SERENIS

FAMILY CAPITAL

Monthly Markets Chronicle

September 2026

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1995 - 2025

Three decades of trust, expertise, and serenity.

The Test of Coherence

September offered a reminder of a sometimes overlooked reality: a regime change does not necessarily cause immediate upheaval in financial markets, but it profoundly alters their underlying balance. As the Federal Reserve and the European Central Bank confirmed a return to more restrictive monetary policies, bond yields rose sharply and the dollar regained strength. Equity markets, meanwhile, revealed marked disparities: the continued strength of technology giants supported US indices, concealing increasing weakness across the rest of the market. Beneath this apparent resilience, the rules of the game are changing, gradually reshaping the relationship between risk, return and valuation.

This new environment calls for a distinction between immediate turbulence and the opportunities it may create. Rising interest rates weigh on existing bonds, but at the same time restore more attractive prospective returns. Likewise, the growing concentration of market performance around artificial intelligence calls for a clear distinction between its still uncertain transformative potential and the risks associated with elevated valuations, massive investment programmes and rising debt among technology giants.

At Serenis, our approach is to look beyond immediate market movements and understand how they genuinely alter the investment outlook. In this spirit, our Investment Committee reassessed its bond exposures and continued its diversification efforts, favouring discipline over reaction and a long-term perspective over short-term fluctuations.

This commitment to coherence extends well beyond financial markets. It is also the central theme of this month's Thinking Forward, devoted to Italy. Drawing on Mario Draghi's assessment of Europe's challenges and the policy direction of Giorgia Meloni's government, we examine a fundamental question: does a country's power depend more on the resources at its disposal or on its ability to organise them? Without claiming to offer a model of economic success, Italy is seeking to bring together policies long pursued separately: energy, industry, defence, infrastructure and sovereignty. The approach illustrates how the value of a strategy depends less on accumulating resources than on coordinating them around shared objectives.

For countries and investors alike, the challenge is ultimately the same: recognising that the world is changing is not enough; one must also adapt without losing direction. Coherence means neither standing still nor claiming certainty, but being able to adjust decisions while remaining true to one's principles. It is precisely this philosophy that guides our investment management: maintaining convictions without treating them as certainties, seizing opportunities without following fashions, and cultivating a sense of serenity grounded not in the absence of volatility, but in the quality of our preparation.

Markets and Investment Committee Positioning

September marked a genuine regime change in market expectations. After several months in which investors had still anticipated a gradual easing of monetary policy, the combination of a resilient US economy, a rebound in oil prices and inflation remaining above central bank targets prompted markets to reassess their outlook significantly.

Equity Indices	Value	Month	2026
S&P 500 (USA)	7'652	-0.5%	11.8%
Nasdaq 100 (USA)	30'409	3.2%	20.4%
Euro Stoxx 50 (Europe)	6'269	-2.4%	8.2%
SMI (Switzerland)	13'830	-3.2%	4.2%
Nikkei 225 (Japan)	66'754	0.7%	32.6%
CSI 300 (China)	4'358	-5.8%	-5.9%
Currencies	**Value**	**Month**	**2026**
EUR/USD	1.133	-2.5%	-3.5%
USD/CHF	0.836	3.4%	5.5%
EUR/CHF	0.947	0.8%	1.7%
GBP/USD	1.327	-2.1%	-1.6%
USD/JPY	157.410	-1.5%	0.4%
Bond Indices		**Month**	**2026**
US Government		-2.2%	-2.8%
US Corporate IG		-2.7%	-3.1%
US Corporate HY		-2.5%	0.1%
EU Government		-1.9%	-2.7%
EU Corporate IG		-1.3%	-1.0%
EU Corporate HY		-1.8%	0.3%
Other Asset Classes	**Value**	**Month**	**2026**
Gold	4'157	-6.3%	-3.7%
Oil	104	14.4%	70.1%
Bitcoin	83'621	6.0%	-4.6%
Rates / Indicators	**Value**	**Δ Month**	**Δ 2026**
US 10-Year Yield	5.28%	0.53%	1.12%
Germany 10-Year Yield	3.59%	0.26%	0.73%
US Unemployment	4.1%	0.0%	-0.3%
Volatility Index (VIX)	16.3	1.4	1.4

In this new environment, the prospect of another monetary tightening cycle became the main driver of markets, gradually displacing the idea of a merely temporary adjustment in interest rates.

