



TELOMERE | Capital

Market Update

Reverse Goldilocks

April 2026



Editorial

March was, in short, a very difficult month for investors and for anyone trying to make sense of what is happening in the world.

For months, markets have been sustained by a Goldilocks environment: growth steady enough to support earnings, inflation low enough to keep central banks accommodative. March marked a sharp departure from that world. What started as a military escalation in the Middle East quickly became something much larger. The closure of the Strait of Hormuz sent energy prices to levels not seen in decades, and the effects did not stay in oil markets for long. Inflation fears resurfaced almost overnight. Central banks, which had spent the better part of two years preparing to cut rates, suddenly found themselves facing pressure to do the opposite. And across financial markets, almost nothing was spared.

What made March particularly unsettling was that the traditional safe havens all fell at the same time as riskier assets. For most investors, there was genuinely nowhere to shelter.

This is the Reverse Goldilocks: too hot where you don't want it, too cold where you do. This update tries to make sense of all of it. We wish you a pleasant and insightful read.



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Investment Specialist



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Global Markets

Global	Last	YTD	MTD
MSCI World	4,258.3	-3.5%	-6.3%
MSCI ACWI	978.9	-3.1%	-7.1%
MSCI Emerging Markets	1,397.2	-0.1%	-13.0%

United States

Dow Jones Industrial	46,341.5	-3.2%	-5.2%
S&P 500	6,528.5	-4.4%	-5.0%
NASDAQ 100	23,740.2	-5.8%	-4.8%
Russell 2000	2,496.4	0.9%	-5.0%

Europe

Euro STOXX 600	583.1	-0.8%	-7.5%
Euro STOXX 50	5,569.7	-3.5%	-9.1%
DAX	22,680.0	-7.4%	-10.3%
CAC 40	7,816.9	-4.0%	-8.8%
FTSE 100	10,176.5	3.4%	-6.2%
Swiss Market Index (SMI)	12,776.8	-2.4%	-7.6%

Sectors (US)

Communication Services	-9.3%	-7.1%
Consumer Discretionary	-8.7%	-5.9%
Consumer Staples	7.7%	-7.3%
Energy	37.3%	10.4%
Financials	-10.1%	-3.8%
Health Care	-5.1%	-7.9%
Industrials	6.5%	-8.4%
Materials	10.0%	-7.1%
Real Estate	2.9%	-6.1%
Technology	-9.5%	-3.6%
Utilities	8.2%	-3.1%

Commodities & Metals	Last	YTD	MTD
Gold (XAU)	4,668.1	8.1%	-11.6%
Silver (XAG)	75.2	4.9%	-19.9%
Copper	561.4	-1.2%	-6.5%

Currencies (USD)

EUR	1.16	-1.6%	-2.2%
CHF	0.80	-0.9%	-3.9%
JPY	158.7	-1.3%	-1.7%
BTC	68,194	-22.2%	4.1%

Fixed Income

US Treasury	2,434	0.0%	-1.7%
EUR Treasury	246	-0.6%	-2.7%
Global Aggregate	496	-1.1%	-3.1%
US Corporate	3,526	-0.5%	-2.0%
Global EM USD	1,368	-1.3%	-2.9%
Global High Yield	1,838	-1.3%	-2.5%

Interest Rates (US)

		Last month	End 2024
3 Months	3.67%	3.66%	3.63%
12 Months	3.65%	3.47%	3.47%
5 Year	3.94%	3.50%	3.73%
10 Year	4.32%	3.94%	4.17%

Price / Earnings Ratios

		End 2024	End 2023
S&P 500	25.55	26.51	22.74
Euro STOXX 50	16.28	14.30	12.86
Swiss Market Index (SMI)	18.98	19.01	17.55

