron (OW). We see expectations for revenues in 2026 now more sensible given silicon carbide has been reset. From 2027 onwards we see AI driving growth back to the story which can help drive a re-rating.

European Metals & Mining

Amos Fletcher, CFA Barclays, UK | Ian Rossouw, CFA Barclays, UK |
Tom Zhang, CFA Barclays, UK | Meet Mehta Barclays, UK

Sector outlook and key drivers for 2026

We are constructive on miners, with upside risks seen for copper and precious metals prices into 2026 potentially driving EPS upgrades. With the Fed commencing a rate-cutting cycle and potential for that to be extended through 2026 by a new Fed chair, the macro backdrop for Metals & Mining is looking well supported. The moves in precious metals prices through 2025 highlight investor concerns about the value of the USD and desire to hedge inflation upside risk. We expect these risks to drive further upside in commodity prices more broadly, and we highlight that over the last 30 years, when precious metals prices have led to the upside, industrial commodity prices have followed. Fed rate cuts open the door for China's PBOC to cut in parallel without risking RMB destabilisation, with potential for incremental fiscal loosening – this could also see increased desire to own China proxies. Meanwhile positioning remains remarkably light in the sector, which is also supportive.

Earnings and valuation outlook

On fundamentals we continue to like copper, with China providing positive demand impulse, with apparent demand +11.7% YoY (3mma basis), supported by grid, renewables, appliances, EV and machinery demand. Supply constraints have helped pull forward deficits into 2026, with outages in DRC, Chile and Indonesia in the short term and a lack of new project approvals mid-term. We are more positive on the outlook for iron ore than consensus, seeing upside to \$110/t into year-end and a shallower backwardation in the curve thereafter. Gold & silver look to us well positioned to deliver further positive convexity to a weakening US dollar, global rate cuts, higher inflation and central bank buying through 2026. We think PGMs also look increasingly interesting as a 'catch-up' trade relative to the more conventional precious metals, supported by deficits in all three major PGM markets.

Positioning within the sector

As noted above, net long/short positioning by hedge funds in the sector remains at levels equal to the lows seen over the last five years, which we see as supportive if our positive view on commodity prices proves correct.

Themes to watch out for

Miners have potential to be beneficiaries of the 'AI power' thematic, given the reliance on copper for electrification. If material supply/demand imbalances emerge, as we expect, this could trigger a wave of thematic flows into the sector as seen in 1H24. That said, we would be careful not to exaggerate the impact of DM grid spend: the US is only 6% of global copper demand. Of that, one-third (i.e. ~2% of global demand) is electrical network & grid. That implies that China grid is 10x more important to global copper demand than the US, while EU grid demand is just over 2x US levels. That said, China continues to invest in grid capacity with grid FAI YTD up 15.3% to September, on the back of +23.9% growth in CY24.

Key stock recommendations

Anglo American (OW) remains our preferred stock – despite its recent re-rating, it still looks undervalued to us with +37% and +42% implied upside potential to our 2-yr and 3-yr SOTPs, respectively, highlighting the implied discount at which its tier 1 copper business trades vs. pure-play peers. As we discussed [previously](#), we believe the proposed Teck merger is likely to result in a deeply undervalued, 70% copper-exposed, tier 1 asset base that itself could be the subject of consolidation interest. **Glencore (OW)** remains another key pick for us on operational

ramp-up over 2026-28 and our positive outlook for copper and steelmaking coal over the medium term. **First Quantum (OW)** delivers geared copper exposure with potential catalysts upcoming from progress in Panama and ramp-up of S3 expansion. Among the gold names, we continue to highlight **Endeavour (OW)** trading on 21.5/20.8% spot FCF yields in 2026E/27E, which we see offering scope for a re-rating.

European Construction, Building Materials & Infrastructure

Tom Zhang, CFA Barclays, UK | Pierre Rousseau BBI, Paris

Sector outlook and key drivers for 2026

European construction activity has likely found a floor – with some permit data now flipping into positive territory on easy comps – though we expect a gradual recovery rather than a sharp one in 2026. There is differentiation between regions (Eastern Europe continuing to lead), with some signs that France is catching up, though most other parts of Western Europe are lagging. Outlook remains more constructive civil works and renovation; resi and non-resi new build likely still need rate support. In the US, expect another year of residential softness (affordability still challenged, and significant inventory overhang in certain regions). Non-resi dollar spend could remain healthy though supported in large part by data centres; construction elsewhere (more relevant for our coverage) is showing some signs of a gradual recovery though tariff/policy uncertainty still a headwind. Civil works spend can be positive again on unallocated IJIA funds though we are already at a high base.

Overall - we think we are set for another challenging volume year, so price/cost will remain the key theme. In Heavyside this could be driven by ETS (Emissions Trading Scheme) dynamics as 2026 is a benchmark reset year, which has historically pushed up the marginal cost curve, and cement producers have demonstrated pricing power in recent years. Inflation is less evident in lightside, so focus will likely remain around self-help and portfolio adjustment measures.

Earnings and valuation outlook

Despite the muted volume outlook, we do continue to expect positive earnings growth through 2026 and into 2027 (we model EBITDA CAGR of 7.7%, 6.9% and 4.1% across heavyside, lightside and contractors respectively). On valuation; heavyside no longer obviously cheap, having rerated from ~5x FY1 EBITDA at the start of 2025 to ~7.7x today. Lightside, on the other hand, has derated slightly (10.4x today, vs. 11.3x at the start of the year). In contracting, wide divergence between data-centre led names (ACS and HOT) vs. political drag (DG, FGR).

Positioning within the sector

Overall sector positioning has come off materially over the summer - though we think this has been skewed by French outflows (around 37% of our coverage market cap is French-listed). Relative positioning still skewed towards heavyside over lightside. Lack of conviction over contractors, despite valuation, given political uncertainty.

Themes to watch out for

AI / Data Centres: For the most part, our coverage are enablers to the data centre buildout. Data centres require construction materials - whether that is concrete flooring, insulation / HVAC, roofing etc. Amrize and Heidelberg have called out data centres as being both a volume-positive market, but also a mix-positive market (preference for green cement to help with their scope 3 footprint), while Kingspan is also planning a potential IPO of Advnsys to capture data-centre growth (e.g. towards Access Floors, Liquid Cooling Manifolds, etc). Hochtief via Turner has been the main beneficiary as a DC-focused EPC company with nearly 40% of their order backlog now into advanced technologies, including data centres. Finally ACS are planning to run data centres as concessions (together with a financial partner - they see a market CAGR of 35% for AI (2025-2030), with \$3-4trn of investment in AI infrastructure globally by 2030. For ACS by 2030 they plan to have a >3GW portfolio, of which 1.7GW is currently secured.

ETS / CBAM: From January 2026 the European cement market will enter the next stage of EU Emissions Trading Scheme (ETS) Phase 4. We expect both a new benchmark (meaning a step down in free allowance allocations), and for these free allocations to start ramping down towards zero by 2034. This should start to meaningfully raise the marginal cost curve and hence cement prices. This should be positive for large cap heavy materials who sit in a better position along the carbon cost curve, and longer term have both: 1) more flexibility between plants, and 2) healthier balance sheets to use to decarbonise.

Infrastructure stimulus: Sentiment towards a European rebuild has slowed since German infra headlines earlier in the year. The timing for a volume uplift was always going to be 2027 onwards, in our view, and a gradual transmission of additional funding (into a supply-constrained market) shouldn't be a surprise. Some concern over reallocation of transport funds within the budget, though, partly reflects a removal of one-off financial transactions, and the DB Schenker sale should help as well. We still think there is net room for growth for civil works (most positive for EU contracting, followed by heavyside).

French political situation: Based on the latest 2026 draft budget (subject to future revisions), the main measures relevant to our coverage would be: 1) the reoccurrence of half of the exceptional corporate income surtax of 2025 into 2026 (2025E impact of €130m and €450m at net attributable profit level for Eiffage and Vinci respectively - half for 2026 implies roughly a 4% and 6% 2026E EPS headwind for Vinci and Eiffage respectively) and 2) likely significant fiscal consolidation for local authorities (possibly €4.6bn vs. €5.3bn in the previous Bayrou draft; Senate President G. Larcher called for €2bn maximum - [Les Echos](#)). Ultimately, we think our contractors Vinci (OW, PT €140) and Eiffage (OW, PT €145) offer attractive value in the context of French stress, as even really adverse scenarios (higher interest rates, tax and adverse market trends) still leave upside – for Eiffage (OW) in particular. See our recent report – [Stress-tested... still much to like](#).

Key stock recommendations

Our preferred names mostly sit in heavyside (shorter-term pricing cycle) and contracting (longer term, deep value). Key OWs in Heidelberg, Holcim, Vicat, and Eiffage. More concern around expensive lightside names, especially with high growth still baked in. Key UWs in Sika, Kingspan and Geberit.

European Capital Goods

Timothy Lee, CFA Barclays, UK | Vaspaan Yazdi Avari Barclays, UK |
Sharanya Gajapathy Barclays, UK | Xin Wang Barclays, UK |
George Featherstone, CFA Barclays, UK | Amit Batra Barclays, UK

Sector outlook and key drivers for 2026

We forecast European Cap Goods sector growth of 4-5% in 2026, with Electrical businesses moderating on a higher base effect and normalising supply-demand balance, while Machinery accelerates from a lower base. We expect solid demand momentum in selected end markets such as: Datacenters, Grid, Mining, Warehouse Automation and Semis; while Autos, Trucks, parts of Construction will likely continue to see subdued demand. We think industrial activity in Europe and China will likely remain muted, while the US could see a moderate industrial recovery.

Earnings and valuation outlook

The Cap Goods sector has continued to re-rate since late 2023. In 2025, the SXP index has seen LSD-MSD negative consensus earnings revisions, yet has appreciated by 21% ytd. The sector currently trades on 22x PE'26, and c4% FCF yield (on our estimates).

Positioning within the sector

Going into 2026 we prefer quality machinery stocks positioned for above-sector-average top line growth, including: SAND, ALFA, EPIA, SCHP, RAA. We also like selected stocks in electricals exposed to either grid spending or DC server room capex: PRY, LR.

Themes to watch out for

We expect investors to focus on non-DC related growth stories, including: Mining equipment, Compressors, Warehouse Automation, and HV Grid.

Key stock recommendations

We prefer EPIA, SAND, SCHP, ALFA, LR, PRY, KGX, RAA (all OW-rated).

European Transportation

Andrew Lobbenberg Barclays, UK | Marco Limite BBI, Milan

Sector outlook and key drivers for 2026

Logistics – Despite sell-side consensus projecting earnings growth for next year, we remain cautious. The demand-supply dynamics do not appear supportive of an earnings uplift. Demand is unlikely to be strong enough to offset the mounting pressures on Sea freight oversupply. According to our Economists ([Fog and Peace](#), 31 October 2025), the effective tariff rate in the U.S. has jumped from 2% to 12% in September, adding pressure on US demand. Meanwhile, exports from China to RoW ex US have been surprisingly strong in 2025, though the drivers behind this surge remain unclear and we question the sustainability of that. However, we see even more risks on supply. While demand has been relatively solid this year, supply chains have been heavily disrupted—marked by shifting deadlines and frequent changes that triggered mini demand cycles and squeezed capacity. Greater visibility on tariff policy could help ease some of this disruption, which would be negative for pricing. However, the biggest variable remains the potential reopening of the Red Sea corridor. If that materialises, both airfreight and seafreight pricing could correct rapidly, reshaping the logistics landscape. Shipping lines most exposed to this risk. See also [FY25 exit rates signal weak FY26. KNIN to UW on limited GP/unit cost control](#).

Aviation – We are constructive towards low-cost airlines and package tourism and relatively cautious towards full-service airlines. For airports we think the stocks are subject to company-specific factors, with no overarching sector theme. Once the clearing event of the UK budget passes, we think the changes in seasonality and the excess capacity to the Canaries last winter will see trends brighten for LCCs. Into next summer we expect capacity growth from Wizz and Jet2 to broadly halve, whilst growth at easyJet, Ryanair and flag carriers' short haul operations should remain moderate. On the other hand, we see risks to the full-service airlines, where we see current optimism for an autumn recovery of the Atlantic as premature. We think North Atlantic trading will struggle as it meets very tough comparison data from December to March. Meanwhile we see premium leisure demand vulnerable to potential wealth effects, should markets pull back at any time. The airports are subject to idiosyncratic factors mainly related to regulation.

Positioning within the sector

Logistics – Positioning remains light in global freight. Some debate of the earnings downcycle coming to an end, but we remain cautious on Supply Chain disruption easing, releasing effective capacity which will weigh on pricing.

Aviation – The consensual view is the reverse of ours, with premium-oriented flag carriers preferred to low-cost carriers.

Themes to watch out for

AI – We see large scope for AI implementation in logistics, especially for the asset-light freight forwarders. UPS has already talked about c90% of custom filling now being automated from 10% early this year, whilst we see plenty of AI use cases across route optimisation, demand forecasting, automated documentation and customer service enhancement (virtual assistants). In parallel, we see risks from cybersecurity and privacy, data quality, and excessive standardisation of processes. In the short term the fragmented nature of the freight forwarding sector means that AI could be a competitive advantage for our larger freight forwarders as they are faster to embrace changes, leading to cost savings and thus more competitive pricing. However overall in the longer term, we think AI will be a commoditised service, with similar

capabilities across the industry. We are less worried about digital disintermediation, as digital freight forwarders have had limited success so far in gaining market share from the large, global freight forwarders.

In the aviation sector AI will be relevant for data-heavy tasks including pricing, revenue management, network planning, crew and aircraft scheduling. We see interesting possible changes to travel distribution as search evolves from internet browser to AI. With the booking channels yet to be defined between AI and travel providers, we see opportunities for travel providers potentially to rebalance their strategic positioning relative to asset-light travel distributors, such as OTAs. Owning content in travel could become more relevant, if the airlines and travel companies adapt well to distribution changes.

Tariffs – While demand in 2025 has remained broadly healthy, supply-side dynamics have been highly disrupted. Frequent deadline shifts and operational changes have triggered a series of mini demand cycles, placing significant pressure on available capacity. U.S. and Chinese port fees forced last-minute vessel repositioning. Greater visibility on tariffs could help stabilise the situation, easing much of the current disruption. We expect supply chains to be more stable in FY26, adding downside risk to freight rates. The effective tariff rate in the US has also risen from 2% last year to 12%, which adds some risks to US consumption.

North Atlantic – Within aviation, the health of the North Atlantic is a strong focus and area of debate. The market was weak in peak summer of 2025, with particular weakness in economy class, with premium cabins remaining strong. Airlines argue that this was a temporary dip related to the lagged effect of 'Liberation Day' uncertainty, pockets of excess capacity and an evolution in seasonality. We think the weakening USD challenges US outbound travel, whilst point of sale Europe has been weaker due to cultural factors.

Key stock recommendations

OW – DSV, InPost, easyJet, Jet 2, TUI, Ryanair

UW – Maersk

European Aerospace & Defence

Milene Kerner BBI, Paris | Afonso Osorio, CFA Barclays, UK | Sambhav Kochar Barclays, UK

Sector outlook and key drivers for 2026

Commercial air traffic is expected to continue growing at a rate exceeding global GDP, consistent with historical trends. Barclays forecasts global GDP growth of ~2.8% in 2026. Given that air traffic has historically expanded at roughly ~1.5x the rate of GDP, **this implies potential traffic growth of ~4% y/y**. We anticipate a ~14% y/y increase in commercial aircraft deliveries in 2026, rising to **1,606 units** from an estimated 1,415 units in 2025. For aftermarket exposed stocks, following the stronger-than-expected revenue performance in FY25, we expect growth to moderate in FY26 to a **HSD to low teens range**. This reflects a slight deceleration in air traffic growth to ~4% (compared to ~5% YTD), alongside a gross increase in new aircraft supply of +6.7% of the installed base (seat count). Driven by the ageing of the engine fleet, we anticipate that LEAP, GTF, GEnx, and Trent XWB will experience above-average growth.

In **Defence**, we expect the procurement spending picture for 2026 to remain robust and despite some uncertainty in key Western budgets (i.e. France, UK, Italy). We believe Germany and Sweden will be key drivers of the growth in Europe (>15% y/y, with both reaching 2.8% of their respective GDP by the end of the year), noting however that in absolute terms the German budget has a much higher share in the overall European spend (German budget: >\$125bn, assuming no GDP growth, vs Sweden at >\$16bn). Elsewhere, we see France growing at 13% (subject to the final approval of the 2026 French budget), UK at LSD and Italy flat (after a decent 2025 growth performance).

Earnings and valuation outlook

We expect the commercial aerospace stocks to deliver, on average, ~15% EPS CAGR over 2025-28. For Defence stocks, we forecast on average ~22% EPS CAGR over 2025-30. Plus, most of the European A&D companies have healthy balance sheets and have the opportunity to deploy cash in an accretive manner.

On average, commercial stocks trade on 14.5x EV/EBIT 2028E and offer an estimated 4.8% FCF yield. Defence stocks trade on 14.9x EV/EBIT 2028E and offer an estimated 3.9% FCF yield.

Positioning within the sector

Aero stocks: OE stocks continue to appear reasonably valued when assessed against their long-term earnings potential. However, we anticipate potential challenges in 2026, particularly within the narrowbody engine segment, where supply constraints may persist due to the lower durability of the latest engine generation.

Given the substantial installed base of Large Commercial Aircraft (~28,450 units), we do not expect the supply of new aircraft deliveries to materially alter flight hour dynamics associated with legacy platforms. Furthermore, we do not foresee a meaningful increase in aircraft retirements in FY2026. This view is supported by several factors: the relatively lower durability of new narrowbody engines, the current oil price environment, and ongoing fleet management plan on the GTF. As a result, we believe aftermarket-exposed stocks can maintain their current valuation multiples throughout 2026. In this context, investor focus is likely to shift toward companies demonstrating stronger EPS and FCF as key drivers of equity returns.

Defence stocks: Defence sector valuations are expected to experience a relative de-rating in 2026, following the substantial re-rating observed in 2025. This prior re-rating was largely driven by accelerating European defence budgets. Nevertheless, we view the increase in European defence spending as a structural trend, now three years into what is likely a ten-year investment

cycle. Following a period of significant news flow in Q4, including several CMDs, we anticipate some degree of profit-taking in early 2026. However, we remain constructive on the medium- to long-term outlook. We expect sustained growth in European defence spending over the next 8–10 years, which should continue to support sector performance. Accordingly, we believe European defence stocks have the potential to outperform the broader market again in 2026, particularly as incremental buyers re-engage with the sector.

Themes to watch out for

Geopolitical developments: escalation or de-escalation of conflicts including the Ukraine/Russia war.

US Dollar Fluctuation in Commercial Aerospace: Aircraft are almost universally priced in US dollars, making currency fluctuations a key factor influencing financial - particularly for non US-players.

Next-Generation Narrowbody Aircraft, Strategic Implications: We view this as one of the most potentially disruptive developments for the aerospace sector, with far-reaching implications that are not yet reflected in current equity valuations. However, we do not expect a formal launch or material progress in 2026. Technological limitations - particularly the absence of a breakthrough in fuel efficiency - combined with strategic considerations (Boeing's focus on resolving 777X program challenges and balance sheet repair, and Airbus's reluctance to disrupt the highly profitable A320neo franchise prematurely) suggest a longer timeline.

Additional Considerations: (1) the defence industry could be subject to public and political scrutiny regarding its financial performance. (2) oil prices. (3) a global health event similar to the COVID-19 pandemic in 2020. (4) Capital allocation strategies, particularly among European A&D companies, many of which maintain strong balance sheets and may pursue share buybacks or M&A activity.

Key stock recommendations

Airbus (OW) remains our preferred name within the commercial aerospace sector, as we believe it offers the greatest potential for multiple expansion across our aero coverage universe. Following a challenging period from 2022 to 2025, marked by supply chain disruptions, we expect execution risks to ease, supporting greater confidence in the company's forward earnings and cash flow trajectory.

Within Defence, Rheinmetall (OW) is our preferred name as we head into 2026, with the investment case predicated on its high exposure to the most credible budget in Europe (Germany), a visible order book (>€120bn by 1H26 vs €64bn today), and a scalable short-cycle portfolio that positions the company to capture asymmetrical market share gains across Europe. While near-term valuation multiples appear elevated versus Defence peers, Rheinmetall is expected to trade at a relative discount by 2028E, given the scale of anticipated earnings growth.

European Business Services

James Rose, CFA Barclays, UK | James Rowland Clark Barclays, UK |
Subhajit Majumdar Barclays, UK | Vasia Kotlida Barclays, UK

Sector outlook and key drivers for 2026

Into 2026, we are predominantly looking for companies where valuations are below typical averages (amidst macro concerns, tariffs, AI, etc.) and the company has the potential to outperform on growth/margins/earnings compared to expectations. Therefore, by sub-sector, we like specialist names the most (EXPN, AHT, RTO) which we think includes high-quality growth names and then testers (BVI, ITRK, etc.) which are resilient and trading below long-term average ranges. Below average preference include the staffers, which are roughly at long-term share price troughs but beset by cautious decision-making and investment decisions. We also have less upside in the Distributors overall (DPLM, BNZL), though RS1 stands-out as a cheaply valued cyclical.

Key stock recommendations

The following companies form our key Overweights within European Business Services: a) Experian - we think the company is best placed to deliver data products to market and will continue to outperform expectations that are increasingly cautious on AI and macro risk; b) Bureau Veritas - we expect market-leading growth, strong margin growth and a more fully deployed balance sheet while the valuation is a heavy discount to history; c) Rentokil - KPIs are starting to tilt in the right direction, and FCF growth potential is significant from here; d) Capita - has an opportunity to bring AI tools to a receptive UK government and transform FCF generation of the group; e) Adecco - macro indicators (PMIs) are not proving the catalyst of past cyclical recoveries but German infrastructure and defence spending could be the catalyst for Adecco, which is also better positioned for slow hiring markets.

The AI Theme

AI is a major debate within the Business Services sector. As a (mostly) labour-intensive industry, the natural assumption is that AI will over time replace people and enhance operational processes. In reality, the scope for some level of disruption is limited to two main business models / sub-sectors, we think: staffing and information services (e.g. Experian).

On staffing, AI could shrink the addressable market (i.e. fewer back office and administrative white collar workers) and increase the competition with online staffing platforms that use AI to connect employers and candidates, cutting out the middle man. Both outcomes could also drive down pricing and, therefore, margins. Offsetting this, staffers themselves could use AI to improve efficiency and gross profit per fee earner. At the moment, we think there is more weight to the former argument.

In information services (i.e. Experian), investors don't see diminished value in Experian's data assets, but are more uncertain about the long-term success of their analytics & automation software products, in our view. For now and in the near future, however, we see Experian as best placed to deploy AI innovations into the market, with the result either being faster innovation and/or higher margins for the business.

European Autos & Auto Parts

Henning Cosman Barclays, UK | Erwann Dagherne BBI, Paris | Dan Levy BCI, US

Sector outlook and key drivers for 2026

We continue to have a Negative sector rating on EU Autos, in the context of persistent structural headwinds and elevated valuations. Profit pool erosion in China remains the most prominent headwind for German OEMs, but EU pricing, increasing EU and LatAm competition from Chinese OEMs, EU LCV weakness and global luxury vehicle demand weakness have added to headwinds and caused EU OEM profit warnings more recently. For the most part, volume-price-mix upside should remain hard to come by in 2026, FX will be a headwind and regulation will require more dilutive BEV sales, so that much of 2026/27 earnings growth will need to come from cost cutting.

For Auto parts, we believe the operating framework should remain relatively similar to 2025, with limited top-line growth momentum (GLVP flat to slight down + Geo/Customer mix and FX headwind) and cost savings initiatives/strict capital discipline supporting further margin expansion and BS deleveraging ambitions. We also expect Trucks OEMs to remain challenged by still unfavourable market development and tariffs headwinds, notably in North America where a high level of business uncertainty should still prevail at least for another 2-3 quarters.

Earnings and valuation outlook

YTD 2025 SXAP earnings are down >50% but the index level is virtually unchanged, having resulted in a corresponding upward re-rating for EU Autos, mostly driven by the OEMs. Many names trade on large premiums versus their long-term 12M-fwd P/E corridors. Equally, many names trade on single-digit FCF yields, even if some names should benefit from a reversal of negatives in 2026. Investors are mostly sceptical and/or cynical on the sector, which consequently exhibits classic characteristics of a 'pain trade'.

For Auto parts, we expect to see further earnings/cash improvements and deleveraging across the board. However, following a strong 2025 YTD sub-sector share outperformance (vs. OEMs)/valuation re-rating (back well into its historical 4.0x-6.0x EV/EBITDA corridor), we expect earnings momentum and company-specific corporate actions to primarily lead the way in the coming months.

Positioning within the sector

EU Autos remains by far the most shorted sector amongst Hedge Funds (Chems and Telcos the only other two sectors with marginally net negative positioning). Within OEM, Renault, Stellantis, Volkswagen and Mercedes are the most crowded Longs and Porsche AG, BMW, Ferrari and Mercedes are the most crowded Shorts. Anecdotally, we have noticed recent investor long-interest in Stellantis (2026 improvement narrative from very low base) and Porsche AG (elevated multiple but arguably most de-risked EU OEM 2026/27 earnings consensus). We also noticed a recent shift in preference in favour of Mercedes versus BMW (upon MBG's stronger H2 FCF and re-start of its SBB).

Given the structural challenges (volumes/pricing, China profit pool, China competition in EU/EM countries, CO2 regulation, etc..) faced by OEMs, the Auto parts sub-sector continues to offer some "natural hedge" with their respective business/geo/customer diversification profiles and their laser-focus on cost savings initiatives/strict capital discipline that investors tend to appreciate in a still challenging macro picture. That said, positioning within the most shorted EU sector remains relatively light at this stage in our view. Trucks also remain one of the most shorted sub-sectors within the broader Automotive space and we see no short-term catalysts to change course before witnessing first material signs of business visibility improvements in key European/NA markets.

Themes to watch out for

For OEMs, we think the key data points and themes to watch out for are: 1/ further weakness in China volumes, 2/ cost cutting as main variable in the EBIT bridge, and 3/ tariffs topics and changes to CO2 regulation on EU level (with the latter two more likely to be potential upside catalysts). EU mass market pricing (in context of increasing competition amongst incumbents but also Chinese OEMs) and the evolution of high-margin LCV volumes are the next most important topics for OEMs in 2026 in our view. With respect to AI, we don't expect this to be a major driver for EU OEMs in 2026. The two most prominent areas of application are currently: a/ Autonomous Driving/Robotaxis (main players Waymo, Tesla), b/ Humanoid Robots (main players Tesla, XPeng) and to a lesser extent c/ LLM integration in cockpit interfaces/in-car connectivity and human-machine interface (HMI). On the latter, especially BMW and Mercedes have caught up the industry benchmark with the most recent model generations, but with respect to the prior two, EU OEMs do not currently have prominent exposure in these fields.

For Auto parts, themes to watch out for are production/sales/inventory/pricing equilibrium, section 232 tariffs and USMCA re-negotiation as well as the planned EC response to structurally improve the European mid- to long-term auto industry competitiveness (CO2 regulation, ICE ban 2035, minimum pricing and/or rule of local content, charging infrastructure development, potential scrappage incentives to support the net zero transition, etc...). For trucks, themes to watch out for include section 232 tariffs development and USMCA re-negotiation as well as CO2/Nox regulation update in key European/US markets and progress towards autonomous trucking in the US.

Key stock recommendations

In OEMs, we continue to favour Ferrari and Volkswagen (both OW). But we acknowledge that it is difficult to have high long-conviction anywhere in EU OEMs, for the reasons outlined above. We also acknowledge that EW-rated Stellantis and Porsche AG have been strong recently as the market got behind STLA's mean-reversal/improvement narrative and P911's de-risked estimate narrative, while we still have reservations on execution and valuation, respectively.

In Auto parts, we continue to favour Forvia (OW) and its combination of earnings/cash momentum and corporate actions (accelerated BS deleveraging through asset disposal programme) in 2026, while sticking to our UW rating on Michelin for which 2026-27 consensus expectations still seem to embed a lot of wishful thinking at this stage. We also stay - generally speaking - on the cautious side on Trucks.

European Food and General Retail

James Anstead Barclays, UK | Matthew Clements Barclays, UK | Imogen Doyle Barclays, UK

Sector outlook and key drivers for 2026

The key drivers for 2026 are relatively mixed across our diverse coverage, but looking at consumer demand, cost and competition:

- **Consumer demand.** Household purchasing power has recovered somewhat in most key markets through 2025, but nominal wage growth is slowing as inflation returns to more normal levels (or in some cases ticks up, e.g. the US). Interest rates are generally falling, which is supportive, but unemployment is ticking up in some key markets (US, UK, Poland), and much evidence points to low-income households under pressure. The political backdrop and fiscal position in several key markets remains challenging; for example, income tax rises appear likely in the UK with the Autumn Budget. The impact of tariff-driven price increases on US consumer demand is likely to be felt in early 2026.
- **Costs.** The operating cost backdrop has been challenging in 2025 in markets such as the UK (NLW, NICs, EPR) and Poland (minimum wage); those pressures look set to ease in 2026, but there are risks (e.g. UK and French budgets). Weaker USD, lower freight rates and surplus Asian manufacturing capacity (following tariffs) could support gross margins for European importers.
- **Competition.** Market rationality is critical in a low-margin and hyper-competitive market such as Food Retail. The UK market remains relatively rational, with much of the cost inflation in 2025 being passed on and limited signs of ASDA's price investments gaining traction, but there are signs promotional intensity picked up in October. France is structurally more challenged from a competition perspective than the UK, but the market appears relatively stable after disruption in recent years from Leclerc. Competition in Poland has moderated through 2025, but there is a lot of capacity being added to the market in 2026. One dynamic to monitor is Amazon in US grocery (impacting Ahold Delhaize), with the recent announcement of US\$4bn investment into delivery network expansion.

The key competitive dynamic to monitor in non-food retail is the impact of the de minimis exemption removal in the US. Retailers such as Inditex and H&M may benefit in the US, but European operations may face more intense competition from the likes of Shein and Temu turning their attention (stock and marketing) to markets where their price advantage remains unimpaired. We await updates on whether the UK government will remove the small packages exemption (£135 threshold) in its Autumn Budget. We also await final adoption by the European Parliament of the proposed custom reforms, which include removing the small packages exemption (€150 threshold). The competitive backdrop for non-food retail could ameliorate markedly with the likes of Shein and Temu blunted in the US, UK and Europe.

Earnings and valuation outlook

We think food retail sector top-line growth will be slightly hindered by disinflation (esp. UK and Poland), but could be offset at the earnings level by lower cost inflation. In fashion retail, the earnings drivers are more idiosyncratic. To give a few examples: NEXT faces tough 1H comps in the UK but the sustainability of rapid Online International growth is a key variable; H&M is attempting to turn around its brand momentum, investing to elevate its proposition and re-engage young shoppers; M&S faces very soft non-food sales 1H comps in the UK (cyber incident). Some companies continue to buy back shares (including Tesco, Sainsbury and Pepco), which would be EPS accretive, while others have switched to special dividends (i.e. NEXT and Carrefour).

Most names under our coverage are trading at a premium to recent history (on P/E or EV/EBIT), though that might partly be explained by suppressed valuations at times such as peak concerns around a UK price war and US tariffs in spring 2025.

Positioning within the sector

NEXT, Tesco and Inditex are the most consensual longs, based on our investor conversations. H&M remains the most crowded short in Europe (Hazeltree), but interest appears to be picking up on the back of gross margin-driven upgrades. Sainsbury also remains heavily shorted (38 days to cover, Hazeltree), reflecting the pair trade dynamic with Tesco. Kingfisher and Carrefour are still fairly well shorted (18 DTC, Hazeltree), but short interest has fallen in the last month.

Themes to watch out for

- **Tariffs.** US apparel prices starting to rise, with peak increases expected in early 2026. We will be watching the demand response to price increases closely. Inditex and H&M most exposed.
- **De minimis.** Removal of the de minimis exemption in the US for all countries since August. Means short-term pain for some retailers in the UK and Europe, but prospective removals of equivalent exemptions could bring longer-term relief.
- **AI.** Rise of agentic commerce likely to feature more and more in investment debates. Significant implications for cost savings (back room operations, forecasting, design, customer service).
- **Retail media.** Not a new theme, but continues to build. Tesco, Ahold Delhaize, Carrefour and Sainsbury particularly well placed.

