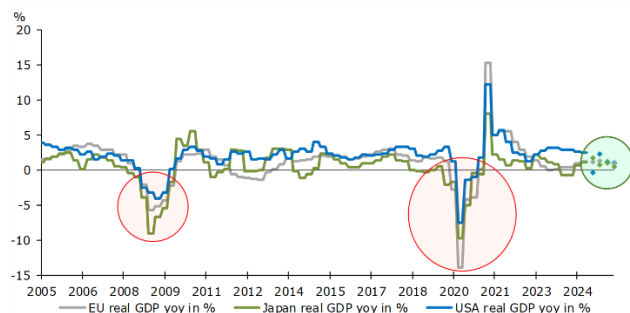


Quarterly Investment Letter – Q4 2025

A new world order: Beyond the Greenback

The third quarter 2025 was defined by a potent mix of global trade contention, policy divergence and stretched growth trajectories. The **IMF marginally lifted global growth expectations** to 3.0% for 2025 and 3.1% for 2026, reflecting improved financial conditions and tapering tariff shocks. Yet, the **eurozone remained mired in sluggish momentum**: growth projections for Germany were slashed to near zero (0.1–0.2%) amid persistent US tariffs, weak industrial demand, and elevated energy costs.

Chart 1: Growth slowdown with (mild) recession risk



Source: Alpinum Investment Management

In the US, growth forecasts stabilized, with the Philadelphia Fed revising Q3 annualized GDP to 1.3% and full-year expectations to 1.7%, supported by cooling inflation and resilient consumption numbers. Still, **labour markets showed signs of stress**, contributing to growing **expectations of Federal Reserve rate cuts**. Meanwhile, core inflation hovered above target, complicating the Fed's path forwards. Markets reacted sharply. **Equities rallied globally**: US stocks rebounded robustly from spring lows, and global indices advanced as risk appetite returned. **Bond markets diverged**: US Treasuries softened on easing optimism, while European yields rose on fiscal impulse hopes. Concurrently, **sustained USD weakness highlighted the waning influence of US financial dominance**, reinforcing narratives of a diminishing role of the Greenback's dominance.

Summary Points

- A **higher-nominal world has emerged**, driven by persistent fiscal deficits, rising protectionism and competitive currency devaluations that structurally elevate inflation and interest rates.
- The **IMF raised global growth forecasts** to 3.0% in 2025 and 3.1% in 2026 amid easing tariffs.
- **US growth expectations steadied**, as the Philadelphia Fed revised Q3 GDP to 1.3% annualized and full-year to 1.7%, supported by easing inflation and resilient consumption.
- **Eurozone momentum stayed weak**, with Germany's growth cut to 0.1–0.2% as US tariffs, soft industrial demand and high energy costs constrained activity.
- **China's economy** showed **fragile stabilization** amid deflation, weak demand and property drag.
- **Global equities rallied**, led by a strong US rebound, while **bonds diverged** - treasuries eased on rate-cut bets and European yields climbed on fiscal hopes.
- **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. We emphasize **capital preservation** with opportunistic positioning, viewing **rising volatility** and **dispersion across markets and sectors** as catalysts for **active management to capture alpha**. Credit investments, particularly **loans and non-cyclical short-term high-yield bonds** offering 7–9% yields, remain preferred. We maintain a constructive stance on equities, where the current market environment favors an absolute return strategy over a traditional relative value approach.

