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CONFIDENTIAL

Global Market Assessment

Q2 2026

arvy's Takeaway

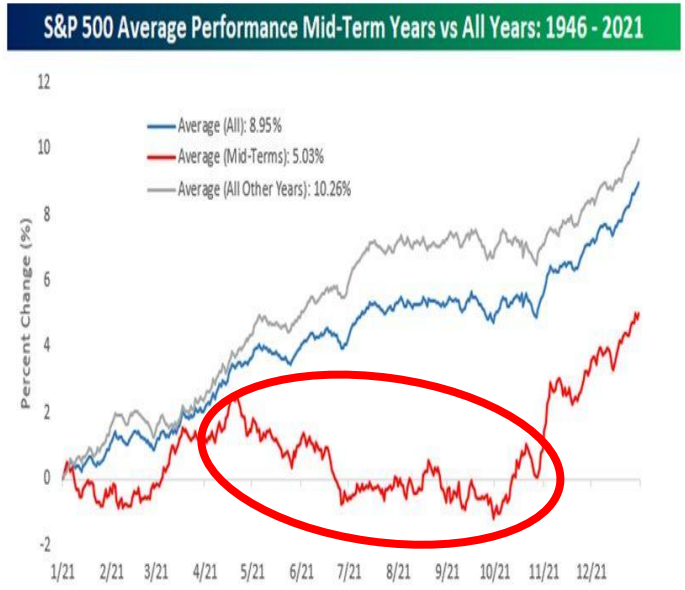
2026

Markets are in a topping process, where we believe selective highs are already in place (Europe & NDX) — unfavorable risk/reward until late summer

Investors should look at under-owned sector allocations (Staples, HealthCare, Defensive Tech, Dividend Aristocrats) → Mean Reversion for Quality/Stability Factors

Recent breakouts in cyclical industries—including energy and materials—create opportunities to selectively add exposure during market pullbacks.

Combination of AI frenzy, rich valuations and complacency leave us uneasy for deeper and abrupt corrections (shock, particularly Tech/Semis) → Big Picture



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EQUITY MARKETS

Equity Markets

– Market Agenda

– Global Market Assessment

Turning Cautious - again

S&P 500 at 6’900

Jan 2026

Cautious: At New Highs

- Divergence Market Breadth vs. Indices
- Narrow Leadership
- Momentum Indicators Toppish

S&P 500 at 6’400

April 2026

Bullish: After a 8% Correction

- The put/call > 1.11 – a low signal
- VIX has flashed low signal
- High-low ratio suggests the low has been reached.

S&P 500 at 7’200

May 2026

Cautious: After a 10+% Rallye

- Seasonality: Sell in May and Go Away
- Narrow Leadership RSP vs SPX
- Dow Theory: DJT vs. SPX

Global Macro & Market Assessment

1 Macro Big Picture

Politics	-
Geopolitics	-
Monetary	=
Fiscal	=
Economy	=

2 Market Sentiment

Put/Call-Ratio	=
BULLS vs BEARS	=
CBOE Market Volatility S&P 500	=
Seasonality	-
High-Low Ratio	=

3 Market Breadth/Internals

A/D Line / McClellan / Net New Highs/Lows	-
Equal weight indices / Value line / DJT	-
Defensives/Cyclicals/Transportation	-
Institutional sponsorship (Acc./Distr.)	+
New Breakouts / Leaders leading	+

