

Despite record customs duties collected over the last 12 months, the US trade deficit swelled in December and was essentially unchanged in 2025



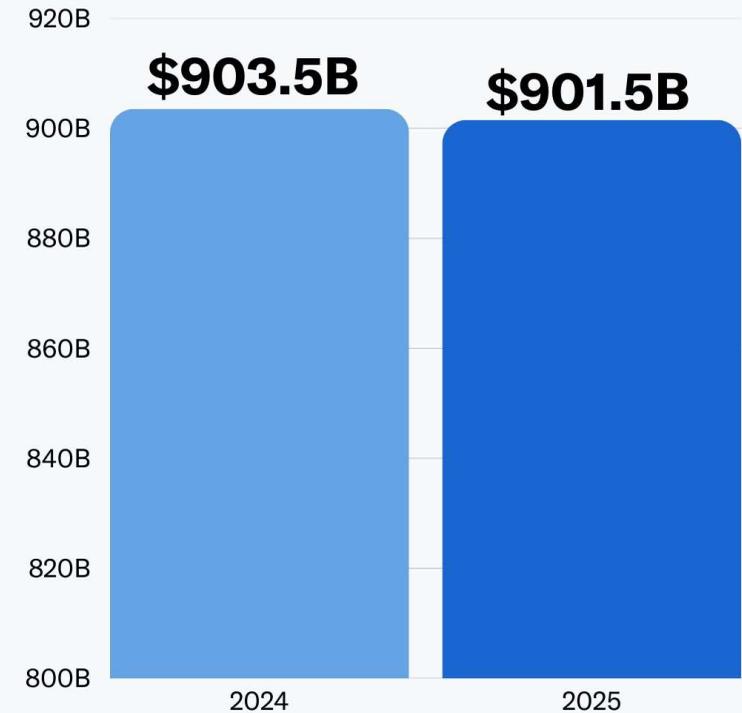
### US Customs Duties, Trailing 12 Month Total (in \$Billions)

