

Investment Report

April 2026

Factum AG Current positioning:			
Portfolio balanced	Neutral	Current	Change*
Liquidity	5%	3%	↘
Bonds	35%	35%	→
Shares	47%	47%	→
Alternative investments	13%	15%	↗

*Changes since the last Investment Report (9 March 2026) & current assessment.

Strategy overview

Financial markets remained extremely volatile over the past month, characterised by a constant interplay of strong recovery rallies and sharp setbacks. This instability was primarily driven by unpredictable geopolitical developments, which made it nearly impossible for investors to rely on any consistent framework. In such an environment, the greatest risk lies in making investment decisions based on short-term emotions. For this reason, we base our tactical asset allocation on quantitative models. Although certain parameters within our model have shifted since the outbreak of war in Iran, the overall signal continues to indicate a neutral weighting in equities. A more detailed look at the model reveals a multifaceted picture: on the macro side, the sharp increase in oil prices is reflected in inflation data, which exceed analysts' forecasts and signal elevated price pressures. This is accompanied by tighter financial conditions, which act as a drag on economic momentum.

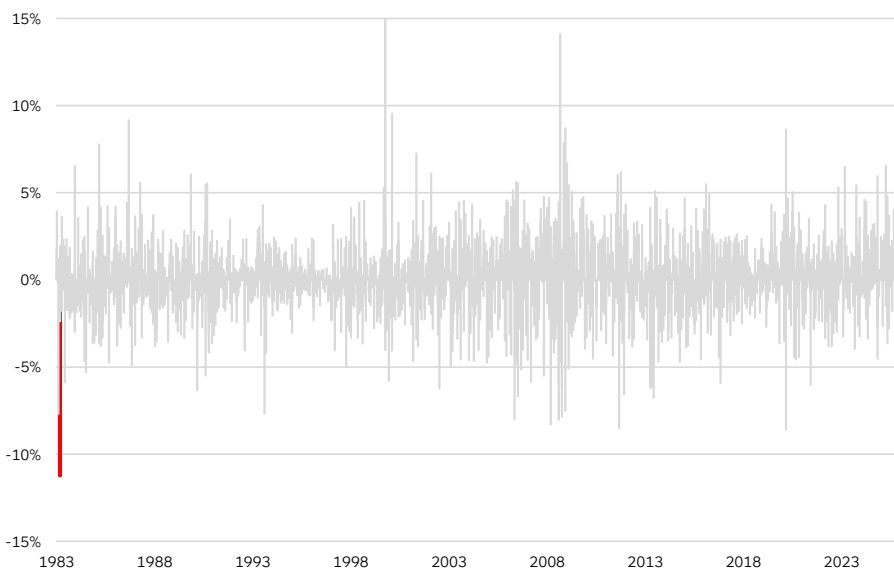
«Model-based discipline instead of emotions.»

Conversely, valuations have improved, or rather normalised, as a result of declining prices. The waning investor euphoria is also having a stabilising effect. Ultimately, the broader upward trend in equity markets remains intact, and technical momentum continues to be positive.

While we kept our equity allocation unchanged, we selectively used the recent market turbulence within alternative investments to refine our positioning. Specifically, we took the opportunity to increase our allocations to precious metals and commodities by 1% each. With the escalation of the conflict in the Middle East and the sharp rise in fossil energy prices, inflation and interest rate concerns have re-emerged across global markets. This dynamic triggered a wave of selling in industrial metals and also put pressure on precious metals. Several factors contributed to this development: the prospect of higher-for-longer interest rates increases opportunity costs, thereby weighing on gold prices. At the same time, the U.S. dollar benefited from its safe-haven status, which, due to the negative correlation, exerted additional pressure on precious metals. Moreover, investors took advantage of the prevailing uncertainty to realise profits, following gold's gain of more than 60% over the past year. This culminated in a wave of selling that resulted in gold experiencing its sharpest weekly decline since 1983.

«Countercyclical increase in gold exposure.»

Weekly Gold Price Performance



Source: Bloomberg Finance L.P., Factum AG

We do not interpret this short-term correction as a trend reversal, but rather as a strategic entry opportunity. Our long-term constructive outlook for gold and industrial metals remains unchanged. Persistently high U.S. government debt and the elevated level of geopolitical uncertainty continue to support gold's role as a hedge. At the same time, underlying demand for industrial metals, essential for the global energy transition, remains structurally robust.

«Long-term positive outlook.»

Politics

The political agenda continues to be dominated by the conflict in the Middle East. The announcement of a two-week ceasefire and the reopening of the Strait of Hormuz in early April briefly fuelled hopes of a diplomatic de-escalation. However, a key factor weighing on markets more recently has been the U.S. announcement to actively block the Strait of Hormuz for Iranian vessels and exports. This measure aims to cut off Tehran's economic lifeline but has further intensified tensions in the region. Given that around 20% of global oil demand is transported through this critical chokepoint, energy markets reacted promptly with higher risk premia. Iran's threat to respond to this "act of piracy" with military means continues to sustain the risk of a broader regional escalation and associated supply disruptions. Geopolitics thus remains the primary driver of global financial markets.

