LAPIS
ASSET MANAGEMENT

LAPIS INVESTOR LETTER
Q1 2026

Teaser:

- A less stable world makes quality investing more important than ever
- LAPIS Top 5 Performers led by LAPIS Global Natural Resources 25 DY Analysis +22.51%

"The Clear Path to Growth"

Staying Focused in a Year of Noise

Dear Clients and Partners,

2026 has started with two themes that many investors are watching closely: renewed conflict in the Middle East and the rapid development of artificial intelligence. Both create uncertainty, but in very different ways. The situation in the Middle East reminds us how quickly geopolitical events can affect sentiment, energy prices and inflation expectations. AI, by contrast, is not a sudden shock, but a structural force that is already changing how companies operate, compete and grow.

In both cases, I believe the same principle applies: we should be careful not to confuse activity with clarity. Markets will always react quickly to new headlines. But the real challenge for investors is not to predict every event correctly. It is to stay focused on what matters over time. At LAPIS, we have never believed that long-term investment success comes from trying to forecast every short-term move. It comes from discipline, avoiding major mistakes, and owning strong businesses that can remain resilient through different market environments.

This is also how I think about AI. We follow these developments with great interest, both in the investment universe and in our own work. There is no doubt that AI will create opportunities, but also disruption. Some companies will benefit enormously, while others will struggle to adapt.

At the same time, AI is becoming a valuable tool for us internally. It helps us analyse faster, structure information better and improve efficiency from research to implementation. What is encouraging is that this development does not weaken the LAPIS Way — it strengthens it. The more we work with these tools, the more we see that technology can improve analysis, but not replace judgment. The future is not driven by logic alone, but also by human behaviour, emotions and interpretation.

This quarter's Deep Dive and LAPIS Strategy reflect exactly that thinking. In a world where inflation, geopolitics and technology are all shaping markets at the same time, quality matters more than ever. That same thinking also lies behind our LAPIS Premium Dividend 40: a focused "best of the best" portfolio of high-quality dividend companies built for long-term investors who value resilience, discipline and sustainable wealth creation.

I hope you enjoy reading this edition.

Warm regards,

Andreas Wueger

CEO, LAPIS Asset Management

Momentum, Milestones and Market Recognition

Camilla Fattarina and Carlo Giorgi

Innovation & Product News

NEW STRATEGIC LAUNCH: LAPIS (CI) JAPAN SELECTED 33 AMC

Japan is undergoing a structural economic shift, moving from monetary expansion toward growth-oriented fiscal policy. Together with record corporate buybacks and dividend yields above 2%, this has helped the Topix outperform both the S&P 500 and the broader Asia-Pacific region in early 2026. To capture this momentum, we have launched the **AMC on the LAPIS (CI) Japan Selected 33 Basket**. The strategy is developed in collaboration with **Pelham Smithers**, a specialist independent research provider advising on stock selection.

Key features:

- 33 Japanese companies, equally weighted
- Quarterly rebalancing
- Focus on prime section leaders
- Track record: 13.91% average annual return since 2018

A timely opportunity to access Japan's evolving growth cycle.

Subscription Period: 19.03.2026 - 22.04.2026
Issue date: 30 April 2026

Find out more

THEMATIC STRATEGY: LAPIS GLOBAL ENERGY & POWER SYSTEMS 30 DY

Rising geopolitical tensions and energy security concerns are once again highlighting the strategic importance of energy and infrastructure systems. At the same time, the transition toward more resilient and diversified power networks continues to accelerate. To capture these structural dynamics, we have developed the **LAPIS Global Energy & Power Systems 30**, a rule-based equity strategy focused on energy and smart grid infrastructure companies. The portfolio consists of 30 companies with a proven track record of stable and growing dividends.

Key features:

- 30 equally weighted stocks
- Semiannual rebalancing
- Focus on energy and smart infrastructure
- Track record: 27.63% average annual return since 2021

Targeted exposure to energy resilience, infrastructure and sustainable dividend income.

Find out more

LAPIS GLOBAL TOP 50 FUND

We are pleased to announce an important milestone for our LAPIS Top 50 Dividend Yield Fund. On February 9, the Fund's Class C USD reached a **price of USD 200.07**, marking the first time the share class has crossed the USD 200 level.

Since its inception on 18 November 2016, when the share price started at USD 100, the Fund has successfully **doubled its value**, net to investors. Achieving this milestone in just over ten years reflects the consistency of our investment approach and the resilience of the portfolio through different market environments.

The strategy focuses on a disciplined selection of high-quality companies with strong dividend profiles and sustainable cash flows. Over time, this approach has allowed the Fund to generate both capital appreciation and attractive income, while maintaining a long-term investment perspective.

