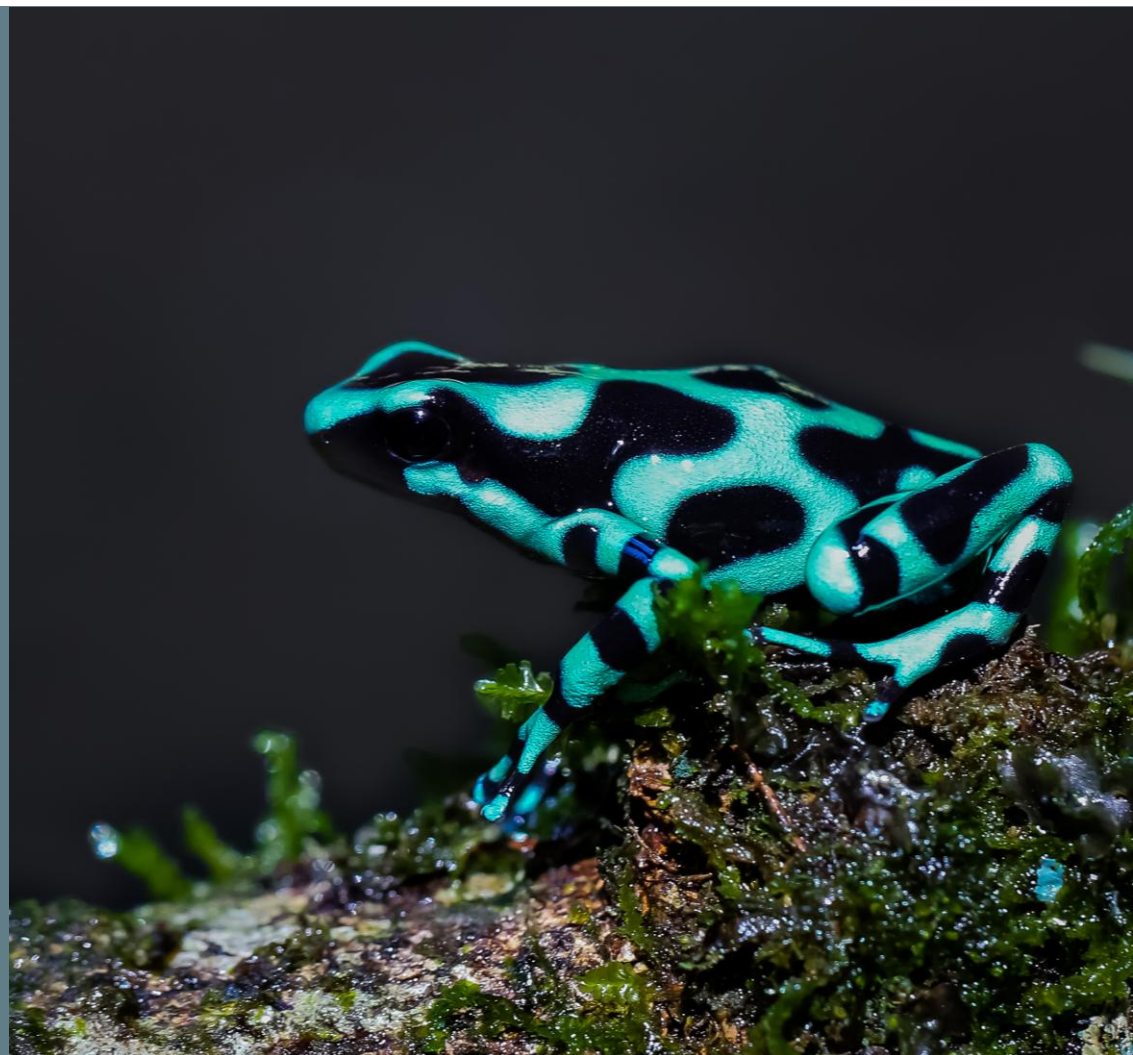


Market Update

Data vs. Debate

July 2025



Editorial

June was anything but quiet, yet markets chose to look through the noise. Global equities added another 4-5% for the month, pushing the MSCI ACWI to a double-digit gain year-to-date even as headline volatility spiked around Middle-East tensions. Credit spreads compressed and liquidity remained ample, underscoring that financial conditions are looser than the policy debate would suggest.

Under the surface, the macro picture keeps evolving. Disinflation is gathering pace across most developed economies while the Fed stays on hold at 4.50%, opting to monitor the knock-on effects of shifting tariffs. In contrast, the SNB and ECB have already trimmed rates, signaling a tentative turn toward easier policy in Europe. Growth remains resilient, just resilient enough, helping earnings expectations stabilize despite soft manufacturing surveys.

Meanwhile the “America First – Dollar Second” narrative is gaining traction. The US dollar lost nearly 10% this year before briefly bouncing on the Iran scare, only to resume its slide as fiscal risk stole the spotlight. Commodities told their own roller-coaster story: the price of oil spiked past \$80 on the initial headlines and then closed the month below \$70, while gold set fresh highs above \$3’300 as investors hunted for hedges.

We hope you enjoy reading and find these updates helpful for the month ahead.



