#3 MONTHLY COMMENTARY
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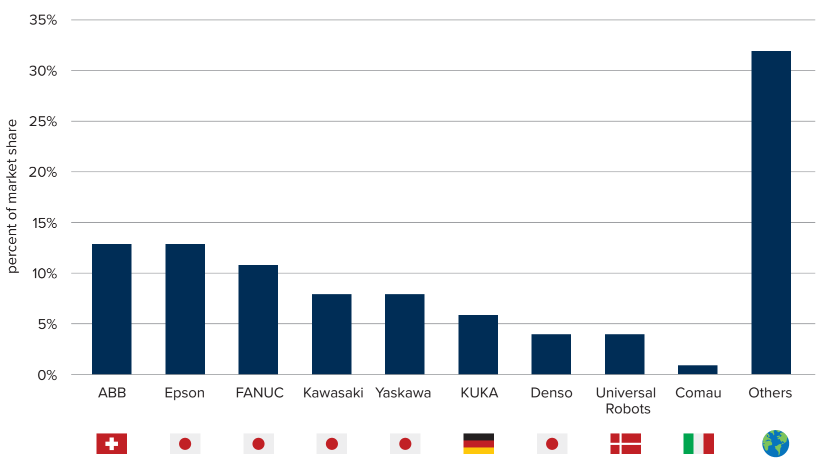
Market Report

Developments in Financial and Commodity Markets

In a recent speech, President Xi Jinping outlined his vision for global governance alongside new policies aimed at attracting foreign capital.

Meanwhile, EU-China trade ties remain under strain, further complicated by mounting pressure from the US. Gold has continued its rally, reaching new all- time highs across multiple major currencies, and reinforcing its status as the best-performing major asset of 2025. Finally, Nvidia's $100 billion investment in OpenAI has sparked concerns over circular financing, with implications that extend beyond the company's valuation to the broader AI rally.

The World's Top Industrial Robotics Companies by Market Share



Highlights

- **Fed Cuts Rates by 25 Basis Points**
  Markets reacted mildly to the Fed's decision, suggesting the move had already been priced into valuations.

- **Robotics Market Set to Exceed $10 Billion in Sales by 2025**
  The industrial robotics market is rapidly expanding, with Japanese firms leading global growth.

- **Bank of England Keeps Interest Rates at 4% but will Slow Qualitative Tightening**
  The BoE's cautious monetary stance signals the UK's economy is still on the road to recovery.

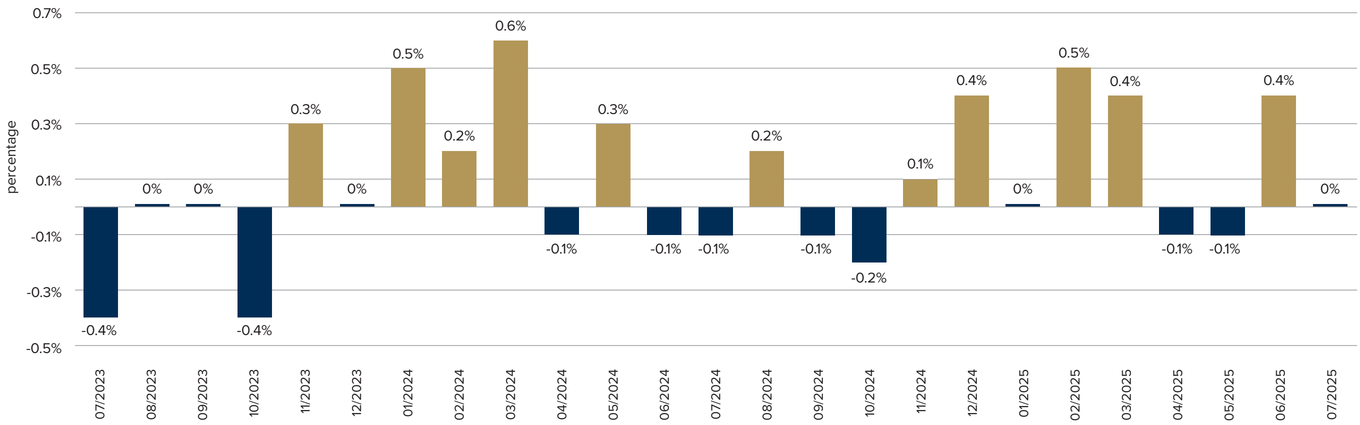
- **Gold Widens its Lead Over S&P 500**
  Gold is outperforming the S&P 500 by a fair margin across major currencies.

