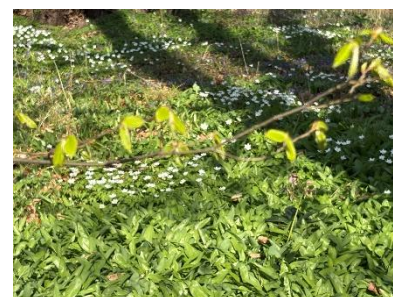


2026 / 02
Seasonal Reflections
War games

Dear reader,

Following a volatile April (not just in terms of the weather), we are delighted to present the spring edition of our Seasonal Reflections.

Spring is a wonderful season in this part of the world. It is as though life is reawakening after the slumber of winter, with flora and fauna vying with one another to unleash their burgeoning energy. The still gentle light of March with its lingering long shadows, the renewed vivid colours bursting with chlorophyll, the first blossoms unfolding, and the cheerful chirping of the birds all convey a sense of carefree lightness, which makes this my favourite part of the year.



Spring forest walks in LI, 22MAR2026

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The Unbearable Lightness of Financial Markets

This spring-infused lightness also seems to have taken hold of global financial markets. Amid the war in Iran, and the recent ceasefire notwithstanding, global energy and commodity flows as of April 14 are seriously disrupted and at risk. At the same time, yields on 10-year government bonds have barely risen since the war began, the Bloomberg USD Index and the S&P 500 have changed only slightly, while the price of gold has fallen by just under 10%.



The MacroTourist, Private Feed Recap, 13APR2026

It is almost as if nothing had happened...



Harald Berlinicke, [LinkedIn](#), 31JAN2025

Bloomberg headlined this on 14 April with "FOMO for stocks", where FOMO stands for *Fear Of Missing Out*, which of course in this case refers to yet another stock market rally:

"The recovery has plenty of investors shaking their heads in disbelief. The war has driven up costs for many companies and consumers, and raised the prospect of another huge wave of military spending by already-indebted countries. Generally, the world is a more unsettled place."

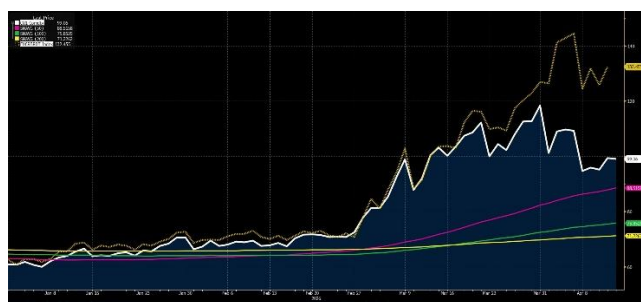
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Indeed, a glance at financial markets gives no hint of the recent geopolitical and macroeconomic upheavals: *“In a bull market that feels never-ending, investors have been emboldened and rewarded for ignoring risk and expensive valuations. As the label implies, during the “Everything Bubble,” almost everything has worked. After years of significant asset inflation, we believe current prices and valuations are not adequately compensating investors for the risks being assumed. Margins of safety are low, while risks are high and rising.”* (Would you rather, [Palm Valley Capital](#), 27MAR2026) – Amen.

Well, I guess there may be readers who upon reading this introduction will think: *“Ah, there’s another permabear...”* – After all, we are all shaped by the *Efficient Market Hypothesis* (EMH), which stipulates that financial market prices always reflect all available information on fundamental developments. As a consequence, ever fewer investors are willing to invest benchmark unconstrained and through active mandates. After all, EMH implies that it is impossible to consistently beat ‘the market’, since no one has a knowledge advantage over the masses and their combined knowledge, whose investment decisions are responsible for efficient price formation. Thus, a rising stock market can only mean that positive developments are more than offsetting any negative ones. Someone like me, who views market pricing with scepticism, is therefore often considered misinformed or prone to misjudgements and misinterpretations.

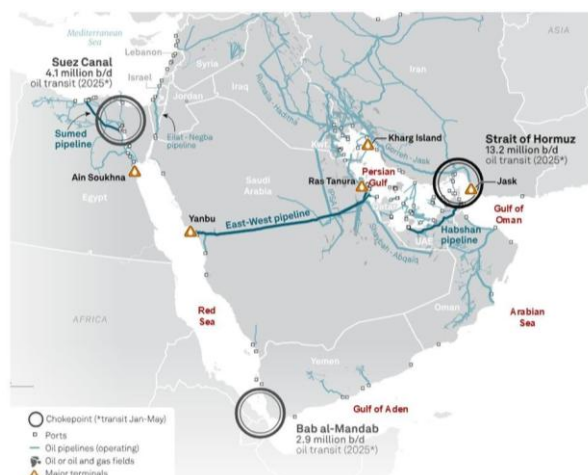
At a time when fundamental analysis and the decision-making underpinned by it still dominated the behaviour of market participants, the EMH made perfect sense. But that was a long time ago, and we now find ourselves in a situation where the tail is wagging the dog – that is, where the market’s price signals are increasingly being used to draw conclusions about the fundamental situation. Thus, on April 14, the latest stock market rally (apparently on its way back to, and not too far from, all-time highs) or the fall in oil prices back below USD 100 are being attributed to upcoming negotiations between Iran and the US. In other words, and c.p., investors are anticipating not only an imminent end to the war and the blockade of the Strait of Hormuz, but also a return of the oil price to pre-war levels.



Brent Future (white) vs Dated Brent, Bloomberg, 14APR2026

But is that realistic? – Does the ‘Dated Brent’ price, which reflects the actual traded prices for physical barrels with delivery in 10 days to 1 month, not show us that the Brent Future price, dominated by financial market participants, is sending out an inaccurate price signal that masks the increasing scarcity of physical oil?

This can hardly come as a surprise to the fundamentally-oriented observer, given that the war in Iran and the blockade of the Strait of Hormuz has been ongoing for 7 weeks, with the result that approximately 10–12% of daily oil production is no longer available to global energy markets. And this estimate includes all workarounds, such as the maxed-out use of pipeline capacity (e.g., East-West pipeline to Yanbu) or the release of strategic reserves. In other words, for the past 45 days, the global market has had 10–12 million less barrels of oil available each day than is required.



Source: S&P Global Commodity Insights, Upstream Content.
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@biancoresearch, X, 10MAR2026

Following the Covid experience, the world must acknowledge that the global oil and energy supply system also relies on just-in-time delivery. It should therefore come as no surprise that the closure of the Strait of Hormuz is viewed by most energy sector analysts as the worst-case scenario for global energy markets. And yet financial markets seem completely unaffected by this development. – Can this be viewed as market efficiency?

Of course not. Instead, I would like to draw on an image that has been used frequently in *Seasonal Reflections*, namely the comparison of financial and particularly equity markets with a casino. Here, fundamental analysis, with the aim of making an investment that is incorrectly (i.e. too lowly) valued by other market participants, has largely ceased to be practised. Nor is there much patience for waiting for long-term cash flows in the form of dividends or even interest income. Instead, what prevails here is a gambling frenzy and the hunt for momentum, trends and quick money, fuelled by narratives that hardly or only inadequately reflect reality, and which serve primarily to whip up sentiment.

The unbearable lightness of financial markets is reflected in their claim to an efficient pricing system, which is increasingly influenced by factors that have little to do with the actual fundamental state of the global economy and its participants, but are instead increasingly shaped by liquidity, leverage and a growing appetite for trading and risk. [Grant Williams](#) describes this as 'number goes up'. By this, he alludes to the fact that fundamentals, valuations and risks hardly play any significant role in the investment process anymore, but rather it is mainly a question of whether the price of an investment is rising...

So, do financial markets still carry weight and significance, or is price formation simply narrative-driven and merely a plaything for (political) insiders, multi-billionaires, aggressive investment pools and reckless retail investors?

Completely detached

I attempt to answer this question by noting that on April 14 US stock markets once again recorded a sharp rise, which not only made up for the losses seen up to the end of March but even resulted in a modest gain (just under 2%) on a year-to-date basis.

This was driven by expectations of renewed negotiations between the US and Iran (in which, implicitly, there can only be one winner), as well as the associated imminent reopening of the Strait of Hormuz, and, in anticipation of all this, falling crude oil futures prices. - So, were we wrong with our warnings in the last edition of our *Seasonal Reflections* ([Winter is Coming](#))?



[Hedgeye](#), 4MAR2026

Such doubts are understandable given the price trend, but I would counter that financial markets are increasingly, if not entirely, detached from fundamental developments in our world. One example of this (see chart on p.3) is the continuing yawning gap between the Brent futures price and “Dated Brent”, as well as similar prices paid for the actual delivery of crude oil.



[Hedgeye](#), 12MAR2026

Our task as portfolio managers, who view and carry out our work in a fiduciary capacity, is to analyse and understand such gaps between price respectively market movements and the actual data and underlying facts. And as fundamentally oriented investors, we inevitably base our decisions on facts and data, not on price.

The recent market euphoria is largely driven by a correction in oil prices. The Brent future price reached USD 119 on three occasions in March and was trading at USD 94.5 on April 15, which is 20% below its March highs. In addition to the anticipation of successful peace negotiations, this was achieved primarily through a reduction in the US Strategic Petroleum Reserve (SPR) of around 172 million barrels, in coordination with the global release of 400 million barrels by the IEA. This leaves around 243 million barrels in the SPR – the lowest level since 1982. As early as the beginning of March, the US administration resorted to a similar SPR manoeuvre to lower crude oil prices. The thus reduced reserves represent a hard ceiling on the ability to repeat such interventions.

In our view, the bulls base their optimistic outlook and sentiment on various pillars, all of which, however, have structural flaws.

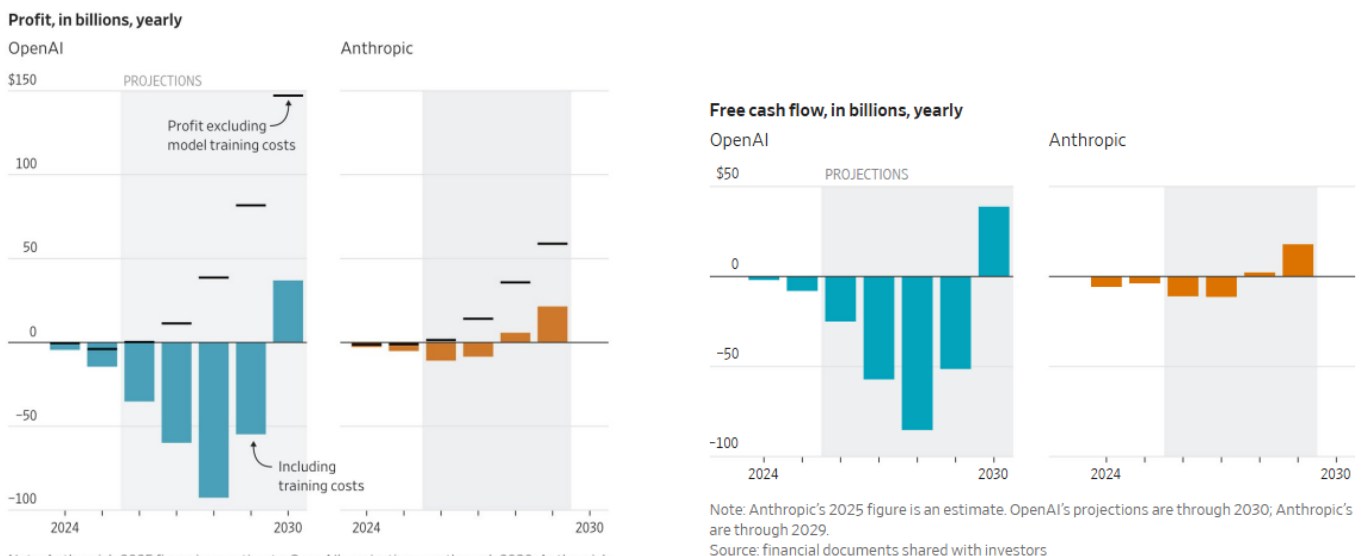
- ❖ These include the approaching end of the war and the full reopening of the Strait of Hormuz, a major artery for international energy flows. Instead, the situation remains fragile, and production is further curtailed, as storage runs out.
- ❖ The optimists also rely on the historical observation that financial markets recover quickly from geopolitical shocks. In prior crises, however, the government debt-to-GDP ratio was (in some cases significantly) below 100% of GDP, and both monetary and fiscal policy were therefore able to intervene and support with stimulus measures. This is not the case this time, particularly in view of a resurgent inflation rate. This is also signalled by the bond market, where yields are likewise rising.
- ❖ Furthermore, in this optimistic assessment, the argument regarding private markets (private equity / private credit) that are increasingly in trouble is given far too little consideration. The indications of falling distributions from PE programmes and the resulting liquidity problems for large investors, the ‘gating’ (i.e. the restrictions) on redemptions in listed private credit vehicles, and the massive wave of refinancing of loan agreements and bond issues concluded during the Covid years at rock-bottom interest rates – all this and more strikes us as an echo of the global financial crisis, yet is largely being ignored by the market.
- ❖ The latest stock market rally was once again driven by the AI sector, where market participants evidently continue to see opportunities for new, highly profitable companies and business areas, despite the massive investment in hardware with worryingly short depreciation cycles. Yet competition among the various AI models is cut-throat: training costs are astronomical, inference, i.e. usage, generates losses despite falling token prices, as applications become increasingly complex and the number of tokens per query rises accordingly. Switching costs to rival models are practically zero, meaning customer loyalty is also low. The result is losses and negative cash flows as far as the eye can (reasonably) see.
- ❖ The stock market bulls are also ignoring the message from an investor legend like Warren Buffett. After all, Berkshire Hathaway has now accumulated a cash (and bills) position of USD 373 billion. This is not only the largest cash position ever seen in a company’s history but also shows that Warren Buffett prefers a secure return of approximately 3.6% p.a. to the return potential in the US stock market, which is so attractive in the eyes of most investors. After all, holding low-yielding cash, in the same way as using short index futures for hedging purposes, requires – like any other allocation decision – a correspondingly high degree of conviction, and is thus an expression of a disciplined investment process.