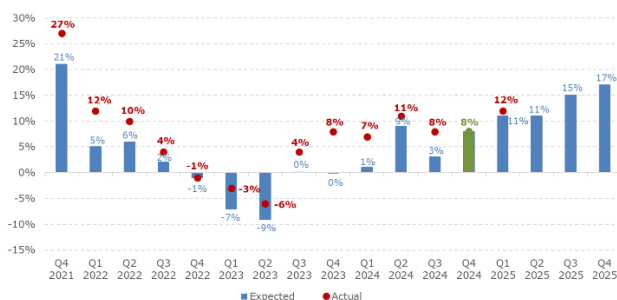
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United States

Q3 2025 in the United States was defined by **disinflation** without capitulation, **softer labour prints**, and an **evolving policy reaction function** against a slowing but still positive growth backdrop. **Real GDP growth decelerated meaningfully** from the 3% pace in Q2, with consensus now tracking closer to 1.7% annualized as fiscal tailwinds faded and restrictive financial conditions weighed on investment and consumption. **Activity moderated unevenly**: ISM Manufacturing remained sub-50 throughout August (48.7), while ISM Services improved modestly to 52.0. The **labour market softened** as July payrolls were revised sharply downwards and August added just 22'000 jobs; unemployment rose to 4.3% and JOLTS openings slipped to 7.2 million, evidencing a **"low-hiring, low-firing" equilibrium**. **Inflation progress resumed at the headline level** - August CPI printed 2.9% y/y - even as core measures held above target (core CPI 3.1% y/y). Tariff pass-through lifted July PPI by 0.7% m/m but failed to trigger a generalized re-acceleration (August PPI -0.1% m/m, 2.6% y/y)

Chart 2: Strong S&P corporate earnings outlook



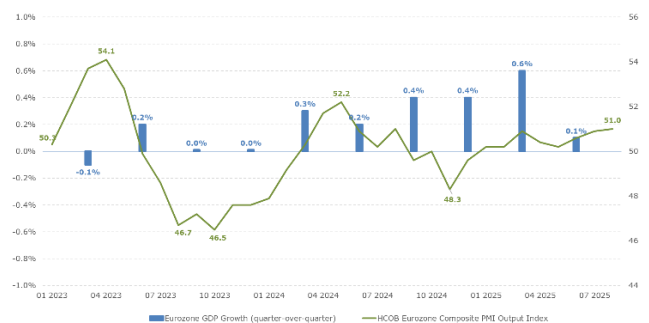
Source: Alpinum Investment Management

Policy signalling shifted as the Fed retired FAIT, re-anchored on a symmetric 2% PCE target, and - via Jackson Hole - tilted towards a labour-risk management, leading to a September rate cut despite sticky core inflation. Markets digested the "tarrifying" trade and policy backdrop constructively. **Equities rose through July–August on resilient earnings and AI tailwinds**, though pull-backs followed with PPI and payroll revisions. **Treasuries rallied into quarter-end** as growth fears spurred bull-steepening, narrowing the 2s/10s inversion. **Credit spreads tightened** despite elevated concessions. Simultaneously, **the dollar weakened on Fed cut expectations and fading safe-haven demand**, channeling flows towards non-US assets and highlighting an evolving global financial order.

Europe

Europe featured **fragile growth, sticky-but-contained inflation** and **widening policy-politics crosscurrents**. Activity improved at the margin: the HCOB Eurozone composite PMI rose to 51.0 in August, with manufacturing finally exiting a two-year contraction (50.7) even as services cooled to 50.5. Headline HICP edged up to 2.1% (core steady at 2.3%), with services inflation easing to 3.1%. Country prints were mixed - Germany re-accelerated to 2.1% inflation, France undershot modestly, and Spain held at 2.7% - while July UK CPI re-accelerated to 3.8% and services inflation reached 5.0%, underscoring the UK's more persistent price dynamics. **Credit conditions remained tight**: M3 Eurozone growth stayed subdued and lending standards firmed, though household and corporate loan growth stabilized. Against this backdrop the **ECB maintained its pause**, signalling proximity to neutral, while the BoE cut 25 bps but delivered hawkish guidance amid elevated services inflation.

