



AUREA

GLOBAL INVESTMENTS

Monthly Investment Review

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Based in Switzerland
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Summary

Indexes

	Performance July/26
S&P 500 (USD)	-0.13%
Nasdaq 100 (USD)	-6.61%
Russell 2000 (USD)	+1.16%
Nikkei 225 (USD)	-8.13%
Euro Stoxx 600 (EUR)	-3.08%
Gold (USD)	+0.95%
Bitcoin (USD)	+7.26%

Market & Macro Highlights

Global markets faced a more demanding macroeconomic environment in July as resilient economic activity was increasingly balanced against persistent inflation pressures, elevated energy prices and a more restrictive monetary policy outlook. Investors remained focused on the durability of growth while reassessing expectations for interest rates across major developed economies.

Monetary policy moved firmly back to the center of market attention. The Federal Reserve kept interest rates unchanged as solid economic activity and a stable labor market contrasted with inflation still above target, while the European Central Bank also maintained its policy stance amid uncertainty surrounding the inflationary effects of higher energy prices. This reinforced a more cautious approach to the timing and direction of future policy adjustments.

Against this backdrop, market performance became increasingly differentiated across regions and segments. Smaller U.S. companies outperformed large-cap technology, while Japanese and European equities came under pressure. Gold stabilized and Bitcoin rebounded following their June corrections, further illustrating the dispersion across asset classes. Overall, July underscored an environment in which economic resilience remained supportive, but inflation, policy divergence and geopolitical uncertainty demanded greater selectivity.

Macro

United States

The U.S. economy remained on solid footing in July, supported by resilient economic activity, strong productivity growth and continued capital investment. Labor market conditions remained broadly stable, with job gains keeping pace with workforce growth and unemployment showing little change. At the same time, household consumption remained more moderate, reinforcing a picture of an economy that continued to expand despite elevated geopolitical and policy uncertainty.

Inflation remained the central challenge for monetary policy. The Federal Reserve's July Monetary Policy Report noted that PCE inflation had reached 4.1% over the twelve months through May, significantly above the 2% objective, reflecting in part the impact of supply disruptions and higher energy prices. These pressures complicated the path toward price stability even as underlying economic conditions remained relatively firm.

Against this backdrop, the Federal Reserve maintained the federal funds target range at 3.50%–3.75% at its July meeting. Notably, three FOMC members favored a 25-basis-point increase, highlighting growing concern about persistent inflation and reinforcing expectations that monetary policy could remain restrictive for longer than previously anticipated. Markets therefore remained highly sensitive to incoming inflation, employment and activity data.

Looking ahead, the balance between resilient growth and persistent price pressures remains central to the U.S. outlook. Strong productivity and investment continue to provide important support to economic activity, but elevated inflation and geopolitical uncertainty limit the Federal Reserve's room for policy easing. This combination reinforces an environment in which monetary policy expectations are likely to remain an important driver of financial conditions and asset valuations.



Macro

Europe

The euro area entered July with economic activity holding up despite a challenging external environment. Employment conditions remained supportive, while investment in digital technologies and artificial intelligence, together with government spending on defense and infrastructure, provided underlying support to activity. Nevertheless, elevated energy costs and geopolitical uncertainty continued to weigh on confidence and the region's growth outlook.

