



TELOMERE | Capital

Market Update

The promise that became a warning

March 2026



Editorial

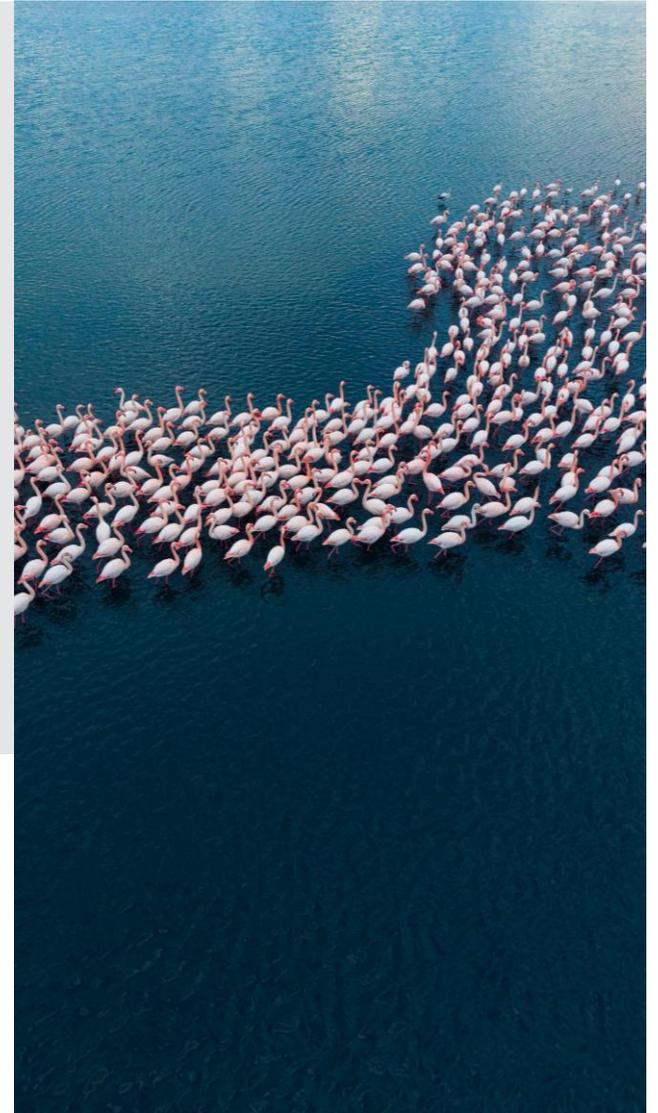
The euphoria that carried AI stocks to unprecedented heights has given way to a darker question: what happens when the technology we've celebrated begins to displace us? This shift in sentiment, coupled with a landmark Supreme Court ruling that redrew the boundaries of executive trade authority, created a volatility cocktail that tested every portfolio manager's conviction.

Then, just as markets were digesting these developments, geopolitical tensions in the Middle East flared dramatically, sending shockwaves through energy markets and forcing us to recalibrate risk across all asset classes.

What emerged from these converging forces is a market in transition, where yesterday's winners face existential questions, and where the interplay between technology, policy, and geopolitics has never been more complex.

The pages that follow will guide you through the anatomy of the "AI scare trade", decode the tariff recalibration and its uneven winners and losers, and explore how the Iranian conflict is stress-testing both portfolio construction and central bank resolve.

We wish you a pleasant and insightful read.



Joan Bürgy
Investment Specialist



Jérôme Tobler, CIIA
Partner & Senior Financial Advisor

Global Markets

Global	Last	YTD	MTD
MSCI World	4,556.8	3.0%	0.8%
MSCI ACWI	1,056.8	4.3%	1.3%
MSCI Emerging Markets	1,610.7	14.9%	5.5%

United States

Dow Jones Industrial	48,977.9	2.1%	0.3%
S&P 500	6,878.9	0.7%	-0.8%
NASDAQ 100	24,960.0	-1.1%	-2.3%
Russell 2000	2,632.4	6.2%	0.8%

Europe

Euro STOXX 600	633.9	7.3%	3.9%
Euro STOXX 50	6,138.4	6.2%	3.3%
DAX	25,284.3	3.2%	3.0%
CAC 40	8,580.8	5.3%	5.6%
FTSE 100	10,910.6	10.2%	7.0%
Swiss Market Index (SMI)	14,014.3	5.6%	6.3%

Sectors (US)

Communication Services	-2.3%	-5.6%
Consumer Discretionary	-3.1%	-5.1%
Consumer Staples	16.3%	8.0%
Energy	24.4%	9.2%
Financials	-6.6%	-4.1%
Health Care	3.1%	3.3%
Industrials	16.3%	8.3%
Materials	18.5%	9.0%
Real Estate	9.6%	6.5%
Technology	-6.1%	-4.3%
Utilities	11.7%	10.3%

