AIC
AACHEN INVESTMENT CLUB

Portfolio Report

July 2026

Aachen Investment Club e.V. | Capital Team

Executive Summary

In July, our portfolio came under considerable stress amid broader market corrections. Our hardest-hit positions included SMH and Aixtron. Despite ambivalent market sentiment on the near-term strength of semiconductors, our conviction in the sector remains steadfast. More broadly, we used the short-term pullback as an opportunity to open and scale additional positions across the portfolio.

The portfolio returned −2.13% month-to-date and −2.47% year-to-date. Annualised volatility stands at 9.1%. Correlation to the S&P 500 is −0.01, reflecting continued low dependence on broad equity market direction.

This marks our third investment round as we continue to build out our portfolio toward full size.

There has been a change in leadership: Nicolas is taking over as Portfolio Manager from Mathis, whom we thank for his leadership. The team continues to grow with the arrival of three new analysts: Thomas, Niklas, and Hyomin; we value the motivation and expertise they bring. We would also like to thank Roua and Isabelle for their contributions to the team and wish them all the best.

Performance is evaluated against four benchmarks: MSCI Europe, MSCI World, the S&P 500, and a 60/40 balanced portfolio. For a comparison of daily returns, see Figure 1. The remainder of this report consists of investment memos detailing the thesis behind our recent positions, concluding with an overview of our current holdings and executed trades.

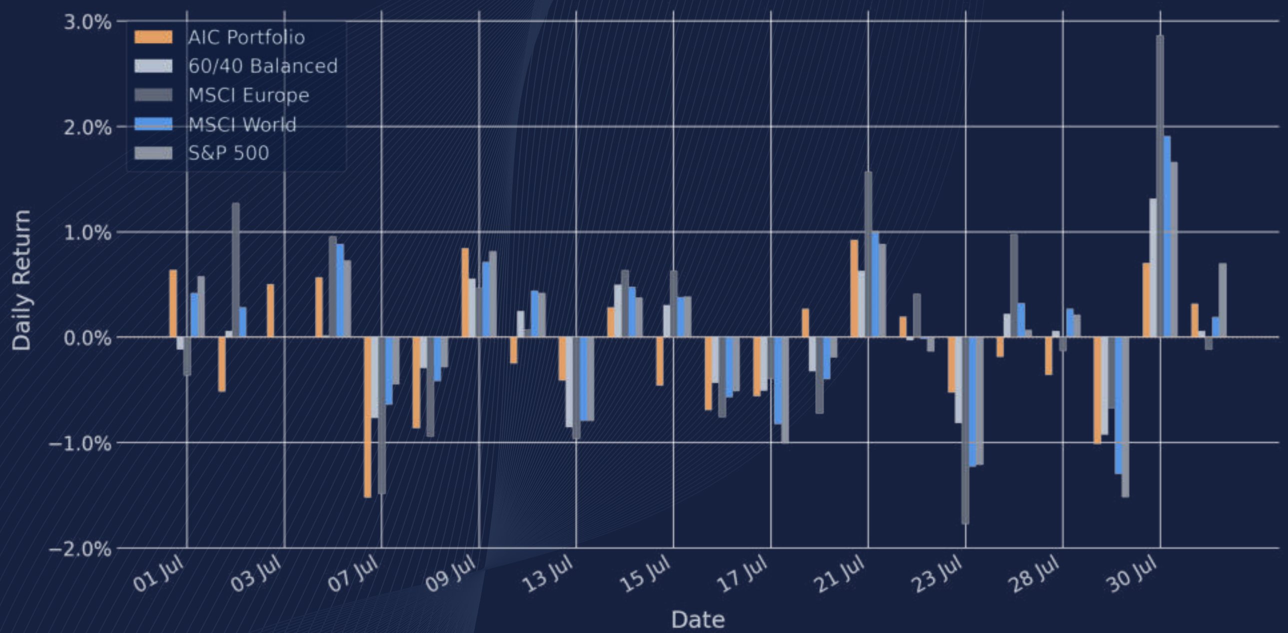

Figure 1: Daily Portfolio Returns vs Benchmarks

Our Team

Current Members

Nicolas

Portfolio Manager

Justus

Head of Research

Mathis

Advisor

Simon

Analyst

Yujin

Analyst

Gerasimos

Analyst

Kah-Ming

Analyst

Mohammad

Analyst

Jamie

Analyst

New Members

Thomas

Originally from Chile, Thomas joined AIC in May 2026 and is pursuing his B.Sc. in Business Administration at RWTH Aachen. He led the equity research behind the BlackBerry pitch on the Stock Pitches team, and is now joining Capital to focus on active equity strategies in tech and AI infrastructure.