In the United States, the Federal Reserve raised its policy rates by 25 basis points to a range of 3.75%–4.00%, its first increase since 2023. Beyond the decision itself, the FOMC's message drew particular attention: sixteen of the eighteen participants now expect another increase before year-end. The European Central Bank moved in the same direction, raising its deposit rate to 2.50%, confirming that the energy shock and persistent inflationary pressures continue to constrain policymakers. Markets have thus shifted from a scenario of gradual easing to one of interest rates remaining higher for longer.

This reassessment first became apparent in bond markets. The yield on the 10-year US Treasury rose by 53 basis points to 5.28%, while the 10-year German Bund yield reached 3.59%.

Bond indices consequently declined across both government debt and corporate credit as investors priced in a higher interest-rate premium. The rise in yields weighed on short-dated bonds, but also gradually restored more attractive entry points for investors able to withstand continued volatility.

Equity markets proved more resilient, although performance varied considerably. In the United States, the S&P 500 fell by just 0.5%, while the Nasdaq 100 gained 3.2%, still supported by stocks linked to artificial intelligence. This relative stability nevertheless masks

much broader weakness in the US market: the Russell 2000, which tracks smaller companies, fell 5.4%, while the Dow Jones lost 4.3%. Europe, Switzerland and China also recorded declines of 2.4%, 3.2% and 5.8%, respectively. This divergence highlights the extent to which US index performance continues to depend on a limited number of large technology stocks, while higher interest rates are already weighing heavily on the rest of the market.

In commodities, oil was the month's other defining development, rising 14.4%. The increase renewed inflation concerns against a backdrop of continuing tensions in the Middle East and uncertainty surrounding supply flows. Gold, meanwhile, fell 6.3%, weighed down by rising real yields and a stronger dollar. The US currency appreciated markedly, particularly against the euro and Swiss franc, supported by interest-rate differentials that once again favoured dollar-denominated assets.

In this more demanding environment, the Committee decided to return to a neutral positioning in fixed income. The sharp rise in yields has significantly improved the risk-return profile: higher carry now provides a greater cushion against any further increase in interest rates. In the very short term, the risk of another rise remains real, but over the medium term, entry points appear more attractive than in August. In equities, the neutral stance reflects the view that the earnings season may continue to support markets despite an uncertain macroeconomic and geopolitical backdrop. In the United States, the Committee also decided to balance exposure more evenly between the traditional market-capitalisation-weighted S&P 500 and its equal-weighted counterpart, preserving the potential of US equities while reducing growing dependence on the largest technology companies.

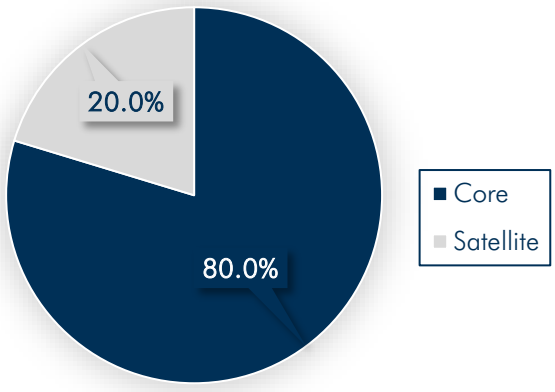
Discussions also highlighted two key issues for the coming months. The first concerns the US midterm elections, whose outcome could become a market catalyst if it diverges from the scenario currently priced in by investors. The second is the increasing concentration of technology exposure, not only in equity indices but also in corporate credit, as the financing needs associated with artificial intelligence continue to grow.

