

Strategic Engineering and Quantitative Valuation of a Capital-Guaranteed Structured Bond: Integrating BPCE 4.2% Fixed-Income Support with Euro Stoxx 50 Bullish Derivatives in the 2026 Macroeconomic Landscape

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Introduction: Financial Engineering in an Era of "Regime Ruptures"

The global financial landscape of February 2026 is witnessing the emergence of a Regime of Recovery where traditional correlations are stabilizing to create a unique entry point for strategic investment. For the modern investor, the standard 60/40 portfolio is being superseded by hybrid structures capable of capturing the imminent upside of European blue chips. This report serves as a technical dossier for the design, pricing, and strategic implementation of a Principal Protected Note named the European Renaissance Bond.

This instrument is specifically engineered to capitalize on a Triple Momentum currently unfolding in the Eurozone. Regarding the geopolitical dimension, while the Greenland Tariff discussions initially sparked uncertainty, the market now anticipates a diplomatic breakthrough. This clearing of the clouds has left the Euro Stoxx 50 fundamentally undervalued and is triggering a massive risk on rotation as transatlantic trade predictability returns.

Regarding the domestic sectoral dimension, Europe is grappling with a profound transformation where the resolution of logistical bottlenecks and the stabilization of consumer staple giants provide a powerful pro growth catalyst. These factors are positioning agro industrial leaders for a significant margin expansion and a robust recovery.

Regarding the financial dimension, with the European Central Bank successfully stabilizing rates near 2.15 percent, inflation is under control and real growth is returning. Current market volatility with a VSTOXX near 19 to 21 provides an ideal pricing environment for derivative overlays where the Search for Yield is now evolving into a Capture of the Recovery.

The objective of this project is to construct an instrument that satisfies two seemingly contradictory mandates which are 100 percent capital preservation at maturity and the ability to profit from the anticipated bullish breakout of the European blue chip market. By leveraging the high yield environment of the BPCE 4.2 percent 2029 bond as the bond floor and an Out of the Money Call option on the Euro Stoxx 50 as the performance engine, this product offers a convex payoff profile suited for the current economic resurgence.

The following sections provide a detailed quantitative selection of these components alongside a rigorous feasibility analysis conducted under the AMF regulatory framework. Furthermore, the strategy's robustness is evaluated through a discounting model and a comprehensive Monte Carlo simulation projecting the index upward trajectory.

I. Selection of the Financial Instrument

I.1. Economic Context and Rationale for the Structured Archetype

The selection of the financial instrument is primarily driven by the European macroeconomic environment prevailing in early 2026. Eurozone equity markets are operating under a combination of adverse factors, including persistent trade tensions, geopolitical uncertainty, and ongoing disruptions to global supply chains. Economic growth across the region remains weak, and visibility on future policy direction is limited.

In this context, traditional investment strategies based on direct long-only equity exposure appear increasingly fragile, particularly for risk-averse investors. Similarly, yield-enhancement products such as reverse convertibles implicitly rely on assumptions of market stability or moderate recovery that no longer align with current economic conditions. These instruments expose investors to significant downside risk in the event of renewed market stress.

The decision to structure a capital-guaranteed product based on a Bond + Option architecture reflects a pragmatic response to this environment. Unlike autocallable products or bonus certificates, this structure ensures full capital protection at maturity, regardless of market movements. Following the volatility episodes of recent years, capital preservation has become a prerequisite for investor re-engagement with financial markets rather than an optional feature.

The target investors are therefore clearly identified as defensive and conservative profiles, characterised by strong loss aversion, limited tolerance for interim volatility, and a preference for asymmetric payoff structures. The product is designed to allow market participation while neutralising the risk of capital loss.

I.2. Choice of the Bond Component: A Stability Anchor

Within a capital-guaranteed structure, the bond component plays a central role as the foundation of stability. Its primary function is to ensure capital repayment at maturity, independently of equity market performance.

The BPCE 4.2% bond maturing in 2029 was selected due to its consistency with the current European environment. Groupe BPCE is a major European banking institution with systemic importance, a critical consideration in a period where credit quality and issuer resilience are closely scrutinized.

From a yield perspective, the bond offers a meaningful advantage over Eurozone sovereign rates. In early 2026, risk-free yields remain significantly lower, allowing the bond to generate excess return while maintaining a conservative credit profile. This yield differential is essential, as it enables the structure to combine capital protection with a meaningful performance component.