Data at close of 31/03/2026

Macroeconomic Indicators

Central Banks Targets Rates	Last	Q1 2026	Q4 2025	Q3 2025	Inflation (CPI - YoY)	Last	Q1 2026	Q4 2025	Q3 2025
United States	3.75%	3.75%	3.75%	4.25%	United States	2.40%	N/A	2.70%	3.00%
Eurozone	2.15%	2.15%	2.15%	2.15%	Eurozone	2.50%	2.50%	2.00%	2.20%
Switzerland	0.00%	0.00%	0.00%	0.00%	Switzerland	0.30%	0.30%	0.10%	0.20%
United Kingdom	3.75%	3.75%	3.75%	4.00%	United Kingdom	3.00%	N/A	3.40%	3.80%
Canada	2.25%	2.25%	2.25%	2.50%	Canada	1.80%	N/A	2.40%	2.40%
Japan	0.75%	0.75%	0.75%	0.50%	Japan	1.30%	N/A	2.10%	2.90%
China (3M SHIBOR)	1.48%	1.51%	1.60%	1.58%	China	1.30%	N/A	0.80%	-0.30%
Unemployment	Last	Q1 2026	Q4 2025	Q3 2025	Gross Domestic Product (YoY)	Last	Q1 2026	Q4 2025	Q3 2025
United States	4.30%	4.30%	4.40%	4.40%	United States	2.00%	N/A	2.00%	2.30%
Eurozone	6.20%	N/A	6.20%	6.30%	Eurozone	1.60%	N/A	1.60%	1.60%
Switzerland	3.00%	3.00%	3.00%	3.00%	Switzerland	0.70%	N/A	0.70%	0.60%
Canada	6.70%	N/A	6.80%	7.10%	Canada	0.60%	N/A	1.00%	1.40%
Japan	2.60%	N/A	2.60%	2.60%	Japan	3.90%	N/A	3.90%	4.10%
China	5.30%	N/A	5.10%	5.20%	China	4.50%	N/A	4.50%	4.80%
					India (Real GDP)	7.80%	N/A	7.80%	8.40%
Producer Price Index (PPI - YoY)	Last	Q1 2026	Q4 2025	Q3 2025	Purchasing Managers' Index	Last	Q1 2026	Q4 2025	Q3 2025
United States	3.40%	N/A	3.00%	3.00%	United States	52.7	52.7	47.9	48.9
European Union	0.20%	N/A	0.30%	0.80%	Eurozone	50.7	50.7	51.5	51.2
Switzerland	-2.70%	N/A	-1.80%	-1.80%	Switzerland	53.3	53.3	46.4	46.1
Canada	5.42%	N/A	4.29%	4.86%	Canada	50	50	48.6	47.7
Japan	2.00%	N/A	2.40%	2.80%	Japan	51.6	51.6	50	48.5
China	-0.90%	N/A	-1.90%	-2.30%	China	50.4	50.4	50.1	49.8
India	2.13%	N/A	0.96%	0.19%	India	53.9	53.9	55	57.7
Core Inflation (Core CPI - YoY)	Last	Q1 2026	Q4 2025	Q3 2025	Consumer Spending (PCE - YoY)	Last	Q1 2026	Q4 2025	Q3 2025
United States	2.50%	N/A	2.60%	3.00%	United States	3.06%	N/A	3.01%	2.83%
Eurozone	2.30%	2.30%	2.30%	2.40%					
Switzerland	0.40%	0.40%	0.50%	0.60%					
Canada	2.00%	N/A	2.50%	2.40%					
Japan	1.40%	N/A	1.50%	1.30%					

