



S E R E N I S

FAMILY CAPITAL

Monthly Markets Chronicle

August 2026



1995 - 2025

Three decades of trust, expertise, and serenity.

Uncertainty as a Discipline

August offered another reminder of how difficult it is to interpret financial markets through a single narrative. Equities continued to rise, supported by earnings growth and enthusiasm surrounding artificial intelligence. At the same time, gold and Bitcoin rose sharply, while long-term US yields returned to their highest levels of the year. Risk appetite is therefore coexisting with persistent demand for protection against inflation, public debt and monetary erosion. Several scenarios can consequently appear plausible at the same time. This ambiguity argues less for choosing a single narrative than for preserving the ability to navigate a range of possible outcomes.

This is precisely what we explore in this month's Thinking Forward. Through the stress scenarios developed by Norges Bank Investment Management, the exercise is less about predicting the future than about testing the resilience of an investment framework when familiar assumptions cease to hold. Disappointment surrounding artificial intelligence, geopolitical fragmentation, a loss of confidence in sovereign debt or a food shock: each of these scenarios produces different effects and, above all, serves as a reminder that no form of protection is universal. What works in one regime can become a weakness in another.

This line of thinking is also reflected in our three charts of the month. The rise of artificial intelligence can no longer be viewed simply as a story of technological growth: it requires capital, debt, infrastructure and increasing amounts of energy. This is compounded by broader pressures surrounding energy security and the physical capacity required to support continued digital development. Behind the most powerful narratives, dependencies are therefore being created that need to be understood before they turn into vulnerabilities.

The central theme of this edition is therefore less about identifying the right scenario than about preparing for a range of possible futures. Risks do not arise in isolation: they can follow one another, reinforce each other and turn what was previously regarded as a source of protection into a vulnerability.

In portfolio management, seeking invulnerability is an illusion. True resilience lies in being able to withstand a shock while retaining room for manoeuvre: absorbing losses, preserving liquidity and maintaining the freedom to invest in the next cycle. Serenity does not come from the absence of risk, but from having considered it before it materialises.



Markets and Investment Committee Positioning

The month of August ended with a further increase in world markets, but with a particularly revealing hierarchy of performance. U.S. equities continue to rise, with a +2.6% increase in S&P 500 and a +4.2% increase in Nasdaq 100, while Europe (+1.0 %), Japan (+3.0%) and China (+0.8%) are also participating in the movement. Only Switzerland is slightly behind (-0.4 %).

The month's true standouts were elsewhere. Gold surged 9.7% and Bitcoin 25.4%, far outpacing the main equity indices. This simultaneous move is particularly noteworthy: two very different assets benefited from the same search for alternatives to traditional currencies, against a backdrop of ever-rising US public debt and Treasury interventions aimed at containing pressure on long-term yields. The dollar also weakened during the month, fuelling what some investors now call the "debasement trade". Bitcoin further benefited from renewed optimism surrounding greater clarity in the US regulatory framework through the Clarity Act.

However, this dynamic was put to the test at the end of the month by Kevin Warsh in Jackson Hole. For his first speech at this meeting as President of the Federal Reserve, Warsh stressed the remarkable resistance of the American economy, the strength of investments, of which more than half of recent growth would be linked to the development of the AI, but above all to inflation still too far from the 2% target. The message was clear: as long as disinflation is not convincing enough, the Fed must retain the opportunity to further tighten its monetary policy. The speech immediately revived expectations of higher rates and pushed bond yields upwards.

The contrast is therefore striking. Equity markets are rising, gold and Bitcoin are soaring, while long-term yields remain under pressure. The 10-year US Treasury ended the month at around 4.75%, while its German counterpart rose by 12 basis points to 3.32%. The environment continues to reward risk-taking, but signals from safe-haven assets and bond markets suggest that investors remain concerned about inflation, public deficits and the future value of currencies.