Chart 3: Fragile growth, but businesses continue to cope



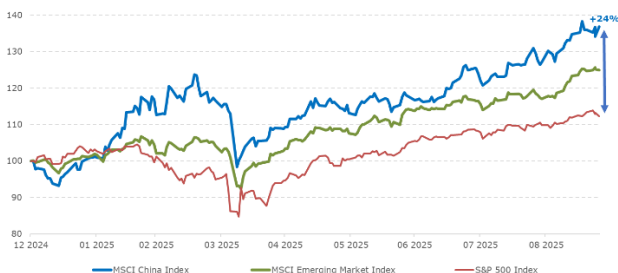
Source: Alpinum Investment Management

Trade policy was a renewed macro headwind. The EU-US statement codifying an all-inclusive 15% tariff rate reduced near-term uncertainty yet implied a higher effective tax on transatlantic trade; Brussels sought retroactive relief on auto tariffs to cushion the blow. Politics complicated the outlook: French fiscal consolidation faltered as a no-confidence process loomed before **President Macron ultimately named Lecornu as prime minister**, while UK fiscal credibility was questioned as 30-year gilt yields rose to their highest since 1998 and sterling fell. Markets reflected the crosscurrents. **Eurozone sovereign curves bear-steepened** on firmer inflation prints. **Equities were range-bound to slightly higher**: the STOXX Europe 600 gained 1.6%. Europe entered autumn with growth stabilizing from a low base, inflation near target but sticky in services, and policy set to remain cautious amid fiscal and trade frictions.

China and emerging markets (EM)

China's economy in the third quarter was marked by **fragile stabilization, persistent deflationary pressures**, and a **cautious policy stance**. August data confirmed a loss of momentum as retail sales slowed to 3.4% y/y, industrial output decelerated to 5.2% - the weakest reading since August 2024 - and fixed-asset investment rose just 0.5% YTD, weighed down by a 12% property investment contraction. August offered tentative relief, with the S&P Global China manufacturing PMI rebounding to 50.5 and services PMI reaching a 15-month high of 53.0, pointing to a shallow recovery rather than a broad-based reacceleration. **Price dynamics remained disinflationary**, as CPI fell -0.4% y/y and PPI declined -2.9%, underscoring weak demand and chronic excess capacity. The **People's Bank of China kept key lending rates unchanged**, preferring targeted liquidity support and incremental fiscal measures to a large-scale stimulus, while prioritizing renminbi stability amid ongoing US tariff risks. Policymakers focused on containing property sector stress, managing local government debt, and accelerating strategic investments.

Chart 4: Outperformance of Chinese and EM equities (USD)



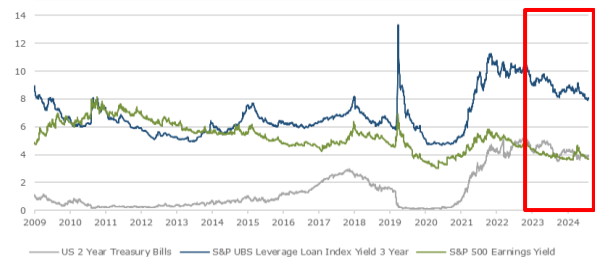
Source: Alpinum Investment Management

Chinese equities proved resilient against this backdrop, with onshore A-shares outperforming off-shore peers on expectations of further policy support. AI and industrial upgrading themes continued to draw capital inflows, even as credit demand stayed muted. Year-to-date, **Chinese equities have significantly outpaced US benchmarks**, a reversal of the multi-year underperformance trend. **Government bond yields edged lower** on subdued inflation expectations, while credit spreads stayed tight as issuance remained contained. Overall, the quarter reinforced the picture of a carefully managed slowdown, with policymakers striking a delicate balance between stabilizing growth and avoiding renewed leverage excesses, keeping investors focused on the timing and depth of any forthcoming reflationary measures.