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But clearly, the recent rally in the US stock market and the resurgence of the tech/AI theme are not entirely unwelcome. After all, with the multi-billion-dollar IPOs of X, OpenAI and Anthropic, the market faces a Herculean task. The two charts below, which illustrate the expected profits and free cash flows of OpenAI and Anthropic, show just how aggressively these companies are being promoted. To make the valuations (both are already priced at market capitalisations of around USD 1 trillion each in prediction markets) appear less rosy, the figures shown here even exclude profits before the training costs of the AI models – which would be roughly analogous to VW reporting a profit without taking into account the production costs of the vehicles...



[Some thoughts](#), Brent Donnelly, Spectra Markets, 15APR2026

All this and more leaves us once again simply shaking our heads in amazement at just how much the stock markets in particular are now driven by momentum and simplistic narratives, coupled with the greed for quick money.

It seems that even the sky is no longer the limit...



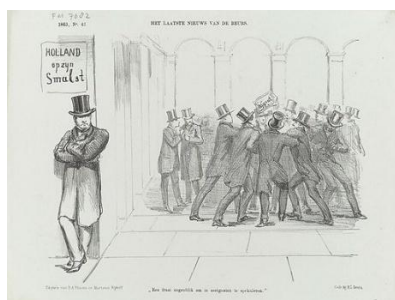
Hedgeye, 14JUL2025

Nowhere is this supported institutionally and politically as much as in the United States. The US Securities and Exchange Commission (SEC) has just approved the abolition of the Pattern Day Trader Rule, which since 2001 has required a minimum balance of US\$25,000 for frequent day trading – a move celebrated particularly by neo brokers such as Robinhood as a way of promoting and empowering retail investors, who can now gamble without restriction of having to put up a minimum amount of capital and savings.

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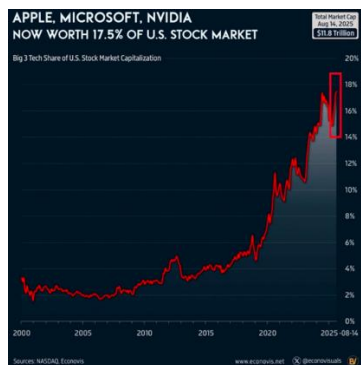
At the same time, Charles Schwab, a well-established and more traditional broker, is also opening new avenues of speculation by giving clients the opportunity to conduct Bitcoin and Ethereum transactions via the Schwab Crypto platform. Furthermore, the company is exploring a foray into [prediction markets](#). These are markets where one can trade individual contracts on the outcomes of future events (traditionally known as betting), such as election results, economic figures, sporting events, and much more. At the same time, the public is assured that this will be limited solely to events relating to the financial sector, in order to draw a ‘clear’ distinction from gambling...



[Look And Learn](#), History Picture Archive

Well, speculation is obviously nothing new, as the accompanying Dutch cartoon from 1863 shows. It is captioned ‘*Holland op zyn Smalst*’ (‘Holland in its smallest / lowest form’). – Today’s version of speculation strikes me the result of the growing financialization of Western economies, in which ‘added value’ is no longer created primarily through solid products and competitive services, but through the systematic hollowing out of assets and the generous application of leverage.

And since a company’s share price – and no longer its fundamental business performance and asset growth – has become the sole measure of success, speculation is institutionally encouraged and politically tolerated. This then leads to the market concentration we have repeatedly highlighted on these pages, which hardly reflects the image of a functioning market economy.



NASDAQ 100			
	Company	Symbol	Weight
1	Nvidia	NVDA	13.66%
2	Microsoft	MSFT	8.87%
3	Apple Inc.	AAPL	11.46%
4	Amazon	AMZN	6.59%
5	Meta Platforms	META	4.88%
6	Broadcom Inc.	AVGO	4.74%
7	Alphabet Inc. (C)	GOOGL	5.68%
8	Alphabet Inc. (C)	GOOG	5.32%
9	Tesla, Inc.	TSLA	4.63%
10	Walmart	WMT	2.99%
			68.82%

S&P 500			
#	Company	Symbol	Weight
1	Nvidia	NVDA	7.33%
2	Microsoft	MSFT	4.75%
3	Apple Inc.	AAPL	6.15%
4	Amazon	AMZN	3.53%
5	Meta Platforms	META	2.62%
6	Broadcom	AVGO	2.55%
7	Alphabet Inc. (C)	GOOGL	3.05%
8	Alphabet Inc. (C)	GOOG	2.85%
9	Tesla, Inc.	TSLA	2.48%
10	Berkshire Hathaway	BRK.B	1.73%
			37.04%

[Not Your Advisor](#), Substack, 17APR2026

That this is not merely a US phenomenon is demonstrated, for example, by the fact that 45% of the Taiwan Stock Exchange Index, comprising more than 1,000 constituents, is attributable to a single stock, Taiwan Semiconductor Manufacturing (TSMC, market cap of USD 2.1tr), or that approximately a quarter of the Korean KOSPI Index is built on Samsung Electronics (SMSN, market cap of USD 900bn). – We thus recommend investors to enjoy the view, whilst we, as fund managers, take care not to stumble too badly on the eventual way down.

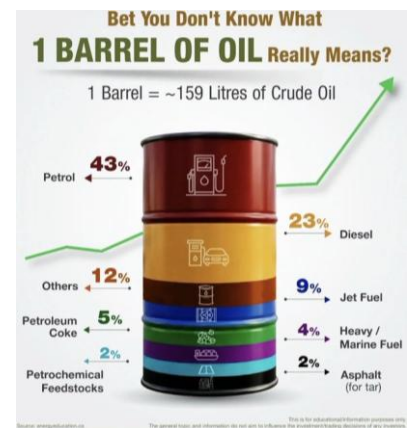


Iran War & Oil Crisis

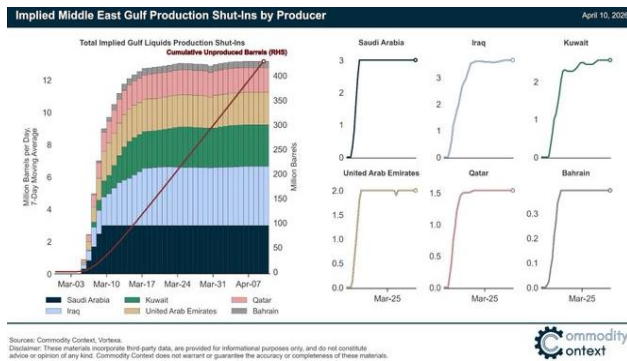
At this point, it is inevitable to discuss the geopolitical elephant in the room. The US and Israel launched military strikes on Iran on February 28, and we will leave it to others to debate the somewhat diffuse and even contradictory motives for and objectives of the resulting war. What can be noted at this point in time (April 16), however, is that the war was not the hoped-for short-term 'excursion', and that Iran has so far put up an effective defence, which in turn means that, as already indicated on page 4, we must also speak of an oil crisis in this context.

To justify the term 'crisis', it helps to recall the significance of crude oil as the world's most important raw material:

As the graph on the right shows, 1 barrel of oil contains 159 litres. Of this, 43% is used for petrol (road transport), 23% for diesel (lorries, trains, industry, etc.), 9% jet fuel (aviation), 12% other refinery products (plastics, chemicals), and the remaining 13% for various other purposes (shipping, asphalt / tar, petrochemical feedstocks). And because it is such a critical raw material, the price elasticity of oil demand (at least in the short term) is very low.



@jackprandelli, X, 14APR2026



Sources: Commodity Context, Vortexa. Disclaimer: These materials incorporate third party data, are provided for informational purposes only, and do not constitute advice or opinion of any kind. Commodity Context does not warrant or guarantee the accuracy or completeness of these materials.



Oil production shut-ins, @Rory_Johnston, X, 12APR2026

These shutdowns are not solely due to war damage but are the result of the global oil (and gas) supply system relying on just-in-time delivery. Although there are interim storage facilities that serve as logistical buffers, these are only intended to compensate for short-term supply fluctuations. And the last tankers to set sail before the outbreak of war only reached their destination ports this week, meaning that the disruption to supply is so far only being felt to a moderate extent.

The problem after 50 days of war is that around 13m bpd (barrels per day) of Gulf oil production has now been shut down or is offline. This 13% loss of supply is only partially and temporarily offset by the drawdown of stockpiles. The US blockade of Iranian oil exports in recent days has widened the resulting supply gap by a further 2m bpd.

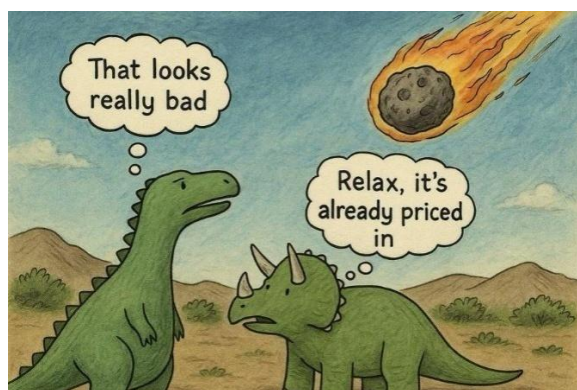


Financial Times, 13APR2026

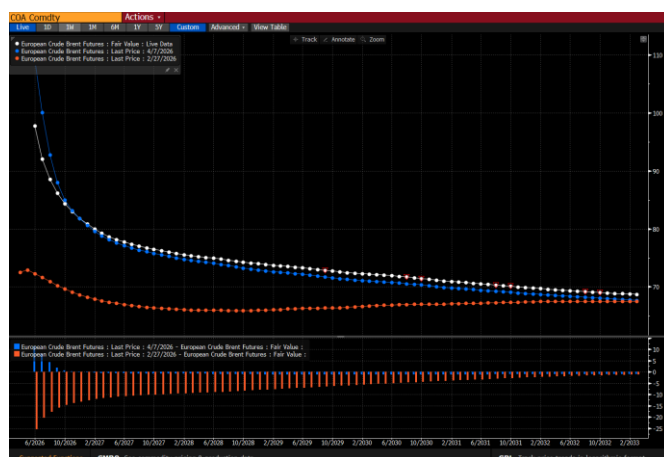


Crude oil production (as with gas) cannot simply be switched on and off like a tap; rather, any shutdown potentially leads to damage to the reservoir and the loss of reserves. Consequently, the scenario of significant long-term supply gaps is becoming increasingly acute, and this is already evident in the sharp rise in prices for jet fuel, as well as marine diesel and bunker fuel for global shipping.

However, the general argument in the market seems to be that (according to the EMH) all this is already priced in, even though the trend in the Brent oil futures curve does not yet predict any sustained price increases.



