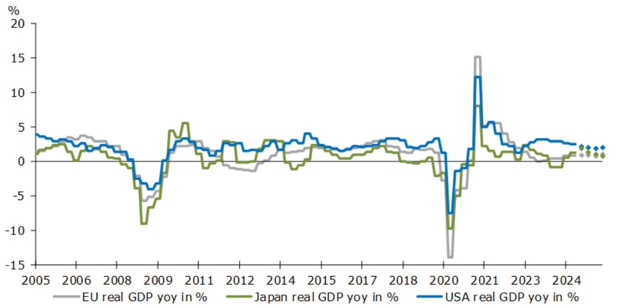
Quarterly Investment Letter – Q2 2025

"The Empire strikes back!"

In the US, President Donald Trump's January inauguration marked the start of a term with **assertive trade policies**. The administration implemented significant tariff hikes, including a 25% duty on Canadian steel and aluminium, a 25% tariff on European cars and a 30% levy on Chinese electronics. These moves intensified trade tensions, contributing to a 2.3% decline in the S&P 500 and **raising (short-term) recession concerns**. The Federal Reserve kept interest rates at 4.5%, balancing inflation control with signs of economic slowdown.

Chart 1: No recession in sight (so far)



Source: Alpinum Investment Management

Europe experienced a transformative geopolitical and economic shift, led by **Germany's landmark multi-hundred billion investment program**, ending austerity. The euro surged to five-month highs, further supported by **Ukraine's acceptance of a proposed ceasefire**, bolstering investor confidence. In China, authorities **injected USD 200 billion into the financial sector** to stabilize the property market and mitigate systemic risks. Despite these efforts, investor sentiment remained fragile, with the **People's Bank of China signalling further easing measures** to support growth. The quarter underscored the **fragility of the global economy**, as trade disputes, policy uncertainties, and financial instability continue to weigh on growth prospects.

Summary Points

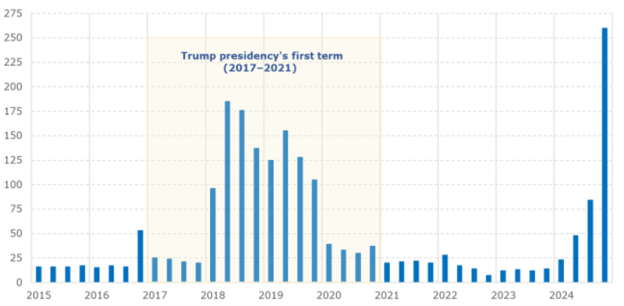
- The **US economy demonstrated resilience**, with short-term softness from policy uncertainty offset by long-term strength, as a robust labour market sustained 2.8% GDP growth in 2024 amid rising inflation pressures.
- Macroeconomic challenges, including **heightened policy uncertainty** and **escalating tariff risks**, particularly in manufacturing and trade, were compounded by the Trump administration's 25% steel and aluminium tariffs.
- The **S&P 500 experienced significant volatility**, with DeepSeek's January surge prompting a tech recalibration. Aggressive tariffs and rising trade tensions contributed to a 2.3% decline in Q1 vs. an increase of +11.0% in Euro Stoxx.
- **Germany's multi-hundred billion investment program** aims to revitalize its economy, with inflationary and growth impacts across the eurozone.
- China's economic trajectory reflected a **balance of policy adjustments, disinflation and rising geopolitical risks**, with GDP exceeding 130 trillion yuan, growing 5% as targeted.
- **Conclusion:** With a **severe recession unlikely**, the positive bias on risky assets persists, despite increased volatility and potential conflicts under the Trump administration in the coming months. **Active management is essential in a low-growth environment**, given heightened disparities across companies and sectors. Credit investments, particularly **loans and non-cyclical short-term high-yield bonds** offering 7–9% yields, are favoured. We maintain a positive stance on equities, **upgrading "RoW" equities**. The current market environment supports an absolute return strategy over a traditional relative value approach.

Contents

United States

In Q1 2025, the **US economy exhibited notable resilience**, buoyed by a robust labour market, with GDP growth maintaining a steady pace at 2.8% for 2024, marking the **third consecutive year of expansion within the 2.5-3.0% range**. Despite early signs of softening, the **labour market remained a pivotal driver of consumption** and crucial to economic growth. However, macroeconomic factors, including **heightened policy uncertainty and escalating tariff risks**, presented new challenges, particularly within manufacturing and trade sectors. The Trump administration's imposition of a 25% tariff on steel and aluminium imports, with a potential 50% escalation for Canada, later deferred following negotiations, further strained trade relations. While tariffs on Canadian and Mexican goods were temporarily paused, the administration increased tariffs on Chinese imports to 20%, triggering retaliatory actions. The European Union also faced potential tariffs, signalling the intensification of trade conflicts.