Niklas

Niklas joined AIC in July 2026 and is currently pursuing his M.Sc. in Business Administration at the University of Cologne. He works as a working student at an asset management company while pursuing the CFA charter, having passed Level I of the CFA Program. His interests lie in coding, equity and commodity markets.

Hyomin

Hyomin joined AIC in July 2026 and is pursuing his B.Sc. in Industrial Engineering at RWTH Aachen, currently in his sixth semester. With a strong interest in investment banking and financial modeling, his focus lies in equity valuation and the intersection of robotics/automation with capital markets.

Market Environment

Fed Holds

On July 29, 2026, the FOMC held its policy rate at 3.50 %–3.75 % for a fifth consecutive meeting, voting 9–3. Three regional presidents (Cleveland's Beth Hammack, Minneapolis's Neel Kashkari, and Dallas's Lorie Logan) dissented, with inflation having run above the Fed's 2 % target for more than five years. At June's meeting, Kevin Warsh's first as Fed Chair, nine of eighteen committee members had projected at least one hike before year-end, and Warsh declined to submit his own dot, breaking with the Fed's usual forward-guidance practice. Warsh was confirmed to the role in a 54–45 Senate vote in May, the most divisive confirmation in the Fed's history. Markets currently price two 25-basis-point hikes for 2026. The 10-year Treasury yield has climbed to 4.70 %.

ECB Holds After June's Hike

Having raised its three key rates by 25 basis points in June, its first hike in nearly three years and driven in part by the Iran war pushing inflation higher, the ECB held policy steady in July, keeping the deposit facility at 2.25 %. The move came despite a soft economy: eurozone GDP shrank 0.2 % in the first quarter of 2026. Energy inflation remains the ECB's central concern.

AI Capex Debate

Semiconductor and AI-adjacent names sold off sharply in July on growing concern that hyperscaler capex is outrunning near-term demand. Combined 2026 capex guidance from Amazon ($200bn), Google ($185bn), Meta ($125–145bn), and Microsoft ($120bn) totals close to $700bn, up roughly 77 % from 2025's $410bn. Micron fell more than 10 % and AMD nearly 7 % over the period, wiping out over $1 trillion in semiconductor market value, while Alphabet shed more than 7 % in a week after guiding 2026 capex to $195–205bn. Meta's disclosure that it holds surplus GPU capacity added to concerns that the AI infrastructure build-out may be running ahead of demand.

Strait of Hormuz Conflict

Iran fired on three commercial vessels in the Strait of Hormuz on 6–7 July, prompting direct US airstrikes on Iranian military targets. The US carried out repeated further rounds of strikes through mid-July, including at least four consecutive nights of strikes reported by mid-month, aimed at degrading Iran's ability to threaten shipping through the Strait. Around a fifth of the world's oil and LNG normally transits Hormuz, so the conflict keeps shipping risk in the Gulf elevated and remains unresolved.

Oil Swings on Hormuz Escalation

Brent crude traded around $72–77 a barrel in early-to-mid July before spiking on the escalation, touching $97 on 24 July and settling near $90 by month-end. The move lands on an already-stretched market: OPEC+ had approved a fourth output quota increase since the Strait's initial closure by early June, but Saudi Arabia and the UAE, which hold virtually all of the world's spare production capacity, both export through Hormuz themselves. Earlier in the year, the US released 172 million barrels from the Strategic Petroleum Reserve as part of a coordinated 400-million-barrel release across 32 nations, leaving the US reserve at 308 million barrels, its lowest level since 1983.

Gold Pulls Back From January Highs

Gold traded at $4,038/oz on 13 July, down roughly 28 % from its 29 January intraday high of $5,595.47, and was near $4,010/oz by 20 July. The World Gold Council's valuation framework puts fair value near $4,100, within a 5 % band. Analyst year-end targets have converged lower: Goldman Sachs cut its target to $4,900 in June, while JPMorgan's Q4 target stands at $4,500.

