

Since January, markets have shown surprising strength, supported by expansionary fiscal policies in a world undergoing geopolitical restructuring. While U.S. federal debt is soaring and inflation remains well above 2%, our long-term convictions prevail: prioritize real and productive assets. This strategy, tested over several years, has translated into solid performance and strong resilience in our clients' portfolios.

Situation update

- Equity markets have delivered remarkable Year-to-Date (YTD) performance:
 - S&P 500: +13.25%
 - Stoxx600: +9.11%
 - SMI: +3.46%
 - Nasdaq: +16.9%
 - CAC 40: +6.14%
 - CSI 300: +17.9%
- Last April, the U.S. market was down 18%, while Europe remained positive.
- At the beginning of the year, we feared an economic slowdown in the U.S. What happened since then?
 - DOGE Program & Elon Musk: The Trump administration entrusted its finances to its best engineer, Elon Musk, to launch the DOGE program.
 - Objective: drastic cuts in public spending, reminiscent of the famous “Argentine chainsaw.”



Source : 20minutes



Source : Paris Match

- This austerity policy displeased financial markets, which corrected sharply until early April.
- Reality soon prevailed: only 0.5% (USD 200 bn) in savings, while total U.S. debt exceeded USD 37 trillion / [LINK](#)
- A 180-degree turn followed: Musk left the White House, and Trump relaunched money printing with the “One Big Beautiful Bill” — adding USD 3.4 trillion in new debt / [LINK](#).
- Markets surged rapidly: it is hard to slow an economy when the State spends so much.

October 2025

- Bitter reality: even Trump and the Republicans have no alternative but to dig deeper into debt.
- For us, this confirms the progressive end of the *Pax Americana* often discussed in these letters, and therefore the weakening dominance of the USD / [LINK](#).
- Our longstanding allocations and convictions (gold, mining, commodities, energy) benefit from this shift.

Convictions

1. [U.S. Debt in a Few Figures — Symptoms of an Emerging Country / LINK](#)

- U.S. federal debt stands at **120% of GDP**.
- Chronic deficit: –6% of GDP per year, despite nominal growth above 4% (what would happen if the government had to support the economy in a recession scenario...).
- In 2021, the Fed raised its key rates from 0.25% to 5.50% to combat runaway inflation.
- This revealed the fundamental issue: the annual cost of debt exceeded both the healthcare and defence budgets!
- A detailed analysis of US government spending quickly reveals that many items cannot be “cut” because they are legally linked to inflation or politically impossible to reduce in a country/system with such high levels of inequality.
- The only political option left: force the Fed to lower short-term rates to reduce debt costs.
- This explains Trump’s repeated attempts to undermine J. Powell’s position at the Fed. The independence of the U.S. central bank will be increasingly challenged.
- The U.S. cannot simultaneously refinance its debt, reindustrialize through aggressive tax policies, AND maintain a strong USD.
- Our central scenario, in place since 2021, becomes even clearer: a weak dollar and persistent inflation. **Read again our newsletter from May 2021 / [LINK](#).**

2. [Geopolitics: A Turning Point](#)

- The recent SCO meeting in September 2025 ([LINK](#)) marked a geopolitical milestone: nearly half of the world's population was represented, including several nuclear powers and regimes not always democratically elected.



Vladimir Putin, Xi Jinping, and Kim Jong Un, meeting in China on Tuesday, September 3, 2025, on the sidelines of the SCO / AFP

- During this SCO summit, the gas deal between Russia and China illustrates this historic shift: a new pipeline will be built between the two countries, allowing China to show that it is freeing itself from international sanctions against Russia and to purchase energy in a currency other than the USD.
- China also announced its ambition to become the international gold storage hub, challenging London, New York, and Switzerland / [LINK](#).
- Saudi Arabia announced a mutual defence agreement with Pakistan, a nuclear power! / [LINK](#)
- These developments further strengthen our convictions on the USD and the ongoing strategic war over energy and commodities.

3. [Real Assets: Gold, Commodities, Energy](#)

- In this context, our gold allocation continues to progress: **+46% vs USD YTD**, +29% vs EUR, +28% vs CHF.
- Our strong conviction on gold mines is delivering exponential returns (IXIOS Gold): **+129% YTD** in USD / +103% in EUR.
- We have just taken some profits on this line, which remains essential in our allocation, and have reallocated to our *Discovery certificate* (oil & gas exploration/production) AND a new fund specializing in strategic mining companies for the energy transition
- AI as a catalyst for our energy theme: OpenAI announces a HUGE deal with Oracle ([LINK](#)) for USD 300 billion in investments over 5 years in data centers provided by Oracle.
- A colossal amount, totally disconnected from OpenAI's revenues (estimated at USD 10 bn in 2025).
- We do not seek to predict the future of this technology, and above all, we do not seek to invest directly in these companies/strategies, which can be seen as "ALL IN" and are often synonymous with speculative frenzy.
- On the other hand, we seek to capture second- and third-order effects that are less visible but provide a risk–return profile we find more attractive.
- Oracle's data centers alone will require 4.5 GW of energy — equivalent to nearly 4 nuclear plants or the annual consumption of 4 million U.S. households.
- This reinforces our core themes: energy, infrastructure, and strategic metals.
- Another strong signal of this strategic war: last July, the US Department of Defense announced it would take an equity stake in the US-listed company MP Materials, which specializes in the extraction and refining of rare earths essential for the defence and technology sectors / [LINK](#).
- Recently, the U.S. Department of Energy launched its *Speed to Power* Initiative to meet AI-related energy needs, particularly nuclear energy / [LINK](#).