Finally, several adjustments were made within the Satellite allocation, including profit-taking in emerging-market debt and the Australian dollar, while broad commodity exposure was increased. These decisions form part of a wider review of the satellite theses, with the aim of linking each position more closely to its principal economic driver. We will discuss this approach in greater detail in future publications.

Our Current Positioning

Core	*80.0%*
Cash	5.1%
US Market Equities	26.8%
European Market Equities	13.2%
Emerging Markets Equities	3.4%
Investment Grade Bonds	13.6%
Sovereign Debt Bonds	10.3%
High Yield Bonds	7.6%

Allocation Core - Satellite



Satellite	*20.0%*
Inflation Shield	2.0%
Inflation Shield combines real assets, commodities and inflation-sensitive exposures to preserve purchasing power and provide greater resilience against persistent inflationary pressures.	
Re-Care-Nation	2.8%
Re-Care-Nation combines exposure to healthcare and biotechnology to capture long-term structural demand driven by demographics, innovation and growing global healthcare needs.	
Strategic Resources	2.7%
Strategic Resources focuses on energy resources and critical materials, targeting assets essential to energy security, supply-chain resilience and long-term strategic autonomy.	
Strategic Security	4.1%
Strategic Security focuses on defence, security infrastructure and advanced technologies, benefiting from increased investment in protection and strategic resilience.	
Strategic Partners	2.8%
Strategic Partners provides diversified equity exposure to the main markets aligned with the United States.	
USD Debasement	5.6%
USD Debasement combines precious metals, bitcoin and emerging-market local-currency debt to diversify exposure away from the US dollar and benefit from a structural decline in its purchasing power.	

Thinking Forward: Power Through Integration

"We have no money, so we must think."

— Ernest Rutherford, Cavendish Laboratory, Cambridge (1930s, as reported by R. V. Jones in Most Secret War, 1978)

Summer 1934. More than half the bombers taking part in a British air-defence exercise reach their targets, even though the defenders know their routes in advance. The conclusion is stark: existing resources are no longer sufficient to protect the country. Adding patrols, searchlights or listening posts will not solve the problem. Aircraft must be detected earlier to give fighter squadrons time to intercept them. In February 1935, the Daventry experiment demonstrates that radio waves can make this possible. In September 1937, Bawdsey becomes the first fully operational radar station; two years later, twenty stations make up the Chain Home network.

Radar alone, however, would not have been enough. Its real value lay in the system built around it: ground observers, filtering rooms, communications, command centres and fighter squadrons. Imperfect information could still support decisions and concentrate scarce resources in the right place at the right time. The decisive choice was to organise this system while the technology remained incomplete and war was not yet certain. The British had not waited for every doubt to be resolved before acting. They understood that the arrangements inherited from the past would no longer protect them and devoted the remaining time to building what would come next.

For the European Union, the parallel is both clear and important. Several decades of peace, relatively affordable energy and unimpeded trade allowed industry, security, the climate transition, defence and demographics to be addressed separately. Those conditions have changed, yet policies remain largely compartmentalised. Industry without competitively priced energy cannot finance its transformation; defence without production capacity remains dependent; infrastructure without the means to protect it becomes a vulnerability. Europe's challenge is to bring these dimensions together through decisions that reinforce one another.

Mario Draghi's 2024 report sets out what Europe must change to safeguard its prosperity. The former president of the European Central Bank recommends closing the innovation gap, aligning decarbonisation with competitiveness and reducing critical dependencies. His diagnosis thus connects issues too often addressed in isolation. The political question remains: which governments are prepared to translate it into concrete action?

Italy is beginning to offer an answer. Giorgia Meloni's government is pursuing a policy built around three priorities: securing affordable energy, preserving production capacity and safeguarding supply. When emissions-reduction targets conflict with these imperatives, Rome argues that economic and strategic needs must take precedence. Draghi articulated the European diagnosis; Meloni embodies the political will to act at national level. Several projects predate her government. The challenge is to connect them, bring their partners together and sustain the effort long enough to produce results.