Commodities & Metals	Last	YTD	MTD
Gold (XAU)	5,278.9	22.2%	7.9%
Silver (XAG)	93.8	30.9%	10.1%
Copper	600.5	5.7%	1.4%

Currencies (USD)

EUR	1.18	0.6%	-0.3%
CHF	0.77	2.9%	0.5%
JPY	156.1	0.4%	-0.8%
BTC	65,527	-25.2%	-22.1%

Fixed Income

US Treasury	2,477	1.7%	1.8%
EUR Treasury	253	2.1%	1.4%
Global Aggregate	512	2.1%	1.1%
US Corporate	3,597	1.5%	1.3%
Global EM USD	1,409	1.6%	1.2%
Global High Yield	1,885	1.2%	0.2%

Interest Rates (US)

		Last month	End 2024
3 Months	3.66%	3.65%	3.63%
12 Months	3.47%	3.46%	3.47%
5 Year	3.50%	3.79%	3.73%
10 Year	3.94%	4.24%	4.17%

Price / Earnings Ratios

		End 2024	End 2023
S&P 500	26.86	26.50	22.76
Euro STOXX 50	17.96	14.30	12.86
Swiss Market Index (SMI)	18.36	19.01	17.56

Data at close of 27/02/2026

Macroeconomic Indicators

Central Banks Targets Rates	Last	Q4 2025	Q3 2025	Q2 2025	Inflation (CPI - YoY)	Last	Q4 2025	Q3 2025	Q2 2025
United States	3.75%	3.75%	4.25%	4.50%	United States	2.40%	2.70%	3.00%	2.70%
Eurozone	2.15%	2.15%	2.15%	2.15%	Eurozone	1.90%	2.00%	2.20%	2.00%
Switzerland	0.00%	0.00%	0.00%	0.00%	Switzerland	0.10%	0.10%	0.20%	0.10%
United Kingdom	3.75%	3.75%	4.00%	4.25%	United Kingdom	3.00%	3.40%	3.80%	3.60%
Canada	2.25%	2.25%	2.50%	2.75%	Canada	2.30%	2.40%	2.40%	1.90%
Japan	0.75%	0.75%	0.50%	0.50%	Japan	1.50%	2.10%	2.90%	3.30%
China (3M SHIBOR)	1.57%	1.60%	1.58%	1.63%	China	0.20%	0.80%	-0.30%	0.10%
Unemployment	Last	Q4 2025	Q3 2025	Q2 2025	Gross Domestic Product (YoY)	Last	Q4 2025	Q3 2025	Q2 2025
United States	4.30%	4.40%	4.40%	4.10%	United States	2.20%	2.20%	2.30%	2.10%
Eurozone	6.20%	6.20%	6.40%	6.40%	Eurozone	1.60%	N/A	1.60%	1.40%
Switzerland	2.90%	3.00%	3.00%	2.90%	Switzerland	0.70%	0.70%	0.60%	1.40%
Canada	6.50%	6.80%	7.10%	6.90%	Canada	1.00%	1.00%	1.40%	1.30%
Japan	2.70%	2.60%	2.60%	2.50%	Japan	3.40%	3.40%	4.10%	5.30%
China	5.10%	5.10%	5.20%	5.00%	China	4.50%	4.50%	4.80%	5.20%
					India (Real GDP)	7.80%	7.80%	8.40%	6.70%
Producer Price Index (PPI - YoY)	Last	Q4 2025	Q3 2025	Q2 2025	Purchasing Managers' Index	Last	Q4 2025	Q3 2025	Q2 2025
United States	2.90%	3.00%	3.00%	2.40%	United States	52.4	47.9	48.9	49
European Union	0.30%	0.30%	0.80%	0.10%	Eurozone	51.9	51.5	51.2	50.6
Switzerland	-2.20%	-1.80%	-1.80%	-0.70%	Switzerland	47.4	46.4	46.1	48.7
Canada	5.45%	4.29%	4.94%	1.25%	Canada	51	48.6	47.7	45.6
Japan	2.30%	2.40%	2.80%	2.80%	Japan	53	50	48.5	50.1
China	-1.40%	-1.90%	-2.30%	-3.60%	China	49.3	50.1	49.8	49.7
India	1.81%	0.83%	0.19%	-0.19%	India	56.9	55	57.7	58.4
Core Inflation (Core CPI - YoY)	Last	Q4 2025	Q3 2025	Q2 2025	Consumer Spending (PCE - YoY)	Last	Q4 2025	Q3 2025	Q2 2025
United States	2.50%	2.60%	3.00%	2.90%	United States	3.00%	3.00%	2.83%	2.81%
Eurozone	2.40%	2.30%	2.40%	2.30%					
Switzerland	0.50%	0.50%	0.60%	0.80%					
Canada	2.40%	2.50%	2.40%	2.60%					
Japan	1.30%	1.50%	1.30%	1.60%					

