



APRICUS FINANCE

WEALTH MANAGEMENT

February 2026

A Chaotic Start Of The Year For Us Equities

You might not have felt it, with the S&P 500 flirting with all-time highs, and within a rather contained range and low volatility, but the beginning of 2026 has been marked by considerable turbulence across the US stock market.

In recent weeks, far more stocks than usual, and among them many of the mega caps, have been making unusually large, sometime double-digit, one-day moves, indicating a notable rise in cross-sectional volatility. These types of moves have become almost normal this year.

Three probable causes for this:

- Concerns over potential disruptions from artificial intelligence (AI) within the technology sector itself.
- The appointment by trump of Kevin Warsh as next Federal Reserve (Fed) chairman and what that means for the Fed's independence.
- The sharp corrections in precious metals following the extraordinary and extended rally earlier in the year.

In general, 2026 is already full of unexpected developments, and the equity market is undergoing a sector and thematic rotation unlike anything we have seen since the rotation from the new to the old economy in 2000. We are witnessing a comeback of capital-intensive sectors, (the old economy), that had previously endured years of structural underperformance during the era of technology companies' supremacy.

At the centre of the storm are software companies, (or better Software as a Service), which have experienced a massive compression in valuations since the emergence of OpenAI's ChatGPT in late 2022.

At the same time, in January, the launch of Anthropic's new Cowork platform, with its suite of plugins enabling Claude to perform a wider range of tasks across finance, sales, marketing, and legal, has heightened concerns about the disruptive potential of AI, and accelerated the sell off. The market is grappling with the narrative that generative AI could pose an existential threat to traditional enterprise software.

Over the month, after the announcement of sector specific models by (at least to us) unknown AI smaller companies, the sell off extended to the internet travel sector, (for example Booking and Expedia), to the real estate sector, wealth management and even trucking logistics.

The market will need time to distinguish the true winners from the losers of Artificial Intelligence and is likely to maintain a high-risk premium on these business models for as long as visibility on monetisation remains limited. In short, the market is grappling with the narrative that generative AI could pose an existential threat to traditional enterprise software.

The situation has intensified following the release of mixed Q4 2025 results across the technology sector. While companies like ServiceNow, SAP, and Microsoft reported fundamentally solid results, their growth rates came in marginally below expectations, and, crucially, showed no near-term acceleration. In today's market environment, and with valuations for the technology sector on the rather high side, this is not good enough.

So, clearly the big question nowadays is: is this a buying opportunity or is there more downside for the sector? We want to be honest with our readers: the AI theme is becoming increasingly difficult to understand.



A year ago, the talk was all about infrastructure, and investment in data centres. While obviously not specialists, we understand about the need for computing power, the need for server racks, the need for the famous violet cables from Credo technology that connects the various AMD and NVidia chips (or GPUs) in the data centres, the need for more energy, the need for cooling and ventilation and so on.

Now we have moved to a totally different space: we are talking about agentic AI.

While AI has made impressive strides, especially in automating certain tasks, the core systems of record used by enterprises, such as those provided by ServiceNow, SAP, and others, should in theory remain deeply embedded, with high switching costs and critical roles. These platforms are not easily displaced, and in many cases AI in theory should be more likely to enhance their value than undermine it.

While we can imagine what it could potentially mean over time for end-users, be them companies or individuals, we are quite frankly in no position to evaluate where all those sectors of Software as a Service, (SaaS) should be priced at. Other market participants, like us, fail.

In general, the US market is experiencing the same rotation Europe has been experiencing for over a year now: into consumer staples, materials and industrials. From our point of view, this is a rather healthier development for the US stock market than its past dependence on the performance of just a handful of names. Increasing market breadth is an inherently good thing.

Accidentally, the 'reflation trade' also coincides with the economic growth we expect for at least the first 2 quarters of the year: whereby in the US, Japan and Germany, a substantial fiscal boost is ongoing or is about to happen, inflation is rather under control, and companies are generating decent earnings.



