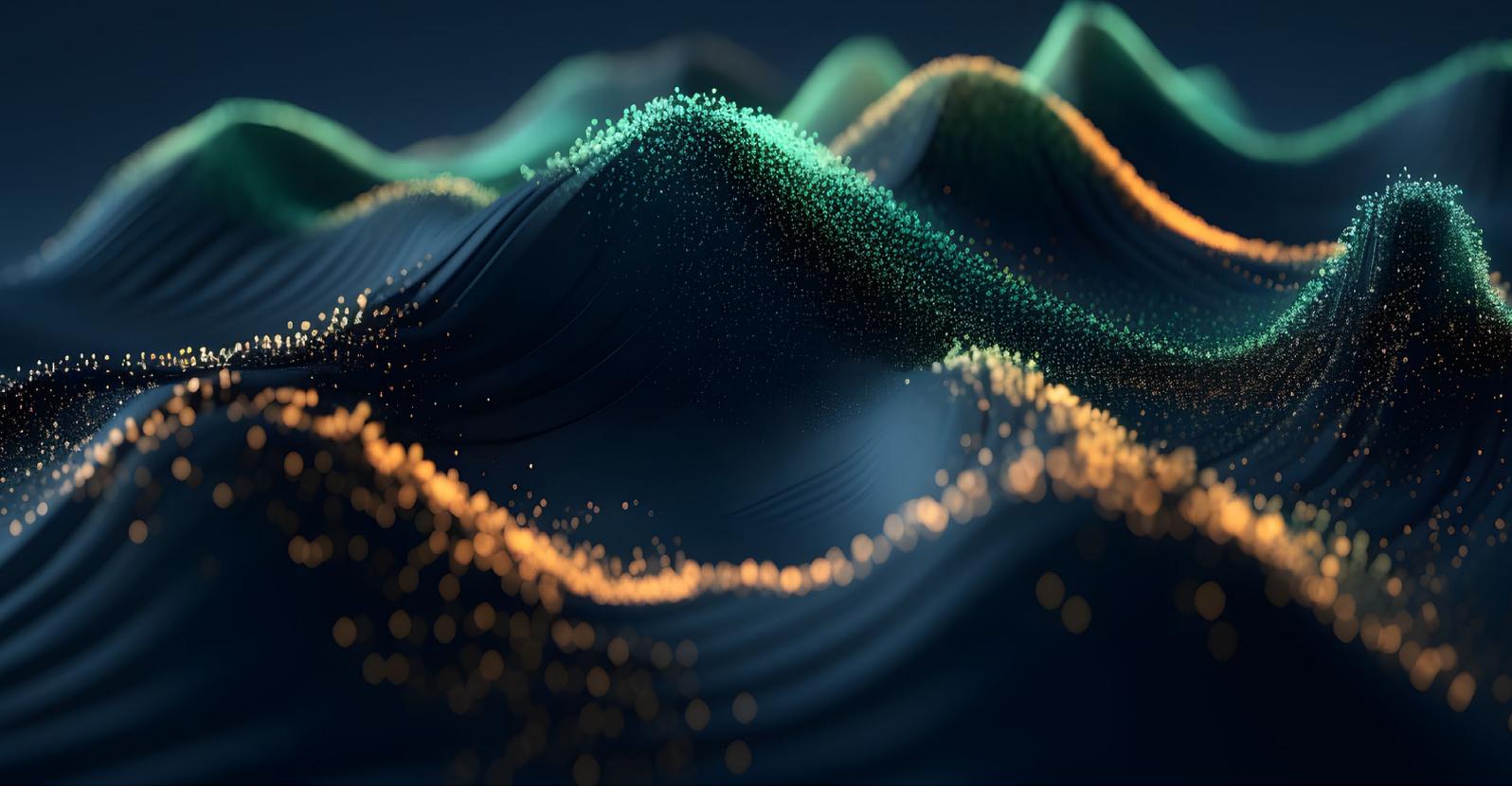


GENVIL

WEALTH MANAGEMENT & CONSULTING



MARKET INSIGHT

March 2026

Under the influence of a merciless earnings season... but not only.

We are approaching the end of corporate publications on Q4 2025 earnings and on the outlook for 2026. The least that can be said is that investors have not hesitated to penalize companies that failed to meet expectations in recent weeks. A look at the share prices of Novo Nordisk or SAP is revealing in this respect.

All this in a context where the artificial intelligence theme and the related doubts – particularly following the announcements from Anthropic – have been subject to significant turbulence. Software companies have been especially shaken!

Last month we wrote: "...companies in the AI sector will receive special attention in the coming weeks, given the questions surrounding the sustainability of the structural nature of this theme...". The least that can be said is that investors' questions have not subsided, with the technology sector finding itself at the bottom of the performance rankings while the rotation toward more value-oriented segments has continued.

It is true that digesting the announcement of more than USD 600 billion in investment from the M4 (Meta, Microsoft, Amazon, Alphabet) for 2026 alone is no easy task!

This evolution in relative sector performance satisfies us, as our defensive positioning in technology has proved appropriate, as has our choice to favor emerging and European equities over US stocks in our portfolios.

Another important factor for equity markets and the (still contained) resurgence of volatility: the issue of private debt.



“The major allocation guidelines adopted over the past quarters are not being reconsidered.”

FRANÇOIS SAVARY, CIO

GENVIL SA

More specifically, the setbacks experienced by Blue Owl and its funds have revived fears of a “bubble” in this asset class, whose strong growth in AUM over the past years may raise legitimate concerns.

