PROBUS PLEION

Monthly Newsletter

September 2025

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Contents

EDITORIAL

Back to school, pack your school bag

And brace yourself for a good dose of patience

Will Donald Trump's aggressive policy line eventually bear fruit? For several months now, we have been witnessing the rise of a new style of governance, one that offers little comfort for future generations: the rule of the strongest.

With Eurozone GDP growth at just 0.2% in Q2 2025, EU member states are scrambling on two fronts: cutting deficits on one side, and implementing ambitious development plans on the other, Germany being a prime example.

Defense spending

The share of spending on armament and defense programs, which until now had been set at 2% by NATO, will rise to 3.5%, and eventually to 5% of GDP. Germany, which had planned a €100 billion program in 2022 spread over several years, has significantly increased these figures to reach €65 billion in 2025 alone. Rheinmetall and other European defense companies, as well as German small and mid-cap firms, are set to benefit.

The balance between bad news and prices:

And France ?

Meanwhile, neighboring France is grappling with its fragile government and a political season that will be marked by numerous strikes. The International Monetary Fund has just published the outlook for government debt trajectories in Europe. While Italian debt remains high, its trajectory is flat, as is Spain's. German debt is rising from 60% to 80% of GDP due to infrastructure and defense spending plans. French debt is climbing significantly, moving closer to Italy's level. This debt is also held by non-European investors, who may begin to offload it. All the more frustrating given that French GDP rose by 0.3% in the second quarter and wages increased by +0.2% over the same period.

What consequences can we expect for the markets?

Since 2022, American wages have been on the rise, household consumption has remained strong, and this has enabled U.S. companies to report solid quarterly results at the end of July, pushing the stock market to record highs.

Benoît Derwael

Head of Investment Solutions

Assessment of the economic situation

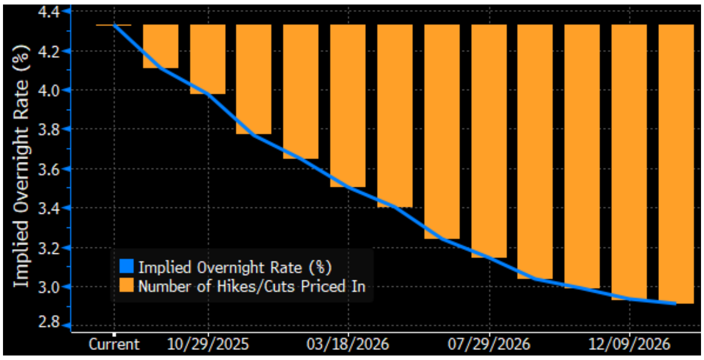
Jerome Powell took advantage of Jackson Hole to reinforce the impression that a cut in US central bank rates was planned for September.

But why are US rates at 4.5% ?

If J. Powell has no reason to yield to D. Trump's pressure, is it really necessary to keep U.S. benchmark rates at 4.5% when inflation stands at 2.7% and growth at 3.3%? Yes, tariffs are inflationary in the short term, provided spending remains unchanged. But, as with the supply chain disruptions of 2020, companies will eventually find alternative sources of supply. China, whose exports to the U.S. accounted for 14% in October 2024, has seen that share fall to 9% by June 2025.

