



TELOMERE | Capital

Market Update

Beyond the Magnificent 7

July 2026



Editorial

June rewarded patience over prediction.

The Iran ceasefire pulled the Middle East risk premium out of oil and gold almost as fast as it went in, and risk sentiment came back with it. Stocks rallied on the relief, with European equities rallying the most since the region is more exposed to oil prices. Then the Fed's new chair turned hawkish instead of dovish, catching most people off guard, and sent the dollar higher just as consensus bet on the opposite.

After three years of the Magnificent 7 dominating the market, the rest of the field finally caught up. Semiconductors, industrials, financials, and even healthcare all had their moment. None of it went the way most forecasts predicted in January. It rarely does.

This month's update walks through each of these stories: what happened, why, and what we think it means for your portfolio.

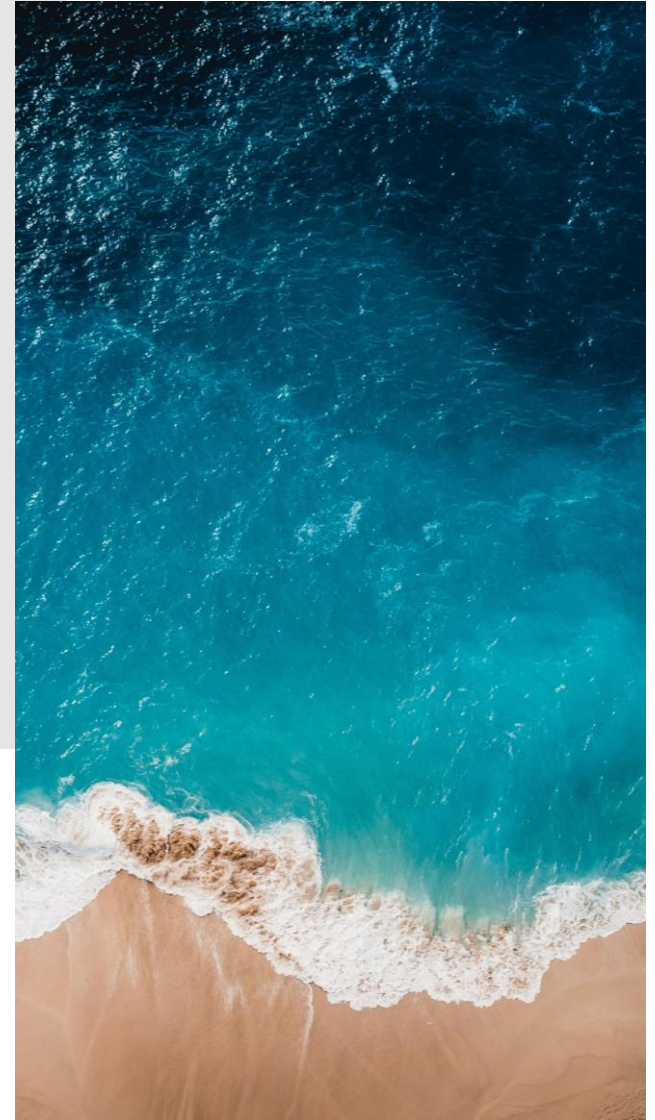
We wish you a pleasant and insightful read.



Joan Bürgy
Investment Specialist



Jérôme Tobler, CIIA
Partner & Senior Financial Advisor



Global Markets

Global	Last	YTD	MTD
MSCI World	4,825.5	10.0%	-0.7%
MSCI ACWI	1,120.5	11.5%	-0.8%
MSCI Emerging Markets	1,722.9	24.0%	-1.4%

United States

Dow Jones Industrial	52,319.2	9.8%	2.7%
S&P 500	7,499.4	10.2%	-1.0%
NASDAQ 100	30,276.4	20.3%	-0.1%
Russell 2000	3,024.4	22.7%	3.7%

Europe

Euro STOXX 600	641.7	11.0%	2.7%
Euro STOXX 50	6,328.1	11.7%	4.7%
DAX	24,995.8	2.1%	-0.4%
CAC 40	8,404.0	5.7%	3.0%
FTSE 100	10,497.1	7.6%	1.0%
Swiss Market Index (SMI)	14,193.9	10.1%	4.8%

Sectors (US)