Cartoon, Source unknown



Brent futures curves: *before the start of the war*, *before the US blockade*, today (April 17)

In fact, at the time of writing this, the information on the real status quo is opaque and chaotic, which is also reflected in the range of oil price forecasts from USD 60 to USD 150. We are therefore monitoring several indicators that will help us to establish the true fundamental developments:

- How many ships actually pass through the Strait of Hormuz? – Every ship is equipped with a GPS tracker (Automatic Identification System = AIS), which can be used to count the number of ships traversing. Previously, there were around 150 a day; now there are fewer than 10. Until the recent US naval blockade, there were reports of a small number of ships with their AIS switched off passing through, which is certainly a key reason for the US blockade. The resumption of shipping traffic can be tracked [here](#), for example.
- How are ship insurance premiums developing? – Before the war, insuring a tanker for passage through the Strait of Hormuz cost 0.25% of the ship’s value. Today, it is 3.5–10% – and almost no one is buying insurance. Only when this returns to normal will it signal an end to the prevailing supply and logistics shock.
- How are the spreads between paper oil (in the form of futures prices) and physical crude oil (in the form of prices for physical delivery, see e.g. the chart on p.3) developing? – Only when these converge again will this serve as an indication that the worst is over.



One also must consider that the global energy system is benefiting from the release of strategic reserves, which are partially cushioning the oil shortfall suffered to date. According to experts, the corresponding release of oil from strategic reserves has so far kept the daily supply shortfall at around 5m bpd. However, with consumption remaining constant, this situation is becoming more difficult by the day, and the effective supply shortfall would more than double once the reserves are exhausted.

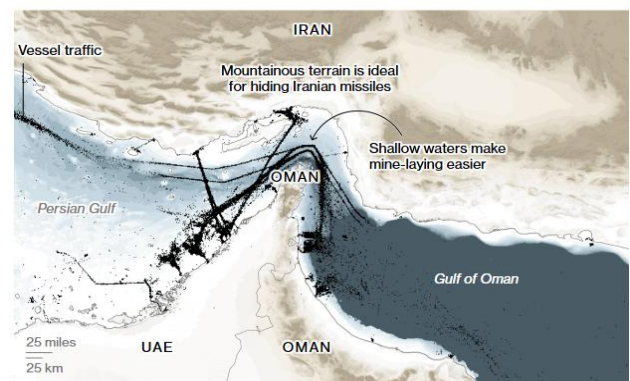
Naturally, the Trump administration will do everything in its power to downplay the problem and hold out the prospect of a short-term resolution to the conflict, and with it the reopening of the Strait of Hormuz.

How long Iran can hold out without further oil sales remains to be seen. However, it is difficult to imagine that the regime will not make full use of the advantages afforded solely by its geographical location in the negotiations. Unless the goal of regime change is achieved, we fear that the problem will drag on.

Geography Can Make Navigating the Strait of Hormuz Challenging

The strait is only 25 miles across at its narrowest point

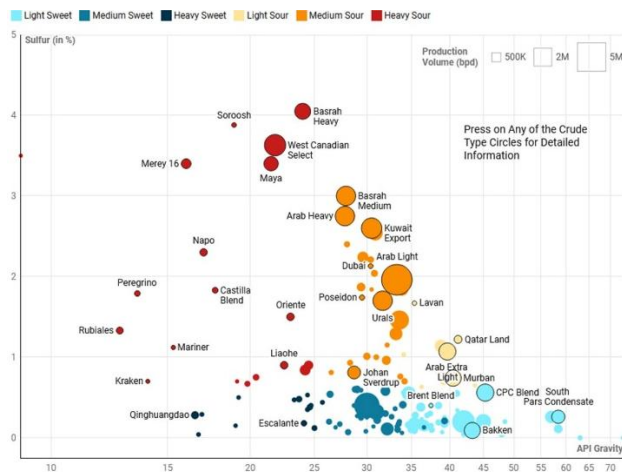
← Shallower water Higher land →



Note: Vessel traffic is based on areas of high vessel presence from December to March. Sources: Global Fishing Watch, General Bathymetric Chart of the Oceans

[Bloomberg](#), 25MAR2026

Another factor that should not be underestimated in this matter is the fact that not all oil is the same. The chart opposite shows 152 types of crude oil, although the author estimates the total number worldwide to be just under 700. Each point on the chart represents a type of crude oil, with its position on the Y-axis determined by its sulphur content. The X-axis shows the respective API gravity, which measures the density of petroleum liquids relative to water. The size of the bubble represents the respective production volume.



Various types of crude oil, @BurggrabenH, X, 15APR2026

This is relevant because oil refineries are highly complex industrial and chemical plants that have been optimised to operate with specific crude oil blends. What is currently happening on the global oil market is that these necessary blends may no longer be available, as medium-sour crude oil produced in the Middle East, in particular, is becoming scarce.



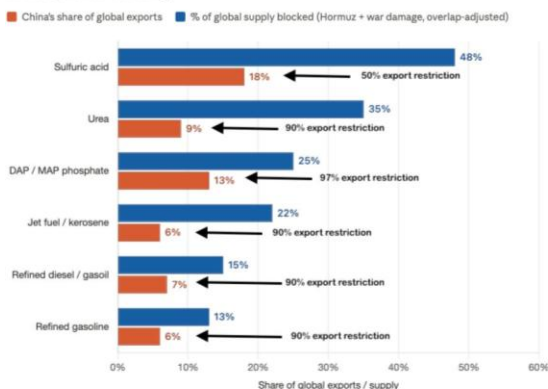
Consequently, this results in a highly volatile environment that is virtually impossible to predict in the short term. As I write these lines on the afternoon of April 17, the price of Brent crude has experienced a 12% drop, triggered by the announcement of a temporary reopening of the Strait of Hormuz. Just one day later, **doubts** are already surfacing again regarding the opening, and apart from the **supposed insiders** who, once again, bet hundreds of millions of dollars on falling prices shortly before this news broke, this is likely to prove profitable for only a few of the parties involved.

In our view, the facts already suggest that oil prices will rise significantly in the coming weeks and months. After all, the journey time for tankers to Asia – where the majority of the East’s refineries are located – is approximately 25 days, during which time further reserves must be drawn down or crude oil processing reduced accordingly. This paves the way for the lowest stock levels in history, and the **IEA** stated this week that it will take approximately two years for production to return to normal. Furthermore, many critical facilities in the region (those relating to oil and gas production, such as 17% of Qatar’s Ras Laffan giant gas field, as well as processing and shipping) have been damaged, in some cases severely, and their repair will consequently take a considerable amount of time. And, of course, replenishing inventories across the entire system – but above all the strategic reserves – will require higher production for years to come.

All in all, we are therefore convinced that corrections in energy shares present an opportunity for further purchases, and as long-term investors we are therefore facing the current volatility with the necessary composure. Ultimately, producers will continue to be priced based on long-term futures prices of around USD 70 (see futures curve on p. 10) and not based on heavily fluctuating prices at the short end of the curve. And the longer the Strait of Hormuz remains effectively closed and the conflict drags on, the situation described here will lead to an increase in long-term price expectations and, consequently, share prices.

China's curbs vs. Hormuz / Iran war supply shock

For each commodity China has curbed since Feb 28, 2026: China's share of global exports vs. % of global supply blocked by Hormuz + war damage



Sources: IEA Oil Market Report Apr 2026; Kpler / Asia Global Institute; IFPRI; S&P Global Platts; Argus Media; TFI; QatarEnergy; Rystad; StoneX; IFA; UN Comtrade / GACC. Blockage figures are overlap-adjusted (Hormuz transit share and direct war damage counted once where they overlap).

Secondary effects also stem from the reactions of other exporting nations. China, for example, has restricted 90% of its jet fuel, diesel and gas oil exports. The chart on the left illustrates the impact this has on global supply: the blue bars show the proportion of global supply lost due to the closure of the Strait of Hormuz and war damage, whilst the orange bars show the market share of Chinese supply in the global market, 90% of which is now lost due to export restrictions.

Trader Ferg, **Substack**, 20APR2026



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We therefore currently see no reason to make any (significant) changes to our allocation to the energy sector.

PS: The focus of public debate is primarily on the blockade of oil and gas shipments through the Strait of Hormuz. However, the blockade also affects other commodity categories, including large parts of the global fertilizer supply, the long-term disruption of which could lead to food inflation and famine. This is another reason why resolving the conflict and reopening the Strait of Hormuz as soon as possible is of paramount importance.





The case for renewed stagflation

Chart 1: Big jump in inflation expectations means investors have priced out rate cuts
Net % FMS expect higher global inflation vs net % FMS expect higher short-term rates

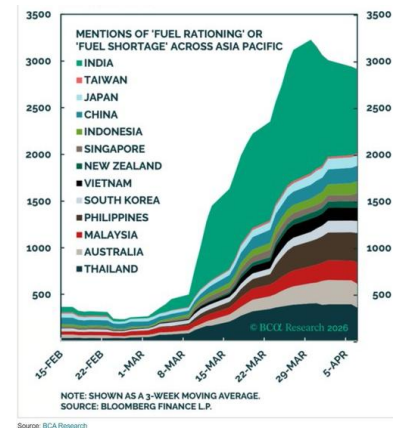


@RonStoeferle, X, 17APR2026

For one thing, a rise in energy prices acts like an additional tax. As energy forms the foundation of our pyramid of needs, this leads to restrictions on more discretionary spending due to budgets remaining unchanged in the short term. Another important aspect is the possibility of rationing, which is increasingly becoming an issue. After all, the loss of crude oil and gas supplies means that someone will have to do without these resources or the products derived from them. Indicators of this include the increasing reports of jet fuel shortages and what this means for international air travel. Unsurprisingly, politicians are responding with calls for austerity.

We have repeatedly highlighted our expectation of a stagflationary environment on these pages, and the war in Iran and its repercussions are a key catalyst in this regard. The inflationary aspect is easier for observers to grasp and is already clearly evident in the relevant economic statistics.

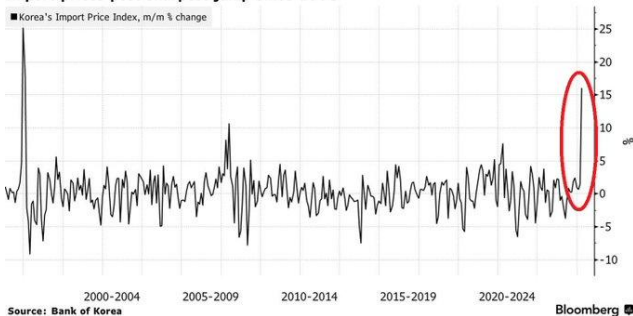
But why should growth be dampened?



@aebberman12, X, 14APR2026

Price pressure, in turn, is most acute in countries that are particularly dependent on energy imports. For example, as the chart on the left shows, import costs in South Korea rose by 16.1% month-on-month in March, the highest increase in almost 30 years. This was primarily due to the rise in oil prices, coupled with a weaker KRW.

Iran War Drives Korea's Import Prices
Import prices post sharpest jump since 1998



@GlobalMktObserv, X, 15APR2026

Higher import costs have a delayed impact on consumer prices; their rise weakens household purchasing power and slows domestic demand and economic growth.

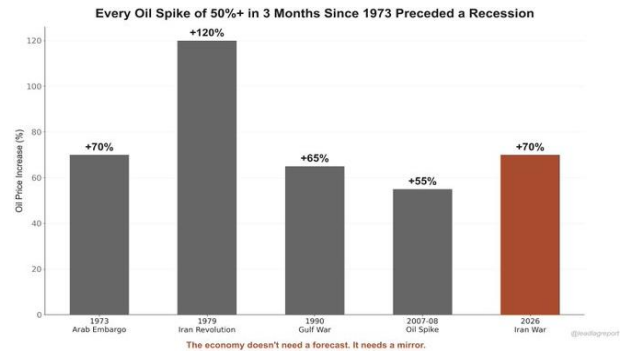




Incrementum All Seasons Fund

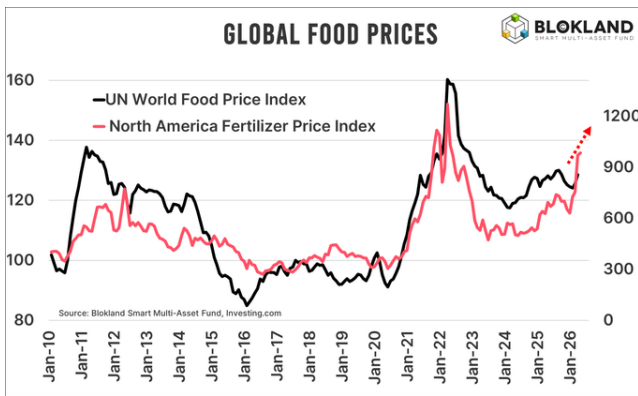
- in pursuit of real returns -

The fact that energy price shocks have historically triggered recessions is demonstrated by the chart opposite, which also underscores the current trend towards stagnation. A frequently cited counter-argument is increased energy efficiency, which ensures that we generate each unit of GDP with less energy input. However, this merely points to a relatively weaker demand effect.