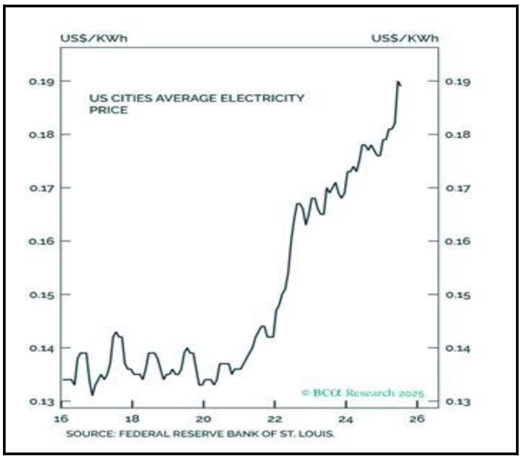
Potential rate cut in US

Source: Bloomberg



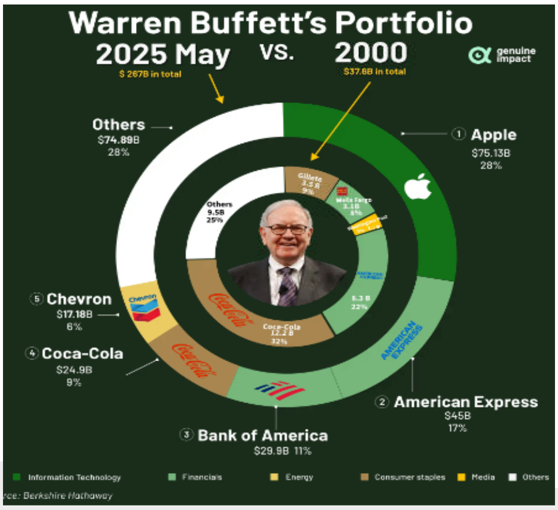
The comeback of uranium for electricity

Spending on artificial intelligence remains high and well supported. Today, emails, memos, backups, calculations, and so on consume enormous amounts of energy. The shift toward more so-called intelligent search engines is already underway. Electricity demand and prices, as highlighted by the St. Louis Fed, present a real challenge, making the construction of nuclear power plants necessary. Uranium, once shunned, is making a virtuous comeback!



Happy birthday Warren: 95 years old

"We take profits too quickly and don't cut losses quickly enough," he said of his early investments... Berkshire Hathaway stock may not be at an all-time high like the S&P 500, but since 1988, it has delivered an annualized return of nearly 16%, with only six negative years. A stable investment and a true creator of value for shareholders. The "young" 63-year-old Greg Abel, formerly head of BRK's energy division, has now been appointed to lead the holding company.



The group's latest acquisitions include UnitedHealth Care and Occidental Petroleum.

What about the SNB's monetary policy?

The SNB cut its benchmark rate to 0% in June 2025 following declining inflation figures and with the franc still remaining strong. The 39% tariffs imposed by the U.S. administration are changing the picture, with a less dynamic labor market and mounting uncertainty. The probability of rates remaining unchanged in September now seems firmly established, despite the currency still being sought as a safe haven, even against the euro.

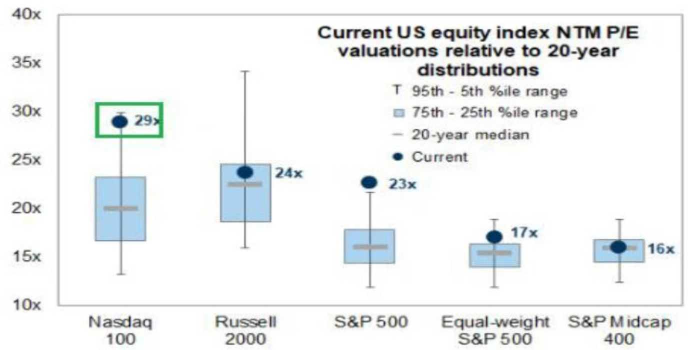
Financial markets during the month

The S&P 500 reached a new historic high, briefly surpassing 6'500 points. It continues to be driven by a concentration of a few technology stocks, despite weaker growth momentum.

Earnings per share are too high.

Despite stronger-than-expected second-quarter 2025 earnings, U.S. equities remain highly valued. We are in a relatively young bull market cycle, supported by expectations of future rate cuts. The impact of tariffs is felt less in the services sector, which remains resilient, while small and mid-caps are showing signs of recovery.

