

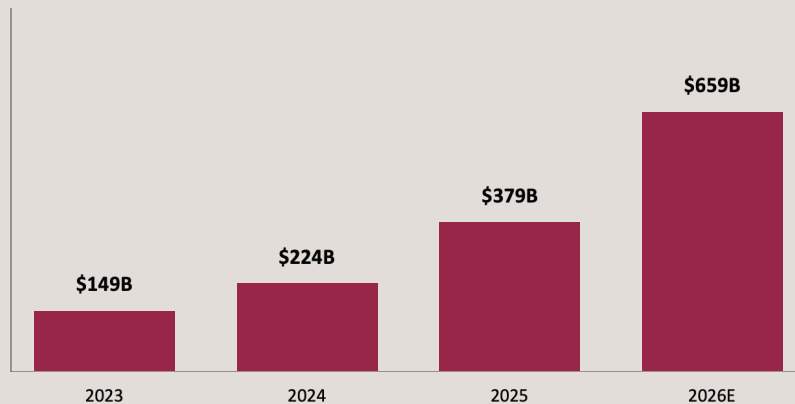
Five Themes for the Next 12 Months



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Beyond the Hype: AI's Open Questions

Big Five Hyperscalers: AI Capex (\$bn)



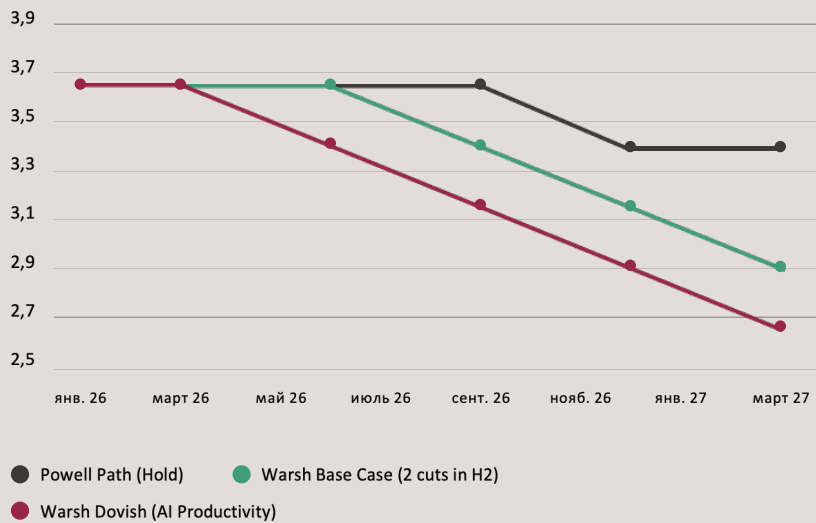
Source: Bloomberg. 2026E = consensus estimates.

Anxieties and impacts:

1. The ROI gap
2. Circular financing and credit risk
3. AI disruption and software weakness
4. Employment disruption feedback loop
5. Hard assets / Cyclical / Value vs Light assets / Growth rotation

Fed Leadership Shakeup

Federal Funds Rate: Scenario Projections (%)



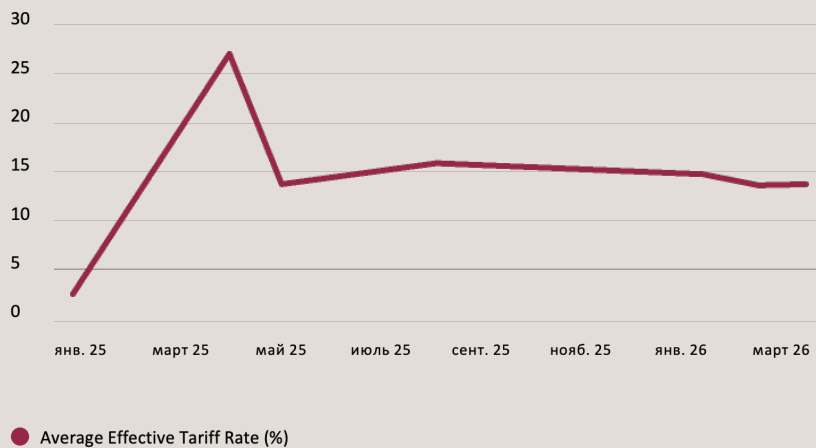
CNBC, Bloomberg, Wells Fargo Investment Institute, Morningstar, PBS News.

- Trump nominated Kevin Warsh as next Fed Chair on March 4, 2026. If confirmed, he succeeds Powell on May 15.
- Senate risk: if Warsh is not confirmed by May 15, the Fed enters genuine leadership ambiguity.
- Who is Warsh? The “triple-threat” biography.
- The Fed independence question.

