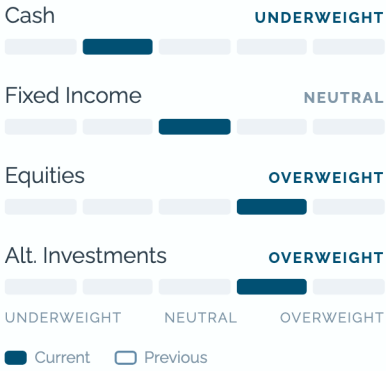
MARKET COMPASS

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



TACTICAL POSITIONING



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

SPOTTED

SpaceX – SpaceX shares fell below their IPO price of USD 135 for the first time in mid-July, extending their decline from the record highs reached following the company's landmark initial public offering. Profit-taking, a demanding valuation, substantial investment in AI and space exploration projects, and the absence of near-term catalysts weighed on the share price. In August, SpaceX is set to report its first quarterly results since the IPO, providing a key test of the company's investment case and whether its elevated market valuation can be justified.

MARKET REVIEW:

AI EUPHORIA GIVES WAY TO INCREASING SELECTIVITY

Middle East conflict pushes oil prices higher again – The conflict between the United States and Iran remained a key driver of market sentiment at times during July. Following the collapse of the ceasefire, hostilities resumed, while shipping through the Strait of Hormuz continued to face significant disruption. Brent crude temporarily rose above USD 100 per barrel, fuelling concerns that a prolonged energy price shock could add to inflationary pressures and limit central banks' room for manoeuvre. Towards the end of the month, however, diplomatic efforts showed renewed signs of progress. Military strikes were temporarily suspended, and negotiations brokered by Oman focused on establishing safer shipping routes through the region. Nevertheless, a lasting de-escalation remains elusive. Control over the Strait of Hormuz continues to be contested, key issues surrounding Iran's nuclear programme remain unresolved, and attacks by the Houthi militia continue to pose additional risks to global trade.

Semiconductors lose their leading role – Following an exceptionally strong first half of the year, the semiconductor sector came under significant pressure during the reporting month. Shares of Intel (-38.0% in July), Lam Research (-33.1%) and ASML (-16.7%) were unable to escape the negative momentum, while Nvidia (+0.3%) remained largely unscathed. Despite the recent sell-off, it is worth noting that the broader sector – as measured by the Philadelphia Semiconductor Index (SOX) – remains 60.2% above its level at the beginning of the year. The market reaction therefore appears to reflect not a fundamental shift away from the AI investment theme, but rather growing selectivity within the sector. Investors are becoming increasingly discerning, focusing on which companies are genuinely capable of translating substantial investments in data centres, semiconductors and AI infrastructure into sustainable earnings growth. As a result, larger capital expenditure plans announced by the major technology companies were no longer automatically viewed as positive. Instead, greater emphasis was placed on monetisation, profitability and returns on capital. Technological advances by Chinese companies, increasingly aggressive market positioning and forced deleveraging by a number of hedge funds further intensified the selling pressure. The broader equity market, however, proved considerably more resilient. While the technology-heavy Nasdaq 100 declined by 6.6%, the S&P 500 remained broadly unchanged, slipping by just 0.1%. European and Swiss equities even posted modest gains, with the Euro Stoxx 50 advancing 0.5% and the Swiss Performance Index (SPI) rising 0.7%.

SOON IN FOCUS

Jackson Hole – Following a series of at times difficult-to-interpret communications by the new Fed Chair, Kevin Warsh, which unsettled fixed income markets, investors' attention is likely to shift increasingly towards the annual symposium in Jackson Hole, Wyoming, over the coming weeks. The event brings together the world's leading central bankers and is once again expected to attract considerable attention, given elevated inflation risks and persistent geopolitical uncertainty.

