Your wealth is our priority.

FACTUM

Investment Report

March 2025

Factum AG
Current positioning:

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

*Changes since the last Investment Report (6 February 2025) & current assessment.

Strategy overview

Is Donald Trump pursuing a serious long-term strategy with his tariffs, or are they merely a tactical bargaining tool—operating under the principle of "short-term pain for long-term gain"? This is the key question that drives market sentiment. What financial markets certainly dislike is uncertainty, and at present, uncertainty is abundant. As a result, the U.S. stock market, in particular, has experienced a pullback. The broad U.S. index, the S&P 500, was down approximately 4% as of March 10, representing a roughly 8% decline from its record high on February 19. Tesla, for example, has lost 50% of its value since mid-December 2024. The tech-heavy Nasdaq has fallen by more than 9%. On the other side of the Atlantic, the picture is more positive. After years of underperformance relative to the U.S. market, broad European equities have gained around 10% as of March 10, while the Swiss market has even risen by 12%. In Germany, investors are celebrating the massive fiscal package announced by the CDU/CSU and SPD, amounting to hundreds of billions of euros, which will be allocated to infrastructure and defense spending. We have recently taken advantage of heightened volatility to implement the following transactions:

«Is Donald Trump pursuing a serious long-term strategy with his tariffs, or are they merely a tactical bargaining tool?»

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All “Core” mandate types with equity exposure: Following the recent correction in U.S. equity markets and the decline in 10-year U.S. Treasury yields, our fundamental valuation model for equities has reached neutral territory for the first time since September 2024. At the same time, some sentiment indicators have turned positive. As a result, we have decided to shift our slight underweight in equities back to neutral. Tactically, this is being implemented by increasing our allocation to emerging market equities by 1%, resulting in a neutral weighting across all regions.

«We have increased emerging market equities by 1%.»

Rebalancing U.S. equity exposure: Unlike their Swiss (+12% YtD) and European (+10% YtD) counterparts, U.S. equities have corrected between 8% (S&P 500) and 12% (Nasdaq) since their all-time highs in mid-February 2025. As a result of this market movement, our U.S. equity allocations have deviated from our tactical positioning. To address this, we are increasing our exposure by adding to existing positions, bringing our allocation back to its target level.

«Rebalancing U.S. equity exposure.»

Politics

Designated Chancellor Friedrich Merz has caused a stir: the debt brake is to be adjusted so that future infrastructure spending of EUR 500 billion and part of the defense budget can be financed outside its constraints. If this new fiscal leeway is fully utilized, Germany’s national debt ratio is likely to rise significantly. At the same time, increased public investment presents an opportunity to provide much-needed economic stimulus and sustainably enhance Germany’s competitiveness as a business location.

«Fiscal policy turnaround in Germany.»

Economy

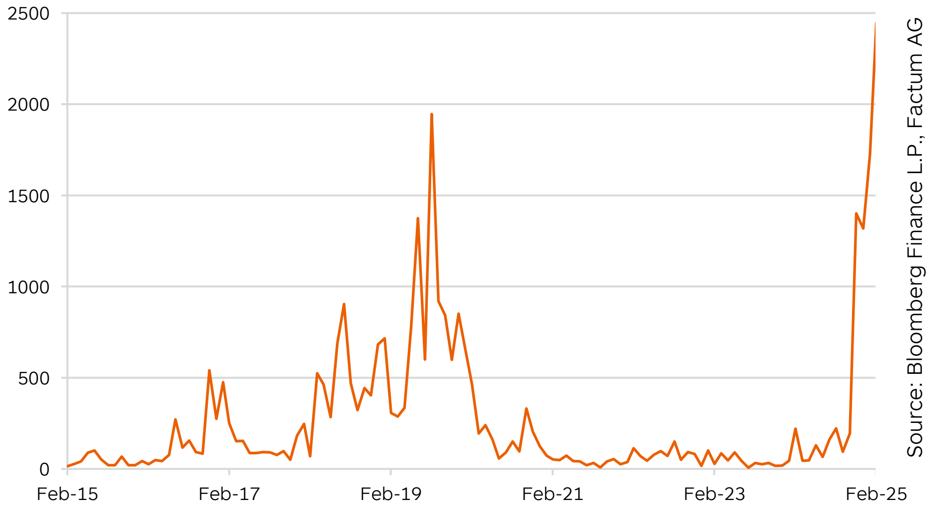
Is U.S. President Donald Trump serious about the tariff issue, or is it merely a negotiation tactic? This is the key question currently preoccupying financial markets. At the beginning of March, it appeared that the U.S. administration was committed to its tariff strategy, as it followed through on its threat to impose 25% tariffs on all goods from Canada and Mexico. This effectively rendered the North American free trade agreement, USMCA, null and void. However, just two days later, the administration made a sudden U-turn: following a phone call with Mexican President Claudia Sheinbaum, Trump announced that the punitive tariffs on all USMCA-covered goods would be postponed until April 2. According to U.S. estimates, this affects half of imports from Mexico and 40% of imports from Canada, with goods from the automotive industry being particularly exempted. At the same time, tariffs on Chinese goods were further tightened, rising from 10% to 20%. When it comes to tariffs against China, the U.S. administration is likely to remain less flexible going forward.