Data via US Treasury: January 2020 - January 2026



### U.S. trade deficit ends 2025 nearly identical to 2024

Annual deficit between U.S. exports and imports of goods and services



SOURCE: BUREAU OF ECONOMIC ANALYSIS



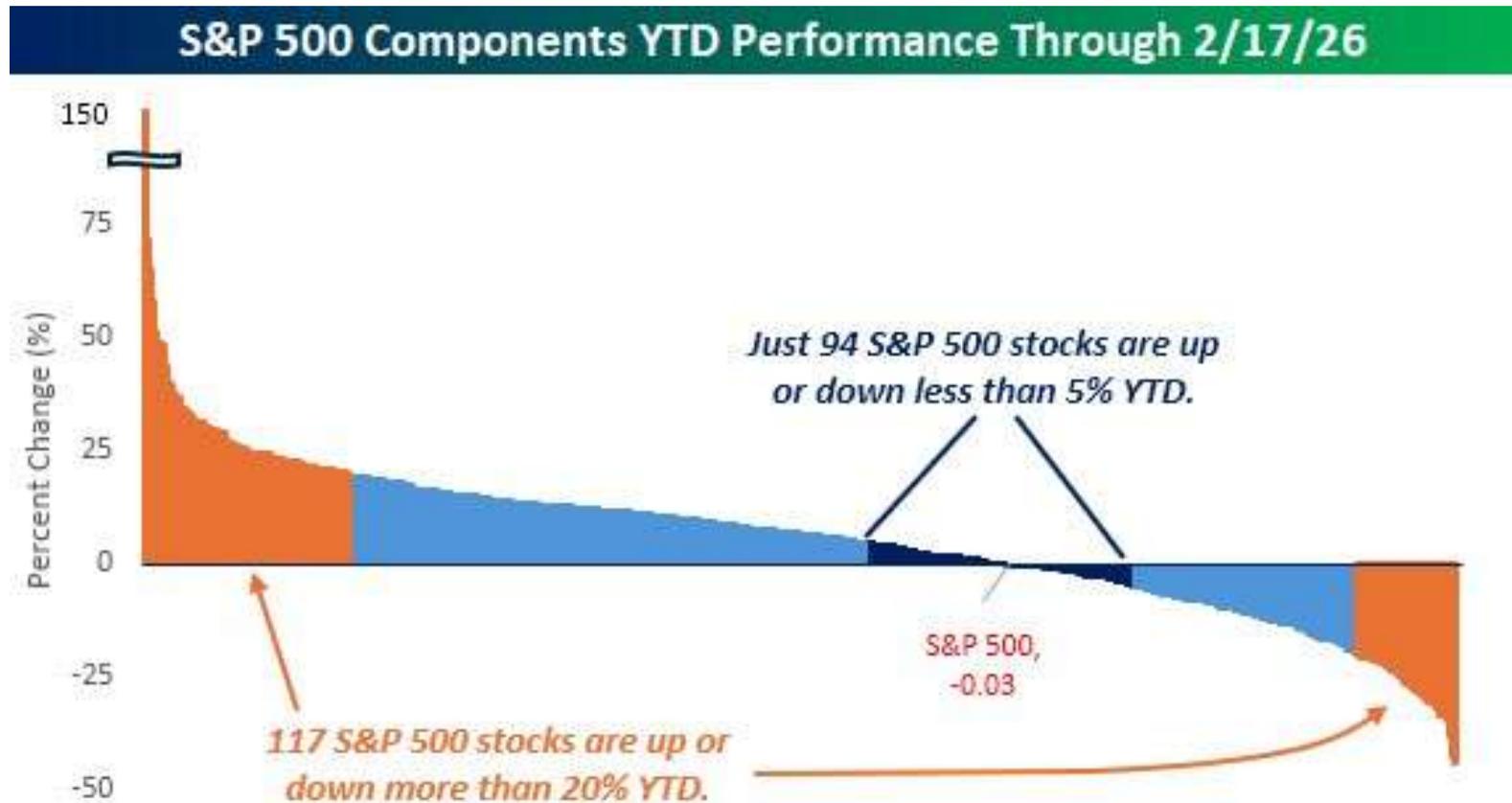
#### Penta Asset Management SA

10bis Rue du Vieux-Collège - 1204 Geneva - Switzerland - T: +41 22 819 60 50

#### Penta Advisory Monaco SAM

Le Monte-Carlo Palace, 7 boulevard des Moulins - MC 98000 Monaco - T: +377 93 50 38 49

Strong dispersion. The S&P 500 is flat YTD, but there are just 94 stocks in the index up or down less than 5%, while there are 117 stocks up or down more than 20% YTD



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This type of fractured structure has historically preceded turbulence, because markets rarely sustain contradictory internals for long. Eventually the tension resolves into a more uniform trend, and that shift often arrives with elevated volatility



