

## House View as at 31 August 2025

### Investment Outlook 2025 and Reality Check

**Economic Growth:** The outlook for US growth remains healthy due to the strong fundamentals and demand in the US economy which may place ascending pressures on inflation in 2025. The outlook for China remains less favourable due to continued disinflationary pressures, which will prompt further fiscal and monetary stimulus over the coming year. The Eurozone should be on course to benefit from continued monetary policy easing given the multiple headwinds facing the region, but structural factors are still placing downward pressures on growth.

**Monetary Policy:** Strong growth prospects and relentless inflation has resulted in a hawkish tone from the Fed, limiting rate cut predictions for 2025. Policy easing is set to continue in Europe with further monetary stimulus also expected in China.

**Currencies:** The USD is poised to remain elevated, given the Fed's outlook and the proposed economic policy under the incoming Trump presidency. The USD is expected to outperform the EUR due to the weak growth prospects in the Eurozone prompting further policy easing.

**Fixed Income:** We remain focused on locking in quality corporate debt at still-attractive yield levels. US balance sheets also remain strong, highlighting limited credit risk even in the low-investment grade segment. We continue to favour a medium-term duration approach to balance reinvestment and duration risks.

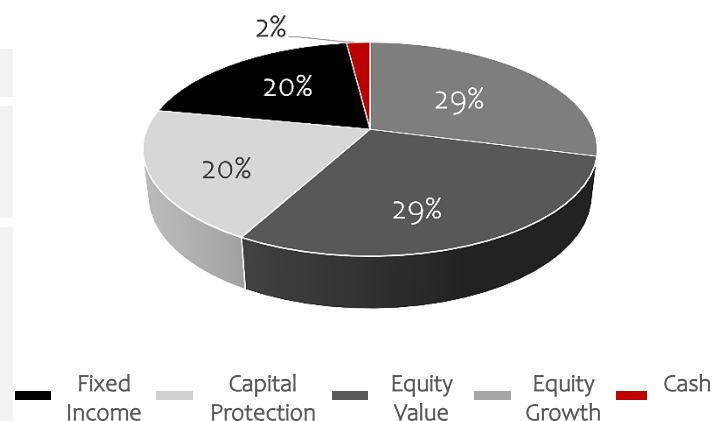
**Equities:** US equities have had an exceptional year in 2024 despite the slight drop-off in December last year. Earnings growth has however, remained largely flat compared with the growth in valuations. Despite this, we expect a strong performance for equities in 2025, driven by a rebound in earnings growth given the economic outlook. We recommend a continued focus on quality growth and defensive sectors with ample room to increase exposure to cyclical industries such as industrials and consumer stocks.

[Source: Bank Julius Baer]

### Current Asset Allocation as at 31.08.2025

#### Long Positions

Cash:	Limited Exposure
Fixed Income:	Direct high-yield US corporate bond exposure complemented with best-in-class fund managers
Equity:	<ul style="list-style-type: none"> <li>□ Value: Focus on company fundamentals and Cash flow [passive]</li> <li>□ Growth: Focus on growth sectors [active]</li> </ul>



### Strategies and Performance as at 31.08.2025

Net Returns [%]	Short Term			Medium Term		Long Term	
	YTD	6 M	1Y	3 Y	5 Y	7 Y	10 Y
GEO Global High Yield Fixed	2.63	1.72	2.74	6.21	3.21	3.18	3.12
GEO Global Equity Value [Passive]	6.47	2.21	5.66	8.73	10.84	9.33	10.18
GEO Global Equity Growth [Active]	6.73	5.93	4.89	12.91	10.08	10.30	12.61

