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FAMILY CAPITAL

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Three decades of trust, expertise, and serenity.

From Hormuz to Ugarit, when fluidity breaks

The market environment in February unfolded along the thin boundary between a still-resilient macroeconomic backdrop and a major geopolitical shock in the Middle East. In the United States, growth remains solid, the manufacturing ISM has moved back into expansion territory, and inflation continues to normalize around 2.4%, allowing the Federal Reserve to maintain a patient stance. In this context, long-term interest rates eased, with the U.S. 10-year yield returning toward 3.9%, while equity markets paused after their late-2025 rally.

However, this backdrop was abruptly reshaped by the military escalation in the Middle East at the end of February. The coordinated strikes carried out by the United States and Israel against Iranian targets marked the starting point of a conflict whose repercussions quickly spread to energy markets and global logistics chains. The Gulf region, and in particular the Strait of Hormuz—a strategic passage for a significant share of global oil trade—became the center of concern. Within a few trading sessions, the market incorporated a higher geopolitical risk premium on energy, with a sharp rise in oil prices, a surge in maritime transport costs, and a renewed appreciation of gold.

In this context, investing does not only consist of reacting to the immediate fluctuations of markets, but of identifying the structural transformations that gradually redefine the balance of the global economic system, as the merchant cities of the Bronze Age had learned at their expense. The war in Iran sharply illustrates what our long-term reflection has highlighted for several quarters: we are leaving a regime of maximum optimization—built on the fluidity of supply chains and inexpensive capital—and entering a world where energy, logistical, and financial continuity once again becomes scarce and costly, much like the cities dependent on copper and tin when maritime routes became dangerous. The conflict is not merely an episode of volatility; it acts as a real-time stress test of the robustness of energy infrastructures, of the ability of states to secure critical routes, and of the vulnerability of business models dependent on permanent fluidity.

For investors, the consequence is clear: the objective is not only to navigate the immediate reaction of markets, but to align positioning with the underlying forces that are already shaping the next cycle. When the environment becomes more uncertain, investor serenity does not arise from the absence of volatility, but from the coherence of a positioning built to navigate different economic regimes.

Markets and Investment Committee Positioning

The beginning of 2026 is characterized by an environment where a still-resilient economy is accompanied by a gradual rise in geopolitical uncertainties. In the United States, the latest macroeconomic data confirm an overall solid momentum: the ISM manufacturing index has moved back into expansion territory and the labor market remains robust, despite a more moderate pace of job creation. At the same time, inflation continues its normalization, standing at 2.4% year-on-year in January. In this context, the Federal Reserve maintains a cautious stance, favoring an approach dependent on incoming data.

Equity Indexes	Value	MTD	2026
S&P 500 (USA)	6'879	-0.9%	0.5%
Nasdaq 100 (USA)	24'960	-2.3%	-1.1%
Euro Stoxx 50 (Europe)	6'138	3.2%	6.0%
SMI (Switzerland)	14 014	6.3%	5.6%
Nikkei 225 (Japan)	58 850	10.4%	16.9%
CSI 300 (China)	4 711	0.1%	1.7%
Currencies	**Value**	**MTD**	**2026**
EUR/USD	1.181	-0.3%	0.6%
USD/CHF	0.769	-0.5%	-2.9%
EUR/CHF	0.909	-0.9%	-2.4%
GBP/USD	1.348	-1.5%	0.1%
USD/JPY	156.050	0.8%	-0.4%
Bond Indexes		**MTD**	**2026**
Gouvernement USA		1.8%	1.7%
US Corporate IG		1.3%	1.5%
US Corporate HY		0.2%	0.7%
Gouvernement UE		1.4%	2.1%
UE Corporate IG		0.5%	1.3%
UE Corporate HY		0.1%	0.9%
Other Asset Classes	**Value**	**MTD**	**2026**
Gold	5 279	7.9%	22.2%
Brent Crude	72	2.5%	19.1%
Bitcoin	65 527	-22.1%	-25.2%
Rates / Indicators	**Value**	**Δ MTD**	**Δ 2026**
US 10 years rate	3.94%	-0.30%	-0.23%
GER 10 years rate	2.64%	-0.20%	-0.21%
US Unemployment	4.3%	-0.1%	-0.2%
Volatility Index (VIX)	19.9	2.4	4.9

At the same time, geopolitical tensions have taken on an increasingly important role in the market environment. The end of the period was notably marked by an escalation in the Middle East following coordinated strikes carried out on February 28 by the United States and Israel against Iranian targets. This episode marked the beginning of a phase of heightened tensions in the region, while the Strait of Hormuz remains a strategic transit point for a significant share of global energy supply.