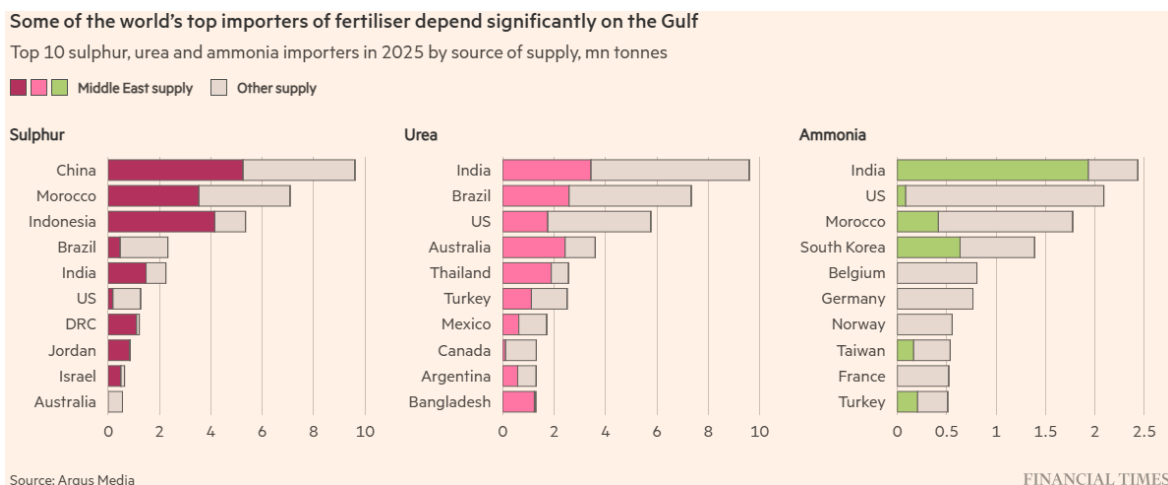
@Leadlagreport, X, 10 March 2026

Pressure on consumer prices and demand will increase not only due to energy costs but also, and above all, through food prices. This is because the closure of the Strait of Hormuz means that almost a third of the global supply of fertilizers is temporarily unavailable, and the longer the closure lasts, the more significant the impact will be on this year's crop yields and, consequently, on food prices.



@jsblokland, X, 9APR2026

The UN Food and Agriculture Organization (FAO) warns that global fertilizer prices could rise by an average of 15–20% in the first half of 2026. This is hardly surprising when one considers that, according to the Financial Times, 45% of global sulphur production, 35% of urea and 24% of ammonia originate from the Gulf region. And as the following chart shows, it is not only developing countries that are dependent on these supplies.



The coming global food crisis, Financial Times, 18APR2026



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Price increases for basic necessities such as energy and food are already having a negative impact on consumer sentiment. The University of Michigan Consumer Sentiment Index fell to a record low of 47.6 in April, whilst 1-year inflation expectations rose from 3.8% to 4.8%, which all points to ongoing stagflationary pressures.



University of Michigan Consumer Sentiment Index, Bloomberg

Consequently, we believe the chances of a reduction in the government’s net new borrowing are close to zero. Currently, the US deficit in the first half of the year stands at around 7% of nominal GDP, which is roughly twice as high as before the Covid pandemic in 2018/19 – and this practically at full employment. And in Europe and Asia, too, calls for government support will grow louder in order to cushion what is surely another “temporary” crisis. Additional stimulus measures would, in principle, drive demand and prices, although the effect should not be too significant given the high baseline.

In this context, it is interesting to ask how long investors are prepared to finance this rapidly growing government debt without an increase in risk premiums or interest rates?

US Long-Term Portfolio Capital Flows

This Is America’s Achilles Heel – Foreign Net Purchases US Securities

Foreign Net Purchases of US Securities																		
<i>(billions of U.S. dollars, not seasonally adjusted)</i>																		
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026 thru January
Treasuries	538.4	703.7	432.6	416.4	40.9	165.5	-20.3	-329.7	20.0	1.7	-134.6	-540.0	82.2	754.0	534.3	478.4	424.3	49.902
Agencies	-11.5	108.0	80.9	133.0	62.1	74.6	156.7	270.3	135.1	230.1	300.1	466.8	321.5	303.6	161.1	83.6	55.8	9.928
Corporates	-40.8	-13.2	-45.2	-24.1	15.6	25.3	134.1	124.4	103.3	52.0	15.4	7.5	140.5	163.9	303.6	303.1	386.8	11.904
Stocks	152.7	109.7	25.1	108.8	-40.2	-16.1	-114.9	-13.6	118.9	-129.8	-3.5	11.6	47.8	-226.8	75.9	315.9	744.4	-8.279
Total	638.9	908.3	493.4	634.1	78.3	249.3	155.6	51.4	377.3	153.9	177.4	-54.1	592.0	994.7	1,074.8	1,180.9	1,611.4	63.455

Source: Bloomberg LP

Market Intelligence Report, TIS Group, 20APR2026

As the overview above shows, the US – and with it the USD as the global reserve currency – has benefited from strongly growing international capital flows since 2021, which helps to explain both the growing weight of US assets in international portfolios as well as the rising valuation premiums compared to other markets. Overall, and in absolute terms, net inflows in 2025 were almost three times higher than in 2021. However, the allocation of these flows has changed markedly. In 2021 and 2023, less than 10% of total foreign funds were invested in equities, and in 2022, the stock market correction even led to net outflows from US equities. But in 2024 and 2025, the equity share rose to 27% and 46% of all inflows. In other words, international investors have increasingly substituted investments in US bonds with those in US equities.





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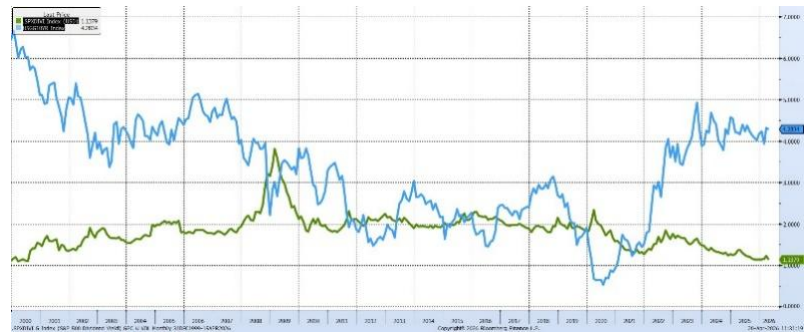
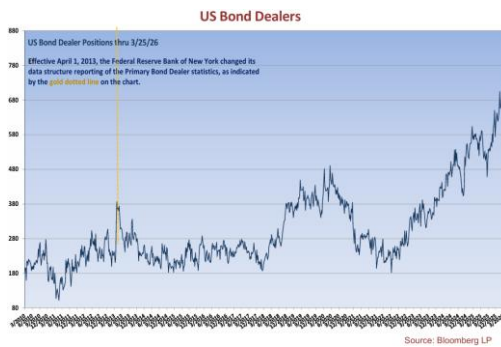
- in pursuit of real returns -

The trend in foreign capital flows also shows that, within the bond category, there was increased buying of corporate bonds, whilst government and agency bonds saw declining interest.

The latter is primarily due to the reduction of international reserve holdings. For example, China has halved its US Treasury holdings to USD 690 billion over the past decade. The growing issuance volume therefore had to be financed domestically. A large proportion of this was absorbed by the US banking system, for which US Treasury bonds are regarded as risk-free investments that do not require capital reserves.

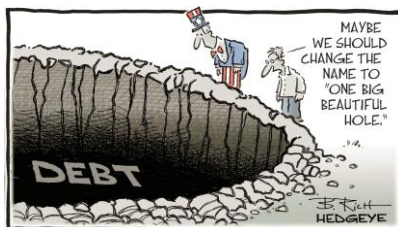


China's US Treasury bond holdings, Bloomberg



US banks' Treasury holdings since 2010; - Market Intelligence Report, [TIS Group](#), 20APR2026; - [US 10-year yield vs S&P 500 dividend yield](#)

In this context, it is interesting to note that the yield on 10-year bonds has risen significantly since 2020 and has recently settled between 4 and 5%. At the same time, the (dividend) yield of the S&P 500 has almost halved. However, hardly anyone (apart from Warren Buffett) seems to be interested in the resulting yield advantage. In other words, long-term capital distributions via interest or dividends are barely playing a role in allocation decisions. Instead, the price of an investment is the main thing that matters (= "Number go up") ... - Consequently, there seems little interest in whether profitability and asset base are growing in line with price, which reflects the speculative nature of US markets.



[Hedgeye](#), 8JUL2025

At the same time, more debt continues to be incurred with fiscal programs like the US *One Big Beautiful Bill*, and the status quo is so entrenched that the spiralling deficits are not even a political issue any longer. Yet the question of the sustainability of rising government debt loads is highly relevant because it ultimately takes precedence over the fate of the stock market.

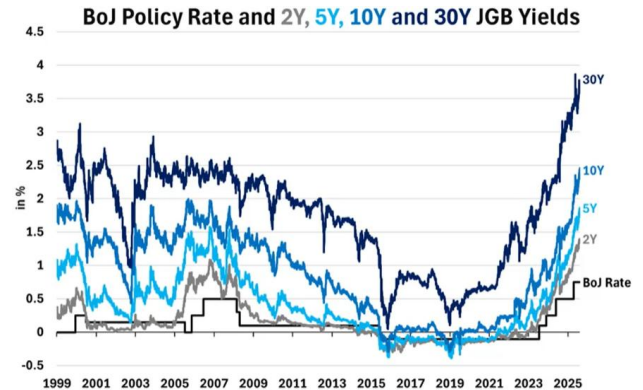


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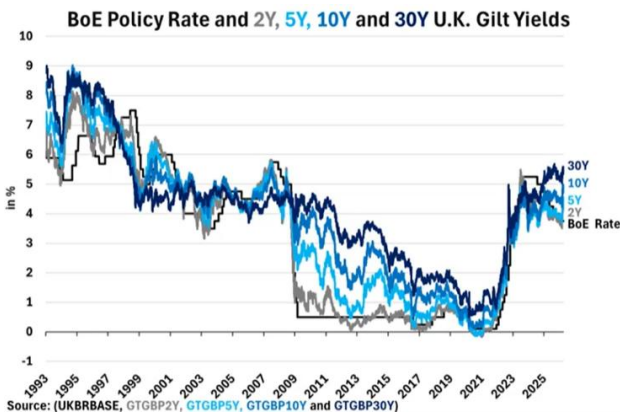
We have no doubt that politicians appreciate the wealth effect of rising share (and property) prices. However, this will only be the case as long as the refinancing of government debt is assured.

If there is insufficient capital available to achieve both objectives, then debt refinancing becomes a *conditio-sine-qua-non*, and the appropriate incentives will be put in place accordingly to ensure smooth refinancing. In this context, we will closely track how the Japanese government will respond to rapidly rising domestic interest rates, which are set to significantly increase overall debt servicing costs.