Communication Services	-1.5%	-7.0%
Consumer Discretionary	-0.1%	-5.0%
Consumer Staples	8.1%	0.5%
Energy	19.2%	-5.0%
Financials	-2.3%	4.1%
Health Care	3.3%	6.7%
Industrials	24.7%	7.1%
Materials	13.4%	0.4%
Real Estate	10.4%	0.1%
Technology	20.3%	-3.0%
Utilities	7.6%	2.7%

Commodities & Metals	Last	YTD	MTD
Gold (XAU)	4,008.0	-7.2%	-11.7%
Silver (XAG)	58.6	-18.2%	-22.2%
Copper	619.3	9.0%	-3.1%

Currencies (USD)

EUR	1.14	-2.8%	-2.0%
CHF	0.81	-2.0%	-3.5%
JPY	162.5	-3.6%	-2.0%
BTC	58,642	-33.1%	-20.3%

Fixed Income

US Treasury	2,442	0.3%	0.3%
EUR Treasury	250	1.2%	0.4%
Global Aggregate	500	-0.2%	-0.7%
US Corporate	3,576	0.9%	0.2%
Global EM USD	1,415	2.0%	0.6%
Global High Yield	1,902	2.1%	0.2%

Interest Rates (US)

		Last month	End 2025
3 Months	3.81%	3.67%	3.63%
12 Months	3.97%	3.77%	3.47%
5 Year	4.23%	4.14%	3.73%
10 Year	4.47%	4.44%	4.17%

Price / Earnings Ratios

		End 2025	End 2024
S&P 500	27.56	27.52	26.48
Euro STOXX 50	18.16	17.46	13.96
Swiss Market Index (SMI)	20.73	19.92	18.98

