PROBUS PLEION

Monthly Newsletter

September 2026

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Editorial

Everything we don’t see …

Guidance has become king

On August 12th, millions of people looked up at the sky to watch the first total solar eclipse since 1999. The event had been awaited for years, its path calculated to the second, its outcome never in doubt. Everyone knew what was coming, and yet everyone wanted to watch. A few days later, investors repeated the same ritual when Nvidia released its earnings. The company reported quarterly revenue of $96.2 billion, up 106% year-on-year. Normally, such figures would have triggered widespread euphoria, but in today’s environment of stretched valuations, being excellent is no longer enough: tomorrow must be even better than today. The market no longer prices just what a company earns, but what it hopes the company will earn, and sometimes, by extension, what it thinks other investors are hoping for.

The markets’ blind spot …

Source: AI

Similarly, two days later, Kevin Warsh used a strikingly similar phrase at Jackson Hole to describe the relationship between the Fed and markets: a "hall of mirrors", where each ends up watching the other's reflection.

Meanwhile, on August 26th, far from the trading floors, a glacier more than 5,000 metres up near the border between Nepal and Tibet suddenly collapsed. A massive chunk of ice fell some 1,200 metres before triggering a disaster in the valley below.

The break was sudden. Its build-up was not.

Markets sometimes work the same way. Artificial intelligence remains, without doubt, one of the great revolutions of our time, but its development demands enormous capital, and the lines between suppliers, customers and financiers are increasingly blurred. Nvidia is investing in its own ecosystem and now taking part in financing initiatives designed to accelerate AI infrastructure. None of this means the AI revolution is a bubble about to burst, sales, profits and demand are all very real. But that is precisely the trouble with cracks: as long as they stay under the ice, no one sees them.

What consequences can we expect for the markets?

The market had priced in Nvidia almost to the dollar; it was, however, less prepared for the Warsh crack. This month's lesson: implied volatility may show up on the calendar, but real risk is measured elsewhere. Stay invested, but keep an eye on what hasn't made the headlines yet.

Julien MALET

Portfolio Manager

Assessment of the economic situation

US jobs growth is slowing, AI promises a productivity shock, and Warsh is toughening his tone: the Fed now favours fighting inflation over "forward guidance".

Is the US labour market starting to crack?

Last month's letter still described a resilient US labour market. The report published in early August changed the tone: the US economy shed 23,000 non-farm jobs in July, with unemployment holding at 4.1%. The losses were concentrated in local public education and retail, while healthcare kept adding jobs. A single monthly figure isn't enough to call a turning point, and Kevin Warsh himself still considers this market consistent with full employment. But this weakness comes as companies pour massive investment into AI to boost productivity. For a private investor, the question becomes almost one of wealth planning: holding exposure to the companies capturing these productivity gains could serve as a hedge against this shift.

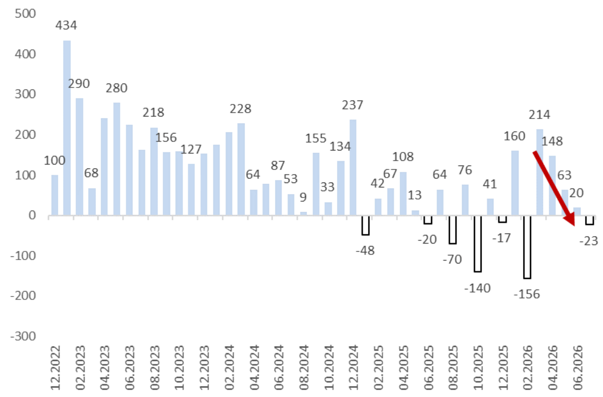
Oil stays under pressure, caught between geopolitical risk and hopes of normalisation

After a particularly volatile August, WTI turned higher again to finish around 86$, driven by renewed tensions between the United States and Iran and fresh threats to traffic through the Strait of Hormuz. Hopes of de-escalation regularly triggered pullbacks, but supply remains constrained (*chart 2 showing the number of ships crossing the strait*) and global inventories keep shrinking. In the short term, the bias remains bullish and highly dependent on how the Hormuz situation evolves. Conversely, a normalisation of traffic would allow oil to fall back below 80$, in line with the pricing of futures contracts for year-end.

