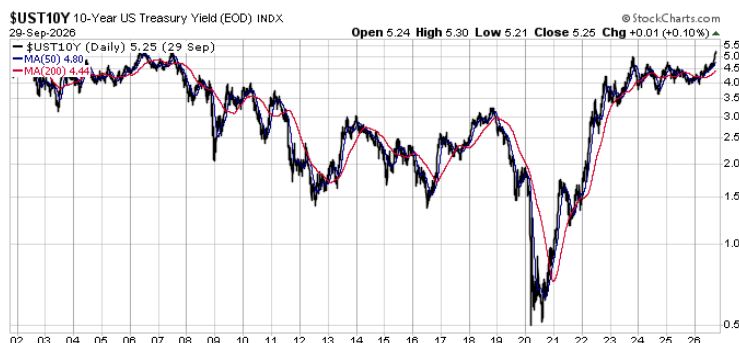


Global Macro News & Views

- Bond Bear Market Intensifies.** The benchmark U.S. Treasury bond hit 5.30% this week – the highest yield since 2002 (see chart) as markets brace for stronger economic growth, low unemployment and a boom in AI capex spending. With hyperscalers competing with the government (and others) to fund the massive buildout by means of bond issuance, interest rates have been rising sharply since late August amid a deluge of supply. Also, despite his bold warning to hedge funds and other speculators in August, Treasury Secretary Scott Bessent needs to up his game and spend more on longer duration debt to bring rates down. The benchmark 10-year Treasury bond has only surpassed 5% once since 2007 and that was briefly in one trading day almost three years ago;



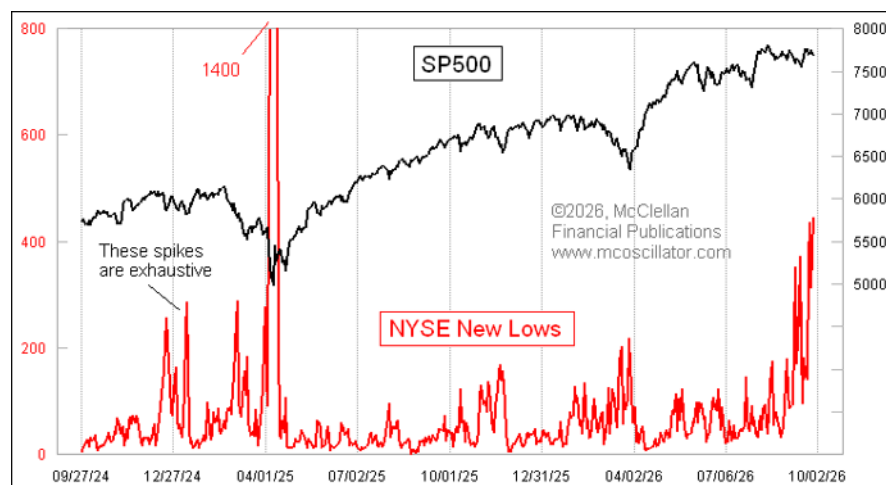
- U.S. Economy Makes Bold Bet on AI.** The United States is going 'all in' on Artificial Intelligence (AI) or Super Intelligence (SI). Spending on data centers to meet the AI buildout will eventually top canals, railways and the U.S. highway system, according to the Brookings Institution. Total investment in data centers and related infrastructure is projected to total \$10.3 trillion from 2025 to 2032. That works out to 3.6% of GDP each year. The American economy has never in history been so reliant on one industry. Risks, however, are mounting as fears grow over rogue AI agents that might be uncontrollable and possibly wipe out humanity. Also, an abrupt slowdown could trigger shock waves throughout the U.S. economy;
- Cash-Burn Rates Surge at OpenAI and Anthropic.** Looking to go public this fall or next year, the largest privately owned AI companies are burning through huge amounts of cash and plan to burn much more over the next few years as funding needs grow exponentially. **Anthropic**, which plans on going public this fall, could fetch a market value of \$2 trillion or more. Anthropic is making a massive bet that AI will transform the global economy more profoundly than industrialization, electricity and the internet, according to its IPO prospectus seen by *Reuters*. But the cost to get there will be staggering. Anthropic reported a net loss of \$42 billion in 2025, and plans to spend \$518 billion on cloud, computing and infrastructure obligations in coming years, according to the prospectus. The prospectus details how the company has grown sharply in the last year — while also posting wider losses. Revenue grew 12-fold in 2025 to nearly \$4.6 billion, even as the company lost more than \$8 billion on an operating basis, excluding write-downs of various liabilities mostly tied to previous fundraising, according to *Reuters*;
- Canada Will Never Replace U.S. Trade.** With 72% of Canada's trade directed to the United States, it'll take years if not decades, to replace that volume, let alone cushion the blow from declining trade volumes. Mark Carney has done a commendable job acting as Canada's top business broker on the global stage signing many trade deals and promises for foreign direct investment. According to Trading Economics, total Canadian merchandise exports to the United States in 2025 totaled about \$392.4 billion, down 5.3% from a year earlier. The Fraser Institute in Canada compares unwinding integrated North American supply chains to fighting gravity. Canadian direct

