Hoofbosch
BELEGGINGSFONDS

# Monthly Bulletin June 2026

**In June 2026, markets remained sensitive to uncertainty surrounding the valuations of technology and AI stocks, central bank interest rate policy, and geopolitical tensions. Falling oil prices and better-than-expected economic figures from, among others, China provided some relief at times. Towards the end of the month, sentiment stabilized somewhat. Investment fund Hoofbosch closed the reporting month 2.22% higher, at €256.03. Long-term interest rates in the Netherlands fell slightly. Against the euro, the dollar rose by 2%. The Swiss franc, by contrast, fell by 1%.**

## *Fed*

The US central bank, the Federal Reserve, met for the first time under the leadership of its new chair, Kevin Warsh. Interest rates remained unchanged, but the new Fed chief's first appearance was excellent and instills confidence in the Fed and in the US. He indicated that inflation in the US has been too high for too long and that the bank is going to do something about it. Those firm words made an impression on financial markets and dispelled the fears investors had held about Warsh. There had been a suspicion that the new chair would be something of a lapdog for the White House. He naturally denied this, but 'the proof of the pudding is in the eating', as the well-known saying goes. In other words: words are words, but Warsh had to demonstrate through actions that markets need not worry. And that is exactly what he did. That there is a good chance this will not prove an empty promise on Warsh's part was also evident from the fact that half of the bank's rate-setting committee indicated they expect rates to rise (more than once) before the end of the year. Warsh said this could already happen as soon as July.

## *ECB*

The European Central Bank (ECB) also met on interest rates in June and raised them by 25 basis points. Even so, its performance gave little reason for optimism about the resolve with which it is fighting inflation. Although the ECB raised rates — unlike the Fed — it was clearly noticeable during the press conference that the bank is reluctant to push financing costs any higher. Moreover, it did everything it could to avoid giving the impression that further rate hikes are in the offing. That is remarkable, given that inflation in the currency union is rapidly heading towards 4%. In the United States, inflation stands at a comparable level, but there the Fed funds rate sits in a range of 3.5–3.75%, whereas the ECB's policy rate, after the June increase, stands at 2.25%. That difference, together with the signals about future interest rate policy, shows which central bank appears to be acting with greater resolve.

## *SNB*

The Swiss central bank left interest rates unchanged at 0% in June. This is not a sign of economic weakness, nor of an economy unable to bear a higher rate - quite the opposite. The explanation is simple: inflation is expected to remain below 1% in the coming years as well. That is no coincidence. At its core, inflation is ultimately the result of the monetary and interest rate policy pursued. In Switzerland, the money supply has grown considerably less strongly in recent years than elsewhere. The country faced the same economic shocks as the rest of the world, but inflation there remained much lower. The moderate growth of the money supply has contributed substantially to that outcome. The new Fed chair, Warsh, also emphasized that inflation is ultimately a consequence of the policy pursued - a statement that instils confidence in his chairmanship.

## *Switzerland and the Netherlands 1: Remarkable parallels*

At first glance, the Netherlands and Switzerland barely resemble one another. One country is flat, wet and open; the other rugged, mountainous, and for centuries difficult to access. Yet beneath those outward differences lie many surprising similarities, and, remarkably enough, they begin with geography. Switzerland was shaped by its mountains. The Alps provided natural borders, but also isolation. Villages and valleys were often cut off from one another, which led to strong local communities that had to manage their own affairs. Cooperation was not a luxury but a necessity: to guard mountain passes, enable trade, and defend against external powers. The Netherlands, by contrast, was shaped by water. Rivers, lakes and the sea made the country vulnerable, but also forced its inhabitants into cooperation. Without joint effort, the water would have had free rein. Dykes, sluices, and polders could only exist thanks to collective effort and shared responsibility. And it is precisely there that the remarkable parallel arises. In both regions, forms of governance in which ordinary people had a say developed early on. In the Netherlands, this happened from the 11th–12th century onwards through the 'waterschappen' (water boards) - organizations in which farmers, citizens and landowners jointly decided on water management. In Switzerland, comparable traditions emerged at the same time in the form of 'Talgenossenschaften' (valley communities), where communities jointly made decisions on governance and defense. Although these systems differed in form and context, they shared a core principle: decision-making did not rest with a ruler or an elite, but with the community itself. That makes them among the earliest examples of democratic institutions in the world. What began as a practical solution to geographical challenges, rooted in mutual aid - water here, mountains there - grew into something larger: a culture of consultation, responsibility and participation. In that sense, the Netherlands and Switzerland, despite their differences, share a comparable political heritage. Nature forced them to cooperate. The people then turned that into a system.