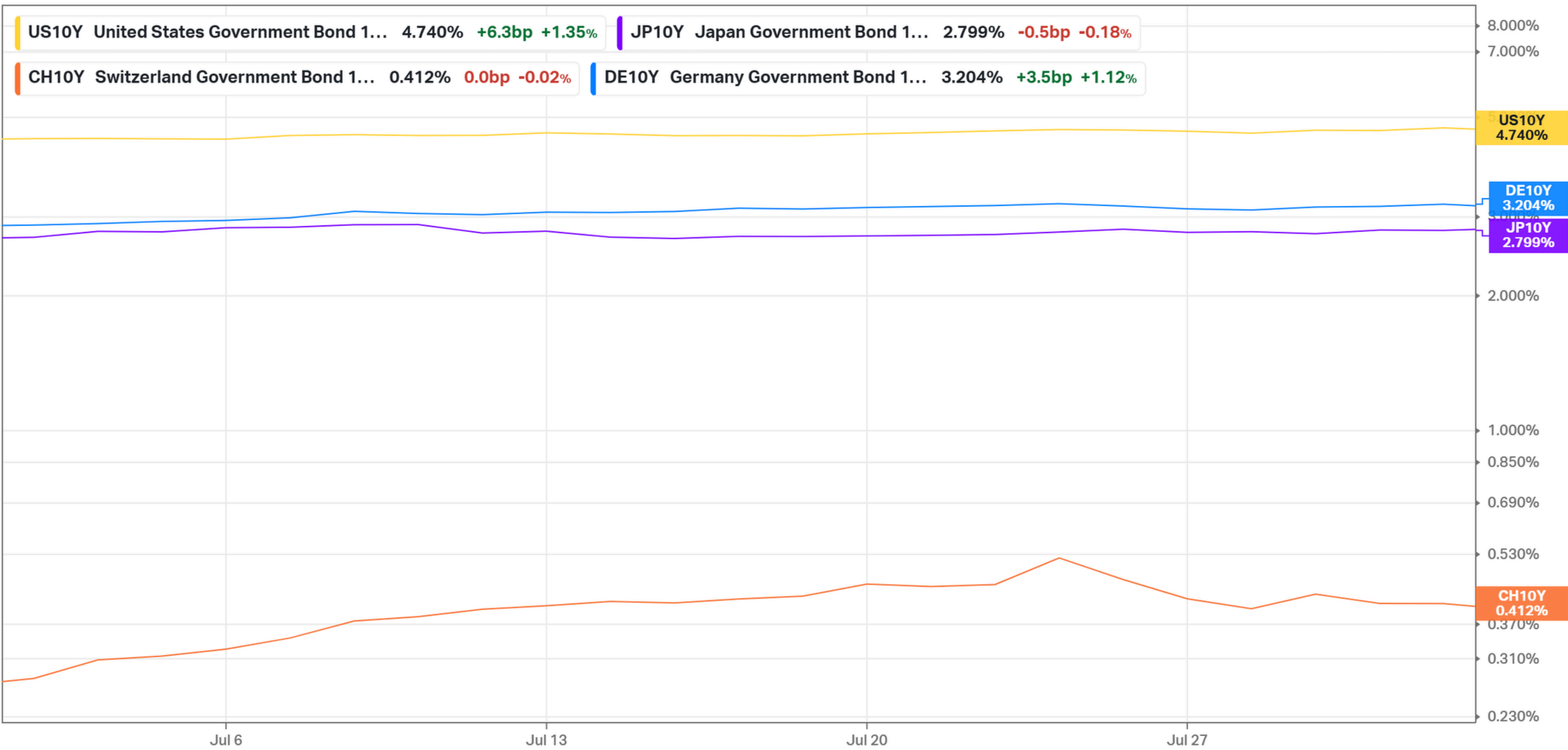
Inflation moderated during the month, with headline inflation declining to 2.8% in June from 3.2% in May, while inflation excluding energy and food eased to 2.4%. Energy inflation also slowed, although prices remained significantly above pre-conflict levels. The improvement provided some relief, but the ECB cautioned that the full indirect and second-round effects of the energy shock had yet to emerge.

Following its 25-basis-point increase in June, the European Central Bank kept its three key interest rates unchanged in July. Policymakers emphasized a data-dependent, meeting-by-meeting approach as they assessed the interaction between elevated energy prices, weaker growth prospects and persistent inflation risks. The decision reflected the increasingly delicate balance between preserving price stability and avoiding unnecessary pressure on economic activity.

Europe therefore remained characterized by a combination of economic resilience and heightened uncertainty. Solid private-sector balance sheets, public investment and a relatively strong labor market continued to provide support, while geopolitical developments and energy costs remained important downside risks. For investors, this backdrop reinforced the importance of distinguishing between sectors and economies according to their sensitivity to financing conditions, energy prices and external demand.

