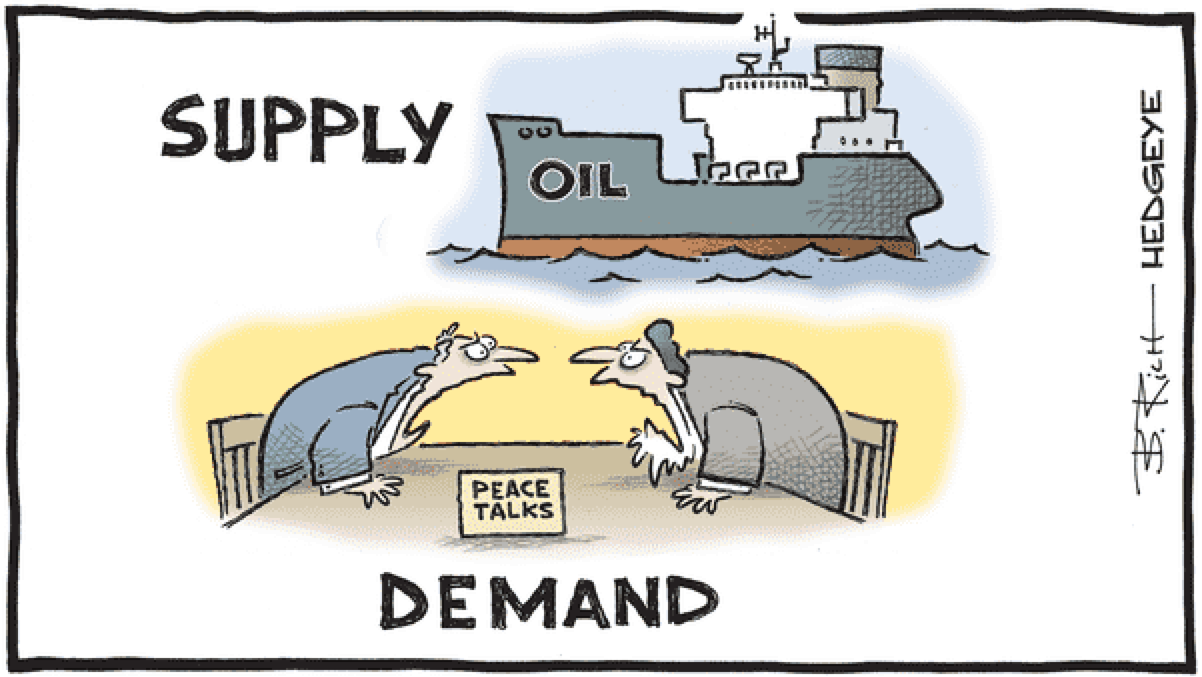

WEISSHORN
ASSET MANAGEMENT SA

Investment Committee Q2



1. Market highlights

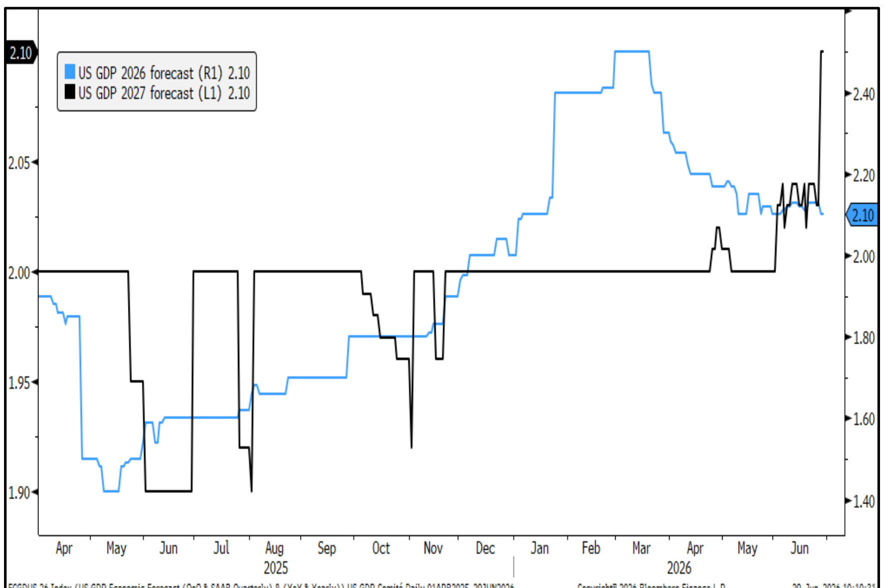
- Despite an ongoing geopolitical uncertainty and high valuations, risky assets performed well in the second quarter, mainly due to resilient earnings growth.
- AI hyperscaler's companies Capex AI remain the main driver of growth.
- Central banks are adopting a more hawkish monetary policy in response to inflation that is struggling to return to target.
- Energy prices remain the main drivers of inflation, but we are not immune that this could spill over into the rest of the economy.
- Although they remained volatile, long-term rates ended the second quarter near their initial levels. Credit spreads continued to trade at historically low levels.
- Iran and the United States signed a ceasefire in June that remains fragile, and each side accuses the other of violating it. What are Israel's plans ?
- Following a surge in prices between March and April, Oil prices plummeted, returning to their pre-war levels.
- Metals such as Silver and Platinum have been affected by the Central Banks' more hawkish stance. Copper has managed to hold its own. The supercycle remains intact.
- A new political crisis in Britain is putting pressure on Gilts again.
- US yield curve accelerated its flattening.

2. Macro : US GDP

- The **US economy continues to be surprisingly resilient,** but the US war against Iran could put pressure on the economy later on during the year, with the risk of a second round inflation.

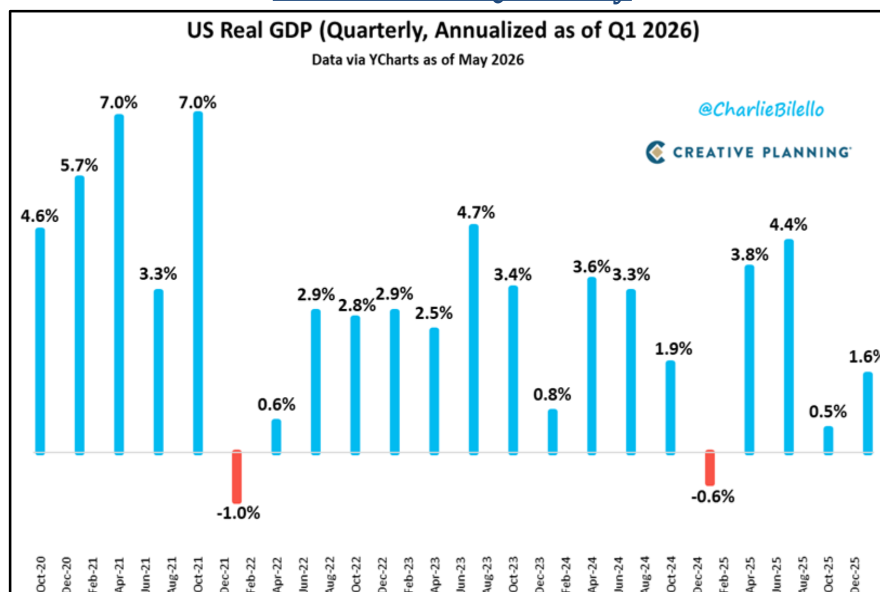
- As a result, **GDP continues to be expected to grow between 1.9% and 2.3**% this year and to maintain a similar pace into next year according to major economic forecasters like IMF, Bloomberg or banks like JP Morgan. It could even surprise to the upside in 2027.

US GDP Forecast



Source: Bloomberg

US Real GDP Quarterly



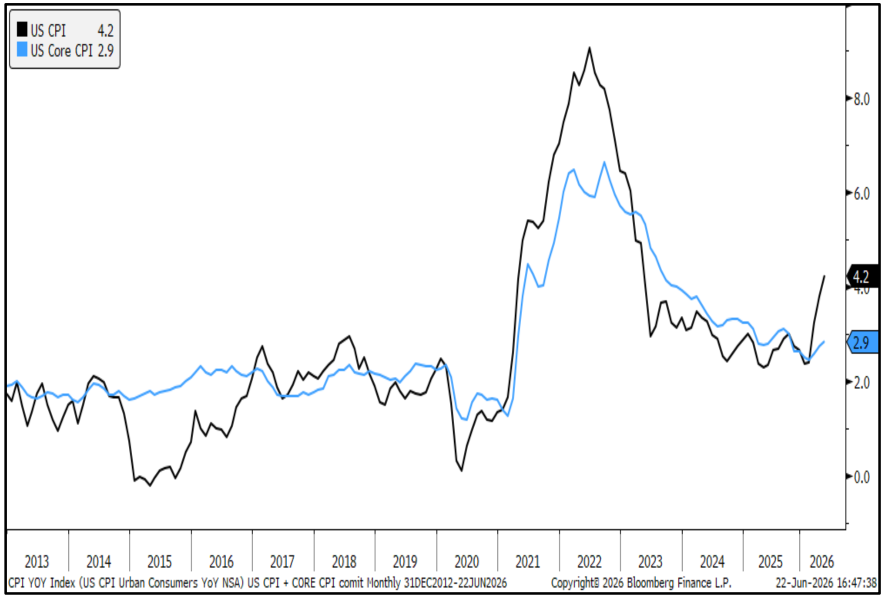
Source: Charlie Bilello

2. Macro : US CPI

- **The latest inflation figures continued to show strong inflation readings** year over year. **Energy dominated the rise** in headline again with Energy prices accounting for 60% of the monthly gain.

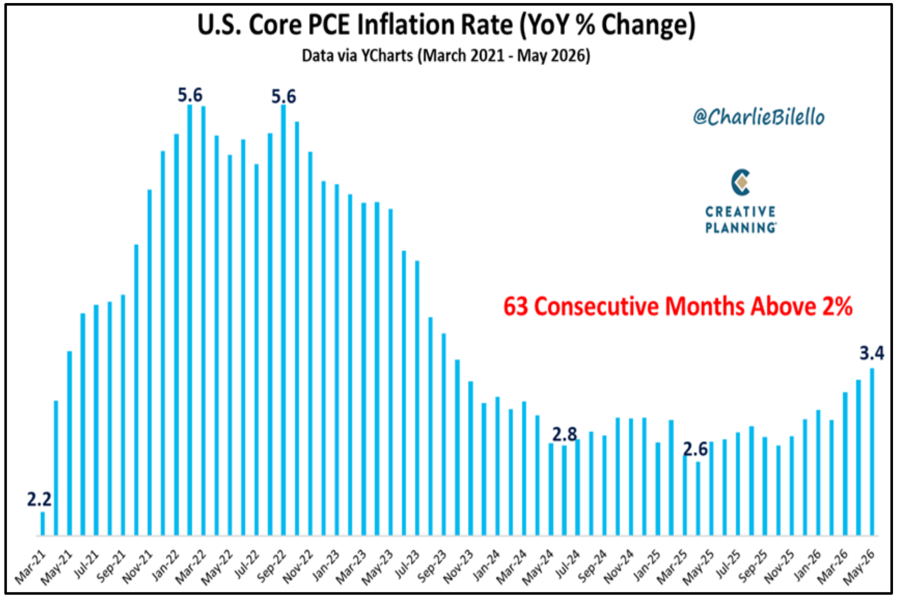
- The US CPI was higher in May at 4.2%. The Fed's preferred measure of inflation **Core PCE had a 3.4% YoY change** in May also. That was the 63rd consecutive reading above the Fed's 2% target level.

US CPI



Source: Bloomberg

US Core PCE



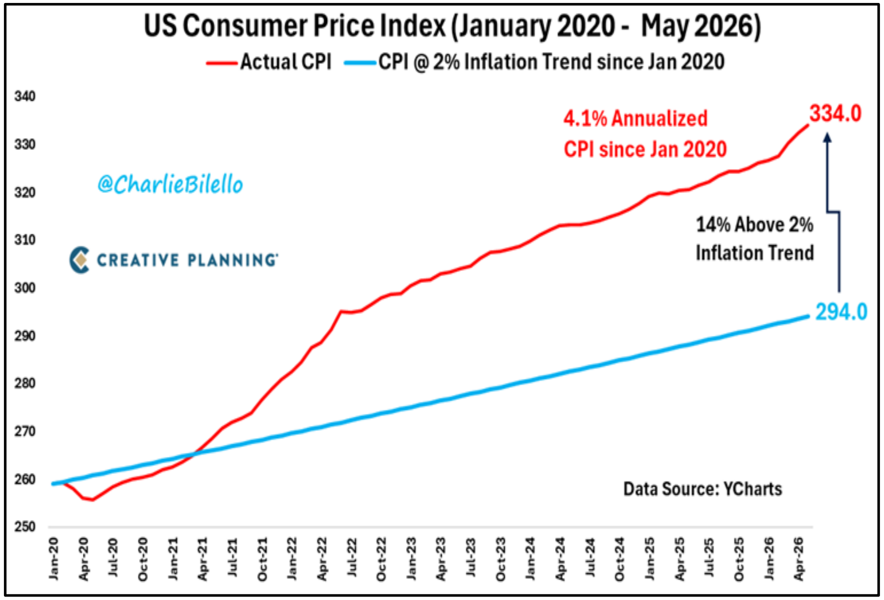
Source: Charlie Bilello

2. Macro : US Inflation

- **The US CPI has remained well above the 2% trend since 2020,** reaching 334 versus a 2% trend line of 294, which is roughly 14% above trend. Inflation has been **persistent** rather than transitory**.**

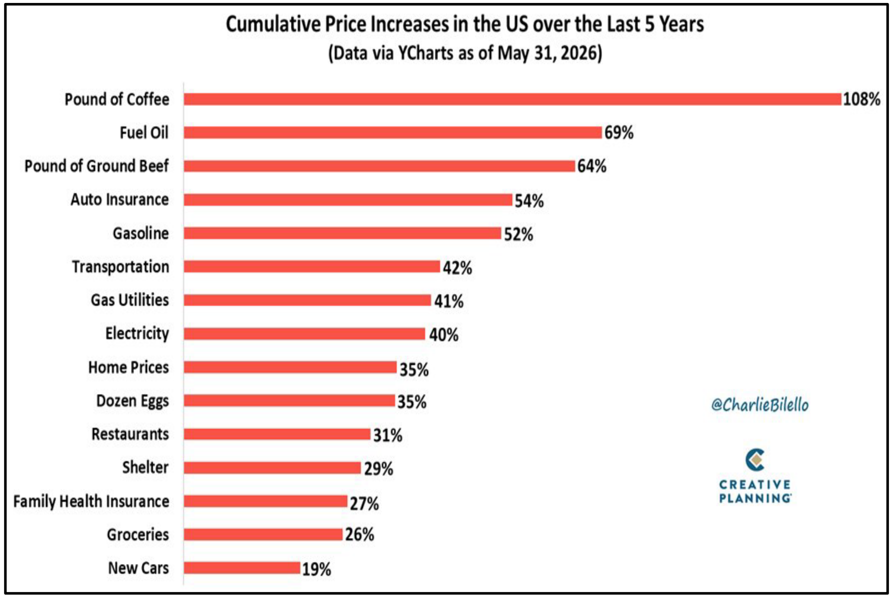
- **Several everyday US spending categories have experienced very large cumulative price increases** over the past five years, with coffee up 108% and fuel, beef, auto insurance and gasoline, also showing substantial inflation. Household budgets remain under pressure in basic necessities.

US CPI since 2020



Source: Charlie Bilello

US Cumulative Prices Increases over 5 Years



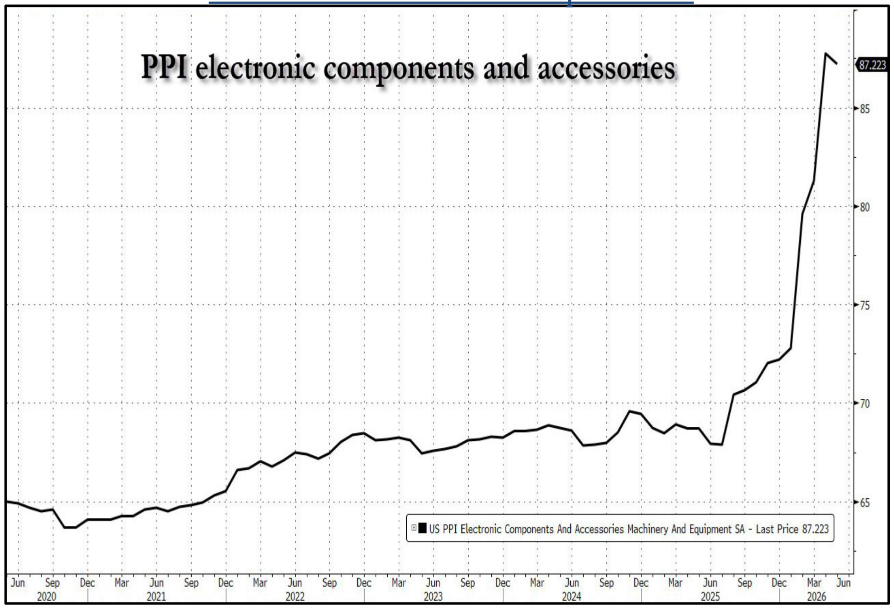
Source: Charlie Bilello

2. Macro : US Inflation Components

- **The PPI for electronic components has been pulling the entire core inflation index higher** in the last months and especially since the beginning of 2026. **Mostly due to AI data centers and PC memory upgrades.**

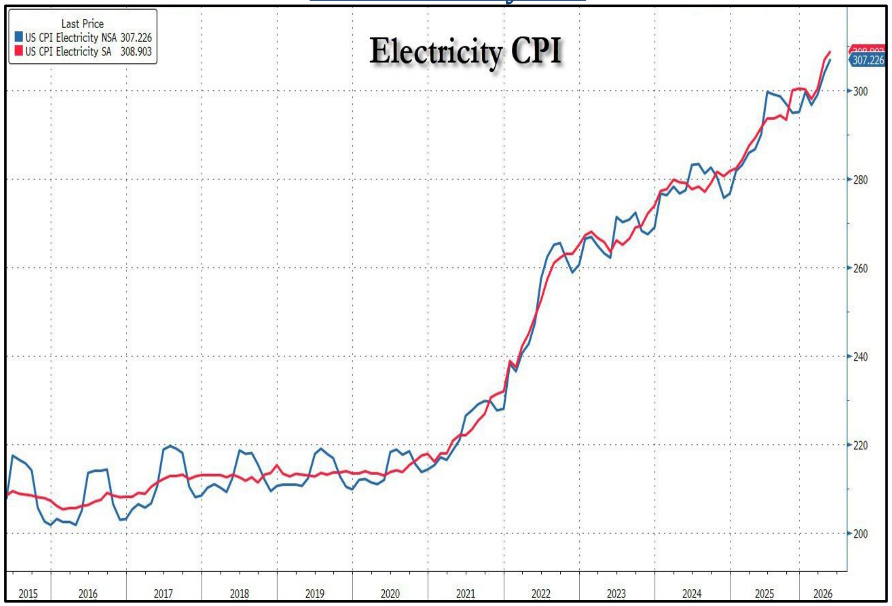
- **The electricity CPI is also putting upward pressure on US inflation,** also due to the last advancements in the AI sector, which has huge Energy needs. This component is adding some pressure to the American consumer along gasoline prices.

US PPI Electronic Components



Source: Charlie Bilello

US Electricity CPI



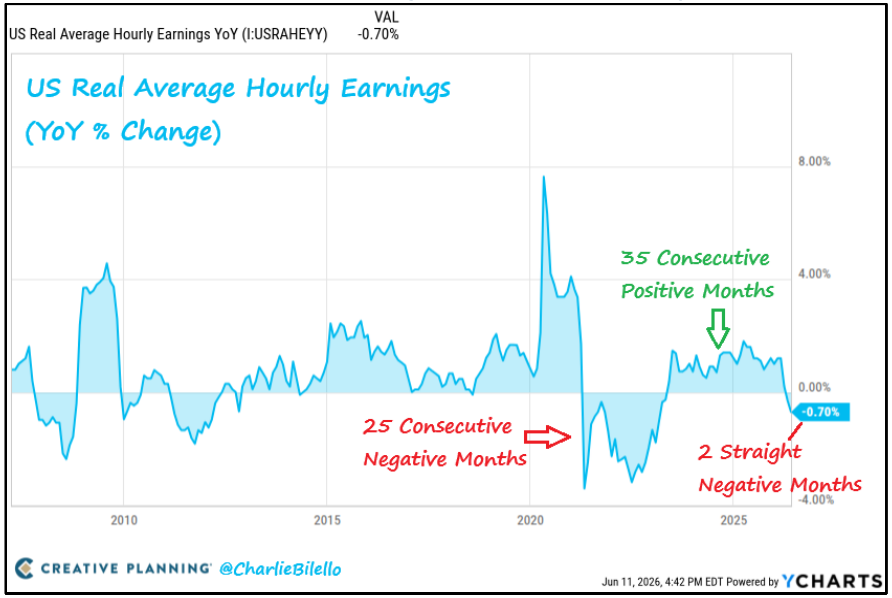
Source: Charlie Bilello

2. Macro : US Wages and S&P500 Profit Margins

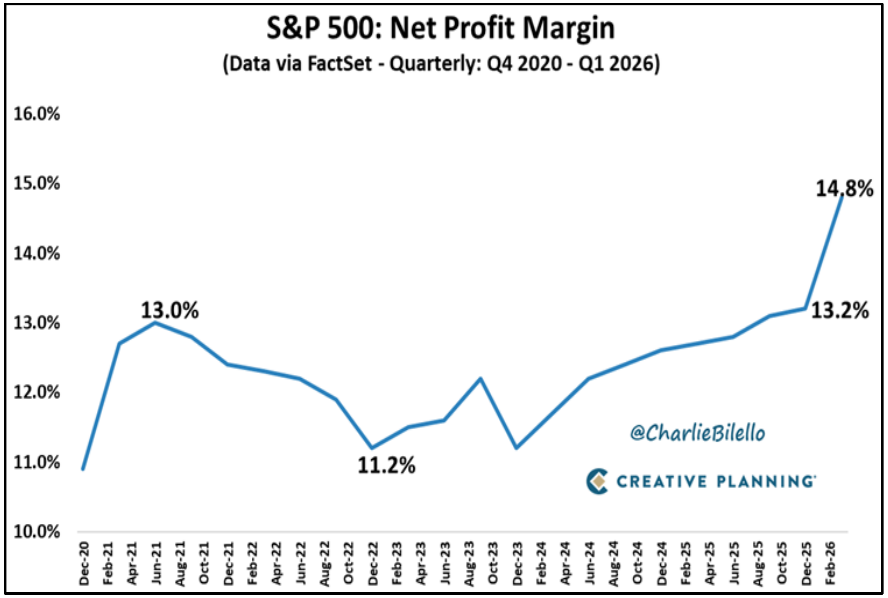
- The most important indicator for the health of the real economy is how wage growth compares to inflation. **For the first time since 2023 we're seeing prices in the US rise faster than wages,** a decline in prosperity for the American worker, with two straight negative months.

- Meanwhile, the S&P 500's net profit margin rose to 14.8% in the first quarter, the highest level in history. This is mainly driven by Technology, specific sectors and companies, like Nvidia.

US Real Average Hourly Earnings



S&P 500 Net Profit Margin



Source: Charlie Bilello

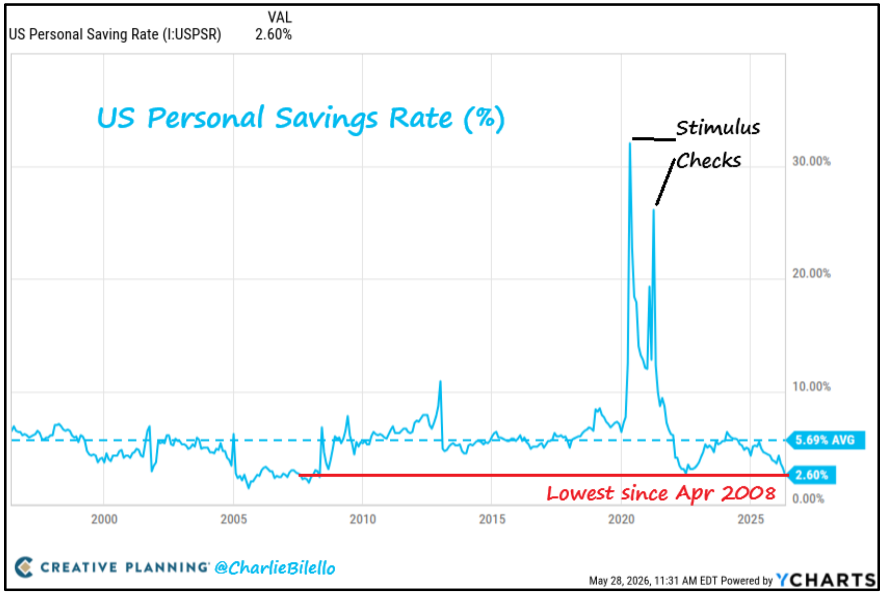
Source: Charlie Bilello

2. Macro : US Savings and Consumer Sentiment

- The **personal savings rate in the US has moved down to 2.6%, the lowest level since April 2008.** Average over the last 30 years is 5.7%, so **persistent inflation is taking its toll.**

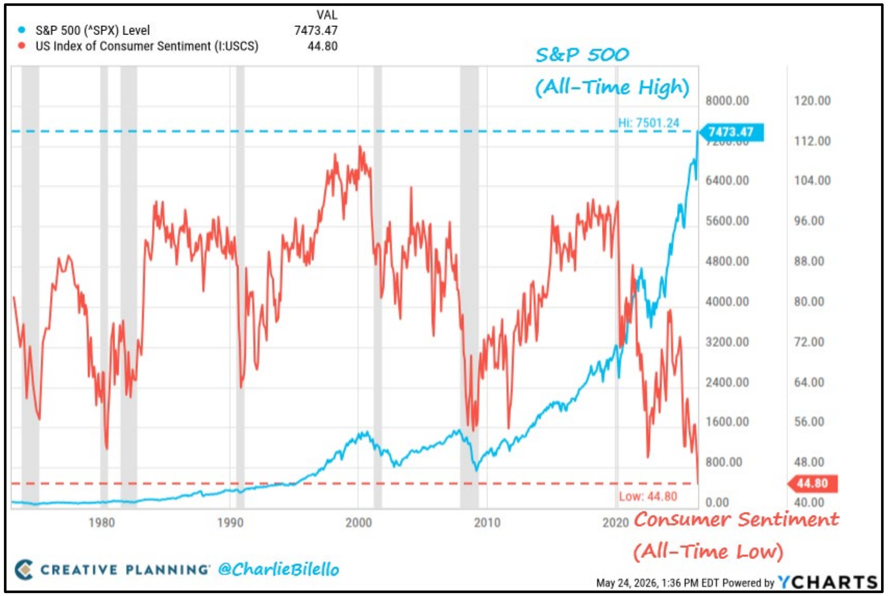
- **The S&P 500 is at an all-time high while consumer sentiment is at an all-time low.** We've never seen a gap this wide between Wall Street and Main Street.