The Fed wants to watch the market less… and be watched less in return

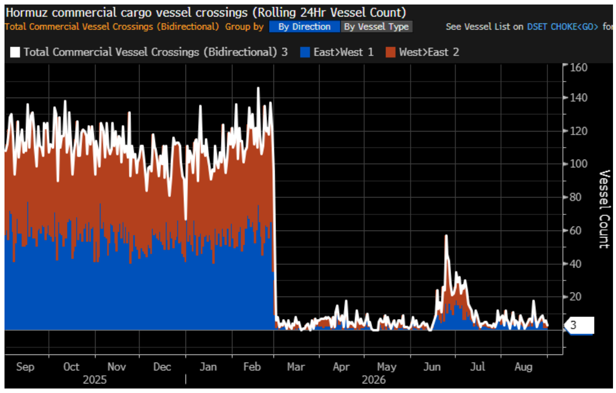
Kevin Warsh used his first Jackson Hole speech to confirm a break with past communication habits. "forward guidance", put in place after 2008, has, in his view, "outlived its usefulness": the Fed must preserve its freedom and avoid letting every word turn into a promise. The message on inflation, however, was unambiguous: PCE is running at 3.7% year-on-year and 4.1% annualised over six months, well above the 2% target. The Fed therefore has little reason to declare victory (*chart 3 showing the repricing of a possible September rate hike, from 44% mid-month to 66%).*

US Job Creation (non-farm)



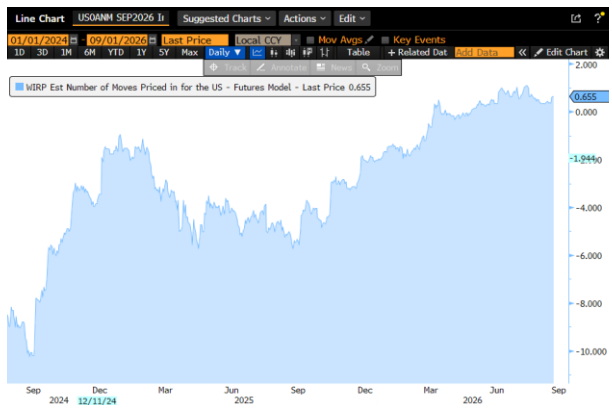
Source: Bloomberg

Strait of Hormuz still "at a standstill"



Source: Bloomberg

Heading toward a September rate hike in the US?



Source: Bloomberg

What about the SNB's monetary policy?

August reinforced the SNB's "lower for longer" message. With a current policy rate of 0% and a 94% probability of no change at the September meeting, Switzerland offers the cheapest funding currency among major developed economies. As a result, some investors are even starting to view the franc as an alternative to the yen for their carry trade operations. The phenomenon remains embryonic but could explain the franc's recent pullback against the euro and dollar, a development that is rather welcome for the SNB and exporters.

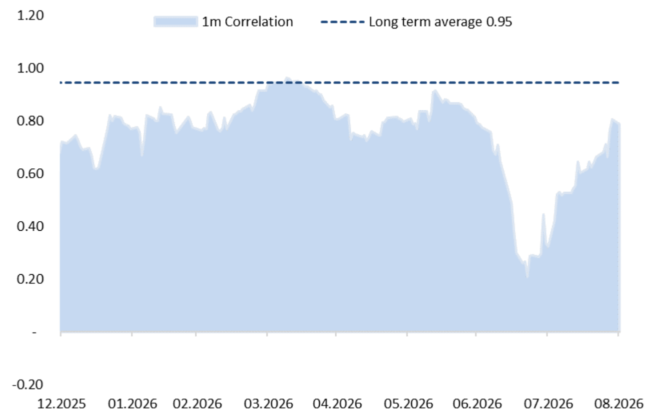
Financial markets during the month

US headline indices stayed well-oriented in August, but their performance masks considerable dispersion between stocks and sectors. Meanwhile, long-term US rates (and not only US ones) returned to levels not seen in twenty years.

