PANORAMA
360°

n°61

MFM
MIRANTE FUND MANAGEMENT

DECEMBER HIGHLIGHTS

HAPPY HOLIDAYS AND SEE YOU IN 2026
Celebrating the season with culinary fun!

To wrap up the year, the MFM team gathered in Chef Stéphane Goudin's kitchen for a MasterChef afternoon. Four teams, one challenge: create the best tuna dish in just one hour. The winning team was composed of Paula, François, Joe, and André.

The MFM team sincerely thanks you for your trust and collaboration throughout 2025.

We wish you joyful holidays and a wonderful start to the new year!
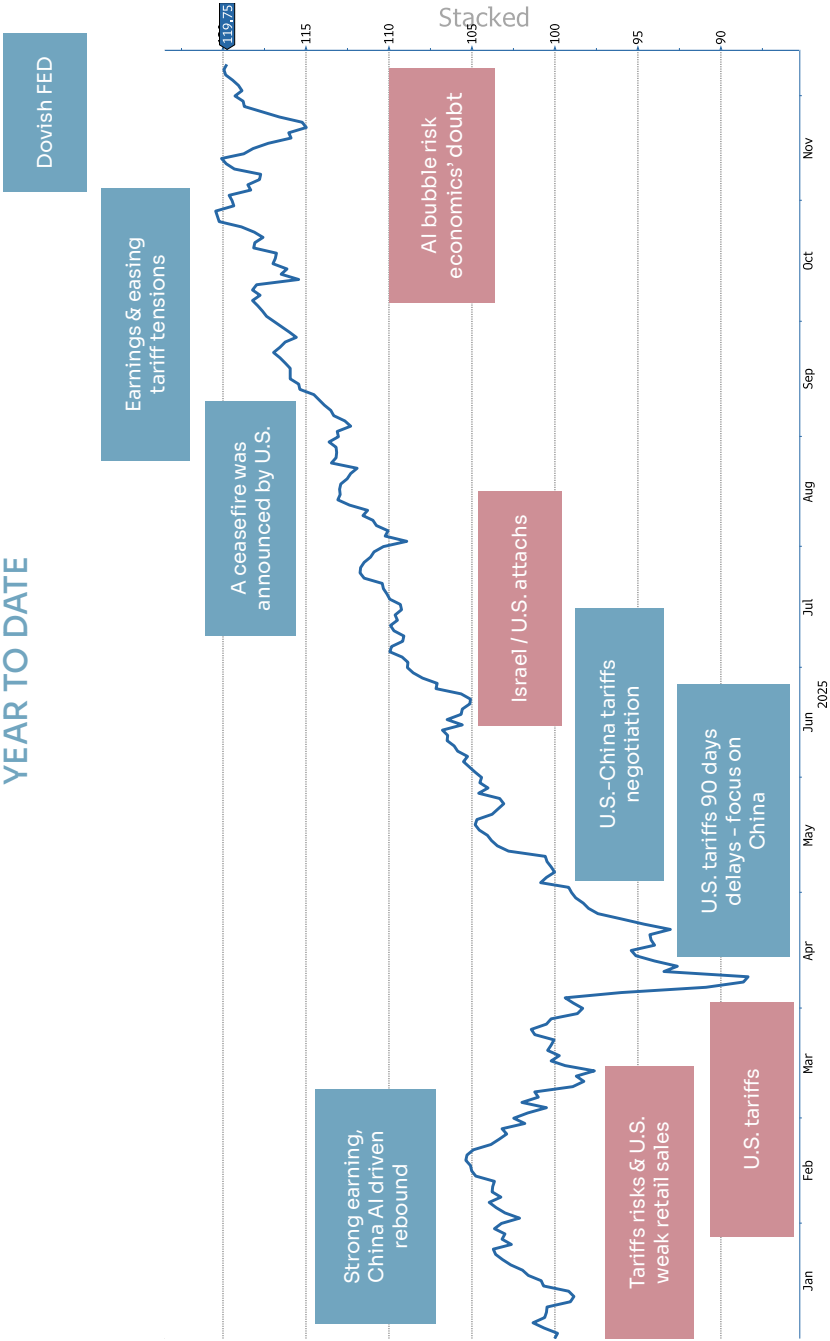

QUIET ON SET, ROLLING!
Filming at our offices

For the *Dare to Try Every Profession Day*, the team from 52 minutes - Pain Fromage Studio filmed a fun sketch in our offices featuring 10 children transformed into zombies, alongside 3 professional actors.