Key stock recommendations

- **M&S (OW).** With cyber capped off, and attention back on growth opportunities, we struggle to justify the valuation discount to peers.
- **Tesco (OW).** Continues to execute exceptionally well, though disinflation and moderating share gains may engender more questions around valuation premium.
- **Carrefour (OW).** Encouraging signs in core French market and the ongoing portfolio review is supportive; the significant discount to peers is hard to justify.

European Luxury Goods & Specialty Retail

Carole Madjo Barclays, UK | Filippo Croce Barclays, UK

Sector outlook and key drivers for 2026

After a challenging 2025 in which we expect sales to be down 1% on average, we think 2026 will be a year of recovery for the luxury sector and currently expect organic growth of +6% on average.

We expect the **US** cohort to remain the main growth driver in 2026. As a reminder, we entered the year 2025 with the hope that the US would deliver a solid growth, but the performance was more muted than expected in H1 due to the disruption caused by tariffs. After a reassuring Q3 reporting season, we are more confident on the resilience of the high-end cohort in 2026 and estimate that the US consumer can be up high single-digit in 2026.

After having seen declining sales since 2024, we think the **Chinese** cohort is showing signs of stabilization as sentiment seems to have stopped deteriorating. We thus expect to see a return to low single-digit growth in 2026 driven by easy comps and more self-help initiatives from brands. Whilst we are more positive on China in the short term, we remind that we are more prudent about the long-term outlook as we think that the luxury market is facing structural changes, implying some growth normalization.

Overall, we are more positive on the sector in 2026 but we note that some risks remain. Visibility on topline growth remain low in our view, especially for turnaround stories such as Kering, Swatch, Burberry or Ferragamo. Besides, the signs of stabilisation seen from the Chinese consumer over the past few months could be a false start.

Earnings and valuation outlook

After a couple years of earnings pressure, we expect to see a return to EBIT and EPS growth in 2026. The positive topline growth combined with the increased focus on cost efficiency should bring some positive operating leverage for most names.

Some headwinds should however remain. When looking at COGS the price of gold has been a significant headwind in 2025 for watch and jewellery brands, and this could continue in 2026. FX could also be a headwind next year but overall, we still expect earnings to improve in 2026.

Valuation in the sector has become more demanding in the past few months as the share price rally experienced by the sector since late August hasn't been followed yet by positive earnings revisions. Most names now trade at a premium to their 10Y PE average and at the sector level, the 2Y fwd absolute and relative PEs have recently crossed the one standard deviation mark above the 10Y average. At 27.0x, the space is now trading at almost 2x the MSCI Europe. Considering that the sector is driven more by EPS momentum than by valuation, the more demanding multiples could be overlooked in the short term.

Risks: At this stage, a significant EPS momentum inflection is not a certainty. Indeed, though Q3 was encouraging, some fundamental challenges still remain: the market and ourselves assume a rebound in 2026 but traffic is still flagged as an issue across the space; the return of aspirational consumers is not guaranteed, especially since the macro environment remains quite volatile; and the structural changes that we previously flagged in China (lower appetite for luxury spending, increased focus on experience, rise of domestic brands...) could still come at a faster pace than expected.

Positioning within the sector

After a reassuring Q3 reporting season, investor sentiment is improving, and we noted some renewed interest notably towards the sector proxy LVMH or towards some turnaround stories like Kering. However, we don't think that the sector is particularly well-owned yet. The main concerns are that 1/the Q3 rebound may be a false start in line with what happened at the end of 2024. 2/ The Chinese macro environment remains subdued which will continue to hurt domestic consumption. 3/ The sector's outlook may be less attractive as long term topline and EPS growth may not be as high as before, as the sector could face some normalization with the key Chinese cohort.

Themes to watch out for

Overall, brands are increasing their efforts to benefit from the potential rebound of the sector, so we view **self-help** as the key theme in 2026. Several brands (including Gucci, Dior, Celine, Fendi, Bottega Veneta, Balenciaga, Chanel, Versace...) have changed creative directors in 2025 in the hope to bring back brand desirability. We also expect price increases to remain muted in 2026 which should help to improve price/value. Beyond the topline, we also expect more focus on cost efficiency to protect margins.

The rise of domestic luxury brands in China has also become a point of discussion in 2025 and we think it could be an even bigger theme next year.

AI has been less of a disrupting factor in the luxury space and hasn't come out as a key theme so far. We think luxury companies are users of AI and are net beneficiary of this trend as AI can help deliver more cost efficiency and productivity at the COGS and opex level.

Key stock recommendations

Moncler (OW, PT EUR 61): We like Moncler as: 1/ Going towards Q4, Moncler is one of the few names that we expect will see sequential growth vs. Q3 despite also facing tough comps. Moncler has a solid track record of execution in Q4 with strong beats vs. consensus in the past few years, and we think that another Q4 beat could be a positive catalyst for the shares. 2) Moncler's space growth story is still intact as we think the brand could still see growth of c.4/5% in the next few years, thanks notably to the US. 3) In China, Moncler could be less exposed to the structural changes that we highlighted during our last trip (i.e., rise of new interests such as experience, outdoor, well-being, domestic brands). Competition from other brands has proven less disruptive than we feared. In addition, the growing interest of Chinese towards outdoor activities should benefit Moncler more than other luxury peers.

Richemont (OW, EUR 161): We continue to like Richemont due to: 1) its uniquely high exposure to the Jewellery category and the desirability of its Jewellery Maisons brands, notably Cartier and Van Cleef, 2) its outperformance with the American cluster, and its lower penetration in the region vs. peers. These features will, in our view, enable Richemont to deliver above average sector growth in 2026. The potential recovery of China in 2026 could be an additional tailwind especially for the Specialist Watchmakers division.

Kering (UW, EUR 245): While we agree that the new CEO brings strong execution credentials, we find the recent rally in the stock (up 51% over the last three months vs. the MSCI Europe up 5%) hard to justify. There is still little visibility on the strategic update (beyond a continuing focus on store closure) and the recovery of Gucci's brand desirability remains to be seen. The share price rally has not been accompanied by EPS upgrades, bringing Kering's 2y fwd PE to the low 30s (now back at 27.2x), the highest level in 20 years and almost double its 10y average of 16.7x.

European Leisure

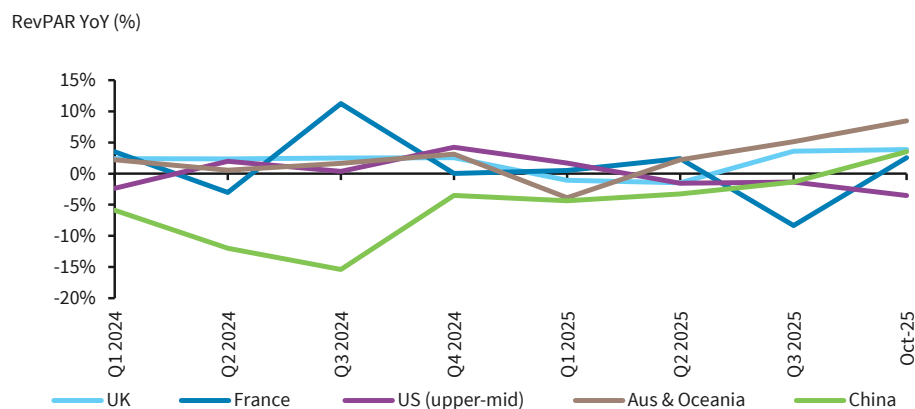
Pravin Gondhale Barclays, UK | Ivy Gu Barclays, UK | Karan Khona Barclays, UK

Sector outlook and key drivers for 2026

We are '*cautiously optimistic*' on the outlook for the European Leisure sector in 2026. Softer macro and consumer demand outlook coupled with heightened regulatory/tax risks for gambling and voucher companies have been unhelpful factors for sentiment in 2025. This, we think, will likely carry on next year.

Hotels – External factors like UK budget, asset disposal/buybacks etc. will dominate the debate along with RevPAR performance. In the case of **Accor**, Essendi stake sale, Ennismore IPO and cash returns will likely be key areas of investor focus. For **Whitbread**, **UK Autumn budget** should be a major clearing event for the stock and will likely determine the direction of UK RevPAR and inflation travel next year for Whitbread. **UK** RevPAR was robust through summer and carried the momentum into the Q4 so far, which particularly reads well for Whitbread, but **higher inflation will likely erase gains from better RevPAR performance**. In **US**, softer demand outlook will continue to weigh near term RevPAR growth and whilst comps get easier next year, investors would look for improvement in consumer sentiment esp. in mid/budget segment which is key for **IHG** given its higher 'upper mid-scale' segment skew. Albeit given IHG's strong fee margin growth and ancillary revenue contribution (e.g. credit card fees) we see lower risks to 2026 cons. EBIT.

FIGURE 128. US RevPAR has softened in Oct vs. Q3 while France and AUS improved and UK continues robust trends seen in Q3



China RevPAR data excludes Hong Kong. October trends shown are based on weekly avg. RevPAR
Source: MKG, STR, Barclays Research

Caterers – We remain constructive on **Compass**'s ability to deliver earnings growth and execute on M&A (viz. Vermaat), though unfavourable USD move and lack of near-term catalysts/buyback next year mean that incremental investor interest is likely to remain low. We think **Sodexo** has set next year's guidance conservatively, but recent contract losses and new CEO appointment likely mean investors may wait for execution and improvement on key KPIs, mainly retention and margin delivery, before becoming more constructive.

Gambling – sector appears cheap but prediction market and taxes will continue to dominate the sector debate: Investor sentiment has weakened in recent months for several reasons (UK tax risk, emergence of US sports prediction markets, softer iSports GGR growth in Italy etc.). In 2026, we think **Flutter** and **Entain** investors' focus will be firmly on US state regulators' response to US sports prediction markets. Whilst BetMGM has clearly stated that it

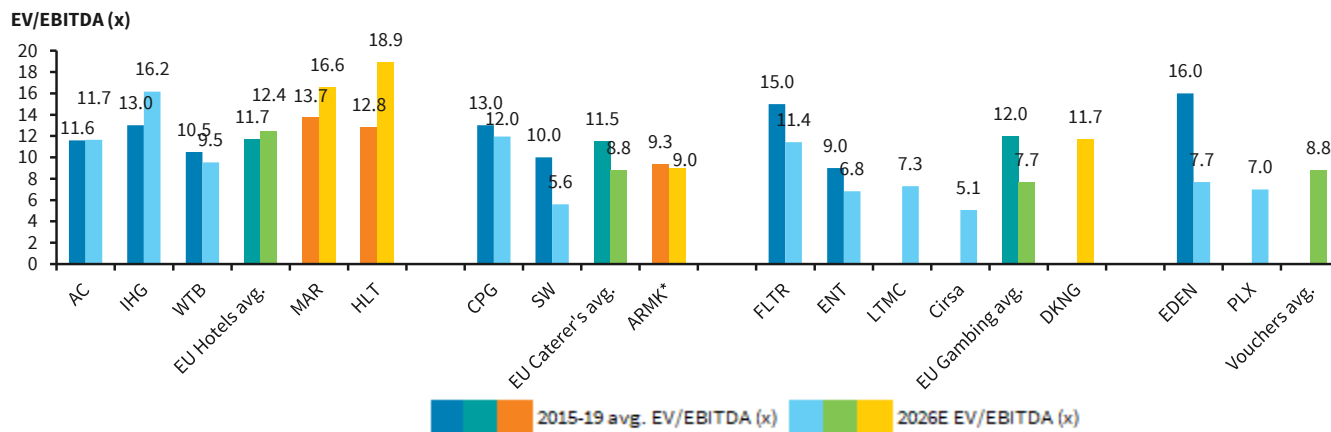
will not offer sports prediction markets contracts in the US until regulators' position is completely clear, at Q3 results last week DraftKings went ahead and announced its plans to launch spots contracts in the US. Flutter has partnered with CME for prediction markets entry but for now will offer non-sports contracts only. We see strong EBITDA growth next year, mainly driven by continued inflection in US EBITDA for big operators, though we also expect UK taxes to pose a risk to current 2026 consensus. UK Autumn budget on 26th Nov will be a major clearing event for bookmakers, but the risk of US tax rate changes will remain on investors' radar following New Jersey and Illinois raising taxes this year.

Vouchers – Investors are concerned about the potential financial implications of regulatory changes in France and Brazil and slower organic growth trends, with both **Edenred** and **Pluxee** lowering next year's organic growth outlook earlier this month. We believe broader investor concerns regarding the regulatory environment are likely to continue to be an overhang in the sector for the next 6-12 months, particularly for Brazil, where debate is lot more complicated and potential financial risk is significantly higher. **Besides this, we believe a lack of material catalysts in the next 6-12 months is likely to leave valuations more range-bound until the financial implications of France and Brazil regulation is clearer.**

Earnings and valuation outlook

For the vast majority of the sector, we would still be expecting good underlying earnings growth in 2026E albeit regulation, taxation and UK budget uncertainty means conviction on nearer-term earnings growth for names (viz. WTB, UK bookmakers, vouchers etc.) exposed to these risks remains low for now. Current valuations on the whole appear at a discount for most of the leisure names (except IHG and US asset-light hotels) vs. their own historical valuations, and we do see scope for re-rating potential for our core Overweight names CPG/AC/LTMC on delivery of double-digit earnings growth next year and also execution of Essendi stake sale/Ennismore IPO in case of Accor.

FIGURE 129. Leisure sector valuation appears to be at a discount for most of the leisure names vs. their own historical valuations



* Aramark not covered by Barclays Research, Bloomberg consensus estimates shown
Source: Bloomberg, Barclays Research

Positioning within the sector

Based on our conversations with investors, we sense investors continue to favour **asset-light hotels** (on NUG delivery and fees margin outlook) whilst sentiment in gambling names remains weak despite lower valuations levels, mainly on the concerns of higher taxes/ disruptions. Positioning in vouchers remains negative, with Edenred 'net' shorted. CPG, we think remains well owned, albeit with lesser incremental investor interest due to weakening USD and lack of material ST catalysts/buybacks next year.

Themes to watch out for

- **UK Autumn budget (26 Nov 2025) as a potential clearing event for UK Bookmakers (viz. Flutter, Entain) and Whitbread:** We see the UK Autumn budget as a potentially major clearing event for UK bookmakers given the uncertainty on gambling tax rates as well on labour costs (i.e. NLW/NI) and business rates (key for Whitbread).
- **Sports Prediction Markets** and regulatory development in US for gambling names.

Key stock recommendations

Within Leisure, our preferred stocks are Accor, Compass, Lottomatica and Cirsa (all OW-rated) for their undemanding valuation. Flutter's current valuation also looks attractive vs. history, and we like it for its global scale, brand and platform strength, albeit we expect news flow on US Sports prediction markets, sports results etc. will continue to drive stock performance near term instead of fundamentals.

European Telecom Services

Mathieu Robilliard BBI, Paris | Maurice Patrick Barclays, UK | Maxime Delaugerre Barclays, UK | Ganesha Nagesha Barclays, UK

Sector outlook and key drivers for 2026

Investor sentiment toward European telecoms has improved as fundamentals continue to recover and expectations for in-market consolidation has strengthened. M&A momentum accelerated in 3Q, specifically in France and Italy. A key question remains, once agreements have been reached, whether regulatory approval can come with minimal remedies as it was the case in Spain. Our view is that the EC has changed and value-creative deals are likely to materialise in the next two years.

M&A momentum and cash flow strength amid easing pricing power

In 2026, the key focus should be: **1) M&A:** We believe that the M&A remains a source for potential upside: the EC antitrust approval for both the Masmovil/Orange deal in Spain and the Vodafone/Hutchison deal in the UK came with lighter remedies than feared. This could pave the way for more in-market consolidation attempts, if not at the retail level or at least the infrastructure level. In France 'Four to Three' consolidation will remain key focus - see [French consolidation: Third time lucky?](#) (20 May 2025). In terms of other countries, we see Italy, Sweden, Spain, and Germany to be key countries for potential consolidation opportunities. **2) NetCo/ServCo:** As we detail in our research [Consolidation 2.0 – Sizing the RanCo opportunity](#) (26 June 2025), although investors are currently focused on potential in-market M&A in European Telcos, we believe RanCo combinations offer a better route to driving returns while minimising competition authority concerns. **3) Capex intensity easing out:** We expect long-term capex to come down significantly with the next wave of decline to start from 2026E onwards, as FTTH/5G-related capex steps down. This should be enough to deliver positive OpFCF trends, in our view. **4) Pricing:** Within Europe, certain markets such as the Nordics and the Netherlands have effectively translated price increases into revenue growth, while the impact has been more subdued elsewhere. Although pricing power has returned to the European telecom sector, moderating inflation suggests it will play a less significant role as a top-line growth driver going forward.

Earnings and valuation outlook

While easing inflation reduces pricing as a key tailwind, we expect revenue growth to remain muted; however, ongoing cost efficiencies should sustain EBITDA expansion. Additionally, capex intensity is likely to decline as FTTH and 5G investments taper, driving continued operating free cash flow growth. For 2026 we forecast revenues will moderately increase in 2026E supported by growing service revenues. Continued cost-cutting should drive low-single-digit EBITDA growth. This should lead to mid- to high-single-digit OpFCF growth for the sector. On our estimates, the sector (our covered stocks) trades on 2026E EV/EBITDA of 7.1x for **incumbents and challengers**, EV/OpFCF of 12.2x and 12.5x respectively, EFCF yield of 7.5%/9.1% and dividend yield of 5.2%/2.1%.

Positioning within the sector

Based on our discussions with investors, within telecoms, positioning appear to remain geared towards quality names; however, compared to the beginning of the year it has shifted, to some extent, out of Deutsche Telecom and KPN and moved into Nordics and companies exposed to French M&A. Vodafone (EW) and Telefonica (EW) remain largely under-owned by Long Only(s).

Key OW and UW ratings

- **DTE (OW, €40 PT):** We view Deutsche Telekom's growth profile as more attractive relative to the peers under coverage, as its valuation premium has narrowed significantly since the beginning of 2025. In the US, we believe the trajectory remains positive with high-single-digit revenues/EBITDA/OpFCF growth. However, we see concerns about potential shifts ahead in industry volumes and the impact of management changes at two of the three major operators, which could alter competitive incentives. We continue to believe TMUS (covered by Kannan Venkateshwar) can outgrow peers and support better than average growth for the group. In Germany, performance in 2025 was weighed down by heightened competition and delays in government spending, but we expect that to improve from 4Q2025 onwards, putting DTE's Germany back on track to its 2023-2027 guidance range. Also in Germany, potential market consolidation could act as a catalyst for re-rating. Lastly, the company is deleveraging quickly, opening the door for faster cash return growth while the company continues to invest.
- **BT (UW, PT GBp150):** Competitive intensity steps up – and from our perspective, there's no end in sight. The UK telecom market is increasingly shaped by aggressive promotional activity from AltNets and MVNOs seeking scale and market share, driving down introductory pricing and intensifying competitive pressures. In the absence of meaningful in-market consolidation, we expect little near-term improvement, leaving the UK lagging broader European trends. BT appears most vulnerable to downside risk, in our view. Ultimately, we believe BT's share price trajectory will hinge on shifts in broadband competition, while mounting pressure from AltNets and MVNOs continues to weigh on market revenue growth.

European Media

Julien Roch Barclays, UK | Nick Dempsey Barclays, UK | Bernd Klanten Barclays, UK

Sector outlook and key drivers for 2026

After one of the worst years on recent record for European Media, our usual stock winners being seen as AI losers, we believe that the key questions for 2026 will be (1) does the AI loser trend continue or will investors be more nuanced and less indiscriminate and (2) macro developments – in Europe for the media owners in our sector and in the US/China/Europe for the ad agencies. This remains uncertain, but our base case is that global advertising can continue to show some reasonable growth in 2026. That said, 2025 has been a year of contrasting operational performances. For advertising agencies, we have seen a stark divergence in organic growth, with Publicis at the top and WPP at the bottom (guiding to +5.0/5.5% and -6.0%/-5.5%, respectively). We expect a continuation of this relative over/underperformance, albeit less pronounced. WPP's CMD in early 2026 could be a key catalyst, while communication around expected synergies for the new Omnicom will be a key driver for the newly crowned No. 1 among the holdcos (in terms of net sales). For UMG, drivers could be further price increases and any positive/negative developments on the AI front. For Wolters Kluwer, a key focus point will be the transition to incoming CEO Stacey Caywood, who will take over from outgoing CEO Nancy McKinstry in February 2026, as well as any confidence the company can build around defensibility against AI (such as UpToDate vs. OpenEvidence). For RELX, the focus will be on organic growth in Legal and STM – as well as any product advancements that can persuade markets that it is leading in the area of AI.

Earnings and valuation outlook

For advertising agencies, outdoor and TV names, the macro impacts on advertising discussed above will be crucial, in our view. Also, we will continue to focus on the share changes within the major agencies. Publicis and Omnicom have continued strong net new business momentum, while WPP has had its worst year yet in 2025. This will drive part of the relative over/underperformance, while any further wins/losses may tell us more about the direction of travel for 2027. That said, Publicis' lacklustre share price performance in 2025 YTD (down ~30% vs. Eurostoxx) despite its significant organic outperformance suggests that we may need to see more, such as margin expansion and bigger buybacks to support EPS growth. For UMG, the focus will be on subscription streaming growth, with Streaming 2.0 deals expected to take effect. Another point of focus could be net content investment, which was elevated in 2025, dragging on FCF. For CTS Eventim, a key question is whether 2025 softness in live events has been mostly about comps or if there is broader weakness in the German/European consumer. For the information services names, we do not expect much variation vs. expectations except from FX. But it will be important whether Pearson can deliver well on organic revenue growth in 1H26 against easy comps and with some momentum from new contracts. For video games we again expect significant volatility and variations in delivery across the group.

Positioning within the sector

Positioning remains somewhat depressed across most sub-sectors within European Media. The share prices of both agencies and professional publishers are down >30% YTD on a relative basis. This is partly as they are (perceived to be) on the wrong side of the AI trade, either because they are explicitly seen as 'AI losers' or because they are suffering from relative flows towards (perceived) 'AI winners'. UMG is trading at the bottom of its range. TV/Broadcasters have outperformed other sub-sectors this year but, with evident structural question-marks, we see decent short interest.

Themes to watch out for

AI has been an overhang for both agencies and, to a lesser extent, music. Investors see agencies' core business as under pressure (we agree on Creative, less so on Media). We think AI won't kill agencies but will accentuate the trends of winners and losers. The market has been more bearish and we think any headlines such as advertisers in-housing because of AI or comments from Altman, Zuckerberg et al. could trigger negative share price reactions. Other news to follow includes general macro developments and policy uncertainties. AI is definitely the main focus of info services groups, with non-specific but very apparent fears about the medium term. Anything that changes the current market perception will move the shares for these names, in our view.

Key stock recommendations

CTS Eventim (OW) We see CTS Eventim as a consolidator with deep moats in a structurally growing market with many levers to keep outperforming the market and drive margin expansion. We see recent share price weakness as offering an attractive entry-point and are constructive into 2026.

Informa (OW) We think that, as Informa continues to deliver on its growth plans, there is a further opportunity for it to re-rate. We have confidence in 10-12% EPS growth going forward, given our expected growth trends in exhibitions and potential for use of cash.

JC Decaux (OW) We like Decaux for the medium-term growth coming from (1) programmatic boosting growth meaningfully, (2) Clear Channel Outdoor's retrenchment to the US leading to better contract terms (Decaux now being the sole global outdoor operator) and (3) China's recovery. We think FY26 should be better owing to contract wins and better economic growth in Europe.

Publicis (OW) Publicis has outperformed peers on organic and net new business performance for >3 years in a row, which we expect to continue in 2026. We view Publicis as the quality compounder in agency land and absolute valuation is not stretched, in our view. Overall, 11x 2025E P/E for 4-5% organic, 1-2% M&A, 10bps+ of margin improvement, resulting in 7-8% annual EPS growth appears attractive to us vs. a European market on 16x (DJSTOXX600).

Wolters Kluwer (OW) We think Wolters now looks very cheap for its growth/resilience. We see AI fears as overdone. Understanding the catalyst for a rerating is tricky because we are talking about basket thinking not specific numbers-based concerns from investors. But we think that, as the company keeps delivering, the stock can rerate.

WPP (UW) Although WPP looks relatively cheap, valuation without momentum rarely works in European Media. Given significant account losses and uncertainty around the new strategy, we think WPP looks set for another two years of relative underperformance vs. peers on organic growth.

European Internet

Andrew Ross, CFA Barclays, UK | Sarah Roberts Barclays, UK

Sector outlook and key drivers for 2026:

1. **The AI debate is likely to remain front and centre in 2026.** In 2025, we saw several subsectors come under pressure as investors questioned how AI could reshape consumer engagement with the internet. The AI overhang concerns spanned across classifieds, web tools, e-commerce, and travel. At this stage, there are puts and takes over who “winners” or “losers” might be over the medium term and we expect the debate to continue into 2026. But there is still a risk of a sentiment-driven derating on some of these names in the absence of evidence to disprove potential bear cases. We view Prosus as the most likely AI “winner” given its Tencent exposure, while for other verticals the picture is more nuanced: classifieds appear well positioned if they get execution right but face transition risks on integrating into horizontal chat bots, customer acquisition as well as organic and inorganic investment; e-commerce marketplaces may emerge as relative winners in an agentic commerce world, though risks remain for players like Zalando; web tools face competitive pressure, though we believe some perceived risks may be overstated; and for travel we expect to see more newsflow around agentic checkout. With many moving parts, uncertainty around AI’s impact will likely continue to weigh on sentiment and share performance into next year, in our view.
2. **End-market growth.** We favour companies with a strong growth outlook into 2026, but given the diversity of our coverage, selectivity is key. We remain constructive on classifieds, supported by pricing power and strong competitive moats. We expect food delivery to deliver good growth on a global basis, albeit with some regional variation. E-commerce trends are mixed: grocery in the UK continues to show solid momentum (Ocado), while we are more cautious on the improvements in fashion growth which is more discretionary. We are also cautious on meal kits but see potential for some moderation in declines in 2026 (HelloFresh). Autos still offer scope for very strong growth (Auto1), and the German online prescription market looks well positioned for growth to accelerate next year (Redcare/DocMorris). Growth in Poland still looks solid for Allegro. In other verticals, we see solid growth outlook for Trainline, though we expect some softness for MoneySuperMarket end markets and in travel (HBX).
3. **Global competition.** Global competition remains a dominant theme across fashion e-commerce, food delivery, and property classifieds, with global players pushing harder, leading some smaller European incumbents to invest into both customer proposition and marketing to defend share. While we expect this dynamic to persist into 2026, there are early signs of moderation: in fashion, potential EU/UK de minimis policy changes could ease Shein/Temu intensity, though we’re seeing more competition emerge from resale (Vinted etc). In food delivery, consolidation is evident (eg, DoorDash/Deliveroo), yet Meituan continues to push in the Middle East and Coupang in Korea. In property classifieds, it is still uncertain what moves CoStar might make in the UK (so far, fairly modest since the OTM acquisition). Overall, despite glimmers of improvement, global competition is likely to remain a key focus.
4. **M&A:** Our 2025 M&A thesis across the board played out in the space; we saw Just Eat acquired by Prosus, DoorDash acquire Deliveroo, and the transaction close on Zalando/About You. Meanwhile we’ve seen some bolt-on M&A (e.g. Scout). Into next year we expect M&A to continue as broader capital market activity increases and subscale European companies become targets for larger global players. It is possible that AI is used as logic for cross-border consolidation (something that Prosus has argued in deals for JET, Despegar

and LaCentrale). We also expect focus to turn towards more strategic/bolt-on, particularly as companies look towards expanding their AI capabilities and offerings. Vend feels like the best way to play this theme given the ongoing process for Mobile.de within Adevinta (source: [Reuters](#)). For Vend (owns 14% of Adevinta), we see pros of a sale as certainty on value and realisation of cash upfront, which we assume would likely be returned to Vend shareholders, as we wrote in [Vend - catalyst coming to highlight value in the Adevinta stake](#) (9 Oct).

5. **Balance sheets generally looking cleaner.** A handful of companies in our coverage undertook refinancing exercises this year: Ocado, Boohoo, Redcare Pharmacy, DocMorris. Generally, balance sheets are looking a bit cleaner across the board, a couple have debt due in 2026/27 (Ocado/DocMorris/Boohoo). Meanwhile, some of the companies in our coverage with strong cash positions have been buying back shares (e.g., Zalando, IONOS, classifieds, Trainline, MONY, Allegro) and within our cash-generative names there is an expectation we might see more of this.
6. **SOTP unlock stories.** We have seen a couple of significant examples in 2025. We think this could focus management and board attention on other names to look at similar asset sales/listings/spin-offs. Delivery Hero is the name most in focus from this perspective: we think Delivery Hero remains a special sit with many scenarios around, Prosus, an activist investor, and potential to highlight value within the company, as we wrote in [Remains a special sit into YE](#) (29 Aug)

Earnings and valuation outlook

Multiples have started to sell off across the sector as we exit 2025, with the biggest driver being AI. For example, classifieds are down 25% from the summer peak. We think the six key investment themes about will continue to drive this (both positively and negatively) into 2026. From an earnings perspective, we see a reasonable outlook for the sector, given we expect a stable / slightly accelerating growth outlook, though do see some risk around AI investments.

Positioning within the sector

Again, we think it's important to stay selective by vertical. We believe buy-side sentiment is cautious on classifieds and we think it is important to have stock-specific catalysts in names owned in this subsector. Within e-comm and marketplaces, investors are still highly selective, in our view, leaning toward names that can deliver profitable growth alongside strong free cash flow. Positioning remains cautious in EMEA food delivery.

Key stock recommendations

Auto1 (OW) – We see earnings upgrades continuing into 2026. Longer term, we see potential for Auto1 to become a large company with scaled economics, little competition, a large TAM and strong execution. We still see plenty of flex in the ~€7bn market cap today.

Ocado (UW) – We see downside risks to forecasts through FY27, a still-levered balance sheet, and lack of positive FCF and EPS until FY27 and FY29E respectively, which limits near-term valuation support. Sentiment risk also persists around Kroger's strategic review, where a pivot away from CFCs could imply a weaker long-term TAM for Ocado's tech solutions.

European Pharmaceuticals & Life Sciences

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Sector outlook and key drivers for 2026

Following a challenging FY25, dominated by political and regulatory concerns related to US President Trump's Most-Favored-Nation (MFN) action and Section 232 tariffs, we see EU Pharma as well placed for an improved FY26. Some European large-cap pharma companies, including AZN and NOVO, have been amongst the first to agree deals with the administration to defer Section 232 tariffs in exchange for enhanced and discounted access to certain drugs, as well as significant future US manufacturing investment commitments. We see an incrementally positive setup going into FY26, as structural risks are lifted. With a low likelihood that smaller mid-cap pharma companies can similarly negotiate with the administration, we suggest that this likely places the large-cap pharma names in a more privileged position. Broad medium-term pharma guidance continues to exclude tariff headwinds, which could pose a slight risk to FY26 consensus estimates. As these structural risks have reduced, this is already driving a significant up-tick in large cap M&A activity over 2H25 that we expect to continue through FY26, ahead of late-decade patent expiries. We expect FY26 to be another relatively catalyst-light year for European Pharma. Within Pharma, we continue to prefer quality growth stocks such as AZN, ARGX and UCB, while for Life Sciences, we prefer SRT on returning equipment demand and a long-term tailwind from US manufacturing expansions.

Earnings and valuation outlook

The sector (SXXP) is trading in line with its historical levels (SXXP's 1-year fwd P/E of 16.0x in line with its long-term average 15.7x), but its c6% premium to the broader European market (SXXP) is well below its historical long-term average premium of c18%. We suggest this lower premium has been impacted by the much reduced generalist interest in pharma companies over FY25, triggered by the Trump administration's MFN/tariffs and RFK's impact on American healthcare bodies, eroding investor confidence that pharma can be a defence sector. This notably led to underperformance of the most generalist-friendly names at the start of the year, including AstraZeneca and UCB. Now, with increasing resolution of these US issues, we expect generalist interest to steadily improve, supported by an easier FY25 comparison/starting point. With the pharma sector underperforming the market YTD (+3% vs SXXP +15%), we think current valuations offer an attractive entry point. While biotechs are not generally thought of as defensive, we view ARGX and GMAB as high-quality companies with good management teams that should trade at a premium to the larger XBI group.

Across the Life Sciences sub sector, CDMOs such as LONN outperformed in 1H25 as defensive and tariff-insulated names. But the reduction of tariff uncertainty, rising investor concerns over CDMO contract cancellations and the steady return of consumable/equipment demand have supported our positive view of improving end-market bioprocessing demand, and driven investor rotation into bioprocessing names. Trading well below long-term average EV/EBITDA multiples vs the market, we see a Life Sciences valuation opportunity.

