MONTHLY REVIEW

MACRO

April began with a bang. What initially looked like a “day of liberation” for the Trump administration quickly turned into a shockwave for investors and the world at large. It all started with Donald Trump appearing on camera, holding up a chart of tariffs imposed on the United States’ main trading partners. The message was clear: America wants to rewrite the rules of global trade. With a single speech, the U.S. President opened a new chapter in the world economy. After causing confusion and triggering significant volatility in financial markets, U.S. policymakers later adopted a more conciliatory tone. This shift seemed largely driven by a surge in U.S. interest rates, a direct consequence of the uncertainty created.

From an economic standpoint, the past month was marked by a slowdown in U.S. inflation, mainly due to falling energy prices. At the same time, Donald Trump’s political pivot has begun to show its effects: GDP shrank by 0.3% in the first quarter of 2025, the result of a decline in imports driven by uncertainty weighing on corporate decision-making.

As for publicly listed companies, first-quarter 2025 earnings have been generally solid during this reporting season. However, several firms have opted not to issue forward guidance, citing a lack of visibility and an uncertain outlook for the coming months.

OUTLOOK

In the context of increased volatility, we took advantage of the mid-April declines to adjust certain equity positions. We carried out arbitrage operations to capitalize on attractive valuations, while also using the rebound as an opportunity to take profits on some stocks. That said, our overall equity exposure remains neutral. We remain cautious in the face of risks, but we believe that equity markets will continue their rebound in the short term.

On the fixed income side, we remain confident for now. However, we are considering several scenarios — most notably stagflation, which currently appears the most likely, as well as a potential recession — and their possible implications for our bond portfolio. Our active managers navigated the early April shock relatively well, which is precisely the core objective of this allocation: capital preservation and steady income generation through interest carry.

EQUITY MARKETS

The past few weeks have been turbulent, to say the least. The wave of U.S. tariffs acted as a catalyst for a broad decline in equities. The first 100 days of the Trump administration have been a true roller coaster for equity markets, prompting some investors to shy away from U.S. assets. However, it remains to be seen whether these policies have led to a lasting shift in investor sentiment toward the United States.

April performance: CAC40 - 2.53% (YTD 2.89%), SMI - 3.82% (YTD 4.45%), Stoxx600 -1.21% (YTD 3.91%), Nasdaq 0.85% (YTD -9.65%), S&P500 -0.76% (YTD -5.31%), Hang Seng -4.33% (YTD 10.27%),
Topix 0.32% (YTD –4.22%).

Stoxx600 2Y

Nasdaq 100 2Y

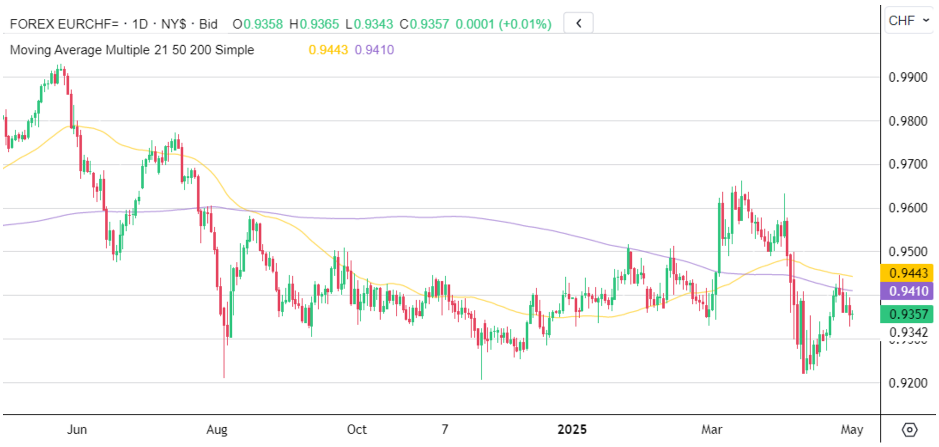
FOREIGN EXCHANGE MARKET

The dollar index fell by 4% in April, mainly due to tensions surrounding the trade war. Many investors are concerned about the Trump administration's economic policies, which are disrupting global trade and casting doubt on the dollar's status as a reserve currency.
We also observed a wave of hedging operations aimed at protecting against the dollar's decline. These movements amplified the currency's downturn while triggering a rise in interest rates due to the massive sell-off of U.S. bonds.

EUR USD 1Y

During this period of high volatility, the Swiss franc was once again in demand for its safe-haven status. It found strong support around 0.92 against the euro — a level that held firm — allowing a return to its usual trading range between 0.94 and 0.96.

EUR CHF 1Y



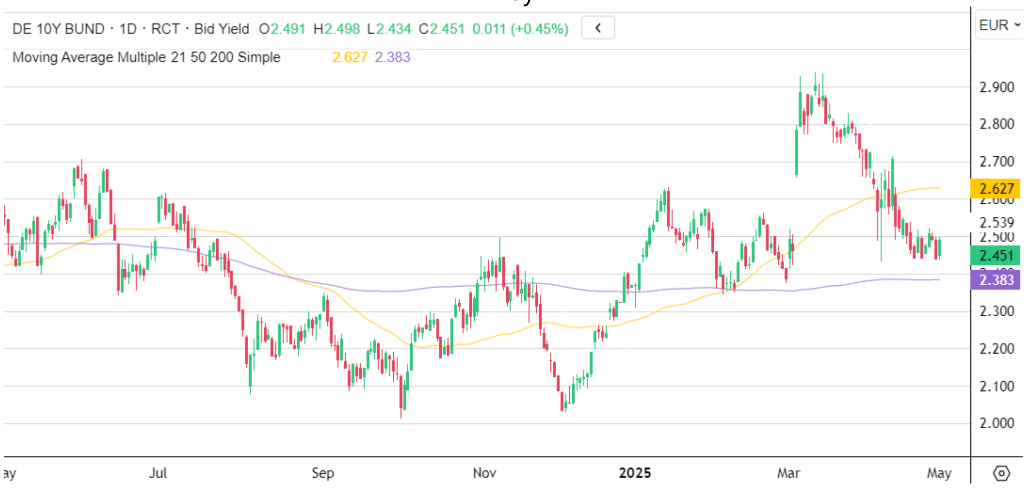
BOND MARKET

In contrast to the dynamics observed in March, yields on U.S. Treasury bonds (UST) have increased, while yields on European government bonds have decreased. As a result, the yield curves have generally steepened. The initial momentum toward U.S. Treasuries as a safe haven has waned, with investors reassessing the relative risk profiles of global sovereign debts in light of the significant shift in U.S. trade policy.

In the credit market, spreads have widened significantly. Cyclical sectors and the most indebted issuers have underperformed, leading to a logical decompression of credit quality curves.

US 10y 1Y

DE 10y 1Y



COMMODITIES

Gold experienced a sharp surge in April, reaching an all-time high of USD 3,381 on the 22nd of the month. However, this peak was followed by a pullback, driven by profit-taking and a rebound in equity markets toward the end of the month. Despite this temporary dip, the precious metal continues to benefit from global economic instability and ongoing uncertainty surrounding trade negotiations, which are helping to support its upward trend.

Gold 2Y

The price of crude oil experienced a sharp decline, reflecting growing concerns about a significant slowdown in the global economy and trade activity. Brent crude stabilized around the 60-dollar mark, a level that reflects ongoing pressure between demand and supply.

Brent 1Y

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