Chart 2: S&P 500 companies citing "tariffs" on earnings calls



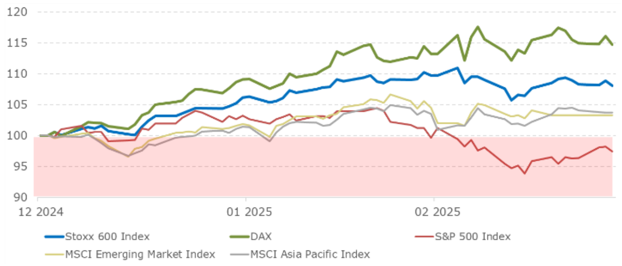
Source: Alpinum Investment Management

Concurrently, **the S&P 500 exhibited considerable volatility**, driven by the surge in DeepSeek's valuation in January, which spurred a recalibration of AI and tech stocks. Simultaneously, the aggressive tariff policy, combined with rising trade tensions, amplified market uncertainty. This **led to a 2.3% decline** in the index in the first quarter of the year as **investors reassessed growth prospects** amid escalating geopolitical risks and inflationary pressures. The **US inflation remained persistent**, with the CPI decelerating to 2.8% in February from 3.0% in January. In response to persistent inflation, particularly in non-housing services, the Federal Reserve adopted a cautious stance, signalling a **"higher for longer"** monetary policy, with **two rate cuts anticipated in 2025**, while maintaining the long-term policy rate in the mid-4% range.

Europe

The European **economy expanded at a subdued pace**, navigating a complex landscape of monetary stimulus, fiscal interventions and intensifying geopolitical tensions. The European Central Bank (ECB) executed a 25-basis-point reduction in its benchmark rate to 2.5%, marking the sixth consecutive cut within a year. This **sustained monetary accommodation** sought to **counteract lacklustre economic activity**, prompting the ECB to revise its 2025 GDP growth forecast downwards to 0.9% from 1.1%, while inflation was projected to average 2.3%. The labour market remained resilient, though wage growth moderated amid persistent economic uncertainties. Fiscal policy diverged across the region, with **Germany unveiling a landmark multi-hundred billion investment program** aimed at revitalizing its domestic economy, signaling a shift away from austerity, while potentially exerting broader inflationary and growth implications across the eurozone.

Chart 3: European equities outperforming in 2025



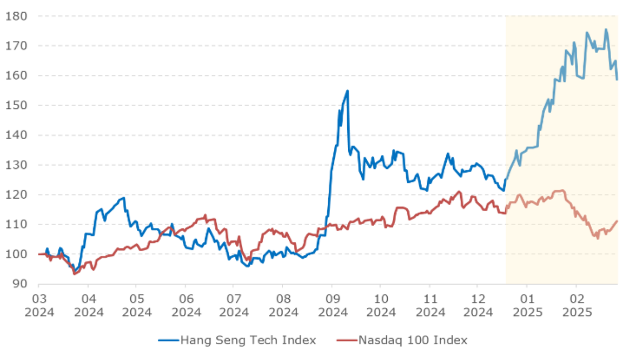
Source: Alpinum Investment Management

The **political landscape was reshaped by the German federal election** on 23 February, where the CDU/CSU secured 28.5% of the vote, emerging as the largest parliamentary bloc. The far-right AfD achieved an unprecedented 20.8%, underscoring a shift in voter sentiment and complicating coalition negotiations, with ramifications for both domestic and EU policy trajectories. **Geopolitical tensions escalated** as the United States imposed a 25% tariff on European steel and aluminium, prompting the EU to prepare retaliatory levies on USD 28 billion of US goods, effective April, amplifying trade war concerns. The US dollar weakened to a five-month low. **Equity markets staged a robust recovery**, with the STOXX Europe 600 advancing 8.3% year-to-date, outpacing the S&P 500. European equities, trading at a forward P/E of 14x versus 22x for US stocks, **benefited from favourable valuations and ECB support**.

China and emerging markets (EM)

China's economic trajectory in Q1 2025 was shaped by a delicate balance between policy recalibration, persistent disinflationary trends, and heightened geopolitical risks. While GDP surpassed 130 trillion yuan (USD 17.82 trillion) for the first time, **growing at 5% in line with official targets**, underlying momentum remained fragile. The National Bureau of Statistics reported **contracting manufacturing activity and subdued consumer sentiment**, with January PMIs disappointing and service-sector expansion losing steam. External headwinds intensified as **escalating trade frictions with the US and seasonal distortions**, including the Lunar New Year, contributed to an unexpected decline in imports and weakening export momentum. **The People's Bank of China** (PBoC) maintained a cautious monetary stance, **prioritizing currency stability amid ongoing depreciation pressures**, while inflation remained volatile, with a transient 0.5% rise in January followed by a sharp -0.7% contraction in February, reinforcing concerns over entrenched disinflation.

