

MARKET OVERVIEW



FEBRUARY 2025

NEWS - FEBRUARY 2025



A VALUABLE ADDITION

André Augustin

We are delighted to welcome André Augustin, who is joining us to strengthen institutional sales efforts in French-speaking Switzerland.

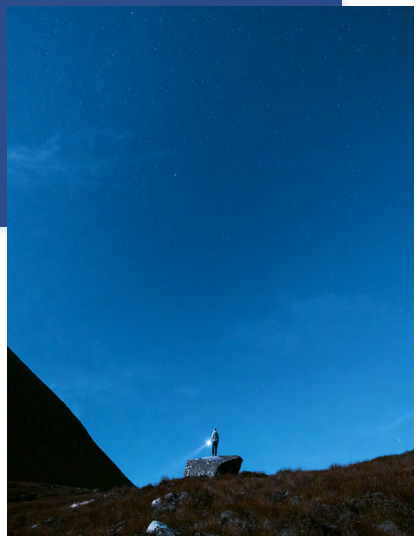
With several decades of field experience, a strong network, and recognized expertise, he will be a valuable asset for our growth.

Welcome, André!

QUOTE OF THE MONTH

" Violence is the last refuge of the incompetent "

Foundation, Isaac Asimov, American author, 1920-1992



In this section, we introduce one of the experts with whom we collaborate actively for the benefit of our clients.

LOGIONE AURÉLIEN THÉVOZ

Expert in IT Solutions for SMEs in French-speaking Switzerland

MFM has always made technological and IT advancements a priority to maintain its position as an industry leader.

Founder of LogiONE, Aurélien Thévoz has been a trusted partner with whom we have collaborated for over 10 years. He has played a key role in MFM's digital evolution and transformation over time, supporting the company across its various offices between Lausanne and Zurich. Together, we have built a scalable and high-performance IT infrastructure, tailored to the challenges of our era.



LogiONE's areas of expertise and services:

- Daily IT support for MFM employees
- Securing sensitive data and ensuring optimal network protection
- High availability of servers and network stability

Thanks to LogiONE, MFM guarantees a secure IT environment that meets FINMA's strict requirements for cybersecurity and sensitive data protection.

Contact : <https://logi.one>

LogiONE supports SMEs by providing tailored solutions for each business and industry.

STOCK MARKETS ON THE RISE, TECH ON PAUSE

Global markets started the year positively, contrasting sharply with the nervousness seen in December. Most asset classes saw gains in January.

If optimism seems to have returned to the markets, the outlook remains nuanced, shaped by chaotic American politics, technological innovations and the trajectory of interest rates.

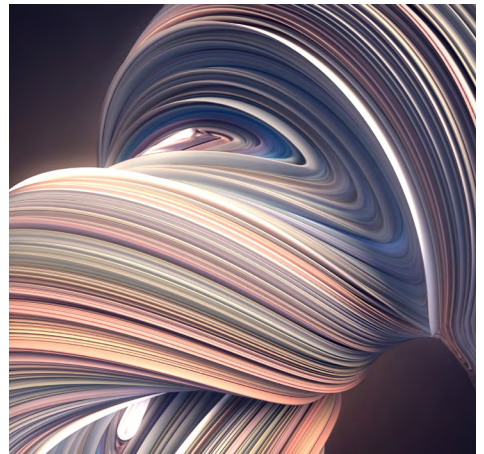
Stocks posted a solid performance in January, led by Switzerland and Europe. Rate cuts implemented by the Swiss National Bank, combined with strong earnings from healthcare companies, gave Swiss stocks a boost. Anticipation of a rate cut from the European Central Bank (ECB) has supported risk sentiment across the continent despite a moribund economy. For once, the American market, although positive, remained lagging behind. Investors have likely adjusted their expectations regarding Federal Reserve rate cuts. The Chinese market remained mixed reflecting persistent deflationary pressures and Japan faced headwinds generated by rising interest rates. From a sectoral perspective, telecommunications services were the strongest performers benefiting from advances in artificial intelligence and spectacular profits from the sector's large technology companies. The financial sector, which also posted a robust performance, was stimulated by the good results of large American banks which benefited from strong revenues linked to trading and investment banking. Conversely, information technology was the only sector to end the month in negative territory. Semiconductor companies have been hit hard by the arrival of new Chinese artificial intelligence models that could reduce demand for their chips. Real estate posted only modest gains,

Written by Frank Crittin,
CIO of MFM



reflecting continued uncertainty over the direction of interest rates, particularly in the United States.