Joan Bürgy
Investment Specialist



Jérôme Tobler, CIIA
Partner & Senior Financial Advisor



Global Markets

Global	Last	YTD	MTD
MSCI World	4,026.4	9.8%	4.3%
MSCI ACWI	917.9	10.3%	4.5%
MSCI Emerging Markets	1,222.8	15.5%	6.1%

United States

Dow Jones Industrial	44,094.8	4.5%	4.5%
S&P 500	6,205.0	6.2%	5.1%
NASDAQ 100	22,679.0	8.3%	6.3%
Russell 2000	2,175.0	-1.8%	5.4%

Europe

Euro STOXX 600	541.4	9.4%	-1.2%
Euro STOXX 50	5,303.2	11.1%	-1.1%
DAX	23,909.6	20.1%	-0.4%
CAC 40	7,665.9	6.8%	-0.9%
FTSE 100	8,761.0	9.5%	0.0%
Swiss Market Index (SMI)	11,921.5	5.9%	-2.5%

Sectors (US)

Communication Services	13.0%	7.3%
Consumer Discretionary	-4.5%	2.0%
Consumer Staples	6.6%	-1.8%
Energy	0.9%	4.8%
Financials	9.6%	3.7%
Health Care	-0.8%	2.2%
Industrials	13.6%	3.9%
Materials	6.7%	2.3%
Real Estate	4.5%	0.2%
Technology	8.0%	9.8%
Utilities	8.4%	0.2%

Commodities & Metals	Last	YTD	MTD
Gold (XAU)	3,303.1	25.9%	0.4%
Silver (XAG)	36.1	24.9%	9.5%
Copper	503.0	24.9%	7.5%

Currencies (USD)

EUR	1.18	13.8%	3.9%
CHF	0.79	12.6%	3.6%
JPY	144.0	9.1%	0.0%
BTC	107,607	14.8%	2.9%

Fixed Income

US Treasury	2,377	3.8%	1.3%
EUR Treasury	247	0.5%	-0.2%
Global Aggregate	497	7.3%	1.9%
US Corporate	3,427	4.2%	1.9%
Global EM USD	1,310	4.9%	1.9%
Global High Yield	1,775	6.8%	2.3%

Interest Rates (US)

		Last month	End 2024
3 Months	4.29%	4.33%	4.31%
12 Months	3.97%	4.10%	4.14%
5 Year	3.80%	3.96%	4.38%
10 Year	4.23%	4.40%	4.57%

Price / Earnings Ratios

		End 2024	End 2023
S&P 500	26.34	26.52	22.92
Euro STOXX 50	15.84	14.24	12.57
Swiss Market Index (SMI)	17.81	18.11	18.06

Data at close of 30/06/2025

Macroeconomic Indicators

Central Banks Targets Rates	Last	Q2 2025	Q1 2025	Q4 2024	Inflation (CPI - YoY)	Last	Q2 2025	Q1 2025	Q4 2024
United States	4.50%	4.50%	4.50%	4.50%	United States	2.40%	N/A	2.40%	2.90%
Eurozone	2.15%	2.15%	2.65%	3.15%	Eurozone	1.90%	N/A	2.20%	2.40%
Switzerland	0.00%	0.00%	0.25%	0.50%	Switzerland	-0.10%	N/A	0.30%	0.60%
Canada	2.75%	2.75%	2.75%	3.25%	Canada	1.70%	N/A	2.30%	1.80%
Japan	0.50%	0.50%	0.50%	0.25%	Japan	3.50%	N/A	3.60%	3.60%
China (3M SHIBOR)	1.63%	1.63%	1.92%	1.69%	China	-0.10%	N/A	-0.10%	0.10%
India	5.50%	5.50%	6.25%	6.50%	India	2.82%	N/A	3.34%	5.22%
Unemployment	Last	Q2 2025	Q1 2025	Q4 2024	Gross Domestic Product (YoY)	Last	Q2 2025	Q1 2025	Q4 2024
United States	4.20%	N/A	4.20%	4.10%	United States	2.00%	N/A	2.00%	2.50%
Eurozone	6.20%	N/A	6.30%	6.20%	Eurozone	1.40%	N/A	1.40%	1.40%
Switzerland	2.90%	N/A	2.80%	2.60%	Switzerland	2.00%	N/A	2.00%	1.60%
Canada	7.00%	N/A	6.70%	6.70%	Canada	1.30%	N/A	1.80%	2.20%
Japan	2.50%	N/A	2.50%	2.50%	Japan	5.10%	N/A	5.10%	4.20%
China	5.00%	N/A	5.20%	5.10%	China	5.40%	N/A	5.40%	5.40%
					India (Real GDP)	7.38%	N/A	7.38%	6.40%
Producer Price Index (PPI - YoY)	Last	Q2 2025	Q1 2025	Q4 2024	Purchasing Managers' Index	Last	Q2 2025	Q1 2025	Q4 2024
United States	1.40%	N/A	0.90%	2.80%	United States	48.5	#N/A N/A	49	49.2
European Union	-0.40%	N/A	0.30%	0.40%	Eurozone	49.4	49.4	48.6	45.1
Switzerland	-0.70%	N/A	-0.10%	-0.90%	Switzerland	42.1	#N/A N/A	48.9	47
Canada	1.17%	N/A	4.38%	4.06%	Canada	46.1	#N/A N/A	46.3	52.2
Japan	3.20%	N/A	4.30%	4.00%	Japan	50.1	50.1	48.4	49.6
China	-3.30%	N/A	-2.50%	-2.30%	China	49.7	49.7	50.5	50.1
India	0.39%	N/A	2.25%	2.57%	India	58.4	58.4	58.1	56.4
Core Inflation (Core CPI - YoY)	Last	Q2 2025	Q1 2025	Q4 2024	Consumer Spending (PCE - YoY)	Last	Q2 2025	Q1 2025	Q4 2024
United States	2.80%	N/A	2.80%	3.20%	United States	2.68%	N/A	2.70%	2.86%
Eurozone	2.30%	N/A	2.40%	2.70%					
Switzerland	0.50%	N/A	0.90%	0.70%					
Canada	2.60%	N/A	2.40%	2.10%					
Japan	1.60%	N/A	1.60%	1.60%					

