TELOMERE | Capital

Market **Update**

Show me the returns

November 2026



Editorial

The economy kept its momentum in October. US growth reached its fastest pace in a year, inflation edged higher, and oil climbed again as tensions around the Strait of Hormuz flared up. Markets, however, spent the month on a different question: whether the huge sums being spent on artificial intelligence will earn an adequate return.

That question weighed on the large tech names that have led markets for most of the year, while shares outside the AI theme held up much better. It also brought back something investors had been missing for months, as high-quality government bonds rallied and cushioned portfolios when equities fell. France was the notable exception, a reminder that the quality of the borrower still matters.

Central banks, meanwhile, chose to wait. The Fed and the ECB both held rates after hiking in September, but with inflation still above target, neither has ruled out another move before year-end.

For us, October was a reminder of why we stay invested and diversified, with a clear preference for companies and borrowers that can show real returns. We hope the following pages help make sense of a busy month, and we wish you a pleasant read.





Joan Bürgy
Investment Specialist



Jérôme Tobler, CIIA
Partner & Senior Financial Advisor

Global **Markets**

Global	Last	YTD	MTD
MSCI World	4,862.4	11.3%	-0.8%
MSCI ACWI	1,115.6	11.6%	-1.6%
MSCI Emerging Markets	1,566.6	13.8%	-8.0%
United States			
Dow Jones Industrial	51,770.3	9.1%	1.8%
S&P 500	7,580.1	11.7%	-0.9%
S&P 500 Equal Weight	8,842.3	15.5%	5.0%
NASDAQ 100	28,384.9	13.0%	-6.6%
Russell 2000	2,811.8	14.5%	0.6%
Europe			
STOXX Europe 600	646.8	12.4%	2.0%
Euro STOXX 50	6,131.3	8.7%	-2.1%
DAX	25,818.2	5.4%	2.5%
CAC 40	7,969.4	0.7%	0.2%
FTSE 100	10,729.8	10.9%	1.3%
Swiss Market Index (SMI)	14,810.7	15.1%	7.1%

Sectors (US)		
Communication Services	-13.3%	-13.9%
Consumer Discretionary	-1.7%	4.7%
Consumer Staples	18.9%	12.0%
Energy	58.4%	14.0%
Financials	3.2%	6.0%
Health Care	20.3%	9.6%
Industrials	12.1%	-0.5%
Materials	15.9%	5.6%
Real Estate	10.0%	5.1%
Technology	21.0%	-6.9%
Utilities	3.7%	10.2%

Commodities & Metals	Last	YTD	MTD
Gold (XAU)	3,874.6	-10.3%	-6.8%
Silver (XAG)	49.1	-31.5%	-18.7%
Copper	648.2	14.1%	-2.1%
Currencies (vs USD)			
EUR	1.12	-5.0%	-1.5%
CHF	0.83	-4.1%	1.3%
GBP	1.34	-0.6%	0.9%
JPY	157.6	-0.5%	-0.1%
BTC	76,782	-12.4%	-8.2%
Fixed Income			
US Treasury	2,423	-0.5%	2.4%
EUR Treasury	242	-2.3%	1.0%
Global Aggregate	495	-1.3%	1.4%
US Corporate	3,509	-1.0%	2.2%
Global EM USD	1,383	-0.3%	1.3%
Global High Yield	1,856	-0.4%	-0.2%

Interest Rates (US)		Last month	End 2025
3 Months	4.08%	4.11%	3.63%
12 Months	4.37%	4.54%	3.47%
5 Year	4.72%	5.09%	3.73%
10 Year	4.93%	5.28%	4.17%

Price / Earnings Ratios		End 2025	End 2024
S&P 500	25.95	27.72	26.54
Euro STOXX 50	16.62	17.61	14.05
Swiss Market Index (SMI)	21.16	19.92	18.98

Green: top 25% / Red: bottom 25%. Data at close of 30/10/2026

Macroeconomic **Indicators**

Central Bank Target Rates	Last	Q3 2026	Q2 2026	Q1 2026
United States	4.00%	4.00%	3.75%	3.75%
Eurozone	2.65%	2.65%	2.40%	2.15%
Switzerland	0.00%	0.00%	0.00%	0.00%
United Kingdom	3.75%	3.75%	3.75%	3.75%
Canada	2.50%	2.25%	2.25%	2.25%
Japan	1.25%	1.25%	1.00%	0.75%
China (3M SHIBOR)	1.40%	1.43%	1.44%	1.51%