Key potential catalysts: ARGX P3 UplightTED/AKIVIA/ARDA trials (2H26), AZN P3 AVANZAR (1H26) & P3 CARDIO-TRANSFORM-CM (2H26), BAYN potential SC Roundup decision (by Jun-26), GSK P3 CALM-1/2 trial results (2H26), GRF debt financing (2Q26), IPN IPN10200 Ax P2 data presentation (1H26), LUN '222 P2b Migraine data (1H2), NOVN P3 HORIZON (2026), ROG P3 persevERA (2026), and SAN P3 amltelimab detailed data in AD (1H26).

Positioning within the sector

Notably underperforming the broader market YTD (SXXP +3% vs SXXP +15%), current positioning points to investors being underweight large-cap pharma, impacted by the loss of NOVO's obesity halo following disappointing sema TRx data, pipeline setbacks and management changes. However, the outlook is starting to become more positive as companies such as AZN start to deliver. Recent management changes over FY25 (GSK, NOVN, NOVO, BAYN, REC, UCB, SRT) could be indicative of boards resetting their strategies to better position their companies for delivery in FY26 as the clouds of FY25 clear. Across the mid-cap and biotech space, there is generally never a consensus view on these idiosyncratic stocks, but we see long positioning for quality growth stocks, such as GALD and ARGX, supported by the strong recent XBI performance. Comparing Pharma to other sub sectors, investors remain broadly negative on Medtech but positive on Life Sciences, in line with our view.

Themes to watch out for:

- **AI:** AI is primarily used by our coverage to enhance existing processes and boost productivity, with a focus on delivering enhanced R&D productivity (novel target identification, clinical trial design, reducing attrition, regulatory filings), commercial and patient care (collaborating with partners to develop predictive models to deliver optimised treatment), manufacturing processes (yield improvements), and supply chains (reducing lead times, optimising supply chains). However, though AI has potential to drive significant value, visibility on when this might crystallise and the extent/timing remain highly uncertain, with limited disclosure from companies.
- **US drug pricing policy:** Resolution of the overhang presented by President Trump's MFN policy in FY25 is expected to create a relatively improved outlook for large-cap pharma, particularly in 2026, with tariff-relied deals now announced for AZN, PFE, MRK, NOVO, and LLY. While some uncertainty remains around the implications of MFN for mid-cap pharma companies that are unlikely to negotiate directly with the administration, we expect the broader space to outperform on enhanced policy clarity. This has already driven an uptick in M&A activity over 2H25 that we expect to continue through FY26 ahead of late-decade patent expiries. However, with most companies continuing to guide exc-MFN/tariffs, we do see potential risk to FY26+ estimates around FY results for companies that haven't yet made US administration deals. For the Inflation Reduction Act (IRA), the first 10 drugs will be [subjected](#) to Medicare Part-D price discounts from 1 Jan 2026, impacting AZN's Farxiga, JNJ/BAYN's Xarelto, NOVN's Entresto and NOVO's Fiasp. While the next 15 drugs have been [announced](#) for FY27 IRA and we expect some focus next year on which assets could be targeted for inclusion in FY28, we do not expect these negotiated prices to generate significant discounts to net prices today.
- **M&A and partnerships:** Despite technical advances, such as the incorporation of AI into R&D processes, the price of innovation is going up and the global pharmaceutical space continues to face patent expiry risks to the end of the decade, thereby driving demand for inorganic growth. While budgetary uncertainty suppressed deal activity over 1H25, impacted by FDA workforce changes and drug pricing policy debates, deal flow has increased dramatically over 2H25, including PFE for Metsera (\$10bn), NOVO for Akero (\$5.2bn) and ROG for 89-bio (\$3.5bn). This has also driven a rise in demand to license in Chinese biotech assets to supplement pipelines over FY25 that we expect to continue in FY26, though we also note potential US regulatory hurdles.

Key stock recommendations

Across European Pharma, we prefer AstraZeneca, Argenx and UCB, while for Life Sciences, we prefer Sartorius AG.

European Medical Technology & Services

Hassan Al-Wakeel, CFA Barclays, UK | Jonathon Unwin Barclays, UK | Marco Pires-Cox Barclays, UK | Rohit Rajan Barclays, UK

Sector outlook and key drivers for 2026

After a year of underperformance driven by reimbursement and tariff woes, we see some sector support in 2026 from normalising Inflation, falling US rates and more reasonable valuations, though we continue to take a selective stance as some of these headwinds are likely to persist. We have a preference for innovation-led, idiosyncratic growth with a tilt towards quality Medtech stocks, which sit at a 10-year low in valuation terms. We expect muted China capex sales growth in 2026, with more upside risk than downside risk to orders. We see consumer sentiment in our space as stabilizing, with some early signs of recovery and potential upside from improved macro. There are reimbursement risks aplenty for 2026 and beyond, although we view these as manageable in the main.

Earnings and valuation outlook

Performance in EU Medtech decoupled from fundamentals in 2022-24. YTD in 2025 the relationship has once again strengthened (although both have moved in a negative direction) and we expect this to continue into 2026. Quality names in EU Medtech have underperformed value names in 2025 by 23pp YTD, but we prefer them going into 2026 as they offer the innovation-led, idiosyncratic growth we look for, and an attractive valuation.

Themes to watch out for

We expect **AI** (see [AI in Healthcare: Check-up on investment opportunities](#), 27 March 2025) to remain a key focus for investors, with discussions largely centred around EssilorLuxottica's partnership with Meta following a number of recent launches (see: [Takeaways from Meta Connect 2025](#), 18 September 25). We also expect the theme to remain present in the capex names (SHL, PHIA, EKTAB) and for the hearing aid names (SOON, DEMANT, GN), where our recent trip to EUHA highlighted the differing opinions on the use cases between KOLs – see [Postcard from Nuremberg – Reflections on two days at EUHA](#) (27 October).

Product launches and innovation are expected to drive growth, in particular photon-counting CT and theranostics/molecular imaging for Healthineers (see: [An exciting catalyst pathway](#), 3 November), wearables for EssilorLuxottica (see: [Reigning Supreme: Initiate at Overweight](#), 9 September 25), biosimilars for Fresenius SE (see: [Beyond the low-hanging fruit?](#), 28 April 2025), and to a lesser extent, iExcel for Straumann ([Global Dental Survey: Improving US, China outlook intact](#), 14 October 2025).

Once again, any potential **recovery in China imaging orders** will be in focus for 2026. With Healthineers recently guiding at their FY25 results for flat revenue in China, the outlook from corporates is not particularly optimistic. Potential **recovery in consumer sentiment** in both the US and China would be a positive, with our view of recent management commentary that sentiment is not getting worse, but it's not getting better either – although there are some positive signs in the US (see [Global Dental Survey: Improving US, China outlook intact](#), 14 October), we like STMN and AFX for consumer exposure (see [here](#)).

Tariffs are well understood now but the impact will annualise in 2026. The September launch of a **Section 232** tariff investigation presents an additional risk, with most S232 tariffs starting at 25% (vs the 15% tariff from Europe to US today, which is the main impact in our coverage), although we believe the Nairobi protocol holds (see: [S232: What we know \(and what we don't...\)](#), 25 September 2025).

Reimbursement headwinds (see [Key themes from our 2025 MedTech & Life Sciences Investor Trip](#), 29 September 2025) will be in focus again across dialysis, sports medicine, dental , ophthalmology, chronic care and wound care.

Key stock recommendations

Our preferred names (Overweights) in EU Medtech are EssilorLuxottica, Fresenius SE, Straumann, and Siemens Healthineers. Our key Underweight names are Sonova and Elekta.

European Utilities & Clean Energy

Dominic Nash Barclays, UK | Peter Crampton Barclays, UK |
Temitope Sulaiman, CFA Barclays, UK | Thea Lacroix Barclays, UK | Laura Marconi Barclays, UK

Sector outlook and key drivers for 2026

Positive outlook on European Utilities & Clean Energy: The sector has outperformed the broader market year-to-date (SX6P +26% vs. European market SXXP +13%). We continue to see considerable upside potential and reiterate our continued positive view on the sector into 2026, driven by power and investment demand growth (data centres), supportive macro and undemanding valuation (as discussed in: [European Utilities: Renewables provide re-rating momentum](#), 15 Oct 2025). We see an unstoppable super-cycle for growth capex. This momentum is fuelled by a combination of demand growth, electrification, and generation connection constraints. There is mounting evidence of a significant increase in planned investments in AI and data centres across Europe.

Earnings and valuation outlook

We anticipate European utility sector earnings bottoming out in 2025, followed by robust growth. European utilities have been consistently upgrading their 2025 and beyond estimates. The sector's estimated 1Y forward P/E is ~14x, which is about 4% below its long-term 10-year average forward P/E of 14.6x. We expect the sector to achieve high single-digit growth, and it offers a prospective dividend yield of 5%. We project a medium-term total shareholder return (TSR) CAGR of over 12%.

Positioning within the sector

Many investors have favoured exposure to the Regulated European utility sub-sector on the back of positivity relating to superior growth capex trends (particularly for power networks) and an improving regulatory backdrop. We see the positivity broadening out to other sub-sectors, making European Integrated Utilities our most preferred sub-sector and explaining why we recently turned more constructive on Renewables (now our #2 preferred sub-sector) for the first time in three years.

Themes to watch out for

Data centres (DC) in Europe could become an increasing positive tailwind: Judging by company feedback, we see a fundamental shift in the DC narrative in Europe. In our view, into 2026 we expect more positive announcements around DC projects in Europe, with increased positivity around the power demand implications. We believe this could provide substantial upside to European generation capacity needs, potentially with higher and stable prices.

Upcoming medium-term financial guidance updates to highlight superior growth: In line with recent positive revisions, we believe FY25 results (Feb-Mar 2026) and European Utilities' forthcoming Capital Markets Days (CMDs) could deliver positive surprises on the medium-term outlook.

UK Autumn budget (26 Nov 2025) as a potential clearing event: Investor uncertainty regarding the UK Autumn budget is high. Therefore, we see the UK budget announcement as a potential major clearing event for UK utilities, which we think remain unjustly undervalued compared to their mainland European peers.

Key stock recommendations

Within European Utilities & Clean Energy, we see Integrated European Utilities as the biggest winners, and it is our most preferred sub-sector. Our preferred stocks are Centrica, Enel, SSE,

Engie and Veolia (all OW-rated) in integrated; EDPR, RWE and Solaria (all OW-rated) in renewables; National Grid and Elia (all OW-rated) in regulated and Drax (OW-rated) in generators.

European Chemicals & Ingredients

Gaurav Jain Barclays, UK | Alex Sloane Barclays, UK | Anil Shenoy Barclays, UK |
Setu Sharda Barclays, UK | Katie Richards Barclays, UK

Sector outlook and key drivers for 2026

The chemicals sector enters 2026 with muted expectations despite consensus forecasts pointing to a recovery. Some analysts remain optimistic, projecting high-single-digit to low double-digit EBITDA growth for diversified players such as BASF, with Bloomberg consensus estimates around 10% EBITDA growth YoY at present. These assumptions appear overly optimistic in our opinion, particularly as macro indicators such as Eurozone manufacturing PMIs remain subdued and interest rates remain high.

Optimists are banking on a return to normalised demand in construction and consumer end-markets, alongside potential benefits from German stimulus measures. However, commentary so far from our coverage suggests a more cautious tone extending into 2026. As we recently discussed in our revisitation on the sector, (see: [Structurally impaired](#)), competitiveness remains a structural challenge versus China and the US, while tariff uncertainty and supply chain realignment could weigh on growth. Some industry forecasters now indicate that FY26 growth may lag FY25, and longer term we expect EU chemicals volumes to secularly decline at a 0.5% CAGR in a global sector which is growing volumes at 2%, supporting our cautious stance. Currently, management teams report no tangible benefit from German stimulus to date (with the most optimistic referring to a benefit in the second half of 2026). The most candid outlooks suggest a meaningful upswing may not occur until 2027-28, when Chinese capacity growth slows and global demand overtakes supply.

We believe the Consumer Ingredients sector enters 2026 with a more constructive outlook, with easier comps. With destocking now largely complete and demand normalising, we expect low-single-digit organic growth supported by innovation and sustainability-led trends. While Chinese competition remains a headwind in commoditised segments such as vitamins and sweeteners, premium players with strong IP, high R&D intensity, and deep customer collaboration, like Givaudan and Novonesis, are positioned to capture share and expand margins. Natural reformulation, clean-label adoption, and exposure to high-growth markets provide structural tailwinds, while easing input costs and disciplined pricing strategies should underpin profitability. Overall, we believe the sector continues to offer attractive opportunities for differentiated franchises as investors refocus on long-term growth drivers beyond short-term pricing pressure.

Earnings and valuation outlook

In the diversified chemicals space we believe assuming a simple reversion to historical valuation multiples is less relevant today. While a demand upswing could support earnings recovery, the European Chemicals sector faces structural challenges from high energy costs, overcapacity and reduced export competitiveness. These headwinds limit confidence in terminal growth, making mid-cycle EBITDA and historical multiples less appropriate as a valuation anchor. Instead, we adopt a more dynamic approach, using forward P/E and EV/EBITDA multiples to reflect near-term earnings visibility. Value investors continue to explore the space, and we see selective opportunities, but overall, the sector's risk/reward now hinges on differentiated business models and pricing power rather than a return to past norms.

One area where we believe valuation looks unjustified, however, is the chemical distributors, where many names trade at close to half their historical 10-year EV/EBITDA averages. Here, we think the structural impairment debate is less relevant, as distributors can

deliver above-market growth through acquisitions, particularly IMCD, where leverage is less of a concern.

With long-duration growth assets often being sold in favour of cheaper cyclicals, valuations for leading Ingredients names now trade more than one standard deviation below their five year average EV/EBITDA multiples. Such a de-rating has made for a good debate in 2025 as we summarised in our note [Buying opportunity or justified de-rating?](#) On the one hand, this positions the group at a relative discount to history and both Global Staples and Global Industrial Gases peers, despite enduring structural attractions such as exposure to faster growing local FMCG customers, innovation enablement, and pricing power. On the other hand, the bear case centres on the risk of some of the headwinds observed in 2025 such as a top-line slowdown, pricing pressure emerging in multiple pockets from increasing competition and AI-driven in sourcing.

Positioning within the sector

Within the sector, **we prefer Industrial Gases, Ingredients and Distributors, and are cautious on Diversified Chemicals.** We think Industrial Gases can compound EPS HSD-LDD long term, while Diversified Chemicals European operations could have a terminal multiple of 0. For Ingredients and Distributors, we think the current challenges are cyclical rather than structural.

Themes to watch out for

In 2026, we see four key themes to watch in the Chemicals & Ingredients space. **First**, Chinese competition remains a critical factor, driving margin compression in diversified chemicals and pricing pressure in vitamins, fragrance ingredients and pet nutrition in the ingredients space in 2025. **Second**, German fiscal support could provide a tailwind, particularly for the diversified chemicals names, with the EUR500bn spending program announced earlier this year most likely to benefit Lanxess in our opinion, given its exposure to Germany and construction markets. **Third**, any progress toward a Ukraine ceasefire would ease gas cost pressures and potentially support reconstruction-driven demand. **Fourth**, reformulation trends remain a structural growth driver in the Ingredients space, with natural colour reformulation in North America offering an upside for Givaudan which we think may be underappreciated.

Key stock recommendations

Our preferred names in the European Chemicals & Ingredients space are **Air Liquide, Novonesis, AkzoNobel, Croda, Givaudan, IMCD and Kerry**, with selective small-cap exposure to **Elementis** and **Glanbia**. We remain **Underweight on Akkrmea, Lanxess, Solvay, AAK and Suedzucker**, and rate BASF Equal Weight. Among our Overweight-rated stocks:

- **Air Liquide** stands out as a high-quality compounder with strong pricing power and structural growth, where we expect it to outperform the SX5E.
- **Novonesis** offers best-in-class growth underpinned by broad-based exposure to sustainability and bio-based solutions.
- **AkzoNobel** looks attractive in light of recent sector transactions, which highlight the value of premium coatings assets.
- **Croda** is a self-help and recovery story, with activist involvement, where margin improvement and portfolio focus could drive a re-rating.
- **IMCD** remains our preferred way to gain exposure to any cyclical rebound, supported by its resilient model and acquisition-led growth.

- **Givaudan's** structural growth outlook has improved in our opinion, driven by its higher exposure to local and regional customers, exposure to high growth markets and a multi-year natural colours reformulation opportunity.

In the small-cap space, we favour **Elementis**, which we see as a turnaround candidate following the disposal of its underperforming Talc business, and **Glanbia** which benefits from structural demand for protein and nutrition solutions.

Equity Strategy: Key Sector Charts

Emmanuel Cau, CFA Barclays, UK | Magesh Kumar Chandrasekaran, CFA Barclays, UK |

Emmanuel Makonga Barclays, UK | Arihanth Bohra Jain Barclays, UK

Financials - OW

FIGURE 130. Financials sector returns, earnings and valuations

Fincl's				
RSI =				68
Return	1m	3m	YTD	12m
Abs	4%	4%	33%	35%
Rel	1%	-3%	16%	22%
EPS	F12m Gro	3m Mom	T12m Mom	PEG
Abs	10%	4%	7%	1.0
Rel	-2%	2%	12%	
Valuation	P/E	P/B	ROE	Div Y
Abs	10.3	1.5	13.1%	4.1%
%ile	36%	61%	82%	69%
Rel	0.7	0.6	-0.8%	
%ile	23%	70%	98%	

Source: LSEG Data & Analytics, Bloomberg, Barclays Research

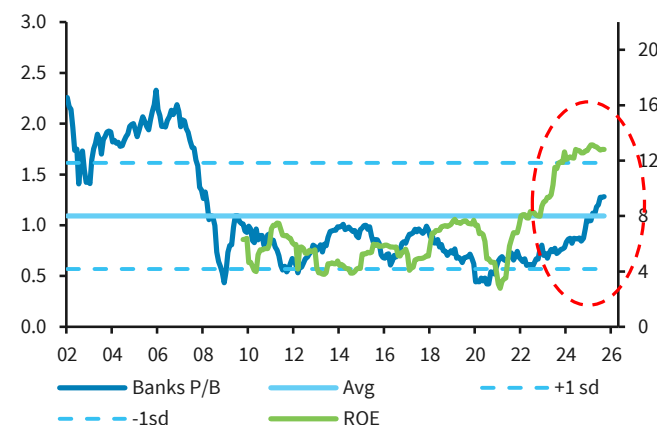
FIGURE 131. Top 10 Financials stocks snapshot

Financials	Mcap (€bn)	1m chg %	YTD chg %	12m FWD PE	25 EPS growth
HSBC HOLDINGS PL	215	10.6	40.0	9.8	7%
ALLIANZ SE-REG	139	-2.3	21.3	12.0	11%
BANCO SANTANDER	139	9.3	108.5	9.9	15%
UBS GROUP AG	112	-2.9	12.5	12.5	64%
BBVA	107	17.4	96.2	9.7	6%
UNICREDIT SPA	104	6.8	73.0	9.2	18%
INTESA SANPAOLO	102	7.7	51.4	10.2	11%
ZURICH INSURANCE	91	0.4	6.8	15.3	0%
AXA	81	-3.5	11.3	9.2	9%
BNP PARIBAS	75	-10.5	14.1	6.0	-6%

Top 10 = largest by mkt cap

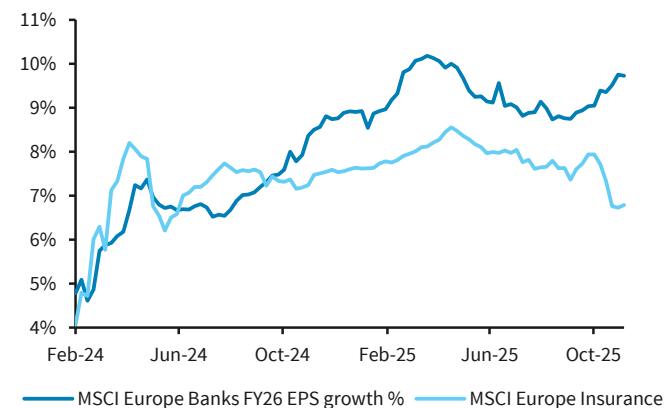
Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 132. Banks valuations still have room to re-rate versus profitability levels



Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 133. 2026 EPS Growth Banks vs Insurance



Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 134. EU Banks continue to offer attractive relative dividend yields, while Insurance is losing appeal

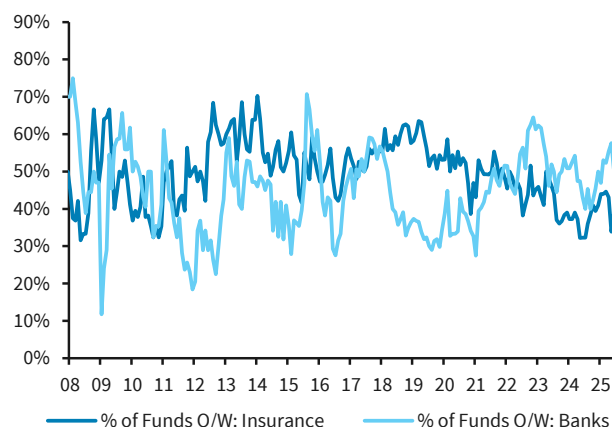
Source: IBES, LSEG Data & Analytics, Barclays Research

Information Technology - OW

FIGURE 136. Information Technology sector returns, earnings and valuations

Tech					RSI = 48
Return	1m	3m	YTD	12m	
Abs	3%	13%	9%	16%	
Rel	0%	6%	-5%	3%	
EPS	F12m Gro	3m Mom	T12m Mom	PEG	
Abs	11%	3%	8%	2.5	
Rel	0%	1%	13%		
Valuation	P/E	P/B	ROE	Div Y	
Abs	27.9	5.9	18.1%	1.1%	
%ile	81%	84%	94%	18%	
Rel	1.9	2.5	4.2%		
%ile	88%	85%	88%		

Source: LSEG Data & Analytics, Bloomberg, Barclays Research

FIGURE 135. LO's positioning in Banks has come off recent highs, narrowing gap with Insurance

Source: EPFR, LSEG Data & Analytics, Barclays Research

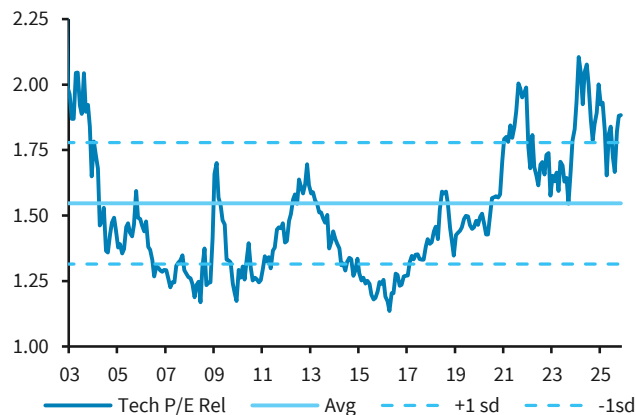
FIGURE 137. Top 10 Information Technology stocks snapshot

Technology	Mcap (€bn)	1m chg %	YTD chg %	12m FWD PE	25 EPS growth
ASML HOLDING NV	344	9.0	30.7	34.7	28%
SAP SE	267	-5.9	-8.1	31.1	35%
INFINEON TECH	44	5.8	7.9	18.6	-22%
NOKIA OYJ	33	30.2	38.3	18.2	-32%
DASSAULT SYSTEME	32	-16.0	-28.6	17.6	3%
HEXAGON AB-B	28	5.2	12.0	24.7	-6%
ERICSSON LM-B	27	18.4	4.5	14.0	10%
ASM INTL NV	26	0.5	-4.6	33.8	1%
CAPGEMINI SE	23	10.0	-16.8	10.5	-4%
STMICROELECTRONI	19	-13.9	-15.0	21.5	

Top 10 = largest by mkt cap

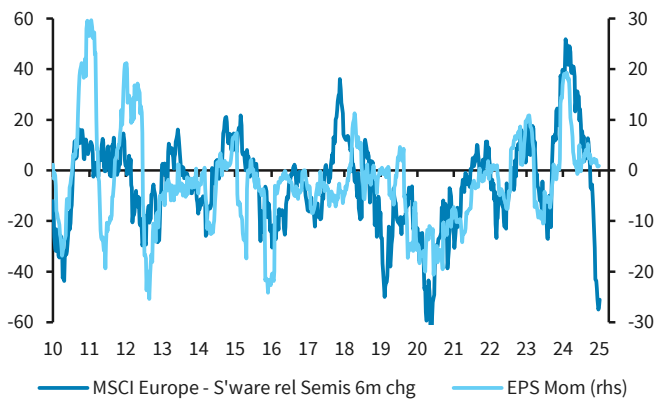
Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 138. Tech relative P/E not cheap, but well below recent highs, as Software has seen some derating



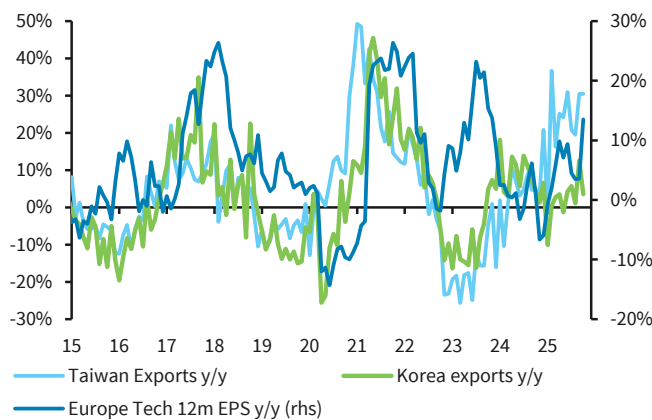
Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 139. Software has seen a sharp de-rating recently and is looking depressed compared to Semis



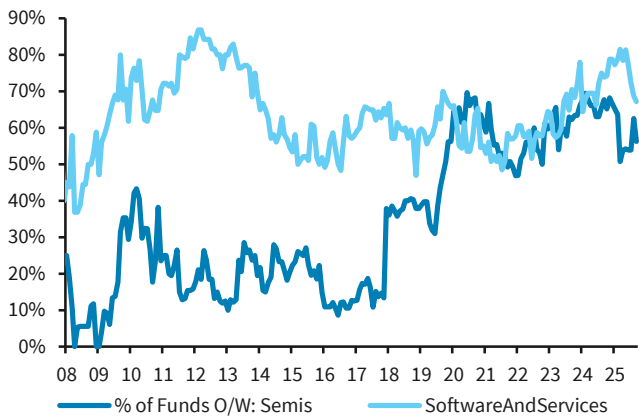
Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 140. European Tech EPS momentum is well supported by Asian exports



Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 141. LO's positioning in Software has come down most recently as Semis see small uptick



Source: EPFR, LSEG Data & Analytics, Barclays Research

Healthcare - OW

FIGURE 142. Healthcare sector returns, earnings and valuations

H'care		RSI = 63		
Return	1m	3m	YTD	12m
Abs	1%	12%	2%	-3%
Rel	-2%	6%	-10%	-17%
EPS	F12m Gro	3m Mom	T12m Mom	PEG
Abs	9%	0%	3%	1.6
Rel	-3%	-1%	8%	
Valuation	P/E	P/B	ROE	Div Y
Abs	14.7	3.8	21.6%	2.5%
%ile	23%	32%	76%	53%
Rel	1.0	1.6	7.6%	
%ile	11%	5%	46%	

Source: LSEG Data & Analytics, Bloomberg, Barclays Research

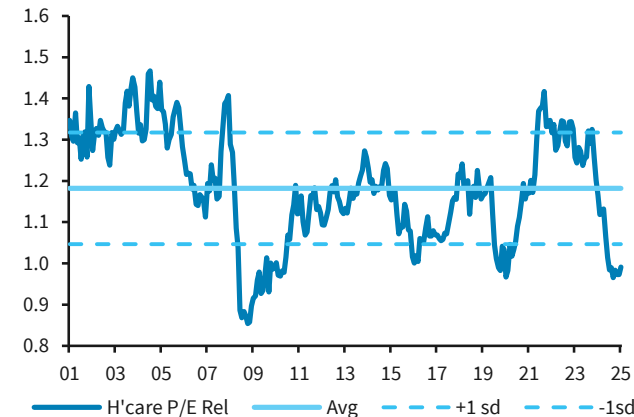
FIGURE 143. Top 10 Healthcare stocks snapshot

Healthcare	Mcap (€bn)	1m chg %	YTD chg %	12m FWD PE	25 EPS growth
ASTRAZENECA PLC	237	5.4	28.6	17.5	11%
NOVARTIS AG-REG	237	-0.8	17.3	14.2	14%
ROCHE HLDG-GENUS	219	-0.5	13.0	14.1	5%
ESSILORLUXOTTICA	146	15.4	33.9	40.7	4%
NOVO NORDISK-B	142	-16.8	-49.8	13.0	4%
SANOFI	109	6.9	-5.0	10.6	10%
GSK PLC	84	12.3	35.5	10.2	3%
SIEMENS HEALTHIN	50	-5.9	-13.2	18.2	7%
ARGENX SE	47	11.3	27.1	33.5	37%
UCB SA	44	-11.4	18.1	23.4	53%

Top 10 = largest by mkt cap

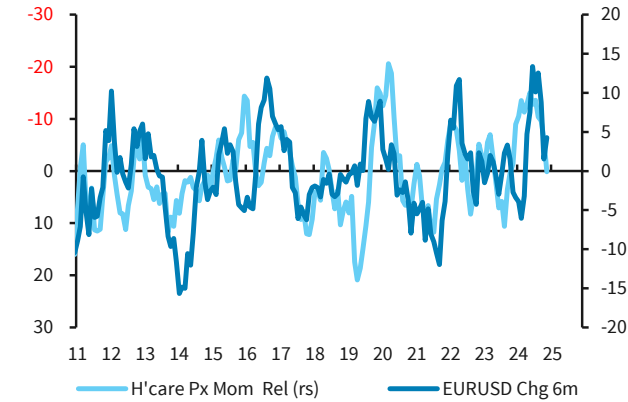
Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 144. Valuations looks attractive for Healthcare

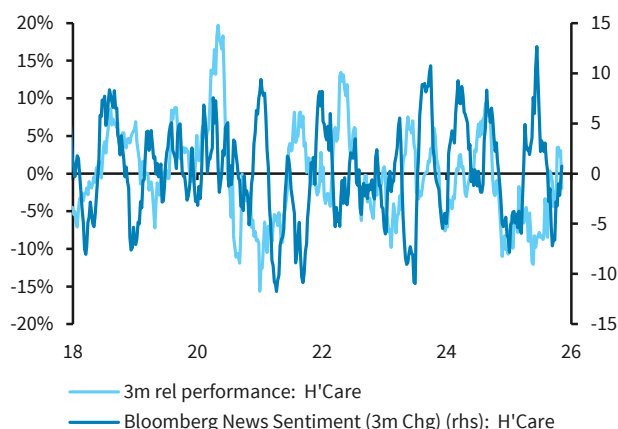


Source: IBES, LSEG Data & Analytics, Barclays Research

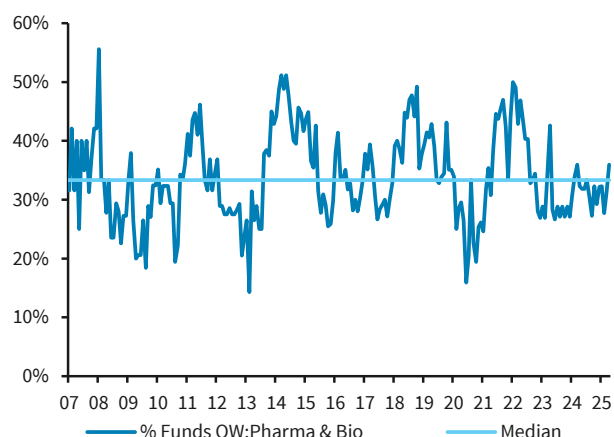
FIGURE 145. Further moderation in Euro should remain supportive of Healthcare



Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 146. Overall sentiment for H'care has improved towards the second half of the year

Source: Bloomberg, LSEG Data & Analytics, Barclays Research

FIGURE 147. LO's positioning also picked in the recent months

Source: EPFR, LSEG Data & Analytics, Barclays Research

Industrials - OW

FIGURE 148. Industrials sector returns, earnings and valuations

Ind's					RSI = 51	
Return	1m	3m	YTD	12m		
Abs	0%	5%	22%	19%		
Rel	-3%	-2%	7%	6%		
EPS	F12m Gro	3m Mom	T12m Mom	PEG		
Abs	12%	2%	4%	1.7		
Rel	1%	0%	8%			
Valuation	P/E	P/B	ROE	Div Y		
Abs	20.9	4.4	18.5%	1.9%		
%ile	95%	100%	97%	7%		
Rel	1.4	1.9	4.6%			
%ile	99%	93%	66%			

