

NORMAN K.

MONTHLY NEWSLETTER – December 2025

“ In November, markets moved clearly in favour of defensive sectors, which outperformed cyclical and technology after several months of strong risk appetite. The lengthy U.S. government shutdown added to the cautious tone: although it ended mid-month, the lack of clear economic data, uncertainty around the growth outlook, and ambiguity over the Federal Reserve's next policy steps all contributed to a more subdued market environment.

Technology was at the center of the downturn. Even NVIDIA's exceptionally strong quarterly results failed to ease concerns about stretched valuations and the increasingly optimistic profit assumptions embedded in the AI narrative. The tech sector ended the month as the worst performer, dragging growth stocks lower.

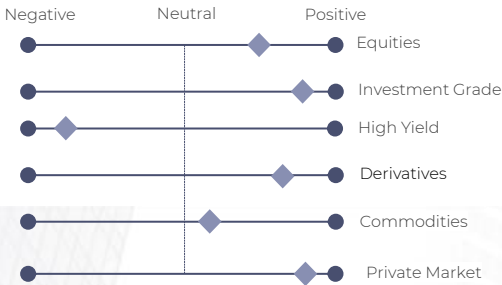
Commodities and fixed income delivered mixed signals.

Precious metals advanced sufficiently to offset weakness in energy and industrial metals, while oil-exporting markets in the Middle East faced added pressure from expectations of a future supply surplus.

In our previous letter, we highlighted our decision to reduce growth equities in favour of value-oriented companies, a shift that has proven beneficial. At the same time, we continue to be positive on investment-grade bonds, where the risk-reward profile remains attractive, and the prospect of interest rate cuts in the US supports our positive views on the asset class. We also maintain our focus on decorrelation through targeted alternative strategies.

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OUR MARKET VIEWS



POTENTIAL MARKET CATALYST



The Fed continues its downward cycle amid deteriorating employment data.



Economic resilience



Positive corporate earnings



The relative impact of US tariffs

KEY INDICATORS

Equities (%)	Level	October	November	YTD
S&P 500	6 849	2,3	0,13	16,30
Nasdaq 100	25 435	4,8	-1,64	21,56
Eurostoxx 50	5 668	2,4	0,11	16,45
FTSE 100	9 721	3,9	0,03	18,73
China SI 300	4 527	0,0	-2,46	15,15
Emerging markets	1 367	4,1	-2,47	27,74

Bonds (rate spreads)	Level	October	November	YTD
Spread change level				
10 year government bonds				
US	4,01	-0,07	-0,06	-10,73
Europe	2,69	-0,08	0,06	16,10
Corporate – 5 years spread (change level)				
Investment Grade US	51	0,52	-1,47	2,45
Investment Grade Europe	93	-0,62	-1,82	-5,09
High Yield US	322	6,74	-5,55	3,12
High Yield Europe	256	3,70	-10,45	-18,70

Currencies (%)	Level	October	November	YTD
EUR / USD	1,1598	-1,7	0,53	12,59
GBP / USD	1,3235	-2,2	0,63	6,48
CHF / USD	1,2439	-1,0	0,08	-11,75

Commodities (%)	Level	October	November	YTD
Gold	4 239	3,7	5,91	60,77
Brent	63	-2,9	-2,87	-15,53
Copper	527	4,8	2,23	30,21
Aluminium	2 853	7,3	-0,89	12,10

Volatility	Level	October	November	YTD
Euro Stoxx 50	17	6,8	-3,91	-2,51
Nasdaq 100	16	7,1	-6,25	-5,53

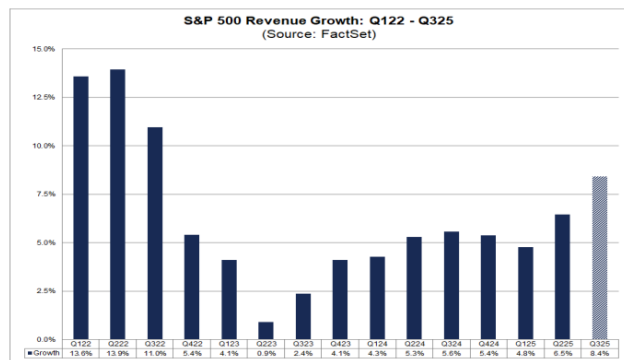
Cryptos (%)	Level	October	November	YTD
Bitcoin	91 176	-4,5	-16,68	-1,3
Etherum	3 023	-8,0	-21,69	-7,8

Sources: Bloomberg, Norman K. - Data as of November 28th, 2025. Past performance is not a reliable indication of future performance. Non-contractual information.