## *Switzerland and the Netherlands 2: Picturesque money-making machines*

The Netherlands and Switzerland are among Europe's smaller countries, with few natural resources and a relatively high population density. Yet, despite lying more than six hundred kilometers apart and having an average difference in elevation of 1.3 kilometers, they rank among the world top in many areas. Their surface areas are comparable, and in terms of economy, knowledge and reliability they have been held in high regard for decades. Anyone thinking of these countries is quick to picture windmills and snow-capped mountain peaks - picturesque images that radiate calm and simplicity. But behind them lies a different reality: the Netherlands and Switzerland have grown into two of the world's most successful economic systems. In a sense, they are sophisticated money-making machines. Frugality combined with hard work plays a notable role in this. Furthermore, provision for old age is unrivalled. Both countries, for instance, are known for their high pension reserves relative to gross domestic product. In many other respects, too, the two countries differ little from one another. But the most important thing for both the Swiss and the Dutch is quality of life. Here too, both countries consistently rank among the world's best, and in international surveys such as the United Nations' World Happiness Report, they regularly feature among the places where people feel happiest.

## *Switzerland and the Netherlands 3: Dramatic decoupling*

The Netherlands and Switzerland have thus been among the world's richest countries for centuries. Until around 2000, the difference in prosperity between the two countries was still relatively limited. Switzerland was already richer per capita at that time, both in terms of income and total wealth. But since the introduction of the euro, a dramatic decoupling has taken place. While the Netherlands has slipped to somewhere among the world's 10th to 15th wealthiest countries, Switzerland has established itself as a fixture in the global top three. GDP per capita there is now more than 50% higher than in the Netherlands. So, two countries that were once comparable, highly developed and wealthy, have grown far apart over the past decades. It seems abundantly clear that the introduction of the euro is to blame for this. Before the euro era, the Swiss franc and the Dutch guilder were the world's hardest currencies. But since the introduction of the euro in 1999, the euro's exchange rate against the Swiss franc has halved! Now only the Swiss franc stands at a lofty height relative to all other world currencies, and the once-mighty guilder has vanished from the collective memory. The advantages of a rock-solid currency such as the franc, and formerly the guilder, are evident and have often been discussed here: attractive purchasing abroad for both individuals and businesses, low interest rates, low inflation, and a structural trade surplus — because a hard currency forces competitiveness. In addition, inflation in Europe currently hovers around 2.6%, while Switzerland has inflation of just 0.6%. Finally, the average Swiss person today earns and produces considerably more than the average Dutch person, while Dutch people remain among the wealthiest nations of Europe. The Netherlands is not (yet) becoming poorer, but the gap with Switzerland is visibly widening.

## *Quantum computers*

Quantum computers have moved a step closer to practical applications in recent months. This breakthrough relates to the development of a chip that can controllably simulate so-called quantum noise. Quantum computers work with qubits, the building blocks of this technology. Qubits are extremely sensitive to small changes in their environment, such as heat, vibrations, and electromagnetic fields, which can sometimes lead to errors in quantum computer calculations. This is known as quantum noise. Researchers have recently developed a new chip with which quantum noise can be simulated in a controlled way. This has given developers a kind of test environment that puts them in a better position to understand how quantum noise arises and how it can be corrected. As a result, another step has been taken towards the development of reliable quantum computers.

## *AI*

AI remains the topic of conversation for most investors. In recent years, attention has focused mainly on the enormous investments in data centers, chip production, and computing capacity. The question, however, is to what extent all these investments will eventually pay for themselves. About two weeks ago, leaked figures from OpenAI offered a rare glimpse behind the scenes. It was not a pretty picture. The company's revenue reportedly rose to around $13 billion in 2025, against roughly $34 billion in expenses. That left the company's operating cash flow at minus $21 billion. Together with a few other cost items, OpenAI's net loss for 2025 is said to have come in at around $38.5 billion. The demand for AI services may well be growing fast, but keeping systems such as large language models (like ChatGPT) running is extremely costly. Microsoft is the largest external investor in OpenAI, with an estimated total invested capital of $135 billion. That is a substantial sum but set against Microsoft's net profit of over $101 billion last year; the amount may sound somewhat larger than it actually is in relative terms. Should Microsoft's investment in OpenAI prove less profitable than hoped, that could naturally put pressure on Microsoft's figures. At the same time, the core of Microsoft's business remains rock-solid: with Azure, Office, Windows and its cloud operations, it remains an exceptionally profitable company. The AI investment matters to Microsoft, but it is certainly not all-defining.