4. [Europe & New Alliances](#)

- The tragic war in Ukraine acts as a catalyst for European integration.
- The parallel with our Swiss history helps us: it was only in times of conflict that the different cantons decided to join forces against an enemy that was too strong / [LINK](#)
- A recent example of “more Europe”: Dutch giant ASML (EUR 320 bn market cap), the global leader in semiconductor equipment, invested in French unicorn Mistral (EUR 1.7 bn).
- Greater integration means more spending on infrastructure, defence, and research — and therefore more debt, as illustrated by Germany / [LINK](#)
- Opportunities: we remain very positive on small- and mid-cap companies in Europe and Switzerland.

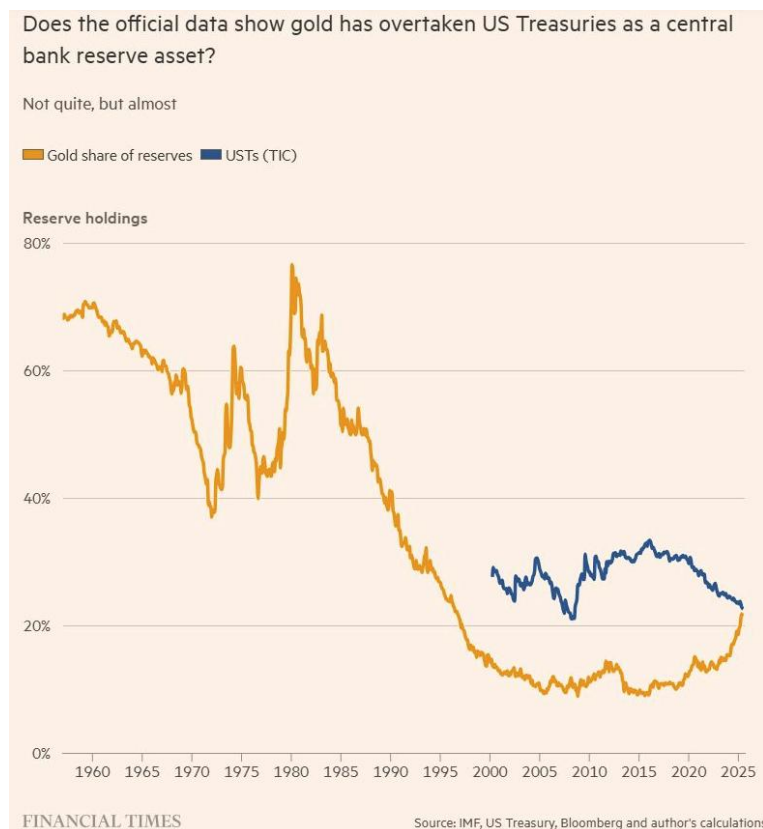
5. [Diversification & Alternatives](#)

- Our *Grand Recovery* equity certificate, launched at the end of 2020, is benefiting from our sector convictions: performance this year **+48% YTD / +94% since its launch**.
- Our allocation to US equities is benefiting from this trend: Loomis US Growth +12.8% YTD / Harris US Value +9.21% YTD
- We are very positive on credit but are maintaining a low duration: MAN High Yield EUR +6.98%, Carmignac Portfolio Credit EUR +5.9% YTD, our Short Duration USD certificate +7.9% YTD.
- Our negative view on the USD is also reflected in our strong conviction in emerging market corporate debt: Vontobel Emerging Corp USD +7.75% YTD, Arkaim High Yield USD +7.82% YTD (new).
- In today’s concentrated market, where most investors focus on just seven stocks, we remain confident in our long/short hedge fund allocation: VOLTA +13.6% YTD, Advent +13.3% YTD, Eleva +3.05% YTD, and Invenomic +1.4% YTD.

Conclusion

- 2025 has so far been a very favorable year for our clients.
- As a reminder, our management approach consists of linking major macroeconomic/geopolitical trends with the main beneficiary sectors.
- This proven methodology allows us to build conviction-driven portfolios across sectors largely removed from the usual market overconcentration (MAG 7, luxury, real estate, private equity, etc...).
- In case of a sharp correction, we believe those “fashionable sectors” would suffer the heaviest selling pressure.
- Inflation remains the key risk: with high debt levels, States have no other option but... to issue even more debt.
- Real and productive assets will remain at the core of our allocations. We are convinced our portfolios are well-positioned against structural imbalances.

Gold is becoming the reference asset in central bank reserves...



Interesting to read & listen



Long interview with anthropologist Emmanuel Todd about our Western world: [LIEN](#)

Louis-Vincent Gave (Gavekal Research) on his report “Which Megatrend Will Reshape Global Markets”: [LIEN](#)

New book by journalist Gillian Tett (Financial Times) on the relevance of anthropology for better understanding financial markets: [LIEN](#)

Article that provides a good summary of why we are convinced about minerals: [LIEN](#)

Feel free to contact us to discuss our macroeconomic views, the management of our *portfolios*, or our dynamic certificates.

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