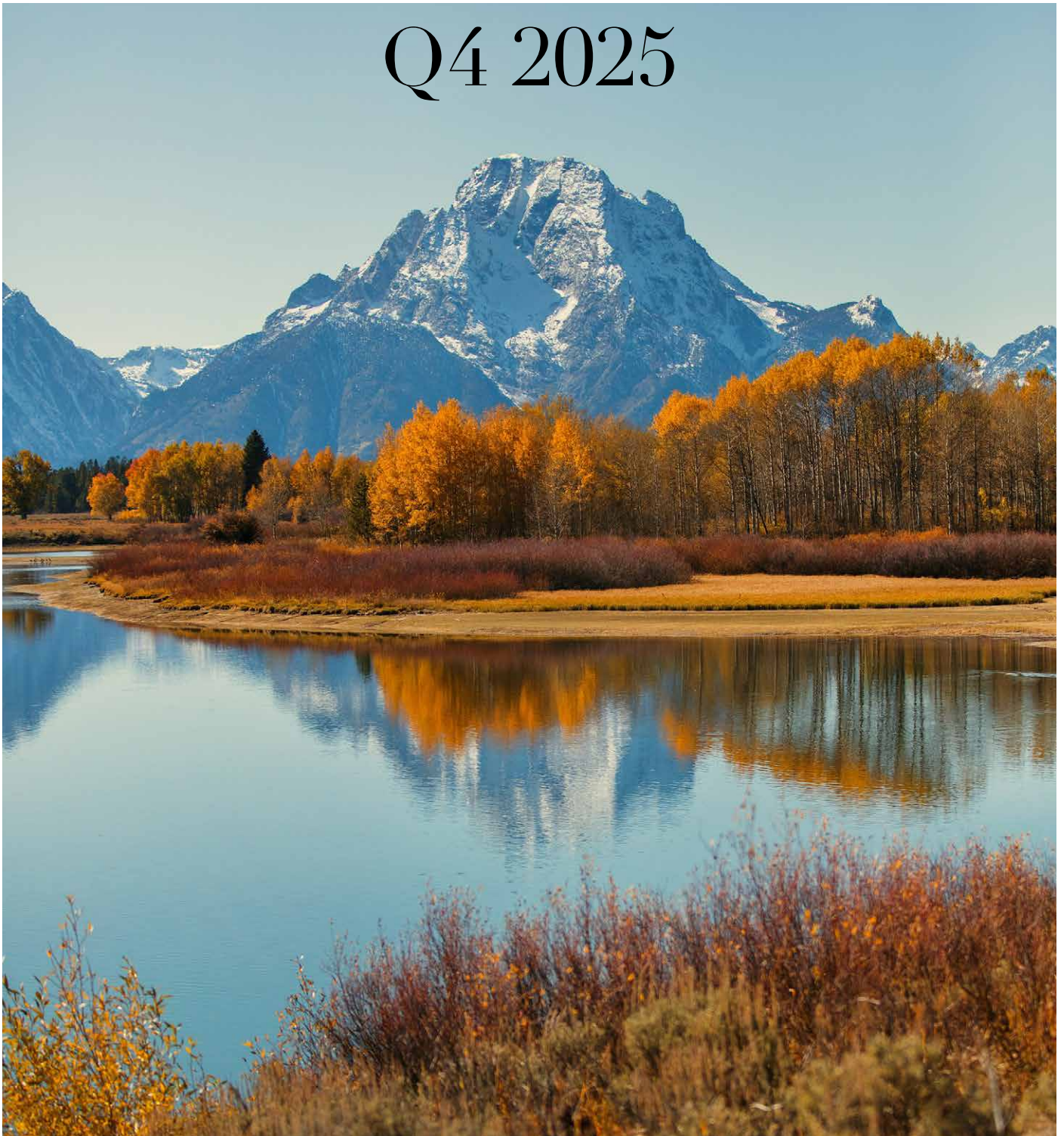
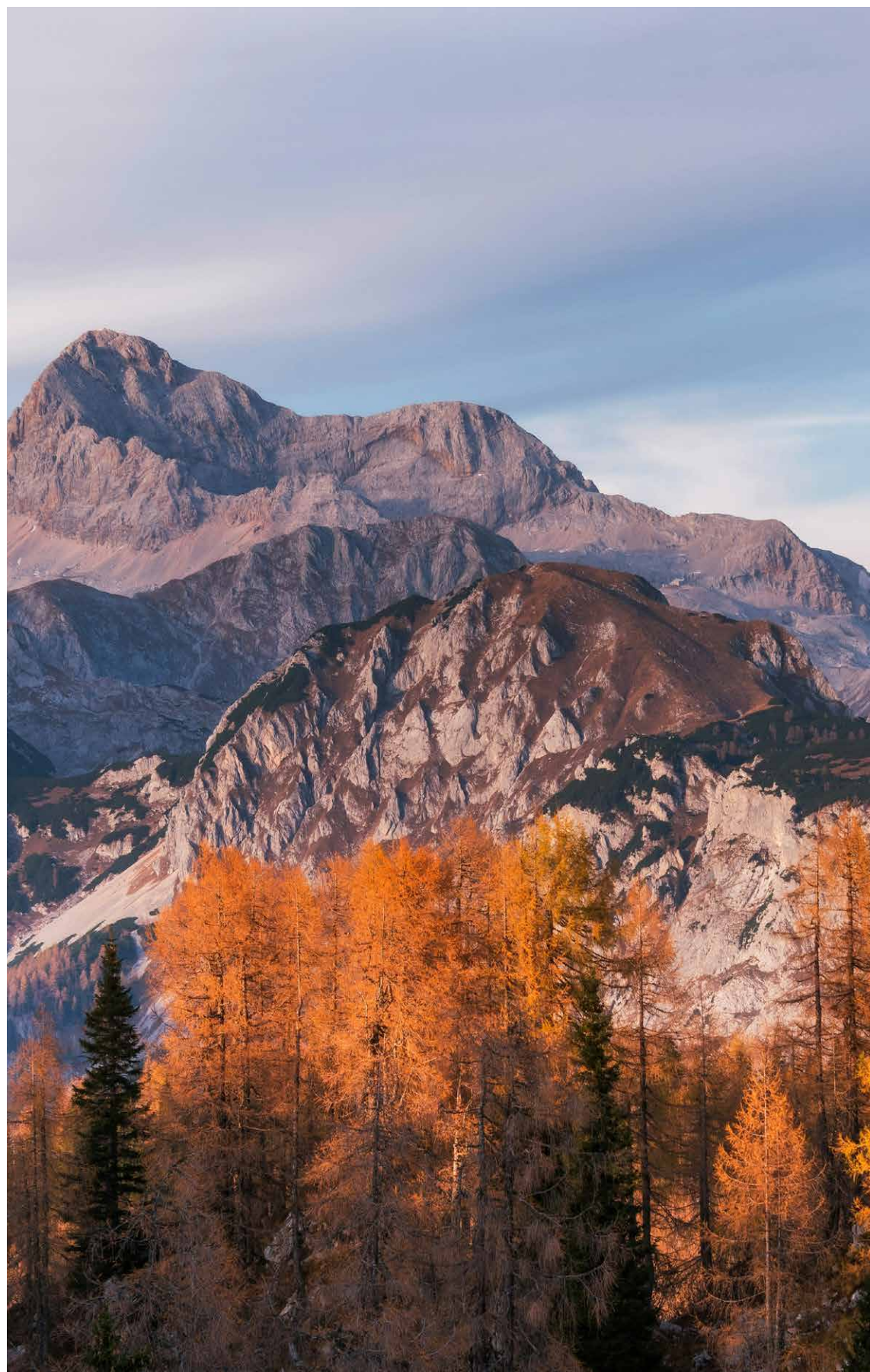
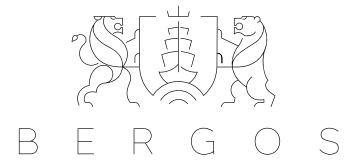


Reflexions

Q4 2025



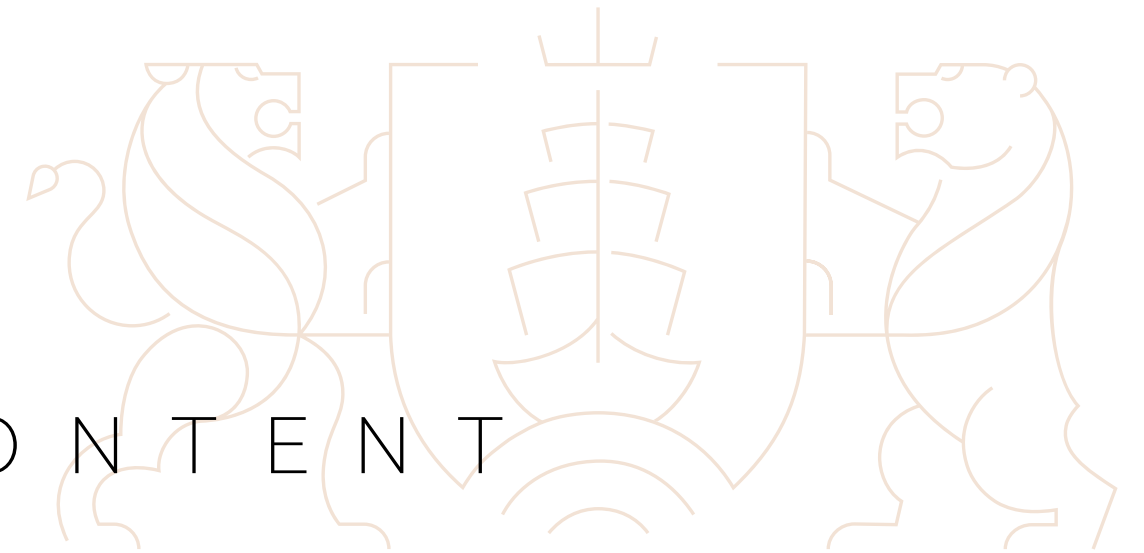




Bergos AG is an internationally operating, independent Swiss private bank with headquarters in Zurich and a branch in Geneva. We have been active in the Swiss financial center for over 30 years and can trace our history to the founding of Joh. Berenberg, Gossler & Co. KG in 1590. Our international team is dedicated to all aspects of wealth management and advisory, with a special focus on private individuals, family entrepreneurs, next generation and shipping clients. With a business model focused on pure private banking, we advise our clients on all liquid and non-liquid asset classes and alternative investments.

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EXECUTIVE SUMMARY

ABOUT OUR FALL PUBLICATION

Dear Readers,

Trump continues to make noise on all fronts – yet global equity markets remain unfazed, pushing steadily to new record highs. Even the traditionally weak stock market month of September has proven many investors who had anticipated a seasonal correction, wrong.

Once again, it is the US tech giants that are dominating the US equity market almost relentlessly, following a brief pause in the first quarter. The key driving force remains artificial intelligence (AI), which continues to be supported by solid earnings growth in the sector. Hopes of interest rate cuts by the US Federal Reserve are also supportive of equity markets.

Against this backdrop, the stabilisation of the US dollar over the past quarter is particularly noteworthy – despite ongoing concerns surrounding high government debt, which for the time being has not exerted further downward pressure on the greenback. For European investors, exposure to US equities and the US dollar has paid off since the first quarter.

Gold has also performed positively, and its inclusion in portfolios has buoyed investor sentiment. This current momentum is by no means unusual: both the gold bull market of the 1970s and the rally that began in 2001

lasted around ten years and showed similar strength. Whether this trend can continue at the same magnitude is explored in detail by Oliver Watol, our Chief Strategist for Alternative Investments. He also addresses the growing doubts surrounding the independence of the US Federal Reserve.

With Stephen Miran, the new Fed Governor appointed by Trump, and his unconventional economic stance, concerns over the potential politicisation of US monetary policy are not unfounded. All the more reason to take a closer look at this issue.