The bond market recorded a mixed but generally positive performance as investors' appetite for risk remained high. Global convertible bonds dominated the asset class, benefiting from its exposure to premium equity. High yield bonds also saw gains as spreads tightened further. The Swiss AAA-BBB (CHF) bond index lagged as Swiss rates are already well below those in other regions.



A WHALE IN THE SEA

When innovation takes precedence over raw power. The artificial intelligence (AI) industry has experienced a major shake-up with the emergence of DeepSeek, a Chinese hedge fund founded in 2023 transformed into an AI start-up.

This company has developed a Large Language Model, open source, capable of competing with the best on the market. Its main advantage lies in significantly lower development costs. DeepSeek's mobile app quickly rose to the top of the mobile app download charts in many countries, including the United States and China.

DeepSeek's innovation challenges the idea that the future of AI depends on an exponential increase in the need for computing power. This belief has led companies to invest heavily in data centers, semiconductors and power generation. However, DeepSeek seems to demonstrate that it is possible to design efficient models with limited resources.

The stock market reacted brutally, technology indices fell sharply. Semiconductor stocks were the most heavily punished due to very uncertain demand for their latest generation chips. Tech giants also saw their stocks decline. They must in fact justify their colossal infrastructure spending.

AI remains at the heart of the technological rivalry between China and the United States. For several months, the US administration has been trying to limit China's access to advanced chip components by tightening export restrictions. The success of DeepSeek illustrates the ability of Chinese engineers to circumvent these bans by prioritizing innovation rather than raw power. It now appears obvious that this technological



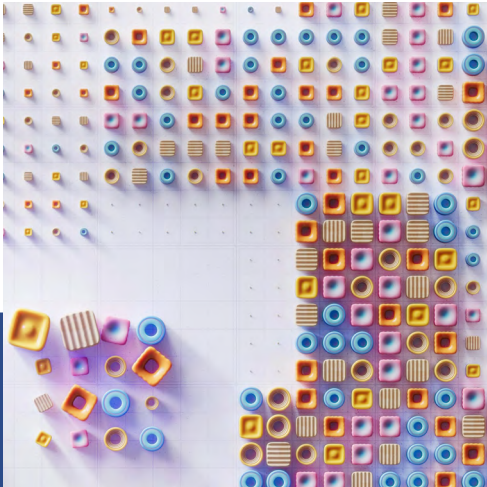
competition will further intensify. Chinese engineers have proven their ability to compete, and Chinese companies' near-unlimited access to data to train their models could work in their favor. Europe, although lagging behind in this area, reacted immediately. Italy immediately opened an investigation into DeepSeek and temporarily banned the exploitation of Italian user data. Ireland and France have followed suit. However, the fact that this software is open-source will undermine the effectiveness of Western sanctions, since users outside China will be able to run these models without even interacting with Chinese servers.

While the market's knee-jerk reaction has been generally negative, the long-term impact could be more nuanced. AI adoption could accelerate thanks to falling costs, favoring companies developing applications. This could shift the center of gravity of AI from hardware to software. However, if models become less expensive, their adoption will accelerate, also

benefiting suppliers of the raw materials essential to their development, such as chip manufacturers, database managers and energy producers.

For investors, this is a reminder that technologies evolve quickly, and that today's leaders could be challenged faster than expected. Although the long-term impact of DeepSeek remains uncertain, this advancement highlights the need for a dynamic and diversified investment strategy, capable of adapting to technological and geopolitical surprises. This episode also reminds us of the importance of diversification in building a portfolio. It highlights the risks linked to the excessive concentration of indices, whose weightings are generally determined by market capitalization. This dynamic explains the underperformance of major US indices compared to their equally weighted counterparts.