Data as of 08/04/2026
N/A: Not yet reported or Public Holiday

March Macro News



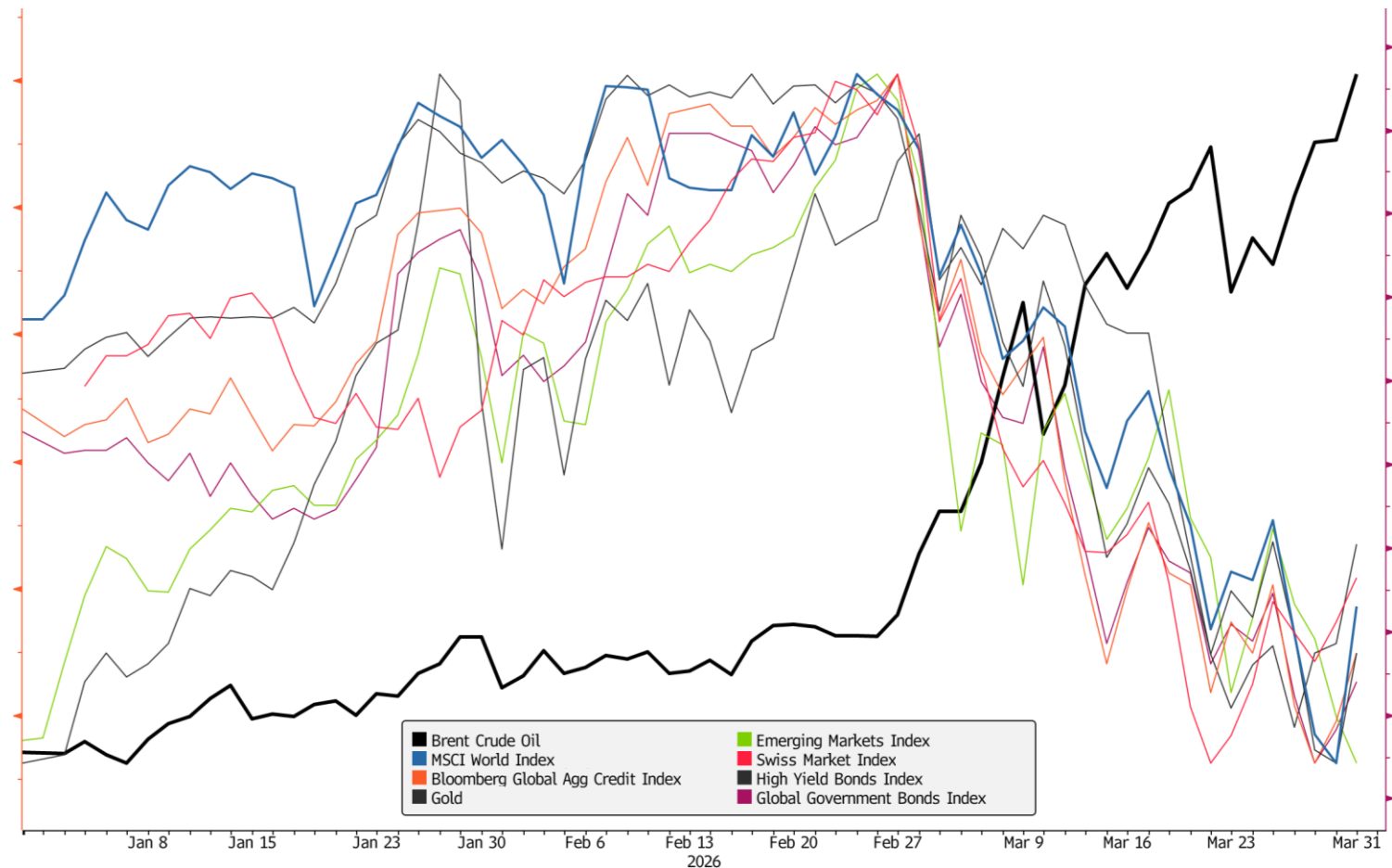
- March 2026 was defined by a single dominant theme: the escalation of the US-Israeli military action against Iran and its cascading effects across energy markets, inflation expectations, and global risk sentiment.
- The effective closure of the Strait of Hormuz, through which roughly 20% of the world's oil supply transits, was the most consequential development for markets. The steep rise in energy prices fueled concerns about an immediate spike in inflation and fears of further price increases. This made backward-looking economic data less relevant to market action, even though the initial state of the economy affects the outlook.
- Central banks broadly acknowledged the deteriorating backdrop but avoided committing to a specific policy timeline, caught between rising inflation risks and downside growth risks.

The Iran conflict triggered a synchronized shock across every major asset class

As the US-Israel conflict with Iran escalated into direct strikes on energy infrastructure, the Strait of Hormuz (the chokepoint through which one in five barrels of global oil supply flows) was effectively shut down.

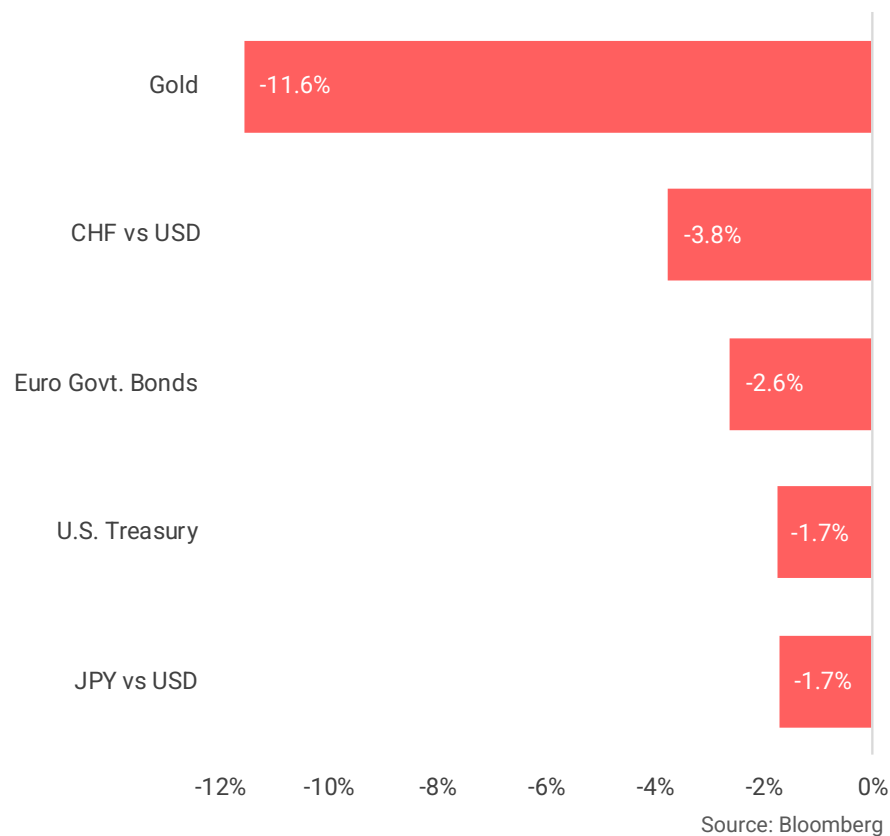
Brent crude surged over 60%, briefly touching USD 118 per barrel, its most violent monthly move since the Gulf War in 1990.