Inflation (CPI - YoY)	Last	Q3 2026	Q2 2026	Q1 2026
United States	3.7%	3.7%	3.5%	3.3%
Eurozone	4.0%	3.8%	2.8%	2.6%
Switzerland	1.5%	1.0%	0.5%	0.3%
United Kingdom	3.5%	3.5%	2.6%	3.3%
Canada	3.1%	3.1%	2.8%	2.4%
Japan	2.1%	2.1%	1.6%	1.5%
China	0.9%	0.9%	1.0%	1.0%

Unemployment	Last	Q3 2026	Q2 2026	Q1 2026
United States	4.2%	4.2%	4.2%	4.3%
Eurozone	6.5%	6.5%	6.4%	6.4%
Switzerland	3.1%	3.1%	3.1%	3.0%
Canada	6.5%	6.5%	6.5%	6.7%
Japan	2.4%	2.4%	2.5%	2.7%
China	5.2%	5.2%	5.0%	5.4%

Gross Domestic Product (YoY)	Last	Q3 2026	Q2 2026	Q1 2026
United States	2.1%	2.1%	2.2%	2.6%
Eurozone	1.5%	N/A	1.5%	0.9%
Switzerland	2.8%	N/A	2.8%	0.5%
Canada	1.5%	N/A	2.1%	0.4%
Japan	3.5%	N/A	3.5%	3.8%
China	4.5%	4.5%	4.3%	5.0%
India (Real GDP)	7.8%	N/A	7.8%	8.6%

Producer Price Index (PPI - YoY)	Last	Q3 2026	Q2 2026	Q1 2026
United States	6.3%	6.3%	5.6%	4.3%
European Union	7.0%	N/A	5.1%	3.7%
Switzerland	-0.2%	-0.2%	-2.1%	-2.7%
Canada	14.5%	14.5%	12.5%	8.5%
Japan	6.8%	6.8%	7.5%	3.0%
China	5.0%	5.0%	4.1%	0.5%
India	11.4%	11.4%	10.0%	4.0%

Purchasing Managers' Index	Last	Q3 2026	Q2 2026	Q1 2026
United States	55.5	54.5	53.3	52.7
Eurozone	51.7	53.1	50	50.7
Switzerland	56.7	55.3	54.3	53.3
Canada	49.6	51.5	53	50
Japan	53.3	54.1	54.8	51.6
China	49.3	50.1	50.3	50.4
India	54.7	55.1	54.2	53.9

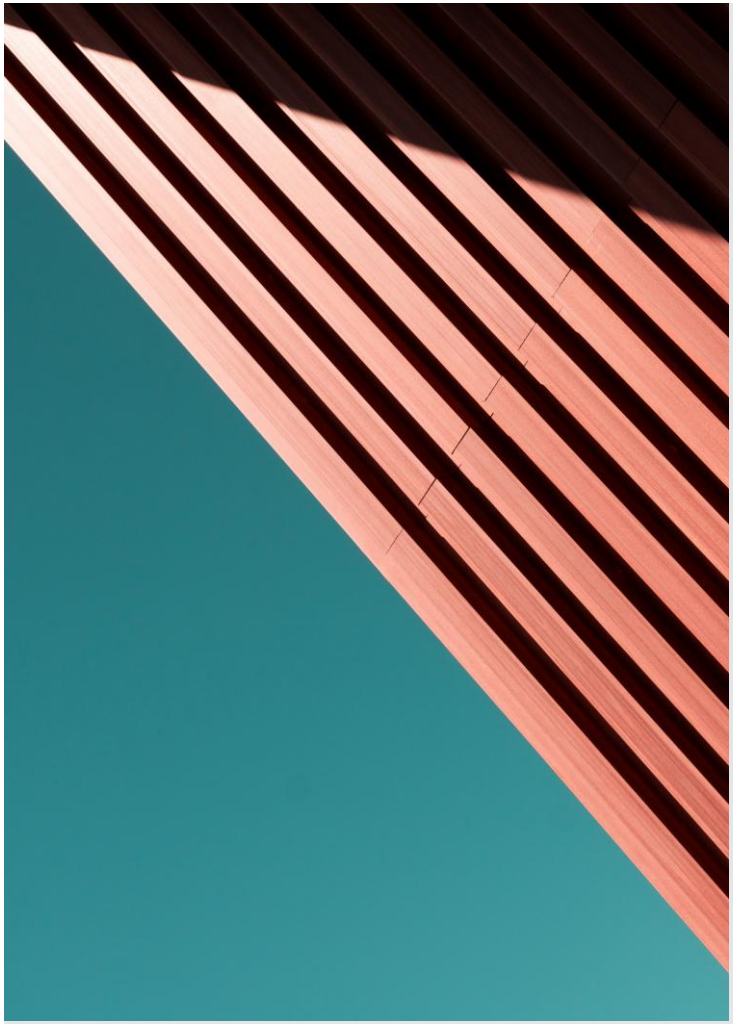
Core Inflation (Core CPI - YoY)	Last	Q3 2026	Q2 2026	Q1 2026
United States	2.6%	2.6%	2.6%	2.6%
Eurozone	2.5%	2.5%	2.4%	2.3%
Switzerland	0.5%	0.5%	0.3%	0.4%
Canada	2.1%	2.1%	1.8%	1.9%
Japan	2.2%	2.2%	1.2%	1.6%