The S&P 500 rises. US stocks, less so

Talking about "US stocks" as a homogeneous group is increasingly misleading: August 27th was almost a caricature of that. In the wake of Nvidia's results, the S&P 500 gained about 0.7%, while Nvidia jumped 8.7%. But only 155 500 stocks among the index rose during the session, and ten of the eleven sectors closed in the red. The current concentration of cap-weighted indices means a handful of stocks is enough to shape the perception of an entire session. In tech's wake, the industrials sector has quietly become one of the index's most expensive, at a P/E of around 25x, driven by "physical" AI (data centre infrastructure, power distribution…) and the surge in global defence budgets. Europe, for its part, continues to benefit from solid earnings growth, with 24% earnings growth for the STOXX 600 in the 2nd quarter, while valuations remain less stretched than in the United States.

Correlation between S&P 500 and S&P 500 Equal Weight

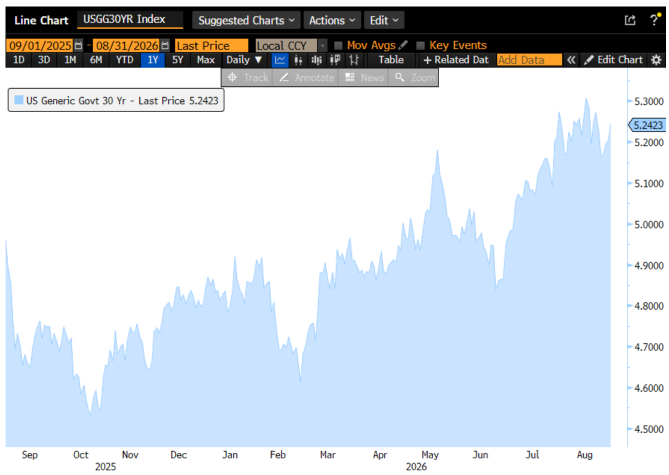


Source: Bloomberg

When "risk-free" pays more than 5%

The rise in long-term rates, which began in July, continued in August despite the Treasury's announcement that it would double its buyback operations on the long end. The impact on rate levels stayed limited given the structural pressures from deficits and inflation. The US 30-year broke through 5.3% during the month, its highest level since 2007. These levels bring back a basic allocation question: why accept the volatility of a stock, the credit risk of High Yield or the illiquidity of a private asset, when a US sovereign bond offers more than 5% nominal? Elsewhere, the ECB keeps a "hawkish bias, with the market now priceing in a 100% probability of a rate hike in September. The BoJ continues its normalisation cycle, with another rate hike also possible in September (66% probability). The bond market is thus becoming far more selective: return potential remains attractive, but duration is no longer a one-size-fits-all bet.

US 30-Year Yield Since 2006



Source: Bloomberg

Gold and Bitcoin rally: the return of the "debasement trade"

The tensions at the long end of the curve we just discussed have revived the debate over debt sustainability and the future value of money. Gold and Bitcoin both benefited: the former gaining 15% and the latter 24% (>$80,000) during the month (as of 25.08.26). The two assets are profoundly different but share one common trait: their supply cannot be discretionarily increased to fund a public deficit. The growing intervention of authorities in the bond market, notably the doubling of long-term Treasuries buybacks, reinforces this view: if rates can no longer fully reflect fiscal imbalances, it may be the currency that has to absorb part of the adjustment. As a result, both assets increasingly serve as a store of value against the risk of currency debasement.

Gold's Rebound, Distrust in the Dollar

Source: Bloomberg

Our convictions

		Least attractive	Unattractive	Neutral	Attractive	Very Attractive	Comments
Equities	US Equities				●		Strong dispersion. Large caps favored
	EU Equities				●		Trend remains favorable
	Swiss Equities				●		The franc continues to support competitiveness
	Japan Equities				●		Yen remains attractive, but inflation is a rising risk
	China Equities			●	○		Disappointing market despite attractive valuations
	Asia ex-Japan & China			●			Korea's overbought position finally neutralized
Fixed Income	Cash & short term debt					●	Favor short-duration bonds (~2–3 years)
	US long term debt		●				Still risky despite 30Y yields at ~20-year highs
	EU long term debt		●				France: Election risk
	High Yield US & EU		●				Credit spreads offer little value
	Emerging debt local currency					●	Favor diversified funds
	Emerging debt hard currency			●			Sovereign spread at ~180bps but USD risk
Alternatives	Precious metals & gold miners				●		Long-term trend remains bullish
	Commodities				●		Oil = hedge against political risk
	REITs (EU + CH)		●				Swiss residential property looks richly valued
	Private Markets			●			Beware private debt

● Current conviction ○ Previous conviction

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

Comments on investment decisions

The strong dispersion in the US market has led us to favour cap-weighted indices once again. High long-term rates keep us cautious on duration, while the rally in gold and crypto assets reinforces the appeal of scarce assets.