Figure 1: Developed Market Yields Diverged as Policy Expectations Evolved

Government bond yields moved differently across developed markets in July, rising in the United States and Germany while remaining broadly stable in Japan and Switzerland as investors reassessed inflation and monetary policy expectations.



Source: Koyfin, Bloomberg. Data as of July 31, 2026



Macro

● Japan

Japan's economy maintained a moderate growth trajectory in July, supported by continued investment linked to artificial intelligence, resilient corporate activity and government measures. At the same time, higher crude oil prices associated with developments in the Middle East created additional pressure on domestic costs, introducing a more challenging backdrop for households and businesses dependent on imported energy.

Inflation remained an important consideration for the economic outlook. The Bank of Japan projected consumer price inflation to remain clearly above 2% from the second half of fiscal 2026, reflecting higher energy costs, rising semiconductor prices associated with AI-related demand and the effects of yen depreciation. Underlying inflation was nevertheless expected to gradually converge toward levels consistent with the Bank's 2% price stability objective.

Monetary policy therefore continued to move along a different path from several other developed economies. The Bank of Japan maintained its intention to gradually raise the policy rate and reduce monetary accommodation if economic activity and inflation evolve in line with its projections. The timing and pace of further normalization remained dependent on incoming data, particularly developments in wages, prices and foreign exchange markets.

Japan consequently entered the second half of the year with a distinctive combination of structural support and cyclical risks. AI-related demand and continued improvements in corporate behavior remained constructive longer-term forces, while higher import costs, currency movements and the normalization of monetary policy required greater attention from investors. The balance between these factors remained central to the outlook for Japanese assets.

Macro

● China

China's economic momentum weakened in July following signs of improvement during the previous month. The official manufacturing PMI declined to 49.2 from 50.3 in June, moving back below the threshold separating expansion from contraction. Production and new orders both softened, highlighting renewed pressure on domestic activity and suggesting that the recovery remained vulnerable to shifts in demand.

Weakness was not limited to manufacturing. The non-manufacturing business activity index declined to 49.0, while the composite PMI output index fell to 49.3, indicating softer conditions across the broader economy. New orders within non-manufacturing also weakened materially, reinforcing concerns over the strength of domestic demand despite relatively optimistic business expectations for future activity.

Industrial activity nevertheless provided some support. Value added by industrial enterprises increased 4.5% year-on-year in July, with manufacturing expanding 5.5%. This divergence between relatively resilient industrial output and weaker survey indicators illustrated the uneven nature of China's economic performance, with selected manufacturing activities continuing to expand even as broader demand indicators deteriorated.

China therefore remained a market characterized by significant internal dispersion. Policy support and strength in selected manufacturing industries continued to create opportunities, but weaker business activity and subdued demand reinforced questions surrounding the durability of the recovery. For investors, greater evidence of sustained domestic momentum remained necessary before a more broadly constructive outlook could emerge.

Macro

⊕ Switzerland

Switzerland entered July with monetary policy unchanged after the Swiss National Bank kept its policy rate at 0% in June. The SNB maintained an accommodative stance while reiterating its readiness to intervene in foreign exchange markets if necessary, particularly in response to excessive appreciation of the Swiss franc. The currency therefore remained an important transmission channel for monetary policy and a key consideration for the country's externally oriented economy.

Inflation remained contained by international standards, although higher energy prices had increased near-term price pressures. The SNB noted that monetary conditions had eased since its March assessment, particularly following the depreciation of the Swiss franc, while medium-term inflationary pressure remained virtually unchanged. This allowed monetary policy to remain supportive despite a global environment characterized by higher energy costs and persistent uncertainty.

Economic activity remained exposed to developments abroad, reflecting Switzerland's strong integration with global trade and financial markets. Domestic conditions remained comparatively stable, but weaker external demand, geopolitical uncertainty and movements in the franc continued to shape the outlook for export-oriented industries and the broader economy.

For investors, Switzerland continued to offer a distinctive macro profile within Europe: low interest rates, contained inflation and a strong currency, alongside exposure to global trade and geopolitical developments. The SNB's willingness to intervene in foreign exchange markets remained an important policy consideration, particularly in the event of renewed safe-haven demand for the franc.