Finally, it is clear that this surprise from China had not been anticipated by most of the analysts who had made forecasts for the coming year. In just a few days, this event has already disrupted the market performance forecasts established at the start of the year. Once again, the future remains difficult to predict, and basing an investment strategy on such predictions is not ideal.



“ As AI gets more efficient and accessible, we will see its use skyrocket, turning it into a commodity we just can’t get enough of.”

Microsoft CEO Satya Nadella, 2025

DIVERSIFY TO PROTECT YOURSELF AND SEIZE OPPORTUNITIES

Despite investor optimism in January, the global economy is evolving in a divergent environment.

In the United States, economic strength could be maintained by tax cuts and deregulation, factors which, taken in isolation, should support growth and corporate profits. Obviously, this could be offset by trade tensions and the chaotic nature of American politics. In Europe and China, growth is struggling to reach its potential and central banks will probably continue to stimulate their economies. However, surprises on inflation, and therefore on the evolution of interest rates, could have delicate implications on the budgetary stability of certain States and the performance of financial markets.

Our MFM Equity Risk Premium indicator continues to exhibit historically low levels. This premium, which measures the additional return investors expect from stocks relative to bonds, suggests that maintaining exposure to interest rates (bond premium) and credit risk (credit premium) is ideal in a diversified multi-asset allocation. A balanced approach combining equity premiums with bond premiums improves expected returns while mitigating risk. Ultimately, as investors, it is essential to separate the noise from the facts, especially from U.S. politics, by focusing on long-term investment strategies rather than decisions made under the influence of panic or surprise. We focus on producing strategies that can withstand or benefit from a wide range of outcomes without needing a crystal ball to anticipate what will happen. Structured portfolio construction and diversification should allow strategies to face different scenarios, whether optimistic or pessimistic, allowing in periods of turbulence to benefit from interesting investment opportunities.



MAIN MARKET DRIVERS

Over the long term, overall growth, corporate profit growth, inflation and interest rates are the four main drivers of financial markets.



GLOBAL GROWTH

- Asynchronous global growth with the spectre of a global trade war
- Risk of overheating in the United States with chaotic and potentially inflationary policies
- In China, risk of deflationary spiral without major government intervention



CORPORATE PROFITS

- Earnings season in full swing, and so far clearly positive
- Trump's global trade war will put pressure globally on corporate earnings.
- In the US, this could be offset by tax cuts and deregulation



INFLATION

- The biggest risk over the next few months is likely to be inflation surprises, particularly in the US
- Long-term drivers of low inflation, such as profitability and demographics, remain in place



INTEREST RATE

- Central bank decisions remain closely linked to macroeconomic data and inflation
- Increase in the number of companies in financial difficulty, especially in emerging markets and the USA



RADIANT WEATHER



VARIABLE WEATHER

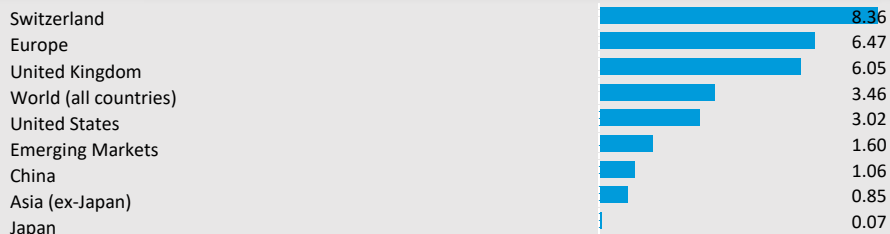


STORMY WEATHER

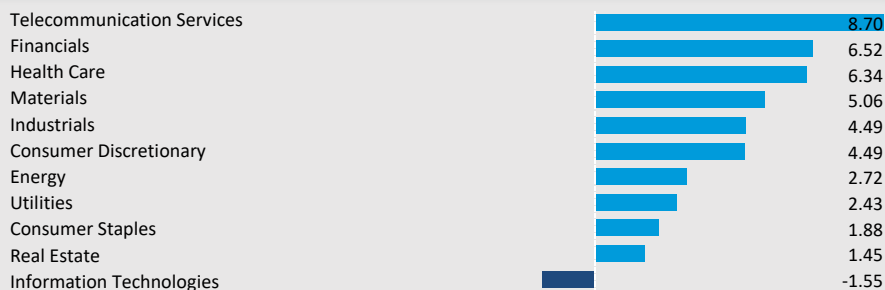
MONTHLY PERFORMANCE

31 JANUARY 2025

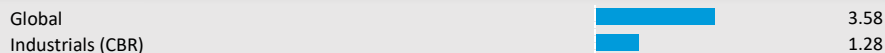
EQUITIES MARKET (LOCAL CURRENCY)