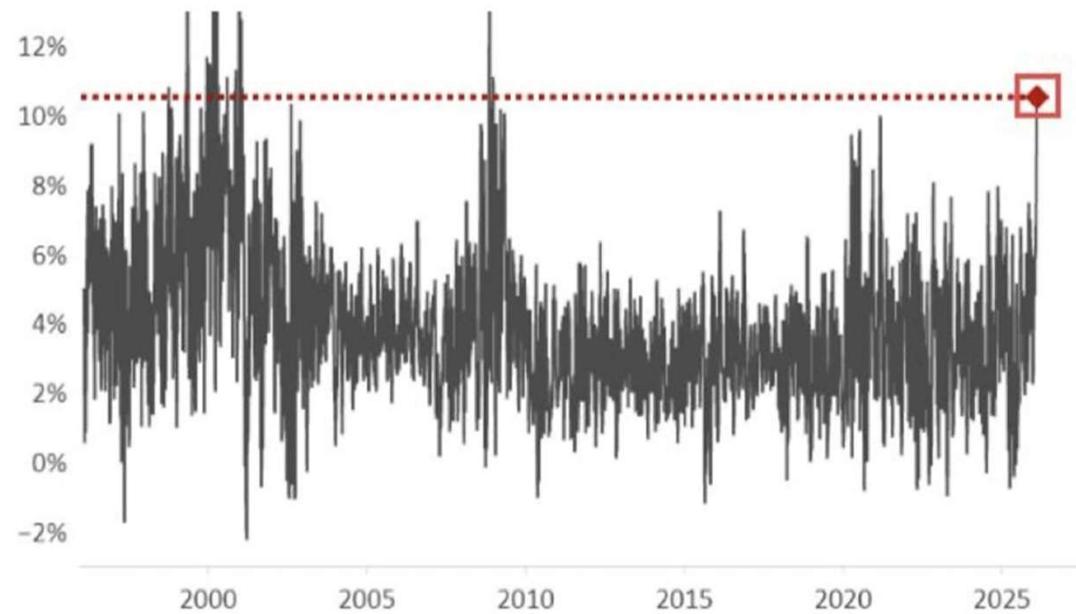
**S&P500 Absolute Return Dispersion**

Average S&P500 Stocks 1-Month Absolute Move - Index Absolute Move

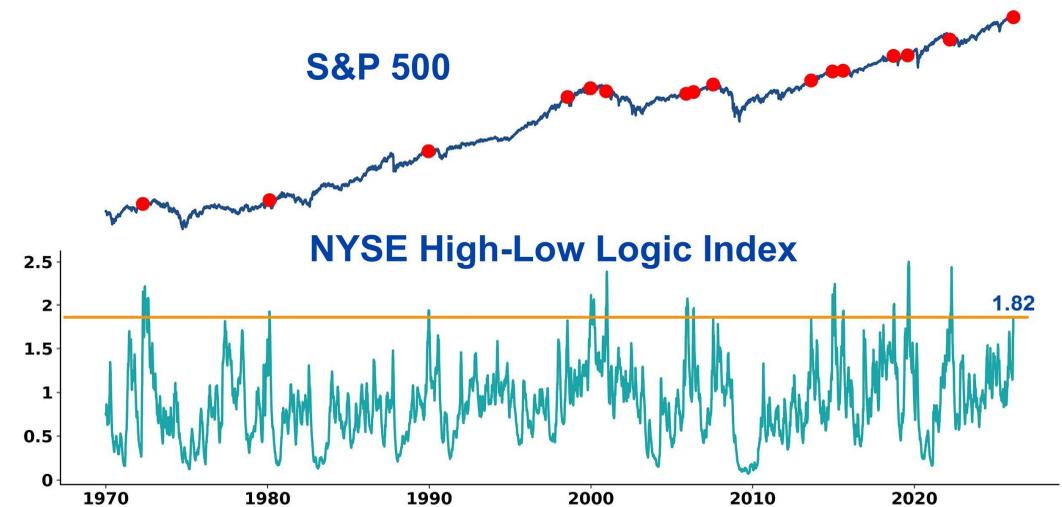
Over the past month, SPX was up 0bps

while stocks on average moved **10.8%**.

This spread (@10.5%) ranks **99th percentile** over the past 30 years.



