

YAD HOUSE VIEW

January 2026



# Welcome

Dear Reader,

In this report, we outline our latest market insights and strategic adjustments. Our focus this month includes increased exposure to equities, and reduced investments in bonds.

We are excited to share our perspectives with you.

Your faithfully,

Dan Stemmer

Partner

Ygal Abergel

Managing Partner

Damjan Csiba, CFA

Portfolio Manager



# What changed in our active allocations?

## Equity – Geography

We increased equities in a region-neutral matter by 6.5% in the Growth portfolio, funded by reductions in cash and fixed income, and by 1% in the Yield portfolio, funded by a reduction in cash.

## Equity – Sector

Equities were increased with no sector bias.

## Fixed Income

Our *Growth Portfolio* has an average yield to maturity (YTM) of 4.91 and 6.41 modified duration. Our *Yield Portfolio* has an average average YTM of 5.18 and 6.48 modified duration. The Investment Committee has decided to reduce the allocation to long-duration Treasuries, medium- to long-duration USD investment-grade corporate bonds, and cash, and to reallocate the proceeds to equities within the Growth Portfolio. Our portfolio primarily consists of investment-grade bonds from developed markets, with limited exposure to emerging market and high-yield bonds. According to S&P's methodology, the average credit rating is A-/BBB+ for the Yield Portfolio and A+/A for the Growth Portfolio.

## Alternatives

We did not change our alternatives allocation, but we are considering an investment in a well-known automotive brand at an attractive valuation in the private market.

## Our current active allocations

Asset Class	Overweight	Underweight
Equity - Geography	Emerging Markets in general, India, Eurozone, Switzerland and Israel	Developed Markets in general, UK, Australia, US and Japan in Yield
Equity - Sector	Industrials, Utilities, Healthcare and Staples	Communications, Energy, Financials and Real Estate

# Index Returns

YTD 2026

Equity	YTD Performance
Euro STOXX 50	4.36%
Tel Aviv 125	8.88%
Nasdaq 100	1.22%
S&P 500	1.48%
Swiss Performance Index	2.06%

Fixed Income	YTD Performance
Global Crp High Yield	0.31%
US Treasury 7-10Y	0.17%
Emerging Market (\$)	0.15%
\$ Investment Grade	0.53%
€ Investment Grade	0.59%

Alternatives	YTD Performance
Global Hedge Fund Index	n/a
Gold	6.7%
Crude Oil	3.24%
Bitcoin	9.01%
Global Real Estate	2.98%

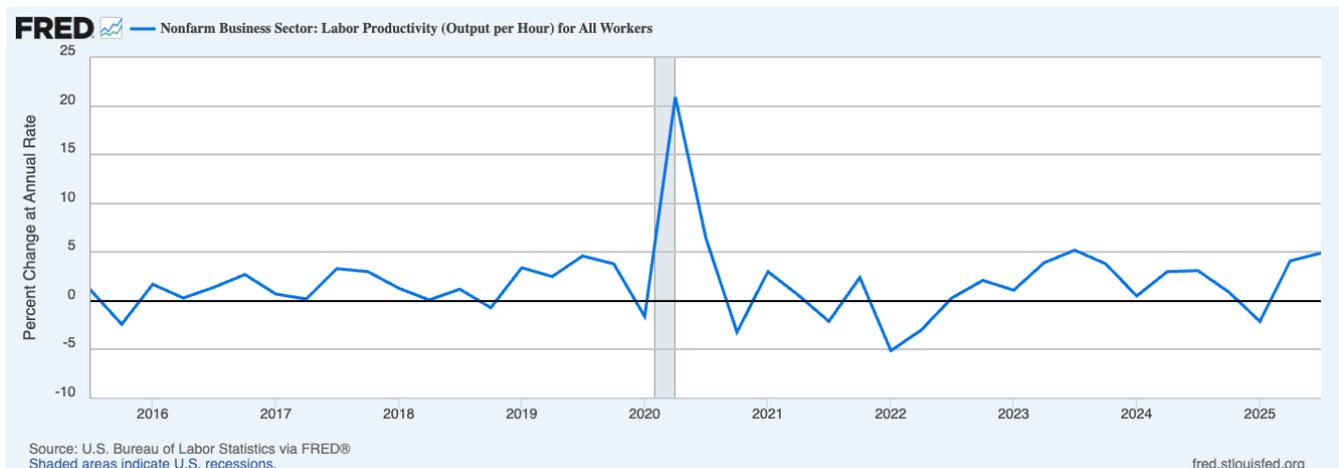
Currencies	YTD Performance
USD/ILS	-1.49%
USD/CHF	1.2%
USD/JPY	0.98%
GBP/USD	-0.62%
EUR/USD	-1.16%

As of 16 January 2026, CET 9:00am

# Why We Favor Equities

We are entering a period that increasingly resembles a new industrial revolution, driven by rapid technological development and the widespread adoption of artificial intelligence. Recent US macroeconomic data strongly support this narrative. Productivity growth surged in Q2 and Q3, posting quarter-on-quarter annualized gains of 4.1% and 4.9%, respectively. These figures suggest that AI-driven efficiency gains are tangible and economically meaningful rather than speculative.

