

MONTHLY HOUSE VIEW

OCTOBER 2025

Stablecoins: a bold gamble...



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Alexandre
DRABOWICZ
Global Chief
Investment Officer

Dear Reader,

The summer months were relatively calm for financial markets, with equity markets reaching new highs in September, despite historically unfavourable seasonality. Investors, however, face a dilemma: global growth is slowing but not collapsing, the Federal Reserve (Fed) is cutting rates, and valuations in many areas remain high or demanding. This leaves many hesitant to chase the rally.

EMPLOYMENT OR INFLATION RISKS?

At the Jackson Hole Symposium, Fed Chairman Jerome Powell made it clear where his focus lies: the labour market. While inflation risks remain “clearly visible”, they are viewed as largely one-off shocks. A softening United States (US) labour market is helping offset these risks. With immigration slowing, we now estimate US job creation to stabilise at approximately 70 thousand per month, half the previous pace.

The labour market is indeed the elephant in the room. A sharper slowdown could affect US consumer behaviour, yet forward-looking indicators remain resilient.

The Fed’s 0.25% rate cut in September was widely expected. We still anticipate three additional cuts over 2025 and 2026, we had one cut followed by two cuts in terms of sequence, the Fed has two and one. However, market expectations of three to four cuts in 2026 seem overly optimistic – or pessimistic for the economy.

VIEWS FROM ASIA

During a recent trip to the region, it was striking how sentiment had improved. Chinese equities received another boost this summer as investors sought to capitalise with Asia emerging as an alternative to US “Magnificent 7” stocks on the Artificial Intelligence (AI) rally. With an estimated 160 trillion yuans (20 trillion dollars) in domestic savings sitting idle in bank accounts – 60 trillion of which was accumulated since COVID-19 – there is significant potential for market-driven growth.

According to our Chief Strategist for Asia, Francis Tan, Chinese equity valuations remain attractive, with margins as a percentage of market capitalisation still below previous levels. Market reforms encouraging investments from domestic insurers and pension funds could further sustain gains.

Another key observation was the growing interest in diversifying away from the US dollar. For the first time in years, Asian clients are eyeing alternatives, particularly in Europe. While sectors like European banks and defence are drawing attention, challenges such as limited earnings growth and a lack of technology/AI plays persist. To be clear, it is not a run to sell the dollar, rather it is a run to hedge the dollar. Clients increasingly seek “pure” local returns by removing currency risk, even if it means absorbing hedging costs.

STAY INVESTED

We maintain a moderately pro-risk stance across asset classes. In equities, we have a constructive view. In fixed income, we continue to like high-quality credit in the US and Europe (see article Bonds: still offering attractive yields, page 10), while focusing on high yield bonds in Europe. We also reaffirm our positive stance on emerging market debt in local currencies, which remains underinvested globally.

I hope you enjoy this month’s publication, which highlights the rising role of stablecoins. Unlike volatile cryptocurrencies, they offer price stability, are increasingly used for payments in the US, and may become long-term buyers of Treasury bonds.



Grégory STEINER, CFA
Global Head of
Asset Allocation

US growth stays strong as Europe adjusts to new tariffs. The European Central Bank (ECB) signals the end of its easing process, while the Fed's dovish pivot adds pressure to an already weakened US dollar, benefiting emerging markets. We maintain a sizeable equities allocation, maintaining a positive outlook on US equities and emphasising emerging markets, following the reduced exposure to Europe over the summer.



Bénédicte KUKLA
Chief Strategist

MACROECONOMIC SCENARIO

US JOBS MARKET TAKES CENTRE STAGE

Our recent upward revisions to US GDP growth underscore the surprising strength of US household consumption and high-frequency indicators like credit card spending, which show a population still willing to spend despite inflationary headwinds. Inflation, however, remains a challenge to come. In the absence of meaningful policy changes, average US tariffs on foreign goods are expected to climb to approximately 18%, pushing consumer prices higher and keeping inflation above 3% until late 2026.

Consumption, while resilient today (retail sales came in at 5% year-on-year [YoY] in August), is still expected to face some fatigue as households cope with slower real income growth in the context of higher prices and dampened wage growth. The Fed, meanwhile, walks a careful line. It is expected to deliver two rate cuts this year and two more in 2026. However, market expectations are more dovish, partly reflecting investors' concerns about the US labour market, which, in our view, needs to be nuanced.

While the US jobs market is clearly losing steam and attracting a lot of attention, its fundamentals are not collapsing. Nonfarm payrolls have softened, with downward revisions pointing to a weaker-than-reported job creation trend.

Yet, this cooling can partly be explained by the reduction of immigration flows, which have lowered the breakeven level of employment needed to sustain the labour market. Furthermore, permanent layoffs remain low, suggesting employers are reluctant to cut deeply into staff after years of tight labour markets.

Business sentiment continues to improve gradually, reaching its highest level since January, according to the NFIB survey. This progress is driven by more favorable financial conditions, particularly thanks to the performance of stock markets and mutual funds. Moreover, the recent decisions by the Fed are expected to further strengthen this positive *momentum*. The "One Big Beautiful Bill Act", with its investment incentives and tax cuts, will deliver modest fiscal support in 2026, while a more stable trade policy outlook may reduce uncertainty and encourage hiring. Furthermore, adoption of Artificial Intelligence (AI) technologies could reshape employment patterns: while they may limit traditional hiring, they also support productivity, allowing output to grow without significant labour input.