Core PCE inflation (YoY)	Last	Q3 2026	Q2 2026	Q1 2026
United States	3.1%	3.1%	3.0%	3.1%

Data as of 04/11/2026

N/A: Not yet reported or Public Holiday

October **Macro News**



- Brent rose in October to its highest level since April, as tanker attacks in the Strait of Hormuz renewed fears that the Iran war could escalate. The strait has now been closed for more than seven months.
- The US economy grew at an annualized 3.4% in the third quarter, its fastest pace in a year and above expectations.
- US consumer prices rose 3.7% over the year to September, up from 3.4% in August, with gasoline doing most of the work. Core inflation edged up to 2.6%.
- The Fed held rates at 3.75% to 4.00% after September's hike, with two officials voting for another increase. Markets now see a December hike as likely. The ECB kept its deposit rate at 2.50% after hikes in June and September.
- In France, budget disputes and unrest in Paris pushed French borrowing costs to their highest since 2002 and the spread over Germany to its widest since the euro crisis. Moody's kept France's rating unchanged, against expectations of a downgrade.

AI spending now **has to show that it pays**

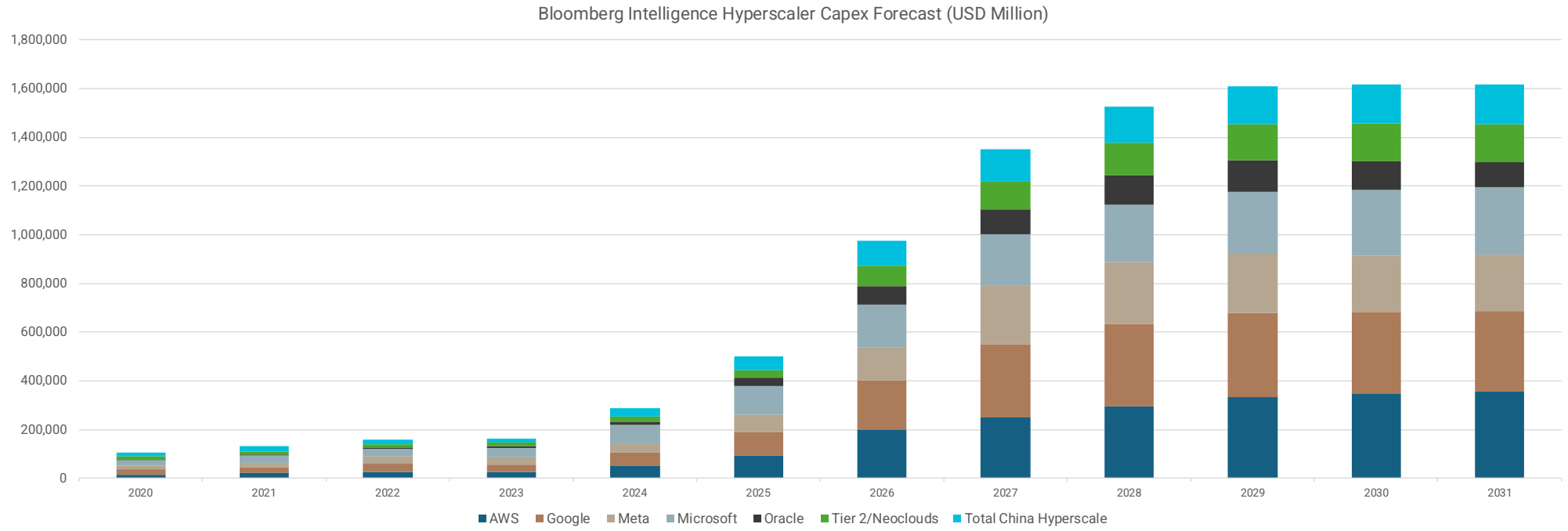
Demand for AI looks as strong as ever, but in October investors started asking who will earn a return on the hundreds of billions being spent.