Equity markets evolved in a mixed manner. In the United States, indices declined slightly over the month (S&P 500 -0.9%, Nasdaq 100 -2.3%), in a context marked by sector rotation. In line with previous months, investors remained attentive to the timeline for the monetization of the massive investments committed to artificial intelligence, particularly in the software segment, where questions about business models remain significant. This adjustment phase translated into stronger performance from more defensive sectors and certain cyclical stocks, notably in energy, utilities, and materials. By contrast, European and Japanese markets displayed more favorable momentum, supported respectively by financial and industrial stocks in Europe and by expectations of fiscal support in Japan.

In bond markets, U.S. yields declined notably during the month. The ten-year rate eased by around 30 basis points to return to approximately 3.9%, reflecting an adjustment in monetary policy expectations as well as investor repositioning in a more uncertain environment.

Commodities also reacted to these tensions. Oil prices increased during the month as markets incorporated a higher risk of supply disruptions in the Middle East. The strikes at the end of February in particular revived concerns about the security of energy flows in the region, initiating a phase of tension. This uncertainty supported a 7.9% rise in gold over the month, which briefly crossed the threshold of USD 5,200 per ounce, driven by investor demand and continued purchases by central banks.

In this environment, the investment committee chose to maintain an overall unchanged allocation across the main asset classes. The consensus remains stable on the Core portion, reflecting a balanced approach between equities, bonds, and the U.S. dollar. This posture reflects the current reading of the cycle: a global economy that remains resilient, but with limited visibility regarding the evolution of inflation, monetary policies, and the geopolitical context.

Discussions mainly focused on macroeconomic prospects and their implications for asset allocation. The central scenario retained by the investment team remains that of a "Goldilocks" regime, characterized by solid growth and gradually contained inflation. Several cyclical indicators, notably the ISM manufacturing index and the dynamics of the U.S. labor market, continue to support this interpretation.

In a context of gradual reindustrialization in certain developed economies, the possibility of exposure to the agricultural sector was also discussed, within a framework of food sovereignty and sector diversification. This avenue remains exploratory and may be subject to further analysis during upcoming meetings.

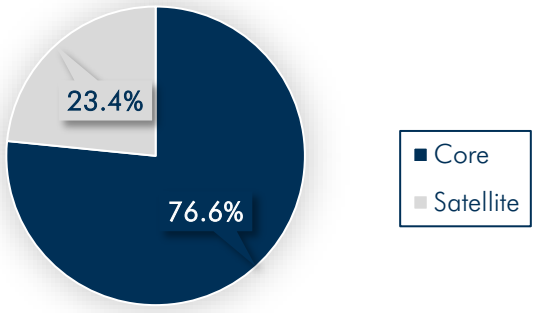
The satellite allocation, for its part, was not subject to any major modification. The themes currently in the portfolio were confirmed, with discussions focusing mainly on the monitoring of exposures and the evolution of the risk profile of the various strategies.

Overall, the committee therefore favors a prudent and balanced approach, suited to a market environment in which economic fundamentals remain solid but where sources of uncertainty remain numerous.

Our current positioning

Core	*76,6%*
Cash	23,4%
US Market Equities	3,2%
European Market Equities	13,1%
Emerging Markets Equities	14,2%
Investment Grade Bonds	7,3%
Sovereign Debt Bonds	5,0%
High Yield Bonds	10,3%

Core - Satellite Allocation



Satellite	*23.4%*
Inflation Shield	8.7%
Inflation Shield combines precious metals with bitcoin to protect purchasing power against inflation and currency debasement.	
Re-Care-Nation	2.4%
Re-Care-Nation blends healthcare and biotech exposure to capture long-term structural demand driven by demographics, innovation and rising global healthcare needs.	
Strategic Resources	3.0%
Strategic Resources focuses on critical energy and materials, targeting assets essential to energy security, supply resilience and long-term strategic autonomy.	
Strategic Security	4.0%
Strategic Security focuses on defense, security infrastructure and advanced technologies, benefiting from rising investment in protection and strategic resilience.	
US & Friends	2.7%
US & Friends provides diversified equity exposure to key U.S.-aligned markets.	
USD Debasement	2.5%
USD Debasement combines currency diversification with attractive bond yields outside the dollar bloc, while limiting exposure to the long-term depreciation of the U.S. dollar.	