Equity Indices	Value	Month	2026
S&P 500 (USA)	7 686	2.6%	12.3%
Nasdaq 100 (USA)	29 457	4.2%	16.7%
Euro Stoxx 50 (Europe)	6 420	1.0%	10.9%
SMI (Switzerland)	14 286	-0.4%	7.7%
Nikkei 225 (Japan)	66 312	3.0%	31.7%
CSI 300 (China)	4 625	0.8%	-0.1%
Currencies	Value	Month	2026
EUR/USD	1.162	0.8%	-1.1%
USD/CHF	0.808	0.1%	2.0%
EUR/CHF	0.939	0.9%	0.9%
GBP/USD	1.355	0.5%	0.5%
USD/JPY	159.740	1.5%	1.9%
Bond Indices		Month	2026
US Government		0.3%	-0.5%
US Corporate IG		0.4%	-0.4%
US Corporate HY		1.0%	2.7%
EU Government		-0.5%	-0.7%
EU Corporate IG		-0.2%	0.3%
EU Corporate HY		0.5%	2.1%
Other Asset Classes	Value	Month	2026
Gold	4 437	9.7%	2.7%
Oil	90	0.4%	48.7%
Bitcoin	78 854	25.4%	-10.0%
Rates / Indicators	Value	Month	Δ 2026
US 10-Year Rate	4.75%	0.02%	0.58%
Germany 10-Year Rate	3.32%	0.12%	0.47%
US Unemployment	4.1%	-0.1%	-0.3%
Volatility Index (VIX)	14.9	-1.1	0.0



In this context, the Investment Committee decided to further reduce the exposure on sovereign bonds as well as on the High Yield. Nominal returns are still attractive, but the persistence of inflationary pressures, the increasing financing needs of states and the risk of a further rise in term premiums prompt us to be more cautious. This decision also aims to preserve flexibility in an environment where traditional correlations between equities and bonds become less reliable.

The Committee also devoted its monthly debate to a less conventional risk: what would happen if OpenAI suddenly lost its revenue-generation momentum? The issue far exceeds the fate of a single company. A challenge to the pace of adoption or monetization of AI could be passed on to hyperscalers, semiconductors, but also to energy infrastructure, private credit and gradually to the bond market, as the financing needs associated with the compute supercycle have changed dramatically. This debate is not a central scenario, but a useful exercise in identifying concentrations that sometimes build beyond the equity indices.

August therefore offered a fairly accurate picture of the current regime: markets are still supported by earnings growth and AI, while simultaneously reflecting a growing search for protection against inflation, debt and monetary debasement. The strong performance of our Inflation Shield theme, driven in particular by gold and Bitcoin, illustrates the value of maintaining distinct performance drivers within the portfolio.

In an environment where several narratives can coexist, and sometimes contradict each other, we continue to favour diversification, flexibility and discipline, in order to move forward without extrapolating the trends of the moment and to maintain the necessary serenity when the market changes its regime.

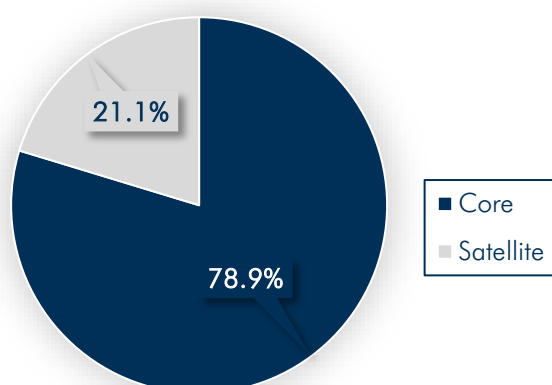


Our Current Positioning

Core	78.9%
Cash	8.8%
US Market Equities	26%
European Market Equities	13.5%
Emerging Markets Equities	3.3%
Investment Grade Bonds	13.6%
Sovereign Debt Bonds	8.2%
High Yield Bonds	5.5%

Satellite	21.1%
Inflation Shield	5.2%
<i>Inflation Shield aims to preserve long-term value by positioning the portfolio against inflationary pressures and monetary debasement, through resilient assets adapted to different economic regimes.</i>	
Re-Care-Nation	2.8%
<i>Re-Care-Nation combines exposure to healthcare and biotechnology in order to capture the long-term structural demand driven by demographics, innovation, and rising global health needs.</i>	
Strategic Resources	3.6%
<i>Strategic Resources focuses on energy resources and critical materials, targeting assets essential to energy security, supply chain resilience, and long-term strategic autonomy.</i>	
Strategic Security	4.3%
<i>Strategic Security focuses on defence, security infrastructure, and advanced technologies, benefiting from increased investment in protection and strategic resilience.</i>	
Strategic Partners	2.8%
<i>Strategic Partners offers diversified equity exposure to the main markets aligned with the United States.</i>	
USD Debasement	2.4%
<i>USD Debasement combines currency diversification and generous bond yields outside the dollar bloc, while limiting exposure to the long-term depreciation of the U.S. dollar.</i>	

Allocation Core - Satellite



Thinking Forward: The Order of Shocks

What NBIM's Scenarios Reveal About a Portfolio Built for Multiple Futures

"This is not a game. It is training for war."

