



Investment Guide

When MANGOS grow on Wall Street

CIO House View
JULY 2026



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When MANGOS grow on Wall Street

We are currently experiencing one of the hottest months of June since records began. The trajectory of financial markets is almost equally feverish. The rally in equity markets is driven particularly by the major beneficiaries of the AI era. Around this topic, a new acronym has emerged: MANGOS. While this may be fitting for the summer weather, it has nothing to do with the actual fruit.

The term refers to companies considered to be the major beneficiaries of the AI era. While there is no universally accepted definition, MANGOS may, depending on the source, include Meta or Microsoft, Amazon or Anthropic, along with Nvidia, Google, OpenAI, and SpaceX. What they share is their key role across the AI value chain, from models and computing power, to semiconductors, and the commercialization of new applications. As a result, a significant proportion of market performance is now concentrated in a few companies and specific sectors. This exceptional concentration is also one of the main risk factors in the current market phase. What has fueled the rally so far could, should expectations shift, also trigger broader consolidation.

What applies to weather is also valid for financial markets. Every heatwave is eventually followed by a cooldown. After the strong price increases of recent months, consolidation would be quite healthy, perhaps even overdue. However, such a correction does not necessarily signal the start of a bear market. As long as the fundamental drivers, chief among them robust corporate earnings, remain intact, there is good reason to believe that the long-term trend can continue.

For investors, discipline matters more than impulsive action. It is therefore advisable to critically assess the portfolio's dependency on AI themes, individual technology stocks, and momentum factors. Broader diversification can help mitigate concentration risk, without foregoing the structural opportunities presented by the AI revolution. Those who are well prepared for the hot days ahead need not fear a temporary cooldown.

Enjoy the read.

Best regards,



Gzim Hasani

Chief Executive Officer
CEO



Bekim Laski, CFA

Chief Investment Officer
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Global Economy

- A sustainable easing of the Iran conflict is crucial for central banks to gain back policy flexibility.
- The United States and Switzerland remain relatively resilient, while Europe is more affected by rising energy costs.
- While central banks continue to pursue restrictive policies, AI-driven investments are still supporting economic growth.

From energy shock to restrictive normalization

The Memorandum of Understanding between the US and Iran to end the conflict, along with the gradual reopening of the Strait of Hormuz, led to a noticeable easing in the energy markets in June, even though the agreement remains fragile. As oil risk premiums decline, immediate inflationary pressures are abating. However, the major central banks continue to pursue a restrictive course. Thus, the dominant regime remains restrictive monetary policy amidst moderate disinflation, rather than a quick return to a low-interest environment.

US resilience meets interest rate hike bias

The June Fed decision under Kevin Warsh left the key rate corridor unchanged but sent a clear signal of tightening. Half of the committee now expects rate increases this year, and financial markets almost fully price a hike by September. At the same time, the US economy continues to demonstrate remarkable resilience. Robust domestic demand, a strong AI-driven investment cycle, and solid corporate earnings continue to support growth. Annualized GDP growth of around 1.6% in the first quarter, which, according to consensus estimates, is expected to exceed 2.3% in the second quarter, together with persistently expansionary forward indicators such as the ISM indices, suggest that the economy has so far coped well with higher interest rates. As a result, the US is likely to remain a key driver of global growth, even in a restrictive monetary policy environment.

