Hoofbosch
BELEGGINGSFONDS

Monthly Bulletin September 2026

September 2026 was a weak month for stocks, especially in Europe: the CAC 40 lost 4% and the STOXX 600 roughly 2.5%. The biggest warning, however, came from the bond market, where French yields and their spread over Germany in particular rose sharply. The Hoofbosch investment fund closed the month under review 0.58% lower at €252.30. The U.S. dollar gained strength against the euro. The Swiss franc gave up a little ground.

France

That France has major financial problems, unfortunately, has not been news for some time. What is new, however, is that the expected enormous budget deficit this year will, on closer inspection, turn out to be considerably larger. As a result, government debt is shooting up as fast as a SpaceX rocket. The good news is that Paris is taking mitigating measures. The bad news is that this is not good news in reality: a one-time extra corporate profits tax introduced in 2025 turns out not to be one-time after all. It is, in fact, becoming permanent, and the already difficult competitive position of French companies will deteriorate further as a result.

Warning from Barclays!

Back in August, the investment bank Barclays described a gap of more than 100 basis points between French and German 10-year yields as an unlikely and "ugly scenario" for the eurozone, and for France in particular. That so-called spread now stands at more than 130 basis points! So far, there has been no comment from Barclays, nor from ING, Rabobank or ABN AMRO, on these latest developments. All this while the alarm for the eurozone can by now be called deafening. Does that tell us anything? Furthermore, the gap between German and Swiss interest rates has not been this high since the introduction of the euro. Interest-rate signals like these, combined with a Swiss franc that is rising again, may point to a flight from the euro. Against this backdrop, we are comfortable holding positions in both the U.S. dollar and, especially, the Swiss franc. Finally, as is well known, we avoid the European banking sector. In our opinion, this is the sector that could be hit hardest by a possible euro crisis.

Rate Hikes

In September, both the European Central Bank (ECB) and the Fed in the U.S. raised their interest rates to rein in high inflation. That is where the similarity between the two institutions ends, however. The tone of voice at the press conferences afterward could not have differed more. Whereas the Fed all but held out the prospect of further rate hikes, the ECB made it very clear that it had raised rates reluctantly and does not intend to continue. According to the ECB, the bank must proceed cautiously (even though inflation is heading toward 4%, double what the ECB is aiming for), partly because high inflation is supposedly not the ECB's fault but the result of geopolitical unrest. And the Fed? It says plainly that inflation does not just fall out of the sky but is a policy choice of the central bank. This is one of the reasons why we at Hoofbosch are gaining ever more confidence in the U.S. economy compared with that of the eurozone.

Fragmentation: A Nuisance?

Recently, one could again hear in the Tweede Kamer (the lower house of the Dutch parliament) that political fragmentation in the Netherlands places high demands on coalition building. Dutch politician Dilan Yeşilgöz of the VVD has also repeatedly pointed to the difficulty of forming a cabinet in a heavily divided political landscape. Fellow VVD politician Johan Remkes previously wrote an entire report on the subject. Of interest in this connection are the observations of the French aristocrat Alexis de Tocqueville (1805–1859). He is the author of the bestseller "Democracy in America." According to the Dutch financial daily Het Financieele Dagblad, he is "a superhero to foreign correspondents, someone who more or less invented their profession". Less well known is that in 1836 he also traveled through Switzerland. What he found there was a loose collection of cantons, each with its own history and character. Tocqueville saw the significance of small scale. He wrote that small nations have always been the cradle of political liberty. He also knew the old Dutch Republic: "There, power was divided among cities and provinces, and decision-making could drag on endlessly." All of that sounds surprisingly current. And then comes an interesting observation from de Tocqueville: "It is precisely in small political communities that power is harder to concentrate in one place." That is where the Netherlands and Switzerland have common ground. The cities, provinces and cantons came first. The central state came later. We have grown accustomed to seeing fragmentation as a nuisance. De Tocqueville looked at it differently. Perhaps the fragmentation of the Netherlands and Switzerland is therefore not just an inconvenience, but also the ultimate safeguard against concentrated power.

