

July AI Crash and Recovery; Interest Rates Continue to Rise

July 2026 brought only a slightly positive performance. The reason was the massive setback in AI stocks, which, together with rising interest rates, led to severe downward pressure on prices across virtually all market segments. More interesting is the August result, which reflects what happens when this pressure subsides..

Strategy	July 2026	% vs. prior month	% since inception
G.A.M.A.G Black+White	19.475,00	+ 0,19 %	+ 590,97 %
G.A.M.A.G Vol+Value	11.965,59	+ 0,30 %	+ 42,42 %

Strategy Performance in a Rising Rate Environment

G.A.M.A.G Black+White generated an exact gain of 6.22 percent through the end of August after all costs. August alone contributed more than three percent. Against the backdrop of strained interest-rate conditions, this is a pleasing overall result. It supports our assessment that the combination of a real-asset base, recurring income and options strategies works in this environment.

G.A.M.A.G Black+White	Performance
31 Dec 2025 to 31 Aug 2026	+6.22% after all costs
August 2026	Above +3%

Our Assessment of Rising Interest Rates Is Being Confirmed

In our previous reports, we pointed to the continuing upward pressure on long-term interest rates. In the June report, we described the growing competition for long-term capital and the particular sensitivity of long-dated bonds. Developments through the end of August and into September have confirmed the direction of this assessment. Investors who were relying on rapid relief from falling rates had to absorb further valuation losses.

A correct forecast alone does not make money. What matters is the positioning that follows from it and how that positioning performs when the adjustment takes longer than expected. Our aim is therefore to use several complementary sources of return to navigate this demanding interest-rate environment. The August gain is a current indication of this; the positive year-to-date performance shows why we continue to pursue the strategy.

The Real-Asset Base and Options Work Together

Our real-asset base offers scope for further nominal increases in value as long as inflation is reflected in prices, revenues or replacement costs. This can create opportunities even in the late stages of an inflationary phase. Selection is decisive: the underlying assets must be economically useful, financing must remain sustainable and the entry price must fit the return outlook.

In addition, our broad use of options generates premium income as an option writer. This can provide attractive additional returns even when interest rates remain unchanged. Rising rates do put pressure on the valuation of existing interest-bearing investments. However, the additional net income can absorb these pressures and, under suitable market conditions, more than offset them. This interaction is at the heart of our strategy.

What matters is the net return after buybacks, settlement and hedging costs. A premium received is not yet a final profit. Risk limitation is therefore part of the return strategy rather than an afterthought.

The August gain of more than three percent is particularly encouraging against the backdrop of strained interest-rate conditions. It supports our assessment that the combination of our sources of return works in this difficult environment.

TLT Approaches the USD 80 Mark



The TLT ETF discussed in our previous reports tracks US Treasury bonds with more than twenty years to maturity. Its closing price fell from USD 84.36 on 8 July to USD 82.52 at the end of August. The pressure continued in September: on 15 September, the fund closed at USD 80.71, close to the USD 80 mark. The chart shows daily unadjusted closing prices; distributions are not included. The table below compares the increases in yields across the individual maturities.

Treasury maturity	31.12.2025	31.08.2026	15.09.2026
2 years	3,47 %	4,34 %	4,67 %
10 years	4,18 %	4,75 %	5,00 %
30 years	4,84 %	5,25 %	5,36 %

The Coupon Alone Is Not the Investment Result

The economic effect is straightforward: when new investments offer higher yields, existing fixed-rate investments lose market value. The longer the fixed cash flows are locked in, the more sensitive the price becomes. Ongoing interest income can therefore be completely eroded by price losses. A high coupon does not protect against a negative total return.

Our Outlook for Further Rate Increases

We continue to expect demanding financing costs. A possible Fed funds level of 4.75 to 5 percent remains our working scenario for a later turning point in 2027. So far, only a limited part of the oil-price increases has fully fed through into the inflation data. Long-term rates can continue to rise because of inflation and term premia, independently of the next policy-rate move.

Our positioning is designed to generate good returns during the current phase of rising rates. Further rate increases also improve reinvestment conditions and the returns on floating-rate positions. We therefore aim to convert the higher rate level gradually into higher recurring quarterly income, while additional option income cushions interim valuation pressures. How quickly this happens depends on maturities, positioning and hedging.