Energy is the starting point because it determines what a country can produce, at what cost and how reliably. Before investing, a company must be able to estimate its energy costs and the reliability of supply over several years. Costs that remain above those of competitors can eliminate profitability or drive investment abroad. For Italy, long dependent on external supplies, gas diversification, storage and stronger networks address this need. Increasing the number of suppliers reduces reliance on each one; improving infrastructure makes better use of available resources and helps withstand disruptions.

This pursuit of security also shapes long-term choices. Legislation adopted in September 2026 prepares the framework for a return to nuclear power, with the prospect of reliable, low-carbon electricity generation. Renewables also have a role, provided the grids and storage facilities needed to use their output are developed. Different solutions meet different needs and operate on different timescales. Italy is seeking to combine them to reduce both its dependence and its energy costs. It has not yet secured the competitive advantage it seeks, but is broadening the means of achieving it.

Geography gives this policy a European dimension. Situated between North Africa and Europe's largest markets, Italy aims to develop connections that go beyond its own needs. Backed by the European Union, ELMED is intended to connect Tunisia and Sicily through a 600-megawatt electricity cable allowing flows in both directions. The SoutH2 project envisages transporting hydrogen from North Africa to Germany via Italy and Austria, reusing much of the existing gas pipeline network. This second project still depends on acceptable costs and firm purchase commitments. The objective is clear: to make the peninsula an additional gateway to the resources European industry will need.

A connection becomes a dependable source of supply, however, only if partners have a shared interest in keeping it operational. The Mattei Plan gives this ambition a diplomatic and financial framework. Presented in January 2024 and named after Enrico Mattei, the founder of energy group Eni, it organises Italy's cooperation with African countries around projects in energy, training, agriculture, water, healthcare and infrastructure. It links these countries' economic development with Italy's supply needs and the capabilities of Italian companies. Governments, businesses and development banks are brought together, while public guarantees facilitate financing by reducing lenders' risks.

These infrastructure projects also generate industrial orders. On 22 June 2026, Prysmian received the go-ahead to execute its approximately €460 million contract for ELMED. The Italian group will draw in particular on its subsea cable plant near Naples, its monitoring facilities in Palermo and its cable-laying vessels.

Industrial policy must also preserve the capabilities already present in the country. In the automotive sector, Rome advocates the freedom to choose among several technologies, including biofuels. Behind this position are mechanical engineering, machining and component manufacturers whose equipment, employees and revenues remain tied to the internal combustion engine. European battery manufacturing, for its part, requires competitive access to energy and raw materials. The sector's transition must take account of the time and capital needed to establish these conditions. If existing activities become

unprofitable before their replacements are financed, companies risk losing the very means to transform themselves. This is why Rome argues that European deadlines should reflect the industrial capabilities that must be preserved and built.

Production capacity acquires further strategic importance when supply routes need protecting. Disruption or sabotage affecting ports, cables or offshore installations can damage economic activity far beyond the borders of the country concerned. Fincantieri is combining its shipbuilding operations with underwater expertise, notably through WASS, a specialist in sonar, acoustics and defence systems. The group is also developing underwater surveillance and intervention capabilities. Industry is thus providing the tools needed to protect the infrastructure on which it itself depends.

Strengthening defence raises another industrial challenge: how can new capabilities be deployed faster without developing everything independently? Italian defence group Leonardo is responding through partnerships that allocate responsibilities. Its equally owned joint venture with Rheinmetall combines German armoured-vehicle technology with Italian expertise, with 60% of planned activities taking place in Italy. Its alliance with Baykar combines Turkish drones with Italian electronics, sensors and control systems.

Time saved matters as much as ownership of technology. By deciding which capabilities it must control and which it can share, Italy aims to obtain equipment sooner that it can operate, maintain and upgrade. This division of responsibilities gives sovereignty practical meaning and allows defence spending to support lasting industrial capabilities.