Data as of 01/07/2025
N/A: Not yet reported or Public Holiday

June Macro News



- Elevated trade tensions and unpredictable policy actions, particularly from the US, continue to weigh on global sentiment, investment, and trade flows.
- The escalation of conflict between Israel and Iran in early June, which briefly involved US forces, led to a sharp spike in oil prices and increased safe-haven flows. However, a ceasefire on June 24 eased tensions and reversed much of the commodity price surge.
- Disinflation trends are visible in most developed markets, but inflation remains above target in some regions due to wage growth and commodity volatility.
- The Fed held its policy rate steady at 4.50% in June, signaling caution amid ongoing trade uncertainty and mixed economic signals. Despite political pressure and rising expectations for monetary easing, the Fed emphasized it is in no hurry to cut rates preemptively, preferring to wait for clearer evidence on inflation and growth.
- The SNB and ECB have moved ahead with rate cuts and cut their rates by 0.25% to 0% and 2.0% respectively.

Hormuz Closure: Unlikely

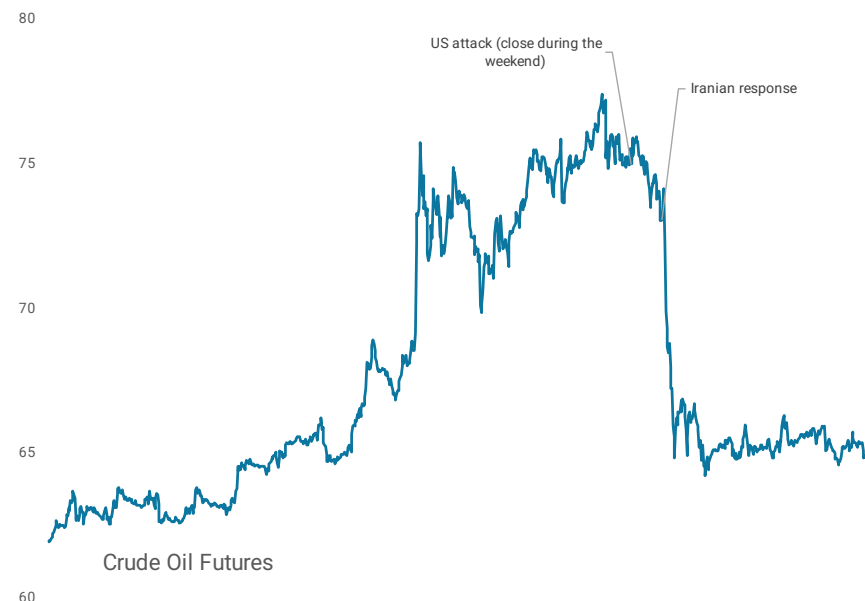
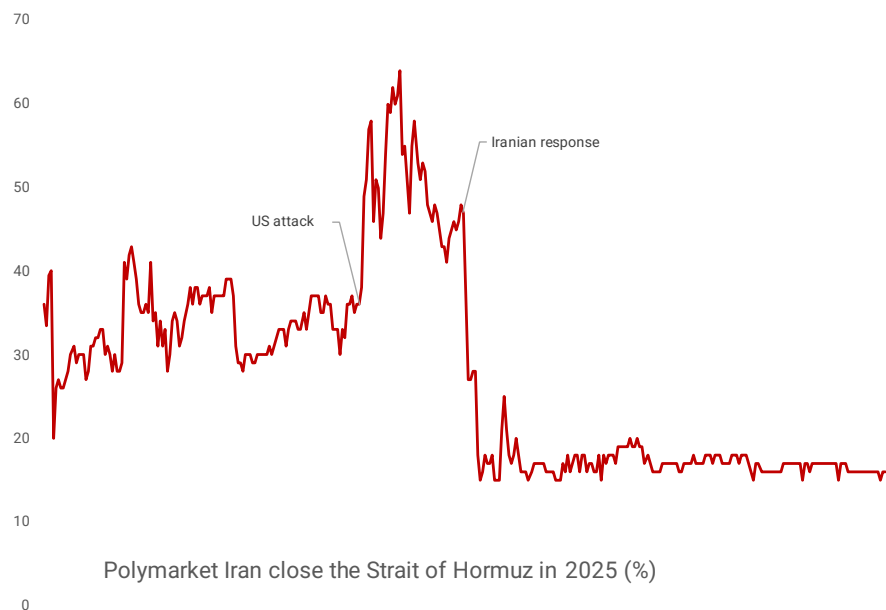
Despite the most significant military escalation between the US/Israel and Iran in decades, oil markets delivered a counterintuitive message: the Strait of Hormuz closure risk has actually decreased.

