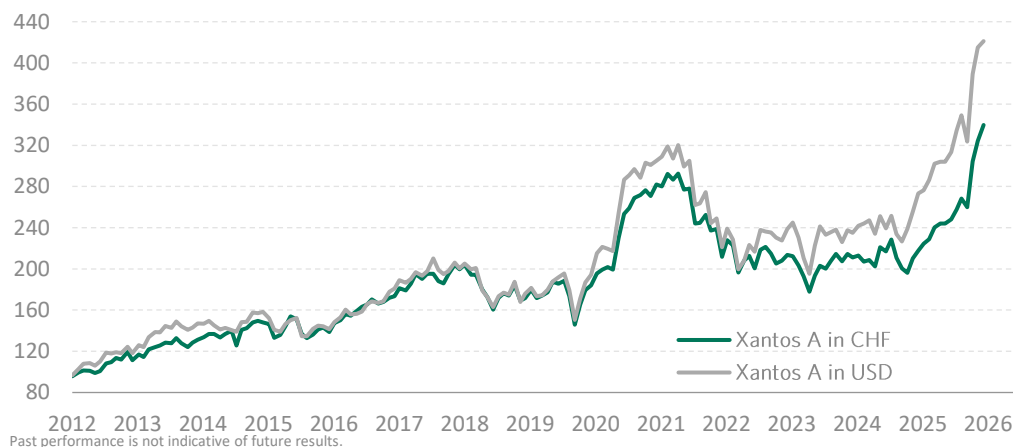


HALF-YEARLY REPORT 2026

- AI investment boom drives global equity markets to new highs
- War in Iran/blockade of the Strait of Hormuz drive up oil and energy prices – inflation expectations rise
- A brilliant start to the year for Xantos: share class A achieves a return of +36.9% (CHF) and +34.4% (USD) in the first half of the year
- Main performance driver for Xantos: information technology, in particular semiconductors and hardware/optical communications
- Portfolio: targeted acquisitions of companies focusing on AI infrastructure and electrification; US preferred over Europe
- Increasing geopolitical risks coupled with higher inflationary pressures and subdued growth outlook
- Attractively valued global small and mid caps offer further catch-up potential

Performance of Xantos A



AI investment boom drives global equity markets to new highs

Despite numerous geopolitical flashpoints, the global equity markets got off to a positive start to the new year, particularly small and mid caps. The enthusiasm for artificial intelligence is continuing unabated in 2026. Massive investments by the major cloud providers in data centres and cloud infrastructure continue to provide tailwind on the equity markets. Companies in the semiconductor and hardware industries in particular are benefiting from the ongoing optimism, while software companies remain under pressure.



War in Iran raises inflation expectations

The outbreak of war in Iran unsettled investors in March and led to a significant decline in global equity markets in the meantime. The blockade or, rather, the de facto closure of the Strait of Hormuz triggered a sharp rise in oil prices, which benefited energy and defence companies in particular. Export-dependent regions such as Europe and Asia were more severely impacted by rising energy prices, while the correction in the US was comparatively moderate. The global economy's dependence on oil and gas has declined significantly over the past few decades, which is why historical comparisons with earlier oil crises have only limited meaning. Before the outbreak of the war in Iran, the global economy was robust with inflation on a downward trajectory. However, the conflict caused rising inflation expectations and lower growth expectations.

Technological revolution advances and boosts semiconductor industry

Following the announcement of a ceasefire in the war in Iran at the beginning of April, global equity markets recovered rapidly. The situation regarding the Strait of Hormuz remained tense and highly volatile in the following months despite the agreed ceasefire. In mid-June, news of a peace agreement between the US and Iran gave new impetus to global equity markets. The reopening of the Strait of Hormuz should alleviate inflationary pressure and thus also ease the pressure on further interest rate rises. While the overall market welcomed the reopening, energy and defence stocks came under pressure.

Due to the war, the current main topic of discussion is potential shortages in oil products. However, semiconductors are increasingly becoming a strategic commodity with potentially even greater economic importance, meaning shortages in this area could have more far-reaching effects than shortages of traditional raw materials. The war in Iran seems to be further accelerating the trend towards digitalisation. The semiconductor sector plays a key role here. Despite political uncertainties, the technological revolution continues to advance and is providing continued tailwind, particularly in the semiconductor sector.

Concerns about disruptive AI impact put strain on software stocks

While the semiconductor industry is considered to be one of the main beneficiaries of the AI investment boom, software stocks were under significant selling pressure due to concerns about the potentially disruptive impact of AI. Companies in the financial services and asset management sectors, as well as business models facing only a low risk of being displaced by AI applications in the future, were also negatively affected in some cases.



Portfolio

Investments in artificial intelligence as a key performance driver

More than 60% of Xantos' positive performance in the first half of the year was driven by the information technology sector. In particular, companies in the semiconductor industry and companies in the field of optical communications once again benefited from the sharp rise in capital expenditure associated with artificial intelligence and the expansion of cloud infrastructure. Around 25% of the returns are attributable to the industrial sector.