## *Air Products*

In a filing with the regulator, the world's largest supplier of hydrogen announced that it is putting the finishing touches on an agreement with Yara International for the marketing and distribution of renewable ammonia. Air Products also reported that it has withdrawn from its low-carbon energy complex in Louisiana. As a result, the company will book a one-off pre-tax charge of approximately $2.9 billion in the third quarter of its financial year. The Air Products share price rose 5% over the month of June.

## *Givaudan*

The worldwide growth of the middle class continues to offer an interesting outlook for the consumer sector. The group of people who can afford snacks, soft drinks, confectionery and cosmetics keeps growing. We capitalize on this through companies such as L'Oréal, PepsiCo and Lindt. These companies distinguish themselves through quality, innovation, and a well-thought-out strategy. In addition, this theme also features indirectly in the portfolio. Givaudan, after all, supplies fragrances and flavors to virtually all A-brands, but also to manufacturers of private-label products, allowing it to reach a broader group of consumers. Our periodic review of the sector last month once again confirmed that Givaudan is the star performer among ingredient suppliers. In recent years, the sector has faced significant supply chain disruptions and sharply rising input costs. Givaudan has handled this better than anyone, which is reflected in its figures. The company has the highest free cash flow margin (16.2%) in the sector and adds the most value when comparing return on equity with the cost of raising capital. In our view, it is therefore no more than fitting that the share began to rise in June and closed the month 18% higher.

## *Xylem*

In June, we took a small position in the American company Xylem. This is an established leader in water technology (a supplier of equipment and services for water and wastewater applications, with a broad portfolio covering the entire water cycle), with a strong position in a structurally growing market. Global demand for water is rising sharply due to climate change, water scarcity, and new drivers such as AI data centers (which are estimated to increase water demand by 129% by 2050). Earlier this year, the United Nations stated in a report that the world has now entered the era of 'global water bankruptcy' - meaning that in many parts of the world, water consumption exceeds the rate at which water supplies replenish themselves. Global water bankruptcy is a stage beyond a ‘water crisis’. This trend can be seen in the growth of industrial water treatment and in Xylem’s figures. The company reported record revenue of approximately $9 billion in 2025. The company is targeting revenue of $10 billion by 2027, with stable organic growth of 4–6% per year. Market capitalization stands at around $32–33 billion. Xylem benefits a clear megatrend (water security) with predictable demand from governments and industry, and it is a solid company with good prospects for long-term growth.

## *Lakefront Biotherapeutics (formerly Galapagos)*

For some time, we had been winding down our position in Lakefront Biotherapeutics. That process was completed in June with the sale of the last remaining shares we held in the portfolio. There are several reasons for this decision. Lakefront Biotherapeutics announced some time ago that it was ceasing its activities in the Netherlands (and changing its name from Galapagos to Lakefront Biotherapeutics). The company also brought in new management. Considering these developments and the reporting surrounding the company, Hoofbosch reached out requesting further clarification, explanation and answers to a few specific questions. Although we made several attempts to obtain this, we never received a response. Taken together, these matters caused us to lose confidence in Lakefront Biotherapeutics’ future. This was reason enough for us to remove this holding from the portfolio.

## *Finally: the 'heat'*

In the impressive publication ‘DUIZEND JAAR WEER, WIND EN WATER IN DE LAGE LANDEN’ (‘A Thousand Years of Weather, Wind and Water in the Low Countries’, 5 volumes) by historical geographer Jan Buisman (1925–2024), we find an interesting sense of perspective regarding the ‘heat’ of the past month. In 1540, it was so hot in Europe that the Rhine ran dry, people walked across the Seine on foot in Paris, and Swiss lakes dried up. It is estimated that the heat, which is thought to have sometimes exceeded 40 degrees, persisted for months on end, according to the chronicles, combined with almost no rainfall. Charles V, dressed in black in mourning for the death of his wife, Isabella of Portugal, visited Amsterdam that year. Because of the heat, he moved on to Haarlem instead. There, thanks to the proximity of the North Sea and the Haarlemmermeer (which was still a large lake at the time), it was somewhat cooler than inland. Why do we write about this? Because we like to place everything we hear and read in a historical context. It gives us some intellectual cooling off.

## Hoofdkantoor

Nieuwe Gracht 23
2011 NC Haarlem
(023) 202 1881

## Kantoor Rotterdam

Marie v. Eijsden-Vinkstraat 299
3066 JB Rotterdam
(010) 751 2881

## Kantoor Almere

P.J. Oudweg 4
1314 CH Almere
Kantoor: 22.22
06 – 19 60 27 90