- **Base case:** two cuts in H2 2026, gradual balance-sheet reduction.
- **The dovish tail scenario:** the AI productivity story validates rapidly, Warsh moves earlier and more aggressively, and the rate reaches 2.50–2.75% by early 2027.
- **The hawkish tail scenario:** underpriced by the market, is that Warsh's historical instincts reassert themselves once he has the job.

Tariff Escalation: Uncertainty Increases

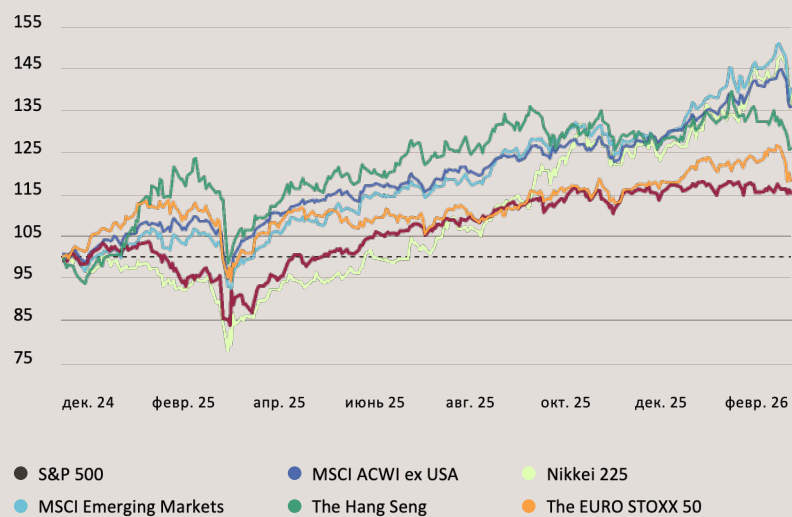
U.S. Average Effective Tariff Rate: 2025 - Present (%)



- US effective tariff rate: 2.5% (Jan 2025) - ~27% (Apr 2025) - 13.7% (Feb 2026) after pauses and rollbacks.
- In Feb 2026, Supreme Court ruled 6-3 that IEEPA does not authorize presidential tariffs.
- Trump imposed a 10% global tariff under Section 122 of the Trade Act of 1974, raised to 15% the next day.
- Key detail: Section 122 has a 150-day limit. By mid-July 2026, the administration hits another legal vacuum. **The uncertainty cycle has not ended, it has restarted.**
- GS / Yale Budget Lab: 15% tariff regime could cut 2026 GDP by ~0.5pp and add ~1% to Core PCE by early 2027 - a stagflationary mix that complicates the Fed's cutting path.
- GS: every 5pp tariff increase reduces S&P 500 EPS by roughly 1–2%.

International Equities Surge: Outperformance vs US

S&P 500 vs Major Global Indexes: Since 31 Dec 2024 (Base = 100)

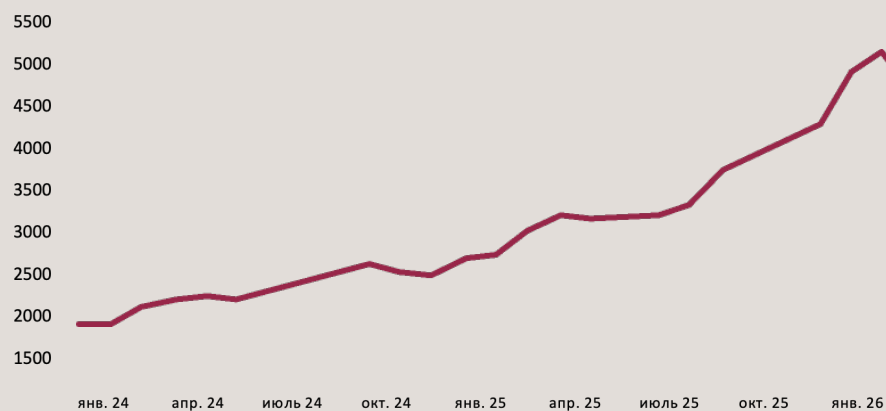


Source: Bloomberg.

- Valuation gap remains extreme.
- The dollar and the “Sell America” trade.
- Protectionism and AI need commodities.
- Hot Asia.
- Europe’s fiscal pivot.

Why gold is not done

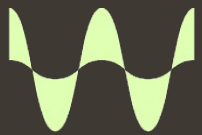
Gold Price: January 2024 - March 2026 (\$/oz)



Source: Bloomberg.

Five independent forces pushing gold higher:

1. Central bank buying — a regime shift
2. De-dollarization
3. Fed independence risk
4. Real rates and the dollar
5. Tariffs and geopolitical uncertainty as a permanent backdrop



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