



WEISSHORN
ASSET MANAGEMENT



Investment Committee Q1



1. Market Highlights
2. Macro
3. Micro
4. Cross Asset
5. Market Review
6. Allocation
7. Conclusion
8. Thematic

1. Market highlights

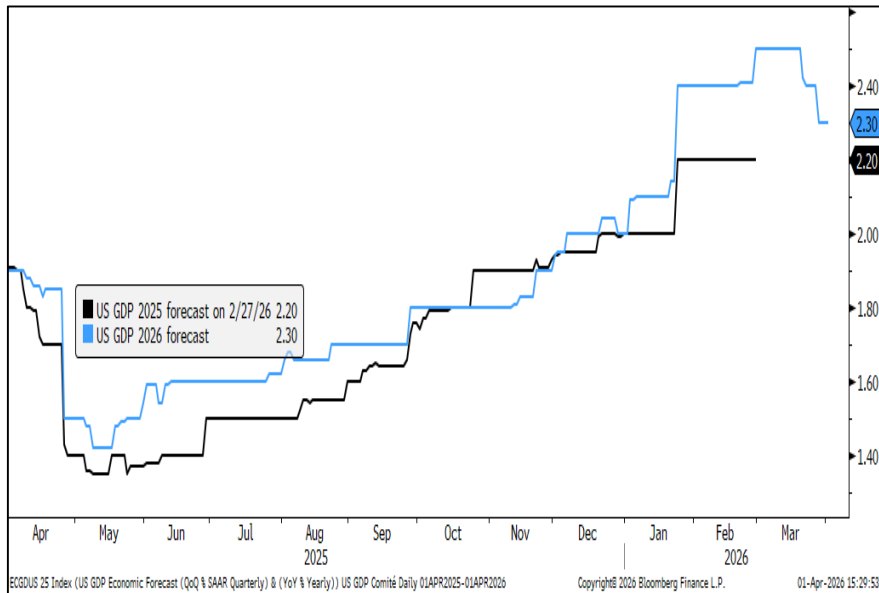
- Despite a strong start to the year, investors adopted a **“risk-off” stance following** the initial Israeli-U.S. airstrikes in Iran.
- In retaliation for the Israeli-U.S. “aggression,” Iran imposed a **blockade on the Strait of Hormuz**, through which more than 20% of the world’s Oil passes daily.
- **Investors fear a shortage of Oil supplies**, which has driven the price of Crude Oil up by more than 80% since the start of the year.
- Although Gold corrected after the start of the war in Iran, it ended the quarter higher, as did Silver. **Secular demand for these Metals remains strong.**
- Like Oil, the **U.S. dollar** is among the “winners” of the war.
- The war could put upward pressure on inflation in the short term... but **falling wages should at least partially offset this pressure.**
- Despite geopolitical uncertainties, the **U.S. economy remains resilient** for now.
- The European economy, which is **more dependent on energy resources from the Middle East**, could be more severely affected by fluctuations in Oil prices.
- At the corporate level, the **consensus still expects strong earnings growth for 2026**, driven primarily by the Technology and Energy sectors.
- Potential overvaluation and a lack of liquidity in the **Private Credit market are worrying investors.** To date, there are no indicators suggesting that this problem could become systemic for the global economy.
- **The Midterm elections are fast approaching** in the US. Gas prices at the pump and the loss of purchasing power among the middle class do not bode well for Trump and the Republican Party.



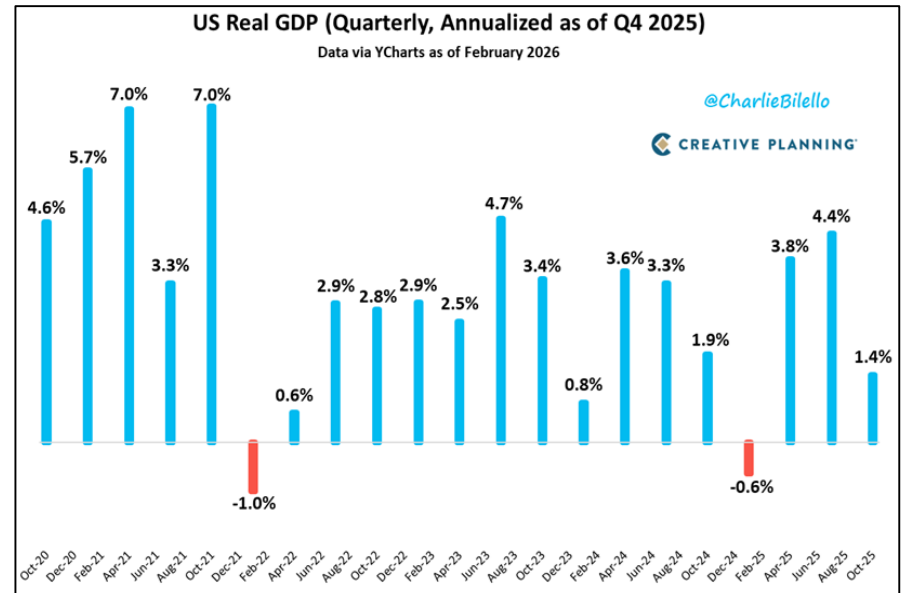
2. Macro : US GDP

- The **US economy continues to be more resilient** than initially expected. Ultimately, the tariffs implemented by the Trump administration did not trigger the anticipated slowdown in US growth for the moment. The US war against Iran could put pressure on the economy later on during the year (second round inflation).
- As a result, **GDP continues to be expected to grow** at 2.3% this year and to maintain a similar pace into next year according to Bloomberg.

US GDP Forecast



US Real GDP Quarterly

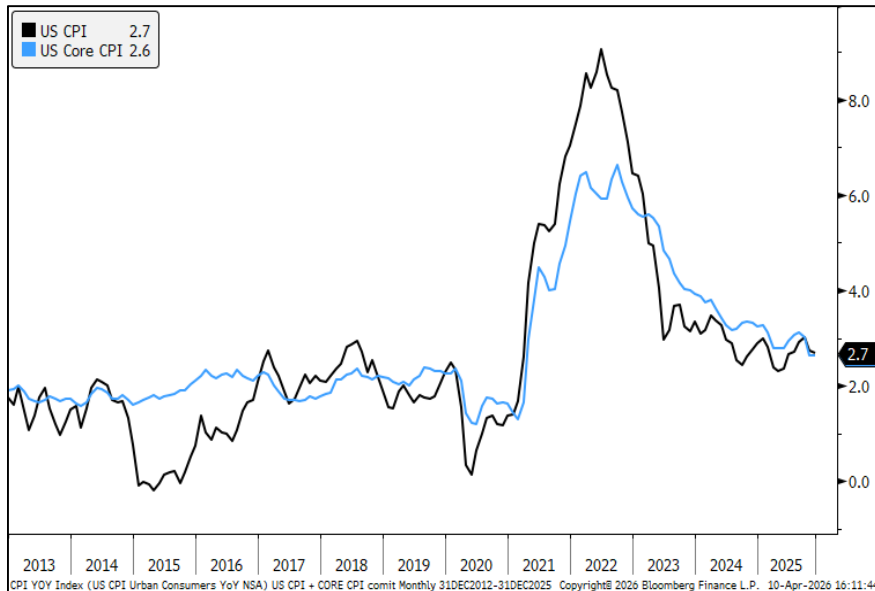


Source: Bloomberg

2. Macro : US CPI

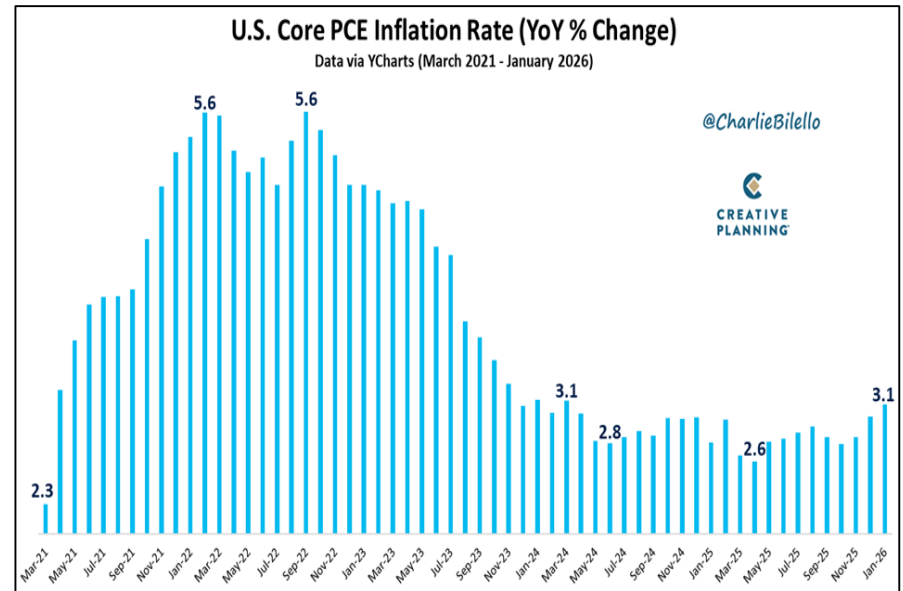
- **The latest inflation figures** showed the **highest headline CPI** year over year since April 2024 and biggest month over month jump since June 2022, about +0.9% and Core CPI at +0.2%. **Energy dominated the rise** in headline as **Gasoline's surge accounted for two-thirds of the rise in headline CPI**.
- The Fed's preferred measure of inflation **Core PCE moved up to 3.1%** in January, the highest level in 22 months. That was the 59th consecutive reading above the Fed's 2% target level.

US CPI



Source: Bloomberg

US Core PCE

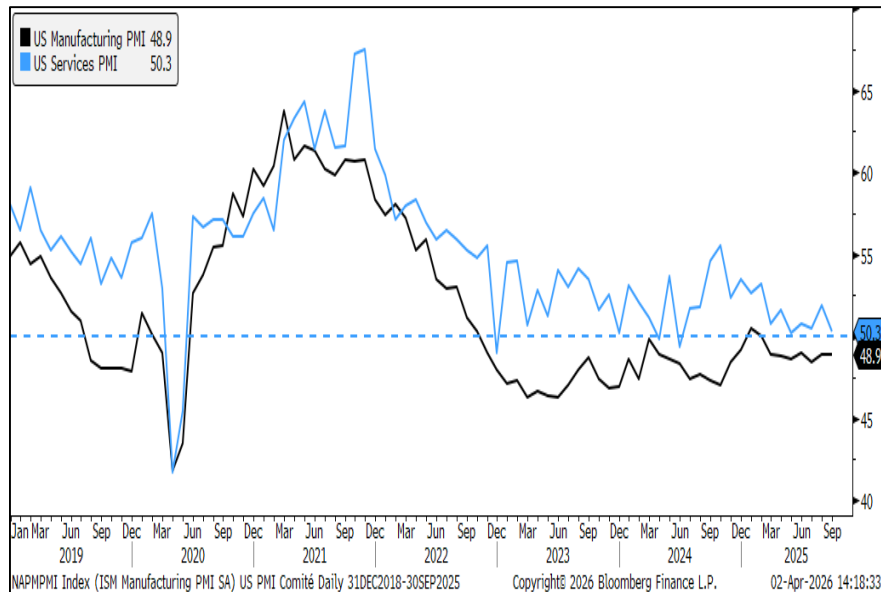


Source: Charlie Bilello

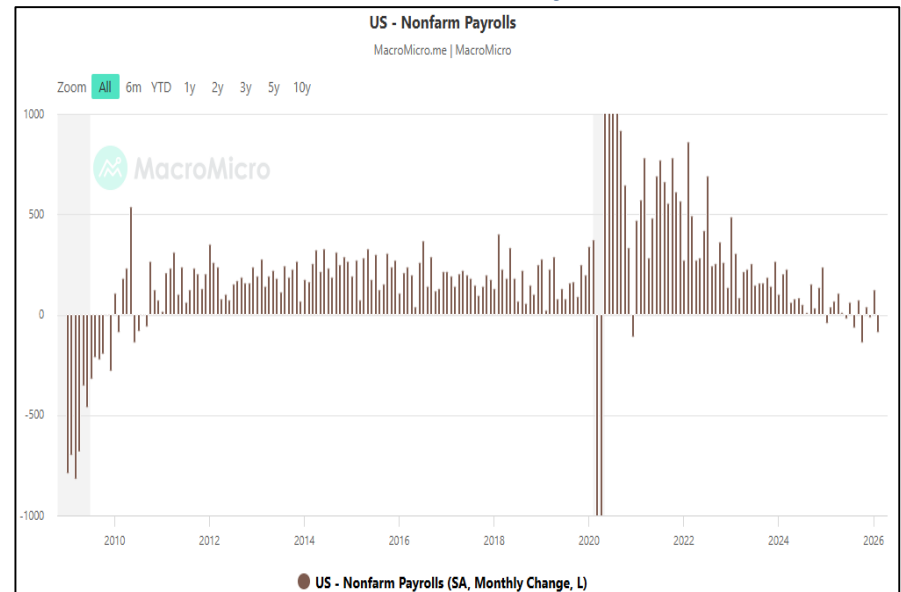
2. Macro : US Economic Indicator

- Despite growth data being more resilient than anticipated, not all economic indicators are sending positive signals. **US PMI readings remain mixed**, with manufacturing PMIs still firmly in contractionary territory, while services still hover around the expansion-contraction threshold.
- In addition, the **labor market is showing signs of cooling**, as job creation has been steadily declining since the beginning of the year.

US PMI



US Nonfarm Payrolls



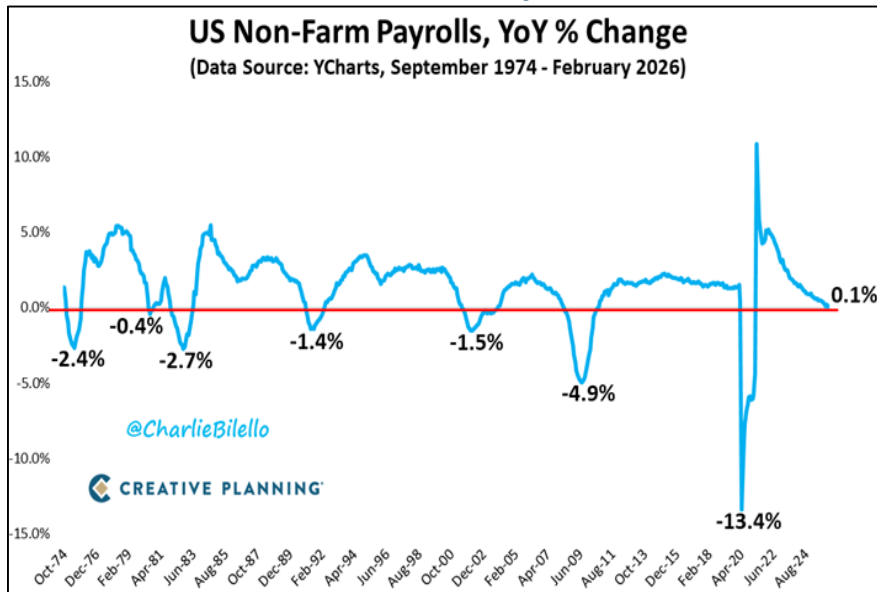
Source: Bloomberg

Source: MacroMicro

2. Macro : US Labor Market

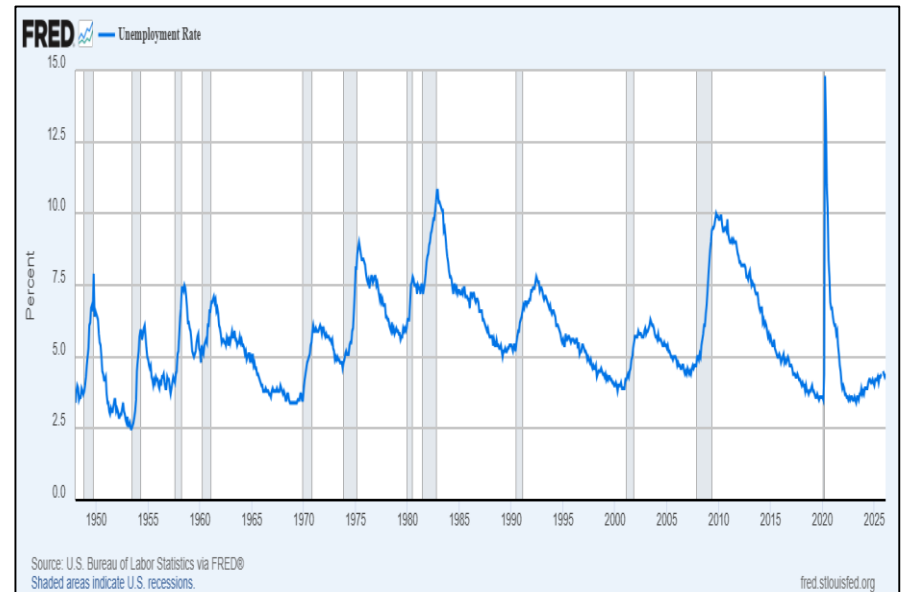
- Year-on-year employment growth continues to be close to turning negative, which is traditionally a strong indicator of an economy entering a phase of deceleration. The unemployment rate has also stabilized, reaching 4.4%.
- While these figures may appear negative at first glance, they carry a positive implication for inflation dynamics. **A cooling labor market** alleviates concerns of economic overheating and **reduces the risk of inflation reaccelerating despite higher oil prices.**
- It is expected that AI would impact white collar jobs in the future globally speaking.

US Nonfarm Payrolls



Source: Charlie Bilello

US Unemployment Rate



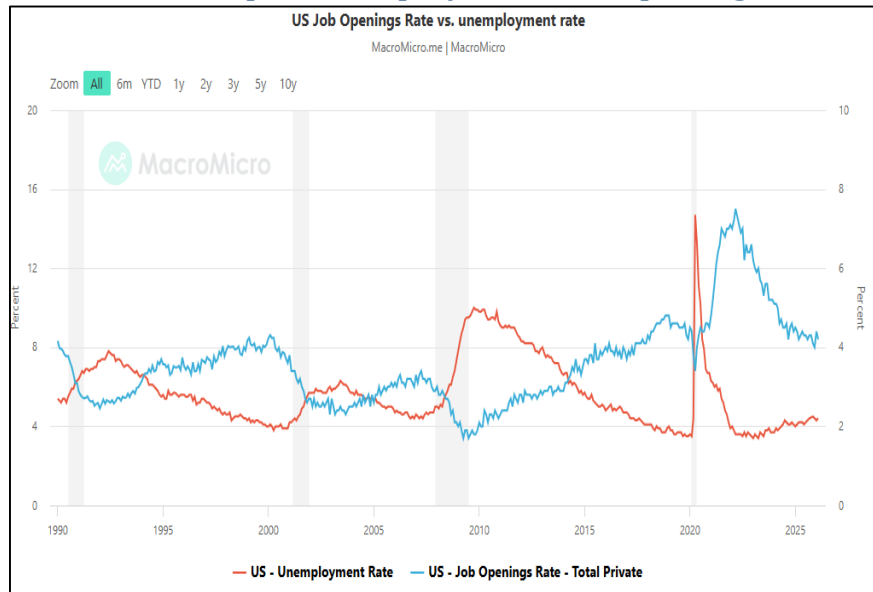
Source: US Bureau of Labor Statistics



2. Macro : US Labor Market

- The **job openings curve continues to be flat** in 2026 after trending lower in 2025, as the US unemployment rate is consolidating and probably slightly picking up in 2026.
- This suggests that the **labor market has become more challenging** for job seekers with less opportunities to change job.