Source: LSEG Data & Analytics, Bloomberg, Barclays Research

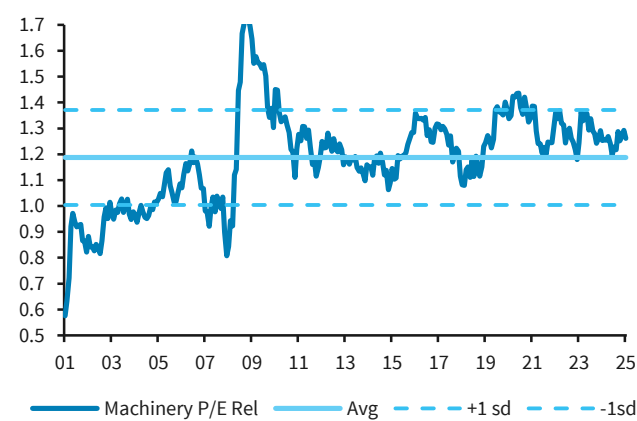
FIGURE 149. Top 10 Industrials stocks snapshot

Industrials	Mcap (€bn)	1m chg %	YTD chg %	12m FWD PE	25 EPS growth
SIEMENS AG-REG	198	2.1	31.2	21.9	11%
AIRBUS SE	167	4.5	36.3	27.4	21%
SCHNEIDER ELECTR	136	-4.1	-2.4	24.4	3%
SAFRAN SA	131	3.9	45.6	30.1	14%
ABB LTD-REG	114	-2.1	16.3	24.6	21%
ROLLS-ROYCE HOLD	110	1.2	102.7	35.9	42%
SIEMENS ENERGY A	93	1.4	113.4	32.5	
RHEINMETALL AG	80	-8.0	181.7	42.1	80%
VINCI SA	69	0.8	18.7	12.5	1%
RELX PLC	67	-4.5	-11.1	23.1	7%

Top 10 = largest by mkt cap

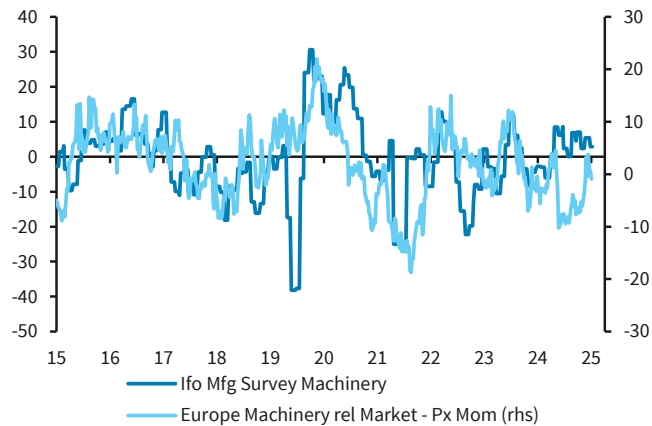
Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 150. Machinery valuations are not demanding



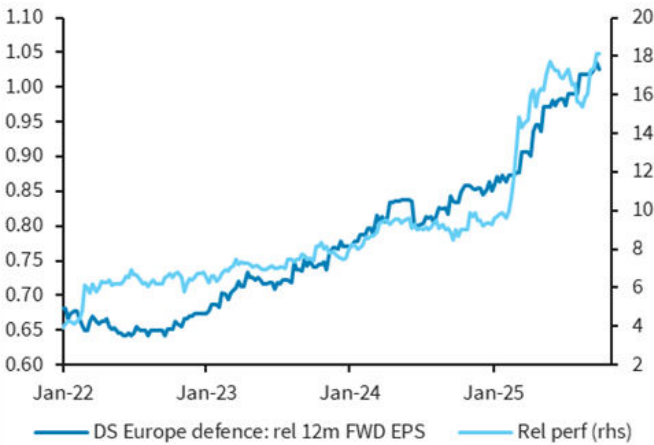
Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 151. Machinery price momentum is supported by improving macro backdrop



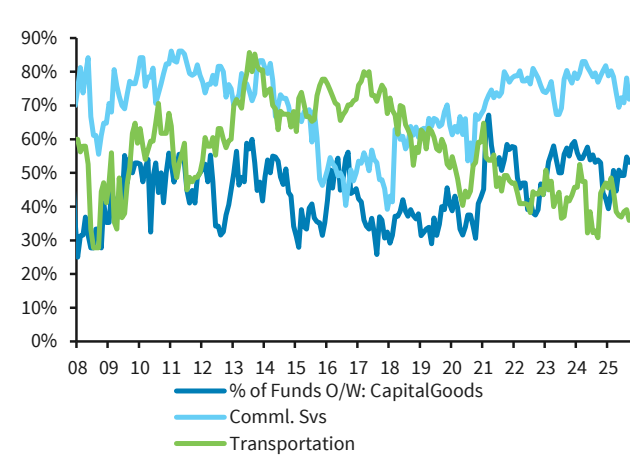
Source: LSEG Data & Analytics, Barclays Research

FIGURE 152. A&D outperformance has been supported by stronger EPS



Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 153. Positioning looks high in Cap goods and Commerical services but Transport looks depressed



Source: EPFR, LSEG Data & Analytics, Barclays Research

Consumer Discretionary - MW

FIGURE 154. Consumer Discretionary sector returns, earnings and valuations

Cons Disc				
RSI =				62
Return	1m	3m	YTD	12m
Abs	6%	12%	0%	4%
Rel	3%	6%	-12%	-10%
EPS	F12m Gro	3m Mom	T12m Mom	PEG
Abs	47%	-1%	-40%	0.3
Rel	36%	-3%	-35%	
Valuation	P/E	P/B	ROE	Div Y
Abs	16.0	2.1	7.9%	2.6%
%ile	69%	44%	11%	49%
Rel	1.1	0.9	-6.0%	
%ile	70%	8%	0%	

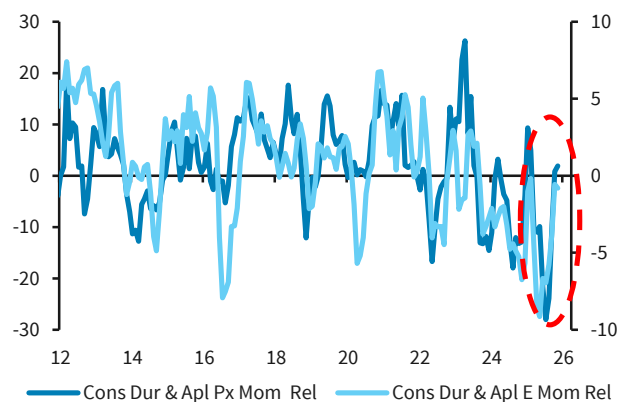
Source: LSEG Data & Analytics, Bloomberg, Barclays Research

FIGURE 155. Top 10 Discretionary stocks snapshot

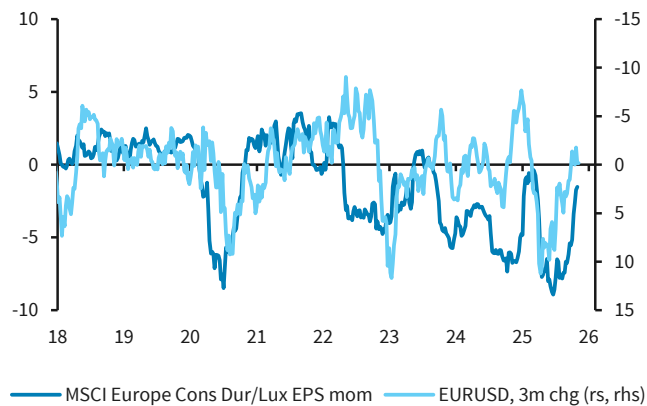
Cons Disc	Mcap (€bn)	1m chg %	YTD chg %	12m FWD PE	25 EPS growth
LVMH MOET HENNE	315	15.9	-0.4	26.8	-14%
HERMES INTL	228	6.3	-6.8	45.7	-3%
INDITEX	155	6.1	0.4	24.0	
PROSUS NV	146	3.7	60.3	16.2	
CIE FINANCI-REG	93	6.1	16.9	26.6	
FERRARI NV	67	5.8	-11.7	37.1	6%
MERCEDES-BENZ GR	57	10.5	9.2	9.1	-49%
BMW AG	49	11.3	10.6	7.9	-8%
COMPASS GROUP	49	-0.9	-5.1	22.4	12%
KERING	39	2.5	32.9	39.2	-44%

Top 10 = largest by mkt cap

Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 156. Recent Luxury outperformance has come with improving EPS momentum

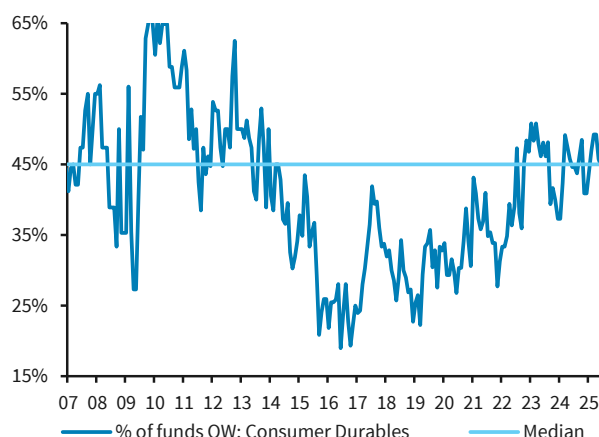
Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 157. FX tailwinds still indicate more upside for Luxury EPS momentum

Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 158. European Cons Discretionary sector is trading near long term average multiples

Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 159. Luxury positioning is well below long term averages indicating more room for LO's to add

Source: EPFR, LSEG Data & Analytics, Barclays Research

Materials - MW

FIGURE 160. Materials sector returns, earnings and valuations

Mat's		RSI = 59		
Return	1m	3m	YTD	12m
Abs	3%	5%	5%	0%
Rel	0%	-1%	-8%	-13%
EPS	F12m Gro	3m Mom	T12m Mom	PEG
Abs	17%	3%	-12%	0.9
Rel	5%	1%	-8%	
Valuation	P/E	P/B	ROE	Div Y
Abs	15.8	1.9	9.3%	2.7%
%ile	87%	66%	20%	27%
Rel	1.1	0.8	-4.7%	
%ile	81%	9%	1%	

Source: LSEG Data & Analytics, Bloomberg, Barclays Research

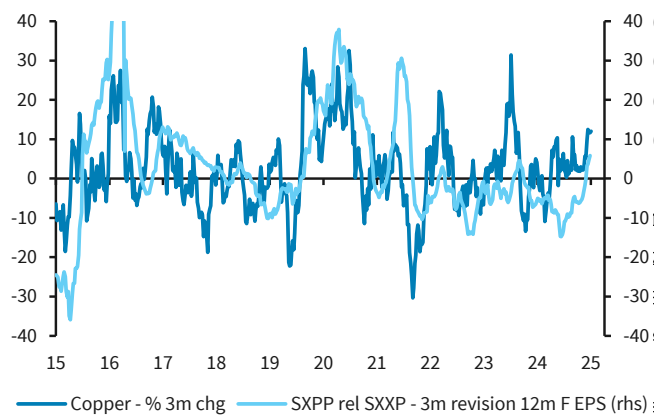
FIGURE 161. Top 10 Materials stocks snapshot

Materials	Mcap (€bn)	1m chg %	YTD chg %	12m FWD PE	25 EPS growth
AIR LIQUIDE SA	99	1.2	9.4	23.9	2%
RIO TINTO PLC	76	6.8	12.7	10.4	-7%
GLENCORE PLC	49	6.4	4.1	15.0	-41%
HOLCIM LTD	44	10.6	63.6	20.4	-41%
BASF SE	39	3.2	2.6	15.5	-25%
ANGLO AMER PLC	38	-0.6	23.4	24.6	
HEIDELBERG MATER	36	6.3	71.4	14.9	25%
GIVAUDAN-REG	34	2.8	-13.4	26.2	2%
ANTOFAGASTA PLC	31	2.8	74.0	30.5	71%
ARCELORMITTAL	29	6.5	53.5	8.6	22%

Top 10 = largest by mkt cap

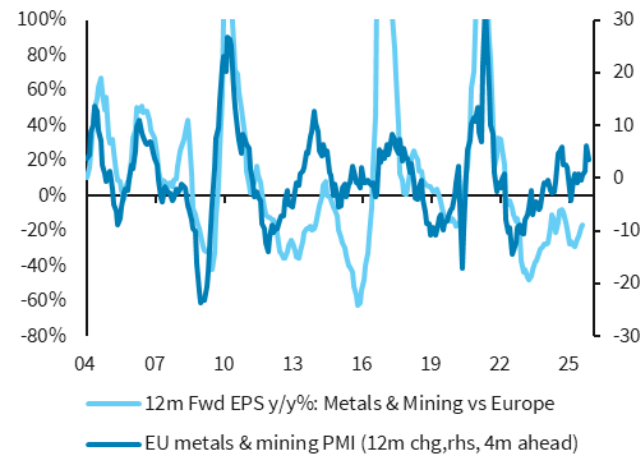
Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 162. Copper prices suggest further upside to Mining earnings



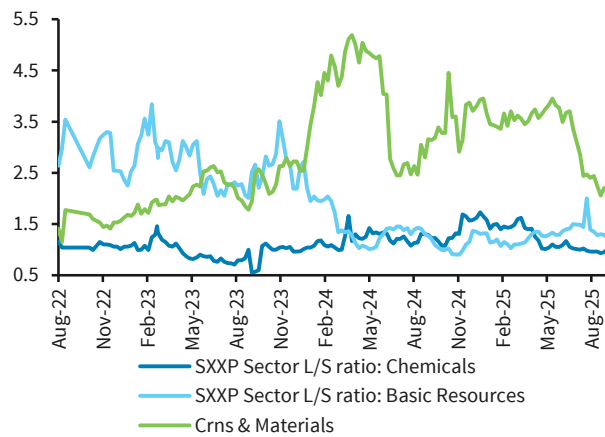
Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 163. Lead indicators for Mining remains well oriented



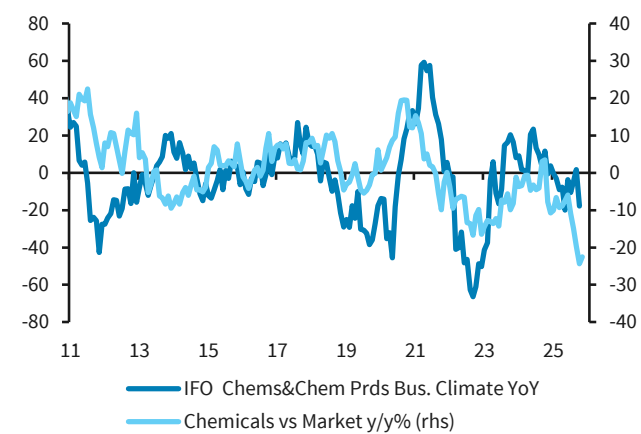
Source: Bloomberg, IBES, LSEG Data & Analytics, Barclays Research

FIGURE 164. HF's L/S ratio for the construction plays has come down meaningfully



Source: Hazeltree, Barclays Research

FIGURE 165. Structural outlook for Chemicals remains dire, but the sector has sharply undershot IFO indicator



Source: LSEG Data & Analytics, Barclays Research

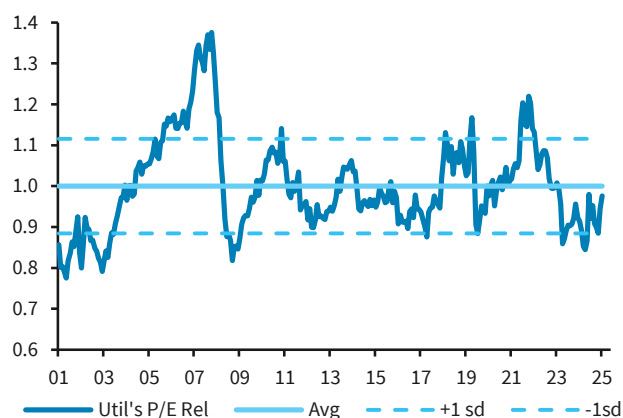
Utilities - MW

FIGURE 166. Utilities sector returns, earnings and valuations

Util's		RSI = 74		
Return	1m	3m	YTD	12m
Abs	5%	10%	27%	24%
Rel	2%	4%	11%	11%
EPS	F12m Gro	3m Mom	T12m Mom	PEG
Abs	4%	0%	-3%	3.3
Rel	-7%	-1%	1%	
Valuation	P/E	P/B	ROE	Div Y
Abs	14.5	2.1	14.2%	4.2%
%ile	62%	72%	74%	37%
Rel	1.0	0.9	0.3%	
%ile	49%	48%	68%	

Source: LSEG Data & Analytics, Bloomberg, Barclays Research

FIGURE 168. Utilities valuation remain around long term levels



Source: IBES, LSEG Data & Analytics, Barclays Research

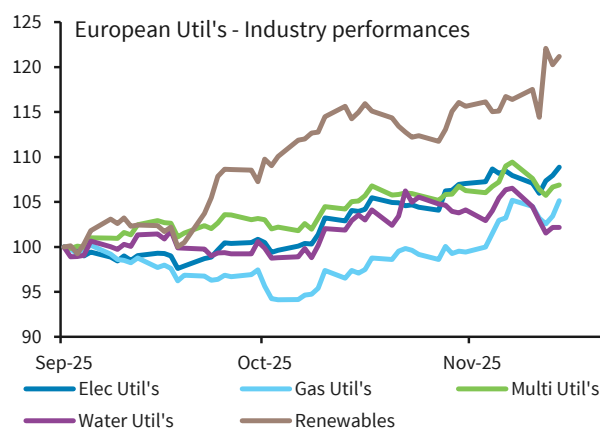
FIGURE 167. Top 10 Utilities stocks snapshot

Utilities	Mcap (€bn)	1m chg %	YTD chg %	12m FWD PE	25 EPS growth
IBERDROLA SA	113	6.6	39.0	18.3	13%
ENEL SPA	91	7.6	30.0	12.7	1%
NATIONAL GRID PL	66	5.2	22.4	14.1	
ENGIE	52	12.4	38.9	11.5	-13%
E.ON SE	42	-0.3	42.6	14.9	5%
ENDESA	34	13.2	53.7	15.8	11%
RWE AG	32	6.2	48.9	17.6	-33%
SSE PLC	25	8.4	23.1	11.2	
VEOLIA ENVIRONNE	22	1.4	7.8	12.3	7%
ORSTED A/S	21	-0.9	-32.6	15.0	

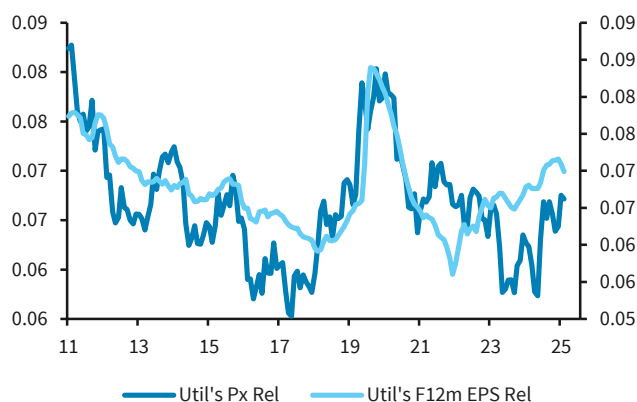
Top 10 = largest by mkt cap

Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 169. Renewables have driven the recent outperformance within Utilities



Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 170. Utilities price relative supported by positive EPS momentum

Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 171. Utilities have been very well owned for a couple of years now

Source: EPFR, LSEG Data & Analytics, Barclays Research

Energy - MW

FIGURE 172. Energy sector returns, earnings and valuations

Energy				
				RSI = 74
Return	1m	3m	YTD	12m
Abs	10%	9%	12%	9%
Rel	7%	3%	-2%	-4%
EPS	F12m Gro	3m Mom	T12m Mom	PEG
Abs	2%	-1%	-27%	4.9
Rel	-10%	-2%	-22%	
Valuation	P/E	P/B	ROE	Div Y
Abs	10.3	1.3	11.1%	5.2%
%ile	38%	29%	34%	76%
Rel	0.7	0.5	-2.8%	
%ile	19%	10%	28%	

Source: LSEG Data & Analytics, Bloomberg, Barclays Research

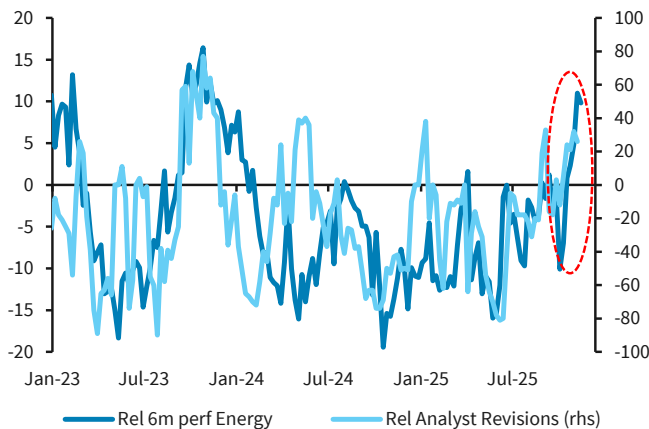
FIGURE 173. Top 10 Energy stocks snapshot

Energy	Mcap (€bn)	1m chg %	YTD chg %	12m FWD PE	25 EPS growth
SHELL PLC	192	8.7	18.4	11.5	-13%
TOTALENERGIES SE	122	10.7	3.7	9.0	-9%
BP PLC	85	13.2	21.2	12.8	-9%
EQUINOR ASA	55	4.1	-6.3	8.6	-16%
ENI SPA	52	10.1	25.8	10.6	-6%
TENARIS SA	19	21.7	-1.0	11.9	-1%
REPSOL SA	19	16.3	44.1	6.9	-14%
OMV AG	16	9.9	30.0	8.7	-12%
AKER BP ASA	14	3.2	19.1	15.4	
NESTE OYJ	14	12.7	50.6	21.0	135%

Top 10 = largest by mkt cap

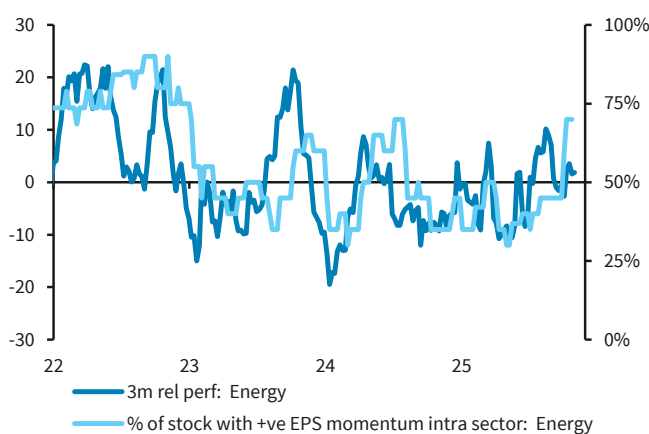
Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 174. Price recovery for the sector has been driven by improving analysts revisions ...



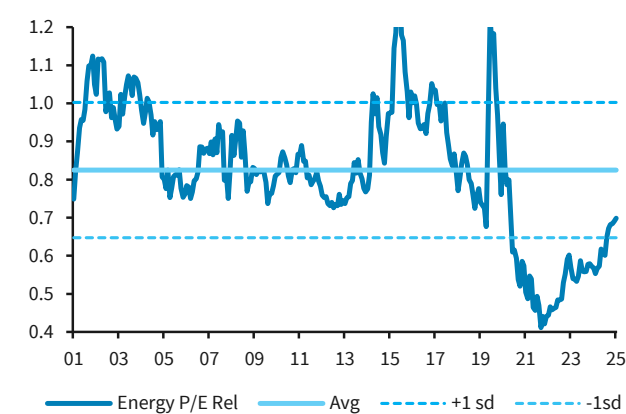
Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 175. ... and a broader EPS momentum among Energy companies



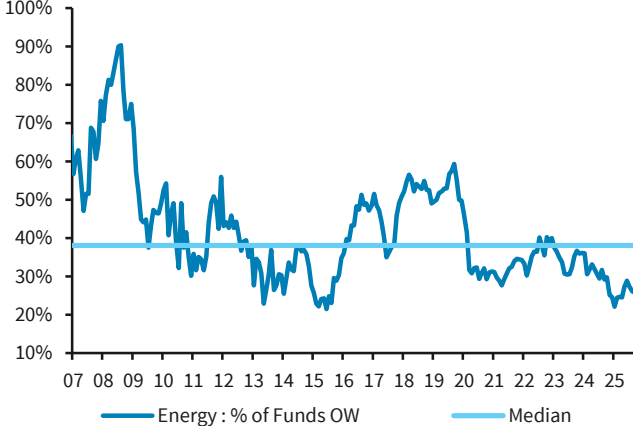
Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 176. Valuations recover from recent lows, but remain depressed



Source: Bloomberg, Barclays Research

FIGURE 177. LO's exposure also show little interest in the space overall



Source: EPFR, LSEG Data & Analytics, Barclays Research

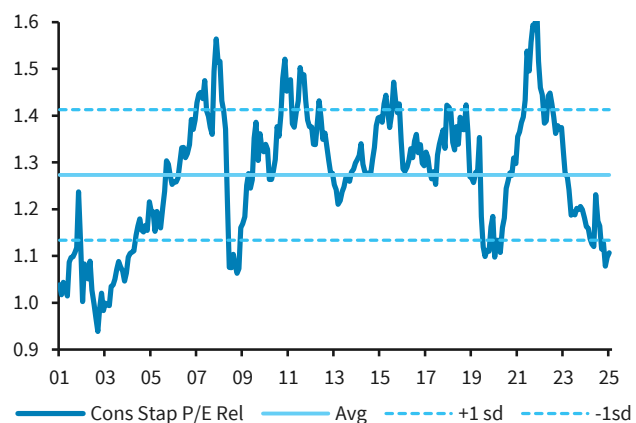
Consumer Staples - UW

FIGURE 178. Consumer Staples sector returns, earnings and valuations

Cons Stap					RSI =	64
Return	1m	3m	YTD	12m		
Abs	4%	4%	6%	5%		
Rel	1%	-3%	-7%	-8%		
EPS	F12m Gro	3m Mom	T12m Mom	PEG		
Abs	7%	0%	-5%	2.4		
Rel	-5%	-1%	0%			
Valuation	P/E	P/B	ROE	Div Y		
Abs	16.4	3.3	19.5%	3.5%		
%ile	40%	45%	76%	99%		
Rel	1.1	1.4	5.6%			
%ile	16%	1%	46%			

Source: LSEG Data & Analytics, Bloomberg, Barclays Research

FIGURE 180. Staples relative valuations at post GFC lows



Source: IBES, LSEG Data & Analytics, Barclays Research

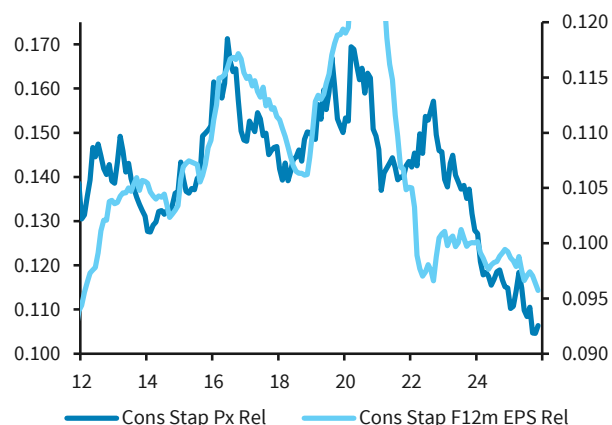
FIGURE 179. Top 10 Consumer Staples stocks snapshot

Staples	Mcap (€bn)	1m chg %	YTD chg %	12m FWD PE	25 EPS growth
NESTLE SA-REG	226	7.5	8.5	18.1	-9%
L'OREAL	190	-3.5	4.3	26.5	1%
UNILEVER PLC	128	2.8	1.3	16.9	0%
BRIT AMER TOBACC	105	10.4	47.4	11.8	-6%
ANHEUSER-BUSCH I	100	8.7	15.7	15.6	5%
DANONE	54	4.1	21.3	19.6	5%
DIAGEO PLC	47	2.8	-27.1	14.5	
RECKITT BENCKISE	45	2.3	22.1	16.1	0%
HEINEKEN NV	41	5.8	3.0	14.1	-5%
COCA-COLA EUROPA	36	6.0	21.3	18.4	3%

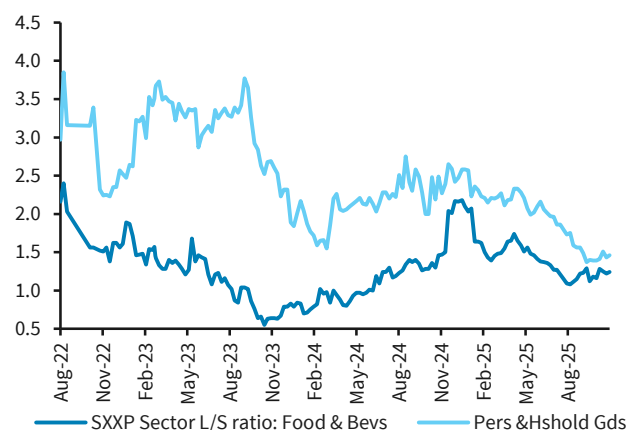
Top 10 = largest by mkt cap

Source: IBES, LSEG Data & Analytics, Barclays Research

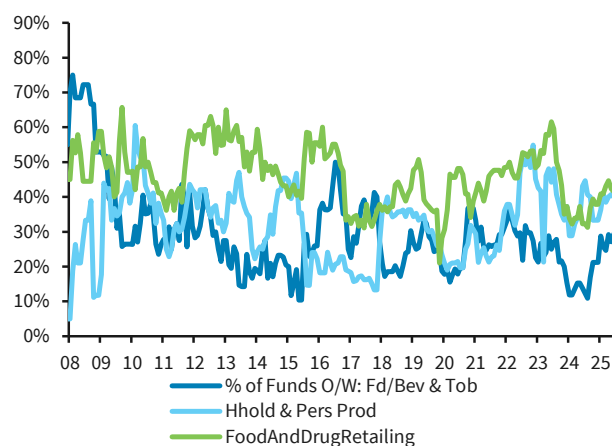
FIGURE 181. Price and EPS progression largely in line over the last couple of years



Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 182. L/S ratio has steadily declined ytd across staples sub-sectors

Source: Hazeltree, Barclays Research

FIGURE 183. % of funds o/w HPC remains above average, as Food retailing and Food/Beverages see resumed interest

Source: EPFR, LSEG Data & Analytics, Barclays Research

Communication Services - UW

FIGURE 184. Comm svcs sector returns, earnings and valuations

Comm Svcs		RSI =		35
Return	1m	3m	YTD	12m
Abs	-4%	-6%	6%	3%
Rel	-7%	-12%	-7%	-10%
EPS	F12m Gro	3m Mom	T12m Mom	PEG
Abs	16%	3%	-16%	1.0
Rel	5%	2%	-12%	
Valuation	P/E	P/B	ROE	Div Y
Abs	16.3	2.3	12.3%	3.0%
%ile	65%	86%	66%	28%
Rel	1.1	1.0	-1.6%	
%ile	67%	81%	44%	

Source: LSEG Data & Analytics, Bloomberg, Barclays Research

FIGURE 185. Top 10 Comm Svcs stocks snapshot

Comm Svcs	Mcap (€bn)	1m chg %	YTD chg %	12m FWD PE	25 EPS growth
DEUTSCHE TELEKOM	133	-8.7	-6.3	12.4	4%
SPOTIFY TECHNOLO	114	-6.7	43.0	49.0	22%
UNIVERSAL MUSIC	41	-2.6	-8.7	20.9	4%
ORANGE	38	4.2	47.1	12.7	-6%
SWISSCOM AG-REG	34	2.2	19.0	22.9	-16%
VODAFONE GROUP	26	12.7	41.0	12.1	
PUBLICIS GROUPE	22	4.5	-16.7	10.9	3%
TELEFONICA	21	-16.2	-6.7	11.8	-27%
BT GROUP PLC	20	-2.3	25.2	10.2	
CELLNEX TELECOM	19	-11.2	-14.1	126.5	