It was a day full of laughs, creativity, and plenty of screams!

You can watch the video on Youtube.

MSCI WORLD PERFORMANCE
YEAR TO DATE

Stacked

Strong earning, China AI driven rebound

A ceasefire was announced by U.S.

Earnings & easing tariff tensions

Dovish FED

AI bubble risk economics' doubt

Israel / U.S. attachs

U.S.–China tariffs negotiation

U.S. tariffs 90 days delays – focus on China

Tariffs risks & U.S. weak retail sales

U.S. tariffs

119.75

115

110

105

100

95

90

Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov

2025

2025: FOOLISHNESS OF TARIFFS SHAKES MARKETS, BUT ARTIFICIAL INTELLIGENCE PROPELS THEM FORWARD

Frank Crittin,
Chief Investment Officer

The year 2025 will be remembered as the year in which two forces, US tariffs and artificial intelligence, shaped the course of financial markets. Despite a brutal political environment and destabilizing geopolitical situations, global growth demonstrated remarkable resilience. This solid foundation allowed corporate profits to rise and often exceed analysts' expectations throughout the year.

The first major event was «Liberation Day», when President Donald Trump announced a wave of tariffs on all of his trading partners. The markets, despite being warned by his campaign promises, were surprised by the scale of the announcements and plummeted in fear of a trade war of historic proportions. However, once the initial shock wore off, the tariffs turned out to be lower than expected, even for Switzerland, which had to wait a little longer. This positive surprise paved the way for a spectacular rebound in the stock markets, as most companies reorganized their supply chains and largely offset the tariff shock in one way or another. Overall, the US economy, after a first quarter weakened by anticipation of these measures, quickly regained momentum thanks to massive investments in all areas related to artificial intelligence. Because the other major story of 2025 is indeed that of AI. According to Barclays, investments in software, chips, and data centers contributed a significant one percentage point to the US gross domestic product in the first half of the year. At the same time, accelerated deregulation and the US administration's enthusiasm for crypto assets have fueled a surprisingly robust stock market.

> Between political warning shots and technological frenzy, the markets have found a new and unexpected equilibrium.

In Europe, the change in tone was just as noticeable and surprising. The temporary suspension of the German debt brake and the ramp-up of infrastructure and defense financing programs boosted investor confidence. German interest rates, in fact, rose sharply following these announcements, despite a sluggish economy. Ultimately,

Chinese growth disappointed once again this year, hampered by a real estate market still on life support and unable to regain sustainable momentum. Despite several stimulus measures, often deemed too timid, Chinese consumers remain hesitant, limiting the recovery of domestic demand. This combination of a fragile real estate sector and sluggish consumer confidence continues to weigh on the entire Chinese economy.

> Despite multiple shocks, the strength of the global economy has surprised, allowing markets to remain remarkably robust.

In terms of performance, most major asset classes posted positive returns despite a turbulent macroeconomic and geopolitical environment. Indeed, the year was marked by several upheavals: geopolitical tensions in the Middle East, bankruptcies of regional US banks, and concerns about a potential AI bubble. But each time, solid corporate earnings and the gradual easing of tensions allowed markets to resume their upward trajectory.

In equities, sectors rather than regions dictated the pulse of stock markets. Massive investments in artificial intelligence propelled technology and communication services to the top of the rankings, as these segments are directly exposed to the rise of AI models. Unexpectedly, utilities also emerged as winners: the colossal energy demand generated by AI, along with investments aimed at strengthening production capacity, strongly supported this traditionally more defensive sector. Another notable fact: Chinese stocks outperformed US stocks despite sluggish Chinese growth. The Chinese market was fueled by enthusiasm surrounding emerging AI technology companies like DeepSeek, which appear capable of competing with US giants.