The labour market, though shaken, retains enough stability to prevent a deep downturn.



CHINA:
services hedging
against
TARIFFS

EUROPE: NOT ROLLING ON ALL CYLINDERS

Europe’s economic outlook is less upbeat. For 2025, Euro Area GDP growth is forecast at 1.2%, unchanged from prior projections, but 2026 growth has been revised down to 1.1%. The downgrade reflects a tougher external environment: tariffs on European exports to the US now stand at roughly 15%, five percentage points higher than in mid-2025. While the impact will likely unfold gradually, Europe’s export-driven model is under stress, particularly in Germany and sectors like autos and machinery.

Domestic dynamics are uneven. Germany is moving ahead with fiscal spending, complemented by the “Made in Germany” private investment initiative, which should cushion growth. Spain, and to a lesser extent Italy, continue to benefit from the EU Recovery Fund, supporting robust construction and infrastructure spending. Confidence surveys and Purchasing Managers’ Index (PMI) indicators across most major Euro Area economies are back above 50, signalling a recovery phase, but France is the weak link. Fiscal uncertainty and political tensions have encouraged French households to maintain a high saving ratio (at 18.5% according to the INSEE), limiting consumption. Almost ironically, these negative effects should be at least partially offset by less constrained public spending (reduced fiscal consolidation), in light of recent political developments.

Inflation appears under control in the Euro Area, with projections at 2% in both 2025 and 2026. Overall, price risks are tilted downward thanks to moderate wage growth, a strong euro and weak Chinese producer prices feeding into lower imported costs. With the ECB rate at 2.0%, a final cut to 1.75% is now anticipated in early 2026 – pushed back from 2025 – signalling the likely conclusion of its easing cycle.

China’s growth story has regained some shine. We revised our GDP growth forecasts for 2025 up to 4.7%, while 2026 remains at 4.5%. PMI data confirm a solid 15-month high expansion in services (at 53 in August), underpinned by travel. Manufacturing also rebounded from its July dip. Export grew 4.4% YoY in August. Although lower than market expectations (5%), Chinese exports are diversifying beyond traditional manufacturing, with growth in electric vehicles, renewable technology (80% of solar photovoltaic production and two-thirds of global wind turbines) and higher-value electronics. Industrial profits remain under pressure, impacted by strong price competition. Perhaps most encouraging, the long-troubled real estate sector is showing tentative signs of bottoming out, alleviating a major drag on household confidence and local government revenues.

Nevertheless, we have revised down price growth for China, reflecting persistent deflationary pressures. Through their “anti-involutionary” measures, the government attempts to discourage excessive competition and price wars, particularly in the technology and consumer sectors, aimed at reducing the destructive cycles of overproduction that have fed deflation. Combined with continued fiscal and monetary support, these policies provide some ground for a recovery in price growth looking ahead.

TABLE 1: MACROECONOMIC FORECAST 2024-2026, %

● Downward forecasts since last edition ● Upward forecasts since last edition

| | GDP | | | INFLATION | | |
|---------------|------|------|------|-----------|------|------|
| | 2024 | 2025 | 2026 | 2024 | 2025 | 2026 |
| United States | 2.8% | 1.8% | 1.8% | 2.9% | 2.9% | 2.8% |
| Euro Area | 0.8% | 1.2% | 1.1% | 2.4% | 2.0% | 2.0% |
| China | 5.0% | 4.7% | 4.5% | 0.2% | 0.2% | 0.6% |
| World | - | 2.9% | 2.9% | - | - | - |

Source: Indosuez Wealth Management.



Adrien ROURE
Multi-Asset Portfolio Manager

ASSET ALLOCATION CONVICTIONS

EQUITIES

Over the summer, equity markets benefited from several favourable developments: the Jackson Hole Symposium signalled a pivot towards more dovish monetary policy across the Atlantic, tariff tensions eased, and a robust US earnings season highlighted resilience and growth leadership, particularly in the technology sector. These factors have collectively created a more constructive environment for equities, although uncertainties still exist.

US equities remain a cornerstone of our allocation. Resilient economic growth, a softer tone from the Federal Reserve, the “One Big Beautiful Bill Act” initiative, solid earnings performance and ongoing *momentum* in AI support this positioning. We have increased our exposure to US equities while hedging the USD/EUR exchange rate risk. As previously mentioned, the policies adopted by the US administration could indeed lead to a further weakening of the dollar. From a style perspective, we adopt a “barbell” approach: combining investments in AI leaders with strong fundamentals and growth, alongside small to mid-cap companies that stand to benefit from tax cuts and rate reductions.

Meanwhile, we have moved from a positive to a neutral stance on European equities. While fiscal stimulus and rate cuts provide medium-term support, particularly for the Value segment and small to mid-caps, several headwinds challenge visibility. Earnings growth projections for 2025 have been revised from +8% to -1%, partly due to the impact of a weakening dollar. As such, much of the year-to-date performance stems from valuation rerating rather than earnings growth. Rising political risks in key regions like France, the Netherlands and the United Kingdom further weigh on the outlook.

Emerging markets remain a key conviction in our portfolios. A weaker US dollar, rate cuts and attractive relative valuations provide a supportive backdrop. Within this space, we particularly favour Asia, especially China, where opportunities span both technology stocks and domestic sectors. The latter are set to benefit from ongoing anti-involution measures and additional fiscal stimulus, making the region an appealing diversification play.

