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January 2026

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QCAM Insight

Two-Way Volatility Risks

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Global FX volatility has declined significantly over the last six months despite ongoing high geopolitical, policy, economic and market uncertainties. Whether this disconnect will hold or break will be a key driver of FX outcomes in 2026. Moreover, rising volatility can have two-dimensional FX effects depending on the nature of the volatility shock. Geopolitical shocks are likely to be USD friendly while US policy credibility shocks will probably hurt the USD.

Global FX markets have been trading in a relatively tight range at year end and in early 2026 despite no shortage of potential market movers (US data surprises, central bank action, Venezuela etc.). The USD DXY weakened about 1% over the last five weeks but remains centered in the 96 to 100 range. Our outlook for 2026 remains USD bearish (see 2026 Sneak Preview, QCAM Monthly December 2025) but we acknowledge, that risks are spread in several directions and can produce very different FX outcomes.

One such risk is the relatively low level of FX volatility in an environment of heightened uncertainty. Global implied FX volatility has dropped below 7% (see Chart). This is not an absolute low but happened only 14% of the time over the last ten years. Historical volatility has dropped to 5% which is at the very low end of the past 20 years (see page 8). Implied and historical volatilities for individual currency pairs are also consistently below their past five-year averages (see page 8). The low level of FX volatility is at odds with the common perception of geopolitical, policy, economic and market risks. Political and policy uncertainty indices have moved well above their historical trends. The sense of heightened uncertainty is reflected in the gold price which has surged 70% over the last year to unprecedented historical highs.

The disconnect between market volatility and perceived risks is not limited to FX. The disconnect is visible in most asset classes, notably equity. The VIX, for example, stands currently around 15, which is in the lower range typically associated with low equity market risks. Favorable and better-than expected developments may prolong the disconnect between market volatility and risk perception. In fact, we cannot rule out that volatility will fall further. However, we believe it is prudent to be prepared for a possible break of the disconnect in 2026. There are several potential shocks that could trigger a break-up of the disconnect and the FX implications could differ as well.

Two-way volatility responses

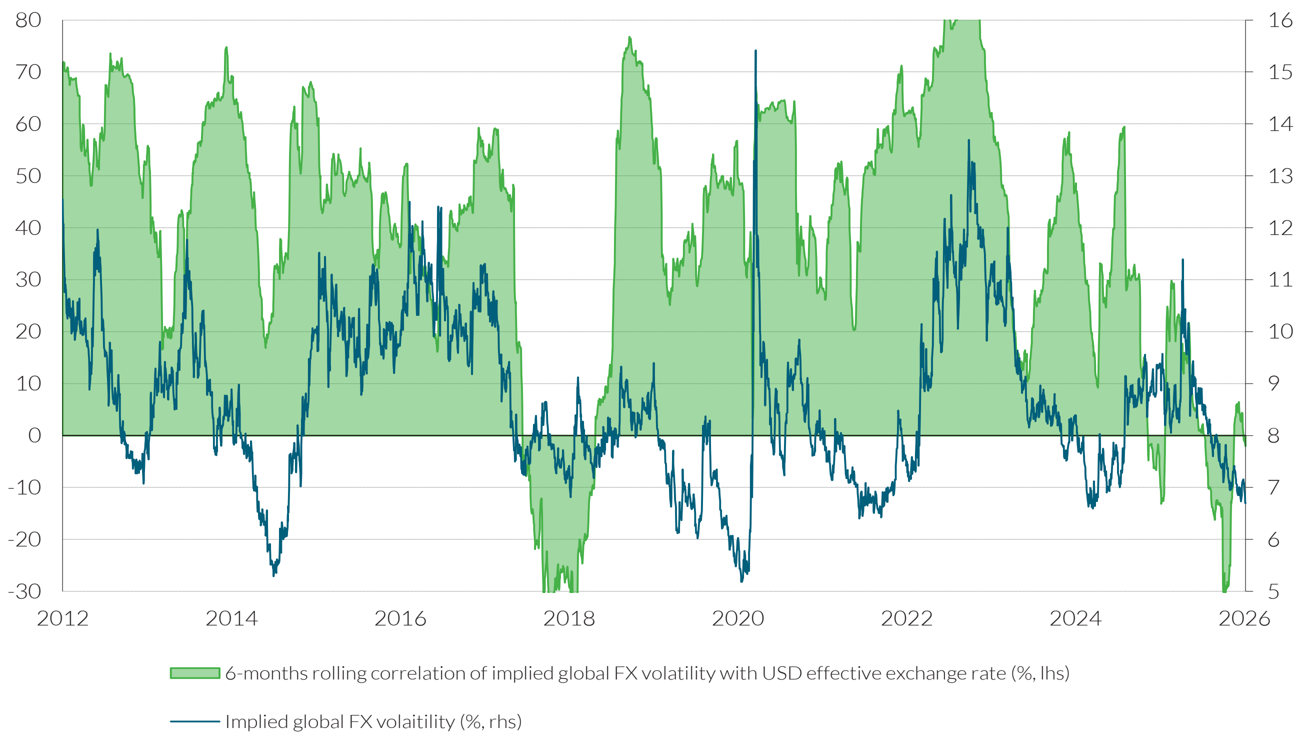
Historically, implied FX volatility mostly had a positive correlation with the broad USD exchange rate (see Chart). In particular, the USD tended to appreciate in times of rising volatility no matter whether the trigger was geopolitical, policy, economic or market related. A notable exception was in 2017/18 during the first Trump administration, when the correlation turned negative amid trade conflicts and fiscal expansion. In the first half of 2025, the relationship also turned negative with the USD plunging amid rising volatility triggered by heightened economic policy uncertainty, especially the imposition of draconian US import tariffs. In the second half of last year, the negative relationship between FX volatility and the USD faded and the correlation is now essentially zero, implying that it could move in either direction going forward. Which way the correlation will move depends largely on the type of shock that lifts volatility. Simplified, shocks that effect the global economy more than the US, notably geopolitical shocks, are likely to support the USD. Shocks that impact primarily the US, such has negative policy credibility events, will probably hurt the USD.

Triggers and amplifiers

To be more specific, volatility shocks, that could be USD negative, are a renewed government shutdown as soon as at the end of January, actions that undermine Fed independence and make monetary policy an aide of fiscal proliferation or an AI crash that leads to a recession that impacts the US disproportionally. A concern is also the mid-term election, not so much because of the outcome but because of possible policy activism in the runup to the election that raises policy uncertainty. USD bullish are geopolitical shocks (Ukraine, Iran, Greenland, Latam, Taiwan), possibly compounded by commodity shocks, renewed global growth weakness amid US exceptionalism (possibly AI powered) and political fragmentations in Europe that threaten Euro stability.

The extent to which these possible triggers drive FX outcomes in different directions also depends on the resulting equity market performances and the appeal of FX carry trades versus safe haven features. The CHF, for example, could benefit disproportionally in a USD negative policy credibility event, hold up better than most others in case of a geopolitical shock, but underperform in periods of global growth underperformance given its attractive funding conditions. A special case is the JPY, whose performance will hinge less on US or global events but more on the outcome of the policy clash between the Takaichi government and the BoJ.

