

Investment Report

August 2025

Factum AG Current positioning:			
Portfolio balanced	Neutral	Current	Change*
Liquidity	5%	4%	→
Bonds	35%	35%	→
Shares	47%	47%	→
Alternative investments	13%	14%	→
*Changes since the last Investment Report (8 July 2025) & current assessment.			

Strategy overview

Global equity markets began the second half of the year on a mixed note. The passage of Trump’s “One Big Beautiful Bill” provided a further boost primarily to U.S. equities. For example, the broad-based S&P 500 gained over 2% in July, while European markets moved sideways and the Swiss equity market closed slightly lower. Regarding U.S. tariff policy, increasing clarity for more countries is enabling companies to plan with greater certainty. The United States, for instance, reached agreements with both Japan and Europe on unilateral tariffs of 15%. In addition, these two regions committed to substantial investment pledges amounting to USD 1.15 trillion through 2028.

Switzerland, however, faces a more challenging situation (at least for the time being), as its goods will be subject to a 39% tariff starting on August 7. Over the past month, we made no changes to our managed mandates and, for example, maintained a neutral tactical asset allocation in equities.

«The “One Big Beautiful Bill” provided a further boost to U.S. equity markets.»

«Tariff Shock for Switzerland.»

Across international equity markets, it has become evident that the erratic tariff decisions of the Trump administration are having a diminishing impact. Recent months have repeatedly shown that such aggressive tariff threats are primarily used as bargaining and negotiating tools, and are rarely implemented in practice — partly because the U.S. would ultimately harm its own economy. This is especially true for pharmaceutical products, which President Trump has expressed a desire to make more affordable — tariffs would instead make them more expensive. We expect that the U.S. and Switzerland will reach an agreement, leading to a substantial reduction in tariffs.

«The erratic tariff decisions of the Trump administration are becoming increasingly insignificant.»

SMI Index



Politics

In July 2025, the European Union was politically overshadowed by escalating transatlantic tensions. The trigger was the United States' planned punitive tariffs on a broad range of European industrial goods. The Trump administration initially threatened import tariffs of up to 30% and a special levy of 50% on selected sectors such as automobiles, machinery, and semi-finished products. In response, the EU prepared extensive countermeasures aimed at imposing retaliatory tariffs on U.S. imports worth EUR 93 billion. Following intensive negotiations, both sides reached a compromise at the end of July: starting in August, the U.S. will implement a flat tariff rate of 15% on EU imports, but will forgo the initially threatened maximum tariffs. In return, the EU committed to significant investments in the United States as well as increased energy imports — particularly liquefied natural gas (LNG) — amounting to several hundred billion euros. Certain strategic products, such as semiconductor manufacturing equipment, were exempted from tariffs.

«15% tariffs on goods from Europe – the threat of a trade war between the U.S. and Europe has been averted.»

This agreement temporarily averted an open trade conflict. However, it has sparked criticism within Europe — most notably from Germany and France — which view it as placing an undue burden on European industries. The European Commission has defended the deal as an important step toward economic stabilization and a signal of commitment to rules-based trade relations.

Economy

Should the threatened U.S. import tariffs — 39% on Swiss goods — actually be implemented and remain in force for an extended period, the Swiss economy would face far-reaching negative consequences. Last year, the United States was Switzerland's largest export market, accounting for roughly 19% of total exports, ahead of Germany. Industries such as machinery, electronics, metals, food, and watchmaking would no longer be competitive in the U.S. under such high tariff rates. This would result in substantial revenue losses and put a significant number of Swiss jobs at risk. From a macroeconomic perspective, a decisive factor will be whether pharmaceutical products and gold will also become subject to tariffs in the future.

«Will Switzerland and the USA find a viable path forward on the tariff issue?»

Equity Markets

Year-to-date, the Swiss equity market (SPI) has delivered a significantly higher total return of +6.80% (as of end-July) compared to global equities, which declined by -1.45% in Swiss franc terms. This outperformance is primarily attributable to the weakness of the U.S. dollar. The Swiss market has so far benefited from its defensive market structure, attractive dividend yields, and stable economic outlook. Toward the end of July, the U.S. dollar staged a reversal. In the past month, global equities — led by U.S. companies — generated a markedly higher return of +3.5% in CHF terms, compared to a slightly negative performance for Swiss equities. A positive development has been the U.S. earnings season, with approximately 70% of companies surpassing revenue expectations and as many as 82% beating earnings forecasts. Around 75% of companies have now reported their quarterly results. We made no adjustments to our equity allocation and continue to maintain a neutral weighting.