US People Unemployed vs Job Openings



Source: MacroMicro

US % Worker Quitting



Source: US Bureau of Labor Statistics



2. Macro : Private Credit

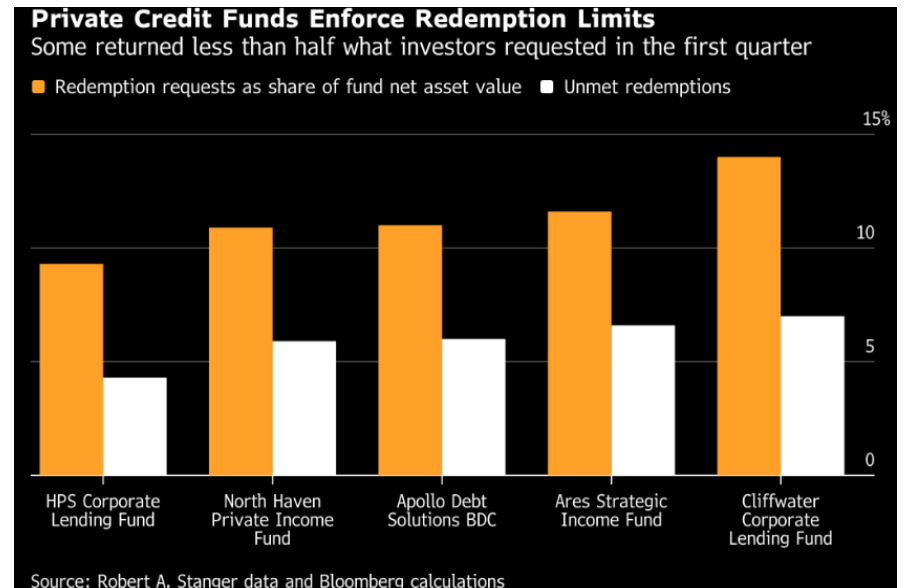
- In February **Blue Owl confirmed about the liquidity mismatch** in parts of private credit: **assets are long-dated** and illiquid, while some newer wealth-channel products offer more frequent **redemption** features. Several other private equity and credit funds limited redemptions, impacting investors confidence in this asset class.
- **Private credit seems not to be a systematic risk**, but it is entering a more selective phase. BlackRock describes the backdrop as “**dispersion, not disruption,**” meaning weaker borrowers, weaker managers, and liquidity-sensitive structures may come under pressure, while stronger platforms should continue to benefit from **structural demand from borrowers and investors.**

Private Credit Companies



Source: BlackRock

Private Credit Illiquidity



Source: BlackRock

2. Macro : Private Credit

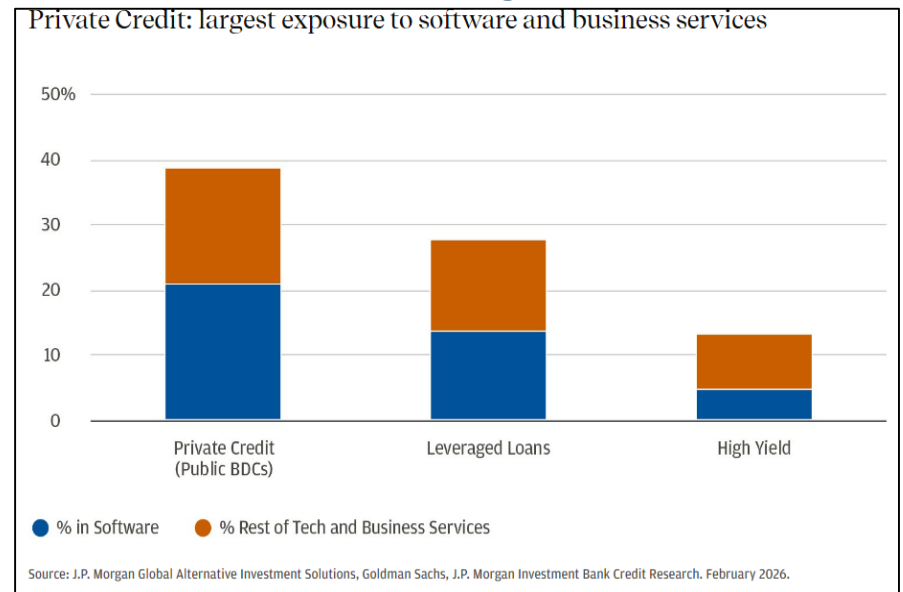
- The **private credit exposure** in top US financial institutions seems **contained and small**. The part of private credit relative to their assets remains very low and around 3 or 4% for the most.
- The part relative to loans is higher but remains very low for main US banks except State Street and around 8 to 13% for the most. This is a less interpretable result than total assets, as it doesn't take into account the full balance sheet of each financial company.
- **AI-related disruption is creating cracks in pockets of Software**. Software exposure has steadily increased in the leveraged loan market over the past 15 years but remains contained to some business models subject to disruption.

Private Credit in Banks



Source: Financial Statements

Private Credit largest sectors



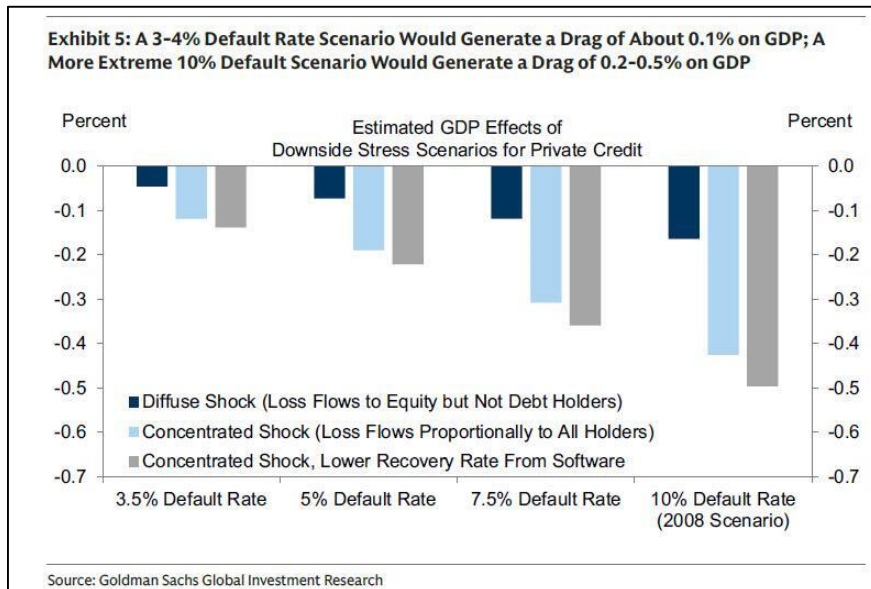
Source: JP Morgan



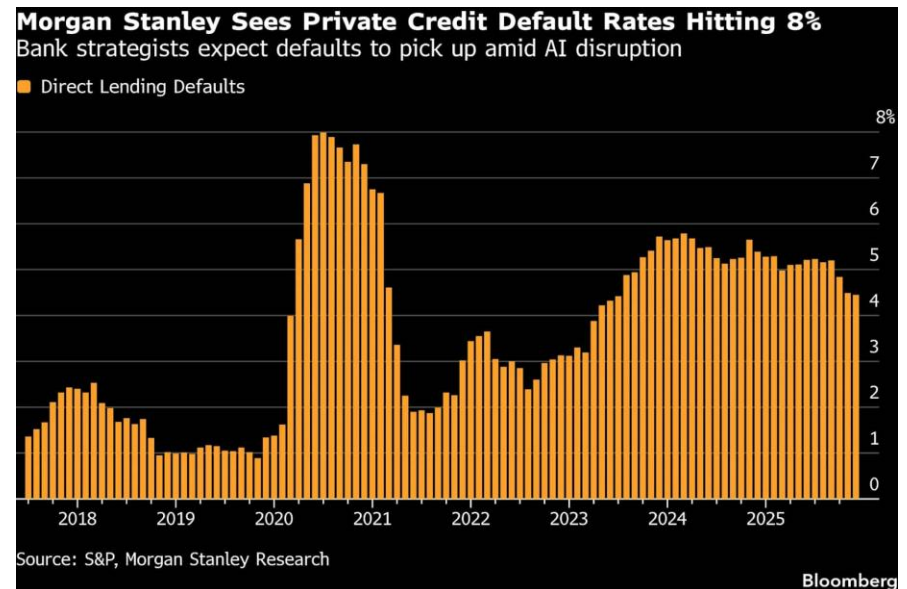
2. Macro : Private Credit

- Analysts seem to believe that a **crisis in private credit would not lead to another financial crisis** but there are real pockets of stress and dispersion risk. Consensus expectations are very dispersed.
- There are several default rates scenarios that would affect GDP, **the average one being that a 3-4% default rate case would drag GDP of 0.1%** with a more extreme default scenario of 10% would impact 0.2-0.5% of GDP.
- Fundamentals still look strong, while market anxiety is being amplified by retail outflows and a tougher backdrop for some borrowers, especially Software names. **It is unlikely to create a major financial-system shock because exposures are spread across many borrowers, leverage is limited, and assets and liabilities are better matched than in past crises.**

Default rates and GDP



Private credit default expectations



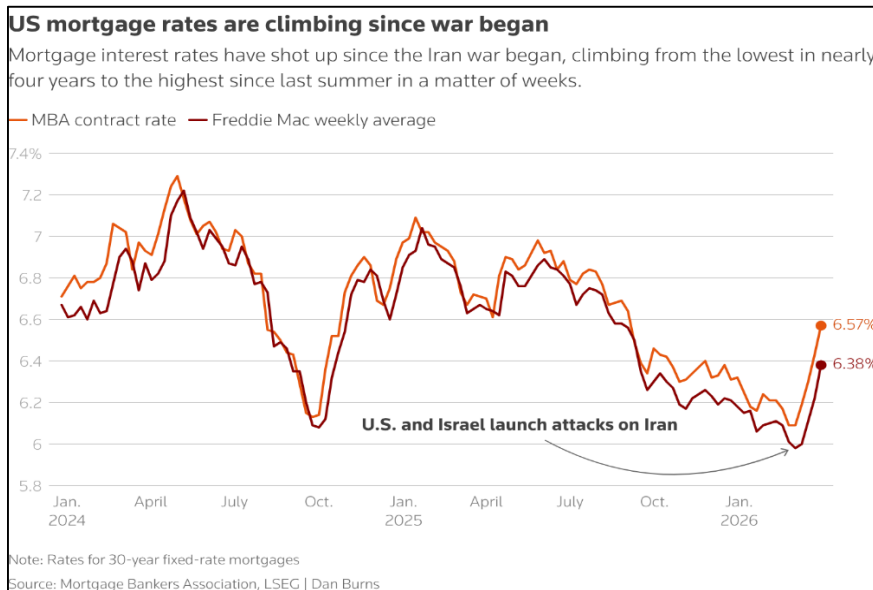
Source: Goldman Sachs

Source: Bloomberg

2. Macro : Mortgage rates

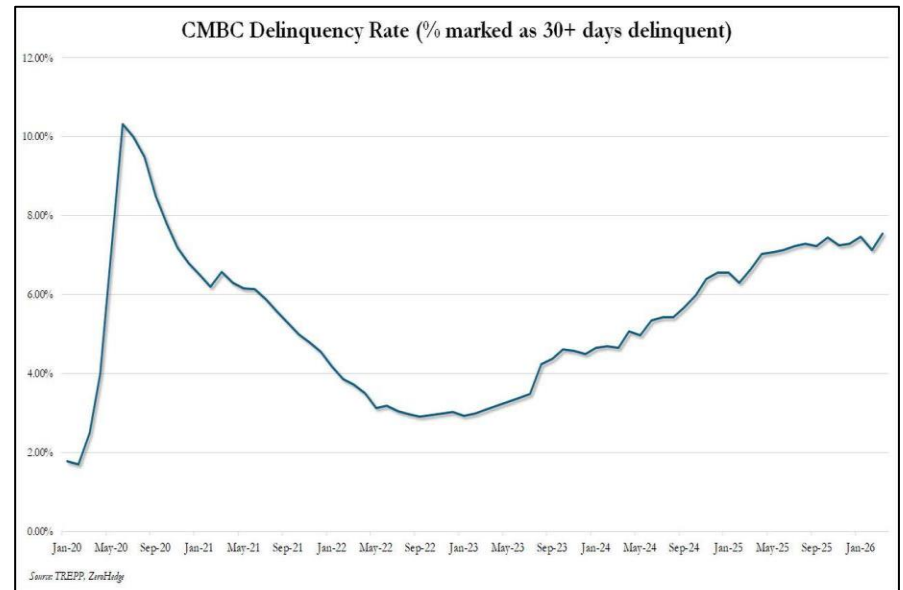
- **Residential (MBS) and commercial (CMBC) mortgage rates are rising** since the Iran War started, suggesting that financing conditions are **tightening** with the contract rate on a 30-year, fixed-rate mortgage reaching 6.57% in March.
- March also saw a **surge in the delinquency rate of CMBC** which jumped to 7.55%, **the highest in years**, led by a surge in the lodging rate, a category which until now was not a source of concern. **Uncertainty about how AI could reshape office usage** and owners must contend with the current high cost of leasing up empty space.
- **The threat of systemic risk remains low for now for both mortgages segments:** many banks and other lenders are better positioned to take losses after spending the past few years **shoring up their balance sheets and building reserves against troubled loans.**

US Mortgage Rates



Source: Reuters

CMBC Delinquency Rate

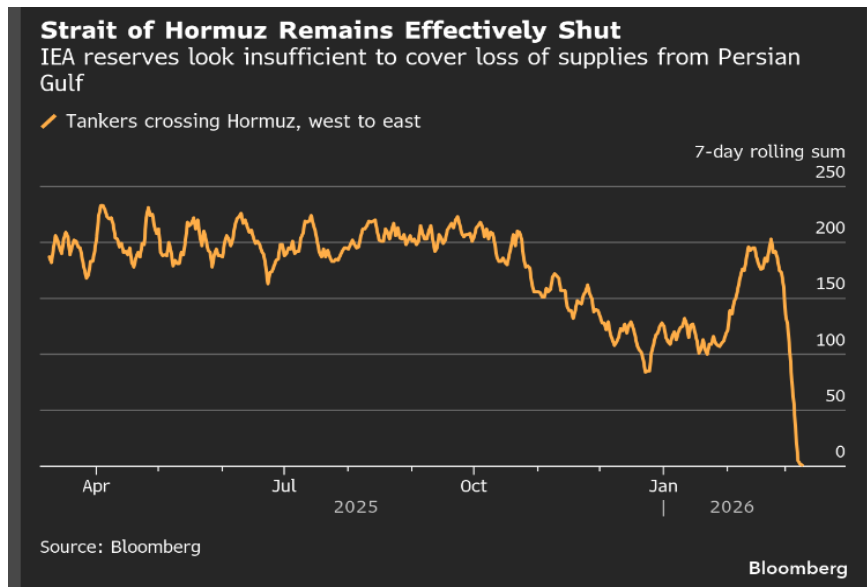


Source: TREPP, ZH

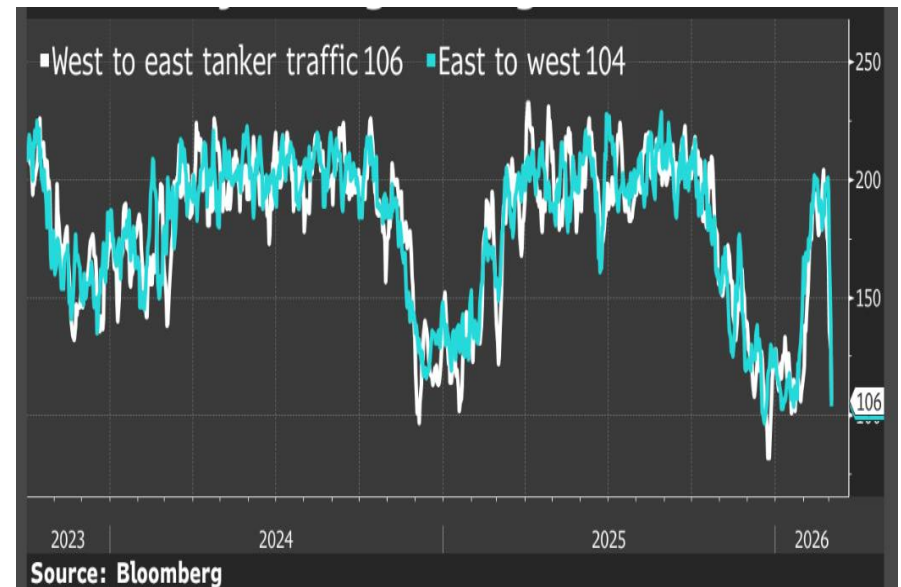
2. Macro : War in Iran and the Strait of Hormuz

- The ongoing military escalation in the region **has interrupted shipping flows through this narrow passage**. The resulting ripple effects go far beyond the region, affecting energy markets, maritime transport and global supply chains.
- These developments raise concerns for global trade and development prospects, with impacts in inflation and purchasing power worldwide. **The timing and resolution of the closure remains completely uncertain.**
- The last update beginning of April shows that the **US and Iran agreed a ceasefire** that would open the Strait of Hormuz and began negotiations on a more permanent agreement.

Strait of Hormuz remains shut



Daily Ship Crossings through Strait



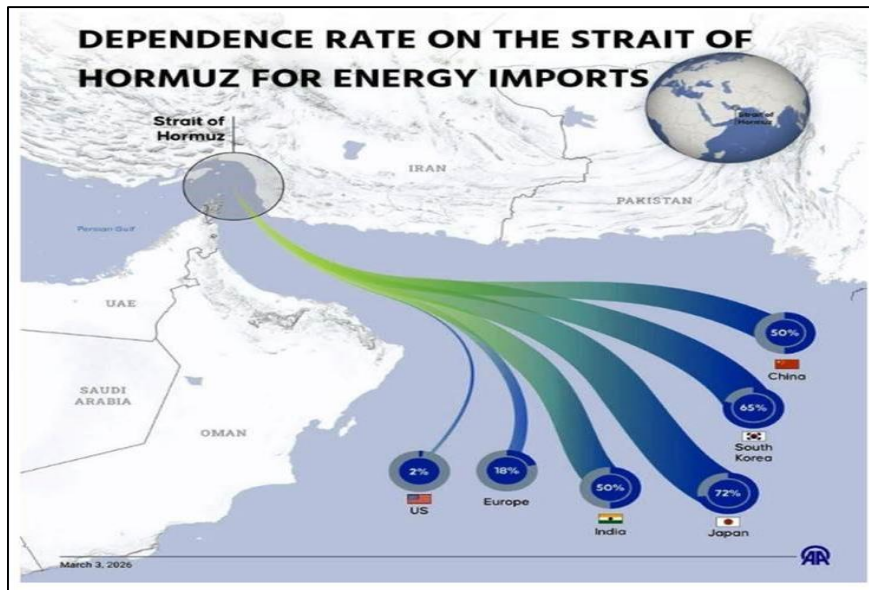
Source: Bloomberg

Source: Bloomberg

2. Macro : War in Iran and the Strait of Hormuz

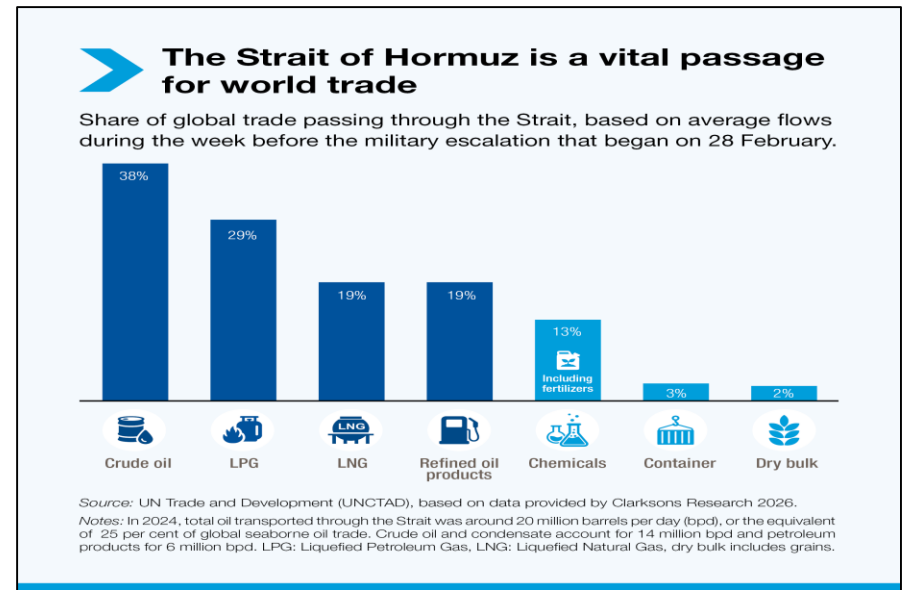
- The main countries dependent on the strait of Hormuz for energy imports are Japan, South Korea, China and India. US is only dependent at a rate of 2% and Europe has a rate of dependence of 18%.
- The Strait of Hormuz is one of the world's most critical maritime chokepoints, **carrying around a quarter of global seaborne Oil trade and significant volumes of Liquefied Natural Gas and fertilizers. Its size is of 55km with two corridors of 3km of maritime transit.**
- Higher energy, fertilizer and transport costs – including freight rates, bunker fuel prices and insurance premiums – **may increase food costs and intensify cost-of-living pressures.**

Strait of Hormuz dependence



Source: AA Infographics

Strait of Hormuz World Trade



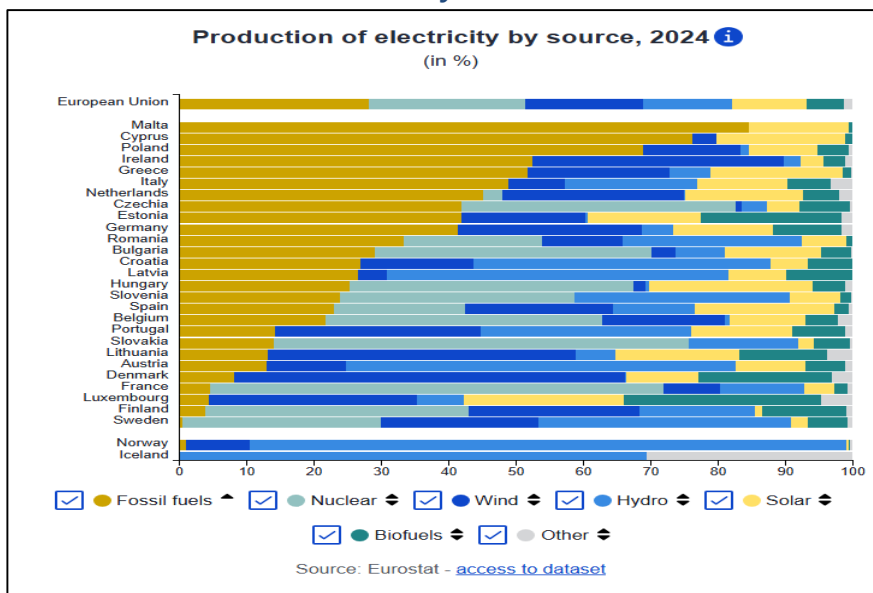
Source: UN Trade & Development



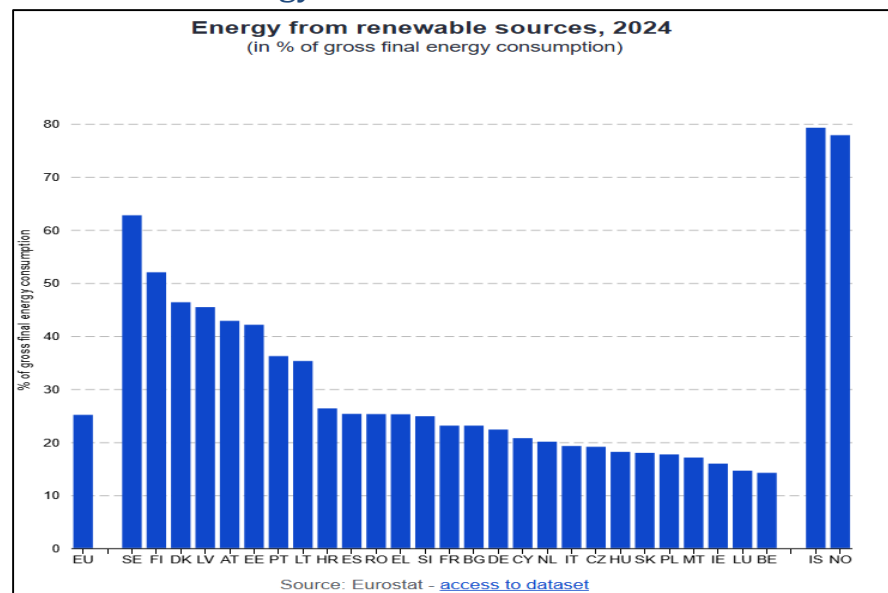
2. Macro : EU Energy Dependence

- In Europe in terms of electricity production, **Malta, Cyprus and Poland** are the top three users of fossil fuels. On the other side, **Iceland, Norway and Sweden** have almost no reliance on fossil fuels. Some countries like Portugal and Spain have been reducing their dependence on fossil fuel a lot in the last years.
- **Nordic countries** like Iceland, Norway Sweden, Finland and Denmark **produce their energy from renewable sources** such as hydropower, geothermal and wind.