In this edition, we therefore recommend reading the special feature “In focus: The independence of the US central bank” by our Chief Economist, Dr Jörn Quitzau.

I hope you enjoy reading this latest issue of our Reflexions.

Yours sincerely,

Maximilian Hefe
Deputy Chief Investment Officer

MAXIMILIAN HEFELE CFA
DEPUTY CHIEF
INVESTMENT OFFICER
AND HEAD OF
ASSET MANAGEMENT





COMPASS

BASE-CASE SCENARIO

BY TILL C. BUDELMANN, CHIEF INVESTMENT OFFICER

Donald Trump’s economic policy remains erratic. Even though the US government has meanwhile concluded “trade deals” with many countries at more moderate tariff rates, several countries still face very high tariffs on exports to the US (including Switzerland at 39% and Canada at 35%). The tariff pause with China was extended by 90 days in mid-August. Even after the deals were concluded, it remains unclear how reliable the agreements are from the American side. Donald Trump is also making negative headlines with his massive pressure on the central bank. Overall, the Trump administration’s economic policy is becoming a burden. The economy is now cooling down. However, the negative consequences of the economic policy are likely to be felt primarily in the long term – and also outside the US. In Europe, fiscal policy is becoming more expansionary, partly due to rising defense spending. This is providing a positive boost to the sluggish growth in the eurozone. The trade agreement could also offer a little more certainty. However, structural problems persist and continue to limit European growth. France’s budget problems remain a latent risk that could become a burden on the monetary union. The high budget deficits and government debt in the US could also become a major issue for the financial markets – particularly if Donald Trump further undermines the credibility of the United States.

Inflation data paint a mixed picture. In Switzerland, the inflation rate has been almost continuously within the Swiss National Bank’s (SNB) target range (0-2%) for over two years. In the eurozone, the inflation rate is close to the ECB’s target at 2.2%. In contrast, inflation rates in the US and the UK are well above 2%. Central banks must also keep an eye on future tariff-related price increases. In view of increasing political pressure on the Fed and the economic slowdown, the Fed lowered its federal funds rate in September. Two further rate cuts of 25 basis points are likely by the end of the year. The ECB, the SNB, and the Bank of England, on the other hand, are likely to keep interest rates constant for the time being and probably until the end of 2025.

Efforts to end the war between Russia and Ukraine have still not yielded any results. Meanwhile, Russia continues to provoke NATO countries through various actions. Most recently, Russia violated NATO airspace several times. The other well-known trouble spots also continue to smolder.

GDP ESTIMATES

INFLATION ESTIMATES (CPI)

UNITED STATES	2 0 2 4 :	+ 2.8%	UNITED STATES	2 0 2 4 :	3.0%
	2 0 2 5 :	+ 1.5%		2 0 2 5 :	2.8%
	2 0 2 6 :	+ 1.5%		2 0 2 6 :	2.7%
EUROZONE	2 0 2 4 :	+ 0.9%	EUROZONE	2 0 2 4 :	2.4%
	2 0 2 5 :	+ 1.2%		2 0 2 5 :	2.1%
	2 0 2 6 :	+ 1.2%		2 0 2 6 :	1.9%
GERMANY	2 0 2 4 :	- 0.5%			
	2 0 2 5 :	+ 0.3%			
	2 0 2 6 :	+ 1.2%			
SWITZERLAND	2 0 2 4 :	+ 1.3%			
	2 0 2 5 :	+ 1.2%			
	2 0 2 6 :	+ 1.0%			
GREAT BRITAIN	2 0 2 4 :	+ 1.1%			
	2 0 2 5 :	+ 1.2%			
	2 0 2 6 :	+ 1.2%			
CHINA	2 0 2 4 :	+ 5.0%			
	2 0 2 5 :	+ 4.5%			
	2 0 2 6 :	+ 4.0%			
JAPAN	2 0 2 4 :	+ 0.2%			
	2 0 2 5 :	+ 0.8%			
	2 0 2 6 :	+ 0.8%			



M A C R O

US TARIFF POLICY: A NEVER-ENDING STORY

BY DR JÖRN QUITZAU

Economic news continues to be dominated by developments in US politics. After an extremely turbulent first half of the year, things calmed down only slightly in the third quarter. Tariff policy remained in constant flux, though many observers and stakeholders now seem used to it. At least temporarily, tariff policy also lost some of its intensity when US President Donald Trump announced “deals” with many countries at the end of July. The tariff rates are lower than those originally declared by Trump on 2 April 2025.

The United Kingdom was able to negotiate a tariff rate of 10%. With China, the tariff pause was extended by 90 days in mid-August. The US and the EU agreed on a tariff rate of 15% on most imports from the EU. A tariff rate of 50% remains in place on steel and aluminum. For some strategically important products, tariffs were abolished on both sides. However, there is disagreement between the EU and the US regarding investment commitments made by the EU.

Despite the slight easing in tariff policy, some countries continue to face very high tariff rates imposed by the US government. This applies not only to Canada and Brazil but also to Switzerland, for which Donald Trump announced a surprisingly high tariff rate of 39%. The important pharmaceutical industry was initially exempt. Then, at the end of September, came the next tariff shock: Donald Trump announced on his platform “Truth Social” import tariffs of 100% on pharmaceutical products, effective 1 October 2025. However, according to reports, tariffs for the pharmaceutical industry will now be delayed.

The macroeconomic effects of import tariffs are, in general, clear: growth is weakened and prices are driven upward. Quantifying the effects, however, remains difficult. First, Donald Trump’s “tariff deals” are usually not clearly formulated trade agreements, leaving many details uncertain. Second, it is unclear whether these agreements – already vague – will hold up at all or be renegotiated. Third, there are no historical examples of a tariff policy à la Trump, which means an important element of experience is missing in economic forecasts.

High tariff burden for Switzerland

For the Swiss economy, a general tariff rate of 39% and a pharmaceutical tariff rate of 100% represent a significant burden in any case, since the US is Switzerland’s most important trading partner at the country level – even ahead of neighboring Germany. Eighteen percent of all exports (around 6% of GDP) go to the US. The Swiss National Bank (SNB) still expects GDP growth of 1.0–1.5% for the current year. Due to tariffs and high uncertainty, however, the SNB anticipates a decline in growth to below 1% for the coming year (previous forecast: 1.0–1.5%). These growth expectations were published shortly before Donald Trump announced the new pharmaceutical tariffs. The SNB sees US trade policy and overall

global economic developments as the main risks for the Swiss economy.

US Federal Reserve caught in a dilemma

Measured against the government’s aggressive behavior on the international stage and its at times counterproductive economic policy, the US economy is still developing moderately. It should be noted that it can take a long time before structural decisions are clearly reflected in economic data. This is particularly true for the US, since the country, due to its overwhelming importance for the global economic and financial system, does not fall out of favor abroad as quickly for its misguided economic policy as would be the case for a small country with similar policies.

The overall macroeconomic picture for the US did not change significantly in the third quarter: the economy is cooling somewhat but not collapsing. The labor market reports for July and August were weak, showing only small employment gains. From June to August, the unemployment rate rose from 4.1% to 4.3%. In long-term comparison, however, this is still a very low figure. Inflation remains too high relative to the Federal Reserve’s 2% target.

The overall economic situation makes the job of the Federal Reserve difficult. A weaker labor market argues for lower interest rates, while elevated inflation argues for higher rates. In this situation, the Fed decided in September – for the first time in 2025 – to cut interest rates by 25 basis points. The immense political pressure on the Fed to ease monetary policy may also have played a role (see also page 49 “In focus: The independence of the US central bank”). For the fourth quarter, two further interest rate cuts of 25 basis points each are likely. This sets the Fed apart from the Bank of England, the Swiss National Bank, and the European Central Bank, which are expected to keep their key rates unchanged until the end of the year.

Weak eurozone economy

In the eurozone, the picture is becoming clearer: while the challenges in defense, energy, demographics, and reducing bureaucracy are immense, the urgently needed growth is only slowly gaining momentum. At the same time, tensions in public finances are increasing. France has recently made headlines in this regard.

The economic outlook points to moderate growth for the eurozone. The upswing is being driven by above-average growth in southern and southeastern European countries (including Spain, Greece, and Croatia). By contrast, the economic heavyweights France and Germany are lagging behind. Both countries are in urgent need of growth-promoting reforms. In Germany, Chancellor Friedrich Merz has announced an “autumn of reforms.” It is questionable whether Merz will succeed in pushing through genuine growth reforms with a coalition partner that often holds divergent economic policy views. If he fails, the debt-financed additional spending in the coming years would only result in a flash in the pan. Given the demographic situation – with the “baby boomers” retiring in the coming years – failure of the reform effort is not an option.

Overall, the world remains full of risks – political and economic. In this challenging environment, the global economy is expected to grow by around 2.5% this year and in each of the next two years. Emerging markets are contributing a large share to global growth with just over 4%. India, with growth rates of well over 6%, is increasingly taking on the role of growth engine from China, which is now achieving growth rates of less than 5%. The industrialized nations, with growth rates of around 1.5%, continue to show unused potential (see forecasts on p. 14–15 Compass).





E Q U I T I E S

EQUITY MARKETS CONTINUE THEIR UPWARD TREND

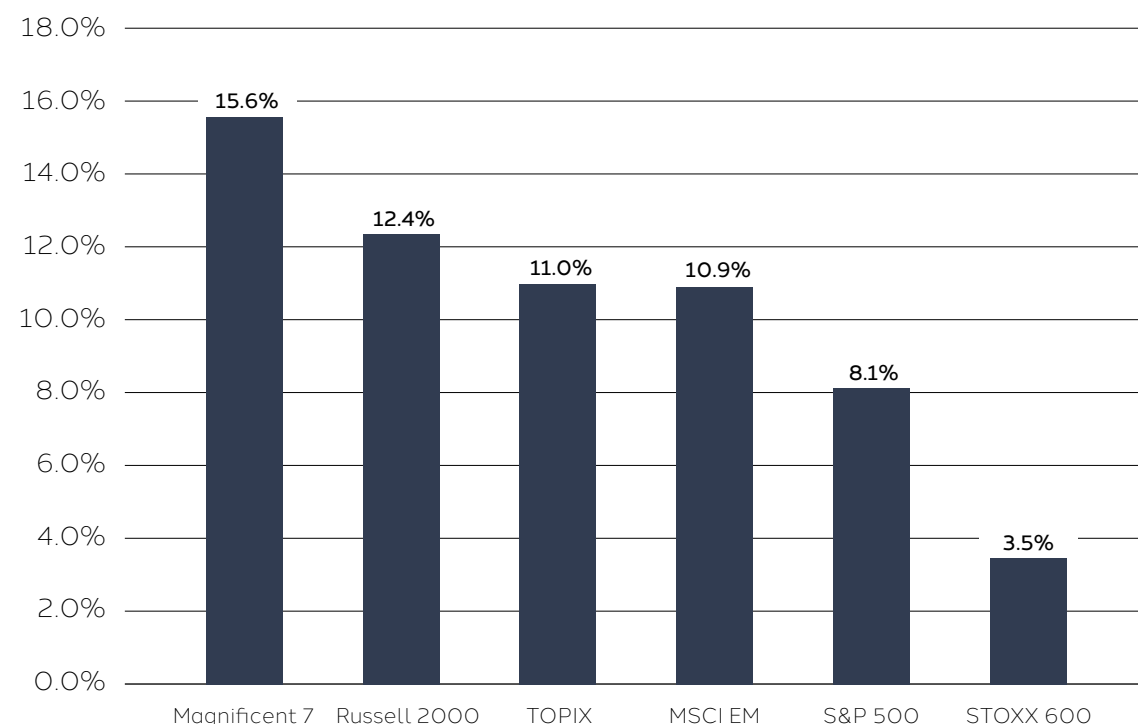
BY FREDERIK CARSTENSEN

The third quarter was overall positive for global equities, despite the fact that September is historically one of the weakest months for equity markets. Progress in the trade dispute gradually brought more clarity, Trump's tax cuts under the "One Big Beautiful Bill Act" were swiftly passed, and corporate earnings in the US developed surprisingly well – also due to low expectations. At the same time, the easing of uncertainty led to a sharp decline in volatility. Systematic investment strategies, which had still been underweight in equities at the end of the second quarter, correspondingly increased their positions. As a result, nearly all major equity regions posted gains. US indices performed the strongest, driven by the major AI winners. Small caps, such as the Russell

2000, also showed relative strength. Asian stock markets followed in the performance rankings, while European equities have recently stagnated. Weighing on them were the strong euro, mixed economic data, and political disruptions, for example from France.