«The tariff debate is captivating financial markets.»

Canada, Mexico, and China together account for 42% of all U.S. goods imports. Should these tariffs remain in place for an extended period, the U.S. economy is likely to experience consequences in terms of both growth and inflation. How the tariff situation will evolve remains highly uncertain, as much now hinges on early April. Trump had previously announced his intention to introduce “reciprocal” tariffs against the rest of the world by then. Until that point, financial markets are expected to experience heightened volatility. This uncertainty is also reflected in the trade policy uncertainty index, which has reached an all-time high.

«The indicator for political uncertainty in trade policy is at an all-time high in the U.S.»

U.S. economic uncertainty index related to trade

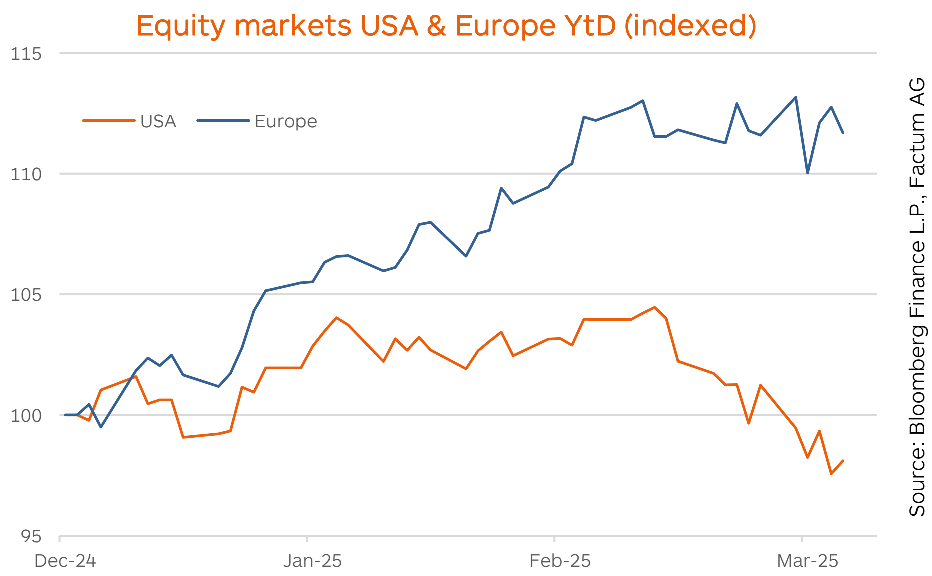


Equity Markets

As mentioned at the outset and evident in the market overview, a two-tier market dynamic is unfolding this year. The United States is showing signs of fatigue due to the policies of the Trump administration, with major indices retreating significantly from their record highs. The so-called Magnificent-7 subindex has lost approximately 20% year-to-date. On the other hand, Europe and China are celebrating, with equity markets such as Switzerland and Germany reaching new all-time highs. However, we consider it unrealistic that European and Asian markets can entirely decouple from the U.S. A period of consolidation in these markets also appears likely. It is important to note that since the 2008 financial crisis, European equity markets have delivered significantly lower returns than their U.S. counterparts. Should the Trump administration adopt a more moderate course in the medium term, volatility is expected to subside, and the potential for positive price movements would increase signifi-

«Divided picture in global equity markets.»

cantly. As mentioned earlier, we remain constructive on equities, have adjusted our equity allocation to a neutral level, and consider broad diversification essential in times of turbulent financial markets.