Chart 4: 1-year performance Hang Seng Tech vs Nasdaq 100



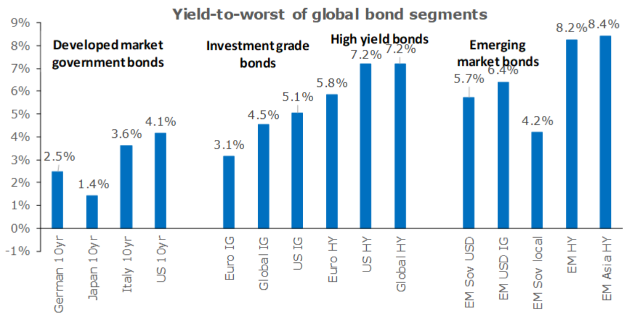
Source: Alpinum Investment Management

Equities rebounded on state intervention, led by a 24.7% YTD surge in the Hang Seng Tech Index, fuelled by President Xi's corporate outreach and speculation over regulatory easing. Offshore equities remained vulnerable to geopolitical risks, while onshore markets displayed relative resilience. **The PBoC's suspension of bond purchases** fuelled short-end volatility, **flattening the yield curve**. Geopolitical uncertainty loomed large, with the **Trump administration's tariff threats amplifying risks to China's export-driven growth model**. The yuan showed relative resilience, depreciating 0.5% YTD. Structural fragilities in the property sector, tepid private investment and constrained credit transmission mechanisms weighed on sentiment, reinforcing expectations that **fiscal stimulus alone would prove insufficient to engineer a durable recovery**.

Investment conclusions

The **global economic landscape** is undergoing a **profound transformation**, characterized by the dismantling of old structures and a realignment of power. Higher tariffs and increasing economic isolation are pushing up prices, resulting in long-term productivity losses and subdued growth prospects. **Significant investments in defence and infrastructure** provide a much-needed boost to stagnating regions like Europe, though this also creates delayed inflationary pressures. In response, **markets are adjusting to higher risk premiums** as rising debt levels compound the challenges. The US faces low growth, while the EU tries to break free from stagnation and China pursues its ambitious 5% growth target. **Structural inflation**, driven by de-globalization, tariffs and energy transition, intersects with geopolitical tensions and tighter financial conditions. Despite these challenges, **large-cap technology stocks and the US housing market show resilience**, while risk aversion permeates the broader market.

Chart 5: Yield-to-worst of global bond segments



Source: Alpinum Investment Management

Bonds: Fixed income offers **compelling total return opportunities** amid widening credit spreads and a steeper European yield curve. We **favour short-duration high-yield and loans**, while duration remains an effective portfolio diversifier.

Equities: Fiscal stimulus in Europe and China, alongside USD weakness, bolsters ex-US equities short-term. We **maintain a positive equity bias** with a **blended style approach**, acknowledging persistent volatility and limited upside in large-cap US equities.

The **tactical approach emphasizes balance**, with a slight **preference for value and cyclicals** amid resilient growth. **Duration is neutral**, maintaining a balanced view on IG bonds and USTs, while **favouring short-term HY, loans** and selective below-IG bonds and hybrids.

Market Consensus Forecasts

GDP growth (%)	2023	2024	2025e	2026e
World	3.3	3.0	2.9	3.0
United States	2.9	2.8	2.2	2.0
Eurozone	0.4	0.7	0.9	1.2
Germany	-0.3	-0.2	0.2	1.1
France	0.9	1.1	0.7	1.1
Italy	0.7	0.5	0.6	0.9
United Kingdom	0.4	0.8	1.0	1.4
Switzerland	0.7	1.3	1.3	1.5
Japan	1.5	0.1	1.2	0.9
Emerging economies	4.9	4.1	4.2	4.1
Asia Ex-Japan	5.1	4.7	4.5	4.4
Latin America	1.9	2.2	2.6	2.3
EMEA region	2.9	2.7	2.5	2.8
China	5.4	5.0	4.5	4.2
India	7.6	7.8	6.3	6.5
Brazil	3.3	3.4	2.0	1.7
Russia	4.1	3.7	1.6	1.4

Inflation (%)	2023	2024	2025e	2026e
World	6.7	4.2	4.0	3.5
United States	4.1	3.0	2.9	2.6
Eurozone	5.5	2.4	2.2	2.0
Germany	6.1	2.5	2.3	2.1
France	5.7	2.3	1.5	1.9
Italy	6.0	1.1	1.9	1.7
United Kingdom	7.4	2.5	3.0	2.4
Switzerland	2.2	1.1	0.5	0.8
Japan	3.3	2.7	2.6	1.9
Emerging economies	5.8	6.5	3.4	3.0
Asia Ex-Japan	1.7	0.8	1.5	1.9
Latin America	22.8	34.5	8.9	6.3
EMEA region	17.1	16.9	11.6	7.6
China	0.2	0.2	0.6	1.2
India	5.7	4.8	4.7	4.2
Brazil	4.6	4.4	5.1	4.2
Russia	6.0	8.4	8.2	5.5

Central bank rates (%)	2023	2024	2025e	2026e
US Fed Funds	5.50	4.50	4.05	3.60
ECB Main Refinancing	4.50	3.15	2.15	2.15
China 1yr Best Lending	4.35	3.09	2.75	2.60
Bank of Japan Overnight	-0.04	0.30	0.90	1.00
UK Base Rate	5.25	4.75	3.75	3.45
Swiss 3mth CHF	n.a.	0.70	0.20	0.20

