MONTHLY NEWSLETTER

FEBRUARY 2026

The Forum Finance Group S.A.

KEY ECONOMIC DATA

- US real Gross Domestic Product (GDP) grew at an annualized rate of 1.4% in Q4, well below the consensus estimate of 2.5%.
- The US personal consumption expenditures (PCE) price index rose 2.9% year-on-year in December, slightly above the 2.8% increase recorded in November 2025.
- The US headline Producer Price Index (PPI) increased 0.5% month-on-month, beating the 0.3% consensus, while the core PPI jumped 0.8%, underscoring that the Federal Reserve has limited room to ease policy.
- Germany's Ifo Business Climate Index rose to 88.6 points in February 2026, its highest level since August 2025, signalling a tentative improvement in corporate sentiment.
- Euro area consumer confidence was confirmed at -12.2 in February, the highest since November 2024 and slightly better than -12.4 in the previous month.
- Japan's GDP expanded by 0.1% quarter-on-quarter in Q4 2025, rebounding from a 0.7% contraction in Q3.
- China's Manufacturing Purchasing Managers' Index (PMI) fell to 49.0 in February, marginally below expectations of 49.1; a reading below 50 indicates contraction in manufacturing activity.

"The world as we know it has ended," warned Singapore's foreign minister.

21.9%

PERFORMANCE OF MSCI KOREA

INVESTMENT PERSPECTIVE

The Iran conflict has injected a classic geopolitical risk premium into energy and shipping, but it is landing on a very different macro situation from the late 1970s. Euro area inflation is projected to drift slightly below 2% in 2026-27 while growth hovers around 1.25%, and China is trying to pull itself out of a low-inflation, borderline-deflation environment with growth in the 4.25-5.0% range. That combination argues more for a volatility shock and a redistribution of income between energy consumers and producers than for a repeat of the second oil shock's entrenched stagflation.

A prolonged disruption to flows through Strait of Hormuz, or successful attacks on large Gulf production facilities, would turn a risk-premium episode into a genuine supply shock, with far larger and more persistent implications for European inflation and global growth. For now, major central banks, including the ECB, can still frame this as a relative-price shock in an otherwise disinflationary world, which argues for caution rather than a wholesale hawkish pivot.

The key systemic risk is disruption around the Strait of Hormuz, where roughly 20% of global oil flows, shutting or severely constraining this route could temporarily remove even after rerouting, which would justify a much larger and more persistent price jump.

Running alongside the geopolitical shock is a quieter, but important, repricing in private credit, where Blue Owl's decision to permanently curtail quarterly redemptions in a flagship retail-oriented fund has become a "canary in the coal mine" for semi-liquid vehicles.

The core lesson for investors is that many private credit products have offered public-market-like liquidity on top of fundamentally illiquid, bespoke loans; as outflows rise and secondary markets clear at deep discounts to NAV for some vehicles linked to managers such as BlackRock and KKR, the promised liquidity is being revealed as conditional.

This looks less like the start of a systemic default cycle and more like a regime shift in how investors price illiquidity and valuation opacity in a world where 5% government bond yields and attractive spreads are available in transparent, tradable credit.

FORUM FINANCE

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INVESTMENT STRATEGY

Even if disinflation and a soft landing remain plausible, the risk of sustained 90–110 USD oil and a policy mistake has risen, so our margin of error around the central scenario needs to be more evenly balanced than in early-January's "Goldilocks" mindset.

In Europe, where inflation is still expected to undershoot target in 2026–27, higher energy prices are more likely to delay and complicate ECB easing than to reverse it, unless oil moves disorderly well above 100 USD and triggers clear second-round effects.

In China, higher import bills are another headwind to fragile domestic demand, but authorities stand ready to counter this with targeted fiscal and credit support to defend growth and break deflation psychology.

In a pure growth scare, duration should still rally; in an oil-led inflation shock, the reaction is more ambiguous as central banks hesitate to ease, so duration remains a hedge but with a lower "bang for the buck" than in past geopolitical episodes.

Valuations remain rich in developed-markets equities, particularly in the United States, while long-term expected returns cluster in the mid-single digits for stocks and low- to mid-single digits for high quality bonds, implying limited margin for error at today's prices.

Mark Carney at Davos:
"Let me be direct. We are in the midst of a rupture, not a transition"

PORTFOLIO ACTIVITY

We are adopting a resilience-maximising stance: keeping risk in our positioning but tilting more explicitly toward assets that either benefit from, or are buffered against, an oil- and inflation-scarred growth path, for example value equities.

This argues for slightly less aggregate beta (equities, tight credit), more structural hedging (commodities, gold, liquid hedge funds), and a premium on liquidity so we can add risk into any overshoot or de-escalation.

Credit spreads look vulnerable, as all-in yields already embed a benign default cycle; lower-quality high yield and leveraged loans are most exposed to the combination of higher funding costs and weaker growth. In that context, we have reduced credit exposure across our portfolios and redeployed part of the proceeds into a global long/short credit strategy, aiming to capture alpha rather than simply clipping current yield.

Since the beginning of the year, we have reduced our equity allocation in two steps, the latest move having been implemented in mid-February.

In addition, we have lowered our aggregate market sensitivity in Europe by introducing a European event-driven hedge fund and, at the same time, increased our multi-strategy hedge fund allocation, with the objective of benefiting from a return of volatility and dispersion; so far, this has indeed been rewarded in a more uncertain environment.

We remain alert to any change in the situation in the Middle East and do not exclude increasing our equity exposure in the event of an easing of tensions and an interim release of risk premia.

	31/12/2024	31/12/2025	27/02/2026	Month-to-Date	Year-to-Date
Yields (%)				Δ In basis points	Δ In basis points
US 3-Month	4.31	3.63	3.66	0	3
German 3-Month	2.49	1.99	1.90	-6	-9
US 2-Year	4.24	3.47	3.37	-15	-10
German 2-Year	2.08	2.12	2.00	-9	-13
US 10-Year	4.57	4.17	3.94	-30	-23
German 10- Year	2.36	2.85	2.64	-20	-21
Currencies				Δ In %	Δ In %
EUR/USD	1.0354	1.1746	1.1812	(0.3)	0.6
USD/CHF	0.9074	0.7926	0.7693	(0.5)	(2.9)
EUR/CHF	0.9401	0.9307	0.9085	(0.9)	(2.4)
GBP/USD	1.2516	1.3475	1.3482	(1.5)	0.1
Commodities				Δ In %	Δ In %
Oil (WTI)	$71.7	$57.4	$67.0	2.8	16.7
Copper	$402.7	$568.2	$600.5	1.4	5.7
Gold	$2,625	$4,319	$5,279	7.9	22.2

Source: Bloomberg Finance L.P.

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