



“Strategic reorganization”

Our Opinion
June 2025

3 Our Opinion “Strategic reorganization”

8 Market data

Dear Readers

The article “Strategic reorganization” shows what changes the Trump administration is planning and where difficulties will arise during implementation.

Looking for advice and support on financial matters? Our investment advisors look forward to hearing from you and will be happy to talk to you personally.

We wish you a pleasant read.
Your Advisory Team

“Strategic reorganization”

The economy

The Trump administration has no less in mind. Trump is determined to make America great again. To achieve this, the plan is to reduce trade deficits or - even better - turn them into surpluses. The plan is therefore to reduce imports of foreign goods by introducing tariffs. At the same time, the intention is to increase the attractiveness of the location through tax cuts and to initiate re-industrialisation. This serves the intention of making the US economy more independent and resilient, which are certainly noble goals. However, aside from the lack of diplomatic communication style of the US government, there are conflicting goals that make implementation difficult. The tariffs, which are intended to strengthen domestic industry, increase costs and place a burden on the consumer, who accounts for around 70% of gross domestic product (GDP) in the USA (in the eurozone, for example, this figure is only around 55%). Reconstruction focusing on traditional industries and pressuring companies to relocate their production to the United States will lead to inefficiencies. Tax cuts are intended to stimulate consumption and investment, but at the same time are a burden on the budget. With debt at 120% of GDP, the USA already has a level of debt never reached in peacetime. This list does not claim to be exhaustive, but it does show that the challenges to success are - to put it mildly - not few.

Bonds

It is precisely the high level of debt that gives creditors a certain degree of bargaining power. We therefore take a look at the largest investors:



Source: US-Treasury, Neue Bank

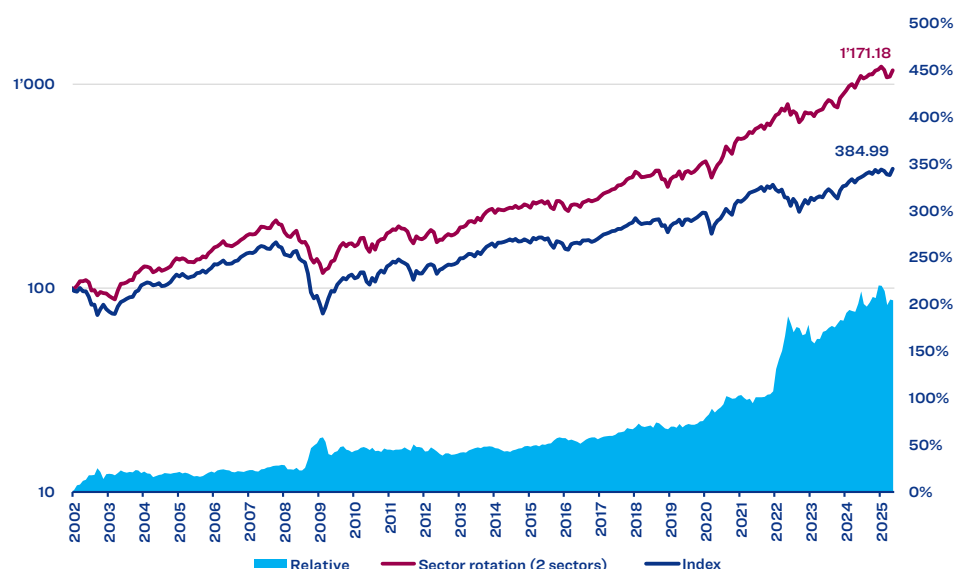
China and Japan are among the top holders of US government bonds. As a result, they could exert pressure on the USA in the context of the current tariff disputes. Some market commentators believe they have identified the Achilles' heel of the USA here. A massive sale of these bonds could cause interest rates in the USA to rise and make the already high US debt servicing even more expensive, which would put the USA under pressure. Nevertheless, there are good reasons why these countries would not simply sell off their holdings. Such a move could not only destabilise the financial market but also damage their own economies. The pressure to sell would cause their currencies (JPY and CNY) to appreciate, which would make their exports more expensive and cause economic problems. In addition, US government bonds are an important reserve for both countries, which they do not want to give up easily as they serve as safe and liquid investments. In addition, the US Federal Reserve could intervene (it has reduced its Treasury holdings by over USD 1'500 billion since 2022) to stabilise the markets, which would mitigate the impact of a sale. And last but not least, such a move could significantly exacerbate geopolitical relations between the US, China and Japan - a risk that these countries also want to avoid. In short, while China and Japan have some negotiating power, the risks of a massive sale of US Treasuries are so high that escalation seems unlikely.