Top 10 = largest by mkt cap

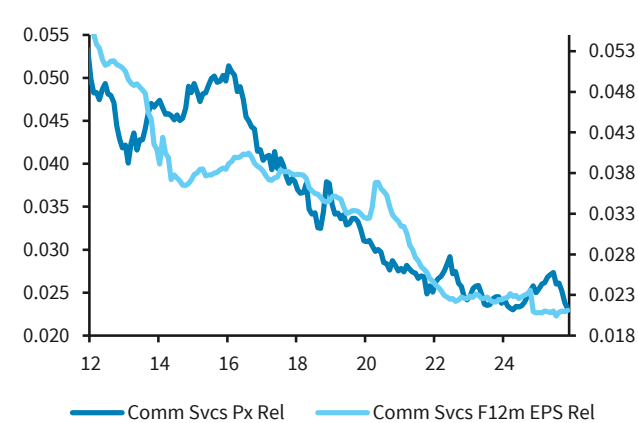
Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 186. Valuations are not expensive anymore



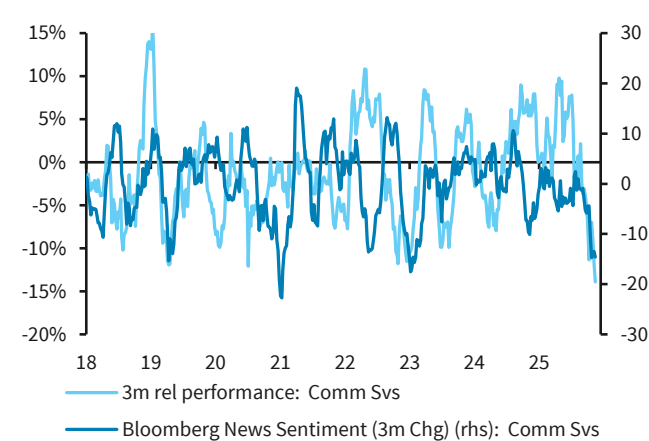
Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 187. Performance is broadly in line with the sector fundamentals



Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 188. Comm Services underperformance has been in line with deteriorating news sentiment



Source: Bloomberg, Barclays Research

FIGURE 189. Positioning is Telcos slightly below the averages



Source: EPFR, LSEG Data & Analytics, Barclays Research

Real Estate - UW

FIGURE 190. Real Estate sector returns, earnings and valuations

Real Est				
RSI = 50				
Return	1m	3m	YTD	12m
Abs	2%	-2%	1%	-3%
Rel	-1%	-9%		-16%
EPS	F12m Gro	3m Mom	T12m Mom	PEG
Abs	6%	1%	2%	2.6
Rel	-6%	-1%	7%	
Valuation	P/E	P/B	Div Y	
Abs	14.4	1.0	3.3%	
%ile	13%	38%	22%	
Rel	0.9	0.7		
%ile	43%	64%		

Source: LSEG Data & Analytics, Bloomberg, Barclays Research

FIGURE 192. Real Estate valuation remains cheap



Source: IBES, LSEG Data & Analytics, Barclays Research

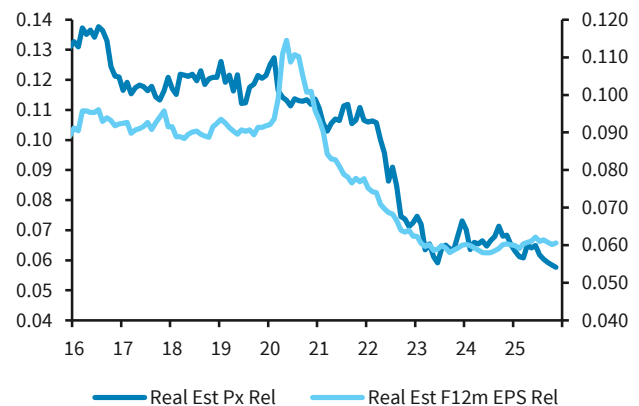
FIGURE 191. Top Real Estate stocks snapshot

Real estate	Mcap (€bn)	1m chg %	YTD chg %	12m FWD PE	25 EPS growth
VONOVIA SE	22	-5.2	-12.2	11.2	41%
UNIBAIL-RODAMCO-	13	3.8	25.7	9.8	-4%
SEGRO PLC	11	12.6	4.3	19.2	5%
SWISS PRIME -REG	10	3.6	17.0	29.9	-3%
KLEPIERRE	10	6.6	22.6	12.4	3%
GECINA SA	6	-1.2	-10.5	12.0	4%
COVIVIO	6	-0.4	14.0	11.8	4%
LAND SECURITIES	5	10.1	10.6	12.3	

Top stocks = largest by mkt cap

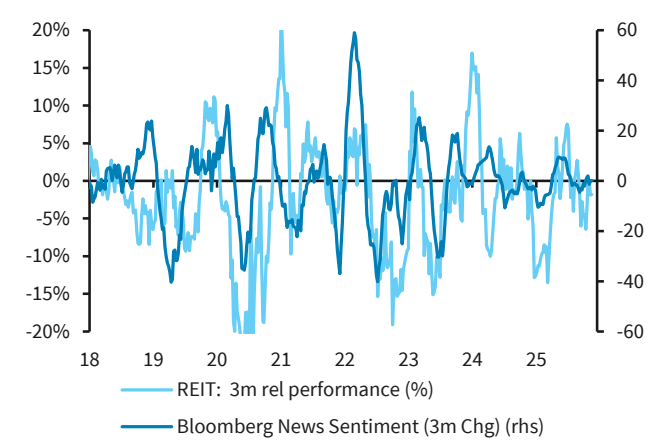
Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 193. Real Estate's performance is broadly in line with its EPS



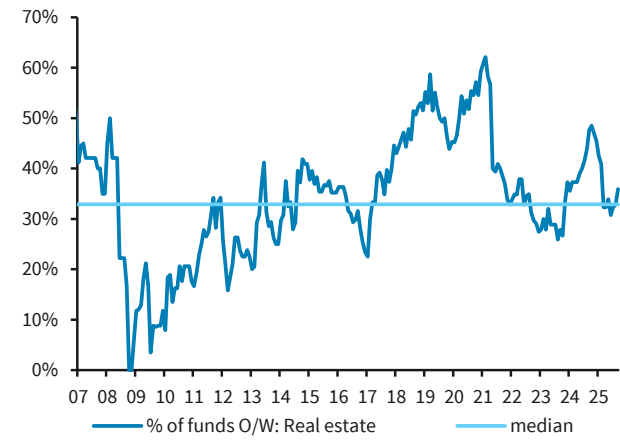
Source: IBES, LSEG Data & Analytics, Barclays Research

FIGURE 194. Sentiment around Real Estate has been muted, signalling subdued sector performance



Source: Bloomberg, Barclays Research

FIGURE 195. Real Estate ownership back to median levels



Source: EPFR, LSEG Data & Analytics, Barclays Research

Appendix

Snapshot of Equity Strategy Thematic baskets from our 2026 Outlook report

FIGURE 196. List of baskets from Themes and Surprises section earlier in the report and Appendix section

Ticker	Basket name	Current rec.	New/Rebal
BCERAIEN	European AI enablers	Long	New
BCERAILO	European AI losers	Short	New
BCERGERE	Germany revival	Long	Rebalanced
BCEUSHCY	EU Short cycle	Long	Rebalanced
BCEUEUEX	EU exporters	Long	Rebalanced
BCEUCHIN	EU China exposure	Long	Rebalanced
BCERFRDO	French domestic exposure	Short	New
BCEUEREM	EM Exposure	BNR	Rebalanced
BCERUKCR	Ukraine ceasefire & reconstruction	Long	Rebalanced
BCEUEDOM	EU domestic exposure	BNR	Rebalanced
BCEUUKEX	UK exporters	BNR	Rebalanced
BCEUUKDM	UK domestics	BNR	Rebalanced
BCEREUIL	EU Inflation positive correlation	BNR	New
BCEREUIS	EU Inflation negative correlation	BNR	New
BCEREUDL	EU Duration positive correlation	BNR	New
BCEREUDS	EU Duration negative correlation	BNR	New

Notes: Baskets highlighted in grey are from Appendix section and the rest in Themes and surprises section. Recommendation definitions Long Basket: The certifying analyst(s) have a positive view on the relevant theme; Short Basket: The certifying analyst(s) have a negative view on the relevant theme; Basket Not Recommended (BNR): The certifying analyst(s) have no view on the relevant theme. Barclays thematic baskets discussed in this publication have been designed to provide an objective framework for institutional investors to independently assess and manage their portfolio exposure to the relevant theme. However, a thematic basket is not a recommendation to invest in any particular security that is a constituent of the basket in isolation. To see fundamental stock and bond recommendations from our Equity and Credit Research Analysts, please go to <https://live.barcap.com/go/research/Recommendations>
Source: Barclays Research

EM Exposure

Our approach for EM exposure basket (BCEUEREM) is based on Stoxx 600 as the universe with at least 50% exposure to EM markets. Additionally, we include market cap and liquidity filters of €3bn and €3mn respectively.

FIGURE 197. EM exposure basket was up largely in line with EM markets seeing strong gains ytd

Source: LSEG Data & Analytics, Barclays Research

FIGURE 198. Barclays EM exposure basket (BCEUEREM) - BNR

Ticker	Name	Sector	Mkt Cap (bn EUR)	EM Sales exposure (%)
FRES LN	Fresnillo	Met&Mining	19.5	100%
GTT FP	GTT	Energy	6.7	98%
SBMO NA	SBm Offshore	Energy	3.9	97%
RUI FP	Rubis	Util's	3.4	87%
ASML NA	ASML Holding	Semis	346.8	76%
STAN LN	Standard Chartered	Banks	42.4	76%
SPM IM	Saipem	Energy	4.7	75%
TE FP	Technip Energies	Energy	6.4	72%
PRU LN	Prudential	Insurance	31.6	72%
BBVA SM	BBVA	Banks	108.8	71%
MYCR SS	Mycronic	Tech H'ware	3.9	69%
AAL LN	Anglo American	Met&Mining	38.5	68%
RIO LN	Rio Tinto	Met&Mining	104.7	67%
DKSH SW	Dksh Holding	Cap Goods	3.9	64%
KCR FH	Konecranes	Machinery	6.7	64%
DSH GR	Delivery Hero	Cons Svs	5.4	63%
BIM FP	Biomerieux	H'care Eqpt	12.9	63%
ABI BB	Anheuser-Busch Inbev	Food/Bev/Tob	112.8	61%
VACN SW	VAT Group	Machinery	11.1	61%
BESI NA	BESI	Semis	11.2	58%
METSO FH	Metso Corporation	Machinery	12.0	55%
SKFB SS	SKF	Machinery	10.0	53%
MONC IM	Moncler	Cons Dur/App	16.2	53%
HSBA LN	HSBC Holdings	Banks	216.5	53%
GLEN LN	Glencore	Met&Mining	49.5	52%
RMS FP	Hermes Intl.	Cons Dur/App	232.3	52%
IFX GR	Infineon Technologies	Semis	48.8	52%
UHR SW	The Swatch Group	Cons Dur/App	10.1	52%
STMPA FP	Stmicroelectronics	Semis	18.9	51%
VPK NA	Koninklijke Vopak	Energy	4.4	51%
FLS DC	Flsmidth And B	Machinery	3.4	51%
AKZA NA	Akzo Nobel	Chem's	10.0	50%

Note: Revenue exposure data based on company filings and Factset estimate
Source: Factset, Bloomberg, Company Financials, Barclays Research

Ukraine ceasefire & reconstruction

Rebuilding Ukraine would be one of the largest construction undertakings in recent years. This would be highly commodity-intensive, especially for steel & cement, to restore buildings and infrastructure. There might be secondary benefits from a ceasefire, if elevated energy prices in Europe were to potentially come down. The names below are exposed to this theme and we think the basket (BCERUKCR) could benefit from ceasefire and potential reconstruction in Ukraine

FIGURE 199. Ukraine ceasefire basket saw strong gains, as the names benefited from cyclical laggards recovery in Q3'25

Source: LSEG Data & Analytics, Barclays Research

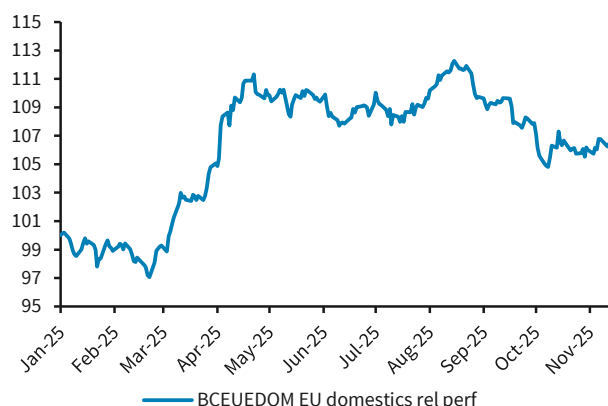
FIGURE 200. Ukraine ceasefire and reconstruction beneficiaries (BCERUKCR) - Long

BBG Ticker	Security Name	Sector Name	Mcap (€bn)
RBI AV	Raiffeisen Bank International	Financials	10.7
UCG IM	UniCredit SpA	Financials	102.9
PEO PW	Bank Polska Kasa Opieki SA	Financials	12.0
EBS AV	Erste Group Bank AG	Financials	37.9
ROCKB DC	ROCKWOOL A/S	Industrials	6.1
RYA ID	Ryanair Holdings PLC	Industrials	28.6
LHA GY	Deutsche Lufthansa AG	Industrials	9.2
WIZZ LN	Wizz Air Holdings Plc	Industrials	1.2
FIA1S FH	Finnair Oyj	Industrials	0.5
HEI GY	Heidelberg Materials AG	Materials	36.8
HOLN SW	Holcim AG	Materials	44.4
CRH LN	CRH PLC	Materials	66.0
BZU IM	Buzzi SpA	Materials	9.9
BAS GY	BASF SE	Materials	38.4
EVK GY	Evonik Industries AG	Materials	6.4
LXS GY	LANXESS AG	Materials	1.5
FXPO LN	Ferrexpo PLC	Materials	0.3
APAM NA	APERAM SA	Materials	2.2
ENEL IM	Enel SpA	Utilities	2.0
EOAN GY	E.ON SE	Utilities	42.0

Source: Bloomberg, Barclays Research

EU domestics

Universe for basket is MSCI EMU with filters of €3bn mcap and €3mn 90d ADV and sector weights capped at 30%. Additional criteria of EU revenues >50% and positive correlation with EURUSD.

FIGURE 201. EU domestics moved sideways after early gains in the year

Source: Bloomberg, Barclays Research

FIGURE 202. BC EU Domestics (BCEUEDOM) - BNR

Ticker	Name	Sector	Mkt Cap (bn EUR)	EU Sales exposure (%)
RHM GR	Rheinmetall	A&D	80.2	61%
RNO FP	Renault	Autos&Comp	10.8	69%
BAMI IM	Banco Bpm	Banks	20.3	100%
FBK IM	Fincobank Spa	Banks	13.2	100%
BPE IM	Bper Banca	Banks	21.3	100%
BKT SM	Bankinter 'R'	Banks	12.5	100%
KBC BB	Kbc Group	Banks	45.9	100%
BMPS IM	Banca Monte Dei Paschi	Banks	26.3	100%
CABK SM	Caixabank	Banks	67.9	99%
EBS AV	Erste Group Bank	Banks	38.4	98%
FGR FP	Eiffage	Cap Goods	10.8	90%
DG FP	Vinci	Cap Goods	70.1	66%
KSP ID	Kingspan Group	Cap Goods	12.8	56%
RAND NA	Randstad	Comm Prof Sv	6.3	64%
NESTE FH	Neste	Energy	14.1	56%
TTE FP	Totalenergies	Energy	123.2	51%
BMED IM	Banca Mediolanum	Fin Svs	14.3	100%
AMUN FP	Amundi (Wi)	Fin Svs	13.9	58%
FRE GR	Fresenius	H'care Eqpt	27.8	69%
ASRNL NA	Asr Nederland	Insurance	12.2	100%
EVD GR	Cts Eventim	Media	7.7	80%
GFC FP	Gecina	REIT	6.2	100%
LI FP	Klepierre Reit	REIT	9.8	94%
COV FP	Covivio	REIT	6.2	94%
URW FP	Unibail Rodamco We Stapled Uni	REIT	13.1	71%
DIE BB	D Ieteren Group	Retailing	8.3	96%
ZAL GR	Zalando	Retailing	6.2	94%
INPST NA	Inpost	Transport	5.4	90%
RYA ID	Ryanair Holdings	Transport	28.5	74%
ADP FP	Adp	Transport	12.2	69%
LHA GR	Deutsche Lufthansa	Transport	9.3	52%
ENGI FP	Engie	Util's	52.5	75%
ENEL IM	Enel	Util's	90.9	71%
VIF FP	Veolia Environ	Util's	21.8	55%

Note: Revenue exposure data based on company filings and Factset estimate
Source: Factset, Bloomberg, Company Financials, Barclays Research

UK exporters and domestics

Universe for baskets is FTSE350 with filters of €1bn mcap and €5mn 90d ADV for exporters and domestics alike. For UK exporters (BCEUUKEX) we add additional criteria of non-UK revenues of >50% with negative correlation with GBPUSD and UK domestics (BCEUUKDM) with UK revenues of >50% and positive correlation with GBPUSD.

FIGURE 203. BC UK Exporters (BCEUUKEX) - BNR

Ticker	Name	Sector	Mkt Cap (bn EUR)	Non-UK Sales exposure (%)
BA/ LN	Bae Systems	A&D	61.1	73%
HSBA LN	Hsbc Holdings	Banks	216.8	81%
BNZL LN	Bunzl	Cap Goods	8.2	88%
DCC LN	Dcc	Cap Goods	5.3	68%
CRDA LN	Croda International	Chem's	4.5	98%
REL LN	Relx	Comm Prof Svs	65.8	94%
RTO LN	Rentokil Initial	Comm Prof Svs	11.6	93%
ITRK LN	Intertek Group	Comm Prof Svs	8.9	93%
EXPN LN	Experian	Comm Prof Svs	35.3	88%
CPG LN	Compass Group	Cons Svs	47.6	92%
PSON LN	Pearson	Cons Svs	7.2	86%
LSEG LN	London Stock Exchange Group	Fin Svs	53.1	68%
BATS LN	British American Tobacco	Food/Bev/Tob	105.1	99%
TATE LN	Tate & Lyle	Food/Bev/Tob	2.0	97%
DGE LN	Diageo	Food/Bev/Tob	46.9	93%
IMB LN	Imperial Brands	Food/Bev/Tob	29.3	88%
SN/ LN	Smith & Nephew	H'care Eqpt	12.2	96%
CTEC LN	Convatec Group	H'care Eqpt	5.3	94%
ULVR LN	Unilever (Uk)	HPC	127.3	96%
RKT LN	Reckitt Benckiser Group	HPC	45.0	94%
HSX LN	Hiscox Di	Insurance	5.1	81%
SPX LN	Spirax Group	Machinery	5.9	93%
RIO LN	Rio Tinto	Met&Mining	104.7	100%
HIK LN	Hikma Pharmaceuticals	Pharma	4.0	99%
GSK LN	Glaxosmithkline	Pharma	83.1	98%
HLN LN	Haleon	Pharma	37.9	97%
AZN LN	Astrazeneca	Pharma	235.6	91%
SGE LN	The Sage Group	S'ware	12.3	79%
HLMA LN	Halma	Tech H'ware	14.6	86%
VOD LN	Vodafone Group	Telcos	25.7	81%

Note: Revenue exposure data based on company filings and Factset estimate
Source: Factset, Bloomberg, Company Financials, Barclays Research

FIGURE 204. BC UK Domestic (BCEUUKDM) - BNR

Ticker	Name	Sector	Mkt Cap (bn EUR)	UK Sales exposure (%)
BAB LN	Babcock International	A&D	6.6	71%
LLOY LN	Lloyds Banking Group	Banks	63.7	100%
NWG LN	Natwest Group	Banks	56.5	85%
MGNS LN	Morgan Sindall Group	Cap Goods	2.4	100%
TPK LN	Travis Perkins	Cap Goods	1.5	98%
HWDN LN	Howden Joinery Gp.	Cap Goods	5.1	97%
BTRW LN	Barratt Redrow	Cons Dur/App	6.4	100%
BWY LN	Bellway	Cons Dur/App	3.7	100%
VTY LN	Vistry Group	Cons Dur/App	2.4	100%
PSN LN	Persimmon	Cons Dur/App	4.5	100%
BKG LN	Berkeley Group Holdings (The)	Cons Dur/App	4.4	100%
TW/ LN	Taylor Wimpey	Cons Dur/App	4.1	95%
GRG LN	Greggs	Cons Svs	1.8	100%
WTB LN	Whitbread	Cons Svs	5.6	91%
ST J LN	St.James'S Place Ord	Fin Svs	8.1	100%
MNG LN	M&G	Fin Svs	7.4	86%
ABDN LN	Aberdeen Group	Fin Svs	4.3	75%
INVP LN	Investec	Fin Svs	6.3	53%
JUST LN	Just Group	Insurance	2.5	100%
PHNX LN	Phoenix Group Hdg.	Insurance	7.8	96%
LGDN LN	Legal & General	Insurance	15.7	82%
BEZ LN	Beazley	Insurance	6.1	78%
AV/ LN	Aviva	Insurance	23.9	73%
AUTO LN	Auto Trader Group	Media	7.0	100%
RMV LN	Rightmove	Media	4.9	99%
ITV LN	Itv	Media	3.5	63%
BLND LN	British Land	REIT	4.5	100%
UTG LN	Unite Group	REIT	3.1	100%
LMP LN	Londonmetric Property	REIT	5.2	100%
BBOX LN	Tritax Big Box Reit	REIT	4.7	100%
LAND LN	Land Securities Group	REIT	5.4	100%
SGRO LN	Segro	REIT	11.2	77%
NXT LN	Next	Retailing	19.8	82%
SBRY LN	Sainsbury J	Staples Retailing	8.8	100%
MKS LN	Marks & Spencer Group	Staples Retailing	8.6	82%
TSCO LN	Tesco	Staples Retailing	33.0	81%
EZJ LN	Easyjet	Transport	4.0	55%
DRX LN	Drax Group	Util's	2.8	96%
CNA LN	Centrica	Util's	9.1	82%

Note: Revenue exposure data based on company filings and Factset estimate
Source: Factset, Bloomberg, Company Financials, Barclays Research

Inflation baskets

Our universe for these baskets is Stoxx 600 ex Banks with liquidity filters of €5bn in market cap and €3mn 90 ADV. We have one basket of stocks (BCEREUIL) whose constituents have historically shown a positive correlation to EU CPI inflation, and a second basket of stocks (BCEREUIS) whose constituents have historically shown a negative correlation to inflation.

FIGURE 205. EU Inflation positive correlation (BCEREUIL) - BNR

Ticker	Name	Sector	Mkt Cap (bn EUR)
BNZL LN	Bunzl	Cap Goods	8.1
DPLM LN	Diploma	Cap Goods	8.2
EXPN LN	Experian	Comm Prof Svs	34.9
DMER GR	Delivery Hero	Cons Svs	5.8
ENT LN	Entain	Cons Svs	5.4
ADYEN NA	Adyen	Fin Svs	45.7
DB1 GR	Deutsche Boerse	Fin Svs	39.1
EQT SS	Eqt	Fin Svs	38.2
ENX FP	Euronext	Fin Svs	12.9
AAK SS	Aak	Food/Bev/Tob	6.4
ALC SW	Alcon Ord Shs	H'care Eqpt	34.1
BIM FP	Biomerieux	H'care Eqpt	12.8
COLOB DC	Coloplast B	H'care Eqpt	18.3
DEMANT DC	Demant	H'care Eqpt	6.4
ESSITYB SS	Essity B	HPC	16.8
AUTO LN	Auto Trader Group	Media	6.8
AZN LN	Astrazeneca	Pharma	235.2
BALDB SS	Fastighets Balder B	REIT	7.3
AG1 GR	Auto1 Group	Retailing	5.8
BESI NA	Be Semiconductor Industries	Semis	11.1
AXFO SS	Axfood	Staples Retailing	5.3
DSY FP	Dassault Systemes	S'ware	32.7
CLNX SM	Cellnex Telecom	Telcos	18.6
DSV DC	Dsv	Transport	46.5
A2A IM	A2A	Util's	7.7
EOAN GR	E On N	Util's	40.1
EDP PL	Edp Energias De Portugal	Util's	16.1
EDPR PL	Edp Renovaveis	Util's	12.3
ELI BB	Elia Group	Util's	13.6
ENEL IM	Enel	Util's	91.0

Source: Bloomberg, LSEG Data & Analytics, Barclays Research

FIGURE 206. EU Inflation negative correlation (BCEREUIS) - BNR

Ticker	Name	Sector	Mkt Cap (bn EUR)
CON GR	Continental	Autos&Comp	13.0
ACS SM	Acs Activ.Constr.Y Serv.	Cap Goods	21.4
ASSAB SS	Assa Abloy B	Cap Goods	36.5
FGR FP	Eiffage	Cap Goods	11.1
BTRW LN	Barratt Redrow	Cons Dur/App	6.2
EVO SS	Evolution	Cons Svs	12.1
AZM IM	Azimut Holding	Fin Svs	4.5
BGN IM	Banca Generali	Fin Svs	6.2
BMED IM	Banca Mediolanum	Fin Svs	14.3
ENX FP	Euronext	Fin Svs	12.9
AAK SS	Aak	Food/Bev/Tob	6.4
ABF LN	Associated Brit.Foods	Food/Bev/Tob	18.1
CTEC LN	Convatec Group	H'care Eqpt	5.6
DEMANT DC	Demant	H'care Eqpt	6.4
ESSITYB SS	Essity B	HPC	16.8
ADM LN	Admiral Group	Insurance	10.9
AGS BB	Ageas (Ex-Fortis)	Insurance	11.6
BALN SW	Baloise Holding	Insurance	10.4
EVD GR	Cts Eventim	Media	7.7
BOL SS	Boliden Ord Shs	Met&Mining	11.4
ALKB DC	Alk-Abello B	Pharma	6.9
ARGX BB	Argenx	Pharma	47.2
COV FP	Covivio	REIT	6.3
BALDB SS	Fastighets Balder B	REIT	7.3
ALE PW	Allegro	Retailing	8.7
ASM NA	Asm International	Semis	25.6
BESI NA	Be Semiconductor Industries	Semis	11.1
CA FP	Carrefour	Staples Retailing	9.9
DNP PW	Dino Polska Sa	Staples Retailing	9.8
AD NA	Koninklijke Ahold Delhaize	Staples Retailing	32.5
ERICB SS	Ericsson B	Tech H'ware	29.1
BT/A LN	Bt Group	Telcos	20.3
CLNX SM	Cellnex Telecom	Telcos	18.6
AENA SM	Aena Sme	Transport	34.5
DHL GR	Deutsche Post	Transport	53.6
EDPR PL	Edp Renovaveis	Util's	12.3

Source: Bloomberg, LSEG Data & Analytics, Barclays Research

Duration baskets

Our universe for these baskets is Stoxx 600 ex Banks with liquidity filters of €5bn in market cap and €3mn 90 ADV. We have one basket of stocks (BCEREUDL) whose constituents have historically shown a positive correlation to German bond yields and a second basket of stocks (BCEREUDS) whose constituents have historically shown a negative correlation to yields.

FIGURE 207. EU Duration positive correlation (BCEREUDL) - BNR

Ticker	Name	Sector	Mkt Cap (bn EUR)
AIR FP	Airbus	A&D	169.1
CON GR	Continental	Autos&Comp	13.1
P911 GR	Dr Ing Hc F Porsche Pref.	Autos&Comp	20.7
ADDTB SS	Addtech B	Cap Goods	7.6
AHT LN	Ashtead Group	Cap Goods	24.3
EN FP	Bouygues	Cap Goods	15.0
FGR FP	Eiffage	Cap Goods	10.5
BAS GR	Basf	Chem's	38.2
DSFIR NA	Dsm Firmenich	Chem's	18.8
ELIS FP	Elis	Comm Prof S'	5.7
BTRW LN	Barratt Redrow	Cons Dur/App	6.1
BZU IM	Buzzi	Const Mats	10.0
ABBN SW	Abb Ltd N	Electricals	118.7
ALFA SS	Alfa Laval	Machinery	17.1
ALO FP	Alstom	Machinery	10.0
ATCOA SS	Atlas Copco A	Machinery	49.1
BOL FP	Bolloré	Media	13.6
CDR PW	Cd Projekt	Media	6.0
EVD GR	Cts Eventim	Media	7.4
ANTO LN	Antofagasta	Met&Mining	31.3
MT NA	Arcelormittal	Met&Mining	28.3
NDA GR	Aurubis	Met&Mining	5.1
BOL SS	Boliden Ord Shs	Met&Mining	11.1
BALDB SS	Fastighets Balder B	REIT	7.0
AVOL SW	Avolta Ag	Retailing	6.7
DIE BB	D Ieteren Group	Retailing	8.5
ASM NA	Asm International	Semis	27.7
BESI NA	Be Semiconductor Industries	Semis	12.0
CAP FP	Capgemini	S'ware	22.9
AYV FP	Ayvens	Transport	9.5

Source: Bloomberg, LSEG Data & Analytics, Barclays Research

FIGURE 208. EU Duration negative correlation (BCEREUDS) - BNR

Ticker	Name	Sector	Mkt Cap (bn EUR)
BNZL LN	Bunzl	Cap Goods	8.1
DPLM LN	Diploma	Cap Goods	8.2
EXPN LN	Experian	Comm Prof Svs	34.9
DMER GR	Delivery Hero	Cons Svs	5.7
ENT LN	Entain	Cons Svs	5.4
ADYEN NA	Adyen	Fin Svs	45.7
DB1 GR	Deutsche Boerse	Fin Svs	39.2
EQT SS	Eqst	Fin Svs	38.0
ENX FP	Euronext	Fin Svs	12.9
AAK SS	Aak	Food/Bev/Tob	6.4
ALC SW	Alcon Ord Shs	H'care Eqpt	34.4
BIM FP	Biomerieux	H'care Eqpt	12.9
COLOB DC	Coloplast B	H'care Eqpt	18.3
DEMANT DC	Demant	H'care Eqpt	6.4
ESSITYB SS	Essity B	HPC	16.8
AUTO LN	Auto Trader Group	Media	6.8
AZN LN	Astrazeneca	Pharma	235.0
BALDB SS	Fastighets Balder B	REIT	7.3
AG1 GR	Auto1 Group	Retailing	5.8
BESI NA	Be Semiconductor Industries	Semis	11.0
AXFO SS	Axfood	Staples Retailing	5.3
DSY FP	Dassault Systemes	S'ware	32.7
CLNX SM	Cellnex Telecom	Telcos	18.6
DSV DC	Dsv	Transport	46.4
A2A IM	A2A	Util's	7.7
EOAN GR	E On N	Util's	40.1
EDP PL	Edp Energias De Portugal	Util's	16.1
EDPR PL	Edp Renovaveis	Util's	12.3
ELI BB	Elia Group	Util's	13.6
ENEL IM	Enel	Util's	91.0

Source: Bloomberg, LSEG Data & Analytics, Barclays Research

Equity Strategy Thematic baskets

FIGURE 209. Equity Strategy Thematic baskets

Ticker	Basket name	Current rec.	Further reading	Ticker	Basket name	Current rec.	Further reading
BCEUTRAD	US tariff-exposed	Long	Recalibrating tariffs & recession risk, 14 May 2025	BCEUEDOM	EU Domestic	BNR	Present publication
BCEUEUX	EU exporters	Long	Present publication	BCEUERCB	Rate cut winners	BNR	What next after the first cut?, 18 Sept 2024
BCERUKCR	Ukraine ceasefire / reconstruction	Long	Present publication	BCEUERHB	Rate hike winners	BNR	Benign credit, rate cuts: Who benefits in equity space?
BCEUBUYB	Buyback	Long	Resilience amid uncertainty – June Chart Pack, 4 June 2025	BCEUECON	SXXP consumer	BNR	On edge – July Chart Pack, 3 July 2024
BCEUEHDR	High debt risk	Short	Credit risk and impact on EU equities, 22 Oct 2025	BCEUEUMI	Margin resiliency & improvers	BNR	Profit margins can stay high for longer, 20 March 2024
BCEUELDR	Low debt risk	Long	Credit risk and impact on EU equities, 22 Oct 2025	BCEUEUSM	Stretched margins	BNR	Profit margins can stay high for longer, 20 March 2024
BCEUEUMA	M&A screen	BNR	M&A/capital market activity on the way up, 24 Jan 2024	BCEUCYRE	Cyclical recovery	BNR	Europe's cyclical recovery plausible, 14 Feb 2024
BCERGERE	Germany revival	Long	Present publication	BCEUDINF	European Disinflation	BNR	Equity Market Review - Disinflation mostly good news
BCEUUKEX	UK exporters	BNR	Present publication	BCEUEUCR	Europe credit risk	BNR	Late-cycle conundrum – May Chart Pack, 3 May 2023
BCEUUKDM	UK domestics	BNR	Present publication	BCEUEESG	ESG	BNR	Higher, but not better – April Chart Pack, 5 Apr 2023
BCEUEREM	EM exposure	BNR	Present publication	BCEUCAPX	Capex beneficiaries	BNR	Tricky path to the new cycle, 21 Nov 2022
BCEUCHIN	China exposure	Long	Present publication	BCEUEIDB	Energy security	BNR	Tricky path to the new cycle, 21 Nov 2022
NA	India exposure	BNR	India Part I - Right Place, Right Time, 9 Nov 2023	BCEUECYC	Cyclicals	BNR	European Equity Strategy: 2021 Outlook - Return to normality, 24 Nov 2020
BCERGLAI	Global AI winners	Long	Resilience amid uncertainty – June Chart Pack, 4 June 2025	BCEUEUDR	EU domestic stimulus	BNR	Playing catch-up, and maybe more, 10 June 2020
BCERAIEN	European AI enablers	Long	Present publication	BCEREUIL	EU inflation positive correl	BNR	Present publication
BCERAILO	European AI losers	Short	Present publication	BCEREUIS	EU inflation negative correl	BNR	Present publication
BCEUEGIP	EU Green Industrial Plan	BNR	Wall of worry - May chart pack, 7 May 2025	BCEREUDL	EU duration positive correl	BNR	Present publication
BCEUSHCY	Short cycle	Long	Present publication	BCEREUDS	EU duration negative correl	BNR	Present publication
BCERFRDO	French domestic exposure	Short	Present publication				

Recommendation definitions - Long Basket: The certifying analyst(s) have a positive view on the relevant theme; Short Basket: The certifying analyst(s) have a negative view on the relevant theme; Basket Not Recommended (BNR): The certifying analyst(s) have no view on the relevant theme. Barclays thematic baskets discussed in this publication have been designed to provide an objective framework for institutional investors to independently assess and manage their portfolio exposure to the relevant theme. However, a thematic basket is not a recommendation to invest in any particular security that is a constituent of the basket in isolation. To see fundamental stock and bond recommendations from our Equity and Credit Research Analysts, please go to <https://live.barcap.com/go/research/Recommendations>

Source: Barclays Research

Analyst Certifications

Analyst Certifications pertaining to COVER

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Analyst Certifications pertaining to European Energy Services

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Analyst Certifications pertaining to European Banks

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Analyst Certifications pertaining to European Insurance

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Analyst Certifications pertaining to European Construction, Building Materials & Infrastructure

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Marketweight (MW): The performance of the MSCI Europe sector is expected to perform in line with the MSCI Europe index in the next 3-6 months.

