

Investment Report

June 2026

Factum AG Current positioning:			
Portfolio balanced	Neutral	Current	Change*
Liquidity	5%	5%	↗ (+2%)
Bonds	35%	35%	→
Equities	47%	45%	↘ (-2%)
Alternative investments	13%	15%	→

*Changes since the last Investment Report (6 May 2026) & current assessment.

Strategy overview

The situation in the Middle East continues to exert a significant influence on global financial markets. Phases of optimism regarding an imminent end to hostilities have repeatedly been followed by setbacks. The ongoing blockade of the Strait of Hormuz has given rise to elevated inflationary pressures as a result of rising commodity and transportation costs. Consumer prices in the United States, and to an even greater degree producer prices, have risen markedly. Against this backdrop, the Federal Reserve under its new Chairman, Kevin Warsh, will be unable to implement any interest rate cuts for the foreseeable future.

Despite this challenging environment, global equity markets have shown considerable resilience and, in some cases, reached new all-time highs. Having underperformed Europe on a relative basis at the end of the first quarter, the broad US equity index has since reversed this trend. Year-to-date, the S&P 500 is up approximately 11%. Semiconductor stocks and other market segments with exposure to artificial intelligence have been among the strongest performers of late.

«The situation in the Middle East is influencing market dynamics.»

«Certain equity markets reached new all-time highs.»

S&P 500 Index



Source: Bloomberg Finance L.P., Factum AG

Despite the numerous geopolitical flashpoints around the world, global equity markets have recently demonstrated considerable strength. The S&P 500 has risen for nine consecutive weeks, gaining 19% over that period. The rally is undoubtedly well underpinned by earnings reports that have exceeded expectations, particularly from the technology sector. However, certain sub-segments such as semiconductors are now heavily overbought, and several technical indicators suggest a near-term consolidation is likely. Our Investment Committee therefore decided in early June to take partial profits and reduce the US equity allocation by 2%. This results in a tactical, modest underweight in US equities relative to our strategic benchmark. The freed-up liquidity provides us with the flexibility to act swiftly and decisively on any investment opportunities that may arise.

«Tactical decision: US equity allocation reduced by 2% in favour of liquidity.»

Politics

The situation in the Middle East remains extremely fragile, despite occasional diplomatic overtures between the United States and Iran. While global investment markets have for some time been pricing in an imminent opening of the Strait of Hormuz, a swift negotiated resolution remains elusive. According to publicly available sources, Iran can sustain the US naval blockade for approximately another three months. President Trump, for his part, has made clear his desire to extricate the United States from the conflict as swiftly as possible, with the November midterm elections drawing closer.

«Global investment markets are pricing in an imminent opening of the Strait of Hormuz.»

From a historical perspective, it would be remarkable if the Republicans were to retain their majority in the House of Representatives. As a general rule, the President's party loses control of the lower chamber two years after entering the White House. Of the past 22 congressional midterm elections, there have been only two exceptions — both involving extraordinary circumstances: the September 11, 2001 terrorist attacks and the impeachment proceedings against Bill Clinton in 1998.

«Historically, the Republicans are set to lose the lower chamber in November.»

Economy

The war in the Middle East has contributed to a rise in inflation both in the United States and the Eurozone. The World Trade Organization now projects global trade growth at only +1.9% year-on-year, down sharply from the +4.6% recorded in 2025. The primary drivers of this revision are the closure of the Strait of Hormuz and the continuation of US tariffs. The United States remains the most dynamic economy among developed nations, supported by substantial investment in artificial intelligence. China's economy is also benefiting from the technology sector, particularly in exports and industrial production. In Europe, economic momentum continues to be constrained by subdued consumer sentiment.

«The World Trade Organization projects a decline in global trade growth.»

Equity Markets

Global equities delivered strong gains on a monthly basis, with US equities which account for approximately two-thirds of global market capitalisation being the primary contributor. This strong performance was underpinned by outstanding quarterly results. Earnings growth for the S&P 500 stands at approximately 27% year-on-year, significantly ahead of market expectations, with more than 83% of companies surpassing earnings estimates. Notably, for the first time in four years, all sectors recorded positive earnings growth simultaneously. European equities also posted gains in May. Corporate earnings grew by approximately 7%, broadly in line with long-term historical averages, though significantly below US levels. Emerging markets also delivered very strong performance, particularly markets with high exposure to artificial intelligence and semiconductors, such as South Korea and Taiwan.