Production by source in EU



Energy from renewable sources



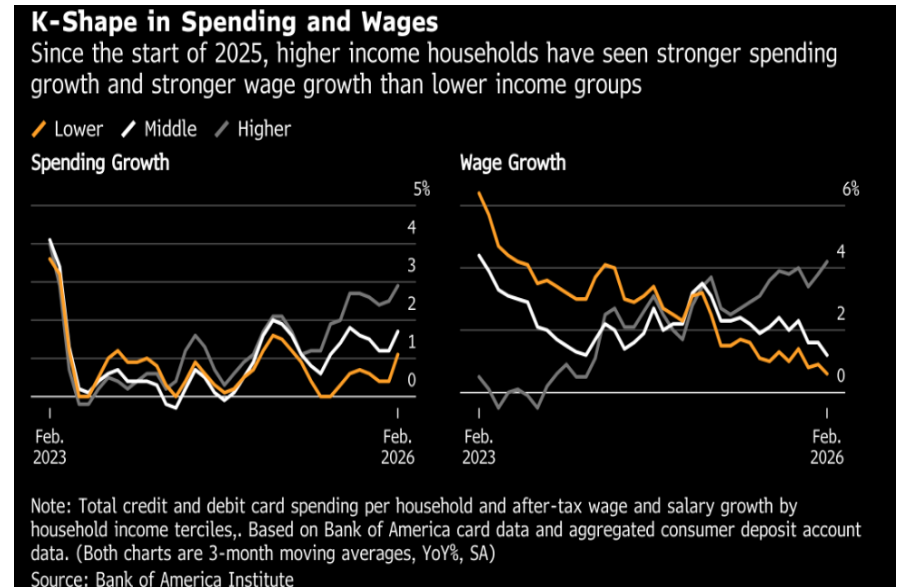
2. Macro : K-shaped Economy

- The K-shaped economy phenomena is becoming very well known and is not only a U.S. phenomenon. **The U.S. is the clearest example of a K-shaped economy, but Europe also shows K-shaped dynamics**, mainly at the sector, company, and income-group level rather than as broadly as in the US. **The lower-wage workers have fallen behind more in 2025 and Q1 2026. US consumption is impacted as working poor will be hit especially hard on energy shock.**
- Since the start of 2025, which coincides with the arrival of President Trump, we can clearly see that **higher income households have had a stronger spending growth** and also a stronger wage growth than lower income groups in the US. **The stock market is the main driver.**

Low-wage workers falling behind



K-Shape in Spending and Wages



Source: Bloomberg

2. Macro : Interest Rates

- With possible Oil shortages appearing since the start of the Iran War, yields increased due to inflation coming back again. Fears of inflation related to the closure of the strait of Hormuz, also pushed market participants to review their anticipations regarding Central Banks recent rate cutting cycle. **Interest rates are expected to potentially increase again in Europe.**
- In the US, the situation remains uncertain with the arrival of the new Fed Chair (Kevin Warsh !?) designated by President Trump. **The downward trajectory in rates is expected to continue for the moment but more slowly** as long as inflation does not show signs of surprising reacceleration.

Germany 2Yr vs 10Yr Yields



US 2Yr vs 10Yr Yields



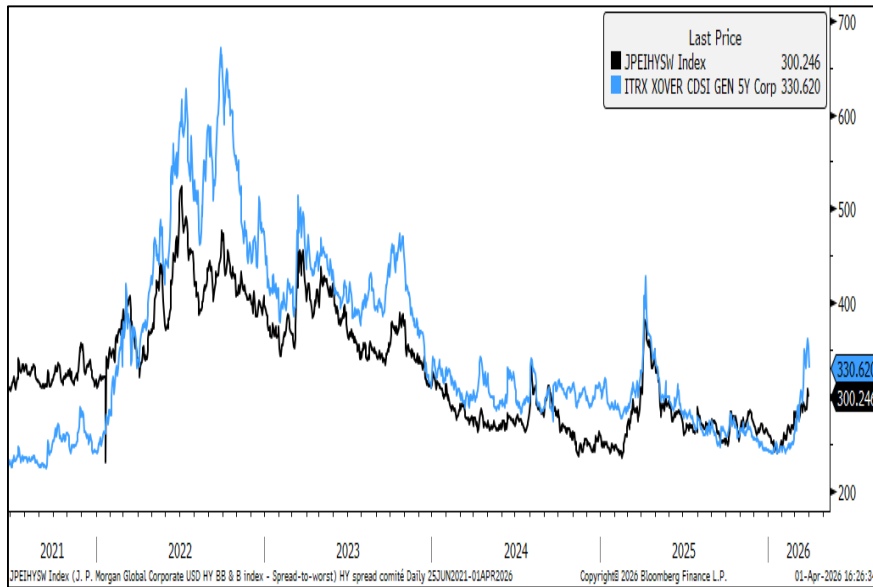
Source: Bloomberg

Source: Bloomberg

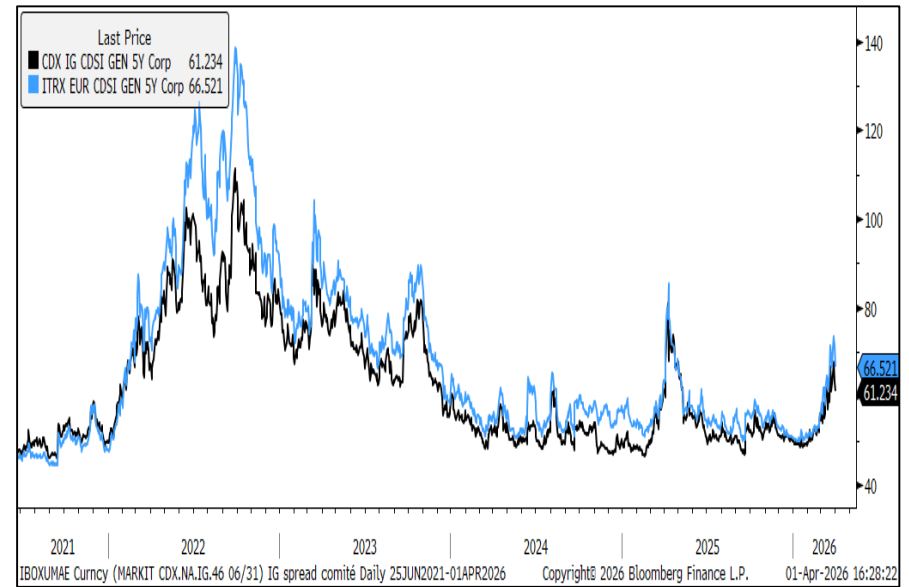
2. Macro : Credit Spreads

- Looking at credit spreads, we can see that they started to widen during this first quarter of 2026, while a more granular analysis of indices continues to show some pockets of risk—particularly within US Technology—the **overall credit market remains in a good shape**. Credit spreads started to move but for the moment in an orderly manner and are still at low levels. As a result, **credit markets continue to appear expensive at current valuations**.

US & EU HY Credit Spreads



US & EU IG Credit Spreads

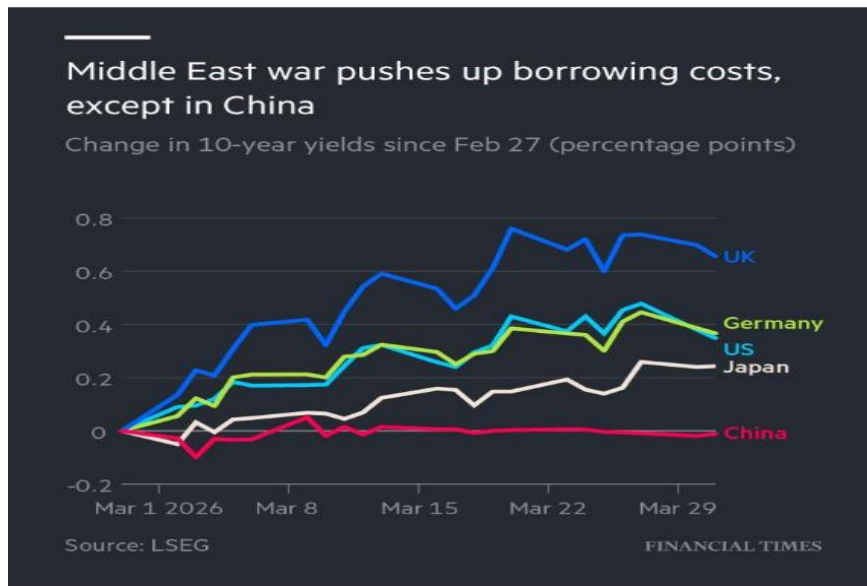


Source: Bloomberg

2. Macro : Borrowing costs

- **There is a clear market-wide repricing of sovereign risk** following the Middle East conflict, with 10-year yields moving higher across most developed markets. **Europe is especially important because borrowing costs** are now rising not only from domestic fiscal and growth concerns, but also from a geopolitical risk premium layered on top.
- **China is the outlier:** yields remain broadly stable to lower, suggesting a different macro regime dominated by stable growth, easing expectations, and a flight-to-quality dynamic rather than an inflationary shock.

Worldwide borrowing costs



Eurozone borrowing costs



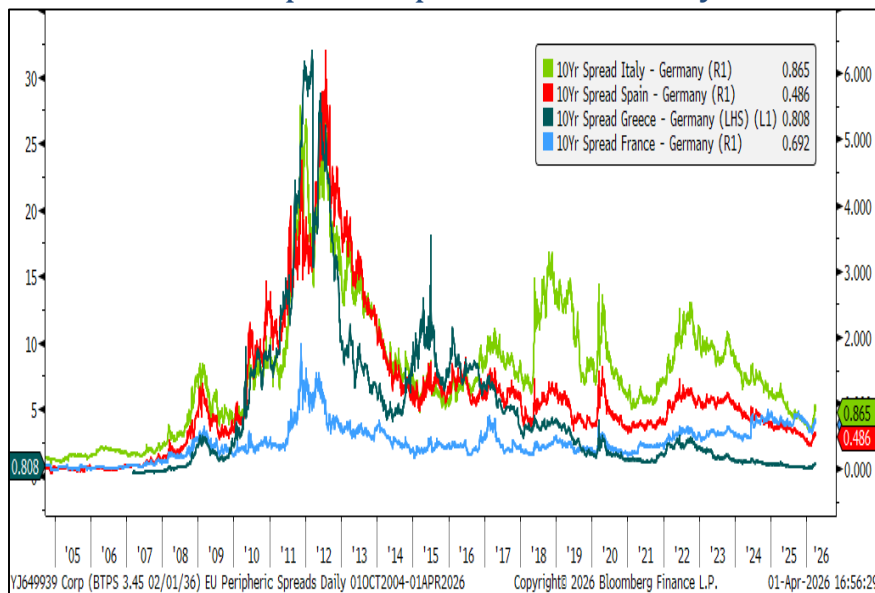
Source: LSEG

Source: FT

2. Macro : Europe Spreads and Debt

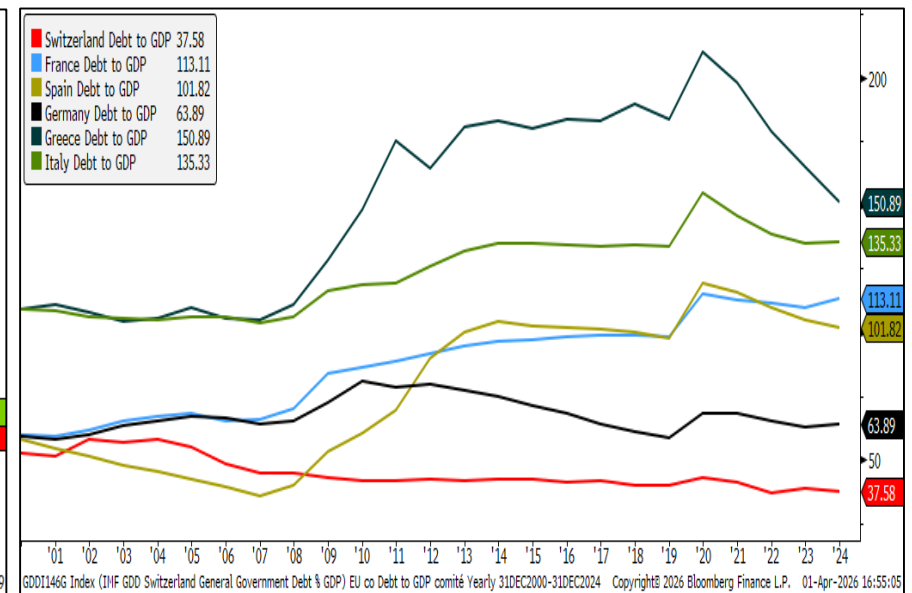
- European peripheral spreads relative to Germany have slightly widened, with the exception of Greece.
- While Southern European risk has stabilized or improved, investors are starting to slightly reprice the Spain, Italy and France debts as riskier with ongoing geopolitical risks
- France debt-to-GDP ratio is the only one still rising, whereas Spain and Greece are deleveraging and Italy has flattened.

EU Peripheral Spreads vs Germany



Source: Bloomberg

EU Debt-to-GDP ratios

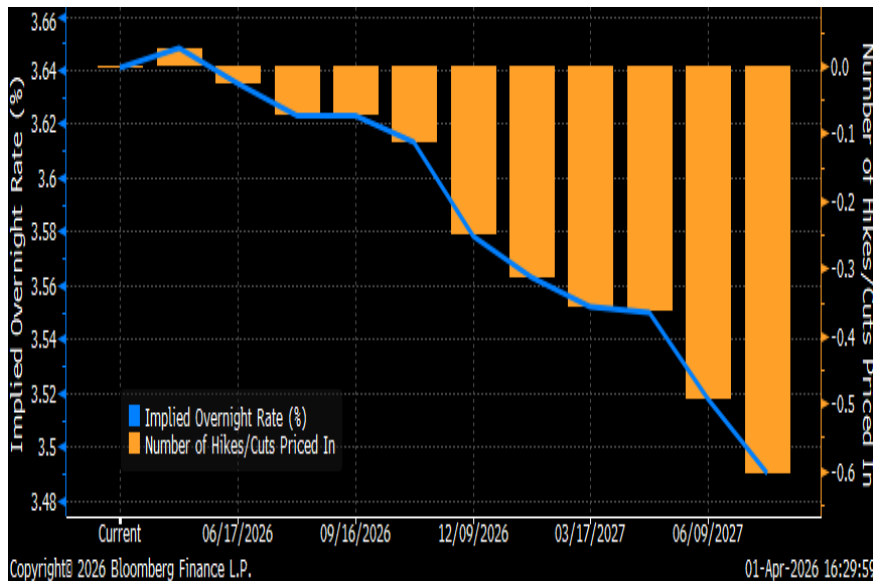


Source: Bloomberg

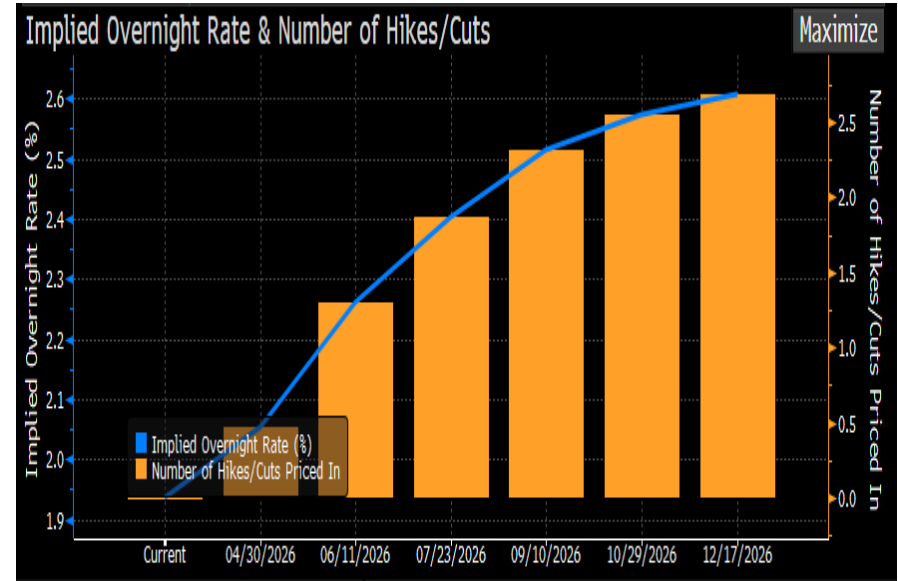
2. Macro : Central Banks and Interest Rates Expectations

- Market expectations for Central Bank policy rates continue to reflect a divergence between the Fed and the ECB even if the gap is less wide than at the end of 2025.
- For the FED, markets anticipate 0-1 rate cuts (25 bps) for 2026, with 50% probability of no cuts at all by year-end (Rate at 4.25%). **In Europe**, markets price in 0 rate cuts for 2026 (90% hold probability at 2.00% deposit rate), **with even two hikes due to energy inflation**.

