

YAD HOUSE VIEW

March 2026



Welcome

Dear Reader,

In this report, we outline our latest market insights and strategic adjustments. This month's review focuses on the impact of the war in Iran on market risks.

We maintain our positioning in the liquid portfolio and have initiated an exit from the illiquid private credit portion of our holdings.

We are excited to share our perspectives with you.

Your faithfully,

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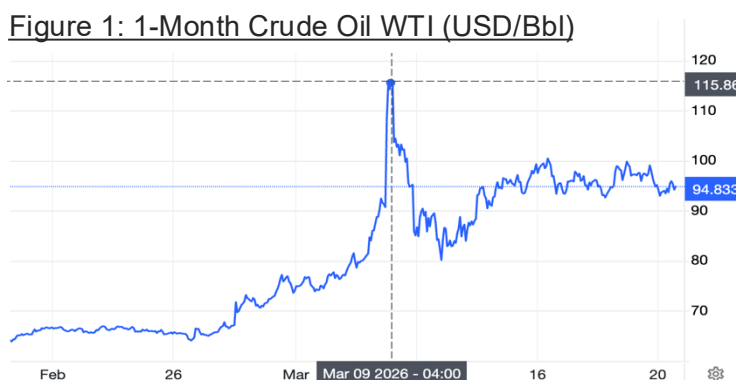




War in Iran

As the joint Israeli-American war in Iran enters its fourth week, the conflict continues to exert upward pressure on inflation through sustained disruptions to energy supply chains and heightened geopolitical risk premiums. Oil prices have risen 33% since the beginning of the war (peaking at an 85% increase) and have become extremely volatile, adding a further layer of economic uncertainty. The spike in oil prices, combined with the blockage of key supply-chain routes, has prompted several countries to adopt a protectionist stance and freeze exports of oil, fuels, minerals, and commodities. Should these measures persist, they would exacerbate inflationary pressures and likely halt the expected decline in interest rates in both Israel and the United States.

In the backdrop of this energy and supply-chain crisis, our portfolios have continued to demonstrate resilience to the volatility in the markets. YAD Capital's longstanding policy has been to avoid sectors with large direct exposure to oil, commodities, and energy prices. As a result, our model portfolios have outperformed the main benchmark indices year-to-date, underscoring the effectiveness of our disciplined positioning.



Source: Trading Economics

<https://tradingeconomics.com/commodity/crude-oil>

The inflationary pressures are adding further fuel to the existing tensions between the Federal Reserve and the US Administration. With mid-term elections approaching and the investigation into former Chairman Jerome Powell remaining stalled, these frictions are likely to intensify. The associated economic risks are material: prolonged policy uncertainty could trigger erratic monetary decisions, elevated market volatility, and manipulated risk premiums across asset classes. A politicised central bank environment also raises the prospect of suboptimal rate cuts, which would further induce inflation and recession risks.

Index Returns

YTD 2026

Equity	YTD Performance
Euro STOXX 50	-2.91%
Tel Aviv 125	14.96%
Nasdaq 100	-5.13%
S&P 500	-4.70%
Swiss Performance Index	-4.70%

Fixed Income	YTD Performance
Global Crp High Yield	-1.17%
US Treasury 7-10Y	-0.70%
Emerging Market (\$)	-1.33%
\$ Investment Grade	-1.46%
€ Investment Grade	-0.80%

Alternatives	YTD Performance
Global Hedge Fund Index	3.14%
Gold	2.44%
Crude Oil	60.30%
Bitcoin	-19.56%
Global Real Estate	1.88%

Currencies	YTD Performance	Rate
USD/ILS	-1.81%	3.1237
USD/CHF	-0.58%	0.7867
USD/JPY	1.28%	158.60
GBP/USD	-0.60%	1.3413
EUR/USD	-1.36%	1.1599

What changed in our active allocations?

Equity – Geography

We did not change our geographical equity allocation over the past month. Our underweight position in US equities relative to the benchmark has proved correct year-to-date, as American indices have lagged amid economic and geopolitical uncertainty. In the Swiss market, our overweight position has also proved successful, benefiting our portfolios from the stability and defensive characteristics of local equities. However, we remain slightly overweight in India, where the market has underperformed year-to-date.

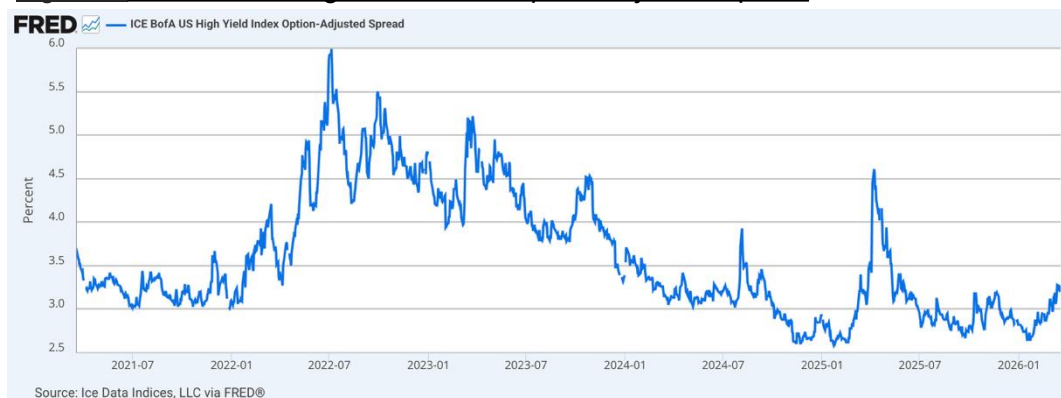
Equity – Sector

We expect sector rotation in equity markets to continue as the AI-driven transformation of the economy gathers pace. As a result, service-oriented sectors—particularly technology and software—are likely to face increasing competitive pressure from AI-enabled disruption. By contrast, industrial companies appear well positioned to benefit at this stage, both through significant efficiency gains from AI adoption and from rising demand for production capacity and supporting infrastructure.

Fixed Income

Our fixed income positioning remained unchanged this month as we continue to monitor risks closely. Current high-yield spreads remain near the tight end of historical ranges, reflecting strong investor demand. In our view, this leaves limited compensation for credit, liquidity, and refinancing risks, particularly in a higher-for-longer rate environment and ahead of a significant maturity wall.

Figure 2: ICE BofA US High Yield Index Option-Adjusted Spread



Alternatives

Alternative investments have performed well year-to-date. Apollo has delivered a return of 0.5%, while BH and BSP have contributed 1.87% and 1.85% respectively, with our other holdings also adding positively.

Private Credit

We have initiated the redemption of our position in the Barings Corporate Credit Fund following reports of rising redemption requests and, in some cases, the imposition of withdrawal caps across non-liquid corporate debt funds.

While Barings' portfolio remains conservatively positioned—comprising 91% senior secured first-lien exposures diversified across more than 10 industries, with no single industry exceeding 20%—our concern lies with second-order liquidity risk.

Specifically, elevated redemption pressure may force managers to liquidate positions at a discount to meet outflows, potentially impairing returns despite the underlying credit quality of the portfolio.

Our current active allocations

Asset Class	Overweight	Underweight
Equity - Geography	Eurozone, Switzerland, Emerging Markets	United States, UK
Equity - Sector	Industrials, Consumer Staples	Communications, Energy, Financials and Real Estate



Closing Thoughts

Thank you for reading the YAD House View – March 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.

YAD CAPITAL AG

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