What made this shock different from most market crises was its reach. Within weeks, it had simultaneously pushed inflation expectations sharply higher, forced central banks to abandon their cutting cycles, and driven global equities to their worst monthly loss since late 2022. The disruption did not stay in energy markets. It spread, quickly and indiscriminately, across every major asset class.



Every traditional refuge **failed investors all at once**

When markets sell off, the playbook is well-rehearsed: rotate into government bonds, hold gold, buy dollars, seek shelter in the Swiss franc or Japanese yen. In March 2026, that playbook failed on every page.



Treasuries sold off sharply as yields rose across the curve. Gold dropped over 11% in a single month. The franc and yen weakened. Even the dollar's rally was surprisingly muted given the scale of the risk aversion in other markets.

The reason cuts to the heart of how financial systems behave under sudden stress. When a shock of this magnitude hits, investors sell not what they want to sell, but what they can. The most liquid, highest-quality assets go first, not because confidence in them has collapsed, but because they are the easiest to convert to cash at speed.

What looks like a loss of faith in gold or government bonds is often simply the market raising liquidity by any means available. This dynamic has clear historical precedent: in October 2008, in the weeks immediately following the Lehman collapse, gold fell 22% for precisely the same reason.

Diversification does not fail in moments like this; it is temporarily overwhelmed by a mechanical demand for that cuts across all asset classes. Once that pressure clears, the underlying logic of holding quality assets across asset classes reasserts itself. The case for staying invested, rather than making dramatic defensive moves at the worst possible moment, remains intact.

Monetary Policy: Part of the Problem, **Not the Solution**

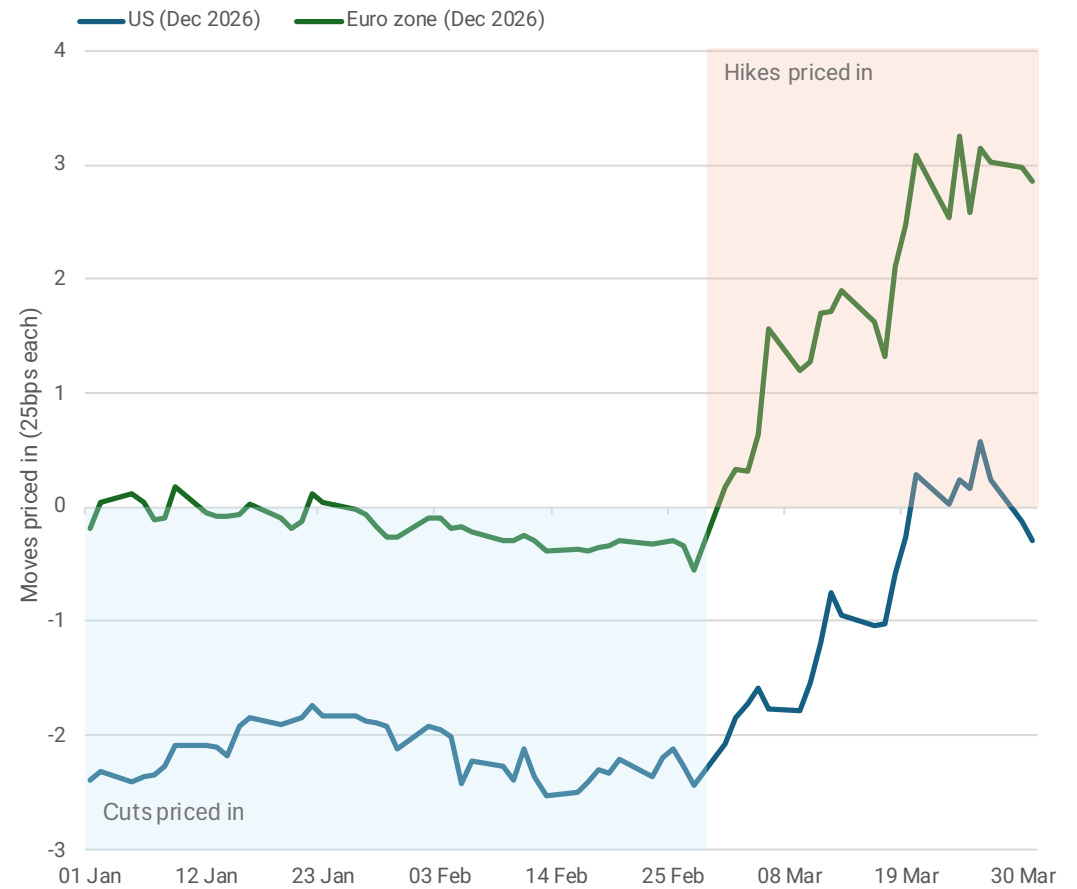
Every major market crisis in recent years has come with an implicit backstop: central banks cutting rates, injecting liquidity and cushioning the impact. It worked in 2001, in 2008, and again in 2020.