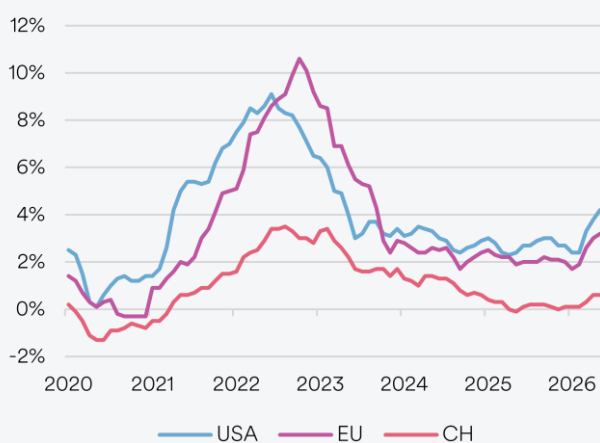
ECB tightens into weakness

In June, the ECB raised its key interest rate by 0.25 percentage points as expected, as inflation increasingly extends beyond the energy sector to services. However, growth remains the central dilemma. The euro area expanded by only 0.1% in the first quarter, and the European Commission lowered its GDP forecast for 2026 to 0.9%, alongside higher inflation of 3.0%. This increases the risk of a monetary policy error similar to that of 2011, when tightening occurred amid a weakening economic cycle. The labor market remains the most resilient part of the euro area's economy, supporting private consumption, although real income continues to be burdened by high energy costs.

Switzerland keeps its exceptional stance

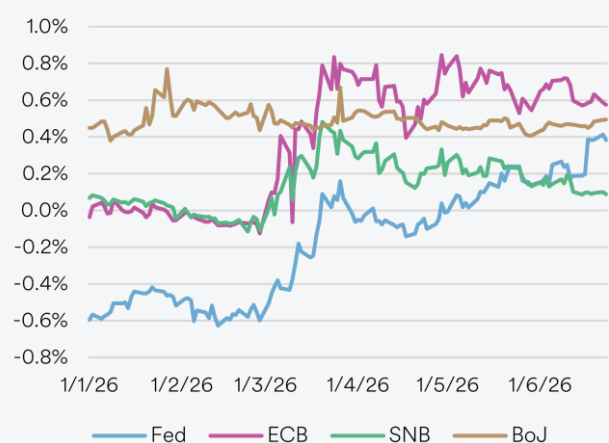
The SNB left its key interest rate unchanged at its June meeting and reaffirmed its heightened readiness to intervene in the currency market should there be a sudden appreciation of the franc. Inflation in Switzerland remains comfortably within the price stability range, and GDP grew by 0.4% quarter-on-quarter, significantly outpacing the euro area's dynamics. Lower dependence on energy imports and the appreciation of the franc dampen the transmission of higher energy prices to the domestic economy and give Switzerland a considerable stability advantage compared to other countries. The SNB may wait while other central banks are under pressure. Hence, the SNB is likely to leave the key interest rate unchanged this year.

Fig. 1: Inflation trend: USA, Eurozone, and Switzerland
Headline inflation year-on-year, 2020–2026



Source: Bloomberg, smzh ag. 31/05/2026

Fig. 2: Sharply higher rate-hike expectations
Market expectations for cumulative rate changes in 2026



Note: The chart shows market expectations for cumulative rate changes by December 2026, derived from swap rates. The baseline is the policy rate as of 1 January 2026. Negative values represent expected rate cuts, positive values rate hikes.
Source: Bloomberg, smzh ag. 23/06/2026

Fixed Income

- Attractive absolute returns and solid corporate balance sheets continue to support high-quality bonds.
- Emerging market bonds keep their relative strength and continue to offer appealing total return opportunities.
- Alternative investments with low dependence on economic and financial market cycles provide additional diversification.

Easing geopolitical risks meet restrictive monetary policy

Global bond markets were shaped by two opposing forces in June. While lower oil prices could have dampened inflation risks and, in turn, favored a stronger decline in interest rates, the restrictive stance of key central banks countered this effect and limited the overall decline in yields. Consequently, yields fell only modestly, except for Switzerland, where ten-year government bond yields have again approached pre-war lows.

High-quality corporate bonds in demand

Investment grade and high-yield corporate bonds outperformed government bonds on a total return basis in June. Solid corporate balance sheets, robust cash flows, and persistently elevated levels of absolute yields provide support. At the same time, differentiation within credit markets is increasing. While broad credit spreads in the high-yield segment have remained relatively stable so far, weaker-quality segments are increasingly subject to revaluation. Companies with high leverage, weak interest coverage, or limited refinancing flexibility are facing increased scrutiny. However, demand for higher-quality bonds should remain robust, given their attractive running yields. The focus should therefore be on issuers with strong balance sheets, high interest coverage, and clear refinancing capability, with short to medium maturities to limit duration risk in a still uncertain rate environment.