Commodities	2023	2024	2025e	2026e
NYMEX WTI oil USD/barrel	69	68	65	63
ICE Brent oil USD/barrel	74	71	68	67
Iron Ore USD/metric ton	138	100	93	93
Copper USD/metric ton	8559	9951	9924	9864
Gold USD/troy oz	2063	3038	3199	3277
Silver USD/troy oz	23.8	34.2	35.9	37.3

Major interest rates (%)	2023	2024	2025e	2026e
USA 3mth rate	5.6	4.4	3.9	3.6
USA 10yr gov't bonds	4.3	4.1	3.9	3.7
Eurozone 3mth rate	3.9	4.3	4.4	4.2
Eurozone 10yr gov't bond	3.9	2.8	2.0	2.1
China 3mth rate	2.4	2.0	2.1	2.0
China 10yr gov't bond	2.0	2.2	2.7	2.7
UK 3mth rate	2.5	1.8	1.5	1.5
UK 10y gov't bond	2.2	1.6	1.3	1.2
Swiss 3mth rate	2.6	1.9	1.7	1.8
Swiss 10y gov't bond	n.a.	0.5	1.0	1.2

Exchange rates	2023	2024	2025e	2026e
EURUSD	1.10	1.06	1.08	1.10
EURCHF	0.93	0.94	0.96	0.97
USDCHF	0.84	0.89	0.89	0.89
EURJPY	155.72	161.00	157.00	154.50
EURGBP	0.87	0.83	0.84	0.83
USDJPY	140.89	152.00	145.00	140.00
GBPUSD	1.27	1.28	1.29	1.30
USDCNY	7.10	7.20	7.35	7.25
USDBRL	4.85	5.75	6.00	6.00
USDRUB	89.47	98.00	110.00	120.00

Performance table

		Performance		
Global equity markets	Price	Q1	Ytd Q1	Div.yld
MSCI World (USD)	3747	1.1%	1.1%	1.9
MSCI World (USD) hedged	2059	0.5%	0.5%	n.a.
S&P 500	5777	-1.8%	-1.8%	1.4
Russell 1000	3162	-1.8%	-1.8%	1.4
Nasdaq 100	20288	-3.4%	-3.4%	0.8
Stoxx Europe 600	553	8.9%	8.9%	3.4
MSCI Emerging Markets	1129	5.0%	5.0%	2.9
Nikkei 225	37781	-5.3%	-5.3%	2.1
China CSI 300	3932	-0.1%	-0.1%	2.7

	Forward		EPS growth	
Equity market valuations	PE	PB	2025e	2026e
MSCI World (USD)	19.4	3.2	8%	12%
MSCI World (USD) hedged	n.a.	n.a.	n.a.	n.a.
S&P 500	21.5	4.4	13%	13%
Russell 1000	21.5	4.2	13%	14%
Nasdaq 100	25.6	6.6	23%	16%
Stoxx Europe 600	14.6	2.0	5%	9%
MSCI Emerging Markets	12.6	1.6	13%	13%
Nikkei 225	19.5	1.9	-1%	10%
China CSI 300	14.9	1.6	5%	14%

		Performance		
Global gov't bonds	Yield	Q1	Ytd Q1	YtW
10yr US Treasury	4.31	3.1%	3.1%	n.a.
10yr Euro gov't bond	2.80	-1.5%	-1.5%	n.a.
10yr German gov't bond	2.80	-2.4%	-2.4%	n.a.
10yr Italian gov't bond	3.89	-1.4%	-1.4%	n.a.

		Performance		
Global bond indices	Price	Q1	Ytd Q1	YtW
Barclays Global Corporate IG	283	2.6%	2.6%	4.7
Barclays US Corporate IG	3356	2.0%	2.0%	5.2
Barclays Euro Corporate IG	258	-0.1%	-0.1%	3.3
Barclays Emerging Market USD	1279	2.5%	2.5%	6.5
Barclays US Corporate HY	2731	1.8%	1.8%	7.5
Barclays Pan-European HY	484	1.0%	1.0%	6.2

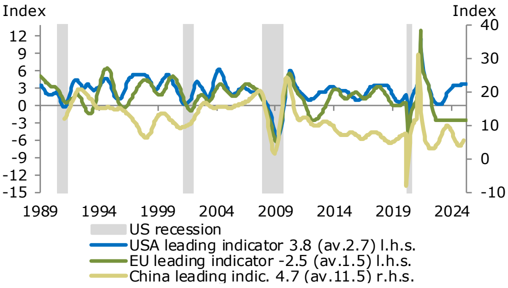
		Performance	
Commodities and currencies	Price	Q1	Ytd Q1
Brent oil	73	-2.2%	-2.2%
US Energy Services	68	-6.1%	-6.1%
Copper	10118	15.1%	16.7%
Gold	3020	15.1%	15.1%
EURUSD	1.08	4.2%	4.2%
EURCHF	0.95	1.3%	1.3%

