

Market Update

Strong Fundamentals, High Expectations

November 2025



Editorial

October delivered a curious paradox: markets climbed to new all-time highs even as uncertainty seemed to be everywhere you looked. The US government shutdown left economic policymakers flying blind, yet inflation remained under control, and the Fed cut rates for the second consecutive month. Geopolitical tensions that had dominated headlines for months eased suddenly with a ceasefire in Gaza and a trade framework between the US and China removing two major sources of market anxiety. Corporate earnings came in remarkably strong, with profits up nearly 13% year-over-year, yet investors responded with surprising indifference, demanding perfection rather than rewarding success.

The dollar reasserted its dominance, climbing 2.1% as political turbulence abroad made the greenback look like the safest bet in a turbulent international environment. Meanwhile, the AI infrastructure buildout accelerated with tech giants now building to meet signed contracts rather than speculative demand, lending credibility to what some feared might be a bubble. It was a month that reminded us markets don't move in straight lines and context matters more than headlines.

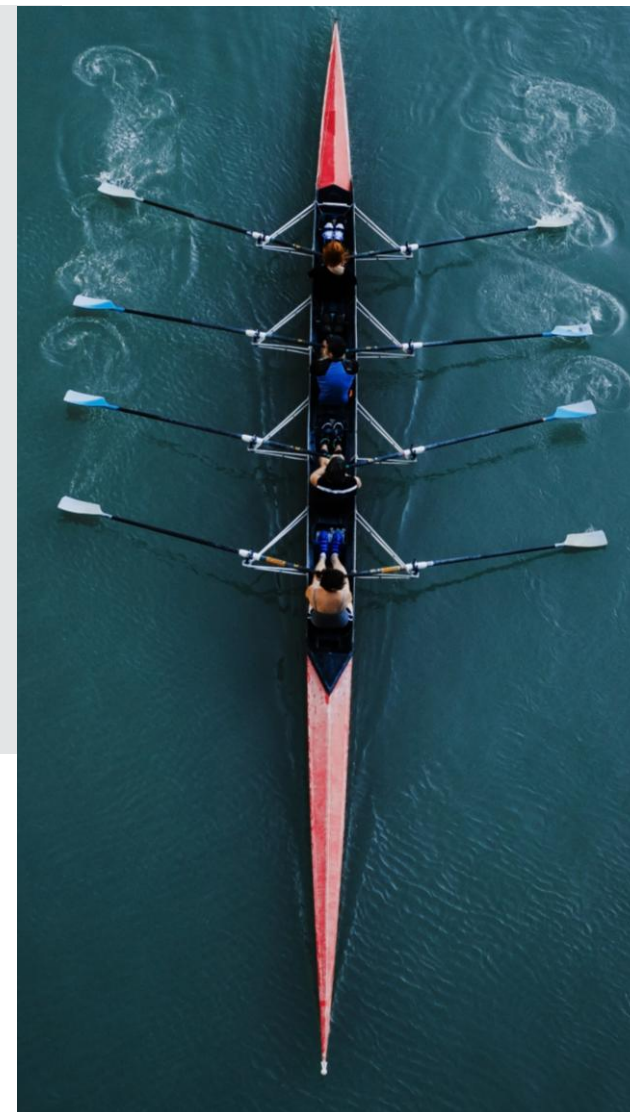
We hope you enjoy reading these updates and find them helpful for the month ahead.



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Global Markets

Global	Last	YTD	MTD
MSCI World	4,390.4	20.2%	2.0%
MSCI ACWI	1,006.2	21.6%	2.3%
MSCI Emerging Markets	1,401.6	33.6%	4.2%

United States

Dow Jones Industrial	47,562.9	13.3%	2.6%
S&P 500	6,840.2	17.5%	2.3%
NASDAQ 100	25,858.1	23.8%	4.8%
Russell 2000	2,479.4	12.4%	1.8%

Europe

Euro STOXX 600	571.9	16.2%	2.6%
Euro STOXX 50	5,662.0	19.1%	2.5%
DAX	23,958.3	20.3%	0.3%
CAC 40	8,121.1	13.6%	3.0%
FTSE 100	9,717.3	22.5%	4.1%
Swiss Market Index (SMI)	12,234.5	8.8%	1.0%

Sectors (US)

