Investment Report

June 2025

Factum AG
Current positioning:

Portfolio balanced	Neutral	Current	Change*
Liquidity	3%	2%	↘ (-1%)
Bonds	35%	35%	→
Shares	47%	47%	→
Alternative investments	15%	16%	↗ (+1%)

*Changes since the last Investment Report (9 May 2025) & current assessment.

Strategy overview

After the brief but severe shock paralysis in early April, global equity markets embarked on a remarkable rebound. As illustrated by the chart on the following page, the broad US equity index, the S&P 500, gained approximately 6% in May. For a long-term investor, the greatest risk does not lie in price volatility but rather in maintaining an excessively low equity allocation or holding cash in anticipation of seemingly better entry points. This inevitably results in lower returns. Of course, sooner or later, the next setback in the markets will occur—such as the tariff threats seen in early April. However, as has been emphasized here repeatedly over the years, maintaining a higher equity allocation over the long term is worthwhile to achieve more attractive returns. Which administration currently holds power in the White House is completely irrelevant from a long-term perspective.

«Those who exercise excessive caution expose themselves to one of the greatest risks.»

S&P 500 Index

«What transactions did we execute in our managed portfolios during May?»

With the revival of risk appetite following the sharp fluctuations caused by US tariff policies, the gold price has retreated from its all-time highs of around USD 3,500 reached in April 2025. Since then, it has corrected by approximately 10%, significantly alleviating the previously existing technical "overbought" condition. We took advantage of this pullback to increase our allocation to physical gold by 1%, driven by the conviction that political and geopolitical tensions will not subside quickly. Additionally, demand for the yellow metal remains broadly supported. Besides central bank purchases, ETF investor demand has recently picked up markedly.

«Rebalancing in May.»

The rapid and significant rise in equity prices following the three-month delay of the announced tariffs prompted us to revert the domestic equity allocation back to its original level, depending on the reference currency. Current uncertainty is well reflected in gold and oil prices as well as the yields of 10-year US Treasury bonds. The global market environment remains characterized by elevated volatility. Geopolitical tensions, varying economic data, and the Fed's cautious stance continue to contribute to increased uncertainty. In terms of tactical asset allocation, we currently consider a neutral equity weighting to be appropriate.

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Politics

The budget legislation spearheaded by the US President (Reconciliation Bill) has passed its first hurdle in the House of Representatives by a narrow margin (215 to 214 votes). The Senate will now take its turn, where it is expected to make amendments. The bill proposes an extension of the corporate tax cuts implemented during Trump's first term. In addition, further tax relief measures are included, such as making overtime pay and tips tax-exempt. These tax cuts are to be partially offset by savings in the Medicaid healthcare program and subsidies for renewable energy and electric mobility. Nevertheless, the package is likely to make US fiscal policy more expansionary. According to the Penn Wharton Budget Model, the bill could increase the annual budget deficit by an additional USD 500 to 600 billion over the next ten years, despite the fact that the US budget deficit is already projected by the Congressional Budget Office to reach 6.2% of GDP in 2025.

«The US budget legislation clears the first hurdle.»

Economy

US corporate confidence rebounded in May following a concerning decline in April, with the PMI Composite rising from 50.6 to 52.1. The improvement in sentiment is primarily driven by stronger order inflows, which are largely attributable to rising domestic demand. The suspension of exorbitantly high tariffs on China likely played a key role in boosting incoming orders. Survey results also suggest that companies are passing on higher costs for imported goods and materials to their customers. The combined index for selling prices increased for the third consecutive time, reaching its highest level since August 2022.

«US corporate confidence recovers in May.»

Equity Markets

On a monthly basis, global equity markets have gained approximately 6%, significantly outperforming Swiss and European stocks. However, year-to-date, European equities still hold a lead over their American counterparts. Recently, US mid-cap stocks have posted strong gains due to their higher market sensitivity. The global equity market recovery has led to an increase in valuations, which, given the remaining risks, can be considered somewhat ambitious. The factors we monitor—macro, valuation, sentiment, and technicals—still justify maintaining a neutral equity weighting.

«We have maintained a neutral weighting in our equity allocation.»