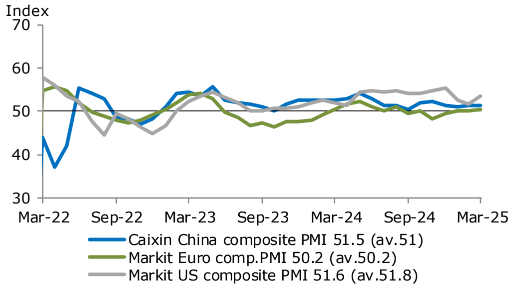
Source: Alpinum Investment Management (additional sources in appendix)
Note: Q1 = data as of 25 March 2025 / PE=price-earnings / PB=price-book / EPS=earnings per share / YtW=yield-to-worst

Key Economic Charts

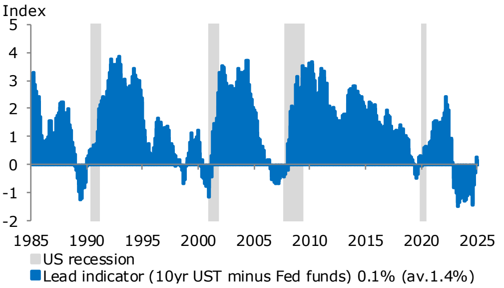
Leading indicators and manufacturing

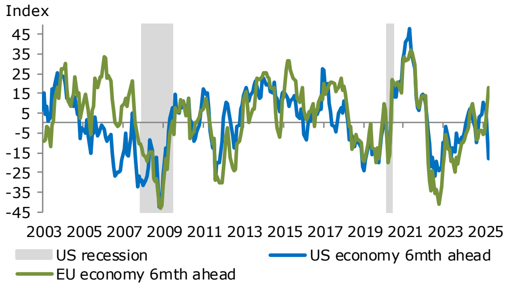
Source: Alpinum Investment Management



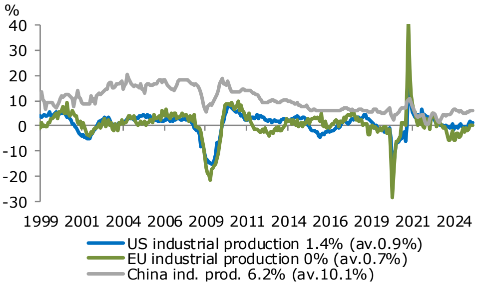


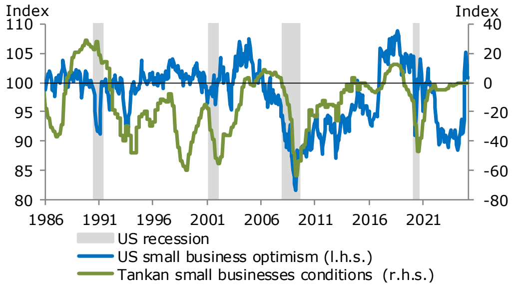
Recession indicator



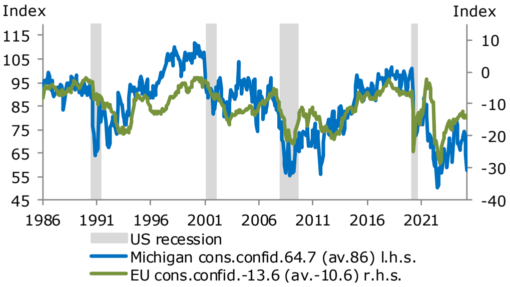


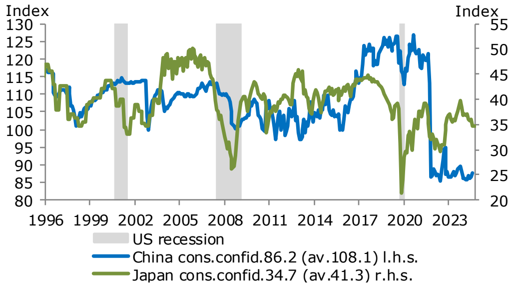
Industrial production and small businesses



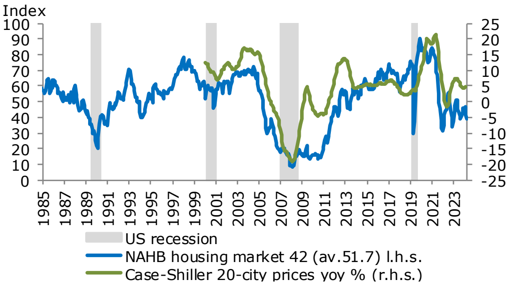


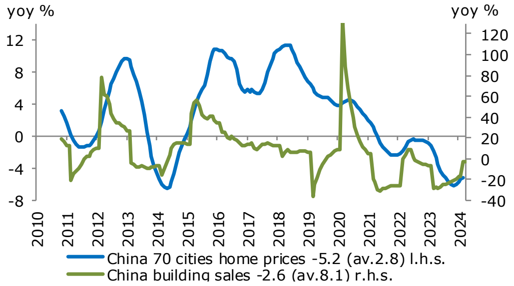
Consumer confidence





Housing market





Source: Alpinum Investment Management (additional sources in appendix)