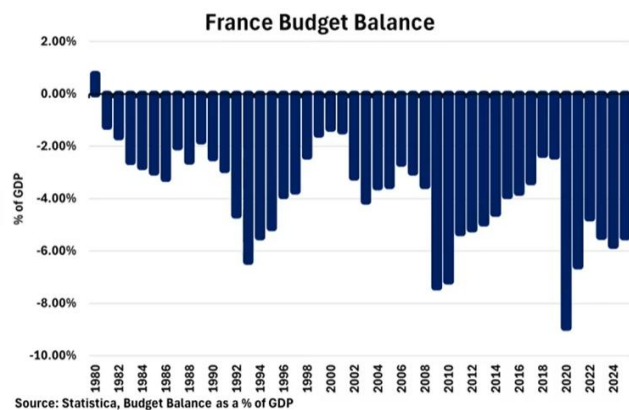
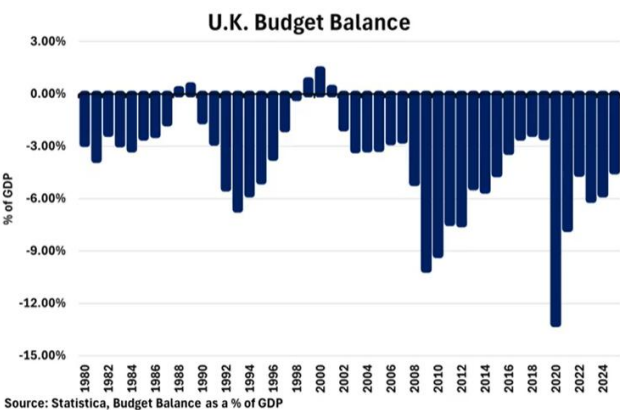
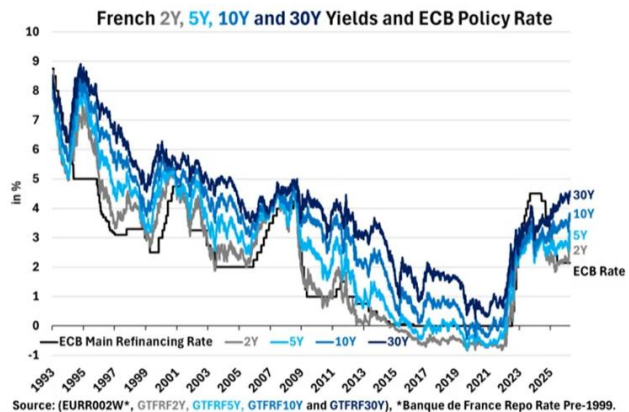


Japan interest rate trends, CME Group, [Saxo Bank](#), 15APR2026

This pattern of interest rate developments is not specific to Japan, but also applies to other major economies, including the US. And the trigger for it is clearly persistent and rising government budget deficits, which have now also become the main driver of economic growth.



UK interest rate trends – CME Group, [Saxo Bank](#), 15APR2026 – French interest rate trends

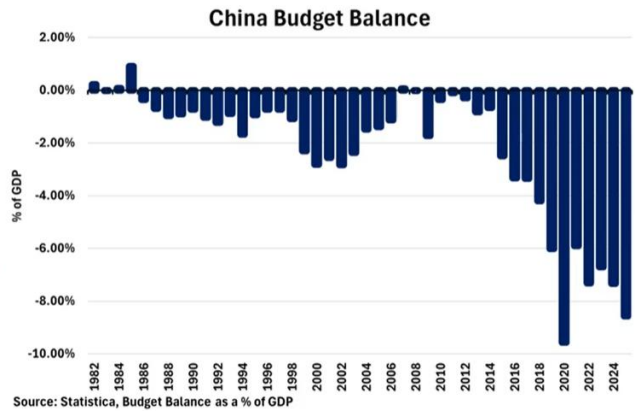
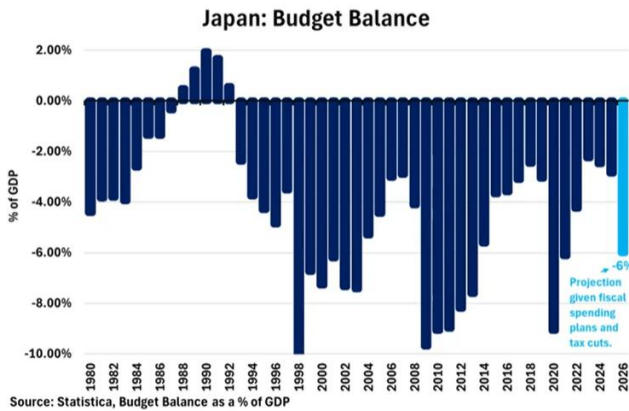


UK government budget – CME Group, [Saxo Bank](#), 15APR2026 – French government budget



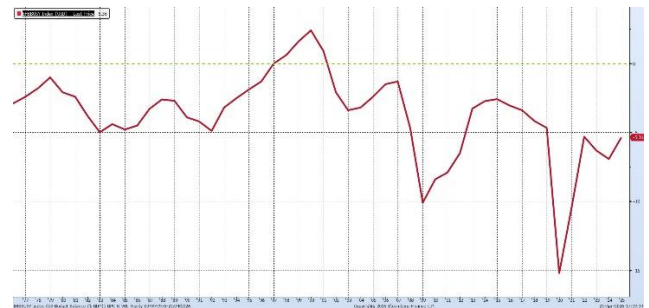
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Japan's government budget – CME Group, [Saxo Bank](#), 15APR2026 – China's government budget

I have listed the above examples primarily to illustrate that this is not merely a US-specific problem. That said, in the more recent past the US has stood out for its particularly elevated government deficits. As such, even the official estimates for the current financial year put new borrowing at 7% of GDP.



All of this reinforces our view that the financial market seasons have been increasingly influenced by the end of the secular debt cycle and are accompanied by financial repression and long-term negative real interest rates. This is because the global debt mountain has grown by around 7% annually this century, whilst global GDP has only managed to grow by around 5%. There is a tried-and-tested solution to this ever-increasing relative debt burden: inflation.

Capital markets seem to be labouring under the fallacy that this has no consequences, and that any crisis can be cushioned by even greater intervention and liquidity measures / QE. But printing money has never led to growing prosperity, but ultimately to a loss of confidence and currency devaluation. We face the same prospect in the coming years, and this is one of the reasons for the surge in prices of the monetary metals, gold and silver, as well as many other scarce commodities and tangible assets.

All of this should help to explain our strategic, but also tactical, positioning in IASF's portfolio, which we will now discuss in more detail below.

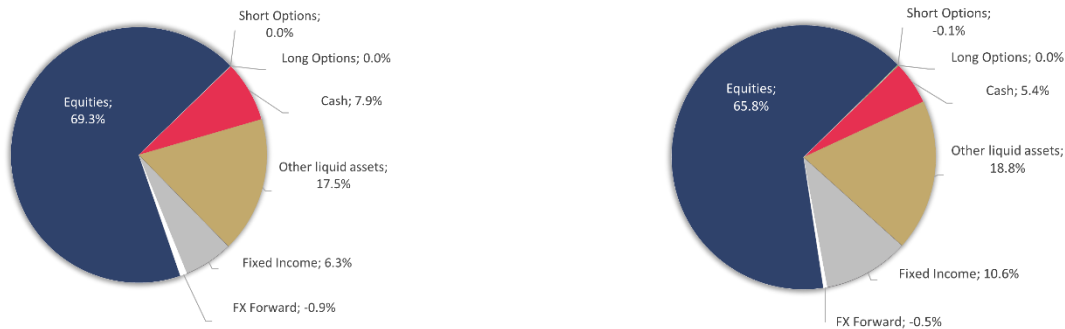


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IASF Allocation Review

I would like to begin this portfolio review by looking at the changes in allocation during the current year, using the updates from the weekend of 24 April as our latest reference:



IASF investment allocation as of December 31, 2025

and as of April 24, 2026

As the two charts above show, the overall asset allocation changes were only modest overall. IASF's equity allocation (gross) fell by just under 4% to approximately 66%, whilst bond allocation rose accordingly to approximately 11%. Of these, two-thirds are short- to medium-term, non-investment-grade USD denominated corporate bonds (yield: 7.8%; duration: 2.7) and the remaining third consists of two emerging market local currency funds, which expand our emerging market allocation.

Other liquid investments have risen by approximately 1% to 19%. In January and February, we reduced our silver, platinum and palladium ETC positions in the wake of the then prevailing price explosion and have since replaced them with approximately 6% of short-term EUR-denominated corporate bonds with investment-grade ratings. Cash holdings, meanwhile, have fallen by 2% to 6%, despite of ongoing net asset inflows, primarily due to cash outflows to cover margin calls on our short positions. It should be noted that IASF's NAV has risen by approximately 15% since the start of the year, a trend driven mainly by our long equity allocation. This would, in principle, imply a higher equity allocation. The actual allocation reduction therefore means that we have taken profits overall and to a not insignificant extent in order to position the fund more defensively.

This applies in particular to our **SHIPPING** theme (-5% to a current allocation of 7%), which has delivered a total return of 32% this year (approximated in each case by the weighted average return of all individual positions over the course of the year in local currency). Here, we have reduced the tanker allocation in particular, both for valuation reasons (prices are now significantly above NAVs) and against the backdrop of growing uncertainty regarding global oil flows.

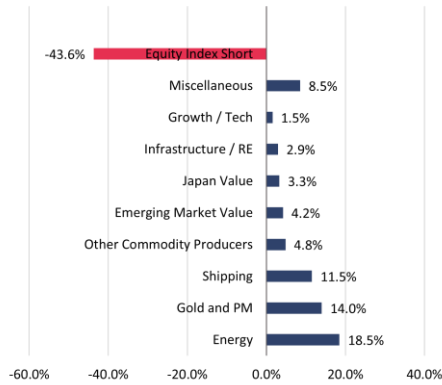




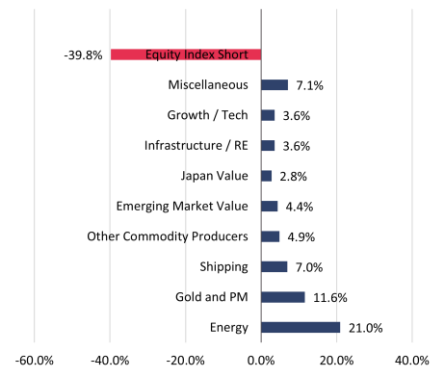
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Our main equity theme remains **ENERGY**. In this bucket, we have increased the allocation by a further 3% to 21%, clearly helped by the excellent theme performance (+39%).



IASF equity themes allocation as of December 31, 2025



and as of April 24, 2026

By contrast, the **GOLD AND PRECIOUS METALS** theme, which features twice in the portfolio, has performed more modestly this year. Firstly, as equity theme (see above) with a 12% allocation, down from 14% at the turn of the year, although our equity portfolio has so far still generated positive returns (+8%). In addition, we hold a further 12% of the portfolio in gold and precious metals ETCs as part of our other liquid assets. Here, we capitalised on the January rally (gold / XAU +18%, silver / XAG +70%, platinum / XPT +41%, palladium / XPD +35%, all in USD up to all-time highs) by unloading approximately 30% of our silver holdings, as well as 40% of our platinum and palladium ETC holdings, while making no new investments in gold despite the significant rise in underlying AuM. As a result, our precious metals ETC allocation has been reduced by 5%-points.

Overall, we view the recent gold and precious metals consolidation following the excellent performance of the previous half-year as unsurprising and ultimately a healthy development. We remain convinced of the sector's long-term potential, as gold, being an established form of money and a primary risk-free reserve asset, experiences structural demand in the long term, whilst industrial demand is a supporting factor for the other precious metals.

OTHER COMMODITY PRODUCERS (5%; +25%) and **EM VALUE** (4%; +12%) also made positive contributions, whilst the remaining themes suffered slight losses overall (**INFRASTRUCTURE / REAL ESTATE**: 3%; -0%, **OTHERS**: 7%; -2% and **JAPAN VALUE**: 4%; -6%). In addition, we have recently begun adding some brutally slaughtered software companies within the **GROWTH / TECH** sector, which has caused the theme to grow by 2% to just under 4%. Having said that, we are proceeding very cautiously and selectively in this field, as we remain concerned that 2026 will bring a far more significant correction in the broader tech sector than the one we experienced during first quarter.

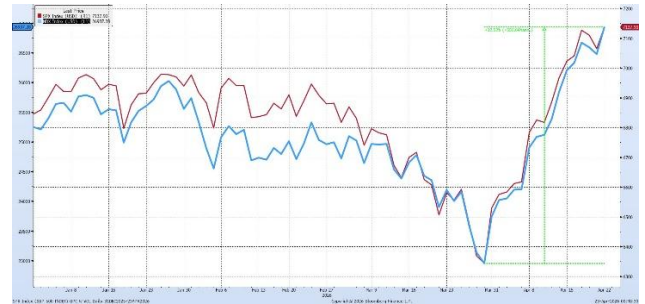


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And this brings us to our US equity index shorts, whose weighting has fallen by 4% since the end of the year to around -40% of IASF’s AuM. This is primarily attributable to the strong performance of our investment portfolio, which in turn was the reason why, for rebalancing purposes, we increased both the Nasdaq shorts at the start of the year and the S&P 500 shorts in April by roughly 10% each.

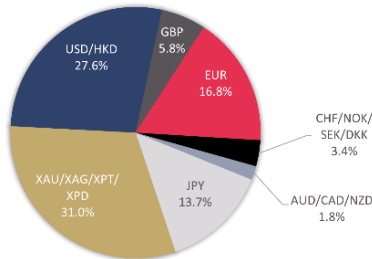
During the first quarter, our US equity index shorts made an overall positive contribution, though the picture changed dramatically in April due to the recent powerful snapback rally, which began just as the quarter drew to a close. The resulting -3.8% return contribution until 24.4. is the main driver of IASF’s NAV correction this month.