Implied FX volatility and correlation with USD effective exchange rate



Source: JPMorgan and QCAM Currency Asset Management

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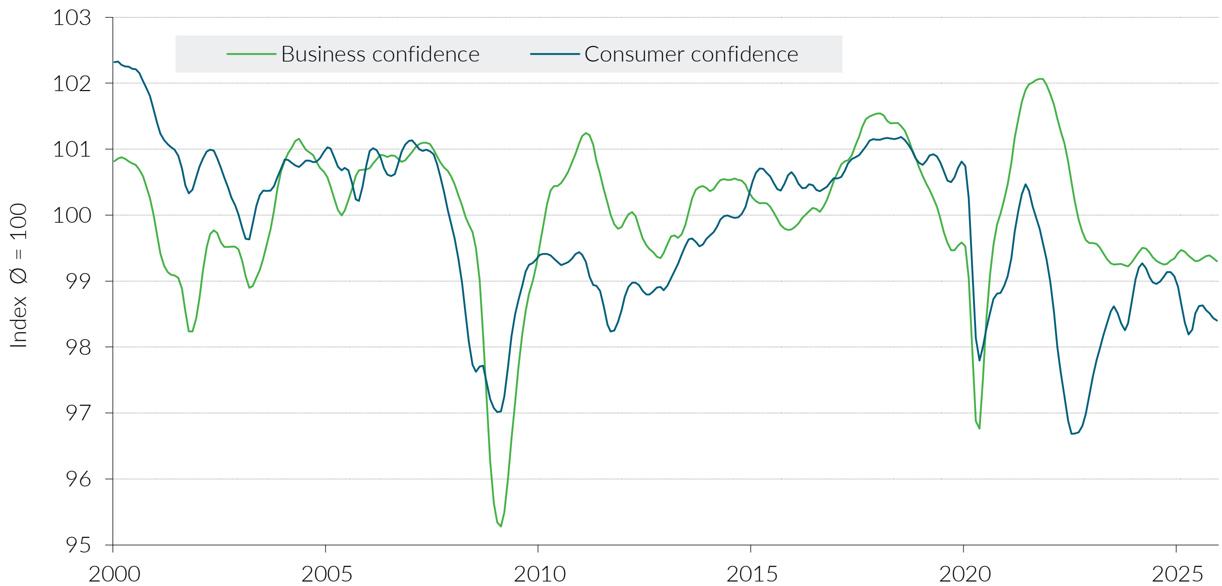
Economy & Interest Rates

There has been no notable change in global growth conditions at the end of 2025. Forecasts have remained broadly unchanged, business sentiment stagnated in a sluggish range and consumer sentiment softened slightly. Overall, we expect global growth conditions to improve in Europe and remain broadly unchanged elsewhere including the US. Actual and expected inflation readings were mostly stable and on target but remain elevated in the US, the UK and Japan. We expect inflation in the US to remain resilient due to residual tariff effects and tightening labor supply. We forecast that most central banks will keep rates on hold including the ECB and the SNB. The main exceptions are cuts from the Fed and the BoE and hikes from the BoJ.

	Real GDP growth[1]		Unemployment rate[1]		Inflation rate[1]		Current account[2]		Fiscal balance[2]		Public debt[2]	
	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026
Global	2.5	2.6	n.a.	n.a.	2.7	2.5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Developed	1.8	1.7	n.a.	n.a.	2.6	2.5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
USA	2.1	2.0	4.3	4.5	2.8	3.0	-4.0	-3.7	-7.4	-7.5	125	128
Canada	1.7	1.5	6.9	6.7	2.0	2.0	-0.2	-0.3	-2.2	-2.4	114	113
Euro-area	1.5	1.5	6.3	6.2	2.1	1.8	2.5	2.3	-3.2	-3.4	88	89
Sweden	1.5	1.7	8.5	8.2	0.9	1.0	6.0	6.0	-1.5	-2.0	34	34
Switzerland	1.0	1.2	2.5	2.5	0.2	0.5	5.0	5.0	0.3	0.0	37	36
UK	1.3	1.0	4.8	5.0	3.4	3.0	-3.5	-3.0	-4.5	-3.5	103	105
Japan	1.2	1.0	2.5	2.5	3.2	2.5	4.0	3.5	-7.0	-7.0	230	227
Australia	1.9	2.5	4.2	4.2	2.8	3.0	-2.0	-2.0	0.5	0.0	51	50
Emerging	4.0	3.7	n.a.	n.a.	2.9	2.8	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
China	4.9	4.5	5.3	5.3	0.0	0.5	3.0	2.5	8.5	8.5	96	100
India	7.5	7.0	n.a.	n.a.	2.1	4.0	-1.0	-1.5	-7.0	-7.0	80	80
Russia	0.8	1.0	2.3	2.7	8.7	6.0	2.0	2.0	-2.5	-2.0	21	22
Brazil	2.3	2.0	5.9	6.0	5.0	4.0	-2.5	-2.5	-9.0	-9.0	91	94

Source: OECD, IMF World Economic Outlook and QCAM estimates [1] In percent annual average [2] In percent of GDP

OECD business and consumer confidence*



Source: OECD and QCAM *The last observations are QCAM estimates based on other surveys

QCAM Currency Asset Management

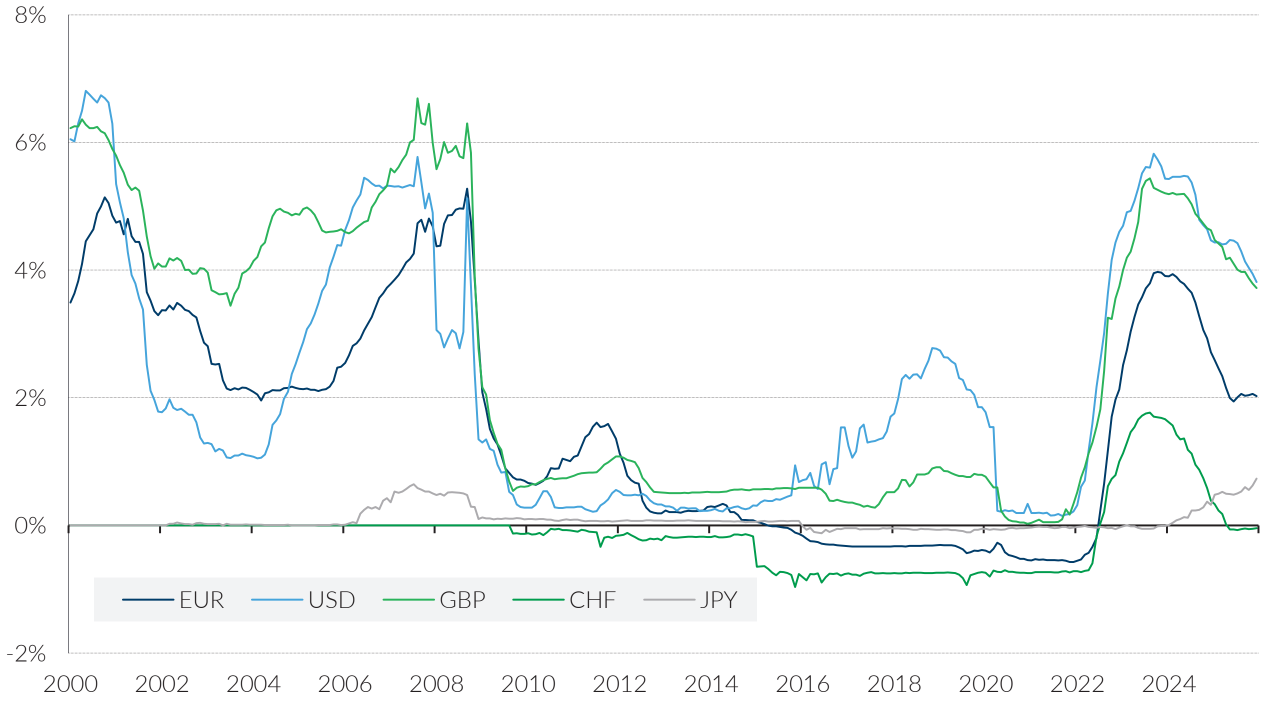
Interest Rates

Interest Rate Level Overview

	Short Term Interest Rate (3month OIS)					Long Term Interest Rate (10year Swap)				
	Current	1M ago	3M ago	12M ago	Ø 3 years	Current	1M ago	3M ago	12M ago	Ø 3 years
USD	3.61%	3.65%	3.87%	4.32%	4.78%	4.09%	4.00%	3.94%	4.41%	3.11%
EUR	2.03%	2.08%	2.03%	2.76%	3.06%	2.83%	2.78%	2.66%	2.42%	2.72%
JPY	0.73%	0.68%	0.54%	0.33%	0.23%	1.93%	1.77%	1.54%	1.10%	1.03%
GBP	3.71%	3.77%	3.97%	4.60%	4.66%	4.01%	4.00%	4.19%	4.10%	3.94%
CHF	-0.05%	-0.05%	-0.05%	0.40%	0.91%	0.63%	0.51%	0.49%	0.46%	1.05%
AUD	3.69%	3.63%	3.53%	4.26%	4.02%	4.62%	4.56%	4.16%	4.30%	4.22%
CAD	2.26%	2.25%	2.41%	3.13%	3.94%	3.52%	3.50%	3.20%	3.27%	3.56%
SEK	1.76%	1.78%	1.78%	2.39%	3.02%	2.97%	2.98%	2.73%	2.65%	2.75%
RUB	14.50%	15.00%	15.50%	21.30%	14.98%	11.12%	9.62%	11.12%	13.68%	9.71%
BRL	13.57%	13.24%	13.44%	11.82%	11.53%	13.16%	13.37%	13.47%	14.97%	12.45%
CNY	1.55%	1.58%	1.61%	1.64%	1.90%	1.75%	1.73%	1.78%	1.43%	2.08%
TRY	37.77%	38.97%	40.75%	46.10%	39.83%	27.45%	28.55%	29.09%	26.90%	26.34%
INR	5.37%	5.33%	5.46%	6.68%	6.38%	6.20%	6.03%	5.89%	6.23%	6.25%