US Federal Reserve resumes rate-cutting cycle

In September, the US Fed cut interest rates by another 25 basis points, thereby resuming its cycle of monetary easing. This move was in response to initial signs of a cooling US labor market. Despite persistently elevated inflation, this proactive step was positively received by the markets, which now anticipate a series of further rate cuts. However, the Fed's signals regarding



Development of Selected Indices in Q3 2025

All indices in local currency and incl. net dividends. EM in USD.

Period: 30.06.2025–30.09.2025

Source: Bloomberg, Bergos. Magnificent 7 represented by Apple, Amazon, Alphabet, Nvidia, Tesla, Meta and Microsoft

future monetary policy remain mixed: while the majority of members expect additional steps, their assessments differ significantly in terms of timing and magnitude. This uncertainty could lead to increased volatility in the coming months. At present, we expect two further rate cuts of 25 basis points each in 2025. Historically, rate cuts near an all-time high have regularly led to positive developments in the S&P 500 over the following twelve months.

Mixed picture for corporate earnings

Following the strong Q2 earnings season, estimates for S&P 500 earnings were revised upward. Analyst consensus currently expects earnings growth of nearly 11% for this year. The AI sector remains strong, especially among companies in information technology and communications. Corporate earnings

in emerging markets have also developed positively, supported by the weak US dollar. In Europe, by contrast, the picture looks weaker: in addition to a disappointing earnings season, political uncertainties – most recently the budget dispute in France – and ongoing uncertainty around US tariffs, which especially affect exporters, are weighing on the outlook. Analysts now expect slightly negative earnings growth for Europe this year. Overall, the fundamental backdrop for (US) equities remains intact, even though valuations still appear rather unattractive.

Healthy rotation recently, sentiment is improving

Supported by a solid Q2 earnings season and, in particular, the strong results of the “Magnificent 7,” the S&P 500 has gained more

than 30% from its April lows and marked more than 25 new all-time highs. All this without experiencing a correction of 2% or more. On the one hand, continued strong demand for AI is driving the classic growth sectors, while on the other hand, interest-sensitive small caps in particular have benefited from the Fed’s changed interest rate expectations.

Accordingly, investor sentiment has recently improved further. The latest bullish sentiment readings from the American Association of Individual Investors (AAII) indicate growing optimism – a contrarian signal that should be monitored. At the same time, some investors have missed the rally so far and are likely to use pullbacks as buying opportunities. This limits the downside potential in global equity markets. Moreover, setbacks this year have consistently been treated as buying opportunities.

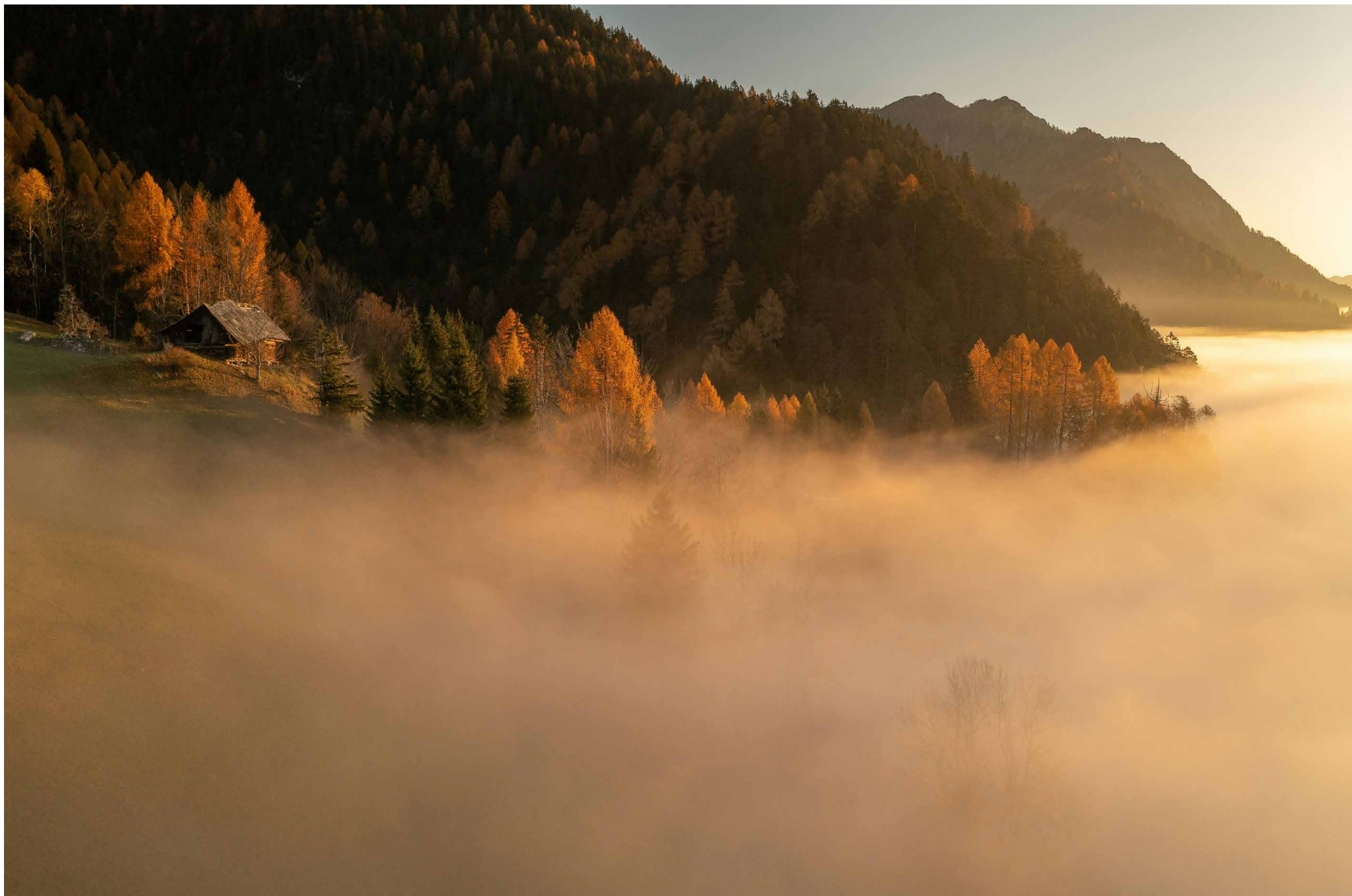
Neutral overall quota, short-term setbacks possible

Our four dimensions of analysis – macro, micro, technical, and sentiment – currently paint a neutral overall picture. In principle, however, we remain constructive on global equities. The combination of falling interest rates and tax cuts over the next twelve months points, in our view, to a supportive monetary and fiscal policy stance that should further stimulate US growth. The decreasing burden from trade policy uncertainty and tariffs should also favor this upswing. In addition, seasonality supports a continuation of the equity rally: toward year-end and the start of a new year, markets have historically tended to be strong, driven in part by increased fund inflows and an optimistic outlook. Nevertheless, a short-term consolidation or moderate pullback would be healthy and not surprising in the current environment.

US equities remain preferred, Asian emerging markets with positive momentum

Regionally, we continue to prefer US equities. Earnings growth there remains more convincing compared to Europe. Provided trade conflicts do not flare up again and the US dollar remains weak – as we expect – emerging market equities should also continue to benefit. Taiwan and South Korea, with their high technology exposure, have performed particularly well recently. India, by contrast, has lagged behind other emerging markets due to its different sector composition and the recent increase in tariffs from 25% to 50%. However, fundamental factors such as solid GDP and earnings growth, as well as room for interest rate cuts, continue to support the Indian equity market. Since international investors are currently underinvested, we maintain our positive outlook for India. With respect to China, we remain cautious due to structural challenges.

Given the prevailing uncertainties, a balanced portfolio with broad diversification across regions and investment styles continues to make sense. Specifically, we continue to prefer US equities in both the large-cap and small-cap segments, especially quality and growth stocks that could benefit from lower interest rates and a potential broadening of market leadership beyond the mega-cap technology names. At the sector level, we favor financials and healthcare stocks on both sides of the Atlantic.





B O N D S

A QUARTER MARKED BY TRANSITION

BY CHRISTOPH JUNG

In the third quarter of 2025, economic and monetary policy signals became more distinct, offering a clearer picture for bond markets. In the United States, real activity continued to surprise on the upside: according to the US Bureau of Economic Analysis, the US economy grew at an annualized rate of 3.8% in the second quarter of 2025. This growth was primarily driven by rising consumer spending and a decline in imports. The revision of the gross domestic product growth rate reflected a significant improvement compared to earlier forecasts and preliminary estimates, showing that the economy remains resilient despite ongoing challenges. The latest Purchasing Managers' Index (PMI) figures showed slight declines in September but remained well within

expansionary territory. At the same time, the unemployment rate stood at 4.3%, with a downward trend in newly created jobs, indicating a gradual but not disruptive cooling. A mild economic slowdown is therefore emerging, while the latest inflation figures urge caution. Core inflation in the US rose to 3.1%, and headline inflation to 2.7% – clearly above the Fed's 2% target.

These macroeconomic data confronted central banks with nuanced policy decisions aimed at preventing possible stagflation. On 30 July 2025, the Federal Reserve initially left its benchmark rate unchanged but, through its communication at the Jackson Hole Symposium in late August, opened the door to monetary

easing. Fed Chair Powell described the risk outlook between inflation and growth as now “more balanced.” On 17 September 2025, the first step followed: a rate cut of 25 basis points to 4.00–4.25%. The Fed justified this move citing a slowdown in labor market dynamics alongside a tendency of easing price trends.

Markets had already anticipated the September rate cut by the end of the second quarter. Moreover, pressure at the long end of the US Treasury yield curve remained rather moderate, despite higher long-term inflation expectations and the prospect of wider fiscal deficits, yields stayed relatively stable. As a result, the curve steepened only slightly. By the end of September, 10-year Treasury yields hovered around 4.2%, while 2-year notes fell to about 3.6%, producing a spread of nearly 60 basis points.

Across the Atlantic, signals were more mixed but by no means alarming. Eurozone GDP rose 0.1% in the second quarter, and September PMIs climbed to 51.2. Germany, in particular, surprised with a composite index of 52.4, while France remained in contraction territory at 48.4. The eurozone unemployment rate recently stood at 6.2% – a remarkably stable level given the weak industrial production in some core economies.

The European Central Bank (ECB) took a different path from the Fed. Following its spring rate cuts, it kept the deposit facility unchanged at 2.00% both in July and September. ECB President Christine Lagarde emphasized that the ECB had reached “a good point” and would now wait to see how the transmission of previous easing measures unfolds. In light of stabilizing economic conditions, slowing

wage growth, and easing inflation dynamics, this cautious stance appears reasonable.