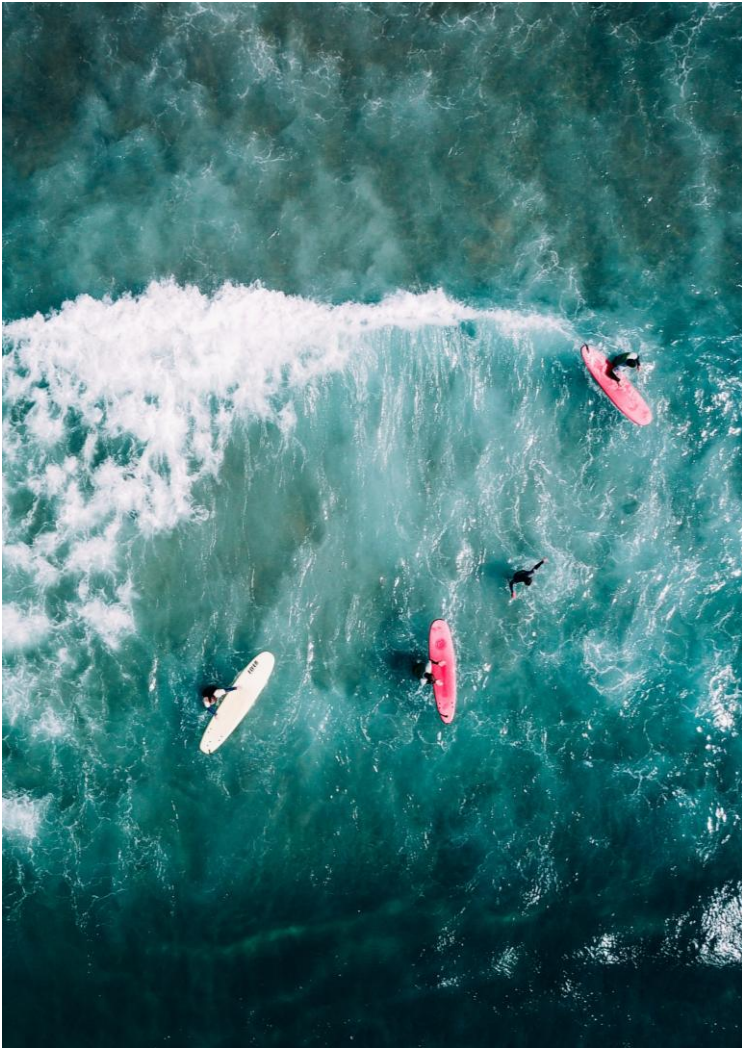
Data at close of 30/06/2026

Macroeconomic Indicators

Central Banks Targets Rates	Last	Q2 2026	Q1 2026	Q4 2025	Inflation (CPI - YoY)	Last	Q2 2026	Q1 2026	Q4 2025
United States	3.75%	3.75%	3.75%	3.75%	United States	4.20%	N/A	3.30%	2.70%
Eurozone	2.40%	2.40%	2.15%	2.15%	Eurozone	2.80%	2.80%	2.60%	2.00%
Switzerland	0.00%	0.00%	0.00%	0.00%	Switzerland	0.50%	0.50%	0.30%	0.10%
United Kingdom	3.75%	3.75%	3.75%	3.75%	United Kingdom	2.80%	N/A	3.30%	3.40%
Canada	2.25%	2.25%	2.25%	2.25%	Canada	3.20%	N/A	2.40%	2.40%
Japan	1.00%	1.00%	0.75%	0.75%	Japan	1.50%	N/A	1.50%	2.10%
China (3M SHIBOR)	1.43%	1.44%	1.51%	1.60%	China	1.20%	N/A	1.00%	0.80%
Unemployment	Last	Q2 2026	Q1 2026	Q4 2025	Gross Domestic Product (YoY)	Last	Q2 2026	Q1 2026	Q4 2025
United States	4.20%	4.20%	4.30%	4.40%	United States	2.70%	N/A	2.70%	2.00%
Eurozone	6.20%	N/A	6.30%	6.30%	Eurozone	0.60%	N/A	0.60%	1.60%
Switzerland	3.10%	3.10%	3.00%	3.00%	Switzerland	0.50%	N/A	0.50%	1.00%
Canada	6.60%	N/A	6.70%	6.80%	Canada	1.10%	N/A	0.40%	1.00%
Japan	2.50%	N/A	2.70%	2.60%	Japan	3.60%	N/A	3.60%	3.70%
China	5.10%	N/A	5.40%	5.10%	China	5.00%	N/A	5.00%	4.50%
					India (Real GDP)	7.80%	N/A	7.80%	8.00%
Producer Price Index (PPI - YoY)	Last	Q2 2026	Q1 2026	Q4 2025	Purchasing Managers' Index	Last	Q2 2026	Q1 2026	Q4 2025
United States	6.50%	N/A	4.30%	3.10%	United States	53.3	53.3	52.7	47.9
European Union	6.20%	N/A	3.70%	0.30%	Eurozone	50	50	50.7	51.5
Switzerland	-1.80%	N/A	-2.70%	-1.80%	Switzerland	54.3	54.3	53.3	46.4
Canada	13.56%	N/A	8.52%	4.05%	Canada	53	53	50	48.6
Japan	6.30%	N/A	2.80%	2.40%	Japan	54.8	54.8	51.6	50
China	3.90%	N/A	0.50%	-1.90%	China	50.3	50.3	50.4	50.1
India	9.68%	N/A	3.98%	0.30%	India	54.2	54.2	53.9	55
Core Inflation (Core CPI - YoY)	Last	Q2 2026	Q1 2026	Q4 2025	Consumer Spending (PCE - YoY)	Last	Q2 2026	Q1 2026	Q4 2025
United States	2.90%	N/A	2.60%	2.60%	United States	3.41%	N/A	3.25%	2.97%
Eurozone	2.40%	2.40%	2.30%	2.30%					
Switzerland	0.30%	0.30%	0.40%	0.50%					
Canada	1.60%	N/A	1.90%	2.50%					
Japan	1.10%	N/A	1.40%	1.50%					

Data as of 06/07/2026
N/A: Not yet reported or Public Holiday

June Macro News



- A US-Iran ceasefire ended months of Middle East risk, sending oil sharply lower and lifting sentiment after a rocky start to June.
- In the US, payrolls and PMIs came in stronger than expected. New Fed Chair Kevin Warsh dropped the dovish stance and signaled rates staying steady or higher, not lower. The rate signal drove a broad dollar rally, wrong-footing a market that had been positioned for dollar weakness all year.
- The ECB raised its deposit rate to 2.25% and the BoJ hiked to 1%, its highest level since 1995. Energy-driven inflation stayed stubbornly above target in both regions, and Japan is now clearly in policy-normalization mode after years near zero.
- Equity leadership kept spreading well beyond the Magnificent 7 into new sectors and names. IPO activity hit records at the same time, testing just how much new equity supply the market can absorb without indigestion.