The reflex became so reliable that markets began pricing it in automatically whenever volatility spiked. March has fundamentally challenged that assumption.

The problem is structural. Monetary policy is designed to manage demand: it can cool an overheating economy or stimulate a sluggish one. What it cannot do is create oil supply. When a shock is rooted in physical scarcity rather than weak demand, raising rates reduces inflation only by destroying economic activity.

Markets swiftly priced in the potential for rate **hikes** from the European Central Bank, and to a lesser extent, the Federal Reserve, by the end of 2026 – a dramatic reversal from the cuts that had been anticipated just weeks earlier. Central bankers, caught between surging energy-driven inflation and genuine growth risks, broadly acknowledged the deteriorating backdrop while carefully avoiding any commitment to a specific course of action. The result is a policy environment defined by ambiguity at precisely the moment markets most crave clarity.

There is no comfortable path, and we must prepare for elevated volatility in rates markets for as long as the conflict persists.



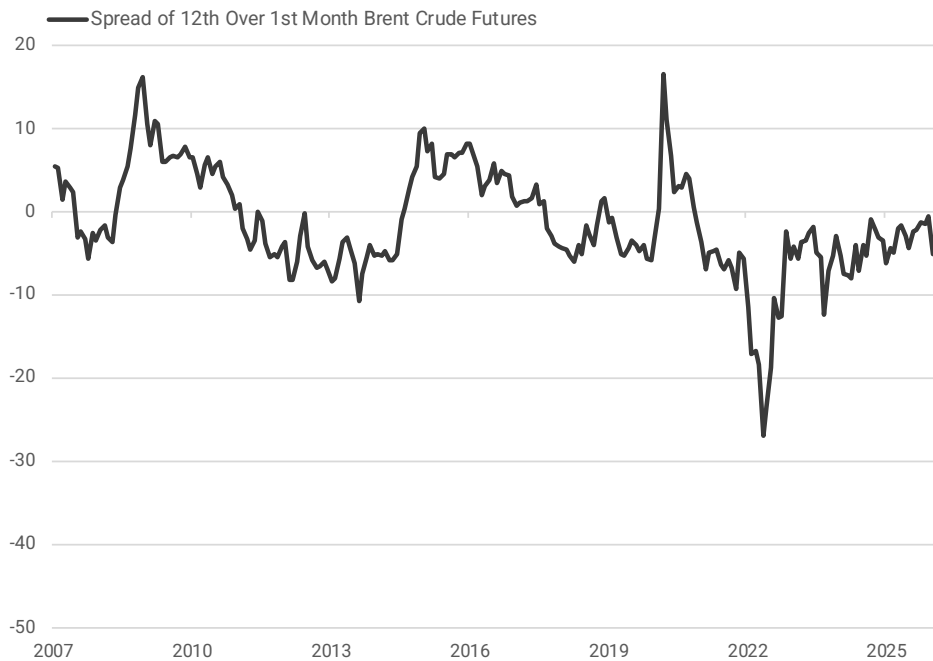
Source: Bloomberg WIRP

Oil Traders Are Betting This Won't Last

The shape of the oil futures curve sends a quietly reassuring message: the market views today's price spike as a temporary disruption, not a permanent new reality.