FIXED INCOME

We remain cautious on duration risk. Government bonds are no longer seen as effective portfolio diversifiers, and long-term maturities are increasingly exposed to fiscal risks and the deterioration of public finances in developed markets. In the Euro Area, political instability and ongoing reforms – such as the Dutch pension plan reform – further weaken the outlook for the asset class. As such, with no immediate recession fears in the region, we favour positioning on the shorter end of the curve, which offers lower volatility and better risk-adjusted returns.

We maintain our preference for credit markets, particularly euro credit, where corporate fundamentals remain sound. Despite tight spreads, yields are still attractive, especially in a context of low expected returns from money market instruments.

We are turning more constructive on Emerging Market local debt, as it is supported by a combination of favourable macroeconomic factors. The expected resumption of rate cuts by the Fed, coupled with a weakening dollar, creates a supportive environment for the asset class. We have decided to introduce this asset class to EUR portfolios as well. This strategic move not only enhances currency diversification but also enables us to capture the attractive carry currently offered by Emerging Market local debt.



EUR/USD:
target of
1.20
by year-end

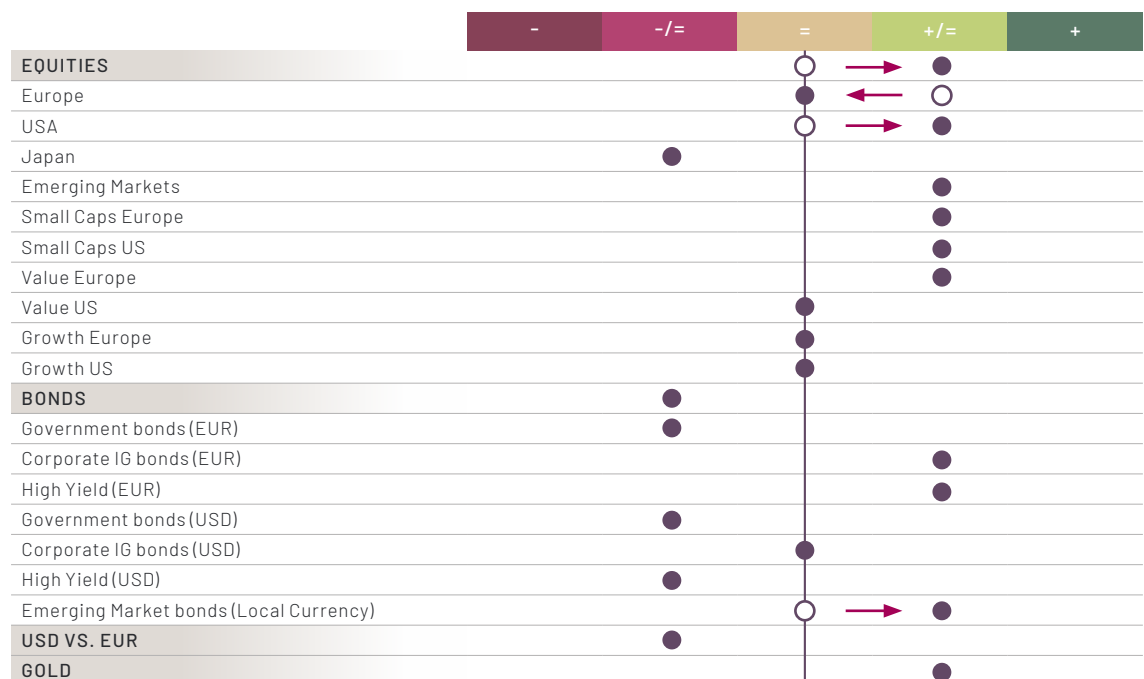
FOREX

We maintain a bullish outlook on EUR/USD, targeting 1.20 by year-end and 1.23 next year, with potential for 1.25 if structural reforms in the Euro Area gain significant traction. US dollar depreciation continues amid Fed rate cut expectations and weakening safe-haven appeal. Gold remains bullish, breaking out of consolidation to resume its upward trend. EUR/CHF is expected to stay in a tight range, with the Swiss National Bank (SNB) likely intervening at 0.92 to counter deflation risks and protect exporters.

We hold a slightly positive view on the yuan versus dollar, supported by improving Chinese economic *momentum* and narrowing interest rate differentials. The yen is preferred over the Swiss franc as a portfolio hedge, with significant undervaluation against major currencies and Bank of Japan rate hikes on the horizon.

KEY CONVICTIONS - TACTICAL VIEW

○ July 2025 ● 18 September 2025



Source: Indosuez Wealth Management.



Jérôme
VAN DER BRUGGEN
Chief Market Strategist

In early July, the US Congress passed the GENIUS Act, a law providing regulatory clarity for stable digital currencies, commonly known as stablecoins. By doing so, the US lent credibility to a controversial financial innovation — a move some have called bold. However, by legitimising stablecoins, the Americans have managed to create a new, sustainable base of captive buyers for their Treasury bonds.



Jean-Baptiste
CHAMPION
Investment Advisor

A FINANCIAL REVOLUTION IN PROGRESS

To fully grasp the technological — and potentially societal — advancement represented by stablecoins, we must first introduce a few concepts and delve into a bit of history. Let's begin by exploring the movement of "tokenisation" of financial assets, which emerged about a decade ago in the wake of blockchain advancements. Blockchain technology is not just the foundation for creating cryptocurrencies like Bitcoin; it also serves as a highly efficient digital validation platform. Its "blocks" function like digital notarial acts¹, and financial innovators quickly recognised its potential.