The Iran War Ends on the Terminal Before It Ends on the Ground

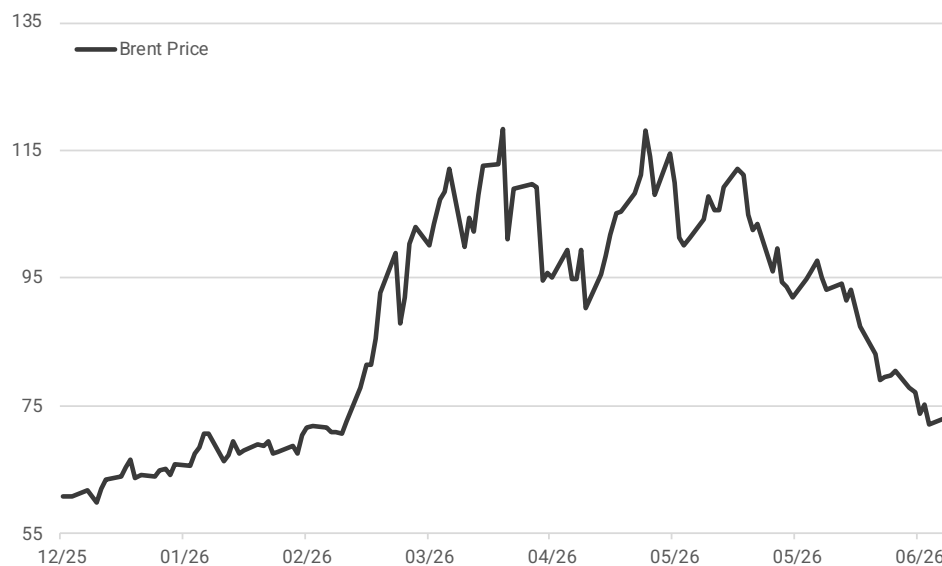
A 60-day ceasefire reopened Hormuz, and the risk premium built up since February came out of prices almost overnight.

June was the month markets decided the worst was over. Officials haven't finished, but the traders have moved on. The US and Iran signed a memorandum of understanding: a 60-day ceasefire, Hormuz reopening toll-free, and a clock now running on talks over Iran's nuclear program and sanctions.

Oil and gold prices were high because the market was pricing in a real chance of something much worse, like a fully closed Hormuz, a wider war, and a scramble for alternative barrels. Once the ceasefire appeared credible, the price of Brent crude oil fell back to roughly where it was before the conflict started, while gold, which had been bid up all year as a hedge against this exact kind of tail risk, fell by more than 10% as the need for this hedge eased.

However, this is a 60-day temporary arrangement, not a peace treaty. Iran's Supreme Leader has already said he has a different view on parts of it. The strait has been closed and reopened more than once since the memorandum was signed, over disputes about Lebanon, and transit volumes remain well below pre-war levels even now. The market has priced in the headline, but it hasn't priced in what happens if the next 60 days go badly.

So this isn't really a story about oil. It's about how difficult it is to predict geopolitical risk premiums and how they can change during a signing ceremony while the underlying conflict remains unresolved.



The Dollar Did the Opposite of **What Everyone Expected**

A hawkish Fed surprise beat a falling oil price, and the consensus dollar-weakness trade got run over.

Heading into June, the consensus was that the dollar would weaken. However, the dollar index rallied by about 2.3%, reaching its strongest level since May 2025. This was due to resilient US data and a hawkish Fed pivot. At his first FOMC meeting, Kevin Warsh held rates steady but lifted the 2026 dot plot to roughly 3.8%, flipping the signal from a bias toward cutting rates to a bias toward raising them. AI enthusiasm was also pulling capital into U.S. equities, creating additional dollar demand from a different angle.

Higher expected US rates lift real yields, widen the carry advantage over the euro

and yen, and pull capital straight into dollar assets. The market was positioned for the opposite, which is why the move was so significant.