For two years, markets rewarded companies simply for spending more on AI. However, in October, investors began to question the value of this spending, and the Nasdaq 100 had its worst month since early 2023.

The pressure comes from cash flow. Capex now absorbs most of what the largest tech companies generate. When they finance the build-out with bonds and new shares rather than profits, shareholders expect returns sooner.

We have seen this pattern before. In the late 1990s, telecom companies borrowed heavily to lay fiber for the Internet boom, which turned out to be real. Yet many never earned a return on their investments. Today's spenders are far stronger, and the demand is clearly there.

We see October as a healthy test for the AI trade. We stay invested, with a preference for companies whose AI spending already shows up in revenue and cash flow, and more caution toward those asking investors to fund the build-out. Keeping exposure beyond the largest tech names also helped, as shares outside the AI complex held up much better this month.



Source: Bloomberg

The Fed paused in October, but its **next move still looks like a hike**

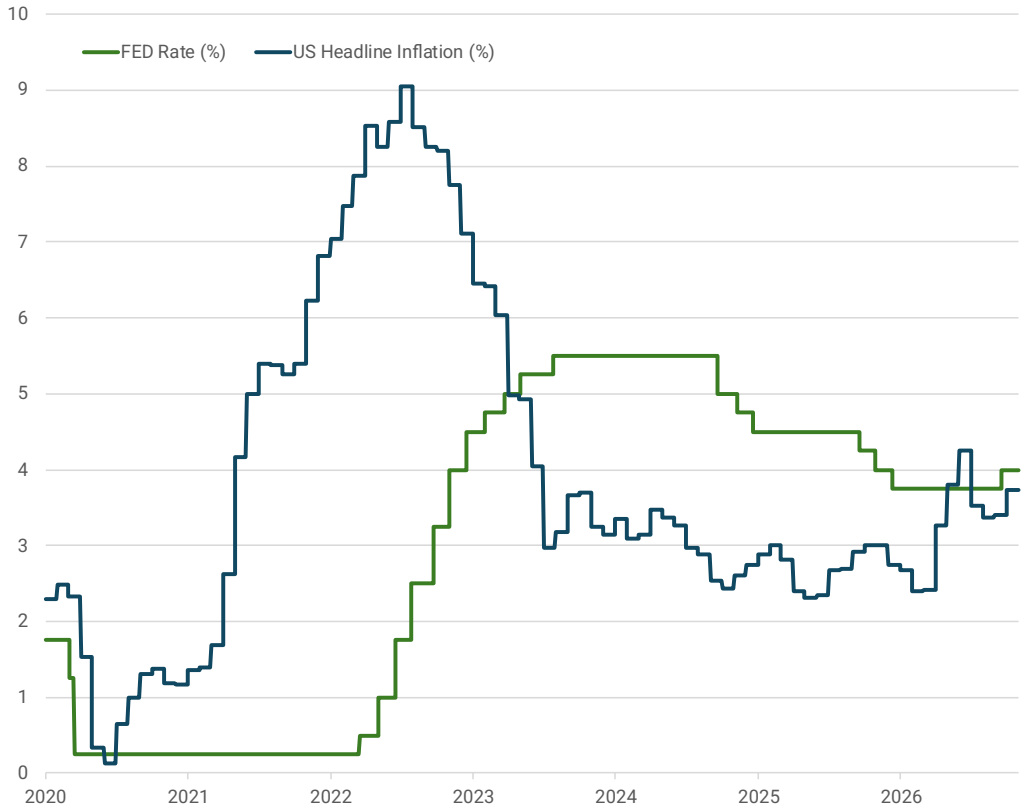
Two officials voted to raise rates again, and nothing in the statement suggested the tightening cycle is over.

The Federal Reserve held its policy rate at 3.75% to 4.00%, after raising it in September for the first time since 2023. The vote was 10-2, with both dissenters wanting another hike. The statement described growth as strong and inflation as elevated, and Chair Kevin Warsh declined to commit to anything for December.