Equities

United States

U.S. equities delivered highly differentiated performance in July as investors balanced resilient corporate earnings against persistent inflation, higher interest rate expectations and renewed scrutiny of artificial intelligence-related investment. The S&P 500 ended the month broadly flat, declining 0.1%, while the Nasdaq 100 fell 6.6% and the Russell 2000 advanced 1.3%, highlighting a pronounced rotation away from large-cap technology.

The second-quarter earnings season nevertheless provided fundamental support, with major U.S. companies delivering broadly resilient results. Investor reactions became increasingly selective, rewarding evidence of monetization and cash-flow generation while penalizing companies facing rising investment requirements and demanding valuations.

Artificial intelligence remained a powerful structural investment theme, but July highlighted a more disciplined market environment. Valuation, earnings quality and the ability to translate substantial capital expenditure into sustainable profitability became increasingly important drivers of performance.

Europe

European equities declined in July as investors faced persistent inflation concerns, geopolitical uncertainty and a more challenging external environment. The Euro Stoxx 600 fell approximately 3.0% during the month, despite broadly resilient corporate earnings and underlying support from selected sectors.

Performance remained differentiated across industries. Energy companies benefited from higher oil prices, while technology shares experienced greater volatility as concerns surrounding global AI investment affected sentiment. Corporate results also generated significant dispersion, reinforcing the importance of earnings quality and company-specific fundamentals.

Despite the monthly decline, European equities continued to offer selective opportunities. Earnings resilience provided support, but inflation, geopolitical developments and differences in sector sensitivity to energy and financing costs encouraged investors to remain selective rather than rely on broad regional exposure.

Japan

Japanese equities experienced a sharp correction in July as the market's significant exposure to technology and semiconductor companies became a source of pressure. The Nikkei 225 declined approximately 8.1%, reflecting a global selloff in chip-related stocks and heightened geopolitical uncertainty that weighed on investor sentiment.

Semiconductor-related companies faced particular pressure as investors reassessed AI investment expectations and valuations across the global technology supply chain. Currency movements and expectations surrounding further Bank of Japan normalization also remained important considerations for exporters and domestic companies.

Despite the correction, Japan's longer-term investment case remained supported by corporate governance reforms, improving capital efficiency and its strategic position in advanced manufacturing. July nevertheless demonstrated the market's shorter-term sensitivity to technology cycles, monetary policy and geopolitical risk.