Equities

In addition to a positive return, the aim of an equity strategy is also to outperform the benchmark index. In order to ultimately achieve a positive performance, the longest possible time horizon is required. Over any 15-year period since 1975, the global equity market - even measured in CHF (the strongest of all currencies) - has never posted a negative performance. There are various methods for outperforming the market. One of these is to overweight equities compared to the benchmark. We manage this on the basis of our Neue Bank Ampel risk management system, which we also publish monthly in 'Our Opinion'. In the past month, the assessment has improved and is currently light green (slightly bullish), which results in a slightly increased equity exposure. In addition to the different weightings of asset classes, we also utilise other strategies. For example, we are positioning ourselves in our favoured sectors:

Neue Bank traffic light

- strongly bearish
- bearish
- neutral
- slightly bullish
- bullish
- strongly bullish

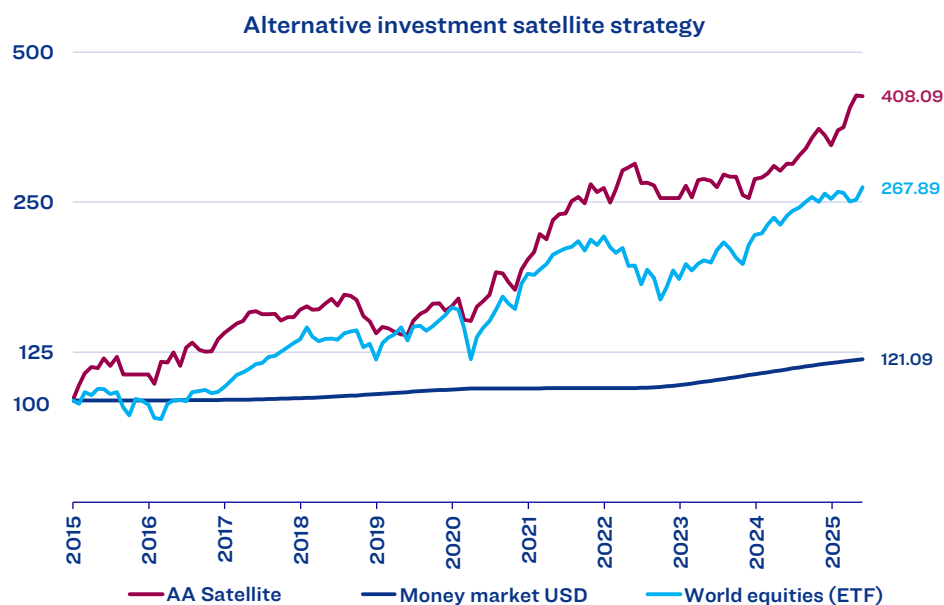


Source: SIX, Neue Bank AG

We take various measurements to select the sector indices. The aim is to be invested in cyclical stocks as much as possible during an upswing in order to benefit from above-average price gains. Conversely, we aim to switch to more defensive stocks as early as possible during prolonged corrections. We are currently invested in ETFs on communication services (e.g. Meta, Alphabet, Walt Disney or Deutsche Telekom) and financial investments (banks, insurance companies and financial service providers). We implemented this strategy towards the end of last year. The chart above shows how a corresponding 'rotation portfolio' would have behaved with the rules we defined.

Alternative investments

In addition to defensive core investments, which should generate the most stable returns possible regardless of the performance of bond and equity markets, we also pursue an active trading strategy with the satellite investments. In addition to the current investment in gold, ETFs on commodities, real estate, listed private equity and cash are also available as alternatives.