«The Swiss equity market has outperformed global equities year-to-date — measured in CHF.»

Bond Markets

For central banks, the last week of July was dominated by a pause in interest rate changes. Both the Federal Reserve and the Bank of Japan left their policy rates unchanged. However, the expected developments for the second half of the year could hardly be more different. Pressure on the U.S. Federal Reserve to cut rates continues to mount. U.S. import tariffs have so far had little impact on consumer prices, while the labor market is showing signs of sustained cooling. The July U.S. employment report was disappointing, with only 73,000 new jobs created. Particularly concerning were the downward revisions to the May and June reports, which together reduced the previously reported job gains by

«The door has been wide opened — a Fed rate cut in September is likely.»

a quarter of a million. In light of the weak labor market data, the market is now pricing in, with a probability of over 90%, a 25-basis-point rate cut at the Fed's September meeting. Current market consensus also signals additional reductions of 0.25% each in October and December.

Commodities

Copper reached a new all-time high at the beginning of the month, hitting USD 5.96 per pound (COMEX), driven by speculation over extensive U.S. tariffs on Chinese semi-finished goods. Following a political softening of these measures, prices saw an abrupt correction — falling by more than 20% within days to around USD 4.45/lb — before staging a modest rebound. On a monthly basis, copper still closed with a gain of approximately +13.5%, supported by declining LME inventories. Gold consolidated at elevated levels, trading within a narrow range between USD 3,303 (end-June) and USD 3,290 per ounce (end-July). Prices continued to be underpinned by geopolitical tensions, falling real interest rates, and institutional investor demand. Year-on-year, gold remains up roughly 25%.

«Copper is exhibiting extreme volatility due to tariff-related issues.»

Oil traded firmer: WTI gained around 6% over the month, fluctuating between USD 65 and USD 70 per barrel, supported by OPEC+ production cuts and temporary supply disruptions in the Middle East. Aluminium and nickel showed mixed performances. Aluminium was weighed down by demand concerns from China, while nickel came under pressure from oversupply out of Indonesia and weak margins in stainless steel production. In agricultural commodities, the overall trend was weaker. Favourable weather conditions in North America boosted yield expectations for corn and wheat, exerting downward price pressure. Soybean prices proved more resilient, supported by rising demand from Asia.

«WTI crude oil rose by 6% in July.»

Currencies

The U.S. Dollar Index (DXY) gained approximately 3% in July but remains down around 9% year-to-date, leaving it vulnerable against its trading partners. The unpredictable economic policies of the current U.S. administration have done little to bolster international investor confidence in the dollar. This, combined with the EU's economic stimulus program focused on infrastructure and defense, has supported the euro and, indirectly, the Swiss franc. From a long-term perspective, the Swiss franc is not attractively valued; nevertheless, it is likely to remain in demand as a safe-haven currency in times of economic policy and geopolitical uncertainty.

«The DXY has lost approximately 9% in value so far this investment year.»

U.S. Dollar Index



Market overview 31 July 2025

Stock indices (in local currency)	Current	1 Mt (%)	YtD (%)
SMI	11,836.00	-0.72	5.15
SPI	16'525.39	-0.06	6.81
Euro Stoxx 50	5,319.92	0.47	11.59
Dow Jones	44,130.98	0.16	4.72
S&P 500	6,339.39	2.24	8.58
Nasdaq	21,122.45	3.73	9.81
Nikkei 225	41,069.82	1.44	4.06
Schwellenländer	1,243.23	2.01	17.86

Commodities

Gold (USD/Feinunze)	3,289.93	-0.40	25.35
WTI-Öl (USD/Barrel)	69.26	6.37	-3.43

Bond markets

US Treasury Bonds 10J (USD)	4.37	0.15	-0.20
Schweizer Eidgenossen 10J (CHF)	0.36	-0.08	0.04
Deutsche Bundesanleihen 10J (EUR)	2.70	0.09	0.33

Currencies

EUR/CHF	0.93	-0.80	-1.35
USD/CHF	0.81	2.42	-10.48
EUR/USD	1.14	-3.16	10.25
GBP/CHF	1.07	-1.51	-5.53
JPY/CHF	0.54	-2.16	-6.49
JPY/USD	0.01	-4.45	4.29
XBT/USD (Bitcoin)	116,491.12	8.26	24.30

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