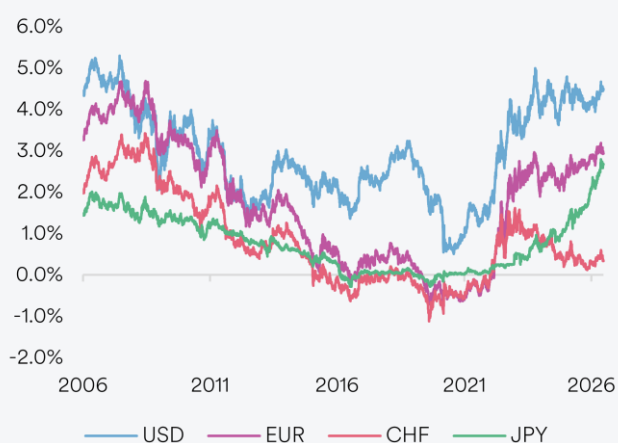
Constructive environment for emerging market bonds

Emerging market bonds remained among the strongest segments of the bond markets in June, benefiting from improved global risk sentiment, lower energy prices, and easing geopolitical tensions. Credit spreads continued to narrow and now stand at twenty-year lows. Many emerging economies have shown resilience despite geopolitical pressures, supported by structurally improved external positions such as higher foreign currency reserves, more stable current accounts, and, in some cases, more solid government finances. Therefore, the environment remains constructive. However, tight spreads limit valuation flexibility and pose a widening risk should sentiment shift. Despite low spreads, absolute yields remain elevated, offering attractive total return opportunities.

For Swiss investors, a mix of investment grade bonds, high-quality high-yield bonds, and selective emerging market bonds remains appealing. To limit currency risks, a CHF-hedged allocation is recommended, despite hedging costs of approximately 3.9% for USD/CHF and 2.4% for EUR/CHF. For investors with greater tolerance for illiquidity, alternative investments such as catastrophe bonds are an attractive diversification element, thanks to their low dependence on traditional economic and financial market cycles.

Fig. 3: Steep increase in longer-dated bond yields

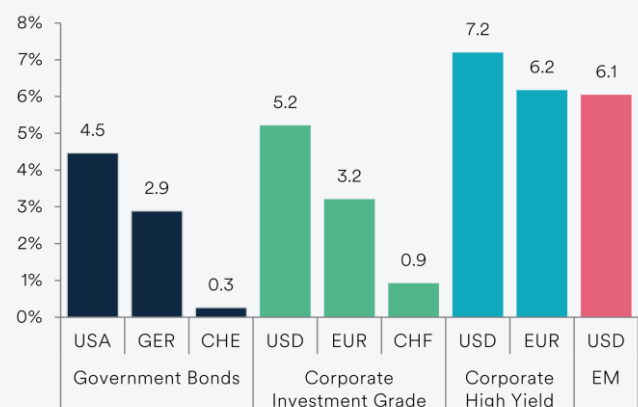
10-year government bond yields since 2006



Source: Bloomberg, smzh ag. 23/06/2026
Past performance is no indication of future results.

Fig. 4: Current yields in selected bond markets

Yield-to-worst in %



Source: Bloomberg, smzh ag. 23/06/2026
Past performance is no indication of future results.

Equities

- Many equity markets have reached new all-time highs, driven by AI and consistently solid corporate earnings.
- AI remains the dominant driver but increases concentration risks across global equity markets.
- Technology continues to lead, with the US and emerging markets the main beneficiaries, while European equities and Swiss dividend stocks offer attractive diversification alternatives.

Easing of geopolitical risks provides tailwind

Many equity markets continued their upward trajectory in June, even though the macroeconomic environment appears more challenging at first glance. While the US Federal Reserve adopted a noticeably more restrictive stance and fixed income markets shifted expectations from rate cuts to rate hikes, easing geopolitical tensions in the Middle East provided a strong counter-impulse.