US Personal Savings Rate



Source: Charlie Bilello

US Consumer Sentiment versus S&P500



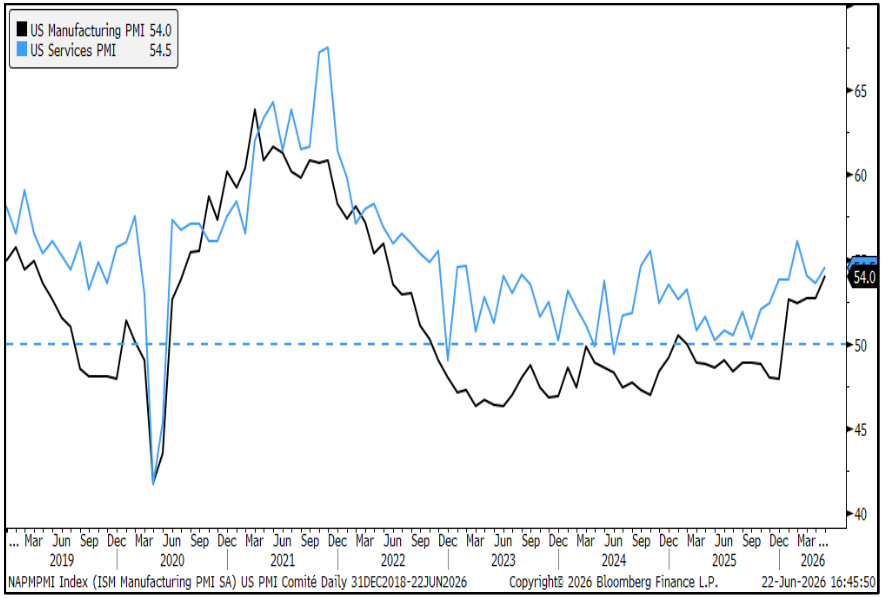
Source: Charlie Bilello

2. Macro : US Economic Indicator

- **US PMI readings surprised to the upside** with manufacturing and services PMIs going firmly into expansion and now clearly above the threshold.

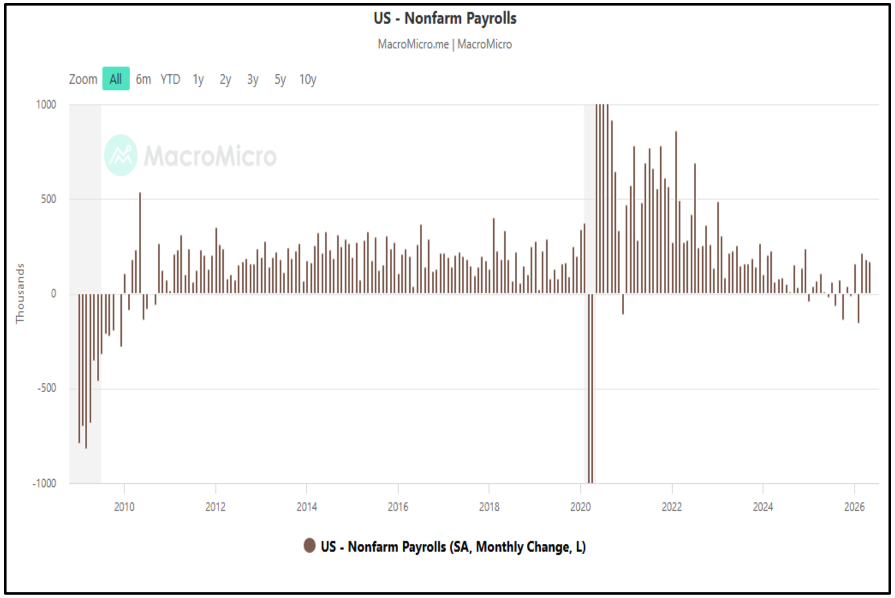
- **The labor market is surprisingly very strong and resilient**, even if previously job creation had been steadily declining since the beginning of the year, it rebounded strongly in May, adding 172’000 jobs and beating the estimate of 88’000. This marked the third consecutive month of solid growth, building on an upwardly revised 179’000 jobs in April and 214’000 in March.

US PMI



Source: Bloomberg

US Nonfarm Payrolls



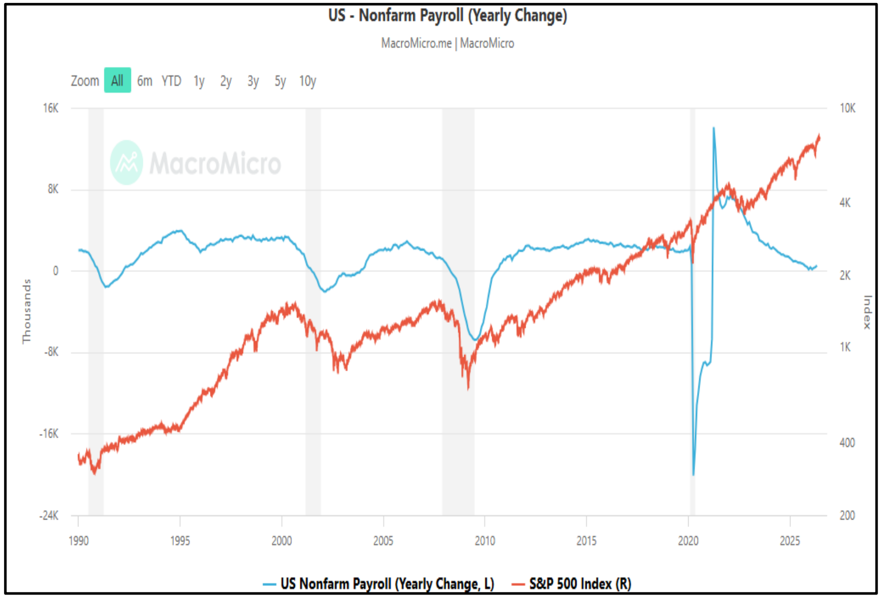
Source: MacroMicro

2. Macro : US Labor Market

- Year-on-year employment growth has stabilized**, showing a surprisingly strong resilience of the labor market**, the economy is not yet showing signs of deceleration based on this macro factor. The unemployment rate has also stabilized, reaching 4.3%.

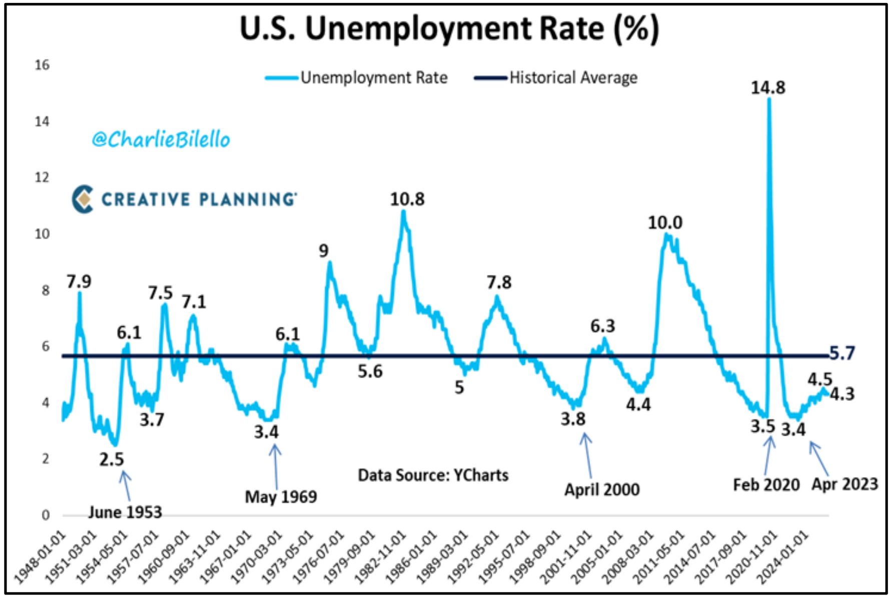
- **US Unemployment Rate remained at 4.3% in May, the lowest level since last August and well below the historical average of 5.7%.** 172'000 jobs were added vs. 88'000 expected. March/April jobs were revised up 93'000.

US Nonfarm Payrolls



Source: MacroMicro

US Unemployment Rate



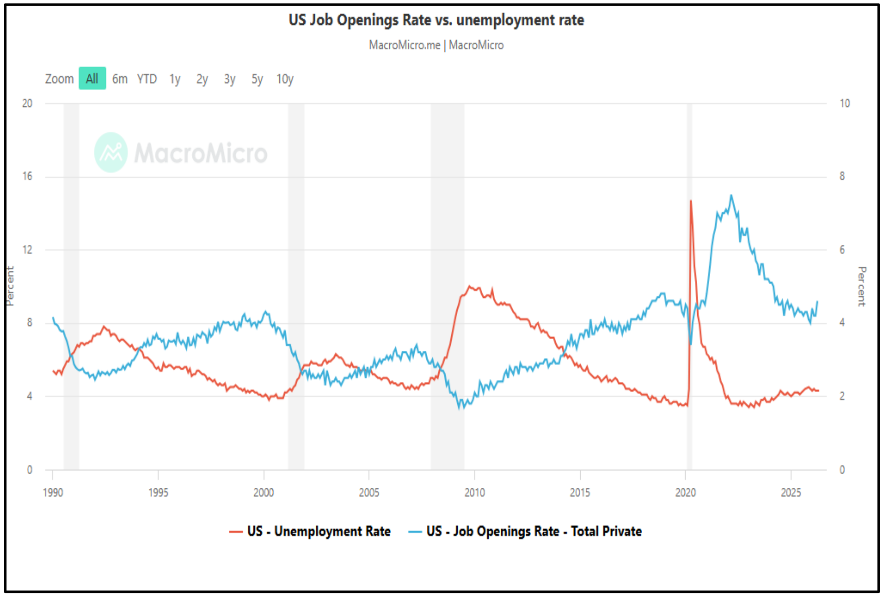
Source: Charlie Bilello

2. Macro : US Labor Market

- The **job openings curve continued to increase slightly** in the second quarter of 2026 after trending lower in 2025 and being flat in the first quarter of 2026, as the US unemployment rate is stable for now but at risk of slightly picking up in the second part of 2026.

- This suggests that the **labor market is still more resilient than anticipated and holding surprisingly well despite the environment.**

US People Unemployed vs Job Openings



Source: MacroMicro

US % Worker Quitting

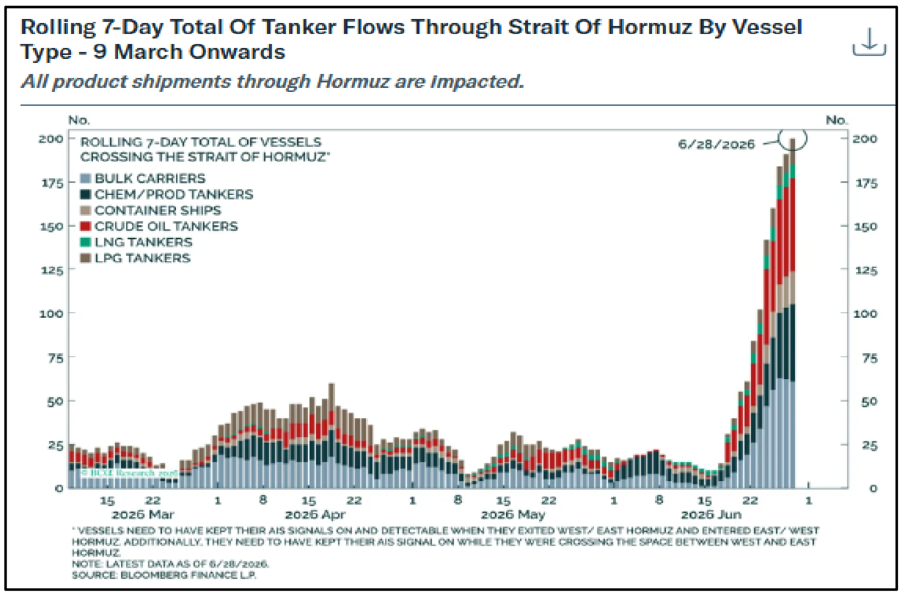
Source: US Bureau of Labor Statistics

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

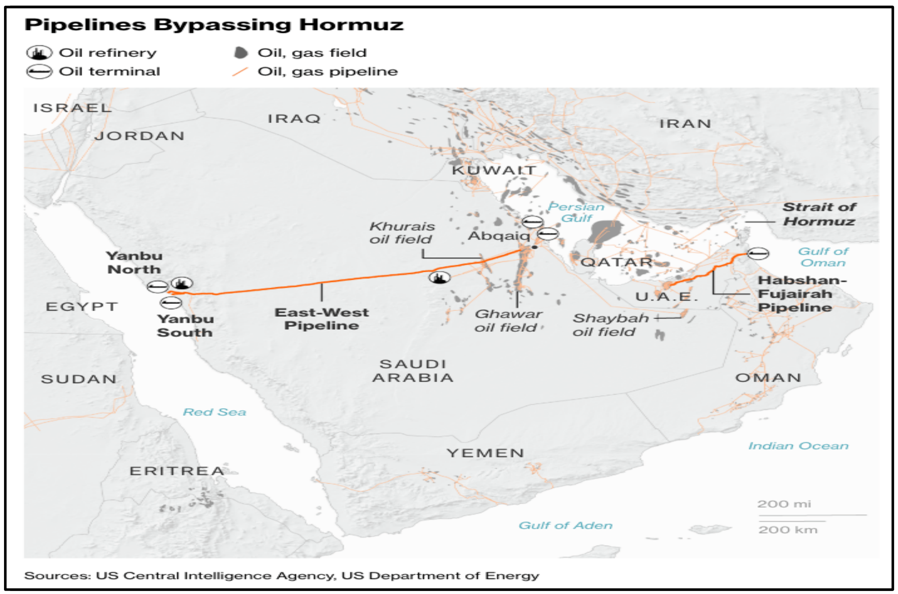
- The ongoing military conflict, **which now appears more or less paused** following a framework **deal signed June 17th**, has interrupted shipping flows through this narrow passage during some time, but are now strongly coming back as end of June. The resulting ripple effects could last, affecting Energy markets, maritime transport and global supply chains for some time at least, even if an official and complete peace deal is reached today and despite flows normalizing

- TotalEnergies CEO and UAE's Minister of Foreign Trade Thani Al Zeyoudi agree that **solutions to bypass and a zero Hormuz dependency** are essential for survival. They identified alternative export routes in the UAE, Saudi Arabia, Kuwait and Iraq, as well as through Syria, Oman or Turkey.

Total of Tanker Flows Strait of Hormuz by Vessel



Pipelines Bypassing Hormuz



Source: BCA Research

Source: Bloomberg

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

- **As Gulf States plan new bypass pipelines to be ready in 2027, the US military was quietly helping ships cross Hormuz.** Tankers clustered together were **helped to transfer millions of barrels of Oil** that had been stranded in the Persian Gulf. Ships engaging in **ship-to-ship transfers are being seen**.

- They were part of a growing number of **government-owned tankers that are turning their transponders off to lift Oil flows through the Strait of Hormuz**. Hormuz even when officially closed, was unofficially a lot less blocked, with transits being more steady and greater in volume in recent weeks.

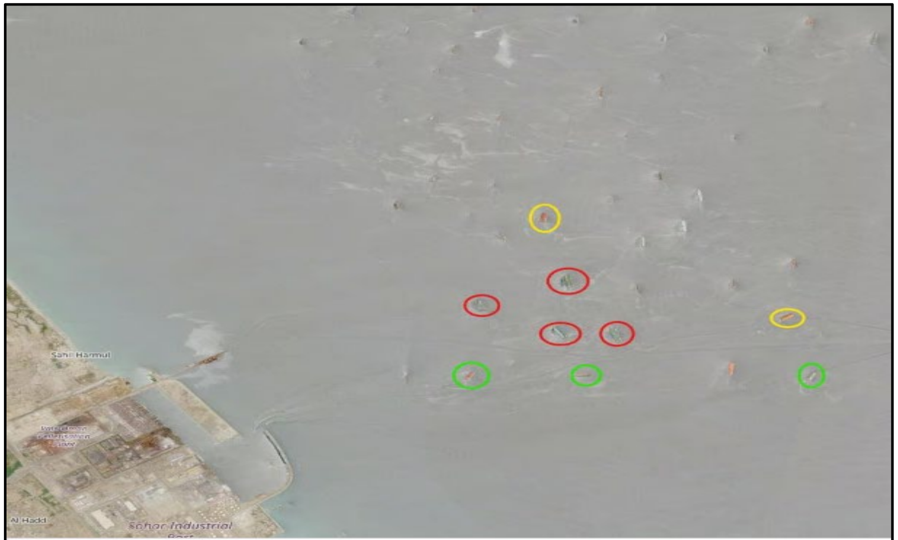
- The recent unofficial volumes transfers add to signs that the **Oil market is managing to route enough to buyers and avert a price surge** for the barrel as the Iran war caused the biggest supply disruption in Oil market history**.**

Satellite Imagery EU Copernicus

Ships engaging in Ship-to-Ship (STS) transfers.

Source: TankerTrackers.com, Copernicus

Ships Under The Cover Of Darkness



Ships conduct oil cargo transfers off the coast of Oman. Most had their satellite transponders switched off.

Source: TankerTrackers.com, Copernicus

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

- **The US Central Command communicated in mid-June that the Strait of Hormuz is open for transit and** that hundreds of ships have transited in the last two months with safe pathways established for commercial vessels.

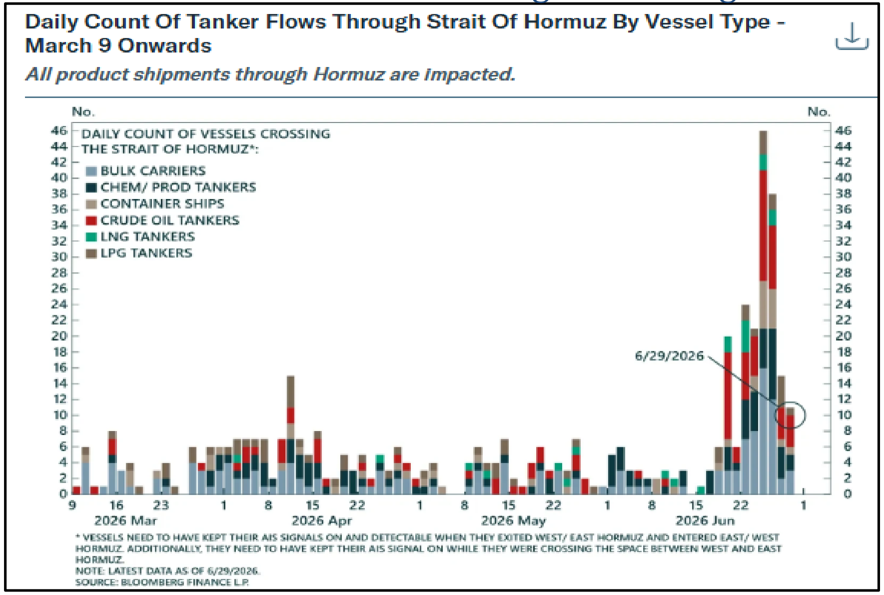
- **US forces are postured to defend** against Iranian aggression and these pathways are available to all vessels not violating the blockade.

- **On 22 June US and Iran concluded the first round on a peace deal** and will continue discussions. Oil flows already restarted strongly through the Strait but decreased again amid the renewed hostilities. Uncertainty is very high.

US Central Command Communication

Source: X @Centcom

Iranian Crude Starts Flowing Hormuz Again



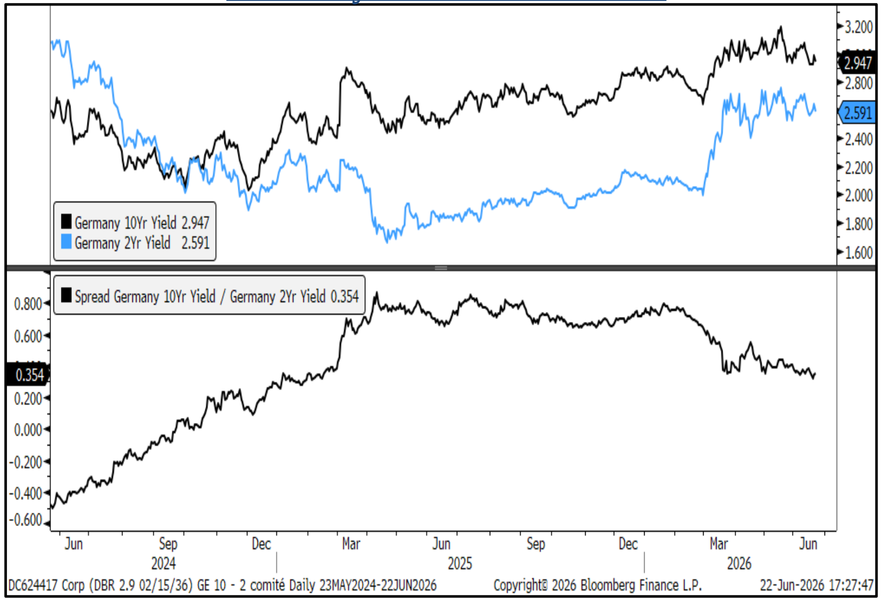
Source: BCA Research

2. Macro : Interest Rates

- Yields stabilized at a higher level this quarter, as the Iran War may be coming to an end in the next two months easing inflation. As the Strait of Hormuz opens again, fears of inflation will subside and change the anticipations of market participants regarding Central Banks policy. **Interest rates are expected to potentially increase again in Europe and in US depending on incoming macroeconomic data.**

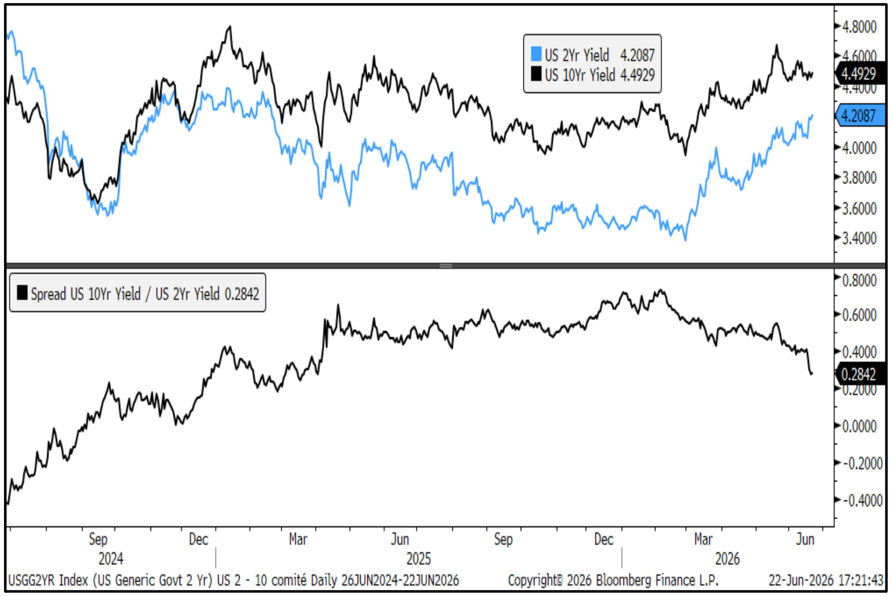
- In the US, the new Fed Chair Kevin Warsh was confirmed and at his first meeting showed a hawkish bias. **The upward trajectory in rates is expected to continue for the moment, with at least a pause and a higher for longer monetary policy.**