Scenario Overview 6 Months

Base case 75%

- **US:** Low real GDP growth of ~2% with solid ~4-5% nominal growth. Need to look through erratic tariff announcements, but this holds back short-term private investments, reduces consumer confidence and puts inflation pressure up. Policy uncertainty and high capital costs are a key concern, but expected deregulation & low(er) taxes are positive for corporates and keep profit margins high. High house prices and 4% YoY-wage growth keeps private consumption up. Government spending (i.e. energy, defence, infrastructure) remains another source of growth.
- **Eurozone:** Stagnation turns into mild growth <1% and will further accelerate in 2026. New impulse programs (i.e. defence, infrastructure, AI) provides growth boost amid former austerity programs. Inflation worries (>2%) will return.
- **China:** GDP grows towards ~5% thanks to government support incl. various credit impulse measures.
- **Oil:** OPEC+ targets elevated energy prices, but US increases output, which keeps prices in check.

Investment conclusions

- **Equities:** Positive tilt, but geopolitics pressure highly valued US equities. “RoW-equities” (Europe, Asia) experience positive net fund flows. Profit margin pressure in certain sectors (inflation, wage growth). US equities lack a large upside potential with an S&P forward P/E multiple of ~20. We recommend a balanced approach (for equity style).
- **Interest rates:** Neutral outlook on rate exposure, but a second wave of inflation is a risk. US duration exposure serves as a valuable diversifier and tail hedge in case of an evolving (severe) recession.
- **Credit:** Credit spreads are tight to fairly priced and remain selectively attractive, despite corporate default rates at 2-3%. We prefer loans, short-term HY/IG, senior exposure in structured credit and selective Emerging Debt local exposure.
- **Commodities/FX:** Despite recent weaking, the USD is still highly valued. Geopolitics supports gold. New (US) supply pressures gas/oil, but structural higher inflation supports the commodities bloc.

Bull case 10%

- **US:** GDP growth rate of >3% (~6% nominal). Fed succeeds and inflation trends at <3%. Consumer spending remains robust, supported by continued wage increases of ~4% (+1% real growth). Energy prices remain low, tax cuts, firms start to boost capex. Economy transitions into a new era/cycle.
- **Europe:** Positive feedback loop from fiscal measures on corporate investments and consumer sentiment leads GDP growth from ~0% to >1% in 2026. “Standing together” spirit holds.
- **China/EM:** Chinese government stimulus gets more momentum, stabilizing private consumption. Easing monetary policy provides support for manufacturing & property sector. No major escalation with the West.

Investment conclusions

- **Equities:** Corporates adapt to challenging growth prospects to maintain earnings strength. Firms favour capital vs. expensive labour to increase (keep) profitability. If a de-escalation in the Russia-Ukraine /US conflict is reached, markets will experience a rally. However, inflation pressure and high rates keep valuations in check. Further upside potential.
- **Interest rates:** (Long-term) Rates move up, bear steepening curve; inflation pressure persists.
- **Credit:** Corporate default rates are in check at long-term averages. Credit in general (incl. EMD) and short-term HY bonds/loans benefit.
- **Commodities/FX:** Bid for cyclical commodities/metals. EUR and selective EM FX rates recover.

Bear case 15%

- **US:** Mild recession caused by uncertain US policies and new tariffs (higher inflation, less consumer spending, investments held back). However, still positive nominal GDP growth. Low unemployment rate combined with resilient inflation kicks off a slight wage-price spiral. Fed in need to tighten a bit again.
- **Europe:** Continued stagnation due to war/geopolitics/tariffs. Peripherals & France suffer from yield increases, but German impulse programs are a strong counterweight.
- **China/EM:** Chinese regulators fail to ease credit and regulatory measures enough, leading to <4% GDP growth in 2025 and disappointing exports. Emerging markets (ex-commodity exporters) suffer as global trade is held back. EM FX weakness.

Investment conclusions

- **Equities:** Equities fall double digits. Highly priced US equities and cyclicals will lead the correction, followed by Europe.
- **Interest rates:** Long-term rates drop the most (yield curve inverses anew), but limited potential apart from US rates. Support for high-quality assets (treasuries, A/AA bonds, agency bonds). Cash is king!
- **Credit:** Corporate default rates climb and approach the higher end of long-term average levels. Severe default cycle is avoided, but credit markets suffer. Favour short dated high-quality bonds and cash.
- **Commodities/FX:** Negative for cyclical commodity prices. USD, CHF and JPY act as a safe haven again.

Tail risks

- Liquidity shock due to external event/bank failure.
- Italian/French sovereign debt crisis, EUR break up.
- Military conflict in the South China Sea.
- Pandemic crisis re-emerges/new virus variants.
- Nuclear escalation resulting in World War III.
- Emerging market meltdown similar to 1998.