AI remains the driver, but market breadth stays narrow

Artificial intelligence continues to be the dominant structural investment theme of the year. Technology companies in the US, Taiwan, and South Korea in particular have benefited from substantial investments in data centers, semiconductors, and digital infrastructure. The resulting profits have propelled several global equity indices to new highs, with the MSCI Emerging Markets up roughly 25% in USD since the beginning of the year, primarily driven by semiconductor and AI stocks in Taiwan and South Korea. However, this trend also comes with risks. Market performance is increasingly concentrated in a small group of AI and semiconductor companies. This is also evident in the US. Companies outside the AI sector have contributed little to index gains, with concentration levels in many equity indices reaching historic highs. While this does not call into question the long-term attractiveness of the AI theme, it does underline the importance of a disciplined approach.

Diversification gains in importance

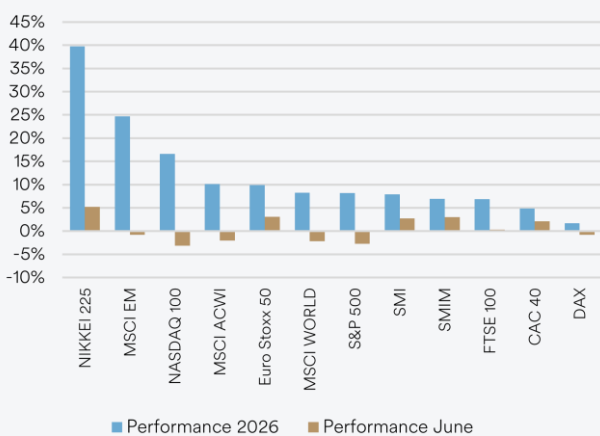
Although the US and the technology sector continue to lead overall markets and, as a result, also support emerging markets, diversification strategies are becoming increasingly relevant. This is not a reflection of skepticism toward AI but a response to the exceptionally high concentration in individual stocks, sectors, and regions across global equity markets. Broadly diversified approaches allow for a reduction in concentration risks without foregoing exposure to structural growth drivers for the coming years.

Eurozone remains attractive while Switzerland offers stability

Moreover, equities in the Eurozone remain attractive due to their favorable valuations and could benefit further from an easing of geopolitical risks as well as a normalization of energy prices. Swiss dividend stocks offer defensive qualities and stable cash flows and should continue to be overweighted in balanced portfolios, especially in the current environment of heightened macroeconomic uncertainty.

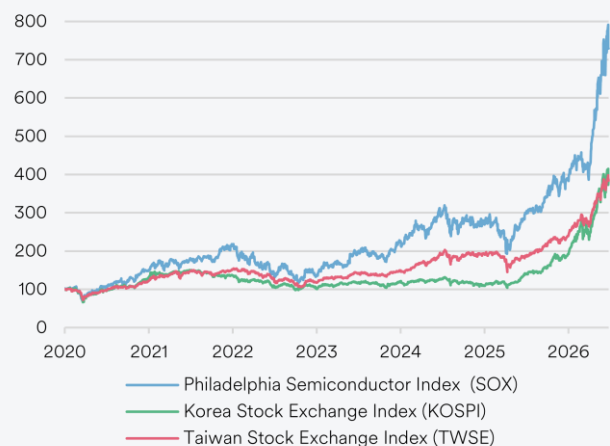
Beyond positioning, the overall economic backdrop remains constructive. Robust consumption, stable access to capital, supportive fiscal impulses, and a recovery in industrial production point to continued solid corporate earnings. Structural growth trends also appear intact, though a more selective approach within the AI sector is increasingly advisable.

Fig. 5: Major equity markets in local currency, total return
Year-to-date returns



Source: Bloomberg, smzh ag. 23/06/2026
Past performance is no indication of future results.

Fig. 6: Semiconductors pull ahead
Indexed to 100 as of 1 January 2020



Source: Bloomberg, smzh ag. 23/06/2026
Past performance is no indication of future results.

Currencies and Gold

- The Swiss franc is facing short-term weakness, driven by US dollar strength and higher US interest rates.
- However, the structural strength of the franc remains intact, supported by solid fundamentals and quality characteristics.
- Despite increased volatility, gold continues to serve as an attractive diversification asset in portfolios.