THE CREATION OF STABLECOINS

These pioneers saw blockchain as a tool to streamline and reduce the cost of transactions, leading to the advent of "tokenisation". This process involves representing an asset in the form of a digital token, making it easier to divide, exchange or own. Assets ranging from works of art to real estate — and even cash — can be tokenised. This is how stablecoins were created: digital forms of "money" designed to maintain a stable value, typically by being pegged to a traditional currency such as the US dollar or euro and traded on blockchain networks. Unlike cryptocurrencies, whose prices can fluctuate wildly, stablecoins aim to provide price reliability, making them useful for payments, cross-border transfers or as a store of value.

The two most well-known stablecoins — USDC² (issued by Circle) and USDT³ (Tether) — have, so far, managed to deliver on their promise of stability to varying degrees.

The success of stablecoins is evident: their combined market capitalisation (of which USDC and USDT account for 85%) has grown to nearly 200 billion dollars, a tenfold increase in just five years (Chart 1, page 9). This growth is primarily tied to rising cryptocurrency transaction volumes, as stablecoins are often used as an intermediary for accessing crypto markets.

How do issuers — primarily private companies⁴ — ensure the stability or pegging of their stablecoins to the dollar? By holding reserves equivalent to the total circulating supply of their tokens. This is where the Guiding and Establishing National Innovation for US Stablecoins (GENIUS) Act comes into play. The law mandates that all US-issued stablecoins must be backed 100% by liquid reserves, such as US dollars or short-term Treasury bills, ensuring their stability and convertibility. Additionally, issuers are required to publish monthly reserve reports and undergo annual audits if their market capitalisation exceeds 50 billion dollars. The legislation also prohibits misleading claims suggesting that stablecoins are guaranteed by the US government or insured by the Federal Deposit Insurance Corporation (FDIC), thereby enhancing transparency and consumer trust.

1 - Three characteristics of these blocks make the comparison with a notarial deed relevant: (1) they enable tamper-proof timestamping (the equivalent of a digital time seal); (2) their chain (the "blockchain") constitutes a decentralised archiving system; (3) they provide, in principle, proof of integrity, as any modification is immediately detectable.

2 - USDC, or USD Coin, is a cryptocurrency stablecoin issued by Circle.

3 - USDT, or Tether, is a stablecoin designed to maintain a stable value, as it is intended to always equal one US dollar.

4 - While in Europe the Stable Digital Currency project is being promoted by the Central Bank (as part of the Central Bank Digital Currency or CBDC initiative), in the United States these are private projects.



**USD 200
BILLION:**
3.5% of the Treasury
bond market

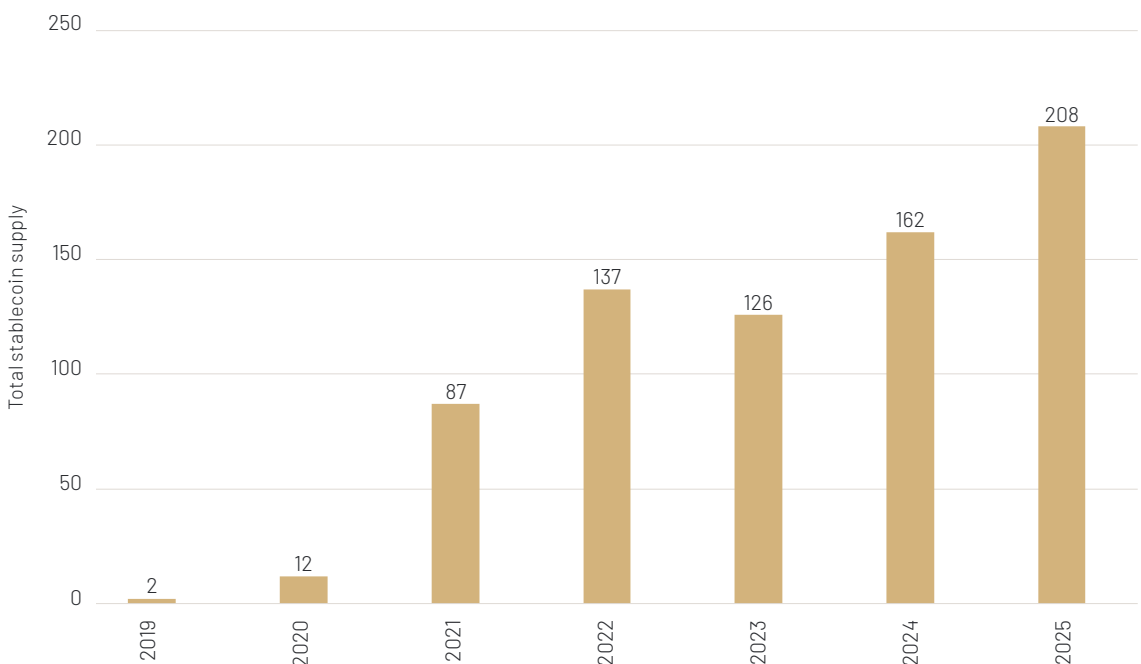
THE GENIUS ACT'S GAMBLE

USDC and USDT are already close to meeting the new standards, which are set to take effect soon. If we assume that most of their reserves will be invested in Treasury bills, their combined market capitalisation of approximately 200 billion dollars end of 2025 would represent around 3.5% of the total US Treasury market – a seemingly small proportion. Some may dismiss this as a drop in the ocean. However, as of the latest available data (April 2025), China's central bank held only 750 billion dollars in US Treasury bonds, 300 billion dollars less than five years ago. These new buyers could not have arrived at a better time.