«Geopolitics remains the key market driver.»

While the situation in the Gulf has reached a new and dangerous level of escalation, a historic political turning point has emerged in Hungary, with the potential to sustainably shift the balance of power within the European Union. After 16 years in office, Prime Minister Viktor Orbán was decisively defeated by his challenger Péter Magyar and his Tisza Party. Magyar is pursuing a clearly pro-European agenda, placing a strong emphasis on combating corruption. On the domestic front, Magyar has already announced plans to swiftly restore rule-of-law structures that were weakened under Orbán and to reform state institutions. At the EU level, this outcome represents a significant relief for Brussels, as Hungary is likely to transition from a persistent veto player to a more constructive partner. This development not only paves the way for the release of previously frozen EU funds but also strengthens the Union's cohesion on strategic issues such as defence policy and enlargement. The pro-European shift in Budapest could materially enhance the EU's ability to act collectively.

«Pro-European shift in Hungary.»

Economy

The latest wave of U.S. data paints a picture of remarkable resilience: GDP, corporate earnings and consumer spending have remained robust despite restrictive monetary policy. However, inflation data has underscored that the path back to the 2% target remains challenging. Price pressures are proving more persistent than anticipated, a view reinforced by the hawkish signals from the latest FOMC minutes and various Federal Reserve communications. As a result, the "higher for longer" market narrative has become further entrenched.

«U.S. economy shows high resilience.»

Internationally, the picture remains mixed: while German industry and euro area retail sales are showing initial signs of stabilisation, deflationary trends in China are weighing on global demand. Overall, the global economy is in a fragile transition phase. The U.S. economy remains sufficiently robust to ease recession concerns; however, inflationary pressures persist, keeping expectations of imminent rate cuts out of reach for the time being. In light of the oil price shock, the risk of stagflation remains present. Accordingly, we continue to expect elevated data volatility and a cautious stance from central banks.

«Stagflation risks are increasing.»

Equity Markets

The first quarter of 2026 marked a clear turning point in global equity markets. While the year began with a continuation of positive momentum, the outbreak of war in Iran at the end of February triggered an abrupt reversal in trend. Nearly all major regions suffered significant losses in March, resulting in most indices closing the first quarter in negative territory. However, even in this challenging environment, there were notable exceptions: the United Kingdom, Japan and, in particular, Brazil managed to decouple from the broader downturn. Brazil, as a major commodity exporter, benefited significantly from the rally in energy markets and the rise in commodity prices.

«Regional divergence in the first quarter.»

At the sector level, significant divergences also emerged, reflecting the shifting market environment. Notably, the technology sector, previously a key driver of market performance, was among the hardest hit. In contrast, energy companies, in particular, recorded strong gains. These sectoral shifts were also evident across different investment styles. Growth stocks, which had dominated markets for years, experienced the most pronounced setbacks. Conversely, defensive equities and dividend-paying stocks delivered positive performance.

«Rotation from growth into defensive stocks.»

Performance of S&P 500 Sectors as of 31 March 2026

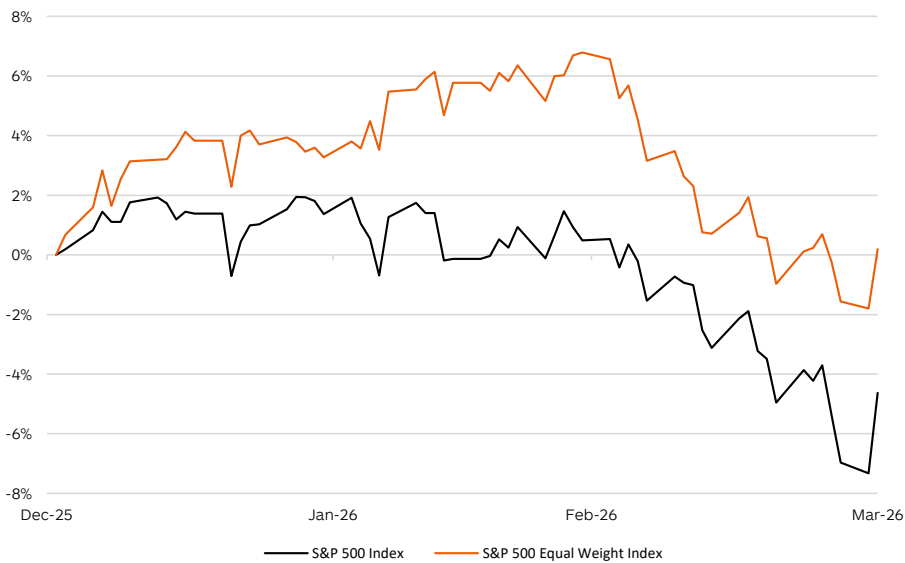
Sectors	2w	1m	YTD	1y
Energy	5.07	18.12	36.67	42.20
Materials	-0.39	-2.39	7.57	31.53
Industrials	-3.74	-7.02	1.99	25.68
Consumer Discretionary	-3.85	-7.95	-11.27	8.07
Consumer Staples	-2.98	-6.51	3.68	7.38
Health Care	-1.50	-6.63	-4.84	4.80
Financials	-0.74	-8.35	-7.58	13.42
IT	-4.42	-6.41	-9.74	27.78
Communication Services	-5.50	-7.10	-7.15	29.01
Utilities	-2.33	4.36	8.59	27.96
Real Estate	-4.17	-1.84	1.74	2.90