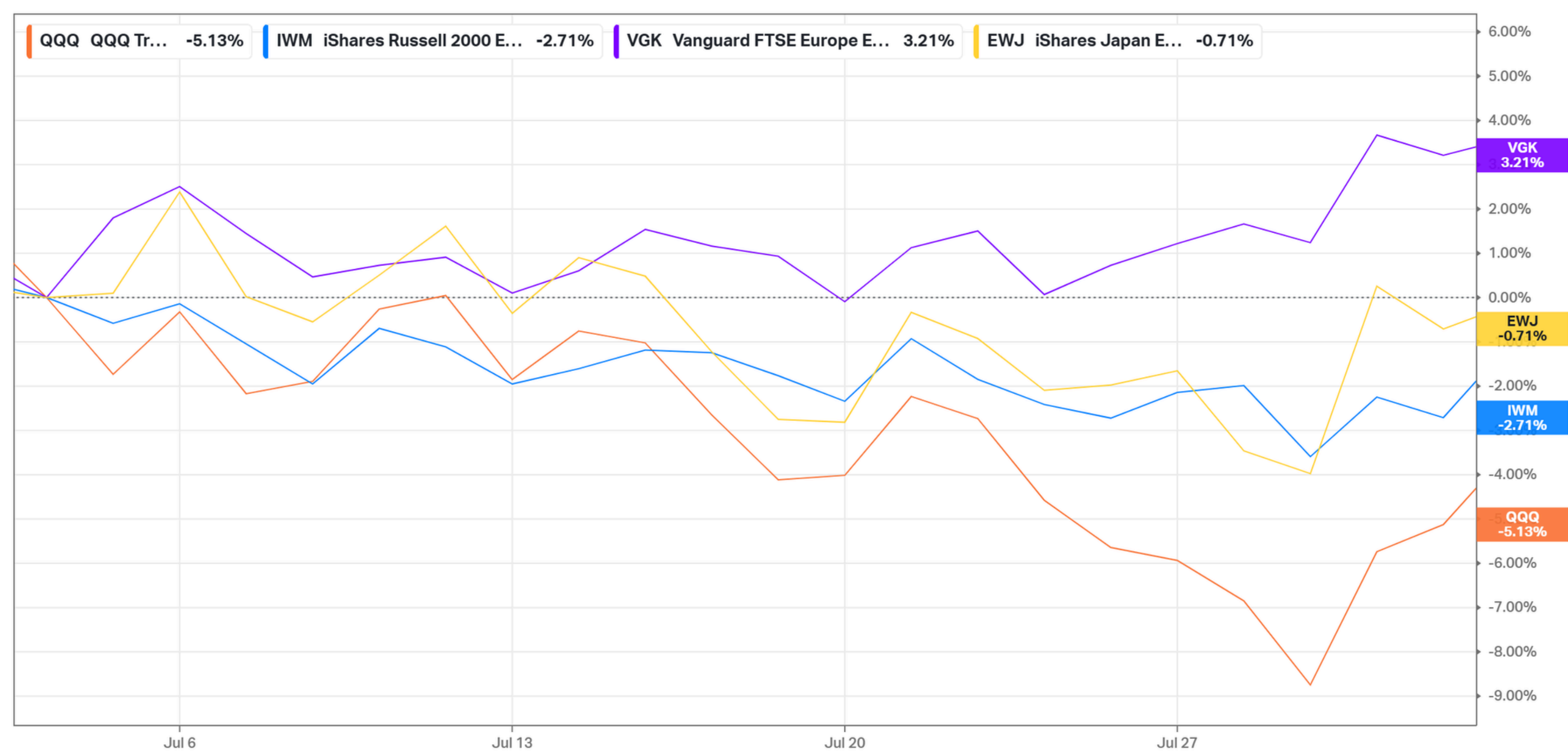
Emerging Markets

Emerging market equities remained highly differentiated in July, particularly across Asia. Technology-heavy markets faced pressure as investors reassessed semiconductor valuations and AI-related capital expenditure, while China continued to be challenged by weaker domestic momentum and uncertainty surrounding its economic recovery.

Investor flows nevertheless showed signs of stabilization. Emerging-market portfolio flows returned to positive territory, driven primarily by fixed income, while equity outflows slowed significantly compared with June, suggesting that some of the earlier pressure was beginning to moderate.

Differences in domestic growth, monetary policy, technology exposure and external financing conditions continued to create significant dispersion between countries. This environment reinforced the importance of active country and sector allocation rather than broad emerging-market exposure.

Figure 2: Selected Equity Proxies Highlighted Market Dispersion
Selected equity proxies showed significant dispersion in July, with European exposure outperforming while U.S. technology shares faced greater pressure during the month.



Source: Koyfin, Bloomberg. Data as of July 31, 2026

Fixed Income

U.S. Treasuries

U.S. Treasury markets faced renewed pressure in July as persistent inflation and resilient economic activity pushed investors to reassess the outlook for monetary policy. The Federal Reserve kept rates unchanged at 3.50%–3.75%, while three policymakers favored a 25-basis-point increase, reinforcing expectations that restrictive conditions could persist for longer. Treasury yields remained sensitive to inflation and labor market data, as investors balanced defensive demand against the risk that policy rates may need to remain elevated.

U.S. Corporate Bonds

U.S. corporate credit remained relatively resilient despite higher interest rate expectations and periods of increased market volatility. Solid earnings, healthy balance sheets and continued investor demand supported investment-grade credit, while high-yield markets benefited from underlying economic resilience. Credit selection nevertheless became increasingly important as tighter financial conditions and greater scrutiny of corporate investment plans encouraged investors to focus on issuers with stronger cash flows and greater capacity to absorb elevated borrowing costs.