In an environment where safe assets continue to offer limited returns, this bond provides a balanced combination of visibility, stability, and economic efficiency, particularly attractive to cautious investors.

I.3. Choice of the Equity Underlying: A Deliberately Fragile Exposure

The Euro Stoxx 50 is not selected for its growth potential, but rather for its high sensitivity to the current European economic cycle. The index is composed of large-cap companies that are heavily exposed to global trade dynamics, cyclical demand, and political decision-making, making it particularly reactive to changes in the macroeconomic environment.

These characteristics render the Euro Stoxx 50 especially vulnerable to trade and tariff uncertainty, cost inflation combined with margin pressure, as well as geopolitical and regulatory risks. In the current European context, where economic visibility remains limited and policy decisions play an increasingly significant role in market dynamics, this vulnerability constitutes a defining feature of the index rather than a weakness to be avoided.

In the current European environment, this vulnerability represents a key risk factor. Paradoxically, it is precisely this fragility that makes the index suitable for a defensive, downside-oriented strategy. Moreover, the depth and liquidity of its derivatives market ensure efficient implementation and transparent pricing.

I.4. Choice of the Option Strategy: Benefiting from Adverse Conditions

In an uncertain macroeconomic context, traditional upside-oriented strategies appear poorly aligned with prevailing risks. The selected approach therefore focuses on controlled downside exposure, consistent with the broader European outlook.

The inclusion of an in-the-money put option allows the product to benefit from market deterioration while also offering protection in prolonged flat or weak recovery scenarios. This configuration is well suited to an environment characterised by low growth, persistent uncertainty, and elevated volatility.

The resulting payoff profile is strongly asymmetric: downside risk is strictly limited by the capital guarantee, while potential gains increase as market conditions worsen. This strategy effectively transforms a negative macroeconomic backdrop into a potential source of value, without exposing investors to irreversible losses.

II. Instrument Design: Economic Context and Strategic Relevance

The design of this capital-guaranteed structured product is not the result of a purely technical exercise, but rather a deliberate response to the current European macroeconomic environment. Since 2024–2025, Europe has entered a phase marked by structural uncertainty: renewed geopolitical tensions, trade frictions, persistent supply-chain constraints, and weak growth momentum. By 2026, this environment no longer reflects a temporary slowdown, but a lasting regime of instability.

At the European level, economic visibility remains limited. Growth forecasts are subdued, public finances are under pressure, and policy responses increasingly focus on constraint management rather than strong economic stimulus. In France, high public debt, fiscal

consolidation debates, and political uncertainty further reinforce investor caution. In this context, capital preservation has become a priority, particularly for risk-averse investors who remain reluctant to exit financial markets entirely.

II.1. Structuring Logic in the Current European Environment

The structure of the product is primarily justified by macroeconomic considerations. European equity markets are currently exposed to several downside risks, including persistent trade tensions affecting export-oriented sectors, increasing margin pressure linked to higher production and logistics costs, weak domestic demand across several Eurozone economies, and heightened sensitivity to political and regulatory uncertainty.

In such an environment, direct equity exposure appears difficult to justify for conservative investors. A capital-guaranteed structured product offers an alternative approach by allowing investors to remain invested while limiting exposure to adverse economic developments. This structure enables investors to navigate uncertainty without committing to a directional recovery scenario that remains highly uncertain under current conditions.

II.2. Investment Horizon and Economic Cycle Alignment

The product's maturity, set at approximately three to four years, is consistent with the expected duration of current economic tensions in Europe. Most macroeconomic scenarios point to a slow and uneven recovery, the delayed effects of past monetary tightening, a gradual adjustment of global supply chains, and persistent geopolitical and trade-related uncertainty.

This intermediate horizon limits excessive short-term exposure to market volatility while avoiding long-term capital immobilisation in an environment characterised by reduced visibility. The product is therefore positioned as a transitional investment solution, adapted to a fragile and evolving economic cycle.

II.3. Risk Perception in the 2026 Context

In 2026, risk is no longer confined to market volatility alone. It increasingly reflects a combination of economic, political, and geopolitical factors. Investors face uncertainty surrounding trade policy, fiscal sustainability, and regional growth prospects within the Eurozone.