Data as of 03/03/2026
N/A: Not yet reported or Public Holiday

February Macro News



- Oil was one of February's standout stories: crude oil prices rose 2.8% in February, following a 13.6% surge in January. Geopolitical risk premiums are building around U.S./Iran tensions. This poses a threat to the disinflationary narrative that has guided markets since mid-2024. Since August 2024, oil had been a consistent disinflationary drag; this tailwind may now be disappearing.
- The U.S. economy ended 2025 on a weak note, with Q4 QoQ GDP expanding at a disappointing annualized rate of just 1.4%; a sharp deceleration from the 4.4% pace recorded in Q3. The miss was largely mechanical: the record 43-day government shutdown, along with softer consumer spending and trade headwinds, weighed heavily on the headline figure.
- US inflation continued to ease unevenly. Headline CPI came out at 2.4% year over year (YoY), and core PCE at 3.0%. This kept the Fed firmly on hold at its target range of 3.50–3.75%, with no imminent cut in sight.
- In Europe, the ECB held rates at 2.0%, with President Lagarde signaling no pre-commitment to further cuts amid unresolved geopolitical uncertainties. Euro area headline inflation dipped to 1.9%, below the ECB's 2% target, and core inflation moderated to 2.2%.

What began as AI euphoria has morphed into **something far more unsettling**

After three years of investors chasing everything AI-related, February marked a pivotal shift in market sentiment, one that Wall Street is now calling the "AI scare trade."

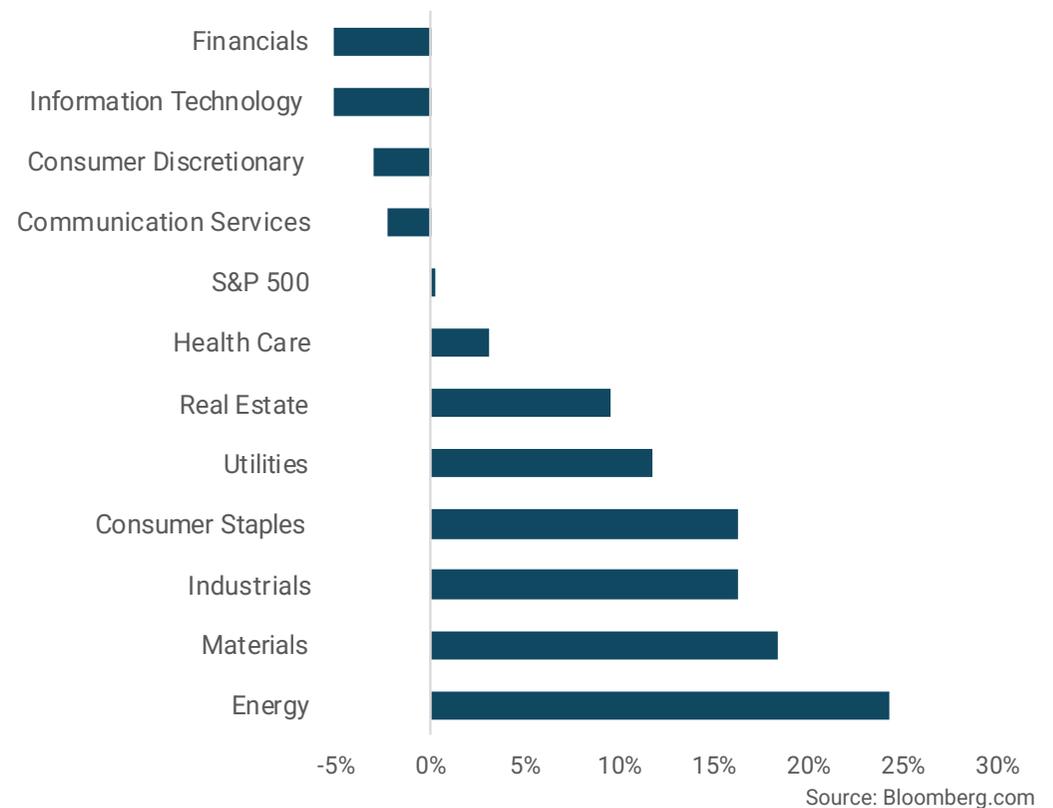
The narrative has flipped: rather than viewing AI as a productivity miracle, investors are increasingly spooked by its disruptive potential to hollow out entire industries and displace white-collar workers at scale.