It's the same lesson as with oil: consensus trades built on an expected rate path are fragile the moment the Fed changes its tone. Most major banks started 2026 predicting a weaker dollar, basing that prediction entirely on the Fed cutting rates. However, when inflation rose above 4%, those cuts were pushed back, and the dollar call went with them.

Major currencies vs USD (rebased to 100)



Expected FED Rate in December 2026



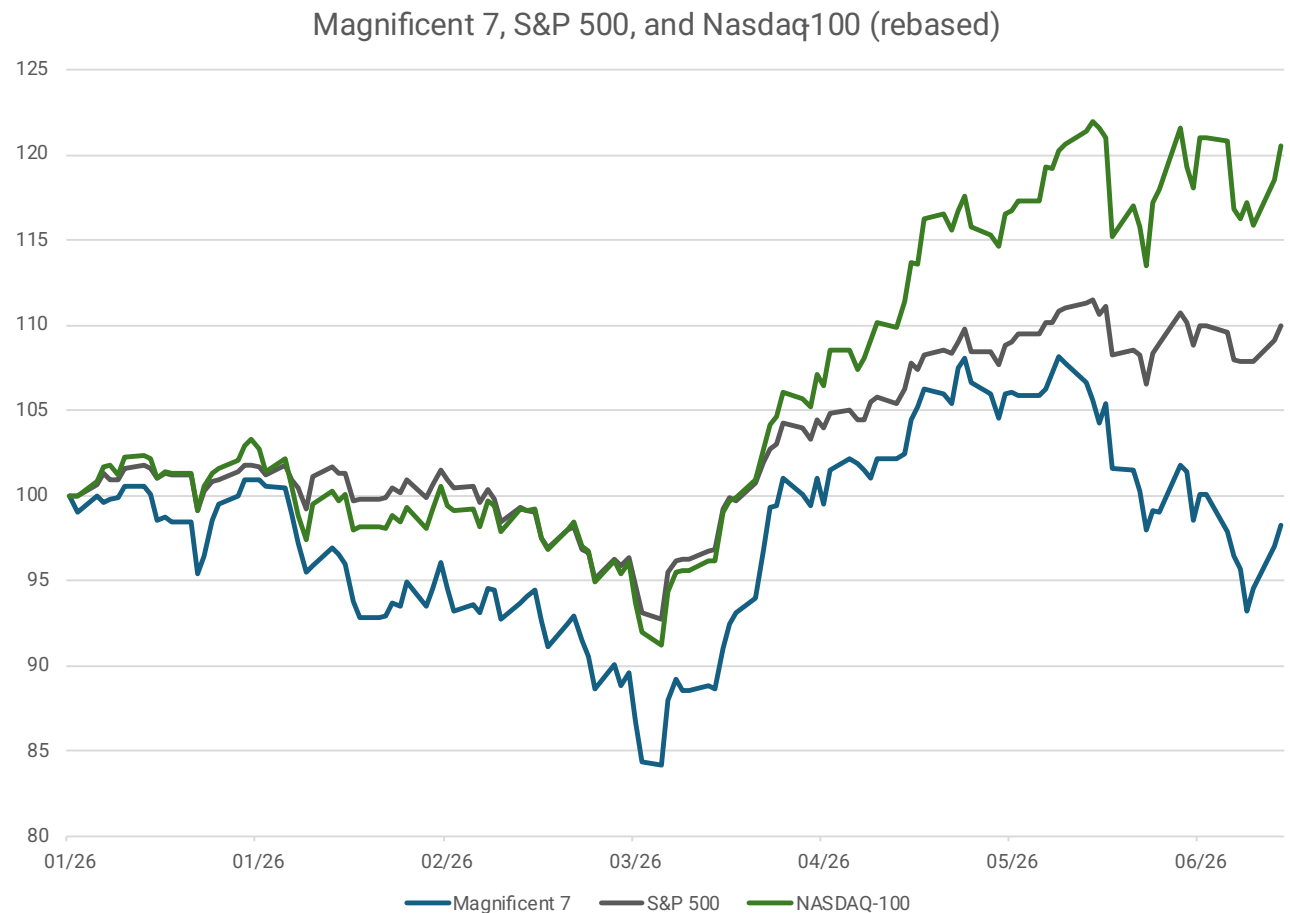
The Magnificent 7 Stopped Leading, and the Market Didn't Care

The market's most crowded trade went flat for the year, and everything else picked up the slack.