- Words attributed to Karl von Müffling, 1824

In 1824, in a Europe still marked by the Napoleonic wars, Prussian Lieutenant Georg von Reisswitz presented a singular exercise in Berlin. A topographical map reproduced the terrain. Small blocks included the units. Their movements are governed by rules, but the officers who command them have only incomplete information. They ignore some of the opposing positions, do not know what resistance they will encounter and must decide before knowing the consequences of their orders. The Kriegsspiel is not intended to predict the next war. It seeks to put officers in front of situations they have never experienced in order to test their judgment before reality does. According to the story later published by one of the participants, General Karl von Müffling understands that exercise is no longer an entertainment, but a new way of forming command. The game will gradually be integrated into Prussian military doctrine.

Reisswitz had identified a weakness that goes beyond the military field. An institution rarely fails because it has missed an additional forecast. It fails when its decisions were based on relationships that it believed were permanent and that no one had seriously tested.

Stress-Testing Assumptions

Two centuries later, Norges Bank Investment Management applied the same principle to its portfolio. General staff maps gave way to markets, units to the asset classes and the fog of war to uncertainty of prices, rates and correlations. Yet the question remains the same: what becomes of a doctrine when the world ceases to respect the assumptions on which it was built?

NBIM deserves special attention here. It manages the Government Pension Fund Global, the world's largest sovereign wealth fund. By the end of 2025, its value was approximately \$2,110 billion. Its holdings in 7,200 listed companies, its thousands of bonds and its unlisted assets make it one of the largest representations of the world economy.

Its size does not give it any particular predictive power. It obliges it to consider risk differently. A fund of this dimension cannot permanently withdraw from the markets or find refuge in a few assets too narrow for its capital. Its horizon is intergenerational: it has to go through crises with the system of which it holds a significant share. It is for this reason that its stress tests matter. They do not describe its central scenario and do not publish any probability of realization. They estimate the effects of deliberately unfavourable worlds on positions held as at 31 December 2025. These short- and medium-term changes in value, expressed in local currencies, are neither expected nor expected losses; their usefulness is elsewhere. NBIM is looking at what would happen if each of four assumptions largely integrated into prices stopped working.

Four Adverse Worlds

The first is that a technological revolution will quickly produce the profits needed to pay for the capital involved. In the artificial intelligence scenario, investments in computing, data centres and infrastructure do not generate the anticipated productivity gains. Technology can transform the economy; the market nevertheless discovers that it has overestimated its monetization or the reasonable price to pay. NBIM's equity allocation would lose 53%. The 10% increase in its bond allocation would limit the decline of the fund to 35%.

The second hypothesis assumes that global interdependence will remain a source of efficiency rather than vulnerability. In the fragmentation scenario, the economy is divided into rival blocs. Trade barriers, restrictions on investment and more redundant supply chains slow growth while inflation persists. Shares, bonds and real assets fall together. The fund would lose 37%, the most severe shock.

The third still treats sovereign debt as a risk-free anchor of the financial system. In a region, fiscal deterioration, political uncertainty and the threat of financial repression cause a loss of confidence. Sovereign bonds cease to be a refuge. The rise in rates weakens the balance sheets and increases the risk premium of shares. Despite the capital attracted by other jurisdictions, the fund would fall by 32 per cent.

The last scenario examines a physical shock that monetary and fiscal instruments fail to contain. Extreme weather events simultaneously affect two major agricultural regions. The fall in harvests fuels inflation, erodes real incomes and places central banks in the face of difficult trade-offs: to support activity without fuelling further price increases. The fund would lose 20%. Originating outside finance, the crisis eventually imposed its constraints on financial conditions.

