

PROBUS ·  PLEION

Monthly Newsletter

March 2026

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Editorial

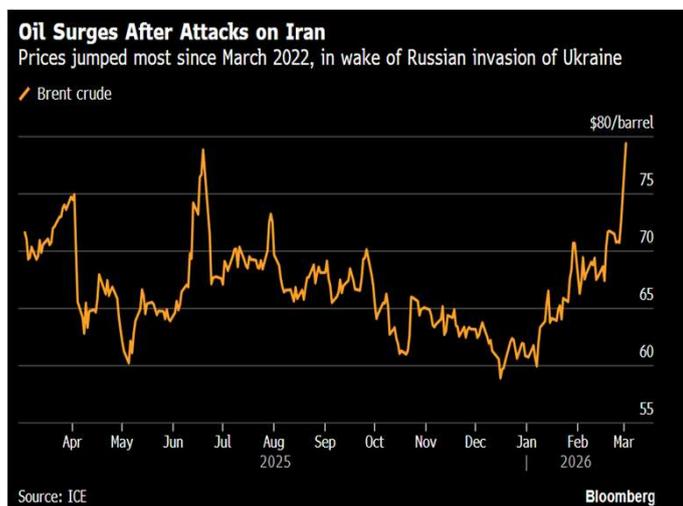
And now it's Iran's turn

The epilogue to a conflict that has lasted 47 years?

For the second time in two months, Donald Trump is shaking up global geopolitics, this time with the support of his unwavering ally Israel. If the Venezuelan operation was just an “appetizer,” this time we are really talking about the “main course.” In terms of its impact on global geopolitics, there is no comparison, as the implications are numerous and potentially major. At this stage, all scenarios are still open, from a rapid collapse of the regime in place since 1979 to a major and lasting conflagration throughout the Middle East.

Given the large number of missiles and drones launched by Iran at the start of its retaliation, it can be assumed that the option of a gradual response was not favored and that the Iranian army chose to involve all of its neighbors from the outset. If this proves to be the case over time, the aim of this strategy will have been to get the Gulf countries, some of which did not expect to be targeted, to put pressure on the US to quickly halt its operations.

The price of Brent crude oil over the past year



The blockade of the Hormuz Strait causes oil prices to surge

Without actually controlling the Strait of Hormuz in its entirety, the Iranian army only had to threaten tankers attempting to “force” their way through and torpedo three of them for the entire fleet in the region to come to a complete standstill. As a result, nearly 20% of the world's supply is currently unavailable, which could, in the event of a blockage lasting several weeks, push the price of oil to levels that would be dangerous for global growth.

The market had partially priced in the current scenario

Before the outbreak of the conflict and for two months prior, oil prices had been trending upward, even though supply remained in excess. A return to the mean after a sharp decline in 2025 and a rebound in operators' very weak positioning on this asset may explain part of the rise in prices.

However, it was mainly the rise in tensions between the main belligerents since the Iranian regime's bloody crackdown on street protests that forced the market to factor in this possibility. According to the latest news, the US is talking about four weeks for its operations, but the outcome remains uncertain.

What consequences can we expect for the markets?

Control of the Strait of Hormuz, to prevent a sustained spike in oil prices, will remain a key factor in the conflict for financial markets. Brent crude above \$90/95 will be a threshold that cannot be crossed for long, at the risk of seeing a marked slowdown in the global economy.



Kim Muller
CIO (Switzerland)



Assessment of the economic situation

The positive economic figures published recently could well be revised downward in the event of a prolonged conflict in the Middle East. Oil prices are rising, as is the overall level of uncertainty.

US GDP growth slows in Q4, but there is a reason to it

After a particularly strong third quarter, with growth of 4.4%, US GDP was expected to rise more moderately in the last quarter of the year, to around 2.4%. When the figure of 1.4% was announced, there was a brief sense of disappointment until it became clear that the government's contribution to GDP was the main factor holding back overall growth.

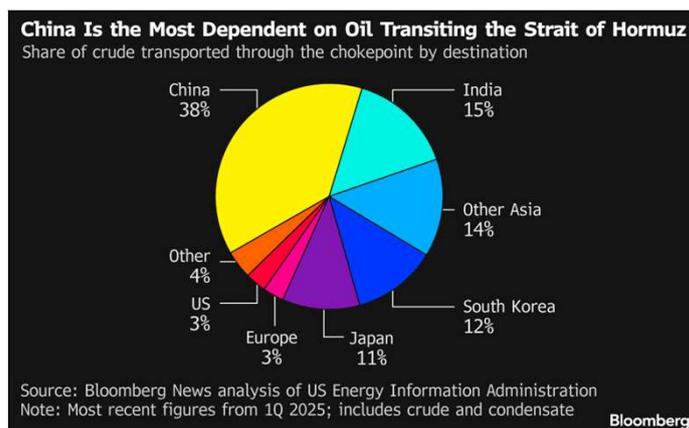
At -0.9%, the market quickly realized that the effects of the record 43-day shutdown that began on October 1, 2025 had effectively "shaved" nearly 1% off economic growth, much of which could not be "recovered." For Q1 of this year, the recovery began with expectations of around 3.1%, but this figure, produced before the attack on Iran, could decline significantly if the conflict were to continue.