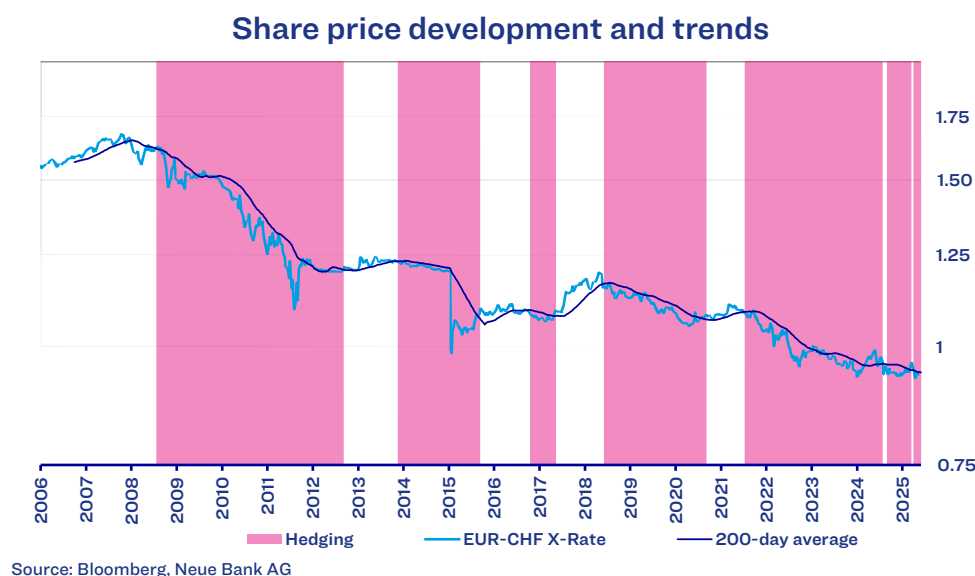


Source: Bloomberg, Neue Bank AG

We have been invested in gold again since the beginning of February, and it has gained around 18% since then. As the above comparison shows, this strategy has even outperformed equities over the last 10 years.

Currencies

In Germany, the debt brake has recently been relaxed, while in Switzerland it is being stubbornly adhered to. This is one of the reasons why the Swiss franc (CHF) is extremely strong, especially against the euro (EUR). In order to limit currency losses, we have also developed a trading system that shows us when currency hedging should be undertaken:



A look at the EUR/CHF exchange rate over the last almost 20 years shows how much the EUR has weakened. At its peak in 2007, EUR 1.00 still fetched over CHF 1.68, but now it is not even CHF 0.95, i.e. well over 40% less. It can therefore be worthwhile to hedge the EUR exposure temporarily. Depending on the signal, we hedge in all major currencies (USD, EUR, JPY and GBP).

PRIMUS–PASSIVE

For anyone wishing to make a long-term investment according to strategic principles and be fully invested when the equity markets rise again, we recommend the PRIMUS-PASSIVE asset management mandate. Under this mandate, we use strategic asset allocation to invest the available assets in cost-effective index products. We would be pleased to discuss the special characteristics of this innovative solution with you in person. We look forward to your call.

Key Performance Indicator PRIMUS–PASSIVE Balanced EUR¹

	30.05.2025	2024	2023	2022	2021	2020
PRIMUS-PASSIVE Balanced EUR	2.36 %	8.35 %	10.83 %	-12.90 %	13.76 %	1.56 %
Benchmark	1.96 %	9.11 %	10.68 %	-12.28 %	13.37 %	1.63 %

¹ Past performance is not an indicator of future performance and offers no guarantee of success in the future. The presentation of performance is gross without taking into account your individual tax liability. The net performance is lower due to fees. You can also find Our Opinion on our website: www.neuebankag.li S.E.& O.