In one of the most extraordinary sessions in the history of oil trading, the price of Brent crude surged past \$80 per barrel as markets digested the news of the US strike on Iranian nuclear sites. However, it then reversed course sharply. When Iran responded by launching missiles at a US military base in Qatar (a move that would typically be expected to drive prices higher) the selloff accelerated, sending Brent tumbling below \$70. Overall, oil prices fell by 13% in response to what initially appeared to be profoundly negative developments.

Iran's restrained response to recent escalations highlights a set of strategic constraints that make closing the Strait of Hormuz an economically irrational choice. Shutting the strait would effectively cut off Iran's main source of revenue,

its 1.5 million barrels per day in oil exports, while almost certainly provoking overwhelming military retaliation. Such a move would also isolate Iran from key regional partners, including the UAE, Kuwait, and Saudi Arabia, all of whom rely on the same vital shipping route for their own energy exports.

Adding to these pressures, China, by far Iran's largest oil customer, would see its own energy supplies disrupted and has publicly called for restraint, further discouraging escalation. Furthermore, after recent Israeli and US strikes, Iran's air defenses are insufficient to protect the infrastructure needed to enforce a closure, leaving it militarily vulnerable and further reducing the likelihood of such an action.



Source: Polymarket, Bloomberg

One “Big Beautiful Bill”

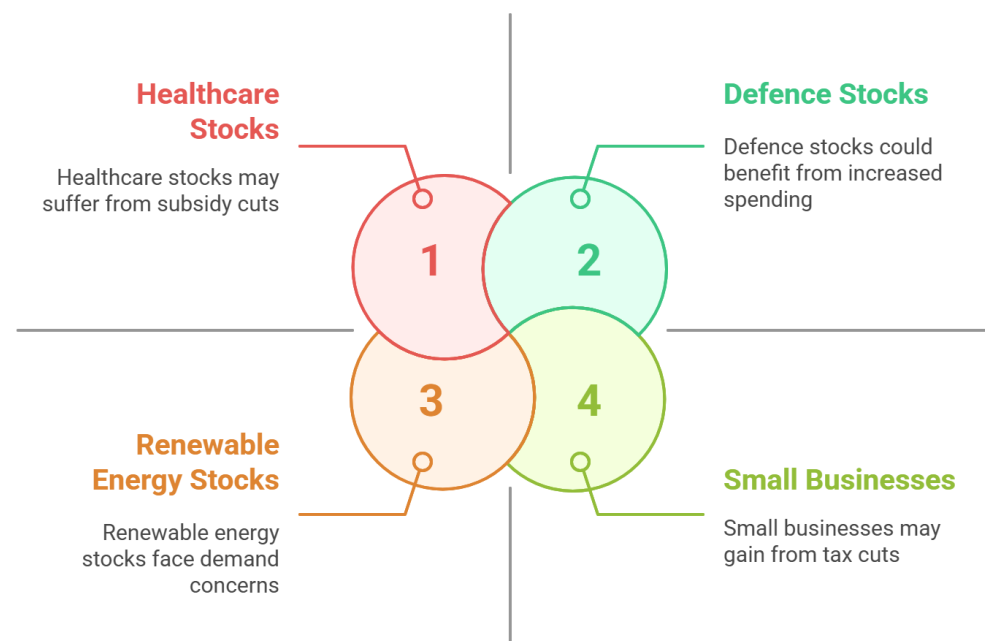
The US Congress is debating the so-called “Big Beautiful Bill” a large fiscal package proposed by President Donald Trump. The bill’s impact is highly contested: government estimates suggest it could add over USD 3 trillion to the US deficit over the next decade, while proponents argue that growth effects will offset much of the cost.

The bill aims to extend and expand the 2017 tax cuts, increase defense and border security spending, and introduce targeted reductions in social spending such as Medicaid and SNAP. A notable feature is a new retaliatory tax (Section 899) on investors from jurisdictions deemed to have “unfair” tax practices, potentially affecting international capital flows.

For companies, the bill presents a mixed outlook. US small businesses stand to benefit from permanent tax deductions and accelerated depreciation, but may face weaker consumer demand if social spending cuts are enacted.

Multinational corporations could see lower effective tax rates on overseas income, yet risk retaliatory measures from trading partners and higher compliance costs. Foreign-owned US subsidiaries may be impacted by new withholding taxes, especially if their home countries are targeted under Section 899, potentially prompting shifts in foreign direct investment.

The “Big Beautiful Bill” has intensified existing worries about the sustainability of US government debt. Independent estimates suggest the package could add between \$3 and \$4 trillion to the national debt over the next decade, pushing the debt-to-GDP ratio to historic highs, potentially exceeding 120% by 2035. Annual interest payments on the debt have already surpassed \$1 trillion, outpacing even military spending.