Consumer staples, consumer cyclical and utilities detract from performance

The sectors consumer staples, consumer cyclical and utilities dampened returns in the first half of the year. Consumers' purchasing power is coming under increasing pressure, particularly due to the rise in energy prices as a result of the war in Iran.

Top 10 performance drivers: semiconductor stocks dominate

The largest positive contribution to returns at the individual security level comes almost exclusively from the information technology sector, particularly semiconductors and hardware/optical communications. These companies benefit directly from the ongoing expansion of AI and cloud infrastructure. The most important positive contributors were Aehr Test Systems (US), Lumentum (US), MKS (US), SiTime (US), Coherent (US), Semtech (US), Advanced Energy Industries (US), BE Semiconductor Industries (NL), Argan (US) and Vicor (US). On the negative side, performance was adversely impacted by software companies such as Pegasystems (US) and Qualys (US).

Portfolio structure and adjustments

Xantos started the new year with a cash ratio of 6.5%. At the beginning of the year, around 47% of assets were invested in Europe, while 41% were invested in the US. At the sector level, just under 37% of the portfolio was invested in the information technology sector (17% semiconductors, 12% hardware/optical communications, 8% software). Financials accounted for 19% of the assets, industrial companies for 13% (of which around 8% were in the defence sector), while around 6% each were invested in the materials and healthcare sectors.

During the first half of the year, we made targeted acquisitions of companies that are benefiting from growing infrastructure investments and increasing electrification (modernisation of the power grid, expansion of fibre optic and data networks, communication equipment, connectivity, quantum computing). By contrast, we further reduced our exposure in the software sector significantly. Having already reduced its weighting last year from just under 20% at the end of 2024 to around 8%, it is now below 1%. Towards the end of the half-year

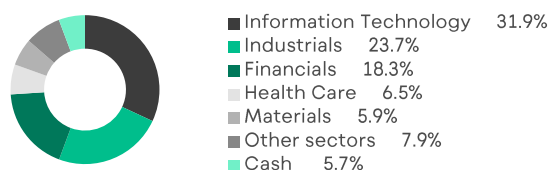


period, we also reduced our exposure in the semiconductor and defence sectors somewhat.

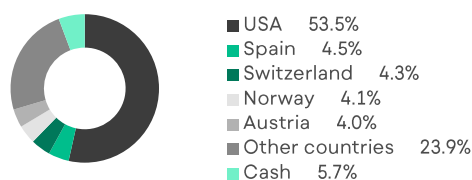
The cash ratio at the end of the half-year period was 5.7%. The regional allocation shifted in favour of the US, which now accounts for almost 54% of assets, while Europe is still weighted at 34%.

Xantos sector and country breakdown at the end of June 2026

Sectors in %



Countries in %



Outlook

Ongoing geopolitical uncertainties

The news of a peace agreement between the USA and Iran, which came out in mid-June, gives cause for hope. Nevertheless, geopolitical uncertainty remains high. Whether the conflict around the Strait of Hormuz can be defused in the long term remains to be seen. In particular, the focus is on the energy supply and the general security of supply in Asia and Europe. Despite heightened geopolitical tensions, a global economic crisis seems unlikely at present. However, market volatility, which had declined significantly in recent months – particularly in April and May – is likely to increase in view of the ongoing uncertainties. In view of the upcoming midterm elections in the US, President Trump is also unlikely to have any interest in persistently high oil prices or unrelenting tensions in the oil market. Against this backdrop, we expect oil prices to stabilise at a moderately higher level. The overall impact on inflation and the global economy should remain limited.



Electrifying the economy and society

The experience of the war in Iran has given additional impetus to existing investment themes. Investors' interest in artificial intelligence and data centres has increased significantly. At the same time, the temporary blockade of the Strait of Hormuz once again brought dependence on fossil fuels and their supply chains to the forefront of economic and geopolitical considerations. Electricity infrastructure expansion is no longer being driven solely by rising demand as a result of the electrification of the economy and society, but also increasingly by efforts to reduce dependence on fossil fuels. Accordingly, the focus is on companies that benefit from expanding electricity infrastructure – from power generation and distribution to applications, components and communication networks.

Commodities and energy – at the mercy of geopolitics

The transition from fossil-fuelled, mechanical economies to electrified and computer-controlled economies requires significant amounts of energy and raw materials. While electricity will increasingly replace fossil fuels, the importance of rare earths and strategic raw materials—alongside traditional industrial metals—is rising significantly. In principle, the global economy would be able to supply sufficient energy and raw materials. However, geopolitics remains a key source of uncertainty. Countries such as China in the area of rare earths, Iran with its control of the Strait of Hormuz and the oil market, Russia in the gas sector and Indonesia through its influence on mining are increasingly using raw materials and energy as geopolitical instruments of power. This regularly leads to supply bottlenecks and sharp price fluctuations. As a result, the profits of commodity and energy companies remain highly volatile and continue to be heavily influenced by geopolitical developments.