Underweight (UW): The performance of the MSCI Europe sector is expected to underperform the MSCI Europe index in the next 3-6 months.

Guide to the Barclays Fundamental Equity Research Rating System:

Our coverage analysts use a relative rating system in which they rate stocks as Overweight, Equal Weight or Underweight (see definitions below) relative to other companies covered by the analyst or a team of analysts that are deemed to be in the same industry (the “industry coverage universe”).

In addition to the stock rating, we provide industry views which rate the outlook for the industry coverage universe as Positive, Neutral or Negative (see definitions below). A rating system using terms such as buy, hold and sell is not the equivalent of our rating system. Investors should carefully read the entire research report including the definitions of all ratings and not infer its contents from ratings alone.

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Overweight - The stock is expected to outperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

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Positive - industry coverage universe fundamentals/valuations are improving.

Neutral - industry coverage universe fundamentals/valuations are steady, neither improving nor deteriorating.

Negative - industry coverage universe fundamentals/valuations are deteriorating.

Below is the list of companies that constitute the “industry coverage universe”:

European Aerospace & Defence

Airbus (AIR.PA)	Avon Technologies PLC (AVON.L)	BAE Systems (BAES.L)
Hensoldt AG (HAGG.DE)	Leonardo (LDOF.MI)	Melrose Industries PLC (MRON.L)
MTU Aero Engines (MTXGn.DE)	Qinetiq Group PLC (QQ.L)	Rheinmetall (RHMG.DE)
Saab AB (SAABb.ST)	Safran (SAF.PA)	Thales (TCFP.PA)

European Autos & Auto Parts

Aston Martin Lagonda plc (AML.L)	BMW AG (BMWG.DE)	Continental (CONG.DE)
Daimler Truck (DTGGGe.DE)	Dowlais (DWL.L)	Ferrari N.V. (RACE.MI)
FORVIA (FRVIA.PA)	Gestamp (GEST.MC)	Mercedes-Benz Group AG (MBGn.DE)
Michelin (MICP.PA)	Porsche AG (P911_p.DE)	Porsche Automobil Holding SE (PSHG_p.DE)
Renault SA (RENA.PA)	Stellantis N.V. (STLAM.MI)	TRATON (8TRA.DE)
Valeo (VLOP.PA)	Volkswagen AG Prefs (VOWG_p.DE)	Volvo AB (VOLVb.ST)

European Banks

ABN AMRO (ABN.AS)	AIB Group PLC (AIBG.I)	Banco Bilbao Vizcaya Argentaria SA (BBVA.MC)
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Banco BPM (BAMI.MI)	Banco Comercial Portugues SA (BCP.LS)	Banco de Sabadell SA (SABE.MC)
Banco Santander SA (SAN.MC)	Bank of Ireland (BIRG.I)	Bank Pekao (PEO.WA)
Bankinter SA (BKT.MC)	BMPS (BMPS.MI)	BNP Paribas SA (BNPP.PA)
BPER (EMII.MI)	CaixaBank SA (CABK.MC)	Commerzbank (CBKG.DE)
Credem (EMBI.MI)	Credit Agricole SA (CAGR.PA)	Danske Bank (DANSKE.CO)
Deutsche Bank (DBKGn.DE)	DNB (DNB.OL)	Erste Group Bank AG (ERST.VI)
HSBC Holdings PLC (HSBA.L)	ING Groep (INGA.AS)	Intesa SanPaolo (ISP.MI)
Julius Baer (BAER.S)	Jyske Bank (JYSK.CO)	KBC Groep (KBC.BR)
Lloyds Banking Group PLC (LLOY.L)	Mediobanca (MDBI.MI)	Metro Bank Plc (MTRO.L)
NatWest Group plc (NWG.L)	Nordea (NDAFI.HE)	OneSavings Bank (OSBO.L)
Permanent TSB (PTSB.I)	PKO Bank Polski SA (PKO.WA)	Raiffeisen Bank International AG (RBIV.VI)
Skandinaviska Enskilda Banken (SEBa.ST)	Societe Generale SA (SOGN.PA)	Standard Chartered PLC (STAN.L)
Svenska Handelsbanken (SHBa.ST)	Swedbank (SWEDa.ST)	UBS Group AG (UBSG.S)
Unicaja Banco SA (UNI.MC)	UniCredit (CRDI.MI)	Íslandsbanki (ISB.IC)

European Business Services

Adecco Group AG (ADEN.S)	Ashtead Group (AHT.L)	Bunzl (BNZL.L)
Bureau Veritas SA (BVI.PA)	Capita plc (CPI.L)	D'Ieteren Group (IETB.BN)
Diploma (DPLM.L)	Eurofins (EUFI.PA)	Experian PLC (EXPN.L)
FDM Group (Holdings) (FDM.L)	Hays (HAYS.L)	Intertek Group plc (ITRK.L)
JTC Group (JTC.L)	PageGroup (PAGE.L)	Randstad Holding NV (RAND.AS)
Rentokil Initial (RTO.L)	RS Group (RS1.L)	Sercos Group plc (SRP.L)
SGS SA (SGSN.S)	ZIGUP plc (ZIG.L)	

European Capital Goods

ABB (ABBN.S)	Alfa Laval AB (ALFA.ST)	Alstom (ALSO.PA)
Andritz AG (ANDR.VI)	Assa Abloy (ASSAb.ST)	Atlas Copco AB (ATCOa.ST)
AutoStore (AUTO.OL)	dormakaba (DOKA.S)	Electrolux (ELUXb.ST)
Epiroc AB (EPIRa.ST)	FLSmidth & Co. (FLS.CO)	Fluidra (FLUI.MC)
GEA Group (G1AG.DE)	Jungheinrich (JUNG_p.DE)	KION (KGX.DE)
Knorr-Bremse (KBX.DE)	Kone OYJ (KNEBV.HE)	Legrand (LEGD.PA)
Metso (METSO.HE)	Nexans SA (NEXS.PA)	NIBE (NIBEb.ST)
NKT A/S (NKT.CO)	Nordex SE (NDXG.DE)	Prysmian SpA (PRY.MI)
Rational (RAAG.DE)	Rexel SA (RXL.PA)	Sandvik AB (SAND.ST)
Schindler Holding (SCHP.S)	Schneider Electric (SCHN.PA)	Siemens AG (SIEGn.DE)
Siemens Energy (ENR1n.DE)	Signify (LIGHT.AS)	SKF AB (SKFb.ST)
Trelleborg (TRELb.ST)	Valmet OYJ (VALMT.HE)	VAT Group (VACN.S)
Vestas (VWS.CO)	Wartsila (WRT1V.HE)	

European Chemicals & Ingredients

AAK (AAK.ST)	Air Liquide (AIRP.PA)	AkzoNobel (AKZO.AS)
Arkema (AKE.PA)	Azelis (AZE.BR)	BASF (BASFn.DE)
Brenntag (BNRGn.DE)	Clariant (CLN.S)	Corbion (CORB.AS)
Croda (CRDA.L)	DSM-Firmenich (DSFIR.AS)	Elementis (ELM.L)
Evonik (EVKn.DE)	Fuchs (FPE3_p.DE)	Givaudan (GIVN.S)
IMCD (IMCD.AS)	Lanxess (LXSG.DE)	Novonesis (NSISb.CO)
Solvay (SOLB.BR)	Syensqo (SYENS.BR)	Symrise (SY1G.DE)
Synthomer (SYNTS.L)	Trealt (TET.L)	Victrex (VCTX.L)
Wacker Chemie (WCHG.DE)		

European Construction, Building Materials & Infrastructure

ACS, Actividades de Construcción y Servicios, S.A. (ACS.MC)	Amrize (AMRZ.S)	Buzzi SpA (BZU.MI)
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Eiffage (FOUG.PA)	Ferrovial (FER.MC)	Geberit (GEBN.S)
Getlink (GETP.PA)	Heidelberg Materials (HEIG.DE)	Hochtief AG (HOTG.DE)
Holcim (HOLN.S)	Kingspan Group (KSP.I)	Rockwool (ROCKb.CO)
Sacyr S.A. (SCYR.MC)	Saint-Gobain (SGOB.PA)	Sika (SIKA.S)
Vicat (VCTP.PA)	Vinci (SGEF.PA)	Wienerberger (WBSV.VI)
European Consumer Staples		
AG Barr (BAG.L)	Altria Group Inc. (MO)	Anheuser-Busch InBev (ABI.BR)
Associated British Foods (ABF.L)	Barry Callebaut (BARN.S)	Beiersdorf AG (BEIG.DE)
British American Tobacco Plc (BATS.L)	C&C Group (CCR.L)	Carlsberg AS-B (CARLb.CO)
Coca-Cola Hellenic BC AG (CCH.L)	Danone (DANO.PA)	Davide Campari N.V. (CPRI.MI)
De'Longhi SpA (DLG.MI)	Diageo PLC (DGE.L)	Essity (ESSITYb.ST)
Fever-Tree Drinks PLC (FEVR.L)	Glanbia (GL9.I)	Haleon (HLN.L)
Haypp Group (HAYPP.ST)	Heineken NV (HEIN.AS)	Henkel (HNKG_p.DE)
Imperial Brands Plc (IMB.L)	Japan Tobacco Inc. (JAPAY)	JDE Peet's BV (JDEP.AS)
Kerry Group (KYGa.L)	L'Oréal SA (OREP.PA)	Leroy Seafood Group ASA (LSG.OL)
Lindt & Spruengli (LISN.S)	Logista (LOG.MC)	Mowi (MOWI.OL)
Nestle SA (NESN.S)	Orkla ASA (ORK.OL)	Pernod-Ricard SA (PERP.PA)
Philip Morris International Inc. (PM)	Puig Brands (PUIGb.MC)	Reckitt Benckiser Group PLC (RB.L)
Rémy Cointreau (RCOP.PA)	Salmar ASA (SALM.OL)	Suedzucker AG (SZUG.DE)
Tate & Lyle (TATE.L)	THG plc (THG.L)	Unilever PLC (ULVR.AS)
Unilever PLC (ULVR.L)		
European Diversified Financials		
3i Group PLC (III.L)	aberdien (ABDN.L)	AJ Bell PLC (AJBA.L)
Allfunds Group Plc (ALLFG.AS)	Amundi SA (AMUN.PA)	Ashmore Group PLC (ASHM.L)
Avanza Bank Holding AB (AVANZ.ST)	Azimut (AZMT.MI)	Banca Generali (BGN.MI)
CVC Capital Partners (CVC.AS)	Deutsche Boerse AG (DB1Gn.DE)	DWS Group (DWSG.DE)
EQT AB (EQTAB.ST)	Euronext NV (ENX.PA)	Fineco (FBK.MI)
ICG PLC (ICP.L)	IG Group (IGG.L)	IntegraFin Holdings PLC (IHPI.L)
Jupiter Fund Management (JUP.L)	Liontrust Asset Management PLC (LIO.L)	London Stock Exchange Group Plc (LSE.L)
Man Group PLC (EMG.L)	Mediolanum (BMED.MI)	Nordnet Bank AB (SAVE.ST)
Partners Group Holding AG (PGHN.S)	Pollen Street PLC (POLNP.L)	Poste Italiane (PST.MI)
Quilter PLC (QLT.L)	Rathbones Group PLC (RAT.L)	Schroders PLC (SDR.L)
European Energy Services		
ADNOC Drilling Company PJSC (ADNOCDRILL.AD)	Aker Solutions (AKSOL.OL)	Hunting (HTG.L)
Maire (MTCM.MI)	Saipem (SPMI.MI)	SBM Offshore (SBMO.AS)
Subsea 7 SA (SUBC.OL)	Technip Energies (TE.PA)	Tecnicas Reunidas (TRE.MC)
Tenaris (TENR.MI)	TGS (TGS.OL)	Vallourec (VLLP.PA)
Viridien (VIRI.PA)	Wood (WG.L)	
European Food Retail		
Ahold Delhaize (AD.AS)	Carrefour (CARR.PA)	Colruyt (COLR.BR)
Dino Polska (DNP.WA)	Jeronimo Martins (JMT.LS)	Sainsbury (J) plc (SBRY.L)
Sonae (YSO.LS)	Tesco (TSCO.L)	
European Forestry, Paper & Packaging		
Gerresheimer AG (GXIG.DE)	Holmen (HOLMb.ST)	Huhtamaki (HUH1V.HE)
Mondi (MNDI.L)	SCHOTT Pharma AG & Co. KGaA (1SXP.DE)	SIG Group (SIGNC.S)
Smurfit WestRock (SW)	Smurfit WestRock (SWR.L)	Stora Enso (STERV.HE)
Svenska Cellulosa SCA AB (SCAb.ST)	Tomra Systems ASA (TOM.OL)	UPM-KYMMENE OYJ (UPM.HE)
Ypsomed Holding AG (YPSN.S)		

European General Retail

B&M European Value Retail SA (BMEB.L)
 Kingfisher PLC (KGF.L)
 Pepco Group N.V. (PCOP.WA)

H & M Hennes & Mauritz AB (Hmb.ST)
 Marks & Spencer Group plc (MKS.L)

Inditex SA (ITX.MC)
 Next plc (NXT.L)

European Insurance

Admiral Group plc (ADML.L)
 Allianz SE (ALVG.DE)
 AXA (AXAF.PA)
 Conduit Holdings Ltd (CRE.L)
 Hannover Re (HNRGn.DE)
 Lancashire Holdings (LRE.L)
 Mapfre (MAP.MC)
 Phoenix (PHNX.L)
 Sampo (SAMPO.HE)
 Swiss Life (SLHN.S)
 Unipol (UNPI.MI)

Aegon Ltd (AEGN.AS)
 ASR Nederland NV (ASRNL.AS)
 Beazley (BEZG.L)
 Generali (GASI.MI)
 Hiscox Ltd. (HSX.L)
 Legal & General (LGEN.L)
 Munich RE (MUVGn.DE)
 Prudential Plc (PRU.L)
 SCOR (SCOR.PA)
 Swiss Re (SRENH.S)
 Zurich Insurance Group AG (ZURN.S)

Ageas N.V. (AGES.BR)
 AVIVA plc (AV.L)
 Chesnara (CSN.L)
 Gjensidige Forsikring ASA (GJFS.OL)
 Just Group (JUSTJ.L)
 M&G plc (MNG.L)
 NN (NN.AS)
 Sabre Insurance Group Plc (SBRE.L)
 St. James's Place (SJP.L)
 Tryg (TRYG.CO)

European Integrated Energy

ADNOC Distribution (ADNOCDIST.AD)
 Aker BP (AKERBP.OL)
 Equinor (EQNR.OL)
 Harbour Energy (HBR.L)
 OMV (OMVV.VI)
 Shell Plc (SHEL.L)
 Vår Energi (VAR.OL)

ADNOC Gas (ADNOCGAS.AD)
 bp (BP.L)
 Fertigllobe Plc (FERTIGLB.AD)
 Ithaca Energy (ITH.L)
 Repsol (REP.MC)
 TotalEnergies SE (TOTF.PA)

ADNOC Logistics & Services (ADNOCLS.AD)
 Eni (ENI.MI)
 Galp Energia (GALP.LS)
 Neste (NESTE.HE)
 Saudi Aramco (2222.SE)
 Tullow Oil Plc. (TLW.L)

European Internet

Allegro (ALEP.WA)
 AutoTrader (AUTOA.L)
 Delivery Hero (DHER.DE)
 HBX Group International (HBX.MC)
 IONOS (IOSn.DE)
 Naspers (NPNJn.J)
 Redcare Pharmacy (RDC.DE)
 SMG Swiss Marketplace Group (SMGC.S)
 Vend Marketplaces ASA (VEND.OL)

ASOS plc (ASOS.L)
 Baltic Classifieds Group (BCG.L)
 DocMorris (DOCM.S)
 HelloFresh SE (HFGG.DE)
 Just Eat Takeaway (TKWY.AS)
 Ocado (OCDO.L)
 Rightmove Plc (RMV.L)
 Talabat Holding Plc (TALABAT.DU)
 Zalando SE (ZALG.DE)

Auto1 (AG1G.DE)
 Boohoo (DEBS.L)
 eDreams ODIGEO SA (EDRE.MC)
 Hemnet (HEM.ST)
 MONY Group (MONY.L)
 Prosus N.V. (PRX.AS)
 Scout24 (G24n.DE)
 Trainline plc (TRNT.L)

European Leisure

Accor (ACCP.PA)
 Edenred (EDEN.PA)
 Evolution Gaming (EVOG.ST)
 Lottomatica Group S.p.A. (LTMC.MI)
 TechnoGym (TGYM.MI)

Cirsa Enterprises SA (CIRSA.MC)
 Elixir Group (ELIOR.PA)
 Flutter Entertainment (FLTRF.L)
 Pluxee (PLX.PA)
 Whitbread PLC (WTB.L)

Compass Group PLC (CPG.L)
 Entain plc (ENT.L)
 InterContinental Hotels Group Plc (IHG.L)
 Sodexo SA (EXHO.PA)

European Luxury Goods & Specialty Retail

adidas AG (ADSGn.DE)
 Kering (PRTP.PA)
 Mulberry (MUL.L)
 Richemont (CFR.S)

Burberry (BRBY.L)
 LVMH (LVMH.PA)
 PRADA (1913.HK)
 Salvatore Ferragamo (SFER.MI)

Hermes (HRMS.PA)
 Moncler (MONC.MI)
 Puma SE (PUMG.DE)
 Swatch (UHR.S)

European Media

4imprint Group (FOUR.L)
 Canal+ (CAN.L)

ACAST (ACAST.ST)
 CD Projekt (CDR.WA)

ATRESMEDIA (A3M.MC)
 CTS Eventim (EVDG.DE)

Embracer Group (EMBRACb.ST)	Everplay Group PLC (EVPL.L)	Future PLC (FUTR.L)
GB Group plc (GBGP.L)	HAVAS (HAVAS.AS)	Informa PLC (INF.L)
Interpublic Group of Companies (IPG)	ITV Plc (ITV.L)	JC Decaux SA (JCDX.PA)
Lagardere SA (LAGA.PA)	M6-Metropole Television SA (MMTP.PA)	MediaForEurope (MFEA.MI)
MediaForEurope (MFEB.MI)	Omnicom Group Inc. (OMC)	Pearson plc (PSON.L)
ProsiebenSat. 1 Media SE (PSMGn.DE)	Publicis Groupe SA (PUBP.PA)	Reach PLC (RCH.L)
RELX PLC (REL.L)	RTL Group SA (RRTL.DE)	S4 Capital (SFOR.L)
SES SA (SESFd.PA)	Springer Nature (SPGG.DE)	Stillfront Group (SFRG.ST)
Ströer SE & Co. KGaA (SAXG.DE)	Television Francaise 1 SA (TFFP.PA)	Ubisoft Entertainment SA (UBIP.PA)
Universal Music Group (UMG.AS)	Vivendi SA (VIV.PA)	Wolters Kluwer NV (WLSNc.AS)
WPP (WPP.L)		

European Medical Technology & Services

Amplifon SpA (AMPF.MI)	Carl Zeiss Meditec AG (AFXG.DE)	Coloplast A/S (COLOb.CO)
ConvaTec Group PLC (CTEC.L)	Demant A/S (DEMANT.CO)	Elektro AB (EKTab.ST)
EssilorLuxottica (ESLX.PA)	Fresenius Medical Care AG (FMEG.DE)	Fresenius SE & Co KGaA (FREG.DE)
GN Store Nord A/S (GN.CO)	Koninklijke Philips N.V. (PHG.AS)	Oxford Nanopore Technologies PLC (ONT.L)
Siemens Healthineers AG (SHLG.DE)	Smith & Nephew plc (SN.L)	Sonova Holding AG (SOON.S)
Spire Healthcare Group PLC (SPI.L)	Straumann Holding AG (STMN.S)	Vimian Group AB (VIMIAN.ST)

European Metals & Mining

Acerinox (ACX.MC)	Anglo American plc (AAL.L)	Antofagasta (ANTO.L)
Aperam (APAM.AS)	ArcelorMittal (MT.AS)	BHP (BHP.L)
Boliden (BOL.ST)	Endeavour Mining (EDV.L)	Ferrexpo Plc (FXPO.L)
First Quantum (FM.TO)	Fresnillo (FRES.L)	Glencore (GLEN.L)
Hochschild Mining (HOCM.L)	Norsk Hydro (NHY.OL)	Outokumpu (OUT1V.HE)
Rio Tinto plc (RIO.L)	South32 Ltd. (S32.L)	SSAB (SSABa.ST)
thyssenkrupp (TKAG.DE)	Vale (VALE)	Valterra Platinum Ltd. (VALJ.J)
voestalpine (VOES.VI)		

European Pharmaceuticals & Life Sciences

argenx (ARGX.BR)	AstraZeneca (AZN.L)	Bachem Holding AG (BANB.S)
Bayer AG (BAYGn.DE)	bioMérieux (BIOX.PA)	Diasorin S.P.A (DIAS.MI)
Galapagos (GLPG.AS)	Galderma (GALD.S)	Genmab A/S (GMAB.CO)
Grifols SA (GRLS.MC)	GSK plc (GSK.L)	H Lundbeck A/S (HLUNb.CO)
Hikma Pharmaceuticals PLC (HIK.L)	Ipsen SA (IPN.PA)	Lonza Group AG (LONN.S)
Merck KGaA (MRCK.DE)	Novartis (NOVN.S)	Novo Nordisk (NOVOb.CO)
Polypeptide Group AG (PPGN.S)	Recordati (RECI.MI)	Roche (ROG.S)
Sandoz AG (SDZ.S)	Sanofi (SASY.PA)	Sartorius AG (SATG_p.DE)
Sartorius Stedim Biotech (STDM.PA)	Swedish Orphan Biovitrum (SOBIV.ST)	UCB SA (UCB.BR)
Zealand Pharma A/S (ZELA.CO)		

European Real Estate

Aedifica (AOO.BR)	Argan (ARGAN.PA)	Aroundtown (AT1.F)
Big Yellow Group (BYG.L)	British Land (BLND.L)	Castellum (CAST.ST)
Catena AB (CATE.ST)	Cofinimmo (COFB.BR)	Colonial (COL.MC)
Covivio (CVO.PA)	CTP NV (CTPNV.AS)	Derwent London (DLN.L)
Entra (ENTRA.OL)	Fabege (FABG.ST)	Gecina (GFCEP.PA)
GPE (GPOR.L)	Grainger (GRI.L)	Grand City Properties (GYC.DE)
Hammerson (HMSO.L)	Hufvudstaden (HUFVa.ST)	Icade (ICAD.PA)
Irish Residential Properties REIT (IRES.I)	IWG (IWG.L)	Klepierre (LOIM.PA)
Kojamo (KOJAMO.HE)	Landsec (LAND.L)	LEG Immobilien (LEGn.DE)
LondonMetric Property (LMPL.L)	Merlin Properties (MRL.MC)	Montea (MONTE.BR)

NewRiver REIT (NRRT.L)	Primary Health Properties Plc (PHP.L)	PRS REIT (PRSR.L)
PSP Swiss Property (PSPN.S)	Safestore (SAFE.L)	SEGRO (SGRO.L)
Shurgard Self Storage (SHUR.BR)	Swiss Prime Site (SPSN.S)	TAG Immobilien AG (TEGG.DE)
Tritax Big Box REIT (BBOXT.L)	Unibail-Rodamco-Westfield (URW.PA)	Unite Group (UTG.L)
VGP NV (VGP1.BR)	Vonovia (VNA.N.DE)	Wallenstam (WALLb.ST)
Warehouses de Pauw (WDPP.BR)	Wihlborgs (WIHL.ST)	Workspace (WKP.L)
European Software & Payments		
Adyen (ADYEN.AS)	Alfa (ALFAAL.L)	Amadeus (AMA.MC)
CAB Payments (CABP.L)	Capgemini (CAPP.PA)	Dassault Systèmes (DAST.PA)
Hexagon AB (HEXAb.ST)	Nemetschek (NEKG.DE)	Nexi (NEXII.MI)
PayPoint (PAYP.L)	Sage Group (SGE.L)	SAP SE (SAPG.DE)
TeamViewer (TMV.DE)	Temenos (TEMN.S)	Wise (WISEa.L)
Worldline (WLN.PA)		
European Technology Hardware		
Aixtron (AIXGn.DE)	Alphawave Semi (AWE.L)	ams OSRAM (AMS.S)
ASM International N.V. (ASMI.AS)	ASML Holding NV (ASML.AS)	BE Semiconductor Industries NV (BESI.AS)
Ericsson (ERICb.ST)	Infineon Technologies AG (IFXGn.DE)	Nokia (NOKIA.HE)
Nordic Semiconductor ASA (NOD.OL)	Samsung Electronics Co Ltd (0593xq.L)	Soitec (SOIT.PA)
STMicroelectronics NV (STM.PA)	Taiwan Semiconductor Manufacturing Company (TSM)	
European Telecom Services		
1&1 AG (1U1.DE)	AST SpaceMobile Inc (ASTS)	Bouygues SA (BOUY.PA)
BT Group PLC (BT.L)	Cellnex Telecom (CLNX.MC)	Deutsche Telekom AG (DTEGn.DE)
Digi Communications N.V. (DIGI.BX)	Elisa Oyj (ELISA.HE)	Freenet (FNTGn.DE)
Gamma Communications PLC (GAMA.L)	INWIT (INWT.MI)	Iridium Communications Inc (IRDM)
KPN (KPN.AS)	Liberty Global (LBTYA)	NOS (NOS.LS)
Orange (ORAN.PA)	OTE (OTEr.AT)	Proximus (PROX.BR)
Sunrise Communications AG (SUNN.S)	Swisscom (SCMN.S)	Tele2 AB (TEL2b.ST)
Telecom Italia SpA (TLIT.MI)	Telecom Italia-RSP (TLITn.MI)	Telefonica SA (TEF.MC)
Telenor ASA (TEL.OL)	Telia Company AB (TELIA.ST)	United Internet (UTDI.DE)
ViaSat (VSAT)	Vodafone Group Plc (VOD.L)	Zegona Communications plc (ZEG.L)
European Transportation		
ADP (ADP.PA)	Aegean Airlines (AGNr.AT)	AENA (AENA.MC)
Air France-KLM (AIRF.PA)	AP Moller Maersk (MAERSKb.CO)	Athens International Airport SA (AIAr.AT)
Austrian Post (POST.VI)	Bpost (BPOST.BR)	Deutsche Lufthansa AG (LHAG.DE)
DHL Group (DPWGn.DE)	DSV A/S (DSV.CO)	easyJet (EZJ.L)
ENAV (ENAV.MI)	Finnair (FIA1S.HE)	Fraport (FRAG.DE)
Hapag-Lloyd (HLAG.DE)	INPOST SA (INPST.AS)	International Airlines Group (ICAG.L)
Jet2 plc (JET2.L)	Kuehne & Nagel International AG (KNIN.S)	Norwegian Air Shuttle AS (NAS.OL)
NTG Nordic Transport Group (NTGNT.CO)	PostNL NV (PTNL.AS)	Ryanair (RYA.I)
Tui AG (TUI1n.DE)	Wizz Air (WIZZ.L)	ZIM (ZIM)
Zurich Airport (FHZN.S)		
European Utilities & Clean Energy		
Centrica (CNA.L)	CK Infrastructure Holdings (CKI.L)	Drax (DRX.L)
E.ON (EONGn.DE)	EDP (EDP.LS)	EDP Renovaveis (EDPR.LS)
Elia Group SA (ELI.BR)	Enagas (ENAG.MC)	Endesa (ELE.MC)
Enel (ENEL.MI)	Engie (ENGIE.PA)	ERG S.p.A. (ERG.MI)
EVN (EVNV.VI)	Fortum (FORTUM.HE)	Grenergy Renovables (GREG.MC)
Hidroelectrica S.A. (ROH2O.BX)	Iberdrola (IBE.MC)	Italgas (IG.MI)

National Grid (NG.L)	Naturgy Energy (NTGY.MC)	Orsted (ORSTED.CO)
Pennon Group (PNN.L)	Redeia (REDE.MC)	RWE (RWE.G.DE)
Severn Trent (SVT.L)	Snam (SRG.MI)	Solaria Energia y Medio Ambiente (SLRS.MC)
SSE (SSE.L)	Terna (TRN.MI)	Uniper (UN0k.DE)
United Utilities (UU.L)	Veolia (VIE.PA)	Verbund (VERB.VI)

North America Cable, Satellite & Telecom Services

AT&T (T)	BCE Inc. (BCE)	BCE Inc. (BCE.TO)
Charter Communications, Inc. (CHTR)	Comcast Corp. (CMCSA)	Optimum Communications Inc. (ATUS)
Rogers Communications Inc. (RCI)	Rogers Communications Inc. (RCI-B.TO)	T-Mobile US Inc. (TMUS)
Telus Corp. (T.TO)	Telus Corp. (TU)	Verizon Communications Inc. (VZ)

U.S. Gaming, Leisure & Lodging

Bally's Corp. (BALY)	Boyd Gaming (BYD)	Caesars Entertainment Corp (CZR)
Carnival Corp. (CCL)	Choice Hotels (CHH)	Churchill Downs Incorporated (CHDN)
DraftKings Inc (DKNG)	Flutter Entertainment (FLUT)	Hilton Grand Vacations Inc. (HGV)
Hilton Worldwide Holdings (HLT)	Hyatt Hotels Corp. (H)	Las Vegas Sands Corp. (LVS)
Marriott International (MAR)	Marriott Vacations Worldwide Corporation (VAC)	MGM Resorts International (MGM)
Norwegian Cruise Line Holdings (NCLH)	PENN Entertainment, Inc. (PENN)	Red Rock Resorts Inc (RRR)
Royal Caribbean Group (RCL)	Six Flags Entertainment Corp. (FUN)	Travel + Leisure Co. (TNL)
United Parks (PRKS)	Vail Resorts (MTN)	Viking Holdings Ltd. (VIK)
Wyndham Hotels and Resorts (WH)	Wynn Resorts Ltd. (WYNN)	

UK Housebuilding & Construction

Barratt Redrow (BTRW.L)	Bellway (BWY.L)	Berkeley Group (BKGH.L)
Breedon Group (BREE.L)	Crest Nicholson (CRST.L)	Howden Joinery Group (HWDN.L)
Persimmon (PSN.L)	Taylor Wimpey (TW.L)	Travis Perkins (TPK.L)
Vistry Group (VTYV.L)		

UK Mid & Small Cap Leisure/Consumer

Domino's Pizza UK & IRL PLC (DOM.L)	Dr. Martens Plc (DOCS.L)	Dunelm Group plc (DNLM.L)
Frasers Group (FRAS.L)	Greggs plc (GRG.L)	JD Sports Fashion plc (JD.L)
JD Wetherspoon (JDW.L)	Pets at Home (PETSP.L)	SSP (SSPG.L)
The Gym Group (GYM.L)	Victorian Plumbing Plc (VIC.L)	Watches of Switzerland Group (WOSG.L)
WH Smith (SMWH.L)		

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Positive: We recommend increasing exposure to the factor.