Thinking Forward: The Lessons of Ugarit for Our Copper Age

"My father knows that all my ships are at sea and that all my troops are in the land of Hatti. Thus the country is abandoned to itself. The enemy's ships have come; they have burned my cities and done great harm to the land."

Letter from King Ammurapi of Ugarit to the King of Alashiya (Cyprus), c. 1190 BC, tablet RS 18.147.

Around 1190 BC, Ugarit, a prosperous port city on the Syrian coast, sent urgent messages to the Hittite Empire, the suzerain power expected to guarantee the security of routes and ports. We know these appeals with rare precision, not because collective memory preserved the event, but because a rigorous administration archived them. The messages were engraved on clay tablets stored in official repositories, and the fire that destroyed the city played a paradoxical role: by baking them, it preserved them. The catastrophe thus froze, in hardened clay, the exact moment when the system stopped responding. The tone is striking in its modernity. It is not the complaint of an archaic world, but the cold alarm of a sophisticated administrative apparatus discovering, too late, that its guarantees have disappeared. The city calls for the mobilization of fleets, men, and orders. It writes because order is breaking down: the sea becomes dangerous, raids multiply, and the port, deprived of protection, becomes prey. Yet the fleets are elsewhere, engaged on other fronts; reinforcements do not arrive; authority loses what turns an exchange into an enforceable commitment: the ability to protect, arbitrate, and enforce the rule. As long as this layer exists, trade is more than a flow of goods—it is a system of enforceable trust. When it disappears, trust does not gradually erode; it stops abruptly. Ugarit ends in ashes. It is not only a city that falls: it is a vital interface of the network that ceases to function.

This detail sheds light on the deeper functioning of the era. At the end of the Bronze Age, power did not come solely from the possession of territories, but from the continuity of routes, the stability of guarantees, and the capacity to maintain a distributed specialization between regions. Bronze itself is the simplest illustration because it only exists if the network holds. Copper is required, relatively accessible in the Eastern Mediterranean, particularly around Cyprus and along certain Anatolian routes. But above all, tin is needed—rare and often distant—transported along long and vulnerable routes linking the Near East to sources sometimes located as far as Central Asia or the edges of Europe. Without tin, there is no alloy. Without the alloy, there are no reliable weapons or durable tools, and technical superiority ceases to be reproducible. In this world, power depends less on what one possesses than on what one can bring in, secure, and keep available. As long as order protects routes and upholds contracts, optimization is rational and complexity accumulates. As soon as guarantees cease to be credible, dependence on scarcity becomes a structural weakness: complexity fractures, then breaks, before abruptly simplifying.

In complex systems, history is constant: sophistication is never permanently secured. It is a fragile balance maintained by guarantees. Progress is not a natural slope; it is a capacity for execution—the ability to finance, coordinate, and secure the transformation of an idea into real power over time. One can invent without progressing. Real progress occurs only

when invention becomes a standard, an infrastructure, or a supply chain capable of surviving external shocks. Modernity, therefore, is not merely an accumulation of innovations; it is an architecture of continuities—stable energy, available capital, predictable rules—that make innovation industrializable and sustainable. This is where the analogy of Ugarit becomes useful. It does not predict collapse; it simply reminds us that a system ceases to be stable when what was once taken for granted becomes costly again. Security, energy, capital, and logistics then return to the price—in money, in time, or in lost efficiency.

The past thirty years have resembled an exceptional age of fluidity. Abundant capital, energy treated as a given, globalized industrial chains considered apolitical, and a relatively stable geopolitical framework made a speed-based model rational: reduce inventories, specialize suppliers, outsource production, and finance distant horizons as if the entire system would remain stable indefinitely. We eventually treated this balance as a norm, when in reality it was a historical exception. The end of this period does not result from a single shock but from forces that gradually accumulate—through frictions and weak signals. Progress does not disappear; it changes form. The global economy is leaving a regime of maximum optimization and entering a world where continuity carries a higher cost, where redundancy becomes rational again, and where constraints once again become structuring forces.

The first constraint is demographic. A young society possesses a particular flexibility: it tolerates experimentation more easily, accepts failure more readily, and reallocates human resources more quickly toward new sectors. When the age pyramid reverses, priorities shift toward stability and the preservation of accumulated capital. This shift is not moral but mechanical. When the share of the working population declines and spending on healthcare and pensions rises, the system favors continuity rather than exploration and near-term profitability rather than distant promises. Innovation does not disappear, but it changes nature: it often becomes a tool for managing scarcity—automation to compensate for labor shortages, maintaining the functionality of existing systems, stabilizing essential infrastructures.