Although no further rate cuts were implemented, the yield curve did not remain still. Investor concerns grew over rising fiscal deficits – particularly after Germany and others launched large-scale investment programs. These measures fueled fears of significantly higher government debt and increased bond issuance. As a result, yields rose across the curve. France was especially in focus, as its fiscal policy increasingly raised doubts about budgetary discipline. Investors therefore priced in higher risk premiums on long-term bonds, while short-maturity yields continued to be determined mainly by monetary policy signals. Additional pressure came from quantitative tightening: as central banks reduced purchases of long-dated bonds, demand weakened further. Consequently, the long end of the curve became even more sensitive to supply increases and risk perceptions.

Yields in the eurozone rose across the board. German Bunds showed a largely parallel shift of about 15 basis points higher, while the very long end saw only a slightly stronger increase. A similar pattern was observed in French government bonds (OATs): 2-year yields rose by 10 basis points, while 10-year yields climbed by around 25 basis points. Overall, this led to a more pronounced steepening of the curve, as illustrated in figure on page 30.

For the Swiss National Bank (SNB), the third quarter was more of a consolidation phase. After making cautious rate cuts in the first half of the year, it announced in September that it would keep its policy rate at 0%. The strong Swiss franc and low inflation provide the SNB with the necessary leeway to adopt a wait-and-see approach and react to global developments rather than initiating new measures on its own. Unlike in its European neighbors, the yield

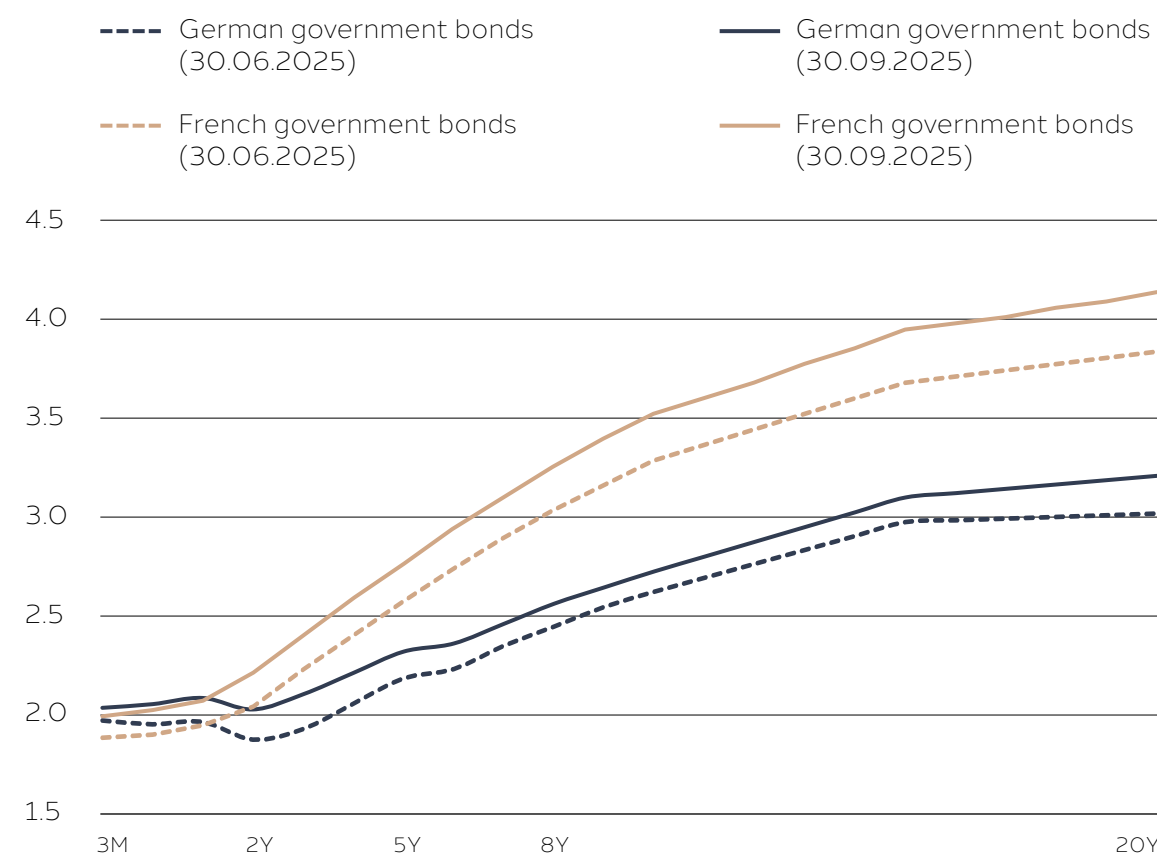
curve in Switzerland flattened: while the yields on 2-year Swiss Confederation bonds slightly decreased, the 10-year yields declined more strongly. Currently, 10-year Swiss Confederation bonds yield around 0.22%, while the 2-year ones are at -0.1%.

Credit risk premiums at historic lows

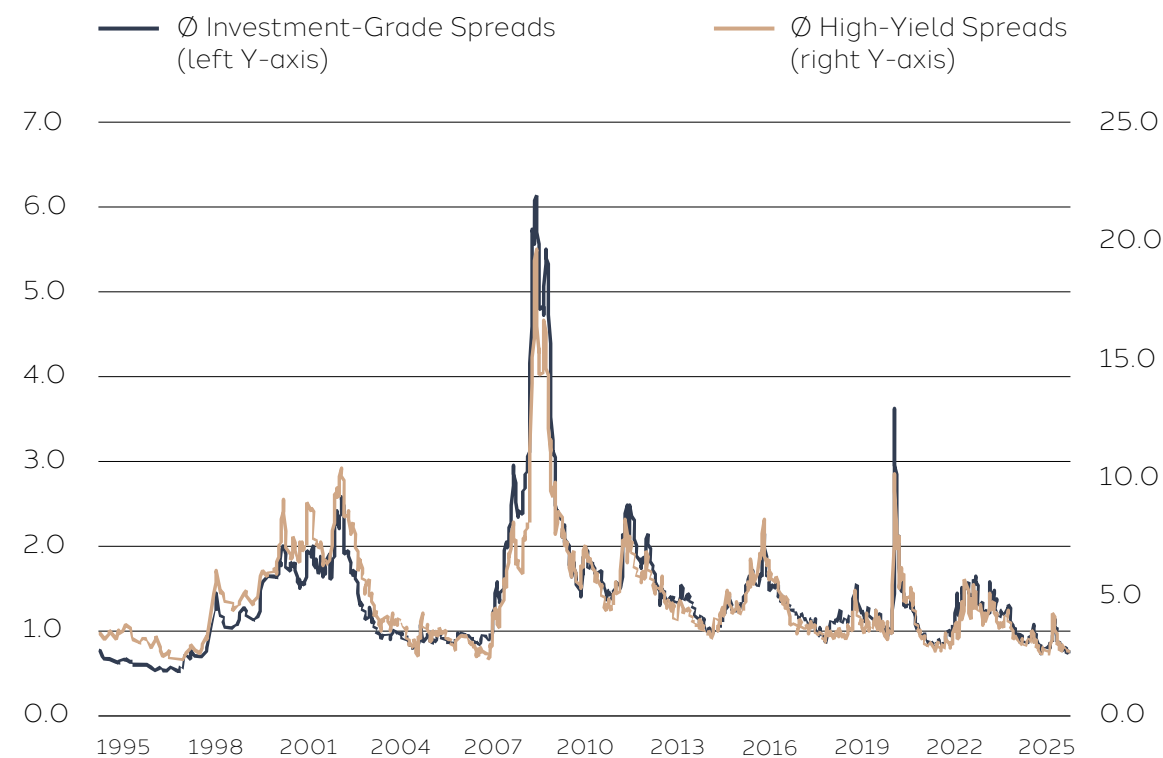
Perhaps the most striking development came from credit markets. US investment-grade spreads against Treasuries fell during the quarter to around 72 basis points – the lowest level since 1997. High-yield spreads, at just under 270 basis points, also reached historically low levels, as shown in figure on page 32. In Europe, credit spreads have similarly approached historic lows. These figures are not only statistically noteworthy but also signal a market environment in which investors are willing to go very far in their search for yield.

The surprisingly strong US economic trajectory, combined with erratic trade politics, the Fed’s initial rate cuts, the ECB’s wait-and-see stance, and persistently strong demand for fixed-income securities created a combination of carry and technical support that caused spreads to compress dramatically.

This trend is a double-edged sword. While solid corporate balance sheets and stable earnings make some spread tightening justifiable, current risk premiums leave little cushion against unexpected shocks – whether from a sudden economic downturn, geopolitical tensions, or renewed inflationary pressures. Against this backdrop, we remain clearly underweight in the volatile high-yield segment. On the one hand, we see only limited potential for further spread tightening; on the other, low spreads no longer sufficiently compensate for prevailing geopolitical and economic risks. Instead, we have long favored high-quality investment-grade securities, particularly European corporate bonds and covered bonds. In the US



Yield Curve of German and French Government Bonds
Source: Bloomberg, illustration by Bergos



Average Option-Adjusted Spreads of US Investment Grade and High Yield Bonds (%)
Source: Bloomberg, illustration by Bergos

market, we continue to prefer US Agency MBS. This selection combines strong credit quality with attractive coupons and structural safeguards, offering what we consider the most compelling risk-return profile.

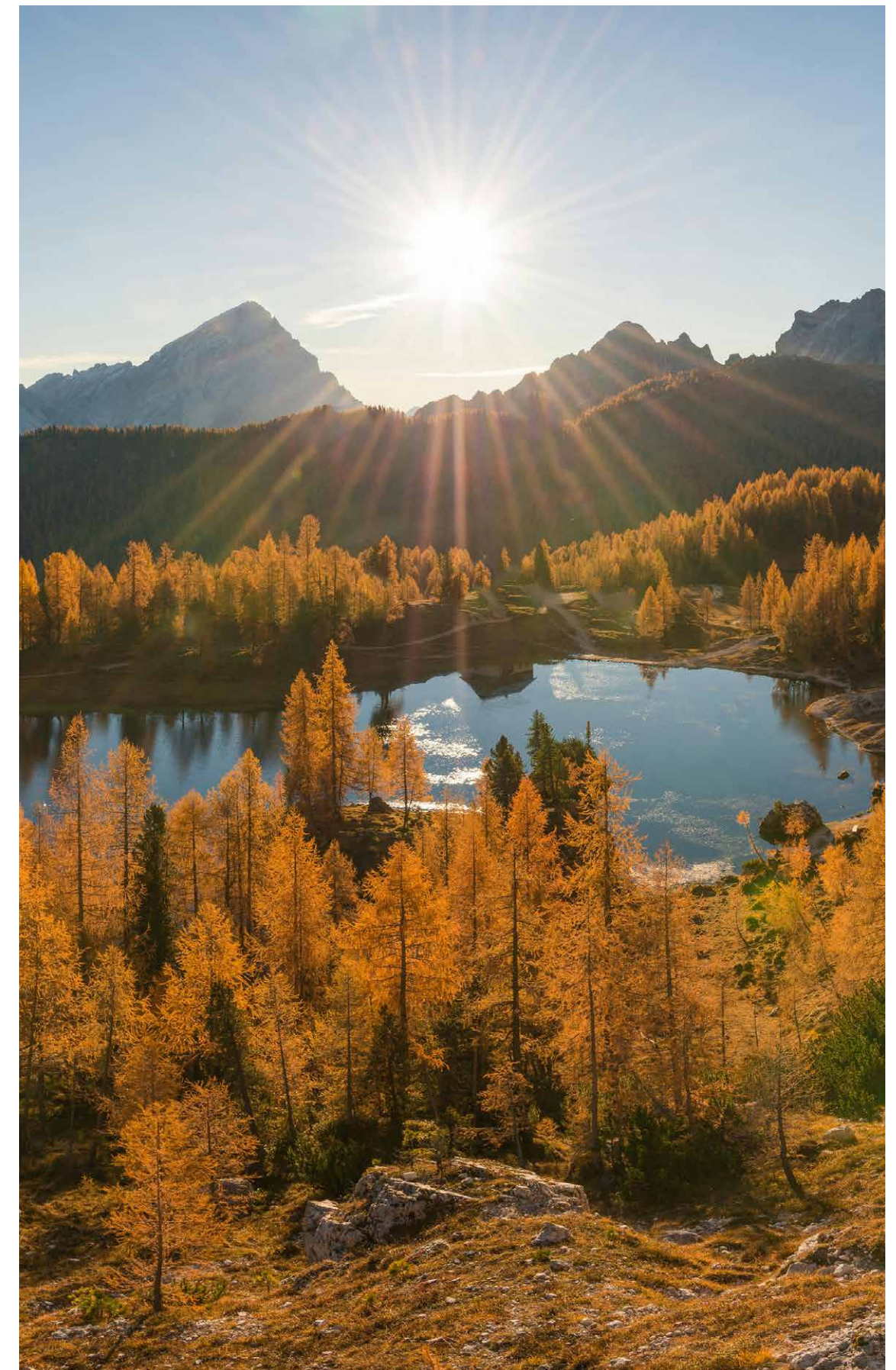
Emerging markets also benefited from the global “reach for yield.” Spreads on hard-currency bonds in these diverse markets were partly stable but mostly declined. Our positioning here remains selective, with a focus on countries that exhibit solid balance-of-payments dynamics and credible reform prospects.