European Bonds

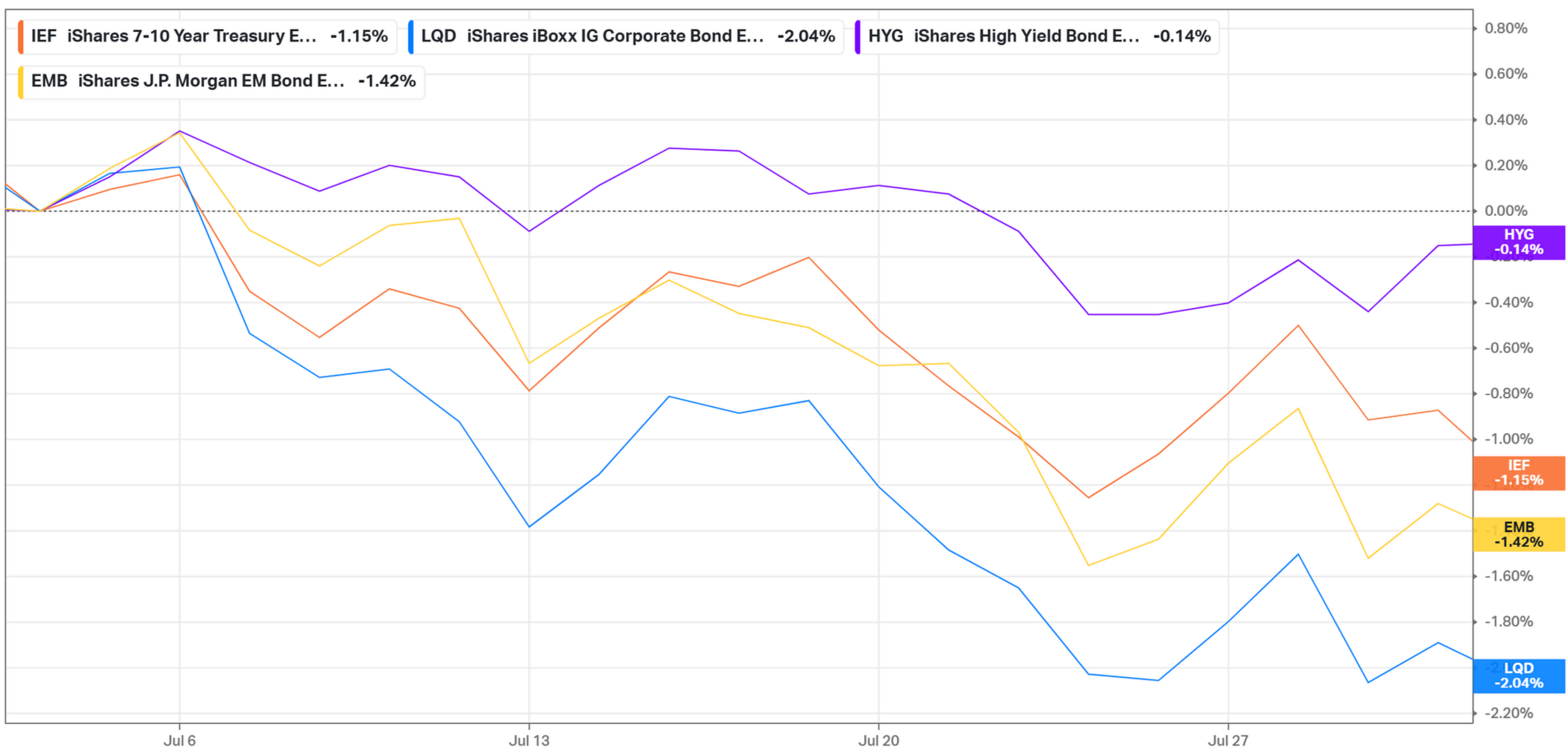
European fixed income markets reflected a delicate balance between moderating inflation and renewed concerns surrounding energy prices. The European Central Bank kept rates unchanged in July following its June increase, maintaining a cautious approach as policymakers assessed the potential inflationary effects of higher energy costs. Government bonds remained sensitive to changes in policy expectations, while corporate credit continued to attract selective demand, particularly among higher-quality issuers with resilient fundamentals and lower sensitivity to cyclical weakness.