Asia Rocks: Korea And Japan

Japan rocks: at the time of writing, it is up 13% year to date. Earnings-supportive factors are improved growth dynamics, corporate reform and reflation. On top, Prime Minister Takaichi's historic election triumph gives her the mandate to push ahead with bold spending plans. Her administration's economic policies will expand investments in key sectors like semiconductors, defence and disaster prevention. A cut in the consumption tax rate (VAT) is also expected to boost the economy. Wage growth is above 5% annually, with inflation just above 2%: something unseen in decades of deflation.

Korea: The Kospi index has more than doubled since the start of 2025, and is up 35% so far this year, fuelled by President Lee Jae Myung's drive to eliminate the "Korea discount", a perennial markdown tied to governance issues, and a global AI boom. Valuations have improved but are barely keeping up with profit forecasts. The index has also hugely profited from the explosion in prices of DRAM and other memory products: producer SK Hynix is close to 20% of the index. Samsung Electronics, another producer, has a weight of around 28%.

Dram: The New Gold

As we commented one month ago, DRAM, (memory chips), could become the new gold in 2026, and we expected that consumer electronics could start to feel the pinch. Prices kept rising in 2026, as a shortage became more and more evident. For example, a simple, (and ubiquitous in consumer electronics), NAND flash of 512 GB has now risen 6-fold since September of last year.

A growing procession of technology industry leaders including Tesla's Musk and Apple's Cook are warning about a global crisis in the making: a shortage of memory chips is beginning to hammer profits, derail corporate plans and inflate price tags on everything from laptops and smartphones to automobiles and data centers. They also noted that the crunch is only going to get worse. Since the start of 2026, Tesla, Apple and a dozen other major corporations have signalled that the shortage of DRAM, or dynamic random access memory, (the fundamental building block of almost all technology), will constrain production. Apple warned it will compress iPhone margins.

The disruption is threatening the profitability of entire product lines and upending long-term plans. Sony is now considering pushing back the debut of its next PlayStation console to 2028 or even 2029. Rival Nintendo, which contributed to the surplus demand in 2025 after its new Switch 2 console drove storage card purchases, is also contemplating raising the price of that device in 2026.

Samsung Electronics has recently begun reviewing its memory supply contracts every quarter or so, versus, generally, on an annual basis.

Chinese smartphone makers including Xiaomi and Oppo are trimming shipment targets for 2026, with Oppo cutting its forecast by as much as 20%. Cisco Systems cited the memory squeeze when it gave a weak profit outlook that led to its worst share loss in nearly four years.

As we mentioned one month ago: be prepared for price increases in gaming consoles, mobile phones and laptops, as well as a shortage of them, or a combination of the two.



Precious Metals Go Bananas

As we commented back in December, with the entry of hedge funds and CTAs - short term momentum-based funds - into the precious metal market, the dynamics have changed.

In January, the massive participation of retail investors, primarily in China, but also in the US, India and, partially, Europe, chasing quick and easy money, resulted in a brutal acceleration of spot prices to the upside, followed by a historic crash.

We could call it the 'Crypto moment' for precious metals, (after the historic Crypto crash of last October). This is how precious metals became 'Meme investments' in January:

- In the US, in January, the largest physically backed Silver ETF on some days had close to the same volume (in USD) as the largest S&P 500 ETFs (SPY). The largest Gold-backed ETF (GLD) had the most volume on the options market.
- Chinese investors poured massive amounts of money into the various Gold-ETFs they have access to in the domestic market, as well as into a variety of 'products' tied to the physical delivery of the metal: in fact, most of the daily spikes and drops in prices were registered in the early Asian hours.
- In India, also in January, investors poured more money into gold ETFs than into equity mutual funds.
- In Europe, there are plenty of stories of precious metal retailers running out of gold bars: the queues at Degussa in Zürich are well documented.
- And let's not forget crypto: Tether, the largest gold-backed stablecoin issuer, now holds at least 25 billion USD in physical gold stored in a bunker in Switzerland. It pledged to purchase 1 billion USD of gold per week. It has now the world's largest known hoard of bullion outside of banks and nation states.

By the 28th of January gold was up 25% for the year, and less liquid silver, more than 60%.