### Global Markets as at 31.08.2025

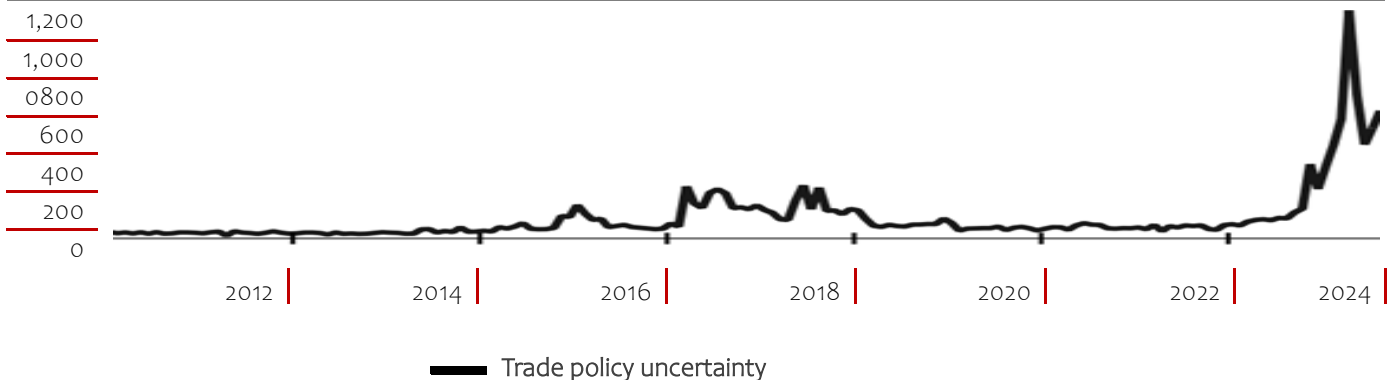
Indices	Spot 01.01.2025	Spot Current	% Change YTD
S&P 500	5903.26	6460.25	9.44%
Nasdaq-100	21120.05	23415.42	10.87%
DJIA	42660.09	45544.88	6.76%
Euro Stoxx 50	4895.49	5355.79	9.40%
FTSE 100	8173.02	9187.34	12.41%
Gold Spot	2623.82	3446.81	31.37%
VIX Index	17.21	15.36	-10.75%

Source: Morningstar

### Global Currencies as at 31.08.2025

Currency Pairs	Spot 01.01.2025	Spot Current	% Change YTD
EURUSD	1.03549	1.16854	12.85%
GBPUSD	1.25113	1.35047	7.94%
USDJPY	157.312	147.048	-6.52%
USDCNY	7.2988	7.1299	-2.31%
USDCHF	0.90656	0.80052	-11.70%
USDZAR	18.8831	17.6417	-6.57%
BTCUSD	93347	108269	15.99%

### Trade policy uncertainty remains at a historically high level



Source: Caldara et al. (2020), Macrobond, Julius Baer. Note: The Trade Policy Uncertainty (TPU Index) is a monthly index of trade uncertainty and constructed by counting the frequency of joint occurrences of trade policy and uncertainty terms across major newspapers.

### Narrative of the Month

- ▢ **Rates Outlook:** Softer growth in the US supports the view that inflation due to tariffs will be transitory and will lead the Fed to continue its rate cutting cycle. Sentiment expressed at the Jackson Hole Symposium confirms our view of a 25-bps rate cut in September.
- ▢ **Currencies:** Despite a short-lived consolidation, the USD remains weak and rate cuts by the Fed will exacerbate the bearishness of the USD.
- ▢ **Equity Strategy:** Information Technology and Financials continue to perform against a backdrop of new all-time highs in the S&P 500 Equal Weight Index, highlighting the breadth of current market performance.
- ▢ **Commodities:** We are bullish on most commodities such as gold, silver, palladium and platinum. We have a bearish view on Brent crude oil.
- ▢ **Fixed Income:** With rates expected to drop within the next month, investors are facing reinvestment risk at the short end of the curve. To mitigate this, maturities of 5-7Y in the corporate high yield space will provide enough balance between duration and reinvestment risks.

### The Big Picture

- ▢ **Trade Shock:** Adjustments to US politics happen in a controlled manner at best and in a confrontational manner at worst. Solid financial health overall tames the amplifiers that could turn an economic slowdown into a recession. Some damage seems done, especially in the US.
- ▢ **Diverging inflation:** Politics is keeping inflation elevated in the US, while overcapacities and soft demand are keeping a lid on prices elsewhere.
- ▢ **Rate normalisation:** Central banks cut rates towards neutral and could shift to easing if the shock turns into a crisis.
- ▢ **China:** The property crisis, deleveraging, and the trade dispute weigh on demand and are deflationary. More stimulus stabilises the economy.
- ▢ **Europe's pivot:** The increased willingness to spend and take up debt eases the emerging growth headwinds.