Source: QCAM Currency Asset Management, as of January 6th, 2026

3-month Rates



Source: QCAM Currency Asset Management, as of end of December 2025

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FX Markets

FX Performance vs. PPP

The USD DXY dropped 1.4% in December with all major currencies gaining some ground versus the USD except for the JPY. EM FX performance was mixed with BRL and CNH gaining and TRY losing again significantly. Speculative positions are slightly net short USD with the EUR most overbought, the JPY neutral and the CHF and the GBP most oversold. Short-term interest rates were mostly stable over the last month. The cost of forward hedging versus the USD declined somewhat but remains elevated with USDCHF and GBPCHF hedging still most expensive. Actual and implied FX volatilities declined or remained stable and are well below their historical averages. PPP estimates continue to grind against the USD as US inflation remains more resilient. The USD remains broadly overvalued (12% for the USD DXY) with JPY the most undervalued and the CHF at fair value.

Overview

	Current Exchange Rate	Performance[1]				Purchasing Power Parity[2]		
		YTD	1M	12M	5 years	PPP	Neutral Range	Deviation[3]
EURUSD	1.170	-0.30%	0.49%	12.64%	-4.86%	1.23	1.10 - 1.36	-5%
USDJPY	156.690	-0.09%	0.90%	-0.52%	51.82%	105.03	93.09 - 116.96	49%
GBPUSD	1.351	0.43%	1.34%	7.92%	-0.70%	1.53	1.36 - 1.69	-12%
EURCHF	0.930	-0.11%	-0.74%	-0.94%	-14.15%	0.89	0.84 - 0.94	5%
USDCHF	0.795	0.18%	-1.23%	-12.07%	-9.76%	0.77	0.69 - 0.86	3%
GBPCHF	1.074	0.62%	0.10%	-5.09%	-10.38%	0.98	0.89 - 1.07	10%
CHFJPY	197.111	-0.27%	2.16%	13.13%	68.24%	96.11	85.19 - 107.02	105%
AUDUSD	0.674	0.96%	1.45%	7.91%	-13.60%	0.76	0.67 - 0.85	-11%
USDCAD	1.379	0.50%	-0.33%	-4.00%	8.79%	1.23	1.14 - 1.31	12%
USDSEK	9.197	-0.28%	-2.22%	-16.78%	12.39%	8.56	7.59 - 9.53	7%
EURSEK	10.761	-0.58%	-1.75%	-6.26%	6.93%	8.97	8.42 - 9.52	20%
USDRUB	80.715	2.00%	5.75%	-24.92%	9.51%	72.19	53.91 - 91.38	12%
USDBRL	5.372	-2.61%	-0.84%	-12.22%	1.59%	4.01	2.44 - 5.57	34%
USDCNH	6.980	0.01%	-1.28%	-5.01%	8.29%	7.12	6.53 - 7.70	-2%
USDTRY	43.030	0.17%	1.23%	21.83%	488.83%	29.87	23.52 - 36.22	44%
USDINR	90.119	0.21%	0.16%	5.13%	23.20%	83.21	76.57 - 89.85	8%
US_Dollar_Index	98.580	0.26%	-0.42%	-8.94%	10.11%	88.20	82.38 - 94.03	12%

[1] Performance over the respective period of time, in percent

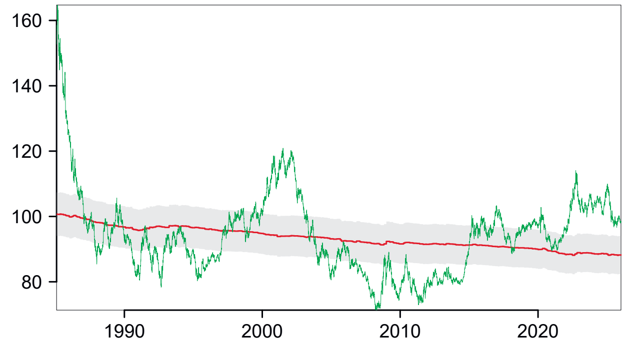
[2] Purchasing power parity (PPP) is estimated based on the relative development of inflation rates in two currency markets; the neutral range is determined by ± 1 standard deviation of the historical variation around the PPP value.

[3] Deviation of the current spot rate from PPP, in percent.

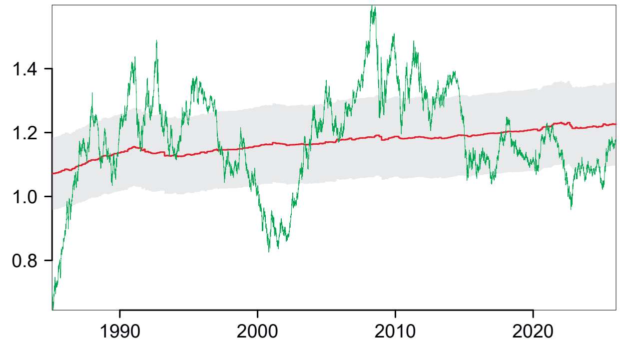
Source: QCAM Currency Asset Management, as of January 6th, 2026

