Hoofbosch
BELEGGINGSFONDS

Monthly Bulletin January 2026

January started strong for most stock markets, but then the commotion around Venezuela and later around Greenland took over. Investment fund Hoofbosch closed January at €246.84 (+3.71%). With that, we reached an all-time high (see accompanying chart). The earnings season also started, and that determined the movements of individual shares. The US dollar fell by more than 1% in January and the Swiss franc rose by 1.5%. On the macroeconomic front, it emerged on Friday that the economy in the eurozone grew at the same pace in the fourth quarter as in the third quarter. Gross domestic product rose again by 0.3% on a quarterly basis. This brought growth to 1.5% for 2025.

The Fed and the Dollar

Future historians will probably declare January 2026 one of the most memorable months in the history of the Federal Reserve. Just after the start of the year, the Fed received a summons from the American Public Prosecution Service, because the costs of a renovation have supposedly gotten out of hand. In turn, the bank reacted sharply in a specially recorded video. The two parties were already involved in a case before the US Supreme Court following the dismissal of Fed director Lisa Cook on the question of whether the US president can fire board members of the bank. On top of that the interest rate committee decided to keep rates unchanged after three cuts in a row and the US president nominated a new chairman.

Heated arguments between the White House and the Fed were a major reason for the depreciation of the US dollar against the euro by almost 15% last year. The fact that the Fed is in 'no new cuts' mode, partly because the US economy continues to grow strongly and the intended new Chairman Kevin Warsh has the image of an inflation hawk, could mean tailwinds for the dollar this year. In addition, Republican senators are now also setting a limit for what Trump can do. For example, a few of them have stood up for the Fed in the quarrel between the bank and the president. They go so far as to threaten to block all appointments of the president at the Fed, if his attack on the central bank continues. This may even lead to the current chairman, Jerome Powell, remaining in post longer, if the Senate refuses to vote on Trump's candidate for Powell's successor. Our conclusion: the mechanism of checks and balances in the US works! In the eurozone, meanwhile, the economy continues to falter, the (financial) problems in large countries seem to be increasing and the ECB may lower interest rates this year, partly because the bank does not welcome the strong euro. All these things, ceteris paribus, make the euro less attractive.

Swiss franc

The Swiss franc benefits from geopolitical tensions as the traditional safe haven. Meanwhile, EUR/CHF is at 0.92, the lowest level ever, in other words: the franc has never been so strong against the European currency since the introduction of the euro. This also indicates that the aforementioned depreciation of the dollar against the euro is mainly due to developments in the US and is not an expression of the strength of the euro.

Aegon

Where can you find a stock that offers a substantial discount to competitors on all relevant valuation measures, with a sound strategic plan and a dividend yield of 5%? On the way from The Hague to New York via Bermuda (legal seat). We are talking about Aegon here. The insurer (mainly active in the field of life insurance, pensions, savings and investments) has convincing plans to achieve stable growth in the coming years, increase the quality of income, use capital more efficiently and at the same time continue to invest heavily in the US, where the company will be headquartered. The latter will also bring the stock to the attention of American investors more clearly, which could (partially) eliminate the aforementioned discount. Last month, we added Aegon to our portfolio.

ASML and Microsoft

Our largest portfolio holding, ASML (+30.9% this year), continues to perform excellently. The chip machine maker from Veldhoven announced record results. In the last three months of last year, 13 billion dollars in orders came in, almost double what analysts had expected. As a de facto monopolist in the field of machines that make the most advanced semiconductors, the company is profiting considerably from the enormous wave of investment in AI technology worldwide. The company describes 2026 as a growth year where it was previously cautious. Turnover is expected to climb to 34 to 39 billion euros; In 2025, sales amounted to 32.7 billion euros and the company achieved a profit margin of 52.8%. Net profit amounted to 9.6 billion euros, an increase of 27% compared to a year earlier. In addition, ASML plans to buy back up to 12 billion euros worth of its own shares through 2028.