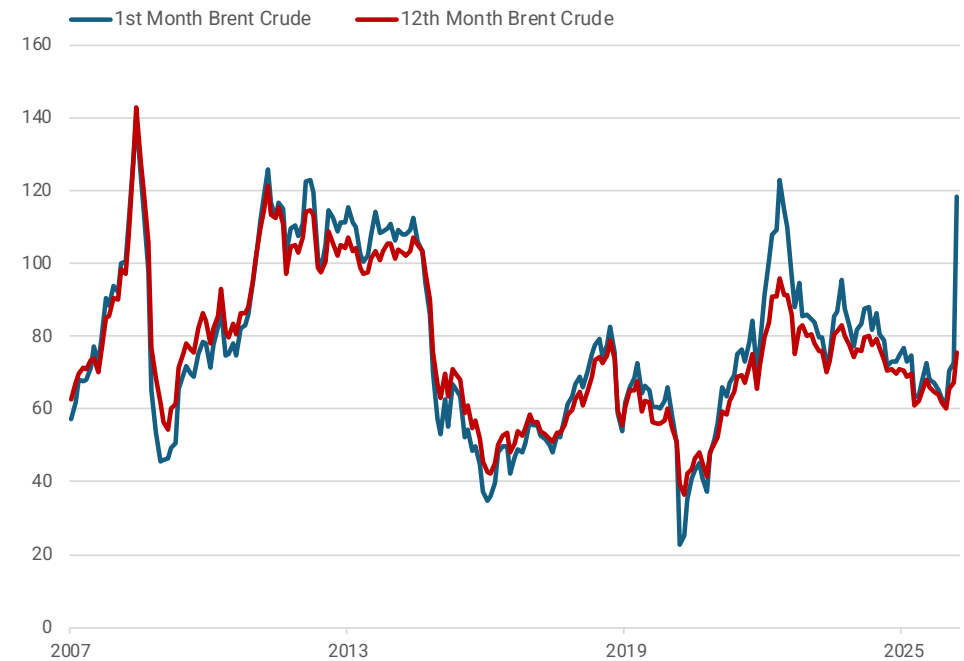
While spot oil prices surged dramatically on the back of the Strait of Hormuz closure, the futures curve tells a different story about where prices are expected to go from here.

The oil market is currently in steep backwardation. This is a technical term for a situation where today's prices are far higher than prices for delivery in the months and years ahead. In plain terms, the traders and institutions who operate in oil markets professionally, and who have the most at stake in getting this right, are collectively betting that current prices will fall significantly as the situation normalizes.



It suggests the market does not view the current supply disruption as a permanent structural shift in energy costs, but rather as an acute, time-limited shock tied directly to the conflict.

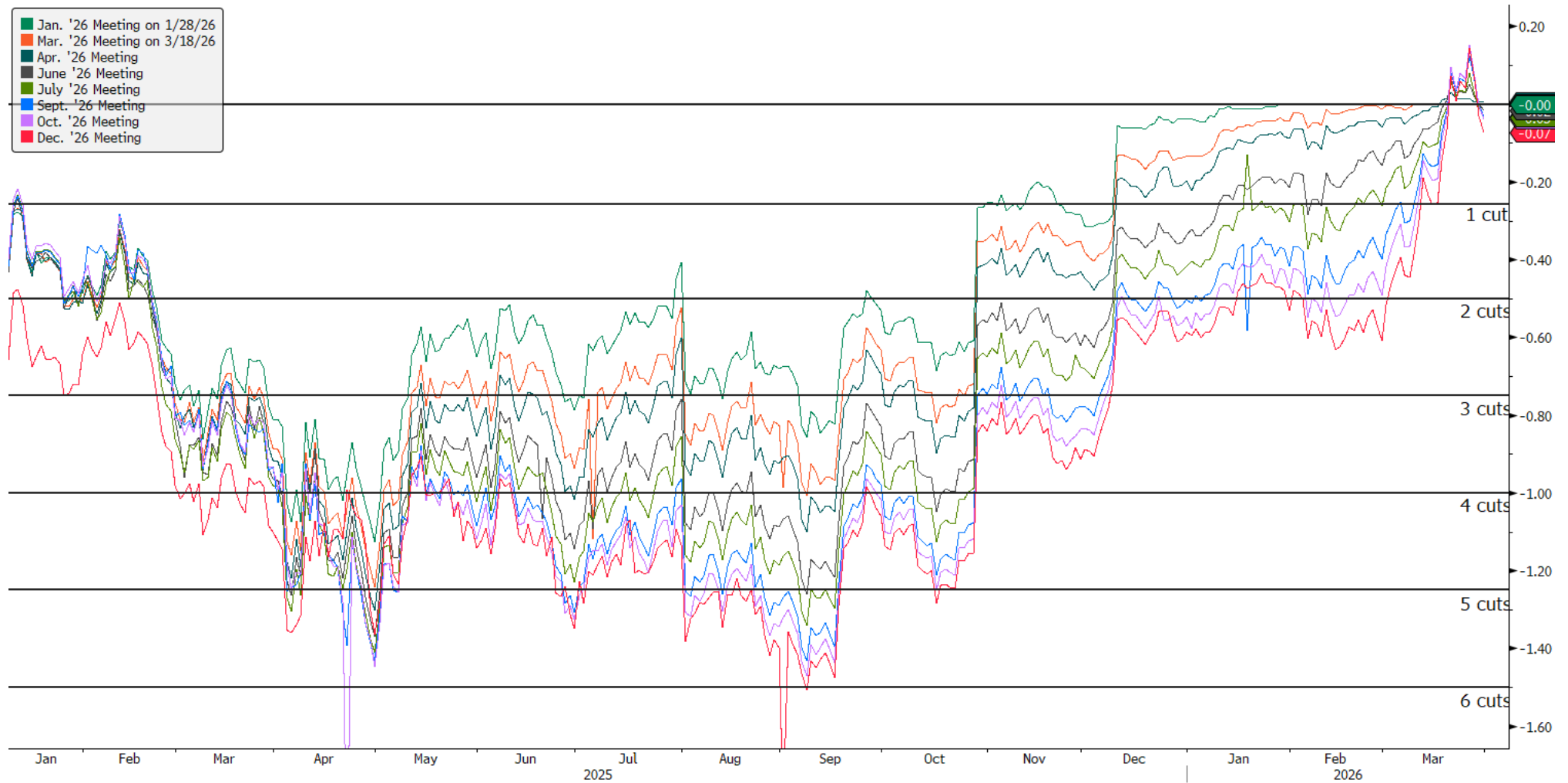
None of this means the path ahead is smooth. Volatility will remain elevated, and the conflict's duration remains genuinely uncertain. But for long-term investors, the message from the oil curve is an important counterweight to the prevailing anxiety: markets are already looking through this shock. The real risk lies not in staying invested, but in abandoning quality positions at the worst possible moment – a mistake that long-term returns rarely forgive.