Emerging Market Debt (EMD)

Emerging market debt faced a more challenging market environment in July despite renewed portfolio inflows and attractive yields across selected sovereign and corporate markets. Emerging-market flows returned to positive territory during the month, driven primarily by fixed income, although higher U.S. rates and geopolitical uncertainty continued to create differences across countries. Investors favored economies with stronger external balances, credible policy frameworks and manageable refinancing needs, reinforcing the importance of active country selection within the asset class.

Figure 3: High Yield Credit Showed Greater Resilience in July

High-yield credit outperformed other selected fixed income segments in July, while investment-grade corporate bonds faced greater pressure amid elevated yields and shifting monetary policy expectations.



Source: Koyfin, Bloomberg. Data as of July 31, 2026

Alternatives

Gold

Gold stabilized in July following the sharp correction recorded in June, gaining approximately 1.0% during the month. Persistent inflation pressures and a more restrictive monetary policy outlook remained headwinds, while geopolitical uncertainty periodically supported renewed demand for defensive assets.

Beyond short-term price movements, structural support remained intact. Central bank demand, geopolitical uncertainty and concerns surrounding fiscal sustainability continued to reinforce gold's diversification role, although its performance remained sensitive to the interaction between real yields, currency movements and changes in risk perception.

Hedge funds

Hedge fund strategies operated in an increasingly differentiated market environment during July, as volatility across technology, interest rates, currencies and commodities created opportunities for active positioning. Greater dispersion between sectors and regions remained particularly relevant for macro, relative-value and long/short strategies.

At the same time, rapidly changing expectations around monetary policy and geopolitical developments increased the importance of disciplined risk management. Strategies with greater flexibility to adjust exposures dynamically were potentially better positioned to navigate an environment in which market direction became less uniform and security selection increasingly influenced outcomes.