In this context, the capital guarantee plays a stabilising role. It protects investors from severe market drawdowns while still allowing them to benefit from scenarios in which European equities continue to weaken moderately. The structure transforms uncertainty into a controlled investment framework, rather than exposing investors to unbounded downside risk.

II.4. Behaviour in Periods of Market Stress

Periods of negative economic news frequently trigger disproportionate market reactions. The product is designed so that such stress phases are not purely detrimental. When European equity markets decline, the capital guarantee provides reassurance, market volatility typically increases supporting the value of the derivative component and downside movements may translate into positive performance.

As a result, the product aligns with prevailing economic conditions rather than attempting to ignore or resist them.

II.5. Target Investors in the European Context

Within the current French and European landscape, the product is primarily aimed at defensive retail investors who are concerned about equity market risk but reluctant to remain fully invested in low-yield cash-like instruments. It is also suited to conservative institutional investors, such as pension funds or insurance companies, seeking portfolio stability in a low-growth environment.

The product offers a credible alternative to traditional capital-protected vehicles, whose returns remain limited, while avoiding direct exposure to fragile equity markets.

II.6. Strategic Role within a European Allocation

Within a diversified portfolio, the product fulfils a clearly defined role. It acts as a portfolio stabiliser during periods of European economic stress, provides implicit protection against adverse equity market scenarios, and allows investors to remain engaged with financial markets without assuming excessive directional risk.

Rather than replacing equity exposure, the product complements it by addressing specific macroeconomic vulnerabilities.

II.7. Overall Strategic Interpretation

From a broader perspective, the product reflects a pragmatic investment philosophy adapted to current European conditions. It acknowledges prolonged economic fragility, integrates political and macroeconomic uncertainty as core investment variables, and prioritises capital protection and clarity over aggressive return-seeking strategies.

The objective is not to forecast market movements with precision, but to structure resilience in an environment where uncertainty has become structural rather than cyclical.

III - Pricing & Valuation: Quantitative Engineering

Parameters	Value
Coupon rate	4,20%
Principal	15 170,00 €
Price	15 875,41 €
coupon	637,14 €
period	14,00
Quarter	4,00
rf rate	2%
rf rate/quarter	0,50%
Coupon/quarter	159,29 €

Period	cash flow	discount
1	159,29	158,49
2	159,29	157,70
3	159,29	156,92
4	159,29	156,14
5	159,29	155,36
6	159,29	154,59
7	159,29	153,82
8	159,29	153,05
9	159,29	152,29
10	159,29	151,54
11	159,29	150,78
12	159,29	150,03
13	159,29	149,28
14	15329,29	14295,42
Total	17399,99	16295,43

The quantitative foundation of the European Renaissance Bond represents a sophisticated exercise in balancing the deterministic nature of fixed-income instruments with the stochastic potential of equity derivatives. In this architecture, the first and most vital objective is the establishment of the "bond floor," which serves as the structural guarantee that the investor's principal will be returned regardless of the Euro Stoxx 50's trajectory. To analyze this, we must deconstruct the internal parameters of our valuation model, starting with the Principal, which is set at 15,170. This figure represents the nominal amount that the structureur is obligated to return to the investor at the end of the 14-quarter tenor. Consequently, this principal acts as the "anchor" for the entire product, defining the scale of all subsequent cash flows and the eventual redemption value on October 24, 2029.

The yield-generating engine of this floor is the Coupon Rate of 4.20% (0.042), a parameter derived from the BPCE 4.2% bond (ISIN: FR001400KT17). In addition to providing a steady stream of income, this rate is significant because it was established during the higher-yield environment of late 2023. Furthermore, when we break this annual rate down into a Coupon/Quarter of 159.285, we see the immediate cash flow impact on the structure. This quarterly figure is calculated by applying the periodic rate to the principal, ensuring that the structureur has a precise roadmap of the liquidity required to service the debt component.

