

# Investment Report

September 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 (7 August 2025) & current assessment.			

## Strategy overview

Global investor sentiment is currently being shaped by the U.S. economy as well as political factors. Under the Trump administration, the benchmark S&P 500 (in USD) reached a new all-time high in early September. Since the beginning of the year, the broad U.S. equity market has therefore advanced by an impressive 11%. Particularly noteworthy is the continued dominance of the U.S. technology sector. From a Swiss investor's perspective, however, the picture looks markedly different and, due to the weakness of the U.S. dollar, rather sobering. The S&P 500 (in CHF) recorded its last all-time high in mid-February 2025 and has since declined by roughly 3% year-to-date.

«The broad U.S. equity index, the S&P 500, reached a new all-time high in early September.»

Additional catalysts for further upside could come from potential rate cuts in the U.S. The next Fed meeting is scheduled for September 17, with subsequent meetings at the end of October and early December. At present, markets are pricing in a 25-basis-point cut for the September meeting. Within our tactical asset allocation, we maintain a neutral weighting in equities; however, the effective allocation is currently around 1% higher due to recent market gains. Depending on opportunities, we will carry out rebalancing measures, realize profits, and bring the allocation back to its original target level.

«We have weighted equities neutrally at the TAA level.»

### S&P 500 Index



### Politics

France is currently experiencing a period of significant political instability. Within the span of just one year, President Macron has appointed Sébastien Lecornu as the fourth Prime Minister. The backdrop is a deep-rooted conflict over a stringent austerity program that entails multi-billion euro cuts in the public sector. These plans have sparked nationwide protests and further intensified political polarization. Given the country's high public debt and a deficit of nearly six percent of GDP, the pressure for fiscal consolidation is immense, while the government's ability to implement reforms remains highly uncertain. For the markets, this translates into ongoing uncertainty: rising risk premia on French government bonds and subdued investor sentiment are weighing particularly on state-linked enterprises and the financial sector.

«Political instability in France is palpable.»

## Economy

In August 2025, the cooling of the U.S. labor market continued. The unemployment rate rose to 4.3%, the highest level in nearly four years, exceeding both June's 4.1% and July's 4.2%. Nonfarm payrolls increased by only 22,000, signaling a marked slowdown in employment growth. A comprehensive revision of labor market data revealed that the U.S. economy created roughly 911,000 fewer jobs between March 2024 and March 2025 than initially reported. This suggests that labor market weakness had already begun prior to the most recent economic headwinds stemming from President Trump's trade policies. Young adults have been particularly affected: the unemployment rate among 16- to 24-year-olds reached 10.5% in August, the highest level since the COVID-19 pandemic and the weakest figure since 2016. Against this backdrop, a rate cut by the Fed in mid-September now appears highly likely.

«U.S. labor market slowdown – likelihood of a Fed rate cut rises.»

## Equity Markets

After a brief setback at the beginning of the month, global equity markets recovered and gained around 2.5% in August. This is notable and largely attributable to strong quarterly earnings from U.S. companies—particularly large-cap technology firms—which propelled U.S. equity indices to new highs. European corporates also reported results that exceeded expectations, though not to the same extent as their U.S. counterparts. Despite hefty U.S. tariffs on Swiss products, shares of major Swiss companies advanced by approximately 3% in August. Hopes of rate cuts—especially in the U.S.—provided an additional boost to equities and risk assets. As a result, valuations have risen globally. In the United States, the estimated price-to-earnings ratio (P/E) of the S&P 500 stands at around 22, which is elevated from a historical perspective and well above the long-term average. In Europe, the P/E ratio is roughly 14, in line with its historical mean.

«From a historical perspective, the U.S. equity market is expensive.»

## Bond Markets

In August, yields in the Swiss bond market declined once again. The SNB's policy rate remains unchanged at 0%, while short-dated government bonds are currently trading with slightly negative yields. At the long end of the curve, the picture is similar: the yield on 10-year Swiss government bonds fell to around 0.30%, down from 0.44% in July. This development can be attributed to two factors: on the one hand, increased demand for safe-haven assets, and on the other, a more cautious assessment of the economic outlook. In the Eurozone, monetary policy remains unchanged, with the ECB reaffirming its key rate of 2% at the end of July. Meanwhile, the yield on 10-year German Bunds has edged higher and currently stands at around 2.70%. This illustrates that investors at the long end are once again pricing in slightly higher inflation risks.

«Swiss bond yields fall again.»

### 10-year Swiss government bond yield in %



### Commodities

In August, commodity markets were marked by overall volatility. Oil prices (WTI) fell by around 8%, as weaker economic signals from China weighed on demand expectations. Industrial metals such as copper and aluminum also declined, pressured by weak global industrial indicators. Precious metals, by contrast, benefited from their role as safe-haven assets – gold gained roughly 5% amid political uncertainty in Europe and ongoing rate speculation in the U.S. Agricultural commodities, on the other hand, trended lower on the back of favorable harvest forecasts. For investors, the picture remains mixed: while cyclical commodities face continued pressure, precious metals are likely to remain supported by risk aversion.

«Commodity markets showed a mixed picture in August – gold performed positively once again, gaining 5%.»

### Currencies

In the current investment year, the U.S. administration has lost more confidence in the currency markets than in the equity markets. This is not contradictory, as the government had expressed support for a weaker U.S. dollar early in its term, which has provided a tailwind for listed U.S. companies. At present, the U.S. dollar benefits from a yield advantage, which is a positive factor, while the steadily rising government debt is anything but supportive. The euro has shown little fluctuation against the Swiss franc, and a continuation of this sideways trend would therefore come as no surprise.

«The U.S. dollar has lost confidence.»

Market overview 29 August 2025

Stock indices (in local currency)	Current	1 Mt (%)	YtD (%)
SMI	12,187.58	2.97	8.27
SPI	16,907.81	2.31	9.28
Euro Stoxx 50	5,351.73	0.65	12.31
Dow Jones	45,544.88	3.42	8.30
S&P 500	6,460.26	2.03	10.78
Nasdaq	21,455.55	1.65	11.62
Nikkei 225	42,718.47	4.08	8.30
Schwellenländer	1,258.44	1.46	19.59

Commodities

Gold (USD/Feinunze)	3,447.95	4.80	31.38
WTI-Öl (USD/Barrel)	64.01	-7.58	-10.75

Bond markets

US Treasury Bonds 10J (USD)	4.23	-0.15	-0.34
Schweizer Eidgenossen 10J (CHF)	0.31	-0.06	-0.02
Deutsche Bundesanleihen 10J (EUR)	2.72	0.03	0.36

Currencies

EUR/CHF	0.94	0.88	-0.48
USD/CHF	0.80	-1.45	-11.78
EUR/USD	1.17	2.37	12.86
GBP/CHF	1.08	0.77	-4.80
JPY/CHF	0.54	1.06	-5.50
JPY/USD	0.01	2.50	6.90
XBT/USD (Bitcoin)	107,800.31	-7.46	15.03

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Editorial deadline: 11. September 2025

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