The next day delivered the first scare: in less than an hour, gold dropped from 5,545 USD to 5,105; silver dropped from 121 USD to 107. As is usual with these types of speculative moves, dip-buyers emerged. The next day, after an initial rally, during the Asian session, prices started to markedly deteriorate - likely some margin calls were triggered. By the afternoon, European time, the nomination of Warsh to the Fed chair role sparked a general sell-off in risk assets. Gold and silver plunged: Gold fell 12% on the day and silver 26%.

Note that since the beginning of the year, daily moves in the silver market of more than 3% or even 5 to 7% were almost the norm, while gold moves were a bit more moderate. In historical terms, however, the intra-day volatility was only comparable to the silver frenzy of the late seventies, and the ensuing market crash of early 1980.



Is Private Credit A Risk In 2026 Due To AI?

Private credit markets are facing fresh uncertainty as AI-driven tools start to pressure software companies, a major borrower group for private lenders.

Shares of asset managers with large private credit franchises tumbled over the last couple of weeks as investors fretted about how AI could upend borrowers' business models, pressure cash flows and ultimately lift default risks.

Shares of Ares Management, TPG, Blue Owl, KKR and Apollo Management since the middle of January fell between 18% and 32%.

The moves bring a growing unease around private credit markets, a \$3 trillion industry which now has to brace for the impact from AI-driven disruption to the software sector, that is heavily exposed to buyouts financed with opaque and illiquid loans. The fear is that isolated problems may turn out to be systemic issues.

AI disruption could be a credit risk for private credit lenders for some of its Software and Services sector borrowers.

According to Moody's, software and services companies account for the largest share of payment-in-kind (PIK) loans, which refer to arrangements where borrowers are allowed to pay interest with additional debt, rather than cash. While PIK structures are often used to give fast-growing companies time to build revenue and cash flow, they become risky if a borrower's finances weaken. In that case, deferred interest can quickly turn into a massive credit problem.

We believe that problems likely lie ahead, and while the private credit industry is probably currently able to absorb any losses reasonably well, this may not be the case a year from now if the current credit growth continues.

The recent gating of a fund run by Blue Owl Capital is likely to increase the fears surrounding this asset class.

Only time will tell whether Blue Owl in 2026 will be remembered as the 'canary in the coal mine' event for private debt, in a similar fashion as Bear Stearns was in 2007 for mortgage-backed securities*, which ultimately led to the 2008 Global Financial Crisis.

* In 2007, Bear Stearns' heavy investment in mortgage-backed securities (MBS), and collateralized debt obligations (CDOs) led to the collapse of two internal hedge funds, just a few months after having been launched. It marked a critical tipping point in the subprime mortgage crisis. By June 2007, these funds were heavily leveraged and invested in toxic subprime assets, forcing the bank to bail them out with over \$3 billion in loans before they ultimately filed for bankruptcy on July 31, 2007. The bank ultimately collapsed in March 2008, and was taken over by JP Morgan.



Strategy

Gold has been present in our asset allocation for many years. We increased the allocation to 5% after the freeze of Russian reserves in 2022 and have managed our strategic weight at around 5% ever since, cutting the market drift regularly as prices moved higher.

Recent participation of alternative funds, but also, in particular, retail investors who are focused on short term moves and gains (as well as frequent sharp losses) - like what we experienced with Meme stocks since 2021 - have essentially distorted the market's dynamics. The metals have become 'risk on, risk off assets', albeit with a volatility markedly higher than stocks. As such, gold has obviously lost at least some of its role as a portfolio diversifier.

We are therefore tactically and opportunistically reducing the weight of gold to 3% in our portfolios. We are also ready to increase its weight again, back to our 5% strategic level, once the precious metal recovers its original diversifier nature and its boring price pattern. The long-term fundamentals for owning gold in a multi-asset portfolio haven't changed, the short-term markets dynamics have.

Equity

We are neutral. We keep an overweight in Eurozone and Asian ex Japan equities versus the US ex. Mega Caps.

Fixed income

We continue to favor exposure to credit versus duration. However, we have increased the quality of our holdings. We have exposure to investment grade credit, European high yield, hybrids, financials' subordinated debt.

Foreign Exchange

The US Dollar and the Japanese YEN exposure is entirely hedged.

Gold

We keep our allocation to Gold now reduce to 3%.



Positioning

Overall Exposure

We are now Neutral Equities, and Neutral Fixed Income, with a Gold position, JPY and US Dollars hedged.