Taken separately, these scenarios describe four different crises. Taken together, they reveal above all the instability of what markets call protection. In three out of four cases, the bond allocation of NBIM recedes at the same time as the shares. The high-quality sovereign duration plays its full role in protecting against the disinflationary correction linked to artificial intelligence. When the shock comes from inflation, fragmentation or sovereign confidence, its behaviour can change.

Risks Monitored for Several Years

These four scenarios were built by NBIM, regardless of our own reading of markets. This is precisely what makes them useful: they allow us to test our convictions and the construction of the portfolio in the face of shocks that we have not ourselves defined. Many of the risks they describe as excessive investment in artificial intelligence, global fragmentation, sovereign fragility and the inflationary food shock, however, overlap with the issues we have been following for several years.

We first addressed the risks of technological euphoria in August 2024, in the TF03, "Technological euphoria and lessons from the past." We distinguished between the reality of an innovation from the profitability of capital committed to finance it. A technology can change the economy sustainably while destroying a considerable part of the capital invested in its development. The railway in the 19th century offers a precedent: infrastructure could be right before its investors.



More recently, we examined the financing of artificial intelligence, the concentration of expenditure, energy needs, the growing use of credit and the possible gap between the economic utility of technology and the return on capital mobilized.

Fragmentation is an even more fundamental conviction. Our analyses of rearmament, energy sovereignty, neomercantilism and bottlenecks have described it less as a business accident than as a change of regime. For several decades, the global economy has sought efficiency by reducing stocks, concentrating production and relying on the least expensive suppliers. This organization was based on a geopolitical assumption that the flow of goods, capital, technology and energy would remain open enough to ensure that dependency did not become a weapon. States and companies now agree to pay a premium for energy security, logistical resilience, access to resources and control of essential industrial capacities, which supports certain activities, but also imposes a cost on the system. The duplication of supply chains and the reconstruction of sovereign capacities mobilize more capital to produce sometimes less efficiently. Investing in the beneficiaries of fragmentation therefore does not escape its initial shock.

From Diagnosis to Portfolio

These reflections have contributed to the construction of several of our oldest Satellite theses: Strategic Security, Strategic Resources, Inflation Shield, Strategic Partners and USD Debasement. They express different possible consequences of the return of scarcity, sovereignty and monetary rivalry. They were not created after the publication of the NBIM scenarios and do not, however, constitute evidence that we would have anticipated each of them.

The food crisis is the one we have least studied directly. Some of its mechanisms appear in our exposures to agriculture, raw materials and inflation, but it has not been the subject of an independent Thinking Forward. To recognize the mechanisms already analysed should not lead to pretending that all scenarios had been anticipated. Our publications are a window on our way of thinking, not the exhaustive inventory of our positions or of all possible risks.

This distinction allows us to understand our Core/Satellite model. The Core carries the bulk of the risk premiums necessary for long-term value creation. It maintains an exposure to global growth, bond income and the productive capacity of the economy. Its function is not to avoid any declines. A permanent protection against every possible crisis would absorb a significant part of the return that capital seeks to obtain.

The Satellite fulfils a different function. It allows us to invest in the economic consequences of several possible breaks without making the entire portfolio depend on a single vision of the future. Its different theses can be strengthened, reduced or replaced as the mechanisms evolve. The Core gives continuity to the allocation; the Satellite gives it adaptability. Liquidity preserves an ability to act.

This flexibility does not amount to insurance. A defence company can benefit for a decade from the increase in military budgets and lose strongly during a stock market panic. A copper mine can become indispensable for reindustrialization while suffering first of all from a global recession. Gold can protect against monetary erosion and be temporarily sold to meet a



need for liquidity. A good thesis on the coming world does not guarantee protection at a time when the old world is disposing of itself.

Thus, a theme does not necessarily constitute a hedge; it aims to introduce an engine of return whose economic cause is different from those already present in the portfolio. If the different pockets actually depend on the same credit cycle, on the same companies or on the same growth assumptions, diversification may seem real on paper while remaining economically concentrated.