«The US equity market is once again outpacing Europe.»

Bond Markets

The conflict in the Middle East has clear implications for global inflation. The annualised inflation rate for the United States is currently estimated at 3.2%, up from a prior level of 2.3%. Higher inflation forecasts are also being projected for the Eurozone and Switzerland, primarily driven by the sharp rise in oil prices. Markets are currently pricing in no change to US interest rates for the remainder of the year. In Europe, the ECB is expected to raise rates in June. As a consequence, capital market yields have risen across virtually all maturities on both sides of the Atlantic since the onset of the conflict.

«Diverging interest rate expectations between the US and Europe.»

Credit spreads, however, have remained broadly stable, reflecting continued solid corporate fundamentals. We are maintaining our neutral weighting and have therefore made no changes to our fixed income allocation.

Oil price (WTI)



Commodities

The recent weakness in the gold price reflects the interplay between inflation expectations and real yield dynamics. The sharp rise in oil prices has elevated inflation expectations, which, in isolation, is supportive of gold. At the same time, these higher inflation expectations have also prompted the market to revise downwards its projections for the pace and extent of interest rate cuts. If real yields remain higher than previously anticipated, gold loses near-term attractiveness relative to fixed income instruments.

«Gold has shown recent weakness.»

However, an important structural argument in favour of gold remains intact: the seizure of Russian foreign reserves has severely undermined confidence among a number of sovereign states in US Treasuries, thereby enhancing gold's appeal as a politically neutral reserve asset. This dynamic reinforces long-term demand, but does not invariably provide price support in environments where real yields are rising simultaneously and tactical profit-taking is occurring.

«The long-term demand case for gold remains intact.»

In the near term, the gold price remains closely tied to developments in the Middle East. A durable peace settlement would lead to lower oil prices, reduce inflationary pressures, and thereby pave the way for interest rate cuts — an environment that would broadly be supportive for gold. Irrespective of this, gold's strategic role as a portfolio diversifier remains intact, and we are therefore maintaining a modest overweight position.

«The gold price remains tied to developments in the Middle East.»

Goldprice



Source: Bloomberg Finance L.P., Factum AG

Currencies

Currency markets in May continued to be dominated by diverging monetary policy outlooks among the major central banks. The US dollar benefited from robust domestic economic conditions and an interest rate differential that remains attractive by international standards. The euro traded in a relatively narrow range, supported by a less accommodative stance from the European Central Bank, yet constrained by subdued economic momentum in the Eurozone. The Swiss franc maintained its safe-haven status and held firm against the major currencies. However, given Switzerland's low interest rate environment and the Swiss National Bank's preparedness to intervene, the potential for a further significant appreciation of the franc appears limited.

«The Swiss franc maintained its safe-haven status.»

Market overview 29 May 2026

Stock indices (in local currency)	Current	1 Mt (%)	YtD (%)
SMI	13,542.66	3.39	5.07
SPI	19,157.82	3.27	5.15
Euro Stoxx 50	6,050.54	3.92	6.69
Dow Jones	51,032.46	2.93	6.86
S&P 500	7,580.06	5.26	11.25
Nasdaq	26,972.62	8.43	16.34
Nikkei 225	66,329.50	11.88	32.79
MSCI Emerging Markets	1,752.15	9.71	25.73

Commodities

Gold (USD/fine ounce)	4,540.26	-1.68	5.11
WTI oil (USD/barrel)	87.36	-16.86	52.14

Bond markets (change in basis points)

US Treasury Bonds 10Y (USD)	4.44	0.06	0.27
Swiss Eidgenossen 10Y (CHF)	0.41	0.00	0.09
German Bundesanleihen 10Y (EUR)	2.94	-0.10	0.08

Currencies

EUR/CHF	0.91	-0.66	-2.18
USD/CHF	0.78	-0.05	-1.46
EUR/USD	1.17	-0.61	-0.74
GBP/CHF	1.05	-1.14	-1.60
JPY/CHF	0.49	-1.68	-3.06
JPY/USD	0.01	-1.68	-1.60
XBT/USD (Bitcoin)	73,581.98	-3.77	-16.05

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