The second constraint is financial. For a long time, time was almost free. Abundant and inexpensive capital made it possible to finance duration and support models whose profitability was postponed to the future. When the cost of capital becomes significant again, this tolerance disappears. Distant cash flows are worth less, uncertainty becomes more expensive, and access to financing becomes more selective. Innovation does not vanish; it changes grammar. The market now demands a clear trajectory and the capacity for rapid execution. Long-term projects migrate toward balance sheets capable of absorbing duration—large corporations, states, or strategic sectors such as energy, defense, or infrastructure. The center of gravity shifts: less dispersed innovation, more innovation concentrated within organizations capable of industrializing it.

The third constraint is industrial and geopolitical. Advanced technologies were built on the tacit assumption that production could remain elsewhere, stable and politically neutral. Yet the modern supply chain is not a line but a dense network of interdependencies. A product depends on a multitude of specialized components, and the disruption of a single critical node can block the entire system. In such a finely balanced system, politics now acts as a shearing force. Export controls, sovereignty requirements, sanctions, or reshoring efforts

strengthen the robustness sought by states but slow flows and increase coordination costs. The system gradually shifts from global optimization toward regional redundancy: large-scale growth must now absorb the cost of resilience.

The final constraint is energy. Technology has long presented itself as immaterial. In reality, it rests on an energy and material base of remarkable stability: electricity availability, mature grids, and reliable logistics. The paradox is that digital demand exploded precisely when this base was no longer being reinforced. In several regions, it has even been weakened by years of underinvestment or the dismantling of dispatchable capacity. The new cycle, driven by artificial intelligence and industrial digitization, transforms technology into a power industry. Data centers, networks, transformers, and grid connections become visible constraints. Infrastructure obeys gravity: it is built slowly, financed heavily, and always encounters physical limits.

These constraints do not simply add up; they reinforce each other. The previous cycle allowed innovation to grow faster than its material base by masking its dependencies behind the illusion of immateriality. The cycle ahead requires innovation to be compatible with its physical, financial, and political foundations. In this world, progress concentrates. It favors actors capable of absorbing massive infrastructure spending and transforming invention into real industrial capacity. Innovation ceases to be a proliferation of promises; it becomes a selection through execution.

The analogy of the Bronze Age thus becomes useful again. Ugarit did not disappear for lack of ingenuity, but because the conditions that made that ingenuity operational vanished. When routes are no longer safe and authority can no longer protect or arbitrate, a specialized world ceases to function. What disappears is not human intelligence, but the continuity of its networks. Our recent progress has also been the product of exceptionally stable networks. As long as they remain fluid and inexpensive, sophistication accumulates. When they become more expensive and more fragmented, it reorganizes around stronger lines of force.

For the international investor, the conclusion is less a verdict on growth than a change of compass. The shift from an optimization regime to one of guarantees does not occur overnight; it advances through frictions and through the discreet rising cost of guarantees. In this regime, the winners will be the actors who control the foundational layers—reliable energy, networks, critical industrial capacities, strategic logistics—as well as organizations capable of financing duration. The losers will be the models dependent on permanent fluidity and on durably cheap capital. The task is no longer to maximize speed in a supposedly stable world, but to build positions capable of navigating a transition in which continuity once again becomes the rarest resource.

The lesson of Ugarit is not historical but structural: in a complex system, value does not reside only in what circulates, but in what guarantees circulation. When routes become uncertain, the strategic premium returns to those who can maintain the networks on which progress depends.

A Perspective on the End of the Bronze Age

For those who would like to explore this subject further, the series *Fall of Civilizations*, created and narrated by Paul M. M. Cooper, is one of the best introductions available to the general public on the end of the Bronze Age. This historical podcast, which has become a reference, explores the mechanisms that led to the collapse of several major civilizations around 1200 BC.

The episode dedicated to this period examines the gradual disappearance of a highly interconnected world linking Ancient Egypt, the Mycenaean civilization kingdoms, the Hittite Empire, and Levantine cities such as Ugarit. The podcast analyzes the factors that likely converged in this systemic crisis: disruption of trade routes, migrations and conflicts, climatic pressures and famines, the fragility of bronze supply chains, as well as the attacks attributed to the mysterious Sea Peoples.