US Interest Rate Expectations



EU Interest Rate Expectations



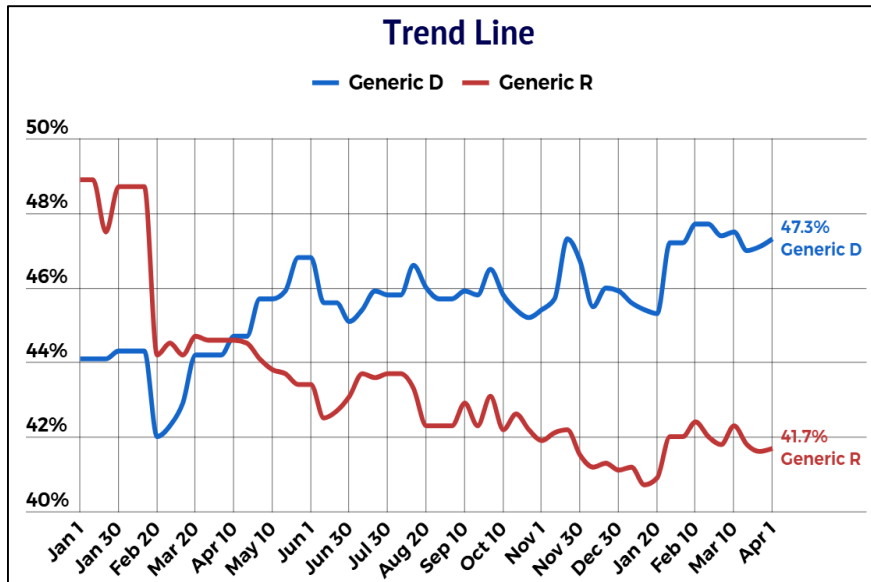
Source: Bloomberg

Source: Bloomberg

2. Macro : Midterm Election Year

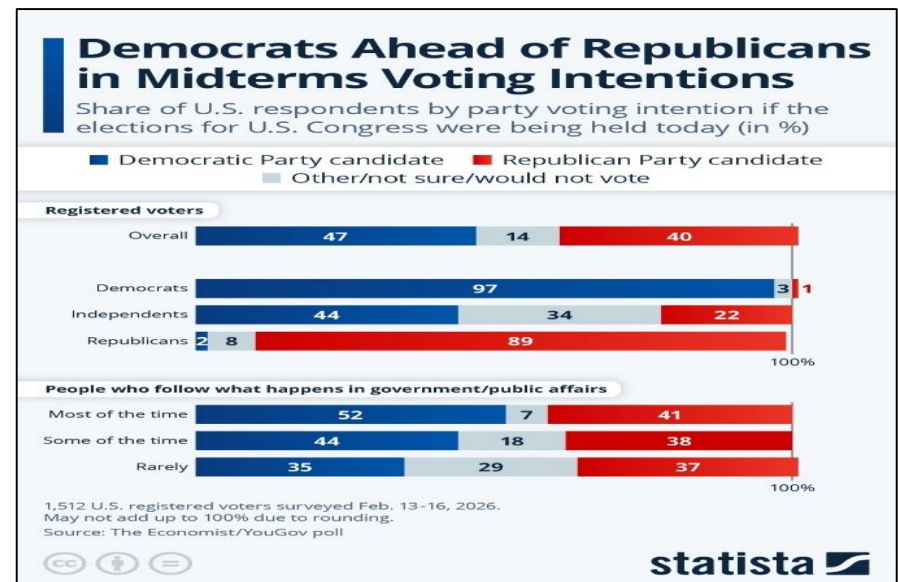
- We are now fully in the year which is going to mark the midpoint of President Trump's term, with Midterm Election scheduled for November this year. While much can still change between now and then, current YouGov polls suggest that the American electorate is clearly in a trend inclination to vote for the Democratic Party.
- Historically and intuitively, the best result for financial markets would be to have a Democratic House of Representatives and a Republican Senate because legislative gridlock maintains pro-business policies, blocking excessive spending and also tax cuts/deregulation, resulting in fiscal discipline, corporate profit growth, and lower market volatility. But, it is not always the case when looking at the data historically.

Midterm Election Poll



Source: YouGov

Midterm Election Poll



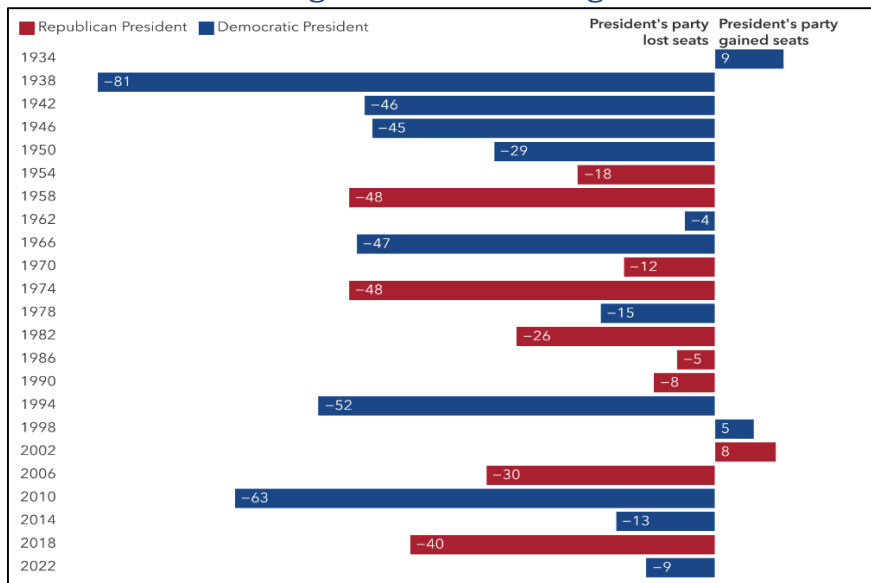
Source: Statista



2. Macro : Midterm Election Year

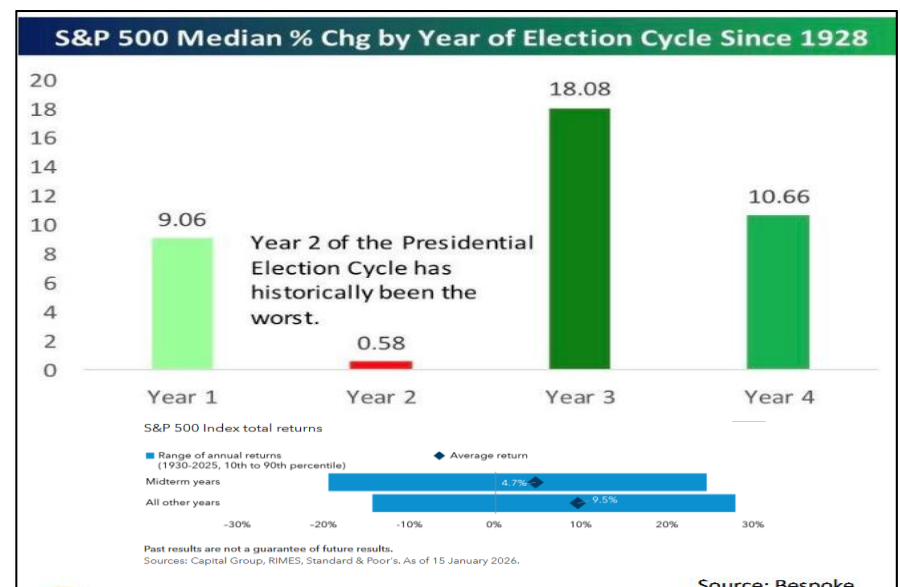
- The presidential election cycle year since 1928 shows that year 2 is historically the weakest, often due to post-election policy uncertainty, mid-term political fights, and economic slowdowns as fiscal stimulus from Year 1 fades. Historically, **Year 2 bottoms often lead to Year 3 and Year 4 rallies.**
- There is always a net change in House of Representatives seats controlled by president's party after midterm election, and usually result in the president's party losing ground in Congress. Over the past 23 midterm elections, the president's party has lost an average of 27 seats in the House of Representatives and three in the Senate. Only twice has the president's party gained seats in both chambers.

Change of Seats in Congress



Source: Capital Group, UCSB

Performances Year of Election



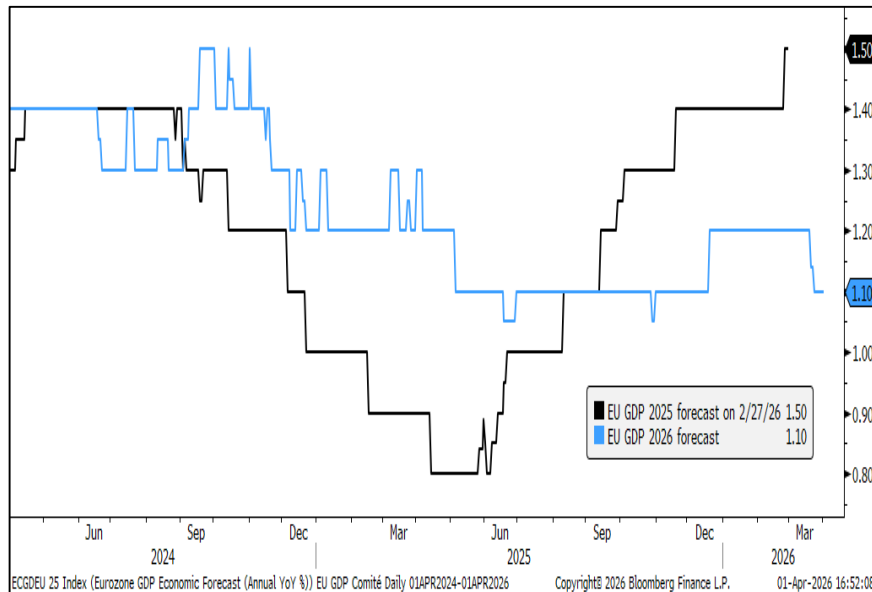
Source: Bespoke and Capital Group



2. Macro : Europe GDP & PMI

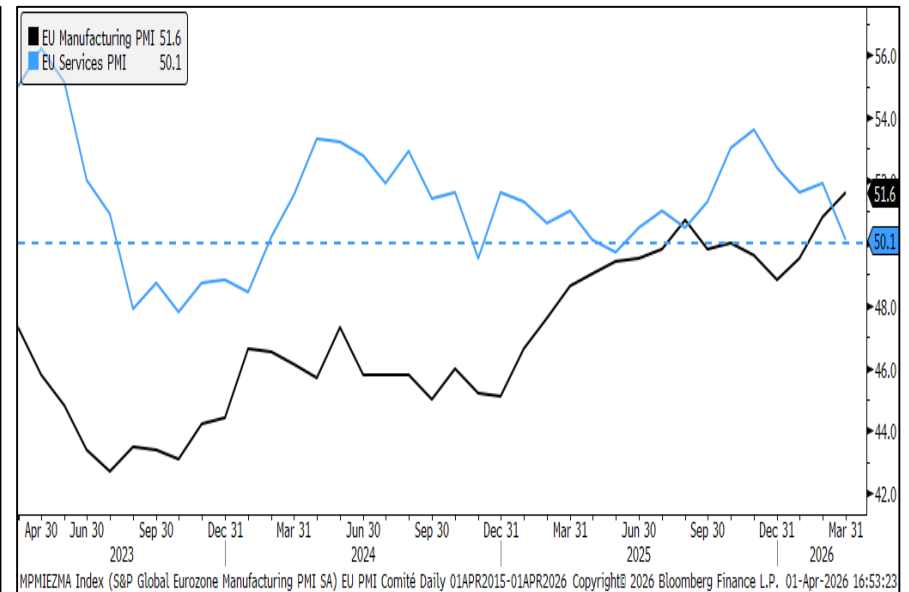
- In Europe, growth forecasts have deteriorated, in line with the **US Growth is expected to reach around 1.1% by the end of 2026**. The German economy seems to be stagnating due to fiscal delays, decreasing auto exports and higher energy costs.
- PMIs point to EPS moderation in Europe. The **manufacturing sector improved a bit and is now slightly expansionary**, while **services have decreased strongly since October 2025** and are now close to switch to **contraction**.
- Leading indicators are pointing towards a **slowdown in the economy; tensions in energy markets** are a cause for concern not only for the immediate impact, but also on growth.

EU GDP Forecast



Source: Bloomberg

EU PMI

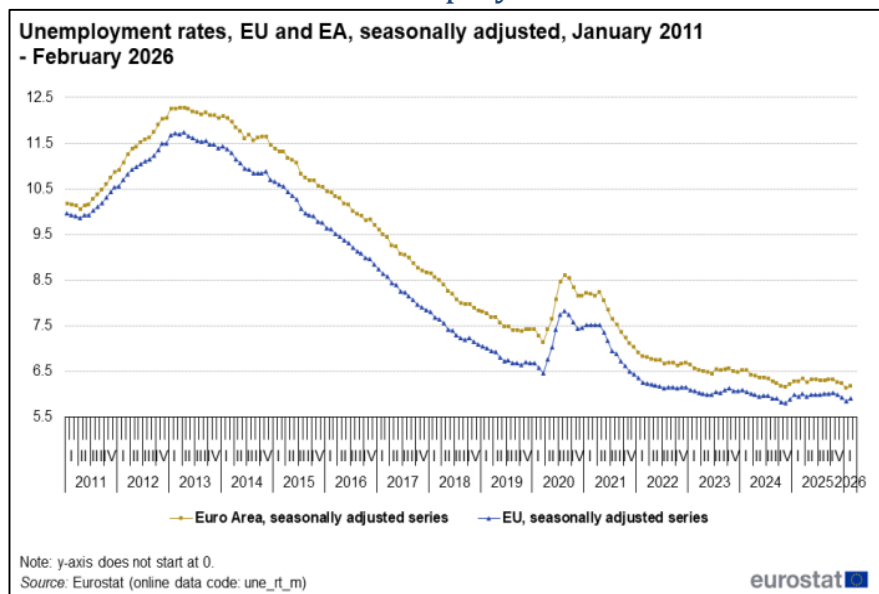


Source: Bloomberg

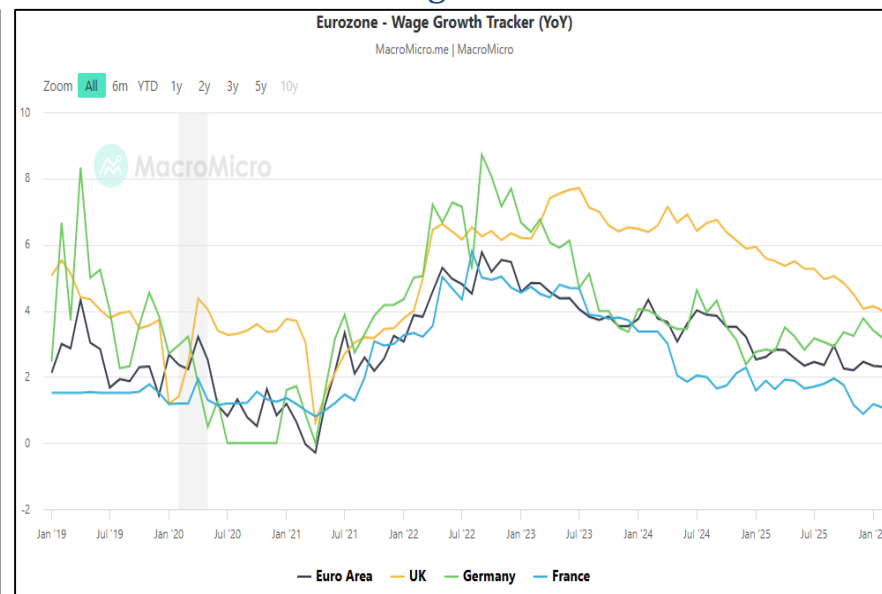
2. Macro : Europe Labor Market

- **Eurozone unemployment remains historically low** and has been broadly stable in recent months, suggesting no clear signs of a marked weakening in labor market conditions yet.
- On the wage side, growth is moderating after reaching a recent spike at almost 4% it decreased to less than 2% at the beginning of 2026. **Eurozone wage growth is expected to slow** and return to more normal levels this year, according to the European Central Bank's latest wage tracker.

EU Unemployment



EU Wage Growth



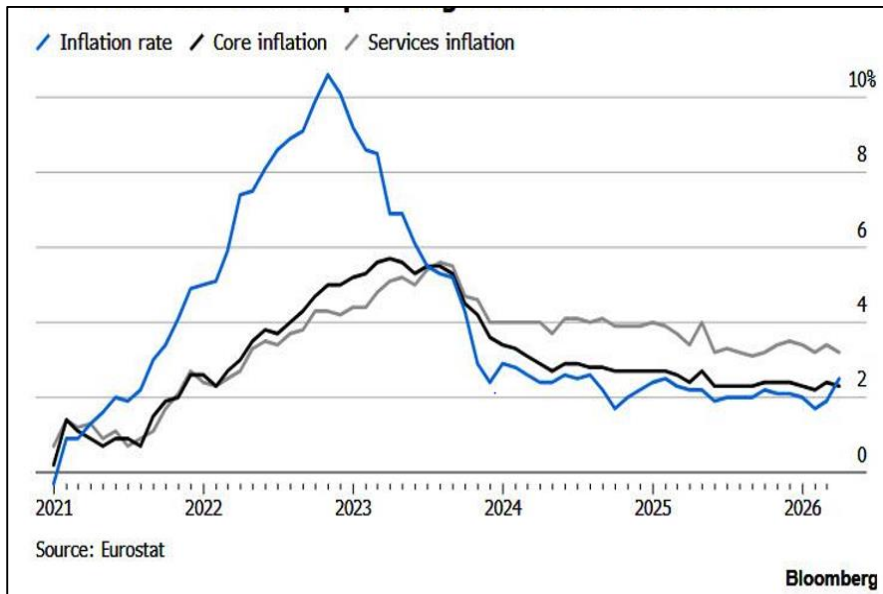
Source: Eurostat

Source: MacroMicro

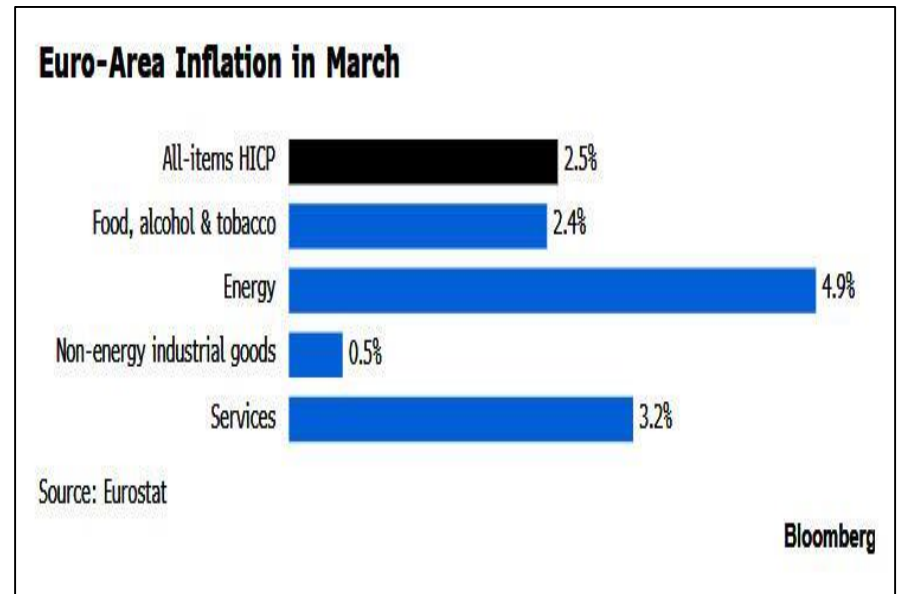
2. Macro : Europe Inflation

- The euro area saw its steepest jump in inflation since 2022 as the **Iran War pushed energy costs sharply higher**, backing expectations that the ECB will have to raise interest rates.
- **Yet while headline inflation soared, demand destruction appears to have depressed other purchases**, and core inflation, which excludes volatile items like food and energy, unexpectedly slowed to 2.3%.
- **ECB's said caution is needed on rates** and it is too early to say what is needed at the next meeting. The risks to the growth outlook are tilted to the downside, especially in the near term.

EU Inflation



EU Core Inflation



Source: Eurostat/Bloomberg

Source: Eurostat/Bloomberg

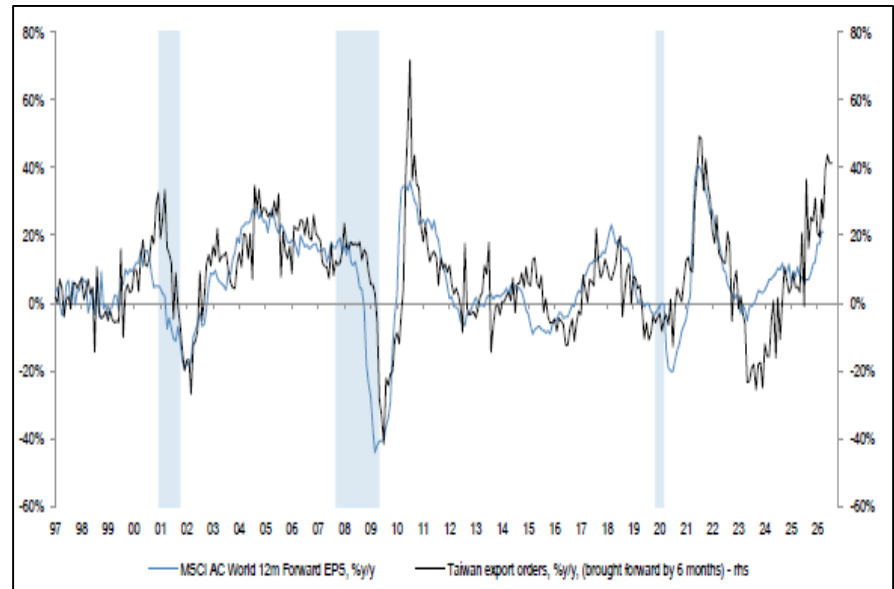
3. Micro : Earnings

- Eurozone earnings are set to improve meaningfully in 2026, with MSCI EMU consensus EPS growth at 18.2%. **Emerging Markets stand out** with 38.9% expected EPS growth in 2026. **In US markets the earnings recovery is at an earlier stage.**
- A number of **leading indicators** point to a **continued acceleration and broadening**, in equity earnings. Markers of the global cycle, like Taiwan export orders or OECD countries leading indicators, are still on the rise.