CHART OF THE MONTH

Strong Earnings Momentum

With nearly all S&P 500 companies having reported for Q3 2025, the results remain robust: 83% beat EPS expectations and 76% exceeded revenue forecasts. Earnings for the quarter are on track to grow 13.4% year-on-year, marking the fourth consecutive quarter of double-digit growth for the index.



Source: Factset – 21 November 2025

A volatile November driven by tech fears and broader uncertainty

US equity markets showed little reaction to generally strong earnings surprises, as investors appeared to have already priced in much of the good news. Growing scepticism over companies' ability to meet ambitious profit expectations, especially for the tech giants, kept market gains muted.

In Europe, the earnings landscape was uneven: while financials and technology continued to deliver solid results, consumer-related sectors proved more fragile. A healthier growth outlook and less dependence on large tech names helped European equities slightly outperform the US.

Bond markets spent November navigating uncertainty caused by gaps in US economic data and a lack of clarity around the Federal Reserve's policy path. Concerns about the impact of tariffs and fiscal expansion on future inflation also contributed to the cautious tone, although expectations later shifted toward a potential rate cut. US macro indicators painted a mixed picture, with signs of softening in the labour market contrasting with pockets of resilience elsewhere. A deterioration in consumer confidence challenged the narrative of robust domestic demand, while falling yields provided support to US fixed income.

In the UK, inflation eased but not enough to drive a clear shift in bond markets, where attention focused on the government's budget. The announcement proved less disruptive than expected, offering some reassurance to bond investors and resulting in broadly stable returns.

NK VIEW

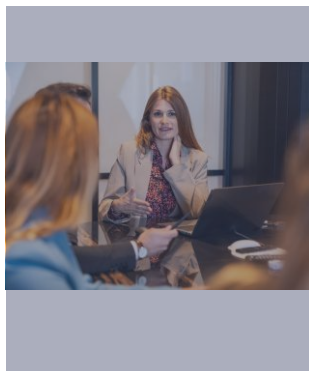
We remain **neutral on equities**, with a strong focus on **selectivity**, favouring companies capable of generating **solid cash flows** and demonstrating **resilience** in an increasingly uncertain macroeconomic and geopolitical environment. Given elevated market valuations, we have been gradually reallocating towards **value-oriented companies**, a **strategy that has proved beneficial for our portfolios**.

During the earnings season and periods of heightened **volatility**, we implemented **tactical strategies** to take advantage of price dislocations in **selected names**.

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**, seeking discounted opportunities in companies with solid business plans and the potential for significant growth over the next two years.

**WHICH OPPORTUNITIES IN THIS CONTEXT?**

Market volatility and tariffs' threats



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



Upcoming FED rate cuts / geopolitical uncertainty



- Anticipate impacts on portfolios
- Currency diversification



Weaker macroeconomic environment

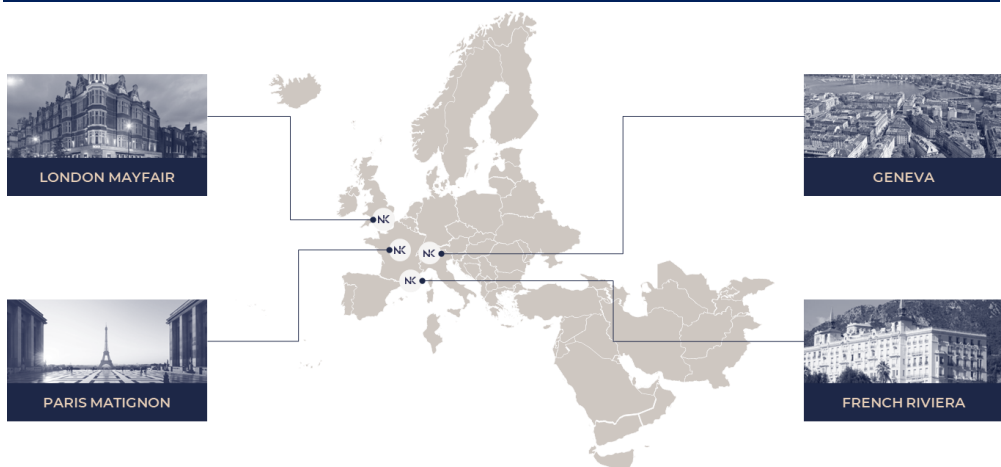


- Alternative investments
- Pre-IPO segment / private debt
- Real estate deals opportunities

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NK LOCATION



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