4 Technicals

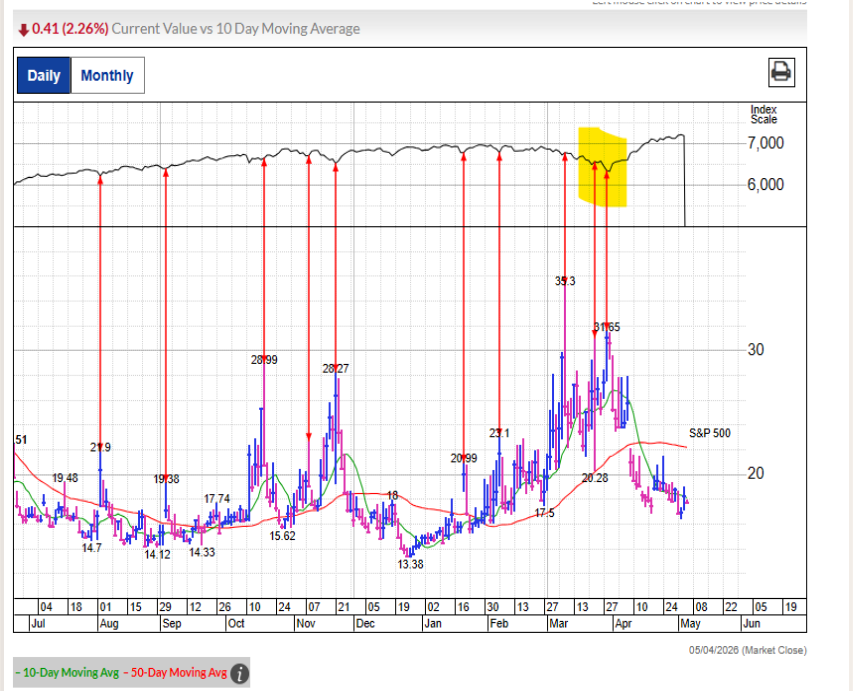
Overall trend / Sell rips / Buy Dips	+
RSI / MACD	-
Extension from moving averages	-
Price structure/behaviour	=
Volume	-

Short-Term Sentiment was Contra-Bullish

S&P 500 after Total Put/Call above 1.11

@SubuTrade, past 10 cases

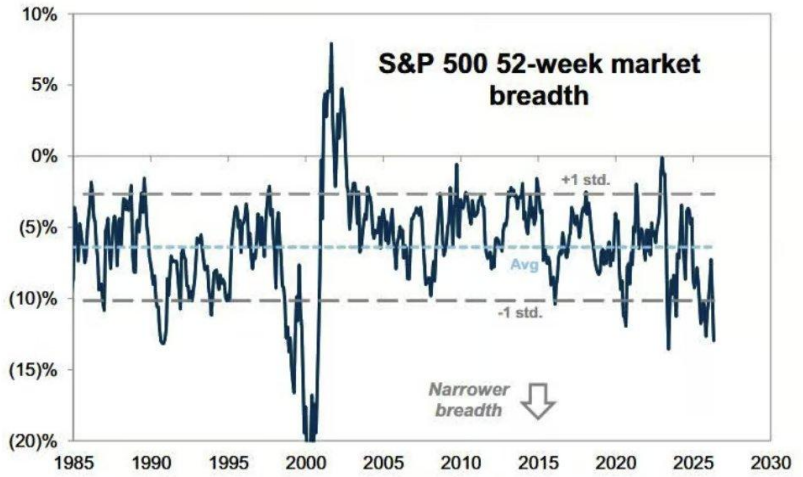
	1 Day Later	2 Days Later	3 Days Later	4 Days Later	1 Week Later	2 Weeks Later	3 Weeks Later	1 Month Later	2 Months Later
August 5, 2024	1.04%	0.25%	2.56%	3.04%	3.05%	8.14%	8.30%	6.43%	9.90%
August 8, 2024	0.47%	0.47%	2.16%	2.55%	4.21%	4.72%	5.13%	2.85%	8.12%
September 6, 2024	1.16%	1.61%	2.69%	3.46%	4.02%	5.44%	6.10%	5.32%	6.92%
November 1, 2024	-0.28%	0.94%	3.50%	4.26%	4.66%	2.48%	4.20%	5.60%	3.73%
November 4, 2024	1.23%	3.79%	4.56%	4.95%	5.05%	3.17%	4.81%	6.54%	4.60%
April 3, 2025	-5.97%	-6.19%	-7.67%	1.12%	-2.38%	-2.11%	2.38%	4.70%	10.64%
April 4, 2025	-0.23%	-1.80%	7.54%	3.82%	5.70%	1.66%	8.96%	10.50%	17.05%
April 7, 2025	-1.57%	7.80%	4.07%	5.95%	6.79%	4.45%	9.85%	11.24%	18.53%
April 8, 2025	9.52%	5.73%	7.64%	8.49%	8.31%	7.89%	11.77%	13.67%	20.53%
December 31, 2025	0.19%	0.83%	1.45%	1.10%	1.11%	1.45%	1.02%	1.91%	0.35%
March 18, 2026									
Average:	0.55%	1.34%	2.85%	3.88%	4.05%	3.73%	6.25%	6.88%	10.04%
% Positive:	60%	80%	90%	100%	90%	90%	100%	100%	100%