Neutral: We recommend maintaining exposure to the factor.

Negative: We recommend decreasing exposure to the factor.

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Long Basket (LB): We recommend going long the basket of securities.

Short Basket (SB): We recommend going short the basket of securities.

Basket Not Recommended (BNR): We are not making any recommendation (long or short) on the basket. These baskets are not shown on the blotter but may be referenced in analyst publications.

The recommendations (LB or SB) are at the basket level and do not amount to a recommendation of any individual constituents of the basket.

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14% have been assigned an Underweight rating which, for purposes of mandatory regulatory disclosures, is classified as a Sell rating; 32% of companies with this rating are investment banking clients of the Firm; 58% of the issuers with this rating have received financial services from the Firm.

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Disclosures pertaining to COVER

Important Equity Disclosures

Materially Mentioned Stocks (Ticker, Date, Price)

ABB (ABBN.S, 14-Nov-2025, CHF 56.42), Underweight/Neutral, CD/D/J/K/L/M/N

ACS, Actividades de Construcción y Servicios, S.A. (ACS.MC, 14-Nov-2025, EUR 77.90), Equal Weight/Neutral, CD/J/K/N

ADP (ADP.PA, 14-Nov-2025, EUR 121.70), Overweight/Neutral, J

ASM International N.V. (ASMI.AS, 14-Nov-2025, EUR 509.00), Overweight/Neutral, J

ASML Holding NV (ASML.AS, 14-Nov-2025, EUR 874.10), Equal Weight/Neutral, CD/CE/FA/J

AVIVA plc (AV.L, 14-Nov-2025, GBp 644), Equal Weight/Neutral, A/CD/D/J/K/L/M/N

AXA (AXAF.PA, 14-Nov-2025, EUR 38.49), Overweight/Neutral, A/CD/D/E/J/K/L/M/N

Accor (ACCP.PA, 14-Nov-2025, EUR 46.46), Overweight/Negative, CD/J

Adecco Group AG (ADEN.S, 14-Nov-2025, CHF 25.20), Overweight/Positive, CD/J/K/M/N

Air Liquide (AIRP.PA, 14-Nov-2025, EUR 171.08), Overweight/Negative, A/E/J/K/L/M/N

AkzoNobel (AKZO.AS, 14-Nov-2025, EUR 57.80), Overweight/Negative, CD/E/J/K/L/M/N

Amundi SA (AMUN.PA, 14-Nov-2025, EUR 66.65), Equal Weight/Positive, E/J/K/L/M/N

Anglo American plc (AAL.L, 14-Nov-2025, GBp 2850), Overweight/Neutral, E/J/K/L/M/N

Anheuser-Busch InBev (ABI.BR, 14-Nov-2025, EUR 54.72), Overweight/Neutral, A/CD/CE/D/J/K/L/M/N

Antofagasta (ANTO.L, 14-Nov-2025, GBp 2778), Equal Weight/Neutral, CD/J

Aperam (APAM.AS, 14-Nov-2025, EUR 31.42), Underweight/Neutral, FA/J/K/N

ArcelorMittal (MT.AS, 14-Nov-2025, EUR 34.34), Equal Weight/Neutral, CD/CE/FA/J/K/N

Ashtead Group (AHT.L, 14-Nov-2025, GBp 4800), Overweight/Positive, J/K/L/M/N/Q

Atlas Copco AB (ATCOA.ST, 14-Nov-2025, SEK 155.00), Equal Weight/Neutral, J/K/N

AutoTrader (AUTOA.L, 14-Nov-2025, GBp 691), Overweight/Positive, J

BASF (BASFn.DE, 14-Nov-2025, EUR 43.47), Equal Weight/Negative, CD/D/E/J/K/L/M/N

BE Semiconductor Industries NV (BESI.AS, 14-Nov-2025, EUR 131.40), Equal Weight/Neutral, CD/J

BMW AG (BMWG.DE, 14-Nov-2025, EUR 88.74), Equal Weight/Negative, A/D/E/J/K/L/M/N

BNP Paribas SA (BNPP.PA, 14-Nov-2025, EUR 68.83), Equal Weight/Positive, CD/D/E/J/K/L/M/N

Baltic Classifieds Group (BCG.L, 14-Nov-2025, GBp 233), Overweight/Positive, J/K/N

Banco Bilbao Vizcaya Argentaria SA (BBVA.MC, 14-Nov-2025, EUR 18.39), Overweight/Positive, A/CD/CE/D/E/FA/I/J/K/L/M/N

Barratt Redrow (BTRW.L, 14-Nov-2025, GBp 380), Overweight/Neutral, J/K/L/M/N/Q

Bayer AG (BAYGn.DE, 14-Nov-2025, EUR 28.41), Equal Weight/Neutral, CD/D/E/FA/FB/J/K/L/M/N

Beazley (BEZG.L, 14-Nov-2025, GBp 900), Overweight/Neutral, J

Bellway (BWY.L, 14-Nov-2025, GBp 2724), Overweight/Neutral, FA/J/K/N

Berkeley Group (BKGH.L, 14-Nov-2025, GBp 3962), Overweight/Neutral, J/K/L/M/N/Q

Boliden (BOL.ST, 14-Nov-2025, SEK 430.00), Underweight/Neutral, J

Bouygues SA (BOUY.PA, 14-Nov-2025, EUR 41.63), Equal Weight/Neutral, CD/J/K/M/N

Brenntag (BNRGn.DE, 14-Nov-2025, EUR 49.17), Equal Weight/Negative, J

British Land (BLND.L, 14-Nov-2025, GBp 386), Equal Weight/Neutral, CD/J/K/M/N

Burberry (BRBY.L, 14-Nov-2025, GBP 12.32), Equal Weight/Neutral, CD/FA/J

Bureau Veritas SA (BVI.PA, 14-Nov-2025, EUR 28.14), Overweight/Positive, CD/E/J/K/L/M/N

Buzzi SpA (BZU.MI, 14-Nov-2025, EUR 51.10), Equal Weight/Neutral, FA/J

CTS Eventim (EVDG.DE, 14-Nov-2025, EUR 78.95), Overweight/Neutral, J/K/N

Capgemini (CAPP.PA, 14-Nov-2025, EUR 133.50), Overweight/Neutral, A/CD/D/J/K/L/M

Carlsberg AS-B (CARLb.CO, 14-Nov-2025, DKK 781.80), Underweight/Neutral, J/K/N

Carrefour (CARR.PA, 14-Nov-2025, EUR 13.27), Overweight/Neutral, CD/D/E/J/K/L/M

Centrica (CNA.L, 14-Nov-2025, GBp 168), Overweight/Positive, CD/E/J/K/L/M/N

Commerzbank (CBKG.DE, 14-Nov-2025, EUR 33.54), Equal Weight/Positive, CD/E/FA/I/J/K/L/M/N

Covivio (CVO.PA, 14-Nov-2025, EUR 55.45), Overweight/Neutral, CD/J

Credit Agricole SA (CAGR.PA, 14-Nov-2025, EUR 16.34), Equal Weight/Positive, A/CD/E/I/J/K/L/M/N

DHL Group (DPWGr.DE, 14-Nov-2025, EUR 43.97), Equal Weight/Neutral, CD/D/J/K/L/N

Dassault Systèmes (DAST.PA, 14-Nov-2025, EUR 23.99), Equal Weight/Neutral, CD/J/K/N

Delivery Hero (DHER.DE, 14-Nov-2025, EUR 16.96), Overweight/Positive, A/D/E/J/K/L/M

Deutsche Bank (DBKGn.DE, 14-Nov-2025, EUR 31.87), Overweight/Positive, A/CD/CE/D/E/FA/GE/I/J/K/L/M/N/S

Deutsche Lufthansa AG (LHAG.DE, 14-Nov-2025, EUR 7.86), Equal Weight/Neutral, A/CD/D/E/J/K/L/M/N

Deutsche Telekom AG (DTEGn.DE, 14-Nov-2025, EUR 27.24), Overweight/Neutral, A/CD/D/E/J/K/L/M/N

Drax (DRX.L, 14-Nov-2025, GBp 745), Overweight/Positive, FA/J/K/N

E.ON (EONGn.DE, 14-Nov-2025, EUR 15.25), Equal Weight/Positive, A/CD/D/J/K/L/M/N

EDP Renovaveis (EDPR.LS, 14-Nov-2025, EUR 11.58), Overweight/Positive, D/E/J/K/L/M/N

Eiffage (FOUG.PA, 14-Nov-2025, EUR 112.25), Overweight/Neutral, J

Elia Group SA (ELI.BR, 14-Nov-2025, EUR 103.80), Overweight/Positive, CD/J

Endesa (ELE.MC, 14-Nov-2025, EUR 32.14), Equal Weight/Positive, D/E/J/K/L/M/N

Enel (ENEL.MI, 14-Nov-2025, EUR 8.98), Overweight/Positive, CD/D/E/J/K/L/M/N

Engie (ENGIE.PA, 14-Nov-2025, EUR 21.80), Overweight/Positive, A/CD/D/E/J/K/L/M/N

Evonik (EVKn.DE, 14-Nov-2025, EUR 13.81), Equal Weight/Negative, A/CD/D/FA/J/K/L/M/N

FLSmidth & Co. (FLS.CO, 14-Nov-2025, DKK 427.60), Underweight/Neutral, J

Ferrexpo Plc (FXPO.L, 14-Nov-2025, GBp 50), Equal Weight/Neutral, J

Fortum (FORTUM.HE, 14-Nov-2025, EUR 19.05), Equal Weight/Positive, CD/J/K/M/N

Fraport (FRAG.DE, 14-Nov-2025, EUR 77.30), Overweight/Neutral, D/E/J/K/L/M/N

Freenet (FNTGn.DE, 14-Nov-2025, EUR 28.02), Equal Weight/Neutral, FA/J

Fresenius Medical Care AG (FMEG.DE, 14-Nov-2025, EUR 40.45), Equal Weight/Positive, CD/J/K/M/N

Fresenius SE & Co KGaA (FREG.DE, 14-Nov-2025, EUR 48.72), Overweight/Positive, CD/J/K/M/N

Fresnillo (FRES.L, 14-Nov-2025, GBp 2374), Equal Weight/Neutral, J/K/M

Future PLC (FUTR.L, 14-Nov-2025, GBp 614), Overweight/Neutral, A/CD/D/FA/J/K/L/M/N

Geberit (GEBN.S, 14-Nov-2025, CHF 628.40), Underweight/Neutral, J

Gecina (GFCP.PA, 14-Nov-2025, EUR 80.40), Overweight/Neutral, CD/D/J/K/L/M

Getlink (GETP.PA, 14-Nov-2025, EUR 15.75), Overweight/Neutral, CD/J

Glencore (GLEN.L, 14-Nov-2025, GBp 366), Overweight/Neutral, A/D/E/J/K/L/M/N

Greggs plc (GRG.L, 14-Nov-2025, GBP 15.20), Overweight/Neutral, E/J/K/L/N

HAVAS (HAVAS.AS, 14-Nov-2025, EUR 1.46), Overweight/Neutral, J

HSBC Holdings PLC (HSBA.L, 14-Nov-2025, GBp 1104), Overweight/Positive, A/CD/CH/D/E/J/K/L/M/N

Hannover Re (HNRGn.DE, 14-Nov-2025, EUR 259.00), Underweight/Neutral, CD/J/K/M/N

Heidelberg Materials (HEIG.DE, 14-Nov-2025, EUR 209.20), Overweight/Neutral, CD/J

Hensoldt AG (HAGG.DE, 14-Nov-2025, EUR 84.15), Equal Weight/Neutral, J
Hermes (HRMS.PA, 14-Nov-2025, EUR 2156.00), Equal Weight/Neutral, FA/J/K/N
Hexagon AB (HEXAB.ST, 14-Nov-2025, SEK 112.60), Equal Weight/Neutral, J
Hochtief AG (HOTG.DE, 14-Nov-2025, EUR 284.20), Equal Weight/Neutral, CD/J/K/N
Holcim (HOLN.S, 14-Nov-2025, CHF 71.46), Overweight/Neutral, J/K/M/N
Howden Joinery Group (HWDN.L, 14-Nov-2025, GBp 800), Overweight/Neutral, J/K/L/M/N/Q
ITV Plc (ITV.L, 14-Nov-2025, GBp 79), Equal Weight/Neutral, CD/D/E/J/K/L/M/N
Iberdrola (IBE.MC, 14-Nov-2025, EUR 18.04), Equal Weight/Positive, A/D/E/J/K/L/M/N
Infineon Technologies AG (IFXGn.DE, 14-Nov-2025, EUR 35.30), Overweight/Neutral, CD/J
Intertek Group plc (ITRK.L, 14-Nov-2025, GBp 4928), Overweight/Positive, J/K/N
Just Group (JUSTJ.L, 14-Nov-2025, GBp 213), Equal Weight/Neutral, CD/FA/J/K/M/N
Kering (PRTP.PA, 14-Nov-2025, EUR 320.60), Underweight/Neutral, CD/E/FA/J/K/L/N
Kerry Group (KYGa.L, 14-Nov-2025, EUR 78.70), Overweight/Neutral, J
Klepierre (LOIM.PA, 14-Nov-2025, EUR 33.90), Overweight/Neutral, A/CD/D/E/J/K/L/M
Knorr-Bremse (KBX.DE, 14-Nov-2025, EUR 85.00), Underweight/Neutral, CD/J/K/N
Kone OYJ (KNEBV.HE, 14-Nov-2025, EUR 58.36), Underweight/Neutral, J
L'Oréal SA (OREP.PA, 14-Nov-2025, EUR 359.00), Underweight/Neutral, A/CD/E/J/K/L/N
LEG Immobilien (LEGn.DE, 14-Nov-2025, EUR 63.90), Equal Weight/Neutral, A/CD/D/J/K/L/M
LVMH (LVMH.PA, 14-Nov-2025, EUR 637.00), Equal Weight/Neutral, A/CD/D/FA/J/K/L/M/N
Landsec (LAND.L, 14-Nov-2025, GBp 613), Overweight/Neutral, J/K/L/N/Q
Lanxess (LXSG.DE, 14-Nov-2025, EUR 17.83), Underweight/Negative, CD/E/J/K/L/M/N
Legal & General (LGEN.L, 14-Nov-2025, GBp 238), Overweight/Neutral, A/B/CD/D/J/K/L/M/N/Q
Legrand (LEGD.PA, 14-Nov-2025, EUR 130.35), Overweight/Neutral, CD/J
Lloyds Banking Group PLC (LLOY.L, 14-Nov-2025, GBp 92), Overweight/Positive, A/CD/CE/D/E/I/J/K/L/M/N
LondonMetric Property (LMPL.L, 14-Nov-2025, GBp 192), Overweight/Neutral, D/E/J/K/L/M/N/Q
M&G plc (MNG.L, 14-Nov-2025, GBp 268), Overweight/Neutral, CD/D/E/J/K/L/M/N
Marks & Spencer Group plc (MKS.L, 14-Nov-2025, GBP 3.54), Overweight/Neutral, J/K/N
Mercedes-Benz Group AG (MBGn.DE, 14-Nov-2025, EUR 59.56), Equal Weight/Negative, CD/FA/J/K/M/N
Merck KGaA (MRCG.DE, 14-Nov-2025, EUR 117.55), Equal Weight/Neutral, A/CD/D/J/K/L/M/N
Merlin Properties (MRL.MC, 14-Nov-2025, EUR 12.65), Overweight/Neutral, CD/D/J/L
Metso (METSO.HE, 14-Nov-2025, EUR 14.07), Underweight/Neutral, CD/J
Michelin (MICP.PA, 14-Nov-2025, EUR 28.43), Underweight/Negative, CD/J/K/N
Moncler (MONC.MI, 14-Nov-2025, EUR 57.14), Overweight/Neutral, E/FA/J/K/L/M/N
Munich RE (MUVGn.DE, 14-Nov-2025, EUR 546.80), Overweight/Neutral, CD/E/J/K/L/M/N
NKT A/S (NKT.CO, 14-Nov-2025, DKK 716.00), Overweight/Neutral, J
NatWest Group plc (NWG.L, 14-Nov-2025, GBp 601), Overweight/Positive, CD/J/K/M/N
Nexans SA (NEXS.PA, 14-Nov-2025, EUR 122.10), Underweight/Neutral, CD/J/K/N
Next plc (NXT.L, 14-Nov-2025, GBp 14140), Equal Weight/Neutral, A/D/J/K/L/M/N
Nokia (NOKIA.HE, 14-Nov-2025, EUR 5.83), Underweight/Neutral, CD/CE/D/J/K/L/M/N
Nordex SE (NDXG.DE, 14-Nov-2025, EUR 27.22), Equal Weight/Neutral, CD/E/J/K/L/N
OMV (OMVV.VI, 14-Nov-2025, EUR 49.48), Underweight/Positive, CD/D/E/J/K/L/M/N
Orange (ORAN.PA, 14-Nov-2025, EUR 14.02), Rating Suspended/Neutral, A/CD/D/E/J/K/L/M
 Other Material Conflicts: Barclays is acting as financial advisor to Lorca Telecom Bidco S.A. (BSDEX: LORCAT) on its sale of MasOrange to Orange SA (EPA: ORAFP). The rating, price target, and estimates (as applicable) on Orange SA (EPA: ORAFP) previously issued by the Firm's Research department have been temporarily suspended due to this potential transaction.
Pernod-Ricard SA (PERP.PA, 14-Nov-2025, EUR 81.74), Equal Weight/Neutral, A/CD/D/J/K/L/M/N
Persimmon (PSN.L, 14-Nov-2025, GBp 1256), Equal Weight/Neutral, J/K/N
Phoenix (PHNX.L, 14-Nov-2025, GBp 666), Underweight/Neutral, CD/D/E/J/K/L/N

Porsche AG (P911.p.DE, 14-Nov-2025, EUR 46.13), Equal Weight/Negative, D/E/FA/J/K/L/M/N

Prosus N.V. (PRX.AS, 14-Nov-2025, EUR 60.74), Overweight/Positive, A/CD/D/J/L

Prudential Plc (PRU.L, 14-Nov-2025, GBp 1082), Overweight/Neutral, CE/D/J/K/L/M/N

Prysmian SpA (PRY.MI, 14-Nov-2025, EUR 84.10), Overweight/Neutral, CD/E/J/K/L/N

Publicis Groupe SA (PUBP.PA, 14-Nov-2025, EUR 86.92), Overweight/Neutral, CD/J/K/N

RELX PLC (REL.L, 14-Nov-2025, GBp 3126), Overweight/Neutral, A/D/E/J/K/L/M/N

RWE (RWE.G.DE, 14-Nov-2025, EUR 45.69), Overweight/Positive, A/CD/D/E/J/K/L/M/N

Raiffeisen Bank International AG (RBIV.VI, 14-Nov-2025, EUR 32.42), Equal Weight/Positive, A/CD/D/FA/I/J/K/L/M/N

Randstad Holding NV (RAND.AS, 14-Nov-2025, EUR 34.00), Underweight/Positive, CD/J/K/N

Renault SA (RENA.PA, 14-Nov-2025, EUR 36.25), Overweight/Negative, CD/J/K/M/N

Rheinmetall (RHM.G.DE, 14-Nov-2025, EUR 1727.00), Overweight/Neutral, E/FA/J/K/L/M/N

Richemont (CFR.S, 14-Nov-2025, CHF 170.95), Overweight/Neutral, FA/J/K/N

Rightmove Plc (RMV.L, 14-Nov-2025, GBp 550), Underweight/Positive, E/FB/J/K/L/N

Rio Tinto plc (RIO.L, 14-Nov-2025, GBp 5394), Overweight/Neutral, CE/J/K/N

Rockwool (ROCKb.CO, 14-Nov-2025, DKK 204.65), Overweight/Neutral, J

Ryanair (RYA.I, 14-Nov-2025, EUR 26.82), Overweight/Neutral, CE/D/J/K/L/M/N

SAP SE (SAPG.DE, 14-Nov-2025, EUR 211.10), Overweight/Neutral, CD/CE/E/J/K/L/M/N

SBM Offshore (SBMO.AS, 14-Nov-2025, EUR 24.84), Equal Weight/Positive, J

SEGRO (SGRO.L, 14-Nov-2025, GBp 707), Underweight/Neutral, CD/D/J/K/L/M/N

SKF AB (SKFb.ST, 14-Nov-2025, SEK 239.10), Equal Weight/Neutral, CD/J/K/N

SMG Swiss Marketplace Group (SMGC.S, 14-Nov-2025, CHF 31.50), Equal Weight/Positive, A/D/E/J/L

STMicroelectronics NV (STM.PA, 14-Nov-2025, EUR 20.34), Underweight/Neutral, CD/CE/FA/J

Sage Group (SGE.L, 14-Nov-2025, GBP 10.90), Underweight/Neutral, CD/J/K/N

Sainsbury (J) plc (SBRY.L, 14-Nov-2025, GBP 3.22), Overweight/Neutral, A/CD/D/E/J/K/L/M/N

Saint-Gobain (SGOB.PA, 14-Nov-2025, EUR 82.60), Overweight/Neutral, A/CD/D/J/L

Saipem (SPMI.MI, 14-Nov-2025, EUR 2.29), Overweight/Positive, D/E/FA/J/K/L/M/N

Sanofi (SASY.PA, 14-Nov-2025, EUR 89.59), Overweight/Neutral, A/CD/CE/D/E/J/K/L/M/N

Schneider Electric (SCHN.PA, 14-Nov-2025, EUR 235.65), Equal Weight/Neutral, A/CD/D/E/FA/J/K/L/M/N

Scout24 (G24n.DE, 14-Nov-2025, EUR 87.95), Overweight/Positive, FA/J

Siemens Energy (ENR1n.DE, 14-Nov-2025, EUR 110.50), Equal Weight/Neutral, FA/J

Siemens Healthineers AG (SHLG.DE, 14-Nov-2025, EUR 43.87), Overweight/Positive, A/D/E/J/K/L/M/N

Societe Generale SA (SOGN.PA, 14-Nov-2025, EUR 57.98), Overweight/Positive, A/CD/D/FA/I/J/K/L/M/N

Sodexo SA (EXHO.PA, 14-Nov-2025, EUR 46.90), Equal Weight/Negative, CD/J/K/N

St. James's Place (SJP.L, 14-Nov-2025, GBp 1307), Overweight/Neutral, J/K/M/N

Standard Chartered PLC (STAN.L, 14-Nov-2025, GBp 1613), Equal Weight/Positive, A/CD/D/E/I/J/K/L/M/N

Straumann Holding AG (STMN.S, 14-Nov-2025, CHF 100.70), Overweight/Positive, J

Swatch (UHR.S, 14-Nov-2025, CHF 175.00), Underweight/Neutral, J

Syensqo (SYENS.BR, 14-Nov-2025, EUR 71.90), Equal Weight/Negative, CD/J

Symrise (SY1G.DE, 14-Nov-2025, EUR 72.10), Equal Weight/Negative, CD/J

Taylor Wimpey (TW.L, 14-Nov-2025, GBp 102), Underweight/Neutral, J/K/N

Technip Energies (TE.PA, 14-Nov-2025, EUR 35.82), Underweight/Positive, CD/J/K/N

Telecom Italia SpA (TLIT.MI, 14-Nov-2025, EUR 0.50), Overweight/Neutral, CD/D/FA/J/K/L/M/N

Temenos (TEMN.S, 14-Nov-2025, CHF 73.65), Equal Weight/Neutral, J/K/M/N

Tenaris (TENR.MI, 14-Nov-2025, EUR 17.61), Overweight/Positive, CE/J/K/N

Tesco (TSCO.L, 14-Nov-2025, GBP 4.38), Overweight/Neutral, A/CD/D/FC/J/K/L/M/N/Q

Thales (TCFP.PA, 14-Nov-2025, EUR 239.40), Underweight/Neutral, CD/E/J/K/L/M/N

TotalEnergies SE (TOTF.PA, 14-Nov-2025, EUR 56.23), Overweight/Positive, CD/CE/D/E/J/K/L/M/N

Travis Perkins (TPK.L, 14-Nov-2025, GBp 588), Overweight/Neutral, CD/E/FA/FB/J/K/L/M/N

Trelleborg (TRELb.ST, 14-Nov-2025, SEK 386.80), Overweight/Neutral, E/J/K/L/N

Tritax Big Box REIT (BBOXT.L, 14-Nov-2025, GBp 149), Overweight/Neutral, CD/E/J/K/L/M/N

Tui AG (TUI1n.DE, 14-Nov-2025, EUR 7.75), Overweight/Neutral, CD/D/J/K/L/M/N

UCB SA (UCB.BR, 14-Nov-2025, EUR 226.90), Overweight/Neutral, J/K/M

UPM-KYMMENE OYJ (UPM.HE, 14-Nov-2025, EUR 23.95), Overweight/Neutral, CD/J

UniCredit (CRDI.MI, 14-Nov-2025, EUR 64.48), Overweight/Positive, A/CD/D/E/I/J/K/L/M/N

Unibail-Rodamco-Westfield (URW.PA, 14-Nov-2025, EUR 91.04), Overweight/Neutral, A/D/E/FC/J/K/L/M/N

Unite Group (UTG.L, 14-Nov-2025, GBp 548), Overweight/Neutral, CD/D/E/FA/J/K/L/N

Universal Music Group (UMG.AS, 14-Nov-2025, EUR 22.30), Equal Weight/Neutral, CD/D/J/K/L/M/N

VAT Group (VACN.S, 14-Nov-2025, CHF 330.60), Equal Weight/Neutral, J

Vend Marketplaces ASA (VEND.OL, 14-Nov-2025, NOK 303.60), Overweight/Positive, J/K/M/N

Veolia (VIE.PA, 14-Nov-2025, EUR 29.07), Overweight/Positive, A/CD/D/E/J/K/L/M/N

Verbund (VERB.VI, 14-Nov-2025, EUR 64.35), Equal Weight/Positive, D/E/J/K/L/M/N

Vestas (VWS.CO, 14-Nov-2025, DKK 155.60), Underweight/Neutral, CD/J

Vinci (SGEF.PA, 14-Nov-2025, EUR 119.50), Overweight/Neutral, A/CD/D/E/J/K/L/M/N

Vistry Group (VTYV.L, 14-Nov-2025, GBp 624), Underweight/Neutral, J/K/N

Vodafone Group Plc (VOD.L, 14-Nov-2025, GBp 94), Equal Weight/Neutral, A/CD/CE/D/E/J/K/L/M/N

Volkswagen AG Prefs (VOWG_p.DE, 14-Nov-2025, EUR 97.66), Overweight/Negative, A/D/E/FA/J/K/L/M/N

Vonovia (VNA.n.DE, 14-Nov-2025, EUR 25.90), Underweight/Neutral, CD/J

WPP (WPP.L, 14-Nov-2025, GBp 288), Underweight/Neutral, CE/E/J/K/L/M/N

Whitbread PLC (WTB.L, 14-Nov-2025, GBp 2777), Equal Weight/Negative, J/K/N

Wizz Air (WIZZ.L, 14-Nov-2025, GBP 10.78), Overweight/Neutral, E/FA/J/L

Wolters Kluwer NV (WLSNc.AS, 14-Nov-2025, EUR 94.44), Overweight/Neutral, A/CD/D/E/J/K/L/M/N

Zalando SE (ZALG.DE, 14-Nov-2025, EUR 22.94), Equal Weight/Positive, J/K/M/N

aberdeen (ABDN.L, 14-Nov-2025, GBp 204), Underweight/Positive, CD/D/J/K/L/M/N

argenx (ARGX.BR, 14-Nov-2025, EUR 779.80), Overweight/Neutral, J

bioMérieux (BIOX.PA, 14-Nov-2025, EUR 107.60), Overweight/Neutral, J

easyJet (EZJ.L, 14-Nov-2025, GBP 4.69), Overweight/Neutral, CD/D/E/J/K/L/M/N

thyssenkrupp (TKAG.DE, 14-Nov-2025, EUR 9.44), Underweight/Neutral, CD/J/K/N

voestalpine (VOES.VI, 14-Nov-2025, EUR 34.44), Overweight/Neutral, FA/J

Non-covered Stocks (Ticker, Date, Price)

AURUBIS AG (NAFG.DE, 14-Nov-2025, EUR 111.10), J

BABCOCK INTL GROUP PLC (BAB.L, 14-Nov-2025, GBp 1175), CD/D/J/K/L/N

BECHTLE AG (BC8G.DE, 14-Nov-2025, EUR 40.10), J

BOLLORE SE (BOLL.PA, 14-Nov-2025, EUR 4.71), J/K/M/N

BRUNELLO CUCINELLI SPA (BCU.MI, 14-Nov-2025, EUR 90.40), J

DASSAULT AVIATION SA (DUAVF, 14-Nov-2025, USD 332.16), J

DKSH HOLDING AG (DKSH.S, 14-Nov-2025, CHF 54.00), J/K/N

ELIS SA (ELIS.PA, 14-Nov-2025, EUR 24.74), CD/J

EMS-CHEMIE HOLDING AG-REG (EMSN.S, 14-Nov-2025, CHF 550.50), J/K/N

EURAZEO SE (EURA.PA, 14-Nov-2025, EUR 55.40), J/K/M/N

FDJ UNITED (FDJU.PA, 14-Nov-2025, EUR 23.86), CD/J

FISCHER (GEORG)-REG (GF.S, 14-Nov-2025, CHF 52.75), J

FLATEXDEGIRO AG (FTKn.DE, 14-Nov-2025, EUR 31.50), FA/J

GAMES WORKSHOP GROUP PLC (GAW.L, 14-Nov-2025, GBp 16080), J/K/N

GAZTRANSPORT ET TECHNIGA SA (GTT.PA, 14-Nov-2025, EUR 177.10), J

INDRA SISTEMAS SA (IDR.MC, 14-Nov-2025, EUR 50.50), J

INVESTEC PLC (INVP.L, 14-Nov-2025, GBp 595), CD/J/K/M/N

KGHM POLSKA MIEDZ SA (KGH.WA, 14-Nov-2025, PLN 195.00), J

Konecranes (KCRA.HE, 14-Nov-2025, EUR 83.45), J

LOGITECH INTERNATIONAL-REG (LOGN.S, 14-Nov-2025, CHF 94.48), CE/FA/J

LOOMIS AB (LOOMIS.ST, 14-Nov-2025, SEK 363.20), CD/J/K/N

MORGAN SINDALL GROUP PLC (MGNS.L, 14-Nov-2025, GBp 4405), FA/J/K/N

MYCRONIC AB (MYCR.ST, 14-Nov-2025, SEK 208.75), J

RENK GROUP AG (R3NK.DE, 14-Nov-2025, EUR 65.27), J

REPLY SPA (REY.MI, 14-Nov-2025, EUR 117.10), FA/J

RUBIS (RUBF.PA, 14-Nov-2025, EUR 32.54), J

SEB SA (SEBF.PA, 14-Nov-2025, EUR 48.40), J/K/M

SOFTCAT PLC (SCTS.L, 14-Nov-2025, GBp 1450), E/FA/J/K/L/M/N

SPIE SA (SPIE.PA, 14-Nov-2025, EUR 43.36), CD/J/K/N

STOREBRAND ASA (STB.OL, 14-Nov-2025, NOK 159.90), J/K/M

VOPAK (VOPA.AS, 14-Nov-2025, EUR 37.32), J

WENDEL (MWDP.PA, 14-Nov-2025, EUR 78.15), CD/J

Unless otherwise indicated, prices are sourced from Bloomberg and reflect the closing price in the relevant trading market, which may not be the last available closing price at the time of publication.