Communication Services	27.8%	0.8%
Consumer Discretionary	7.7%	2.6%
Consumer Staples	1.5%	-2.5%
Energy	5.7%	-1.1%
Financials	9.7%	-2.7%
Health Care	7.2%	4.0%
Industrials	22.9%	2.1%
Materials	6.6%	-4.9%
Real Estate	4.3%	-2.4%
Technology	29.2%	6.3%
Utilities	19.0%	2.1%

Commodities & Metals	Last	YTD	MTD
Gold (XAU)	4,002.9	52.5%	3.7%
Silver (XAG)	48.7	68.5%	4.4%
Copper	508.9	26.4%	4.8%

Currencies (USD)

EUR	1.15	11.4%	-1.7%
CHF	0.80	11.3%	-1.0%
JPY	154.0	2.1%	-3.9%
BTC	109,428	16.8%	-4.5%

Fixed Income

US Treasury	2,428	6.0%	0.6%
EUR Treasury	249	1.2%	0.9%
Global Aggregate	499	7.6%	-0.3%
US Corporate	3,529	7.3%	0.4%
Global EM USD	1,378	10.4%	1.7%
Global High Yield	1,834	10.4%	0.7%

Interest Rates (US)

		Last month	End 2024
3 Months	3.80%	3.93%	4.31%
12 Months	3.68%	3.61%	4.14%
5 Year	3.69%	3.74%	4.38%
10 Year	4.08%	4.15%	4.57%

Price / Earnings Ratios

		End 2024	End 2023
S&P 500	28.46	26.45	22.72
Euro STOXX 50	17.41	14.23	12.65
Swiss Market Index (SMI)	18.51	18.60	18.26

