Your wealth is our priority.

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Investment Report

July 2026

Factum AG
Current positioning:

Portfolio balanced	Neutral	Current	Change*
Liquidity	5%	5%	→
Bonds	35%	35%	→
Equities	47%	45%	→
Alternative investments	13%	15%	→

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

Strategy overview

«Record highs despite the threat of war.»

The first half of 2026 is now behind us — once again an extraordinarily eventful period, both geopolitically and economically. Global equity markets, however, remained largely unfazed, trading at or near their all-time highs for the most part. Noteworthy is the shift in leadership: year-to-date, Europe has at times drawn level with and even surpassed the US equity market, while Japan and emerging markets in particular rank among the strongest-performing regions. This broadly resilient picture has, however, been repeatedly interrupted by sharp corrections, most of them politically induced. The ceasefire between the US and Iran, agreed in April and reaffirmed in a 14-point memorandum in June, has since effectively collapsed. President Trump declared it terminated in early July on the sidelines of the NATO summit, following Iranian attacks on several commercial vessels in the Strait of Hormuz. The US subsequently resumed strikes against dozens of targets in Iran, which responded with attacks on American military bases in Kuwait and Bahrain. Diplomatic talks are continuing in parallel, with Qatar acting as mediator. Despite this renewed escalation, oil prices have not returned to their March 2026 highs and are trading around USD 80 per barrel, which should help contain further inflationary pressure.

Despite the challenging environment, global equity markets have shown considerable resilience and, in some cases, reached new all-time highs. Year-to-date, the S&P 500 is up more than 10%. The semiconductor sector, which was the clear performance driver for much of the first half, has, however, suffered a notable setback in recent weeks: the Philadelphia Semiconductor Index is trading some 10–14% below its year-to-date high, triggered in part by rumours of excess cloud computing capacity and growing doubts about the near-term monetisation of high AI-related capital expenditure.

«The semiconductor rally runs out of steam.»

We have made no changes to our positioning since the last Investment Report and continue to maintain our tactical 2% underweight in US equities. On a pure price return basis, the US market has recovered from an interim setback back to the level at which we made our decision. However, when accounting for the price volatility the US market has experienced since our reduction, the underweight has clearly paid off on a risk-adjusted basis.

«The equity underweight pays off.»

We are also pleased with the development of our tactical position in the S&P 500 Equal Weight. Just two months ago, this position was generating a negative selection contribution to our performance. Owing to recent sector rotations, primarily at the expense of semiconductor and technology stocks, and in favour of previously neglected sectors, it is now delivering a positive contribution. We are maintaining our overweight in gold even following the recent correction. We continue to see compelling arguments in favour of the yellow metal: on the one hand, the persistent geopolitical risks, on the other, the longer-term erosion of the US dollar's role as the global reserve currency. We also remain overweight in industrial metals. In our view, the investment case for so-called transition metals, those required for the energy transition and the expansion of electricity grids, has been further confirmed. With demand continuing to rise and supply structurally constrained, we expect prices to trend higher over the medium to long term.

«Equal Weight delivers.»

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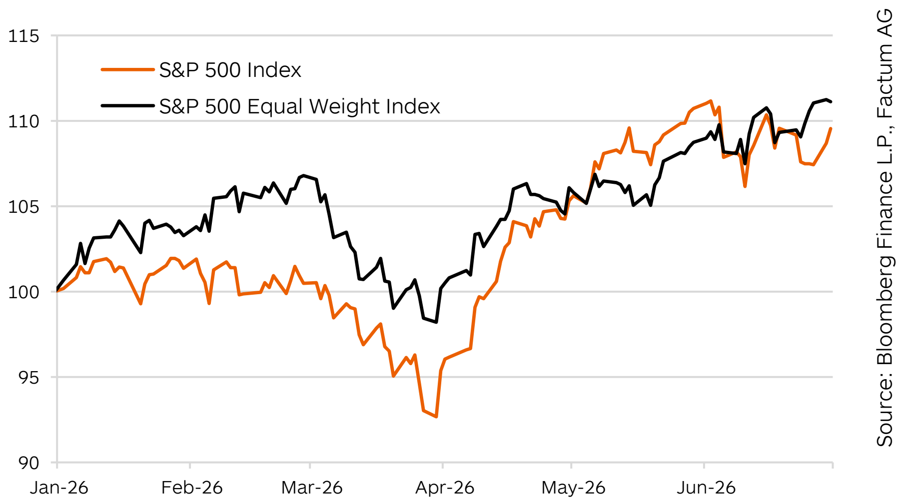
S&P 500 Index versus S&P 500 Equal Weight Index



Politics

«Middle East escalates again, Europe ramps up defence.»