In the fixed income segment, convertible bonds delivered spectacular performance. They benefited both from their sensitivity to equity markets and from an investment universe heavily exposed to technology themes and the strong performance of Asian markets—two dominant drivers throughout the year. In credit markets, the year was marked by two sharp episodes of spread widening: the first, in March, following the announcement of U.S. tariffs, perceived as a negative shock for growth and corporate solvency; and a second episode in the autumn, during the failures of several U.S. regional banks. Despite these periods of stress, the market quickly regained its balance. Over the full year, spreads continued to tighten, signaling a strong return of risk appetite. In this environment, the high-yield segment naturally performed well, supported by robust investor demand and a default rate that remained historically low. Conversely, investment grade and sovereign bonds delivered more modest returns, held back by the relative stability of long-term rates, which limited their revaluation potential. In Switzerland, already elevated valuations across the bond market further constrained performance prospects.

THE IMPOSSIBLE TEMPTATION OF MAKING PREDICTIONS FOR THE COMING YEAR

Predicting the behavior of financial markets for the coming year is an attractive exercise… but almost always doomed to failure.

As with every year-end, forecasts abound economists, strategists, analysts, and market commentators jostle to imagine what 2026 holds in store. It's an unchanging ritual. The closer the year gets, the greater the flood of predictions becomes. Yet, if you've been reading me for a few years, you know my opinion: predicting the future is extremely difficult, if not simply impossible.

No one knows what the future holds. This applies to stock and bond markets, to individual companies, and to economic data. We don't know which country will become a flashpoint, where the next natural disaster will strike, which team will win the Champions League, or which song will define the coming year. We know almost nothing about next week, let alone next month, and even less about the following year.

One of the major questions of the moment concerns a potential artificial intelligence bubble. The enthusiasm and hopes surrounding AI are unprecedented, and the true nature of its impact remains unclear. Will it lead to an economic recovery, a financial crash, social unrest, or a combination of these three phenomena? We will likely begin to find out in 2026. In the financial markets, the valuations of companies exposed to this technology are at stratospheric levels. Investments to develop these models are reaching even more spectacular levels. Legitimately, many are wondering whether we are in the final stages of a speculative bubble or at the dawn of a major technological revolution likely to increase the productivity, growth, and profitability of businesses for years to come? Again, no one knows.

Some compare the current environment to previous bubbles: the tulip bubble of the 17th century, the railroad bubble of the 19th, the Japanese bubble of the 1980s, the American housing bubble of 2008, but the most frequently cited reference remains the tech bubble of the late 1990s. We recall the famous speech by Alan Greenspan, then Chairman of the Federal Reserve of the United States, on December 5, 1996. In this speech, he questioned how to determine whether a rise in asset prices reflected reality or an "irrational exuberance" that could lead to a collapse of the system.

His warning was, of course, entirely valid; however, despite this, the markets continued to rise spectacularly, fueled in particular by the bailout of LTCM in 1998 and then by the surge in investment linked to the turn of the millennium. Between 1995 and 2000, Nasdaq suffered more than twelve corrections of over 10%, while delivering approximately 600% cumulative performance.

Why is predicting markets so difficult?

Bubble or revolution. AI fascinates, worries, and disrupts. One thing is certain: it demands discipline.

Financial markets reflect a complex web of interactions between economics, politics, resources, human behavior, and technological innovation. Every decision generates second-, third-, and even fourth-order effects, and so on... and therefore, very quickly, the number of variables becomes astronomical. Predicting the future of markets is like trying to solve this problem all at once: too many factors, too many interdependencies, too many unknowns to produce a reliable forecast.

Given this fundamental inability to predict, how can one invest in financial markets? Two simple principles are essential.

First, it's crucial to remember why we invest. Certainly not to react to every news item or every revised estimate. Markets are far too complex to hope to instantly incorporate the impact of thousands of variables on our investments. The goal of investing, and therefore of assuming the inherent risks of financial markets, is to capture the premiums that generate long-term returns in order to increase the purchasing power of one's assets.

Secondly, it is important to remain resilient and disciplined. Uncertainty is not a

weakness of financial markets; it is their natural state. We know far less than we would like to believe, and that is precisely why portfolio construction, controlled diversification, and exposure to large investment premiums remain the best tools for navigating these markets while limiting the impact of unforeseen events and turbulence that are sure to occur in 2026.

Source: inspired by Barry Ritholz, various articles.