Find out more

Macro & Market Insight

ARTIFICIAL INTELLIGENCE AT LAPIS: TECHNOLOGY SUPPORTING HUMAN EXPERTISE

Artificial Intelligence is rapidly transforming the financial industry. At LAPIS, we closely follow these developments and are exploring how AI can support and simplify some of our internal processes. In particular, we are evaluating ways to use AI to streamline operational tasks such as portfolio monitoring and rebalancing, where automation can help process large datasets more efficiently and improve workflow efficiency. However, **human judgment remains essential**. Financial markets are complex and influenced by many qualitative factors that algorithms alone cannot fully capture. **AI is a powerful tool**, but it is not infallible and **can produce errors** if data or assumptions are flawed. For this reason, at LAPIS we see AI as a **complement to human expertise, not a replacement.** Technology can enhance efficiency, but investment decisions will always rely on the experience, discipline, and oversight of our professionals.

Digital & Client Experience

We are currently working on the development of a **new website for LAPIS**, with a more modern design and improved usability. Our goal is to create a clearer and more intuitive platform, making it easier for clients and partners to access information and explore our investment solutions.
We look forward to sharing the new website with you in the coming months!

The Return of Monetary Fragility

Mathias Schanz

A more fragmented world is reviving an old problem: monetary fragility. Inflation never truly disappeared – it was simply felt very differently depending on who owned assets and who remained exposed to the rising cost of essentials. Today, geopolitical tension, energy insecurity and fiscal pressure are making money less reliable again. In such an environment, the case for quality equities becomes essential.

For a long time, many investors came to think of monetary stability as the natural backdrop of markets. Inflation seemed broadly contained, central banks appeared broadly predictable, and money itself felt almost invisible again: a neutral unit of account rather than an active source of risk. That view was always incomplete.

It is true that, in the years after the 2008 global financial crisis, headline inflation in many advanced economies remained unusually subdued by historical standards. But subdued consumer-price inflation did not mean that all prices were stable, nor that the burden of inflation was evenly shared. Asset prices rose strongly, while the cost of essentials such as housing, food, and healthcare weighed far more heavily on households with less financial flexibility. The recent inflation surge did not create this asymmetry from nothing; it exposed and intensified it. Lower-income households are structurally more vulnerable because essentials account for a much larger share of their spending, while households with more savings and access to financial assets are often better positioned to offset inflation through investment returns.

This distinction matters. The problem is not simply that inflation has “returned.” The deeper issue is that money has become visibly fragile again. In a world of higher public debt, greater geopolitical rivalry, energy insecurity and politicised trade, monetary stability can no longer be treated as a default assumption.

The recent rise in energy prices and the upward revision of inflation forecasts in Europe are reminders of that reality, not isolated anomalies. The ECB recently raised its 2026 inflation forecast to 2.6% and lowered growth expectations, explicitly citing higher energy costs and the risk of a prolonged Middle East conflict.

The relevant question for investors is therefore not whether one specific conflict will persist or fade. It is whether the wider regime has become less forgiving.

The Illusion of Stability

The years after the 2008 financial crisis trained investors to think in a particular way. Weak growth, low rates, abundant liquidity and modest headline CPI in many developed markets created the impression that inflation had been permanently subdued. Yet the experience of inflation was never uniform. For those who owned financial assets, lived in strong labour markets, and had enough surplus income to invest, the post-crisis decade often felt manageable. For those living close to subsistence levels, the picture looked different.

Inflation in necessities is experienced more directly than inflation in broad indices, because there is little room to substitute away from rent, utilities, food or transport. ECB research shows that lower-income euro area households spend around half of their total expenditure on rent, food and utilities, versus around a quarter for households in the top

income quintile. OECD analysis similarly highlights that rapid increases in the prices of essentials hit low-income households disproportionately. In other words: the last decade was not a period of pure monetary calm. It was, rather, a period in which inflation looked more contained from the perspective of aggregate statistics and financially flexible households than from the perspective of those most exposed to the prices of necessities. Then came Covid, supply shocks, war-related disruptions and the broad inflation burst of 2021 to 2024, which made monetary fragility visible to everyone. BIS research also finds that inflation shocks are heterogeneous across households, with low-income households especially exposed when food and energy prices rise more sharply.

That is why the current moment should not be understood as a sudden break from a perfectly stable era. It is better seen as a transition from a partly concealed fragility to a more openly visible one.

From Globalisation to Fragmentation

For roughly three decades, globalisation acted as a powerful disinflationary force. Production shifted to lower-cost regions. Supply chains became longer, leaner and more efficient. Capital moved more freely. Energy and goods flowed through a world optimised for cost minimisation rather than resilience. That world is changing.