The Magnificent 7's premium is now at its lowest in over a decade. The group is roughly flat for the year, while the Nasdaq 100 is up over 20% and the broader market rallied right alongside it. The index tied to Big Tech is climbing. The seven stocks that used to drive it just sat still.

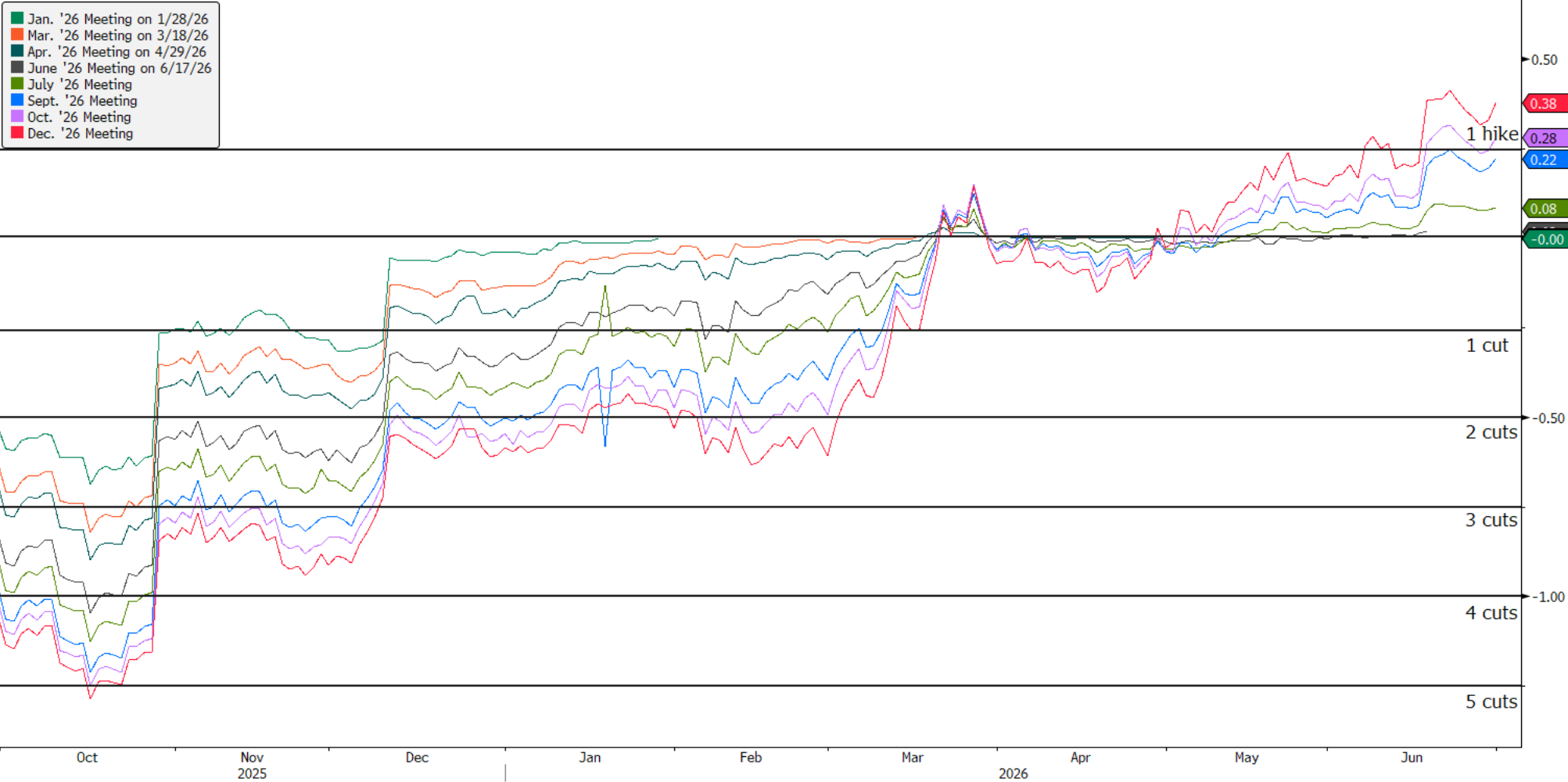
Nobody dumped Nvidia or Microsoft. Prices simply stopped climbing while everything else caught up. After three years of these seven stocks doing most of the work, something had to give: either a hard selloff, or the rest of the market catching up while the leaders took a breather. We got the second one.