investment in the U.S. hit \$1.2 trillion in 2025, which blurs where one economy ends and the other begins. Carney's overseas deals remain a work in progress;

- **French Forecast 25% Increase in Debt Servicing.** The United States isn't alone as deficits surge as a percentage of GDP since 2020. France ranks as one of the highest indebted major economies along with Italy and Japan. In September, the French government announced the cost of servicing its national debt would increase by 25% this year to €65 billion or \$74 billion. Like the United States, France now spends more on servicing its national debt than its combined defense spending. French 10-year government bond yields hit 4.77%, up from 3.56% on January 1st and the highest since 2008. France's gross government debt stood at €3.5 trillion at the end of Q1, or 117.6% of GDP, according to *Eurostat* and *The Financial Times*. That's compared with a eurozone average of 88.9%;
- **Swiss Vote against Increasing Neutrality Parameters.** Official Swiss neutrality dates to the Congress of Vienna in 1815, which settled post-Napoleonic borders, although the Peace of Westphalia had established early Swiss non-intervention policies centuries prior.. In September, Swiss voters rejected a proposal to impose strict new limits on the nation's neutrality. The initiative was defeated after 68.4% of voters cast ballots against versus 31.6% in favor. It failed to win a majority in any of Switzerland's 26 cantons. Switzerland remains one of the top offshore jurisdictions for wealth management and asset diversification. Its core advantages are economic and political stability, few historical long-term bank or cantonal bank failures and reliability.

Global Equities

- **Ugly Truth about Bad Market Breadth.** The S&P 500 is only about 1% below its August all-time high, but September was a much rougher month beneath the surface. About three-quarters of the stocks in the benchmark index fell, highlighting how narrow market leadership has become as investors crowd back into some of the biggest names. Gains in several of the largest index companies, such as **Apple, Nvidia, Alphabet, Microsoft** and **Meta Platforms** helped mask weakness in most stocks;



- **Stock Market Correction Beneath the Surface.** The median S&P 500 stock is down more than -15% from the 52-week highs, and yet everyone thinks the stock market has become invincible and impervious to the bond market shock. More than 70% of the S&P 500 is at least -10% below its highs. Investors appear to be getting more defensive and moving away from higher-beta stocks that had previously led the market. Still, the median S&P 500 stock is generating earnings growth of more than 15%. In a report Sept. 28, **Morgan Stanley** analysts said that the share of S&P 500 stocks trading above their 200-day moving average recently fell to 49% from

roughly 75% during the summer. Market leadership since late summer coupled with deteriorating market participation is indicative of a late-stage bull market;