ECB and Fed remain restrictive – The major central banks left policy rates unchanged in July but stopped short of signalling that the tightening cycle had come to an end. The European Central Bank (ECB) kept its deposit rate at 2.25% and reiterated its data-dependent approach. Financial markets continued to price in another rate increase in September. Even greater attention was focused on the U.S. Federal Reserve (Fed). While the Fed left its policy rate unchanged at 3.50%–3.75%, three members of the Federal Open Market Committee already voted in favour of a further 0.25% rate increase. At the same time, Fed Chair Kevin Warsh emphasised that higher market interest rates had already tightened financial conditions. Rising bond yields increase borrowing costs for mortgages, corporate loans and business investment, thereby slowing economic activity in much the same way as an official rate hike. The Fed therefore appears willing to allow financial markets to deliver part of the required monetary tightening rather than implementing additional rate increases itself. For investors, however, this stance remains difficult to interpret. As long as bond yields remain elevated, the Fed may be able to stay on hold. Should financial conditions ease again or inflationary pressures re-emerge, further rate hikes could quickly return to the agenda. Against this backdrop, the yield on 10-year U.S. Treasury bonds rose by around 0.32% during July, placing considerable pressure on global government and corporate bond markets.

DID YOU KNOW THAT...

...CENTRAL BANKS BOUGHT ALMOST 300 TONNES OF GOLD IN THE SECOND QUARTER OF 2026?

GLOBAL GOLD DEMAND

Quarterly gold demand in tonnes by segment since the first quarter of 2023.

SOURCE: WORLD GOLD COUNCIL



Gold has fascinated humanity for thousands of years – not only as a symbol of beauty and wealth, but also as a reliable store of value. From ancient civilisations adorning their rulers with exquisite gold jewellery to modern investors seeking protection during periods of market volatility, gold continues to hold a unique and enduring appeal.

GLOBAL CENTRAL BANK GOLD PURCHASES ROSE BY 231 TONNES QUARTER-ON-QUARTER, THE LARGEST QUARTERLY INCREASE SINCE THE FOURTH QUARTER OF 2024.

Against the backdrop of an investment environment characterised by heightened geopolitical tensions and persistent macroeconomic uncertainty, gold continues to gain importance as a portfolio stabiliser. This is clearly reflected in the fact that, since the first quarter of 2025, investment demand for gold has exceeded demand from the jewellery sector. Central banks have played a key role in this trend, driven by efforts to diversify their foreign exchange reserves and reduce their dependence on the U.S. dollar.

Following a record-breaking rally that took gold prices to an all-time high in January 2026, central banks paused their gold purchases during the first quarter of the year. Several countries, including Turkey, Russia and Azerbaijan, even reduced their gold reserves to support their domestic currencies or implement fiscal adjustments.

This brief pause, however, came to an abrupt end in the second quarter. Global central bank gold purchases increased by 231 tonnes quarter-on-quarter, marking the largest quarterly increase since the fourth quarter of 2024. According to publicly available data, the National Bank of Poland (+82 tonnes), the Central Bank of Uzbekistan (+41 tonnes) and the People's Bank of China (+40 tonnes) were the largest buyers during the second quarter.

In our view, this development reinforces the case that one of the key pillars supporting the gold price remains firmly in place and should continue to provide downside protection. By the end of July 2026, the precious metal had fallen by around 25% from its January peak, primarily as a result of sharply higher global bond yields, which increased the opportunity cost of holding non-yielding assets. The renewed increase in central bank purchases therefore sends a strong signal of confidence. We remain constructive on gold and continue to view the asset class as a strategically valuable portfolio stabiliser within a risk-conscious investment strategy.

MARKET OUTLOOK

At the turn of the month, geopolitical conditions showed some signs of improvement. The United States refrained from launching further strikes against Iran for the time being, while discussions on reopening the Strait of Hormuz raised hopes of a diplomatic resolution. However, it would be premature to interpret these developments as evidence of a lasting de-escalation. The key underlying issues – the long-term status of the Strait of Hormuz, Iran's nuclear programme and the regional security architecture – remain unresolved. Although the recent decline in oil prices is supportive from a macroeconomic perspective, it should not yet be regarded as a reliable signal of a sustained easing in geopolitical tensions.