Inflation is the main reason the Fed is keeping its tightening bias. Consumer prices rose 3.7% over the year to September, up from 3.4% in August, mostly because of gasoline, while core inflation edged up to 2.6%. Markets now put the odds of a December hike at around 75%.

The Fed has paused mid-cycle before. In June 2023 it skipped a meeting, then hiked again in July. A pause gives officials time to see how earlier hikes are working through the economy, and as in 2023, it does not mean the cycle is over while inflation is still rising.

The 10-year Treasury yield ended the month close to 5%, which means bonds now offer solid income.



Source: Bloomberg

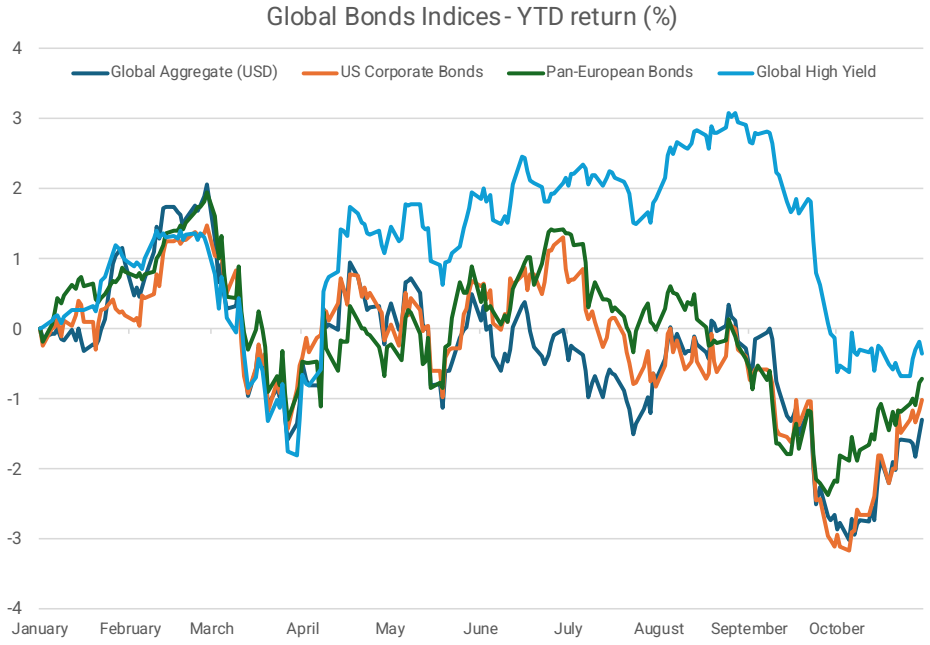
High-quality bonds cushioned portfolios, **but France was the exception**

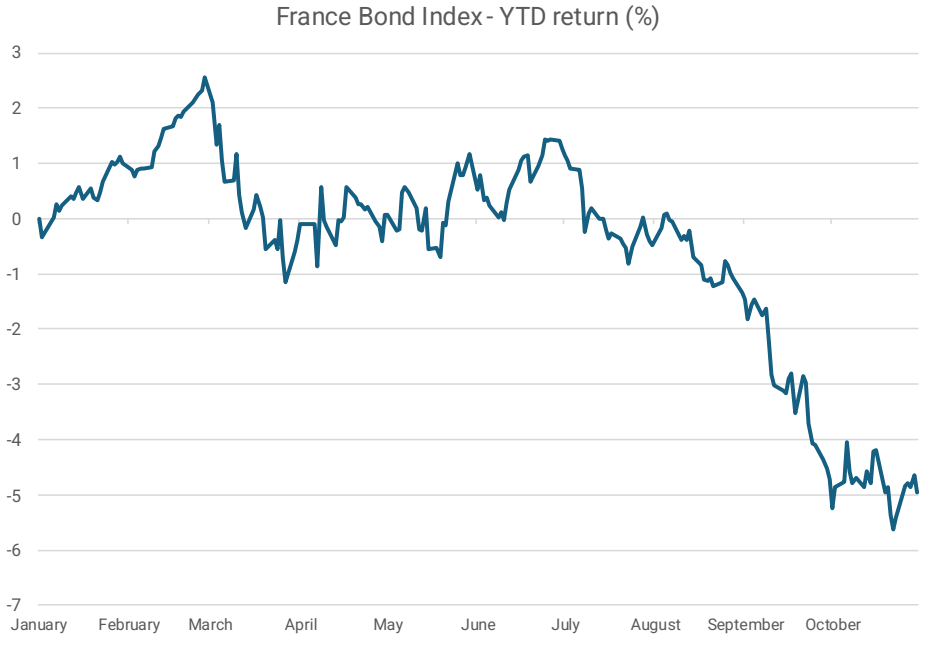
Most government bonds rallied as investors sought safety, while French debt and parts of the corporate market went the other way.

