

TRAMONDO
INVESTMENT PARTNERS

MARKET COMPASS

A MONTHLY BRIEFING ON THE STATE OF THE FINANCIAL MARKETS AND OUR TACTICAL POSITIONING.

OCTOBER 2025

TACTICAL POSITIONING

Cash:	○	●	○	○	○
Bonds:	○	○	○	●	○
Equities:	○	○	●	○	○
Alt. Investments:	○	○	●	○	○

We are happy to explain our detailed tactical positioning to you in a conversation. Please contact us.

SPOTTED

Intel – The former problem child of the US technology industry celebrated what was probably the most surprising stock comeback of the year in September. After the US government had built up a strategic stake in Intel in late summer, chip giant Nvidia announced a few weeks ago that it would also invest USD 5 billion in the company to advance the joint development of data center chips. Intel's shares gained 37.8% in September.

MARKET OVERVIEW:

GRIDLOCK IN WASHINGTON, MOVEMENT ON WALL STREET

Gridlock in the USA – Here we go again: The United States is experiencing its 21st government shutdown since 1970. As Democrats and Republicans in the US Congress failed to agree on a joint budget for the coming year, approximately 800,000 federal employees were placed on furlough, which naturally constrains the functionality of the government apparatus. This political gridlock should seem familiar to US President Trump: During his first term, the country experienced a similar "lights out" situation that lasted a staggering 35 days. Economically speaking, a government shutdown is typically not a major issue – provided it remains time-limited – as the investments planned by the government during this phase are generally caught up quickly. According to empirical analyses, each week of a shutdown is likely to reduce real US GDP growth by 0.1%-0.2%. Since 1970, however, the political tug-of-war in Washington has averaged just 8 days – accordingly, the real economic consequences have usually remained limited.

Fed picks up pace again – At its September meeting, the US Federal Reserve (Fed) lowered key interest rates by 0.25%, as expected. Fed Chairman Powell emphasized at the press conference that the central bank would place greater weight on the labor market side of its mandate going forward – a stance that had already been hinted at during the Jackson Hole gathering in August. He characterized the recent rate cut as a risk management cut, a proactive measure to prevent further weakening of the labor market. According to Powell, larger rate cuts would only occur if there were an urgent need for action. Despite more optimistic economic forecasts – higher growth, declining unemployment, and rising inflation – the Fed's new interest rate projection ("Dot Plot") anticipates two additional rate cuts by the end of 2025 – with one additional cut each contemplated for 2026 and 2027. Markets responded to the central bank's latest decisions with rising rates, as many investors had probably hoped for a somewhat more accommodative stance from the Fed. The 2-year US rates rose by 10 basis points in the second half of the month, following the Fed meeting on September 17. The long end of the yield curve was also unable to escape this dynamic, resulting in 10-year bond yields gaining approximately 12 basis points toward month-end.

Tech stocks drive the US equity market – Once again, the giants from Silicon Valley ensured that the US equity market was able to significantly outperform its global competitors. The Nasdaq 100 advanced by a further

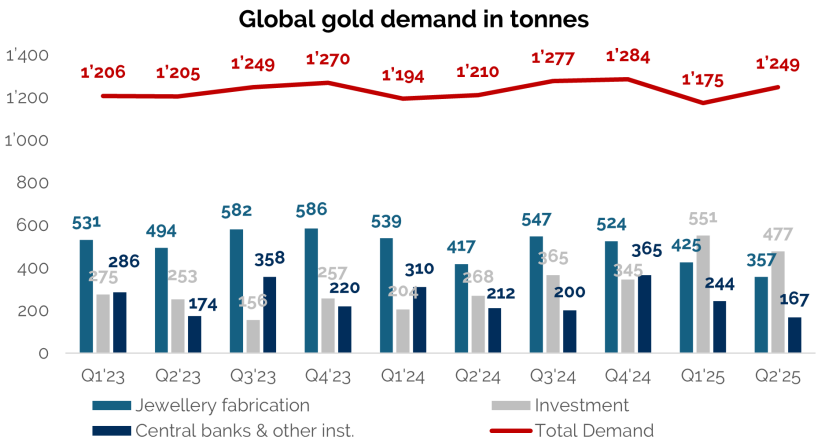
SOON IN FOCUS

Earnings Season for Q3 2025 – Starting in mid-October, companies on Wall Street will once again report their results for the past quarter. While the last earnings season focused primarily on potential negative effects of US tariff policy, in the coming weeks the tech companies from Silicon Valley are likely to take center stage. These companies have significantly supported the equity market in recent weeks – accordingly, the potential for disappointment is considerable should the AI story of these companies lose momentum.