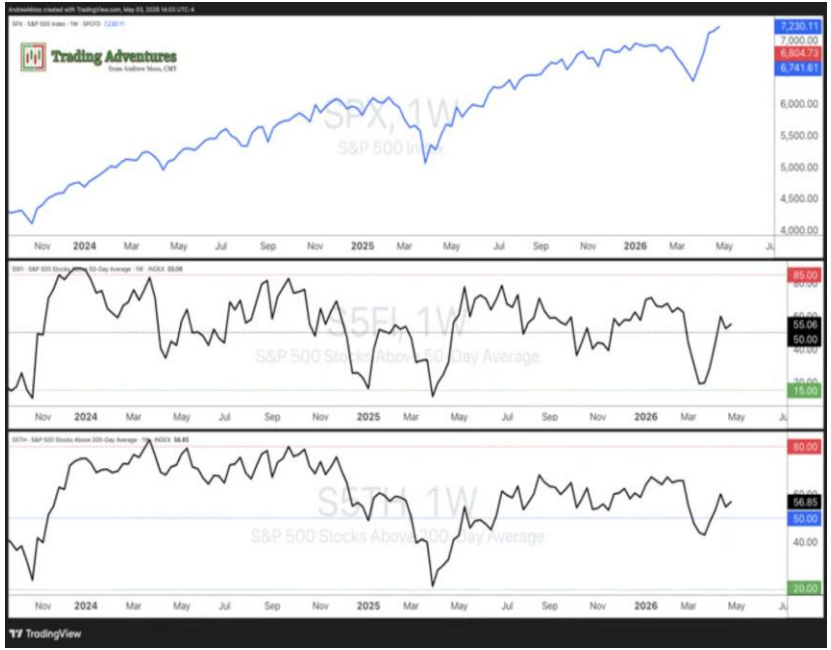
Is it "THE LOW" or just a "Low" → look for Breadth

Key Watchpoint: Monitor if market breadth begins to slow down as the index pushes back toward all-time highs.

Exhibit 1: Market breadth is extremely narrow
Market breadth calculated as the distance of the S&P 500 from its 52-week high less the distance of the median S&P 500 constituent from its 52-week high