Most analysts agree that the framework established by the GENIUS Act will likely bolster demand for stablecoins. If this demand comes from new buyers (such as those emerging from the crypto sphere), it will be a welcome development. At a time when the global financial community is discussing “de-dollarisation” and expressing concerns over declining purchases of US debt, it seems that by signing the GENIUS Act, the United States may have made a bold – and potentially winning – bet.



CHART 1: AVERAGE CIRCULATION SUPPLY OF STABLECOINS ACROSS ALL CATEGORIES, BILLION DOLLARS



Source: World Economic Forum, Indosuez Wealth Management.



Bernard LALIÈRE
Head of Credit, DPAM

Credit spreads, though currently low, continue to provide attractive yields ranging from 3% to 7%. Strong corporate fundamentals and historically high recovery rates help mitigate risk. With higher-quality indices and significant investment inflows, corporate bonds remain an appealing opportunity for a diversified portfolio.



Marc LEEMANS
Senior Fund Manager, DPAM

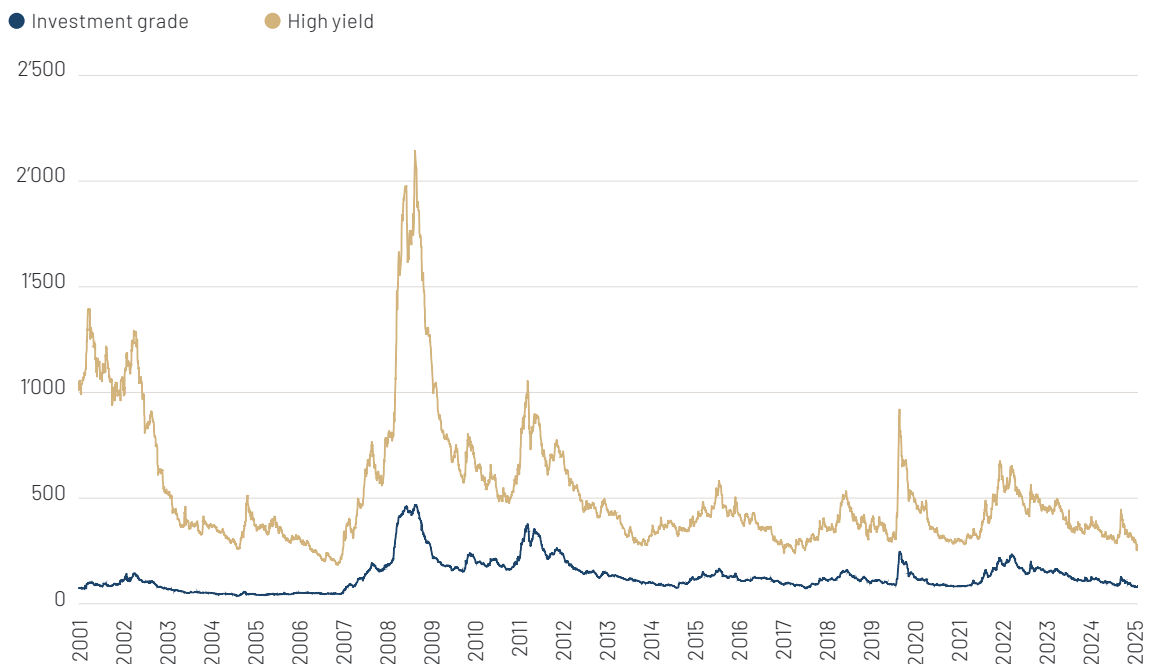
CREDIT SPREADS

The credit spreads observable in the corporate debt market, both in the United States and Europe, have significantly narrowed, to the point of reaching levels not seen for many years. Thus, in Europe, the spreads of high-quality bonds (also known as investment grade bonds) are below 80 basis points (bps, or 0.9%), a level not observed since 2021. Meanwhile, the spreads of high yield bonds are at 270 bps, a level last seen in 2017. The situation is not very different in the United States, with investment grade spreads around 75 bps and high yield spreads at 270 bps (Chart 2).

Does this mean that the lowest levels have been reached? Answering this question allows us to assess whether corporate bonds still have potential for appreciation or if, on the contrary, it is time to start reconsidering positions in corporate debt.

Let us first note that although spreads are low, the overall yields offered on corporate debt remain attractive. Investors who add credit securities to their portfolio benefit from a yield of around 3% for euro-denominated investment grade securities (including 0.8% in spreads) and even 4.5% for European high yield securities (including 2.7% in spreads).

CHART 2: INVESTMENT GRADE AND HIGH YIELD SPREADS, BPS



Source: Bloomberg, Indosuez Wealth Management.



2025:
70%

of the bonds in
high yield indices
are rated

BB

In dollars, the overall yields are 5% (including 0.8% in spreads) and 7% (including 2.7% in spreads), respectively. A well-diversified credit portfolio will therefore help improve returns, even if the premium over sovereign bonds may seem small. Given this yield, some widening of spreads would not have a significant impact on the returns achieved. Moreover, the expected future rate cuts by central banks should lower the overall yield levels offered on corporate bonds⁵. Therefore, there is still value to be captured.