Dollar strength the dominating force

June was marked by broad US dollar strength. The Fed's more restrictive stance intensified expectations for a prolonged period of higher US interest rates, leading to increased global demand for the dollar. Against this backdrop, the franc's weakness is not an expression of a changed view of Switzerland, but rather a consequence of dollar strength and reduced demand for safe havens due to easing geopolitical tensions. The franc depreciated by about 3.7% against the US dollar and 1.3% against the euro, with most of the movement occurring in the latter half of the month following the Fed's decision. Due to the SNB's reaffirmed willingness to intervene in currency markets, short-term recovery attempts by the franc proved unsuccessful.

Short-term weakness, structural long-term strength

Switzerland's fundamental exceptional position remains intact. Official forecasts for 2026 project growth of around 1% and inflation of 0.6%, firmly within the price stability range. As a result, the inflationary outlook is still considerably more comfortable than in many other developed economies. The recent franc weakness is therefore primarily cyclical and driven by dollar dynamics, while the structural supportive factors remain unchallenged. The franc thus remains a long-term quality currency, though short-term developments are likely to be influenced more by global interest rate differentials, dollar movements, and risk appetite in global markets.

Turbulent June for gold despite steady demand

Gold experienced a turbulent June, declining by about 10% as a combination of macroeconomic headwinds outweighed its structural supporting factors. The main driver was market participants repricing the risk that the Fed might raise interest rates soon in response to persistent inflation. This strengthened the US dollar and pressured non-interest-bearing assets such as gold. While gold is often seen as an inflation hedge, higher inflation does not necessarily lead to a higher gold price. If higher interest rates are priced in simultaneously, this can depress the gold price because the opportunity costs of holding gold increase.

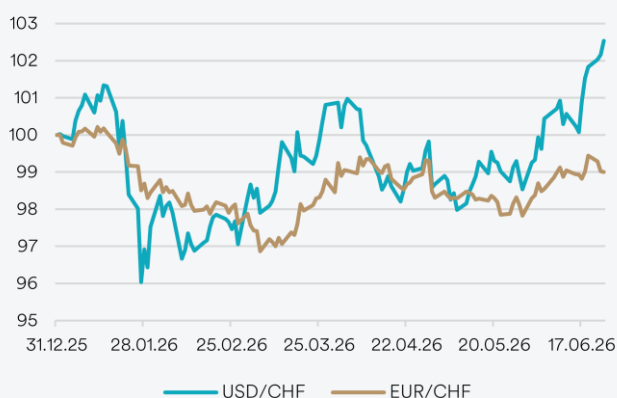
Gold remains an attractive diversifier for portfolios

Despite occasional sharp setbacks, the fundamental factors supporting gold remain intact. Gold is regarded as a hedge against monetary risks such as currency depreciation, rising deficits, and economic slowdown. Central banks continue to buy gold, albeit somewhat more cautiously, and inflows into ETFs remain robust.

Geopolitical tensions, uncertainty regarding US policy, and concerns about US fiscal issues continue to support demand, even if volatility is elevated at times.

Fig. 7: CHF versus USD and EUR year-to-date

Indexed to 100 as of 1 January 2026



Source: Bloomberg, smzh ag, 24/06/2026
Past performance is no indication of future results.

Fig. 8: Rising interest rates weigh on gold price

Gold price vs. yields on 2-year US Treasury bonds



Source: Bloomberg, smzh ag, 24/06/2026
Past performance is no indication of future results.

Cryptocurrencies

- Bitcoin has dropped more than 15% from its May peak of over USD 82,000, trading in a range of roughly USD 60,000-USD 65,000 throughout June as macro headwinds dominate.
- Institutional selling has eased but demand has not fully returned, pointing to stabilization rather than recovery.
- Regulatory progress became a key upside watchpoint after the CLARITY Act entered the Senate calendar.

Fed’s hawkish stance weighs on Bitcoin’s recovery

Bitcoin is currently in a fragile stabilization phase. The key pressure point remains weak institutional demand: Bitcoin ETFs continued to record net outflows in June. However, the pace of redemptions has recently slowed, suggesting that selling pressure is easing, while a sustained return of capital inflows has yet to emerge. This indicates that the most aggressive phase of selling may be fading, but the market has not yet found a new demand catalyst.