- **Market Risk Signal Shifts Towards Opportunity**
  The current market risk signal indicates a more opportunity-driven environment, positioning investors to take advantage of rising market opportunities.

The global industrial robotics market is projected to exceed $10 billion in sales by the end of 2025, with industrial robots expected to handle 60% of new installations in the automotive and electronics sectors. Demand is being driven by the need for greater productivity with fewer resources. For corporations, achieving a strong return on investment will depend on ensuring effective implementation. According to a McKinsey survey, high capital costs and limited experience with automation remain the main barriers to adoption. Concerns that automation will replace jobs or disrupt contracts may be overstated, as it has been shown to redefine roles rather than eliminate them, leading to more efficient workplaces. Market leaders are predominantly Japanese firms, with contributions from Switzerland, Germany, Denmark, and Italy.

As it continues to battle inflationary pressures, the Bank of England has kept interest rates at 4% but announced it will slow the pace of quantitative tightening. While not offering an outright boost to the economy, the first slowdown in quantitative tightening since it began in 2022, suggests the UK's economic recovery remains fragile. Despite a stronger first half of the year, Britain's economy flatlined in July, with growth expected to slow through the second half of 2025. Nevertheless, the UK's "Tech Prosperity Deal" with the US—led by US giants, Blackstone, Microsoft, and Google—has secured £150 billion in investment. The initiative could provide 7,600 jobs while boosting sectors like AI, quantum computing, and nuclear power. While domestic investment remains sluggish, the newly signed agreement signals hope for renewed confidence in Britain's economy and industrial strategy.

Monthly growth of GDP in the United Kingdom from July 2023 to July 2025



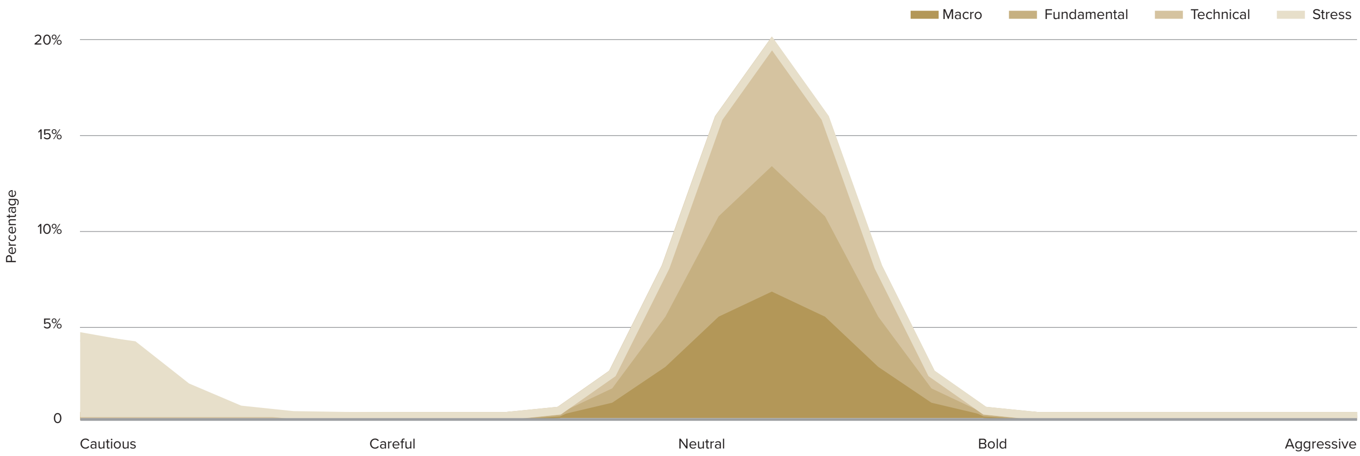
Precious Metals and Commodities

Gold and silver are likely to extend their upward trend in the short to medium term, though momentum may ease as markets absorb the recent rally. Meanwhile, copper, oil, and agricultural commodities are projected to remain flat. All precious metals and commodities, however, continue to follow a long- term upward trajectory.