Asset Class Assessment

Equities	Comment
▪ With the prospect of a pro-business economic policy from the new US administration corporates' profit margins should be bolstered on average. Significant boost of (US) M&A activity in H2 2025 is possible when "chaos-policy" fades and uncertainty eases. ▪ Positive wealth effect for the private sector driven by elevated equity market valuations, higher wages and increased house prices. ▪ A negative factor for equities remains the "competition" of other asset classes, namely the positive real rates of US Treasuries or HY bonds yielding >7% p.a. ▪ Non-US equities ("RoW") trade with more attractive valuations and should outperform, especially in case of a de-escalation in the Ukraine conflict, a lower USD and if the "US chaos" policy sustains.	▪ Current elevated S&P P/E ratio of ~21 translates into an earnings yield of only 4.7%. If negative earnings surprises come up, US equities will fall double digits. ▪ Market consensus estimates that US earnings will grow around 10% in 2025 and 14% in 2026, which poses a risk for disappointment. ▪ Military conflict leads to more structural inflation pressure (less globalization/productivity, less efficient/safe supply chains, more protectionism). ▪ US equities incorporate advanced valuations compared to other regions. However, the economy is also more resilient, less impacted by the Ukraine conflict and supported by big tech earnings. Hence, a certain valuation premium is justified.

Credit/Fixed Income	Comment
▪ **Rates:** We have entered a new interest rate regime with the yield spike in 2022/23. "Duration" as an asset class & diversifier is back on track. Fed funds are grinding a bit lower, but inflation is not yet fully tamed. We have a neutral stance on duration. Duration acts again as a valuable portfolio diversifier. ▪ **IG:** We hold minimal US investment grade bonds and only selective European IG bonds. A number of EM/Asia IG bonds look attractive, but we hold only limited exposure. ▪ **High yield:** Loans and high yield bonds offer fair relative and attractive absolute yields. Overall, we favour selective US short-term non-cyclical bonds, European loans & senior/mezzanine CLO tranches. ▪ **Emerging debt:** Selective opportunities exist, but caution is still warranted. We keep a close eye on fund flows. Current softness in USD is very supportive for selective local EM currency bonds.	▪ With cyclical risks and the stress in the banking system in H1 2023 including the provoked regulatory actions, borrowing costs are still slightly elevated. ▪ Further rate cuts in 2025 are priced in for the Fed rate to reach levels below 4% and 2% for the ECB rate. ▪ Credit spreads are slightly tight to fairly valued in general. Current spread levels compensate for a slow growth economic outlook, but not for a recession. Corporate default rates will average at around 3%. ▪ We like the structured credit market, such as selective US non-agency RMBS or European CLOs. ▪ Consider harvesting the illiquidity premium from direct loans (corporate/mortgage-backed loans). ▪ We also identify attractive yield in new alternatives, but selection and a proper liquidity management are paramount.

Alternatives	Comment
▪ Credit long-short strategies identify plenty of relative value trades, both long and short. ▪ Equity long-short strategies benefit from high volatility and elevated performance dispersion. ▪ Alternative lending as an asset class is in the spotlight as yields have entered a higher yield regime.	▪ Active managers benefit from the current fragile economic environment. Moreover, innovative disruption leads to more price dispersion among single securities, industries, regions etc. ▪ Global macro managers benefit from sharp market movements in either direction (i.e. rates/FX).

Real Assets, Digital Assets	Comment
▪ Commodities benefit partly from de-globalization (protective measures), supply-side constraints and the outlook for a cyclical economic uptick. ▪ Gold benefits when real and/or nominal interest rates fall & vice versa; currently a tailwind for gold. Aggressive Trump-policies supports gold rally too. ▪ Crypto currencies get support from the Trump administration's aspiration to become the leading crypto hub.	▪ Elevated inflation is beneficial for commodity prices, but a softer economy is negative. Chinese growth hopes have yet to materialize as an additional support level for commodities. ▪ Supply-side disruption has faded on a global scale. ▪ Friendly environment for digital assets with more regulation and hopefully clearer guidelines ahead. A major negative factor has transformed into positive.

Asset Class Conviction Levels

Equities	Underweight	Conviction Level over 6 Months	Neutral		Overweight
North America	☐	☐	☑	☐	☐
Europe	☐	☐	☐	☑	☐
Switzerland	☐	☐	☑	☐	☐
China	☐	☐	☑	☐	☐
Japan	☐	☐	☑	☐	☐
Asia - Emerging Markets	☐	☐	☐	☑	☐
Others - Emerging Markets	☐	☐	☐	☑	☐