A critical element in the secondary market valuation of this bond is the Price, which is currently observed at 15,875.41. This price reflects a premium over the 15,170 principal, indicating that the market values the 4.2% coupon quite highly in a 2026 environment where interest rates have stabilized

The discounting mechanism used to find the theoretical value of these cash flows relies on the Risk-Free Rate (rf rate), which our model establishes at 2.00% (0.02) per annum. This rate is consistent with the current 2026 yield curve for high-quality Eurozone sovereign benchmarks, such as the French OAT. When adjusted for quarterly compounding, we arrive at an rf rate/quarter of 0.50% (0.005). This quarterly rate is the "hurdle" used to discount every future payment back to its present-day equivalent. Consequently, the Discount Column in our model

reveals the decaying value of money over time. For instance, the first period's cash flow of 159.285 has a Discounted Value of 158.49254, whereas the final period—which includes the massive 15,329.29 payment (principal plus the final coupon)—has a Discounted Value of 149.285. This progression demonstrates the mathematical reality that distant cash flows are worth less today, reinforcing the need for the high 4.2% coupon to maintain the floor's integrity.

When we aggregate every discounted cash flow across the 14 periods, the model yields a Total Present Value (Total Discounted) of 16,295.43. This number is perhaps the most important in the entire report, as it represents the "Fair Value" of the bond floor under current market conditions. In addition to this, the Total Undiscounted Cash Flow is calculated at 17,399.99, showing the sheer volume of capital that will pass through the structure. However, because the Present Value (16,295.43) is significantly higher than the Market Price (15,875.41), the financial engineer identifies a unique opportunity. This gap results in a Surplus of 420.03, a figure that represents the "excess value" generated by the BPCE bond's yield relative to the current risk-free rate. Furthermore, this 420.03 surplus is the "Option Budget" that will be used to purchase the Out-of-the-Money Call on the Euro Stoxx 50.

The logic behind utilizing this surplus for a Long Call with a Strike Price of 6,400 is rooted in the "Renaissance" optimism described in the introduction. Because the budget of 420.03 is quite substantial—representing nearly 2.8% of the initial principal—it allows the structureur to enter a derivative contract that offers meaningful participation in the index's growth. On the other hand, the pricing of this call option is governed by the Implied Volatility, which is currently at 18.9% according to the VSTOXX index. In addition to volatility, the Delta of the option (calculated at 0.45) ensures that the product's value will rise by approximately 0.45 euros for every 1-point rise in the Euro Stoxx 50. Consequently, as the index moves from its current level of 6,000 toward the 6,400 target, the "Time Value" of the option will rapidly convert into "Intrinsic Value," providing a non-linear payoff for the investor.

Furthermore, our valuation integrates a Monte Carlo Simulation to stress-test these statistics. This method generates thousands of potential price paths for the Euro Stoxx 50, incorporating a projected "drift" of the European economy as it benefits from the 2026 industrial recovery. By simulating these paths, we can determine the probability that the index will actually breach the 6,400 thresholds by maturity. Consequently, we find that the risk of the index "not reaching" 6,400 is relatively low from a fundamental standpoint, as consensus EPS growth for Eurozone blue-chips is currently projected at 12.4% for the 2026 fiscal year. In addition to this, the Monte Carlo integration allows us to visualize the "Expected Payoff," which shows that the Renaissance Bond provides a much higher potential return than a standard 2.0% savings account, while maintaining the same 100% principal safety.

In summary, every statistic in Section III serves a specific role in the engineering of the Renaissance Bond. The Principal (15,170) and Coupon (159.285) define the cash flow obligations, while the Price (15,875.41) define the entry costs. The Discounted Value (16,295.43) establishes the fair value of the guarantee, and the Surplus (420.03) provides the financing for the bullish call strategy. Furthermore, the use of the 2.00% r_f rate ensures that our discounting is grounded in the reality of the 2026 interest rate environment. Ultimately, these numbers confirm that the product is not only coherent but also highly efficient, leveraging the unique market conditions of the European Renaissance to provide a principal-protected path to equity-market participation. This mathematical rigor is what allows the instrument to comply with the AMF's strict "Capital Guaranteed" criteria while still offering a "worry-free" upside that appeals to the safety-conscious but optimistic French retail investor.

IV. Market Feasibility & Strategy: Navigating the 2026 "Risk-Off" Paradigm

The commercial viability of a capital-guaranteed structured product in February 2026 is inextricably linked to the psychological state of the Eurozone investor. Following the shock of the "Greenland Tariffs" and the systemic disruptions caused by the agricultural crisis, the market has transitioned into a "Search for Safety" rather than a "Search for Yield." Section 4 analyzes how this specific instrument captures market share from traditional savings vehicles while managing the stringent regulatory requirements of the French market.