Investment conclusions

The **global economy remains in a “muddle-through”** phase, with trade frictions and policy uncertainty restraining momentum yet not derailing growth. Structurally, a **higher-nominal world is taking shape**: persistent fiscal deficits, rising protectionism, and competitive currency devaluations are pushing inflation and nominal rates structurally higher versus the prior decade. Fiscal support across major economies and a still-weakening USD act as stabilizing growth forces, while rising private investment reinforces the probability that a deep recession remains unlikely. **Markets are poised to remain constructive**, though elevated valuations suggest episodic volatility. **Leveraged loans offer a positive yield premium** relative to the S&P 500 earnings yield, highlighting the relative attractiveness of credit versus equities. Against this backdrop, we emphasize **capital preservation with opportunistic positioning**, seeing rising volatility and dispersion across markets and sectors as catalysts for **active management to capture alpha**.

Chart 5: Credit yields trump earnings yield on equities



Source: Alpinum Investment Management

Bonds: Near-term defaults may tick higher, but a major default wave is not in the cards. **Credit spreads, though tight, have modest room to widen**, potentially creating better entry levels. The outlook beyond 2025 is constructive, and **we maintain a preference for short-duration high yield and senior secured loans**, offering attractive carry with limited duration risk.

Equities: Equity markets face headwinds from US policy uncertainty, elevated valuations, and margin pressures, though resilient consumption underpins earnings. Into 2026, improving fundamentals support valuations and justify selective **rotation towards non-US markets, incl. EMs**.

Our **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 **favoring 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	2.8	2.9
United States	2.9	2.8	1.7	1.7
Eurozone	0.4	0.7	1.2	1.1
Germany	-0.3	-0.2	0.3	1.1
France	0.9	1.1	0.6	0.9
Italy	0.7	0.5	0.5	0.8
United Kingdom	0.4	0.8	1.3	1.1
Switzerland	0.7	1.3	1.1	1.4
Japan	1.5	0.1	1.1	0.7
Emerging economies	4.9	4.1	4.1	4.0
Asia Ex-Japan	5.1	4.7	4.4	4.3
Latin America	1.9	2.2	2.8	2.4
EMEA region	2.9	2.7	2.2	2.6
China	5.4	5.0	4.8	4.2
India	7.6	7.8	6.4	6.4
Brazil	3.3	3.4	2.2	1.7
Russia	4.1	3.7	1.0	1.2

Inflation (%)	2023	2024	2025e	2026e
World	6.7	4.2	3.7	3.5
United States	4.1	3.0	2.8	2.8
Eurozone	5.5	2.4	2.1	1.8
Germany	6.1	2.5	2.1	2.0
France	5.7	2.3	1.1	1.7
Italy	6.0	1.1	1.8	1.6
United Kingdom	7.4	2.5	3.4	2.5
Switzerland	2.2	1.1	0.2	0.6
Japan	3.3	2.7	3.0	1.8
Emerging economies	5.8	6.5	3.1	2.8
Asia Ex-Japan	1.7	0.8	0.5	1.4
Latin America	22.8	34.5	10.2	6.5
EMEA region	17.1	16.9	12.2	8.3
China	0.2	0.2	0.1	0.8
India	5.7	4.8	4.6	3.2
Brazil	4.6	4.4	5.1	4.3
Russia	6.0	8.4	8.9	5.5

Central bank rates (%)	2023	2024	2025e	2026e
US Fed Funds	5.50	4.50	3.91	3.36
ECB Main Refinancing	4.50	3.15	2.08	2.09
China 1yr Best Lending	4.35	3.09	2.80	2.60
Bank of Japan Overnight	-0.04	0.30	0.68	0.94
UK Base Rate	5.25	4.75	3.84	3.33
Swiss 3mth CHF	n.a.	0.70	-0.06	-0.03

Commodities	2023	2024	2025e	2026e
NYMEX WTI oil USD/barrel	69	67	63	62
ICE Brent oil USD/barrel	73	69	67	66
Iron Ore USD/metric ton	138	102	100	95
Copper USD/metric ton	8559	9770	10285	10322
Gold USD/troy oz	2063	3380	3862	3924
Silver USD/troy oz	23.8	38.2	46.3	45.7