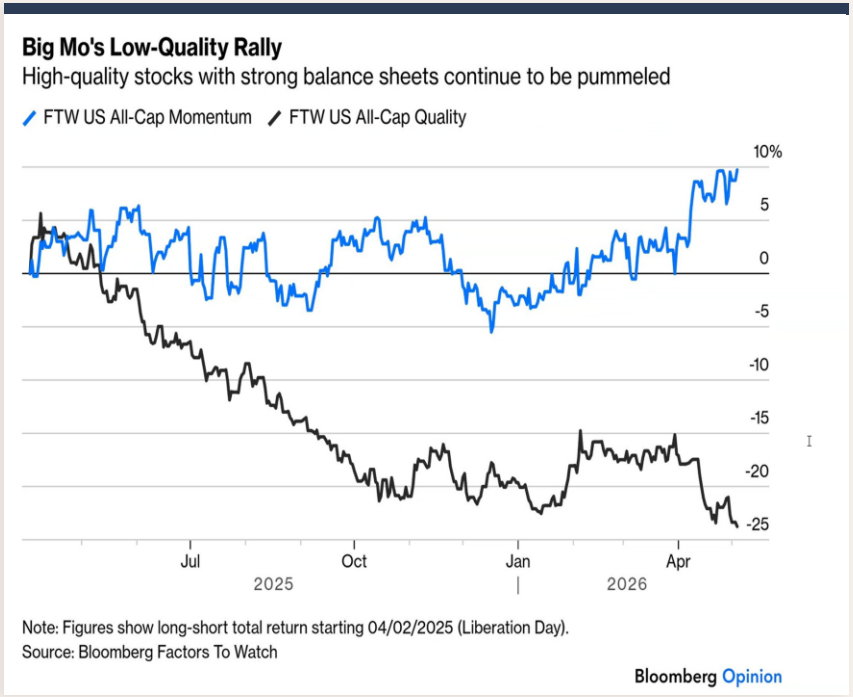


Source: Goldman Sachs Global Investment Research



Boring is good – but not of interest at the moment

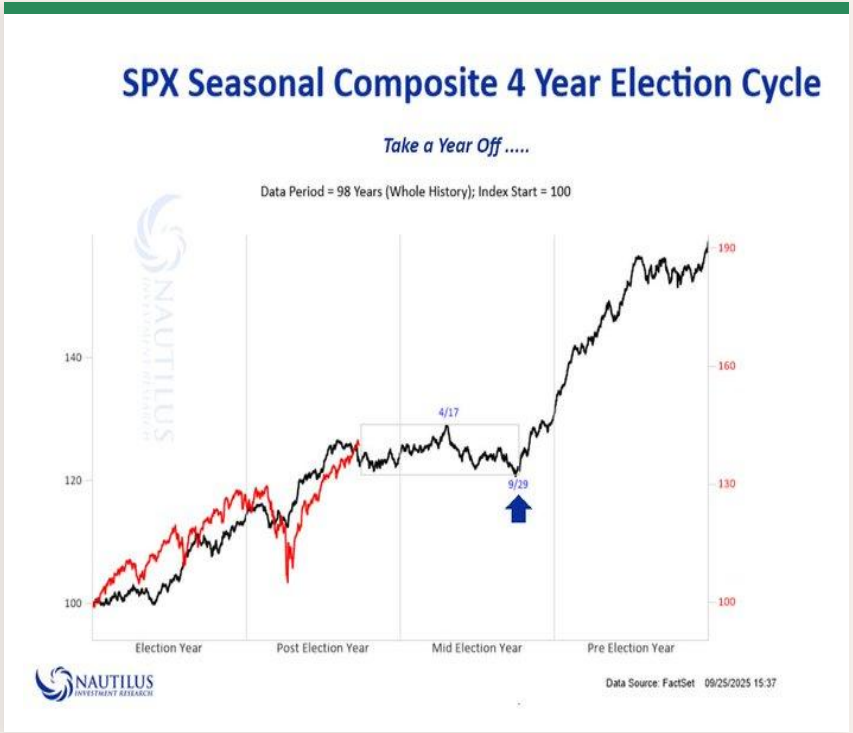
Quality is not en vogue. Momentum is. Semis now account for 22% of S&P 500.

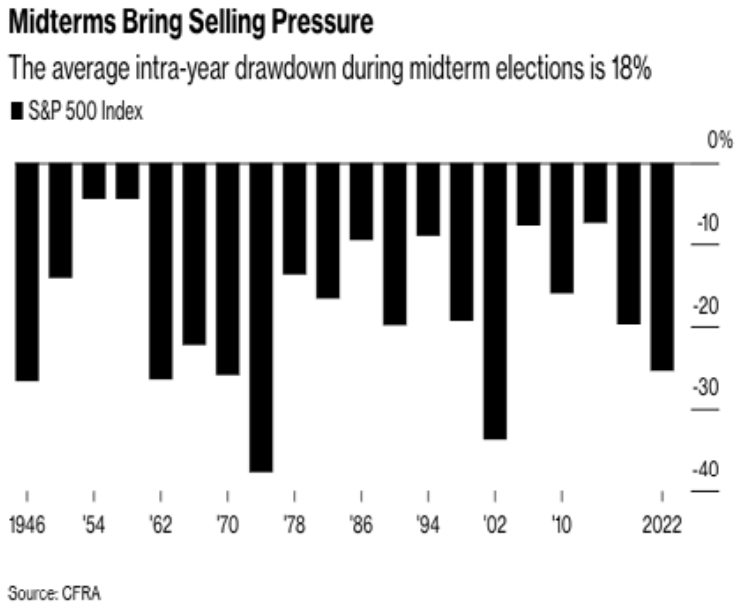


Classic Non-Confirmation of Dow Theory

- A 16% drop in 3 days… warning sign?
- The failure of the Dow Jones Industrial's to accompany the Dow Transportation Average is a classic Dow-Theory non-confirmation signal.