Germany 2Yr vs 10Yr Yields



Source: Bloomberg

US 2Yr vs 10Yr Yields

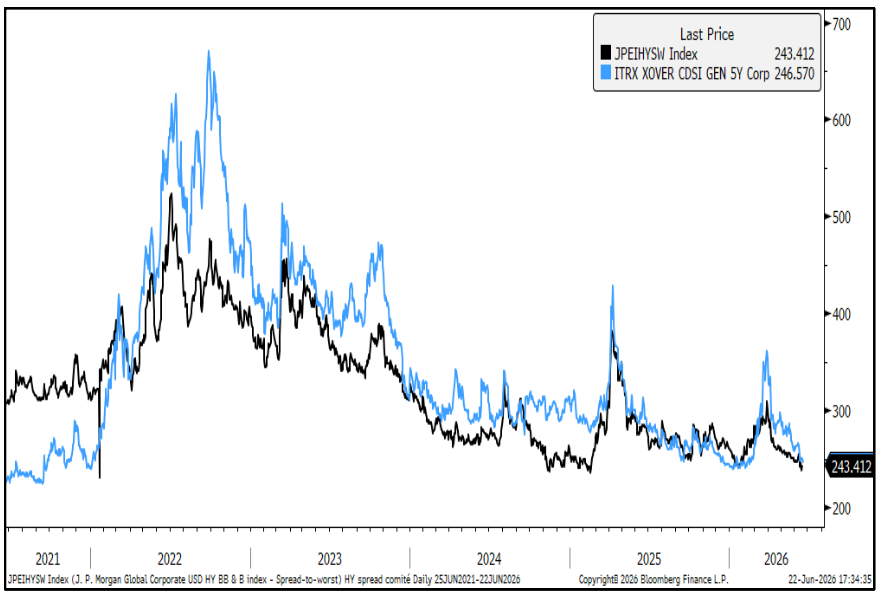


Source: Bloomberg

2. Macro : Credit Spreads

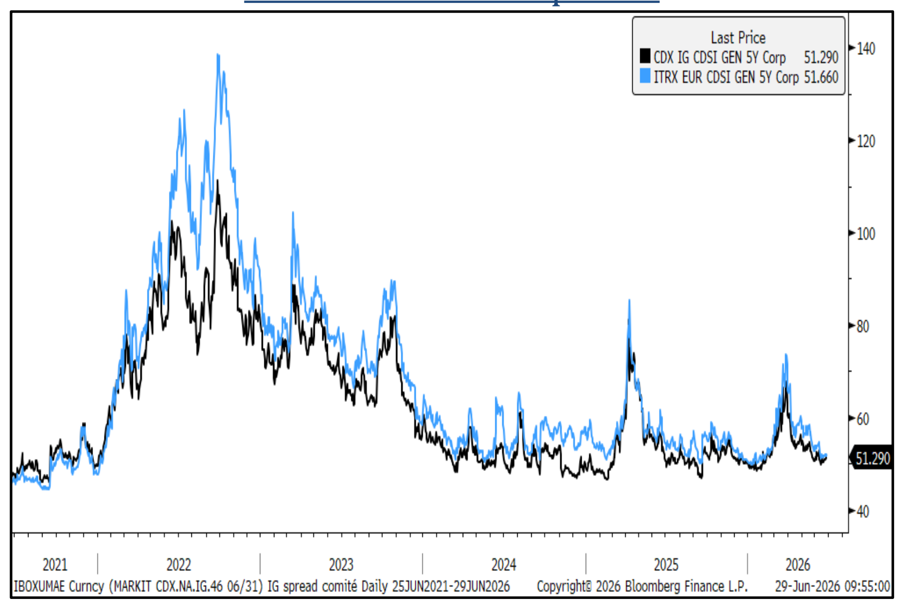
➢ Regarding credit spreads, we can see that they narrowed to the lowest again during the last quarter for High Yield after widening at the start of the year. For Investment Grade, the spreads initially widened too but have already narrowed and erased all the past increase, **meaning the overall credit market remains in a very good shape**. Credit spreads show some volatility 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



Source: Bloomberg

US & EU IG Credit Spreads



Source: Bloomberg

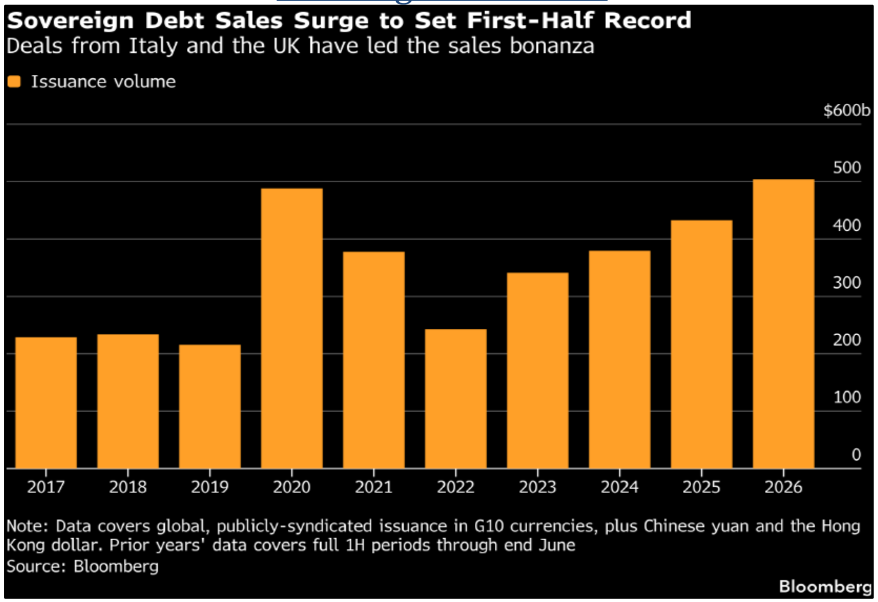
2. Macro : Governments and Borrowing costs

- **Sovereign issuers have sold $504 billion of debt so far this year,** that's more than in the first half of 2020, when nations were paying to support their economies during Covid-19 lockdowns.

- **Budget deficits spiked during the pandemic**, when interest rates were slashed to record lows, and are widening again as governments boost defense spending and try to protect households from price shocks driven by the Iran war.

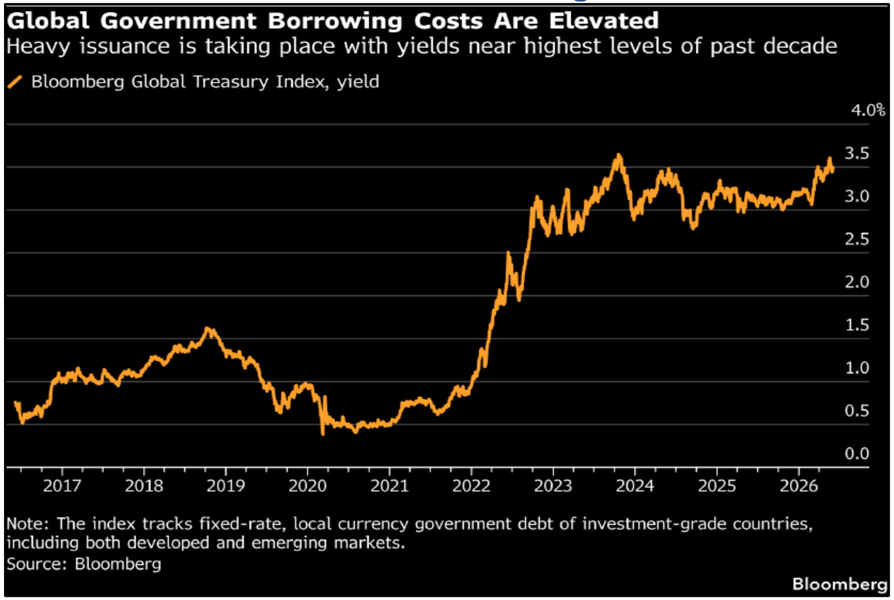
- **Government borrowing costs are elevated because sovereign supply is heavy** at the same time that investors are demanding **more compensation for duration risk and to absorb the larger paper issuance**, especially at the long end**.** This is expected to continue in the second half of 2026.

Sovereign Debt Sales



Source: Bloomberg

Government Borrowing Costs



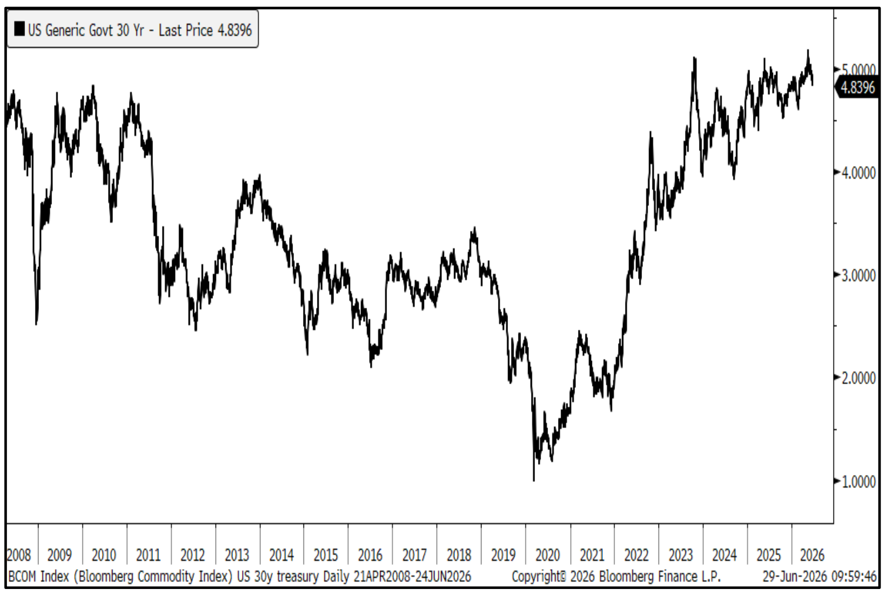
Source: Bloomberg

2. Macro : US Treasury

- The **US 30-year Treasury yield touched its highest level since 2007 during the quarter,** which means long-end US borrowing costs were still under real pressure**.** The causes are a mix of sticky inflation concerns, heavy Treasury supply, and a higher term premium demanded by investors due to geopolitics. Since then, it slightly narrowed.

- **Foreign official demand for US Treasuries has become less concentrated** and, in China's case, materially weaker than in the mid-2010s as we see a long-term decline in the share of US Treasuries held by China and Japan**.** US may have to rely more on private buyers to fund deficits, which can leave Treasury markets more exposed to yield volatility.

US Treasury 30 Year Yield



Source: Bloomberg

Declining US Treasury Holdings

Source: Bloomberg

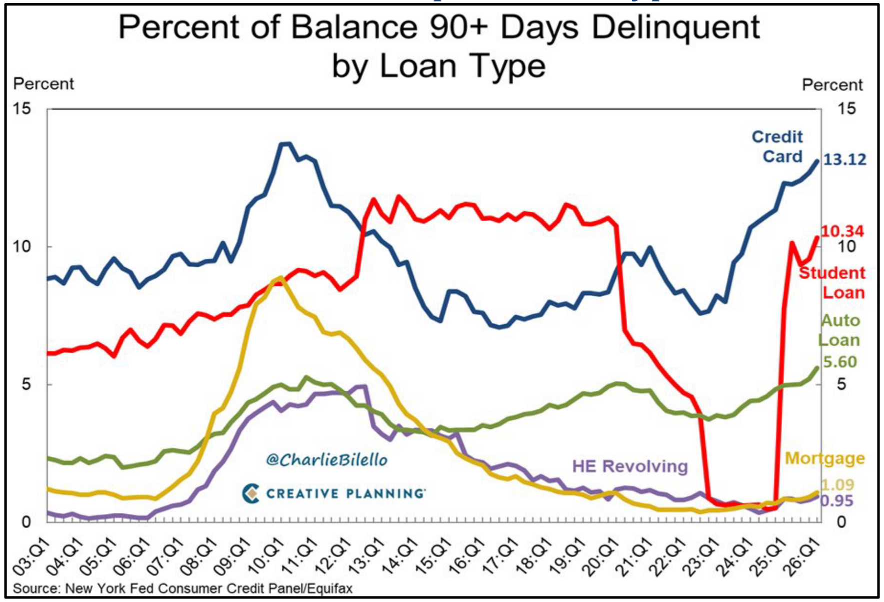
2. Macro : US Credit, Loans and Mortgage

- **Over 13% of US credit card balances are now 90+ days delinquent, the highest percentage since 2011**. The average interest rate on this debt is 21%. This is the number one wealth killer in America by a landslide.

- **10.3% of student loan balances are now 90+ days delinquent, the highest since 2020.**
- 5.6% of auto loan balances are now 90+ days delinquent, the highest level on record.

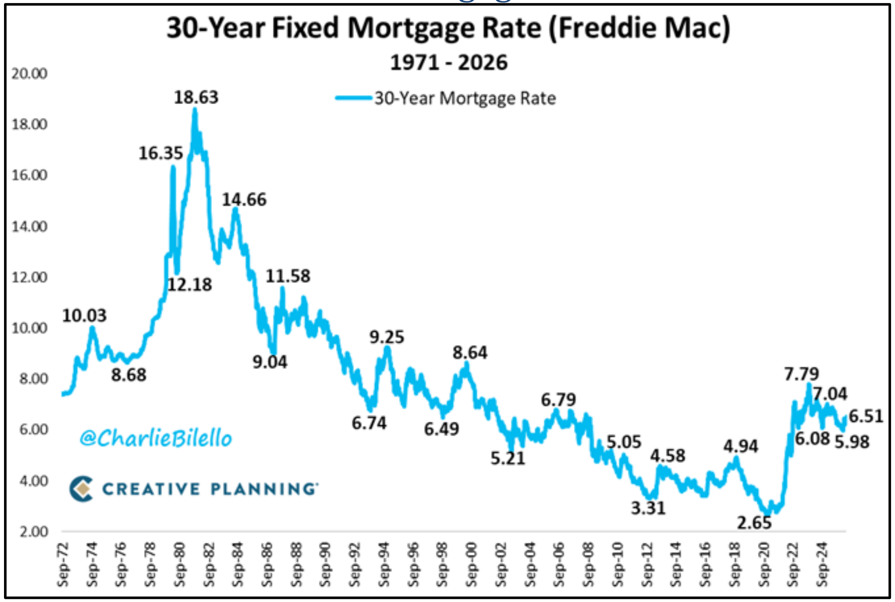
- **The 30-Year Mortgage Rate is back at 6.51%, its highest since August 2025** and nearing average levels seen in the 2000s, which were of an average of 6.3%. The 1990s had an average of 8.1% and 1980s of 12.7%.

Percent Delinquent Loan Type



Source: Charlie Bilello

Fixed Mortgage Rate



Source: Charlie Bilello

2. Macro : UK Bond, Mortgage and Politics

- **UK 30-year gilt yields have surged to their highest level since 1998 during the quarter,** which was a clear sign **of rising long-end borrowing stress**, bringing a cautious stance on UK domestic equities, especially housing-linked and highly leveraged businesses. Since then, it slightly narrowed.

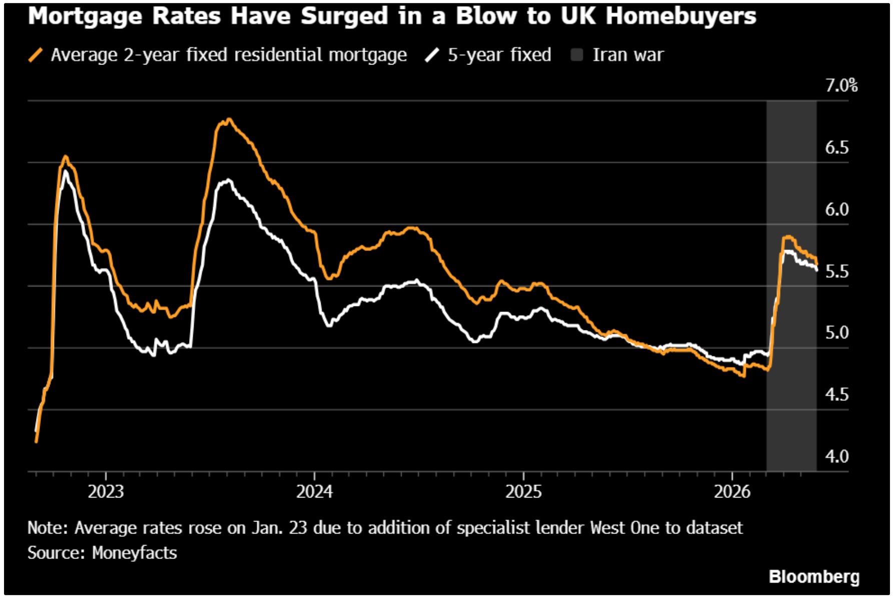
- **UK mortgage rates have jumped sharply,** with both 2-year and 5-year fixed rates spiking again in the second quarter of 2026 after a period of relative easing. The move underscores how sensitive UK housing is to rate volatility, and it makes affordability materially worse for homebuyers.

- Political uncertainty with the **resignation of the UK Prime Minister, worry about the scale of borrowing and future spending plans**, has added a big risk premium. The **new UK Prime Minister should be Andy Burnham** and the entry date between July and September of this year**.**

UK Bond Yields

Source: Bloomberg

UK Mortgage Rates



Source: Bloomberg

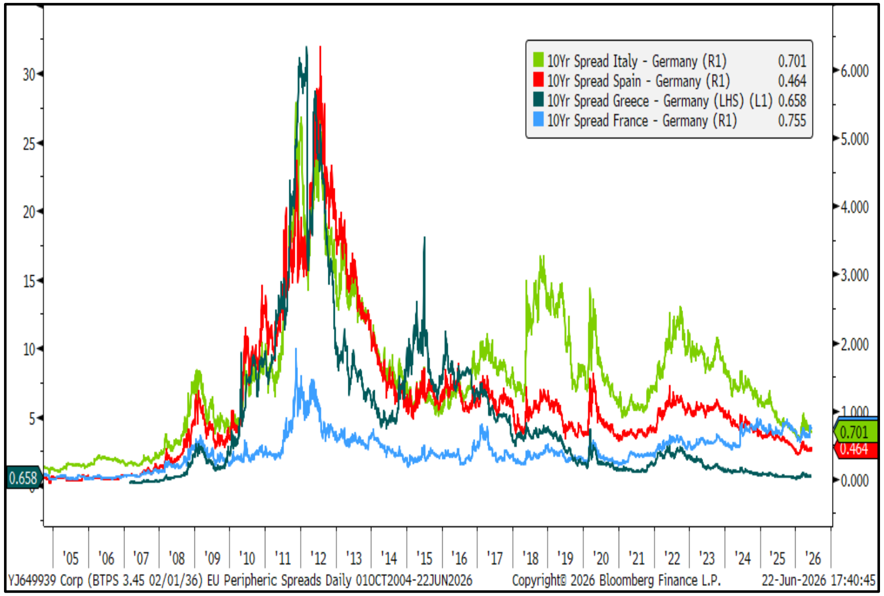
2. Macro : European Spreads and Debt

- **European peripheral spreads relative to Germany have narrowed again to the lowest levels** after having widened in the first quarter, for all European regions.

- Southern European risk has stabilized and remained at the same levels.

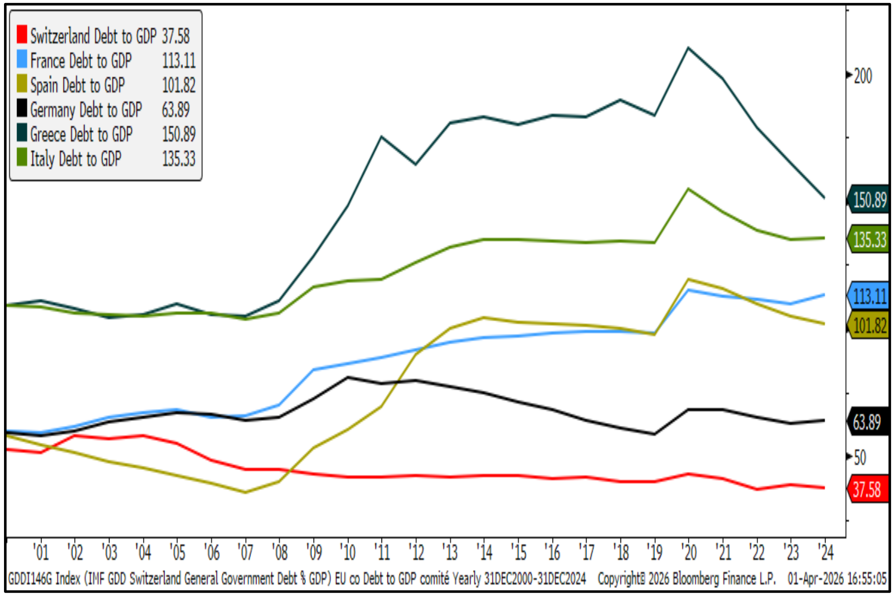
- **France's debt-to-GDP ratio is the only one slightly rising**, whereas Spain and Greece are deleveraging and Italy has flattened. **Switzerland remains the lowest.**

EU Peripheral Spreads vs Germany



Source: Bloomberg

EU Debt-to-GDP ratios



Source: Bloomberg

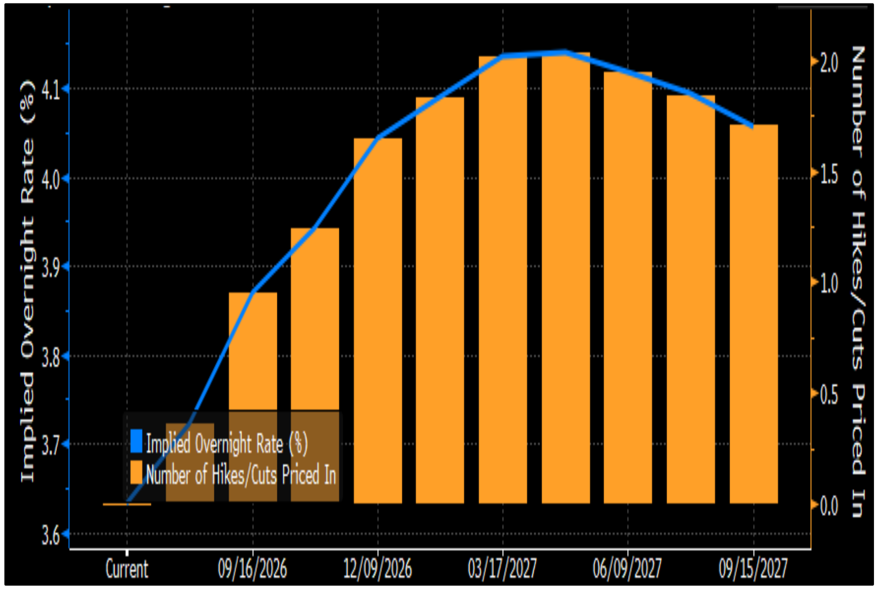
2. Macro : Central Banks and Interest Rates Expectations

- **Market expectations for Central Bank policy rates changed drastically** this quarter and now reflect a convergence between the Fed and the ECB, showing **a hawkish bias,** as both are on a trajectory to hike rates, even if ECB has more chances to pause now after the last hike.

- **For the Fed, the consensus now expects one more 25 bps hike in 2026,** possibly in September, and December. Some analysts even see three hikes in a row of 25bps at each meeting, like Bank of America.

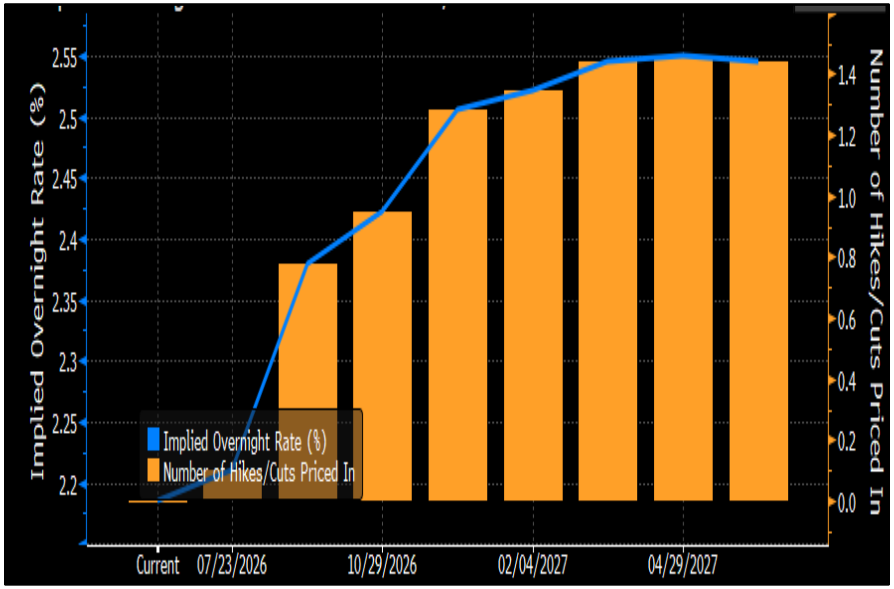
- **In Europe**, **markets price in one more rate hike of 25 bps for 2026,** with some analysts saying that it will now pause and others saying that there will be two more hikes also.

US Interest Rate Expectations



Source: Bloomberg

EU Interest Rate Expectations



Source: Bloomberg

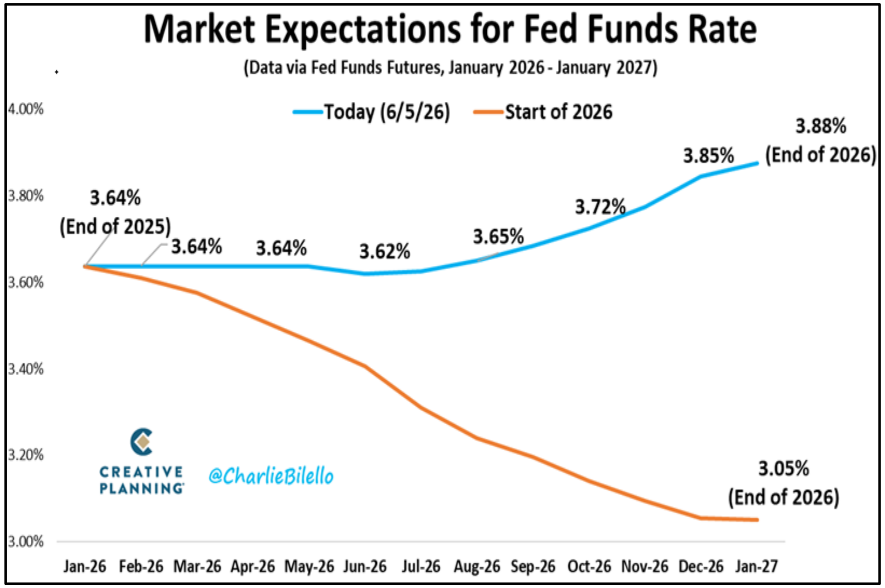
2. Macro : US and EU Interest Rate Expectations Changes

- **Market expectations for the Fed funds rate have shifted meaningfully higher** since the start of 2026. At the start of the year, the market expected the policy rate to fall toward 3.05% by end-2026; today, it expects a much shallower easing path, ending 2026 around 3.88%.