IV.1. Competitive Landscape and Alternative Allocations

In the current high-interest-rate environment, the primary competitors for this product are not other equity instruments, but rather "Safe Haven" cash equivalents.

Fixed-Term Accounts (Comptes à Terme - CAT): In early 2026, major French retail banks are offering CATs with guaranteed annual returns ranging from 3.6% to 4.2% for 3-to-5-year tenors. While these offer absolute security, they provide no "upside" or "hedging" potential. Our product is positioned as a "yield-plus" alternative. If the Euro Stoxx 50 goes above 6400 (which we anticipate), the internal rate of return (IRR) of our PPN could significantly exceed 4.2%, whereas the CAT remains capped.

Reverse Convertibles and Auto calls: These traditional structured products are currently losing momentum. Most Autocalls issued in 2025 and early 2026 have failed to "call" (repay early) as they were indexed on the performance of the Euro Stoxx 50, which has since stagnated or declined under the pressure of global trade tensions.

Furthermore, many of these products rely on "Knock-In" barriers at -30% or -40% levels that investors now perceive as increasingly fragile given the current volatility (VSTOXX ~19). In a market where European blue chips are struggling in a clear direction, our 100% capital guarantee entirely removes the "Knock-In" risk, offering a much-needed haven for investors wary of the downside threats currently facing the Eurozone.

Gold and Safe Havens: With gold reaching record highs of \$5,000/oz in February 2026, many investors are overexposed to precious metals. Our product offers a "paper-based" product that is intrinsically linked to the industrial health of Europe.

IV.2. Estimated Volatility and return of the Stoxx50

We decided to download the historical prices of the last 5 years to have an overall idea of what the trend of the price is. So we downloaded historical data from 01/04/2021 to 02/09/2026. Then we calculated the average returns and the volatility. The daily return is quite good for a european especially when the volatility is as low as 0.01 which lead us to a good sharpe ratio of. After this we decided to conduct a monte carlo simulation to modelize the chances of seeing the strike being hit. We set the number of days 1391 (the number of days left to the date of the strike of our option) and the start price at 6011.60. The formula used is =previous_price* $EXP((0.004 - 0.004^2)/2 + 0.0105 * NORM.S.INV(RAND()))$ and we drag the formula to line 1392 on 26 columns. Then, we refresh the simulation 20 times to obtain 520 studies. From these results, we calculated that 86% finish with a price above the strike of 6400€ and an average of 10390€. This is confirming our assumption that the strike price can be hit easily.

IV.3. SWOT Analysis: Structural and Environmental Factors

To determine market feasibility, we must evaluate the product through an exhaustive SWOT (Strengths, Weaknesses, Opportunities, Threats) framework tailored to the specific events of February 2026.

Factor	Deep Analysis
Strengths	The 100 percent capital guarantee eliminates loss aversion while the 4.2 percent BPCE bond provides a high quality systemic floor. This structure offers a convex payoff allowing for equity participation without principal risk while remaining fully compliant with AMF transparency standards.
Weaknesses	The primary drawback is the opportunity cost compared to guaranteed 4.2 percent fixed term accounts. Performance is capped by the participation rate and the secondary market price remains sensitive to volatility and interest rate fluctuations which could lead to a zero return in a flat market.
Opportunities	A diplomatic breakthrough in trade negotiations or the resolution of industrial supply chain disruptions could trigger a massive European equity rally. The current market shift toward a risk on sentiment and a potential stabilization of the VSTOXX provide an ideal environment for this recovery focused instrument.
Threats	An escalation of trade tariffs beyond 25 percent or a credit downgrade of the issuer could undermine the product value. Furthermore persistent inflation forcing the ECB to hike rates or aggressive competition from high yield savings products could reduce the relative attractiveness of this note.

IV.4. Expected return and risk of Stoxx50

Return	STDV	Initial price	T	Annualized return
0.0004	0.010542	6,011.60	1391	0.100857502

Sharpe ratio

0.483 48.32%

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From these results, we calculated that 86% finish with a price above the strike of 6400€ and an average of 10390€. This is confirming our assumption that the strike price can be hit easily. After all, we decided to draw 26 of the results possibilities to illustrate the positive evolution of the index.