Today, efficiency is increasingly being balanced — or replaced — by security, redundancy and strategic control. Supply chains are being shortened or duplicated. Critical industries are being reshored or subsidised. Trade is more frequently influenced by sanctions, export controls and industrial policy. Energy systems, once treated primarily as economic infrastructure, are again instruments of geopolitical leverage.

Ray Dalio’s writing on the breakdown of the post-1945 world order is relevant here, because it frames the underlying mechanics correctly. His argument is that the old order is weakening under the combined pressure of debt cycles, reserve-currency dynamics, trade imbalances and shifting geopolitical power. In such periods, capital becomes part of the conflict. This matters for inflation because fragmentation is less disinflationary than integration. A world that prizes resilience over lowest cost is more expensive. A world that stores more inventory, duplicates production capacity, and re-politicises energy and technology flows is less efficient by design. Even when this process is rational from a strategic standpoint, it raises the probability of structurally higher costs and more frequent supply-side shocks.

Recent market developments illustrate the point. The current energy shock has forced central banks to reassess the path of inflation and rates. The ECB and IMF are warning that a prolonged rise in energy prices could lift inflation and lower growth.

Monetary Fragility Rarely Arrives Alone

Monetary fragility is described too narrowly, as though it were simply an issue of headline CPI moving above target. In reality, it tends to emerge where several pressures combine: high debt burdens, political tension, fiscal strain, and a weakening confidence that nominal claims will preserve real value. This is why the subject deserves to be treated as a regime question. High debt alone does not cause inflation. Nor does one geopolitical shock automatically remake the monetary order. But when debt levels are elevated, fiscal space is constrained, and supply shocks recur – the system becomes more sensitive. Central banks have less room to be relaxed. Governments have stronger incentives to tolerate financial repression, persistent deficits or forms of gradual real debt erosion.

And investors become more aware that the “risk-free” label attached to nominal claims does not guarantee protection in real terms.

Dalio’s broader framework is again useful here. His emphasis is on the interaction between debt, power and money. When debt rises and geopolitical rivalry intensifies, the management of money becomes more political. Capital controls, financial plumbing and cross-border payment systems move to strategic instruments. That does mean the environment becomes less neutral.

A more fragmented world is also one in which inflation can no longer be analysed only through demand, output gaps and labour-market slack. Energy, logistics, national security and industrial policy become part of the inflation equation. The present moment in Europe is a clear example: the inflation outlook has worsened not because domestic demand is booming, but because external energy risks have returned with force.

Felix Somary and the European Memory of Money

Before modern macroeconomists built models of inflation expectations, Europe had already lived through monetary instability. That history is why Felix Somary remains a compelling figure.

In *The Raven of Zurich*, Somary writes as an observer of systems under strain: of governments overreaching, elites misjudging turning points, and monetary arrangements proving more fragile than contemporaries wanted to believe. The value of Somary today lies in his temperament: sceptical of fashionable certainty, alert to political incentives, and deeply aware that money can be undermined slowly long before it visibly breaks.

The book is widely read precisely as a historical memoir of financial judgment shaped by Europe’s monetary and political upheavals.

Somary’s perspective helps correct a common modern illusion: that the main danger to wealth comes in the form of dramatic crashes. Sometimes it does. But often the more persistent threat is quieter: the erosion of real purchasing power, the mispricing of nominal safety, and the gradual adaptation of society to a lower standard of monetary reliability.

This is one reason the inflation debate cannot be reduced to central-bank targets alone. A household that is officially told inflation is “normalising” may still face a very different lived reality if food, rent, or healthcare remain structurally expensive. And an investor who focuses only on whether CPI returns to 2% may miss the more important question: whether the real purchasing power of money is as dependable as it once seemed.

Somary understood that monetary orders are political orders in disguise. They reflect discipline when discipline exists, and they weaken when political or fiscal incentives overwhelm restraint. That insight feels highly contemporary.

Why Quality Equities Matter More in Such a Regime

If money becomes less reliable as a store of real value, then the distinction between nominal claims and productive assets becomes more important. This is the key investment implication. Not all equities are equal. Many businesses are capital-hungry, weakly financed, price-taking and vulnerable to higher input costs.

In periods of monetary fragility, such companies may suffer badly. But strong companies are different. Businesses with pricing power, robust balance sheets, durable demand, disciplined capital allocation and the ability to convert revenue into cash flow possess a form of resilience that nominal assets do not.

That resilience becomes particularly valuable in a world where inflation is episodic rather than permanently dormant, where costs can reprice unexpectedly, and where policy is shaped as much by geopolitics as by textbooks. The argument for quality equities is therefore not that stocks are a magical inflation hedge in all circumstances. They are not. The stronger claim is more precise: direct ownership in high-quality businesses offers participation in real economic activity. Such businesses can adapt prices, improve productivity, defend margins, reallocate capital and continue generating cash flows through changing monetary environments. Over time, that adaptability matters more than the apparent safety of fixed nominal claims whose real value can erode quietly.