- **The market has materially repriced the Fed toward a higher-for-longer stance,** which is supportive for the dollar and a headwind for long-duration assets.

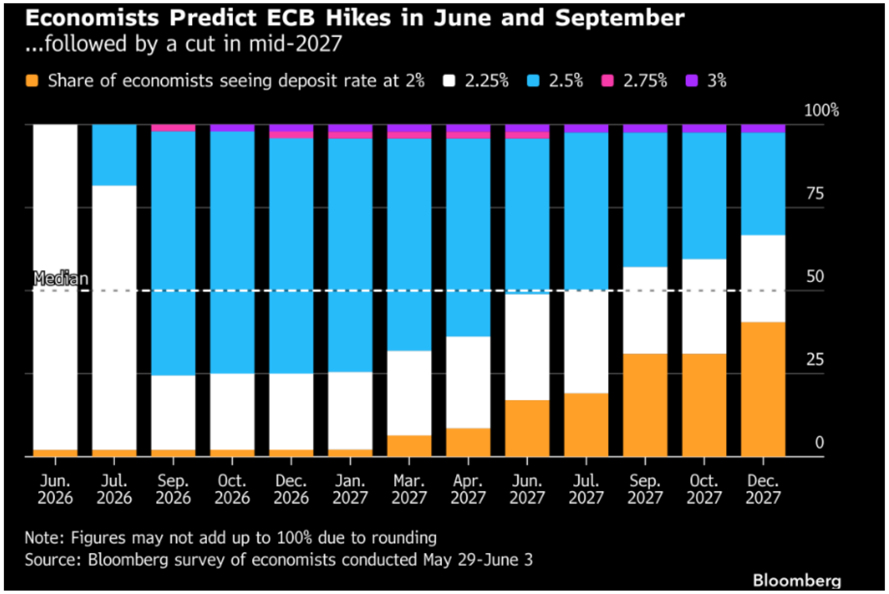
- It is also **expected the ECB to keep hiking through June (25bps done) and September 2026**, with the consensus then leaning toward **a cut in mid-2027**. **In Europe**, the market is still pricing **a near-term tightening bias**, but not a permanently higher policy rate.

Fed Funds Rate Evolution



Source: Charlie Bilello

ECB Hikes Estimates



Source: Bloomberg

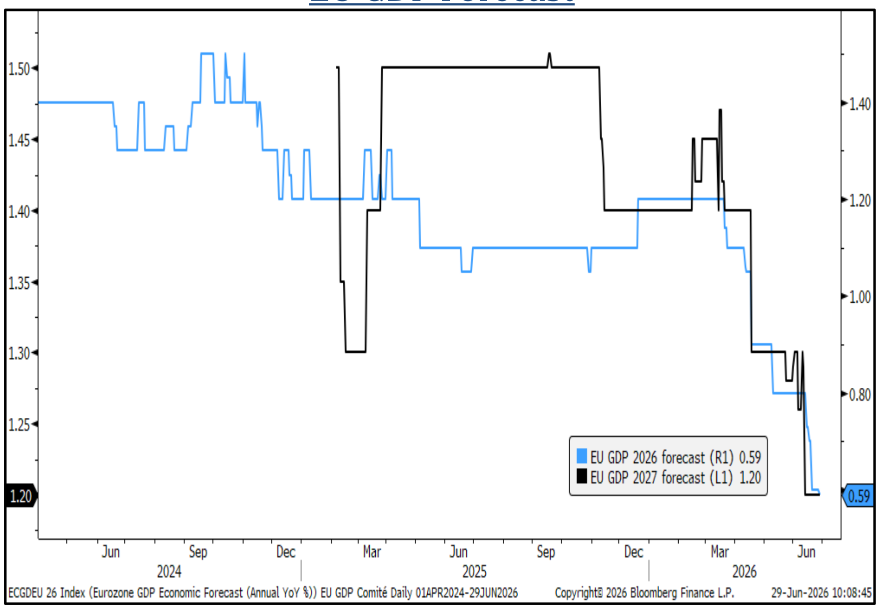
2. Macro : Europe GDP & PMI

- In Europe, **GDP growth forecasts have deteriorated for 2026 and 2027**. The German economy seems to be stagnating due to fiscal delays, decreasing auto exports and higher Energy costs and **France also has been stagnating on several economic metrics the last three months.**

- PMIs point to GDP growth moderation in Europe. The **manufacturing sector softened slightly but remains slightly expansionary**, while **services** have **decreased** strongly since October 2025**, strongly in the last quarter** and are now clearly into **contraction.**

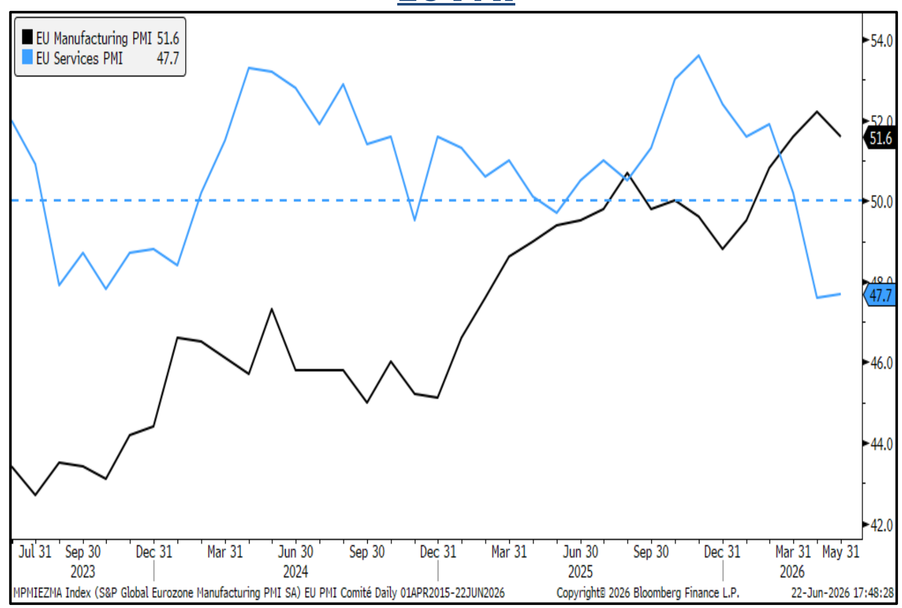
- Leading indicators are pointing towards a continuous **slowdown in the European economy; tensions in Energy markets remain** a cause for concern not only for the immediate impact, but also on growth**.**

EU GDP Forecast



Source: Bloomberg

EU PMI



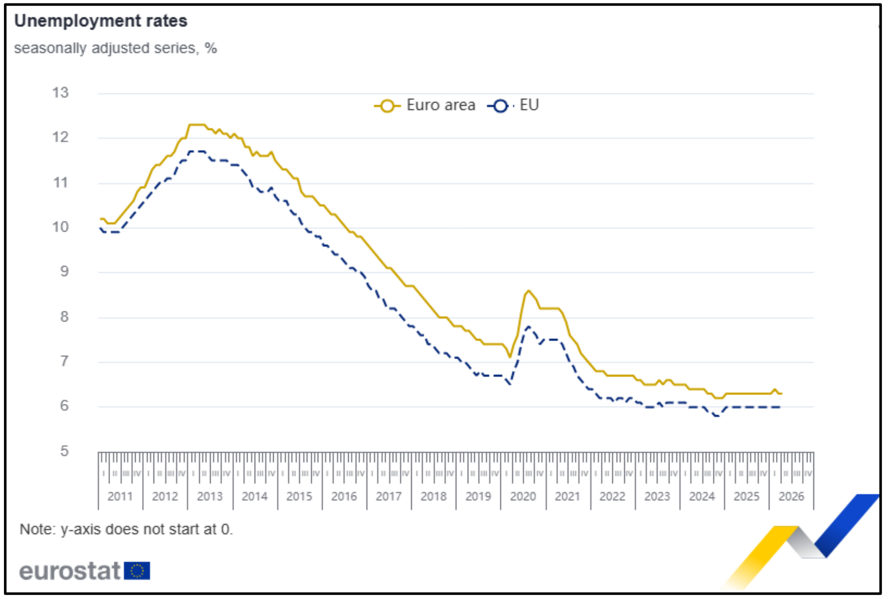
Source: Bloomberg

2. Macro : Europe Labor Market

- **Eurozone unemployment remains historically low at 6.3%** and has been broadly stable in recent months, suggesting no clear signs of a marked weakening in labor market conditions yet.

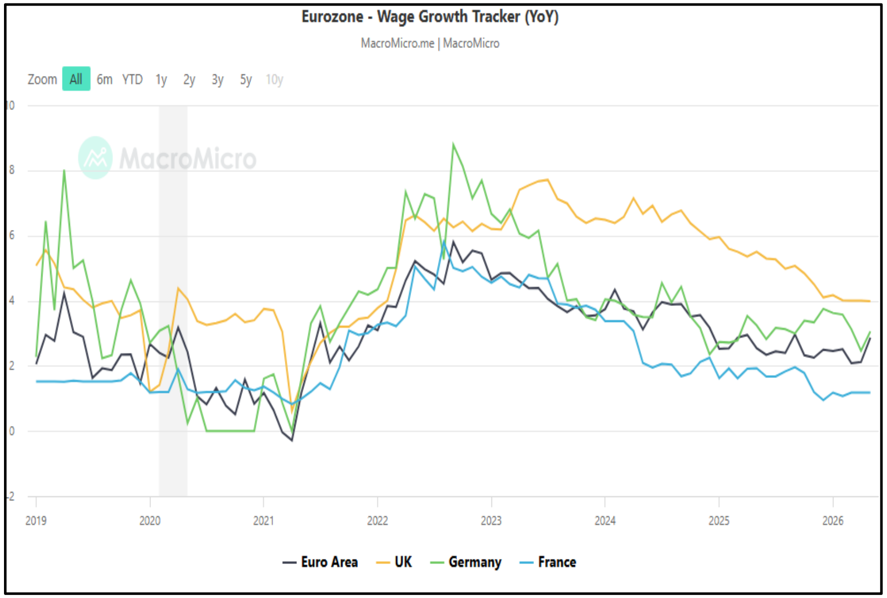
- On the wage side, growth picked up again but remained below 4% for the Euro Area for now, especially for Germany. **Eurozone wage growth is showing some surprising growth again,** according to the European Central Bank's latest wage tracker. Alongside inflation this could tilt the ECB to the hawkish side for 2026 if it continues.

EU Unemployment



Source: Eurostat

EU Wage Growth



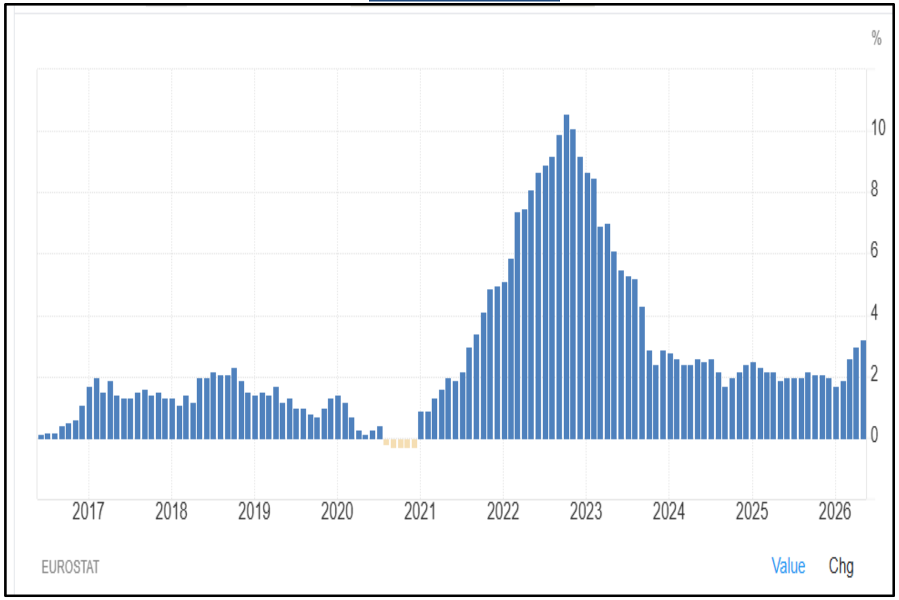
Source: MacroMicro

2. Macro : Europe Inflation

- The euro area continued to see a jump in inflation last months, the highest since 2022 as the **Iran War kept Energy costs higher for longer**, backing expectations that the ECB will have to raise interest rates two or three times in 2026, one already of 25bps done in June.

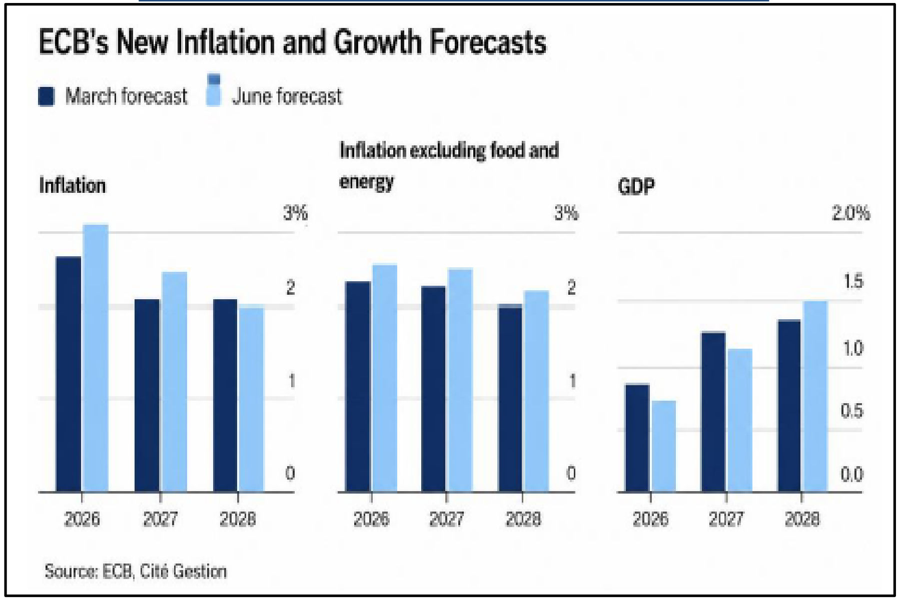
- **The scenario outlined by the ECB is one of moderate stagflation:** higher inflation in the short term but lower growth. While the ECB does anticipate a gradual return to 2.0% inflation by 2028 and a slight improvement in economic activity to 1.5%, the path ahead looks set to be more painful than expected some months ago.

EU Inflation



Source: Eurostat

ECB New Inflation and Growth Forecast



Source: ECB, Cité Gestion

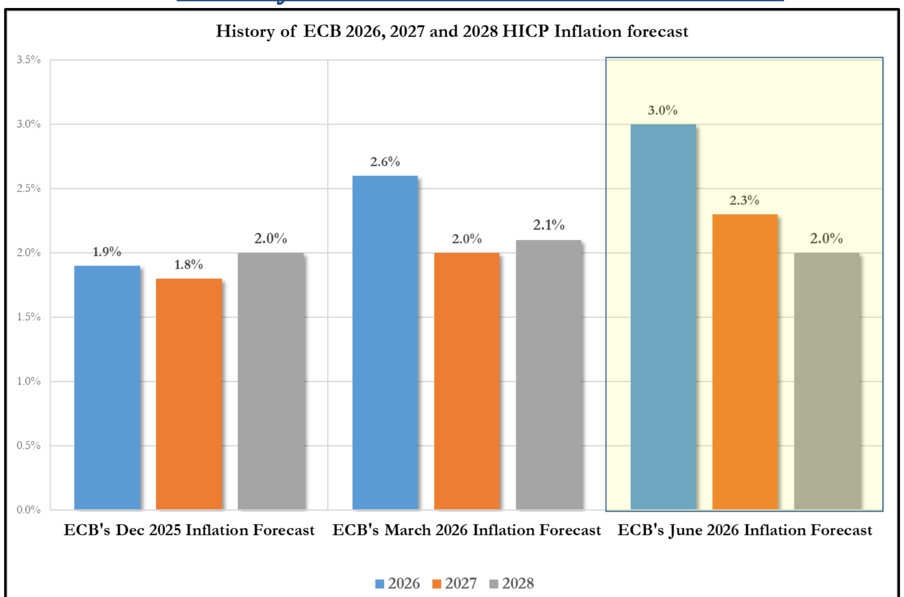
2. Macro : Europe Inflation, GDP and Components

- **Big Jump in the ECB's 26/27 inflation forecasts, offset by a drop in GDP forecasts.** We see that the **Energy** component had the **biggest jump.**

- **Inflation forecasts were revised upward** in June: HICP is now expected at 3.0% in 2026 (vs. 2.6% in March), 2.3% in 2027 (vs. 2.0%), and 2.1% in 2028 (vs. 2.0%).

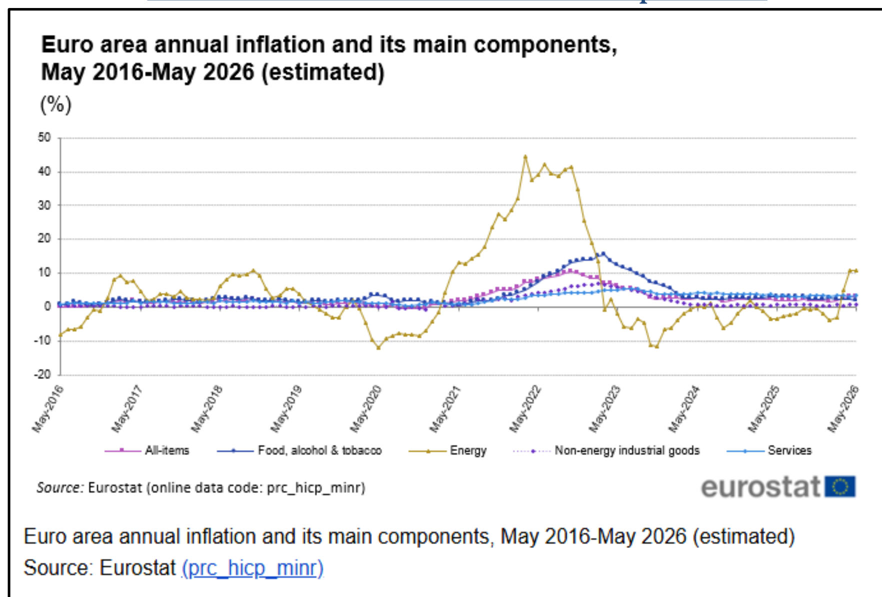
- **Growth forecasts were revised slightly lower** in the near term: GDP is now expected at 0.8% in 2026 (vs. 0.9% in March) and 1.2% in 2027 (vs. 1.3%), while 2028 GDP was revised up slightly to 1.5% (vs. 1.4%).

History of ECB HICP Inflation Forecast



Source: ZH, Bloomberg Eurostat

Euro area annual inflation components



Source: Eurostat, ECB

2. Macro : Japan

- **Japan's intervention in the FX market has reached a new extreme**, with the monthly total hitting a record level as the yen remains under pressure versus the dollar. It suggests that authorities are becoming increasingly willing to step in aggressively whenever the yen weakens too far, but the broader trend still points to a structurally soft currency.

- **Japan's 30-year yield has slightly pulled back after hitting a record high.** Concerns about inflation and global fiscal imbalances are dampening investor appetite for long-term bonds, making the Japanese bond market a potential warning sign for international bond markets.

Japanese FX Market

Source: Bloomberg

Japan 30 Year Yield

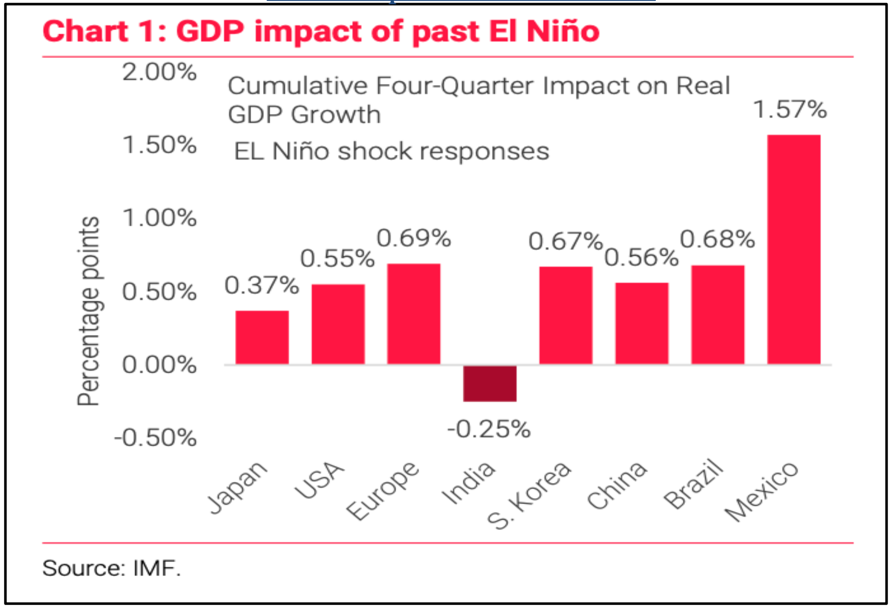
Source: Bloomberg

2. Macro : Super El Niño

- **This is a year of Super El Niño according to forecasters, one of the strongest ever, and food inflation risks could** appear on certain regions of the world. War-related disruptions to Energy and fertilizer markets, compounded by adverse weather conditions, could create a perfect storm for global food prices.

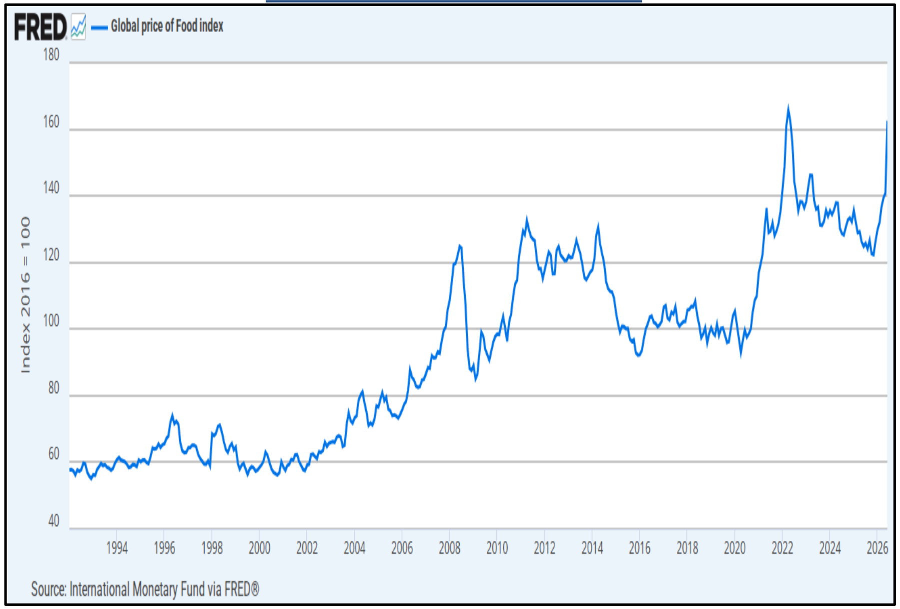
- **El Niño raises temperatures and significantly exacerbates climate risk and for global macro, it is an inflationary shock via the food price channel.** Adverse climatic disruption could persist for two or more years, raising the risk of drought, flooding, lower crop yields, and higher food prices across key agricultural regions. In terms of GDP and CPI impact, Asia and Latam are the most sensitive, as India is the most exposed with Brazil and Mexico. China, Korea and Taiwan are relatively well insulated, as are the US and Europe. **The Global Price Food Index is approaching the highs.**

GDP Impact Past El Niño



Source: IMF

Global Price Food Index



Source: IMF via Federal Reeserve Bank of St Louis

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 an average range of 40%-50% expected EPS growth in 2026. **In US markets the earnings recovery is at an earlier stage**.

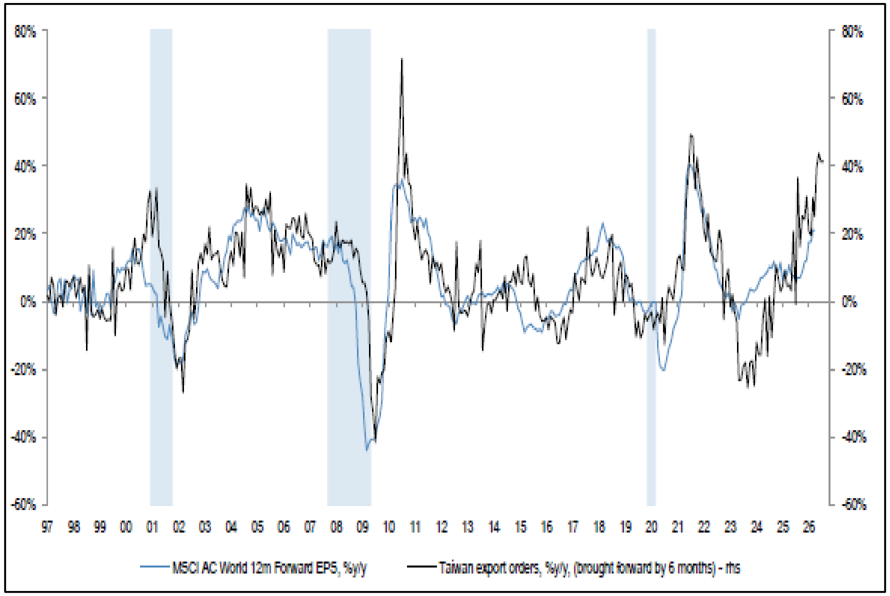
- A number of **leading indicators** point to a **continued acceleration and broadening**, in equity earnings. Markers of the global cycle, like Taiwan export orders or OECD countries leading indicators, are still on the rise.