Leadership spread into semiconductors, industrials, financials, and sectors written off like healthcare. Gains came from many places, not just seven stocks. If you were overweight the Mag 7, you gave up some return this year. If you stayed diversified, you got paid for it.



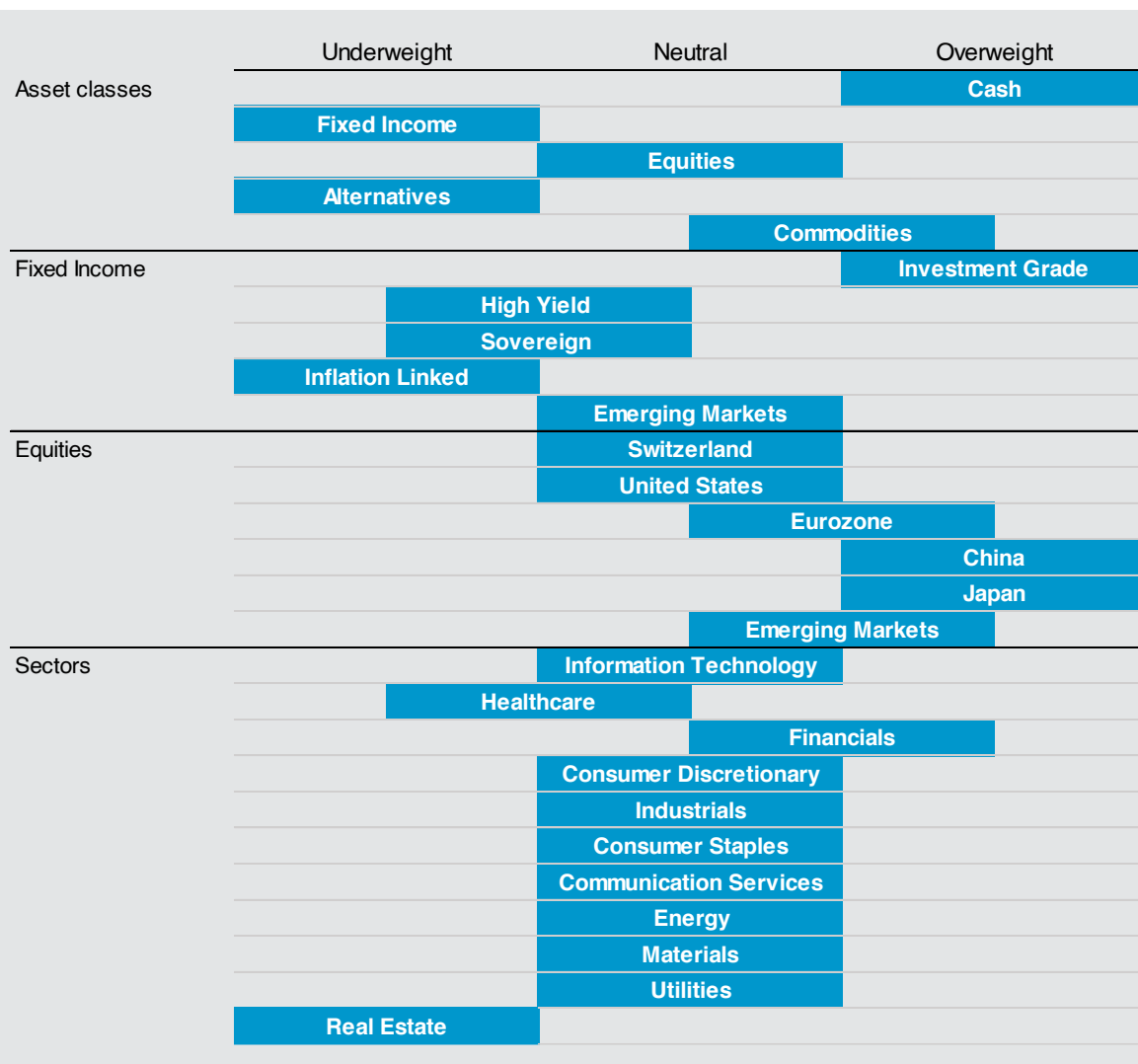
US Short Term Rates Expectations

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, not only ruling out Fed rate cuts in 2026 but beginning to price in the possibility of a rate hike.