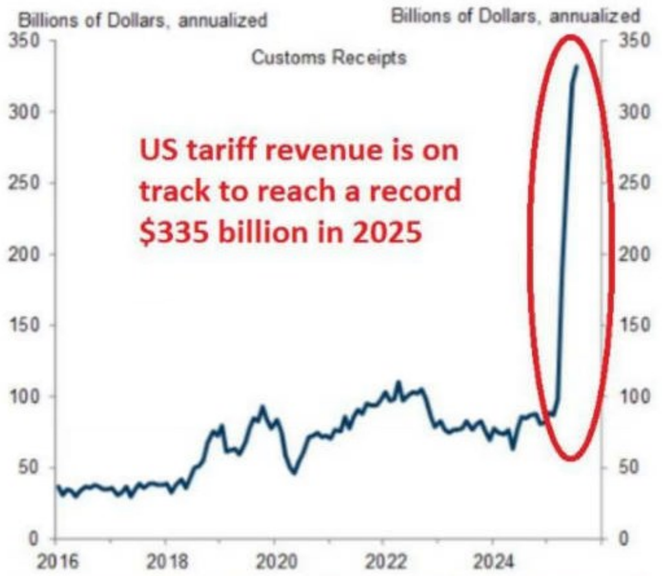
Focus on geographic and sector diversification.



Source: Compustat, FactSet, IBES, Goldman Sachs Global Investment Research

Main concern: the US dollar

While the USD/DXY has stabilized over the past month, there are still no tangible signs of recovery. Tariffs provide immediate revenues for the government, much like capital gains taxes on equity portfolios in April. However, debt maturities will need to be rolled over, and buyers—also abroad—must be found to absorb these new issues. That is far from guaranteed, given the way allies are being treated. Current global growth is keeping energy and commodity prices relatively high, which in turn sustains continued demand for the USD. European political tensions, meanwhile, prevent the euro from emerging as a strong alternative currency.



Source: Department of the Treasury, Goldman Sachs Global Investment Research

China is benefiting from this

Although the renminbi is still not widely represented in Western portfolios, Chinese equities gained +10% in August alone, drawing strong interest from domestic investors thanks to improving confidence indicators (PMI at 50.5) and rising growth (industrial production +5.7%). Following the "Deepseek effect" at the end of January, foreign investors also turned their attention to Chinese technology, which remains highly competitive—even without Nvidia's H2O chips. At the end of the month, Alibaba reported a 76% year-on-year increase in profits, driven by its cloud business. As China's e-commerce leader, the stock surged +18.5% in a single day.

Source: Tradingeconomics.com

Is a turning point emerging between the various financial tectonic plates on the planet? Who is really the strongest ?

Our convictions

		Least Attractive	Unattractive	Neutral	Attractive	Most Attractive	Comments
Equity	US Equity		○	●			Valuations remain expensive
	EU Equity			●	○		The S2 outlook is attractive
	Swiss Equity			●			Buy the dips
	Japanese Equity			●			Solid fundamentals, but trend must improve
	Chinese Equity				●		Attractive valuations & breakout in sight
	Asian EM			●			
Fixed Income	Cash & Short term debt				●		Favor 3-5 y maturities in EUR, 2-3 y in USD
	US Long term debt		●				Excess supply could push yields higher
	EU Long term debt		●				Risk / return unattractive
	DM High Yield		●				
	EM Debt (Local)			●			Attractive for USD profiles
	EM Debt (Hard)			●			
Alternatives	Precious Metals & Miners				●		Gold mines still offer potential
	Commodities				●		Weak USD should provide support
	REITs (EU + CH)			●			The recent rise needs to be consolidated
	Private Markets			●			

● Current Conviction ○ Previous Conviction

Comments on investment decisions

In September, we will see the beginning of the U.S. rate-cutting cycle. If the process is measured and well communicated, it will support U.S. companies by lowering their financial burden. This should trigger a repositioning toward so-called riskier assets. Stay diversified.

Equities

August was once again a supportive month for U.S. equities, particularly those linked to the technology sector. The enthusiasm around artificial intelligence is in full swing, even as sector valuations reach levels that will be increasingly difficult to sustain over time. Chinese equities rebounded, after the lack of a US–China trade deal and the development of AI. European equities remain flat, reflecting Q2 earnings releases, while Swiss equities are suffering from a strong franc and will be further penalized by the U.S. tariff of 39%.