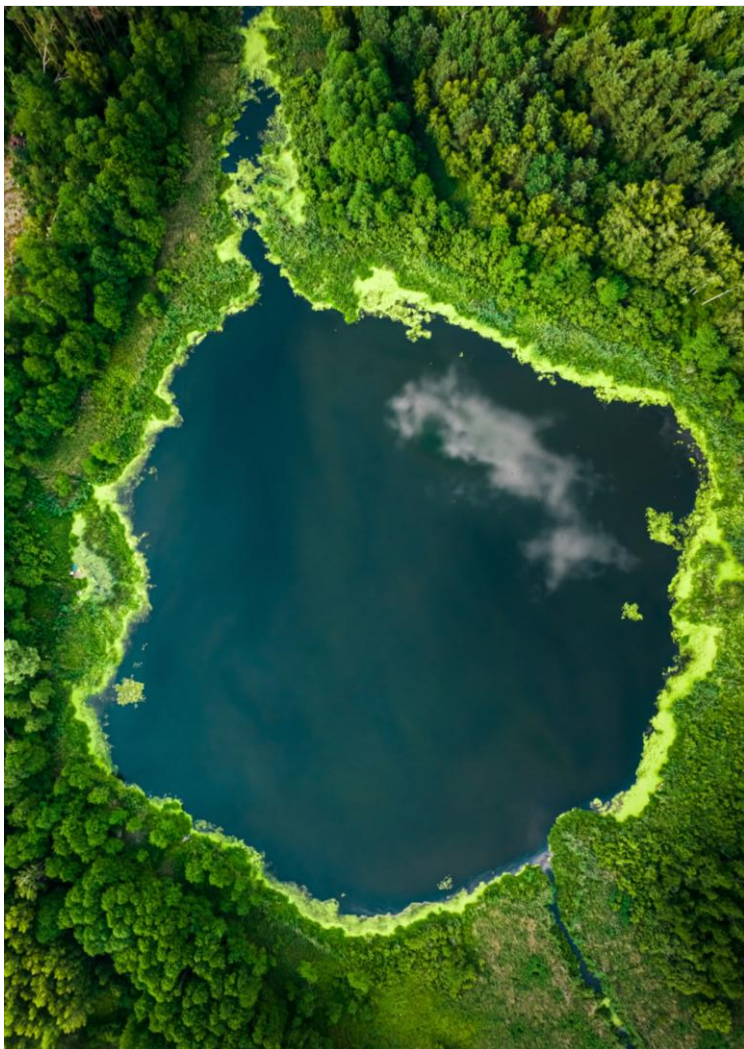
Data at close of 31/10/2025

Macroeconomic Indicators

Central Banks Targets Rates	Last	Q3 2025	Q2 2025	Q1 2025	Inflation (CPI - YoY)	Last	Q3 2025	Q2 2025	Q1 2025
United States	4.00%	4.25%	4.50%	4.50%	United States	3.00%	3.00%	2.70%	2.40%
Eurozone	2.15%	2.15%	2.15%	2.65%	Eurozone	2.10%	2.20%	2.00%	2.20%
Switzerland	0.00%	0.00%	0.00%	0.25%	Switzerland	0.10%	0.20%	0.10%	0.30%
United Kingdom	4.00%	4.00%	4.25%	4.50%	United Kingdom	3.80%	3.80%	3.60%	2.60%
Canada	2.25%	2.50%	2.75%	2.75%	Canada	2.40%	2.40%	1.90%	2.30%
Japan	0.50%	0.50%	0.50%	0.50%	Japan	2.90%	2.90%	3.30%	3.60%
China (3M SHIBOR)	1.58%	1.58%	1.63%	1.92%	China	-0.30%	-0.30%	0.10%	-0.10%
Unemployment	Last	Q3 2025	Q2 2025	Q1 2025	Gross Domestic Product (YoY)	Last	Q3 2025	Q2 2025	Q1 2025
United States	4.30%	N/A	4.10%	4.20%	United States	2.10%	N/A	2.10%	2.00%
Eurozone	6.30%	6.30%	6.40%	6.40%	Eurozone	1.40%	N/A	1.40%	1.50%
Switzerland	3.00%	3.00%	2.90%	2.70%	Switzerland	1.30%	N/A	1.30%	2.50%
Canada	7.10%	7.10%	6.90%	6.70%	Canada	0.70%	N/A	0.90%	1.80%
Japan	2.60%	2.60%	2.50%	2.50%	Japan	4.70%	N/A	4.70%	5.10%
China	5.20%	5.20%	5.00%	5.20%	China	4.80%	4.80%	5.20%	5.40%
					India (Real GDP)	7.81%	N/A	7.81%	7.38%
Producer Price Index (PPI - YoY)	Last	Q3 2025	Q2 2025	Q1 2025	Purchasing Managers' Index	Last	Q3 2025	Q2 2025	Q1 2025
United States	1.90%	N/A	1.90%	0.80%	United States	48.7	49.1	49	49
European Union	0.80%	0.80%	0.10%	0.30%	Eurozone	50	49.8	49.5	48.6
Switzerland	-1.80%	-1.80%	-0.70%	-0.10%	Switzerland	48.2	46.3	49.6	48.9
Canada	5.49%	5.49%	1.80%	4.53%	Canada	49.6	47.7	45.6	46.3
Japan	2.70%	2.70%	2.80%	4.30%	Japan	48.2	48.5	50.1	48.4
China	-2.30%	-2.30%	-3.60%	-2.50%	China	49	49.8	49.7	50.5
India	0.13%	0.13%	-0.19%	2.25%	India	59.2	57.7	58.4	58.1
Core Inflation (Core CPI - YoY)	Last	Q3 2025	Q2 2025	Q1 2025	Consumer Spending (PCE - YoY)	Last	Q3 2025	Q2 2025	Q1 2025
United States	3.00%	3.00%	2.90%	2.80%	United States	2.91%	N/A	2.81%	2.67%
Eurozone	2.40%	2.40%	2.30%	2.40%					
Switzerland	0.50%	0.70%	0.60%	0.90%					
Canada	2.40%	2.40%	2.60%	2.40%					
Japan	1.30%	1.30%	1.60%	1.60%					

Data as of 07/11/2025
N/A: Not yet reported or Public Holiday

October Macro News



- The US government shutdown disrupted the release of official labor market data, forcing the Fed to operate with limited visibility. Despite the data blackout, the delayed September CPI showed inflation holding at 3.0% year-over-year; still elevated but not accelerating from tariff pressures.
- The Fed delivered its second consecutive 25bps cut to 3.75 - 4.00%, but Powell made it clear that December wasn't guaranteed, signaling they're balancing a weakening labor market against sticky inflation.
- Israel approved a ceasefire and hostage release agreement with Hamas on October 10, ending two years of intense conflict.
- After threatening to walk away and impose 100% tariffs on China, President Trump met with President Xi in Korea on October 27 and agreed to a one-year trade framework.
- France's PM Lecornu suspended the controversial 2023 pension reform to avoid no-confidence votes, providing temporary stability but abandoning fiscal sustainability efforts. In Japan, Sanae Takaichi became the country's first female Prime Minister on October 21, triggering the "Takaichi trade" as markets bet on more stimulus ahead, sending the yen down nearly 4% for the month.