Seasonality: Entering Mid Election Year



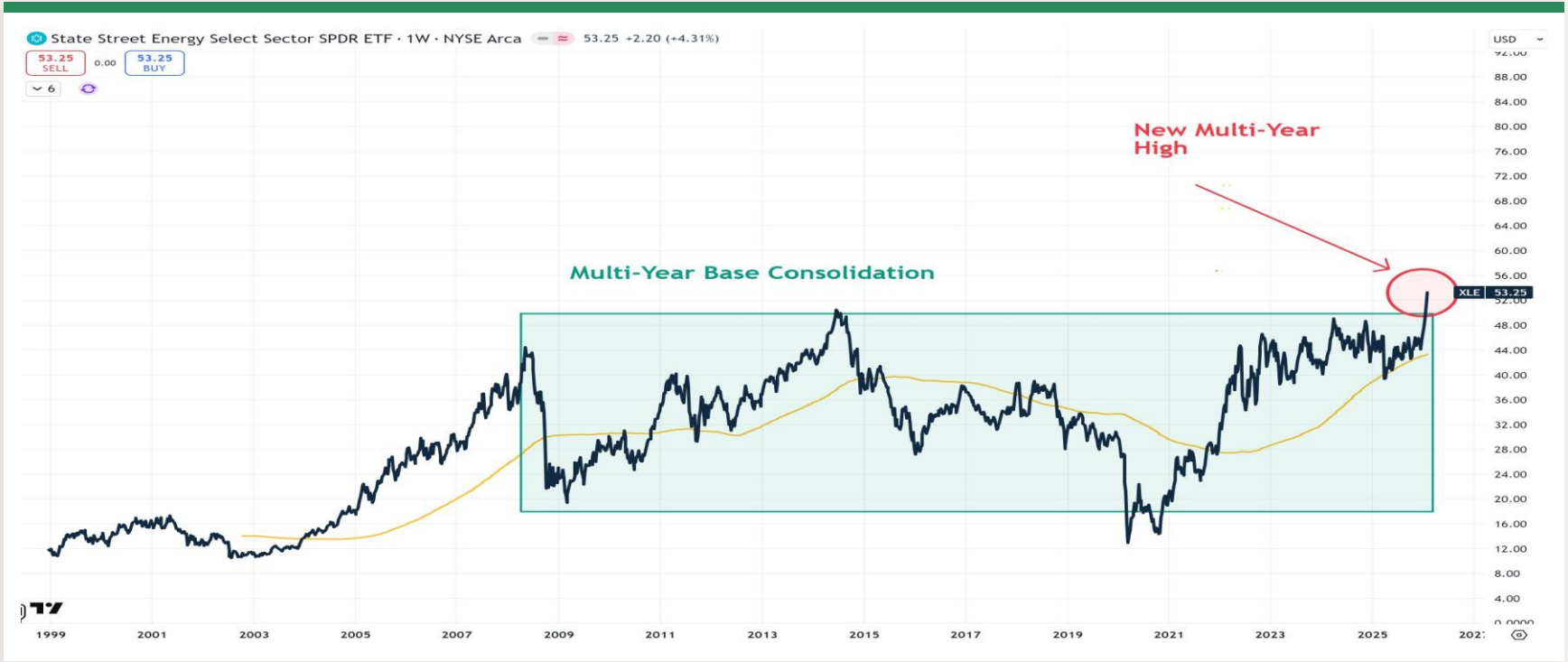


Seasonality: Entering Mid Election Year

Chart 9.) S&P-500 with Mid-Term Election Years

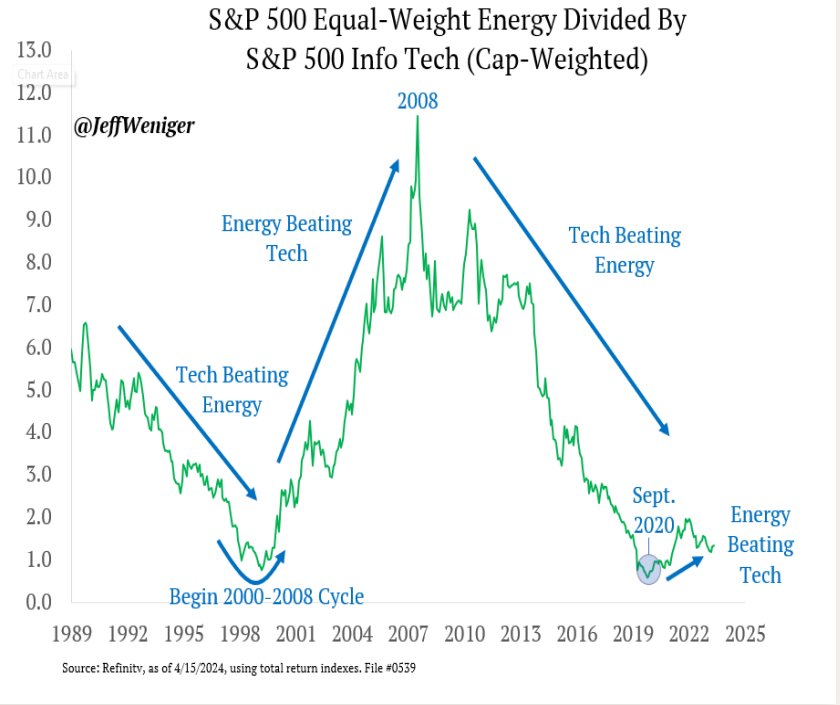
Chart 10.) &P-500 with Mid-Term Election Years (1974 – 2000)

Energy stocks head into a multi-year bull run



Energie-Aktien als Hedge

Triebkräfte sind gegensätzlich



Tech

Stark von Wachstumserwartungen abhängig → Zins-sensitiv
Bewertung durch Endwert bestimmt
Tiefe oder keine Dividenden.

Energie

Öl ist eine inflationäre Kraft (Inflation Baskets).
Zugrundeliegendes Geschäft ist zyklisch.
Meist günstig bewertet und hohe Dividenden (Value).

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WALK THE TALK

Walk the Talk

– Portfolio Positioning

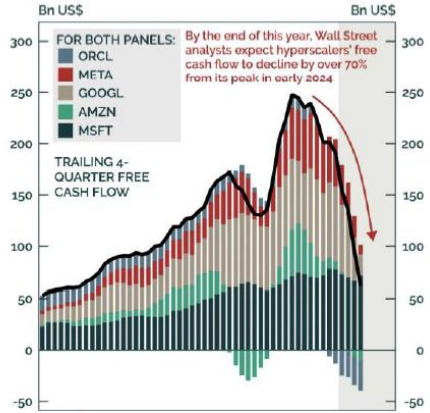
– Ideas

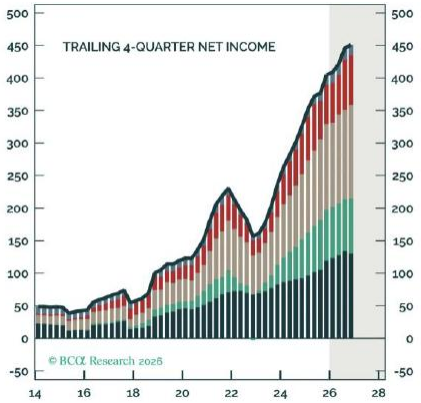
Why FCF matters

Why we only invest in real cash. Cash is a fact. Profits are an opinion.

- **Free cashflows are real. Everything else is a promise.** A company can manage its earnings. It cannot manage its free cashflow. What remains after every investment is real — it retires debt, buys back shares. Promises don't.
- **Short-term, the story wins. Long-term, the business does.** Earnings and multiples move stocks in a quarter. FCF and return on capital move them over decades. When quality goes out of fashion, it doesn't become worse — it becomes cheaper. That's the best time to buy.
- **We're not calling it a bubble. But every bubble had the same flaw: no cash.** In every speculative episode, the pattern was identical — extraordinary promises, ordinary cashflows. Quality businesses with durable free cashflows are a natural hedge against hype. The AI boom is no different.