Major interest rates (%)	2023	2024	2025e	2026e
USA 3mth rate	5.6	4.4	3.9	3.3
USA 10yr gov't bonds	4.3	4.1	3.6	3.4
Eurozone 3mth rate	3.9	4.3	4.2	4.1
Eurozone 10yr gov't bond	3.9	2.8	2.0	2.1
China 3mth rate	2.4	2.0	2.0	2.1
China 10yr gov't bond	2.0	2.2	2.7	2.9
UK 3mth rate	2.5	1.8	1.5	1.3
UK 10y gov't bond	2.2	1.6	1.3	1.2
Swiss 3mth rate	2.6	1.9	1.6	1.6
Swiss 10y gov't bond	n.a.	0.5	0.9	1.1

Exchange rates	2023	2024	2025e	2026e
EURUSD	1.10	1.06	1.19	1.22
EURCHF	0.93	0.94	0.94	0.97
USDCHF	0.84	0.89	0.80	0.80
EURJPY	155.72	161.00	170.00	165.00
EURGBP	0.87	0.83	0.87	0.87
USDJPY	140.89	152.00	144.00	135.00
GBPUSD	1.27	1.28	1.37	1.40
USDCNY	7.10	7.20	7.10	7.00
USDBRL	4.86	5.75	5.56	5.75
USDRUB	n.a.	98.00	85.00	95.00

Performance table

Global equity markets	Price	Performance		
		Q3	Ytd Q3	Div.yld
MSCI World (USD)	4252	5.6%	14.7%	1.7
MSCI World (USD) hedged	2330	6.5%	13.7%	n.a.
S&P 500	6605	6.4%	12.3%	1.2
Russell 1000	3612	6.4%	12.1%	1.2
Nasdaq 100	24397	7.6%	16.1%	0.7
Stoxx Europe 600	550	1.6%	8.4%	3.3
MSCI Emerging Markets	1344	9.9%	25.0%	2.5
Nikkei 225	45755	13.0%	14.7%	1.8
China CSI 300	4593	16.7%	16.7%	2.4

Global gov't bonds	Yield	Performance		
		Q3	Ytd Q3	YtW
10yr US Treasury	4.17	1.6%	7.0%	n.a.
10yr Euro gov't bond	2.77	-0.5%	0.7%	n.a.
10yr German gov't bond	2.77	-0.4%	-0.5%	n.a.
10yr Italian gov't bond	3.61	-0.2%	2.6%	n.a.

Global bond indices	Price	Performance		
		Q3	Ytd Q3	YtW
Barclays Global Corporate IG	300	1.4%	8.9%	4.4
Barclays US Corporate IG	3504	2.3%	6.5%	4.9
Barclays Euro Corporate IG	264	0.7%	2.5%	3.1
Barclays Emerging Market USD	1357	3.6%	8.7%	6.0
Barclays US Corporate HY	2873	2.4%	7.1%	6.7
Barclays Pan-European HY	499	1.8%	4.2%	5.6

Equity market valuations	Forward		EPS growth	
	PE	PB	2025e	2026e
MSCI World (USD)	22.2	3.7	8%	13%
MSCI World (USD) hedged	n.a.	n.a.	n.a.	n.a.
S&P 500	25.0	5.1	11%	15%
Russell 1000	24.8	4.9	11%	15%
Nasdaq 100	30.6	8.2	24%	18%
Stoxx Europe 600	15.6	2.1	-1%	11%
MSCI Emerging Markets	15.5	2.0	10%	15%
Nikkei 225	21.7	2.3	7%	-1%
China CSI 300	16.2	1.7	14%	13%