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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 prudent 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

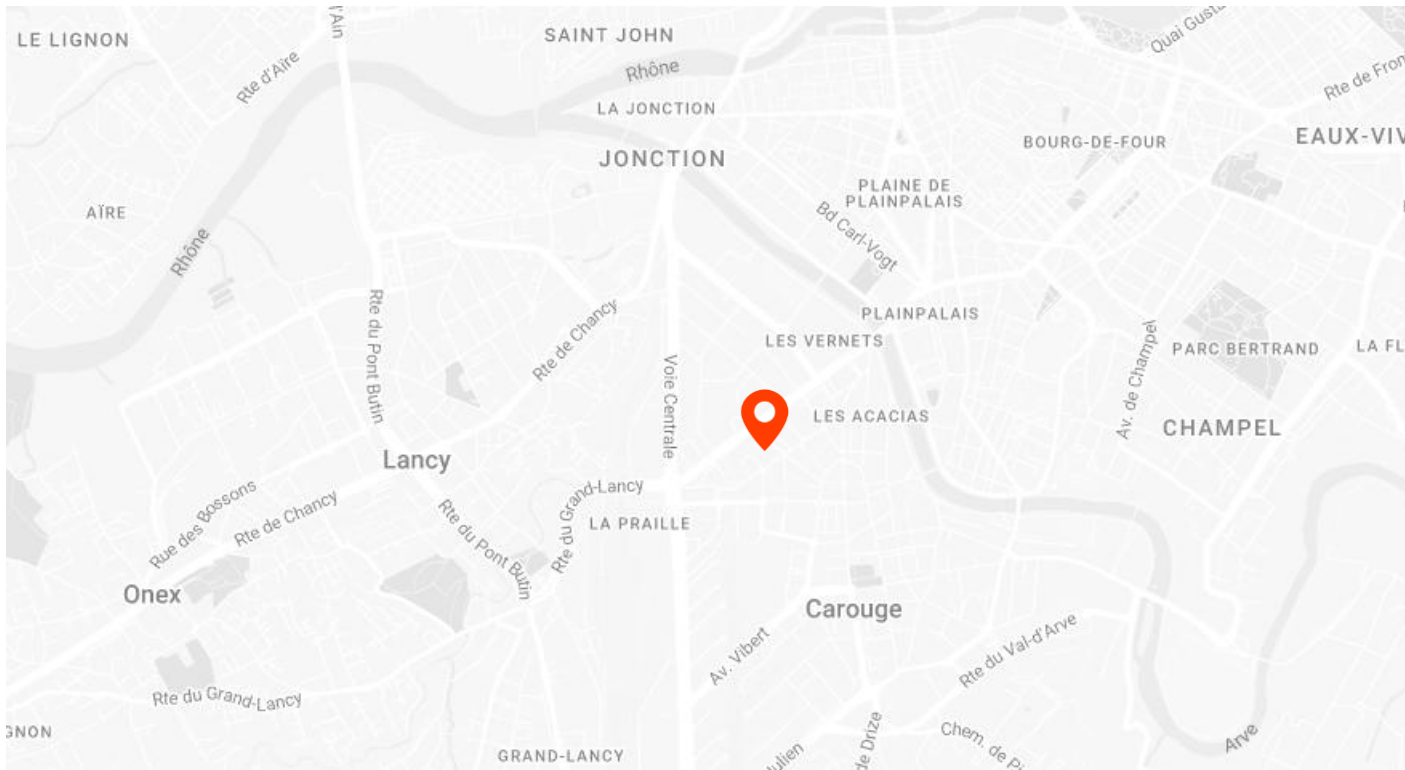
In the current interest rate environment, our approach remains focused on carry strategies through bonds. We thus maintain an underweight allocation to alternative investments, capitalizing on the stability and predictable returns offered by bond instruments.

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



Wealth Management
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Route des Acacias 54
1227 Carouge

Geneva, Switzerland
+41 22 318 58 80

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