The situation in the Middle East has deteriorated markedly in recent weeks. The ceasefire between the US and Iran, agreed in April and reaffirmed in a 14-point memorandum in June, has effectively collapsed following a series of mutual recriminations. The immediate trigger was Iranian attacks on several commercial vessels in the Strait of Hormuz, to which the US responded with a new wave of airstrikes against dozens of Iranian targets and the reimposition of sanctions on Iranian oil exports. Iran retaliated with attacks on US military bases in Kuwait and Bahrain. President Trump declared the agreement terminated while simultaneously expressing openness to continuing talks, mediated in part by Qatar. The situation thus remains extremely tense, and shipping traffic through the Strait of Hormuz continues to run significantly below pre-war levels. On the sidelines of the NATO summit in Ankara, President Trump sharply criticised European allies for their reluctance in the conflict with Iran and indicated a further withdrawal of US troops from Europe. At the same time, European nations are meaningfully increasing their defence spending. Germany, for instance, intends to raise its core defence expenditure to more than EUR 180 billion by 2030. This structural investment cycle in defence and infrastructure is likely to remain a relevant investment theme for Europe in the years ahead.

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Economy

«Labour market cools.»

The US labour market has cooled noticeably of late: only 57,000 new jobs were created in June, well below economists' forecasts. In our view, this is broadly a positive development, as it helps the Federal Reserve avoid a renewed flare-up in inflation without simultaneously raising serious recession concerns. China remains an important engine of global growth: exports are running approximately 25% above their levels at the peak of the COVID-19 pandemic in real terms, with intra-emerging-market trade gaining structurally in importance relative to trade with the United States. The targeted tariff measures imposed by the US administration, intended, among other things, to weaken its principal rival China, have thus far largely failed to achieve their intended effect, as China is increasingly compensating for export losses to the US through alternative markets. In Europe, the economic recovery remains fragile. The European Central Bank has revised its growth forecast for 2026 down to a mere 0.8%, while projecting inflation of approximately 3.0%, both consequences of the energy price shock stemming from the Middle East conflict. Consumer confidence in the Eurozone has recovered modestly in May and June but remains well below its long-term average. The sharply rising defence and infrastructure expenditures mentioned above are providing some support, which should at least partially offset the weakness in private consumption.

Equity Markets

«Burry warns of AI accounting sleight of hand.»

The robust earnings season and the sustained AI and semiconductor rally were the dominant performance drivers of the first half. More recently, however, volatility within this segment has increased markedly. Among the triggers were rumours that Meta could be selling excess computing capacity into the market, raising questions about the supply-demand balance for AI infrastructure. The debate over the sustainability of AI investment has been further fuelled by well-known investor Michael Burry, who famously anticipated the 2008 financial crisis, who has accused several major technology companies, including Microsoft, Alphabet, Meta, Amazon and Oracle, of systematically overstating the useful lives of their AI servers and chips, thereby artificially inflating their reported earnings. By his estimates, industry-wide depreciation charges could be understated by approximately USD 176 billion between 2026 and 2028, overstating earnings by as much as 20%. Whether this thesis ultimately proves correct remains to be seen, it should nonetheless be taken seriously as a warning signal regarding the high concentration and demanding valuations in the AI segment.

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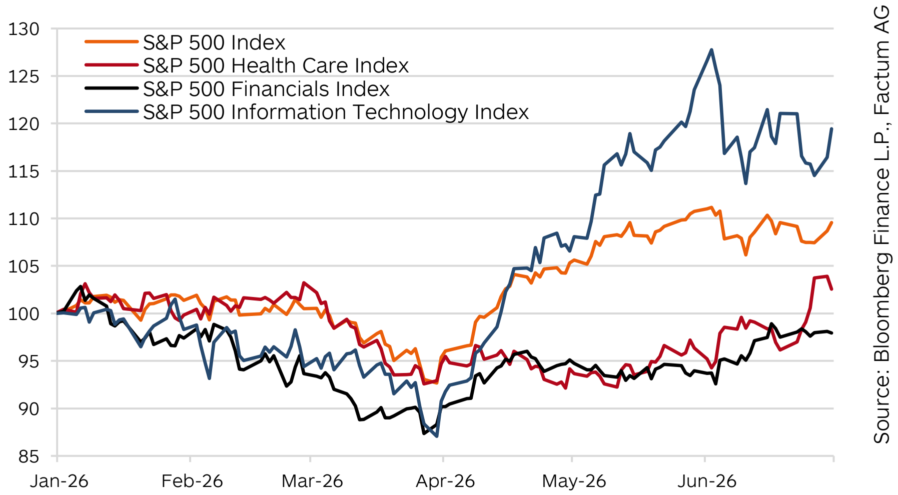
«Market breadth improves.»

On a more positive note, market breadth has improved markedly of late. Whereas mega-caps and technology and AI stocks dominated price performance for much of the first half, other sectors have recently caught up meaningfully. Specifically, the information technology, communication services and consumer discretionary sectors corrected sharply in June, while financials and healthcare had a strong month. US and emerging market equities consolidated accordingly, while Europe, Japan and Switzerland continued to advance. We regard this development as a healthy sign for the prevailing upward trend.

S&P 500 Index versus Sector Indices



Bond Markets

«Rate cut expectations evaporate.»