EPS Growth for US, Eurozone and EM

	US		Eurozone		EM	
	2026e	2027e	2026e	2027e	2026e	2027e
Market	18.7%	17.5%	18.2%	13.1%	38.9%	15.9%
Energy	16.4%	7.5%	26.1%	-1.9%	19.2%	-0.7%
Materials	29.1%	13.7%	12.0%	17.4%	92.8%	9.9%
Industrials	13.0%	16.9%	8.6%	15.9%	35.5%	14.4%
Discretionary	9.8%	18.1%	304.7%	20.8%	25.1%	28.4%
Staples	6.6%	8.2%	3.8%	8.7%	14.0%	11.3%
Healthcare	6.3%	14.5%	5.9%	11.7%	11.9%	21.7%
Financials	8.8%	11.8%	9.2%	11.5%	6.7%	9.5%
IT	43.4%	27.0%	16.8%	27.1%	112.6%	22.9%
Telecoms	13.4%	15.5%	10.4%	13.0%	12.2%	13.6%
Utilities	11.5%	9.5%	2.1%	7.0%	13.9%	12.4%
Real Estate	4.9%	9.4%	0.3%	5.8%	3.0%	14.4%

MSCI World 12m trailing EPS and Taiwan Export Orders



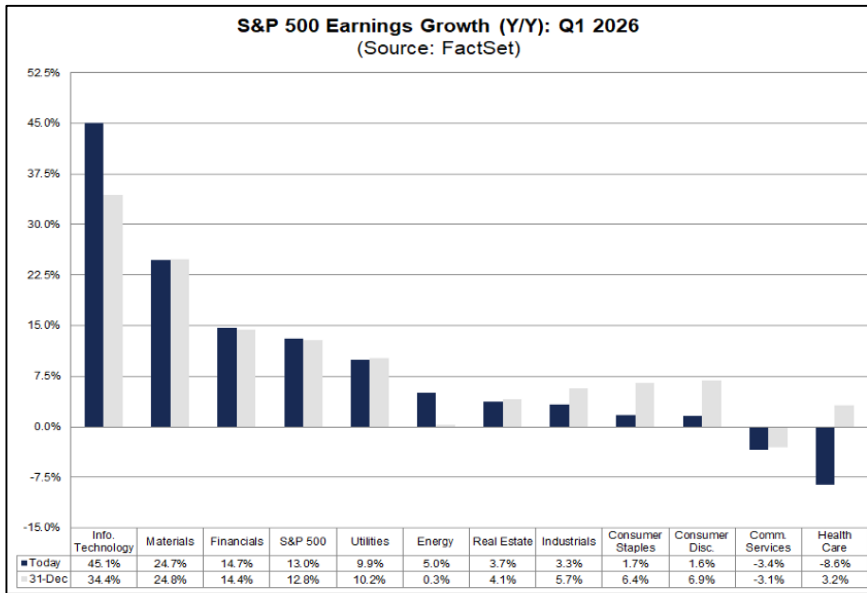
Source: IBES, JPM

Source: IBES, JPM

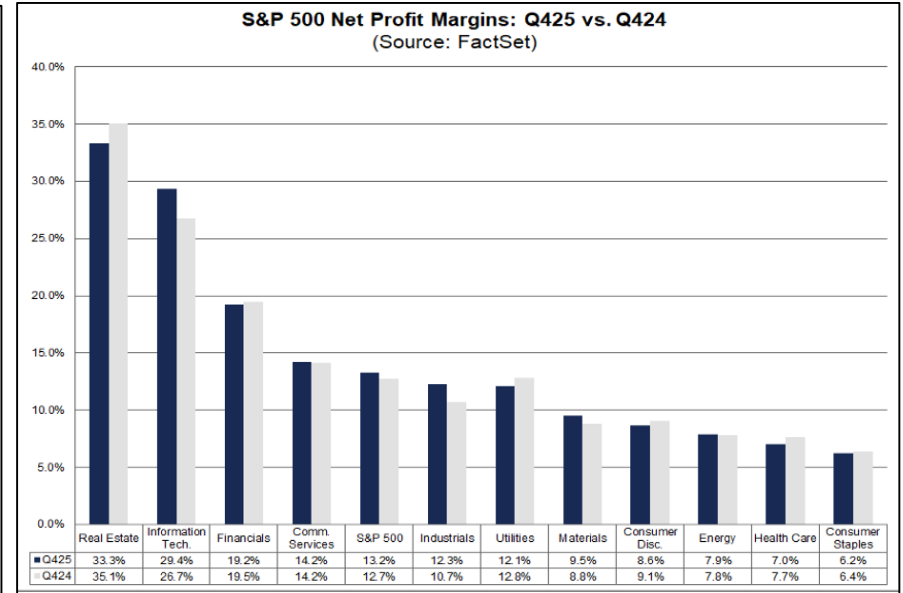
3. Micro : S&P 500 Earnings

- **US fourth-quarter earnings continued to be strong**, once again with companies beating analyst expectations on both margins and earnings growth.
- **Technology continues to lead the market and remains the primary contributor to S&P 500 EPS growth.** However **fears of AI disruption and Capex exaggeration could radically change the picture** of it in the future. Some investors already started to rotate out of it during the last quarter. Energy earnings also started to improve already.

S&P 500 Earnings Growth Q1 2026



S&P 500 Net Profit Margins Q4 2025



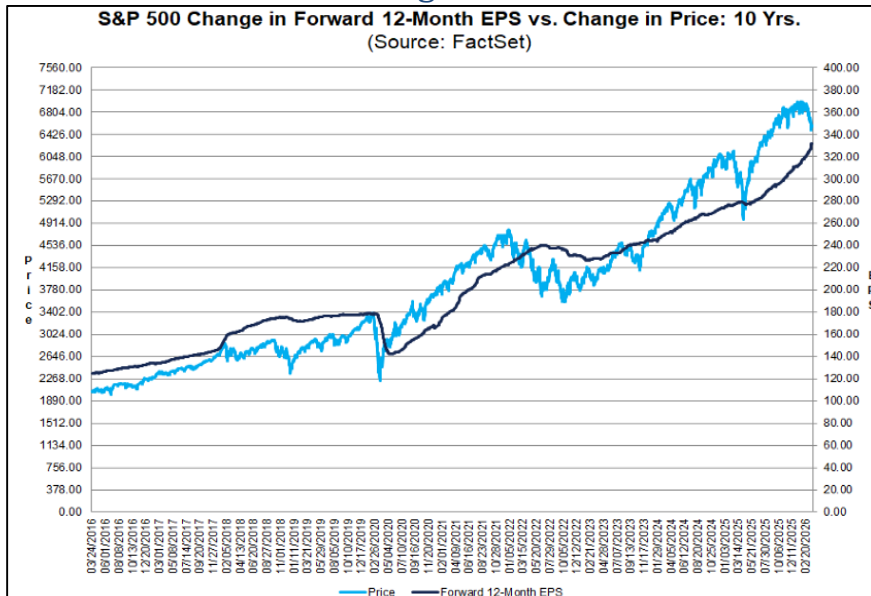
Source: Factset

Source: Factset

3. Micro : S&P 500 Earnings

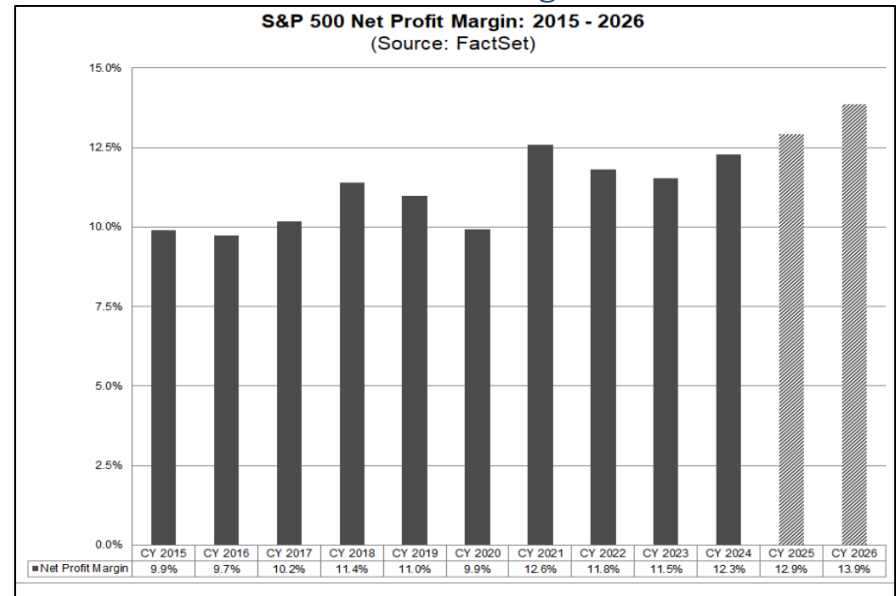
- At the end of March 2026, the consensus forecast for S&P 500 earnings growth in 2026 stands around 15-18% year-over-year, though recent estimates show modest downward revision. Even though S&P 500 valuations corrected a little bit from high historical levels, they remain quite high.
- Profit margins have not changed yet, thereby justifying the elevated valuation of the S&P 500, but given the current macroeconomic situation, it could rapidly change in the near future.

S&P 500 Earnings Growth Forecast



Source: Factset

S&P 500 Net Profit Margins Forecast



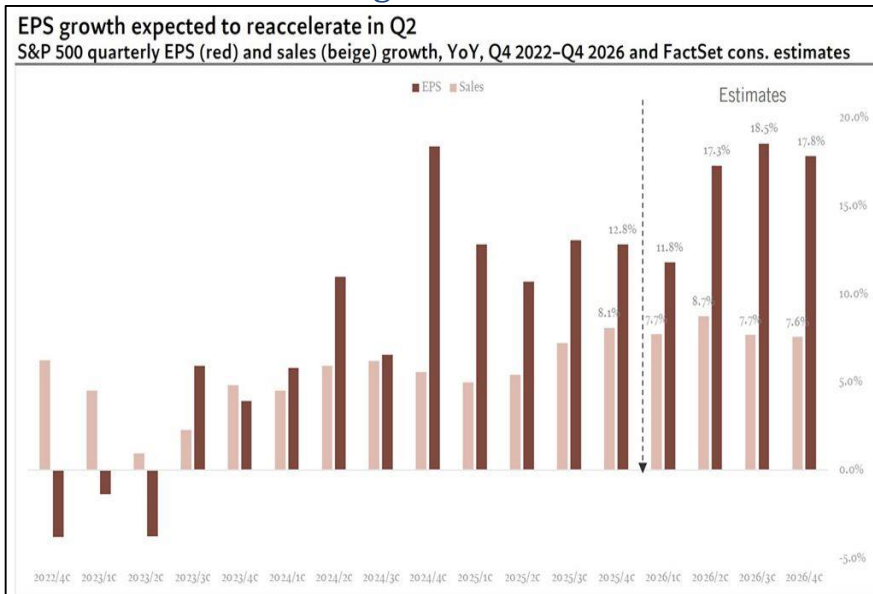
Source: Factset



3. Micro : S&P 500 Earnings

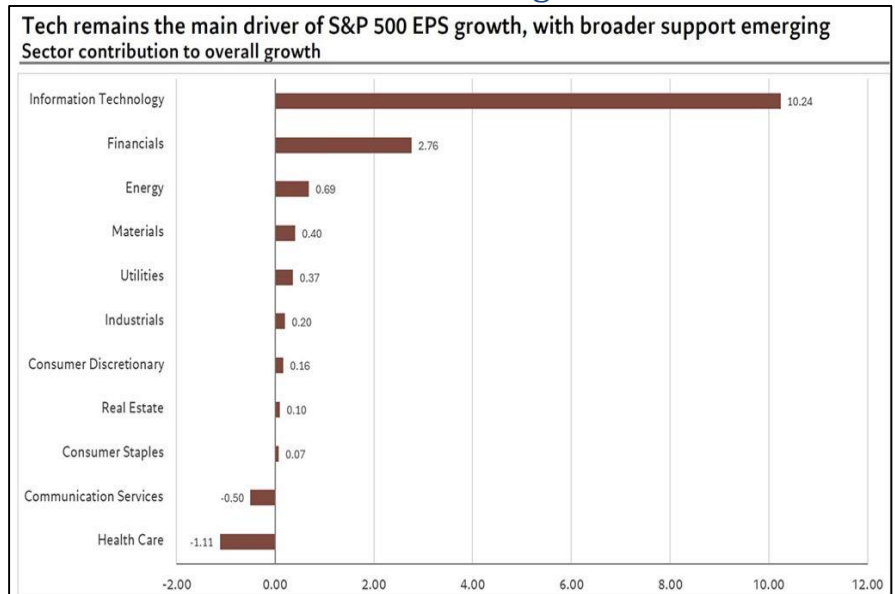
- **Consensus currently anticipates a strong reacceleration from Q2 for now.** As such, the upcoming season will be closely watched to see whether early-year momentum can broaden.
- **Technology is once again expected to be the main driver of S&P 500 EPS growth in Q2 2026,** followed by Financials and Energy. Conversely, Communication Services and Healthcare are expected to weigh on overall growth. This distribution suggests that while Technology continues to lead, **a broader range of sectors is expected to participate in earnings expansion.**

S&P 500 Earnings Growth reacceleration



Source: Factset

S&P 500 Net Profit Margins Forecast

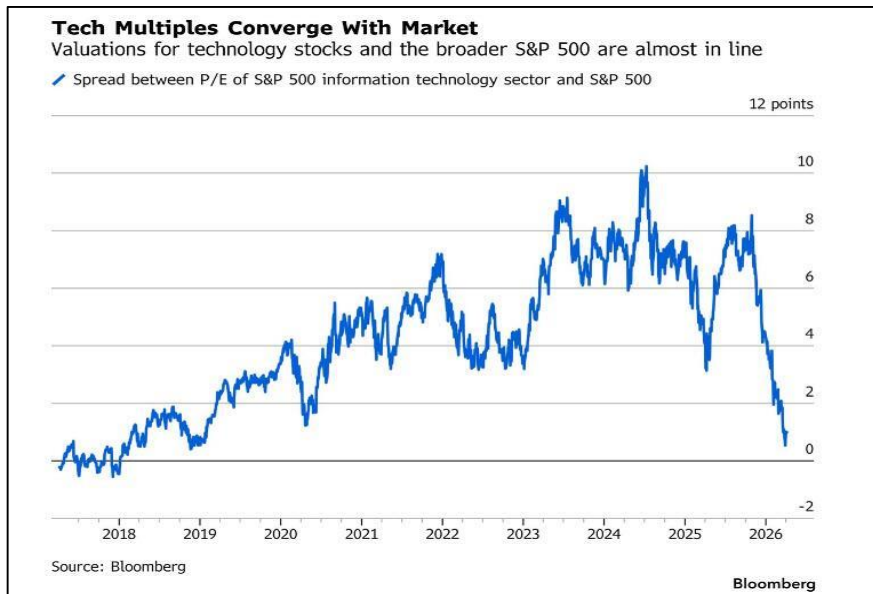


Source: Factset

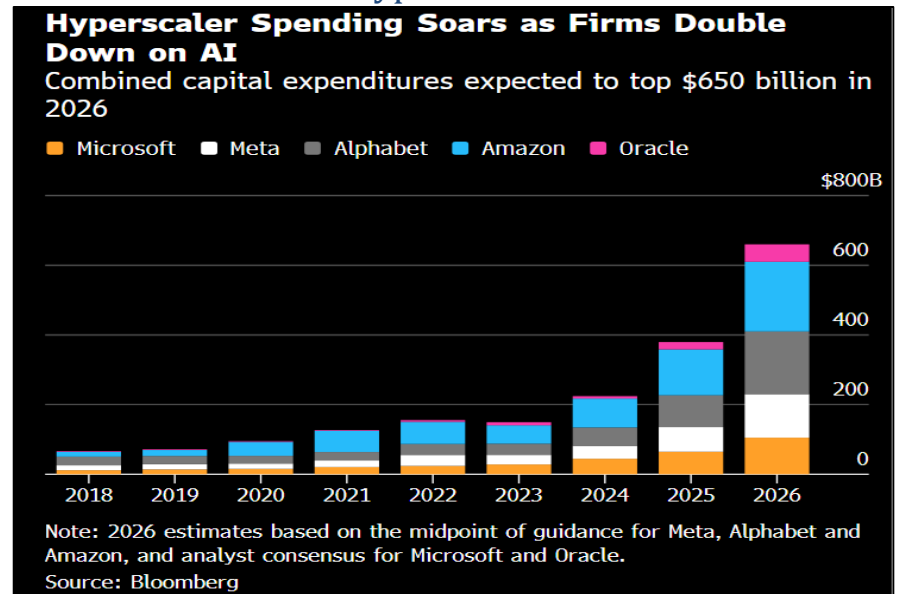
3. Micro : Technology

- **Technology stocks have returned to attractive levels** for investors willing to play the long game after a pullback from last year's record highs, mainly due to fears of AI disruption on Software, and a risk-off mood linked to the war with Iran.
- **Wells Fargo Investment Institute shifted their view on the sector from neutral to favorable**, citing its underperformance against the S&P 500 and its durable outlook supported by the AI buildout.
- **At the same time, Big US Tech CapEx has quadrupled since 2018**, accelerating from \$200B to over \$650B in 2026 as firms enter an AI Arms Race. Fears remain that they are relying too much on debt.

Tech and S&P500



Hyperscalers



Source: Bloomberg

Source: Bloomberg

3. Micro : Tech CDS

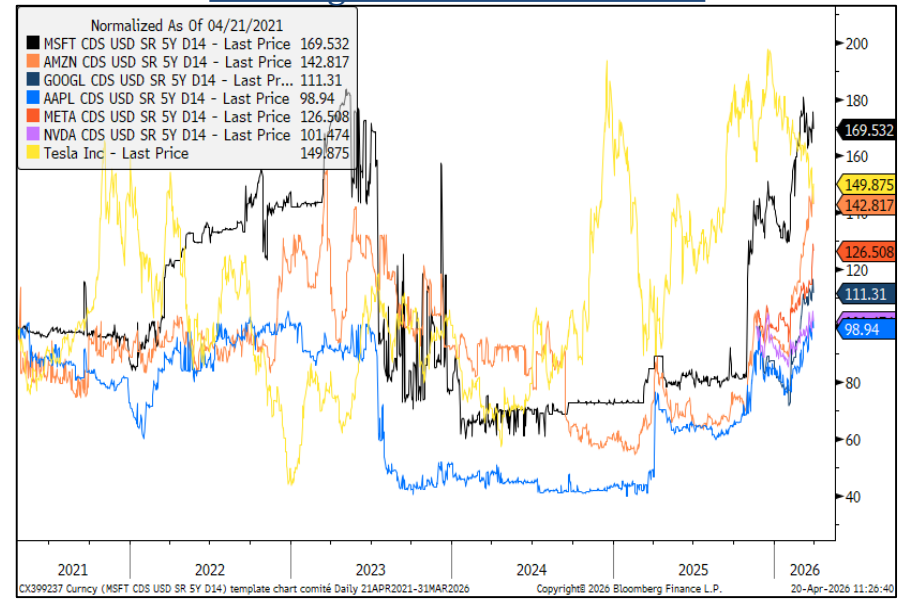
- **Oracle and Magnificent Seven 5-year CDS spreads have spiked to 2022 levels and beyond for Oracle**, recently due to market concerns over their investments for some and also for others their massive debt accumulation to fund AI infrastructure expansions.
- **These concerns extend beyond US hyperscalers** and remain elevated also for Softbank as they have made significant investments in the US. Other firms investing in data centers and AI cloud partnerships were also impacted.