Purchasing Power Parity

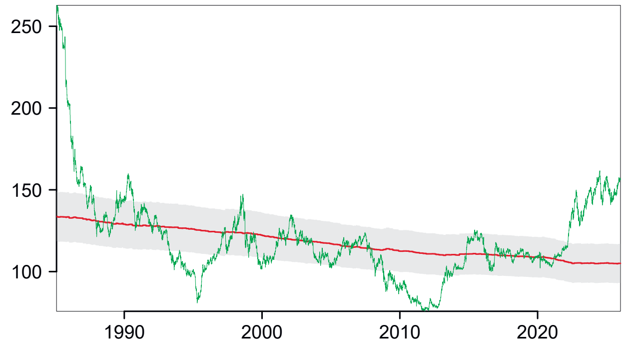
DXY



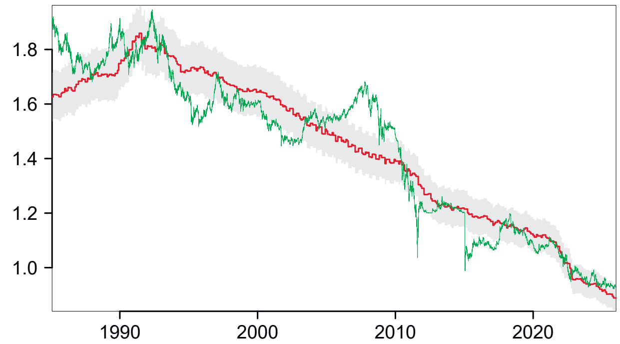
EURUSD



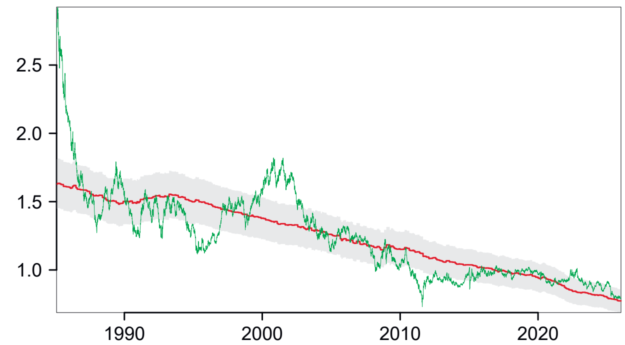
USDJPY



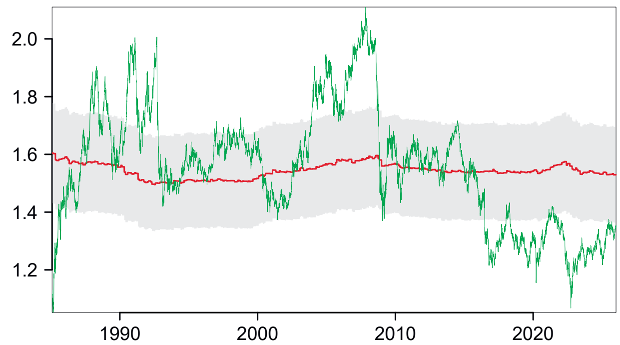
EURCHF



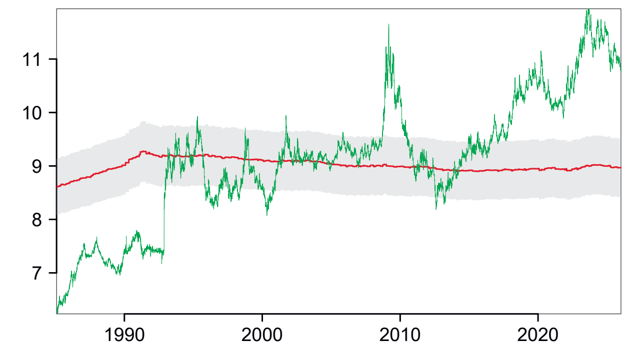
USDCHF



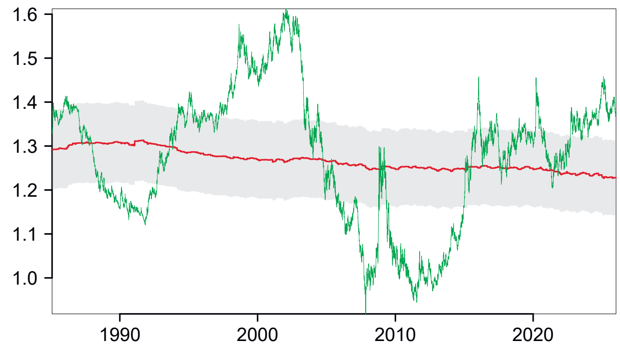
GBPUSD



EURSEK



USDCAD



Source: QCAM Currency Asset Management, as of January 6th, 2026

PPP   Spot   Neutral Range

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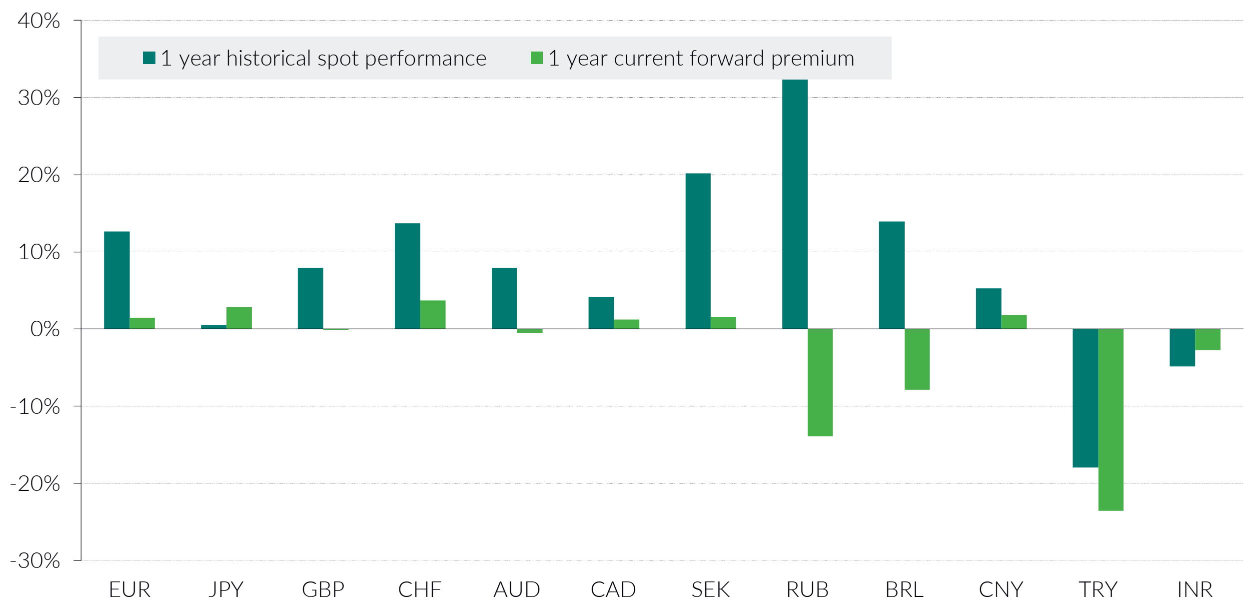
FX Spot vs Forwards

FX Forwards Level and Premium

	Current Exchange Rate	Forward Level			Premium p.a.		
		1M	3M	12M	1M	3M	12M
EURUSD	1.170	1.1719	1.1750	1.1875	1.72%	1.68%	1.47%
USDJPY	156.690	156.2581	155.4840	152.4155	-3.10%	-3.08%	-2.69%
GBPUSD	1.351	1.3509	1.3507	1.3492	-0.07%	-0.09%	-0.13%
EURCHF	0.930	0.9284	0.9252	0.9105	-2.15%	-2.14%	-2.08%
USDCHF	0.795	0.7922	0.7874	0.7667	-3.86%	-3.80%	-3.50%
GBPCHF	1.074	1.0702	1.0636	1.0345	-3.93%	-3.89%	-3.63%
CHFJPY	197.111	197.2439	197.4687	198.7896	0.76%	0.73%	0.84%
AUDUSD	0.674	0.6737	0.6736	0.6702	0.12%	-0.02%	-0.50%
USDCAD	1.379	1.3770	1.3738	1.3624	-1.59%	-1.52%	-1.19%
USDSEK	9.197	9.1809	9.1536	9.0528	-1.92%	-1.87%	-1.54%
EURSEK	10.761	10.7587	10.7553	10.7504	-0.21%	-0.20%	-0.09%
USDRUB	80.715	81.8492	83.9719	93.7472	16.31%	15.96%	15.92%
USDBRL	5.372	5.4142	5.4896	5.8312	8.91%	8.78%	8.44%
USDCNH	6.980	6.9673	6.9449	6.8547	-1.98%	-1.96%	-1.77%
USDTRY	43.030	44.1282	46.0467	56.2754	27.84%	28.04%	30.36%
USDINR	90.119	90.3516	90.8674	92.6426	2.91%	3.32%	2.76%