Indicator	Gold	Silver	Copper	Oil	Agriculture
Current	↗	↗	→	→	→
Outlook	↗	↗	→	→	→
Trend	↗	↗	↗	↗	↗

Market Risk Signal

Market Risk Signal

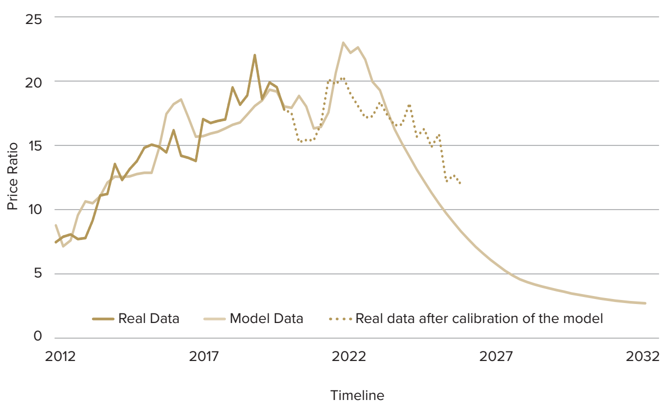


Gold vs stocks forecasting model

The current level of debt relative to real economic output is similar to the situation in the Germanic nations prior to the World Wars in the 1910s, and in France leading up to the French Revolution in the 1790s. In such high-debt scenarios, the likelihood of instability and a deleveraging process is greatly increased. Since gold holdings are typically free from another's liability, the deleveraging process has a gentler impact on gold prices than on equities. The anticipated deleveraging process can be modelled using coupled differential equations, which suggest that gold will likely outperform stocks from 2022 onwards. The model was calibrated in 2019 and has not since been adjusted for new input data.

According to the model, the peak at which economic activity assets (such as equities) will outperform gold is around Q3 2022. From that point forward, the model predicts an outperformance of gold relative to stocks (light line). When compared to real data on the stock-to-gold price ratio (dotted line), the trend of gold outperforming stocks appears to have begun early in 2022. Whether a short-term reversal will occur remains uncertain; however, the long-term trend towards stronger gold performance remains evident.

Ratio of stock to gold prices in the US



Gold Feature

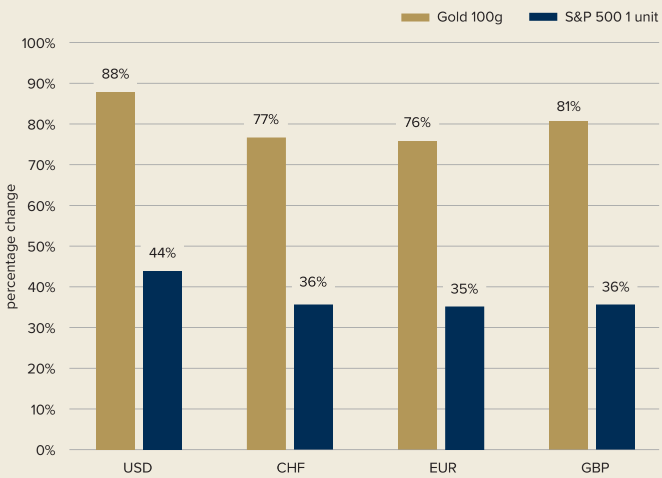
Gold is sometimes thought of as a slow-moving asset, lacking the excitement of volatile stock markets or the potential for explosive growth seen in emerging technology. However, this perception doesn't always hold true. While it's true that during periods of stability and low inflation, gold can indeed move at a more leisurely pace, there are times when it can outshine even a well-performing stock market. The last 2 years have proven to be such a period, demonstrating gold's potential for significant returns.

A case study can be made by imagining an investor purchased 100 grams of gold, priced at around $6,600 on 2 January 2024, and one unit of the S&P 500 Index, priced at around $4,700 on the same day. Fast forward to 2 October 2025, and the 100 grams of gold is now worth $12,434, a staggering 88% increase. Over the same period, the Index rose to $6,772 per unit, a respectable 44% increase, but one which nevertheless falls short of gold's performance. In Europe, the gold price for 100 grams jumped from CHF 5,600 to CHF 9,896, from €6,000 to €10,580 and from £5,100 to £9,212. These price movements represent a 77% increase in Swiss francs, a 76% increase in euros, and an 81% increase in British pounds.

