



ALTUS

INVESTMENT

Market Update

July 2026

June Market Returns

Equity Indices

Index	1M Change	YTD Change	12M Change
S&P 500	(1.06)%	8.75%	20.86%
NASDAQ Comp.	(0.19)%	18.91%	33.50%
FTSE 100	0.84%	5.60%	19.82%
Hang Seng Index	(9.14)%	(11.50)%	(4.95)%
Nikkei-225	5.63%	39.18%	73.05%
Euro Stoxx 50	4.59%	9.18%	19.32%
MSCI World Index	(0.80)%	8.24%	19.85%
MSCI EM	(1.67)%	22.84%	40.90%
Shanghai Comp.	0.63%	3.26%	18.87%
NIFTY 50	1.35%	(7.99)%	(6.47)%
Ibovespa Brazil	(1.01)%	6.76%	23.89%
S&P MERVAL Argentina	0.07%	3.83%	58.84%

Fixed Income Yields

Tenor	Yield	1M Change	YTD Change
US 2Y	4.17%	17 bps	72 bps
US 10Y	4.47%	3 bps	34 bps
US 30Y	4.95%	(2) bps	14 bps
UK 10Y	4.76%	(6) bps	26 bps
JGB 10Y	2.68%	2 bps	62 bps
DE 10Y	2.86%	(8) bps	1 bps
ETF	Yield	1M Change	YTD Change
LQD <small>(iShares Inc. Grade Corp. Bond ETF)</small>	5.57%	0.04%	0.27%
HYG <small>(iShares iBoxx High Yield Corp. Bond)</small>	7.25%	0.13%	0.41%
EMB <small>(iShares J.P. Morgan EM Bond ETF)</small>	6.51%	0.04%	0.24%
EMLC <small>(V.E.J.P. Morgan EM Local Currency Bond)</small>	7.13%	(0.26)%	0.19%

Other Assets & FX Rates

Asset	Price (USD)	1M Change	YTD Change
Brent	72.9	(20.74)%	17.82%
Gold	4,008.0	(11.72)%	(7.64)%
Silver	58.6	(22.18)%	(23.19)%
Uranium	85.3	0.41%	4.15%
Soft Commodities	26.7	(2.09)%	4.28%
Bitcoin	58,642.1	(20.30)%	(33.50)%
Currency Pair	Rate	1M Change	YTD Change
EUR/USD	1.14	(2.04)%	(2.78)%
USD/JPY	162.6	2.07%	3.93%
GBP/USD	1.33	(1.44)%	(1.54)%
USD/CHF	0.81	3.51%	2.11%
USD/CAD	1.42	2.92%	3.65%
AUD/USD	0.69	(3.70)%	3.34%

July Outlook

- July is really all about the Federal Reserve, with the first FOMC minutes following Kevin Warsh's appointment as Chairman and the market currently pricing in a 50% chance of a rate rise, while what will be of more interest to markets in the middle of the month is the first of Warsh's semi-annual remarks to Congress; given the historical "performances" of Trump appointees before Congress, the market will be watching this very carefully and communication risks will be key.
- We may be beginning to see the start of Trump losing some control in the US, picking fights with his own party and refusing to sign important bills around housing; combined with the mess that is Iran, this is likely to back Trump into a corner, which is never good for markets given his love of communication.

Interesting (Crazy) Numbers

- \$2.9tn** - Valuation of SpaceX at peak.
- 28%** - The fall in gold prices since the start of the iran conflict
- \$300-\$500mm** - potential revenues from hydration breaks in the world cup
- \$5bn** - Thoma Bravo's loss caused by Medallia, as it handed the failed software firm to its lenders; the second-largest loss in private equity history.
- 21.4%** - The gain of the NASDAQ Index during Q2'26
- \$570bn** - The forecast debt issuance by hyperscalers this year
- 10%** - South Korea's KOSPI single-day wipeout, a historic crash as Fed rate hike fears triggered violent capital flight from leveraged AI and electronics hubs across Asia.

What Has Caught Our Attention

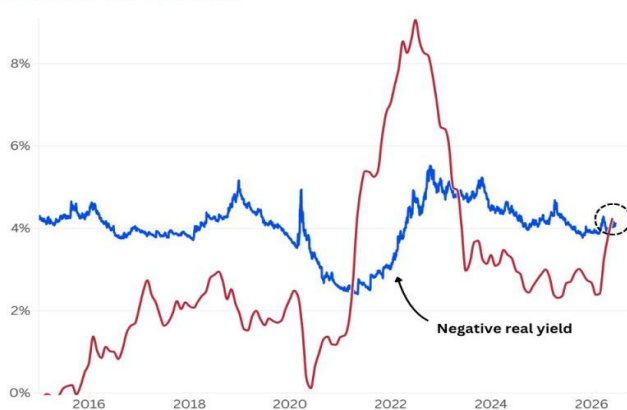
Is the 60/40 portfolio Dead?

- For the second time in a decade, US inflation is rising above the yield available from a basic 60/40 portfolio. That matters because the 60/40 has long been treated as the default balanced allocation; equities for growth, bonds for income and protection. But that framework becomes far less comfortable when the income generated by the portfolio no longer keeps pace with inflation.
- The chart below shows the yield on a US 60/40 portfolio, constructed using the US Aggregate Bond Index and the S&P 500, plotted against headline CPI. The last time these two lines crossed was during the post-pandemic inflation spike. When inflation runs above 4%, the yield on a 60/40 portfolio turns negative in real terms. In simple terms, investors may still be earning income on paper, but after inflation they are slowly losing purchasing power.

When Inflation Eats Your Yield

For the second time in a decade, CPI is climbing above what a basic 60/40 yields

■ US 60/40 Yield ■ US CPI YoY



- Yield, however, is only half the issue. The other problem is diversification. The traditional 60/40 portfolio assumes that bonds will rally when equities fall. That relationship works best in a low and stable inflation environment, when weak growth hurts equities but helps bonds as rates fall

and investors seek safety.

When inflation is high and volatile, the mechanics change. Inflation shocks become more important than growth shocks. A hot inflation print can hurt both sides of the portfolio at once; equities reprice on higher discount rates and tighter monetary policy, while bonds reprice on higher yields. Instead of bonds acting as the shock absorber, both equities and bonds can fall together.

This is not unusual historically. In the 1970s and 1980s, the equity/bond correlation was structurally positive. The negative correlation many investors now treat as normal was largely a feature of the disinflationary era. Since 1945, stocks and bonds have been positively correlated roughly half the time.

Investors today therefore face two challenges at once; a negative real yield and a diversification benefit that may fade precisely when volatility rises. This does not mean the 60/40 is obsolete, but it does mean it is more regime-dependent than many investors assume.

- This is why we believe the current environment is one of the most attractive for active and macro investing in years. When conventional portfolios offer negative real returns and less reliable diversification, capital naturally looks elsewhere. It flows towards alternatives, absolute return strategies and managers that can adapt across rates, currencies, commodities, equities and credit.
- That also helps explain the renewed appetite for macro funds over the past two years. In an environment defined by inflation volatility, shifting central bank policy and changing correlations, flexibility is valuable. The opportunity set remains attractive, but investors need a broader toolkit than the traditional balanced portfolio alone.