5.4% in the reporting month, while the S&P 500 gained 3.5%. In this context, however, it should be noted that market breadth in the US equity market remains rather concerning. The equal-weighted S&P 500 rose by barely 0.9% in September, with only 6 of the 11 sectors in the index posting positive returns. Once again, semiconductor stocks benefiting from the AI boom (+12.4% in September) profited from a series of positive corporate announcements, leading to a veritable fireworks display of gains among certain industry leaders. Intel (+37.8%), Lam Research (+33.1%), Oracle (+23.8%), and Broadcom (+10.4%) are just some of these "highflyers" that once again stood at the center of investor interest. The European Stoxx Europe 600 (+1.5%) and the Swiss SPI (-0.8%), on the other hand, met with significantly less investor favor.

DID YOU KNOW THAT...

...GOLD HAS OVERTAKEN THE EURO AS A GLOBAL RESERVE CURRENCY FOR CENTRAL BANKS?



SOURCE: WORLD GOLD COUNCIL

AT MARKET PRICES, GOLD ACCOUNTED FOR APPROXIMATELY 20% OF GLOBAL OFFICIAL RESERVES IN 2024 – MORE THAN THE EURO AT 16%.

Gold has fascinated humanity for millennia – not only as a symbol of beauty and status, but also as a reliable store of value. From ancient civilizations that adorned kings with gleaming gold jewelry to modern investors seeking protection during times of market volatility – gold continues to exert a unique dual appeal. Its timeless allure as a fashion statement is complemented by its reputation as a safe haven, particularly during periods of inflation, economic uncertainty, or geopolitical tensions.

Given the current macroeconomic environment with geopolitical conflicts and elevated inflation, it comes as no surprise that gold continues to gain importance as a portfolio stabilizer. As shown in the chart above, gold purchases for investment purposes this year exceed purchases for jewelry production. Central banks have played a key role here – they purchased over 1,000 tons of gold last year, equivalent to one-fifth of annual global production and double their annual average over the past decade.

As a result of ongoing gold purchases by central banks, the global official gold reserves of these institutions now amount to approximately 36,000 tons – thereby approaching the all-time high of 38,000 tons from 1965 during the Bretton Woods era. Driven by record purchases and rising prices, gold has overtaken the euro as the world's second-most impor-

tant reserve currency, according to the European Central Bank. At market prices, gold accounted for approximately 20% of global official reserves in 2024 – more than the EUR at 16% and only surpassed by the USD at 46%. In recent years, central banks have increasingly sought to diversify away from the US dollar – driven by concerns about geopolitical risks and the high debt levels of the United States.

With an increase of 47% since the beginning of the year, gold once again proves that it is far more than just a relic of the past. Measured by its recent performance (+11.9% in September), our tactical decision to overweight the precious metal again could hardly have been better timed. At the end of April, we had temporarily reduced the gold allocation to neutral – in anticipation of a short-term consolidation. However, the subsequent technical breakout in early September provided a clear signal for a return to overweight positioning – and this decision paid off promptly. We remain optimistic for the rest of the year – ongoing gold purchases by central banks should continue to provide support.

MARKET OUTLOOK

The fourth quarter traditionally marks the most profitable phase of the investment year — since 1950, investors in the S&P 500 have recorded an average quarterly return of approximately 4%. While European equity markets underwent noticeable consolidation in recent months, shares on Wall Street remained unimpressed and continued their record-breaking run – despite a long list of potential risk factors that could have slowed the rally at any time. With the upcoming earnings season, we now face another potential stumbling block in October. However, we do not expect any major negative surprises: The contribution from AI winners should once again more than offset the subdued growth in the rest of the equity market – sufficient to satisfy investors this time as well.

Moreover, market sentiment has fundamentally changed in recent weeks: Weakening economic momentum is no longer interpreted as an immediate risk, but increasingly as an argument for more rapid monetary easing. This “Bad News is Good News” narrative is likely to remain intact in the coming months and support market stability – even if the macroeconomic slowdown continues.

THE COMBINATION OF FAVORABLE SEASONALITY, A SHIFTING MARKET NARRATIVE, AND PERSISTENTLY DEFENSIVE EQUITY POSITIONING BY INSTITUTIONAL INVESTORS SHOULD HELP LIMIT POTENTIAL MARKET PULLBACKS AND SUPPORT MARKET MOMENTUM.