Source: Nomura Vol



**S&P 500 when NYSE High-Low Logic Index jumps above 1.82**

Past Signals	1 Week	2 Weeks	3 Weeks	1 Month	2 Months	3 Months	6 Months	9 Months	1 Year	Maximum Loss (Signal to Bottom)	Max Drawdown (Top to Bottom)
April 17, 1972	-1.21%	-2.58%	-3.08%	-2.60%	-0.98%	-3.31%	-1.45%	8.37%	1.85%	-4.36%	-9.75%
February 13, 1980	-2.67%	-5.14%	-8.27%	-10.98%	-13.35%	-9.79%	4.09%	13.64%	7.63%	-16.69%	-16.69%
December 14, 1989	-1.75%	0.70%	0.81%	-2.90%	-5.39%	-2.57%	3.41%	-9.72%	-8.15%	-15.94%	-19.84%
July 21, 1998	-2.99%	-7.98%	-8.25%	-5.75%	-12.44%	-8.81%	7.86%	14.68%	18.39%	-17.83%	-17.83%
December 20, 1999	2.79%	-1.32%	1.44%	1.94%	-5.08%	5.34%	4.08%	2.95%	-6.72%	-7.47%	-14.10%
December 4, 2000	4.17%	-0.17%	-0.74%	0.63%	2.21%	-4.76%	-4.15%	-14.58%	-13.97%	-27.11%	-30.02%
November 4, 2005	0.21%	0.71%	1.00%	0.63%	0.96%	2.63%	0.30%	3.04%	11.79%	-2.48%	-7.70%
May 1, 2006	1.49%	-0.82%	-3.30%	-2.69%	-2.48%	-2.19%	5.53%	10.19%	14.61%	-6.24%	-7.70%
July 23, 2007	-4.39%	-4.79%	-5.75%	-6.13%	-1.48%	-2.66%	-14.99%	-10.74%	-17.16%	-21.19%	-22.38%
August 14, 2013	-2.53%	-2.99%	-1.80%	0.15%	1.47%	4.88%	8.57%	11.00%	16.01%	-3.26%	-5.76%
December 8, 2014	-3.43%	0.88%	0.97%	0.09%	-0.66%	-0.97%	2.18%	-5.74%	0.16%	-9.35%	-12.35%
August 4, 2015	-0.44%	0.17%	-10.78%	-6.90%	-6.78%	0.51%	-8.64%	-2.02%	3.37%	-12.62%	-13.31%
September 14, 2018	0.85%	0.31%	-0.67%	-5.31%	-6.29%	-10.50%	-2.49%	0.44%	3.47%	-19.07%	-19.78%
August 2, 2019	-0.46%	-1.48%	-2.90%	-0.88%	-1.52%	3.60%	10.81%	-3.05%	12.37%	-23.69%	-33.92%
March 8, 2022	2.20%	8.17%	11.05%	7.44%	-1.14%	-0.24%	-4.58%	-5.50%	-6.05%	-14.23%	-22.77%
February 12, 2026											
<b>Average</b>	<b>-0.54%</b>	<b>-1.09%</b>	<b>-2.02%</b>	<b>-2.22%</b>	<b>-3.53%</b>	<b>-1.92%</b>	<b>0.70%</b>	<b>0.86%</b>	<b>2.64%</b>	<b>-13.44%</b>	<b>-16.93%</b>
<b>% Positive</b>	<b>40.0%</b>	<b>40.0%</b>	<b>33.3%</b>	<b>40.0%</b>	<b>20.0%</b>	<b>33.3%</b>	<b>60.0%</b>	<b>53.3%</b>	<b>66.7%</b>		