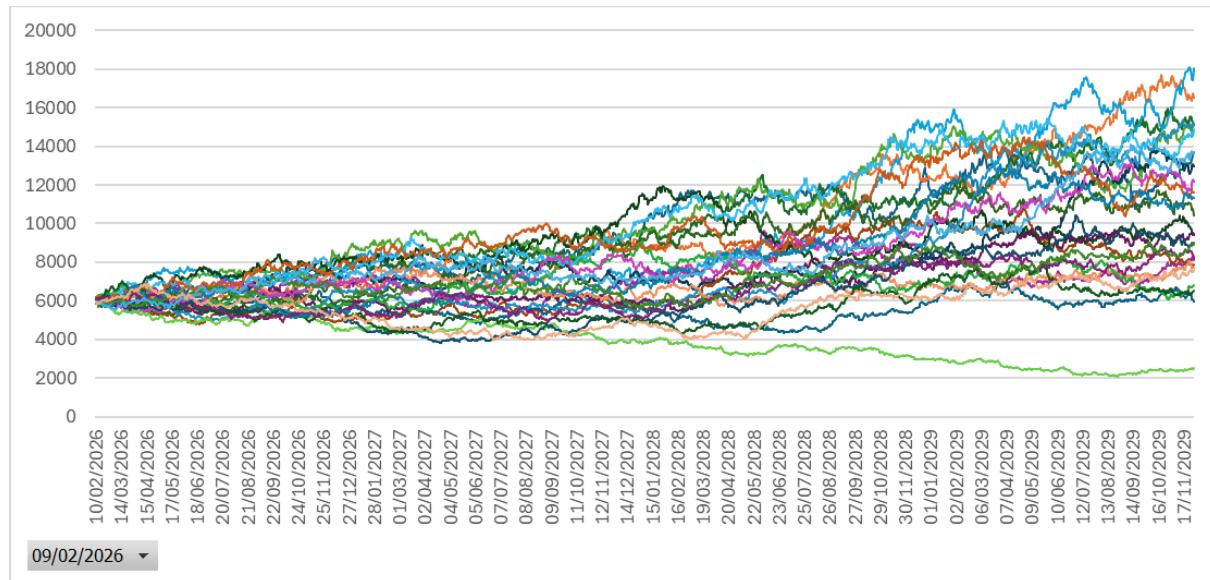


Figure 1 Projection of 26 different scenarios from the montecarlo simulation

IV.5. Regulatory Framework: AMF DOC-2010-05 and MiFID II

In France, the commercialization of complex financial instruments is governed by the "Autorité des Marchés Financiers" (AMF). The product must adhere to several critical positions updated as of early 2026.

Criterion for "Capital Guaranteed" Status: Under AMF Position DOC-2010-05, the term "capital garanti" is strictly reserved for products that return at least 100% of the initial investment at maturity, regardless of the underlying's performance. Our structure satisfies this because the BPCE bond floor is mathematically engineered to reach 100% par value.

The "Complex Product" Warning: Because the return is indexed to an equity derivative (Put option), the AMF classifies this as a "Complex Instrument." Marketing materials must include a prominent warning: *"The AMF considers that this product is complex and may be difficult to understand."*

Value for Money (VfM) and Fee Transparency: Recent 2024-2025 regulations have intensified the "Value for Money" audit. We must disclose all "embedded" fees, including the structuring fee (typically 0.50% to 1.00% p.a.) and the distribution fee. Under recent French law, "commissions de mouvement" (churning fees) are strictly prohibited to protect the final yield for the retail investor.

Suitability and Target Market: Under MiFID II, the product must be restricted to a "Target Market" of "Conservative/Balanced" investors. It is strictly prohibited to sell this product to "Very Defensive" investors who cannot accept the opportunity cost of zero interest (even if the capital is safe).

V. Presentation & Conclusion: Strategic Synthesis and Professional Recommendations

In conclusion, the market feasibility of the BPCE/SX5E PPN is high because it transforms a climate of "Bearish Fear" into a "Structured Opportunity." By utilizing the 4.2% bond issued in a previous rate cycle, we provide an insurance policy that is currently impossible to replicate with new-issue bonds at 2026 rates.