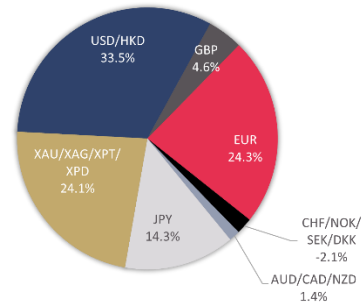
S&P 500 and Nasdaq 100 year-to-date, Bloomberg, 22APR2026

Further details can be found under **Investor Questions & Feedback** below.

On the currency side, changes were also modest. Here, we primarily reduced the fund’s precious metals allocation, comprising our investments in precious metals equities and ETCs (-7%), whilst the USD allocation increased by 6%.



IASF currency allocation as of December 31, 2025



and as of April 24, 2026

But don’t we have a negative outlook on the USD, I hear you say? – Yes, that is still the case. In fact, our currency hedges have remained unchanged, but as a large part of the positive equity performance occurred in USD-dominated investments such as **ENERGY** and **SHIPPING**, IASF’s USD weighting has increased accordingly. As we continue to assume that USD weakness goes hand in hand with rising commodity prices, to which we have a very significant allocation, we see this as a natural portfolio hedge and thus anticipate no need for any short-term currency allocation change.

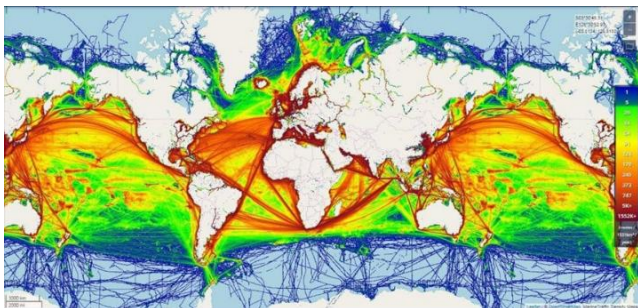
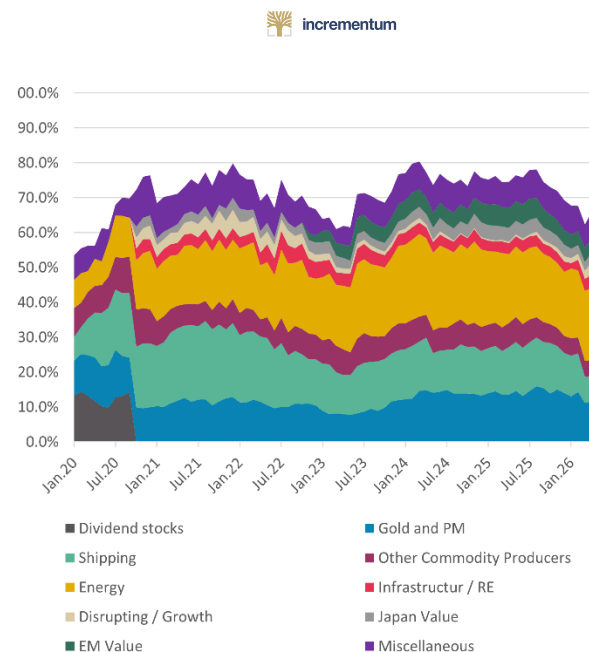
Portfolio Management Review: The Shipping Sector

I would like to take this opportunity to shed some light on our portfolio management work by looking back at the **SHIPPING** equity theme. I have selected it, because it represents one of our most unconventional investment themes, and it is precisely for this reason that I am repeatedly asked whether and when we might discontinue this exposure. So far, however, we see no reason to do so.

Our basic thesis is that we are at the end of a long-term global debt cycle, which structurally entails higher inflation. We intend to protect ourselves against this, amongst other things, by investing in hard asset stocks.

The **SHIPPING** sector proves to be multifaceted in this regard, with various sub-sectors such as tankers (oil, gas, chemicals), bulk carriers, container ships, car carriers, etc., each subject to their own distinct freight rate and value cycles, in which we have participated to varying degrees over the years.

SHIPPING has been part of the portfolio since 2020 (see the chart on the right, shown in green). The allocation has fluctuated between 6.8% in January 2020 and a peak of 22.5% in August 2021. Since 2023, it has stabilised at around 13%. Following profit-taking in Q1, allocation currently stands at a remaining 7%.



www.shipmap.org

The importance of the sector becomes evident from the world map shown on the left:

In it, the red lines mark the most important shipping routes, and the link provided illustrates just how essential the sector is to international trade and related global freight movements.

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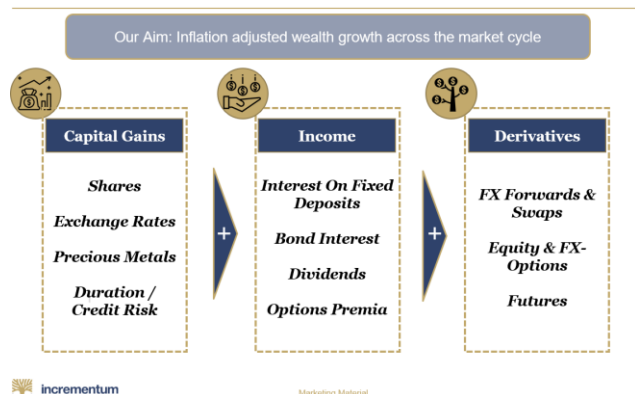
- in pursuit of real returns -

The sector's performance – measured by the respective year-end positions and their average total return over the corresponding year in local currency (mainly USD and NOK) – was as follows:

2020: +34%
 2021: +70%
 2022: +47%
 2023: +43%
 2024: -4%
 2025: +22%

Overall, this theme has thus achieved a total return of around 560%, which clearly validates our decision to invest in **SHIPPING**. At the same time, it should be noted that return contributions have declined in absolute terms in recent years. This is due to the fact that the sector is now less undervalued and has attracted broader market interest overall – even though it continues to have a niche character. Accordingly, our conviction in the theme has diminished, which is reflected in a lower allocation.

IASF – 3 Pillars Of Wealth Creation



The chart opposite is taken from our investor presentation and highlights the influence of the various wealth creation factors within the fund, namely *Capital Gains*, *Income* and *Derivatives*. Accordingly, we have subsequently selected three specific shipping investment examples, which help to suitably illustrate our portfolio management work. All examples are based on March 5 as final observation date.

A typical long-term investment for IASF has been our holding in shares of Stolt-Nielsen. Founded in 1959, [Stolt-Nielsen](#) is a globally active Norwegian shipping company specialising in the transport and logistics of bulk liquids. These primarily include chemicals, biofuels and edible oils. The company, which is majority family-owned, owns and operates the relevant vessels, tank containers and tank farms in key ports worldwide and has been establishing and expanding a growing land-based fish farming business through Stolt Sea Farm. Its market capitalisation stands at around NOK 16.5 billion (approx. USD 1.75 billion).



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- in pursuit of real returns -



Stolt-Nielsen share price (in USD), since inclusion in IASF, Bloomberg, 5MAR2026

IASF's first purchase of Stolt-Nielsen shares took place on March 9, 2020, at a price of NOK 90 (approx. USD 9.70 in the chart above). By the end of February 2026, we had executed a total of 30 individual transactions, which can be traced in the chart by the red and green arrows. The role played by income – in this case in the form of dividends – is illustrated by the fact that on the shares initially purchased we have since received dividends totalling USD 10.75, or around NOK 110. In other words, the sum of all dividends earned already exceeds the original cost of the shares. Furthermore, the share price has more than tripled since our initial investment, thereby also delivering significant capital gains. Unfortunately, there is no derivatives / options trading available in SNI.

In the second example, we look at [Frontline](#), the world's largest listed crude oil tanker owner, controlled by Norwegian shipping tycoon Jon Fredriksen. Frontline has a market capitalisation of around NOK 73 billion (approx. USD 7.7 billion) and operates predominantly in the spot market.



Frontline share price (in USD), since inclusion in IASF, Bloomberg, 5MAR2026





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Our initial purchase of Frontline shares took place on March 30, 2020, at NOK 98 (approx. USD 9.30 in the above chart). By the end of February 2026, we had carried out a total of 115 individual transactions, on both the Oslo and US stock exchanges, 47 of which were spot transactions that, however, are not marked individually in the chart. Unfortunately, it is not possible to reconstruct the returns from these transactions, as we did not have an automated analysis tool available for this purpose for a long time. In the first two months of this year alone, Frontline's contribution to IASF's performance amounted to 32 basis points.

What we can say is that once again we have earned decent dividends on this holding. Since March 2020, these have totalled USD 8.76 per share originally purchased. This means that, here too, we have recouped almost the entire original purchase price through dividends. In addition, since 2020 we have carried out a total of 68 derivative transactions on Frontline shares for volatility harvesting, i.e. sales of short-term puts and calls (including their exercise), which generated a total premium volume of around EUR 580k. With an average fund size of around EUR 100 million since launch, this results in an annual average performance contribution of just under 0.1% from the sale of Frontline options alone. Our Frontline holding never accounted for more than 2% and, on average, for around 1% of the fund's assets – a good example of the contribution that the derivatives pillar can make to the fund's overall value creation. At the same time, the share price has more than tripled here, too, from our initial purchase, which is why we used the recent rally to almost completely wind down the position (0.3% was left on April 24, with May 15 Calls sold).

In general, we regard ourselves as long-term investors, but attractive short-term trading opportunities do occasionally arise. A recent example of this was the purchase of shares in [SFL](#), an investment company that invests in a wide range of different types of maritime vessels, including two oil platforms, which are then placed on medium- to long-term charters.



SFL share price (in USD), since inclusion in IASF, Bloomberg, 10MAR2026



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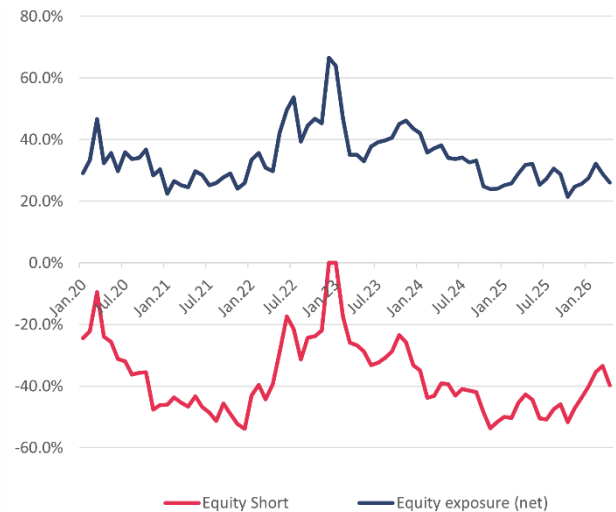
Based on what we considered to be an attractive valuation, we built up a 0.5% SFL position in IASF during the second half of December last year and into mid-January (red arrows). This was done, among others, in anticipation of the announcement of a new charter contract for one of its most valuable assets, the Hercules oil platform, which had been sitting idle for some time. Following the announcement of a new, long-term contract, we exited the position in three stages in early March (green arrows), realising a capital gain of more than 30% in the process.

I hope these three examples help to illustrate our portfolio management work. Obviously, we have not reinvented the wheel of investing. Instead, our performance is the result of meticulous analysis, an active portfolio management process, and a great deal of patience, discipline and experience – always combined with a watchful eye on potential risks.

Investor Questions & Feedback

A question that has recently been raised once again concerns the fact that, since its launch in June 2019, IASF has almost continuously held short positions in major US equity indices. The two exceptions were during the Covid lows in March 2020 as well as in late 2022 / early 2023.

And it is obviously correct that this seemingly ‘stubborn’ adherence to S&P 500 and Nasdaq 100 short positions has prevented an even better performance in the fund.



We are of course well aware of this, and we consistently substantiate and report the negative performance impact resulting from this positioning. However, investors should bear in mind that this argument benefits from hindsight. After all, the challenge for us as portfolio managers is that we do not know what the future holds and, in this specific case, how far an existing valuation bubble – as we have diagnosed it – might expand or how long it may last.