The first half proved a challenging environment for bonds, and this has changed little despite historically elevated yields. The sharp rise in oil prices in the wake of the Middle East conflict has pushed global inflation expectations higher. While oil prices have retreated meaningfully from their peaks, providing some relief on the inflation front, it remains to be seen to what extent the temporarily elevated oil price will continue to feed through into consumer prices over the coming months. Market expectations regarding the interest rate outlook have deteriorated noticeably: rather than the rate cuts anticipated at the start of the year, futures markets are now pricing in a significantly elevated probability of a Fed rate hike before year-end. The ECB, for its part, has already delivered one rate increase.

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The new Fed Chairman, Kevin Warsh, struck a deliberately hawkish tone at his first meeting. Several market observers, however, suspect that he is working behind the scenes on a new, lower benchmark for inflation, one that would strip out individual highly volatile price components more aggressively. Such a measure would produce a lower headline inflation reading than currently in use, thereby affording the Fed greater scope for rate cuts at a later stage.

«Warsh works on a new inflation metric.»

Within the fixed income universe, we view the two central risk premia differently: we remain relatively cautious on duration, given the deteriorating rate outlook. By contrast, we see a constructive environment for credit risk premia, particularly in emerging markets, where a number of sovereign issuers have meaningfully improved their credit quality in recent years. Overall, we remain neutrally positioned within bonds.

«Neutral positioning, preference for emerging markets.»

Commodities

Following the latest escalation in the Middle East, oil prices have moved back above USD 80 per barrel, with the renewed strikes on Iranian targets and attacks on commercial vessels in the Strait of Hormuz likely to generate further near-term upside price spikes. Taken in a historical context, and particularly relative to equities, the broad commodities asset class continues to trade at low levels.

«Oil prices on the rise again.»

Noteworthy is the trajectory of gold: despite elevated inflation expectations and ongoing geopolitical uncertainty, the yellow metal has sold off sharply of late and is once again trading below USD 4,100 per troy ounce. Gold has thus declined by approximately 14% in the second quarter, having reached an all-time high of just under USD 5,600 per ounce in the first quarter. The primary driver of the recent correction has been the restrictive signalling from the Federal Reserve and the associated appreciation of the US dollar, both of which make gold, as a non-yielding asset, comparatively less attractive. In contrast to last year, when the gold price climbed to an all-time high despite elevated real yields, driven primarily by strong central bank demand, gold is now once again responding in a classic fashion to rising or persistently high rate expectations. The close correlation between real yields and the gold price, which had temporarily broken down in 2025, has thus re-established itself for the time being.

«Gold corrects — the old pattern returns.»

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Currencies

«Dollar strong, the yen in focus.»

The US dollar has recovered markedly in the course of the year and is trading near a 13-month high, underpinned by hawkish Fed communications and intermittent safe-haven flows in response to the renewed escalation in the Middle East, this despite the dollar remaining significantly overvalued on a purchasing power parity basis. Over the medium to long term, we therefore continue to expect a weaker US dollar, as the structural arguments, large fiscal deficits and the gradual diversification of global currency reserves away from the greenback, remain intact. There is broad consensus, in line with the prevailing market view of a medium-term weaker US dollar, around the attractiveness of the Japanese yen, supported by Japan's return to greater fiscal discipline and the prospect of further policy rate increases by the Bank of Japan.

«Bitcoin halves in value.»

Also noteworthy is the development of Bitcoin, which, having reached an all-time high last autumn, has since been subject to pronounced swings and recently experienced a sharp price decline. Contributing factors include the more restrictive monetary policy environment as well as persistent outflows from crypto ETFs. This development serves as a further reminder of how strongly speculative assets such as Bitcoin react to changes in the monetary policy environment and, in our view, underscores the importance of a disciplined, diversified portfolio structure.

Bitcoin price

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Market overview 30 June 2026

Stock indices (in local currency)	Current	1 Mt (%)	YtD (%)
SMI	14'193.92	4.81	10.12
SPI	20'015.46	4.48	9.86
Euro Stoxx 50	6'328.09	4.69	11.69
Dow Jones	52'319.20	2.71	9.76
S&P 500	7'499.36	-0.95	10.19
Nasdaq	26'213.72	-2.75	13.14
Nikkei 225	70'062.32	5.70	40.36
MSCI Emerging Markets	1'722.89	-1.37	24.00
Commodities			
Gold (USD/fine ounce)	4'008.02	-11.72	-7.21
WTI oil (USD/barrel)	69.50	-20.44	21.04
Bond markets (change in basis points)			
US Treasury Bonds 10Y (USD)	4.47	0.03	0.30
Swiss Eidgenossen 10Y (CHF)	0.29	-0.12	-0.03
German Bundesanleihen 10Y (EUR)	2.86	-0.08	0.00
Currencies			
EUR/CHF	0.92	1.40	-0.81
USD/CHF	0.81	3.51	1.99
EUR/USD	1.14	-2.03	-2.76
GBP/CHF	1.07	2.02	0.38
JPY/CHF	0.50	1.39	-1.72
JPY/USD	0.01	-2.02	-3.59
XBT/USD (Bitcoin)	58'642.15	-20.30	-33.09

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