ALTUS
INVESTMENT

Market Update

September 2026

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August Market Returns

Equity Indices

Index	1M Change	YTD Change	12M Change
S&P 500	2.62%	11.45%	18.98%
NASDAQ Comp.	4.18%	15.69%	25.80%
FTSE 100	(0.40)%	8.89%	17.82%
Hang Seng Index	(1.23)%	(1.11)%	1.95%
Nikkei-225	3.03%	31.73%	55.23%
Euro Stoxx 50	0.98%	10.76%	19.96%
MSCI World Index	2.48%	11.43%	18.91%
MSCI EM	3.21%	22.59%	36.62%
Shanghai Comp.	4.02%	0.53%	3.33%
NIFTY 50	(1.24)%	(7.16)%	(1.42)%
Ibovespa Brazil	(0.33)%	10.11%	25.45%
S&P MERVAL Argentine	(7.82)%	(0.58)%	52.85%

Fixed Income Yields

Tenor	Yield	1M Change	YTD Change
US 2Y	4.34%	5 bps	89 bps
US 10Y	4.75%	2 bps	63 bps
US 30Y	5.24%	(3) bps	44 bps
UK 10Y	5.06%	1 bps	57 bps
JGB 10Y	2.96%	15 bps	89 bps
DE 10Y	3.32%	12 bps	47 bps
ETF	**Yield**	**1M Change**	**YTD Change**
LQD (iShares Inv. Grade Corp. Bond ETF)	5.91%	0.01%	0.61%
HYG (iShares iBoxx High Yield Corp. Bond)	7.46%	(0.04)%	0.62%
EMB (iShares J.P.Morgan EM Bond ETF)	6.81%	(0.01)%	0.54%
EMLC (V.E J.P. Morgan EM Local Currency Bond)	7.31%	0.02%	0.38%

Other Assets & FX Rates

Asset	Price (USD)	1M Change	YTD Change
Brent	90.7	0.69%	46.58%
Gold	4,437.4	9.67%	2.26%
Silver	66.6	15.59%	(12.74)%
Uranium	87.8	1.45%	7.21%
Soft Commodities	29.3	6.54%	14.60%
Bitcoin	78,853.8	25.37%	(10.58)%
Currency Pair	**Rate**	**1M Change**	**YTD Change**
EUR/USD	1.16	0.79%	(1.11)%
USD/JPY	159.7	1.48%	2.13%
GBP/USD	1.35	0.49%	0.60%
USD/CHF	0.81	0.10%	2.10%
USD/CAD	1.39	(1.19)%	1.15%
AUD/USD	0.72	2.10%	7.04%

September Outlook

- On software, we still expect Anthropic to IPO in October and given their very heavy focus on PR and marketing recently, we see them continuing to shake off their "death star" image and present an increasing number of partnerships with software companies as we recently saw with Salesforce
- On the Macro side, markets are focused on the Federal Reserves September meeting. Currently the market is pricing in 2 rate hikes by year end, and a 66% probability of a rate hike in September. The President really won't like this
- United Nations General Debate occurs during the week of September 21st with Japan's PM Takaichi and President Trump addressing the delegations on 22nd . Amid the Japanese crisis and US administration's intensified peace-making efforts in Russia-Ukraine war, this should be interesting

Interesting (Crazy) Numbers

- **$40tn –** The value of US public debt crossed the $40 trillion mark on 18th August, the highest nominal sovereign debt level ever recorded.
- **$600bn –** Expected 2026 hyperscaler capex; over four times the annual capex of the entire listed US energy sector
- **5.85% –** The annual yield on the UK 30yr Gilt; the highest level since 1998.
- **$145.2bn –** of new issuance of US investment-grade bonds in August, a new record; a large proportion going to fund the AI buildout.
- **0.03 –** Nvidia's three-month rolling correlation with the wider SOX semiconductor index; collapsing from 0.75.
- **87% –** the chance of a BoJ rate hike, up from 50% previously, on higher yields.

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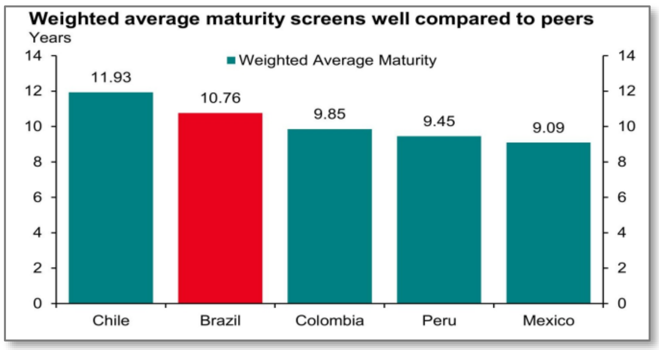
What Has Caught Our Attention

Brazil, Waiting for the Cost of Capital to Blink?

- Brazil is increasingly interesting because the investment case does not depend on the economy becoming perfect; much of the difficulty is already reflected in asset prices. Growth is slowing under the weight of exceptionally restrictive monetary policy, with 2026 GDP growth expected at around 1.95%, the Selic (the Brazilian benchmark rate) is still at 14% and 10-year real yields close to 7.8%. Fiscal policy remains the principal macroeconomic concern, but this is also the most heavily discounted risk. The Ibovespa trades at roughly 8.3x forward earnings, around an 18% discount to its 10-year average, while broader valuation work suggests the market is approximately 20% undervalued. Itaú BBA's framework goes further, estimating that current pricing effectively embeds a 70% probability of a bearish outcome. The opportunity, therefore, is not simply that Brazil is cheap; it is that investors are being compensated for risks that are already widely understood.

Figure 6 - MSCI Brazil Trading at 8.1x 12-mth Fwd. P/E
Based on consensus

- The key transmission mechanism is interest rates. High real yields currently pull domestic savings into government bonds, increase corporate financing costs and suppress credit-sensitive areas such as retail, property and investment. Yet that creates significant upside if fiscal credibility improves and the risk premium embedded in the yield curve begins to fall; especially with the weighted average of Brazilian Government bonds sitting at 10.8%. Consensus still expects the Selic to end 2027 at around 12%, so the market is not pricing an aggressive normalisation cycle. A more credible post-election fiscal framework could allow long-term yields to fall before reported fiscal data materially improves, lowering discount rates, supporting the real and releasing domestic capital back into equities. Importantly, Brazil also retains a powerful external earnings engine through oil, iron ore, agriculture and other commodities, providing resilience while the domestic economy waits for monetary conditions to ease. Export-oriented companies including Petrobras and Vale saw net income rise 31.6% year-on-year in the second quarter of 2026, even as domestically focused non-financial companies remained under pressure.



Weighted average maturity screens well compared to peers

- Brazil offers attractive re-rating potential as high real rates, depressed valuations and defensive positioning normalise. More importantly, wide dispersion across small caps, domestic cyclicals, exporters and state-owned companies creates a fertile environment for active management. The broader market provides the beta opportunity, while differentiated sensitivities to rates, politics and macro conditions give strong equity managers scope to generate genuine stock-selection alpha.