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# Monthly Newsletter

April 2026

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## Editorial

### Mr. Trump, do you have a plan?

#### An assault carried out without a clear strategy

More than a month has already passed since the start of the joint military strikes launched by the United States and Israel, and to say the least, confusion reigns. Contradictory messages from the White House are coming in at a breakneck pace, with no clear understanding of the specific objectives.

Between neutralizing Iran’s nuclear weapons—if they ever actually existed—overthrowing the current regime, or purported support for the January protesters, a “strategy” of shifting priorities is the order of the day.

Unsurprisingly, these operations have spread terror and confusion throughout the region, with Iran sparing none of its neighbors in its retaliatory strikes.

The Strait of Hormuz is now under constant scrutiny by financial markets and has become the key factor in the future trajectory of the global economy. As such, after having sparked the current chaos, Donald Trump is suggesting that the strait’s “client” nations now take responsibility for securing it.

#### Iran is not Venezuela...



Source: countercurrents.org

### What is Donald Trump's way out?

While the U.S. president has no qualms about acting unilaterally on the international stage, he remains highly sensitive to his electoral standing. In this regard, polls now overwhelmingly point to a scenario in which Democrats would control Congress, whereas before the conflict began, Republicans were poised to retain their majority in the Senate. In this context, time is working against the president, who could very well declare an “absolute” victory by the end of April and claim that all objectives (which ones?) have been achieved, leaving it up to the international community to repair the considerable damage caused by this conflict.

### Financial markets are resilient, but for how long?

Toward the end of the month, financial markets showed some signs of wanting to rebound, placing slightly more weight on the good news than on the bad.

Although there hasn’t been a true capitulation phase, the most speculative positions have now been liquidated. However, if oil prices were to surge to \$140 or higher in the coming weeks, it would undoubtedly push the markets into a new bear market.

### What consequences can we expect for the markets?

The prospect of a global economy mired in stagflation is gaining momentum, and there is little time left before it becomes a tangible reality. In the meantime, we must avoid drastic measures and remain as flexible as possible. In other words, we must be cautious without panicking.



**Kim Muller**  
CIO (Switzerland)



## Assessment of the economic situation

The sharp rise in energy costs is already affecting inflation figures, but has not yet spread to all goods and services. If this situation persists, the specter of recession could well resurface.

### The surge in energy prices is already reflected in inflation

Unsurprisingly, inflation figures for the eurozone have started to rise again, reaching 2.5% in March. Core inflation—which excludes energy and food—stood at 2.2%, indicating that, at this stage, only costs directly linked to energy have been affected. In the coming months, it is highly likely that the level of core inflation will converge with that of overall inflation, as all economic actors pass on the rise in their costs. In Germany, overall inflation even reached 2.8%, just as private consumption in that country had just begun to pick up.

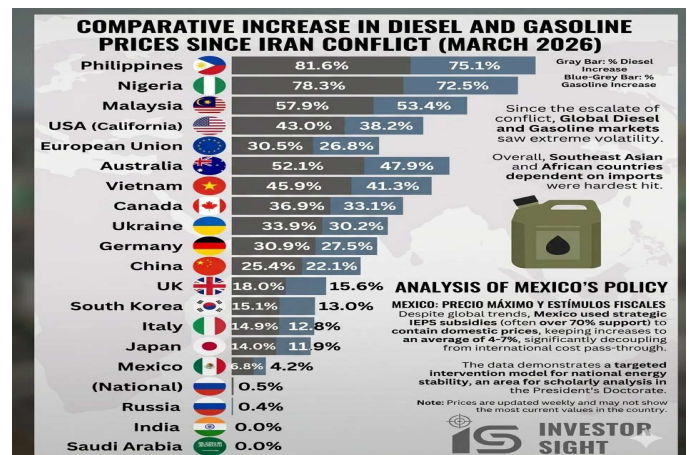
There is no doubt that these developments will force the ECB to react, as the guardian of price stability, but it will need to be careful not to slow growth at the wrong time.