The comparison of gold's returns to the S&P 500 becomes even more striking when we consider currency fluctuations over time. The price in Swiss francs, euros, and British pounds are based on the exchange rate at each respective date.

Gains from the Index would have been 36% in Swiss francs and British pounds, and 35% in euros. This scenario illustrates that gold, far from being a boring asset, can offer exciting returns under the right conditions. The key is understanding that different assets shine in different economic environments, and gold does indeed have its moment of glory.

Percentage change between Jan 2024 and Oct 2025



Current investment situation

The global investment environment continues to be shaped by expansionary monetary policy and the search for yield amid persistent inflationary pressures. Liquidity continues to support asset valuations, particularly in equities and precious metals, with gold sustaining its rally as investors hedge against currency debasement and geopolitical uncertainty. However, as markets recalibrate in response to shifting monetary and fiscal priorities, investors are increasingly differentiating between regions with structural growth potential and those reliant on financial engineering.

Asian markets are likely to be central to this rebalancing. Chinese President Xi Jinping's Global Governance Initiative and renewed efforts to attract foreign capital through the Invest in China plan demonstrate Beijing's dual ambition to redefine global leadership and revive confidence in its markets. While foreign direct investment into China remains subdued, capital continues to flow into high-tech and renewable sectors, reinforcing China's advancing position within the green and digital transition.

At the same time, EU–China trade tensions highlight both the risks of protectionism and the opportunities that deeper integration with Asia's supply chains could offer European firms.

Beyond China, Southeast Asia is emerging as the next major growth frontier.

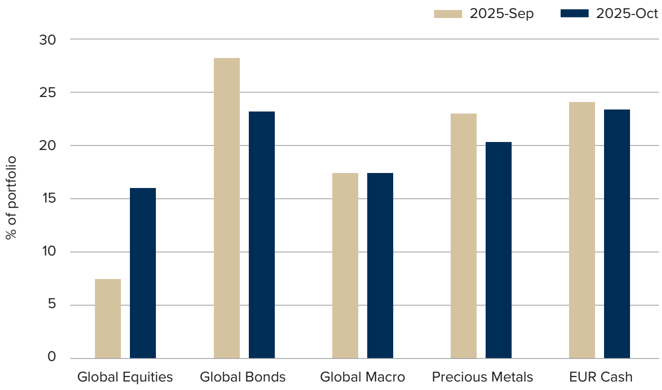
Strong GDP performance, a youthful and growing consumer base, and rapid digital adoption are attracting strong levels of foreign investment across fintech, green energy, and manufacturing. On the technology front, concerns are growing that over-exuberance could lead to bubbles forming in the AI sector.

Nvidia's recent $100 billion investment in OpenAI and $5 billion in Intel exemplify this trend: a case of a company, effectively, financing its own clients. As investors navigate this complex environment, regions combining real economic growth, policy stability, demographic strength, and technological capacity are likely to define the next phase of global capital flows.

Allocation adjustments

The current investment climate is marked by moderate optimism yet ongoing macroeconomic stress. Investors are gradually pivoting from traditional fixed- income assets toward more dynamic global macro funds. The latest data shows continued reductions in global bond exposure alongside rising allocations to diversified and tactical strategies. This shift reflects growing demand for flexible, actively managed vehicles capable of capitalising on short-term volatility while maintaining balanced risk levels. With markets adjusting to shifting interest rate expectations and regional divergences in growth, skilled macro fund managers are increasingly viewed as best equipped to identify opportunities and generate stable returns in an uncertain landscape.