Historical Spot Performance and Current Forward Premium vs. the US Dollar



Source: QCAM Currency Asset Management, as of January 6th, 2026

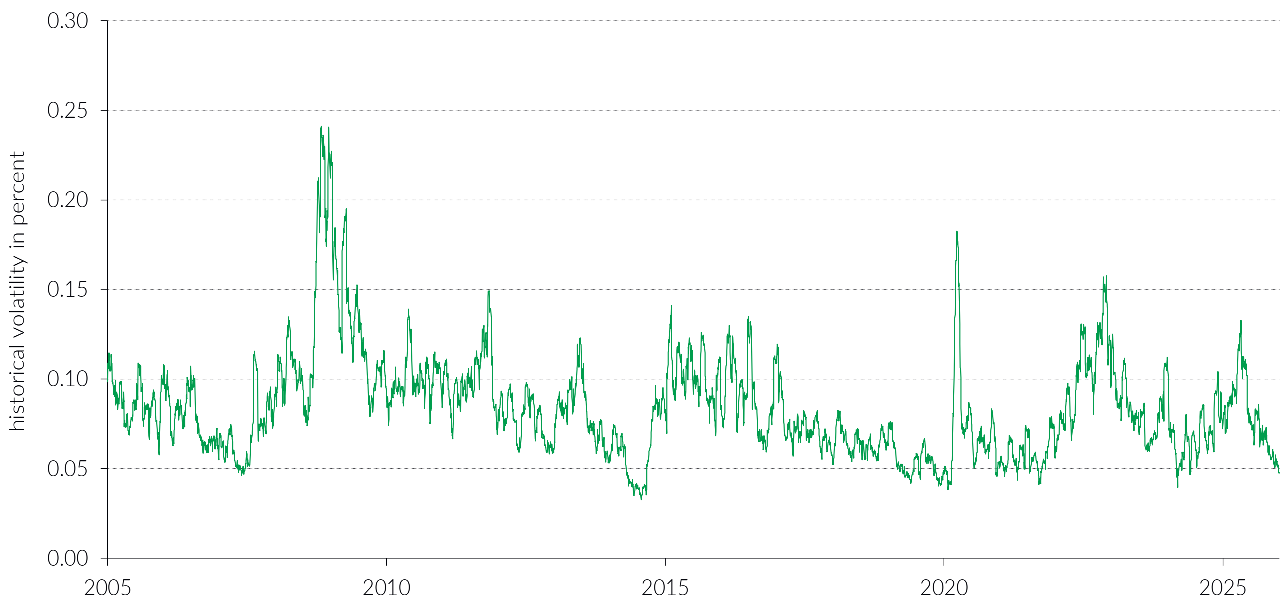
FX Volatility

Historical vs. Implied Volatility

	Current Exchange Rate	Historical Volatility [1]				Implied Volatility [2]			
		Current	1M	12M	Ø 5 years	Current	1M	12M	Ø 5 years
EURUSD	1.170	4.24%	5.13%	7.38%	7.45%	5.40%	5.53%	8.47%	7.14%
USDJPY	156.690	6.94%	8.11%	10.99%	9.50%	8.38%	8.88%	10.75%	9.40%
GBPUSD	1.351	5.66%	6.18%	7.63%	8.20%	6.25%	5.95%	8.63%	8.06%
EURCHF	0.930	2.95%	2.78%	4.08%	5.17%	3.95%	3.95%	5.58%	5.54%
USDCHF	0.795	5.65%	6.25%	6.70%	7.80%	6.45%	6.50%	7.95%	7.37%
GBPCHF	1.074	4.79%	4.77%	6.15%	6.97%	5.55%	5.60%	7.05%	7.28%
CHFJPY	197.111	5.97%	7.03%	8.49%	8.00%	7.07%	7.45%	9.48%	8.54%
AUDUSD	0.674	6.22%	6.59%	8.93%	10.31%	8.05%	8.10%	10.68%	10.10%
USDCAD	1.379	3.80%	3.80%	4.55%	6.30%	4.73%	4.55%	6.90%	6.35%
USDSEK	9.197	6.13%	7.19%	8.58%	10.85%	8.18%	8.10%	11.45%	10.60%
EURSEK	10.761	4.33%	4.58%	5.32%	6.13%	5.38%	5.00%	5.68%	6.45%
USDRUB	80.715	14.88%	13.40%	30.18%	22.35%	24.36%	23.51%	26.40%	27.44%
USDBRL	5.372	10.92%	8.52%	11.28%	13.55%	12.05%	12.55%	15.58%	15.55%
USDCNH	6.980	2.01%	2.14%	4.53%	4.48%	2.92%	2.80%	6.38%	5.09%
USDTRY	43.030	1.35%	1.44%	2.57%	11.33%	12.05%	12.33%	13.65%	20.06%
USDINR	90.119	4.58%	4.13%	1.41%	3.82%	3.90%	4.22%	3.73%	4.60%

[1] Realised 3-month volatility (annualised) [2] Market implied 3-month volatility (annualised)

QCAM Volatility Indicator[3]



[3] The QCAM volatility indicator measures general volatility in global FX markets; the indicator is based on historical volatility of the main exchange rates, which are weighted by trading volume.

Source: QCAM Currency Asset Management, as of January 6th, 2026

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FX Analytics

QCAM has an analytical framework to take scalable exchange rate positions. The QCAM exchange rate strategy for each currency pair has three principle components:

- Macro
- Business Sentiment
- Technical

The positioning signals from each component are aggregated into an overall positioning score for each currency pair.

The Macro component consists typically of economic growth, balance of payments, fiscal and monetary policy and in some cases commodity fundamentals. The positions are either discretionary or model driven.

The Business Sentiment component is a rule-based framework built on business surveys.

The Technical component consists primarily of the technical analysis of daily exchange rates (trend following and mean reversion).

The summary table below and the following pages show the QCAM strategy framework and the positioning for the major currency pairs actively covered by QCAM. The tables break each of the three strategies into subcomponents with an indication of the current impact. The charts show the respective exchange rate with past QCAM positions and their scale.

January 2026 — Current positioning

We kept all discretionary Macro positions unchanged with EUR, JPY, CHF and SEK long versus the USD. In Business Sentiment, the CHF position went to long CHF versus the EUR. The balance of all Business Sentiment positions is 60% short USD. In Technical, the EUR position went to long versus the USD, the JPY position went from neutral to short, the CHF positions went neutral versus the EUR and short versus the USD, the SEK position went short versus the EUR and the CAD position went long versus the USD. On balance, the long USD Technical positions turned into a small short. The balance of all strategy positions is moderately short USD resting on the longs in EUR, CAD, CHF and JPY. The overall EUR position is slightly short versus the CHF and slightly long versus the SEK.

Overview[1]

	Macro	Business Sentiment	Technical	Comment
EURUSD	+	+	+	Technical went from neutral to long EUR, raising the overall long EUR position to 40%.
USDJPY	–/+	– –	0	Technical went from short JPY to neutral, pushing the overall position to a modest long JPY.
EURCHF	0	–	0	Business Sentiment went long CHF versus the EUR and Technical went neutral EURCHF and short CHF versus the USD. The overall position is slightly long CHF versus the EUR and modestly long CHF versus the USD.
USDCHF	–	– –	+	
GBPUSD	0	++	–	All positions were unchanged with the overall position slightly long GBP.
EURSEK	0/+	– –	++	The Technical position went short SEK, shifting the overall position to a small short as well.
USDCAD	0	–	– –	The Technical position went long CAD, pushing the overall position to long CAD as well.

[1] The signs relate to the first currency of the exchange rate pair ; ++ or – – means 100% long or short; */* means split strategy position.

Source: QCAM Currency Asset Management

QCAM Currency Asset Management

EURUSD

We kept the Macro position at long EUR. Positive growth revisions, ECB on hold and a solid current account surplus remain key supports for the EUR, while we think that US growth will moderate, the Fed will ease further and the US current account deficit will stay high. EUR upside potential depends on more hedging activity as interest rate spreads narrow and US policy uncertainty continuing. The main risk to the bullish EUR view is political and fiscal tensions in the EU and a more resilient US economy. Business Sentiment stayed long EUR, Technical turned long EUR and the balance of all strategy positions is 40% long EUR.

	FX Factors	EUR Impact	Comment
Macro	Current Account Balances	+	The Euro-area's current account surplus remains stable versus the US current account deficit
	Fiscal Balances	0	Euro-area deficit likely to rise but remain below the US deficit
	Interest Rate Differentials	0/+	ECB easing has come to an end but Fed likely to cut further
Sentiment	Business Sentiment	+	The momentum of Euro-area surveys stayed ahead versus that of US surveys
	Risk Sentiment	0/–	Political uncertainties remain a risk factor
Technical	Price Action	+	Technical turned long EUR
	Spec Positions	0/–	Net long EUR position remained elevated
	PPP Valuation	0	EUR is 5% undervalued

