

House View as at 31 July 2026

Investment Outlook 2026 and Reality Check

Global Outlook: 2025 has highlighted how global growth is becoming increasingly dependent on the goodwill of financial markets. In the US especially, AI related investment is likely to continue to provide a boost to the economy, offsetting the decline caused by a weaker labour market and consumption growth. In Europe, the implementation of a stimulative fiscal policy will be paramount given the blocking of export channels. China will continue to navigate persistent issues such as deflation and consumer consumption.

Monetary Policy: With a slight slowdown in US growth on the cards, we expect inflation to remain relatively unchanged. Hence, we expect continued easing of monetary policy in the first few months of the year, with a weaker labour market also contributing to this.

Currencies: The USD is likely to remain bearish due to further monetary easing and increased fiscal concerns. The CHF is set to continue to be the safe-haven currency of choice in times of volatility despite its limited return potential. Reduced rate cuts will be supportive for the EUR but increasing political uncertainty will continue to be a headwind.

Fixed Income: Continued policy easing will place downward pressure on US yields, minimizing any increase in yield due to continued fiscal deficits. An intermediate duration approach with a slight tilt towards duration is advisable for investors to maximize return from the yield curve.

Equities: 2025 saw a market melt-up with most asset classes and regions performing well – with notable US relative underperformance. We expect this trend to continue in 2026 through a broad-based rotation into value and quality style segments as well as a continued emphasis away from the US hyper-concentrated tech exposure.

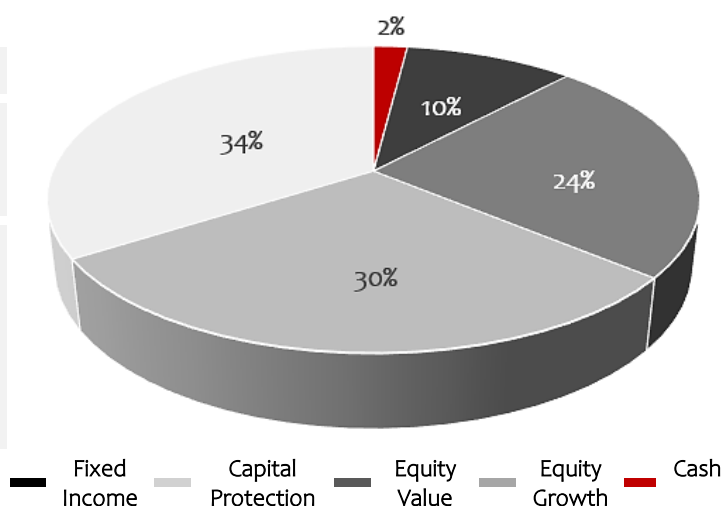
Gold: Steady central bank buying, fiscal concerns and occasional geopolitical volatility are likely to ensure that gold will continue to provide benefits – albeit in a more measured fashion than 2025.

[Source: Bank Julius Baer]

Current Asset Allocation as at 31.07.2026

Long Positions

Cash:	Limited Exposure
Fixed Income:	Given declining rates, fixed income exposure has been reduced and supplemented with Capital Protection.
Equity:	Value: Focus on company fundamentals and Cash flow [passive]. Growth: Focus on growth sectors [active].



Strategies and Performance as at 31.07.2026

		Short Term			Medium Term		Long Term	
Net Returns p.a. [%]	YTD	6 M	1 Y	3 Y	5 Y	7 Y	10 Y	
GEO Global High Yield Fixed income	0.62	0.26	2.52	7.26	2.45	2.98	3.09	
GEO Global Equity Value [Passive]	9.31	4.16	19.84	9.93	7.51	9.73	9.02	
GEO Global Equity Growth [Active]	6.87	5.63	14.31	8.55	6.78	11.82	12.50	

Global Markets as at 31.07.2026

Indices	Spot 01.01.2026	Spot Current	% Change YTD
S&P 500	6,845.49	7,489.72	9.41%
Nasdaq-100	25,249.85	28,274.20	11.98%
DJIA	48,063.29	52,490.26	9.21%
Euro Stoxx 50	5,804.98	6,358.02	9.53%
FTSE 100	9,952.02	10,868.05	9.20%
Gold Spot	4,322.61	4,045.17	-6.42%
VIX Index	14.95	15.99	6.96%