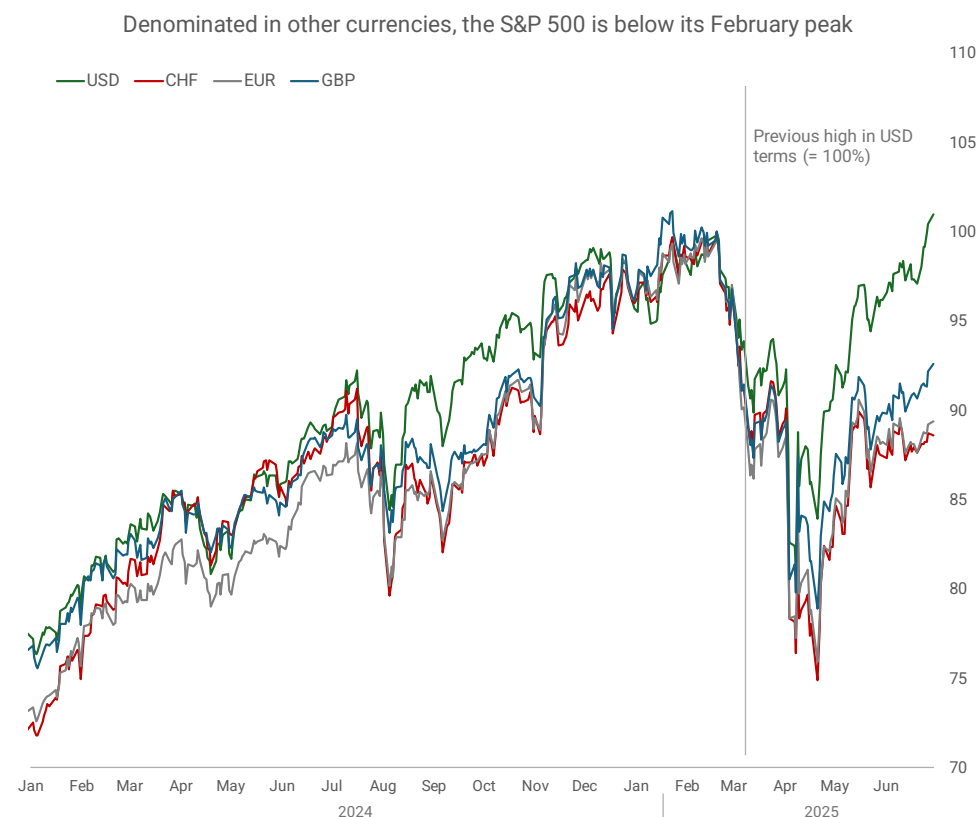
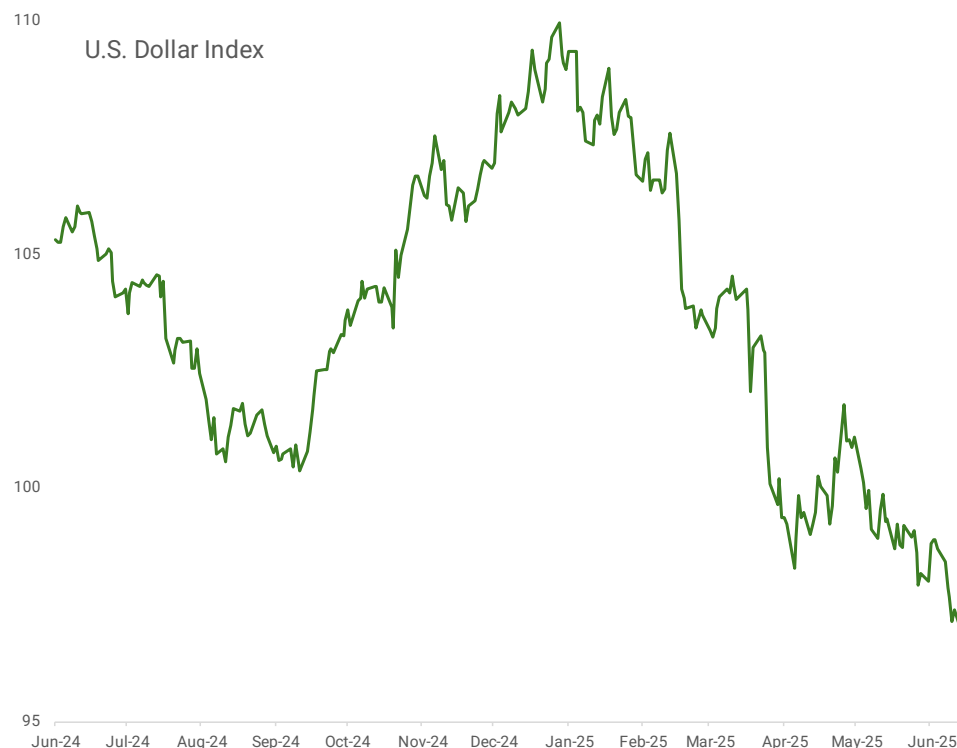
America First – Dollar Second

A rapid deterioration in the dollar's fundamentals explains why the currency has lagged even as US equities recovered headline highs

Before the Iran flare-up the dollar index (DXY) slid almost 10% YTD, touching 98.6 – territory last seen in 2022, as markets started to question US exceptionalism amid unpredictable tariff moves and rising fiscal risk.

Geopolitical tension briefly revived demand for dollars, but the bounce faded fast, underlining a structural shift rather than a one-off shock. Several EM central banks have cut their USD allocation below 55% for the first time since 2010.

The dollar remains the deepest market, but the speed of recent sell-offs shows liquidity can vanish when policy credibility is questioned. Partial clarity on trade talks helped the S&P 500 retrace its April plunge in USD terms, yet when translated into EUR, CHF or JPY the index still sits 3-5% below its 19 Feb peak: a reminder that currency matters for global portfolios.