From a macroeconomic perspective, the overall environment remains supportive, with the United States continuing to stand out. Economic growth has proved more resilient than expected, while investment in technology, artificial intelligence and durable goods continues to provide important support for economic activity. At the same time, the picture beneath the headline growth figures remains mixed. Private consumption has been less dynamic, and inflation continues to run above central bank targets. As a result, the macroeconomic backdrop in the world's largest economy remains supportive of growth, although it continues to present challenges for monetary policy.

AT THE SECTOR LEVEL, WE SELECTIVELY REALISED PROFITS IN SEMICONDUCTOR STOCKS FOLLOWING THEIR STRONG PERFORMANCE.

The Federal Reserve reaffirmed this delicate balance at its meeting at the end of July, leaving the federal funds rate unchanged at 3.50%–3.75%. Fed Chair Kevin Warsh once again emphasised the importance of price stability while largely refraining from providing traditional forward guidance. Going forward, economic and inflation data are expected to carry greater weight than central bank signalling regarding the next monetary policy move. Although this reduced level of guidance increases short-term uncertainty, it reinforces the Fed's data-dependent approach to monetary policy. As a result, expectations of imminent rate cuts remain limited, while elevated short-term yields continue to keep financial conditions restrictive.

We continue to view the overall risk-return profile for equities as attractive and therefore maintain our overweight allocation to the asset class. Our clear regional preference remains the United States. The U.S. equity market continues to offer the most compelling combination of earnings visibility, high-quality companies, structural growth and a supportive macroeconomic backdrop. We are particularly encouraged by the broadening of market leadership. In addition to the established AI beneficiaries, industrials, energy, financials, transportation, as well as small- and mid-cap stocks, are increasingly contributing to the market's positive performance.

At the same time, earnings expectations for the S&P 500 remain robust and continue to be revised upwards for the years ahead. By contrast, Europe remains a "show me" story, particularly in light of its weaker growth momentum and persistently elevated geopolitical risks. Looking ahead, equity returns are likely to be driven increasingly by corporate earnings growth rather than by any expansion in valuation multiples.

At the sector level, we selectively realised profits in semiconductor stocks following their strong performance. This decision reflected a weaker technical backdrop, demanding expectations and investors' growing focus on the monetisation of substantial AI-related investments. The adjustment is purely tactical and does not alter our long-term constructive outlook on artificial intelligence and the semiconductor sector.

Within fixed income, we continue to maintain a neutral allocation. Current yield levels provide a degree of downside protection, but the potential for capital appreciation remains constrained by persistent inflation, geopolitical risks and limited visibility regarding the next steps by the major central banks. A meaningful extension of portfolio duration would become more compelling only if inflationary pressures were to ease sustainably or central banks were to provide clearer and more reliable signals of monetary policy easing. Within the asset class, we continue to favour high-quality issuers and a disciplined approach to duration management. By contrast, high-yield bonds appear less attractive, as tight credit spreads provide only limited compensation for potential growth, inflation and liquidity risks.

We continue to maintain an overweight allocation to alternative investments, primarily for their diversification benefits. Gold has lost some of its technical momentum, while its medium-term uptrend has yet to be firmly re-established. Nevertheless, the strategic investment case remains intact. Heightened geopolitical uncertainty, elevated government debt levels, fiscal risks and gold's role as a hedge against unexpected inflation or confidence shocks continue to support an allocation to the precious metal. In addition, August has historically been a seasonally favourable month for gold. We therefore continue to view gold as a strategic portfolio stabiliser, while maintaining a prudent and risk-conscious approach in the near term.

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.

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.

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

Tramondo is a member of the VSV-ASG, Switzerland's leading association of independent wealth managers, and a member of the Alliance of Swiss Wealth Managers.

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