Disclosures pertaining to Barclays equity analysts' key European Overweights and Underweights for 2026

Important Equity Disclosures

Materially Mentioned Stocks (Ticker, Date, Price)

AAK (AAK.ST, 14-Nov-2025, SEK 266.80), Underweight/Negative, J/K/N

AP Moller Maersk (MAERSKb.CO, 14-Nov-2025, DKK 12680.00), Underweight/Neutral, CD/D/J/K/L/M/N

Adecco Group AG (ADEN.S, 14-Nov-2025, CHF 25.20), Overweight/Positive, CD/J/K/M/N

Adyen (ADYEN.AS, 14-Nov-2025, EUR 1408.40), Overweight/Neutral, FA/J

Arkema (AKE.PA, 14-Nov-2025, EUR 52.25), Underweight/Negative, CD/J

Auto1 (AG1G.DE, 14-Nov-2025, EUR 25.72), Overweight/Positive, D/J/K/L/M

BT Group PLC (BT.L, 14-Nov-2025, GBp 177), Underweight/Neutral, A/E/J/K/L/M/N

CTS Eventim (EVDG.DE, 14-Nov-2025, EUR 78.95), Overweight/Neutral, J/K/N

CVC Capital Partners (CVC.AS, 14-Nov-2025, EUR 14.03), Overweight/Positive, A/D/J/K/L/N

Capita plc (CPI.L, 14-Nov-2025, GBp 320), Overweight/Positive, D/J/K/L/M/N/Q

Other Material Conflicts: Barclays Bank PLC, acting through its Investment Bank ('Barclays') is acting as sole financial advisor and sole sponsor to Capita PLC on the sale of Capita One. The rating, price target and estimates (as applicable) on Capita PLC as issued by the Firm's Research Department do not incorporate any such potential transaction.

Cirsa Enterprises SA (CIRSA.MC, 14-Nov-2025, EUR 13.03), Overweight/Negative, A/D/J/L

Compass Group PLC (CPG.L, 14-Nov-2025, GBp 2421), Overweight/Negative, CD/D/J/K/L/M/N

Deutsche Telekom AG (DTEGn.DE, 14-Nov-2025, EUR 27.24), Overweight/Neutral, A/CD/D/E/J/K/L/M/N

Drax (DRX.L, 14-Nov-2025, GBp 745), Overweight/Positive, FA/J/K/N

Elementis (ELM.L, 14-Nov-2025, GBp 158), Overweight/Negative, J/K/N

Experian PLC (EXPN.L, 14-Nov-2025, GBp 3342), Overweight/Positive, A/D/E/J/K/L/M/N

FORVIA (FRVIA.PA, 14-Nov-2025, EUR 11.01), Overweight/Negative, CD/D/E/J/K/L/M/N

Flutter Entertainment (FLTRF.L, 14-Nov-2025, GBP 152.30), Overweight/Negative, A/D/E/J/K/L/M/N

Geberit (GEBN.S, 14-Nov-2025, CHF 628.40), Underweight/Neutral, J

Generali (GASI.MI, 14-Nov-2025, EUR 33.75), Underweight/Neutral, A/CD/D/E/J/K/L/M/N

Harbour Energy (HBR.L, 14-Nov-2025, GBp 235), Overweight/Positive, A/CD/D/J/K/L/M/N/Q

Other Material Conflicts: Barclays Bank PLC and/or its affiliates is acting as Joint Financial Adviser and Sole Sponsor to Harbour Energy plc in relation to the acquisition of substantially all of Wintershall Dea's upstream assets.

ICG PLC (ICP.L, 14-Nov-2025, GBP 19.16), Overweight/Positive, CD/E/J/K/L/M/N

INPOST SA (INPST.AS, 14-Nov-2025, EUR 9.80), Overweight/Neutral, A/D/E/J/K/L/M/N

IWG (IWG.L, 14-Nov-2025, GBp 223), Overweight/Neutral, E/FA/J/K/L/M/N/Q

JC Decaux SA (JCDX.PA, 14-Nov-2025, EUR 14.53), Overweight/Neutral, CD/D/J/K/L/M/N

Jet2 plc (JET2.L, 14-Nov-2025, GBp 1320), Overweight/Neutral, D/FA/J/K/L/M/N

Kering (PRTP.PA, 14-Nov-2025, EUR 320.60), Underweight/Neutral, CD/E/FA/J/K/L/N

Kerry Group (KYGa.L, 14-Nov-2025, EUR 78.70), Overweight/Neutral, J

Lanxess (LXSG.DE, 14-Nov-2025, EUR 17.83), Underweight/Negative, CD/E/J/K/L/M/N

Legal & General (LGEN.L, 14-Nov-2025, GBp 238), Overweight/Neutral, A/B/CD/D/J/K/L/M/N/Q

London Stock Exchange Group Plc (LSE.L, 14-Nov-2025, GBp 8764), Overweight/Positive, A/CD/D/J/K/L/M/N

Michelin (MICP.PA, 14-Nov-2025, EUR 28.43), Underweight/Negative, CD/J/K/N

Nemetschek (NEKG.DE, 14-Nov-2025, EUR 90.90), Overweight/Neutral, J

Nexi (NEXII.MI, 14-Nov-2025, EUR 4.05), Underweight/Neutral, CD/D/FC/J/K/L/M

Nordnet Bank AB (SAVE.ST, 14-Nov-2025, SEK 272.80), Underweight/Positive, J

Ocado (OCDO.L, 14-Nov-2025, GBP 2.25), Underweight/Positive, A/CD/D/J/K/L/N

Publicis Groupe SA (PUBP.PA, 14-Nov-2025, EUR 86.92), Overweight/Neutral, CD/J/K/N

Rational (RAAG.DE, 14-Nov-2025, EUR 630.50), Overweight/Neutral, J

Rentokil Initial (RTO.L, 14-Nov-2025, GBp 404), Overweight/Positive, CD/E/J/K/L/M/N/Q

SAP SE (SAPG.DE, 14-Nov-2025, EUR 211.10), Overweight/Neutral, CD/CE/E/J/K/L/M/N

Sage Group (SGE.L, 14-Nov-2025, GBP 10.90), Underweight/Neutral, CD/J/K/N

Saipem (SPMI.MI, 14-Nov-2025, EUR 2.29), Overweight/Positive, D/E/FA/J/K/L/M/N

Shell Plc (SHEL.L, 14-Nov-2025, GBP 28.58), Overweight/Positive, D/J/K/L/M/N

Siemens Healthineers AG (SHLG.DE, 14-Nov-2025, EUR 43.87), Overweight/Positive, A/D/E/J/K/L/M/N

Solvay (SOLB.BR, 14-Nov-2025, EUR 27.52), Underweight/Negative, CD/J

Sonova Holding AG (SOON.S, 14-Nov-2025, CHF 202.70), Underweight/Positive, J

Subsea 7 SA (SUBC.OL, 14-Nov-2025, NOK 188.20), Overweight/Positive, FA/J/K/M/N

Swiss Re (SRENH.S, 14-Nov-2025, CHF 145.55), Underweight/Neutral, A/D/E/J/K/L/M/N

TGS (TGS.OL, 14-Nov-2025, NOK 93.50), Overweight/Positive, CD/J

TotalEnergies SE (TOTF.PA, 14-Nov-2025, EUR 56.23), Overweight/Positive, CD/CE/D/E/J/K/L/M/N

Tui AG (TUI1n.DE, 14-Nov-2025, EUR 7.75), Overweight/Neutral, CD/D/J/K/L/M/N

Veolia (VIE.PA, 14-Nov-2025, EUR 29.07), Overweight/Positive, A/CD/D/E/J/K/L/M/N

Wise (WISEa.L, 14-Nov-2025, GBP 9.18), Overweight/Neutral, D/J/K/L/M/N

Wolters Kluwer NV (WLSNc.AS, 14-Nov-2025, EUR 94.44), Overweight/Neutral, A/CD/D/E/J/K/L/M/N

easyJet (EZJ.L, 14-Nov-2025, GBP 4.69), Overweight/Neutral, CD/D/E/J/K/L/M/N

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Disclosures pertaining to European Integrated Energy

Important Equity Disclosures

Materially Mentioned Stocks (Ticker, Date, Price)

Eni (ENI.MI, 14-Nov-2025, EUR 16.47), Overweight/Positive, A/CD/CE/D/E/J/K/L/M/N

Harbour Energy (HBR.L, 14-Nov-2025, GBp 235), Overweight/Positive, A/CD/D/J/K/L/M/N/Q

Other Material Conflicts: Barclays Bank PLC and/or its affiliates is acting as Joint Financial Adviser and Sole Sponsor to Harbour Energy plc in relation to the acquisition of substantially all of Wintershall Dea's upstream assets.

Repsol (REP.MC, 14-Nov-2025, EUR 17.05), Overweight/Positive, A/D/E/J/K/L/M/N

Shell Plc (SHEL.L, 14-Nov-2025, GBP 28.58), Overweight/Positive, D/J/K/L/M/N

TotalEnergies SE (TOTF.PA, 14-Nov-2025, EUR 56.23), Overweight/Positive, CD/CE/D/E/J/K/L/M/N

Vår Energi (VAR.OL, 14-Nov-2025, NOK 34.86), Overweight/Positive, A/CD/D/E/J/K/L/M/N

bp (BP.L, 14-Nov-2025, GBP 4.61), Overweight/Positive, CD/CE/D/E/J/K/L/M/N

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Disclosures pertaining to European Energy Services

Important Equity Disclosures

Materially Mentioned Stocks (Ticker, Date, Price)

Maire (MTCM.MI, 14-Nov-2025, EUR 13.10), Underweight/Positive, J

Saipem (SPMI.MI, 14-Nov-2025, EUR 2.29), Overweight/Positive, D/E/FA/J/K/L/M/N

Subsea 7 SA (SUBC.OL, 14-Nov-2025, NOK 188.20), Overweight/Positive, FA/J/K/M/N

TGS (TGS.OL, 14-Nov-2025, NOK 93.50), Overweight/Positive, CD/J

Technip Energies (TE.PA, 14-Nov-2025, EUR 35.82), Underweight/Positive, CD/J/K/N

Tecnicas Reunidas (TRE.MC, 14-Nov-2025, EUR 30.58), Overweight/Positive, J/K/N

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Disclosures pertaining to European Banks

Important Equity Disclosures

Materially Mentioned Stocks (Ticker, Date, Price)

ABN AMRO (ABN.AS, 14-Nov-2025, EUR 27.71), Overweight/Positive, CD/D/I/J/K/L/M/N

BPER (EMII.MI, 14-Nov-2025, EUR 10.36), Overweight/Positive, A/CD/D/E/J/K/L/M/N

Deutsche Bank (DBKGn.DE, 14-Nov-2025, EUR 31.87), Overweight/Positive, A/CD/CE/D/E/FA/GE/I/J/K/L/M/N/S

Lloyds Banking Group PLC (LLOY.L, 14-Nov-2025, GBp 92), Overweight/Positive, A/CD/CE/D/E/I/J/K/L/M/N

Societe Generale SA (SOGN.PA, 14-Nov-2025, EUR 57.98), Overweight/Positive, A/CD/D/FA/I/J/K/L/M/N

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Disclosures pertaining to European Insurance

Important Equity Disclosures

Materially Mentioned Stocks (Ticker, Date, Price)

ASR Nederland NV (ASRNL.AS, 14-Nov-2025, EUR 58.50), Overweight/Neutral, A/CD/D/J/K/L/M

AXA (AXAF.PA, 14-Nov-2025, EUR 38.49), Overweight/Neutral, A/CD/D/E/J/K/L/M/N

Generali (GASI.MI, 14-Nov-2025, EUR 33.75), Underweight/Neutral, A/CD/D/E/J/K/L/M/N

Legal & General (LGEN.L, 14-Nov-2025, GBp 238), Overweight/Neutral, A/B/CD/D/J/K/L/M/N/Q

Prudential Plc (PRU.L, 14-Nov-2025, GBp 1082), Overweight/Neutral, CE/D/J/K/L/M/N

Swiss Re (SRENH.S, 14-Nov-2025, CHF 145.55), Underweight/Neutral, A/D/E/J/K/L/M/N

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Disclosures pertaining to European Diversified Financials

Important Equity Disclosures

Materially Mentioned Stocks (Ticker, Date, Price)

Allfunds Group Plc (ALLFG.AS, 14-Nov-2025, EUR 6.44), Overweight/Positive, J/K/M/N

CVC Capital Partners (CVC.AS, 14-Nov-2025, EUR 14.03), Overweight/Positive, A/D/J/K/L/N

ICG PLC (ICP.L, 14-Nov-2025, GBP 19.16), Overweight/Positive, CD/E/J/K/L/M/N

London Stock Exchange Group Plc (LSE.L, 14-Nov-2025, GBp 8764), Overweight/Positive, A/CD/D/J/K/L/M/N

Nordnet Bank AB (SAVE.ST, 14-Nov-2025, SEK 272.80), Underweight/Positive, J

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Disclosures pertaining to European Real Estate

Important Equity Disclosures

Materially Mentioned Stocks (Ticker, Date, Price)

CTP NV (CTPNV.AS, 14-Nov-2025, EUR 17.88), Overweight/Neutral, CD/J

IWG (IWG.L, 14-Nov-2025, GBp 223), Overweight/Neutral, E/FA/J/K/L/M/N/Q

Landsec (LAND.L, 14-Nov-2025, GBp 613), Overweight/Neutral, J/K/L/N/Q

Merlin Properties (MRL.MC, 14-Nov-2025, EUR 12.65), Overweight/Neutral, CD/D/J/L

Tritax Big Box REIT (BBOXT.L, 14-Nov-2025, GBp 149), Overweight/Neutral, CD/E/J/K/L/M/N

Unibail-Rodamco-Westfield (URW.PA, 14-Nov-2025, EUR 91.04), Overweight/Neutral, A/D/E/FC/J/K/L/M/N

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Disclosures pertaining to European Software & Payments

Important Equity Disclosures

Materially Mentioned Stocks (Ticker, Date, Price)

Adyen (ADYEN.AS, 14-Nov-2025, EUR 1408.40), Overweight/Neutral, FA/J

Capgemini (CAPP.PA, 14-Nov-2025, EUR 133.50), Overweight/Neutral, A/CD/D/J/K/L/M

Dassault Systèmes (DAST.PA, 14-Nov-2025, EUR 23.99), Equal Weight/Neutral, CD/J/K/N

Nemetschek (NEKG.DE, 14-Nov-2025, EUR 90.90), Overweight/Neutral, J

Nexi (NEXII.MI, 14-Nov-2025, EUR 4.05), Underweight/Neutral, CD/D/FC/J/K/L/M

SAP SE (SAPG.DE, 14-Nov-2025, EUR 211.10), Overweight/Neutral, CD/CE/E/J/K/L/M/N

Sage Group (SGE.L, 14-Nov-2025, GBP 10.90), Underweight/Neutral, CD/J/K/N

Wise (WISEa.L, 14-Nov-2025, GBP 9.18), Overweight/Neutral, D/J/K/L/M/N

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Disclosures pertaining to European Technology Hardware

Important Equity Disclosures

Materially Mentioned Stocks (Ticker, Date, Price)

ASM International N.V. (ASMI.AS, 14-Nov-2025, EUR 509.00), Overweight/Neutral, J

Aixtron (AIXGn.DE, 14-Nov-2025, EUR 17.78), Overweight/Neutral, J/K/N

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Disclosures pertaining to European Metals & Mining

Important Equity Disclosures

Materially Mentioned Stocks (Ticker, Date, Price)

Anglo American plc (AAL.L, 14-Nov-2025, GBp 2850), Overweight/Neutral, E/J/K/L/M/N

Endeavour Mining (EDV.L, 14-Nov-2025, GBp 3302), Overweight/Neutral, FA/J/L/Q

First Quantum (FM.TO, 14-Nov-2025, CAD 29.68), Overweight/Neutral, CD/J/K/N

Glencore (GLEN.L, 14-Nov-2025, GBp 366), Overweight/Neutral, A/D/E/J/K/L/M/N

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Disclosures pertaining to European Construction, Building Materials & Infrastructure

Important Equity Disclosures

Materially Mentioned Stocks (Ticker, Date, Price)

Eiffage (FOUG.PA, 14-Nov-2025, EUR 112.25), Overweight/Neutral, J

Geberit (GEBN.S, 14-Nov-2025, CHF 628.40), Underweight/Neutral, J

Heidelberg Materials (HEIG.DE, 14-Nov-2025, EUR 209.20), Overweight/Neutral, CD/J

Holcim (HOLN.S, 14-Nov-2025, CHF 71.46), Overweight/Neutral, J/K/M/N

Kingspan Group (KSP.I, 14-Nov-2025, EUR 67.35), Underweight/Neutral, J/K/N

Sika (SIKA.S, 14-Nov-2025, CHF 155.25), Underweight/Neutral, CD/J

Vicat (VCTP.PA, 14-Nov-2025, EUR 67.10), Overweight/Neutral, J

Vinci (SGEF.PA, 14-Nov-2025, EUR 119.50), Overweight/Neutral, A/CD/D/E/J/K/L/M/N

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Disclosures pertaining to European Capital Goods

Important Equity Disclosures

Materially Mentioned Stocks (Ticker, Date, Price)

Alfa Laval AB (ALFA.ST, 14-Nov-2025, SEK 451.10), Overweight/Neutral, J

Epiroc AB (EPIRa.ST, 14-Nov-2025, SEK 195.80), Overweight/Neutral, CD/FA/J

KION (KGX.DE, 14-Nov-2025, EUR 62.40), Overweight/Neutral, CD/J

Legrand (LEGD.PA, 14-Nov-2025, EUR 130.35), Overweight/Neutral, CD/J

Prysmian SpA (PRY.MI, 14-Nov-2025, EUR 84.10), Overweight/Neutral, CD/E/J/K/L/N

Rational (RAAG.DE, 14-Nov-2025, EUR 630.50), Overweight/Neutral, J

Sandvik AB (SAND.ST, 14-Nov-2025, SEK 288.20), Overweight/Neutral, CD/J/K/N

Schindler Holding (SCHP.S, 14-Nov-2025, CHF 285.00), Overweight/Neutral, J/K/M/N

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Disclosures pertaining to European Transportation

Important Equity Disclosures

Materially Mentioned Stocks (Ticker, Date, Price)

AP Moller Maersk (MAERSKb.CO, 14-Nov-2025, DKK 12680.00), Underweight/Neutral, CD/D/J/K/L/M/N

DSV A/S (DSV.CO, 14-Nov-2025, DKK 1412.50), Overweight/Neutral, CD/J/K/N

INPOST SA (INPST.AS, 14-Nov-2025, EUR 9.80), Overweight/Neutral, A/D/E/J/K/L/M/N

Jet2 plc (JET2.L, 14-Nov-2025, GBp 1320), Overweight/Neutral, D/FA/J/K/L/M/N

Kuehne & Nagel International AG (KNIN.S, 14-Nov-2025, CHF 155.35), Underweight/Neutral, FA/J/K/M/N

Ryanair (RYA.I, 14-Nov-2025, EUR 26.82), Overweight/Neutral, CE/D/J/K/L/M/N

Tui AG (TUI1n.DE, 14-Nov-2025, EUR 7.75), Overweight/Neutral, CD/D/J/K/L/M/N

easyJet (EZJ.L, 14-Nov-2025, GBP 4.69), Overweight/Neutral, CD/D/E/J/K/L/M/N

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Disclosures pertaining to European Aerospace & Defence

Important Equity Disclosures

Materially Mentioned Stocks (Ticker, Date, Price)

Airbus (AIR.PA, 14-Nov-2025, EUR 206.50), Overweight/Neutral, CD/D/E/J/K/L/M/N

Rheinmetall (RHM.G.DE, 14-Nov-2025, EUR 1727.00), Overweight/Neutral, E/FA/J/K/L/M/N

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Disclosures pertaining to European Business Services

Important Equity Disclosures

Materially Mentioned Stocks (Ticker, Date, Price)

Adecco Group AG (ADEN.S, 14-Nov-2025, CHF 25.20), Overweight/Positive, CD/J/K/M/N

Ashtead Group (AHT.L, 14-Nov-2025, GBp 4800), Overweight/Positive, J/K/L/M/N/Q

Bunzl (BNZL.L, 14-Nov-2025, GBp 2178), Overweight/Positive, B/J/K/N

Bureau Veritas SA (BVI.PA, 14-Nov-2025, EUR 28.14), Overweight/Positive, CD/E/J/K/L/M/N

Capita plc (CPI.L, 14-Nov-2025, GBp 320), Overweight/Positive, D/J/K/L/M/N/Q

Other Material Conflicts: Barclays Bank PLC, acting through its Investment Bank ('Barclays') is acting as sole financial advisor and sole sponsor to Capita PLC on the sale of Capita One. The rating, price target and estimates (as applicable) on Capita PLC as issued by the Firm's Research Department do not incorporate any such potential transaction.

Diploma (DPLM.L, 14-Nov-2025, GBP 52.75), Overweight/Positive, J/K/M/N

Experian PLC (EXP.N, 14-Nov-2025, GBp 3342), Overweight/Positive, A/D/E/J/K/L/M/N

Intertek Group plc (ITRK.L, 14-Nov-2025, GBp 4928), Overweight/Positive, J/K/N

RS Group (RS1.L, 14-Nov-2025, GBp 557), Overweight/Positive, J/K/L/M/N/Q

Rentokil Initial (RTO.L, 14-Nov-2025, GBp 404), Overweight/Positive, CD/E/J/K/L/M/N/Q

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Disclosures pertaining to European Autos & Auto Parts

Important Equity Disclosures

Materially Mentioned Stocks (Ticker, Date, Price)

FORVIA (FRVIA.PA, 14-Nov-2025, EUR 11.01), Overweight/Negative, CD/D/E/J/K/L/M/N

Ferrari N.V. (RACE.MI, 14-Nov-2025, EUR 360.00), Overweight/Negative, E/FA/FC/J/K/L/N

Michelin (MICP.PA, 14-Nov-2025, EUR 28.43), Underweight/Negative, CD/J/K/N

Porsche AG (P911_p.DE, 14-Nov-2025, EUR 46.13), Equal Weight/Negative, D/E/FA/J/K/L/M/N

Stellantis N.V. (STLAM.MI, 14-Nov-2025, EUR 9.00), Equal Weight/Negative, A/CD/CE/D/E/FA/FB/J/K/L/M/N

Volkswagen AG Prefs (VOWG_p.DE, 14-Nov-2025, EUR 97.66), Overweight/Negative, A/D/E/FA/J/K/L/M/N

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Disclosures pertaining to European Food and General Retail

Important Equity Disclosures

Materially Mentioned Stocks (Ticker, Date, Price)

Carrefour (CARR.PA, 14-Nov-2025, EUR 13.27), Overweight/Neutral, CD/D/E/J/K/L/M

Marks & Spencer Group plc (MKS.L, 14-Nov-2025, GBp 3.54), Overweight/Neutral, J/K/N

Tesco (TSCO.L, 14-Nov-2025, GBp 4.38), Overweight/Neutral, A/CD/D/FC/J/K/L/M/N/Q

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Disclosures pertaining to European Luxury Goods & Specialty Retail

Important Equity Disclosures

Materially Mentioned Stocks (Ticker, Date, Price)

Kering (PRTP.PA, 14-Nov-2025, EUR 320.60), Underweight/Neutral, CD/E/FA/J/K/L/N

Moncler (MONC.MI, 14-Nov-2025, EUR 57.14), Overweight/Neutral, E/FA/J/K/L/M/N

Richemont (CFR.S, 14-Nov-2025, CHF 170.95), Overweight/Neutral, FA/J/K/N

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Disclosures pertaining to European Leisure

Important Equity Disclosures

Materially Mentioned Stocks (Ticker, Date, Price)

Accor (ACCP.PA, 14-Nov-2025, EUR 46.46), Overweight/Negative, CD/J

Cirsa Enterprises SA (CIRSA.MC, 14-Nov-2025, EUR 13.03), Overweight/Negative, A/D/J/L

Compass Group PLC (CPG.L, 14-Nov-2025, GBp 2421), Overweight/Negative, CD/D/J/K/L/M/N

Entain plc (ENT.L, 14-Nov-2025, GBp 700), Equal Weight/Negative, A/CD/D/E/FA/J/K/L/M/N

Flutter Entertainment (FLTRF.L, 14-Nov-2025, GBP 152.30), Overweight/Negative, A/D/E/J/K/L/M/N

Flutter Entertainment (FLUT, 14-Nov-2025, USD 198.58), Overweight/Positive, A/D/E/J/K/L/M/N

InterContinental Hotels Group Plc (IHG.L, 14-Nov-2025, GBp 9728), Overweight/Negative, A/CD/CE/E/J/K/L/M/N

Lottomatica Group S.p.A. (LTMC.MI, 14-Nov-2025, EUR 20.46), Overweight/Negative, A/CD/D/E/FA/J/L

Sodexo SA (EXHO.PA, 14-Nov-2025, EUR 46.90), Equal Weight/Negative, CD/J/K/N

Whitbread PLC (WTB.L, 14-Nov-2025, GBp 2777), Equal Weight/Negative, J/K/N

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Materially Mentioned Stocks (Ticker, Date, Price)

BT Group PLC (BT.L, 14-Nov-2025, GBp 177), Underweight/Neutral, A/E/J/K/L/M/N

Deutsche Telekom AG (DTEGn.DE, 14-Nov-2025, EUR 27.24), Overweight/Neutral, A/CD/D/E/J/K/L/M/N

T-Mobile US Inc. (TMUS, 14-Nov-2025, USD 216.08), Overweight/Neutral, A/CE/D/J/K/L/N

Telefonica SA (TEF.MC, 14-Nov-2025, EUR 3.73), Equal Weight/Neutral, A/CE/D/E/J/K/L/M/N

Vodafone Group Plc (VOD.L, 14-Nov-2025, GBp 94), Equal Weight/Neutral, A/CD/CE/D/E/J/K/L/M/N

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CTS Eventim (EVDG.DE, 14-Nov-2025, EUR 78.95), Overweight/Neutral, J/K/N

Informa PLC (INF.L, 14-Nov-2025, GBp 935), Overweight/Neutral, CD/J/K/N

JC Decaux SA (JCDX.PA, 14-Nov-2025, EUR 14.53), Overweight/Neutral, CD/D/J/K/L/M/N

Omnicom Group Inc. (OMC, 14-Nov-2025, USD 72.23), Equal Weight/Neutral, CD/CE/E/J/K/L/N

Pearson plc (PSON.L, 14-Nov-2025, GBp 1009), Equal Weight/Neutral, CE/D/E/J/K/L/M/N

Publicis Groupe SA (PUBP.PA, 14-Nov-2025, EUR 86.92), Overweight/Neutral, CD/J/K/N

RELX PLC (REL.L, 14-Nov-2025, GBp 3126), Overweight/Neutral, A/D/E/J/K/L/M/N

Universal Music Group (UMG.AS, 14-Nov-2025, EUR 22.30), Equal Weight/Neutral, CD/D/J/K/L/M/N

WPP (WPP.L, 14-Nov-2025, GBp 288), Underweight/Neutral, CE/E/J/K/L/M/N

Wolters Kluwer NV (WLSNc.AS, 14-Nov-2025, EUR 94.44), Overweight/Neutral, A/CD/D/E/J/K/L/M/N

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Auto1 (AG1G.DE, 14-Nov-2025, EUR 25.72), Overweight/Positive, D/J/K/L/M

Ocado (OCDO.L, 14-Nov-2025, GBp 2.25), Underweight/Positive, A/CD/D/J/K/L/N

Prosus N.V. (PRX.AS, 14-Nov-2025, EUR 60.74), Overweight/Positive, A/CD/D/J/L

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AstraZeneca (AZN.L, 14-Nov-2025, GBP 135.32), Overweight/Neutral, CD/CE/J/K/M/N

Galderma (GALD.S, 14-Nov-2025, CHF 149.50), Overweight/Neutral, J

Genmab A/S (GMAB.CO, 14-Nov-2025, DKK 1953.50), Overweight/Neutral, CE/J

Lonza Group AG (LONN.S, 14-Nov-2025, CHF 544.40), Overweight/Neutral, J

Sartorius AG (SATG_p.DE, 14-Nov-2025, EUR 230.30), Overweight/Neutral, J

UCB SA (UCB.BR, 14-Nov-2025, EUR 226.90), Overweight/Neutral, J/K/M

argenx (ARGX.BR, 14-Nov-2025, EUR 779.80), Overweight/Neutral, J

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Materially Mentioned Stocks (Ticker, Date, Price)

Carl Zeiss Meditec AG (AFXG.DE, 14-Nov-2025, EUR 42.68), Overweight/Positive, J/K/N

Elekta AB (EKTA.B, 14-Nov-2025, SEK 45.14), Underweight/Positive, J

EssilorLuxottica (ESLX.PA, 14-Nov-2025, EUR 318.90), Overweight/Positive, CD/J

Fresenius SE & Co KGaA (FREG.DE, 14-Nov-2025, EUR 48.72), Overweight/Positive, CD/J/K/M/N

Siemens Healthineers AG (SHLG.DE, 14-Nov-2025, EUR 43.87), Overweight/Positive, A/D/E/J/K/L/M/N

Sonova Holding AG (SOON.S, 14-Nov-2025, CHF 202.70), Underweight/Positive, J

Straumann Holding AG (STMN.S, 14-Nov-2025, CHF 100.70), Overweight/Positive, J

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Centrica (CNA.L, 14-Nov-2025, GBp 168), Overweight/Positive, CD/E/J/K/L/M/N

Drax (DRX.L, 14-Nov-2025, GBp 745), Overweight/Positive, FA/J/K/N

EDP Renovaveis (EDPR.LS, 14-Nov-2025, EUR 11.58), Overweight/Positive, D/E/J/K/L/M/N

Elia Group SA (ELI.BR, 14-Nov-2025, EUR 103.80), Overweight/Positive, CD/J

Enel (ENEL.MI, 14-Nov-2025, EUR 8.98), Overweight/Positive, CD/D/E/J/K/L/M/N

Engie (ENGIE.PA, 14-Nov-2025, EUR 21.80), Overweight/Positive, A/CD/D/E/J/K/L/M/N

National Grid (NG.L, 14-Nov-2025, GBp 1170), Overweight/Positive, CD/CE/D/E/J/K/L/M/N/Q

RWE (RWE.DE, 14-Nov-2025, EUR 45.69), Overweight/Positive, A/CD/D/E/J/K/L/M/N

SSE (SSE.L, 14-Nov-2025, GBp 2227), Overweight/Positive, A/CD/E/J/K/L/M/N

Solaria Energia y Medio Ambiente (SLRS.MC, 14-Nov-2025, EUR 15.52), Overweight/Positive, J

Veolia (VIE.PA, 14-Nov-2025, EUR 29.07), Overweight/Positive, A/CD/D/E/J/K/L/M/N

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AAK (AAK.ST, 14-Nov-2025, SEK 266.80), Underweight/Negative, J/K/N

Air Liquide (AIRP.PA, 14-Nov-2025, EUR 171.08), Overweight/Negative, A/E/J/K/L/M/N

AkzoNobel (AKZO.AS, 14-Nov-2025, EUR 57.80), Overweight/Negative, CD/E/J/K/L/M/N

Arkema (AKE.PA, 14-Nov-2025, EUR 52.25), Underweight/Negative, CD/J

BASF (BASFn.DE, 14-Nov-2025, EUR 43.47), Equal Weight/Negative, CD/D/E/J/K/L/M/N

Croda (CRDA.L, 14-Nov-2025, GBp 2824), Overweight/Negative, J/K/N

Elementis (ELM.L, 14-Nov-2025, GBp 158), Overweight/Negative, J/K/N
Givaudan (GIVN.S, 14-Nov-2025, CHF 3397.00), Overweight/Negative, J/K/M/N
Glanbia (GL9.I, 14-Nov-2025, EUR 14.95), Overweight/Neutral, J/K/L/N/Q
IMCD (IMCD.AS, 14-Nov-2025, EUR 78.70), Overweight/Negative, CD/J
Kerry Group (KYGa.L, 14-Nov-2025, EUR 78.70), Overweight/Neutral, J
Lanxess (LXSG.DE, 14-Nov-2025, EUR 17.83), Underweight/Negative, CD/E/J/K/L/M/N
Novonesis (NSISb.CO, 14-Nov-2025, DKK 413.90), Overweight/Negative, E/J/L
Solvay (SOLB.BR, 14-Nov-2025, EUR 27.52), Underweight/Negative, CD/J
Suedzucker AG (SZUG.DE, 14-Nov-2025, EUR 9.57), Underweight/Neutral, CD/J/K/M/N

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