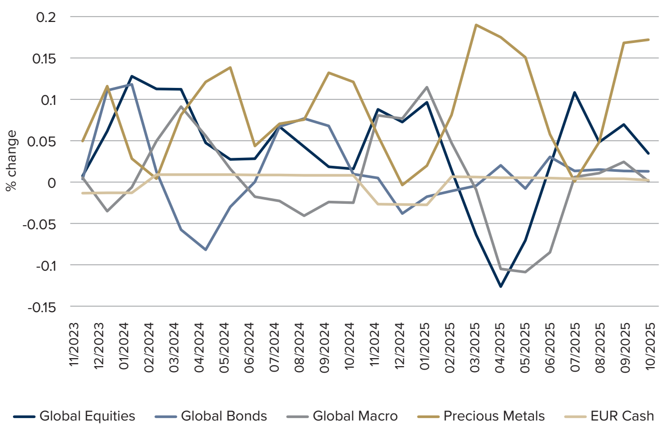
Allocation compared to the previous month



Rolling three-month performance of various asset classes

An analysis of rolling three-month performance shows that active allocation between equities, bonds, and gold has consistently added to portfolio returns. This pattern remains evident over the long term, highlighting the value of dynamic asset management. Gold has notably re-emerged as the strongest driver of returns, reinforcing its role as a key diversifier and performance enhancer in uncertain market conditions.

Rolling 3-month performance

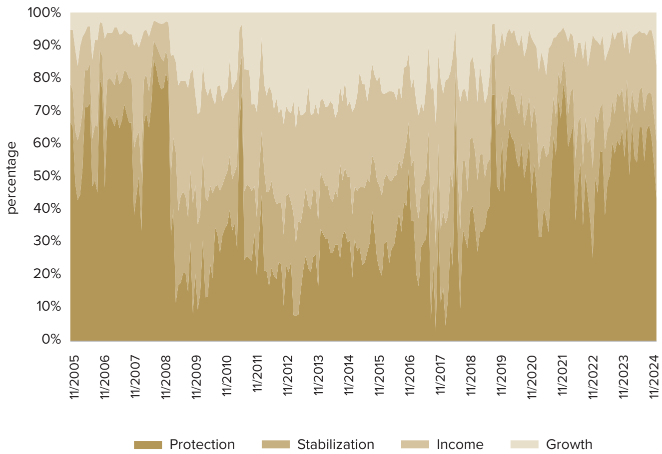


Historical analysis of a dynamic gold allocation

The market risk signal—derived from economic data, capital investment valuations, and market behaviour—provides guidance on both asset class selection and allocation levels. In general, a more favourable environment supports higher exposure to equities, while a more critical or uncertain market environment calls for increased allocations to hedging assets such as precious metals or cash.

Allocation changes over time

Allocation by portfolio role



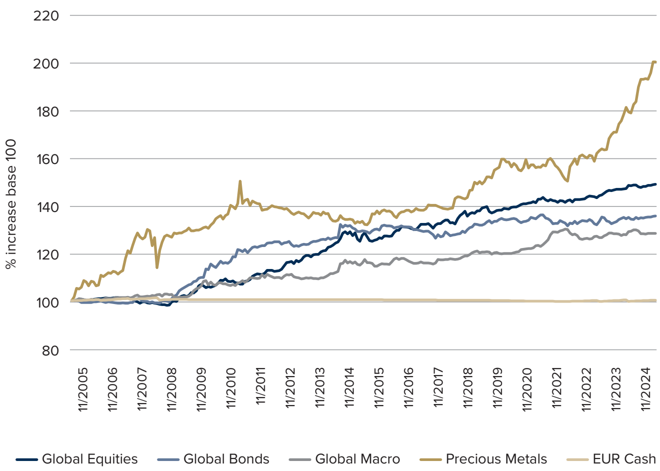
Accordingly, asset class allocations are adjusted based on the market risk signal. For instance, in the summer of 2008 when market risk was very high, the portfolio was heavily weighted towards cash, precious metals, and bonds.

In contrast, between 2012 and 2015, risks in the European market were relatively low, resulting in a higher allocation to equities (fulfilling the portfolio role of "Growth") and a reduced need for hedging assets.

For October, the market risk signal is showing a slightly more aggressive environment, suggesting a stronger allocation to liquid assets so as to be well positioned for rising opportunities.

Performance contribution of various asset classes

Performance Contribution



Performance attribution illustrates how much each asset class has contributed to overall portfolio performance during a given period, with relative allocation playing a key role. For example, between 2014 and 2019, the allocation to gold was relatively low, and the majority of returns were generated by bonds and equities. In more economically challenging years, the allocation to gold increased, and—due to gold's strong performance during those periods—the portfolio achieved attractive overall returns.

At present, precious metals continue to outperform all other asset classes by a considerable margin.

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