Source: Bloomberg Finance L.P., Factum AG

In this volatile environment, our strategic exposure to the S&P 500 Equal Weight Index performed particularly well. While the S&P 500 Index was heavily affected by the correction in large-cap technology stocks, the equal-weight approach proved to be an effective hedge.

«Equal weight as an effective hedge.»

Cumulative Performance of Q1 2026



Source: Bloomberg Finance L.P., Factum AG

Bond Markets

In both the United States and the euro area, the long-considered overcome scenario of persistently high inflation returned with full force. The sharp rise in energy prices led market participants to significantly revise their expectations for imminent interest rate cuts by central banks, with some even speculating about renewed rate hikes. These shifting rate expectations were immediately reflected in bond market performance, with government bond yields rising markedly at the long end of the yield curve. The correlation between equities and bonds remained elevated, meaning that bonds did not provide their usual diversification benefits during recent market turbulence. Of particular note in the first quarter was the development of credit spreads. While spreads on high-grade investment-grade corporate bonds remained relatively stable, high-yield spreads widened significantly. An even more pronounced move was observed in emerging market bonds, where spreads versus developed market sovereigns increased sharply as geopolitical risks and a stronger U.S. dollar raised refinancing costs in these regions. Despite this challenging environment, there are positive signals regarding credit quality: default rates in the investment-grade segment remain at historically very low levels. Most issuers in this segment continue to benefit from solid cash flows and robust balance sheets.

«Inflation fears drive yields higher.»

Commodities

In the commodities market, developments in energy prices remain under close scrutiny. While oil prices have retreated from their recent highs following initial diplomatic signs of de-escalation in the Iran conflict, they continue to trade at elevated levels, posing a potential risk to the global economy. Current price levels act as a direct driver of the price level across various goods and are already leaving a clear imprint on inflation data.

«Oil prices weigh on inflation data.»

At the same time, gold and industrial metals experienced a sharp interim correction. However, this decline proved short-lived, with both asset classes subsequently recovering noticeably. We interpret these price movements as a temporary market adjustment and maintain our constructive outlook.

«Short-lived correction in metals.»

Currencies

In foreign exchange markets, the U.S. dollar was able to decouple from the broader depreciation trend and once again confirmed its status as a safe-haven currency during the recent crisis phase. In contrast, both the euro and the Swiss franc weakened. However, we view the strength of the greenback as a temporary phenomenon and expect the long-term downward trend of the U.S. dollar to resume once geopolitical tensions in the Middle East ease and markets normalise.

«The U.S. Dollar as a safe haven currency.»

Interesting observations were also made in the cryptocurrency segment: Bitcoin failed to live up to its reputation as an alternative, supposedly safe store of value this time. Amid the market turbulence, the cryptocurrency also lost value and exhibited an unusually high correlation with traditional risk assets, although no new lows were reached.

«Bitcoin shows declining diversification benefits.»

Market overview 31 March 2026

Stock indices (in local currency)	Current	1 Mt (%)	YtD (%)
SMI	12,776.79	-7.62	-2.42
SPI	17,835.66	-7.37	-2.11
Euro Stoxx 50	5,569.73	-9.14	-3.48
Dow Jones	46,341.51	-5.20	-3.19
S&P 500	6,528.52	-4.98	-4.35
Nasdaq	21,590.63	-4.68	-6.96
Nikkei 225	51,063.72	-12.68	2.13
MSCI Emerging Markets	1,397.20	-13.04	-0.13

Commodities

Gold (USD/fine ounce)	4,668.06	-11.57	8.07
WTI oil (USD/barrel)	101.38	51.27	76.56

Bond markets (change in basis points)

US Treasury Bonds 10Y (USD)	4.32	0.38	0.15
Swiss Eidgenossen 10Y (CHF)	0.37	0.16	0.04
German Bundesanleihen 10Y (EUR)	3.00	0.36	0.15

Currencies

EUR/CHF	0.92	1.67	-0.76
USD/CHF	0.80	3.93	0.87
EUR/USD	1.16	-2.19	-1.64
GBP/CHF	1.06	1.91	-0.99
JPY/CHF	0.50	2.13	-0.45
JPY/USD	0.01	-1.69	-1.27
XBT/USD (Bitcoin)	68,193.95	4.07	22.20

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