Bond Markets

In the Eurozone, the ECB cut interest rates by another 25 basis points as expected, marking the sixth reduction since summer 2024. With a deposit rate of 2.50%, monetary policy is now significantly less restrictive. According to ECB analyses, the neutral rate is estimated to be between 1.75% and 2.25%. Regarding the interest rate outlook, Christine Lagarde remained notably vague during the press conference, citing significant uncertainties stemming from U.S. trade policy and Europe's fiscal stimulus measures. She emphasized that future data would determine the timing and scope of further rate adjustments.

«The ECB cut interest rates for the sixth time since summer 2024. »

Commodities

The positive trend in gold prices continued in February, with the precious metal benefiting from ongoing geopolitical uncertainties and substantial central bank purchases. Despite the recent price advances, we are maintaining our neutral weighting in gold. The metal should serve as an anchor and hedge the portfolio against potential geopolitical escalations. Our broader commodity position has also performed well recently, particularly precious metals, with all sectors posting gains. We are maintaining our neutral weighting in commodities, as they also serve as an inflation hedge—an aspect that could gain importance in the event of renewed inflationary pressures.

«We are maintaining our neutral weighting in both our gold and commodity positions.»

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Currencies

Bitcoin has exhibited significant volatility in recent weeks. In mid-January, its price surged to a yearly high of approximately USD 105,500, driven by optimistic market sentiment surrounding the newly introduced Bitcoin spot ETFs. However, a sharp correction followed, pushing BTC down to around USD 80,000 by the end of February. This decline was fueled by profit-taking, regulatory uncertainties, and a generally weaker risk appetite in the market. At the beginning of March, Bitcoin rebounded above the USD 90,000 mark, supported by renewed inflows into ETFs and positive macroeconomic signals. In recent days, however, the price has come under renewed pressure and is currently trading around USD 84,000. Intraday volatility remains high, with strong price swings in both directions. In summary, Bitcoin experienced a steep rally, followed by a sharp correction, a recovery phase—and is now moving sideways in a volatile range. Recent developments highlight that, in practice, cryptocurrencies often behave similarly to equity markets. A temporary tactical allocation (such as the one currently in our strategy fund FACTUM Funds - Balanced) remains a possibility.

«We currently hold no crypto exposure in our managed mandates.»

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Market overview 10 March 2025

Stock indices (in local currency)	Current	31/1 – 10/2 (%)	YtD (%)
SMI	13,013.45	3.31	12.18
SPI	17,142.95	2.40	10.80
Euro Stoxx 50	5,386.98	2.03	10.35
Dow Jones	41,911.71	-5.65	-1.14
S&P 500	5,614.56	-6.89	-4.30
Nasdaq	17,468.32	-10.91	-9.43
Nikkei 225	37,028.27	-6.37	-7.12
MSCI Emerging Markets	1,113.06	2.00	3.84
Commodities			
Gold (USD/fine ounce)	2,888.71	3.23	10.07
WTI oil (USD/barrel)	66.03	-8.96	-7.93
Bond markets			
US Treasury Bonds 10Y (USD)	4.21	-0.33	-0.36
Swiss Eidgenossen 10Y (CHF)	0.72	0.29	0.39
German Bundesanleihen 10Y (EUR)	2.83	0.37	0.47
Currencies			
EUR/CHF	0.95	1.10	1.53
USD/CHF	0.88	-3.28	-2.91
EUR/USD	1.08	4.56	4.64
GBP/CHF	1.13	0.45	-0.11
JPY/CHF	0.60	1.89	3.80
JPY/USD	0.01	5.37	6.74
XBT/USD (Bitcoin)	79,272.09	-22.37	-15.41

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