Chart 1: Nonfarm Business Sector: Labor Productivity (Output per Hour) for All Workers



Although two strong quarterly results are not statistically significant, many of us can already observe in our daily lives and work that AI is materially improving efficiency. This is likely only the beginning, without even factoring in robotics. By way of example, Amazon already deploys more than 1.1 million robots across its operations.

Importantly, these productivity improvements help explain a modest rise in unemployment, which remains historically low. The increase is not a sign of economic weakness, but rather a reflection of companies becoming more efficient, achieving strong output growth with fewer incremental hires. As a result, US GDP growth remains robust, driven by CAPEX, efficiency and innovation rather than excessive labor expansion.

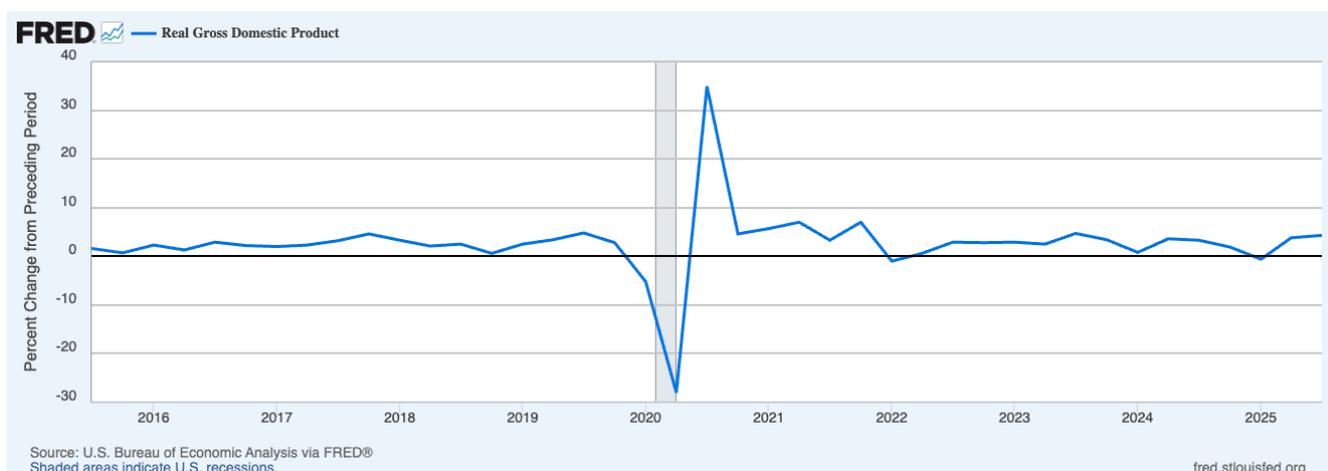


At the same time, the macro policy environment is becoming increasingly supportive of growth assets. Interest rates are trending downward, quantitative tightening has concluded, and expectations for renewed quantitative easing are rising. Both fiscal and monetary policies are shifting toward a more expansionary stance, historically a favorable backdrop for equities and other growth-oriented investments.

Inflation dynamics are also improving. Energy prices have declined and are expected to remain under pressure as additional oil supply enters the market. Venezuela is anticipated to increase production, while OPEC+ and US output remain elevated. On the demand side, the global energy transition continues to accelerate, most notably in China, where electric vehicles account for more than 50% of new car sales. Lower energy costs, combined with productivity gains from AI, should help keep inflation contained.

That said, while inflation is expected to moderate, we remain cautious on bonds. We do not expect inflation to sustainably return to the Federal Reserve's 2% target, which limits the upside potential for fixed income, particularly at longer durations because of the fiscal overspending. In contrast, the combination of strong productivity growth, supportive policies, and easing financial conditions continues to favor equities, bitcoin, precious metals and real assets over fixed income.

Chart 2:



# Closing Thoughts

Thank you for reading the YAD House View – January 2026.

As always, we are here to discuss these insights and their implications for your portfolio. We appreciate your trust in YAD Capital and look forward to navigating the next chapter of market opportunities together.

Warm regards,

The YAD Capital Team

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An aerial photograph of a dense forest. A narrow path or streambed winds through the trees, reflecting light. The overall tone is dark green and blue, with some bright highlights where the sun hits the canopy.

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