Quaterly Report

3rd Q. 2025

Trump's actions are leaving clear traces

Do they allow us to draw initial conclusions?

Trump has made an enormous number of decisions in the first nine months of his second term in office. Many of them are difficult to understand, contradictory, hardly comprehensible and have no theoretical or empirical basis. Nevertheless, let us venture to draw some preliminary conclusions from them

On a political and ideological level, he has undoubtedly triggered a veritable culture shock. He has fundamentally questioned values that were considered irrefutable in the West. He harbours considerable doubts about democracy as a form of government. He considers it an abstract model of thinking that is incapable of solving the problems of our time. He probably considers leadership models with clear hierarchical structures, as are common in business, to be more efficient. This is evident, among other things, in his benevolent assessment of autocratic statesmen and powerful entrepreneurs. He considers the democratic process involving the people and parliament to be a hindrance. That is why he largely governs by decree, which he signs alone.

The fact that he pays little heed to the constitution and laws is part of his understanding of leadership. He also considers other parties to be harmful. They hate America and he hates them. He will certainly do everything in his power to ensure that these creatures and their supporters in the media, universities and administrations no longer come to power. He also espouses this credo on the international stage. He no longer intends to abide by the prosperity-promoting agreements that have been worked out by the international community over the last 70 years. They prevent the strong from developing. Power should replace law. Only in this way can he promise his voters an America that stretches from the Gulf of Mexico to the North Pole. He considers collective agreements and organisations such as the UN, human rights, international law, the World Trade Organisation and NATO to be superfluous or even obs

Europe is severely affected by this U-turn by the US. Without the technological and nuclear protective shield provided by the Americans, Europe is difficult to defend. The same applies to Japan and South Korea.tructive.

He questions the international division of labour that brought enormous success to the world in the post-war decades. He sees America as the big loser in this order. The trade balance is an arbitrary criterion for assessment. It is indeed strongly negative, as the US has made the transition from the industrial sector to services – highly successfully – ahead of its trading partners. Now the wheel is to be turned back. The world's workshops are to be relocated back to the US. Those who do not do so will be subject to fines – i.e. customs duties.

He did not want to allow time for adjustment. It was only the global stock market crash at the beginning of April that prompted him to postpone the matter.

This confirms that he attaches particular importance to the value of companies. He already considered this criterion for assessing his success to be central during his first term in office. We can therefore assume that he will do everything in his power to increase the opportunities for companies to develop. He has already taken a first major step with his 'One Big Beautiful Bill Act'. Companies will receive tax cuts, which he will partially finance through savings at the lower end of the income pyramid and tax increases (customs duties) on imported goods. The rest will be passed on to the next generation through debt.

Of course, workers in those countries who perform the tough industrial jobs for Americans are shocked by their moral disqualification. Quite a few of them will lose their jobs because the tariffs are being imposed at short notice and not – as is customary internationally – over a longer period of time, which would allow for a smoother adjustment to the new conditions.

Although Trump's aggressive approach has destroyed a great deal of trust, the economic impact should not be overestimated. Initial model calculations suggest that it will be rather modest. In its latest quarterly report, the BIS anticipates a real growth loss of around 1% for the US, Canada and Mexico. In the rest of the world, growth is expected to decline by around 0.2% of GDP. The inflationary effects are only significant for the US. The study mentioned above expects an additional price increase of around 3 percentage points. In the rest of the world, the effect is negligible and in the case of Mexico even negative, as high tariffs on exports lead to higher domestic supply. But even in the US, the tariffs are not expected to trigger new price dynamics, as they are likely to be temporary in nature.

However, other effects of Trump's economic policy are likely to be more significant for the financial markets.

In the short term, the president's pressure on the Federal Reserve has had a particular impact. Market participants' expectations that the Fed chairman will have to cut interest rates faster than previously forecast have given the stock markets a strong boost in recent months.

In the medium term, however, regulatory and democratic policy decisions are likely to be of greater significance.

In particular, staff cuts in areas of government supervision are likely to significantly expand companies' scope for action. Above all, the cost-intensive environmental regulations are unlikely to be implemented according to the Biden administration's timetable. There are also signs of greater freedom in the application of competition law. A significant relaxation is to be expected. Large market-dominating companies will hardly have to reckon with competition proceedings anymore. On the contrary, they are likely to expand their monopoly areas in order to maximise monopoly profits abroad. Foreign countries seeking to take legal action against US companies are also likely to be punished by Trump himself. But even in the mid-sized business sector, profitable agreements are likely to enjoy greater popularity again. He has also made massive staff cuts in the areas of consumer protection and employee rights. This opens up new opportunities in pricing, product design and wage structuring. The administration is also seeking greater freedom in the monetary sphere.

Cryptocurrencies with liberal regulatory frameworks are intended to give entrepreneurs and private individuals more freedom and less government surveillance. This allows them to punish banks, which are also considered part of the hated 'deep state' complex in right-wing circles, along with many newspapers, television stations, film studios, universities, museums and the bureaucracy. Customs duties also have the potential to generate higher profits. They increase demand for domestic products, which in turn drives up their prices and margins. Where customs duties are prohibitive, supply disruptions are likely. Price increases are the result.

The reduction of the state, the dismantling of democratic structures and the deliberate disregard for existing laws are creating opportunities for companies that have probably only been seen in revolutionary periods throughout history. The last time this happened was probably during the Wild West era.