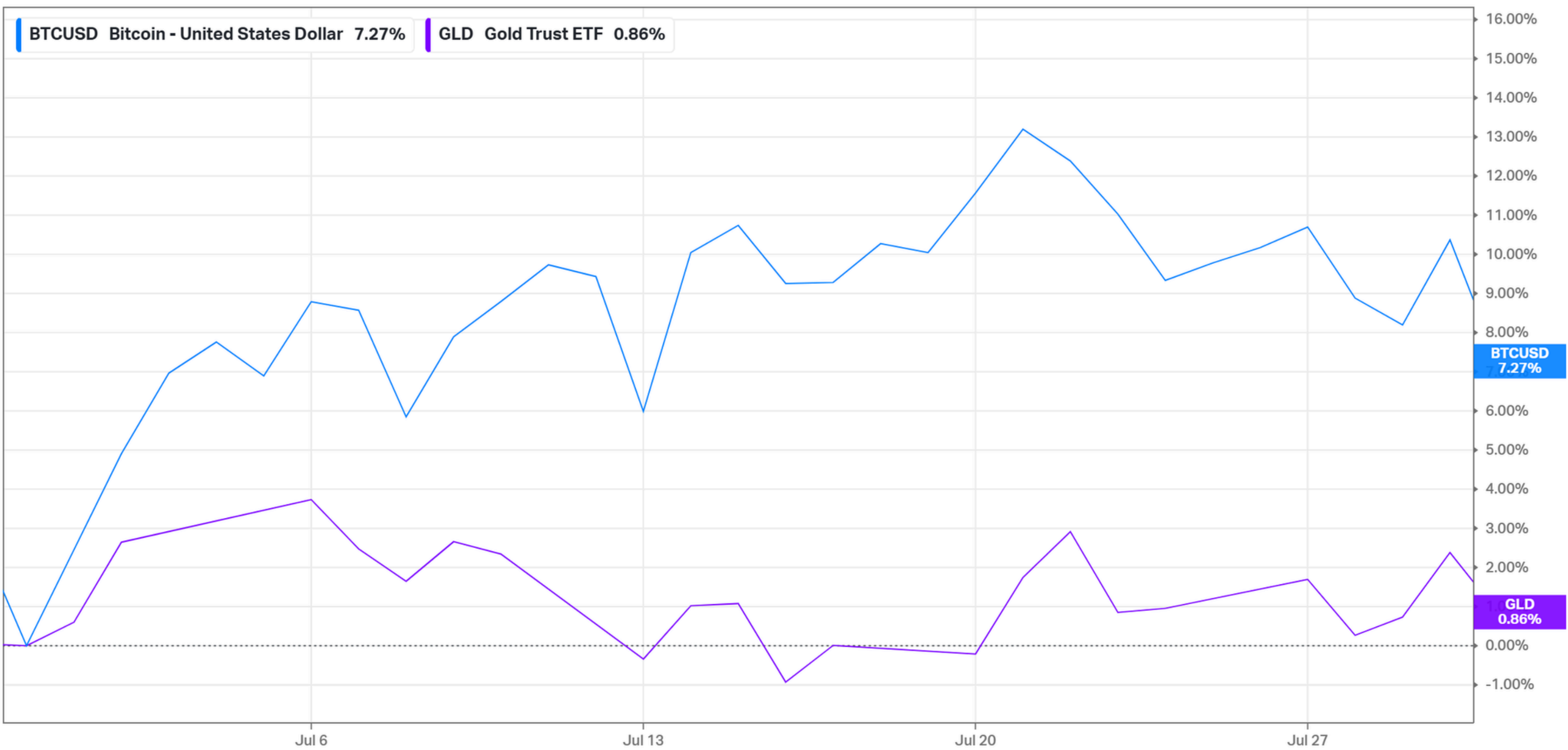
Bitcoin

Bitcoin rebounded strongly in July following the significant correction recorded in June, gaining approximately 7.3% during the month. The recovery occurred despite continued uncertainty surrounding monetary policy and financial conditions, illustrating the asset's capacity for sharp performance reversals as investor sentiment and liquidity expectations shifted.

Structural developments remained supportive of the longer-term digital asset ecosystem. Institutional participation and deeper integration with traditional financial markets continued to strengthen Bitcoin's position as an alternative asset, although July again demonstrated that short-term performance can remain highly sensitive to liquidity, macroeconomic expectations and investor sentiment.

Figure 4: Bitcoin Led the Recovery in Alternative Assets

Bitcoin rebounded strongly in July, while gold delivered a more modest gain, highlighting differing sensitivities to liquidity conditions, monetary policy expectations and persistent macroeconomic uncertainty.



Source: Koyfin, Bloomberg. Data as of July 31, 2026

Closing

July highlighted an increasingly complex investment environment, as resilient economic activity coexisted with persistent inflation, evolving monetary policy expectations and renewed geopolitical uncertainty. Growth remained supportive across several major economies, but the prospect of restrictive financial conditions lasting longer challenged earlier expectations for a more accommodative policy backdrop.

Across markets, differentiation became increasingly important. Equity investors placed greater emphasis on earnings quality, valuations and the ability of companies to translate investment into sustainable profitability, while fixed income remained shaped by changing rate expectations and differences in credit fundamentals. Alternative assets also responded to shifting liquidity conditions, geopolitical developments and changing perceptions of risk.

As the global cycle becomes less synchronized, investment outcomes are increasingly likely to depend on understanding the differences between economies, sectors and individual assets. July therefore emphasized the value of disciplined allocation, fundamental analysis and the ability to position portfolios around an increasingly differentiated global landscape.

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When markets become less synchronized, understanding where risks and opportunities diverge becomes as important as identifying the broader trend.

From Aurea's perspective, July reinforced the importance of approaching global markets with flexibility, selectivity and a long-term perspective. Economic resilience continues to create opportunities, but persistent inflation, differentiated monetary policy paths and geopolitical uncertainty require greater attention to how risks are distributed across portfolios. In this environment, diversification alone is not enough. Understanding the underlying drivers of each exposure, maintaining appropriate risk controls and allocating capital selectively across regions and asset classes remain central to preserving resilience while participating in long-term opportunities. For us, disciplined portfolio construction means remaining focused on fundamentals while retaining the flexibility to adapt as market conditions evolve.

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