Equities

US market dispersion widened further in August. We reduced our technology underweight by rotating part of the equal-weighted S&P 500 into the Nasdaq, along with purchases in semiconductors. Faced with renewed US-Iran tensions, we put in place an energy hedge.

Bonds

The persistent rise in long-term US yields confirms our caution on duration. A sovereign yield above 5% seriously competes with risk assets, but must be assessed in real terms once inflation is factored in. The Treasury's announced doubling of long-bond buybacks does nothing to resolve the structural question of deficits. We retain our preference for short to intermediate maturities.

Precious metals, listed real estate (REITs)

After July's consolidation, gold has found a markedly more favourable dynamic, against a backdrop of distrust in the US fiscal trajectory. Should it pull back below 4,200 we would increase our exposure to mining companies. European real estate REITs remain just as volatile and prompt caution for now.

Currencies

The Swiss franc was one of the most interesting currencies of the month. With a 0% policy rate, lower than Japan's, it is starting to attract investors looking for a new funding currency for their carry trade operations, rather welcome for the SNB and exporters, but likely to increase the franc's sensitivity to episodes of stress. We remain watchful of EUR/CHF following its recent rebound. The dollar, meanwhile, stays caught between rising yields and debt that shows no sign of resolving.

Performance summary

Equity performance

Equity Indices	Last	1m Return (%)	YTD Return (%)	1y Return (%)
SWISS MARKET INDEX	14286	-0.4	10.8	20.8
STXE 600 (EUR) Pr	651	0.5	12.9	22.1
CAC 40 INDEX	8335	-2.1	4.9	11.6
DAX INDEX	26258	2.5	7.2	9.9
FTSE 100 INDEX	10824	0.2	11.7	21.6
Euro Stoxx 50 Pr	6420	1.0	13.5	23.5
DOW JONES INDUS. AVG	53186	1.5	11.8	18.6
S&P 500 INDEX	7686	2.7	13.1	20.3
NASDAQ COMPOSITE	26371	4.0	13.9	23.6
RUSSELL 2000 INDEX	2956	1.0	20.2	26.6
TOPIX INDEX (TOKYO)	4156	3.8	23.4	38.3
FTSE CHINA A50	14833	0.1	-1.3	1.7
Global Index	1149	2.7	14.6	22.8

Performance of bonds, currencies and commodities

Fixed Income Indices	Last	1m Return (%)	YTD Return (%)	1y Return (%)
SBI AAA-BBB	138	0.1	-0.2	-0.4
Euro-Aggregate	245	-0.5	-0.7	-0.1
U.S. Aggregate	2342	0.4	-0.3	1.9
Global Aggregate	500	0.5	-0.3	0.6

Currency	Last	1m Change (%)	YTD Return (%)	1y Return (%)
CHF	0.81	0.1	2.0	1.0
EUR	1.16	0.8	-1.1	-0.8
DXY	99.43	-0.5	1.1	1.7
GBP	1.35	0.5	0.5	0.0
JPY	159.74	1.5	1.9	8.5
CNY	6.72	-0.5	-3.9	-5.9
CAD	1.39	-1.2	0.9	0.7
AUD	0.72	2.1	7.4	9.4
BRL	5.19	2.2	-5.6	-4.7
INR	95.17	-0.2	5.9	7.9
MXN	17.00	-2.0	-5.6	-8.8
EURCHF	0.94	0.9	0.9	0.2

Commodity	Last	1m Change (%)	YTD Return (%)	1y Return (%)
Gold	4437	9.7	2.7	27.7
Silver	67	15.6	-7.1	63.6
WTI	86	1.3	49.4	34.0
Copper	659	2.0	16.0	45.9
Industrial Metals	180	2.0	10.3	26.4
Agriculture	65	12.4	22.2	17.2

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