Government bonds rallied in October, reversing three straight months of losses, even though growth held up and oil prices rose. As worries about AI spending hit tech stocks, investors moved into safer assets. The summer selloff had pushed US yields above 5%, which gave bonds room to rally once the scare came from earnings rather than inflation. That is when bonds work best as a hedge: when the market worries about growth or profits, falling yields lift bond prices and offset part of the equity losses.

France went the other way: its 10-year yield rose to around 5%, the highest since 2002, as budget disputes and unrest in Paris pushed the gap over German yields to its widest since the euro crisis. Moody's kept its rating, but many large French companies now borrow more cheaply than the state. Corporate credit also felt the strain, with global spreads, the extra yield over government bonds, reaching their widest since May 2025 as AI worries spilled into credit markets.

October is a good reminder of why we hold high-quality bonds. With yields still near multi-year highs, they pay a decent income and can again cushion portfolios when equities stumble.

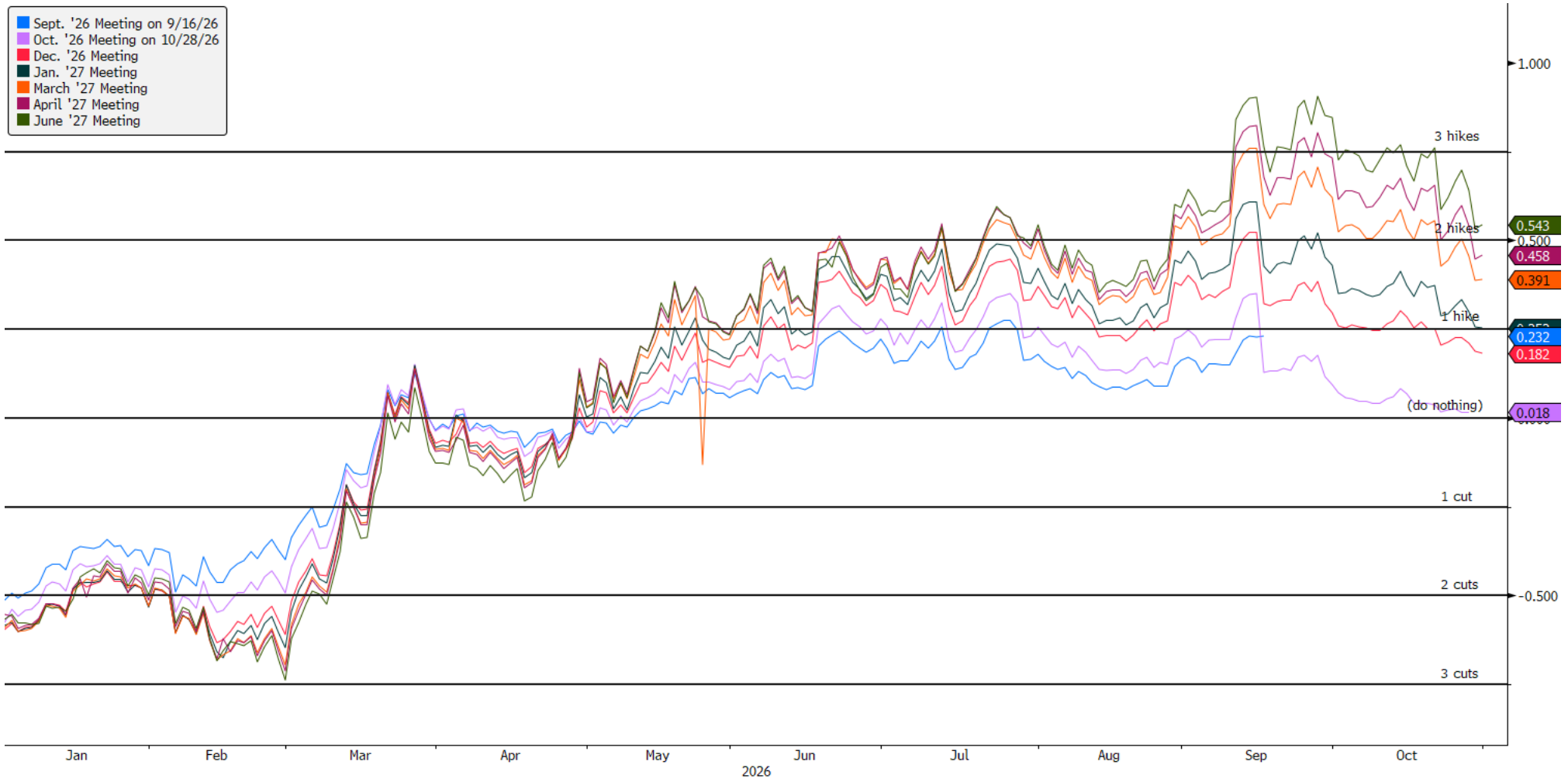




Source: Bloomberg

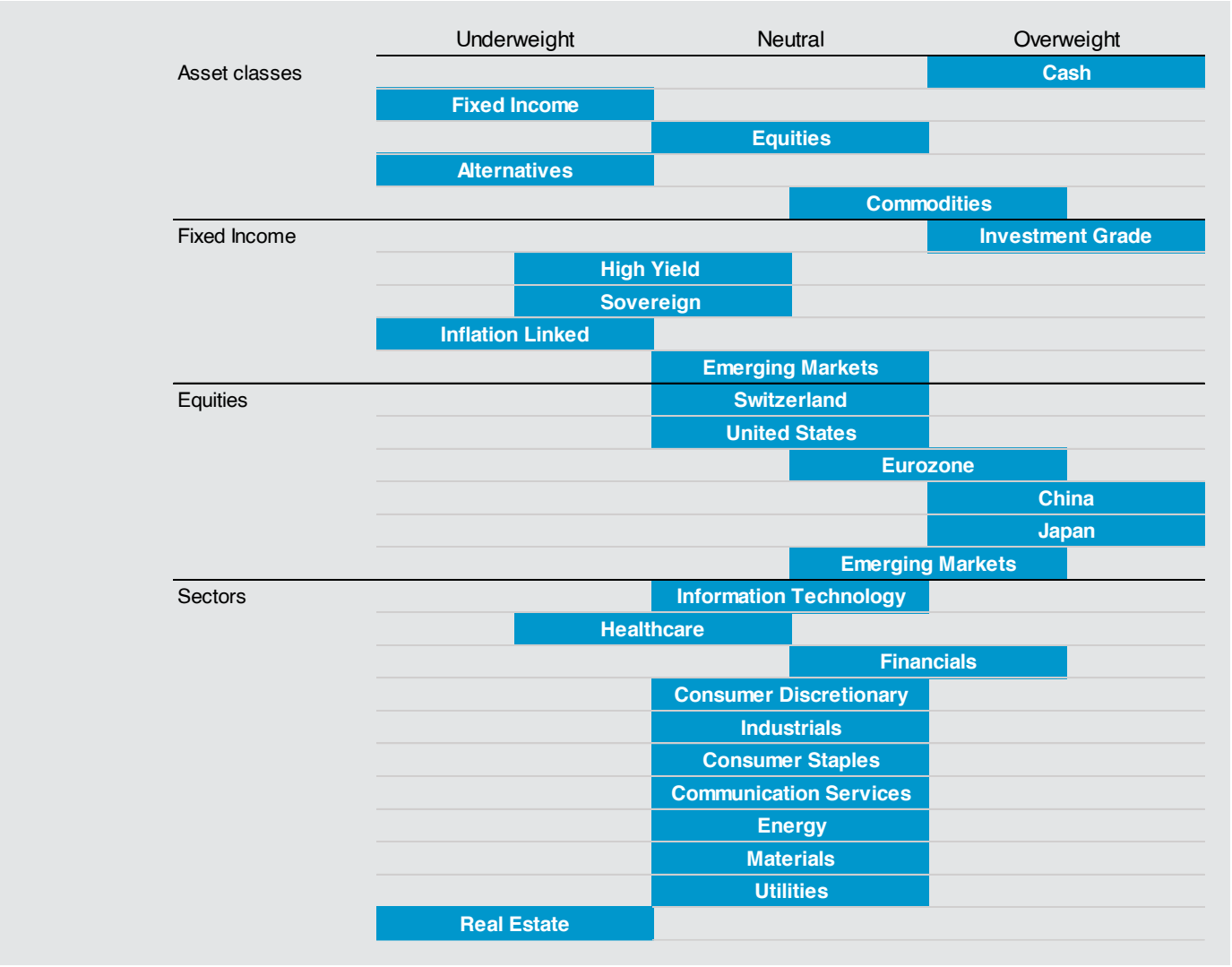
US Short-Term Rate **Expectations**

October saw US rate expectations settle around a near-term pause, without abandoning the prospect of further tightening. Persistent inflation and renewed energy-price pressures kept a December hike firmly on the table.



