FEATURE

WEEKLY MARKET REVIEW 3 August 2026

The week in seven charts

How leverage turned 2026's best-performing hedge fund into its fastest unwind

Apple just proved earnings don't need an AI narrative. Big Tech, meanwhile, has gone from paying shareholders to asking them for cash. Each week, the Syz investment team takes you through the last seven days in seven charts.

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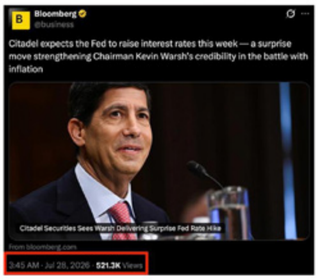
PRIVATE BANKING

Chart #1

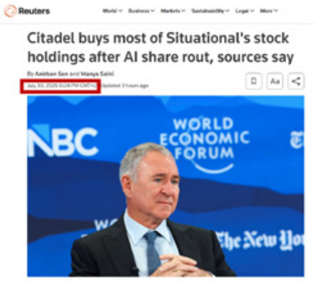
The best-performing fund of 2026 just got wiped out by its own leverage

Leopold Aschenbrenner's Situational Awareness fund went from a top-performing AI-focused hedge fund to one of the fastest collapses in recent market history. After gaining 439% in 2026 and growing from $225mn to a reported $45bn portfolio, the fund's concentrated bets on AI hardware stocks and software shorts were amplified by leverage of roughly four times its capital, boosting returns during the rally but magnifying losses when the trade reversed and Adobe moved higher. Margin calls forced a rapid liquidation, with Citadel acquiring much of the book. The episode highlights the risks of excessive leverage in crowded AI trades.

Tuesday 28th of July



Thursday 30th of July



Source: Bloomberg/Reuters

Chart #2

US Big Tech has flipped from returning massive cash to shareholders to demanding capital from investors

For years, Big Tech's biggest names drove shareholder returns through aggressive buybacks. In 2023, Amazon, Alphabet, Meta, Microsoft, and Oracle collectively repurchased up to $40bn of their own stock. That's now reversed: the same group has shifted to raising capital, hitting a record $49.7bn in net issuance.

Semiconductor firms like Nvidia, AMD, and Intel remain on the other side, still returning roughly $19.8bn via buybacks. Since the dot-com crash, investors saw Big Tech as a reliable cash machine. This shift raises a new question: if AI spending doesn't translate into earnings growth, will investors start demanding higher returns, and pressure valuations?

Source: Bloomberg, Global Markets Investor

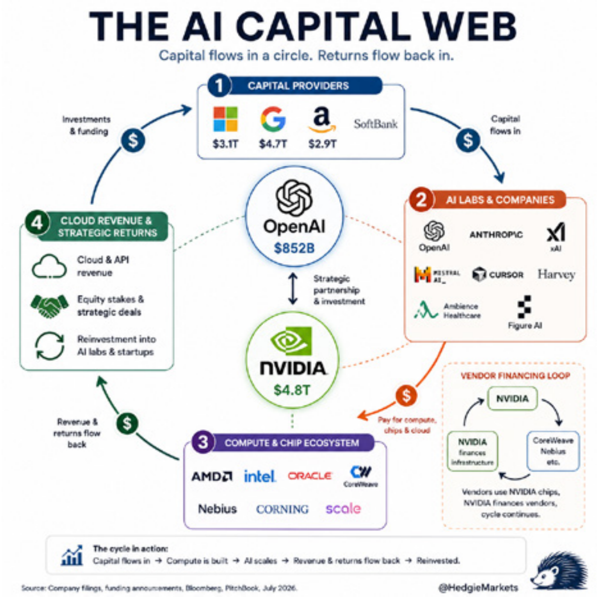
Chart #3

The AI circular economy

Nvidia is currently involved in more than $750bn worth of AI-related agreements, but the structure of some of these deals has raised questions among investors. Bloomberg highlighted several large-scale arrangements, including a reported $500bn partnership with SK Group in South Korea. Another major example involves OpenAI, where Nvidia is reportedly providing financial support while also committing to purchase large quantities of its own AI chips.

The common pattern is that Nvidia provides capital or financial backing to AI companies, in turn buy Nvidia's hardware. This creates a financial ecosystem where money flows between companies within the same AI infrastructure chain.

Nvidia CEO Jensen Huang has rejected the idea that this represents a circular structure, calling the criticism "ridiculous."



Source: Hedgie

Chart #4

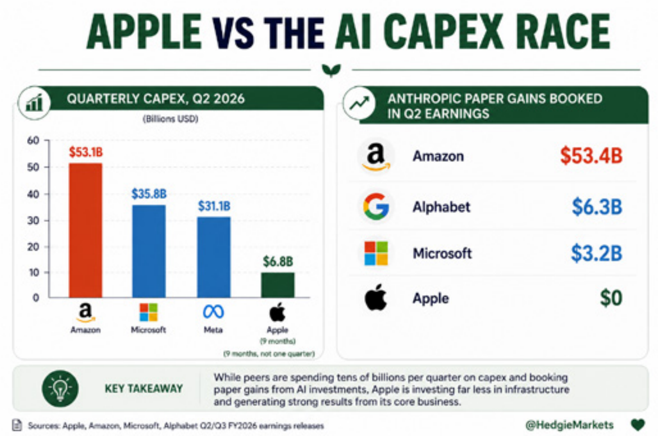
Apple just reminded investors that AI isn't the only path to strong earnings

Apple delivered another strong quarter, generating $109.4bn in revenue, representing 16% growth year over year. iPhone revenue increased 22%, Services reached a record $30.7bn, and net income climbed 27% to $29.8bn.