Oracle 5Yr CDS



Source: Bloomberg

The Magnificent Seven 5Yr CDS



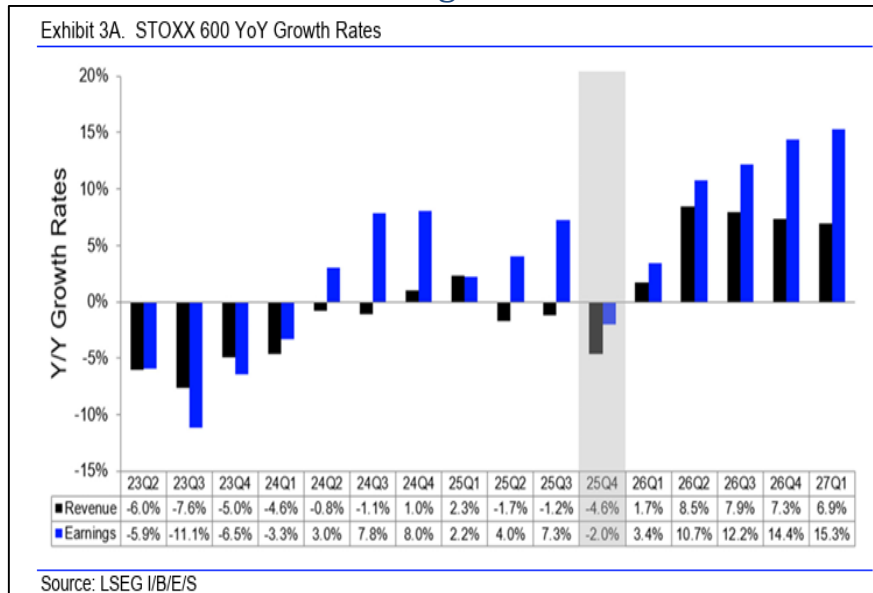
Source: Bloomberg



3. Micro : Stoxx 600 Earnings & Valuation

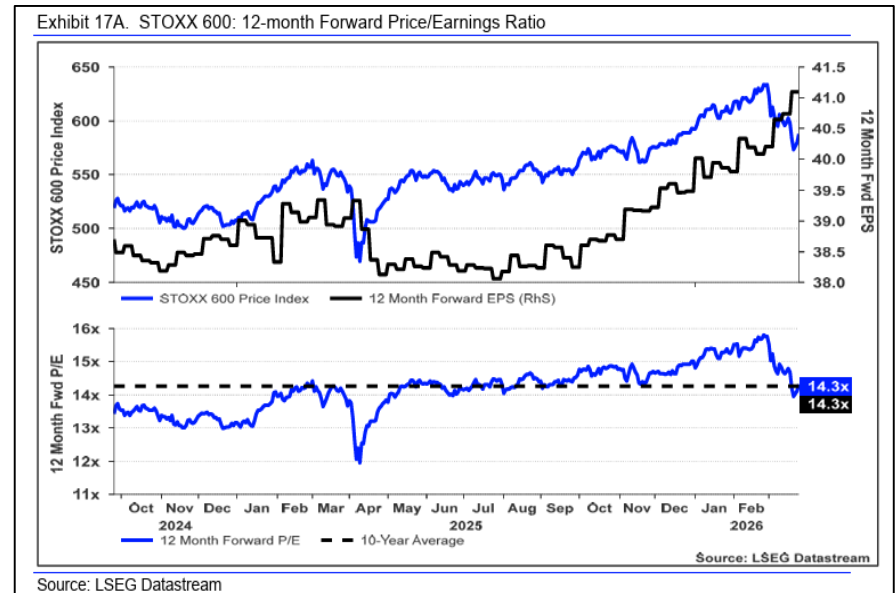
- For the first quarter of the year, earnings for the Stoxx 600 are expected to increase 4%, mainly generated by Financials and Energy
- From a valuation perspective, the Stoxx 600 became even cheaper, below the line of its historical average and therefore appears now clearly cheap.
- From Q2 2026, we expect an acceleration of the earnings growth forecast, but there is a risk of downward revision depending on the Iran War length.

Stoxx 600 Earnings Growth Forecast



Source: Refinitiv

Stoxx 600 Valuation

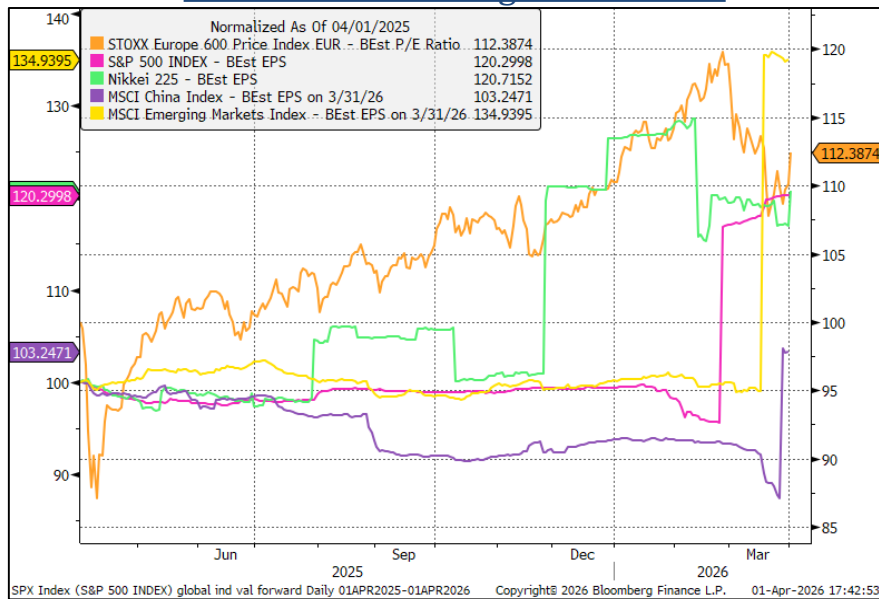


Source: Refinitiv

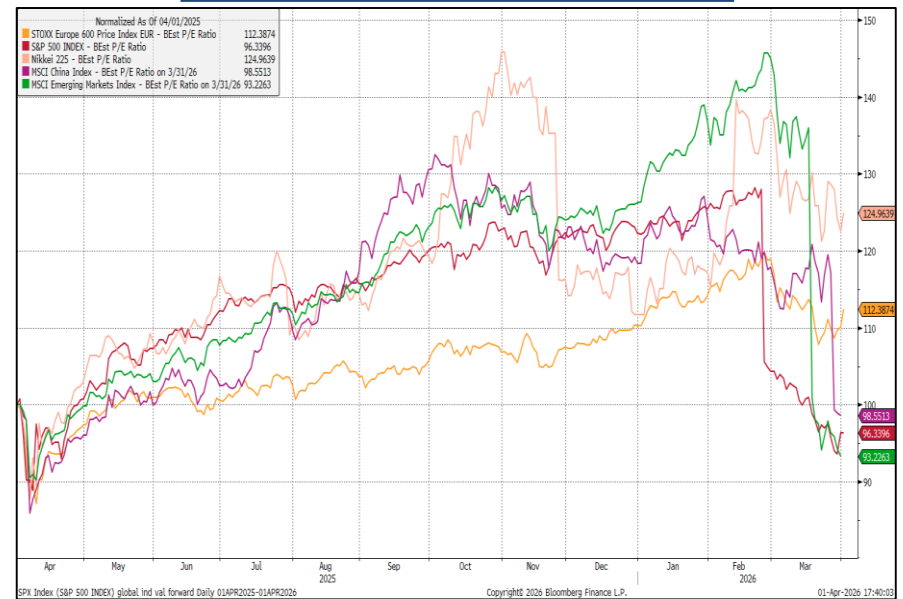
3. Micro : Global Earnings & Valuation

- **Earnings momentum slowed for Europe, US and Japan but increased strongly for China and Emerging Markets.** For US, a stronger USD and Hyperscaler capex fears eroded some earnings growth. In Europe, tariff spillovers, fiscal tightening and energy costs cooled the momentum.
- **Strength in India and Taiwan economies supported emerging markets earnings,** while in China some stimulus and resilient exports brought earnings growth. In valuation terms, globally all markets became cheaper, especially during March and are trading now at lower levels, mostly similar to one year ago.

Global Index Earnings Momentum



Global Index Valuation Forward PE



Source: Bloomberg

Source: Bloomberg

4. Cross Asset : Commodities

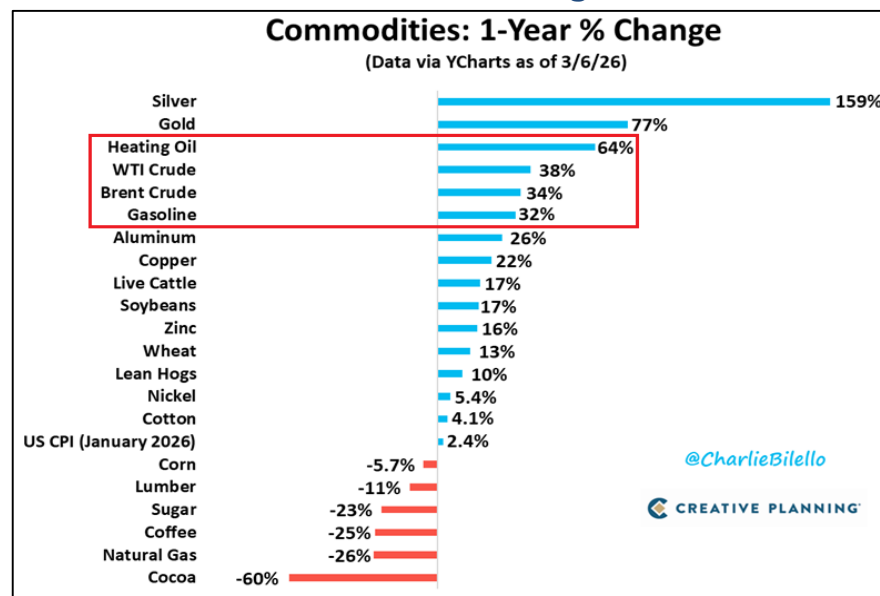
- **Commodities surged in Q1 2026**, driven primarily by the outbreak of war in Iran, which disrupted oil supplies through the Strait of Hormuz and spiked energy prices, alongside safe-haven demand for precious Metals and persistent nuclear fuel demand for Uranium. The energy prices changed a lot comparing to 1 year ago, bringing a different world.
- The sector faced heightened volatility from Middle East tensions, including Iran's targeting of Gulf energy infrastructure, which **constricted global Oil flows and rippled into Fuel, Natural Gas, Fertilizers, and inflation expectations**. Energy led with massive gains, while Metals benefited from deglobalization trends, defense spending, and decarbonization/AI power demand.

Commodities surge



Source: Bloomberg

Commodities divergence



Source: Charlie Bilello



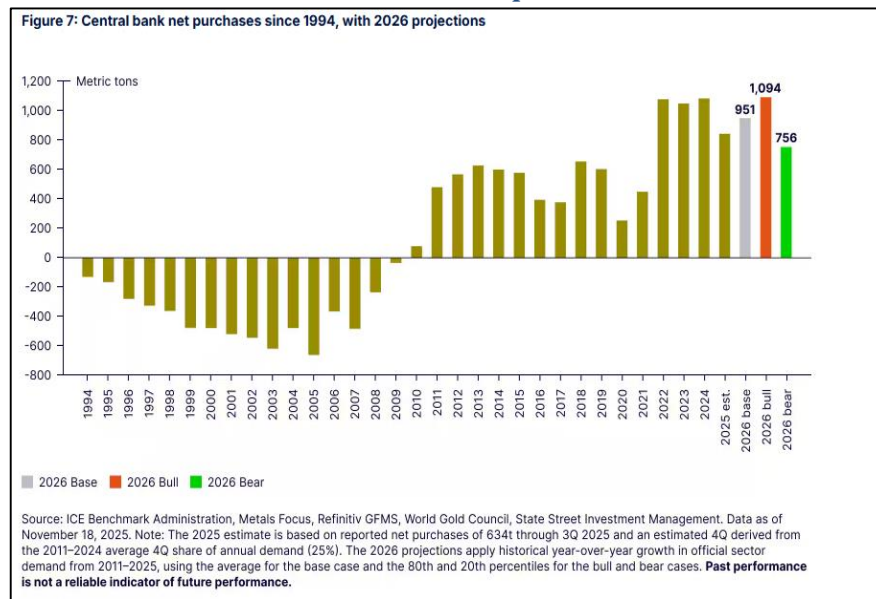
4. Cross Asset : Gold

- **Gold had a really strong rally in the first quarter of 2026**, especially in late January on safe-haven flows and Fed rate uncertainty, then consolidated due to strengthening USD and priced-in risks from the Iran War.
- The rally was also fueled by **Central Bank buying** and diversification from dollar assets, a trend that was already strong last year and seems to continue.
- Turkey Central Bank was one of the big sellers during the quarter as they sold 118 tons of gold with also rumors regarding others Middle East countries who also sold.

Gold verticality



Central bank net purchases



Source: ICE, Refinitiv

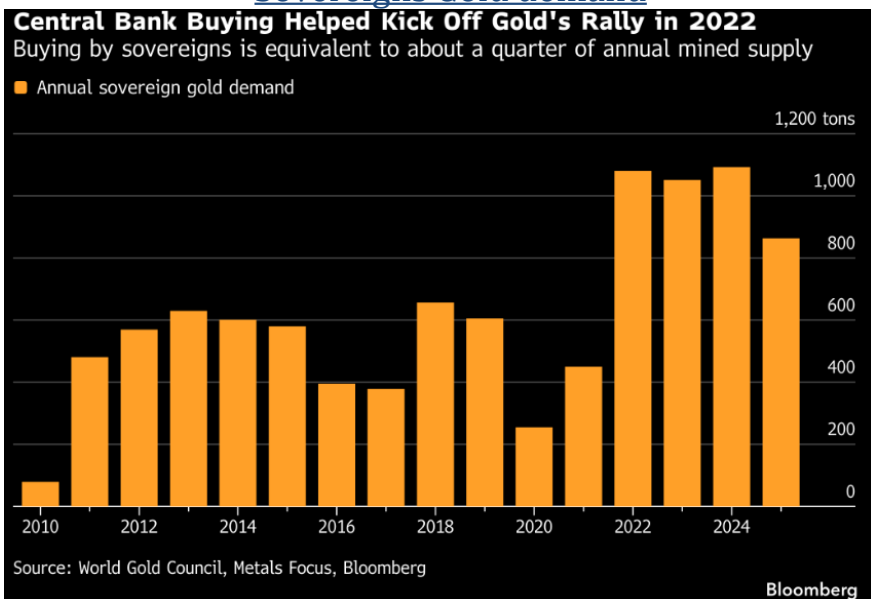


Source: Bloomberg

4. Cross Asset : Gold

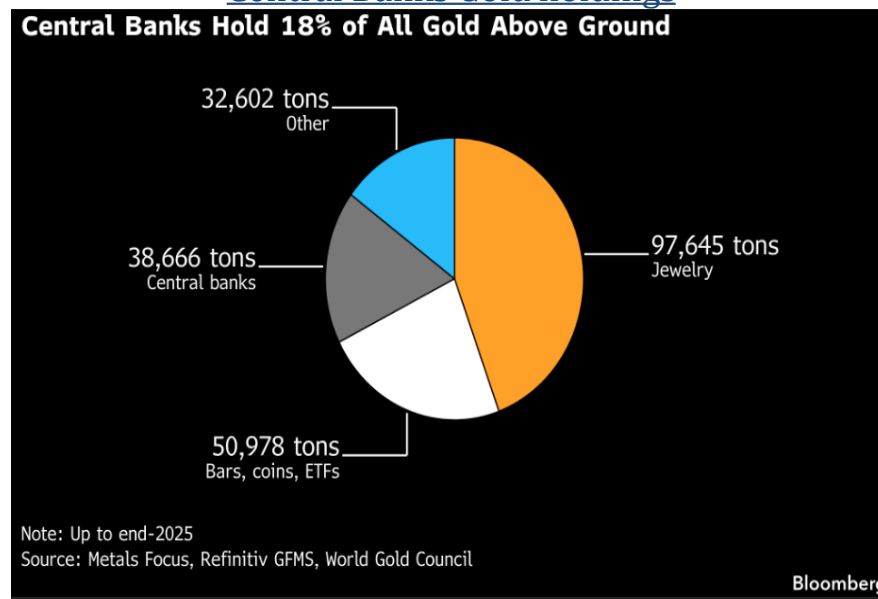
- Gold started Q1 near \$4'384 , surged to a record \$5'589 in late January on safe-haven flows and Fed rate uncertainty, then consolidated due to strengthening USD and priced-in risks from the Iran War.
- **Central Banks continue to hold a significant portion of the Gold** available for use and purchase. Jewelry, Bars/Coins/ETFs are still the primary use cases.

Sovereigns Gold demand



Source: Bloomberg

Central Banks Gold holdings



Source: Bloomberg

4. Cross Asset : Uranium

- **Uranium spot prices rallied in 1Q26**, climbing from around \$80/lb at year-start to a January peak of \$101/lb, supported by nuclear demand projections, supply tightness, and long-term contracts.
- **Later volatility from geopolitical shocks pulled prices back**, but fundamentals like U.S. policy incentives and global reactor growth sustained bullish term pricing.
- **Industry analysis projects the Uranium supply deficit will expand dramatically over the next 15 years** as new reactor construction accelerates and advanced nuclear technologies require specialized fuel forms.

Uranium



Supply and demand

Period	Supply Deficit	Primary Demand Drivers
2026-2030	85-120 million lbs	Existing reactor fleet expansions and restarts
2031-2035	140-170 million lbs	New reactor construction programmes in Asia and North America
2036-2040	197+ million lbs	Small Modular Reactor deployment and HALEU requirements



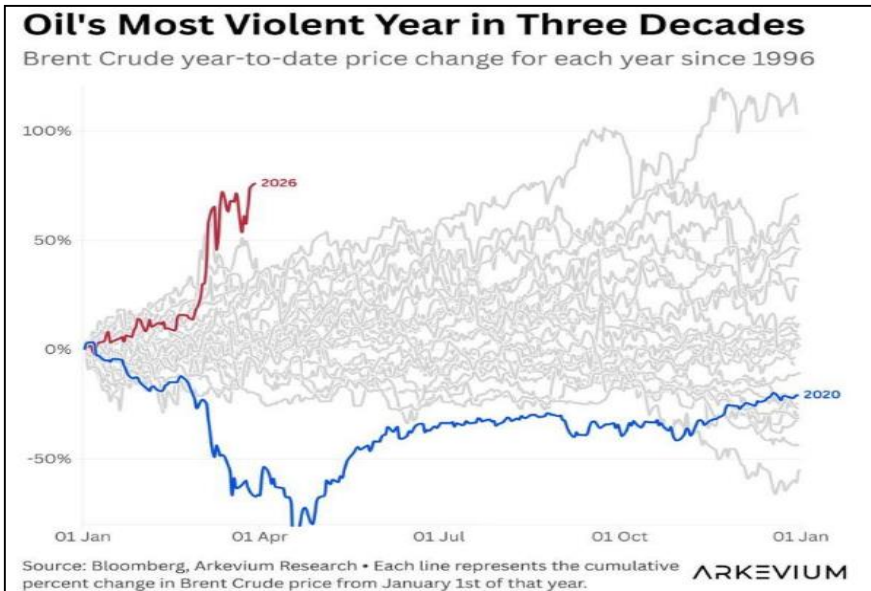
Source: Bloomberg

Source: Discovery Alert

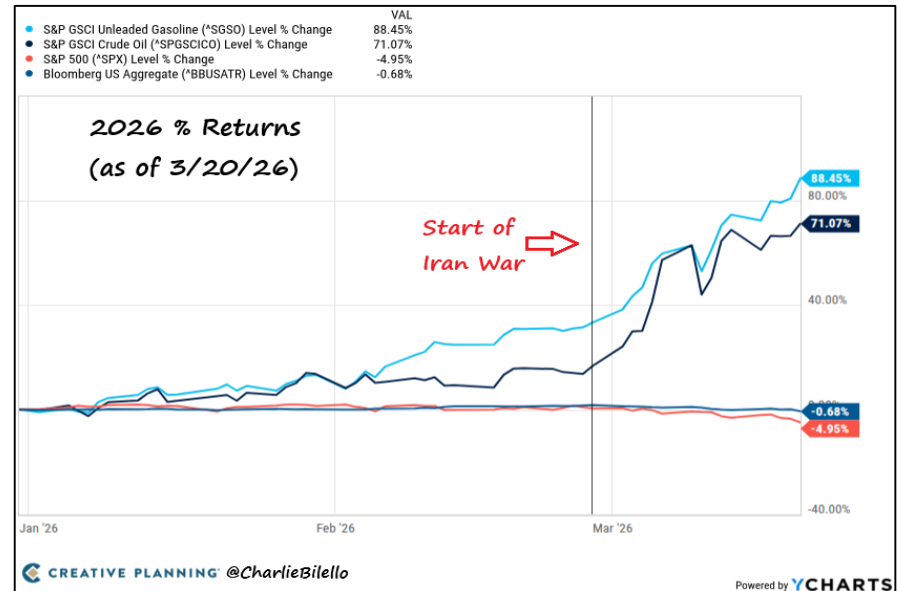
4. Cross Asset : Crude Oil

- Oil prices exploded from lows of \$60 (to end-Q1 at Brent \$118/bbl (+94%) and WTI \$101/bbl (+77%), the steepest quarterly jump since 1990 due to Iran War supply shocks.
- Disruptions in the Strait of Hormuz amplified tightness, overriding prior ample supply view. **One Barrel of crude Oil serves a lot of different products, like Petrol, Diesel, Jet Fuel, Petrochemical and Marine Fuel, therefore they could have rippling effects across the economy.**

WTI Crude Oil



Oil and War



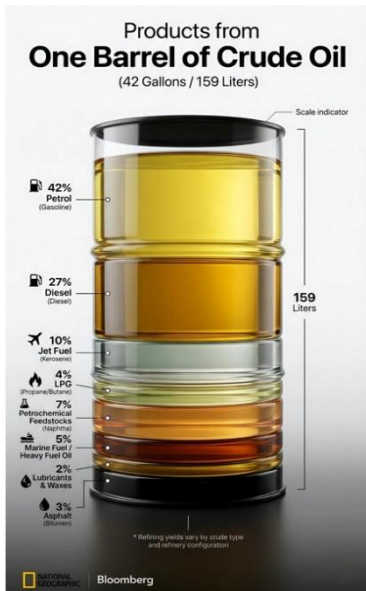
Source: Bloomberg

Source: Charlie Bilello

4. Cross Asset : Crude Oil

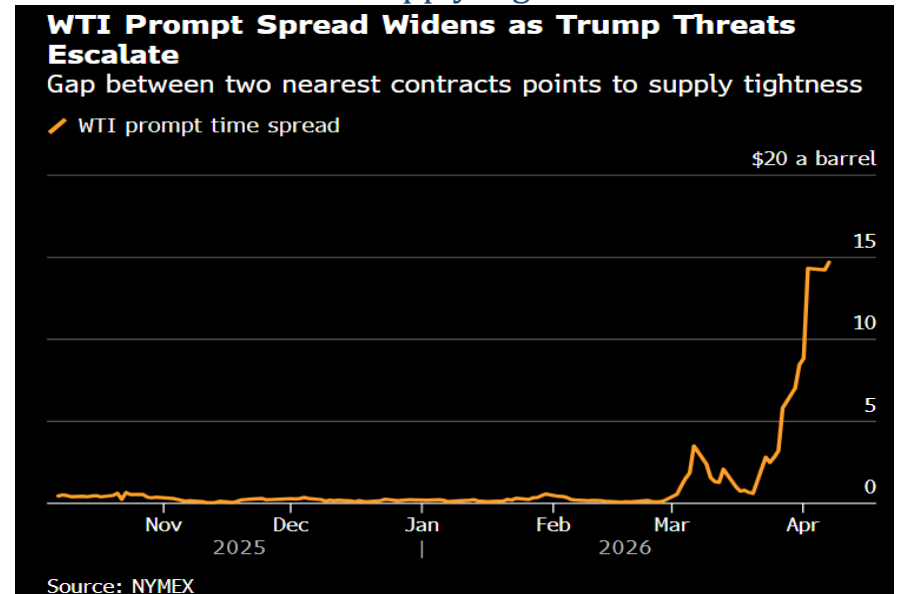
- One barrel of crude, which corresponds to 159 liters or 42 gallons, is used for 42% of Petrol, 27% of Diesel, 10% of Jet Fuel, which are big drivers of the general economy, related to industry of goods and services, Transport of merchandises, Labor mobility and Travel. 7% of Petrochemical, 5% Marine Fuel, 4% LPG are also quite important.