Source: Bloomberg

Financial Conditions : Not So Tight!

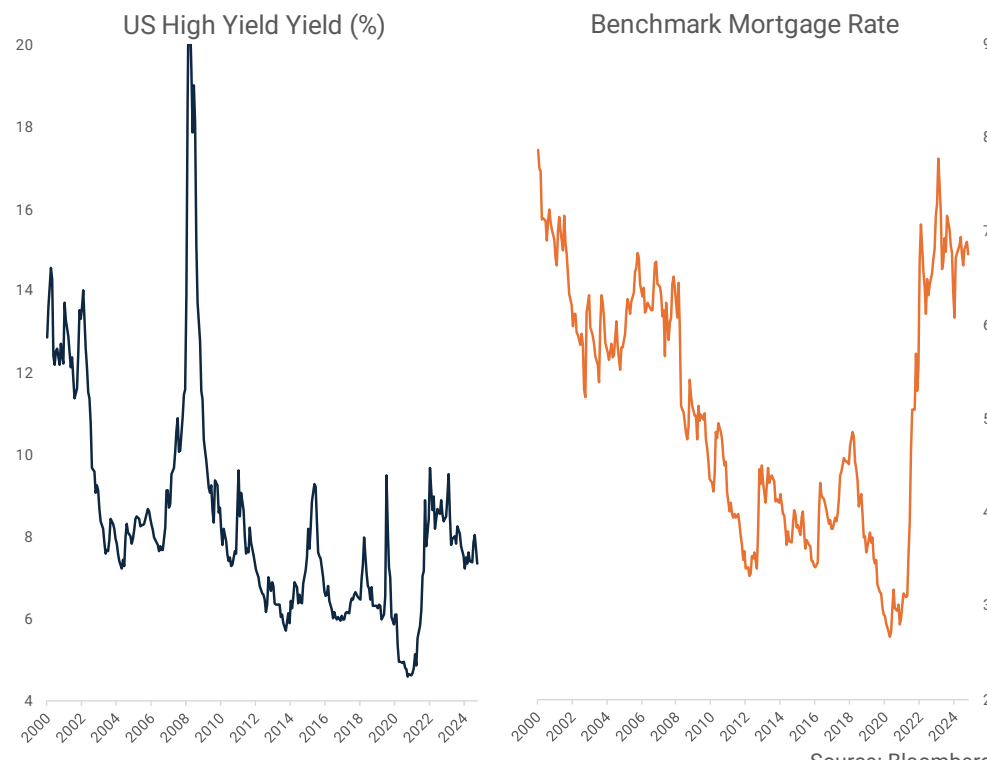
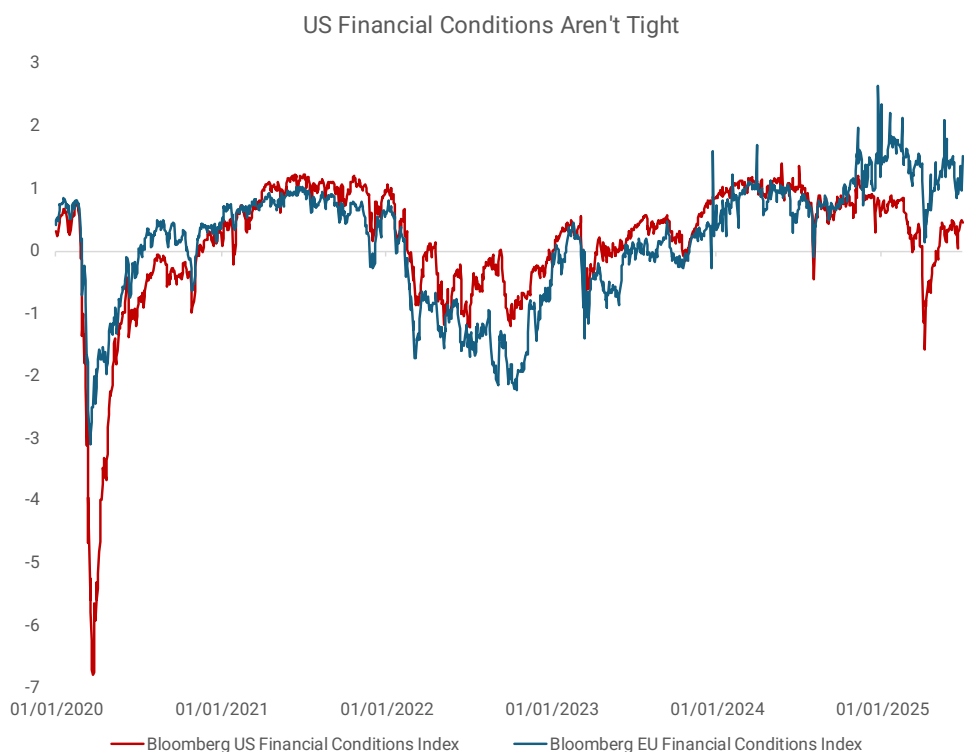
Despite the political pressure for immediate rate cuts, comprehensive financial conditions data reveals that the US economy is operating with loose financial conditions by historical standards.

While interest rates appear elevated compared to the post-2008 period, a broader evaluation incorporating credit spreads, equity valuations and funding availability indicates that the Federal Reserve is not 'tightening the screws' as significantly as the policy debate suggests.