Source: Bloomberg

The blockade of the Strait of Hormuz mainly affects China

Not all countries are equally vulnerable to the risk of a prolonged blockade of the Strait of Hormuz. China consumes 38% of the flow from this region, and Asia accounts for 90% of the demand supplied by this waterway. Obviously, if a blockade were to persist, demand from these countries would shift toward the remaining supply, inevitably depriving the rest of the world of part of its supply. Some analysts conclude that the US, which is largely self-sufficient in oil, might not be unhappy to see China's supply partially "rationed" for a certain period. On the other hand, a surge in gasoline prices in the US would be very damaging to Donald Trump's mid-term campaign.

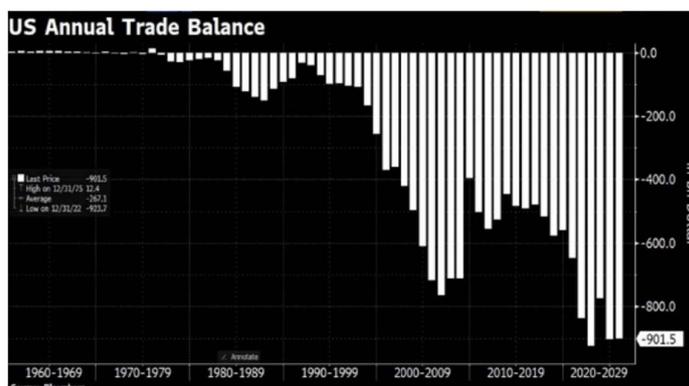


Source: Bloomberg News analysis of US Energy Information Administration
Note: Most recent figures from 1Q 2025; includes crude and condensate

Bloomberg

US trade deficit stable in 2025, despite tariffs

Despite an unprecedented wave of tariffs being introduced, each intended to fill federal coffers but also to curb the competitiveness of all imported goods, the US trade deficit remained stable in 2025 compared to 2024. At \$901.5 billion, this total is only 0.2% lower than the previous year, even though China has significantly reduced its trade surplus. In the wake of this, other countries such as Mexico and South Korea have rushed in to meet the insatiable demand of the US economy.



Source: Bloomberg

What about the SNB's monetary policy?

The Swiss National Bank (SNB) confirmed a final net profit of CHF 26.1 billion for the 2025 financial year as a whole, compared with a gain of CHF 80.7 billion in 2024. More interestingly, its gold reserves of 1,040 tons saw their value increase by CHF 36.3 billion, while its foreign currency positions generated a loss of CHF 8.8 billion. Finally, foreign exchange losses alone amounted to CHF 53.1 billion, mainly due to the sharp decline in the US dollar in 2025. This profit will enable the payment of CHF 4 billion, with one-third going to the Confederation and two-thirds to the cantons.



Financial markets during the month

Beneath its calm exterior, the S&P 500 hides massive sector rotations. AI is seen as a threat to software, but also to intermediation in the broadest sense. Private debt is worrying the market.

The potential threat of AI causes the software sector to crash

Like Microsoft's share price, which has been under severe pressure for several months, the entire software sector has seen a significant number of sell-offs. The old US market adage of “shoot first and then ask questions” is in full swing, bringing certain relative valuations (compared to the market as a whole) to levels not seen in over a decade. So much so that Coca-Cola's valuation multiple for 2026 is higher than Microsoft's, despite expected growth that is three times lower.

For another well-known player in the industry, software publisher Adobe, its valuation multiple is lower than its expected growth rate for the next two years. So is this a justified punishment or a major investment opportunity? Probably a bit of both, because it is undeniable that in the medium term, AI will redefine the future of many players in the sector, without necessarily spelling the end for most of them.

Private debt is causing concern and putting pressure on the sector

On February 18, Blue Owl Capital, one of the heavyweights in the private debt sector, suspended redemptions in Blue Owl Capital Corp II, a retail-focused private credit vehicle that offered quarterly liquidity. This is one of the first real stress tests for the much-promised “democratization” of private credit.