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%

Source: IBES, JPM

MSCI World 12m trailing EPS and Taiwan Export Orders



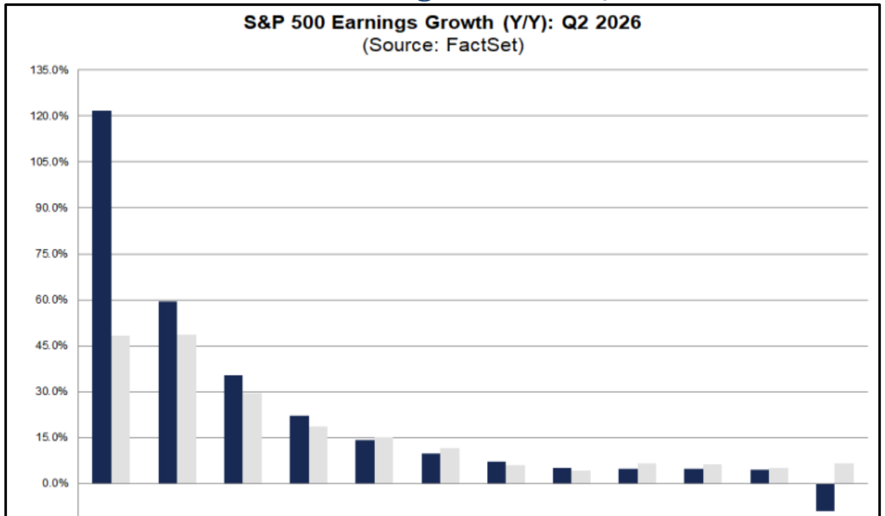
Source: IBES, JPM

3. Micro : S&P 500 Earnings

- **US second quarter earnings continued to be strong**, once again with companies beating analyst expectations on earnings growth for almost each sector except for Health Care, Consumer discretionary and staples.

- **This time, Energy took the lead as the primary contributor to S&P 500 EPS growth**. Technology was second.

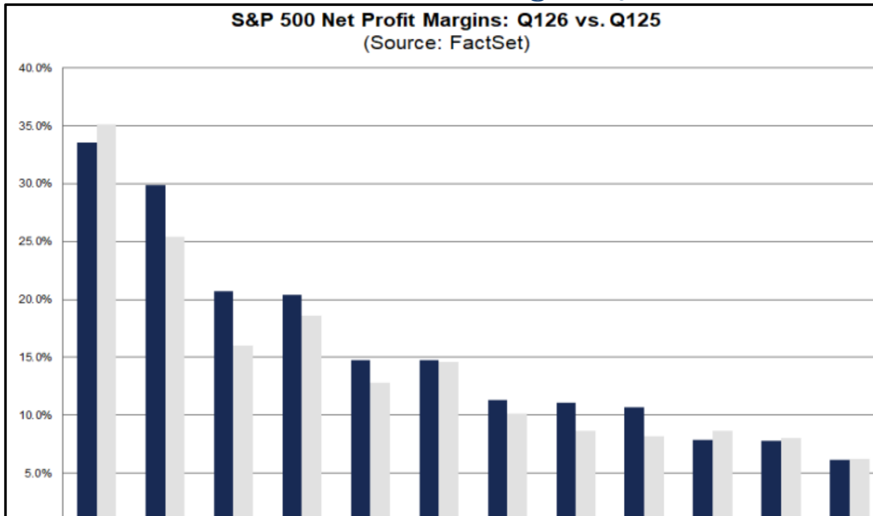
S&P 500 Earnings Growth Q2 2026



	Energy	Info. Technology	Materials	S&P 500	Utilities	Industrials	Comm. Services	Real Estate	Consumer Disc.	Consumer Staples	Financials	Health Care
Today	121.8%	59.6%	35.4%	22.0%	14.2%	9.8%	7.2%	5.2%	4.9%	4.8%	4.6%	-9.0%
31-Mar	48.3%	48.7%	29.6%	18.7%	15.1%	11.7%	6.1%	4.2%	6.5%	6.3%	5.2%	6.7%

Source: Factset

S&P 500 Net Profit Margins Q1 2026



	Real Estate	Information Tech.	Comm. Services	Financials	S&P 500	Utilities	Industrials	Consumer Disc.	Materials	Health Care	Energy	Consumer Staples
Q126	33.5%	29.8%	20.8%	20.4%	14.8%	14.7%	11.3%	11.1%	10.7%	7.9%	7.8%	6.1%
Q125	35.1%	25.4%	16.0%	18.6%	12.8%	14.6%	10.1%	8.7%	8.2%	8.7%	8.1%	6.2%

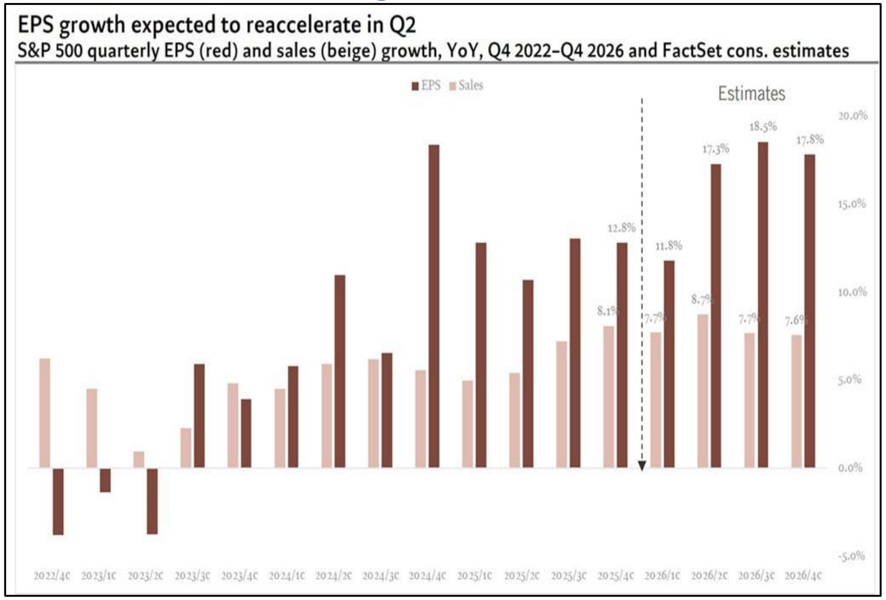
Source: Factset

3. Micro : S&P 500 Earnings

- Consensus currently anticipates a strong reacceleration for 2026.

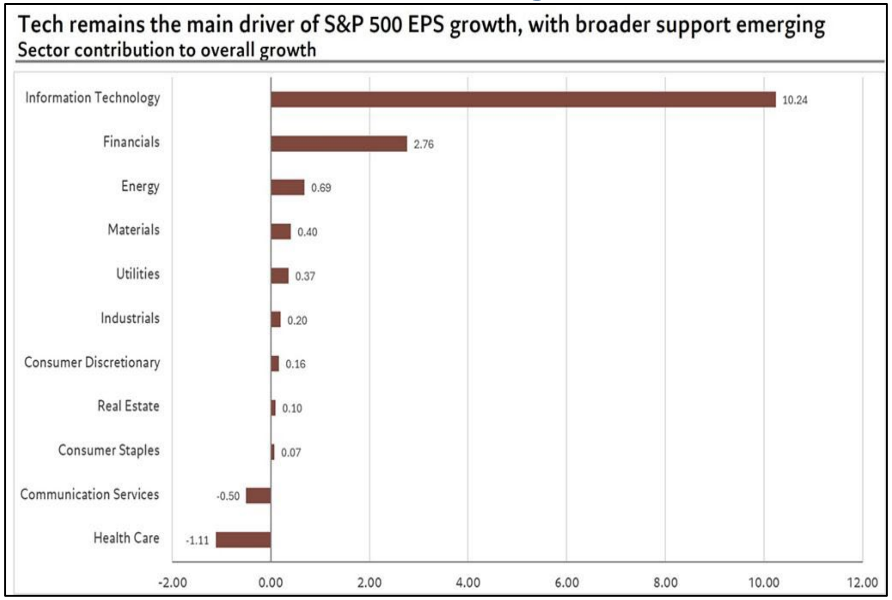
- **Technology is once again expected to be the main driver of S&P 500 EPS growth in 2026**, followed by Financials and Energy. Conversely, Communication Services and Healthcare are expected to weigh on overall growth. This distribution suggests that while Technology continues to lead, **a broader range of sectors is expected to participate in earnings expansion this year.**

S&P 500 Earnings Growth reacceleration



Source: Factset

S&P 500 Net Profit Margins Forecast



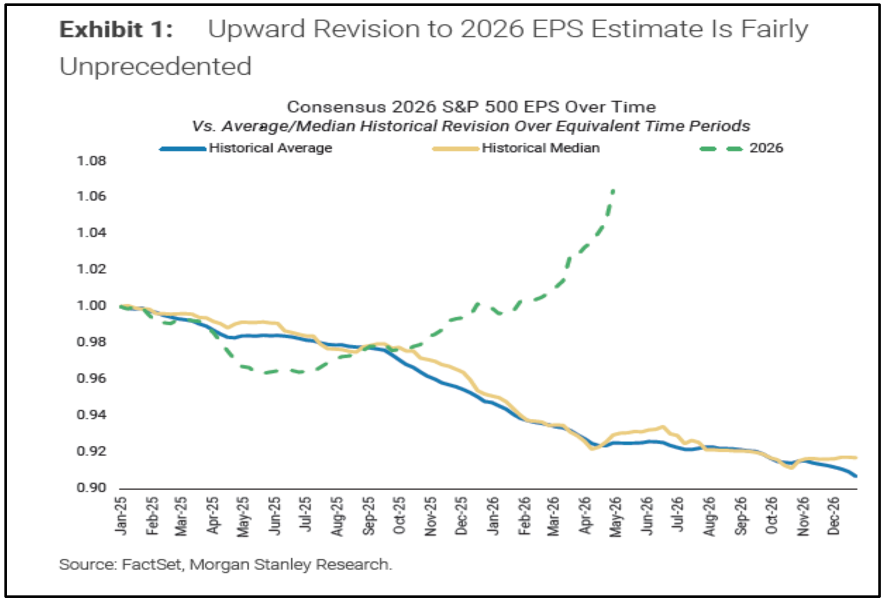
Source: Factset

3. Micro : S&P 500 Earnings

- **The upward revision to 2026 S&P 500 EPS estimates is unusually strong** relative to the historical pattern for the same point in the year**.** Analysts are revising earnings expectations higher at a pace that **looks well above the historical average** and median path, which is a supportive signal for equities, despite rates and inflation going higher.

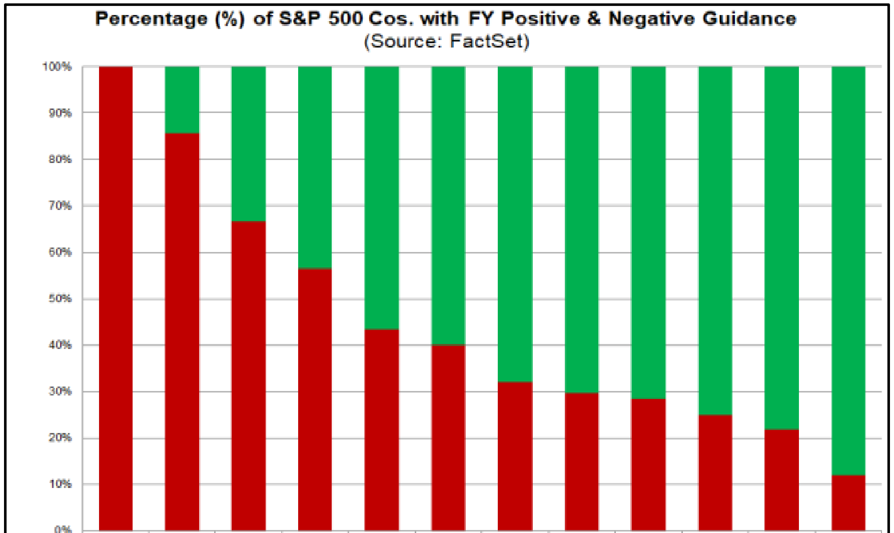
- **Technology has the highest percentage of companies with positive guidance** for FY 2026/2027.

Revision to 2026 EPS Estimates



Source: Factset, Morgan Stanley

Percentage S&P 500 with FY Positive/Negative Guidance



	Energy	Utilities	Materials	Consumer Disc.	Industrials	S&P 500	Health Care	Consumer Staples	Financials	Comm. Services	Real Estate	Info. Technology
Positive	0%	14%	33%	43%	57%	60%	68%	70%	71%	75%	78%	88%
Negative	100%	86%	67%	57%	43%	40%	32%	30%	29%	25%	22%	12%

Source: Factset

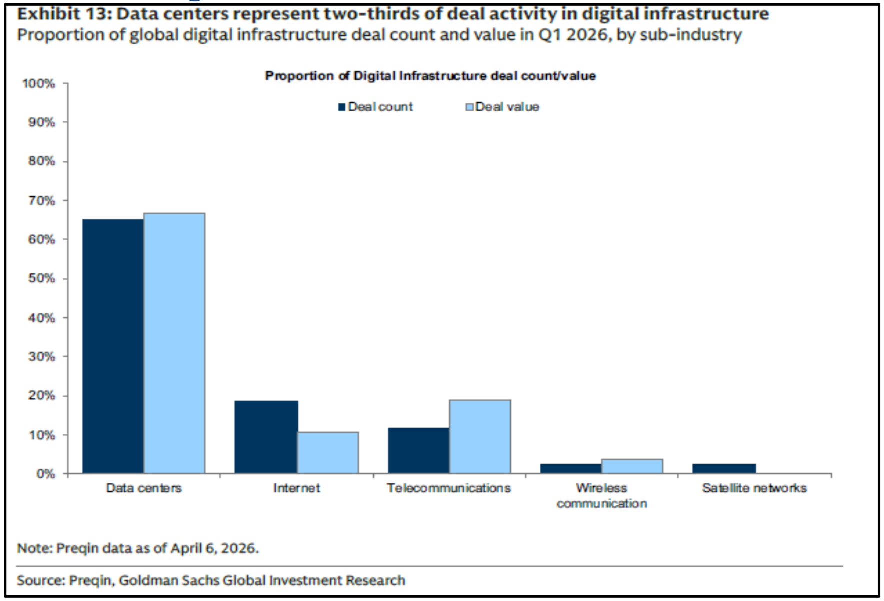
3. Micro : Technology

- **AI infrastructure spending is being revised higher across the board, not just for one or two players but for several.** For investors, this reinforces a very strong capex cycle in cloud and AI hardware demand this year and going into 2027.

- The share of infrastructure deals classified as digital infrastructure has increased meaningfully this year, and now represents the largest category of deal value. Data centers represent two-thirds of deal activity in digital infrastructure.

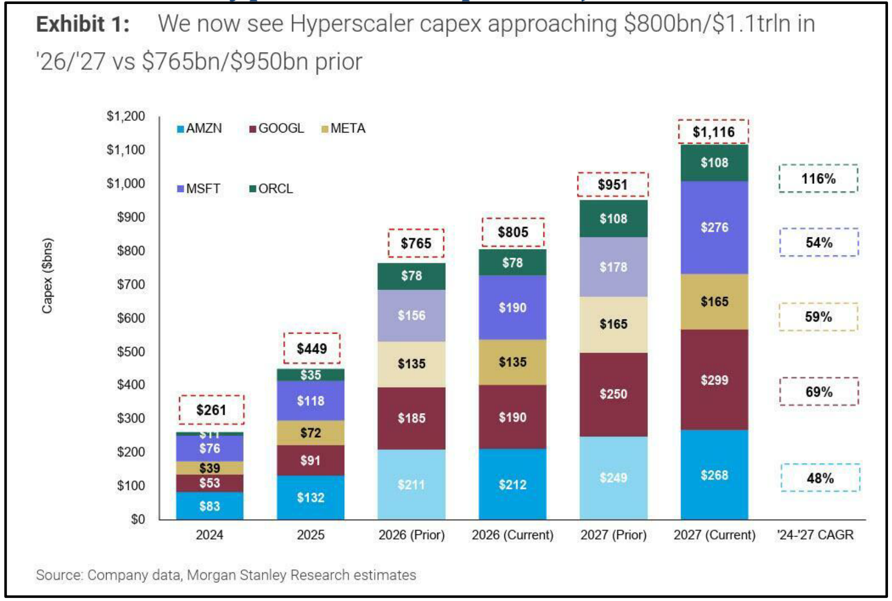
- **Morgan Stanley's latest estimate points to Hyperscaler capex accelerating sharply,** with 2026/27 now projected around $800bn to $1.1trn versus $765bn to $950bn previously. The largest absolute contributions still coming from Amazon and Microsoft, while Google and Oracle also step up meaningfully.

Digital Infrastructure & Data Centers



Source: Goldman Sachs, Preqin

Hyperscalers Capex Projection



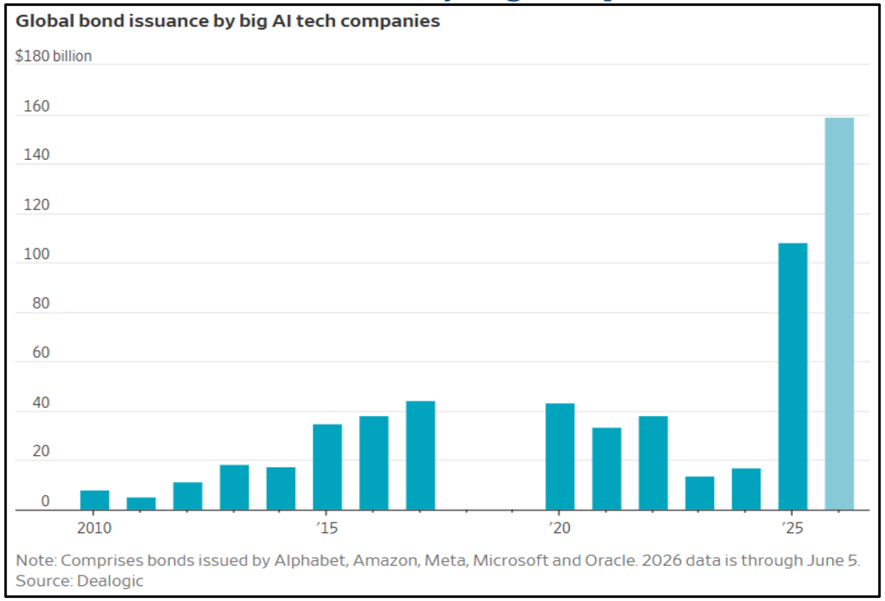
Source: Morgan Stanley

3. Micro : Technology

- **AI Hyperscalers,** Google, Amazon, Meta, Microsoft, and Oracle, have issued 47% more debt in the first 5 months of this year ($159 billion) than all of last year ($108 billion). Their **YTD debt issuance exceeds the combined issuance from 2020-2024.**

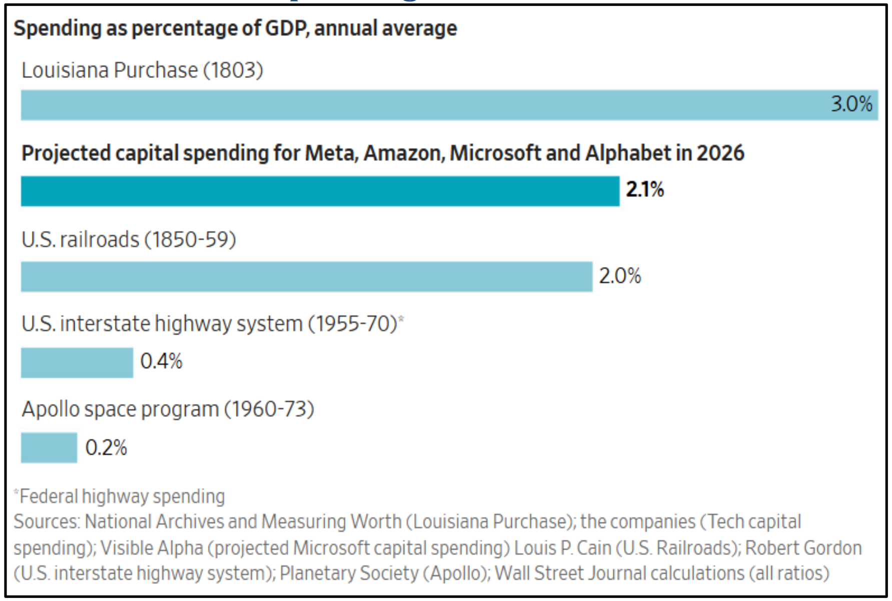
- **Spending on data centers and other AI infrastructure by Google, Amazon, Microsoft and Meta is expected to hit $670 billion this year.** At 2.1% of GDP, that would represent a higher share of the economy than the investment in the US railroad expansion during the 1850s.

Bond Issuance By Big Companies



Source: Charlie Bilello, Dealogic

Spending as % of GDP



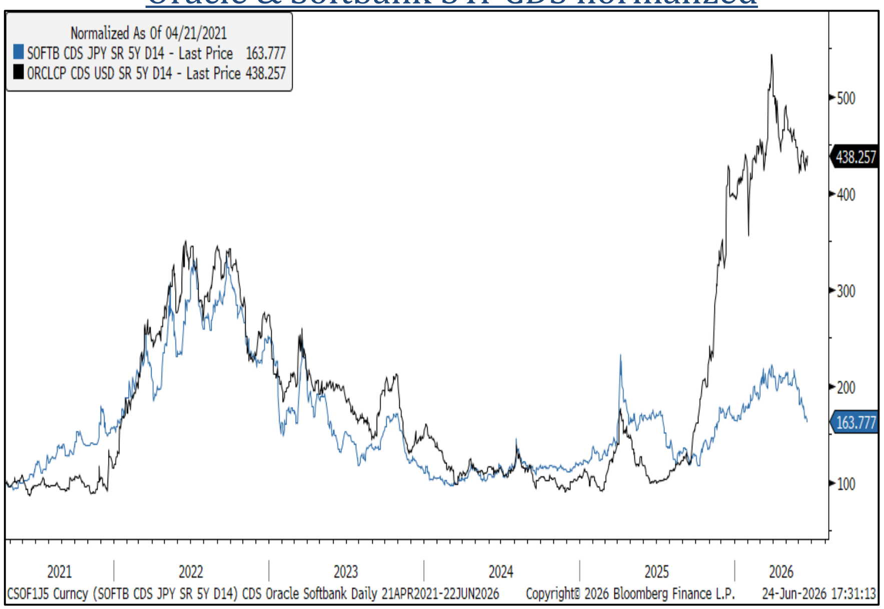
Source: Charlie Bilello

3. Micro : Tech CDS

- **Oracle and SoftBank CDS have narrowed during the last quarter,** after spiking due to capex fears and their debt accumulation to fund AI infrastructures expansion.

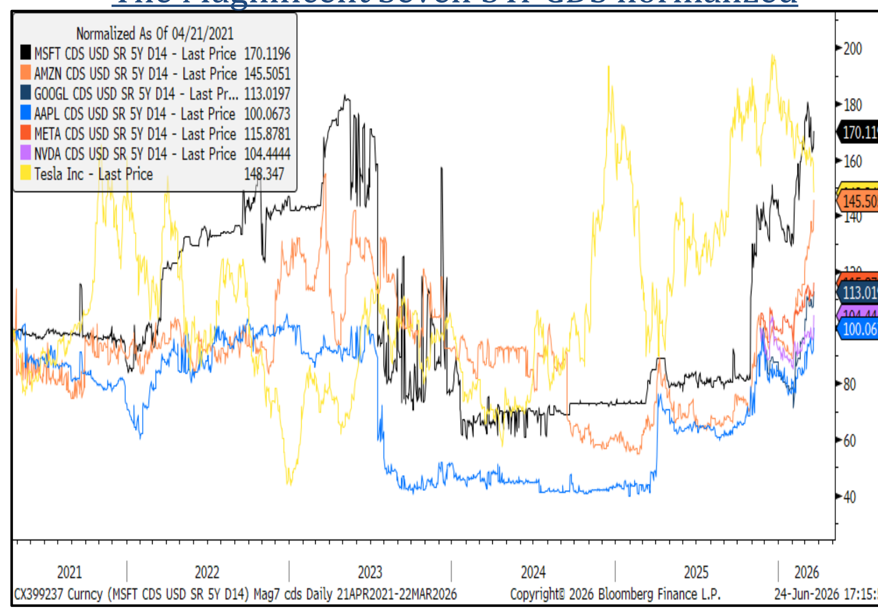
- **Magnificent Seven 5-year CDS have stabilized after spiking except for Amazon where they spiked again.** Amazon guided for roughly $200 billion in capital expenditures in 2026, primarily to build data centers, custom silicon, and AWS infrastructure. This level of spending is putting massive strain on their free cash flow.

Oracle & Softbank 5Yr CDS normalized



Source: Bloomberg

The Magnificent Seven 5Yr CDS normalized



Source: Bloomberg

3. Micro : Stoxx 600 Earnings & Valuation

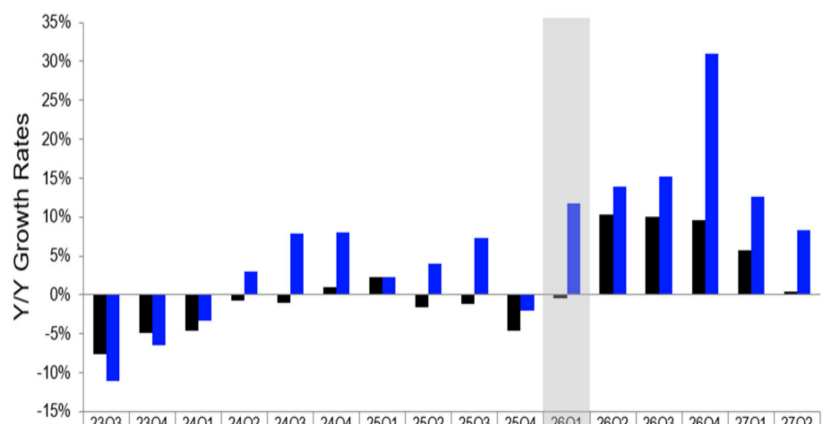
- **The estimated earnings growth rate for the Stoxx 600 for Q1 2026 is 11.8%.** In aggregate, companies are reporting earnings that are 8.2% above estimates, which is above the 5.8% long-term. The Energy sector has the highest earnings growth rate (52.2%) of any sector**.**

- The **Real Estate** sector has the **lowest earnings** growth rate (-23.9%) of any sector.