Bonds

Markets remained relatively stable in August as investors awaited central bank meetings in September. One to two rate cuts are expected in the U.S. for 2025, while Switzerland and Europe may remain on hold. Credit spreads are very tight, reflecting a still-healthy economy, but this calls for caution in terms of risk/reward. Therefore, we currently favor emerging market yields in local currency.

Precious metals, listed real estate (REITs)

Gold advanced in August, returning to its April 2025 all-time high of USD 3,500 per ounce. For the first time in 30 years, gold holdings surpassed U.S. Treasuries in foreign central bank reserves. Silver also posted strong gains, rising +7.4% in August. We remain neutral on listed real estate. In the U.S., the anticipated decline in policy rates should support a recovery in the housing market. In Europe, falling rates have already boosted real estate, but political instability in France weighed on assets at the very end of the month. In Switzerland, the market, which had only partially participated in this trend in 2025, rose 2–3% in August, favoring assets that prioritize quality properties.

Currencies

The rebound of the U.S. dollar was short-lived after its sharp decline since the beginning of the year. D. Trump's aggressive policy and tariffs are discouraging transactions in USD. Normally, lower interest rates should weigh negatively on the currency. There is no reason to go against this view.

Performance summary

Equity performance

Equity Indices	Last	1m Return (%)	YTD Return (%)	1y Return (%)
SWISS MARKET INDEX	12209	3.2	5.2	-1.8
STXE 600 (EUR) Pr	550.8	0.9	9.1	4.9
CAC 40 INDEX	7710	-0.8	5.4	1.0
DAX INDEX	23935	-0.5	20.2	26.6
FTSE 100 INDEX	9199	0.7	13.3	9.8
Euro Stoxx 50 Pr	5357	0.7	10.0	8.1
DOW JONES INDUS. AVG	45467	3.0	6.8	9.4
S&P 500 INDEX	6458	1.9	9.3	14.3
NASDAQ COMPOSITE	21455	1.6	10.1	21.1
RUSSELL 2000 INDEX	2363	6.9	6.1	6.6
TOPIX INDEX (TOKYO)	3075	4.5	10.4	13.4
FTSE CHINA A50	14966	8.5	10.2	27.2
Global Index	951.57	2.4	12.8	14.1

Performance of bonds, currencies and commodities

Fixed Income Indices	Last	1m Return (%)	YTD Return (%)	1y Return (%)
SBI AAA-BBB	138.7	0.3	0.1	2.1
Euro-Aggregate	245.3	-0.2	0.6	2.0
U.S. Aggregate	2298.2	1.2	4.9	3.1
Global Aggregate	496.9	1.5	7.1	3.5

Currency	Last	1m Change (%)	YTD Return (%)	1y Return (%)
CHF	0.800	-1.6	-11.5	-5.9
EUR	1.170	2.5	12.4	5.9
DXY	97.78	-2.2	-9.6	-3.9
GBP	1.351	2.3	7.7	2.9
JPY	146.900	-2.6	-6.3	0.5
CNY	7.131	-1.0	-2.3	0.6
CAD	1.373	-0.9	-4.4	1.8
AUD	0.654	1.8	5.2	-3.3
BRL	5.431	-3.0	0.0	-3.1
INR	88.208	4.4	3.1	5.2
MXN	18.645	-1.2	-9.7	-5.5
EURCHF	0.936	0.9	-0.5	-0.4

Commodity	Last	1m Change (%)	YTD Return (%)	1y Return (%)
Gold	3446	4.7	32.2	37.7
Silver	39.43	7.4	36.2	36.6
WTI	64.06	-7.5	-9.8	-12.9
Copper	450.80	3.5	10.1	8.8
Industrial Metals	142.45	2.8	0.6	-1.5
Agriculture	55.29	3.0	-2.2	1.6

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