- **Kalshi and Prediction Markets.** Prediction markets platform **Kalshi** is planning to seek regulatory approval to start offering the country's first regulated perpetual futures tied to single stocks like **Tesla**, **Apple** and **Nvidia**. Known as perps—traders can bet 24 hours a day with leverage to boost returns. **Coinbase Global**, the largest crypto exchange, has also filed to trade perps. Perpetual futures don't expire and typically have more leverage compared to single-stock ETFs. A 'casino mentality' continues to grip Wall Street in year IV of this bull market;
- **Dubai REITs in Drawdown.** The Persian Gulf War has hurt regional tourism with once-booming UAE bearing the brunt of the travel decline since last winter. In the first six months of 2026, Dubai International Airport handled 31.5 million passengers, down 31.3% from the same period last year. Aircraft movements fell 32.1% to 150,600, while cargo volumes dropped 28.7% to 751,340 tons. That followed a record 95.2 million passengers in 2025, the highest annual international traffic ever recorded by an airport. Hotel occupancy rates plunged 56% in the first half of the year from 80% in 2025, according to Cavendish Maxwell, a Persian Gulf property consulting firm and *The Wall Street Journal*. REITs have not been spared. Many REITs in Dubai trade about 10% to 15% off their highs in local currency and yield big dividends. Residential sales fell 31% last spring, and sales of luxury properties tanked 59%, according to Betterhomes in Dubai. One of the largest REITs, **Dubai Residential REIT** (DUBAIRESI), trades 13% off its all-time high last year and yields 10%. Its market cap is USD \$4.5 billion. REITs now trade off their April low, but remain cheap and produce juicy yields. The easiest way for retail investors to trade in Dubai is to open an account with **Sarwa**, a one-stop regulated digital wealth management and trading platform.

Fixed Income & Credit

- **Growing Distress Signals in Credit.** First private credit buckled last spring, now CCCs. Cracks are starting to show in the credit markets. CCC-rated debt (junk bonds) has moved into "distressed" status (spreads over 1,000 basis points) for the first time since the regional bank crisis in March 2023 (see chart). In just the past month alone, spreads in this riskiest tranche have widened out nearly +150 basis points, according to *Rosenberg Research* in Toronto. According to *Apollo Global Management*, the yield on CCC-rated debt has climbed back to around 15% while the rest of the credit markets stay calm. The bill from the cheap money years is landing on the weakest balance sheets first, and on the 2021 and 2022 vintages hardest;



- **Reserve Bank of Australia Hikes Again.** This week, the RBA delivered its fourth rate hike since February, raising rates to 4.60% on Tuesday. That's the highest rate print for the RBA in 15 years, reflecting the RBA's assessment that the economy is running too hot on multiple fronts. The Aussie is up 4.5% YTD vs the USD;
- **World Debt Hits a Nosebleed \$365 Trillion.** World debt at all levels soared by \$10 trillion in the first half of 2026 to a nosebleed \$365 trillion, according to *Rosenberg Research*. That is equivalent to 310% of global GDP. Global debt is more than 3x bigger than the global economy and financing this extreme liability at a 5% interest rate is a far different place than funding the largesse at 2%.
- **Bond Fact: All-Time Highest Yield on 10-Year Treasury?** September 30, 1981: the 10-year Treasury yield hit an all-time high of 15.84% as Paul Volcker's Fed waged war on double-digit inflation;
- **China Continues to Unload Treasury Bonds.** China's holdings of U.S. T-bonds have declined to the lowest since August 2008 amid a continuing trade rift and political tensions. At its peak in November 2013, China held more than \$1.3 trillion in U.S. sovereign debt; that figure currently sits at \$618 billion, according to *The Financial Times*. According to Wei Li, head of multi-asset investments for *BNP Paribas Securities* in China, the falling level of U.S. Treasury holdings were part of a "global trend of diversification into gold... and agency bonds, as well as other assets like equities, especially with the AI boom." Dumping U.S. bonds is one way the Chinese are hitting back at the United States since the imposition of Trump's tariffs in 2018.