No matter how strong and successful the company is, management is not sitting on its laurels! After complaints from in-house engineers – those who bring about innovation –

that the company has become too bureaucratic and bloated the board immediately acted on these signals by announcing a large-scale reorganization to guarantee flexibility and thus maintain innovative strength. Microsoft (-10% this year) recently presented strong quarterly figures, with revenues higher than analysts had expected. However, the stock fell on investor concerns about whether the rising investments in AI will lead to higher profits soon. We think those concerns are exaggerated, especially for a solid company with an excellent track record like Microsoft. With ASML and Microsoft in its portfolio, Hoofbosch places itself at the solid heart of the AI revolution and is therefore well positioned to continue to benefit from this trend in the future.

Geberit

Swiss manufacturer of sanitary products, Geberit AG, has shown strong sales growth over 2025, despite a persistently 'challenging' market environment. Geberit achieved a 4.8% increase in sales, mainly driven by strong volume growth, successful new products and growth in most European countries. For 2026, Geberit expects a slight market growth, with a positive development in renovation activities. Outside Europe, the outlook is mixed, with strong demand in India and the Gulf region, among others.

Geberit and the German construction industry

The intended Dutch Minister for Housing and Spatial Planning would do well to read the following: Germany is the largest market for Geberit. According to recent figures, Germany accounts for around 30% of Geberit's global net sales. It is therefore good news that the German construction sector has grown for the first time since the beginning of 2022, thanks to a recovery in civil engineering business. Civil construction in Germany showed the fastest growth rate in almost 15 years in December 2025. The German government wants to tackle the housing crisis with a new tool: the 'Bau-Turbo'. Building houses must be made easier. When a city or municipality uses the turbo, it is allowed to deviate from the normal building rules. For example, construction is allowed in places where the zoning plan does not allow it. If a building application is not processed within three months, it will automatically be considered approved from now on. A drastic measure, because such a procedure can normally take years.

Lindt & Sprüngli

The manufacturer of luxury chocolate, Lindt & Sprüngli, has clearly turned up the price dial in 2025. Although this led to a marked decline in volumes sold, on balance the Swiss group still managed to grow sales strongly and even exceed market expectations. Sales from Lindor balls, pralines, chocolate Easter bunnies and the popular Dubai chocolate, among others, rose by 8.2% to 5.92 billion Swiss francs. Excluding exchange rate effects, turnover rose by 12.4%, well above both the company’s own targets and analysts' expectations. In 2025, Lindt raised its prices by around 19% to compensate for the sharply increased raw material costs, especially cocoa. This had consequences for demand: consumers bought less chocolate. Regionally, the differences were large. Europe showed the strongest development with organic growth of 15.3%. In North America, Lindt grew by 8.9%, while the 'Rest of the World' region recorded a plus of 11.7%. The globally introduced Dubai Style Chocolate remained an important growth engine. CEO Adalbert Lechner already announced that price increases will continue in 2026, but at a more moderate pace.

Lindt and the cocoa price

The price of cocoa has fallen by a spectacular 65% from January 2025. This sharp decline is positive for Lindt (cautious wording), but the effect on profits is only gradual. Due to long-term purchasing contracts, only part of the lower prices will end up directly in the current results. When we asked how long the contracts for cocoa run, the company did not want to give a direct answer, but we suspect that it is 1 to 2 years. Compared to competitors Lindt & Sprüngli should benefit more from the decline in cocoa prices thanks to its strong premium positioning and structurally higher margins than peers. A cocoa price drop of around 65% – all other factors remaining the same – could eventually lead to tens of millions or even more than one hundred million of CHF extra net profit per year.

