

TRAMONDO
INVESTMENT PARTNERS

MARKET COMPASS

A MONTHLY BRIEFING ON THE STATE OF THE FINANCIAL MARKETS AND OUR TACTICAL POSITIONING.

MAY 2026

TACTICAL POSITIONING

Cash:	○	●	○	○	○
Bonds:	○	○	●	○	○
Equities:	○	○	●	○	○
Alt. Investments:	○	○	○	●	○

We are happy to explain our detailed tactical positioning to you in a conversation. Please contact us.

SPOTTED

Apple CEO Cook steps down – Since taking office in 2011, Tim Cook has delivered approximately 20% annual returns for the Apple stock, significantly outperforming the broader market. This performance has been driven primarily by a consistent strategy focused on expanding the high margin services business, increasing the monetisation of the ecosystem, and executing substantial share buyback programmes. Cook has therefore not so much reinvented Apple as he has scaled the business efficiently and enhanced its profitability.

MARKET REVIEW:

RESILIENT CORPORATE EARNINGS IN AN UNCERTAIN ENVIRONMENT

The Iran conflict remains a source of instability – The Iran conflict remains a dominant risk factor for financial markets, even though market reactions have recently moderated noticeably. Diplomatic progress continues to be absent. Negotiations between the United States and Iran are proceeding slowly, with both sides showing little convergence in their positions, particularly with regard to control over the Strait of Hormuz. At the same time, the US administration continues to leave open the possibility of renewed military escalation. Operationally, tensions in the Persian Gulf remain elevated. While a full blockade of the Strait of Hormuz has not materialised, ongoing disruptions to shipping traffic underline the structural vulnerability of global energy flows. As a result, a persistent geopolitical risk premium has become embedded in the oil market. From a market perspective, there are signs of a degree of adaptation to the news flow. Price movements remain short lived, without establishing a sustained trend. The primary relevance of the conflict therefore lies less in direct market shocks and more in its influence on the macroeconomic backdrop. A prolonged period of elevated energy prices would reinforce inflationary risks, put pressure on margins, and further constrain monetary policy flexibility. The conflict is thus increasingly evolving into a structural factor shaping the capital markets environment.

Market recovery supported by the earnings season – The ongoing reporting season for Q1 2026 has so far proven stronger than expected and is acting as a key stabilizing factor in a geopolitically tense investment environment. A majority of companies are exceeding earnings expectations, with the magnitude of positive surprises standing out in particular. Revenue performance has also been solid, suggesting that earnings momentum is not driven solely by margin effects. At the same time, earnings expectations for the coming quarters have recently been revised upwards, an atypical pattern at this stage of the cycle. Against this backdrop, the S&P 500 (+10.4% in April) has reached a new all-time high, supported by robust fundamentals and a noticeable decline in investor sensitivity to geopolitical headlines. In a regional comparison, the relative strength of US equity markets continues to prevail. While the S&P 500 benefited from earnings growth and the dominance of large technology companies, European equity markets such as the Euro Stoxx 50 (+5.6%), the Stoxx Europe 600 (+4.8%), and the Swiss Performance Index (+4.0%) delivered more moderate performance. Overall, the reporting

SOON IN FOCUS

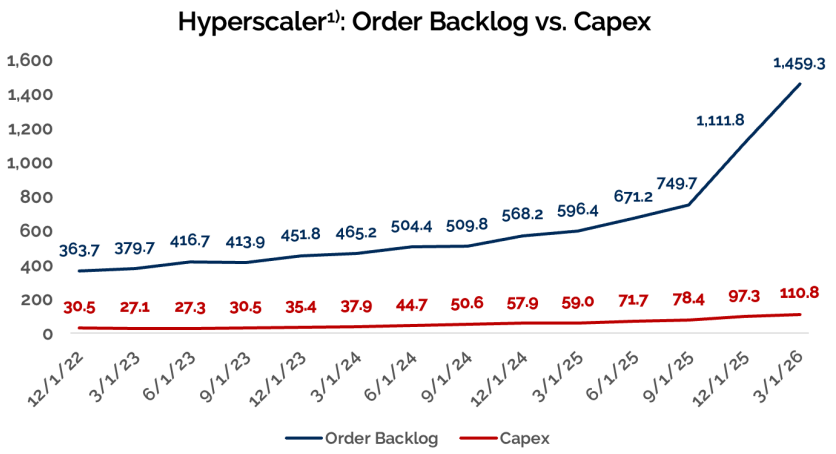
Kevin Warsh – In the coming weeks, the term of Jerome Powell as Chair of the Federal Reserve will come to an end, although he will remain a regular member of the Board. This shifts investor focus increasingly towards Kevin Warsh, in particular regarding the extent to which his monetary policy stance may be influenced by Donald Trump, who has repeatedly articulated his expectations for rate cuts in public.

season confirms the resilience of corporate earnings, while at the same time highlighting the importance of a selective approach in a demanding market environment.

Central banks in a wait and see mode – Monetary policy remains in a phase of elevated uncertainty, shaped by the tension between resilient economic data and rising inflation risks. The Federal Reserve left its policy rate unchanged in April and overall conveyed a wait and see stance, with its tone recently shifting slightly towards a potential easing bias. At the same time, internal differences within the Fed are becoming more pronounced, which is not surprising given the uncertain outlook for inflation and growth. Accordingly, investors have significantly scaled back their expectations for rate cuts in recent weeks. In contrast, the European Central Bank appears clearly more restrictive. Despite weaker economic data, it continues to signal the possibility of further tightening in order to preserve its credibility in the fight against inflation. Overall, on both sides of the Atlantic, a prolonged environment of elevated interest rates is emerging, accompanied by limited visibility for the real economy.

DID YOU KNOW THAT...