Not so magnificent





Recent Transactions: Barbell

Increased existing Positions:

Linde, Galderma, Air Liquide

Sold/Reduction:

Hermes

New Position:

NextEra Energy

Fundamental Metrics	arvy	Global Equities	Factor
Gross Margin	**56%**	35%	1.6
Operating Margin	**27%**	15%	1.8
Net Income Margin	**20%**	10%	2.0
FCF Yield*	**3.0%**	2.3%	1.3
ROIC*	**16%**	10%	1.6
ROCE*	**25%**	16%	1.6
Net Debt/EBITDA	**0.7**	1.3	0.5
Dividend Yield	**0.9%**	1.5%	0.6
ROIC + DVD model**	**12.0%**	6.9%	1.7
Earnings G model**	**15.3%**	9.2%	1.7
Owner's Earnings**	**18.5%**	8.3%	2.2

** S&P 500*

06.05.2026

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Portfolio Holdings

Name	Sector	CY	W %	Cmcy	Description
Philip Morris	Consumer Staples	USD	8.2%	USD	IQOS, Nicotine (ZYN) pouches & Tobacco
Waste Management Inc	Industrials	USD	7.4%	USD	Recycling (fully integrated)
Linde	Materials	USD	5.6%	USD	Producing and distributing industrial gases
Marriott International	Consumer Discretionary	USD	5.1%	USD	Hospitality company
Eli Lilly	Health Care	USD	4.7%	USD	Diabetes/obesity, cancer, immunology & dementia
Casey's General Stores Inc	Consumer Staples	USD	4.8%	USD	Convenience stores
Walmart	Consumer Staples	USD	4.7%	USD	Discount stores and supercenters
Hilton	Consumer Discretionary	USD	4.7%	USD	Hospitality company
Air Liquide	Materials	EUR	4.3%	EUR	Producing and distributing industrial gases
Heico	Industrials	USD	4.2%	USD	Aerospace and electronics company (Aftermarket)
Galderma	Health Care	CHF	3.7%	CHF	Dermatology (aesthethics, skincare, therapeutic)
Safran	Industrials	EUR	3.8%	EUR	Aerospace engine maker
ExxonMobil	Energy	USD	3.5%	USD	Oil & Gas Integrated
Rollins	Industrials	USD	3.4%	USD	Pest control
Chevron	Energy	USD	3.4%	USD	Oil & Gas Integrated
NextEra Energy	Utilities	USD	3.0%	USD	Renewable energy and Florida utility operator
Intuitive Surgical	Health Care	USD	2.9%	USD	Robotic surgery (Da Vinci)
MercadoLibre	Consumer Discretionary	USD	2.9%	USD	Ecommerce, fintech & credit
Medpace	Health Care	USD	2.8%	USD	Late-stage contract research organization (CRO)
Ecolab	Materials	USD	2.5%	USD	Delivering water, hygiene, infection prevention
Airbus	Industrials	EUR	2.1%	EUR	Global aerospace and defense firm
Mastercard Inc	Financials	USD	2.0%	USD	Global payments company
Visa Inc	Financials	USD	2.0%	USD	Global payments company
Idexx Labarotories	Health Care	USD	1.9%	USD	Veterinary diagnostics (pets, livestock)
Broadcom Inc	Information Technology	USD	1.5%	USD	Semiconductor and infrastructure software
Stryker	Health Care	USD	1.1%	USD	Medtech, orthopaedics, neurotech
Nintendo	Communication Services	JPY	1.0%	JPY	Owner of Pokemon, Super Mario, Zelda, Ani. Cros
TransDigm	Industrials	USD	1.0%	USD	Aerospace and electronics company (Aftermarket)
Nu Holding	Financials	USD	0.9%	USD	Digital financial services platform
GE Aerospace	Industrials	USD	0.7%	USD	Aerospace engine maker
Cash			0.2%	USD	

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