Furthermore, two factors lead us to believe that credit spreads are not about to widen (although no guarantees can be made on this subject). Firstly, the fundamentals of companies remain fairly strong, particularly in Europe. Cash positions have increased and debt ratios have remained relatively low. Corporate leaders have learned to navigate difficult periods in recent years, such as the COVID-19 pandemic in 2020 or the inflationary period in 2022, followed by the rapid rate hike cycle by central banks, and have institutionalised prudent balance sheet management. We also believe that, for now, the balance sheets of many companies are healthier than the finances of many developed market governments.

FINANCING OPTIONS

Secondly, we note that companies have many ways to finance their activities. They do not only turn to the bond market but can also use the banking channel, which is largely open to them. In addition, transactions are increasingly being financed in private credit markets, which have experienced strong growth in the United States over the past decade and have likely surpassed the volume of the US high yield bond market. Initially used mainly for small companies, this method of financing has become widespread, and large companies can also access this market for amounts exceeding 1 billion dollars/euros.

It is also worth recalling the composition of indices. The quality of high yield indices, for example, has significantly improved over time. In Europe, in July 2025, the index was composed of 70% BB-rated bonds, with the rest made up of lower-rated securities. By contrast, in May 2007, when European high yield bond spreads were at their historic low of 186 bps, the index was composed of only 40% BB-rated bonds.

WHAT ABOUT DEFAULTS?

This question often comes up, particularly for high yield investors. In Europe, defaults over the past twelve months seemed relatively high (nearly 4%). This is explained by a number of restructurings of large-cap companies during this period (notably SFR and Atos). However, this figure is expected to decline in the coming months. More importantly, recovery rates – that is, what bondholders receive in the event of default – have historically been high. The overall loss rate has therefore been relatively low, at 1%.

Overall, investors in search of yield have heavily invested in credit, both in investment grade securities and high yield securities, since the beginning of the year. Flows into these categories have been significant, despite tariff turbulence, geopolitical issues and headlines about inflation. Based on the points raised, it is clear that there is still value to be captured within a diversified portfolio.

⁵ - All else being equal, a decrease in key interest rates tends to lower the yields offered in the bond market.

Overview of selected markets

DATA AS OF 22.09.2025

| GOVERNMENT BONDS | YIELD | 4 WEEKS CHANGE (BPS) | YTD CHANGE (BPS) |
|---------------------|-------|----------------------|------------------|
| US Treasury 10-year | 4.15% | -12.84 | -42.23 |
| France 10-year | 3.56% | 5.00 | 36.50 |
| Germany 10-year | 2.75% | -0.90 | 38.30 |
| Spain 10-year | 3.30% | -7.20 | 24.00 |
| Switzerland 10-year | 0.21% | -14.90 | -11.70 |
| Japan 10-year | 1.65% | 3.10 | 56.20 |

| BONDS | LAST | 4 WEEKS CHANGE | YTD CHANGE |
|----------------------------|--------|----------------|------------|
| Government Bonds | 41.40 | 1.90% | 14.72% |
| Emerging Markets | | | |
| Euro Government Bonds | 212.84 | 0.29% | 1.73% |
| Corporate EUR high yield | 240.72 | 0.42% | 4.11% |
| Corporate USD high yield | 388.58 | 1.13% | 7.47% |
| US Government Bonds | 332.19 | 0.67% | 5.29% |
| Corporate Emerging Markets | 46.23 | 0.78% | 4.17% |

| CURRENCIES | LAST SPOT | 4 WEEKS CHANGE | YTD CHANGE |
|------------|-----------|----------------|------------|
| EUR/CHF | 0.9354 | -0.12% | -0.50% |
| GBP/USD | 1.3514 | 0.44% | 7.97% |
| USD/CHF | 0.7925 | -1.67% | -12.66% |
| EUR/USD | 1.1803 | 1.59% | 13.99% |
| USD/JPY | 147.72 | -0.05% | -6.03% |

| VOLATILITY INDEX | LAST | 4 WEEKS CHANGE (POINTS) | YTD CHANGE (POINTS) |
|------------------|-------|-------------------------|---------------------|
| VIX | 16.10 | 1.31 | -1.25 |

| EQUITY INDICES | LAST PRICE | 4 WEEKS CHANGE | YTD CHANGE |
|---|------------|----------------|------------|
| S&P 500 (United States) | 6'693.75 | 3.95% | 13.81% |
| FTSE 100 (United Kingdom) | 9'226.68 | -1.02% | 12.89% |
| STOXX 600 | 553.40 | -0.97% | 9.02% |
| Topix | 3'163.17 | 1.86% | 13.58% |
| MSCI World | 4'309.23 | 3.24% | 16.22% |
| Shanghai SE Composite | 4'522.61 | 1.19% | 14.94% |
| MSCI Emerging Markets | 1'343.73 | 4.53% | 24.94% |
| MSCI Latam (Latin America) | 2'528.14 | 6.61% | 36.47% |
| MSCI EMEA (Europe, Middle East, Africa) | 246.20 | 1.30% | 20.59% |
| MSCI Asia Ex Japan | 879.54 | 4.39% | 24.92% |
| CAC 40 (France) | 7'830.11 | -0.16% | 6.09% |
| DAX (Germany) | 23'527.05 | -3.07% | 18.17% |
| MIB (Italy) | 42'423.18 | -1.86% | 24.09% |
| IBEX (Spain) | 15'082.50 | -1.20% | 30.08% |
| SMI (Switzerland) | 12'126.14 | -0.66% | 4.53% |