ABB

Anyone investing in AI often looks at chipmakers and major investors in the sector, such as Microsoft. But every compute cluster needs power, and that power has to come from somewhere, be distributed, protected and cooled. ABB, the Swiss-Swedish conglomerate whose business revolves around electricity, has an important role to play there. No wonder ABB is the best-performing stock in the Swiss SMI index this year (+34%). During our visit in March, ABB already told us that direct current (DC) is crucial for the further rollout of data centers. The company said it aims to hold a dominant position in this area in the coming years. Last month, it took an important step in that direction with the introduction of Infinitus.

The power grid supplies alternating current. As the name suggests, its direction continuously switches back and forth, 50 times per second in Europe. A data center therefore receives alternating current via a connection to the grid or, sometimes, via its own generation (solar panels, gas turbines). The chips and servers in the data center run on direct current. Between the grid and the chip, that alternating current must therefore be converted to direct current, often with a few intermediate steps before the electricity reaches the chip. Every conversion step costs energy (heat loss) and requires physical space for equipment (transformers, rectifiers, cables) that cannot be devoted to computing power.

Infinitus is ABB's answer to that: a complete package that carries power as direct current as far as possible throughout the entire data center, from the grid connection to the point of use. The result, according to a joint report by ABB and BCG: energy-efficiency gains of more than 5% and more room for computing capacity. For a 500 MW data center, that could mean more than $300 million in potential additional annual revenue for the operator. ABB expects the same technology to become relevant outside data centers over time as well: in large-scale manufacturing (factories), renewable energy and maritime applications, because similar advantages apply there (less loss when converting power and more compact installations).

Lindt

At the end of the month, chocolate maker Lindt announced that it has lowered its sales outlook for this year from 4–6% to 0–2%. This is due in part to the heat wave in Europe. Despite the sales warning, Lindt is maintaining its expected EBIT margin improvement of 20–40 basis points this year. Starting in 2028, Lindt will return to its target of 6–8% annual sales growth, combined with an annual EBIT margin improvement of 20–40 basis points. We view 2027 as a recovery year, with probably about 4–5% sales growth. This is based on new innovations, more marketing, cost savings, lower cocoa prices and adjusted pricing of Lindt products. In the longer term, we think Lindt will benefit from the investments it is now making in emerging markets, such as Indonesia. We consider the stock price reaction greatly exaggerated and, after the decline, cautiously added a little to our position.

L'Oréal

L'Oréal gave investors an online update on recent developments at the company. Interesting details were presented about first half sales. These outperformed the rest of the market, with growth of 6.5% compared with 4.5% for the cosmetics and personal care sector as a whole. In the online market, the company grew twice as fast as the industry. Online sales account for 30% of L'Oréal's sales, and in China as much as two-thirds. The company is investing heavily in the technology behind this sales channel, and, partly through the use of AI, its capabilities are continually expanded. It is also positive about the rest of the year. That is based, among other things, on planned product launches for users of weight-loss drugs, the further rollout of recently acquired brands and of brands that were not yet present in certain regions, anti-aging cosmetics and supplements. L'Oréal expects a lot from these. Although we, too, are positive about this, we nevertheless sold part of our position last month. That was due to the poor macroeconomic situation in France described earlier in this report. Some time ago, the French government introduced a "temporary" extra tax on businesses. L'Oréal told us at the time that it could handle this, but that it would definitely have an impact if the measure became structural. The latter is now the case. We remain convinced of L'Oréal's potential, but we are reducing our weighting because the situation in France makes the investment thesis somewhat less attractive than before.