- From a valuation perspective, **the Stoxx 600** stabilized around the line of its historical average and therefore **still appears cheap.**

Stoxx 600 Earnings Growth Forecast

Exhibit 3A. STOXX 600 YoY Growth Rates

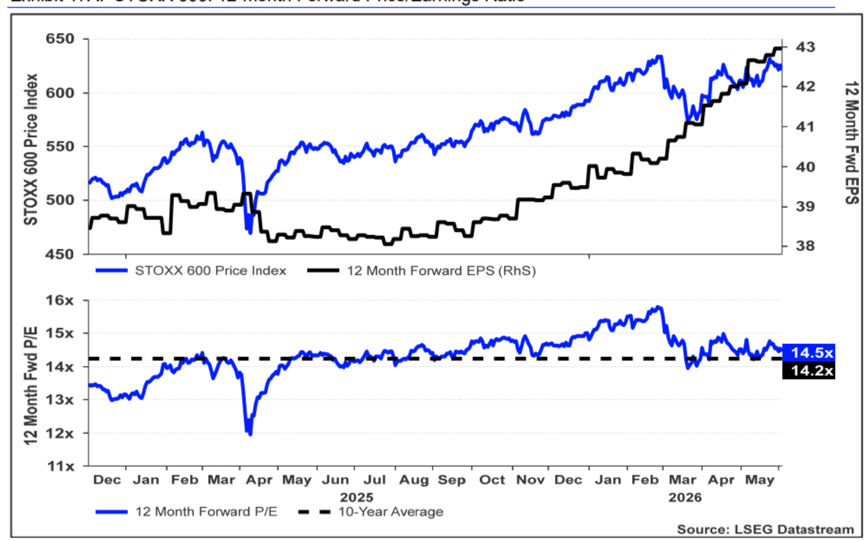


	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	25Q4	26Q1	26Q2	26Q3	26Q4	27Q1	27Q2
Revenue	-7.6%	-5.0%	-4.6%	-0.8%	-1.1%	1.0%	2.3%	-1.7%	-1.2%	-4.6%	-0.4%	10.3%	10.1%	9.6%	5.8%	0.4%
Earnings	-11.1%	-6.5%	-3.3%	3.0%	7.8%	8.0%	2.2%	4.0%	7.3%	-2.0%	11.8%	13.9%	15.2%	31.0%	12.6%	8.3%

Source: LSEG I/B/E/S

Stoxx 600 Valuation

Exhibit 17A. STOXX 600: 12-month Forward Price/Earnings Ratio



Source: LSEG Datastream

Source: Refinitiv

Source: Refinitiv

3. Micro : Stoxx 600 Earnings & Valuation

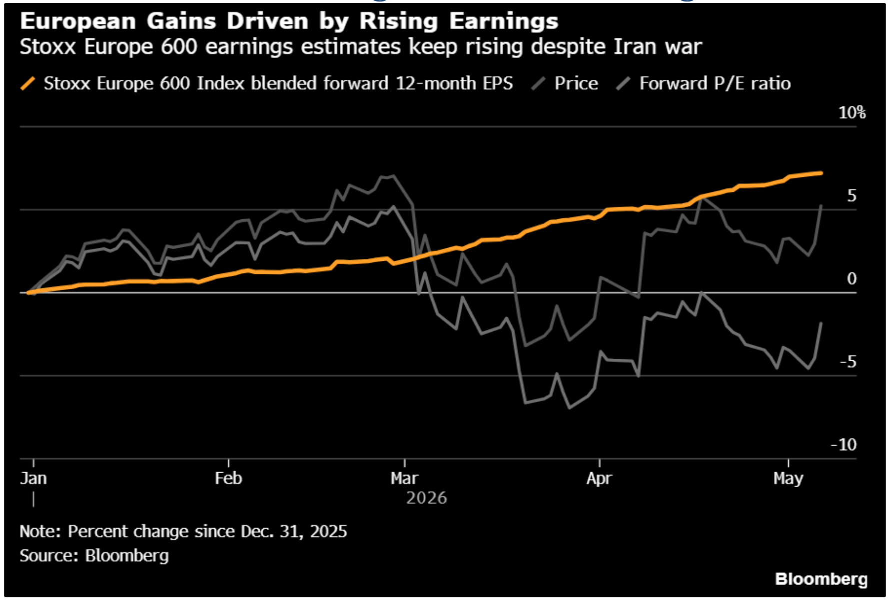
- **There is a meaningful improvement in European earnings momentum,** with Stoxx Europe 600 consensus now expecting strong EPS growth through 2026 and sales growth turning positive as well. Europe seems to be increasingly a market with improving fundamentals.

- **European equity gains are being driven more by rising earnings expectations** than by a simple rerating of valuation. Even in the current difficult environment, the Stoxx Europe 600 forward EPS estimate kept climbing.

Stoxx 600 Earnings Growth Consensus

Source: Bloomberg

Stoxx 600 Earnings Estimates Driving Gains



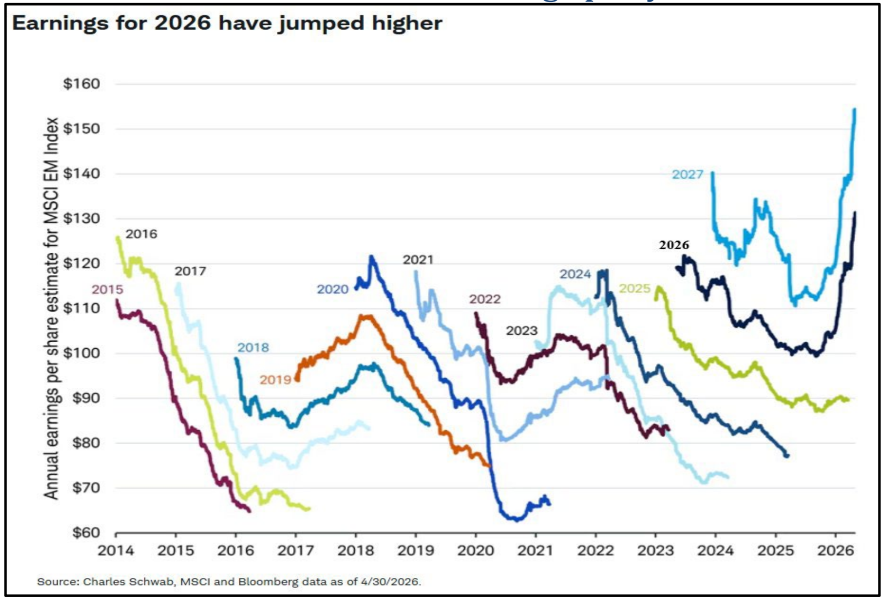
Source: Bloomberg

3. Micro : Emerging Markets Earnings

- **From 2015-2025, EM earnings disappointed every single year. In 2026, EM earnings expectations have exploded higher,** projected to rise in a range of 40%-50%. And further gains are expected in 2027.

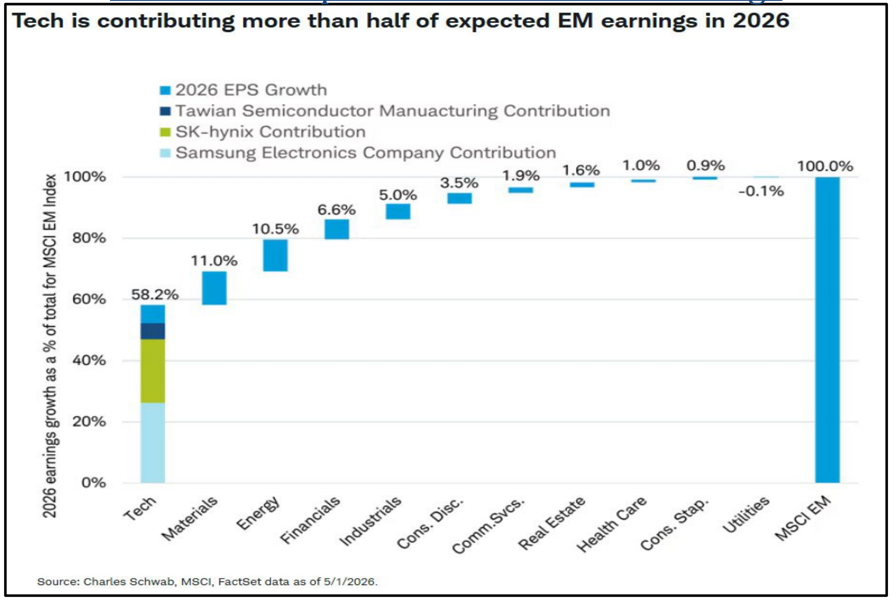
- **Three companies are expected to generate over half of total earnings growth** for the entire Emerging Markets universe: Taiwan Semiconductor, Samsung Electronics and SK Hynix**, all driven by the AI capex boom.**

MSCI EM Index Earnings per year



Source: Charlie Bilello

Tech is the top contributor to EM Earnings



Source: Charlie Bilello

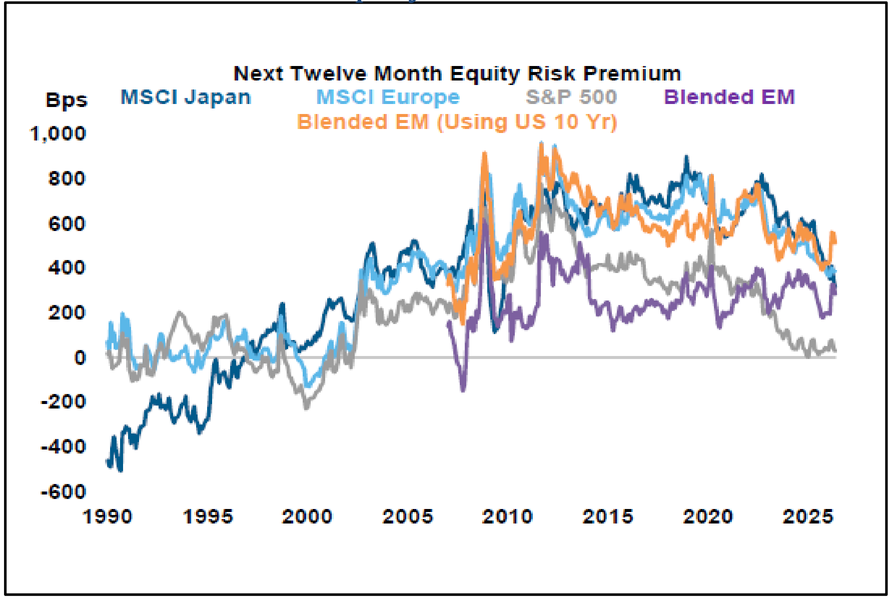
3. Micro : US, World and Emerging Market Earnings

- **US equities remain relatively expensive versus international markets,** especially on a forward P/E basis. The US sits well above its 10-year average, while World ex-USA and Emerging Markets still trade at lower multiples and closer to their long-term averages, with EM being below it. Any further US outperformance likely needs to be justified by stronger earnings growth rather than multiple expansion alone.

- **Equity risk premium across major regions remained well above zero for most of the period shown since the early 2000s.** S&P is close to 0 now, and EM has the highest premium; Europe and Japan are also positive. Equities have generally offered a meaningful compensation over bonds thanks to earnings grow, but the level has compressed from extreme post-crisis highs and is now more normal, though **still supportive**.

Estimates P/E and 10 year average

Global Equity Risk Premiums



Source: Charles Schwab, Macrobond

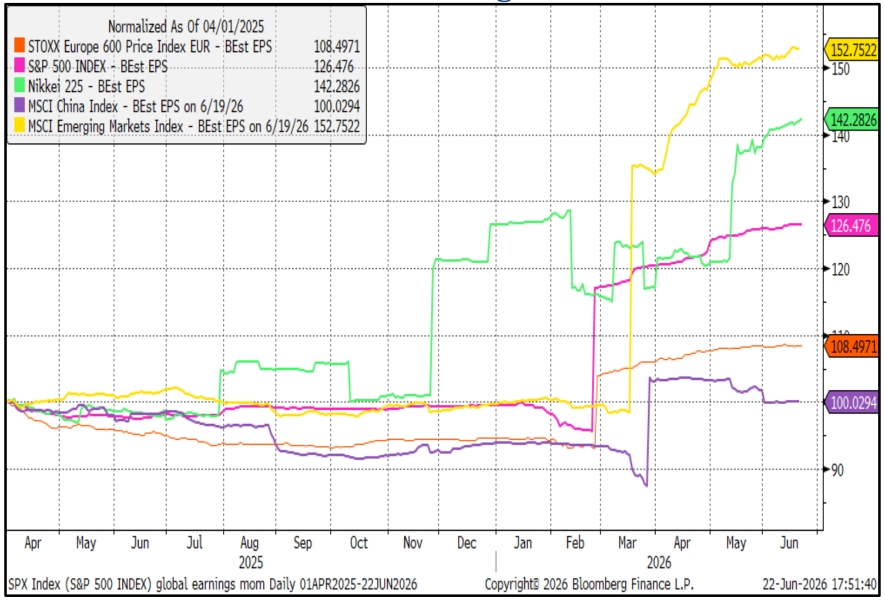
Source: Morgan Stanley

3. Micro : Global Earnings & Valuation

- **Earnings momentum stabilized for Europe, US and China but increased for Japan and Emerging Markets**. For the US, Hyperscaler capex continued to push the earnings.

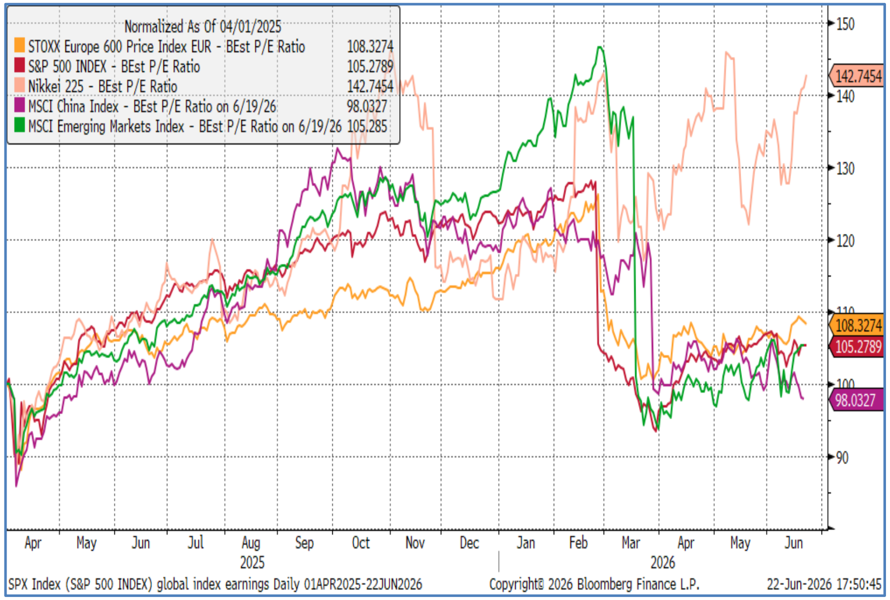
- In valuation terms, Japan became more expensive, particularly due to the strong performance of chips and semiconductors. China became cheaper while Europe, US and Emerging Markets remained around the same levels as last quarter.

Global Index Earnings Momentum



Source: Bloomberg

Global Index Valuation Forward PE



Source: Bloomberg

4. Cross Asset : Commodities

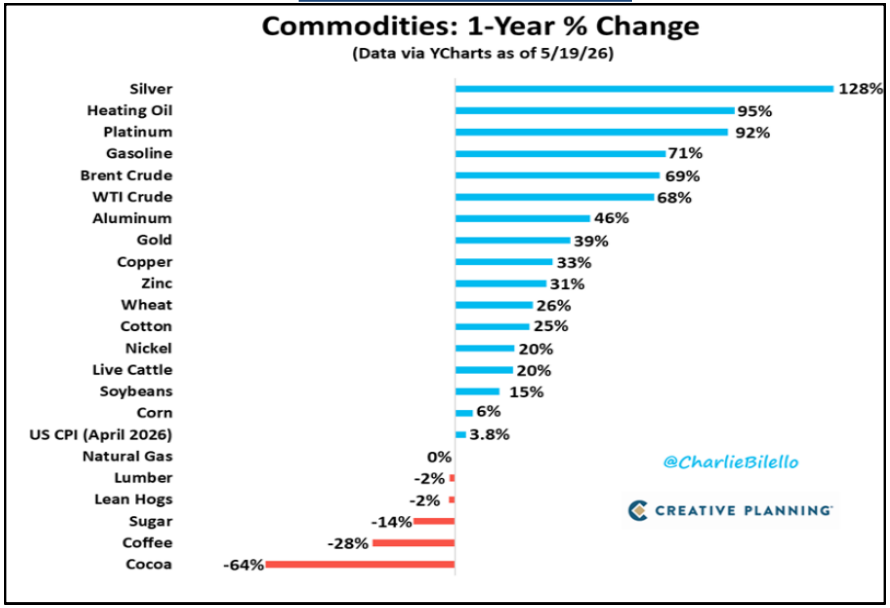
- **Commodities strongly corrected in Q2 2026**, driven primarily by the Fed decision to hold rates steady and signal the possibility of future rate hikes rather than cuts. A stronger dollar and peace talks for Iran War, also contributed to the correction.

- Silver, Oil and Platinum remain the highest positive change over one year and Cocoa, Coffee and Sugar the most negative. Most of the commodities sectors are positive versus one year ago.

Commodities

Source: Bloomberg

Commodities sectors



Source: Charlie Bilello

4. Cross Asset : Gold

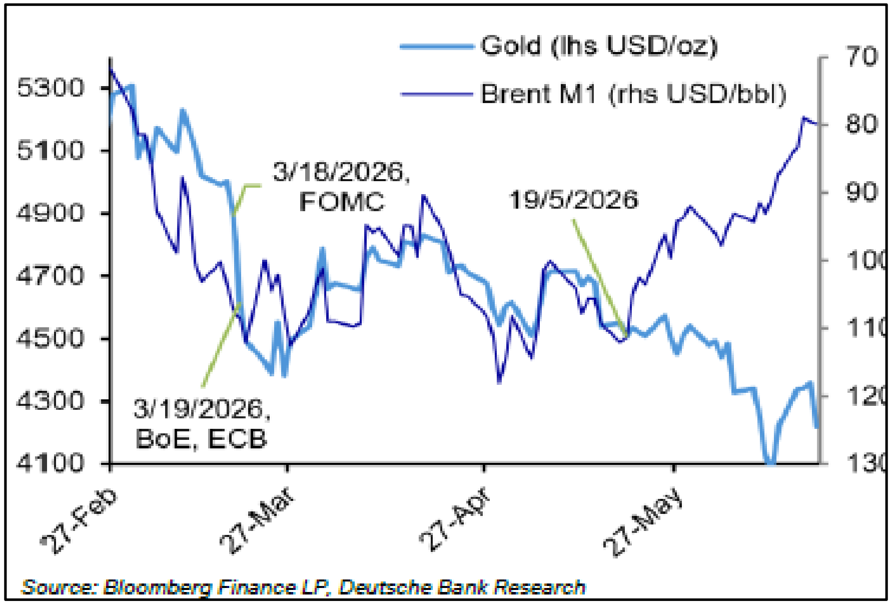
- **Gold had a strong correction during the second quarter of 2026**, especially in late June, on Fed hawkish bias, strengthening of USD and peace talks over the end of the Iran War.

- Interesting to see also that Gold's move was first clearly linked to the Energy-price shock of the US–Iran war, but that relationship broke down around mid-May. At the end of the quarter, Gold was still correcting at the same time Oil prices came down, mostly due to future Central Bank hawkish monetary policies.

Gold

Source: Bloomberg

Gold Negatively Linked to Oil



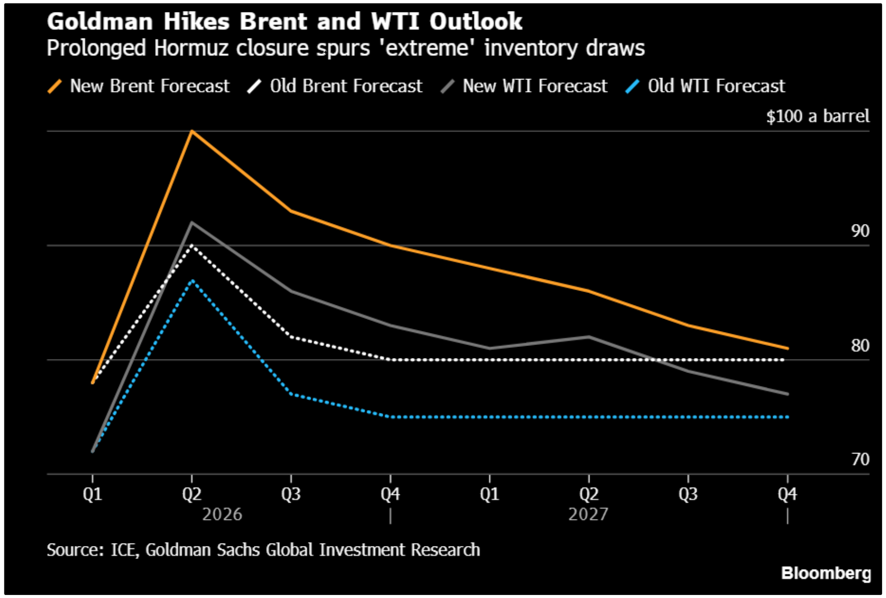
Source: Deutsche Bank, Bloomberg

4. Cross Asset : Crude Oil

- Analysts **have raised Brent and WTI price outlook across 2026-2027,** reflecting a more bullish view on Oil markets**.** The revision appears driven by the risk of a prolonged closure of the Strait of Hormuz or at least lack of clarity of its functioning, which could trigger extreme inventory draws and **tighten global supply,** depending on the duration of the conflict.

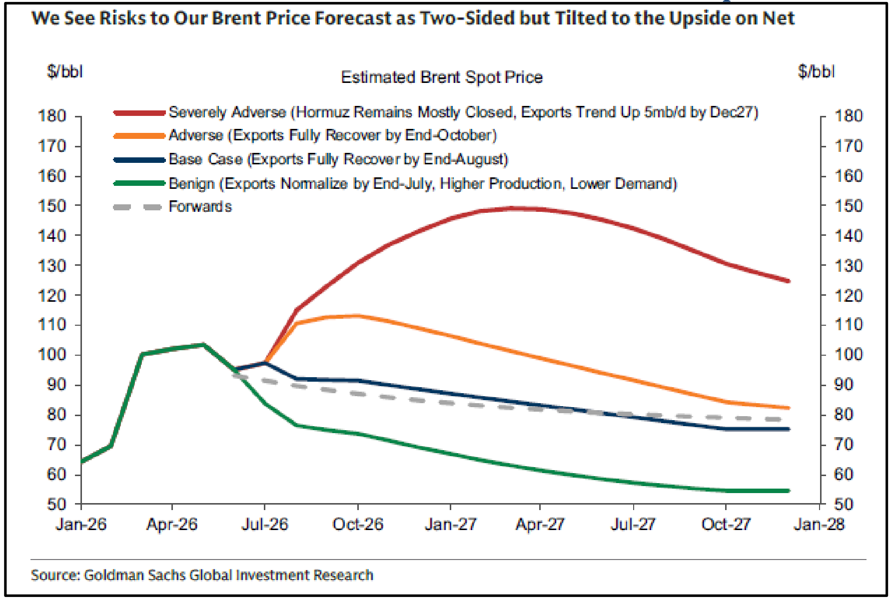
- The Brent remains priced above WTI in the Goldman Sachs forecast, consistent with a market that is expected to stay structurally tight. **This seems to signal a higher-for-longer Oil scenario**.

WTI Crude Oil Outlook



Source: Bloomberg, Goldman

Risks to Brent Price Forecast Tilted To Upside



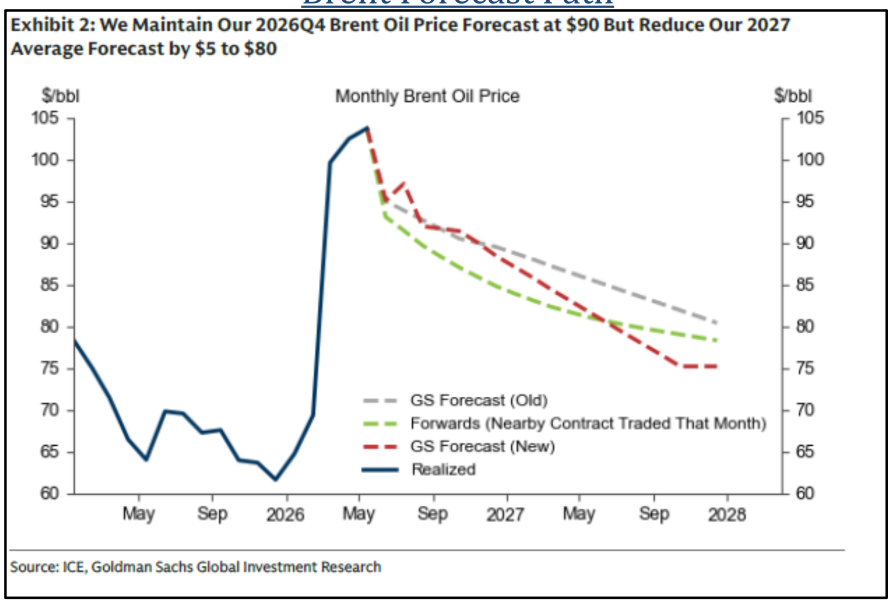
Source: Goldman Sachs

4. Cross Asset : Crude Oil

- **Goldman revised its end of 2026 Brent Oil price target from $90 (graph below) to $80 (last update) and reduced its 2027 average forecast to $80** on possibly higher supply and lower demand due to demand destruction. This could rapidly change based on the length of the supply normalization process.