Dollar Dominance Returns

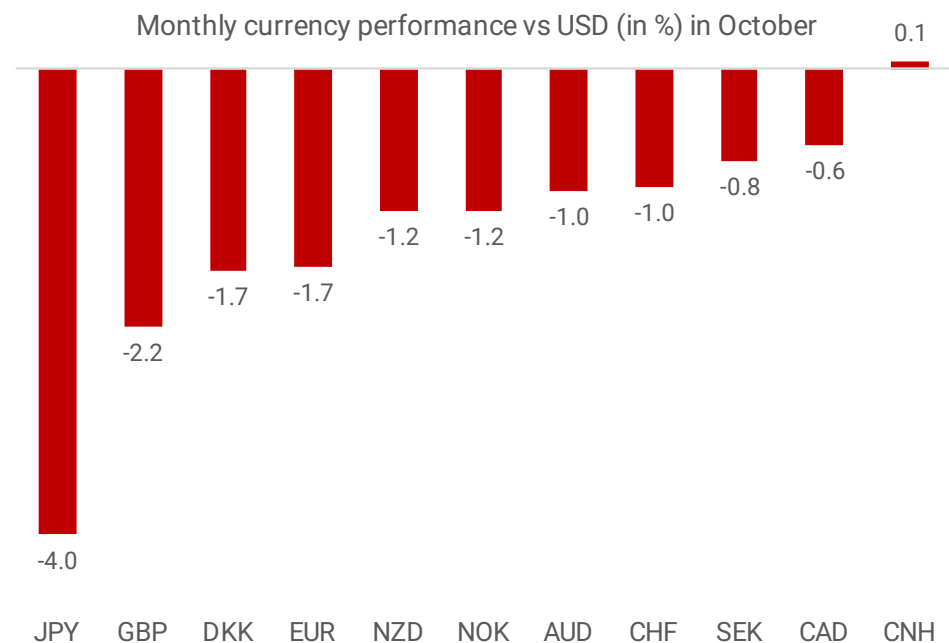
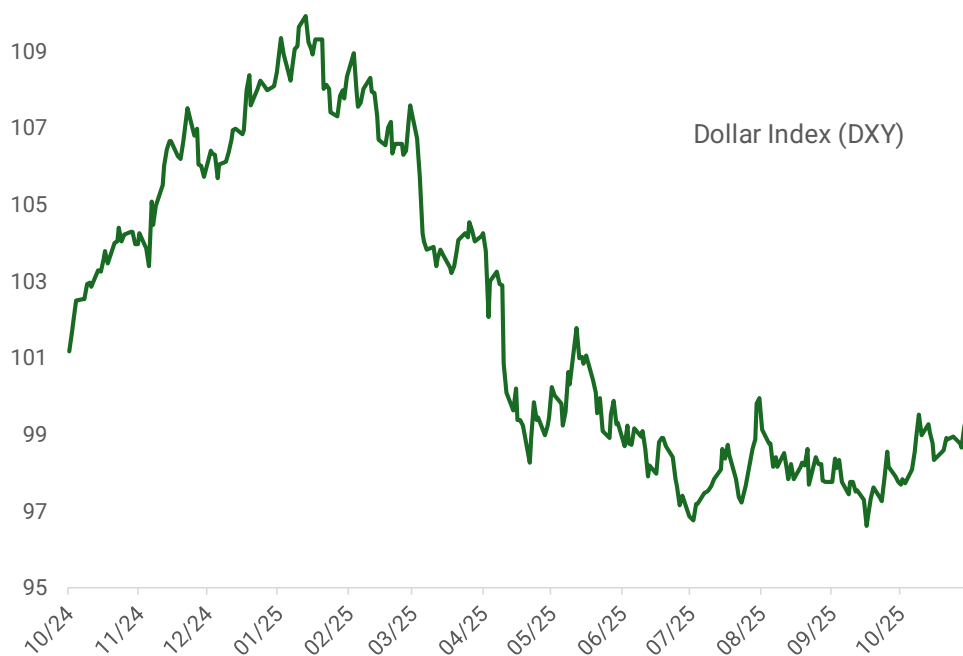
October belonged to the US dollar. The DXY index climbed 2.1% over the month, extending a recovery that began in mid-September and gained momentum after the October FOMC meeting.