To sustain this effort, companies must also be able to recruit and replenish their skills. Italy's demographics illustrate an even more acute version of a European challenge: in 2024, its fertility rate was 1.18 children per woman, compared with 1.34 in the EU, both well below replacement level. An ageing population and smaller cohorts entering the labour market make it harder to replace retiring employees. The government combines action against irregular arrivals with legal routes for labour immigration: 497,550 admissions are planned between 2026 and 2028, for both seasonal and non-seasonal work. Tax incentives for researchers complement these efforts to attract skills.

Tax attractiveness also extends to wealthy individuals. The flat-tax regime on foreign income available to certain new residents gives them greater certainty over their tax liability and contributes to the country's appeal. Private projections published by Henley and New World Wealth for 2025 anticipated a net inflow of 3,600 millionaires to Italy, compared with net outflows of 800 from France and 400 from Germany. The government is seeking to influence where people choose to reside, with anticipated benefits for local economic activity and tax revenues.

The state is also mobilising European resources to finance the country's transformation. Italy's National Recovery and Resilience Plan, known by its Italian acronym PNRR, amounts to €194.4 billion in loans and grants. Adopted in 2021 and subsequently revised, it funds infrastructure, reforms and business transformation. Tax incentives for modernisation complement this effort by encouraging digital and energy-related investment. EU

disbursements are tied to implementation milestones, requiring priorities to be translated into deadlines and verifiable outcomes. Italy is thus using common European instruments to accelerate national objectives, while challenging certain rules when it considers them contrary to its industrial interests.

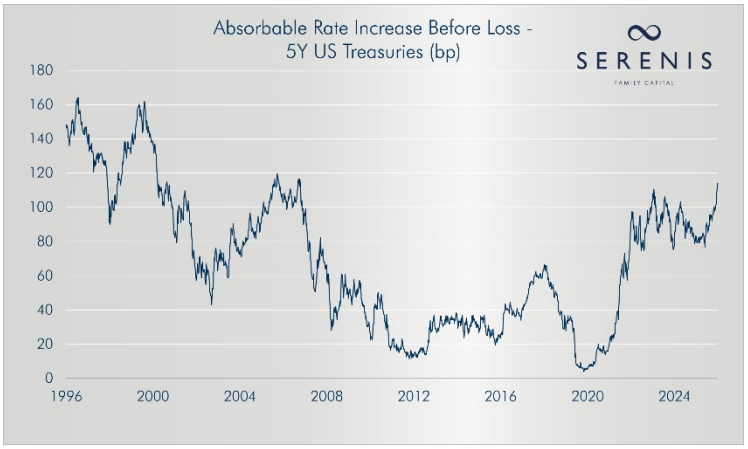
The effort is real and organised. The results remain fragile. According to the European Commission's May 2026 forecasts, Italy's budget deficit would decline to 2.9% of gross domestic product in 2026, compared with 5.1% in France and 3.7% in Germany. Debt would nevertheless reach 139.2% of GDP by the end of 2027. The expected narrowing of the deficit would extend fiscal consolidation, but the debt burden makes the quality of investment decisive. The productivity gap remains: new technologies need to spread through smaller companies and enable the most promising businesses to grow.

Financial markets offer another perspective on Italy's progress. Since the Meloni government took office, the Milan stock market has outperformed the French market by approximately 85 percentage points and Germany's DAX by nearly 40 points. Differences in the sector composition of the indices naturally matter in this comparison. The outperformance may nevertheless suggest that markets recognise the coherence of Italy's policy choices and their economic potential. There is still a long way to go: this confidence will need to be justified by productivity gains and sustainable corporate earnings.