When Scenarios Combine

The real test appears when the scenarios cease to be independent. They can follow one another, but above all reinforce each other. A crisis of confidence in sovereign debt would raise the rates and cost of capital, weakening in turn the financing of the infrastructure necessary for artificial intelligence, even though the amounts of debt committed to support this expansion are considerable. Geopolitical fragmentation could, for its part, disrupt supply chains, restrict access to certain agricultural or energy resources and increase vulnerability to an inflationary shock. Conversely, a prolonged food crisis would maintain inflation at a high level, reducing the capacity of central banks to lower rates and potentially increasing pressures on both public finances and the most intensive capital investments.

These interactions can also take place over time. A first shock weakens the economy, changes prices and reduces the room for manoeuvre available to respond to the next one. One crisis can thus prepare the ground for another, amplify or speed up transmission. As shocks flow, the available protections can themselves change in nature.

The asset that cushions the first shock can then become a vulnerability to the second. The duration that protects against a disinflationary correction can suffer when the risk moves towards inflation or sovereign debt. A resource-related position may decline during the initial liquidation before benefiting from the investments triggered by the crisis. Liquidity does not remove any of these losses, but it reduces the risk of having to sell the most depreciated asset and allows capital to be reallocated when prices and correlations have changed.

No manager can claim to hedge perfectly four scenarios whose effects on assets are sometimes opposite. None can guarantee that he will sell before each drop, buy at the bottom and correctly identify the order of crises. We do not claim it. This limit is accepted calmly, as it is the starting point for lucid risk management rather than an admission of impotence.

Preparing is to know why each exposure is held, to distinguish a price drop from a thesis invalidation, to preserve a liquidity reserve and to retain the ability to modify the allocation. Our model would lose its *raison d'être* if the Satellite theses simply reproduced the same dependencies as the Core, if they became impossible to challenge or if the portfolio no longer had the means to act after a first loss.

From Optimization to Resilience

NBIM scenarios ultimately lead to a broader conclusion than the only measure of potential losses. They show how a portfolio built around the relationships that dominated yesterday can become vulnerable when they stop working.



Our starting conviction is that we are not simply experiencing a series of cyclical disruptions or a purely economic transition, but a broader regime shift reshaping geopolitics, monetary conditions and the structure of production. The world is gradually evolving from an organized order around efficiency, the abundance of capital, disinflation and interdependence to an environment in which scarcity, security, sovereignty and the cost of capital are regaining decisive importance.

In such an environment, optimization takes on a different focus. Building a portfolio around correlations alone observed during the previous regime can produce a remarkably efficient allocation as long as it lasts, but particularly fragile when it changes. Resilience requires maintaining margins of safety, diversifying the economic causes of return rather than the only asset categories, and maintaining sufficient liquidity to maintain freedom of decision-making. This resilience has an opportunity cost when markets remain calm. It acquires its value when the relationships between growth, inflation, rates and protective assets change.

But a change of regime does not occur instantly or according to a predictable schedule. The old world does not disappear overnight and the new one rarely progresses in a straight line. It manifests itself by breaks, accelerations, backwards and long periods during which the two regimes coexist. To change a portfolio too abruptly would be to transform a long-term conviction into a timing bet. Refusing to change it would, conversely, expose it to remain optimized for a world that is effaced.

This progressive adaptability is precisely what our Core/Satellite architecture seeks to preserve. The analysis grid therefore counts as much as the positions themselves. It should allow us to understand the causes of a decline, to distinguish a temporary liquidation from a disqualification of thesis and to reallocate capital when the facts change. NBIM scenarios recall that an asset capable of amortizing a first shock can become a vulnerability to the next one. No static portfolio can be optimal in all these worlds.

Resilience does not mean preventing each position from losing. It is about avoiding a similar scenario error that simultaneously compromises capital, its future sources of return and freedom of decision.

What must survive the shock is therefore not the daily price of each position, but the ability of the portfolio to absorb the loss, through the next shock and continue to invest in the emerging world. This is where serenity lies: not in the certainty of the future, but in the confidence given to an architecture capable of evolving gradually when the facts become clearer.

This serenity is based on a Thinking Forward discipline: looking beyond past performance, identifying the forces that are already transforming the economic environment and preparing the portfolio for several plausible futures rather than just one central scenario. It makes it possible to move forward without haste, to correct without denying and to remain available when opportunities appear at the very heart of transitions.