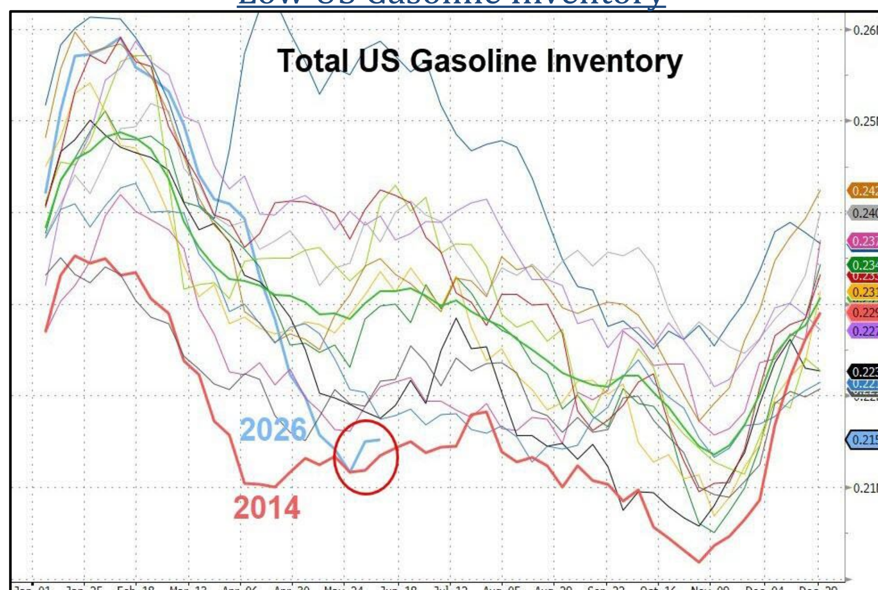
- **US gasoline inventory at low levels,** only seen in 2014, could provide **strong support to high prices**, and showing that it is going to take time for the disruption supply effects to smooth and for gasoline inventory to increase again.

Brent Forecast Path



Source: Goldman Sachs

Low US Gasoline Inventory



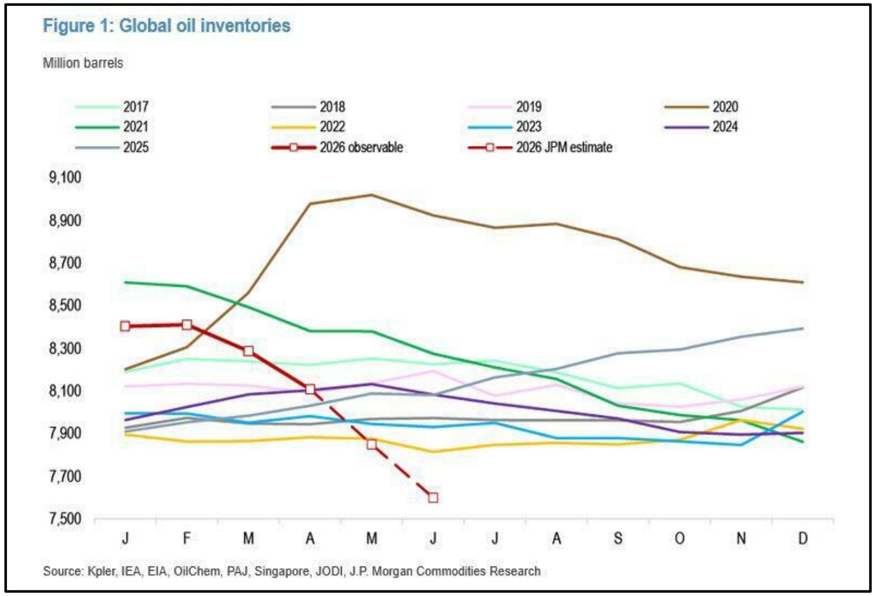
Source: Bloomberg

4. Cross Asset : Crude Oil Inventories

- JP Morgan projects that the **global Oil inventories will reach a new low during June-July of 2026** of 7'500 million barrels. It is expected that the financial **markets would become fragile once working stocks reach new lows and stay there**.

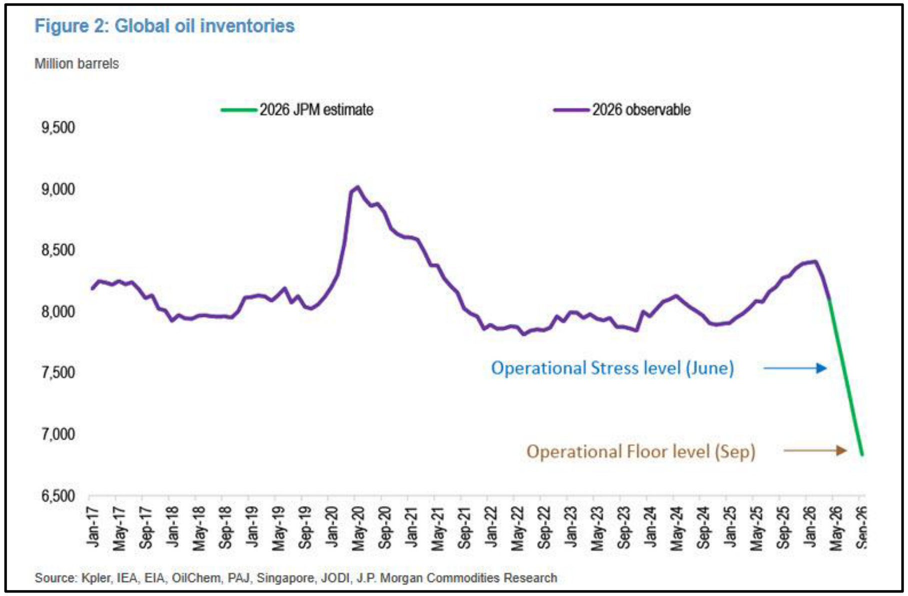
- **OECD commercial stocks could fall to operational stress levels by June**, and then **hit the global operational floor by September if the Strait of Hormuz remains closed**, assuming demand destruction doesn't increase due to high prices in the future, which are around $70-75 for Crude, thanks to inventories running down for the moment.

Global Oil Inventories



Source: Kpler, IEA, EIA, JP Morgan

Oil Inventories Operational Stress Level



Source: Kpler, IEA, EIA, JP Morgan

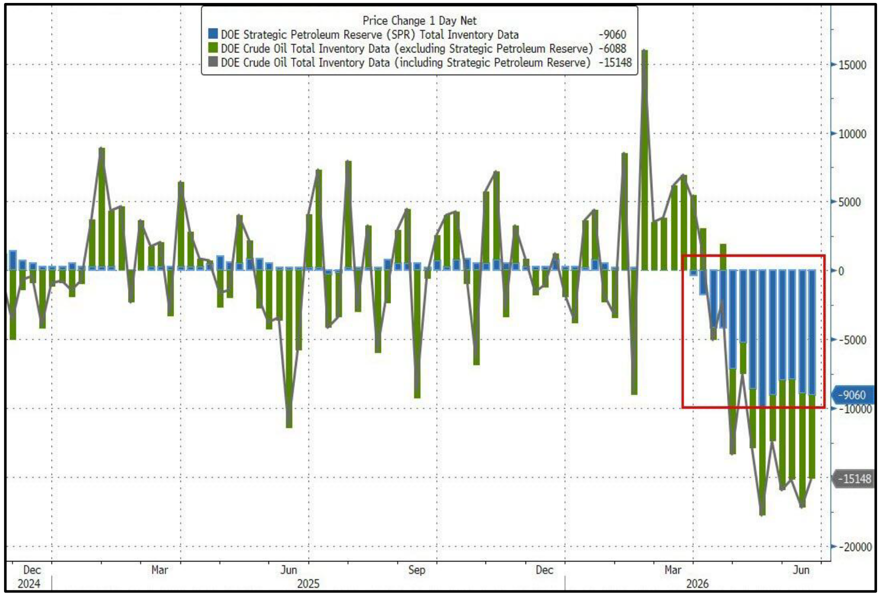
4. Cross Asset : Crude Oil Supply

- The Energy Information Administration (EIA) reported the closure of the Strait is depleting global inventories, keeping prices high for the rest of the year. **The strategic petroleum reserve (SPR), and the DOE** crude Oil total inventory data**, saw several huge drawdowns** since April, and continuing into June.

- The market is watching for a possible **inventory bottleneck** at one of the most important crude hubs in the US, the Cushing Oklahoma. Cushing matters because it is a physical pricing hub for WTI, so low stocks can distort the local supply/demand balance and widen or tighten the Brent-WTI spread. When inventories get too low, refiners and **traders worry about flow disruptions**, **quality issues, and the inability to blend** or move barrels efficiently.

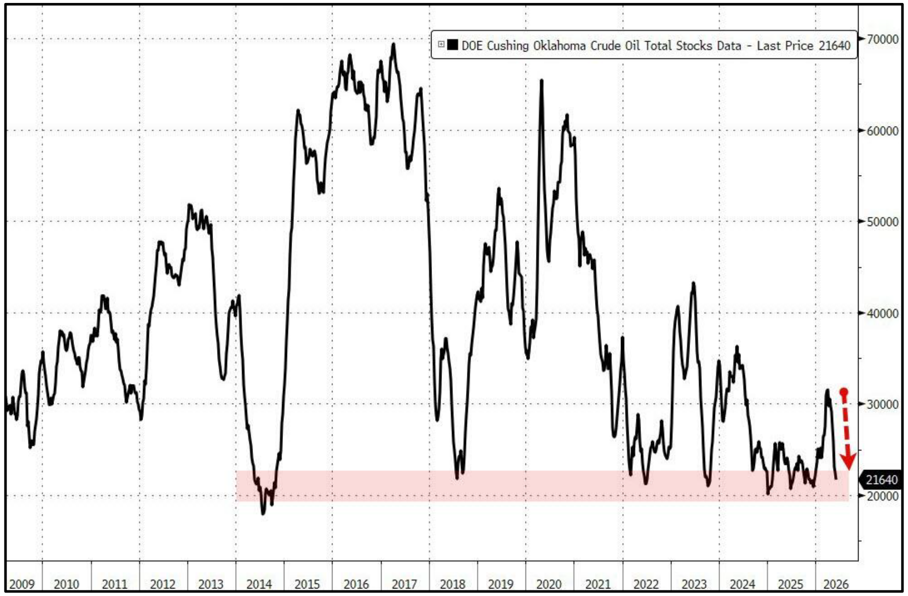
- **Cushing is already near 30% capacity, which is well below normal operating comfort**.

Strategic Petroleum Reserve, DOE Inventory



Source: Bloomberg

DOE Cushing Oklahoma Crude Oil Stocks



Source: Bloomberg

4. Cross Asset : Crude Oil Shocks and Recession

- **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 is the ugliest in economics. **We are not there yet, but heading into that direction as 2026 goes by.**

- **Current economic data does not meet the definition of stagflation**, but significant Oil crises, with Oil prices staying higher for longer, could reshape the global economy in an unpredictable way and bring recessions where they are not initially expected.

- **Global Oil demand tends to recover rapidly following Oil supply shocks, except in recessions.**

Historical Oil Shocks

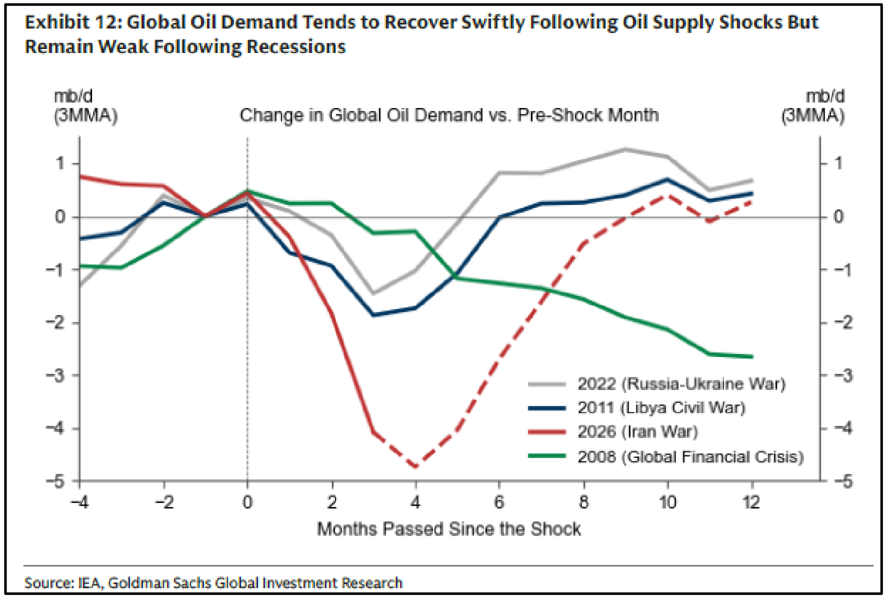
Historical Oil Shock Episodes at a Glance

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.

Source: EIA / Motley Fool Research

WTI, Global Demand and Recessions



Source : Goldman Sachs

4. Cross Asset : Uranium

- **Uranium spot prices stabilized in the last quarter around $85/lb after a peak** of $101/lb in January. It didn't correct as other commodities, as it has its own specific drivers, and is supported by nuclear demand projections, supply tightness, and long-term contracts.

- Fundamentals like US policy incentives and global reactor growth continued to sustain future bullish projections, and it is only a consolidation.

- **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

Source: Bloomberg

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: Discovery Alert

5. Market Review: Equity Performance

- **Q2 2026 was a strong positive quarter for all major equity indices** except Brazil and Hang Seng.

- **Brazil benefited** from the rally in commodities during the first quarter but gave back roughly half of those gains in the second quarter

Equity Indices	% YTD in USD	% YTD in EURO	% 3M in USD	% 3M in EURO
MSCI WORLD	7.3%	10.6%	11.6%	13.2%
S&P 500	7.5%	10.8%	12.7%	14.3%
NASDAQ	9.1%	12.4%	17.5%	19.1%
BRAZIL	12.5%	15.6%	-8.2%	-6.6%
Euro Stoxx 50	5.0%	8.2%	10.9%	12.5%
Stoxx Europe 600	4.9%	8.1%	8.2%	9.8%
FTSE 100	3.9%	7.2%	3.2%	4.8%
CAC 40	0.3%	3.5%	6.3%	7.9%
DAX	-1.1%	2.1%	8.6%	10.2%
IBEX	9.5%	12.7%	12.9%	14.5%
MIB	12.0%	15.2%	15.3%	16.9%
SMI	5.0%	8.3%	10.1%	11.7%
NIKKEI 225	40.5%	43.8%	39.8%	41.4%
HANG SENG	-10.7%	-7.5%	-6.9%	-5.3%
SHANGHAI	6.6%	9.6%	7.3%	8.7%
KOSPI	111.9%	115.2%	76.8%	78.4%
VIX	26.4%	29.7%	-25.2%	-23.6%

Source: Bloomberg 30/06/26

5. Market Review : Sector Performance Review

- **For 2026, sector dispersion and rotation prevailed in all regions.** Europe, US and Global look very similar on a YTD basis**. The strongest sector was Technology** followed by Financials, except for USA where Industrials where the second best this quarter.

- Energy **was the sector which corrected the most, after a strong first quarter but remained strongly positive on YTD**.

Sector performance	Europe % YTD	Europe % 3M	USA % YTD	USA % 3M	World % YTD	World % 3M
Consumer Discretionary	-8.9%	11.5%	-5.2%	4.5%	-6.0%	5.3%
Consumer Staples	5.3%	7.9%	7.8%	0.7%	6.6%	2.5%
Energy	19.7%	-15.8%	20.0%	-12.6%	20.0%	-12.4%
Financials	10.5%	18.1%	-2.4%	8.2%	3.5%	11.5%
Health Care	3.4%	5.1%	0.6%	6.2%	0.2%	5.0%
Industrials	10.9%	12.9%	18.7%	13.8%	14.3%	11.4%
Information Technology	42.5%	39.0%	15.7%	27.5%	18.0%	29.7%
Materials	14.2%	7.9%	12.9%	3.3%	10.6%	2.4%
Telecommunication Services	-0.7%	-4.1%	-2.0%	5.4%	-2.1%	5.1%
Utilities	17.0%	3.2%	7.4%	-0.1%	9.4%	0.5%

Source: Bloomberg 30/06/26

5. Market Review : FX and commodities performance

	Currencies	
	Against USD	
	YTD	3M
EURO	-3.2%	-1.6%
JPY	-3.2%	-1.9%
GBP	-2.1%	-0.3%
CHF	-2.2%	-1.3%
CNY	2.7%	1.4%
HKD	-0.7%	0.0%
CAD	-3.5%	-2.1%
AUD	3.6%	0.1%
	Against Euro	
	YTD	3M
USD	3.3%	1.6%
JPY	0.0%	-0.3%
GBP	1.1%	1.3%
CHF	1.0%	0.3%
CNY	5.7%	2.8%
HKD	2.5%	1.6%
CAD	-0.2%	-0.4%
AUD	6.5%	1.7%
	Against CHF	
	YTD	3M
EURO	-1.1%	-0.3%
USD	2.2%	1.3%
JPY	-1.0%	-0.6%
GBP	0.1%	1.1%
CAD	-1.2%	-0.7%
AUD	5.5%	1.5%
HKD	1.4%	1.3%

- In the currency market, **the weakest currency** were the CAD, JPY and EUR. The CNY and AUD **were the strongest** with the GBP also stabilizing.
- In the commodity market, **commodities generally trended clearly lower** with the exception of Gas, Copper and Cotton. WTI and Brent were very weak with also Gold, Silver and Platinum due to a **Fed hawkish bias and peace talks.**

	% YTD in USD	% 3M in USD
WTI Crude Oil	25.3%	-29.1%
Brent Crude Oil	23.7%	-36.4%
Gasoline	77.5%	-8.6%
Natural Gas	6.0%	3.4%
Gold	-6.8%	-13.7%
Silver	-19.3%	-23.0%
Platinum	-22.3%	-18.1%
Palladium	-26.6%	-19.7%
Aluminum (LME)	5.6%	-8.7%
Copper (LME)	6.8%	7.6%
Corn	-5.8%	-9.4%
Wheat	16.6%	-4.1%
Soybean	9.4%	-3.7%
Coffee	-17.2%	-3.2%
Sugar	-9.7%	-12.7%
Cotton	14.2%	4.9%

Source: Bloomberg 30/06/26

5. Market Review : Fixed Income Performance

- Fixed-income indices have **all delivered positive performance last quarter but remain weak** year-to-date except EM Sovereign and HY. Municipal Bonds index has also some performance.

- **Credit spreads,** both in Investment Grade and High Yield, **have narrowed again and stabilized**.

- 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 and Softbank **narrowed** after spiking in the first quater.

	Perf June	Perf YTD	Perf last 3 months	Yield	Duration
Global					
Global Aggregate	-0.7%	-0.2%	0.9%	3.8	6.3
Treasuries	-0.8%	-0.9%	0.5%	3.5	6.9
Credit	-0.5%	0.1%	1.4%	4.5	6.0
USA					
U.S. Universal	0.5%	1.0%	1.2%	4.9	5.8
U.S. Aggregate	0.5%	0.9%	0.9%	4.7	6.0
U.S. Gov/Credit	0.5%	0.7%	0.9%	4.6	6.2
U.S. Treasury	0.5%	0.5%	0.6%	4.3	5.9
Government-Related	0.4%	0.9%	1.0%	4.7	5.5
Corporate	0.4%	1.1%	1.7%	5.2	6.9
U.S. MBS	0.6%	1.4%	1.0%	4.9	5.4
Pan Europe					
Pan-Euro Aggregate	0.5%	1.4%	2.3%	3.4	6.4
Euro-Aggregate	0.4%	1.3%	2.0%	3.2	6.3
Asia Pacific					
Asian-Pacific Aggregate	0.4%	2.7%	2.0%	2.3	6.9
High Yield					
Global High Yield	0.0%	1.9%	3.3%	6.9	3.9
U.S. Corporate High Yield	0.1%	1.8%	2.3%	7.2	3.3
Pan-European High Yield	0.5%	1.8%	3.3%	6.2	3.0
Other					
Global Inflation-Linked	-1.4%	0.4%	0.6%		
Municipal Bond Index	0.7%	2.1%	2.3%	3.6	6.0
Emerging Markets					
EM USD Aggregate	0.6%	2.1%	3.5%	6.0	6.1
Sovereign	0.8%	2.3%	4.2%	6.1	7.0
Corporate	0.2%	1.8%	2.6%	6.4	4.8
High Yield	1.0%	4.2%	5.7%	7.4	5.4

Source: Bloomberg 30/06/26

6. 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 and implementation of our three dimensional approach: Innovation, Societal impact, Environmental footprint

- 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 assets.

7. 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**	• Developed Markets (USA, Europe & Japan). • Emerging Markets, China.	
	Investment style, stock selection	• Global growth themes. • EU & CH Quality dividend selection.	
Bonds & currencies	**Duration**	• Neutral Duration (short-term HY and medium- term IG in Europe).	
	Bond segments	• Investment Grade USD and Euro, High Yield corporates EURO.	• CAT Bonds.
	Currencies	• Neutral.	• Crypto basket.
Commodities & Alternatives		• Gold, Copper & Uranium. • Decorrelated Strategies.	

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

8. Conclusion

- Geopolitical risks (which have existed for several years) are becoming more prominent…be careful not to overreact.
- Valuation may become an issue…be careful of companies with unjustifiable ratios.
- We remain bullish on energy transition metals
- 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.

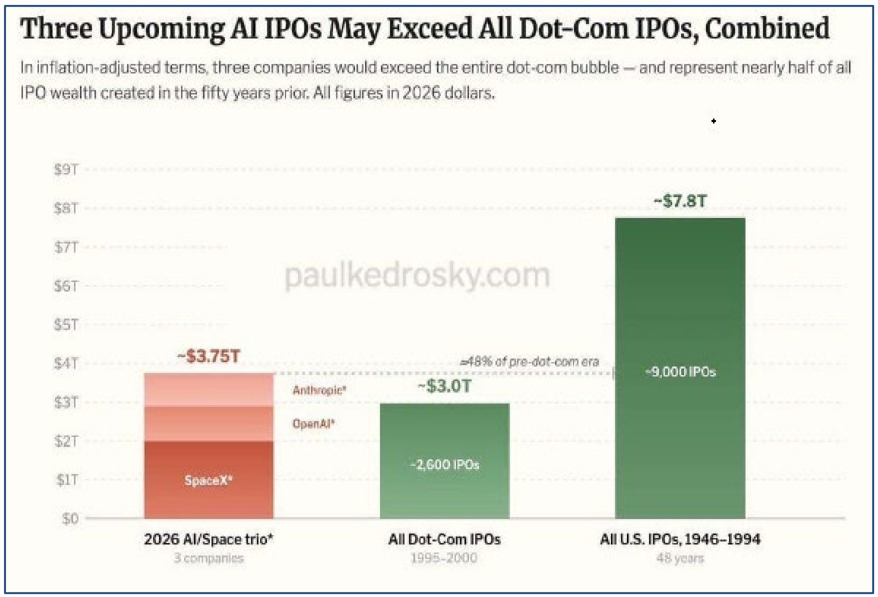
Thematic:

2026 Initial Public Offerings (IPOs)

9. Thematic : Three Companies, One Historic Moment

- As you have surely noticed, 2026 stands out as a significant year for public markets. Three of the most closely watched private companies in the world are making their way to the stock exchange, bringing with them a level of attention and capital that has rarely been seen before.
- SpaceX listed on June 12th, with OpenAI and Anthropic targeting the second half of 2026. Three companies, a combined valuation of $3.75 trillion, more than the entire dot-com IPO era.
- Unlike most IPOs where companies go public primarily to raise growth capital, these three are already well-funded through private markets before listing. Today the picture looks more like a partial exit for founders and early investors than a traditional capital raise, though fresh capital remains a stated objective.

AI IPOs vs. the Entire Dot-Com Era



Source: PaulKedrosky.com

SpaceX / Anthropic / OpenAI — Key Metrics

IPO	SpaceX	Anthropic	OpenAI
Valuation	• $1.75t	• $965bn (Series H)	• $852bn (March raise)
Capital Raise (% company)*	• $75bn (4%) • Greenshoe ($11.25bn)	• $60-65bn est. (6.2-6.7%)	• $60bn est. (7%)
Sector	• Communications (75%) ▪ Wireless Telecom • Industrials (25%) ▪ Aerospace	• Information Technology ▪ Software	• Information Technology ▪ Software
Financials**	• Revenue: $4.7bn (Q1) • Net income: $-4.3bn	• Revenue: $47bn (+422%) • Net income: $559mn	• Revenue: +$20bn (ARR) • Net income: $-14bn
Timing	• Listing: June 12, 2026	• Confidential S-1 filed (6/1) • Listing: Expected Fall 2026	• Listing: Expected 4Q2026
Index Timeline	• Nasdaq:15-days post-IPO • MSCI: 10-days post-IPO • Russell: 5-days post-IPO • S&P Dow Jones: • Total Market: Immediate • S&P 500:12-months	• Nasdaq:15-days post-IPO • MSCI: 10-days post-IPO • Russell: 5-days post-IPO • S&P Dow Jones: • Total Market: Immediate • S&P 500:12-months	• Nasdaq:15-days post-IPO • MSCI: 10-days post-IPO • Russell: 5-days post-IPO • S&P Dow Jones: • Total Market: Immediate • S&P 500:12-months
Key Strategic Considerations	• xAI merger • Anthropic partnership • Musk control structure (85% votes)	• AMZN stake (up to 21%)*** • GOOGL stake (14-15%)	• MSFT stake (27%)*** • MSFT revenue share, 20% • $38bn before 2030

Source: AlpineMacro

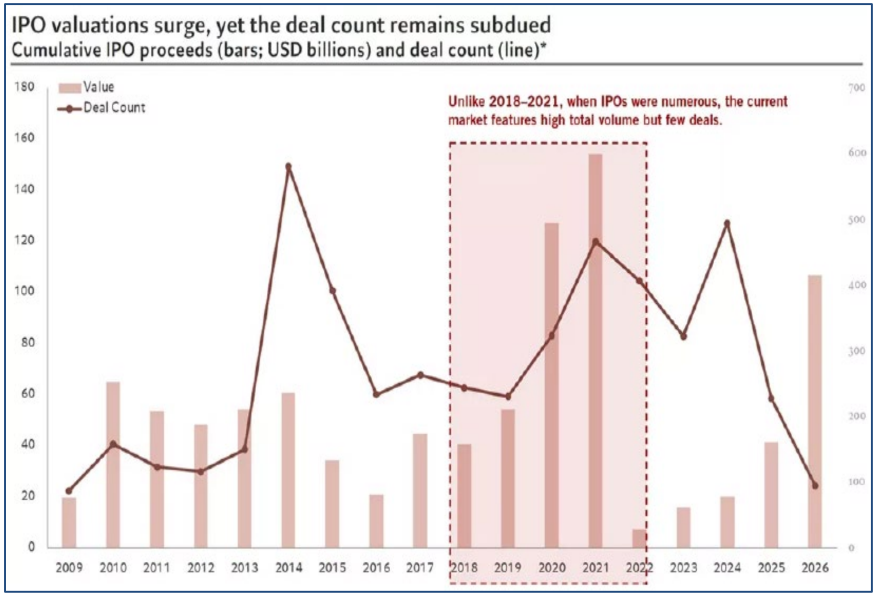
9. Thematic : The IPO Market Paradox

- Total US IPO value is at record levels, but the number of deals remains near historic lows. A handful of mega-deals are driving the entire market. Smaller and mid-sized companies are largely absent.