EURUSD and QCAM Strategic Positioning

Source: QCAM Currency Asset Management

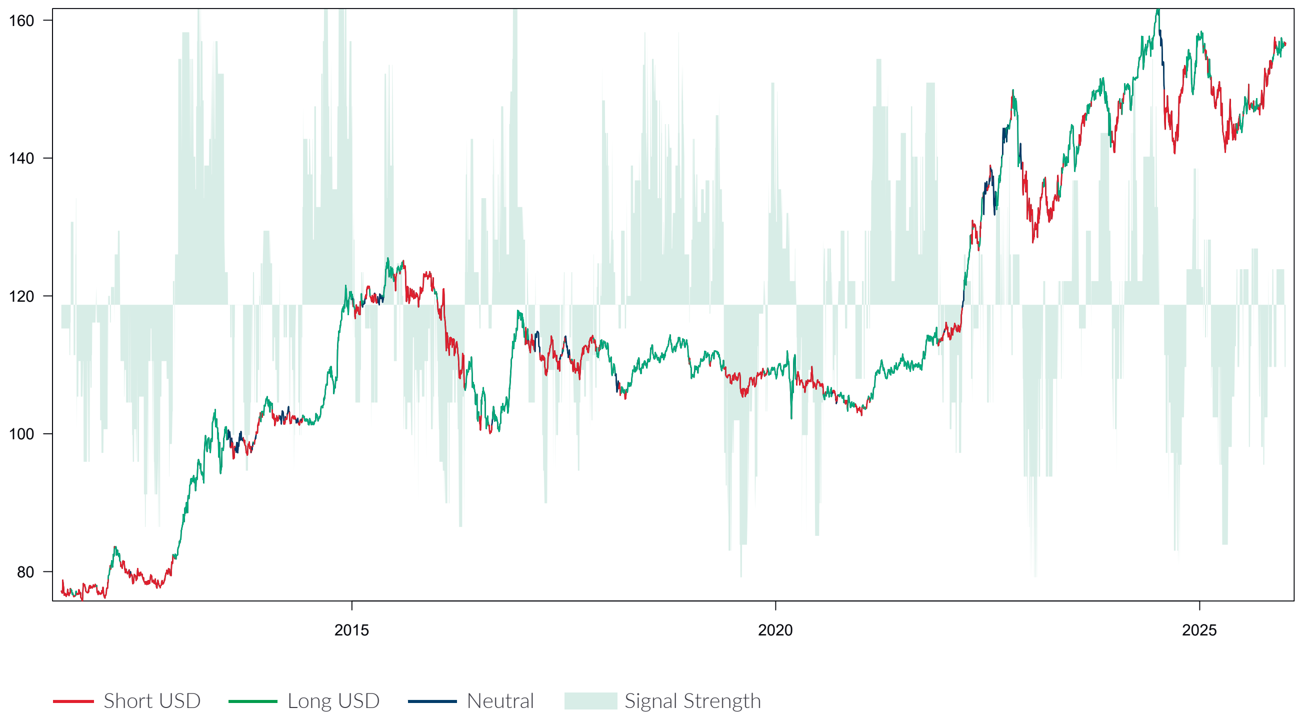
USDJPY

We kept the discretionary Macro position at long JPY. The data continues to show economic growth and inflation resilience. The BoJ resumed tightening in December and we expect more rate hikes in 2026. We believe the Takaichi-trade (buy Japanese equities and sell the JPY) has largely run its course and we also expect the JPY to gradually regain its safe-haven status, which helps in times of increased policy uncertainty.

As a result, we see the overall risk/reward trade-off as favourable for the JPY. The Macro carry model stayed short JPY, Business Sentiment remained long JPY and Technical turned neutral, shifting the overall JPY position to modestly long JPY versus the USD.

	FX Factors	JPY Impact	Comment
Macro	Current Account Balances	+	The Japanese current account surplus remains solid
	FDI Flows	–	Net outflows largely offset current account surplus
	Interest Rate Differentials	–	The Macro carry model stayed short JPY on reduced volatility
Sentiment	Business Sentiment	+	The momentum of Japanese Business Sentiment improved versus that of US surveys
	Risk Sentiment	0	Safe-haven character not yet restored
Technical	Price Action	0	Technical went neutral
	Spec Positions	0	Net long JPY position declined close to neutral
	PPP Valuation	+	The JPY is currently about 49% undervalued

USDJPY and QCAM Strategic Positioning



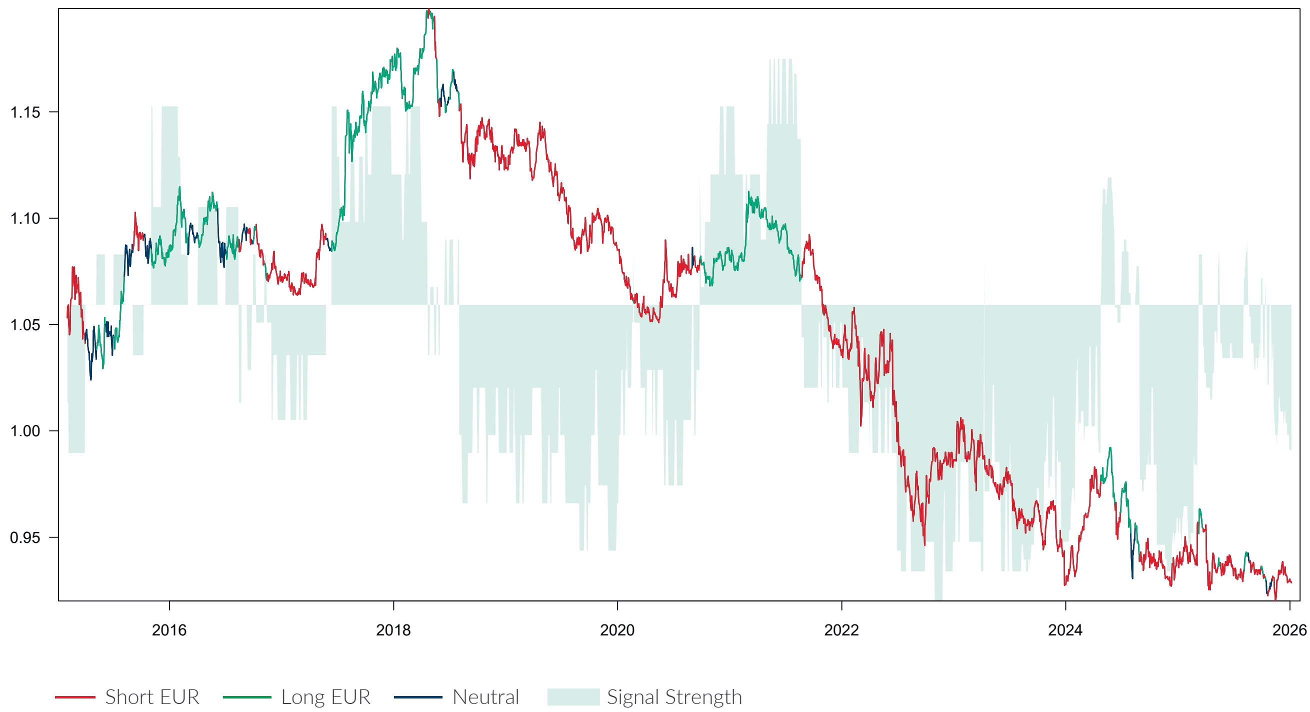
Source: QCAM Currency Asset Management

EURCHF

We kept the discretionary Macro position at neutral versus the EUR. EURCHF stayed in the 0.92 to 0.94 range since early April. Swiss fundamentals remain solid despite the tariff shock, external and fiscal positions are rock solid and the CHF is an attractive safe haven and reserve currency in times of increased uncertainty. Potential risks to the economy and ongoing low inflation favour more monetary easing, but we think the SNB will refrain from cutting interest rates below zero and also resist larger FX interventions to avoid escalating the conflict with the US. The Business Sentiment positions remained short CHF versus the EUR and Technical went neutral CHF versus the EUR, leaving the balance of all strategy positions at a small long CHF versus the EUR.