The dominant macroeconomic driver remains US monetary policy. Following the Fed’s June meeting, expectations for 2026 rate cuts were pushed back, while the median projection even shifted toward a possible hike as early as September. With inflation risks still skewed to the upside, higher-for-longer rates and a firmer dollar keep safer yield instruments more attractive and raise the opportunity cost of holding non-yielding assets such as Bitcoin. This hawkish policy backdrop remains a key headwind for BTC’s recovery.

Regulation as a potential structural catalyst

Beyond short-term market dynamics, regulation is increasingly becoming a key focus. If passed, the US CLARITY Act could provide greater legal clarity around digital assets and improve the regulatory framework for institutional investors. Its significance lies less in an immediate price impact and more in its potential to support long-term institutional adoption.

Greater regulatory certainty could be particularly relevant for large asset managers, as regulatory ambiguity has historically been a major barrier to broader institutional participation in digital assets. The CLARITY Act became a key potential catalyst for Bitcoin after it was placed on the Senate Legislative Calendar on 1 June 2026, making it eligible for full Senate consideration.

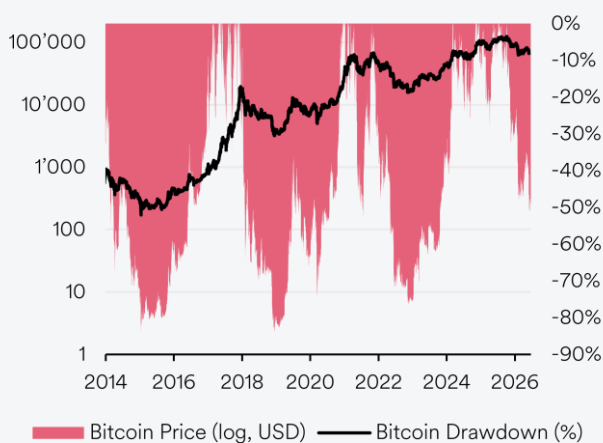
Stabilization rather than renewed capitulation

From a technical perspective, Bitcoin is entering a phase of stabilization rather than a confirmed recovery. Even after June’s decline, Bitcoin’s drawdown from the recent peak remains considerably smaller than the deep 50%-80% setbacks of past cycles, highlighting a more resilient market structure. ETF outflows and macro competition from higher-yielding assets, a strong dollar and AI-related equities remain major headwinds, but the pace of institutional selling appears to be slowing.

For now, price stabilization, easing redemptions and corporate treasury accumulation suggest an ongoing consolidation rather than a fresh breakdown, with ETF flows, options positioning and the CLARITY Act the key developments to watch next.

Fig. 9: Bitcoin drawdown remains contained

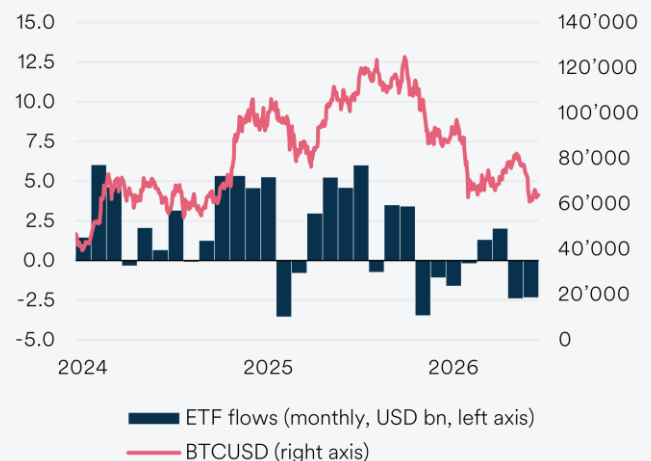
Peak-to-trough decline vs. BTC price



Source: Bloomberg, smzh ag. 24/06/2026

Fig. 10: ETF flows remain negative in June

Monthly net flows into US spot Bitcoin ETFs and BTC price



Source: Bloomberg, smzh ag. 24/06/2026



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