Oil influence



Source: NG/Bloomberg

Oil & Supply Tightness



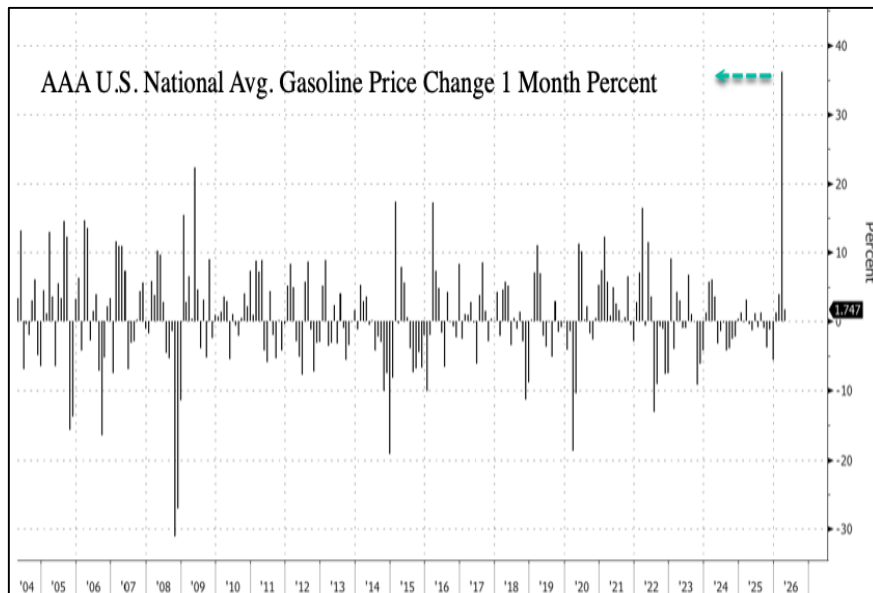
Source: Goldman Sachs



4. Cross Asset : Crude Oil

- **March brought the biggest fuel price shock** Americans have experienced on record, according to AAA data going back to the early 2000s.
- A fuel price shock **changes consumer behavior**, especially for **low-income households**, by forcing them to drive less, combine trips, cancel discretionary travel, or shift to carpooling and public transit.
- For those who have the financial flexibility to do so, a fuel price shock may push some consumers toward smaller cars, hybrids, and EVs and away from large SUVs and trucks.

US Fuel Shock



Source: AAA, ZH

US Gasoline Prices



Source: AAA, ZH



4. Cross Asset : Crude Oil

- **Not all Oil shocks are the same but stagflation is the worst result.** High inflation (above 9%), high unemployment, and slow economic growth, are the three factors combination that are the ugliest in economics.
- **Current economic data does not meet the definition of stagflation,** but significant Oil crises could reshape the global economy in an unpredictable way and bring recessions where they are not initially expected.

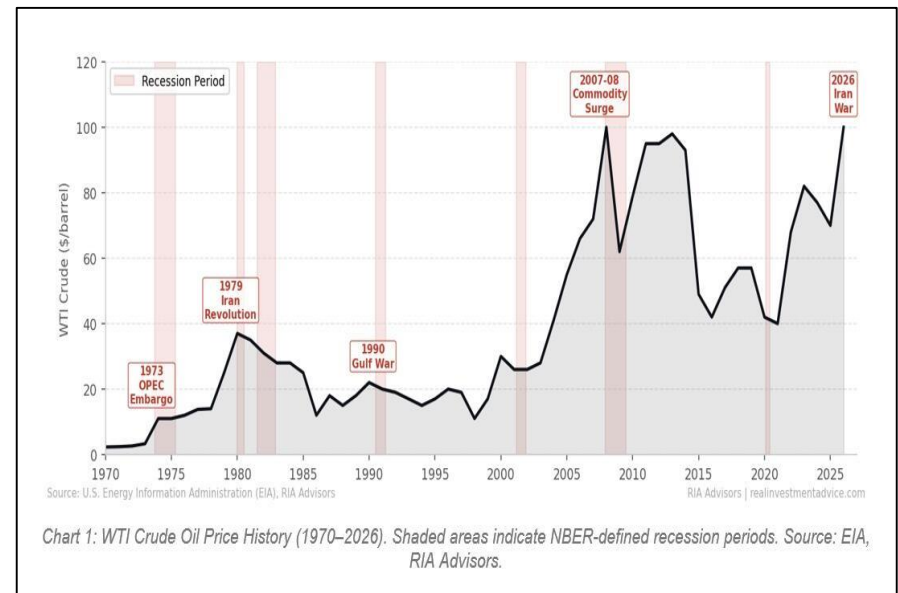
Oil Shocks

Historical Oil Shock Episodes at a Glance

Episode	Year(s)	Oil Spike	Recession?	S&P 500 Impact
OPEC Embargo	1973–74	+300%	Yes	-48%
Iranian Revolution	1978–80	+130%	Yes	-20%
Gulf War (Iraq/Kuwait)	1990–91	+75%	Yes (mild)	-21%
Iraq War / Demand Surge	2002–08	+592%	No (until 2008)	+25% (2003–04)
Great Recession Commodity	2007–08	+97%	Yes	-55%
Russia–Ukraine	2022	+80%	No (US)	-25% (bear mkt)
2026 Iran War (YTD)	2026	+60%+	TBD	-5%+ (MTD)

Sources: EIA, Hamilton (2011) NBER Historical Oil Shocks, Federal Reserve Bank of St. Louis, Motley Fool Research. S&P 500 figures represent peak-to-trough decline during recession periods.

WTI and recessions



Source: IEA, RIA advisors

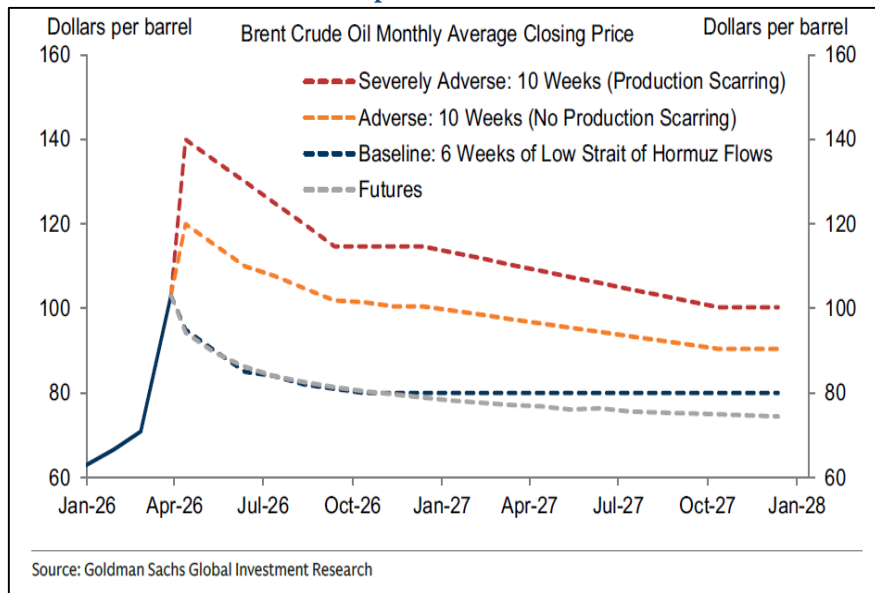


Source: EIA / Motley Fool Research

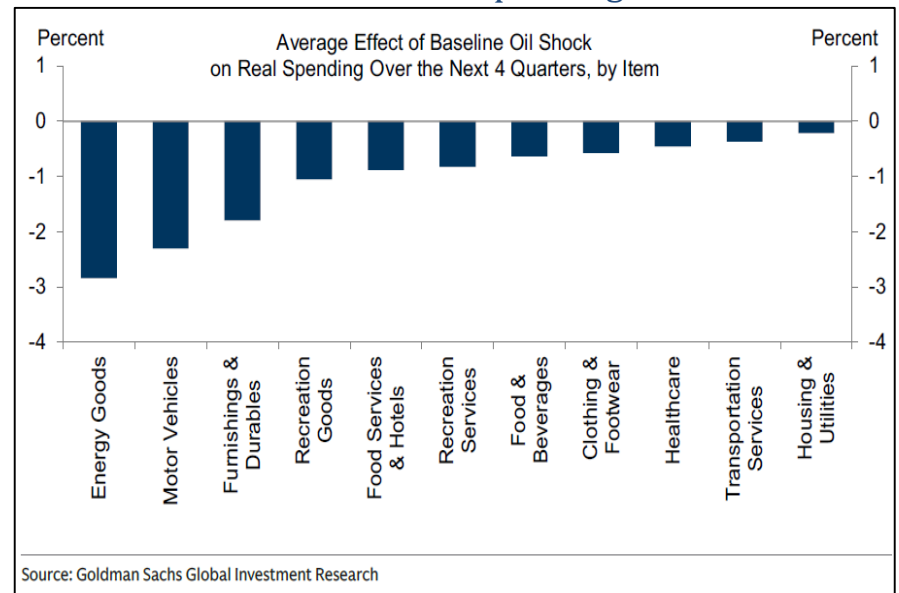
4. Cross Asset : Crude Oil

- Oil strategists continue to expect Brent Oil prices to peak in April 2026 and fall to \$80 by Q4 2026, but with oil exports through the Strait of Hormuz still disrupted, the risks are tilted higher. Even if the War ends soon, it will take time to return to full production. Infrastructure reparation will need time (Qatar was impacted a lot, 20%).
- **Increased spending on gasoline** is likely to weigh on real consumer spending on Autos and on Discretionary Goods and Services. Most of the impact of the war on GDP is **via higher Oil prices and is to come through consumer spending.**

Oil price forecast



Oil and real spending



Source: Goldman Sachs

Source: Goldman Sachs

5. Market Review: Equity Performance

- Q1 2026 was a difficult quarter for all major equity indices except Brazil, England and Japan.
- **Brazil has benefited** from the rally in Commodities and posted large gains in 2026. Japan also held well with thanks to the economic and social plans announced by Takaichi.

Equity Indices	% YTD in USD	% YTD in EURO	% 3M in USD	% 3M in EURO
MSCI WORLD	-3.9%	-2.2%	-3.9%	-2.2%
S&P 500	-4.6%	-3.0%	-4.6%	-3.0%
NASDAQ	-7.1%	-5.4%	-7.1%	-5.4%
BRAZIL	22.1%	23.7%	22.1%	23.7%
Euro Stoxx 50	-5.5%	-3.8%	-5.5%	-3.8%
Stoxx Europe 600	-3.2%	-1.5%	-3.2%	-1.5%
FTSE 100	0.6%	2.3%	0.6%	2.3%
CAC 40	-5.7%	-4.1%	-5.7%	-4.1%
DAX	-9.0%	-7.4%	-9.0%	-7.4%
IBEX	-3.1%	-1.5%	-3.1%	-1.5%
MIB	-3.1%	-1.4%	-3.1%	-1.4%
SMI	-4.6%	-2.9%	-4.6%	-2.9%
NIKKEI 225	0.2%	1.8%	0.2%	1.8%
HANG SENG	-4.0%	-2.4%	-4.0%	-2.4%
SHANGHAI	-0.6%	1.0%	-0.6%	1.0%
VIX	68.9%	70.6%	68.9%	70.6%

Source: Bloomberg 31/03/26



5. Market Review : Sector Performance Review

- For 2026, sector dispersion and rotation prevailed in all regions. Europe, US and Global look very similar. The strongest sector was Energy followed by Utilities for the three main regions. Technology remained negative in the USA and World versus positive in Europe.
- Regarding Information Technology sector divergence, Europe's Tech is more Semiconductor/Industrial hardware which benefited from AI capex demand, while US IT is dominated by Software/Services (Mag 7, SaaS), which faced AI disruption fears, tariff concerns, and Hyperscaler spending scrutiny. The heavy weight of US in World explains its performance too.

Sector performance	Europe % YTD	Europe % 3M	USA % YTD	USA % 3M	World % YTD	World % 3M
Consumer Discretionary	-18.3%	-18.3%	-9.3%	-9.3%	-10.8%	-10.8%
Consumer Staples	-2.4%	-2.4%	7.0%	7.0%	4.0%	4.0%
Energy	42.2%	42.2%	37.2%	37.2%	36.9%	36.9%
Financials	-6.5%	-6.5%	-9.8%	-9.8%	-7.1%	-7.1%
Health Care	-1.6%	-1.6%	-5.3%	-5.3%	-4.6%	-4.6%
Industrials	-1.8%	-1.8%	4.3%	4.3%	2.6%	2.6%
Information Technology	2.5%	2.5%	-9.3%	-9.3%	-9.0%	-9.0%
Materials	5.9%	5.9%	9.3%	9.3%	8.0%	8.0%
Telecommunication Services	3.5%	3.5%	-7.1%	-7.1%	-6.9%	-6.9%
Utilities	13.4%	13.4%	7.5%	7.5%	8.8%	8.8%

Source: Bloomberg 31/03/26



5. Market Review : FX and commodities performance

Currencies		
Against USD		
	YTD	3M
EURO	-1.6%	-1.6%
JPY	-1.3%	-1.3%
GBP	-1.8%	-1.8%
CHF	-0.9%	-0.9%
CNY	1.4%	1.4%
HKD	-0.7%	-0.7%
CAD	-1.4%	-1.4%
AUD	3.4%	3.4%
Against Euro		
	YTD	3M
USD	1.7%	1.7%
JPY	0.3%	0.3%
GBP	-0.2%	-0.2%
CHF	0.8%	0.8%
CNY	3.0%	3.0%
HKD	0.9%	0.9%
CAD	0.3%	0.3%
AUD	4.9%	4.9%
Against CHF		
	YTD	3M
EURO	-0.8%	-0.8%
USD	0.8%	0.8%
JPY	-0.4%	-0.4%
GBP	-1.0%	-1.0%
CAD	-0.5%	-0.5%
AUD	4.1%	4.1%
HKD	0.1%	0.1%

- In the currency market, **the weakest currency was the EUR. The USD was the strongest with the CHF** also showing some signs of safe-haven currency.
- In the commodity market, **commodities generally trended higher** with the exception of Coffee, Gas and some speculative Metals. **WTI and Brent were very strong** due to the Iran War and Hormuz closure.

	% YTD in USD	% 3M in USD
WTI Crude Oil	76.6%	76.6%
Brent Crude Oil	94.5%	94.5%
Gasoline	94.2%	94.2%
Natural Gas	-8.5%	-10.7%
Gold	8.1%	8.1%
Silver	4.9%	4.9%
Platinum	-5.2%	-5.2%
Palladium	-8.6%	-8.6%
Aluminum (LME)	15.7%	15.7%
Copper (LME)	-0.7%	-0.7%
Corn	4.0%	4.0%
Wheat	21.5%	21.5%
Soybean	13.6%	13.6%
Coffee	-14.5%	-14.5%
Sugar	3.4%	3.4%
Cotton	8.9%	8.9%

Source: Bloomberg 31/03/26



5. Market Review : Fixed Income Performance

- **Fixed-income indices have all delivered negative performance** year-to-date except U.S. MBS and Asian-Pacific Aggregate.
- **Credit spreads, both in Investment Grade and High Yield, have started to widen.** Recession risks due to energy shocks increased.
- We continue to expect further steepening of the yield curve, which makes the belly of the curve the most attractive positioning.
- **CDS on certain Tech names** like Oracle are still rising and are now **clearly a sound of alarm in the sector.**

	Perf March	Perf YTD	Perf last 3 months	Yield	Duration
Global					
Global Aggregate	-3.1%	-1.1%	-1.1%	3.8	6.3
Treasuries	-3.4%	-1.4%	-1.4%	3.4	6.8
Credit	-3.0%	-1.3%	-1.3%	4.6	6.0
USA					
U.S. Universal	-1.8%	-0.1%	-0.1%	4.8	5.8
U.S. Aggregate	-1.8%	0.0%	0.0%	4.6	6.0
U.S. Gov/Credit	-1.8%	-0.2%	-0.2%	4.5	6.2
U.S. Treasury	-1.7%	0.0%	0.0%	4.1	5.9
Government-Related	-1.7%	-0.1%	-0.1%	4.5	5.5
Corporate	-2.0%	-0.5%	-0.5%	5.1	6.9
U.S. MBS	-1.6%	0.4%	0.4%	4.8	5.4
Pan Europe					
Pan-Euro Aggregate	-2.7%	-0.8%	-0.8%	3.6	6.4
Euro-Aggregate	-2.5%	-0.6%	-0.6%	3.4	6.3
Asia Pacific					
Asian-Pacific Aggregate	-0.9%	0.7%	0.7%	2.3	7.0
High Yield					
Global High Yield	-2.5%	-1.3%	-1.3%	7.4	4.0
U.S. Corporate High Yield	-1.2%	-0.5%	-0.5%	7.4	3.4
Pan-European High Yield	-2.4%	-1.5%	-1.5%	6.7	3.3
Other					
Global Inflation-Linked	-2.9%	-0.2%	-0.2%		
Municipal Bond Index	-2.3%	-0.2%	-0.2%	3.8	6.4
Emerging Markets					
EM USD Aggregate	-2.9%	-1.3%	-1.3%	6.3	6.0
Sovereign	-3.4%	-1.8%	-1.8%	6.4	6.9
Corporate	-2.3%	-0.9%	-0.9%	6.6	4.8
High Yield	-3.2%	-1.4%	-1.4%	8.0	5.3

Source: Bloomberg 31/03/26



5. Long-term Investment Strategy

- We think diversification into long term themes will provide real benefits to traditional sector allocation in the current investment landscape. Many sectors (such as the car market) are disrupted and challenged by Technological developments. Moreover, diversified approaches (style, sector, geographic) have proven to be an effective hedging against tail risk with durable long term performance.
- Short term noise may bring volatility up but we focus on secular trends: implementation of our Innovation societal impact environmental footprint 3 dimensional approach.
- Our equity exposure is diversified, including some selective Technology, mixed with strong balance sheet companies that generate recurring cashflows over time and rewards investors through share buyback programs and high dividend distribution.
- In a context of uncertainty, we favor Government bonds.
- Look for decorrelated asset.



6. Current Asset Allocation

➤ Our current allocation is 45.5% Risky Assets*, 28.8% Investment Grade Bonds in our Balanced EUR model.

Asset allocation	Equity allocation: neutral. Bonds: underweight. Cash: neutral. Alternative: Overweight.		
		Core allocation	Tactical allocation
Equities	Regions/ sectors	<ul style="list-style-type: none"> • Developed Markets (USA, Europe & Japan). • Emerging Markets, China. 	
	Investment style, stock selection	<ul style="list-style-type: none"> • Global growth themes. • EU & CH Quality dividend selection. • Value stocks. 	
Bonds & currencies	Duration	<ul style="list-style-type: none"> • Neutral Duration (short-term HY and medium-term IG in Europe). 	
	Bond segments	<ul style="list-style-type: none"> • Investment Grade USD and Euro, High Yield corporates EURO. 	<ul style="list-style-type: none"> • CAT Bonds.
	Currencies	<ul style="list-style-type: none"> • Neutral. 	<ul style="list-style-type: none"> • Crypto basket.
Commodities & Alternatives		<ul style="list-style-type: none"> • Gold, Copper & Uranium. • Decorrelated Strategies. 	