| COMMODITIES | LAST PRICE | 4 WEEKS CHANGE | YTD CHANGE |
|-------------------------|------------|----------------|------------|
| Steel Rebar (CNY/Tonne) | 3'093.00 | -0.83% | -6.22% |
| Gold (USD/Oz) | 3'746.70 | 11.31% | 42.76% |
| Crude Oil WTI (USD/Bbl) | 62.64 | -3.33% | -12.66% |
| Silver (USD/Oz) | 43.80 | 13.17% | 49.78% |
| Copper (USD/Tonne) | 9'972.50 | 1.80% | 13.74% |
| Natural Gas (USD/MMBtu) | 2.81 | 4.08% | -22.76% |

Source: Bloomberg, Indosuez Wealth Management.
Past performance does not guarantee future performance.

MONTHLY INVESTMENT RETURNS, PRICE INDEX

● FTSE 100 ● Topix ● MSCI World ● MSCI EMEA ● MSCI Emerging Markets
● STOXX 600 ● S&P 500 ● Shanghai SE Composite ● MSCI Latam ● MSCI Asia Ex Japan

| | JUNE 2025 | JULY 2025 | AUGUST 2025 | 4 WEEKS CHANGE | YTD (22.09.2025) |
|----------------------|-----------|-----------|-------------|----------------|------------------|
| BEST PERFORMING (+) | 5.69% | 4.24% | 10.33% | 6.61% | 36.47% |
| | 5.68% | 3.54% | 7.53% | 4.53% | 24.94% |
| | 5.65% | 3.16% | 4.49% | 4.39% | 24.92% |
| | 4.96% | 2.27% | 2.49% | 3.95% | 20.59% |
| | 4.22% | 2.18% | 1.91% | 3.24% | 16.22% |
| | 4.21% | 2.17% | 1.22% | 1.86% | 14.94% |
| | 2.50% | 1.67% | 1.09% | 1.30% | 13.81% |
| | 1.83% | 1.23% | 0.74% | 1.19% | 13.58% |
| | -0.13% | 0.88% | 0.60% | -0.97% | 12.89% |
| WORST PERFORMING (-) | -1.33% | -4.60% | 0.38% | -1.02% | 9.02% |

Source: Bloomberg, Indosuez Wealth Management.
Past performance does not guarantee future performance.

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**Delphine
DI PIZIO TIGER**
Deputy Global Head of
Investment Management

**Alexandre
DRABOWICZ, CAIA**
Global Chief
Investment Officer

**Jérôme
VAN DER BRUGGEN**
Chief Market Strategist

Bénédicte KUKLA
Chief Strategist

Hans BEVERS
Chief Economist
Degroof Petercam

Lucas MERIC
Cross Asset Strategist

Francis TAN
Chief Strategist Asia

Alexandre GAUTHY
Senior Cross-Assets Manager /
Market Forex Strategist

Grégory STEINER, CFA
Global Head of
Asset Allocation

Jean-Marc TURIN
Head of BDP Fund
Management

Adrien ROURE
Multi-Asset Portfolio Manager

Mafalda DOS SANTOS
Content Marketing

Basis point (bps): 1 basis point = 0.01%.

Blockchain: A technology for storing and transmitting information. It takes the form of a database which has the particularity of being shared simultaneously with all its users and generally does not depend on any central body.

BLS: Bureau of Labor Statistics.

Brent: A type of sweet crude oil, often used as a benchmark for the price of crude oil in Europe.

CPI (Consumer Price Index): The CPI estimates the general price level faced by a typical household based on an average consumption basket of goods and services. The CPI tends to be the most commonly used measure of price inflation.

Cyclicals: Cyclicals refers to companies that are dependent on the changes in the overall economy. These stocks represent the companies whose profit is higher when the economy is prospering.

Defensives: Defensives refers to companies that are more or less immune to the changes in the economic conditions.

Deflation: Deflation is the opposite of inflation. Contrary to inflation, it is characterised by a sustained decrease in general price levels over an extended period.

Duration: Reflects the sensitivity of a bond or bond fund to changes in interest rates. This value is expressed in years. The longer the duration of a bond, the more sensitive its price is to interest rate changes.

EBIT (Earnings Before Interest and Taxes): Refers to earnings generated before any financial interest and taxes are taken into account. It takes earnings and subtracts operating expenses and thus also corresponds to non-operating expenses.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation): EBITDA takes net income and adds interest, taxes, depreciation and amortisation expenses back to it. It is used to measure a company's operating profitability before non-operating expenses and non-cash charges.

Economic Surprises Index: Measures the degree of variation in macro-economic data published versus forecasters' expectations.

EPS: Earnings per share.

ESG: Non-financial corporate rating system based on environmental, social and governance criteria. It is used to evaluate the sustainability and ethical impact of an investment in a company.

FDIC: The Federal Deposit Insurance Corporation is an independent agency of the United States government that insures individual deposits in banks and other financial institutions up to 250'000 dollars in the event of a bank failure.

Fed: The US Federal Reserve, i.e. the central bank of the United States.

FOMC (Federal Open Market Committee): The US Federal Reserve's monetary policy body.

GDP (Gross Domestic Product): GDP measures a country's yearly production of goods and services by operators residing within the national territory.