The catalyst came at month's end when a dystopian research memo from Citrini Research painted a bleak 2028 scenario with unemployment exceeding 10%, triggering immediate S&P 500 declines. But this wasn't just about one report. It reflected deeper anxieties already brewing among corporate executives. By year-end 2025, a majority of S&P 500 companies listed AI as a material risk, up from just 12% in 2023. The February rollout of advanced AI tools like Claude for legal services and Hazel for tax planning crystallized these fears, sending shares in professional services and wealth management firms tumbling.

The scare trade embodies two distinct fears: first, that tech giants like Microsoft and Amazon are over-investing in AI infrastructure with questionable returns; second, that AI agents will decimate white-collar employment, shrinking consumer spending and corporate revenues.

Software stocks have been hit hardest, with the sector down 17% year-to-date, while defensive positioning has emerged in the "HALO trade" (heavy assets with low obsolescence, like utilities and infrastructure).

S&P 500 Sector Ranked Returns YTD



The Supreme Court ruled that **President Trump exceeded his authority**

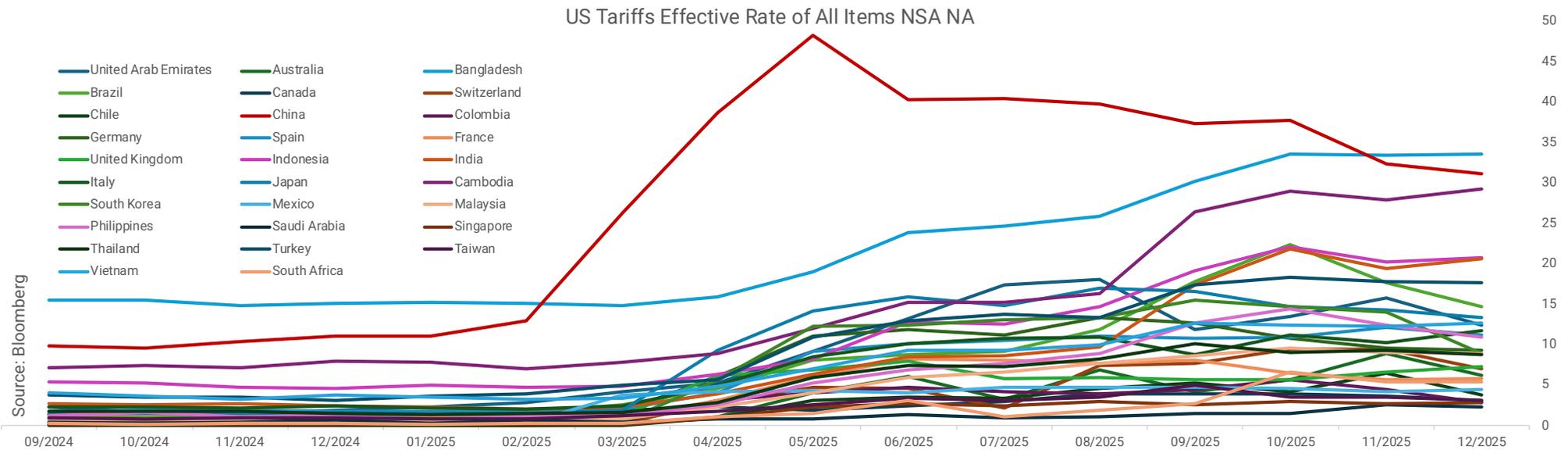
The court stated unequivocally that the power to tax (including tariffs) belongs to Congress, not the executive branch. This struck down most of the reciprocal tariffs implemented since Liberation Day in April 2025, potentially affecting up to USD 170 billion in collected duties.

While this technically invalidated the collected duties, the victory for importers was short-lived. In a defiant response, the President immediately pivoted to Section 122 of the Trade Act of 1974, **announcing a new 15% global tariff** as a stopgap measure

Initially, markets rallied on the news of the ruling, but those gains were quickly tempered as the reality of the new 15% surcharge set in. We saw a distinct "flight to safety" as the dollar and US Treasury yields softened on fears that potential massive refunds could balloon the federal deficit.

Crucially, while 15% sounds punitive, the effective tariff rate actually drops to approximately 12.1% from 13.6% prior to the ruling, marking the lowest effective rate since Liberation Day.