What's interesting is that dollar strength wasn't just about what the Fed did. It was equally about political and fiscal chaos elsewhere making the greenback look like the cleanest shirt in a dirty laundry basket.

The euro took it on the chin, dropping 1.7% against the dollar, weighed down by ongoing political drama in France where Prime Minister Lecornu's government became the shortest-lived administration in modern French history after resigning hours after announcing his cabinet lineup. Lecornu was eventually re-appointed and survived two no-confidence votes by suspending the controversial 2023

pension reform, but the whole episode spooked markets and kept the euro under pressure. Sterling wasn't spared either, falling 2.2% as weak labor market data and softer-than-expected CPI prints suggested inflation momentum might be easing, reinforcing Bank of England rate cut expectations.

The dollar's strength reflects a fundamental reality: despite all the concern about US fiscal and political issues, other major economies are dealing with their own messy situations. In that environment, it seems that the dollar still commands a premium.



Source: Bloomberg

Geopolitical Winds Shifting

After surging by over 65% from the start of the year to reach a peak of USD 4'381 per ounce on 20 October, the price of gold fell sharply and some of the gains were lost.

The catalyst? Two major sources of uncertainty essentially got taken off the table: the Israel-Hamas ceasefire implemented on October 10 and the trade framework agreement between the US and China announced on October 27.

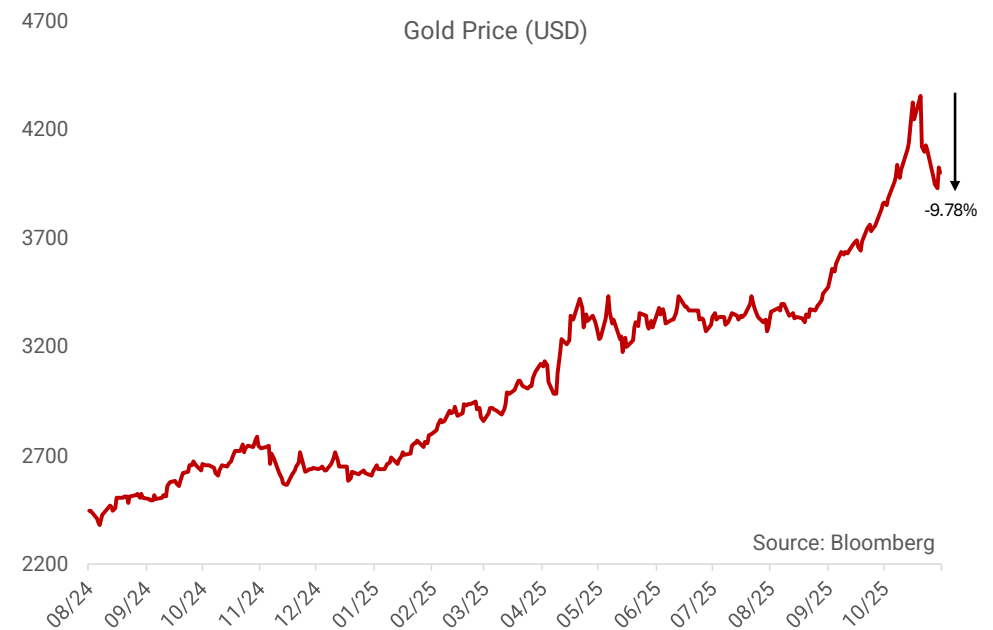
Gold's pullback from its October highs, finishing the month above \$4,000 per ounce but down from its peak, reflects a genuine shift in market sentiment away from defensive positioning. When geopolitical tensions ease, markets naturally move out of safe-haven assets and back into riskier ones. This is exactly what we saw play out: US stock indices hit new all-time highs as Trump's breakthrough in negotiations with China averted the prospect of devastating 157% tariffs on Chinese goods.



(Photo by ANDREW CABALLERO-REYNOLDS / AFP)

The ceasefire agreement marked the beginning of the end of the Gaza conflict, with Israel and Hamas starting a structured process to release hostages. Meanwhile, the US-China trade framework, agreed during a meeting between Trump and Xi in Korea, halved fentanyl-related tariffs to 10% and postponed export restrictions for a year.