Source: The Market Stats, first case in over a month

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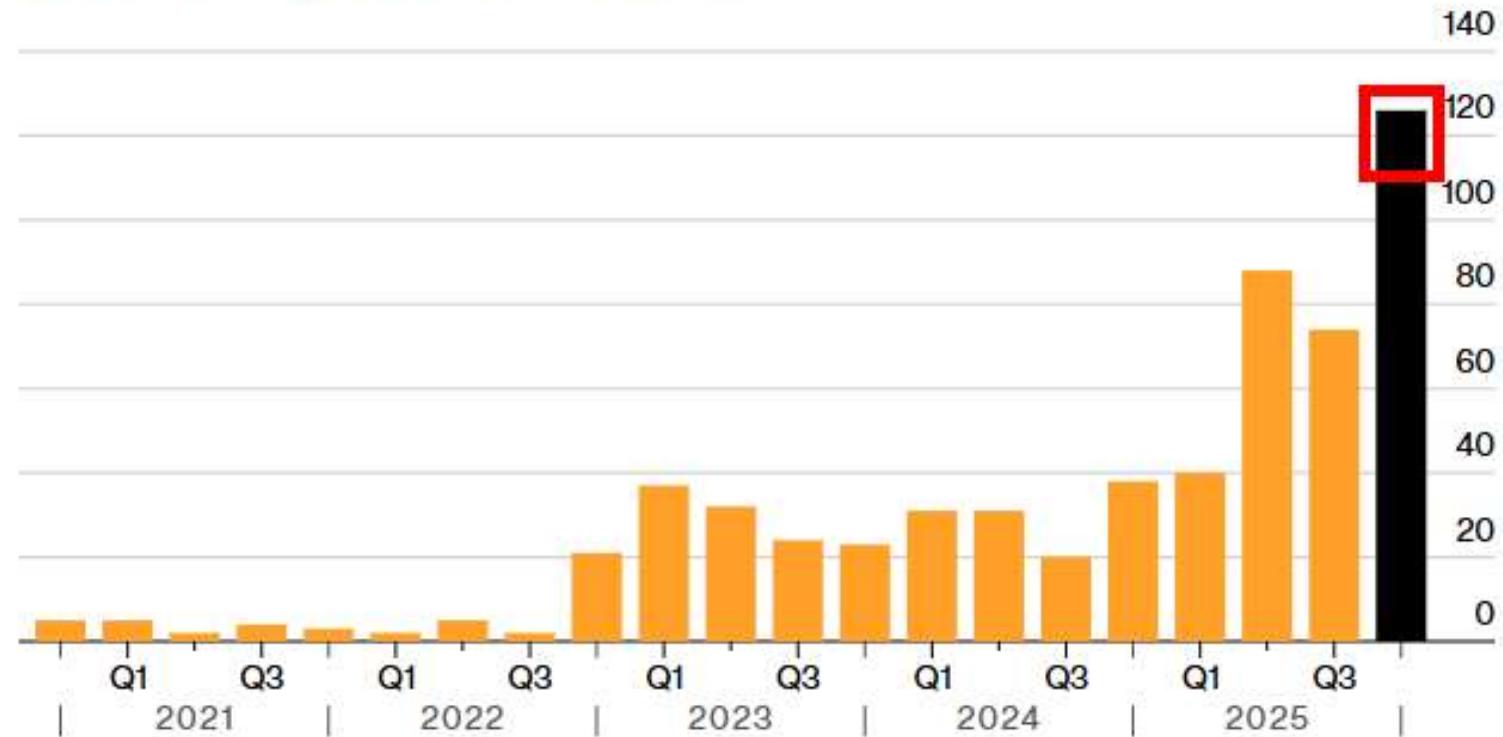
Artificial intelligence risk is dominating conference calls as investors dump technology stocks and software in particular



