

Monthly Newsletter

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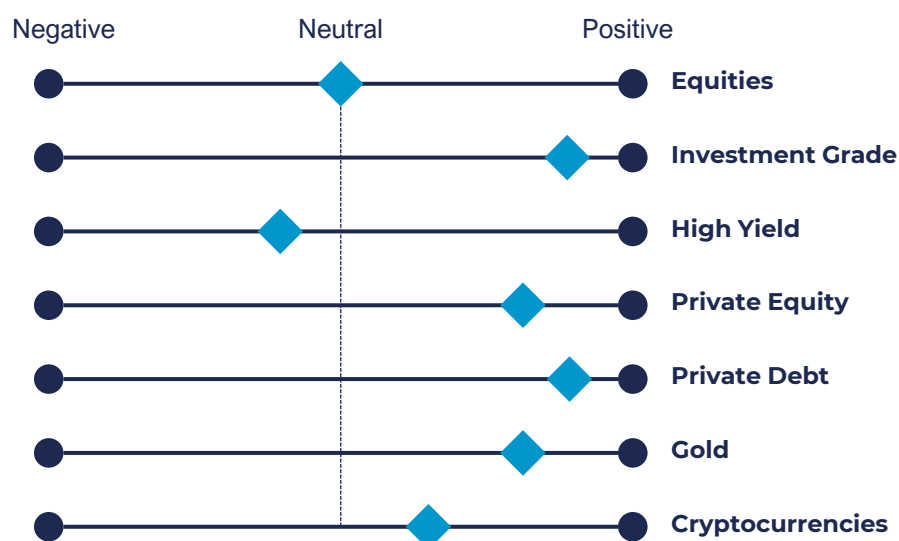
“ In September, central banks caught up with the bond market. The European Central Bank, the Federal Reserve and the Bank of Japan each raised rates by 25 basis points within eight days, as stalling US–Iran talks pushed Brent crude back above USD 100 and European gas prices to levels not seen since 2022. With energy-driven inflation refusing to fade, policymakers made clear that they are not prepared to look through the shock, and the Federal Reserve delivered its first hike since 2023.

The long end of the curve did not wait. The US 10-year yield broke through 5% for the first time since 2007, while Japanese and European yields climbed to multi-year highs and the OAT–Bund spread widened to its highest level in more than a decade. Equities, by contrast, proved remarkably resilient: the S&P 500 ended the month close to its August record, supported by strong earnings momentum and further upgrades to 2026 profit expectations, even as small caps came under pressure. Gold gave back most of its late-August rally as higher real yields raised the opportunity cost of holding it.

Our convictions remain broadly unchanged: we stay constructive on risk assets, with a clear preference for quality, diversification and selectivity. The main evolution concerns fixed income. After the sharp rise in yields, the levels now on offer allow investors to secure higher yields* for several years, and we see a growing opportunity to rebuild exposure to high-quality bonds. With the Strait of Hormuz, the US midterm elections and the third-quarter earnings season ahead, discipline remains essential.

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OUR MARKET VIEWS



POTENTIAL MARKET CATALYSTS

-  A new US–Iran agreement and the reopening of the Strait of Hormuz
-  A strong Q3 earnings season confirming the resilience of corporate profits
-  Easing energy prices allowing inflation to peak and gradually roll over
-  Fewer rate hikes than currently priced in by markets

KEY INDICATORS

 EQUITIES	LEVEL	AUGUST	SEPTEMBER	YTD 2026
 S&P500	7,652	2.62	-0.45	11.99
 Nasdaq100	30,409	4.18	3.23	20.80
 Eurostoxx 50	6,269	0.98	-2.35	7.95
 FTSE100	10,606	-0.40	-2.02	5.74
 ChinaSI300	4,358	0.80	-5.78	-5.88
 Emerging markets	1,705	3.21	-0.84	21.69

 CURRENCIES	LEVEL	AUGUST	SEPTEMBER	YTD 2026
EUR/USD	1.1330	0.79	-2.48	-4.25
GBP/USD	1.3265	0.49	-2.10	-2.01
CHF/USD	1.1965	-0.10	-3.28	4.57

 VOLATILITY	LEVEL	AUGUST	SEPTEMBER	YTD 2026
Euro Stoxx 50	18	-2.19	7.63	29.20
Nasdaq 100	16	-6.69	9.52	6.56

BONDS (rate spreads)	LEVEL	AUGUST	SEPTEMBER	YTD 2026
	SPREAD CHANGE LEVEL			
10 YEAR GOVERNMENT BOND				
US	5.28	0.02	0.53	25.77
Europe	3.59	0.12	0.26	20.70
CORPORATE - 5 YEARS SPREAD (CHANGE LEVEL)				
Investment Grade US	60	-2.58	9.73	20.56
Investment Grade Europe	102	-2.02	9.44	15.11
High Yield US	341	-11.58	40.38	8.85
High Yield Europe	301	-13.06	53.26	28.93