GENIUS Act: The Guiding and Establishing National Innovation for US Stablecoins Act is a federal law passed in July 2025 that establishes a regulatory framework for stablecoins, cryptocurrencies whose value is pegged to a fiat currency such as the US dollar.

Growth: Growth style refers to companies expected to grow sales and earnings at a faster rate than the market average. As such, growth stocks are generally characterised by a higher valuation than the market as a whole.

High yield bonds: High yield bonds are of lower quality compared to investment grade bonds, although, like the latter – and in most cases – they are rated by specialised agencies.

IMF: The International Monetary Fund.

Inflation breakeven: Level of inflation where nominal bonds have the same return as inflation-linked bonds (of the same maturity and grade). In other words, it is the level of inflation at which it makes no difference if an investor owns a nominal bond or an inflation-linked bond. It therefore represents inflation expectations in a geographic region for a specific maturity.

Inflation swap rate 5-Year: A market measure of what 5-Year inflation expectations will be in five years' time. It provides a window into how inflation expectations may change in the future.

IPPC: The Intergovernmental Panel on Climate Change.

IRENA: International Renewable Energy Agency.

ISM: Institute for Supply Management.

OECD: Organisation for Economic Co-operation and Development.

"One Big Beautiful Bill Act": Is the name given to a sweeping budget reconciliation bill passed by the United States Congress and signed into law by President Trump on 4 July 2025. It is a significant and complex piece of legislation that includes numerous provisions affecting various aspects of American life, such as taxes, healthcare, energy policy, and more.

OPEC: Organization of the Petroleum Exporting Countries; 14 members.

OPEC+: OPEC plus 10 additional countries, notably Russia, Mexico, and Kazakhstan.

PMI: Purchasing Managers' Index.

Quality: Quality stocks refers to companies with higher and more reliable profits, low debt and other measures of stable earnings and strong governance. Common characteristics of Quality stocks are high return to equity, debt to equity and earnings variability.

Quantitative easing (QE): A monetary policy tool by which the central bank acquires assets such as bonds, in order to inject liquidity into the economy.

Ratings: Bond ratings generally range from AAA (highest quality) to C (lowest quality) in descending order: AAA – AA – A – BBB – BB – B – CCC – CC – C.

SAFE (Security Action for Europe): The programme, backed by 150 billion euros in funding, is a European initiative designed to streamline and enhance joint arms procurement among EU Member States. It is a key component of a broader rearmament strategy for the continent, unveiled by the European Commission, with an ambitious goal of mobilising up to 800 billion euros.

SEC (Securities and Exchange Commission): The SEC is an independent federal agency with responsibility for the orderly functioning of US securities markets.

Spread (or credit spread): A spread is the difference between two assets, typically between interest rates, such as those of corporate bonds over a government bond.

SRI: Sustainable and Responsible Investments.

Stagflation: Stagflation refers to an economy that is experiencing simultaneously an increase in inflation and stagnation of economic output.

Value: Value style refers to companies that appear to trade at a lower price relative to its fundamentals. Common characteristics of value stocks include high dividend yield, low price-to-book ratio, and a low price-to-earnings ratio.

VIX: The index of implied volatility in the S&P 500 Index. It measures market operators' expectations of 30-day volatility, based on index options.

WTO: World Trade Organization.

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Indosuez Wealth Management is the global wealth management brand of the Crédit Agricole Group, the world's 10th largest bank by balance sheet (The Banker 2025).

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With 215 billion euros in client assets at the end of December 2024, Indosuez Wealth Management is one of Europe's leading wealth management companies.

Find out more at <https://ca-indosuez.com/>.

INDOSUEZ WEALTH MANAGEMENT

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Asia Pacific

HONG KONG SAR

Suite 2918, Two Pacific Place - 88 Queensway
Hong Kong
T. +852 37 63 68 68

NOUMÉA

Le Commodore - Promenade Roger Laroque,
Anse Vata
98800 Nouméa - New Caledonia
T. +687 27 88 38

SINGAPORE

2 Central Boulevard, West Tower #12-02,
101 Central Boulevard Towers,
018916 Singapore
T. +65 64 23 03 25

Europe

BRUSSELS

Rue de l'Industrie 44
1040 Brussels - Belgium
T. +32 2 287 91 11

GENEVA

Quai Général-Guisan 4
1204 Geneva - Switzerland
T. +41 58 321 90 00

LISBON

Avenida da Liberdade, n.º190, 2ºB
1250 - 147 Lisboa - Portugal
T. +351 211 255 360

LUXEMBOURG

39, Allée Scheffer
L-2520 Luxembourg
T. +352 24 67 1

MADRID

Paseo de la Castellana 1
28046 Madrid - Spain
T. +34 91 310 99 10

MILAN

Piazza Cavour 2
20121 Milan - Italy
T. +39 02 722 061

MONACO

11, Boulevard Albert 1er
98000 Monaco
T. +377 93 10 20 00

PARIS

17, Rue du Docteur Lancereaux
75008 Paris - France
T. +33 1 40 75 62 62

Middle East

ABU DHABI

Zayed - The 1st Street -
Nayel & Bin Harmal Tower,
5th Floor office 504
PO Box 44836 Abu Dhabi
T. +971 2 631 24 00

DIFC

Al Fattan Currency House, Tower 2
Level 23 Unit 4 DIFC
PO Box 507232 Dubai
T. +971 4 350 60 00