The relief is not distributed equally across markets. Winners are companies with heavy supply chain exposure to China, Brazil and India, where previous tariffs ran well above 15% (19.9%, 30% and 17.8% respectively), now all capped below the new threshold. Losers, however, are companies sourcing from Europe, the UK and Japan, where these countries had previously negotiated preferential rates below 15%.



The US and Israel targeted Iranian leadership and infrastructure

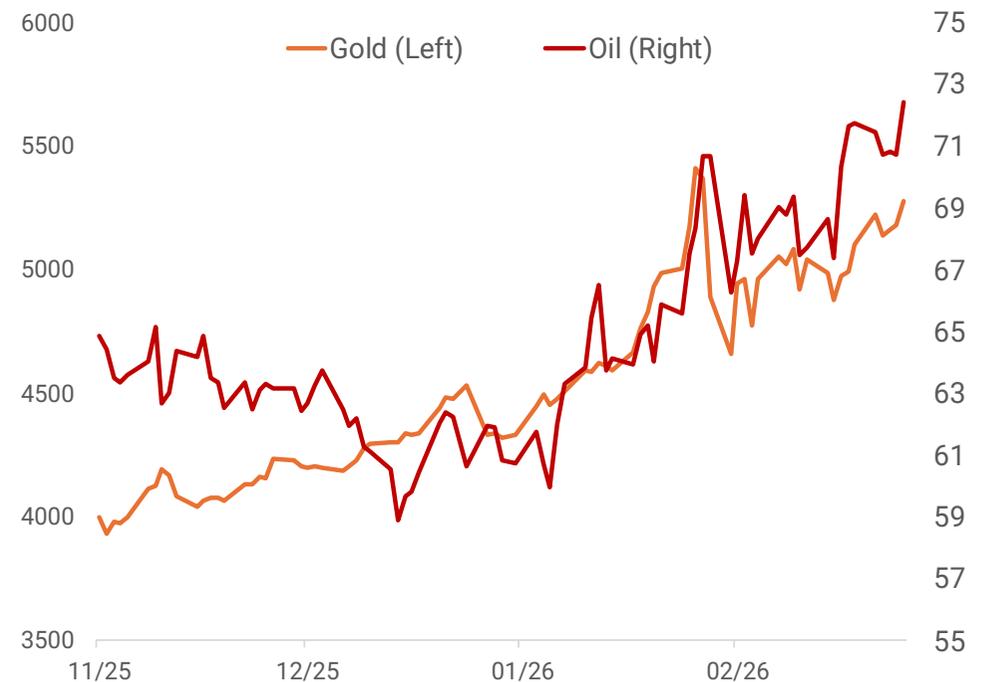
This escalation, following failed nuclear negotiations earlier in the month, led to the reported death of Supreme Leader Ali Khamenei and triggered immediate Iranian retaliation against regional targets and maritime interests.

The primary transmission channel to global markets runs through energy prices, specifically via the Strait of Hormuz, the world's most critical oil chokepoint. This isn't a production crisis but rather a deliverability crisis.

Brent crude surged past USD 80 per barrel immediately, with analysts projecting potential moves toward 90 - 100 if disruptions extend beyond two weeks. The key inflection point remains duration: days versus weeks of closure will produce vastly different outcomes for portfolios and economic growth trajectories.

Global markets have reacted with a classic "flight to quality," driving up the U.S. Dollar and gold prices, while global equities and airline stocks faced a sharp sell-off due to fears of renewed inflationary pressure.