Commodities and currencies	Price	Performance	
		Q3	Ytd Q3
Brent oil	69	2.7%	-7.0%
US Energy Services	66	14.2%	-8.7%
Copper	10246	16.6%	18.1%
Gold	3749	13.5%	42.9%
EURUSD	1.17	-1.0%	12.7%
EURCHF	0.93	-0.2%	-0.8%

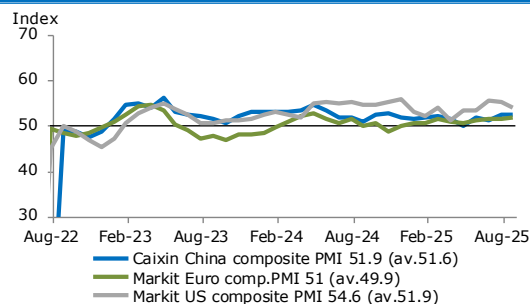
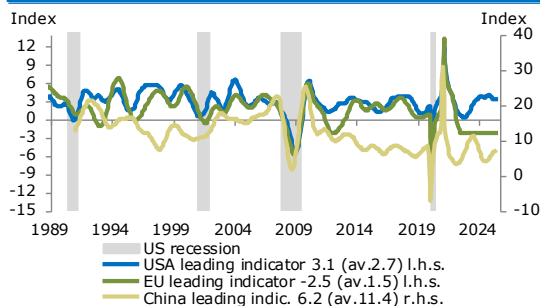
Source: Alpinum Investment Management (additional sources in appendix)

Note: Q3 = data as of 25 September 2025 / PE=price-earnings / PB=price-book / EPS=earnings per share / YtW=yield-to-worst

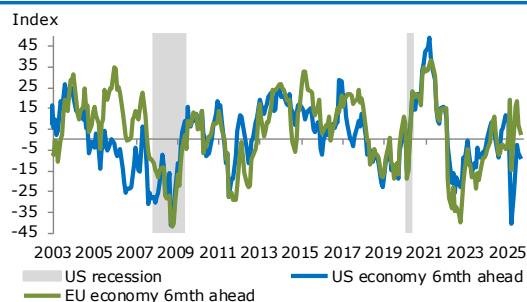
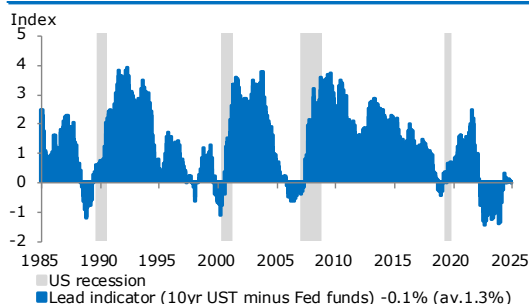
Key Economic Charts

Leading indicators and manufacturing

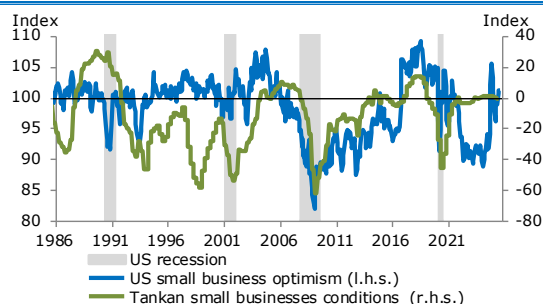
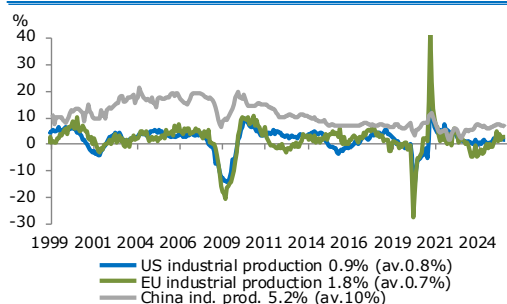
Source: Alpinum Investment Management