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 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 US policy uncertainty.

Alternative investments

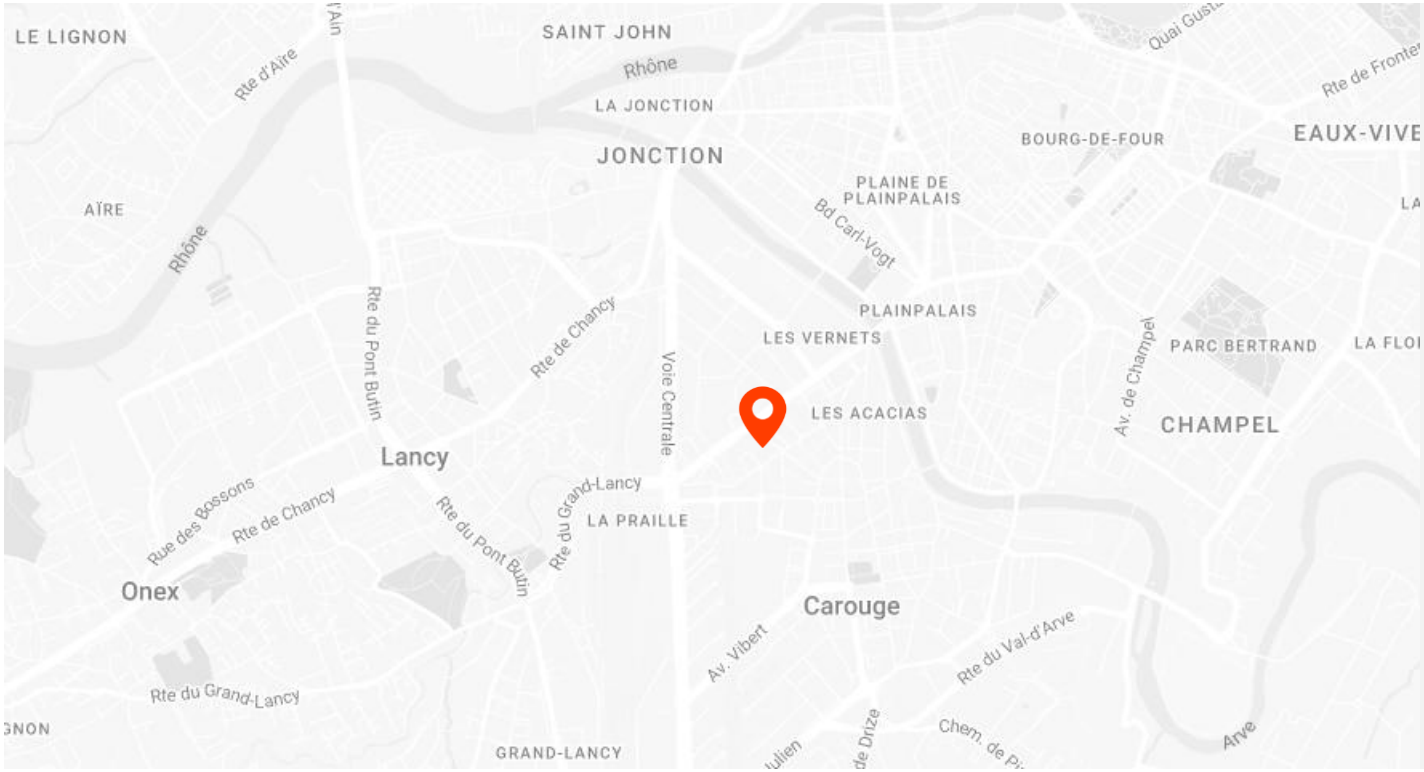
In the current interest rate environment, our approach remains focused on carry strategies through bonds. We thus maintain an underweight allocation to alternative investments, capitalizing on the stability and predictable returns offered by bond instruments.

Commodities

In response to heightened 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.