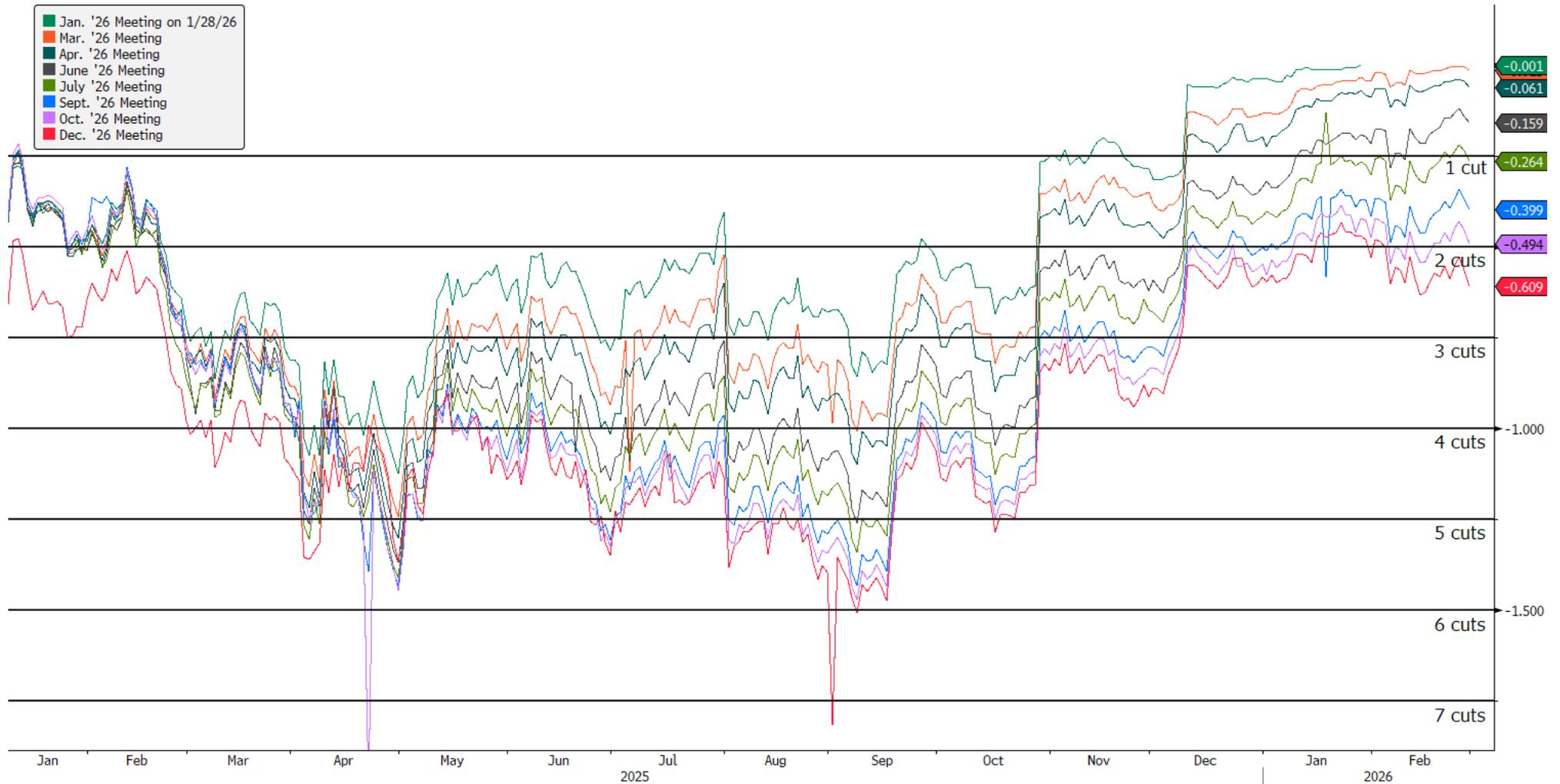
Central banks now face a more complex trade-off between weaker growth and higher inflation. Should oil remain elevated for months rather than weeks, inflation expectations could become unanchored, forcing central banks into the uncomfortable position they navigated in 2022. For now, markets are pricing elevated inflation risk without panic, but the path forward hinges entirely on how quickly shipping normalizes through Hormuz.