Source: Bloomberg

### Fuel prices have risen the most in Southeast Asia

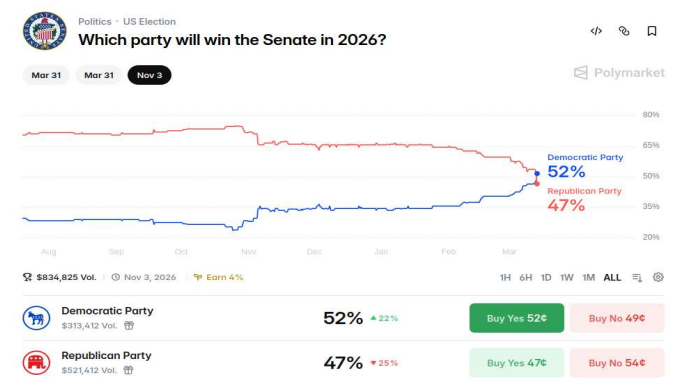
Since the start of the conflict in the Middle East, few countries have avoided a rise in prices at the pump, whether for unleaded gasoline or diesel. The vast majority of consumers have had to adjust to this sudden rise in fuel prices, though some more than others. Generally speaking, and quite logically, countries with high fuel taxes have experienced a smaller percentage increase, but as in the case of European Union countries, the additional cost remains significant. In contrast, some countries such as Saudi Arabia, Russia, Mexico, Japan, and even Italy have decided to absorb the rise in oil prices themselves in order to preserve their citizens' purchasing power and maintain a degree of social stability.



Source: X

### The Republicans are losing control of the Senate

As mentioned in the editorial, shifts in voting intentions for the upcoming U.S. midterm elections remain one of the few factors capable of influencing Donald Trump's decisions. While the Polymarket website—whose primary purpose is to determine the probabilities of various scenarios through betting—may be prone to manipulation, it is nonetheless closely monitored by American politicians and financial markets. Before the conflict, Republican control of the Senate was virtually “guaranteed,” whereas currently the opposite scenario is the prevailing view.



Source: Polymarket

### What about the SNB's monetary policy?

The Swiss National Bank (SNB) was active in the foreign exchange market in March, intervening in the euro/franc pair around the 0.90 level. This level was even briefly breached on the downside on March 9, but the euro subsequently managed to recover and rebound to around 0.92. Regarding the rebound in inflation, the market expects a 0.25% hike in the SNB's key interest rate in 2026, but given the strength of the franc, we do not believe this will happen. We expect the SNB to monitor the ECB's decisions and allow the interest rate differential with the euro to widen further.



## Financial markets during the month

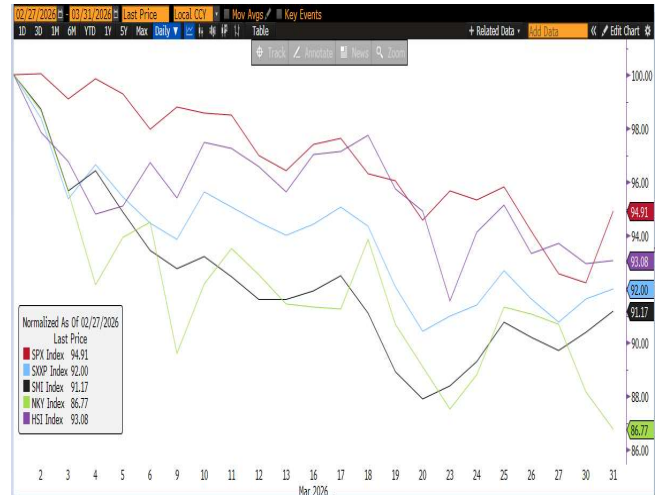
All stock markets suffered significant losses in March, but some managed to hold on to a small portion of their year-to-date gains. Bond yields rose, and gold took a hit. Energy prices are soaring.

### The S&P 500 held up better in March, but not by much

In a period of risk aversion like the one we are currently experiencing, no broad index is holding up in the equity markets. In the early days of the conflict, the U.S. market seemed virtually unaffected by tensions in the Middle East, but by mid-March, it too had succumbed to selling pressure from investors and hedge funds. Amid the current confusion, sector rotations are occurring one after another and changing almost daily.

Over the month, only two fairly clear trends have emerged. The first is that the energy sector is shining brightly, while the second is that all other sectors are suffering, albeit to varying degrees. At the end of this first quarter, few markets remain in positive territory for the year, such as Brazil, Japan, and the United Kingdom. The others are now posting negative performance in 2026, though to a moderate extent, and only the Indian market is showing a double-digit decline, weighed down by its dependence on oil and its currency.