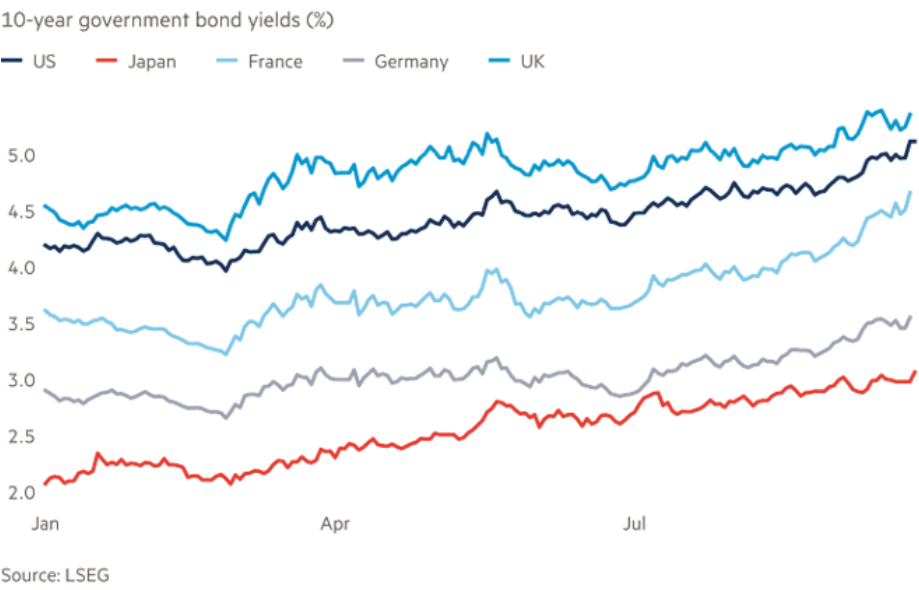
 COMMODITIES	LEVEL	AUGUST	SEPTEMBER	YTD 2026
Gold	4,157	9.67	-6.31	-3.16
Brent	104	0.41	14.41	63.01
Copper	662	1.94	-0.99	11.16
Aluminium	3,176	1.59	-2.11	4.81

 CRYPTOS	LEVEL	AUGUST	SEPTEMBER	YTD 2026
Bitcoin US	83,621	25.37	6.05	-1.61
Ethereum	2,681	32.90	8.43	-7.54

CHART OF THE MONTH

Global bond yields climb to multi-year highs

Global government bonds posted their worst month in years, driven by oil, strong growth, sticky inflation and heavy debt supply. The US 10-year yield rose by around 50 basis points in September to about 5.24%, its highest since 2007, while France's spread over Bunds reached its widest since 2012.



EQUITIES HOLD FIRM AS BOND YIELDS HIT MULTI-DECADE HIGHS

The resurgence of tensions in the Middle East marked a turning point for markets in September. As US–Iran negotiations stalled and Washington rejected Iran's latest proposal to reopen the **Strait of Hormuz**, **Brent crude moved back above USD 100** and European gas prices climbed to levels not seen since 2022, rebuilding the geopolitical risk premium across asset classes.

On the macro front, **activity proved resilient**, with flash PMIs at their highest levels since 2021 in the US and since early 2023 in the euro area, but **inflation remained elevated**, with US consumer prices stable at 3.4% year on year in August. Central banks responded almost in unison: the **ECB delivered its second hike of the year**, lifting its deposit rate to 2.50%, the **Federal Reserve raised rates for the first time since 2023** in a unanimous vote, and the **Bank of Japan** took its policy rate to 1.25%, its highest since 1995. Only the Bank of England held steady. As a result, **the US 10-year yield broke through 5%**, reaching around 5.25%, its highest level since 2007.

Against this backdrop, equities proved **remarkably resilient at the index level**, with the S&P 500 ending the month within around 2% of its August record, while **small caps and rate-sensitive segments came under pressure**. This argues for **broad diversification**, a continued focus on quality and, with yields at multi-year highs, a **renewed allocation to high-quality bonds**, which now offer attractive carry.

With the **geopolitical uncertainties**, the **US midterm elections** and the **Q3 earnings season** all ahead, **volatility** could remain elevated. **Selectivity** and discipline therefore remain as important as ever as we move into the final quarter of the year.

NK VIEWS

- 01 The third quarter has been shaped by resilient growth and strong corporate earnings, even as inflation, geopolitics and fiscal pressures keep interest rates elevated. Against this environment, our positioning stays balanced, with a continued emphasis on resilience and diversification across asset classes.
- 02 Within equities, we maintain a neutral stance. Earnings momentum is strong and valuations have compressed, but market leadership remains highly concentrated in a handful of technology names, which argues for broader exposure across regions, sectors and styles and a continued preference for high-quality companies. In this context, a selective tilt towards value stocks can help cushion the portfolio should market leadership broaden or sentiment turn.
- 03 In fixed income, the sharp rise in yields, especially at the long end, and the restart of the global hiking cycle support a selective approach. Current yield levels offer an attractive opportunity to lock in carry: we continue to favour investment-grade bonds, with a strict control of duration.
- 04 Selective exposure to real assets can provide diversification and decorrelation and act as a hedge should inflationary pressures resurface. Gold, meanwhile, remains a strategic allocation, underpinned by continued central-bank demand despite its September pullback.

RISKS AND OPPORTUNITIES



Middle-East tensions resurfacing

- Anticipate impacts on portfolios
- Geographical and currency diversification



Inflation risks & interest rate policies

- Alternative investments
- Pre-IPO segment / private debt*
- Locking in attractive bond yields



Potential market concentration

- In-depth analysis and selectivity
- Focus on assets with reasonable valuations

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The investment also presents liquidity risk, valuation risk and currency risk.

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LOCATIONS



LONDON



PARIS



NICE



LUXEMBOURG



GENEVA