Source: Bloomberg

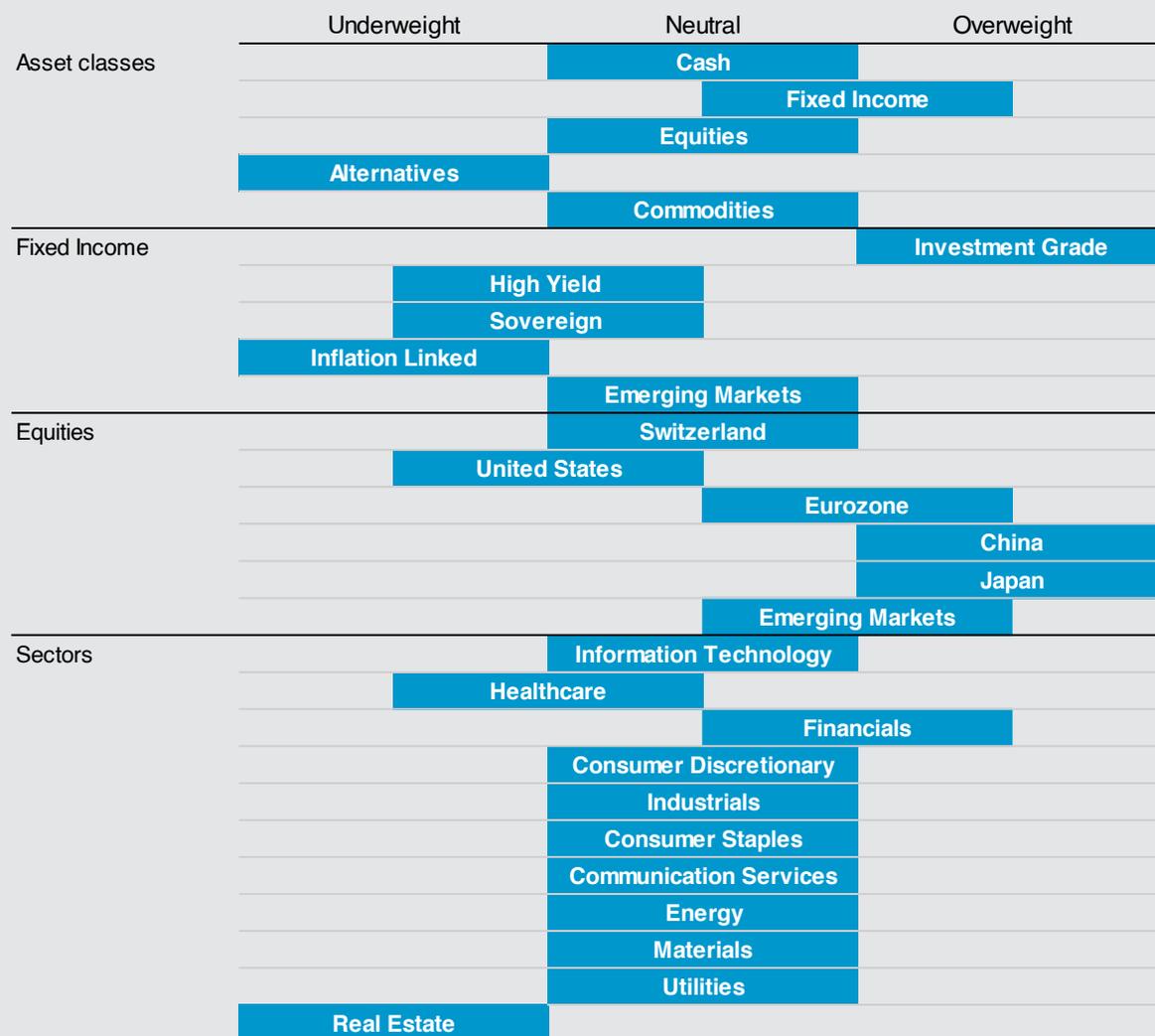
Short Term Rates Expectations

There was no FOMC meeting in February. Minutes from the January meeting showed officials in no rush to restart easing, with some even raising the possibility of rate hikes if inflation remains persistently above the 2% target. Markets are pricing the next cut as early as July.



Copyright © 2026 Bloomberg Finance L.P.

Asset Allocation



Fixed-income allocation

Our selection focuses on the highest-quality issuers offering attractive risk-adjusted returns.

Equities

This context leads us to a more neutral approach to equities, where sector and regional diversification is more important than ever. We reduced our allocation the United States following the ongoing turbulence caused by the new administration.

