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Management Report
2nd Quarter 2025

The second quarter of 2025 opened with a bang as “Liberation Day” set the tone for what would become a volatile quarter for global markets. The sweeping higher-than-expected reciprocal tariffs announced on April 2 by US President Donald Trump injected a large dose of uncertainty into the global economic outlook and reignited fears of an economic slowdown. Moreover, Trump publicly chastised US Federal Reserve Chair Jerome Powell and called for immediate interest-rate cuts. He even suggested Powell could be removed from office. This intensified the sell-off.

But markets spoke back. Bond yields bucked tradition, rising even as stocks fell. The US dollar, typically a haven in times of stress, kept weakening, while gold surged to record highs. By mid-April, Wall Street’s fear index, the VIX, hit its highest level since the pandemic. Hard data, like employment, remained strong, but sentiment soured. Trump eventually announced a 90-day pause to the tariffs and walked back his comments about Powell.

May then brought a flicker of relief. The US and China agreed to a temporary tariff truce, and a new trade deal was unveiled with the UK. Markets rebounded, hopeful that Trump was easing his hardline stance. Recession expectations began to cool just as quickly as they had arisen. The Fed, however, held steady. It refused to rush into rate cuts despite the uncertainty swirling around global trade and worsening sentiment.

Moody’s downgraded the US credit outlook, which drew investors’ attention to the ballooning deficit, driven in part by unfunded tax cuts and Trump’s spending bill.

Finally, in June, US and Chinese officials met again to discuss tariffs, striking a deal that largely returned to the terms before both countries escalated their levies against each other. Trump had also turned up the pressure on the European Union, threatening a higher tariff of 50% that was initially set to take effect June 1 but was then delayed to July 9.

Later in the month, geopolitical risk surged as a series of Israeli airstrikes on Iranian nuclear facilities sent oil prices soaring and stoked fears of a wider regional conflict. The US joined Israel’s attacks on Iran in mid-June, further rattling global markets, though it ended in a ceasefire before the quarter ended. As the US signaled additional trade deals ahead of the July 9 end to the tariff pause, market optimism helped markets end the quarter on a high note.

After the April losses post-Liberation Day, stocks staged a strong recovery through May as a temporary US-China tariff truce was announced. The S&P 500 gained 10.9% and the Nasdaq rallied 18% in the second quarter. The Euro Stoxx 50 Index ended the quarter 12.1% higher, while the Swiss Performance Index gained 9.4%. Emerging-market stocks climbed 12.2% (all in US dollars).

A turbulent quarter for fixed income markets has come to a close. Rates remained elevated, credit spreads tightened unexpectedly, and investors focus shifted from inflation towards stagflation and geopolitical risk. Yields stayed elevated as investors absorbed deficit projections, fueled by a proposed extension of Trump-era tax cuts, and rising term premiums. The US government bond market was up 0.8% in the second quarter (in US dollars).

The quarter saw the emergence of deeper structural risks for the US dollar, which suffered steep losses in April as Trump’s aggressive tariff announcement sparked a sharp shift in sentiment and investors began questioning the dollar’s safe-haven status. The euro strengthened despite dovish European Central Bank guidance, as investors responded positively to Europe’s relatively stable policy environment and rising fiscal support. They also favored the Swiss franc, which rallied amid market turmoil.

The quarter saw a divergence between gold and oil. While gold soared on safe-haven demand, oil remained structurally weak until a late-quarter geopolitical shock injected new volatility. Gold gained 5.1% in the quarter and Brent crude declined 9.5% (all in local currencies).

Since the beginning of 2025:

the value of the A share increased by 0.21% from EUR 293.48 to EUR 294.11

the value of the B share increased by 1.14% from EUR 168.14 to EUR 170.06

the value of the C share increased by 0.02% from CHF 124.35 to CHF 124.38