* Risky Assets = Equities + (High Yield Bonds * 0.6 factor)

7. Conclusion

- Geopolitical risks (which have existed for several years) are becoming more prominent...be careful not to overreact.
- The resilience of the economy and corporates will be put to the test in the coming months.
- Markets tend to perform well after wars...it's better to be patient and wait for future entry points than to panic during a downturn.
- Demand for Metals used in the energy transition is expected to remain strong
- Our favorite themes remain the same: (selective) technology and companies that pay solid and sustainable dividends.
- Diversification, which we regularly emphasize, is more important than ever.



Thematic:

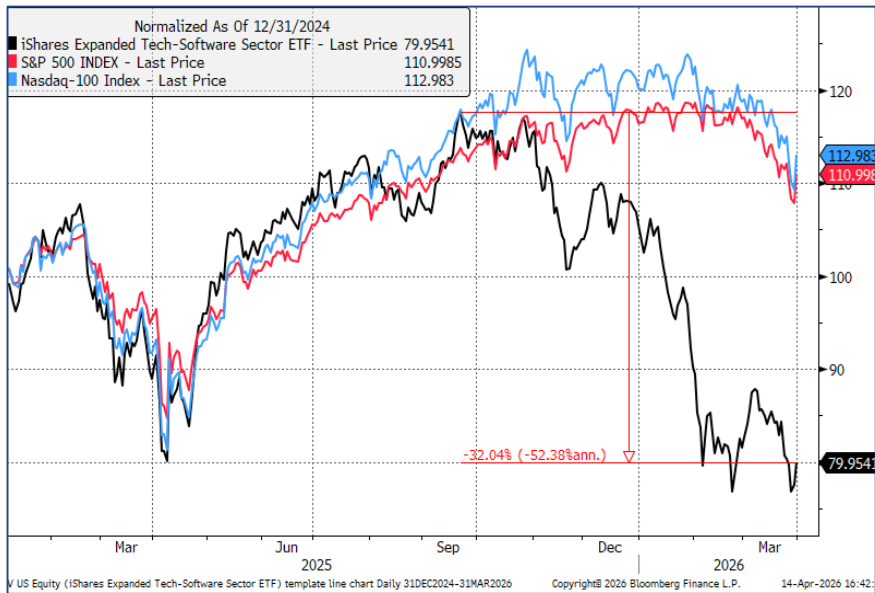
AI Disruption in the Software Industry



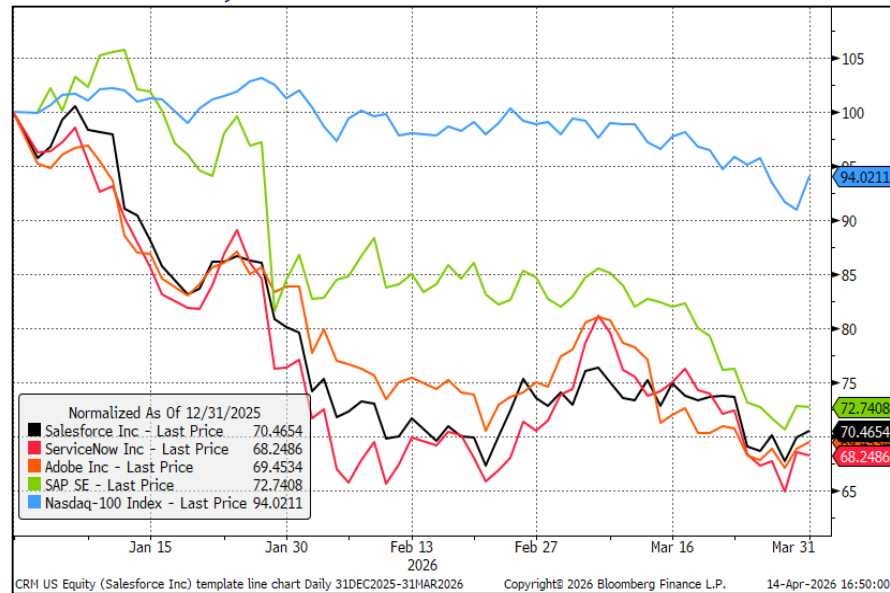
Thematic : The Software Selloff Visualized

- The Software sector has fallen more than 30% since its late-2025 peak, entering a bear market.
- Major names like Salesforce, Adobe, ServiceNow, and SAP have been heavily sold off.
- The repricing has been broad-based, with Software coming under strong pressure on both sides of the Atlantic.
- Other sectors such as Financial Services, Cybersecurity, Insurance, Real Estate, and Logistics have also been affected, but to a lesser extent, by the emergence of new AI models and tools.

Software Sector ETF vs Reference Indices



Major Softwares Performance YTD



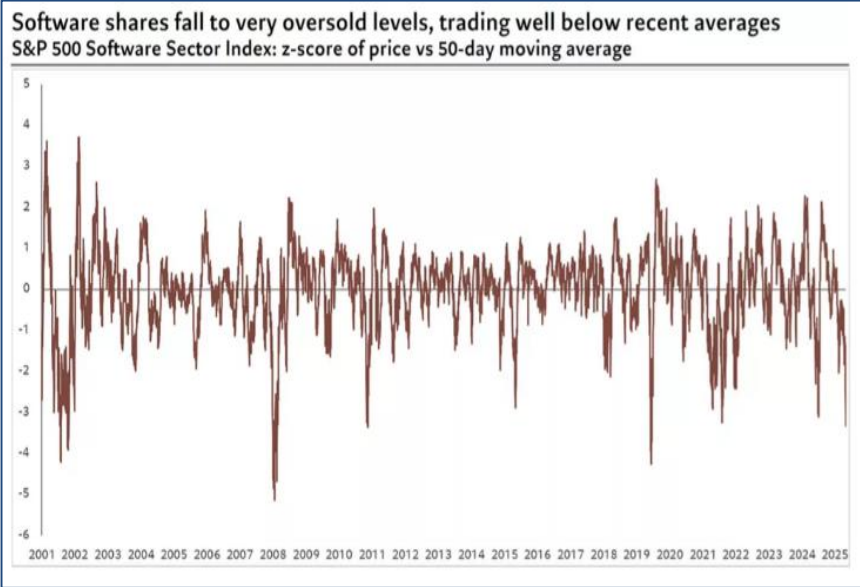
Source: Bloomberg

Source: Bloomberg

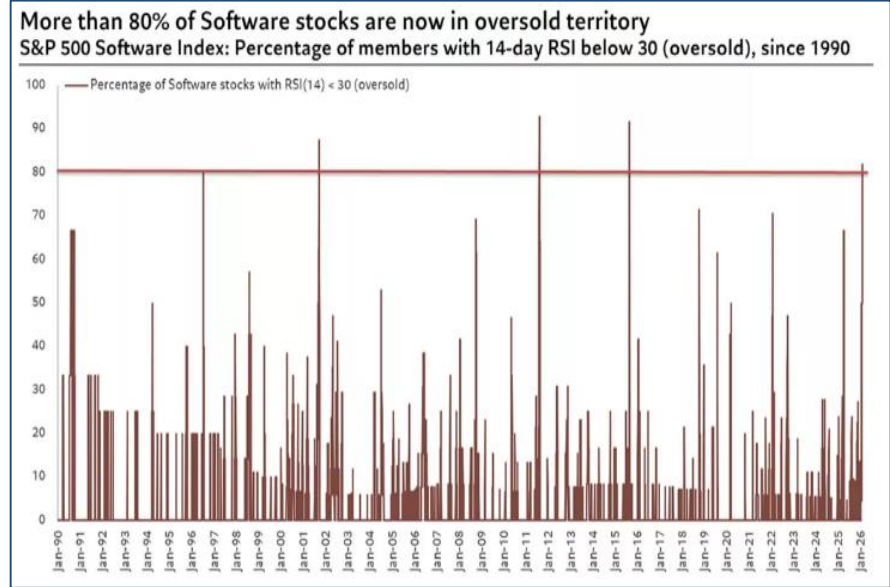
Thematic : Extreme Market Sentiment

- The selloff has been unusually severe, with the sector now far below normal levels (as shown in the charts).
- This drop has happened without a clear deterioration in fundamentals, suggesting that sentiment (not earnings) has been driving recent price moves.
- Such extreme levels have only occurred four times since 1990, highlighting how rare and severe the current market sentiment is.

Software Trading Far Below Trend



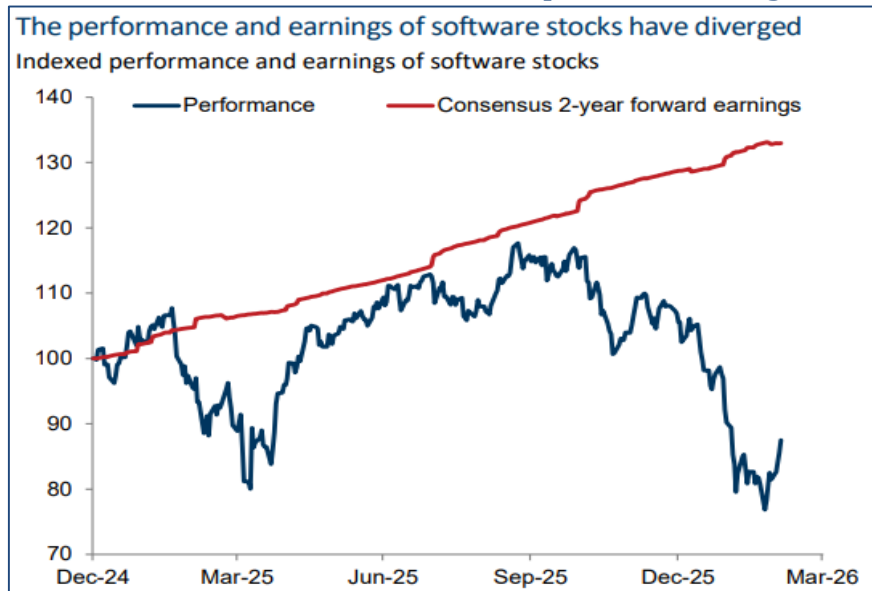
% Members with 14-day RSI below 30



Thematic : Company Fundamentals are holding up

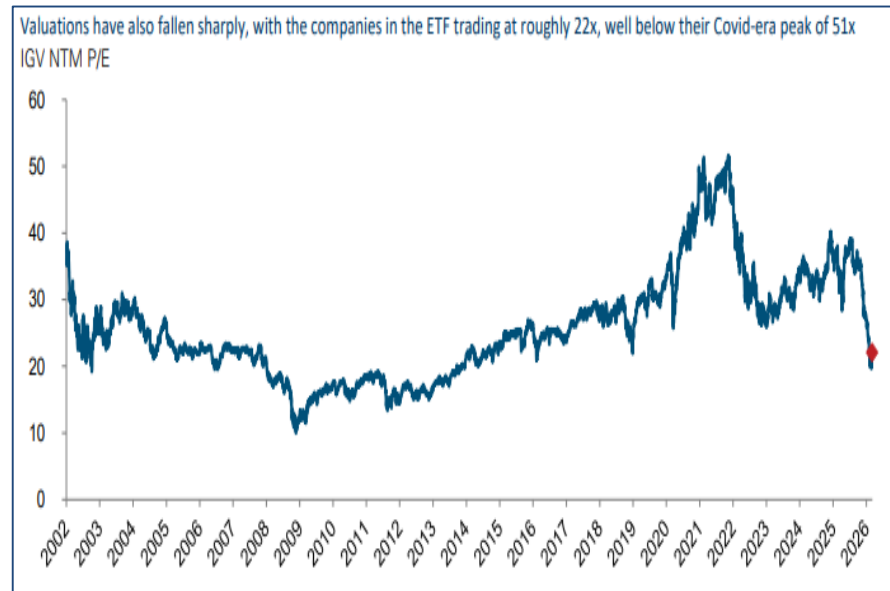
- Despite falling share prices, recent earnings have been strong, with profit margins at record highs and analysts raising near-term forecasts.
- The market is not reacting to past performance, it is questioning how sustainable these business models are going forward.
- This uncertainty is driving a sharp valuation reset, with the sector's forward P/E dropping from 35x to 21x in just a few months.

Softwares Performance vs Expected Earnings



Source: FactSet, Goldman Sachs GIR

Softwares Valuation Levels



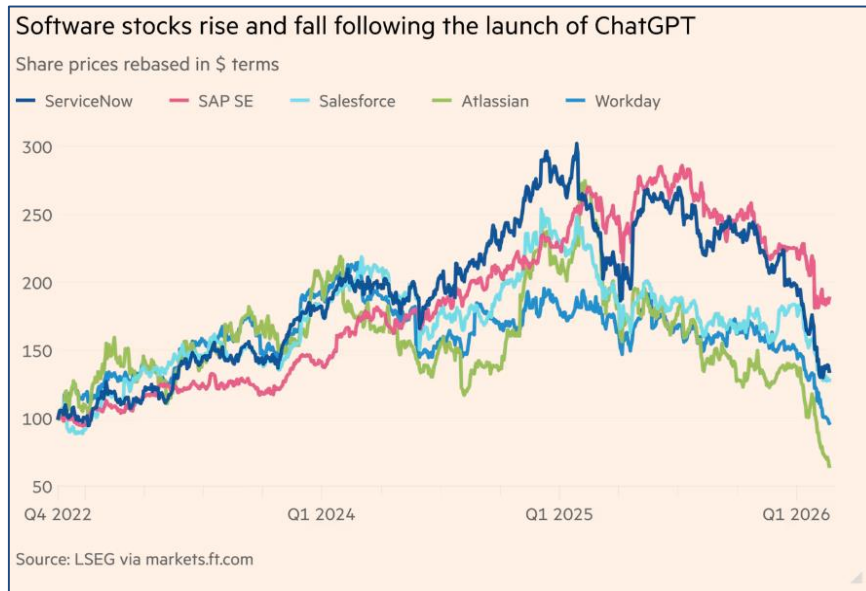
Source: FactSet, Goldman Sachs GIR



Thematic : From Tailwind to Threat

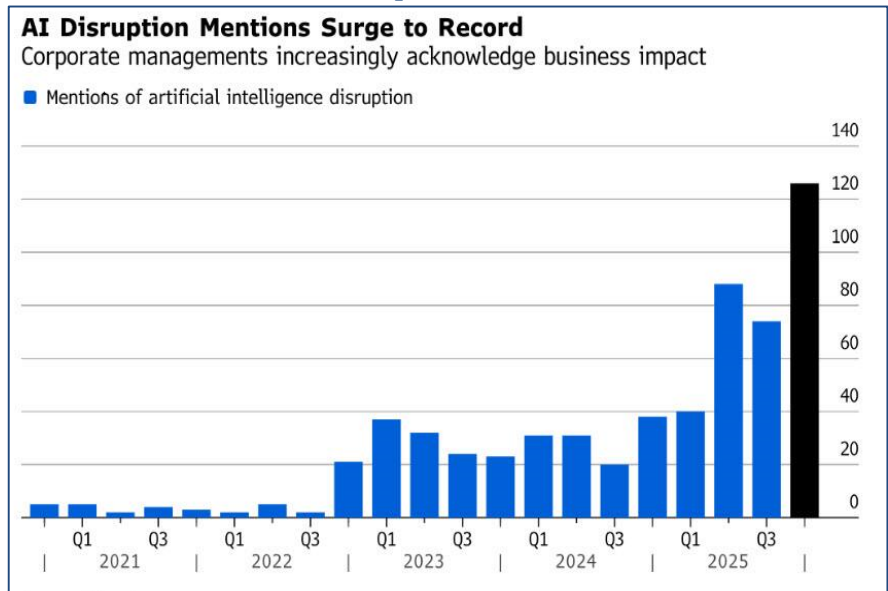
- The narrative has flipped within the industry: AI was priced as a tailwind for Software (productivity boost, expansion), it is now priced as a threat (margin compression, moat erosion, terminal value risk).
- Increasing competitive pressure from ultra capitalized players such as OpenAI and Anthropic, driven by continuously improving models.
- Democratization of autonomous agents capable of operating 24/7 (e.g., Openclaw), challenging the traditional “per-seat” model and pushing companies to rethink their monetization strategies.

Softwares rise and fall since ChatGPT launch



Source: Financial Times

AI Disruption Mentions



Thematic : Anthropic, a Growing AI Leader

- Founded in 2021 by former OpenAI researchers, now valued at over 180 billion USD and one of the fastest-growing private AI companies, with enterprise revenue scaling rapidly.
- The company developed Claude Opus 4.6, which is currently one of the most advanced AI models on the market, as well as specialized tools like Claude Code and Claude Cowork. Unlike traditional tools that require a user behind a screen, these can execute tasks autonomously, writing code, managing documents and orchestrating workflows, demonstrating capabilities that are redefining the value of conventional Software.
- Anthropic recently launched Claude Mythos Preview, a powerful new AI model aimed at detecting cybersecurity threats and helping organizations secure their most critical software systems. Mythos is said to have identified thousands of previously unknown vulnerabilities across major operating systems and browsers.

AI Model Rankings

Model	633 / 633	Overall ↑	Expert ↕	Hard Prompts ↕	Coding ↕	Math ↕	Creative Writing ↕	Instruction Following	Longer Query ↕
claude-opus-4-6-thi...		1	2	1	1	1	1	1	1
claude-opus-4-6		2	1	2	2	4	5	2	2
muse-spark		3	28	4	4	7	6	9	21
gemin-3.1-pro-prev...		4	4	3	6	3	2	3	3
gemin-3-pro		5	13	6	10	6	3	8	8
grok-4.20-beta1		6	31	7	15	24	4	14	15
gpt-5.4-high		7	3	5	3	2	11	5	9
grok-4.20-beta-0309...		8	24	9	14	17	13	19	26
gpt-5.2-chat-latest...		9	23	12	11	18	23	15	19
grok-4.20-multi-age...		10	5	14	7	10	17	25	18



Source: Arena Leaderboard

Thematic : Winners vs losers

- The best-positioned players combine (i) proprietary data, (ii) pricing models less reliant on per-seat structures, (iii) strong regulatory and integration barriers and (iv) exposure to foundational layers such as data infrastructure, security, hyperscale cloud and AI development platforms.
- Goldman Sachs recently launched an “AI resilient” basket (right-side chart), favoring infrastructure companies that benefit from rising AI-driven demand for compute, security, and data traffic, while shorting firms reliant on seat-based workflows where AI agents could reduce headcount by automating coordination and document handling.

The Software Ecosystem



Source: Goldman Sachs

GS Long/Short AI-Resilient Software Basket



Source: Sergey @SergeyCYW



Thematic : Evaluate a Company

- To distinguish winners from losers in this transition, several key indicators are becoming essential:

Pricing resilience

- Pricing power: can the company still maintain or raise prices?
- Pricing model transition: is the company successfully shifting from per-seat to usage-based pricing? A clean sign is when seat count falls but revenue holds. If both fall, the transition is failing.

Customer stickiness

- Net revenue retention: are customers staying and willing to spend more?
- Long-term contracts growth: are long-term contracts growing?

AI Resilience

- AI defensibility: does AI act as a complement to the business, or as a substitute that erodes the need for the product?
- Data moat: does the company own proprietary data that general-purpose AI models cannot easily replicate?



Thematic : Conclusion

- The Software sector is going through a period of declining confidence, driven by a structural reshaping rather than a real disappearance of the industry.
- Software companies are being forced to reinvent themselves quickly. In moments like this, the market usually does the same thing every time: it sells first and figures it out later. That sorting process is exactly what we are seeing now.
- In the end, the split is pretty clear: Software that sits at the core of systems and owns proprietary data tends to hold up better, while more peripheral, less embedded tools are the first to come under pressure.
- This correction is painful, but useful. It helps separate the businesses that will genuinely benefit from AI from those that will struggle to adapt and that is exactly the kind of clarity that creates opportunities for long-term investors.

Disclaimer:

This document is made available exclusively to clients of Weisshorn Asset Management under discretionary portfolio management who has expressly requested to receive such information and documents (such as analysis, research, report, commentary and/or fact sheet). It shall not be communicated to any third party.

The information and opinions (including positioning) contained on this document are for information purposes only and is not a solicitation, offer or recommendation to sell or acquire any securities, effect any transaction or to enter into any legal relations. More particularly, no information, document or opinions (including positioning) provided on this website regarding services or products shall constitute or be construed as an offer or solicitation to sell or acquire securities or other instruments in any jurisdiction where such offer or solicitation is prohibited by law or in which the person making an offer or solicitation is not licensed or registered to do so or to any person to whom such offer or solicitation is contradictory to local law or regulation. Any such prohibited offer or solicitation is void and Weisshorn Asset Management will disregard any communication received in respect thereof.

Past performance should not be taken as an indication or guarantee of current or future performance and no representation or warranty, express or implied, is made regarding future performance. Clients are urged to be assisted by professionals to assess the possibilities and risks associated with any financial operation before making any investment or other decisions.