Alternative investments

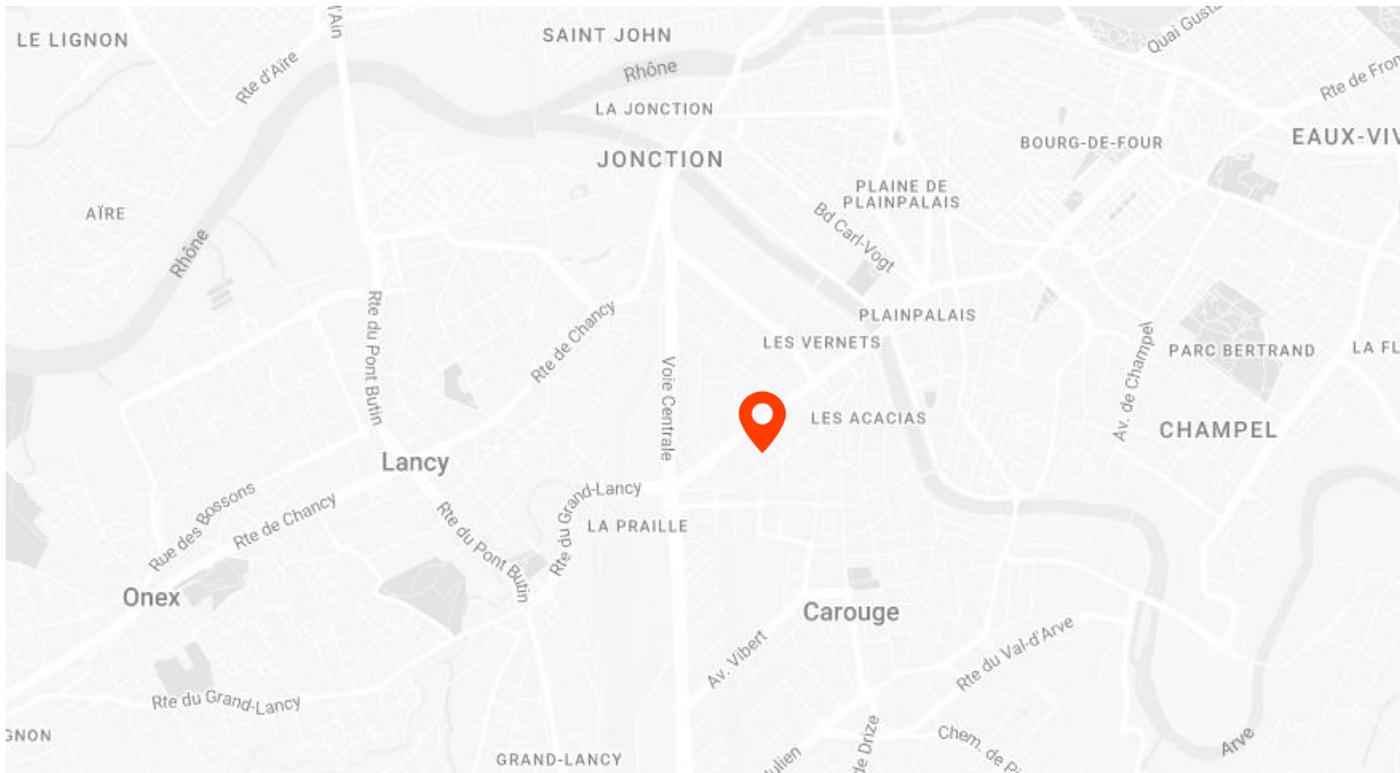
In the current interest rate environment, our approach remains focused on carry strategies through bonds. We thus maintain an underweight allocation to alternative investments, capitalizing on the stability and predictable returns offered by bond instruments.

Commodities

In response to heightening geopolitical fragmentation and the escalating risk of currency debasement, we have established a commodities allocation, beginning with precious and strategic metals.

Contact

A DIFFERENT APPROACH TO WEALTH MANAGEMENT



Wealth Management
Family Office
Wealth Planning



Route des Acacias 54
1227 Carouge

Geneva, Switzerland
+41 22 318 58 80

Legal Notice

This publication constitutes marketing material and is not the result of independent financial research. Therefore the legal requirements regarding the independence of financial research do not apply. The information and opinions expressed in this publication were produced by Telomere Capital SA, as of the date of writing and are subject to change without notice. This publication is intended for information purposes only and does not constitute an offer or an invitation by, or on behalf of, Telomere Capital to make any investments. Opinions and comments of the authors reflect their current views, but not necessarily of other entities or any other third party. Services and/or products mentioned in this publication may not be suitable for all recipients and may not be available in all countries. Clients of Telomere Capital are kindly requested to get in touch with the local Telomere Capital entity in order to be informed about the services and/or products available in such country. This publication has been prepared without taking account of the objectives, financial situation or needs of any particular investor. Before entering into any transaction, investors should consider the suitability of the transaction to individual circumstances and objectives. Any investment or trading or other decision should only be made by the client after a thorough reading of the relevant product term sheet, subscription agreement, information memorandum, prospectus or other offering document relating to the issue of the securities or other financial instruments. Nothing in this publication constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate for individual circumstances, or otherwise constitutes a personal recommendation for any specific investor. Telomere Capital recommends that investors independently assess, with a professional advisor, the specific financial risks as well as legal, regulatory, credit, tax and accounting consequences. Past performance is not a reliable indicator of future results. Performance forecasts are not a reliable indicator of future performance. The investor may not get back the amount invested. Although the information and data herein are obtained from sources believed to be reliable, no representation is made that the information is accurate or complete. Telomere Capital SA, its subsidiaries and affiliated companies do not accept liability for any loss arising from the use of this publication. This publication may only be distributed in countries where its distribution is legally permitted. This information is not directed to any person in any jurisdiction where (by reason of that person's nationality, residence or otherwise) such publications are prohibited. This document may contain information obtained from third parties, including ratings from rating agencies such as Standard & Poor's, Moody's, Fitch and other similar rating agencies. Reproduction and distribution of third-party content in any form is prohibited except with the prior written permission of the related third-party. Third-party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third-party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third-party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content, including ratings. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the market value of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice.