BELVOIR
CAPITAL AG

October 2025

Belvoir Global Allocation Fund

Monthly Update

- Macroeconomics – Solid US numbers, Fed cuts 25bps, weak Switzerland and China, muted Europe
- Equities – Positive month for most regions, Japan and EMs shine, Switzerland and China lag
- Bonds – Positive credit market, profit taking in Government bonds
- Currencies – USD rebounds, EUR weak
- Other – Bitcoin weak, Gold down to $4,000
- Belvoir Global Allocation Fund at **+1.67% in October** and **+2.32% YtD** (CHF-tranche) and **+1.93% in October** and **+4.57% YtD** (EUR-tranche)

The overall macroeconomic picture deteriorated over the past month. While the risk of a global recession—even in 2026—remains low, the slowdown compared to 2024 is evident. Both hard and soft data in the US remained above expectations, whereas China's 5% GDP growth target now appears out of reach, despite strong export figures. Europe held up with modest growth, while Switzerland disappointed with weaker economic and labor market data—unemployment continues to rise—alongside persistently low inflation.

Despite significantly higher volatility than in the previous five months, most equity markets once again reached multi-year highs during October. Notably, the Japanese equity market surged by more than 14%, supported by solid election results. Emerging Markets also performed well despite weakness in China, while US equities were in line with global peers—except for the tech-heavy indices, which continued to deliver solid returns. Swiss equities again suffered from a weak macroeconomic backdrop and a very conservative sector composition.

Following a brief consolidation in spreads, corporate bonds resumed their rally, whereas government bonds, particularly in the US, suffered from stronger-than-expected macroeconomic data and a Federal Reserve that, despite recent rate cuts, signaled further easing should not be taken for granted due to persistent inflationary pressures. Energy, especially natural gas, recorded a standout month, while gold halted its advance after touching nearly USD 4,400, retreating to around USD 4,000 amid profit-taking.

We remain constructive on equity markets but recognize that a continuation—or acceleration—of recent performance is unlikely given stretched valuations. Bond markets still offer opportunities, though credit spreads remain tight, and foreign-currency investments—particularly in the USD, where we hold a negative view—carry higher risk. Gold should be maintained as a hedge, but at current levels, we recommend trimming exposure toward benchmark levels.

Performance and positioning

The fund rallied during the month, reaching the year-high level, amid successful stock selection and a market rotation into good quality, cheap Value stocks.

Throughout the month, we have been less active than in the previous month, letting our core positions roll up. We have reduced three positions, acting very opportunistically. ABB was curtailed after a stellar performance, reaching close to all-time high while Lindt & Spruengli was trimmed following strong H1 2025 results. The company raised its sales growth outlook for full-year 2025 but profitability disappointed (with operating margins falling from 13.5% to 11.0%). Our strategic position in gold has been maintained but, before the recent correction, we decided to take profit as the acceleration in demand was mostly driven by retail ETF purchases as it was too abrupt. At the same time, we built a 3% position in Kuehne + Nagel, thanks to solid fundamentals (strong global logistics footprint, diversified services, market share gains, improved cash flow and financial discipline) and a dividend yield well above 4%. Other purchases include Hermès (despite its valuation, it continues to show resilience and an exceptional brand strength), Fresenius (low valuation and superior earnings growth), and BKW (a position we keep building on the price way-up).

Top positive contributors to October's performance included Alphabet, BKW, Gold (via the Invesco ETC), Sandoz, and ABB. On the other hand, only 7 positions slightly detracted, including Sunrise, Straumann, Rolls-Royce, and Berkshire Hathaway.

Looking ahead, we remain positive overall for the medium term, acknowledging that market valuations are stretched. The earnings season is proving very positive, as we expected, although the outlook for Q4 2025 seems less convincing than actual results. Once again, most companies are beating market expectations not only in the usual Technology sector but also in more Value sectors such as Financials and Utilities. The risk of a global recession in Q4 and at the beginning of 2026 seems very remote and this should play in favor of corporate bonds, that are unlikely to continue in their rally but still represent a decent source of income in a lower interest-rate environment. As in the last few months, we continue to invest in companies with zero or little US exposure and hence not being impacted by the erratic tariff war.

For more information about the Belvoir Global Allocation Fund, please visit our website. We are happy to answer questions about the fund and appreciate any feedback.

BELVOIR CAPITAL AG

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