Unlike several major technology companies that benefited from investment gains or AI-related optimism, Apple's results were driven primarily by the strength of its core business.

The company maintained a disciplined capital approach, spending only $6.8bn on capital expenditures during the first nine months of the fiscal year, while returning $62bn to shareholders through buybacks. Apple also continued reducing debt and ended the quarter with $146bn in cash and marketable securities.

Despite the strong results, shares declined after hours following weaker-than-expected fourth-quarter guidance linked to supply constraints.

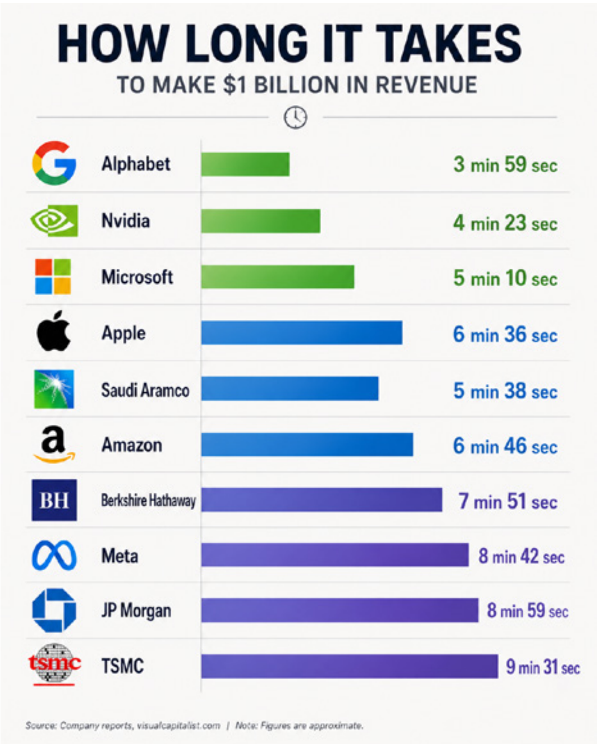


Source: Hedgie

Chart #5

How fast do they generate 1mn in profit?

Alphabet generates one million dollars in profit in less than four minutes. The figure highlights the extraordinary earnings power of the world's largest technology companies and the scale of profitability behind the AI ecosystem.



Source: Lukas Ekwueme, FT

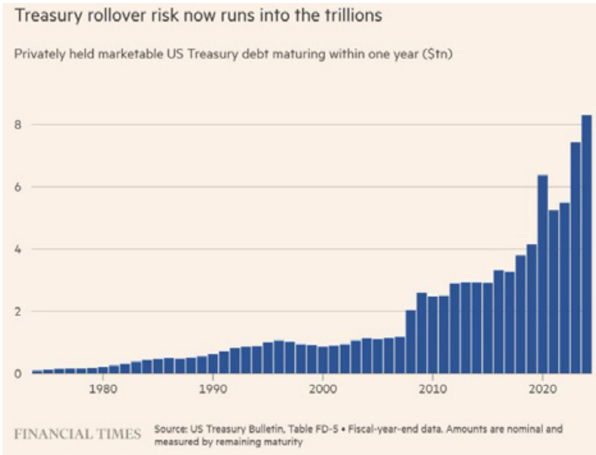
Chart #6

Why the US has little room for much higher rates

The United States faces a major refinancing challenge, with approximately $8tn of Treasury debt expected to mature over the next 12 months.

The average interest rate on this debt is around 3.3%, while the 2-year Treasury yield is currently close to 4.3%. Refinancing the entire amount at today's rates would increase annual interest expenses by roughly $80bn, even before considering the government's ongoing $2tn annual budget deficit.

Today's situation differs from the early 1980s. Volcker-era inflation had already eroded the real burden of government debt, giving policymakers room to hike rates aggressively, and debt-to-GDP fell from ~120% post-WWII to ~30%. Now debt is back near 120%, with no such cushion.

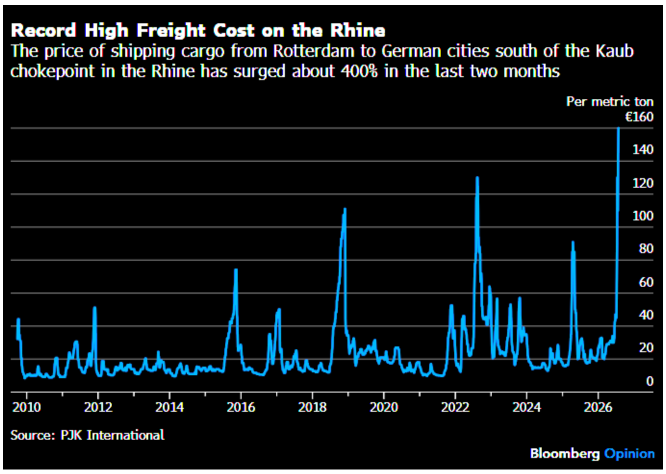


Source: Barchart, CNBC

Chart #7

Record freight cost on the Rhine

The Rhine river, one of Europe's most important transport routes for refined petroleum products, chemicals, coal, and steel, is facing major disruptions due to unusually low water levels. Reduced shipping capacity has pushed freight prices for Rhine barges to record highs, increasing transportation costs across several industrial sectors.



Source: Bloomberg, Javier Blas

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