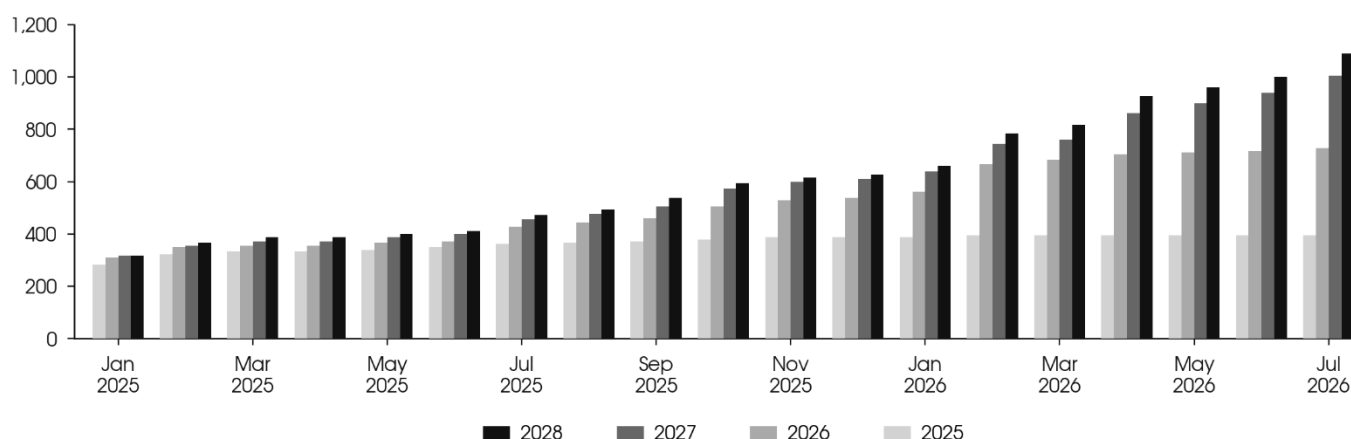
Global Currencies as at 31.07.2026

Currency Pairs	Spot 01.01.2026	Spot Current	% Change YTD
EURUSD	1.1738	1.1531	-1.77%
GBPUSD	1.3473	1.3484	0.08%
USDJPY	156.8520	157.4520	0.38%
USDCNY	6.9926	6.7509	-3.46%
USDCHF	0.7927	0.8071	1.81%
USDZAR	16.5538	16.5199	-0.20%
BTCUSD	88,728	62,834	-29.18%

[Source: Morningstar]

Hyperscaler Spending – Revisions to Consensus Estimates

USD billion



[Source: Bloomberg Finance L.P., Julius Baer]

Narrative of the Month

- Rates Outlook:** US inflation is continuing to moderate as both price and wage pressures ease, and despite ongoing volatility from energy prices, we remain convinced the broader disinflation trend will hold for the rest of the year. We expect the Fed to leave rates unchanged through year-end, followed by gradual easing and lower bond yields in the new year.
- Currencies:** The US dollar weakened through late July, and we remain bearish on its medium-term outlook. Persistent fiscal and current-account deficits, structural capital outflows, and diversification away from US assets should outweigh the temporary support from AI-related inflows keeping the dollar on a weakening path.
- Equity Strategy:** Sustained AI investment and resilient tech earnings remain the key drivers of this equity cycle. Market leadership is also broadening beyond US mega-cap tech into financials and other former laggards, with continued regional support from Japan, emerging markets, and select European markets.
- Commodities:** Gold's sharp correction early in the year looks overdone, and we expect it to reverse as concerns about further rate hikes fade. Persistent central-bank buying, a weaker dollar, US fiscal concerns, and geopolitical uncertainty all support our medium-term target of USD 5,000/oz.

[Source: Bank Julius Baer]