Nestlé

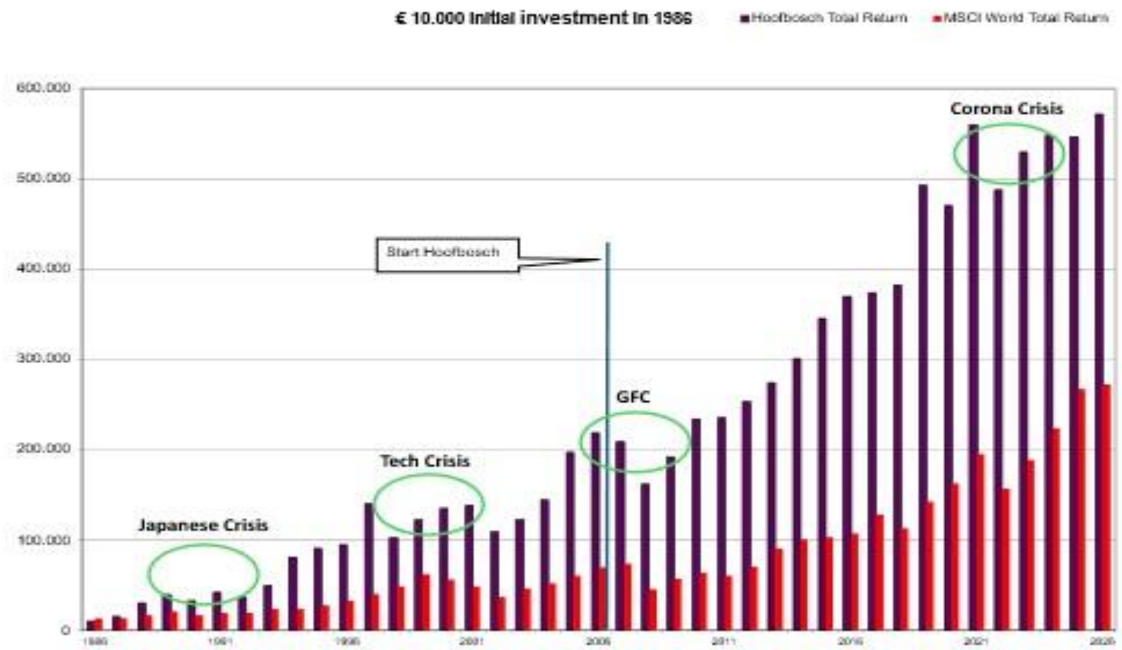
Last month we sold our position in Nestlé. One of the variables in our framework is the stability of the CEO position. Unfortunately, this is not the case at Nestlé and we fear that this is having negative consequences. There is also a series of incidents, such as irregularities regarding spring water in France and Switzerland, weak action by the Supervisory Board with a CEO who was lying about his affair and the lack of convincing action regarding the contaminated infant formula. We, like much of the market, have lost confidence in management and think that something like this is difficult to overcome in the short term.

Roche, Lonza and artificial intelligence

A Boston-based biotech company recently used AI to find new drugs. The technology first helped discover a promising protein. Then a shortlist of molecules was made. These molecules were able to bind to the protein and change its behavior without it becoming toxic or unstable. Then chemists took over. This resulted in a drug that was ready for trials. The advantage of this approach is time savings. Where the development process used to take 4.5 years, it now takes 18 months. This is promising for the entire pharmaceutical sector. After the long process of starting the trial phase, about 90 percent of the projects still fail. Once in the trial phase, the studies now take less time thanks to AI. Sometimes the time required is halved. The trials and the phase preceding them take a long time and are very costly, which makes the development of new medicines expensive. The creation of a successful drug costs an average of almost 3 billion dollars. Even a small efficiency gain therefore results in big savings. Integration of AI in the sector is ongoing and can further reduce costs in the future. Companies that invest a lot in research and development and have a large amount of data benefit the most. Examples are Roche (+7% this year) and Lonza (-1.5%). They are at the forefront of taking advantage of this trend.

Chart

Please note: 1. Past performance is not a guarantee of future performance. 2. The y-axis indicates the total value in euros. 3. The Hoofbosch Investment Fund was launched in October 2006. 4. The period 1985 – October 2006 concerns the family fund.



Explanation: From 1985 onwards, your fund managers R.J. Engels and M.T.M van Winden started a family fund. This fund was opened to third parties from October 2006 and continued under the name Beleggingsfonds Hoofbosch. The purple bars show the performance of the family fund (checked by Mazars and Ortec) until 2006 and from 2006 onwards Beleggingsfonds Hoofbosch (Mazars), including reinvestment of dividend. The red bars show the performance of the MSCI world index shares since 1985 (source: CNBC.Com), including dividend reinvestment.

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