Starvest Capital: Monthly Report (August 2026)

Geneva, 2 September 2026

Dear Valued Investor,

The **Great Visionaries Certificate** gained +2.0% in August and stands at **+30.4%** year-to-date, against +14.2% for its benchmark, the S&P MidCap 400, +12.5% for the S&P 500 and +16.7% for the Nasdaq 100, all in USD.

The **Global Alpha Certificate (CHF)** added +1.3% over the month and stands at **+23.5%** year-to-date, against +16.3% for the S&P MidCap 400 measured in Swiss francs.

Attribution for the month divides into two distinct regimes, and the second may, in our view, have created an attractive entry point.

First, the month opened with exceptionally **strong company fundamentals** driving market performance.

SanDisk, for example, contributed +29.0% to performance in August following its 13 August Investor Day. The company pointed to multi-year contracts with AI hyperscalers and highlighted an industry memory (NAND) market expected to exceed $300bn in 2026 and approach $500bn in 2027.

These figures helped accelerate the market's reassessment of flash memory, from a cyclical commodity to a structural AI asset. The shift is already visible in AI data-center revenue, which grew 645% year-on-year.

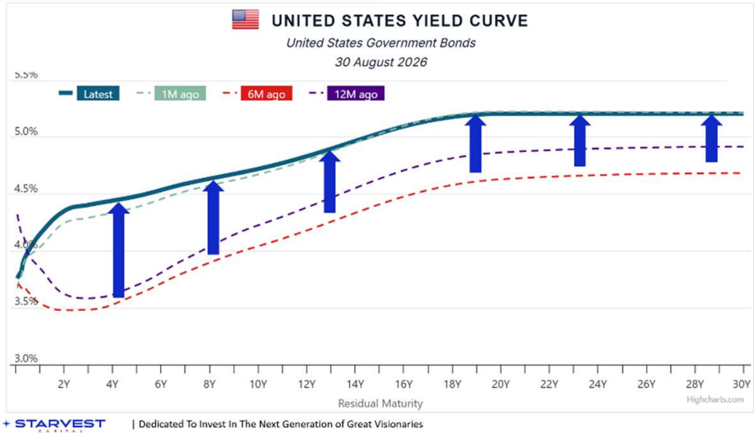
Lumentum contributed +28.1% to performance after reporting fiscal fourth-quarter results on 11 August, with revenue of $1.01bn, up 109% year-on-year and ahead of consensus, and September-quarter guidance well above Street estimates, consolidating its position as a core supplier of the optical layer that carries data inside AI data centers.

Second, the latter half of the month reflected a **repricing of discount rates** rather than any change in company fundamentals—namely, underlying earnings power.

The transmission mechanism was straightforward. Transit through the Strait of Hormuz has fallen from 18m oil barrels a day before the conflict to 4.8m in July and around 2m in August, lifting crude and taking US retail gasoline above $4 a gallon against $3.20 a year earlier.

That fed directly into the July CPI print, released on 12 August, showing headline inflation at 3.4% year-on-year against core at 2.5%. The 0.9 point gap is almost entirely energy: the energy index rose 14.7% over twelve months and gasoline 24.6%.

As shown in the chart below, the yield curve adjusted further in response. The 30-year Treasury touched 5.3% on 18 August, its highest level since 2007, while the 10-year yield, rose nearly 30 basis points over the month to 4.8%.



The Federal Reserve contributed none of this tightening: the target range has stood at 3.50% to 3.75% since December 2025 and was held again at the July meeting. But Chairman Warsh's Jackson Hole remarks of 28 August moved implied odds of a September hike from the mid-30s to close to 60% within the hour, lifting the two-year yield 12.8 basis points to 4.356%, the largest reaction to a Jackson Hole address since 1996.

For long-duration equities this constitutes a valuation adjustment rather than an earnings revision. The standard constant-growth (Gordon) model in finance puts the justified multiple at one divided by the discount rate less the growth rate.

Consider a company earning $1.00 per share and growing at 4% in perpetuity: at a 9% discount rate the market is willing to pay twenty times those earnings, or $20.00. Move the discount rate to 10% and the same growth assumption supports 16.7 times, or $16.67. The earnings forecast has not moved, the order book has not moved, yet the share is worth roughly 17% less.

This is why a rise in long-term interest rates registers as a drawdown in long-duration equities even when every operating indicator is improving.

Nvidia, not a portfolio holding but a useful barometer, illustrated this point within two sessions. Reporting on 26 August, it delivered revenue of $96.2bn against $92.2bn expected, up 106% year-on-year, data center revenue of $89bn, up 117%, earnings of $2.22 against $2.10 expected, and October-quarter guidance of $108bn against $104bn anticipated. The shares rose 8.7% on 27 August and gave back 4.6% on 28 August, after Warsh spoke. Nothing changed in the company's results or forecasts. Only the rate at which its cash flows are discounted did.

The same mechanism was visible within both certificates: Western Digital was a major detractor at -17.3%, notwithstanding upward revisions to its earnings outlook.

Duration sensitivity is symmetric, and that is where the opportunity now sits, in our view. A multiple compressed by an energy shock re-expands as that shock dissipates, and does so in advance of any earnings confirmation. A credible agreement to restore normal transit through the Strait of Hormuz would lower the oil-risk premium, ease the inflation impulse embedded in the curve and trigger a downward repricing of nominal and real yields. Equities should then rally accordingly, led by the longer-duration segments of the market.

Market pricing now assigns a 68% probability of a September Federal Open Market Committee (FOMC) rate increase whereas the latest Reuters survey of economists, conducted in mid-August, found that 94 of 104 respondents expected no change at that meeting.

The FOMC’s next meeting falls on 28 October, immediately before the November midterm elections. Although the Committee has historically been reluctant to alter policy so close to an election, precedent is a guide rather than a rule. More strikingly, the market largely ignored Warsh’s observation that the economy had strengthened and that “the potential for substantially higher growth is on the rise.” The hawkish element of his speech was priced within minutes; its growth implication (higher equilibrium rates and a potentially more durable upward repricing of the curve) was not.

Meanwhile corporate guidance across key themes like AI-infastructure continues to be revised upward.

Taken together, our holdings' fundamentals and the rate used to value them have moved apart. On our analysis, closing that gap is the main source of short- to medium-term prospective return in the certificates.

August sharpened a distinction we consider central to that discipline. Every share price answers two questions: how much will this company earn, and what is that stream of earnings worth today. The first is a matter of business performance, the second a matter of prevailing interest rates. In August the answer to the second question changed while the answer to the first improved.

As a result, we see no reason to reduce exposure to businesses whose earnings are accelerating simply because the rate used to value them has risen.

A final note on portfolio construction: our exposure to AI infrastructure and commercial space is not a thematic view we set out to express: both emerge from our quantitative process that ranks securities one position at a time, wherever data, evidence and probability point to durable outperformance.

If you are considering increasing your exposure, or establishing one for the first time, we would welcome a conversation on how our actively managed certificates can sharpen your positioning and support your long-term objectives.

Best regards,

Wilhelm Sissener, CFA
+41 (0)79 447 57 48
www.starvestcapital.com