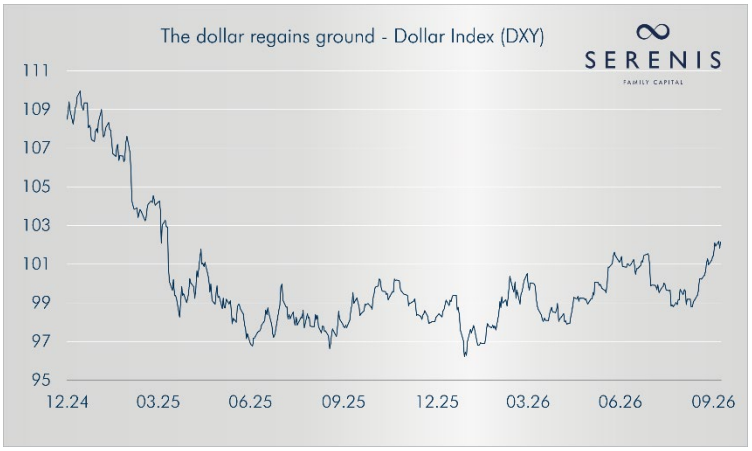
At Bawdsey, the British began reorganising their resources before the urgency of war deprived them of the time to do so. Italy now appears to be pursuing a comparable approach, bringing energy, industry, defence and financing together around a common national project. There is no guarantee yet that this strategy will turn political coherence into renewed competitiveness and lasting prosperity. But it highlights an essential reality: Europe still possesses the resources, companies and skills needed for recovery. Its future will depend on the political will to direct them towards a common goal. If Europe's major economies can draw inspiration from Italy's approach, this method could open a genuine path to recovery. For in a world undergoing profound change, power depends not only on the resources available, but on the ability to bring them together before circumstances make it imperative.

Three Charts

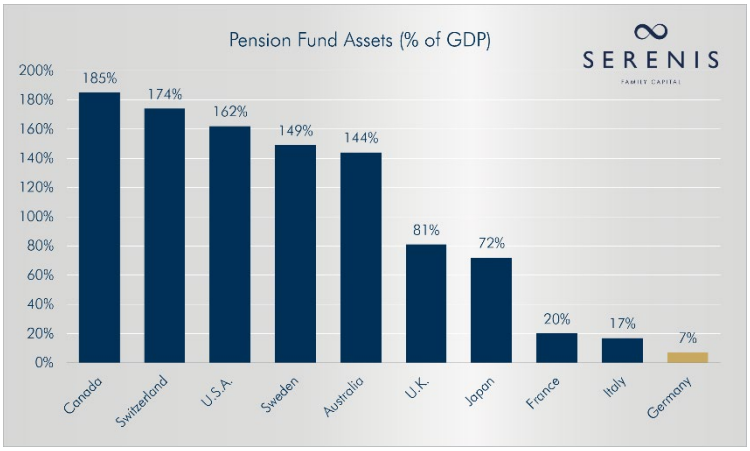
Rising interest rates generally reduce the value of existing bonds. But when the starting yield is already high, it also provides a cushion. With an annual yield of around 5.05%, a five-year US bond can currently absorb an additional increase of approximately 117 basis points before generating a negative return over twelve months. The breakeven yield is therefore around 6.22%. In other words, as long as the five-year yield remains below that level, carry still offsets the price decline caused by rising rates.



Following a sharp depreciation in 2025, the dollar entered 2026 amid widespread pessimism, with many analysts expecting further weakness. Yet the trend has reversed: the Dollar Index is now at its highest level of the year. This rebound appears to be supported in particular by a more restrictive Federal Reserve than expected, keeping nominal and real interest rates elevated and thereby increasing the relative appeal of the US currency.



Germany's pension system is almost entirely pay-as-you-go: today's workers finance today's retirees. Its main weakness is demographic: fewer contributors and more pensioners put pressure on contribution rates, retirement ages and public finances. Unlike Switzerland or Canada, Germany has accumulated few pension assets to cushion this imbalance. It is less exposed to market crashes, but more vulnerable to a slower, harder-to-correct risk: population ageing.





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

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