Source: Bloomberg

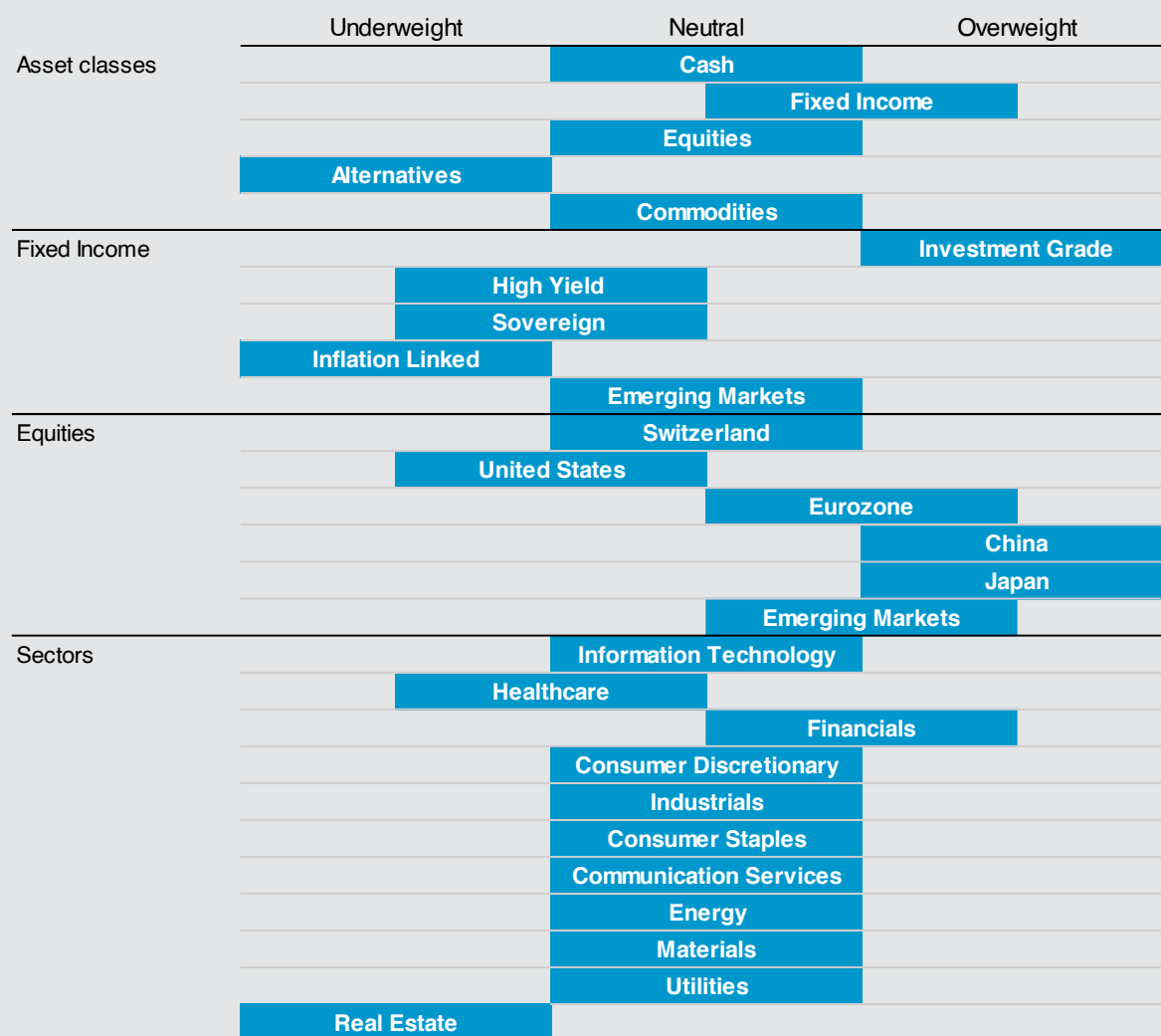
Short Term Rates Expectations

With inflation risks on the rise, it's no surprise that market expectations for policy rates have shifted more hawkish. Markets are discounting rate hikes by the ECB and the BoE, and, more importantly, ruling out any Fed rate cuts in 2026.



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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 to the United States following the ongoing turbulence caused by the new administration.