Quantum

On September 8, IonQ, a quantum company in which Hoofbosch holds a small stake, held an investor day. The company looked ahead to expected financial results and offered a glimpse into its technical developments. The most notable news of the day was a theoretical calculation showing that a future quantum computer could crack even the highly complex security behind, among other things, bitcoin transactions relatively easily. The problem is that this technology is very error-prone: small disturbances such as heat or vibrations (known as quantum noise) can disrupt the calculation. IonQ is doing everything it can to reduce this sensitivity to errors. There is still a long way to go, but IonQ is a front-runner in this area.

AI

September 8 was in any case a busy day in the tech world. Besides IonQ's investor day, Meta launched Muse. This is an app with an AI agent that independently carries out every day errands, such as scheduling appointments or making online purchases. After the launch, Muse quickly found its way to a mass audience. In no time, the app displaced ChatGPT as the most popular app in the App Store. Muse's success seems to stem mainly from the fact that the agent can be integrated deeply into users' personal lives. Muse can, for example, be given access to email and calendar, and can therefore schedule appointments or send messages on its own. There are, however, major privacy concerns. As of this writing (September 29), the app has been downloaded about 3.5 million times, which amounts to more than 1 million new users per week. Anyone in Europe who wants to try Muse for themselves will have to be patient for now. The app is available only in the United States and Canada. Meta has not yet announced a launch date for the EU.

AI and Dario Amodei's Criticism

What kind of company writes in its IPO prospectus that the advanced version of its product could pose catastrophic and existential risks to humanity? We are talking about Anthropic (known for the AI program Claude). Last month, co-founder and CEO Dario Amodei also drew international attention with a striking warning about the future of artificial intelligence. He stated that the development of advanced AI systems is moving so fast that safety measures risk falling behind. According to Amodei, technology companies should therefore deliberately slow the pace of further AI development, so that governments, researchers and companies have enough time to manage the risks. His biggest concern is the rise of autonomous AI agents that can carry out tasks independently and are increasingly able to develop new AI systems themselves. At the same time, he stresses that AI can deliver enormous benefits, such as breakthroughs in health care, scientific research and economic growth. His call is therefore not to stop innovation, but to ensure that AI development proceeds responsibly. Anyone who looks to the past will see that such warnings are not new. The arrival of technologies from the steam engine to the internet was likewise accompanied by doom scenarios that ultimately did not materialize. Critics of Amodei have argued that his call to slow the development of the most advanced AI systems cannot be seen as a purely altruistic safety warning. According to them, the intervention comes at a strategically favorable moment for Anthropic, which now ranks among the most valuable AI companies and for which an initial public offering (IPO) is expected. In addition, the reason for such apocalyptic warnings could also simply be self-interest. After all, companies like Anthropic are leaders in their field. It would not be the first time that companies in such a position try to hold on to that status, for example by advocating for more oversight and new rules that make things harder for competitors.

Quantum Computers

In late August, a quantum computer that works in a fundamentally different way from traditional quantum computers was made operational for the first time. The difference lies mainly in how the new quantum computer's computing units are created. There are several ways to realize qubits (the computing units of quantum computers, just as bits are for 'normal' computers). Until now, this was often achieved by cooling tiny chips to nearly absolute zero — a temperature colder than the space between the stars. Making the chip extremely cold prevents the atoms inside it from moving easily, which allows the chip to function as a qubit for the quantum computer. In the new quantum computer, no chips are cooled at all. Instead, a single, individual atom is held in place using laser beams. That single atom can then function directly as a qubit. The major breakthrough of this innovation lies mainly in the cost. Because individual atoms don't require extreme cooling, the expensive and complex cooling equipment required by the chip-based approach is no longer needed. This makes quantum computers built this new way

considerably cheaper and easier to scale for, something likely to help move the sector forward as a whole.

HQ

Nieuwe Gracht 23
2011 NC Haarlem
(023) 202 1881

Rotterdam

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

Almere

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

Aanmelden presentatie *Afmelden nieuwsbrief* *Hoofbosch.nl*