Currencies

- The **ENR Global Currency Sandwich** plunged 4.5% over the past month as gold and silver prices fell, and every one of our constituent foreign currencies posted a loss. The USD Index has been surging since late August and is now trading near an 18-month high at 102.15, up 3.9% in 2026. The only position in positive territory this year vs. the USD is the Singapore dollar, up 0.6%. The rest of our FX and metals basket has been slammed;



- Despite raising its benchmark rate in September to 2.65%, the EUR is getting decked, down about 3.6% vs. the USD in 2026. The Swiss franc is down 5.2%;
- The **ENR Global Currency Sandwich** includes six securities: gold (or IAU/GLD), silver (or SLV/PSLV), the Swedish krona, the Swiss franc, the Polish zloty and the Singapore dollar equally weighted.

Commodities

- **Oil & Bonds. CBOE Global Markets** recently penned a research report showing that the correlation between U.S. benchmark oil prices and the 10-year Treasury yield has jumped to a 35-year high, only slightly below the record set at the beginning of the first Gulf War in 1990. The outlook for the global economy and major asset classes has become more dependent on traffic through the Strait of Hormuz than Federal Reserve policy. About 20% of world oil supply comes from the Persian Gulf. According to *The Financial Times* and data provider *Kpler*, Middle East oil exports have rebounded to their highest levels since the Iran war began in late February as Gulf producers find alternative routes to transport crude;
- **Despite Trump's Efforts, Coal Decline Accelerates.** The long-term decline of coal consumption in the United States continues with coal-fired electricity generation falling 11% in the first half of 2026, according to the EIA. Coal's share of electricity consumption collapsed from 52% in 1990 to 17% last year. Most of the lost market share is due to wider natural gas usage; coal production has declined 56% since its 2008 peak. According to *Lazard*, coal costs more than solar and onshore wind and is roughly comparable with offshore wind;

Model Portfolio

- The **ENR Market Outlook Portfolio** got slammed in September, down 5.13% and easily our single worst monthly result in 2026. The model portfolio historically invests in several natural resource securities; the entire space has contracted heavily over the past month, except oil and refining. Health care also held up better. As the market has lunged after Big Tech again since late August, most of the broader market and foreign equities measured in dollars have declined much more sharply more than benchmarks;
- Booby-prizes for the worst losses in September went to **BMW** (-16.2%), **Cameco Corp.** (-14.8%), **Hochtief AG** (-13.9%), **Wheaton Precious Metals** (-12.7%), and **SLB** (-12.6%);
- As we remain in a seasonal weakness trend in October, investors should note that some of the worst bear markets also bottomed out in October. Also, stocks have historically performed strongly following mid-term elections. According to *Fidelity Investments*, since 1938, the S&P 500 almost always – 95% of the time – posted price gains 12 months following mid-term elections;
- This month, we're selling **Mondelez International** and **Salesforce**;
- Best Buys in October are **BMW**, **Berkshire Hathaway Class B**, **Northrop Grumman**, **iShares MSCI China A ETF** and **WisdomTree India Earnings Fund**, **Southern Co.** and **Lazard Global Listed Infrastructure Portfolio**.