Equity: Neutral

We have an Overweight to the Eurozone and an Underweight in US equities, Underweight US technology, Overweight Nasdaq 100 equal weight, Overweight S&P 500 equal weight, Neutral UK, Neutral Japan, Overweight Asia ex Japan.

Thematic Equities

European Family Holdings, Asian Technology, European Champions.

Fixed Income: Neutral

Long 1 to 3 years US Treasury Notes. Long 20+ years US Treasuries, Underweight Sovereigns. Overweight Investment Grade EUR and USD Bonds. Overweight High Yield in EUR and Underweight in USD. Long US inflation linker.

Thematic Fixed Income

Long Hybrids, Long Subordinated Financial Credit, Long subordinated European insurance bonds.

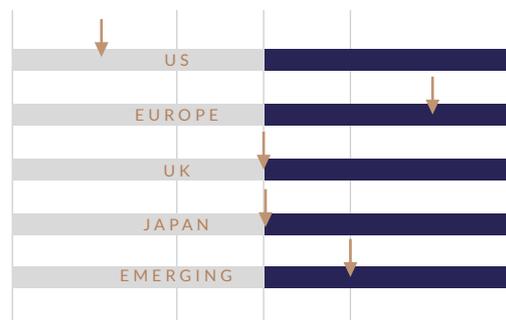
Currencies: Non USD-referenced portfolios are fully hedged against USD and YEN. USD-referenced portfolios are long EUR.

Commodities: Overweight

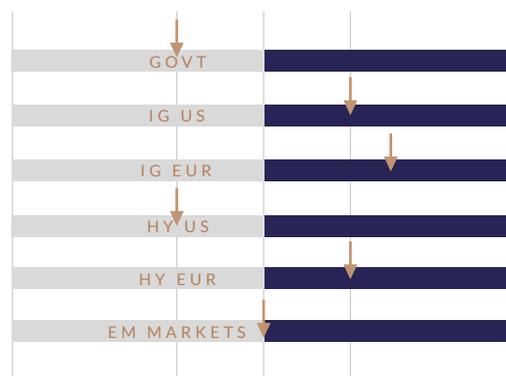
Long Gold.

Conviction thermometer

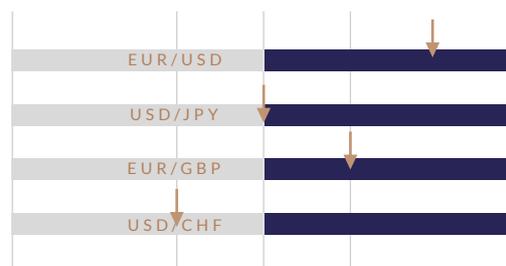
Equities



Bonds



Currencies



Commodities



■ Negative view ■ Positive view



Market overview as of 31st January 2026

Equities (local ccies)	Level	5D	MTD	YTD
MSCI WORLD HEDGED EUR	492,02	0,03%	1,60%	1,60%
US S&P500	6 939,03	0,35%	1,44%	1,44%
MAGNIFICENT 7 (CAP WEIGT.)	206,96	0,83%	-0,27%	-0,27%
NASDAQ 100	25 552,39	-0,19%	1,23%	1,23%
EUROPE EURO STOXX 50	5 947,81	-0,01%	2,79%	2,79%
GERMANY DAX	24 538,81	-1,45%	0,20%	0,20%
FRANCE CAC40	8 126,53	-0,20%	-0,28%	-0,28%
BELGIUM BEL20	5 385,38	1,30%	6,10%	6,10%
SWISS MARKET INDEX	13 188,26	0,31%	-0,60%	-0,60%
UK FTSE100	10 223,54	0,79%	2,99%	2,99%
RUSSELL 2000	2 613,74	-2,07%	5,39%	5,39%
JAPAN TOPIX	3 566,32	-1,74%	4,62%	4,62%
MSCI EMERGING	1 528	1,80%	8,86%	8,86%
MEXICO MEXBOL	67 598,95	-0,87%	5,18%	5,18%
HONG KONG HANG SENG	27 387,11	2,38%	6,88%	6,88%
CHINA CSI 300	4 706,34	0,09%	1,77%	1,77%
INDIA SENSEX	82 269,78	0,90%	-3,39%	-3,39%
KOREA KOSPI	5 224,36	4,70%	23,97%	23,97%
HANG SENG TECH	5 718,18	-1,38%	3,67%	3,67%
AUSTRALIA ALL-SHARE	5 511,52	0,68%	3,08%	3,08%