### All major stock indices took a hit



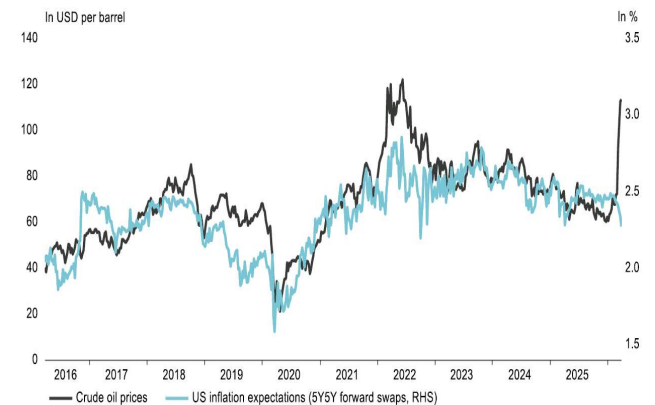
Source: Bloomberg

### Long-term inflation expectations are... falling

This may seem paradoxical at first glance, but there is a certain logic to this latest trend. The blue chart shows 5-year inflation expectations five years from now. In other words, it currently reflects inflation expectations for 2036 as of 2031. Over the period since 2016, there has been a fairly strong positive correlation with the price of oil, but this trend broke down in March. Why? Because with the magnitude of the rise in oil prices and the current state of the global economy, the market is beginning to price in a more pronounced risk of recession than in 2022—a recession that would weigh on inflation and thus offset the inflationary pressure caused by oil prices. This partly explains the relatively muted reaction of long-term bonds. The rise in the 10-year U.S. Treasury yield did occur, but at 4.31%, it is barely 0.06% above the level prevailing 12 months ago.

### LT inflation expectations remain unaffected by oil prices

Long-term inflation expectations have completely decoupled from oil prices, signaling potential recession risks



Source: LSEG, Vortical

### Gold has taken a hit, but remains a major investment asset

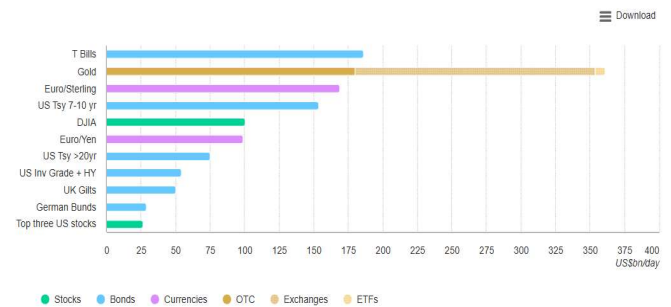
Following an initial correction phase in late January, during which gold partially retraced its near-parabolic rise, a second downtrend emerged in the second half of March, as the price fell below the \$5,000-per-ounce threshold. Net outflows from ETFs were significant, as were certain sales in the physical market by central banks. Turkey appears to have liquidated part of its stockpile, likely to cover certain urgent financing needs.

In our view, this does not call into question the overall underlying trend of central bank purchases, but this phase helps to stabilize the market. Gold is not a “fad” and remains a major asset, as evidenced by the daily volumes of gold traded in all forms—over-the-counter, on the spot market, or through ETFs.

### Daily trading volumes for major assets

Chart 3: Gold trades more than many other major financial assets

Average daily trading volumes for gold and other major asset classes\*



Sources: Bloomberg, BIS, Bundesrepublik Deutschland Finanzagentur GmbH, FINRA, United Kingdom Debt Management Office, World Gold Council;

Source: gold.org



## Our convictions

	Least attractive	Unattractive	Neutral	Attractive	Very Attractive	Comments
Equities	US Equities	○	●			Greater resilience of the U.S. economy
	EU Equities	●		○		Vulnerable to soaring energy prices
	Swiss Equities	●			○	The strong franc remains a burden
	Japan Equities			●		Japanese inflation little affected by oil prices
	China Equities			●		China is staying out of the turmoil
	Asia ex-Japan & China	●		○		India and Southeast Asia are suffering right now
Fixed Income	Cash & short term debt			●		Maturities: 3–5 years for EUR, 2–3 years for USD
	US long term debt	●				Unattractive risk-return ratio
	EU long term debt	●				Avoid French government debt
	High Yield US & EU	●				Unattractive credit spreads
	Emerging debt local currency				●	Focus on diversified funds
	Emerging debt hard currency			●		
Alternatives	Precious metals & gold miners		●			Consolidation underway. Buying on dips
	Commodities			●		A favorable period for the asset class
	REITs (EU + CH)	●				Swiss residential real estate is highly valued
	Private Markets			●		Be cautious about private debt