The trajectory from 2020 to 2025 shows how conditions moved from being extremely loose during the pandemic stimulus, through a brief period of tightening, and then back to being accommodative, despite the current policy debate.

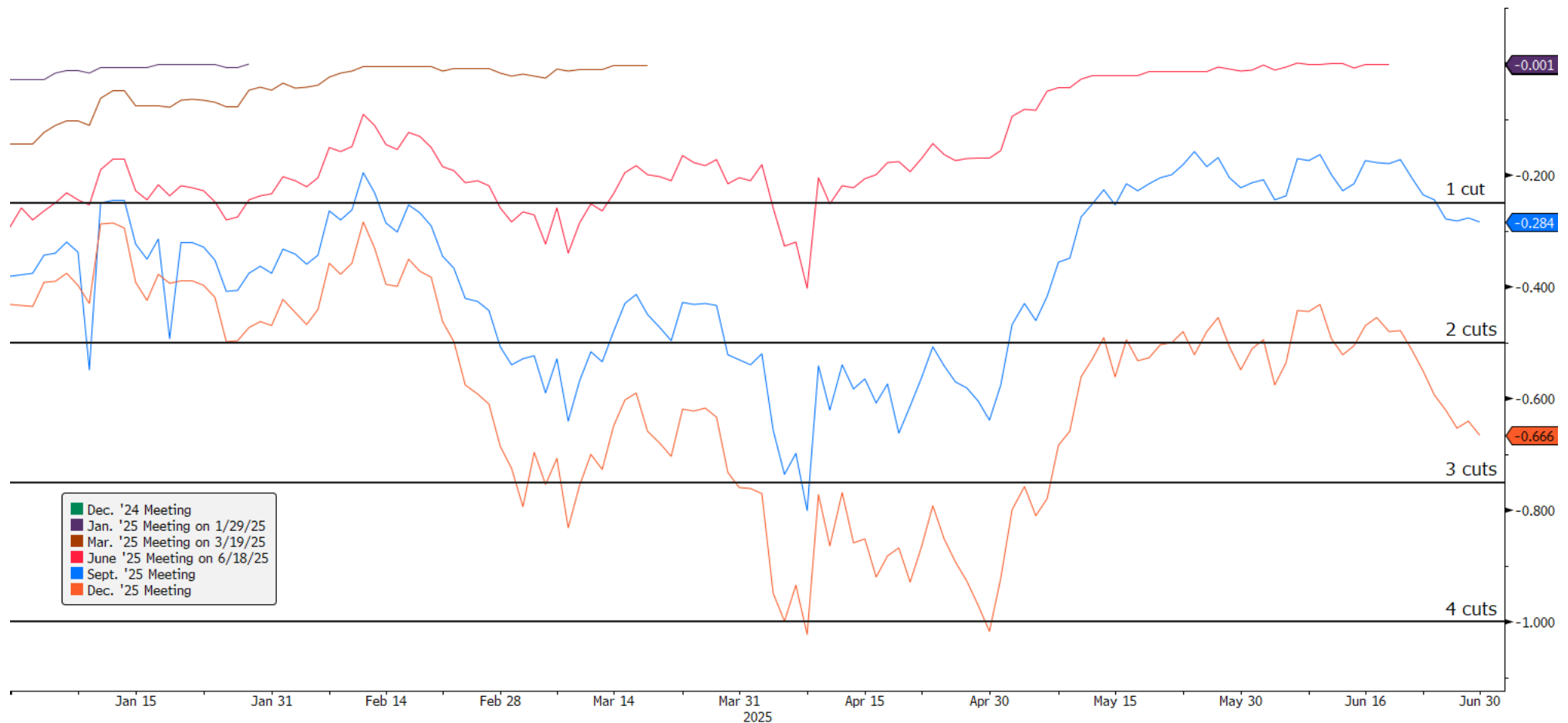
Credit spreads provide the most compelling evidence against the 'restrictive conditions' narrative. US high yield bond spreads currently stand at 2.9%, which is substantially below the long-term average of 5.26%. These spreads are near historical lows, comparable to pre-crisis periods when credit was readily available.

The current policy debate seems to reflect political positioning rather than economic necessity, with markets continuing to benefit from relatively easy access to capital across most segments.



Short Term Rates Expectations

Powell and the Federal Reserve maintain a wait-and-see approach, citing the need to assess the full impact of tariff policies on inflation before making rate adjustments. Market pricing currently shows between 2 and 3 cuts are expected until the end of the year following strong employment data.



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Key Investment Themes

- Uncertainty over trades policies and the volatility spikes that can accompany disappointing market releases on top of high valuations reinforce our conviction that **diversification is a core strategy** - particularly important as geopolitical uncertainties persist, whether in the Red Sea, the Middle East, Ukraine or Taiwan.
- The inflation target could well become the floor in this new economic cycle, with core inflation expected to remain above the 2% target by the end of 2025 but its trajectory is highly uncertain as it could be revived by the ongoing tariff war.
- Our recommendation is to focus on **quality stocks** with solid balance sheets and a long-term vision.
- On the **fixed-income** side, corporate bonds are facing higher interest costs overall, and potentially refinancing difficulties in the high-yield segment. Our preference at this stage of the cycle is **for higher-rated companies** rather than high yielding issuers. Note that we recently increased the duration of our selection.
- In the current interest-rate environment and within the broader policy dynamics of central banks in developed markets, our approach remains focused on carry strategies via bonds. We therefore maintain an **underweight in the alternative class**, capitalizing on the stability and predictable returns offered by bond instruments. However, we remain attentive to the opportunities offered by alternative investments, with their potential for returns uncorrelated with traditional markets.