While these are not permanent solutions, they have removed two significant issues affecting the markets. It is important to recognise that lower geopolitical risk does not mean zero geopolitical risk. The fact that gold has stalled at elevated levels, rather than collapsing, suggests that investors are keeping some insurance in place. Markets are breathing more easily, but they're not declaring victory just yet.



Earnings Paradox

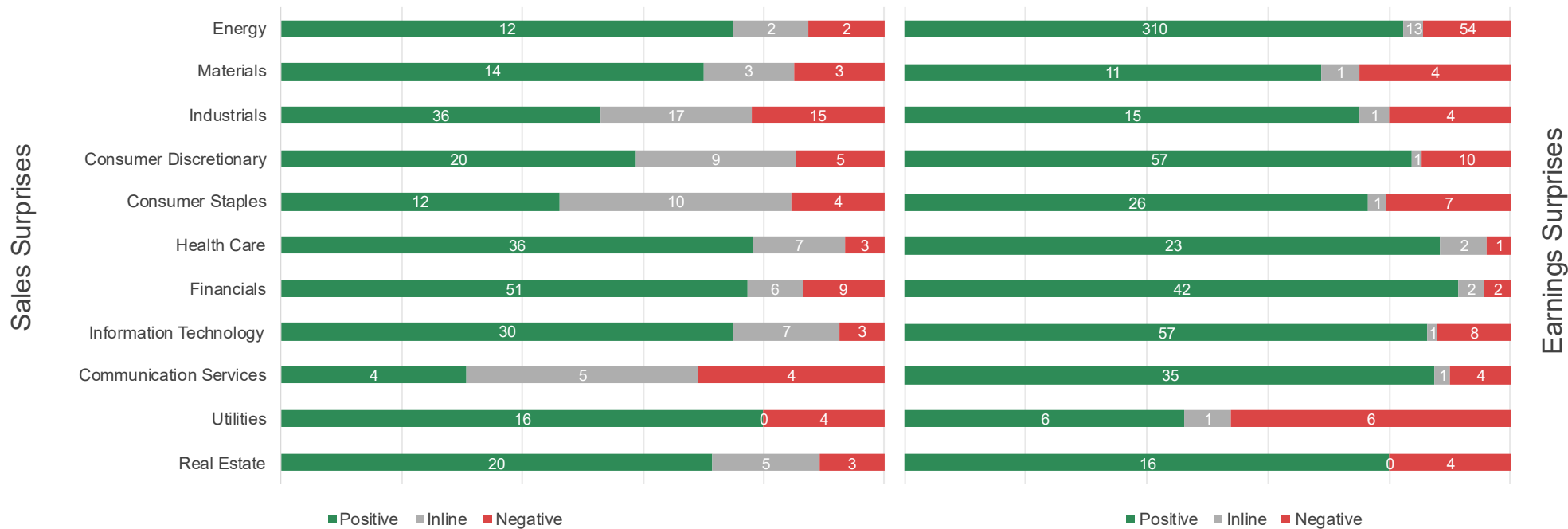
This earnings season is shaping up as one of the strongest we've seen in years, but you wouldn't know it from how stocks are reacting.

With over 75% of S&P 500 companies now reported, the numbers are genuinely impressive. Profits are up nearly 13% year-over-year. That is almost double what analysts expected going into the season. Sales are growing at their fastest pace in three years. Almost 70% of companies exceeded revenue forecasts, which is the highest proportion in four years. Both earnings and revenue beat rates are well above post-pandemic averages.

It's interesting to see how the market has responded (or not responded). If a company performs better than expected, its share price will only go up by an

average of 0.32% the day after it reports its results, compared to the 0.98% that have been the average in the past. Meanwhile, companies that miss are getting punished twice as hard as usual. It's a market that recognizes strength in theory but demands flawless execution.