● Current conviction ○ Previous conviction

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

## Comments on investment decisions

**The geopolitical chaos orchestrated by Donald Trump in the Middle East continues unabated and is driving up energy prices. We are reducing our equity exposure (slightly), but without taking drastic measures or panicking.**

### Equities

Since we had adopted a somewhat defensive stance at the start of the conflict in the Middle East, we did not have to make any drastic cuts to our equity allocation. However, we did rebalance part of our exposure to European and Swiss markets in favor of the U.S. market, due to its lower sensitivity to rising energy prices.

Within our mid-sized portfolios, we cut our exposure to Indian equities, as we do not currently see any factors that could reverse the underperformance that has persisted for several quarters.

### Bonds

In just a few weeks, market expectations have shifted from one to two Fed rate cuts in 2026 to zero cuts. For the ECB, expectations of no change have given way to expectations of two rate hikes, underscoring the bond market's volatility. While short-term yields have risen more sharply than long-term yields, the impact on valuations has been less pronounced. At the risk of repeating ourselves after many months, we are sticking to short- and medium-term durations to avoid volatility.

### Precious metals, listed real estate (REITs)

The breakdown below the \$5,000-per-ounce support level triggered a wave of selling starting in mid-March, erasing most of the year-to-date gains. In this context, we made some bargain purchases, both in physical gold and mining stocks, from which we had fully exited in January.

In the residential real estate sector, the declines seen during the month were significant and brought valuations back to more attractive levels. Only the current high volatility is preventing us from rebuilding our exposure at this stage, but we remain on the lookout.

### Currencies

The Swiss franc once again stood out during the initial phase of financial market volatility, briefly dipping below the 0.90 mark against the euro. The SNB's intervention temporarily halted this upward spiral, bringing the pair back to around 0.92. The US dollar acted as a safe-haven currency during this phase, even "allowing" itself to rise against the franc.

However, this rebound does not call into question our scenario of a weaker dollar in the medium term.



## Performance summary

### Equity performance

Equity Indices	Last	1m Return (%)	YTD Return (%)	1y Return (%)
SWISS MARKET INDEX	14014	-8.8	-3.7	1.4
STXE 600 (EUR) Pr	633.9	-8.0	-1.6	9.2
CAC 40 INDEX	8581	-8.9	-4.3	0.3
DAX INDEX	25284	-10.3	-7.4	2.3
FTSE 100 INDEX	10911	-6.7	2.4	18.6
Euro Stoxx 50 Pr	6138	-9.3	-3.9	6.1
DOW JONES INDUS. AVG	48978	-5.4	-4.2	10.3
S&P 500 INDEX	6879	-5.1	-5.3	16.3
NASDAQ COMPOSITE	22668	-4.8	-7.8	24.8
RUSSELL 2000 INDEX	2632	-5.2	-0.2	24.1
TOPIX INDEX (TOKYO)	3939	-11.2	2.6	31.6
FTSE CHINA A50	14630	-2.7	-4.8	9.3
Global Index	1056.76	-7.4	-4.0	18.4

### Performance of bonds and commodities

Fixed Income Indices	Last	1m Return (%)	YTD Return (%)	1y Return (%)
SBI AAA-BBB	140.3	-1.2	0.2	1.5
Euro-Aggregate	251.6	-2.5	-0.6	1.5
U.S. Aggregate	2389.9	-1.8	-0.1	4.3
Global Aggregate	511.6	-3.1	-1.2	4.3

Commodity	Last	1m Change (%)	YTD Return (%)	1y Return (%)
Gold	5279	-11.6	7.6	49.4
Silver	93.79	-19.9	-1.5	120.5
WTI	67.02	51.3	74.9	41.8
Copper	600.45	-6.5	-2.9	11.5
Industrial Metals	171.55	-1.3	2.9	12.3
Agriculture	54.57	4.9	6.3	-0.6

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