Outlook: Quality and flexibility

Going forward, signs suggest the Federal Reserve will pursue a cautious continuation of its easing cycle, assuming inflation remains under control. However, the substantial US budget deficit remains a risk factor: it could

push up both the long end of the yield curve and inflation expectations – a scenario that poses asymmetric risks for long-duration bonds. By contrast, the ECB appears set to remain on hold for now. If the tentative pickup reflected in the PMIs is confirmed, there is little pressure for further action. In Switzerland, we also expect stability; the SNB will likely align closely with international developments, while continuing to rely on the strong franc as a natural inflation dampener.

Thus, the third quarter of 2025 created a market environment that offers opportunities for carry and capital gains but leaves little room for error. Those who focus on quality and flexibility now will preserve the necessary freedom to act – whether to take advantage of further rate cuts or to respond quickly to sudden market disruptions.





ALTERNATIVE INVESTMENTS

GOLD: THE ULTIMATE TRUMP CARD

BY OLIVER WATOL

Gold is shining once again. After an already powerful run in the last two years, the metal has surged nearly 45% this year alone, easily breaking through the USD 3'800 mark. This makes gold one of the best-performing assets of 2025 so far. In early September, it even recorded six fresh record highs within just seven trading days. Importantly, gold is trading at all-time highs not only in US dollars, but also in Swiss francs, in euros, pounds, yuan, and almost every major currency. Several forces are driving this exceptional rally. Central banks, particularly in emerging markets, continue to add to their gold reserves to reduce reliance on the US dollar. At

the same time, geopolitical tensions, a weaker dollar, and investor concerns about record US debt and the independence of the Federal Reserve have all boosted demand for gold as a safe haven. Uncertainty around global trade and politics, further amplified by the renewed dominance of Donald Trump on the world stage, has only reinforced this trend. The latest catalyst for gold came from Fed Chair Jerome Powell's Jackson Hole speech, followed by the widely anticipated first rate cut since December 2024, which lowered the policy rate by 25 basis points in mid-September. This dovish shift in US monetary policy has clearly supported the

metal. Importantly, the trend is not limited to the USA, majority of the world's most influential central banks have already eased monetary policy or are likely to continue doing so, as in the case of the Federal Reserve. This broad global rate-cutting cycle has lowered the opportunity cost of holding gold and spurred especially private investors to increase allocations.

Has the golden opportunity already passed?

With gold setting fresh records, some fear the rally has gone too far. We see it differently: the outlook remains highly compelling. The metal is firmly positioned in a "goldilocks" environment, where a combination of supportive factors continues to underpin its strength. On one side, markets are pricing in further US rate cuts through year-end and into next year as Jerome Powell shifts his focus toward a weakening labor market. Lower interest rates generally support higher allocations to gold, as the appeal of holding a non-yielding asset increases. By the end of September, this was evident in global gold ETF holdings, which had risen to their highest level since late 2022. Yet the entire market for physically backed gold ETFs remains modest, only about 1.2% of the size of the US Treasury market, underscoring the substantial room for further reallocation if investors expand their exposure. On the other side, the fight against inflation is far from over. Should inflation prove stickier or flare up again due to higher tariffs or diminished Fed independence, gold is likewise well positioned to benefit. Rising inflation strengthens gold's role as a store of value. As everyday prices increase and paper currencies lose purchasing power, investors turn to assets that can preserve wealth over time. A weaker US dollar adds another layer of support. We expect the greenback to stay under pressure not only in the short term but also over the next 12 months. Since gold is priced in dollars,

a softer greenback makes the metal cheaper for buyers using other currencies. Central banks continue to play a powerful role as well. These consistent purchases act as a solid foundation under the gold market, creating a trailing floor for prices. Taken all together, the combination of lower rates, persistent inflation risks, a weaker dollar, and ongoing central bank demand makes us confident that gold's story is not over.

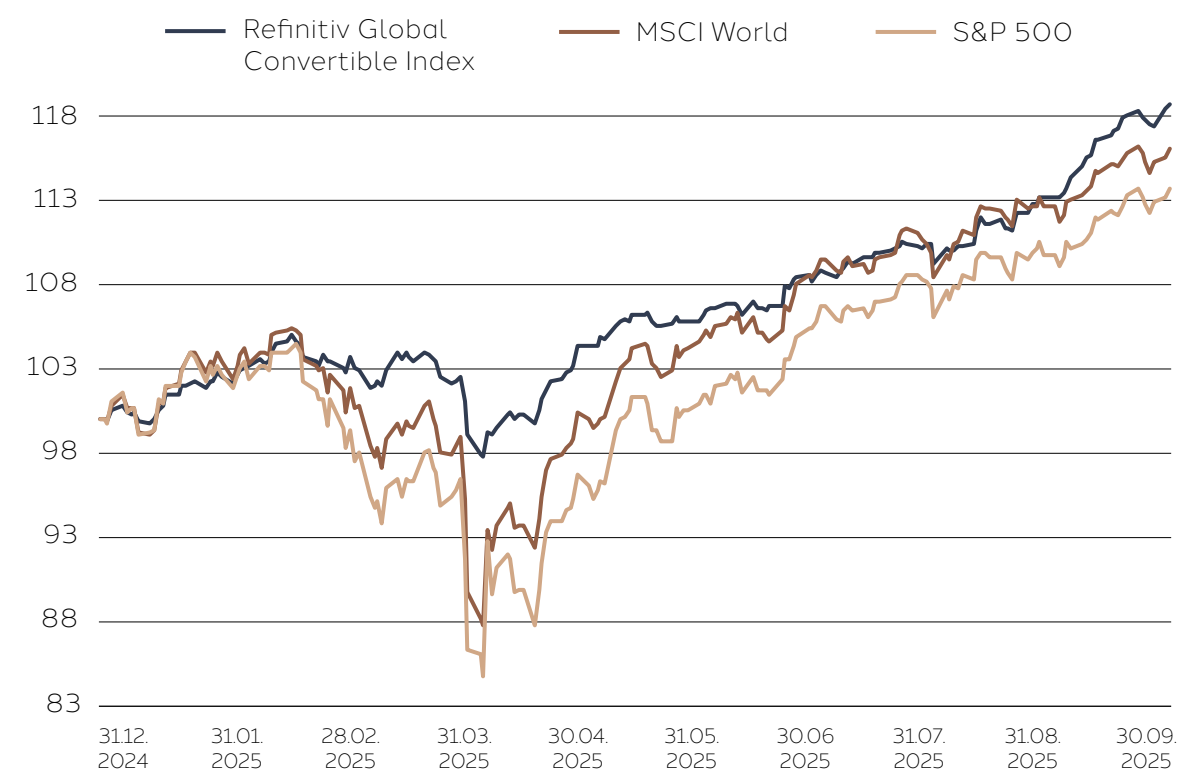
Could gold correct?

There are certainly scenarios that could trigger a setback. A clear de-escalation in major geopolitical conflicts, such as the war in Ukraine, could weigh on demand. A significant easing of trade tensions would also reduce the need for protection, while a sudden spike in bond yields could also pressure prices. Such factors might spark a pullback, but we see these as short-lived corrections rather than the start of a sustained downturn. A more severe risk would be central banks turning into net sellers of gold. This would require many institutions cutting gold reserves at the same time, or a major holder such as the US, Germany, or Italy being forced to sell under extreme conditions like a debt crisis. Such an event would send a powerful negative signal to markets. However, while official purchases have eased slightly in recent months, central banks remain steady buyers. The People's Bank of China added gold in August, and the Reserve Bank of India has stepped up acquisitions. Importantly, no major holder shows signs of preparing to sell. The last time a developed-market central bank sold significant amounts was in the late 1990s, when the Bank of England offloaded about 400 tonnes for an average price near USD 275 per ounce. With gold prices now above USD 3'800, criticism of that decision seems justified. Such experiences reinforce the reluctance of central banks to part with their gold.

Convertibles – 2025 marks a standout year for investors

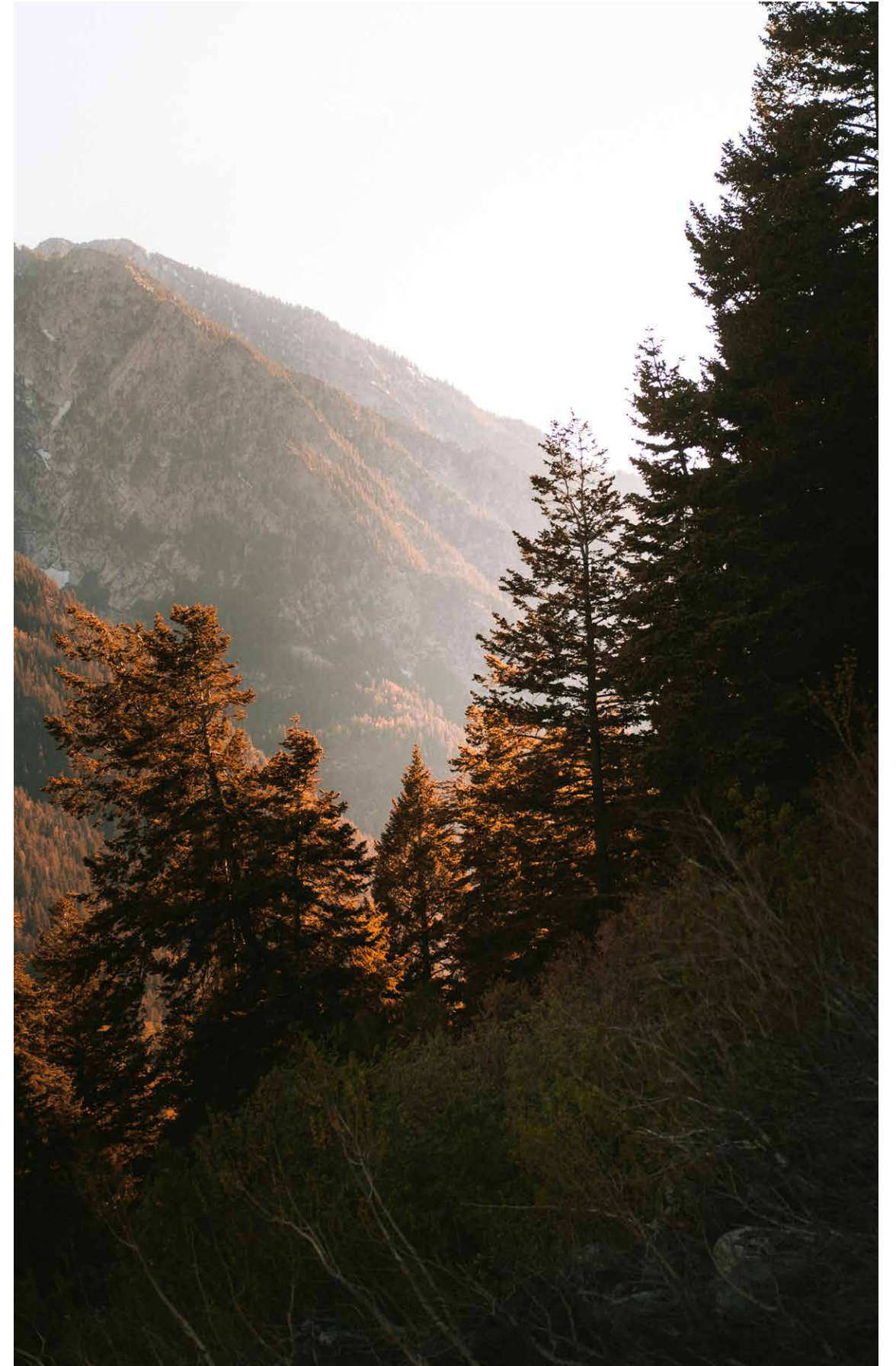
2025 has so far been an extraordinary year for global convertible bond investors. Favorable market conditions have turned the spotlight back on this often-overlooked asset class. At present, the convertible bond universe benefits from several tailwinds. One of the key drivers remains the current interest rate environment, particularly in the US, the largest market for convertible issuers. Although the Federal Reserve delivered a modest 0.25% cut in September, rates remain elevated by historical standards, leaving financing costs burdensome,