Market data

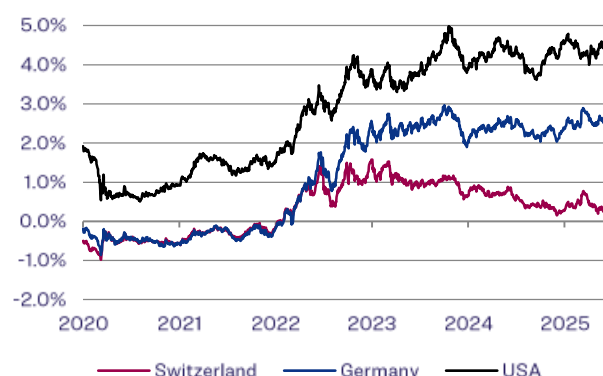
Stock market (indexed)



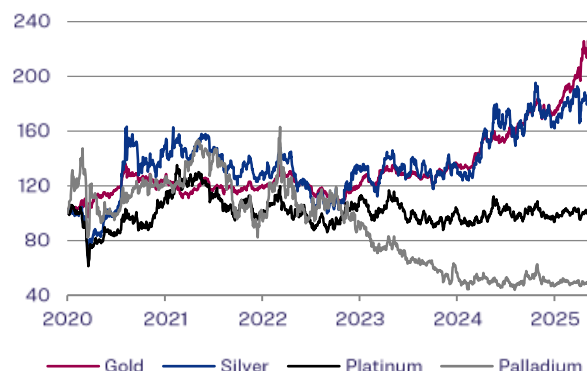
EUR/CHF and USD/CHF



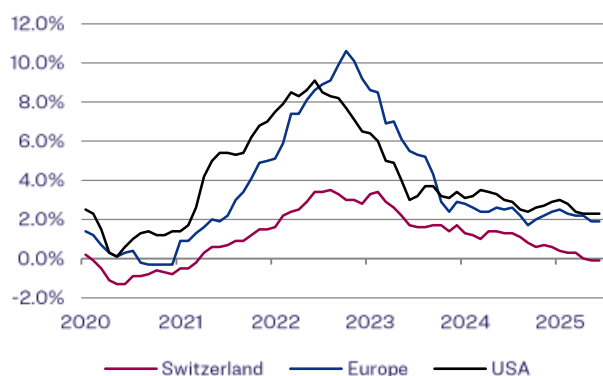
10-year government bond yield



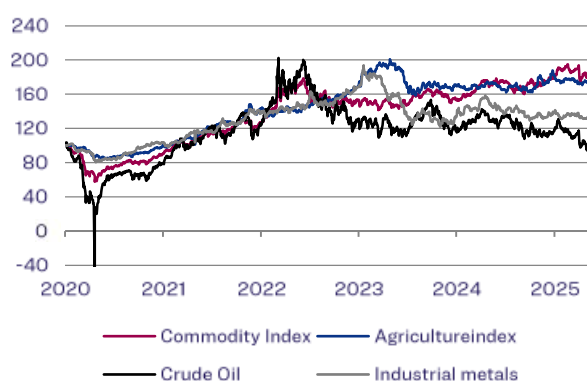
Precious metals (indexed)



Inflation rate



Raw materials (indexed)



The price developments are shown over 5 years.

You can reach us at

Neue Bank AG

T +423 236 08 08

F +423 236 07 35

info@neuebankag.li

Disclaimer

This publication is intended exclusively for your information and is not an offer for the purchase or sale of securities. It describes value based goals that we attempt to reach for like-minded clients. Whether we can support you in your personal financial goals depends on your individual risk appetite, your financial objectives as well as the legal constraints of the country of your domicile, in particular with respect to the financial instruments to be invested in. Therefore we recommend that you discuss the solution mentioned with your financial consultant and have possible tax consequences checked out by your tax accountant. The figures shown are based on actual performance results of the portfolio management mandate in the currency displayed. Past performance is not a reliable indicator of future performance and results. Future price and exchange rate fluctuations can impact on your return in your domestic currency. Performance data used in the tables is gross of fees (specification available from your client adviser) and do not reflect the impact of your personal taxes. The benchmark is composed of strategically weighted indices of the particular five asset categories liquidity, bonds, shares regional (Switzerland, Europe, USA), shares global and alternative investments. This information is given without a guarantee. This brochure may not be reproduced, duplicated or passed on without the prior consent of Neue Bank AG. In case of its dissemination relevant national legislation must be adhered to.