Fixed Income	Underweight	Conviction Level over 6 Months	Neutral		Overweight
US - Treasury Bonds	☐	☐	☑	☐	☐
Euro - Government Bonds	☐	☑	☐	☐	☐
US - Investment Grade Bonds	☐	☐	☑	☐	☐
Europe - Investment Grade Bonds	☑	☐	☐	☐	☐
US High Yield	☐	☐	☑	☐	☐
US Short Term High Yield	☐	☐	☐	☐	☑
US Loans	☐	☐	☐	☑	☐
US Municipal Bonds	☐	☐	☑	☐	☐
European High Yield	☐	☐	☑	☐	☐
European Short Term High Yield	☐	☐	☐	☑	☐
European Loans	☐	☐	☐	☐	☑
US/EUR Preferred Securities	☐	☐	☐	☑	☐
US/EUR Asset Backed Securities	☐	☐	☑	☐	☐
Emerging Market Local Currency	☐	☐	☐	☑	☐
Emerging Market Hard Currency	☐	☐	☑	☐	☐
Emerging Market High Yield	☐	☐	☑	☐	☐

Commodities	Underweight	Conviction Level over 6 Months	Neutral		Overweight
Gold	☐	☐	☑	☐	☐
Oil (Brent)	☐	☐	☑	☐	☐
Digital Assets	☐	☐	☐	☑	☐

Hedge Fund: Strategies	Underweight	Conviction Level over 6 Months	Neutral		Overweight
Equity Long-Short	☐	☐	☐	☑	☐
Credit Long-Short	☐	☐	☐	☐	☑
Event-Driven - Corporate Actions	☐	☑	☐	☐	☐
Global Macro	☐	☐	☐	☑	☐

Hedge Fund: Regional Focus	Underweight	Conviction Level over 6 Months	Neutral		Overweight
Hedge Fund: North America	☐	☐	☐	☑	☐
Hedge Fund: Europe	☐	☐	☐	☑	☐
Hedge Fund: China / Japan	☐	☐	☐	☑	☐
Hedge Fund: Emerging-Markets	☐	☐	☑	☐	☐

Note: The above conviction table reflects on the one hand our view on the relative expected return of an asset class versus well-recognized benchmarks such as BarCap Global aggregate (for bonds) and MSCI World (equities), but on the other hand also incorporate our view on the absolute expected return versus cash.

Appendix: Data and Price Sources

Alpinum Investment Management
Bank of America Merrill Lynch indices
Bloomberg
Federal Housing Finance Agency
Federal Reserve Bank of St. Louis
J.P. Morgan
Markit CDS indices
Moody's Investors Service
Palmer Square indices
Preqin
S&P
The Federal Reserve
US Census Bureau

Disclaimer

This is an advertising document. This document does not constitute an offer to anyone, or a solicitation by anyone, to make any investments in securities. Such an offer will only be made by means of a personal, confidential memorandum. This document is for the intended recipient only and may not be transmitted or distributed to third parties.

Past performance is not a guide to future performance and may not be repeated. You should remember that the value of investments can go down as well as up and is not guaranteed. The actual performance realized by any given investor depends on, among other things, currency fluctuations, the investment strategy invested into and the classes of interests subscribed for the period during which such interests are held. Emerging markets refer to the markets in countries that possess one or more characteristics such as certain degrees of political instability, relative unpredictability in financial markets and economic growth patterns, a financial market that is still at the development stage, or a weak economy. Respective investments may carry enhanced risks and should only be considered by sophisticated investors.

Nothing contained in this document constitutes financial, legal, tax, investment or other advice, nor should any investment or any other decisions be made solely based on this document. Although all information and opinions expressed in this document were obtained from sources believed to be reliable and in good faith, no representation or warranty, express or implied, is made as to its accuracy or completeness and no liability is accepted for any direct or indirect damages resulting from or arising out of the use of this information. All information, as well as any prices indicated, is subject to change without notice. Any information on asset classes, asset allocations and investment instruments is only indicative. Before entering into any transaction, investors should consider the suitability of the transaction to their own individual circumstances and objectives. We strongly suggest that you consult your independent advisors in relation to any legal, tax, accounting and regulatory issues before making any investments.

This publication may contain information obtained from third parties, including but not limited to rating agencies such as Standard & Poor’s, Moody’s and Fitch. Reproduction and distribution of third-party content in any form is prohibited except with the prior written permission of the related third party. Alpinum Investment Management AG and the third-party providers do not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and will not be responsible for any errors or omissions (negligent or otherwise), or for the results obtained from the use of such content. Third-party data is owned by the applicable third parties and provided for your internal use only. Such data may not be reproduced or re-disseminated and may not be used to create any financial instruments or products, or any indices. Such data is provided without any warranties of any kind.

If you have any enquiries concerning the document, please contact your Alpinum Investment Management AG contact for further information. The document is not directed to any person in any jurisdiction which is prohibited by law to access such information. All information is subject to copyright with all rights reserved. Any communication with Alpinum Investment Management AG may be recorded.

Alpinum Investment Management AG is incorporated in Switzerland and is FINMA licensed and regulated.

Contact Information:
Alpinum Investment Management AG
Talstrasse 82
CH-8001 Zurich
Tel: +41 43 888 79 33
Fax: +41 43 888 79 31
alpinumim.com