EQUITIES SECTOR (LOCAL CURRENCY)



OTHERS (USD)



FIXED-INCOME (USD HEDGED)



MEET THE TEAM

Joe Mirante

Founder & CEO

My ambition has always been to build a solid and sustainable company by diversifying our offering and strengthening our technological hub.

Focusing on excellence in our services and using our digital resources effectively are key to staying competitive and meeting our clients' needs..



Proud of the journey so far, the team around me, and the innovations implemented, which open up new future opportunities



Frank Crittin

Chief Investment Officer

With the investment team, we manage all MFM strategies integrating both quantitative and qualitative approaches.

I am fortunate to be surrounded by fantastic colleagues on whom I can rely.

I'm a probabilistic optimist. I'd rather have a glass 50% full than 50% empty.

OUR UNIQUE SERVICES

When institutional asset management meets bespoke wealth management.

12 INVESTMENT STRATEGIES

Benefit from institutional-quality strategies combining qualitative and quantitative approaches.

WEALTH MANAGEMENT

We are here to manage your wealth and provide you with active advice.

MORTGAGE

We find the best financing solution for your real-estate project.

PLANNING

We guide you to serene retirement and estate succession.

FORESIGHT

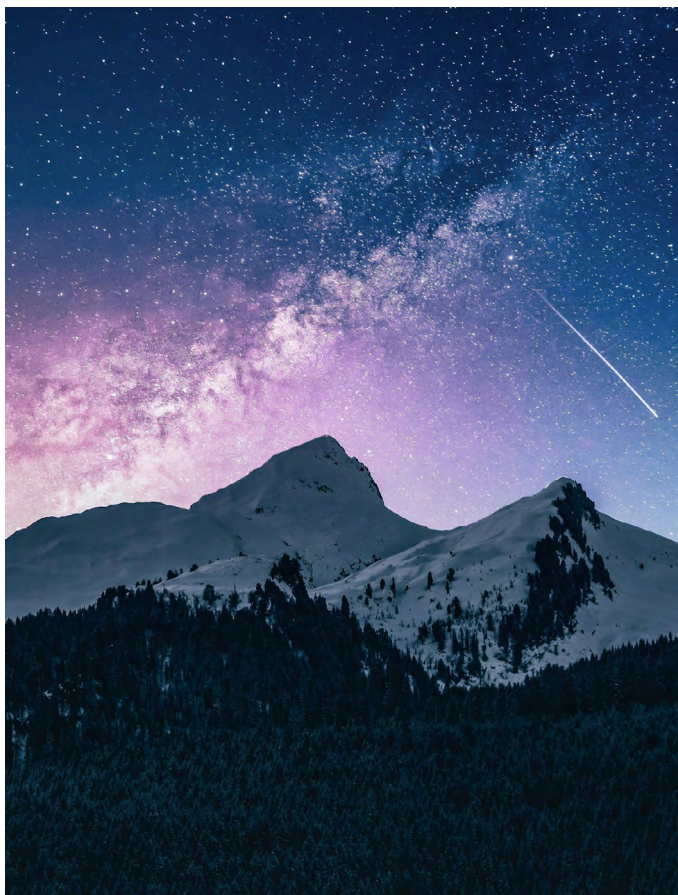
We set up your Swiss pension plan for the 2nd and 3rd pillars (1E, libre-passage and 3A)

FAMILY OFFICE

We collaborate with a network of professionals in the legal, tax, insurance and cryptocurrency fields.

ACCESS TO DIGITAL PLATFORMS

Benefit from the portfolio aggregator My MFM.



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