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Bond Markets

Monetary policy focus is continuing to shift in Europe. In early June, the ECB lowered its key interest rate by 25 basis points to 2%. Inflation has now fallen within the target range, but ECB President Lagarde indicated that the scope for further rate steps is limited. Earlier, in March, the Swiss National Bank (SNB) reduced its policy rate to 0.25%, driven by weak price momentum and the persistently strong Swiss franc. The next monetary policy decision by the SNB is scheduled for June 19, 2025, with a further cut to 0% not ruled out. For investors, the interest rate environment remains favorable. Short-term bonds have gained slight appeal, while yield potential in CHF remains significantly constrained.

«The ECB cut the key interest rate by 25 basis points to 2%.»

Commodities

Precious metals continue to lead the performance charts this year, while commodities such as oil have significantly underperformed since the beginning of the year. In May, the gold price declined by approximately 10% from its all-time high of around USD 3,500. The primary reason for this correction is a noticeable easing in the US-China trade conflict. Additionally, expectations for further interest rate cuts in the US have diminished, reducing pressure on the US dollar and weighing on gold prices. We took advantage of this temporary weakness to increase our allocation to physical gold by 1%. Since adding to the position, the gold price has risen by approximately 6%.

«We capitalized on the gold correction and increased our existing position.»

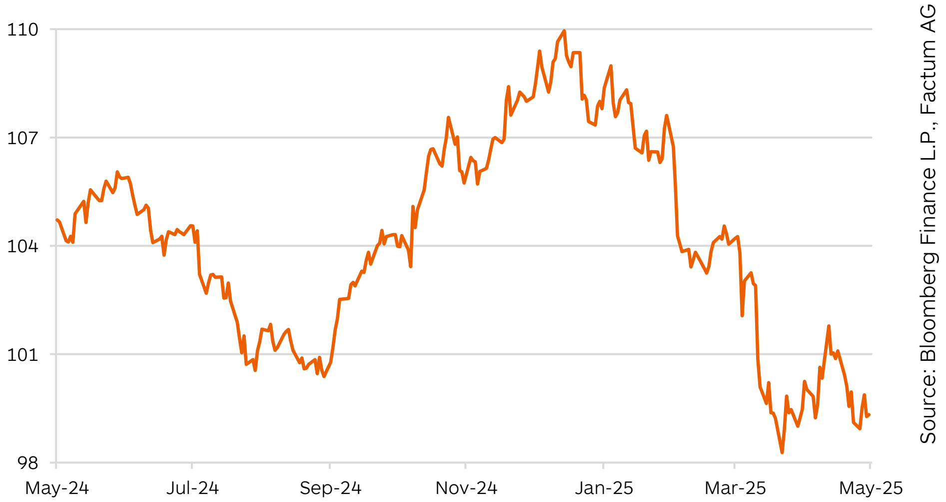
Goldprice

Currencies

After the Trump administration suspended the tariff measures announced in early April for three months, the US dollar was able to stabilize. Persistently high prices combined with significant uncertainty are forcing the Fed to adopt a wait-and-see approach. Should the global economy weaken—as some sentiment indicators currently suggest—this could compel other central banks to cut their key interest rates again, which would generally provide support to the US dollar.

«The US dollar has recently stabilized.»

U.S. Dollar Index



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Market overview 30 May 2025

Stock indices (in local currency)	Current	1 Mt (%)	YtD (%)
SMI	12,227.08	1.26	8.60
SPI	16,850.29	2.25	8.91
Euro Stoxx 50	5,366.59	5.42	12.31
Dow Jones	42,270.07	4.16	0.08
S&P 500	5,911.69	6.29	1.06
Nasdaq	19,113.77	9.65	-0.73
Nikkei 225	37,965.10	5.33	-3.93
MSCI Emerging Markets	1,157.34	4.30	8.86
Commodities			
Gold (USD/fine ounce)	3,289.25	0.02	25.33
WTI oil (USD/barrel)	60.79	4.43	-15.24
Bond markets			
US Treasury Bonds 10Y (USD)	4.40	0.24	-0.17
Swiss Eidgenossen 10Y (CHF)	0.27	-0.04	-0.06
German Bundesanleihen 10Y (EUR)	2.50	0.06	0.13
Currencies			
EUR/CHF	0.93	-0.29	-0.73
USD/CHF	0.82	-0.41	-9.37
EUR/USD	1.13	0.17	9.59
GBP/CHF	1.11	0.51	-2.53
JPY/CHF	0.57	-1.06	-0.90
JPY/USD	0.01	-0.67	9.15
XBT/USD (Bitcoin)	104,597.81	10.59	11.61

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Editorial deadline: 12 June 2025