MONTHLY NEWSLETTER – September 2025

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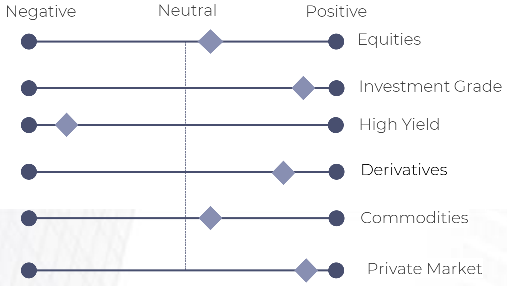
“Equities closed the summer on a broadly positive note, with global markets showing resilience despite Trump’s tariff announcements and the disappointing early-August US jobs report, which highlighted a marked slowdown in the labour market. This has fuelled concerns of a broader US economic deceleration, while markets are now pricing in a 25bps Fed rate cut in September—a prospect that has lent support to risk assets. At the Jackson Hole symposium, Powell hinted at a potential policy shift in response to labour market weakness. Meanwhile, the Q2 earnings season proved robust overall, led once again by the ‘Magnificent 7’.

In early August, Washington raised tariff rates on several partners under its ‘reciprocal’ trade policy, before targeting India with a 50% duty aimed at curbing Russian oil imports. Despite these measures, oil prices weakened, whereas gold pushed higher.

In this environment, we continue to favour investment grade bonds for its attractive risk-return profile and are gradually increasing equity exposure. Valuations in the AI sector are not cheap, and capital expenditure is at historically high levels, which will be difficult to sustain over multiple years. We are therefore adopting a defensive stance and gradually rotating into value names.

For commodities and cryptocurrencies, we design bespoke strategies tailored to specific market conditions, helping to diversify away from major currencies where the outlook remains uncertain due to fiscal deficits and trade tensions.”

OUR MARKET VIEWS



POTENTIAL MARKET CATALYST

Beginning of the Fed’s rate-cutting cycle

Economic relicience

Favourable trade agreements between the US and major global economies

Easing of geopolitical tensions

KEY INDICATORS

Equities (%)	Level	July	August	YTD
S&P 500	6 460	2.2	1.91	**9.63**
Nasdaq 100	23 415	2.4	0.85	**11.43**
Eurostoxx 50	5 352	0.3	0.60	**8.86**
FTSE 100	9 187	4.2	0.60	**12.54**
China SI 300	4 497	3.5	10.33	**10.94**
Emerging markets	1 258	1.7	1.22	**17.81**

Bonds (rate spreads)	Level	July	August	YTD
		Spread change level		
10 year government bonds				
US	4,23	0,15	-0,15	**-8,22**
Europe	2,72	0,09	0,13	**14,24**
Corporate – 5 years spread (change level)				
Investment Grade US	51	0,28	-0,38	**2,12**
Investment Grade Europe	96	-0,44	1,86	**-2,61**
High Yield US	322	5,10	-1,42	**3,44**
High Yield Europe	268	-14,07	-0,52	**-15,11**

Currencies (%)	Level	July	August	YTD
EUR / USD	1.1686	-3.2	2.37	**12.43**
GPB / USD	1.3504	-3.8	2.25	**7.38**
CHF / USD	1.2492	-2.4	1.47	**-11.29**

Commodities (%)	Level	July	August	YTD
Gold	3 448	-0.4	4.80	**34.81**
Brent	68	7.3	-6.08	**-10.38**
Copper	459	-14.1	3.78	**10.29**
Aluminium	2 618	-1.3	2.09	**3,33**

Volatility	Level	July	August	YTD
Euro Stoxx 50	18	-0.7	0.13	**6.48**
Nasdaq 100	15	-0.1	-8.13	**-6.40**

Cryptos (%)	Level	May	June	YTD
Bitcoin	109 127	8.3	-6.32	**18.3**
Etherum	4 456	49.2	19.30	**31.2**

Sources: Bloomberg, Norman K. - Data as of August 29th 2025. Past performance is not a reliable indication of future performance. Non-contractual information.

CHART OF THE MONTH

US Labor Market is softening…

US Nonfarm job gains have bee softening and revised substantially lower over may and June.
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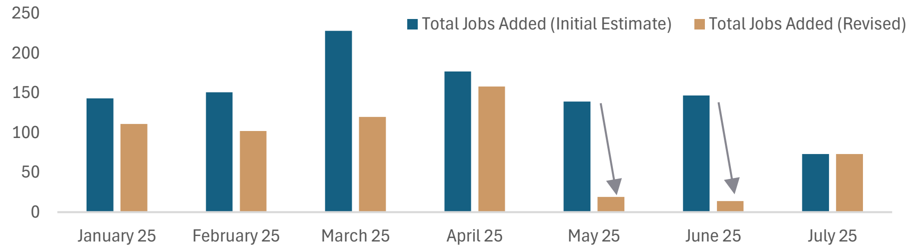

Source : Bloomberg, Norman K.

August 2025: Markets advance ahead of first Fed cut.

MACROECONOMICS

The **earnings season proved solid** in Q2, with results surpassing expectations and helping markets withstand weaker macroeconomic news. In August, **Nvidia** – the most prominent company to report – beat forecasts on both revenues and profits, though data center sales fell short. Overall, the **Magnificent 7** continued to drive earnings growth, although their contribution is expected to decline in favour of other sectors.

From a macroeconomic perspective, the most notable development in August was **the US jobs report**, which came in well below expectations and confirmed signs of labour market weakness. At the Jackson Hole symposium, Jerome Powell suggested a **potential shift** in the balance of economic risks, hinting at a possible policy adjustment. Against this backdrop, markets are anticipating the **start of monetary easing in September, with a 25bps Fed rate cut expected**. Trump continues to put pressure on the institution to lower rates, and the Federal Reserve's independence has been called into question following his attempt to dismiss Lisa Cook, one of the seven governors. Her potential removal – a decision that will ultimately be made in court over the coming months – could alter the balance of power within the Board, handing Trump's nominees a majority and potentially marking **the start of a more pronounced easing cycle**.

In **Europe**, the European Central Bank expected to **keep rates unchanged in September**, though discussions on cuts may resume later in the year as the region's **economy remains sluggish**. In France, markets were volatile in August after the Prime Minister called for a confidence vote on 8 September, following difficulties in securing backing for proposed budget cuts within his minority government.

NK VIEW

We remain **neutral on equities**, with a strong focus on **selectivity**, favouring companies capable of generating cash flows and demonstrating **resilience in a more uncertain macroeconomic and geopolitical environment** (notably regarding trade policy).

However, this could also create **opportunities** — particularly for structured products, with a careful selection of the underlying assets.

We remain **positive on investment grade bonds**, which continue to offer an attractive risk-return profile. We favour **longer durations and USD-denominated bonds**, in anticipation of further rate cuts ahead.

The **private debt market** continues to expand, especially in **real estate financing**, as market participants aim to capitalise on falling rates.

We continue to seek **decorrelation and diversification in the pre-IPO segment**, even though some players may postpone their listing due to geopolitical uncertainties.

WHICH OPPORTUNITIES IN THIS CONTEXT?

Market volatility and tariffs' threats

- In-depth analysis and selectivity
- Opportunities in fundamentally strong stocks

Upcoming rate cuts / geopolicital uncertainty

- Anticipate impacts on portfolios
- Currency diversification
- Real estate deals opportunities

Weaker macroeconomic environment

- Alternative investments
- Pre-IPO segment / private debt

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NK LOCATION