Asset Allocation

	Underweight	Neutral	Overweight
Asset classes		Cash	
		Fixed Income	
		Equities	
	Alternative		
Fixed Income			Investment Grade
		High Yield	
		Sovereign	
	Inflation Linked		
Equities		Emerging Markets	
		Switzerland	
		United States	
			Eurozone
		United Kingdom	
		China	
		Japan	
		Emerging Markets	
Sectors		Information Technology	
		Healthcare	
		Financials	
		Consumer Discretionary	
		Industrials	
		Consumer Staples	
		Communication Services	
		Energy	
		Materials	
		Utilities	
	Real Estate		

Fixed-income allocation

Our selection focuses on the highest-quality issuers offering attractive risk-adjusted returns.

Equities

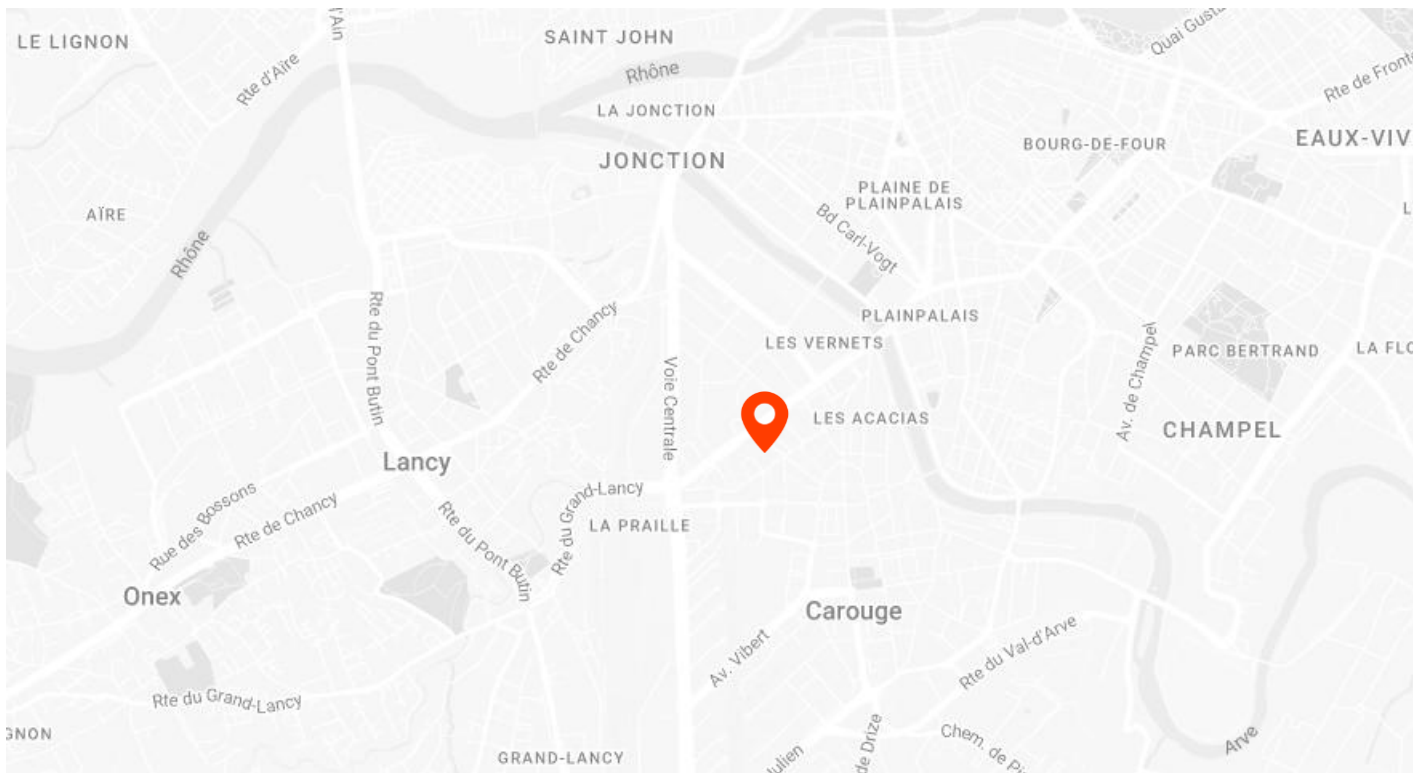
The different scenarios lead us to a more neutral approach to equities, where sector and regional diversification is more important than ever. We return to a more neutral stance on the United States following the turbulence caused by the new administration and increase our allocation to Europe.

Alternative investments

In the current interest rate environment, our approach remains focused on carry strategies through bonds. We thus maintain an underweight allocation to alternative investments, capitalizing on the stability and predictable returns offered by bond instruments. Nevertheless, we remain attentive to opportunities offered by alternative assets, given their potential for returns uncorrelated with traditional markets.

Contact

A DIFFERENT APPROACH TO WEALTH MANAGEMENT



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