Eric Naimer Roseman
Montréal, Canada
October 2, 2026

Security	Listed	Symbol	Entry Price	Date	Current Yield	Current Price	Gain/Loss	Advice
Bayerische Motoren Werke AG ADR	OTC	BMWKY	\$24.68	Sep 8/26	8.23%	\$20.67	-16.25%	BUY
Northrop Grumman Corporation	NYSE	NOC	\$548.67	Jun 9/26	1.89%	\$504.61	-7.58%	BUY
iShares MSCI China A ETF	CBOE	CNYA	\$34.42	Dec 29/25	1.79%	\$33.72	-1.75%	BUY
WisdomTree India Earnings Fund	NYSE	EPI	\$32.42	Mar 3/23	0.00%	\$40.88	26.65%	BUY
The Southern Company	NYSE	SO	\$66.47	Dec 7/21	3.59%	\$83.45	44.83%	BUY
Lazard Global Listed Infrastructure Portfolio	NASDAQ	GLIFX	\$14.04	Aug 4/20	4.17%	\$17.70	46.39%	BUY
Berkshire Hathaway*	NYSE	BRK.B	\$197.73	Aug 5/19	0.00%	\$502.35	154.06%	BUY
Salesforce, Inc.	NYSE	CRM	\$192.95	Mar 2/26	0.77%	\$225.31	17.46%	SELL
Mondelez International, Inc.*	NASDAQ	MDLZ	\$58.69	Feb 2/26	3.37%	\$59.32	2.78%	SELL
Apple Inc*	NASDAQ	AAPL	\$23.20	May 9/16	0.32%	\$329.40	1355.57%	HOLD
Newmont Corporation*	NYSE	NEM	\$17.99	Dec 31/15	0.88%	\$117.09	617.26%	HOLD
Wheaton Precious Metals	NYSE	WPM	\$22.78	Jun 5/19	0.55%	\$135.39	510.14%	HOLD
HSBC Holdings plc	LSE	HSBA	£4.74	Nov 9/22	3.71%	£15.10	340.67%	HOLD
Alphabet Inc.*	NASDAQ	GOOGL	\$104.65	May 5/23	0.25%	\$340.92	227.57%	HOLD
Hochtief AG	XETRA	HOT	€ 154.30	Apr 1/25	1.68%	€ 393.40	176.96%	HOLD
iShares Russell Top 200 Value Index	NYSE	IWX	\$52.46	Jan 2/18	1.36%	\$109.92	133.60%	HOLD
Cameco Corporation	NYSE	CCJ	\$38.55	Sep 5/24	0.20%	\$86.88	126.10%	HOLD
ConocoPhillips*	NYSE	COP	\$67.56	Sep 29/21	2.68%	\$125.44	106.47%	HOLD
Microsoft Corporation*	NYSE	MSFT	\$256.72	Jul 5/22	0.72%	\$508.96	102.76%	HOLD
AbbVie Inc.	NYSE	ABBV	\$140.24	Nov 30/23	2.59%	\$263.29	100.54%	HOLD
Zurich Insurance Group	VTX	ZURN	CHF 411.20	Oct 4/22	5.23%	CHF 573.40	95.31%	HOLD
Nestlé SA*	VTX	NESN	CHF 65.15	Dec 7/16	4.07%	CHF 76.26	75.65%	HOLD
Energy Select Sector SPDR	NYSE	XLE	\$43.37	Feb 7/23	2.37%	\$61.54	62.21%	HOLD
Rio Tinto Group	NYSE	RIO	\$64.71	Apr 2/24	4.94%	\$94.16	57.72%	HOLD
Vanguard Small Cap Value Index Fund	NYSE	VBR	\$157.50	Oct 2/23	1.76%	\$232.93	54.44%	HOLD
iShares Global Clean Energy ETF	NASDAQ	ICLN	\$11.37	Apr 1/25	1.06%	\$17.01	52.45%	HOLD
Invesco DB Commodity Index Tracking Fund	AMEX	DBC	\$23.00	Dec 9/25	2.38%	\$32.00	42.37%	HOLD
The Health Care Select Sector SPDR Fund	AMEX	XLV	\$131.65	Jun 2/25	1.49%	\$170.73	32.58%	HOLD
iShares MSCI Hong Kong ETF	NYSE	EWK	\$18.35	Nov 5/24	4.51%	\$22.22	30.92%	HOLD
SLB N.V.	NYSE	SLB	\$49.59	Aug 3/26	2.35%	\$49.87	1.16%	HOLD

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