- The US stock market is experiencing a massive, structural decline in publicly traded small and micro-cap companies, which have plummeted by roughly half since their 1997 peak as fewer small firms choose to go or stay public.

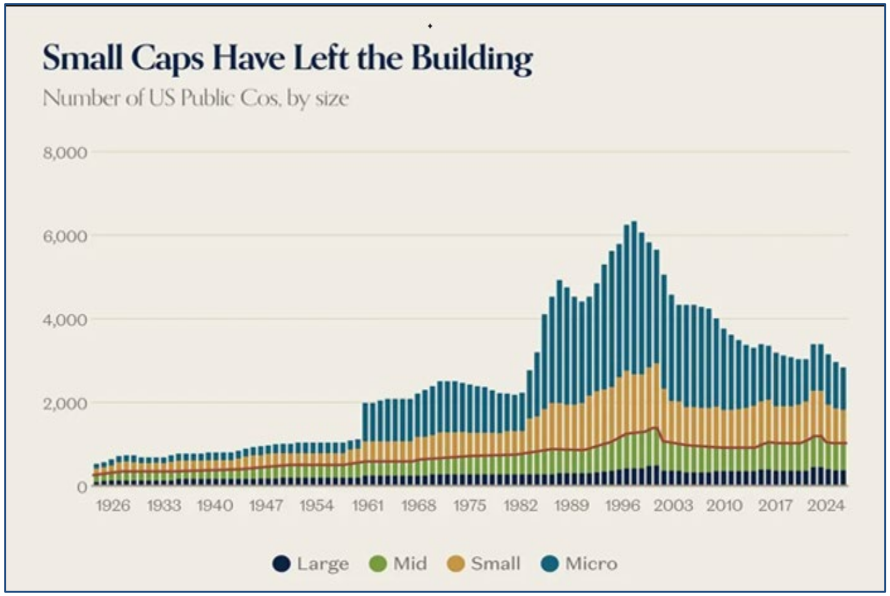
- 2026 is not a comeback for public markets. It is a snapshot of how concentrated and selective they have become.

US IPO Market 2009–2026



Source: Factset, Pictet Trading Strategy

Number of US Listed Companies by Size

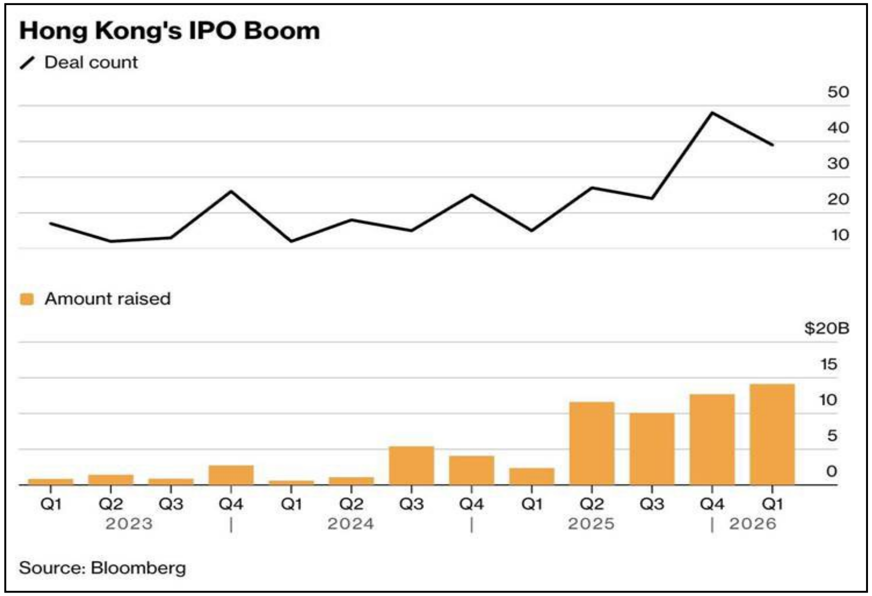


Source: BofA Global Research, A16Z

9. Thematic : Hong Kong, A Parallel IPO Boom

- While US markets are dominated by three mega-deals, Hong Kong is experiencing its own IPO revival. Deal count has nearly doubled since 2023, with capital raised consistently above $10bn per quarter since Q2 2025, a level not seen in years.
- Hong Kong's pipeline is broader and more diversified, spanning AI, robotics, beverage and logistics. Chinese AI companies like Zhipu AI and MiniMax listing in 2026 are a reminder that the race for AI capital is not exclusively American.
- Two markets, two dynamics. The US story is about concentration. The Hong Kong story is more about breadth.

HK Deal Count and Amount Raised, 2023–2026



Source: Bloomberg

HK IPOs Create New Billionaires

Hong Kong IPOs Create New Billionaires

	Company	Stake Value	Listing year
Technology			
Liu Debing	Zhipu AI	$10.4B	2026
Tang Jie	Zhipu AI	$5B	2026
Yan Junjie	MiniMax	$4.1B	2026
Zhou Jian	UBTech Robotics	$1.6B	2023
Zhang Wen	Biren Technology	$1.3B	2026
Beverage			
Zhang Hongchao	Mixue Group	$5.1B	2025
Zhang Hongfu	Mixue Group	$5.1B	2025
Wang Yun'an	Guming Holdings	$2.6B	2025
Shan Weijun, Zhou Rongrong	Auntea Jenny	$1.5B	2025
Wang Xiaokun, Liu Weihong	Sichuan Baicha Baidao (ChaPanda)	$1.1B	2024
Other sectors			
Xu Gaoming	Laopu Gold	$6.1B	2024
Wu Xiangdong	ZJLD Group	$2.2B	2023
Jet Lee (Li Jie)	J&T Global Express	$1.1B	2023

Source: Bloomberg Billionaires Index

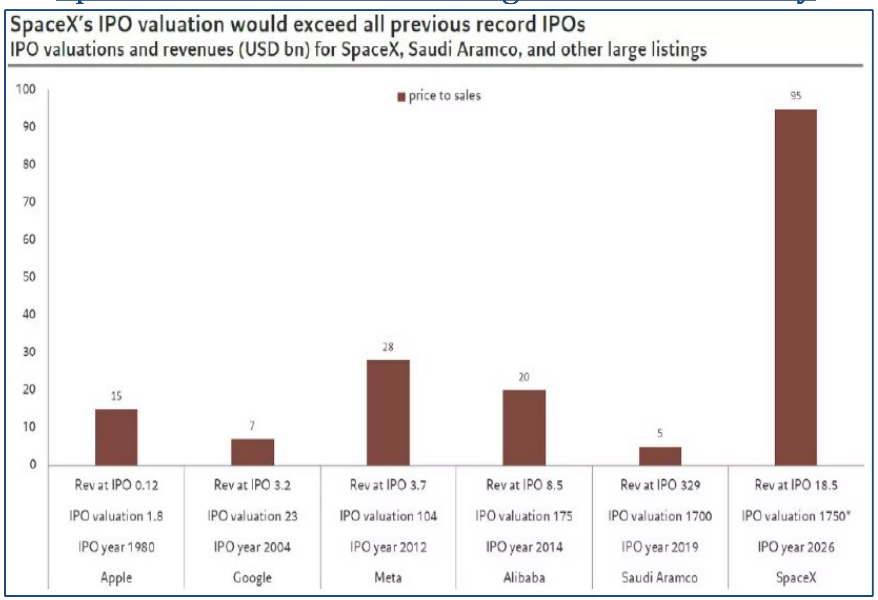
9. Thematic : SpaceX, The Most Expensive IPO in History

- Founded in 2002 at $0.02bn, SpaceX reached $1.5 trillion entirely in private markets. It listed on June 12th at $1.75 trillion, roughly 95x its 2025 revenues. Saudi Aramco, the previous record holder, listed at 5x sales.

- Only 4% of shares were available on day one, the offering was four times oversubscribed, and the stock closed up +19%. Scarcity drove the opening price, not fundamentals.

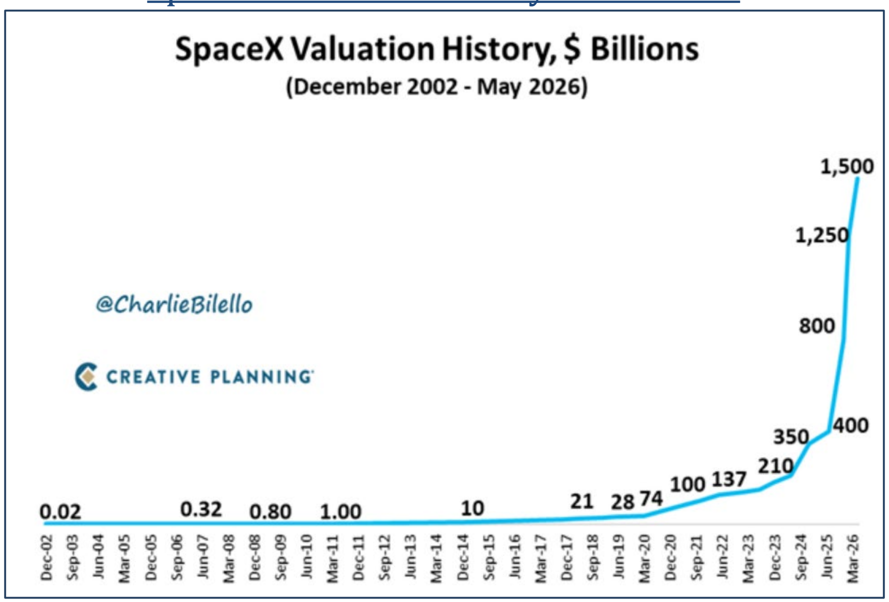
- One business carries the entire financial case: Starlink, generating more than 100% of SpaceX's EBITDA on $11bn of revenue. Launch vehicles and xAI remain loss-making.

SpaceX Valuation vs. the Largest IPOs in History



Source: Factset, Pictet Trading Strategy

SpaceX Valuation History 2002–2026



Source: Charlie Bilello

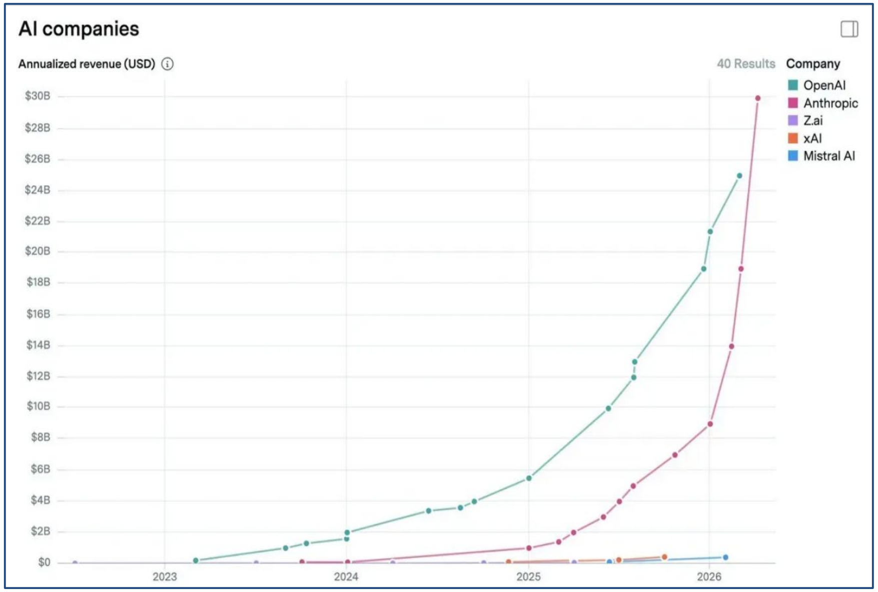
9. Thematic : OpenAI & Anthropic

- Both OpenAI and Anthropic filed confidential S-1s in early June 2026. OpenAI targets end of 2026 at a valuation of $850bn to $1 trillion, Anthropic follows in October at around $960bn.

- OpenAI projects $14bn in losses for 2026, with breakeven pushed to 2030. The company has spent heavily on compute with profitability as a secondary concern for now.

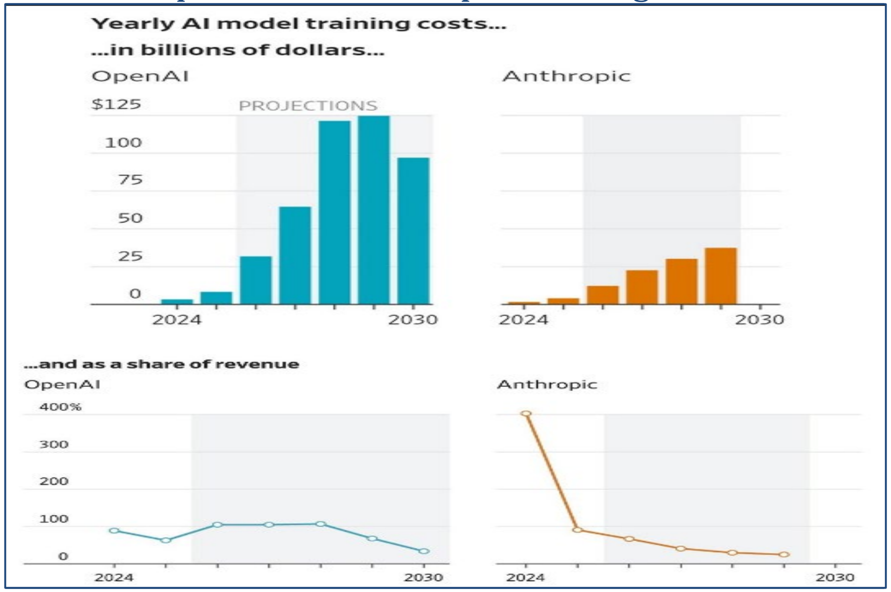
- Anthropic is projected to post its first quarterly operating profit of $559m in Q2 2026. The cost of running its AI models has dropped significantly, and free cash flow positive is targeted by 2027. Two companies with two different approaches.

Revenue of major AI Companies



Source: Epoch AI

OpenAI and Anthropic Training costs



Source: The Wall Street Journal

9. Thematic : What History Says

- Among major IPOs of the past 15 years, the median one-year return stands at -31%, with a median maximum drawdown of -53% from first close. A few exceptions like Palantir, Arm, posted strong gains. The rest tells another story.

- Companies tend to go public when markets are up, sentiment is high and investors are willing to pay premium prices. History suggests this is often not the best entry point for public investors.

- The opening day price means little. What matters is what happens three to six months later, when the excitement fades and the first earnings reports force a reality check.

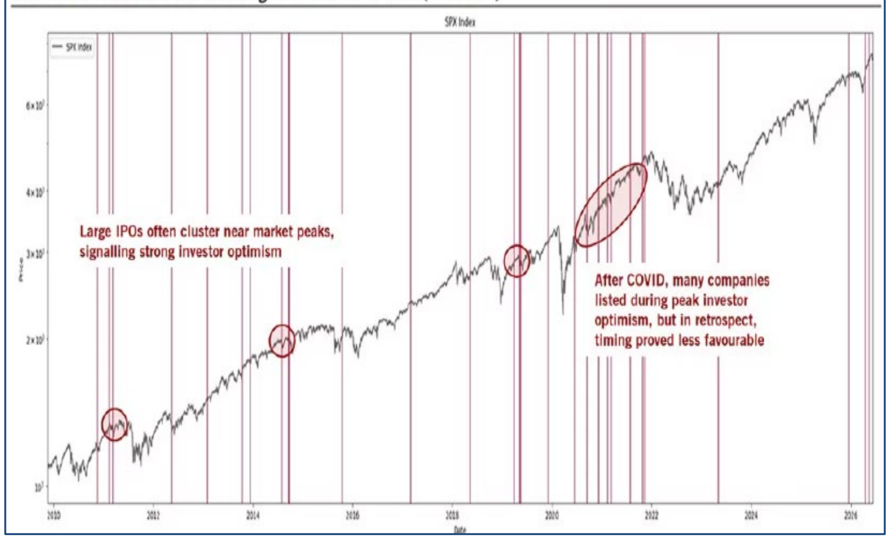
Performance of Major IPOs

Major IPOs in Last 15 Years (1-Year Returns and Max Drawdowns vs. First Close)							
Symbol	Company	IPO Date	First Close Price	1-Yr Low Price	Price 1-Yr Later	% Return (1-Year)	Max Drawdown vs. First Close (1-Year)
PLTR	Palantir	9/30/2020	$9.5	$9.0	$24.0	153%	-5%
ABNB	Airbnb	12/10/2020	$144.7	$124.8	$180.4	25%	-14%
ARM	Arm Holdings	9/13/2023	$63.6	$47.9	$143.3	125%	-25%
SNOW	Snowflake	9/16/2020	$253.9	$188.2	$323.5	27%	-26%
SPOT	Spotify Technology	4/3/2018	$149.0	$106.8	$143.8	-3%	-28%
TWTR	Twitter	11/7/2013	$44.9	$31.9	$41.1	-8%	-29%
DBX	Dropbox	3/23/2018	$28.5	$19.4	$21.7	-24%	-32%
CART	Maplebear (Instacart)	9/19/2023	$33.7	$22.4	$41.8	24%	-33%
BABA	Alibaba	9/19/2014	$89.2	$57.8	$62.4	-30%	-35%
DASH	DoorDash	12/9/2020	$189.5	$113.0	$164.9	-13%	-40%
RBLX	Roblox	3/10/2021	$69.5	$41.3	$41.5	-40%	-41%
LCID	Lucid	7/26/2021	$268.3	$138.6	$180.9	-33%	-48%
SNAP	Snap	3/2/2017	$24.5	$11.8	$18.0	-26%	-52%
META	Facebook (Meta)	5/18/2012	$37.9	$17.6	$26.0	-31%	-54%
COIN	Coinbase	4/14/2021	$328.3	$147.3	$147.3	-55%	-55%
PINS	Pinterest	4/18/2019	$24.4	$10.9	$17.5	-28%	-55%
UBER	Uber Technologies	5/10/2019	$41.6	$14.8	$32.8	-21%	-64%
CPNG	Coupang	3/11/2021	$49.3	$17.4	$17.4	-65%	-65%
PATH	UiPath	4/21/2021	$69.0	$18.0	$18.0	-74%	-74%
SOFI	SoFi	6/1/2021	$22.7	$5.3	$7.1	-69%	-77%
BMBL	Bumble	2/11/2021	$70.3	$16.2	$30.4	-57%	-77%
LYFT	Lyft	3/29/2019	$78.3	$16.1	$27.6	-65%	-79%
RIVN	Rivian Automotive	11/10/2021	$100.7	$20.6	$33.0	-67%	-80%
HOOD	Robinhood	7/29/2021	$34.8	$6.9	$9.1	-74%	-80%
FIG*	Figma*	7/31/2025	$115.5	$16.9	$18.9	-84%	-85%
DIDI	DiDi Global	6/29/2021	$14.1	$1.4	$3.0	-79%	-90%
	Median Returns/Drawdowns					-31%	-53%

Source: Factset, Pictet Trading Strategy

S&P 500 with IPOs Raising Over $2bn

Large IPOs often coincide with periods of strong equity market momentum
S&P 500 Index with IPOs raising over USD 2 billion (red bars)



Source: Pictet Trading Strategy

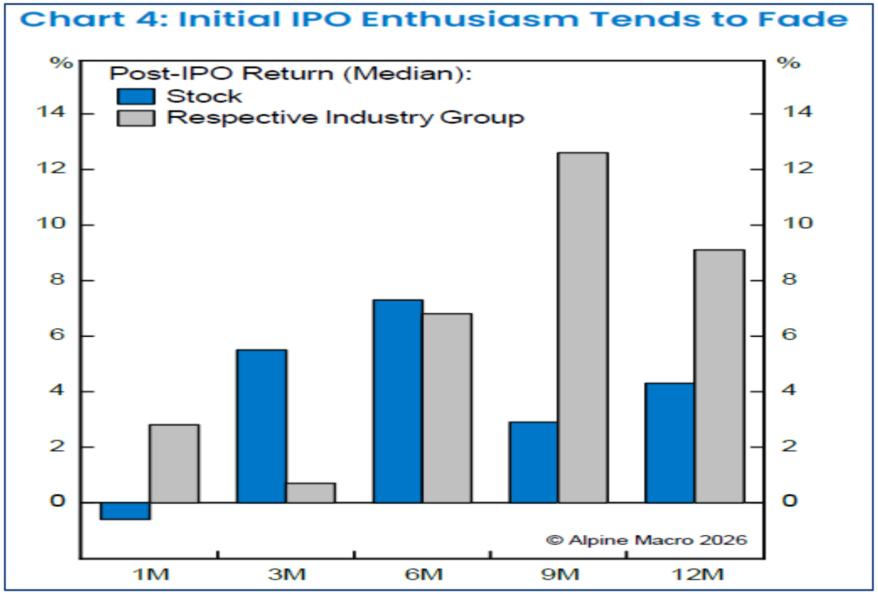
9. Thematic : Euphoria First, Reality Later

- The first weeks tend to be euphoric. Limited share availability, index inclusion and retail momentum push prices up in a way that has historically had little to do with fundamentals.

- Then the picture shifts. As lock-up periods expire, insiders and early investors can finally sell. New supply hits the market and enthusiasm fades.

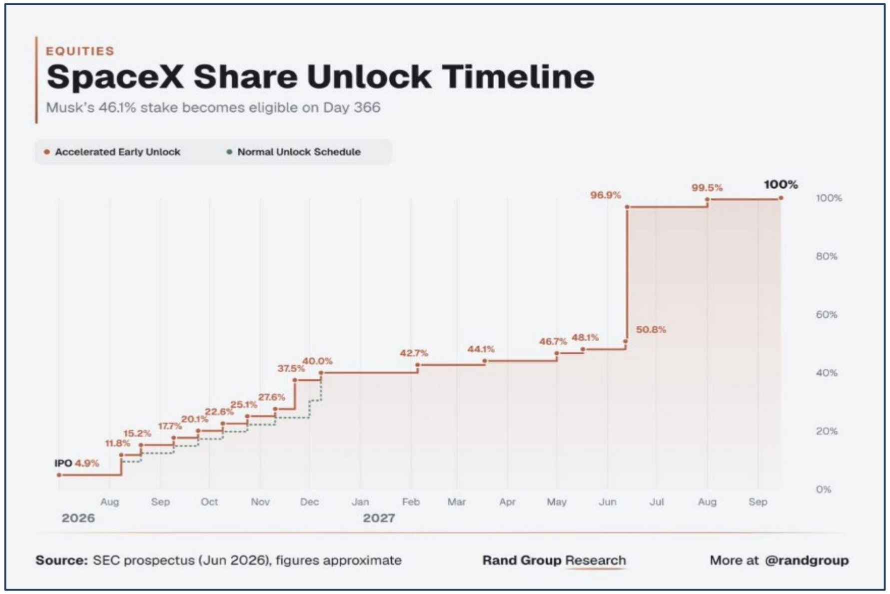
- History shows that post-IPO underperformance is ultimately about valuation. Companies tend to be priced for perfection on day one, and the first earnings reports reveal the gap between expectations and reality.

Price Evolution Post-IPO



Source: Alpine Macro

Staggered Lock-Up Expirations



Source: SEC prospectus, Rand Group Research

9. Thematic : Key Takeaways

- 2026 is not a broad IPO revival. It is a concentration of capital around SpaceX, OpenAI and Anthropic that together could raise more than all US listings since 2022.

- These three companies have already raised billions privately before listing. While fresh capital remains a stated objective, the IPO also represents a first opportunity for founders and early investors to access some liquidity after years of holding illiquid stakes.

- Beyond the US, Hong Kong's IPO market is quietly staging its own revival, broader and more diversified, and a reminder that the global race for AI capital extends well beyond three American companies.

- Behind the excitement, the pattern has historically been familiar: euphoric first weeks driven by scarcity and index inclusion, followed by a reality check when lock-ups expire and earnings reports arrive. History suggests patience rewards more than enthusiasm on day one.

- These three IPOs bring major names in AI to public markets. Whether the valuations are right is what the next few quarters will tell us.

- Three things to watch: SpaceX performance for a quarter as a market barometer, SEC outcomes for OpenAI and Anthropic S-1s, and the first earnings reports from all three: that is when the real story begins.

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