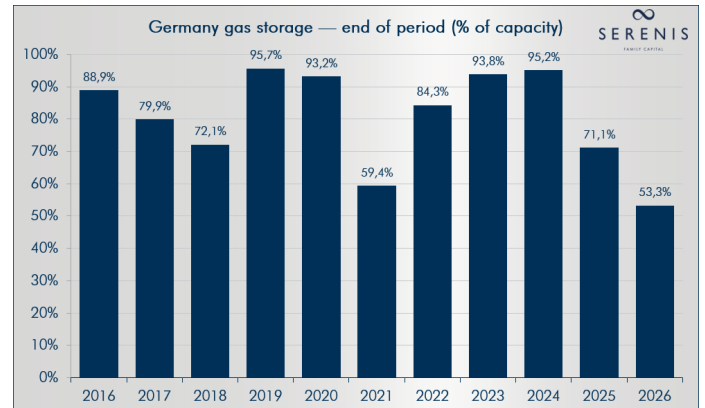
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Norges Bank Investment Management (NBIM), Stress Testing 2025, Government Pension Fund Global, 2026

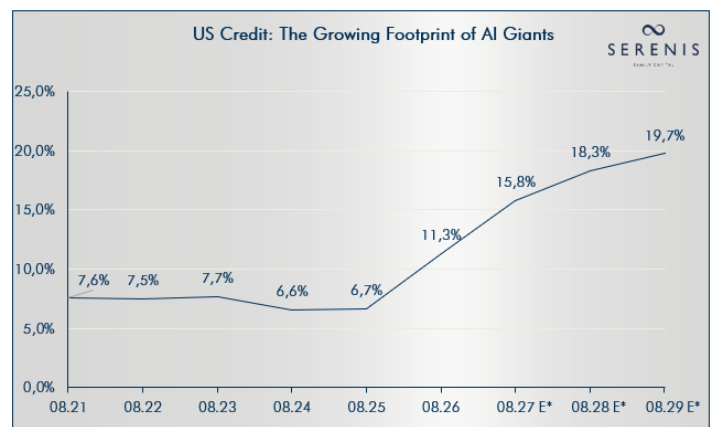


Three Charts

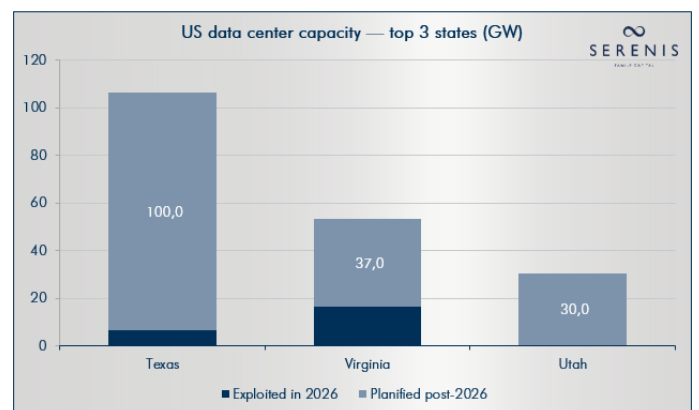
As of 31 August, German gas storage facilities were only 53.3% full, their lowest level for this time of year in a decade. This reflects lower storage targets and, above all, disruptions in the global LNG market since the conflict with Iran began. Germany is therefore entering the winter with an unusually thin buffer. A mild winter would be welcome: a prolonged cold spell could quickly tighten supplies and send gas prices soaring again.



AI is also reshaping the credit market. The five largest hyperscalers had approximately \$240 billion of bond debt in summer 2025, compared with more than \$530 billion today. Goldman Sachs estimates that their issuance could reach \$400 billion in 2027 and remain elevated thereafter. As a result, the AI ecosystem's weight in a major passive US Investment Grade credit index has risen from 6.7% to 11.3% in one year and, according to our estimates, could approach 20% by 2029. This concentration makes active credit management more essential than ever.



Texas's challenge is no longer merely an energy issue; it is also becoming economic, social and political. Can the US state power the spectacular AI boom without passing the cost on to households, weakening its electricity grid or triggering a public backlash?





*“Markets can only be
understood backwards,
but they must be invested
thinking forward”*

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