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

- In 2025, the global economy has shown surprising resilience despite the trade war and political uncertainty.
- In the United States, consumption remains unexpectedly strong, even as the labor market shows signs of fatigue.
- Despite domestic economic challenges (consumption and real estate), China is strengthening its global influence.

CORPORATE PROFITS

- With tech valuations already high, earnings growth will be a key driver.
- Artificial intelligence has the potential to reshape the economy and create new growth opportunities.
- … but it also brings excessive valuations and market overconcentration.

INFLATION

- In the US, the appointment of the next Fed Chair will have a major impact on the institution's credibility.
- Global inflation is easing, but underlying trends diverge significantly across regions.
- Europe is stabilizing, while China remains in deflation and Japan's inflation continues to rise.

INTEREST RATE

- The Fed is expected to cut rates under its new leadership to support a weakening labor market.
- China and the UK are easing, while the ECB has likely ended its rate-cutting cycle.
- The Bank of Japan is set to raise rates cautiously despite political resistance.

RADIANT WEATHER   VARIABLE WEATHER   STORMY WEATHER

YEAR-TO-DATE PERFORMANCE

From January to the end of November 2025

EQUITY MARKETS (LOCAL CURRENCY)

China	33.68
Asia (ex-Japan)	28.69
Emerging Markets	28.11
United Kingdom	22.83
Japan	21.51
World (all countries)	17.23
United States	16.73
Europe	16.05
Switzerland	13.12

EQUITY SECTORS (LOCAL CURRENCY)

Telecommunication Services	31.15
Information Technologies	22.88
Utilities	22.84
Financials	18.99
Industrials	17.10
Materials	16.49
Energy	11.92
Health Care	11.70
Consumer Staples	7.19
Consumer Discretionary	5.48
Real Estate	2.77

OTHERS (USD)

Global	12.02
Industrials (CBR)	7.45

FIXED-INCOME (USD HEDGED)

Global Convertibles	14.23
Global High-Yield	9.04
Emerging Market Hard Currency Aggregate	8.40
Global Corporate Credit	6.81
US Treasury Long Duration	6.23
Global Inflation-Linked Bonds	6.08
Global Aggregate 5-7 Year	5.94
Global Aggregate	4.76
Global Aggregate 1-3 Year	4.61
Global Treasury	3.54
Global Aggregate Long Duration	2.22
Swiss Bond Index AAA-BBB (CHF)	0.90

MEET THE TEAM

Serge Fournier
Portfolio Manager

Je suis responsable de la gestion des portefeuilles des obligations convertibles et des stratégies obligataires.

J'apprécie particulièrement travailler pour MFM en raison de sa structure locale de petite taille. Cela favorise un fort esprit d'équipe tout en offrant une grande autonomie et responsabilité.

« Au cours de ma carrière, j'ai exercé en tant que trader.

J'ai également lancé et géré des fonds pendant plus de 15 ans. »

Claudio Galati
Responsable Contrôle Interne

Mon rôle consiste principalement à vérifier les activités des gestionnaires de portefeuille et des banques dépositaires.

Ce travail, passionnant, exige une grande précision ainsi qu'une vaste connaissance du domaine de la gestion financière.

« Je vois l'esprit d'équipe comme le moteur d'une entreprise, favorisant une bonne ambiance et une dynamique de groupe plus efficace. »

OUR UNIQUE SERVICES

Where institutional asset management meets wealth management

A 360° WEALTH MANAGEMENT APPROACH

We offer a comprehensive range of services designed to support every aspect of your financial life. Our solutions are actively managed, carefully negotiated, and customised to meet your specific needs.

13 INVESTMENTS STRATEGIES

We provide institutional-grade asset management that combines fundamental expertise with a data-driven approach.

MORTGAGE

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

FINANCIAL PLANNING

We guide you towards a smooth retirement and estate planning.

FORESIGHT

We set up your Swiss pension plan for the 2nd and 3rd pillars (1E, vested benefit foundation 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.

Lausanne

Ch. de Roseneck 5
CH-1006 Lausanne

Pfäffikon

Schindellegistrasse 18
CH-8808 Pfäffikon

T. +41 58 590 10 00

info@mirante.ch
www.mirante.ch