Race for AI supremacy and investment boom

The hyperscalers Amazon, Alphabet, Meta and Microsoft plan to increase their capital expenditure by over 70% to more than USD 700 billion in 2026. Investments are expected to exceed USD 800 billion in 2027. At the heart of this is the race for technological supremacy in the field of artificial intelligence. Each provider is attempting to develop the most powerful large language model (LLM) and attract as many users as possible to their own platform. Three factors are decisive here: firstly, access to high-quality data for training and using the models. Secondly, the ability to reach users as directly as possible and understand their behaviour in the most effective ways available. And thirdly, access to high-performance computer chips and the data centres required for AI applications. In addition to the large US hyperscalers, Chinese technology groups are also striving to keep up with the global competition. At the same time, some smaller European providers are positioning themselves in specific niches. In the long term, only three to seven generalist AI models with global relevance are likely to



prevail worldwide. These will be complemented by specialised industry solutions and regional models. Companies that do not invest sufficiently risk falling behind the competition or being overtaken. As long as investments can be financed through profits or corporate actions, the battle for technological supremacy is likely to continue. The assumption, then, is that capital expenditure will not fall in the coming years, but will continue to rise.

Technological change

Investments in generative artificial intelligence are increasingly becoming apparent in everyday life. Almost every company is now trying to gain a competitive edge through the use of AI applications or AI-assisted support services. So far, however, shifts in the competitiveness of individual companies have only been noticeable in isolated cases. It is probably too early to speak of significantly higher growth or sustainably improved margins having already been achieved as a result of AI applications. In all likelihood, it will take months or even a few years before artificial intelligence fundamentally changes the competitive environment even in traditional economic sectors.

Rising corporate earnings – an important driver of the equity markets

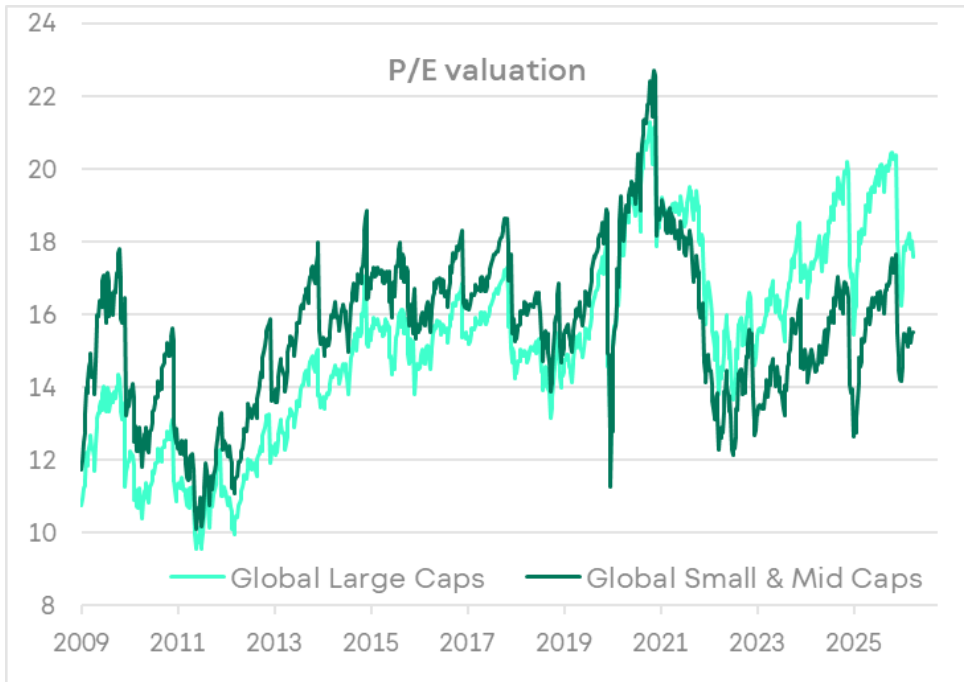
The current price increases in the equity markets appear high in some cases and exaggerated in some segments. However, valuations are supported by strong growth and robust corporate earnings momentum. Despite geopolitical tensions and political uncertainties, Corporate America surprised in the first quarter, achieving significantly better results than expected. The S&P 500 companies reported earnings growth of 29% in the first quarter, following a forecast of only 13% growth at the start of the reporting season. Companies also issued largely positive outlooks. Earnings growth of 22% is now expected for the second quarter with around 23% anticipated for the year as a whole. Positive earnings revisions since the start of the year and continued high liquidity seeking investment opportunities are supporting the equity markets.

Global small and mid caps attractively valued

While global large caps tend to be richly valued by historical standards and currently trade at a premium of around 12% to their 15-year average, global small and mid caps are trading slightly below their long-term valuation average. Compared to large caps, small and mid caps currently look attractively valued. They currently trade at a discount of around 12% compared to large caps. This contrasts sharply with the period from 2009 to 2021, during which small and mid caps were traded with a valuation premium over large caps for long periods (see chart below).



Valuation comparison of global small and mid caps versus large caps



The following valuation chart illustrates this trend in clear terms. During boom periods, small and mid caps were often traded at a premium of up to 20% over large caps. However, this valuation premium has declined steadily over the past ten years. Since 2021, small and mid caps have even been trading at a discount to large caps.

Lower valuation of global small and mid caps as compared to large caps