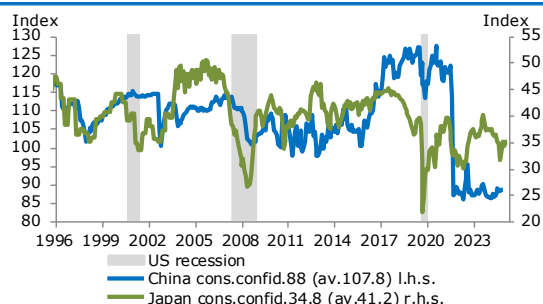
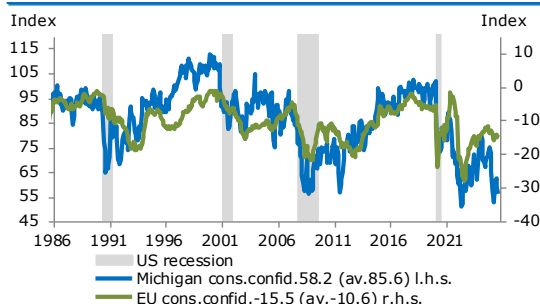
Recession indicator



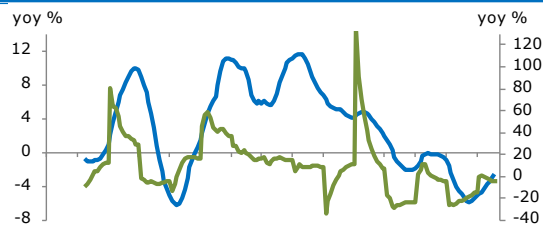
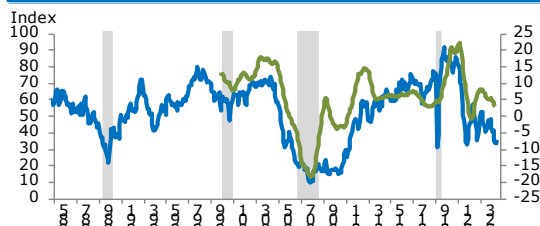
Industrial production and small businesses



Consumer confidence



Housing market



Source: Alpinum Investment Management (additional sources in appendix)

Scenario Overview 6 Months



Base case 65%

Investment conclusions

- **US:** Low real GDP growth of 1-2% with solid 4-5% nominal growth. Need to look through imposed tariffs. Uncertainty holds back some short-term private investments, reduces consumer confidence and puts inflation pressure up. Uncertainty from erratic government policy and confrontation remain the key concerns, but deregulation & lower 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), new foreign investment plans support growth.
- **Eurozone:** Stagnation turns into mild growth <1% and will accelerate further in 2026. New impulse programs (i.e. defence, infrastructure, AI) provides some sort of growth acceleration amid former austerity programs. Inflation worries (>2%) will return.
- **China:** GDP grows just above 4% thanks to government support incl. various credit impulse measures.
- **Oil:** Military conflicts (ME/Russia) drive prices, but US increases output, which keeps prices mostly in check.
- **Equities:** Positive tilt, but geopolitics pressure highly valued US equities. "RoW-equities" (Europe, Asia) experience positive net fund flows. Profit margin pressure in some sectors (inflation, wage growth, tariffs). US equities lack a large upside potential with an S&P forward P/E multiple of ~23. 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, corporate default rates are moderate with ~3%. We prefer loans, short-term HY/IG, senior exposure in structured credit and selective Emerging Debt local exposure.
- **Commodities/FX:** Despite a recent weakening, 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 25%

Investment conclusions

- **US:** GDP growth rate of >2% (>5% 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 in-check; tax cuts 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.
- **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 slightly below 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 rally.