China's Rare Earth Export Controls

Beijing added 10 US entities, including MP Materials and USA Rare Earth, to its dual-use export blacklist effective 22 June, barring any global entity from transferring Chinese-origin dual-use goods to them. The move followed the US adding Chinese firms to a Pentagon list of military-linked entities. MP Materials and USA Rare Earth have received $550m and $1.6bn in federal backing respectively as Washington tries to build processing capacity outside China, which still accounts for roughly 90 % of global rare earth refining. China separately blacklisted four Japanese government defence research institutes over the same period, extending the same playbook to another US ally.

US Tariffs

The 11 June deal with China left in place a 20 % "fentanyl" tariff and a 10 % "reciprocal" tariff, for a combined 30 %. Elsewhere, the EU faces an all-in 15 % tariff under a deal effective 1 July, Japan faces 10 % plus a 25 % tariff on autos, South Korea faces a flat 10 %, and Canada and Mexico face 0 % on USMCA-qualifying goods and 10 % otherwise. The USTR opened Section 301 investigations into structural overcapacity across 16 economies, including the EU, Japan, Canada, and South Korea, back in March. The average US tariff rate has risen to over 18 % in 2026, from roughly 3 % before this administration's tariff actions.

Factor Exposure Review

July 2026 average

Market-level style exposures are estimated using a Barra WLS regression across GICS sectors, as shown in Figure 2. Results are reported as Z-scores, reflecting the significance of each style in determining returns. A strong positive z-score indicates a large positive impact on returns, while a strongly negative z-score indicates a large negative impact.

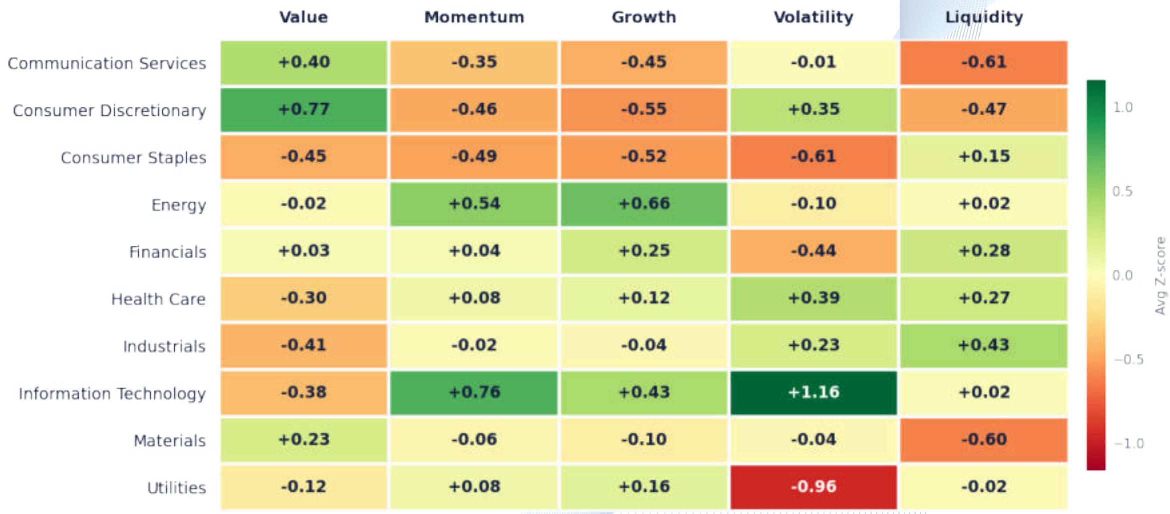

Figure 2: Factor Exposures by Market

Portfolio factor tilts are derived from Barra factor breakdowns of individual positions, averaged across the portfolio. This reveals the aggregate exposure of our holdings to each factor style, as shown in Figure 3.