### AI Disruption Mentions Surge to Record

Corporate managements increasingly acknowledge business impact

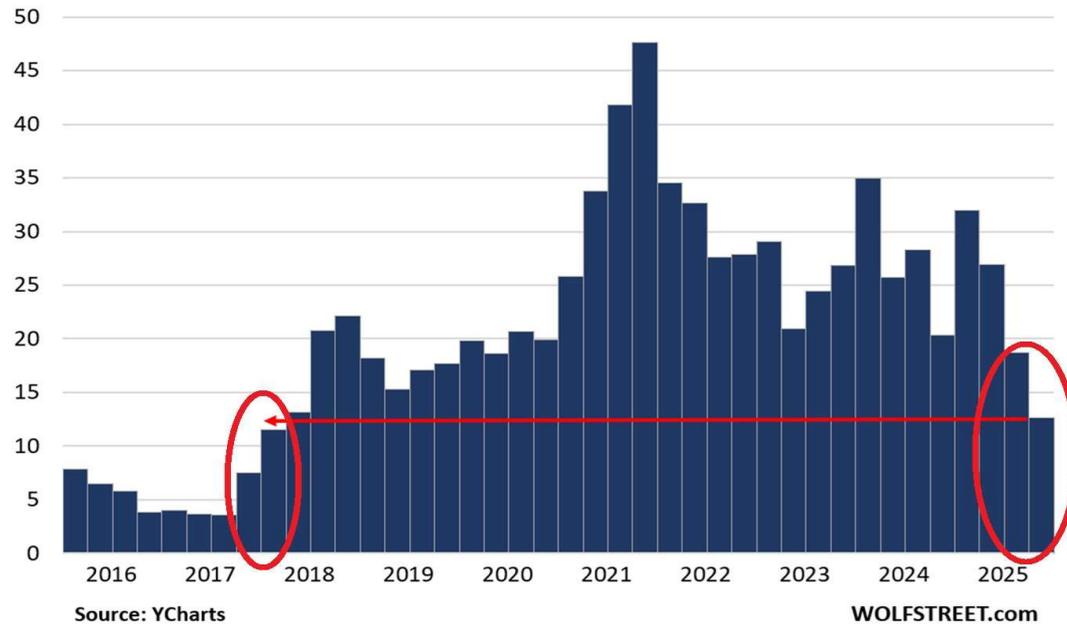
■ Mentions of artificial intelligence disruption



Combined buybacks by Amazon, Alphabet, Microsoft, Meta, and Oracle fell to \$12.6 billion in Q4 2025, the lowest in 7 years. Buybacks have been the single largest source of demand for US equities since 2009. Big Tech companies are slashing buybacks at the expense of enormous Capex on AI



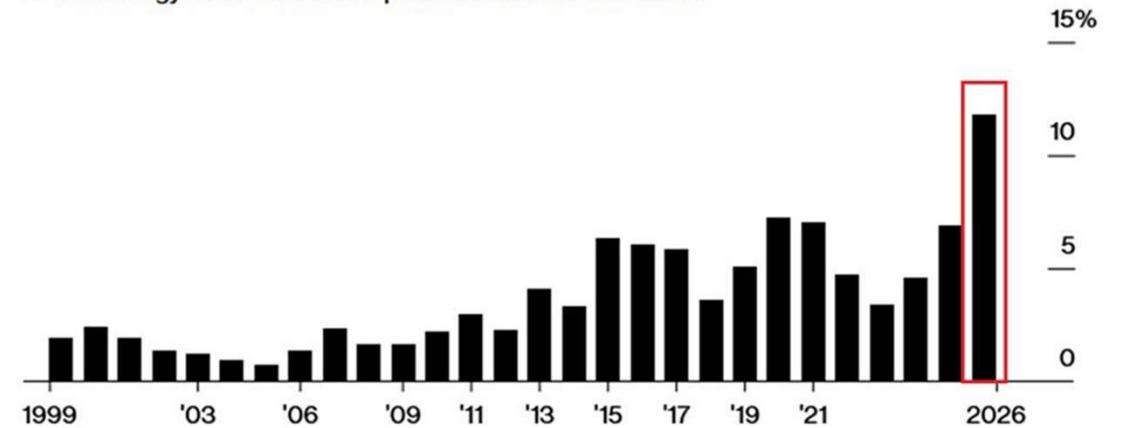
**Share Buybacks by AMZN, GOOG, MSFT, META, ORCL**  
\$ billion, quarterly



**Tech Sector Is Already Becoming a Larger Slice of Bond Sales**

Analysts expect even more 'hyperscaler' supply as Capex surges

■ Technology sector's share of private sector debt issuance



Source: Bloomberg  
Note: Through Feb. 11, 2026; sector as defined by BCLASS Level 3; US and Europe region of risk; >€150 million issued per tranche

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