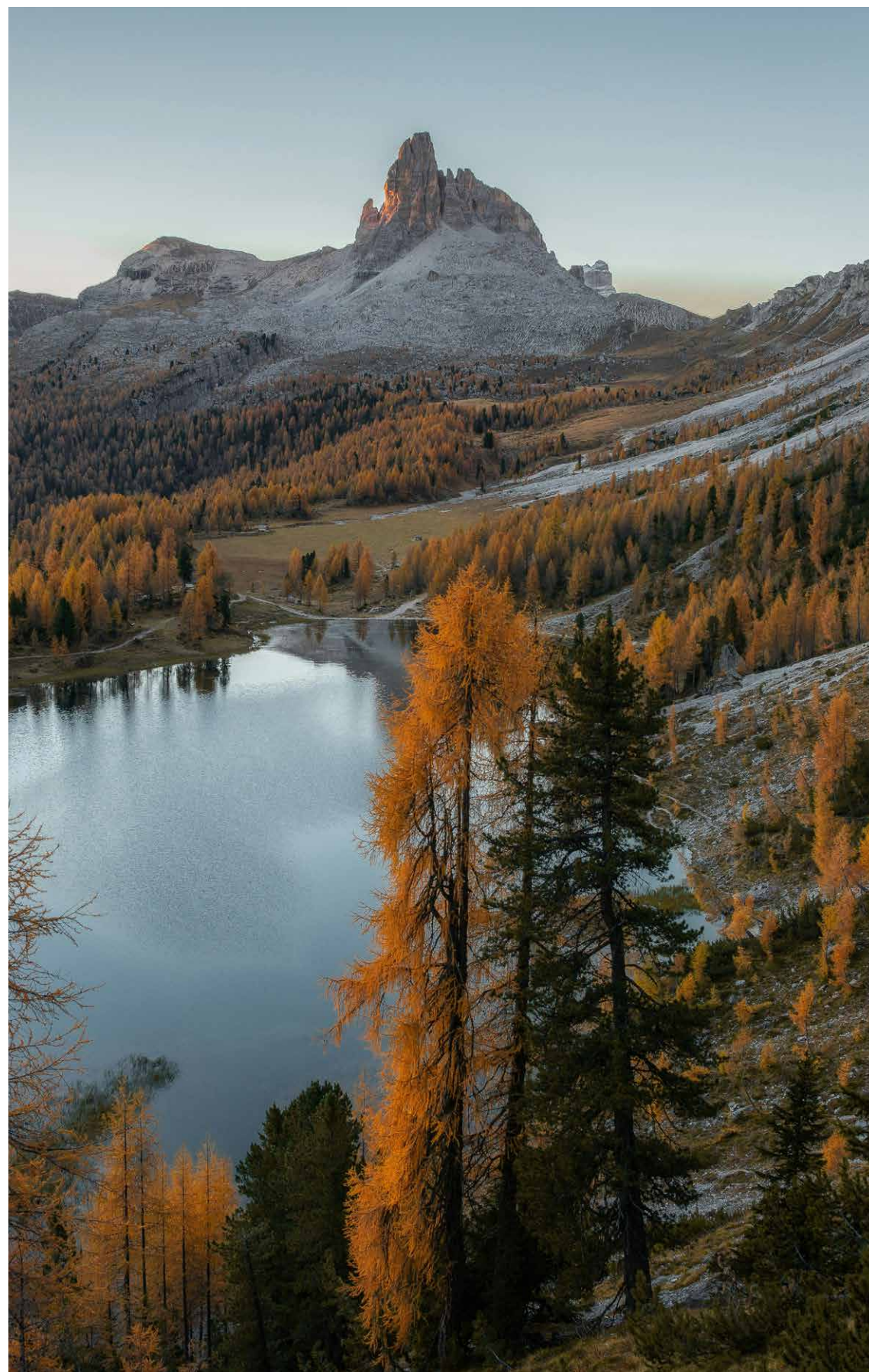
especially for innovative companies reliant on external funding. In this context, convertibles offer a compelling advantage: issuers can secure capital at significantly lower coupon rates than straight bonds, as investors are compensated with the equity option. This dynamic continues to underpin strong demand and supports the positive momentum of the asset class. So far this year, this environment has led to new issuance surging to levels not seen in nearly two decades. Companies increasingly choose convertibles to secure cheaper funding, even when there is no urgent need for new capital. The result has been a true "primary renaissance." Nearly half of this



YTD Performance Global Convertible Bonds vs Equities
Source: Bloomberg, illustration by Bergos

year's global deals were structured without a coupon, reflecting tight credit spreads and elevated equity volatility. On average, new issues carry a mere 2% coupon with conversion premiums around 35%. For investors, this wave of issuance has expanded the opportunity set dramatically. Fresh deals often come with attractive terms and can serve as a direct source of alpha, offering appealing entry points into innovative and fast-growing businesses. Third, the backbone of the convertible market remains small- and mid-cap issuers. These companies dominate the universe, and their recent equity strength has translated directly into convertible gains. In the US, small caps regained momentum after softer labor market data in early August reinforced expectations of additional rate cuts. Since then, the Russell 2000 has meaningfully outpaced the S&P 500, fueling additional momentum in convertible valuations. Looking ahead, the outlook for convertibles remains constructive. Stable to slightly easing interest rates, supportive credit conditions, and an ongoing pipeline of new issues suggest that the favorable environment for convertibles may continue and very well be the foundation of a longer bull market.





C U R R E N C I E S

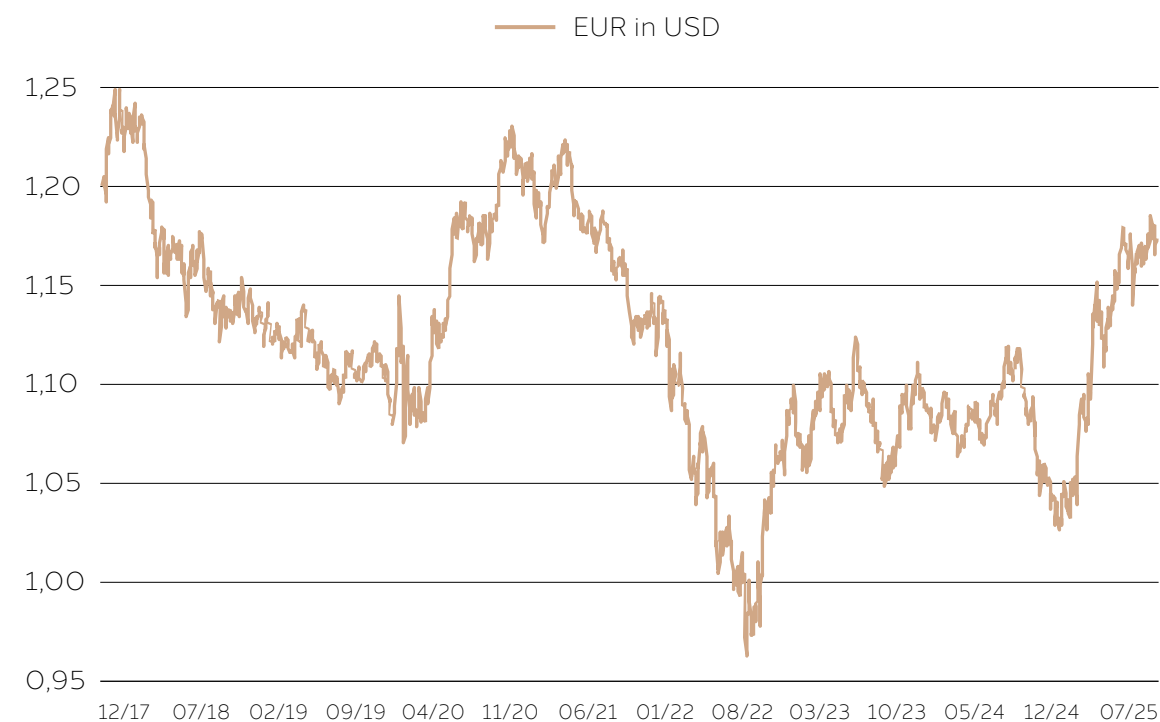
THE POLITICAL PRESSURE ON THE US FEDERAL RESERVE IS INCREASING
BY STEFFEN KILLMAIER

In the third quarter of 2025, foreign exchange markets were characterised by tension arising from conflicting economic data, diverging monetary policy expectations, and geopolitical developments. US trade policy, which had dominated the first half of the year, receded somewhat into the background. At the end of July, US President Trump announced agreements with numerous countries. More recently, monetary policy has returned to the forefront, and with it, the question of the independence of the US Federal Reserve. This has impacted the currency markets, particularly the US dollar. Safe-haven assets such as the Swiss franc remained in demand throughout the third quarter.

US dollar weakness likely to persist

After recording its weakest first half of the year since 1973, the US dollar has shown at least some stabilisation in recent months. In terms of trade policy, several deals have been reached, including an agreement with the EU. Also, in mid-August, the tariff pause with China was extended by a further 90 days. As a result, trade policy has somewhat receded into the background. However, given the unpredictability of the US government, it could create renewed uncertainty at any time and exert downward pressure on the US dollar.

Recently, central bank policy has once again come into focus in the currency markets.



Development of the EUR/USD exchange rate
Source: Bloomberg, Bergos, Data as of 30.09.2025

Having left interest rates unchanged so far this year, the US Federal Reserve cut rates by 25 basis points in September. Currently, we expect two further rate cuts in the US this year, while the European Central Bank (ECB) is unlikely to lower its key rate further before year-end. This will reduce the interest rate differential between the US and the eurozone, which is likely to mean further headwinds for the US dollar.