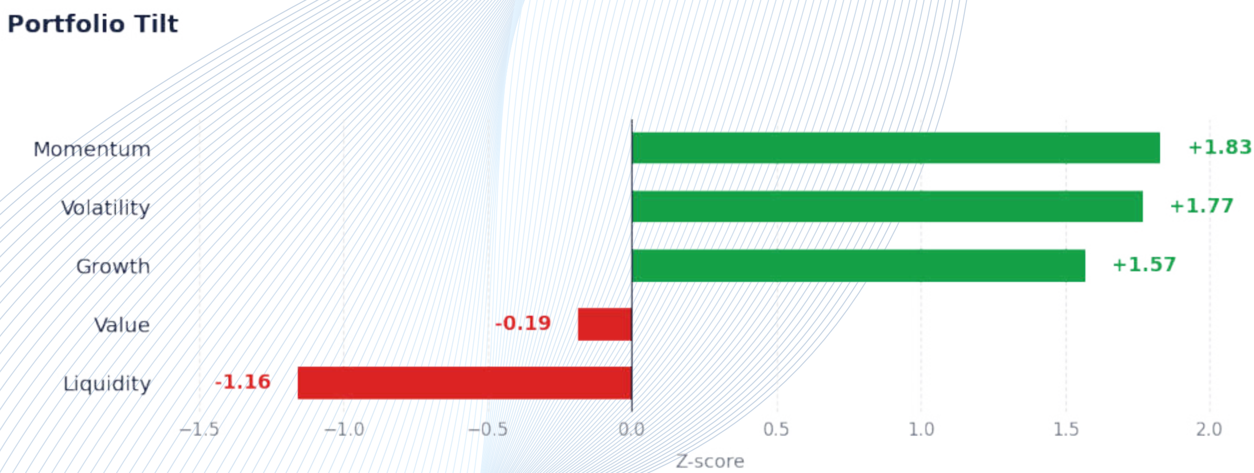

Figure 3: Portfolio Factor Tilt

MELI MercadoLibre, Inc.

Latin America's leading commerce and fintech platform.

ASSET CLASS	**Stock**	IDEA CATEGORY	**Valuation Play**
ENTRY	**$1,859.76 (16 Jul 2026)**	STOP LOSS	**−20%**

THESIS

MercadoLibre leads Latin American e-commerce, logistics, and fintech at 13–15% category penetration. A deliberate margin-investment cycle and CECL accounting, which books the full lifetime loss on an 87%-growing loan book upfront, suppress reported profit below the business's real earnings power. Valuing Commerce, Payments, and the credit book separately on normalized earnings (not consolidated FCF) implies $2,010/share today, rising to $3,430 by 2028 and $6,040 by 2032 in the Base case.

Edge: Consensus values MELI on 12-month consolidated FCF, making the 44x forward P/E look expensive; that fails since loan originations consume cash despite being high-return investments.

Driver: GMV/TPV/credit-book scale and a high-margin advertising ramp lift Commerce margin as the capex cycle peaks and CECL provisioning normalizes.

CATALYSTS

C1: Q2'26 earnings (3–4 Aug 2026): first read on whether NIMAL stabilizes off the 17.8% trough and operating margin inflects

C2: Margin-trough inflection expected H2'26–2027 as credit growth decelerates

C3: Ads acceleration: Video, Mercado Play, and Brand Ads expand into brand budgets, growing >60% YoY at 100% margin

RISKS

Risk	Monitor
Credit-book quality deterioration	NIMAL, NPL >90d, provision coverage (quarterly)
Ads build stalls / margin fails to inflect	Ads growth YoY; Commerce segment margin
LatAm consumer-credit down-cycle & FX	Regional NPL trends; USD vs local FX-neutral growth spread

SCENARIOS

Scenario	Assumption
Bear	Ads build stalls (~5.5% of GMV); Commerce margin ~13%; NIMAL ~15%
Base	Ads reach ~7% of GMV; Commerce margin normalizes ~17%; NIMAL ~21%
Bull	Ads toward ~8% of GMV; Commerce margin ~19%; NIMAL ~23%

Next review: Q2'26 earnings 3–4 Aug 2026 · NIMAL trend

Scaled Positions

XLUS was initiated in May 2026 and is being scaled in July 2026, following a review of performance and thesis integrity. The core investment case remains unchanged; the following summarises the original rationale and current status.

XLUS Invesco S&P 500 Utilities Sector UCITS ETF

Defensive rotation into US utilities riding structural electrification and rising electricity demand.

ASSET CLASS	Synthetic Sector ETF	SCALE ENTRY	$658.70 (20 Jul 2026)

CATALYSTS

C1: Fed held 3.50–3.75% through the June FOMC; rate futures now price >2/3 odds of a year-end hike, and the 10yr yield (4.55%) is approaching the 4.7% de-rate trigger

C2: Electrification is lifting utility capex: AEP raised its 2026–30 plan 8% to $78bn (63GW of incremental contracted load), Duke Energy leads the sector at $102.2bn, and the US power shortfall (9.3GW in 2026, rising to 45GW by 2028) confirms electricity demand ahead of prior estimates