US: Sectors	Level	5D	MTD	YTD
COMMUNICATION SVCS	478,15	4,15%	5,80%	5,80%
CONSUMER DISCRETIONARY	1 961,14	-1,42%	1,71%	1,71%
CONSUMER STAPLES	929,89	0,85%	7,71%	7,71%
ENERGY	786,14	3,89%	14,43%	14,43%
FINANCIALS	887,83	0,72%	-2,50%	-2,50%
HEALTH CARE	1 802,62	-1,73%	-0,02%	-0,02%
INDUSTRIALS	1 400,05	0,74%	6,67%	6,67%
INFORMATION TECHNOLOGY	5 587,88	-0,35%	-1,66%	-1,66%
MATERIALS	624,06	-1,21%	8,70%	8,70%
REAL ESTATE	262,03	0,72%	2,85%	2,85%
UTILITIES	439,54	1,68%	1,37%	1,37%

EUROPE: Sectors	Level	5D	MTD	YTD
BASIC MATERIALS	3 172,48	0,10%	7,75%	7,75%
CONSUMER GOODS	3 855,15	1,46%	-0,77%	-0,77%
CONSUMER SERVICES	1 428,54	-2,43%	-6,57%	-6,57%
FINANCIALS	1 587,75	2,05%	2,02%	2,02%
HEALTH CARE	3 963,04	-0,85%	3,50%	3,50%
INDUSTRIALS	5 337,93	-0,04%	5,43%	5,43%
OIL & GAS	1 812,13	3,87%	8,88%	8,88%
TECHNOLOGY	2 214,96	-2,84%	7,43%	7,43%
TELECOMS	693,00	2,61%	4,00%	4,00%
UTILITIES	2 827,32	3,45%	8,50%	8,50%



Market overview as of 31st January 2026

Fixed Income	Level	5D	MTD	YTD
Pan-Euro 3-5 yrs IG	220,99	0,35%	0,78%	0,78%
Euro Aggregate	248,61	0,36%	0,73%	0,73%
Pan-Euro HY Hedged Eur	480,75	0,04%	0,71%	0,71%
Global Inflation hedged EUR	240,15	0,12%	0,56%	0,56%
US Corp High Yield	2 929,32	-0,16%	0,51%	0,51%
EM USD Aggregate TR	1 391,86	0,09%	0,36%	0,36%
EM Aggregate TR Local Ccy	164,35	0,58%	1,07%	1,07%
EUR Banks CoCo Tier 1	176,69	0,28%	1,07%	1,07%
EU GOVT HEDGED EUR	217,09	0,22%	0,52%	0,52%
Global Aggregate Hedged EUR	219,95	0,11%	0,11%	0,11%

Commodities	Level	5D	MTD	YTD
GOLD	4 894,23	-1,87%	13,31%	13,31%
COPPER	592,40	-0,40%	4,26%	4,26%
OIL WTI	65,21	6,78%	13,57%	13,57%
OIL BRENT	70,69	7,30%	16,17%	16,17%

Currencies	Rate	5D	MTD	YTD
EURUSD	1,1851	0,19%	0,89%	0,89%
GBPUSD	1,3686	0,32%	1,57%	1,57%
USDJPY	154,7800	-0,59%	-1,23%	-1,23%
USDCHF	0,7730	-0,88%	-2,47%	-2,47%
AUDUSD	0,6964	1,02%	4,36%	4,36%
EURCHF	0,9163	-0,73%	-1,55%	-1,55%
USDCNY	6,9569	-0,09%	-0,45%	-0,45%
USDKRW	1 471,95	-1,57%		
USDBRL	6,1774	-0,42%		
USDTRY	43,4925	0,28%	1,25%	1,25%
BITCOIN	84 162,39	-5,69%	-3,98%	-3,98%



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