The Fed's September rate cut responded to a cooling economy and a softer labor market. However, the significant pressure exerted by President Trump on the Federal Reserve also likely played a considerable role. Trump has called for faster and more substantial rate cuts to stimulate the economy. This increasingly threatens the independence of the Federal Reserve (see also page 49 "In focus: The independence of the US central bank"). The appointment of Trump advisor Stephen Miran

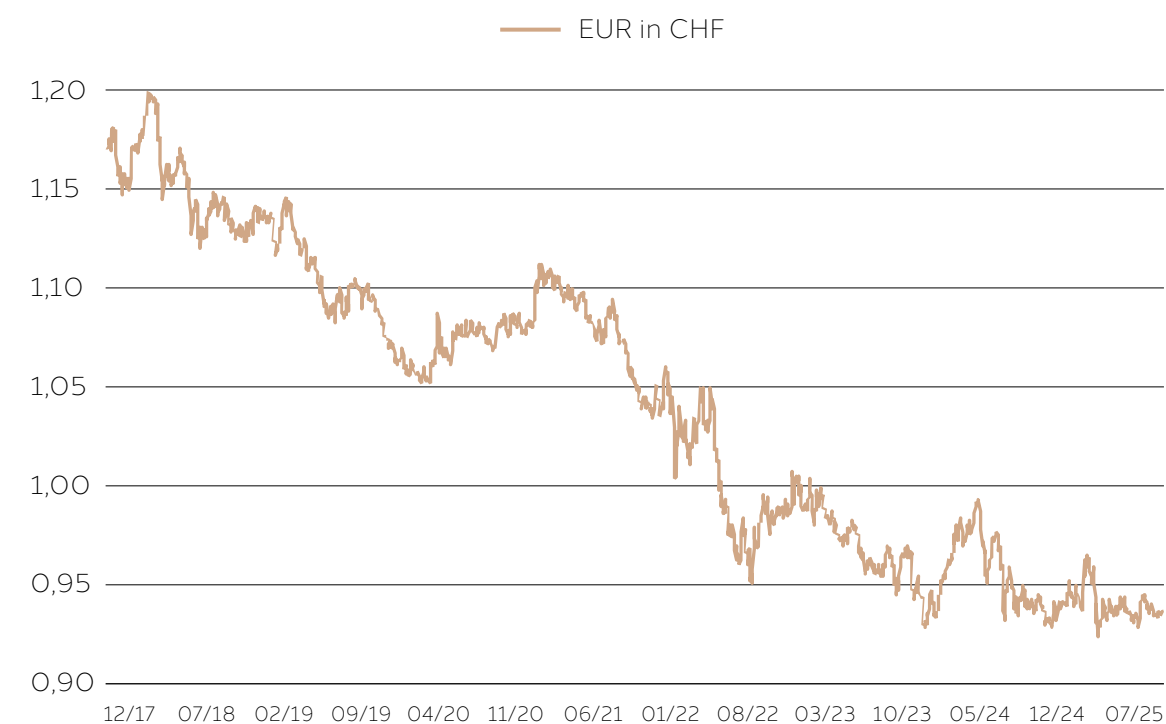
as Fed governor, and his call for more drastic rate cuts, underscores these risks. In general, the political pressure currently applied by Trump across various US institutions is contributing to a growing loss of confidence in the US, which is damaging the US dollar's standing.

In the eurozone, the economy has so far shown resilience this year. Fiscal policy is becoming more expansionary, partly due to rising defence spending. This is providing a stabilising impulse to the eurozone economy. The agreement in the trade dispute could also offer greater certainty. The euro has benefited from these developments. We have been positive on the EUR/USD currency pair in the short term since March 2025 and expect the US dollar to remain weak in the coming months. Moreover, we have recently adjusted our longer-term outlook for the pair: having previously taken a neutral 12-month stance, we now expect a weaker US dollar over the longer term as well.

Swiss franc defies tariff pressures

In a world shaped by economic and political risks, the Swiss franc continues to benefit from its status as a safe-haven currency. Switzerland offers political stability, a robust economy, low government debt, and a high degree of international trust. However, the country recently faced a setback in trade negotiations with the US. Unlike the EU, Switzerland was unable to secure a trade deal with the US administration. The currently applicable general tariff of 39% and the 100% tariff on pharmaceutical products represent a burden for the Swiss economy. At the country level, the US is Switzerland's most important trading partner. The coming months will reveal whether Switzerland can succeed in negotiating lower US tariffs.

The persistently strong franc also poses challenges for Swiss companies, as it pushes up export prices and thereby makes overseas sales more difficult. The Swiss National Bank (SNB) will therefore continue its efforts to counter the upward pressure and prevent the franc from strengthening further. With the key interest rate at 0% since June, however, the room for additional monetary easing is limited. Direct intervention in the foreign exchange market remains an option. We expect the sideways movement seen in the EUR/CHF currency pair this year to continue and are neutrally positioned for the currency pair on a 3-month and 12-month horizon. For a real turnaround with significantly lower franc exchange rates, the world would probably have to exit crisis mode – which does not appear imminent.

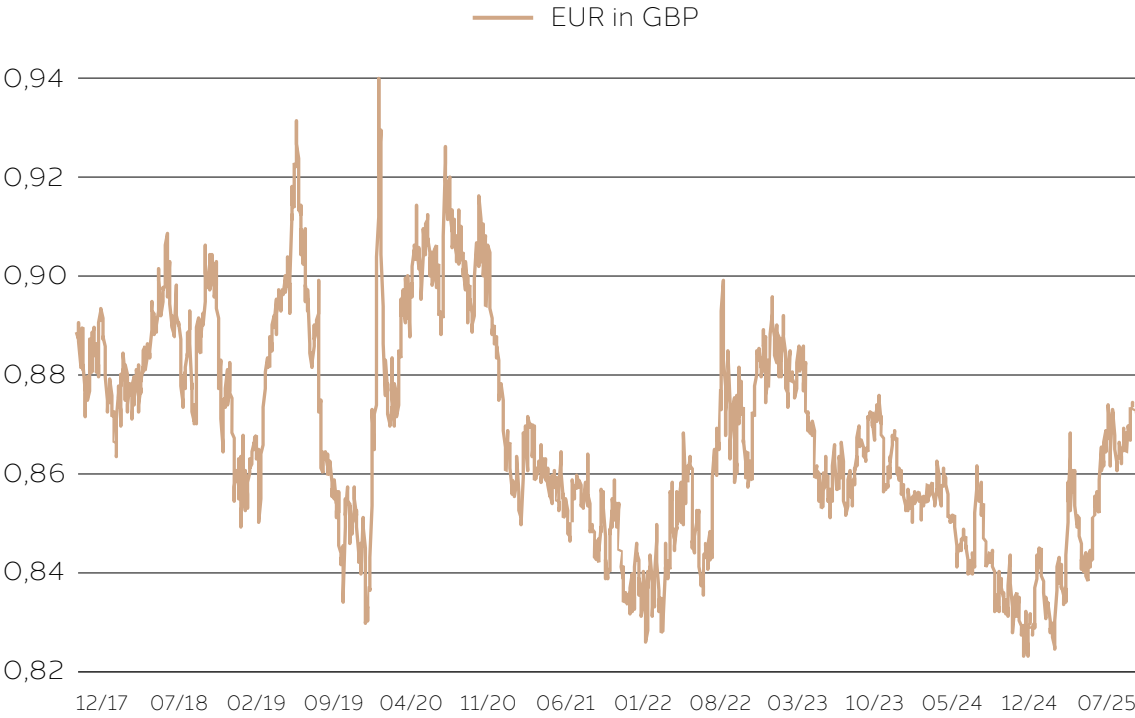


Development of the EUR/CHF exchange rate
Source: Bloomberg, Bergos, Data as of 30.09.2025

UK inflation remains stubborn

The Bank of England (BoE) currently finds itself caught between inflationary pressures and economic concerns. High inflation in the UK continues to cause concern. With inflation at 3.8% in August, it remains well above the BoE’s 2% target and is higher than in any other industrialised nation. At its September meeting, the Bank of England therefore decided to keep the key interest rate unchanged at 4%. We also expect the UK’s key rate to remain stable in the coming months, in line with the European Central Bank. The unchanged interest rate differential between the UK and the eurozone is unlikely to result in significant appreciation or depreciation of the British pound against the euro in the near term.

In addition to high inflation, the UK is also facing economic challenges. Recent economic data paint a rather subdued picture of the British economy. Economic growth is stagnating, and the labour market continues to cool. The unemployment rate stands at 4.7%, the highest level in four years. Looking ahead, we do not expect stronger economic growth in the UK relative to the eurozone. This development has recently made us less optimistic about the British pound, prompting us to adjust our outlook for the EUR/GBP currency pair. We now expect a sideways movement over a 3-month and 12-month horizon.

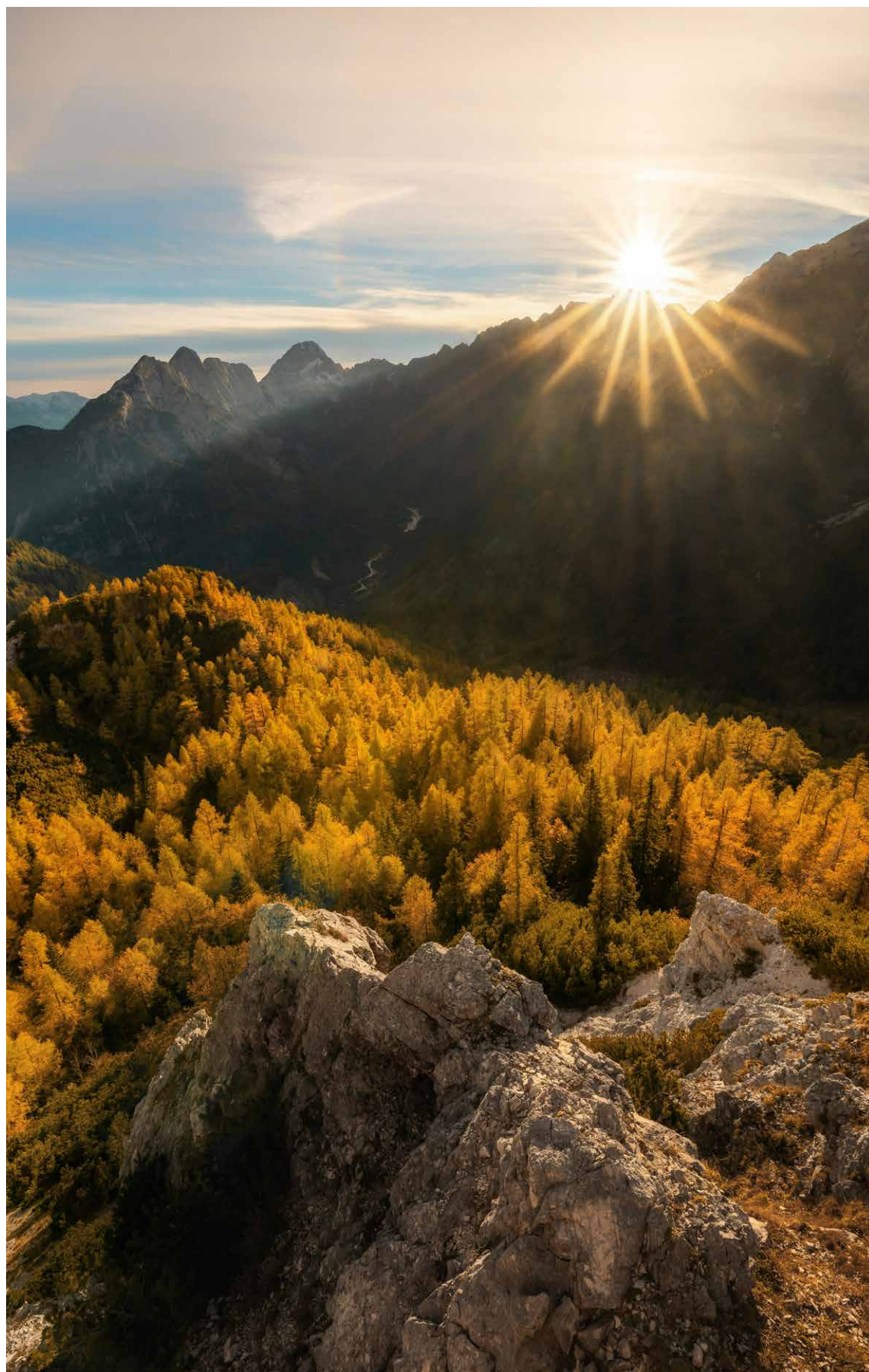


Development of the EUR/GBP exchange rate
Source: Bloomberg, Bergos, Data as of 30.09.2025





TOPIC



T O P I C

IN FOCUS: THE INDEPENDENCE OF THE US CENTRAL BANK

BY DR JÖRN QUITZAU

In addition to tariff policy, the attacks by US President Trump on the Federal Reserve in the past quarter have made headlines. Donald Trump wants the Fed to deliver faster and more pronounced interest rate cuts in order to stimulate the economy. Fed officials are trying not to be influenced by this. They aim to align monetary policy solely with macroeconomic data so that price levels remain stable and employment stays high. Nevertheless, the question is increasingly pressing: how well is the Fed protected from political interference?