C3: Sector M&A and nuclear restarts confirm the capex cycle: the NextEra/Dominion merger would create the largest regulated utility globally, and Constellation's Crane and Holtec's Palisade restarts show revived nuclear capacity returning faster than new-build

RISKS

Risk	Monitor
Rates back up / hike risk	US 10yr yield vs 4.7% trigger
Affordability-politics backlash	State rate-case outcomes; utility PUC election/appointment shifts (VA, NJ, GA)
Live legislation curbing data-centre load growth	VA data-centre power tax, OK Ratepayer Protection Act, NY moratorium, federal bill progress

Portfolio Snapshot

Symbol	Name	ISIN	% NAV	Cum. Return
AI & SEMIS			**10.32%**	**-15.38%**
SMH	VanEck Semiconductor ETF	IE00BMC38736	6.07%	-2.74%
AIXA	Aixtron SE	DE000A0WMPJ6	4.25%	-33.44%
COMMODITY			**5.96%**	**+0.10%**
COPAI	WT Copper	GB00B15KXQ89	5.96%	+0.10%
EU FINANCIALS			**8.89%**	**+12.06%**
SAN	Banco Santander SA	ES0113900J37	4.49%	+13.18%
ESIF	iShares Europe Financials EUR A	IE00BMW42306	4.40%	+10.92%
EU SOVEREIGNTY			**7.93%**	**+1.55%**
WDEF	WisdomTree Europe Defence UCITS ETF	IE0002Y8CX98	7.93%	+1.55%
ENERGY DEMAND			**9.69%**	**-7.52%**
XLUS	Invesco US Utilities S&P	IE00B3VPKB53	8.35%	-2.72%
URNU	Global X Uranium UCITS USD-A	IE000NDWFGA5	1.34%	-37.39%
SINGLE POSITIONS			**9.61%**	**-5.09%**
MELI	MercadoLibre, Inc.	US58733R1023	6.14%	+0.39%
TRNI	Trainline PLC	GB00BKDTK925	1.82%	-6.97%
PURR	Hyperliquid Strategies	US44916Y1064	1.65%	-23.39%
CASH			**47.59%**	**+0.06%**
CASH_EUR	Euro Cash		39.80%	--
CASH_USD	US Dollar Cash		0.00%	+0.00%
CASH_GBP	British Pound Cash		7.78%	+0.35%

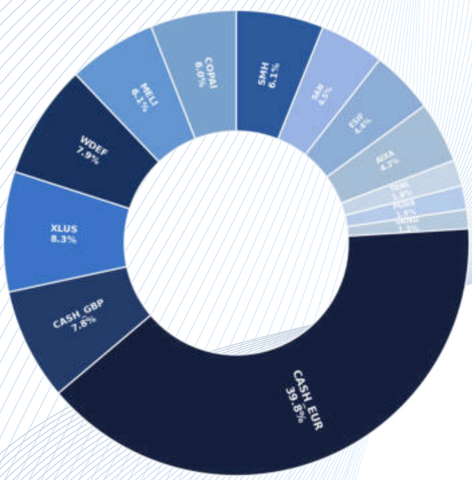

Figure 4: Positions Weighting

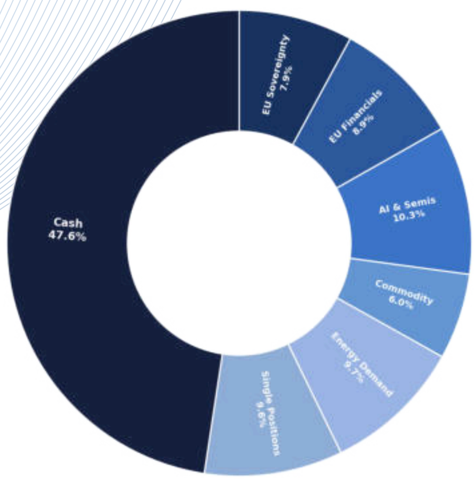

Figure 5: Themes Weighting

Executed Trades

Date	Symbol	Name	Side	Votes[1]	Notice
15 Jul 2026	MELI	MercadoLibre, Inc.	BUY	9 / 0 / 0	Starter Position
19 Jul 2026	XLUS	Invesco S&P 500 Utilities Sector UCITS ETF	BUY	7 / 0 / 2	Scaled Position
27 Jul 2026	SGBS	Gold Bullion Securities	VETOED	8 / 0 / 1	PM Veto

[1] In favour / against / abstain

Disclosures

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