Against this backdrop, we have adjusted our tactical allocation toward equities from underweight to neutral. The combination of favorable seasonality, a shifting market narrative, and persistently defensive equity positioning by institutional investors should help limit potential market pullbacks and support market momentum. Regionally, we continue to favor US equity markets as well as selected Asian countries such as Japan and Vietnam.

Beyond global equity markets, we maintain an overweight allocation toward bonds, with a clear preference for investment-grade issuers in USD and EUR. Continued monetary easing and increasing growth deceleration in the United States continue to support a constructive positioning toward bonds. In contrast, high-yield issuer papers remain underweight due to their asymmetric risk/return profile.

Overall, we look constructively into the fourth quarter, but remain vigilant: An increase in yields in the US bond market could cause short-term volatility and slow down equity markets.

WHO WE ARE

Tramondo Investment Partners AG is a bank-independent Swiss asset manager based in Zug and licensed by the Swiss Financial Market Supervisory Authority (FINMA) to act as an asset manager of collective investment schemes. Tramondo is the investment arm of a multi-family office group that has been in existence for over 45 years.

CITYWIRE TOP 50 IAMs 2025

For the fifth time, the company was named one of the 50 most influential independent asset managers in Switzerland and Liechtenstein by the renowned media company Citywire.

ASV/ASWM
Allianz Schweizer Vermögensverwalter
Alliance of Swiss Wealth Managers

Tramondo is a member of the Alliance of Swiss Wealth Managers (ASV/ASWM), founded in 2016. The members of the Alliance currently represent more than 100 billion Swiss francs in client assets.

CONTACT US

Tramondo Investment Partners AG
Unter Altstadt 10
CH-6302 Zug
T +41 41 710 76 76
F +41 41 710 76 78
contact@tramondo.ch
www.tramondo.ch

Find out more about our asset management mandates and vested benefits solutions that are individually tailored to the special needs of private clients and vested benefits solutions.

Or register now for an independent and critical assessment of your investment portfolio. As a result, you will receive concrete, easy-to-implement recommendations on how you can optimally align your investments and reduce costs in the process.

Please scan the QR code on the right with the photo function of your mobile phone and you will be taken to the page that provides more information and a link to register.

This information sheet has been prepared by Tramondo Investment Partners AG (the "Company") irrespective of specific or future investment objectives, a particular financial or tax situation or the individual needs of a particular recipient and is provided for personal use and information only. It is based on specific facts and circumstances and is prepared for a specific purpose. It is not intended to be and must not be relied upon by any other person.

The information in this sheet does not constitute a solicitation, offer or recommendation to any person in Switzerland or any other jurisdiction to buy, subscribe for or sell any securities or other financial instruments, to use it as a sufficient basis for making an investment decision or to engage in any transaction of any kind for that purpose. Furthermore, this presentation should not be construed as financial, legal or tax advice.

The information and opinions expressed in this sheet have been carefully collected, analysed and compiled by the Company based on publicly available information from trusted sources at the time of writing. They are subject to change without notice. The Company undertakes no obligation to update the information contained herein and it should be noted that material events may have occurred since the date hereof. Although the information has been obtained from sources believed by the Company to be reliable, no warranty is made as to the accuracy or completeness of the information. Any reference to past performance data is not necessarily indicative of current and future returns.

Individual products or components mentioned in this sheet may have a certain complexity and high risk (e.g. derivatives, alternative investments, structured investments). They are intended only for investors who understand and accept the risks involved. Investments in foreign currencies are subject to currency fluctuations, investments in emerging markets or in specialised products are subject to particular risks. An investment in any target described in this Information Sheet should only be made after careful consideration of the latest Prospectus and extensive due diligence on the targeted assets. The Company recommends that investors carefully consider and, where appropriate, seek professional advice on financial, legal, regulatory, credit, tax and accounting implications before making a final investment decision or implementing a strategy. The investor assumes responsibility for the proper declaration of all assets and their tax assessment.

The Company reserves the right to change the contents of this sheet in whole or in part at any time, at any time and without prior notice. Although the Company takes all reasonable care to ensure the accuracy of the information contained in this sheet, it cannot guarantee it. The company or its employees accept no liability for any damage (whether material or immaterial) arising from the use or non-use of the information contained herein, in particular no responsibility for the accuracy, completeness, reliability or comparability of the information on third parties contained herein, which is based exclusively on publicly available information.

Tramondo Investment Partners AG is domiciled in Switzerland and is authorised and supervised by FINMA.