When responsibility for money and currency is placed in the hands of politicians – or at least within their sphere of influence – the risk of loose, inflationary monetary policy is high.

Many politicians focus primarily on the short-term economic stimulus of looser monetary policy without considering the longer-term inflation risks that come with it. Empirical studies in the 1980s showed the positive effects of independent central banks on price stability and economic development. This is why independent central banks became the international standard from the early 1990s onward.

In practice, the problem remains that while a central bank may be de jure independent, de facto it can still fall under political influence. Essentially, there are three factors that can become risks – and all three are currently relevant for the US central bank: first, fiscal

dominance; second, political pressure; and third, personnel appointments.

Fiscal dominance

When government debt rises to the point that a state can no longer finance itself at moderate interest rates in the capital markets, pressure builds on the central bank to ease monetary policy in order to lower the government's financing costs. Beyond a certain point, this requires neither political pressure nor political directives. In such a case, the central bank acts more or less "voluntarily" and accepts higher inflation in order to avert greater damage, such as a debt or financial crisis. Given the American debt and persistently high budget deficits, there is a latent risk that the central bank will have to come to the aid of the US government.

Political pressure

Central bankers are human beings, not machines. Intense political pressure can leave its mark. US President Trump has often publicly insulted Fed Chair Jerome Powell and threatened to dismiss him. In the long run, such pressure can influence the decision-making behavior of members of the central bank council.

Personnel appointments

The appointment of top positions in central banks is rarely entirely apolitical. Depending on the monetary policy orientation of the candidates ("hawks" or "doves"), the central bank's policy course can at least be steered somewhat in the desired direction.

Composition of the Fed's decision-making body FOMC

What influence does politics have on personnel appointments? Monetary policy decisions are made by the Federal Open Market Committee (FOMC), which consists of seven members of the Board of Governors and the presidents of the twelve regional Federal Reserve Banks. At each of the eight FOMC meetings per year,

all seven Fed governors and the president of the Federal Reserve Bank of New York vote on monetary policy. A further four votes rotate among the eleven remaining presidents of the Fed banks. In total, twelve votes decide on the Fed's monetary policy course at each meeting.

The seven members of the Fed's Board of Governors are nominated by the US president and confirmed by Congress. The twelve presidents of the regional Federal Reserve Banks are elected by the boards of the individual banks. Since Janet Yellen served as chair of the Fed, the Board of Governors in Washington has exercised greater influence over the selection of district bank presidents. The chair of the Federal Reserve Board (currently Jerome Powell) holds veto power over any candidate for the presidency of a Federal Reserve Bank.

Given the long terms of office, it would take a long time to try to influence the Fed's monetary policy course through personnel appointments. Most terms of the current Fed governors extend beyond Donald Trump's term as US president:

- **Jerome H. Powell** (Fed chair): term on the Board of Governors until January 2028. Term as Fed chair ends in May 2026.
- **Philip N. Jefferson** (vice chair): term until January 2036.
- **Michelle W. Bowman** (vice chair): term until January 2034.
- **Michael S. Barr**: term until January 2032.
- **Lisa D. Cook**: term until January 2038.
- **Stephen I. Miran**: term until January 2026.
- **Christopher J. Waller**: term until January 2030.

Although the long terms of Fed decision-makers should in some ways immunize them against political influence, the past few weeks have shown that there can indeed be movement in the personnel structure of the Fed's decision-making body. After Governor Adriana D. Kugler ended her term, which was due to run until January 2026, prematurely in early August, Donald Trump was able to appoint his adviser Stephen I. Miran as her replacement on the Board of Governors (initially until January 2026). At his very first appearance in the FOMC in mid-September, Miran made his mark by voting not for a small interest rate cut of 25 basis points, like all the other voting members, but directly for a large cut of 50 basis points. Miran also sees reason for stronger rate cuts than his Fed colleagues in the coming months. Adding further fuel to the fire is the fact that Miran's view of monetary and economic theory often lies far from the economic mainstream.

Another personnel case shows how strong the pressure of the US president on the Fed is. He dismissed Governor Lisa D. Cook on rather flimsy grounds. Cook resisted the dismissal and stated that she remained in office. For the time being, two courts, as well as the Supreme Court, have ruled in her favor, so she is in fact still in office and took part in the Fed meeting in September as usual. The outcome of this matter, however, remains open.

Voting personnel can therefore change more quickly than expected. In addition, there is no guarantee that, in a climate of fear or harassment, decisions will be made strictly in line with the monetary policy mandate. Finally, a successor is currently being sought for Fed chair Jerome Powell, whose term ends in May 2026. Members of the central bank council who have ambitions for the position of Fed chair might try to win Donald Trump's favor by advocating stronger rate cuts at upcoming meetings than their monetary policy convictions would suggest.

Overall, the political pressure on the central bank is highly unfortunate. The discussion damages both the Fed's credibility and the standing of the US dollar.

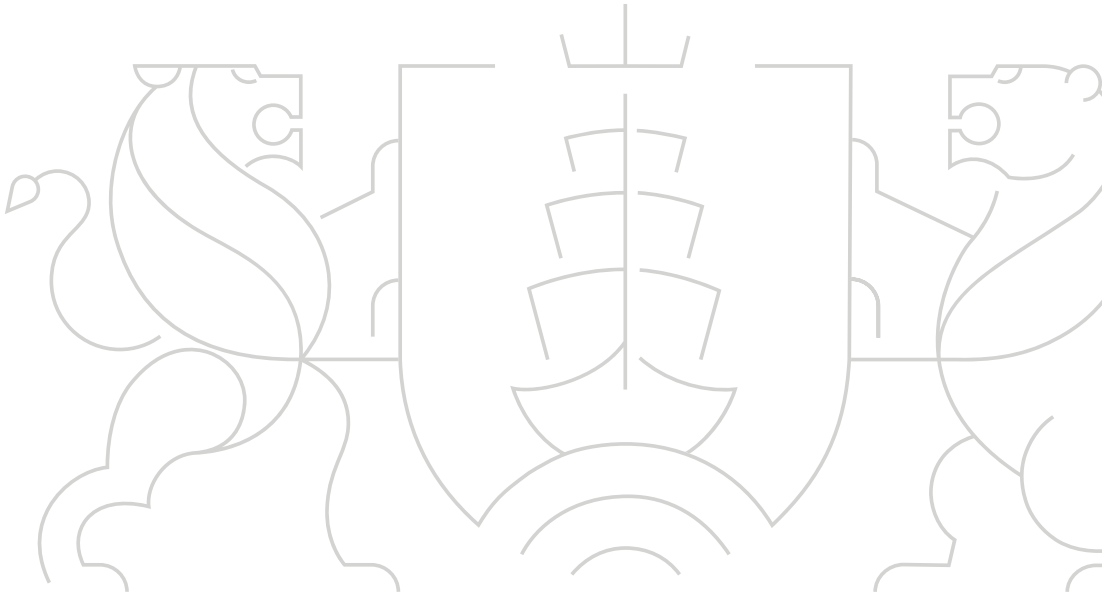


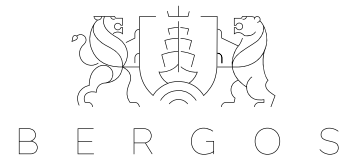
BERGOS VIEW

BANK VIEW	--	-	0	+	++
EQUITIES	○	○	●	○	○
NORTH AMERICA	○	○	○	●	○
CONSUMER DISCRETIONARY	○	○	●	○	○
CONSUMER STAPLES	○	●	○	○	○
ENERGY	○	○	●	○	○
FINANCIALS	○	○	○	●	○
HEALTH CARE	○	○	○	●	○
INDUSTRIALS	○	○	●	○	○
INFORMATION TECHNOLOGY	○	○	●	○	○
MATERIALS	○	○	●	○	○
REAL ESTATE	○	●	○	○	○
COMMUNICATION SERVICES	○	○	○	●	○
UTILITIES	○	○	●	○	○
EUROPE	○	○	●	○	○
CONSUMER DISCRETIONARY	○	○	●	○	○
CONSUMER STAPLES	○	○	●	○	○
ENERGY	○	○	●	○	○
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HEALTH CARE	○	○	○	●	○
INDUSTRIALS	○	○	●	○	○
INFORMATION TECHNOLOGY	○	○	●	○	○
MATERIALS	○	○	●	○	○
REAL ESTATE	○	●	○	○	○
COMMUNICATION SERVICES	○	●	○	○	○
UTILITIES	○	●	○	○	○
JAPAN	○	●	○	○	○
EMERGING MARKETS	○	○	●	○	○

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FIXED INCOME	○	○	○	●	○
DENOMINATION US-DOLLAR	○	○	●	○	○
DURATION	○	○	●	○	○
SHORT TERM	○	○	○	●	○
MEDIUM TERM	○	○	○	●	○
LONG TERM	○	●	○	○	○
SOVEREIGNS	○	○	●	○	○
COVERED BONDS/ AGENCY MBS	○	○	○	●	○
CORPORATES INVESTMENT GRADE	○	○	●	○	○
CORPORATES HIGH YIELD	●	○	○	○	○
DENOMINATION EURO	○	○	●	○	○
DURATION	○	○	○	●	○
SHORT TERM	○	○	●	○	○
MEDIUM TERM	○	○	●	○	○
LONG TERM	○	○	○	●	○
SOVEREIGNS	○	○	●	○	○
COVERED BONDS/ AGENCY MBS	○	○	○	●	○
CORPORATES INVESTMENT GRADE	○	○	○	●	○
CORPORATES HIGH YIELD	●	○	○	○	○
EMERGING MARKETS	○	○	●	○	○

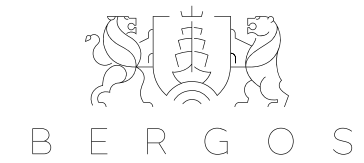
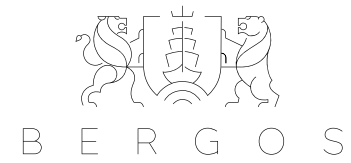
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ALTERNATIVE INVESTMENTS	○	○	●	○	○
COMMODITIES	○	○	●	○	○
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INDUSTRIAL METALS	○	○	●	○	○
PRECIOUS METALS	○	○	○	●	○
HEDGE FUND STRATEGIES	○	●	○	○	○
LONG/SHORT	○	○	●	○	○
RELATIVE VALUE	○	○	○	●	○
MACRO	○	○	●	○	○
EVENT-DRIVEN	○	○	●	○	○
CONVERTIBLES	○	○	○	●	○
ALTERNATIVE CREDIT AND PRIVATE DEBT	○	○	○	●	○
REAL ESTATE	○	○	●	○	○





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