This is also where the last decade offers an important lesson. Households and institutions that could own productive assets were often in a better position to defend purchasing power than those limited to wages and cash. That divergence was not merely financial; it was social. Asset inflation and consumer inflation do not affect everyone the same way, and neither does access to real returns. Federal Reserve research shows that changes in wealth distribution over recent decades have been driven heavily by asset valuations. The implication is not ideological. It is practical. In a regime where monetary stability can no longer be assumed, the quality of what one owns matters more.

When Money Becomes More Political, Discipline Becomes More Valuable

The return of monetary fragility does not mean that every inflation scare will become a 1970s spiral. Markets rarely move in such neat lines. Conflicts can de-escalate. Energy prices can retreat. Central banks can re-establish credibility. But that is not the point.

The broader point is that the assumptions underpinning the old comfort zone have weakened. Globalisation is less disinflationary than it was. Energy is more strategic. Capital is more political. Debt burdens are heavier. And the distributional reality of inflation is harder to ignore than before. The post-pandemic inflation burst was a reminder that the value of money is always more fragile than calm periods encourage us to believe. Investors should be careful not to seek certainty where none exists. The more durable response is to focus on what can still be known: whether a company is weak or strong, whether a balance sheet is stretched or resilient, whether management allocates capital well or poorly. That is why a more fragmented world strengthens the case for quality equities.

When money becomes more political, the ownership of real, disciplined, cash-generative businesses becomes more valuable. Not because they eliminate uncertainty, but because they remain among the few assets capable of carrying purchasing power through it.

Key Takeaways

- **Monetary stability was partly an illusion —** inflation never disappeared.
- **Global fragmentation is inflationary —** less efficiency, more risk, higher costs.
- **Quality equities matter more —** strong businesses better protect purchasing power.

LAPIS Premium Dividend: A Focused Answer to a Less Forgiving Market

If this quarter's Deep Dive points to one practical conclusion, it is this: **in a less stable monetary environment, quality matters more.** When inflation becomes more uneven, geopolitics more disruptive, and nominal certainty less reliable, investors benefit from owning businesses with real cash flows, resilient balance sheets and the ability to keep rewarding shareholders through changing market conditions. That is the rationale behind our **LAPIS Premium Dividend 40.**

We created this model portfolio as a focused "best of the best" selection from our established dividend universes in Switzerland, Europe and the United States. The portfolio consists of 40 holdings – 20 from Switzerland and 10 each from Europe and the U.S. – reflecting both diversification and the structural strength of these markets in high-quality dividend companies. The selection is fully rule-based: eligible companies must meet clearly defined size and dividend-history criteria and are then ranked according to three factors that have shaped the LAPIS Way from the beginning: dividend yield, market capitalisation and dividend growth.

For clients, the value is straightforward: LAPIS Premium Dividend 40 offers access to a concentrated, equal-weighted portfolio of robust dividend payers with a **target gross yield of 4–5%**, quarterly review and semi-annual rebalancing. More importantly, it is designed for investors who want more than headline yield: they want **sustainable income, transparency, and exposure to businesses that can preserve quality and discipline when markets become less forgiving.** Since 2020, the strategy has delivered a gross yield that has historically been within its target range, resulting in a **total gross CAGR of 9.28%** since 2020. This makes LAPIS Premium Dividend 40 a timely expression of the LAPIS Way: clear in process, selective in construction, and aligned with what matters most in uncertain times.

In our view, LAPIS Premium Dividend 40 is particularly suited to investors with a long-term horizon who aim to build wealth through disciplined ownership of high-quality companies. At a time when the Middle East conflict is adding uncertainty to the outlook for energy prices, inflation and markets more broadly, the strategy offers a focused way to remain invested in resilient, cash-generative businesses with enduring dividend quality. For clients seeking long-term purchasing-power awareness, diversification and sustainable income, this makes Premium Dividend 40 a compelling investment solution in today's environment.

Global Markets Q1 - 2026

S&P 500 Index	-4.63%
Euro Stoxx 50	-3.83%
SMI	-3.70%

LAPIS Top 5 Performer Q1 2026

LAPIS Analysis	Performance Q1
Natural Resources 25 DY - USD	+22.51%
Rare Earth-Strategic Metals - USD	+18.36%
Energy & Power Systems 30 - USD	+17.55%
Top 25 Space Exploration - USD	+11.43%
Canada Top 50 DY - CAD	+8.85%

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