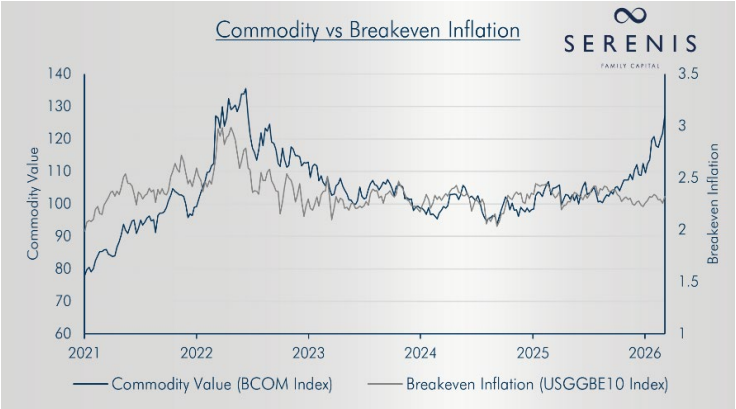
Beyond the historical narrative, the series above all highlights the structural logic of this collapse: the vulnerability of a complex system when the commercial, political, and logistical networks that sustain its prosperity cease to function.

For anyone fascinated by the history of civilizations, ancient geopolitics, or the dynamics of complex systems, *Fall of Civilizations* is particularly recommended listening.

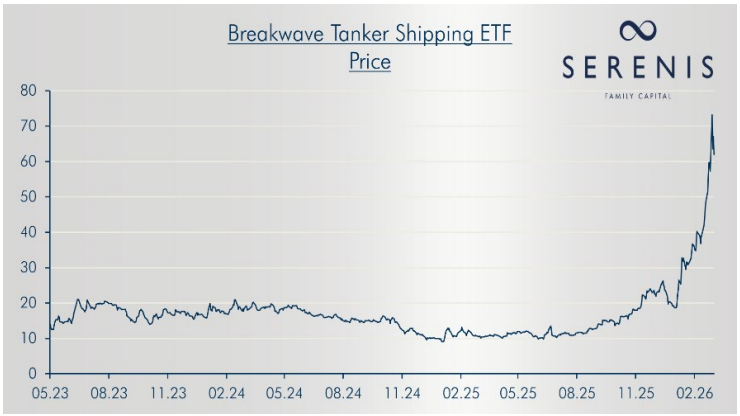
Video – The Collapse of the Bronze Age – Mediterranean Apocalypse

Three charts

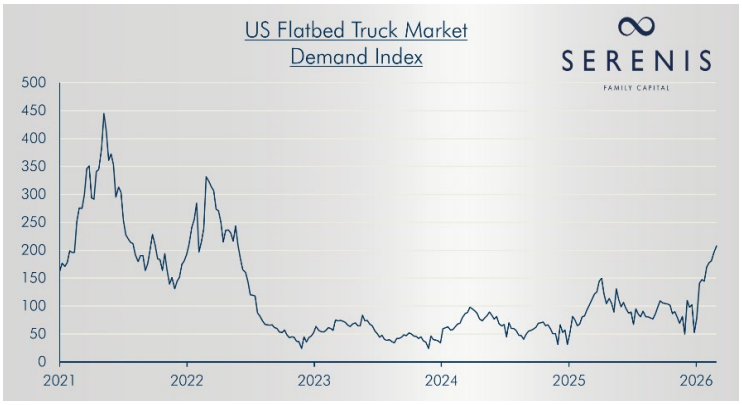
Traditionally, commodity prices and long-term U.S. inflation expectations, as reflected in the bond market, tend to move in tandem. However, since the war in Iran, a scissor effect has emerged and this relationship has broken down. Is the bond market now anticipating that excessively high oil prices will ultimately slow the economy and therefore contain inflation ?



The conflict in the Middle East has, by extension, triggered a sharp increase in the cost of transporting oil through the Strait of Hormuz. This strategic passage, essential for oil and gas flows toward Asia, is now burdened by a particularly high risk and insurance premium. In this context, the United States' proposal to escort tankers appears logical: such a surge in transport costs would be difficult to sustain over the medium term.



After nearly two years of depressed activity, the U.S. flatbed trucking market is showing clear signs of recovery. Demand—closely linked to shipments of industrial equipment, construction materials, and energy infrastructure—has risen significantly in recent months. Because flatbed freight is primarily tied to investment and production rather than consumer goods, it is widely regarded as a leading indicator of the U.S. industrial cycle. This rebound suggests that the slowdown in freight transport, which began in 2022, may be coming to an end, potentially signaling renewed momentum in the manufacturing and construction sectors.



"Markets can only be understood backwards, but they must be invested thinking forward"

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