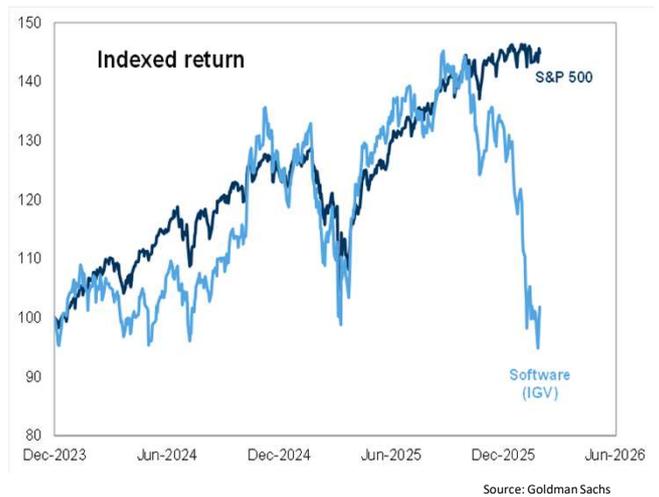
The decision to suspend redemptions, while repaying capital over time, has shaken not only one fund, but also confidence in a \$1.8 trillion market. However, this episode is not a scandal, but rather a structural revelation. The illiquidity premium that characterizes private credit only exists if investors agree to be illiquid. Retail investors, by their nature and temperament, do not accept this. Ultimately, the question was not whether, but when this painful reminder would come.

Cocoa, back to square one

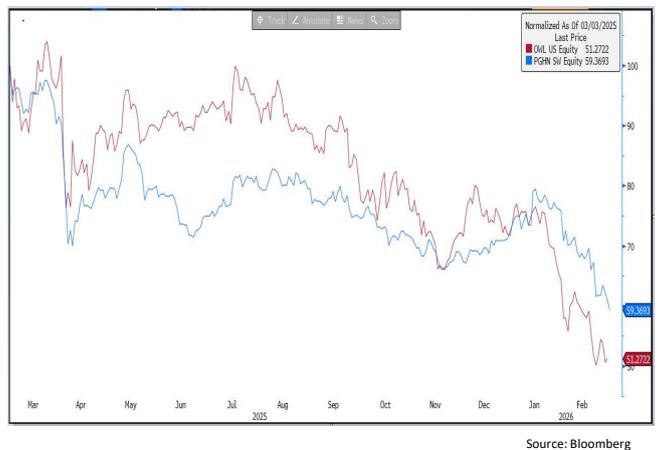
This coveted (and delicious!) raw material made headlines in the markets in 2024, with its value tripling in the space of a few months. All chocolate lovers watched its rise closely and wondered whether they would still be able to afford this delicacy, which had become a luxury product. Behind this meteoric rise, “experts” of all stripes offered us a variety of explanations, ranging from demand deemed virtually unstoppable, poor harvests over several years, difficulties in increasing production, and rampant speculation.

Everything was in place for cocoa to become accessible only to a wealthy minority. It must be noted that after a drop of nearly 50% in 2025, followed by a second drop of 50% in 2026 (!), the price of cocoa has fallen fourfold since its peak and is back to the levels of three years ago. Long live chocolate!

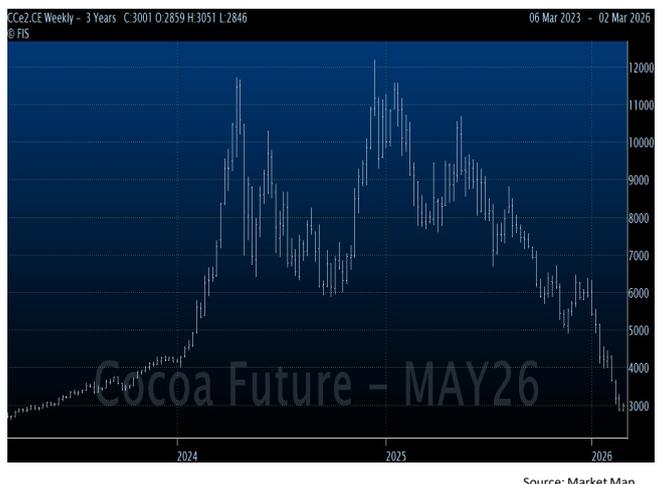
The ETF (IGV) Software US and the S&P 500 since 2024



Blue Owl and Partners Group share price over 12 months



Cocoa price over 3 years





Our convictions

	Least attractive	Unattractive	Neutral	Attractive	Very Attractive	Comments
Equities		●				The Mag 7 fatigue weighs on the market
				●		Favor Industrials
				●		The new 15% US tariffs support exports
			●	○		Overbought market sensitive to oil price
			●			Current consolidation ready to end?
			●			India is sensitive to oil price
Fixed Income				●		Favor 3-5 y maturities in EUR, 2-3 y in USD
		●				Risk / return unattractive
		●				Avoid French government debt
		●				Credit spreads are unattractive
				●		US rate cuts are supportive
				●		
Alternatives			●			Consolidation in place, buy on dips
				●		Favor industrial metals
		●	○			Swiss residential real estate (very) richly valued
			●			

● Current conviction ○ Previous conviction

Forex					
EURUSD	EURCHF	EURGBP	USDCHF	USDJPY	GBPUSD
↓	↓	→	↑	↑	↓

Comments on investment decisions

The geopolitical chaos orchestrated by Donald Trump is back in full swing after the attack on Iran on February 28. Oil prices are skyrocketing, while the medium-term consequences of the US military operation remain unclear.