Bear case 10%

Investment conclusions

- **US:** Mild recession caused by distorting US policies and new tariffs (higher inflation, less consumer spending, investments held back). However, still positive nominal GDP growth. Unemployment rate below 5% combined with sticky inflation kicks off a slight wage-price spiral. Fed in fear 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 positive counterweight.
- **China/EM:** Chinese regulators fail to ease credit and regulatory measures enough, leading to <4% GDP growth and disappointing exports. Emerging markets (ex-commodity exporters) suffer as global trade is held back. EM FX weakness.
- **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
<ul style="list-style-type: none"> With the outlook for lower short-term rates and the pro-business economic policy from the new US administration corporates' profit margins will be bolstered on average. An increase of (US) M&A activity in Q4 2025/26 is likely and acts as another support. Positive wealth effect for the private sector driven by elevated equity market valuations, higher wages and robust 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 >6.5% 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 gets new legs. 	<ul style="list-style-type: none"> Current elevated S&P P/E ratio of ~23 translates into an earnings yield of only 4.3%. If negative earnings surprises come up, US equities will fall double digits. Market consensus estimates that US earnings will grow around 9% in 2025 and 14% in 2026, which poses a risk for disappointment. Great power competition/conflicts lead 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 & Middle East conflict and supported by big tech earnings, justifying a certain valuation premium.
Credit/Fixed Income	Comment
<ul style="list-style-type: none"> 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 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: Weaker USD is a strong support for EMD in general, however, selectivity is key. We keep a close eye on fund flows. Selective local EM currency bonds are gaining more weight in our allocations in years due to USD-softness. 	<ul style="list-style-type: none"> With cyclical risks and uncertainty about US policy, borrowing costs and bank lending are still slightly elevated. Further rate cuts in 2025/26 are priced in for the Fed rate to reach levels close to 3% by mid-2026, whereas ECB rate is expected to hover around 2%. Credit spreads are 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 between 2 and 3%, but no spike is in the cards. 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
<ul style="list-style-type: none"> Credit long-short strategies identify plenty of relative value trades, both long and short. Equity long-short/even-driven strategies benefit from uncertainty and high performance dispersion. Alternative lending as an asset class is in the spotlight as yields have entered a higher yield regime. 	<ul style="list-style-type: none"> 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
<ul style="list-style-type: none"> Commodities benefit partly from de-globalization (protective measures), supply-side constraints and the outlook for a cyclical economic uptick in 2026. 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 - evidenced again with stablecoin bill. 	<ul style="list-style-type: none"> 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 clearer guidelines ahead. A major negative factor has transformed into a positive one.

Asset Class Conviction Levels

Equities	Underweight	Conviction Level over 6 Months			Overweight
		←	Neutral	→	
North America	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Europe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Switzerland	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
China	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Japan	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Asia - Emerging Markets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Others - Emerging Markets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Fixed Income	Underweight	Conviction Level over 6 Months			Overweight
		←	Neutral	→	
US - Treasury Bonds	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Euro - Government Bonds	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
US - Investment Grade Bonds	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Europe - Investment Grade Bonds	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
US High Yield	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
US Short Term High Yield	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
US Loans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
US Municipal Bonds	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
European High Yield	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
European Short Term High Yield	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
European Loans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
US/EUR Preferred Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
US/EUR Asset Backed Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Emerging Market Local Currency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Emerging Market Hard Currency	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Emerging Market High Yield	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Commodities	Underweight	Conviction Level over 6 Months			Overweight
		←	Neutral	→	
Gold	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Oil (Brent)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Digital Assets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Hedge Fund: Strategies	Underweight	Conviction Level over 6 Months			Overweight
		←	Neutral	→	
Equity Long-Short	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Credit Long-Short	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Event-Driven - Corporate Actions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Global Macro	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Hedge Fund: Regional Focus	Underweight	Conviction Level over 6 Months			Overweight
		←	Neutral	→	
Hedge Fund: North America	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Hedge Fund: Europe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Hedge Fund: China / Japan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Hedge Fund: Emerging-Markets	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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
 Prequin
 S&P
 The Federal Reserve
 US Census Bureau

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