Alternative investments

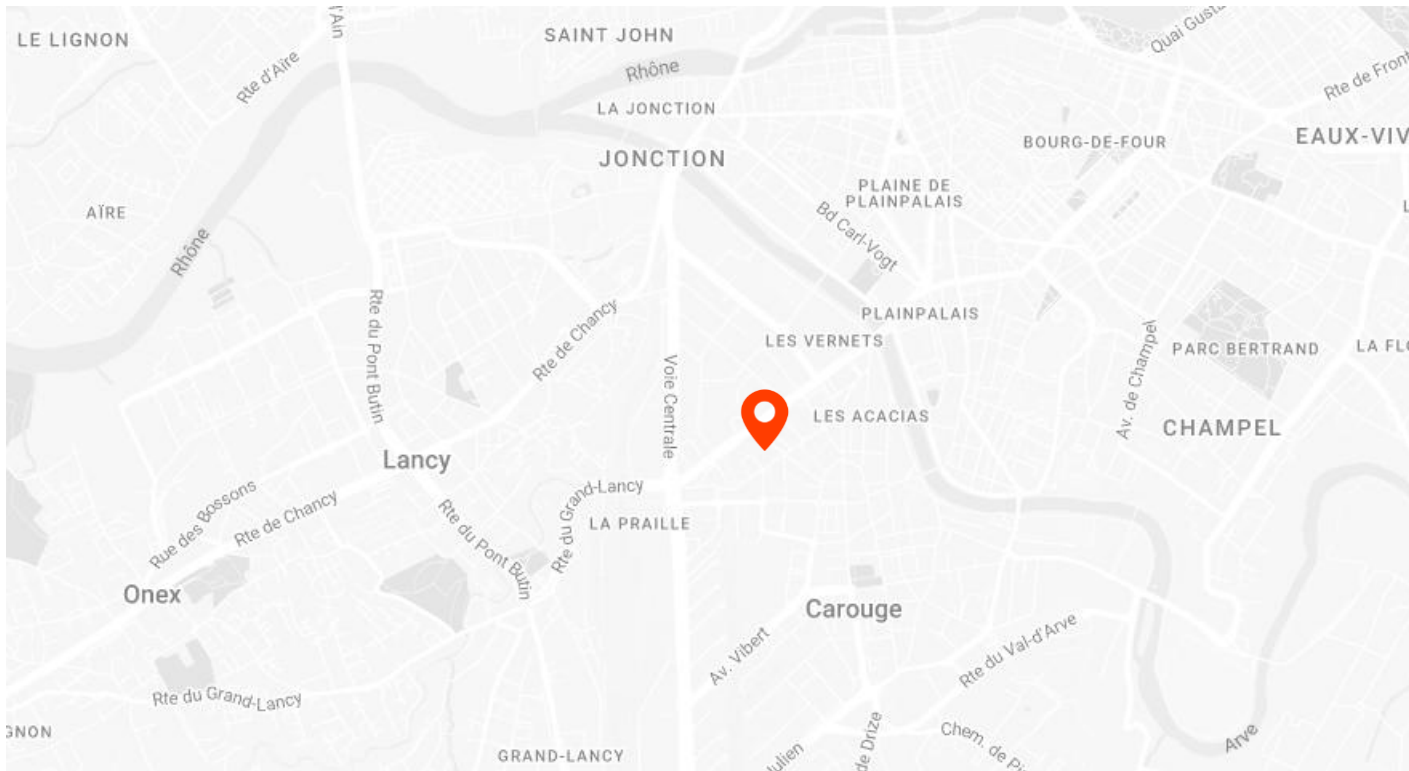
In the current interest rate environment, our approach remains focused on carry strategies through bonds. We thus maintain an underweight allocation to alternative investments, capitalizing on the stability and predictable returns offered by bond instruments.

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



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