Equities

Our wait-and-see stance on this asset class has “unfortunately” proven justified following the outbreak of hostilities in Iran. In the short term, markets will remain focused on energy prices, while scrutinizing every bit of news coming out of the region or the Pentagon.

The magnitude of the rise in oil or gas prices will matter less than the duration of the price surge. If the conflict lasts only a few weeks, it will be time to increase exposure to equities. Otherwise, a protracted conflict will force us to further reduce our risk exposure to this asset.

Bonds

While private debt caused some turbulence in the banking sector, it was mainly specialized players who saw their prices come under pressure. For public market debt, the trend was toward a slight decline in yields, before soaring energy prices reversed the movement.

When the attack was announced, bond prices initially rose (as investors sought safe-haven assets), before falling on inflation fears. We are sticking with short and medium durations to avoid volatility.

Precious metals, listed real estate (REITs)

Despite an extraordinarily volatile end to January, precious metals once again delivered a strong monthly performance, buoyed by bargain hunting and some geopolitical risk hedging as the US threat to Iran materialized.

Against this backdrop, we are maintaining our position in physical gold. In residential real estate, we have cut our position in Vonovia, taking advantage of this year's rebound, but also to reduce portfolio volatility. We have also reduced Swiss real estate, as valuations are (very) high.

Currencies

The Swiss franc once again stood out, strengthening against both the dollar and the euro. Against the single currency, the exchange rate broke through a new floor, falling below 0.91 in the EUR/CHF pair. The US dollar continued to fall until the end of the month, before recovering in early March in the wake of the conflict in Iran.

At this stage, its correlation with the price of oil is positive, with the market anticipating increased demand for dollars from oil-importing countries as the price rises.



Performance summary

Equity performance

Equity Indices	Last	1m Return (%)	YTD Return (%)	1y Return (%)
SWISS MARKET INDEX	14014	6.3	5.6	7.8
STXE 600 (EUR) Pr	633.9	3.7	6.9	13.8
CAC 40 INDEX	8581	5.6	5.1	5.8
DAX INDEX	25284	3.0	3.2	12.1
FTSE 100 INDEX	10911	6.7	9.8	23.8
Euro Stoxx 50 Pr	6138	3.2	5.9	12.4
DOW JONES INDUS. AVG	48978	0.2	1.3	11.7
S&P 500 INDEX	6879	-0.9	-0.3	15.5
NASDAQ COMPOSITE	22668	-3.4	-3.2	20.3
RUSSELL 2000 INDEX	2632	0.7	5.3	21.7
TOPIX INDEX (TOKYO)	3939	10.4	15.5	46.9
FTSE CHINA A50	14630	-2.3	-4.4	10.6
Global Index	1056.76	1.2	3.6	22.5

Performance of bonds, currencies and commodities

Fixed Income Indices	Last	1m Return (%)	YTD Return (%)	1y Return (%)
SBI AAA-BBB	140.3	0.6	1.4	2.1
Euro-Aggregate	251.6	1.2	1.9	2.5
U.S. Aggregate	2389.9	1.6	1.6	6.3
Global Aggregate	511.6	1.1	2.0	8.2

Currency	Last	1m Change (%)	YTD Return (%)	1y Return (%)
CHF	0.769	-0.5	-2.8	-14.8
EUR	1.181	-0.3	0.5	13.9
DXY	97.61	0.6	-0.6	-9.3
GBP	1.348	-1.5	0.1	7.2
JPY	156,050	0.8	-0.2	3.6
CNY	6,862	-1.4	-1.9	-5.7
CAD	1.364	0.2	-0.4	-5.7
AUD	0.712	2.2	6.3	14.6
BRL	5.125	-2.6	0.0	-12.9
INR	90.979	1.3	1.3	4.0
MXN	17.227	-1.3	-4.3	-16.2
EURCHF	0.909	-0.9	-2.4	-3.0

Commodity	Last	1m Change (%)	YTD Return (%)	1y Return (%)
Gold	5279	7.9	21.6	84.7
Silver	93.79	10.1	22.9	201.1
WTI	67.02	2.8	15.7	-3.9
Copper	600.45	1.4	3.9	33.0
Industrial Metals	171.55	-0.3	4.2	18.2
Agriculture	54.57	2.8	1.4	-5.9

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