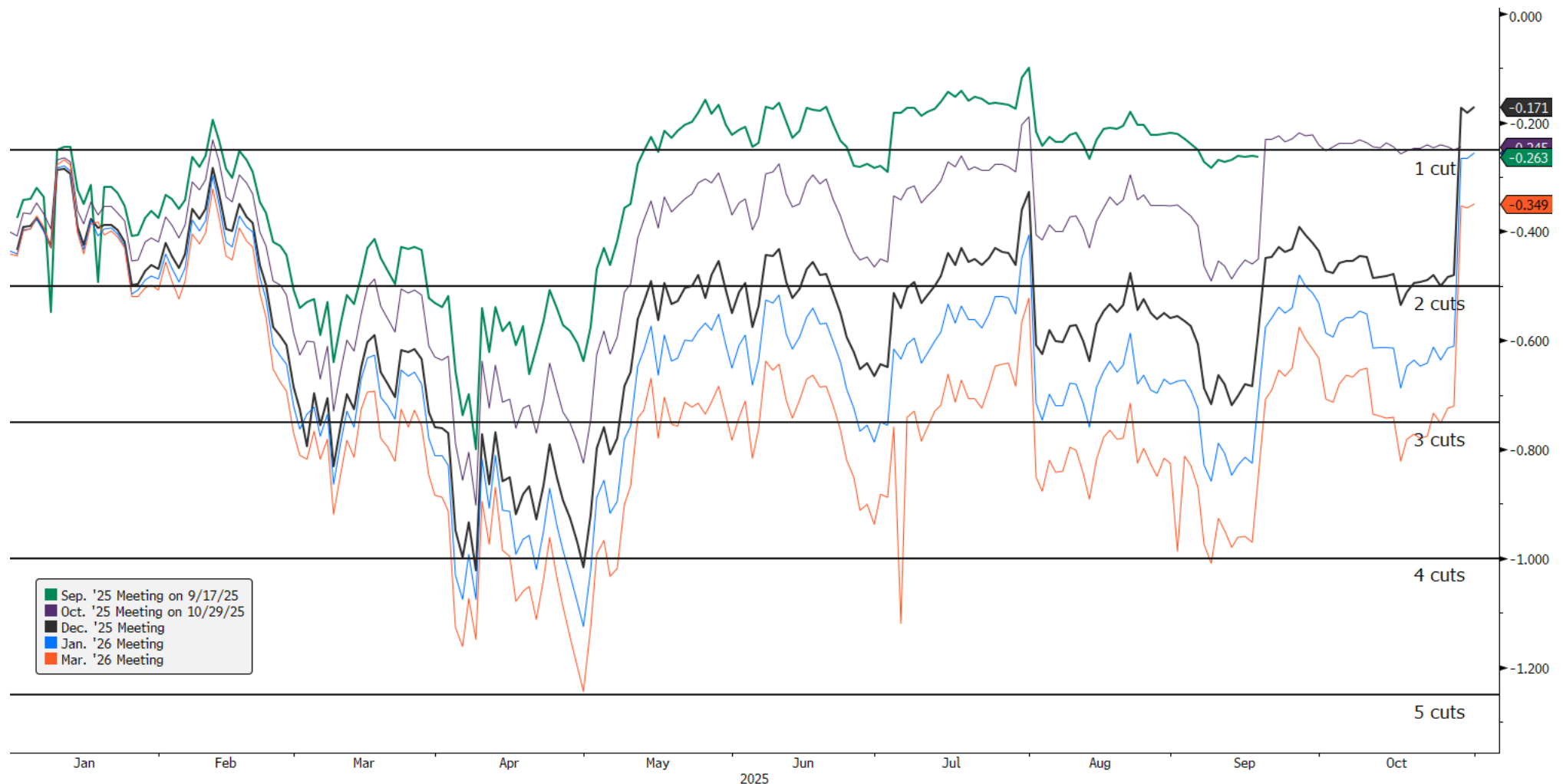
The discrepancy between fundamentals and price fluctuations tells us something important: valuations have become so inflated that strong results are already factored in. The bar for positive surprises has been raised considerably, and the market is showing zero tolerance for disappointments.



Source: Bloomberg

Short Term Rates **Expectations**

In October, the Fed continued its rate-cutting cycle with another 25 bps, but Powell made it clear that December wasn't guaranteed at all. Market expectations are pricing in about one more reduction this year.



US0ACH SEP2025 Index (WIRP Est Change from Current Rate US - Futures Model) Rates Cuts 2025 Daily 01JAN2025-31OCT2025

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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.
- 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

This context leads us to a more neutral approach to equities, where sector and regional diversification is more important than ever. We also keep a neutral stance on the United States following the ongoing turbulence caused by the new administration, with a slight bias towards 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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