	FX Factors	CHF Impact	Comment
Macro	Current Account Balances	+	Surplus remains steady support for CHF
	Interest Rate Differentials	0	SNB not expected to go from zero to negative
	SNB Policy Intervention	0	Limited risk of significant SNB FX interventions
Sentiment	Business Sentiment	+	The Swiss economy moved ahead of the Euro-area economy in the surveys
	Risk Sentiment	0	Changes in risk sentiment had limited impact on the CHF lately
Technical	Price Action	0	Technical turned neutral
	PPP Valuation	0	CHF is close to fair-value versus the EUR

EURCHF and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

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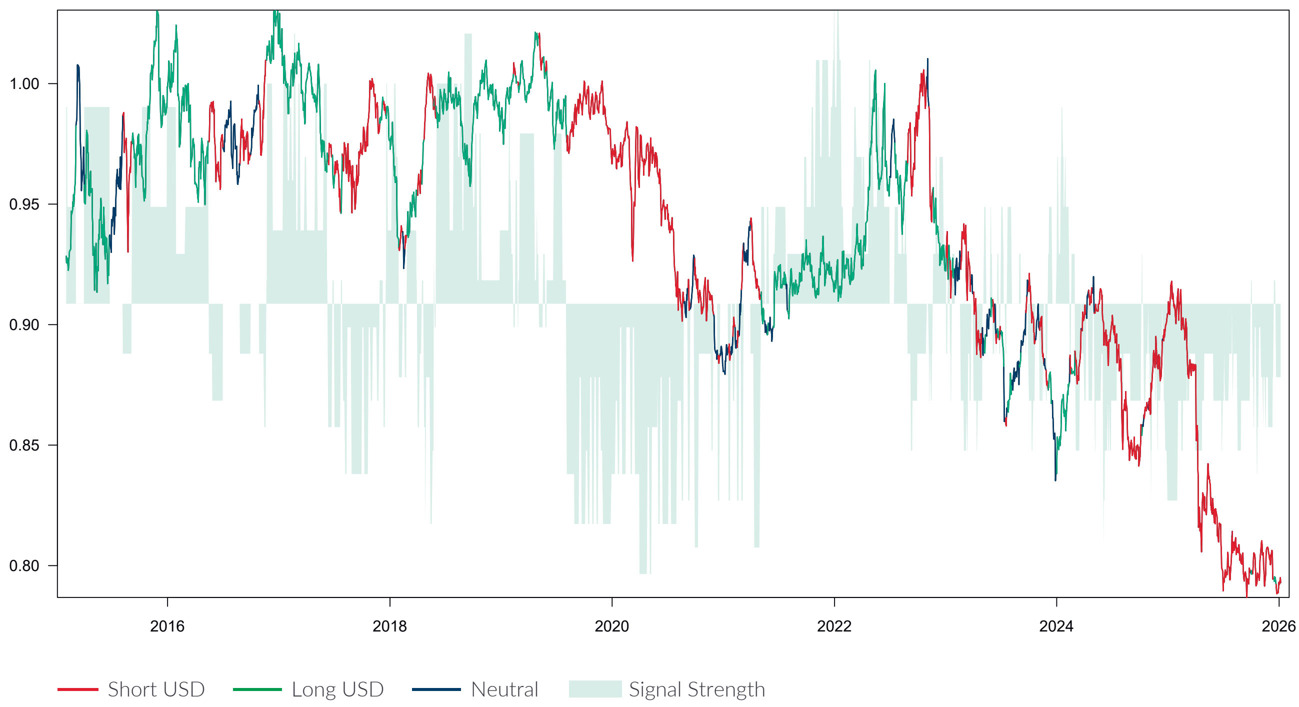
USDCHF

Our Macro positions in EURCHF and EURUSD (neutral and long respectively) imply long CHF versus the USD. Swiss fundamentals remain solid despite the tariff shock, external and fiscal positions are rock solid and the CHF is an attractive safe haven and reserve currency in times of increased uncertainty. The potential risks to the economy and ongoing low inflation favour more monetary easing, but we think the SNB will refrain from cutting interest rates below zero and resist larger FX interventions to avoid escalating the conflict with the US. The main downside risk for the CHF is the attractive funding position for carry trades. The Business Sentiment position stayed long CHF versus the USD and Technical turned short CHF, reducing the overall long CHF position to 25%.

	FX Factors	CHF Impact	Comment
Macro	Current Account Balances	+	Surplus remains steady support for CHF
	Interest Rate Differentials	0/–	SNB not expected to move rates from neutral to negative
	SNB Policy Intervention	0	Limited risk of sizable SNB FX interventions
Sentiment	Business Sentiment	+	Momentum of Swiss surveys rose versus that of US surveys
	Risk Sentiment	0	Changes in risk sentiment had limited impact on the CHF lately
Technical	Price Action	–	Technical turned short CHF
	Spec Positions	0/+	The oversold CHF position increased to possible inflection point
	PPP Valuation	0	CHF is close to fair value

USDCHF and QCAM Strategic Positioning



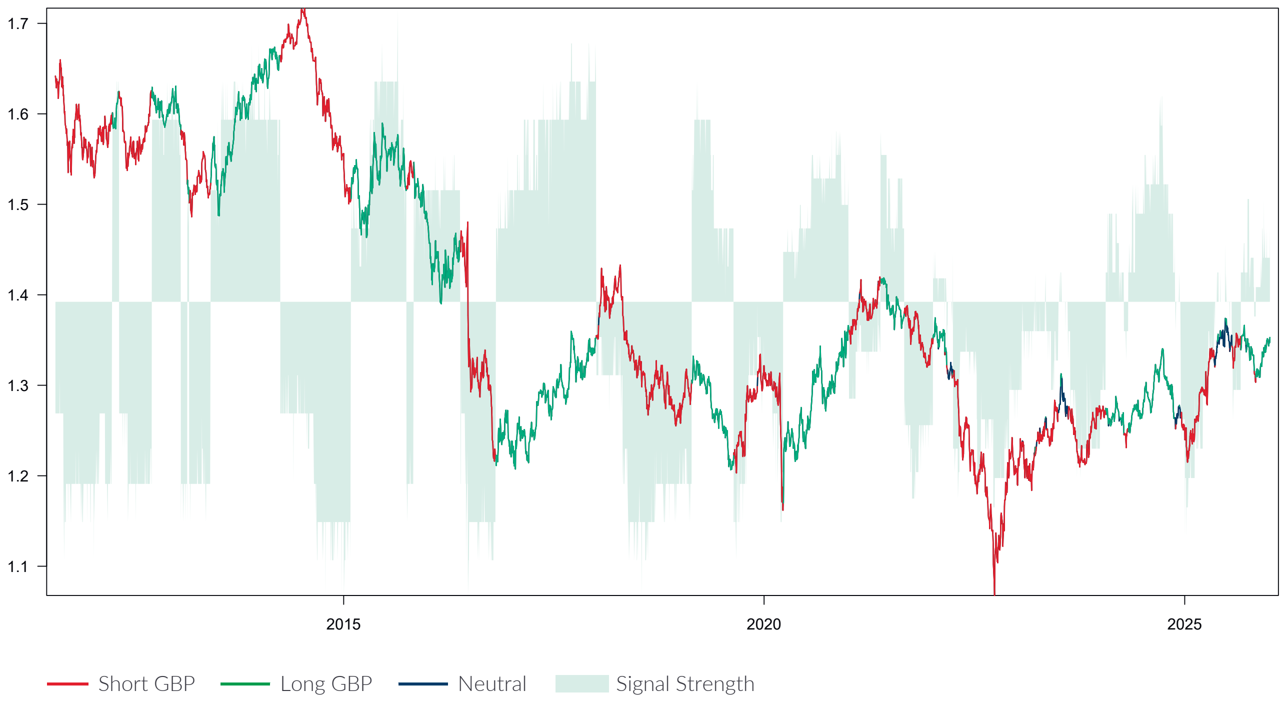
Source: QCAM Currency Asset Management

GBPUSD

We keep the discretionary Macro position at neutral despite our overall bearish USD outlook. The economy has been resilient but we believe that UK fundamentals remain challenged thanks to BREXIT. The new budget was well received yet fiscal consolidation remains a huge challenge. The twin deficits and a negative net international investment position limit the GBP's opportunity to benefit from broad USD asset rebalancing and currency hedging. The BoE faces a similar inflation challenge as the Fed and we no longer expect the BoE to cut interest rates more than the Fed. The Business Sentiment position stayed long GBP versus the USD and the Technical position remained short GBP. The overall strategy position is slightly long GBP.