...THE ORDER BACKLOG OF THE LARGEST HYPERSCALERS HAS GROWN ROUGHLY FOUR TIMES FASTER THAN DATA CENTRE INVESTMENT SINCE 2022?



1) AMAZON, ALPHABET, MICROSOFT; SOURCE: BLOOMBERG

In the course of the Q1 2026 reporting season, the major hyperscalers once again came into focus, namely Amazon, Alphabet, and Microsoft. Investors are paying particularly close attention to their substantial investments in data centres, which are seen as the foundation for artificial intelligence and cloud applications. While optimists interpret this as confirmation of sustained momentum in the technology sector, sceptics question the profitability and point to potential dependencies on a limited number of large customers.

An isolated focus on capital expenditure, however, falls short. What is decisive is the underlying demand base, as reflected in the order backlog ("remaining performance obligations"). This metric represents contractually secured future revenues.

Capital expenditure has increased significantly since the end of 2022, rising from approximately USD 30 billion to more than USD 110 billion per quarter. However, the order backlog has grown even more dynamically,

DEMAND FOR ARTIFICIAL INTELLIGENCE AND CLOUD CAPACITY IS NOT SPECULATIVE, BUT CONTRACTUALLY SECURED.

expanding from around USD 364 billion to approximately USD 1.46 trillion as at the end of Q1 2026. This implies that contractually secured demand has grown roughly four times faster than the underlying investment over recent years.

Despite frequently voiced concerns about a potential investment bubble, a more nuanced picture emerges. Demand for artificial intelligence and cloud capacity is not speculative but contractually secured. The order backlog serves as a key decision-making basis for the hyperscalers, meaning they are not investing on speculation, but on the basis of already committed and legally binding demand. This points to disciplined capital allocation and a high degree of visibility with regard to future revenues.

For the semiconductor and artificial intelligence value chain, this is of critical importance. The current investment cycle is underpinned by structural demand that is secured over the longer term. As long as this dynamic remains intact, the risk of excess capacity appears limited, and the fundamental backdrop for providers of infrastructure, hardware, and specialized software within the artificial intelligence ecosystem remains robust.

MARKET OUTLOOK

Geopolitical uncertainty in the Middle East remained elevated in May, shaped by Donald Trump's skepticism towards the Iranian peace proposal and the ongoing threat environment surrounding the Strait of Hormuz. Although the US administration announced the escort of neutral vessels through the Persian Gulf as a humanitarian gesture, little has changed with regard to risks to oil supply. Oil prices therefore remain highly sensitive to geopolitical headlines and continue to react swiftly to new developments in the Middle East. By contrast, other asset classes such as equity and fixed income have become noticeably less susceptible to Trump's rhetoric, not least due to the absence so far of clear and tangible progress or setbacks that could move financial markets in a sustained manner.

From a macroeconomic perspective, the medium term implications of the Iran conflict remain difficult to assess and continue to create uncertainty. Against this backdrop, the International Monetary Fund has slightly revised its global growth forecast for 2026 downwards, while at the same time highlighting persistent inflation risks. In the United States, a noticeable decline in consumer confidence, as measured by the University of Michigan Consumer Sentiment Index, points to increasing caution among private households. China, by contrast, has started the year with solid growth momentum, although the recovery remains uneven. In particular, weak domestic demand continues to constrain a broader based expansion.

For equity markets, the oil price remains a key driver. Persistently elevated energy costs would weigh in particular on cyclical sectors, while at the same time increasing stagflation risks. In this context, Europe appears especially exposed due to its dependence on energy imports.

Against this backdrop, we currently assess the risk return profile for global equity markets as balanced, with a clear preference for the United States. This view is supported by robust earnings momentum, lower sensitivity to geopolitical disruptions, such as those related to the Strait of Hormuz, and the high quality of US business models characterized by strong pricing power and solid balance sheets.

Despite the challenging market environment, corporate fundamentals continue to provide support. In particular, the resilience of results reported so far during the Q1 2026 earnings season reinforces our assessment.

IN OUR TACTICAL ASSET ALLOCATION, WE MADE NO ADJUSTMENTS IN MAY AND MAINTAIN OUR NEUTRAL POSITIONING IN EQUITY AND FIXED INCOME.

In our tactical asset allocation (TAA), we made no adjustments in May and maintain our neutral positioning in equity and fixed income. We continue to pursue a highly selective, quality focused approach, with a strict emphasis on solid balance sheets and proven business models. Gold remains strongly overweight. We do not interpret the price correction of recent weeks as the end of the upward trend, but rather as a healthy test of the 200-day moving average. The fundamental investment case, supported by persistently strong structural demand from central banks, the ongoing trend towards de-dollarization, and the continued defensive positioning of many market participants, remains fully intact in our view.

WHO WE ARE

Tramondo Investment Partners AG is a bank-independent Swiss asset manager based in Zug and licensed by the Swiss Financial Market Supervisory Authority (FINMA) to act as an asset manager of collective investment schemes. Tramondo is the investment arm of a multi-family office group that has been in existence for over 45 years.

CITYWIRE TOP 50 IAMs 2026

For the sixth time, the company was named one of the 50 most influential independent asset managers in Switzerland and Liechtenstein by the renowned media company Citywire.

WealthBriefing SWISS AWARDS 2026

Additionally, Tramondo has been recognised as the winner in the Fund Manager category at the prestigious WealthBriefing Swiss Awards 2026 for the first time.

ASV/ASWM
Allianz Schweizer Vermögensverwalter
Alliance of Swiss Wealth Managers

Tramondo is a member of the Alliance of Swiss Wealth Managers (ASV/ASWM), founded in 2016. The members of the Alliance currently represent more than 100 billion Swiss francs in client assets.

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