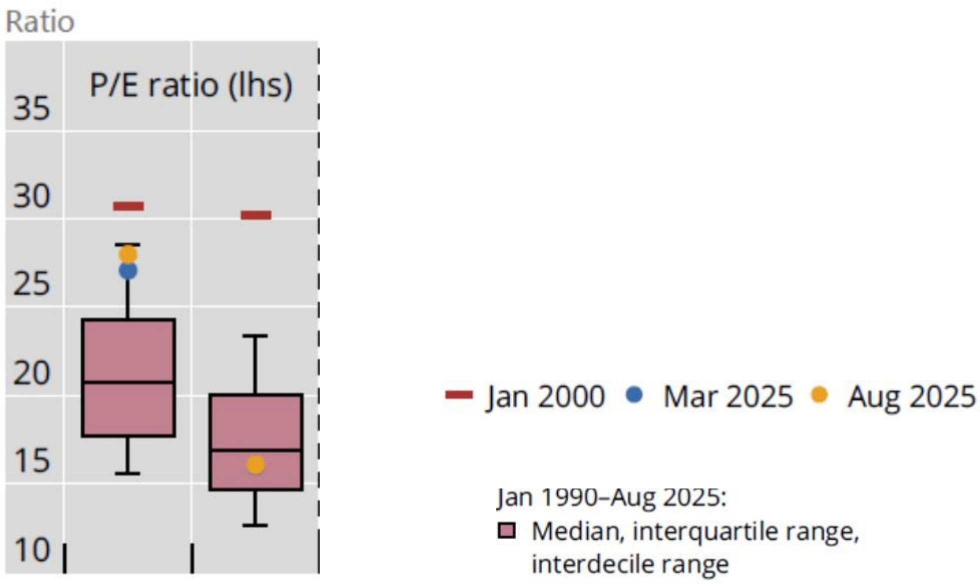
Trump's autocratic power allows him to solve the decades-long problems of illegal immigration in a brutal manner that suits his electorate. He is also tackling the epidemic of crime in cities with military force, invoking emergency law.

It is quite possible that this decisive action will win him considerable sympathy in next year's midterm elections.

Financial market participants also appreciate the focus of economic policy on the needs of their own companies. With the exception of April's faux pas (tariffs), the associated options have been continuously incorporated into company valuations.

Together with optimistic expectations regarding AI, the American markets have reached a valuation level not seen in over two decades.

US-Valuation of Shares



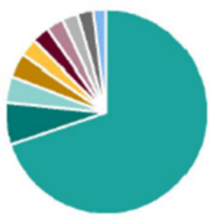
Sources: Bloomberg; LSEG Datastream; BIS 3rd Q.Report, p.2/JM

Josef Marbacher/CORUM VV 50

The situation is quite different in the European markets, where valuations are even below the long-term average. This exceptional upward outlier in the American market has led to an unprecedented global distribution of equity assets: around two-thirds of market assets are located in the USA. The next largest stock markets are Japan with 6%, the UK with 3.6% and China with 3.3%. The shares of the other countries are below 2%.

FTSE World Index Asset Allocation

Vanguard ETF All World ETF Country Weights



United States	62.0%
Japan	6.0
United Kingdom	3.6
China	3.3
France	2.5

Overall, the outlook for companies remains positive. This applies not only to the US, where further interest rate cuts are supporting valuations, but also to Europe, where – following the US example – greater freedom for businesses is likely to be created. In addition, major investment packages in the security and infrastructure sectors are now being launched. In this sense, the expected returns outside the US should not be underestimated. However, for risk reasons, we believe it makes sense to slightly underweight the US in favour of Europe. We are responding to the long-term expectation that global valuations will converge again by diversifying our asset allocation more than the global equity portfolio.

So much for the broad outlines.

The details of asset allocation can be found in the following table. You can obtain the detailed documentation underlying the decision-making process from your adviser.

With kind regards

Prof. Dr. Josef Marbacher

sensusPLUS

Investment Strategy 4th Quater 2025

Investment Meeting as of : 22nd of September .2025

		Anlagestrategie							
	Anlagekategorie	**Einkommen**	+/-	**Ausgewogen**	+/-	**Wachstum**	+/-	**Kapitalgewinn**	+/-
Defensiv	Liquidität	8%	0%	7%	0%	5%	0%	5%	0%
Defensiv	Festverzinsliche Anlagen inkl. Obligationenfonds	60%	0%	35%	0%	15%	0%	0%	0%
Offensiv	Aktien inkl. Aktienfonds + ETF	25%	0%	50%	0%	70%	0%	85%	0%
Offensiv	Andere Anlagen Immobilien, Rohstoffe, Gold, struktrierte Produkte usw.	7%	0%	8%	0%	10%	0%	10%	0%
		100%		100%		100%		100%	

Weitere Rahmenbedingungen

Referenzwährung:
Schweizer Franken (CHF)

Währungsanteile:

CHF	min. 50 %
EUR	max. 20 %
USD	max. 20 %
GBP	max. 15 %
Übrige	max. 20 % (pro Währung max. 10 %)

Bei den Anlagekategorien sind Abweichungen von +/- 5 % möglich.

Global stock markets, which had been driven by AI-fuelled growth, weakened somewhat towards the end of the third quarter. Performance varied greatly across different sectors. Financial and technology stocks posted above-average gains, while stocks in the healthcare and consumer goods sectors lagged behind. Financial fragility in the global economy, with the threat of a government shutdown in the US and weakening global economic growth, tipped the scales towards market consolidation. Downward pressure on the US dollar continued.

However, the key drivers currently remain investment in AI technology and expectations of interest rate cuts. These expectations will remain the most important drivers until the end of the year.

October is historically known for its higher volatility. Diversification is therefore all the more important.

We are sticking to solid quality stocks, especially dividend stocks, and see diversification across different sectors as a good way to limit market risks.