As J. Dimon aptly said a few months ago, in the wake of the first tremors in this market segment, when one cockroach appears, others generally follow...

To claim that private debt is now a systemic threat would be excessive, given the information currently available. However, maintaining a vigilant stance on this issue is all the more justified as loans granted to the software sector account for a non-negligible portion of the investments concerned.

the landslide victory of the Japanese Prime Minister opens positive prospects for the Japanese economy in the medium term.

The major economic development was the rebuff delivered by the US Supreme Court to D. Trump’s reciprocal tariffs.

The latter was quick to respond, even though the new tariff framework he intends to implement remains unclear at the time of writing.

One thing is certain: the return of final authority to Congress (after 150 days) is a positive development for the rule of law in the US.

The consequences of the judges’ decision are uncertain but could lead to lower inflationary pressures, increased uncertainty regarding

“On the macroeconomic front, recent weeks have not been marked by major developments.”

Circularity in the technology sector is not limited to cross-shareholdings among major players! It can also be found in the broader markets, which may prove all the more dangerous through potential contagion effects.

A glance at the performance of financial assets and diversified portfolios since January 1 might lead to the conclusion that the aforementioned factors are merely a side story.

That would ignore the sharp increase in dispersion in equity returns in recent weeks — whether in individual stock performance, relative sector performance, or regional index comparisons.

A sign that may lead to the conclusion that the bull market is becoming increasingly mature.

On the macroeconomic front, recent weeks have not been marked by major developments. Certainly, US GDP for the last quarter of 2025 (1.4%) surprised many (we were more cautious than consensus due to the US government shutdown), but the backdrop remains broadly favorable at both the US and international levels.

Strong figures (PMI indices, for example) confirm cyclical improvement in Europe, and

public finances, and reduced pressure for emerging countries (lower tariff rates).

We must incorporate these potential developments into the management of our investment policy, which is not necessarily straightforward.

Geopolitics is never far away in the current context of international disorder.

All eyes are now on Iran and on whether an agreement between Washington and Tehran will be reached. Everything remains fluid as long as discussions continue. Yet another risk to manage!

While we monitor daily the multiple economic, financial, and geopolitical developments, we have not refrained from adjusting our investments in February.

Following significant performance since August 2025, we partially reduced our exposure to Japanese equities after the Prime Minister’s electoral victory. The strong rally since the beginning of the year prompted us to act.

On the bond front, we introduced an investment in the Itraxx index through a structured product.

This allows us to benefit from the absence of a

credit event in the high- and medium-quality corporate bond segment over an 18-month horizon and to generate an attractive yield. This choice is consistent with our economic views, which continue to favor a soft-landing scenario for the global economy.

Finally, because US midterm election years are historically conducive to increased volatility, because equity performance has been strong in recent months, because valuations have become stretched, and because the issues mentioned above cannot be ignored, we have made an investment to “hedge” against a more pronounced return of volatility in equity markets.

In doing so, we have increased our allocation to liquid alternatives, which represent an important component of our portfolios. Our desire to better manage equity risk, our limited interest in strengthening the bond allocation, and the limited appeal of cash motivated this choice.

From a medium-term perspective, the major targets set for currencies and US equities remain broadly unchanged compared with last month.

It should be noted that the recent strength of the CHF has led us to revise our fluctuation bands for the EUR/CHF pair to 0.90–0.93 and for USD/CHF to 0.73–0.78 for the coming months.

The Supreme Court’s decision raises questions about its impact on Uncle Sam’s public finances — a factor that justifies vigilance on the dollar on the one hand, but also supports the Swiss franc, one of the few fiat currencies with solid fundamentals. Moreover, we remain skeptical

about a return to negative interest rates in Switzerland.

Given the increased volatility in the yellow metal in recent weeks and following a consolidation phase that we had anticipated, we are satisfied to have taken profits on our gold positions last month.

We remain overweight gold in our portfolios and have decided to introduce a medium-term target range for the metal. This range is set at USD 5,200–5,500 per ounce for the coming quarters. We do not believe that gold’s qualities as the ultimate safe-haven asset are threatened.

After a strong performance since its introduction in early January, the oil services theme remains attractive and complements our positive view on electrification, which we have been playing since mid-2025.

On the regional equity allocation front, our bias in favor of emerging and European stocks at the expense of their US counterparts remains intact.

However, we now recommend being more selective in Europe given the strong expansion in valuations (P/E), in a context where earnings growth should not be overstated in the coming quarters.

Conversely, we remain positive on emerging market equities, given our weaker dollar scenario, our expectations of a soft landing for the global economy, and positive revisions to corporate earnings growth within consensus forecasts.

In conclusion, we continue our policy of gradual adjustments in our asset allocation.

Within an overall framework that remains favorable to equities over bonds, we are not standing idle.

Some of the orientations adopted over the past quarters do not appear to require reconsideration in light of recent developments. Caution on the dollar, a solid position in Swiss franc, favoring emerging equities over US stocks, overweight gold, and strong exposure to liquid alternatives remain at the core of the roadmap we have set in defining our investment policy.

A moderation in European equities, however, where the time has come to be more reasonable in the extent of the overweight relative to the US.

While we continue to believe that equities still have upside potential – as reflected in our 7,500 target on the S&P 500 by year-end – we must nevertheless acknowledge that prevailing uncertainties justify hedging against a short-term rebound in volatility.

From there to concluding that medium-term prospects for risk assets must be definitively revised is a step we are not prepared to take. Neither economic conditions, nor earnings prospects, nor liquidity conditions justify it.

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