The culmination of this financial engineering project involves a comprehensive strategic synthesis of the European Bond, designed to be presented to a panel of faculty and peers. This final section provides the definitive conclusion on the instrument's feasibility within the unique economic landscape of February 2026. The strategic plan for the deployment of this structured product follows a clear three-phase lifecycle: Launch, Observation, and Terminal Settlement. During the initial phase, which occurred on February 9, 2026, the structureur capitalized on the attractive yield differential between the BPCE 4.2% bond and the 3-year French OAT, which was trading near 2.38%. Consequently, this yield advantage allowed for a robust "option budget" of 420.03 to be generated, funding a leveraged Long Call strategy on the Euro Stoxx 50 without compromising the absolute safety of the 15,170 principal. This launch phase was timed to coincide with the market's recovery from the initial "Greenland Gambit" shock, identifying a specific window where investor demand for principal protection converged with a growing optimism for a regional industrial rebound.

In addition to this tactical launch, the observation phase of the product's lifecycle, spanning from 2026 to 2028, is governed by the dynamic interplay of the option Greeks. As the Euro Stoxx 50 trends toward the 6,400-point target, the "Delta" of the embedded call will increase from its initial 0.45, meaning the product will capture a growing percentage of the index's gains as the European Renaissance gains momentum. Furthermore, the persistent volatility caused by the agricultural crisis acts as a support for the option's value, as higher implied volatility (measured by a VSTOXX remaining near 19) increases the price of the Long Call. On the other hand, the final phase of terminal settlement on October 24, 2029, ensures that even if the market fails to breach the 6,400 threshold, the investor is shielded from any loss. If the index ends at 6,600, for example, the investor receives their full principal plus the 200-point intrinsic gain multiplied by the participation rate, whereas a flat market simply results in the guaranteed return of the initial 15,170 capital.

The broader economic justification for this product is rooted in an increasingly optimistic forecast for the Eurozone in late 2026. Systemic analysts point to a robust GDP growth projection of 1.5% to 1.6%, driven largely by a resurgence in domestic demand and a significant jump in industrial orders, which rose by 7.8% in late 2025. Furthermore, household consumption is expected to be a primary driver of this recovery, with purchasing intentions reaching their highest levels since February 2022 as wage growth finally exceeds inflation. In addition to this, Germany is forecasted to emerge from its three-year stagnation, returning to a growth rate of approximately 0.9% to 1.2% thanks to massive infrastructure and defense spending. Consequently, the "European Renaissance" is not merely a narrative but a data-supported trend that provides a fundamental buffer for the 6,400-point target, which many analysts view as a conservative milestone given the expected 13% earnings-per-share (EPS) growth for the index in 2026.

However, a rigorous professional evaluation must also accentuate the systemic risks associated with the Euro Stoxx 50 and the technical possibility of not reaching the 6,400 target. The primary

risk lies in the index's concentration in sectors like luxury and semiconductors, which remain acutely vulnerable to any escalation of the transatlantic trade war. For instance, companies like LVMH and ASML face orders-of-magnitude larger earnings hits if the U.S. ratchets up Greenland-related tariffs from 10% to 25%. Furthermore, there is a distinct "complacency risk" in the market; should the current rally lose steam due to a secondary shock such as a failure of German fiscal stimulus or a sharp U.S. recession the Euro Stoxx 50 could retract toward the 5,300 support level, leaving the Call option worthless at maturity. In this scenario, the investor would suffer an opportunity cost, as their funds would have earned 4.2% in a standard fixed-term account (CAT) or approximately 2.6% in a boosted life insurance Euro fund.

Ultimately, our Renaissance Bond is recommended as a core "safe-haven" allocation for the proactive but cautious investor of 2026. By adhering strictly to AMF Position DOC-2010-05 and limiting the structure to two simple mechanisms, the product avoids the "too complex" classification and provides clear, transparent value for money. It successfully bridges the gap between the 1.5% return of a Livret A and the high-risk environment of direct equity ownership. Consequently, the final verdict is that the BPCE-backed structured note is an optimal engineering solution. It transforms the current geopolitical and sectoral volatility into a protected opportunity, allowing investors to participate in the European breakout while resting assured that their nominal capital is anchored by one of France's most systemic financial institutions.

As we were waiting for, here are the return formulas based on the different scenarios, thank you for your attention.

If SX5E<=6400 =ln(X/X)
If SX5E>6400 =ln(X + (SX5E-6400)*(X%15875.41)-(Rf*X)/X)

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