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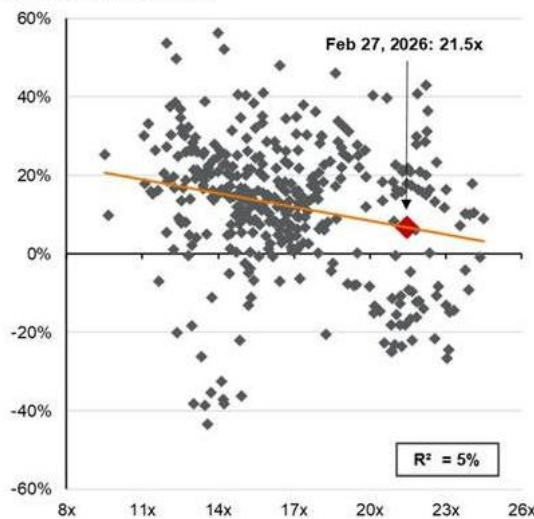
Our analysis is always fundamentally oriented, and one rule we follow is: ***“The price you pay for a security determines its future return. In other words: the higher the price paid, the lower — ceteris paribus — the expected future return (and vice versa).”*** (see IASF - PM Guideline No. 2 in the appendix on p. 35)

In our most recent webinar, we illustrated this relationship using the following charts, which compare the price-to-earnings (P/E) ratios expected for the coming year with the empirically recorded subsequent 1-year (left) and 5-year (right) performance of the S&P 500. The corresponding regression analysis supports the statement made above: The higher the price of the S&P 500 at a given earnings level, the higher the index’s P/E ratio. And the higher the S&P 500’s expected P/E ratio was in a given year, the lower the S&P 500 return was in the subsequent 1- or 5-year period.

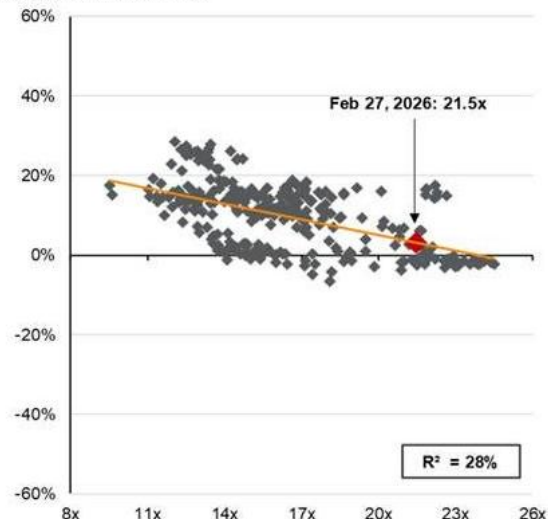
P/E ratios and equity returns

Actions

Forward P/E and subsequent 1-year returns
S&P 500 Total Return Index



Forward P/E and subsequent 5-year annualized returns
S&P 500 Total Return Index



Forward P/E ratio vs actual 1-year (left) and 5-year (right) S&P 500 performance, [JP Morgan Asset Management](#)

The charts above also show that this of course applies only on average. For instance, a P/E ratio of 21.5 at the end of February suggests average 5-year returns just above the zero line. However, in the past, even with such high P/E ratios, there have been a small number of more recent cases where double-digit total returns were subsequently recorded, but also many other cases where the 5-year total returns were negative. This is because market performance depends on various factors, which have different impacts at different times. In other words: ***“There is no magic formula for investment success. Thus, we consider both macro- and microeconomic factors, work diligently, stay flexible and patient, keep an open mind, and remember that investing is more an art than a science.”*** (see IASF - PM Guideline No. 8 in the appendix on p. 35)

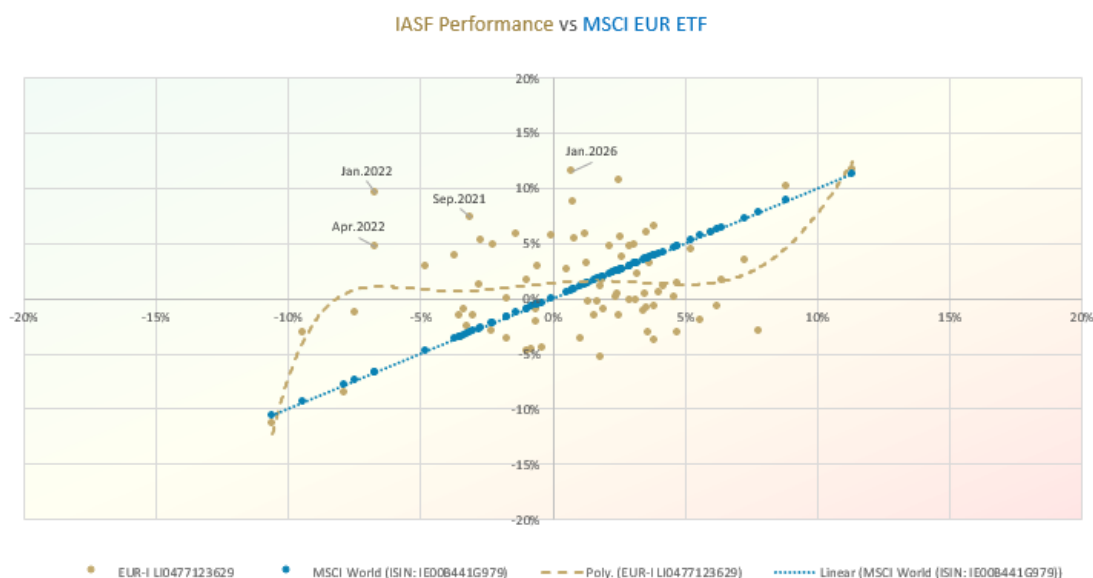


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For us, this is the price we pay for at least partially hedging our equity allocation. After all, the most important insight we have regarding portfolio management is that **“Capital markets – like the broader economy – are inherently cyclical.** That’s why you should always know where you are in the cycle – and have the courage to follow Warren Buffett’s guiding principle: *‘Be fearful when others are greedy, and greedy when others are fearful.’*” (see IASF - PM Guideline No. 1 in the appendix on p. 35)

The following chart shows that this form of seemingly costly hedging has had an overall positive impact on IASF’s risk profile. It plots all monthly **IASF returns** against those of the **MSCI World EUR ETF** (ISIN: IE00B441G079). The chart highlights that, whilst IASF often tends to underperform the index during periods of positive MSCI performance – which should come as no surprise given an average historical net equity allocation of 35% – it generally achieves significantly better results during periods of negative MSCI performance. And the most significant outperformance mostly takes place during months of negative MSCI performance. In fact, as the chart shows, there have been a total of four months in the fund’s history during which IASF recorded a performance that was more than 10% higher than that of the MSCI World EUR ETF. And almost all happened during months which suffered a negative equity market performance.



For our requirements as long-term absolute-return investors, this is the ideal behaviour, as our investment objective is to achieve real, i.e. inflation-adjusted, growth of the invested capital over the financial market cycle. And here another important principle applies: **“Capital preservation is the foundation of long-term investment success.”** (see IASF - PM Guideline No. 3 in the appendix on p. 35) – In this way, we aim to ensure that our investors can sleep soundly even during difficult market phases.

In conclusion

By now, time has progressed to the weekend of April 25 / 26. Although the war in Iran is currently in a prolonged ceasefire, the Strait of Hormuz remains closed and the fundamental consequences we have described are beginning to manifest themselves – ranging from rising oil prices to the developing scarcity of other key commodities.

At the same time, US stock markets in particular appear to remain utterly unaffected, racing from one high to the next, with the once again ‘completely detached’ big tech stocks overwhelming any negative developments taking place below the index level. And anyone looking for examples of the ‘markets casino’ will find them almost daily, as today’s Avis Budget Group (CAR) chart shows:



Avis Budget Group Inc (CAR), [investing.com](https://www.investing.com)

Does this chart give the impression of ‘efficient markets’, or rather of markets driven by speculation or even manipulated? – Avis Budget is a well-known rental car company whose share price has frequently been a plaything in the ‘casino’ in the past, but probably never to this extent. With 35.3 million shares outstanding, the market capitalisation at the peak of the Eiffel Tower shown above reached USD 30 billion, 8.5 times the price from March 20. CAR is a highly indebted company (B1/B), for which analysts expect USD 164 million in net income (GAAP) and USD 190 million in free cash flow for the current year, and which, of course, pays no dividends.



@realTomek_L, X, 22APR2026

Anyway, with total trading volume of just under 100 million shares over the past 13 days (= 3x outstanding), a third of which in the past three days, not all ~~speculators~~ investors will have made money from this opportunity...



@realTomek_L, X, 22 Apr 2026

Now, you might say that this does not affect you and your investing. But for passive investors, such a statement could prove misleading. After all, according to Bloomberg, the stock is a constituent of 175 different indices, including the Dow Jones Transportation Index, in which it reached a peak weighting of more than 20% this week (still 7% as of April 23). And for adherents of the [Dow Theory](#), this contributed to a misleading short-term signal about an impending economic boom...

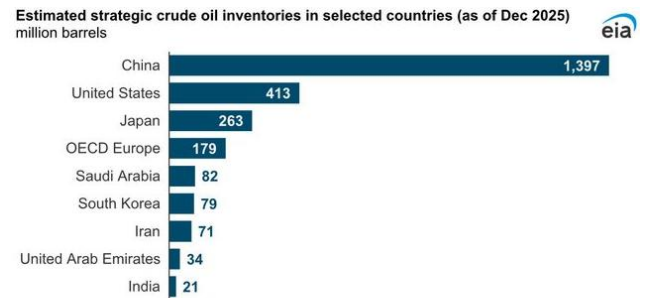


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All this goes a long way of showing in our view, that the casino is ‘open for business’...

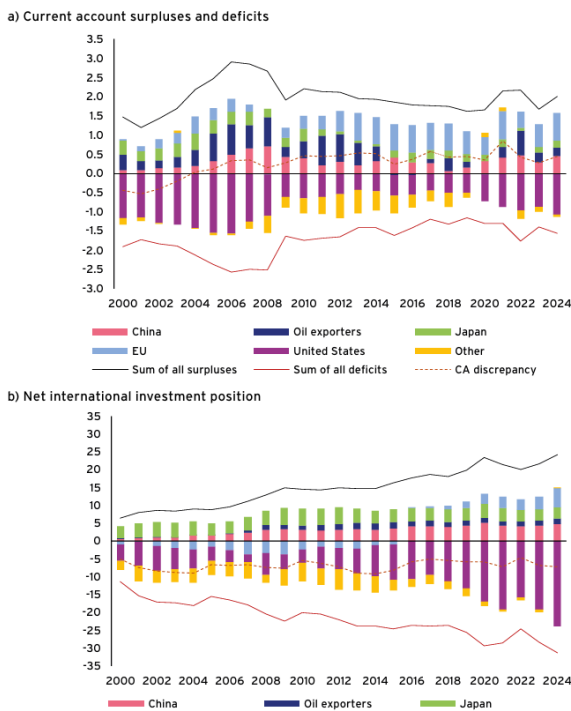
In contrast, the Strait of Hormuz remains closed. It is also worth noting in this context that one country was particularly well prepared for the current oil crisis, namely China. As Bloomberg’s Javier Blas recently demonstrated using EIA data, China’s strategic oil reserves are larger than those of the US, Japan and Western Europe combined(!). This suggests, at the very least, an efficiently planned economy or even superior strategic foresight.



Data source: U.S. Energy Information Administration, *Short-Term Energy Outlook* (STEO), March 2026
Note: Other estimates derived from the International Energy Agency, China National Bureau of Statistics, Vortexa Analytics, Kayrros, Kpler, Argus Media, and Global Trade Tracker.

@JavierBlas, X, 22APR2026

FIGURE 1 EXTERNAL IMBALANCES 2000-2024 (IN PERCENT OF WORLD GDP)



Note: The current account (CA) discrepancy is the sum of current accounts of all countries. The NIIP discrepancy is the sum of net international investment positions of all countries.
Source: IMF World Economic Outlook, and External Wealth of Nations Database.

[The New Global Imbalances](#), CEPR / Bruegel, April 2026

Anyway, it is important to realize that the war in Iran is also a war to preserve the petrodollar. Over the past decades, this has enabled the US not only to conduct its (commodity) trade in its own currency (i.e. without exchange rate risk), but also to persuade the rest of the world to do the same – a move that burdens anyone else with exchange rate risk and significant dependencies, as demonstrated, e.g., by the Asian crisis of 1997–98. This is a particular thorn in the side of China as the largest importer of raw materials. For as long as it pays for critical raw material imports in USD, it is dependent on earning and holding corresponding USD reserves, which have traditionally been invested in US government bonds. However, if it could get away with paying for its oil imports in CNY, it will have the advantage (like the US) to print the latter and thus require fewer reserves.