	FX Factors	GBP Impact	Comment
Macro	Current Account Balances	0/–	The UK deficit has returned to pre-Corona levels
	Interest Rate Differentials	0	UK rates are at par with US rates but BoE no longer expected to cut rates more than the Fed.
Sentiment	Business Sentiment	+	Momentum in UK surveys increased versus US surveys
	Risk Sentiment	0	The negative sentiment faded after the budget announcement
Technical	Price Action	–	Technical stayed short GBP
	Spec Positions	0	Net position is short GBP, but not yet extreme
	PPP Valuation	0/+	The GBP is 12% undervalued

GBPUSD and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

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EURSEK

We keep the discretionary Macro position at neutral. Economic conditions have improved and the drag from the housing sector is fading as the Riks Bank lowered interest rates. The Macro interest rate model stayed short SEK and Business Sentiment remained long SEK, while Technical went short, turning the overall position slightly short SEK versus the EUR. We are also bullish SEK versus the USD given the long EURUSD Macro position. The SEK is well positioned for a rebalancing in foreign portfolio positions given its current account surplus and large positive net international investment position.

	FX Factors	SEK Impact	Comment
Macro	Current Account Balances	+	Sweden's surplus has rebounded to levels above those before the Ukraine war
	Interest Rate Differentials	–	The Macro interest rate model stayed short SEK
Sentiment	Business Sentiment	+	Surveys stayed long SEK
	Risk Sentiment	0	Risk sentiment has improved but not bullish
Technical	Price Action	0	Technical went short SEK
	PPP Valuation	+	The SEK is roughly 20% undervalued versus the EUR

EURSEK and QCAM Strategic Positioning

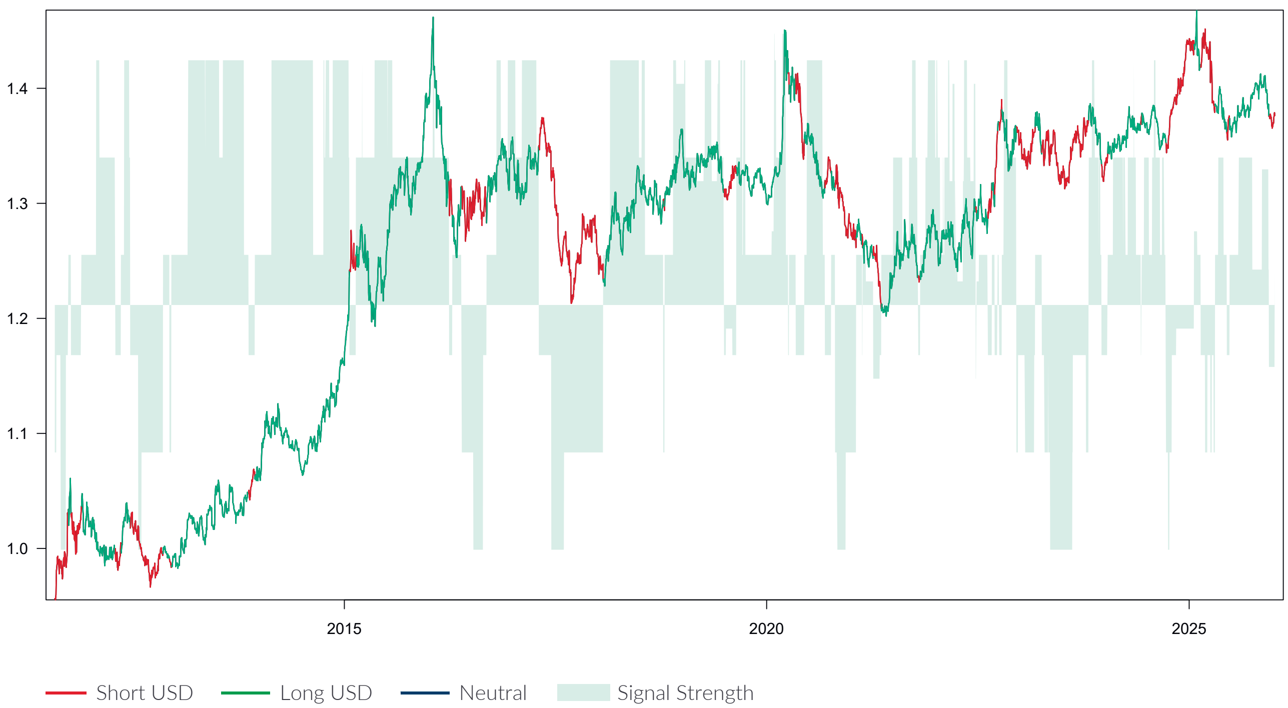
Source: QCAM Currency Asset Management

USDCAD

We kept the discretionary Macro position at neutral despite our general bearish USD outlook. The trade conflict with the US remains an open issue and low oil prices are also a headwind for the Canadian economy. Canadian inflation is below US inflation and the BoC lowered interest rates more than the Fed, given the interest burden in the housing sector. The BoC took a pause, but we expect no further rate cuts in 2026. Market sentiment towards the CAD has improved following the change in leadership and handling of the tensions with the US by the new government. Business Sentiment stayed at a small long position and Technical went long CAD, moving the overall CAD position to 40% long versus the USD.

	FX Factors	CAD Impact	Comment
Macro	Current Account Balances	0	Canada's current account deficit remains small versus the US deficit and compared to past levels
	Interest Rate Differentials	–	CAD interest rates moved lower ahead of USD interest rates
Sentiment	Business Sentiment	+	Canada has gained momentum versus the US in the surveys
	Risk Sentiment	0/–	Tensions with the US over tariffs remain elevated
Technical	Price Action	–	Technical went long CAD
	Spec Positions	0	The CAD oversold position declined and is no longer extreme
	PPP Valuation	0	CAD is about 12% undervalued versus the USD

USDCAD and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

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QCAM Products and Services

Our edge derives from a focus on professional currency management, the absolute transparency and the careful examination of risk. It is our mission to offer our clients innovative transparent solutions, in a thoughtful and risk-controlled environment, and to surpass investment goals.

Currency Overlay

Risks under control – opportunities in sight: QCAM Currency Overlay offers customised solutions for individual needs and investment goals. Our Passive Overlay focuses on risk management, reduction of transaction costs and the customer specific management of resulting cash flows.
Our Dynamic Overlay aims to generate returns based on QCAM´s proprietary FX Analytics, embedded in a strict risk budgeting framework.

FX Best Execution

With larger foreign currency transactions, even a small difference in pricing leads to a major impact on costs and revenues. While it is unattainable for most players to keep the full overview of the deals available in the market, independence and transparency are essential. We carry out a Transaction Cost Analysis for our clients to evaluate potential cost savings. Also, QCAM assists its clients in the design of an optimal multibank-setup and conducts clients FX transactions transparently, independently and in the client's best interests.

Short Term Fixed Income USD Strategy

We take advantage from excellent conditions which we receive from our large pool of partner banks and highly rated debtors for money market and currency transactions. Over the years, the strategy has consistently outperformed its peers. It is investable either through a Swiss-regulated investment fund or as a managed account. New EUR, GBP, and CHF share classes are fully currency-hedged and based on the same secure Swiss portfolio, offering identical risk and quality.

FX Alpha

Currencies as an attractive portfolio diversification via QCAM FX BIAS. The focus on QCAM's Business Intelligence Alpha Strategy is on business indicators which we have successfully used for many years. The strategy is market-neutral, no specific market environment necessary. Diversification via a pool of ten different currencies and their respective trading signals.

QCAM® Currency Asset Management

QCAM Profile

About us

QCAM Currency Asset Management AG is an independent financial services provider with focus on currency and money market management. QCAM brings together a team of internationally experienced Currency and Asset Management specialists, who are managing assets of institutional clients of approx. USD 6 billion.

Our core competences are Currency Overlay Services, FX Transaction Execution according to «Best Execution» principles, FX Alpha and Short Term Fixed Income Management.

Long-standing customers of QCAM are pension funds, family offices, investment funds, companies, NGOs and HNWIs.

Headquarters

Zug, Switzerland

Founded

2005

Regulation

FINMA since 2007
SEC since 2014

Independent and Transparent

- Interests directly aligned with those of our clients
- Client focused solutions, tailored to each individuals requirements
- Independent selection of suitable external services providers
- No principal-agent conflicts
- Transparent fee model – no hidden costs
- Transparent reporting

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