The petrodollar system has led to a large proportion of international foreign exchange reserves being held in USD in order to finance necessary imports in times of crisis. Investing these reserves in US Treasury bonds and more recently equities created long-term growth in foreign demand for US assets, which kept US interest rates comparatively low and the USD strong. All of this has led to the deficit in the US current account and in its net international investment position shown above.



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An adjustment of these global imbalances is the subject of intense debate in political circles. According to the [aforementioned study](#), it would require coordinated adjustments across the major economies: *“The United States would raise national saving through fiscal consolidation; China would rebalance toward consumption; and Europe would increase investment. This policy mix would reduce current account imbalances at their source and lower the risk of destabilising spillovers.”*

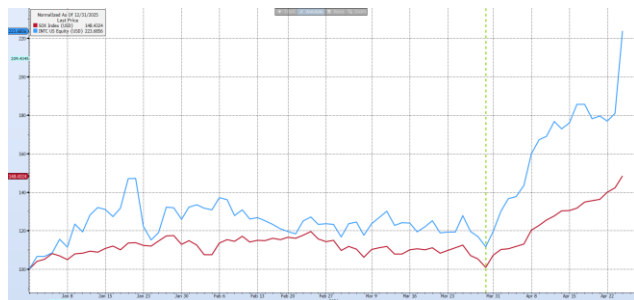
However, the authors consider such an adjustment unlikely. This is because the US enjoys the [exorbitant privilege](#) of a global reserve currency, which has been a source of cheap capital and foreign investment flows – factors that are also partly to blame for the ‘Everything Bubble’ described above. One way to try and secure the status quo is through a policy of energy dominance, which seems to have been the driving force behind both the regime change in Venezuela and the apparent attempt to gain control over Iran and the Strait of Hormuz. For these war games are intended to remind energy (and raw material) producers in the Gulf region that the protection of the American military is only granted in exchange for maintaining the petrodollar system, thereby cementing existing dependencies.

This is why this war and its progression are so important; in the eyes of some observers, it is already part of the Third World War. In this context, China and parts of the (often opportunistic) Global South are attempting to free themselves from dependence on the US in order to create dependencies of their own and thereby project power. Europe is merely a passive spectator in these war games and, so far, has been nothing more than a pawn in the power struggles between East and West. We can only pray that the experience of the current conflict brings about more reluctance to start similar ones.

Meanwhile, market activity appears to remain completely detached from fundamental developments. In the first 24 days of April, the stock market has delivered a performance worthy of an annual return (see changes in the last two columns in USD and local currency). Bond markets have changed little and the USD is weaker.

Index	2Day	Value	Net Chg	%Chg	Δ AVAT	Time	Adv/Dcl	%Mtd	%MtdCp
1) Americas									
1) DOW JONES		49230.71	-79.61	-0.16%		+11.97% 04/24	12 / 18	+6.23%	+6.23%
13 S&P 500		7165.08	+56.68	+0.80%		+6.07% 04/24	177 / 324	+9.75%	+9.75%
13 NASDAQ		24836.60	+398.10	+1.63%		+16.08% 04/24	1661 / 1493	+15.03%	+15.03%
14 S&P /TSX Comp		33904.11	-8.82	-0.03%		-13.38% 04/24	104 / 111	-3.47%	+5.36%
15 S&P /BHW IPC		69230.56	+599.40	+0.87%		-11.20% 04/24	27 / 8	+0.90%	+4.15%
16 IBOVESPA		190745.02	-633.41	-0.33%		-21.28% 04/24	26 / 55	+1.75%	+5.82%
2) EMEA									
7) Euro Stoxx 50		5883.48	-11.25	-0.19%		-10.12% 04/24	14 / 36	+5.63%	+7.18%
7) FTSE 100		10379.08	-77.93	-0.75%		-15.93% 04/24	24 / 66	+1.99%	+4.54%
7) CAC 40		8157.82	-69.50	-0.84%		-7.36% 04/24	13 / 27	+4.36%	+5.88%
7) DAX		24128.98	-26.47	-0.11%		+5.86% 04/24	10 / 30	+6.39%	+7.95%
7) IBEX 35		17691.30	-194.60	-1.09%		-9.90% 04/24	1 / 31	+3.76%	+5.26%
7) FTSE MIB		47656.11	-251.30	-0.52%		-16.27% 04/24	9 / 31	+7.55%	+9.13%
7) OMX STKH30		3101.08	-30.28	-0.97%		+40.39% 04/24	4 / 26	+5.86%	+8.71%
7) SWISS MKT		13169.70	-78.36	-0.59%		+7.24% 04/24	4 / 16	+3.08%	+4.98%
3) Asia/Pacific									
7) NIKKEI		59716.18	+575.95	+0.97%		-2.96% 04/24	92 / 131	+16.94%	+16.46%
12) HANG SENG		25978.07	+62.87	+0.24%		+8.11% 04/24	46 / 43	+4.80%	+4.85%
13) CSI 300		4769.37	-16.96	-0.35%		-5.53% 04/24	87 / 204	+7.18%	+8.15%
14) S&P/ASX 200		8786.52	-6.89	-0.08%		-13.31% 04/24	80 / 112	+3.59%	+7.37%
4) Global									
10) BBG World L/M		2483.59	+11.22	+0.45%		-3.04% 04/24	858 / 1430	+9.50%	+9.50%

Global Stock Market Overview, Bloomberg, 25APR2026



Phil Semi Index (SOX) vs Intel (INTC) 2026, Bloomberg,

Technology shares, led by the Mag-7, are once again in the lead, this time driven by hardware and microchip manufacturers. Intel shares have more than doubled since 30 March, and the Philadelphia Semiconductor Index has gained just under 50% in less than a month.





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I admit that this development has taken us by surprise, just as the increasing naivety of investors never ceases to amaze us. For the markets, the ongoing AI boom appears to be the most important factor, justifying virtually any price for the shares involved, as the explosion higher in US Semiconductor stocks and the related market cap weighting show. The ongoing closure of the Strait of Hormuz is also a factor, but seems to be carrying less and less weight, as Iran will certainly not for long be able to withstand the superior power of the US...



Chart of the Week, [Callum Thomas](#), 28APR2026

Personally, I consider this a risky attitude that fails to do justice to the complexity of what is currently happening in the world. I am therefore convinced that, in a few years' time, we will look back on the present era as a period of the greatest misallocation of resources, as well as the end of US hegemony and a time of great political upheaval.

Not surprisingly, this has turned into another lengthy report, and I hope you have read it with interest and perhaps gained a few new insights. Following the significant rise in IASF's NAV over the past year, we are certainly in a comfortable position, but during the current consolidation will no doubt once again face scrutiny concerning our ability to extend the fund's track record. Personally, I have no doubt about this. The world is undergoing rapid change, and for the patient, fundamentally oriented investor, there are interesting opportunities in every phase, which we are keen to continue to identify and capitalise on going forward.

As always, we welcome your feedback [by email](#) and thank all our readers for their interest and our investors for the trust they have placed in us.

Best regards from Schaan,

Hans G. Schiefen

Partner & Fund Manager

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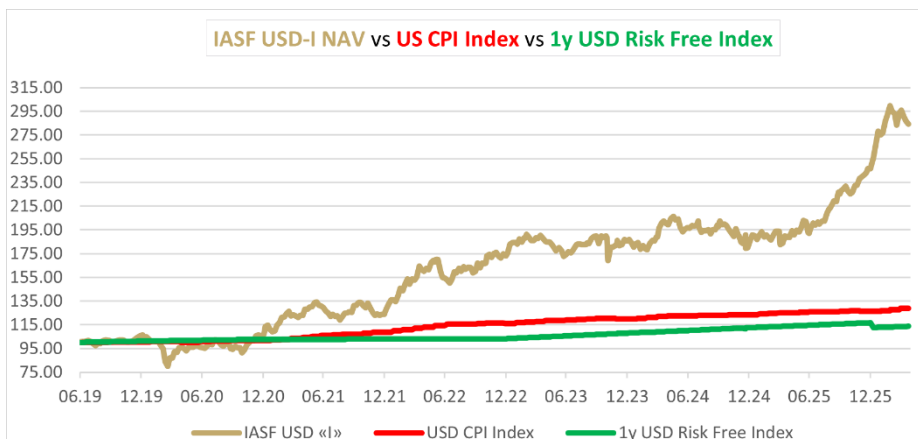
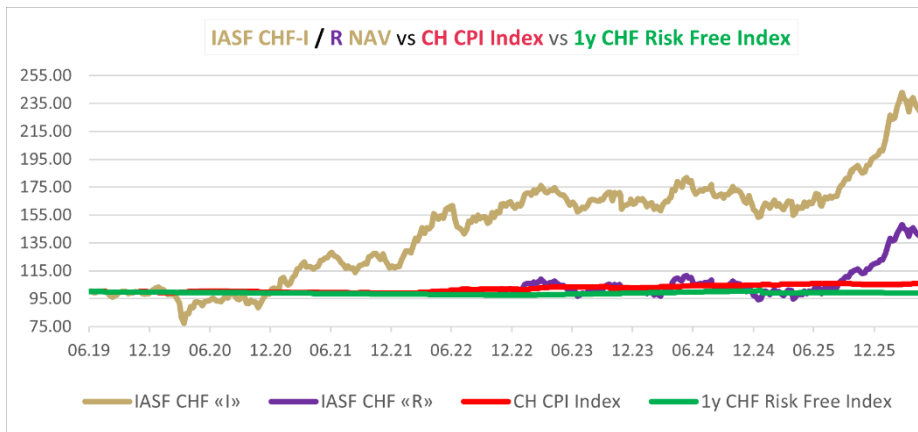
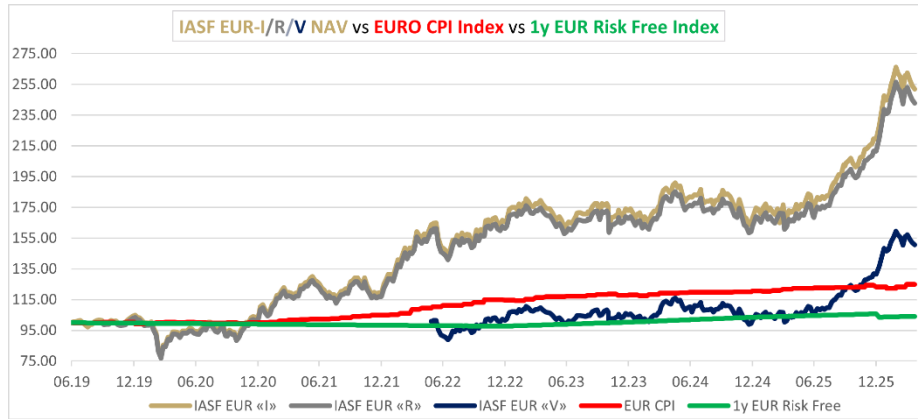




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Appendix



* The charts show the IASF's NAV up to the last valuation date (24 Apr 2026), compared with the risk-free 1-year government bond yield, as well as the relevant consumer price index (CPI) in the respective currency as a measure of the loss of purchasing power since the fund's launch date (6 Jun 2019 for 'I' shares; 26 Sep 2019 for EUR-R shares, 20 May 2022 for EUR-V shares, 2 Nov 2022 for CHF-R shares) on an index-linked basis.





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IASF — Portfolio Management Guidelines

1. **Capital markets — like the broader economy — are inherently cyclical.**
That's why you should always know where you are in the cycle — and have the courage to follow Warren Buffett's guiding principle: "Be fearful when others are greedy, and greedy when others are fearful."
2. **The price you pay for a security determines its future return.**
In other words: the higher the price paid, the lower — ceteris paribus — the expected future return (and vice versa). This is the essence of fundamentals-based investing.
3. **Capital preservation is the foundation of long-term investment success.**
That is why a long-term, fundamentals-based investment strategy is preferable to chasing momentum and trends.
4. **One should always be aware whether one is speculating or investing.**
5. **The most fundamental and effective risk-management tools**
are appropriate diversification as well as the ability to hold liquidity.
6. **Real assets are preferable to intangible assets and distributions to accumulation.**
7. **Incentive structures are often underestimated in their relevance.**
True alignment of interest benefits investors over the long term.
8. **There is no magic formula for investment success.**
Thus, we consider both macro- and microeconomic factors, work diligently, stay flexible and patient, keep an open mind, and remember that investing is more an art than a science.

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